

October 2011

PRIM Board Update



Massachusetts Pension Reserves Investment Management Board

October Gains Push Most Equities Back into Black for Year

The month that investors fear most turned out to be their best friend, as October saw record gains for equities. The Dow Jones Industrial Average (DJIA) gained more than 1,000 points, its best month since October 2002, and the S&P 500 index experienced its best monthly performance since October 1992, rising almost 11% and bouncing back into positive territory for the calendar year. Even amid the backdrop of the European debt turmoil, investors seemed heartened that Europe's leaders were handling the crisis by rolling out a comprehensive plan. The markets were also spurred by rosier US economic news. Those developments translated into huge gains in the foreign developed and emerging equity markets, although both markets remained underwater for the year. Investment grade fixed income was up slightly for the month, while the riskier high yield bonds posted impressive gains. Publicly-traded global Real Estate Investment Trusts (REITs) rose over 12% in October, essentially reversing the prior month's losses.

PRIT Fund September 30, 2011 TUCS Rankings

The table below shows the Trust Universe Comparison Service (TUCS) rankings of the PRIT Fund as of September 30, 2011. The PRIT Fund is compared to public pension plans with a market value greater than \$1 billion. The 1st percentile is at the top of the scale and the 100th percentile is the bottom. Third quarter TUCS saw improvement in PRIT's 3-, 5-, and 10-year rankings over last quarter, but shorter term, PRIT ranked lower due to its lower allocation to US equities and higher allocation to Non-US equities versus the peer group.

	QTD	CYTD	1-Yr	3-Yrs	5-Yrs	10-Yrs
PRIT	-8.90	-3.44	2.38	2.60	1.74	6.57
% Rank	57 th	48 th	42 nd	86 th	70 th	18 th
Median	-8.53	-3.49	1.95	3.97	2.18	5.78

Market Recap – October 31, 2011

Domestic Equity Markets:

Index	Month	CYTD	1-Year
S&P 500	10.93%	1.30%	8.09%
Dow Jones Industrials	9.72%	5.45%	10.39%
NASDAQ (Price Change)	11.14%	1.19%	7.06%
Russell 3000	11.51%	0.47%	7.90%

Global, International & Emerging Markets Equities:

Index	Month	CYTD	1-Year
MSCI ACWI IMI (net divs)*	10.84%	-4.77%	0.45%
MSCI EAFE STD (net divs)	9.61%	-7.14%	-4.45%
MSCI EM STD (net divs)	13.31%	-11.89%	-8.09%

Fixed Income, High Yield Bonds, & Real Estate:

Index	Month	CYTD	1-Year
Barclays Aggregate	0.11%	6.76%	5.00%
ML HY Master II	5.96%	4.15%	4.82%
NCREIF One QTR Lag	0.00%	12.39%	16.73%
NAREIT Developed**	12.63%	-1.19%	0.67%

*The MSCI All Country World Investable Markets Index (ACWI IMI) is the asset class benchmark for PRIM's Global Equity Portfolio.

**The FTSE EPRA NAREIT Developed REIT is a Global REIT index.

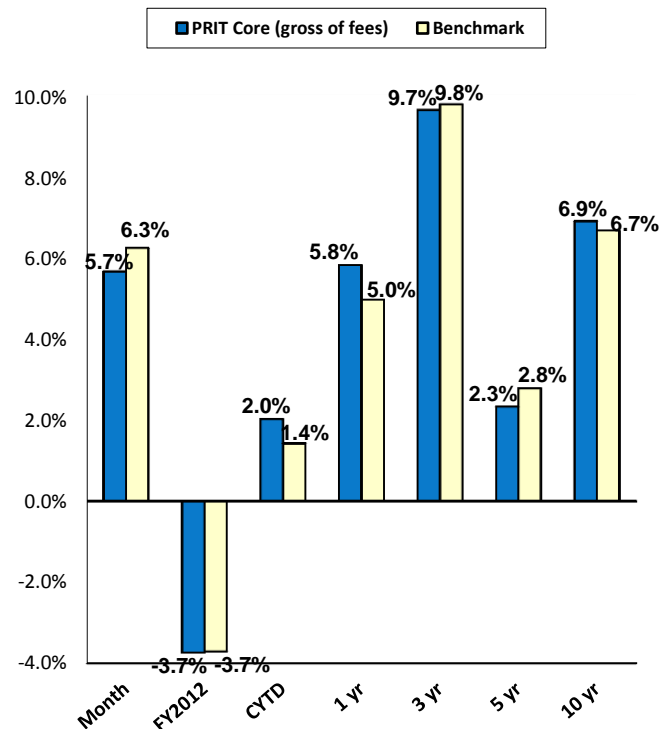
PRIT FUND ASSETS: \$48,073,975,000

PRIT Segmentation Recap – October 31, 2011

Portfolio	Month	CYTD	1-Year
PRIT CORE Total	5.67%	2.03%	5.83%
Domestic Equity	11.39%	0.74%	7.92%
International Equity	8.84%	-6.04%	-2.26%
Emerging Mkts. Eq.	12.80%	-11.68%	-7.65%
Core Fixed Income	0.55%	6.83%	4.91%
Core Real Estate	3.15%	9.08%	13.02%
Hedge Funds (net)	1.30%	-2.18%	-0.67%

Hedge Funds (formerly Absolute Return) are Net of Fees. All other segments are gross of fees. Core Fixed Income (formerly Total Fixed Income) includes TIPS and inflation-linked bonds. Timber/Natural Resources and Value Added Fixed Income (formerly High Yield Debt) sleeves are not available through Segmentation. Private Equity is available to Segmented Systems through the Vintage Year Program.

PRIT Core Fund as of 10/31/11



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