


**Town of Concord
Finance Department
Memorandum**

TO: Retirement Board

FROM: Anthony T. Logalbo, Finance Director 

SUBJ: Asset allocation and market value @ June 30, 2014

DATE: July 22, 2014

Combined Assets: Retirement System and Town Pension Reserve Fund

For the month of June, the combined market value of system assets and the Town's Pension Reserve Fund **increased 1.44% from the prior month-end.**

At June 30th, combined assets totaled \$136.65 million (\$127.74 million in the Retirement System and \$8.91 million in the Town's Pension Reserve account). The market value of combined assets **increased** in June by **\$1,938,000.**

Compared to one year earlier, the market value of combined assets is **up 16.92%**. For the three-year period ending June 30, 2014, market value has increased at an average annual rate of 11.82%. For the calendar year to date (six months), assets are up 4.66%.

Concord Retirement System performance

Asset Value at June 30, 2014: \$ 127,738,999

From March 1, 2009:

The Concord Retirement Fund asset value is **100.47% above** the nadir of \$63.72 million at the market bottom of February 2009, a doubling in the span of 5.33 years. For this same time period, the PRIT Core Fund, at \$60.6 billion, is **77.7% above its market bottom of \$34.10 billion.**

For the most recent 12-month period:

For the one-year period ended June 30, asset value of the Concord Retirement Fund has **increased 16.75%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **17.60%** 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*	1.42 %	16.75%
State PRIT Core Fund	1.88 %	17.60%

* *The asset value increase of 16.75% for the 12-month period ending June 30th 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 June 30, 2014 are:

		<u>One month</u>	<u>One year</u>
S&P 500	<i>Domestic equity</i>	plus 2.07 %	plus 24.61 %
Barclays Govt.	<i>Fixed income</i>	minus 0.04 %	plus 4.28 %

41.60% of the Concord portfolio is invested with PRIT (35.32% in the Core Fund, 4.55% in the Core Real Estate Fund and 1.73% 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 June 30, 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	22.35%	- 0.31%	+ 0.85%
Equity	44.01%	+ 0.25%	- 1.35%
Other	33.64%	+ 0.06%	+ 0.50%

Concord Retirement Board assets were allocated as of June 30 as follows:

Fixed Income	28.51%
Equity	50.69%
Real Estate	4.55%
Other	14.20% (alternative investments and PRIT Vintage Funds)
Cash	2.06%

The total allocation to "Equity, Real Estate and Other" at June 30, 2014 is 68.91%, 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>June 30, 2014</u>
Fixed income and cash	40.0%	35.0%	30.57%
Real Estate	2.5%	5.0%	4.55%
Equity and Other	57.5%	60.0%	64.88%

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

\$127.74 million Retirement Board assets only:

	<u>% of portfolio</u>	<u>Month of</u>		<u>Market INDEX</u>	
		<u>June</u>	<u>12 months</u>	<u>June</u>	<u>12 months</u>
FRT Equity I Fund	13.77%	1.97 %	24.14 %	Russell 1000:	2.27 % 25.35 %
FRT International	<u>5.58%</u>	<u>1.25 %</u>	<u>24.76%</u>	S&P 500:	2.07 % 24.61 %
Total account, FRT	19.35%	1.76 %	24.32 %	EAFE/MSCI:	0.96% 23.57 %
PRIT Core General	35.32%	1.88%	17.60 %		
PRIT Core Real Estate	4.55%				
PRIT Vintage 2006	1.13%				
PRIT Vintage 2008	0.55%				
PRIT Vintage 2013	0.04%				
Columbia equity	16.49%	2.61 %	26.30 %	Russell 1000 Value:	2.61 % 23.81 %
Columbia - fixed income	22.11%	0.07 %	5.07 %	Barclays Gov't:	(0.04)% 4.28 %
Cash - MMDT	0.47%	0.18 %			

**CONCORD RETIREMENT SYSTEM
ASSET ALLOCATION REPORT**

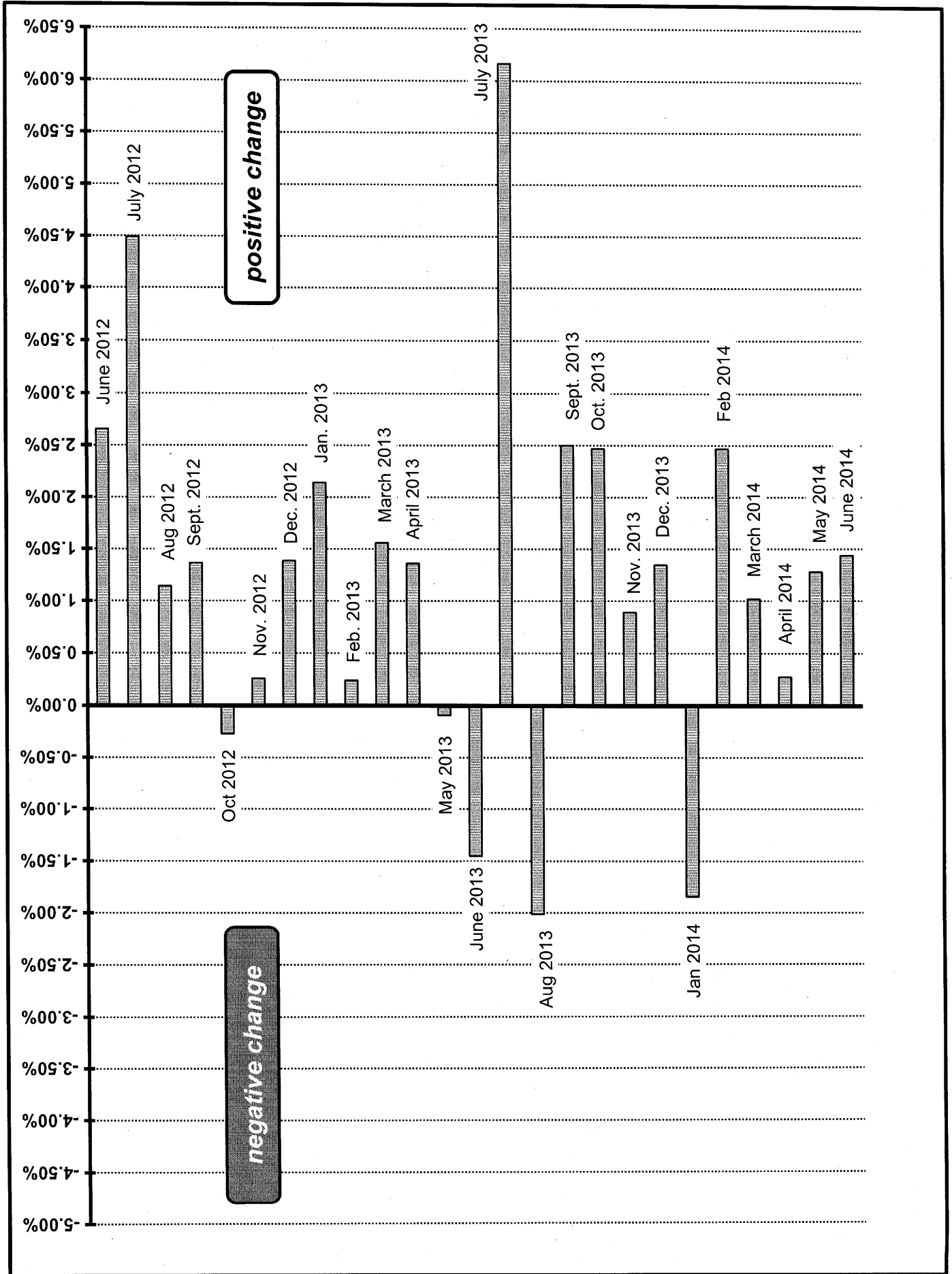
MARKET VALUE AT:

6/30/2014

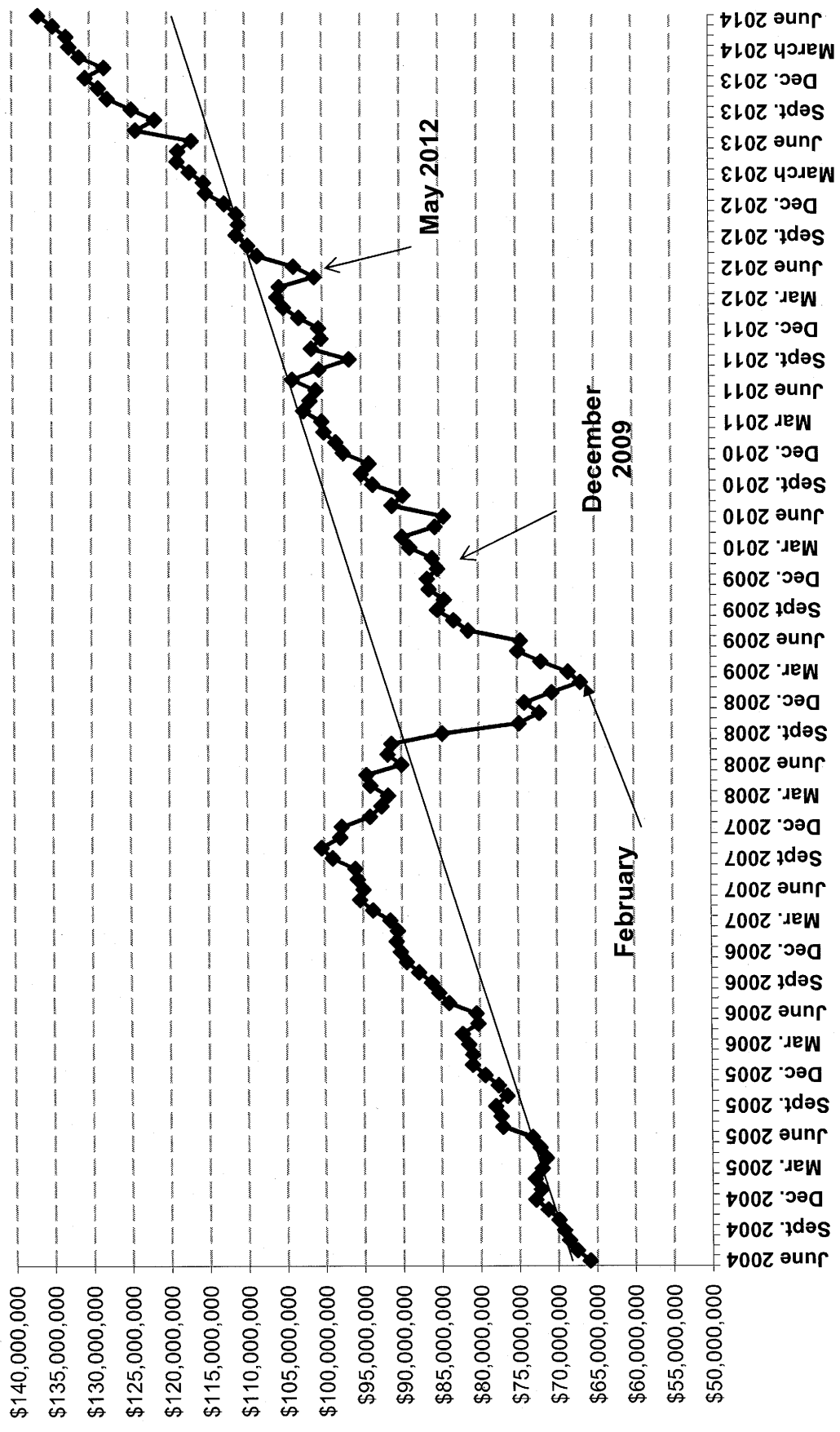
	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL
PENSION RESERVE						
Columbia 80-16-200-8549595		\$5,908,127.15		\$220,018.60	\$31,430.13	\$6,159,575.88
MMDT #44-001501					\$2,753,486.19	\$2,753,486.19
TOTAL	\$0.00	\$5,908,127.15	\$0.00	\$220,018.60	\$2,784,916.32	\$8,913,062.07
RETIREMENT SYSTEM						
Fixed Income 80-16-200-8553057	\$26,332,327.73				\$1,906,715.32	\$28,239,043.05
Columbia 80-16-200-8549574		\$20,189,438.27		\$752,179.65	\$116,864.58	\$21,058,482.50
Equity I (FRT)		\$17,587,148.50				\$17,587,148.50
International Fund		\$7,125,290.80				\$7,125,290.80
PRIT Core General	\$10,082,729.56	\$19,854,180.22		\$15,175,974.15		\$45,112,883.93
PRIT Core Real Estate			\$5,808,285.86			\$5,808,285.86
PRIT Vintage Fund 2006				\$1,449,480.14		\$1,449,480.14
PRIT Vintage Fund 2008				\$703,533.21		\$703,533.21
PRIT Vintage Fund 2013				\$52,887.20		\$52,887.20
MMDT #44-002079					\$601,963.79	\$601,963.79
TOTAL	\$36,415,057.29	\$64,756,057.79	\$5,808,285.86	\$18,134,054.35	\$2,625,543.69	\$127,738,998.98
GRAND TOTAL	\$36,415,057.29	\$70,664,184.94	\$5,808,285.86	\$18,354,072.95	\$5,410,460.01	\$136,652,061.05
PERCENT OF TOTAL	26.55%	51.71%	4.25%	13.43%	3.96%	100.00%
Retirement system ONLY	28.51%	50.69%	4.55%	14.20%	2.06%	100.00%

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

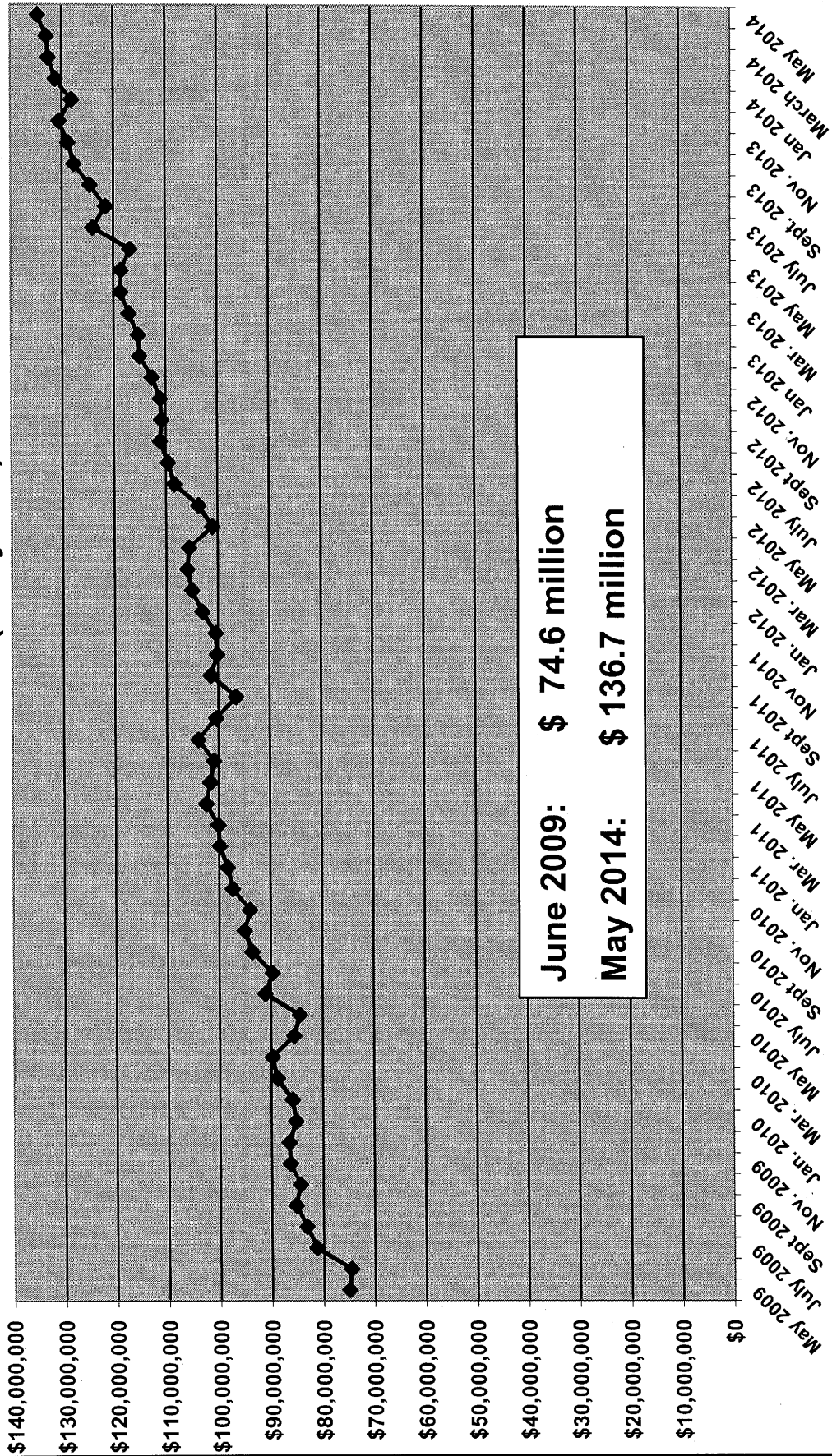
25-month Asset Change
Concord Retirement System



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



Retirement Fund Assets
(including Town Pension Reserve Fund)
June 2009 to June 2014 (five years)



**PENSION RESERVES INVESTMENT TRUST
SUMMARY OF PLAN PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2014**

	NAV \$ (M)	Long Term		Actual Allocation %	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
		Target Allocation %	Allocation %									
GLOBAL EQUITY	26,123,546	43.0%	43.1%	2.09	4.87	6.20	23.07	11.11	15.52	7.86	6.04	
CORE FIXED INCOME	8,398,309	13.0%	13.9%	0.12	3.23	5.36	5.77	4.46	6.08	5.02	7.74	
VALUE-ADDED FIXED INCOME	5,147,247	10.0%	8.5%	1.59	3.46	6.56	9.98	7.07	13.84	9.52	9.75	
PRIVATE EQUITY	6,734,872	10.0%	11.1%	4.10	3.84	13.54	26.75	17.23	18.86	17.93	14.55	
REAL ESTATE	5,380,022	10.0%	8.9%	1.92	4.14	7.61	13.52	12.09	11.85	10.29	6.23	
TIMBER/NATURAL RESOURCES	2,374,863	4.0%	3.9%	1.84	3.22	5.81	13.43	3.75	4.90	7.86	8.90	
HEDGE FUNDS (NET OF FEES)	5,845,587	10.0%	9.6%	1.28	2.40	4.51	10.78	6.93	7.09	5.18	5.18	
PORTABLE ALPHA WIND DOWN (NET OF FEES)	49,684	0.0%	0.1%	0.60	0.31	-1.86	-5.78	-3.71	2.31		-5.82	
OVERLAY	549,427	0.0%	0.9%	0.94	3.72	5.13					9.52	
TOTAL CORE	60,603,558	100%	100%	1.88	4.04	6.84	17.60	9.83	12.85	7.94	9.77	
<i>INTERIM BENCHMARK (target allocation without private equity benchmark) ¹</i>				<i>1.90</i>	<i>3.92</i>	<i>6.71</i>	<i>16.69</i>	<i>9.13</i>	<i>11.69</i>	<i>7.80</i>	<i>10.34</i>	
<i>TOTAL CORE BENCHMARK (actual allocation with private equity benchmark) ²</i>				<i>1.56</i>	<i>3.75</i>	<i>5.80</i>	<i>14.92</i>	<i>8.21</i>	<i>10.61</i>	<i>7.50</i>	<i>10.24</i>	
PARTICIPANTS CASH	23,458			0.01	0.03	0.05	0.11	0.14	0.19	1.76	4.16	
TEACHERS' AND EMPLOYEES' CASH	49,759			0.01	0.03	0.05	0.11	0.14	0.19	1.51	2.94	
TOTAL FUND	60,676,774			1.87	4.03	6.82	17.53	9.79	12.80	7.92	9.82	

Performance Report

Town of Concord Retirement System

As of June 30, 2014

	Market Value	Annualized										Inception Date
		One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Ten Years	Since Inception			
Town of Concord Retirement System Investment Account - QUIZV												
Total Assets	\$ 24,712,439	1.76 %	3.91 %	5.55 %	24.32 %	13.51 %	16.65 %	7.81 %	9.75 %		07/01/1986	
Custom Benchmark ¹	--	1.88	4.81	6.52	24.85	14.08	17.04	7.74	9.23		--	
Custom Benchmark ²	--	2.00	4.91	6.79	25.18	13.97	16.98	7.86	9.40		--	
Total Equity	24,712,439	1.76	3.91	5.55	24.32	13.51	16.65	7.94	10.21		07/01/1986	
RTC Equity I Fund												
RTC International Fund	17,587,149	1.97	3.98	5.90	24.14	15.63	18.32	8.10	10.53		07/01/1986	
Russell 1000 Index	--	2.27	5.12	7.27	25.35	16.63	19.25	8.19	10.17		--	
S&P 500 Index	--	2.07	5.23	7.14	24.61	16.58	18.83	7.78	10.12		--	
RTC International Fund												
Russell Dev ex-US LC Idx Net (Linked) ³	7,125,291	1.25	3.74	4.72	24.76	8.55	12.65	7.46	7.09		03/01/1996	
MSCI EAFE Index Net Dividend	--	1.37	4.41	5.65	24.66	7.78	11.59	6.85	5.35		--	
	--	0.96	4.09	4.78	23.57	8.10	11.77	6.93	5.40		--	

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.

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For more information contact the RFI team by e-mail at RFI@columbiamanagement.com or call either Ting Jen at 617-747-0427 or Yuri Zbitnoff at 617-747-0453.

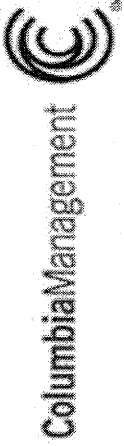


Account Name **Concord Retirement Trust Equity** Inception Date **March 31, 1993**
 As of **June 30, 2014**

Market Value	June return	3-Month return	YTD return	1-Year return	3-Year return	5-Year return	ITD return
Cash & Equivalents	0.01	0.02	0.04	0.08	0.10	0.11	3.07
Equity	2.44	5.30	8.74	26.06	17.57	20.23	9.64
Total Account	2.61	5.53	9.08	26.30	17.72	20.16	9.69
Russell 1000 Value	2.61	5.10	8.28	23.81	16.92	19.23	9.90
S&P 500	2.07	5.23	7.14	24.61	16.58	18.83	9.28

NOTE: All values are gross of fees, unless otherwise stated.
 Past performance is no guarantee of future results.

For more information contact the RFI team by e-mail at RFI@columbiamanagement.com or call either Ting Jen at 617-747-0427 or Yuri Zbitnoff at 617-747-0453.



Account Name **Concord Retirement Trust Fixed** Inception Date **September 30, 1987**
 As of **June 30, 2014**

	Market Value	June return	3-Month return	YTD return	1-Year return	3-Year return	5-Year return	ITD return
Cash & Equivalents	1,611,702	0.01	0.02	0.04	0.08	0.10	0.11	---
Fixed Income	26,626,933	0.08	2.28	4.70	5.18	4.95	6.61	5.90
Total Account	28,238,635	0.07	2.21	4.60	5.07	4.80	6.39	6.13
Barclays Gov/Credit Bond Index		-0.04	1.92	3.94	4.28	4.08	5.09	7.06

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