


**Town of Concord
Finance Department
Memorandum**

TO: Retirement Board
FROM: Anthony T. Logalbo, Finance Director 
SUBJ: Asset allocation and market value @ February 28, 2014
DATE: March 21, 2014

Combined Assets: Retirement System and Town Pension Reserve Fund

For the month of February, the combined market value of system assets and the Town's Pension Reserve Fund **increased 2.47% from the prior month-end.**

At February 28th, combined assets totaled \$131.3 million (\$122.88 million in the Retirement System and \$8.43 million in the Town's Pension Reserve account). The market value of combined assets **increased** in February by **\$3,161,000.**

Compared to one year earlier, the market value of combined assets is **up 13.9%**. For the three-year period ending February 28, 2014, market value has increased at an average annual rate of 10.50%.

Concord Retirement System performance

Asset Value at February 28, 2014: \$ 122,884,940

From March 1, 2009:

The Concord Retirement Fund asset value is **92.9% above** the nadir of \$63.72 million at the market bottom of February 2009. For this same time period, the PRIT Core Fund, at \$58.2 billion, is **70.7% above its market bottom of \$34.10 billion.**

For the most recent 12-month period:

For the one-year period ended February 28, asset value of the Concord Retirement Fund has **increased 13.55%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **13.51%** 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*	2.45 %	13.55%
State PRIT Core Fund	2.89 %	13.51%

* The asset value increase of 13.55% for the 12-month period ending February 28^t 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 February 28, 2014 are:

S&P 500	<i>Domestic equity</i>	<u>One month</u> plus 4.57 %	<u>One year</u> plus 25.37%
Barclays Govt.	<i>Fixed income</i>	plus 0.61 %	minus 0.09%

40.82% of the Concord portfolio is invested with PRIT (34.66% in the Core Fund, 4.46% in the Core Real Estate Fund and 1.70% 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 February 28, 2014, the PRIT Core Fund was allocated as follows:

PRIT CORE FUND			
<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	21.21%	- 0.32%	+ 0.20%
Equity	46.35%	+ 0.86%	+ 1.37%
Other	32.44%	- 0.54%	- 1.57%

Concord Retirement Board assets were allocated as of February 28 as follows:

Fixed Income	29.73%
Equity	50.54%
Real Estate	4.46%
Other	13.52% (alternative investments and PRIT Vintage Funds)
Cash	1.76%

The total allocation to “Equity, Real Estate and Other” at February 28, 2014 is 68.51%, 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:

	Prior	New	Actual <u>February 28, 2014</u>
Fixed income and cash	40.0%	35.0%	31.49%
Real Estate	2.5%	5.0%	4.46%
Equity and Other	57.5%	60.0%	64.05%

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

\$122.9 million Retirement Board assets only:

	<u>% of portfolio</u>	<u>Month of</u>		<u>Market INDEX</u>	
		<u>February</u>	<u>12 months</u>	<u>February</u>	<u>12 months</u>
FRT Equity I Fund	13.72%	4.92 %	26.32 %	Russell 1000: 4.75 %	26.34 %
				S&P 500: 4.57 %	25.37 %
FRT International	<u>5.64%</u>	<u>5.82 %</u>	<u>23.48 %</u>	EAFE/MSCI: 5.56 %	19.28 %
Total account, FRT	19.36%	5.18 %	25.48 %		
PRIT Core General	34.66%	2.89 %	13.51 %		
PRIT Core Real Estate	4.46%	1.33 %	10.49 %		
PRIT Vintage 2006	1.19%	0.25 %	21.08 %		
PRIT Vintage 2008	0.49%	0.54 %	21.39 %		
PRIT Vintage 2013	0.03%	(4.49)%			
Columbia equity	15.78%	4.12 %	25.92 %	Russell 1000 Value: 4.32 %	23.44 %
Columbia - fixed income	22.96%	0.69 %	0.36 %	Barclays Gov't: 0.61 %	(0.09)%
Cash - MMDT	1.09%	0.19 %			

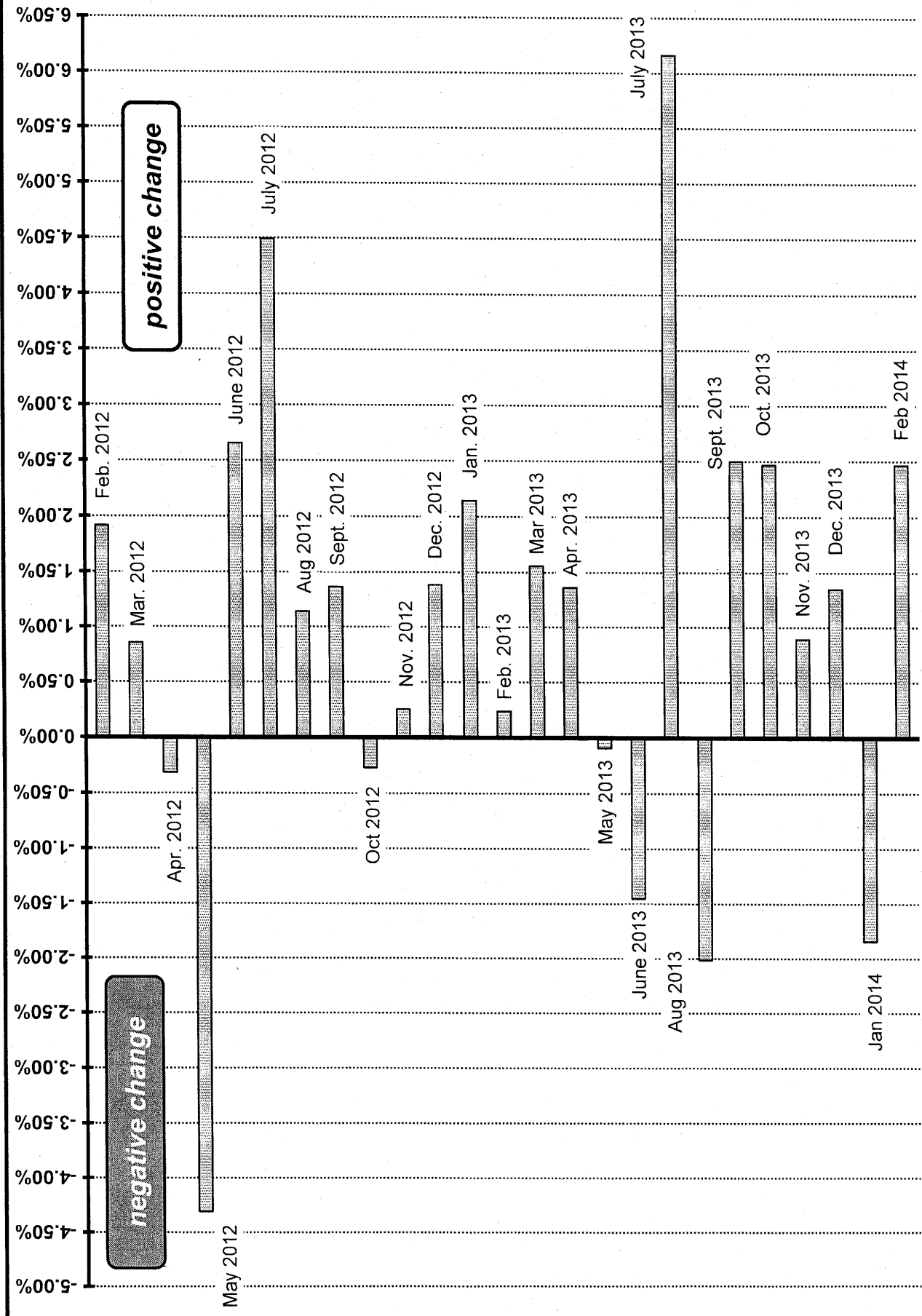
**CONCORD RETIREMENT SYSTEM
ASSET ALLOCATION REPORT**

MARKET VALUE AT: **2/28/2014**

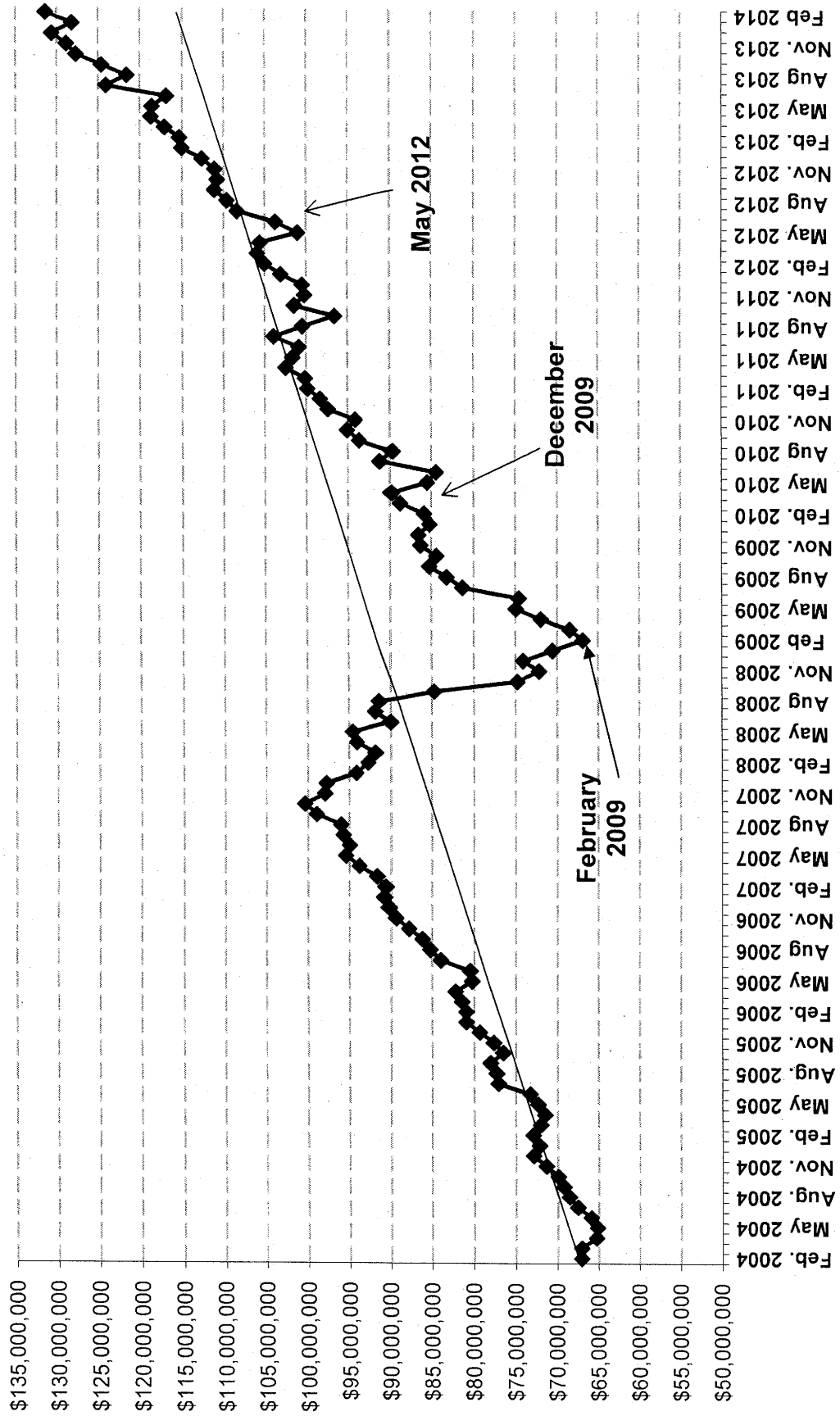
	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL
PENSION RESERVE						
Columbia 80-16-200-8549595		\$5,433,552.60		\$207,579.45	\$30,918.43	\$5,672,050.48
MMDT #44-001501					\$2,760,490.88	\$2,760,490.88
TOTAL	\$0.00	\$5,433,552.60	\$0.00	\$207,579.45	\$2,791,409.31	\$8,432,541.36
RETIREMENT SYSTEM						
Fixed Income 80-16-200-8553057	\$27,496,080.16				\$717,229.67	\$28,213,309.83
Columbia 80-16-200-8549574		\$18,576,904.83		\$708,026.70	\$101,277.79	\$19,386,209.32
Equity I (FRT)		\$16,856,170.43				\$16,856,170.43
International Fund		\$6,927,268.41				\$6,927,268.41
PRIT Core General	\$9,032,952.86	\$19,739,621.17		\$13,815,605.41		\$42,588,179.44
PRIT Core Real Estate			\$5,485,149.90			\$5,485,149.90
PRIT Vintage Fund 2006				\$1,457,936.42		\$1,457,936.42
PRIT Vintage Fund 2008				\$599,591.37		\$599,591.37
PRIT Vintage Fund 2013				\$31,003.53		\$31,003.53
MMDT #44-002079					\$1,340,121.27	\$1,340,121.27
TOTAL	\$36,529,033.02	\$62,099,964.84	\$5,485,149.90	\$16,612,163.43	\$2,158,628.73	\$122,884,939.92
GRAND TOTAL	\$36,529,033.02	\$67,533,517.44	\$5,485,149.90	\$16,819,742.88	\$4,950,038.04	\$131,317,481.28
PERCENT OF TOTAL	27.82%	51.43%	4.18%	12.81%	3.77%	100.00%
Retirement system ONLY	29.73%	50.54%	4.46%	13.52%	1.76%	100.00%

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

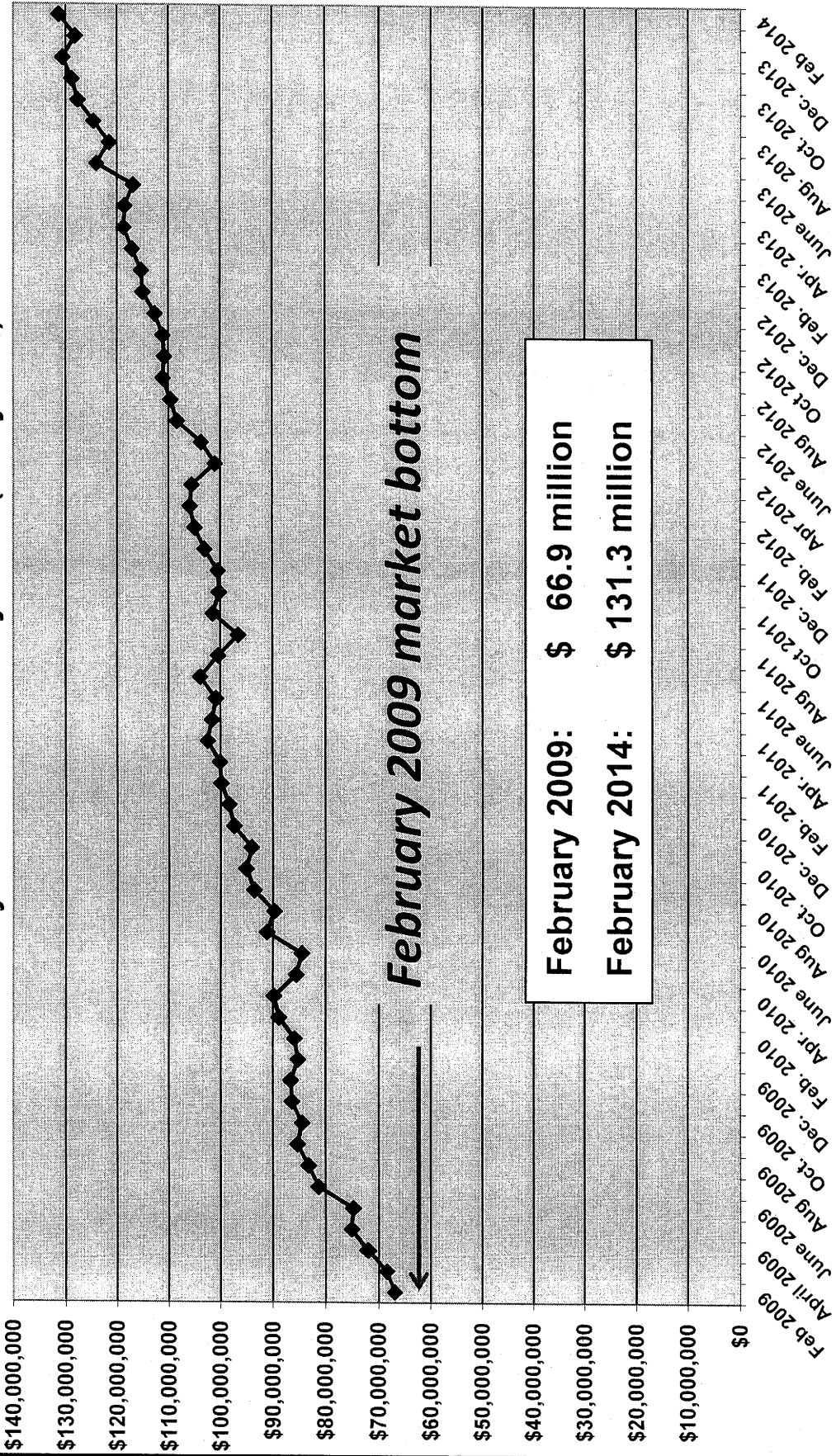
25-month Reset Change
Concord Retirement System



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



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



PENSION RESERVES INVESTMENT TRUST
SUMMARY OF PLAN PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
 Periods Ending February 28, 2014

	NAV \$(M)	Long Term		Actual Allocation %	Month	FY '14	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
		Target Allocation %	Allocation %									
GLOBAL EQUITY	26,511,562	43.0%	45.6%	4.87	16.92	0.89	19.16	9.50	20.85	7.29	5.78	
CORE FIXED INCOME	7,436,081	13.0%	12.8%	0.54	2.57	2.17	-0.69	4.28	6.99	4.54	7.72	
VALUE-ADDED FIXED INCOME	4,905,777	10.0%	8.4%	1.81	3.93	0.69	3.64	7.62	14.25	8.90	9.53	
PRIVATE EQUITY	6,225,020	10.0%	10.7%	0.40	11.40	-0.21	21.44	17.71	12.53	17.73	14.20	
REAL ESTATE	5,041,784	10.0%	8.7%	1.33	6.96	1.38	11.07	11.91	9.67	10.35	6.08	
TIMBER/NATURAL RESOURCES	2,263,997	4.0%	3.9%	1.62	7.95	0.70	8.64	2.21	5.27	8.15	8.71	
HEDGE FUNDS (NET OF FEES)	5,283,061	10.0%	9.1%	2.17	8.38	2.25	11.72	6.04	7.44		5.12	
PORTABLE ALPHA WIND DOWN (NET OF FEES)	58,629	0.0%	0.1%	-0.50	-5.10	-1.16	-3.81	-3.83	6.20		-5.98	
OVERLAY	460,002	0.0%	0.8%	3.04		0.61					4.81	
TOTAL CORE	58,185,913	100%	100%	2.89	11.25	1.07	13.51	8.91	14.31	7.43	9.67	
<i>INTERIM BENCHMARK (excludes private equity benchmark)¹</i>				2.77	10.48	1.06	12.16	8.10	13.88	7.26	10.26	
<i>TOTAL CORE BENCHMARK (includes private equity benchmark)²</i>				2.81	9.94	1.23	10.93	7.13	13.37	7.07	10.19	
PARTICIPANTS CASH	15,367			0.01	0.07	0.02	0.13	0.14	0.21	1.79	4.21	
TEACHERS' AND EMPLOYEES' CASH	41,505			0.01	0.07	0.02	0.13	0.14	0.21	1.51	2.99	
TOTAL FUND	58,242,786			2.88	11.20	1.07	13.46	8.88	14.26	7.41	9.73	
POLICY RETURN ³⁶				2.95	10.88	1.32	12.53	8.66	14.63	7.77	9.86	

Performance Report
Town of Concord Retirement System
 As of February 28, 2014

	Market Value	One Month	Three Months	Year to Date	One Year	Annualized					Inception Date	
						Three Years	Five Years	Ten Years	Since Inception			
Town of Concord Retirement System Investment Account - QUZY												
Total Assets	\$ 23,783,439	5.18 %	3.93 %	1.59 %	25.48 %	11.93 %	21.75 %	7.40 %	9.72 %		07/01/1986	
Custom Benchmark ¹	--	4.99	3.74	1.37	24.27	12.24	21.89	7.21	9.15		--	
Custom Benchmark ²	--	5.04	3.84	1.44	24.14	12.05	21.78	7.33	9.32		--	
Total Equity	23,783,439	5.18	3.93	1.59	25.48	11.93	21.75	7.54	10.19		07/01/1986	
RTC Equity I Fund	16,856,170	4.92	3.91	1.49	26.32	13.84	22.95	7.67	10.49		07/01/1986	
Russell 1000 Index	--	4.75	4.14	1.40	26.34	14.60	23.63	7.58	10.07		--	
S&P 500 Index	--	4.57	3.51	0.96	25.37	14.35	23.00	7.17	10.01		--	
RTC International Fund	6,927,268	5.82	3.99	1.81	23.48	7.44	18.72	7.16	7.06		03/01/1996	
Russell Dev ex-US LC Idx Net (Linked)	--	5.71	3.14	1.53	18.92	6.06	17.27	6.51	5.22		--	
MSCI EAFE Index Net Dividend	--	5.56	2.82	1.31	19.28	6.63	17.60	6.66	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
Total Fund								
TOTAL	4.12	2.94	0.41	25.92	15.18	23.85	9.42	03/31/1993
Index								
Russell 1000 Value Index	4.32	3.17	0.62	23.44	14.05	23.19	9.69	03/31/1993
S&P 500 Index	4.57	3.51	0.96	25.37	14.35	23.01	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.

* Returns less than one year are cumulative. Returns greater than one year are annualized.



Columbia Management

PERFORMANCE SUMMARY

Category	1 Month	3 Month	Year-to-Date	1 Year	3 Year	5 Year	Since Inception	Inception Date
Total Fund								
TOTAL	0.69	1.83	2.32	0.36	4.76	7.07	6.12	09/30/1987
Index								
Barclays Aggregate Bond Index	0.53	1.44	2.02	0.15	3.83	5.13	7.06	09/30/1987
Barclays Gov/Credit Bond Index	0.61	1.46	2.09	-0.09	4.24	5.33	7.08	09/30/1987
Barclays Int Gov/Credit Bond Idx	0.38	0.67	1.31	0.31	3.23	4.44	6.49	09/30/1987

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