


**Town of Concord  
Finance Department  
Memorandum**

**TO:** Retirement Board  
**FROM:** Anthony T. Logalbo, Finance Director   
**SUBJ:** Asset allocation and market value @ December 31, 2013  
**DATE:** January 23, 2013

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

For the month of December, the combined market value of system assets and the Town's Pension Reserve Fund **increased 1.35% from the prior month-end.**

At December 31<sup>st</sup>, combined assets totaled \$130.6 million (\$122.15 million in the Retirement System and \$8.41 million in the Town's Pension Reserve account). The market value of combined assets **increased** in December by **\$1,735,000.**

**Compared to one year earlier**, the market value of combined assets is **up 15.93%**. For the three-year period ending December 31, 2013, market value has increased at an average annual rate of 11.35%.

**Concord Retirement System performance**

**Asset Value at December 31, 2013: \$ 122,157,138**

***From March 1, 2009:***

The Concord Retirement Fund asset value is **91.7% above** the nadir of \$63.72 million at the market bottom of February 2009. For this same time period, the PRIT Core Fund, at \$57.7 billion, is **69.3% above its market bottom of \$34.10 billion.**

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

For the one-year period ended December 31, asset value of the Concord Retirement Fund has **increased 15.42%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **15.24%** 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*	1.35%	15.42%
State PRIT Core Fund	1.79%	15.24%

\* The asset value increase of 15.42% for the 12-month period ending December 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 December 31, 2013 are:

S&P 500	<i>Domestic equity</i>	<u>One month</u> plus 2.53%	<u>One year</u> plus 32.39%
Barclays Govt.	<i>Fixed income</i>	minus 0.62%	minus 2.35%

40.65% of the Concord portfolio is invested with PRIT (34.34% in the Core Fund, 4.43% in the Core Real Estate Fund and 1.88% 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 December 31, 2013, the PRIT Core Fund was allocated as follows:

	<u>this month</u>	<b>PRIT CORE FUND</b>	
		<u>Change from prior month</u>	<u>Change from year earlier</u>
Fixed Income	20.95%	- 0.38%	- 0.02%
Equity	46.32%	+ 0.54%	+ 0.33%
Other	32.73%	- 0.16%	- 0.31%

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

Fixed Income	29.42%
Equity	50.22%
Real Estate	4.43%
Other	13.68% (alternative investments and PRIT Vintage Funds)
Cash	2.25%

The total allocation to "Equity, Real Estate and Other" at November 30, 2013 is 68.33%, 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:

	<b>Prior</b>	<b>New</b>	<b>Actual</b> <u>December 31, 2013</u>
Fixed income and cash	40.0%	35.0%	31.67%
Real Estate	2.5%	5.0%	4.43%
Equity and Other	57.5%	60.0%	63.90%

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

**\$122.2 million Retirement Board assets only:**

	<u>% of portfolio</u>	<u>Month of</u>		<u>Market INDEX</u>	
		<u>December</u>	<u>12 months</u>	<u>December</u>	<u>12 months</u>
FRT Equity I Fund	13.60%	2.38 %	32.01 %	Russell 1000:	2.70 % 33.11 %
FRT International	5.57%	2.15 %	24.29 %	S&P 500:	2.53 % 32.39 %
Total account, FRT	19.17%	2.31%	29.67 %	EAFE/MSCI:	1.50% 22.78 %
PRIT Core General	34.34%	1.79 %	15.24 %		
PRIT Core Real Estate	4.43%	1.87 %	10.21 %		
PRIT Vintage 2006	1.30%	4.98 %	21.03 %		
PRIT Vintage 2008	0.56%	7.65 %	21.11 %		
PRIT Vintage 2013	0.02%	(2.64)%			
Columbia equity	15.80%	2.51 %	35.28 %	Russell 1000 Value:	2.53 % 32.53 %
Columbia - fixed income	22.57%	(0.48)%	(2.09)%	Barclays Gov't:	(0.62)% (2.35)%
Cash - MMDT	1.81%	0.19 %			

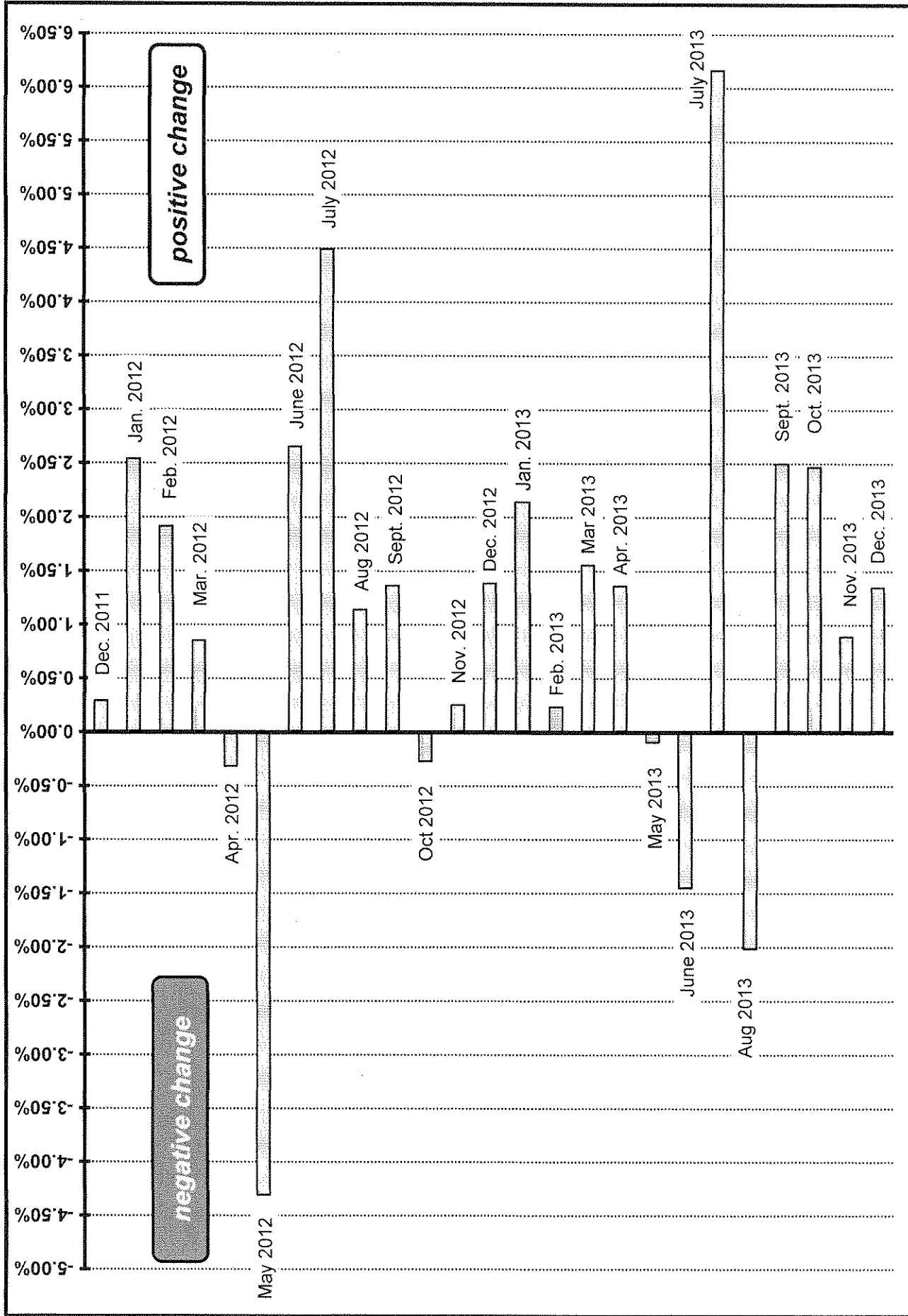
CONCORD RETIREMENT SYSTEM  
ASSET ALLOCATION REPORT

MARKET VALUE AT: 12/31/2013

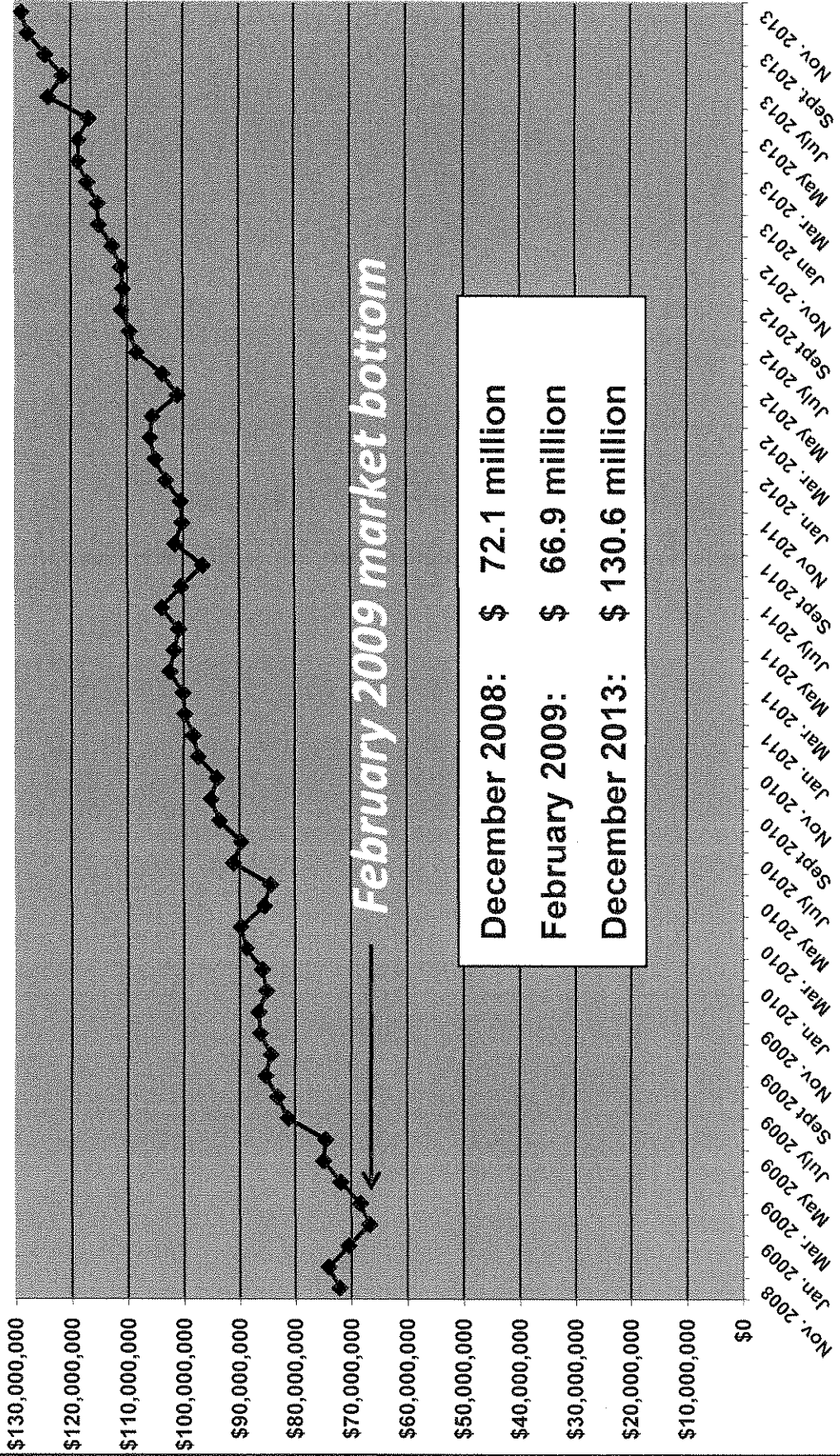
	BONDS	STOCKS	REAL ESTATE	OTHER *	CASH	TOTAL	
<b>PENSION RESERVE</b>							
Columbia 80-16-200-8549595		\$5,420,005.29		\$194,147.02	\$35,338.65	\$5,649,490.96	
MMDT #44-001501					\$2,759,677.07	\$2,759,677.07	
<b>TOTAL</b>	\$0.00	\$5,420,005.29	\$0.00	\$194,147.02	\$2,795,015.72	\$8,409,168.03	
<b>RETIREMENT SYSTEM</b>							
Fixed Income 80-16-200-8553057	\$27,144,017.79					\$27,144,017.79	22.57%
Columbia 80-16-200-8549574		\$18,500,381.57		\$691,586.74	\$426,521.26	\$19,305,890.94	15.80%
Equity I (FRT)		\$16,607,913.73				\$16,607,913.73	13.60%
International Fund		\$6,804,236.75				\$6,804,236.75	5.57%
PRIT Core General	\$8,788,796.11	\$19,431,839.42		\$13,730,658.55		\$41,951,294.08	34.34%
PRIT Core Real Estate			\$5,410,926.09			\$5,410,926.09	4.43%
PRIT Vintage Fund 2006				\$1,584,537.18		\$1,584,537.18	1.30%
PRIT Vintage Fund 2008				\$679,166.34		\$679,166.34	0.56%
PRIT Vintage Fund 2013				\$28,986.62		\$28,986.62	0.02%
MMDT #44-002079					\$2,213,647.43	\$2,213,647.43	1.81%
<b>GRAND TOTAL</b>	\$35,932,813.90	\$66,764,376.76	\$5,410,926.09	\$16,909,082.45	\$5,549,107.04	\$130,566,306.24	
<b>PERCENT OF TOTAL</b>	27.52%	51.13%	4.14%	12.95%	4.25%	100.00%	
<b>Retirement system ONLY</b>	29.42%	50.22%	4.43%	13.68%	2.25%	100.00%	

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

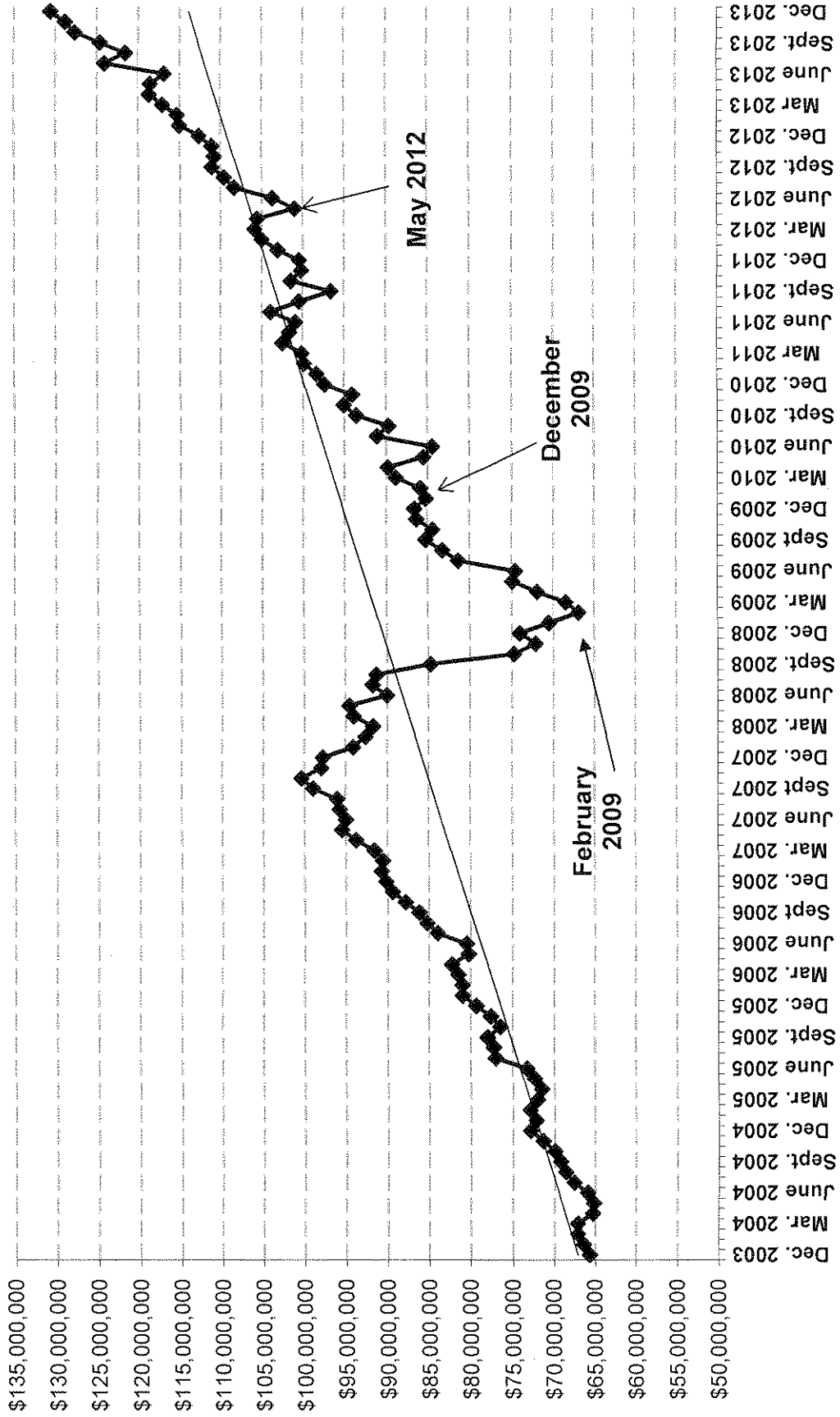
25-month Asset Change  
Concord Retirement System



**Retirement Fund Assets**  
*(including Town Pension Reserve Fund)*  
**December 2008 to December 2013 (five years)**



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



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

	Long Term		Month	QTD	FY '14	1 Year	3 Year	5 Year	10 Year	Since Inception
	NAV \$ (M)	Allocation %								
GLOBAL EQUITY	26,288,659	43.0%	1.55	7.21	15.89	24.08	10.72	16.15	7.62	5.78
CORE FIXED INCOME	7,208,505	13.0%	-0.86	-0.37	0.40	-2.81	3.77	6.08	4.56	7.68
VALUE-ADDED FIXED INCOME	4,890,848	10.0%	1.02	1.51	3.21	3.42	7.98	14.59	8.91	9.60
PRIVATE EQUITY	6,515,236	10.0%	6.09	6.08	11.64	21.14	17.89	12.21	17.80	14.30
REAL ESTATE	4,970,289	10.0%	2.01	2.48	5.50	10.79	12.15	8.22	10.41	6.06
TIMBER/NATURAL RESOURCES	2,233,574	4.0%	4.43	4.40	7.20	8.49	2.85	4.73	8.13	8.78
HEDGE FUNDS (NET OF FEES)	5,173,987	10.0%	0.94	4.08	6.00	12.60	5.90	7.24		4.97
PORTABLE ALPHA WIND DOWN (NET OF FEES)	59,316	0.0%	-0.63	-3.42	-3.99	-2.82	-2.70	2.43		-5.96
OVERLAY	399,114	0.0%	0.83	4.18						4.18
<b>TOTAL CORE</b>	<b>57,739,527</b>	<b>100%</b>	<b>1.79</b>	<b>4.81</b>	<b>10.07</b>	<b>15.24</b>	<b>9.54</b>	<b>11.94</b>	<b>7.65</b>	<b>9.69</b>
<i>INTERIM BENCHMARK (excludes private equity benchmark)<sup>1</sup></i>			<i>1.58</i>	<i>4.31</i>	<i>9.33</i>	<i>13.85</i>	<i>8.66</i>	<i>11.18</i>	<i>7.47</i>	<i>10.28</i>
<i>TOTAL CORE BENCHMARK (includes private equity benchmark)<sup>2</sup></i>			<i>1.04</i>	<i>3.91</i>	<i>8.61</i>	<i>12.60</i>	<i>7.66</i>	<i>10.70</i>	<i>7.27</i>	<i>10.21</i>
PARTICIPANTS CASH	122,619		0.01	0.03	0.06	0.14	0.15	0.21	1.80	4.23
TEACHERS' AND EMPLOYEES' CASH	42,070		0.01	0.03	0.06	0.14	0.15	0.22	1.55	3.02
<b>TOTAL FUND</b>	<b>57,904,216</b>		<b>1.78</b>	<b>4.79</b>	<b>10.03</b>	<b>15.18</b>	<b>9.50</b>	<b>11.89</b>	<b>7.63</b>	<b>9.75</b>
POLICY RETURN <sup>3</sup>			1.23	4.46	9.43	14.31	9.28	12.32	7.97	9.87

PRIT

# Performance Report

## Town of Concord Retirement System Investment Account - QUZV

As of December 31, 2013

	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>	\$ 23,412,150	2.31 %	9.29 %	29.67 %	29.67 %	13.50 %	16.91 %	7.61 %	9.72 %	07/01/1986		
Custom Benchmark <sup>1</sup>	--	2.34	8.86	30.02	30.02	13.88	16.80	7.44	9.15	--		
Custom Benchmark <sup>2</sup>	--	2.37	8.89	29.67	29.67	13.69	16.68	7.54	9.32	--		
<b>Total Equity</b>	23,412,150	2.31	9.29	29.67	29.67	13.50	16.91	7.74	10.19	07/01/1986		
<b>RTC Equity I Fund</b>	16,607,914	2.38	10.05	32.01	32.01	15.61	18.34	7.87	10.50	07/01/1986		
Russell 1000 Index	--	2.70	10.23	33.11	33.11	16.30	18.59	7.78	10.08	--		
S&P 500 Index	--	2.53	10.51	32.39	32.39	16.18	17.94	7.41	10.03	--		
<b>RTC International Fund</b>	6,804,237	2.15	7.48	24.29	24.29	8.57	13.31	7.36	7.02	03/01/1996		
Russell Dev ex-US LC Idx Net (Linked)	--	1.59	5.81	21.68	21.68	7.58	12.07	6.74	5.18	--		
MSCI EAFE Index Net Dividend	--	1.50	5.71	22.78	22.78	8.17	12.44	6.91	5.27	--		

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.

*Russell*

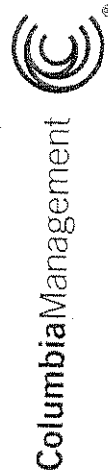
PERFORMANCE SUMMARY

Category	1 Month	3 Month	Year-to-Date	1 Year	3 Year	5 Year	Since Inception	Inception Date
<u>Total Fund</u>								
TOTAL	2.51	11.20	35.28	35.28	17.62	17.91	9.48	03/31/1993
<u>Index</u>								
Russell 1000 Value Index	2.53	10.01	32.53	32.53	16.06	16.67	9.73	03/31/1993
S&P 500 Index	2.53	10.51	32.39	32.39	16.18	17.94	9.15	03/31/1993

COLUMBIA - EQUITY

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
<u>Total Fund</u>								
TOTAL	-0.48	0.19	-2.09	-2.09	4.25	6.28	6.07	09/30/1987
<u>Index</u>								
Barclays Aggregate Bond Index	-0.57	-0.14	-2.02	-2.02	3.26	4.44	7.03	09/30/1987
Barclays Gov/Credit Bond Index	-0.62	-0.03	-2.35	-2.35	3.63	4.40	7.04	09/30/1987
Barclays Int Gov/Credit Bond Idx	-0.63	-0.02	-0.86	-0.86	2.90	3.96	6.48	09/30/1987

COLUMBIA - FIXED

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Columbia Management