

MBTA Retirement Fund's Management Response to the Pioneer Institute

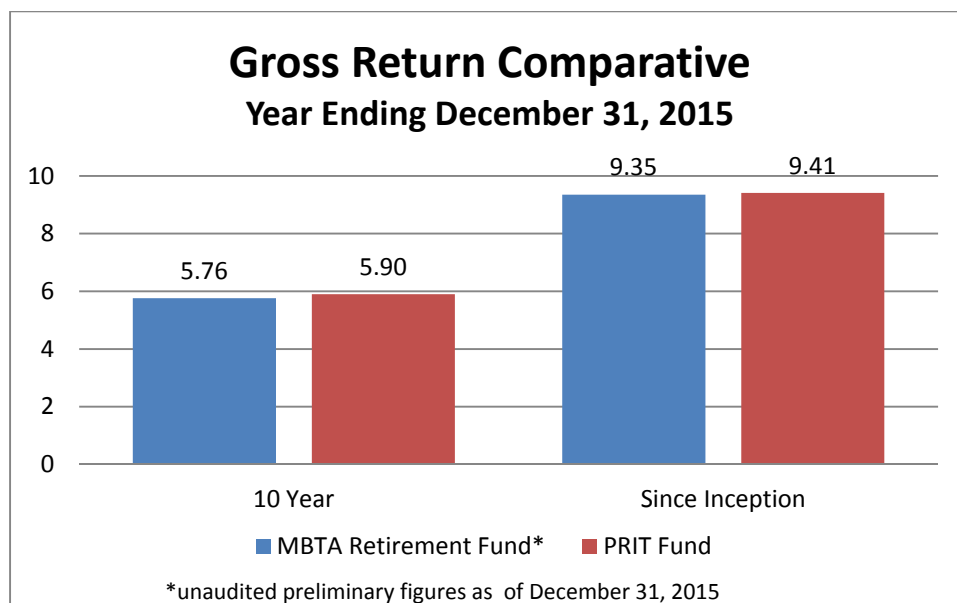
June 9, 2016

The hypothetical funding scenarios produced by the Pioneer Institute are impossible to corroborate because the methodology used to produce the results were not included in the report.

What we do know however, is the MBTA Retirement Fund's Preliminary Unaudited Gross Return over the past ten years (year ending December 31st 2015) is 5.76% almost identical to the PRIT Fund's 5.90% over the same time frame.

Longer term, the MBTA Retirement Fund's Preliminary Unaudited Inception Gross Return is 9.35% vs. PRIM's Inception Gross Return of 9.41%.

Attached you will find tables and graphics produced by the MBTARF and PRIM which illustrate diversification strategies by asset class. MBTARF's target for alternatives is 30% which is less than PRIM's target alternative allocation of 37% (Comprised of: Private Equity, Real Estate, Timber, Hedge Funds and Portfolio Completion Strategies).



MBTA Retirement Fund Asset Allocation

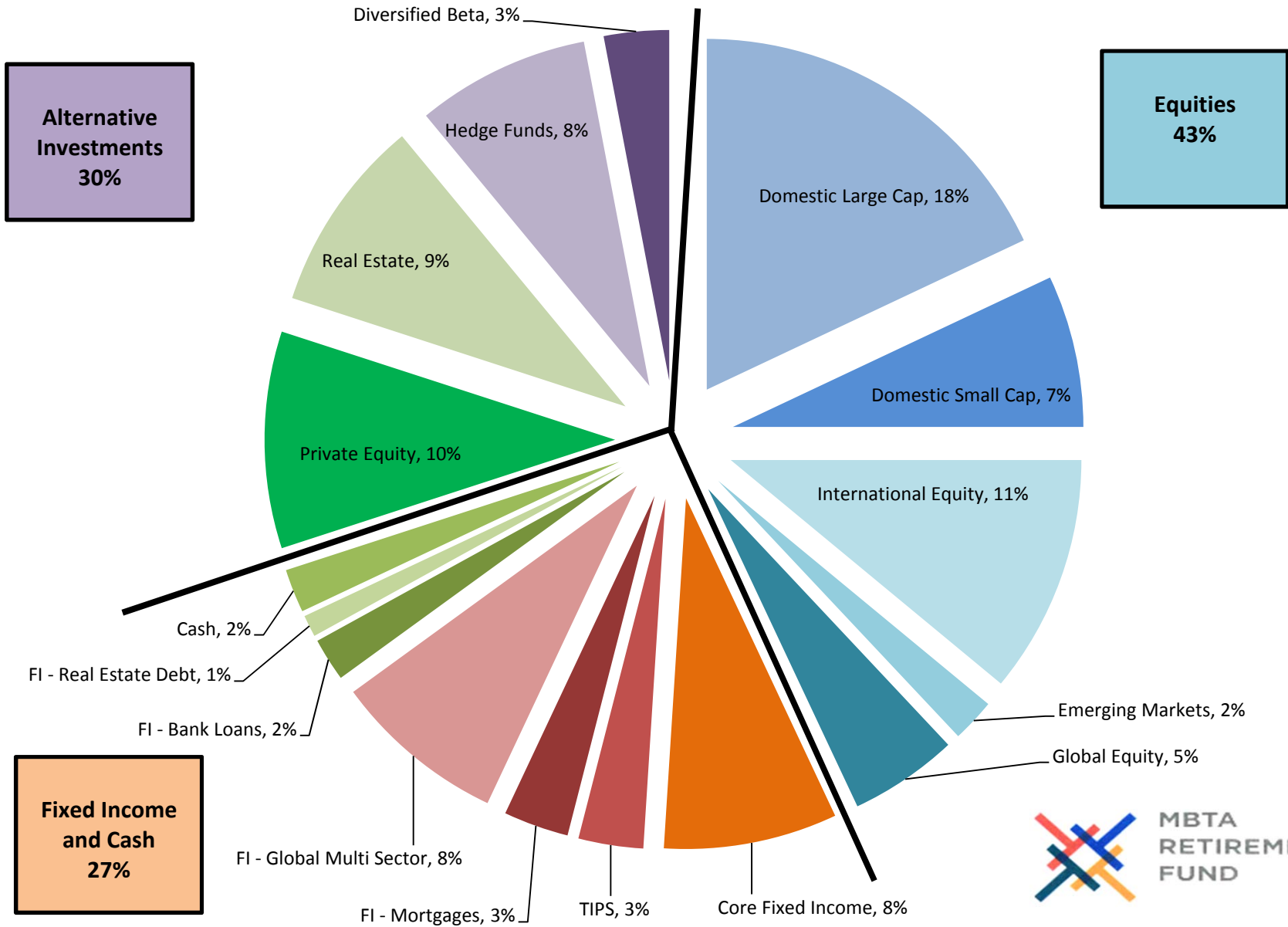
Target vs. Actual

Preliminary Period Ending December 31, 2015

Asset Class	Target Allocation	Actual Preliminary Allocation 12-31-15	Difference
Equities	43%	45.9%	2.9%
Domestic Large Cap	18%	17.3%	-0.7%
Domestic Small Cap	7%	7.9%	0.9%
International Equity	11%	12.6%	1.6%
Global - International Emerging	7%	8.1%	1.1%
Fixed Income	27%	26.5%	-0.5%
Core Fixed Income	8%	6.9%	-1.1%
TIPS	3%	0.7%	-2.3%
Mortgages	3%	3.3%	0.3%
Global Multi-Sector	8%	9.3%	1.3%
Bank Loans	2%	2.4%	0.4%
Real Estate Debt	1%	1.0%	0.0%
Cash	2%	2.9%	0.9%
Alternative Investments	30%	27.6%	-2.4%
Private Equity	10%	10.1%	0.1%
Real Estate	9%	8.7%	-0.3%
Hedge Funds	8%	5.6%	-2.4%
Diversified Beta	3%	3.2%	0.2%

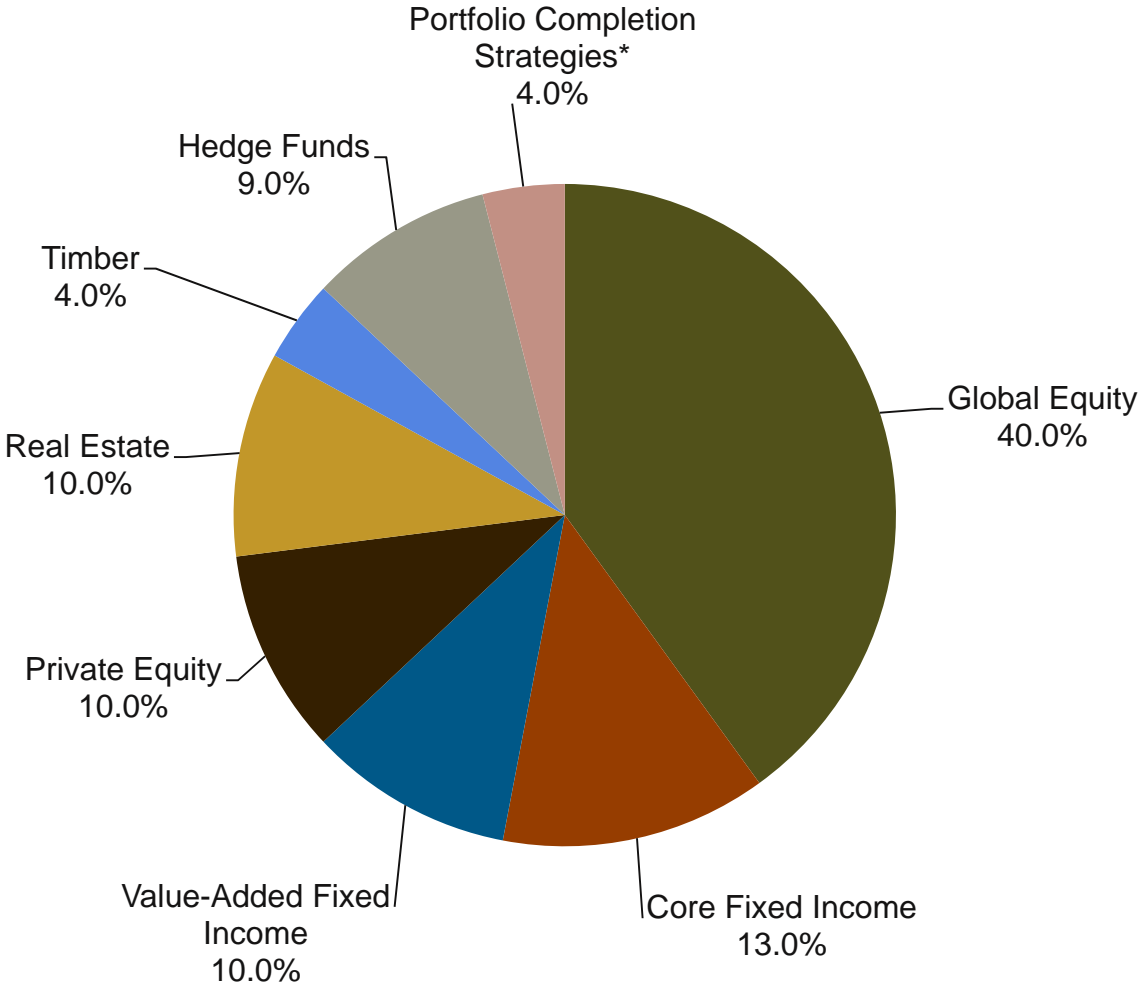
MBTA Retirement Fund Target Asset Allocation

Voted March 2014



PRIT Fund Asset Allocation

Long-Term Asset Allocation Targets



**Portfolio Completion Strategies (PCS) to be funded from Global Equities and Hedge Funds as new PCS investment strategies are recommended by PRIM Staff and approved by the Board.*