Colorado PERA uses performance benchmarks for its total portfolio as well as each asset class and account that make up the total portfolio. Benchmarks measure success and provide a baseline for the investment strategies and are therefore an important part of the oversight of the fund. They are chosen carefully by the PERA Board of Trustees to be effective measures of PERA’s investments and to represent, as well as possible, characteristics of good benchmarks. Some of these characteristics include:

**Appropriate:** The benchmark is consistent with the nature of the underlying investment.

**Investable:** The benchmark return can be earned through a passive investment, providing an alternative to the chosen investment approach, with minimal costs and assured market returns.

**Measurable:** The benchmark return is calculated and available on a reasonably frequent and timely basis.

**Complete:** The benchmark covers the entire set of investment opportunities.

### PUBLIC MARKET INVESTMENTS

For PERA’s traditional equity and fixed income investments, the benchmark choice is relatively straightforward. It is generally best practice to use the broadest available market index as a benchmark to cover the entire opportunity set and maximize diversification. For example, the benchmark for PERA’s Global Equity investment portfolio includes shares in a wide variety of large and small cap companies in every sector in the U.S., and developed and emerging non-U.S. countries. The Fixed Income benchmark provides diversified coverage across major bond sectors. These broad indexes meet the widely accepted characteristics of a good benchmark—including investability, as passive investments that track the returns of these markets are readily available.

### NON-PUBLIC MARKET INVESTMENTS

For Private Equity, the most common approach used by large investors like PERA is to measure private equity returns against a stock market index that measures the overall market exposure of the investment, taking into account the opportunity cost of the decision to invest in private equity. Under this approach, institutional investors seek a premium, or extra hurdle, over the return that they would expect to earn from a publicly traded stock investment. For PERA’s Private Equity benchmark, an extra return hurdle of 150 basis points per year is added to the Global Equity benchmark to reflect the higher risk and lower liquidity of private equity investments.

In Real Estate investments, an investable and complete representation of the entire investment universe is not available. Therefore, a benchmark consisting of the returns of similar real estate investments held by institutional investors like PERA is used, plus an extra hurdle or premium. For PERA’s Real Estate benchmark, an extra return hurdle of 50 basis points per year is added to the benchmark to represent the more growth-orientated nature of PERA’s Real Estate investments.

*(continued on reverse)*
Alternatives comprises both public and non-public market investments, such as timber, credit, and other opportunistic strategies, as well as a small allocation to global macro and multi-strategy hedge funds. Similar to Private Equity and Real Estate, a benchmark of similar risk exposures is not readily available. As such, the overall Alternatives benchmark is a weighted combination of the benchmarks of each of the three underlying objectives (risk mitigation, real assets, and opportunistic) within Alternatives, and includes both public and non-public market benchmarks.

**POLICY BENCHMARK**

PERA’s policy benchmark is a passive representation of the asset allocation policy adopted by the Board. As of January 1, 2021, the policy benchmark is a combination of the following benchmarks:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>% Weighting in Policy Benchmark</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity</td>
<td>55.5%</td>
<td>Global Equity Custom Benchmark</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>23.5%</td>
<td>Fixed Income Custom Benchmark</td>
</tr>
<tr>
<td>Private Equity</td>
<td>8.5%</td>
<td>Private Equity Custom Benchmark</td>
</tr>
<tr>
<td>Real Estate</td>
<td>8.5%</td>
<td>Real Estate Custom Benchmark</td>
</tr>
<tr>
<td>Alternatives</td>
<td>4.0%</td>
<td>Alternatives Custom Benchmark</td>
</tr>
<tr>
<td>Cash</td>
<td>0.0%</td>
<td>ICE BofAML U.S. 3-Month Treasury Bill Index</td>
</tr>
</tbody>
</table>

» Global Equity Custom Benchmark: MSCI ACWI IMI (Net) with USA Gross.
» Fixed Income Custom Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index.
» Private Equity Custom Benchmark: MSCI ACWI IMI (Net) with USA Gross plus 150 basis points, annually.
» Real Estate Custom Benchmark: NCREIF Open End Diversified Core Equity Index (NFI-ODCE) plus 50 basis points, annually.

PERA’s investments are well diversified and great care is taken to select the most appropriate benchmarks to measure risk and return.

This fact sheet provides general information about investment performance benchmarks. PERA membership rights, benefits, and obligations are governed by Title 24, Article 51 of the Colorado Revised Statutes, and the Rules of the Colorado Public Employees’ Retirement Association, which take precedence over any interpretations in this fact sheet.