


**Town of Concord
Finance Department
Memorandum**

TO: Retirement Board

FROM: Anthony T. Logalbo, Finance Director 

SUBJ: Asset allocation and market value @ February 28, 2013

DATE: March 25, 2013

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 0.24% from the prior month-end**. At February 28th, combined assets totaled \$115.31 million (\$108.21 million in the Retirement System and \$7.10 million in the Town's Pension Reserve account). The market value of combined assets increased in February by **\$272,000**.

Compared to one year earlier, the market value of combined assets is **up 9.80%**. For the three-year period, market value has increased at an average annual rate of 11.40%.

Concord Retirement System performance

Asset Value at February 28, 2013: \$ 108,213,913

From October 31, 2007:

The Concord Retirement Fund asset value is **13.50% above** the level of \$95.34 million that had been reached on October 31st, 2007, the peak prior to the market decline that began November 2007 and that continued through the market plunge of September 2008 - February 2009 (a market drop of 27%). For this same time period, the PRIT Core Fund, at \$52.88 billion, is **2.4% below** its peak value of \$54.2 billion.

As the accompanying charts depict, this time interval comprises two distinct parts: the 16-month period of market value decline from November 1, 2007 through February 2009, and the 48-month period of asset value recovery from March 1, 2009 to February 28, 2013 (interrupted by three intervals of sharp decline: April-June 2010, minus 6%; August-September 2011, minus 7%; and May 2012 which experienced a 4.5% market slide).

	Change in market value of assets	
	<u>Concord</u>	<u>PRIT</u>
Nov.'07 thru Feb.'09	(33.17)%	(37.04)%
Mar.'09 thru Feb.'13	+69.82 %	+54.88 %

For the most recent 12-month period:

For the one-year period ended February 28, asset value of the Concord Retirement Fund has **increased 9.38%**. This compares to the state's Pension Reserve Investment Trust (PRIT) Core Fund investment performance of **10.02%** 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*	0.24 %	9.38%
State PRIT Core Fund	0.20%	10.02%

* The asset value increase of 9.38% for the 12-month period ending February 28 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, 2013 are:

		<u>One month</u>	<u>One year</u>
S&P 500	<i>Domestic equity</i>	plus 1.36 %	plus 13.46%
Barclays Govt.	<i>Fixed income</i>	plus 0.59 %	plus 3.60%

40.98% of the Concord portfolio is invested with PRIT (34.44% in the Core Fund, 4.59% in the Core Real Estate Fund and 1.95% 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, 2013, the PRIT Core Fund was allocated as follows:

	<u>this month</u>	<u>Change from prior month</u>	<u>Change from year earlier</u>
Fixed Income	21.01%	+ 0.53%	- 0.18%
Equity	44.98%	+ 0.17%	- 0.04%
Other	34.01%	- 0.70%	+ 0.22%

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

Fixed Income	32.21%
Equity	46.69%
Real Estate	4.59%
Other	14.11% (alternative investments and PRIT Vintage Funds)
Cash	2.40%

The total allocation to "Equity, Real Estate and Other" at January 31, 2013 is 65.39%, 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>Feb. 28, 2013</u>
Fixed income and cash	40.0%	35.0%	34.61%
Real Estate	2.5%	5.0%	4.59%
Equity and Other	57.5%	60.0%	60.80%

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

\$108.21 million Retirement Board assets only:

	<u>% of portfolio</u>	<u>Month of</u>		<u>Market INDEX</u>		
		<u>Feb.</u>	<u>12 months</u>	<u>Feb.</u>	<u>12 months</u>	
				Russell 1000:	1.34 %	13.62 %
				S&P 500:	1.36 %	13.46 %
				EAFE/MSCI:	(0.95)%	9.84 %
FRT Equity I Fund	12.33%	0.64 %	12.63 %			
FRT International	<u>5.18%</u>	<u>(1.58)%</u>	<u>8.67 %</u>			
Total account, FRT	17.51%	(0.03)%	11.43 %			
PRIT Core General	34.44%	0.20 %	10.02 %			
PRIT Core Real Estate	4.59%					
PRIT Vintage 2006	1.43%					
PRIT Vintage 2008	0.52%					
Columbia equity	14.23%	1.52 %	15.00 %	Russell 1000 Value:	1.44 %	17.63 %
Columbia - fixed income	26.24%	0.56 %	4.86 %	Barclays Gov't:	0.59 %	3.60 %
Cash - MMDT	1.04%	0.18 %				

**CONCORD RETIREMENT SYSTEM
ASSET ALLOCATION REPORT**

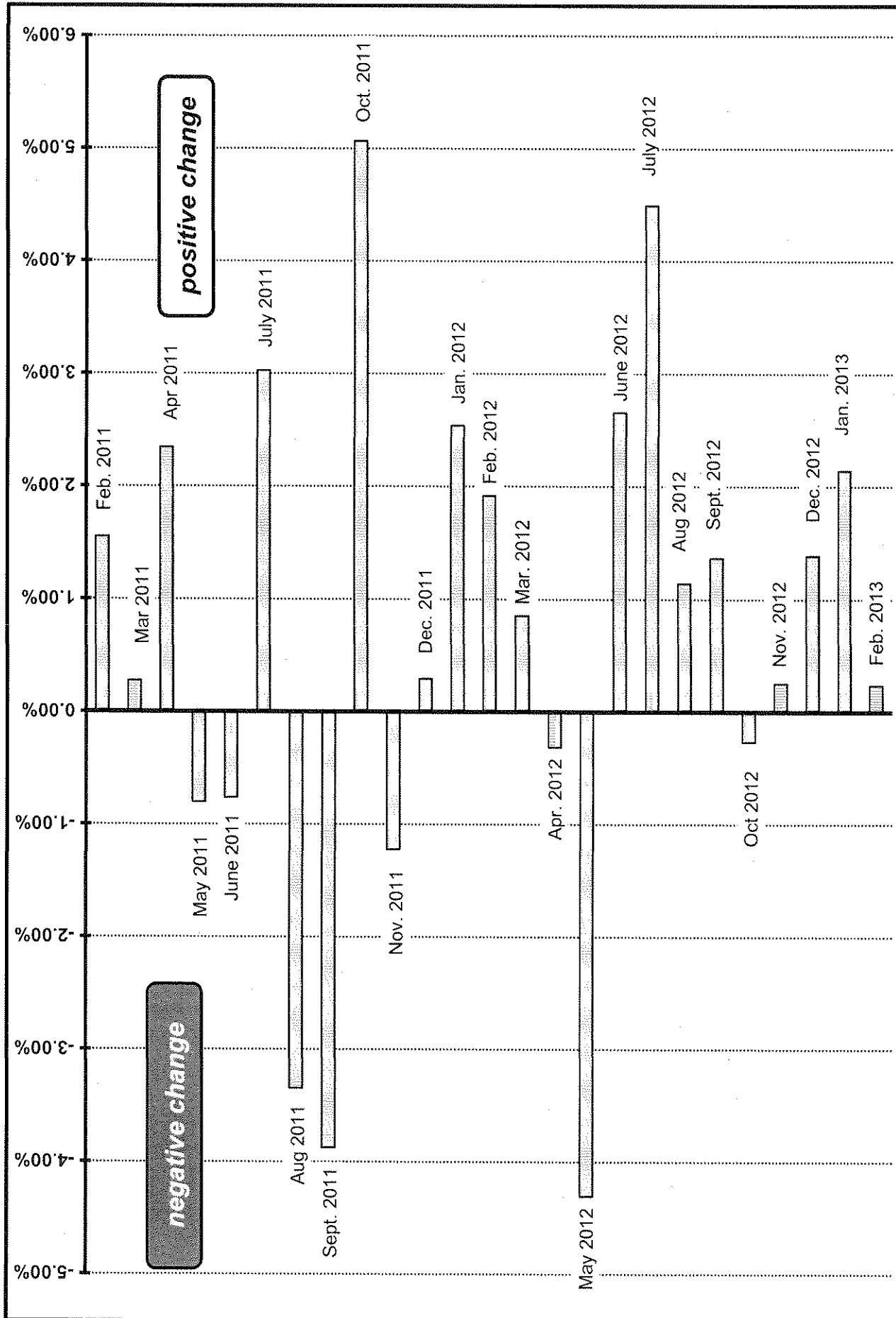
MARKET VALUE AT: **2/28/2013**

	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL
PENSION RESERVE						
Columbia 80-16-200-8549595		\$4,343,290.87		\$135,218.80	\$29,397.64	\$4,507,907.31
MMDT #44-001501					\$2,591,705.44	\$2,591,705.44
TOTAL	\$0.00	\$4,343,290.87	\$0.00	\$135,218.80	\$2,621,103.08	\$7,099,612.75
RETIREMENT SYSTEM						
Fixed Income 80-16-200-8553057	\$27,024,681.44				\$1,369,760.92	\$28,394,442.36
Columbia 80-16-200-8549574		\$14,815,190.77		\$486,672.80	\$94,249.07	\$15,396,112.64
Equity I (FRT)		\$13,343,797.81				\$13,343,797.81
International Fund		\$5,610,243.77				\$5,610,243.77
PRIT Core General	\$7,829,077.39	\$16,761,156.52		\$12,673,342.26		\$37,263,576.17
PRIT Core Real Estate			\$4,964,357.41			\$4,964,357.41
PRIT Vintage Fund 2006		\$50,530,388.87		\$15,271,799.53		\$1,544,274.30
PRIT Vintage Fund 2008				\$567,510.17		\$567,510.17
MMDT #44-002079					\$1,129,597.89	\$1,129,597.89
TOTAL	\$34,853,758.83	\$54,873,679.74	\$4,964,357.41	\$15,407,018.33	\$5,214,710.96	\$115,313,525.27
PERCENT OF TOTAL	30.23%	47.59%	4.31%	13.36%	4.52%	100.00%
Retirement system ONLY	32.21%	46.69%	4.59%	14.11%	2.40%	100.00%

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

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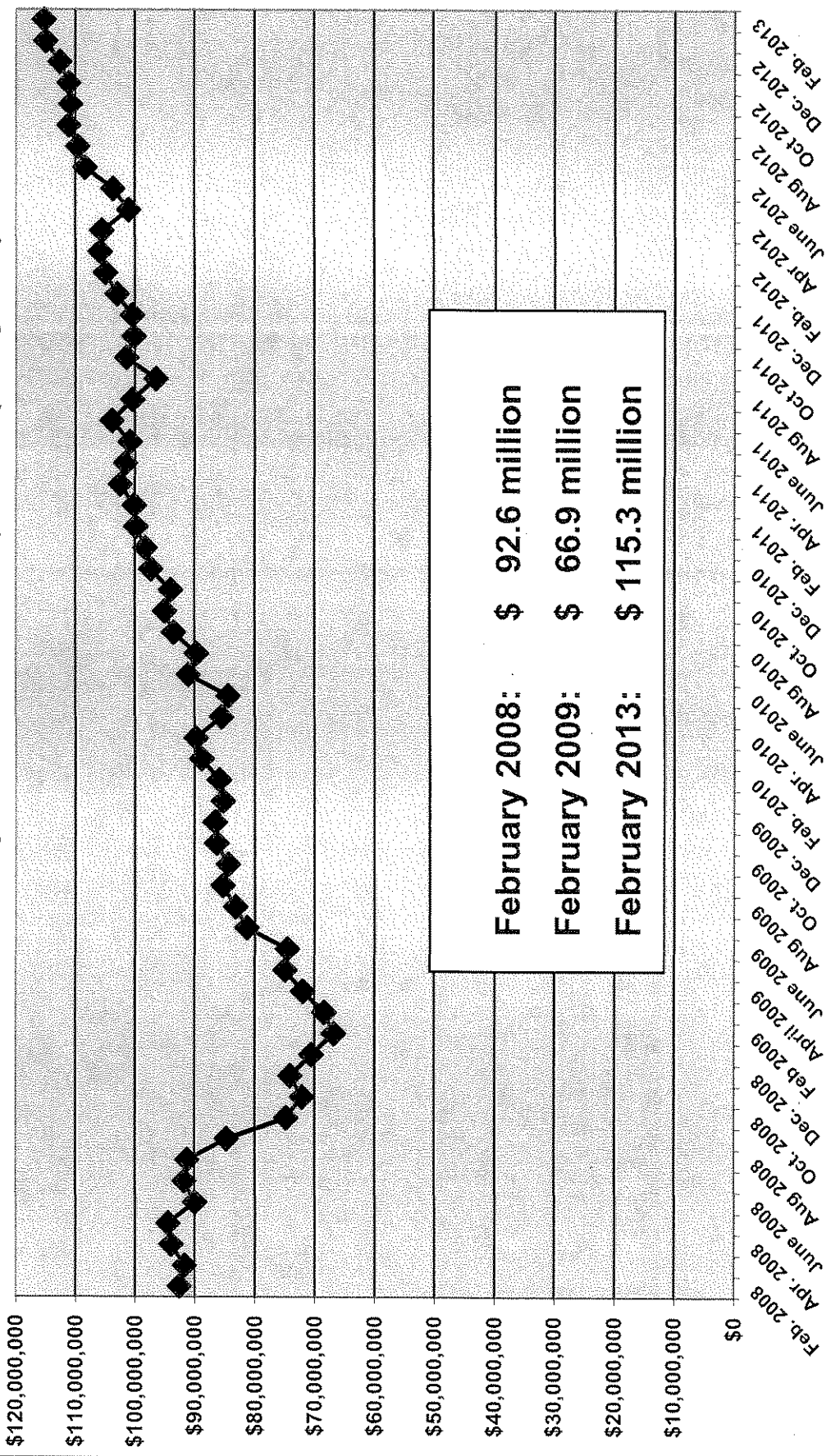
25-month Asset Change
Concord Retirement System



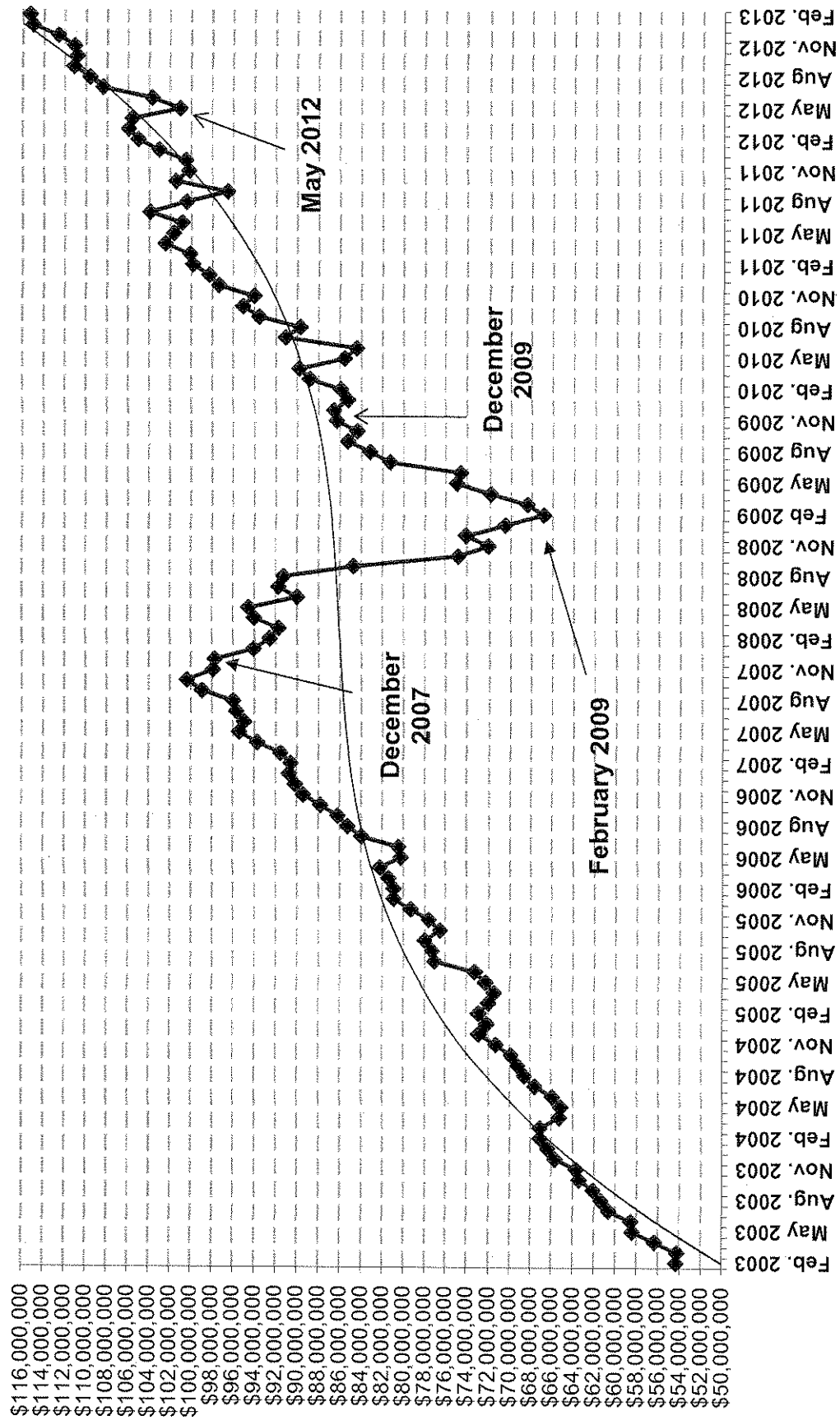
Retirement Fund Assets

(including Town Pension Reserve Fund)

February, 2008 to February, 2013 (five years)



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



PENSION RESERVES INVESTMENT TRUST SUMMARY OF PLAN PERFORMANCE RATES OF RETURN (GROSS OF FEES) Periods Ending February 28, 2013												
	NAV \$(M)	Long Term		Actual Allocation %	Month	FY '13	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
		Target Allocation %	Allocation %									
GLOBAL EQUITY	23,679,366	43.0%	44.8%	0.34	16.17	5.05	10.69	10.77	2.32	9.67	4.75	
CORE FIXED INCOME	6,687,895	13.0%	12.7%	0.45	2.96	-0.02	4.67	6.66	4.52	5.22	8.04	
VALUE-ADDED FIXED INCOME	4,411,537	10.0%	8.4%	-0.07	7.91	0.47	11.96	12.10	9.40	11.22	10.05	
PRIVATE EQUITY	6,144,726	10.0%	11.6%	-0.79	4.67	-0.46	14.92	16.86	6.71	16.88	13.94	
REAL ESTATE	4,806,712	10.0%	9.1%	0.16	8.64	1.13	12.15	13.58	2.73	11.02	5.90	
TIMBER/NATURAL RESOURCES	2,050,992	4.0%	3.9%	-0.26	6.29	0.57	1.75	5.18	-0.67	8.51	8.72	
HEDGE FUNDS (NET OF FEES)	4,956,946	10.0%	9.4%	0.93	8.89	3.05	8.24	4.67	1.23	4.38	4.38	
PORTABLE ALPHA WIND DOWN (NET OF FEES)	80,704	0.0%	0.2%	-0.38	0.99	-0.14	-0.91	0.21	-9.55		-6.31	
TOTAL CORE	52,818,879	100%	100%	0.20	10.49	2.61	10.02	10.33	2.77	9.14	9.54	
<i>INTERIM POLICY BENCHMARK¹</i>				<i>0.07</i>	<i>9.88</i>	<i>2.56</i>	<i>8.93</i>	<i>9.39</i>	<i>3.21</i>	<i>8.95</i>	<i>10.19</i>	
PARTICIPANTS CASH	14,740			0.01	0.12	0.03	0.17	0.19	0.52	1.88	4.36	
TEACHERS' AND EMPLOYEES' CASH	50,142			0.01	0.12	0.03	0.17	0.19	0.39	1.65	3.17	
TOTAL FUND	52,883,760			0.20	10.45	2.60	9.98	10.29	2.76	9.12	9.60	
POLICY RETURN				0.42	11.05	2.92	10.03	10.35	3.73	9.58	9.77	
<i>POLICY BENCHMARK²</i>				<i>0.21</i>	<i>9.90</i>	<i>2.73</i>	<i>8.20</i>	<i>8.46</i>	<i>3.24</i>	<i>8.88</i>	<i>10.34</i>	

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	1.52	9.95	7.87	15.00	14.89	4.77	8.65	03/31/1993
<u>Index</u>								
Russell 1000 Value Index	1.44	10.26	8.03	17.63	13.65	3.88	9.04	03/31/1993
S&P 500 Index	1.36	7.58	6.61	13.46	13.49	4.95	8.37	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.



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PERFORMANCE SUMMARY

Category	1 Month	3 Month	Year- to-Date	1 Year	3 Year	5 Year	Since Inception	Inception Date
Total Fund								
TOTAL	0.56	-0.40	-0.18	4.86	6.89	6.56	6.36	09/30/1987
Index								
Barclays Aggregate Bond Index	0.50	-0.34	-0.20	3.12	5.45	5.52	7.35	09/30/1987
Barclays Gov/Credit Bond Index	0.59	-0.50	-0.22	3.60	5.95	5.49	7.37	09/30/1987
Barclays Int Gov/Credit Bond Idx	0.48	0.02	0.12	3.01	4.60	4.58	6.74	09/30/1987

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ColumbiaManagement

Performance Report
Town of Concord Retirement System
 As of February 28, 2013

	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 - QUV												
Total Assets	\$ 18,954,042	-0.03 %	7.10 %	4.98 %	11.43 %	11.09 %	2.46 %	8.95 %	9.17 %		07/01/1986	
Custom Benchmark ¹	--	0.66	7.86	6.07	12.56	11.73	3.32	8.70	8.62		--	
Custom Benchmark ²	--	0.63	7.69	5.95	12.22	11.60	3.25	8.92	8.80		--	
Total Equity	18,954,042	-0.03	7.10	4.98	11.43	11.09	2.46	9.26	9.65		07/01/1986	
RTC Equity I Fund												
RTC Equity I Fund	13,343,798	0.64	7.28	6.07	12.63	12.85	4.08	8.74	9.94		07/01/1986	
Russell 1000 Index	--	1.34	7.95	6.84	13.62	13.75	5.21	8.67	9.50		--	
S&P 500 Index	--	1.36	7.58	6.61	13.46	13.50	4.95	8.24	9.47		--	
RTC International Fund												
RTC International Fund	5,610,244	-1.58	6.66	2.48	8.67	6.88	-1.51	9.68	6.17		03/01/1996	
Russell Dev ex-US LC Idx Net (Linked) ³	--	-1.05	7.05	3.88	8.74	6.45	-1.48	9.26	4.46		--	
MSCI EAFE Index Net Dividend	--	-0.95	7.61	4.28	9.84	6.85	-1.26	9.39	4.53		--	

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.