


**Town of Concord  
Finance Department  
Memorandum**

**TO:** Retirement Board  
**FROM:** Anthony T. Logalbo, Finance Director   
**SUBJ:** Asset allocation and market value @ September 30, 2015  
**DATE:** October 26, 2015

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

For the month of September, the combined market value of system assets and the Town's Pension Reserve Fund decreased 1.16% from the prior month-end.

At September 30<sup>th</sup>, combined assets totaled \$140.22 million (\$131.08 million in the Retirement System and \$9.14 million in the Town's Pension Reserve account). The market value of combined assets decreased in September by **\$1,642,000**. This reflects a 2.5% drop in the S&P 500 index and a 5.1% decline in the MSCI EAFE International Equity index for the month. The PRIT Core return for September was **negative 0.80%**.

**Compared to one year earlier**, the market value of combined assets is **up 0.25%**. For the three-year period ending September 30, 2015, market value has increased at an average annual rate of 8.73%.

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 48 consecutive months.

Since January 1, 2015, the market value change of assets, exclusive of the FY16 employer assessment payments (\$4,537.799), has been **minus 4.7%**.

**Concord Retirement System performance**

**Asset Value at September 30, 2015: \$ 131,076,908**

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

For the one-year period ended September 30, 2015, asset value of the Concord Retirement Fund has **increased 0.30%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **+0.78%** 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*	(1.33)%	0.30 %
State PRIT Core Fund	(0.80)%	0.78 %

\* *The asset value increase of 0.30% for the 12-month period ending September 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 September 30, 2015 are:

		<u>One month</u>	<u>One year</u>
S&P 500	<i>Domestic equity</i>	minus 2.47 %	minus 0.61 %
Barclays Govt.	<i>Fixed income</i>	plus 0.67 %	plus 2.68 %

42.70% of the Concord portfolio is invested with PRIT (36.17% in the Core Fund, 5.05% in the Core Real Estate Fund and 1.48% 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 September 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	22.04%	- 1.44%
Equity	42.56%	- 1.64%
Other	35.40%	+ 3.08%

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

Fixed Income	29.32%
Equity	48.63%
Real Estate	5.05%
Other	13.74% (alternative investments and PRIT Vintage Funds)
Cash	3.26%

The total allocation to "Equity, Real Estate and Other" at September 30, 2015 is 67.42%, 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>September, 2015</u>
Fixed income and cash	35.0%	32.58%
Real Estate	5.0%	5.05%
Equity and Other	60.0%	62.37%

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

**\$131.08 million Retirement Board assets only:**

	<u>% of portfolio</u>	<u>Month of</u>		<u>Market INDEX</u>	
		<u>Sept.</u>	<u>12 months</u>	<u>Sept.</u>	<u>12 months</u>
FRT Equity I Fund	12.97%	(2.92)%	(0.97)%	Russell 1000:	(2.74)% (0.61)%
FRT International	5.21%	(4.33)%	(6.97)%	S&P 500:	(2.47)% (0.61)%
Total account, FRT	18.18%	(3.32)%	(2.77)%	EAFE/MSCI:	(5.08)% (8.66)%
PRIT Core General	36.17%	(0.80)%	(0.78)%		
PRIT Core Real Estate*	5.05%	2.38 %	13.37 %		
PRIT Vintage 2006*	0.80%	3.80 %	10.22 %		
PRIT Vintage 2008*	0.51%	8.37 %	19.79 %		
PRIT Vintage 2013*	0.17%	3.71 %	1.81 %		
Columbia equity	15.80%	(2.62)%	(2.96)%	Russell 1000 Value:	(3.02)% (4.42)%
Columbia - fixed income	22.14%	0.65 %	2.56 %	Barclays Gov't:	0.67 % 2.68 %
Cash - MMDT	1.17%	0.27 %			

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

**CONCORD RETIREMENT SYSTEM  
ASSET ALLOCATION REPORT**

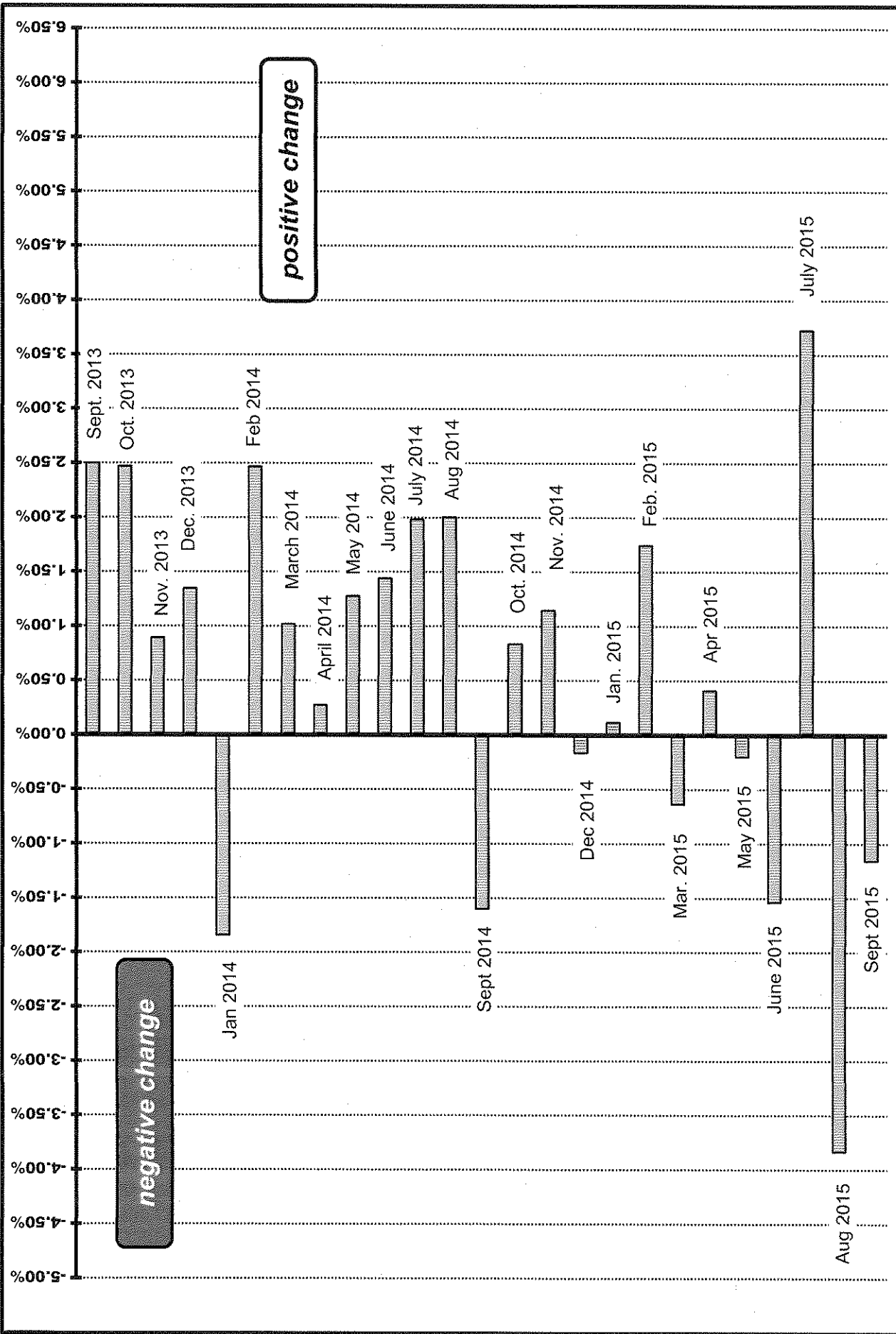
MARKET VALUE AT: **9/30/2015**

	BONDS	STOCKS	REAL ESTATE	OTHER *	CASH	TOTAL	
<b>PENSION RESERVE</b>							
Columbia 80-16-200-8549595		\$6,017,547.69			\$313,557.62	\$6,331,105.31	
MMDT #44-001501	\$0.00	\$6,017,547.69	\$0.00	\$0.00	\$2,810,243.44	\$2,810,243.44	
<b>TOTAL</b>						\$9,141,348.75	
<b>RETIREMENT SYSTEM</b>							
Fixed Income 80-16-200-8553057	\$28,420,932.27				\$605,148.74	\$29,026,081.01	22.14%
Columbia 80-16-200-8549574		\$20,574,191.75			\$136,266.77	\$20,710,458.52	15.80%
Equity I (FRT)		\$17,002,454.72				\$17,002,454.72	12.97%
International Fund		\$6,834,603.81				\$6,834,603.81	5.21%
PRIT Core General	\$10,008,576.09	\$19,326,905.56		\$16,075,480.66	\$2,000,034.80	\$47,410,997.11	36.17%
PRIT Real Estate (segmented)			\$6,624,434.23			\$6,624,434.23	5.05%
PRIT Vintage Fund 2006				\$1,043,341.98		\$1,043,341.98	0.80%
PRIT Vintage Fund 2008				\$671,793.56		\$671,793.56	0.51%
PRIT Vintage Fund 2013				\$219,250.73		\$219,250.73	0.17%
MMDT #44-002079	\$38,429,508.36	\$63,738,155.84	\$6,624,434.23	\$18,009,866.93	\$1,533,492.06	\$131,076,907.73	100.00%
<b>GRAND TOTAL</b>	<b>\$38,429,508.36</b>	<b>\$69,755,703.53</b>	<b>\$6,624,434.23</b>	<b>\$18,009,866.93</b>	<b>\$7,398,743.43</b>	<b>\$140,218,256.48</b>	
<b>PERCENT OF TOTAL</b>	<b>27.41%</b>	<b>49.75%</b>	<b>4.72%</b>	<b>12.84%</b>	<b>5.28%</b>	<b>100.00%</b>	
<b>Retirement system ONLY</b>	<b>29.32%</b>	<b>48.63%</b>	<b>5.05%</b>	<b>13.74%</b>	<b>3.26%</b>	<b>100.00%</b>	

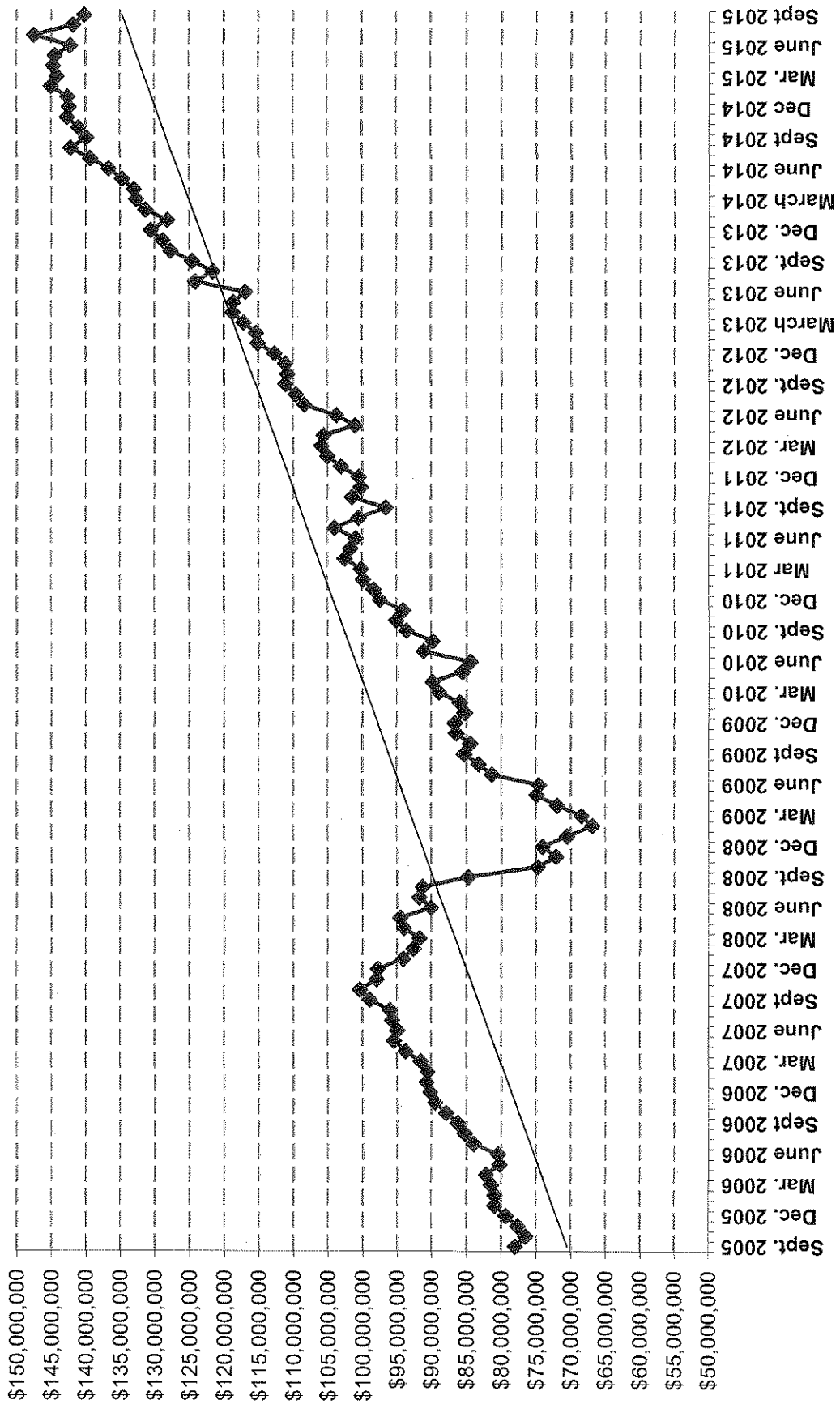
\*other: PRIT FUND - alternative investments, real estate, timber, absolute value (hedge); COLUMBIA - real estate

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25-month Asset Change  
Concord Retirement System



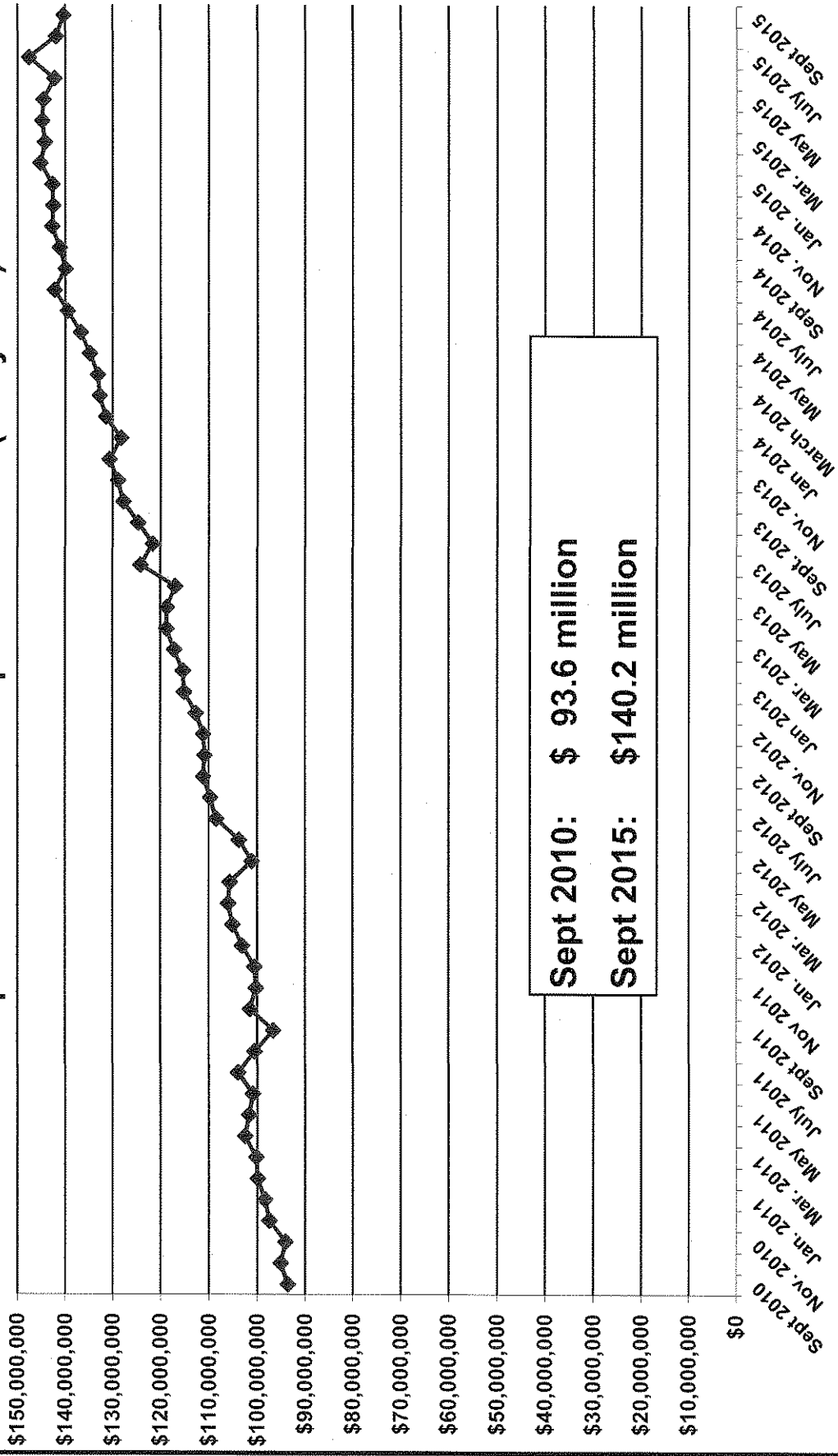
# Concord Retirement Fund Assets, 10 years from September 2005 (including Town's Pension Reserve Account)



# Retirement Fund Assets

(including Town Pension Reserve Fund)

## September 2010 to September 2015 (five years)



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

	NAV \$ (M)	Target Allocation %	Actual Allocation %	Month	QTR/FY '16	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
GLOBAL EQUITY	24,468,993	42.5%	41.6%	-3.39	-9.63	-6.37	-5.79	7.43	7.49	4.90	4.85
CORE FIXED INCOME	7,966,124	13.0%	13.6%	0.67	3.22	-1.21	6.23	3.72	4.71	5.06	7.68
VALUE-ADDED FIXED INCOME	4,989,555	10.0%	8.5%	-1.24	-3.52	-2.78	-4.72	2.40	5.37	7.09	8.38
PRIVATE EQUITY	6,938,782	10.0%	11.8%	5.98	5.66	15.47	17.72	20.40	18.76	16.28	14.66
REAL ESTATE	6,344,612	10.0%	10.8%	2.50	2.59	7.92	14.03	12.62	12.84	8.13	6.45
TIMBER/NATURAL RESOURCES	2,231,617	4.0%	3.8%	-0.90	-3.45	-4.50	-4.48	4.23	3.84	5.95	7.68
HEDGE FUNDS (NET OF FEES)	4,962,151	10.0%	8.4%	-2.42	-4.45	-1.99	-0.83	6.15	4.84	4.00	4.50
PORTFOLIO COMPLETION STRATEGIES	297,859	0.5%	0.5%	1.46	3.30	-1.96					-1.96
PORTABLE ALPHA WIND DOWN (NET OF FEES)	27,173	0.0%	0.0%	-1.67	-3.59	-8.77	-8.66	-3.82	-3.03		-5.87
OVERLAY	540,260	0.0%	0.9%	-1.58	-3.92	-3.26	-0.79				3.65
<b>TOTAL CORE</b>	<b>58,767,125</b>	<b>100%</b>	<b>100%</b>	<b>-0.80</b>	<b>-3.79</b>	<b>-1.27</b>	<b>0.78</b>	<b>8.25</b>	<b>8.27</b>	<b>6.01</b>	<b>9.35</b>
<i>INTERIM BENCHMARK (target allocation without private equity benchmark) <sup>1</sup></i>				<i>-1.21</i>	<i>-4.34</i>	<i>-1.73</i>	<i>-0.34</i>	<i>7.12</i>	<i>7.40</i>	<i>5.86</i>	<i>9.83</i>
<i>TOTAL CORE BENCHMARK (target allocation with private equity benchmark) <sup>2</sup></i>				<i>-1.71</i>	<i>-4.81</i>	<i>-2.35</i>	<i>-1.12</i>	<i>6.08</i>	<i>6.42</i>	<i>5.49</i>	<i>9.72</i>
PARTICIPANT'S CASH	45,601			0.02	0.05	0.12	0.15	0.14	0.15	1.47	3.99
TEACHERS' AND EMPLOYEES' CASH	27,427			0.02	0.04	0.12	0.15	0.14	0.15	1.21	2.76
<b>TOTAL FUND</b>	<b>58,840,153</b>			<b>-0.80</b>	<b>-3.77</b>	<b>-1.26</b>	<b>0.78</b>	<b>8.22</b>	<b>8.24</b>	<b>6.00</b>	<b>9.40</b>

PRIT

# Performance Report

## Town of Concord Retirement System

As of September 30, 2015

Town of Concord Retirement System Investment Account - QUZY

	Market Value	Annualized										Inception Date
		One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Ten Years	Since Inception			
<b>Total Assets</b>	<b>\$ 23,837,059</b>	<b>-3.32 %</b>	<b>-7.79 %</b>	<b>-4.86 %</b>	<b>-2.77 %</b>	<b>10.62 %</b>	<b>10.47 %</b>	<b>5.68 %</b>	<b>9.18 %</b>		<b>07/01/1986</b>	
Custom Benchmark 1	--	-3.44	-7.86	-5.22	-3.04	10.58	10.58	5.73	8.65		--	
Custom Benchmark 2	--	-3.40	-7.87	-5.51	-3.31	10.39	10.46	5.76	8.81		--	
<b>Total Equity</b>	<b>23,837,059</b>	<b>-3.32</b>	<b>-7.79</b>	<b>-4.86</b>	<b>-2.77</b>	<b>10.62</b>	<b>10.47</b>	<b>5.74</b>	<b>9.62</b>		<b>07/01/1986</b>	
<b>RTC Equity I Fund</b>	<b>17,002,455</b>	<b>-2.92</b>	<b>-7.14</b>	<b>-5.48</b>	<b>-0.97</b>	<b>12.09</b>	<b>12.92</b>	<b>6.56</b>	<b>10.06</b>		<b>07/01/1986</b>	
Russell 1000 Index	--	-2.74	-6.83	-5.24	-0.61	12.66	13.42	6.95	9.71		--	
S&P 500 Index	--	-2.47	-6.44	-5.29	-0.61	12.40	13.34	6.80	9.68		--	
<b>RTC International Fund</b>	<b>6,834,604</b>	<b>-4.33</b>	<b>-9.35</b>	<b>-3.27</b>	<b>-6.97</b>	<b>7.05</b>	<b>4.78</b>	<b>3.69</b>	<b>5.93</b>		<b>03/01/1996</b>	
Russell Dev ex-US LC Idx Net (Linked)	--	-4.95	-10.27	-6.25	-9.49	5.06	3.62	2.79	4.14		--	
MSCI EAFE Index Net Dividend	--	-5.08	-10.23	-5.28	-8.66	5.63	3.98	2.97	4.23		--	

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.

FRANK RUSSELL

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	-2.62	-7.33	-8.17	-2.96	13.89	14.09	9.05	03/31/1993
<u>Index</u>								
Russell 1000 Value Index	-3.02	-8.39	-8.96	-4.42	11.60	12.29	9.10	03/31/1993
S&P 500 Index	-2.47	-6.44	-5.29	-0.61	12.41	13.34	8.77	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
<u>Total Fund</u>								
TOTAL	0.65	1.04	0.81	2.56	1.94	3.67	5.95	09/30/1987
<u>Index</u>								
Barclays US Aggregate Bond	0.68	1.23	1.13	2.94	1.71	3.10	6.84	09/30/1987
Barclays US Gov/Credit Bond	0.70	1.20	0.90	2.73	1.59	3.10	6.84	09/30/1987
Barclays US Int Gov/Credit Bond	0.67	0.95	1.77	2.68	1.45	2.42	6.25	09/30/1987

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