



D A L L A S  
**POLICE & FIRE**  
PENSION SYSTEM



# December 2016 Board Monthly Investment Reports

# Asset Allocation vs. Target

December 31, 2016

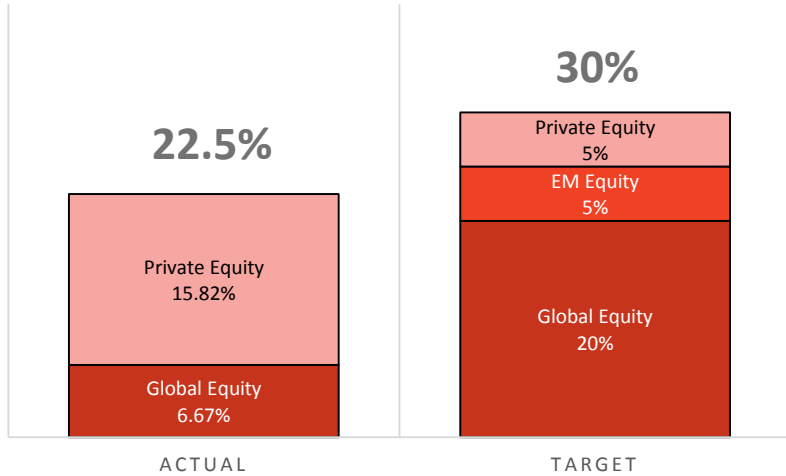
	Actual			Target	Target Range		
	\$ (M)	Gross %	Net %	\$ (M)	Low	%	High
<b>EQUITY</b>							
Global Equity	152.51	6.67%	7.07%	431.34	10%	20%	23%
Emerging Market Equity	-	0.00%	0.00%	107.84	0%	5%	8%
Private Equity	361.68	15.82%	16.77%	107.84	4%	5%	15%
<b>TOTAL EQUITY</b>	<b>514.19</b>	<b>22.49%</b>	<b>23.84%</b>	<b>647.02</b>	<b>20%</b>	<b>30%</b>	<b>40%</b>
<b>FIXED INCOME</b>							
Short Term Core Bonds	-	0.00%	0.00%	43.13	0%	2%	5%
Global Bonds	59.16	2.59%	2.74%	64.70	0%	3%	6%
High Yield	75.48	3.30%	3.50%	107.84	2%	5%	8%
Bank Loans	56.19	2.46%	2.61%	129.40	3%	6%	9%
Emerging Market Debt	38.73	1.69%	1.80%	129.40	0%	6%	9%
Absolute Return & Structured Credit	-	0.00%	0.00%	129.40	0%	6%	9%
Private Debt	61.82	2.70%	2.87%	107.84	2%	5%	7%
<b>TOTAL FIXED INCOME</b>	<b>291.37</b>	<b>12.74%</b>	<b>13.51%</b>	<b>711.72</b>	<b>15%</b>	<b>33%</b>	<b>38%</b>
<b>GLOBAL ASSET ALLOCATION (GAA)</b>							
Risk Parity	74.76	3.27%	3.47%	107.84	2%	5%	8%
GTAA	20.95	0.92%	0.97%	64.70	0%	3%	6%
Absolute Return	36.61	1.60%	1.70%	43.13	0%	2%	5%
<b>TOTAL GAA</b>	<b>132.32</b>	<b>5.79%</b>	<b>6.14%</b>	<b>215.67</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>
<b>REAL ASSETS</b>							
Liquid Real Assets	-	0.00%	0.00%	64.70	0%	3%	6%
Natural Resources	264.53	11.57%	12.27%	107.84	3%	5%	10%
Infrastructure	178.23	7.79%	8.26%	107.84	3%	5%	10%
Real Estate	581.75	25.44%	26.97%	258.81	10%	12%	25%
<b>TOTAL REAL ASSETS</b>	<b>1,024.52</b>	<b>44.80%</b>	<b>47.50%</b>	<b>539.18</b>	<b>20%</b>	<b>25%</b>	<b>45%</b>
<b>CASH</b>	<b>324.33</b>	<b>14.18%</b>	<b>15.04%</b>	<b>43.13</b>	<b>0%</b>	<b>2%</b>	<b>5%</b>
<b>GROSS INVESTMENT ASSETS</b>	<b>2,286.72</b>	<b>100%</b>	<b>106.03%</b>				
<b>DPFP DEBT</b>	<b>(130.00)</b>		<b>-6.03%</b>	-	0%	0%	15%
<b>NET ASSET VALUE</b>	<b>2,156.72</b>		<b>100%</b>				

# Asset Allocation vs. Target – Based on Liquidity

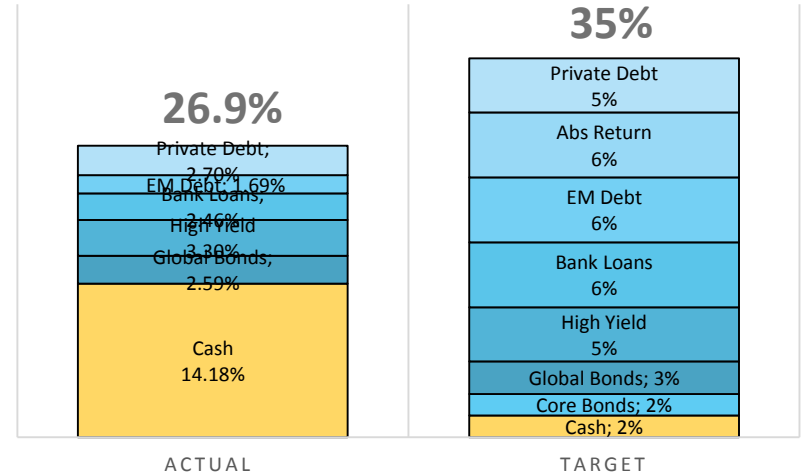
December 31, 2016

	Actual			Target	Target Range		
	\$ (M)	Gross %	Net %	\$ (M)	Low	%	High
<b>EQUITY</b>							
Global Equity	152.51	6.67%	7.07%	431.34	10%	20%	23%
Emerging Market Equity	-	0.00%	0.00%	107.84	0%	5%	8%
<b>LIQUID EQUITY</b>	<b>152.51</b>	<b>6.67%</b>	<b>7.07%</b>	<b>539.18</b>		<b>25%</b>	
<b>FIXED INCOME</b>							
Short Term Core Bonds	-	0.00%	0.00%	43.13	0%	2%	5%
Global Bonds	59.16	2.59%	2.74%	64.70	0%	3%	6%
High Yield	75.48	3.30%	3.50%	107.84	2%	5%	8%
Bank Loans	56.19	2.46%	2.61%	129.40	3%	6%	9%
Emerging Market Debt	38.73	1.69%	1.80%	129.40	0%	6%	9%
Absolute Return & Structured Credit	-	0.00%	0.00%	129.40	0%	6%	9%
<b>LIQUID FIXED INCOME</b>	<b>229.55</b>	<b>10.04%</b>	<b>10.64%</b>	<b>603.88</b>		<b>28%</b>	
<b>GLOBAL ASSET ALLOCATION (GAA)</b>							
Risk Parity	74.76	3.27%	3.47%	107.84	2%	5%	8%
GTAA	20.95	0.92%	0.97%	64.70	0%	3%	6%
Absolute Return	36.61	1.60%	1.70%	43.13	0%	2%	5%
<b>TOTAL GAA</b>	<b>132.32</b>	<b>5.79%</b>	<b>6.14%</b>	<b>215.67</b>		<b>10%</b>	
<b>LIQUID REAL ASSETS</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>	<b>64.70</b>	<b>0%</b>	<b>3%</b>	<b>6%</b>
<b>CASH</b>	<b>324.33</b>	<b>14.18%</b>	<b>15.04%</b>	<b>43.13</b>	<b>0%</b>	<b>2%</b>	<b>5%</b>
<b>TOTAL LIQUID INVESTMENTS</b>	<b>838.71</b>	<b>36.68%</b>	<b>38.89%</b>	<b>1,466.57</b>		<b>68%</b>	
<b>PRIVATE REAL ASSETS</b>							
Natural Resources	264.53	11.57%	12.27%	107.84	3%	5%	10%
Infrastructure	178.23	7.79%	8.26%	107.84	3%	5%	10%
Real Estate	581.75	25.44%	26.97%	258.81	10%	12%	25%
<b>TOTAL PRIVATE REAL ASSETS</b>	<b>1,024.52</b>	<b>44.80%</b>	<b>47.50%</b>	<b>474.48</b>		<b>22%</b>	
<b>PRIVATE MARKETS</b>							
Private Equity	361.68	15.82%	16.77%	107.84	4%	5%	15%
Private Debt	61.82	2.70%	2.87%	107.84	2%	5%	7%
<b>TOTAL PRIVATE MARKETS</b>	<b>423.50</b>	<b>18.52%</b>	<b>19.64%</b>	<b>215.67</b>		<b>10%</b>	
<b>TOTAL PRIVATE INVESTMENTS</b>	<b>1,448.01</b>	<b>63.32%</b>	<b>67.14%</b>	<b>690.15</b>		<b>32%</b>	
<b>GROSS INVESTMENT ASSETS</b>	<b>2,286.72</b>	<b>100%</b>	<b>106.03%</b>				
<b>DPPF DEBT</b>	<b>(130.00)</b>		<b>-6.03%</b>	-	0%	0%	15%
<b>NET ASSET VALUE</b>	<b>2,156.72</b>		<b>100%</b>				

## EQUITY



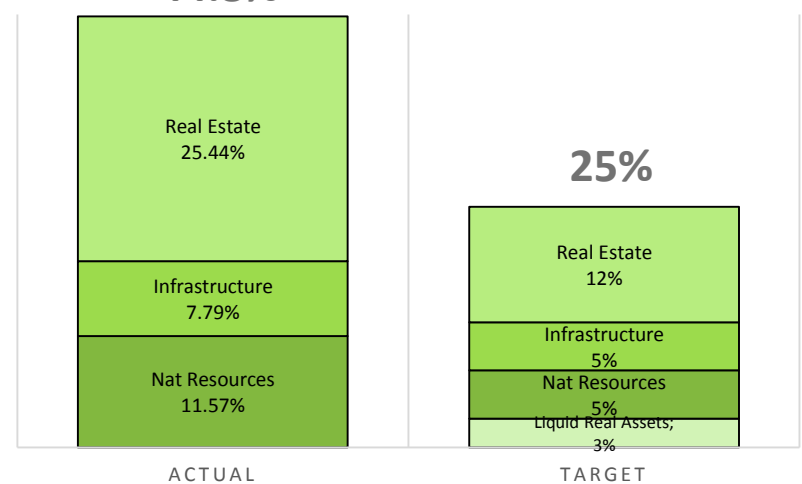
## FIXED INCOME & CASH



## GLOBAL ASSET ALLOCATION

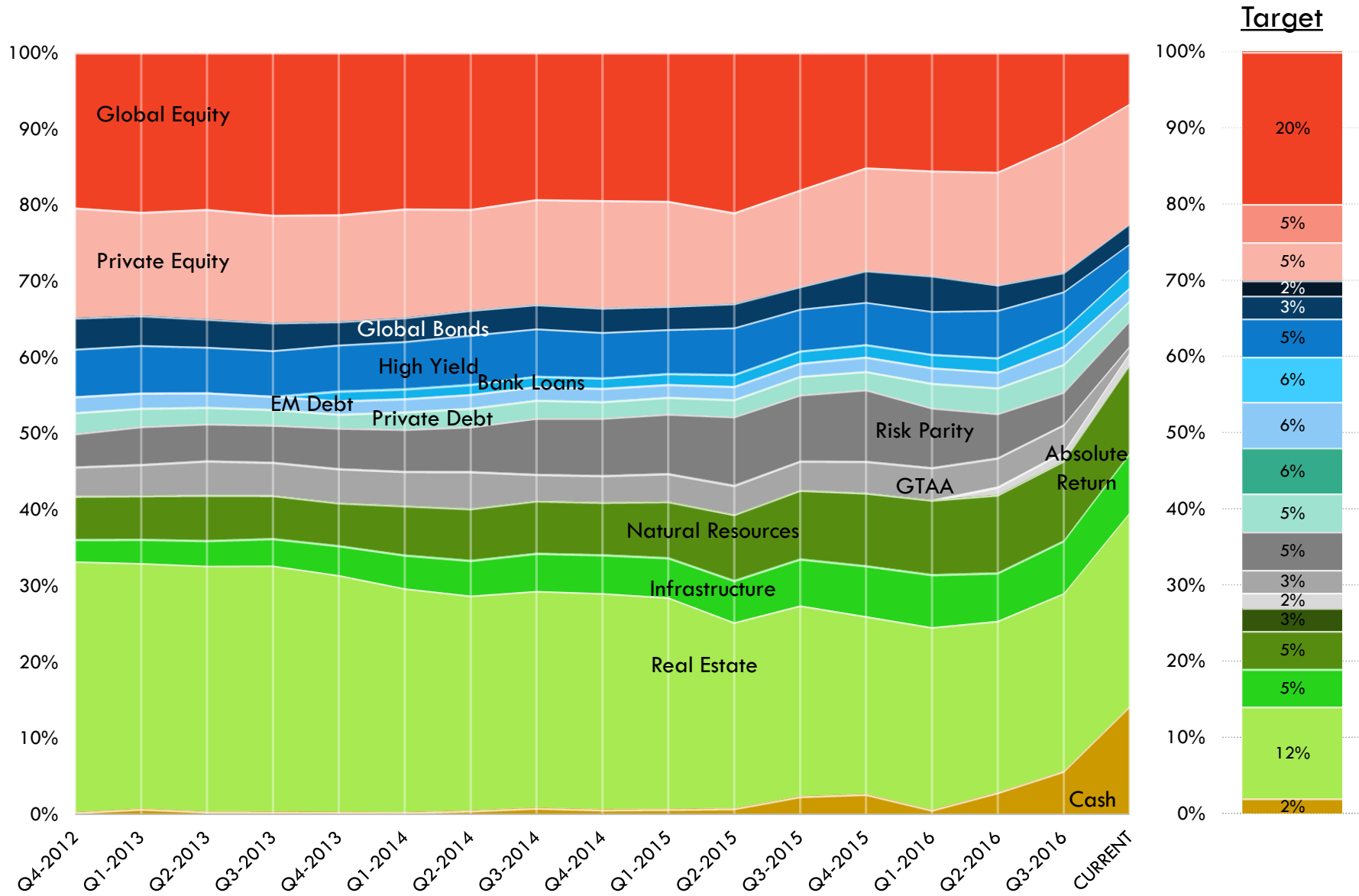


## REAL ASSETS



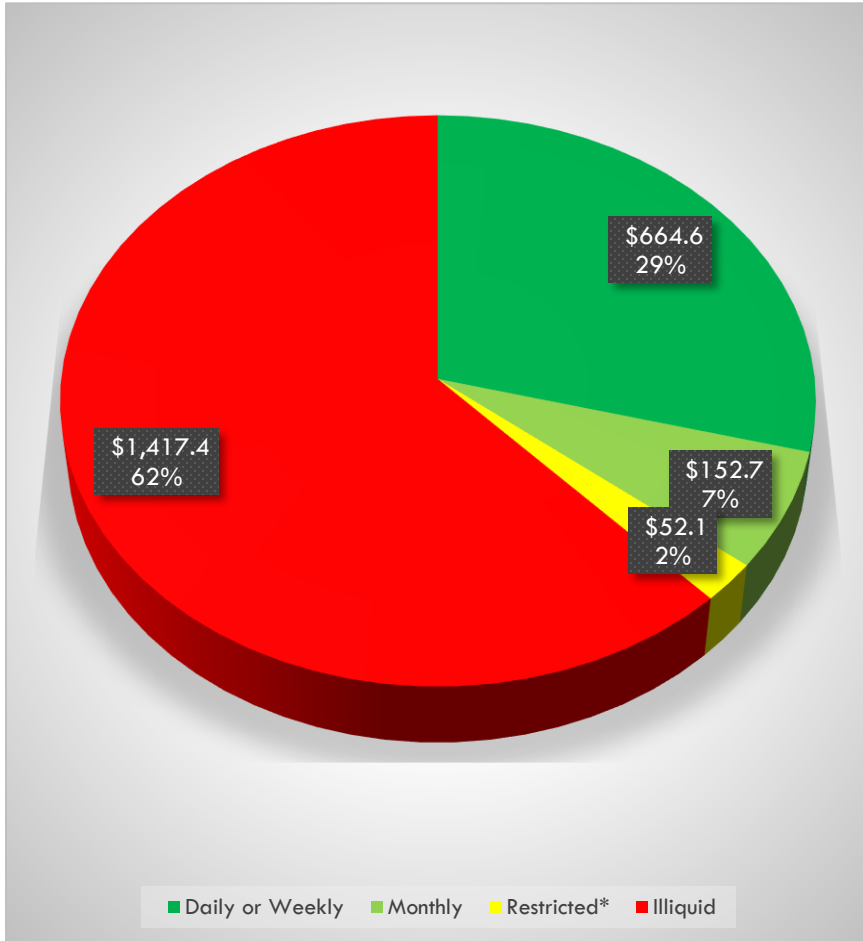
# Asset Allocation History (Quarterly)

December 31, 2016

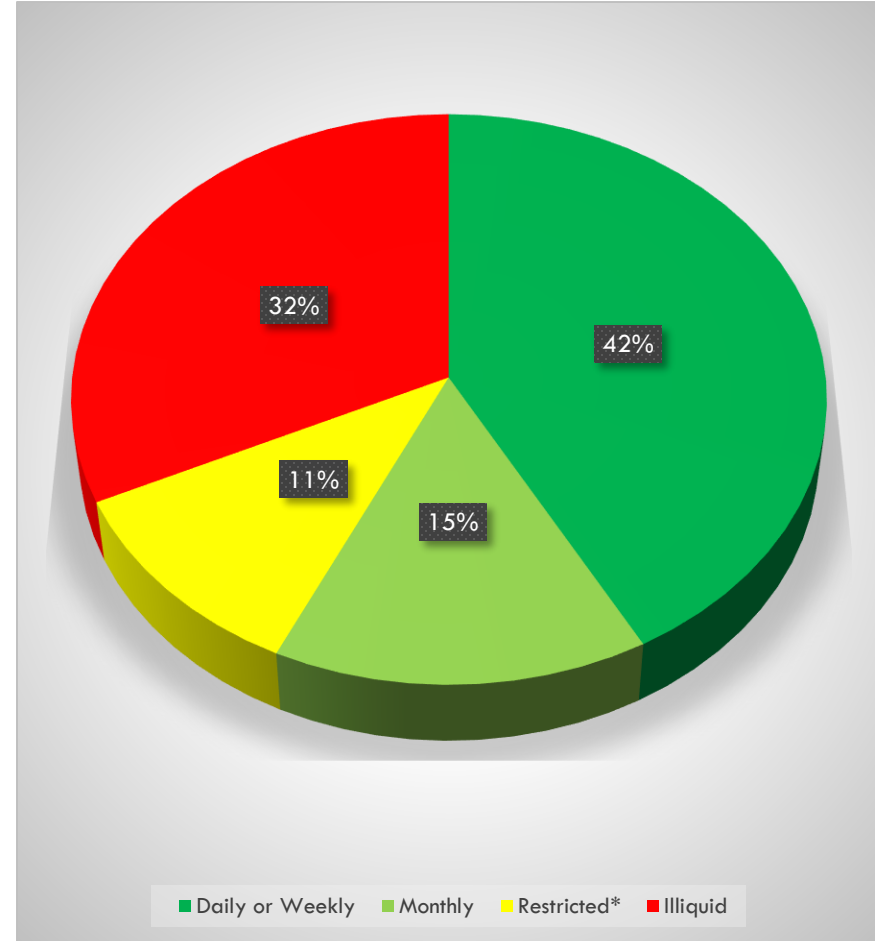


In Millions

## ACTUAL – GROSS INVESTMENT ASSETS



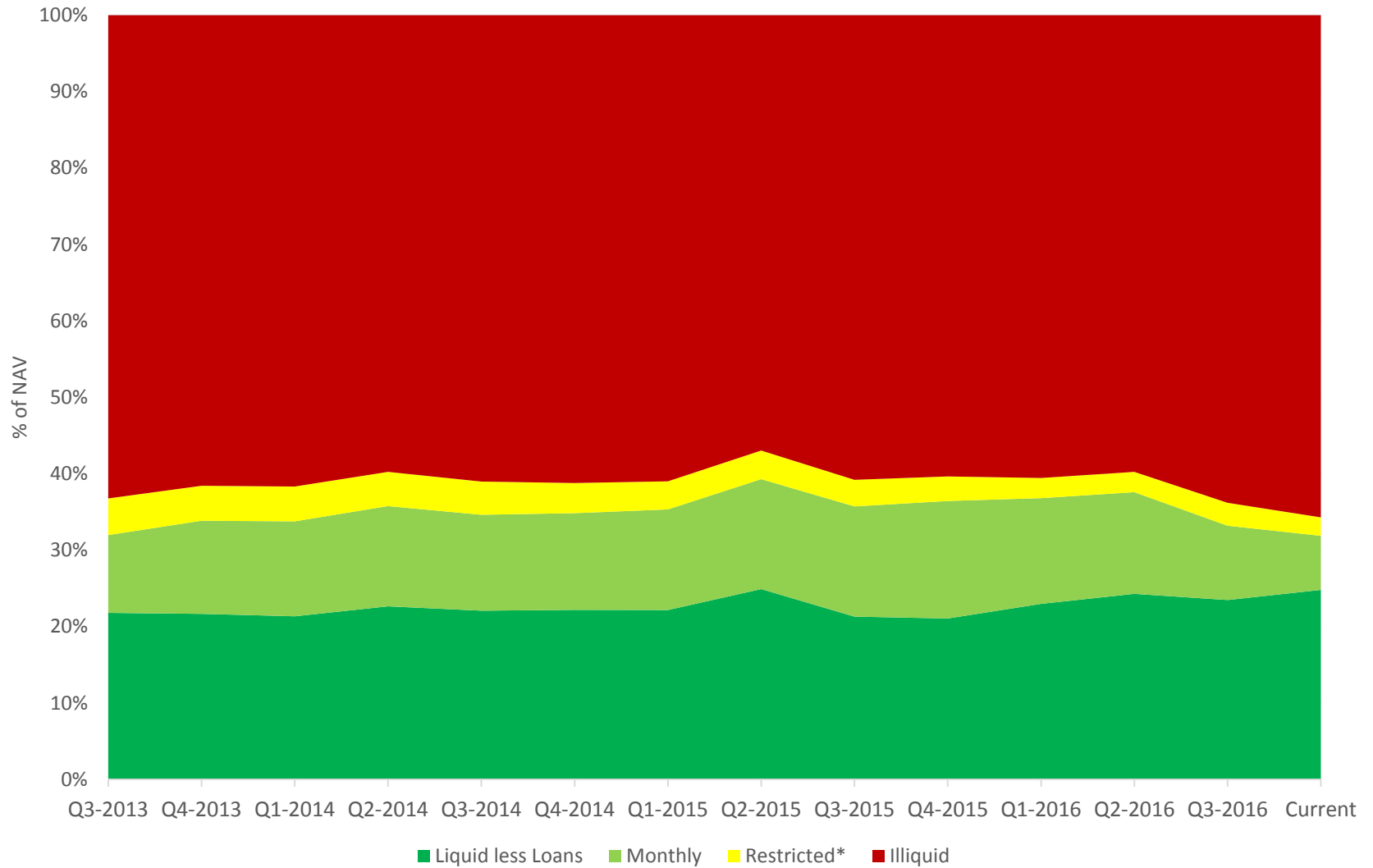
## BASED ON ASSET ALLOCATION



\* - Assets can be redeemed between monthly and annual basis often with gating, lock-ups or notice of more than 30 days required.

# Liquidity History- As Percentage (Quarterly)

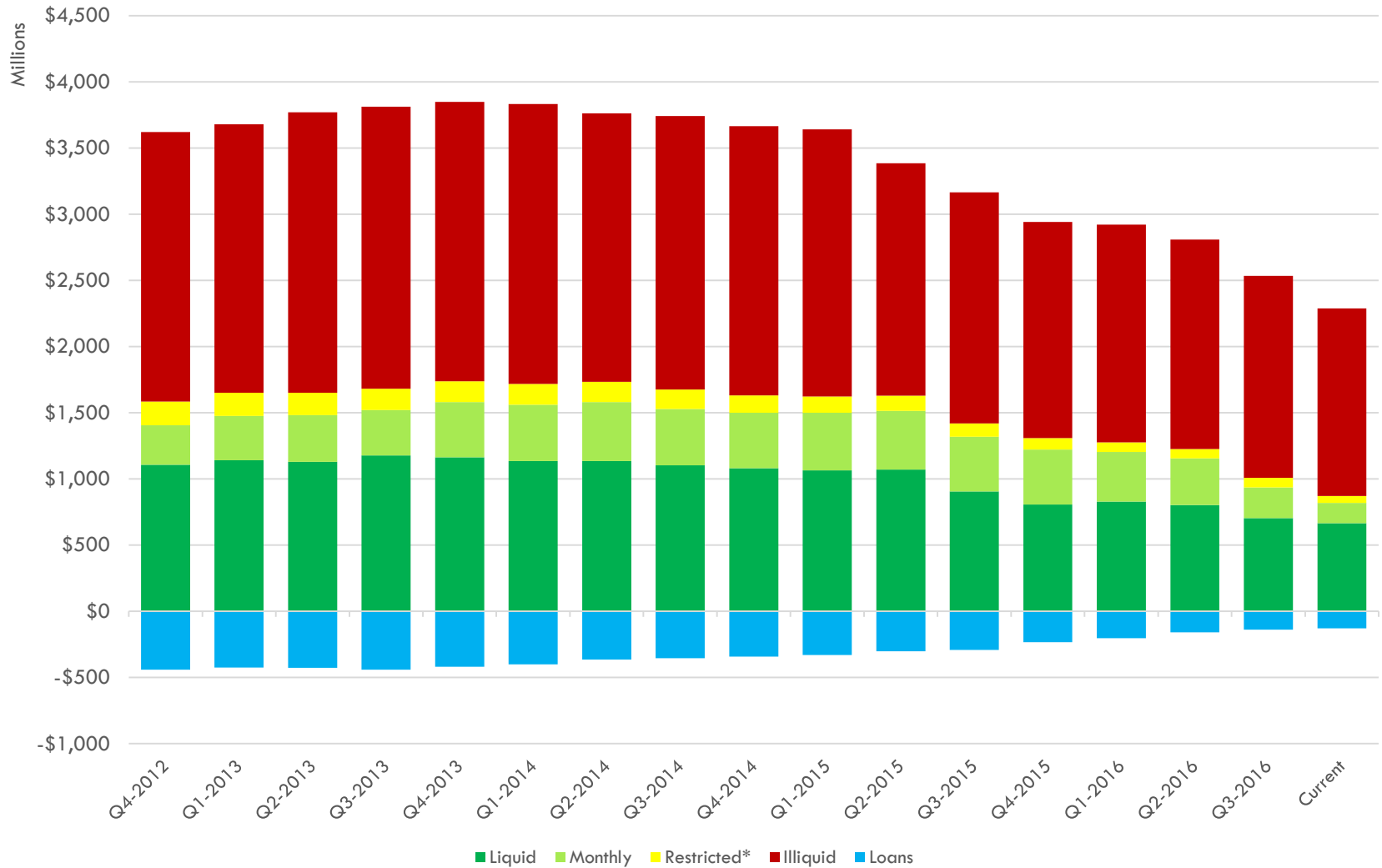
December 31, 2016



\* - Assets can be redeemed between monthly and annual basis often with gating, lock-ups or notice of more than 30 days required.

# Liquidity History – Investment Value (Quarterly)

December 31, 2016



\* - Assets can be redeemed between monthly and annual basis often with gating, lock-ups or notice of more than 30 days required.



# Unfunded Capital Commitments

December 31, 2016

Fund	Vintage	Asset Class	Total Commitment	Unfunded Capital
JPM AIRRO	2008	Infra	37,000,000	1,150,000
JPM AIRRO II	2013	Infra	40,000,000	33,016,054
JPM Maritime	2009	Infra	50,000,000	4,858,063
Hudson Clean Energy Partners	2009	PE	25,000,000	297,643
Huff Energy Fund	2006	PE	100,000,000	119,979
Industry Ventures	2016	PE	5,000,000	4,575,000
Lone Star Growth Capital	2006	PE	16,000,000	16,000,000
Lone Star Opportunities Fund V	2012	PE	75,000,000	33,750,000
Oaktree Power Fund III	2011	PE	30,000,000	13,900,000
Lone Star Fund IX	2014	Private Debt	35,000,000	12,298,137
Lone Star Fund VII	2011	Private Debt	25,000,000	1,540,888
Lone Star Fund VIII	2013	Private Debt	25,000,000	5,339,022
Riverstone	2016	Private Debt	10,000,000	4,626,146
Lone Star Fund III	2000	RE	20,000,000	180,000
Lone Star Fund IV	2002	RE	20,000,000	960,000
Lone Star Fund VI	2008	RE	25,000,000	4,994,642
Lone Star Real Estate Fund I	2008	RE	25,000,000	4,275,000
Lone Star Real Estate Fund II	2011	RE	25,000,000	2,847,542
Lone Star Real Estate Fund III	2014	RE	25,000,000	1,639,038
M&G Real Estate Debt Fund II	2013	RE	29,476,000	9,075,695
<b>TOTAL PRIVATE PORTFOLIO</b>				<b>\$ 155,442,848</b>

# Monthly Investment Transaction Summary\*

December 2016

<b>TOTAL MONTHLY CAPITAL CALLS &amp; CONTRIBUTIONS</b>		<b>\$49,042,875</b>
<b>Outflows over \$1 m</b>		
Lone Star CRA Fund	Capital Call	\$42,500,000
BankCap Opportunity Fund	Capital Call	\$4,911,742
<b>TOTAL MONTHLY DISTRIBUTIONS</b>		<b>\$158,981,882</b>
<b>Inflows over \$1 m</b>		
LLCP V	Secondary Sale	\$22,580,157
Kainos Capital	Secondary Sale	\$19,802,089
LLCP Deep Value II	Secondary Sale	\$18,432,293
BankCap Opportunity Fund	Secondary Sale	\$18,266,454
Pharos III	Secondary Sale	\$18,254,569
LLCP IV	Secondary Sale	\$16,411,624
Kainos Co-Investment	Co Invest Secondary Sale	\$12,312,388
Pharos II	Secondary Sale	\$6,717,827
Highland Capital	Note Distribution	\$6,585,265
P&F Holdings	Museum Tower Sales Proceeds	\$5,000,000
Clarion	Property Sale Proceeds	\$3,641,000
BankCap	In-Kind Distribution	\$3,399,078
LSREF III	Distribution	\$1,874,129

\* Excludes funding, redemptions and distributions from public equity and public fixed income separate accounts

At the November 10, 2016 meeting, the Board approved allowing staff and the consultant, for a six month period ending with the April 13, 2017 Board meeting, to (i) rebalance outside the target ranges set forth in the Investment Policy Statement or (ii) terminate managers for rebalancing purposes, in both situations where prior approval of the Board is not possible.

At the December 8, 2016 meeting the Board approved the below liquidations, with the Public Equity asset class allocation below the low end of the target range. The liquidations have either been completed or are in process for the below five managers.

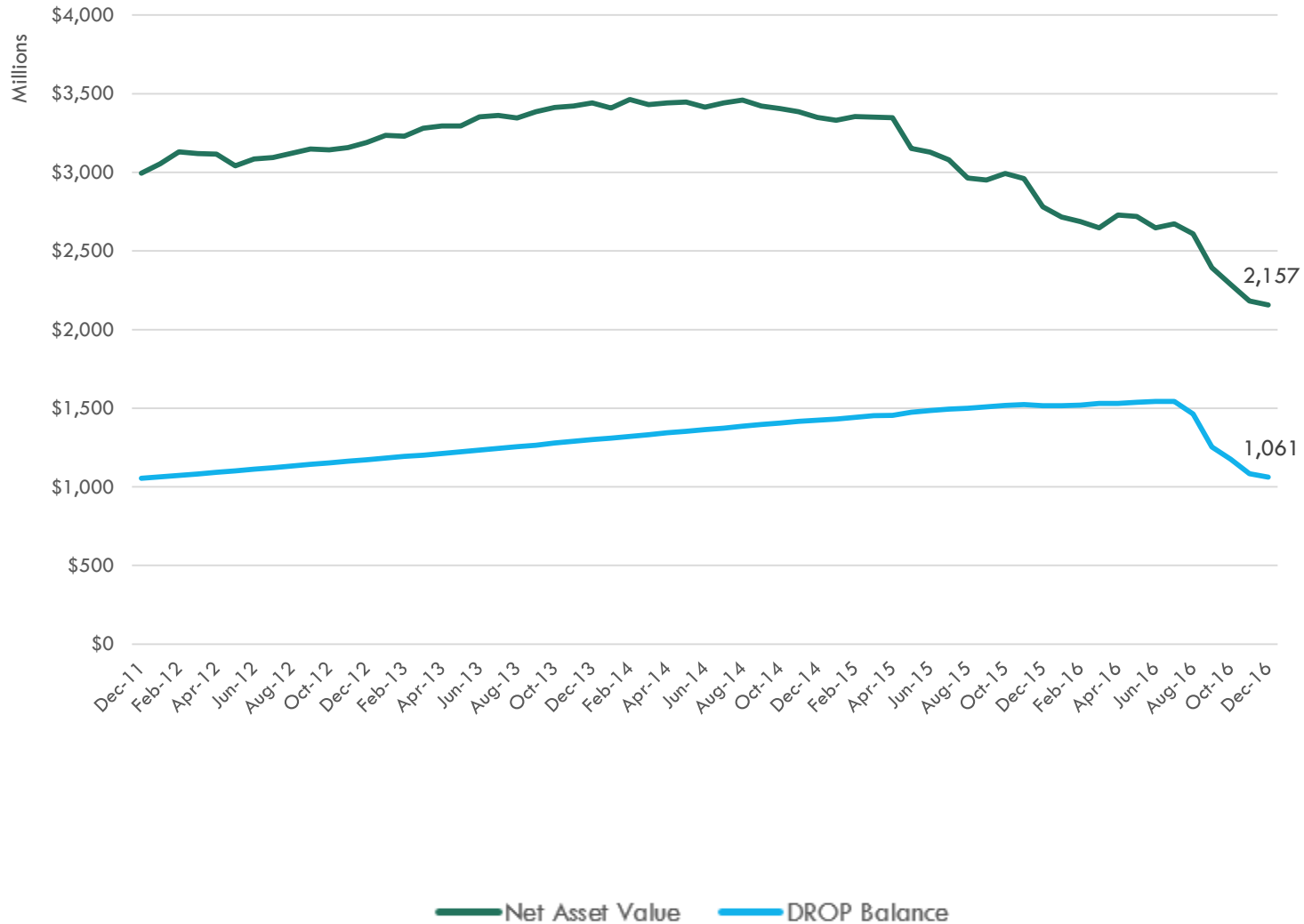
Manager	Asset Class	Amount	Date Redemption
			Approved
Eagle Asset Management	Public Equity	\$11,712,000	12/8/2016
Mitchell Group	Public Equity	\$10,010,000	12/8/2016
RREFF	Public Equity	\$8,600,000	12/8/2016
Ashmore EMDF	EM Debt	\$21,660,000	12/8/2016
JPM IIF	Infrastructure	\$30,670,000	12/8/2016
		<b>\$82,652,000</b>	

The liquidations of the GMO and Putnam accounts were approved by the Board at the 12/8 meeting, but have not been implemented based on current cash needs.

Manager	Asset Class	Amount	Date Redemption
			Approved
GMO	GTAA	\$20,440,000	12/8/2016
Putnam	Risk Parity	\$35,870,000	12/8/2016

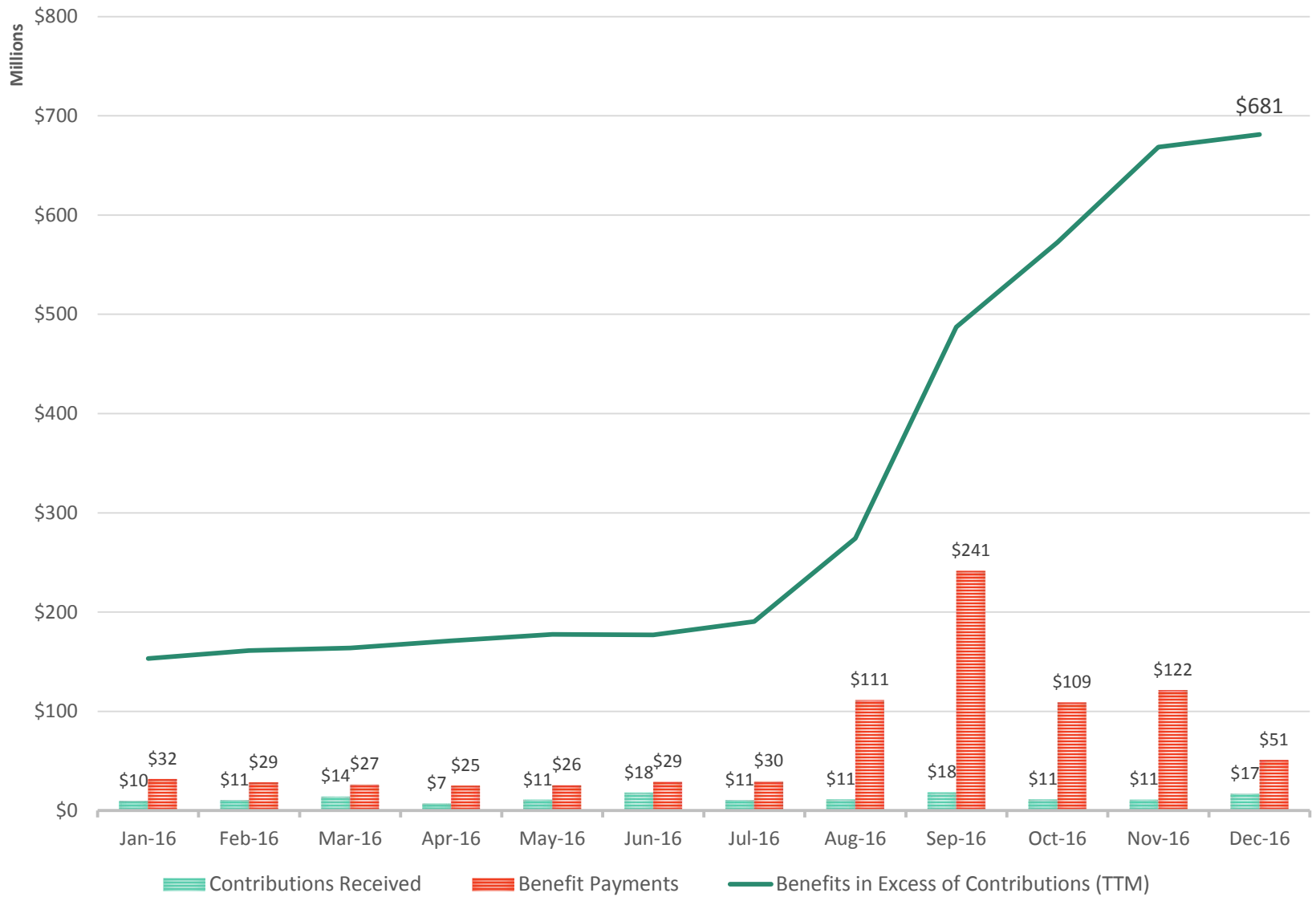
# Monthly NAV & DROP Balances

December 31, 2016



# Trailing 12-month Funding Gap

December 31, 2016



# DROP Balance as % of NAV

December 31, 2016

In Millions

