

# Town of Branford Police Pension Plan

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SYNERGIES

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## 4Q20 Performance Review

This presentation has been prepared specifically for the Town of Branford for use at a meeting February 22, 2021.

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# Performance Summary

Index Performance as of: 12/31/2020

	<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>						
<b>3000 Value</b>	17.21	2.87	2.87	5.89	9.74	10.36	<b>Dow Jones Industrial Avg.</b>	10.73	9.72	9.72	9.90	14.65	12.97
<b>3000</b>	14.68	20.89	20.89	14.49	15.43	13.79	<b>Wilshire 5000 (Full Cap)</b>	14.94	22.18	22.18	14.65	15.57	13.69
<b>3000 Growth</b>	12.41	38.26	38.26	22.50	20.67	16.93	<b>International Equity - Broad Market</b>						
<b>1000 Value</b>	16.25	2.80	2.80	6.07	9.74	10.50	<b>MSCI EAFE</b>	16.05	7.82	7.82	4.28	7.45	5.51
<b>1000</b>	13.69	20.96	20.96	14.82	15.60	14.01	<b>MSCI EM</b>	19.70	18.31	18.31	6.17	12.81	3.63
<b>1000 Growth</b>	11.39	38.49	38.49	22.99	21.00	17.21	<b>MSCI Frontier Markets</b>	11.20	1.43	1.43	0.01	6.25	3.26
<b>Mid Cap Value</b>	20.43	4.96	4.96	5.37	9.73	10.49	<b>MSCI ACWI</b>	14.68	16.25	16.25	10.06	12.26	9.13
<b>Mid Cap</b>	19.91	17.10	17.10	11.61	13.40	12.41	<b>MSCI ACWI Ex USA</b>	17.01	10.65	10.65	4.88	8.93	4.92
<b>Mid Cap Growth</b>	19.02	35.59	35.59	20.50	18.66	15.04	<b>MSCI AC Asia Ex Japan</b>	18.60	25.02	25.02	8.15	13.58	6.50
<b>2000 Value</b>	33.36	4.63	4.63	3.72	9.65	8.66	<b>International Equity - Country</b>						
<b>2000</b>	31.37	19.96	19.96	10.25	13.26	11.20	<b>MSCI Brazil</b>	37.00	-19.02	-19.02	0.59	16.00	-3.58
<b>2000 Growth</b>	29.61	34.63	34.63	16.20	16.36	13.48	<b>MSCI BRIC</b>	15.26	17.65	17.65	7.75	14.73	3.60
<b>Standard &amp; Poors</b>							<b>MSCI China</b>	11.20	29.49	29.49	9.05	15.05	7.61
<b>S&amp;P 500</b>	12.15	18.40	18.40	14.18	15.22	13.88	<b>MSCI Europe</b>	15.61	5.38	5.38	3.55	6.78	5.32
<b>Consumer Disc</b>	8.04	33.30	33.30	19.81	17.53	17.68	<b>MSCI India</b>	21.04	15.55	15.55	4.84	9.52	3.38
<b>Consumer Staples</b>	6.35	10.75	10.75	8.99	9.14	11.79	<b>MSCI Japan</b>	15.26	14.48	14.48	6.06	8.65	6.50
<b>Energy</b>	27.77	-33.68	-33.68	-15.31	-5.20	-2.67	<b>MSCI EM Latin America</b>	34.82	-13.80	-13.80	-1.83	8.93	-3.44
<b>Financials</b>	23.22	-1.69	-1.69	4.15	11.13	10.79	<b>MSCI Russia</b>	21.60	-12.48	-12.48	9.57	16.46	1.01
<b>Health Care</b>	8.03	13.45	13.45	13.43	11.63	15.88							
<b>Industrials</b>	15.68	11.06	11.06	7.60	12.38	11.96							
<b>Information Technology</b>	11.81	43.89	43.89	29.19	27.79	20.68							
<b>Materials</b>	14.47	20.73	20.73	8.66	13.14	9.00							
<b>Real Estate</b>	4.94	-2.17	-2.17	7.26	7.18	10.08							
<b>Telecom Services</b>	13.82	23.61	23.61	12.79	11.84	10.07							
<b>Utilities</b>	6.54	0.48	0.48	9.74	11.50	11.27							

Source: Morningstar

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Index Performance as of: 12/31/2020

	<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>Fixed Income</b>							<b>Fixed Income-Tax Exempt</b>						
Barclays U.S. Aggregate	0.67	7.51	7.51	5.34	4.44	3.84	Barclays Municipal	1.82	5.21	5.21	4.64	3.91	4.63
Barclays US Aggregate 1-3 Yr	0.22	3.08	3.08	2.90	2.17	1.60	Barclays Municipal 3 Yr	0.33	2.97	2.97	2.80	2.00	1.90
Barclays US Aggregate 3-5 Yr	0.36	5.40	5.40	4.27	3.30	2.91	Barclays Municipal 5 Yr	0.77	4.29	4.29	3.80	2.81	3.03
Barclays US Aggregate 5-7 Yr	0.57	7.92	7.92	5.33	4.09	3.66	Barclays Municipal 7 Yr	1.27	5.11	5.11	4.48	3.47	3.97
BofAML 3-Month T-Bill	0.03	0.67	0.67	1.61	1.20	0.64	Barclays HY Muni	4.51	4.89	4.89	6.74	6.56	6.86
Barclays U.S. Gov't	-0.79	7.94	7.94	5.17	3.76	3.26	<b>Alternative Investments</b>						
Barclays U.S. Credit	2.79	9.35	9.35	6.80	6.44	5.40	Alerian MLP	32.45	-28.69	-28.69	-12.69	-5.95	-2.31
Barclays High Yield Corp.	6.45	7.11	7.11	6.24	8.59	6.80	Bloomberg Commodity	10.19	-3.12	-3.12	-2.53	1.03	-6.50
Barclays TIPS	1.62	10.99	10.99	5.92	5.08	3.81	FTSE NAREIT Equity REIT	11.57	-8.00	-8.00	3.40	4.77	8.31
Barclays Global Aggregate	5.09	10.11	10.11	4.23	4.89	1.99	S&P Global Natural Res.	21.92	0.68	0.68	1.05	10.85	0.63
Barclays Gbl Agg Ex USD	3.28	9.20	9.20	4.85	4.79	2.83	S&P N. Amer Natural Res.	18.93	-19.01	-19.01	-9.06	-0.08	-2.83
JPM EMBI Global Div	5.49	5.88	5.88	4.94	6.84	5.97							

Source: Morningstar

# Performance Drivers

## 1. The economic recovery slows, but multiple COVID-19 vaccines have been approved.

- Following a strong economic rebound during the summer, the global economy slowed during the fourth quarter, as pandemic-related restrictions gradually returned to most major regions. However, the restrictions have been more targeted and the economic impact has not been as severe as in early 2020
- The approval and distribution of multiple COVID-19 vaccines helped investors to look past the slowing recovery toward a potential rebound in activity later in 2021. This helped to drive strong gains for equities and other risk assets.
- **GYL View:** The approval of vaccines gives us greater confidence in a rebound in 2021, although our base case remains that global GDP will not fully recovery to pre-COVID-19 levels until late 2021. The composition of global growth across countries and sectors is likely to be uneven from here.

## 2. Monetary and fiscal policy remain highly accommodative

- In the US, Congress reached agreement on a new \$900 billion stimulus package, providing aid to individuals and businesses, following the expiration of many provisions of the CARES Act.
- The Federal Reserve committed to maintaining its bond buying program until the economy reaches full employment. The Fed also kept short-term borrowing rates near zero and has indicated that it expects to keep rates near zero until at least 2023.
- Overseas, the European Central Bank and Bank of England both kept rates unchanged and increased the size of their bond buying programs. The Bank of Japan left policy unchanged and announced a review of its monetary policy amid persistently low inflation.
- **GYL View:** Fiscal and monetary measures have been an important tool in cushioning the blow to households and businesses, helping to provide a bridge to widespread vaccine distribution.

## 3. Political risk appears likely to decline in 2021

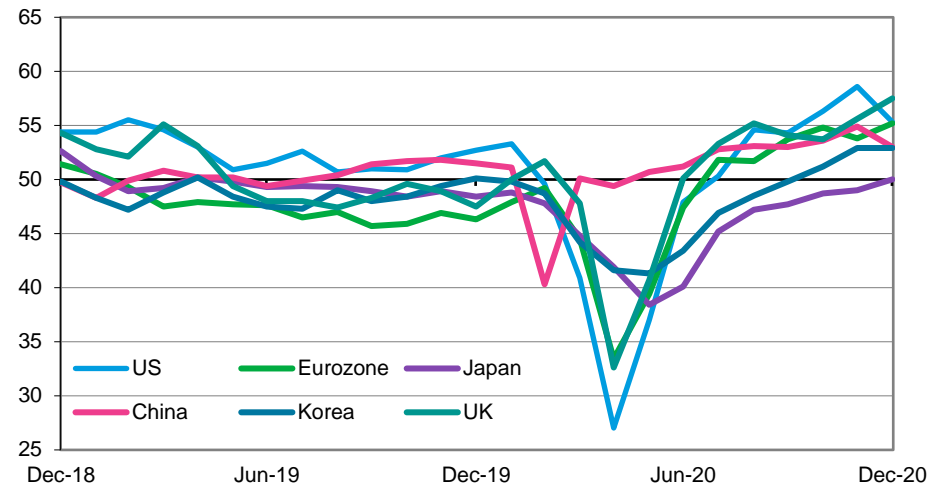
- In the US, the Democratic sweep suggests that additional fiscal support is likely in 2021. However, a very narrow majority in the Senate should limit the size of any fiscal packages and reduce the likelihood of tax increases.
- The UK and EU reached agreement on a Brexit deal. While certain details still need to be negotiated, the agreement avoids what could have been a disruptive 'no deal' scenario.
- Tensions between the US and China are likely to remain elevated, even with a new incoming US administration.
- **GYL View:** While we expect political risks to diminish somewhat in 2021, unexpected developments could lead to volatility and downside risk.

# Economic Fundamentals

## Recovery Slowing, but Vaccines Bring Optimism for 2021

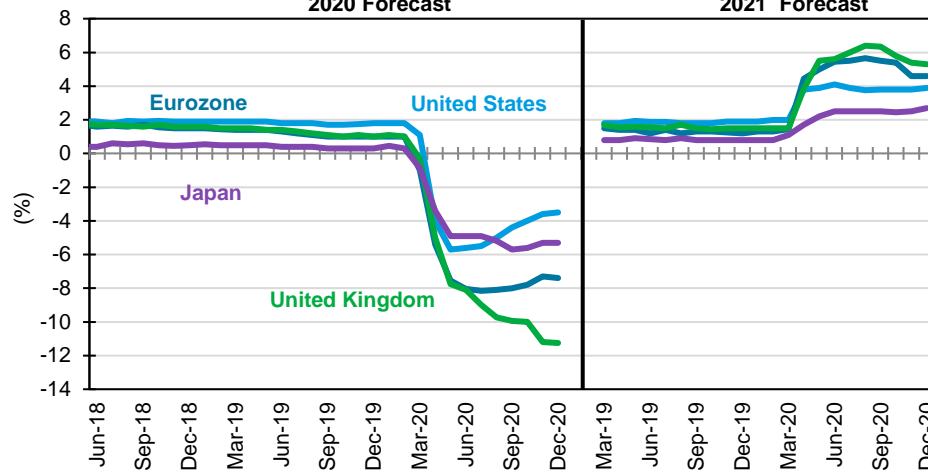
- COVID outbreaks across the US, UK, and Europe are likely to weigh on economic activity in the near-term. Vaccine distribution should lead to a strong recovery later in 2021.
- Monetary policy remains extremely accommodative. In the US, Congress approved a new \$900B (4.3% of GDP) stimulus package following expiration of parts of the CARES Act.
- The US unemployment Rate (U-3)<sup>1</sup> has fallen to 6.7% after peaking at 14.7% in April<sup>2</sup>. However, labor force participation rates have trended lower as well.
- Manufacturing PMI's suggest a continued expansion moving into 2021, although momentum has slowed with new COVID restrictions in place.

Markit Manufacturing PMIs



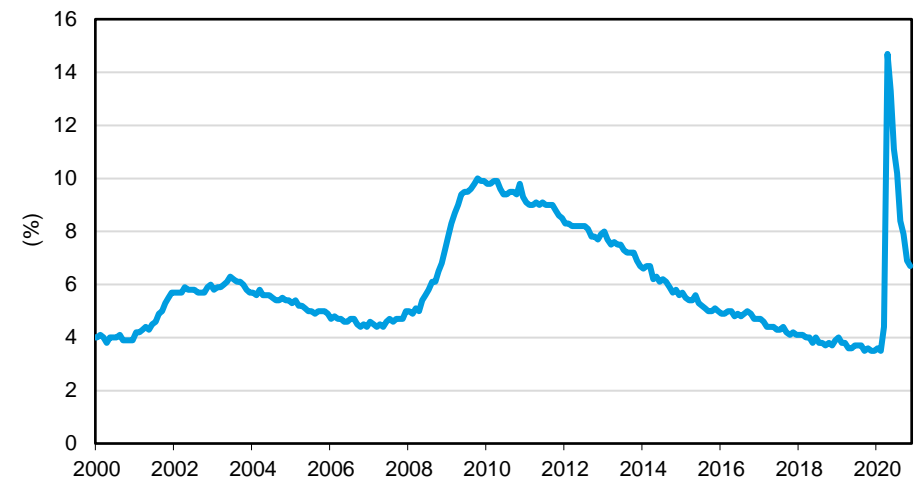
Source: Bloomberg; as of 12/31/20

Consensus GDP Growth Forecasts  
2020 Forecast      2021 Forecast



Source: Bloomberg; as of 12/31/20

US Unemployment Rate (U-3)<sup>1</sup>



Source: Bureau of Labor Statistics; as of 11/30/20

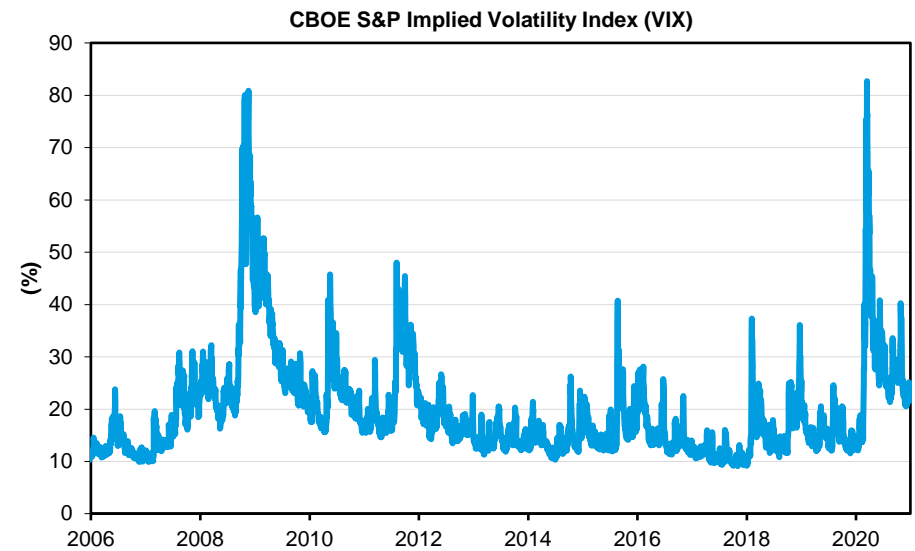
<sup>1</sup> The U-3 Unemployment Rate represents the percentage of the civilian labor force that is jobless and actively seeking employment.

<sup>2</sup> Source: Bureau of Labor Statistics; as of 11/30/20

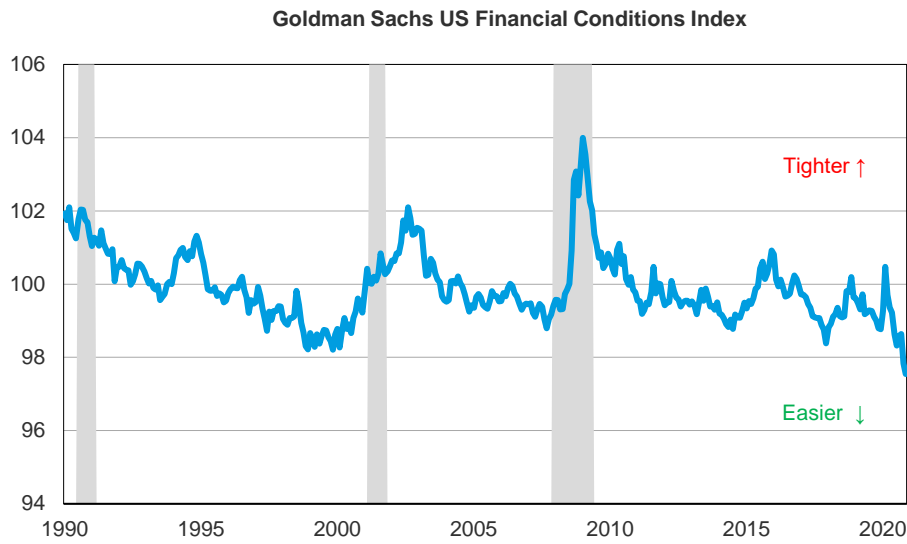
# Risk Factors

## Financial Conditions Remain Easy

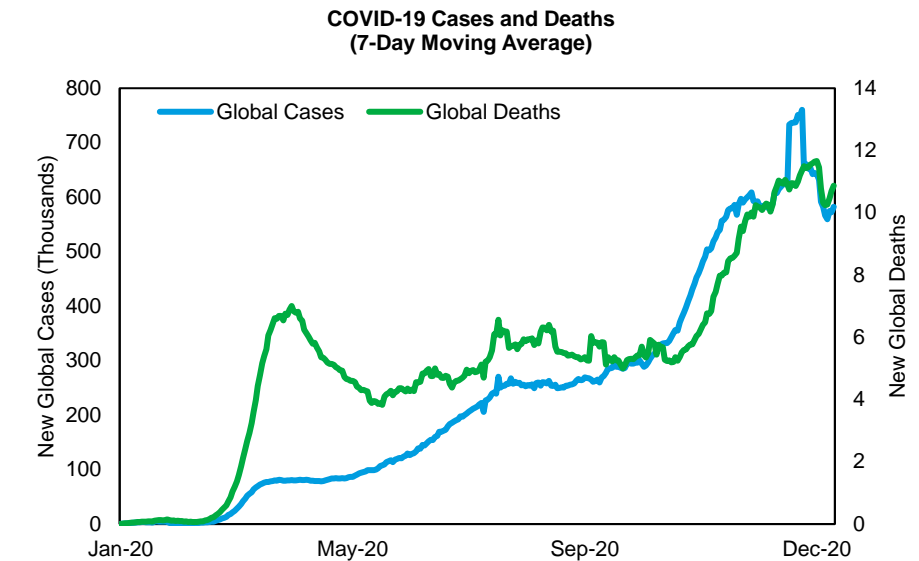
- Financial conditions continued to improve in Q4, as credit spreads for both investment grade and high yield corporate bonds moved lower.
- The VIX index declined from 26 to 23 during the quarter. The index rose as high as 40 in late-October, but remained well below its peak of just over 80 during Q1<sup>1</sup>.
- The increase in COVID-19 cases and hospitalizations has led to new restrictions across many regions. However, the economic impact has not been as severe as in early 2020, and vaccine roll-outs offer the potential for a strong recovery later in the year.



Source: Bloomberg; as of 12/31/20



Source: Bloomberg; as of 12/31/20

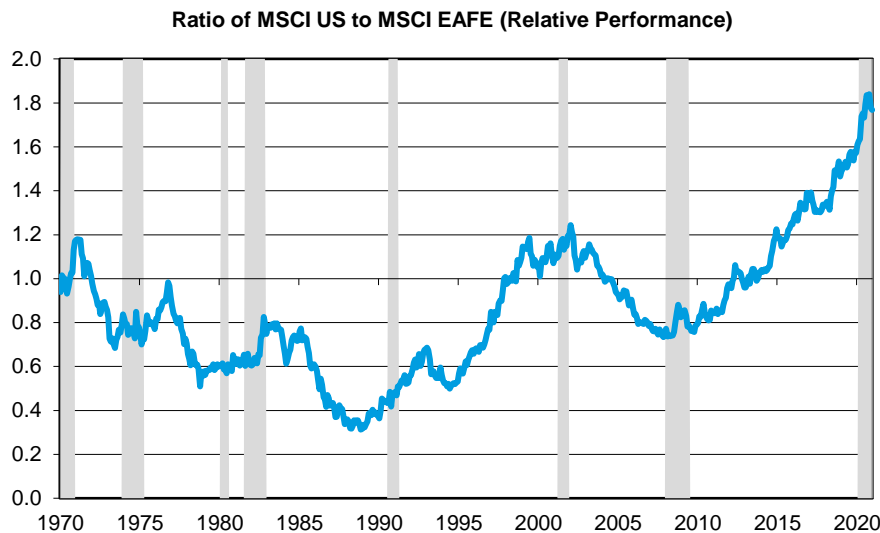


Source: Bloomberg; as of 12/31/20

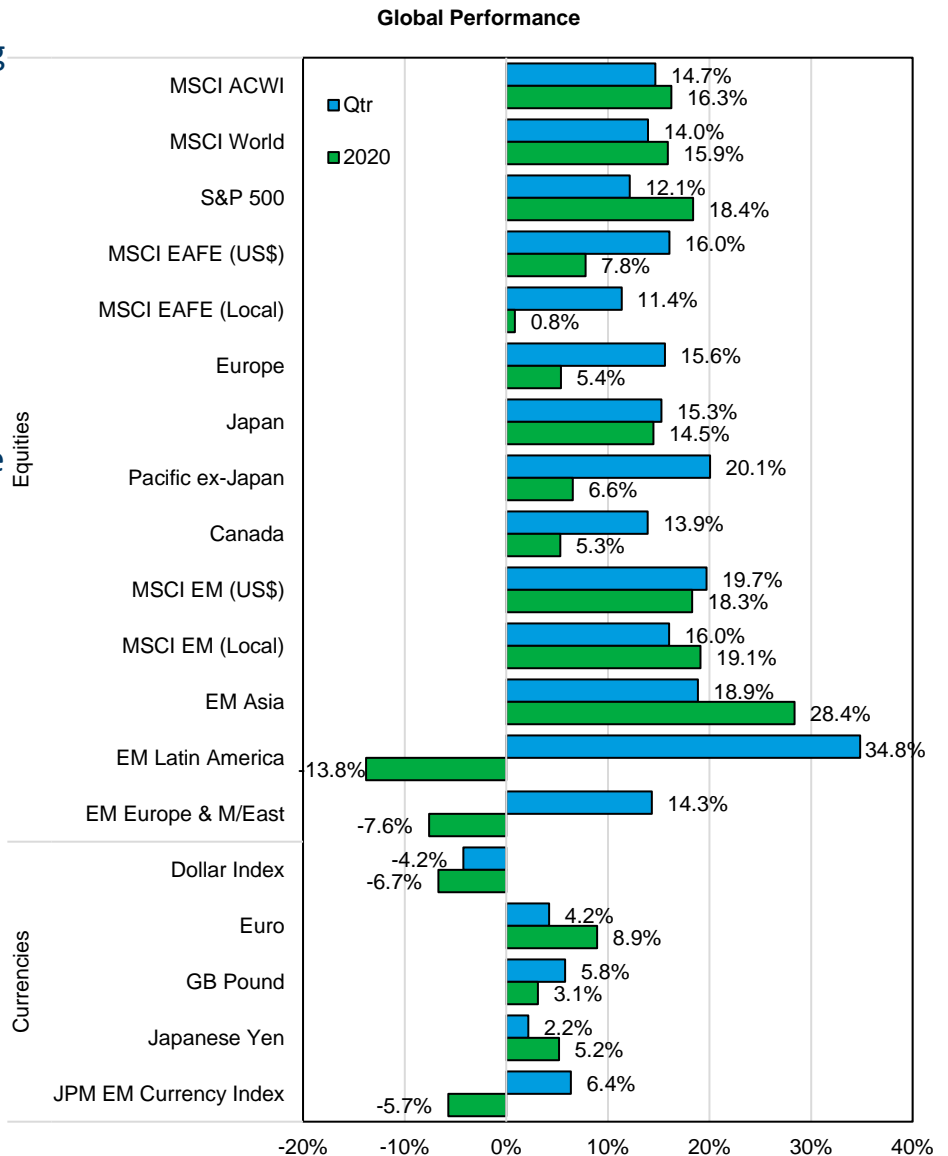
# Regional Equity Returns

## Global Equities Rally on Vaccine Announcements

- Global equities extended their rebound during Q4, with the MSCI ACWI index gaining 14.7% for the quarter and finishing the year with a 16.3% gain.
- The S&P 500 returned 12.1% during the quarter, lagging most other developed markets. Year-to-date, the S&P 500 returned 18.4%.
- International developed stocks rose 16.0% in Q4 and 7.8% during 2020. A weaker dollar added 460 bps to US\$ returns during the quarter.
- Emerging market equities rose 19.7% in Q4 and finished the year up 18.3%. Asian emerging markets drove the gains for 2020, returning 28.4%.



Source: Datastream; as of 12/31/20



Source: Bloomberg, Datastream; as of 12/31/20

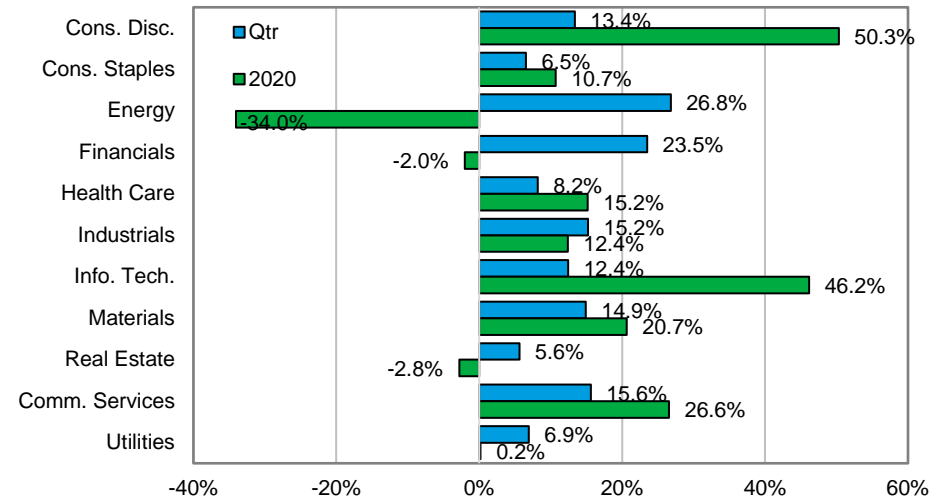


# US Equity Factor and Sector Returns

## Small-Cap Stocks Finished the Year Strong

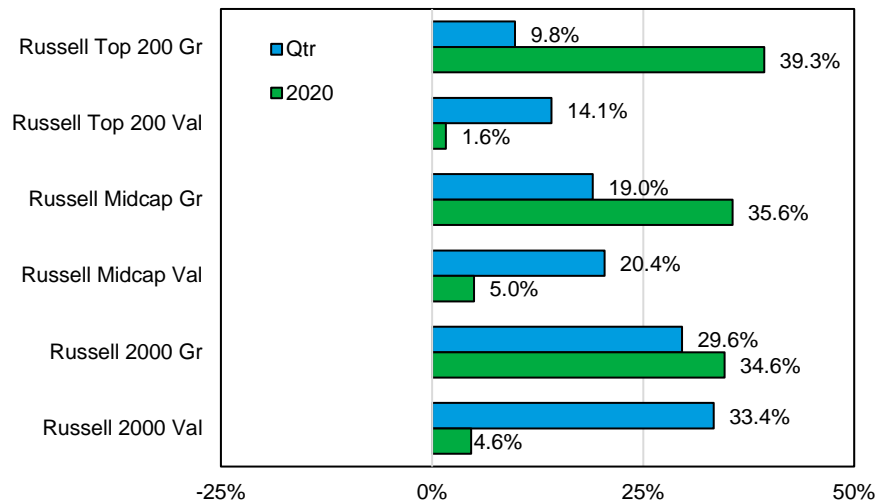
- Value outperformed growth across the size spectrum during Q4, and small-caps outperformed large-caps. However, for the calendar year growth outperformed value by over 35 percentage points (Russell 3000). Small-caps modestly outperformed large-caps during 2020.
- The size and value factors outperformed in Q4, while minimum volatility, momentum and quality lagged. Momentum was the best performing factor over the calendar year, while value and minimum volatility struggled. The energy and financials sectors posted the best results for the quarter, while consumer discretionary and technology stocks delivered the best results in 2020. Energy was the worst performing sector for 2020.

MSCI USA Sector Returns



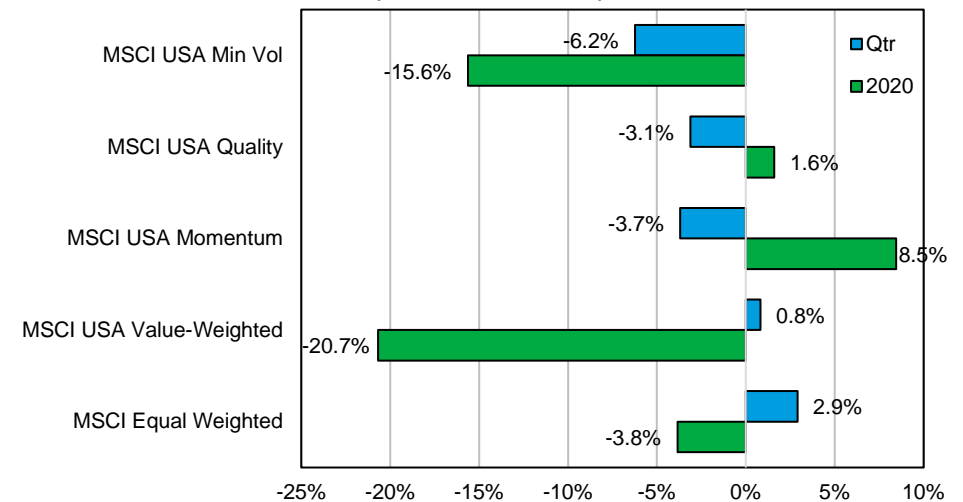
Source: Bloomberg; as of 12/31/20

US Style Performance



Source: Datastream; as of 12/31/20

Relative Factor Performance (Relative to MSCI USA)

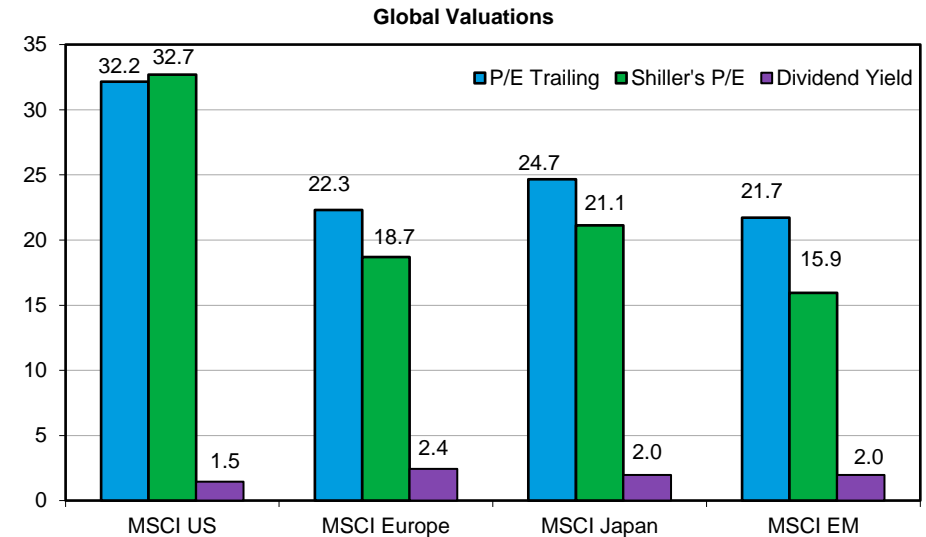


Source: MSCI; as of 12/31/20

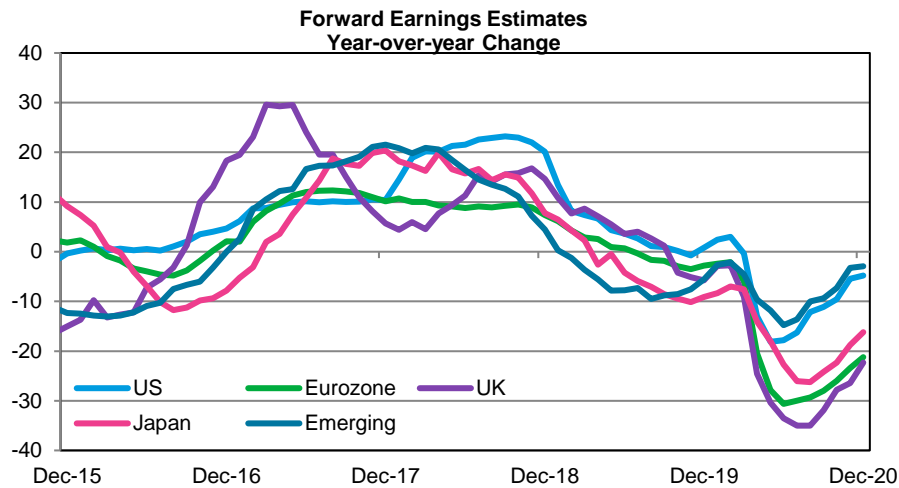
# Equity Fundamentals

## Valuations Above 2019 Levels

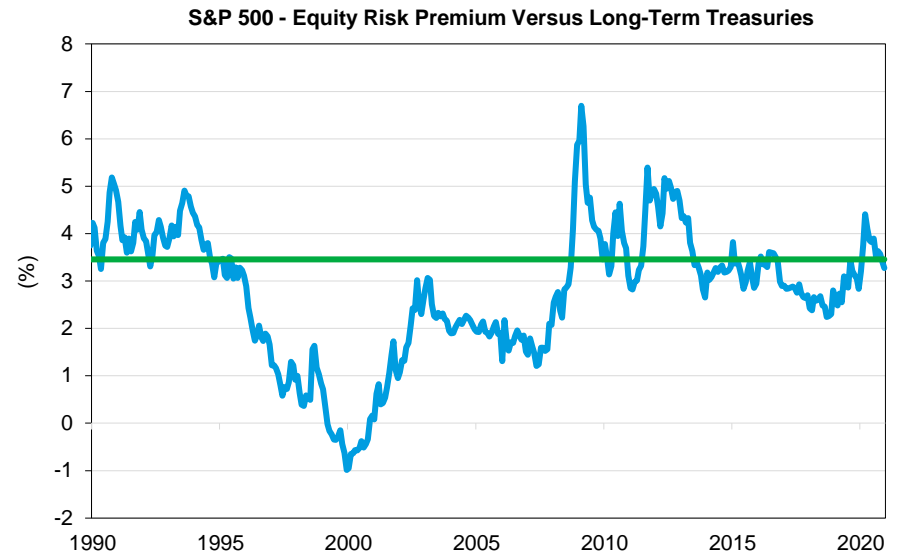
- The ongoing rally has pushed equity valuations beyond their 2019 highs. The trailing P/E ratio on the MSCI US Index rose from 28.4 to 32.1<sup>1</sup>. We estimate that the equity risk premium over long-term Treasuries fell 35 bps to 3.3%<sup>2</sup> due to rising equity valuations.
- International developed stocks remain more reasonably valued, with the potential for macro improvement if the cyclical recovery gains steam.
- Emerging market valuations are more attractive. Emerging economies should benefit from an improvement in the global economy, as well as reduced trade and geopolitical risks due to a weakening US dollar and the Biden administration's more predictable trade approach.



Source: Bloomberg, Datastream, Mercer; as of 12/31/20



Source: Datastream; as of 12/31/20



Source: Bloomberg, Datastream, Mercer; as of 12/31/20

<sup>1</sup> Source: Datastream; as of 12/31/20

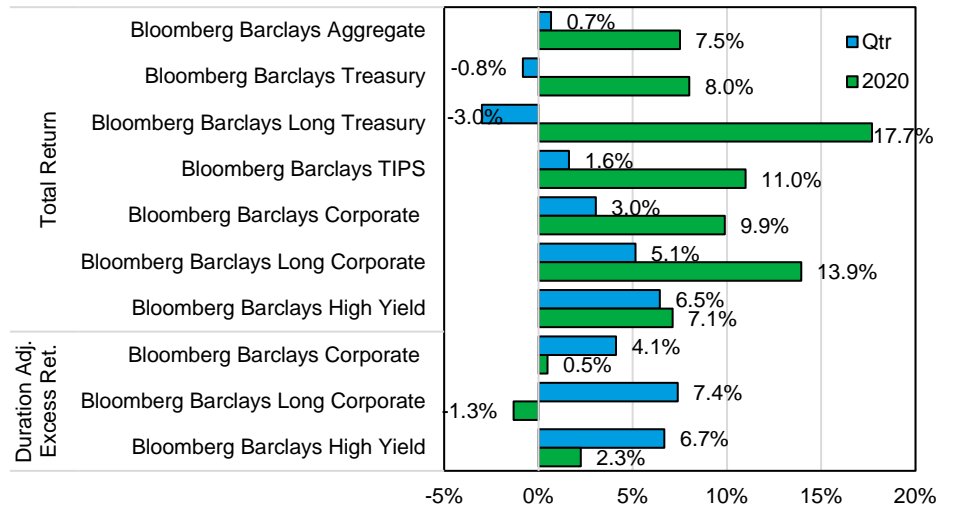
<sup>2</sup> Source: MSCI, Datastream, Mercer; as of 12/31/20

# Interest Rates and Fixed Income

## Credit Spreads Continued to Contract

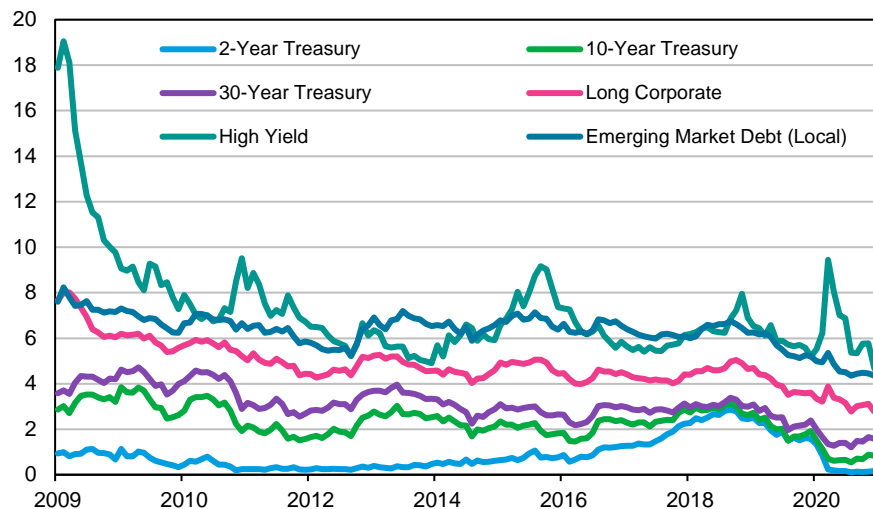
- The Bloomberg Barclays Aggregate returned 0.7% during Q4 with corporate bonds outperforming Treasuries. The yield curve steepened during the quarter, with 3-month yields basically flat, while 10- and 30-year yields rose by 24 bps and 19 bps, respectively<sup>1</sup>.
- Investment-grade corporate bond spreads fell an average of 40 bps during the quarter to 1.0%, which is roughly 30 bps below the long-term median level<sup>2</sup>.
- High yield bonds gained 6.5% during the quarter, as credit spreads fell by 160 bps to 3.6%, over a percentage point below the long-term median level of 4.7%<sup>3</sup>. Local currency EMD gained 9.6% during Q4.

Fixed Income Performance



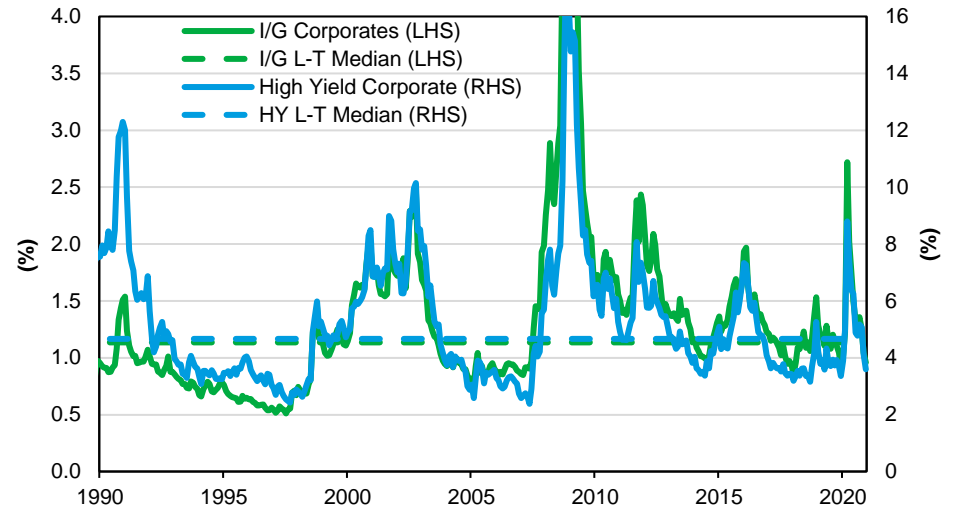
Source: Bloomberg, Datastream; as of 12/31/20

Yield History



Source: Bloomberg, Federal Reserve; as of 12/31/20

Credit Spread to Treasuries



Source: Bloomberg; as of 12/31/20

<sup>1</sup> Source: Federal Reserve; as of 12/31/20

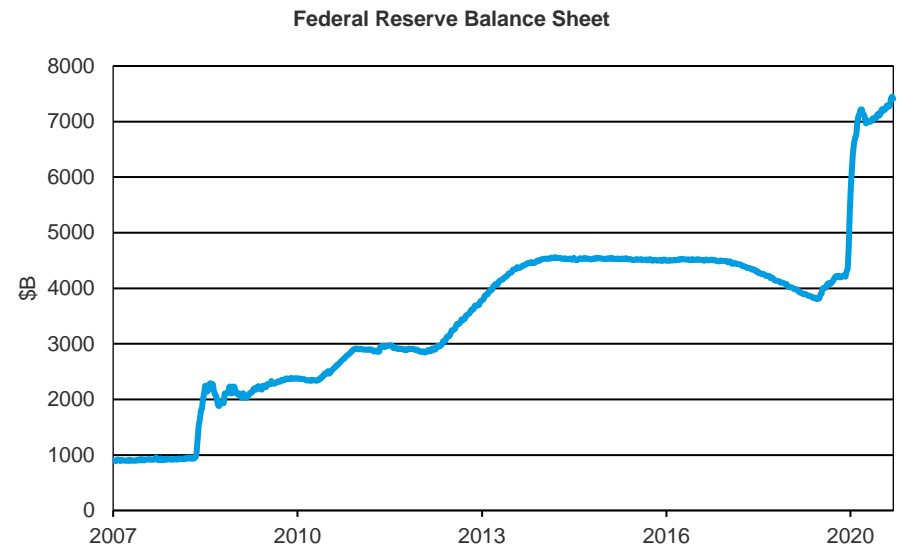
<sup>2</sup> Source: Bloomberg, Mercer; as of 12/31/20

<sup>3</sup> Source: Bloomberg, Mercer; as of 12/31/20

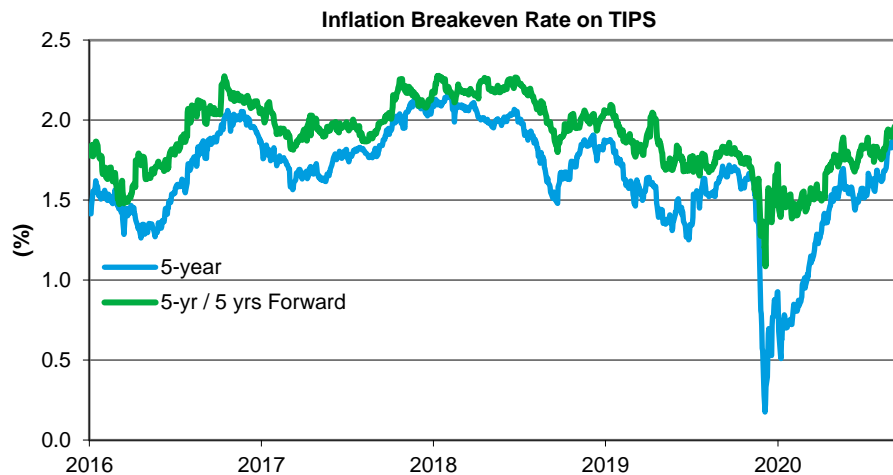
# Monetary Policy

## Monetary Policy Remains Highly Accommodative

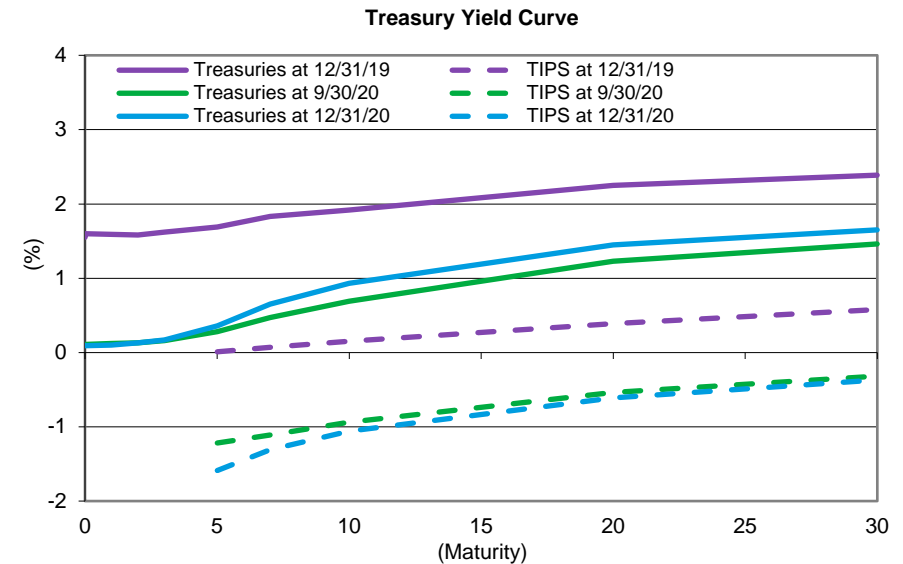
- The Fed held rates unchanged during the quarter and suggested that it will maintain its bond buying program until substantial progress has been made toward its maximum employment and price stability goals. The Fed also expects rates to remain near zero until at least 2023.
- US inflation breakeven rates rose during the quarter, with 10-year inflation breakeven rates rising from 1.63% to 1.99%, approaching the Fed's target of 2% PCE (roughly 2.5% CPI).
- Overseas, the European Central Bank and Bank of England both kept rates unchanged and increased the size of their bond buying programs. The Bank of Japan left policy unchanged and announced a review of its monetary policy amid persistently low inflation.



Source: Bloomberg; as of 12/31/20



Source: Bloomberg, Mercer; as of 12/31/20



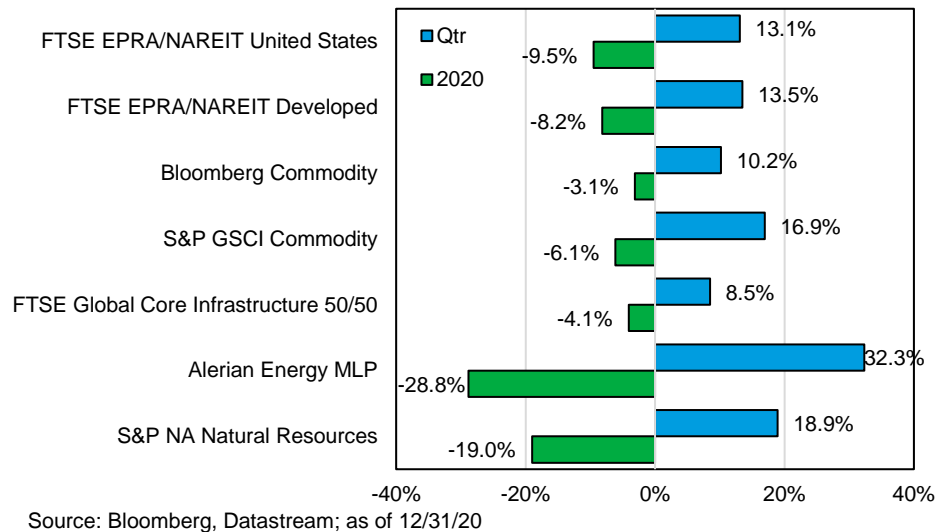
Source: Federal Reserve

# Alternative Investment Performance

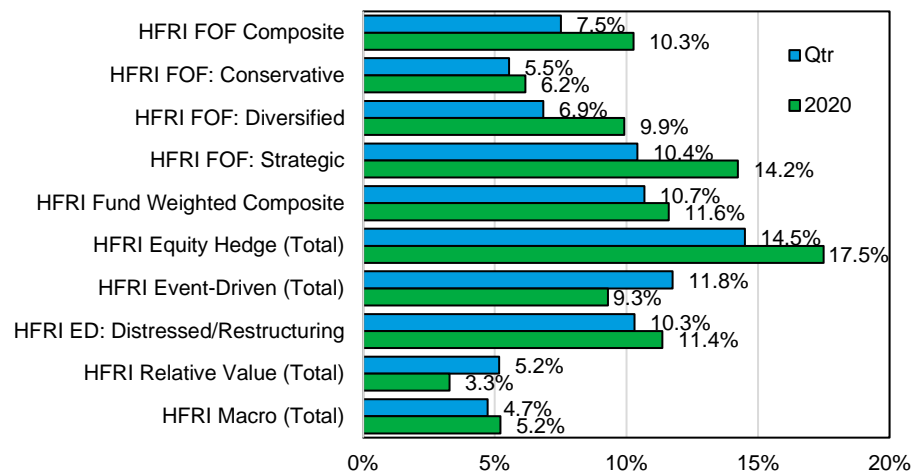
## MLPs and Natural Resources Outperform

- REITs posted solid gains during Q4, roughly in line with broader markets. However, for 2020 REITs lagged broader markets by a wide margin amid concerns surrounding COVID-19 and its impact on real estate.
- MLPs, natural resource stocks, and commodities all posted strong gains during Q4 amid expectations of a recovery in 2021, although they remained negative for 2020. Infrastructure stocks generally lagged.
- Hedge funds returned 7.5% in Q4. Equity hedge strategies performed well during the quarter, while macro and relative value strategies lagged.
- Global private equity outperformed global developed stocks by a wide margin over the most recent trailing periods<sup>1</sup>.

Real Asset Performance

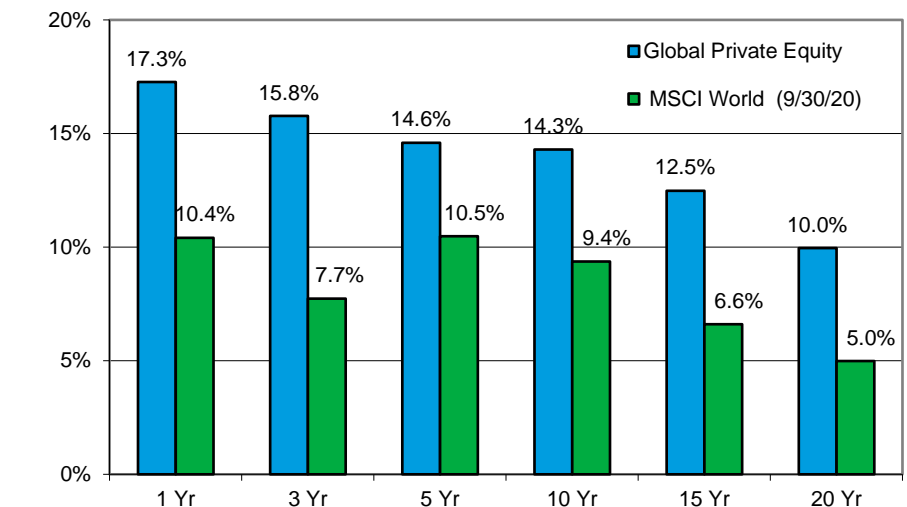


Hedge Fund Performance



Source: Hedge Fund Research; as of 12/31/20

Global Private Equity vs. Global Public Equities



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

<sup>1</sup> As of 9/30/20

# Valuations and yields

## Ending December 31, 2020

### Valuations

MSCI USA	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Index Level	16506.0	14587.9	13305.2	10927.7	13599.6
P/E Ratio (Trailing)	32.2	28.4	24.3	18.0	23.1
CAPE Ratio	32.7	30.0	27.6	22.7	28.6
Dividend Yield	1.5	1.6	1.8	2.3	1.8
P/B	4.4	4.0	3.7	2.9	3.7
P/CF	16.9	14.4	13.9	11.3	15.8
MSCI EAFE	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Index Level	6916.5	5960.1	5687.4	4950.7	5056.4
P/E Ratio (Trailing)	23.1	20.2	15.8	12.9	16.3
CAPE Ratio	15.4	15.6	15.0	13.2	19.1
Dividend Yield	2.4	2.7	2.8	4.1	3.2
P/B	1.8	1.6	1.5	1.3	1.7
P/CF	7.3	6.7	8.6	8.3	10.5
MSCI EM	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Index Level	624.1	521.4	475.9	403.1	527.6
P/E Ratio (Trailing)	21.7	18.6	16.0	12.5	15.0
CAPE Ratio	15.9	13.4	12.3	10.5	13.8
Dividend Yield	2.0	2.4	2.6	3.2	2.6
P/B	2.0	1.8	1.6	1.4	1.7
P/CF	12.5	10.4	8.7	7.1	10.0

Source: Bloomberg, Thomson Reuters Datastream

### Yields

Global Bonds	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Germany – 10Y	-0.57	-0.52	-0.45	-0.47	-0.19
France - 10Y	-0.34	-0.24	-0.11	-0.15	0.12
UK - 10Y	0.20	0.23	0.17	0.36	0.82
Switzerland – 10Y	-0.55	-0.49	-0.44	-0.33	-0.47
Italy – 10Y	0.54	0.87	1.26	1.52	1.41
Spain 10Y	0.05	0.25	0.47	0.68	0.47
Japan – 10Y	0.02	0.02	0.28	0.02	-0.01
Euro Corporate	0.24	0.55	0.89	1.85	0.51
Euro High Yield	3.40	4.80	5.62	9.62	3.46
EMD (\$)	4.53	5.14	5.51	7.00	4.91
EMD (LCL)	4.22	4.48	4.51	5.36	5.22
US Bonds	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
3-Month T-Bill	0.09	0.10	0.16	0.11	1.55
10Y Treasury	0.93	0.69	0.66	0.70	1.92
30Y Treasury	1.65	1.46	1.41	1.35	2.39
10Y TIPS	-1.06	-0.94	-0.68	-0.17	0.15
30Y TIPS	-0.37	-0.32	-0.15	0.16	0.58
US Aggregate	1.12	1.18	1.25	1.59	2.31
US Treasury	0.57	0.48	0.50	0.58	1.80
US Corporate	1.74	2.01	2.15	3.43	2.84
US Corporate High Yield	4.18	5.77	6.87	9.44	5.19

Source: Bloomberg, Thomson Reuters Datastream

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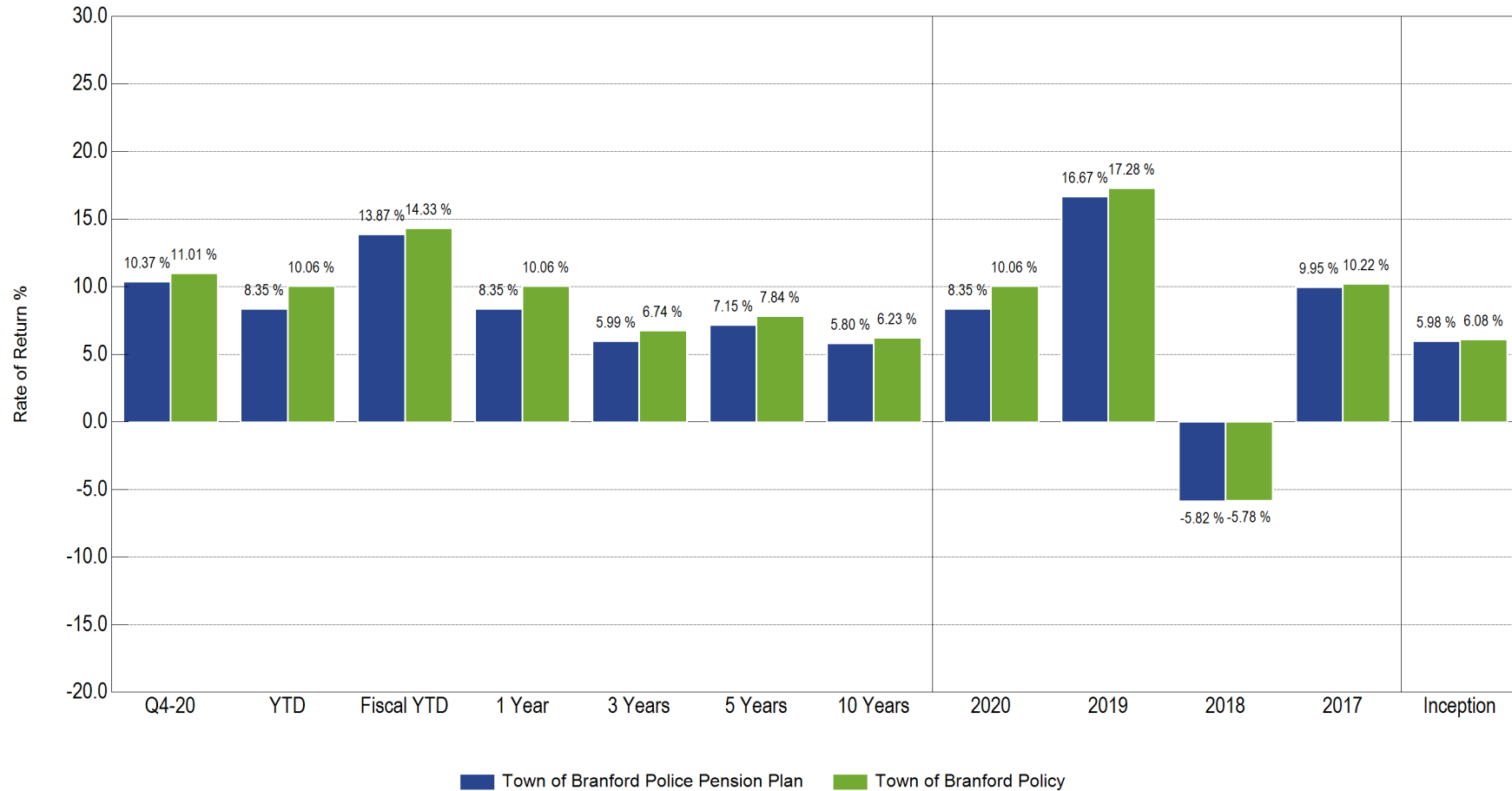
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CAR20210119MESRLV4Q20

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 December 31, 2020

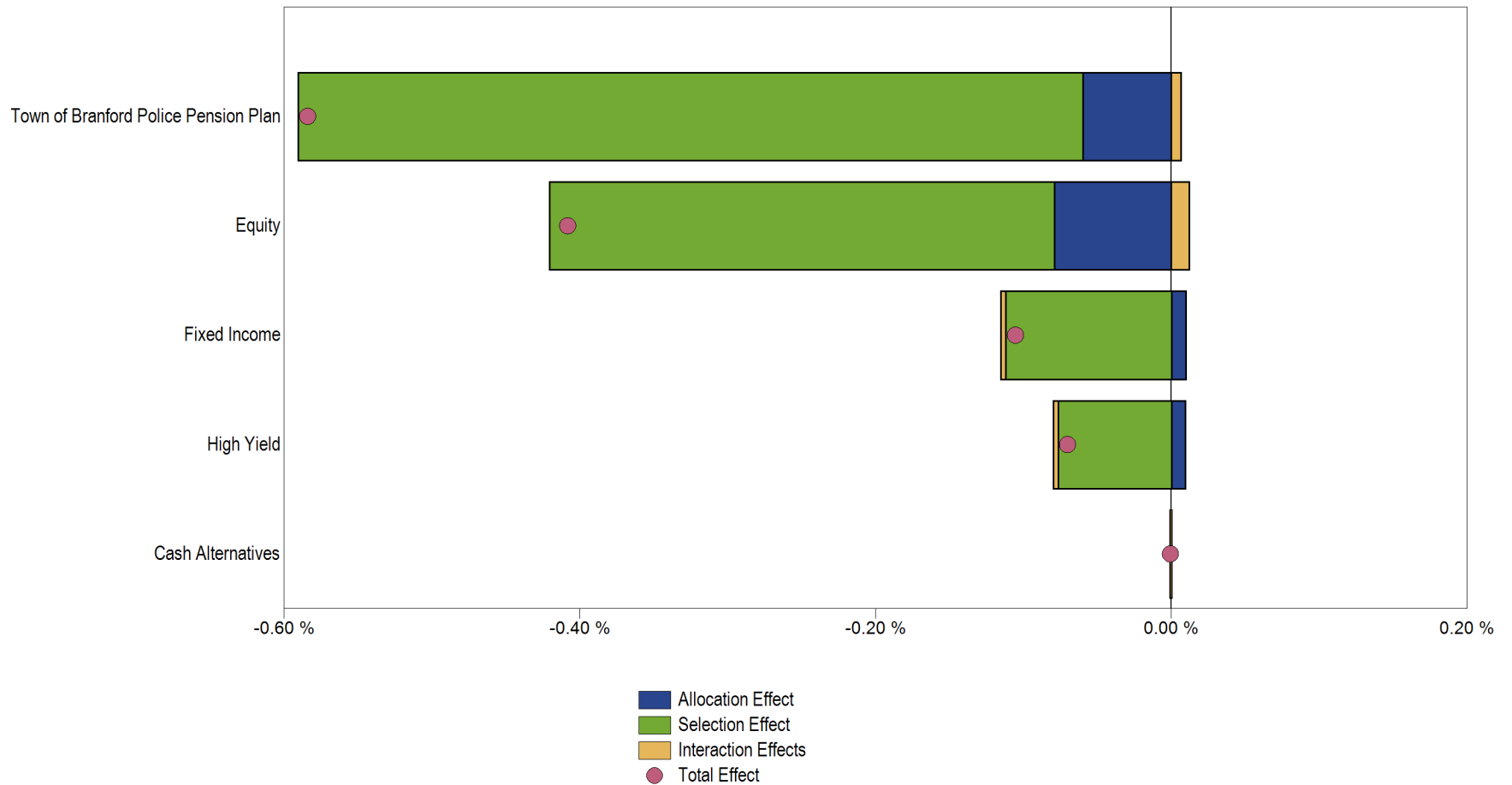
	Market Value (\$)	% of Portfolio	Ending December 31, 2020								Inception (%)	Inception Date
			3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)			
<b>Town of Branford Police Pension Plan</b>	<b>28,355,029</b>	<b>100.00</b>	<b>10.37</b>	<b>8.35</b>	<b>13.87</b>	<b>8.35</b>	<b>5.99</b>	<b>7.15</b>	<b>5.80</b>	<b>5.98</b>	<b>Apr-03</b>	
<i>Town of Branford Policy</i>			11.01	10.06	14.33	10.06	6.74	7.84	6.23	6.08	Apr-03	
Equity	16,184,110	57.08	18.31	9.38	24.17	9.38	6.71	10.14	7.93	8.01	Apr-03	
<i>Equity Custom Benchmark</i>			18.95	10.64	24.10	10.64	7.12	10.55	8.22	8.74	Apr-03	
Fixed Income	9,523,316	33.59	0.36	7.88	0.89	7.88	5.34	4.26	3.73	4.42	Jun-03	
<i>BBgBarc US Aggregate TR</i>			0.67	7.51	1.29	7.51	5.34	4.44	3.84	4.24	Jun-03	
High Yield	2,104,745	7.42	5.45	5.11	10.30	5.11	5.34	7.08	5.17	5.47	Dec-09	
<i>Police High Yield Bond Blended Benchmark</i>			6.47	6.07	11.47	6.07	5.85	8.42	6.61	7.61	Dec-09	
Cash Alternatives	542,857	1.91	0.01	0.59	0.02	0.59	1.54	1.26	0.68	1.13	Dec-06	
<i>FTSE T-Bill 3 Months TR</i>			0.02	0.58	0.06	0.58	1.56	1.16	0.60	0.94	Dec-06	

### Composite Performance (Net)

	Market Value (\$)	% of Portfolio	Ending December 31, 2020								Inception (%)	Inception Date
			3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)			
<b>Town of Branford Police Pension Plan</b>	<b>28,355,029</b>	<b>100.00</b>	<b>10.31</b>	<b>8.13</b>	<b>13.74</b>	<b>8.13</b>	<b>5.70</b>	<b>6.76</b>	<b>5.46</b>	<b>5.68</b>	<b>Apr-03</b>	
<i>Town of Branford Policy</i>			11.01	10.06	14.33	10.06	6.74	7.84	6.23	6.08	Apr-03	

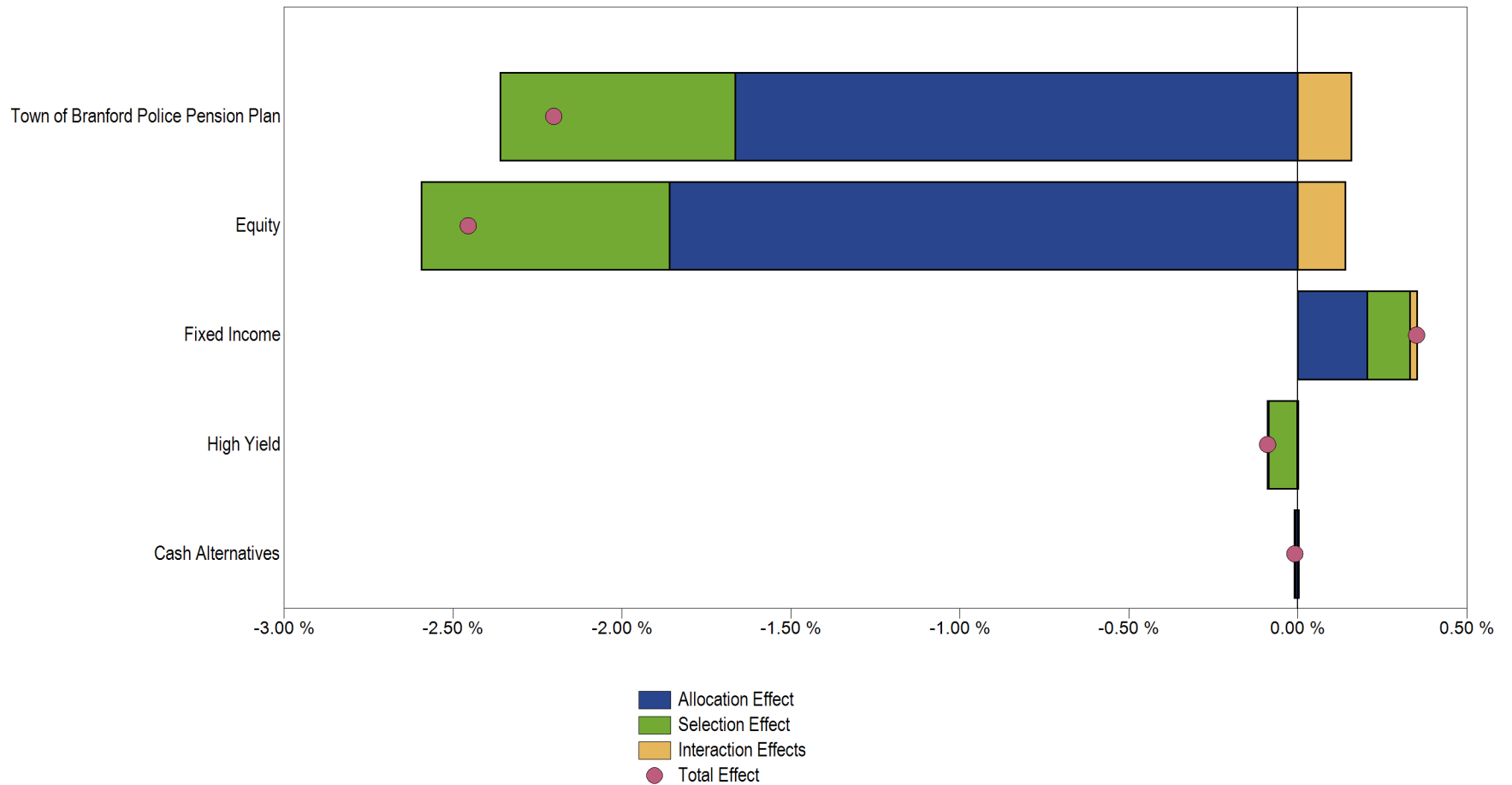
Effective September 4, 2015, ELEMENTS Rogers International Commodity Total Return was replaced with Alerian MLP. Effective December 18, 2015, the assets of the Town of Branford Police Pension plan and the Town of Branford Fire Pension plan have been separated.

Attribution Effects  
 3 Months Ending December 31, 2020



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

**Attribution Effects**  
**1 Year Ending December 31, 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

As of December 31, 2020

**Performance Attribution**  
**Quarter Ending December 31, 2020**

	Last 3 Mo.	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2020
Wtd. Actual Return	10.36%	7.81%	8.52%	7.81%	5.89%	7.11%	5.80%	7.81%
Wtd. Index Return *	10.95%	10.02%	9.98%	10.02%	6.72%	7.82%	6.22%	10.02%
<b>Excess Return</b>	<b>-0.58%</b>	<b>-2.20%</b>	<b>-1.47%</b>	<b>-2.20%</b>	<b>-0.82%</b>	<b>-0.71%</b>	<b>-0.42%</b>	<b>-2.20%</b>
Selection Effect	-0.53%	-0.69%	-0.52%	-0.69%	-0.26%	-0.39%	-0.29%	-0.69%
Allocation Effect	-0.06%	-1.67%	-1.05%	-1.67%	-0.57%	-0.33%	-0.13%	-1.67%
Interaction Effect	0.01%	0.16%	0.10%	0.16%	0.01%	0.01%	0.00%	0.16%

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

**Attribution Summary**  
**3 Months Ending December 31, 2020**

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Equity	18.31%	18.95%	-0.64%	-0.34%	-0.03%	0.01%	-0.36%
Fixed Income	0.36%	0.67%	-0.31%	-0.11%	-0.12%	0.00%	-0.23%
High Yield	5.45%	6.47%	-1.02%	-0.08%	-0.01%	0.00%	-0.09%
Cash Alternatives	0.01%	0.02%	-0.02%	0.00%	0.04%	0.00%	0.04%
<b>Total</b>	<b>10.36%</b>	<b>10.95%</b>	<b>-0.58%</b>	<b>-0.53%</b>	<b>-0.12%</b>	<b>0.01%</b>	<b>-0.64%</b>

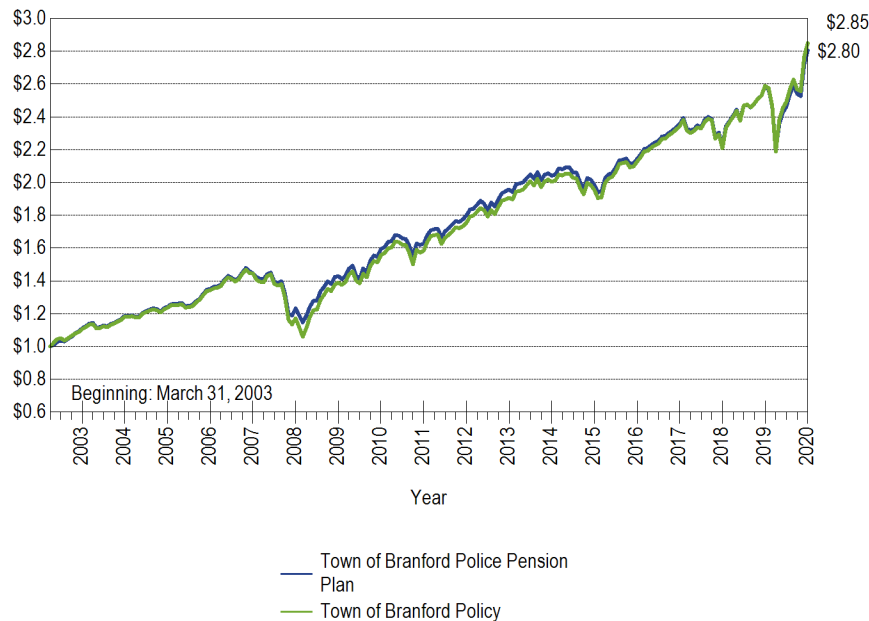
Returns are gross of advisory fees. Client returns will be reduced by advisory fees and other expenses the client may incur.

# Town of Branford Police Pension Plan Investment Performance Analysis

Total Plan Information

As of December 31, 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
<b>RETURN SUMMARY STATISTICS</b>		
Number of Periods	213	213
Maximum Return	7.65	8.79
Minimum Return	-10.72	-11.29
Annualized Return	5.98	6.08
Total Return	180.48	185.04
Annualized Excess Return Over Risk Free	4.72	4.81
Annualized Excess Return	-0.10	0.00
<b>RISK SUMMARY STATISTICS</b>		
Beta	0.91	1.00
Upside Deviation	4.59	5.11
Downside Deviation	6.77	7.39
<b>RISK/RETURN SUMMARY STATISTICS</b>		
Annualized Standard Deviation	7.59	8.22
Alpha	0.03	0.00
Sharpe Ratio	0.62	0.59
Excess Return Over Market / Risk	-0.01	0.00
Tracking Error	1.27	0.00
Information Ratio	-0.08	--
<b>CORRELATION STATISTICS</b>		
R-Squared	0.98	1.00
Correlation	0.99	1.00

## Summary of Cash Flows

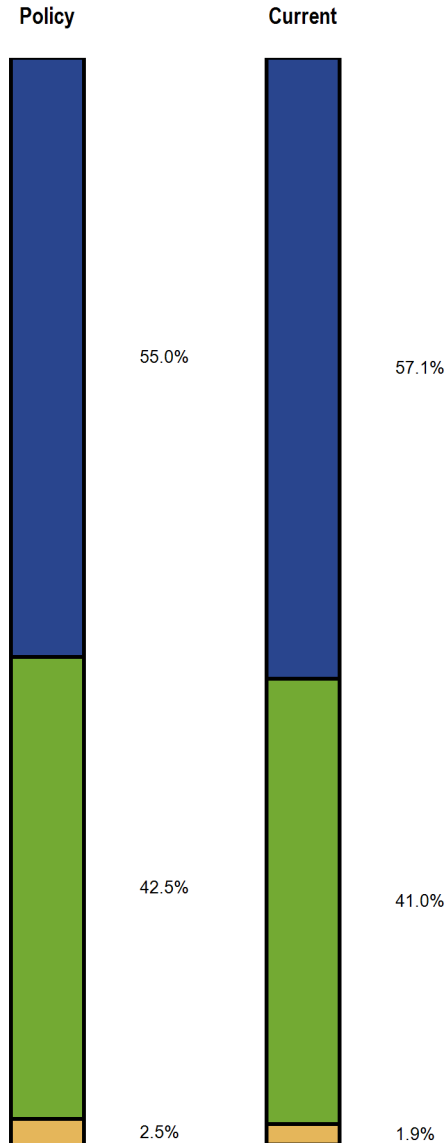
	Last Three Months	Year-To-Date	Fiscal Year-To-Date	One Year	Three Years	Five Years	Ten Years	Inception 4/1/03
Beginning Market Value	\$26,147,666	\$27,287,344	\$25,107,334	\$27,287,344	\$23,631,964	\$20,934,623	\$17,809,970	\$8,311,293
Contributions	\$328,799	\$3,399,782	\$1,778,099	\$3,399,782	\$13,798,813	\$19,729,113	\$32,444,794	\$60,117,782
Withdrawals	-\$800,818	-\$4,507,428	-\$2,013,020	-\$4,507,428	-\$13,648,415	-\$20,668,060	-\$34,664,725	-\$58,903,741
Net Cash Flow	-\$472,019	-\$1,107,646	-\$234,922	-\$1,107,646	\$150,399	-\$938,948	-\$2,219,931	\$1,214,041
Net Investment Change	\$2,679,382	\$2,175,331	\$3,482,616	\$2,175,331	\$4,572,666	\$8,359,354	\$12,764,990	\$18,829,696
Ending Market Value	\$28,355,029	\$28,355,029	\$28,355,029	\$28,355,029	\$28,355,029	\$28,355,029	\$28,355,029	\$28,355,029

Town of Branford Police Pension Plan  
**Investment Performance Analysis**

Asset Allocation vs. Target Policy

As of December 31, 2020

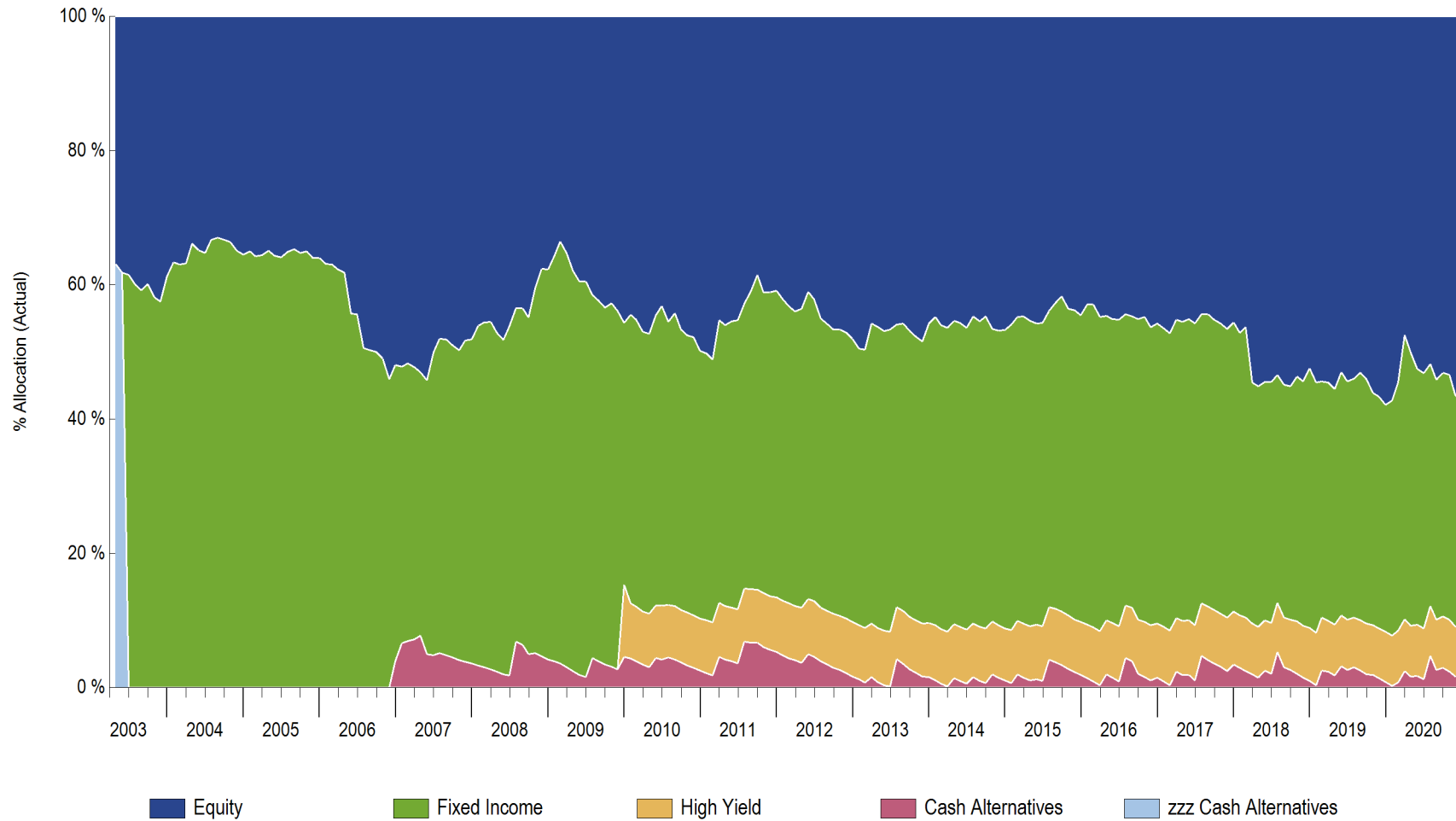
**Asset Allocation vs. Target  
 As Of December 31, 2020**



	Policy Range	Policy	%	Current	%	Difference*	%
US Equity	30.0% - 60.0%	\$15,595,266	55.0%	\$16,184,110	57.1%	\$588,844	2.1%
US Fixed Income	40.0% - 65.0%	\$12,050,887	42.5%	\$11,628,061	41.0%	-\$422,826	-1.5%
Cash	0.0% - 10.0%	\$708,876	2.5%	\$542,857	1.9%	-\$166,019	-0.6%
<b>Total</b>		<b>\$28,355,029</b>	<b>100.0%</b>	<b>\$28,355,029</b>	<b>100.0%</b>		

\*Difference between Policy and Current Allocation

Asset Allocation History  
17 Years 9 Months Ending December 31, 2020



# **Investment Analysis**

*Total Plan*



As of December 31, 2020

**Manager Roster**  
As of December 31, 2020

	Account Type	Benchmark	Universe	Market Value	Allocation	Inception
Cash Alternatives	Cash	FTSE T-Bill 3 Months TR		\$542,857	1.9%	12/1/2006
Equity	Global Equity	Equity Custom Benchmark	Global Equity	\$16,184,110	57.1%	4/1/2003
Fixed Income	US Fixed Income	BBgBarc US Aggregate TR	US Intermediate Fixed Income	\$9,523,316	33.6%	6/30/2003
High Yield	US Fixed Income	Police High Yield Bond Blended Benchmark	US Below Inv Grade (High Yield) Fixed Income	\$2,104,745	7.4%	12/1/2009
<b>Total</b>		<b>Town of Branford Policy</b>		<b>\$28,355,029</b>	<b>100.0%</b>	<b>4/1/2003</b>

**Town of Branford  
Equity Positions  
As of December 31, 2020**

Holding	Market Value	% of Equity Portfolio
Cash & Cash Equivalents	\$647,637.17	3.87%
ISHARES S&P 500	\$4,156,318.08	24.85%
ISHARES S&P MIDCAP 400	\$1,709,935.20	10.22%
ISHARES Russell 2000	\$1,791,596.28	10.71%
ISHARES MSCI Emerging Markets	\$2,555,288.18	15.28%
ISHARES MSCI EAFE Index Fund	\$3,699,728.64	22.12%
ISHARES Dow Jones U.S. Real Estate	\$903,350.55	5.40%
Alerian MLP	\$1,263,113.50	7.55%
	<b>\$16,726,967.60</b>	<b>100.00%</b>

**Town of Branford  
Fixed Income Positions  
as of December 31, 2020**

Par (000)	Issuer Name	Quality	Coupon	Maturity	Price	Mkt Val (000)	% Held (MV)	YTW	Effective Duration
117	TOTAL CAPITAL	A+	4.125	01/28/2021	100.247	119	1.25	0.815	0.076
51	CASH & EQUIVALENTS	AAA	0.080	01/31/2021	100.000	51	0.54	0.080	0.085
80	TOYOTA MTR CR CORP	A+	1.900	04/08/2021	100.422	81	0.85	0.331	0.268
170	BANK NEW YORK MELLON CORP	A	2.500	04/15/2021	100.451	172	1.80	0.303	0.202
105	CHEVRON CORPORATION	AA	2.100	05/16/2021	100.545	106	1.11	0.230	0.290
50	EXXON MOBIL CORP	AA	8.625	08/15/2021	104.993	54	0.57	0.573	0.600
15	CATERPILLAR FINL SVCS MTNS B	A-	1.931	10/01/2021	101.213	15	0.16	0.310	0.744
100	TOYOTA MTR CR CORP	A+	2.600	01/11/2022	102.359	104	1.09	0.299	1.009
3	BNSF RY CO	AA	5.943	01/15/2022	101.250	3	0.03	2.348	0.348
50	NEW YORK ST URBAN DEV CORP	AA	2.830	03/15/2022	102.725	52	0.54	0.557	1.178
60	NORTHERN TR CORP	A	2.375	08/02/2022	103.335	63	0.66	0.266	1.549
90	PHILIP MORRIS INTL INC	A	2.375	08/17/2022	103.186	94	0.98	0.306	1.508
100	CONNECTICUT ST GO BDS 2009B	A	5.200	12/01/2022	108.668	109	1.15	0.641	1.840
200	CHEVRON CORPORATION	AA	2.355	12/05/2022	103.556	207	2.18	0.230	1.651
85	CHEVRON CORPORATION	AA	3.191	06/24/2023	106.356	90	0.95	0.329	2.163
85	WALMART INC	AA	3.400	06/26/2023	107.394	91	0.96	0.309	2.322
7	GNMA POOL - 672864	AA+	4.500	07/15/2023	104.612	7	0.08	-0.836	0.819
90	GLAXOSMITHKLINE CAP PLC	A	0.534	10/01/2023	100.296	90	0.95	0.364	2.163
50	COCA COLA CO	A+	3.200	11/01/2023	108.423	54	0.57	0.216	2.721
1,560	ISHARES ICE 1-5 CRP	A-	3.240	12/02/2023	55.170	86	0.90	0.839	2.767
70	STATE STR CORP FXFLT	A	3.776	12/03/2023	109.933	77	0.81	0.356	2.789
53	WELLS FARGO & CO	BBB+	3.750	01/24/2024	109.169	59	0.62	0.634	2.797
85	BP CAP MKTS AMER INC	A-	3.790	02/06/2024	109.284	94	0.99	0.673	2.836
90	HOME DEPOT INC	A	3.750	02/15/2024	109.653	100	1.05	0.368	2.716
7	GNMA POOL - 783221	AA+	6.000	02/15/2024	104.475	7	0.07	1.388	0.989
85	ALPHABET INC	AA	3.375	02/25/2024	109.446	94	0.99	0.357	2.988
170	BK OF AMERICA CORP	A-	4.000	04/01/2024	111.006	190	2.00	0.577	3.057
100	WALMART INC	AA	3.300	04/22/2024	108.989	110	1.15	0.343	2.919
150	ENTERGY GULF STS LA LLC	A	5.590	10/01/2024	117.955	179	1.88	0.727	3.418
74	AMAZON COM INC	A	3.800	12/05/2024	112.414	83	0.88	0.397	3.472
150	CITIBANK CC 2018-A6- NT	AAA	3.210	12/07/2024	105.735	159	1.67	0.235	1.886
22	GNMA2 POOL - 004584	AA+	4.000	12/20/2024	106.277	24	0.25	-0.717	1.104
72	MERCK & CO. INC	A+	2.750	02/10/2025	108.632	79	0.83	0.489	3.659
85	MICROSOFT CORP	AAA	2.700	02/12/2025	108.634	93	0.98	0.444	3.669
90	EXXON MOBIL CORP	AA	2.709	03/06/2025	107.967	98	1.03	0.653	3.731
165	CHARLES SCHWAB CORP	A	4.200	03/24/2025	114.646	191	2.01	0.618	3.834
100	COCA COLA CO	A+	2.950	03/25/2025	110.226	111	1.17	0.505	3.991
150	DEERE & CO	A	2.750	04/15/2025	108.991	164	1.73	0.583	3.985
100	PEPSICO INC	A+	2.750	04/30/2025	108.850	109	1.15	0.555	3.881
43	GENERAL DYNAMICS CORP	A	3.500	05/15/2025	111.780	48	0.51	0.656	3.941
70	BERKSHIRE HATHAWAY INC DEL	AA	7.250	06/15/2025	124.896	88	0.92	1.458	3.926
200	NEW YORK N Y CITY TRANSITIO	AA+	2.860	08/01/2025	109.475	221	2.32	0.752	4.291
85	BP CAP MKTS AMER INC	A-	3.796	09/21/2025	113.396	97	1.02	0.796	4.203
85	US BANCORP	A+	3.950	11/17/2025	115.435	99	1.03	0.673	4.426
40	UNITED STATES TREAS NTS	AA+	0.375	11/30/2025	100.141	40	0.42	0.346	4.882

**Town of Branford  
Fixed Income Positions  
as of December 31, 2020**

Par (000)	Issuer Name	Quality	Coupon	Maturity	Price	Mkt Val (000)	% Held (MV)	YTW	Effective Duration
95	HILLIARD OHIO SCH DIST TAXA	AA+	5.550	12/01/2025	122.590	117	1.23	0.848	4.412
26	GNMA2 POOL - 004954	AA+	3.000	02/20/2026	105.241	28	0.29	-0.163	1.148
90	APPLE INC	AA+	3.250	02/23/2026	112.221	102	1.07	0.705	4.541
15	EXXON MOBIL CORP	AA	3.043	03/01/2026	110.798	17	0.18	0.799	4.582
42	US BANCORP	A-	3.100	04/27/2026	111.294	47	0.49	0.889	4.873
75	DISNEY WALT CO	BBB+	1.850	07/30/2026	105.034	79	0.83	0.923	5.297
90	MICROSOFT CORP	AAA	3.300	02/06/2027	114.106	104	1.09	0.824	5.357
35	BLACKROCK INC	AA-	3.200	03/15/2027	112.798	40	0.42	1.063	5.674
150	NIKE INC	A+	2.750	03/27/2027	110.653	167	1.75	0.941	5.652
50	BURLINGTON NORTHN SANTA FE C	A-	3.250	06/15/2027	113.226	57	0.60	1.043	5.722
130	BRISTOL-MYERS SQUIBB CO	A	3.450	11/15/2027	115.353	151	1.58	1.044	6.034
60	NATIONAL RURAL UTILS COOP FI	A	3.400	02/07/2028	114.888	70	0.73	1.135	6.183
81	PRUDENTIAL FINL INC	A-	3.878	03/27/2028	117.582	96	1.01	1.244	6.228
80	UNITED STATES TREAS NTS	AA+	2.875	05/15/2028	115.859	93	0.98	0.667	6.779
215	UNITED STATES TREAS NTS	AA+	2.625	02/15/2029	114.797	249	2.61	0.745	7.433
85	DEERE JOHN CAPITAL CORP	A	3.450	03/07/2029	116.043	100	1.05	1.371	7.252
180	UNITED STATES TREAS NTS	AA+	2.375	05/15/2029	113.016	204	2.14	0.767	7.744
81	UNITED STATES TREAS NTS	AA+	1.625	08/15/2029	106.977	87	0.91	0.787	8.140
139	UNITED STATES TREAS NTS	AA+	1.750	11/15/2029	108.074	151	1.58	0.805	8.359
15	PROCTER & GAMBLE CO	AA-	3.000	03/25/2030	115.316	17	0.18	1.239	8.235
160	CATERPILLAR INC	A-	2.600	04/09/2030	110.235	177	1.86	1.389	8.246
100	UNITED STATES TREAS NTS	AA+	0.625	05/15/2030	97.766	98	1.03	0.874	9.221
60	FEDERAL NATL MTG ASSN	AA+	6.625	11/15/2030	151.412	91	0.96	1.112	7.942
101	GNMA 2019-053- V	AA+	2.750	08/16/2031	107.643	109	1.14	1.252	5.075
4	GNMA POOL - 603773	AA+	6.000	06/15/2033	118.115	5	0.05	0.196	2.962
3	GNMA POOL - 604387	AA+	6.000	06/15/2033	114.365	4	0.04	1.060	2.793
4	GNMA POOL - 604639	AA+	5.000	09/15/2033	114.602	4	0.04	-1.172	1.889
13	GNMA POOL - 613042	AA+	4.500	09/15/2033	111.706	14	0.15	-0.495	1.766
15	GNMA POOL - 621667	AA+	5.000	03/15/2034	110.233	17	0.18	0.282	1.894
6	GNMA POOL - 636236	AA+	5.000	03/15/2035	115.058	6	0.07	-1.178	1.918
0	FHLMC POOL - 1B2285	AA+	2.416	08/01/2035	100.804	0	0.00	1.876	0.636
14	GNMA POOL - 595800	AA+	4.500	08/15/2035	110.377	16	0.17	0.231	1.916
22	GNMA POOL - 649476	AA+	4.500	10/15/2035	110.159	25	0.26	0.278	1.899
12	GNMA POOL - 648482	AA+	4.500	11/15/2035	111.341	13	0.14	-0.176	1.844
8	GNMA POOL - 520293	AA+	5.500	01/15/2036	115.859	9	0.10	0.708	3.111
1	GNMA POOL - 650146	AA+	5.000	03/15/2036	110.262	1	0.01	0.771	2.121
10	GNMA POOL - 652573	AA+	5.000	05/15/2036	111.498	11	0.12	0.238	2.052
2	GNMA POOL - 384819	AA+	5.000	01/15/2037	113.033	2	0.03	-0.467	1.938
4	GNMA POOL - 659106	AA+	6.000	02/15/2037	112.775	4	0.04	2.019	3.106
1	GNMA POOL - 658708	AA+	5.000	05/15/2037	110.051	1	0.01	0.880	2.138
50	JOHNSON & JOHNSON	AAA	5.950	08/15/2037	159.014	81	0.85	1.820	12.108
17	GNMA POOL - 676551	AA+	4.500	10/15/2037	110.265	19	0.20	0.312	1.964
23	GNMA POOL - 670370	AA+	5.000	11/15/2037	115.166	27	0.28	-0.899	2.006

**Town of Branford  
Fixed Income Positions  
as of December 31, 2020**

<b>Par (000)</b>	<b>Issuer Name</b>	<b>Quality</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Price</b>	<b>Mkt Val (000)</b>	<b>% Held (MV)</b>	<b>YTW</b>	<b>Effective Duration</b>
3	GNMA POOL - 672628	AA+	6.000	03/15/2038	115.826	3	0.03	1.498	3.371
1	GNMA POOL - 690853	AA+	5.500	06/15/2038	115.386	1	0.01	1.012	3.227
60	PFIZER INC	A	4.100	09/15/2038	127.921	77	0.81	2.150	13.299
2	GNMA POOL - 699457	AA+	6.000	10/15/2038	112.477	2	0.02	2.376	3.341
20	CONOCOPHILLIPS	A-	6.500	02/01/2039	154.657	31	0.33	2.670	12.304
18	GNMA 2015-109- A	AA+	2.528	02/16/2040	101.007	19	0.20	1.038	0.780
13	GNMA POOL - 749321	AA+	3.500	12/15/2040	104.885	14	0.15	0.958	1.321
9	GNMA POOL - 737798	AA+	3.500	12/15/2040	106.428	10	0.11	0.229	0.838
11	GNMA 2013-175- A	AA+	2.838	01/16/2041	100.275	11	0.11	1.126	0.268
130	UNITED STATES TREAS NTS	AA+	3.125	02/15/2042	131.125	172	1.81	1.415	16.778
30	UNITED STATES TREAS BDS	AA+	3.000	05/15/2042	128.613	39	0.41	1.440	17.144
81	FLORIDA PWR & LT CO	A+	4.050	10/01/2044	128.277	105	1.10	2.448	16.585
125	UNITED STATES TREAS BDS	AA+	3.000	11/15/2044	129.422	162	1.70	1.525	18.694
15	CONOCOPHILLIPS COMPANY	A-	4.300	11/15/2044	125.735	19	0.20	2.793	16.243
41	GNMA 2013-068- AC	AA+	1.300	02/16/2046	100.739	41	0.44	0.909	2.054
95	UNITED STATES TREAS BDS	AA+	2.500	05/15/2046	119.465	114	1.19	1.567	20.256
79	GNMA 2018-117- AB	AA+	2.500	07/16/2046	102.012	81	0.85	1.088	1.521
71	FNMA UMBS POOL - MA2730	AA+	2.500	08/01/2046	105.994	75	0.79	0.862	1.994
75	FNMA UMBS POOL - BE1348	AA+	3.000	10/01/2046	105.110	79	0.83	1.473	1.902
45	FNMA POOL - MA2828	AA+	2.500	11/01/2046	104.399	47	0.49	1.491	2.418
29	PFIZER INC	A	4.125	12/15/2046	131.042	38	0.40	2.493	17.894
41	NORTHERN STS PWR CO WIS	A	3.600	09/15/2047	123.217	51	0.53	2.401	18.564
14	FHLMC GOLD POOL - Q52418	AA+	3.500	11/01/2047	108.053	15	0.16	0.851	1.368
130	UNITED STATES TREAS BDS	AA+	3.000	02/15/2048	131.273	172	1.81	1.578	20.510
63	UNITED STATES TREAS BDS	AA+	3.000	08/15/2048	131.551	84	0.88	1.585	20.796
57	FHLMC GOLD POOL - G61648	AA+	3.500	09/01/2048	108.415	62	0.65	0.767	1.694
24	FNMA UMBS POOL - BN0905	AA+	4.000	11/01/2048	107.600	26	0.27	1.078	1.595
68	BERKSHIRE HATHAWAY FIN CORP	AA	4.250	01/15/2049	132.840	92	0.96	2.577	18.237
78	FNMA UMBS POOL - BN4393	AA+	3.500	03/01/2049	109.748	86	0.91	-1.067	-0.625
52	FNMA UMBS POOL - FM2612	AA+	3.500	05/01/2049	106.552	56	0.59	0.208	0.338
150	MIDAMERICAN ENERGY COMPANY	A+	4.250	07/15/2049	134.263	204	2.15	2.535	18.506
50	GNMA POOL - 682229	AA+	4.000	07/15/2049	105.982	53	0.56	1.215	1.732
22	UNITED STATES TREAS BDS	AA+	2.250	08/15/2049	114.441	25	0.27	1.618	22.580
36	FHLMC UMBS POOL - QA3570	AA+	2.500	10/01/2049	105.689	38	0.40	0.992	1.925
105	FHLMC UMBS POOL - QA3677	AA+	2.500	10/01/2049	105.507	111	1.17	0.864	1.763
50	TJX COS INC NEW	A	4.500	04/15/2050	140.987	71	0.75	2.496	18.793
40	3M CO	A+	3.700	04/15/2050	124.129	50	0.52	2.517	19.612
107	FNMA UBS Pool - BP7257	AA+	2.000	07/01/2050	103.888	111	1.16	1.081	3.511
70	GNMA 2017-128- AC	AA+	2.600	05/16/2051	107.792	76	0.79	0.659	4.051
28	BANK 2017-BNK6- A1	AAA	1.941	07/15/2060	100.359	28	0.30	-1.606	0.162
<b>8,352</b>		<b>AA-</b>	<b>3.217</b>	<b>7.702</b>	<b>111.251</b>	<b>9,524</b>	<b>100.00</b>	<b>0.878</b>	<b>6.118</b>

**Town of Branford  
High Yield Positions  
As of December 31, 2020**

Holding	Market Value	% of Equity Portfolio
Cash & Cash Equivalents	\$12,354.74	0.59%
MainStay MacKay High Yield Corp Bd	\$2,092,390.55	99.41%
	\$2,104,745.29	100.00%

## Historical Policy

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4/1/2003 to 6/30/2003	70.00	Citigroup Treasury Bill-3 Month
	15.00	S&P 500
	15.00	S&P 400 Mid Cap
7/1/2003 to 4/30/2006	65.00	Barclays Aggregate
	15.00	S&P 500
	15.00	S&P 400 Mid Cap
	5.00	Citigroup Treasury Bill-3 Month
5/1/2006 to 7/31/2006	55.00	Barclays Aggregate
	21.25	S&P 500
	12.50	S&P 400 Mid Cap
	5.00	Citigroup Treasury Bill-3 Month
	3.75	MSCI EAFE (Net)
	1.25	MSCI Emerging Market (Net)
	1.25	Russell 2000
8/1/2006 to 12/31/2009	45.00	Barclays Aggregate
	27.50	S&P 500
	10.00	S&P 400 Mid Cap
	7.50	MSCI EAFE (Net)
	5.00	Citigroup Treasury Bill-3 Month
	2.50	MSCI Emerging Market (Net)
	2.50	Russell 2000
1/1/2010 to 2/28/2013	42.00	Barclays Aggregate
	18.00	S&P 500
	10.00	MSCI EAFE (Net)
	8.00	BofA Merrill Lynch US High Yield Master II TR
	7.00	Russell 2000
	5.00	MSCI Emerging Market (Net)
	5.00	S&P 400 Mid Cap
	5.00	Citigroup Treasury Bill-3 Month
3/1/2013 to 8/31/2015	44.90	Barclays Aggregate
	14.10	S&P 500
	8.00	BofA Merrill Lynch US High Yield Master II TR
	7.00	Russell 2000
	6.00	MSCI Emerging Market (Net)
	5.00	S&P 400 Mid Cap
	5.00	MSCI EAFE (Net)
	5.00	Bloomberg Commodity Index
	3.00	Dow USA Real Estate
2.00	Citigroup Treasury Bill-3 Month	
9/1/2015 to 3/31/2018	44.90	Barclays Aggregate
	14.10	S&P 500
	8.00	BofA Merrill Lynch US High Yield Master II TR
	7.00	Russell 2000
	6.00	MSCI Emerging Market (Net)
	5.00	S&P 400 Mid Cap

	5.00	MSCI EAFE (Net)
	5.00	Alerian MLP Index
	3.00	Dow USA Real Estate
	2.00	Citigroup Treasury Bill-3 Month
4/1/2018 to 8/31/2018	35.00	Barclays Aggregate
	14.50	S&P 500
	12.50	MSCI EAFE (Net)
	8.50	MSCI Emerging Market (Net)
	7.50	BofA Merrill Lynch US High Yield Master II TR
	5.50	Russell 2000
	5.50	S&P 400 Mid Cap
	5.25	Alerian MLP Index
	3.25	Dow USA Real Estate
	2.50	Citigroup Treasury Bill-3 Month
9/1/2018 to Present	34.80	Barclays Aggregate
	14.40	S&P 500
	12.40	MSCI EAFE (Net)
	8.50	MSCI Emerging Market (Net)
	7.50	BofA Merrill Lynch US High Yield Master II TR
	5.50	Russell 2000
	5.50	S&P 400 Mid Cap
	5.20	Alerian MLP Index
	3.20	Dow USA Real Estate
	3.00	Citigroup Treasury Bill-3 Month



# Definitions

- Accrued** – Usually associated with interest or income, as in accrued interest; interest owed by the issuer but not yet paid.
- Allocation Effect** – In attribution analysis, this examines the gain or loss achieved from over or under weighting a manager versus its targeted allocation.
- Alpha** – Value that is added by the manager, or the non-systematic return; the excess portfolio return compared to the risk-adjusted benchmark. A positive alpha implies the manager has added value to the return over that of the market.
- Alpha-Jensen** – A version of alpha that utilizes risk-adjusted manager returns in its calculation.
- Attribution Analysis** – A tool to separate and examine the different sources of gain or loss from an overall investment policy and targeted asset allocation.
- Batting Average** – Measure of a fund or manager's ability to beat the market consistently. It is calculated by dividing the number of quarters in which the fund or manager outperformed its benchmark by the number of quarters in the analysis.
- Best Quarter** – The largest single quarterly return which occurred during the specified time period.
- Beta** – Measures the systematic risk, or the return that is attributable to market movements. A beta equal to one indicates a risk level equivalent to the market. Higher betas are associated with higher risk levels.
- Consumer Discretionary** – Sector classification of companies that produce goods that are not necessities, like automobiles, high-end clothing, hotels, and restaurants.
- Consumer Staples** – Sector classification of companies that produce necessities like food/beverage and household products.
- Correlation Coefficient** – Statistical measure of the degree to which the movements of two variables are related. A correlation of 1.0 indicates a perfect positive correlation; 0.0 indicates a random relationship; -1.0 indicates perfect negative correlation.
- Credit Risk** – A measure of the default risk on amounts due from policyholder or creditors.
- Current Yield** – A bond's coupon rate divided by the bond's current price.
- Dividend Yield** – The current dividend per share of a stock divided by its current price per share.
- Dollar/Money Weighted Rate of Return** – Measure of portfolio returns that includes the impact from cash flows.
- Down Market** – A quarter in which the market return is negative.
- Downside Deviation** – Standard deviation of negative returns only.
- Duration** – A measure of a bond's price volatility relative to a change in the general level of interest rates, measured in years. In general, bonds with longer durations have greater sensitivity to interest rates and vice-versa.
- Earnings Per Share (EPS)** – The portion of a company's profit allocated to each outstanding share of common stock.
- Earnings Per Share Growth Rate** – The rate at which the earnings per share grows over various time periods.
- Energy** – Sector classification of companies that relate to producing or supplying energy.
- Excess Return over Market/Risk** – Annualized excess return achieved by the manager divided by annualized standard deviation.
- Financials** – Sector classification of companies that provide banking, investment, and real estate services to commercial and retail customers.
- Health Care** – Sector classification of companies that provide health related services or products.
- Information Ratio** – Measures the consistency of out-performance. Excess return divided by Standard deviation of excess return.
- Information Technology** – Sector classification of companies that are involved in the development, installation, and implementation of computer systems and applications.
- Industrials** – Sector classification of companies that manufacture or distribute goods.
- Manager Effect** – In attribution analysis, this examines the difference between a manager's returns versus his or her respective benchmark.

# Definitions

**Materials** – Sector classification of companies that are involved in the discovery, development, and processing of raw materials.

**Maturity** – Date when the principal or stated value of a fixed income security becomes due and payable in full to the bondholder.

**Policy Allocation** – Targeted allocation across various asset classes and/or managers.

**Price to Book Ratio (P/B)** – The current price of a stock divided by its book value per share.

**Price to Earnings Ratio (P/E)** – The current price of a stock divided by its earnings per share.

**Quality Rating** – Bond issuer's credit quality, or its ability to meet future contractual obligations. (Moody's and S&P's)

**R-Squared** – Measure of how closely related are the variance of a manager's returns to the variance of the benchmark's returns.

**Range** – The difference between the Best Quarter and the Worst Quarter returns.

**Return on Equity (ROE)** – Equity (net worth) at the beginning of an accounting period divided into net income for the period.

**Return/Risk Comparison** – Analysis that exhibits the rate of return in relation to the volatility of those returns as measured by the annualized standard deviation of quarterly returns.

**Risk Free** – The equivalent of an investment with little to no risk of market loss, typically defined as short term Treasury bills.

**Sharpe Ratio** – This measures excess return per unit of risk. A higher ratio means the manager is achieving higher return for the risk.

**Sortino Ratio** – Similar to Sharpe Ratio, this measures excess return per unit of downside risk.

**Standard Deviation** – A statistical measure of portfolio risk, it measures the volatility of a fund's returns compared to the average return of the fund. It reflects the average deviation of the observations from their sample mean.

**Telecommunication Service** – Sector classification of companies that provide communication technology related services or products.

**Time-Weighted Rate of Return** – Minimizes the impact of cash flows on rate of return calculations.

**Total Return** – For bonds, the sum of interest and principal payments as well as any reinvestment income received over a holding or measurement period, plus any capital gain or loss if the bond is sold at the end of the period.

**Tracking Error** – How closely a fund or manager's returns track the returns of a benchmark.; the annualized standard deviation of the differences between the fund or manager's return and the benchmark's return.

**Transportation** – Sector classification of companies that provide transportation related services or products.

**Treynor Ratio** – Risk is measured using Beta, which is an index dependent measure; relates the difference between the fund return and the risk-free rate to the fund beta for a given time period.

**Universe** – A broadly defined group of investment managers. For example, a group of equity investment managers.

**Up Market** – A quarter in which the market return is positive.

**Upside Deviation** – the standard deviation of positive returns only.

**Upside/Downside** – A graphical representation of up market and down market returns, measured as percentages versus benchmark.

**Utilities** – Sector classification of companies that own or operate facilities used in the generation, transmission, or distribution of electric energy.

**Worst Four Quarters** – Smallest return experienced over any four consecutive quarters, may not correspond with calendar years.

**Worst Quarter** – The worst single quarterly return which occurred during the specified time period.

**Yield** – The return to a bondholder who holds a bond until it matures.

**Yield to Maturity** – Internal rate of return on a bond bought at the current price and held to maturity. This assumes that coupon income is reinvested at the yield to maturity.

# Disclosures

**DATA SOURCES:** The information found in this document was derived from one or more of the following sources: InvestorForce, Morningstar, custodial account statements, money managers.

**CONFLICTS OF INTEREST:** To review information about certain potential conflicts of interest that may exist between GYL Financial Synergies, LLC and our clients, we refer you to GYL Financial Synergies, LLC's Form ADV, Part 2A ("Disclosure Document").

**DISCLOSURE DOCUMENT:** GYL Financial Synergies, LLC makes available to all clients, at no charge, a copy of its Disclosure Document (Part 2A of Form ADV). To receive a copy of this form, please contact us at (860) 206-7400.

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# Disclosures

**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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