


**Town of Concord
Finance Department
Memorandum**

TO: Retirement Board
FROM: Anthony T. Logalbo, Finance Director 
SUBJ: Asset allocation and market value @ May 31, 2014
DATE: June 24, 2014

Combined Assets: Retirement System and Town Pension Reserve Fund

For the month of May, the combined market value of system assets and the Town's Pension Reserve Fund **increased 1.28% from the prior month-end.**

At May 31st, combined assets totaled \$134.7 million (\$125.95 million in the Retirement System and \$8.76 million in the Town's Pension Reserve account). The market value of combined assets **increased** in May by **\$1,697,000.**

Compared to one year earlier, the market value of combined assets is **up 13.6%**. For the three-year period ending March 31, 2014, market value has increased at an average annual rate of 10.84%. For the calendar year, assets are up 3.18%.

Concord Retirement System performance
Asset Value at May 31, 2014: \$ 125,948,763

From March 1, 2009:

The Concord Retirement Fund asset value is **97.7% above** the nadir of \$63.72 million at the market bottom of February 2009. For this same time period, the PRIT Core Fund, at \$59.72 billion, is **75.1% above its market bottom of \$34.10 billion.**

For the most recent 12-month period:

For the one-year period ended May 31, asset value of the Concord Retirement Fund has **increased 13.38%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **14.10%** 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*	1.27 %	13.38%
State PRIT Core Fund	1.55 %	14.10%

* *The asset value increase of 13.38% for the 12-month period ending May 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 May 31, 2014 are:

S&P 500	<i>Domestic equity</i>	<u>One month</u> plus 2.35 %	<u>One year</u> plus 20.45 %
Barclays Govt.	<i>Fixed income</i>	plus 1.13 %	plus 2.44 %

41.38% of the Concord portfolio is invested with PRIT (35.17% in the Core Fund, 4.53% in the Core Real Estate Fund and 1.68% 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 May 31, 2014, the PRIT Core Fund was allocated as follows:

	PRIT CORE FUND		
	Share of portfolio asset value		
	<u>this month</u>	<u>Change from prior month</u>	<u>Change from year earlier</u>
Fixed Income	22.66%	+ 0.05%	+ 1.02%
Equity	43.76%	- 0.15%	- 2.41%
Other	33.58%	+ 0.10%	+ 1.39%

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

Fixed Income	30.05%
Equity	51.30%
Real Estate	4.53%
Other	14.08% (alternative investments and PRIT Vintage Funds)
Cash	1.04%

The total allocation to “Equity, Real Estate and Other” at May 31, 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>May 31, 2014</u>
Fixed income and cash	40.0%	35.0%	31.09%
Real Estate	2.5%	5.0%	4.53%
Equity and Other	57.5%	60.0%	64.38%

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

\$125.95 million Retirement Board assets only:

	<u>% of portfolio</u>	<u>Month of</u>		<u>Market INDEX</u>	
		<u>May</u>	<u>12 months</u>	<u>May</u>	<u>12 months</u>
FRT Equity I Fund	13.69%	2.23 %	19.89 %	Russell 1000:	2.30 % 20.90 %
FRT International	<u>5.59%</u>	<u>0.67 %</u>	<u>16.55%</u>	S&P 500:	2.35 % 20.45 %
Total account, FRT	19.28%	0.01 %	19.14 %	EAFE/MSCI:	1.62 % 18.04 %
PRIT Core General	35.17%	1.54 %	13.66 %		
PRIT Core Real Estate	4.53%	1.15 %	13.04 %		
PRIT Vintage 2006	1.11%	(0.10)%	23.55 %		
PRIT Vintage 2008	0.54%	(0.41)%	30.07 %		
PRIT Vintage 2013	0.04%	(0.07)%			
Columbia equity	16.30%	1.96 %	22.11 %	Russell 1000 Value:	1.46 % 19.60 %
Columbia - fixed income	22.41%	1.23 %	3.02 %	Barclays Gov't:	1.13 % 2.44 %
Cash - MMDT	0.64%	0.17 %			

**CONCORD RETIREMENT SYSTEM
ASSET ALLOCATION REPORT**

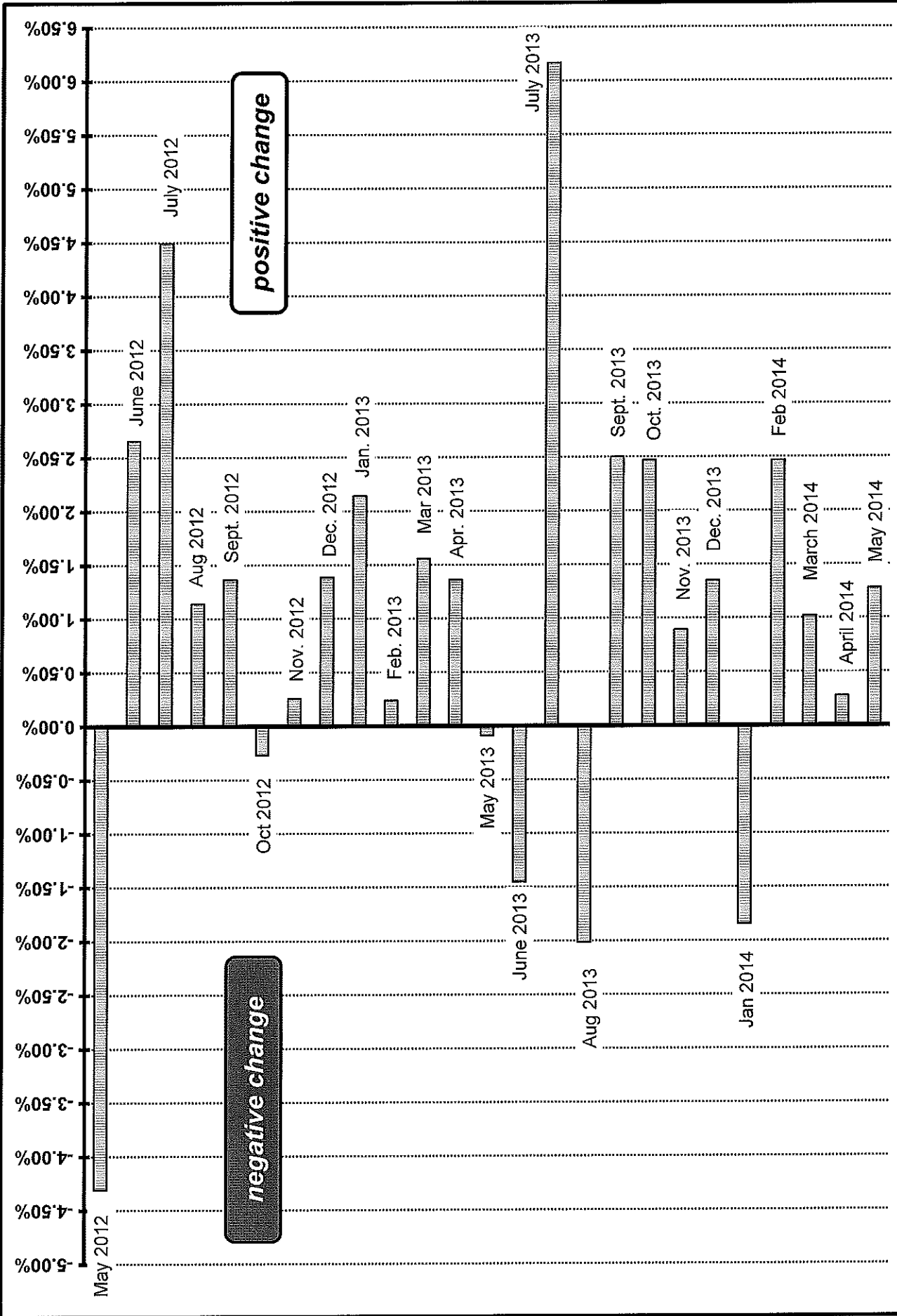
MARKET VALUE AT:

5/31/2014

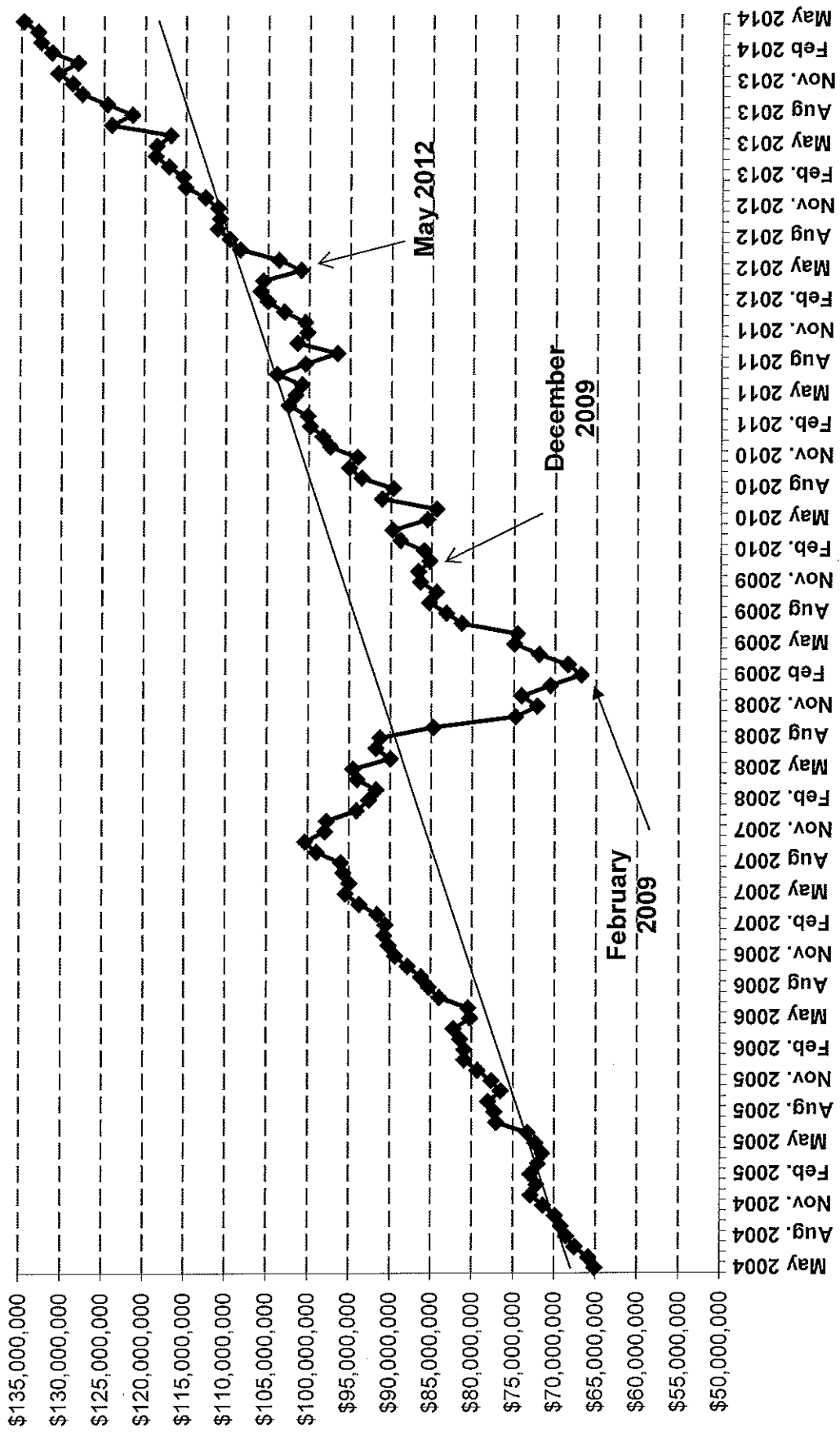
	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL
PENSION RESERVE						
Columbia 80-16-200-8549595		\$5,756,487.57		\$216,130.76	\$31,261.15	\$6,002,352.57
MMDT #44-001501				\$214,603.85	\$2,761,765.22	\$2,761,765.22
TOTAL	\$0.00	\$5,756,487.57	\$0.00	\$214,603.85	\$2,793,026.37	\$8,764,117.79
RETIREMENT SYSTEM						
Fixed Income 80-16-200-8553057	\$27,809,767.50				\$411,286.89	\$28,221,054.39
Columbia 80-16-200-8549574		\$19,680,285.15		\$742,794.11	\$100,813.44	\$20,523,892.70
Equity I (FRT)		\$17,246,944.87				\$17,246,944.87
International Fund		\$7,037,411.04				\$7,037,411.04
PRIT Core General	\$10,036,959.00	\$19,382,935.84		\$14,873,834.22		\$44,293,729.06
PRIT Core Real Estate			\$5,706,148.10			\$5,706,148.10
PRIT Vintage Fund 2006				\$1,391,981.34		\$1,391,981.34
PRIT Vintage Fund 2008				\$677,994.41		\$677,994.41
PRIT Vintage Fund 2013				\$48,076.93		\$48,076.93
MMDT #44-002079					\$801,530.43	\$801,530.43
TOTAL	\$37,846,726.50	\$63,347,576.90	\$5,706,148.10	\$17,734,681.01	\$1,313,630.76	\$125,948,763.27
GRAND TOTAL	\$37,846,726.50	\$69,104,064.47	\$5,706,148.10	\$17,949,284.86	\$4,106,657.13	\$134,712,881.06
PERCENT OF TOTAL	28.09%	51.30%	4.24%	13.32%	3.05%	100.00%
Retirement-system ONLY	30.05%	50.30%	4.53%	14.08%	1.04%	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 May 2004
(including Town's Pension Reserve Account)**



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

	Long Term										Since Inception
	NAV \$(M)	Target Allocation %	Actual Allocation %	Month	FY '14	Calendar YTD	1 Year	3 Year	5 Year	10 Year	
GLOBAL EQUITY	25,776,103	43.0%	43.2%	2.27	20.56	4.03	17.09	9.78	15.06	7.87	5.91
CORE FIXED INCOME	8,492,275	13.0%	14.2%	1.80	5.64	5.23	3.32	4.36	6.21	5.06	7.76
VALUE-ADDED FIXED INCOME	5,041,309	10.0%	8.4%	1.37	8.26	4.89	7.38	7.30	13.67	9.53	9.68
PRIVATE EQUITY	6,591,371	10.0%	11.0%	-0.43	21.75	9.06	27.09	18.02	17.41	17.74	14.43
REAL ESTATE	5,292,895	10.0%	8.9%	1.16	11.39	5.58	13.64	11.72	10.38	10.41	6.18
TIMBER/NATURAL RESOURCES	2,327,691	4.0%	3.9%	0.26	11.38	3.90	10.28	2.88	4.00	7.92	8.80
HEDGE FUNDS (NET OF FEES)	5,788,332	10.0%	9.7%	1.19	9.38	3.19	8.39	6.10	7.04		5.09
PORTABLE ALPHA WIND DOWN (NET OF FEES)	49,386	0.0%	0.1%	0.79	-6.35	-2.45	-8.17	-4.22	2.46		-5.95
OVERLAY	360,771	0.0%	0.6%	1.93		4.15					8.50
TOTAL CORE	59,720,133	100%	100%	1.55	15.43	4.87	14.10	9.12	12.31	7.94	9.73
<i>INTERIM BENCHMARK (excludes private equity benchmark)¹</i>				<i>1.45</i>	<i>14.50</i>	<i>4.71</i>	<i>12.84</i>	<i>8.38</i>	<i>11.09</i>	<i>7.78</i>	<i>10.30</i>
<i>TOTAL CORE BENCHMARK (includes private equity benchmark)²</i>				<i>1.57</i>	<i>13.14</i>	<i>4.15</i>	<i>11.08</i>	<i>7.39</i>	<i>10.13</i>	<i>7.51</i>	<i>10.21</i>
PARTICIPANTS CASH	17,729			0.01	0.10	0.04	0.11	0.14	0.20	1.76	4.17
TEACHERS' AND EMPLOYEES' CASH	21,031			0.01	0.10	0.04	0.11	0.14	0.20	1.52	2.95
TOTAL FUND	59,758,893			1.54	15.37	4.85	14.05	9.09	12.27	7.92	9.78
POLICY RETURN⁸⁶				1.70	14.29	4.44	12.55	8.78	12.10	8.22	9.89

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

	Market Value	One Month	Three Months	Year to Date	One Year	Annualized					Inception Date
						Three Years	Five Years	Ten Years	Since Inception		
Town of Concord Retirement System Investment Account - QU2V											
Total Assets	\$ 24,284,356	2.10 %	2.11 %	3.73 %	20.02 %	12.26 %	15.95 %	7.84 %	9.71 %		07/01/1986
Custom Benchmark 1	--	2.10	3.14	4.55	20.07	12.76	16.60	7.74	9.19		--
Custom Benchmark 2	--	2.04	3.20	4.69	20.15	12.60	16.52	7.85	9.35		--
Total Equity	24,284,356	2.10	2.11	3.73	20.02	12.26	15.95	7.97	10.17		07/01/1986
RTC Equity I Fund											
Russell 1000 Index	17,246,945	2.23	2.32	3.85	19.89	14.25	17.64	8.10	10.48		07/01/1986
S&P 500 Index	--	2.30	3.43	4.88	20.90	15.08	18.77	8.14	10.11		--
RTC International Fund	7,037,411	1.78	1.59	3.43	20.31	7.59	11.93	7.58	7.05		03/01/1996
Russell Dev ex-US LC Idx Net (Linked)	--	1.44	2.65	4.22	18.30	6.79	11.16	6.93	5.30		--
MSCI EAFE Index Net Dividend	--	1.62	2.44	3.78	18.04	7.30	11.43	7.06	5.36		--

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.

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.



ColumbiaManagement

Account Name
As of

Concord Retirement Trust Equity
May 31, 2014

Inception Date
March 31, 1993

	Market Value	May return	QTD return	YTD return	1-Year return	3-Year return	5-Year return	ITD return
Cash & Equivalents	100,813	0.01	0.01	0.03	0.08	0.10	0.12	3.08
Equity	20,423,074	1.93	2.80	6.15	22.15	16.45	19.16	9.56
Total Account	20,523,888	1.96	2.84	6.31	22.11	16.51	19.07	9.59
Russell 1000 Value		1.46	2.43	5.52	19.60	15.12	18.44	9.80
S&P 500		2.35	3.10	4.97	20.45	15.15	18.40	9.21

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 May 31, 2014

	Market Value	May return	QTD return	YTD return	1-Year return	3-Year return	5-Year return	ITD return
Cash & Equivalents	929,150	0.01	0.01	0.03	0.08	0.10	0.12	---
Fixed Income	27,289,862	1.26	2.19	4.61	3.05	4.68	6.90	5.92
Total Account	28,219,012	1.23	2.14	4.53	3.02	4.55	6.68	6.14
Barclays Gov/Credit Bond Index		1.13	1.96	3.98	2.44	3.93	5.28	7.08

NOTE: All values are gross of fees, unless otherwise stated.
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