



NORTH CAROLINA

OFFICE OF THE TREASURER

JANET COWELL, TREASURER

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FOR IMMEDIATE RELEASE
Contact: Heather Franco (919) 807-3132

TREASURER COWELL REPORTS END OF QUARTER PENSION FUND RETURNS

RALEIGH – State Treasurer Janet Cowell reported today that North Carolina’s pension fund performance returned 3.28 percent for the first quarter and 26.98 for the year ending March 31, 2010. Pension fund assets were valued at \$68.7 billion, a slight increase from the \$67 billion reported at the end of the calendar year.

The public equity (stock) portfolio returned 4.95 percent for the first quarter and 53.93 percent for the year. The fixed income (bond) portfolio returned 2.23 percent for the quarter and 11.38 percent for the year. This is the fourth quarter in a row that both asset classes, making up about 90 percent of the total portfolio, have seen positive returns. However, returns are not as strong as the previous two quarters.

“While the numbers are up, returns have slowed in comparison to 2009 as the markets begin to flatten following the surge last year,” stated Cowell. “It is imperative that state and local leaders prepare for increased and sustained pension contributions in their budgets over the coming years in order to maintain a healthy pension fund.”

Real estate losses continued into the quarter with the portfolio down 4.35 percent for the first quarter and 21.97 percent for the year ending March 31. However, the negative returns have also slowed as markets continue to stabilize.

The newly created credit and inflation portfolios returned 3.11 percent and -0.06 percent respectively. These portfolios were added at the beginning of the calendar year after receiving authority in the last legislative session to take better advantage of opportunistic credit and inflation strategies to mitigate risks and enhance returns. Both portfolios are long term strategies, designed to benefit from opportunities expected to arise in the changing markets.

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First Quarter Performance Report included.

About the Pension Fund:

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 1st Quarter 2010



Performance

	3 Month	Fiscal YTD	1 Yr	3 Yr	5 Yr	10 Yr
Global Equity	4.95	29.36	53.93	(3.81)	2.93	1.16
Benchmark	4.36	28.51	54.02	(4.75)	2.50	0.12
Fixed Income	2.23	7.96	11.38	7.42	6.31	7.38
Benchmark	2.00	6.75	9.02	6.37	5.63	6.94
Real Estate	(4.35)	(14.26)	(21.97)	(13.35)	(0.56)	2.73
Benchmark	(2.69)	(14.09)	(22.15)	(9.33)	1.03	5.18
Alternatives	1.66	11.35	8.05	(0.57)	3.99	(5.56)
Benchmark	4.91	31.35	22.82	(0.05)	4.18	1.87
Credit	3.11	-	-	-	-	-
Benchmark	1.82	-	-	-	-	-
Inflation	(0.06)	-	-	-	-	-
Benchmark	0.97	-	-	-	-	-
Total Pension Plan	3.28	16.94	26.98	0.56	4.51	3.96
Benchmark	3.06	16.94	28.32	0.02	4.12	3.65

Asset Allocation

	<u>Current %</u>	<u>Policy %</u>
Global Equity	51.5%	48.5%
Fixed Income	37.5%	38.0%
Real Estate	4.3%	6.0%
Alternatives	4.7%	4.5%
Credit	1.1%	1.5%
Inflation	1.0%	1.5%

