

Summary of the Quarterly Survey of Public Pensions for 2019: Q2

By Melinda Caskey, Deron Pope, and Gritiya Tanner

Released September 2019

G19-QSPP2



Starting in the second quarter of 2019, the Quarterly Survey of Public Pensions (QSPP) has adopted a new set of data items. More detail will be presented about the various asset categories, allowing a clearer picture of the investment environment of public pensions in the United States. Revenues and expenditures have been discontinued on the QSPP, but will continue to be collected on the Annual Survey of Public Pensions. We redesigned the survey form in consultation with the Federal Reserve, a prominent user of the data. This report gives a brief description of the new asset categories and their various components.

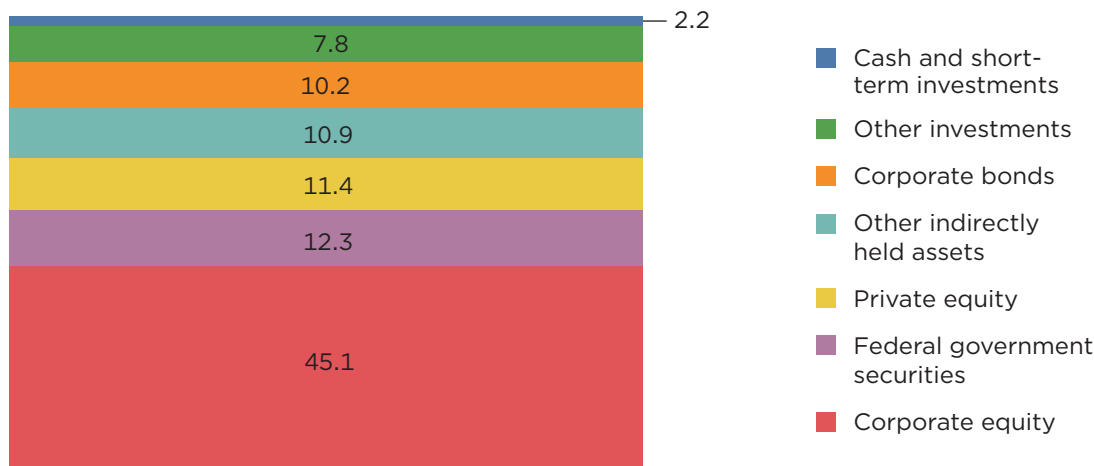
TOTAL CASH AND INVESTMENTS

The primary statistic of the quarterly survey, total cash and investment holdings, remains unchanged from the previous edition of the survey. For the second quarter of 2019, total holdings were \$3.96 trillion, an increase of 3.0 percent from the previous quarter.

CASH AND SHORT-TERM INVESTMENTS

Previously, cash and short-term investments were placed into one item. The new classification has more detail on the various types of investments, including items such as commercial paper, money market funds, and reverse repurchase agreements. For the second quarter of 2019, cash and short-term investments amounted to \$88.4 billion, a decrease of 9.4 percent from the previous quarter.

Percent Distribution of Cash and Security Holdings for the Quarter Ending June 30, 2019



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

FEDERAL GOVERNMENT SECURITIES

Much like the items on cash and short-term investments, federal government securities is now broken into more detail. There are now items on direct federal securities, such as treasury bills, and securities issued by federal agencies or quasi-federal agencies such as Fannie Mae. Federal government securities totaled \$487.5 billion, holding relatively steady with an increase of 2.4 percent from the previous quarter.

CORPORATE EQUITY, BONDS, AND PRIVATE EQUITY

Previously there were categories for corporate equity, corporate bonds, and foreign investments. The new system divides equity and bonds into foreign and domestic assets, providing greater detail on changes in the investing strategy of large pension systems. Private equity, which has become more prominent in the asset holdings of large systems, was previously classified as corporate equity. Private equity holdings are now classified separately to reflect the growing importance of this asset class.

In the second quarter of 2019, corporate equity, both foreign and domestic, was \$1.79 trillion, an increase of over 5.0 percent from the previous quarter total of \$1.70 trillion. Corporate bonds, foreign and domestic, decreased 12.6 percent to \$405.1 billion from the previous quarter. Private equity increased 8.9 percent from the previous quarter, from \$416.3 billion to \$453.3 billion.

INDIRECTLY HELD ASSETS

As the role of passive investing and pooled investing has grown, a need has arisen to track the various strategies around indirectly held assets. The new schema tracks various kinds of assets such as mutual funds, hedge funds, and real-estate investment trusts.

The total indirectly held assets was flat from quarter to quarter, increasing 0.7 percent from \$428.1 billion to \$431.2 billion.

OTHER INVESTMENTS

Alternative investments, such as real estate, continue to be important to the portfolios of some systems. As these assets are not easily classifiable in other areas, the other directly held investments category will track directly held real estate, mortgages, and other investments.

Other investments for the second quarter totaled \$308.0 billion, an increase of 16.0 percent from \$265.6 billion in the previous quarter.

SUMMARY

The quarterly QSPP provides a valuable measure of the composition of an important part of the United States and world economy. The revisions to the survey keep data collected relevant in a constantly evolving investment environment.

Note: The data quoted in this report are from the U.S. Census Bureau, Quarterly Survey of Public Pensions. Statistical significance is not measurable for this survey because the estimates are not based on a probability sample. The data are from a panel of the 100 largest pension systems as of the 2012 Census of Governments, and as such, are not subject to sampling error. However, the survey totals do not represent the national totals for public pensions since only a subset of the universe is represented. Because of the panel sample, sampling errors of these estimates can not be measured nor can the confidence intervals be computed. For information on nonsampling errors and definitions, see <www.census.gov/programs-surveys/qspp/technical-documentation/methodology.html>.