

# **Town of Branford Volunteer Fire Incentive Plan**

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SYNERGIES

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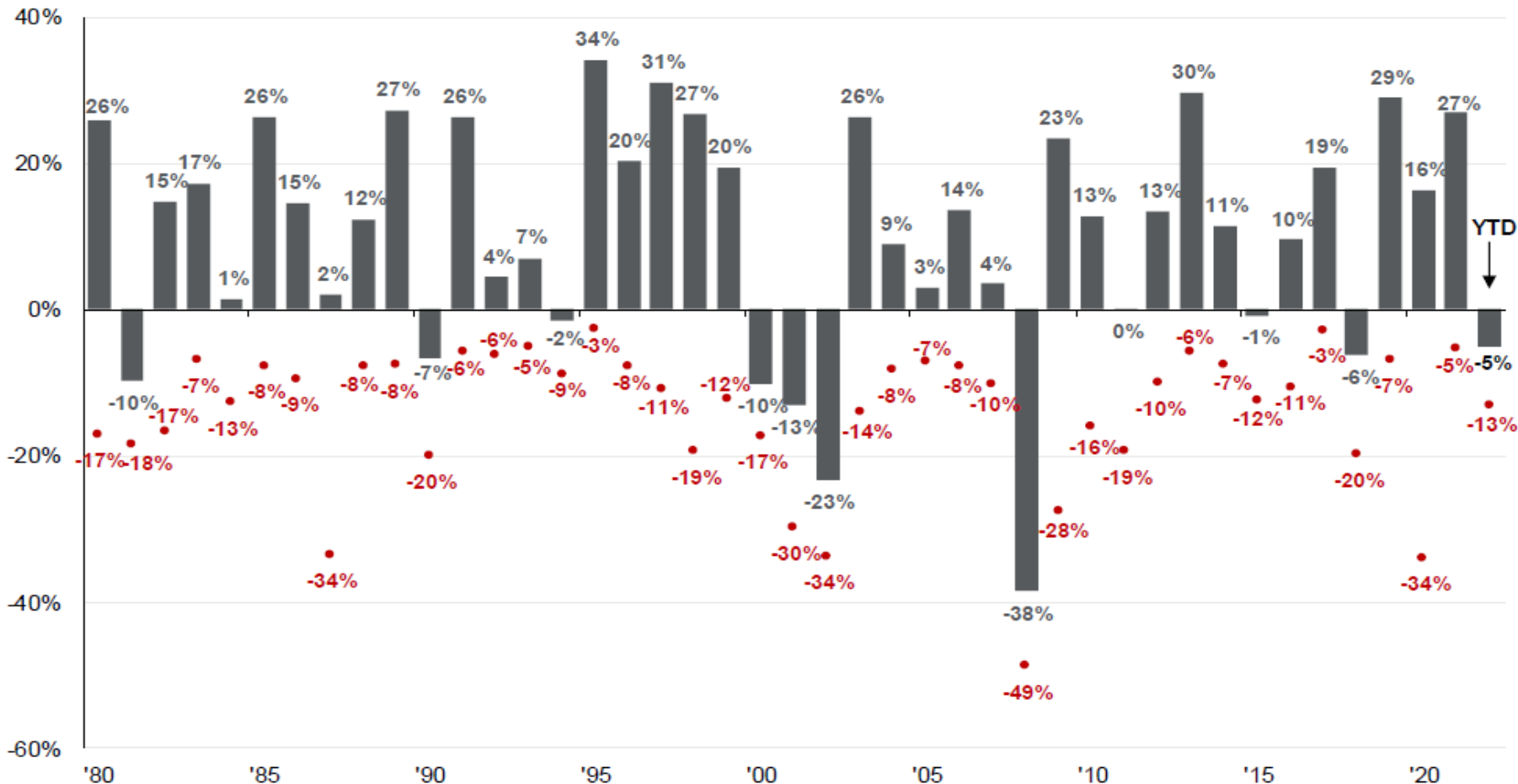
## **1Q22 Performance Review**

This presentation has been prepared specifically for the Town of Branford.

# Annual returns and intra-year declines

## S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.0%, annual returns were positive in 32 of 42 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2021, over which time period the average annual return was 9.4%.

Guide to the Markets – U.S. Data are as of March 31, 2022.

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# Performance Summary

Index Performance as of: 3/31/2022

|                             | <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                  | -0.85          | -0.85      | 11.10         | 12.99         | 10.16         | 11.61          | Dow Jones Industrial Avg.                  | -4.10          | -4.10      | 7.11          | 12.57         | 13.40         | 12.77          |
| 3000                        | -5.28          | -5.28      | 11.92         | 18.24         | 15.40         | 14.28          | Wilshire 5000 (Full Cap)                   | -5.55          | -5.55      | 10.77         | 17.88         | 15.20         | 14.10          |
| 3000 Growth                 | -9.25          | -9.25      | 12.86         | 22.68         | 20.16         | 16.64          | <b>International Equity - Broad Market</b> |                |            |               |               |               |                |
| 1000 Value                  | -0.74          | -0.74      | 11.67         | 13.02         | 10.29         | 11.70          | MSCI EAFE                                  | -5.91          | -5.91      | 1.16          | 7.78          | 6.72          | 6.27           |
| 1000                        | -5.13          | -5.13      | 13.27         | 18.71         | 15.82         | 14.53          | MSCI EM                                    | -6.97          | -6.97      | -11.37        | 4.94          | 5.98          | 3.36           |
| 1000 Growth                 | -9.04          | -9.04      | 14.98         | 23.60         | 20.88         | 17.04          | MSCI Frontier Markets                      | -7.90          | -7.90      | 9.39          | 7.28          | 5.96          | 5.89           |
| Mid Cap Value               | -1.82          | -1.82      | 11.45         | 13.69         | 9.99          | 12.01          | MSCI ACWI                                  | -5.36          | -5.36      | 7.28          | 13.75         | 11.64         | 10.00          |
| Mid Cap                     | -5.68          | -5.68      | 6.92          | 14.89         | 12.62         | 12.85          | MSCI ACWI Ex USA                           | -5.44          | -5.44      | -1.48         | 7.51          | 6.76          | 5.55           |
| Mid Cap Growth              | -12.58         | -12.58     | -0.89         | 14.81         | 15.10         | 13.52          | MSCI AC Asia Ex Japan                      | -7.99          | -7.99      | -14.64        | 5.14          | 6.75          | 5.75           |
| 2000 Value                  | -2.40          | -2.40      | 3.32          | 12.73         | 8.57          | 10.54          | <b>International Equity - Country</b>      |                |            |               |               |               |                |
| 2000                        | -7.53          | -7.53      | -5.79         | 11.74         | 9.74          | 11.04          | MSCI Brazil                                | 35.92          | 35.92      | 24.71         | 2.02          | 5.14          | -1.30          |
| 2000 Growth                 | -12.63         | -12.63     | -14.33        | 9.88          | 10.33         | 11.21          | MSCI BRIC                                  | -13.28         | -13.28     | -22.96        | -0.82         | 4.11          | 2.25           |
| <b>Standard &amp; Poors</b> |                |            |               |               |               |                | MSCI China                                 | -14.19         | -14.19     | -32.54        | -3.01         | 3.51          | 4.55           |
| S&P 500                     | -4.60          | -4.60      | 15.65         | 18.92         | 15.99         | 14.64          | MSCI Europe                                | -7.37          | -7.37      | 3.51          | 8.23          | 6.92          | 6.27           |
| Consumer Disc               | -9.03          | -9.03      | 9.79          | 18.60         | 17.16         | 16.70          | MSCI India                                 | -1.86          | -1.86      | 17.86         | 12.85         | 11.08         | 8.64           |
| Consumer Staples            | -1.01          | -1.01      | 16.10         | 14.00         | 10.16         | 11.52          | MSCI Japan                                 | -6.61          | -6.61      | -6.47         | 6.84          | 6.10          | 6.46           |
| Energy                      | 39.03          | 39.03      | 64.30         | 11.05         | 6.73          | 4.20           | MSCI EM Latin America                      | 27.26          | 27.26      | 23.54         | 3.17          | 4.09          | -1.14          |
| Financials                  | -1.48          | -1.48      | 14.69         | 16.76         | 12.36         | 13.86          | MSCI Russia                                | -100.00        | -100.00    | -100.00       | -98.86        | -92.83        | -73.84         |
| Health Care                 | -2.58          | -2.58      | 19.10         | 16.47         | 15.10         | 15.87          |  |                |            |               |               |               |                |
| Industrials                 | -2.36          | -2.36      | 6.14          | 13.18         | 11.27         | 12.71          |  |                |            |               |               |               |                |
| Information Technology      | -8.36          | -8.36      | 20.90         | 30.54         | 26.81         | 20.57          |  |                |            |               |               |               |                |
| Materials                   | -2.37          | -2.37      | 13.92         | 19.22         | 13.28         | 11.35          |  |                |            |               |               |               |                |
| Real Estate                 | -6.22          | -6.22      | 25.75         | 13.76         | 12.62         | 11.33          |  |                |            |               |               |               |                |
| Telecom Services            | -11.92         | -11.92     | -0.93         | 15.50         | 9.58          | 9.93           |  |                |            |               |               |               |                |
| Utilities                   | 4.77           | 4.77       | 19.93         | 12.19         | 11.42         | 11.76          |  |                |            |               |               |               |                |

Source: Morningstar

# Performance Summary

Index Performance as of: 3/31/2022

|                              | <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      | -5.93          | -5.93      | -4.15         | 1.69          | 2.14          | 2.24           | Barclays Municipal             | -6.23          | -6.23      | -4.47         | 1.53          | 2.52          | 2.88           |
| Barclays US Aggregate 1-3 Yr | -2.50          | -2.50      | -2.91         | 0.92          | 1.21          | 1.08           | Barclays Municipal 3 Yr        | -3.56          | -3.56      | -3.31         | 0.66          | 1.08          | 1.15           |
| Barclays US Aggregate 3-5 Yr | -4.47          | -4.47      | -5.00         | 1.07          | 1.50          | 1.67           | Barclays Municipal 5 Yr        | -5.10          | -5.10      | -4.48         | 0.85          | 1.51          | 1.78           |
| Barclays US Aggregate 5-7 Yr | -5.21          | -5.21      | -4.59         | 1.49          | 1.96          | 2.10           | Barclays Municipal 7 Yr        | -5.70          | -5.70      | -4.85         | 1.12          | 2.04          | 2.38           |
| BofAML 3-Month T-Bill        | 0.04           | 0.04       | 0.06          | 0.81          | 1.13          | 0.63           | Barclays HY Muni               | -6.53          | -6.53      | -1.35         | 4.04          | 5.25          | 5.44           |
| Barclays U.S. Gov't          | -5.53          | -5.53      | -3.69         | 1.40          | 1.76          | 1.67           | <b>Alternative Investments</b> |                |            |               |               |               |                |
| Barclays U.S. Credit         | -7.42          | -7.42      | -4.16         | 2.81          | 3.18          | 3.44           | Alerian MLP                    | 18.81          | 18.81      | 36.56         | 2.70          | -0.07         | 1.28           |
| Barclays High Yield Corp.    | -4.84          | -4.84      | -0.66         | 4.58          | 4.69          | 5.75           | Bloomberg Commodity            | 25.55          | 25.55      | 49.25         | 16.12         | 9.00          | -0.70          |
| Barclays TIPS                | -3.02          | -3.02      | 4.29          | 6.22          | 4.43          | 2.69           | FTSE NAREIT Equity REIT        | -3.86          | -3.86      | 26.49         | 11.12         | 9.63          | 9.81           |
| Barclays Global Aggregate    | -6.15          | -6.15      | -7.89         | -0.19         | 1.27          | 0.06           | S&P Global Natural Res.        | 16.81          | 16.81      | 30.80         | 15.37         | 12.45         | 5.50           |
| Barclays Gbl Agg Ex USD      | -6.16          | -6.16      | -6.40         | 0.69          | 1.70          | 1.04           | S&P N. Amer Natural Res.       | 29.37          | 29.37      | 51.58         | 14.07         | 7.56          | 3.48           |
| JPM EMBI Global Div          | -9.26          | -9.26      | -6.18         | 0.52          | 1.68          | 3.45           |                                |                |            |               |               |               |                |

Source: Morningstar

# Performance drivers

## 1. Expectations for Fed tightening became a headwind for markets

- The Fed raised rates by 25 basis points in its March meeting and in subsequent comments, Fed officials have signaled increasingly hawkish views. The market has priced a Fed Funds rate of nearly 3% by the end of 2022.
- The minutes from the March meeting showed that Fed officials discussed shrinking the Fed's balance sheet beginning in May, which will drain liquidity from the market.
- The Russian invasion of Ukraine has caused a spike in the price of commodities, which is adding to already elevated inflationary pressures. While this has created an uncertain growth outlook, Fed officials seem focused on inflation.
- **GYL View:** The Fed seems committed to bringing inflation down. The market has already priced in significant tightening, which should allow the Fed some room to maneuver, if needed. However, an aggressive pace of tightening could weigh on equity valuations and increase the odds of a recession over the intermediate-term.

## 2. Geopolitical risks high

- Russia's invasion of Ukraine has heightened tensions around the globe. The human impact has been devastating and the risk of escalation remains. While markets have remained relatively calm to date, the supply shock to energy and other commodities raises downside economic risks. The war's impact on food inputs also risks spilling over and creating unrest in other parts of the world.
- COVID related lockdowns in China have weighed on output and sentiment, adding to global supply chain constraints.
- **GYL View:** Political risks became increasingly prevalent throughout the quarter and could lead to additional volatility and downside risk.

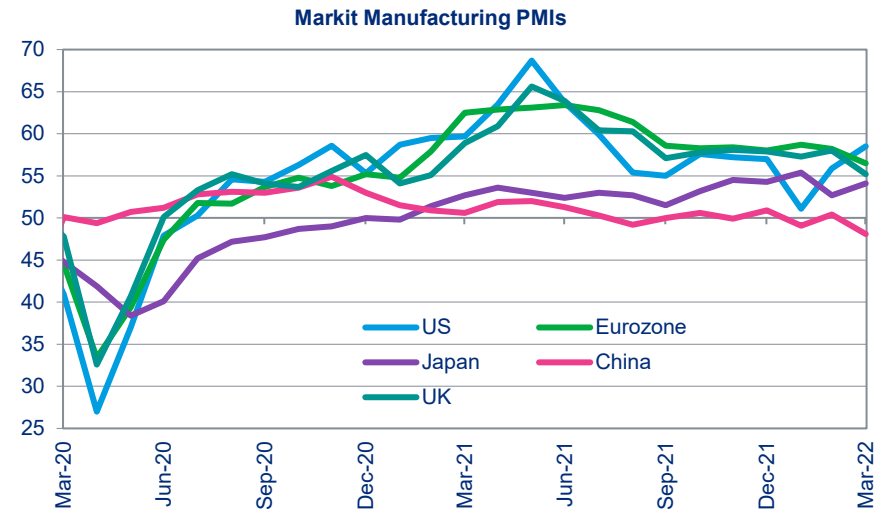
## 3. Downside economic risks have grown

- Global economic growth entered the year on a strong trajectory, and should be able to absorb the short-term impacts of the Russia-Ukraine conflict and Fed tightening.
- The labor market remains strong and is likely nearing full employment. This has contributed to wage increases, and is supporting consumer spending. While demand for goods remains strong and firms have been able to maintain healthy margins, there is likely a point where continued rising prices would begin to weigh on economic activity.
- The war in Ukraine is expected to cause supply disruptions and shortages in energy, metals, food, fertilizer and other commodities. This will add to existing supply chain problems in many sectors of the economy.
- **GYL View:** We expect the global economy to continue to expand over the short-term. However, the risk of a recession could rise late this year and into 2023 as financial conditions tighten. This makes us more cautious on the outlook for equities and other growth assets.

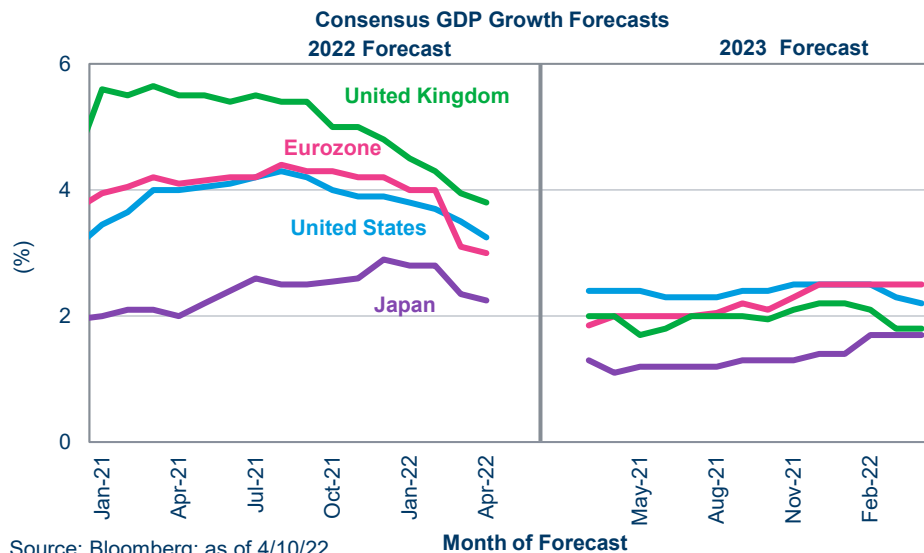
# Economic fundamentals

## Growth outlook moderates

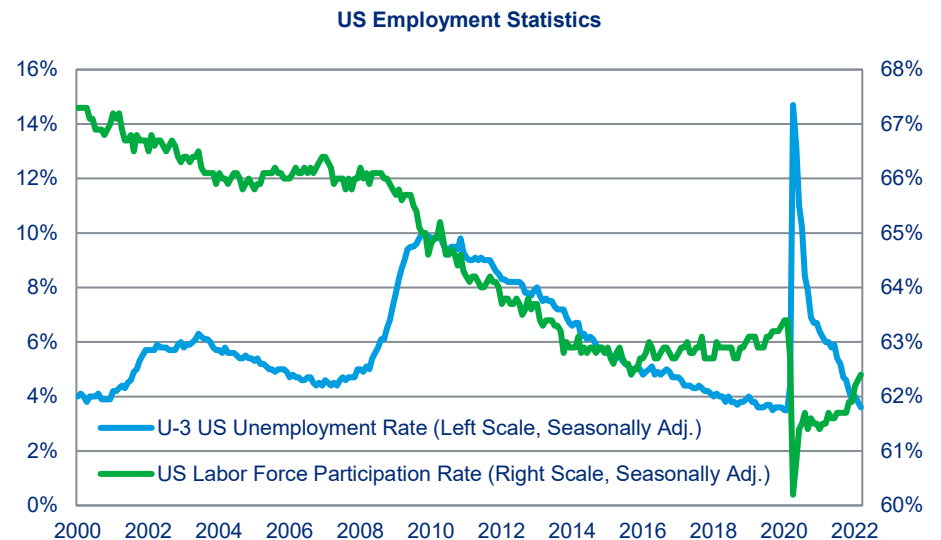
- Economic fundamentals remain strong, although the growth outlook has been tempered by the spike in commodity prices. Consensus growth forecasts have declined for 2022, but so far forecasts for 2023 have remained fairly stable.
- Manufacturing PMIs remain in expansionary territory for most developed markets, although they have trended downward recently for the UK and Europe. China's PMI has dipped into contractionary territory amid recent COVID-19 related lockdowns.
- The US unemployment rate (U-3)<sup>1</sup> has fallen to 3.6% after peaking at 14.7% in April 2020. The labor force participation rate is trending higher, but it remains slightly below pre-pandemic levels.



Source: Bloomberg; as of 3/31/22



Source: Bloomberg; as of 4/10/22



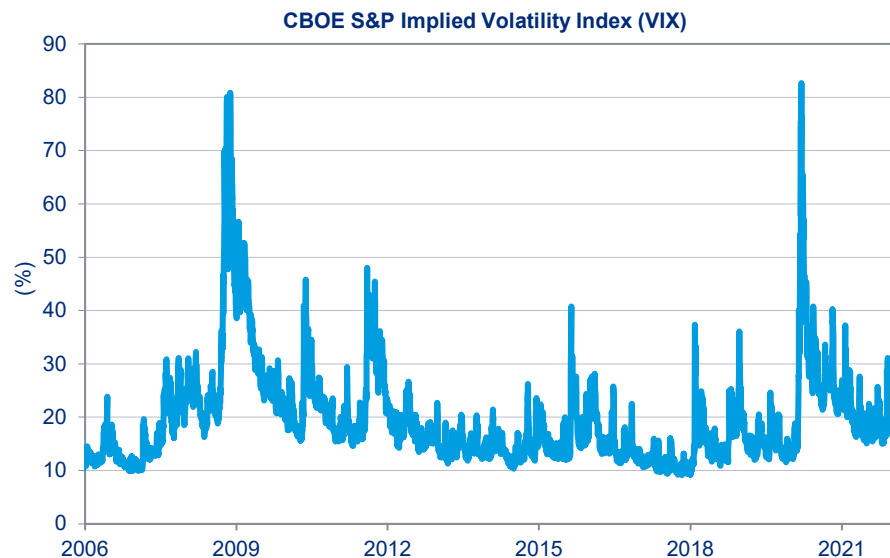
Source: Bureau of Labor Statistics; as of 3/31/22

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

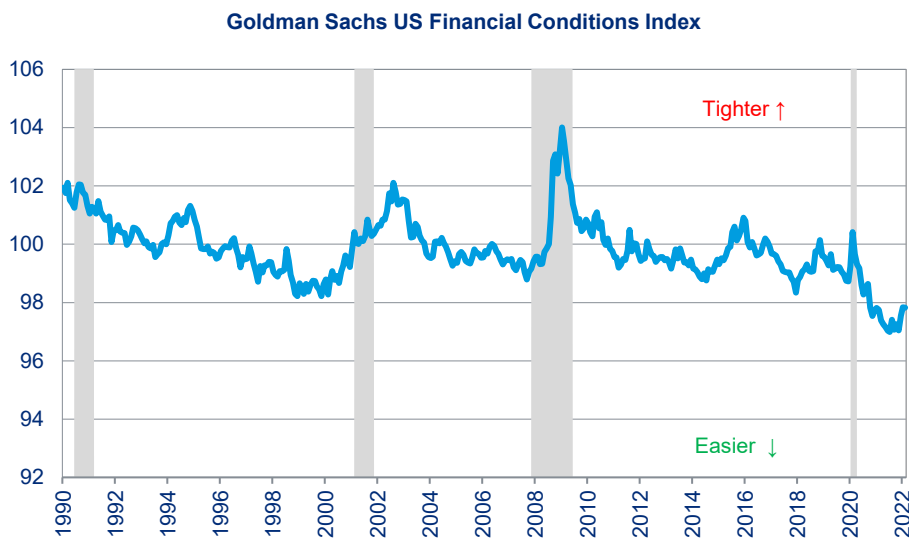
# Risk factors

## US inflation continued to move higher

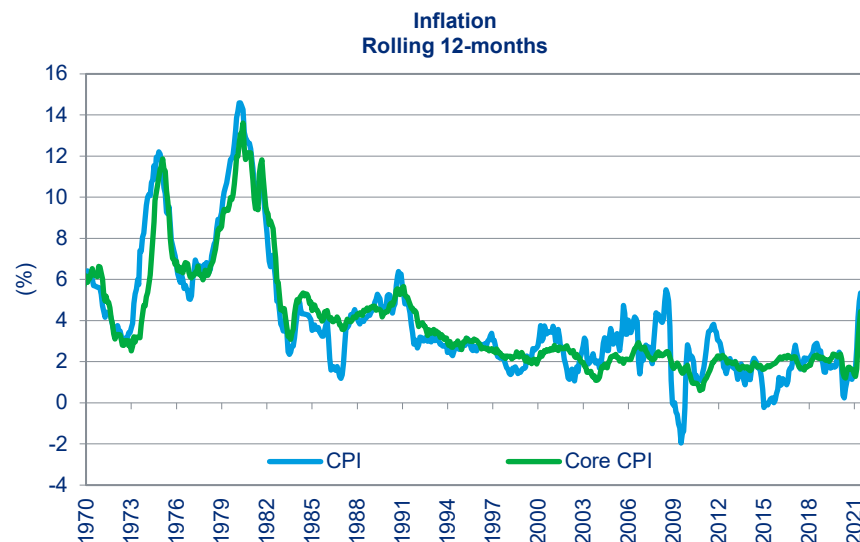
- US inflation continued to move higher in Q1, and guidance from Federal Open Market Committee members has become increasingly hawkish.
- The Russian invasion of Ukraine has caused a commodity price spike, which has raised inflation expectations and reduced growth expectations, putting central bankers in an increasingly difficult position.
- The VIX index rose from 17 to 21 during the quarter, after spiking to around 36 in early-March<sup>1</sup> on Russia's invasion of Ukraine and concerns about Fed tightening.
- Financial conditions tightened during the quarter as rates rose, although the Goldman Sachs US Financial Conditions Index remains easy relative to history.



Source: Bloomberg; as of 3/31/22



Source: Bloomberg; as of 3/31/22



Source: Bloomberg; through 3/31/22

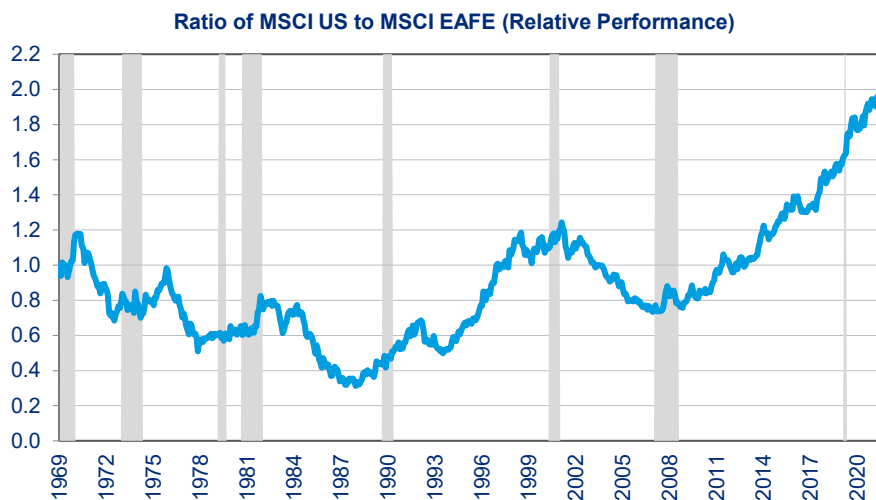
<sup>1</sup> Source: Bloomberg; as of 3/31/22



# Regional equity returns

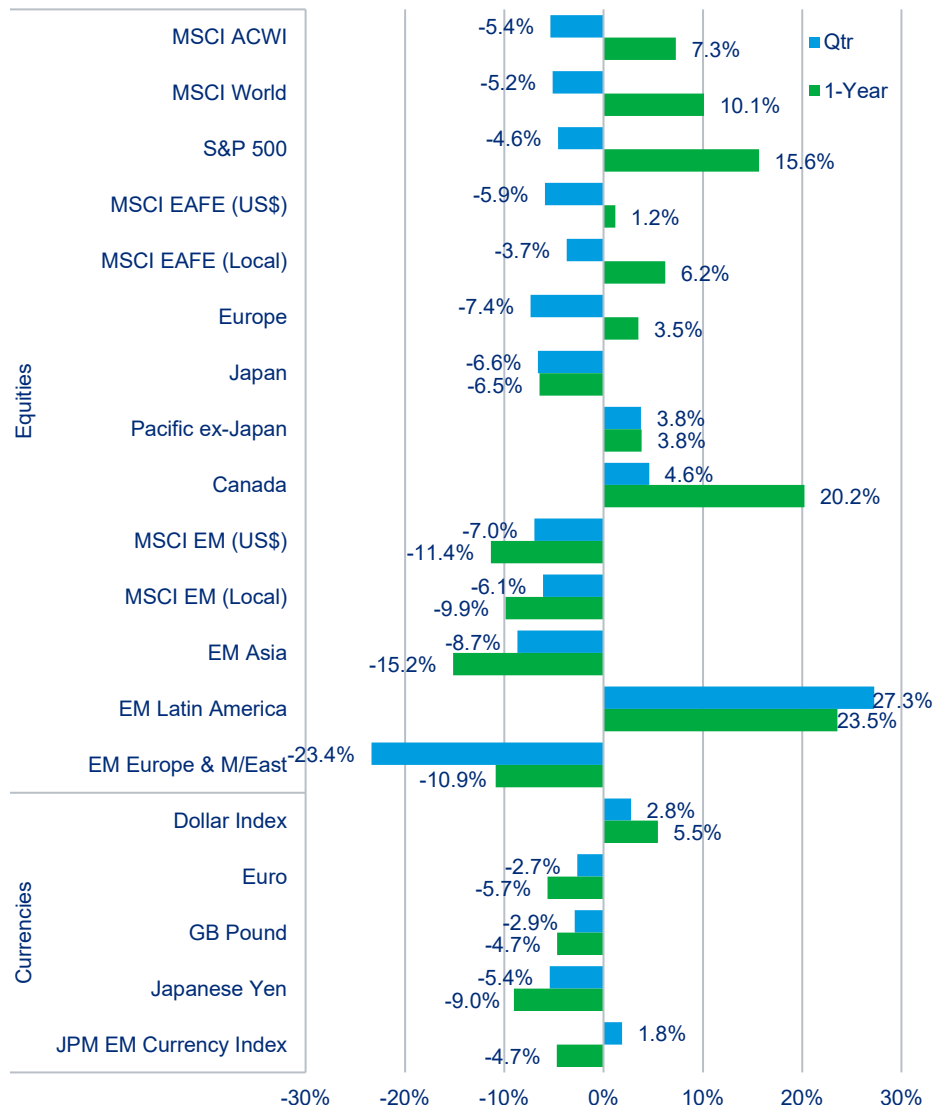
## Global equities stumbled on tightening fears

- Global equities declined in Q1, with the MSCI ACWI index falling 5.4% for the quarter. Over the past one-year, the index was up 7.3%.
- The S&P 500 fell 4.6% during the quarter, but held up better than most other regions. The S&P 500 returned 15.6% over the past year.
- International developed stocks declined 5.9% in Q1, reducing the one-year gain to 1.2%. A stronger dollar detracted 220 bps from US\$ returns during the quarter.
- Emerging market equities fell 7.0% in Q1 and were down 11.4% over the past year. European emerging markets posted steep losses due to the conflict in Ukraine, while Latin American emerging markets rose due to commodity price increases.



Source: Datastream; as of 3/31/22

## Global Performance

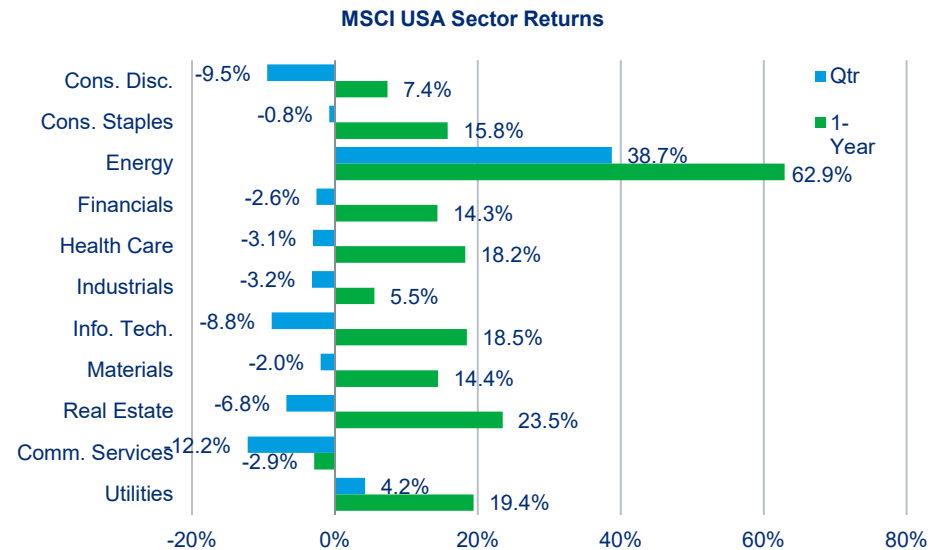


Source: Bloomberg, Datastream; as of 3/31/22

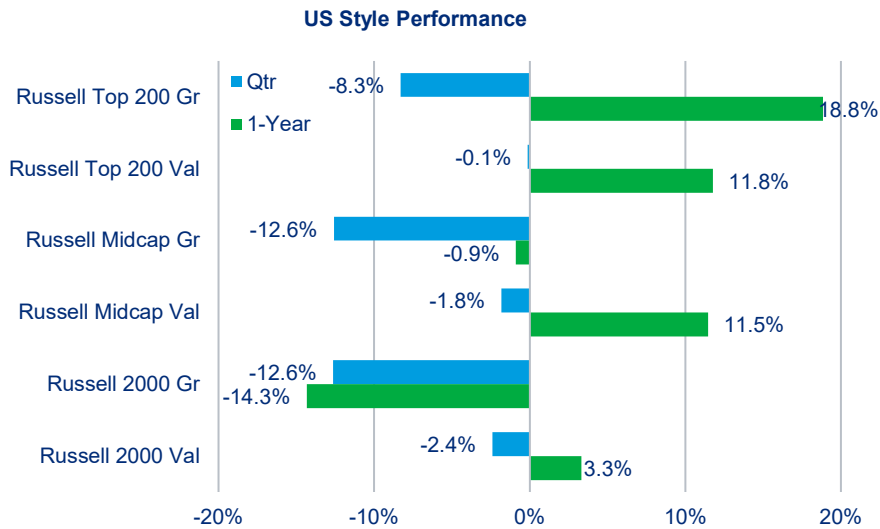
# US equity factor and sector returns

## Large-caps and value stocks outperformed in Q1

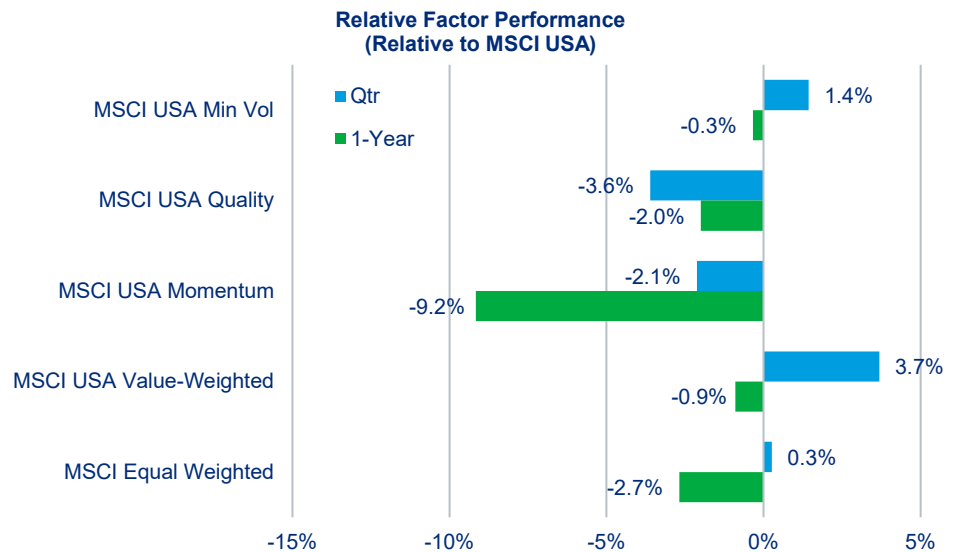
- Large-caps outperformed small-caps during Q1 and over the past year. Value outperformed growth during the quarter. Over the past year, growth led value among large-caps, while value led among small-caps.
- The value and minimum volatility factors outperformed during Q1, while other factors generally lagged. Momentum has been the worst performing factor over the past one-year.
- The energy sector spiked during Q1 on higher oil prices, and it was the best performing sector over the past one-year. Communication services was the worst performing sector over the past quarter and one-year.



Source: Bloomberg; as of 3/31/22



Source: Datastream; as of 3/31/22

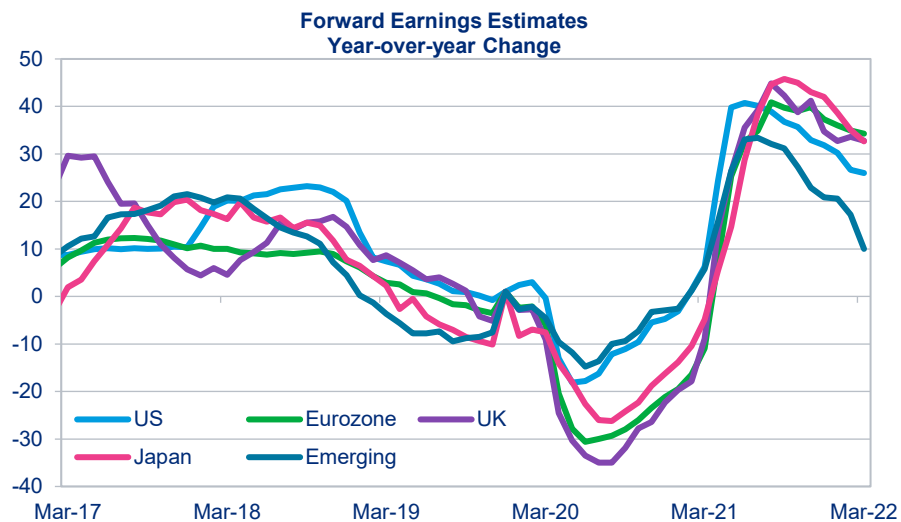


Source: MSCI; as of 3/31/22

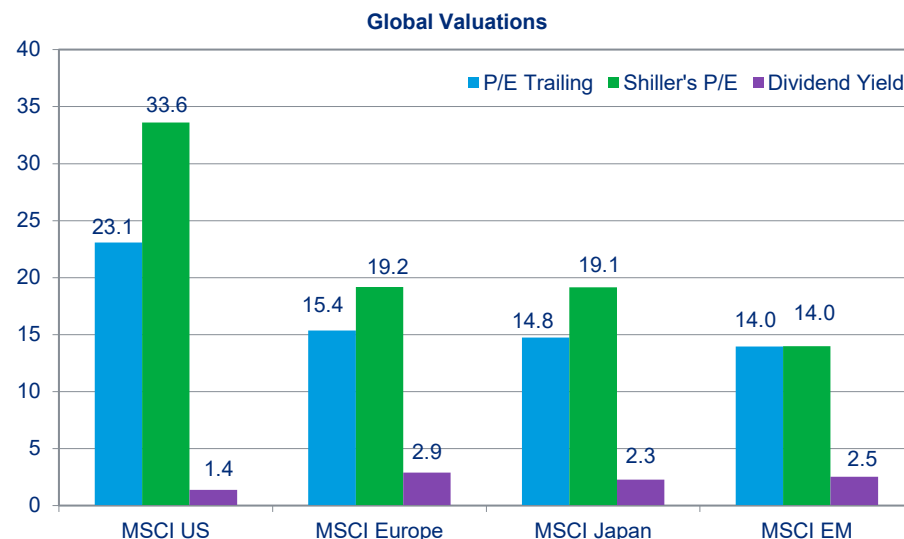
# Equity fundamentals

## Valuations move lower

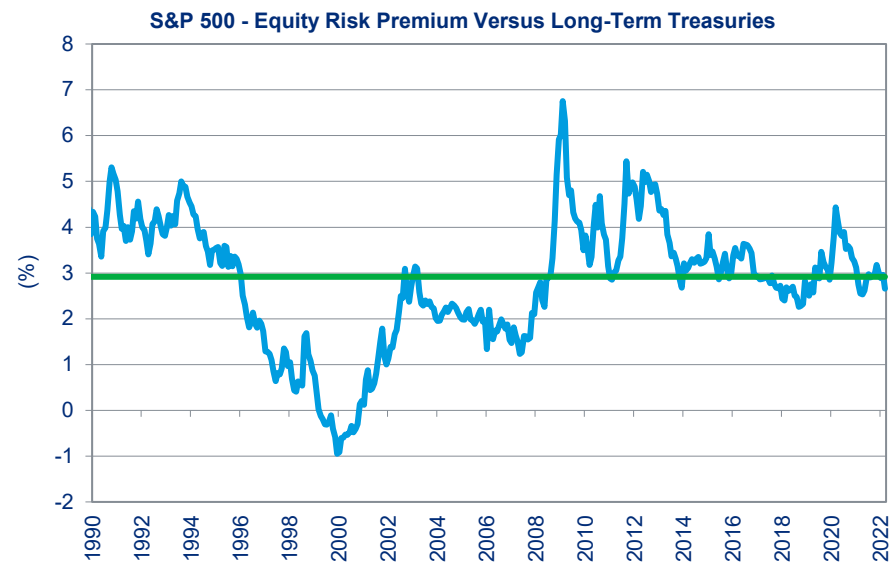
- Valuations generally improved during the quarter as price declined and earnings improved. The trailing P/E ratio on the MSCI US Index fell from 26.1 to 23.1<sup>1</sup>. We estimate that the equity risk premium over long-term Treasuries fell from 3.0% to 2.7%<sup>2</sup> as the increase in yields outweighed improving valuations.
- International developed stocks remain more reasonably valued than US stocks, although the Russia-Ukraine conflict and its impact on energy and other commodity prices presents risks, particularly for Europe.
- Emerging market valuations remain more attractive than developed markets. Recent lockdowns in China are a risk to emerging markets, although policymakers have indicated a more accommodative stance recently.



Source: Datastream; as of 3/31/22



Source: Bloomberg, Datastream, Mercer; as of 3/31/22



Source: Bloomberg, Datastream, Mercer; as of 3/31/22

<sup>1</sup> Source: Refinitiv; as of 3/31/22

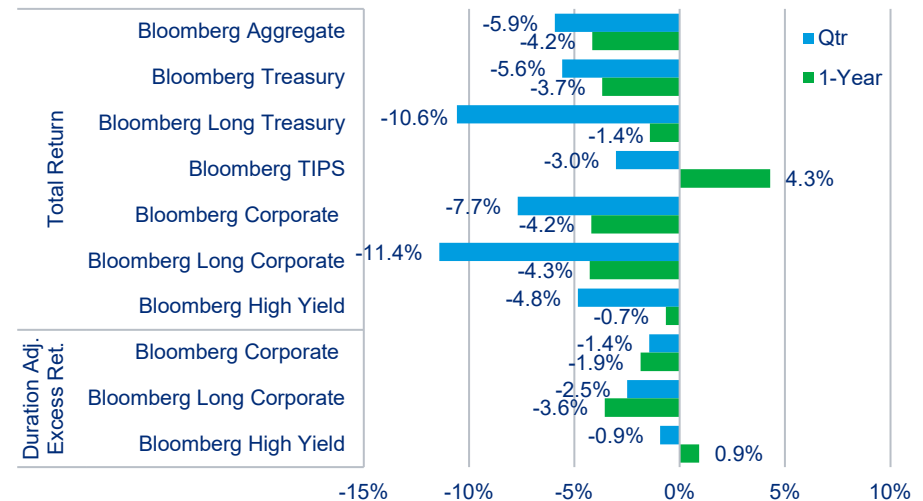
<sup>2</sup> Source: MSCI, Refinitiv, Mercer; as of 3/31/22

# Interest rates and fixed income

## Rising rates and spreads weigh on fixed income returns

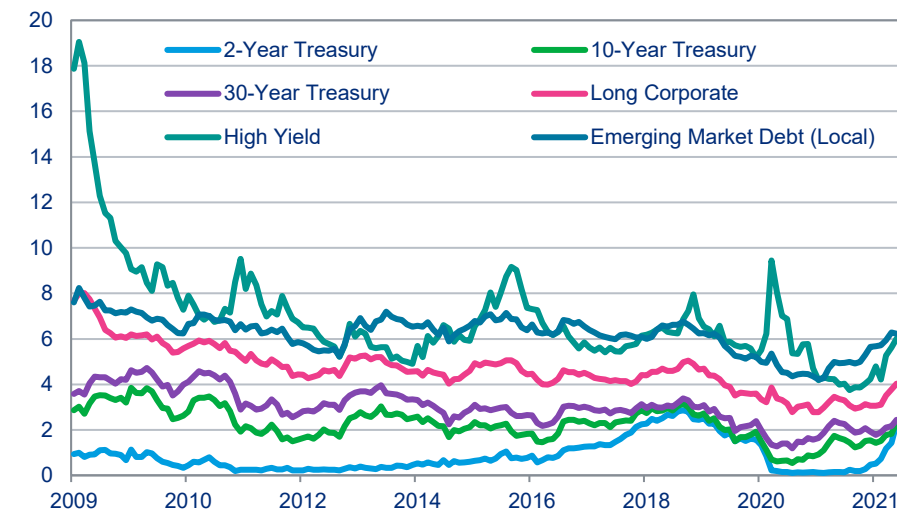
- The Bloomberg Aggregate declined 5.9% during the quarter. Treasuries declined 5.6%, but outperformed corporate bonds, which declined 7.7%. The yield curve flattened during the quarter, with two-year yields rising 155 bps, while 30-year yields rose by 54 bps<sup>1</sup>.
- Credit spreads on investment-grade corporate bonds rose an average of 23 bps during the quarter to 1.2%, which is roughly 5 bps above the long-term median level<sup>2</sup>.
- High yield bonds declined 4.8% during the quarter, as credit spreads rose 42 bps to 3.3%. High yield spreads are still 136 bps below the long-term median level of 4.6%<sup>2</sup>. Local currency EMD declined 6.5% during Q1.

Fixed Income Performance



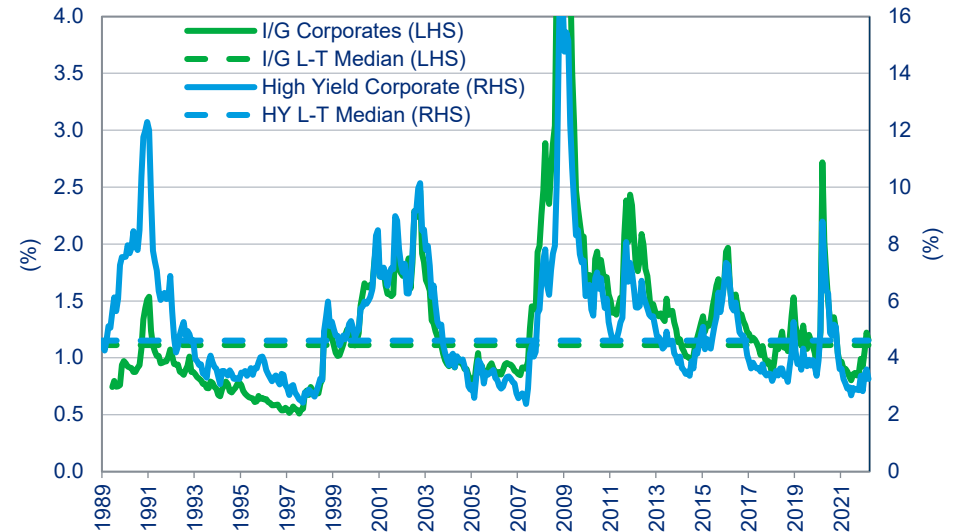
Source: Bloomberg, Datastream; as of 3/31/22

Yield History



Source: Bloomberg, Federal Reserve; as of 3/31/22

Credit Spread to Treasuries



Source: Bloomberg; as of 3/31/22

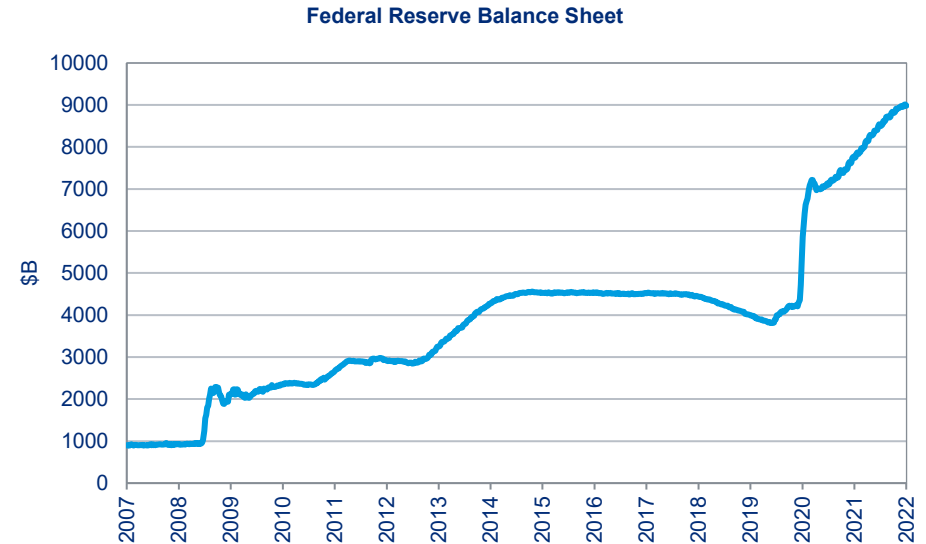
<sup>1</sup> Source: Federal Reserve; as of 3/31/22

<sup>2</sup> Source: Bloomberg, Mercer; as of 3/31/22

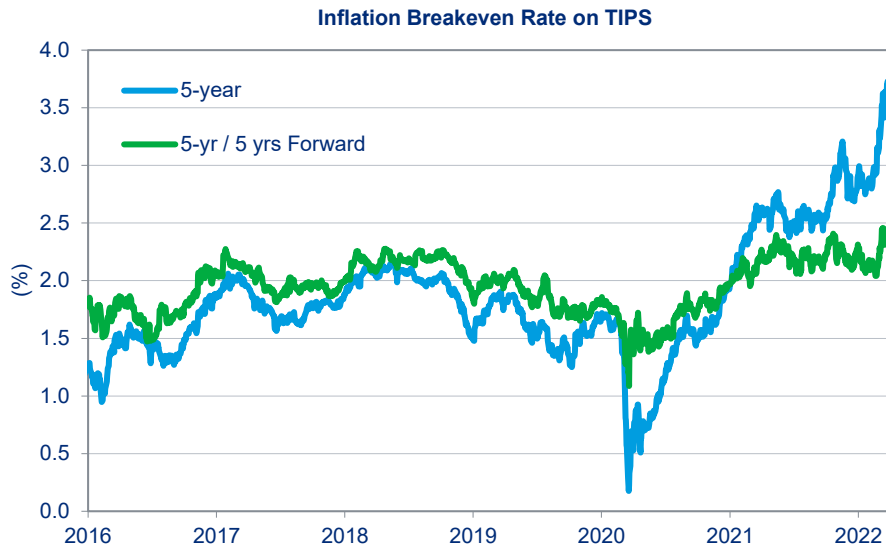
# Monetary policy

## The Fed began its tightening cycle

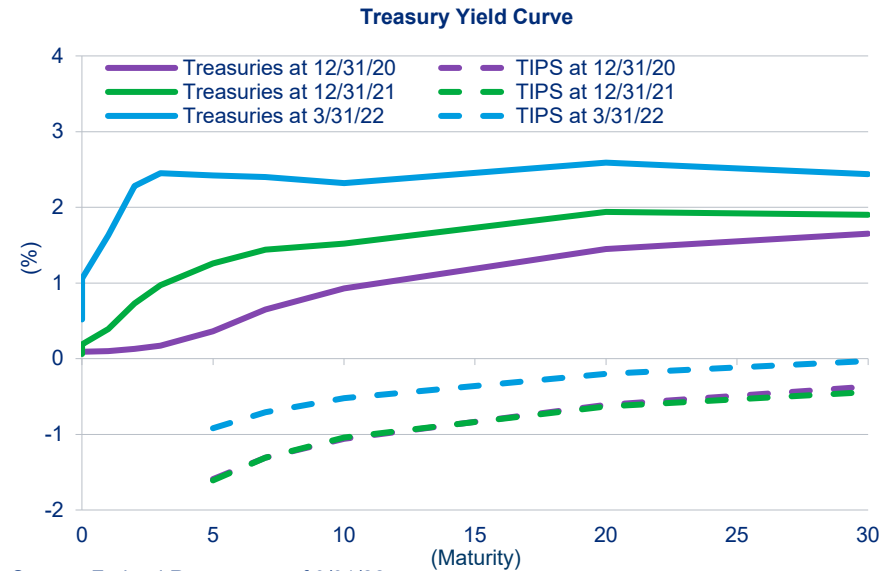
- The Fed raised rates by 25 basis points in its March meeting, its first post-pandemic rate increase. Guidance from Fed officials has become increasingly hawkish, suggesting the potential for 50 basis point rate hikes at FOMC meetings later this year.
- US inflation breakeven rates rose during the quarter, with 10-year inflation breakeven rates rising from 2.6% to 2.8%, slightly above the Fed's target of 2% PCE (roughly 2.5% CPI)<sup>1</sup>.
- Overseas, the European Central Bank left rates unchanged, but accelerated the wind down of its bond buying program. The Bank of England raised its policy rate twice during the quarter to 0.75%.



Source: Bloomberg; as of 3/31/22



Source: Bloomberg, Mercer; as of 3/31/22



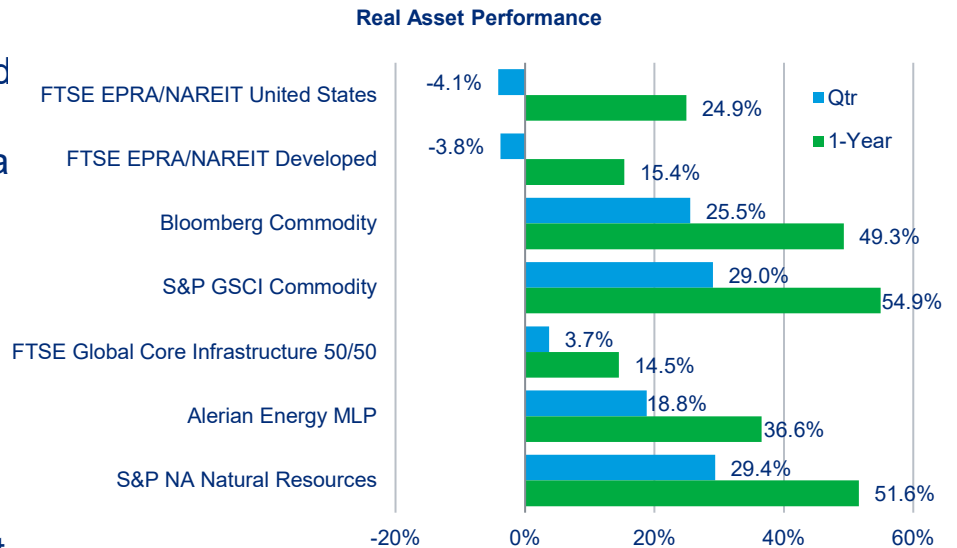
Source: Federal Reserve; as of 3/31/22

<sup>1</sup> Source: St. Louis Fed; as of 3/31/22

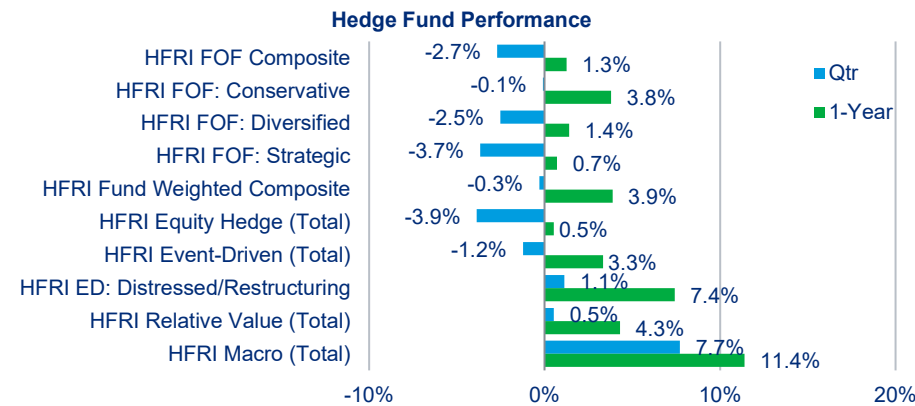
# Alternative investment performance

## Commodities and natural resource stocks spiked

- Infrastructure stocks outperformed broader markets for the quarter, but lagged over the course of the past year. REITs declined roughly 4% during Q1, but outperformed broader equity markets. REITs have broadly benefited from reduced restrictions, but could face challenges in a rising rate environment.
- Commodities spiked in Q1 as investors became concerned with supply disruptions and sanctions following Russia's invasion of Ukraine. This also drove strong gains for natural resource stocks and Master Limited Partnerships (MLPs) during the quarter.
- The HFRI FOF Composite Index declined 2.7% in Q1, but was up 1.3% over the past one-year<sup>1</sup>. Over the past year, macro and distressed strategies generally outperformed.
- Global private equity outperformed global developed stocks over the most recent trailing periods<sup>2</sup>.

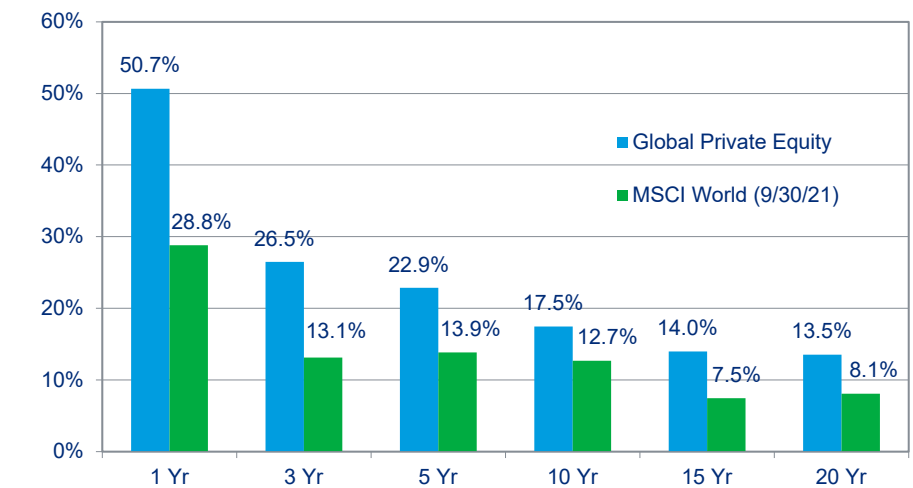


Source: Bloomberg, Datastream; as of 3/31/22



Source: Hedge Fund Research; as of 3/31/22

## Global Private Equity vs. Global Public Equities



Source: Burgiss, Bloomberg; as of 9/30/21

<sup>1</sup> Source: Hedge Fund Research; as of 3/31/22

<sup>2</sup> Source: Burgiss, Bloomberg; as of 9/30/21

# Valuations and yields

Ending March 31, 2022

## Valuations

| <b>MSCI USA</b>      | <b>3/31/2022</b> | <b>12/31/2021</b> | <b>9/30/2021</b> | <b>6/30/2021</b> |
|----------------------|------------------|-------------------|------------------|------------------|
| Index Level          | 19866.9          | 20958.0           | 19038.4          | 18960.7          |
| P/E Ratio (Trailing) | 23.1             | 32.2              | 25.9             | 29.7             |
| CAPE Ratio           | 33.6             | 36.2              | 34.4             | 35.3             |
| Dividend Yield       | 1.4              | 1.5               | 1.4              | 1.3              |
| P/B                  | 4.7              | 4.4               | 4.7              | 4.8              |
| P/CF                 | 18.5             | 20.3              | 20.1             | 20.1             |
| <b>MSCI EAFE</b>     | <b>3/31/2022</b> | <b>12/31/2021</b> | <b>9/30/2021</b> | <b>6/30/2021</b> |
| Index Level          | 7240.4           | 7695.5            | 7493.7           | 7527.2           |
| P/E Ratio (Trailing) | 15.5             | 23.1              | 18.5             | 24.1             |
| CAPE Ratio           | 17.4             | 18.0              | 19.2             | 19.1             |
| Dividend Yield       | 2.9              | 2.4               | 2.5              | 2.3              |
| P/B                  | 1.8              | 1.8               | 1.9              | 1.9              |
| P/CF                 | 7.9              | 7.7               | 7.1              | 6.5              |
| <b>MSCI EM</b>       | <b>3/31/2022</b> | <b>12/31/2021</b> | <b>9/30/2021</b> | <b>6/30/2021</b> |
| Index Level          | 565.8            | 608.3             | 616.4            | 670.6            |
| P/E Ratio (Trailing) | 14.0             | 21.7              | 15.1             | 18.7             |
| CAPE Ratio           | 14.0             | 14.5              | 15.8             | 16.7             |
| Dividend Yield       | 2.5              | 2.0               | 2.2              | 1.9              |
| P/B                  | 1.8              | 2.0               | 1.9              | 2.1              |
| P/CF                 | 8.5              | 8.3               | 9.4              | 9.1              |

Source: Bloomberg, Thomson Reuters Datastream

## Yields

| <b>Global Bonds</b>     | <b>3/31/2022</b> | <b>12/31/2021</b> | <b>9/30/2021</b> | <b>6/30/2021</b> |
|-------------------------|------------------|-------------------|------------------|------------------|
| Germany – 10Y           | 0.55             | -0.18             | -0.20            | -0.21            |
| France – 10Y            | 0.98             | 0.20              | 0.16             | 0.13             |
| UK – 10Y                | 1.61             | 0.97              | 1.02             | 0.72             |
| Switzerland – 10Y       | 0.60             | -0.14             | -0.16            | -0.22            |
| Italy – 10Y             | 2.04             | 1.17              | 0.86             | 0.82             |
| Spain – 10Y             | 1.44             | 0.57              | 0.46             | 0.41             |
| Japan – 10Y             | 0.22             | 0.07              | 0.07             | 0.06             |
| Euro Corporate          | 1.55             | 0.52              | 0.35             | 0.33             |
| Euro High Yield         | 5.18             | 3.55              | 3.16             | 2.97             |
| EMD (\$)                | 6.42             | 5.27              | 5.11             | 4.89             |
| EMD (LCL)               | 6.23             | 5.72              | 5.30             | 4.98             |
| <b>US Bonds</b>         | <b>3/31/2022</b> | <b>12/31/2021</b> | <b>9/30/2021</b> | <b>6/30/2021</b> |
| 3-Month T-Bill          | 0.52             | 0.06              | 0.04             | 0.05             |
| 10Y Treasury            | 2.32             | 1.52              | 1.52             | 1.45             |
| 30Y Treasury            | 2.44             | 1.90              | 2.08             | 2.06             |
| 10Y TIPS                | -0.52            | -1.04             | -0.85            | -0.87            |
| 30Y TIPS                | -0.03            | -0.44             | -0.19            | -0.20            |
| US Aggregate            | 2.92             | 1.75              | 1.56             | 1.50             |
| US Treasury             | 2.42             | 1.23              | 1.01             | 0.95             |
| US Corporate            | 3.60             | 2.33              | 2.13             | 2.04             |
| US Corporate High Yield | 6.01             | 4.21              | 4.04             | 3.75             |

Source: Bloomberg, Thomson Reuters Datastream

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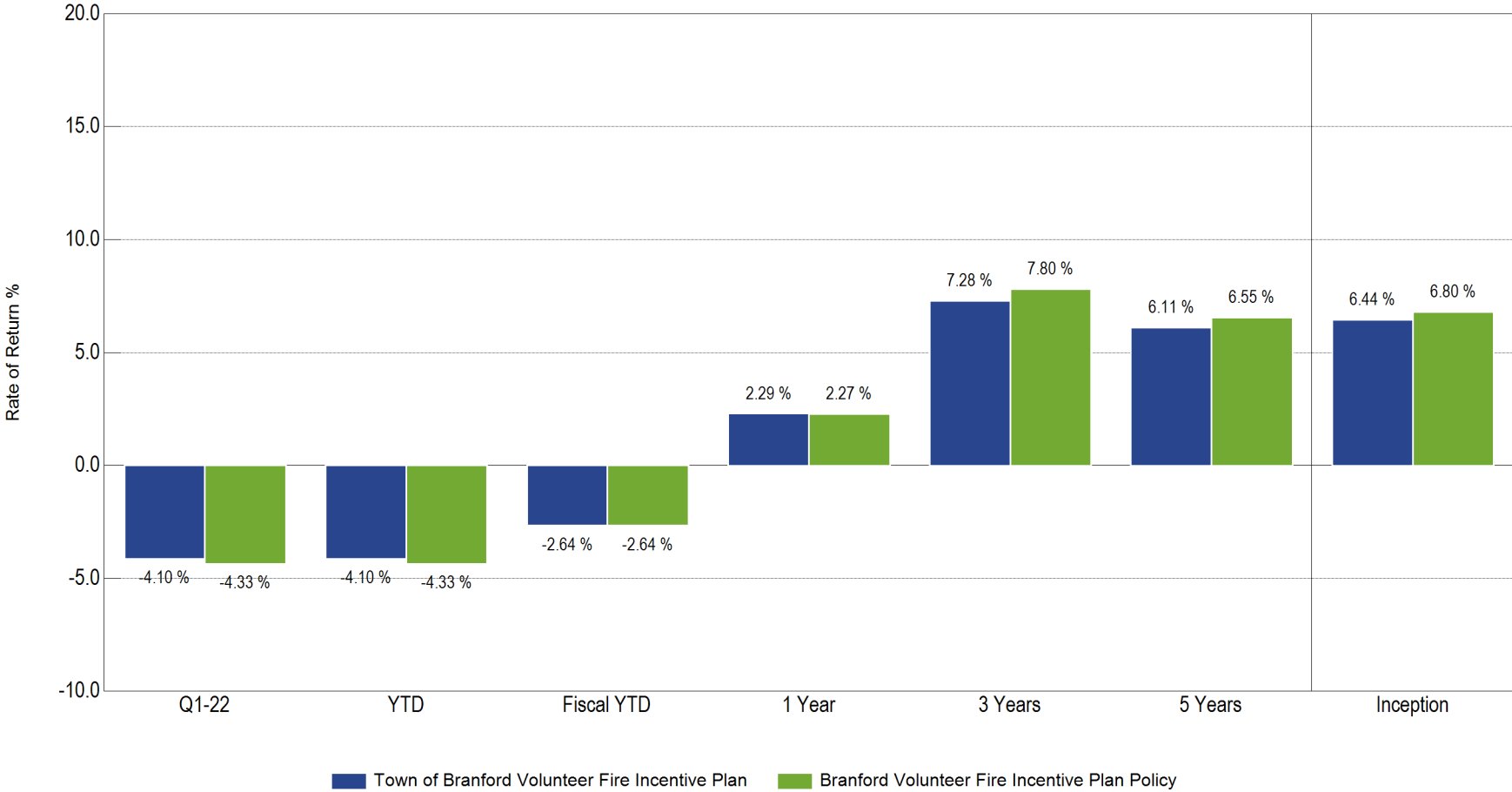
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**CAR20220418MESRLV1Q22**



**Return Summary**



For the purposes of investment comparison, the Branford Volunteer Fire Incentive Plan 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 27.

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 Volunteer Fire Incentive Plan

### Investment Performance Analysis

Composite Performance (Gross)

As of March 31, 2022

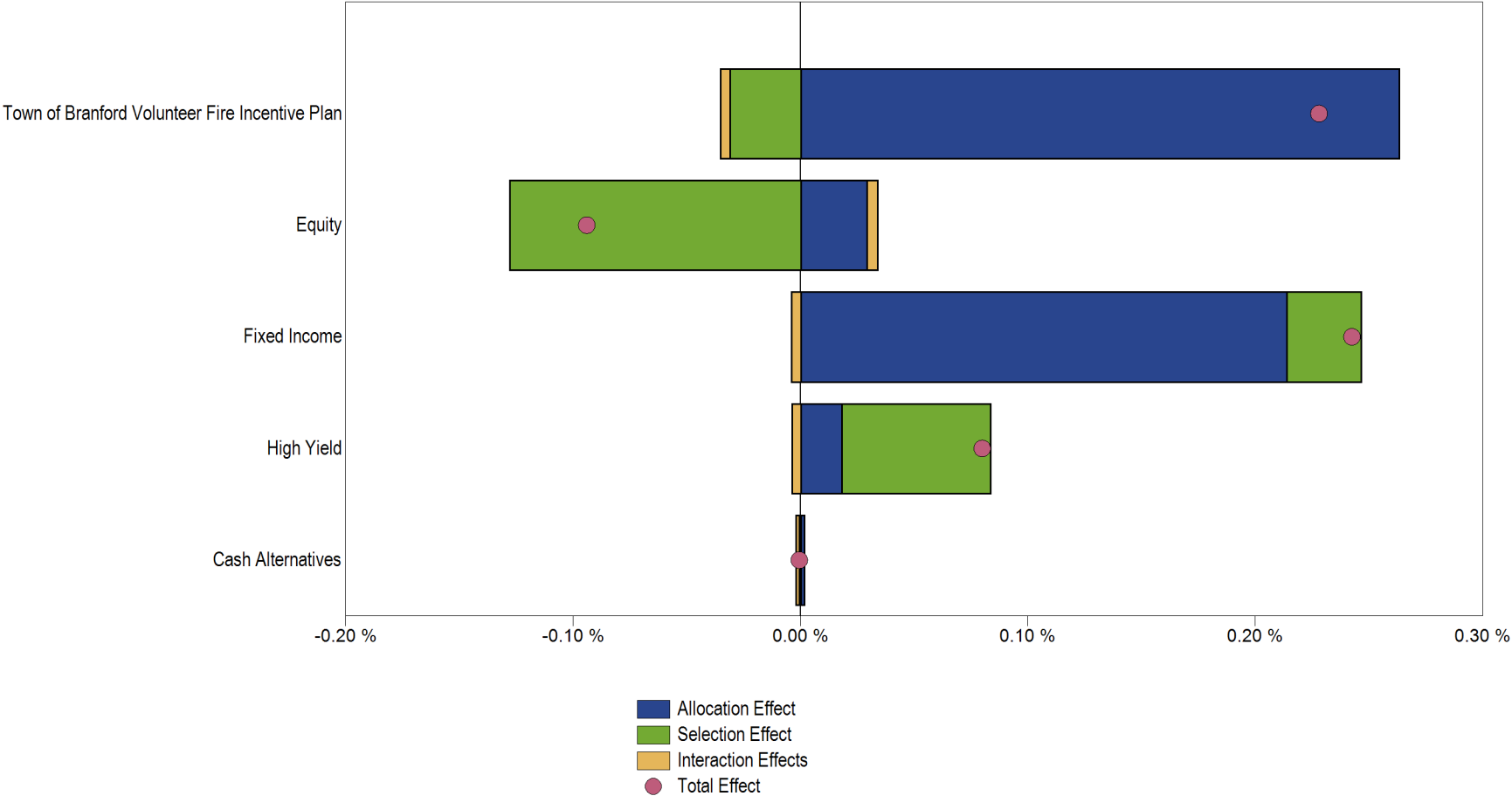
|   | Market Value<br>(\$) | % of<br>Portfolio | Ending March 31, 2022 |              |                      |              |              |              |             | Inception<br>(%) | Inception<br>Date |
|---|----------------------|-------------------|-----------------------|--------------|----------------------|--------------|--------------|--------------|-------------|------------------|-------------------|
|   |                      |                   | 3 Mo<br>(%)           | YTD<br>(%)   | Fiscal<br>YTD<br>(%) | 1 Yr<br>(%)  | 3 Yrs<br>(%) | 5 Yrs<br>(%) |             |                  |                   |
| <b>Town of Branford Volunteer Fire Incentive Plan</b> | <b>1,511,020</b>     | <b>100.00</b>     | <b>-4.10</b>          | <b>-4.10</b> | <b>-2.64</b>         | <b>2.29</b>  | <b>7.28</b>  | <b>6.11</b>  | <b>6.44</b> | <b>Dec-15</b>    |                   |
| <i>Branford Volunteer Fire Incentive Plan Policy</i>  |                      |                   | -4.33                 | -4.33        | -2.64                | 2.27         | 7.80         | 6.55         | 6.80        | Dec-15           |                   |
| <b>Equity</b>   | <b>820,366</b>       | <b>54.29</b>      | <b>-3.75</b>          | <b>-3.75</b> | <b>-1.16</b>         | <b>6.40</b>  | <b>11.52</b> | <b>9.46</b>  | <b>9.84</b> | <b>Dec-15</b>    |                   |
| <i>Equity Custom Benchmark</i>                        |                      |                   | -3.51                 | -3.51        | -0.79                | 6.82         | 11.79        | 9.64         | 10.25       | Dec-15           |                   |
| <b>Fixed Income</b>                                   | <b>463,422</b>       | <b>30.67</b>      | <b>-5.84</b>          | <b>-5.84</b> | <b>-5.95</b>         | <b>-4.28</b> | <b>1.55</b>  | <b>2.07</b>  | <b>1.94</b> | <b>Dec-15</b>    |                   |
| <i>Bloomberg US Aggregate TR</i>                      |                      |                   | -5.93                 | -5.93        | -5.87                | -4.15        | 1.69         | 2.14         | 2.19        | Dec-15           |                   |
| <b>High Yield</b>                                     | <b>107,853</b>       | <b>7.14</b>       | <b>-3.63</b>          | <b>-3.63</b> | <b>-1.90</b>         | <b>0.78</b>  | <b>4.23</b>  | <b>4.27</b>  | <b>5.23</b> | <b>Dec-15</b>    |                   |
| <i>High Yield Bond Blended Benchmark</i>              |                      |                   | -4.49                 | -4.49        | -2.98                | -0.30        | 4.31         | 4.50         | 6.02        | Dec-15           |                   |
| <b>Cash Alternatives</b>                              | <b>119,380</b>       | <b>7.90</b>       | <b>0.00</b>           | <b>0.00</b>  | <b>0.01</b>          | <b>0.01</b>  | <b>0.69</b>  | <b>1.05</b>  | <b>0.91</b> | <b>Dec-15</b>    |                   |
| <i>FTSE T-Bill 3 Months TR</i>                        |                      |                   | 0.03                  | 0.03         | 0.05                 | 0.06         | 0.77         | 1.09         | 0.93        | Dec-15           |                   |

### Composite Performance (Net)

|   | Market Value<br>(\$) | % of<br>Portfolio | Ending March 31, 2022 |              |                      |             |              |              |             | Inception<br>(%) | Inception<br>Date |
|---|----------------------|-------------------|-----------------------|--------------|----------------------|-------------|--------------|--------------|-------------|------------------|-------------------|
|   |                      |                   | 3 Mo<br>(%)           | YTD<br>(%)   | Fiscal<br>YTD<br>(%) | 1 Yr<br>(%) | 3 Yrs<br>(%) | 5 Yrs<br>(%) |             |                  |                   |
| <b>Town of Branford Volunteer Fire Incentive Plan</b> | <b>1,511,020</b>     | <b>100.00</b>     | <b>-4.15</b>          | <b>-4.15</b> | <b>-2.80</b>         | <b>2.07</b> | <b>7.04</b>  | <b>5.80</b>  | <b>6.13</b> | <b>Dec-15</b>    |                   |
| <i>Branford Volunteer Fire Incentive Plan Policy</i>  |                      |                   | -4.33                 | -4.33        | -2.64                | 2.27        | 7.80         | 6.55         | 6.80        | Dec-15           |                   |

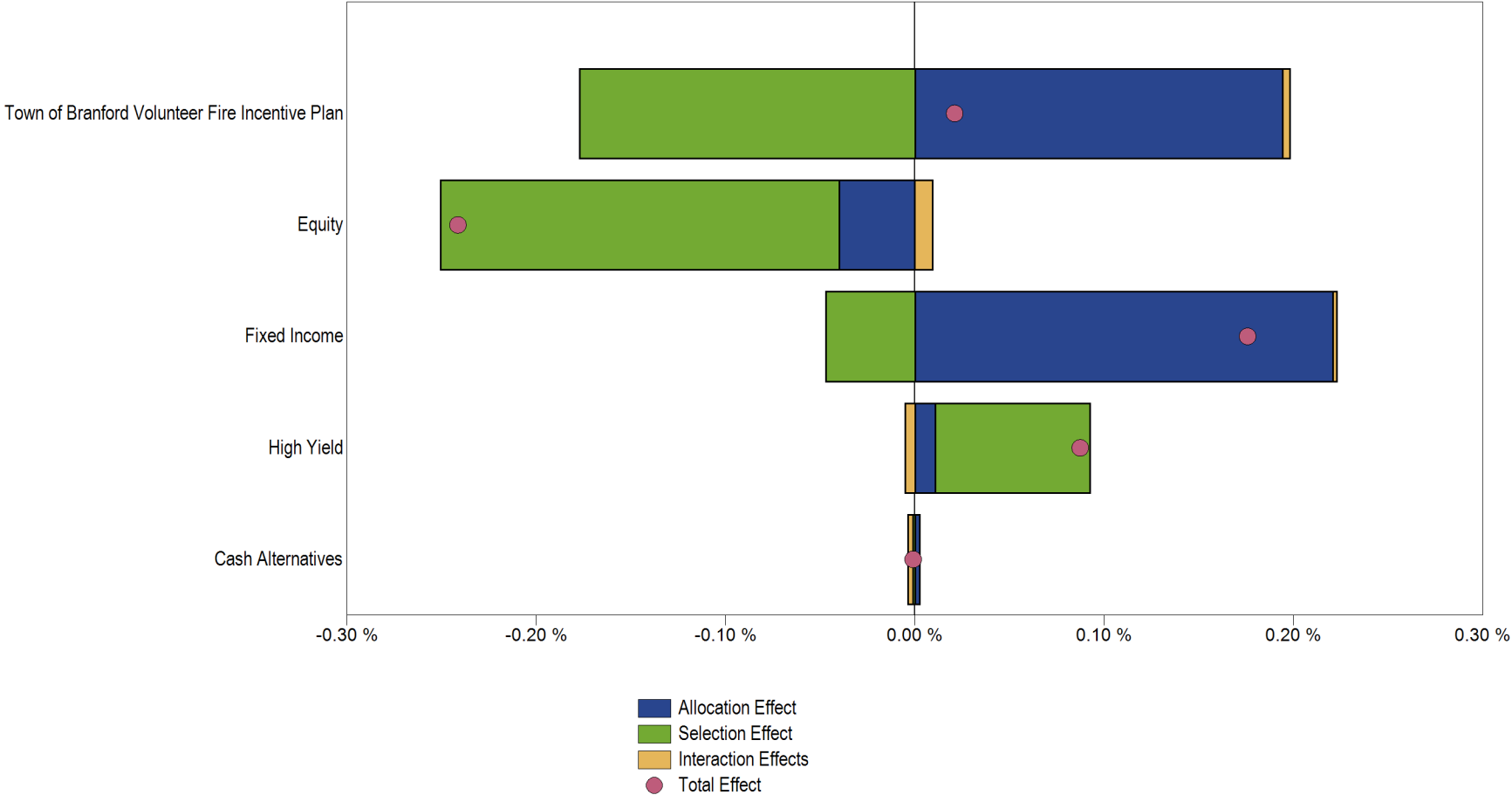
Returns for the Town of Branford Volunteer Fire Incentive Plan (as shown above) are gross of advisory fees. Although our advisory fee is not reflected in the returns reference above, it is important to note that the return streams for registered mutual funds are net of the internal expenses of the Funds. Client returns will be reduced by advisory fees and other expenses the client may incur.

**Attribution Effects**  
**3 Months Ending March 31, 2022**



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 March 31, 2022**



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 March 31, 2022

**Performance Attribution**  
**Quarter Ending March 31, 2022**

|                      | Last 3 Mo.   | YTD          | Fiscal YTD    | 1 Yr         | 3 Yrs         | 5 Yrs         |
|----------------------|--------------|--------------|---------------|--------------|---------------|---------------|
| Wtd. Actual Return   | -4.10%       | -4.10%       | 7.07%         | 2.29%        | 7.37%         | 6.21%         |
| Wtd. Index Return *  | -4.33%       | -4.33%       | 7.42%         | 2.27%        | 7.80%         | 6.51%         |
| <b>Excess Return</b> | <b>0.23%</b> | <b>0.23%</b> | <b>-0.35%</b> | <b>0.02%</b> | <b>-0.43%</b> | <b>-0.29%</b> |
| Selection Effect     | -0.03%       | -0.03%       | -0.17%        | -0.18%       | -0.23%        | -0.14%        |
| Allocation Effect    | 0.26%        | 0.26%        | -0.22%        | 0.19%        | -0.23%        | -0.16%        |
| Interaction Effect   | 0.00%        | 0.00%        | 0.04%         | 0.00%        | 0.03%         | 0.01%         |

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

**Attribution Summary**  
**3 Months Ending March 31, 2022**

|                   | Wtd. Actual<br>Return | Wtd. Index<br>Return | Excess<br>Return | Selection<br>Effect | Allocation<br>Effect | Interaction<br>Effects | Total<br>Effects |
|-------------------|-----------------------|----------------------|------------------|---------------------|----------------------|------------------------|------------------|
| Equity            | -3.75%                | -3.51%               | -0.23%           | -0.13%              | 0.03%                | 0.00%                  | -0.09%           |
| Fixed Income      | -5.84%                | -5.93%               | 0.09%            | 0.03%               | 0.21%                | 0.00%                  | 0.24%            |
| High Yield        | -3.63%                | -4.49%               | 0.87%            | 0.07%               | 0.02%                | 0.00%                  | 0.08%            |
| Cash Alternatives | 0.00%                 | 0.03%                | -0.03%           | 0.00%               | 0.00%                | 0.00%                  | 0.00%            |
| <b>Total</b>      | <b>-4.10%</b>         | <b>-4.33%</b>        | <b>0.23%</b>     | <b>-0.03%</b>       | <b>0.26%</b>         | <b>0.00%</b>           | <b>0.23%</b>     |

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

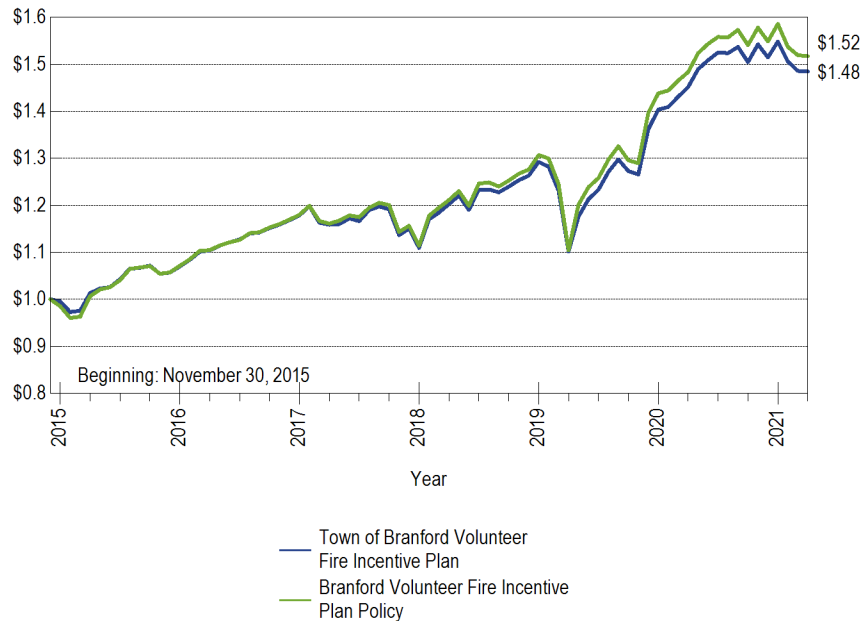
# Town of Branford Volunteer Fire Incentive Plan

## Investment Performance Analysis

Total Plan Information

As of March 31, 2022

**Growth of a Dollar**



### RISK RETURN STATISTICS

Town of Branford Volunteer Fire Incentive Plan

Branford Volunteer Fire Incentive Plan Policy

#### RETURN SUMMARY STATISTICS

|   |        |        |
|---|--------|--------|
| Number of Periods                       | 76     | 76     |
| Maximum Return                          | 7.60   | 8.79   |
| Minimum Return                          | -10.48 | -11.29 |
| Annualized Return                       | 6.44   | 6.80   |
| Total Return                            | 48.49  | 51.72  |
| Annualized Excess Return Over Risk Free | 5.51   | 5.88   |
| Annualized Excess Return                | -0.36  | 0.00   |

#### RISK SUMMARY STATISTICS

|                    |      |      |
|--------------------|------|------|
| Beta               | 0.92 | 1.00 |
| Upside Deviation   | 5.32 | 6.08 |
| Downside Deviation | 7.93 | 8.47 |

#### RISK/RETURN SUMMARY STATISTICS

|                                  |       |      |
|----------------------------------|-------|------|
| Annualized Standard Deviation    | 8.48  | 9.19 |
| Alpha                            | 0.01  | 0.00 |
| Sharpe Ratio                     | 0.65  | 0.64 |
| Excess Return Over Market / Risk | -0.04 | 0.00 |
| Tracking Error                   | 1.18  | 0.00 |
| Information Ratio                | -0.31 | --   |

#### CORRELATION STATISTICS

|             |      |      |
|-------------|------|------|
| R-Squared   | 0.99 | 1.00 |
| Correlation | 0.99 | 1.00 |

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

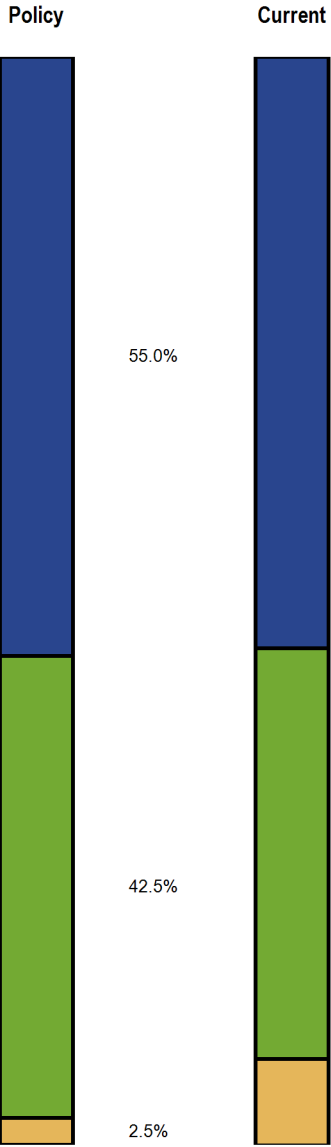
### Summary of Cash Flows

|                        | Last Three Months | Year-To-Date | Fiscal Year-To-Date | One Year    | Three Years | Five Years  | Inception 12/1/15 |
|------------------------|-------------------|--------------|---------------------|-------------|-------------|-------------|-------------------|
| Beginning Market Value | \$1,585,027       | \$1,585,027  | \$1,492,691         | \$1,430,165 | \$1,094,680 | \$928,706   | \$55,973          |
| Contributions          | \$4,847           | \$4,847      | \$108,317           | \$133,860   | \$620,963   | \$1,144,113 | \$2,919,235       |
| Withdrawals            | -\$13,928         | -\$13,928    | -\$48,868           | -\$84,167   | -\$478,346  | -\$922,005  | -\$1,905,629      |
| Net Cash Flow          | -\$9,080          | -\$9,080     | \$59,450            | \$49,693    | \$142,617   | \$222,108   | \$1,013,606       |
| Net Investment Change  | -\$64,927         | -\$64,927    | -\$41,120           | \$31,162    | \$273,723   | \$360,207   | \$441,441         |
| Ending Market Value    | \$1,511,020       | \$1,511,020  | \$1,511,020         | \$1,511,020 | \$1,511,020 | \$1,511,020 | \$1,511,020       |

Investment Performance Analysis

Asset Allocation vs. Target Policy

As of March 31, 2022



**Asset Allocation vs. Target  
As Of March 31, 2022**

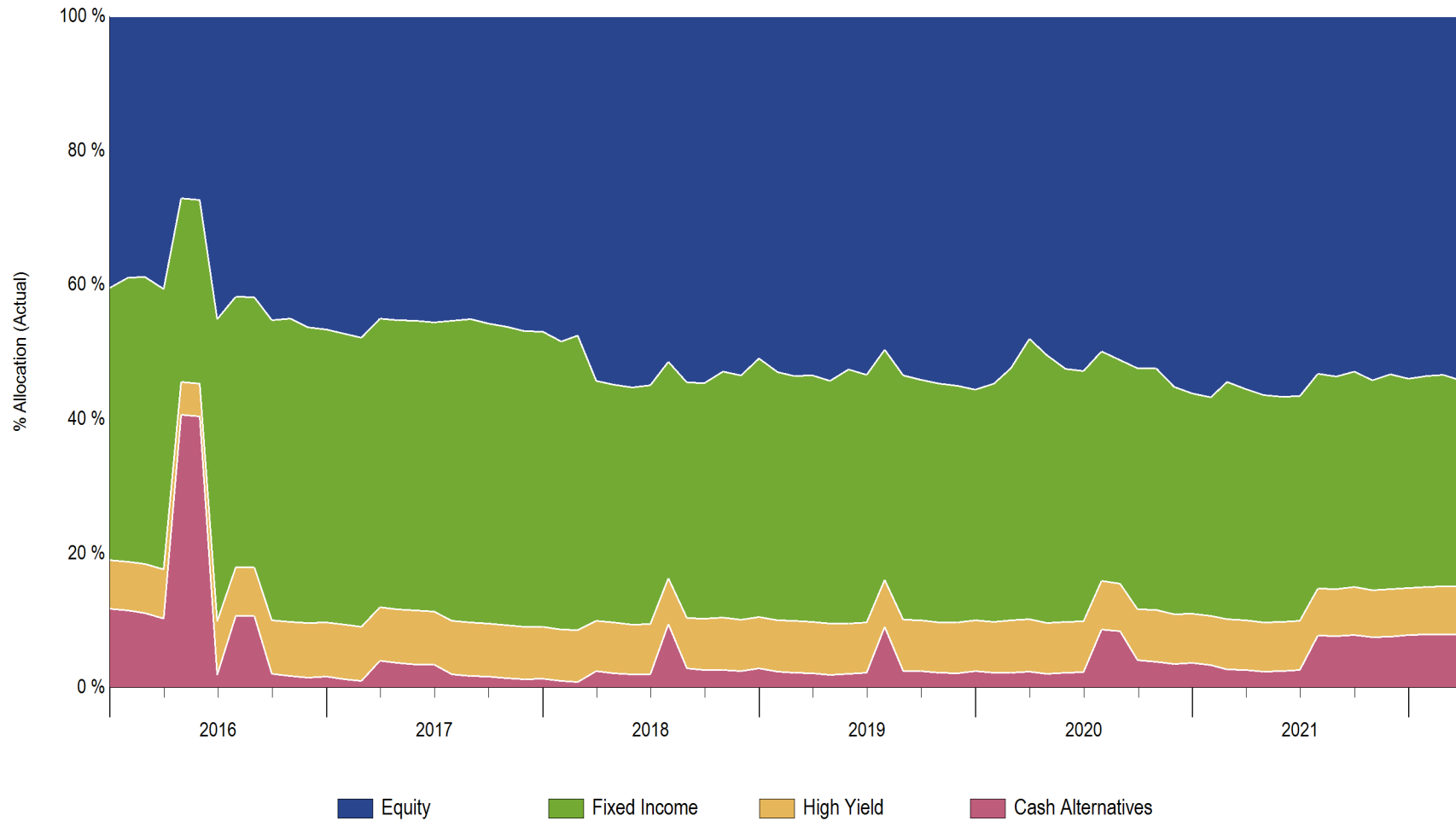
|                 | Policy Range  | Policy             | %             | Current            | %             | Difference* | %     |
|-----------------|---------------|--------------------|---------------|--------------------|---------------|-------------|-------|
| US Equity       | 30.0% - 60.0% | \$831,061          | 55.0%         | \$820,366          | 54.3%         | -\$10,696   | -0.7% |
| US Fixed Income | 40.0% - 65.0% | \$642,184          | 42.5%         | \$571,274          | 37.8%         | -\$70,909   | -4.7% |
| Cash            | 0.0% - 10.0%  | \$37,776           | 2.5%          | \$119,380          | 7.9%          | \$81,605    | 5.4%  |
| <b>Total</b>    |               | <b>\$1,511,020</b> | <b>100.0%</b> | <b>\$1,511,020</b> | <b>100.0%</b> |             |       |

\*Difference between Policy and Current Allocation

Asset Allocation History

As of March 31, 2022

Asset Allocation History  
6 Years 3 Months Ending March 31, 2022





# **Investment Analysis**

*Total Plan*

## Investment Performance Analysis

As of March 31, 2022

**Manager Roster**  
As of March 31, 2022

|                                  | Account Type                     | Benchmark  | Universe                           | Market Value       | Allocation    | Inception        |
|----------------------------------|----------------------------------|--|------------------------------------|--------------------|---------------|------------------|
| Alerian MLP                      | Equity                           | Alerian MLP Index                                    |                                    | \$85,715           | 5.7%          | 12/1/2015        |
| Cash Alternatives                | Cash                             | FTSE T-Bill 3 Months TR                              |                                    | \$119,380          | 7.9%          | 12/1/2015        |
| Fixed Income                     | US Fixed Income Investment Grade | Bloomberg US Aggregate TR                            | Intermediate Core Bond MStar MF    | \$463,422          | 30.7%         | 12/1/2015        |
| High Yield                       | US Fixed Income High Yield       | High Yield Bond Blended Benchmark                    | High Yield Bond MStar MF           | \$107,853          | 7.1%          | 12/1/2015        |
| iShares Dow Jones US Real Estate | Equity                           | iShares U.S. Real Estate Benchmark                   | Real Estate MStar MF               | \$55,300           | 3.7%          | 12/1/2015        |
| iShares MSCI EAFE                | Equity                           | MSCI EAFE  | Foreign Large Blend MStar MF       | \$173,549          | 11.5%         | 12/1/2015        |
| iShares MSCI Emerging Mkts       | Equity                           | MSCI Emerging Markets                                | Diversified Emerging Mkts MStar MF | \$105,832          | 7.0%          | 12/1/2015        |
| iShares Russell 2000             | Equity                           | Russell 2000   | Small Blend MStar MF               | \$74,718           | 4.9%          | 12/1/2015        |
| iShares S&P 500                  | Equity                           | S&P 500  | Large Blend MStar MF               | \$240,456          | 15.9%         | 12/1/2015        |
| iShares S&P MidCap 400           | Equity                           | S&P 400 MidCap                                       | Mid-Cap Blend MStar MF             | \$84,795           | 5.6%          | 12/1/2015        |
| <b>Total</b>                     |                                  | <b>Branford Volunteer Fire Incentive Plan Policy</b> |                                    | <b>\$1,511,020</b> | <b>100.0%</b> | <b>12/1/2015</b> |

**Town of Branford Volunteer Fire Incentive Plan  
Equity Positions  
As of March 31, 2022**

| Holding                          | Market Value        | % of Equity<br>Portfolio |
|----------------------------------|---------------------|--------------------------|
| Cash & Cash Equivalents          | \$119,380.29        | 12.70%                   |
| ISHARES S&P 500                  | \$240,455.70        | 25.59%                   |
| ISHARES S&P MIDCAP 400           | \$84,795.44         | 9.02%                    |
| ISHARES Russell 2000             | \$74,718.28         | 7.95%                    |
| ISHARES MSCI EAFE Index Fund     | \$173,548.80        | 18.47%                   |
| ISHARES MSCI Emerging Markets    | \$105,831.60        | 11.26%                   |
| ISHARES Dow Jones US Real Estate | \$55,300.42         | 5.88%                    |
| Alerian MLP                      | \$85,715.40         | 9.12%                    |
|                                  | <b>\$939,745.93</b> | <b>100.00%</b>           |

**Town of Branford Volunteer Fire Incentive Plan  
Fixed Income Positions  
As of March 31, 2022**

| Holding                        | Market Value | % of Fixed<br>Income<br>Portfolio |
|--------------------------------|--------------|-----------------------------------|
| ISHARES Core US Aggregate Bond | \$463,421.70 | 100.00%                           |
|                                | \$463,421.70 | 100.00%                           |

**Town of Branford Volunteer Fire Incentive Plan  
High Yield Positions  
As of March 31, 2022**

| Holding                            | Market Value | % of High Yield Portfolio |
|------------------------------------|--------------|---------------------------|
| MainStay MacKay High Yield Corp Bd | \$107,852.63 | 100.00%                   |
|                                    | \$107,852.63 | 100.00%                   |

## Historical Policy

---

|                        |       |                                  |
|------------------------|-------|----------------------------------|
| 12/1/2015 to 3/31/2018 | 44.90 | Barclays Aggregate               |
|                        | 14.10 | S&P 500                          |
|                        | 8.00  | Barclays High Yield Very Liquid  |
|                        | 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 5/31/2019  | 35.00 | Barclays Aggregate               |
|                        | 14.50 | S&P 500                          |
|                        | 12.50 | MSCI EAFE (Net)                  |
|                        | 8.50  | MSCI Emerging Market (Net)       |
|                        | 7.50  | Barclays High Yield Very Liquid  |
|                        | 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  |
|                        |       |                                  |
| 6/1/2019 to 1/31/2021  | 35.00 | Barclays Aggregate               |
|                        | 14.50 | S&P 500                          |
|                        | 12.50 | MSCI EAFE (Net)                  |
|                        | 8.50  | MSCI Emerging Market (Net)       |
|                        | 7.50  | BofAML US High Yield Constrained |
|                        | 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  |
|                        |       |                                  |
| 2/1/2021 to Present    | 35.00 | Barclays Aggregate               |
|                        | 14.50 | S&P 500                          |
|                        | 12.50 | MSCI EAFE (Net)                  |
|                        | 8.50  | MSCI Emerging Market (Net)       |
|                        | 7.50  | BofAML US High Yield Constrained |
|                        | 5.50  | Russell 2000                     |
|                        | 5.50  | S&P 400 Mid Cap                  |
|                        | 5.25  | Alerian MLP Index                |
|                        | 3.25  | Dow USA Real Estate Capped       |
|                        | 2.50  | 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.

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# Disclosures

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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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