February 9, 2015 PIonline.com $50 an issue / $325 a year crain

# Pensions&Investments®

THE INTERNATIONAL NEWSPAPER OF MONEY MANAGEMENT

# Our Annual Look at the Largest Retirement Funds

February 9, 2015 Pionline.com $50 an issue / $325 a year crain

# Pensions&Investments®

THE INTERNATIONAL NEWSPAPER OF MONEY MANAGEMENT

## AT DEADLINE

### Lump-sum expanded

Alcatel-Lucent announced Feb. 6 it plans to extend an offer of an immediate lump-sum payment to about 32,000 retirees and former employees in its U.S. Inactive Occupational Pension Plan.

It brings the total number of plan participants who will receive the offer to about 74,000, Marco Malfavon, company spokesman, said in an e-mailed reply to questions.

The company said in its fourth-quarter 2014 earnings release that the offer, to take place in the fourth quarter of 2015, will run concurrently with a previously announced one for retirees in its U.S. Management Pension Plan.

"Payments are expected to be made from existing U.S. plan assets, and we do not expect to make any contributions to U.S. plan assets in connection with either offer," Mr. Malfavon said.

As of Dec. 31, 2013, the U.S. pension funds had $30.1 billion in assets and $26.2 billion in projected benefit obligations, for a funding ratio of 115%, according to the company's most recent 20-F filing.

### PIMCO departures

Four institutional business executives have left or are set to leave PIMCO, sources said.

Suhail H. Dada, managing director and head of the U.S. institutional business development and consultant relations group, will retire. Brian Baker, managing director, head of Asia ex-Japan, CEO and director of PIMCO Asia, is retiring in May.

John Griffiths, head of U.K. institutional business, left in December. And, Ana Dhoraisingam, an executive vice president, head of the Singapore office and head of business development for Southeast Asia, will leave in May.

"As is common across the investment management industry, during the first part of each year a small number of employees leave the firm, either due to retirement or to pursue other professional opportunities," a PIMCO spokeswoman said in an e-mail. "We are grateful for the contributions of those colleagues and wish them the very best in the future."

A source familiar with the situation said PIMCO was not hiring externally to replace Messrs. Dada, Baker and Griffiths. Rather, existing PIMCO executives would be taking on their responsibilities.

Further details on Ms. Dhoraisingam's departure and any replacement could not be learned by press time.

### 2015 contributions set

Five companies disclosed last week plans for 2015 pension and benefit contributions:

- General Motors expects to

CONTINUED ON PAGE 52

THE P&I 1000 LARGEST RETIREMENT FUNDS

# Assets rise 8.5%, pass $9 trillion

## But market-adjusted figures show defined benefit plans lost ground

By ROB KOZLOWSKI

**MORE P&I 1000**

- In alternatives, infrastructure and energy are the big gainers. Page 15
- DC plan execs working hard to get participants to save more. Page 16
- For the full report go to **pionline.com/sponsors2015**

Total assets of the largest 1,000 U.S. retirement plans grew 8.5% to $9.055 trillion on Sept. 30, *Pensions & Investments'* annual survey found.

The defined contribution plans among the top 1,000 increased 12.8% to $3.022 trillion, double that of defined benefit plan plans, which increased 6.4% to $6.033 trillion.

Adjusted for the market, however, assets of the 1,000 largest retirement plans declined 1.2%, with DC assets growing a market-adjusted 2.8%, and DB assets falling a market-adjusted 3.1%.

Among the 200 largest plans, DC plan assets increased 11.25% to $1.789 trillion and DB plans, 6.6% to $4.75 trillion. Top 200 assets overall grew 7.8%, to $6.539 trillion.

But again, the funds showed an overall loss of 1.7% when adjusted for market returns. Within the top 200, DC assets increased a market-adjusted 1.9%, while DB assets fell a market-adjusted 3%.

Those comparative growth rates further cement the conclusion that DC represents the future of the U.S. retirement system, experts said.

"I think it's clear that DC is the backbone of the U.S. retirement system, and it's the way it's going to continue to move," said Lorie Latham, Chicago-based senior

SEE TOP FUNDS ON PAGE 54

Michael A. Marcotte

**PLANNING:** Sue Walton believes corporate executives will pay even more attention to their DC plans.

# Corporations reaching a tipping point

## DC ascendancy to transform how private plans do business

By BARRY B. BURR

Corporate defined contribution assets soon will overtake those of corporate defined benefit plans — and that could change everything.

In *Pensions & Investments'* universe of the 200 largest retirement plans, corporate defined benefit assets totaled $1.187 trillion as of Sept. 30. Defined contribution assets totaled $1.102 trillion — a difference of $85 billion.

Of the 99 corporations in the 200 largest retirement plans, 91 have both defined benefit and defined contributions plans, while eight have only DC plans. None offers only a DB plan.

Among the full *P&I* 1,000 universe, corporate plan defined contribution assets already outweigh defined benefit assets, having

SEE CHANGE ON PAGE 54

Brett Kramer

**BOTTOM LINE:** Marla J. Kreindler said security is ultimately the fund's responsibility.

Technology

# Asset owners demand info on cybersecurity processes

By RICK BAERT

Insufficient cybersecurity is becoming a deal breaker for firms that provide investment services to defined benefit and defined contribution plans.

An increasing number of requests for proposals now require firms to detail their cybersecurity procedures, the result of heightened concerns of the potential for data breaches and hackers.

"There are differences in cybersecurity procedures among providers, but now this has become an important part of everyone's due diligence," said Gregg Sommer, Chicago-based principal and head of operational risk assessment at Mercer Sentinel, the investment operations consulting business of Mercer LLC. He said that what once

SEE SECURITY ON PAGE 49

## SOUND BITE

BUCK CONSULTANTS' **STEVEN WHITE:** "It is about meeting people, not **just having a phone call.**" Page 3

## NOW ON PIONLINE.COM/FEATURES

**Web Extra:** Accompanying the P&I 1000 special report of the top pension funds are web-only features at **pionline.com/sponsors2015**:

- Interactive infographics of plan investments;
- Heat maps of national asset distribution;
- Slideshows of the largest DB and DC plans.

**Trouble in Canada:** The Bank of Canada's cut in its overnight lending rate is yet another blow to Canadian corporate funds already hampered by accounting rules and a sagging economy.

**Power in numbers:** Kurt Summers, Chicago's new city treasurer, wants to change the way Chicago-area pension funds negotiate with investment managers and evaluate investment opportunities.

Kurt Summers

**Twitter chat:** Aaron Cunningham, *P&I's* director of research, will answer questions about the P&I 1000 via Twitter at noon EST Feb. 17. Send questions to **@pensionsnews** and **@cunningham_PI**, and look for the hashtag **#PItop1000**. We'll publish excerpts and facts from the report using that hashtag throughout the week.

Investing

# Political risk threatening to offset potential European growth

By SOPHIE BAKER

Political risk is taking center stage for global money managers as they consider their stance on Europe, offsetting the potentially economy-boosting effects of a new quantitative easing program for the eurozone.

While some money managers say they are overweight Europe, thanks to an encouraging growth story, they have had to retain some caution because of uncertainty caused by politics.

Part of the threat is the rise of nationalistic political parties, as evidenced in the triumph of Greece's Syriza party, the Coalition of the Radical Left, in late January. With the rise of the right-wing U.K. Independence Party and its potential place in that country's politics come the May general election, plus the popularity of left-wing Podemos in Spain — which is due an election at the end of the year — that concern is very real.

Krisztian Bocsi/Bloomberg

REAL CONCERNS: The rise of nationalistic parties, such as Greek Finance Minister Yanis Varoufakis' Syriza, has money managers worried about the future of the eurozone.

"This is what could break the eurozone," said Serge Pizem, Paris-based global head of multiasset at AXA Investment Managers. "It will be a political decision, not an economic shock — but a major country that says 'I'm out.'"

Money managers have an eye on the nationalistic Syriza, known as an anti-austerity party, and its efforts to renegotiate Greece's country's €240 billion ($274.1 billion) bailout. The country's new finance minister, Yanis Varoufakis, has visited European economic powerhouses, including London, Paris and Rome.

The political and economical uncertainty that money managers are feeling was echoed by George Osborne, U.K. chancellor of the exchequer. Following his meeting with Mr. Varoufakis in London, Mr. Osborne said: "It is clear that this standoff between Greece and the eurozone is the greatest risk to the global economy."

The increased political risk comes at what should be the time for Europe to step into the spotlight. Global money managers highlighted in interviews positive earnings growth for the eurozone, the continued weakening of the euro and the oil price collapse as boosts for the Europe story.

But the biggest positive came in the shape of an announcement by Mario Draghi, president of the European Central Bank, who said Jan. 22 that the ECB would be implementing a €60 billion per month bond-buying program, starting in March. He said this will run until September 2016, or until inflation is brought up to target for the eurozone, around 2%.

### Market reaction

Markets were surprised by the extent and open-endedness of the program, but the announcement had the desired effect; European equities rallied, bond yields fell and the euro further depreciated vs. the

SEE EUROPE ON PAGE 52

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Cover illustration by Daniel Pelavin


### Money management

Chris Willcox, J.P. Morgan Asset Management's new global investment management CEO, has reorganized its investment management team. "We're now running a very joined-up business," Mr. Willcox said. "We've been revamping how the organization talks to itself." **Page 6**

### Pension funds

A major restructuring of the military retirement system could finally become a reality as the Pentagon comes under increasing pressure to save money and attract new recruits. The centerpiece of the plan is mandatory enrollment of new members in the Federal Thrift Savings Plan, with an employer match. **Page 4**

### Special report: The largest retirement funds

Highlights of *Pensions & Investments*' annual examination of the top 1,000 retirement plans include defined benefit and defined contribution plan rankings, growth charts, market share data and much more. **Page 15**


### One survey overdue, one in progress

*P&I's* annual survey of defined contribution service providers is past due. Firms providing record-keeping services to U.S. DC plans are eligible. Results will be published March 9.

The *P&I* Money Managers Survey for year-end 2014 is due March 6. Firms running assets for U.S.-based tax-exempt institutions are eligible. Results will be published May 18.

To request a survey, or obtain further information, please contact Anthony Scuderi at 212-210-0140 or **ascuderi@pionline.com**.


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Money Management

# Market only driver of AUM growth in '14

## Also, publicly traded firms show anemic fourth-quarter advances

By JAMES COMTOIS

Assets under management for most public money managers inched up in the fourth quarter after they declined nearly across the board in the third quarter.

Firms like Artisan Partners Asset Management Inc., Legg Mason Inc., State Street Global Advisors and Invesco Ltd. saw their assets under management rise less than 2%.

Others — T. Rowe Price Group Inc., Goldman Sachs Asset Management, J.P. Morgan Asset Management, BlackRock Inc., Affiliated Managers Group Inc. and Bank of New York Mellon Investment Management — experienced somewhat healthier gains, of between 2% and 4%, as of Dec. 31 from Sept. 30.

In the year ended Dec. 31, AUM of the 15 publicly traded U.S. money managers tracked by *Pensions & Investments* increased an average of 5.8%. By contrast, assets increased an average of 16% for calendar year 2013.

Christopher Shutler, an equity research analyst at William Blair & Co., Chicago, said most of the rather anemic growth was simply due to "market movement and market appreciation."

"The move from active to passive **continues**."

WILLIAM BLAIR'S **CHRISTOPHER SHUTLER**

Other factors affecting the managers' fourth-quarter flows were the continued shift to passive strategies, moves out of domestic equities into fixed income and strong-performing international investments.

(In the third quarter, weak equity markets and volatility from geopolitical events led to most managers to experience declines in AUM. It was also a quarter in which many asset owners shifted to passive management. And in late September, William H. Gross, former co-founder and chief investment officer of Pacific Investment Management Co. LLC, Newport Beach, Calif., joined Janus Capital Management Inc., which led to there being significant fixed-income assets up for grabs during the fourth quarter.)

The Standard & Poor's 500 stock index was up

SEE EARNINGS ON PAGE 49

Pension Funds

# Multiemployer plans untangle reforms

By HAZEL BRADFORD

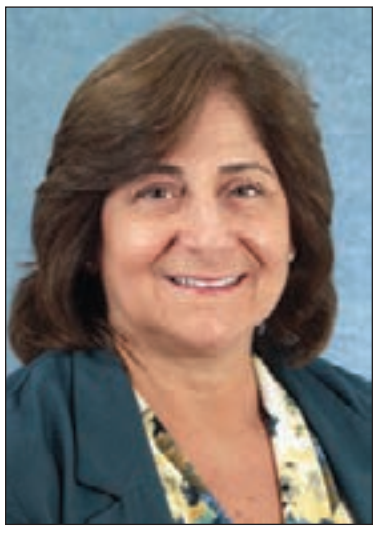
Some multiemployer pension fund executives are trying to figure out whether to take advantage of a controversial new reform law that allows potential benefit cuts for participants and retirees. Others are hoping for further reforms to allow for alternative plan designs.

The Multiemployer Pension Reform Act of 2014 — passed swiftly in December — allows deeply underfunded plans to take unprecedented steps to avoid insolvency but comes with strings attached. It also gives federal regulators some new tactics that could help save troubled multiemployer plans (Pensions & Investments, Dec. 22).

"There has been lot of misunderstanding about it," said Diane Gleave, New York regional manager for The Segal Co. "We are hearing from clients who are hearing from their participants. The answer is, for many of them, maybe it doesn't apply. It is case by case, depending on the specifics." Figuring out what plans can do "is going to be very time consuming," she said.

Multiemployer advocates are also spending time pushing for further regulatory changes to pave the way for composite plan design, also known as variable or target benefits that change with investment performance or other factors, which could help both healthy and troubled plans. The Partnership for Multiemployer Retirement Security, a group of employer and labor trustees behind the reform package, was disappointed that the idea was cut for political expediency and is

SEE REFORM ON PAGE 51



CASE BY CASE: Diane Gleave said it will be 'very time consuming' to figure out what plans can do.

Alternatives

# Clean tech loses power in energy portfolios

## Once-promising niche gives ground to shale boom, falling oil prices

By ARLEEN JACOBIUS

Once positioned to be a star of investors' portfolios, clean technology has been reduced to bit-part status, morphing into an opportunistic investment in a broader energy infrastructure strategy.

The $296.5 billion California Public Employees' Retirement System, $188.8 billion California State Teachers' Retirement System and $178.3 billion New York State Common Retirement Fund are among the U.S. pension funds that have clean- or green-technology portfolios stretching across asset classes including venture capital, private equity, public equity and fixed income.

Investors bet big that rising fuel costs and dwindling natural resources would create a huge investment opportunity in alternative energy. According to data at the time from New Energy Finance, now a subsidiary of Bloomberg L.P., global private equity and venture capital clean-tech assets under management totaled $23 billion in October 2007, up from $15.9 billion in October 2006.

Things have changed.

Last year, global clean-tech funds raised $2.9 billion, compared to $42.4 billion for global energy private equity funds, according to London-based alternative investment research firm Preqin. So far this year, clean-tech funds have raised $400 million vs. $2.9 billion for traditional energy funds.

"Clean technology was a tremendous investment thesis 10 years ago, but the world changed in unexpected ways, leaving clean-tech investors with many unfulfilled promises," said David Fann, president and CEO of private equity consulting firm TorreyCove Capital Partners LLC, San Diego.

Global clean-tech had a gross internal rate of return of 4.4% on a total of $15.4 billion in investments from 2008 to 2012, down from 11.1%

SEE CLEAN ON PAGE 52

WAYS IN: James Korczak said clean tech is best as venture capital or infrastructure.

Money Management

# China managers feel brain drain

## Key talent flees mutual fund firms to earn more at private boutiques

By DOUGLAS APPELL

China's fund management companies are struggling to retain investment talent just as a growing cadre of offshore asset owners could be mulling first-time allocations to the country's capital markets.

Fund management companies saw "tremendous turnover" in the past year, especially in the second half as China's domestic A-shares market surged, said Charles Salvador, director, investment solutions with Z-Ben Advisors, a Shanghai-based consultancy on business opportunities in China's financial industry.

More than 150 senior investment professionals left fund management companies in 2014, noted Ying Tan, a Hong Kong-based principal with Mercer who researches asset management firms in the Greater China region. And while those professionals moved for a variety of reasons, many are likely to join private boutiques or set up their own, encouraged by the recent "bull run" by A shares, she said.

In China, "fund management companies" is a specific term, referring to the roughly 100 firms set up under

SEE CHINA ON PAGE 53

ONE ANSWER: Alexandre Werno's firm will use an affiliate to allow for perfomance fees.

Consulting

# Outsourcing boom opens door for new breed of monitors

By SOPHIE BAKER

The growth of fiduciary management and outsourced chief investment officer contracts is translating into an increase in third-party search, selection and monitoring firms, seizing their chance to get in on the action.

Money management, fiduciary management and consultant sources said they have seen an increase in the number of firms offering to help pension funds in the U.K. and the U.S. to search for, select and monitor their fiduciary managers, outsourced CIOs and implemented or delegated consulting providers.

Among the big names that have taken their experience in investment consulting and branched out into the relatively new area are KPMG, Ernst & Young Global Ltd. and Buck Consultants. But sources said new firms are popping up on their radar, with second-tier consultants, independent trustees and even law firms now coming to the market.

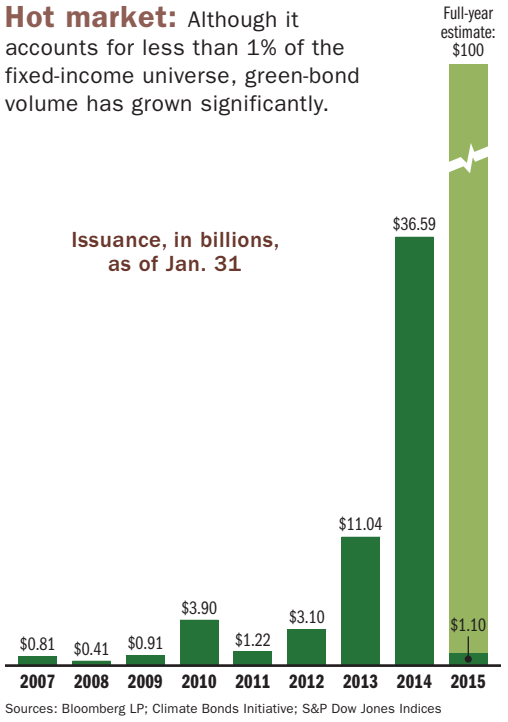
Steven White, London-based managing direc-

SEE OUTSOURCING ON PAGE 53

## Green shoots

The market for green bonds — proceeds of which are used for projects with perceived positive environmental benefits — tripled in 2014.

**Hot market:** Although it accounts for less than 1% of the fixed-income universe, green-bond volume has grown significantly.




Sources: Bloomberg LP; Climate Bonds Initiative; S&P Dow Jones Indices

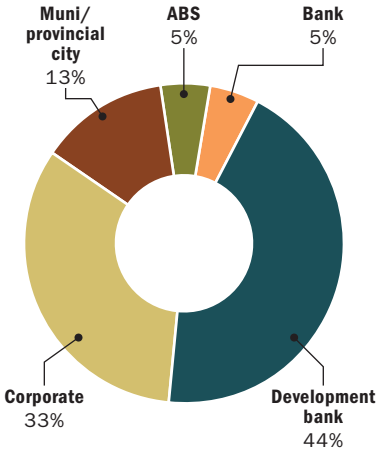
**Who's on top?** Large development banks accounted for the majority of sales last year.

Largest issuers of green bonds in 2014 (millions)

| | |
|---|---|
| European Investment Bank | $5,600 |
| KfW Development Bank | $3,500 |
| GDF Suez | $3,400 |
| World Bank | $3,100 |
| Toyota | $1,750 |
| Agence Française de Développement | $1,300 |
| Iberdrola | $1,000 |
| Unibail-Rodamco | $1,000 |
| Île-de-France | $829 |
| Hera S.p.A. | $680 |

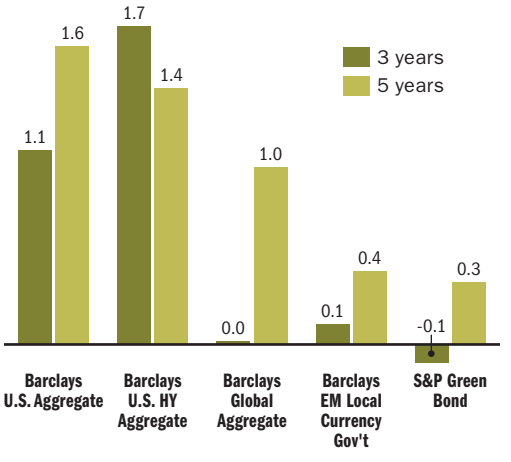
**Issuer landscape:** Development banks account for the majority of the universe, followed by corporations and municipalities.

Green bonds by issuer type in 2014




**Returns not so rosy:** This young, niche asset class will need to improve its risk-reward profile to attract more investor flows.

Risk-adjusted returns for select bond indexes through Jan. 31




Compiled and designed by Timothy Pollard and Gregg A. Runburg

C.J. Lin/Stars and Stripes

**THOROUGHLY MODERN:** Alphonso Maldon Jr. said the changes would improve retention of 'quality people' and help more service members save for retirement.

**Pension Funds**

# Military reform taking center stage

## Sweeping change proposed to forestall nearly $3 trillion in potential liabilities

By HAZEL BRADFORD

A major revamping of the military retirement system could finally become a reality as the Pentagon comes under increasing pressure to save money and attract new recruits.

Implementing a retirement model that emphasizes defined contribution savings was one of 15 recommendations made in a Jan. 29 report by the Military Compensation and Retirement Modernization Commission. The commission, whose nine members include several former congressmen and high-ranking military officers, spent several years studying the challenges of military compensation programs.

One of the biggest obstacles they found, in terms of cost and recruitment or retention, was the current pension system's 20-year vesting requirement, which leaves 83% of enlisted personnel and 51% of officers with no retirement savings. Mindful of protecting the benefits of current military members, the commission's report called for trimming the pension benefit to 40% of final pay from the current 50%, while also offering an enhanced defined contribution plan.

The centerpiece of the plan, which would save the government an estimated $4.7 billion each year, is mandatory enrollment of new members in the $439.6 billion Federal Thrift Savings Plan. New participants would contribute 3% of pay and the government employer would contribute 1% for the first two years, then match the employee contribution 100% up to 5% of pay after that. Employees could opt out, but they would be automatically re-enrolled at 3% each year.

Current military members, who already may enroll in the TSP but without an employer match, would also be eligible for the match.

New participants, should their military career last 20 years, still would receive benefits under the DB plan.

The commission also calls for allowing members in the new program to have the option of choosing partial or full lump-sum distributions instead of monthly benefit payments, and making survivor benefits more affordable than under the current system.

### 'Greater flexibility'

The changes would give the military services "greater flexibility to retain quality people in demanding career fields by implementing a modern retirement system," Alphonso Maldon Jr., the commission chairman, told the Senate Armed Services Committee on Feb. 3.

Those changes, plus "more robust" financial literacy for plan participants and their families, would also help more service members save for retirement, said Mr. Maldon, a former assistant secretary of Defense for force management and policy.

The idea, he told the Senate committee, is a "holistic package of reforms that modernize the structure of compensation programs, rather than adjust the levels of benefits."

A more controversial piece of the suggested reforms involves changes to the military health-care system, which also mirror the private sector's trend toward participants sharing more of the costs, including a higher share for retirees.

The new proposed retirement and health-care changes "definitely

SEE MILITARY ON PAGE 56

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## CORRECTIONS & CLARIFICATIONS

■ The full name of **Stephen D. Rosenberg** was inadvertently omitted from the story, "Fiduciary breach issue gets Supreme Court hearing," on page 2 of the Jan. 26 issue. Mr. Rosenberg is of counsel at the Wagner Law Group, Boston.

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**Money Management**

# J.P. Morgan realigns executives to better integrate its businesses

By JAMES COMTOIS

J.P. Morgan Asset Management has reorganized its investment management team to create a more interconnected organization, the biggest move being the appointment of Chris Willcox to the new position of global investment management CEO.

"We're now running a very joined-up business," Mr. Willcox said in an interview. "When you're a broad organization like J.P. Morgan, you have to be able to communicate your mission internally (to staff) and externally (to clients)."

Until last year, Mary Erdoes, CEO of J.P. Morgan Asset Management, oversaw the New York-based money manager's investment management operations — as well as those of the private bank — with each business head reporting directly to her.

J.P. Morgan Asset Management has $1.71 trillion of assets under management.

In May, Ms. Erdoes decided to step back from directly overseeing JPMAM's investment management operations and created the new position of global investment management CEO, appointing Mr. Willcox, JPMAM's head of global fixed income at the time, to the role.

"It makes a lot of sense for Mary Erdoes to create dedicated management for the asset management business, since she also has the private bank reporting to her," said Domonkos L. Koltai, a partner and co-founder of investment bank PL Advisors, New York, in a phone interview. "Those are two large businesses with different drivers and competitors."

Prior to Mr. Willcox's appointment, Jamie Kramer, J.P. Morgan Private Bank's former global head of thematic advisory, moved to JPMAM as global head of strategic product management in March.

Since assuming the role of investment management chief, Mr. Willcox has restructured his team to, he said, better integrate the firm's different business areas.

In October, Jed Laskowitz, head of the funds business in Asia and regional CEO of Asia, and Michael O'Brien, global head of institutional, were named co-heads of JPMAM's global investment management solutions business, which combines the firm's $150 billion multiasset-class investment business with its advisory solutions and capital markets capabilities.

Mr. O'Brien also was named regional CEO for Europe, the Middle East and Africa, replacing Peter Schwicht, who retired in October.

While Mr. Laskowitz retained the role of Asia regional CEO, Michael Falcon, managing director and former head of JPMAM's retirement business, assumed Mr. Laskowitz's responsibilities over the firm's mutual fund business in the Asia-Pacific region.

Also in October, George Gatch, former head of global funds, became global head of investment management clients, with all of the regional institutional and funds business heads reporting to him. Mr. Gatch also assumed Mr. O'Brien's previous responsibilities as global head of institutional.

In January, John Donohue, head of global liquidity, was named CEO for the Americas. He replaced Catherine Keating, who left the firm to become CEO of Commonfund. Mr. Donohue will retain his responsibilities as global liquidity head.

Bob Michele, chief investment officer of global fixed income, currency and commodities, replaced Mr. Willcox as head of global fixed income.

The purpose of this restructuring, Mr. Willcox said, is to bring JPMAM's retail and institutional distribution functions together under one umbrella, to invest more in multiasset and customized investment solutions, and to open the

SEE J.P. MORGAN ON PAGE 56

PRUDENTIAL RETIREMENT

**REMEMBER THE LAST TWO DOWNTURNS?**
**YOUR PENSION PLAN CERTAINLY DOES.**

**WHY NOW IS A SMART TIME TO ADDRESS PENSION PLAN RISK.**

Twice in the last 14 years, corporate pension plans have lost over 30% of their funded status in market downturns.[1]

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[1] *Milliman Pension 100 Funding Index,* as of December 31, 2012. [2] *"Balancing Costs, Risks, and Rewards: The Retirement and Employer Benefits Landscape in 2013,"* CFO Publishing LLC, 2013. Guarantees are based on the claims-paying ability of the insurance company and are subject to certain limitations, terms and conditions.

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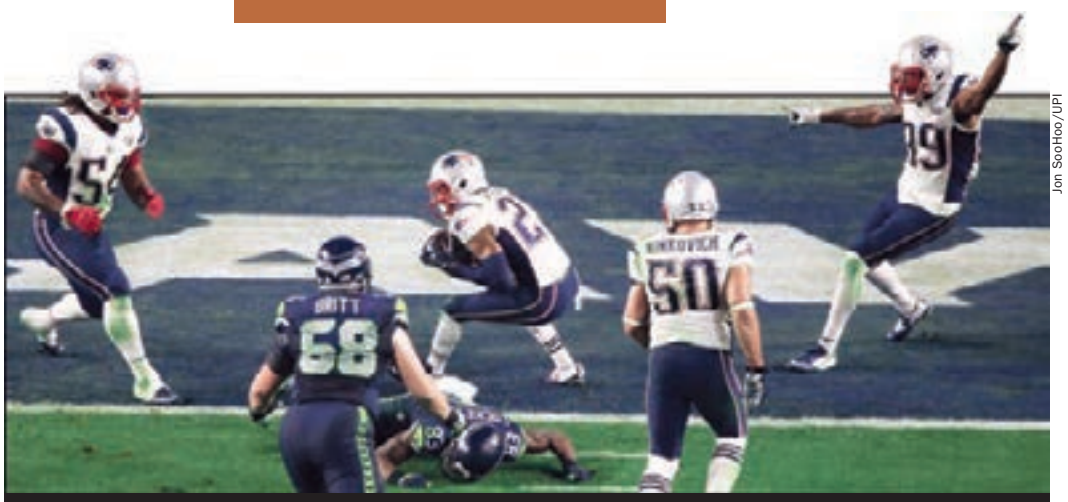
FRONTLINES

FOILED AGAIN

# Turnover sours Analytic's Super Bowl prediction



Jon SooHoo/UPI

**HOLDING ON:** Malcolm Butler (No. 21) intercepts a Russell Wilson pass at the goal line to seal the Patriots' victory.

It's two years straight for alpha over value as the New England Patriots won Super Bowl XLIX 28-24 against the Seattle Seahawks. The Seahawks were the value choice of Analytic Investors LLC in its annual NFL Alphas forecast.

The Seahawks — whose defeat of the Denver Broncos 43-8 in the 2014 Super Bowl also ran counter to Analytic's forecast — were even odds against Patriots by game time Feb. 1.

Matthew Robinson, portfolio analyst at Analytic, had expected Seattle to win by less than a field goal. In the firm's NFL Alphas rankings, the Seahawks' alpha this season was 10%, while New England's was 28%. In the NFL playoffs, lower-alpha teams are favored.

Mr. Robinson was shocked by Seattle quarterback Russell Wilson's last-second interception. "I seriously didn't believe it," he said of the turnover. "I literally stood there staring at the TV."

Despite picking wrong for two consecutive years, the latest loss is only the third time since Los Angeles-based Analytic's forecast began in 2004 that its choice to beat the spread was incorrect. In Super Bowl XLVI in 2012, the New York Giants won 21-17 over Mr. Robinson's pick — the Patriots.

"I take comfort in the fact that no matter who ran these numbers, they would have come to the same solution," Mr. Robinson said, adding he might tweak the formula to improve the likelihood of victory next year.

— RICK BAERT

KEEP IT SIMPLE

# One name is all Texas exec needs

Anumeha, the Texas Pension Review Board's new interim executive director, expects one question from airport security every time she flies.

"What is your first and last name?" The answer? She's just Anumeha.

Growing up in Dehar, India, in the 1980s, the caste system was still "very deep rooted," said Anumeha in a telephone interview. Surnames revealed the caste or social class to which a family belonged.

Refusing to subject her children to stereotypes associated with caste, Anumeha's mother decided her three children would not take their father's upper caste surname, Bhardwaj.

Anumeha

While her driver's license has a period where her first name would be printed, hence her troubles at the airport, her Social Security card, plane tickets, immigration papers and most credit cards read, "Fnu Anumeha." The acronym for "first name unknown" is used by U.S. Customs and Immigration Enforcement. Anumeha immigrated to the U.S nine years ago.

Ensuring documents are consistent can be challenging, Anumeha said. "I had to get my Social Security card fixed because they were not in communication with immigration," she said.

Despite these hurdles, Anumeha said she is "fine with just having one name and explaining to everybody why."

She even chose not to take her husband's last name, Chaudhary, to respect her mom's wishes.

— MEAGHAN KILROY

Bertrand Guay/AFP/Getty Images

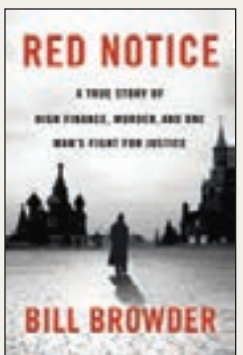
SEEKING JUSTICE

# Hermitage CEO Browder takes on murder, corruption in new book

The financial thriller book category just met its match in "Red Notice," William F. Browder's non-fiction account of murder and corruption in Russia.

Mr. Browder, an American-born hedge fund manager, recounts his experience as an investor in Russia and the harrowing journey to his unsought role as a human rights activist.

Mr. Browder, CEO, co-founded emerging and frontier markets long/short equity hedge fund manager Hermitage Capital Management Ltd., London, in 1996. He lived in Moscow for a number of years and over time, his vocal anti-corruption and shareholder activism campaigns riled locals. In 2005, he was expelled from Russia by President Vladimir Putin, who described Mr. Browder as a national security threat.




**THRILLER:** Author William F. Browder, top, tells the story of his experience investing in Russia and a lawyer who died in prison.

Even after he moved to London, Russian officials continued their harassment, Mr. Browder said in the book: Law enforcement officers raided Hermitage's Moscow office in 2007, taking documents that enabled them to perpetrate a $230 million tax fraud involving the money manager.

Hermitage's Russian attorney, Sergei Magnitsky, investigated and exposed the crime and testified against the government officials. He was subsequently arrested, detained and, in 2009, died in prison under suspicious circumstances from an apparent beating, Mr. Browder wrote.

Mr. Magnitsky's death caused "pain … that was physical, as if someone were plunging a knife right through my gut," Mr. Browder said in the book.

Mr. Browder vowed to "do whatever it took to get justice for Sergei" and now is actively trying to bring Mr. Magnitsky's alleged killers to account through international channels. For example, he was key in persuading Congress in 2012 to pass the U.S. Magnitsky Act, which imposes visa sanctions and asset freezes on those allegedly involved in Mr. Magnitsky's death. A global version of the act that would punish human rights violators has been introduced in Congress.

Mr. Browder said in an e-mail that he returned money to Hermitage's external investors early last year and now concentrates on managing his own wealth and running the Magnitsky justice campaign.

—CHRISTINE WILLIAMSON

INVESTOR EDUCATION

# AIMA, CAIA launch series of papers on hedge funds for pension trustees

The Alternative Investment Management Association and the Chartered Alternative Investment Analyst Association are on a mission to educate pension fund trustees about hedge funds.

To that end, they are issuing a series of papers produced in collaboration with a group of institutional investors with about $150 billion invested in hedge funds.

AIMA and the CAIA Association — an alternative investment education institution — plan to publish one paper each quarter through the first quarter of 2016 — making five papers in all, an AIMA spokesman said.

The first, "The way ahead: Helping trustees navigate the hedge fund sector," published last month, found that investors in hedge funds have earned a combined $1.5 trillion after fees in the plast 10 years, and that about one in every four dollars managed by the global hedge fund industry is invested by public and private pension funds. That is equal to about $700 billion.

The effort's launch was marked at a reception at the U.K. Parliament.

The AIMA spokesman said the second paper will explore the role that hedge funds play across a growing institutional investor base. Subsequent papers will include an assessment of investors' views on governance and transparency; an examination of how leverage and liquidity are used by hedge funds; and an appraisal of the different types of hedge fund structures available to investors.

The first paper is available on AIMA's website, **www.aima.org**.

— SOPHIE BAKER

$10,000 PRIZE

# 2 professors honored with Markowitz Award

**AUTHORS:** Zvi Bodie, left, and Marie Briere won for a paper on sovereign wealth.

Zvi Bodie and Marie Briere are the winners of the Harry M. Markowitz Award prize.

The two will split the $10,000 prize money for their paper, "Sovereign Wealth and Risk Management: A Framework for Optimal Asset Allocation of Sovereign Wealth."

The award, sponsored by the Journal of Investment Management and Boston-based New Frontier Advisors LLC, honors innovation in practical asset management. H. Gifford Fong, editor of the Journal of Investment Management and president of Gifford Fong Associates, a Lafayette, Calif.-based investment management firm, announced the winners Jan. 27.

Mr. Bodie is the Norman and Adele Barron Professor of Management at Boston University, and Ms. Briere is head of the investor research center at Amundi and an affiliate professor at Paris Dauphine University.

The winning paper was selected by a panel of Nobel laureates in economics, consisting of Mr. Markowitz, namesake of the award; Robert C. Merton; Myron S. Scholes; and William F. Sharpe. It was chosen from papers published in the JOIM in 2014.

The award will be presented by Mr. Markowitz at a JOIM conference April 26 in La Jolla, Calif.

— BARRY B. BURR

# 401(k) Investment Lineup

## Creating the best primary retirement vehicle for U.S. workers

The world of DC plans continues to evolve, as these vehicles become more important in the retirement landscape. Drawing on all aspects of financial research from the success of their DB brethren to the principles of behavioral finance, plan sponsors are crafting investment lineups that specifically address the needs of their workforce.

Putting these new ideas into practice is the key focus today. However, constructing and managing a successful 401(k) plan requires very clear objectives. Focusing specifically on the investment lineup, plan sponsors know they need to continue addressing what seems to be a difficult structural issue. Investment managers and consultants agree with the need to streamline investment lineups. The act of streamlining the investment menu represents a significant change of approach for investment committees at DC plans. It means that the plan sponsor is taking more interest in and more responsibility for outcomes for participants.

The attached supplement, a prelude to P&I's 401(k) Investment Lineup Summit provides insights on how plan sponsors are working to meet the task of designing a plan which meets the needs of both their organizations and employee population.

Register for P&I's 401(k) Investment Lineup Summit to learn from industry experts and peers who will present innovative investment approaches for DC plans to help best prepare portfolios and participants for the future.

If the supplement is not attached to this page, you can access the articles at:

**www.pionline.com/401k2015**

P&I | CONFERENCES

## 401(k) Investment Lineup Summit

| | |
|---|---|
| San Fran<br>April 7 | Dallas<br>April 9 |
| Chicago<br>April 14 | New York<br>April 16 |

Register for this FREE, one-day educational event to learn about innovative investment approaches for DC plans to help best prepare portfolios and participants for the future. Sessions will include:

WORKSHOPS

- A Case Study in Plan Design, Participant Behavior and Better Outcomes
- Risk Management and Target-Date Funds
- Can You Get the Best of DB with the Best of DC
- The New World of Retirement – Alternative Thinking for DC
- It's Getting Personal - The Shift to Customized Portfolios

PANEL DISCUSSIONS

- How to Refresh 401(k) Plan Design to Make the Most Impact
- The Evolving 401(k) Plan through Simplification and Menu Choice Consolidation
- Current and Future Trends of Revenue-Sharing in 401(k) Plans

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EDITORIALS

# Cash needs to be put to work

Pension funds and other asset owners can limit the cash positions in their portfolios, but they cannot significantly influence other huge pools of cash sitting on the sidelines — cash idle on corporate balance sheets. This must change.

For non-financial corporations, this cash position totals more than $2 trillion held outside the United States, according to a number of estimates.

Large cash positions outside corporate needs for liquidity for pension benefit payments and other commitments are never a good investment strategy.

That cash generally is earning no alpha and no equity market beta and practically no interest at current short-term fixed-income rates.

Pension funds cannot hedge this cash, for instance, by overlaying it with equity derivatives to achieve a market return.

The cash belongs to the shareholders of the companies, foremost among them pension funds and other asset owners.

That aggregate corporate cash position equals some 30% of the combined $6.539 trillion in defined benefit and defined contribution plan assets of the 200 largest U.S. retirement plans.

The cash is a major drag on corporate performance and, as a result, on the performance of retirement plans and other asset owners.

By contrast, the average cash position of the top 200 defined benefit plans ranged between 0.6% and 2.1%, depending on the type of sponsor, and for defined contribution plans it ranged from zero to 2.1%.

Pension funds shouldn't remain passive, seeing their portfolios vulnerable to opportunity costs. As shareholders they should urge reinvestment of that huge pool of idle cash. If this cash cannot be reinvested with expectations of outperforming equity market averages, then it should be returned to shareholders.

This cash rightfully belongs to the shareholders. It's part of their assets. Pension fund executives, as fiduciaries, have an obligation to see that pension assets are invested in the interest of participants. They should see that corporate executives are likewise doing so with the corporate assets.

One complication is that much of the corporate cash is held overseas because of U.S. tax laws. Apple Inc.'s record-setting quarterly profit, reported Jan. 28, should give new attention to the issue.

Apple reported $153.3 billion in cash, cash equivalents and marketable securities on its balance sheet as of Sept. 27. Of that total, $137.1 billion was held by Apple's foreign subsidiaries outside the U.S. and subject to U.S. tax upon repatriation.

Cash is **a major drag** on corporate performance and, as a result, on the performance of retirement plans and other asset owners.

By contrast Apple has $231.8 billion in total assets on its balance sheet. The market value of its stock was $587.2 billion as of the close of the market Sept. 29. Apple's cash position is equal to 26% of the stock's market value.

That cash position earned a weighted average return of 1.11% return in the company's recently concluded fiscal year, according to its 8-K report filed Jan. 28 with the Securities and Exchange Commission.

The tax system is a complicated issue, and it, more than weak growth in the global economy, is holding back potential reinvestment of the cash. Whatever part of this cash corporations cannot reinvest with expectations of outperforming equity market averages, should be returned to shareholders in dividends or stock buybacks.

Asset owners should step up to engage federal legislators who write tax laws, and officials of the Department of the Treasury, who make and oversee tax policy, urging changes that would make it more attractive to bring the cash home.

The huge idle cash holdings also are holding back economic growth. Some companies could reinvest the repatriated cash to expand operations. If it were paid out to shareholders in dividends or stock buybacks, other companies could access it as the shareholders reinvested it.

Economic growth from this investment would bolster pension fund returns. It would also raise employment, creating new plan participants who would benefit from pension and other retirement savings programs.

Pension fund executives, sponsors and investment executives should embrace this issue. They should get behind shareholder proposals calling for companies to address the issue of their huge cash positions. Asset owners should join corporate voices in seeking reform of corporate tax policy so the idle cash can be brought back to the U.S. market at reasonable cost in terms of taxes owed.

The large cash positions held by Apple and other U.S. companies represent an opportunity cost for asset owners.

Asset owners should commit to devote as much concern to the allocation of corporate cash as they do to their own asset allocation. Raising their voices as responsible institutional investors could stimulate reform of tax and economic policy that is keeping cash bottled up, and hasten its reinvestmentto add to asset owner and economic growth. ■

## Excerpt: High cost of doing business choking U.S.

**Daniel M. Gallagher**, commissioner, Securities and Exchange Commission, speaking Jan. 13 before Women in Housing & Finance Public Policy in Washington:

I have a resolution for policymakers in Washington. Every day in 2015, we should ask ourselves, "Are the U.S. capital markets competitive?" That is, where do our capital markets stand vis-a-vis both established and emerging global markets? Sadly, I believe the answer is that — without timely and intense introspection and reaction — the United States is at risk of losing its status as the world's capital markets leader. Maybe not in the next year, or 10, but the trend is unmistakable.

Unfortunately, at this moment in time, I'm not sure anyone is focusing on this issue — or, if they are, they may believe that such a transformational change is impossible. ...

So can the U.S. be an "international financial center?" ... Not on its current path. The cost of doing business in the U.S. only continues to increase — and one major component contributing to that increase is the costs of complying with the growing number of regulations placed on U.S. companies. ... And as my friend and colleague Commissioner (Michael S.) Piwowar has stated, "(w)e must ... recognize that, with truly global capital markets, our actions (as regulators) have the power to shift the markets themselves. If our rules are unnecessarily harsh and we reject international cooperation, market participants may rationally seek other jurisdictions in which to operate." ■

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|---|---|---|---|---|---|---|---|---|---|
| | EXP. RATIO | 1-Yr. | 3-Yr. | 5-Yr. | SINCE FUND INCEPTION[1] | 1-Yr. | 3-Yr. | 5-Yr. | SINCE FUND INCEPTION[1] |
| WisdomTree SmallCap Earnings Fund (EES) | .38% | 2.19% | 19.70% | 16.28% | 7.93% | 2.30% | 19.59% | 16.26% | 7.91% |
| Russell 2000 Index | | 4.89% | 19.21% | 15.55% | 6.37% | 4.89% | 19.21% | 15.55% | 6.37% |
| WisdomTree MidCap Earnings Fund (EZM) | .38% | 8.44% | 21.45% | 17.91% | 9.63% | 8.46% | 21.38% | 17.88% | 9.64% |
| S&P MidCap 400 Index | | 9.77% | 19.99% | 16.54% | 8.38% | 9.77% | 19.99% | 16.54% | 8.38% |

As of 12/31/14 Average Annual Returns of the WisdomTree SmallCap Earnings Index: 1-Yr.: 2.42%; 3-Yr.:19.91%; 5-Yr.: 16.52%; Since Inception: 8.36%.
As of 12/31/14 Average Annual Returns of the WisdomTree MidCap Earnings Index: 1-Yr.: 8.71%; 3-Yr.:21.73%; 5-Yr.: 18.26%; Since Inception: 10.21%.

Performance is historical and does not guarantee future results; current performance may be lower or higher than quoted. Investment returns/principal value of an investment will fluctuate; an investors shares, when redeemed, may be worth more or less than their original cost. Performance data for the most recent month-end is available at wisdomtree.com.

Total Returns are calculated using the daily 4:00 p.m. EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread at the close of trading on the exchange where Fund shares are listed, and do not represent the returns received if traded at other times.

You cannot invest directly in an index. Index performance does not represent actual fund or portfolio performance. A fund or portfolio may differ significantly from the securities included in the index. Index performance assumes reinvestment of dividends but does not reflect any management fees, transaction costs or other expenses that would be incurred by a portfolio or fund, or brokerage commissions on transactions in fund shares. Such fees, expenses and commissions could reduce returns.

## To see the methodology behind the performance, go to **wisdomtree.com/SmartBeta**

Beta is a measure of volatility against a benchmark. Smart beta refers to our fundamentally weighted index methodology.

The Russell 2000 Index measures the performances of the small-cap segment of the U.S. equity market; The S&P MidCap 400 Index measures the performance of the mid-cap segment of the U.S. equity market. The WisdomTree SmallCap Earnings Index measures the earnings-generating small-cap segment of the U.S. equity market; The WisdomTree MidCap Earnings Index measures the earnings-generating mid-cap segment of the U.S. equity market.

[1] Fund Inception Date: 2/23/07

There are risks involved with investing including the possible loss of principal. Funds focused on smaller companies generally experience greater price volatility. Issuer-specific events, including changes in the financial condition of an issuer, can negatively impact the value of the Fund.

*Carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. To obtain a prospectus containing this information, visit wisdomtree.com; read it carefully before you invest.*

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# The LARGEST RETIREMENT FUNDS

Daniel Pelavin

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**MORE ONLINE:** The entire report can be found at **pionline.com/sponsors2015**

ALTERNATIVES

# Infrastructure, energy rise to the top

## 2 asset classes see most growth for the year; returns also help fortunes of REITs, real estate

By ARLEEN JACOBIUS

Infrastructure and energy investments had the most growth among the alternative asset categories in investors' portfolios in the 12 months ended Sept. 30, albeit from small bases, the results of *Pensions & Investments'* largest U.S. retirement plans survey show.

Infrastructure assets were up 50.6% to $12.8 billion, surpassing the year-earlier survey's 6% growth rate.

Growth slowed in both of the previous survey's highest flying alternative investment asset classes — energy and distressed debt. Although energy was up 45.4% to $17.3 billion, that was down from the 59% growth in the year-earlier survey, while distressed debt assets declined 2.8% to $24.7 billion.

Real estate investment trust assets rose 12.6% to $23.3 billion, rebounding from the 7.58% drop in the year ended Sept. 30, 2013. The REIT growth rate also topped that of real estate equity, which was up 9% to $283.1 billion. (Real estate equity had increased 10.5% in the previous survey.)

Real estate equity and REIT assets both were buoyed by returns. For the 12 months ended Sept. 30, the NCREIF Property index was up 11.3% and the NCREIF Open-end Diversified Core Equity index return was 11.36%, net of fees. The FTSE NAREIT All REITs index was up 13.44% during the survey period, and the FTSE NAREIT All Equity REITs index returned 13.17%.

Among other alternatives investment asset classes, commodities investment rose 9.9% to $25.5 billion in the 12 months, and overall hedge fund assets grew 5.7% to $158.5 billion. (That hedge fund total however reflected double-digit growth in direct investment and a double-digit decrease in funds of funds.) Private equity increased 7.4% to $337.2 billion.

Low interest rates put a damper on outperformance, said Sanjay R. Mansukhani, senior manager research consultant in the New York office of Towers Watson Investment Services Inc., a subsidiary of Towers Watson & Co.

"In general volatility was low, and low volatility sets the stage for returns being more correlated across different asset classes," Mr. Mansukhani said. "There's less scope for outperformance in an environment of low volatility. When volatility starts to go up, then investors have a clearer sense of winners and losers."

Higher returns would have helped to boost assets.

Investors that had considered pulling back from private equity at the beginning of 2014 to reduce illiquidity in their portfolios kept their target allocations the same, he said. The reason is that distributions started rolling in because private equity managers sold off their holdings as valuations began to rise and interest rates remained at extremely low levels.

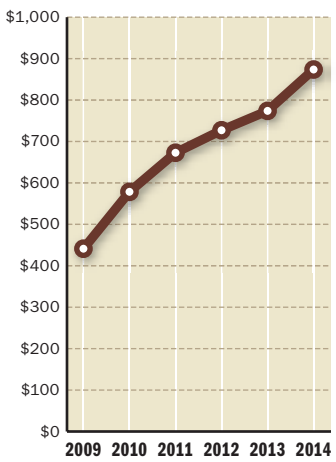
"Because they were getting a record number of distributions from their private equity managers, they (investors) were willing to reinvest in the asset class,'" Mr. Mansukhani said. "They didn't make ... increased allocations but they did reinvest in the assets in the private equity."

Indeed, the aggregate allocation to private equity among defined benefit plans in the top 200 stayed relatively flat at 8.7%, dipping from 8.9% a year earlier. Real estate was also about

SEE ALTS ON PAGE 44

### Growth of alts in DB plans

Among the top 200 funds; assets are in billions for years ended Sept. 30.




## P&I 1000 statistics at a glance

Assets are in billions as of Sept. 30.

| Top 1,000 assets | DB assets | DC assets | Top 200 assets | Top 100 assets | Top 50 assets | Top 25 assets | Top 200 DB | Top 200 DC |
|---|---|---|---|---|---|---|---|---|
| $9,054.5 | $6,032.5 | $3,022.0 | $6,538.7 | $5,356.6 | $4,141.5 | $3,028.0 | $4,749.8 | $1,788.9 |
| 2013: $8,347.2 | 2013: $5,667.5 | 2013: $2,679.7 | 2013: $6,064.2 | 2013: $4,966.6 | 2013: $3,842.8 | 2013: $2,802.3 | 2013: $4,456.2 | 2013: $1,608.0 |

### Top 200 DB

| | 2014 assets | 2013 assets |
|---|---|---|
| **Internally managed*** | **$1,011.7** | $987.7 |
| Domestic equity (active & indexed) | $405.2 | $405.3 |
| Domestic fixed income (active & indexed) | $325.4 | $330.9 |
| International equity (active & indexed) | $134.2 | $146.2 |
| International fixed income (active & indexed) | $3.2 | $7.7 |
| Global equity (active & indexed) | $3.6 | $3.7 |
| Alternative investments | $19.7 | $35.7 |
| **Passive indexed equity** | **$851.9** | $801.8 |
| **Passive indexed bonds** | **$142.4** | $139.3 |
| **Enhanced indexed equity** | **$54.6** | $54.7 |
| **Enhanced domestic indexed bonds** | **$51.7** | $57.4 |
| **Real estate equity** | **$283.1** | $259.8 |
| **REITs** | **$23.3** | $20.7 |
| **High yield** | **$77.8** | $72.6 |
| **Inflation-protected securities** | **$77.4** | $71.4 |
| **Cash** | **$70.4** | $67.0 |
| **Domestic active equity** | **$421.1** | $392.5 |
| **Domestic active bonds** | **$635.7** | $565.7 |
| **International active equity** | **$421.3** | $399.7 |
| **Global/international active bonds** | **$75.5** | $71.5 |
| **Global equity (active & indexed)** | **$132.6** | $117.7 |
| **Emerging markets (active & indexed)** | **$168.3** | $159.3 |
| Equity | $142.4 | $138.9 |
| Debt | $25.9 | $20.4 |
| **LDI investments** | **$92.2** | $73.7 |
| **Hedge funds** | **$158.5** | $150.0 |
| Direct investments | $129.4 | $115.3 |
| Funds of funds | $29.1 | $34.7 |
| **Commodities** | **$25.5** | $23.2 |
| **Private equity** | **$337.2** | $313.9 |
| Venture capital | $35.1 | $30.6 |
| Buyouts | $196.7 | $193.7 |
| Mezzanine | $6.0 | $5.3 |
| Distressed debt | $24.7 | $25.4 |
| **Energy** | **$17.3** | $11.9 |
| **Infrastructure** | **$12.8** | $8.5 |
| **Hybrid plans** | **$188.1** | $163.7 |
| **Employer contributions** | **$104.6** | $101.5 |
| **Benefits paid** | **$232.8** | $223.2 |

### Top 200 DC

| | 2014 assets | 2013 assets |
|---|---|---|
| **Passive indexed equity** | **$376.0** | $302.2 |
| **Passive indexed bonds** | **$45.5** | $44.7 |
| **REITs** | **$5.3** | $4.1 |
| **Inflation-protected securities** | **$7.6** | $6.9 |
| **Commodities** | **$0.9** | $0.7 |
| **Target-date strategies*** | **$162.5** | $122.2 |
| Custom | $109.0 | $80.4 |
| Off-the-shelf | $27.0 | $12.0 |
| **Contributions** | **$54.2** | $50.6 |
| Employer | $16.8 | $15.0 |
| Employee | $37.4 | $35.6 |
| **401(k)** | **$535.1** | $459.4 |
| **Profit sharing** | **$13.1** | $8.8 |
| **ESOP** | **$28.1** | $9.8 |
| **457** | **$95.5** | $85.1 |
| **401(a)** | **$50.3** | $45.4 |
| **403(b)** | **$40.3** | $31.2 |
| **Other DC** | **$429.3** | $382.7 |

*Total is greater because some funds did not provide breakouts.

**Note:** The 2013 data include retroactive updates.

DEFINED CONTRIBUTION

# Funds working harder to increase participant contributions

By ROBERT STEYER

As more money flows into defined contribution plans, executives are taking steps to encourage participants already covered by the plans to contribute more money, more often through automatic features, according to results of the *Pensions & Investments* annual survey of the largest U.S. retirement plans.

Among plans that responded to questions about auto features, 46 of 82 DC plans said they offered auto enrollment during the 12 months ended Sept. 30. In the year-earlier survey, 40 of 81 plans offered auto-enrollment.

The use of auto escalation grew, too, even though adoption rates are lower than for auto enrollment. In the latest survey, 28 of 79 plans said they offered this feature vs. 23 of 77 in the previous survey.

More plans also offered both auto features — 22 in the latest survey vs. 19 in the previous survey.

"There's been more interest" in both auto enrollment and auto escalation, said Christopher Lyon, a partner at Rocaton Investment Advisors LLC, Norwalk, Conn., adding that some DC plan executives are trying to enhance their plans' auto features.

For example, some Rocaton clients are considering raising the auto-enrollment default rates above what has become the traditional 3% of annual salary. "A lot is in the talking stage, but we see signs of up to 6%," he said.

Although clients offering auto escalation are sticking with the 1%-of-salary-per-year approach, "we see more embracing the concept," he said. Most clients' auto features policies allow a total contribution of up to 10% of annual salary for participants.

Amy Reynolds, a Richmond, Va.-based partner and U.S. defined contribution consulting leader for Mercer LLC, said clients are offering higher default rates and re-enrollment of participants who don't contribute much.

Although auto enrollment "gets participants into the plan," some employers are looking at improving participation through a targeted use of auto features, she said. Some plan executives are examining the use of those features based on factors such as plan demographics and whether an employer doesn't have a defined benefit plan.

Auto features are helpful because "just showing a replacement ratio can scare the heck out of some people and they do nothing," said Jeffrey Levy, managing partner of Cammack Retirement Group, New York.

As more research shows participants need to save 12% to 15% of salary each year to achieve retirement readiness, auto features provide at least a start to reaching these goals, he said. Most of his clients are 403(b) and 457 plans, and most clients' auto features — auto enrollment plus auto escalation — enable a 6% savings rate, although a few clients are moving up to 10% to 15%.

### Asset allocation shifts

The latest *P&I* survey showed some shifts in asset allocation from the previous survey. Among the biggest allocations for large corporate DC plans, domestic equity (excluding sponsoring company stock) rose to 33% from 30.8%; company stock slipped to 15.6% from 15.9%; target-date funds grew to 14.9% from 12.9%; and stable value assets fell to 14.4% from 17.6%.

DC consultant Robyn Credico said the increase in equity allocations vs. the decrease in stable value — as well as declines in fixed income and cash allocations in the *P&I* survey — probably reflect stock market gains rather than active choices by participants.

"I don't believe people are changing their allocations," said Ms. Credico, the Arlington, Va.-based defined contribution practice leader for Towers Watson & Co.

"Participants do little rebalanc-

SEE AUTOMATIC ON PAGE 40

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**FRIENDLY PUSH:** Amy Reynolds said some plans are using auto features to nudge reluctant participants.

## Funds among the top 200 with DC plans that have auto enrollment

As of Sept. 30.

- Accenture
- Aetna
- Alaska Retirement
- Alcoa
- American Airlines
- American Electric
- Bank of New York Mellon
- Boeing
- Delta Air Lines
- Dominion Resources
- DuPont
- Electrical Ind., Joint Board
- Eli Lilly
- Emerson Electric
- Exelon
- Federal Reserve Employees
- Federal Retirement Thrift
- General Electric
- General Mills
- Honeywell
- IBM
- Indiana Public Retirement
- Intel
- J.P. Morgan Chase
- Johnson & Johnson
- Kaiser
- Maine Public Employees
- Michigan Municipal
- Michigan Retirement
- Missouri State Employees
- National Electric
- National Grid USA
- National Rural Electric
- Nationwide
- Northrop Grumman
- PepsiCo
- PG&E
- Prudential Financial
- Southwest Airlines
- Tennessee Consolidated
- Tennessee Valley Authority
- Texas Employees
- United Methodist Church
- United Technologies
- Verizon
- Virginia Retirement

## Funds among the top 200 with DC plans that have auto escalation

as of Sept. 30.

- Aetna
- Alcoa
- American Airlines
- American Electric
- Boeing
- Colorado Employees
- Delta Air Lines
- Dominion Resources
- Exelon
- Federal Reserve Employees
- Ford Motor
- General Mills
- Honeywell
- IBM
- Intel
- J.P. Morgan Chase
- Microsoft
- National Electric
- National Grid USA
- Nationwide
- New Mexico Public Empl.
- Northrop Grumman
- Ohio Deferred Comp.
- PepsiCo
- Prudential Financial
- Target
- United Technologies
- Verizon

## Funds among the top 200 with DC plans offering white-label options

as of Sept. 30.

- American Electric
- Colorado Employees
- Delta Air Lines
- Exelon
- Florida State Board
- Honeywell
- IBM
- Intel
- Kroger
- Michigan Municipal
- Missouri State Employees
- New Mexico Public Empl.
- New York City Def. Comp.
- North Carolina
- Ohio Deferred Comp.
- Oregon Public Employees
- PG&E
- San Francisco City & County
- Southern Co.
- Target
- United Methodist Church
- United Technologies
- Virginia Retirement

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# The largest retirement funds/sponsors

Ranked by total assets, in U.S. millions, as of Sept. 30.

| Rank | Prev. rank | Sponsor | Assets | Change | Total DB | Total DC | DB ASSET MIX Stocks | Bonds | Cash | Other | Key person |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1 | Federal Retirement Thrift | $422,200 | 12.6% | | $422,200 | | | | | **Tracey Ray**, CIO |
| 2 | 2 | California Public Employees | $296,744 | 8.7% | $294,951 | $1,793 | 52.7% | 22.7% | 1.1% | 23.5% | **Ted Eliopoulos**, CIO (DB); **Christine Reese** (DC) |
| 3 | 3 | California State Teachers | $186,954 | 8.4% | $186,409 | $545 | 56.2% | 15.8% | 2.8% | 25.2% | **Christopher Ailman**, CIO (DB); **Ed Derman**, Deputy CEO (DC) |
| 4 | 4 | New York State Common | $178,252 | 8.7% | $178,252 | | 55.0% | 24.7% | 1.9% | 18.4% | **Vicki Fuller**, CIO |
| 5 | 6 | New York City Retirement | $158,702 | 10.3% | $158,702 | | 56.1% | 29.9% | 2.2% | 11.8% | **Scott Evans**, CIO |
| 6 | 5 | Florida State Board | $154,657 | 5.7% | $145,819 | $8,838 | 60.0% | 21.0% | 1.0% | 18.0% | **Ash Williams**, Executive Director & CIO (DB); **Stephen Tabb**, Director-Investment Analytics (DC) |
| 7 | 7 | Texas Teachers | $128,933 | 7.7% | $128,933 | | 46.7% | 15.1% | 2.3% | 35.9% | **Britt Harris**, CIO |
| 8 | 8 | Boeing | $106,042 | 7.2% | $60,686 | $45,356 | 30.0% | 49.0% | | 21.0% | **Andrew Ward**, VP & CIO |
| 9 | 10 | New York State Teachers | $103,648 | 7.5% | $103,648 | | 60.9% | 21.6% | 1.6% | 15.9% | **Thomas K. Lee**, Executive Director & CIO |
| 10 | 9 | IBM | $101,855 | 5.4% | $55,301 | $46,554 | 25.3% | 56.9% | 0.5% | 17.3% | **Ray Kanner**, Managing Director & CIO |
| 11 | 11 | Wisconsin Investment Board | $100,214 | 6.9% | $96,427 | $3,787 | 53.0% | 28.0% | 1.0% | 18.0% | **David Villa**, CIO |
| 12 | 13 | North Carolina | $97,178 | 6.7% | $88,464 | $8,714 | 44.1% | 27.5% | 4.3% | 24.1% | **Kevin SigRist**, CIO (DB); **Steve Toole**, Retirement Systems Director (DC) |
| 13 | 15 | Ohio Public Employees | $90,942 | 6.3% | $89,988 | $954 | 39.8% | 23.5% | 0.7% | 36.0% | **Richard Shafer**, Interim CIO |
| 14 | 14 | AT&T | $89,248 | 0.3% | $49,369 | $39,879 | | | | | **Sean Foley**, SVP-Investment Management |
| 15 | 12 | General Motors | $85,598 | -6.1% | $67,060 | $18,538 | | | | | **Dhivya Suryadevara**, CIO-GMAM |
| 16 | 17 | Washington State Board | $85,498 | 10.3% | $71,284 | $14,214 | 36.9% | 25.2% | 0.1% | 37.8% | **Gary Bruebaker**, CIO |
| 17 | 16 | New Jersey | $81,884 | 4.5% | $78,512 | $3,372 | 45.8% | 19.5% | 6.3% | 28.4% | **Christopher McDonough**, Deputy Director (DB); **Vincent Benedetti** (DC) |
| 18 | 18 | General Electric | $74,821 | 5.7% | $48,455 | $26,366 | 44.7% | 23.8% | 7.3% | 24.2% | **Dmitri Stockton**, President & CEO-GE Asset Management |
| 19 | 19 | Ohio State Teachers | $73,380 | 4.8% | $72,538 | $842 | 57.8% | 18.9% | 2.6% | 20.7% | **Mike Nehf**, Executive Director |
| 20 | 22 | California University | $71,801 | 16.5% | $52,107 | $19,694 | 53.5% | 21.6% | 2.1% | 22.8% | **Jagdeep Singh Bachher**, CIO & VP-Investments |
| 21 | 20 | Oregon Public Employees | $71,571 | 7.3% | $69,964 | $1,607 | 43.8% | 21.7% | 2.6% | 31.9% | **John D. Skjervem**, CIO (DB); **Karl Cheng**, Public Equity Investment Officer (DC) |
| 22 | 21 | Virginia Retirement | $67,866 | 8.8% | $65,485 | $2,381 | 37.4% | 34.3% | 1.0% | 27.3% | **Ronald D. Schmitz**, CIO (DB); **Laura Pugliese**, Portfolio Manager-DC Plans (DC) |
| 23 | 27 | Minnesota State Board | $66,821 | 14.7% | $59,450 | $7,371 | 61.4% | 23.4% | 2.6% | 12.6% | **Mansco Perry III**, Executive Director & CIO (DB); **LeaAnn M. Stagg**, COO (DC) |
| 24 | 23 | Michigan Retirement | $66,663 | 11.0% | $60,220 | $6,443 | 45.7% | 11.6% | 6.4% | 36.3% | **Jon M. Braeutigam**, CIO |
| 25 | 25 | Georgia Teachers | $66,525 | 13.5% | $66,525 | | 72.9% | 27.1% | | | **Charles W. Cary Jr.**, CIO |
| 26 | 24 | Lockheed Martin | $65,495 | 10.7% | $34,229 | $31,266 | 51.9% | 21.6% | 1.6% | 24.9% | **Chris Li**, President & CIO |
| 27 | 28 | Massachusetts PRIM | $59,919 | 7.6% | $59,919 | | 44.7% | 21.1% | | 34.2% | **Michael G. Trotsky**, Executive Director & CIO |
| 28 | 26 | Ford Motor | $57,082 | -2.5% | $43,076 | $14,006 | | | | | **Kathleen Gallagher**, CIO |
| 29 | 30 | United Nations Joint Staff | $52,876 | 8.3% | $52,876 | | | | | | **Sergio B. Arvizu**, CEO |
| 30 | 29 | Pennsylvania School Empl. | $51,095 | 4.4% | $51,095 | | 19.2% | 19.7% | 3.6% | 57.5% | **James H. Grossman Jr.**, Director-Ext. Pub. Mkts., Risk & Compensation |
| 31 | 34 | Tennessee Consolidated | $47,673 | 9.5% | $42,316 | $5,357 | 56.6% | 33.1% | 1.0% | 9.3% | **Michael Brakebill**, CIO (DB); **Kaci Lantz**, Deferred Compensation Director (DC) |
| 32 | 31 | Colorado Employees | $47,644 | 5.0% | $44,233 | $3,411 | 57.1% | 24.9% | 0.5% | 17.5% | **Jennifer Paquette**, CIO |
| 33 | 33 | Verizon | $46,725 | 7.2% | $18,487 | $28,238 | 29.8% | 32.5% | -2.3% | 40.0% | **Brady Connor**, President-VIMCO |
| 34 | 36 | Los Angeles County Empl. | $46,643 | 7.8% | $46,643 | | 51.7% | 23.0% | 2.0% | 23.3% | **David Kushner**, CIO |
| 35 | 32 | Bank of America | $46,200 | 6.0% | $18,400 | $27,800 | 44.0% | 52.0% | 0.5% | 3.5% | |
| 36 | 41 | United Parcel Service | $45,942 | 13.7% | $28,272 | $17,670 | 43.7% | 27.7% | 3.0% | 25.6% | **Brian Pellegrino**, CIO (DB); **Ned Windsor**, Assistant Treasurer (DC) |
| 37 | 35 | United Technologies | $45,315 | 4.6% | $24,600 | $20,715 | 46.0% | 34.0% | | 20.0% | **Robin L. Diamonte**, VP & CIO |
| 38 | 37 | Maryland State Retirement | $44,746 | 7.4% | $44,746 | | 39.5% | 21.9% | 1.2% | 37.4% | **Robert Burd**, Acting CIO |
| 39 | 40 | Illinois Teachers | $44,465 | 8.9% | $44,465 | | 41.4% | 18.0% | 0.9% | 39.7% | **Richard W. Ingram**, Executive Director |
| 40 | 39 | Northrop Grumman | $44,243 | 7.7% | $25,420 | $18,823 | 37.5% | 35.7% | 5.2% | 21.6% | **Raj Chandhok**, VP-Inv. & Trust Admin. (DB); **Silva Thomas**, Corporate Director-Inv. (DC) |
| 41 | 42 | Wells Fargo | $42,081 | 11.7% | $9,394 | $32,687 | 33.5% | 56.1% | 0.9% | 9.5% | **Thomas B. Hooley**, SVP & Managing Director |
| 42 | 38 | Alcatel-Lucent | $39,536 | -4.0% | $32,323 | $7,213 | | | | | |
| 43 | 46 | Kaiser | $37,826 | 13.9% | $22,251 | $15,575 | 48.0% | 34.0% | | 18.0% | **William D. Lee**, VP-Pensions and Foundation Investments, CIO |
| 44 | 44 | Missouri Schools & Education | $37,499 | 8.5% | $37,499 | | 44.8% | 26.0% | 0.3% | 28.9% | **Craig A. Husting**, CIO |
| 45 | 43 | Teamsters, Western Conf. | $36,605 | 3.0% | $36,605 | | 40.0% | 34.0% | 1.0% | 25.0% | **Alan D. Biller**, CEO-Alan D. Biller & Associates |
| 46 | 47 | Alabama Retirement | $35,059 | 7.8% | $33,192 | $1,867 | 66.3% | 21.2% | 3.1% | 9.4% | **David G. Bronner**, CEO |
| 47 | 48 | Exxon Mobil | $35,040 | 8.4% | $12,680 | $22,360 | | | | | **C.J. Kerwin**, Global Pension Fund Manager (DB); **D.L. Dollo**, Manager-Benefits Finance & Invest. (DC) |
| 48 | 55 | South Carolina Public Empl. | $34,950 | 20.7% | $29,819 | $5,131 | 36.2% | 27.3% | 2.4% | 34.1% | **Hershel Harper Jr.**, CIO (DB); **Matthew M. Davis**, DC Manager (DC) |
| 49 | 45 | J.P. Morgan Chase | $34,441 | 3.2% | $14,653 | $19,788 | 46.0% | 22.0% | 9.0% | 23.0% | **Ameeta Gosain** |
| 50 | 51 | FedEx | $34,393 | 10.7% | $21,520 | $12,873 | | | | | |
| 51 | 53 | Illinois Municipal | $34,069 | 13.3% | $34,069 | | 64.1% | 27.0% | 0.5% | 8.4% | **Dhvani Shah**, CIO |
| 52 | 50 | Arizona State Retirement | $33,745 | 7.1% | $33,745 | | 59.6% | 15.8% | 1.0% | 23.6% | **Gary Dokes**, CIO |
| 53 | 49 | Raytheon | $33,504 | 5.7% | $18,983 | $14,521 | 50.0% | 30.0% | 2.0% | 18.0% | |
| 54 | 54 | Nevada Public Employees | $33,309 | 10.7% | $33,309 | | 63.0% | 29.3% | | 7.7% | **Steve Edmundson**, CIO |
| 55 | 52 | Chevron | $32,894 | 5.9% | $12,407 | $20,487 | | | | | |
| 56 | 59 | Utah State Retirement | $30,649 | 9.9% | $26,307 | $4,342 | 39.2% | 16.1% | 3.4% | 41.3% | **Daniel D. Andersen**, Executive Director |
| 57 | 56 | Pennsylvania Employees | $30,204 | 4.7% | $27,319 | $2,885 | 37.5% | 17.3% | 3.6% | 41.6% | **Thomas Brier**, CIO (DB); **Maureen Hill** (DC) |
| 58 | 57 | Honeywell | $30,195 | 6.5% | $17,695 | $12,500 | 68.0% | 13.0% | 4.0% | 15.0% | **Harsh Bansal**, VP-Investments |
| 59 | 58 | Indiana Public Retirement | $29,833 | 6.5% | $24,559 | $5,274 | 23.6% | 30.8% | 1.1% | 44.5% | **David Cooper**, CIO |
| 60 | 63 | State Farm | $29,783 | 12.3% | $19,903 | $9,880 | | | | | |
| 61 | 60 | Hewlett-Packard | $29,612 | 8.5% | $13,039 | $16,573 | | | | | **Gretchen Tai** |
| 62 | 61 | Connecticut Retirement | $28,932 | 6.6% | $28,932 | | 52.8% | 22.7% | 4.0% | 20.5% | **Denise L. Nappier**, State Treasurer |
| 63 | 62 | Texas Employees | $28,544 | 7.3% | $26,150 | $2,394 | 56.2% | 23.3% | 0.6% | 19.9% | **Tom Tull**, CIO (DB); **John Poth**, DC Investment Analyst (DC) |
| 64 | 65 | Iowa Public Employees | $27,660 | 7.6% | $27,660 | | | | | | **Karl C. Koch**, CIO |
| 65 | 64 | DuPont | $27,604 | 5.9% | $16,012 | $11,592 | 50.2% | 29.8% | | 20.0% | **Valerie J. Sill**, President & CEO-DuPont Capital |
| 66 | 72 | Johnson & Johnson | $26,923 | 16.3% | $14,387 | $12,536 | 82.8% | 15.7% | 0.9% | 0.6% | **William Rauh**, Assistant Treasurer |
| 67 | 67 | FCA US | $26,816 | 9.3% | $21,486 | $5,330 | | | | | **Robert L. Watson**, Assistant Treasurer & CIO |

CONTINUED ON PAGE 20

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[1] "Above Benchmark" metrics are calculated on an annualized, gross-of-fees basis and include mutual funds as well as pooled and separately-managed institutional portfolios that fall within our traditional (long-only) commercial book of business that remain open as of 09/30/2014. If terminated and other non-discretionary and special purpose accounts had been included, results may have differed from that shown.
Source: Voya Investment Management, Morningstar and eVestment.
[2] As of 09/30/2014, Voya IM assets of $213 billion include proprietary insurance general account assets of $85 billion calculated on a market value basis. Voya IM assets, as reported in Voya Financial, Inc. SEC filings, include general account assets valued on a statutory book value basis and total approximately $207 billion.
[3] Pensions & Investments, The Largest Money Managers issue 05/26/2014, data as of 12/31/2013.
**Past performance is no guarantee of future results.**
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# The largest retirement funds/sponsors

Ranked by total assets, in U.S. millions, as of Sept. 30.

| Rank | Prev. rank | Sponsor | Assets | Change | Total DB | Total DC | DB ASSET MIX Stocks | Bonds | Cash | Other | Key person |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 68 | 71 | Alaska Retirement | $26,439 | 11.5% | $21,675 | $4,764 | 56.5% | 13.0% | 3.2% | 27.3% | |
| 69 | 66 | Mississippi Employees | $26,362 | 7.1% | $24,781 | $1,581 | 66.0% | 20.0% | 1.0% | 13.0% | **Lorrie Tingle**, CIO |
| 70 | 69 | National Railroad | $26,113 | 8.4% | $26,109 | $4 | | | | | **Catherine Lynch**, CEO & CIO |
| 71 | 73 | Citigroup | $24,935 | 10.0% | $13,305 | $11,630 | | | | | |
| 72 | 76 | Texas County & District | $24,405 | 12.4% | $24,405 | | 42.1% | 19.4% | 0.3% | 38.2% | **Paul Williams**, Investment Officer |
| 73 | 70 | Pfizer | $24,292 | 0.9% | $13,007 | $11,285 | | | | | |
| 74 | 75 | Delta Air Lines | $23,767 | 7.4% | $9,510 | $14,257 | 24.3% | 16.6% | 19.1% | 40.0% | **Jon Glidden**, Managing Dir.-Pension Inv. (DB); **Greg Tahvonen**, Dir.-Ret. Plans & Global Comp. (DC) |
| 75 | 93/390 | American Airlines | $23,632 | 37.1% | $11,006 | $12,626 | 59.3% | 33.0% | | 7.7% | **Ken Menezes**, Director-Asset Management |
| 76 | 77 | Texas Municipal Retirement | $23,588 | 9.0% | $23,588 | | 49.2% | 46.6% | 0.3% | 3.9% | **T.J. Carlson**, CIO |
| 77 | 79 | Shell Oil | $23,046 | 11.0% | $12,328 | $10,718 | | | | | |
| 78 | 80 | Dow Chemical | $22,786 | 10.7% | $14,039 | $8,747 | 43.5% | 27.5% | 3.6% | 25.4% | |
| 79 | 82 | San Francisco City & County | $22,612 | 11.9% | $19,941 | $2,671 | 53.8% | 25.4% | 1.3% | 19.5% | **William J. Coaker Jr.**, CIO (DB); **Caryn Bortnick**, Interim DC Director (DC) |
| 80 | 74 | 3M | $22,310 | 0.6% | $14,494 | $7,816 | | | | | **Dennis Duerst**, CIO |
| 81 | 78 | Caterpillar | $21,936 | 3.8% | $12,598 | $9,338 | | | | | |
| 82 | 81 | Wal-Mart Stores | $21,781 | 6.9% | | $21,781 | | | | | **Charles M. Holley Jr.**, EVP & CFO |
| 83 | 84 | Exelon | $21,380 | 11.6% | $14,742 | $6,638 | 36.0% | 37.0% | 1.0% | 26.0% | **Douglas Brown**, SVP & CIO |
| 84 | 83 | Procter & Gamble | $20,772 | 3.1% | $2,152 | $18,620 | | | | | |
| 85 | 89 | Teamsters, Central States | $20,312 | 11.0% | $20,312 | | | | | | **Mark Angerame**, CFO |
| 86 | 91 | General Dynamics | $20,181 | 16.6% | $8,858 | $11,323 | | | | | |
| 87 | 85 | PepsiCo | $19,930 | 5.8% | $12,325 | $7,605 | 55.0% | 40.0% | | 5.0% | |
| 88 | 86 | Merck | $19,477 | 4.0% | $10,884 | $8,593 | 82.0% | 17.0% | 1.0% | | **Timothy Dillane**, Director-Pension Investments |
| 89 | 90 | PG&E | $19,429 | 11.4% | $13,709 | $5,720 | 33.2% | 54.5% | 0.8% | 11.5% | |
| 90 | 88 | Prudential Financial | $19,334 | 5.3% | $12,169 | $7,165 | 13.6% | 66.9% | 0.5% | 19.0% | **Gail Maytin**, CIO |
| 91 | 97 | Federal Reserve Employees | $18,963 | 13.4% | $12,062 | $6,901 | 47.3% | 52.1% | 0.3% | 0.3% | **William G. Clark**, CIO |
| 92 | 92 | Illinois State Board | $18,890 | 9.3% | $14,805 | $4,085 | 50.4% | 21.7% | 0.2% | 27.7% | **William Atwood**, Executive Director |
| 93 | 95 | Illinois State Universities | $18,482 | 8.9% | $16,981 | $1,501 | 65.2% | 22.2% | 1.2% | 11.4% | **Daniel L. Allen**, CIO |
| 94 | 96 | Los Angeles Fire & Police | $18,380 | 9.0% | $18,380 | | 55.8% | 21.4% | 3.0% | 19.8% | **Tom Lopez**, CIO |
| 95 | 87 | CenturyLink | $18,139 | -1.7% | $12,903 | $5,236 | | | | | |
| 96 | 94 | United Methodist Church | $18,004 | 4.6% | $7,859 | $10,145 | 46.0% | 47.7% | 0.2% | 6.1% | **David Zellner**, CIO |
| 97 | 100 | World Bank | $17,963 | 12.1% | $17,963 | | 35.0% | 23.0% | | 42.0% | |
| 98 | 99 | National Electric | $17,879 | 9.7% | $12,614 | $5,265 | 55.5% | 16.6% | 0.6% | 27.3% | **Monte Tarbox**, Exec. Director-NEBF Investments (DB); **John Good** (DC) |
| 99 | 98 | Kentucky Teachers | $17,713 | 6.5% | $17,713 | | 62.4% | 19.4% | 3.5% | 14.7% | **Gary Harbin**, Executive Secretary |
| 100 | 102 | New York State Def. Comp. | $17,602 | 10.4% | | $17,602 | | | | | **David E. Fischer**, Executive Director |
| 101 | 105 | Kansas Public Employees | $16,752 | 7.4% | $16,076 | $676 | 58.4% | 26.2% | 1.8% | 13.6% | **Elizabeth Miller**, CIO (DB); **Faith Loretto**, Plan Manager (DC) |
| 102 | 106 | Louisiana Teachers | $16,606 | 8.0% | $16,606 | | 53.5% | 20.6% | 1.2% | 24.7% | **Philip M. Griffith**, CIO |
| 103 | 112 | United Continental Holdings | $16,500 | 13.8% | $2,400 | $14,100 | | | | | **David Leib**, Managing Director-Retirement Investments and Risk Management |
| 104 | 104 | Deere | $16,145 | 1.8% | $11,447 | $4,698 | | | | | **Thomas C. Spitzfaden**, VP-Pension Fund & Investments |
| 105 | 103 | International Paper | $16,032 | 0.8% | $10,990 | $5,042 | | | | | |
| 106 | 68 | Duke Energy | $15,925 | -35.1% | $8,509 | $7,416 | | | | | **Rich Starr**, Manager-Long-Term Investments |
| 107 | 118 | Walt Disney | $15,596 | 15.7% | $9,728 | $5,868 | | | | | **Lawrence Goldsmith**, VP-Pension & Investments |
| 108 | 111 | National Rural Electric | $15,534 | 7.1% | $7,696 | $7,838 | 69.0% | 25.0% | 6.0% | | **Peter R. Morris**, VP & CIO |
| 109 | 109 | BP America | $15,500 | 4.8% | $7,700 | $7,800 | | | | | |
| 110 | 110 | Georgia Employees | $15,391 | 5.9% | $14,206 | $1,185 | | | | | **Charles W. Cary Jr.**, CIO |
| 111 | 107 | MetLife | $15,040 | -1.3% | $8,126 | $6,914 | | | | | **Steven J. Goulart**, EVP & CIO (DB); **Mark J. Davis**, Plan Administrator (DC) |
| 112 | 115 | Consolidated Edison | $14,951 | 8.9% | $11,785 | $3,166 | 58.0% | 29.0% | 2.0% | 11.0% | **Susan Carson**, Director-Pension Management |
| 113 | 117 | New York City Def. Comp. | $14,894 | 10.0% | | $14,894 | | | | | **Georgette Gestely**, Director |
| 114 | 113 | New Mexico Public Empl. | $14,870 | 7.3% | $14,390 | $480 | 53.9% | 26.2% | 1.4% | 18.5% | **Jonathan Grabel**, CIO |
| 115 | 122 | Intel | $14,731 | 13.4% | $631 | $14,100 | 18.0% | 50.0% | | 32.0% | **Stuart I. Odell Jr.**, Assistant Treasurer |
| 116 | 125 | Arkansas Teachers | $14,685 | 14.9% | $14,685 | | 60.8% | 15.9% | 0.7% | 22.6% | **G. Wayne Greathouse**, Associate Director-Investments |
| 117 | 120 | Idaho Public Employees | $14,640 | 9.0% | $14,003 | $637 | 61.4% | 26.5% | 0.5% | 11.6% | **Robert M. Maynard**, CIO |
| 118 | 114 | Southern Co. | $14,555 | 5.5% | $9,351 | $5,204 | 58.0% | 22.9% | | 19.1% | |
| 119 | 119 | Ohio Police & Fire | $14,385 | 6.8% | $14,385 | | 40.0% | 29.0% | 0.8% | 30.2% | **Theodore G. Hall**, CIO |
| 120 | 116 | Siemens USA | $14,377 | 4.8% | $3,686 | $10,691 | | | | | **Marie Pillai**, VP-Pension Fund Management (DB); **Avi Grin**, Investment Officer (DC) |
| 121 | 121 | Operating Eng. International | $14,204 | 9.3% | $14,204 | | 61.5% | 26.9% | | 11.6% | **Michael R. Fanning**, CEO |
| 122 | 124 | Los Angeles City Employees | $14,090 | 9.5% | $14,090 | | 58.4% | 23.2% | 3.5% | 14.9% | **Rodney L. June**, CIO |
| 123 | 126 | Oklahoma Teachers | $13,989 | 10.6% | $13,784 | $205 | 61.7% | 21.0% | 0.1% | 17.2% | **Tom Spencer**, Executive Director |
| 124 | 123 | Hawaii Employees | $13,923 | 7.8% | $13,923 | | 60.6% | 17.4% | 0.9% | 21.1% | **Vijoy Paul Chattergy**, CIO |
| 125 | 108 | Abbott Laboratories | $13,329 | -12.1% | $6,801 | $6,528 | | | | | |
| 126 | 156 | Bristol-Myers Squibb | $13,096 | 28.4% | $7,740 | $5,356 | | | | | **Christina Nesbitt**, Coordinator-Pension & Savings Investment Mgmt. |
| 127 | 129 | West Virginia Investment | $13,094 | 9.5% | $13,094 | | 58.4% | 14.8% | 0.1% | 26.7% | **Craig Slaughter**, Executive Director |
| 128 | 128 | Liberty Mutual | $13,020 | 7.7% | $6,194 | $6,826 | | | | | |
| 129 | 130 | Eli Lilly | $13,015 | 10.1% | $7,499 | $5,516 | 28.0% | 15.0% | | 57.0% | **Susan Ridlen**, Assistant Treasurer |
| 130 | 139 | FMR | $12,898 | 15.7% | | $12,898 | | | | | |
| 131 | 132 | Aetna | $12,702 | 8.3% | $6,343 | $6,359 | 35.0% | 45.0% | 7.0% | 13.0% | **Russell P. Smith**, Head-Pension Investments |
| 132 | 142 | Koch Industries | $12,548 | 12.9% | $5,748 | $6,800 | | | | | |
| 133 | 131 | Maine Public Employees | $12,524 | 6.5% | $12,499 | $25 | 56.1% | 23.7% | 0.3% | 19.9% | **Andrew H. Sawyer**, CIO |
| 134 | 136 | HCA Holdings | $12,506 | 10.3% | $76 | $12,430 | | | | | |

CONTINUED ON PAGE 22

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# The largest retirement funds/sponsors

Ranked by total assets, in U.S. millions, as of Sept. 30.

| Rank | Prev. rank | Sponsor | Assets | Change | Total DB | Total DC | DB ASSET MIX Stocks | Bonds | Cash | Other | Key person |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 135 | 133 | Ohio School Employees | $12,497 | 6.8% | $12,497 | | 48.1% | 16.4% | 3.1% | 32.4% | **Farouki A. Majeed**, Director-Investments |
| 136 | 127 | Nebraska Investment Council | $12,426 | 1.6% | $11,443 | $983 | 63.1% | 28.1% | | 8.8% | **Michael Walden-Newman**, State Investment Officer |
| 137 | 143 | Altria | $12,187 | 10.7% | $7,237 | $4,950 | | | | | |
| 138 | 140 | Alcoa | $12,160 | 9.2% | $8,566 | $3,594 | 31.0% | 40.0% | 3.0% | 26.0% | **Ron Barin**, VP, Officer & CIO |
| 139 | 146 | Deloitte | $12,149 | 12.9% | $3,903 | $8,246 | | | | | |
| 140 | 148 | Microsoft | $12,148 | 16.5% | | $12,148 | | | | | **William J. Sample**, Corporate VP-Worldwide Tax |
| 141 | 138 | Episcopal Church | $12,076 | 7.9% | $11,356 | $720 | 26.9% | 29.6% | 2.0% | 41.5% | **Roger A. Sayler**, Managing Director & CIO |
| 142 | 147 | Orange County | $11,789 | 10.1% | $11,789 | | 38.8% | 24.5% | 1.4% | 35.3% | **Girard Miller**, CIO |
| 143 | 135 | New York City Teachers | $11,771 | 3.7% | | $11,771 | | | | | **Susan Stang**, Director-Investment Administration |
| 144 | 154 | Oracle | $11,754 | 15.0% | | $11,754 | | | | | **Peter Shott**, VP-HR |
| 145 | 141 | Motorola Solutions | $11,587 | 4.1% | $6,345 | $5,242 | | | | | |
| 146 | 137 | Kentucky Retirement | $11,564 | 2.5% | $11,564 | | 44.2% | 18.6% | 1.7% | 35.5% | **David Peden**, CIO |
| 147 | 101 | ConocoPhillips | $11,493 | -28.1% | $3,231 | $8,262 | | | | | |
| 148 | 152 | Coca-Cola | $11,440 | 10.9% | $6,629 | $4,811 | | | | | |
| 149 | 168 | Mayo Clinic | $11,281 | 19.1% | $6,389 | $4,892 | | | | | |
| 150 | 149 | New Mexico Educational | $11,274 | 8.7% | $11,274 | | 41.1% | 32.6% | 1.2% | 25.1% | **Bob Jacksha**, CIO |
| 151 | 134 | Kraft Foods Group | $11,171 | -1.8% | $5,979 | $5,192 | | | | | |
| 152 | 171 | Los Angeles Water & Power | $11,157 | 21.3% | $11,157 | | 60.8% | 23.5% | 0.7% | 15.0% | **Jeremy Wolfson**, CIO |
| 153 | 150 | National Grid USA | $11,108 | 7.3% | $7,302 | $3,806 | 35.7% | 41.8% | 1.8% | 20.7% | **Francine Kollydas**, Director-Investment Mgmt. Dept. |
| 154 | 157 | BAE (NA) | $11,100 | 9.1% | $5,319 | $5,781 | | | | | **Chandra Chudamani**, VP (DB); **Dohi Shin**, Director-Finance (DC) |
| 155 | 151 | IAM National | $11,070 | 7.2% | $10,722 | $348 | | | | | **Angela Curseen-Jackson**, COO-Investments |
| 156 | 164 | Ohio Deferred Comp. | $11,000 | 13.4% | | $11,000 | | | | | **Keith Overly**, Executive Director |
| 157 | 159 | GlaxoSmithKline USA | $10,891 | 8.1% | $4,373 | $6,518 | | | | | **Simon Dingemans**, CFO |
| 158 | 175 | South Dakota | $10,870 | 19.3% | $10,602 | $268 | | | | | **Matt Clark**, State Investment Officer |
| 159 | 161 | Chicago Teachers | $10,853 | 8.6% | $10,853 | | | | | | |
| 160 | 160 | Missouri State Employees | $10,841 | 7.8% | $8,991 | $1,850 | 15.4% | 82.2% | -71.4% | 73.8% | **Rick Dahl**, CIO |
| 161 | 155 | Allstate | $10,716 | 5.0% | $6,086 | $4,630 | | | | | |
| 162 | 166 | Novartis US | $10,674 | 12.1% | $2,494 | $8,180 | | | | | |
| 163 | 153 | Louisiana State Employees | $10,660 | 4.2% | $10,660 | | 57.2% | 11.6% | 0.7% | 30.5% | **Robert W. Beale**, CIO |
| 164 | 162 | Target | $10,572 | 6.2% | $3,446 | $7,126 | 32.0% | 27.0% | 1.0% | 40.0% | **Jeff Bailey**, Sr. Director-Financial Benefits & Analysis |
| 165 | 182 | Publix Super Markets | $10,569 | 20.5% | | $10,569 | | | | | |
| 166 | 144 | USAA | $10,566 | -3.8% | $5,680 | $4,886 | | | | | **Douglas Ward**, AVP-Invest. Strategy & Analysis (DB); **Elizabeth Conklyn**, EVP-Human Resources (DC) |
| 167 | 172 | Morgan Stanley | $10,462 | 13.9% | $2,619 | $7,843 | | | | | |
| 168 | 170 | San Diego County | $10,459 | 11.6% | $10,459 | | 6.3% | 11.8% | 48.5% | 33.4% | **Brian White**, CEO & CIO |
| 169 | 158 | Boilermaker-Blacksmith | $10,411 | 3.2% | $8,978 | $1,433 | | | | | |
| 170 | 167 | California Savings Plus | $10,400 | 9.5% | | $10,400 | | | | | **Michelle Berklacich**, Administrator |
| 171 | 165 | Dominion Resources | $10,308 | 7.9% | $6,687 | $3,621 | 48.8% | 34.5% | | 16.7% | **William J. McHugh**, Assistant Treasurer-Asset Mgmt. |
| 172 | 177 | 1199SEIU National | $10,280 | 13.5% | $10,256 | $24 | 40.0% | 25.0% | | 35.0% | **Lorraine Monchak**, CIO |
| 173 | 163 | Tennessee Valley Authority | $10,202 | 3.8% | $7,531 | $2,671 | 44.0% | 31.4% | 2.1% | 22.5% | **Patrick D. Brackett**, Executive Secretary |
| 174 | 173 | Los Angeles Co. Deferred | $10,114 | 10.2% | | $10,114 | | | | | **Teresa Gee**, DC Plan Investment Manager |
| 175 | 169 | Ernst & Young | $10,085 | 6.5% | $5,270 | $4,815 | | | | | |
| 176 | 145 | FirstEnergy | $10,079 | -7.4% | $6,394 | $3,685 | | | | | |
| 177 | 187 | Southwest Airlines | $10,053 | 16.5% | | $10,053 | | | | | |
| 178 | 176 | Blue Cross & Blue Shield | $10,019 | 10.1% | $4,246 | $5,773 | | | | | **Jamey Sharpe**, Managing Director-Investments |
| 179 | 174 | Bank of New York Mellon | $9,971 | 8.8% | $4,970 | $5,001 | 64.0% | 27.0% | 1.0% | 8.0% | **Jesse Pasko**, Director-Benefit Investment Group |
| 180 | 185 | Electrical Ind., Joint Board | $9,795 | 12.0% | $3,207 | $6,588 | 45.0% | 42.1% | 0.1% | 12.8% | **Robert Ball**, CIO |
| 181 | 189 | Montana Board of Invest. | $9,780 | 14.6% | $9,780 | | 55.7% | 22.3% | 2.3% | 19.7% | **Clifford Sheets**, CIO |
| 182 | 178 | Oklahoma Public Employees | $9,746 | 10.1% | $8,856 | $890 | 70.2% | 29.5% | 0.3% | | **Joseph A. Fox**, Executive Director |
| 183 | 193 | Kroger | $9,704 | 15.7% | $2,975 | $6,729 | 20.4% | 20.5% | 2.8% | 56.3% | **Chad Redmond**, Investment Manager (DB); **Ed Waldvogel**, VP-Finance (DC) |
| 184 | 199 | Textron | $9,638 | 18.3% | $6,237 | $3,401 | 52.0% | 28.0% | | 20.0% | **Charles Van Vleet**, CIO & Asst. Treasurer |
| 185 | 181 | Nationwide | $9,515 | 8.4% | $4,712 | $4,803 | | | | | |
| 186 | 201 | Sacramento County | $9,320 | 16.3% | $8,506 | $814 | 49.0% | 19.0% | 2.0% | 30.0% | **Richard Stensrud**, CEO (DB); **Bernard Santo Domingo**, Investment Officer (DC) |
| 187 | 206 | Costco Wholesale | $9,241 | 16.9% | | $9,241 | | | | | |
| 188 | 195 | Cargill | $9,237 | 11.2% | $2,589 | $6,648 | | | | | |
| 189 | 191 | IMF | $9,168 | 8.6% | $9,168 | | 46.2% | 15.5% | 2.4% | 35.9% | **Kenneth M. Miranda**, Director-Investment Office |
| 190 | 190 | Emerson Electric | $9,154 | 8.3% | $4,448 | $4,706 | 63.8% | 26.4% | 1.8% | 8.0% | **Anna Womack**, Manager-Investment Administration |
| 191 | 186 | PNC | $9,152 | 5.2% | $4,410 | $4,742 | 56.0% | 21.0% | 1.0% | 22.0% | |
| 192 | 188 | Presbyterian Church | $9,148 | 6.6% | $8,625 | $523 | 57.5% | 28.2% | 1.4% | 12.9% | **Judith D. Freyer**, SVP, Treasurer & CIO |
| 193 | 194 | Michigan Municipal | $9,104 | 9.2% | $7,866 | $1,238 | 51.1% | 20.3% | 4.1% | 24.5% | **Jeb Burns**, CIO |
| 194 | 197 | PricewaterhouseCoopers | $8,936 | 8.9% | $2,657 | $6,279 | | | | | |
| 195 | 216 | United States Steel | $8,891 | 17.5% | $6,785 | $2,106 | | | | | **William Donovan**, President-USS & Carnegie Pension |
| 196 | 212 | Accenture | $8,855 | 14.9% | $1,850 | $7,005 | 10.0% | 89.0% | 1.0% | | |
| 197 | 198 | American Electric | $8,854 | 8.6% | $4,923 | $3,931 | 32.0% | 53.9% | 0.8% | 13.3% | **J. Steven Kiser**, Director-Trusts & Investments |
| 198 | 203 | General Mills | $8,843 | 11.0% | $5,548 | $3,295 | 40.2% | 34.7% | | 25.1% | **Marie Pillai**, CIO & VP (DB); **Kurt Hoddinott**, Manager-Investments (DC) |
| 199 | 222 | Nestle USA | $8,840 | 20.4% | $4,522 | $4,318 | 29.6% | 32.5% | | 37.9% | **Karin E. Brodbeck**, Director-Retirement Investments |
| 200 | 230 | Walgreen | $8,833 | 22.8% | | $8,833 | | | | | |
| | | Top 200 total | $6,538,658 | | | | | | | | |

CONTINUED ON PAGE 24

# WESTERN ASSET

## Morningstar 2014 U.S. Fixed-Income Fund Manager of the Year

### Are you rewarded for the risk you take?

★★★★★ (WAPSX)

**Western Asset Core Plus Bond Fund**

(Among 913 Intermediate-Term Bond Funds)

★★★★★ (WACSX)

**Western Asset Core Bond Fund**

(Among 913 Intermediate-Term Bond Funds)

Overall Morningstar Ratings, as of December 31, 2014. The ratings are based on risk-adjusted returns and are derived from a weighted average of the performance figures associated with a fund's 3-, 5- and 10-year (as applicable) rating metrics.

See how our team works for you at **leggmason.com/westernasset**

*Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, and summary prospectus, if available, at www.leggmason.com/individualinvestors. Please read the prospectus carefully.*

Awarded to Ken Leech, Carl Eichstaedt, and Mark Lindbloom for Western Asset Core Bond Fund (WACSX) and Western Asset Core Plus Bond Fund (WAPSX) named Morningstar 2014 U.S. Fixed-Income Manager of the Year, United States of America. Morningstar Awards 2015 © Morningstar, Inc.

Morningstar Fund Manager of the Year award recognizes portfolio managers who demonstrate excellent investment skill and the courage to differ from the consensus to benefit investors. To qualify for the award, managers' funds must have not only posted impressive returns for the year, but the managers also must have a record of delivering outstanding long-term performance and of aligning their interests with shareholders'. The Fund Manager of the Year award winners are chosen based on Morningstar's proprietary research and in-depth evaluation by its fund analysts.

Morningstar ratings are as of December 31, 2014 and are subject to change every month. A 4- or 5-star rating does not necessarily imply that a fund achieved positive results for the period. For funds with at least a 3-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) Class IS shares of the Western Asset Core Plus Bond Fund were rated against 913, 807 and N/A Intermediate-Term Bond Funds over the 3-, 5- and 10-year periods, respectively. With respect to these Intermediate-Term Bond Funds, Class IS shares of the Fund received Morningstar Ratings of 5, 5 and N/A stars for the 3-, 5- and 10-year periods, respectively. Class IS shares of the Western Asset Core Bond Fund were rated against 913, 807 and N/A Intermediate-Term Bond Funds over the 3-, 5- and 10-year periods, respectively. With respect to these Intermediate-Term Bond Funds, Class IS shares of the Fund received Morningstar Ratings of 4, 5 and N/A stars for the 3-, 5- and 10-year periods, respectively. Other classes may have different performance characteristics. Classes have a common portfolio.

**Past performance is no guarantee of future results.**

**Fixed income securities involve interest rate, credit, inflation, and reinvestment risks and possible loss of principal.** As interest rates rise, the value of fixed income securities falls.

**High yield bonds possess greater price volatility, illiquidity, and possibility of default.** International investments are subject to special risks including currency fluctuations, social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. Income is not guaranteed and is subject to change.

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# The largest retirement funds/sponsors

Ranked by total assets, in U.S. millions, as of Sept. 30.

| Rank | Sponsor, location | Assets | Total DB | Total DC |
|---|---|---|---|---|
| 201 | **Schlumberger**, Houston | $8,778 | $3,523 | $5,255 |
| 202 | **Cook County Employees**, Chicago | $8,764 | $8,764 | |
| 203 | **Cisco Systems**, San Jose, Calif. | $8,751 | | $8,751 |
| 204 | **Hartford Financial**, Hartford, Conn. | $8,733 | $5,148 | $3,585 |
| 205 | **Hoffmann-La Roche**, Nutley, N.J. | $8,603 | $3,239 | $5,364 |
| 206 | **U.S. Bancorp**, Minneapolis | $8,552 | $3,440 | $5,112 |
| 207 | **Public Service Enterprise**, Newark, N.J. | $8,511 | $5,693 | $2,818 |
| 208 | **CIGNA**, Philadelphia | $8,480 | $4,298 | $4,182 |
| 209 | **New York Life**, New York | $8,437 | $5,408 | $3,029 |
| 210 | **CVS Health**, Woonsocket, R.I. | $8,422 | $628 | $7,794 |
| 211 | **Delaware Public Employees**, Dover | $8,389 | $8,389 | |
| 212 | **American Int'l Group**, New York | $8,378 | $4,222 | $4,156 |
| 213 | **Bayer**, Pittsburgh | $8,357 | $3,347 | $5,010 |
| 214 | **Rhode Island Employees**, Warwick | $8,315 | $8,017 | $298 |
| 215 | **Travelers**, St. Paul, Minn. | $8,305 | $3,215 | $5,090 |
| 216 | **CBS**, New York | $8,300 | $3,991 | $4,309 |
| 217 | **Marsh & McLennan**, New York | $8,205 | $4,471 | $3,734 |
| 218 | **J.C. Penney**, Plano, Texas | $8,190 | $5,296 | $2,894 |
| 219 | **Wyoming Retirement**, Cheyenne | $8,190 | $7,663 | $527 |
| 220 | **Bechtel**, San Francisco | $8,131 | $1,743 | $6,388 |
| 221 | **Arizona Public Safety**, Phoenix | $8,127 | $8,127 | |
| 222 | **Goodyear Tire & Rubber**, Akron, Ohio | $8,097 | $5,719 | $2,378 |
| 223 | **Sandia**, Albuquerque, N.M. | $8,097 | $5,199 | $2,898 |
| 224 | **Entergy**, New Orleans | $8,069 | $4,772 | $3,297 |
| 225 | **Eaton**, Cleveland | $8,063 | $3,070 | $4,993 |
| 226 | **San Bernardino County**, San Bernardino, Calif. | $8,056 | $8,056 | |
| 227 | **Nat'l Elevator Industry**, Newtown Square, Pa. | $8,054 | $6,113 | $1,941 |
| 228 | **Arkansas Employees**, Little Rock | $8,031 | $8,031 | |
| 229 | **Pentegra**, White Plains, N.Y. | $8,013 | $3,761 | $4,252 |
| 230 | **New York City MTA** | $8,007 | $3,685 | $4,322 |
| 231 | **Eastman Kodak**, Rochester, N.Y. | $8,000 | $4,200 | $3,800 |
| 232 | **Deseret Mutual Benefit**, Salt Lake City | $7,935 | $5,096 | $2,839 |
| 233 | **Huntington Ingalls**, Newport News, Va. | $7,897 | $4,608 | $3,289 |
| 234 | **American Honda Motor**, Marysville, Ohio | $7,808 | $4,872 | $2,936 |
| 235 | **Xerox**, Norwalk, Conn. | $7,653 | $3,020 | $4,633 |
| 236 | **Ascension Health**, St. Louis | $7,623 | $7,465 | $158 |
| 237 | **Computer Sciences**, El Segundo, Calif. | $7,606 | $3,474 | $4,132 |
| 238 | **Medtronic**, Minneapolis | $7,477 | $2,263 | $5,214 |
| 239 | **BASF**, Florham Park, N.J. | $7,424 | $3,308 | $4,116 |
| 240 | **NextEra Energy**, Juno Beach, Fla. | $7,400 | $3,854 | $3,546 |
| 241 | **Cox Enterprises**, Atlanta | $7,329 | $4,211 | $3,118 |
| 242 | **Macy's**, Cincinnati | $7,323 | $3,651 | $3,672 |
| 243 | **University of Pennsylvania**, Philadelphia | $7,298 | $1,443 | $5,855 |
| 244 | **Northeast Utilities**, Hartford, Conn. | $7,231 | $4,390 | $2,841 |
| 245 | **NSTAR**, Boston | $7,231 | $4,390 | $2,841 |
| 246 | **Reynolds American**, Winston-Salem, N.C. | $7,198 | $5,480 | $1,718 |
| 247 | **Weyerhaeuser**, Federal Way, Wash. | $7,198 | $5,006 | $2,192 |
| 248 | **New Hampshire Retirement**, Concord | $7,186 | $7,186 | |
| 249 | **Exelis**, McLean, Va. | $7,179 | $4,516 | $2,663 |
| 250 | **Goldman Sachs**, New York | $7,165 | $568 | $6,597 |
| 251 | **Massachusetts General Hospital**, Boston | $7,137 | $3,926 | $3,211 |
| 252 | **Evangelical Lutheran Church**, Minneapolis | $7,088 | | $7,088 |
| 253 | **Sears Holdings**, Hoffman Estates, Ill. | $7,081 | $3,826 | $3,255 |
| 254 | **Kimberly-Clark**, Dallas | $7,076 | $3,746 | $3,330 |
| 255 | **Motion Picture Industry**, Studio City, Calif. | $7,071 | $3,366 | $3,705 |
| 256 | **Southern California Edison**, Rosemead | $7,060 | $3,382 | $3,678 |
| 257 | **BB&T**, Winston-Salem, N.C. | $7,035 | $3,907 | $3,128 |
| 258 | **Massachusetts Deferred Comp.**, Boston | $7,000 | | $7,000 |
| 259 | **MIT**, Cambridge, Mass. | $6,939 | $3,135 | $3,804 |
| 260 | **Contra Costa County**, Concord, Calif. | $6,935 | $6,935 | |
| 261 | **Parker-Hannifin**, Cleveland | $6,930 | $2,603 | $4,327 |
| 262 | **WellPoint**, Indianapolis | $6,928 | $2,045 | $4,883 |
| 263 | **Philips Electronics**, New York | $6,906 | $3,141 | $3,765 |
| 264 | **Union Pacific**, Omaha, Neb. | $6,854 | $3,444 | $3,410 |
| 265 | **HSBC**, Prospect Heights, Ill. | $6,823 | $3,684 | $3,139 |
| 266 | **Aon**, Chicago | $6,795 | $1,985 | $4,810 |
| 267 | **Sanofi-Aventis**, Bridgewater, N.J. | $6,775 | $1,893 | $4,882 |
| 268 | **Danaher**, Washington | $6,756 | $2,072 | $4,684 |
| 269 | **Alameda County**, Oakland, Calif. | $6,726 | $6,726 | |
| 270 | **Sempra Energy**, San Diego | $6,719 | $3,344 | $3,375 |
| 271 | **San Diego City** | $6,711 | $6,711 | |
| 272 | **KPMG**, Montvale, N.J. | $6,626 | $2,491 | $4,135 |
| 273 | **UNITE HERE**, New York | $6,624 | $6,445 | $179 |
| 274 | **UnitedHealth**, Minnetonka, Minn. | $6,619 | | $6,619 |
| 275 | **Time Warner**, New York | $6,615 | $2,335 | $4,280 |
| 276 | **R.R. Donnelley**, Chicago | $6,566 | $3,874 | $2,692 |
| 277 | **PPL**, Allentown, Pa. | $6,562 | $4,343 | $2,219 |
| 278 | **Fairfax County Retirement**, Fairfax, Va. | $6,544 | $6,544 | |
| 279 | **L3 Communications**, New York | $6,497 | $1,975 | $4,522 |
| 280 | **Sammons Enterprises**, Dallas | $6,458 | $186 | $6,272 |
| 281 | **PPG Industries**, Pittsburgh | $6,370 | $2,770 | $3,600 |
| 282 | **D.C. Retirement Board**, Washington | $6,333 | $6,333 | |
| 283 | **Comcast Holdings**, Philadelphia | $6,332 | $230 | $6,102 |
| 284 | **New York University** | $6,323 | $725 | $5,598 |
| 285 | **Trinity Health**, Farmington Hills, Mich. | $6,320 | $5,525 | $795 |
| 286 | **Missouri Local Gov't**, Jefferson City | $6,310 | $6,310 | |
| 287 | **Johnson Controls**, Milwaukee | $6,262 | $2,007 | $4,255 |
| 288 | **UFCW Industry, Ill.**, Chicago | $6,218 | $6,218 | |
| 289 | **Texas Instruments**, Dallas | $6,194 | $1,270 | $4,924 |
| 290 | **DTE Energy**, Detroit | $6,192 | $4,085 | $2,107 |
| 291 | **Leidos**, Reston, Va. | $6,190 | | $6,190 |
| 292 | **Mars**, Mount Olive, N.J. | $6,133 | $4,465 | $1,668 |
| 293 | **Duke University**, Durham, N.C. | $6,131 | $1,574 | $4,557 |
| 294 | **Stanford University**, Stanford, Calif. | $6,111 | $504 | $5,607 |
| 295 | **Northwestern Mutual**, Milwaukee | $6,086 | $4,089 | $1,997 |
| 296 | **YMCA**, New York | $6,026 | | $6,026 |
| 297 | **Unisys**, Blue Bell, Pa. | $5,947 | $4,267 | $1,680 |
| 298 | **Burlington N. Santa Fe**, Fort Worth, Texas | $5,939 | $2,155 | $3,784 |
| 299 | **Sutter Health**, Walnut Creek, Calif. | $5,871 | $3,333 | $2,538 |
| 300 | **Plumbers & Pipefitters Nat'l**, Alexandria, Va. | $5,870 | $5,835 | $35 |
| 301 | **Xcel Energy**, Minneapolis | $5,835 | $3,279 | $2,556 |
| 302 | **Rockwell Collins**, Cedar Rapids, Iowa | $5,805 | $2,970 | $2,835 |
| 303 | **Sherwin-Williams**, Cleveland | $5,799 | $910 | $4,889 |
| 304 | **Baxter International**, Deerfield, Ill. | $5,794 | $3,344 | $2,450 |
| 305 | **ADP**, Roseland, N.J. | $5,740 | $2,024 | $3,716 |
| 306 | **Ameren**, St. Louis | $5,736 | $3,797 | $1,939 |
| 307 | **Rockwell Automation**, Milwaukee | $5,722 | $2,832 | $2,890 |
| 308 | **Thomson Reuters**, Stamford, Conn. | $5,667 | $1,912 | $3,755 |
| 309 | **Michelin**, Greenville, S.C. | $5,662 | $3,115 | $2,547 |
| 310 | **American Express**, New York | $5,660 | $1,103 | $4,557 |
| 311 | **Time Warner Cable**, New York | $5,626 | $3,257 | $2,369 |
| 312 | **UNC-Chapel Hill**, Chapel Hill, N.C. | $5,600 | | $5,600 |
| 313 | **Monsanto**, St. Louis | $5,597 | $2,221 | $3,376 |
| 314 | **SunTrust**, Atlanta | $5,589 | $3,002 | $2,587 |
| 315 | **ABA Retirement**, Chicago | $5,560 | | $5,560 |
| 316 | **Reynolds Group**, Richmond, Va. | $5,558 | $4,109 | $1,449 |
| 317 | **Cleveland Clinic** | $5,545 | $1,368 | $4,177 |
| 318 | **Halliburton**, Houston | $5,490 | $61 | $5,429 |
| 319 | **Catholic Health Initiatives**, Denver | $5,476 | $3,977 | $1,499 |
| 320 | **AbbVie**, North Chicago, Ill. | $5,458 | $2,056 | $3,402 |
| 321 | **Longshoremen ILWU-PMA**, San Francisco | $5,448 | $4,043 | $1,405 |
| 322 | **Home Depot**, Atlanta | $5,424 | | $5,424 |
| 323 | **Corning**, Corning, N.Y. | $5,368 | $2,741 | $2,627 |
| 324 | **Ingersoll-Rand**, Piscataway, N.J. | $5,367 | $1,461 | $3,906 |
| 325 | **Ericsson**, Plano, Texas | $5,356 | $2,612 | $2,744 |
| 326 | **Farmers Group**, Los Angeles | $5,349 | $3,030 | $2,319 |
| 327 | **ConAgra Foods**, Omaha, Neb. | $5,297 | $3,216 | $2,081 |
| 328 | **Whirlpool**, Benton Harbor, Mich. | $5,265 | $3,028 | $2,237 |
| 329 | **Sysco**, Houston | $5,232 | $2,961 | $2,271 |
| 330 | **Colgate-Palmolive**, New York | $5,220 | $1,790 | $3,430 |
| 331 | **Chubb**, Warren, N.J. | $5,198 | $2,688 | $2,510 |
| 332 | **MeadWestvaco**, Richmond, Va. | $5,192 | $4,050 | $1,142 |
| 333 | **Harvard University**, Cambridge, Mass. | $5,178 | $1,677 | $3,501 |
| 334 | **SUPERVALU**, Eden Prairie, Minn. | $5,164 | $2,130 | $3,034 |
| 335 | **UMWA Health & Retirement**, Washington | $5,159 | $4,854 | $305 |
| 336 | **Southern Baptist Convention**, Dallas | $5,108 | | $5,108 |
| 337 | **Chicago Municipal Employees** | $5,104 | $5,104 | |
| 338 | **Toyota Motor Sales**, Torrance, Calif. | $5,082 | $3,307 | $1,775 |
| 339 | **Cummins**, Columbus, Ind. | $5,062 | $2,565 | $2,497 |
| 340 | **UFCW Joint Trust, S. Calif.**, Cypress, Calif. | $5,027 | $5,021 | $6 |
| 341 | **McKinsey**, New York | $4,937 | $360 | $4,577 |
| 342 | **ArcelorMittal USA**, Chicago | $4,929 | $3,012 | $1,917 |
| 343 | **Marriott International**, Bethesda, Md. | $4,928 | | $4,928 |
| 344 | **Sprint Nextel**, Overland Park, Kan. | $4,926 | $1,906 | $3,020 |
| 345 | **Ecolab**, St. Paul, Minn. | $4,920 | $1,948 | $2,972 |
| 346 | **Carpenters, New York City** | $4,916 | $2,943 | $1,973 |
| 347 | **Bridgestone Americas**, Nashville, Tenn. | $4,907 | $2,931 | $1,976 |
| 348 | **Ashland**, Lexington, Ky. | $4,901 | $3,075 | $1,826 |
| 349 | **Milwaukee City** | $4,900 | $4,900 | |
| 350 | **Air Products & Chemicals**, Allentown, Pa. | $4,793 | $2,744 | $2,049 |
| 351 | **Illinois Tool Works**, Glenview, Ill. | $4,773 | $1,633 | $3,140 |
| 352 | **Eastman Chemical**, Kingsport, Tenn. | $4,766 | $1,904 | $2,862 |
| 353 | **McGraw Hill**, New York | $4,751 | $1,765 | $2,986 |
| 354 | **Bakery & Confectionery**, Kensington, Md. | $4,716 | $4,716 | |
| 355 | **Lowes**, Wilkesboro, N.C. | $4,705 | | $4,705 |
| 356 | **North Dakota State**, Bismarck | $4,705 | $4,705 | |
| 357 | **Alliant Techsystems**, Minneapolis | $4,685 | $2,565 | $2,120 |
| 358 | **Puerto Rico Employees**, San Juan | $4,680 | $4,680 | |
| 359 | **Dell**, Round Rock, Texas | $4,679 | | $4,679 |
| 360 | **Philadelphia Public Employees** | $4,669 | $4,669 | |
| 361 | **Cornell University**, Ithaca, N.Y. | $4,658 | $82 | $4,576 |
| 362 | **CSX**, Jacksonville, Fla. | $4,643 | $2,503 | $2,140 |
| 363 | **University of Chicago** | $4,609 | $672 | $3,937 |
| 364 | **Univ. of Southern California**, Los Angeles | $4,593 | $176 | $4,417 |
| 365 | **Intermountain Healthcare**, Salt Lake City | $4,558 | $2,322 | $2,236 |
| 366 | **AXA Financial**, New York | $4,555 | $2,728 | $1,827 |
| 367 | **AstraZeneca**, Wilmington, Del. | $4,544 | $1,397 | $3,147 |
| 368 | **MillerCoors**, Milwaukee | $4,523 | $2,516 | $2,007 |
| 369 | **Carpenters, Northern California**, Oakland | $4,515 | $2,597 | $1,918 |
| 370 | **Colorado Fire & Police**, Greenwood Village | $4,510 | $4,130 | $380 |
| 371 | **MITRE**, Bedford, Mass. | $4,503 | | $4,503 |
| 372 | **Credit Suisse**, USA, New York | $4,500 | $1,000 | $3,500 |
| 373 | **MassMutual**, Springfield, Mass. | $4,494 | $2,130 | $2,364 |
| 374 | **CNA Financial**, Chicago | $4,485 | $2,662 | $1,823 |
| 375 | **Vermont State**, Montpelier | $4,477 | $3,960 | $517 |
| 376 | **AK Steel**, West Chester, Ohio | $4,458 | $3,133 | $1,325 |
| 377 | **UPMC**, Pittsburgh | $4,457 | $1,399 | $3,058 |
| 378 | **Kellogg**, Battle Creek, Mich. | $4,447 | $2,413 | $2,034 |
| 379 | **Kinder Morgan**, Houston | $4,431 | $2,416 | $2,015 |
| 380 | **Amgen**, Thousand Oaks, Calif. | $4,421 | | $4,421 |
| 381 | **Nat'l Sprinkler Local 669**, Landover, Md. | $4,393 | $3,016 | $1,377 |
| 382 | **Anheuser-Busch InBev**, St. Louis | $4,371 | $1,287 | $3,084 |
| 383 | **MUFG Americas**, New York | $4,364 | $2,869 | $1,495 |
| 384 | **Savannah River**, Aiken, S.C. | $4,341 | $2,505 | $1,836 |
| 385 | **Los Angeles City Deferred Comp.** | $4,340 | | $4,340 |
| 386 | **Energy Future Holdings**, Dallas | $4,300 | $2,621 | $1,679 |
| 387 | **Ventura County**, Ventura, Calif. | $4,280 | $4,280 | |
| 388 | **AEGON USA**, Cedar Rapids, Iowa | $4,277 | $2,644 | $1,633 |
| 389 | **Deutsche Bank**, Jersey City, N.J. | $4,277 | $1,337 | $2,940 |
| 390 | **Towers Watson**, Philadelphia | $4,269 | $2,550 | $1,719 |
| 391 | **Toyota Motor Eng. & Manf.**, Erlanger, Ky. | $4,257 | | $4,257 |
| 392 | **Montgomery County**, Rockville, Md. | $4,195 | $3,555 | $640 |
| 393 | **Baker Hughes**, Houston | $4,179 | $634 | $3,545 |
| 394 | **Sheet Metal National**, Fairfax, Va. | $4,122 | $4,046 | $76 |
| 395 | **John Hancock**, Boston | $4,108 | $2,383 | $1,725 |
| 396 | **Fluor**, Irving, Texas | $4,107 | $778 | $3,329 |
| 397 | **McKesson**, San Francisco | $4,085 | $317 | $3,768 |
| 398 | **Battelle**, Columbus, Ohio | $4,069 | $2,329 | $1,740 |
| 399 | **Boston Retirement** | $4,067 | $4,067 | |
| 400 | **Avaya**, Santa Clara, Calif. | $4,048 | $2,321 | $1,727 |
| 401 | **Fresno County**, Fresno, Calif. | $4,034 | $4,034 | |
| 402 | **NCR**, Duluth, Ga. | $4,025 | $2,802 | $1,223 |
| 403 | **Edward Jones**, St. Louis | $4,001 | | $4,001 |

CONTINUED ON PAGE 26

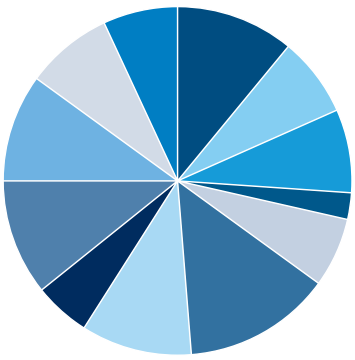
# 20 SPECIALIZED INVESTMENT TEAMS INSIDE EVERY RETIREMENT PORTFOLIO.

# *WE THINK IT'S A BETTER WAY TO INVEST.*

## JOHN HANCOCK RETIREMENT LIVING PORTFOLIOS

Ten portfolios with target retirement dates spanning from 2010 to 2055, actively allocated across traditional and alternative asset classes by the team at John Hancock Asset Management—now with lower expenses.

### Diversification by security, asset class, strategy, and manager



Pie chart for illustrative purposes only.

Including those managed by:

- Baillie Gifford
- Dimensional Fund Advisors
- Epoch Investment Partners
- First Quadrant
- GMO
- Jennison Associates
- John Hancock Asset Management
- Robeco Investment Management
- Stone Harbor Investment Partners
- Wellington Management
- Wells Capital Management
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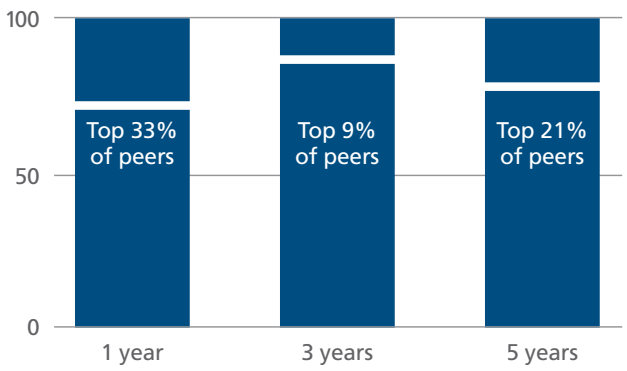
### A record of strong performance

John Hancock Retirement Living through 2030 Portfolio

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*165+ experts in manager research and oversight.*

*Over 250 investment strategies vetted annually.*

*73 proven portfolio teams at 28 elite firms worldwide.*

John Hancock® INVESTMENTS

John Hancock Retirement Living through 2030 Portfolio's Morningstar percentile ranking among target-date 2026–2030 funds. As of 12/31/14, rankings were 75 out of 228 funds for 1 year, 18 out of 193 funds for 3 years, and 35 out of 164 funds for 5 years. Rankings are based on total return, apply to Class R6 shares, and do not account for sales charges. Please note that Class R6 shares may not be available to all investors and that performance of other share classes will vary. Past performance does not guarantee future results.

***The portfolio's performance depends on the advisor's skill in determining asset class allocations, the mix of underlying funds, and the performance of those underlying funds. The portfolio is subject to the same risks as the underlying funds and exchange-traded funds in which it invests: Stocks and bonds can decline due to adverse issuer, market, regulatory, or economic developments; foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability; the securities of small companies are subject to higher volatility than those of larger, more established companies; and high-yield bonds are subject to additional risks, such as increased risk of default. Certain market conditions, including reduced trading volume, heightened volatility, and rising interest rates, may impair liquidity, the ability of the fund to sell securities, or close derivative positions at advantageous prices. Each portfolio's name refers to the approximate retirement year of the investors for whom the portfolio's asset allocation strategy is designed. The portfolios with dates further off initially allocate more aggressively to stock funds. As a portfolio approaches and passes its target date, the allocation will gradually migrate to more conservative, fixed-income funds. The principal value of each portfolio is not guaranteed, and you could lose money at any time, including at, or after, the target date. Hedging and other strategic transactions may increase volatility and result in losses if not successful. Please see the portfolio's prospectus for additional risks.***

**A portfolio's investment objectives, risks, charges, and expenses should be considered carefully before investing. The prospectus contains this and other important information about the portfolio. To obtain a prospectus, contact your financial professional, call John Hancock Investments at 800-225-5291, or visit us at jhinvestments.com. Please read the prospectus carefully before you invest.**

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# The largest retirement funds/sponsors

Ranked by total assets, in U.S. millions, as of Sept. 30.

| Rank | Sponsor, location | Assets | Total DB | Total DC |
|---|---|---|---|---|
| 404 | **Occidental Petroleum**, Houston | $4,001 | $502 | $3,499 |
| 405 | **Chicago Policemen** | $4,000 | $4,000 | |
| 406 | **Valero Energy**, San Antonio | $4,000 | $1,856 | $2,144 |
| 407 | **Army & Air Force Exchange**, Dallas | $3,986 | $3,986 | |
| 408 | **UFCW, Atlanta** | $3,969 | $3,969 | |
| 409 | **CenterPoint Energy**, Houston | $3,960 | $1,921 | $2,039 |
| 410 | **Providence Health**, Renton, Wash. | $3,943 | $55 | $3,888 |
| 411 | **Norfolk Southern**, Norfolk, Va. | $3,914 | $2,204 | $1,710 |
| 412 | **Houston Police Officers** | $3,900 | $3,900 | |
| 413 | **EMC**, Hopkinton, Mass. | $3,892 | | $3,892 |
| 414 | **GEICO**, Washington | $3,862 | $1,354 | $2,508 |
| 415 | **Rock-Tenn**, Norcross, Ga. | $3,862 | $2,431 | $1,431 |
| 416 | **Booz Allen Hamilton**, New York | $3,853 | | $3,853 |
| 417 | **Operating Eng. Local 3**, Alameda, Calif. | $3,839 | $3,596 | $243 |
| 418 | **Gannett**, McLean, Va. | $3,834 | $2,169 | $1,665 |
| 419 | **Houston Firefighters** | $3,822 | $3,822 | |
| 420 | **Google**, Mountain View, Calif. | $3,818 | | $3,818 |
| 421 | **Schneider Electric**, Palatine, Ill. | $3,792 | $1,296 | $2,496 |
| 422 | **Marathon Petroleum**, Findlay, Ohio | $3,791 | $1,735 | $2,056 |
| 423 | **Saint-Gobain**, Valley Forge, Pa. | $3,786 | $2,198 | $1,588 |
| 424 | **UFCW, N. Calif.**, Concord | $3,776 | $3,522 | $254 |
| 425 | **Phoenix City** | $3,773 | $2,220 | $1,553 |
| 426 | **WMATA Retirement**, Washington | $3,768 | $3,768 | |
| 427 | **Saudi Arabian Oil**, Houston | $3,757 | $1,861 | $1,896 |
| 428 | **NiSource**, Merrillville, Ind. | $3,739 | $2,282 | $1,457 |
| 429 | **Sony America**, New York | $3,733 | $831 | $2,902 |
| 430 | **State Street**, Boston | $3,725 | $815 | $2,910 |
| 431 | **Hallmark Cards**, Kansas City, Mo. | $3,719 | $654 | $3,065 |
| 432 | **Capital One Financial**, McLean, Va. | $3,718 | $241 | $3,477 |
| 433 | **Nissan**, Nashville, Tenn. | $3,712 | $1,587 | $2,125 |
| 434 | **Steelworkers Pension**, Trevose, Pa. | $3,712 | $3,709 | $3 |
| 435 | **Safeway**, Pleasanton, Calif. | $3,711 | $1,718 | $1,993 |
| 436 | **Vanguard Group**, Valley Forge, Pa. | $3,706 | | $3,706 |
| 437 | **Inter-Amer. Dev. Bank**, Washington | $3,688 | $3,688 | |
| 438 | **Washington University**, St. Louis | $3,680 | | $3,680 |
| 439 | **Operating Eng. Midwest**, Countryside, Ill. | $3,665 | $3,607 | $58 |
| 440 | **Kern County Employees**, Bakersfield, Calif. | $3,664 | $3,664 | |
| 441 | **Albertsons**, Boise, Idaho | $3,663 | | $3,663 |
| 442 | **Chicago Deferred Comp.** | $3,660 | | $3,660 |
| 443 | **Harris**, Melbourne, Fla. | $3,656 | | $3,656 |
| 444 | **Dignity Health**, San Francisco | $3,650 | $3,650 | |
| 445 | **Service Employees 32B & 32J**, New York | $3,619 | $2,487 | $1,132 |
| 446 | **Pinnacle West**, Phoenix | $3,611 | $2,547 | $1,064 |
| 447 | **UBS Financial Services**, Weehawken, N.J. | $3,607 | $706 | $2,901 |
| 448 | **Painters & Allied Trades**, Washington | $3,597 | $3,173 | $424 |
| 449 | **Carpenters, Southwest**, Albuquerque, N.M. | $3,595 | $3,595 | |
| 450 | **Amsted Industries**, Chicago | $3,589 | $364 | $3,225 |
| 451 | **Agilent Technologies**, Santa Clara, Calif. | $3,577 | $1,147 | $2,430 |
| 452 | **CMS/Consumers Energy**, Jackson, Mich. | $3,546 | $2,340 | $1,206 |
| 453 | **Twenty-First Century Fox**, New York | $3,539 | $1,711 | $1,828 |
| 454 | **Carpenters, New England**, Wilmington, Mass. | $3,534 | $3,534 | |
| 455 | **Puerto Rico Teachers**, Hato Rey | $3,513 | $3,513 | |
| 456 | **Unilever**, Englewood Cliffs, N.J. | $3,501 | $1,556 | $1,945 |
| 457 | **Principal Financial**, Des Moines, Iowa | $3,497 | $1,638 | $1,859 |
| 458 | **Dallas City Employees** | $3,493 | $3,493 | |
| 459 | **Manufacturers & Traders**, Buffalo, N.Y. | $3,486 | $1,575 | $1,911 |
| 460 | **Con-way**, San Mateo, Calif. | $3,481 | $1,575 | $1,906 |
| 461 | **Iberdrola USA**, Rochester, N.Y. | $3,477 | $2,388 | $1,089 |
| 462 | **Quest Diagnostics**, Teterboro, N.J. | $3,477 | | $3,477 |
| 463 | **Archer Daniels Midland**, Decatur, Ill. | $3,470 | $1,636 | $1,834 |
| 464 | **URS**, San Francisco | $3,453 | | $3,453 |
| 465 | **McDonald's**, Oak Brook, Ill. | $3,434 | | $3,434 |
| 466 | **Louisiana Parochial Empl.**, Baton Rouge | $3,433 | $3,433 | |
| 467 | **Long Island Jewish Medical**, New Hyde Park, N.Y. | $3,431 | | $3,431 |
| 468 | **Anadarko Petroleum**, The Woodlands, Texas | $3,419 | $1,760 | $1,659 |
| 469 | **Robert Bosch**, Broadview, Ill. | $3,414 | $1,565 | $1,849 |
| 470 | **Florida Deferred Comp.**, Tallahassee | $3,409 | | $3,409 |
| 471 | **Dallas Police & Fire** | $3,406 | $3,406 | |
| 472 | **Lutherans - Missouri Synod**, St. Louis | $3,400 | $3,085 | $315 |
| 473 | **Tenet Healthcare**, Dallas | $3,385 | | $3,385 |
| 474 | **Allegheny Technologies**, Pittsburgh | $3,384 | $2,343 | $1,041 |
| 475 | **Vanderbilt University**, Nashville, Tenn. | $3,381 | | $3,381 |
| 476 | **Comerica**, Dallas | $3,355 | $2,180 | $1,175 |
| 477 | **Tribune**, Chicago | $3,331 | $1,574 | $1,757 |
| 478 | **Campbell Soup**, Camden, N.J. | $3,324 | $2,297 | $1,027 |
| 479 | **Praxair**, Danbury, Conn. | $3,323 | $1,702 | $1,621 |
| 480 | **Regions Financial**, Birmingham, Ala. | $3,323 | $1,922 | $1,401 |
| 481 | **United Church of Christ**, New York | $3,323 | | $3,323 |
| 482 | **Triumph Group**, Dallas | $3,311 | $2,390 | $921 |
| 483 | **National Telecom Co-op**, Arlington, Va. | $3,302 | $1,796 | $1,506 |
| 484 | **Apple**, Cupertino, Calif. | $3,301 | | $3,301 |
| 485 | **SAG - Producers**, Burbank, Calif. | $3,301 | $3,301 | |
| 486 | **Navistar**, Lisle, Ill. | $3,287 | $2,323 | $964 |
| 487 | **Nucor**, Charlotte, N.C. | $3,284 | | $3,284 |
| 488 | **BMO Harris Bank**, Chicago | $3,282 | $1,155 | $2,127 |
| 489 | **Austin Employees**, Austin, Texas | $3,281 | $3,281 | |
| 490 | **Maryland Supplemental**, Baltimore | $3,279 | | $3,279 |
| 491 | **Pepco Holdings**, Washington | $3,275 | $2,192 | $1,083 |
| 492 | **Genuine Parts**, Atlanta | $3,273 | $1,864 | $1,409 |
| 493 | **San Mateo County**, Redwood City, Calif. | $3,272 | $3,272 | |
| 494 | **Northern Trust**, Chicago | $3,258 | $1,397 | $1,861 |
| 495 | **Sonoma County**, Santa Rosa, Calif. | $3,251 | $3,251 | |
| 496 | **University of Missouri Curators**, Columbia | $3,250 | $3,250 | |
| 497 | **Tyco Electronics**, Berwyn, Pa. | $3,241 | $904 | $2,337 |
| 498 | **Major League Baseball**, New York | $3,229 | $2,763 | $466 |
| 499 | **PACCAR**, Bellevue, Wash. | $3,223 | $1,563 | $1,660 |
| 500 | **Becton, Dickinson**, Franklin Lakes, N.J. | $3,215 | $1,359 | $1,856 |
| 501 | **San Jose Police & Fire**, San Jose, Calif. | $3,215 | $3,215 | |
| 502 | **Citizens Financial**, Providence, R.I. | $3,189 | $1,078 | $2,111 |
| 503 | **Community Health**, Franklin, Tenn. | $3,181 | $47 | $3,134 |
| 504 | **Health Care Service**, Chicago | $3,179 | $1,758 | $1,421 |
| 505 | **LyondellBasell**, Houston | $3,176 | $1,754 | $1,422 |
| 506 | **California Inst. of Technology**, Pasadena | $3,166 | | $3,166 |
| 507 | **FM Global**, Johnson, R.I. | $3,164 | $2,199 | $965 |
| 508 | **American Nat'l Red Cross**, Washington | $3,138 | $2,282 | $856 |
| 509 | **Memorial Sloan-Kettering**, New York | $3,114 | $951 | $2,163 |
| 510 | **Detroit Police & Fire** | $3,109 | $3,109 | |
| 511 | **Voya Financial**, Atlanta | $3,109 | $1,625 | $1,484 |
| 512 | **Ball**, Broomfield, Colo. | $3,107 | $1,185 | $1,922 |
| 513 | **Parsons**, Pasadena, Calif. | $3,095 | | $3,095 |
| 514 | **Guardian Life**, New York | $3,085 | $1,928 | $1,157 |
| 515 | **ECA & Local 134 IBEW**, Chicago | $3,069 | $1,349 | $1,720 |
| 516 | **Celanese Americas**, Dallas | $3,065 | $2,455 | $610 |
| 517 | **Adventist Healthcare**, Bolingbrook, Ill. | $3,062 | $162 | $2,900 |
| 518 | **Reed Elsevier**, New York | $3,053 | $1,215 | $1,838 |
| 519 | **Graham Holdings**, Washington | $3,042 | $2,475 | $567 |
| 520 | **Capital Group**, Los Angeles | $3,039 | | $3,039 |
| 521 | **Nashville & Davidson County**, Nashville, Tenn. | $3,032 | $2,789 | $243 |
| 522 | **Rite Aid**, Harrisburg, Pa. | $3,029 | | $3,029 |
| 523 | **Owens-Illinois**, Perrysburg, Ohio | $3,019 | $2,375 | $644 |
| 524 | **CH2M HILL**, Englewood, Colo. | $3,012 | $182 | $2,830 |
| 525 | **New York State Nurses**, Albany | $3,012 | $3,012 | |
| 526 | **Zurich American**, Schaumburg, Ill. | $3,006 | $1,167 | $1,839 |
| 527 | **Ahold USA**, Quincy, Mass. | $2,991 | $949 | $2,042 |
| 528 | **ABB**, Norwalk, Conn. | $2,964 | $1,064 | $1,900 |
| 529 | **Winco Foods**, Boise, Idaho | $2,962 | | $2,962 |
| 530 | **Mondelez International**, Deerfield, Ill. | $2,933 | $1,165 | $1,768 |
| 531 | **Humana**, Louisville, Ky. | $2,924 | | $2,924 |
| 532 | **Wisconsin Energy**, Milwaukee | $2,915 | $1,540 | $1,375 |
| 533 | **Advance Publications**, Staten Island, N.Y. | $2,903 | $1,808 | $1,095 |
| 534 | **Freeport-McMoRan**, Phoenix | $2,900 | $1,369 | $1,531 |
| 535 | **Pitney Bowes**, Stamford, Conn. | $2,896 | $1,588 | $1,308 |
| 536 | **KeyCorp**, Cleveland | $2,894 | $944 | $1,950 |
| 537 | **Qualcomm**, San Diego | $2,891 | | $2,891 |
| 538 | **Directors Guild-Producer**, Los Angeles | $2,885 | $1,386 | $1,499 |
| 539 | **Tyco International**, Princeton, N.J. | $2,880 | $722 | $2,158 |
| 540 | **Harley-Davidson**, Milwaukee | $2,873 | $2,011 | $862 |
| 541 | **Fannie Mae**, Washington | $2,868 | $1,384 | $1,484 |
| 542 | **Carpenters, Chicago** | $2,861 | $2,861 | |
| 543 | **Highmark**, Pittsburgh | $2,858 | $1,742 | $1,116 |
| 544 | **Timken**, North Canton, Ohio | $2,854 | $1,770 | $1,084 |
| 545 | **Teamsters Trucking, N.E.**, Burlington, Mass. | $2,846 | $2,846 | |
| 546 | **Dow Corning**, Auburn, Mich. | $2,841 | $1,473 | $1,368 |
| 547 | **Alaska Air**, Seattle | $2,829 | $1,477 | $1,352 |
| 548 | **Charles Schwab**, San Francisco | $2,826 | | $2,826 |
| 549 | **B&W Technical Y-12**, Oak Ridge, Tenn. | $2,817 | $1,936 | $881 |
| 550 | **Northwestern University**, Evanston, Ill. | $2,803 | | $2,803 |
| 551 | **Nike**, Beaverton, Ore. | $2,802 | | $2,802 |
| 552 | **Lincoln National**, Radnor, Pa. | $2,800 | $1,095 | $1,705 |
| 553 | **Unum Group**, Chattanooga, Tenn. | $2,797 | $1,648 | $1,149 |
| 554 | **DIRECTV**, El Segundo, Calif. | $2,783 | $500 | $2,283 |
| 555 | **Baltimore County**, Towson, Md. | $2,780 | $2,780 | |
| 556 | **Progressive Casualty**, Mayfield Village, Ohio | $2,775 | | $2,775 |
| 557 | **Nordstrom**, Seattle | $2,773 | | $2,773 |
| 558 | **Case New Holland**, Burr Ridge, Ill. | $2,764 | $1,326 | $1,438 |
| 559 | **Mount Sinai**, New York | $2,746 | | $2,746 |
| 560 | **Montgomery Public Schools**, Rockville, Md. | $2,728 | $1,400 | $1,328 |
| 561 | **BJC HealthCare**, St. Louis | $2,724 | $1,667 | $1,057 |
| 562 | **Laborers, Chicago & Vic.**, Westchester, Ill. | $2,720 | $2,720 | |
| 563 | **SAP America**, Newtown Square, Pa. | $2,716 | | $2,716 |
| 564 | **Sentara Healthcare**, Norfolk, Va. | $2,709 | $1,478 | $1,231 |
| 565 | **Meijer**, Grand Rapids, Mich. | $2,706 | $1,950 | $756 |
| 566 | **Carpenters, Ohio**, Cleveland | $2,689 | $2,454 | $235 |
| 567 | **Louisiana Sheriffs**, Baton Rouge | $2,686 | $2,686 | |
| 568 | **Boehringer Ingelheim**, Ridgefield, Conn. | $2,671 | $982 | $1,689 |
| 569 | **Hanford Site**, Richland, Wash. | $2,660 | $1,290 | $1,370 |
| 570 | **Quad/Graphics**, Sussex, Wis. | $2,659 | $549 | $2,110 |
| 571 | **Thermo Fisher Scientific**, Waltham, Mass. | $2,649 | $396 | $2,253 |
| 572 | **Hormel Foods**, Austin, Minn. | $2,647 | $1,174 | $1,473 |
| 573 | **Boston University** | $2,645 | | $2,645 |
| 574 | **Olin**, Clayton, Mo. | $2,635 | $2,070 | $565 |
| 575 | **Idaho National Laboratory**, Idaho Falls | $2,633 | $1,363 | $1,270 |
| 576 | **Armstrong World Industries**, Lancaster, Pa. | $2,630 | $2,067 | $563 |
| 577 | **KBR**, Houston | $2,630 | $73 | $2,557 |
| 578 | **Detroit General Retirement** | $2,628 | $2,628 | |
| 579 | **IBEW International**, Washington | $2,619 | $2,554 | $65 |
| 580 | **Hearst**, New York | $2,612 | $1,506 | $1,106 |
| 581 | **Pearson**, New York | $2,606 | $159 | $2,447 |
| 582 | **Fresno City Retirement**, Fresno, Calif. | $2,595 | $2,464 | $131 |
| 583 | **PacifiCorp**, Portland, Ore. | $2,584 | $1,219 | $1,365 |
| 584 | **Rio Tinto America**, South Jordan, Utah | $2,583 | $1,741 | $842 |
| 585 | **San Antonio Fire & Police** | $2,583 | $2,583 | |
| 586 | **Emory University**, Atlanta | $2,580 | | $2,580 |
| 587 | **Hess**, New York | $2,576 | $1,672 | $904 |
| 588 | **Williams**, Tulsa, Okla. | $2,569 | $1,487 | $1,082 |
| 589 | **Ryder System**, Miami | $2,566 | $1,490 | $1,076 |
| 590 | **Frontier Communications**, Stamford, Conn. | $2,558 | $1,304 | $1,254 |
| 591 | **Baltimore Fire & Police** | $2,554 | $2,554 | |
| 592 | **Salt River Valley**, Tempe, Ariz. | $2,553 | $1,804 | $749 |
| 593 | **Iron Workers, California**, Pasadena | $2,543 | $1,841 | $702 |
| 594 | **Omnicom Group**, New York | $2,541 | | $2,541 |
| 595 | **Carpenters, New Jersey**, Edison | $2,535 | $1,191 | $1,344 |
| 596 | **Stanley Black & Decker**, New Britain, Conn. | $2,534 | $1,100 | $1,434 |
| 597 | **Cardinal Health**, Dublin, Ohio | $2,530 | | $2,530 |
| 598 | **Producer-Writers Guild**, Burbank, Calif. | $2,506 | $2,506 | |
| 599 | **Kentucky Deferred Comp.**, Frankfort | $2,500 | | $2,500 |
| 600 | **Santa Barbara County**, Santa Barbara, Calif. | $2,500 | $2,500 | |
| 601 | **Freddie Mac**, McLean, Va. | $2,472 | $1,062 | $1,410 |
| 602 | **Boston Scientific**, Natick, Mass. | $2,452 | | $2,452 |
| 603 | **San Joaquin County**, Stockton, Calif. | $2,445 | $2,445 | |
| 604 | **Ricoh USA**, Atlanta | $2,441 | $1,685 | $756 |
| 605 | **Houston Municipal** | $2,439 | $2,439 | |
| 606 | **Memphis City**, Memphis, Tenn. | $2,430 | $2,174 | $256 |

CONTINUED ON PAGE 30

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Separate Account J is managed by The Union Labor Life Insurance Company and sold through Ullico Investment Company, Inc. (member FINRA/SIPC), both subsidiaries of Ullico Inc., and is offered to properly qualified institutional and accredited investors only.

Investment in illiquid real estate and commercial mortgage loans are subject to additional risks including the potential inability of an investor to redeem units. In addition, fluctuations in interest rates and market volatility may limit available financing for real estate investments thereby adversely affecting the value of the underlying investments, the investment return and the liquidity of the Account. The ability of borrowers to repay loans issued by Separate Account J will typically depend upon the successful construction or operation of the related real estate project and the availability of financing. The repayment of loans issued for the construction of multifamily housing (i.e condominium loans) will generally depend on the borrower's ability to sell the underlying housing units.

SOLUTIONS FOR THE UNION WORKPLACE | INSURANCE | INVESTMENTS

# Sentinel 2014

## ARLINGTON AT NORTHWOOD APARTMENTS

SOLD

**Wesley Chapel, Florida**

**312 Units**

## AVANT ON MARKET CENTER APARTMENTS

BOUGHT

**Dallas, Texas**

**301 Units**

## BARTON VINEYARD APARTMENTS

FINANCED

**Redlands, California**

**296 Units**

## BRISTOL BAY APARTMENTS

FINANCED

**Sparks, Nevada**

**264 Units**

## BROOK CHASE APARTMENTS

SOLD

**Germantown, Tennessee**

**280 Units**

## BROOKFIELD LAKES CORPORATE CENTER XI

BOUGHT

**Brookfield, Wisconsin**

**79,228 Square Feet**

### CORBIN GREENS APARTMENTS
BOUGHT

Overland Park, Kansas

228 Units

### LODGE AT CYPRESSWOOD APARTMENTS
FINANCED

Spring, Texas

366 Units

### THE PAVILIONS APARTMENTS
SOLD

Stockton, California

308 Units

### EASTPOINT BUSINESS CENTER V - BUILDING C
SOLD

Dallas, Texas

887,950 Square Feet

### NORTHGATE BUSINESS PARK 11-13, 22-25
SOLD

Dallas, Texas

135,902 Square Feet

### THE RESERVE AT WESCOTT PLANTATION APARTMENTS
FINANCED

Summerville, South Carolina

288 Units

### EGRETS LANDING APARTMENTS
FINANCED

Palm Harbor, Florida

420 Units

### OAKWELL FARMS APARTMENTS
FINANCED

Hermitage, Tennessee

410 Units

### THE SHOPPES AT BROAD STREET
SOLD

Statesville, North Carolina

147,953 Square Feet

### 8425 KEYSTONE CROSSING
SOLD

Indianapolis, Indiana

28,927 Square Feet

### PARC AT GRANDVIEW APARTMENTS
BOUGHT

Birmingham, Alabama

334 Units

### THORNBERRY APARTMENTS
SOLD

Charlotte, North Carolina

288 Units

### ESTATES AT RIVER POINT APARTMENTS
FINANCED

Memphis, Tennessee

400 Units

### PARK AT COUNTRYSIDE APARTMENTS
FINANCED

Port Orange, Florida

120 Units

### TUSCANY RIDGE APARTMENTS
FINANCED

Peoria, Arizona

336 Units

### FAIRWAYS AT CORBIN PARK APARTMENTS
FINANCED

Overland Park, Kansas

276 Units

### SYCAMORE TERRACE APARTMENTS
FINANCED

Sacramento, California

244 Units

### WILDWOOD FOREST APARTMENTS
FINANCED

Spring, Texas

252 Units

### 40 PEPES FARM ROAD APARTMENTS
SOLD

Milford, Connecticut

200,000 Square Feet

### THE LODGE AT SHADOWLAKE APARTMENTS
SOLD

Houston, Texas

518 Units

### WILLOW SPRINGS APARTMENTS
FINANCED

Folsom, California

218 Units

### JACKSON PARK PLACE APARTMENTS
FINANCED

Fresno, California

376 Units

### THE OAKS AT JOHNS CREEK APARTMENTS
BOUGHT

Johns Creek, Georgia

264 Units

### ZULILY BUILDING
SOLD

Seattle, Washington

106,515 Square Feet

# The largest retirement funds/sponsors

Ranked by total assets, in U.S. millions, as of Sept. 30.

| Rank | Sponsor, location | Assets | Total DB | Total DC |
|---|---|---|---|---|
| 607 | **Pipefitters Local 597**, Chicago | $2,421 | $1,717 | $704 |
| 608 | **Aerospace**, El Segundo, Calif. | $2,419 | $2,136 | $283 |
| 609 | **W.W. Grainger**, Lake Forest, Ill. | $2,418 | | $2,418 |
| 610 | **Hershey**, Hershey, Pa. | $2,395 | $1,078 | $1,317 |
| 611 | **Jacobs Engineering**, Pasadena, Calif. | $2,381 | $415 | $1,966 |
| 612 | **Kansas City** | $2,373 | $2,373 | |
| 613 | **TD Bank**, Portland, Maine | $2,363 | $504 | $1,859 |
| 614 | **McClatchy**, Sacramento, Calif. | $2,350 | $1,508 | $842 |
| 615 | **Operating Eng. 302 & 612**, Bothell, Wash. | $2,336 | $2,336 | |
| 616 | **Teamsters, Central Pennsylvania**, Reading | $2,322 | $967 | $1,355 |
| 617 | **Seattle City Employees** | $2,291 | $2,291 | |
| 618 | **LSI Logic**, Milpitas, Calif. | $2,286 | $1,091 | $1,195 |
| 619 | **VF Corp.**, Greensboro, N.C. | $2,285 | $1,415 | $870 |
| 620 | **Laborers, Northern California**, Fairfield | $2,282 | $1,938 | $344 |
| 621 | **Enterprise Rent-A-Car**, St. Louis | $2,281 | | $2,281 |
| 622 | **Express Scripts**, Franklin Lakes, N.J. | $2,269 | | $2,269 |
| 623 | **Operating Eng. Local 18**, Cleveland | $2,269 | $2,269 | |
| 624 | **Dana**, Toledo, Ohio | $2,267 | $1,706 | $561 |
| 625 | **Cincinnati City** | $2,263 | $2,263 | |
| 626 | **Iowa Fire & Police**, West Des Moines | $2,262 | $2,262 | |
| 627 | **Laborers International**, Washington | $2,259 | $2,188 | $71 |
| 628 | **Laborers, Massachusetts**, Burlington | $2,258 | $1,266 | $992 |
| 629 | **ONEOK**, Tulsa, Okla. | $2,254 | $1,120 | $1,134 |
| 630 | **Integrys Energy Group**, Green Bay, Wis. | $2,245 | $1,736 | $509 |
| 631 | **Verisk Analytics**, Jersey City, N.J. | $2,233 | $489 | $1,744 |
| 632 | **Rexam**, Charlotte, N.C. | $2,227 | $1,754 | $473 |
| 633 | **Sentry Insurance**, Stevens Point, Wis. | $2,226 | $1,276 | $950 |
| 634 | **AFTRA**, New York | $2,225 | $2,225 | |
| 635 | **Stanford Hospital**, Stanford, Calif. | $2,220 | $204 | $2,016 |
| 636 | **Hartford HealthCare**, Hartford, Conn. | $2,215 | $1,534 | $681 |
| 637 | **Brunswick**, Lake Forest, Ill. | $2,213 | $1,050 | $1,163 |
| 638 | **Teamsters Local 710**, Chicago | $2,212 | $2,212 | |
| 639 | **New York Times**, New York | $2,210 | $1,225 | $985 |
| 640 | **Fairfax County Education**, Springfield, Va. | $2,205 | $2,205 | |
| 641 | **Dun & Bradstreet**, Short Hills, N.J. | $2,204 | $1,253 | $951 |
| 642 | **Assurant**, New York | $2,202 | $866 | $1,336 |
| 643 | **Oklahoma Firefighters**, Oklahoma City | $2,197 | $2,197 | |
| 644 | **TJX**, Framingham, Mass. | $2,196 | $1,003 | $1,193 |
| 645 | **Oklahoma Police**, Oklahoma City | $2,192 | $2,192 | |
| 646 | **Fiserv**, Brookfield, Wis. | $2,185 | | $2,185 |
| 647 | **Denver Employees** | $2,181 | $2,181 | |
| 648 | **Delphi**, Troy, Mich. | $2,168 | | $2,168 |
| 649 | **Lifetouch**, Eden Prairie, Minn. | $2,168 | | $2,168 |
| 650 | **Banner Health**, Phoenix | $2,158 | $151 | $2,007 |
| 651 | **Carpenters, St. Louis** | $2,138 | $2,138 | |
| 652 | **UBS Investment Bank**, Stamford, Conn. | $2,136 | $368 | $1,768 |
| 653 | **Black & Veatch**, Kansas City, Mo. | $2,131 | | $2,131 |
| 654 | **Blue Cross/Shield of Mich.**, Detroit | $2,130 | $1,243 | $887 |
| 655 | **Thrivent Fin'l for Lutherans**, Minneapolis | $2,124 | $892 | $1,232 |
| 656 | **Aecom Technology**, Los Angeles | $2,115 | $132 | $1,983 |
| 657 | **Covidien**, Mansfield, Mass. | $2,107 | $192 | $1,915 |
| 658 | **Fresenius Medical Care**, Waltham, Mass. | $2,103 | | $2,103 |
| 659 | **NewPage**, Miamisburg, Ohio | $2,101 | $1,183 | $918 |
| 660 | **American Water Works**, Voorhees, N.J. | $2,099 | $1,456 | $643 |
| 661 | **Office Depot**, Boca Raton, Fla. | $2,095 | $1,069 | $1,026 |
| 662 | **Auto Club of Southern Calif.**, Costa Mesa | $2,092 | $1,387 | $705 |
| 663 | **San Jose Federated City**, San Jose, Calif. | $2,092 | $2,092 | |
| 664 | **Allergan**, Irvine, Calif. | $2,088 | $702 | $1,386 |
| 665 | **Retail Clerks, Washington**, Seattle | $2,087 | $2,087 | |
| 666 | **UnityPoint Health**, West Des Moines, Iowa | $2,081 | $621 | $1,460 |
| 667 | **CONSOL Energy**, Pittsburgh | $2,080 | $828 | $1,252 |
| 668 | **Publicis USA**, Chicago | $2,079 | $231 | $1,848 |
| 669 | **Fort Worth Employees**, Fort Worth, Texas | $2,077 | $2,077 | |
| 670 | **FMC**, Philadelphia | $2,058 | $1,291 | $767 |
| 671 | **US Foods**, Rosemont, Ill. | $2,052 | $692 | $1,360 |
| 672 | **Alaska Electrical**, Anchorage | $2,049 | $1,904 | $145 |
| 673 | **Waste Management**, Houston | $2,042 | | $2,042 |
| 674 | **Georgetown University**, Washington | $2,041 | $178 | $1,863 |
| 675 | **Manhattan & Bronx Surface**, New York | $2,038 | $2,038 | |
| 676 | **United Steelworkers Int'l**, Nashville, Tenn. | $2,034 | $1,762 | $272 |
| 677 | **Barclays Bank**, New York | $2,030 | $778 | $1,252 |
| 678 | **Pennsylvania Municipal**, Harrisburg | $2,020 | $2,020 | |
| 679 | **Burns & McDonnell**, Kansas City, Mo. | $2,012 | | $2,012 |
| 680 | **Westinghouse Electric**, Cranberry Township, Pa. | $2,008 | $819 | $1,189 |
| 681 | **H.E. Butt Grocery**, San Antonio | $2,007 | | $2,007 |
| 682 | **Applied Materials**, Santa Clara, Calif. | $1,994 | | $1,994 |
| 683 | **Jacksonville Gen'l Employees**, Jacksonville, Fla. | $1,990 | $1,990 | |
| 684 | **Sonoco Products**, Hartsville, S.C. | $1,989 | $1,095 | $894 |
| 685 | **Arlington County**, Arlington, Va. | $1,981 | $1,981 | |
| 686 | **Marathon Oil**, Houston | $1,981 | $692 | $1,289 |
| 687 | **Amica Mutual Insurance**, Providence, R.I. | $1,978 | $1,525 | $453 |
| 688 | **Marin County Employees**, San Rafael, Calif. | $1,978 | $1,978 | |
| 689 | **Land O'Lakes**, St. Paul, Minn. | $1,970 | $865 | $1,105 |
| 690 | **Windstream**, Little Rock, Ark. | $1,967 | $1,085 | $882 |
| 691 | **Smithfield Foods**, Smithfield, Va. | $1,962 | $1,320 | $642 |
| 692 | **Ameriprise Financial**, Minneapolis | $1,956 | $451 | $1,505 |
| 693 | **Interpublic Group**, New York | $1,955 | $116 | $1,839 |
| 694 | **Precision Castparts**, Portland, Ore. | $1,955 | $611 | $1,344 |
| 695 | **RBC Wealth Mgmt.**, Minneapolis | $1,954 | | $1,954 |
| 696 | **SCANA**, Cayce, S.C. | $1,954 | $909 | $1,045 |
| 697 | **Syngenta**, Wilmington, Del. | $1,952 | $789 | $1,163 |
| 698 | **Fifth Third**, Cincinnati | $1,950 | $208 | $1,742 |
| 699 | **Insperity**, Kingwood, Texas | $1,950 | | $1,950 |
| 700 | **Chicago Transit Authority** | $1,947 | $1,947 | |
| 701 | **Freescale Semiconductor**, Austin, Texas | $1,947 | | $1,947 |
| 702 | **Service Employees Int'l**, Washington | $1,943 | $1,943 | |
| 703 | **Carpenters, Philadelphia** | $1,940 | $1,757 | $183 |
| 704 | **Dover**, New York | $1,938 | $622 | $1,316 |
| 705 | **Prince George's County**, Largo, Md. | $1,932 | $1,613 | $319 |
| 706 | **Operating Eng. Local 12**, Pasadena, Calif. | $1,931 | $1,931 | |
| 707 | **CB&I**, Baton Rouge, La. | $1,920 | | $1,920 |
| 708 | **Missouri Public Employees**, Jefferson City | $1,918 | $1,918 | |
| 709 | **Beaumont Hospitals**, Royal Oak, Mich. | $1,913 | $1,147 | $766 |
| 710 | **Estee Lauder**, Melville, N.Y. | $1,910 | $741 | $1,169 |
| 711 | **Hawaii Deferred Comp.**, Honolulu | $1,900 | | $1,900 |
| 712 | **Tampa Fire & Police**, Tampa, Fla. | $1,900 | $1,900 | |
| 713 | **Henkel**, Rocky Hill, Conn. | $1,894 | $779 | $1,115 |
| 714 | **Hospira**, Lake Forest, Ill. | $1,894 | $528 | $1,366 |
| 715 | **GenCorp**, Rancho Cordova, Calif. | $1,893 | $1,306 | $587 |
| 716 | **USG**, Chicago | $1,885 | $1,112 | $773 |
| 717 | **Bimbo Bakeries USA**, Horsham, Pa. | $1,878 | $953 | $925 |
| 718 | **Laborers, Ohio**, Westerville | $1,875 | $1,875 | |
| 719 | **Oldcastle**, Atlanta | $1,873 | | $1,873 |
| 720 | **W.R. Grace**, Columbia, Md. | $1,872 | $1,210 | $662 |
| 721 | **Carpenters, Illinois**, Geneva | $1,869 | $1,806 | $63 |
| 722 | **Los Angeles County MTA**, Los Angeles | $1,865 | $1,221 | $644 |
| 723 | **Tallahassee City**, Tallahassee, Fla. | $1,855 | $1,424 | $431 |
| 724 | **Lehigh Hanson**, Las Colinas, Texas | $1,853 | $1,202 | $651 |
| 725 | **Sidley Austin**, Chicago | $1,850 | $705 | $1,145 |
| 726 | **HDR**, Omaha, Neb. | $1,847 | | $1,847 |
| 727 | **George Washington Univ.**, Washington | $1,844 | | $1,844 |
| 728 | **Food Lion**, Salisbury, N.C. | $1,842 | | $1,842 |
| 729 | **Anne Arundel County**, Annapolis, Md. | $1,840 | $1,656 | $184 |
| 730 | **Osram Sylvania**, Danvers, Mass. | $1,839 | $1,192 | $647 |
| 731 | **First Data**, Greenwood Village, Colo. | $1,837 | $161 | $1,676 |
| 732 | **Newell Rubbermaid**, Freeport, Ill. | $1,836 | $868 | $968 |
| 733 | **SAS Institute**, Cary, N.C. | $1,833 | | $1,833 |
| 734 | **Daimler Trucks**, Portland, Ore. | $1,832 | $841 | $991 |
| 735 | **NYSE**, New York | $1,831 | $822 | $1,009 |
| 736 | **Roofers United**, Washington | $1,828 | $1,828 | |
| 737 | **American Fed. of Musicians**, New York | $1,821 | $1,821 | |
| 738 | **Building Trades United**, Elm Grove, Wis. | $1,820 | $1,820 | |
| 739 | **IBEW 11, 440, 441, 477**, City of Commerce, Calif. | $1,818 | $1,122 | $696 |
| 740 | **Owens Corning**, Toledo, Ohio | $1,818 | $914 | $904 |
| 741 | **L'Oreal USA**, Clark, N.J. | $1,814 | $880 | $934 |
| 742 | **CITGO Petroleum**, Tulsa, Okla. | $1,811 | $794 | $1,017 |
| 743 | **Devon Energy**, Oklahoma City | $1,808 | $1,037 | $771 |
| 744 | **Equity League**, New York | $1,808 | $1,607 | $201 |
| 745 | **Energizer Holdings**, St. Louis | $1,804 | $900 | $904 |
| 746 | **Milwaukee County**, Milwaukee | $1,803 | $1,803 | |
| 747 | **Johns Manville**, Denver | $1,799 | $1,238 | $561 |
| 748 | **Louisiana Municipal Police**, Baton Rouge | $1,795 | $1,795 | |
| 749 | **MidAmerican Energy**, Des Moines, Iowa | $1,793 | $754 | $1,039 |
| 750 | **Stanislaus County**, Modesto, Calif. | $1,787 | $1,787 | |
| 751 | **Allianz of America**, Novato, Calif. | $1,778 | $429 | $1,349 |
| 752 | **Tyson Foods**, Springdale, Ark. | $1,777 | $75 | $1,702 |
| 753 | **Federal-Mogul**, Southfield, Mich. | $1,772 | $982 | $790 |
| 754 | **Viacom**, New York | $1,770 | $688 | $1,082 |
| 755 | **Transocean**, Houston | $1,767 | $1,085 | $682 |
| 756 | **Mutual of Omaha**, Omaha, Neb. | $1,765 | $1,061 | $704 |
| 757 | **Carpenters, Western Wash.**, Seattle | $1,761 | $1,342 | $419 |
| 758 | **Louisiana Schools**, Baton Rouge | $1,755 | $1,755 | |
| 759 | **ThyssenKrupp**, Troy, Mich. | $1,754 | $1,057 | $697 |
| 760 | **Stryker**, Kalamazoo, Mich. | $1,752 | | $1,752 |
| 761 | **Peabody**, St. Louis | $1,749 | $767 | $982 |
| 762 | **Jones Day**, Cleveland | $1,746 | $512 | $1,234 |
| 763 | **Masco**, Taylor, Mich. | $1,743 | $562 | $1,181 |
| 764 | **American Family**, Madison, Wis. | $1,742 | $756 | $986 |
| 765 | **NYC Hotel Trades**, New York | $1,742 | $1,429 | $313 |
| 766 | **Joy Global**, Milwaukee | $1,727 | $1,136 | $591 |
| 767 | **S.C. Johnson & Son**, Racine, Wis. | $1,720 | $650 | $1,070 |
| 768 | **Crown Cork & Seal**, Philadelphia | $1,715 | $1,403 | $312 |
| 769 | **Smiths Group**, Malvern, Pa. | $1,710 | $840 | $870 |
| 770 | **Laborers, Southern Calif.**, El Monte | $1,702 | $1,702 | |
| 771 | **Lubrizol**, Wickliffe, Ohio | $1,702 | $603 | $1,099 |
| 772 | **Louisiana Teachers' Optional**, Baton Rouge | $1,700 | | $1,700 |
| 773 | **Avery Dennison**, Pasadena, Calif. | $1,698 | $780 | $918 |
| 774 | **Lorillard**, Greensboro, N.C. | $1,692 | $1,185 | $507 |
| 775 | **Massachusetts Bay Trans.**, Boston | $1,684 | $1,684 | |
| 776 | **Life Technologies**, Norwalk, Conn. | $1,681 | $741 | $940 |
| 777 | **Fulton County**, Atlanta | $1,679 | $1,284 | $395 |
| 778 | **DST Systems**, Kansas City, Mo. | $1,678 | | $1,678 |
| 779 | **Kohler**, Kohler, Wis. | $1,671 | $932 | $739 |
| 780 | **Wellington Mgmt.**, Boston | $1,668 | $100 | $1,568 |
| 781 | **General Reinsurance**, Stamford, Conn. | $1,666 | $426 | $1,240 |
| 782 | **Pipe Trades, Twin Cities**, St. Paul, Minn. | $1,663 | $837 | $826 |
| 783 | **Laborers, Minnesota**, Mendota Heights | $1,656 | $1,656 | |
| 784 | **Georgia Municipal**, Atlanta | $1,651 | $1,651 | |
| 785 | **CA Inc.**, Islandia, N.Y. | $1,650 | | $1,650 |
| 786 | **National Oilwell Varco**, Houston | $1,650 | | $1,650 |
| 787 | **Miami Fire & Police** | $1,649 | $1,649 | |
| 788 | **Teamsters, Philadelphia**, Pennsauken, N.J. | $1,642 | $1,642 | |
| 789 | **Yum! Brands**, Louisville, Ky. | $1,641 | $979 | $662 |
| 790 | **Princeton University**, Princeton, N.J. | $1,639 | | $1,639 |
| 791 | **Depository Trust & Clearing**, New York | $1,632 | $847 | $785 |
| 792 | **Willis**, Nashville, Tenn. | $1,625 | $793 | $832 |
| 793 | **Clorox**, Oakland, Calif. | $1,624 | $411 | $1,213 |
| 794 | **YRC Worldwide**, Overland Park, Kan. | $1,623 | $858 | $765 |
| 795 | **Hawaiian Electric Industries**, Honolulu | $1,622 | $1,212 | $410 |
| 796 | **Syracuse University**, Syracuse, N.Y. | $1,616 | | $1,616 |
| 797 | **Hilton Hotels**, Beverly Hills, Calif. | $1,611 | $365 | $1,246 |
| 798 | **T . Rowe Price**, Baltimore | $1,609 | | $1,609 |
| 799 | **Akzo Nobel**, Chicago | $1,606 | $254 | $1,352 |
| 800 | **Graphic Packaging**, Atlanta | $1,603 | $821 | $782 |
| 801 | **Baltimore City** | $1,593 | $1,593 | |
| 802 | **AGL Resources**, Atlanta | $1,589 | $959 | $630 |
| 803 | **Skadden, Arps, Slate**, New York | $1,578 | $331 | $1,247 |
| 804 | **Deluxe**, Shoreview, Minn. | $1,575 | | $1,575 |
| 805 | **Cerner**, Kansas City, Mo. | $1,568 | | $1,568 |
| 806 | **New Jersey Transit**, Maplewood | $1,566 | $1,566 | |
| 807 | **Johns Hopkins**, Baltimore | $1,562 | $1,006 | $556 |
| 808 | **Harrah's Entertainment**, Las Vegas | $1,560 | | $1,560 |
| 809 | **Teamsters, N.Y. State Conf.**, Syracuse | $1,560 | $1,560 | |

CONTINUED ON PAGE 32

Pensions&Investments East Coast

# Defined Contribution Conference

March 1-3, 2015 | Trump National Doral | Miami

## LEARN HOW TO MAKE YOUR PLAN BE THE BEST IT CAN BE

Join us at the annual P&I DC East conference where you will learn new ways to advance DC plan success for both your organization and participants. Here's a peek at some more of the experts who you can look forward to hearing from at this year's event:

### CONFIRMED SPEAKERS

KENDALL FREDERICK (Conference Chair)
*Senior Manager, Finance Integration*
Hanesbrands Inc.

BARBARA KONTJE (Conference Chair)
*Director, Global Retirement & Smart Savings*
American Express

ERIK LINVOG
*Manager, Benefit Investments*
Daimler Trucks North America

JESSE A. MCLAUGHLIN
*401(k) / Pension Manager*
Perry Ellis

MICHELLE TONEY
*Director of Benefits*
Southern Wine & Spirits

JAMES O. FLECKNER
*Partner and Head of ERISA Litigation Practice*
Goodwin Procter

TINA L. STAMATO
*Senior Manager, Pfizer Savings Plans*
Pfizer Inc.

ALISA K. HUNT
*Director of Benefits*
Kimberly-Clark Corporation

KEITH OVERLY
*Executive Director*
Ohio Deferred Compensation Plan

WILLIAM STEWART
*Senior Vice President*
Booz Allen Hamilton

### KEYNOTE SPEAKERS

DON EZRA
Global Director Emeritus, Investment Strategy
Russell Investments

DAVID N. LEVINE, CFA
Principal
Groom Law Group

DALLAS SALISBURY
President and CEO
Employee Benefit Research Institute (EBRI)

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**and our exclusive**
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T.RowePrice INVEST WITH CONFIDENCE
TRANSAMERICA Retirement Solutions
Vanguard
VOYA

# The largest retirement funds/sponsors

Ranked by total assets, in U.S. millions, as of Sept. 30.

| Rank | Sponsor, location | Assets | Total DB | Total DC |
|---|---|---|---|---|
| 810 | **Lexmark International**, Lexington, Ky. | $1,555 | $572 | $983 |
| 811 | **Cultural Institutions**, New York | $1,554 | $1,119 | $435 |
| 812 | **Arkansas State Highway**, Little Rock | $1,553 | $1,553 | |
| 813 | **Sunoco**, Philadelphia | $1,547 | $627 | $920 |
| 814 | **Hy-Vee**, West Des Moines, Iowa | $1,542 | | $1,542 |
| 815 | **Operating Eng. Local 825**, Newark, N.J. | $1,541 | $635 | $906 |
| 816 | **Ark. Local Police & Fire**, Little Rock | $1,540 | $1,540 | |
| 817 | **Bricklayers International**, Washington | $1,538 | $1,420 | $118 |
| 818 | **Laborers National**, Dallas | $1,532 | $1,532 | |
| 819 | **IBEW Local 103**, Boston | $1,524 | $869 | $655 |
| 820 | **Nielsen**, New York | $1,514 | $273 | $1,241 |
| 821 | **NV Energy**, Reno, Nev. | $1,514 | $880 | $634 |
| 822 | **Laboratory Corp. of America**, Burlington, N.C. | $1,510 | $286 | $1,224 |
| 823 | **Dillard's**, Little Rock, Ark. | $1,509 | | $1,509 |
| 824 | **McMaster-Carr Supply**, Elmhurst, Ill. | $1,508 | | $1,508 |
| 825 | **TimkenSteel**, Canton, Ohio | $1,508 | $1,508 | |
| 826 | **Best Buy**, Richfield, Minn. | $1,504 | | $1,504 |
| 827 | **Cytec Industries**, West Patterson, N.J. | $1,503 | $819 | $684 |
| 828 | **H.J. Heinz**, Pittsburgh | $1,503 | $802 | $701 |
| 829 | **SunGard Data Systems**, Wayne, Pa. | $1,500 | | $1,500 |
| 830 | **Carpenter Technology**, Reading, Pa. | $1,499 | $936 | $563 |
| 831 | **Hanesbrands**, Winston-Salem, N.C. | $1,498 | $812 | $686 |
| 832 | **Laborers Local 731**, Astoria, N.Y. | $1,496 | $1,111 | $385 |
| 833 | **Brown University**, Providence, R.I. | $1,493 | | $1,493 |
| 834 | **Navy Exchange**, Staten Island, N.Y. | $1,490 | $1,490 | |
| 835 | **SPX**, Charlotte, N.C. | $1,487 | $487 | $1,000 |
| 836 | **TOTAL**, Houston | $1,485 | $942 | $543 |
| 837 | **Vulcan Materials**, Birmingham, Ala. | $1,484 | $778 | $706 |
| 838 | **ALSTOM**, Windsor, Conn. | $1,481 | $368 | $1,113 |
| 839 | **Volvo Group**, Greensboro, N.C. | $1,480 | $781 | $699 |
| 840 | **Carpenters, Twin Cities**, Bloomington, Minn. | $1,477 | $1,477 | |
| 841 | **Graybar Electric**, St. Louis | $1,477 | $465 | $1,012 |
| 842 | **Andersen**, Bayport, Minn. | $1,475 | $534 | $941 |
| 843 | **Christian Brothers**, Romeoville, Ill. | $1,465 | $1,175 | $290 |
| 844 | **Visa**, Foster City, Calif. | $1,461 | | $1,461 |
| 845 | **National Railroad Passenger**, Washington | $1,460 | $439 | $1,021 |
| 846 | **Seagate Technology**, Scotts Valley, Calif. | $1,460 | | $1,460 |
| 847 | **Levi Strauss**, San Francisco | $1,456 | $882 | $574 |
| 848 | **Tacoma Employees**, Tacoma, Wash. | $1,455 | $1,455 | |
| 849 | **Fidelity National**, Jacksonville, Fla. | $1,452 | $181 | $1,271 |
| 850 | **Chicago Laborers** | $1,448 | $1,448 | |
| 851 | **Bloomberg**, New York | $1,445 | | $1,445 |
| 852 | **TRW Automotive Holdings**, Livonia, Mich. | $1,440 | $699 | $741 |
| 853 | **Sodexo**, Gaithersburg, Md. | $1,437 | | $1,437 |
| 854 | **Staples**, Framingham, Mass. | $1,436 | | $1,436 |
| 855 | **Jacksonville Police & Fire**, Jacksonville, Fla. | $1,430 | $1,424 | $6 |
| 856 | **Savings Banks Employees**, Woburn, Mass. | $1,430 | $708 | $722 |
| 857 | **Louisiana Deferred Comp.**, Baton Rouge | $1,429 | | $1,429 |
| 858 | **Bemis**, Neenah, Wis. | $1,425 | $663 | $762 |
| 859 | **Swagelok**, Solon, Ohio | $1,424 | | $1,424 |
| 860 | **Steelcase**, Grand Rapids, Mich. | $1,421 | | $1,421 |
| 861 | **T-mobile U.S.**, Bellevue, Wash. | $1,420 | | $1,420 |
| 862 | **National Football League**, New York | $1,419 | | $1,419 |
| 863 | **UMass Memorial Health Care**, Worcester, Mass. | $1,417 | $702 | $715 |
| 864 | **BancWest**, San Francisco | $1,416 | $238 | $1,178 |
| 865 | **Sealed Air**, Elmwood Park, N.J. | $1,415 | $59 | $1,356 |
| 866 | **Michigan Catholic Conference**, Lansing | $1,413 | $1,386 | $27 |
| 867 | **ARAMARK**, Philadelphia | $1,408 | $2 | $1,406 |
| 868 | **Dartmouth College**, Hanover, N.H. | $1,405 | $124 | $1,281 |
| 869 | **Puget Sound Energy**, Bellevue, Wash. | $1,400 | $650 | $750 |
| 870 | **Automotive Industries**, Alameda, Calif. | $1,399 | $1,399 | |
| 871 | **Puerto Rico Electric Power**, San Juan | $1,399 | $1,399 | |
| 872 | **OGE Energy**, Oklahoma City | $1,398 | $684 | $714 |
| 873 | **Seafarers**, Camp Springs, Md. | $1,397 | $1,397 | |
| 874 | **First American**, Santa Ana, Calif. | $1,396 | $312 | $1,084 |
| 875 | **National Fuel Gas**, Buffalo, N.Y. | $1,396 | $872 | $524 |
| 876 | **Discover**, Riverwoods, Ill. | $1,391 | $384 | $1,007 |
| 877 | **San Luis Obispo**, San Luis Obispo, Calif. | $1,391 | $1,261 | $130 |
| 878 | **Lincoln Electric**, Cleveland | $1,385 | $916 | $469 |
| 879 | **TECO Energy**, Tampa, Fla. | $1,385 | $669 | $716 |
| 880 | **Bombardier Motor**, Sturtevant, Wis. | $1,384 | $588 | $796 |
| 881 | **Briggs & Stratton**, Milwaukee | $1,384 | $1,017 | $367 |
| 882 | **FMC Technologies**, Houston | $1,384 | $602 | $782 |
| 883 | **Mattel**, El Segundo, Calif. | $1,382 | $392 | $990 |
| 884 | **Christiana Care Health**, Wilmington, Del. | $1,377 | $667 | $710 |
| 885 | **Flowserve**, Irving, Texas | $1,375 | $450 | $925 |
| 886 | **Tesoro**, San Antonio | $1,375 | $421 | $954 |
| 887 | **Industrial Workers Timber**, Portland, Ore. | $1,371 | $1,130 | $241 |
| 888 | **Micron Technology**, Boise, Idaho | $1,366 | | $1,366 |
| 889 | **CPS Energy**, San Antonio | $1,362 | $1,362 | |
| 890 | **MWRD Retirement**, Chicago | $1,361 | $1,361 | |
| 891 | **Louisiana Firefighters**, Baton Rouge | $1,358 | $1,358 | |
| 892 | **Fujitsu America**, Sunnyvale, Calif. | $1,353 | | $1,353 |
| 893 | **Electrolux**, Cleveland | $1,352 | $991 | $361 |
| 894 | **Spectra Energy**, Houston | $1,350 | $616 | $734 |
| 895 | **UFCW International, D.C.**, Washington | $1,347 | $1,288 | $59 |
| 896 | **Snap-on**, Kenosha, Wis. | $1,344 | $922 | $422 |
| 897 | **Pentair**, Golden Valley, Minn. | $1,338 | $281 | $1,057 |
| 898 | **University of Maine**, Bangor | $1,338 | $38 | $1,300 |
| 899 | **Milliken**, Spartanburg, S.C. | $1,330 | $242 | $1,088 |
| 900 | **BorgWarner**, Auburn Hills, Mich. | $1,328 | $287 | $1,041 |
| 901 | **East Bay Municipal Utility**, Oakland, Calif. | $1,325 | $1,325 | |
| 902 | **Saint Louis University** | $1,325 | | $1,325 |
| 903 | **California State Auto Assoc.**, Walnut Creek | $1,324 | $933 | $391 |
| 904 | **Atlanta General Employees**, Atlanta | $1,323 | $1,323 | |
| 905 | **Assemblies of God MBA**, Springfield, Mo. | $1,321 | | $1,321 |
| 906 | **Orlando City**, Orlando, Fla. | $1,321 | $1,321 | |
| 907 | **Portland General Electric**, Portland, Ore. | $1,321 | $623 | $698 |
| 908 | **U.S. Army Non-app.**, Alexandria, Va. | $1,320 | $1,320 | |
| 909 | **Tulare County**, Visalia, Calif. | $1,315 | $1,315 | |
| 910 | **Kennametal**, Latrobe, Pa. | $1,313 | $730 | $583 |
| 911 | **Univ. of Notre Dame**, Notre Dame, Ind. | $1,309 | | $1,309 |
| 912 | **Operating Eng. Local 324**, Troy, Mich. | $1,308 | $1,189 | $119 |
| 913 | **Resolute Forest Products**, Catawba, S.C. | $1,307 | $855 | $452 |
| 914 | **DeKalb County Employees**, Decatur, Ga. | $1,306 | $1,306 | |
| 915 | **Rolls-Royce**, Reston, Va. | $1,304 | $286 | $1,018 |
| 916 | **BHP-Billiton**, Houston | $1,303 | $577 | $726 |
| 917 | **Ametek**, Paoli, Pa. | $1,300 | $474 | $826 |
| 918 | **Fortune Brands Home & Sec.**, Deerfield, Ill. | $1,300 | $600 | $700 |
| 919 | **El Paso Fire & Police**, El Paso, Texas | $1,294 | $1,294 | |
| 920 | **Newmont Mining**, Greenwood Village, Colo. | $1,289 | $754 | $535 |
| 921 | **Cooper Tire & Rubber**, Findlay, Ohio | $1,288 | $857 | $431 |
| 922 | **MasterCard**, Purchase, N.Y. | $1,285 | $277 | $1,008 |
| 923 | **Alliant Energy**, Madison, Wis. | $1,284 | $380 | $904 |
| 924 | **Questar**, Salt Lake City | $1,282 | $740 | $542 |
| 925 | **GROWMARK**, Bloomington, Ill. | $1,281 | $987 | $294 |
| 926 | **Memphis Light Gas & Water**, Memphis, Tenn. | $1,276 | $1,276 | |
| 927 | **Northeastern University**, Boston | $1,272 | | $1,272 |
| 928 | **Wayne County**, Detroit | $1,270 | $862 | $408 |
| 929 | **Omaha Schools**, Omaha, Neb. | $1,267 | $1,267 | |
| 930 | **Latham & Watkins**, Los Angeles | $1,265 | $53 | $1,212 |
| 931 | **Cameron**, Houston | $1,263 | | $1,263 |
| 932 | **Blue Cross/Shield of Mass.**, Boston | $1,262 | $769 | $493 |
| 933 | **Marine Engineers**, Baltimore | $1,261 | $898 | $363 |
| 934 | **Penske Truck Leasing**, Reading, Pa. | $1,261 | $399 | $862 |
| 935 | **Iowa Administrative Services**, Des Moines | $1,259 | | $1,259 |
| 936 | **Amazon.com**, Seattle | $1,258 | | $1,258 |
| 937 | **Huntington Bancshares**, Columbus, Ohio | $1,257 | $678 | $579 |
| 938 | **Kansas City Power & Light**, Kansas City, Mo. | $1,256 | $735 | $521 |
| 939 | **CBRE**, Los Angeles | $1,253 | | $1,253 |
| 940 | **Albemarle**, Baton Rouge, La. | $1,246 | $584 | $662 |
| 941 | **UFCW Midwest**, Park Ridge, Ill. | $1,246 | $1,246 | |
| 942 | **Boy Scouts of America**, Irving, Texas | $1,245 | $1,165 | $80 |
| 943 | **Reform Pension**, New York | $1,245 | | $1,245 |
| 944 | **Brink's**, Richmond, Va. | $1,244 | $924 | $320 |
| 945 | **Linde Gas**, Murray Hill, N.J. | $1,244 | $721 | $523 |
| 946 | **Hanover Insurance**, Worcester, Mass. | $1,241 | $563 | $678 |
| 947 | **Dean Foods**, Dallas | $1,240 | $283 | $957 |
| 948 | **Franklin Resources**, San Mateo, Calif. | $1,236 | $41 | $1,195 |
| 949 | **Gap**, San Bruno, Calif. | $1,234 | | $1,234 |
| 950 | **St. Jude Medical**, St. Paul, Minn. | $1,230 | | $1,230 |
| 951 | **Visteon**, Van Buren Township, Mich. | $1,228 | $724 | $504 |
| 952 | **Food & Comm. Local 27**, Baltimore | $1,225 | $1,220 | $5 |
| 953 | **Wichita Retirement**, Wichita, Kan. | $1,225 | $1,225 | |
| 954 | **SEPTA**, Philadelphia | $1,224 | $1,224 | |
| 955 | **AFSCME**, Washington | $1,223 | $1,065 | $158 |
| 956 | **Huntsman**, The Woodlands, Texas | $1,219 | $576 | $643 |
| 957 | **Mosaic**, Plymouth, Minn. | $1,216 | $447 | $769 |
| 958 | **SKF USA**, Norristown, Pa. | $1,215 | $681 | $534 |
| 959 | **GCIU - Employer**, Menlo Park, Calif. | $1,207 | $1,207 | |
| 960 | **IBEW Local 68, District 8**, Denver | $1,207 | $814 | $393 |
| 961 | **Intuit**, Mountain View, Calif. | $1,206 | | $1,206 |
| 962 | **Sabre Holdings**, Southlake, Texas | $1,205 | $363 | $842 |
| 963 | **Starwood Hotels**, White Plains, N.Y. | $1,204 | | $1,204 |
| 964 | **MGM Resorts Int'l**, Las Vegas | $1,203 | | $1,203 |
| 965 | **Westar Energy**, Topeka, Kan. | $1,203 | $653 | $550 |
| 966 | **Boise Cascade**, Boise, Idaho | $1,202 | $400 | $802 |
| 967 | **Colorado County**, Littleton | $1,200 | | $1,200 |
| 968 | **Cliffs Natural Resources**, Cleveland | $1,198 | $958 | $240 |
| 969 | **PNM Resources**, Albuquerque, N.M. | $1,195 | $598 | $597 |
| 970 | **SRI International**, Menlo Park, Calif. | $1,195 | | $1,195 |
| 971 | **Limited Brands**, Columbus, Ohio | $1,190 | | $1,190 |
| 972 | **Hubbell**, Orange, Conn. | $1,186 | $648 | $538 |
| 973 | **Ebay**, San Jose, Calif. | $1,185 | | $1,185 |
| 974 | **A.O. Smith**, Milwaukee | $1,183 | $848 | $335 |
| 975 | **Airborne Freight**, Wilmington, Ohio | $1,182 | $790 | $392 |
| 976 | **CFI**, Owings Mills, Md. | $1,182 | $734 | $448 |
| 977 | **Duquesne Light**, Pittsburgh | $1,179 | $1,003 | $176 |
| 978 | **Evonik Degussa**, Parsippany, N.J. | $1,178 | $506 | $672 |
| 979 | **Symantec**, Mountain View, Calif. | $1,175 | | $1,175 |
| 980 | **Independence Blue Cross**, Philadelphia | $1,173 | $666 | $507 |
| 981 | **Birmingham City**, Birmingham, Ala. | $1,171 | $1,171 | |
| 982 | **Wolters Kluwer**, Riverwoods, Ill. | $1,165 | $139 | $1,026 |
| 983 | **Operating Eng. Local 15**, New York | $1,163 | | $1,163 |
| 984 | **Analog Devices**, Norwood, Mass. | $1,148 | | $1,148 |
| 985 | **Auto Workers National**, Detroit | $1,147 | $1,003 | $144 |
| 986 | **Alticor**, Ada, Mich. | $1,145 | | $1,145 |
| 987 | **Stationary Engineers 39**, San Francisco | $1,145 | $990 | $155 |
| 988 | **ArvinMeritor**, Troy, Mich. | $1,142 | $764 | $378 |
| 989 | **Centrus Energy**, Bethesda, Md. | $1,141 | $819 | $322 |
| 990 | **Shelby County**, Memphis, Tenn. | $1,138 | $1,138 | |
| 991 | **Iron Workers 40, 361, 417**, New York | $1,137 | $389 | $748 |
| 992 | **First Horizon National**, Memphis, Tenn. | $1,135 | $686 | $449 |
| 993 | **Avon Products**, New York | $1,134 | $593 | $541 |
| 994 | **Western & Southern Life**, Cincinnati | $1,134 | $927 | $207 |
| 995 | **Woodward**, Rockford, Ill. | $1,131 | $118 | $1,013 |
| 996 | **Cook County Deferred Comp.**, Chicago | $1,129 | | $1,129 |
| 997 | **Virgin Islands Gov't Empl.**, St. Thomas | $1,128 | $1,128 | |
| 998 | **Carpenters, N. Central States**, Altoona, Wis. | $1,126 | $1,126 | |
| 999 | **Carpenters, Greater Pa.**, Pittsburgh | $1,125 | $829 | $296 |
| 1000 | **San Francisco Hospital Employees** | $1,123 | $1,123 | |
| | 201-1,000 total | $2,515,881 | | |
| | 1-1,000 total | $9,054,539 | | |

# The largest funds by category among the top 200

Assets are in millions as of Sept. 30.

| Corporate funds | Assets |
|---|---|
| Boeing | $106,042 |
| IBM | $101,855 |
| AT&T | $89,248 |
| General Motors | $85,598 |
| General Electric | $74,821 |
| Lockheed Martin | $65,495 |
| Ford Motor | $57,082 |
| Verizon | $46,725 |
| Bank of America | $46,200 |
| United Parcel Service | $45,942 |

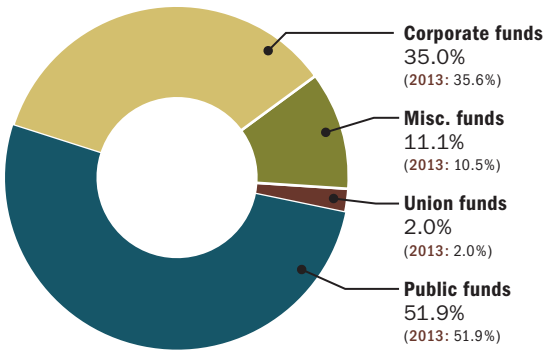
| Public funds | Assets |
|---|---|
| California Public Employees | $296,744 |
| California State Teachers | $186,954 |
| New York State Common | $178,252 |
| New York City Retirement | $158,702 |
| Florida State Board | $154,657 |
| Texas Teachers | $128,933 |
| New York State Teachers | $103,648 |
| Wisconsin Investment Board | $100,214 |
| North Carolina | $97,178 |
| Ohio Public Employees | $90,943 |

| Union funds | Assets |
|---|---|
| Teamsters, Western Conf. | $36,605 |
| Teamsters, Central States | $20,312 |
| National Electric | $17,879 |
| Operating Eng. International | $14,204 |
| IAM National | $11,070 |
| Boilermaker-Blacksmith | $10,411 |
| 1199SEIU National | $10,280 |
| Electrical Ind., Joint Board | $9,795 |

| Miscellaneous funds | Assets |
|---|---|
| Federal Retirement Thrift | $422,200 |
| California University | $71,801 |
| United Nations Joint Staff | $52,876 |
| National Railroad | $26,113 |
| Federal Reserve Employees | $18,963 |
| Illinois State Universities | $18,482 |
| United Methodist Church | $18,004 |
| World Bank | $17,963 |
| National Rural Electric | $15,534 |
| Episcopal Church | $12,076 |

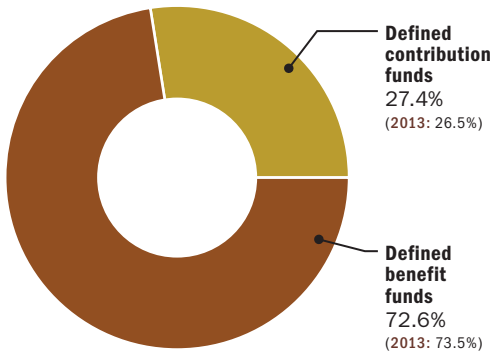
## Assets of the top 200 funds by category

As of Sept. 30.




## Assets of the top 200 funds by type

As of Sept. 30.

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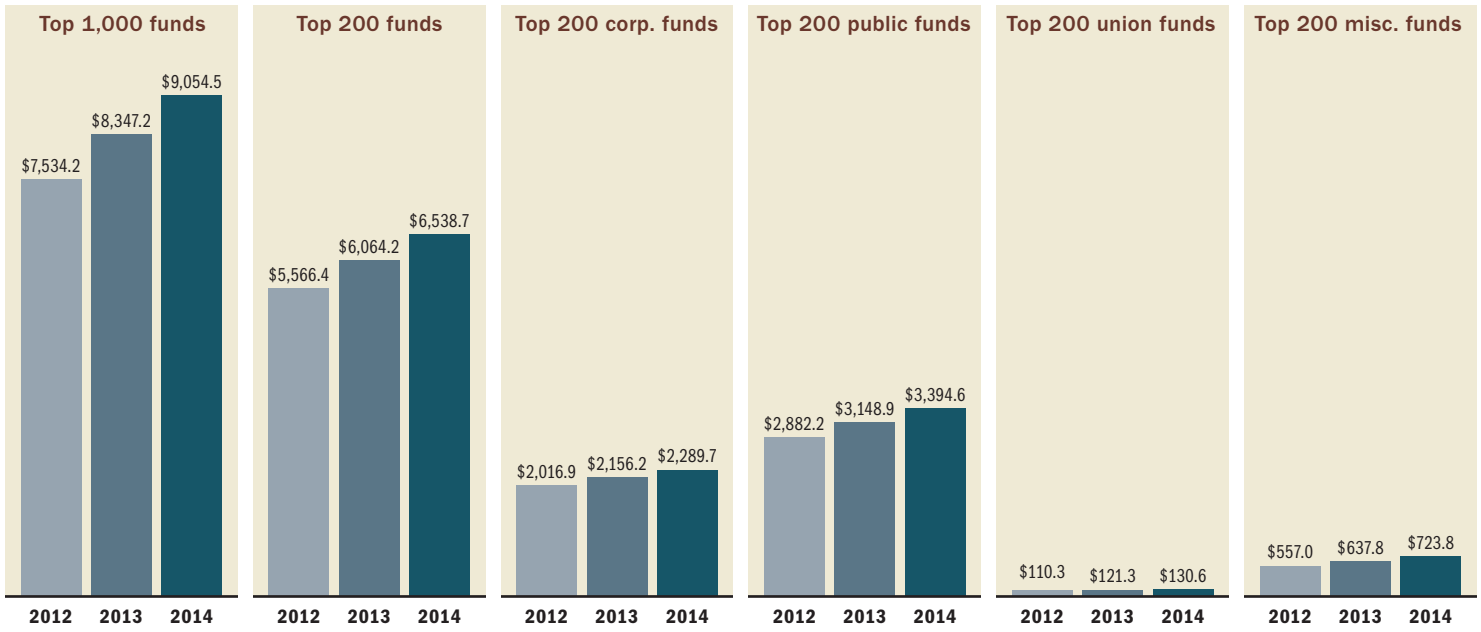
## Change in total assets by category

Assets are in billions for years ended Sept. 30.




## Average asset mixes of

### Defined benefit plans

| Corporate | 2014 | 2013 |
|---|---|---|
| Domestic stock | 24.3% | 24.4% |
| Int'l stock | 15.2% | 15.8% |
| Global equity | 3.4% | 2.6% |
| Domestic fixed income | 35.1% | 33.6% |
| Global/int'l fixed income | 2.1% | 2.2% |
| Cash | 1.9% | 2.1% |
| Private equity | 5.8% | 6.3% |
| Real estate equity | 4.4% | 4.6% |
| Alternative investments | 6.7% | 7.3% |
| Other | 1.1% | 1.1% |

## Average asset mixes of

As of Sept. 30.

### Defined benefit plans

| Corporate | 2014 | 2013 |
|---|---|---|
| Domestic stock | 23.7% | 22.6% |
| Int'l stock | 15.3% | 15.8% |
| Global equity | 3.5% | 2.7% |
| Domestic fixed income | 33.2% | 32.4% |
| Global/int'l fixed income | 2.2% | 2.3% |
| Cash | 2.1% | 2.4% |
| Private equity | 6.5% | 7.2% |
| Real estate equity | 4.9% | 5.2% |
| Alternative investments | 7.5% | 8.4% |
| Other | 1.1% | 1.0% |

| Public | 2014 | 2013 |
|---|---|---|
| Domestic stock | 29.2% | 28.7% |
| Int'l stock | 19.7% | 20.1% |
| Global equity | 2.4% | 3.2% |
| Domestic fixed income | 20.8% | 20.8% |
| Global/int'l fixed income | 2.1% | 2.0% |
| Cash | 1.8% | 1.8% |
| Private equity | 9.3% | 9.4% |
| Real estate equity | 7.8% | 7.9% |
| Alternative investments | 5.0% | 4.5% |
| Other | 1.9% | 1.6% |

| Union | 2014 | 2013 |
|---|---|---|
| Domestic stock | 30.6% | 36.7% |
| Int'l stock | 7.3% | 9.9% |
| Global equity | 8.8% | 9.2% |
| Domestic fixed income | 28.3% | 25.9% |
| Global/int'l fixed income | 0.7% | 1.6% |
| Cash | 0.6% | 0.5% |
| Private equity | 3.7% | 5.1% |
| Real estate equity | 11.1% | 6.2% |
| Alternative investments | 8.2% | 4.3% |
| Other | 0.7% | 0.6% |

## The largest funds by type among the top 200

Assets are in millions as of Sept. 30.

| Defined benefit plans | Assets |
|---|---|
| California Public Employees | $294,951 |
| California State Teachers | $186,409 |
| New York State Common | $178,252 |
| New York City Retirement | $158,702 |
| Florida State Board | $145,819 |
| Texas Teachers | $128,933 |
| New York State Teachers | $103,648 |
| Wisconsin Investment Board | $96,427 |
| Ohio Public Employees | $89,988 |
| North Carolina | $88,464 |

| Defined contribution plans | Assets |
|---|---|
| Federal Retirement Thrift | $422,200 |
| IBM | $46,554 |
| Boeing | $45,356 |
| AT&T | $39,879 |
| Wells Fargo | $32,687 |
| Lockheed Martin | $31,266 |
| Verizon | $28,238 |
| Bank of America | $27,800 |
| General Electric | $26,366 |
| Exxon Mobil | $22,360 |

| Public DC plans | Assets |
|---|---|
| New York State Def. Comp. | $17,602 |
| New York City Def. Comp. | $14,894 |
| Washington State Board | $14,214 |
| New York City Teachers | $11,771 |
| Ohio Deferred Comp. | $11,000 |
| California Savings Plus | $10,400 |
| Los Angeles Co. Deferred | $10,114 |
| Florida State Board | $8,838 |
| North Carolina | $8,714 |
| Minnesota State Board | $7,371 |

## Funds among the top 200 with DB assets managed internally

Assets are in millions as of Sept. 30.

| Fund | Total | Fund | Total | Fund | Total |
|---|---|---|---|---|---|
| California Public Employees | $199,538 | Texas Employees | $16,476 | J.P. Morgan Chase | $1,957 |
| New York State Common | $102,006 | DuPont | $15,586 | Montana Board of Invest. | $1,922 |
| California State Teachers | $70,961 | Pennsylvania School Empl. | $12,746 | Dow Chemical | $939 |
| New York State Teachers | $63,722 | Arizona State Retirement | $10,024 | United Methodist Church | $549 |
| Florida State Board | $60,842 | Honeywell | $9,000 | Ohio School Employees | $382 |
| New Jersey | $57,199 | California University | $8,628 | Raytheon | $347 |
| Texas Teachers | $52,449 | IBM | $6,396 | Episcopal Church | $274 |
| Ohio State Teachers | $52,018 | Oregon Public Employees | $6,384 | Mississippi Employees | $270 |
| Alabama Retirement | $33,192 | Kentucky Teachers | $6,064 | Louisiana Teachers | $211 |
| Tennessee Consolidated | $33,165 | New York City Retirement | $4,963 | Illinois Municipal | $167 |
| Ohio Public Employees | $29,443 | Louisiana State Employees | $3,436 | Ohio Police & Fire | $121 |
| General Electric | $24,982 | Bank of New York Mellon | $3,069 | IMF | $96 |
| Colorado Employees | $24,700 | National Rural Electric | $2,768 | Texas County & District | $82 |
| North Carolina | $24,026 | Alaska Retirement | $2,434 | Aetna | $46 |
| Michigan Retirement | $23,270 | New Mexico Educational | $2,434 | Illinois Teachers | $3 |
| Virginia Retirement | $21,658 | San Francisco City & County | $2,063 | | |
| Washington State Board | $16,684 | Michigan Municipal | $1,975 | | |

## Funds among the top 200 with DB assets in hybrid plans

Assets are in millions as of Sept. 30.

| Fund | Assets | Fund | Assets | Fund | Assets |
|---|---|---|---|---|---|
| Boeing | $30,832 | Kentucky Retirement | $11,564 | Deloitte | $3,903 |
| Northrop Grumman | $25,320 | California State Teachers | $10,927 | Nebraska Investment Council | $1,648 |
| Texas County & District | $24,405 | Wells Fargo | $9,394 | Exelon | $1,538 |
| Texas Municipal Retirement | $23,588 | Aetna | $6,343 | Intel | $631 |
| J.P. Morgan Chase | $14,653 | American Electric | $4,923 | Kroger | $552 |
| Citigroup | $13,305 | PNC | $4,410 | Merck | $138 |

## Number of funds among the top 200 using strategy cited

As of Sept. 30.

| Defined benefit | Funds | | Funds | | Funds | | Funds |
|---|---|---|---|---|---|---|---|
| Domestic active equity | 99 | Emerging markets equity, passive indexed | 41 | High-yield | 67 | Distressed debt | 54 |
| Domestic passive indexed equity | 96 | REITs | 40 | U.S. real estate equity | 74 | ETFs | 6 |
| Domestic enhanced indexed equity | 28 | Domestic active bonds | 103 | International real estate equity | 37 | Mutual funds | 15 |
| International active equity | 96 | Domestic passive indexed bonds | 50 | Timber | 40 | Commingled vehicles | 38 |
| International passive indexed equity | 88 | Domestic enhanced indexed bonds | 7 | Infrastructure | 37 | Separate accounts | 44 |
| International enhanced indexed equity | 8 | Global/international active bonds | 59 | Hedge funds (direct investments) | 60 | | |
| Global active equity | 46 | Global/international passive indexed bonds | 7 | Hedge fund of funds | 36 | | |
| Global passive indexed equity | 22 | Developed markets bonds, active | 30 | Energy | 39 | | |
| Developed markets equity, active | 80 | Emerging markets debt, active | 36 | Commodities | 42 | | |
| Developed markets equity, passive indexed | 71 | Cash | 103 | Private equity | 105 | | |
| Emerging markets equity, active | 78 | Inflation-protected securities | 46 | Buyouts | 72 | | |
| | | | | Venture capital | 66 | | |
| | | | | Mezzanine | 39 | | |

## the top 1000 plans

As of Sept. 30.

| Public | 2014 | 2013 |
|---|---|---|
| Domestic stock | 29.0% | 28.7% |
| Int'l stock | 19.7% | 20.0% |
| Global equity | 2.5% | 3.3% |
| Domestic fixed income | 20.7% | 20.7% |
| Global/Int'l fixed income | 2.3% | 2.2% |
| Cash | 1.8% | 1.8% |
| Private equity | 9.2% | 9.2% |
| Real estate equity | 7.7% | 7.8% |
| Alternative investments | 5.3% | 4.7% |
| Other | 1.8% | 1.6% |

| Union | 2014 | 2013 |
|---|---|---|
| Domestic stock | 29.9% | 35.0% |
| Int'l stock | 10.0% | 11.4% |
| Global equity | 6.6% | 7.3% |
| Domestic fixed income | 24.8% | 23.2% |
| Global/int'l fixed income | 2.5% | 2.2% |
| Cash | 1.0% | 0.8% |
| Private equity | 4.2% | 4.5% |
| Real estate equity | 10.1% | 6.8% |
| Alternative investments | 9.0% | 6.9% |
| Other | 1.9% | 1.9% |

### Defined contribution plans

| Corporate | 2014 | 2013 |
|---|---|---|
| Sponsoring co. stock | 14.1% | 13.5% |
| Other domestic stock | 34.2% | 32.6% |
| Int'l stock | 7.6% | 7.6% |
| Fixed income | 6.9% | 7.3% |
| Stable value | 13.8% | 16.3% |
| Cash | 1.8% | 2.3% |
| Target date | 15.1% | 14.4% |
| Inflation protection | 0.4% | 0.5% |
| Annuities | 0.1% | 0.1% |
| Other | 6.0% | 5.4% |

| Public | 2014 | 2013 |
|---|---|---|
| Domestic stock | 39.5% | 39.2% |
| Int'l stock | 7.1% | 7.4% |
| Fixed income | 7.2% | 8.7% |
| Stable value | 20.1% | 22.1% |
| Cash | 2.1% | 2.5% |
| Target date | 14.7% | 10.9% |
| Inflation protection | 0.5% | 0.6% |
| Annuities | 0.5% | 0.5% |
| Other | 8.3% | 8.1% |

| Union | 2014 | 2013 |
|---|---|---|
| Domestic stock | 21.9% | 20.4% |
| Int'l stock | 7.8% | 4.2% |
| Fixed income | 10.7% | 10.3% |
| Stable value | 8.3% | 24.2% |
| Cash | 0.2% | 0.6% |
| Target date | 42.4% | 27.1% |
| Inflation protection | 0.2% | 0.1% |
| Annuities | 0.0% | 0.0% |
| Other | 8.5% | 13.1% |

## the top 200 plans

### Defined contribution plans

| Corporate | 2014 | 2013 |
|---|---|---|
| Sponsoring co. stock | 15.6% | 15.9% |
| Other domestic stock | 33.0% | 30.8% |
| Int'l stock | 7.5% | 7.6% |
| Fixed income | 6.5% | 6.8% |
| Stable value | 14.4% | 17.6% |
| Cash | 1.4% | 2.1% |
| Target date | 14.9% | 12.9% |
| Inflation protection | 0.5% | 0.6% |
| Annuities | 0.2% | 0.2% |
| Other | 6.0% | 5.5% |

| Public | 2014 | 2013 |
|---|---|---|
| Domestic stock | 39.4% | 39.5% |
| Int'l stock | 7.2% | 7.5% |
| Fixed income | 7.1% | 8.4% |
| Stable value | 20.0% | 21.6% |
| Cash | 2.1% | 2.6% |
| Target date | 14.7% | 10.9% |
| Inflation protection | 0.5% | 0.6% |
| Annuities | 0.5% | 0.5% |
| Other | 8.5% | 8.4% |

Due to insufficient data, there is no average asset allocation for the top 200 union DC plans.

| Defined contribution | Funds |
|---|---|
| Passive indexed equity | 75 |
| REITs | 31 |
| Passive indexed bonds | 60 |
| Inflation-protected securities | 38 |
| Commodities | 13 |
| Target-date strategies | 70 |
| Custom | 21 |
| Off-the-shelf | 32 |
| CITs | 40 |
| ETFs | 2 |
| Managed accounts | 13 |
| Mutual funds | 51 |
| Separate accounts | 45 |

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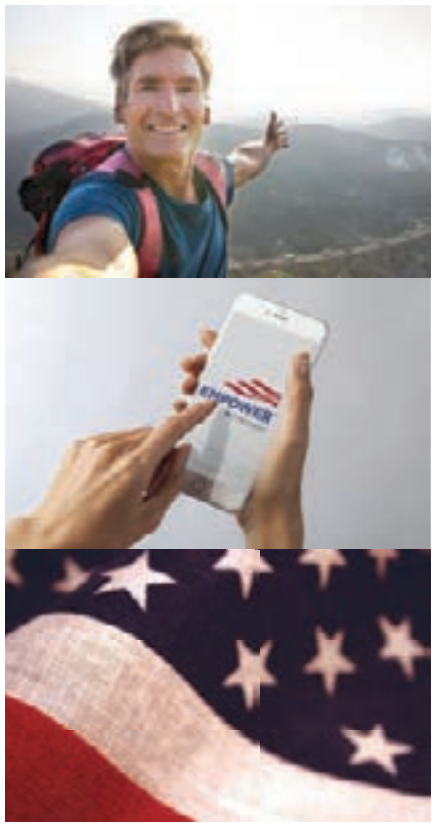

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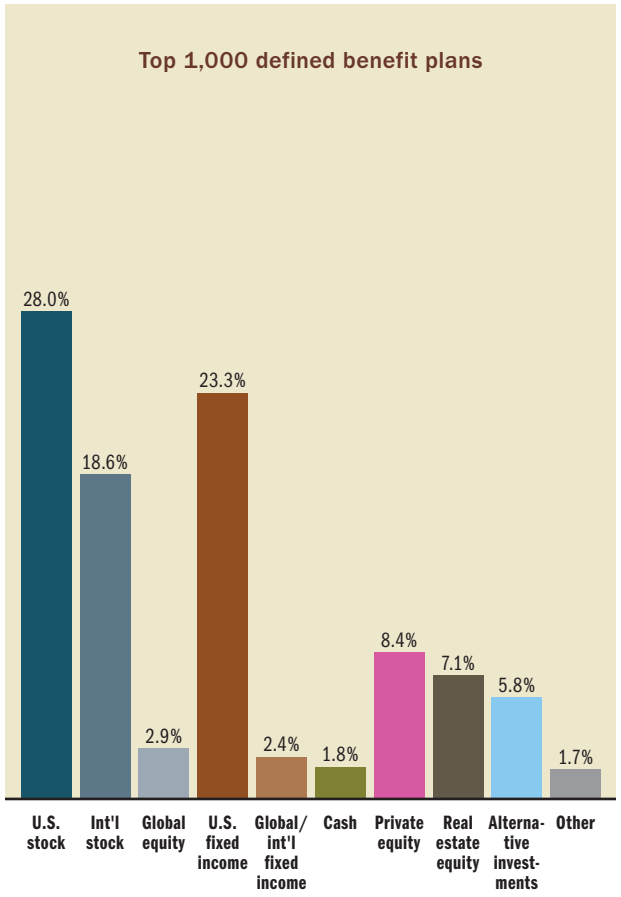
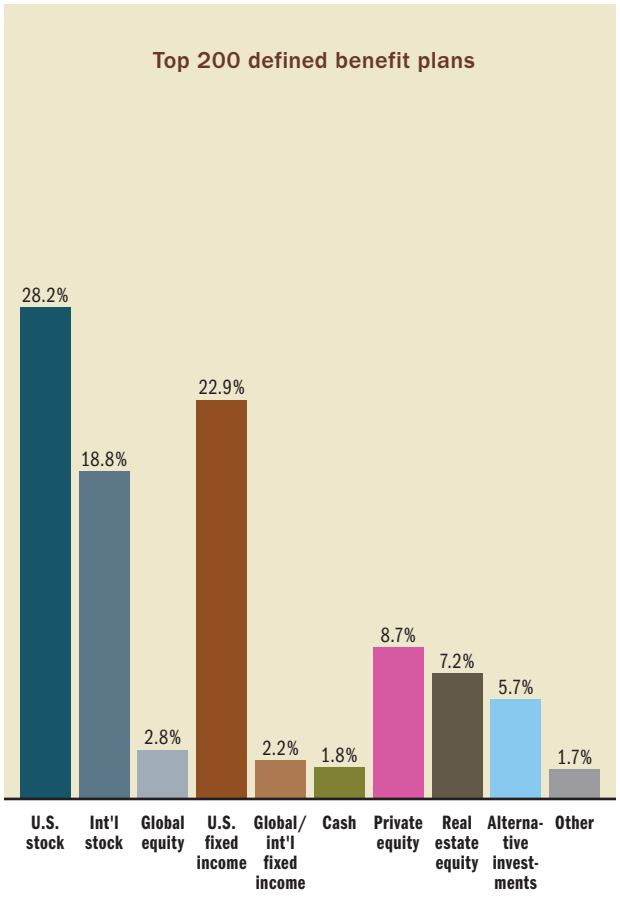
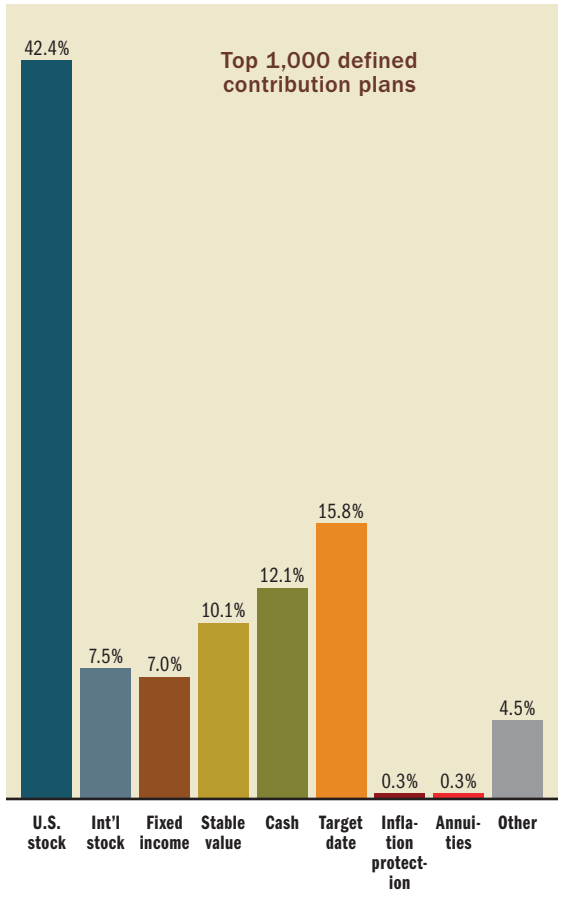
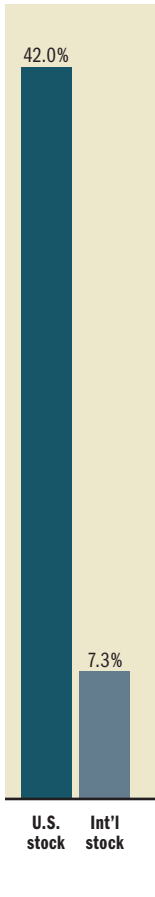
## Aggregate asset mixes As of Sept. 30.




## Managers most used by the top 200 DB funds, by category

### Overall

| | Times mentioned |
|---|---|
| BlackRock | 130 |
| J.P. Morgan | 91 |
| PIMCO | 69 |
| Blackstone | 62 |
| Wellington | 60 |
| Oaktree | 58 |
| State Street Global | 54 |
| Prudential | 46 |
| UBS | 39 |
| Franklin Templeton | 38 |

### International/global

| | Times mentioned |
|---|---|
| BlackRock | 40 |
| Franklin Templeton | 28 |
| Acadian | 27 |
| Mondrian | 26 |
| State Street Global | 26 |
| Wellington | 26 |
| Lazard | 25 |
| Baillie Gifford | 24 |
| Dimensional | 22 |
| Pyramis | 22 |

### Domestic stock

| | Times mentioned |
|---|---|
| BlackRock | 27 |
| State Street Global | 18 |
| Northern Trust | 16 |
| T. Rowe Price | 16 |
| INTECH | 15 |
| J.P. Morgan | 15 |
| Wellington | 15 |
| Barrow Hanley | 13 |
| Dimensional | 13 |
| Mellon Capital | 12 |

### Real estate

| | Times mentioned |
|---|---|
| Prudential | 30 |
| Blackstone | 29 |
| J.P. Morgan | 29 |
| UBS | 21 |
| CBRE | 20 |
| AEW | 19 |
| Heitman | 18 |
| Invesco | 17 |
| LaSalle | 16 |
| TA Associates | 16 |

### Domestic fixed income

| | Times mentioned |
|---|---|
| PIMCO | 37 |
| BlackRock | 36 |
| Western Asset | 27 |
| Loomis Sayles | 25 |
| J.P. Morgan | 17 |
| NISA | 16 |
| Oaktree | 16 |
| MacKay Shields | 14 |
| Prudential | 14 |
| Dodge & Cox | 13 |

### Hedge fund/ fund of funds

| | Times mentioned |
|---|---|
| Bridgewater | 16 |
| Och-Ziff | 11 |
| Brevan Howard | 10 |
| PAAMCO | 10 |
| BlueCrest | 9 |
| Davidson Kempner | 8 |
| King Street | 8 |
| Grosvenor Capital | 7 |

## Consultants most used by the top 200 DB funds, by category

### Overall

| | Times mentioned |
|---|---|
| Aon Hewitt | 25 |
| Callan | 23 |
| Townsend | 23 |
| Albourne | 18 |
| Hamilton Lane | 15 |
| Cliffwater | 14 |
| NEPC | 14 |
| SIS | 12 |
| Cambridge | 11 |
| PCA | 11 |

### General

| | Times mentioned |
|---|---|
| Callan | 17 |
| Aon Hewitt | 16 |
| NEPC | 12 |
| SIS | 9 |
| Wilshire | 8 |
| RVK | 7 |
| PCA | 5 |
| Russell | 4 |

### Private equity

| | Times mentioned |
|---|---|
| Hamilton Lane | 12 |
| Cambridge | 6 |
| Franklin Park | 5 |
| TorreyCove | 5 |
| Cliffwater | 4 |
| Altius | 3 |
| Portfolio Advisors | 3 |
| SIS | 3 |
| StepStone | 3 |

### Real estate

| | Times mentioned |
|---|---|
| Townsend | 23 |
| Courtland | 8 |
| Aon Hewitt Investment | 6 |
| Callan | 4 |
| Hamilton Lane | 3 |
| PCA | 3 |
| RVK | 3 |

### Hedge fund

| | Times mentioned |
|---|---|
| Albourne | 17 |
| Aksia | 7 |
| Cliffwater | 7 |
| Arden | 2 |
| Grosvenor Capital | 2 |

## Managers most used funds, by category

### Overall

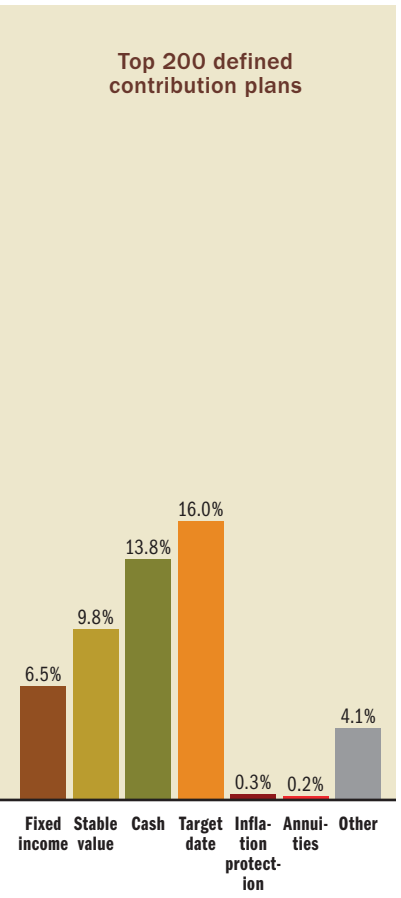
| | Times mentioned |
|---|---|
| BlackRock | 76 |
| Vanguard | 65 |
| Fidelity | 60 |
| State Street Global | 57 |
| PIMCO | 32 |
| T. Rowe Price | 27 |
| Capital Group | 26 |
| Wellington | 20 |
| Dodge & Cox | 19 |

### Domestic stock

| | Times mentioned |
|---|---|
| Vanguard | 23 |
| Fidelity | 22 |
| BlackRock | 19 |
| State Street Global | 17 |
| T. Rowe Price | 17 |
| Dodge & Cox | 10 |
| Capital Group | 8 |
| Columbia Management | 8 |
| Wellington | 8 |

### International stock

| | Times mentioned |
|---|---|
| BlackRock | 17 |
| Capital Group | 16 |
| Fidelity | 14 |
| State Street Global | 13 |
| Vanguard | 12 |
| Northern Trust | 6 |
| Baillie Gifford | 5 |
| Dimensional | 5 |
| Dodge & Cox | 5 |
| Wellington | 5 |




## by the top 200 DC

| Fixed income | Times mentioned |
|---|---|
| PIMCO | 23 |
| BlackRock | 20 |
| State Street Global | 18 |
| Vanguard | 14 |
| Fidelity | 8 |
| J.P. Morgan | 4 |
| Voya | 4 |
| Wellington | 4 |

| Stable value | Times mentioned |
|---|---|
| Galliard | 12 |
| Invesco | 7 |
| BlackRock | 5 |
| Fidelity | 5 |
| Voya | 5 |
| J.P. Morgan | 4 |
| EARNEST | 3 |
| Great-West | 3 |
| PIMCO | 3 |
| Prudential | 3 |

| Target date | Times mentioned |
|---|---|
| Vanguard | 12 |
| BlackRock | 10 |
| AllianceBernstein | 6 |
| State Street Global | 6 |
| Fidelity | 4 |
| Russell | 2 |
| TIAA-CREF | 2 |

## Investment outsourcing firms most used by the top 200 DB funds

| Firm | Times mentioned |
|---|---|
| Alan D. Biller | 1 |
| American Beacon | 1 |
| Salient | 1 |
| State Street Global | 1 |

## Consultants most used by the top 200 DC funds

| Consultant | Times mentioned |
|---|---|
| Mercer | 10 |
| Aon Hewitt Investment | 7 |
| Callan | 6 |
| NEPC | 6 |
| Segal Rogerscasey | 4 |
| Cambridge | 3 |

## Managed account providers most used by the top 200 DC funds

| Provider | Times mentioned |
|---|---|
| Financial Engines | 5 |
| Advised Assets | 3 |
| Voya | 3 |
| Artisan | 2 |
| Fidelity | 2 |

## Record keepers most used by the top 200 DC funds

| Record keeper | Times mentioned |
|---|---|
| Fidelity | 19 |
| Empower | 12 |
| Voya | 12 |
| Aon Hewitt | 11 |
| Vanguard | 5 |
| ICMA | 3 |
| Nationwide | 3 |
| Prudential | 3 |
| Xerox | 3 |

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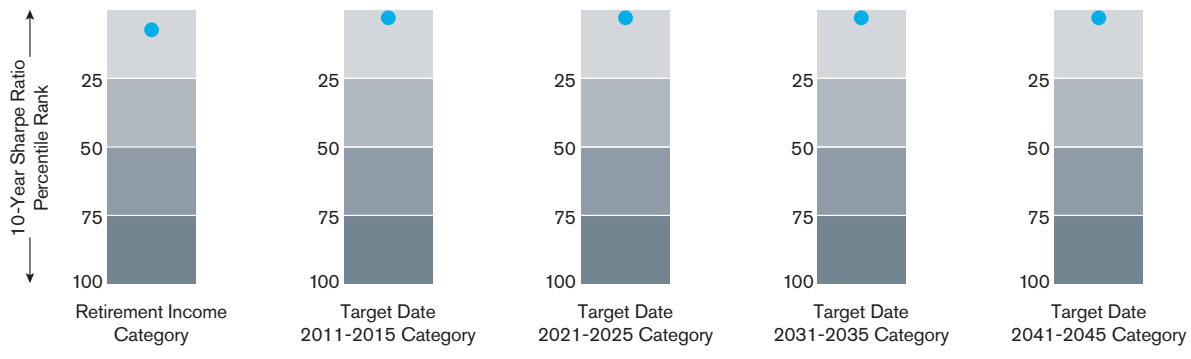


*Data as of 12/31/2014. Source: Morningstar.*

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Each target-date portfolio seeks the highest total return consistent with its asset mix. Over time, the asset mix and weightings are adjusted to be more conservative. In general, as the target year approaches, the portfolio's allocation becomes more conservative by decreasing the allocation to stocks and increasing the allocation to bonds and money market instruments.

The Sharpe Ratio is a risk-adjusted measure developed by William F. Sharpe, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance. Sharpe Ratios shown for portfolios with 10 years of history. Fund name, 10-year rank/number of funds in category: In Retirement, 8/83 funds; 2015 Portfolio, 1/34 funds; 2025 Portfolio, 1/29 funds; 2035 Portfolio, 1/29 funds; 2045 Portfolio, 1/14 funds.

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# The largest funds with DB assets in equities, by category

Assets are in millions as of Sept. 30.

| Domestic equity | Assets | | Assets |
|---|---|---|---|
| California Public Employees | $81,368 | New Jersey | $21,808 |
| California State Teachers | $70,839 | Ohio Public Employees | $18,457 |
| New York State Common | $67,869 | Michigan Retirement | $18,310 |
| New York City Retirement | $61,691 | North Carolina | $18,133 |
| New York State Teachers | $43,228 | Alabama Retirement | $17,648 |
| Florida State Board | $40,709 | Tennessee Consolidated | $15,189 |
| Wisconsin Investment Board | $27,301 | Nevada Public Employees | $15,071 |
| Minnesota State Board | $27,201 | Illinois Municipal | $14,787 |
| Texas Teachers | $26,940 | Oregon Public Employees | $14,773 |
| Ohio State Teachers | $23,128 | California University | $14,494 |

| International equity | Assets | | Assets |
|---|---|---|---|
| California Public Employees | $74,175 | Ohio Public Employees | $17,370 |
| Florida State Board | $39,842 | Oregon Public Employees | $14,231 |
| California State Teachers | $34,289 | New Jersey | $13,800 |
| Texas Teachers | $33,228 | California University | $13,152 |
| New York City Retirement | $27,318 | Los Angeles County Empl. | $12,005 |
| Wisconsin Investment Board | $23,802 | Colorado Employees | $10,069 |
| New York State Common | $21,840 | Washington State Board | $9,688 |
| New York State Teachers | $19,877 | Illinois Teachers | $9,436 |
| North Carolina | $18,236 | Minnesota State Board | $9,303 |
| Ohio State Teachers | $17,996 | Michigan Retirement | $9,184 |

| Developed markets equity | Assets |
|---|---|
| California Public Employees | $62,262 |
| Florida State Board | $38,023 |
| California State Teachers | $28,448 |
| New York State Common | $26,877 |
| Texas Teachers | $19,892 |
| North Carolina | $18,793 |
| New York State Teachers | $15,834 |
| New York City Retirement | $15,696 |
| Ohio State Teachers | $14,866 |
| Oregon Public Employees | $12,721 |
| Colorado Employees | $12,604 |
| Maryland State Retirement | $12,391 |
| Virginia Retirement | $12,382 |
| Ohio Public Employees | $10,634 |
| California University | $8,810 |
| New Jersey | $8,785 |
| Los Angeles County Empl. | $8,736 |
| General Electric | $7,938 |
| Michigan Retirement | $7,345 |
| Illinois Municipal | $6,546 |

| Emerging markets equity | Assets |
|---|---|
| Texas Teachers | $13,896 |
| California Public Employees | $11,913 |
| New York City Retirement | $11,621 |
| Florida State Board | $8,942 |
| California State Teachers | $5,841 |
| New Jersey | $5,015 |
| California University | $4,578 |
| Ohio Public Employees | $4,332 |
| New York State Teachers | $4,043 |
| Ohio State Teachers | $3,915 |
| New York State Common | $3,273 |
| Virginia Retirement | $3,253 |
| Oregon Public Employees | $3,217 |
| Connecticut Retirement | $2,546 |
| Los Angeles County Empl. | $2,460 |
| Colorado Employees | $2,288 |
| North Carolina | $2,028 |
| Arizona State Retirement | $1,958 |
| Minnesota State Board | $1,890 |
| Michigan Retirement | $1,839 |

| Global equity | Assets |
|---|---|
| Massachusetts PRIM | $26,722 |
| South Carolina Public Empl. | $10,792 |
| New York State Common | $8,311 |
| Maryland State Retirement | $8,004 |
| Washington State Board | $7,219 |
| Florida State Board | $7,123 |
| Virginia Retirement | $6,651 |
| Operating Engineers Int'l | $6,630 |
| Arkansas Teachers | $4,900 |
| Colorado Employees | $4,823 |
| United Parcel Service | $3,176 |
| Northrop Grumman | $2,627 |
| North Carolina | $2,585 |
| Idaho Public Employees | $2,473 |
| Delta Air Lines | $2,310 |
| Boeing | $2,116 |
| Missouri Schools & Education | $1,946 |
| Nebraska Investment Council | $1,808 |
| Illinois State Universities | $1,790 |
| Oregon Public Employees | $1,707 |

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# The largest funds with DB assets in fixed income, by category

Assets are in millions as of Sept. 30.

## Domestic fixed income

| | Assets |
|---|---|
| California Public Employees | $47,229 |
| New York City Retirement | $47,128 |
| New York State Common | $43,952 |
| California State Teachers | $30,188 |
| Florida State Board | $30,013 |
| Boeing | $29,709 |
| IBM | $29,182 |
| North Carolina | $24,296 |
| New York State Teachers | $21,077 |
| Wisconsin Investment Board | $20,627 |
| Virginia Retirement | $19,624 |
| Texas Teachers | $19,439 |
| Washington State Board | $16,684 |
| New Jersey | $16,217 |
| Ohio Public Employees | $14,958 |
| Tennessee Consolidated | $13,999 |
| Minnesota State Board | $13,889 |
| Oregon Public Employees | $13,862 |
| Ohio State Teachers | $12,870 |
| Teamsters, Western Conf. | $12,589 |

## Global/international fixed income

| | Assets |
|---|---|
| Illinois Teachers | $6,549 |
| Wisconsin Investment Board | $6,419 |
| Ohio Public Employees | $6,186 |
| Raytheon | $5,759 |
| California Public Employees | $5,106 |
| South Carolina Public Empl. | $4,804 |
| Maryland State Retirement | $3,432 |
| Massachusetts PRIM | $3,160 |
| Indiana Public Retirement | $2,866 |
| Virginia Retirement | $2,402 |
| IBM | $2,268 |
| San Francisco City & County | $2,090 |
| Arkansas Teachers | $2,080 |
| Ohio School Employees | $2,055 |
| Louisiana Teachers | $2,005 |
| Mississippi Employees | $1,760 |
| Connecticut Retirement | $1,459 |
| Oregon Public Employees | $1,346 |
| New York State Teachers | $1,293 |
| California University | $1,281 |

## Developed markets fixed income

| | Assets | | Assets |
|---|---|---|---|
| Raytheon | $5,759 | Massachusetts PRIM | $1,220 |
| California Public Employees | $5,106 | Oregon Public Employees | $1,146 |
| South Carolina Public Empl. | $3,404 | Ohio Public Employees | $940 |
| Maryland State Retirement | $2,837 | IMF | $630 |
| Indiana Public Retirement | $2,349 | United Methodist Church | $537 |
| Louisiana Teachers | $1,706 | Michigan Municipal | $465 |
| IBM | $1,454 | Pennsylvania School Empl. | $464 |
| San Francisco City & County | $1,438 | Kroger | $459 |
| New York State Teachers | $1,293 | Alaska Retirement | $359 |
| Mississippi Employees | $1,254 | Los Angeles Water & Power | $320 |

## Emerging markets debt

| | Assets | | Assets |
|---|---|---|---|
| Ohio Public Employees | $5,246 | Kaiser | $700 |
| Virginia Retirement | $2,402 | United Parcel Service | $656 |
| Massachusetts PRIM | $1,940 | San Francisco City & County | $652 |
| Connecticut Retirement | $1,459 | Maryland State Retirement | $595 |
| South Carolina Public Empl. | $1,401 | Tennessee Valley Authority | $537 |
| California University | $1,281 | Indiana Public Retirement | $517 |
| Ohio State Teachers | $899 | Mississippi Employees | $506 |
| Pennsylvania School Empl. | $816 | Delta Air Lines | $438 |
| IBM | $814 | Eli Lilly | $407 |
| Arizona State Retirement | $735 | Orange County | $345 |

# The largest funds among the top 200 with DB assets in LDI investments

Assets are in millions as of Sept. 30.

| Fund | Assets |
|---|---|
| Boeing | $26,941 |
| United Technologies | $8,514 |
| Prudential Financial | $7,282 |
| PG&E | $7,104 |
| General Electric | $5,929 |
| PepsiCo | $5,117 |
| Exelon | $4,973 |
| Verizon | $4,810 |
| Kaiser | $4,643 |
| Alcoa | $3,424 |
| American Airlines | $3,421 |
| American Electric | $2,654 |
| Southern Co. | $2,282 |
| Aetna | $2,010 |
| Accenture | $1,657 |

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*As of October 3, 2014

IBG-11599

# DC funds among the top 200 by category

Assets are in millions as of Sept. 30.

## 401(k) plans

| | Assets | | Assets | | Assets | | Assets |
|---|---|---|---|---|---|---|---|
| IBM | $46,554 | HCA Holdings | $12,430 | Federal Reserve Employees | $6,901 | American Electric | $3,931 |
| Boeing | $45,356 | Johnson & Johnson | $12,093 | Exelon | $6,638 | National Grid USA | $3,806 |
| Verizon | $28,238 | Citigroup | $11,630 | Aetna | $6,359 | Dominion Resources | $3,621 |
| General Electric | $26,366 | DuPont | $11,592 | Accenture | $6,269 | Alcoa | $3,594 |
| Lockheed Martin | $25,600 | Microsoft | $11,140 | Kroger | $6,246 | Emerson Electric | $3,178 |
| J.P. Morgan Chase | $19,788 | Merck | $8,593 | PG&E | $5,720 | Consolidated Edison | $3,166 |
| United Parcel Service | $17,670 | Kaiser | $8,205 | Eli Lilly | $5,516 | Procter & Gamble | $3,109 |
| United Technologies | $17,485 | National Rural Electric | $7,838 | Southern Co. | $5,204 | General Mills | $2,884 |
| Northrop Grumman | $17,022 | Intel | $7,600 | Bank of New York Mellon | $5,001 | South Carolina Public Empl. | $2,693 |
| Raytheon | $14,521 | North Carolina | $7,599 | Nationwide | $4,803 | Colorado Employees | $2,613 |
| Delta Air Lines | $14,239 | Southwest Airlines | $7,495 | PNC | $4,742 | Los Angeles Co. Deferred | $2,136 |
| American Airlines | $12,626 | Prudential Financial | $7,165 | Electrical Ind., Joint Board | $4,710 | Tennessee Valley Authority | $1,989 |
| Honeywell | $12,500 | Target | $7,126 | Michigan Retirement | $4,529 | Tennessee Consolidated | $1,883 |
| | | | | | | New York City Def. Comp. | $1,816 |
| | | | | | | Texas Employees | $1,815 |
| | | | | | | Nebraska Investment Council | $983 |
| | | | | | | Idaho Public Employees | $637 |
| | | | | | | Episcopal Church | $67 |
| | | | | | | California Public Employees | $29 |

## 403(b) plans

| | Assets |
|---|---|
| California University | $13,825 |
| New York City Teachers | $11,771 |
| United Methodist Church | $8,700 |
| Kaiser | $4,296 |
| California State Teachers | $528 |
| Presbyterian Church | $523 |
| Episcopal Church | $451 |
| Oklahoma Teachers | $205 |
| Maine Public Employees | $5 |

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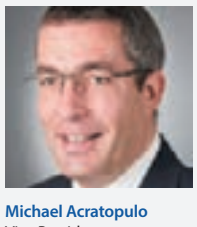
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# Automatic

CONTINUED FROM PAGE 16

ing," agreed Rocaton's Mr. Lyon. The growing allocations to target-date funds most likely represent their heavy use by DC plans as qualified default investment alternatives and a greater willingness by participants to rely on the allocation strategy of the target-date fund provider, he said.

For DC plan allocations among the largest public plans, the most noticeable allocation changes were an advance to 14.7% from 10.9% for target-date funds; a decline in stable value assets to 20% from 21.6%; and a drop in fixed income assets to 7.1% from 8.4%.

### Alternatives still tiny

The use of alternatives is growing, but those investments still represent a tiny allocation among the DC plans in *P&I*'s top 200. For example, assets invested in real estate investment trusts rose 29%, to $5.3 billion from $4.1 billion, and assets in inflation-protected securities rose 10%, to $7.6 billion from $6.9 billion. Commodities grew 28%, to about $900 million.

Consultants say that although some DC plans offer alternatives as stand-alone investment options or as parts of multiasset funds, target-date funds provide the best vehicle for sponsors to offer the investments.

This strategy helps sponsors achieve a more diversified investment lineup and guards against participants betting the ranch on a volatile stand-alone alternative investment, they said.

| 457 plans | Assets |
|---|---|
| New York State Def. Comp. | $17,602 |
| New York City Def. Comp. | $12,849 |
| Ohio Deferred Comp. | $11,000 |
| Los Angeles Co. Deferred | $7,975 |
| Minnesota State Board | $5,582 |
| Illinois State Board | $4,085 |
| Wisconsin Investment Board | $3,787 |
| Washington State Board | $3,506 |
| New Jersey | $3,372 |
| Pennsylvania Employees | $2,885 |
| San Francisco City & County | $2,671 |
| Virginia Retirement | $2,012 |
| Michigan Retirement | $1,796 |
| California University | $1,787 |
| Alabama Retirement | $1,783 |
| Oregon Public Employees | $1,607 |
| Mississippi Employees | $1,581 |
| Missouri State Employees | $1,317 |
| California Public Employees | $1,248 |
| North Carolina | $1,115 |
| South Carolina Public Empl. | $936 |
| Sacramento County | $802 |
| Alaska Retirement | $774 |
| Oklahoma Public Employees | $703 |
| Kansas Public Employees | $676 |
| Colorado Employees | $672 |
| Texas Employees | $579 |
| New Mexico Public Empl. | $480 |
| Tennessee Consolidated | $276 |
| Michigan Municipal | $18 |
| California State Teachers | $17 |
| Maine Public Employees | $16 |

| 401(a) plans | Assets |
|---|---|
| Washington State Board | $10,708 |
| Florida State Board | $8,838 |
| Indiana Public Retirement | $5,274 |
| National Electric | $5,265 |
| California University | $4,082 |
| Alaska Retirement | $3,989 |
| Tennessee Consolidated | $3,198 |
| Minnesota State Board | $1,789 |
| South Carolina Public Empl. | $1,502 |
| Illinois State Universities | $1,501 |
| Ohio Public Employees | $954 |
| Ohio State Teachers | $842 |
| California Public Employees | $496 |
| Missouri State Employees | $476 |
| Michigan Municipal | $468 |
| Virginia Retirement | $369 |
| Episcopal Church | $202 |
| Oklahoma Public Employees | $187 |
| Colorado Employees | $127 |
| New York City Def. Comp. | $19 |
| Sacramento County | $12 |
| Maine Public Employees | $4 |
| Los Angeles Co. Deferred | $3 |

| ESOPs | Assets |
|---|---|
| Procter & Gamble | $15,511 |
| Lockheed Martin | $5,666 |
| United Technologies | $3,230 |
| Northrop Grumman | $1,801 |
| Microsoft | $1,009 |
| Johnson & Johnson | $443 |
| General Mills | $411 |

| Profit-sharing plans | Assets |
|---|---|
| Intel | $6,500 |
| Southwest Airlines | $2,558 |
| Emerson Electric | $1,528 |
| Electrical Ind., Joint Board | $1,287 |
| Accenture | $736 |
| Kroger | $483 |

**PASSIVE:** Robyn Credico believes allocation shifts are due more to the rising market than deliberate action.

"More and more sponsors are protecting participants from themselves," said Cammack's Mr. Levy, citing the inclusion of alternatives in target-date funds. However, some clients provide Treasury inflation-protected securities or REIT funds as stand-alone options.

"Target-date funds are the best for alternatives," said Ms. Credico of Towers Watson. Alternative investments "are fairly confusing for participants as stand-alone investments."

Alternative investments are making inroads in target-date funds. Among target-date funds offered by the retirement plans in P&I's universe, the number containing REITs rose to 42 from 33 in the year-earlier survey, while those containing direct real estate rose to 20 from 15.

Also, more plans' target-date funds offered TIPS — 56 in the current survey, up from 50 — and more offered target-date funds with commodities – 35 vs. 28. Use of private equity and hedge funds as components of target-date funds remained flat in the low single digits. ■

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## Funds among the top 200 with DC assets in target-date strategies

As of Sept. 30.

| Fund | Total | Custom | Off-the-shelf |
|---|---|---|---|
| Federal Retirement Thrift | $68,456 | $68,456 | |
| National Electric | $5,265 | | |
| Verizon | $4,297 | $4,297 | |
| Exelon | $4,024 | $3,890 | $134 |
| Florida State Board | $3,964 | $3,964 | |
| Kaiser | $3,831 | $3,831 | |
| Merck | $3,591 | $3,591 | |
| Washington State Board | $3,422 | | |
| Boeing | $3,302 | | |
| California University | $3,290 | $2,610 | $680 |
| IBM | $3,174 | $3,174 | |
| J.P. Morgan Chase | $3,136 | $3,136 | |
| New York City Def. Comp. | $2,792 | | |
| Kroger | $2,212 | $2,212 | |
| National Rural Electric | $2,202 | | |
| National Grid USA | $2,186 | | $2,186 |
| Northrop Grumman | $2,161 | $2,161 | |
| PepsiCo | $2,140 | | $2,140 |
| PNC | $2,086 | | $2,086 |
| Los Angeles Co. Deferred | $2,085 | | |
| Microsoft | $1,994 | | $1,994 |
| Emerson Electric | $1,912 | | $1,912 |
| United Technologies | $1,896 | $1,896 | |
| Eli Lilly | $1,891 | $1,891 | |
| Delta Air Lines | $1,859 | | $1,859 |
| Honeywell | $1,697 | | $1,697 |
| General Electric | $1,618 | | |
| Target | $1,593 | | $1,593 |
| Aetna | $1,195 | | $1,195 |
| New Jersey | $1,098 | $1,098 | |
| New York State Def. Comp. | $1,001 | | $1,001 |
| Ohio Deferred Comp. | $1,000 | | $1,000 |
| PG&E | $958 | | $958 |
| Accenture | $897 | | $897 |
| DuPont | $843 | | |
| Alaska Retirement | $721 | | |
| General Mills | $718 | | $718 |
| Missouri State Employees | $713 | $680 | $33 |
| Tennessee Valley Authority | $702 | | $702 |
| Colorado Employees | $665 | | $665 |
| American Airlines | $649 | | |
| American Electric | $638 | $638 | |
| Michigan Retirement | $631 | | |
| San Francisco City & County | $575 | $575 | |
| South Carolina Public Empl. | $573 | | $573 |
| Ohio Public Employees | $563 | | |
| Dominion Resources | $551 | | |
| Virginia Retirement | $526 | | $526 |
| California Public Employees | $509 | | |
| Nebraska Investment Council | $498 | $498 | |
| Texas Employees | $477 | | $477 |
| Oregon Public Employees | $457 | | |
| Tennessee Consolidated | $456 | | $456 |
| Electrical Ind., Joint Board | $396 | | |
| Bank of New York Mellon | $334 | | $334 |
| Indiana Public Retirement | $280 | $280 | |
| Michigan Municipal | $249 | | |
| Episcopal Church | $245 | | $245 |
| Minnesota State Board | $228 | | $228 |
| Consolidated Edison | $217 | | $217 |
| Alcoa | $212 | | $212 |
| Illinois State Universities | $159 | | $159 |
| Sacramento County | $150 | | |
| New Mexico Public Empl. | $93 | $93 | |
| Mississippi Employees | $92 | | $92 |
| Oklahoma Public Employees | $35 | | |
| Kansas Public Employees | $33 | | |
| Ohio State Teachers | $20 | $20 | |
| California State Teachers | $19 | | $19 |
| Maine Public Employees | $12 | | $12 |

*This announcement appears as a matter of record only.*

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## The largest funds among the top 200 with DC assets in passive indexed equity

Assets are in millions as of Sept. 30.

| Fund | Assets |
|---|---|
| Federal Retirement Thrift | $215,345 |
| IBM | $20,318 |
| Boeing | $11,771 |
| California University | $7,494 |
| Northrop Grumman | $6,748 |
| Raytheon | $6,234 |
| New York City Def. Comp. | $5,982 |
| J.P. Morgan Chase | $5,979 |
| United Technologies | $5,875 |
| New York City Teachers | $5,618 |
| Honeywell | $5,062 |
| Accenture | $3,739 |
| Washington State Board | $3,378 |
| Federal Reserve Employees | $3,246 |
| General Electric | $3,173 |
| Microsoft | $3,027 |
| Verizon | $3,016 |
| Kaiser | $2,897 |
| Minnesota State Board | $2,624 |
| Delta Air Lines | $2,427 |
| Eli Lilly | $2,415 |
| PepsiCo | $2,318 |
| Target | $2,318 |
| Aetna | $2,302 |
| American Airlines | $2,116 |
| Los Angeles Co. Deferred | $1,908 |
| Bank of New York Mellon | $1,883 |
| DuPont | $1,877 |
| National Electric | $1,858 |
| Florida State Board | $1,818 |
| Kroger | $1,805 |
| New York State Def. Comp. | $1,804 |
| Alaska Retirement | $1,742 |
| Johnson & Johnson | $1,589 |
| North Carolina | $1,490 |
| PNC | $1,470 |
| Pennsylvania Employees | $1,408 |
| Michigan Retirement | $1,276 |
| Merck | $1,228 |
| United Methodist Church | $1,127 |
| Southern Co. | $1,101 |
| Virginia Retirement | $1,031 |
| California Public Employees | $1,016 |
| American Electric | $963 |

## Funds among the top 200 with DC assets in commodities

Assets are in millions as of Sept. 30.

| Fund | Assets |
|---|---|
| IBM | $290 |
| Verizon | $142 |
| Florida State Board | $120 |
| United Methodist Church | $98 |
| Eli Lilly | $69 |
| Kroger | $64 |
| United Technologies | $62 |
| Missouri State Employees | $33 |
| California Public Employees | $26 |
| New Jersey | $12 |
| J.P. Morgan Chase | $6 |
| Episcopal Church | $2 |
| New Mexico Public Empl. | $1 |

## The largest funds among the top 200 with DC assets in passive indexed bonds

Assets are in millions as of Sept. 30.

| Fund | Assets |
|---|---|
| Federal Retirement Thrift | $23,117 |
| Boeing | $3,547 |
| IBM | $1,893 |
| Alaska Retirement | $1,405 |
| Northrop Grumman | $1,401 |
| Kaiser | $1,335 |
| Federal Reserve Employees | $1,105 |
| Raytheon | $863 |
| Delta Air Lines | $812 |
| Target | $773 |
| United Technologies | $650 |
| American Airlines | $514 |
| New York State Def. Comp. | $471 |
| Michigan Retirement | $456 |
| Minnesota State Board | $430 |
| California Public Employees | $413 |
| United Methodist Church | $372 |
| Accenture | $355 |
| North Carolina | $336 |
| Microsoft | $331 |
| American Electric | $317 |
| Honeywell | $309 |
| Florida State Board | $296 |
| DuPont | $295 |
| Alcoa | $293 |
| Pennsylvania Employees | $285 |
| New Jersey | $270 |
| Aetna | $223 |
| Merck | $203 |
| General Electric | $195 |
| Texas Employees | $168 |
| Exelon | $164 |
| Emerson Electric | $160 |
| Ohio Public Employees | $158 |
| PNC | $142 |
| Consolidated Edison | $128 |
| Illinois State Board | $118 |
| Virginia Retirement | $113 |
| California University | $109 |
| Southern Co. | $109 |
| Johnson & Johnson | $108 |
| Indiana Public Retirement | $100 |
| Oregon Public Employees | $92 |
| Ohio State Teachers | $85 |
| General Mills | $73 |
| Ohio Deferred Comp. | $70 |
| Missouri State Employees | $59 |
| Tennessee Consolidated | $55 |
| PepsiCo | $53 |
| Kroger | $38 |
| New Mexico Public Empl. | $31 |
| Mississippi Employees | $30 |
| Illinois State Universities | $23 |
| California State Teachers | $18 |
| Nebraska Investment Council | $16 |
| South Carolina Public Empl. | $16 |
| Kansas Public Employees | $15 |

## The largest funds among the top 200 with DC assets in REITs

Assets are in millions as of Sept. 30.

| Fund | Assets | Fund | Assets |
|---|---|---|---|
| IBM | $1,524 | Honeywell | $123 |
| Verizon | $775 | National Electric | $109 |
| California University | $399 | Delta Air Lines | $106 |
| Washington State Board | $310 | Kroger | $98 |
| Federal Reserve Employees | $218 | Accenture | $97 |
| United Methodist Church | $202 | Virginia Retirement | $88 |
| DuPont | $186 | Tennessee Consolidated | $84 |
| J.P. Morgan Chase | $159 | Ohio State Teachers | $69 |
| Target | $150 | Raytheon | $65 |
| Los Angeles Co. Deferred | $135 | United Technologies | $63 |

## The largest funds among the top 200 with DC assets in TIPS

Assets are in millions as of Sept. 30.

| Fund | Assets | Fund | Assets |
|---|---|---|---|
| IBM | $1,811 | Washington State Board | $219 |
| United Methodist Church | $857 | Target | $202 |
| California University | $682 | General Electric | $166 |
| Verizon | $664 | United Technologies | $135 |
| Florida State Board | $462 | Kroger | $78 |
| National Electric | $416 | New Jersey | $78 |
| J.P. Morgan Chase | $324 | Eli Lilly | $71 |
| North Carolina | $321 | Missouri State Employees | $61 |
| Federal Reserve Employees | $292 | Accenture | $58 |
| New York City Def. Comp. | $247 | American Airlines | $57 |

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## Funds among the top 200 with DB assets in alternatives

Assets are in millions as of Sept. 30.

| Fund | Assets |
|---|---|
| California Public Employees | $83,774 |
| California State Teachers | $45,829 |
| Texas Teachers | $45,795 |
| New York State Common | $32,261 |
| Pennsylvania School Empl. | $29,375 |
| Florida State Board | $27,180 |
| Washington State Board | $26,654 |
| Ohio Public Employees | $25,166 |
| Oregon Public Employees | $22,259 |
| Michigan Retirement | $21,880 |
| New Jersey | $21,816 |
| North Carolina | $21,434 |
| Massachusetts PRIM | $19,971 |
| Virginia Retirement | $19,385 |
| New York City Retirement | $18,733 |
| Maryland State Retirement | $16,711 |
| New York State Teachers | $16,468 |
| Ohio State Teachers | $15,005 |
| Illinois Teachers | $13,489 |
| Wisconsin Investment Board | $13,177 |
| General Electric | $11,692 |
| Pennsylvania Employees | $11,364 |
| Missouri Schools & Education | $10,843 |
| Los Angeles County Empl. | $10,703 |
| Boeing | $10,588 |
| California University | $10,558 |
| South Carolina Public Empl. | $10,175 |
| IBM | $9,620 |
| Texas County & District | $9,309 |
| Teamsters, Western Conf. | $8,970 |
| Indiana Public Retirement | $8,490 |
| Arizona State Retirement | $7,996 |
| Colorado Employees | $7,789 |
| Minnesota State Board | $7,508 |
| Verizon | $7,354 |
| United Parcel Service | $7,271 |
| Missouri State Employees | $6,636 |
| Connecticut Retirement | $5,917 |
| Alaska Retirement | $5,909 |
| Northrop Grumman | $5,482 |
| Texas Employees | $5,199 |
| United Technologies | $4,836 |
| Episcopal Church | $4,717 |
| Ohio Police & Fire | $4,344 |
| Louisiana Teachers | $4,318 |
| Orange County | $4,289 |
| Eli Lilly | $4,222 |
| Illinois State Board | $4,119 |
| Ohio School Employees | $3,955 |
| San Francisco City & County | $3,931 |
| Tennessee Consolidated | $3,924 |
| Exelon | $3,869 |
| Dow Chemical | $3,773 |
| Los Angeles Fire & Police | $3,650 |
| Delta Air Lines | $3,571 |
| West Virginia Investment | $3,498 |
| San Diego County | $3,481 |
| National Electric | $3,440 |
| Raytheon | $3,392 |
| Arkansas Teachers | $3,321 |
| Louisiana State Employees | $3,311 |
| IMF | $3,302 |
| DuPont | $3,279 |
| Kaiser | $3,215 |
| J.P. Morgan Chase | $3,197 |
| Alabama Retirement | $3,116 |
| Mississippi Employees | $2,962 |
| Illinois Municipal | $2,838 |
| New Mexico Educational | $2,831 |
| New Mexico Public Empl. | $2,669 |
| Honeywell | $2,628 |
| Nevada Public Employees | $2,560 |
| Sacramento County | $2,374 |
| Oklahoma Teachers | $2,372 |
| Prudential Financial | $2,311 |
| Alcoa | $2,279 |
| Kansas Public Employees | $2,174 |
| Hawaii Employees | $2,119 |
| Los Angeles City Employees | $2,018 |
| Montana Board of Invest. | $1,931 |
| Michigan Municipal | $1,923 |
| Maine Public Employees | $1,862 |
| Illinois State Universities | $1,858 |
| Southern Co. | $1,780 |
| Tennessee Valley Authority | $1,701 |
| Kroger | $1,675 |
| Operating Eng. International | $1,657 |
| Idaho Public Employees | $1,633 |
| Kentucky Teachers | $1,583 |
| PG&E | $1,582 |
| Consolidated Edison | $1,497 |
| General Mills | $1,400 |
| Dominion Resources | $1,119 |
| Nebraska Investment Council | $997 |
| Texas Municipal Retirement | $931 |
| Los Angeles Water & Power | $869 |
| American Airlines | $849 |
| Aetna | $828 |
| National Grid USA | $773 |
| PepsiCo | $608 |
| American Electric | $501 |
| United Methodist Church | $480 |
| Electrical Ind., Joint Board | $413 |
| Bank of New York Mellon | $401 |
| Target | $394 |
| Emerson Electric | $357 |
| Johnson & Johnson | $93 |
| Federal Reserve Employees | $33 |
| Merck | $31 |

## The largest funds among the top 200 with

Assets are in millions as of Sept. 30.

| Buyouts | Assets |
|---|---|
| California Public Employees | $18,952 |
| California State Teachers | $14,781 |
| New York State Common | $12,421 |
| Washington State Board | $12,281 |
| Texas Teachers | $10,840 |
| Oregon Public Employees | $10,440 |
| Michigan Retirement | $9,053 |
| Pennsylvania School Empl. | $8,679 |
| New York City Retirement | $8,120 |
| Florida State Board | $6,077 |
| New Jersey | $5,950 |
| Massachusetts PRIM | $5,220 |
| New York State Teachers | $4,175 |
| Illinois Teachers | $4,007 |
| Ohio State Teachers | $3,730 |
| Ohio Public Employees | $3,665 |
| Virginia Retirement | $3,611 |
| IBM | $3,479 |
| Pennsylvania Employees | $3,366 |
| Los Angeles County Empl. | $3,354 |

| Distressed debt | Assets |
|---|---|
| Ohio Public Employees | $4,209 |
| California Public Employees | $3,281 |
| California State Teachers | $2,351 |
| Florida State Board | $1,448 |
| Massachusetts PRIM | $1,373 |
| Oregon Public Employees | $1,177 |
| Pennsylvania School Empl. | $975 |
| North Carolina | $965 |
| Washington State Board | $952 |
| Pennsylvania Employees | $845 |
| Maryland State Retirement | $744 |
| New Jersey | $558 |
| Illinois Teachers | $543 |
| J.P. Morgan Chase | $511 |
| New York City Retirement | $491 |
| Missouri Schools & Education | $416 |
| Ohio State Teachers | $355 |
| San Diego County | $270 |
| Virginia Retirement | $262 |
| Missouri State Employees | $251 |

| REITs | Assets |
|---|---|
| New York State Teachers | $2,588 |
| New York City Retirement | $2,477 |
| California State Teachers | $2,407 |
| Oregon Public Employees | $1,730 |
| Massachusetts PRIM | $1,440 |
| IBM | $1,213 |
| Florida State Board | $1,139 |
| Ohio State Teachers | $975 |
| Ohio Public Employees | $770 |
| Maryland State Retirement | $713 |
| Texas Employees | $681 |
| Illinois State Universities | $644 |
| Idaho Public Employees | $525 |
| Boeing | $469 |
| Texas County & District | $461 |
| West Virginia Investment | $393 |
| United Parcel Service | $386 |
| Virginia Retirement | $373 |
| New Mexico Educational | $342 |
| Pennsylvania Employees | $327 |

| Infrastructure | Assets |
|---|---|
| California Public Employees | $2,113 |
| Teamsters, Western Conf. | $1,370 |
| California State Teachers | $806 |
| Virginia Retirement | $624 |
| J.P. Morgan Chase | $607 |
| Boeing | $597 |
| Michigan Retirement | $538 |
| Illinois State Board | $523 |
| San Diego County | $508 |
| Operating Eng. International | $455 |
| Maine Public Employees | $424 |
| Texas Employees | $410 |
| Northrop Grumman | $397 |
| New York State Common | $392 |
| Oregon Public Employees | $367 |
| Washington State Board | $337 |
| California University | $308 |
| Alaska Retirement | $259 |
| Michigan Municipal | $256 |
| Dow Chemical | $194 |


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# Alts

CONTINUED FROM PAGE 15

the same, at 7.2% vs. 7.3%.

Cambridge Associates LLC U.S. Private Equity index return for the year ended Sept. 30 was 18.09%, trailing the Standard & Poor's 500 index return of 19.73%.

The five top defined benefit investors in private equity held their positions from a year earlier, with assets dipping for the top two — the California Public Employees' Retirement System, Sacramento, and the California State Teachers' Retirement System, West Sacramento — and increasing for the remaining three.

CalPERS' private equity assets dipped 0.2% to $31.25 billion; CalSTRS' dropped 1.75% to $21.44 billion. Meanwhile, at the Washington State Investment Board, Olympia, private equity assets were up 9.2% to $16.42 billion; Teacher Retirement System of Texas, Austin, up 7.5% to $15.42 billion; and the Oregon Public Employees Retirement Fund, Salem,

"There's less scope for outperformance in an environment of low volatility."

TOWERS WATSON'S **SANJAY R. MANSUKHANI**

# DB assets in alternatives, by category

| Commodities | Assets |
|---|---|
| California Public Employees | $3,714 |
| New Jersey | $1,932 |
| Pennsylvania School Empl. | $1,827 |
| Indiana Public Retirement | $1,814 |
| North Carolina | $1,617 |
| Maryland State Retirement | $1,438 |
| Missouri State Employees | $1,182 |
| Los Angeles County Empl. | $1,169 |
| Arizona State Retirement | $1,112 |
| IBM | $1,069 |
| Boeing | $1,030 |
| Ohio Public Employees | $959 |
| South Carolina Public Empl. | $900 |
| Pennsylvania Employees | $867 |
| Teamsters, Western Conf. | $725 |
| Los Angeles Fire & Police | $370 |
| Tennessee Valley Authority | $332 |
| IMF | $301 |
| Dow Chemical | $283 |
| Michigan Municipal | $270 |

| Energy | Assets |
|---|---|
| Pennsylvania School Empl. | $2,089 |
| Minnesota State Board | $1,247 |
| Oklahoma Teachers | $1,192 |
| North Carolina | $1,064 |
| Ohio Police & Fire | $960 |
| Texas County & District | $852 |
| Ohio State Teachers | $770 |
| Maryland State Retirement | $641 |
| Pennsylvania Employees | $639 |
| Virginia Retirement | $596 |
| General Mills | $573 |
| Washington State Board | $572 |
| Tennessee Valley Authority | $516 |
| California University | $496 |
| Alaska Retirement | $487 |
| San Diego County | $444 |
| Boeing | $440 |
| IMF | $432 |
| Teamsters, Western Conf. | $430 |
| Missouri State Employees | $299 |

| Hedge funds | Total | Direct investments | Funds of funds |
|---|---|---|---|
| Texas Teachers | $11,808 | $11,808 | |
| New Jersey | $9,016 | $6,428 | $2,588 |
| Pennsylvania School Empl. | $8,004 | $8,004 | |
| Ohio Public Employees | $6,992 | $6,050 | $942 |
| Virginia Retirement | $6,944 | $6,944 | |
| Texas County & District | $6,104 | $6,104 | |
| Michigan Retirement | $6,049 | $2,931 | $3,118 |
| Massachusetts PRIM | $5,678 | $4,262 | $1,416 |
| New York State Common | $5,534 | $5,534 | |
| Missouri Schools & Education | $5,114 | $5,114 | |

| | Total | Direct investments | Funds of funds |
|---|---|---|---|
| California Public Employees | $3,876 | $3,171 | $705 |
| South Carolina Public Empl. | $3,818 | $3,818 | |
| New York City Retirement | $3,413 | $2,902 | $511 |
| North Carolina | $3,320 | $2,241 | $1,079 |
| Boeing | $2,955 | $2,408 | $547 |
| Eli Lilly | $2,895 | $577 | $2,318 |
| California University | $2,844 | $2,844 | |
| General Electric | $2,799 | $2,404 | $395 |
| Florida State Board | $2,760 | $2,760 | |
| Illinois Teachers | $2,727 | $1,813 | $914 |

up 7.8% to $15.09 billion.

Investors were committing massive amounts of capital to infrastructure during the survey period, with the average size of a fund closing as of Sept. 30 rising to more than $1 billion from $697 million in 2013, according to London-based alternative investment research firm Preqin.

### Big crossover

There is a big crossover between infrastructure and energy. Four of Preqin's top five infrastructure deals as of Sept. 30 involved energy.

However, fundraising for energy funds began to slow during the survey period. In the first eight months of 2014, 15 North America-focused private equity funds targeting the oil and gas industries, either exclusively or as part of a wider industry focus, closed on a total of $8 billion. By comparison, funds focusing on oil and gas raised $29 billion in all of 2013, Preqin data shows

"The increase in infrastructure

SEE ALTS ON PAGE 47

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May 7 | Toronto | Four Seasons Hotel

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# The largest funds among the top 200 with DB assets in alternatives, by category

Assets are in millions as of Sept. 30.

| Private equity | Total | Domestic | Int'l |
|---|---|---|---|
| California Public Employees | $31,245 | $24,022 | $7,223 |
| California State Teachers | $21,442 | $17,566 | $3,876 |
| Washington State Board | $16,418 | | |
| Texas Teachers | $15,424 | $11,105 | $4,319 |
| Oregon Public Employees | $15,087 | $10,576 | $4,511 |
| New York State Common | $14,145 | $11,740 | $2,405 |
| Florida State Board | $13,972 | $13,375 | $597 |
| Pennsylvania School Empl. | $10,417 | $6,094 | $4,323 |
| Michigan Retirement | $10,368 | $8,261 | $2,107 |
| New York City Retirement | $9,743 | $8,878 | $865 |
| Ohio Public Employees | $9,231 | $7,916 | $1,315 |
| New York State Teachers | $8,144 | $8,144 | |
| Massachusetts PRIM | $8,095 | | |
| New Jersey | $7,123 | $6,050 | $1,073 |
| Wisconsin Investment Board | $6,493 | | |
| Ohio State Teachers | $6,071 | $5,779 | $292 |
| Virginia Retirement | $5,917 | $4,981 | $936 |
| General Electric | $5,661 | $4,276 | $1,385 |
| Pennsylvania Employees | $5,588 | $3,876 | $1,712 |
| Minnesota State Board | $5,553 | | |

| Venture capital | Assets |
|---|---|
| California Public Employees | $1,788 |
| New York State Common | $1,723 |
| California University | $1,554 |
| Massachusetts PRIM | $1,502 |
| Texas Teachers | $1,475 |
| Pennsylvania Employees | $1,370 |
| Ohio Public Employees | $1,357 |
| Florida State Board | $1,306 |
| California State Teachers | $1,255 |
| Washington State Board | $1,199 |
| Michigan Retirement | $1,135 |
| New York City Retirement | $1,086 |
| Ohio State Teachers | $1,070 |
| New York State Teachers | $1,013 |
| Colorado Employees | $948 |
| Episcopal Church | $919 |
| Oregon Public Employees | $860 |
| Maryland State Retirement | $834 |
| Verizon | $771 |
| San Francisco City & County | $747 |

| Mezzanine | Assets |
|---|---|
| California Public Employees | $1,450 |
| Florida State Board | $653 |
| Virginia Retirement | $522 |
| Louisiana Teachers | $488 |
| Maryland State Retirement | $463 |
| California State Teachers | $279 |
| New York State Teachers | $271 |
| New Jersey | $200 |
| Oregon Public Employees | $196 |
| Raytheon | $188 |
| Michigan Retirement | $180 |
| Teamsters, Western Conf. | $152 |
| Connecticut Retirement | $140 |
| Northrop Grumman | $132 |
| Pennsylvania School Empl. | $111 |
| United Technologies | $76 |
| J.P. Morgan Chase | $63 |
| Operating Eng. International | $54 |
| Missouri Schools & Education | $52 |
| New York City Retirement | $47 |


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- Developing a Roll-Out Plan for Incorporating Alternative Assets

WORKSHOPS

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- All Alternative Funds are Not Equal
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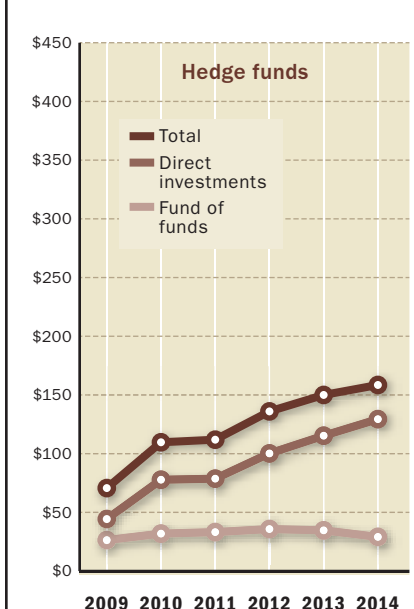
## Growth of alternatives in



# Alts

CONTINUED FROM PAGE 45

and energy (commitments by institutional investors) are a reflection of the growing and continued interest we've seen in real assets more broadly over the last few years," said Peter Rogers, senior investment consultant in Towers Watson's New York office in an e-mail.

"The increase could be due to investors coming out of the j-curve from increasing allocations to infrastructure or real assets more broadly and making commitments two to four years ago," he said.

What's more, the growing investor interest in direct investments and co-investments has given investors the ability to increase invested capital, Mr. Rogers wrote.

The top three energy investors in *P&I*'s universe all reported increases in their portfolios. The Pennsylvania Public School Employees' Retirement System, Harrisburg, boosted its energy portfolio 43% to $2.1 billion; the Minnesota State Board of Investment, St. Paul, up 10.7% to $1.25 billion; and the Teachers' Retirement System of Oklahoma, Oklahoma City, had the most dramatic growth of the three with energy assets up 58.7% to $1.19 billion.

"There's been a lot of fundraising and several large investments made across Western Europe and the U.S in energy," said Brandon Prater, London-based partner and global co-head of private infrastructure at alternative money manager Partners Group.

Infrastructure's popularity didn't surprise Mr. Prater because the asset class is perceived to be in the safer end of the risk-return spectrum; it is asset-backed, essential and generally should have lower volatility, he said.

### Hedge fund gulf widens

Within hedge funds, the gulf between direct investment and funds of funds widened as direct investments grew 12.23% to $129.4 billion and fund-of-funds assets fell 16.1% to $29.1 billion.

**ROUGH PATCH:** Jonathan Grabel said CalPERS' exit from hedge funds put a dark cloud over the asset class.

What's more, some investors have been questioning being in hedge funds at all. CalPERS began paring its $5.3 billion hedge fund portfolio early in 2014, but shocked the investment world when it announced Sept. 15 it would be eliminating its remaining $4 billion portfolio.

"There's a scarlet letter on hedge funds because of the media coverage of CalPERS" exiting the asset class, said Jonathan Grabel, chief investment officer of the Public Employees Retirement Association of New Mexico, Santa Fe. In April, New Mexico PERA reduced its hedge fund allocation to 4% from 7%. Pension plan officials are now in the process of implementing that decision.

At New Mexico PERA, officials are cutting their hedge fund allocation to better diversify risks across investment strategies, Mr. Grabel said. The reduction is also a recognition that hedge funds might be a better strategy for investing in other asset classes rather than an asset class itself, he explained. Officials now are in the process of deciding how to implement the changes.

The top three hedge fund investors in *P&I*'s ranking held onto their top spots. Texas Teachers, with $11.8 billion, is up 11% from a year earlier; the New Jersey Division of Investment, Trenton, which manages investments for the New Jersey Pension Fund, saw a 20.2% increase to $9 billion; and Pennsylvania Public School Employees, up 22% to $8 billion. ■

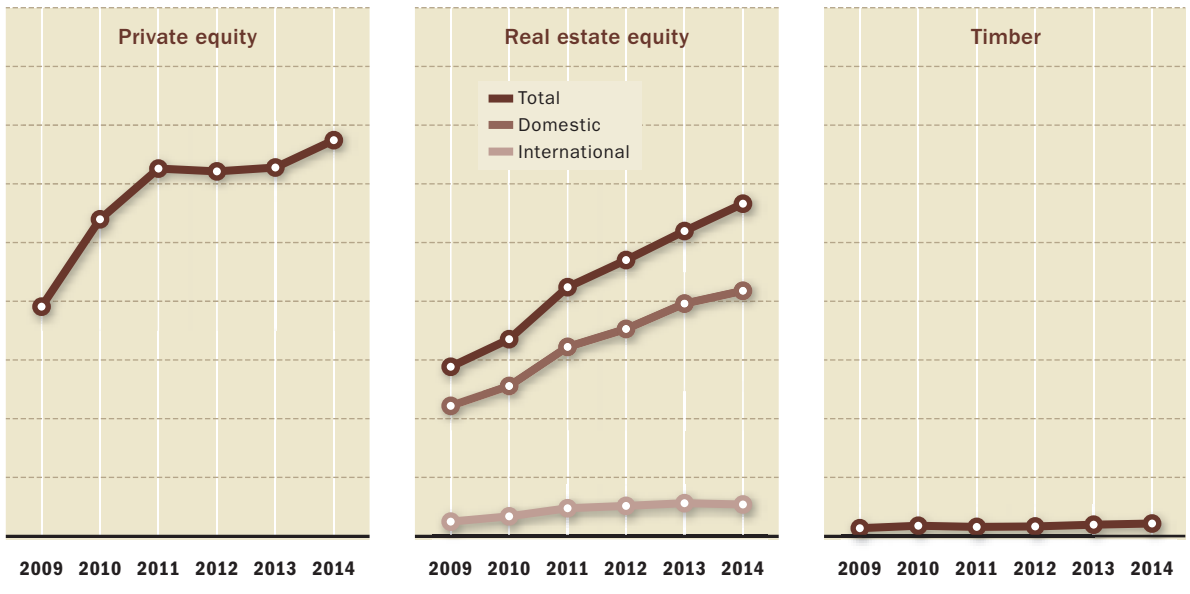
## The largest funds among the top 200 with DB assets in real estate equity

Assets are in millions as of Sept. 30.

| Fund | Total | Domestic | Int'l | Timber |
|---|---|---|---|---|
| California Public Employees | $27,850 | $21,235 | $4,349 | $2,266 |
| California State Teachers | $22,698 | $20,065 | $2,633 | |
| Texas Teachers | $15,246 | $12,654 | $2,592 | |
| New York State Common | $12,191 | $9,655 | $2,536 | |
| Florida State Board | $10,347 | $10,041 | | $306 |
| Washington State Board | $9,262 | $5,921 | $3,119 | $222 |
| New York State Teachers | $8,324 | $8,038 | | $286 |
| Ohio Public Employees | $7,894 | $7,894 | | |
| North Carolina | $7,635 | $5,732 | $1,258 | $645 |
| Pennsylvania School Employees | $7,038 | $5,398 | $1,640 | |
| Massachusetts PRIM | $6,198 | | | $2,429 |
| Ohio State Teachers | $6,014 | $5,414 | $600 | |
| Wisconsin Investment Board | $6,008 | | | |
| Oregon Public Employees | $5,902 | $4,665 | $1,225 | $12 |
| Illinois Teachers | $5,689 | $5,459 | $230 | |
| New York City Retirement | $5,469 | $4,144 | $1,325 | |
| Virginia Retirement | $5,304 | $4,594 | $293 | $417 |
| Michigan Retirement | $4,925 | $4,221 | $704 | |
| Los Angeles County Empl. | $4,913 | $4,594 | $319 | |
| Teamsters, Western Conf. | $3,869 | $3,683 | | $186 |

## DB plans, by category

Among the top 200 funds; assets are in billions for years ended Sept. 30.




## HOW THE DATA WERE COMPILED

*Pensions & Investments'* staff gathered the information for this report in three steps.

Questionnaires were sent to more than 1,200 fund sponsors in P&I's database. The largest 1,000 were identified from the completed questionnaires, follow-up phone calls and e-mails.

Data for funds that did not respond were culled from published annual reports and the Form 5500s filed with the Department of Labor.

RequiSight LLC also provided source materials used as references to gather the most recent historical asset data for certain plans.

*P&I's* survey generally covers the 12 months ended Sept. 30, 2014. In cases where no information was available from the fund, or the data obtained were older than that date, *P&I* calculated estimates to Sept. 30, 2014.

In the accompanying rankings and charts, dollar amounts are rounded to the nearest million. The aggregate asset mixes represent the averages of all reported allocations for the respective funds.

Ken Jesudian, CEO of
BURGUNDY ASSET MANAGEMENT LTD.
is pleased to announce the following appointments:

**Greg Dowdall, CFA**
*to Head of the Private Client Group*

Greg has 20 years of experience working with high-net-worth individuals. He joined Burgundy in 2009 and has been integral to the firm as the Managing Director of Beaujolais Private Investment Management, a division of Burgundy Asset Management. Greg was appointed a Vice President of the firm in 2011. Before joining the firm, Greg spent eight years with Phillips, Hager & North and six years with MD Management Limited.

Greg earned his BA in Business Economics from Brock University and his MA in Business Economics from Wilfrid Laurier University.

**Joe Rooney, CFA**
*to Head of the U.S. Client Group*

Joe joined Burgundy in 2006 and during his tenure has built and maintained relationships with Canadian private clients and U.S. foundations and endowments. He was appointed a Vice President of the firm in 2013. Joe has demonstrated his leadership while managing the Private Client Group, and now returns to the U.S. Client Group to oversee the firm's institutional business in the U.S. Prior to joining Burgundy, Joe spent several years with Altamira Investment Services as a Financial Advisor.

Joe earned his BA in Economics from Wilfrid Laurier University and his MFin from the University of Toronto's Rotman School of Management.

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- Creating opportunities for Pension Practice Council members and other Academy volunteers similarly to connect with stakeholders in support of these goals.

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- Display a command of, or the propensity to develop a command of, the congressional legislative process and federal regulatory processes related to the laws and rules governing pension plans.
- Have superior written and oral communication skills.

The Senior Pension Fellow will be a full-time employee of the American Academy of Actuaries, which is located in Washington, D.C., and the Fellow will work out of the Academy offices. This position reports directly to the Director of Public Policy. **For a complete job description go to www.pionline.com/careers or to the Academy's website at www.actuary.org .**

To apply, please send your resume along with a cover letter and salary requirements to Gail Ingram, HR Manager, American Academy of Actuaries via e-mail HR@actuary.org or fax (202-872-8301).

### Head of Investment Compliance and Operational Risk

Reporting to the Chief Operating Investment Officer for CalPERS nearly 400 Investment Office team, this individual will lead a strong internal team and external consultants responsible for continuing to refine and implement CalPERS sophisticated investment compliance and operational risk systems, policies and procedures across all asset classes, including alternatives. This is a highly visible role that will entail interface with multiple entities across the CalPERS organization including the Investment Committee of the CalPERS Board, Legal and various external entities and stakeholders.

**Requirements:**
At least 10-15 years' relevant experience within a multi-asset class investment or investment-related setting, experience implementing sophisticated investment compliance programs within highly complex organizations, investment policy development and maintenance, knowledge of investment regulations, operational risk assessment and mitigation, excellent communication skills and a strong executive presence. An undergraduate degree is required; an advanced degree and / or relevant professional certifications would be a strong plus.

**Location:** Sacramento, CA

**For more information or to submit your resume, please contact Ridgeway Partners LLC at CalPERS-ICOR@ridgewaypartners.com**

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## RFPS

### Request for Proposals for General Counsel for the Police and Fire Retirement System of the City of Detroit

The Trustees of the Police and Fire Retirement System of the City of Detroit are seeking proposals for General Counsel Services. Interested individuals or firms are invited to submit a proposal. The request for proposal will be available on **February 9, 2015. Responses are due on March 2, 2015 by 3:00 P.M. EST.**

The RFP will be posted on the Police and Fire Retirement System of the City of Detroit's web site at www.pfrsdetroit.org. **The RFP will be on the PFRS home page.**

All correspondence and inquiries concerning this RFP should be directed solely to David Cetlinski, Assistant Executive Director, at **dcetlinski@rscd.org. Responses are due on March 2, 2015 by 3:00 P.M. EST.**

### REQUEST FOR PROPOSAL

The Illinois State Board of Investment is soliciting proposals from qualified securities lending agents to provide securities lending services for eligible domestic and international securities within the Board's portfolio. A copy of the Request for Competitive Proposal may be viewed and downloaded at http://www.illinois.gov/isbi/Pages/RFP.aspx. Please review the RFCP carefully for details regarding minimum qualifications and proposal deadlines.

### REQUEST FOR PROPOSAL GENERAL INVESTMENT CONSULTANT SERVICES THE CITY OF BALTIMORE EMPLOYEES' RETIREMENT SYSTEM

The City of Baltimore Employees' Retirement System is soliciting proposals from qualified financial institutions/firms to provide general investment consulting services for the two City of Baltimore non-uniform retirement plans and the OPEB Trust with combined assets of $1.8 billion. The intent of this RFP is to select one firm.

To immediately receive the RFP packet, visit www.bcers.org under "Publications & News", or email your request to: Donna S. Bowen, Records Manager at dbowen@bcers.org

Deadline for submitting responses to the RFP is Tuesday, March 31, 2015 @ 3:00 p.m., EDT.

The Board of Trustees reserves the right to reject any or all proposals or any items, to cancel the RFP, and to waive any imperfections in a proposal if doing so is in the best interest of the fund. All proposals shall become the property of the City of Baltimore Employees' Retirement System.

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P&I RFPs

# Security

CONTINUED FROM PAGE 1

was considered only best practice among asset owners, with due diligence focusing on only the largest money managers, is now "a market practice, where cybersecurity information is required by all plans from all providers."

"It's no longer a question of whether (a provider) has cybersecurity procedures or doesn't," Mr. Sommer said. "The issue is how extensive they are."

Said David Holmgren, chief investment officer of Hartford HealthCare, Hartford, Conn.: "Cybersecurity is becoming a bigger issue (and) is a huge component of all our RFPs." As a healthcare provider, Hartford HealthCare has a heightened sensitivity to data security and confidentiality rules, he noted. "We apply this scrutiny on cybersecurity to all our contracts, including those providers for pension plans," Mr. Holmgren said. Hartford HealthCare has $3 billion in pension, insurance and endowment assets.

**NO CHOICES:** Gregg Sommer said cybersecurity no longer is considered an option; it's a requirement.

### Due diligence crucial

Due diligence is crucial before asset owners even get to the RFP stage, said William Atwood, executive director of the $13.1 billion Illinois State Board of Investment, Chicago. "One of the things we rely on in cybersecurity is our early due-diligence process in seeking providers," Mr. Atwood said. "We want providers with a strong technology base who understand and are sensitive to the need for data security."

"We're seeing more and more security issues addressed in RFPs," said Michael Pillion, Philadelphia-based partner at Morgan, Lewis & Bockus LLP. Mr. Pillion said there also are "more negotiations on adding data security terms. There's more attention to detail (in data security). It's something that's developing and will continue to."

The potential for internal breaches also should concern asset owners, said Marla J. Kreindler, partner at Morgan, Lewis in Chicago.

Among the issues Ms. Kreindler cited: hackers accessing trust accounts and creating fraudulent billing accounts to draw assets; the use of passwords by multiple plan participants; and fraudulent e-mails that try and glean information from plan employees or participants.

"Ultimately (data security) is still the plan sponsor's responsibility. They can't just contract out responsibility for data breaches to third parties. … It's not just about the contract. It's who is the plan sponsor choosing as a service provider. What due diligence has the plan sponsor done on the provider on important data questions, like who manages their server? Is it the provider or a third party? And is the server or the provider in another country? Those need to be known by the plan sponsor in the RFP process and then details about this have to be addressed and locked down in the contract," Ms. Kreindler said.

### Well founded

Asset owners' concerns over providers' data security appear to be well founded.

According to a report released last week by the Securities and Exchange Commission, 74% of money managers and other registered investment advisers surveyed said they've been the subject of a cyber-related incident directly or through their external providers.

Also, while 79% of respondents conduct periodic risk assessments to identify cybersecurity threats and potential business consequences, only 32% apply those assessment requirements to their outside vendors.

Money managers and other service providers are responding to RFP requests for cybersecurity details, said Freeman Wood, principal at Mercer Sentinel in Chicago. They are, for example, detailing how they're proactively testing internal controls to fight cyberattacks. They're also vigorously scrutinizing their outsourced vendors, which Mercer Sentinel's Mr. Sommer said is a new phenomenon.

Managers' third-party providers under review include custodians, fund administrators and other middle- and back-office providers and "any organization that has a firm's confidential information — client information, portfolio information into possible trades — and actual access to money through any means, not just the ones you would think of," Mr. Sommer said.

He cited the 2013 Target Corp. data breach, which eventually was discovered to have come from a computer of a heating and air-conditioning firm under contract to the retailer. "It's any vendor, providing any service, that has a link to that firm's data."

## Protecting your data

Topics that Michael Pillion, partner at Morgan, Lewis & Bockius, said asset owners should broach in their requests for proposals from service providers:

- **the level of data protection offered by the provider;**
- **who is responsible for client and participant notification if a data breach occurs;**
- **responsibility for a breach, depending on whether it occurs on the asset owner or provider side;**
- **who — asset owner or service provider — will fix the breach;**
- **the extent of liability of service providers;**
- **responsibility for breaches that result after a disaster; and**
- **a provider's use of asset owner data for other purposes, such as marketing.**

A greater focus — and one often overlooked — is physical security, Mr. Sommer said. "With so much business activity now being done outside the office, it's encrypting laptops and personal devices, but it's also securing against access to a company's server. Outside office access is now integral in our reviews of provider security."

Breaches can also be accidental but still risky, said John Barlament, partner, data privacy, at Quarles & Brady LLP, Milwaukee. Last month, a third-party administrator for DB and DC plans accidentally disclosed Social Security numbers, account balances and other information from participants in one company plan to another plan, which automatically downloaded the information into its database. "The vendor had one site where all clients could access via password," Mr. Barlament said. "That was totally inadvertent, with no malicious intent. It wasn't a case of a disgruntled employee. But regardless, it was a data breach." He would not name the parties involved.

William Stone, CEO of financial services software and fund administration service provider SS&C Technologies Inc., Windsor, Conn., said a big concern for providers "is from within. It's more likely that employees can get into systems. That's why you need strict monitoring … to be able to spot suspicious activity."

"You also need layers (of security). First the walls, then the moat, and then the people with the shotguns."

Keith Overly, executive director of the $9.7 billion Ohio Public Employees Deferred Compensation Program, Columbus, has internal concerns over data security because record-keeping is done in-house. Among the program's internal security checks is an audit by an accounting firm every two years that looks at the plan's "physical and electronic security. They actually try to breach our system. The good news is that they haven't been able to." ■

# Earnings

CONTINUED FROM PAGE 2

4.4% for the quarter ended Dec. 31, while the Barclays Capital U.S. Aggregate Bond index gained 1%. These were offset by the MSCI Europe Australasia Far East and MSCI Emerging Markets indexes, down 3.46% and 4.41%, respectively.

Robert Lee, a managing director and analyst at Keefe, Bruyette & Woods Inc. in New York, said fourth-quarter results were affected by "a lackluster demand for domestic equities, a demand for (exchange-traded funds) and a continued demand for credit strategies and different types of fixed income."

### Active to passive

"The move from active to passive continues," Mr. Shutler said, citing T. Rowe Price's earnings as an example. He said T. Rowe Price, an active manager,suffered more than "$5 billion of outflows in the quarter despite extremely strong performance." The firm "attributed the outflows to rebalancing from clients and institutional moving to a more passive mandate," he said.

Net outflows totaled $3.8 billion from the Baltimore-based firm's investment portfolios and $1.3 billion from its mutual funds.

Despite the net outflows, T. Rowe Price reported $746.8 billion in assets under management as of Dec. 31, up 2% from three months earlier and up 8% from a year earlier.

SSgA was one firmthat experienced strong inflows into its passive business. While its institutional strategies faced net outflows of $20 billion for the quarter, the Boston-based manager had net inflows of $36 billion in ETFs.

Ultimately, its institutional outflows were driven primarily by one of its clients rebalancing out of fixed income. SSgA experienced total net inflows of $7 billion for the quarter.

"In SSGA's institutional asset management business, we saw solid demand in the fourth quarter for our core passive equity products as well as momentum in our active fixed-income and alternatives offerings," Global Chief Investment Officer Rick Lacaille said in an e-mailed response to questions.

SSgA reported $2.448 trillion in assets as of Dec. 31, up 1.1% from Sept. 30 and up 4.4% from Dec. 31, 2013.

BlackRock, New York, meanwhile, had long-term net inflows of $44.2 billion into its iShares ETF business in the fourth quarter, of which $20.6 billion was institutional. For the third quarter, iShares had net inflows of $18.2 billion, of which $5.62 billion was institutional.

iShares assets totaled $1.024 trillion at Dec. 31, up 5% from three months earlier. BlackRock's AUM totaled $4.652 trillion as of Dec. 31, up 3% from three months earlier and 8% gain from a year earlier.

## Fourth-quarter money manager assets

Assets under management for publicly traded money managers as of Dec. 31. Dollar amounts are in billions.

| Manager | Assets | Change from Q3 | Change from Q4 2013 | Net flows |
|---|---|---|---|---|
| **BlackRock** | $4,651.9 | 2.8% | 7.6% | $87.8 |
| **State Street** | $2,448.0 | 1.1% | 4.4% | $7.0 |
| **J.P. Morgan** | $1,744.0 | 1.9% | 9.1% | $37.0 |
| **Bank of New York Mellon** | $1,710.0 | 3.9% | 8.0% | $27.0 |
| **Goldman Sachs** | $1,027.0 | 1.9% | 11.8% | $28.0 |
| **Northern Trust** | $934.1 | 1.2% | 5.6% | N/A |
| **Franklin Resources** | $880.1 | -2.0% | 0.1% | -$3.5 |
| **Invesco** | $792.4 | 0.4% | 1.8% | -$0.7 |
| **T. Rowe Price** | $746.8 | 2.1% | 7.9% | -$5.1 |
| **Legg Mason** | $709.1 | 0.2% | 4.4% | -$1.8 |
| **Affiliated Managers Group** | $620.2 | 3.5% | 15.4% | $2.6 |
| **Morgan Stanley** | $403.0 | 1.3% | 6.9% | $3.5 |
| **Federated Investors** | $362.9 | 3.0% | -3.5% | $2.0 |
| **Janus Capital** | $183.1 | 5.0% | 5.3% | $2.0 |
| **Artisan Partners** | $107.9 | 1.6% | 2.3% | -$0.5 |

### 'Hearty rally'

At BNY Mellon, "we saw a pretty hearty rally in fixed income and international equities," said Jamie Lewin, head of manager research for BNY Mellon Investment Management, New York. "After a pretty anemic few quarters," the most recent period was marked by "flows back into fixed income," he added.

Mr. Lewin said BNY Mellon has "seen a big rally in active management" in January.

"Although it's dangerous to make too much of an inference in that, so far it seems to be a great environment for active management," Mr. Lewin said. "I'm certainly expecting better results for active management this year than we got last year."

Parent company Bank of New York Mellon reported $4 billion in net inflows to fixed income for its BNY Mellon Investment Management and wealth management businesses during the fourth quarter of 2014; in the third quarter, fixed income was flat.

BNY Mellon Investment Management and wealth management businesses reported $1.71 trillion in combined AUM as of Dec. 31, up 4% from three months earlier and 8% higher than a year prior.

Invesco saw net inflows of $2.5 billion during the quarter, driven by good performance and strong inflows in its European strategies.

"They have a product, global targeted returns, that's generated meaningful flows due to really good performance," said Mr. Shutler.

Janus Capital Group Inc., Denver, experienced fixed-income net inflows of $2.8 billion for the quarter ended Dec. 31, compared to net outflows of $300 million in the previous quarter. In fact, the firm closed the quarter with $2 billion in net inflows overall, ending a streak of net outflows for 21 straight quarters since June 30, 2009.

Janus finished the fourth quarter with $183.1 billion in AUM, up 5% from Sept. 30 and up 5.3% from the previous year.

"The demand for global strategies and the change within fixed income we saw from a certain manager are still evident so far," said Mr. Lee. (Although Mr. Lee did not name the manager, it is logical to assume he was talking about Mr. Gross.)

While Legg Mason experienced equity net outflows of $1.1 billion for the fourth quarter, vs. net inflows of $1.6 billion for the quarter ended Sept. 30, the Baltimore-based company saw net inflows of $9.9 billion into fixed income after net outflows of $900 million in the previous quarter.

Legg Mason reported $709.1 billion in assets under management as of Dec. 31, flat from three months earlier but up 4% from year-end 2013. ■

P&I WEBINARS

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In the years since the 2008 financial crisis, stable value has proven its worth as the conservative anchor of a diversified investment portfolio for investors at every life stage. As the asset class continues to evolve in an ever-shifting regulatory landscape and marketplace, what's next for stable value? Listen to our panel of stable value experts answer this question, discussing emerging and hot topics. Don't miss the replay of this timely and informative webinar.

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# HIRINGS

**Canada Pension Plan Investment Board**, Toronto, committed C$330 million (US$260 million) to a new Canadian private equity fund of funds managed by **Northleaf Capital Partners**.

The fund will focus on Canadian small- and midmarket buyout and growth equity funds that are seeking to raise C$1 billion or less in capital commitments.

The board, which oversees management of the C$234.4 billion Canada Pension Plan, Ottawa, has committed a total of C$1.2 billion to Canadian private equity investments managed in Northleaf funds of funds. Overall, the board has about C$4.1 billion committed to Canadian private equity and venture capital.

**Chicago Transit Authority Employees Retirement Plan** committed $25 million to **Mesirow Financial** Real Estate Value Fund II, recently released board meeting minutes showed.

The fund previously committed fund to predecessor fund Mesirow Financial Real Estate Value Fund I.

John Kallianis, executive director of the pension fund, and Jim O'Connell, the pension fund's general counsel, could not be reached for additional information by press time.

**Colorado Fire & Police Pension Association**, Greenwood Village, committed or invested a total of $80 million to three funds, said Scott Simon, chief investment officer, in an e-mail.

The $4.2 billion pension fund invested $50 million in **Hutchin Hill Capital**, a multistrategy hedge fund. It is a first-time investment with Hutchin Hill. The pension fund has a 12% target to absolute return.

The pension fund also committed $15 million each to private equity funds **Endeavour Capital** Fund VII and **Dyal Capital Partners** II.

Endeavour Capital Fund VII is a $700 million fund "focused on lower middle-market companies in the western U.S.," Mr. Simon wrote. The pension fund previously committed $7.5 million and $10 million to predecessor funds Endeavour Capital Fund IV and Endeavour Capital Fund VI, respectively.

Dyal Capital Partners II is a "$2 billion fund focused on acquiring minority interests in general partners of established hedge (fund) firms," Mr. Simon wrote.

This is the pension fund's first commitment to Dyal Capital Partners, a unit of Neuberger Berman.

The new private equity commitments will fall under the pension fund's illiquid alternatives allocation, which has an 18% target.

**Fresno County (Calif.) Employees' Retirement Association** hired **Invesco** to run about $120 million in an active commodities strategy, said Donald Kendig, retirement administrator, in an e-mail. Invesco replaces BlackRock, which ran a $120 million passive commodities strategy.

The $3.9 billion pension fund's investment consultant, Wurts & Associates, recommended the switch to an active strategy, and presented four managers for consideration: BlackRock, Invesco, Wellington and Gresham.

**HAVE SOME NEWS?**

Please submit news of changes to Kevin Olsen, news editor, at **kolsen@pionline.com**.

## N.J. ADDS TO BLACKSTONE PARTNERSHIP

New Jersey Division of Investment, which manages investments for the $76.8 billion New Jersey Pension Fund, Trenton, is expanding its relationship with **Blackstone Group**, adding several new commitments worth up to $1.05 billion.

Part of the new commitments will be offset by an approximately $400 million redemption from CT High Grade II, a real estate debt fund managed by Blackstone, according to a report presented by the division on Jan. 29 at a meeting of the State Investment Council, Trenton.

In the report, the division said it was committing:

- up to $250 million "in aggregate commitments to existing Blackstone Tactical Opportunities Fund-A (Private Equity); existing Blackstone Tactical Opportunities Fund-A (Real Assets); and a new separate account vehicle for real estate tactical opportunities";
- An additional commitment of $150 million to existing GSO Energy Partners-A, managed by Blackstone's credit division **GSO Capital Partners**;
- An additional commitment of $200 million to existing GSO Credit Partners-A;
- A commitment of $150 million to "a new separate account dedicated to core-plus real estate opportunities;" and
- Commitments to new commingled investment funds of up to $100 million each to Blackstone Real Estate Partners VIII and Blackstone Energy Partners II; and up to $50 million each to Blackstone Property Partners and Blackstone Capital Partners VII.

The division of investment also announced four commitments in private equity, direct lending and real estate totaling as much as $900 million, said documents presented Jan. 29 at the council meeting.

The division committed up to $300 million to a **TCW Group** direct lending strategy, "allocating up to $150 million each to TCW Direct Lending LLC and a TCW direct lending separate account," a division document said.

It also committed up to $300 million in a separate account managed by **TGM Associates**. The firm's "sole focus (is) investing in and operating rental apartment communities throughout the United States," said a division document.

In private equity, the division of investment committed up to $150 million each to **TPG** Growth III, which invests in small- and middle-market growth equity and buyout investment opportunities; and **JLL Partners** Fund VII, which a division document describes as "a middle-market firm focused on making private equity and distressed investments with experience doing so across various economic and market cycles."

**Fulton County Employees' Pension Fund**, Atlanta, hired **NEPC** as investment consultant, said Gary Stiles, chairman of the board.

The $1.3 billion pension fund issued an RFP in April because incumbent consultant UBS' contract was expiring Dec. 31. The firm was invited to rebid but did not do so, Mr. Stiles said.

**Government Employees Superannuation Board**, Perth, Australia, hired **Northern Trust** as global custodian, Christine Page, spokeswoman for the A$20 billion (US$15.9 billion) superannuation fund, said in an e-mail.

A search was done because the contract of incumbent National Asset Services was due to expire. It could not be learned by press time whether National Asset Services rebid.

**Huntington Ingalls Industries Inc.**, Newport News, Va., is adding the **Metropolitan West** Total Return Bond Fund as an investment option in one of its 401(k) plans, said Jim Taylor, vice president, compensation and benefits.

The MetWest fund will replace the PIMCO Total Return Fund effective March 9.

The Huntington Ingalls Industries Inc. Newport News Operations Savings (401(k)) Plan for Union Eligible Employees has 12 investment options and a target-date fund lineup.

The plan had $236 million in assets as of Dec. 31, 2013, according to the company's most recent Form 5500 filing. The plan had $6 million in the PIMCO Total Return Fund at that time.

**London Councils** hired **Northern Trust** as the asset services provider for a collective investment fund for 33 local authority pension funds in London, said Hugh Grover, director of fair funding, procurement and performance at the organization, which represents the authorities.

The common investment vehicle is designed to provide the 33 local government pension funds in London with a platform through which they can invest collaboratively. These pension funds have more than £24 billion ($36 billion) in assets.

Northern Trust will provide global custody, fund administration and depository services for the common investment fund. It is set up as a tax-transparent pooled fund, known as an authorized contractual scheme.

**Los Angeles City Employees' Retirement System** committed a total of up to $100 million to two real estate managers, information on the $13.9 billion pension fund's website shows.

LACERS committed about $65 million to **CenterSquare Investment Management** for an active long-only U.S. real estate investment trust mandate and up to $35 million to **Morgan Stanley**'s $11.7 billion open-end core real estate fund, Morgan Stanley Prime Property Fund. The fund targets office, retail, multifamily and industrial properties.

Real estate consultant Townsend Group assisted.

**New Hampshire Retirement System**, Concord, made two new private debt commitments totaling $90 million, spokesman Marty Karlon said.

The $7.5 billion pension fund com-

## HIRINGS

mitted $50 million to CVI Credit Value Fund III, a private debt fund that primarily invests in distressed opportunities managed by **CarVal Investors**.

The pension fund also committed $40 million to **Comvest** Capital III, a private debt fund that primarily invests in senior loan opportunities.

Investment consultant NEPC assisted.

■ **Ohio Police & Fire Pension Fund**, Columbus, committed €43 million ($48.9 million) to **Rhone** Partners V, a private equity fund, David Graham spokesman for the $14.3 billion pension fund, said in an e-mail. The fund primarily targets the acquisition of European and North American middle-market businesses.

■ **Orange County Employees Retirement System**, Santa Ana, Calif., provisionally committed $175 million to managers for custom credit strategies designed to take advantage of energy markets dislocation opportunities, which are open to other public pension funds for investment, said Robert Kinsler, communications manager for the $11.9 billion pension fund, in an e-mail.

The board at its Jan. 27 meeting committed $100 million to credit manager **Brigade Capital Management**'s Brigade Energy Fund, a custom portfolio; and $75 million to direct lending manager **Tennenbaum Capital Partners** to be invested in high-quality energy credits in a fund structure to be determined by Girard Miller, chief investment officer. OCERS has invested with both managers in the past.

The Brigade Energy Fund will initially invest in publically traded energy-industry credits but also may invest in private credits and long-short strategies in a comprehensive diversified portfolio. This includes the ability to deploy options.

The Tennenbaum fund will do direct lending to energy and energy-related companies with a strong focus on senior secured loans and senior debt.

■ **Royal Oak (Mich.) Retirement System** hired **SEI Investments** as its investment consultant with some discretionary authority, said Julie Rudd, city director of finance.

The $135 million pension fund hired SEI as a partial outsourced CIO, with the discretionary authority to hire and terminate managers; however, any changes in asset allocation must be approved by the board.

The previous consultant was The Brice Group, which Ms. Rudd said was under a more traditional investment consulting contract.

■ **San Antonio Fire & Police Pension Fund** committed $60 million total to five funds, recently released board meeting minutes said.

The $2.6 billion fund committed $15 million each to private debt funds **Babson Capital** Global Private Credit Gateway Mezzanine Partners Fund II and **Shoreline** China Value III.

The pension fund also committed $10 million each to three real estate funds: **DSF** Capital Partners V; **Covenant** Apartment Fund VIII,; and **Rockpoint** Real Estate Fund V.

■ **San Joaquin County Employees' Retirement Association**, Stockton, Calif., hired **Pension Consulting Alliance** as investment consultant, effective no later than April 1.

An RFP was issued because the contract of incumbent consultant Strategic Investment Solutions expires March 31, said Annette St. Urbain, the $2.5 billion pension fund's CEO, in an e-mail.

Separately, the pension fund committed up to $40 million to **Medley** Opportunity Fund III, a direct lending fund Ms. St. Urbain wrote.

■ **San Luis Obispo County (Calif.) Pension Trust** committed $30 million to American Strategic Value Realty Fund, a value-added, open-end real estate fund managed by **American Realty Advisors**, said Carl Nelson, executive secretary and chief investment officer of the $1.2 billion pension fund.

Investment consultant Wurts & Associates assisted.

■ **Strathclyde Pension Fund**, Glasgow, Scotland, hired **Global Engagement Services** to provide a responsible investment overlay service, said a notice on Scotland's government contracts website.

The search was conducted by Glasgow City Council on behalf of the £13.1 billion ($19.7 billion) fund.

Glasgow City Council also hired GES in 2012 for company engagement and to engage with investment managers.

Further details were not available by press time.

■ **Tallahassee (Fla.) Pension Plan** hired **AJO** and **T. Rowe Price Group** to manage about $100 million each in active domestic large-cap equities, said Kent Olson, the city's deputy treasurer-clerk.

AJO runs a value strategy for the $1.4 billion pension fund and replaces Davis Selected Advisers; T. Rowe Price manages a growth strategy and replaces Goldman Sachs Asset Management.

Investment consultant Segal Rogerscasey assisted.

■ **Texas County & District Retirement System**, Austin, announced its first 2015 commitment to a private fund, allotting $40 million to AG Realty Estate Fund IX on Jan. 28, a recent transaction report on the $23 billion pension fund's website showed.

The fund is managed by **Angelo Gordon & Co.** and will invest opportunistically in underperforming commercial real estate properties, primarily in the U.S.

■ **Texas Teacher Retirement System**, Austin, committed a total of $2.36 billion to 16 private market funds and co-investment vehicles in the quarter ended Dec. 31, a transaction report provided to Pensions & Investments showed.

The $129 billion pension fund committed an aggregate $1.13 billion to seven real estate funds during the three-month period: UWS Co-Investment 9 fund, managed by **Westbrook Partners**, $465 million; BSREP CARS Co-Invest Pooling fund, managed by **Brookfield Strategic Real Estate Partners**, $200 million; **Square Mile** Credit Partners, a real estate debt fund; $100 million each to **Almanac Realty** Securities VII and ARS VII (Sidecar I), a companion co-investment; **Iron Point** Real Estate Partners III Co-Investment, $100 million,; and **Homestead Capital** USA Farmland Fund I, $15 million.

Commitments totaling $450 million were made to two energy funds: **GSO** Energy Partners-D, $250 million; and **Blackstone** Energy Partners II, $200 million. GSO is a Blackstone Group subsidiary.

Four private equity funds split an aggregate $527 million in commitments: **Bridgepoint** Europe V, $247 million; $100 million each to Roark Capital Partners IV fund and STAR RC IV, a companion co-investment vehicle, both managed by **Roark Capital** Group; Square Mile Tactical Partners, a private equity debt fund, $50 million; and **Raine** Partners II, $30 million.

Finally, a pair of venture capital funds received commitments, with $150 million going to **Insight Venture Partners** IX, and $100 million to **Lightspeed Venture Partners** Select.

■ **West Virginia Investment Management Board**, Charleston, invested $95 million with two hedge funds, said an official of the $16.9 billion board.

It invested $75 million in **Menta** Global Offshore Fund and invested an additional $20 million in HBK Multi-Strategy Offshore Fund, managed by HBK Capital Management. West Virginia already had $60 million in the HBK fund before the new investment.

As of Dec. 31, the board had $1.45 billion in event-driven hedge fund investments, $915 million in equity long/short funds and $44 million in directional funds.

## N.Y. COMMON DOLES OUT $2.36 BILLION

New York State Common Retirement Fund, Albany, made 13 commitments and investments during the fourth quarter of 2014 totaling about $2.36 billion, said information posted on the website of the office of the state Comptroller Thomas DiNapoli, the sole trustee of the $178.3 billion pension fund.

The pension fund committed $300 million each to two absolute-return strategies: **Bridgewater** All-Weather and **Graticule** Asia Macro Fund.

Among the private equity transactions, the pension fund committed: $300 million — two tranches of $150 million each — to the NYSCRF Pioneer Partnership Fund A-II, managed by **BAML Capital Access Funds Management**; $200 million to **Warburg Pincus** Energy Fund; $200 million to **Centerbridge** Capital Partners III; $100 million to **Helios** Investors III; $50 million to **Graycliff** Private Equity Partners III (NYS); $25 million to **Baring** Asia Private Equity Fund VI,; £15 million ($22.76 million) to **Stirling Square Capital Partners** Third Fund; and £9.8 million to **Endless** Fund IV.

The pension fund also made three opportunistic commitments. It committed $400 million to NYSCRF/59 Newport, managed by **Pacific Alternative Asset Management Co.**; $250 million to TSSP Adjacent Opportunities Partners, managed by TPG; and $200 million to **Landmark** Equity Partners XV.

# Reform

CONTINUED FROM PAGE 2

now back on Capitol Hill.

"It is the last major portion (of reform) and it will ultimately provide better protection for all plans," said Randy DeFrehn, executive director of the National Coordinating Committee for Multiemployer Plans, which launched the partnership. "Some industries are very interested. We are hopeful that it will come up this year."

If it does, participant advocates — shocked by both the benefit cuts and the law's expedited passage — pledge to push for more participant protections. "We think those could all be strengthened," said David Certner, AARP legislative counsel and legislative policy director for government affairs. They will also be closely watching how regulators implement the new law. "The whole process, we think, is very skewed," said Mr. Certner.

The new law removed some uncertainty for plan sponsors by making permanent the funding level "zones" — originally set to expire Dec. 31 — that allow troubled plans classified as either endangered or yellow zone (less than 80% funded) or critical red zone (typically under 65% funded) — to take specific corrective actions to improve their funded status. According to the Department of Labor, multiemployer plans cover one in four defined benefit participants and had $431 billion in combined assets as of 2014.

**NO GOOD OPTION:** Alicia Munnell said the choice between benefit cuts or insolvency is 'pain either way.'

### Most controversial

The most controversial change under the reform law is a new category for deeply troubled plans, "critical and declining," or what many call "deep red." It allows trustees to take the unprecedented step of reducing benefits, even for current retirees, after they have tried all other means and can prove the plan will be insolvent in 15 years without intervention or 20 years for plans with mostly inactive participants. Those cuts can be no lower than 110% of the Pension Benefit Guaranty Corp.'s guarantee. Disabled or older retirees have further protections.

The benefit cuts, known as suspensions, require approval from the Treasury Department, which has up to 225 days to decide. The plan must show how cuts would affect all plan participants, a majority of whom must approve it. That vote can be overridden if a troubled plan's potential claims would cost the PBGC $1 billion or more.

The most likely candidate to apply first for benefit cuts, observers say, is the $20.3 billion Teamsters Central States, Southeast & Southwest Areas Pension Fund, Rosemont, Ill. whose fortunes fell with those of the trucking industry and is now roughly 33% funded. Noting its "extremely limited options" for avoiding insolvency within 10 to 15 years, the Center for Retirement Research at Boston College modeled how much difference benefit cuts might make for the plan's funded status. If Central States chooses benefit cuts of 30% allowed under the new law instead, the fund could remain solvent indefinitely and that would be better for participants. "You have pain either way," said CRR Director Alicia Munnell. "The question is balancing the pain vs. benefits running out."

### 'Unduly pessimistic'

In a broader study released in September, CRR analysts used a simple methodology based on Form 5500 data and possible corrective actions to attempt to project insolvency of the most troubled funds. It found 70 plans could be insolvent within 15 years, and another 30 within 19 years. Stressing the simplicity of the modeling, which looked at plans less than 80% funded with a majority of inactive participants, the modeling could be "unduly pessimistic," said Ms. Munnell. "It's really to get the ball rolling and start the dialogue."

By PBGC and other estimates, as many as 10% of 1,427 multiemployer defined benefit plans are likely to become insolvent. Before the new law, that also meant a 90% chance of insolvency by 2025 for the PBGC's multiemployer program. That number will change based on how many plans use the new options, but the PBGC also got some immediate relief from the law, which doubled annual multiemployer premiums to $26 per participant.

The PBGC estimates as many as 50 plans could use the benefit adjustment authority and remain solvent. But the law also encourages regulators to be more creative, with new authority to facilitate plan mergers or to make greater use of partitioning, where the agency covers "orphan" workers whose employers are no longer in the plan and leaves a now-healthier plan intact.

While the PBGC has only used that tactic three times, Joshua Gotbaum, former PBGC director, said in an interview that he expects greater use for as many as 100 plans with modest benefit levels too close to the 110% floor to cut.

Stan Goldfarb, senior consulting actuary and managing consultant of the Washington office of Horizon Actuarial Services LLC, thinks the assisted merger provision of the law could do even more. Designed to protect the PBGC's balance sheet, it allows the agency to offer financial incentives for stronger funds to absorb a weaker one, after benefit cuts and other steps are taken.

"If we have a fund that's deep red, that's certainly one of the options we are going to look at. ... I am hopeful that it is going to be a material help" to dozens of funds, predominantly smaller ones, said Mr. Goldfarb, whose firm consults on 80 multiemployer funds.

"Most of the plans that are in trouble are going to need to come to the PBGC" for some assistance, said Mr. Gotbaum. "There will be a lot of conversations." ■

## AT DEADLINE

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contribute $70 million to its U.S. non-qualified plans and $1.1 billion to its non-U.S. defined benefit plans, the company announced in its 10-K filing with the SEC on Feb. 4. The company also announced in its Feb. 4 earnings release that it does not expect any significant, mandatory contributions to its U.S. defined benefit plans for at least five years.

■ United Technologies' annual report said it expects to contribute $350 million to its global defined benefit plans in 2015, including $200 million to its U.S. plans. In 2014, the firm contributed $317 million and $200 million to its foreign and domestic DB plans, respectively.

■ Northrop Grumman plans to make about $577 million in contributions to its U.S. defined benefit plans in 2015. The company announced the expected contributions in its 10-K filing on Feb. 2. Of the $577 million, $77 million is the minimum required contribution. The remainder is a voluntary contribution. The company contributed $78 million to the plans in 2014, and $579 million in 2013.

■ Cummins plans to contribute $175 million to its U.S. and U.K defined benefit plans in 2015, the company said in its fourth-quarter earnings statement issued Feb. 5. Cummins has $2.45 billion in its U.S. pension assets and $1.52 billion in U.K. pension fund assets, both as of Dec. 31, 2013, according to the company's latest annual report.

■ Schlumberger plans to contribute $400 million total to its postretirement benefit plans in 2015, said spokesman Joao Felix. Schlumberger contributed $325 million to its pension plans in 2014, according to the company's most recent 10-K filing.

### 34% accept a lump sum

About 34% of certain terminated, vested U.S defined benefit plan participants accepted Intercontinental Exchange's lump-sum offer, the company reported in its 10-K filing with the SEC.

The offer in the fourth quarter of 2014 was made to a total of 2,725 participants, of which 935 took the lump sum. The company made a payout to those participants totaling about $55 million before the end of the year.

As of Dec. 31, Intercontinental Exchange had $718 million in pension assets and $916 million in projected benefit obligations, for a funding ratio of 78.4%. The company contributed $51 million to the pension funds in 2014.

Kelly Loeffler, company spokeswoman, declined to comment.

### Safeway funding grows

Safeway will contribute an additional $212 million to its largest pension plan in a settlement with the PBGC, the agency announced Feb. 6.

Safeway is now owned by AB Acquisition, led by private equity and hedge fund manager Cerberus Capital Management. The investor group, which already owned Albertsons, merged the two last month.

PBGC officials used the agency's early warning program to seek further pension contributions after the announcement in March of the Safeway acquisition. That's because the transaction created $11 billion of secured debt that had priority over the pension plan.

The plan had $1.65 billion in assets as of Dec. 30, 2013, according to a Form 5500 filing. The additional contribution reduces the shortfall to $450 million and improves the funding level to 80% from 69%, according to PBGC officials.

### Russell for sale

London Stock Exchange Group officials formally announced they will sell the investment management business of Russell Investments in its entirety.

LSEG officials said in a statement that they already received "a number of expressions of interest in a potential acquisition of Russell Investment Management reflecting the high quality of its business and market-leading positions." A sale process will now begin, the statement said.

The index business is being integrated with LSEG's own index provider, FTSE.

### S. Dakota commits

The South Dakota Investment Council committed up to $125 million to Rockpoint Real Estate Fund V, managed by Rockpoint Group, for the $10.6 billion South Dakota Retirement System, recently released council meeting minutes show.

The council also approved committing a "proportionate amount" to the Rockpoint fund from the $503 million Education Enhancement Trust Fund, $302 million Dakota Cement Trust Fund, $257 million School & Public Lands Fund and $136 million Health Care Trust Fund. The amounts could not be immediately learned.

The council previously committed $75 million to Rockpoint Real Estate Fund IV in November 2012.

The council also approved a $15 million co-investment in TMI Hospitality through Starwood Global Opportunity Fund X, a real estate fund managed by Starwood Capital.

Tammy Otten, assistant investment officer, did not immediately reply to a request for further information.

### Louisiana system hires

The $16.7 billion Louisiana Teachers' Retirement System committed up to $75 million to EnCap Energy Capital Fund X, an oil and gas fund managed by EnCap Investments.

### Professors win awards

Campbell R. Harvey of Duke University and Yan Liu of Texas A&M University were named co-winners of the top $2,500 prize in the Bernstein Fabozzi/Jacobs Levy Awards for their article that presents a method to help answer a relentless question of active investment management: Was it luck or skill?

Mr. Harvey, professor of finance at the Fuqua School of Business, and Mr. Liu, assistant professor of finance, will share the prize, which recognizes the best contribution to the theory and practice of portfolio management of articles published last year in the Journal of Portfolio Management, said a statement from Jacobs Levy Equity Management, which funds the awards.

# Clean

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gross IRR from 2004 to 2007 on a total of $9.2 billion in investments, according to the most recent data from Boston-based consulting firm Cambridge Associates LLC.

And then there's shale oil and gas. The "game changers" of hydraulic fracturing, horizontal drilling and widespread use of three-dimensional seismic technology for exploration, and now much lower oil prices, all led to the displacement of clean technology, Mr. Fann said.

"We think clean tech may still be an interesting long-term macro play, but faces many short-term hurdles of which much lower oil prices is one," Mr. Fann said. "With lower priced and seemingly plentiful gas and oil, there is no near-term urgency for clean energy."

Despite billions invested in clean-tech startups in the past, there's been a dearth of technological innovation recently, he said.

### Uneven interest

U.S. venture capital investment in clean tech has been uneven. It skyrocketed to $4.1 billion in 288 deals in 2008 from $592 million in 91 transactions in 2005, according to the MoneyTree Report by PricewaterhouseCoopers LLP and the National Venture Capital Association based on data from Thomson Reuters. That investment rose to an industry high of $4.2 billion in 308 deals in 2011, but has been falling ever since.

Many investments made in alternative energy today, even in a private equity fund, appear to be, in essence, infrastructure investments in established solar plants, wind farms and hydroelectric plants. Few private equity firms make selective investments in companies that service the alternative energy industry, insiders said. Infrastructure investments have lower expected returns than venture capital or private equity investments.

"There are two ways to invest in clean tech: either early in the venture capital stage or later when the technology is proven and it's being deployed, which provides more of an infrastructure return," said James Korczak, a partner in the Chicago office of private equity direct investment and fund-of-funds firm Adams Street Partners LLC.

On the venture capital side, the potential risk-return profile is greater in other sectors, said Mr. Korczak, who is a manager on Adams Street's energy and natural resources strategy team.

CalSTRS' officials made the same point in their most recent Green Initiative Task Force Report. That report cited an investment analysis by Cambridge Associates showing that from 2006 through 2011, when 75% of worldwide clean-tech investments were made, clean tech substantially underperformed the biotech and information-technology sectors.

"The clean-tech learning curve has been impacted by lower natural gas prices, and shifting of regulatory incentives coupled with bankruptcies of large and well-funded clean-tech companies such as Solyndra, A123 Systems and Fisker Automotive, and the underperformance of the biofuels market," the CalSTRS report said.

"Infrastructure is a better investment asset class for clean technology because the type of returns and structures in infrastructure are better than private equity," said Brian Rice, portfolio manager in corporate governance at CalSTRS, West Sacramento.

CalSTRS is continuing to invest in clean energy across its portfolio.

**ASSET CLASS:** Brian Rice sees infrastructure as a better investment fit for clean technology than private equity.

Its green initiative includes $966 million as of June 30 in its global equity sustainable investment program and $696.4 million in private equity commitments to clean-tech and clean energy.

Mr. Rice said CalSTRS' officials expect clean-energy use to increase, but it's hard to say at what pace. The most need for alternative energy sources in the future likely will be in regions where there is expected population growth.

"The clean-energy investment opportunities will continue to grow as we see the need to transfer to lower-carbon energy sources," Mr. Rice said. "We want to be in a position to evaluate those opportunities whether green bonds, infrastructure or private equity."

Even in infrastructure, much of the money invested in energy in the past several years has been poured into shale and gas infrastructure, said Brandon Prater, partner and global co-head of private infrastructure in the London office of private markets manager Partners Group AG.

"Energy infrastructure is a very strong (investment) story, and a lot of money is going into that, given the large needs for new generating capacity and replacement of existing capacity," Mr. Prater said.

But alternative energy has a ways to go before it can compete for a larger slice of investor dollars.

### Few grid-parity markets

There are only a few markets where renewable sources produce energy at so-called grid parity, which means they produce energy for the same price as it could be purchased from conventional energy sources, Mr. Prater said. "Therefore, for alternative energy to be competitive with conventional energy in most markets there needs to be some sort of subsidy such as an additional payment for power produced or tax credits," he said.

A second problem for investments in renewable or alternative energy is that output has often been less than expected, as measured on long-term strategic models for wind and solar, Mr. Prater said.

"Ironically, it has a lot to do with changes in weather patterns potentially driven by climate change," he said. So, models for predicting the output of renewable energy resources such as wind and solar have had to be revised.

However, oil and gas might not be king of the energy investment landscape forever.

Global renewable energy capacity is 22% and is expected to grow to 25% by 2020, surpassing natural gas as the second most important global electricity source, behind coal, Mr. Prater said, citing statistics from the International Energy Agency, Paris.

"I think it's important that in terms of us investing our clients' money, we have to be wary how sustainable subsidies are and how sustainable the investment is itself. We wouldn't make investments where we have to rely on the governments to bail us out," Mr. Prater said.

There are managers convinced that alternative energy has a bright future.

"Following the peak of expectations and early promises of clean tech, there were failures and disappointment — the proverbial 'trough of disillusionment,'" said Jeff Schrock, managing director of private equity firm Columbia Pacific Advisors LLC, Seattle, in an e-mail. "But we believe that clean tech has moved past these dark days and is now moving up the 'slope of enlightenment.' Where Fisker Automotive died, Tesla thrives!"

What remains to be seen is whether clean tech will provide the stable returns oil and gas investors have enjoyed, Mr. Schrock said. ■

# Europe

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dollar.

The MSCI Europe index has gained 8.3% in 2015 through Feb. 4, and rallied 3.5% from the date of the ECB's announcement. That compares with a 7.6% return for 2014 as a whole. The euro, meanwhile, depreciated 5.6% vs. the U.S. dollar from Dec. 31 through Feb. 4, and depreciated 1.6% after the ECB's announcement through Feb. 4.

Wouter Sturkenboom, investment strategist at Russell Investments in London, said the $275.1 billion money manager has upgraded Europe GDP growth expectations, as "indicators of Europe (are) starting to turn around, (and) are looking better."

A big plus for the eurozone was the oil price collapse. "The drop in the oil price is a major positive for eurozone growth (as Europe is an importer rather than an exporter) — that will filter through," he said. He said Russell has upgraded its expectations for growth in Europe, and has added to its overweight on the Continent.

And then there was Mr. Draghi and the demonstration of his July 2012 promise that he was willing to do "whatever it takes" to protect the eurozone from collapse. "The growth story is the major (tailwind), but on top of that you have the icing on the cake — which is quite a thick layer — in the shape of QE. It will be a major support for eurozone financial assets," said Mr. Sturkenboom.

But while the extent of the European Central Bank's quantitative easing program might have had the desired effect on the markets, with sentiment up and the euro weakening further, money managers cannot get political risk out of their heads. On top of everything else, there's the ongoing situation in Russia.

"I still worry about Russia, largely because of oil," said Neil Dwane, London-based European equities chief investment officer at Allianz Global Investors. "It is a gray swan — Russia is suffering badly, with sanctions still tightening."

# Outsourcing

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tor for Europe at Buck said the business is growing, spurred in part by demand from pension fund clients. "Those (pension funds) with fiduciary management in place for some time are questioning whether or not they should have greater oversight and monitoring of that fiduciary manager," he said.

Anthony Webb, London-based executive consultant in KPMG's investment advisory unit, said, "there has been a definite increase in the last year. Interestingly, we are seeing more people get involved from the non-traditional sources," such as law firms and independent trustees.

The U.K. fiduciary management market grew 22% to £72 billion ($108.4 billion) in the year ended June 30, said KPMG's annual latest survey of the market; the increase is 17% when two new providers in the survey are excluded.

More than 300 U.K. pension funds are now using fully delegated fiduciary management, up 44% compared with the 2013 survey, or 16% excluding the new entrants.

"Being a fiduciary management search firm is big business," said Shamindra Perera, managing director and head of Russell Investments' pension solutions group in London. "It is not just about the search, but conducting ongoing reviews." Russell's fiduciary management assets under management could not be learned by press time.

The real explosion in opportunity — and new entrants to the market — is in the ongoing monitoring and evaluation of fiduciary managers, said sources.

### Careful monitoring

"(Many) service providers in the U.S. and the U.K. (have) figured out how they play in the fiduciary management market," said Tom Murphy, Boston-based U.S. head of fiduciary management at Mercer LLC. "Some firms have sensibly said 'Do we really want to be another fiduciary management provider, or should we use our resources and skills to access this market segment in a different way?' You have to invest millions of dollars to be a serious fiduciary management player — whereas the cost of entry to be an intermediary is very low if you have the investment consulting background." Mercer's fiduciary management assets could not be learned by press time.

EY provides ongoing services covering fiduciary management to about 40 clients, said Iain Brown, London-based partner. EY looks at the value added from investment performance — the "financial area" — and the "non-financial" side of recruitment, talent retention, client growth and development of the offering itself.

"The third area, which is gaining a lot of traction, is the examination of internal controls and practices at the fiduciary manager," he said. That includes operational risks and controls, hiring and firing managers, and even information technology infrastructure. "Clients are beginning to see that it is necessary to understand what goes on behind the scenes, and are testing their fiduciary managers."

The managers are noticing it, too. "We had a (fiduciary management oversight provider) come in recently," said Russell's Mr. Perera. "On our side, we calculated they spent 60 man hours over a month looking at us, reviewing us and doing due diligence on everything we did for the pension fund."

Other firms have ruled themselves out of offering fiduciary management, but have jumped on the peripheral services bandwagon. Buck Consultants launched its service, focusing primarily on the valuation of the fiduciary manager, two years ago.

**RESEARCH:** Steven White said the demand for the new service is coming from pension fund executives.

"We believe it is important, and there is clearly a growth of interest in fiduciary management across U.K. pension funds," Buck's Mr. White said. "We decided that it would be based on detailed research, getting out and spending time researching the fiduciary managers from top to bottom. It is about meeting people, not just having a phone call."

Investment consultant Barnett Waddingham LLP is moving into the monitoring area. "That is on the grounds that we perceive a need from our clients that are currently (using a fiduciary management arrangement) now want it independently monitored," said David Clare, partner at Barnett Waddingham, based in Liverpool, England, and Leeds, England. "What you need is to give the trustees the information to ask the questions that (fiduciary managers) wouldn't want to be asked." Barnett Waddingham offers ongoing monitoring for pension funds with fiduciary management arrangements in place. Mr. Clare said the firm's clear stance on not being a provider of fiduciary management itself is important to its clients.

But in the U.S., things are not that far along. "Oversight is in an embryonic stage in the U.S.," said Mr. Murphy. Mercer has more than 200 OCIO clients, he said, "and in the last year we have seen only three or four clients bringing in a third-party provider to review the relationship." However, he said the U.S. is on the "same path as the U.K., just at a different point, so we expect to see more reviews going forward."

### Selection process

While increased demand for oversight of fiduciary management arrangements is seen as a positive, a concern over the process of selecting the manager in the first place remains.

Of the almost 100 new fiduciary management contracts in the U.K. identified in KPMG's survey, 75% were won on an "uncontested basis," with no fee quote from any provider but the one that won the contract.

Of the remainder, 10% were run as shortlist searches by the pension fund; 9% were open market searches run by the pension fund; and 6% were open searches run by an independent party, the KPMG report on the survey said.

"When the industry began, it was normal for fiduciary management to become an extension of an existing relationship," said KPMG's Mr. Webb. "That is becoming less frequent. But the process in general could be even more robust — I think there is room for improvement in how we work as an industry to make sure that the right fiduciary manager is matched up with the right scheme."

KPMG advises pension funds with combined assets of just more than £30 billion — it does not break out the value of fiduciary management arrangements. The firm does not offer fiduciary management.

What is positive is that the demand for the third-party monitoring is coming from the pension funds, said Mr. Perera. "The market is becoming more discerning — people understand the differences in offerings" from the fiduciary management providers.

He said Russell is involved in a search for which the pension fund invited 15 respondents to its RFP to make an initial pitch, and then "whittled that down to seven. They are coming to the offices, they spend time here, and doing that across all seven providers. Usually a site visit happens when a client is down to just three or so providers." This search, he said, is being conducted by a third-party provider. He would not identify the pension fund. ■

### Greece, Russia hurt Europe

"If Greece and Russia were not in play, I would say that Europe is indeed the place to be," said Lukas Daalder, chief investment officer at Robeco Group NV in Rotterdam, Netherlands. Rather, the €246 billion money manager is neutral Europe, with its only "comfortable" overweight allocation to Japan, he said.

Mr. Daalder said Robeco had been broadly long risk in terms of allocations to equities and high-yield bonds throughout 2014 and for most of 2013. "But we have decided to scale that level back in 2015, and we have decreased our risk appetite."

ING Investment Management Holdings NV upgraded Europe to overweight from neutral "immediately following the ECB announcement," said Patrick Moonen, senior strategist within ING IM's multiasset boutique in The Hague, Netherlands. "We downgraded the U.S. from neutral to underweight. Depending on what happens with regards to Greece and currencies, we might increase the gap between Europe and the U.S., more in favor of Europe."

Mr. Pizem said AXA Investment Managers is overweight the eurozone, but would be "even more overweight" without the Greece situation, and if structural reforms in France and Italy in particular became a reality. In that case, said Mr. Pizem, the manager would move to underweight from a neutral position on the U.S., "to invest more money in the eurozone."

But one thing that political uncertainty does create is volatility, which is a good opportunity for stock pickers.

"Any downward volatility from Greece, which could very well happen, will be considered a buying opportunity from our position," said Mr. Sturkenboom. "In the end, what matters is growth profile, which Greece has little weighting on, and corporate profit. I think the eurozone is gearing up for double-digit earnings growth; if Greece puts a little wrench in the wheels that is probably an excellent buying opportunity."

However, Russia is more difficult. "It has more pull than Greece economically and politically. Russia is a more nuanced story that we would have to analyze a little more closely before we made a call." ■

# China

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the 1998 law establishing the country's mutual fund industry.

The relatively gradual increase in recent years in the ranks of those fund management companies, licensed by the China Securities Regulatory Commission, stands in contrast to the rapid growth of private "hedge fund" firms — which, despite that term, are mostly long-only managers operating with fewer restrictions on the scope of their investments, and with room to employ hedge fund-like fee structures off limits to mutual fund firms.

Analysts say there were 1,200 private firms focused on A-shares strategies at the end of 2014 — even if only a few handfuls could boast assets under management of more than US$1 billion.

Rachel Wang, a senior analyst based in Shenzhen with Morningstar Investment Management Asia, said recent examples of veteran portfolio managers leaving their fund management companies to join private firms or launch their own firms include:

Chen Yangfan, manager of the renminbi 1.4 billion (US$227 million) AEGON-Industrial Organic Growth Balanced Fund, with a 3-star Morningstar rating, who left Shanghai-based AEGON-Industrial Fund Management Co. last month to set up a private firm;

Deng Xiaofeng, manager of the RMB13.4 billion, 5-star-rated Bosera Theme Industry Stock Fund left Shenzhen-based Bosera Asset Management Co. in December to join GaoYi Capital, the private firm launched by Qiu Guolu earlier that year. Mr. Qiu, in turn, left his post as chief investment officer of Shenzhen-based China Southern Fund Management Co. in March, to start his firm.

Fan Dizhao, manager of the RMB3.99 billion Guotai Jinniu Innovation Growth Equities Fund, which boasts a Morningstar 5-star rating, left Shanghai-based Guotai Asset Management Co. in October to start his own firm; and

Wang Ruyuan, manager of the 5-star rated, RMB7.4 billion Baoying Core Advance Balance Fund and the 4-star rated, RMB4.9 billion Baoying Strategic Growth Stock Fund, left Shenzhen-based Baoying Fund Management Co. in October to set up her own private firm: Hongliu Investment Management.

### Multiple factors

A critical mass of factors has contributed to the industry's ongoing game of musical chairs.

Chief among them, analysts say, is the prevalence of state-owned companies as owners of fund companies, limiting the scope for offering equity to key employees.

At the same time, regulatory changes — including a move in September allowing back-office and middle-office functions to be outsourced — have made it easier to launch "private" management firms.

That lower barrier to entry has sparked a "bottom-up fight" for better alignment of incentives between key investment teams and their fund management company employers, said Leslie Mao, Shanghai-based director of investment services, China, with investment consultant Towers Watson & Co.

Star managers in China are basically going to their bosses and saying "this is what I want," he said.

While the one or two recent examples of smaller fund management companies extending equity to key employees haven't evolved into an industry standard, executives realize they have to do something "because they're losing star managers left and right," said Mr. Salvador.

Alexandre Werno, executive vice general manager of Shanghai-based Fortune SG Fund Management Co., said his firm's solution will be to launch its own "private" affiliate this year —allowing portfolio managers to earn performance fees. (Fortune SG is a joint venture between Shanghai Baosteel Group Corp. and Paris-based Societe Generale.)

### MSCI taking a look

The challenge to the industry's organizational stability is flaring up just as many institutional investors — a group that prizes stability when selecting managers — could be taking their first serious look at China's domestic market.

MSCI Inc., the New York-based benchmark index giant, will decide in June whether to include a sliver of China's A-shares market in its emerging markets benchmark beginning in 2016. That move would "increase interest (among) international asset owners" in gaining exposure to the market, noted Mercer's Ms. Tan.

Whether that decision comes this year, "within the next five to 10 years, A shares are going to be in every portfolio," predicted Theodore Niggli, Shanghai-based managing director of MSCI's index business in China.

And as global managers move to enhance their A-shares capabilities, local firms will face "stronger competition for talent," said Mercer's Ms. Tan.

Still, some market veterans contend the pursuit of organizational stability has to be part of a broader shift from a momentum-driven market dominated by retail investors to one where institutional investors have greater sway.

"There needs to be a realignment of compensation," but the key is making sure portfolio managers and analysts are getting paid "for the right reasons," rather than just throwing more money at them, said Hypatia Kingsley, Shanghai-based managing director, Greater China, with executive recruiter Spencer Stuart.

The goal is to reward people "willing to see past the next two or three years" — looking toward a day when a track record will be increasingly important, Ms. Kingsley said. In that regard, professionals jumping now to start private firms "need to be aware" of the longer-term risks they're taking, she added.

By way of example, Shanghai-based Franklin Templeton Sealand Fund Management Co. isn't looking for portfolio managers who can post the "best" performance over one or two quarters, but the managers who can deliver performance over market cycles, said Xu Lirong, the joint venture firm's chief investment officer.

Franklin Templeton Sealand's average portfolio manager has seven years of experience, well above the industry average, because the firm's managers know they won't be sacked if — by sticking to their convictions — they underperform for a year or so, noted Mr. Xu. ■

# Top funds

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investment consultant at Towers Watson & Co. "It's a maturing benefit and it's gaining a lot of attention from asset managers and consultants and plan sponsors, and I think, looking at the bigger picture, even regulatory bodies and legislators."

Said Jennifer Flodin, defined contribution practice leader at Plan Sponsor Advisors in Chicago: "I think a couple of different things have contributed to the growth of DC over DB. I think the auto features have tremendously helped asset growth (and) inflow growth (for DC plans). On the flip side, you've got DB plans who are doing more lump-sum distributions to retirees; in addition some organizations might be reducing the overall contributions to their DB plans."

Ms. Flodin mentioned DC plans' domestic investment emphasis as contributing to the growth.

Among the top 200, the average defined benefit plan allocation to domestic equities was 28.2%, while among defined contribution plans the average allocation to domestic equities totaled 42%.

### Main contributor

During the year ended Sept. 30, a period in which the Standard & Poor's 500 stock index returned 19.7%, that domestic equity bias was a main contributor to asset growth; that is both a positive and a potential negative, with the possibility of being saddled with a single asset class or style lagging behind the market.

"We may see the introduction and the beginning of conversations of white-label funds within DC plans," Ms. Flodin said, referring to the multimanager structure that plan sponsors can use to provide exposure to a broad asset class.

"Having that kind of structure and not having a singular manager could help for the next recession," Ms. Flodin said.

"Hopefully that would protect the participants."

Among defined benefit plans, there exists as well a disparity between the allocations of public DB plans and corporate DB plans. Among the top 200 plans, public plans as of Sept. 30 had an average 29.2% allocated to domestic equity compared to corporates' 23.7%.

Within the top 200, public DB plans represented $3.205 trillion in assets and corporate DB plans represented $1.187 trillion in assets as of Sept. 30.

There even exists a significant disparity in the asset allocations among corporate DB plans, said Bryan Ward, practice leader for corporate retirement at Aon Hewitt Investment Consulting Inc., Lincolnshire, Ill.

In calendar year 2014, for example, Mr. Ward said, the dispersion of overall returns by Aon Hewitt's corporate defined benefit plan clients was extremely wide, ranging from a high of 15.5% to a low of zero.

"That dispersion really reflects the various asset allocations that corporate DB plans have today," Mr. Ward said.

"Anywhere from fully hedged, zero to 10% equity and the rest in some customized fixed-income strategies, to some that are still 75% to 80% equity."

The former reflects the liability-driven investing that executives with closed and frozen plans have embraced, while the latter reflects a more traditional approach to asset allocation in open plans.

Overall, public DB plans have remained for the most part open plans, without the liability hedging that many corporate DB plans have instituted. Corporate DB plans among the top 200 on the whole had an average domestic fixed-income allocation of 33.2% as of Sept. 30, up from 32.4% the previous year.

Meanwhile, public DB plans in that universe had an average domestic fixed-income allocation of 20.8% as of Sept. 30, the same as the previous year.

The rest of the average allocation among corporate DB plans in the top 200 was 15.3% international equity, 7.5% alternatives investments, 6.5% private equity, 4.9% real estate equity, 3.5% global equity, 2.2% global/international fixed income, 2.1% cash and 1.1% other.

The rest of the average allocation among public DB plans in the top 200 was 19.7% international equity, 9.3% private equity, 7.8% real estate equity, 5% alternative investments, 2.4% global equity, 2.1% global/international fixed income, 1.8% cash and 1.9% other.

The latest *P&I* survey also saw a slight change in the five largest U.S. retirement plans.

The top-ranked U.S. retirement plan was the Federal Retirement Thrift Savings Plan, Washington, which reported $422.2 billion in total assets as of Sept. 30, up 12.6% from the previous year. It has been the top-ranked U.S. retirement plan since 2009, when it overtook CalPERS.

The Sacramento-based California Public Employees' Retirement System reported $296.74 billion in assets as of Sept. 30, up 8.7% in the period.

The rest of the top five were the California State Teachers' Retirement System, West Sacramento, at $186.95 billion as of Sept. 30, an 8.4% jump from the previous year; New York State Common Retirement Fund, Albany, $178.25 billion, also up 8.7%; and the New York City Retirement Systems, $158.7 billion, up 10.3%.

The five New York City pension funds supplanted the Florida State Board of Administration, Tallahassee, in the top five. Now ranked sixth, the FSBA reported $154.66 billion in retirement assets, a 5.7% increase from the previous year.

The largest corporate retirement plan belongs to Boeing Co., Chicago, whose combined DB and DC assets ranked eighth overall. As of Sept. 30, Boeing had $106.04 billion in combined DB and DC plan assets, $60.69 billion in DB and $45.35 billion in DC.

The largest union plan, the $36.61 billion Western Conference of Teamsters Pension Trust, Seattle, ranked 45th.

### Largest DC plan

The largest defined contribution plan belonged to the Federal Thrift Savings Plan; all of its $422 billion plan assets are defined contribution. International Business Machines Corp., White Plains, N.Y., had the largest corporate DC plan, with $46.55 billion in assets as of Sept. 30, while the New York State Deferred Compensation Plan, Albany, was the largest public DC plan, with $17.6 billion.

Among defined benefit plans in the top 200, corporate DB plans continued to drop in the rankings.

General Motors Co., Detroit, has the largest corporate DB plan in the U.S., with $67.1 billion as of Sept. 30, but slipped in the rankings to 15th among DB plans in the top 200, from 12th the previous year. (That year-earlier ranking was the first time in the history of *P&I*'s survey that a corporate DB plan was not in the overall top 10 DB plan rankings, after GM's 2012 group annuity purchase from Prudential life Insurance Co. to unload $28 billion in DB plan liabilities.)

Other findings of the survey include:

Defined benefit plan assets accounted for 72.6% of the assets in the top 200 U.S. retirement plans, compared to 27.4% for defined contribution plans;

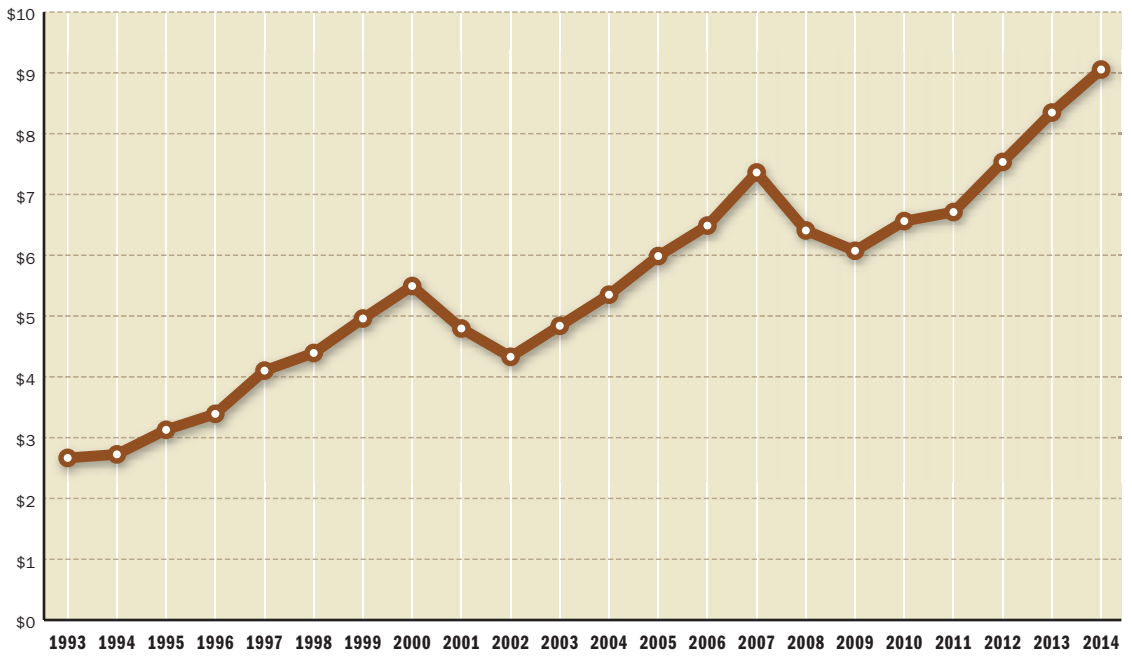
Separate accounts represented 72.8% of the assets in DB plans among the top 200, while commingled vehicles represented 25.8%, mutual funds, 1.3%, and exchange-traded funds, 0.1%.

Hybrid plans among the top 200 U.S. DB plans had assets of $188.1 billion as of Sept. 30, a 14.9% increase from the previous year; and

Employer contributions among the top 200 DB plans rose slightly, 3% to $104.6 billion, while benefits paid totaled $232.8 billion, up 4.3% from the previous year. ■

## Change in total assets of the top 1,000 funds

Assets are in trillions for years ended Sept. 30.



Joseph Cancellare

**HELPING HANDS:** Jennifer Flodin believes the auto enrollment and auto escalation features in defined contribution plans have been big contributors to DC asset growth.

# Change

CONTINUED FROM PAGE 1

tipped the scales by $82 billion in the survey period ended Sept. 30, 2013. For the current survey, corporate DC assets in the *P&I* 1,000 exceed DB assets by $246 billion.

Of the 619 corporate retirement plans in the top 1,000, 516 have both defined benefit and defined contribution plans and 103 have defined contribution plans only.

The trend could transform the oversight of plans by corporations and use of institutional investment management, consultants said.

Among the implications, the trend has been leading to or could lead to:

- smaller internal investment staffs and more outsourcing;
- shifts in benchmarking to measuring retirement readiness from solely looking at investment performance;
- increasing DC plan contributions;.
- more use of customized investment management structures from mutual funds;
- new opportunities for boutique and alternative investments managers as they devote more marketing to defined contribution plans; and
- changes in communications as institutional investment managers move from dealing with sophisticated defined benefit plan executives to direct appeals more to participants.

### Long time coming

The move to defined contribution dominance among large corporate sponsors was a long time coming, but considered a sure eventuality by consultants interviewed.

"It's an understandable trend," said Sue Walton, Chicago-based director in the defined contribution consulting group at Towers Watson & Co. "It's not surprising we have kind of crossed that threshold with regard to defined contribution assets" exceeding defined benefit assets.

Among public retirement plans in the top 200 ranking, defined benefit assets still outpace defined contribution assets by a wide margin, $3.204 trillion to $189.7 billion.

"It's not even close in the public sector," said Cathie Eitelberg, Chicago-based senior vice president and national public sector market director, The Segal Group.

But "there have been redesigns in the public-sector area that have created hybrid plans, which have defined contribution components to them," Ms. Eitelberg said. "So it's likely that defined contribution assets will grow at a greater rate in the public-sector arena (than they have been), but still nowhere in the neighborhood of defined benefit assets."

Of the 78 public sponsors in the top 200, 37 offer both defined benefit and defined contribution plans, while 35 offer only defined benefit plans and six offer only defined contribution plans.

"The important thing to note is defined benefit plans continue to be the basic platform on which retirement benefits are built in the public sector," Ms. Eitelberg said.

On the corporate side, defined benefit plans are fading, both among larger or smaller companies, said Stewart Lawrence, New York-

based senior vice president and national retirement practice leaders, Segal Consulting and Sibson Consulting, both units of The Segal Group.

"I don't see the trend reversing," Mr. Lawrence said.

"I don't think defined benefit plans are coming back" on the corporate side, Ms. Walton agreed.

Mr. Lawrence said there are several forces behind the trend.

"A number of corporate DB plans (have) closed to news participants and some of them … are frozen," he said, which "tend to have a dampening effect on employer contributions" to the plans, Mr. Lawrence said.

**MAKING UP:** Rob Austin said employers that close their DB plans usually will provide a 'richer' DC plan.

### Off financial statements

Overall, corporations increasingly seek to take defined benefit plans off their financial statements to reduce their financial risk, Ms. Walton added.

On the defined contribution side, asset growth is being boosted.

Employers that choose to freeze or close defined benefit plans "oftentimes will provide a richer defined contribution plan," such as higher matching contributions, said Rob Austin, Charlotte, N.C.-based director of retirement research, Aon Hewitt.

Aon Hewitt's latest "Trends & Experience in Defined Contribution Plans" report surveyed plan executives at 400 corporations, whose defined contribution plans have more than $500 billion in combined assets. Some 77% of respondents said a defined contribution plan is their organization's primary retirement plan. That figure is up from 55% in 2003.

The trend could lead to smaller internal staffs at plan sponsors to oversee retirement plan investments.

"Generally speaking you see more staff with defined benefit plans," as it requires "more guidance and oversight and governance procedures," Mr. Austin said.

The growth in DC assets is encouraging a move to different investment management structures, consultants said.

"The biggest challenge for the investment management industry today will be how do they … position themselves in, and have a better broader understanding of, the defined contribution marketplace," Ms. Walton said.

"Historically many defined contribution plans … were primarily invested in mutual funds," she said. "Now we've got significant pools of assets that are more institutionally oriented" in structure, such as commingled accounts and separate accounts, Ms. Walton said.

Of some 250 employers responding to Aon Hewitt's "2015 Hot Topics in Retirement" survey, 30% use some form of a non-mutual fund structure for their investment fund options for participants, Mr. Austin said. By contrast, last year's survey only showed 16% had done so.

*P&I's* data also demonstrates that change. Among DC plans in *P&I*'s top 200, an average of 28.4% of the assets were in mutual funds as of Sept. 30, down from 30.1% a year earlier.

In terms of asset classes, consultants generally continue to see the vast number of DC fund options focused on traditional investment portfolios and target-date funds.

Only 7% of employers offered a specialty or alternative option, Mr. Austin said, citing Aon's survey.

"We see very few (plans) offering non-traditional (investments)," Mr. Austin said. "Even when they are offered, they are not picked up very much" by participants.

But boutique managers — if not non-traditional funds — are penetrating the ranks of DC fund offerings, consultants said.

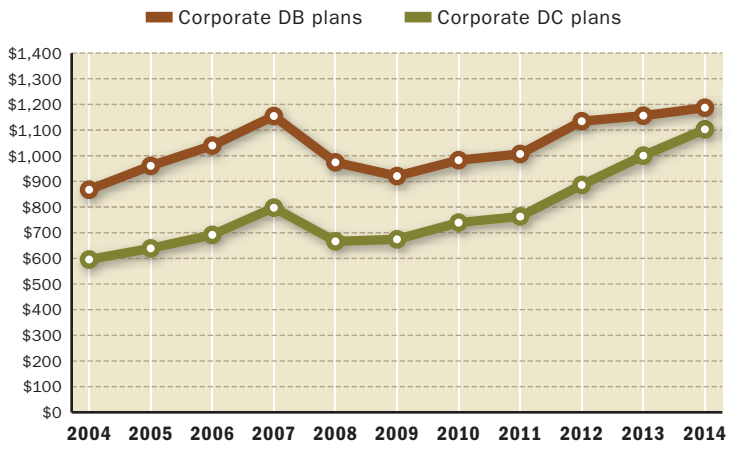
"One trend we are seeing a little bit is this idea of white-labeling (customized) funds, creating a fund out of multiple funds or having one manager of multiple managers," Mr. Austin said. This approach allows non-traditional managers access to DC plans for asset classes "that plan sponsors would not want individuals to be investing in on their own."

"So there are definitely avenues that we can see for (boutique and alternatives managers) to place their foot into the defined contribution arena," Mr. Austin added.

Overall, employers will pay more attention to "the defined contribution side, given the level of match (in contributions), given the level of participant investment contributions, in terms of re-evaluating whether or not a participant … will be able to retire on time," Ms. Walton said. ■

## Corporate DB vs. corporate DC plans

Growth in plan assets among the top 200 funds; assets are in billions for years ended Sept. 30.

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## CHANGES AHEAD

**Texas Emergency Services Retirement System**, Austin, is searching for a core fixed-income manager to run approximately $9 million, said Michelle Jordan, executive director. The $92 million pension fund is invested in Pacific Investment Management Co.'s Total Return Fund and is seeking another manager to diversify the portfolio. PIMCO's allocation will be reduced to fund the new manager, Ms. Jordan said. The deadline for proposals is 5 p.m. CST on Feb. 16. The RFP is available on a state procurement website.

**Pension Benefit Guaranty Corp.**, Washington, is looking for a special situations investment manager for its trust fund. Trust fund investments can include equities, debt obligations and real estate, according to the RFP, which is available on a federal government procurement website. Proposals are due at 9 a.m. EST on Feb. 17.

**Cambridge (Mass.) Retirement System** is searching for an emerging markets equity manager to run about $100 million and a high alpha, concentrated international equity manager to run about $30 million. The RFPs are available on the website of Segal Rogerscasey, investment consultant to the $1.1 billion pension fund. Proposals are due at 3 p.m. EST Feb. 17.

**HAVE SOME NEWS?**

Please submit news of changes to Kevin Olsen, news editor, at kolsen@pionline.com.

**Fonds de Reserve pour les Retraites**, Paris, is searching for one or more managers to run a combined €8.5 billion ($9.6 billion) in euro- and U.S. dollar-denominated corporate bonds. The €36.6 billion pension fund is looking for managers to run actively managed allocations, according to a statement on its website, split into two mandates. The first allocation is to euro-denominated corporate bonds, with an allocation of up to €5.5 billion. The second is for U.S. dollar-denominated corporate bonds, with an allocation of up to €3 billion. Further information and an RFP are available on FRR's website. Proposals are due Feb. 23.

**Nevada System of Higher Education**, Reno, is searching for an investment consultant for its four defined contribution plans, said Michelle Kelley, retirement plan manager. The state requires the system, whose DC plans have a combined $2.3 billion in assets, to put the services up for bid every three to five years, Ms. Kelley said. Current consultant Aon Hewitt Investment Consulting is invited to rebid. The RFP is available on the system's website. Proposals are due at 2 p.m. PST on Feb. 26.

**Chicago Metropolitan Water Reclamation District Retirement Fund** is searching for a passive domestic large-cap equity manager and passive domestic midcap manager to run about $95 million and $50 million, respectively, said Susan Boutin, executive director. The joint RFP is on the $1.3 billion pension fund's website. Investment consultant Marquette Associates is assisting with the search. The deadline for submissions is March 4.

**Brockton (Mass.) Contributory Retirement System** is searching for a private equity manager to run $3 million to $6 million in a closed-end venture capital fund, said an announcement on the Massachusetts Public Employee Retirement Administration Commission's website. SEI Investments, investment consultant to the $356 million pension fund, is assisting with the search. The RFP is available by contacting Terrence Gerlich, managing director at SEI, at SEI Investments, 1 Freedom Valley Drive, P.O. Box 1100, Oaks, PA 19456; or by e-mail at tgerlich@seic.com. Proposals are due at 3 p.m. EST March 5.

**AP7**, Stockholm, is searching for managers to run 230 billion Swedish kronor ($27.9 billion) in passive global equities. The pension fund, which has about $30 billion of assets, expects to appoint three managers for an initial three years. The current managers are State Street Global Advisors, Northern Trust Asset Management and Svenska Handelsbanken. Further information is available on procurement website Tenders Electronic Daily. Proposals are due March 11. Consultant bfinance is assisting.

**Tulare County Employees' Retirement Association**, Visalia, Calif., is searching for a core-plus fixed-income manager to run about $101 million, said David Kehler, retirement administrator. The $1.3 billion pension fund is conducting the search after terminating Pacific Investment Management Co. from a similar account. Investment consultant Wurts & Associates is assisting with the search. Interested managers may contact Wurts.

For a comprehensive database of search and hiring activity, visit P&IQ at Pionline.com/piq.

# J.P. Morgan

CONTINUED FROM PAGE 6

lines of communication among all investment strategies.

For example, previously the firm spent less time examining how its funds business correlated to its equities business. Essentially, each channel was working independently of one another, all reporting directly to Ms. Erdoes. Now, there is more cross-communication among the business investment areas.

"We've been revamping how the organization talks to itself," said Mr. Willcox, who reports directly to Ms. Erdoes.

"J.P. Morgan has historically been very good at promoting internally," one executive recruiter who didn't want to be named said. The recruiter added: "Our clients on the investment side are struggling with being able to move into a more flexible framework to provide more multiasset solutions. J.P. Morgan Asset Management certainly has the infrastructure in place to do this."

In addition to integrating the investment management team to augment its multiasset-class solutions, Mr. Willcox said the investment team is looking to invest in its technology and infrastructure.

"We're looking at our competitors and making sure we've got good technology," Mr. Willcox added, citing BlackRock Inc.'s Aladdin system as an example of a good risk management network.

Shortly after Mr. Willcox came on board as JPMAM's global head of investment management, he set up and leads an investment strategy review group that consists of senior investors and business heads, which meets annually to discuss where the unit is and where it's going.

Arnold Adler

**REORGANIZATION:** Since his promotion in May, Chris Willcox has made numerous changes to restructure his team.

### Positive net inflows

JPMAM is making these changes at a time when the company is seeing positive net inflows. The firm reported net inflows of $37 billion for the three months ended Dec. 31, the 23rd consecutive quarter the money management business reported net long-term inflows.

"They're coming at this (restructuring) from a position of strength," PL Advisors' Mr. Koltai said. "It doesn't look like they were forced to make any changes, because what they were doing before worked just fine."

Still, there is some speculation among industry observers about how this newly reorganized leadership structure will fare. Mr. Koltai wondered: "Can J.P. Morgan integrate all these separate investment teams into a more cooperative, coordinated organization without losing their performance edge?"

One source speculated whether integrating the investment management team could cause friction among portfolio managers who often prefer to work independently and be left to their own devices.

But Mr. Willcox is confident that JPMAM's new interconnected team will produce improved results and enhance the firm's multiasset capabilities.

"It's a huge mistake when the leader is too removed from the investment process," he said.

Mr. Willcox said that he has no plans to recruit any additional staff. He declined to comment on the possible launching of any new investment strategies. ■

# Military

CONTINUED FROM PAGE 4

require greater scrutiny. The devil is in the details," said Mike Hayden, deputy director of government relations for the Military Officers Association of America in Arlington, Va.

"Although we likely won't agree with some of the commission's recommendations, it's clear they put a considerable amount of thought and creativity into this proposal compared with previous studies," an MOAA statement said.

"At the Pentagon, in Congress, and at bases around the world, these recommendations will be the subject of much discussion and debate. They should be," said Secretary of Defense Chuck Hagel in a statement.

The action now shifts to Congress, whose members will pore over the details in a series of hearings in both the House and Senate. While many congressional overseers of the Pentagon have heard other proposals in the past, this one could be different for several reasons. One is the level of respect for commission members, who have dealt with military compensation and retention challenges either at the Pentagon or on Capitol Hill, and whose mission was legislated by Congress in 2013.

### Rand Corp. study

There is also a growing body of research supporting changes to the retirement plan, including a November 2014 study by the Rand Corp. commissioned by the Department of Defense, showing that reducing the defined benefit component and adding a DC plan could save between $1.8 billion and $4.4 billion each year and improve retention.

Then there are the numbers, which show an ever-growing share of the defense budget going to compensation. According to an analysis by the Washington think tank Center for Strategic and Budgetary Assessments, the average cost of pay and benefits per active-duty service member more than doubled to $109,000 in 2012 from $54,000 in 2001. In that time, basic pay grew 20%, thanks to raises given by Congress, while annual payments to the Military Retirement Fund rose 39%. The defined benefit fund is roughly one-third funded, with $545 billion in assets as of Sept. 30, and projected liabilities of $1.57 trillion. Without the enhanced defined contribution and other reforms, those liabilities could reach $2.7 trillion by fiscal year 2035, an earlier advisory board projected.

Outpacing them all were military health-care costs, which jumped 118% because of new benefits and the preference of retirees and family members to stay in the military health-care system. If military personnel costs continue to increase at this rate, they will consume the Pentagon's entire annual budget by 2039, said Todd Harrison, a defense analyst with the center. "This … is a clear indicator that the current path cannot be sustained."

As Senate Armed Services Chairman John McCain, R-Ariz., said at the first hearing on the panel's recommendations, "Clearly, times have changed." ■


## P&I Events Calendar

Mark your calendar and join us at these upcoming P&I events.

| FEB 10 | FEB 12 | MAR 1 - 3 | APR 7 | APR 9 | APR 14 | APR 16 |
|---|---|---|---|---|---|---|
| Unconstrained Fixed Income Summit | Unconstrained Fixed Income Summit | East Coast Defined Contribution Conference | 401(k) Investment Lineup Summit | 401(k) Investment Lineup Summit | 401(k) Investment Lineup Summit | 401(k) Investment Lineup Summit |
| Chicago | New York | Miami Trump National Doral | San Francisco | Dallas | Chicago | New York |
| www.pionline.com/UFI2015 | www.pionline.com/UFI2015 | www.pionline.com/DCE2015 | www.pionline.com/401k2015 | www.pionline.com/401k2015 | www.pionline.com/401k2015 | www.pionline.com/401k2015 |

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