

MARYLAND STATE RETIREMENT AND PENSION SYSTEM
QUARTERLY INVESTMENT UPDATE
ASSET CLASS BY MARKET VALUE AND ALLOCATION

June 30, 2011

| <u>ASSET CLASS</u> ¹ | <u>Market Value</u> <u>(\$millions)</u> | <u>Actual</u> <u>Allocation</u> | <u>Long-Term</u> <u>Policy</u> <u>Allocation</u> |
|--|--|--|---|
| PUBLIC EQUITY | | | |
| U.S. EQUITY | \$6,131.3 | | |
| INTERNATIONAL EQUITY | 7,012.7 | | |
| GLOBAL EQUITY | <u>4,571.8</u> | | |
| TOTAL | 17,715.8 | 47.2% | 36.0% |
| FIXED INCOME | 7,623.9 | 20.3% | 15.0% |
| CREDIT/DEBT STRATEGIES | 2,198.7 | 5.9% | 10.0% |
| ALTERNATIVE INVESTMENTS | | | |
| REAL ESTATE | 2,164.0 | 5.8% | 10.0% |
| REAL RETURN | 3,900.6 | 10.4% | 10.0% |
| PRIVATE EQUITY | 1,618.1 | 4.3% | 10.0% |
| ABSOLUTE RETURN | 1,635.1 | 4.4% | 7.0% |
| CASH | <u>652.2</u> | <u>1.7%</u> | <u>2.0%</u> |
| TOTAL FUND | <u>\$37,508.4</u> | <u>100.0%</u> | <u>100.0%</u> |

* May not add due to rounding.

TOTAL PLAN INVESTMENT PERFORMANCE
FOR PERIODS ENDED 6/30/2011

| | |
|------------|--------|
| Fiscal YTD | 20.04% |
| 1 Year | 20.14% |
| 3 Years | 3.07% |
| 5 Years | 4.03% |
| 10 Years | 5.01% |

MARKET VALUE AND INVESTMENT PERFORMANCE
FOR 12 MONTH PERIODS ENDED JUNE 30:

| | <u>Market Value</u> | <u>Performance</u> |
|---------------|----------------------------|---------------------------|
| June 30, 2011 | \$37.5 billion | 20.04% |
| June 30, 2010 | \$31.8 billion | 14.03% |
| June 30, 2009 | \$28.5 billion | -20.01% |
| June 30, 2008 | \$36.6 billion | -5.40% |
| June 30, 2007 | \$39.4 billion | 17.64% |
| June 30, 2006 | \$34.4 billion | 10.40% |
| June 30, 2005 | \$32.2 billion | 9.50% |
| June 30, 2004 | \$30.1 billion | 16.20% |
| June 30, 2003 | \$26.7 billion | 3.20% |
| June 30, 2002 | \$26.7 billion | -7.60% |
| June 30, 2001 | \$29.5 billion | -9.40% |
| June 30, 2000 | \$33.1 billion | 11.90% |
| June 30, 1999 | \$30.0 billion | 8.10% |

¹ Descriptions of Asset Classes are on the following page.

MARYLAND STATE RETIREMENT AND PENSION SYSTEM

Descriptions of Asset Classes

Public Equity: Investments in securities, known as shares or stocks, that represent an ownership interest in corporations and are generally traded on a stock exchange.

- **Domestic Stock:** These portfolios hold stock in U.S. corporations whose shares trade on US stock exchanges.
- **International Stock:** These portfolios hold stock in non-U.S. corporations whose shares trade on stock exchanges in other countries.
- **Global Stock:** These portfolios hold stock in U.S. and non-U.S. corporations whose shares trade on US stock exchanges and on stock exchanges in other countries.

Fixed Income: Investments in securities, known as bonds, that represent an ownership interest in the debt of governments and corporations that are generally not traded on an exchange. They generally pay interest on a regular schedule and repay its principal or face value at maturity.,

Credit/Debt Related Strategies: Investments in debt issued by corporations and other non-government sectors of the fixed income market.

- Convertible arbitrage managers
- Distressed debt managers
- Fixed income arbitrage managers

Real Return: Investments whose performance is expected to exceed the rate of inflation over an economic cycle. The System's return program may include the following investment vehicles and both public and private investments:

- | | |
|---|---|
| ▪ Treasury Inflation Protected Securities | ▪ Infrastructure |
| ▪ Global inflation linked bonds | ▪ Timber and other natural resources |
| ▪ Commodities | ▪ Multi-asset class portfolios with a real return mandate |
| ▪ Energy & energy – related assets | |

Absolute Return: Investments whose performance is expected to deliver absolute (i.e. more than zero) returns in any market condition. The System's absolute return program may include:

- | | |
|--------------------------------------|------------------------------|
| ▪ Broad-based hedge fund of funds | ▪ Macro managers |
| ▪ Global tactical asset allocation | ▪ Merger arbitrage managers |
| ▪ Long/short market neutral managers | ▪ Multi-strategy hedge funds |

Private Equity: Investments in companies that are not registered with the SEC and are not traded in the public markets. Private equity may also be referred to as venture capital or buy-outs.

Real Estate: Investments in real property including office buildings, shopping centers, industrial property and warehouses, apartments. Investment vehicles may include direct investments, REITS, and private partnerships.