

# State Investment Board

## Program Review

August 21, 2007

Steve Cochrane, CFA

Executive Director

ND Retirement and Investment Office

### ND State Investment Board



Lt. Governor



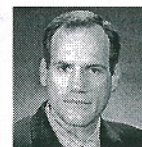
Treasurer



Insurance Commissioner



Land Commissioner



WSI Director



PERS



PERS



PERS



TFFR



TFFR



TFFR

## NDCC Chapter 21-10

**North Dakota Century Code 21-10-06.** Funds under management of board - Accounts. The board is charged with the investment of the following funds:

1. State bonding fund.
2. Teachers' fund for retirement.
3. State fire and tornado fund.
4. Workforce safety and insurance.
5. National guard tuition trust fund.
6. Public employees retirement system.
7. Insurance regulatory trust fund.
8. State risk management fund.
9. Veterans' cemetery trust fund.
10. ND health care trust.
11. Cultural endowment fund.

## Contractual relationships

1. City of Bismarck employees pension plan
2. City of Bismarck police pension plan
3. Job Service North Dakota pension plan
4. PERS retiree health fund
5. ND association of counties fund
6. ND association of counties program savings fund
7. City of Bismarck deferred sick leave fund
8. PERS group insurance fund
9. City of Fargo FargoDome Permanent Fund

## North Dakota Century Code Chapter 21-10-02.1



**“write  
guidelines for  
investments!”**

## PERS Fund

### Sample Policy Development and Implementation

#### **Asset Liability Analysis**

Performed  
by

SEI

2005

Various optimal portfolios developed by the asset/liability analysis were considered. The preferred target allocation was then integrated into the Statement of Investment Policy.

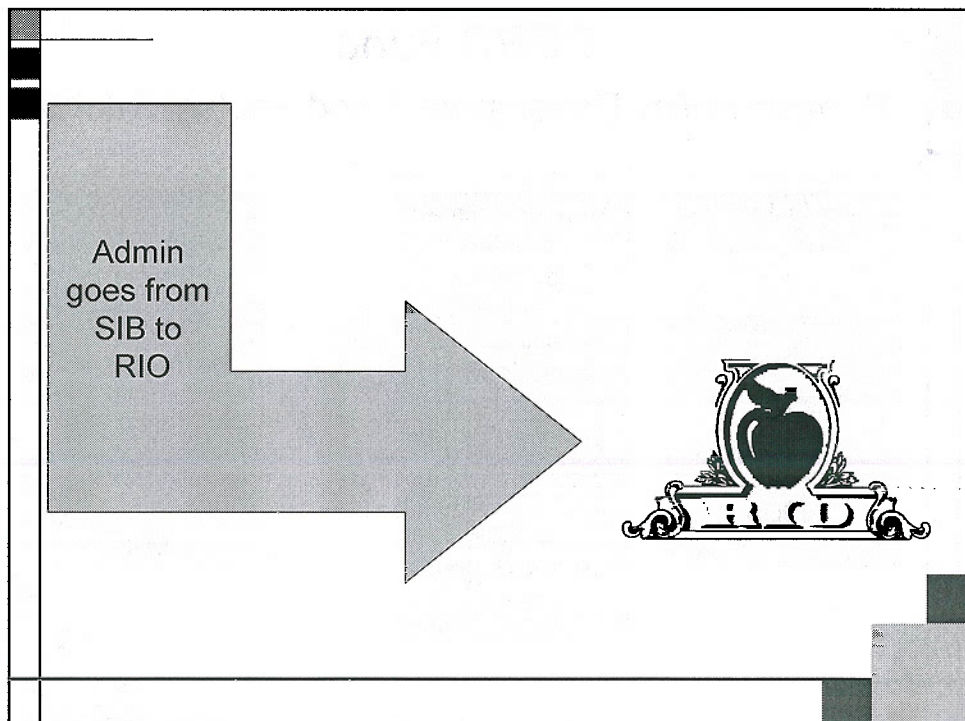
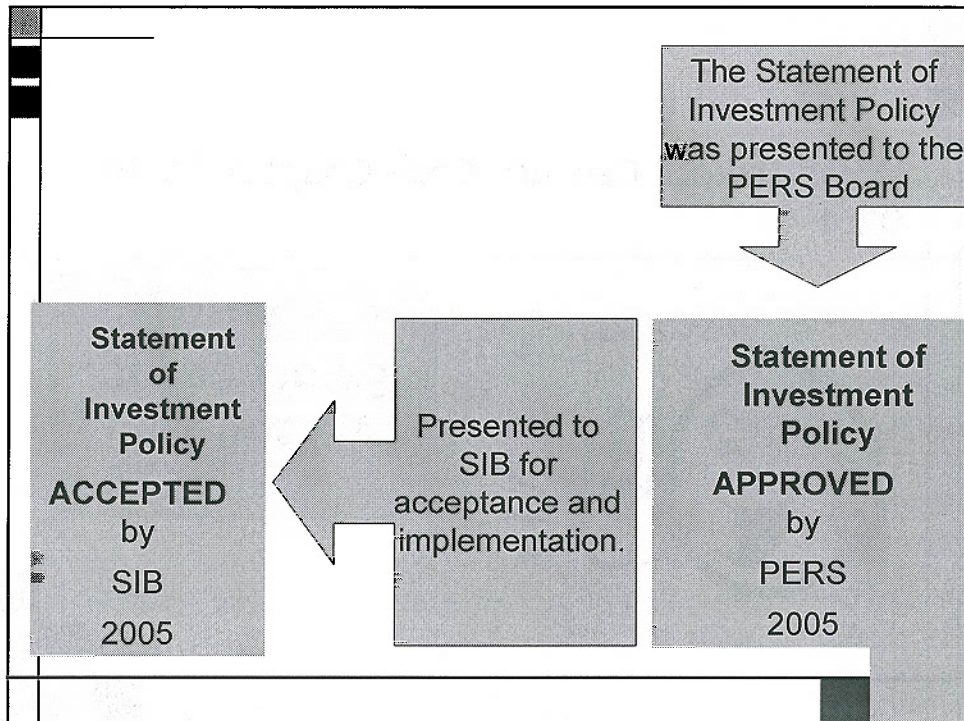


#### **Statement of Investment Policy**

Written by  
PERS Board  
and Staff

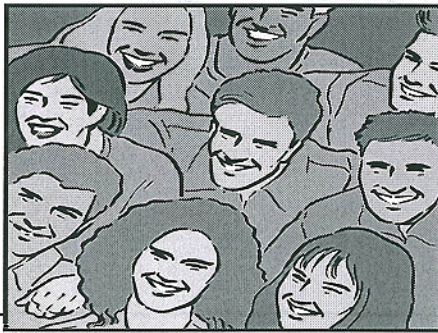
2005





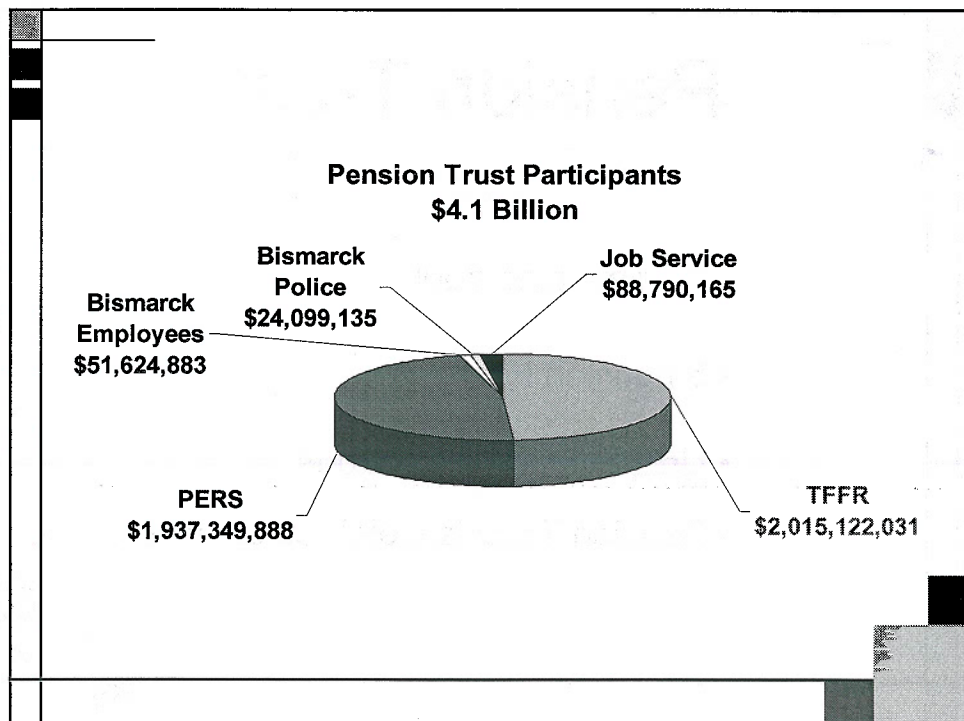
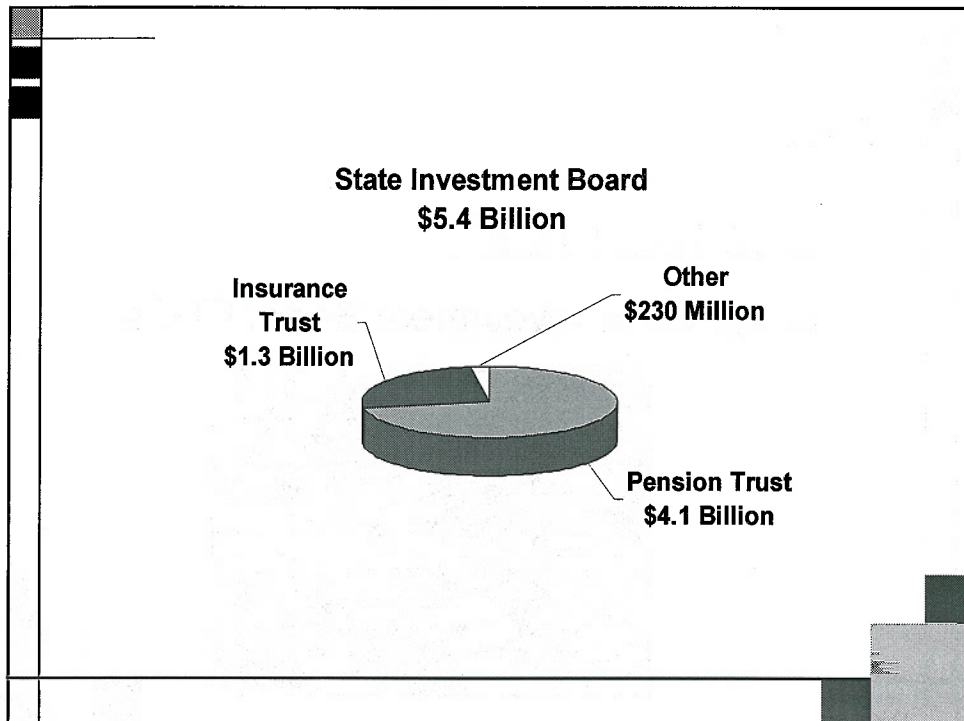
## RIO

- ❑ 16 Total FTE's
- ❑ 4.5 State Investment Board FTE's

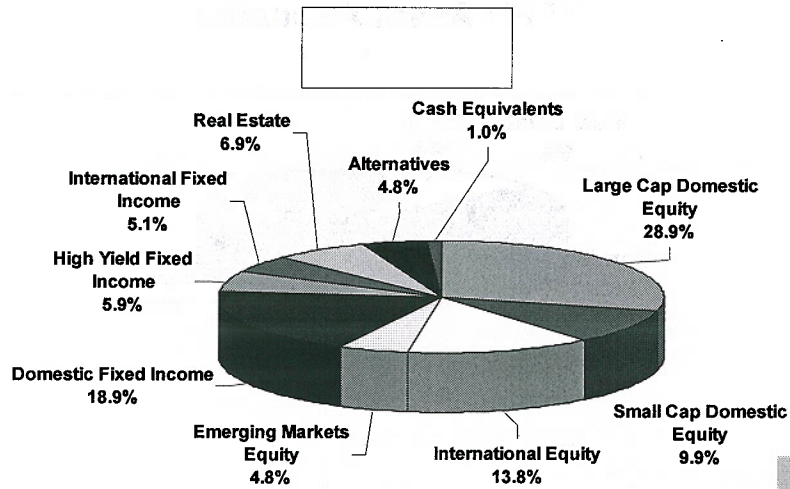


## Pension Trust

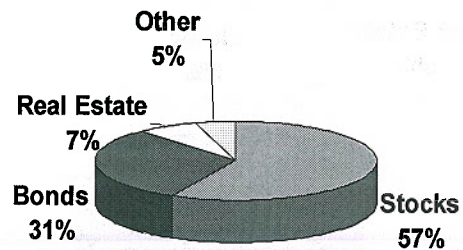
- Commingled pool
- 5 pension funds
- Unique asset allocations
- Pension Trust is weighted asset allocation



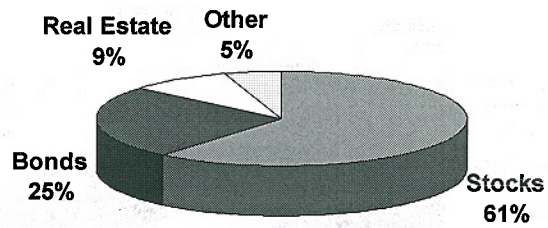
## SIB Pension Trust: \$ 4.1 billion



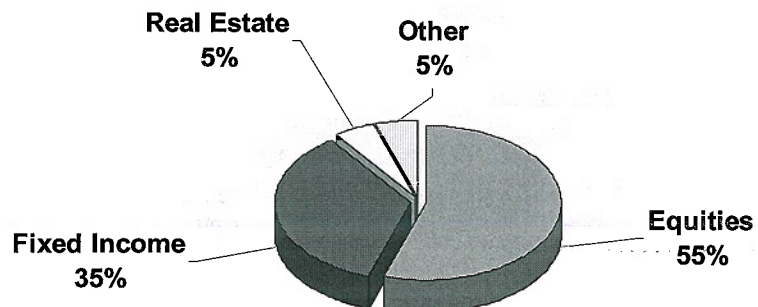
## Pension Trust Asset Allocation



### TFFR Asset Allocation

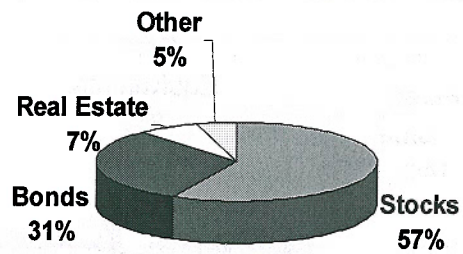


### PERS Asset Allocation

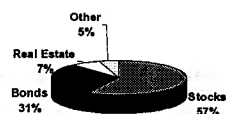




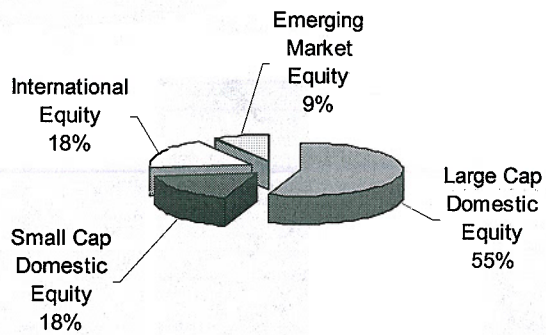
## Pension Trust Asset Allocation

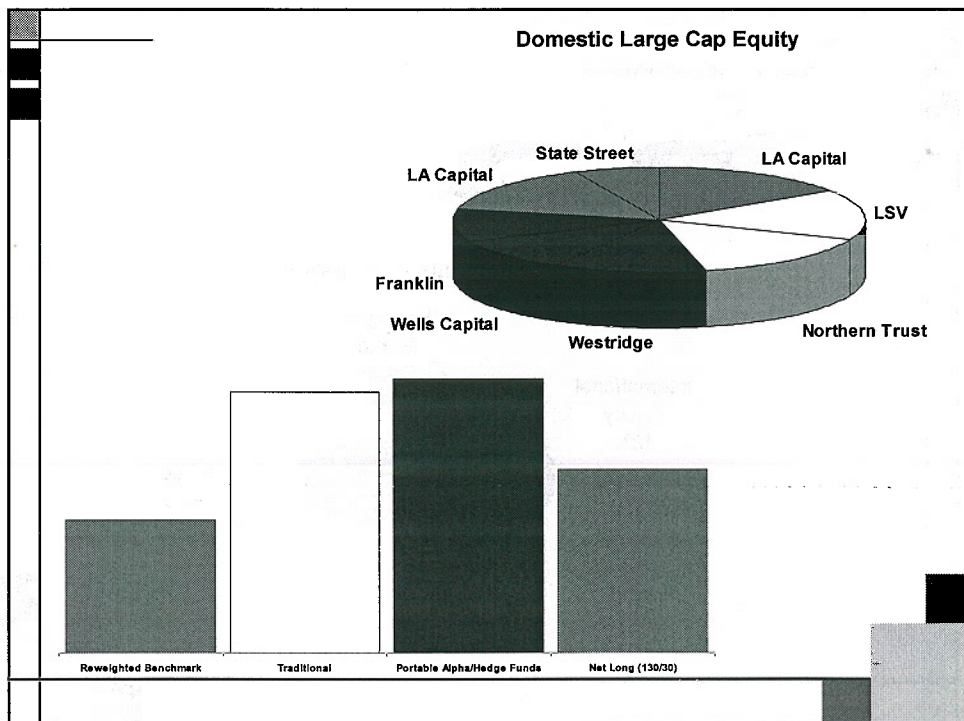
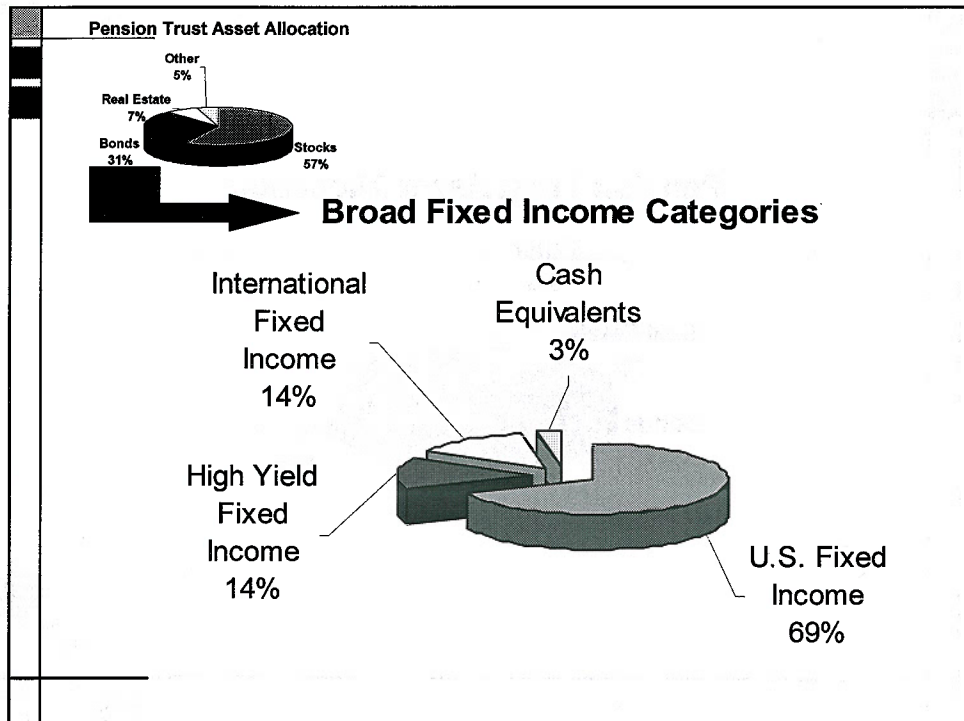


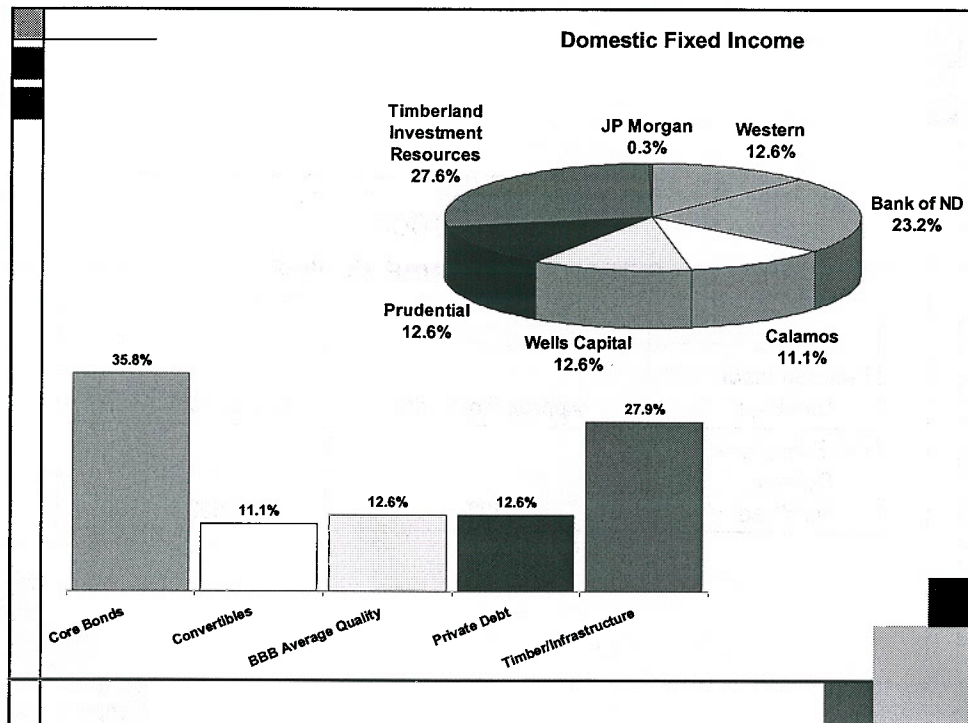
### Pension Trust Asset Allocation



### Broad Equity Categories







...SIB one of the most successful public plans in the country.

*Alpha Magazine, February 2007*

North Dakota, known for its prairies and badlands, has one of the more innovative public plans in the country.

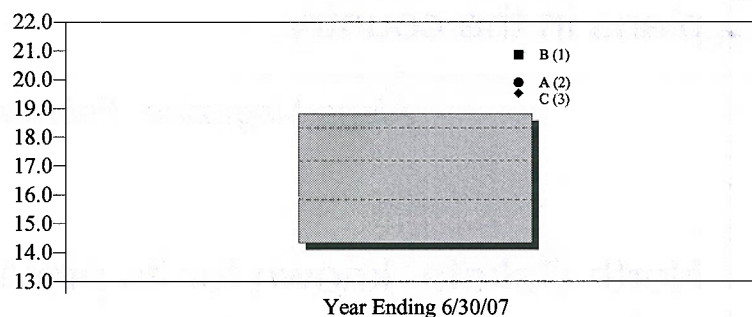
*Journal of Indexing, June 2007*

# **CALLAN ASSOCIATES FUND SPONSOR DATABASE STATISTICS**

**PERIOD ENDED JUNE 30, 2007**

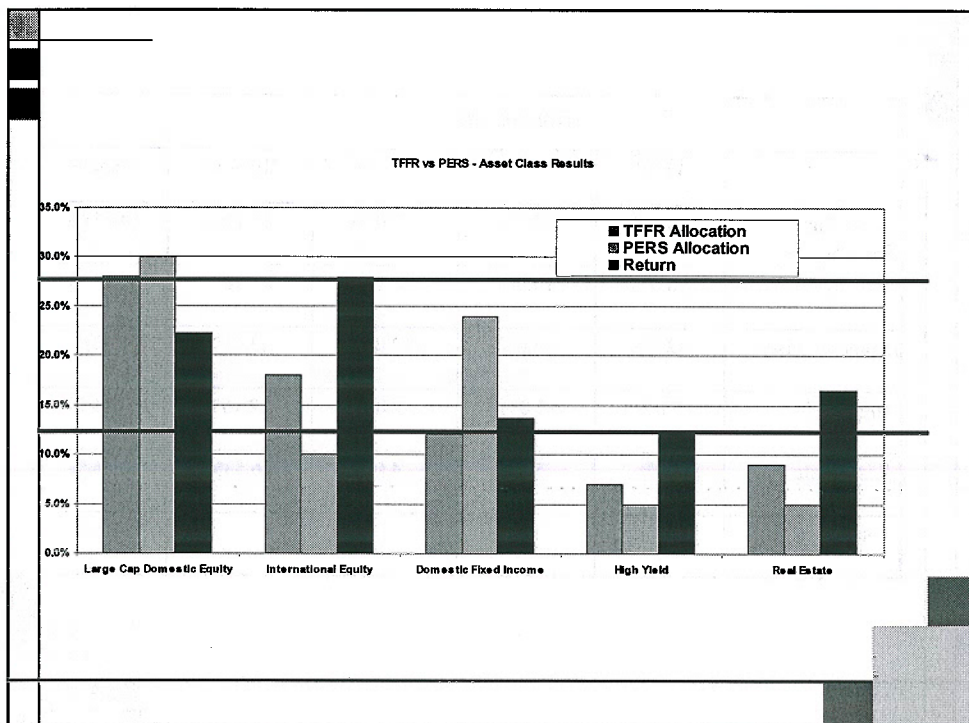
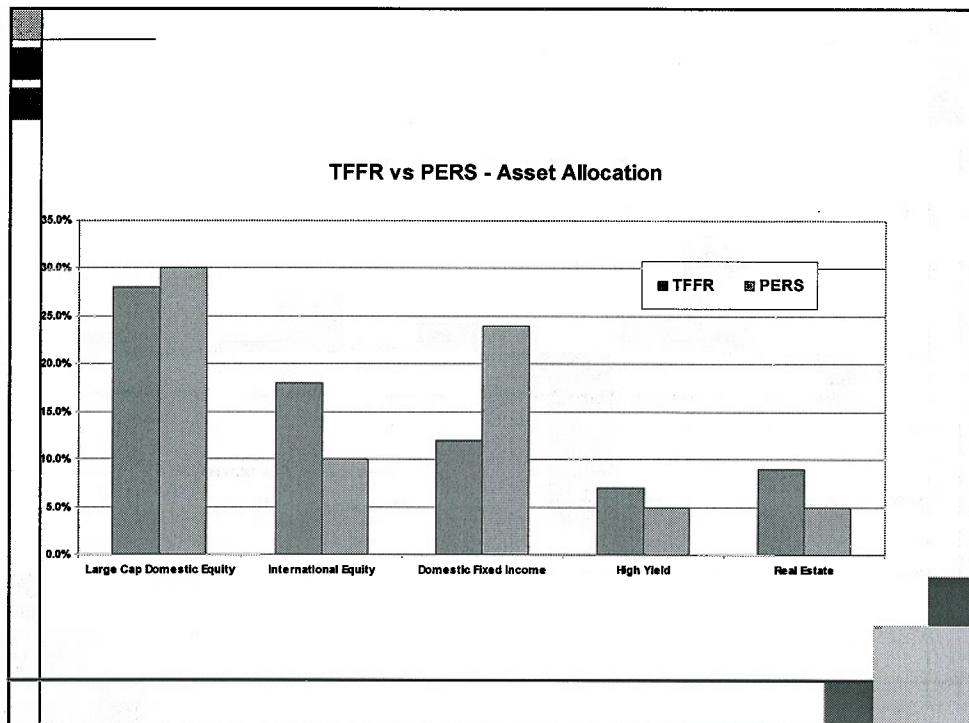
Fund Sponsor Database	Approx # of Funds	Approx Total Assets
CAI Public Fund Sponsor Database	122	\$750,000,000,000

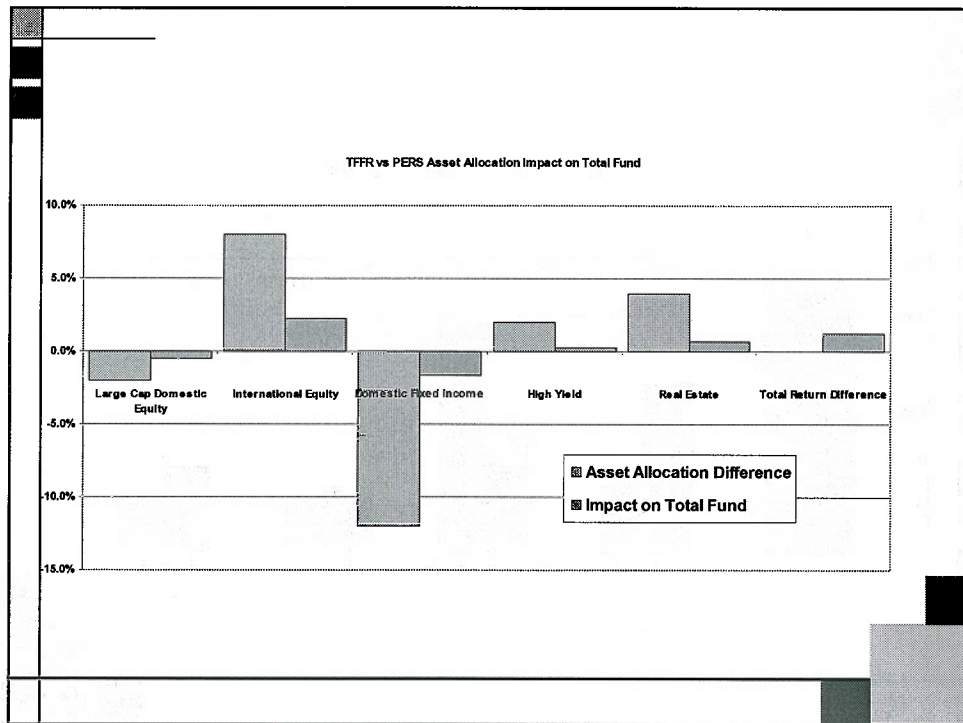
## Returns for Periods Ended June 30, 2007 Group: CAI Public Fund Sponsor Database



10th Percentile	18.80
25th Percentile	18.31
Median	17.17
75th Percentile	15.83
90th Percentile	14.33
Member Count	119
ND Pen - Total Fund	19.90
TFFR Total Fund-Gross	20.86
PERS Total Fund-Gross	19.53

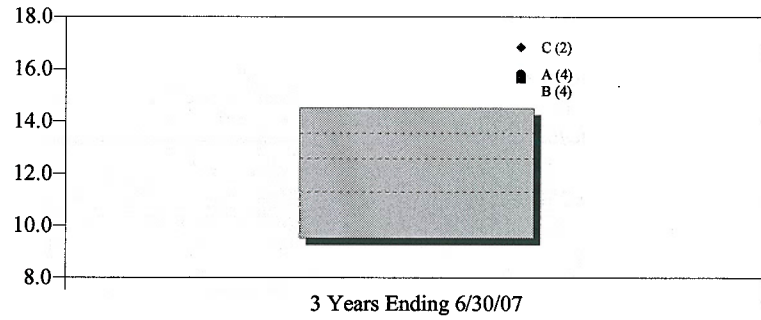






	Allocations				
	TFFR	PERS	Difference	Returns	Impact
Large Cap Domestic Eq	28.0%	30.0%	(2.0)%	22.27%	(0.45)%
Int'l Eq	18.0%	10.0%	8.0 %	27.88%	2.23 %
Domestic Fixed	12.0%	24.0%	(12.0)%	13.61%	(1.63)%
High Yield	7.0%	5.0%	2.0 %	12.15%	0.24 %
Real Estate	9.0%	5.0%	4.0 %	16.53%	0.66 %
Total					1.33 %

**Returns**  
for Periods Ended June 30, 2007  
Group: CAI Public Fund Sponsor Database

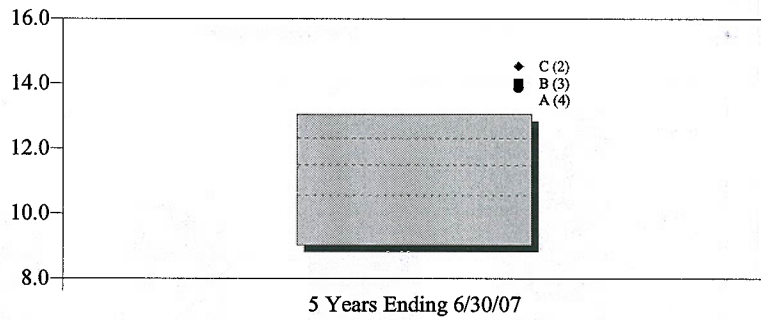


10th Percentile	14.49
25th Percentile	13.54
Median	12.57
75th Percentile	11.28
90th Percentile	9.51

Member Count 113

ND Pen - Total Fund	● A	15.80
PERS Total Fund-Gross	■ B	15.66
TFFR Total Fund-Gross	◆ C	16.83

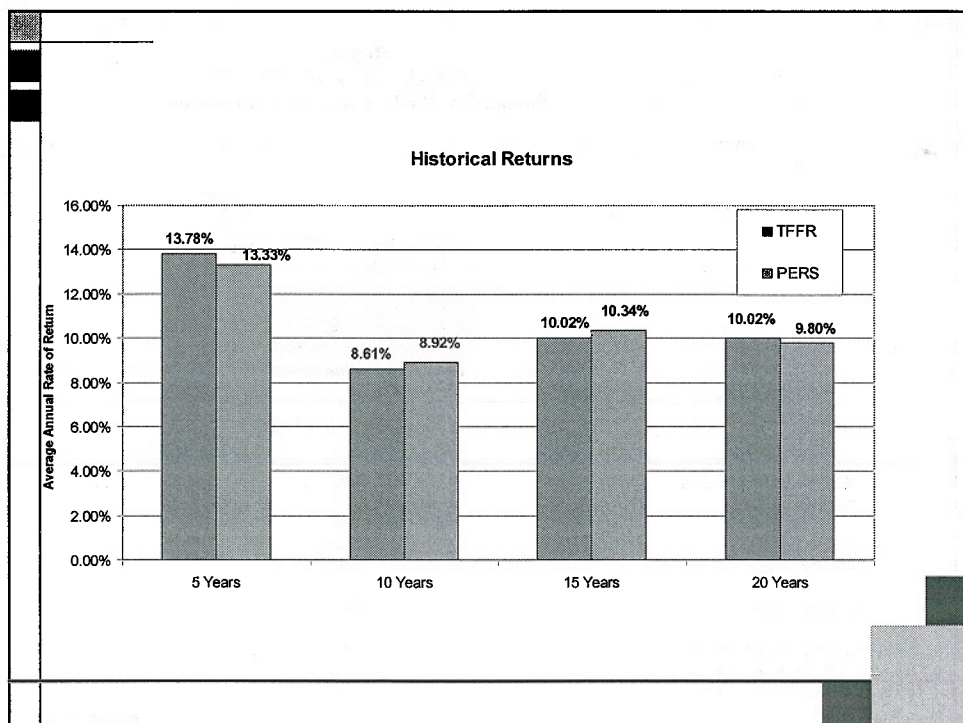
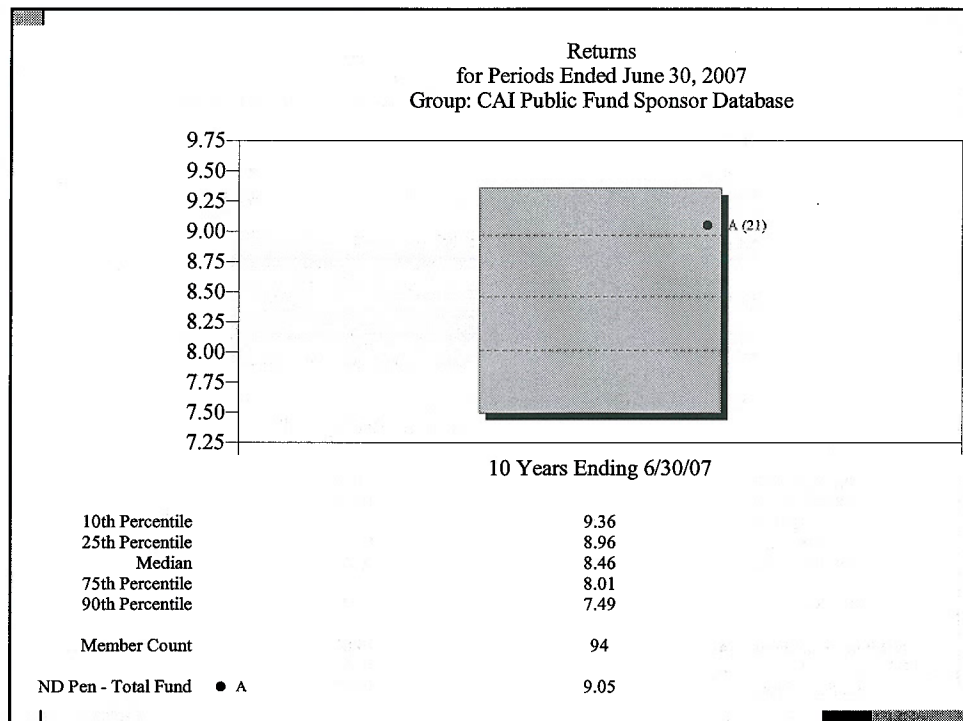
**Returns**  
for Periods Ended June 30, 2007  
Group: CAI Public Fund Sponsor Database



10th Percentile	13.05
25th Percentile	12.32
Median	11.49
75th Percentile	10.55
90th Percentile	9.02

Member Count 109

ND Pen - Total Fund	● A	13.88
PERS Total Fund-Gross	■ B	14.01
TFFR Total Fund-Gross	◆ C	14.54





## SIB Insurance Trust: \$ 1.37 bb

