

City of Pasadena 457 Deferred Compensation Plan Performance Review

City Council Meeting
November 4, 2013

Jayson Davidson, CFA
Senior Consultant
jdavidson@hyasgroup.com
971-634-1501

HYAS GROUP

457 Deferred Compensation Plan

- Current Plan balance as of October 30, 2013 - \$215,514,238
- Allocation favors fixed income and specifically stable value
- No funds currently violate the Plan's Investment Policy Statement watch criteria
- Revised contract and cost structure dramatically reduced expenses:
 - ✓ Increased transparency
 - ✓ More equitable administrative fee distribution

City of Pasadena Deferred Compensation Plan

Plan Allocation

Fixed Income	Ticker	Assets	%
Pasadena Custom Stable Value	-	\$97,399,494	47.7%
DFA Inflation-Protected Securities I	DIPSX	\$399,343	0.2%
BlackRock US Debt Index F	-	\$222,675	0.1%
Metropolitan West Total Return Bond Plan	MWTSX	\$5,327,692	2.6%
Total		\$103,349,204	50.6%

Large Cap	Ticker	Assets	%
Becker Value Equity Instl	BVEIX	\$12,343,499	6.0%
BlackRock Equity Index F	-	\$17,584,989	8.6%
MFS Growth R5	MFEKX	\$17,042,555	8.3%
Total		\$46,971,042	23.0%

Mid Cap	Ticker	Assets	%
Artisan Mid Cap Value Instl	APHQX	\$2,613,909	1.3%
BlackRock Mid Cap Index F	-	\$1,518,528	0.7%
Munder Mid Cap Core Growth R6	MGOSX	\$4,956,725	2.4%
Total		\$9,089,162	4.5%

Small Cap	Ticker	Assets	%
Munder Veracity Small Cap Value R6	MVSSX	\$3,578,388	1.8%
BlackRock Russell 2000 Index F	-	\$1,109,124	0.5%
Vanguard Small Cap Growth Index Instl	VSGIX	\$6,998,628	3.4%
Total		\$11,686,139	5.7%

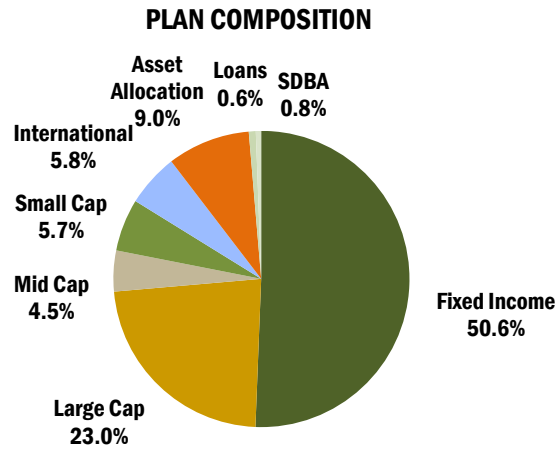
International/Global	Ticker	Assets	%
Oppenheimer Global I	OGLIX	\$2,412,856	1.2%
DFA International Value I	DFIVX	\$2,583,550	1.3%
Vanguard Total Intl Stock Index Signal	VTSGX	\$180,768	0.1%
EuroPacific Growth R6	RERGX	\$3,521,642	1.7%
MFS International New Discovery R5	MIDLX	\$3,094,792	1.5%
Total		\$11,793,607	5.8%

Asset Allocation	Ticker	Assets	%
Vanguard Target Retirement Income	VTINX	\$1,769,059	0.9%
Vanguard Target Retirement 2015	VTXVX	\$2,586,352	1.3%
Vanguard Target Retirement 2020	VTWNX	\$3,088,080	1.5%
Vanguard Target Retirement 2025	VTTVX	\$3,148,826	1.5%
Vanguard Target Retirement 2030	VTHRX	\$1,451,688	0.7%
Vanguard Target Retirement 2035	VTTHX	\$2,258,434	1.1%
Vanguard Target Retirement 2040	VFORX	\$1,160,279	0.6%
Vanguard Target Retirement 2045	VTIVX	\$2,743,206	1.3%
Vanguard Target Retirement 2050	VFIXX	\$179,456	0.1%
Vanguard Target Retirement 2055	VFFVX	\$69,709	0.0%
Total		\$18,455,089	9.0%

Loan Balance	\$1,259,667	0.6%
Self-Directed Brokerage Assets	\$1,540,235	0.8%
Total Assets	\$204,144,145	

City of Pasadena Deferred Compensation Plan

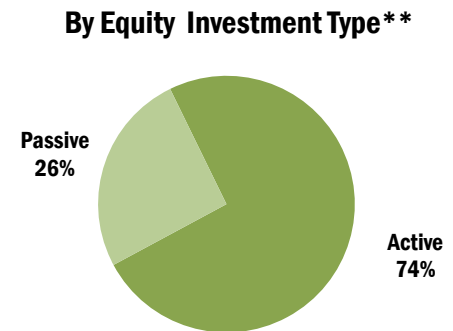
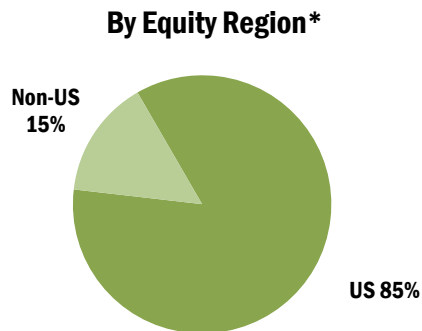
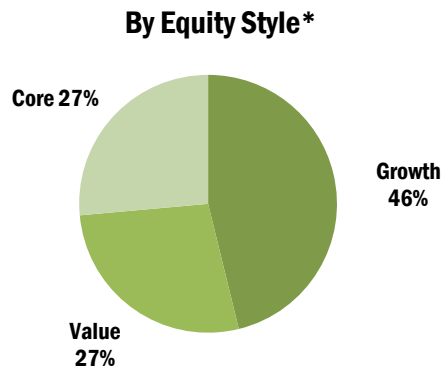
Plan data as of June 30, 2013



HISTORICAL PLAN COMPOSITION

Asset Class	2Q13	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11
Fixed Income	50.6%	51.5%	52.5%	54.9%	56.0%	54.4%	57.3%	58.9%
Large Cap	23.0%	22.9%	21.3%	22.0%	21.5%	22.3%	21.0%	20.2%
Mid Cap	4.5%	4.2%	3.7%	3.7%	3.8%	4.0%	3.7%	3.5%
Small Cap	5.7%	5.5%	4.7%	4.8%	4.9%	5.2%	4.9%	4.6%
International	5.8%	5.7%	5.5%	5.4%	5.1%	5.5%	5.1%	5.1%
Asset Allocation	9.0%	9.0%	8.3%	8.4%	8.1%	8.1%	7.6%	7.3%
SDBA	0.8%	0.7%	0.7%	0.7%	0.6%	0.5%	0.4%	0.4%
Loans	0.6%	0.4%	3.3%	-	-	-	-	-
Total	100%	100%	100%	100%	100%	100%	100%	100%

The loans category was added to this chart in 4Q2012.



*Excludes Fixed Income, SDBA, Loan, and Asset Allocation assets

**Excludes Asset Allocation, Loan and SDBA assets

Investment Policy Statement Compliance Report

Key: Ⓟ Pass / ● Fail

	Investment Policy Status			
	Performance Factors	Qualitative Factors	On-Watch Date Initiated	Notes
Pasadena Custom Stable Value	Ⓟ	Ⓟ	-	
DFA Inflation-Protected Securities I	Ⓟ	Ⓟ	-	
BlackRock US Debt Index F	Ⓟ	Ⓟ	-	
Metropolitan West Total Return Bond Plan	Ⓟ	Ⓟ	-	
Becker Value Equity Instl	Ⓟ	Ⓟ	-	
BlackRock Equity Index F	Ⓟ	Ⓟ	-	
MFS Growth R5	Ⓟ	Ⓟ	-	
Artisan Mid Cap Value Instl	Ⓟ	Ⓟ	-	
BlackRock Mid Cap Index F	Ⓟ	Ⓟ	-	
Munder Mid Cap Core Growth R6	Ⓟ	Ⓟ	2Q2011	Underperformance vs. index and peers
Munder Veracity Small Cap Value R6	Ⓟ	Ⓟ	-	
BlackRock Russell 2000 Index F	Ⓟ	Ⓟ	-	
Vanguard Small Cap Growth Index Instl	Ⓟ	Ⓟ	-	Vanguard changed their benchmark for this fund as of April 17, 2013
Openheimer Global I	Ⓟ	Ⓟ	-	
DFA International Value I	Ⓟ	Ⓟ	1Q2013	Underperformance vs. index and peers
Vanguard Total Intl Stock Index Signal	Ⓟ	Ⓟ	-	
EuroPacific Growth R6	Ⓟ	Ⓟ	-	
MFS International New Discovery R5	Ⓟ	Ⓟ	-	

Investment Policy Statement Compliance Report

Key: Ⓟ Pass / ● Fail

Investment Policy Status

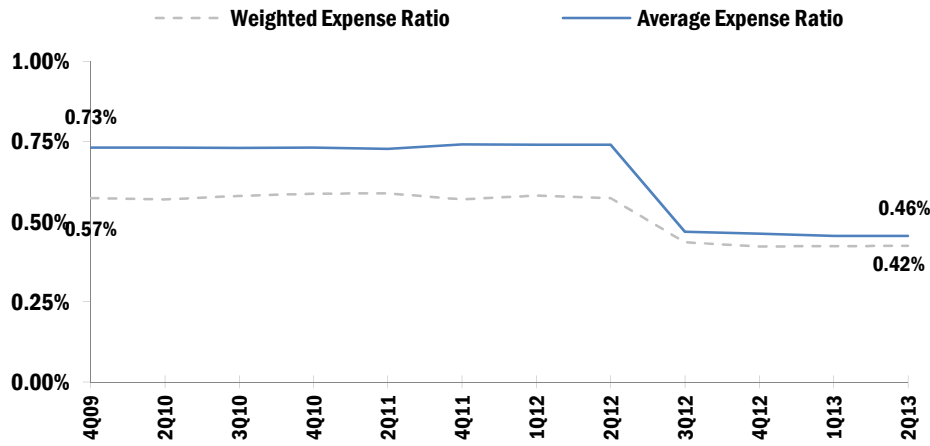
	Performance Factors	Qualitative Factors	On-Watch Date Initiated	Notes
Vanguard Target Retirement Income	Ⓟ	Ⓟ	-	
Vanguard Target Retirement 2015	Ⓟ	Ⓟ	-	
Vanguard Target Retirement 2020	Ⓟ	Ⓟ	-	
Vanguard Target Retirement 2025	Ⓟ	Ⓟ	-	
Vanguard Target Retirement 2030	Ⓟ	Ⓟ	-	
Vanguard Target Retirement 2035	Ⓟ	Ⓟ	-	
Vanguard Target Retirement 2040	Ⓟ	Ⓟ	-	
Vanguard Target Retirement 2045	Ⓟ	Ⓟ	-	
Vanguard Target Retirement 2050	Ⓟ	Ⓟ	-	
Vanguard Target Retirement 2055	Ⓟ	Ⓟ	-	

City of Pasadena Deferred Compensation Plan

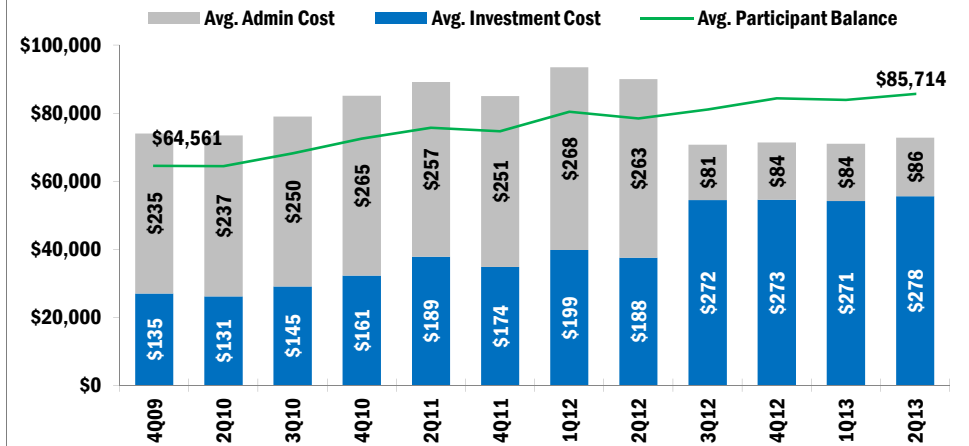
2Q2013 Investment Performance

	Qtr	YTD	1 yr	3 yrs	5 yrs	10 yrs	2012	2011	2010	2009	2008	2007
Pasadena Custom Stable Value	0.51	1.02	2.01	-	-	-	-	-	-	-	-	-
3 year CM US Treasury	0.11	0.21	0.38	0.58	0.98	2.29	0.38	0.75	1.10	1.43	2.23	4.34
90 day US Treasury	0.01	0.03	0.08	0.08	0.19	1.62	0.08	0.06	0.15	0.16	1.39	4.44
+/- Index	0.40	0.81	1.63	-	-	-	-	-	-	-	-	-
DFA Inflation-Protected Securities I	-7.95	-8.16	-5.32	4.84	4.56	-	7.45	14.54	6.81	11.01	-1.42	11.84
Barclays US Treasury US TIPS Index	-7.05	-7.39	-4.78	4.63	4.41	5.19	6.98	13.56	6.31	11.41	-2.35	11.64
+/- Index	(0.89)	(0.77)	(0.55)	0.21	0.15	-	0.47	0.98	0.50	(0.39)	0.93	0.21
US OE Inflation-Protected Bond	85	84	70	2	9	-	19	3	19	30	26	2
BlackRock US Debt Index F	-2.30	-2.30	-0.51	3.60	5.28	-	4.27	7.87	6.68	-	-	-
Barclays Capital US Aggregate Bond Index	-2.32	-2.44	-0.69	3.51	5.19	4.52	4.21	7.84	6.54	5.93	5.24	6.97
+/- Index	0.02	0.14	0.18	0.09	0.09	-	0.06	0.03	0.14	-	-	-
US OE Intermediate-Term Bond	24	40	75	68	61	-	82	12	74	-	-	-
Metropolitan West Total Return Bond Plan	-2.28	-1.25	4.71	6.23	8.45	6.78	11.54	4.92	11.53	17.08	-1.47	6.25
Barclays Capital US Aggregate Bond Index	-2.32	-2.44	-0.69	3.51	5.19	4.52	4.21	7.84	6.54	5.93	5.24	6.97
+/- Index	0.04	1.20	5.40	2.72	3.26	2.26	7.33	(2.92)	4.99	11.15	(6.71)	(0.71)
US OE Intermediate-Term Bond	23	9	5	11	3	2	6	79	4	29	44	27
Becker Value Equity Instl	3.67	15.15	25.12	17.08	6.73	-	15.95	-0.65	12.17	26.92	-30.53	2.65
Russell 1000 Value Index	3.20	15.90	25.32	18.51	6.67	7.79	17.51	0.39	15.51	19.69	-36.85	-0.17
S&P 500 Index	2.91	13.82	20.60	18.45	7.01	7.30	16.00	2.11	15.06	26.46	-37.00	5.49
+/- Style Index	0.47	(0.76)	(0.20)	(1.43)	0.05	-	(1.55)	(1.04)	(3.33)	7.23	6.32	2.82
US OE Large Value	42	46	32	48	38	-	35	48	69	28	10	44

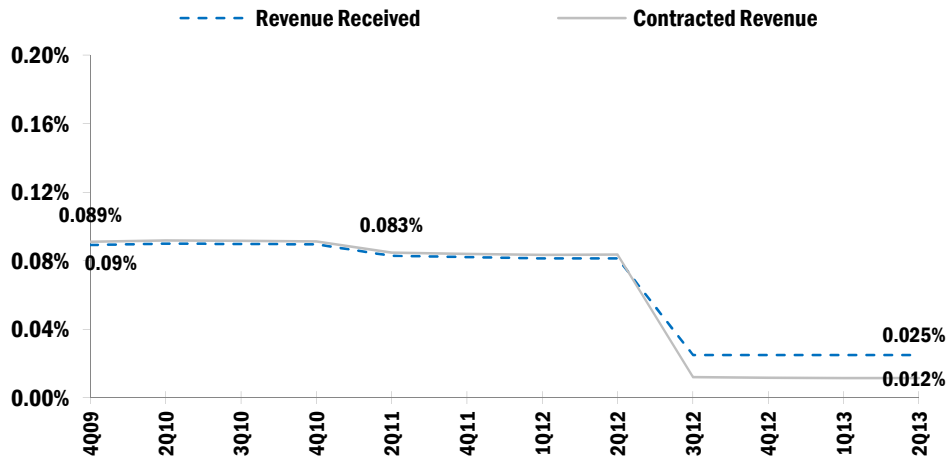
Annualized Investment / Administration Cost (%)



Average Participant Balance and Cost (\$)



Contracted Revenue v. Revenue Received
(as a % of total assets)



Annualized Investment Cost Summary
(as a % of total assets)

