


**Town of Concord  
Finance Department  
Memorandum**

**TO:** Retirement Board  
**FROM:** Anthony T. Logalbo, Finance Director   
**SUBJ:** Asset allocation and market value @ January 31, 2016  
**DATE:** February 22, 2016

**Combined Assets: Retirement System and Town Pension Reserve Fund**

For the month of January, the combined market value of system assets and the Town's Pension Reserve Fund **decreased 3.03%** from the prior month-end.

At January 31<sup>st</sup>, combined assets totaled \$138.56 million (\$129.71 million in the Retirement System and \$8.85 million in the Town's Pension Reserve account). The market value of combined assets **decreased** in January by **\$4,336,000**. This reflects a one-month **drop of 4.96%** in the S&P 500 index, a **7.23% drop** in the MSCI EAFE International Equity index for the month, and a **1.22% increase** in the Barclays US Int. Gov/Credit Bond Index. The PRIT Core return for January was **- 2.52%**.

**Compared to one year earlier**, the market value of combined assets is **down 2.83%**. For the three-year period ending January 31, 2016, market value has increased at an average annual rate of 6.81%.

The one-year statistic is below the actuarially assumed earnings rate of 7.25%. The three-year statistic is below the actuarially assumed earnings rate for the first time in 52 months.

**Concord Retirement System performance**

**Asset Value at January 31, 2016: \$ 129,713,668**

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

For the one-year period ended January 31, 2016, asset value of the Concord Retirement Fund has **decreased 2.68%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **-2.14%** 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*	<b>-2.97 %</b>	<b>-2.68 %</b>
State PRIT Core Fund	<b>-2.52 %</b>	<b>-2.14 %</b>

\* The asset value increase of -2.68% for the 12-month period ending January 31<sup>st</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 January 31, 2016 are:

		<u>One month</u>	<u>One year</u>
S&P 500	<i>Domestic equity</i>	minus 4.96 %	minus 0.67 %
Barclays Govt.	<i>Fixed income</i>	plus 1.22 %	plus 0.63 %

43.17% of the Concord portfolio is invested with PRIT (36.55% in the Core Fund, 5.25% in the Core Real Estate Fund and 1.36% 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 January 31, 2016, the PRIT Core Fund was allocated as follows:

**PRIT CORE FUND, Share of portfolio asset value**

	<u>this month</u>
Fixed Income	22.42 %
Equity	40.86 %
Other	36.72 %

**Concord Retirement Board assets were allocated as of January 31<sup>st</sup> as follows:**

Fixed Income	30.31%
Equity	49.02%
Real Estate	5.25%
Other	14.78% (alternative investments and PRIT Vintage Funds)
Cash	0.64%

The total allocation to “Equity, Real Estate and Other” at January 31, 2016 is 69.15%, 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>January 31, 2016</u>
Fixed income and cash	35.0%	30.85%
Real Estate	5.0%	5.25%
Equity and Other	60.0%	64.90%

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

**\$129.71 million Retirement Board assets only:**

	<u>% of portfolio</u>	<u>Month of</u>		<u>Market INDEX</u>		
		<u>Jan.</u>	<u>12 months</u>	<u>Jan.</u>	<u>12 months</u>	
				<b>Russell 1000:</b>	(5.38)%	(1.82)%
				<b>S&amp;P 500:</b>	(4.96)%	(0.67)%
				<b>EAFE/MSCI:</b>	(7.23)%	(8.43)%
FRT Equity I Fund	13.15 %	(6.04)%	(1.81)%			
FRT International	5.19 %	(5.27)%	(5.61)%			
Total account, FRT	18.34 %	(5.82)%	(2.92)%			
PRIT Core General	36.55 %	(2.52)%	(2.14)%			
PRIT Core Real Estate*	5.25 %	(0.71)%	8.91 %			
PRIT Vintage 2006*	0.67%	(0.16)%	7.95 %			
PRIT Vintage 2008*	0.49 %	(0.28)%	20.53 %			
PRIT Vintage 2013*	0.21%	(0.68)%	2.10 %			
Columbia equity	15.91%	(5.67)%	(5.15)%	<b>Russell 1000 Value:</b>	(5.17)%	(5.00)%
Columbia - fixed income	22.41 %	1.31 %	(1.02)%	<b>Barclays Gov't:</b>	1.22 %	0.63 %
Cash - MMDT	0.18 %	0.48 %				

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

CONCORD RETIREMENT SYSTEM  
ASSET ALLOCATION REPORT

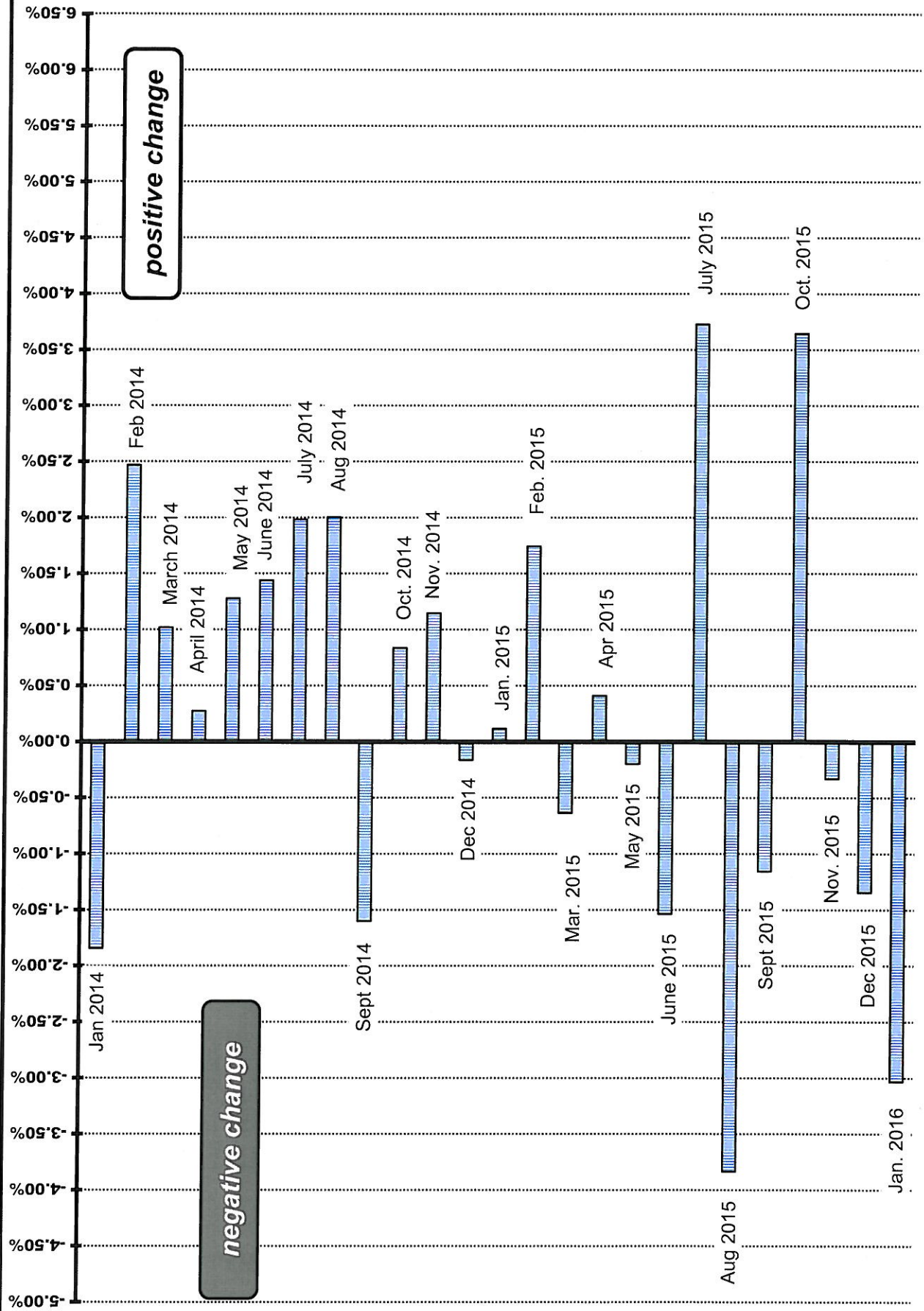
MARKET VALUE AT: 1/31/2016

	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL	
<b>PENSION RESERVE</b>							
Columbia 1055062990		\$5,975,004.65			\$61,467.26	\$6,036,471.91	
MMDT #44-001501					\$2,808,358.39	\$2,808,358.39	
<b>TOTAL</b>	\$0.00	\$5,975,004.65	\$0.00	\$0.00	\$2,869,825.65	\$8,844,830.30	
<b>RETIREMENT SYSTEM</b>							
Columbia 1055053919	\$28,684,489.91				\$381,222.77	\$29,065,712.68	22.41%
Columbia 1055053900		\$20,428,367.95			\$209,989.18	\$20,638,357.13	15.91%
Equity I (FRT)		\$17,055,740.03				\$17,055,740.03	13.15%
International Fund		\$6,727,334.25				\$6,727,334.25	5.19%
PRIT Core General	\$10,628,820.57	\$19,370,812.14		\$17,408,130.74		\$47,407,763.45	36.55%
PRIT Real Estate (segmented)			\$6,814,557.66			\$6,814,557.66	5.25%
PRIT Vintage Fund 2006				\$867,370.93		\$867,370.93	0.67%
PRIT Vintage Fund 2008				\$631,600.72		\$631,600.72	1.36%
PRIT Vintage Fund 2013				\$270,809.15		\$270,809.15	0.49%
MMDT #44-002079					\$234,421.66	\$234,421.66	0.21%
<b>TOTAL</b>	\$39,313,310.48	\$63,582,254.37	\$6,814,557.66	\$19,177,911.54	\$825,633.61	\$129,713,667.66	0.18%
<b>GRAND TOTAL</b>	<b>\$39,313,310.48</b>	<b>\$69,557,259.02</b>	<b>\$6,814,557.66</b>	<b>\$19,177,911.54</b>	<b>\$3,695,459.26</b>	<b>\$138,558,497.96</b>	
<b>PERCENT OF TOTAL</b>	<b>28.37%</b>	<b>50.20%</b>	<b>4.92%</b>	<b>13.84%</b>	<b>2.67%</b>	<b>100.00%</b>	
<b>Retirement system ONLY</b>	<b>30.31%</b>	<b>49.02%</b>	<b>5.25%</b>	<b>14.78%</b>	<b>0.64%</b>	<b>100.00%</b>	

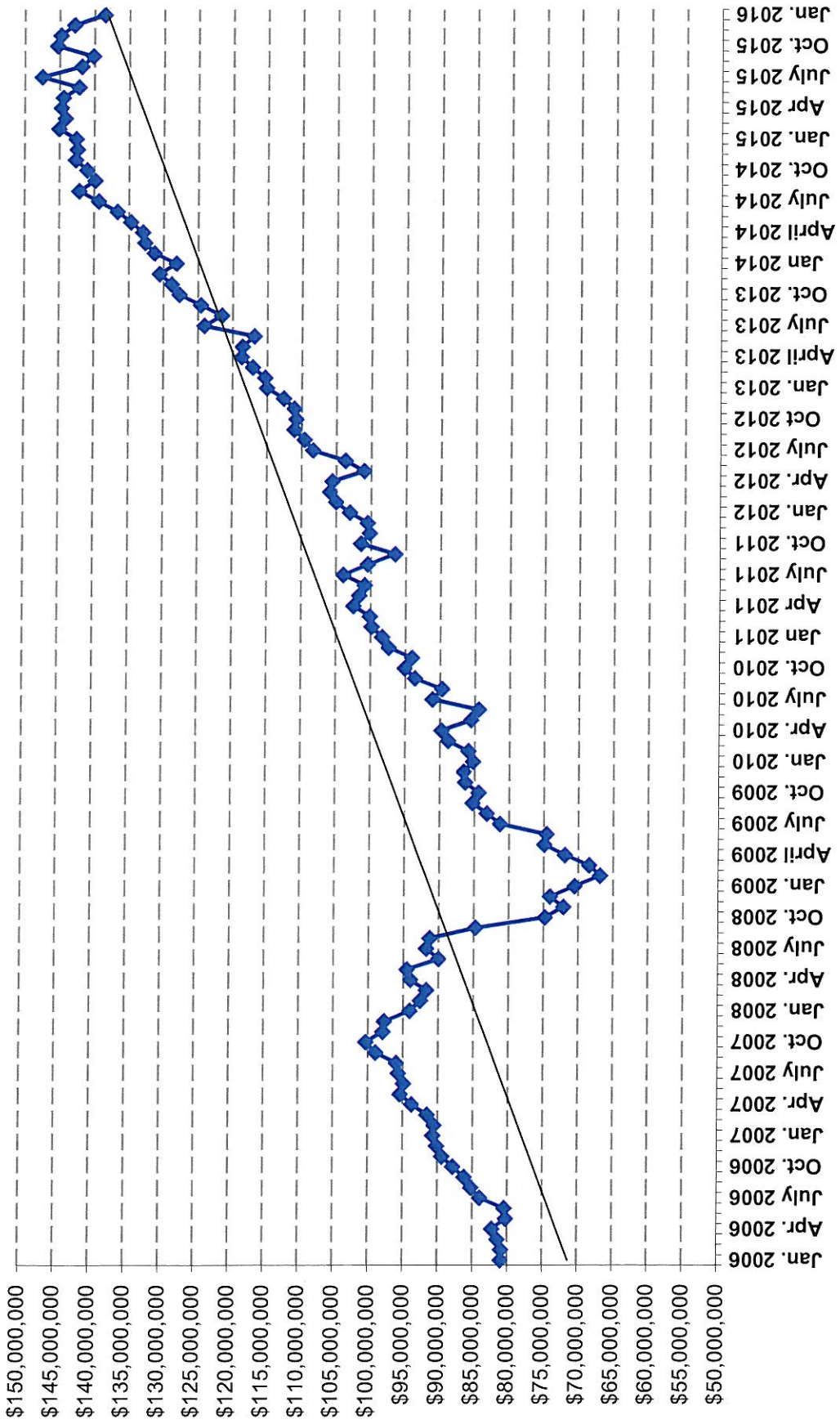
\*other: PRIT FUND - alternative investments, real estate, timber, absolute value (hedge); COLUMBIA - real estate

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25-month Asset Change  
Concord Retirement System



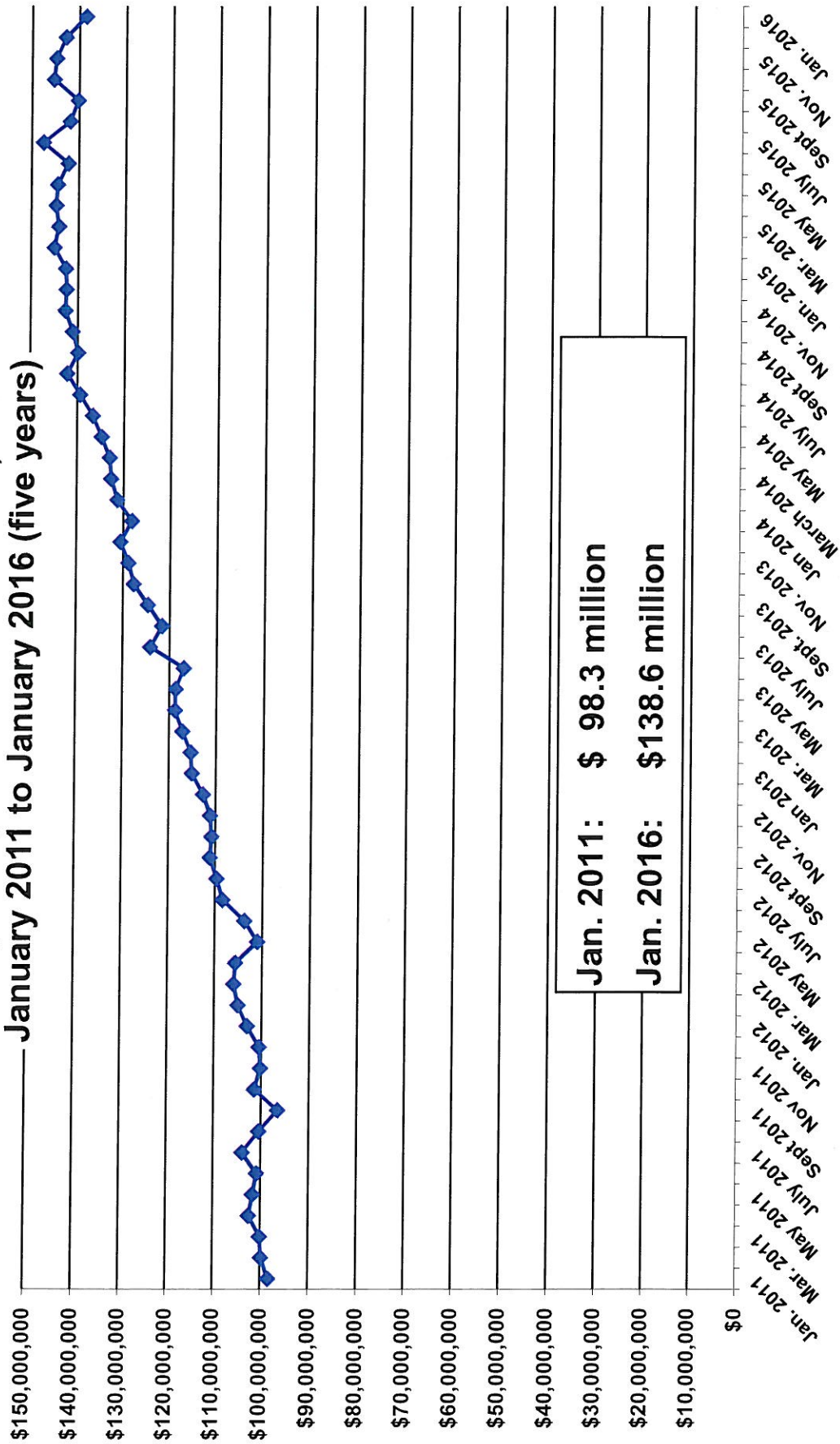
# Concord Retirement Fund Assets, 10 years from January 2006 (including Town's Pension Reserve Account)



# Retirement Fund Assets

(including Town Pension Reserve Fund)

January 2011 to January 2016 (five years)



Jan. 2011: \$ 98.3 million  
Jan. 2016: \$ 138.6 million

**PENSION RESERVES INVESTMENT TRUST  
SUMMARY OF PLAN PERFORMANCE  
RATES OF RETURN (GROSS OF FEES)  
Periods Ending January 31, 2016**

	NAV \$(M)	Target Allocation %	Actual Allocation %	Month	FY '16	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
GLOBAL EQUITY	23,633,694	42.0%	40.9%	-6.25	-10.99	-6.25	-6.50	4.16	4.99	3.79	4.64
CORE FIXED INCOME	8,075,450	13.0%	14.0%	3.44	5.96	3.44	-6.39	4.49	5.45	5.30	7.69
VALUE-ADDED FIXED INCOME	4,892,278	10.0%	8.5%	-0.61	-5.44	-0.61	-4.77	0.31	4.14	6.53	8.04
PRIVATE EQUITY	6,564,725	10.0%	11.3%	-0.29	6.30	-0.29	17.82	18.97	17.95	15.42	14.51
REAL ESTATE	5,876,050	10.0%	10.2%	-0.70	5.65	-0.70	9.49	11.79	12.24	7.84	6.48
TIMBERLAND	1,975,513	4.0%	3.4%	-0.22	-2.21	-0.22	0.31	6.31	5.07	6.76	9.25
HEDGE FUNDS (NET OF FEES)	5,296,370	10.0%	9.2%	-1.64	-5.85	-1.64	-3.70	4.01	3.74	3.43	4.24
PORTFOLIO COMPLETION STRATEGIES	616,597	1.0%	1.1%	2.19	6.89	2.19	-2.06				1.33
OVERLAY	659,852	0.0%	1.1%	-4.86	-1.95	-4.86	-2.77				4.02
<b>TOTAL CORE</b>	<b>57,845,988</b>	<b>100%</b>	<b>100%</b>	<b>-2.52</b>	<b>-3.96</b>	<b>-2.52</b>	<b>-2.14</b>	<b>6.25</b>	<b>6.77</b>	<b>5.28</b>	<b>9.24</b>
<i>INTERIM BENCHMARK (target allocation without private equity benchmark) <sup>1</sup></i>				<i>-2.82</i>	<i>-5.52</i>	<i>-2.82</i>	<i>-3.36</i>	<i>4.96</i>	<i>5.76</i>	<i>5.16</i>	<i>9.70</i>
<i>TOTAL CORE BENCHMARK (target allocation with private equity benchmark) <sup>2</sup></i>				<i>-2.65</i>	<i>-5.31</i>	<i>-2.65</i>	<i>-3.71</i>	<i>4.18</i>	<i>4.93</i>	<i>4.84</i>	<i>9.59</i>
PARTICIPANTS CASH	135,788			0.03	0.14	0.03	0.20	0.15	0.15	1.34	3.95
TEACHERS AND EMPLOYEES' CASH	47,700			0.03	0.13	0.03	0.19	0.15	0.15	1.09	2.71
<b>TOTAL FUND</b>	<b>58,029,475</b>			<b>-2.51</b>	<b>-3.94</b>	<b>-2.51</b>	<b>-2.13</b>	<b>6.23</b>	<b>6.74</b>	<b>5.26</b>	<b>9.29</b>

PERFORMANCE SUMMARY

Category	1 Month	3 Month	Year-to-Date	1 Year	3 Year	5 Year	Since Inception	Inception Date
<b>Total Fund</b>								
TOTAL	-5.67	-7.93	-5.67	-5.15	10.83	11.05	8.89	03/31/1993
<b>Index</b>								
Russell 1000 Value Index	-5.17	-6.85	-5.17	-5.00	8.80	9.61	8.97	03/31/1993
S&P 500 Index	-4.96	-6.18	-4.96	-0.67	11.31	10.91	8.72	03/31/1993

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**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
<b>Total Fund</b>								
TOTAL	1.31	0.64	1.31	-1.02	2.20	4.12	5.90	09/30/1987
<b>Index</b>								
Barclays US Aggregate Bond	1.38	0.78	1.38	-0.16	2.15	3.51	6.78	09/30/1987
Barclays US Gov/Credit Bond	1.41	0.65	1.41	-1.06	1.96	3.67	6.78	09/30/1987
Barclays US Int Gov/Credit Bond	1.22	0.63	1.22	0.63	1.63	2.75	6.19	09/30/1987

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# Performance Report

## Town of Concord Retirement System

As of January 31, 2016

	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												
<b>Total Assets</b>	\$ 23,783,074											
Custom Benchmark <sup>1</sup>	--	-5.82 %	-7.25 %	-5.82 %	-2.92 %	7.85 %	7.76 %	4.94 %	9.06 %		07/01/1986	
Custom Benchmark <sup>2</sup>	--	-5.94	-7.72	-5.94	-3.82	7.82	7.94	5.07	8.54		--	
	--	-5.86	-7.73	-5.86	-4.00	7.68	7.80	5.04	8.69		--	
<b>Total Equity</b>	23,783,074	-5.82	-7.25	-5.82	-2.92	7.85	7.76	4.96	9.49		07/01/1986	
<b>RTC Equity I Fund</b>												
Russell 1000 Index	17,055,740	-6.04	-7.09	-6.04	-1.81	10.02	9.89	6.01	9.95		07/01/1986	
S&P 500 Index	--	-5.38	-6.78	-5.38	-1.82	10.94	10.68	6.52	9.62		--	
	--	-4.96	-6.18	-4.96	-0.67	11.30	10.91	6.48	9.63		--	
<b>RTC International Fund</b>												
Russell Dev ex-US LC Idx Net (Linked) <sup>3</sup>	6,727,334	-5.27	-7.66	-5.27	-5.61	2.69	2.70	2.33	5.75		03/01/1996	
MSCI EAFE Index Net Dividend	--	-6.99	-9.95	-6.99	-9.01	0.28	1.16	1.43	3.89		--	
	--	-7.23	-9.91	-7.23	-8.43	0.68	1.59	1.65	4.01		--	

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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