


**Town of Concord  
Finance Department  
Memorandum**

**TO:** Retirement Board

**FROM:** Anthony T. Logalbo, Finance Director 

**SUBJ:** Asset allocation and market value @ August 31, 2014

**DATE:** Sept. 22, 2014

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

For the month of August, the combined market value of system assets and the Town's Pension Reserve Fund **increased 2.00% from the prior month-end.**

At August 31<sup>st</sup>, combined assets totaled \$142.15 million (\$132.85 million in the Retirement System and \$9.30 million in the Town's Pension Reserve account). The market value of combined assets **increased** in August by **\$2,790,000.**

**Compared to one year earlier**, the market value of combined assets is **up 16.92%**. For the three-year period ending August 31, 2014, market value has increased at an average annual rate of 13.84%. For the calendar year to date (eight months), the market value of combined assets is up 8.87%.

**Concord Retirement System performance**

**Asset Value at August 31, 2014: \$ 132,846,462**

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

For the one-year period ended August 31, asset value of the Concord Retirement Fund has **increased 16.67%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **17.31%** over the same 12-month period.

***Comparative asset value change, most recent year and month  
(Retirement System assets only, excluding Pension Reserve):***

	<b><u>One month</u></b>	<b><u>One year</u></b>
Concord Retirement Fund*	2.00 %	16.67%
State PRIT Core Fund	1.61 %	17.31%

\* The asset value increase of 16.67% for the 12-month period ending August 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 August 31, 2014 are:

		<u>One month</u>	<u>One year</u>
S&P 500	<i>Domestic equity</i>	plus 4.00 %	plus 25.25 %
Barclays Govt.	<i>Fixed income</i>	plus 1.20 %	plus 5.82 %

40.32% of the Concord portfolio is invested with PRIT (34.32% in the Core Fund, 4.43% in the Core Real Estate Fund and 1.57% 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 August 31, 2014, the PRIT Core Fund was allocated as follows:

		<b>PRIT CORE FUND</b>	
		<b>Share of portfolio asset value</b>	
	<u>this month</u>	<u>Change from prior month</u>	<u>Change from year earlier</u>
Fixed Income	23.41%	+ 0.66%	+ 1.81%
Equity	43.13%	- 0.23%	- 2.50%
Other	33.46%	- 0.43%	+ 0.69 %

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

Fixed Income	28.13%
Equity	49.19%
Real Estate	4.43%
Other	13.69% (alternative investments and PRIT Vintage Funds)
Cash	4.55%

The total allocation to “Equity, Real Estate and Other” at August 31, 2014 is 67.32%, 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>August 31, 2014</u>
Fixed income and cash	40.0%	35.0%	32.68%
Real Estate	2.5%	5.0%	4.43%
Equity and Other	57.5%	60.0%	62.88%

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

**\$132.85 million Retirement Board assets only:**

	<u>% of portfolio</u>	<u>Month of</u>			<u>Market INDEX</u>	
		<u>August</u>	<u>12 months</u>		<u>August</u>	<u>12 months</u>
FRT Equity I Fund	13.55%	4.00 %	23.50 %	<b>Russell 1000:</b>	4.13 %	25.36 %
FRT International	<u>5.24%</u>	<u>0.64 %</u>	<u>17.59 %</u>	<b>S&amp;P 500:</b>	4.00 %	25.25 %
Total account, FRT	18.79%	3.04 %	21.79 %	<b>EAFE/MSCI:</b>	(0.15)%	16.43 %
PRIT Core General	34.32%	1.61 %	17.31 %			
PRIT Core Real Estate	4.43%					
PRIT Vintage 2006	1.00%					
PRIT Vintage 2008	0.50%					
PRIT Vintage 2013	0.06%					
Columbia equity	16.36%	4.57 %	28.43 %	<b>Russell 1000 Value:</b>	3.68 %	24.43 %
Columbia - fixed income	21.50%	1.18 %	6.60 %	<b>Barclays Gov't:</b>	1.20 %	5.82 %
Cash - MMDT	3.04%	0.19 %				

**CONCORD RETIREMENT SYSTEM  
ASSET ALLOCATION REPORT**

MARKET VALUE AT:

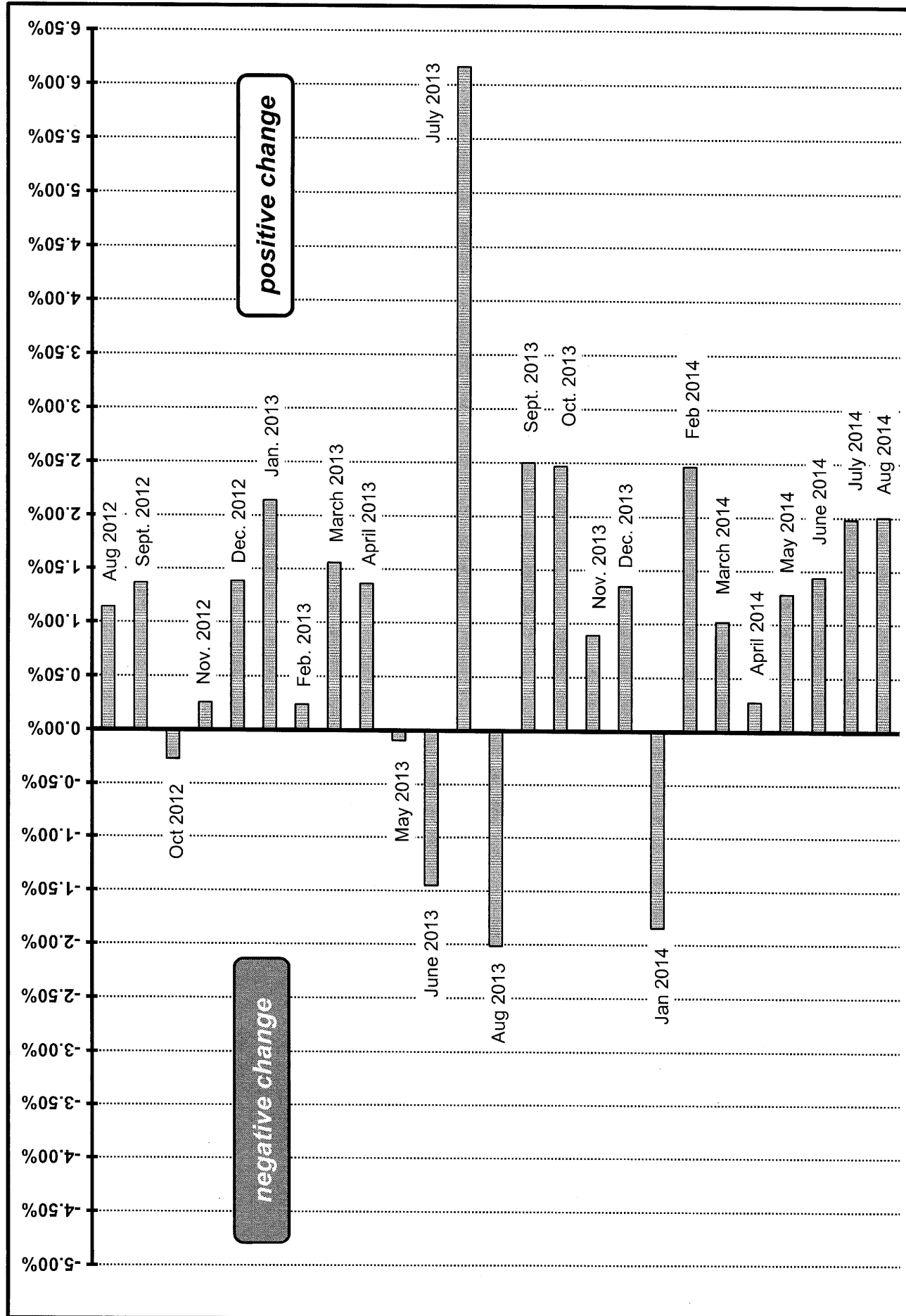
8/31/2014

	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL
<b>PENSION RESERVE</b>						
Columbia 80-16-200-8549595		\$6,051,750.03		\$251,622.25	\$54,854.18	\$6,358,226.46
MMDT #44-001501					\$2,945,706.33	\$2,945,706.33
<b>TOTAL</b>	\$0.00	\$6,051,750.03	\$0.00	\$251,622.25	\$3,000,560.51	\$9,303,932.79
<b>RETIREMENT SYSTEM</b>						
Fixed Income 80-16-200-8553057	\$26,703,495.95				\$1,856,568.87	\$28,560,064.82
Columbia 80-16-200-8549574		\$20,726,527.09		\$860,350.60	\$152,254.07	\$21,739,131.76
Equity I (FRT)		\$17,998,611.00				\$17,998,611.00
International Fund		\$6,962,420.31				\$6,962,420.31
PRIT Core General	\$10,671,979.40	\$19,661,788.61		\$15,253,499.81		\$45,587,267.82
PRIT Core Real Estate			\$5,880,485.54			\$5,880,485.54
PRIT Vintage Fund 2006				\$1,334,994.04		\$1,334,994.04
PRIT Vintage Fund 2008				\$666,253.15		\$666,253.15
PRIT Vintage Fund 2013				\$77,933.09		\$77,933.09
MMDT #44-002079					\$4,039,300.07	\$4,039,300.07
<b>TOTAL</b>	\$37,375,475.35	\$65,349,347.01	\$5,880,485.54	\$18,193,030.69	\$6,048,123.01	\$132,846,461.60
<b>GRAND TOTAL</b>	<b>\$37,375,475.35</b>	<b>\$71,401,097.04</b>	<b>\$5,880,485.54</b>	<b>\$18,444,652.94</b>	<b>\$9,048,683.52</b>	<b>\$142,150,394.39</b>
<b>PERCENT OF TOTAL</b>	<b>26.29%</b>	<b>50.23%</b>	<b>4.14%</b>	<b>12.98%</b>	<b>6.37%</b>	<b>100.00%</b>
<b>Retirement system ONLY</b>	<b>28.13%</b>	<b>49.19%</b>	<b>4.43%</b>	<b>13.69%</b>	<b>4.55%</b>	<b>100.00%</b>

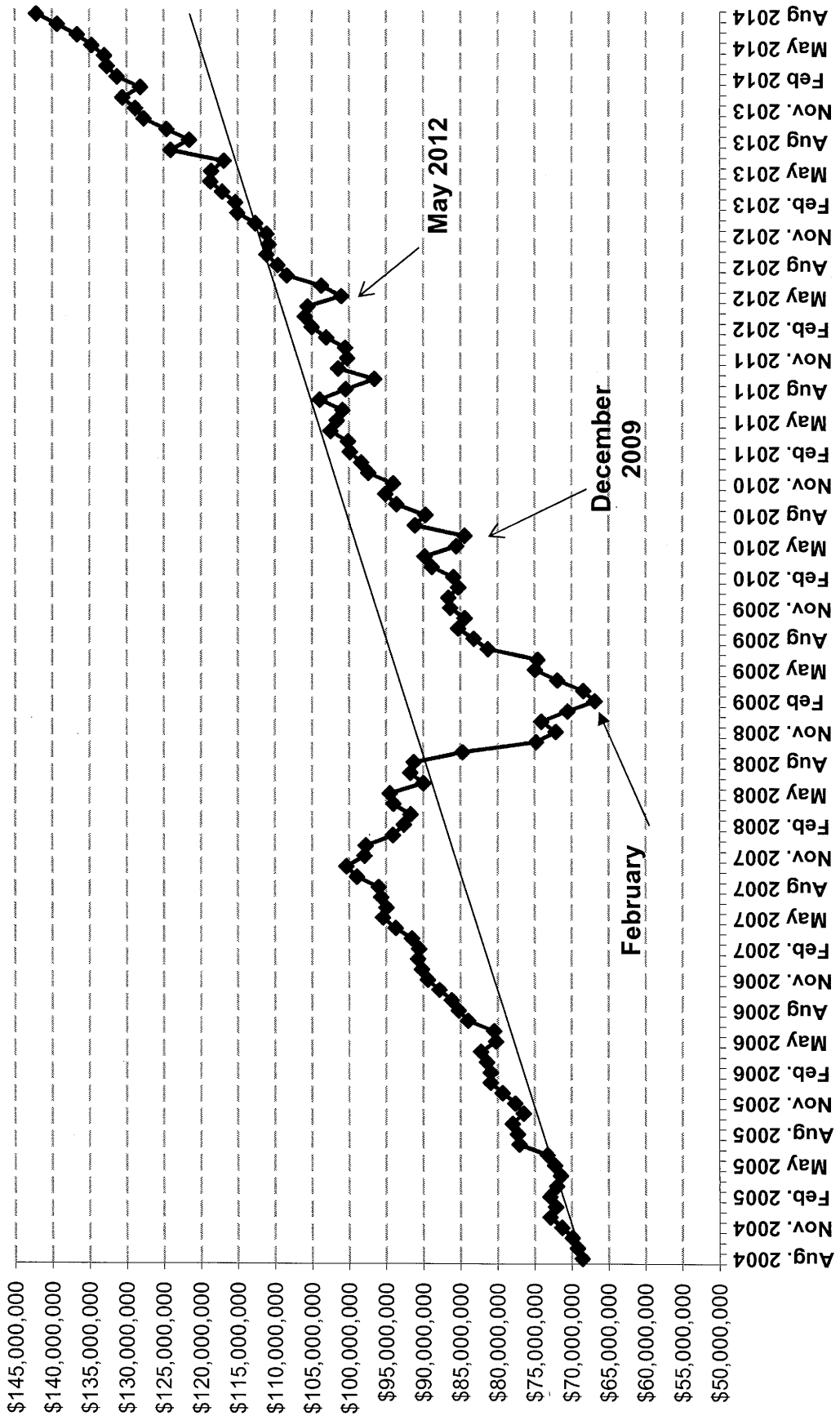
"other":PRIT FUND - alternative investments, real estate, timber, absolute value (hedge); COLUMBIA - real estate

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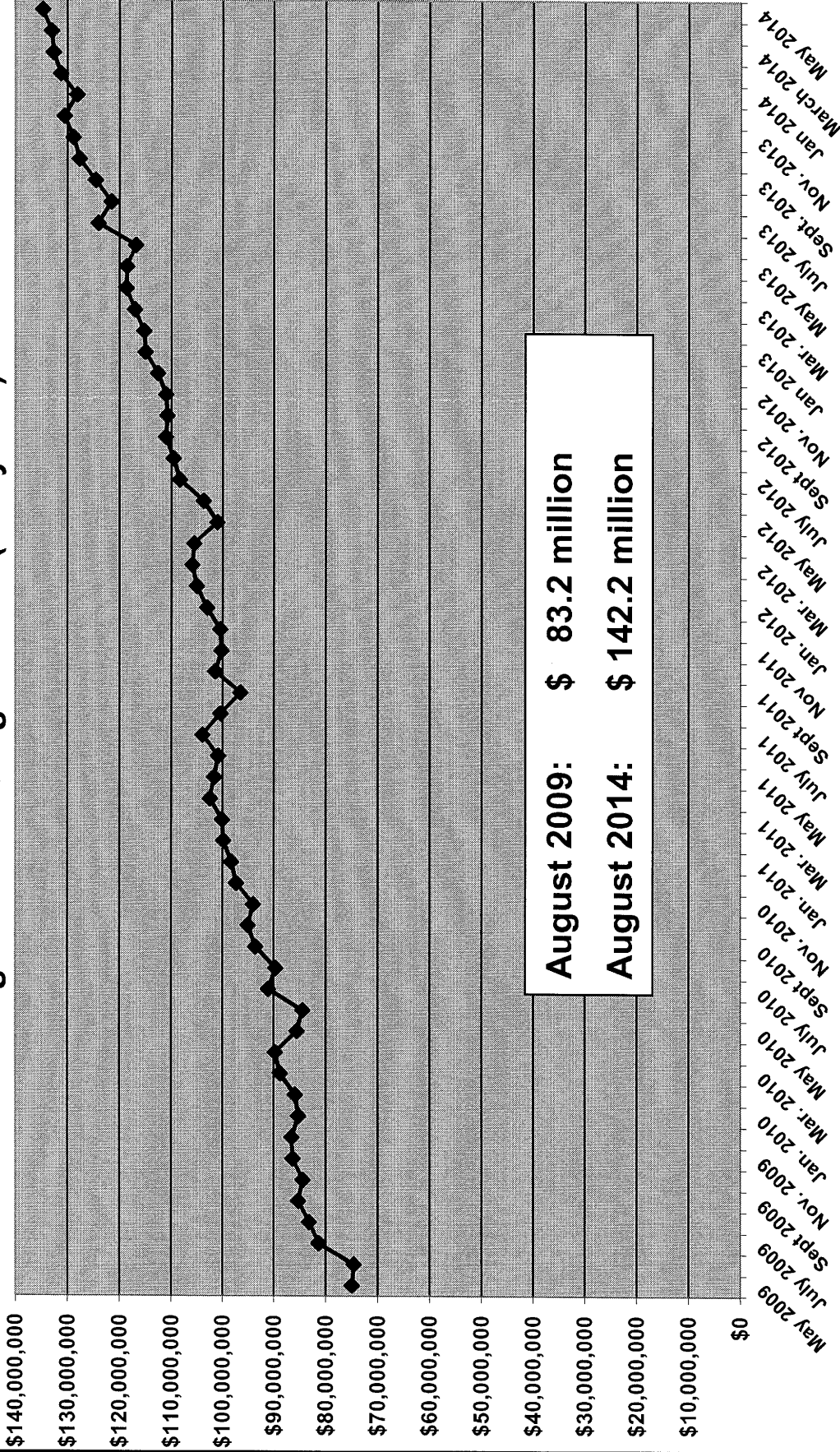
25-month Asset Change  
Concord Retirement System



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



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



PRIT

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

	Long Term		Actual Allocation %	Month	FY '15	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
	NAV \$(M)	Target Allocation %									
GLOBAL EQUITY	26,307,122	43.0%	43.1%	2.21	0.71	6.95	20.94	14.82	12.89	8.27	6.02
CORE FIXED INCOME	9,106,122	13.0%	14.9%	3.31	3.67	9.23	10.02	4.83	6.05	5.08	7.83
VALUE-ADDED FIXED INCOME	5,198,078	10.0%	8.5%	0.35	-0.24	6.30	10.75	7.32	12.74	9.05	9.60
PRIVATE EQUITY	6,500,094	10.0%	10.6%	-0.34	-0.97	12.43	25.59	17.05	18.65	17.80	14.42
REAL ESTATE	5,379,167	10.0%	8.8%	0.85	1.25	8.96	15.13	12.98	11.13	10.15	6.24
TIMBER/NATURAL RESOURCES	2,427,510	4.0%	4.0%	0.58	-0.49	5.30	11.51	4.69	4.20	7.75	8.74
HEDGE FUNDS (NET OF FEES)	5,699,954	10.0%	9.3%	0.57	0.05	4.56	10.34	7.96	6.52	5.19	5.09
PORTABLE ALPHA WIND DOWN (NET OF FEES)	46,680	0.0%	0.1%	0.18	0.00	-1.86	-4.29	-3.41	0.32		-5.70
OVERLAY	434,013	0.0%	0.7%	2.16	1.28	6.47					10.91
<b>TOTAL CORE</b>	<b>61,098,740</b>	<b>100%</b>	<b>100%</b>	<b>1.61</b>	<b>0.82</b>	<b>7.72</b>	<b>17.31</b>	<b>11.87</b>	<b>11.36</b>	<b>8.11</b>	<b>9.74</b>
INTERIM BENCHMARK (target allocation without private equity benchmark) <sup>1</sup>				1.43	0.65	7.41	16.29	11.16	10.31	7.93	10.31
TOTAL CORE BENCHMARK (actual allocation with private equity benchmark) <sup>2</sup>				1.54	0.91	6.75	14.64	10.25	9.27	7.66	10.21
PARTICIPANTS CASH	77,724			0.01	0.02	0.07	0.11	0.14	0.18	1.74	4.14
TEACHERS' AND EMPLOYEES' CASH	27,708			0.01	0.02	0.07	0.11	0.14	0.18	1.46	2.91
<b>TOTAL FUND</b>	<b>61,204,172</b>			<b>1.61</b>	<b>0.82</b>	<b>7.70</b>	<b>17.25</b>	<b>11.82</b>	<b>11.31</b>	<b>8.09</b>	<b>9.80</b>

**Performance Report**  
**Town of Concord Retirement System**  
 As of August 31, 2014

	Market Value	Annualized										Inception Date
		One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Ten Years	Since Inception			
Town of Concord Retirement System Investment Account - QU2V												
<b>Total Assets</b>	\$ 24,961,031	3.04 %	2.79 %	6.62 %	21.79 %	17.66 %	14.07 %	8.28 %	9.73 %		07/01/1986	
Custom Benchmark <sup>1</sup>	--	2.85	2.98	7.67	22.67	17.97	14.54	8.14	9.21	--	--	
Custom Benchmark <sup>2</sup>	--	2.94	3.19	8.03	23.00	17.86	14.50	8.31	9.39	--	--	
<b>Total Equity</b>	24,961,031	3.04	2.79	6.62	21.79	17.66	14.07	8.43	10.18		07/01/1986	
<b>RTC Equity I Fund</b>	17,998,611	4.00	4.36	8.37	23.50	20.04	16.21	8.78	10.55		07/01/1986	
Russell 1000 Index	--	4.13	4.78	9.90	25.36	20.80	17.24	8.78	10.20	--	--	
S&P 500 Index	--	4.00	4.69	9.89	25.25	20.61	16.88	8.38	10.15	--	--	
<b>RTC International Fund</b>	6,962,420	0.64	-1.07	2.32	17.59	12.01	9.01	7.50	6.89		03/01/1996	
Russell Dev ex-US LC Idx Net (Linked) <sup>3</sup>	--	0.16	-0.47	3.73	17.53	11.02	8.10	6.96	5.19	--	--	
MSCI EAFE Index Net Dividend	--	-0.15	-1.17	2.56	16.43	11.36	8.21	7.01	5.22	--	--	

Frank Russell

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.

For more information contact the RFI team by e-mail at [RFI@columbiamanagement.com](mailto:RFI@columbiamanagement.com) or call either Ting Jen at 617-747-0427 or Yuri Zbitnoff at 617-747-0453.



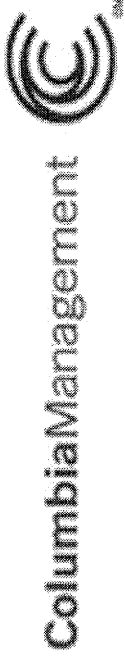
# Columbia Management

Account Name **Concord Retirement Trust Equity** Inception Date **March 31, 1993**  
 As of **August 31, 2014**

	Market Value	August return	QTD return	YTD return	1-Year return	3-Year return	5-Year return	ITD return
Cash & Equivalents	138,836	0.01	0.01	0.05	0.07	0.10	0.11	3.05
Equity	21,591,790	4.57	3.18	12.19	28.18	22.58	17.92	9.72
Total Account	21,730,626	4.57	3.18	12.56	28.43	22.62	17.92	9.77
Russell 1000 Value		3.68	1.91	10.35	24.43	21.57	16.62	9.91
S&P 500		4.00	2.57	9.89	25.25	20.61	16.88	9.33

NOTE: All values are gross of fees, unless otherwise stated.  
 Past performance is no guarantee of future results.

For more information contact the RFI team by e-mail at [RFI@columbiamanagement.com](mailto:RFI@columbiamanagement.com) or call either Ting Jen at 617-747-0427 or Yun Zblimoff at 617-747-0463.



Account Name **Concord Retirement Trust Fixed** Inception Date **September 30, 1987**  
 As of **August 31, 2014**

	Market Value	August return	QTD return	YTD return	1-Year return	3-Year return	5-Year return	ITD return
Cash & Equivalents	1,856,569	0.01	0.01	0.05	0.07	0.10	0.11	---
Fixed Income	26,704,746	1.24	1.20	5.96	6.80	4.35	5.98	5.91
Total Account	28,561,315	1.18	1.14	5.79	6.60	4.22	5.76	6.13
Barclays Gov/Credit Bond Index		1.20	1.09	5.07	5.82	3.21	4.70	7.05

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