



44th Annual Meeting

Investment Performance

Report

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Chief Investment Officer, LAGERS



Facts and Figures as of June 30, 2011

Plan Assets: \$4.5 billion

Funding Ratio: 81.6%

Actuarial Assumed Rate of Return : 7.5% (4% Real)

<u>Asset Class</u>	<u>Current Allocation</u>
Equity Investments	55.9%
Fixed Income Investments	25.8%
Alternative Asset Investments	18.3%

40 different investment managers managing over 50
different mandates

Management Fees Per Year: Approx. \$44.1M or .97%



Employee Contributions

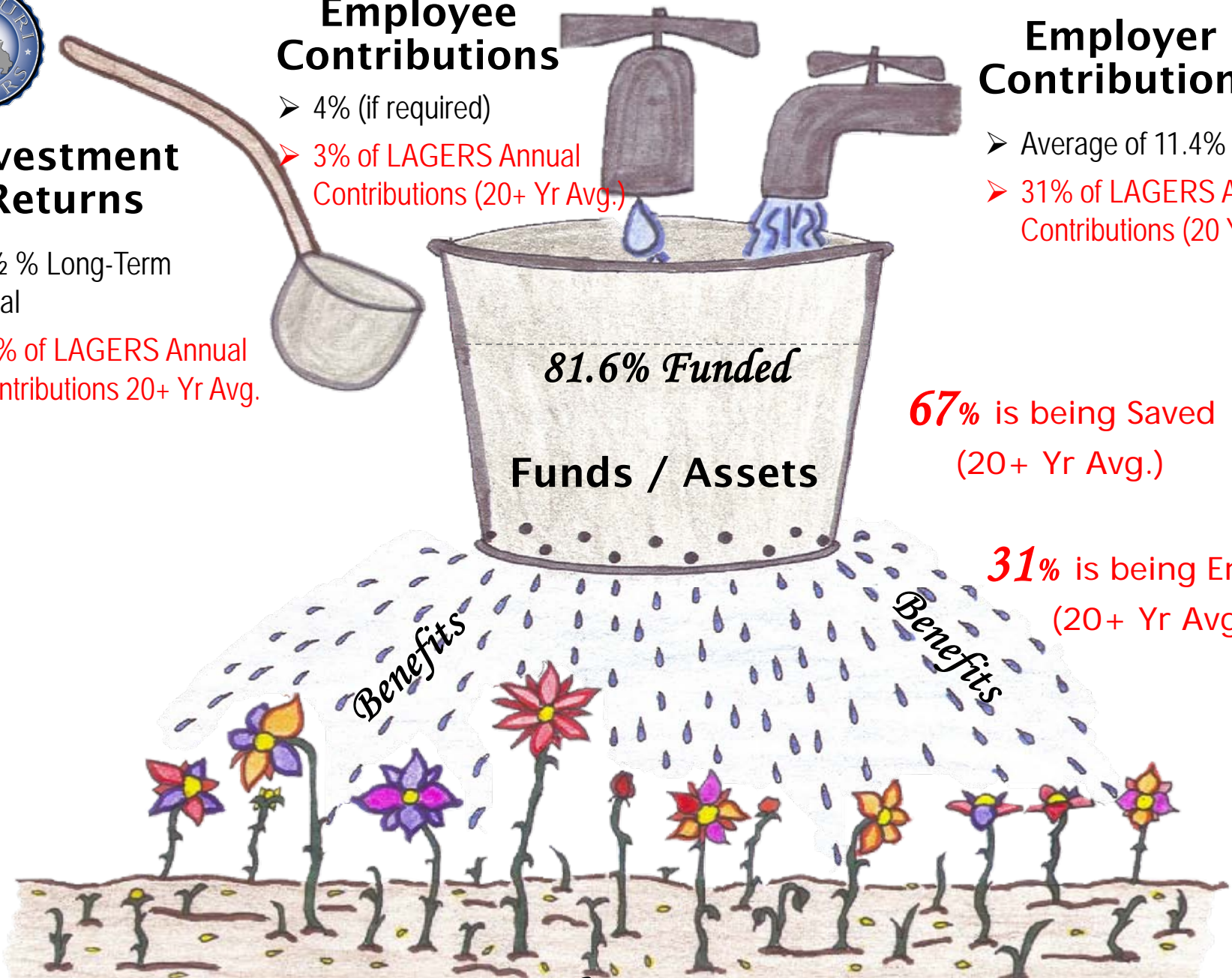
- 4% (if required)
- 3% of LAGERS Annual Contributions (20+ Yr Avg.)

Employer Contributions

- Average of 11.4%
- 31% of LAGERS Annual Contributions (20 Yr+ Avg.)

Investment Returns

- 7 ½ % Long-Term Goal
- 67% of LAGERS Annual Contributions 20+ Yr Avg.



67% is being Saved
(20+ Yr Avg.)

31% is being Enjoyed
(20+ Yr Avg.)

Retirees and Future Retirees



Investment Results

Periods Ending June 30, 2011

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	
Total Portfolio:					
LAGERS ¹	23.2%	5.0%	5.8%	6.3%	
LAGERS Custom Index	20.0%	2.7%	4.6%	5.1%	
Actuarial Assumed Rate of Return	7.5%	7.5%	7.5%	7.5%	
Median Public Fund	22.4%	3.8%	4.7%	5.9%	
Consumer Price Index (CPI)	3.6%	1.0%	2.2%	2.4%	
Fixed Income Portfolio:					
LAGERS	9.4%	10.1%	9.7%	7.9%	
Barclay's US Aggregate Index	3.9%	6.5%	6.5%	5.7%	
Domestic Stock Portfolio:					
LAGERS	36.6%	4.8%	4.4%	4.7%	
Russell 3000 Index	32.4%	4.0%	3.4%	3.4%	
Standard & Poor's 500 Index	30.7%	3.3%	2.9%	2.7%	
Global Stock Portfolio:					
LAGERS	33.2%	2.9%	0.3%	8.2%	
MSCI's All Country World Index	30.8%	1.5%	3.7%	5.3%	
Alternative Portfolio:					
LAGERS Alternative Portfolio	12.5%	0.3%	7.1%	4.9%	4
Consumer Price Index (CPI) +4.00%	7.7%	5.1%	6.2%	6.4%	



Investment Returns*

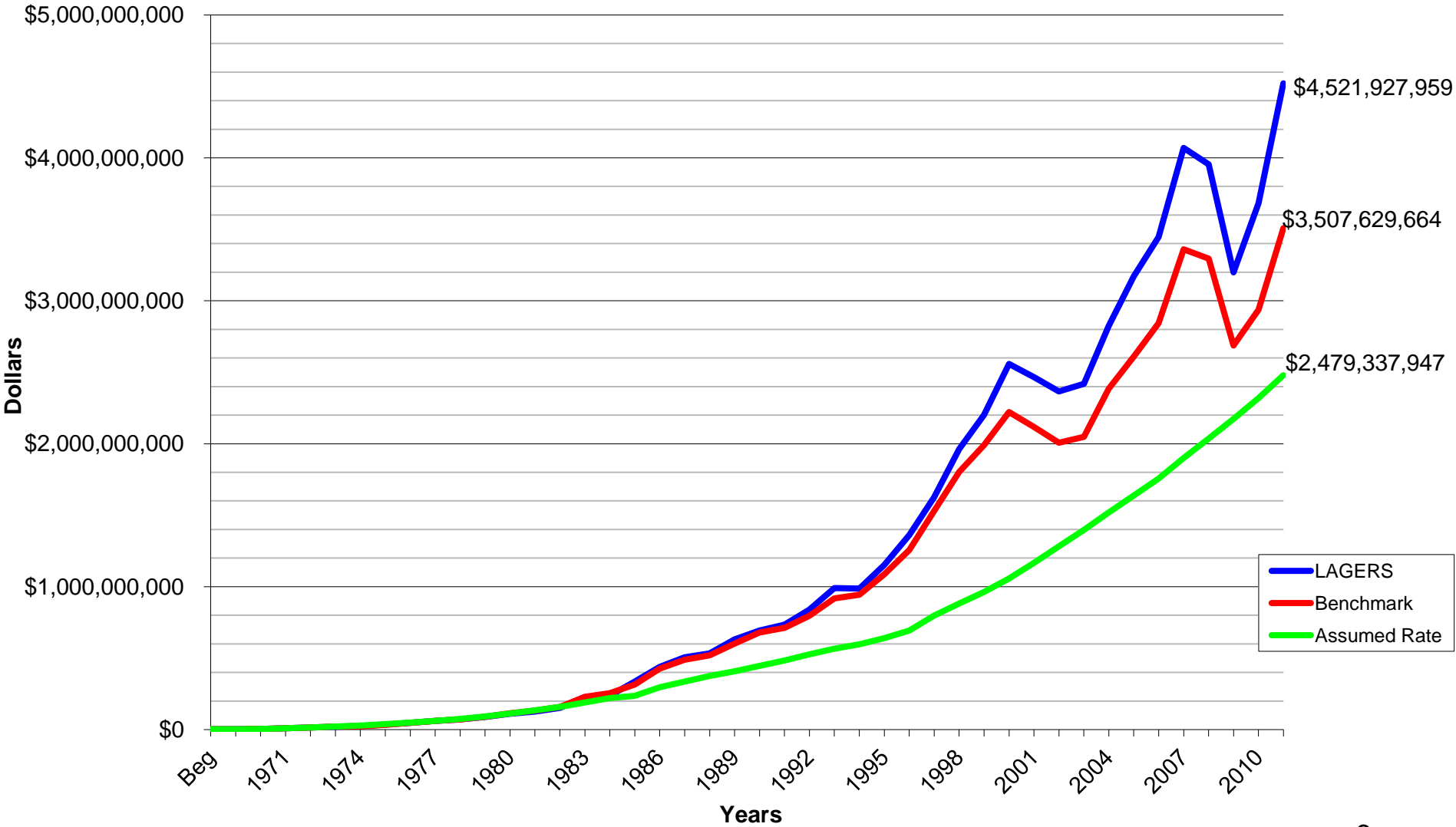
Periods Ending June 30, 2011

Total Portfolio:	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>	<u>20 Years</u>	<u>30 Years</u>	Since The Beginning of LAGERS
LAGERS	23.2%	5.8%	6.3%	9.2%	11.6%	8.4%
LAGERS Custom Index	20.0%	4.6%	5.1%	7.7%	9.3%	7.7%
Excess Return	<u>3.2%</u>	<u>1.2%</u>	<u>1.2%</u>	<u>1.5%</u>	<u>2.2%</u>	<u>0.7%</u>
Excess Earnings Net of Fees	\$ 119,697,411	\$ 258,129,385	\$ 444,431,958	\$ 921,333,185	\$ 1,109,399,153	\$ 1,014,298,295
Actuarial Assumed Rate	<u>7.5%</u>	<u>7.5%</u>	<u>7.5%</u>	<u>7.3%</u>	<u>7.1%</u>	<u>6.8%</u>
Excess Return	<u>15.7%</u>	<u>(1.7%)</u>	<u>(1.2%)</u>	<u>1.9%</u>	<u>4.5%</u>	<u>1.7%</u>
Excess Earnings Net of Fees	\$ 576,757,371	\$ (383,478,097)	\$ (632,378,695)	\$ 1,022,115,759	\$ 2,110,815,991	\$ 2,042,590,012

*Investment results and other measures are calculated with the best effort of Brian K. Collett, CFA, CAIA, Chief Investment Office of MO Local Government Retirement System.



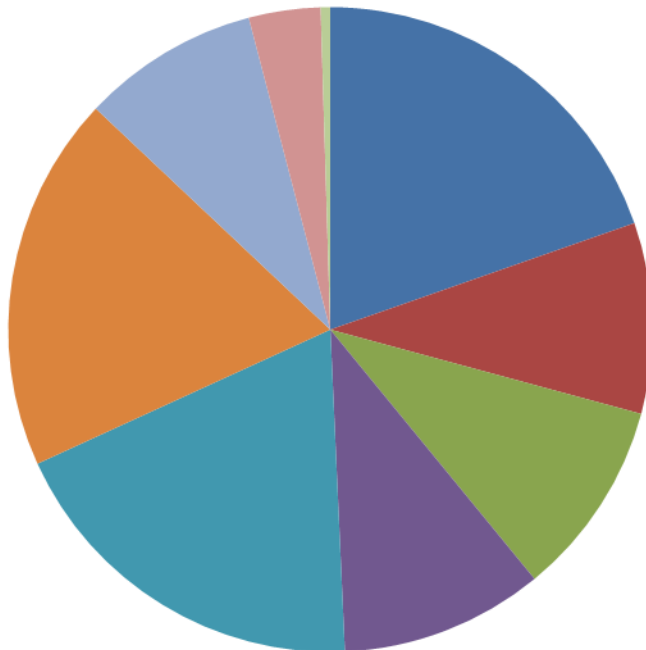
LAGERS Portfolio vs Benchmark Net of Fees





How has LAGERS accomplished long-term success? Through Proper Diversification

Diversification as of June 30, 2001

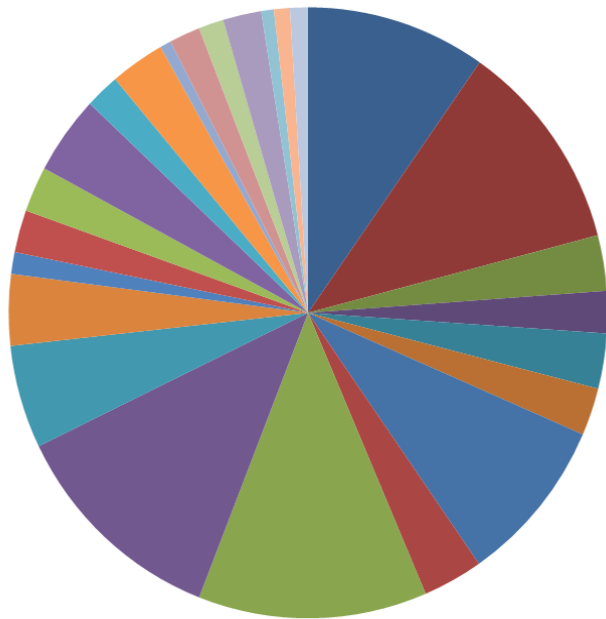


- Equities - US Large Cap Core 19.64%
- Equities - US Large Cap Value 9.57%
- Equities - US Mid Cap Growth 9.86%
- Equities - US Small Cap Value 10.21%
- Equities - International 18.89%
- US Fixed Income 18.85%
- US Government Long Bonds 8.90%
- Timber 3.60%
- Cash 0.48%



How has LAGERS accomplished long-term success? Through Proper Diversification

Diversification as of June 30, 2011



- Equities - US Large Cap Growth 9.71%
- Equities - US Mid Cap Growth 2.94%
- Equities - US Small Cap Growth 2.92%
- Equities - International 8.82%
- Equities - Global 12.35%
- US Government Long Bonds 5.46%
- Distressed Mortgage 1.15%
- Global Inflation Linked Debt 2.41%
- Commodities 1.86%
- Private Equity - Mezzanine 0.60%
- Distressed Debt 1.35%
- Special Opportunities/Merger Arbitrage 0.68%
- Managed Futures 0.97% *
- Equities - US Large Cap Value 11.21%
- Equities - US Mid Cap Value 2.23%
- Equities - US Small Cap Value 2.52%
- Equities - Emerging Markets 3.24%
- US Fixed Income 11.88%
- Global Fixed Income 3.77%
- Real Estate Debt 2.24%
- Timber 4.16%
- Private Equity - Buyout 2.94%
- Real Assets 1.67% *
- Real Estate Equity 2.07%
- Global Macro 0.86%



LAGERS Current Asset Allocation Targets As of July 1, 2011

Asset Class	Target Allocation % of Total	Minimum Allocation % of Total	Maximum Allocation % of Total
Equity	48.75%	43.75%	53.75%
Domestic Equity	22.25%	17.25%	27.25%
Global Equity	19.00%	14.00%	24.00%
Intl Equity	5.00%	3.00%	7.00%
Emerging Markets	2.50%	0.50%	4.50%
Fixed Income	24.00%	19.00%	29.00%
US Fixed Income	7.50%	4.50%	10.50%
US Long Duration	5.00%	3.00%	7.00%
Global Bonds	5.00%	3.00%	7.00%
Global Inflation Linked	2.50%	0.50%	4.50%
Emerging Markets	4.00%	2.00%	6.00%
Alternative Assets	27.25%	22.25%	32.25%
Commodities	2.75%	0.75%	5.75%
Timberland	4.00%	2.00%	6.00%
Private Equity	6.50%	0.00%	8.50%
Real-Estate	7.50%	0.00%	9.50%
Alpha Portfolio	4.00%	2.00%	6.50%
Other Real Assets	2.50%	0.50%	4.50%



Other Questions?