

**Town of Concord
Finance Department
Memorandum**

TO: Retirement Board
FROM: Kerry A. Lafleur, Treasurer *KAL*
SUBJ: Asset Allocation and Market Value - June 30, 2017
DATE: August 28, 2017

Combined Assets: Retirement System and Town Pension Reserve Fund

For the month of June, the combined market value of system assets and the Town's Pension Reserve Fund **increased 0.90%** from the prior month-end.

As of June 30, 2017, combined assets totaled \$162.02 million (\$151.99 million in the Retirement System and \$10.03 million in the Town's Pension Reserve account). The market value of combined assets **increased** in June by **\$1.44M**. This reflects a one-month change of:

plus 0.62% in the S&P 500 index;
plus 1.63% in the Russell 1000 Value Index;
plus 0.05% in the Russell Dev ex-US index; and
plus (0.18%) in the Bloomberg-Barclays US Int. Gov/Credit Bond Index.

The PRIT Core return for June 2017 was + **1.10%**.

Compared to one year earlier, the market value of combined Concord assets is **up 11.32%**. For the three-year period ending June 30, 2017, market value has increased at an average annual rate of 6.19% compared to the PRIT 3-year average yield of 6.36%.

Concord Retirement System Performance

Asset Value at June 30, 2017: \$ 151,994,904

For the most recent 12-month period:

For the one-year period ended June 30, 2017, asset value of the Concord Retirement Fund has **increased 11.66%** while the Pension Reserve Investment Trust (PRIT) Core Fund investment performance has yielded 13.24% over the same period. This divergence is higher than usual and reflects the relatively more conservative allocation of the Concord Retirement Fund while global equities have seen a dramatic upturn over the past several months.

***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*	+0.84%	+11.66%
State PRIT Core Fund	+1.10%	+13.24%

* *The asset value increase of 11.66% for the 12-month period ending June 30¹ 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 June 30, 2017 are:

S&P 500	<i>Domestic equity</i>	<u>One month</u>	<u>One year</u>
Barclays Govt.	<i>Int. Fixed income</i>	plus 0.62%	plus 17.90%
		plus (0.18)%	plus (0.21)%

43.86% of the Concord portfolio is invested with PRIT (37.65% in the Core Fund, 5.05% in the Core Real Estate Fund, and 1.16% in venture capital funds).

Comparative asset allocation:

The accompanying Asset Allocation Report includes a line at the bottom of the report to show the Asset Allocation for Concord Retirement System assets only, allocating the PRIT Core investment among its component categories. As of June 30, 2017, the PRIT Core Fund was allocated as follows:

PRIT CORE FUND, Share of portfolio asset value

	<u>this month</u>
Fixed Income	20.10 %
Equity	45.70 %
Other	34.20 %

Concord Retirement Board assets were allocated as of June 30, 2017 as follows:

Fixed Income	29.24%
Equity	50.33%
Real Estate	5.05%
Other	14.06% (alternative investments and PRIT Vintage Funds)
Cash	1.31%

The total allocation to "Equity, Real Estate and Other" at June 30, 2017 is 69.44%, 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:

	<u>Target</u>	<u>June 30, 2017</u>
Fixed income and cash	35.0%	30.55%
Real Estate	5.0%	5.05%
Equity and Other	60.0%	64.40%

Components of Investment Performance for June and for the most recent 12-month period (with reference to available benchmarks) are as follows:

\$151.99 million Retirement Board assets only:

Retirement Board Assets only: \$ 151,994,904		Month of		Market INDEX		
	% of Portfolio	June	12 Months		June	12 Months
FRT Equity I Fund	14.24%	0.11%	19.99%	Russell 1000:	0.70%	18.03%
FRT International	2.58%	0.31%	22.06%	S&P 500:	0.62%	17.90%
total account, FRT:	16.82%	0.42%	42.05%	Russell Dev ex-US:	0.05%	19.70%
PRIT Core General	37.65%	1.10%	13.24%			
PRIT Core Real Estate*	5.05%	1.39%	6.27%			
PRIT Vintage 2006*	0.38%	1.44%	9.32%			
PRIT Vintage 2008*	0.39%	9.66%	28.77%			
PRIT Vintage 2013*	0.32%	4.36%	19.89%			
PRIT Vintage 2016*	0.05%	0.27%	-30.66%			
PRIT Vintage 2017*	0.01%	0.00%				
Columbia, Equity	16.41%	2.32%	17.14%	Russell 1000 Value:	1.63%	15.53%
Columbia, Fixed Income	22.22%	0.00%	0.33%	Barclays Int. Govt:	-0.18%	-0.21%
Cash, MMDT	0.70%	0.10%	0.91%			
Total:	100.00%					

* PRIT Real Estate and Vintage Fund returns are net of fees.

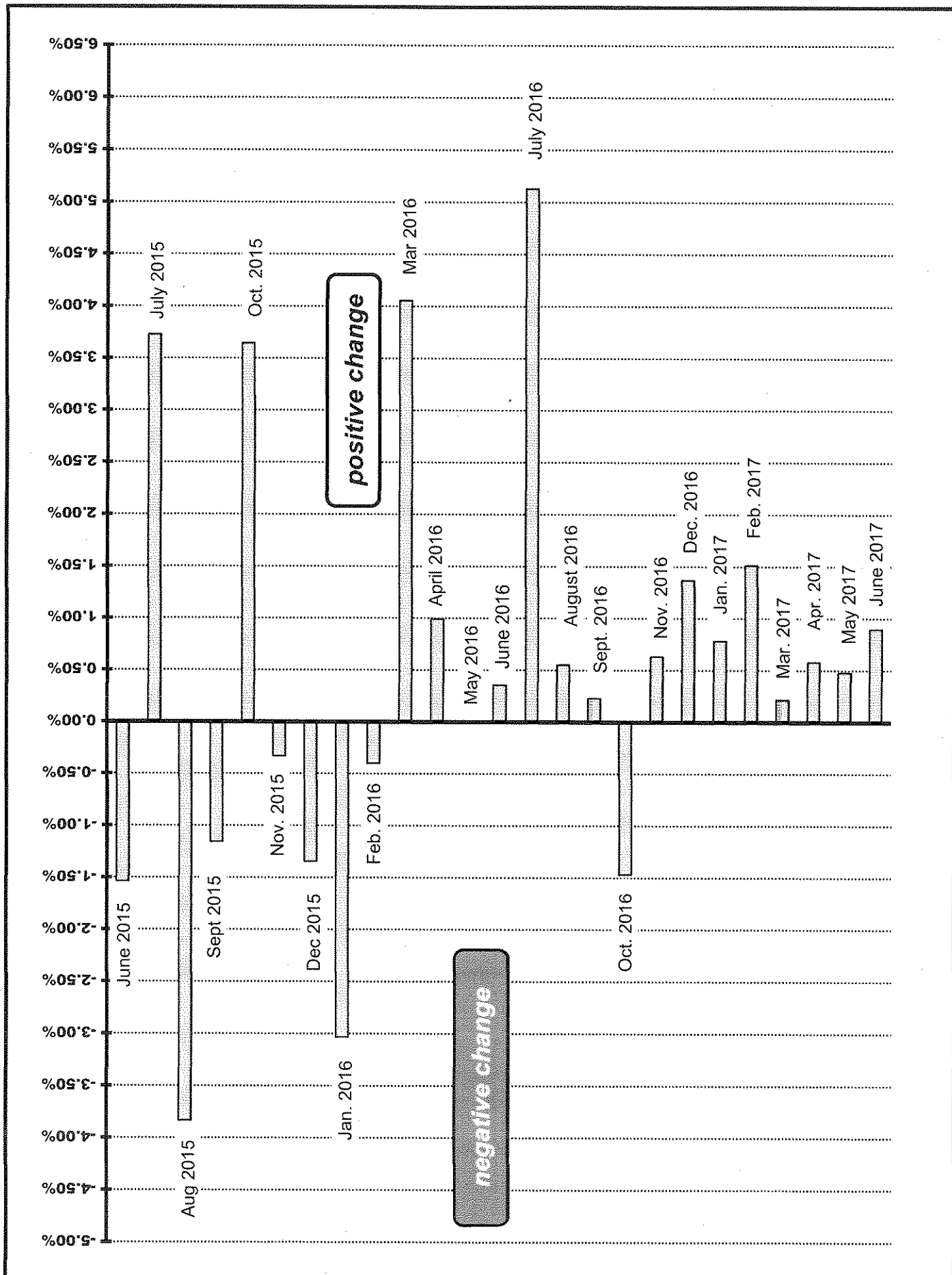
CONCORD RETIREMENT SYSTEM
ASSET ALLOCATION REPORT

MARKET VALUE AT: 6/30/2017

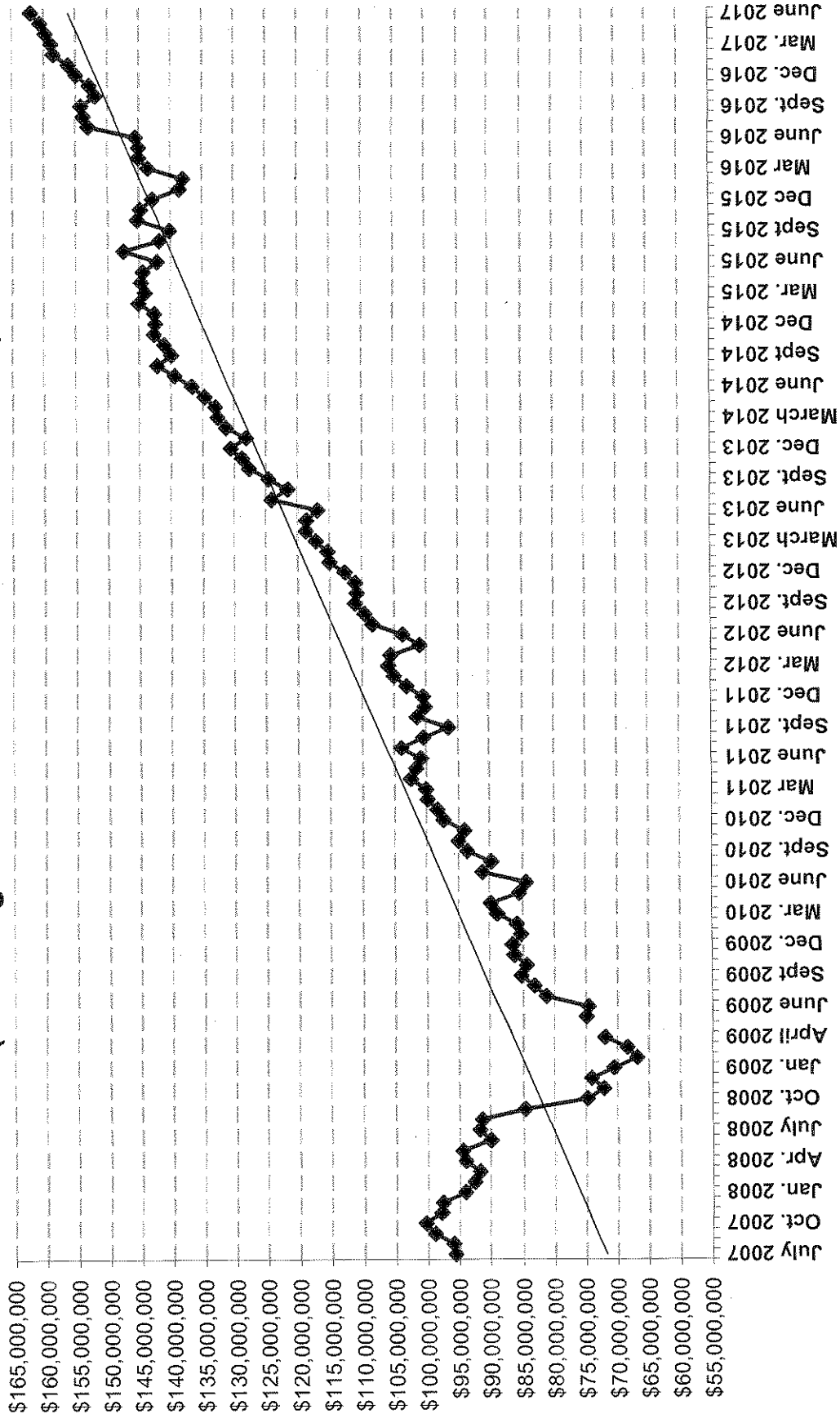
	BONDS	STOCKS	REAL ESTATE	OTHER*	CASH	TOTAL	
PENSION RESERVE							
Columbia 1055062990		\$7,672,651.38			\$67,488.92	\$7,740,140.30	
MMDT #44-001501					\$2,284,991.58	\$2,284,991.58	***
TOTAL	\$0.00	\$7,672,651.38	\$0.00	\$0.00	\$2,352,480.50	\$10,025,131.88	
RETIREMENT SYSTEM							
Columbia 1055053919	\$32,976,368.97				\$792,996.38	\$33,769,365.35	22.22%
Columbia 1055053900		\$24,798,380.13			\$140,444.63	\$24,938,824.76	16.41%
Equity I (FRT)		\$21,640,445.30				\$21,640,445.30	14.24%
International Fund		\$3,921,236.71				\$3,921,236.71	2.58%
PRIT Core General	\$11,473,767.64	\$26,140,733.45		\$19,611,272.66		\$57,225,773.75	37.65%
PRIT Real Estate (segmented)			\$7,674,369.27			\$7,674,369.27	5.05%
PRIT Vintage Fund 2006				\$581,502.09		\$581,502.09	0.38%
PRIT Vintage Fund 2008				\$591,529.52		\$591,529.52	0.39%
PRIT Vintage Fund 2013				\$493,965.81		\$493,965.81	0.32%
PRIT Vintage Fund 2016				\$76,882.16		\$76,882.16	0.05%
PRIT Vintage Fund 2017				\$19,445.72		\$19,445.72	0.01%
MMDT #44-002079	\$44,450,136.61	\$76,500,795.59	\$7,674,369.27	\$21,374,597.96	\$1,061,563.56	\$1,061,563.56	0.70%
GRAND TOTAL	\$44,450,136.61	\$84,173,446.97	\$7,674,369.27	\$21,374,597.96	\$4,347,485.07	\$162,020,035.88	
PERCENT OF TOTAL	27.43%	51.95%	4.74%	13.18%	2.68%	100.00%	
Retirement system ONLY	29.24%	50.33%	5.05%	14.06%	1.31%	100.00%	

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

25-month Asset Change
Concord Retirement System



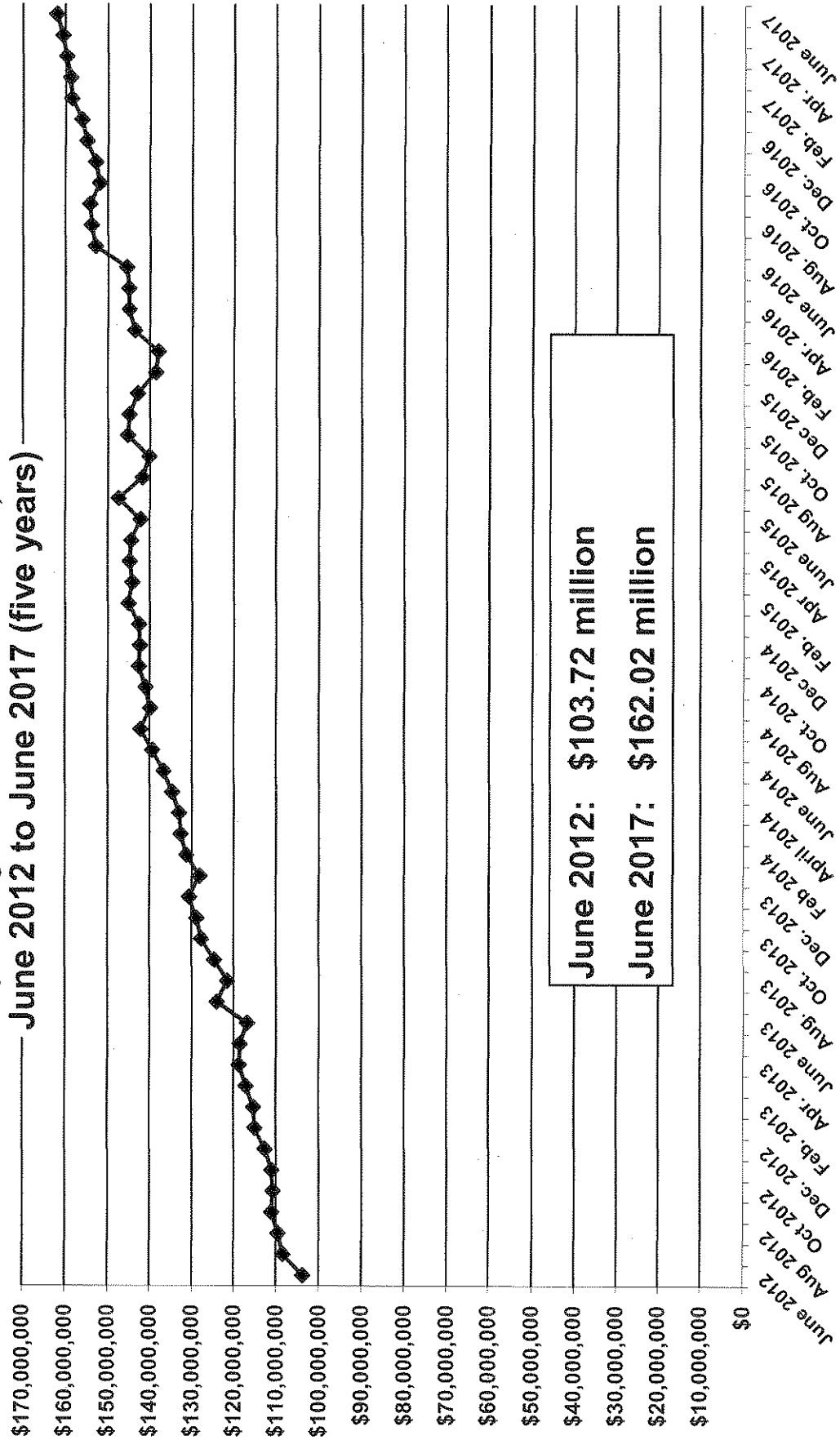
Concord Retirement Fund Assets, 10 years from July 2007 (including Town's Pension Reserve Account)



Retirement Fund Assets

(including Town Pension Reserve Fund)

June 2012 to June 2017 (five years)



PENSION RESERVES INVESTMENT TRUST
SUMMARY OF PLAN PERFORMANCE
RATES OF RETURN (GROSS OF FEES)
Periods Ending June 30, 2017

	NAV \$(,000)	Target Allocation %	Actual Allocation %	Month	QTD	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
GLOBAL EQUITY	30,497,651	41.9%	45.7%	0.59	5.20	12.95	20.85	5.41	11.28	4.21	5.92
CORE FIXED INCOME	7,984,311	12.0%	12.0%	-0.31	1.58	2.89	-4.39	4.70	3.89	5.25	7.45
VALUE-ADDED FIXED INCOME	5,402,731	10.0%	8.1%	0.64	2.19	6.47	10.29	2.77	5.14	6.66	8.41
PRIVATE EQUITY	7,091,948	11.0%	10.6%	5.80	6.34	12.10	21.28	16.27	17.85	13.37	14.71
REAL ESTATE	6,047,656	10.0%	9.1%	1.49	2.37	4.51	6.76	10.29	11.44	6.50	6.61
TIMBERLAND	2,483,083	4.0%	3.7%	2.50	2.32	4.14	8.31	6.07	7.35	6.09	9.12
PORTFOLIO COMPLETION STRATEGIES	6,318,924	11.1%	9.5%	0.00	1.01	3.09	7.71	2.15	5.80	2.71	4.47
OVERLAY	682,197	0.0%	1.0%	0.25	2.12	5.52	6.83	3.52			5.33
TOTAL CORE	66,759,346	100%	100%	1.10	3.81	8.85	13.24	6.36	9.79	5.10	9.45
<i>INTERIM BENCHMARK (target allocation without private equity benchmarks) ¹</i>				<i>1.02</i>	<i>3.27</i>	<i>7.78</i>	<i>12.49</i>	<i>5.47</i>	<i>8.84</i>	<i>4.98</i>	<i>9.88</i>
<i>TOTAL CORE BENCHMARK (target allocation with private equity benchmarks) ²</i>				<i>0.54</i>	<i>3.00</i>	<i>7.32</i>	<i>11.97</i>	<i>5.29</i>	<i>8.27</i>	<i>4.63</i>	<i>9.77</i>
PARTICIPANTS CASH	15,777			0.09	0.28	0.50	0.84	0.44	0.32	0.73	3.81
TEACHERS AND EMPLOYEES CASH	75,317			0.09	0.27	0.50	0.83	0.43	0.31	0.47	2.58
TOTAL FUND	66,850,441			1.10	3.80	8.82	13.20	6.34	9.76	5.08	9.50

Performance Report
Town of Concord Retirement System
 As of June 30, 2017

Town of Concord Retirement System Investment Account - QTRV

	Market Value	Annualized										Inception Date
		One Month	Three Months	Year to Date	One Year	Three Years	Five Years	Ten Years	Since Inception			
Total Assets	\$25,561,682	0.98%	3.86%	10.37%	20.55%	7.31%	13.18%	5.35%	9.51%		07/01/1986	
Custom Benchmark ⁽²⁾	--	0.57	3.52	9.96	18.55	6.76	12.86	5.43	8.99		--	
Total Equity	25,561,682	0.98	3.86	10.37	20.55	7.31	13.18	5.35	9.93		07/01/1986	
Equity I Fund ⁽¹⁾	21,640,445	1.10	3.44	9.63	19.99	9.28	14.44	6.84	10.41		07/01/1986	
Russell 1000 Index	--	0.70	3.06	9.27	18.03	9.26	14.67	7.29	10.08		--	
S&P 500 Index	--	0.62	3.09	9.34	17.90	9.61	14.63	7.18	10.07		--	
International Fund ⁽¹⁾	3,921,237	0.31	6.24	14.67	22.06	2.63	10.12	1.75	6.46		03/01/1996	
Russell Dev ex-US LC Idx Net (Linked) ⁽³⁾	--	0.05	5.75	13.19	19.70	0.87	8.50	0.86	4.71		--	

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Please read the endnotes included with the report.
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PERFORMANCE SUMMARY

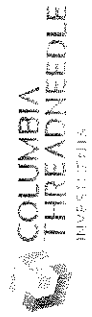
Category	1 Month	3 Month	Year-to-Date	1 Year	3 Year	5 Year	Since Inception	Inception Date
Total Fund								
TOTAL	2.32	1.99	5.12	17.14	7.92	15.03	9.47	03/31/1993
Index								
Russell 1000 Value Index	1.63	1.34	4.66	15.53	7.36	13.94	9.59	03/31/1993
S&P 500 Index	0.62	3.09	9.34	17.90	9.61	14.63	9.32	03/31/1993

Past performance does not guarantee future results. Results are for the client's own account and are not composite results. Performance results in this report are calculated by Columbia Management Investment Advisers, LLC on a gross basis and do not reflect the deduction of management fees. Information on the impact of fees on performance is available upon request. Performance is based on time-weighted, daily calculation using values that are determined in good faith by Columbia Management Investment Advisers, LLC. Portfolio performance is calculated based on trade date, net of transaction costs and reflects accrued interest. If you have any questions regarding the above information, or if there are any changes in your investment objectives or guidelines, please contact your client 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.

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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	0.00	1.76	3.00	0.33	3.07	2.94	5.82	09/30/1987
Index								
Blmb Barc US Aggregate Bond	-0.10	1.45	2.27	-0.31	2.48	2.21	6.58	09/30/1987
Blmb Barc US Gov/Credit Bond	0.03	1.69	2.66	-0.41	2.62	2.29	6.60	09/30/1987
Blmb Barc US Int Gov/Credit Bond	-0.18	0.94	1.73	-0.21	1.92	1.77	5.98	09/30/1987

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