

City of Newton, Massachusetts  
 OPEB Trust Fund  
 Comparative Statement of Fiduciary Net Position

	<u>April 30, 2016</u>	<u>April 30, 2015</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 124,812.16	173,716.94
Investments	<u>3,127,567.25</u>	<u>1,766,319.73</u>
Total assets	<u><b>3,252,379.41</b></u>	<u><b>1,940,036.67</b></u>
<b>NET POSITION:</b>		
Assets held in trust for other post employment benefits	<u><b>\$ 3,252,379.41</b></u>	<u><b>\$ 1,940,036.67</b></u>

City of Newton, Massachusetts  
 OPEB Trust Fund  
 Comparative Statement of Changes in Fiduciary Net Position

	<u>July 1, 2015 - April 30, 2016</u>	<u>July 1, 2014 - April 30, 2015</u>
<b>ADDITIONS:</b>		
Employer contributions	<u>\$ 1,086,341.23</u>	<u>\$ 738,371.48</u>
Investment income		
Net appreciation/(depreciation) in fair value of investments	5,779.04	61,293.78
Interest and dividends	<u>52,668.87</u>	<u>26,527.70</u>
Total investment income/(loss)	58,447.91	87,821.48
Less: investment expense	<u>(11,147.79)</u>	<u>(5,967.29)</u>
Net investment income/(loss)	<u>47,300.12</u>	<u>81,854.19</u>
Change in Net Position	<u>1,133,641.35</u>	<u>820,225.67</u>
NET POSITION AT BEGINNING OF FISCAL YEAR	<u>2,118,738.06</u>	<u>1,119,811.00</u>
<b>NET POSITION AT APRIL 30</b>	<u><b>\$ 3,252,379.41</b></u>	<u><b>\$ 1,940,036.67</b></u>

April 2016

# PRIM Board Update



PENSION RESERVES  
INVESTMENT  
MANAGEMENT BOARD

Massachusetts Pension Reserves Investment Management Board

## April PRIT Performance

The PRIT Fund returned 0.8% for the month of April, as global equities, specifically the developed international equity portfolio, and value-added fixed income, led by high yield bonds and emerging markets debt, posted strong returns. For the calendar year-to-date (“CYTD”), PRIT returned 2.8%, versus the benchmark return of 2.9%. On a trailing 12-month basis, PRIT returned 0.2%, which exceeded the benchmark return by 164 basis points (“bps”). *Please see the chart accompanying this piece showing the PRIT Fund vs. one month, fiscal 2016, calendar year, one-year, three-year, five-year and 10-year benchmarks.*

## Market Snapshot for April 2016

U.S. Gross Domestic Product (“GDP”) expanded at 0.5% in 1Q16, the slowest pace in two years, according to the Commerce Department’s first assessment. Unemployment held steady at 5.0% in April. Jobless claims, a proxy for layoffs, fell to 256,000 at the end of April, the lowest since 1973. The U.S. Institute for Supply Management (“ISM”) Purchasing Manufacturing Index (“PMI”) decreased one percentage point in April to 50.8 from the March reading of 51.8. A reading above 50 indicates the manufacturing sector of the economy is growing. The Federal Reserve (the “Fed”) left interest rates unchanged at the April Federal Open Market Committee (“FOMC”) meeting, pointing to slower growth, low inflation and mixed global conditions. The U.S. Dollar Index depreciated 1.6%, while the Yen rose 5.0%. Oil prices rose to \$45.92 a barrel, up 19.8% in April, as U.S. crude production continued to fall.

U.S. equities rose as oil prices rallied, and on further speculation the Fed will take a slower path to raising rates. Small cap stocks were up 1.6%, outperforming large cap stocks, which returned 0.4%.

International equities rose 2.9% in April. European equities gained 2.4% on positive corporate earnings, rising commodity prices, and speculation of further interest rate cuts by the European Central Bank (“ECB”). Japanese equities rose 4.6% as the Yen strengthened, in spite of the Bank of Japan (“BOJ”) holding off on further stimulus.

Emerging markets equities rose 0.5% in April. Brazilian equities climbed 10.4% and the Real appreciated 2.7%, as commodity prices rose and the regime continued to support impeachment proceedings against President Dilma Rousseff. Chinese shares fell 0.2%, as investors remained divided on the country’s economic recovery. Frontier markets returned 3.1% in April.

In fixed income markets, the 20+ Year STRIPS Index fell 0.9% in April, but remained up 10.4% CYTD. The 20+ Year STRIPS Index returned 6.6% on a trailing one-year basis. The Barclays Capital U.S. Aggregate Bond Index rose 0.4% in April. Yields were 2 bps lower than in the prior month, largely due to improvement in credit spreads (price and yield move in opposite directions). U.S. High Yield bonds rose 1.2% in April as spreads tightened by 15 bps. Emerging markets debt US dollar denominated (“EMD\$”) was up 1.4%, as spreads tightened by 24 bps. EMD local rose 2.6% for the month continuing the recent positive trend, as yields were 12 bps lower than in the prior month. Bond prices rose 0.9%, while FX rose by 1.2% and coupon added 0.5%. EMD local returns were led by Brazil, Peru, and South Africa.

**PRIT FUND ASSETS: \$60,484,988,000**

## PRIT Fund Recap – April 30, 2016

Portfolio	Month	CYTD	1-Year
<b>PRIT Core Total</b>	<b>0.8%</b>	<b>2.8%</b>	<b>0.2%</b>
U.S. Equity	0.5%	1.4%	-0.4%
International Equity	2.7%	1.0%	-6.6%
Emerging Markets Equity	0.7%	4.9%	-14.8%
Core Fixed Income	-0.2%	6.1%	3.0%
Public Value Added FI	2.6%	7.9%	0.1%
Total Value Added FI	1.8%	5.0%	-1.0%
Private Equity	0.0%	4.3%	16.9%
Core Real Estate	0.3%	2.9%	11.5%
Timberland	-0.1%	1.3%	0.6%
Hedge Funds (net of fees)	0.8%	-1.7%	-6.4%
Portfolio Completion Strategies	-0.2%	1.6%	3.2%

Returns are gross of fees unless otherwise noted.

## Market Recap April 30, 2016

### Global Equity Markets

#### U.S. Equities:

Index	Month	CYTD	1-Year
S&P 500	0.4%	1.7%	1.2%
Russell 2000 Growth	1.0%	-3.7%	-8.3%
Russell 2000 Value	2.1%	3.9%	-3.7%
Russell 2500 Growth	1.0%	-1.7%	-6.8%
Russell 2500	1.5%	1.9%	-4.3%

#### International Equities:

Index	Month	CYTD	1-Year
Custom World IMI Ex-US	3.2%	1.4%	-8.5%
MSCI Emerging Mkts. IMI	0.5%	5.5%	-17.6%

### Fixed Income

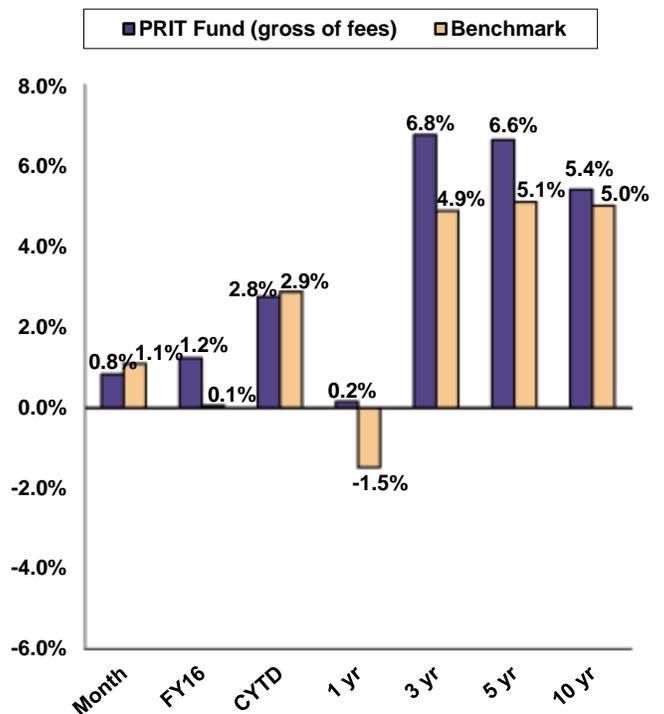
Index	Month	CYTD	1-Year
Barclays Capital Aggregate	0.4%	3.4%	2.7%
BC US Treas 20+Yr STRIPS	-0.9%	10.4%	6.7%
ML High Yield Master II	4.0%	7.4%	-1.3%
JPM EMBI Global	1.9%	7.2%	4.3%
JPM GBI EM Global Div.	2.6%	13.9%	-2.0%

### Real Estate

Index	Month	CYTD	1-Year
NCREIF 1-Qtr Lag Private	0.0%	2.9%	13.3%
FTSE EPRA NAREIT Global	-0.1%	5.3%	2.6%

### Hedge Funds

Index	Month	CYTD	1-Year
HFRI Fund of Funds	0.5%	-2.6%	-5.5%



Senior Client Service Officer  
 Paul Todisco - (617) 946-8423  
 ptodisco@mapension.com