

**Town of Concord
Finance Department
Memorandum**

TO: Retirement Board
FROM: Anthony T. Logalbo, Finance Director *ATL*
SUBJ: Asset allocation and market value @ January 31, 2014
DATE: February 25, 2014

Combined Assets: Retirement System and Town Pension Reserve Fund

For the month of January, the combined market value of system assets and the Town's Pension Reserve Fund **decreased 1.85% from the prior month-end.**

At January 31st, combined assets totaled \$128.2 million (\$119.95 million in the Retirement System and \$8.21 million in the Town's Pension Reserve account). The market value of combined assets **decreased** in January by **\$2,410,000.**

Compared to one year earlier, the market value of combined assets is **up 11.4%**. For the three-year period ending January 31, 2014, market value has increased at an average annual rate of 10.11%.

Concord Retirement System performance

Asset Value at January 31, 2014: \$ 119,948,490

From March 1, 2009:

The Concord Retirement Fund asset value is **88.2% above** the nadir of \$63.72 million at the market bottom of February 2009. For this same time period, the PRIT Core Fund, at \$56.7 billion, is **66.3% above its market bottom of \$34.10 billion.**

For the most recent 12-month period:

For the one-year period ended January 31, asset value of the Concord Retirement Fund has **increased 11.05%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **10.54%** 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*	(1.85)%	11.05%
State PRIT Core Fund	(1.77)%	10.54%

* The asset value increase of 11.05% for the 12-month period ending January 31 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 January 31, 2014 are:

S&P 500	<i>Domestic equity</i>	<u>One month</u> minus 3.46%	<u>One year</u> plus 21.52%
Barclays Govt.	<i>Fixed income</i>	plus 1.46%	minus 0.12%

40.76% of the Concord portfolio is invested with PRIT (34.46% in the Core Fund, 4.51% in the Core Real Estate Fund and 1.79% 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 January 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	21.53%	+ 0.58%	+ 1.05%
Equity	45.49%	- 0.83%	+ 0.68%
Other	32.98%	+ 0.25%	- 1.73%

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

Fixed Income	30.10%
Equity	49.41%
Real Estate	4.51%
Other	13.71% (alternative investments and PRIT Vintage Funds)
Cash	2.27%

The total allocation to "Equity, Real Estate and Other" at January 31, 2013 is 67.63%, 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>January 31, 2014</u>
Fixed income and cash	40.0%	35.0%	32.37%
Real Estate	2.5%	5.0%	4.51%
Equity and Other	57.5%	60.0%	63.12%

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

\$122.2 million Retirement Board assets only:

	<u>% of portfolio</u>	<u>Month of</u> <u>December 12 months</u>		<u>Market INDEX</u> <u>December 12 months</u>	
FRT Equity I Fund	13.39%	(3.27)%	21.17 %	Russell 1000:	(3.19)% 22.23 %
FRT International	5.46%	<u>(3.79)%</u>	<u>14.84 %</u>	S&P 500:	(3.46)% 21.52 %
Total account, FRT	18.85%	(3.42)%	19.27 %	EAFE/MSCI:	(4.03)% 11.93 %
PRIT Core General	34.46%	(1.77)%	10.54 %		
PRIT Core Real Estate	4.51%				
PRIT Vintage 2006	1.24%				
PRIT Vintage 2008	0.52%				
PRIT Vintage 2013	0.03%				
Columbia equity	15.52%	(3.56)%	22.78 %	Russell 1000 Value:	(3.55)% 20.02 %
Columbia - fixed income	23.36%	1.62 %	0.23 %	Barclays Gov't:	1.46 % (0.12)%
Cash - MMDT	1.51%	0.19 %			

CONCORD RETIREMENT SYSTEM
ASSET ALLOCATION REPORT

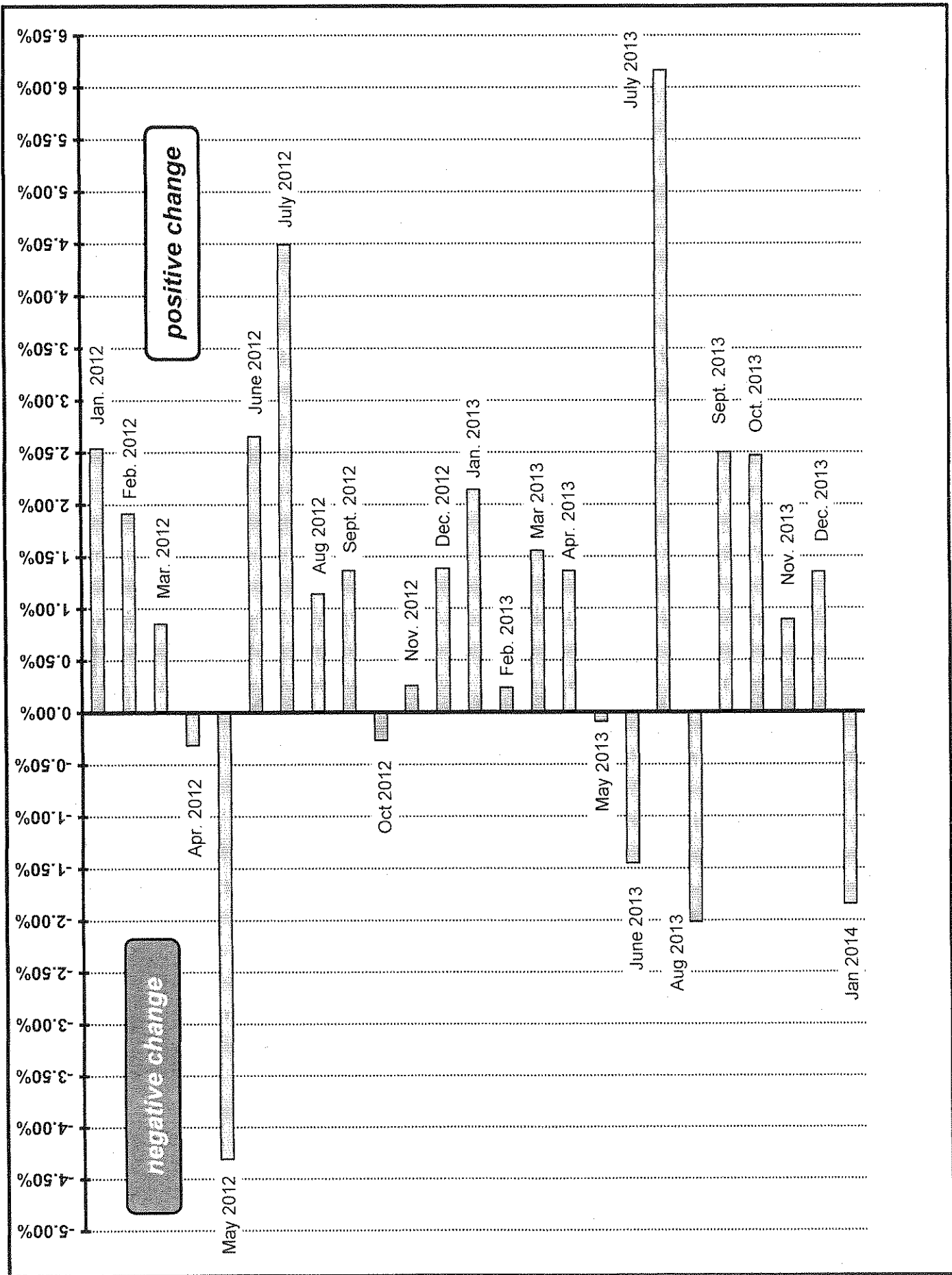
MARKET VALUE AT: 1/31/2014

	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL	
PENSION RESERVE							
Columbia 80-16-200-8549595		\$5,225,610.73		\$195,799.67	\$26,199.72	\$5,447,610.12	
MMDT #44-001501					\$2,760,099.14	\$2,760,099.14	
TOTAL	\$0.00	\$5,225,610.73	\$0.00	\$195,799.67	\$2,786,298.86	\$8,207,709.26	
RETIREMENT SYSTEM							
Fixed Income 80-16-200-8553057	\$27,204,248.99				\$813,669.73	\$28,017,918.72	23.36%
Columbia 80-16-200-8549574		\$17,857,901.56		\$668,383.49	\$92,253.10	\$18,618,538.15	15.52%
Equity I (FRT)		\$16,065,426.86				\$16,065,426.86	13.39%
International Fund		\$6,546,456.12				\$6,546,456.12	5.46%
PRIT Core General	\$8,898,572.90	\$18,801,490.07		\$13,630,976.98		\$41,331,039.95	34.46%
PRIT Core Real Estate			\$5,413,274.46			\$5,413,274.46	4.51%
PRIT Vintage Fund 2006				\$1,491,564.31		\$1,491,564.31	1.24%
PRIT Vintage Fund 2008				\$620,604.51		\$620,604.51	0.52%
PRIT Vintage Fund 2013				\$31,008.53		\$31,008.53	0.03%
MMDT #44-002079					\$1,812,658.32	\$1,812,658.32	
TOTAL	\$36,102,821.89	\$59,271,274.61	\$5,413,274.46	\$16,442,537.82	\$2,718,581.15	\$119,948,489.93	
GRAND TOTAL	\$36,102,821.89	\$64,496,885.34	\$5,413,274.46	\$16,638,337.49	\$5,504,860.01	\$128,156,199.19	
PERCENT OF TOTAL	28.17%	50.33%	4.22%	12.98%	4.30%	100.00%	
Retirement system ONLY	30.10%	49.41%	4.51%	13.71%	2.27%	100.00%	

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

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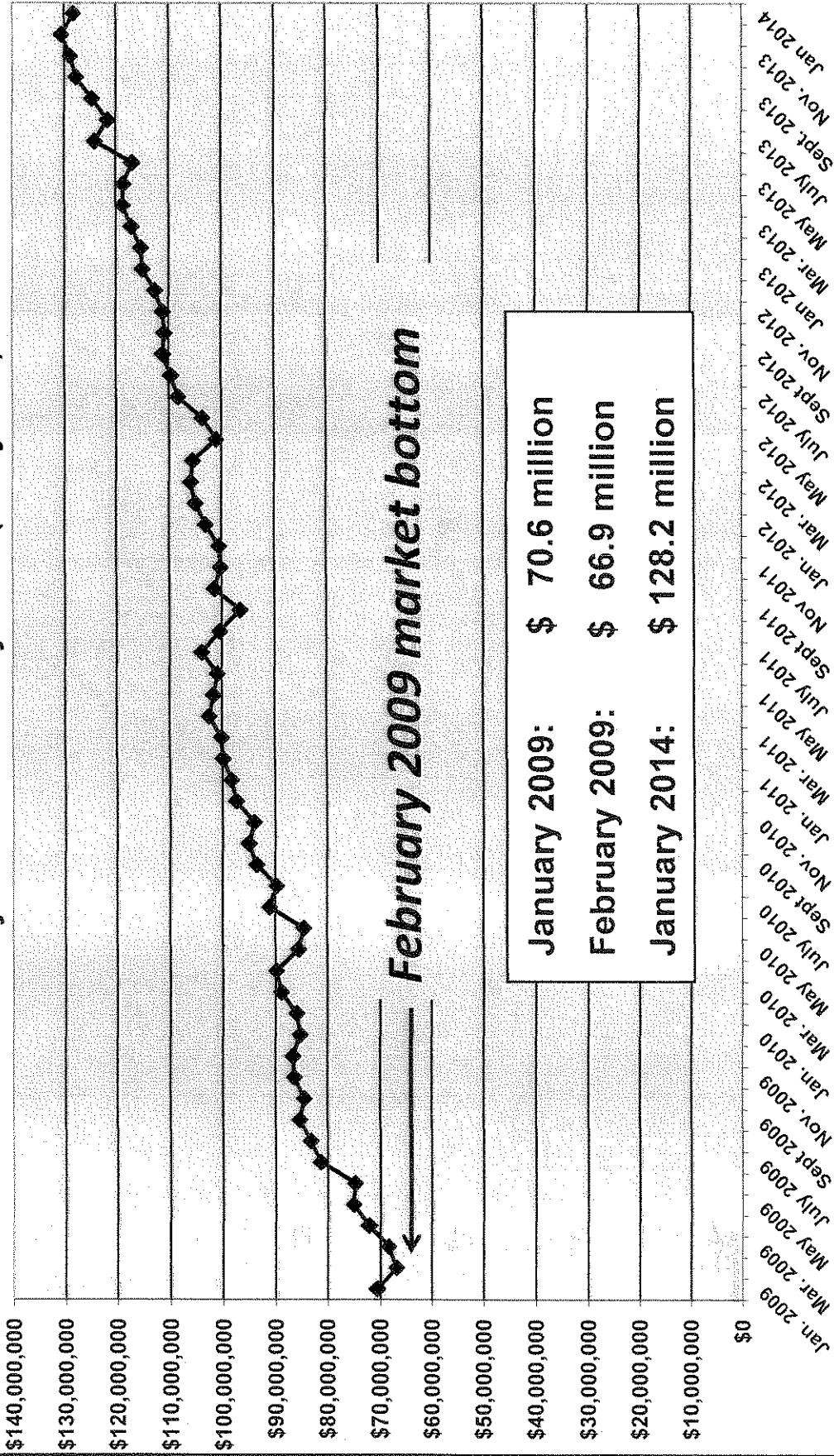
25-month Asset Change
Concord Retirement System



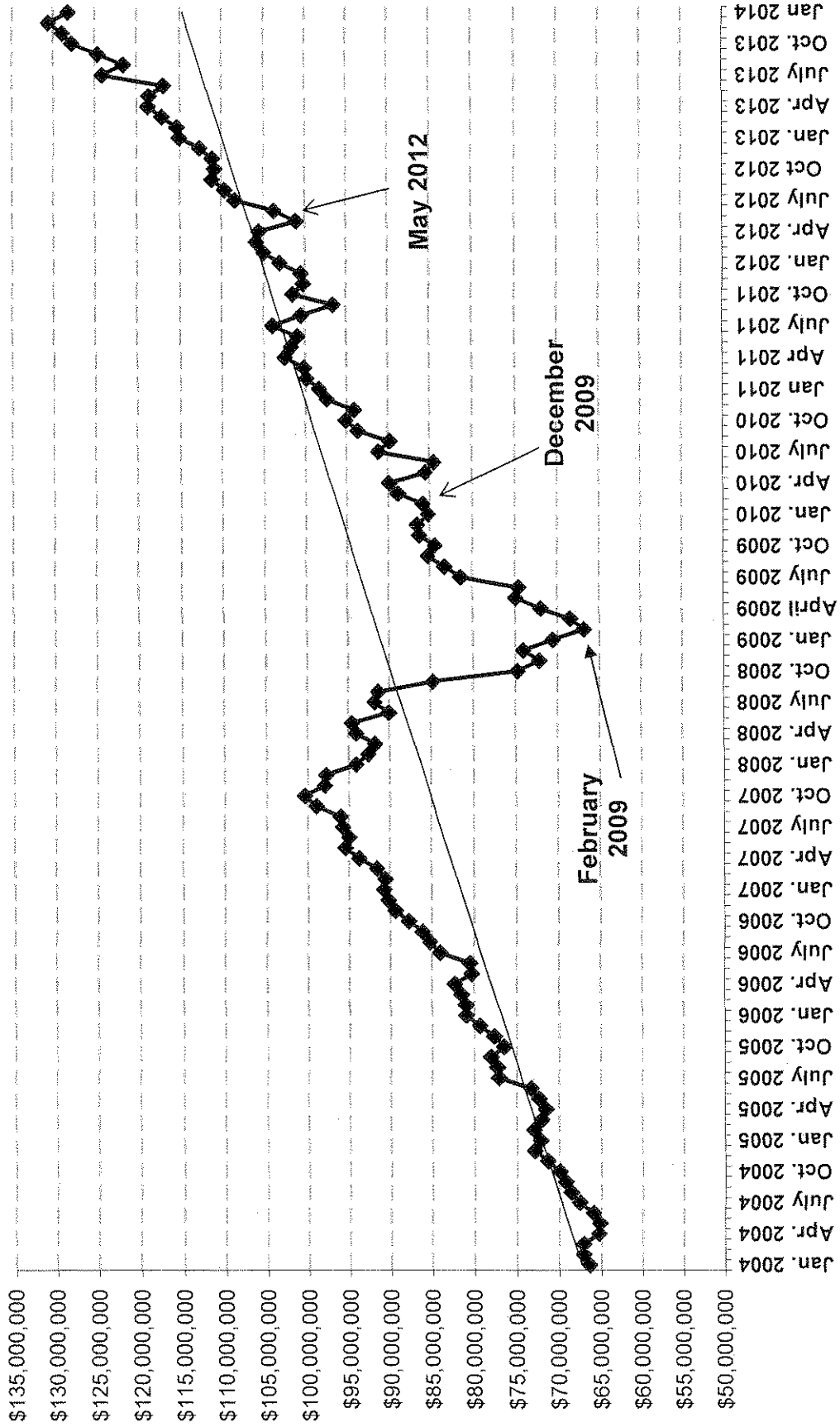
Retirement Fund Assets

(including Town Pension Reserve Fund)

January 2009 to January 2014 (five years)



Concord Retirement Fund Assets, from January 2014 (including Town's Pension Reserve Account)



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

	NAV \$(M)	Long Term		Month	FY '14	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
		Target Allocation %	Actual Allocation %								
GLOBAL EQUITY	25,284,923	43.0%	44.6%	-3.80	11.48	-3.80	14.02	8.78	17.26	6.98	5.43
CORE FIXED INCOME	7,396,453	13.0%	13.0%	1.62	2.02	1.62	-0.78	4.28	6.56	4.64	7.72
VALUE-ADDED FIXED INCOME	4,812,143	10.0%	8.5%	-1.09	2.09	-1.09	1.73	7.28	13.74	8.70	9.44
PRIVATE EQUITY	6,246,203	10.0%	11.0%	-0.61	10.96	-0.61	20.00	17.61	12.39	17.71	14.23
REAL ESTATE	5,003,881	10.0%	8.8%	0.05	5.55	0.05	9.79	11.86	8.78	10.29	6.05
TIMBER/NATURAL RESOURCES	2,242,745	4.0%	4.0%	-0.91	6.22	-0.91	6.62	2.42	4.62	8.01	8.63
HEDGE FUNDS (NET OF FEES)	5,201,316	10.0%	9.2%	0.07	6.08	0.07	10.36	5.63	6.99		4.93
PORTABLE ALPHA WIND DOWN (NET OF FEES)	58,924	0.0%	0.1%	-0.66	-4.63	-0.66	-3.70	-3.25	3.94		-5.98
OVERLAY	450,408	0.0%	0.8%	-2.36		-2.36					1.72
TOTAL CORE	56,696,996	100%	100%	-1.77	8.12	-1.77	10.54	8.54	12.48	7.28	9.60
INTERIM BENCHMARK (excludes private equity benchmark) ¹				-1.68	7.49	-1.68	9.22	7.72	11.90	7.12	10.19
TOTAL CORE BENCHMARK (includes private equity benchmark) ²				-1.55	6.92	-1.55	8.13	6.76	11.40	6.93	10.12
PARTICIPANTS CASH	25,881			0.01	0.07	0.01	0.13	0.15	0.21	1.79	4.22
TEACHERS' AND EMPLOYEES' CASH	55,016			0.01	0.07	0.01	0.13	0.15	0.21	1.53	3.01
TOTAL FUND	56,777,893			-1.76	8.09	-1.76	10.50	8.50	12.43	7.26	9.65
POLICY RETURN ^{3,6}				-1.58	7.70	-1.58	9.77	8.31	12.83	7.62	9.78

PRIT

Performance Report
Town of Concord Retirement System
 As of January 31, 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 - QUZY												
Total Assets	\$ 22,611,883	-3.42 %	1.36 %	-3.42 %	19.27 %	11.37 %	18.21 %	7.04 %	9.55 %		07/01/1986	
Custom Benchmark 1	--	-3.44	0.98	-3.44	19.14	11.67	18.11	6.88	8.99	--	--	
Custom Benchmark 2	--	-3.42	1.00	-3.42	18.93	11.51	17.99	6.98	9.15	--	--	
Total Equity	22,611,883	-3.42	1.36	-3.42	19.27	11.37	18.21	7.18	10.01		07/01/1986	
RTC Equity I Fund	16,065,427	-3.27	2.07	-3.27	21.17	13.40	19.45	7.31	10.33		07/01/1986	
Russell 1000 Index	--	-3.19	2.21	-3.19	22.23	14.14	19.84	7.23	9.92	--	--	
S&P 500 Index	--	-3.46	2.00	-3.46	21.52	13.93	19.19	6.83	9.86	--	--	
RTC International Fund	6,546,456	-3.79	-0.34	-3.79	14.84	6.61	15.03	6.77	6.76		03/01/1996	
Russell Dev ex-US LC Idx Net (Linked)	3	-3.96	-1.78	-3.96	11.32	5.35	13.49	6.16	4.92	--	--	
MSCI EAFE Index Net Dividend	--	-4.03	-1.84	-4.03	11.93	5.87	13.84	6.32	5.01	--	--	

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.

RUSSELL



PERFORMANCE SUMMARY

Category	1 Month	3 Month	Year-to-Date	1 Year	3 Year	5 Year	Since Inception	Inception Date
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Total Fund

TOTAL	-3.56	2.28	-3.56	22.78	15.07	19.81	9.25	03/31/1993
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Index

Russell 1000 Value Index	-3.55	1.65	-3.55	20.02	13.82	18.69	9.50	03/31/1993
S&P 500 Index	-3.46	2.00	-3.46	21.52	13.93	19.20	8.93	03/31/1993

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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, L.L.C. 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.

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

