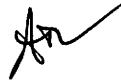


**Town of Concord
Finance Department
Memorandum**

TO: Retirement Board

FROM: Anthony T. Logalbo, Finance Director 

SUBJ: Asset allocation and market value @ July 31, 2014

DATE: Sept. 11, 2014

Combined Assets: Retirement System and Town Pension Reserve Fund

For the month of July, the combined market value of system assets and the Town's Pension Reserve Fund **increased 1.98% from the prior month-end**. However, this includes the payment of the FY15 employer assessments totaling \$4,051,945. Investment results show a decrease in assets of \$1,344,000 for the month, or a 0.98% drop.

At July 31st, combined assets totaled \$139.36 million (\$130.33 million in the Retirement System and \$9.03 million in the Town's Pension Reserve account). The market value of combined assets **increased** in July by **\$2,708,000** inclusive of the employer payments.

Compared to one year earlier, the market value of combined assets is **up 12.32%**. For the three-year period ending July 31, 2014, market value has increased at an average annual rate of 11.36%. For the calendar year to date (seven months), assets are up 6.74%.

Concord Retirement System performance

Asset Value at July 31, 2014: \$ 130,332,026

For the most recent 12-month period:

For the one-year period ended July 31, asset value of the Concord Retirement Fund has **increased 13.18%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **13.94%** 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*	(0.98)%	13.18%
State PRIT Core Fund	(0.78)%	13.94%

* The asset value increase of 13.18% for the 12-month period ending July 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 one-month Concord number is without the employer assessment payments, again for a more useful comparison to the PRIT one-month performance.

The **market indexes** for the period ending July 31, 2014 are:

		<u>One month</u>	<u>One year</u>
S&P 500	<i>Domestic equity</i>	minus 1.38 %	plus 16.94 %
Barclays Govt.	<i>Fixed income</i>	minus 0.11 %	plus 3.93 %

40.49% of the Concord portfolio is invested with PRIT (34.36% in the Core Fund, 4.47% in the Core Real Estate Fund and 1.66% 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 July 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	22.75%	+ 0.40%	+ 1.71%
Equity	43.36%	- 0.65%	- 2.99%
Other	33.89%	+ 0.25%	+ 1.28%

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

Fixed Income	28.18%
Equity	48.75%
Real Estate	4.47%
Other	13.88% (alternative investments and PRIT Vintage Funds)
Cash	4.72%

The total allocation to "Equity, Real Estate and Other" at July 31, 2014 is 67.10%, 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>July 31, 2014</u>
Fixed income and cash	40.0%	35.0%	32.90%
Real Estate	2.5%	5.0%	4.47%
Equity and Other	57.5%	60.0%	62.63%

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

\$130.33 million Retirement Board assets only:

	<u>% of portfolio</u>	<u>Month of</u>		<u>Market INDEX</u>	
		<u>July</u>	<u>12 months</u>	<u>July</u>	<u>12 months</u>
FRT Equity I Fund	13.28%	(1.59)%	15.87 %	Russell 1000: (1.62)%	17.06 %
FRT International	<u>5.31%</u>	<u>(2.91)%</u>	<u>14.69 %</u>	S&P 500: (1.38)%	16.94 %
Total account, FRT	18.59%	(1.97)%	15.53 %	EAFE/MSCI: (1.97)%	15.07 %
PRIT Core General	34.36%	(0.78)%	13.94 %		
PRIT Core Real Estate	4.47%	0.40 %	12.51 %		
PRIT Vintage 2006	1.08%	(0.30)%	22.56 %		
PRIT Vintage 2008	0.53%	(0.56)%	29.71 %		
PRIT Vintage 2013	0.04%	(2.84)%	(11.15)%		
Columbia equity	15.94%	(1.32)%	17.86%	Russell 1000 Value: (1.70)%	15.47 %
Columbia - fixed income	21.66%	(0.04)%	4.87%	Barclays Gov't: (0.11)%	3.93 %
Cash - MMDT	3.32%	0.19 %			

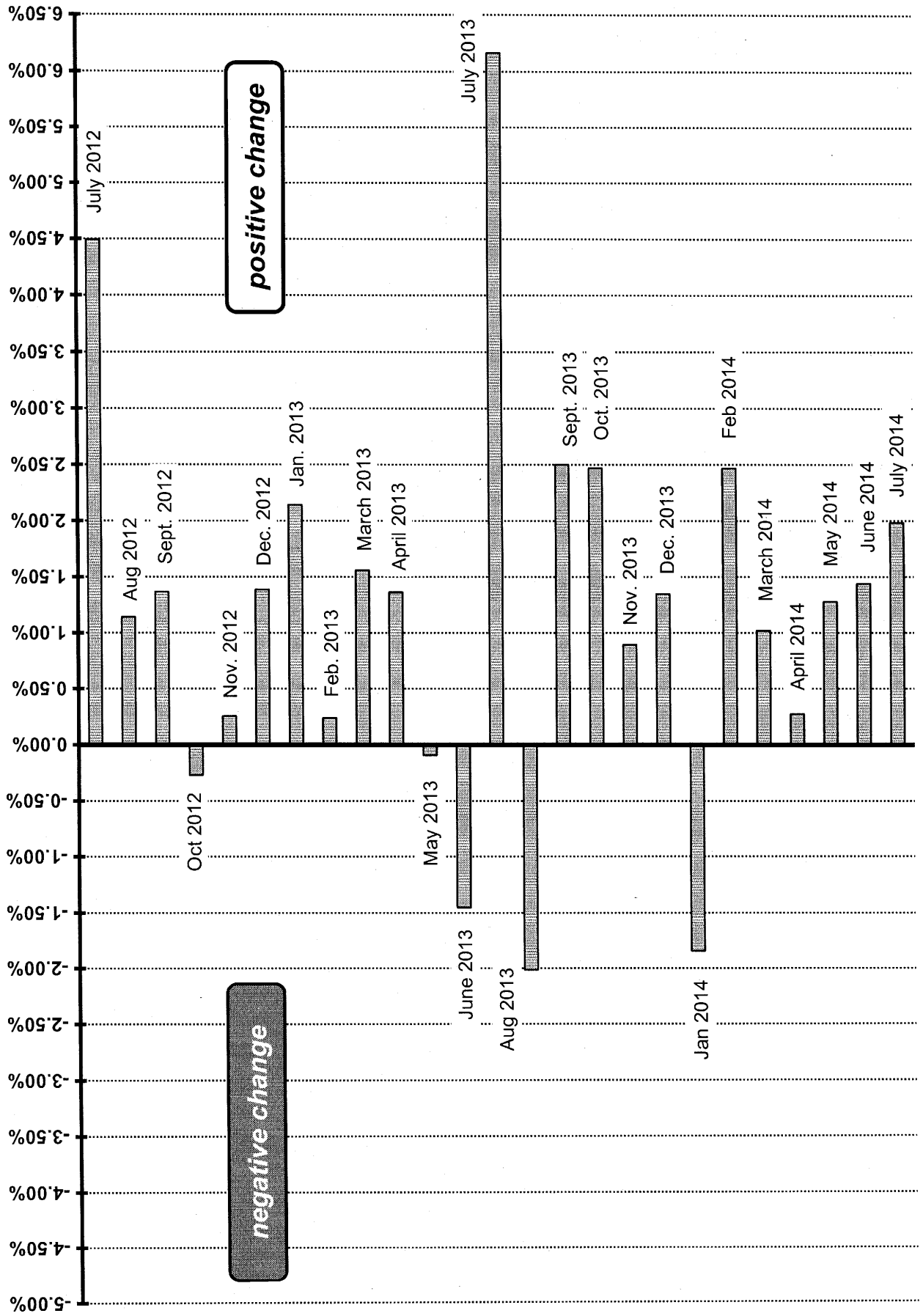
**CONCORD RETIREMENT SYSTEM
ASSET ALLOCATION REPORT**

MARKET VALUE AT: 7/31/2014

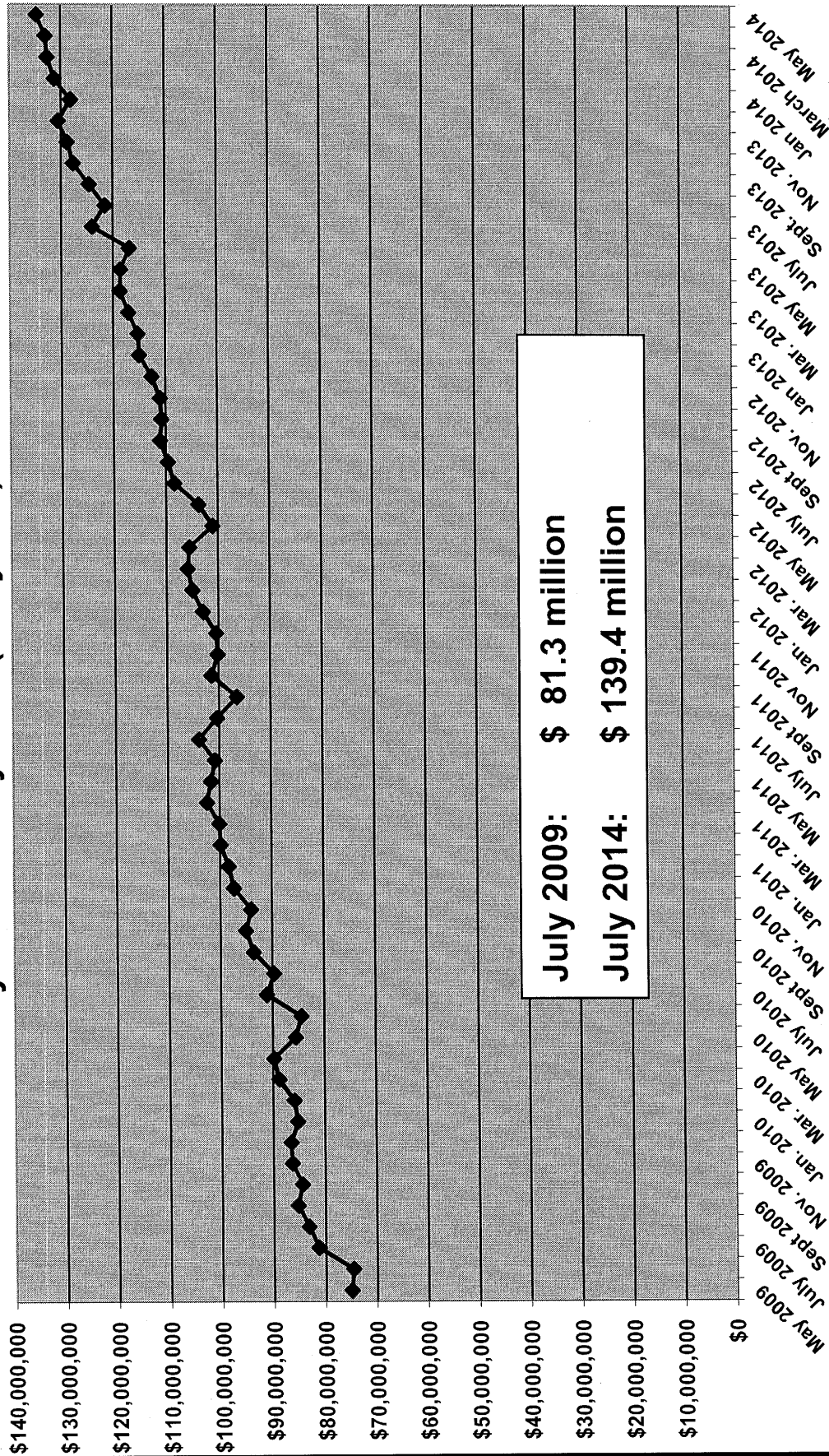
	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL
PENSION RESERVE						
Columbia 80-16-200-8549595		\$5,816,870.93		\$217,392.05	\$44,290.63	\$6,078,553.61
MMDT #44-001501					\$2,949,881.33	\$2,949,881.33
TOTAL	\$0.00	\$5,816,870.93	\$0.00	\$217,392.05	\$2,994,171.96	\$9,028,434.94
RETIREMENT SYSTEM						
Fixed Income 80-16-200-8553057	\$26,536,880.33				\$1,687,155.46	\$28,224,035.79
Columbia 80-16-200-8549574		\$19,895,773.38		\$742,138.80	\$143,199.34	\$20,781,111.52
Equity I (FRT)		\$17,306,710.37				\$17,306,710.37
International Fund		\$6,917,894.57				\$6,917,894.57
PRIT Core General	\$10,188,290.36	\$19,418,209.68		\$15,177,193.87		\$44,783,693.91
PRIT Core Real Estate			\$5,831,248.39			\$5,831,248.39
PRIT Vintage Fund 2006				\$1,412,849.39		\$1,412,849.39
PRIT Vintage Fund 2008				\$695,028.18		\$695,028.18
PRIT Vintage Fund 2013				\$57,858.37		\$57,858.37
MMDT #44-002079					\$4,321,595.83	\$4,321,595.83
TOTAL	\$36,725,170.69	\$63,538,588.00	\$5,831,248.39	\$18,085,068.61	\$6,151,950.63	\$130,332,026.32
GRAND TOTAL	\$36,725,170.69	\$69,355,458.93	\$5,831,248.39	\$18,302,460.66	\$9,146,122.59	\$139,360,461.26
PERCENT OF TOTAL	26.35%	49.77%	4.18%	13.13%	6.56%	100.00%
Retirement system ONLY	28.18%	48.75%	4.47%	13.88%	4.72%	100.00%

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

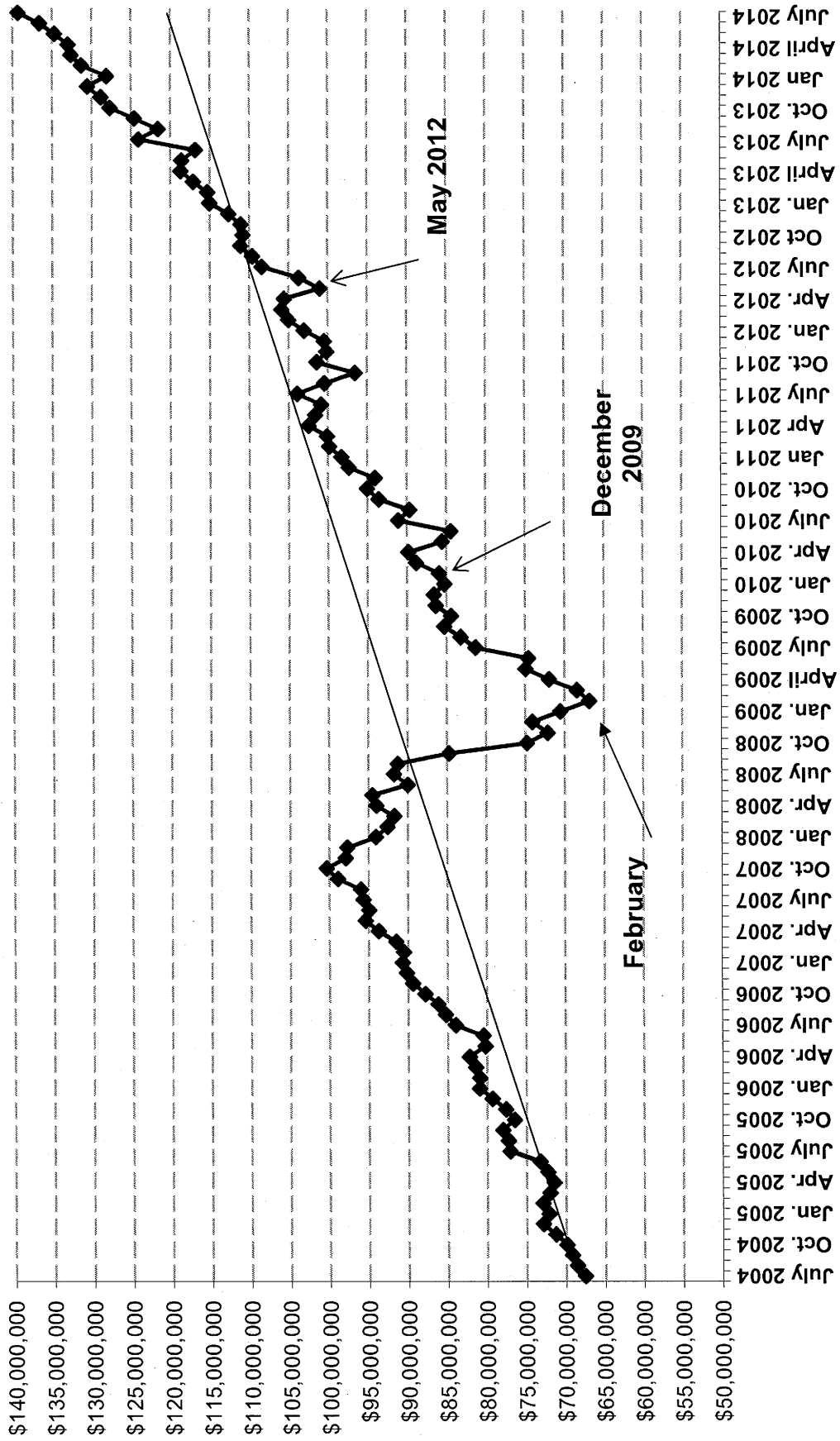
25-month Asset Change
Concord Retirement System



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



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



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

	Long Term										Since Inception
	NAV \$ (M)	Target Allocation %	Actual Allocation %	Month	FY '15	Calendar YTD	1 Year	3 Year	5 Year	10 Year	
GLOBAL EQUITY	25,738,590	43.0%	42.8%	-1.47	-1.47	4.64	15.85	11.11	13.26	8.10	5.88
CORE FIXED INCOME	8,487,769	13.0%	14.1%	0.35	0.35	5.73	5.84	4.00	5.65	4.96	7.73
VALUE-ADDED FIXED INCOME	5,189,758	10.0%	8.6%	-0.59	-0.59	5.93	8.69	6.66	12.94	9.30	9.64
PRIVATE EQUITY	6,626,703	10.0%	11.0%	-0.63	-0.63	12.82	25.76	17.14	18.74	17.83	14.48
REAL ESTATE	5,456,439	10.0%	9.1%	0.40	0.40	8.04	13.12	12.05	11.42	10.28	6.22
TIMBER/NATURAL RESOURCES	2,409,060	4.0%	4.0%	-1.06	-1.06	4.69	11.08	3.22	4.11	7.71	8.75
HEDGE FUNDS (NET OF FEES)	5,830,525	10.0%	9.7%	-0.52	-0.52	3.97	9.20	6.77	6.65	5.14	5.08
PORTABLE ALPHA WIND DOWN (NET OF FEES)	49,596	0.0%	0.1%	-0.18	-0.18	-2.04	-5.90	-3.99	0.90		-5.78
OVERLAY	322,984	0.0%	0.5%	-0.86	-0.86	4.22					8.57
TOTAL CORE	60,111,424	100%	100%	-0.78	-0.78	6.01	13.94	9.72	11.55	8.05	9.71
<i>INTERIM BENCHMARK (target allocation without private equity benchmark) ¹</i>				<i>-0.78</i>	<i>-0.78</i>	<i>5.86</i>	<i>13.09</i>	<i>9.04</i>	<i>10.45</i>	<i>7.89</i>	<i>10.28</i>
<i>TOTAL CORE BENCHMARK (actual allocation with private equity benchmark) ²</i>				<i>-0.64</i>	<i>-0.64</i>	<i>5.10</i>	<i>11.47</i>	<i>8.14</i>	<i>9.39</i>	<i>7.61</i>	<i>10.18</i>
PARTICIPANTS CASH	149,928			0.01	0.01	0.06	0.11	0.14	0.18	1.75	4.15
TEACHERS' AND EMPLOYEES' CASH	40,543			0.01	0.01	0.06	0.11	0.14	0.18	1.49	2.93
TOTAL FUND	60,301,895			-0.77	-0.77	5.99	13.90	9.68	11.50	8.03	9.77

Performance Report

Town of Concord Retirement System

As of July 31, 2014

Annualized

	Market Value	One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Ten Years	Since Inception	Inception Date
Town of Concord Retirement System Investment Account - QUZY										
Total Assets	\$ 24,224,605	-1.97 %	1.85 %	3.47 %	15.53 %	13.53 %	14.30 %	8.01 %	9.64 %	07/01/1986
Custom Benchmark ¹	--	-1.72	2.23	4.69	16.50	14.18	14.83	7.90	9.13	--
Custom Benchmark ²	--	-1.72	2.29	4.95	16.72	14.10	14.78	8.05	9.31	--
Total Equity	24,224,605	-1.97	1.85	3.47	15.53	13.53	14.30	8.15	10.10	07/01/1986
RTC Equity I Fund	17,306,710	-1.59	2.59	4.21	15.87	15.82	16.19	8.39	10.43	07/01/1986
Russell 1000 Index	--	-1.62	2.93	5.53	17.06	16.84	17.13	8.40	10.07	--
S&P 500 Index	--	-1.38	3.02	5.66	16.94	16.84	16.79	8.00	10.03	--
RTC International Fund	6,917,895	-2.91	0.05	1.67	14.69	8.18	9.81	7.49	6.89	03/01/1996
Russell Dev ex-US LC Idx Net (Linked) ³	--	-1.97	0.81	3.56	15.83	7.70	9.22	6.99	5.21	--
MSCI EAFE Index Net Dividend	--	-1.97	0.59	2.72	15.07	7.96	9.40	7.07	5.26	--

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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PERFORMANCE SUMMARY

Category	1 Month	3 Month	Year- to-Date	1 Year	3 Year	5 Year	Since Inception	Inception Date
Total Fund								
TOTAL	-1.32	3.24	7.64	17.86	18.45	18.14	9.59	03/31/1993
Index								
Russell 1000 Value Index	-1.70	2.34	6.43	15.47	17.56	16.97	9.78	03/31/1993
S&P 500 Index	-1.38	3.02	5.66	16.94	16.84	16.79	9.17	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
Total Fund								
TOTAL	-0.04	1.27	4.56	4.87	4.17	5.86	6.11	09/30/1987
Index								
Barclays Aggregate Bond Index	-0.25	0.94	3.66	3.97	3.04	4.47	7.01	09/30/1987
Barclays Gov/Credit Bond Index	-0.11	0.98	3.82	3.93	3.37	4.69	7.03	09/30/1987
Barclays Int Gov/Credit Bond Idx	-0.22	0.50	2.03	2.32	2.27	3.76	6.41	09/30/1987

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