



ARLINGTON COUNTY EMPLOYEES' RETIREMENT SYSTEM

Suite 504 2100 Clarendon Blvd. Arlington, VA 22201
TEL 703.228.3321 FAX 703.228.0646 TOLL FREE 800.296.9510 www.arlingtonva.us/retirement

Board of Trustees,
Jonathan C. Kinney,
President
Richard Alt,
Vice President
Michelle Cowan,
Treasurer
Jimmie Barrett,
Secretary
William Ross, Assistant
Treasurer
Barbara Donnellan
Michael-dharma Irwin

Substitute Trustees
Brian Lynch
Wayne Rhodes

Executive Director
Daniel Zito

December 6, 2018

To: The Arlington County Board

Re: ACERS Update as of 9/30/18

Dear Board Members:

The attached summarizes the Arlington County Employees' Retirement System's investment performance for the quarter ended September 30, 2018.

Highlights include:

- System assets of \$2.36 billion increased by \$60 million versus 6/30/18.
- Net investment performance of 2.9% and 7.6% for the quarter and prior year, respectively, compares to respective benchmark returns of 3.1% and 6.8%, and the actuarial assumed annual rate of return of 6.75%.
- Outperformance over the trailing quarter and year was driven by the credit tilt and underweighted allocation to fixed income as well as strong returns from growth-oriented global equity managers.
- System performance was in the 46th percentile for the quarter, relative to a universe of public fund peers. Longer term performance ranks in the 56th, 44th, 61st and 23rd percentiles on a 1, 3, 5 and 10-year basis, respectively.
- County OPEB Trust assets were \$136.5 million on 9/30/18. Trust assets remain invested in Vanguard's Wellington Fund which was up 8.3% for the year versus an 10.9% benchmark return.

Additional details, including fund performance history and the current asset allocation, are presented in the attachment.

If you would like more information, please call me at (703) 228-7934.

Respectfully,

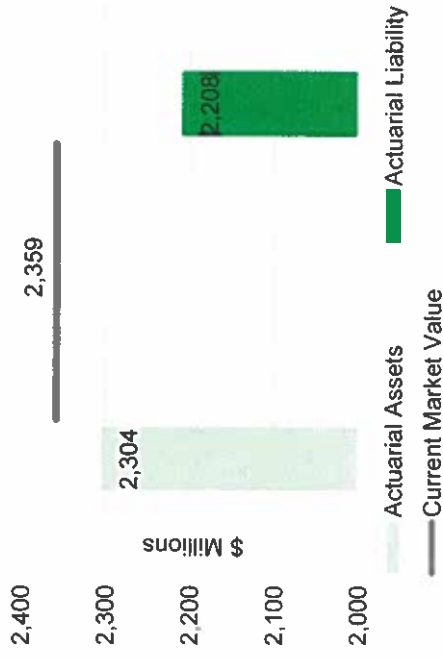

Daniel Zito
Executive Director

Cc: Mark Schwartz, County Manager
Clerk to the County Board

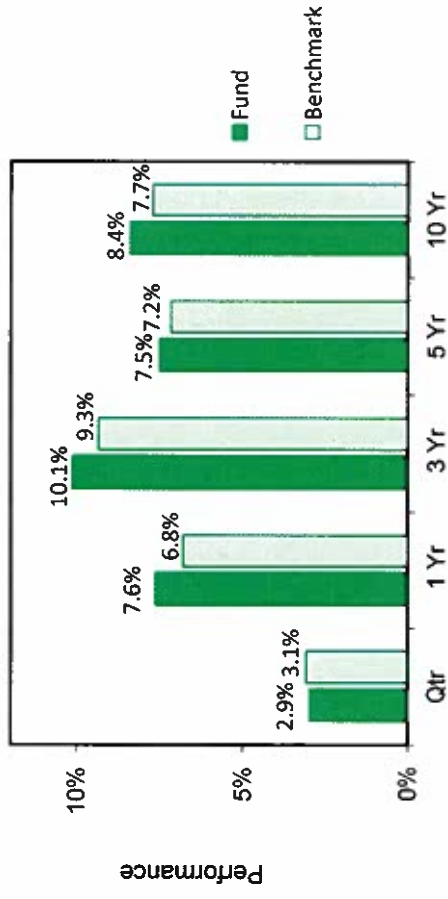
Attachment (1)

ACERS September 2018 Update

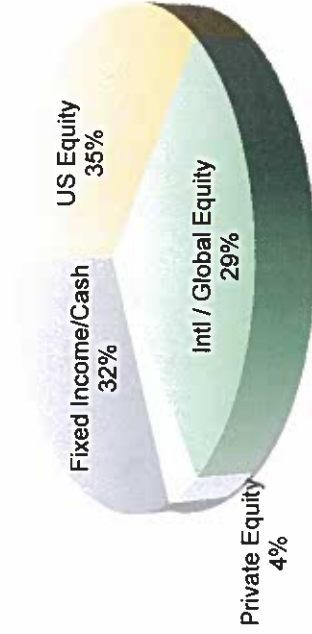
Fund Balance



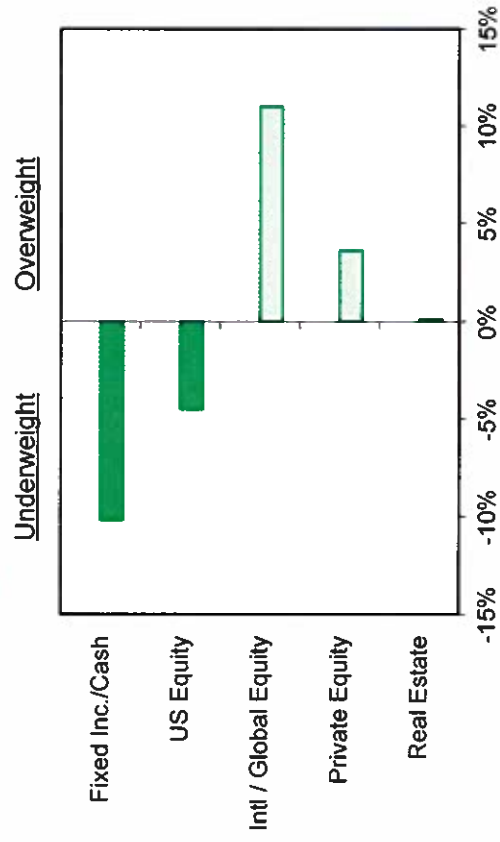
Net Performance⁽¹⁾



Asset Allocation



Allocation vs. Benchmark⁽²⁾



⁽¹⁾ Periods greater than 1 year are annualized

⁽²⁾ Fixed Income/Cash: 39% BC Universal, 1.5% BC TIPS, 2% T-Bills; Equity: US: 40% Ru3000; Intl: 17.5% MSCI ACWI ex-US

Sources: Cheiron, Northern Trust