

## **DRS Advisory Committee Quarter Ending December 31, 2020**



**Ben Lachmann  
Investment Officer  
Public Equity**

# Overview



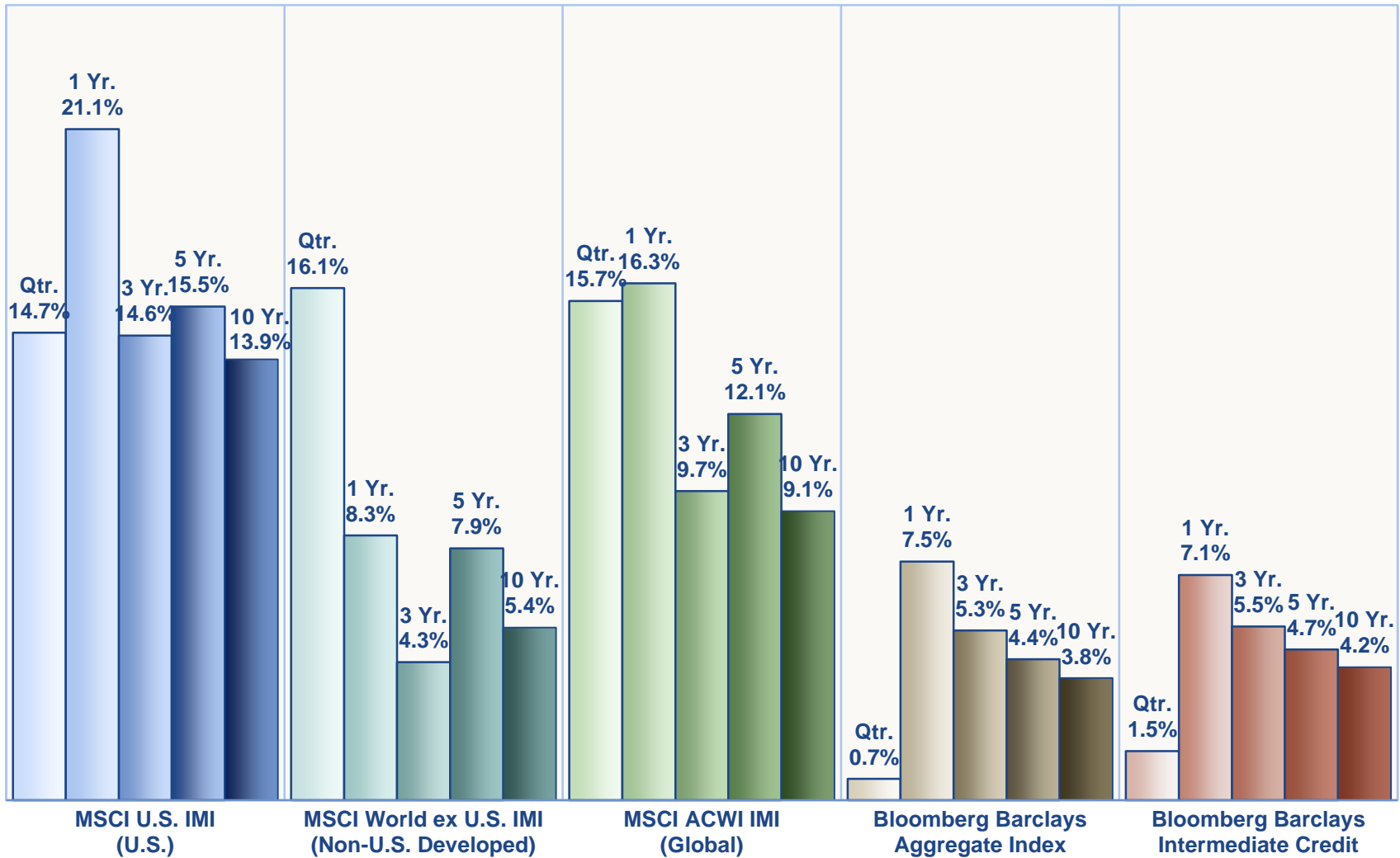
- ▣ **Market Environment**
- ▣ **Plan Market Values**
- ▣ **Plan Performance Discussion**

## Market Environment



# Market Environment

December 31, 2020





## Equity Markets

### Equity markets surge ahead despite COVID

- ❑ Unprecedented levels of stimulus kept businesses afloat and individuals from financial ruin.
- ❑ Without government support, may have plumbed the depths of the Great Depression

### Companies benefiting from a work-from-home environment performed best

- ❑ E-commerce (Amazon +76%), home gyms (Peloton +431%), teleconferencing (Zoom +120 percent) outperformed.

### Industries most heavily impacted by COVID did poorly

- ❑ Hospitality (Marriott -13%), airlines (American Airlines -45%), energy companies (Exxon Mobil -36%), and banks (Bank of America -12%) all suffered.

### Emergence of several effective vaccines at year-end broadened bull market to other sectors

- ❑ Optimism over more rapid return to normal life boosted share prices of more cyclical, 'value' stocks
  - ❑ 'COVID-laggards' began to outperform



### **Vaccine Roll-Out Supports Continued Economic Recovery**

- ▣ Businesses are opening back up, people are cautiously venturing out again
- ▣ Other parts of the world further behind on vaccine roll-out

### **Fiscal and Monetary Stimulus**

- ▣ Truly massive in scale

### **Still plenty of slack in the economy**

- ▣ Unemployment remains elevated

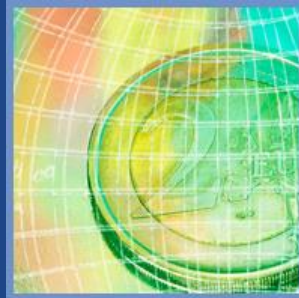
### **Policy Normalization**

- ▣ More stable/predictable voice Washington

### **Uncertain Outlook for Financial Markets**

- ▣ Recovery already priced into stock market to some extent
- ▣ Massive stimulus to continue to support equity markets
- ▣ Emergence of new strains resistant to vaccines could derail global recovery
- ▣ Risk of rising inflation

## Plan Market Values



# Teachers' Retirement System Plan 3

December 31, 2020

	% of Assets	Option	Market Value	Quarterly Change
	62.36%	WSIB TAP Fund	\$7,137,418,549	\$541,289,040
	0.91%	Socially Responsible Balanced Fund	103,659,442	5,333,506
19.07%	0.34%	Retirement Maturity Strategy Fund	39,247,777	1,550,562
	0.51%	Retirement Strategy Fund 2010	58,742,780	5,044,126
	1.05%	Retirement Strategy Fund 2015	120,262,159	7,578,022
	2.78%	Retirement Strategy Fund 2020	317,646,144	14,801,921
	4.09%	Retirement Strategy Fund 2025	468,414,788	46,168,599
	3.42%	Retirement Strategy Fund 2030	391,798,778	48,103,535
	2.68%	Retirement Strategy Fund 2035	306,815,288	42,458,982
	1.67%	Retirement Strategy Fund 2040	190,977,636	28,526,224
	1.01%	Retirement Strategy Fund 2045	115,546,864	17,274,476
	0.73%	Retirement Strategy Fund 2050	83,787,940	13,675,356
	0.60%	Retirement Strategy Fund 2055	68,231,156	11,684,981
	0.18%	Retirement Strategy Fund 2060	20,769,158	4,438,591
	0.01%	Retirement Strategy Fund 2065	855,955	306,166
		8.41%	U.S. Large Stock Fund	962,330,480
	1.40%	U.S. Small Value Stock Fund	160,217,926	38,670,712
	1.40%	Global Equity Fund	160,570,452	19,816,514
	0.57%	Emerging Markets Equity Fund	65,545,122	10,679,865
	3.10%	Bond Market Fund	355,028,750	(508,029)
	2.78%	Short Term Investment Fund	317,892,672	(3,941,914)
		<b>Total</b>	<b>\$11,445,759,816</b>	<b>\$949,280,478</b>



# School Employees' Retirement System Plan 3

December 31, 2020

	% of Assets	Option	Market Value	Quarterly Change
	74.21%	WSIB TAP Fund	\$1,879,094,593	\$142,766,498
	0.55%	Socially Responsible Balanced Fund	14,038,880	866,481
15.26%	0.28%	Retirement Maturity Strategy Fund	7,095,284	752,218
	0.56%	Retirement Strategy Fund 2010	14,120,362	686,686
	1.11%	Retirement Strategy Fund 2015	28,029,099	1,718,904
	2.60%	Retirement Strategy Fund 2020	65,921,997	4,290,877
	3.11%	Retirement Strategy Fund 2025	78,744,195	7,664,243
	1.87%	Retirement Strategy Fund 2030	47,321,194	5,685,391
	1.68%	Retirement Strategy Fund 2035	42,550,469	5,697,650
	1.14%	Retirement Strategy Fund 2040	28,982,007	4,332,972
	0.93%	Retirement Strategy Fund 2045	23,648,790	3,996,713
	0.79%	Retirement Strategy Fund 2050	19,880,350	3,208,213
	0.79%	Retirement Strategy Fund 2055	19,968,747	3,232,959
	0.39%	Retirement Strategy Fund 2060	9,794,731	1,729,609
	0.02%	Retirement Strategy Fund 2065	446,487	121,991
	3.88%	U.S. Large Stock Fund	98,293,082	9,720,827
	0.71%	U.S. Small Value Stock Fund	17,952,766	4,827,447
	0.59%	Global Equity Fund	14,946,843	2,042,235
	0.26%	Emerging Markets Equity Fund	6,475,856	1,427,544
	1.47%	Bond Market Fund	37,326,515	393,574
	3.06%	Short Term Investment Fund	77,407,958	(1,394,592)
		<b>Total</b>	<b>\$2,532,040,204</b>	<b>\$203,768,440</b>

# Public Employees' Retirement System Plan 3

December 31, 2020

	% of Assets	Option	Market Value	Quarterly Change
	59.57%	WSIB TAP Fund	\$2,416,559,150	\$193,057,623
	1.08%	Socially Responsible Balanced Fund	43,789,385	3,648,367
22.47%	0.37%	Retirement Maturity Strategy Fund	15,014,286	(1,037,869)
	0.62%	Retirement Strategy Fund 2010	25,093,318	2,606,314
	1.10%	Retirement Strategy Fund 2015	44,530,840	2,269,205
	2.52%	Retirement Strategy Fund 2020	102,219,793	6,065,179
	4.03%	Retirement Strategy Fund 2025	163,529,324	16,070,335
	3.27%	Retirement Strategy Fund 2030	132,715,606	18,146,760
	2.87%	Retirement Strategy Fund 2035	116,394,510	16,236,442
	2.06%	Retirement Strategy Fund 2040	83,484,115	12,284,528
	1.95%	Retirement Strategy Fund 2045	78,959,804	12,598,860
	1.70%	Retirement Strategy Fund 2050	69,038,397	11,500,264
	1.42%	Retirement Strategy Fund 2055	57,638,460	9,376,564
	0.53%	Retirement Strategy Fund 2060	21,515,377	3,915,656
	0.03%	Retirement Strategy Fund 2065	1,334,578	225,008
		6.66%	U.S. Large Stock Fund	270,199,965
	1.65%	U.S. Small Value Stock Fund	66,771,225	15,319,054
	1.36%	Global Equity Fund	55,215,038	8,190,685
	0.63%	Emerging Markets Equity Fund	25,689,903	4,842,114
	2.30%	Bond Market Fund	93,249,245	2,540,088
	4.29%	Short Term Investment Fund	174,029,543	1,967,980
		<b>Total</b>	<b>\$4,056,971,862</b>	<b>\$368,864,430</b>

# Deferred Compensation Fund

December 31, 2020

	% of Assets	Option	Market Value	Quarterly Change
51.85%	1.41%	Retirement Maturity Strategy Fund	\$79,346,021	\$2,591,057
	1.95%	Retirement Strategy Fund 2010	109,944,351	6,337,710
	4.95%	Retirement Strategy Fund 2015	278,752,583	17,052,602
	9.50%	Retirement Strategy Fund 2020	535,074,320	39,186,854
	11.15%	Retirement Strategy Fund 2025	628,098,216	68,538,263
	8.21%	Retirement Strategy Fund 2030	462,689,229	60,274,196
	5.88%	Retirement Strategy Fund 2035	331,572,694	46,205,355
	3.72%	Retirement Strategy Fund 2040	209,363,310	31,236,469
	2.43%	Retirement Strategy Fund 2045	136,816,755	22,337,929
	1.27%	Retirement Strategy Fund 2050	71,830,800	13,388,073
	0.83%	Retirement Strategy Fund 2055	46,616,499	8,999,324
	0.49%	Retirement Strategy Fund 2060	27,832,554	6,043,945
	0.06%	Retirement Strategy Fund 2065	3,563,626	1,489,590
	3.58%	Socially Responsible Balanced Fund	201,960,467	14,270,872
	12.20%	U.S. Large Stock Fund	687,589,920	79,543,317
	4.04%	U.S. Small Value Stock Fund	227,707,976	56,751,877
	3.58%	Global Equity Fund	201,794,744	27,404,153
	1.52%	Emerging Markets Equity Fund	85,625,986	13,789,253
	5.66%	Bond Market Fund	318,869,082	5,619,665
	17.57%	Savings Pool	989,836,263	(5,106,915)
		<b>Total</b>	<b>\$5,634,885,396</b>	<b>\$515,953,589</b>

## Plan Market Discussion

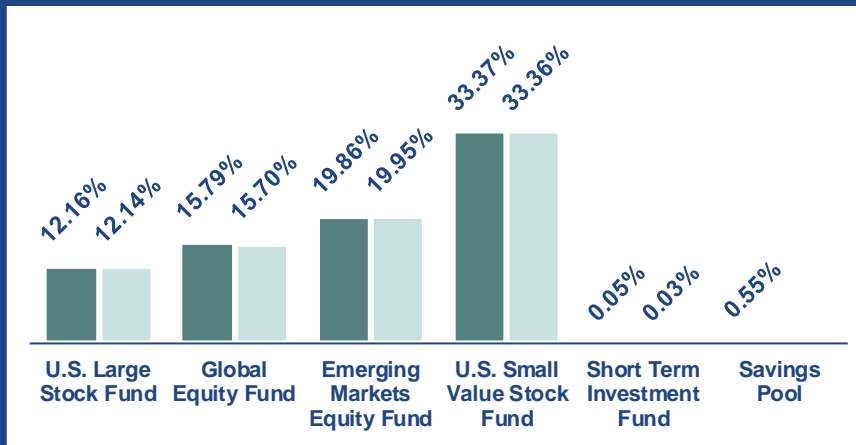


# Equity and Cash Funds – Quarter, 1, 3, and 5 Year Returns

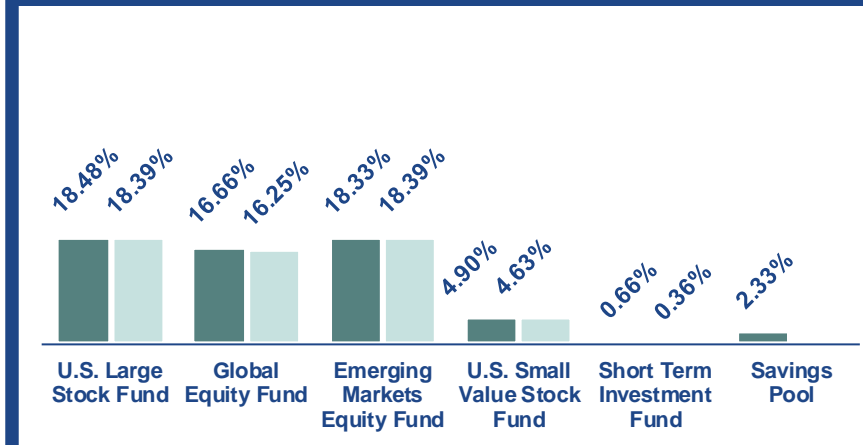
December 31, 2020

Fund Benchmark

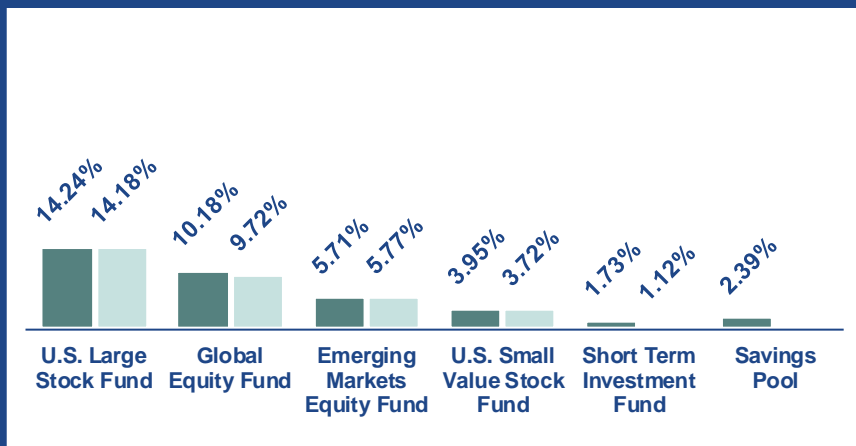
## Quarter



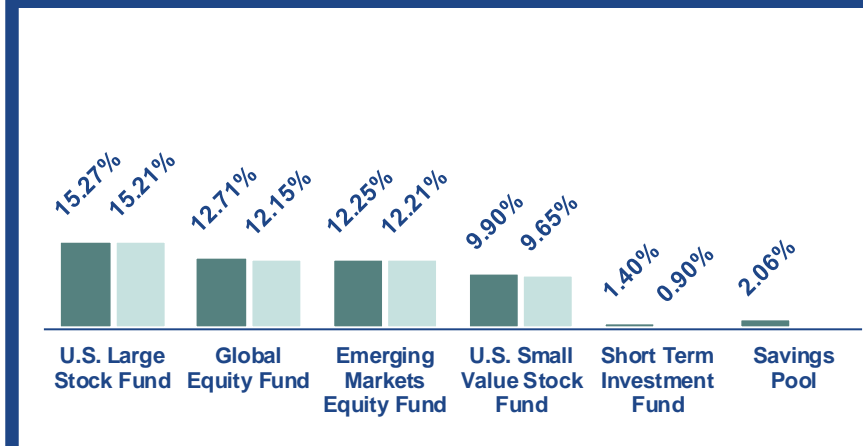
## 1 Year



## 3 Year



## 5 Year

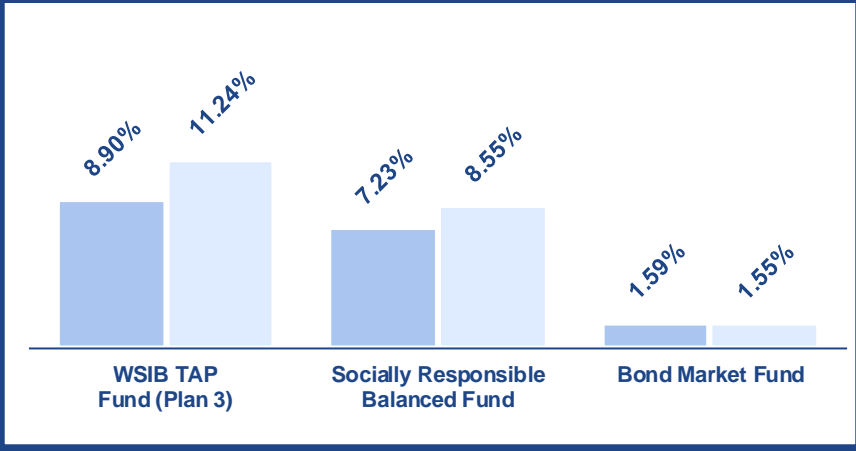


# Balanced and Bond Funds – Quarter, 1, 3, and 5 Year Returns

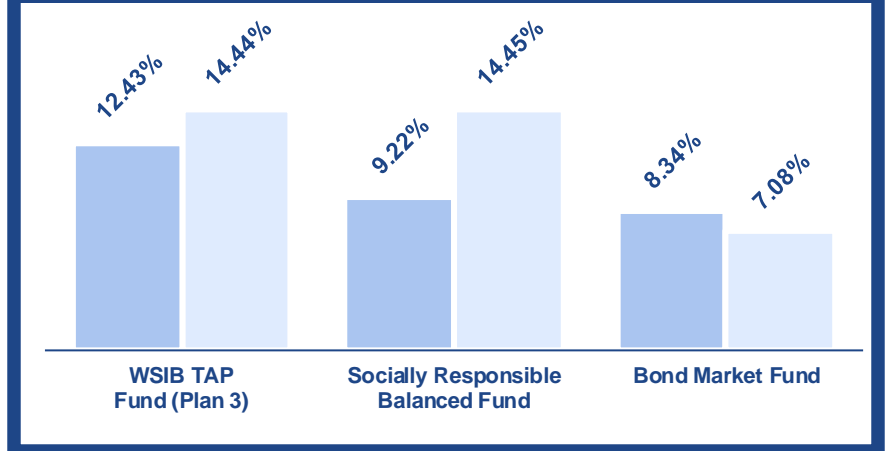
December 31, 2020

■ Fund ■ Benchmark

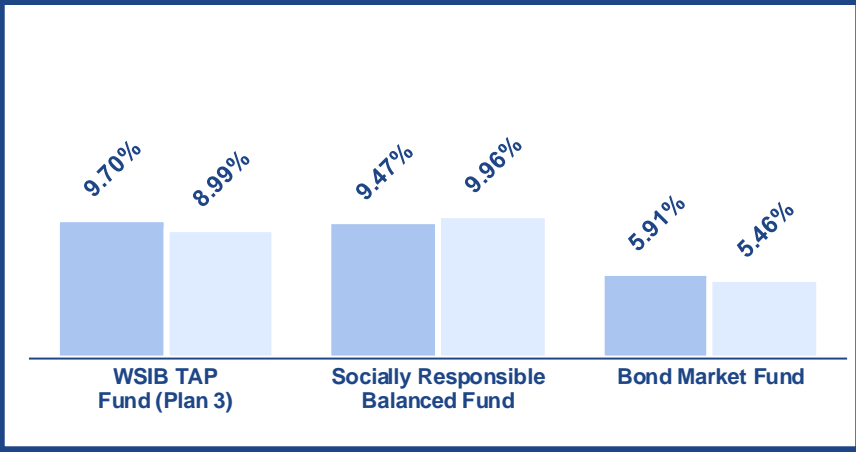
## Quarter



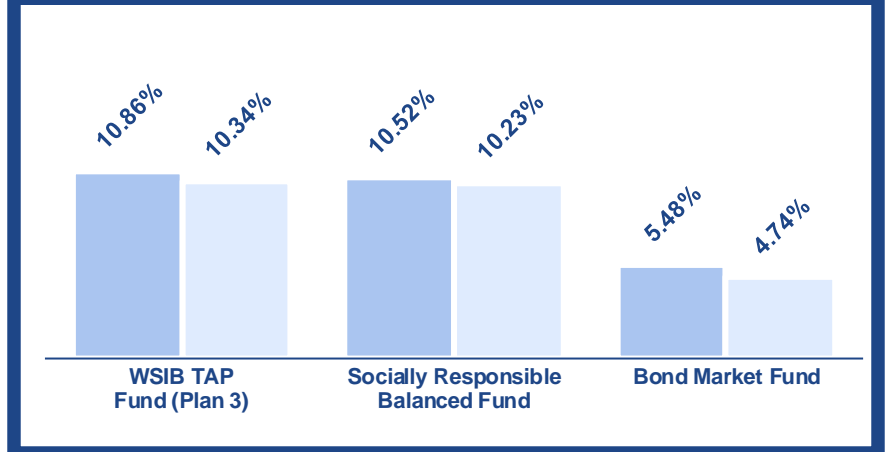
## 1 Year



## 3 Year



## 5 Year

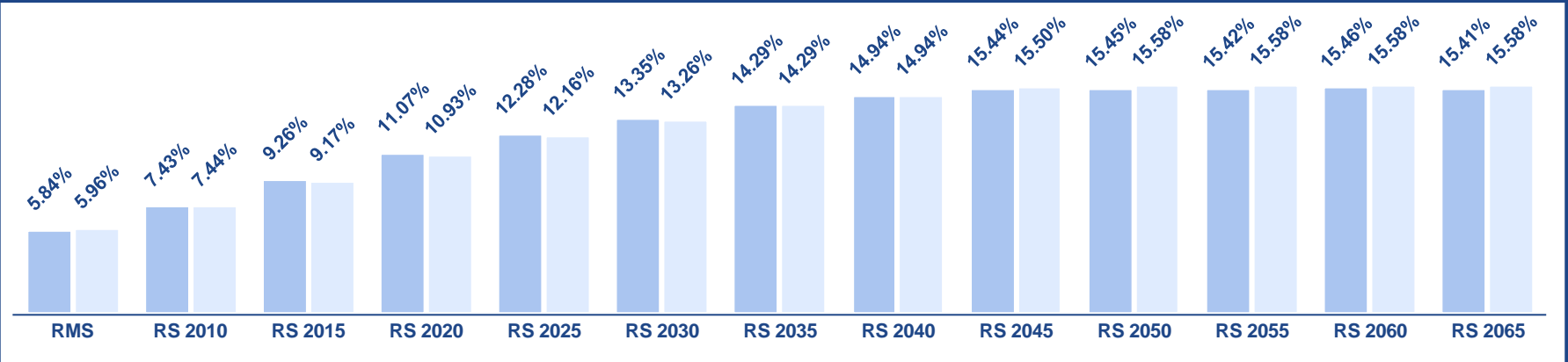


# Retirement Strategy Funds – Quarter and 1 Year Returns

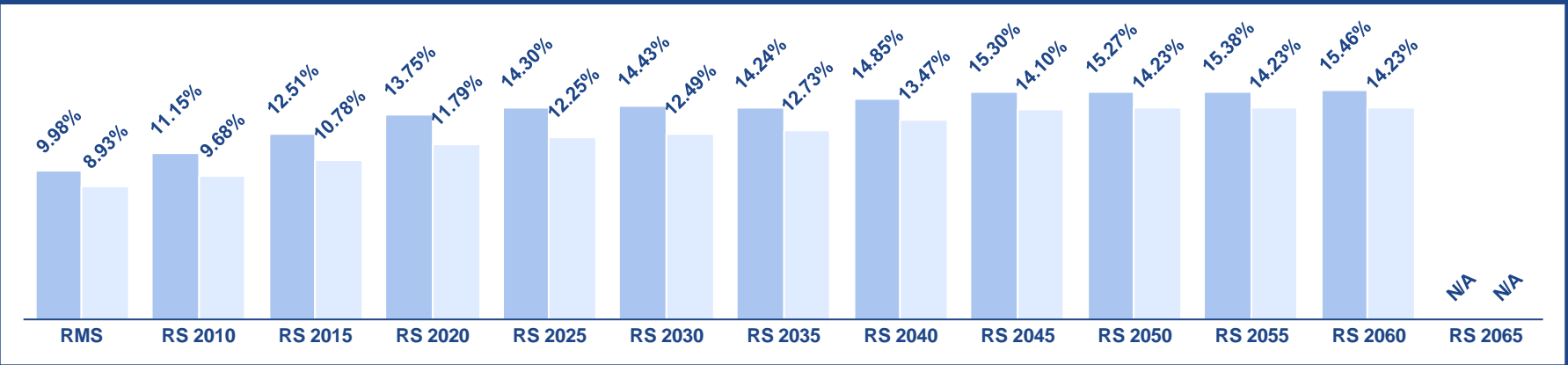
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Fund Benchmark

## Quarter



## 1 Year

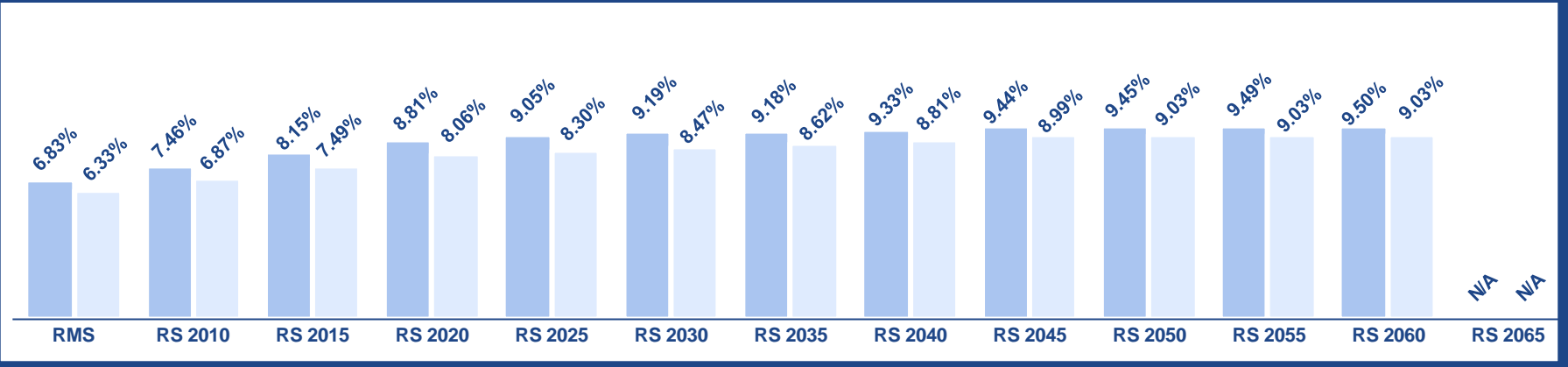


# Retirement Strategy Funds – 3 and 5 Year Returns

December 31, 2020

■ Fund ■ Benchmark

## 3 Year



## 5 Year

