

## Minnesota Teachers Retirement Association — Investment Return and Inflation Analysis

Fiscal Year 2017 – Year-To-Date – As of June 2017

Source: Monthly and Quarterly Investment Reports (State Board of Investment)

*NOTE: Investment performance results are subject to audit by SBI staff, investment consultants and SBI's external auditor.*

### Investment Return: Monthly (dollars in billions)

TRA Fund	July 2016	Aug 2016	Sept 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	March 2017	April 2017	May 2017	June 2017
Monthly Return	3.02%	0.67%	0.35%	-1.37%	1.55%	1.35%	1.69%	2.35%	0.90%	1.40%	1.62%	0.68%
Actual FY-to-Date	3.02%	3.72%	4.09%	2.66%	4.25%	5.65%	7.44%	9.97%	10.96%	12.51%	14.33%	15.11%
Est. Fair Market Value	\$19.88	\$19.90	\$19.88	\$19.56	\$19.77	\$19.95	\$20.20	\$20.58	\$20.68	\$20.88	\$21.14	\$21.22

### Investment Return: Quarterly

TRA Fund	July-Sept	Oct-Dec	Jan-Mar	April-June	FY (All)
Total Quarterly Return	4.09%	1.51%	5.02%	3.74%	15.11%
Asset Class:					
Domestic Stock: Broad Market (Passive)	4.40%	4.21%	5.74%	3.01%	18.50%
Domestic Stock: Large Cap (Active)	N/A	N/A	6.70%	3.77%	N/A
Domestic Stock: Large Cap (Passive)	N/A	N/A	6.02%	3.05%	N/A
Domestic Stock: Small Cap (Active)	N/A	N/A	2.93%	2.81%	N/A
International Stocks	6.74%	-1.67%	7.53%	6.55%	20.25%
Bonds/Fixed Income	0.89%	-2.61%	1.01%	1.64%	0.87%
Private Markets	5.19%	2.99%	5.35%	4.91%	19.73%

Domestic stock was split into four categories in December 2016.

### Historical Fiscal Year Annualized Returns

	Combined Funds
1 Year (July 2016 – June 2017)	15.1%
3 Years (July 2014 – June 2017)	6.3%
5 Years (July 2012 – June 2017)	10.2%
10 Years (July 2007 – June 2017)	6.2%
20 Years (July 1997 – June 2017)	7.2%
30 Years (July 1987 – June 2017)	8.7%

### Asset Allocation

	Policy Target	Actual Mix (6/30/17)
Public equity	58.0%	64.67%
Bonds	20.0%	19.32%
Private markets*	20.0%	13.07%
Cash	2.0%	2.94%

\*Any uninvested allocation is held in bonds and public equity.

### Inflation Update (Source: Bureau of Labor Statistics, www.bls.gov)

	2016							2017					
	June 2016	July 2016	Aug 2016	Sept 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	March 2017	April 2017	May 2017	June 2017
Inflation (CPI-W)	235.289	234.771	234.904	235.495	235.732	235.215	235.390	236.854	237.477	237.656	238.432	238.609	238.813
Actual Inflation since June 2016		-0.22%	-0.16%	0.09%	0.19%	-0.03%	0.04%	0.67%	0.93%	1.01%	1.34%	1.41%	1.50%
CPI-W – Inflation Projected Through June 30, 2017		-2.64%	-1.96%	0.35%	0.56%	-0.08%	0.09%	1.14%	1.39%	1.34%	1.60%	1.54%	1.50%