

**Town of Concord  
Finance Department  
Memorandum**

**TO:** Retirement Board  
**FROM:** Anthony T. Logalbo, Finance Director *ATL*  
**SUBJ:** Asset allocation and market value @ April 30, 2014  
**DATE:** May 28, 2014

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

For the month of April, the combined market value of system assets and the Town's Pension Reserve Fund **increased 0.27% from the prior month-end.**

At April 30<sup>th</sup>, combined assets totaled \$133.0 million (\$124.37 million in the Retirement System and \$8.65 million in the Town's Pension Reserve account). The market value of combined assets **increased** in April by **\$362,000.**

**Compared to one year earlier**, the market value of combined assets is **up 12.1%**. For the three-year period ending March 31, 2014, market value has increased at an average annual rate of 9.93%. For the calendar year, assets are up 1.88%.

**Concord Retirement System performance**

**Asset Value at April 30, 2014: \$ 124,366,378**

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

The Concord Retirement Fund asset value is **95.8% above** the nadir of \$63.72 million at the market bottom of February 2009. For this same time period, the PRIT Core Fund, at \$59.1 billion, is **73.1% above its market bottom of \$34.10 billion.**

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

For the one-year period ended April 30, asset value of the Concord Retirement Fund has **increased 11.68%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **11.83%** 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*	0.25 %	11.68%
State PRIT Core Fund	0.56 %	11.83%

\* *The asset value increase of 11.68% for the 12-month period ending April 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 April 30, 2014 are:

S&P 500	<i>Domestic equity</i>	<u>One month</u> plus 0.74 %	<u>One year</u> plus 20.44 %
Barclays Govt.	<i>Fixed income</i>	plus 0.82 %	minus 0.65 %

41.32% of the Concord portfolio is invested with PRIT (35.04% in the Core Fund, 4.54% in the Core Real Estate Fund and 1.74% 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 April 30, 2014, 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	22.61%	+ 1.51%	+ 0.69%
Equity	43.91%	- 1.70%	- 1.81%
Other	33.48%	+ 0.19%	+ 1.12%

Concord Retirement Board assets were allocated as of April 30 as follows:

Fixed Income	29.89%
Equity	50.03%
Real Estate	4.54%
Other	14.06% (alternative investments and PRIT Vintage Funds)
Cash	1.48%

The total allocation to "Equity, Real Estate and Other" at April 30, 2014 is 68.63%, 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>April 30, 2014</u>
Fixed income and cash	40.0%	35.0%	31.37%
Real Estate	2.5%	5.0%	4.54%
Equity and Other	57.5%	60.0%	64.09%

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

**\$124.37million Retirement Board assets only:**

	<u>% of portfolio</u>	<u>Month of</u>		<u>Market INDEX</u>	
		<u>April</u>	<u>12 months</u>	<u>April</u>	<u>12 months</u>
FRT Equity I Fund	13.56%	(0.26)%	20.23 %	<b>Russell 1000:</b> 0.47 %	20.81 %
FRT International	<u>5.56%</u>	<u>0.67 %</u>	<u>16.55%</u>	<b>S&amp;P 500:</b> 0.74 %	20.44 %
Total account, FRT	19.12%	0.01 %	19.14 %	<b>EAFE/MSCI:</b> 1.45 %	13.35 %
PRIT Core General	35.04%	0.56 %	11.83 %		
PRIT Core Real Estate	4.54%	1.01 %	9.69 %		
PRIT Vintage 2006	1.18%	0.03 %	23.37 %		
PRIT Vintage 2008	0.53%	0.08 %	30.10 %		
PRIT Vintage 2013	0.03%	(0.06)%			
Columbia equity	16.19%	0.86 %	23.88 %	<b>Russell 1000 Value:</b> 0.95 %	20.90 %
Columbia - fixed income	22.89%	0.90 %	(0.17)%	<b>Barclays Gov't:</b> 0.82 %	(0.65)%
Cash - MMDT	0.48%	0.19 %			

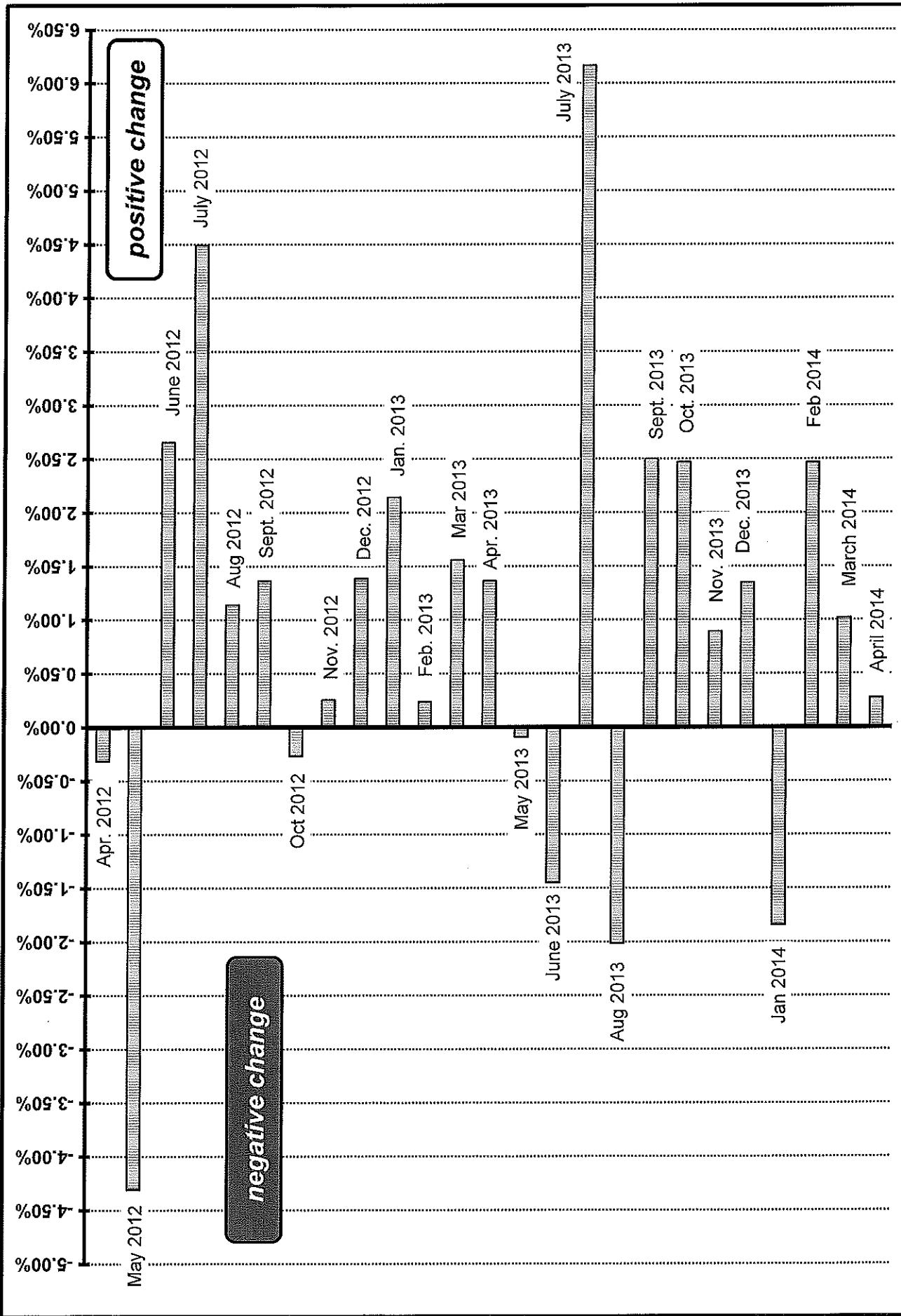
**CONCORD RETIREMENT SYSTEM  
ASSET ALLOCATION REPORT**

MARKET VALUE AT: **4/30/2014**

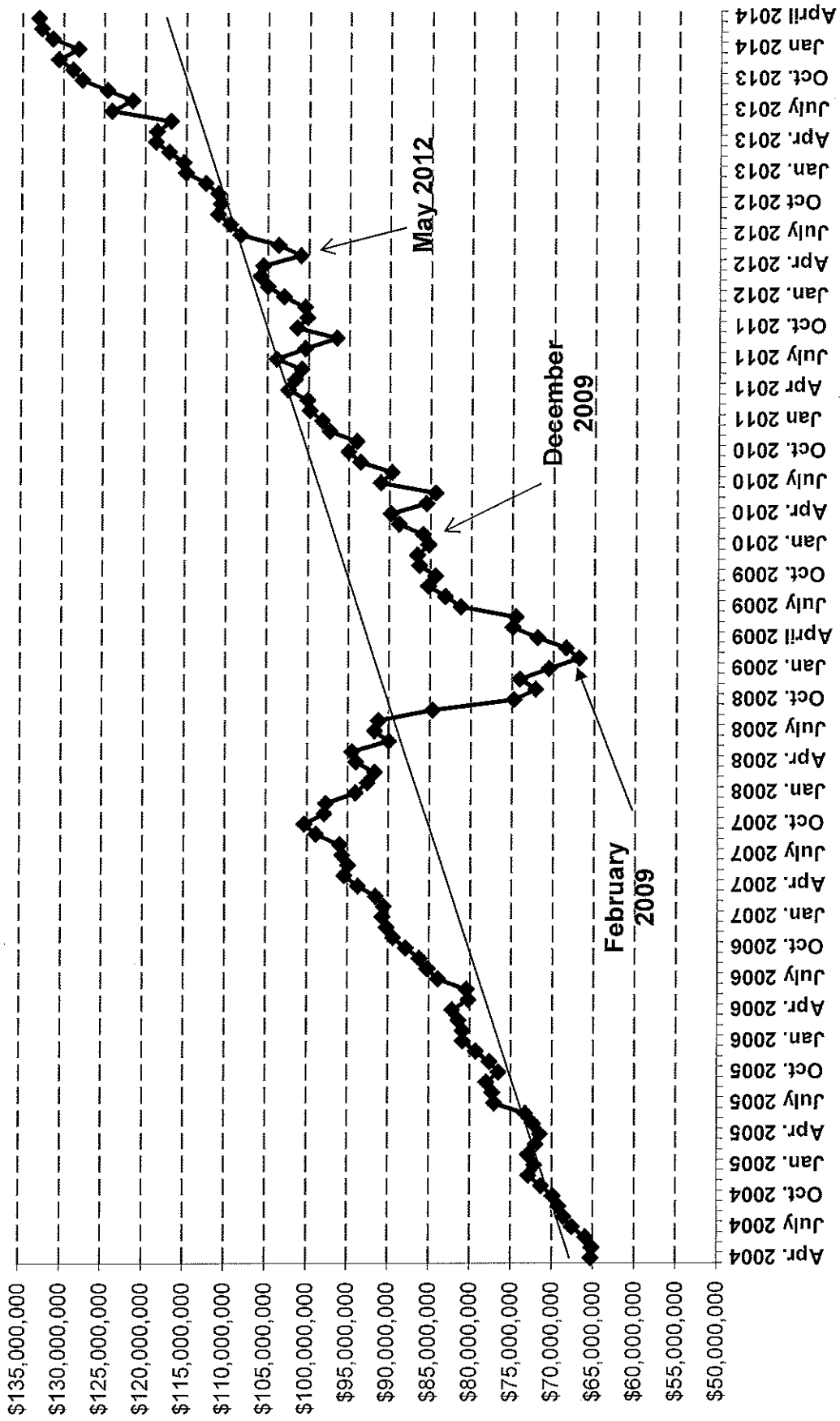
	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL
<b>PENSION RESERVE</b>						
Columbia 80-16-200-8549595		\$5,636,998.65		\$214,603.85	\$36,809.68	\$5,888,412.18
MMDT #44-001501		\$5,636,998.65	\$0.00	\$214,603.85	\$2,761,363.50	\$2,761,363.50
<b>TOTAL</b>	\$0.00	\$5,636,998.65	\$0.00	\$214,603.85	\$2,798,173.18	\$8,649,775.68
<b>RETIREMENT SYSTEM</b>						
Fixed Income 80-16-200-8553057	\$27,325,576.96					\$28,468,400.41
Columbia 80-16-200-8549574		\$19,294,324.12		\$737,281.45	\$97,695.65	\$20,129,301.22
Equity I (FRT)		\$16,869,962.47				\$16,869,962.47
International Fund		\$6,914,379.38				\$6,914,379.38
PRIT Core General	\$9,853,457.00	\$19,136,014.90		\$14,590,612.13		\$43,580,084.03
PRIT Core Real Estate			\$5,641,099.91			\$5,641,099.91
PRIT Vintage Fund 2006				\$1,467,317.94		\$1,467,317.94
PRIT Vintage Fund 2008				\$664,002.22		\$664,002.22
PRIT Vintage Fund 2013				\$31,525.81		\$31,525.81
MMDT #44-002079					\$600,304.74	\$600,304.74
<b>TOTAL</b>	\$37,179,033.96	\$62,214,680.87	\$5,641,099.91	\$17,490,739.55	\$1,840,823.84	\$124,366,378.13
<b>GRAND TOTAL</b>	<b>\$37,179,033.96</b>	<b>\$67,851,679.52</b>	<b>\$5,641,099.91</b>	<b>\$17,705,343.40</b>	<b>\$4,638,997.02</b>	<b>\$133,016,153.81</b>
<b>PERCENT OF TOTAL</b>	<b>27.95%</b>	<b>51.01%</b>	<b>4.24%</b>	<b>13.31%</b>	<b>3.49%</b>	<b>100.00%</b>
<b>Retirement system ONLY</b>	<b>29.89%</b>	<b>50.03%</b>	<b>4.54%</b>	<b>14.06%</b>	<b>1.48%</b>	<b>100.00%</b>

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

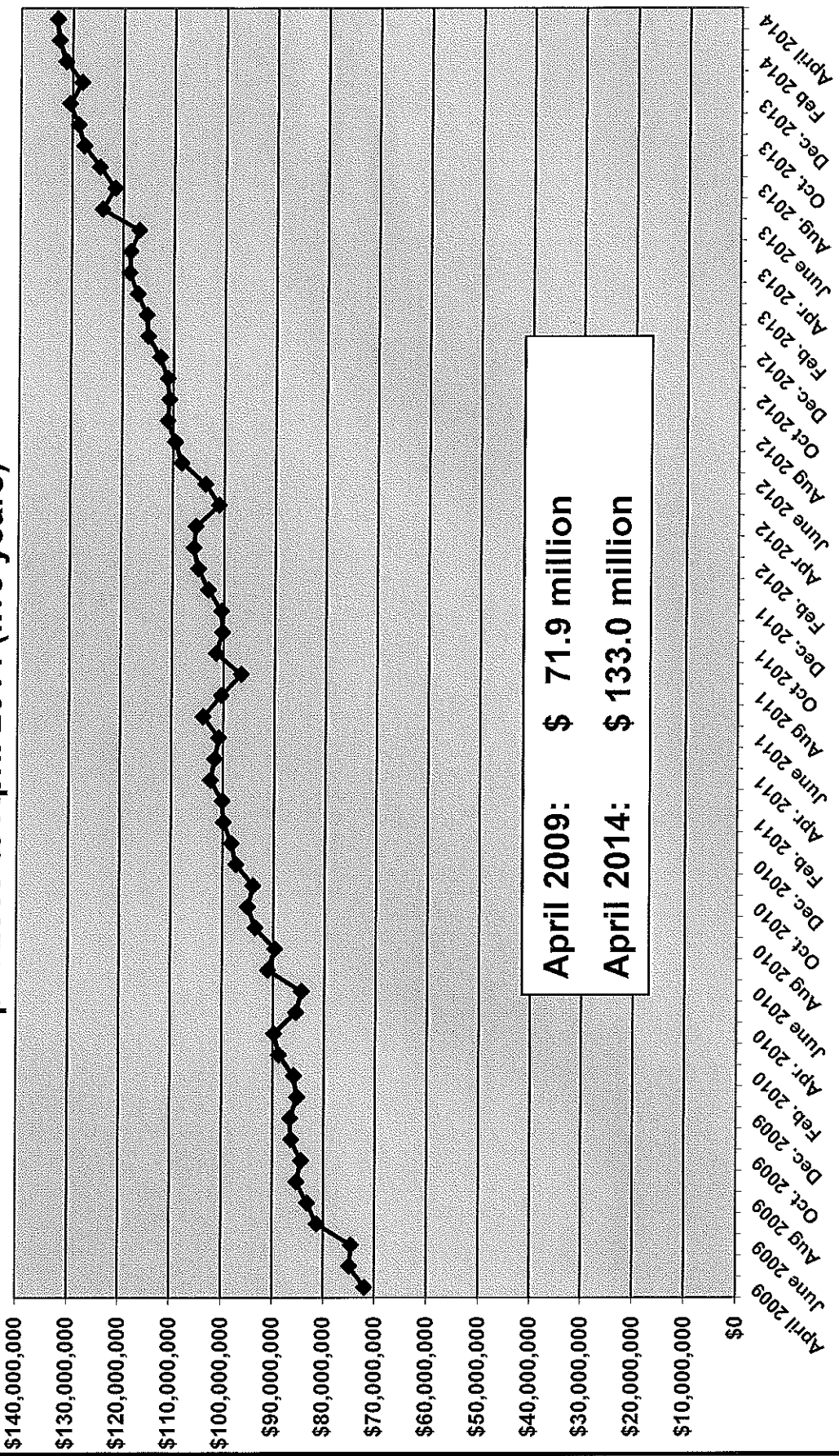
25-month Asset Change  
Concord Retirement System



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



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



**PENSION RESERVES INVESTMENT TRUST**  
**SUMMARY OF PLAN PERFORMANCE**  
**RATES OF RETURN (GROSS OF FEES)**  
**Periods Ending April 30, 2014**

	NAV \$(M)	Long Term		Month	FY '14	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
		Target Allocation %	Actual Allocation %								
GLOBAL EQUITY	25,405,290	43.0%	43.0%	0.44	17.88	1.71	14.68	8.27	16.61	7.70	5.77
CORE FIXED INCOME	8,342,845	13.0%	14.1%	1.29	3.78	3.37	-0.82	4.09	6.53	4.89	7.71
VALUE-ADDED FIXED INCOME	4,997,831	10.0%	8.5%	0.46	6.80	3.47	3.68	6.91	14.23	9.23	9.63
PRIVATE EQUITY	6,615,873	10.0%	11.2%	0.18	22.28	9.53	27.14	17.94	17.75	17.88	14.49
REAL ESTATE	5,236,382	10.0%	8.9%	1.01	10.11	4.38	10.28	11.48	10.53	10.54	6.15
TIMBER/NATURAL RESOURCES	2,323,153	4.0%	3.9%	1.10	11.09	3.63	9.83	2.16	4.95	7.91	8.84
HEDGE FUNDS (NET OF FEES)	5,589,302	10.0%	9.5%	-0.08	-8.10	1.98	8.68	5.61	7.31		5.00
PORTABLE ALPHA WIND DOWN (NET OF FEES)	48,997	0.0%	0.1%	-1.08	-7.09	-3.22	-5.59	-4.42	3.45		-6.11
OVERLAY	466,073	0.0%	0.8%	0.81		2.18					6.44
<b>TOTAL CORE</b>	<b>59,025,745</b>	<b>100%</b>	<b>100%</b>	<b>0.56</b>	<b>13.67</b>	<b>3.27</b>	<b>11.83</b>	<b>8.22</b>	<b>13.19</b>	<b>7.84</b>	<b>9.70</b>
INTERIM BENCHMARK (excludes private equity benchmark) <sup>1</sup>				0.51	12.85	3.20	10.49	7.51	12.07	7.68	10.28
TOTAL CORE BENCHMARK (includes private equity benchmark) <sup>2</sup>				0.56	11.38	2.54	8.76	6.53	11.06	7.41	10.18
PARTICIPANTS CASH	11,160			0.01	0.09	0.03	0.12	0.14	0.21	1.77	4.18
TEACHERS' AND EMPLOYEES' CASH	36,412			0.01	0.09	0.03	0.11	0.14	0.21	1.52	2.97
<b>TOTAL FUND</b>	<b>59,073,318</b>			<b>0.56</b>	<b>13.62</b>	<b>3.26</b>	<b>11.79</b>	<b>8.19</b>	<b>13.14</b>	<b>7.81</b>	<b>9.76</b>
POLICY RETURN <sup>36</sup>				0.66	12.38	2.69	10.32	7.91	12.94	8.10	9.85

# Performance Report

## Town of Concord Retirement System

As of April 30, 2014

	Market Value	One Month	Three Months	Year to Date	Annualized					Inception Date
					One Year	Three Years	Five Years	Ten Years	Since Inception	
Town of Concord Retirement System Investment Account - QJ2V										
<b>Total Assets</b>	\$ 23,784,342	0.01 %	5.19 %	1.59 %	19.14 %	10.80 %	17.37 %	7.72 %	9.66 %	07/01/1986
Custom Benchmark <sup>1</sup>	--	0.76	6.06	2.41	18.59	11.37	17.80	7.63	9.13	--
Custom Benchmark <sup>2</sup>	--	0.79	6.23	2.59	18.86	11.22	17.72	7.75	9.30	--
<b>Total Equity</b>	23,784,342	0.01	5.19	1.59	19.14	10.80	17.37	7.85	10.12	07/01/1986
<b>RTC Equity I Fund</b>	16,869,962	-0.26	5.01	1.58	20.23	12.93	18.57	8.02	10.43	07/01/1986
Russell 1000 Index	--	0.47	5.91	2.53	20.81	13.80	19.52	8.05	10.05	--
S&P 500 Index	--	0.74	6.23	2.56	20.44	13.83	19.14	7.67	10.01	--
<b>RTC International Fund</b>	6,914,379	0.67	5.62	1.62	16.55	5.83	14.37	7.37	6.98	03/01/1996
Russell Dev ex-US LC Idx Net (Linked) <sup>3</sup>	--	1.53	6.97	2.73	14.23	5.20	13.35	6.82	5.24	--
MSCI EAFE Index Net Dividend	--	1.45	6.40	2.12	13.35	5.66	13.58	6.93	5.30	--

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.

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	0.86	8.11	4.26	23.88	15.13	20.27	9.54	03/31/1993
<b>Index</b>								
Russell 1000 Value Index	0.95	7.83	4.00	20.90	14.15	19.53	9.78	03/31/1993
S&P 500 Index	0.74	6.23	2.56	20.44	13.82	19.14	9.13	03/31/1993

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.



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	0.90	1.60	3.25	-0.17	4.55	6.70	6.12	09/30/1987
<u>Index</u>								
Barclays Aggregate Bond Index	0.84	1.21	2.70	-0.26	3.60	4.88	7.04	09/30/1987
Barclays Gov/Credit Bond Index	0.82	1.33	2.82	-0.65	4.04	5.21	7.06	09/30/1987
Barclays Int Gov/Credit Bond Idx	0.51	0.60	1.52	-0.24	2.92	4.19	6.46	09/30/1987

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