



# Worcester Regional Retirement System

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**Dear Member:**

**Enclosed is your annual statement of earnings with the Worcester Regional Retirement System. It includes information about the contributions you have made into the retirement fund. Please take a moment to review the statement to ensure its accuracy. We also suggest that now would be a good time to review your designated beneficiaries and to notify us of any changes.**

**As you know, deductions are taken from your regular compensation each pay period and forwarded to the Worcester Regional Retirement System. Here we establish and maintain an annuity savings account on your behalf for your eventual retirement. The annuity savings account consists of two parts: (1) your contributions which are deducted from your paycheck by your employer and (2) interest which is earned on your balance from the prior year at a rate determined by the Public Employee Retirement Administration Commission (PERAC), which is the average of a passbook savings return. The contributions from all active members are pooled and invested. The interest credited to your balance is not the actual investment return of the fund, but an artificial rate established by PERAC. By law, this rate is determined by an average interest rate paid on individual savings accounts from a sample of Massachusetts banks. This past year the interest rate was determined to be 0.5%. After your annuity savings is credited with this interest, the excess interest (if any) is held in the Worcester Regional Retirement System reserve fund to ensure the future stability of the retirement system.**

**After such a tumultuous year in the financial markets, the value of a defined benefit plan such as ours is ever more apparent. Your retirement benefits with our system are defined in state law and are determined by a formula based upon your age, years of service, and compensation. Unlike other retirement plans, the amount is guaranteed regardless of the fluctuations in the fund performance. That means that events in the stock market or banking world do not affect the formula or the amount of your retirement benefit.**

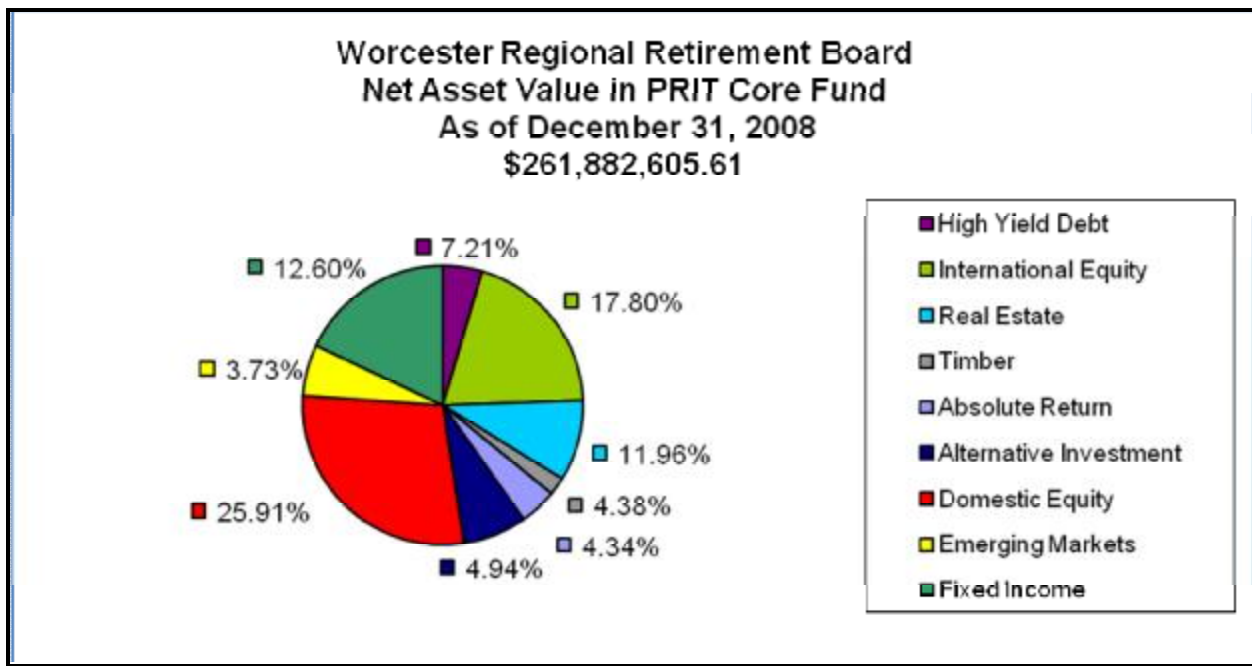
**The state's Pension Reserve Investment Management Board (PRIM) invests the bulk of the assets of the Worcester Regional Retirement System. PRIM has had great success with investment return over the past years and was specifically created to reduce the huge unfunded liabilities of the state's retirement system. However like investors across the global economy, PRIM suffered a significant loss last year, with a return of -29.4%. In the last 183 years only one other year was worse in the stock market, and that was in 1931.**

Virtually no sector in the economy was spared, and investment returns reflect that harsh reality. However, we are confident that our funds are invested in a well-diversified portfolio, which is focused on long-term returns. Our fund has successfully endured the ups and downs in the economy in the past and it is specifically allocated to withstand even the extremes that we are experiencing in this unprecedented time. The Worcester Regional Retirement Board diligently monitors current events in the marketplace and will continue to keep you updated.

The following pages graphically depict the allocation of our fund assets and identify the professional investment firms who manage those assets. If you have any questions or concerns, please do not hesitate to call upon me.

Sincerely,

**Kevin P. Blanchette**  
Chairman/CEO



**Custodian Bank:** BNY Mellon  
**Consultant:** Cliffwater, LLC  
Hamilton Lane  
Callen Associates

**Domestic Equity Managers**

Austin Capital Management  
AXA Rosenberg Investment  
Blackstone Alternative Asset Management, LP  
Crestline Investors  
Earnest Partners  
EIM Management (USA) Inc.  
Grosvenor Capital Management, LP  
INTECH  
Numeric Investors, LP  
Pacific Investment Management Company  
Putnam Advisory Company LLC  
Russell Investment Group  
State Street Global Advisors  
Strategic Investment Group

**International Equity Managers**

Alliance Bernstein  
AXA Rosenberg Investment Management  
Baillie Gifford  
Marathon Asset Management, Ltd.  
Mondrian Investment  
Pyramis Global Advisors  
State Street Global Advisors

**Fixed Income Managers**

Access Capital Strategies, LLC  
AFL-CIO Housing Investment Trust  
Barclays Global Investors  
Blackrock Financial Management, Inc.  
Community Capital Management  
Loomis, Sayles & Company, LP  
Pacific Investment Management Company

**High Yield Bond Managers**

Eaton Vance Institutional Fund  
Fidelity Management Trust Company  
ING Investment Management  
Loomis, Sayles & Company  
Pacific Investment Management Company  
Shenkman Capital Management

**Emerging Markets Debt Managers**

Ashmore Investment Management, Ltd.  
Grantham, Mayo, Van Otterloo & Co. Llc  
Pacific Investment Management Company

**Distressed Debt Managers**

Angelo, Gordon & Co.  
Avenue Capital Group  
Oaktree Capital Management  
Providence Equity Partners  
Summit Partners  
TCW Asset Management  
Wayzata Investment Partners

**Emerging Markets Equity Managers**

Emerging Markets Management  
Grantham, Mayo, Van Otterloo & Co. Llc.  
T. Rowe Price

**Natural Resources Managers**

Jennison Associates  
T. Rowe Price

**Timber Managers**

Forest Investment Associates

**Real Estate Managers**

AEW Capital Management  
Canyon Johnson  
European Investors, Inc.  
Intercontinental  
INVESCO Realty Advisors  
J.P.Morgan Investment Management  
LaSalle Investment Management  
New Boston  
RREEF America. Llc  
TA Associates Realty  
Tuckerman  
Urdang Advisors  
Wellington Management Company LLP

**Absolute Return Managers (Hedge)**

Arden Asset Management  
Ivy Asset Management  
K2 Advisors  
Pacific Alternative Asset Management  
Rock Creek Group

**Alternative Investments Managers**

1818 Fund

Advent International  
Alchemy Partners  
Alta Communications  
**Alternative Investments Managers**  
American Securities  
APAX Partners & Co.  
Apollo Management Co.  
Austin Ventures  
Bain Capital  
Battery Ventures  
Berkshire Partners, Llc.  
Blackstone Group  
Boston Ventures  
Bridgeport  
Brown Brothers Harriman & Co.  
Candover  
Capital Resource Lenders  
Carlyle Partners  
Castile Ventures  
Charles River Ventures  
Charlesbank Capital Partners  
Charterhouse Capital Partners  
Chequers Capital  
Chisholm Partners  
Code Hennessey & Simmons  
Commonwealth Capital Ventures  
CVC Capital  
Cypress Merchant Banking  
DLJ Merchant Banking  
El Dorado Ventures  
Equitable Capital Management  
Essex Woodlands  
Exponent Partners  
First Reserve Corporation  
Flagship Ventures  
Freeman Spogli Equity Partners  
Genstar Capital Partners  
Gores Group  
GTCR Golder, Rauner  
Hellman & Friedman Capital Partners  
Insight Venture Partners  
InterWest Partners  
J. H. Whitney  
Joseph Littlejohn & Levy  
Kelso & Company  
Kohlberg Kravis Roberts and Co.  
Landmark Equity Partners  
Lexington Partners

Madison Dearborn Capital Partners  
M/C Venture Partners  
Menlo Ventures  
Montagu Private Equity  
Montreux Equity Partners  
Narragansett Capital, Inc.  
Nash, Sells  
Nautic Partners  
New Enterprise Associates  
Nordic Capital  
Odyssey Investment Partners  
Olympus Growth Fund  
One Liberty Fund  
Onex Partners  
PAI Partners  
Permira Europe  
Polaris Venture Partners  
Providence Equity Partners  
Quad-C Management, Inc.  
Quantum Energy Partners  
Richland Ventures  
SCP Vitalife  
Sherbrooke Capital  
Sovereign Capital Limited  
Spark Capital  
Spectrum Equity Partners  
Summit Ventures  
TA Associates/Advent  
TCV  
Technology Crossover Ventures  
Tenaska Power Fund  
Texas Pacific Group  
Thomas Bravo  
Thomas H. Lee Equity Partners  
Torquest  
Towerbrook  
Trident Capital  
Union Square  
Vantage Point Partners  
Venture Capital Fund of New England  
Vestar Capital Partners  
Vista Equity Partners  
Welsh Carson Anderson & Stowe  
Weston Presidio Capital  
Whitney & Company  
William Blair Mezzanine Capital Fund  
Willis Stein  
Zero Stage Capital