

Summary of the Quarterly Survey of Public Pensions for 2017:Q1

Asset Growth Strong During First Quarter 2017

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ASSETS SHOW STRONG GROWTH FROM PRIOR QUARTER

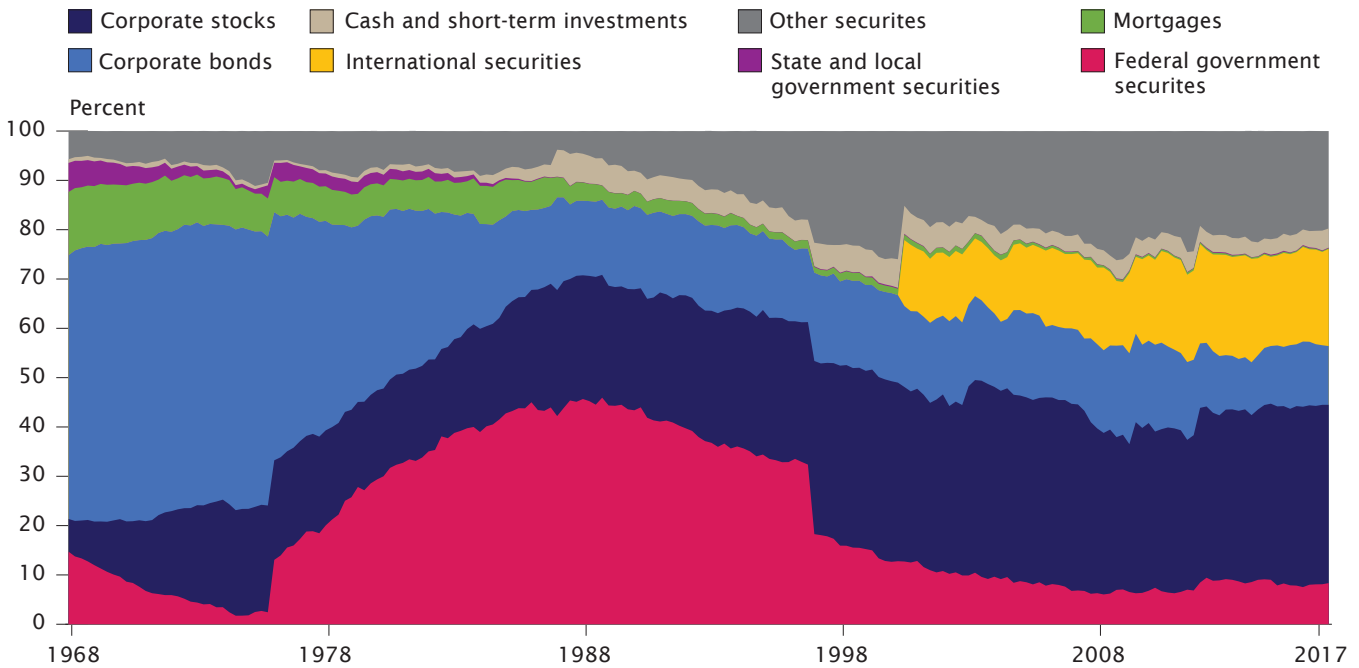
For the 100 largest public-employee pension systems in the country, assets (cash and investments) totaled \$3,505.5 billion in the first quarter of 2017, increasing by 3.2 percent from the 2016 fourth quarter level of \$3,395.9 billion. Compared to the same quarter in 2016, assets for these major public pension systems increased 7.4 percent from \$3,262.5 billion. This continues the growth trend that originated in the third quarter of 2015. The asset categories highlighted in this summary are the major asset categories (equities, debt instruments, and cash equivalents) and do not reflect all of the categories published for the Quarterly Survey of Public Pensions. Please see the complete data sets on the Web site at www.census.gov/govs/qpr or Figure 1 for further detail.

INTERNATIONAL SECURITIES' MARKET VALUE RISES

The market value of international securities increased 7.4 percent quarter-to-quarter, from \$642.6 billion to \$690.3 billion during the first quarter of 2017. International securities also experienced a year-to-year increase of 10.3 percent from \$625.6 billion in the first quarter of 2016, which is greater than the overall increase in assets (7.4 percent) during the same period. International securities now comprise almost one-fifth (19.7 percent) of the total cash and investments of major public pension systems for the current quarter.

Figure 1.

Historic Asset Allocation of Largest Public Pensions by Quarter: 1968–2017



Source: U.S. Census Bureau, Quarterly Survey of Public Pensions.

FEDERAL GOVERNMENT SECURITIES HOLDINGS RISE

Federal government securities had a quarter-to-quarter increase of 6.1 percent, from \$275.5 billion to \$292.4 billion in the first quarter of 2017. This continues a trend that began in the first quarter of 2016. In addition, federal government securities increased year-to-year by 19.1 percent from \$245.6 billion. It comprises 8.3 percent of total assets of major public pension systems for the current quarter.

CORPORATE BONDS SEE INCREASE FROM PREVIOUS QUARTER

Corporate bonds had a quarter-to-quarter increase of 1.8 percent in market value, from \$410.1 billion to \$417.4 billion in the first quarter of 2017. In contrast, corporate bonds showed a year-to-year decrease of 3.2 percent from \$431.4 billion in the first quarter of 2016. Corporate bonds comprised about one-eighth (11.9 percent) of the total cash and investments of major public pension systems for the current quarter.

CORPORATE STOCKS INCREASE FROM LAST QUARTER

Corporate stocks had a quarter-to-quarter increase of 2.6 percent in market value, from \$1,235.5 billion to \$1,267.1 billion during the first quarter of 2017. Corporate stocks also experienced a year-to-year increase, 6.2 percent from

\$1,193.2 billion in the first quarter of 2016. Corporate stocks comprise more than one-third (36.1 percent) of the total cash and investments of major public pension systems for the current quarter.

CASH AND SHORT-TERM INVESTMENTS HOLD STEADY

Cash and short-term investments had a quarter-to-quarter decrease of only 0.2 percent in market value, from \$136.1 billion in fourth quarter 2016 to \$135.9 billion in the first quarter of 2017. Cash and short-term investments exhibit a year-to-year increase of 31.8 percent from \$103.1 billion, reflecting the rise we saw in fourth-quarter 2016. Cash and short-term investments comprised 3.9 percent of total assets of major public-pension systems for the current quarter.

HISTORIC ALLOCATION

Displaying historic asset allocation, as in Figure 1, highlights the dynamic nature of public pensions that is not always apparent in the short term. Changes in the asset allocation can reflect economic events. Allocation can also reflect the return on investment for an asset class during the period. Modifications to the Survey of Public Pensions are evident as well. International securities were not a separate asset category until 2001 but were reported in other categories.