


**Town of Concord
Finance Department
Memorandum**

TO: Retirement Board
FROM: Anthony T. Logalbo, Finance Director 
SUBJ: Asset allocation and market value @ March 31, 2014
DATE: April 21, 2014

Combined Assets: Retirement System and Town Pension Reserve Fund

For the month of March, the combined market value of system assets and the Town's Pension Reserve Fund **increased 1.02% from the prior month-end.**

At March 31st, combined assets totaled \$132.65 million (\$124.05 million in the Retirement System and \$8.60 million in the Town's Pension Reserve account). The market value of combined assets **increased** in March by **\$1,337,000.**

Compared to one year earlier, the market value of combined assets is **up 13.3%**. For the three-year period ending March 31, 2014, market value has increased at an average annual rate of 10.83%.

Concord Retirement System performance

Asset Value at March 31, 2014: \$ 124,053,939

From March 1, 2009:

The Concord Retirement Fund asset value is **94.8% above** the nadir of \$63.72 million at the market bottom of February 2009. For this same time period, the PRIT Core Fund, at \$58.9 billion, is **72.8% above its market bottom of \$34.10 billion.**

For the most recent 12-month period:

For the one-year period ended March 31, asset value of the Concord Retirement Fund has **increased 12.94%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **13.21%** over the same 12-month period.

***Comparative asset value change, most recent year and month
(Retirement System assets only, excluding Pension Reserve):***

| | <u>One month</u> | <u>One year</u> |
|--------------------------|------------------|-----------------|
| Concord Retirement Fund* | 0.95 % | 12.94% |
| State PRIT Core Fund | 1.61 % | 13.21% |

* *The asset value increase of 12.94% for the 12-month period ending March 31st is not precisely the investment return; rather, it reflects the difference between income (employer and employee contributions, investment earnings) and disbursements (pensions, refunds, expenses). It is, however, a close approximation of investment return for this comparative purpose.*

The **market indexes** for the period ending March 31, 2014 are:

| | | | |
|----------------|------------------------|---------------------------------|--------------------------------|
| S&P 500 | <i>Domestic equity</i> | <u>One month</u> plus 0.84 % | <u>One year</u> plus 21.86% |
| Barclays Govt. | <i>Fixed income</i> | minus 0.11 % | minus 0.26% |

41.18% of the Concord portfolio is invested with PRIT (34.87% in the Core Fund, 4.50% in the Core Real Estate Fund and 1.81% in venture capital funds).

Comparative asset allocation:

The accompanying Asset Allocation Report includes a line at the bottom to show the asset allocation for Concord Retirement System assets only, allocating the PRIT Core investment among its component categories. As of March 31, 2014, the PRIT Core Fund was allocated as follows:

| | PRIT CORE FUND | | |
|--------------|---------------------------------------|--------------------------------|---------------------------------|
| | <u>Share of portfolio asset value</u> | | |
| | <u>this month</u> | <u>Change from prior month</u> | <u>Change from year earlier</u> |
| Fixed Income | 21.10% | - 0.11% | - 0.06% |
| Equity | 45.61% | - 0.74% | + 0.52% |
| Other | 33.29% | + 0.85% | - 0.46% |

Concord Retirement Board assets were allocated as of March 31 as follows:

| | |
|--------------|---|
| Fixed Income | 29.03% |
| Equity | 50.51% |
| Real Estate | 4.50% |
| Other | 13.98% (alternative investments and PRIT Vintage Funds) |
| Cash | 1.98% |

The total allocation to "Equity, Real Estate and Other" at March 31, 2014 is 68.99%, with a target of 65%, as adjusted by vote at the March 2012 board meeting. At that meeting, the Board set a target allocation as follows:

| | Prior | New | Actual <u>March 31, 2014</u> |
|-----------------------|--------------|------------|--|
| Fixed income and cash | 40.0% | 35.0% | 31.01% |
| Real Estate | 2.5% | 5.0% | 4.50% |
| Equity and Other | 57.5% | 60.0% | 64.49% |

Components of investment performance for March and for the most recent 12-month period (with reference to available benchmarks) are as follows:

\$124.05 million Retirement Board assets only:

| | <u>% of portfolio</u> | <u>Month of</u> | | <u>Market INDEX</u> | |
|-------------------------|-----------------------|-----------------|------------------|-----------------------------------|------------------|
| | | <u>March</u> | <u>12 months</u> | <u>March</u> | <u>12 months</u> |
| FRT Equity I Fund | 13.63% | 0.34 % | 21.78 % | Russell 1000: 0.64 % | 22.41 % |
| FRT International | <u>5.54%</u> | <u>(0.85)%</u> | <u>20.82 %</u> | S&P 500: 0.84 % | 21.86 % |
| Total account, FRT | 19.17% | 0.00 % | 21.50 % | EAFE/MSCI: (0.64)% | 17.56 % |
| PRIT Core General | 34.87% | 1.61 % | 13.21 % | | |
| PRIT Core Real Estate | 4.50% | | | | |
| PRIT Vintage 2006 | 1.24% | | | | |
| PRIT Vintage 2008 | 0.55% | | | | |
| PRIT Vintage 2013 | 0.02% | | | | |
| Columbia equity | 16.09% | 2.94 % | 24.80 % | Russell 1000 Value: 2.39 % | 21.57 % |
| Columbia - fixed income | 22.75% | 0.01 % | 0.23 % | Barclays Gov't: (0.11)% | (0.26)% |
| Cash - MMDT | 0.82% | 0.19 % | | | |

**CONCORD RETIREMENT SYSTEM
ASSET ALLOCATION REPORT**

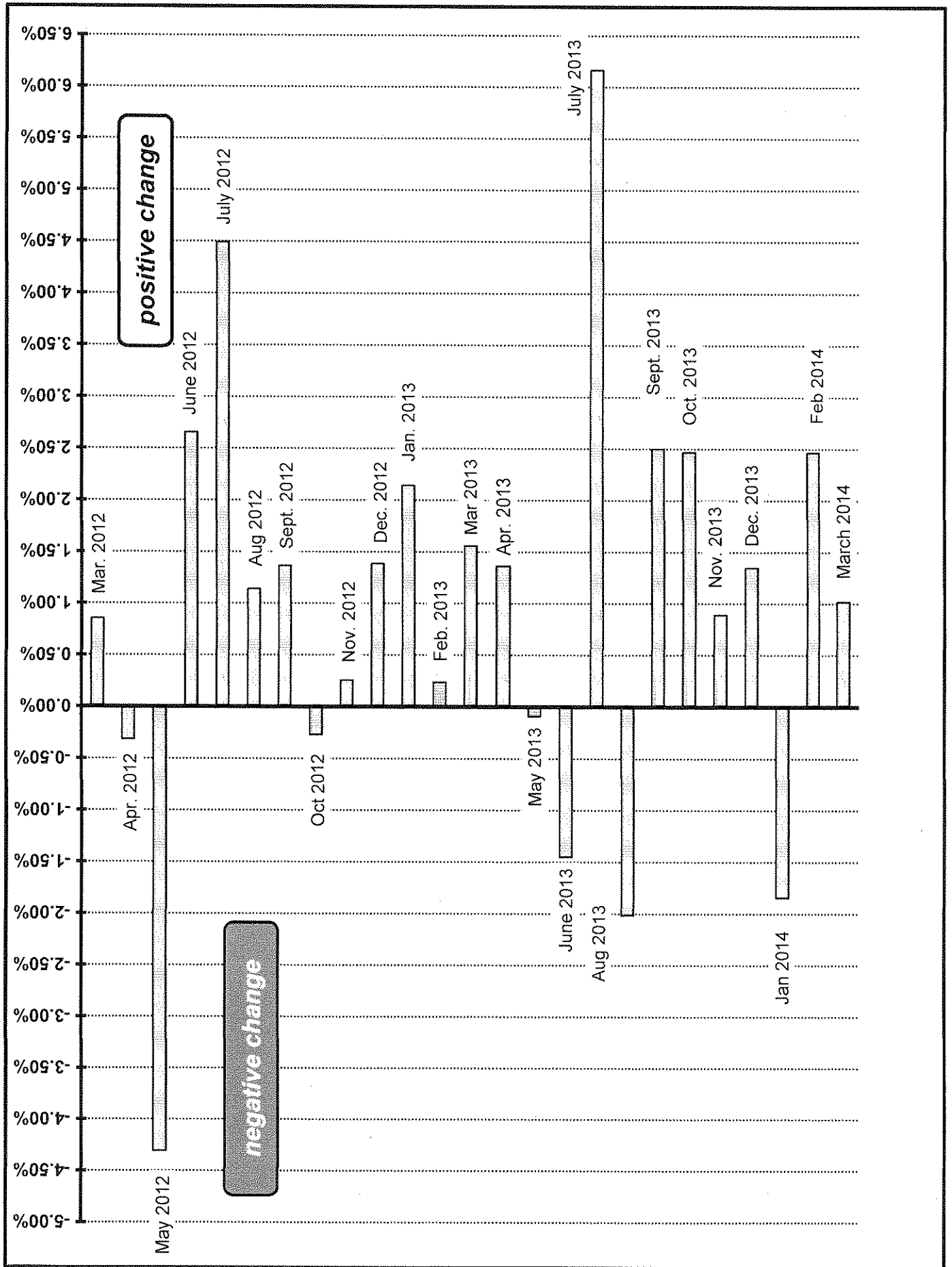
MARKET VALUE AT: **3/31/2014**

| | BONDS | STOCKS | REAL ESTATE | OTHER* | CASH | TOTAL |
|--------------------------------|------------------------|------------------------|-----------------------|------------------------|-----------------------|-------------------------|
| PENSION RESERVE | | | | | | |
| Columbia 80-16-200-8549595 | | \$5,602,188.59 | | \$202,025.27 | \$35,035.27 | \$5,839,249.13 |
| MMDT #44-001501 | | | | | \$2,760,935.77 | \$2,760,935.77 |
| TOTAL | \$0.00 | \$5,602,188.59 | \$0.00 | \$202,025.27 | \$2,795,971.04 | \$8,600,184.90 |
| RETIREMENT SYSTEM | | | | | | |
| Fixed Income 80-16-200-8553057 | \$26,884,067.57 | | | | | \$26,884,067.57 |
| Columbia 80-16-200-8549574 | | \$19,150,082.16 | | \$697,011.59 | | \$19,957,432.63 |
| Equity I (FRT) | | \$16,913,637.26 | | | | \$16,913,637.26 |
| International Fund | | \$6,868,681.90 | | | | \$6,868,681.90 |
| PRIT Core General | \$9,126,592.20 | \$19,728,145.50 | | \$14,399,253.75 | | \$43,253,991.45 |
| PRIT Core Real Estate | | | \$5,584,804.45 | | | \$5,584,804.45 |
| PRIT Vintage Fund 2006 | | | | \$1,535,313.72 | | \$1,535,313.72 |
| PRIT Vintage Fund 2008 | | | | \$681,469.76 | | \$681,469.76 |
| PRIT Vintage Fund 2013 | | | | \$30,794.80 | | \$30,794.80 |
| MMDT #44-002079 | | | | | \$1,011,450.82 | \$1,011,450.82 |
| TOTAL | \$36,010,659.77 | \$62,660,546.82 | \$5,584,804.45 | \$17,343,843.62 | \$2,454,084.79 | \$124,053,939.45 |
| GRAND TOTAL | \$36,010,659.77 | \$68,262,735.41 | \$5,584,804.45 | \$17,545,868.89 | \$5,250,055.83 | \$132,654,124.35 |
| PERCENT OF TOTAL | 27.15% | 51.46% | 4.21% | 13.23% | 3.96% | 100.00% |
| Retirement system ONLY | 29.03% | 50.51% | 4.50% | 13.98% | 1.98% | 100.00% |

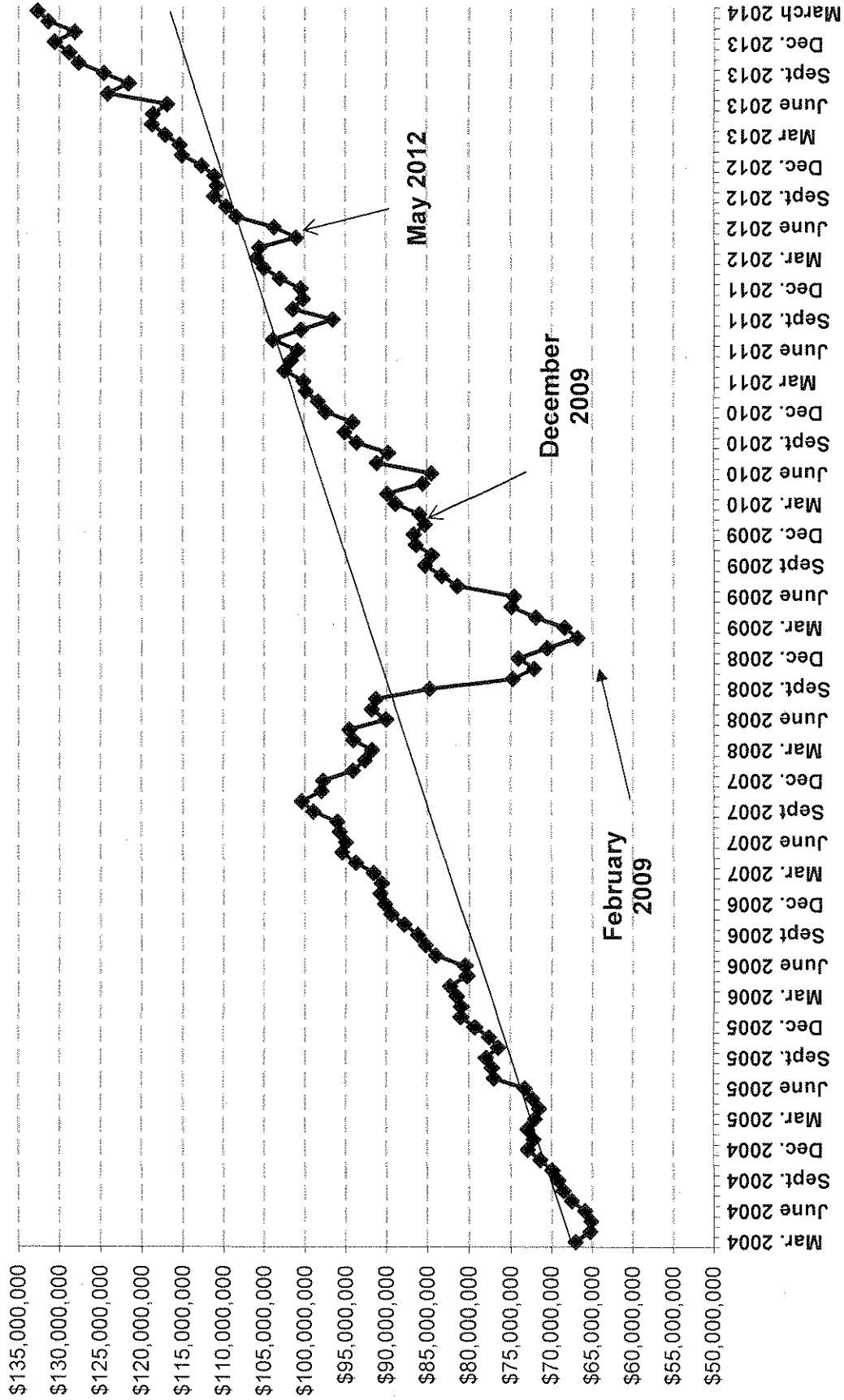
*"other": PRIT FUND - alternative investments, real estate, timber, absolute value (hedge); COLUMBIA - real estate

1 A 1

25-month Asset Change
Concord Retirement System



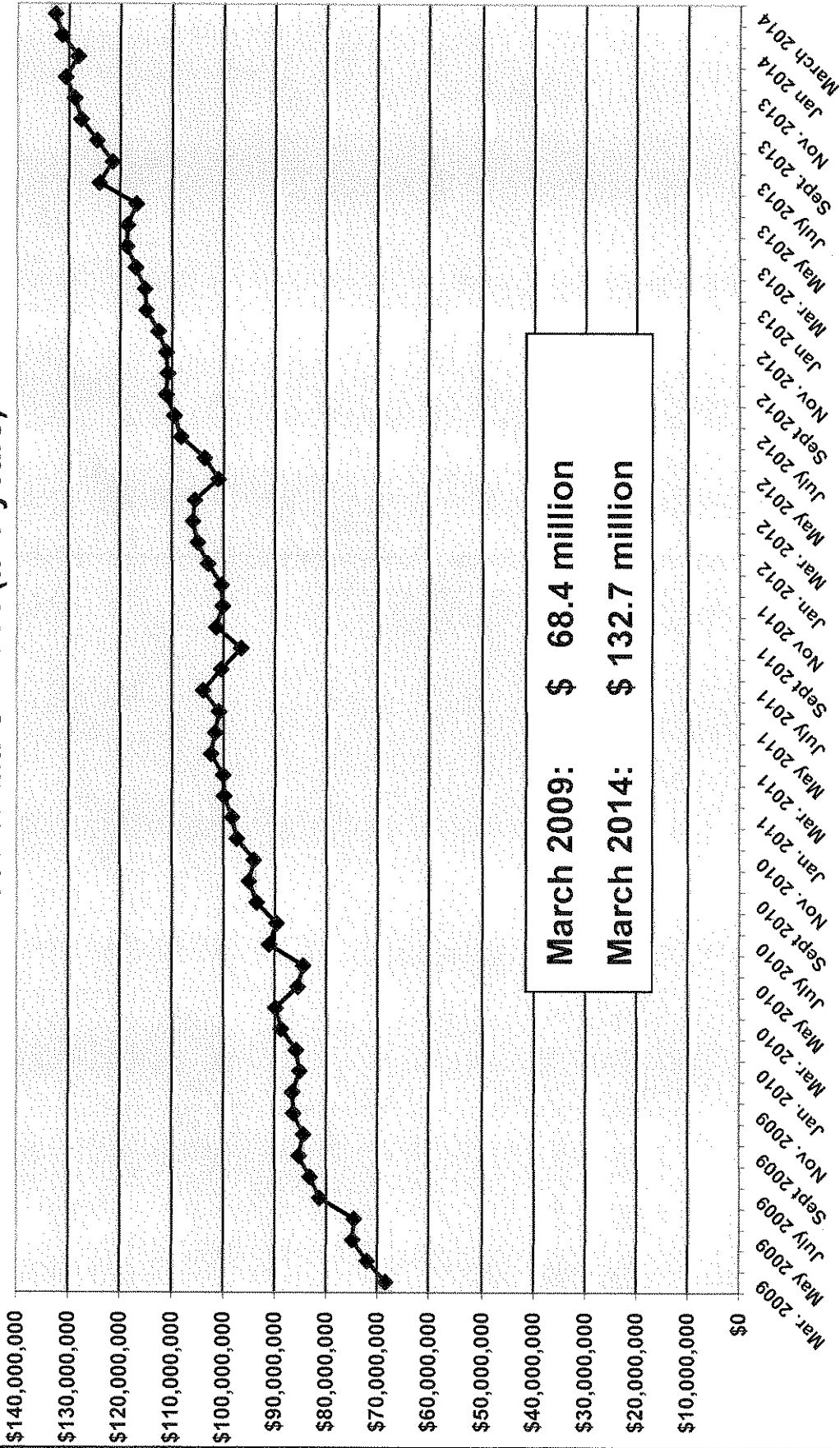
Concord Retirement Fund Assets, from March 2004 (including Town's Pension Reserve Account)



Retirement Fund Assets

(including Town Pension Reserve Fund)

March 2009 to March 2014 (five years)



March 2009: \$ 68.4 million
 March 2014: \$ 132.7 million

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF PLAN PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending March 31, 2014

| | NAV \$ (M) | Long Term | | Actual Allocation % | Month | FY '14 | Calendar YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception |
|---|-------------------|---------------------|--------------|---------------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-----------------|
| | | Target Allocation % | Allocation % | | | | | | | | | |
| GLOBAL EQUITY | 26,612,108 | 43.0% | 45.2% | 0.38 | 17.36 | 1.27 | 17.15 | 9.59 | 19.21 | 7.35 | 5.77 | |
| CORE FIXED INCOME | 7,428,439 | 13.0% | 12.6% | -0.11 | 2.46 | 2.06 | -1.07 | 4.16 | 6.47 | 4.43 | 7.69 | |
| VALUE-ADDED FIXED INCOME | 4,996,126 | 10.0% | 8.5% | 2.29 | 6.31 | 3.00 | 4.88 | 7.32 | 15.21 | 8.95 | 9.66 | |
| PRIVATE EQUITY | 6,744,160 | 10.0% | 11.5% | 9.57 | 22.05 | 9.33 | 27.43 | 18.22 | 17.62 | 17.89 | 14.53 | |
| REAL ESTATE | 5,235,771 | 10.0% | 8.9% | 1.92 | 9.01 | 3.33 | 12.00 | 11.82 | 11.28 | 10.22 | 6.13 | |
| TIMBER/NATURAL RESOURCES | 2,308,331 | 4.0% | 3.9% | 1.79 | 9.88 | 2.51 | 8.43 | 1.85 | 5.33 | 7.82 | 8.81 | |
| HEDGE FUNDS (NET OF FEES) | 5,263,623 | 10.0% | 8.9% | -0.18 | 8.19 | 2.06 | 9.92 | 5.91 | 7.41 | | 5.06 | |
| PORTABLE ALPHA WIND DOWN (NET OF FEES) | 58,032 | 0.0% | 0.1% | -1.02 | -6.07 | -2.16 | -2.46 | -3.98 | 5.25 | | -6.04 | |
| OVERLAY | 247,787 | 0.0% | 0.4% | 0.74 | | 1.35 | | | | | 5.59 | |
| TOTAL CORE | 58,894,378 | 100% | 100% | 1.61 | 13.03 | 2.69 | 13.21 | 8.99 | 14.45 | 7.50 | 9.71 | |
| <i>INTERIM BENCHMARK (excludes private equity benchmark)¹</i> | | | | <i>1.60</i> | <i>12.27</i> | <i>2.67</i> | <i>11.79</i> | <i>8.23</i> | <i>13.62</i> | <i>7.35</i> | <i>10.29</i> | |
| <i>TOTAL CORE BENCHMARK (includes private equity benchmark)²</i> | | | | <i>0.72</i> | <i>10.75</i> | <i>1.95</i> | <i>10.01</i> | <i>7.21</i> | <i>12.60</i> | <i>7.07</i> | <i>10.19</i> | |
| PARTICIPANTS CASH | 13,472 | | | 0.01 | 0.08 | 0.03 | 0.12 | 0.14 | 0.21 | 1.78 | 4.20 | |
| TEACHERS' AND EMPLOYEES' CASH | 32,475 | | | 0.01 | 0.08 | 0.02 | 0.12 | 0.14 | 0.21 | 1.50 | 2.98 | |
| TOTAL FUND | 58,940,326 | | | 1.60 | 12.98 | 2.68 | 13.16 | 8.96 | 14.39 | 7.48 | 9.76 | |
| POLICY RETURN ^{3,6} | | | | 0.69 | 11.64 | 2.02 | 11.65 | 8.65 | 14.20 | 7.75 | 9.86 | |

Performance Report
Town of Concord Retirement System
 As of March 31, 2014

| | Market Value | One Month | Three Months | Year to Date | One Year | Annualized | | | | | Inception Date |
|--|----------------------|----------------|---------------|---------------|----------------|----------------|----------------|---------------|-----------------|-------------------|----------------|
| | | | | | | Three Years | Five Years | Ten Years | Since Inception | | |
| Total Assets | \$ 23,782,319 | -0.00 % | 1.58 % | 1.58 % | 21.50 % | 12.11 % | 19.77 % | 7.48 % | 9.69 % | 07/01/1986 | |
| Custom Benchmark ¹ | -- | 0.25 | 1.63 | 1.63 | 21.02 | 12.52 | 20.08 | 7.32 | 9.13 | -- | |
| Custom Benchmark ² | -- | 0.35 | 1.79 | 1.79 | 21.01 | 12.31 | 20.00 | 7.46 | 9.30 | -- | |
| Total Equity | 23,782,319 | -0.00 | 1.58 | 1.58 | 21.50 | 12.11 | 19.77 | 7.62 | 10.15 | 07/01/1986 | |
| RTC Equity I Fund | 16,913,637 | 0.34 | 1.84 | 1.84 | 21.78 | 13.99 | 20.89 | 7.84 | 10.47 | 07/01/1986 | |
| Russell 1000 Index | -- | 0.64 | 2.05 | 2.05 | 22.41 | 14.75 | 21.73 | 7.80 | 10.06 | -- | |
| S&P 500 Index | -- | 0.84 | 1.81 | 1.81 | 21.86 | 14.66 | 21.16 | 7.42 | 10.01 | -- | |
| RTC International Fund | 6,868,682 | -0.85 | 0.95 | 0.95 | 20.82 | 7.67 | 16.93 | 7.00 | 6.98 | 03/01/1996 | |
| Russell Dev ex-US LC Idx Net (Linked) ³ | -- | -0.33 | 1.19 | 1.19 | 17.58 | 6.58 | 15.76 | 6.41 | 5.17 | -- | |
| MSCI EAFE Index Net Dividend | -- | -0.64 | 0.66 | 0.66 | 17.56 | 7.21 | 16.02 | 6.53 | 5.24 | -- | |

Please read the endnotes included with the report.

Endnotes:

- 1 Custom Benchmark currently consists of: 70.0% R1000, 30.0% MSCI EAFE Net.
- 2 Custom Benchmark currently consists of: 70.0% R1000, 30.0% Russell Dev Ex-US LC Net.
- 3 Historical performance prior to January 1, 2011 is linked to the MSCI EAFE Index Net.

PERFORMANCE SUMMARY

| Category | 1 Month | 3 Month | Year- to-Date | 1 Year | 3 Year | 5 Year | Since Inception | Inception Date |
|--------------------------|------------|------------|------------------|-----------|-----------|-----------|--------------------|-------------------|
| <u>Total Fund</u> | | | | | | | | |
| TOTAL | 2.94 | 3.37 | 3.37 | 24.80 | 16.06 | 22.91 | 9.53 | 03/31/1993 |
| <u>Index</u> | | | | | | | | |
| Russell 1000 Value Index | 2.39 | 3.02 | 3.02 | 21.57 | 14.80 | 21.75 | 9.77 | 03/31/1993 |
| S&P 500 Index | 0.84 | 1.81 | 1.81 | 21.86 | 14.65 | 21.16 | 9.13 | 03/31/1993 |

Past performance does not guarantee future results. Results are for the client's own account and are not composite results. The portfolio may be comprised of separately managed accounts and/or mutual funds. Performance is based on time-weighted, daily calculation using values that are determined in good faith by Columbia Management Investment Advisers, LLC. The portion of the portfolio based on the separately managed securities is calculated on a gross performance basis and does not reflect the deduction of management fees. The portion of the portfolio based on mutual funds reflects the net asset value of the fund. If you have any questions regarding the above information, or if there are any changes in your investment objectives or guidelines, please contact your Relationship Manager.

Indices shown are unmanaged and do not reflect the impact of fees. It is not possible to invest directly in an index.

Returns less than one year are cumulative. Returns greater than one year are annualized.



ColumbiaManagement®

PERFORMANCE SUMMARY

| Category | 1 Month | 3 Month | Year- to-Date | 1 Year | 3 Year | 5 Year | Since Inception | Inception Date |
|----------------------------------|------------|------------|------------------|-----------|-----------|-----------|--------------------|-------------------|
| <u>Total Fund</u> | | | | | | | | |
| TOTAL | 0.01 | 2.33 | 2.33 | 0.23 | 4.74 | 6.73 | 6.10 | 09/30/1987 |
| <u>Index</u> | | | | | | | | |
| Barclays Aggregate Bond Index | -0.17 | 1.84 | 1.84 | -0.10 | 3.75 | 4.80 | 7.03 | 09/30/1987 |
| Barclays Gov/Credit Bond Index | -0.11 | 1.98 | 1.98 | -0.26 | 4.21 | 5.08 | 7.05 | 09/30/1987 |
| Barclays Int Gov/Credit Bond Idx | -0.30 | 1.00 | 1.00 | -0.13 | 3.13 | 4.18 | 6.46 | 09/30/1987 |

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