

November 2009

# PRIM Board Update



## Massachusetts Pension Reserves Investment Management Board

### Economic Optimism Boosts Stocks in November

U.S. equities bounced back from last month's sell-off on renewed hopes of a sustained economic recovery and signs that the housing market was turning the corner. The large cap S&P 500 index jumped 6.00% for the month, and was up 24.07% calendar year-to-date (CYTD). U.S. small cap stocks also experienced gains, but trailed large caps in November, as the Russell 2000 index rose 3.14%, returning 17.70% CYTD. The broader U.S. stock market, as measured by the Russell 3000 index, returned 5.68% in November, improving its CYTD return to 24.78%. The developed foreign markets also saw gains in November, as the MSCI EAFE index rose 2.00%, and continued to outpace U.S. stock markets CYTD with a return of 29.91%, notwithstanding a plunge in European stocks by month's end over concern about the financial viability of Dubai World, an investment company located in the United Arab Emirates. Emerging markets climbed another 4.30% in November, and stood at an astronomical 71.72% CYTD (readers of the Update will recall that emerging markets was the worst performing asset class in 2008). Fixed income markets continued to generate modest returns, as the Barclays Aggregate index gained 1.29% in November, returning 7.61% CYTD. High yield bonds, as measured by the Master II High Yield Bond index, rose 0.99% in November, adding to already impressive CYTD gains of 53.29%. U.S. REITs shrugged off the prior month's losses, as the NAREIT Equity REIT index soared 6.91% in November, resulting in a CYTD return of 19.45%. International REITs experienced a slight sell-off as the FTSE EPRA NAREIT Developed EX US REIT index returned -0.79% in November; however, on a CYTD basis, the index was up a phenomenal 42.15%.

### Market Recap - November 30, 2009

#### Domestic Equity Markets:

Index	Month	CYTD	1 Year
S&P 500	6.00%	24.07%	25.39%
DOW	6.93%	21.52%	21.05%
NASDAQ % Chg	4.86%	35.99%	39.66%
Russell 2000	3.14%	17.70%	24.53%
Russell 3000	5.68%	24.78%	27.17%

#### International & Emerging Markets Equities:

Index	Month	CYTD	1 Year
MSCI EAFE (net divs)	2.00%	29.91%	37.72%
MSCI EMF (net divs)	4.30%	71.72%	85.12%

#### Fixed Income, TIPS, High Yield Bonds, & Real Estate:

Index	Month	CYTD	1 Year
Barclays Aggregate	1.29%	7.61%	11.63%
ML HY Master II	0.99%	53.29%	64.19%
Barclays TIPS	2.78%	13.90%	19.56%
NCREIF (one qtr lag)	0.00%	-19.42%	-19.56%
NAREIT Equity	6.91%	19.45%	39.03%
NAREIT Int'l	-0.79%	42.15%	49.54%

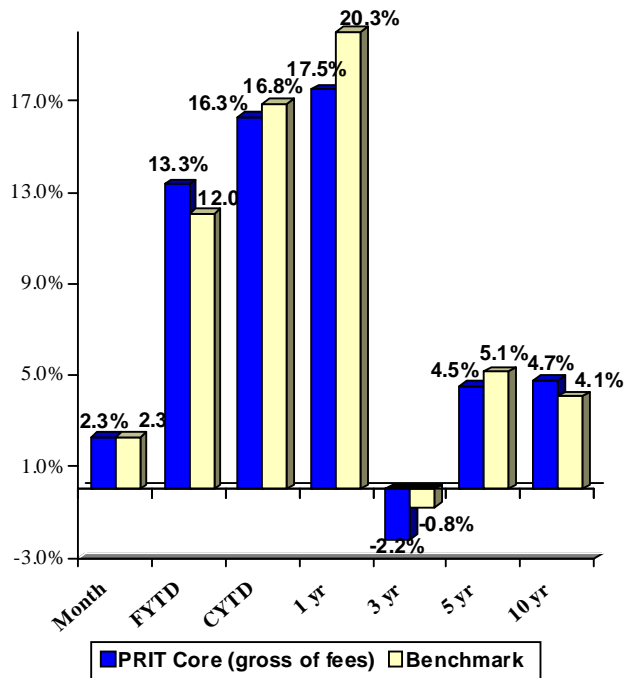
**PRIT FUND ASSETS: \$42,333,003,000**

### PRIT Segmentation Recap - November 30, 2009

Portfolio	Month	CYTD	1 year
<b>PRIT CORE Total</b>	<b>2.25%</b>	<b>16.27%</b>	<b>17.47%</b>
Domestic Equity	4.60%	22.52%	24.62%
International Equity	1.93%	29.02%	36.20%
Emerging Equity	4.22%	70.95%	83.93%
Core Fixed Income	1.31%	13.13%	17.01%
Core Real Estate	0.94%	-4.81%	-11.84%
Hedge Funds (net)	0.97%	11.50%	9.50%

Hedge Funds (formerly Absolute Return) are Net of Fees. All other segments are Gross of fees. Domestic Equity includes Portable Alpha Wind-down. 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.

### PRIT Core Fund as of 11/30/09



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