

**Town of Concord  
Finance Department  
Memorandum**

**TO:** Retirement Board  
**FROM:** Anthony T. Logalbo, Finance Director  
**SUBJ:** Asset allocation and market value @ June 30, 2015  
**DATE:** July 22, 2015

**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 decreased **1.54% from the prior month-end.**

At June 30<sup>th</sup>, combined assets totaled \$142.22 million (\$132.75 million in the Retirement System and \$9.47million in the Town's Pension Reserve account). The market value of combined assets decreased in May by \$2,223,000.

**Compared to one year earlier**, the market value of combined assets is **up 4.07%**. For the three-year period ending June 30, 2015, market value has increased at an average annual rate of 12.37%.

The one-year statistic is below the actuarially assumed earnings rate of 7.50%. The three-year statistic has been above the actuarially assumed earnings rate for 45 consecutive months.

Since January 1, 2015, asset growth has been a negative 0.14%. Over the past 10-month period, asset growth has been just 0.49%.

**Concord Retirement System performance**

**Asset Value at June 30, 2015: \$ 132,748,691**

***For the most recent 12-month period:***

For the one-year period ended June 30, 2015, asset value of the Concord Retirement Fund has **increased 3.92%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **3.87%** 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*	(1.53)%	<b>3.92%</b>
State PRIT Core Fund	(0.88)%	<b>3.87%</b>

\* The asset value increase of 3.92% for the 12-month period ending June 30<sup>th</sup> 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, 2015 are:

		<u>One month</u>	<u>One year</u>
S&P 500	<i>Domestic equity</i>	minus (1.94)%	plus 7.42 %
Barclays Govt.	<i>Fixed income</i>	minus (1.23)%	plus 1.69 %

41.86% of the Concord portfolio is invested with PRIT (35.50% in the Core Fund, 4.87% in the Core Real Estate Fund and 1.49% 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, 2015, the PRIT Core Fund was allocated as follows:

	<b>PRIT CORE FUND</b>	
	<u>Share of portfolio asset value</u>	
	<u>this month</u>	<u>Change from year earlier</u>
Fixed Income	21.96%	- 0.39%
Equity	43.59%	- 0.42%
Other	34.45%	+ 0.81%

Concord Retirement Board assets were allocated as of June 30<sup>th</sup> as follows:

Fixed Income	28.66%
Equity	51.67%
Real Estate	4.87%
Other	13.72% (alternative investments and PRIT Vintage Funds)
Cash	1.09%

The total allocation to “Equity, Real Estate and Other” at June 30, 2015 is 70.25%, 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:

	<u>Target</u>	<u>June 30, 2015</u>
Fixed income and cash	35.0%	29.75%
Real Estate	5.0%	4.87%
Equity and Other	60.0%	65.39%

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

**\$132.75 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	13.79%	(1.81)%	7.79 %	<b>Russell 1000:</b> (1.88)%	7.37 %
FRT International	<u>5.68%</u>	<u>(2.62)%</u>	<u>(2.91)%</u>	S&P 500:	(1.94)% 7.42 %
Total account, FRT	19.47%	0.97 %	8.67 %	<b>EAFE/MSCI:</b>	(2.83)% (4.42)%
PRIT Core General	35.50%	(0.88)%	3.87 %		
PRIT Core Real Estate*	4.87%	1.59 %	11.30 %		
PRIT Vintage 2006*	0.84%	4.92 %	11.51 %		
PRIT Vintage 2008*	0.51%	6.42 %	16.66 %		
PRIT Vintage 2013*	0.13%	2.76 %	(5.33)%		
Columbia equity	16.84%	(2.35)%	6.12 %	<b>Russell 1000 Value:</b>	(2.00)% 4.13 %
Columbia - fixed income	21.65%	(0.27)%	3.11 %	<b>Barclays Gov't:</b>	(1.23)% 1.69 %
Cash - MMDT	0.19%	0.22 %			

\* PRIT real estate and vintage fund returns are net of fees

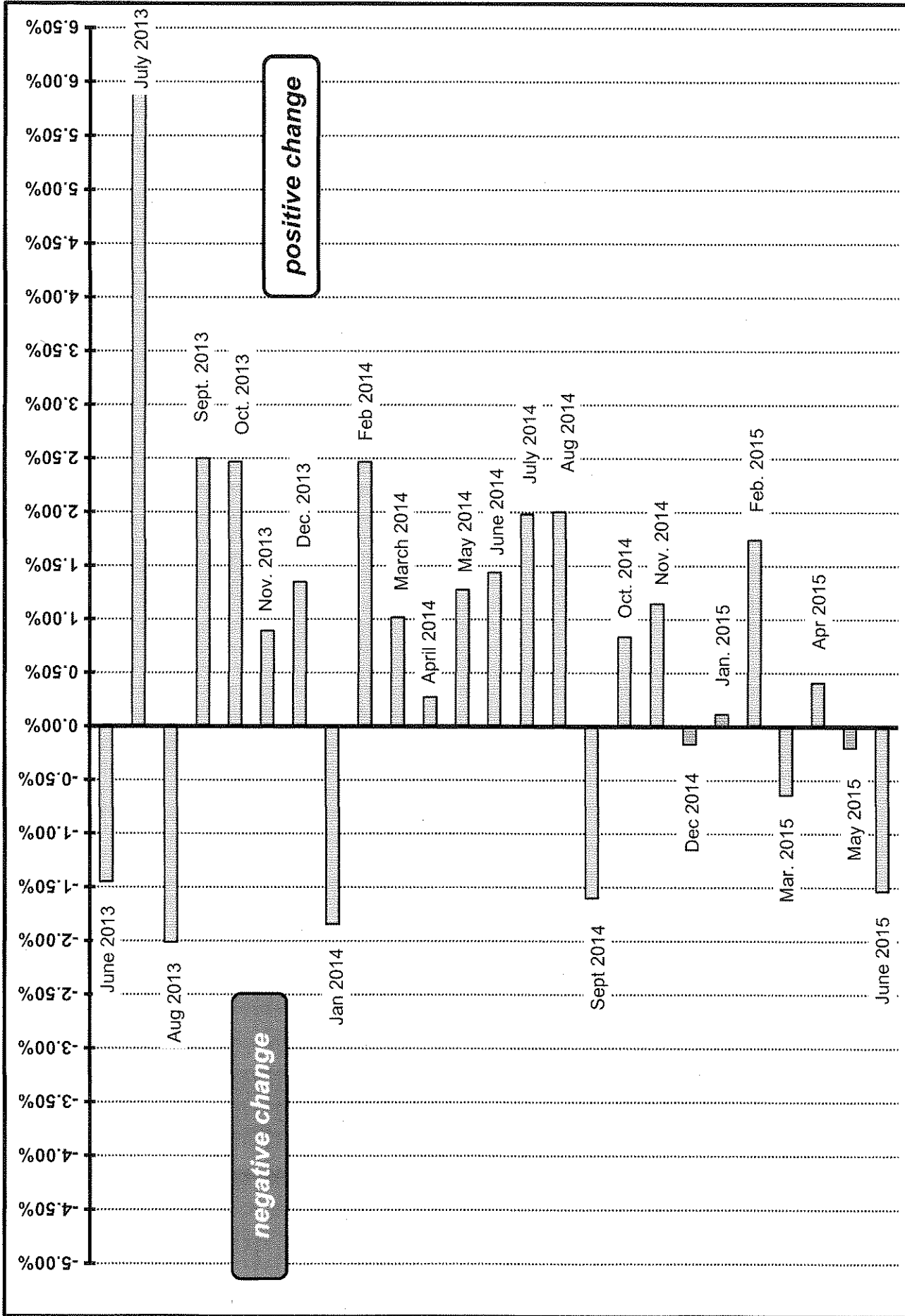
CONCORD RETIREMENT SYSTEM  
ASSET ALLOCATION REPORT

MARKET VALUE AT: 6/30/2015

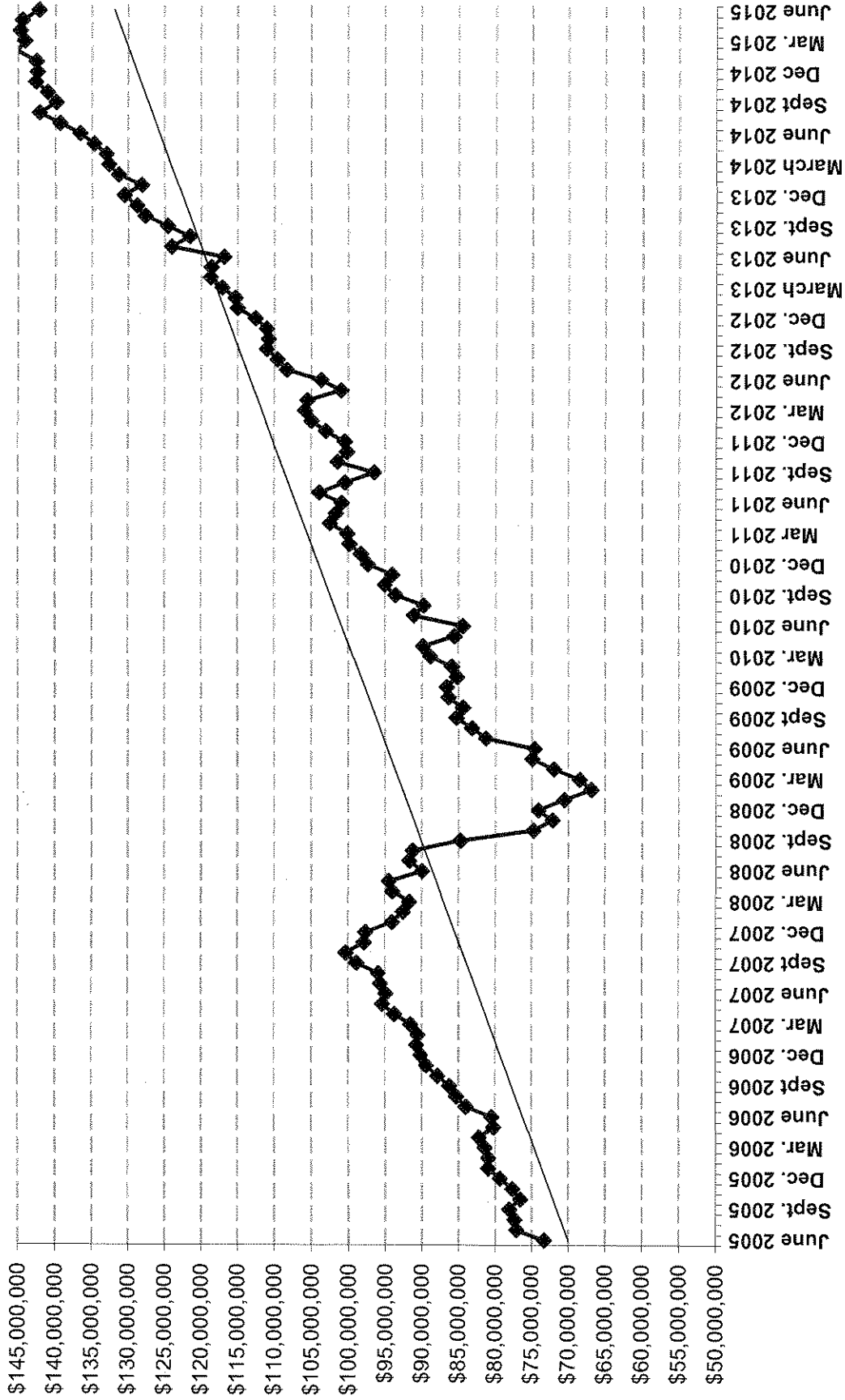
	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL	
<b>PENSION RESERVE</b>							
Columbia 80-16-200-8549595		\$6,491,918.51			\$44,647.84	\$6,536,566.35	
MMDT #44-001501					\$2,935,330.98	\$2,935,330.98	
<b>TOTAL</b>	\$0.00	\$6,491,918.51	\$0.00	\$0.00	\$2,979,978.82	\$9,471,897.33	
<b>RETIREMENT SYSTEM</b>							
Fixed Income 80-16-200-8553057	\$27,690,633.25					\$28,735,422.45	21.65%
Columbia 80-16-200-8549574		\$22,196,425.35			\$1,044,789.20	\$22,349,152.74	16.84%
Equity I (FRT)		\$18,310,165.06			\$152,727.39	\$18,310,165.06	13.79%
International Fund		\$7,539,518.11				\$7,539,518.11	5.68%
PRIT Core General	\$10,349,023.55			\$16,235,148.51		\$47,126,701.04	35.50%
PRIT Real Estate (segmented)			\$6,464,571.64			\$6,464,571.64	4.87%
PRIT Vintage Fund 2006				\$1,120,411.33		\$1,120,411.33	0.84%
PRIT Vintage Fund 2008				\$681,867.60		\$681,867.60	0.51%
PRIT Vintage Fund 2013				\$170,840.28		\$170,840.28	0.13%
MMDT #44-002079					\$250,040.96	\$250,040.96	41.86%
<b>TOTAL</b>	\$38,039,656.80	\$68,588,637.50	\$6,464,571.64	\$18,208,267.72	\$1,447,557.55	\$132,748,691.21	100.00%
<b>GRAND TOTAL</b>	<b>\$38,039,656.80</b>	<b>\$75,080,556.01</b>	<b>\$6,464,571.64</b>	<b>\$18,208,267.72</b>	<b>\$4,427,536.37</b>	<b>\$142,220,588.54</b>	
<b>PERCENT OF TOTAL</b>	<b>26.75%</b>	<b>52.79%</b>	<b>4.55%</b>	<b>12.80%</b>	<b>3.11%</b>	<b>100.00%</b>	
<b>Retirement system ONLY</b>	<b>28.66%</b>	<b>51.67%</b>	<b>4.87%</b>	<b>13.72%</b>	<b>1.09%</b>	<b>100.00%</b>	

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

25-month Asset Change  
Concord Retirement System



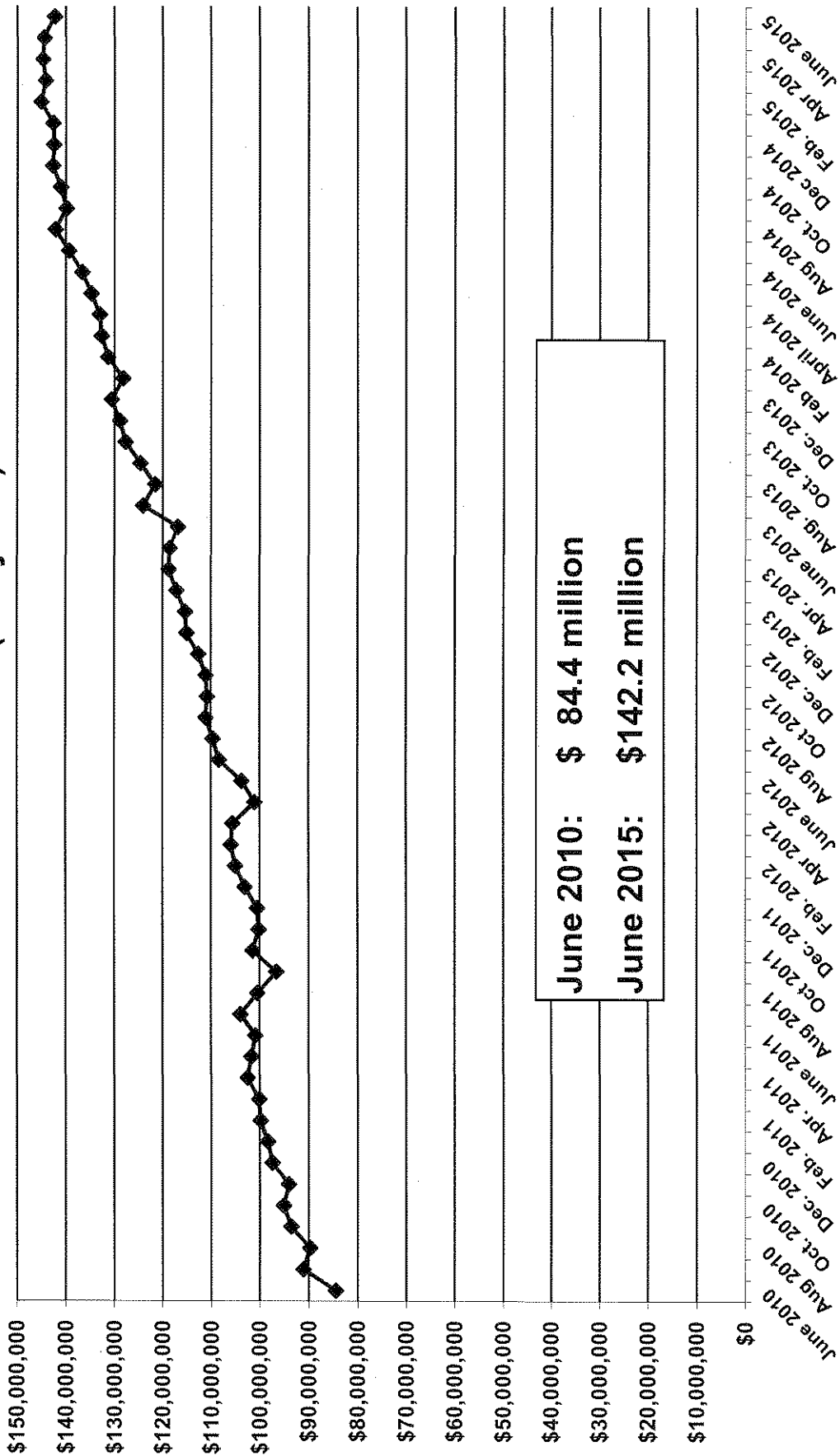
## Concord Retirement Fund Assets, 10 years from June 2005 (including Town's Pension Reserve Account)



# Retirement Fund Assets

(including Town Pension Reserve Fund)

## June 2010 to June 2015 (five years)



**Performance Report**  
**Town of Concord Retirement System**  
 As of June 30, 2015

	Market Value	One Month	Three Months	Year to Date	Annualized					Inception Date
					One Year	Three Years	Five Years	Ten Years	Since Inception	
Town of Concord Retirement System Investment Account - QJ2V										
<b>Total Assets:</b>	\$ 25,849,683	-2.05 %	0.66 %	3.18 %	4.60 %	16.27 %	15.16 %	7.19 %	9.57 %	07/01/1986
Custom Benchmark <sup>1</sup>	--	-2.16	0.28	2.87	3.83	16.04	15.18	7.15	9.04	--
Custom Benchmark <sup>2</sup>	--	-2.17	0.26	2.56	3.55	15.93	15.06	7.24	9.20	--
<b>Total Equity</b>	<b>25,849,683</b>	<b>-2.05</b>	<b>0.66</b>	<b>3.18</b>	<b>4.60</b>	<b>16.27</b>	<b>15.16</b>	<b>7.28</b>	<b>10.01</b>	<b>07/01/1986</b>
<b>RTC Equity I Fund</b>	<b>18,310,165</b>	<b>-1.81</b>	<b>0.49</b>	<b>1.79</b>	<b>7.79</b>	<b>17.48</b>	<b>17.14</b>	<b>7.88</b>	<b>10.43</b>	<b>07/01/1986</b>
Russell 1000 Index	--	-1.88	0.11	1.71	7.37	17.73	17.58	8.13	10.07	--
S&P 500 Index	--	-1.94	0.28	1.23	7.42	17.31	17.34	7.89	10.02	--
<b>RTC International Fund</b>	<b>7,539,518</b>	<b>-2.62</b>	<b>1.08</b>	<b>6.71</b>	<b>-2.91</b>	<b>13.30</b>	<b>10.46</b>	<b>5.74</b>	<b>6.55</b>	<b>03/01/1996</b>
Russell Dev ex-US LC Idx Net (Linked) <sup>3</sup>	--	-2.86	0.54	4.48	-5.07	11.63	9.17	4.94	4.78	--
MSCI EAFE Index Net Dividend	--	-2.83	0.62	5.52	-4.22	11.97	9.54	5.12	4.88	--

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	-2.35	-0.77	-0.90	6.12	19.36	18.18	9.53	03/31/1993
<u>Index</u>								
Russell 1000 Value Index	-2.00	0.11	-0.61	4.13	17.36	16.50	9.64	03/31/1993
S&P 500 Index	-1.94	0.28	1.23	7.42	17.32	17.34	9.20	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.

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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	-1.25	-2.12	-0.22	1.75	2.41	4.19	5.97	09/30/1987
<u>Index</u>								
Barclays Aggregate Bond Index	-1.09	-1.68	-0.10	1.86	1.83	3.35	6.86	09/30/1987
Barclays Gov/Credit Bond Index	-1.23	-2.10	-0.30	1.69	1.77	3.52	6.86	09/30/1987
Barclays Int Gov/Credit Bond Idx	-0.60	-0.62	0.82	1.68	1.60	2.79	6.27	09/30/1987

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PENSION RESERVES INVESTMENT TRUST  
SUMMARY OF PLAN PERFORMANCE  
RATES OF RETURN (GROSS OF FEES)  
Periods Ending June 30, 2015

	NAV \$(M)	Target Allocation %	Actual Allocation %	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
GLOBAL EQUITY	26,097,951	42.8%	42.7%	-2.13	0.77	3.61	0.88	13.70	12.68	6.72	5.67
CORE FIXED INCOME	8,377,734	13.0%	13.7%	-3.61	-7.85	-4.29	4.68	3.34	4.70	4.74	7.64
VALUE-ADDED FIXED INCOME	5,053,195	10.0%	8.3%	-0.47	0.75	0.76	-2.60	4.85	7.00	7.68	8.82
PRIVATE EQUITY	6,935,726	10.0%	11.3%	5.49	5.79	9.29	15.57	18.67	18.39	16.89	14.58
REAL ESTATE	6,093,142	10.0%	10.0%	1.76	1.80	5.20	11.99	12.78	13.76	8.59	6.42
TIMBER/NATURAL RESOURCES	2,347,050	4.0%	3.8%	0.09	0.54	-1.09	-1.35	6.18	5.78	6.41	8.11
HEDGE FUNDS (NET OF FEES)	5,575,153	10.0%	9.1%	-1.45	-0.52	2.58	3.68	8.83	6.39	4.88	5.04
PORTFOLIO COMPLETION STRATEGIES	94,882	0.2%	0.2%	-2.40	-8.83	-5.09					-5.09
PORTABLE ALPHA WIND DOWN (NET OF FEES)	32,057	0.0%	0.1%	-3.08	-4.34	-5.37	-4.28	-2.63	-1.88		-5.64
OVERLAY	567,427	0.0%	0.9%	-1.86	-1.56	0.68	2.09				6.59
<b>TOTAL CORE</b>	<b>61,174,316</b>	<b>100%</b>	<b>100%</b>	<b>-0.88</b>	<b>-0.07</b>	<b>2.61</b>	<b>3.87</b>	<b>11.25</b>	<b>10.99</b>	<b>7.00</b>	<b>9.57</b>
<i>INTERIM BENCHMARK (target allocation without private equity benchmarks)<sup>1</sup></i>				<i>-0.92</i>	<i>-0.04</i>	<i>2.94</i>	<i>3.22</i>	<i>10.35</i>	<i>10.30</i>	<i>6.88</i>	<i>10.10</i>
<i>TOTAL CORE BENCHMARK (target allocation with private equity benchmark)<sup>2</sup></i>				<i>-1.37</i>	<i>-0.34</i>	<i>2.57</i>	<i>2.74</i>	<i>9.40</i>	<i>9.31</i>	<i>6.53</i>	<i>9.98</i>
PARTICIPANTS CASH	21,175			0.01	0.04	0.07	0.14	0.14	0.16	1.55	4.02
TEACHERS' AND EMPLOYEES' CASH	48,253			0.01	0.04	0.07	0.13	0.14	0.16	1.29	2.79
<b>TOTAL FUND</b>	<b>61,243,745</b>			<b>-0.88</b>	<b>-0.07</b>	<b>2.61</b>	<b>3.86</b>	<b>11.21</b>	<b>10.95</b>	<b>6.98</b>	<b>9.62</b>

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