


**Town of Concord
Finance Department
Memorandum**

TO: Retirement Board

FROM: Anthony T. Logalbo, Finance Director 

SUBJ: Asset allocation and market value @ July 31, 2013

DATE: August 23, 2013

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 6.17% from the prior month-end**. Net of the FY14 employer contribution paid in June from the Town of Concord, the Concord-Carlisle Regional school District and the Concord Housing Authority (\$3,943,818), the market value increase was 2.79%. This net value will be used for the month-to-month comparisons below.

At July 31st, combined assets totaled \$124.1 million (\$116.15 million in the Retirement System and \$7.93 million in the Town's Pension Reserve account). The market value of combined assets **increased** in July by **\$7,206,000** (\$3,944,000 from the employer contribution and \$3,262,000 from investments).

Compared to one year earlier, the market value of combined assets is **up 14.49%**. For the three-year period, market value has increased at an average annual rate of 12.07%.

Concord Retirement System performance

Asset Value at July 31, 2013: \$ 116,152,267

From March 1, 2009:

The Concord Retirement Fund asset value is **82.3% above** the nadir of \$63.72 million at the market bottom of February 2009. For this same time period, the PRIT Core Fund, at \$54.43 billion, is **59.6% above its market bottom of \$34.10 billion**.

For the most recent 12-month period:

For the one-year period ended July 31, asset value of the Concord Retirement Fund has **increased 13.99%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **14.31%** 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*	2.79 %	13.99%
State PRIT Core Fund	2.41 %	14.31%

* The asset value increase of 13.99% for the 12-month period ending July 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 July 31, 2013 are:

S&P 500	<i>Domestic equity</i>	<u>One month</u> plus 5.09%	<u>One year</u> plus 25.00%
Barclays Govt.	<i>Fixed income</i>	plus 0.23%	minus 2.00%

39.9% of the Concord portfolio is invested with PRIT (33.57% in the Core Fund, 4.46% in the Core Real Estate Fund and 1.89% 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, 2013, 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	21.04%	- 0.46%	- 0.41%
Equity	46.35%	+ 0.99%	+ 3.27%
Other	32.61%	- 0.45%	- 2.86%

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

Fixed Income	29.67%
Equity	48.37%
Real Estate	4.46%
Other	13.17% (alternative investments and PRIT Vintage Funds)
Cash	4.33%

The total allocation to "Equity, Real Estate and Other" at July 31, 2013 is 66.00%, 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, 2013</u>
Fixed income and cash	40.0%	35.0%	34.00%
Real Estate	2.5%	5.0%	4.46%
Equity and Other	57.5%	60.0%	61.54%

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

\$116.2 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	12.86%	5.44 %	27.04 %	Russell 1000:	5.35 % 26.23 %
FRT International	<u>5.19%</u>	<u>5.62 %</u>	<u>25.56 %</u>	S&P 500:	5.09 % 25.00 %
Total account, FRT	18.05%	5.49 %	26.61 %	EAFE/MSCI:	5.28 % 23.48 %
PRIT Core General	33.57%	2.41 %	14.31 %		
PRIT Core Real Estate	4.46%				
PRIT Vintage 2006	1.38%				
PRIT Vintage 2008	0.51%				
PRIT Vintage 2013	0.00%				
Columbia equity	15.18%	5.74 %	33.02 %	Russell 1000 Value:	5.40 % 30.73 %
Columbia - fixed income	23.67%	0.16 %	(1.23)%	Barclays Gov't:	0.23 % (2.00)%
Cash - MMDT	3.18%	0.00 %			

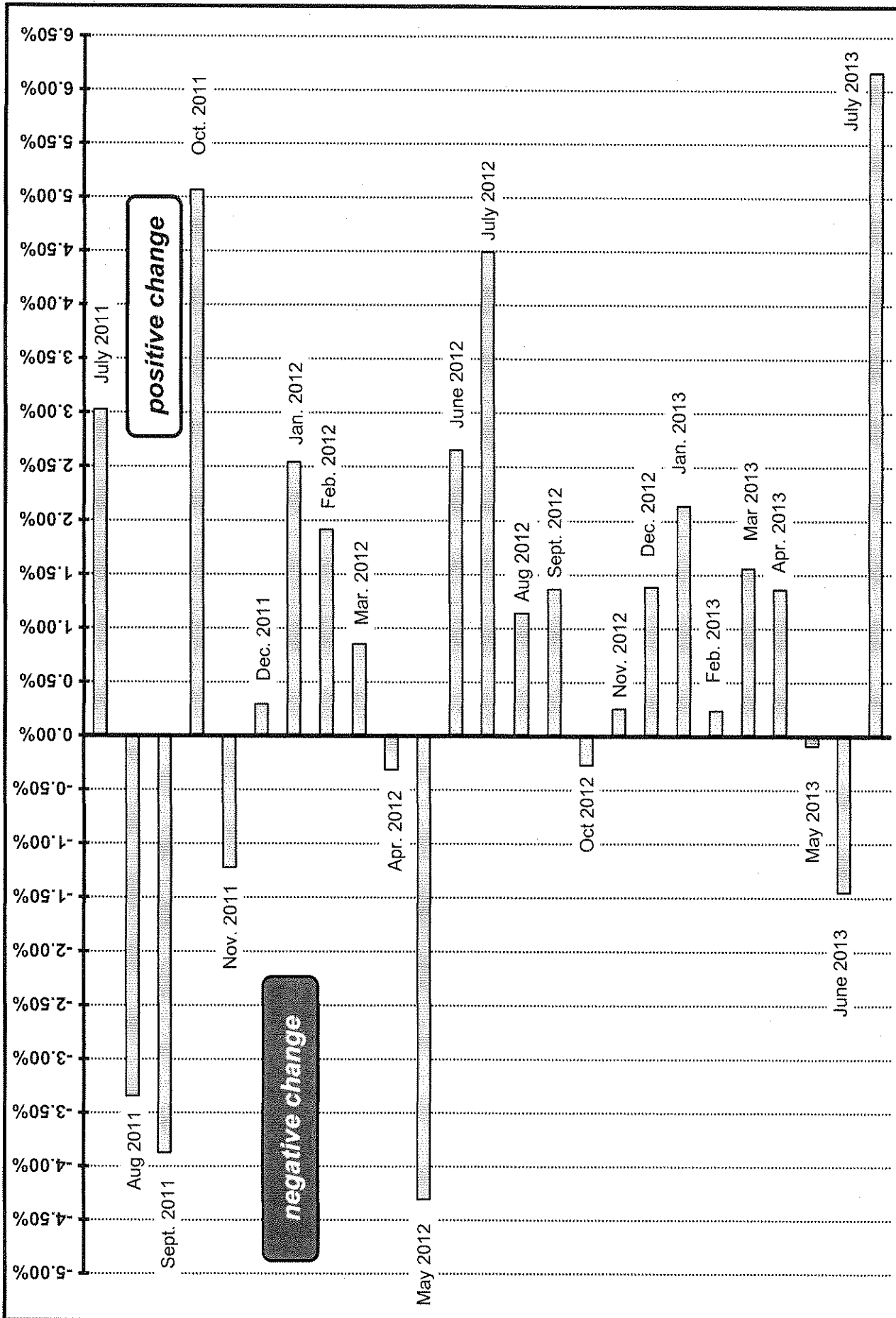
**CONCORD RETIREMENT SYSTEM
ASSET ALLOCATION REPORT**

MARKET VALUE AT: **7/31/2013**

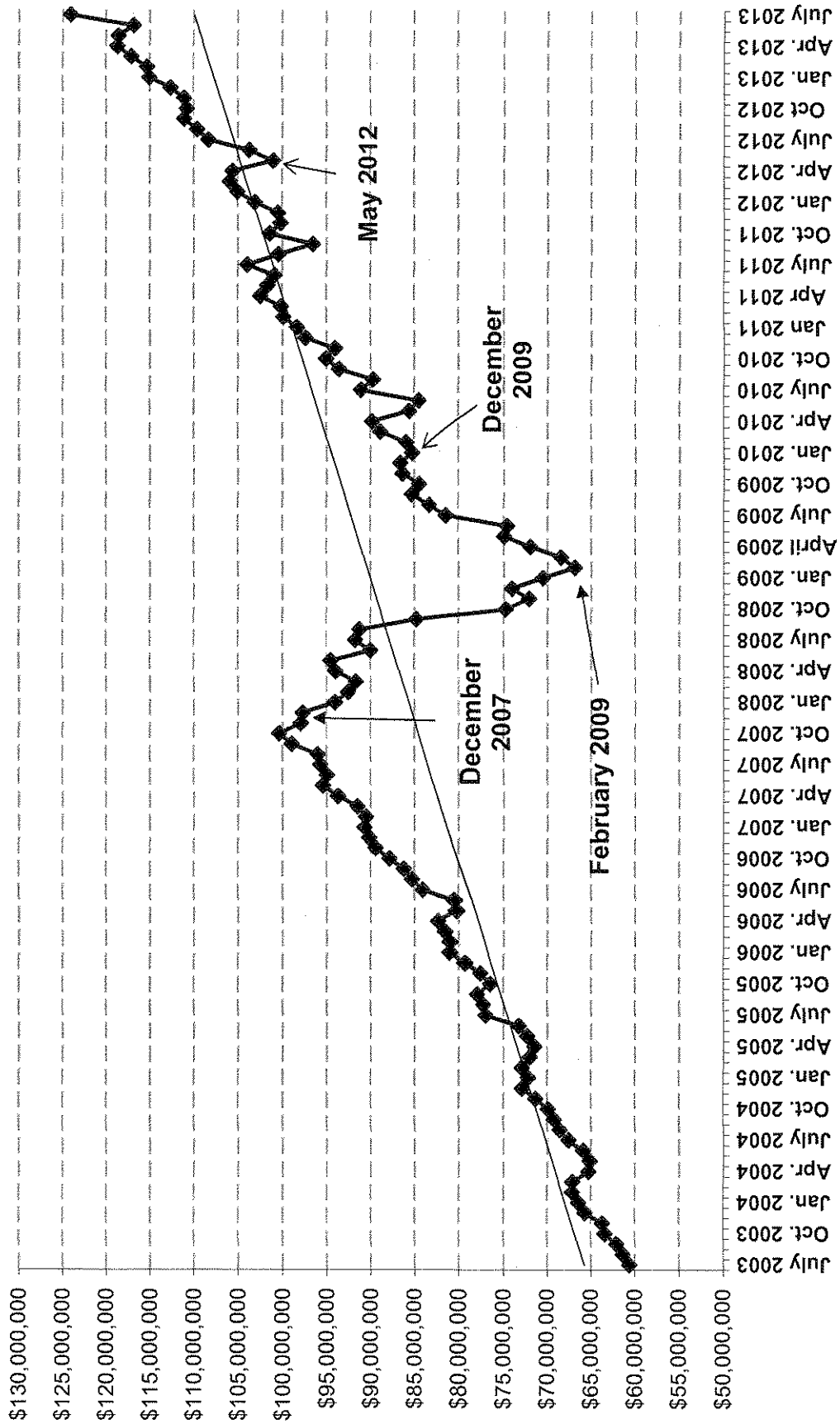
	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL	
PENSION RESERVE							
Columbia 80-16-200-8549595		\$5,026,548.16		\$105,589.90	\$29,563.05	\$5,161,701.11	
MMDT #44-001501					\$2,764,933.99	\$2,764,933.99	
TOTAL	\$0.00	\$5,026,548.16	\$0.00	\$105,589.90	\$2,794,497.04	\$7,926,635.10	
RETIREMENT SYSTEM							
Fixed Income 80-16-200-8553057	\$26,260,417.35						
Columbia 80-16-200-8549574		\$17,142,794.51		\$385,672.50	\$1,230,567.11	\$27,490,984.46	23.67%
Equity I (FRT)		\$14,936,778.32			\$105,590.40	\$17,634,057.41	15.18%
International Fund		\$6,032,066.61				\$14,936,778.32	12.86%
PRIT Core General	\$8,203,520.74	\$18,071,919.51		\$12,714,677.35		\$38,990,117.60	5.19%
PRIT Core Real Estate			\$5,182,846.11			\$5,182,846.11	33.57%
PRIT Vintage Fund 2006				\$1,603,066.91		\$1,603,066.91	4.46%
PRIT Vintage Fund 2008				\$590,965.09		\$590,965.09	1.38%
PRIT Vintage Fund 2013				\$599.77		\$599.77	0.51%
MMDT #44-002079					\$3,690,784.98	\$3,690,784.98	0.00%
TOTAL	\$34,463,938.09	\$56,183,558.95	\$5,182,846.11	\$15,294,981.62	\$5,026,942.49	\$116,152,267.26	
GRAND TOTAL	\$34,463,938.09	\$61,210,107.11	\$5,182,846.11	\$15,400,571.52	\$7,821,439.53	\$124,078,902.36	
PERCENT OF TOTAL	27.78%	49.33%	4.18%	12.41%	6.30%	100.00%	
Retirement system ONLY	29.67%	48.37%	4.46%	13.17%	4.33%	100.00%	

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

25-month Asset Change
Concord Retirement System



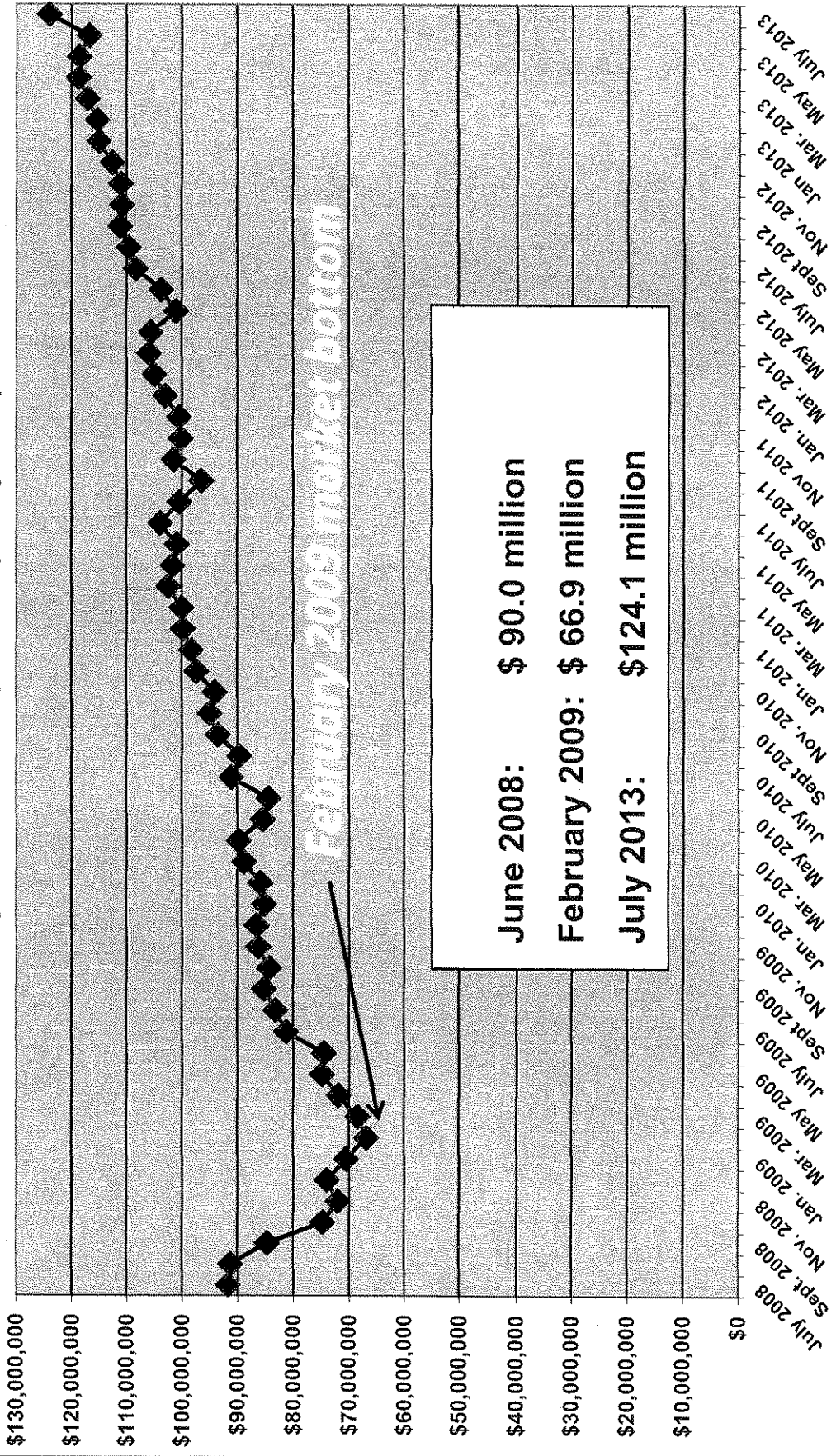
Concord Retirement Fund Assets, from July 2003 (including Town's Pension Reserve Account)



Retirement Fund Assets

(including Town Pension Reserve Fund)

July, 2008 to July, 2013 (five years)



June 2008: \$ 90.0 million
February 2009: \$ 66.9 million
July 2013: \$124.1 million

February 2009 market bottom

PENSION RESERVES INVESTMENT TRUST
SUMMARY OF PLAN PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending July 31, 2013

	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	25,156,810	43.0%	46.2%	4.67	4.67	12.07	22.39	12.36	4.85	8.28	5.13
CORE FIXED INCOME	6,731,107	13.0%	12.4%	0.28	0.28	-2.92	-1.57	4.14	4.36	5.03	7.80
VALUE-ADDED FIXED INCOME	4,723,690	10.0%	8.7%	0.60	0.60	0.79	6.76	8.83	9.34	10.12	9.71
PRIVATE EQUITY	6,141,675	10.0%	11.3%	0.14	0.14	8.67	15.10	16.48	8.25	17.74	14.08
REAL ESTATE	4,513,755	10.0%	8.3%	0.76	0.76	5.82	12.33	13.73	3.25	10.63	5.98
TIMBER/NATURAL RESOURCES	2,148,914	4.0%	3.9%	1.03	1.03	2.25	7.37	5.20	0.92	7.86	8.55
HEDGE FUNDS (NET OF FEES)	4,944,006	10.0%	9.1%	0.93	0.93	7.21	12.32	5.97	2.40		4.63
PORTABLE ALPHA WIND DOWN (NET OF FEES)	72,238	0.0%	0.1%	-0.05	-0.05	1.17	2.65	0.14	-8.13		-5.76
TOTAL CORE	54,432,194	100%	100%	2.41	2.41	7.22	14.31	10.59	4.37	8.24	9.56
<i>INTERIM BENCHMARK (excludes private equity benchmark)¹</i>				<i>2.36</i>	<i>2.36</i>	<i>6.59</i>	<i>13.05</i>	<i>9.89</i>	<i>4.42</i>	<i>8.06</i>	<i>10.19</i>
<i>TOTAL CORE BENCHMARK (includes private equity benchmark)²</i>				<i>2.43</i>	<i>2.43</i>	<i>6.19</i>	<i>12.31</i>	<i>9.00</i>	<i>4.31</i>	<i>7.93</i>	<i>10.14</i>
PARTICIPANTS CASH	205,061			0.01	0.01	0.09	0.16	0.17	0.33	1.84	4.30
TEACHERS' AND EMPLOYEES' CASH	65,040			0.01	0.01	0.09	0.16	0.17	0.33	1.60	3.09
TOTAL FUND	54,702,296			2.40	2.40	7.19	14.26	10.55	4.35	8.22	9.62
POLICY RETURN ³⁵				2.50	2.50	7.06	14.12	10.56	5.17	8.63	9.77

Performance Report
Town of Concord Retirement System
 As of July 31, 2013

	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 - QUZV											
Total Assets	\$ 20,968,845	5.49 %	5.04 %	16.14 %	26.61 %	15.00 %	5.57 %	8.09 %	9.43 %		07/01/1986
Custom Benchmark ¹	--	5.33	4.06	16.84	25.49	15.22	6.31	7.97	8.87	--	--
Custom Benchmark ²	--	5.40	4.16	16.58	25.11	15.04	6.21	8.03	9.04	--	--
Total Equity	20,968,845	5.49	5.04	16.14	26.61	15.00	5.57	8.32	9.90		07/01/1986
RTC Equity I Fund											
Russell 1000 Index	14,936,778	5.44	6.45	18.73	27.04	17.57	7.26	8.02	10.24		07/01/1986
S&P 500 Index	--	5.35	6.23	20.00	26.23	18.04	8.49	8.02	9.82	--	--
	--	5.09	6.10	19.62	25.00	17.74	8.26	7.64	9.78	--	--
RTC International Fund											
Russell Dev ex-US LC Idx Net (Linked) ³	6,032,067	5.62	1.68	10.19	25.56	9.06	1.40	8.32	6.46		03/01/1996
MSCI EAFE Index Net Dividend	--	5.50	-0.58	8.80	22.29	8.08	0.76	7.81	4.63	--	--
	--	5.28	-0.92	9.60	23.48	8.61	1.05	7.97	4.72	--	--

Please read the endnotes included with the report.

Endnotes:

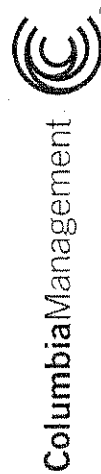
- 1 Custom Benchmark currently consists of: 70.0% R1000, 30.0% MSCI EAFE Net.
- 2 Custom Benchmark currently consists of: 70.0% R1000, 30.0% Russell Dev Ex-US LC Net.
- 3 Historical performance prior to January 1, 2011 is linked to the MSCI EAFE Index Net.

PERFORMANCE SUMMARY

Category	1 Month	3 Month	Year- to-Date	1 Year	3 Year	5 Year	Since Inception	Inception Date
Total Fund								
TOTAL	0.16	-3.60	-2.38	-1.23	4.31	6.33	6.16	09/30/1987
Index								
Barclays Aggregate Bond Index	0.14	-3.17	-2.31	-1.91	3.19	5.23	7.13	09/30/1987
Barclays Gov/Credit Bond Index	0.23	-3.47	-2.45	-2.00	3.57	5.34	7.15	09/30/1987
Barclays Int Gov/Credit Bond Idx	0.31	-2.01	-1.15	-0.37	2.87	4.60	6.58	09/30/1987

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.

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



PERFORMANCE SUMMARY

Category	1 Month	3 Month	Year- to-Date	1 Year	3 Year	5 Year	Since Inception	Inception Date
Total Fund								
TOTAL	5.74	8.51	23.55	33.02	19.40	8.90	9.19	03/31/1993
Index								
Russell 1000 Value Index	5.40	7.15	22.16	30.73	18.00	7.88	9.50	03/31/1993
S&P 500 Index	5.09	6.10	19.62	25.00	17.74	8.26	8.81	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.

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

