

# ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

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## MEMORANDUM

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**DATE:** February 10, 2009  
**TO:** Board of Supervisor's Staff  
**FROM:** Steve Delaney, CEO  
**SUBJECT:** OCERS FUND RETURNS

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With a small rally in December OCERS ended the year at -20.71. The long term returns are as follows:

Month	Qtr	1 Yr	3 Yr	5Yr	10 Yr	15 Yr
3.00%	-9.40%	-20.71%	-0.10%	3.86%	4.70%	7.23%

The OCERS Fund value as of December 31, 2008 stood at \$6.36 billion, down from our \$7.89 billion at December 31, 2007 year end.

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To provide some perspective as to where OCERS stands in the universe of pension funds nationwide, the following article appeared in a December online edition of Pensions & Investments magazine, indicating the median loss among public plans for Calendar Year 2008 was -26.6%.

## 2008 'ONE OF WORST YEARS' FOR PLAN RETURNS, NORTHERN TRUST SAYS

By Jennifer Byrd

U.S. corporate plans had a median return of -12.9% in the fourth quarter and -26.6% for 2008, according to Northern Trust.

Public funds had a median return of -13.6% for the quarter and -26.6% for the year, while foundations and endowments had median returns of -13.7% and -25.4%, respectively.

The median plan return for the entire Northern Trust universe, which includes more than 300 large institutional plans with a combined asset value of about \$600 billion, was -13.1% for the fourth quarter and -25% for the year.

"Last year was absolutely one of the worst years ever experienced by U.S. institutional investors," Paul d'Ouille, global director of investment risk and analytical services at Northern Trust, said in a telephone interview. "The decline in asset values represented by the negative returns is fairly staggering when you look at the magnitude that has been lost.

"The story last year was that equity markets dropped significantly; that's what caused the negative performance," Mr. d'Ouille said.

The five-year annualized median return for corporate plans now stands at 1.9%, compared to 13.4% a year ago; for public funds, the five-year annualized median return stands at 1.8%, compared to 13.3% last year; and the five-year annualized median return for foundations and endowments now stands at 2%, compared to 14% last year.

Three-year annualized returns dipped into negative territory, with the median corporate plans returning -3.3% for the three-year period ending Dec. 31; public funds stood at -2.8% for the period, while foundations and endowments stood at -2.6%.