



NORTH CAROLINA

OFFICE OF THE TREASURER

JANET COWELL, TREASURER

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FOR IMMEDIATE RELEASE
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TREASURER COWELL REPORTS PENSION FUND THIRD QUARTER RETURNS

RALEIGH – State Treasurer Janet Cowell reported today that North Carolina’s pension fund performance returned 10.44 percent for the quarter ending September 30, 2009. Returns for the year-to-date are 12.26 percent.

As of September 30, pension fund assets are valued at \$65.8 billion, an increase from the \$60.2 billion reported at June 30, 2009.

The positive returns for the quarter were driven primarily by rebounding stock markets. The equity portfolio, or stocks, returned 17.62 percent for the quarter and 26.61 percent year-to-date. The fixed income portfolio, bonds, returned 5.85 percent for the quarter and 7.14 percent year-to-date. Stocks and bonds account for nearly 90 percent of the overall portfolio.

While real estate is currently less than 6 percent of the overall portfolio, performance declines have continued into the third quarter. Real estate returns were down 7.92 percent for the quarter and 31.36 percent year-to-date. Real estate markets continue to be hit by the financial crisis as job losses impact use of commercial real estate and banks continue to be reluctant or unable to lend.

Recent gains in the stock market have provided relief to declining pension fund values, however, stock markets are expected to remain volatile. While pension assets have rebounded to \$65.8 billion, the value of North Carolina’s pension fund is still far below the 2007 peak value of \$77 billion. Even if recent market gains are sustained, significant increases in employer contributions will be needed for a number of years to offset 2008 losses.

“Of course, I am pleased to report recent positive returns,” Cowell said. “However, we remain focused on managing risk and creating value for the long-term.”

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Third Quarter Performance Report included.

About the Retirement Plan:

The North Carolina Retirement Systems, the formal name for the pension fund, is now the tenth largest public pension fund in the country. It provides retirement benefits and savings for more than 820,000 North Carolinians, including teachers, state employees, firefighters, police officers and other public workers. For more information visit www.nctreasurer.com



NCRS Quarterly Update 3rd Quarter 2009



Performance

	3 Month	Fiscal YTD	Cal YTD	1 Yr	3 Yr	5 Yr	10 Yr
Global Equity	17.62	17.62	26.61	(1.18)	(4.16)	2.72	2.25
Benchmark	17.37	17.37	24.70	(2.85)	(4.61)	2.36	1.13
Fixed Income - LTIP	5.85	5.85	7.14	16.26	7.77	6.20	7.53
Benchmark	5.45	5.45	5.70	14.18	6.85	5.58	7.12
Real Estate	(7.92)	(7.92)	(31.36)	(35.42)	(8.32)	1.74	4.20
Benchmark	(5.93)	(5.93)	(24.81)	(27.68)	(4.18)	4.28	6.80
Alternatives	4.07	4.07	(7.33)	(14.85)	(0.28)	3.48	1.73
Benchmark	11.83	11.83	(11.24)	(15.66)	(2.56)	2.22	1.19
Total Pension Plan	10.44	10.44	12.26	3.11	0.80	4.47	4.73
Benchmark	10.89	10.89	12.36	2.39	0.49	4.15	4.32

Asset Allocation

	<u>Current %</u>	<u>Policy %</u>
Global Equity	50.2%	50.0%
Fixed Income	39.8%	39.5%
Real Estate	4.6%	6.0%
Alternatives	5.4%	4.5%

