

**Town of Concord  
Finance Department  
Memorandum**

**TO:** Retirement Board

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

**SUBJ:** Asset allocation and market value @ August 31, 2013

**DATE:** September 25, 2013

**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 **decreased 2.02% from the prior month-end.**

At August 31<sup>st</sup>, combined assets totaled \$121.6 million (\$113.87 million in the Retirement System and \$7.71 million in the Town's Pension Reserve account). The market value of combined assets **decreased** in August by **\$2,501,000.**

**Compared to one year earlier**, the market value of combined assets is **up 10.92%**. For the three-year period, market value has increased at an average annual rate of 11.85%.

**Concord Retirement System performance**

**Asset Value at August 31, 2013: \$ 113,865,108**

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

The Concord Retirement Fund asset value is **78.8% above** the nadir of \$63.72 million at the market bottom of February 2009. For this same time period, the PRIT Core Fund, at \$53.81 billion, is **57.8% above its market bottom of \$34.10 billion.**

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

For the one-year period ended August 31, asset value of the Concord Retirement Fund has **increased 10.54%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **11.40%** 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*	<b>(2.02)%</b>	<b>10.54%</b>
State PRIT Core Fund	<b>(1.30)%</b>	<b>11.40%</b>

\* The asset value increase of 10.54% for the 12-month period ending August 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 August 31, 2013 are:

S&P 500	<i>Domestic equity</i>	<u>One month</u>	<u>One year</u>
Barclays Govt.	<i>Fixed income</i>	minus 2.90%	plus 18.70%
		minus 0.61%	minus 2.62%

38.6% of the Concord portfolio is invested with PRIT (33.80% in the Core Fund, 4.51% in the Core Real Estate Fund and 1.91% 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, 2013, 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 prior month</u>	<u>Change from year earlier</u>
Fixed Income	21.60%	+ 0.56%	+ 0.52%
Equity	45.63%	- 0.72%	+ 1.54%
Other	32.77%	+ 0.16%	- 2.06%

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

Fixed Income	30.31%
Equity	47.61%
Real Estate	4.51%
Other	13.57% (alternative investments and PRIT Vintage Funds)
Cash	4.00%

The total allocation to “Equity, Real Estate and Other” at August 31, 2013 is 65.69%, 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, 2013</u>
Fixed income and cash	40.0%	35.0%	34.31%
Real Estate	2.5%	5.0%	4.51%
Equity and Other	57.5%	60.0%	61.18%

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

**\$113.9 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	12.80%	(2.43)%	19.94 %	Russell 1000:	(2.76)% 19.84 %
FRT International	5.20%	(1.85)%	19.51 %	S&P 500:	(2.90)% 18.70 %
Total account, FRT	18.00%	(2.26)%	19.82 %	EAFE/MSCI:	(1.32)% 18.66 %
PRIT Core General	33.80%	(1.30)%	11.40 %		
PRIT Core Real Estate	4.51%	(0.92)%	10.43 %		
PRIT Vintage 2006	1.38%	(0.19)%	13.50 %		
PRIT Vintage 2008	0.52%	(0.31)%	18.65 %		
PRIT Vintage 2013	0.01%	(21.14)%			
Columbia equity	14.86%	(4.04)%	23.52 %	Russell 1000 Value:	(3.79)% 23.10 %
Columbia - fixed income	24.03%	(0.47)%	(1.91)%	Barclays Gov't:	(0.61)% (2.62)%
Cash - MMDT	2.90%	0.20 %			