ASRS Board Meeting December 19th 2008

Item #5 Legislative Report

ASRS Legislative Initiatives are in place for the January 12th opening of the legislative session. As a result of elections and reorganization at the beginning of a new session, there will be significant legislative staff changes. This will require some work to educate them on ASRS issues.

As this goes to print I anticipate new information on February 6th from the External Affairs Committee that I can share with you as part of my oral report.

Item #6 Third Quarter Total Fund Review

Normally this report would look at the fund up to the end of the third quarter or September 30th, but that would give a very misleading view of the funds current condition. So ASRS financial consultant Terry Dennison prepared a report that looked at numbers through November 30th.

The financial market has been devastated and the impact is global. It took us 25 years to get into this mess. It will take a long time to get out. The market dropped 49.2% on 3/24/ 2000. It took 1,826 days (5 years) to get back to where it was when it started. Remember, if you loose 50% of market value you need a 100% return to get your money back. As of December 19th we have gotten 20% back.

The medicine that has been prescribed to fix things is inflationary. Hopefully this can be kept under control. In the near future bonds will loose value dramatically. Stocks will fare better.

Despite being well-diversified, ASRS stocks were down across all caps (large, mid, and small) and all styles (value, core and growth). ASRS actually was more conservative than most funds and as a result may fare better than funds like California's CALPERS that had recently invested heavily in real estate.

Performance for the fund is as follows:
-8.2% for the quarter. -16.3% for the year.
The fund has $19.5 billion as of November 30.

Steve Ramos
ASRS Committee Chair