Pursuant to the March 12, 2020 Executive Order of the Governor Suspending Certain Provisions of the Open Meeting Law, members of the public can access the meeting only through telephone. Public access will be available by calling 312-626-6799; Meeting ID No.: 546 896 9127

Pursuant to a notice duly filed with the Town Clerk, a meeting of the Concord Retirement Board was held on Tuesday, March 23, 2021 at 8:30 a.m. via Zoom Meeting ID No.: 546 896 9217 – passcode 3068.

Present:	**Peter J. Fulton, Chair, Elected** **Kerry A. Lafleur, Appointed** **Brian Whitney, Elected**
Also Present:	**Linda A. Boucher, Retirement Administrator** **Anthony Tranghese – Investment Consultant, DiMeo, Schneider and Assoc.** **Kathy Cuocolo – Finance Committee Observer** **Julie Snaman – Acadian Investments** **Chuck Johnson – Portfolio Manager Acadian Investments**
Absent:	**Mary M. Barrett, Ex Officio** **Arnold D. Roth, 5th Member, Appointed**

Chair Peter Fulton opened the meeting at 8:30 a.m.

The Board unanimously approved the February 24, 2021 minutes.

The Board unanimously approved the March 31, 2021 retiree payroll as follows:

Pension:	$710,317.86
Annuity:	$183,678.88
Total Payroll:	**$893,996.74**

The Board unanimously approved the following expenses:

ADP, Inc.	Invoice no.: 574446472;575804571	$ 4,386.45
Staples	Invoice no.: 1633400212	$ 462.15
Natalie Lefebvre	Reimb. postage	$ 48.00
Linda Boucher	Reimb. Copy A 1099R / Certif. mail Lois Varnum	$ 89.30
Subtotal:		**$ 4,985.90**

The Board unanimously approved the following 3(8)(c)reimbursements:

Worcester County Retirement System	Jacquelyn Kelly; Bonnie Shields	$ 3,635.19
Gardner Retirement System	Arthur Young	$ 783.58
Barnstable County Retirement	Natalie Marsh; Theodore Nelson	$ 3,832.99
Arlington Retirement System	James Rose; Frederick Ryan; E. Steinhilber; R Yannetti	$ 27,933.76
Framingham Retirement System	Juliana Melly	$ 1,782.99
Chelsea Retirement System	Patrick O'Connor	$ 1,424.32
Cambridge Retirement System	Edward Liberacki; Paul Sugrue	$ 1,958.07
Mass. Teachers Retirement	Various Retirees	$220,600.89
Subtotal:		**$261,951.79**
Grand total:		**$266,937.69**

The Board unanimously approved the following new members:

Name	Unit	Department	Position	Hire Date	Group
Isabelle Karlin	Town	Police	Dispatcher	03/01/2021	1
Rebecca Murphy	School	CPS/CCRSD	HR Admin. Assist.	03/08/2021	1

Keegan Byrnes	Town	Fire	Firefighter/EMT	01/04/2021	4

The Board unanimously approved the following new retirements:

Name	Unit/Group	Department	Position	Retirement Date	Service
Elizabeth Duddy	School/1	Human Resources	Director	03/01/2021	14.6667
Paul Reinhardt	Town/1	CPW	Mgt. Analyst	03/26/2021	23.5000

The Board acknowledged there were no refunds/rollovers:

Name	Unit/Group	Department	Position	Amount	Service
None					

The Board unanimously approved the following transfer to another system:

Name	Unit/Group	Department	Position	Amount	Service
Daniel Leahy	Town/1	CMLP	Network Engineer	$36,318.41	3.0000
Transferring to Middlesex County Retirement System					
Bradford Jackson	School/1	CCRSD	SPED Tutor	$10,234.99	3.6667
Transferring to MTRS					

DEATHS:
None

ACADIAN INVESTMENT MANAGER REVIEW:
Julie Snaman began the presentation for Acadian. She thanked the Board for the invitation to present to us this morning and to discuss our non-US Equity investment with Acadian. In looking over her notes from the last time we met, she noticed it had been eleven months since we last talked and that that meeting was on Zoom also. She noted her sincere hope that the next time we meet it will be in person.

Julie noted that Acadian has been working remote for a little over one year. She indicated it has honestly been business as usual from the firm's perspective. She noted that Acadian has a COVID task force team comprised of members of their executive committee at Acadian. They meet every other week or so just to evaluate the local conditions and to determine when a safe return to work might be. She noted that up until now, the most recent update was that Acadian was planning to go back to the office in some form starting around Labor Day – as of today, it has been pushed out to September. The situation is fluid so it will just depend on how things evolve here in Massachusetts.

Julie mentioned that over the last two years or so, she believes she and Chuck have met most of us. By way of an agenda, we thought we would provide you with a brief firm overview, talk about the end-of-year 2020, and remind us of Acadian's investment process ahead of getting into the portfolio where we will dig into characteristics, positioning, and performance.

Recognizing that 2020 was a strange year for a lot of different reasons, the good news to share is that performance in our developed ex-US strategies at Acadian was pretty strong in 2020. Your portfolio finished ahead of the benchmark by about 1.0 - 1.5% net of fees. That is largely thanks to Acadian's multi-factor approach to the investment process. We were able to overcome some significant headwinds from value that we faced throughout most of the year.

Julie noted that assets under management at the end of February was $109 billion – which is largely unchanged from where they ended the year in 2020.

Acadian's broad non-US strategy, which Concord's investment falls under, is around $22.1 billion - roughly 20.0% of the assets under management at Acadian. The specific strategy that Concord is invested in comprises about $8.3 billion of total client assets at Acadian.

We saw both inflows and outflow in 2020. We saw really strong interest and inflows into most of our non-US strategies - right in the area where Concord is invested with Acadian. There was a lot of interest and positive flows into our all-country world ex-US strategies.

On the outflow side, we saw the biggest outflows in emerging and global markets. From our perspective, the good news that we have seen some of those trends reverse on a year-to-date basis with some uptick in interest in emerging markets stand-alone strategies.

Two areas of increased conversation at the firm revolve around ESG and diversity and inclusion. On the ESG side, we have seen a number of conversations and an uptick in conversations along the lines of the “E” within ESG. We are seeing carbon reduction within the portfolios tilting toward lower carbon outcomes as well as divestment for some clients. Currently, we do manage an emerging markets fossil-fuel-free strategy on behalf of some of our clients.

We hired a new director, Andy Moonis. He joined Acadian earlier this month and is based out of our London office. He joined us from Putnam and has a nice background in quantitative ESG research.

Tony asked if Acadian would be implementing more ESG in your non-explicit ESG strategies resulting from this addition or, is that position distinct for ESG dedicated strategies?

Julie noted that all strategies at Acadian have ESG in them regardless of the individual view of ESG. Acadian also has ESG specific factors, therefore, ESG considerations are integrated into all Acadian portfolios. As it relates to ESG specific funds, Acadian is looking at the potential for that. We look to our clients and consultants and really try to solve whatever investment needs are brought to our attention; I do think there will be some innovation there. At Acadian, we have seen conversation upticks around this crucially important issue for us as a firm; something that we have taken seriously for the better part of the last decade.

Acadian also has a diversity inclusion forum. It is chaired by members of our executive committee including our co-CEO Ross Dowd. The way we have historically approached our goal of our diversity inclusion is to increase the number of women and minorities in senior leadership positions at the firm. It has really been a two-pronged approach where we are looking at our pipeline or partnering with outside organizations to diversify our talent. Additionally, we are looking at awareness - such as education and training as well as micro inequities and unconscious biases. We also have an active women’s forum.

We will be looking to hire a Director of Diversity Inclusion this year - which is a new position at Acadian. The idea is to really bring in some outside expertise to supplement the good work that our diversity inclusion forum has done for ten plus years and will continue to do along side this individual once we have brought them onboard.

Before turning the presentation over to Chuck, Julie noted that Acadian uses a systematic investment process based on underlying fundamentals to exploit behavioral biases in the market. Acadian’s process is multi-factor in nature which looks at value, quality and growth, and technical signals. This is the same process that we use across all our core equity strategies that we have been using for 30-plus years in managing client assets. Julie completed her part of the presentation and turned the presentation over to Chuck.

Chuck began his presentation noting that 2020 was a good year overall for Acadian strategies in the face of some rather big headwinds, as Julie mentioned. Julie also mentioned our process is systematic and model driven. Within that model, we have a very keen sense of fundamentals. We look at fundamentals in a systematic way to remove behavioral biases that lead investors to make bad decisions.

Within that process, we have a strong consideration on the valuations of investments. We are looking for cheap stocks. Not just cheap value traps - we are looking for stocks that are cheap but also have good earnings growth, good quality and good technical support - we think of that as momentum.

Value headwinds for much of the year really underperformed. What outperformed was high-quality stocks. This might be caused by all the uncertainty in the markets. We saw one of the fastest drawdowns on record followed by one of the fastest recoveries on record. What we have tried to do with our multi-factor approach is build a model that can outperform under different market conditions. This year certainly provided firmer ground for testing of that model given the fact that we did see that drawdown and recovery and were able to outperform for the most part across the different market environments and ended the year ahead by 1.9%.

If we think about the drivers for that year, you will see that value headwind of 4.6%. However, you can also see quality outperforming. You can see that we have a top-down model but are very much bottom-up driven within our process with a top-down view.

What this means is that we have a view on industries, countries, and the intersection of the two. Our view on industries through much of the year helped position us fairly well. If you look at the characteristics of our portfolio across industry groups, you can see that we were overweight many of the segments that performed well. If you think about the market environment for 2020, it was very imbalanced. Some areas of the market did very well and some areas that rely on growth did very poorly.

Things like the tech sector did very well given the environment that we were in as everybody moved to the at-home environment. Health care did very well given the nature of the crisis we were in. Banks, energy stocks and consumer services did very poorly. We were well positioned from an industry group perspective to take advantage of those stay-at-home winners. That was for much of the first three quarters of 2020.

We did see a stark reversal in quarter four where many of these stay-at-home losers like energy and banks that were beaten down considerably did recover and rotate following the vaccine news in November. That was a time where we did underperform across our strategies because we are looking for stocks that are cheap with high-quality and good earnings growth. Many of those segments did not have those high-quality characteristics or positive earnings growth. We did suffer a bit from an active performance during that period. Since that time in November, when the optimism from the vaccine broadened out, cheap stocks continued to outperform. We are now seeing these cheap stocks that are outperforming improve their quality metrics, improve their earnings growth, and improve their market support making a more sustained rally.

When we think about that in the context of Concord's returns, you can see that through the February year-to-date period as markets continue to perform positively on an absolute perspective. It is different in terms of what is driving those returns across industry groups and countries, yet our process is still able to outperform.

If you look at the attribution table, you can see a reversal in the payoffs across the different characteristics. Cheap stocks are outperforming but quality is underperforming. Growth is starting to see a sustained rally - so we are benefitting from those cheap stocks with good earnings growth within the portfolio. Being able to deliver outperformance across the market environments has been key but also very much in tune with what we are attempting to achieve with our multi-factor approach. We are building a nice portfolio for you that is cheaper than the index. We are looking for companies that are not just cheap but have those good qualities and good earnings growth.

Finally, looking at the small cap orientation or the cap distribution of the portfolio, we still have a nice balanced portfolio in terms of the cap spectrum. The small cap exposure, although it was punished quite a bit in Q-1 while investors were very risk averse, we have seen those small cap stocks return. In terms of industry groups, we are picking up the rotation that we talked about. Many of these cyclical sectors like energy, banks, and autos have shown a rebound in those forecasts and our portfolios are beginning to reposition to those segments to some degree. It will take a bit more time for us to be overweight those segments. We want to see at least two to three more quarters of a sustained recovery in those segments before we begin overweighting those segments.

Across our factors, our value factor remains attractive given the drawdowns that took place in 2020. Our growth factor is starting to look attractive again and our technical factors are beginning to shift to some of these cyclical sectors.

Lastly, we are starting to see numbers really improve across economics and GDP expectations. We are also seeing the markets produce better than expected outcomes across a number of characteristics. I think that is going to continue especially if the vaccine roll-out continues to be successful. We are going to start to see potential in some pockets where there has been an imbalance between supply and demand especially across materials related to growth. I still think markets have quite a way to run - at least in the next few quarters. Whether or not inflation dampens that in terms of bonds, I still think that the Fed and central banks will continue to support markets.

We are optimistic as these value payoffs start to return and broaden out, that we can continue to provide the outperformance that we did in 2020 out through 2021.

Chuck completed his presentation and the Board thanked him for his time.

INVESTMENT CONSULTANT REVIEW:
Tony Tranghese reviewed the February Flash Report with the Board. He noted that the plan hit the $200 million mark in February. For the most part, the portfolio is close in line with the target allocation except for a 2.2% underweight to fixed income. This is mostly a bi-product of fixed income producing negative returns so far this year and, for the most part, the rest of the portfolio producing positive returns. If this weight moves further from target, we will either actively rebalance or we will naturally rebalance by using cash flows to fund upcoming pension payments from other portions of the portfolio.

From a return perspective, the plan was up 1.7% in the month of February and is now up 1.6% in the first two months of the year. A good start to the year overall as equity markets have continued to do well.

From an individual manager perspective, you can see our fixed income manager Wellington has done a good job longer term but has been caught up in the sell-off in income lately. They are a little behind their peers in the benchmark so far this year but not of a magnitude in the short period of time that is of concern - just worth noting. Over the last one-year period they are 1.5% over the benchmark even though they are 30 basis points behind so far this year.

Your equity mandates in the US, as managed by Rhumbline, are both in line with the indexes which is what you would expect. The large-cap stocks are up 1.7% which is the S & P 500 and small-cap stocks, the S & P 600, are up 14.4%. Rhumbline has done a good job as their mandate is to mimic the benchmark and that is what they have done. This is a nice example to show what has worked best so far this year. Small-cap stocks have outperformed large-cap stocks by an incredibly large margin in just a two-month timeframe.

Real Estate has had a little bit of a rebound, up 1.50% so far this year and is modestly ahead of the benchmark. Longer term, they are more in line or a little ahead with the benchmark. Finally, we have the multi-asset mandates - which represent a fair portion of the portfolio - PRIT on the year is up 1.1% versus your portfolio, which is up 1.6% on the year. The Russell mandate is up about 3.1%; eighty basis points ahead of their benchmark and that outperformance came in the month of February. That comes in a period where we have seen value in international equities and small cap equities add value compared to large-cap equities. A similar theme to what we have spoken about in the Russell mandate over the last four months. The general environment has been much more favorable over the last four months, November to date, than previously. We have seen Russell add a little bit of value above the benchmark as a result. Still a way to go to compensate or offset the underperformance that was produced during 2020 pre-November. You can see that reflected in the one-year figure as well as since inception, February 2019, relative to benchmark and about 5.0% behind annualized for that two-year period. Russell is scheduled to come in and present at the next Board meeting. We talked about performance with them in the fall when they presented, and we have seen positive signs in terms of their relative performance. When I last looked at the Russell portfolio performance update, they were about 1.0% ahead in the first couple of weeks of March. Nice to see them adding some value in an environment that seems favorable to their positioning - but they still have some work to do.

PRIT Hedge Funds are up about 4.50% so far this year, clawing back some of their underperformance from last year but still laggard. The Private Equity inter-quarter numbers are never anything to speak of as they strike values every quarter and report on a one-quarter lag.

If we continue to see progress on the vaccine front, then we would continue to be optimistic that we will reopen as a society and that would be good for the economy. That appears to be what markets are expecting as we have seen markets as a leading indicator and not a lagging indicator of what is going on. Overall, we are cautiously optimistic given what markets have done to date. This is not a good time to stretch for risk.

Tony completed his presentation and the Board thanked him for his time.

UPDATE OF 55 CHURCH STREET LOCATION:
Peter told the Board that he and Linda Boucher met with Stephen Crane regarding his thoughts on the office space at 55 Church Street. Stephen noted that it is his intention to continue leasing space at 55 Church Street to the retirement board. Peter also noted that Linda had a conversation with Ryan Orr in which he mentioned building a conference room for the Board's needs in the basement of 55 Church Street as well as some additional storage for the Board's file cabinets.

Peter asked if Tom Gibson was still working on the Memorandum of Agreement and a lease agreement. Linda Boucher noted that we needed to meet with Stephen Crane prior to having Tom prepare the agreement and that we now need to meet with Kate Hodges to agree on the specifics. Peter also noted that he had spoke with Kate Hodges and she stated she would be willing to work together with us to work out the square footage for inclusion in our lease agreement.

PERAC MEMOS:
The Board was notified of the following PERAC Memos: PERAC Memo #9/2021 – Actuarial Data; PERAC Memo #10/2021 – Forfeiture of Retirement Allowance for Dereliction of Duty by Members; PERAC Memo #11/2021 – Benefit Calculation Submissions via PROSPER; and PERAC Memo #12/2021 – Tobacco Company List.

There being no further business before the Board it was upon motion made and duly seconded that the meeting adjourned at 9:43.

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Peter J. Fulton, Chair, Elected

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Kerry A. Lafleur, Appointed

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Brian J. Whitney, Elected