

# **Town of Branford Police Pension Plan**

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SYNERGIES

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## **3Q20 Performance Review**

This presentation has been prepared specifically for the Town of Branford for use at a meeting November 30, 2020.

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# Performance Summary

Index Performance as of: 9/30/2020

	<u>3 Month</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>		<u>3 Month</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
<b>Russell</b>							<b>Other U.S. Equity</b>						
3000 Value	5.42	-12.23	-5.67	2.11	7.43	9.75	Dow Jones Industrial Avg.	8.22	-0.91	5.70	9.98	14.02	12.69
3000	9.21	5.41	15.00	11.65	13.69	13.48	Wilshire 5000 (Full Cap)	9.45	6.30	15.74	11.73	13.69	13.36
3000 Growth	12.86	23.00	36.12	20.73	19.51	16.91	<b>International Equity - Broad Market</b>						
1000 Value	5.59	-11.58	-5.03	2.63	7.66	9.95	MSCI EAFE	4.80	-7.09	0.49	0.62	5.26	4.62
1000	9.47	6.40	16.01	12.38	14.09	13.76	MSCI EM	9.56	-1.16	10.54	2.42	8.97	2.50
1000 Growth	13.22	24.33	37.53	21.67	20.10	17.25	MSCI Frontier Markets	8.29	-8.79	-2.74	-1.69	3.76	2.96
Mid Cap Value	6.40	-12.84	-7.30	0.82	6.38	9.71	MSCI ACWI	8.13	1.37	10.44	7.12	10.30	8.55
Mid Cap	7.46	-2.35	4.55	7.13	10.13	11.76	MSCI ACWI Ex USA	6.25	-5.44	3.00	1.16	6.23	4.00
Mid Cap Growth	9.37	13.92	23.23	16.23	15.53	14.55	MSCI AC Asia Ex Japan	10.66	5.41	17.83	4.90	10.60	5.38
2000 Value	2.56	-21.54	-14.88	-5.13	4.11	7.09	<b>International Equity - Country</b>						
2000	4.93	-8.69	0.39	1.77	8.00	9.85	MSCI Brazil	-3.32	-40.89	-32.49	-10.03	8.19	-6.25
2000 Growth	7.16	3.88	15.71	8.18	11.42	12.34	MSCI BRIC	10.41	2.07	15.48	4.99	11.81	2.52
<b>Standard &amp; Poors</b>							MSCI China	12.50	16.45	33.58	7.87	13.53	6.55
S&P 500	8.93	5.57	15.15	12.28	14.15	13.74	MSCI Europe	4.51	-8.85	-0.79	-0.61	4.24	4.26
Consumer Disc	15.06	23.38	28.89	20.48	17.03	18.17	MSCI India	14.95	-4.53	0.54	2.11	5.23	1.65
Consumer Staples	10.38	4.13	7.79	9.04	9.40	11.77	MSCI Japan	6.94	-0.68	6.91	3.94	7.51	6.20
Energy	-19.72	-48.09	-45.24	-20.42	-9.70	-3.16	MSCI EM Latin America	-1.28	-36.06	-29.36	-11.84	2.06	-5.74
Financials	4.45	-20.22	-11.87	-0.14	7.82	9.69	MSCI Russia	-4.72	-28.03	-15.97	4.09	11.06	0.57
Health Care	5.87	5.01	20.11	11.08	11.88	15.40							
Industrials	12.48	-3.99	1.32	4.53	10.84	11.58							
Information Technology	11.95	28.69	47.23	28.10	27.18	20.50							
Materials	13.31	5.47	12.19	6.22	12.18	9.42							
Real Estate	1.92	-6.78	-7.28	6.67	7.92	10.49							
Telecom Services	8.94	8.60	18.37	9.31	10.59	9.43							
Utilities	6.14	-5.68	-4.97	7.53	10.33	10.68							

Source: Morningstar

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	<u>3 Month</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>		<u>3 Month</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
<b>Fixed Income</b>							<b>Fixed Income-Tax Exempt</b>						
Barclays U.S. Aggregate	0.62	6.79	6.98	5.24	4.18	3.64	Barclays Municipal	1.23	3.33	4.09	4.28	3.84	3.99
Barclays US Aggregate 1-3 Yr	0.16	2.85	3.44	2.76	2.05	1.58	Barclays Municipal 3 Yr	0.71	2.63	3.53	2.42	1.93	1.80
Barclays US Aggregate 3-5 Yr	0.36	5.02	5.58	4.01	3.10	2.86	Barclays Municipal 5 Yr	1.28	3.49	4.56	3.29	2.79	2.79
Barclays US Aggregate 5-7 Yr	0.78	7.31	7.84	5.09	3.87	3.48	Barclays Municipal 7 Yr	1.47	3.79	4.78	3.96	3.47	3.59
BofAML 3-Month T-Bill	0.04	0.64	1.10	1.69	1.20	0.64	Barclays HY Muni	3.09	0.37	1.27	5.82	6.00	5.97
Barclays U.S. Gov't	0.18	8.81	7.97	5.47	3.73	3.10	<b>Alternative Investments</b>						
Barclays U.S. Credit	1.50	6.39	7.50	6.19	5.75	4.92	Alerian MLP	-16.26	-46.16	-48.35	-20.75	-11.58	-4.17
Barclays High Yield Corp.	4.60	0.62	3.25	4.21	6.79	6.47	Bloomberg Commodity	9.07	-12.08	-8.20	-4.18	-3.09	-6.03
Barclays TIPS	3.03	9.22	10.08	5.79	4.61	3.57	FTSE NAREIT Equity REIT	1.44	-17.54	-18.16	0.20	3.95	7.90
Barclays Global Aggregate	4.14	4.77	5.48	3.07	3.60	1.35	S&P Global Natural Res.	2.13	-17.42	-9.53	-2.78	6.67	0.16
Barclays Gbl Agg Ex USD	2.66	5.72	6.24	4.10	3.92	2.36	S&P N. Amer Natural Res.	-7.56	-31.90	-26.81	-12.51	-3.83	-2.63
JPM EMBI Global Div	2.28	0.37	2.47	3.27	6.03	5.21							

Source: Morningstar

# Performance Drivers

## 1. The economic recovery continues, although growth may begin to slow.

- Economic indicators showed a stronger than expected cyclical rebound over the third quarter. Measures of global trade, consumption, industrial production and employment continued to recover. Household spending has remained robust, partly due to fiscal support. Positive news around improved treatments and vaccine development and deployment could speed the recovery.
- While this momentum could continue in the medium term, the recovery has recently started to slow as most of the easier gains have already been realized. With restrictions still in place, recovering to pre-COVID levels will be challenging. The renewed imposition of restrictions in the Eurozone and UK has been a setback.
- GYL View:** Our base case remains that global GDP will not fully recovery to pre-COVID-19 levels until late 2021 at the earliest, with 2020 growth expected to be negative for the global economy. The composition of global growth across countries and sectors is likely to be uneven from here.

## 2. Monetary and fiscal policy remain quite accommodative, although questions remain about US fiscal policy.

- In the US, the Federal Reserve formalized its shift to a flexible average inflation targeting regime. This suggests that short-term rates will remain low until full employment is reached, and members are willing to let inflation exceed 2% to ensure adequate stabilization of prices.
- Overseas, monetary policy has also remained accommodative with the European Central Bank, the Bank of Japan, and the Bank of England all maintaining loose policy stances during the quarter.
- In terms of fiscal policy, several provisions of the CARES Act in the US expired during the quarter, reducing fiscal accommodation. While additional fiscal stimulus is likely, the timing and nature remain uncertain.
- GYL View:** Fiscal and monetary measures have been an important tool in cushioning the blow to households and businesses, helping to avert financial contagion.

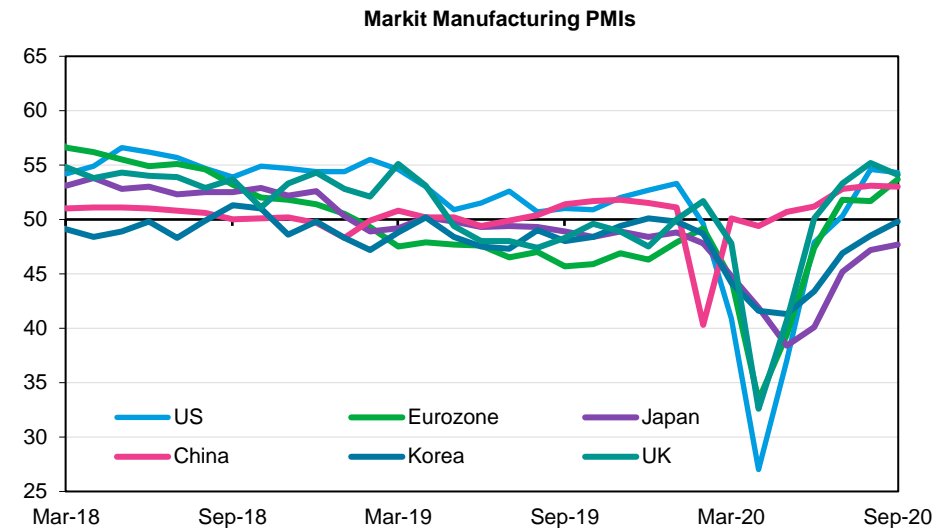
## 3. Political concerns remain elevated.

- The US election in November could drive an increase in volatility, particularly if there is a delay in determining the winner.
- Tensions between the US and China are likely to remain elevated for the foreseeable future, regardless of who wins the US election.
- Uncertainty over the UK-EU transition ahead is also a point of concern as the December deadline approaches.
- GYL View:** Political risks are likely to remain elevated over the near term, and could continue to be a source of volatility and downside risk.

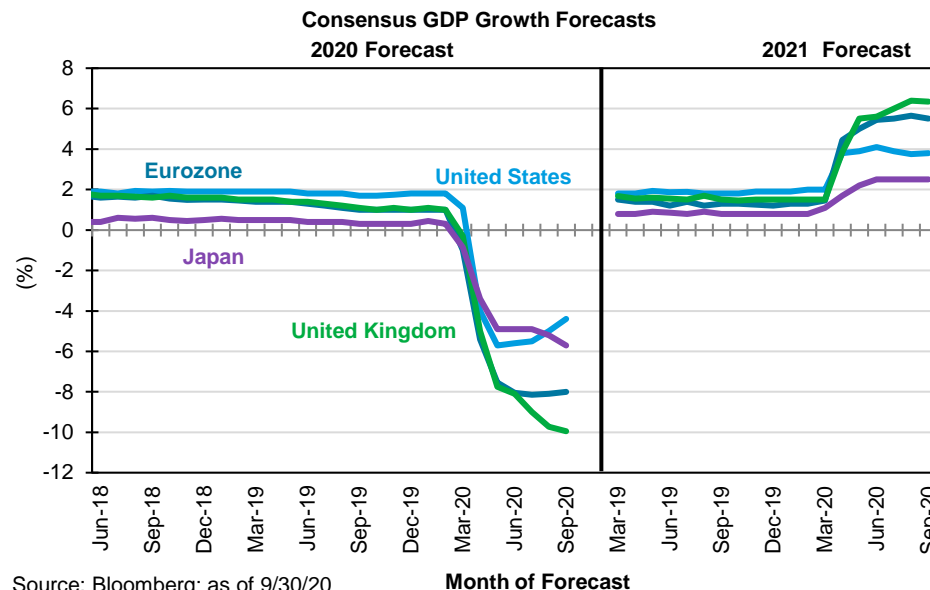
# Economic Fundamentals

## Recovery Remains on Track

- The global economy continues to recover, but at a slower pace, as several sectors remain restricted.
- Monetary policy remains extremely accommodative, although fiscal policy is not as loose as it had been earlier in the year, particularly in the US with the expiration of the CARES Act.
- The US unemployment Rate (U-3)<sup>1</sup> has fallen to 7.9% after peaking at 14.7% in April<sup>2</sup>. However, labor force participation rates have declined as well.
- Manufacturing PMI's suggest a continued expansion moving into Q4, although at a more moderate pace with some divergences between sectors and regions.

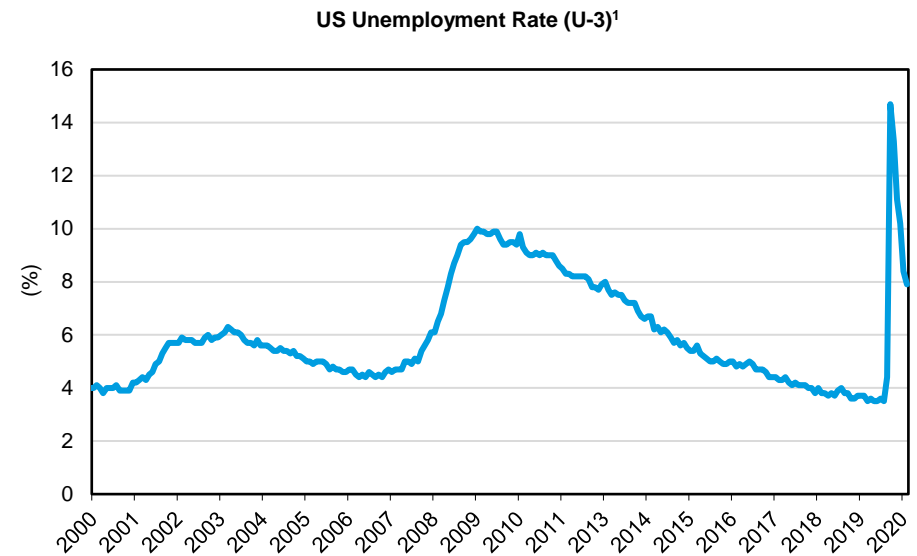


Source: Bloomberg; as of 9/30/20



Source: Bloomberg; as of 9/30/20

Month of Forecast



Source: Bureau of Labor Statistics; as of 9/30/20

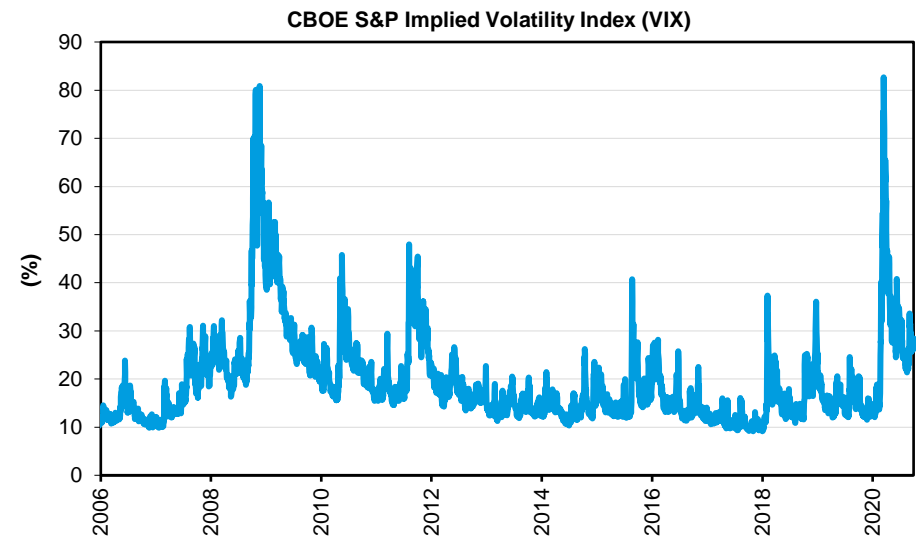
<sup>1</sup> The U-3 Unemployment Rate represents the percentage of the civilian labor force that is jobless and actively seeking employment.

<sup>2</sup> Source: Bureau of Labor Statistics; as of 9/30/20

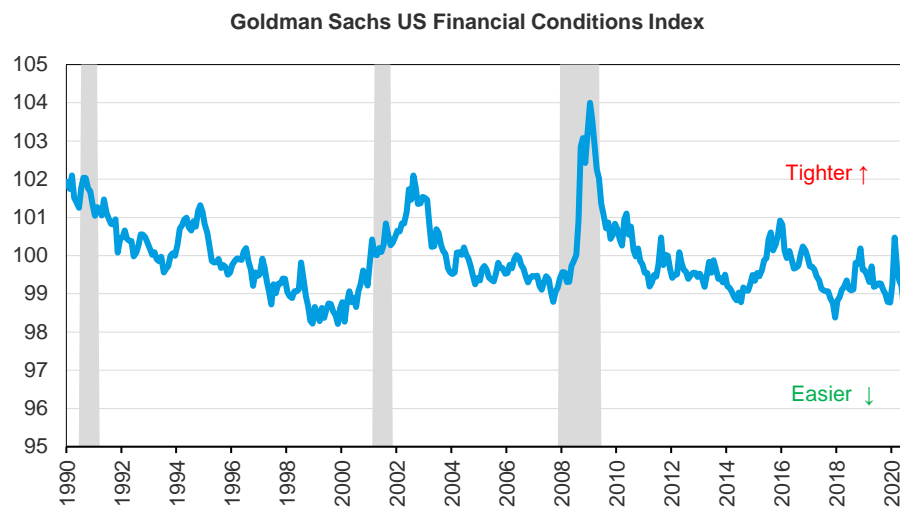
# Risk Factors

## Financial Conditions Remain Easy

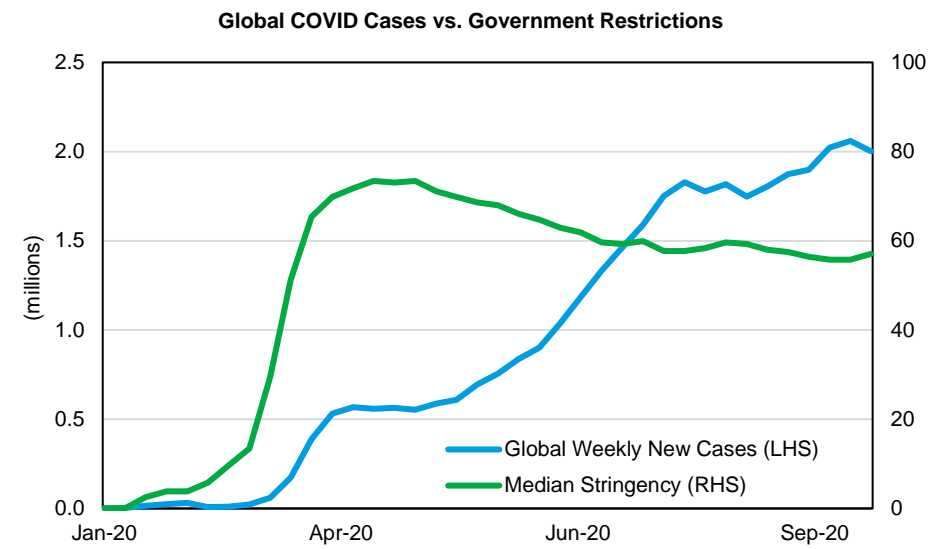
- Financial conditions improved modestly during Q3, as credit spreads for both investment grade and high yield corporate bonds continued to move lower.
- The VIX index ended the quarter at 26 down slightly from the beginning of the quarter and well below its peak of just over 80 during Q1<sup>1</sup>.
- The US election in November could drive an uptick in volatility, particularly if there is a delay in determining the winner. The high cost of purchasing portfolio protection through the options market reflects this.
- We could see an increase in COVID cases once winter arrives and people begin spending more time indoors. However, medical options are improving, reducing the likelihood of widespread restrictions.



Source: Bloomberg; as of 9/30/20



Source: Bloomberg; as of 9/30/20

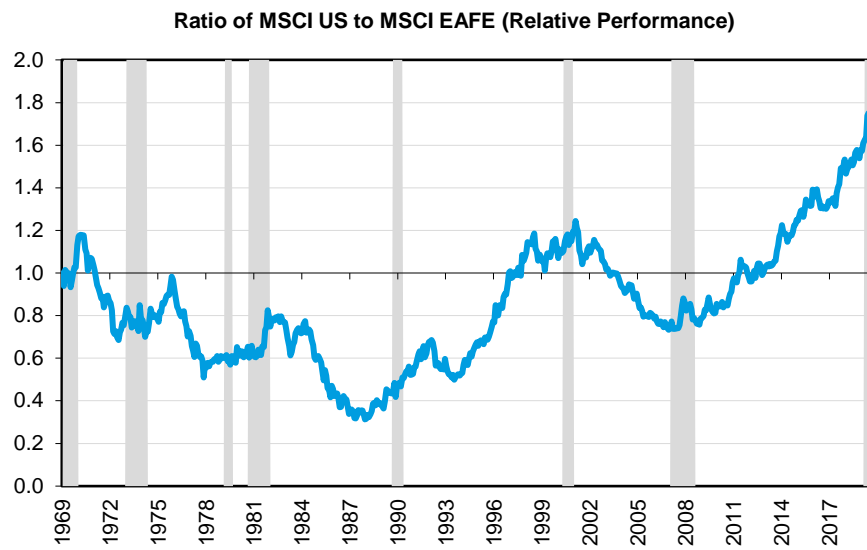


Source: Bloomberg, Blavatnik School of Government, Oxford University; as of 9/30/20

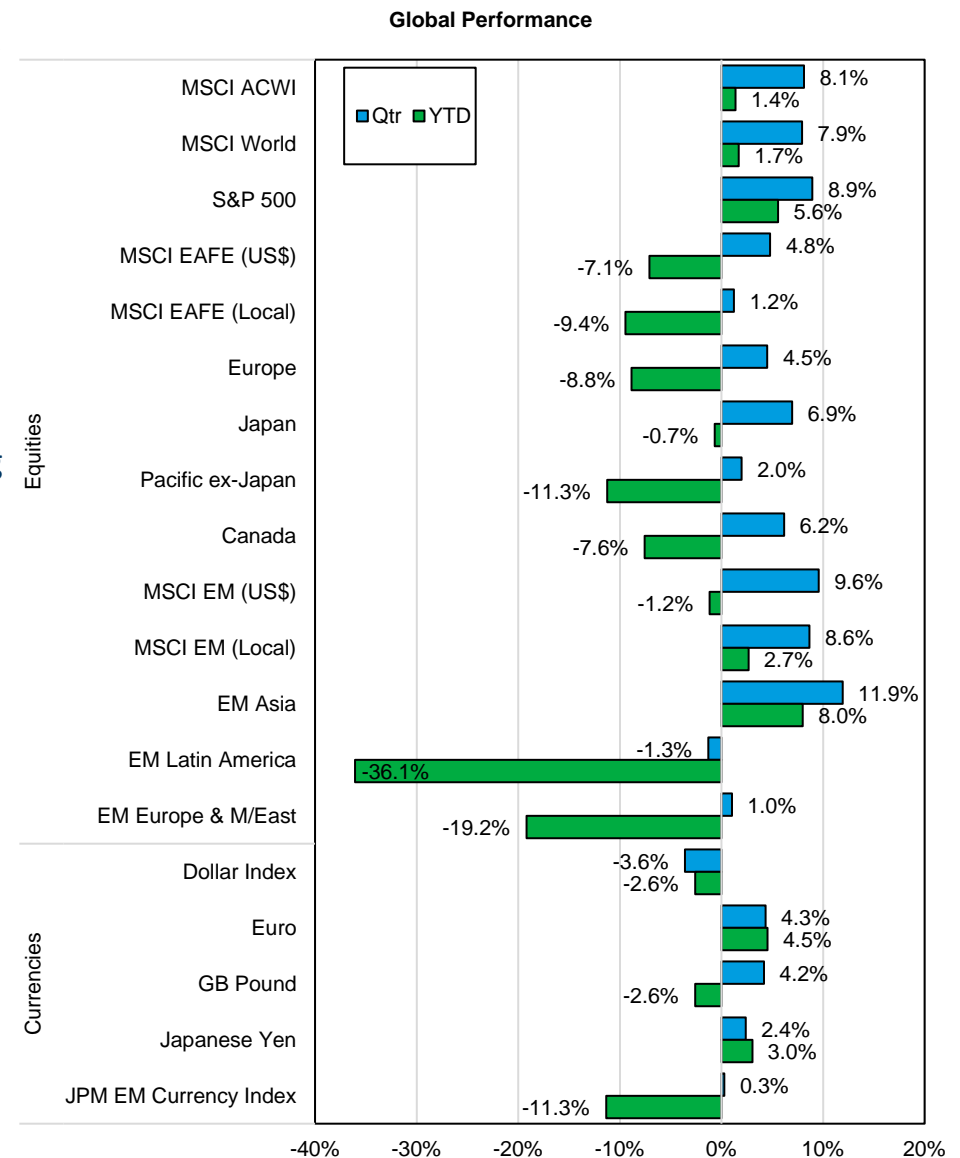
# Regional Equity Returns

## Global Equities Continue to Rally

- Global equities continued their rally during Q3, with the MSCI ACWI index gaining 8.1% for the quarter and reaching positive territory year-to-date.
- The S&P 500 returned 8.9% during the quarter, outperforming most other developed markets. Year-to-date, the S&P 500 has risen 5.6%.
- International developed stocks returned 4.8% for the quarter. A weaker dollar added 360 bps to US\$ returns for the quarter.
- Emerging market equities rose 9.6% in Q3. Asian emerging market countries drove the gains, returning 11.9% during the quarter.



Source: Datastream; as of 9/30/20



Source: Bloomberg, Datastream; as of 9/30/20

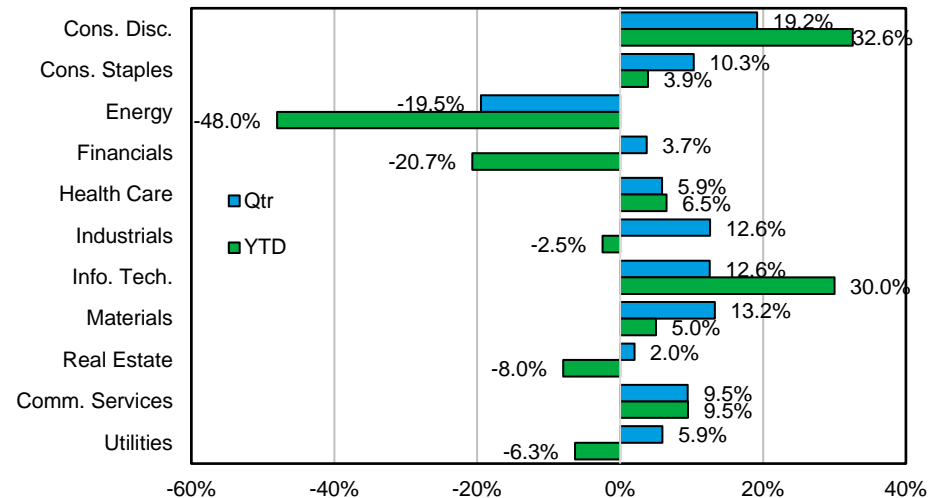


# US Equity Factor and Sector Returns

## Technology and Consumer Discretionary Lead the Recovery

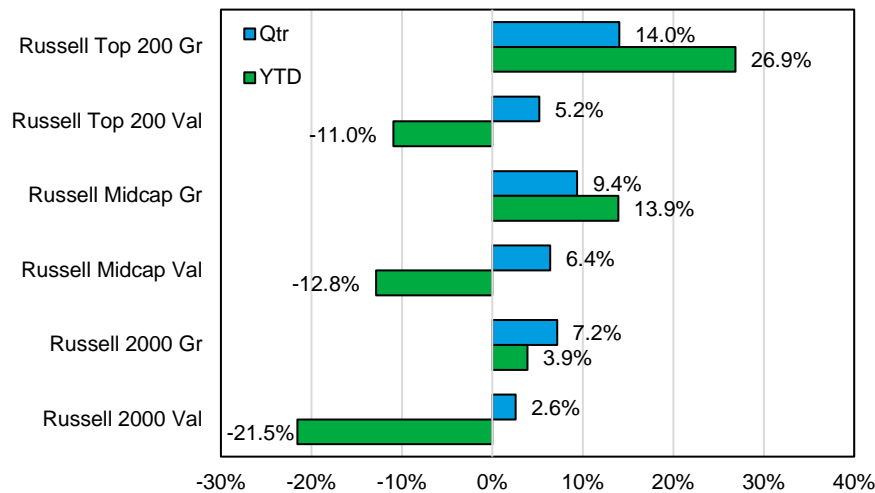
- Growth outperformed value across the size spectrum during Q3 with large-caps generally outperforming small-caps. Large-cap growth was the best performing style box segment for the quarter, while small-cap value continued to lag.
- The momentum factor outperformed in Q3, while value, minimum volatility and size lagged. Quality performed in line with the broad market for the quarter. Consumer discretionary, materials and technology stocks have posted the best results during Q3, while consumer discretionary and technology have led year-to-date. The energy sector has dramatically underperformed other sectors, both during Q3 and year-to-date.

MSCI USA Sector Returns



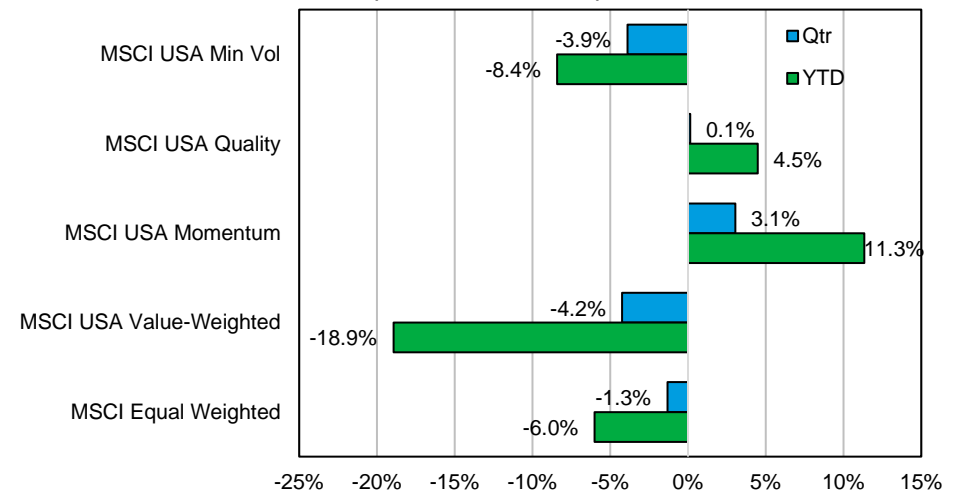
Source: Bloomberg; as of 9/30/20

US Style Performance



Source: Datastream; as of 9/30/20

Relative Factor Performance  
(Relative to MSCI USA)



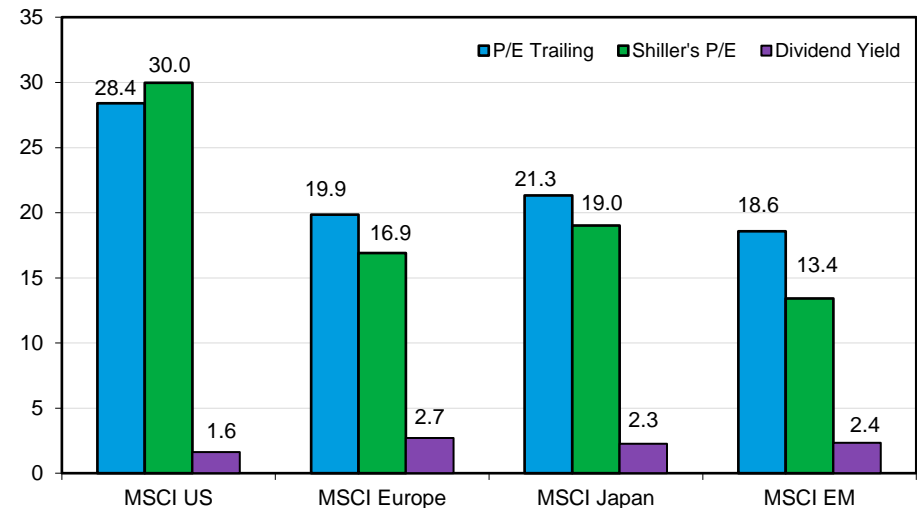
Source: MSCI; as of 9/30/20

# Equity Fundamentals

## Valuations Elevated, Earnings Outlook Improving

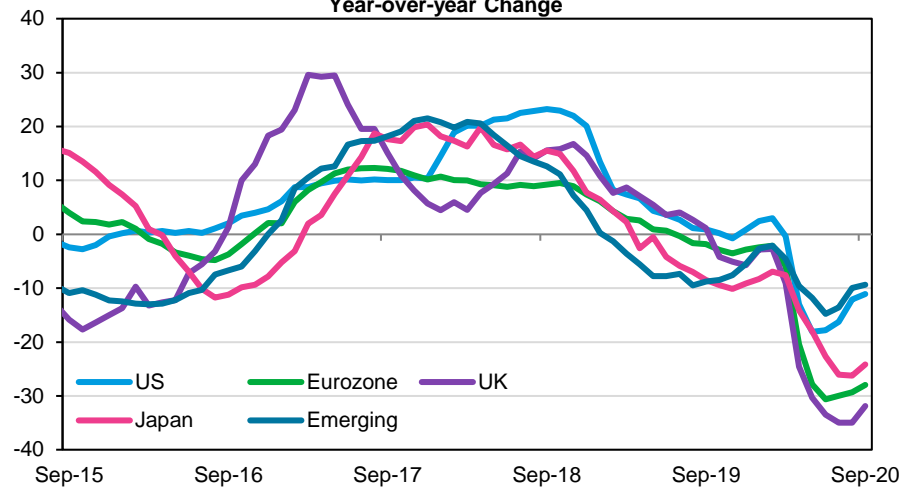
- The ongoing rally has pushed equity valuations back toward the elevated levels seen at the end of 2019. While the earnings outlook is improving, uncertainty is high. The trailing P/E ratio on the MSCI US Index rose from 24.3 to 28.4<sup>1</sup>. We estimate that the equity risk premium over long-term Treasuries fell 20 bps to 3.6%<sup>2</sup>, mostly a result of rising equity valuations.
- International developed stocks remain more reasonably valued, although the macro environment continues to present challenges.
- Emerging market valuations are more attractive. Emerging economies should benefit from an improvement in the global economy, but are exposed to trade and geopolitical risks.

Global Valuations



Source: Bloomberg, Datastream, Mercer; as of 9/30/20

Forward Earnings Estimates  
Year-over-year Change



Source: Datastream; as of 9/30/20

S&P 500 - Equity Risk Premium Versus Long-Term Treasuries



Source: MSCI, Datastream, Mercer; as of 9/30/20

<sup>1</sup> Source: Datastream; as of 9/30/20

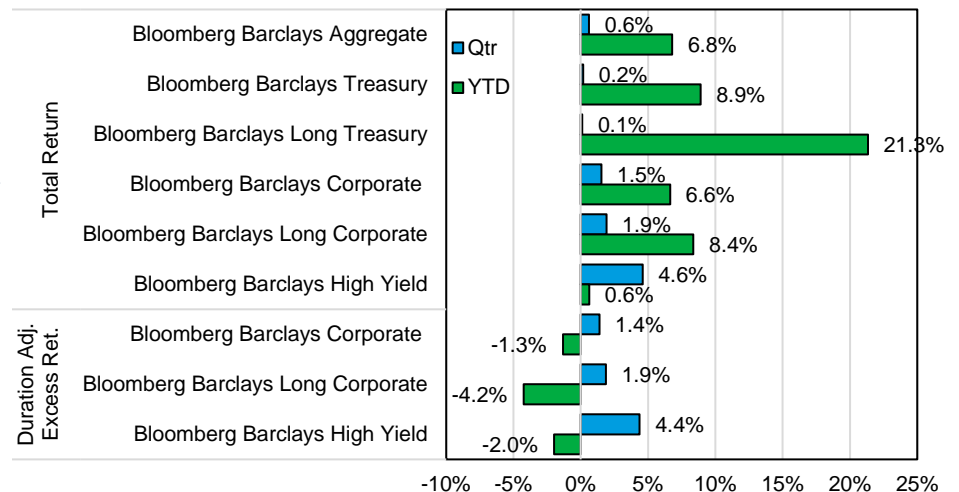
<sup>2</sup> Source: MSCI, Datastream, Mercer; as of 9/30/20

# Interest Rates and Fixed Income

## Credit Spreads Continue to Contract

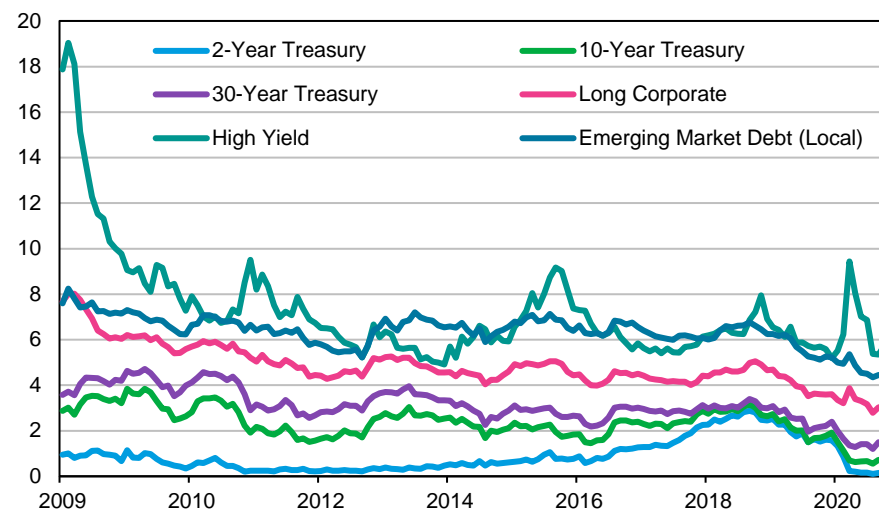
- The Bloomberg Barclays Aggregate returned 0.6% during Q3 with corporate bonds outperforming Treasuries. The yield curve saw very modest changes during the quarter, with 3-month yields falling by 6 bps, while 10- and 30-year yields rose by 3 bps and 5 bps, respectively<sup>1</sup>.
- Investment-grade corporate bond spreads fell an average of 14 bps during the quarter to 1.4%, which is roughly 20 bps above the long-term median level<sup>2</sup>.
- High yield bonds gained 4.6% during the quarter, as credit spreads fell by 108 bps to 5.2%, which remains above the long-term median level of 4.7%<sup>3</sup>.

Fixed Income Performance



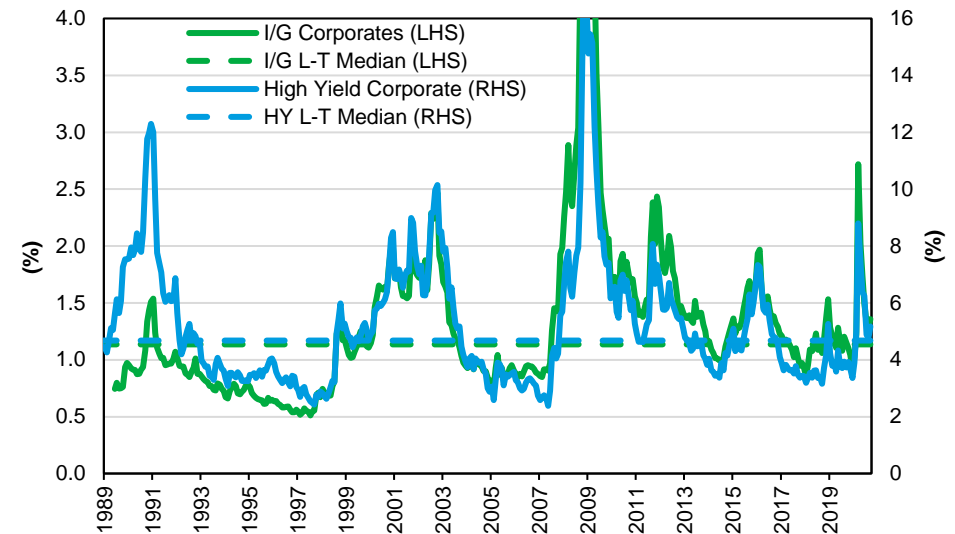
Source: Bloomberg, Datastream; as of 9/30/20

Yield History



Source: Bloomberg, Federal Reserve, JP Morgan; as of 9/30/20

Credit Spread to Treasuries



Source: Bloomberg; as of 9/30/20

<sup>1</sup> Source: Federal Reserve; as of 9/30/20

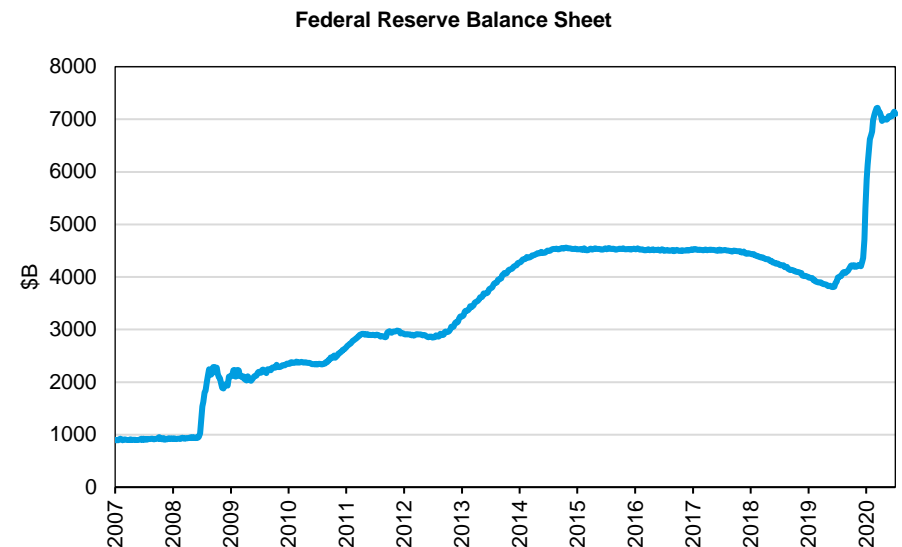
<sup>2</sup> Source: Bloomberg, Mercer; as of 9/30/20

<sup>3</sup> Source: Bloomberg, Mercer; as of 9/30/20

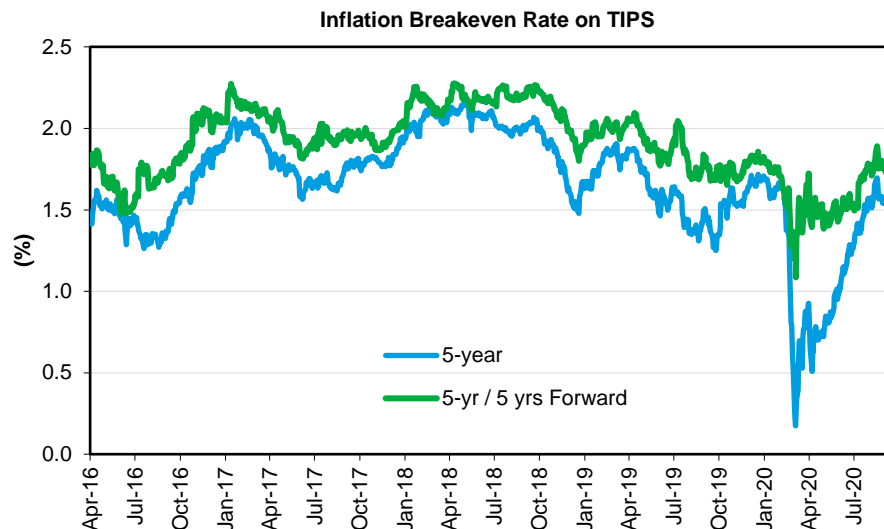
# Monetary Policy

## Fed Adjusts Inflation Target

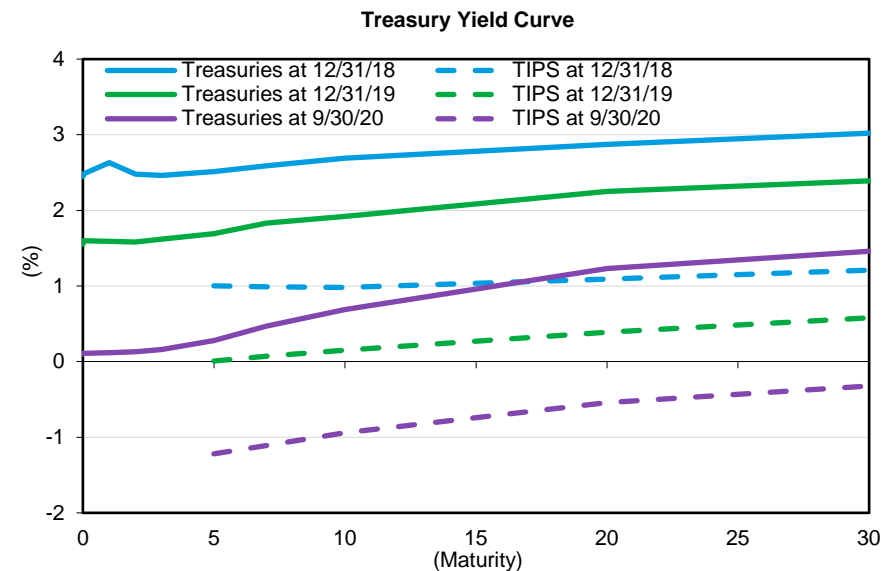
- During the quarter, the Fed adjusted its inflation objective, now targeting an average inflation rate of 2%. This means inflation overshoots will be allowed to offset past undershoots. This provides further evidence that the Fed intends to keep rates low for the foreseeable future and has become more tolerant of higher inflation.
- At quarter end, the US Treasury yield curve was upward sloping across the curve.
- Overseas, the European Central Bank, the Bank of Japan and the Bank of England all left monetary policy unchanged during the quarter, remaining highly accommodative.



Source: Bloomberg; as of 9/30/20



Source: Bloomberg, Mercer; as of 9/30/20



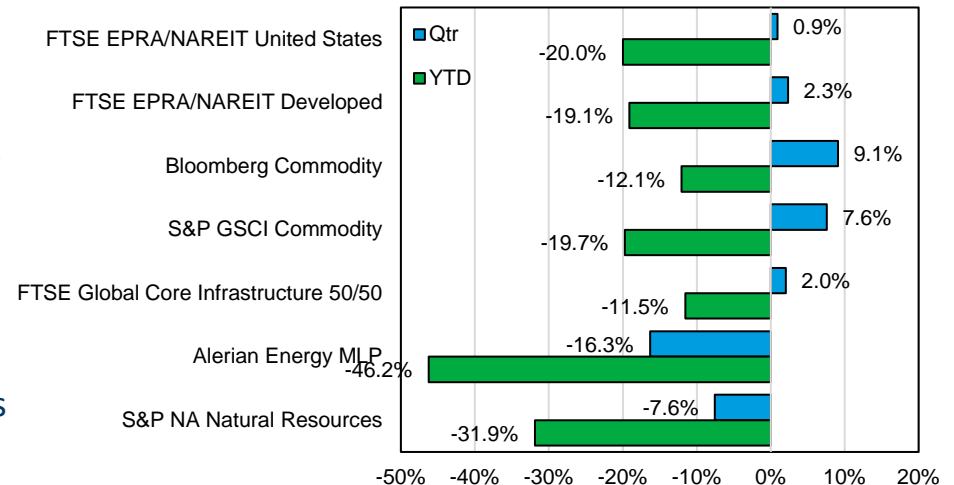
Source: Federal Reserve; as of 9/30/20

# Alternative Investment Performance

## REITs Lagged the Broader Market

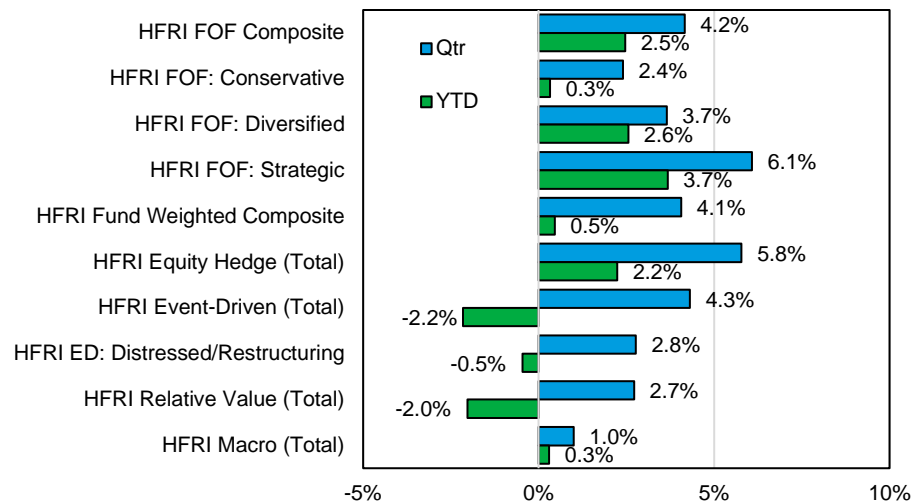
- REITs posted modest gains during Q3, but continue to lag the broader market given uncertainty surrounding COVID. Infrastructure stocks outperformed REITs, but also lagged the broader market.
- Despite an increase in commodity prices during the quarter, natural resource stocks and MLPs declined.
- Hedge funds returned 4.2% in Q3. Equity hedge strategies performed well during the quarter, while event driven and relative value strategies lagged.
- Global private equity outperformed global developed stocks by a wide margin over most trailing periods<sup>1</sup>.

Real Asset Performance



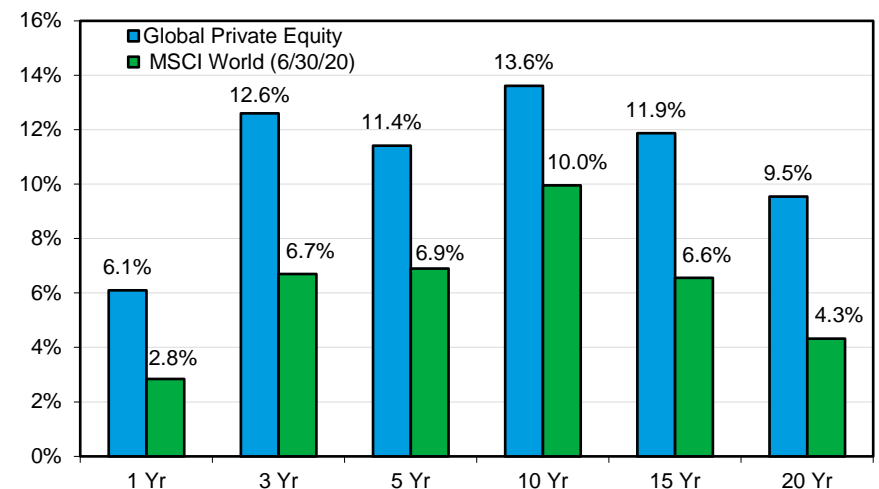
Source: Bloomberg, Datastream; as of 9/30/20

Hedge Fund Performance



Source: Hedge Fund Research; as of 9/30/20

Global Private Equity vs. Global Public Equities



Source: Burgiss, Bloomberg; as of 6/30/20

<sup>1</sup> As of 6/30/20

# Valuations and yields

## Ending September 30, 2020

### Valuations

MSCI USA	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Index Level	14587.9	13305.2	10927.7	13599.6
P/E Ratio (Trailing)	28.4	24.3	18.0	23.1
CAPE Ratio	30.0	27.6	22.7	28.6
Dividend Yield	1.6	1.8	2.3	1.8
P/B	4.0	3.7	2.9	3.7
P/CF	14.4	13.9	11.3	15.8
MSCI EAFE	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Index Level	4597.0	4538.1	4023.2	5056.4
P/E Ratio (Trailing)	20.2	15.8	12.9	16.3
CAPE Ratio	15.6	15.0	13.2	19.1
Dividend Yield	2.7	2.8	4.1	3.2
P/B	1.6	1.5	1.3	1.7
P/CF	6.7	8.6	8.3	10.5
MSCI EM	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Index Level	521.4	475.9	403.1	527.6
P/E Ratio (Trailing)	18.6	16.0	12.5	15.0
CAPE Ratio	13.4	12.3	10.5	13.8
Dividend Yield	2.4	2.6	3.2	2.6
P/B	1.8	1.6	1.4	1.7
P/CF	10.4	8.7	7.1	10.0

Source: Bloomberg, Thomson Reuters Datastream

### Yields

Global Bonds	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Germany – 10Y	-0.52	-0.45	-0.47	-0.19
France - 10Y	-0.24	-0.11	-0.15	0.12
UK - 10Y	0.23	0.17	0.36	0.82
Switzerland – 10Y	-0.49	-0.44	-0.33	-0.47
Italy – 10Y	0.87	1.26	1.52	1.41
Spain 10Y	0.25	0.47	0.68	0.47
Japan – 10Y	0.02	0.28	0.02	-0.01
Euro Corporate	0.55	0.89	1.85	0.51
Euro High Yield	4.80	5.62	9.62	3.46
EMD (\$)	5.14	5.51	7.00	4.91
EMD (LCL)	4.48	4.51	5.36	5.22
US Bonds	9/30/2020	6/30/2020	3/31/2020	12/31/2019
3-Month T-Bill	0.10	0.16	0.11	1.55
10Y Treasury	0.69	0.66	0.70	1.92
30Y Treasury	1.46	1.41	1.35	2.39
10Y TIPS	-0.94	-0.68	-0.17	0.15
30Y TIPS	-0.32	-0.15	0.16	0.58
US Aggregate	1.18	1.25	1.59	2.31
US Treasury	0.48	0.50	0.58	1.80
US Corporate	2.01	2.15	3.43	2.84
US Corporate High Yield	5.77	6.87	9.44	5.19

Source: Bloomberg, Thomson Reuters Datastream

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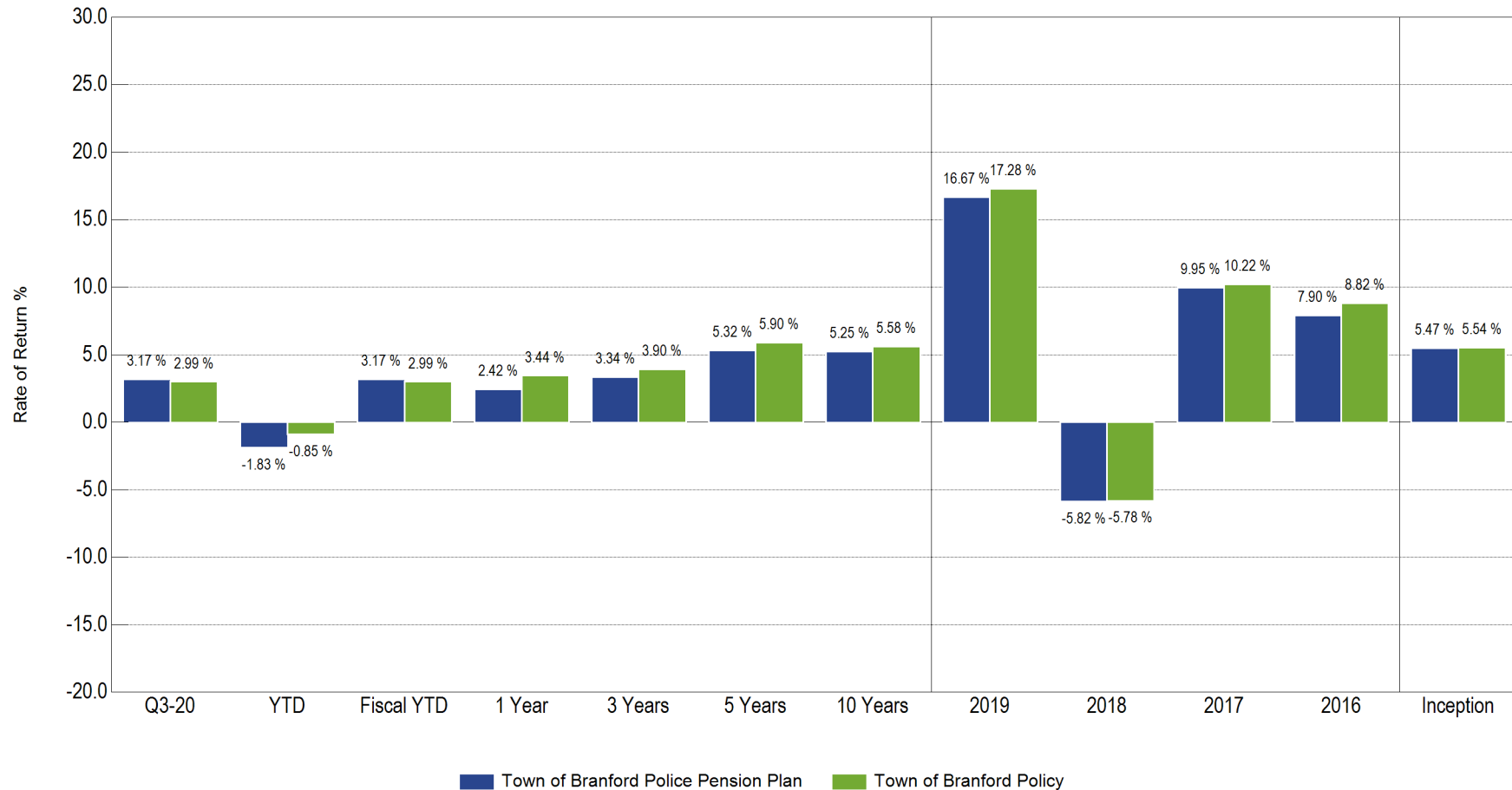
# Town of Branford Police Pension Plan

## Investment Performance Analysis

Performance Summary

As of September 30, 2020

### Return Summary



For the purposes of investment comparison, the Town of Branford Policy (the "Policy") is utilized. This Policy is a blend of comparative index sub-components based upon the current target asset allocation of the plan and has been adjusted periodically in adherence with the plan's investment policy statement. Details on the composition of the Policy can be found on page 29.

Returns are gross of fees unless otherwise noted. Client returns will be reduced by advisory and other expenses the client may incur. Net performance is shown on page 15.



# Town of Branford Police Pension Plan

## Investment Performance Analysis

Composite Performance (Gross)

As of September 30, 2020

Ending September 30, 2020

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Town of Branford Police Pension Plan</b>	<b>26,147,666</b>	<b>100.00</b>	<b>3.17</b>	<b>-1.83</b>	<b>3.17</b>	<b>2.42</b>	<b>3.34</b>	<b>5.32</b>	<b>5.25</b>	<b>5.47</b>	<b>Apr-03</b>
<i>Town of Branford Policy</i>			2.99	-0.85	2.99	3.44	3.90	5.90	5.58	5.54	Apr-03
Equity	13,890,677	53.12	4.95	-7.55	4.95	-0.71	2.46	7.38	7.22	7.09	Apr-03
<i>Equity Custom Benchmark</i>			4.33	-6.98	4.33	-0.06	2.71	7.60	--	--	Apr-03
Fixed Income	9,488,846	36.29	0.52	7.49	0.52	7.44	5.33	4.09	3.56	4.46	Jun-03
<i>BBgBarc US Aggregate TR</i>			0.62	6.79	0.62	6.98	5.24	4.18	3.63	4.26	Jun-03
High Yield	1,995,915	7.63	4.60	-0.33	4.60	2.72	3.53	5.29	4.90	5.09	Dec-09
<i>Police High Yield Bond Blended Benchmark</i>			4.70	-0.38	4.70	2.22	3.81	6.60	6.27	7.17	Dec-09
Cash Alternatives	772,228	2.95	0.01	0.59	0.01	1.13	1.62	1.27	0.68	1.15	Dec-06
<i>FTSE T-Bill 3 Months TR</i>			0.03	0.56	0.03	1.02	1.65	1.16	0.61	0.95	Dec-06

Composite Performance (Net)

Ending September 30, 2020

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Town of Branford Police Pension Plan</b>	<b>26,147,666</b>	<b>100.00</b>	<b>3.11</b>	<b>-1.98</b>	<b>3.11</b>	<b>2.20</b>	<b>3.04</b>	<b>4.92</b>	<b>4.92</b>	<b>5.17</b>	<b>Apr-03</b>
<i>Town of Branford Policy</i>			2.99	-0.85	2.99	3.44	3.90	5.90	5.58	5.54	Apr-03

Effective September 4, 2015, ELEMENTS Rogers International Commodity Total Return was replaced with Alerian MLP. Effective December 18, 2015, the assets of the Town of Branford Police Pension plan and the Town of Branford Fire Pension plan have been separated.

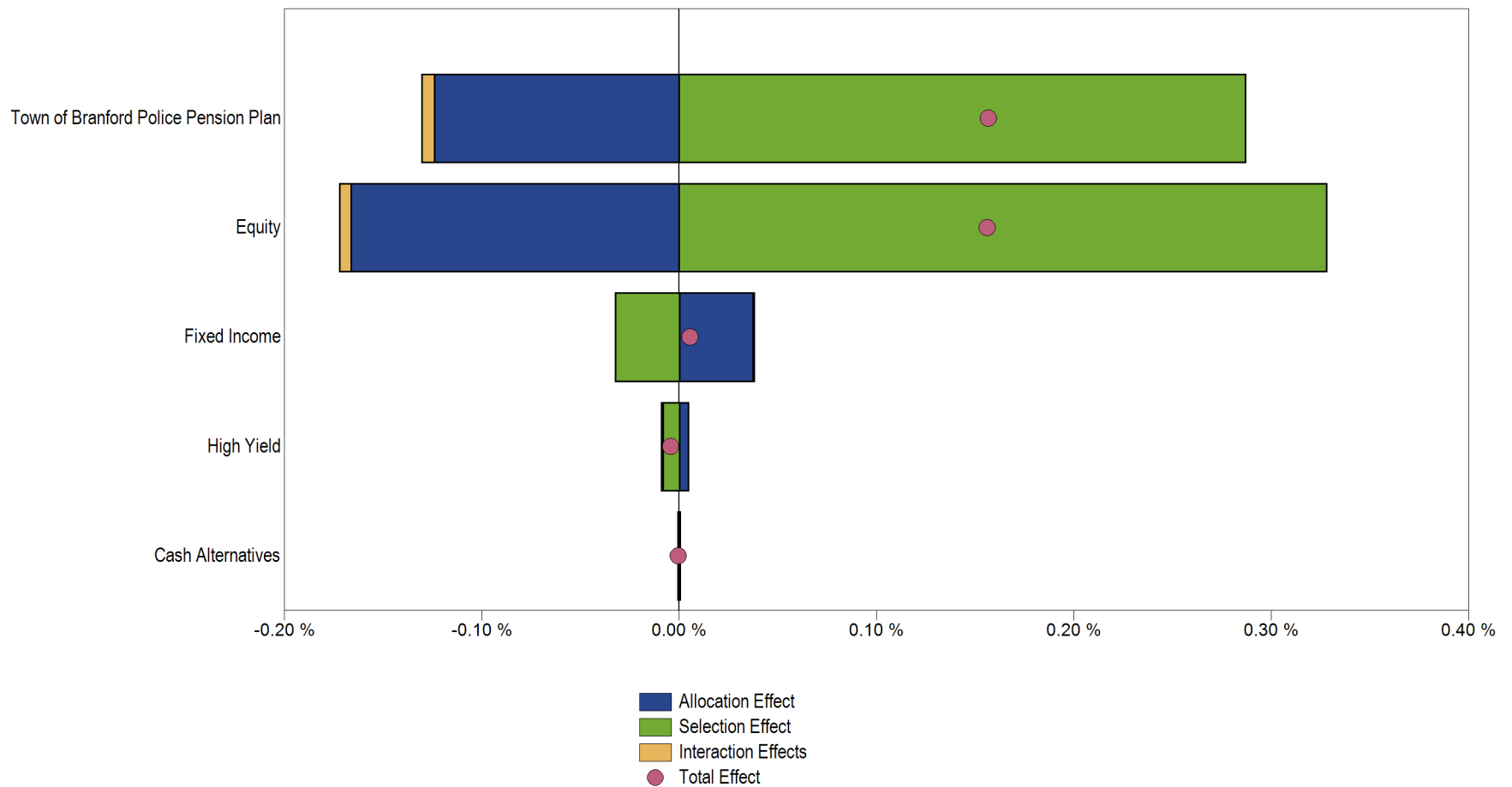
# Town of Branford Police Pension Plan

## Investment Performance Analysis

Fund Level Attribution Analysis

As of September 30, 2020

### Attribution Effects 3 Months Ending September 30, 2020



Returns are gross of advisory fees. Client returns will be reduced by advisory fees and other expenses the client may incur.

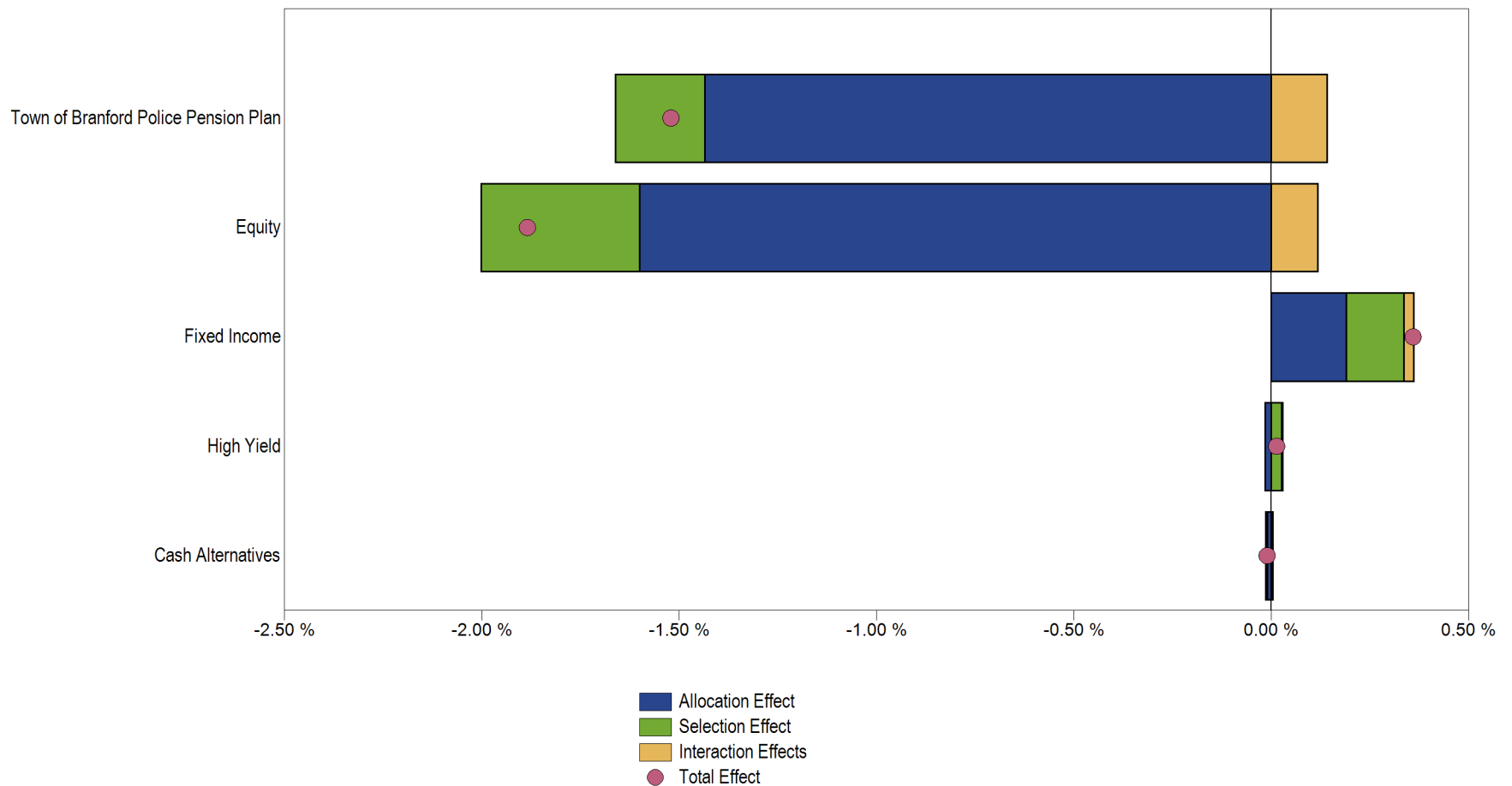
# Town of Branford Police Pension Plan

## Investment Performance Analysis

Fund Level Attribution Analysis

As of September 30, 2020

### Attribution Effects 1 Year Ending September 30, 2020



Returns are gross of advisory fees. Client returns will be reduced by advisory fees and other expenses the client may incur.

## Investment Performance Analysis

As of September 30, 2020

**Performance Attribution**  
**Quarter Ending September 30, 2020**

	Last 3 Mo.	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2019
Wtd. Actual Return	3.14%	-2.31%	1.94%	1.91%	3.26%	5.28%	5.25%	16.62%
Wtd. Index Return *	2.98%	-0.84%	3.16%	3.43%	3.89%	5.89%	4.75%	17.18%
<b>Excess Return</b>	<b>0.16%</b>	<b>-1.47%</b>	<b>-1.22%</b>	<b>-1.52%</b>	<b>-0.64%</b>	<b>-0.61%</b>	<b>0.49%</b>	<b>-0.57%</b>
Selection Effect	0.29%	-0.14%	-0.18%	-0.22%	-0.12%	-0.26%	-0.16%	-0.35%
Allocation Effect	-0.12%	-1.47%	-1.15%	-1.44%	-0.53%	-0.36%	-0.16%	-0.21%
Interaction Effect	-0.01%	0.14%	0.11%	0.14%	0.01%	0.00%	0.00%	-0.01%

\*Calculated from benchmark returns and weightings of each component.

**Attribution Summary**  
**3 Months Ending September 30, 2020**

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	4.95%	4.33%	0.62%	0.33%	-0.07%	-0.01%	0.25%
Fixed Income	0.52%	0.62%	-0.09%	-0.03%	-0.07%	0.00%	-0.10%
High Yield	4.60%	4.70%	-0.10%	-0.01%	0.00%	0.00%	-0.01%
Cash Alternatives	0.01%	0.03%	-0.02%	0.00%	-0.01%	0.00%	-0.01%
<b>Total</b>	<b>3.14%</b>	<b>2.98%</b>	<b>0.16%</b>	<b>0.29%</b>	<b>-0.14%</b>	<b>-0.01%</b>	<b>0.14%</b>

Returns are gross of advisory fees. Client returns will be reduced by advisory fees and other expenses the client may incur.

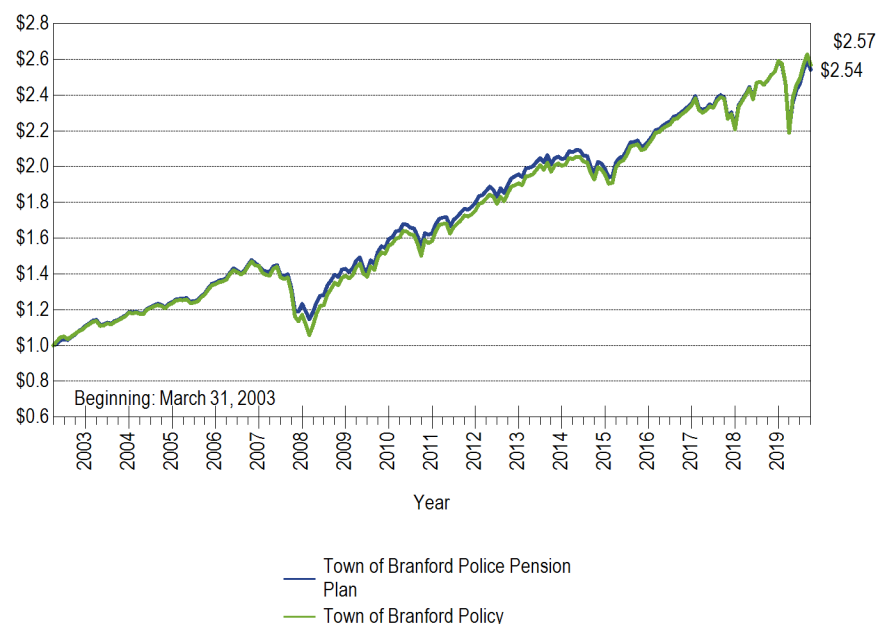
# Town of Branford Police Pension Plan

## Investment Performance Analysis

Total Plan Information

As of September 30, 2020

Growth of a Dollar



The Growth of Dollar graph and the returns presented above are gross of advisory fees. The returns presented herein will be reduced by advisory and other expenses the client may incur. The Summary of Cash Flows is net of all expenses

### RISK RETURN STATISTICS

Town of Branford Police Pension Plan      Town of Branford Policy

#### RETURN SUMMARY STATISTICS

Number of Periods	210	210
Maximum Return	7.09	8.79
Minimum Return	-10.72	-11.29
Annualized Return	5.47	5.54
Total Return	154.11	156.77
Annualized Excess Return Over Risk Free	4.19	4.25
Annualized Excess Return	-0.06	0.00

#### RISK SUMMARY STATISTICS

Beta	0.91	1.00
Upside Deviation	4.25	4.75
Downside Deviation	6.80	7.42

#### RISK/RETURN SUMMARY STATISTICS

Annualized Standard Deviation	7.42	8.04
Alpha	0.03	0.00
Sharpe Ratio	0.56	0.53
Excess Return Over Market / Risk	-0.01	0.00
Tracking Error	1.27	0.00
Information Ratio	-0.05	--

#### CORRELATION STATISTICS

R-Squared	0.98	1.00
Correlation	0.99	1.00

### Summary of Cash Flows

	Last Three Months	Year-To-Date	Fiscal Year-To-Date	One Year	Three Years	Five Years	Ten Years	Inception 4/1/03
Beginning Market Value	\$25,107,334	\$27,287,344	\$25,107,334	\$25,688,145	\$23,473,969	\$21,477,825	\$17,198,287	\$8,311,293
Contributions	\$1,449,300	\$3,070,983	\$1,449,300	\$4,917,372	\$13,870,074	\$19,463,033	\$32,170,666	\$59,788,983
Withdrawals	-\$1,212,202	-\$3,706,609	-\$1,212,202	-\$5,096,707	-\$13,629,647	-\$20,748,916	-\$34,110,449	-\$58,102,923
Net Cash Flow	\$237,098	-\$635,627	\$237,098	-\$179,335	\$240,427	-\$1,285,883	-\$1,939,784	\$1,686,060
Net Investment Change	\$803,234	-\$504,051	\$803,234	\$638,856	\$2,433,270	\$5,955,724	\$10,889,163	\$16,150,314
Ending Market Value	\$26,147,666	\$26,147,666	\$26,147,666	\$26,147,666	\$26,147,666	\$26,147,666	\$26,147,666	\$26,147,666

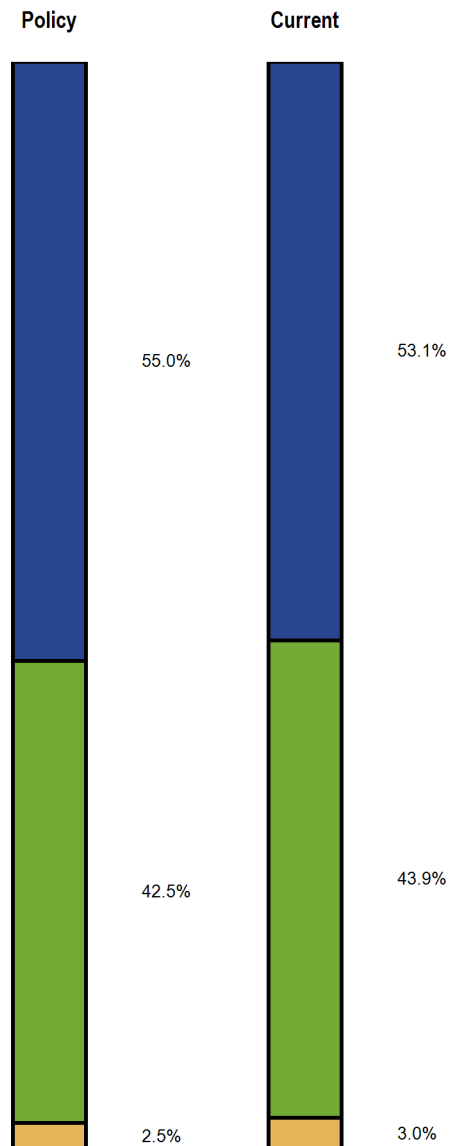
# Town of Branford Police Pension Plan

## Investment Performance Analysis

Asset Allocation vs. Target Policy

As of September 30, 2020

### Asset Allocation vs. Target As Of September 30, 2020



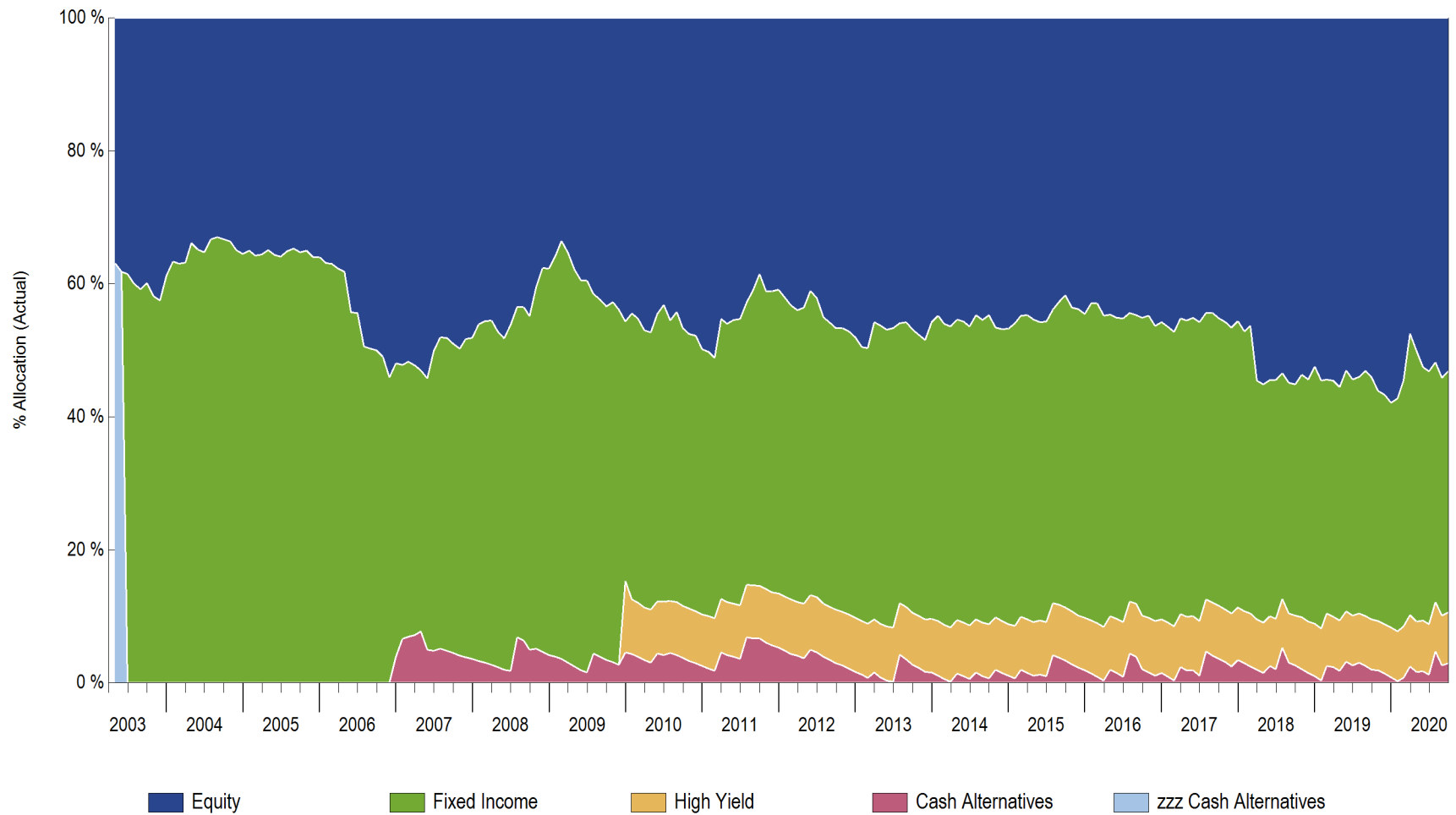
	Policy Range	Policy	%	Current	%	Difference*	%
US Equity	30.0% - 60.0%	\$14,381,216	55.0%	\$13,890,677	53.1%	-\$490,540	-1.9%
US Fixed Income	40.0% - 65.0%	\$11,112,758	42.5%	\$11,484,761	43.9%	\$372,003	1.4%
Cash	0.0% - 10.0%	\$653,692	2.5%	\$772,228	3.0%	\$118,537	0.5%
<b>Total</b>		<b>\$26,147,666</b>	<b>100.0%</b>	<b>\$26,147,666</b>	<b>100.0%</b>		

\*Difference between Policy and Current Allocation

Asset Allocation History

As of September 30, 2020

Asset Allocation History  
17 Years 6 Months Ending September 30, 2020



# **Investment Analysis**

*Total Plan*



## Investment Performance Analysis

As of September 30, 2020

**Manager Roster**  
As of September 30, 2020

	Account Type	Benchmark	Universe	Market Value	Allocation	Inception
Cash Alternatives	Cash	FTSE T-Bill 3 Months TR		\$772,228	3.0%	12/1/2006
Equity	Global Equity	Equity Custom Benchmark	Global Equity	\$13,890,677	53.1%	4/1/2003
Fixed Income	US Fixed Income	BBgBarc US Aggregate TR	US Intermediate Fixed Income	\$9,488,846	36.3%	6/30/2003
High Yield	US Fixed Income	Police High Yield Bond Blended Benchmark	US Below Inv Grade (High Yield) Fixed Income	\$1,995,915	7.6%	12/1/2009
<b>Total</b>		<b>Town of Branford Policy</b>		<b>\$26,147,666</b>	<b>100.0%</b>	<b>4/1/2003</b>

**Town of Branford  
Equity Positions  
As of September 30, 2020**

Holding	Market Value	% of Equity Portfolio
Cash & Cash Equivalents	\$805,853.56	5.50%
ISHARES S&P 500	\$3,726,905.40	25.42%
ISHARES S&P MIDCAP 400	\$1,409,653.17	9.61%
ISHARES Russell 2000	\$1,411,171.59	9.62%
ISHARES MSCI Emerging Markets	\$2,213,141.64	15.09%
ISHARES MSCI EAFE Index Fund	\$3,270,591.60	22.31%
ISHARES Dow Jones U.S. Real Estate	\$842,072.48	5.74%
Alerian MLP	\$983,515.50	6.71%
	<b>\$14,662,904.94</b>	<b>100.00%</b>

**Town of Branford  
Fixed Income Positions  
as of September 30, 2020**

Par (000)	Issuer Name	Quality	Coupon	Maturity	Price	Mkt Val (000)	% Held (MV)	YTW	Effective Duration
17	CASH & EQUIVALENTS	AAA	0.090	10/31/2020	100.000	17	0.18	0.090	0.085
117	TOTAL CAPITAL	A+	4.125	01/28/2021	101.229	119	1.26	0.368	0.328
80	TOYOTA MTR CR CORP	A+	1.900	04/08/2021	100.837	81	0.86	0.295	0.515
170	BANK NEW YORK MELLON CORP	A	2.500	04/15/2021	101.020	174	1.83	0.272	0.449
105	CHEVRON CORPORATION	AA	2.100	05/16/2021	101.018	107	1.13	0.228	0.537
50	EXXON MOBIL CORP	AA	8.625	08/15/2021	107.321	54	0.57	0.244	0.853
70	ORACLE CORP	A-	1.900	09/15/2021	101.425	71	0.75	0.268	0.869
15	CATERPILLAR FINL SVCS MTNS B	A-	1.931	10/01/2021	101.553	15	0.16	0.378	0.986
100	TOYOTA MTR CR CORP	A+	2.600	01/11/2022	102.940	104	1.09	0.298	1.261
3	BNSF RY CO	AA	5.943	01/15/2022	102.143	3	0.03	2.355	0.597
40	UNITED STATES TREAS NTS	AA+	1.125	02/28/2022	101.406	41	0.43	0.132	1.404
50	NEW YORK ST URBAN DEV CORP	AA+	2.830	03/15/2022	103.449	52	0.55	0.454	1.430
60	NORTHERN TR CORP	A	2.375	08/02/2022	103.759	62	0.66	0.323	1.800
90	PHILIP MORRIS INTL INC	A	2.375	08/17/2022	103.031	93	0.98	0.675	1.756
100	CONNECTICUT ST GO BDS 2009B	A	5.200	12/01/2022	110.207	112	1.18	0.466	2.048
50	DISNEY WALT CO	A-	2.350	12/01/2022	103.919	52	0.55	0.531	2.107
200	CHEVRON CORPORATION	AA	2.355	12/05/2022	103.813	209	2.20	0.371	1.882
85	CHEVRON CORPORATION	AA	3.191	06/24/2023	106.865	92	0.96	0.410	2.381
85	WALMART INC	AA	3.400	06/26/2023	108.038	93	0.98	0.356	2.536
9	GNMA POOL - 672864	AA+	4.500	07/15/2023	104.434	9	0.10	0.346	1.073
1,560	ISHARES ICE 1-5 CRP	A-	3.193	07/18/2023	54.910	86	0.90	0.895	2.646
90	GLAXOSMITHKLINE CAP PLC	A	0.534	10/01/2023	100.154	90	0.95	0.457	2.392
50	COCA COLA CO	A+	3.200	11/01/2023	108.741	55	0.58	0.350	2.929
53	WELLS FARGO & CO	BBB+	3.750	01/24/2024	108.652	58	0.61	1.018	3.043
85	BP CAP MKTS AMER INC	A-	3.790	02/06/2024	109.663	94	0.99	0.788	3.086
90	HOME DEPOT INC	A	3.750	02/15/2024	110.328	100	1.05	0.420	2.968
8	GNMA POOL - 783221	AA+	6.000	02/15/2024	105.021	8	0.09	1.520	1.136
85	ALPHABET INC	AA	3.375	02/25/2024	109.902	94	0.99	0.440	3.239
70	BK OF AMERICA CORP	A-	4.000	04/01/2024	110.823	79	0.83	0.857	3.245
100	WALMART INC	AA	3.300	04/22/2024	109.109	111	1.16	0.522	3.122
70	UNITED STATES TREAS NTS	AA+	2.250	04/30/2024	107.363	76	0.80	0.188	3.437
74	AMAZON COM INC	A	3.800	12/05/2024	112.634	84	0.89	0.547	3.662
150	CITIBANK CC 2018-A6- NT	AAA	3.210	12/07/2024	106.370	161	1.70	0.285	2.108
26	GNMA2 POOL - 004584	AA+	4.000	12/20/2024	106.201	27	0.29	0.225	1.600
72	MERCK & CO. INC	A+	2.750	02/10/2025	108.669	79	0.83	0.612	3.912
85	MICROSOFT CORP	AAA	2.700	02/12/2025	108.901	93	0.98	0.512	3.922
90	EXXON MOBIL CORP	AA	2.709	03/06/2025	108.081	97	1.03	0.744	3.984
165	CHARLES SCHWAB CORP	A	4.200	03/24/2025	114.856	190	2.00	0.761	4.082
100	COCA COLA CO	A+	2.950	03/25/2025	109.903	110	1.16	0.704	4.238
150	DEERE & CO	A	2.750	04/15/2025	108.991	166	1.74	0.698	4.178
100	PEPSICO INC	A+	2.750	04/30/2025	109.037	110	1.16	0.633	4.083
43	GENERAL DYNAMICS CORP	A	3.500	05/15/2025	112.163	49	0.51	0.723	4.129
70	BERKSHIRE HATHAWAY INC DEL	AA	7.250	06/15/2025	125.000	89	0.94	1.701	4.056
200	NEW YORK N Y CITY TRANSITIO	AA+	2.860	08/01/2025	109.625	220	2.32	0.826	4.541
60	UNITED STATES TREAS NTS	AA+	0.250	08/31/2025	99.922	60	0.63	0.266	4.898

**Town of Branford**  
**Fixed Income Positions**  
**as of September 30, 2020**

Par (000)	Issuer Name	Quality	Coupon	Maturity	Price	Mkt Val (000)	% Held (MV)	YTW	Effective Duration
85	BP CAP MKTS AMER INC	A-	3.796	09/21/2025	112.717	96	1.01	1.075	4.447
85	US BANCORP	A+	3.950	11/17/2025	115.361	99	1.05	0.836	4.596
95	HILLIARD OHIO SCH DIST TAXA	AA+	5.550	12/01/2025	118.782	115	1.21	1.735	4.529
28	GNMA2 POOL - 004954	AA+	3.000	02/20/2026	104.900	29	0.31	0.642	1.951
90	APPLE INC	AA+	3.250	02/23/2026	112.422	101	1.07	0.783	4.791
15	EXXON MOBIL CORP	AA	3.043	03/01/2026	110.361	17	0.17	0.983	4.829
42	US BANCORP	A-	3.100	04/27/2026	111.097	47	0.50	1.017	5.049
200	UNITED STATES TREAS NTS	AA+	2.125	05/31/2026	110.000	221	2.33	0.342	5.364
75	DISNEY WALT CO	A-	1.850	07/30/2026	104.846	79	0.83	0.993	5.543
90	MICROSOFT CORP	AAA	3.300	02/06/2027	114.259	103	1.09	0.893	5.598
35	BLACKROCK INC	AA-	3.200	03/15/2027	113.719	40	0.42	1.001	5.921
50	BURLINGTON NORTHN SANTA FE C	A-	3.250	06/15/2027	113.854	57	0.60	1.027	5.878
60	NATIONAL RURAL UTILS COOP FI	A	3.400	02/07/2028	115.364	70	0.73	1.142	6.413
81	PRUDENTIAL FINL INC	A-	3.878	03/27/2028	117.195	95	1.00	1.375	6.456
80	UNITED STATES TREAS NTS	AA+	2.875	05/15/2028	117.703	95	1.00	0.505	6.938
215	UNITED STATES TREAS NTS	AA+	2.625	02/15/2029	116.852	252	2.65	0.562	7.669
85	DEERE JOHN CAPITAL CORP	A	3.450	03/07/2029	117.300	100	1.05	1.280	7.483
180	UNITED STATES TREAS NTS	AA+	2.375	05/15/2029	115.113	209	2.20	0.576	7.896
81	UNITED STATES TREAS NTS	AA+	1.625	08/15/2029	108.906	88	0.93	0.593	8.367
139	UNITED STATES TREAS NTS	AA+	1.750	11/15/2029	110.152	154	1.62	0.605	8.517
15	PROCTER & GAMBLE CO	AA-	3.000	03/25/2030	115.995	17	0.18	1.210	8.447
160	CATERPILLAR INC	A-	2.600	04/09/2030	109.799	178	1.87	1.466	8.326
100	UNITED STATES TREAS NTS	AA+	0.625	05/15/2030	99.703	100	1.05	0.657	9.401
60	FEDERAL NATL MTG ASSN	AA+	6.625	11/15/2030	153.646	94	0.99	1.031	7.998
103	GNMA 2019-053- V	AA+	2.750	08/16/2031	107.979	111	1.17	1.249	5.268
3	GNMA POOL - 604387	AA+	6.000	06/15/2033	112.759	4	0.04	2.271	3.217
4	GNMA POOL - 603773	AA+	6.000	06/15/2033	115.624	5	0.05	1.718	3.381
13	GNMA POOL - 613042	AA+	4.500	09/15/2033	110.934	14	0.15	1.594	3.306
4	GNMA POOL - 604639	AA+	5.000	09/15/2033	114.454	4	0.05	1.188	3.307
16	GNMA POOL - 621667	AA+	5.000	03/15/2034	109.595	17	0.18	2.140	3.105
6	GNMA POOL - 639079	AA+	5.000	12/15/2034	109.603	6	0.07	2.301	3.203
6	GNMA POOL - 636236	AA+	5.000	03/15/2035	114.492	7	0.07	1.357	3.479
0	FHLMC POOL - 1B2285	AA+	2.416	08/01/2035	100.890	0	0.00	1.986	0.827
15	GNMA POOL - 595800	AA+	4.500	08/15/2035	109.653	16	0.17	2.144	3.732
23	GNMA POOL - 649476	AA+	4.500	10/15/2035	109.386	25	0.26	2.206	3.740
12	GNMA POOL - 648482	AA+	4.500	11/15/2035	110.669	13	0.14	1.856	3.594
2	GNMA POOL - 623959	AA+	5.500	12/15/2035	110.427	2	0.03	2.824	3.681
8	GNMA POOL - 520293	AA+	5.500	01/15/2036	114.597	9	0.10	1.936	3.736
1	GNMA POOL - 650146	AA+	5.000	03/15/2036	109.651	1	0.01	2.664	3.895
10	GNMA POOL - 652573	AA+	5.000	05/15/2036	110.917	11	0.12	2.281	3.703
3	GNMA POOL - 384819	AA+	5.000	01/15/2037	112.121	3	0.04	1.943	3.575
4	GNMA POOL - 659106	AA+	6.000	02/15/2037	111.690	4	0.04	2.988	3.687
1	GNMA POOL - 658708	AA+	5.000	05/15/2037	109.647	1	0.01	2.717	4.002
50	JOHNSON & JOHNSON	AAA	5.950	08/15/2037	153.065	77	0.81	2.176	12.218

**Town of Branford  
Fixed Income Positions  
as of September 30, 2020**

Par (000)	Issuer Name	Quality	Coupon	Maturity	Price	Mkt Val (000)	% Held (MV)	YTW	Effective Duration
17	GNMA POOL - 676551	AA+	4.500	10/15/2037	109.623	19	0.20	2.147	3.740
25	GNMA POOL - 670370	AA+	5.000	11/15/2037	114.648	29	0.31	1.674	3.884
4	GNMA POOL - 672628	AA+	6.000	03/15/2038	114.701	4	0.04	2.609	4.061
1	GNMA POOL - 690853	AA+	5.500	06/15/2038	117.189	1	0.01	1.594	3.898
60	PFIZER INC	A+	4.100	09/15/2038	124.003	75	0.79	2.408	13.494
2	GNMA POOL - 699457	AA+	6.000	10/15/2038	111.596	2	0.02	3.290	4.097
20	CONOCOPHILLIPS	A-	6.500	02/01/2039	146.286	29	0.31	3.156	12.328
64	GNMA 2015-109- A	AA+	2.528	02/16/2040	102.220	65	0.69	1.206	1.774
11	GNMA POOL - 737798	AA+	3.500	12/15/2040	105.749	11	0.12	2.254	3.990
14	GNMA POOL - 749321	AA+	3.500	12/15/2040	104.262	14	0.15	2.556	4.140
13	GNMA 2013-175- A	AA+	2.838	01/16/2041	100.329	13	0.13	1.179	0.306
130	UNITED STATES TREAS NTS	AA+	3.125	02/15/2042	135.699	177	1.86	1.222	17.183
30	UNITED STATES TREAS BDS	AA+	3.000	05/15/2042	133.180	40	0.42	1.245	17.357
81	FLORIDA PWR & LT CO	A+	4.050	10/01/2044	126.005	104	1.09	2.569	16.528
15	CONOCOPHILLIPS COMPANY	A-	4.300	11/15/2044	120.017	18	0.19	3.099	16.024
125	UNITED STATES TREAS BDS	AA+	3.000	11/15/2044	133.887	169	1.78	1.350	18.919
44	GNMA 2013-068- AC	AA+	1.300	02/16/2046	100.110	44	0.47	1.222	2.054
95	UNITED STATES TREAS BDS	AA+	2.500	05/15/2046	123.824	119	1.25	1.391	20.516
87	GNMA 2018-117- AB	AA+	2.500	07/16/2046	101.985	89	0.94	1.190	1.612
82	FNMA UMBS POOL - MA2730	AA+	2.500	08/01/2046	105.688	87	0.92	1.325	2.269
85	FNMA UMBS POOL - BE1348	AA+	3.000	10/01/2046	105.145	89	0.94	1.861	2.057
47	FNMA POOL - MA2828	AA+	2.500	11/01/2046	103.889	49	0.52	1.754	3.190
29	PFIZER INC	A+	4.125	12/15/2046	127.834	37	0.39	2.646	17.754
41	NORTHERN STS PWR CO WIS	A	3.600	09/15/2047	118.715	49	0.51	2.615	18.668
15	FHLMC GOLD POOL - Q52418	AA+	3.500	11/01/2047	109.250	16	0.17	1.073	0.818
130	UNITED STATES TREAS BDS	AA+	3.000	02/15/2048	136.219	178	1.87	1.402	21.009
63	UNITED STATES TREAS BDS	AA+	3.000	08/15/2048	136.613	86	0.91	1.407	21.306
63	FHLMC GOLD POOL - G61648	AA+	3.500	09/01/2048	108.315	69	0.72	1.165	1.024
27	FNMA UMBS POOL - BN0905	AA+	4.000	11/01/2048	108.074	29	0.31	1.008	0.884
68	BERKSHIRE HATHAWAY FIN CORP	AA	4.250	01/15/2049	130.124	89	0.94	2.702	18.404
85	FNMA UMBS POOL - BN4393	AA+	3.500	03/01/2049	108.828	93	0.98	-0.233	-0.403
60	FNMA UMBS POOL - FM2612	AA+	3.500	05/01/2049	106.134	64	0.67	0.922	0.702
150	MIDAMERICAN ENERGY COMPANY	A+	4.250	07/15/2049	129.614	196	2.06	2.739	18.577
59	GNMA POOL - 682229	AA+	4.000	07/15/2049	105.645	62	0.66	1.643	1.062
22	UNITED STATES TREAS BDS	AA+	2.250	08/15/2049	119.270	26	0.28	1.433	23.125
122	FHLMC UMBS POOL - QA3677	AA+	2.500	10/01/2049	104.978	129	1.36	1.505	2.728
38	FHLMC UMBS POOL - QA3570	AA+	2.500	10/01/2049	105.232	40	0.43	1.512	2.948
40	3M CO	A+	3.700	04/15/2050	121.057	49	0.52	2.655	19.431
50	TJX COS INC NEW	A	4.500	04/15/2050	129.105	66	0.69	2.993	18.165
108	FNMA UBS Pool - BP7257	AA+	2.000	07/01/2050	103.410	111	1.17	1.430	4.937
76	GNMA 2017-128- AC	AA+	2.600	05/16/2051	107.830	82	0.87	0.673	4.101
36	BANK 2017-BNK6- A1	AAA	1.941	07/15/2060	100.395	36	0.38	-0.995	0.199
<b>8,345</b>		<b>AA-</b>	<b>3.106</b>	<b>7.977</b>	<b>110.996</b>	<b>9,490</b>	<b>100.00</b>	<b>0.984</b>	<b>6.298</b>

**Town of Branford  
High Yield Positions  
As of September 30, 2020**

Holding	Market Value	% of Equity Portfolio
Cash & Cash Equivalents	\$12,354.12	0.62%
MainStay MacKay High Yield Corp Bd	\$1,983,561.06	99.38%
	\$1,995,915.18	100.00%

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The yields and market value of fixed income investments will fluctuate so that your investment, if sold, may be worth more or less than the original cost. Bond prices fluctuate inversely to changes in interest rates. Therefore a rise in interest rates can result in the decline of the value of your investment. High yield bonds, commonly known as junk bonds, are subject to greater risk of loss of principal and interest, including default risk, than higher rated bonds. The prices of these bonds may be volatile.

Alternative investments are complex investment vehicles which generally have high costs and substantial risks. The high expenses often associated with these investments must be offset by trading profits and other income. They tend to be more volatile than other types of investments and present an increased risk of investment loss. There may also be a lack of transparency as to the underlying assets. Alternative investments are subject to fewer regulatory requirements than mutual funds and other registered investment company products and thus may offer investors fewer legal protections than they would have with more traditional investments. Additionally, there may be no secondary market for alternative investment interests and transferability may be limited or even prohibited. Other risks may apply as well, depending on the specific investment product.

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**ASSET CLASS SUITABILITY:** Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. The prices of small companies are typically more volatile than the stocks of larger companies. Investing in foreign securities presents certain risks not associated with domestic investments such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. There are special risks associated with an investment in real estate, including credit risk, interest rate fluctuations and the impact of varied economic conditions.

The yields and market value of fixed income investments will fluctuate so that your investment, if sold, may be worth more or less than the original cost. Bond prices fluctuate inversely to changes in interest rates. Therefore a rise in interest rates can result in the decline of the value of your investment. High yield bonds, commonly known as junk bonds, are subject to greater risk of loss of principal and interest, including default risk, than higher rated bonds. The prices of these bonds may be volatile.

Alternative investments are complex investment vehicles which generally have high costs and substantial risks. The high expenses often associated with these investments must be offset by trading profits and other income. They tend to be more volatile than other types of investments and present an increased risk of investment loss. There may also be a lack of transparency as to the underlying assets. Alternative investments are subject to fewer regulatory requirements than mutual funds and other registered investment company products and thus may offer investors fewer legal protections than they would have with more traditional investments. Additionally, there may be no secondary market for alternative investment interests and transferability may be limited or even prohibited. Other risks may apply as well, depending on the specific investment product.

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