



**PENSION RESERVES
INVESTMENT
MANAGEMENT BOARD**

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**MASSACHUSETTS PENSION FUND REPORTS 15.2 PERCENT RETURN FOR 2013
\$7.9 BILLION GAIN DRIVES NET ASSET VALUE TO \$57.9 BILLION**

Performance exceeds benchmark by 264 basis points; net asset value is highest ever

BOSTON – January 21, 2014 - The Massachusetts Pension Reserves Investment Management (PRIM) Board today announced that the Pension Reserves Investment Trust (PRIT) Fund returned 15.2 percent in calendar year 2013 – an investment gain of \$7.9 billion.

The strong performance drove the net asset value of the PRIT fund to \$57.9 billion – the highest since its inception in 1984. It also outperformed the fund’s benchmark index by 264 basis points (2.64 percent) – equating to \$1.4 billion in added value above the benchmark.

“PRIM’s outstanding performance in 2013 will enable us to reduce our unfunded pension liability and is likely to increase the attractiveness of the Commonwealth’s bonds to investors,” said Treasurer Steven Grossman, who chairs the PRIM Board. “Our commitment to maximizing returns while successfully managing risk demonstrates sound fiscal leadership that will serve the interests of the Commonwealth’s taxpayers.”

Global equities led all asset classes with a 24.1 percent return – exceeding the portfolio benchmark by 154 basis points, while the PRIT Fund’s private equity portfolio returned 21.1 percent. PRIM investment managers either met or exceeded their portfolio benchmarks in five of the seven PRIT Fund asset classes.

“I’m very pleased with the performance of our investment team in 2013 and what it means for our investing clients,” said Michael G. Trotsky, CFA, PRIM’s Executive Director and Chief Investment Officer. “PRIM has successfully modified its risk exposure to equities while still capturing very strong returns from the global equity markets. Additionally, the decisions we’ve made on how we invest in hedge funds and alternatives have allowed us to improve performance while reducing risk and also dramatically reducing management fees.”

PRIM’s hedge fund portfolio was up 12.6 percent in 2013, while total real estate increased 10.8 percent.

In addition to achieving strong investment performance in 2013, PRIM established the *Project SAVE (Strategic Analysis for Value Enhancement)* initiative to identify over \$100 million in value enhancements over the next 12 to 24 months. Approximately \$29 million have already been realized in fiscal 2013 through PRIM’s direct hedge fund investment program.

The Massachusetts PRIM Board has approximately \$57.9 billion of assets under management. The PRIT Fund’s trailing 1, 3, 5, and 10 year returns remain strong both on an absolute and on a relative basis. PRIT’s 3-year return is 9.54 percent; 5-year return is 11.94 percent and 10-year return is 7.65 percent – all of which exceed the benchmark index.

ABOUT PRIM: PRIM’s mission is to maximize the return on investment within acceptable levels of risk by broadly diversifying its investment portfolio, capitalizing on economies of scale to achieve cost-effective operations, and providing access to high quality, innovative investments, all under the management of a professional staff and members of the Board.

