

Minnesota Teachers Retirement Association — Investment Return and Inflation Analysis

Fiscal Year 2018 – Year-To-Date – As of June 2018

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 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	March 2018	April 2018	May 2018	June 2018
Monthly Return	1.75%	0.67%	1.53%	1.46%	1.72%	1.16%	3.35%	-2.60%	-0.59%	0.44%	1.12%	-0.02%
Actual FY-to-Date	1.75%	2.43%	4.00%	5.52%	7.33%	8.57%	12.21%	9.30%	8.65%	9.13%	10.35%	10.33%
Est. Fair Market Value	\$21.49	\$21.52	\$21.78	\$22.01	\$22.30	\$22.47	\$23.13	\$22.44	\$22.22	\$22.23	\$22.39	\$22.32

Investment Return: Quarterly

TRA Fund	July-Sept	Oct-Dec	Jan-Mar	April-June	FY (All)
Total Quarterly Return	4.00%	4.40%	0.07%	1.54%	10.33%
Asset Class:					
Domestic Stock: Broad Market (Passive)	4.57%	6.35%	-0.70%	3.87%	14.78%
Domestic Stock: Large Cap (Active)	5.00%	6.09%	0.99%	5.07%	18.20%
Domestic Stock: Large Cap (Passive)	4.47%	6.57%	-0.64%	3.56%	14.50%
Domestic Stock: Small Cap (Active)	5.49%	3.61%	0.75%	6.80%	17.60%
International Stocks	6.41%	4.71%	-1.15%	-2.42%	7.47%
Bonds/Fixed Income	1.01%	0.48%	-1.41%	0.02%	0.09%
Private Markets	2.85%	4.27%	4.60%	2.38%	14.84%

Historical Fiscal Year Annualized Returns

	Combined Funds
1 Year (July 2017 – June 2018)	10.3%
3 Years (July 2015 – June 2018)	8.3%
5 Years (July 2013 – June 2018)	9.5%
10 Years (July 2008 – June 2018)	7.8%
20 Years (July 1998 – June 2018)	6.8%
30 Years (July 1988 – June 2018)	9.1%

Asset Allocation

	Policy Target	Actual Mix (6/30/18)
Public equity	49.0%	60.7%
Fixed income	16.0%	15.7%
Private markets*	25.0%	13.8%
Treasuries	8.0%	8.6%
Cash	2.0%	1.2%

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

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

	2017							2018					
	June 2017	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	March 2018	April 2018	May 2018	June 2018
Inflation (CPI-W)	238.813	238.617	239.448	240.939	240.573	240.666	240.526	241.919	242.988	243.463	244.607	245.770	246.196
Actual Inflation since June 2017	—	-0.08%	0.27%	0.89%	0.74%	0.78%	0.72%	1.30%	1.75%	1.95%	2.43%	2.91%	3.09%
CPI-W – Inflation Projected Through June 30, 2018	—	-0.98%	1.60%	3.56%	2.21%	1.86%	1.43%	2.23%	2.62%	2.60%	2.91%	3.18%	3.09%