



Milestones

REPORT TO THE MEMBERSHIP OF THE MBTA RETIREMENT FUND

Executive Director's Message



MBTARF management is pleased to report the Fund's preliminary investment results for 2014 along with an update on the environment in which these results were achieved.¹

Conditions that prevailed during 2014 presented opportunities as well as challenges for large, well-diversified institutional investors. Across U.S. markets, modestly positive economic news, accommodative monetary policy, low inflation and declining bond yields boosted stock and bond returns. In contrast, however, slowing global growth, deflationary fears, and a strengthening dollar contributed to negative returns for many non - U.S. investments held by pension funds.

Against this setting, based on preliminary information, the MBTARF's investment portfolio achieved a 5.5% gross investment return in 2014.² The approximate market value of the Fund was \$1.590 Billion as of year end. The 2014 result followed a 17.08% gain for the Fund in 2013. According to multi-year measures the Board utilizes to assess long-term results, the Fund continues to make progress.

For the three years ending in December 2014, the Fund generated an annualized return of 12.7%, outperforming its policy index and exceeding Taft-Hartley, public and corporate median returns by 0.9%, 1.4% and 1.3%, respectively. For the five-year period, the Fund's annualized return of 10% exceeded its policy index and ranked in the top half of all pension fund peer groups.³

Leading contributors to the Fund's 2014 investment return included the U.S. large company stock portfolio, which gained 10.4% and open ended real estate equity funds, which gained over 12%. The Fund's U.S. small cap and global equity portfolios returned 2.4%, and 6.4%, respectively, while the international equity portfolio lost 6.2% due in part to the dollar strengthening against the Euro, Yen and other foreign currencies.

The fixed income portfolio returned 4.9%, trailing the index due to an unexpected decline in U.S. bond yields that boosted returns of interest rate sensitive securities, but detracted from portfolios positioned to manage interest rate risk by underweighting portfolio duration (a measure of interest rate risk). Within the fixed income category, domestic managers that held interest rate sensitive long-term U.S. corporate and government bonds generated middle to high single digit returns.

Conditions that prevailed in late 2014 continue into early 2015. In the U.S., these include mostly positive economic news, accommodative monetary policy and low inflation. Outside the U.S., developments include the European Central Bank quantitative easing program, declining economic growth in emerging markets, geopolitical risk and low energy prices. Challenges include decelerating projected growth in mature economies, low bond yields, elevated interest rate risk in the U.S. and concerns about an eventual exit from unprecedented accommodative monetary policy.

IN THIS ISSUE

Director's Message	1
David Hanson	2
Congratulations	3
In Memoriam	5
Portfolio and Annual Returns	7

Milestones

Retirement Board

Janice Loux, *Chairperson*

Jonathan R. Davis

James M. Evers

James M. O'Brien

James M. O'Connell

Darnell L. Williams

Honorary Board Member

Katherine A. Hesse

Alternate Board Members

Brian P. Cummins

Gerald K. Kelley

Lawrence C. Kelly

Margaret C. LaPaglia

Jeanne M. Morrison

Executive Director

Michael H. Mulhern

Deputy Director

John P. Barry

Retirement Fund Staff

Jacquelyn E. Carey

Maura E. Corso

John G. Fitzgerald

David M. Hanson

Pamela M. Holloman

Siobhán M. Keeney

Catherine M. McGahan

Danielle M. Quinn

Dominique S. Sye

Nancy M. Walsh

Executive Director's Message (cont'd)

The portfolio's asset allocation structure is designed to position the Fund for risk-adjusted returns in line with Fund objectives and risk tolerances over time, through changing market conditions. The portfolio is diversified based on an asset allocation policy that was developed to meet the Fund's long-term return objective while limiting risk or volatility.

The Board will continue to review potential modifications to the Fund's asset allocation

structures as the economy and markets evolve with assistance from the Fund's staff and investment consultant.

We will update you when the preliminary investment performance numbers are final.

Yours Respectfully,

Michael H. Mulhern
Executive Director

¹ The preliminary returns do not include all fourth quarter private equity and closed end real estate funds.

² All quoted returns are unaudited and gross of fees – audited values will be provided in annual report.

³ InvestorForce Taft-Hartley, Public and Corporate Fund Universes (net).

David Hanson says “We’re always learning more to keep up with financial trends so that retirees can know that their investments are in good hands.”



David Hanson had to pass three different six-hour exams, requiring hundreds and hundreds of hours of study, in order to become a Chartered Financial Analyst (CFA) last fall. David says all the hard work was worth it for

the knowledge he gained that will help him analyze potential investments for MBTA retirees.

As a research associate for the MBTA Retirement Fund, David researches potential Fund investments, especially “alternative” investments, those that aren't traditional stocks or bonds. Alternatives are roughly 30 percent of the Fund's portfolio. These can include real estate, private equity, and hedge funds, which all provide diversity to the Fund's investment portfolio.

“The Retirement Fund puts a large emphasis on continual staff education,” says David. “We’re always learning more to keep up with financial trends so that retirees can know that their investments are in good hands.”

David was born and raised in Hyde Park. In 2010, he graduated from Boston College's Carroll School of Management with concentrations in Finance and in Accounting and Info Systems.

David has ridden the T all his life. He grew up taking the 32 bus to Forest Hills to catch

the Orange Line, and at Boston College, he was a frequent Green Line passenger. After graduation, he moved to Dorchester along the Red Line, and now lives in Dedham, just minutes from the Franklin commuter rail line.

David started working as an intern at the Retirement Fund during the summer after his sophomore year of college, and continued through his subsequent college years. As an intern, he assisted with investment research and performance reporting, and occasionally filled in to answer the phone and help members with their questions about benefits.

“Sometimes it's nice to get away from the numbers and learn about the real impacts of the benefits,” says David. “It's great to see that the work I'm doing on the investment side is making a difference in the lives of retirees.”

In addition to his CFA certification, David holds a Chartered Alternative Investment Analyst (CAIA) designation, which he completed two exams to earn in October.

“It's important that all our employees get the continuing education they need to best support our members,” says Executive Director of the MBTA Retirement Fund Mike Mulhern. “We're proud of David's achievements and very glad to have his expertise as we strive to make the best possible investments for future retirees.”

Congratulations

MBTA Retirees

THE FOLLOWING MEMBERS HAVE RETIRED ON OR BEFORE DECEMBER 1ST 2014.

Geraldine Adams
122 - Bus Transportation Arborway

Fuad A. Akbar
332 - PIM MOW SurfaceL

William P. Atwood
452 - Bus Maintenance Quincy

Harriet P. Babb
712 - Tres Controller GeneralAccountg

James A. Bain
447 - Bus Maintenance Arlington Ave

Robert M. Blake
333 - PIM MOW RTL

Thomas J. Boyle
080 - Vehicle Procurement & QA

Antoinette A. Bradley
123 - Bus Transportation CabotAlbany

John A. Branche
454 - Bus Maintenance Arborway

Frank S. Calautti
445 - Bus Maintenance Fellsway

Robert M. Carney
312 - SIM Telecommunications

Jose A. Centeio
123 - Bus Transportation CabotAlbany

Mara L. Chiulli
132 - LRail Transp Green Reservoir

Cynthia D. Clarke
113 - HRail Transp Red JFK/UMASS

John J. Clifford
713 - Tres Controller Money Room

Kevin M. Clinton
122 - Bus Transportation Arborway

David M. Clougherty
341 - SIM Transmission&Distribution

Robert S. Cohen
834 - HRail CustomerService Orange

Thomas F. Connelly
123 - Bus Transportation CabotAlbany

Brian F. Connolly
102 - OCC Opers Control Center

Larry D. Debnam
132 - LRail Transp Green Reservoir

Dennis W. Deneen
455 - Bus Maintenance Cabot

Maria J. Dexter
835 - HRail CustomerService Red

Rickie Dillard
123 - Bus Transportation CabotAlbany

Paul W. Egan
122 - Bus Transportation Arborway

Nancy L. Eggers
102 - OCC Opers Control Center

James V. Erti
113 - HRail Transp Red JFK/UMASS

Pierre-Marie Eugene
125 - Bus Transportation Bennett

Robert E. Evans
113 - HRail Transp Red JFK/UMASS

Carlos Fernandez
122 - Bus Transportation Arborway

James J. Finn
453 - Bus Maintenance Lynn

James A. Flynn
313 - PIM Mechanical Maintenance

Wilfred Francis
433 - Rail Maint OrangeWellington

Arthur L. Francis
333 - PIM MOW RTL

Brian S. Galbato
319 - PIM Bridge & Structure Maint

Steven Gallagher
333 - PIM MOW RTL

Joseph Garozzo
414 - Veh Main Repair Facility -Bus

James M. Gasbarro
762 - Materials Mgmt Stores

Henry A. Gennetti
765 - Real Estate Admin Services

Joseph J. Giordano
126 - Bus Transportation ChrltwnFels

Kevin P. Glennon
132 - LRail Transp Green Reservoir

Russell L. Greene
112 - HRail Transp OrangeWellington

Michael Griffin
102 - OCC Opers Control Center

Philip G. Guarino
341 - SIM Transmission&Distribution

Alvaro D. Guity
123 - Bus Transportation CabotAlbany

Thomas P. Hennessey
414 - Veh Main Repair Facility -Bus

George H. Heshion
112 - HRail Transp OrangeWellington

Mark F. Hogan
031 - Information Technology Opers

Nelson E. Howard
113 - HRail Transp Red JFK/UMASS

Michael D. Hurley
455 - Bus Maintenance Cabot

Rodney B. Isaac
836 - HRail CustomerService Blue

Linda Jenness
132 - LRail Transp Green Reservoir

Winer Jourdan
125 - Bus Transportation Bennett

Dale D. Julius
835 - HRail CustomerService Red

Caroline C. Kava
128 - Bus Transportation Quincy

Gerald K. Kelley
725 - Legal Administration

Lawrence C. Kelly
113 - HRail Transp Red JFK/UMASS

Joseph J. Kennedy
132 - LRail Transp Green Reservoir

Angelo LaPaglia
102 - OCC Opers Control Center

Leonel LaRoche
432 - Rail Maint Red Cabot

Kenneth P. Lee
414 - Veh Main Repair Facility -Bus

Charles D. Lewis
313 - PIM Mechanical Maintenance

Uvon Lewis
122 - Bus Transportation Arborway

Congratulations

MBTA Retirees (cont'd)

THE FOLLOWING MEMBERS HAVE RETIRED ON OR BEFORE DECEMBER 1ST 2014.

John R. Little

414 - Veh Main Repair Facility -Bus

Patricia A. Lowe

122 - Bus Transportation Arborway

William J. Lydon

105 - Bus Maintenance Admin

Kevin MacKenzie

125 - Bus Transportation Bennett

James J. Marchillo

321 - SIM Signals

Michael D. McAlduff

122 - Bus Transportation Arborway

Thomas P. McCarthy

713 - Tres Controller Money Room

William D. McGuire

351 - PIM MOW Rail Equipment

James W. McMickle

125 - Bus Transportation Bennett

James K. McNiff

333 - PIM MOW RTL

Stephen L. Meriano

332 - PIM MOW SurfaceL

Robert J. Miksenas

466 - Rail Maint Green Riverside

Sabrina Miles

723 - Legal General Law

Everth E. Molano

413 - Veh Main Repair Facility -Rail

Michael D. Moloney

112 - HRail Transp OrangeWellington

Ellie J. Murphy

122 - Bus Transportation Arborway

James M. Myatt

341 - SIM Transmission&Distribution

Leroy W. Myers

371 - SIM Power Systems & Equipment

Lawrence Nargi

132 - LRail Transp Green Reservoir

Dennis J. Nee

125 - Bus Transportation Bennett

Charlie Nguyen

129 - Bus Transportation Lynn

Edward W. Norling

462 - Rail Maint Green Reservoir

Thomas M. O'Brien

126 - Bus Transportation ChrltwnFels

Karen J. O'Donnell

324 - SIM Electrical Maintenance

Ceron A. Oliver

123 - Bus Transportation CabotAlbany

Donna Olson

713 - Tres Controller Money Room

Stephen P. O'Neill

114 - HRail Transp Blue Orient Hght

Robert Pacitti

332 - PIM MOW SurfaceL

Kenneth J. Palmieri

432 - Rail Maint Red Cabot

Pamela L. Pinkney

413 - Veh Main Repair Facility -Rail

Stephen Politano

138 - Bus Transportation Southampton

William F. Powers

132 - LRail Transp Green Reservoir

Granville W. Prevoe

309 - PIM Bldg & Station Maintenance

Kevin Pydynkowski

466 - Rail Maint Green Riverside

Michael J. Rafferty

332 - PIM MOW SurfaceL

Robert L. Riggins

835 - HRail CustomerService Red

Luisa A. Rijo

132 - LRail Transp Green Reservoir

Shirley J. Robinson

834 - HRail CustomerService Orange

Fred W. Russell

413 - Veh Main Repair Facility -Rail

William H. Ryan

132 - LRail Transp Green Reservoir

James Sanders

123 - Bus Transportation CabotAlbany

William J. Scurio

123 - Bus Transportation CabotAlbany

Carla S. Smith

125 - Bus Transportation Bennett

Charles E. Smyth

031 - Information Technology Opers

Nicholas S. Stiles

351 - PIM MOW Rail Equipment

Dion H. Stubbs

106 - COO Administration

Daniel P. Sullivan

125 - Bus Transportation Bennett

Vincent M. Tamburo

519 - Design,Constr-South Statn

Edmund Tavernier

783 Railroad Operations

Francis W. Tkacik

333 - PIM MOW RTL

Tuong V. Tran

445 - Bus Maintenance Fellsway

Mathew W. Tse

113 - HRail Transp Red JFK/UMASS

Joseph S. Vacca

414 - Veh Main Repair Facility -Bus

Robert E. Ward

522 - Design,Constr-Signal&Comms

Roger P. Ward

835 - HRail CustomerService Red

Charlene M. Wheeler

113 - HRail Transp Red JFK/UMASS

Lonnie H. Wick

462 - Rail Maint Green Reservoir

Jack R. Wilkins

521 - Design,Constr-North Statn

Richard F. Willett

713 - Tres Controller Money Room

Lisa A. Williams

122 - Bus Transportation Arborway

Robbie E. Wilson

138 - Bus Transportation Southampton

Lenora N. Woods

837 - LRail CustomerService Green

Marianne Yuskauskas

113 - HRail Transp Red JFK/UMASS

In Memoriam

WE HAVE RECENTLY BEEN NOTIFIED THAT THE FOLLOWING MBTA RETIREES HAVE PASSED AWAY.

Salvatore Attachi

June 28, 2014

Brenda Baker

November 14, 2014

John M. Barrett

July 6, 2014

Walter P. Batchelder

April 28, 2014

Charles A. Black

October 16, 2014

Butler S. Blakeney

April 7, 2014

Albert Bradham

June 19, 2014

Bernard E. Brady

July 25, 2014

Albert L. Bronske

August 26, 2014

Robert W. Brosseau

October 16, 2014

Herbert W. Burgess

December 3, 2014

John J. Butler

June 4, 2014

Cecil F. Cameron Jr.

January 1, 2015

William F. Campbell

October 27, 2014

John R. Carmody

December 25, 2014

Mary Cassani

November 1, 2014

Frank L. Cavaretta

September 5, 2014

Bruce Y. Chan

May 26, 2014

Frederick T. Chase

August 8, 2014

Ann N. Ciulla

August 12, 2014

Garret J. Collins

July 28, 2014

Stephen C. Collins

November 25, 2014

Joseph L. Conley

June 12, 2014

William Cooney

July 19, 2014

James J. Cotter

September 26, 2014

William P. Crehan

May 18, 2014

Robert D. Damigella

October 7, 2014

Mark Der

January 4, 2015

John J. Doherty

July 30, 2014

Thomas J. Dolan

October 23, 2014

Kevin B. Dorion

May 7, 2014

Brian C. Doyle

December 6, 2014

Richard V. Dunbrack

June 6, 2014

Joseph W. Eugene

May 26, 2014

Richard D. Finn

December 10, 2014

Arthur E. Forgett, Jr.

December 16, 2014

Louis J. Forte

May 28, 2014

Robert E. Gardner

October 2, 2014

James A. Garnett, Sr.

August 3, 2014

Leslie J. Gauthier

October 24, 2014

Frederick B. Goodine

October 12, 2014

Vernon Hanks

October 13, 2014

Paul Hardiman

May 17, 2014

Ernest E. Harewood

September 3, 2014

George H. Harvey

August 3, 2014

Robert D. Hopewell

June 9, 2014

Paul M. Hurley

April 21, 2014

Patrick J. Hynes

December 3, 2014

Edward Insogna

May 19, 2014

Bruce F. Jackson

May 31, 2014

Leroy H. Jackson

October 19, 2014

Vivian Jenkins

August 9, 2014

Albert F. Kelley

June 12, 2014

Frank J. Kelley

September 21, 2014

James J. Kelley

May 20, 2014

Paul J. Kelley

December 23, 2014

John J. Kelly

July 25, 2014

John L. Kelly

June 9, 2014

George L. King

January 3, 2015

Peter Kyriakides

November 19, 2014

John Lawton

November 26, 2014

Charles J. Lyons, Jr.

April 25, 2014

Raymond MacDonald

December 10, 2014

In Memoriam (cont'd)

WE HAVE RECENTLY BEEN NOTIFIED THAT THE FOLLOWING MBTA RETIREES HAVE PASSED AWAY.

Ezekiel M. Mae
May 7, 2014

Wladimir Majkut
November 21, 2014

Thomas J. Manning
July 5, 2014

Robert A. McCarthy
August 6, 2014

Thomas P. McCarthy
October 22, 2014

John A. McCarty
May 5, 2014

Herbert T. McDermott
April 17, 2014

Joseph F. McDonald
September 6, 2014

Paul E. McLean
November 25, 2014

James M. Meehan
September 14, 2014

Lawrence M. Mulhern
August 18, 2014

Robert T. Nolan
November 18, 2014

Karen J. O'Donnell
November 20, 2014

Herbert J. O'Neil
June 16, 2014

John P. O'Shea
October 5, 2014

Raymond A. O'Toole
August 28, 2014

Spero Pappas
October 21, 2014

Francis W. Paquette
July 14, 2014

Lascelles W. Parchment
October 3, 2014

Jordan E. Picot
April 28, 2014

Paul D. Pizzi
April 21, 2014

Richard Pomerleau
November 7, 2014

John J. Porter
April 4, 2014

George W. Pulsifer
December 17, 2014

John H. Purcell, Jr.
December 29, 2014

Stanley Rabinovitz
November 1, 2014

Luz I. Reardon
October 26, 2014

Edward S. Reed
September 18, 2014

Michael F. Riordan
May 6, 2014

John Ritchie
November 16, 2014

John J. Robinson
September 12, 2014

Stuart I. Rockman
September 24, 2014

Antonio J. Rodriguez
December 29, 2014

Thomas A. Russo
June 18, 2014

Richard A. Saganey
October 21, 2014

Paokan C. Sahagian
April 18, 2014

Paul M. Saturno
August 19, 2014

Charles W. Schwalm
January 7, 2015

John D. Skinnion
August 4, 2014

Paul C. Stewart
June 14, 2014

John J. Sullivan
August 16, 2014

Gerald P. Sweeney
December 30, 2014

Richard C. Tangard
October 28, 2014

Harry G. Tavener
July 31, 2014

Edward E. Timmons
December 15, 2014

Mary M. Tobin
August 21, 2014

Margaret A. Tobin
December 14, 2014

James R. Toy
May 3, 2014

Ronald E. Tremblay
October 7, 2014

William O. Tscherch
December 25, 2014

Albert B. Turco
May 31, 2014

Peter H. Turner
May 4, 2014

Anthony Venuti
October 6, 2014

Allan M. Walsh
December 1, 2014

Richard W. Whelan
July 4, 2014

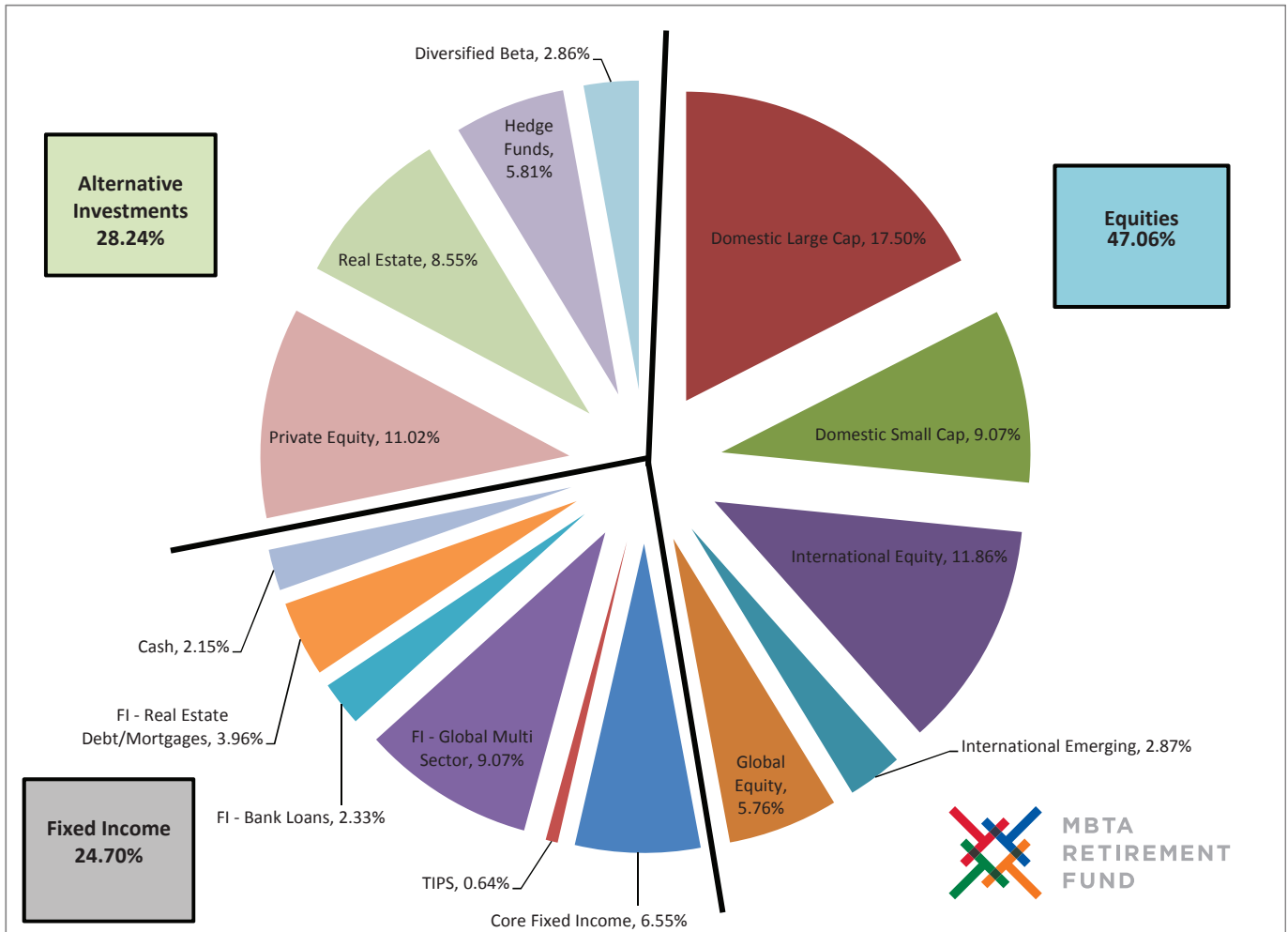
Thomas W. Wong
December 20, 2014

Richard L. Zewiey
July 27, 2014

Portfolio and Annual Returns

MBTA Retirement Fund Asset Allocation

Preliminary Period Ending 12-31-14



Fund Gross Returns*

2014	5.50
3-Year	12.68
5-Year	10.04
Since Inception	9.64

* unaudited - preliminary results

Service Providers

Actuary - Buck Consultants
 Auditor - KPMG
 Custodian - State Street Bank
 Investment Consultant - The Marco Consulting Group

One Washington Mall
Boston, MA 02108



**MBTA
RETIREMENT
FUND**

Presort
Standard
US Postage
PAID
Boston, MA
Permit #55917

Milestones

THE REPORT TO THE MEMBERSHIP OF THE MBTA RETIREMENT FUND

