

FUND EVALUATION REPORT

District of Columbia Retirement Board

Quarterly Summary
December 31, 2011



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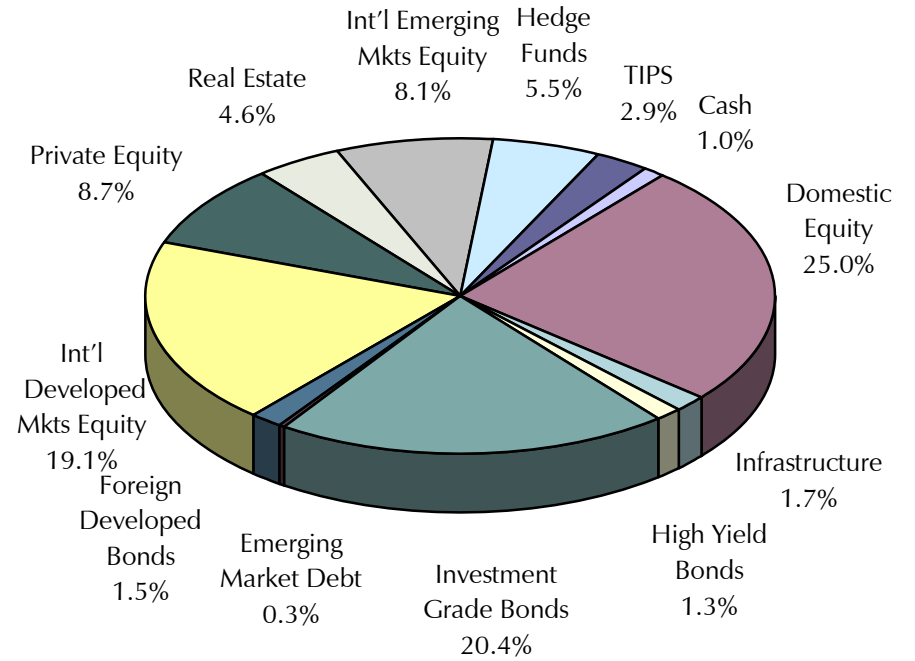
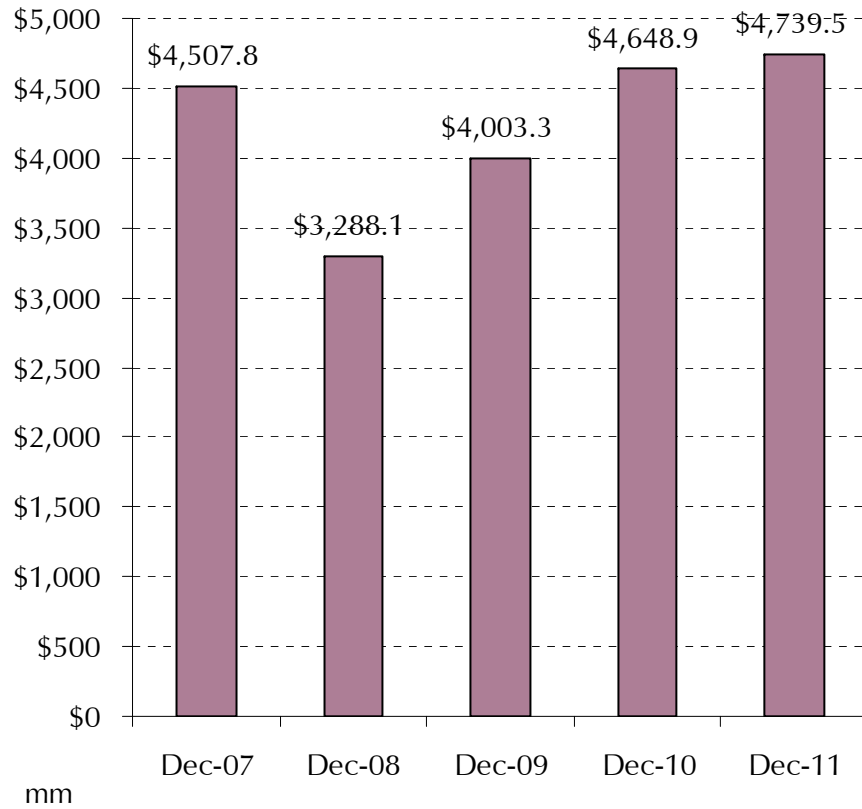
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District of Columbia Retirement Board

Aggregate Assets as of 12/31/11



¹ Pie chart based on manager level market values.



District of Columbia Retirement Board

Aggregate Assets Asset Summary as of 12/31/11

	Market Value 9/30/11 (\$ mm)	Market Value 12/31/11 (\$ mm)	% of Retirement Fund	Target Allocation (%)	Target Range ¹ (%)
Total Fund	4,469.8	4,739.5	100	NA	NA
Public Equities	2,167.0	2,472.9	52	50	40-60
Domestic Equity Assets	1,056.9	1,182.5	25	22	18-26
International Developed Market Equity Assets	806.0 ²	905.2 ²	19	20	16-24
International Emerging Market Equity Assets	304.1 ²	385.2 ²	8	8	6-10
Fixed Income	1,232.5	1,252.8	26	25	20-30
Investment Grade Bond Assets	941.4 ²	964.6 ²	20	15	10-20
TIPS Assets	138.4 ²	136.1 ²	3	3	2-4
High Yield Assets	68.0 ²	63.3 ²	1	3	2-4
Foreign Developed Bond Assets	69.0 ²	72.9 ²	2	2	1-3
Emerging Market Debt Assets	15.7 ²	15.9 ²	< 1	2	1-3
Alternatives	1,022.1	1,013.8	21	25	NA
Private Equity Assets	438.4	411.2 ³	9	8	NA
Hedge Fund Assets	294.2	258.8 ³	5	10	NA
Real Estate Assets	210.1	216.4 ³	5	5	NA
Infrastructure Assets	79.4	80.8 ³	2	2	NA
Cash	48.2	46.6	< 1	0	NA

¹ Target ranges for Alternatives have not yet been determined.

² Figures represent underlying market exposures.

³ Based on September 30, 2011 reported values, adjusted for subsequent cash flows.



	Market Value 9/30/11 (\$ mm)	Market Value 12/31/11 (\$ mm)	% of Asset Class	% of Retirement Fund
Total Fund	4,469.8	4,739.5	NA	100
Domestic Equity Assets¹	1,056.9	1,182.5	100	25
AllianceBernstein Russell 3000 Index	867.2	971.5	82	20
Sands Large Cap Growth Equity	96.7	105.0	9	2
Thompson, Siegel & Walmsley Small Cap Value	52.4	60.2	5	1
PIMCO StocksPLUS	40.6	45.9	4	< 1
International Developed Market Equity Assets¹	813.8²	908.9	100	19
SSgA MSCI World (ex. U.S.) Index - NL	455.1	815.9	90	17
Gryphon International EAFE	198.6	93.0	10	2
International Emerging Market Equity Assets¹	296.2	381.4	100	8
SSgA Emerging Markets Index-NL	228.7	311.8	82	7
LSV Emerging Markets Value Equity	67.5	69.6	18	1
Investment Grade Bond Assets¹	1,100.0	1,116.8	100	24
PIMCO Total Return Core Plus Full Authority	575.8 ³	583.6	52	12
BlackRock Core Plus	418.2	425.9	38	9
BlackRock U.S. Debt Index-NL	106.0	107.2	10	2

¹ Figures reflect manager level market values and not underlying market exposure.

² Includes \$160.2 million of the LSV International Large Cap Value Equity portfolio.

³ Includes \$0.3 million in PIMCO Illiquid Securities.

	Market Value 9/30/11 (\$ mm)	Market Value 12/31/11 (\$ mm)	% of Asset Class	% of Retirement Fund
TIPS Assets	132.6	136.1	100	3
BlackRock TIPS	132.6	136.1	100	3
Private Equity Assets¹	438.4	411.2	100	9
Pantheon Capital Partners ¹	236.8	222.9	54	5
Pantheon Global Secondary ¹	73.5	68.7	17	1
Legacy Private Equity ¹	128.1	119.6	29	3
Real Estate Assets	210.1	216.4	100	5
Private Real Estate ¹	178.0	185.5	86	4
Wellington	25.2	28.9	13	< 1
Vanguard REIT Index	0.0	5.0	2	< 1
Hedge Fund Assets	294.2	258.8	100	5
Bridgewater Pure Alpha	294.2	258.8	100	5
Infrastructure Assets¹	79.4	80.8	100	2
Private Infrastructure ¹	79.4	80.8	100	2
Cash	48.2	46.6	100	< 1
SSgA STIF	48.2	46.6	100	< 1

¹ Based on September 30, 2011 reported values, adjusted for subsequent cash flows.



District of Columbia Retirement Board

Aggregate Assets Performance as of 12/31/11

	4Q11 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	20 YR (%)	Inception Date	Since Inception (%)
Fund	3.7	0.3	10.4	1.1	4.7	7.4	1/1/87	8.1
Net-of-Fees	3.7	0.0	10.1	0.8	4.4	7.1		7.9
<i>Policy Benchmark¹</i>	4.1	-0.1	10.9	2.0	5.8	7.8		NA
<i>Actual Allocation Benchmark²</i>	4.4	1.2	10.9	2.6	6.0	NA		NA
<i>60% Russell 3000 / 40% Barclays Aggregate</i>	7.7	4.1	12.1	3.0	4.8	7.7		8.8
Domestic Equity (net-of-fees)	11.9	0.1	15.9	-0.4	3.2	8.0	1/1/87	9.2
<i>Russell 3000</i>	12.1	1.0	14.9	0.0	3.5	8.0		9.3
International Developed Market Equity (net-of-fees) ³	2.7	-13.3	12.0	-2.9	4.7	5.8	4/1/87	5.4
<i>Custom Benchmark⁴</i>	3.5	-12.8	11.1	-2.7	6.4	5.5		NA
International Emerging Markets Equity (net-of-fees)	4.2	NA	NA	NA	NA	NA	9/1/11	-11.0
<i>MSCI Emerging Markets</i>	4.4	-18.4	20.1	2.4	13.9	NA		-10.8
Fixed Income (net-of-fees) ⁵	1.7	7.2	10.0	5.9	6.0	6.9	12/1/82	8.4
<i>Barclays Universal</i>	1.4	7.4	7.7	6.4	6.0	6.6		NA
<i>Barclays Aggregate</i>	1.1	7.8	6.8	6.5	5.8	6.5		8.3

¹ Policy Benchmark, as reported by State Street Bank, reflects targets set forth in the Fund's Investment Policy Statement. The benchmark uses the following benchmarks as proxies: Russell 3000 (domestic equity), MSCI World ex U.S. and MSCI EM (international equity), Barclays Universal, Barclays Aggregate, Barclays U.S. TIPS, Barclays High Yield, JPMorgan GBI Global ex U.S., JPMorgan EMBI/GBI EM (fixed income), NCREIF Property and Wilshire RESI (real estate), 1 month LIBOR (hedge funds), and Cambridge Private Equity (lagged) (alternatives).

² Actual Allocation Benchmark, as reported by State Street Bank, is constructed with the same market indices as the Policy Benchmark, weighted by the Fund's monthly asset allocation.

³ Includes international emerging markets equity performance prior to September 2011.

⁴ The International Developed Market Equity custom benchmark is comprised of the MSCI ACWI (ex U.S.) Index prior to September 2011 and the MSCI World (ex U.S.) since.

⁵ Prior to August 2011, Fixed Income performance included the performance of infrastructure assets.

* Note: Aggregate asset class returns throughout the summary section for periods of 20 years and longer are presented gross-of-fees.



District of Columbia Retirement Board

Aggregate Assets Performance as of 12/31/11

	4Q11 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	20 YR (%)	Inception Date	Since Inception (%)
Fund	3.7	0.3	10.4	1.1	4.7	7.4	1/1/87	8.1
Net of Fees (continued)	3.7	0.0	10.1	0.8	4.4	7.1		7.9
Private Equity ¹ (net-of-fees)	-5.5	12.7	4.5	5.5	3.9	7.4	1/1/87	7.2
<i>Russell 3000 + 5%</i>	NA	NA	NA	NA	8.6	13.2		14.4
<i>Cambridge Associates Private Equity Index</i>	-4.3	13.4	6.6	8.7	12.1	14.7		13.2
Real Estate ² (net-of-fees)	4.6	11.2	-7.1	-6.1	1.1	1.3	4/1/88	1.0
<i>Custom Benchmark³</i>	5.5	15.0	2.5	2.4	8.4	8.4		7.4
<i>NCREIF ODCE (lagged 1 qtr.)</i>	3.5	18.3	-6.5	0.0	5.9	6.9		6.3
<i>Wilshire U.S. RESI</i>	15.4	8.6	21.9	-2.2	10.1	10.3		8.2
Hedge Funds (net-of-fees)	0.1	16.5	14.9	12.5	NA	NA	7/1/06	10.6
<i>1 Month LIBOR</i>	0.1	0.2	0.3	1.8	2.2	3.6		2.1
<i>HFRI Macro Index</i>	-1.2	-3.6	2.8	4.8	7.2	11.3		5.1
Infrastructure (net-of-fees)	0.1	8.2	6.4	NA	NA	NA	6/1/08	7.5
<i>Barclays Universal</i>	1.4	7.4	7.7	6.4	6.0	6.6		6.8

¹ Portfolio and index performance reported one quarter lagged.

² Portfolio and index performance reported one quarter lagged for private segment and NCREIF ODCE index.

³ Custom Benchmark is comprised of 80% NCREIF ODCE index (lagged) and 20% Wilshire U.S. Real Estate Securities Index (RESI).



Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security.)

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit

above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies’ earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody’s, and Standard & Poor’s. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security’s relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio’s total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund’s historical risk adjusted performance.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Sources: [Investment Terminology](#), International Foundation of Employee Benefit Plans, 1999.
[The Handbook of Fixed Income Securities](#), Fabozzi, Frank J., 1991.