

## TOWN OF TRUMBULL PENSION BOARD

In accordance with Sec. 1-19 of the General Statutes Right-to-Know Law, the Pension Board will have a meeting on Thursday, August 23, 2012 at 7:30 P.M. in the Trumbull Town Hall.

### A G E N D A

Call to Order

Approval of Minutes – June 2012

Investment Update – 2nd Quarter (Chris Kachmar)

Update on Terminated Non-vested Employee Pension Contributions – 5 Year Review  
(No update at this time; still working on it)

Pension Update – Overpayments (Ed Walsh) (to follow) – status

Discussion to negotiate a pension overpayment

Approval of Pension Benefits: (to follow)

Stephen Sirico	Eff. 6/30/2012	\$ 693.74
Frances Bombero	Eff. 6/30/2012	809.65
Therese Netzer	Eff. 6/30/2012	867.49

Withdrawal of Contributions: (to follow)

Clairjon Garard	Eff. 6/30/2012	\$23,763.25
Donald Seipel	Eff. 7/31/2012	1,720.61
Kathleen Mirante	Eff. 7/31/2012	2,621.23
Linda Chesner	Eff. 7/31/2012	2,840.20
Michael Haray	Eff. 7/31/2012	40,946.86

Other Business

Adjournment

**Pension Board  
Minutes  
June 27, 2012  
Revised August 17, 2012**

**CALL TO ORDER**

Chairman Michael Charland called the Pension Board meeting to order at 7:45 p.m. at the Town Hall, Trumbull, Connecticut.

Members present and absent were as follows:

**PRESENT**

Chairman Michael Charland  
Michael Knight  
Donna Pellitteri  
Maria Pires  
William Schietinger  
James Lavin  
John Ponzio

**ABSENT**

**Also Present:**

Chris Kachmar, FIA; Edward Walsh, Esq.

**PUBLIC COMMENT**

There was no public comment.

**INVESTMENT UPDATE** (Chris Kachmar, FIA)

Mr. Kachmar presented his year-to-date update.

- Q1 was a very good quarter. At the beginning of the quarter, we were under the notion that there was a solution emerging in Europe. Equity markets – domestic results pretty solid; national equities – decent results.
- Allocation schematic for March – domestic equity a bit overweight.
- Pimco is 2.3% ahead of benchmark.
- Montague is very conservative, high quality growth investment.
- As of 6/20/2012, the allocations are generally aligned with target.
- As of the end of March, entire domestic market is trading cheap to their long term averages. Equity markets will work through as time goes on.
- Directionally, we are where we have been in the past.
- As of March 2012, the dividend yield is 2.1% vs. the fixed income of 2.2%. Previously, spreads have been greater, i.e., 1.1% vs. 6.2%.
- Mainstay exceeded benchmark in the 1st quarter.
- Van Eck ended the 1st quarter well ahead of its target index.
- Mr. Kachmar does not recommend any changes at this time.
- Previous discussion – International Bond; overview of recommended managers:
  - Brandywine Global Investment Management
  - Franklin Templeton Investments.
- Next meeting, he will provide more information on Global markets and portfolios.

**APPROVAL OF MINUTES**

The Chair asked for a motion to approve the minutes of the February 28, 2012 meeting.

It was noted that the following be amended:

**Update on Terminated Employee Pension Contributions – 5 Year Review to Update on Terminated Non-vested Employee Pension Contributions – 5 Year Review**

Mr. Ponzio moved, seconded by Mr. Knight, to approve the February 28, 2012 minutes as amended.

Vote: 6–0–1 (Abstained: Lavin) motion passes

**PENSION UPDATE – OVERPAYMENTS** (Edward Walsh, Esq.)

Attorney Walsh updated the Board on the pension over payment collection efforts. He indicated that letters had been sent via certified mail with a date certain; depending upon the overpayment amount, some individuals were given a longer period of time. Since he is asking them to respond by a certain date in order to set-up a payment schedule, he did not mention the consequences should they ignore the request.

Attorney Walsh indicated that we had two responses; one individual paid in full and another set-up a payment plan with the option to lien the property for the remaining balance once she and her husband are both deceased. They would not agree to have the lien placed on the property now.

Attorney Walsh indicated that he did not send a letter to the individual who owes the most significant amount of money, since he wasn't sure what type of a letter the Board would prefer. The Board members felt that she should be treated as the others, so a soft letter would be in order. Attorney Walsh indicated that the letter would go out this week.

Mr. Walsh indicated that if we do not hear by the date certain, another letter would go out notifying them that we will institute legal proceedings if we do not hear from them by August 1, 2012.

**UPDATE ON TERMINATED NON-VESTED EMPLOYEE PENSION CONTRIBUTIONS – 5 YEAR REVIEW**

Mrs. Pires presented the report, which indicates the dollar amount of outstanding contributions with interest. Since there was no procedure in place for returning these funds to the non-vested employees, they were allowed to remain in the account. We will draft a letter to individuals, indicating we will return the funds to them by a certain date, if we do not receive rollover account information.

**APPROVAL OF ACTUARIAL VALUATIONS SERVICE FIRM**

Mrs. Pires indicated that the Town has put out to bid for an actuary. There were 4 bidders and we interviewed 3 of them based upon their qualifications: EFI, BPS&N and Hooker and Holcombe.

- The Town looked at pricing, core services, and additional services.
- Hooker and Holcombe's fees were high.
- BPS&N is a division of Wells Fargo, so that seemed to be the better fit for us because of the relationship we have with them.
- Police Department does not have that relationship.
- Since Wells Fargo is our Fiduciary, BPS&N will deliver the information directly to them eliminating Town errors.
- BPS&N do not have a portal for plan members.
- BPS&N will be able to recreate the 2010 valuation as a baseline in order to prepare the 2012 valuation.

The Chair asked for a motion to approve the Town's selection of BPS&N as the new Actuary.

Mr. Schietinger moved, seconded by Mr. Knight, to accept the Town's selection of BPS&N as the new Actuary.

Vote: 6-0-1 (Abstained: Lavin) motion passes

**APPROVAL OF PENSION BENEFITS**

The following individuals were presented for approval of monthly benefit payments:

Mauro, Cathy Ann	eff 3/31/2012	\$1,621.58
Camara, Mescia	eff 1/31/2012	809.41
Locke, Judith Ann	eff 6/30/2012	3,086.53
Martin, Rebecca	eff 6/30/2012	1,170.00
Schwab, Elaine	eff 12/31/2011	1,823.65
Lord, Patricia	eff 6/30/2012	2,133.00
Tomey, Susan	eff 6/30/2012	1,729.04

Mr. Ponzio moved, seconded by Mr. Lavin, to approve the Pension Benefits as presented.

Vote: 7-0-0 motion passes

**APPROVAL OF CONTRIBUTION WITHDRAWAL**

The following individuals were presented for approval to withdraw contribution funds:

Levin, William	eff 6/30/2012	\$3,215.03
Burr-Monaco, Suzanne	eff 6/30/2012	1,020.91

Mr. Lavin moved, seconded by Ms. Pellitieri to approve the withdrawal of contribution funds as presented.

Vote: 7-0-0 motion passes

**WELLS FARGO – 1ST QUARTER ANNUITANT REVIEW**

**UPDATE ON THE 401(A) DEFINED CONTRIBUTION PLAN**

Mrs. Pires indicated that there are currently 12 individuals on the plan. These are elected, appointed, and civil service individuals. The unions are pushing back on this during the negotiations. The Town will contribute equal amounts and there is a 5-year vesting period.

**ANY OTHER BUSINESS**

By unanimous consent, the Board agreed to change the Tuesday, August 21, 2012 meeting to Thursday, August 23, 2012 at 7:30 pm.

**ADJOURNMENT**

There being no further business to discuss, the Pension Board adjourned by unanimous consent at 9:45 p.m.

Respectfully submitted,

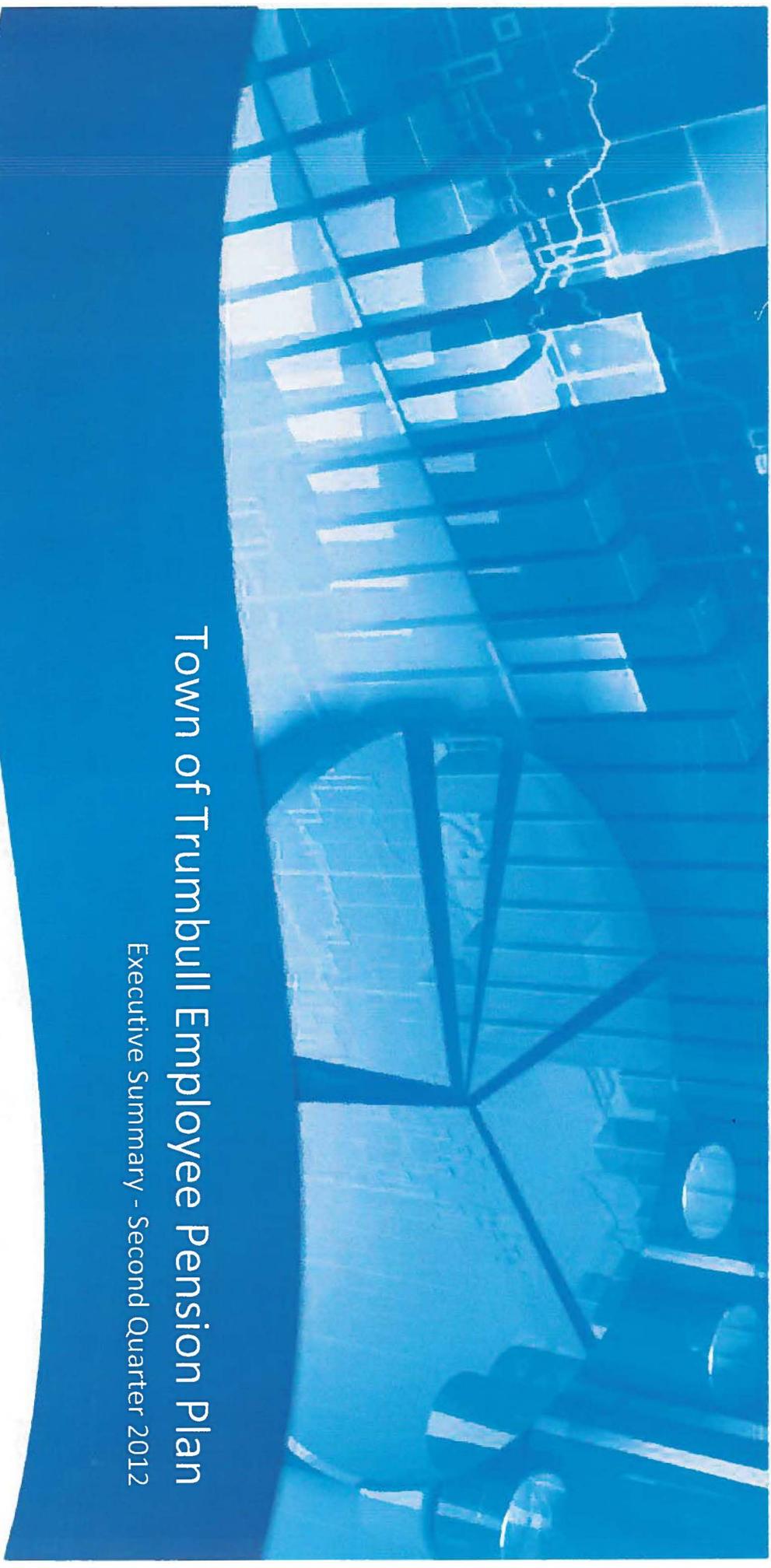
Phyllis Collier  
Pension Board Clerk

## Town of Trumbull

	2009	2010	2011	Q1 12	Q2 12	Inception to date
Employee Contributions	756,808	720,595	798,557	212,896	216,746	3,344,730
Town Contributions	1,925,000	2,185,893	2,662,500	750,000	750,000	8,878,283
<b>Total Contributions</b>	<b>2,681,808</b>	<b>2,906,488</b>	<b>3,461,057</b>	<b>962,896</b>	<b>966,746</b>	<b>12,223,013</b>
Benefit Payments	(3,149,534)	(3,599,228)	(3,706,193)	(942,502)	(962,788)	(14,001,563)
Plan Expenses	(103,035)	(88,177)	(46,855)	(11,545)	(11,555)	(328,045)
<b>Total Payments &amp; Expenses</b>	<b>(3,252,569)</b>	<b>(3,687,405)</b>	<b>(3,753,048)</b>	<b>(954,048)</b>	<b>(974,343)</b>	<b>(14,329,608)</b>
<b>Net Cashflows</b>	<b>(570,760)</b>	<b>(780,917)</b>	<b>(291,991)</b>	<b>8,848</b>	<b>(7,597)</b>	<b>(2,106,596)</b>
<b>Market Value</b>	<b>16,815,848</b>	<b>18,338,336</b>	<b>17,890,234</b>	<b>19,432,253</b>	<b>18,954,251</b>	
<b>Net Contributions Annual Rate</b>	<b>-3.39%</b>	<b>-4.26%</b>	<b>-1.63%</b>	<b>0.18%</b>	<b>0.01%</b>	

Source: Wells Fargo Bank

Any summaries/prices/quotes/statistics have been obtained from sources believed to be reliable, but we cannot guarantee their accuracy or completeness.



# Town of Trumbull Employee Pension Plan

Executive Summary - Second Quarter 2012



**FIDUCIARY**  
**INVESTMENT ADVISORS**

*Strategic thinking. Customized solutions.*

One Hundred Northfield Drive, Windsor, CT 06095 • Toll Free: 866.466.9412 • [www.fiallc.com](http://www.fiallc.com)

**Important Disclosure Information:** Past performance may not be indicative of future results. Account information has been compiled solely by Fiduciary Investment Advisors, LLC, has not been independently verified, and does not reflect the impact of taxes on non-qualified accounts. In preparing this report, Fiduciary Investment Advisors, LLC has relied upon information provided by the account custodian. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon request. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices.

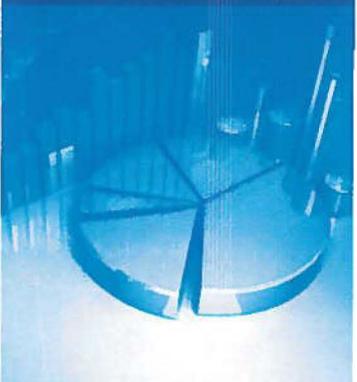
# TABLE of CONTENTS

**Section 1:** Second Quarter Portfolio Review

**Section 2:** The Case for Global Bonds

**Section 3:** Global Bond Manager Candidates

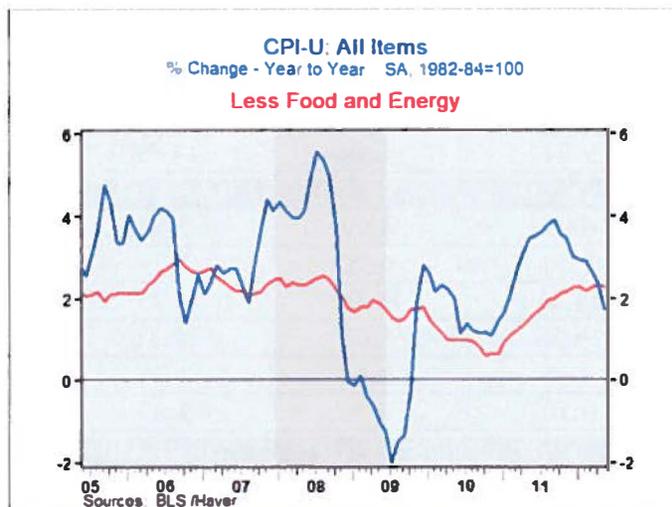
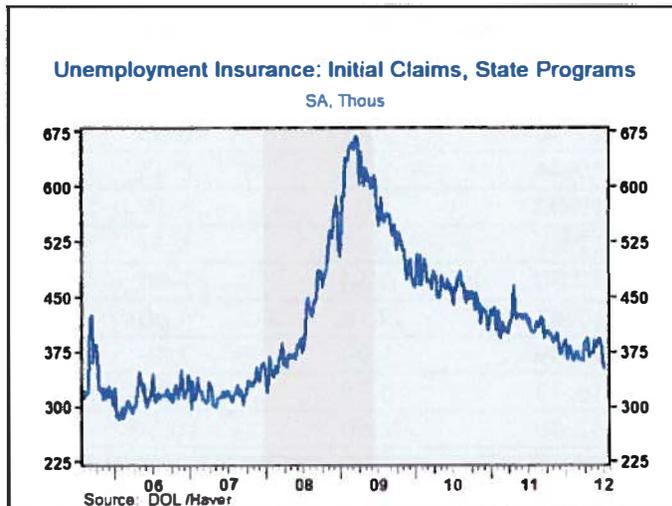
**Section 4:** Asset Allocation Review



**Page is left blank intentionally.**



# Economic Review



**Gross Domestic Product (GDP) grew 1.9% in the first quarter of 2012, in-line with consensus estimates.** Gains in net exports, consumption, and inventory contributed to the modest growth in GDP. The consensus estimate for second quarter 2012 GDP growth stands at 2.2%.

**The unemployment rate ended the second quarter at a level of 8.2%, unchanged from the previous quarter end.** The June employment report highlighted that approximately 225,000 non-farm payroll jobs were created in the second quarter, less than half the amount of jobs created during the first quarter.

**The ISM Manufacturing Index fell below 50.0 for the first time since July 2009.** The June 2012 reading came in at 49.7. A reading below 50.0 signals contraction while a reading above 50.0 indicates expansion in manufacturing.

**Consumer confidence turned south during the second quarter.** The Conference Board's Consumer Confidence Index fell to 62.0, down from a revised March level of 68.7.

**The Consumer Price Index (CPI), fell 0.3% in May, but is up 1.7% year-over-year.** The drop was mainly fueled by lower energy prices. Core CPI (CPI less the more volatile food and energy components) increased 0.2% during the month and 2.3% on a year-over-year basis.

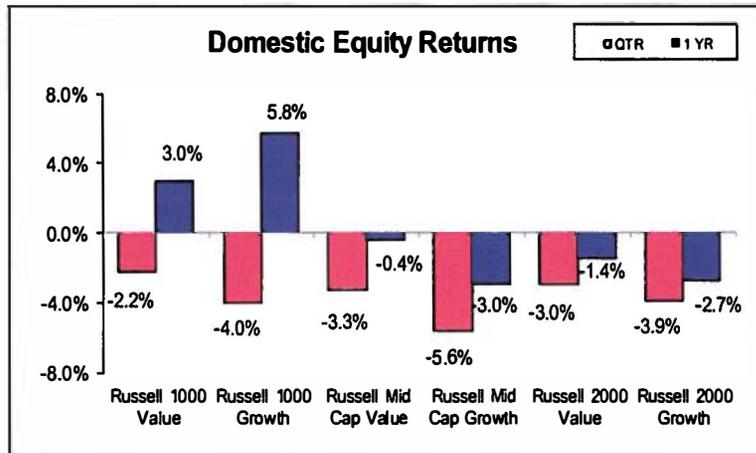
**Data from the housing market remains mixed.** Pending home sales jumped 5.9% in May following a 5.5% decline in April. However, existing home sales in the month of May dropped 1.5%. Housing prices rose in April but still remain depressed on a year-over-year basis.

# Index Results



U.S. EQUITY	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
S&P 500	-2.75	9.49	5.45	16.40	0.22	5.33
Russell 1000 Value	-2.20	8.68	3.01	15.80	-2.19	5.28
Russell 1000 Growth	-4.02	10.08	5.76	17.50	2.87	6.03
Russell Mid Cap	-4.40	7.97	-1.65	19.44	1.06	8.45
Russell Mid Cap Value	-3.26	7.78	-0.37	19.92	-0.13	8.17
Russell Mid Cap Growth	-5.60	8.10	-2.99	19.01	1.90	8.47
Russell 2000	-3.47	8.53	-2.08	17.80	0.54	7.00
Russell 2000 Value	-3.01	8.23	-1.44	17.43	-1.05	6.50
Russell 2000 Growth	-3.94	8.81	-2.71	18.09	1.99	7.39
Russell 3000	-3.15	9.32	3.84	16.73	0.39	5.81
NAREIT	3.70	14.90	12.90	32.40	2.60	10.30
INTERNATIONAL EQUITY	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
MSCI ACWI ex-US	-7.61	2.77	-14.57	6.97	-4.62	6.74
MSCI EAFE	-7.13	2.96	-13.83	5.96	-6.10	5.14
MSCI EAFE Value	-7.05	1.98	-15.16	4.24	-7.66	5.29
MSCI EAFE Growth	-7.27	3.86	-12.56	7.62	-4.60	4.91
MSCI EAFE Small Cap	-8.65	4.92	-15.06	9.17	-5.32	8.49
MSCI EM (Emerging Markets)	-8.89	3.93	-15.95	9.77	-0.09	14.08
FIXED INCOME	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Barclays US Aggregate Bond	2.06	2.37	7.47	6.93	6.79	5.63
Barclays US Gov/Credit Bond	2.56	2.65	8.78	7.34	6.90	5.79
Barclays Long Gov/Credit Bond	7.32	5.04	24.58	14.41	10.99	8.75
Barclays US High Yield	1.83	7.27	7.27	16.28	8.45	10.16
Barclays US TIPS	3.15	4.04	11.66	9.63	8.44	7.23
BofA Merrill 3-Month T-Bill	0.02	0.03	0.04	0.10	0.98	1.87
NON-TRADITIONAL	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
HFRX Global Hedge Fund	-1.90	1.20	-5.80	1.40	-3.70	1.60
DJ-UBS Commodities	-4.55	-3.70	-14.32	3.49	-3.65	4.96

# Domestic Equity Review



Concerns regarding the financial crisis in Europe and evidence of a slowing global economy weighed on investor sentiment.

Following back-to-back double digit quarterly gains, US stocks consolidated in the second quarter across the capitalization and style spectrum. June was a somewhat better month for stock performance as the domestic markets took their queue from positive news out of Europe on the bailout front, leading to a welcome recovery from the early quarter decline.

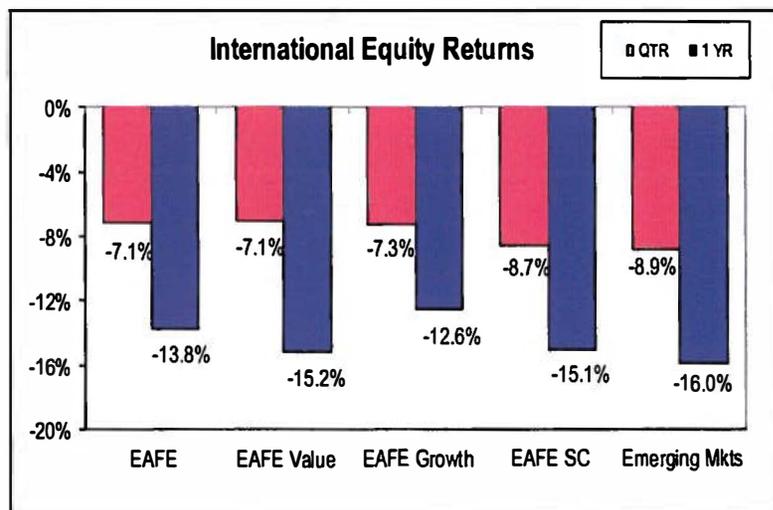
From a style perspective, value beat growth across the market capitalization spectrum. Value was boosted by the better performance of telecommunications and utilities, whereas the growth style was inhibited by higher weightings in technology.

Russell 3000 Index	Weight	Return
Consumer Discretionary	12.0%	-3.9%
Consumer Staples	9.7%	2.4%
Energy	9.8%	-7.0%
Financials	15.9%	-5.1%
Health Care	11.8%	2.3%
Industrials	11.0%	-4.2%
Information Technology	19.1%	-7.2%
Materials	3.9%	-5.4%
Telecom. Services	2.8%	12.6%
Utilities	3.8%	5.8%
<b>Total</b>	<b>100%</b>	<b>-3.2%</b>

Large cap stocks outpaced their smaller peers. On a relative basis, large cap value stocks were the best performing stocks during the quarter while mid cap growth stocks lagged.

The more defensive sectors led performance this quarter, as global growth forecasts continue to be trimmed. The high yielding telecommunications sector posted a double digit gain followed by utilities, consumer staples and healthcare. Technology, energy, materials and financials lagged.

# International Equity Review



MSCI Country Results	2Q 2012	
	Local	USD
United Kingdom	-2.2%	-4.0%
France	-4.5%	-9.0%
Germany	-8.1%	-12.4%
Japan	-10.1%	-7.3%
China	-5.6%	-5.5%
India	-0.9%	-9.5%
Brazil	-10.2%	-18.9%
Russia	-7.1%	-14.5%

**Concerns regarding the sovereign debt crisis in Europe took center stage once again.** Elections in Greece led to fears that the country could exit the euro. These fears eased in June after the election resulted in a coalition government to be formed that investors believed would support the bailout plan. Also garnering headlines was Spain's cost of borrowing, which rose due to the struggles of its banking sector.

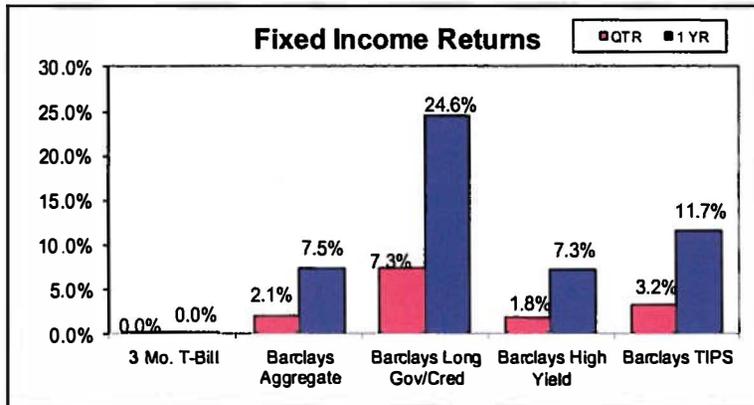
**Overall, European equities were weak with the United Kingdom seeing relative outperformance for the period.** Japanese equities experienced declines in the quarter as concerns of the global slowdown weighed on the market.

**Emerging market equities trailed developed equities for the period** as concerns of a global economic slowdown weighed on results. Slowing growth and easing inflation concerns led to interest rates cuts in Brazil, China, and India. The energy and materials sectors declined given the fall in commodity prices.

There were **differences across market capitalizations between developed and emerging market equities.** Within non-U.S. developed markets, larger capitalization stocks outpaced smaller caps. This outcome was reversed within emerging markets as smaller caps outpaced their larger counterparts.

**The U.S. dollar and the Japanese yen were among the best performing currencies** this quarter as investors fled into these currencies as they became more risk adverse. Meanwhile, many emerging markets currencies were weak this quarter as investors fled what they deemed to be riskier assets. The euro also declined versus the U.S. dollar as sovereign debt concerns led to weakness in the quarter.

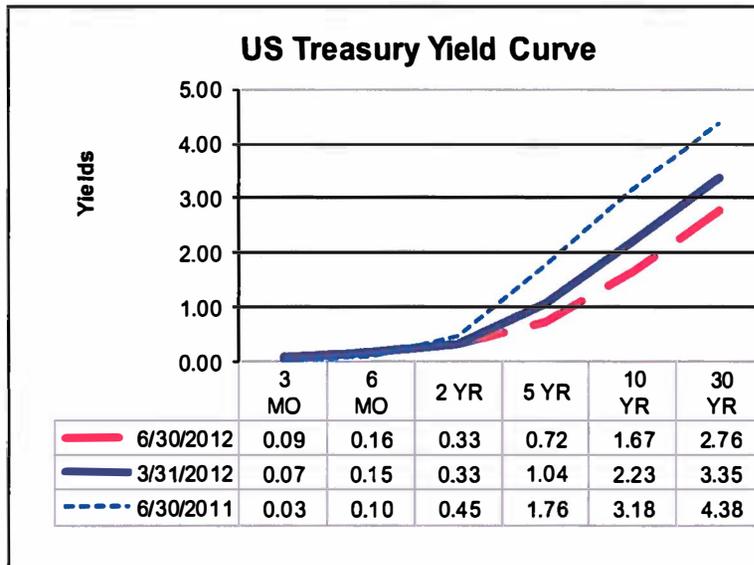
# Fixed Income Review



**Renewed concerns about the situation in Europe and signs of slowing growth** in the global economy caused investors to seek the relative safety of the sovereign bonds of developed countries. As a result, **U.S. Treasury yields fell sharply** leading to outperformance versus riskier assets.

The Federal Reserve Board announced that it would **expand the size of and extend the duration of the Operation Twist program** through the end of 2012. The Treasury yield curve continued to flatten as a result.

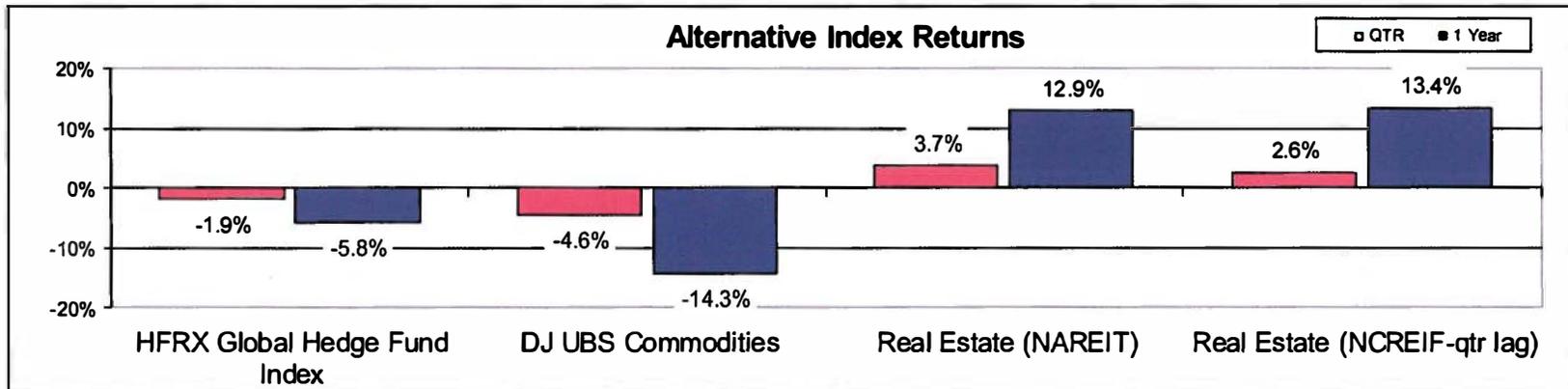
Corporate bonds produced positive returns but trailed similar duration government issues. Returns were largely similar across the different quality segments but differed somewhat across industries with **utility issues leading the way and financials lagging.**



**ABS and Agency MBS were the best performing areas of the securitized sector** during the period. Non agency mortgages were supported by strong demand while CMBS lagged due to the general “risk-off” environment.

**Safe haven nations such as the U.K., Canada, France, and Germany benefitted from the flight to quality** while struggling nations including Greece, Spain, and Italy experienced poor performance and higher yields. Spanish yields were particularly volatile spiking to a peak of 7.29% before eventually settling at 6.25%.

# Alternatives Review



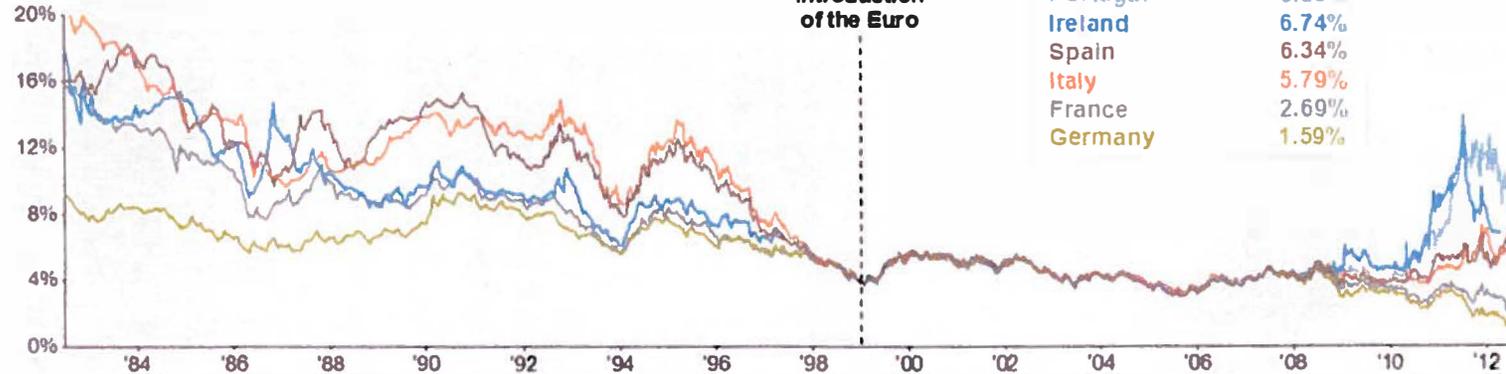
**Hedge funds collectively fell during the period** with slight gains in April erased by declines in May and June. Equity-hedged and event-driven strategies produced flat to negative returns during each month of the quarter. Long-biased equity managers were hurt by the sharp equity sell-off in May while the “risk-off” environment caused distressed manager performance to outweigh any gains produced by merger arbitrage managers. Macro CTA strategies produced the best performance during the downturn, led by systematic diversified managers.

**Global property stocks continue to trend in-line with the broader equity markets**, experiencing the “risk-on/risk-off” swings that dominated the quarter’s headlines, but did outperform for the period and year-to-date. Record flows driven by attractive yields in the sector have largely accounted for the outperformance. Transaction and M&A activity remain a prominent theme. Domestic REITs (+3.7%) led their international counterparts (Asia +1.5%, Europe -1.8%) in the period. Defensive sectors, such as healthcare, regional malls, and self-storage outperformed, as well.

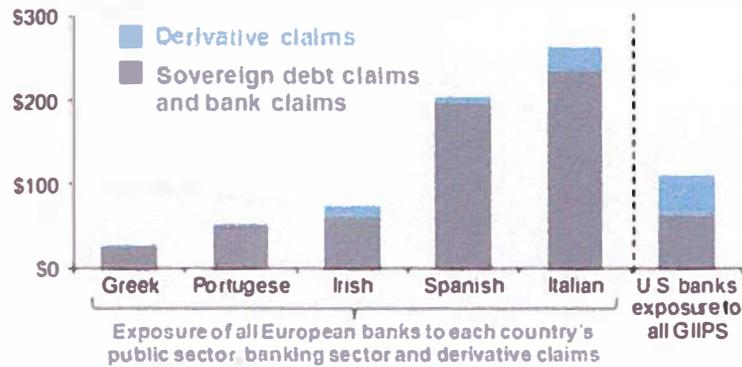
**Tenant demand continues to be the key catalyst for sustainable improvements to operating fundamentals across private real estate markets.** Although uncertainty remains a key theme in the outlook for economic and employment growth, limited supply increases should continue to temper muted market demand. Cash flows have been a positive signal, showing consistent improvement despite subdued economic growth. Transaction activity remains strong, although buyers continue to be cautious and focused predominately of top-quality core properties, furthering the pricing discrepancy between primary versus secondary assets. In general, property valuations, occupancy rates, and market rents continue to trend positively.

# European Crisis: Fiscal Challenges

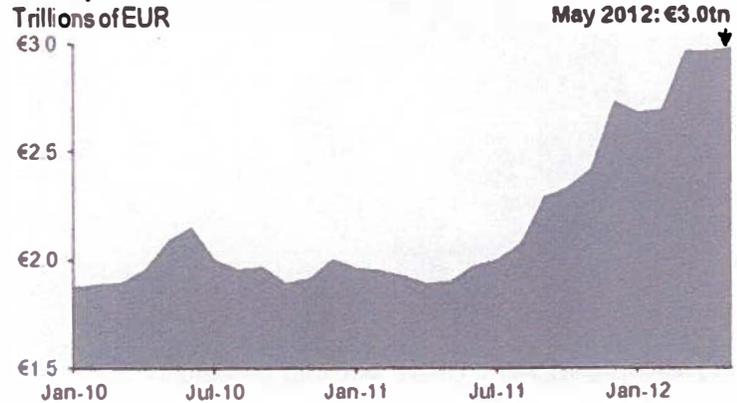
**European Sovereign Funding Costs**  
 10-year benchmark bond yields, daily



**European Bank Exposure**  
 Billions USD



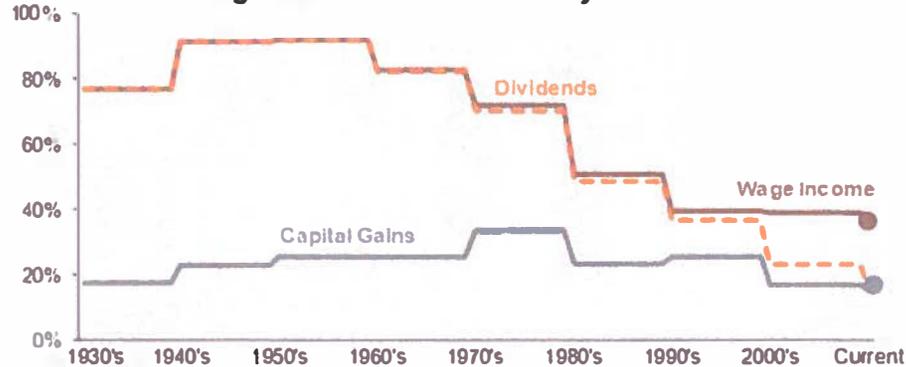
**European Central Bank Balance Sheet**



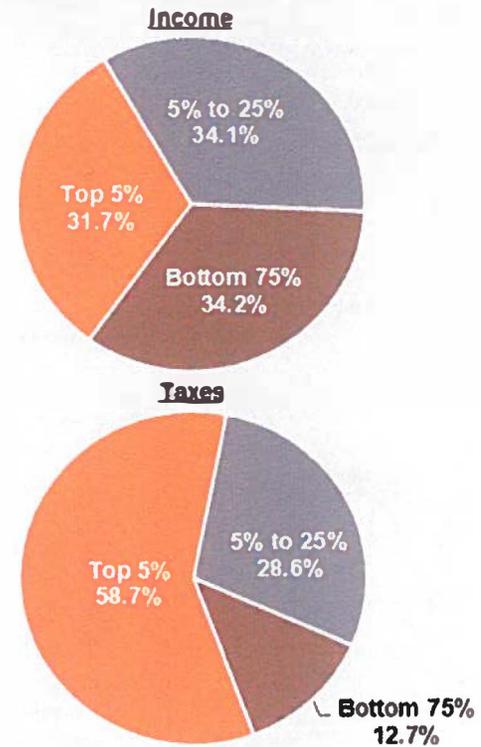
Source: FaciSet, BIS, ECB, J.P. Morgan Asset Management  
 Data as of 6/30/12

# Tax Rates and the Distribution of Income & Taxes

**Historical Average Maximum Tax Rates by Decade**

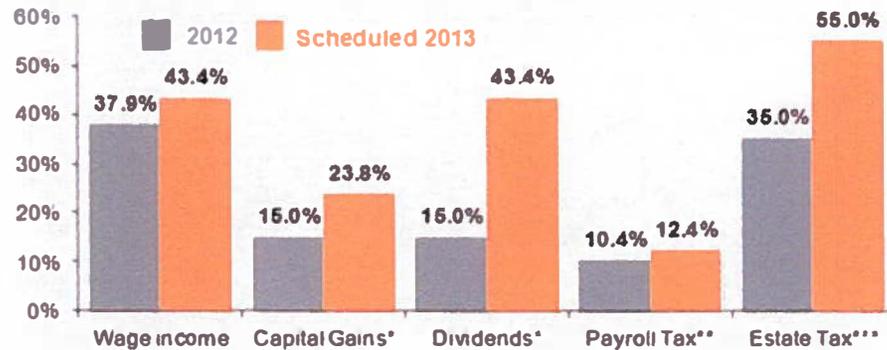


**Share of Income and Taxes by Income Level**  
 Based on adjusted gross income and federal taxes, 2009



**Potential Tax Rate Changes**

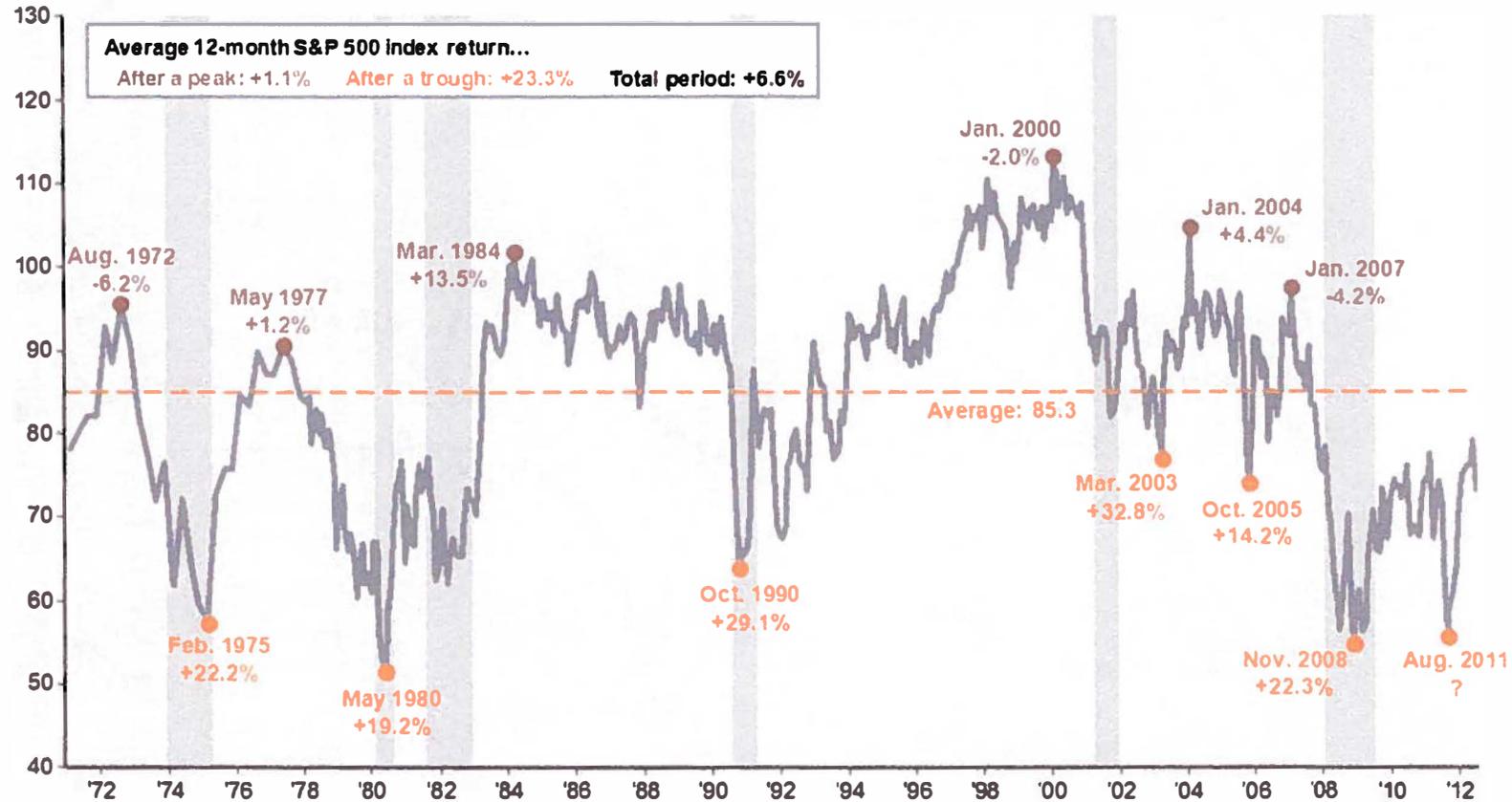
Current and scheduled 2013 maximum federal tax rates under current law



Source (Top left) IRS J P Morgan Asset Management Wage income tax rates include employer and employee contributions to the Medicare tax (Bottom left) IRS The Tax Foundation J P Morgan Asset Management Tax rates based on maximum U.S. individual income tax Wage income tax rates include employer and employee contributions to the Medicare tax \*Includes recently enacted healthcare tax of 3.8% \*\*In 2011 and 2012 the payroll tax cut reduced the employee's share of Social Security taxes by 2% Rates shown include both employer and employee contributions to the payroll tax \*\*\*In 2013 the estate tax exemption amount was expected to fall to \$1 million from \$5.12 million in 2012 (Right) IRS J P Morgan Asset Management Taxes paid are based on federal individual income taxes which are responsible for about 25% of the nation's taxes paid Data are as of 6/30/12

# Consumer Confidence and the Stock Market

## Consumer Sentiment Index – University of Michigan



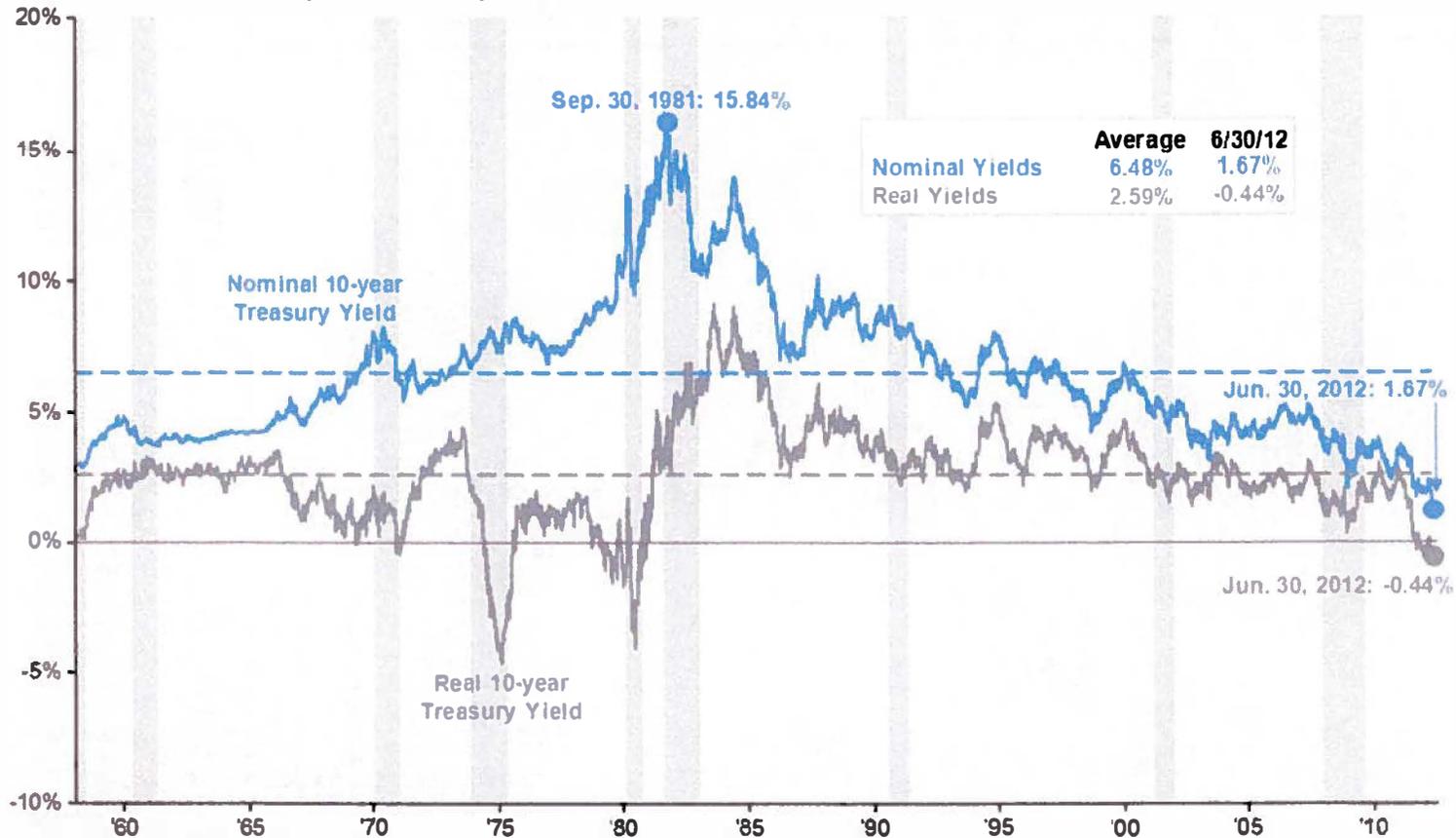
Source: University of Michigan, FactSet, J.P. Morgan Asset Management

Peak is defined as the highest index value before a series of lower lows, while a trough is defined as the lowest index value before a series of higher highs. Subsequent 12-month S&P 500 returns are price returns only, which excludes dividends.

Data are as of 6/30/12

# Interest Rates and Inflation

**Nominal and Real 10-year Treasury Yields**



Source: Federal Reserve, BLS, J.P. Morgan Asset Management

Real 10-year Treasury yields are calculated as the daily Treasury yields less year-over-year core inflation for that month except for June 2012 where real yields are calculated by subtracting out May 2012 year-over-year core inflation.

Data are as of 6/30/12

## Asset Allocation - Town of Trumbull Employee Pension Plan

As of June 30, 2012

Investment	Market Value (S)	Allocation (%)	Target (%)	Difference (%)
<b>Short Term Liquidity</b>				
WF Advantage Money Market	37,826	0.2%	0.0%	0.2%
<b>Fixed Income</b>				
PIMCO Total Return Institutional	4,345,617	22.9%	22.5%	0.4%
Vanguard Total Bond Market Index Signal	<u>1,405,232</u>	<u>7.4%</u>	<u>7.5%</u>	<u>-0.1%</u>
<b>Total Fixed Income</b>	<b>5,750,848</b>	<b>30.3%</b>	<b>30.0%</b>	<b>0.3%</b>
<b>Domestic Equity</b>				
Vanguard 500 Index Fund Signal	5,006,321	26.4%	25.0%	1.4%
Diamond Hill Large Cap Y	949,948	5.0%	5.0%	0.0%
MainStay Large Cap Growth I	967,991	5.1%	5.0%	0.1%
Aston/Montag & Caldwell Growth N	927,016	4.9%	5.0%	-0.1%
Boston Trust Small Cap Fund	<u>973,471</u>	<u>5.1%</u>	<u>5.0%</u>	<u>0.1%</u>
<b>Total Domestic Equity</b>	<b>8,824,748</b>	<b>46.6%</b>	<b>45.0%</b>	<b>1.6%</b>
<b>International Equity</b>				
Thornburg International Value R5	1,661,958	8.8%	10.0%	-1.2%
American Funds EuroPacific Growth R6	<u>1,692,795</u>	<u>8.9%</u>	<u>10.0%</u>	<u>-1.1%</u>
<b>Total International Equity</b>	<b>3,354,752</b>	<b>17.7%</b>	<b>20.0%</b>	<b>-2.3%</b>
<b>Inflation Protection</b>				
Vanguard Inflation Protected Securities Adm	340,592	1.8%	1.7%	0.1%
Van Eck Global Hard Assets I	295,723	1.6%	1.7%	-0.1%
PIMCO Commodity Real Return Institutional	<u>349,761</u>	<u>1.8%</u>	<u>1.7%</u>	<u>0.2%</u>
<b>Total Inflation Protection</b>	<b>986,076</b>	<b>5.2%</b>	<b>5.0%</b>	<b>0.2%</b>
<b>Total Plan Assets</b>	<b>18,954,251</b>			

Balances provided by Wells Fargo

# Total Plan Performance Summary

As of June 30, 2012

## Account Reconciliation

	QTR	YTD	Since Inception	Inception Date
<b>Total Plan</b>				<b>07/01/2008</b>
Beginning Market Value	19,432,253	17,890,234	18,275,083	
Net Contributions	-7,597	1,251	-2,106,596	
Gain/Loss	-470,406	1,062,766	2,785,765	
Ending Market Value	18,954,251	18,954,251	18,954,251	

## Blended Benchmark Composition

Allocation Mandate	Weight (%)
Barclays Capital Aggregate	30.0
S&P 500	25.0
Russell 1000 Growth Index	10.0
Russell 1000 Value Index	5.0
Russell 2000 Index	5.0
MSCI EAFE (net)	20.0
Inflation Protection Index	5.0

## Trailing Performance Summary

	QTR	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
<b>Total Plan</b>	-2.3	5.8	0.3	11.3	N/A	N/A	N/A	4.0	07/01/2008
Blended Benchmark	-2.3	5.6	1.3	12.2	2.2	4.8	6.0	4.5	
Difference	0.0	0.2	-1.0	-0.9	N/A	N/A	N/A	-0.5	

## Calendar Year Performance Summary

	2011	2010	2009	2008	2007	2006	2005	2004
<b>Total Plan</b>	-0.9	14.0	21.9	N/A	N/A	N/A	N/A	N/A
Blended Benchmark	0.5	14.4	20.6	-24.3	6.0	13.0	5.0	10.3
Difference	-1.4	-0.4	1.3	N/A	N/A	N/A	N/A	N/A

New Blended Benchmark effective 4/1/2011.

## Historical Hybrid Composition

### Blended Benchmark

As of June 30, 2012

Allocation Mandate	Weight (%)	Allocation Mandate	Weight (%)
Jan-1979		Apr-2011	
S&P 500	45.0	Barclays Capital Aggregate	30.0
Russell 2000 Index	10.0	S&P 500	25.0
Barclays Capital Aggregate	35.0	Russell 1000 Growth Index	10.0
MSCI EAFE Index	10.0	Russell 1000 Value Index	5.0
Nov-2009		Russell 2000 Index	5.0
Barclays Capital Aggregate	35.0	MSCI EAFE (net)	20.0
S&P 500	27.5	Inflation Protection Index	5.0
Russell 1000 Growth Index	12.5		
S&P Completion Index	15.0		
MSCI EAFE (net)	10.0		
Apr-2010			
Barclays Capital Aggregate	35.0		
S&P 500	27.5		
Russell 1000 Growth Index	12.5		
Russell 2000 Index	5.0		
S&P Completion Index	10.0		
MSCI EAFE (net)	10.0		
Jul-2010			
Barclays Capital Aggregate	30.0		
S&P 500	27.5		
Russell 1000 Growth Index	12.5		
Russell 2000 Index	5.0		
MSCI EAFE (net)	20.0		
Inflation Protection Index	5.0		

## Town of Trumbull Employee Pension Plan

### Portfolio Comments & Manager Status Summary

As of June 30, 2012

Total Performance Summary						
	<u>QTR</u>	<u>YTD</u>	<u>1-Yr</u>	<u>3-Yr</u>	<u>5-Yr</u>	<u>Since Inception</u> <u>7/1/2008*</u>
<b>Consolidated Plan<sup>1</sup></b>	-2.3%	5.8%	0.3%	11.3%	NA	4.0%
<b>Blended Benchmark</b>	-2.3%	5.6%	1.3%	12.2%	NA	4.5%

**Total Portfolio Comments**

The Trumbull Employee Pension Plan declined 2.3% in the second quarter, performing in line with the blended benchmark. The portfolio has gained 5.8% year-to-date and 0.3% for the trailing one-year period, compared with the benchmark gains of 5.6% and 1.3%, respectively. Global economic uncertainty and renewed concerns regarding the eurozone debt crisis resulted in losses across equity and commodities markets. Fixed income fared better. PIMCO Total Return gained 2.8%, outperforming the Barclays Capital Aggregate gain of 2.1%, as a drop in yields produced favorable results by developed sovereign rates including U.S. Treasuries. Vanguard Total Bond Index Fund gained 2.2%, in line with the Barclays Aggregate. Within the domestic equity holdings, Vanguard 500 Index Fund fell 2.8%, tracking the S&P 500 index. Diamond Hill Large Cap fell 5.2%, trailing the Russell 1000 Value Index by 300 basis points as a result of stock selection, primarily in the energy and industrials sectors. MainStay Large Cap Growth lost 7.6%, 360 basis points behind the Russell 1000 Growth Index, as both stock selection and sector allocation detracted from results. The Aston/Montag & Caldwell Growth Fund lost 2.0%, outperforming the Russell 1000 Growth Index by 200 basis points and ranking in the top quartile of the large cap growth peer group due to overweights to the consumer staples and health care sectors. Boston Trust Small Cap Fund fell 4.4%, trailing the Russell 2000 by 90 basis points as a result of stock selection. Within international equities, Thornburg International Value Fund declined 6.9%, outperforming its MSCI index by 70 basis points due to overweights in the U.K. and in the health care and consumer staples sectors. American Funds EuroPacific Growth Fund fell 6.1%, 150 basis points ahead of the MSCI benchmark due to sector positioning. Vanguard Inflation Protected Securities Fund gained 3.3%, in line with the Barclays Capital U.S. TIPS Index. The Van Eck Global Hard Assets Fund trailed its benchmark, falling 13.5% due mainly to weakness in the energy subsector. PIMCO Commodity Real Return declined 3.4%, outperforming its commodities index by 110 basis points, helped by the Fund's use of TIPS as collateral to the commodity futures contracts.

Manager Status Summary			
<i>Mandate</i>	<i>Manager/Fund</i>	<i>Status</i>	<i>Note</i>
Fixed Income	Vanguard Total Bond Market Index Signal	Maintain	N/A
Fixed Income	PIMCO Total Return Institutional	Maintain	N/A
Equity - Large Cap	Vanguard 500 Index Signal	Maintain	N/A
Equity - Large Cap	Diamond Hill Large Cap Y	Maintain	Inst'l shares exchanged for lower cost Y shares during Q1 2012.
Equity - Large Cap	MainStay Large Cap Growth I	Maintain	N/A
Equity - Large Cap	Aston/Montag & Caldwell Growth Fund N	Maintain	N/A
Equity - Small Cap	Boston Trust Small Cap Fund	Maintain	N/A
International Equity	Thornburg International Value R6	Maintain	R5 shares exchanged for lower cost R6 shares in July 2012.
International Equity	American Funds EuroPacific Growth R6	Maintain	N/A
Inflation Protection	Vanguard Inflation Protected Securities Adm	Maintain	N/A
Inflation Protection	Van Eck Global Hard Assets I	Maintain	N/A
Inflation Protection	PIMCO Commodity Real Return Instl	Maintain	N/A

<sup>1</sup>Consolidated plan performance reflects total fund level returns on an aggregate basis including the Wilmington Trust Portfolio prior to 11/1/09.

\* Inception date of 7/1/2008 reflects the first full quarter under which Wilmington Trust served as recordkeeper for the plan's assets.

## Manager Performance Overview

As of June 30, 2012

	QTR	YTD	1 Year	Nov-2009 To Jun-2012	Since Inception	Inception Date
<u>Short Term Liquidity</u>						
<b>WF Advantage Money Market</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>11/01/2009</b>
90 Day U.S. Treasury Bill	0.0	0.0	0.0	0.1	0.1	
<u>Fixed Income</u>						
<b>PIMCO Total Return Instl</b>	<b>2.8 (5)</b>	<b>5.7 (2)</b>	<b>7.0 (55)</b>	<b>7.2 (30)</b>	<b>7.2 (30)</b>	<b>11/01/2009</b>
Barclays Capital Aggregate	2.1	2.4	7.5	6.2	6.2	
IM U.S. Broad Market Core Fixed Income (MF) Median	2.0	3.4	7.1	6.6	6.6	
<b>Vanguard Total Bond Market Index Signal</b>	<b>2.2 (34)</b>	<b>2.4 (86)</b>	<b>7.6 (31)</b>	<b>6.1 (70)</b>	<b>6.1 (70)</b>	<b>11/01/2009</b>
Barclays Capital Aggregate	2.1	2.4	7.5	6.2	6.2	
IM U.S. Broad Market Core Fixed Income (MF) Median	2.0	3.4	7.1	6.6	6.6	
<u>Domestic Equity</u>						
<b>Vanguard 500 Index Trust Signal</b>	<b>-2.8 (20)</b>	<b>9.5 (21)</b>	<b>5.4 (17)</b>	<b>13.1 (14)</b>	<b>13.1 (14)</b>	<b>11/01/2009</b>
S&P 500 Index	-2.8	9.5	5.4	13.1	13.1	
IM U.S. Large Cap Core Equity (MF) Median	-4.0	8.3	2.0	10.8	10.8	
<b>Diamond Hill Large Cap Y</b>	<b>-5.2 (77)</b>	<b>3.8 (98)</b>	<b>0.5 (44)</b>	<b>N/A</b>	<b>0.9 (28)</b>	<b>04/01/2011</b>
Russell 1000 Value Index	-2.2	8.7	3.0	12.1	2.0	
IM U.S. Large Cap Value Equity (MF) Median	-4.1	7.6	0.1	9.2	-0.5	
<b>MainStay Large Cap Growth I</b>	<b>-7.6 (86)</b>	<b>8.3 (70)</b>	<b>0.5 (69)</b>	<b>N/A</b>	<b>0.5 (66)</b>	<b>04/01/2011</b>
Russell 1000 Growth Index	-4.0	10.1	5.8	14.7	5.2	
IM U.S. Large Cap Growth Equity (MF) Median	-5.8	9.7	2.0	11.9	1.8	
<b>Aston/Montag &amp; Caldwell Growth Fund</b>	<b>-2.0 (4)</b>	<b>8.0 (77)</b>	<b>6.4 (13)</b>	<b>10.4 (71)</b>	<b>10.4 (71)</b>	<b>11/01/2009</b>
Russell 1000 Growth Index	-4.0	10.1	5.8	14.7	14.7	
IM U.S. Large Cap Growth Equity (MF) Median	-5.8	9.7	2.0	11.9	11.9	

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

## Manager Performance Overview

As of June 30, 2012

	QTR	YTD	1 Year	Nov-2009 To Jun-2012	Since Inception	Inception Date
<b>Boston Trust Small Cap Fund</b>	<b>-4.4 (53)</b>	<b>5.5 (72)</b>	<b>-2.6 (47)</b>	N/A	<b>9.7 (32)</b>	<b>04/01/2010</b>
Russell 2000 Index	-3.5	8.5	-2.1	15.5	8.9	
IM U.S. Small Cap Core Equity (MF) Median	-4.3	7.0	-2.8	14.8	8.4	
<u>International Equity</u>						
<b>Thorburg International Value R5</b>	<b>-6.9 (40)</b>	<b>3.5 (45)</b>	<b>-14.7 (63)</b>	N/A	<b>5.4 (72)</b>	<b>07/01/2010</b>
MSCI AC World ex USA (Net)	-7.6	2.8	-14.6	1.3	5.3	
IM International Large Cap Core Equity (MF) Median	-7.0	3.3	-14.2	0.8	6.4	
<b>Europacific Growth R6</b>	<b>-6.1 (25)</b>	<b>5.5 (13)</b>	<b>-12.6 (23)</b>	<b>2.2 (23)</b>	<b>2.2 (23)</b>	<b>11/01/2009</b>
MSCI AC World ex USA (Net)	-7.6	2.8	-14.6	1.3	1.3	
IM International Large Cap Core Equity (MF) Median	-7.0	3.3	-14.2	0.8	0.8	
<u>Inflation Protection</u>						
<b>Vanguard Inflation Protected Sec.</b>	<b>3.3 (17)</b>	<b>4.0 (25)</b>	<b>11.9 (6)</b>	N/A	<b>9.6 (10)</b>	<b>07/01/2010</b>
Barclays Capital U.S. Treasury: U.S. TIPS	3.2	4.0	11.7	9.1	9.7	
IM U.S. TIPS (MF) Median	2.9	3.6	10.7	8.4	8.7	
<b>Van Eck Global Hard Assets</b>	<b>-13.5 (71)</b>	<b>-7.8 (62)</b>	<b>-24.2 (57)</b>	N/A	<b>6.2 (41)</b>	<b>07/01/2010</b>
S&P North American Natural Resources Sector	-9.7	-5.9	-17.4	5.5	9.1	
IM Global Natural Resources (MF) Median	-11.5	-5.8	-21.2	1.4	5.7	
<b>PIMCO Commodity Real Return Institutional</b>	<b>-3.4 (24)</b>	<b>-0.3 (23)</b>	<b>-9.5 (30)</b>	N/A	<b>10.4 (22)</b>	<b>07/01/2010</b>
Dow Jones-UBS Commodity Index	-4.5	-3.7	-14.3	1.1	3.9	
IM All Commodities (MF) Median	-7.2	-4.0	-13.5	0.8	4.8	

The inception date expressed on the Manager Performance Overview page(s) represents the first day of the first full month following the purchase of the investment. Performance figures shown at the fund level begin on this inception date. Your performance may differ slightly if the fund was purchased during the previous month. Actual performance is captured at the total plan level.

Mutual fund performance stated above may differ slightly from the current share class's historical performance due to share class exchanges

Returns for periods greater than one year are annualized  
Returns are expressed as percentages.

## Manager Commentary

As of June 30, 2012

Manager	Status	Comments
<b>Fixed Income</b>		
PIMCO:Tot Rtn;Inst (PTTRX)	Maintain	2Q 2012 – This strategy outpaced the Barclays Capital Aggregate and ranked near the top of its peer group during the 2nd quarter. The portfolio benefitted from exposure to U.S. Treasuries and other developed sovereign rates as a flight to quality pushed yields lower. Within corporate bonds, exposure to select financial issuers helped offset the underperformance of the sector. Security selection was also positive in high yield corporate bonds and emerging market debt where exposure to Brazil and Mexico was beneficial. Non-agency MBS rounded out the contributors as continued investor demand supported prices in spite of a general risk-off trend in the market. Holdings of real return bonds were among the top detractors as breakeven levels narrowed and nominal bonds outperformed. Exposure to select emerging market currencies, most notably the Brazilian real, also weighed on result as investors fled to relative safety during the period. PIMCO continues to position portfolios defensively given their belief that risk premiums are fairly to fully valued relative to the economic outlook. The portfolio remains focused on high quality yield with increased attention being paid to portfolio liquidity.
Vanguard Tot Bd;Sig (VBTSX)	Maintain	2Q 2012 - In accordance with its investment objective, the Fund performed in line with the Barclays Capital Aggregate Bond Index.
<b>Domestic Equity</b>		
Vanguard 500 Index;Sig (VIFSX)	Maintain	2Q 2012 - In accordance with its investment objective, the Fund has performed in line with the S&P 500 Index.
Diamond Hill Lg Cap;Y (DHLYX)	Maintain	2Q 2012 – The portfolio posted a negative return during the second quarter and underperformed the Russell 1000 Value Index. The strategy's underperformance was mostly driven by adverse stock selection, most notably in the energy and industrials sectors. Falling commodity prices and an unseasonably warm winter had a negative impact on many of the portfolio's energy holdings. Within the industrials sector, United Technologies weighed on results due to concerns about the company's exposure to China and the real estate market. The telecommunications and utilities sectors were among the Index's top performing sectors this quarter as investors shifted to more defensive holdings. The portfolio's lack of exposure to these sectors detracted from results. Strong stock selection in the consumer staples sector had a positive impact on performance, along with an underweight allocation to the financials sector.
MainStay:Lg Cap Gr:I (MLAIX)	Maintain	2Q 2012 – The second quarter was difficult for the Fund as it underperformed the Russell 1000 Growth Index. Stock selection was the main detractor from relative returns, but the portfolio's sector allocation also had a negative impact. In the information technology sector, Cognizant Technology lowered guidance for the rest of the year. The firm had a \$1 billion contract with JPMorgan that was withdrawn after JPMorgan suffered the trading loss in its Chief Investment Office. The portfolio also held JPMorgan which underperformed in the quarter. In the consumer discretionary sector, Fossil also lowered guidance for the remainder of the year and saw its shares slide as a result. Helping performance during the quarter was an underweight allocation to the materials sectors and an overweight allocation to the health care and industrials sectors.

## Manager Commentary

As of June 30, 2012

Manager	Status	Comments
Aston:M&C Growth;N (MCGFX)	Maintain	2Q 2012 - The portfolio declined during the quarter but outperformed the Russell 1000 Growth Index and ranked in the top quartile of the large cap growth peer group. An overweight position to the consumer staples sector and an overweight position to the health care sector were additive during the quarter as these were among the top performing sectors in the Index during the quarter. Also having a positive impact on performance was an underweight and strong picks in the technology sector. Within the health care sector Allergan, a pharmaceuticals company, outperformed. In the information technology sector, Visa, Apple and eBay were all strong performers. Results in the consumer discretionary sector were mixed. Amazon.com and TJX saw gains during the quarter, but these were offset by McDonalds, Nike and Las Vegas sands.
Boston Trust Small Cap (BOSOX)	Maintain	2Q 2012 - The Boston Trust Small Cap Fund trailed the Russell 2000 Index in the second quarter primarily due to stock selection. The Fund underperformed by the widest margin in the consumer discretionary sector. Within the sector, Select Comfort Corp and Fuel Systems Solutions were the leading detractors. Technology was another area of weakness during the quarter thanks to holdings in the software and communications equipment industries. Conversely, stock selection was additive to performance in the consumer staples and industrials sectors.
<b>International Equity</b>		
Thornburg Intl Val;R5 (TIVRX)	Maintain	2Q 2012 – The strategy declined this quarter with performance that outpaced that of its benchmark. Concerns surrounding the sovereign debt crisis in Europe combined lackluster economic data in the quarter resulted in a challenging environment for equities. Relative results benefited from country and sector allocation. Country allocation benefited from the overweight allocation to the United Kingdom, as the UK fared better than the rest of Europe in the period. Sector allocation benefited from the overweights to the more defensive health care and consumer staples sectors. Stock selection was strongest in the consumer discretionary sector, where Carnival Plc bounced back this quarter. This was offset due to weakness in the financials sector. Within financials, Credit Suisse was among the detractors as it fell due to concerns regarding surrounding its capital requirements.
American Funds EuPc;R-6 (RERGX)	Maintain	2Q 2012 - The American Funds EuroPacific Growth Fund fell this quarter but was able to outpace the MSCI ACWI ex USA Index. These results landed the Fund in the top half of its peer group. It was a challenging quarter for equity markets as renewed fears surrounding the sovereign debt crisis in Europe and evidence of slowing global growth were front and center once again. Emerging markets fell more than developed markets. Relative results benefited from the overweight to the health care and telecommunication sectors, as more defensive sectors held up better this quarter. Also aiding results was the underweight to the materials sector which fell sharply due to the decline in commodity prices. This was slightly offset due to the overweight to the information technology sector, which was among the worst performing sectors for the period. Several of the largest detractors from results were found in the financials sector, as European financials fell sharply for the period. An area of strength for the Fund came from its telecommunications holdings, which performed better than the Index. During the quarter, a new portfolio counselor on the Fund. Christopher Thomsen was disclosed as the tenth portfolio counselor on the Fund.

## Manager Commentary

As of June 30, 2012

Manager	Status	Comments
<b>Inflation Protection</b>		
Vanguard Infl-Prot;Adm (VAIPX)	Maintain	2Q 2012 - In accordance with its investment objective, the Fund performed in line with the Barclays Capital U.S. TIPS Index.
Van Eck:GI Hard Asst;I (GHAIX)	Maintain	2Q 2012 - The Fund declined sharply and trailed its target index in the quarter. Hard asset commodities and their corresponding equity sectors met significant headwinds in the period, resulting from ongoing debt issues in Europe, negative capital flows in the emerging markets, and monetary tightening in China. Agriculture was the only commodity sub-sector to post a positive return in the period. Wheat, soybeans, and corn prices rose on worsening drought conditions throughout the central United States, although agricultural equities declined. Energy was the weakest subsector, dragged down by a sharp decline in crude oil prices. Although three of the fund's top contributors were energy related companies, a distinct underweight to integrated oil companies in favor of exploration and production names detracted significantly. Despite closing the quarter with a sharp rally in June, base metals declined in the quarter from falling global demand and a weakening economic outlook. Precious metals prices also fell, as investors turned toward U.S. Treasuries as their preferred safe haven asset in response to EuroZone concerns. Gold declined 4.25%, while Gold Mining equities fell close to 10% on increased production and capital costs. Diversified mining companies, notably Xstrata (-25.6%) and Cliffs Natural Resources (-28.2%) were significant detractors this quarter. Fund positioning was adjusted modestly in the period, with steel, integrated oil, and agricultural positions increased at the expense of select base metal and mining names.
PIMCO:Comm RR Str;Inst (PCRIX)	Maintain	2Q 2012 - The fund ended the quarter with a negative absolute return, but outperformed the index by approximately 120 basis points. The use of TIPS as the primary collateral to the commodity futures contracts continues to be the primary driver of relative outperformance when compared to the nominal counterparts held in the index. Hard asset commodities and their corresponding equity sectors met significant headwinds in the period, resulting from ongoing debt issues in Europe, negative capital flows in the emerging markets, and monetary tightening in China. Agriculture was the only commodity sub-sector to post a positive return in the period, driven by drought conditions throughout the central United States, while the Energy sector fell sharply on declining crude oil prices. In addition to the TIPS collateral, the fund maintains modest exposure to spread product, which was an additional source of alpha in the period.

## Manager Gain/Loss Summary

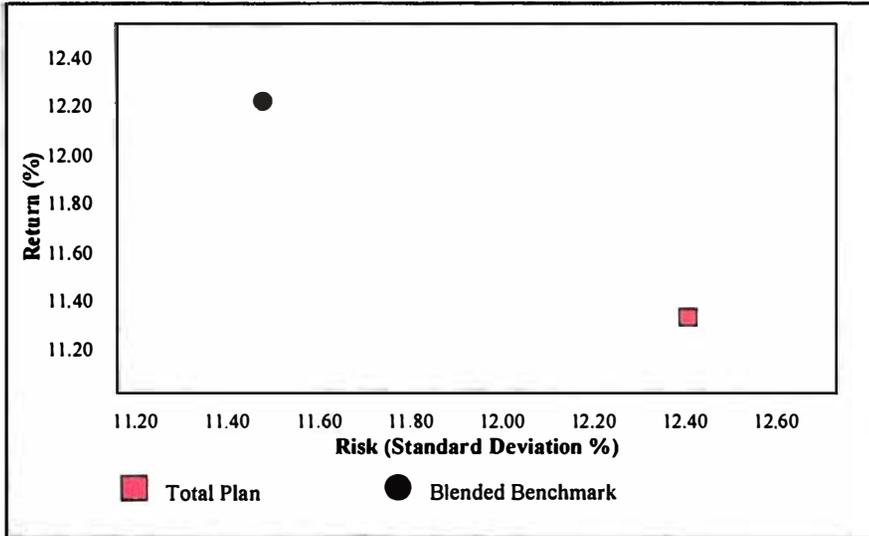
Quarter Ending June 30, 2012

	Market Value As of 04/01/2012	Net Flows	Return On Investment	Market Value As of 06/30/2012
<u>Short Term Liquidity</u>				
WF Advantage Money Market	45,411	-7,597	13	37,826
<b>Short Term Liquidity</b>	<b>45,411</b>	<b>-7,597</b>	<b>13</b>	<b>37,826</b>
<u>Fixed Income</u>				
PIMCO Total Return Instl	4,227,537	-	118,079	4,345,617
Vanguard Total Bond Market Index Signal	1,375,537	-	29,695	1,405,232
<b>Total Fixed Income</b>	<b>5,603,074</b>	<b>-</b>	<b>147,775</b>	<b>5,750,848</b>
<u>Domestic Equity</u>				
Vanguard 500 Index Trust Signal	5,148,229	-	-141,908	5,006,321
Diamond Hill Large Cap Y	1,001,742	-	-51,793	949,948
MainStay Large Cap Growth I	1,047,604	-	-79,613	967,991
Aston/Montag & Caldwell Growth Fund	946,142	-	-19,125	927,016
Boston Trust Small Cap Fund	1,018,069	-	-44,598	973,471
<b>Total Domestic Equity</b>	<b>9,161,785</b>	<b>-</b>	<b>-337,038</b>	<b>8,824,748</b>
<u>International Equity</u>				
Thornburg International Value R5	1,784,913	-	-122,956	1,661,958
Europacific Growth R6	1,803,333	-	-110,539	1,692,795
<b>Total International Equity</b>	<b>3,588,247</b>	<b>-</b>	<b>-233,494</b>	<b>3,354,752</b>
<u>Inflation Protection</u>				
Vanguard Inflation Protected Sec.	329,861	-	10,731	340,592
Van Eck Global Hard Assets	341,880	-	-46,157	295,723
PIMCO Commodity Real Return Institutional	361,995	-	-12,234	349,761
<b>Total Inflation Protection</b>	<b>1,033,737</b>	<b>-</b>	<b>-47,661</b>	<b>986,076</b>
<b>Total Plan</b>	<b>19,432,253</b>	<b>-7,597</b>	<b>-470,406</b>	<b>18,954,251</b>

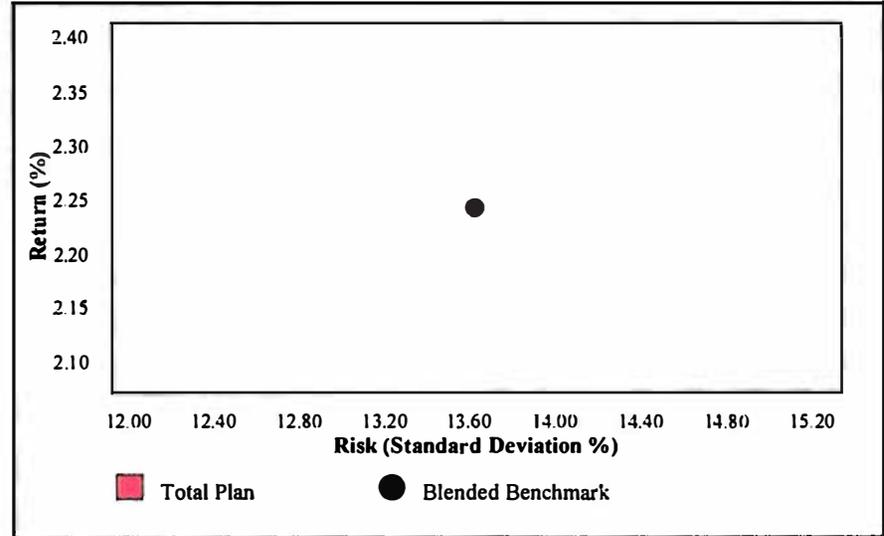
# Risk vs. Return

As of June 30, 2012

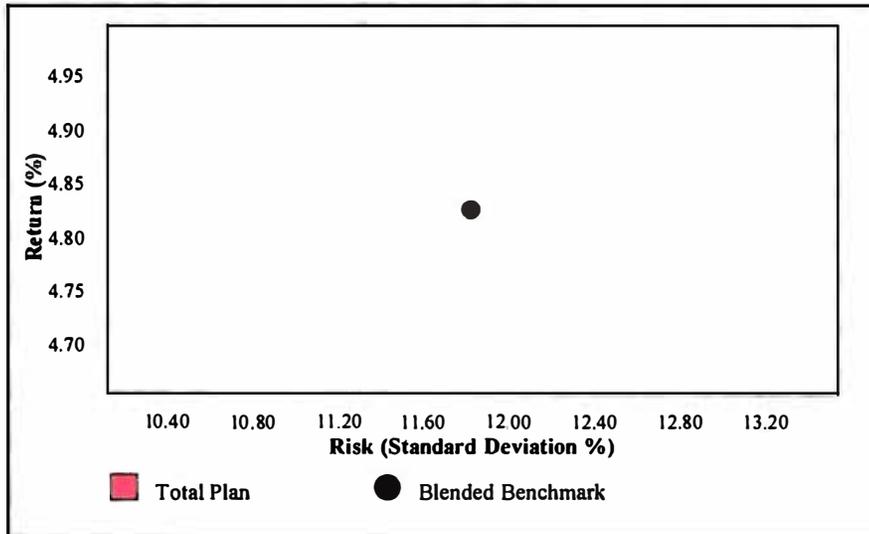
### 3 Year Risk and Return



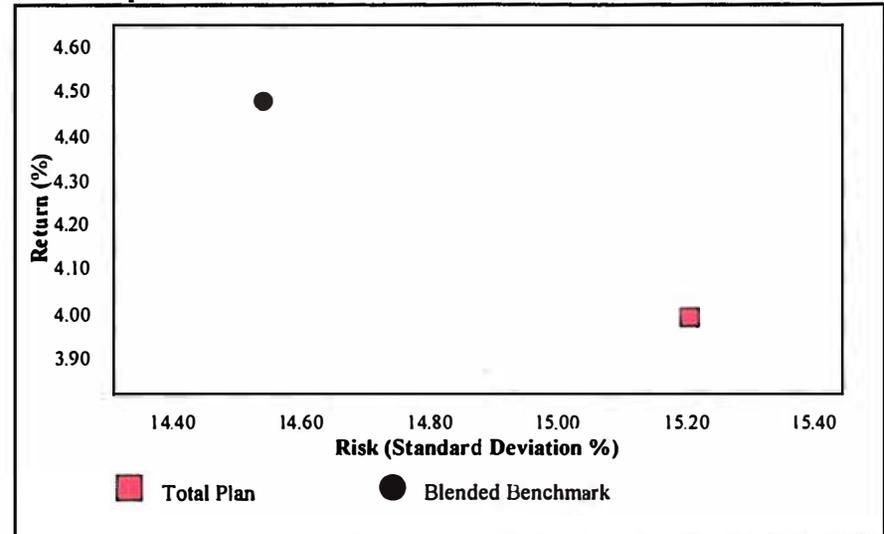
### 5 Year Risk and Return



### 7 Year Risk and Return



### Since Inception Risk and Return



# MPT Statistical Data

As of June 30, 2012

## 3 Year Historical MPT Statistics

	Return	Standard Deviation	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Downside Risk
Total Plan	11.33	12.40	6.43	-0.11	0.74	0.92	0.19	0.93	6.49
Blended Benchmark	12.21	11.48	0.00	N/A	1.00	1.06	0.00	1.00	6.48
90 Day U.S. Treasury Bill	0.11	0.03	11.48	-1.06	0.00	N/A	0.11	0.00	0.01

## 5 Year Historical MPT Statistics

	Return	Standard Deviation	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Downside Risk
Total Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Blended Benchmark	2.24	13.62	0.00	N/A	1.00	0.16	0.00	1.00	9.86
90 Day U.S. Treasury Bill	0.96	0.48	13.73	-0.16	0.05	N/A	0.98	-0.01	0.01

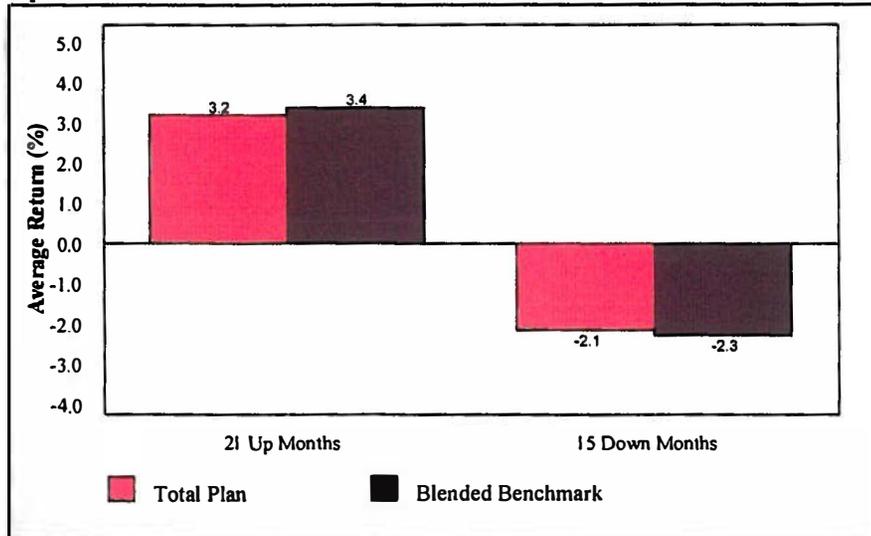
## 7 Year Historical MPT Statistics

	Return	Standard Deviation	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Downside Risk
Total Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Blended Benchmark	4.82	11.82	0.00	N/A	1.00	0.29	0.00	1.00	8.41
90 Day U.S. Treasury Bill	1.96	0.62	11.88	-0.29	0.00	N/A	1.98	0.00	0.01

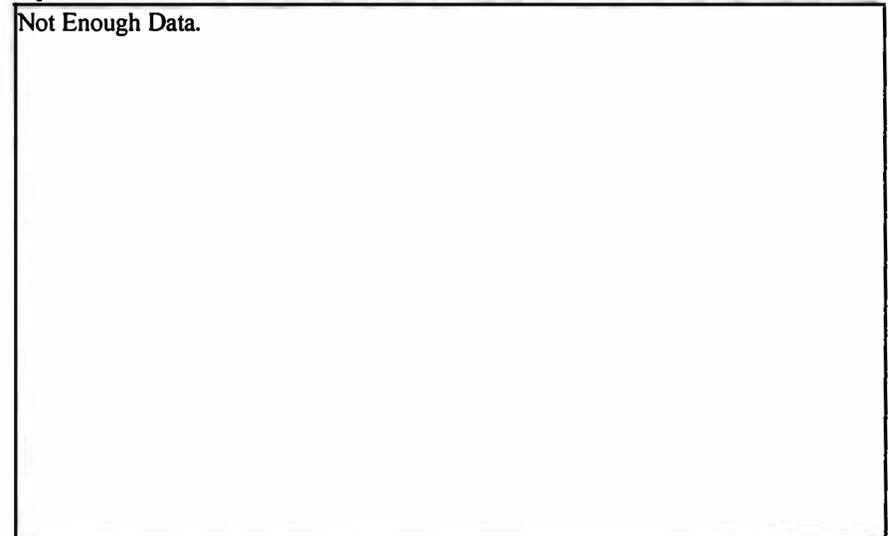
# Market Capture Report

As of June 30, 2012

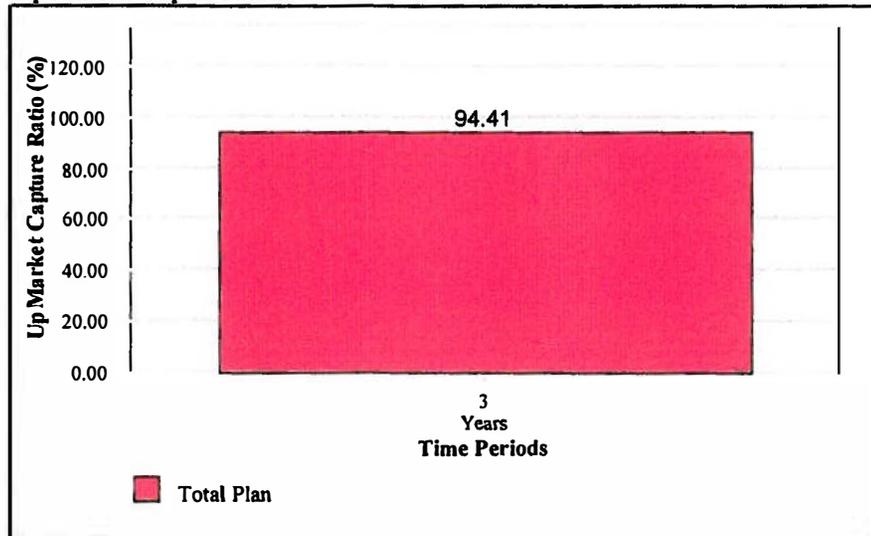
### Up/Down Markets - 3 Years



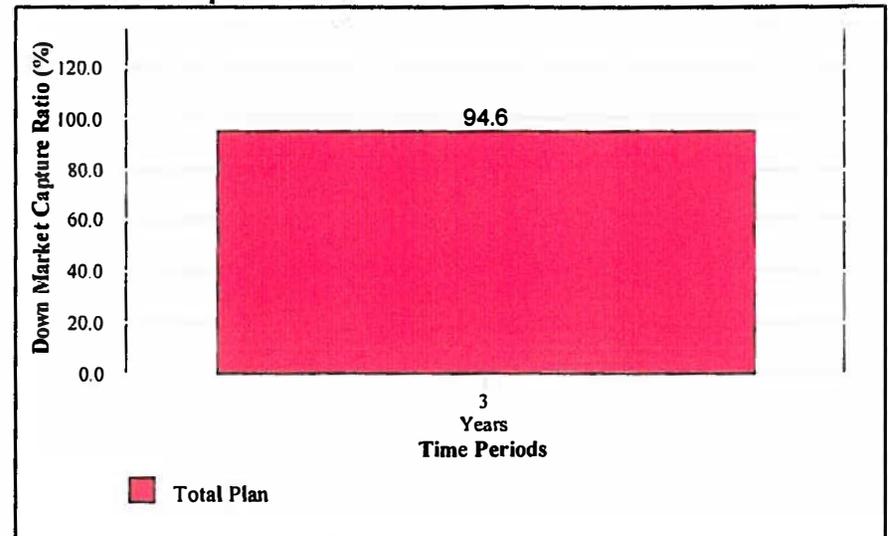
### Up/Down Markets - 5 Years



### Up Market Capture Ratio



### Down Market Capture Ratio



## Market Value & Flow Summary

Since Inception Ending June 30, 2012

Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
Jun-2008	-	-	-	18,275,083	N/A
Sep-2008	18,275,083	-347,237	-1,227,403	16,700,443	-6.8
Dec-2008	16,700,443	-116,941	-2,330,795	14,252,707	-14.0
Mar-2009	14,252,707	-142,836	-882,840	13,227,031	-6.2
Jun-2009	13,227,031	1,552	1,674,193	14,902,776	12.6
Sep-2009	14,902,776	-331,810	1,821,456	16,392,422	11.8
Dec-2009	16,392,422	-97,668	521,094	16,815,848	3.2
Mar-2010	16,815,848	-174,642	651,983	17,293,189	3.8
Jun-2010	17,293,189	-317,593	-933,037	16,042,558	-5.3
Sep-2010	16,042,558	-151,153	1,474,076	17,365,481	9.1
Dec-2010	17,365,481	-137,528	1,118,395	18,346,348	6.4
Mar-2011	18,346,348	-137,728	714,933	18,923,552	3.8
Jun-2011	18,923,552	-104,491	130,815	18,949,876	0.7
Sep-2011	18,949,876	-62,357	-2,158,099	16,729,420	-11.2
Dec-2011	16,729,420	12,585	1,148,229	17,890,234	6.8
Mar-2012	17,890,234	8,848	1,533,171	19,432,253	8.3
Jun-2012	19,432,253	-7,597	-470,406	18,954,251	-2.3

Net cash flows excluding investment management fees paid may differ from gross cash flow figures shown elsewhere in this report

## Fee Analysis

As of June 30, 2012

MANAGER	FEE SCHEDULE	TARGET ALLOCATION
PIMCO Total Return Instl	0.46%	22.5%
Vanguard Total Bond Market Index Signal	0.10%	7.5%
Vanguard 500 Index Trust Signal	0.05%	25.0%
Diamond Hill Large Cap Y	0.66%	5.0%
MainStay Large Cap Growth I	0.82%	5.0%
Aston/Montag & Caldwell Growth Fund	1.07%	5.0%
Boston Trust Small Cap Fund	1.01%	5.0%
Thornburg International Value R5	0.99%	10.0%
Europacific Growth R6	0.50%	10.0%
Vanguard Inflation Protected Sec.	0.11%	1.7%
Van Eck Global Hard Assets	1.01%	1.7%
PIMCO Commodity Real Return Institutional	0.79%	1.7%
<b>AVERAGE WEIGHTED FEE</b>		<b>0.48%</b>

*DISCLOSURE: The figures on this page have been obtained from sources we deem to be reliable. FIA has not independently verified this information.*

## Prospectus Links - Town of Trumbull Employee Pension Plan

As of June 30, 2012

---

<b><u>FUND FAMILY</u></b>	<b><u>WEB SITE</u></b>
Vanguard Funds	<a href="http://www.vanguard.com">www.vanguard.com</a>
PIMCO Funds	<a href="http://www.pimco-funds.com">www.pimco-funds.com</a>
Aston/Montag & Caldwell Fund	<a href="http://www.astonfunds.com">www.astonfunds.com</a>
MainStay Investments	<a href="http://www.mainstayinvestments.com">www.mainstayinvestments.com</a>
Diamond Hill	<a href="http://www.diamond-hill.com">www.diamond-hill.com</a>
Boston Trust	<a href="http://www.btim.com">www.btim.com</a>
American Funds	<a href="http://www.americanfunds.com">www.americanfunds.com</a>
Thornburg Funds	<a href="http://www.thornburginvestments.com">www.thornburginvestments.com</a>
Van Eck Funds	<a href="http://www.vaneck.com">www.vaneck.com</a>

## Statistics Definitions

Statistics	Description
Sharpe Ratio	– Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.
Alpha	– A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. It is a measure of the portfolio's historical performance not explained by movements of the market, or a portfolio's non-systematic return.
Beta	– A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.
R-Squared	– The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Square means a higher correlation of the portfolio's performance to the appropriate benchmark.
Treynor Ratio	– Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Represents the excess rate of return over the risk free rate divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.
Tracking Error	– A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate market benchmark.
Information Ratio	– Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.
Consistency	– The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.
Excess Return	– Arithmetic difference between the managers return and the risk-free return over a specified time period.
Active Return	– Arithmetic difference between the managers return and the benchmark return over a specified time period.
Excess Risk	– A measure of the standard deviation of a portfolio's performance relative to the risk free return.
Up Market Capture	– The ratio of average portfolio return over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.
Down Market Capture	– The ratio of average portfolio return over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

Page is left blank intentionally.





**FIDUCIARY**  
INVESTMENT ADVISORS

*Strategic thinking. Customized solutions.*

## The Case For Global Bonds

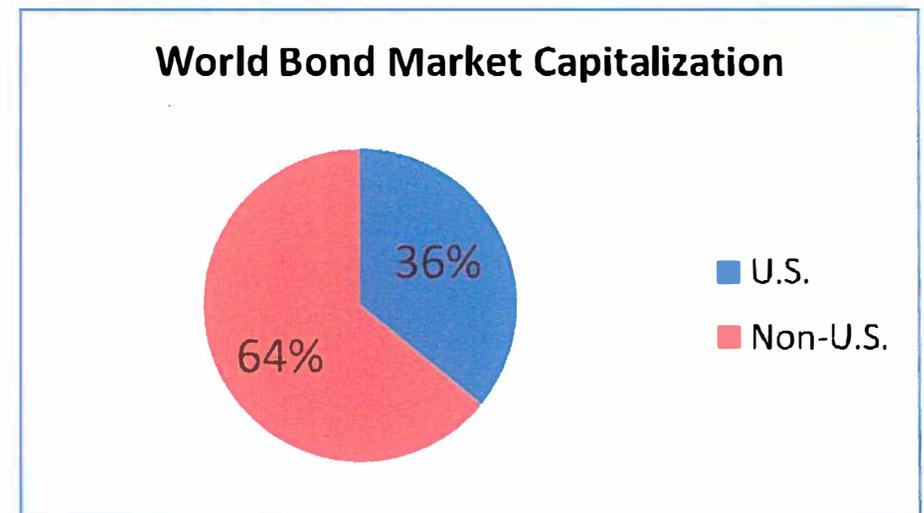
---

May 2012

# The Global Bond Opportunity

*U.S. Investors should consider adding Global Bonds to their portfolios for the following reasons:*

- **Unique and broad product set**
  - Global bonds are a \$70 trillion opportunity
  - During turbulent times, investors may find enhanced returns through non-dollar returns
- **Portfolio diversification/Reduced volatility**
  - Low correlations with domestic/foreign equities and bonds
  - Unsynchronized economic and business cycles in countries around the world
- **Alpha Opportunities via Active Management:**
  - Country / Currency / Interest Rate Positioning

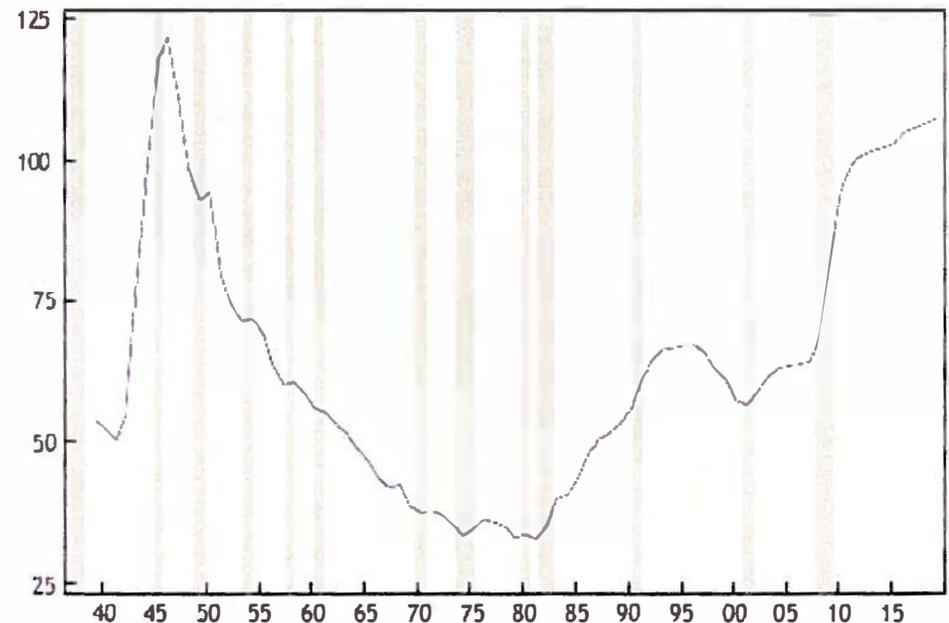


Source: Brandywine

# The Current Domestic Environment

- U.S. Government response to 2008 crisis
  - Massive monetary and fiscal stimulus
  - Current and projected budget deficit
  - Record debt levels and fiscal challenge
- Legislative agenda & Fed Reserve pullback
  - Adds unpredictability
- Current bond yields extremely low
  - Sovereign debt & Corps (US/Europe)
- Adverse environment for U.S. Dollar assets
  - U.S. core managers likely challenged
  - Credit quality sacrificed for yield

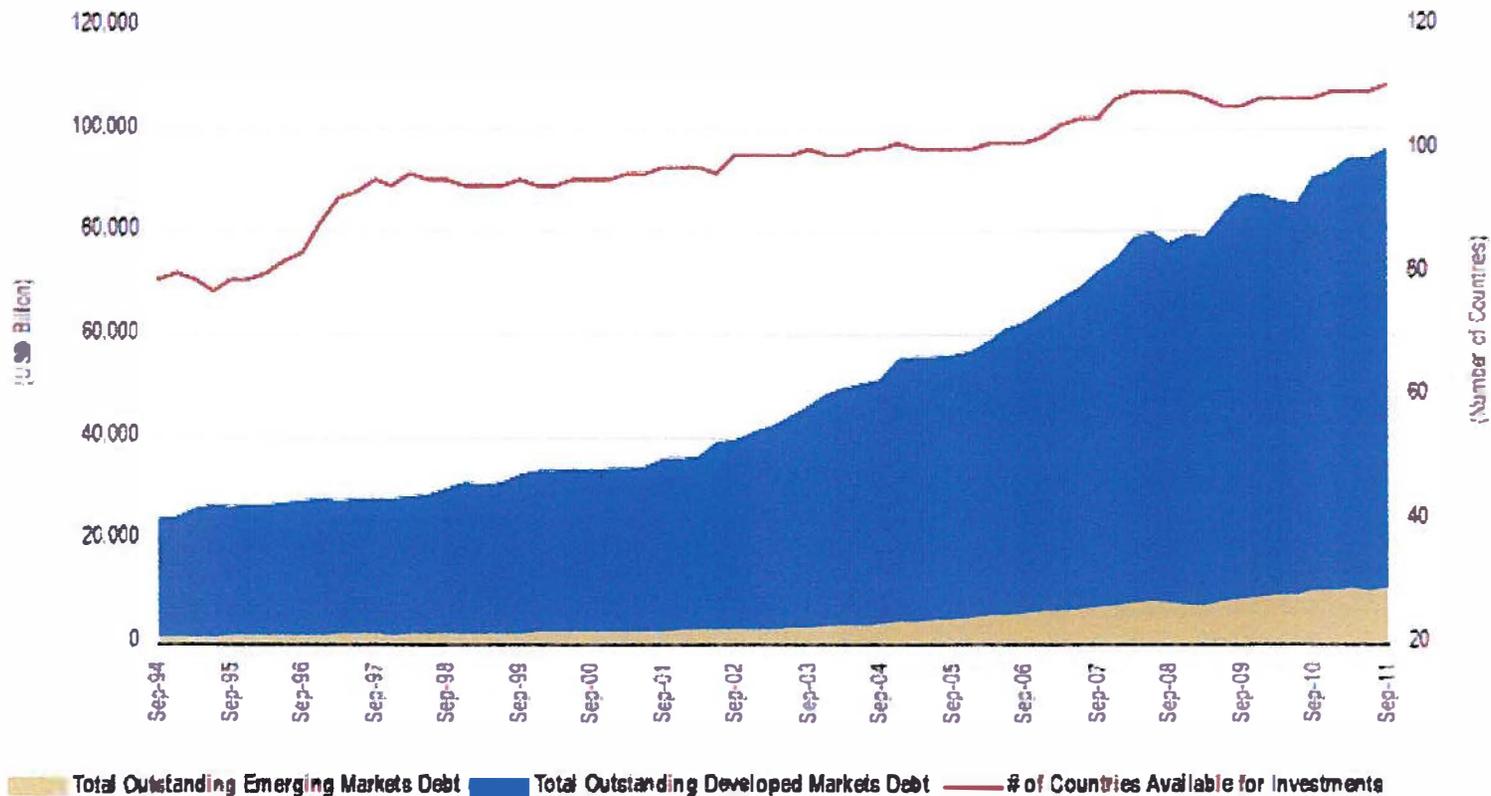
**Gross Federal Debt as a Percentage of GDP**



Source: Office Management & Budget / Haver Analytics as of 2/4/10. Shaded areas denote National Bureau of Economic Research-designated recessions

# Expanding Opportunity Set

**Total Debt Outstanding of Governments and Corporations<sup>1</sup>**  
 From September 1994 through September 2011

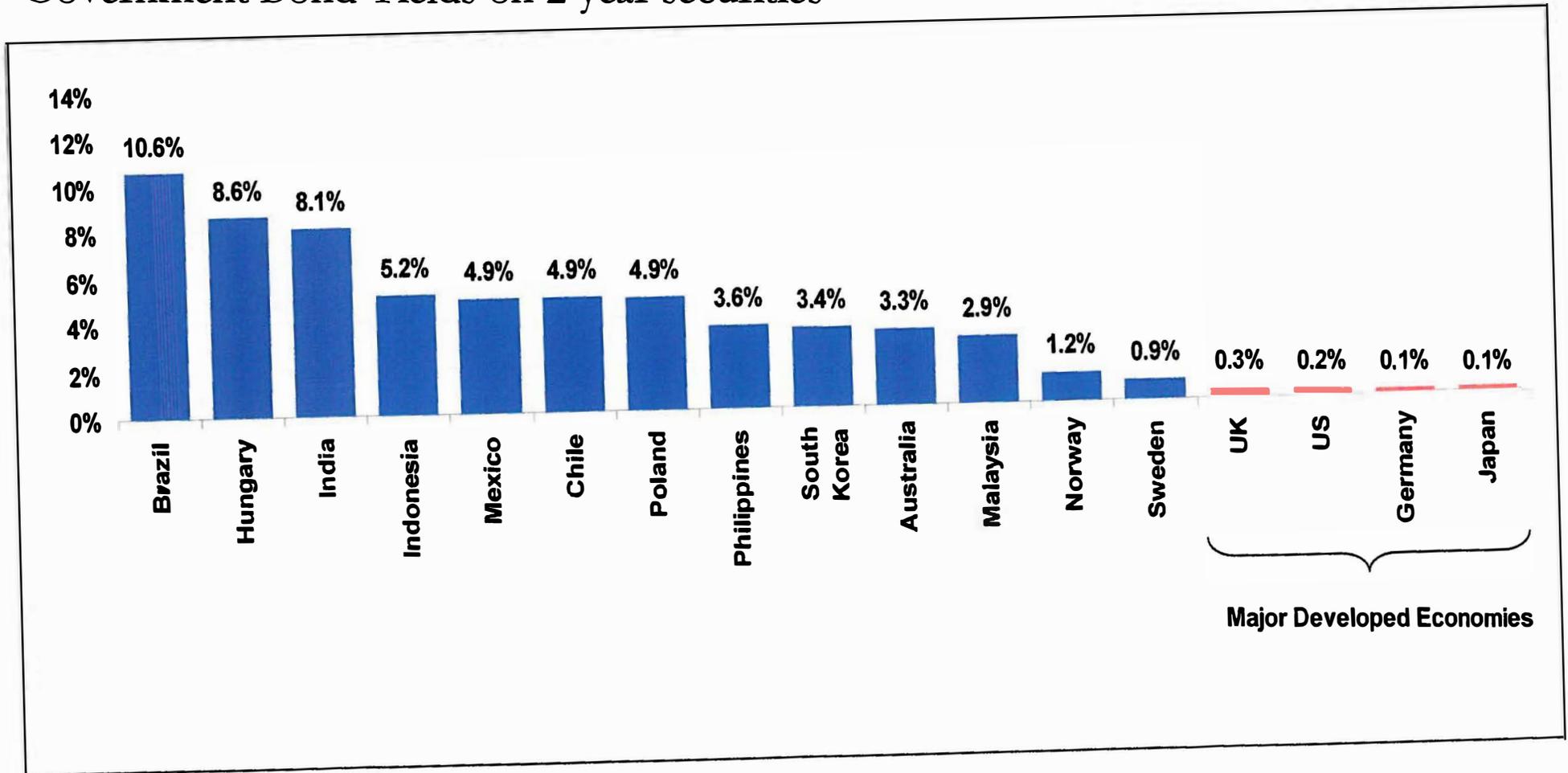


- Both developing and developed fixed income markets have grown significantly in the past decade.

Source: Franklin Templeton

# Attractive Yields Available Internationally

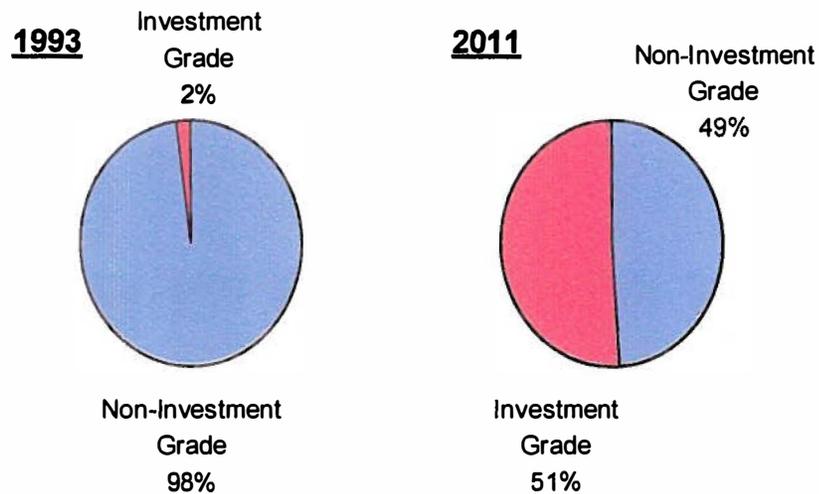
Government Bond Yields on 2 year securities



Source: Franklin Templeton, Bloomberg, as of 12/31/2011

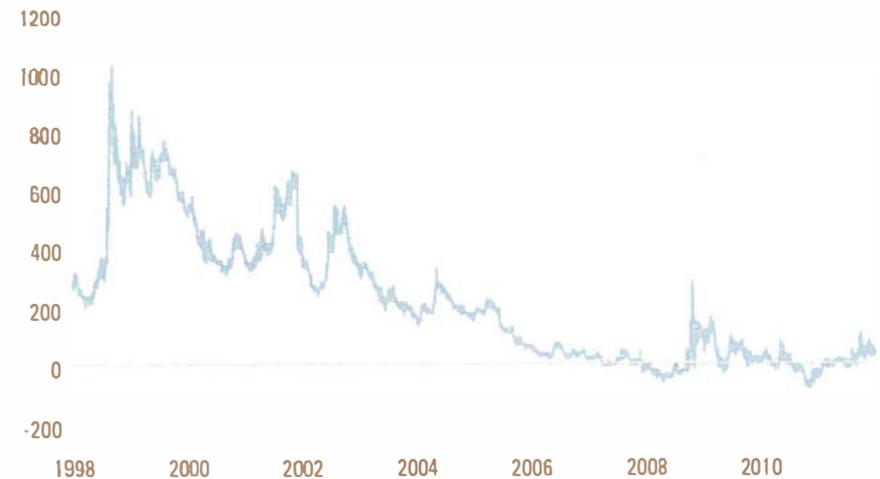
# Developing Market Risk is Improving

## Improving Credit Quality of Emerging Market Debt



## Emerging Markets Spreads versus U.S. Corporates

J.P. Morgan EM Bond Index Less Baa Rated U.S. Corporates (Basis Points)



As of 12/31/2011

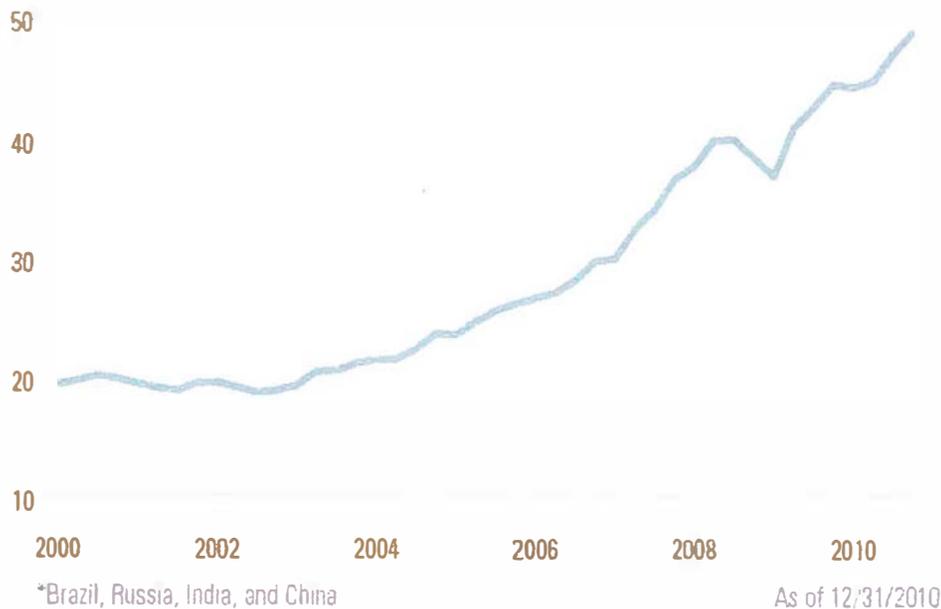
- Pace of Sovereign upgrades continues
- During last growth cycle, Developing Markets:
  - Reduced debt
  - Improved fiscal position
  - Increased reserves
  - Floated currency regimes
- Not as intertwined in factors leading to financial crisis
  - Lower Sovereign & Consumer debt levels
- EM sovereign yields have tightened
  - Strong currencies
  - Success in reigning in inflation
  - Foreign capital has been attracted

Source: Bloomberg/Brandywine. As of 12/31/11.

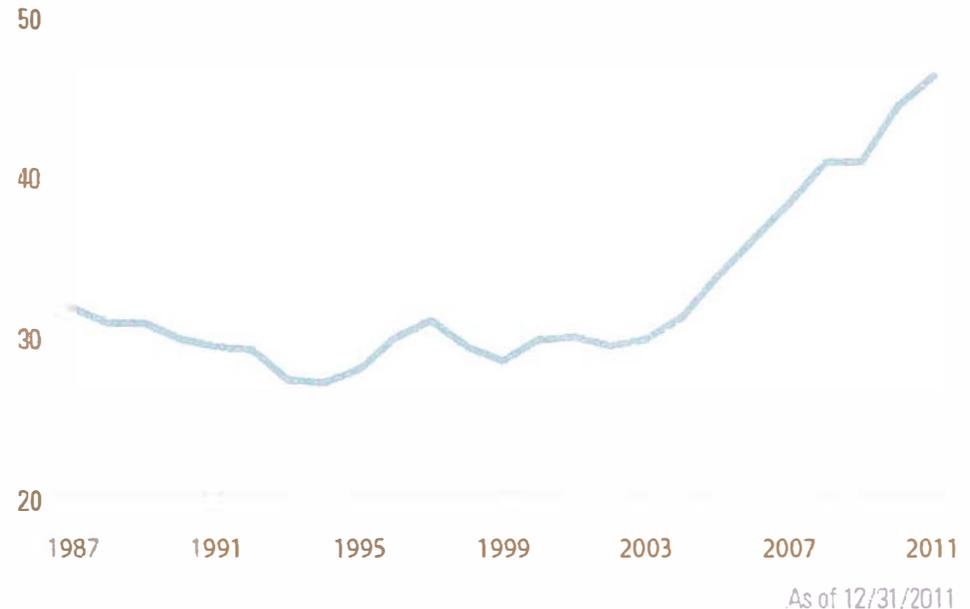
# Developing Markets Are Filling G3 Void

- Non G-3 have been stimulating domestic demand to fill the decline in U.S. consumption
  - BRIC consumption as % of U.S. – doubled since 2000
  - Non G-3s share of global GDP – sizeable increases last few yrs
- Emerging World embracing free market principles

**BRIC \*Personal Consumption Relative to U.S.**



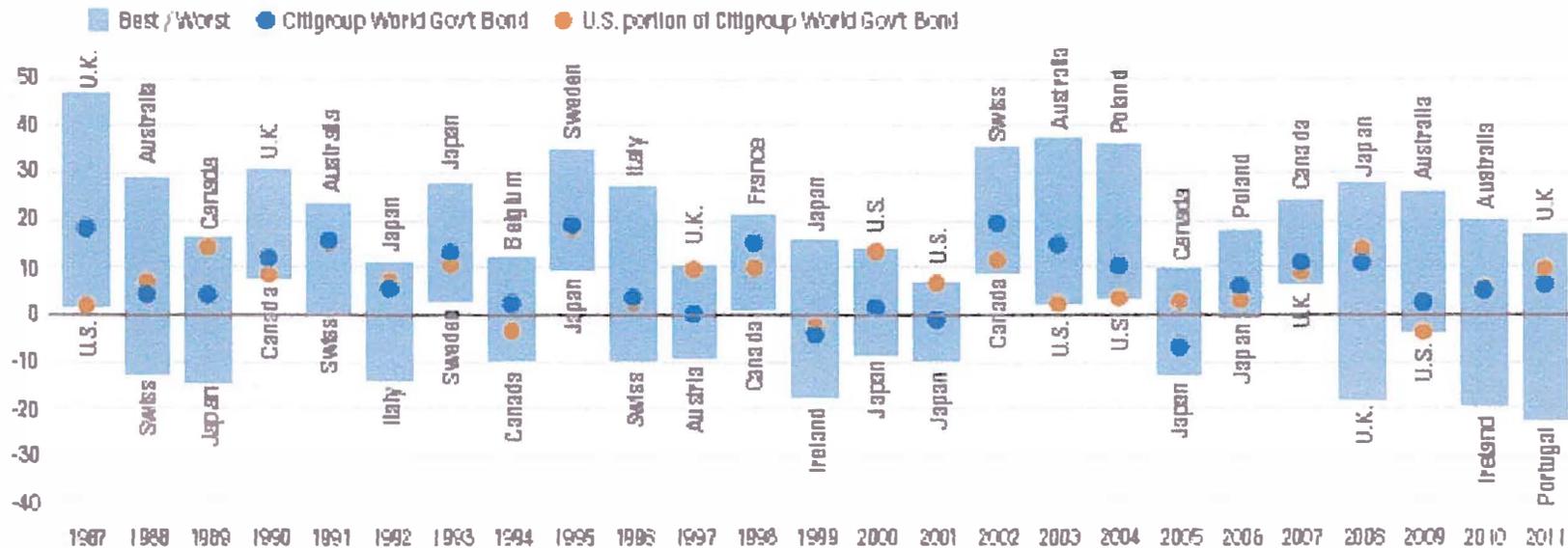
**Non G-3 Share of Global GDP**



Source: Thompson Datastream/Brandywine. As of 12/31/11.

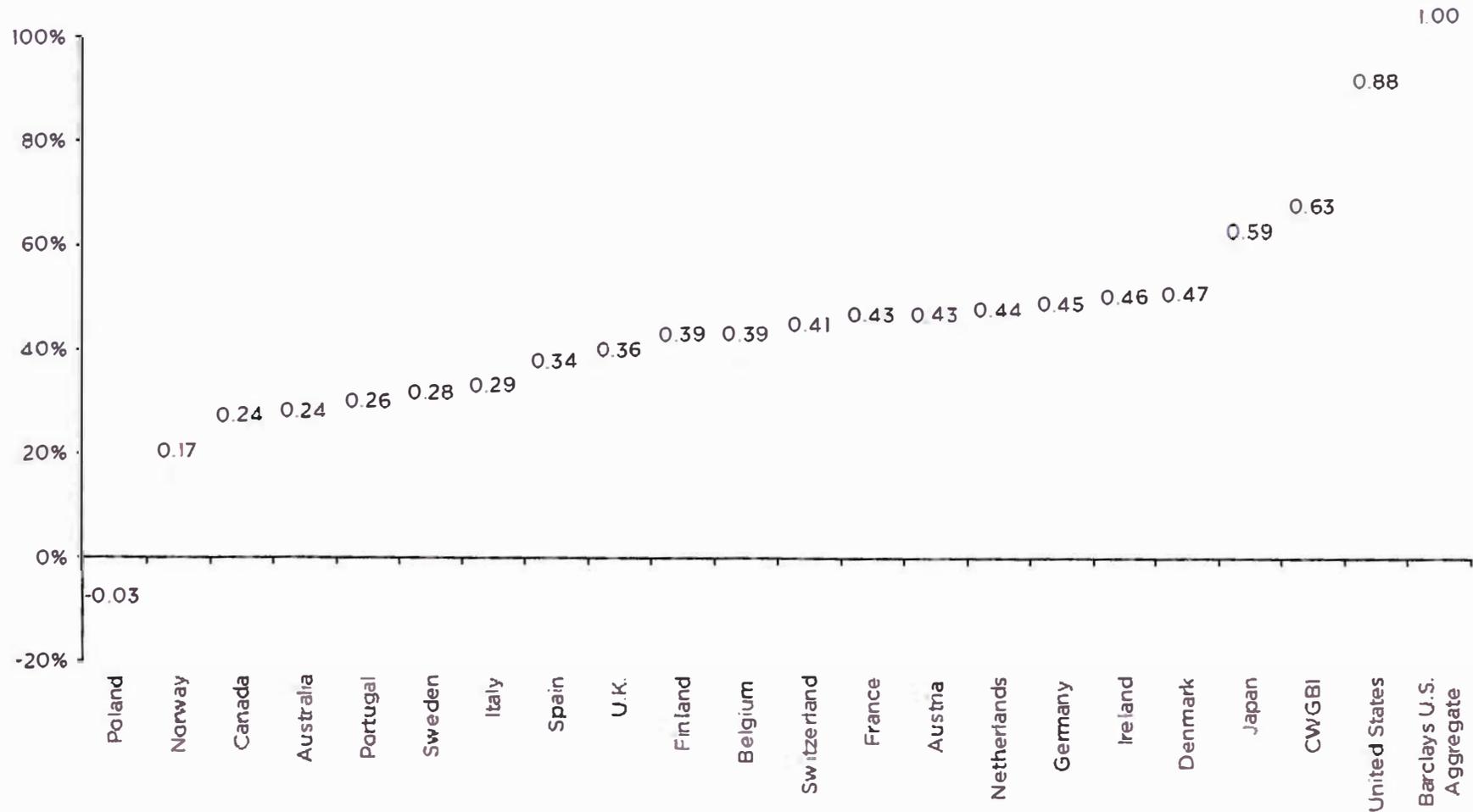
# Value of Active Management

## Range of Returns in the Citigroup WGBI



Sources: Brandywine Global, Thomson, 2011. The Citigroup World Government Bond Index is a market capitalization-weighted benchmark that measures the performance of developed countries' global fixed-income markets invested in debt issues of U.S. and non-U.S. governmental entities. Please note that an investor cannot invest directly in an index.

# Low Correlation to Traditional Fixed Income



Source: Bloomberg/Brandywine. As of 12/31/11.

# The Outlook for Global Bonds

- Enhanced return potential through investing in improving credit, higher yields, and strong currencies
- Risk Reduction through diversification
- Non-G3 countries are having a growing impact on the global economy as the developing world becomes developed
- Disinflationary pressures persist in the G3 universe

# **Global Bond**

## **Manager Search**

Prepared by Fiduciary Investment Advisors, LLC

Period Ending June 30, 2012

*Funds included:*

Legg Mason BW Global Opportunities  
Templeton Global Bond

*The information contained in this report has been taken from trade and statistical services and other sources deemed reliable, although its accuracy cannot be guaranteed and it should not be relied upon as such. Any opinion expressed herein reflects our judgment at this date and are subject to change. The illustration represents past performance and should not be considered indicative of future results. Mutual funds are sold by prospectus only. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, it should not be assumed that your account holdings do or will correspond directly to any comparative indices.*

## FIRM & STRATEGY SUMMARY

### FIRM INFORMATION

Firm Name	<b>Brandywine Global Investment Management</b>
Location	Philadelphia, PA
Ownership	Brandywine is a subsidiary of Legg Mason, which is a publicly traded company
Firm Assets	\$38.8 billion

### STRATEGY INFORMATION

Strategy Name	Legg Mason BW Global Opportunities
Strategy Inception	2006
Strategy Assets	\$1.86 billion
Investment Vehicle	Mutual Fund
Fees	0.64%
Investment Team	Stephen Smith has led the team since its inception in 1992. The portfolio is co-managed by David Hoffman who joined the team in 1995. The team is rounded out by an associate portfolio manager, dedicated analysts, and a dedicated trading team.

### STRATEGY SUMMARY

Investment Philosophy	The Global Fixed Income team's approach is value driven, active and strategic. It focuses on finding value through a combination of above average real interest rates and an undervalued currency. Research is focused in areas where existing economic and market conditions enable that value to be realized in a short time frame.
Process	The initial universe is comprised of sovereign debt and currencies in the index as well as the corporate and MBS securities in those countries. The process begins with a macro-economic analysis on a country by country basis in order to rank them based on opportunities. Further analysis is focused on countries with the highest real interest rates as inflation adjusted yield is the team's primary measure of value. Inflation trends, political risks, monetary trends, business cycle and liquidity measures are all considered. Currency valuations are examined next relative to their historic averages. Ideal situations are countries with high real rates combined with appreciating currencies (the team will hedge any currencies they feel are overvalued). The majority of investments are made in sovereign debt, however when the market overestimates credit risk, spread sectors may provide attractive opportunities. Individual security selection is a residual of the country and currency selection process. Spread product analysis is conducted by both quantitative and fundamental analysts on the team and only those securities that present significant value are added to the portfolio. Yield curve analysis, desired durations and wideness of spreads relative to government issues are all considered. Allocations to high yield and emerging markets are made on a tactical basis.
Portfolio Construction	The portfolio is constructed from the top down by first identifying attractive countries and currencies. The portfolio is typically concentrated in 8-14 countries deemed to have the best total return potential. Duration is typically intermediate to long in countries where real interest rates are high.
Risk Controls	The investment team focuses on the absolute value of securities and markets in which they invest. Risk is viewed as combination of price and information risk. The goal is to take on very little price risk by purchasing only undervalued securities while mitigating information risk through comprehensive analysis.

For the prospectus please go to [www.leggmason.com](http://www.leggmason.com)

## FIRM & STRATEGY SUMMARY

### FIRM INFORMATION

Firm Name	Franklin Templeton Investments
Location	San Mateo, California
Ownership	Public
Firm Assets	\$725.7 billion

### STRATEGY INFORMATION

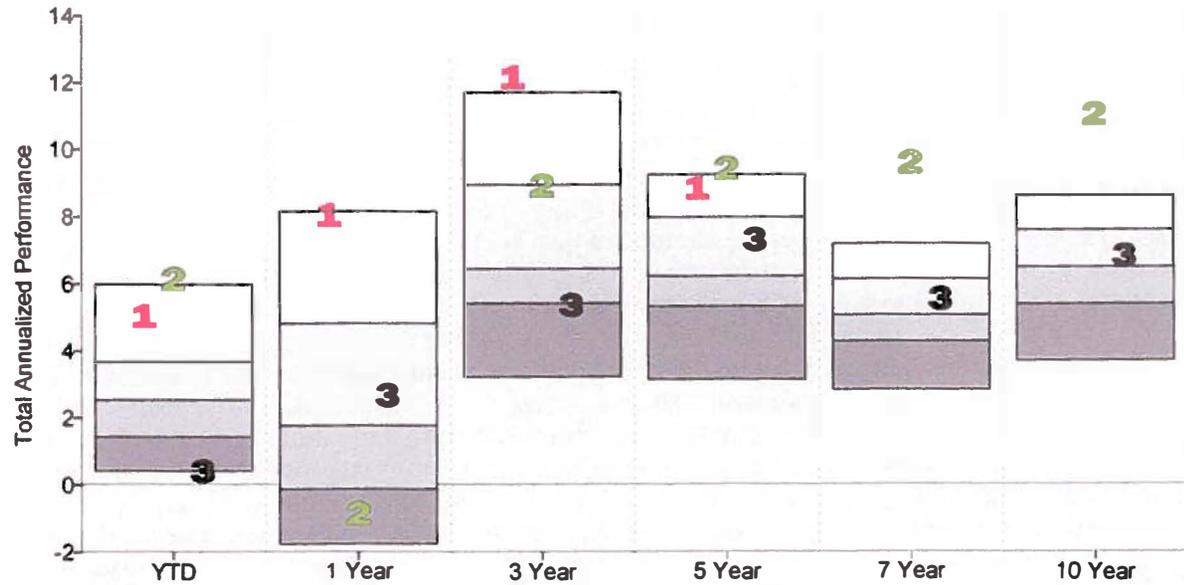
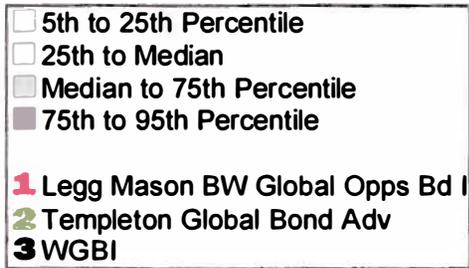
Fund Name	Templeton Global Bond Fund
Fund Inception	1986
Fund Assets	\$59.9 billion
Investment Vehicle	Mutual Fund
Fees	0.64%
Investment Team	Michael Hasenstab has been the lead portfolio manager on fund since 2001. He is supported by co-portfolio manager Sonal Desai and a deep team of portfolio managers and analysts located around the globe.

### STRATEGY SUMMARY

Investment Philosophy	The Templeton Global Bond Fund uses a research-driven, value-based approach to identify sources of high current income worldwide through investments in global interest rates, currency and sovereign credits. The fund's core belief is that fundamental country research is the principal driver in identifying imbalances in the sovereign bond environment. Managers believe that value lies in accurately assessing country ratings, foreign exchange imbalances, and relative sovereign debt spreads. The funds allocations can include both developed and emerging markets with a principal focus on government and government-related issuance.
Process	The team utilizes a top down approach that focuses on macroeconomic factors like inflation, currency, interest rate levels, growth rates, and political climate. Country analysts working out of the SanMateo office track global macro themes as well as country fundamentals, and utilize regional specialists in London, New York, Brazil, India, China, Dubai and Korea to support their research. The group utilizes quantitative tools (interest rate and currency models) to screen through the 120 plus markets that have functioning fixed income and currency markets. They actively follow 60-65 markets from which they screen investments for the portfolio. Weekly discussions are conducted to identify new ideas and assess current positions, which the portfolio management staff translate into balancing country weightings in addition to targetting specific ranges for duration, currency and cash.
Portfolio Construction	The portfolio is constructed from a macro perspective and normally invests at least 80% of net assets in bonds of any maturity, and can also invest in currencies via the spot or forward markets to express their country & currency biases. The fund typically holds positions in 25-30 countries with exposures in 20-25 currencies. Currency holdings are limited by way of USD-denominated investments and currency hedging. The average position in any single market is typically less than 5% of the fund, though the PM has brought single market exposure up to a high of 10% in the past. The fund invests in Emerging market sovereigns as well as developed markets though below investment grade holdings are limited to 25% of holdings. The average time horizon on any investment is 1-3 yrs.
Risk Controls	The fund controls risk through diversifying holdings across markets, regions and common currency exposures. They have a 25% cap on below investment grade investments. Concentrated positions are avoided (no more than 10% in any single country). Franklin Templeton's internal risk management group monitors exposures in the fund as well.

For the prospectus please go to [www.franklintempleton.com](http://www.franklintempleton.com)

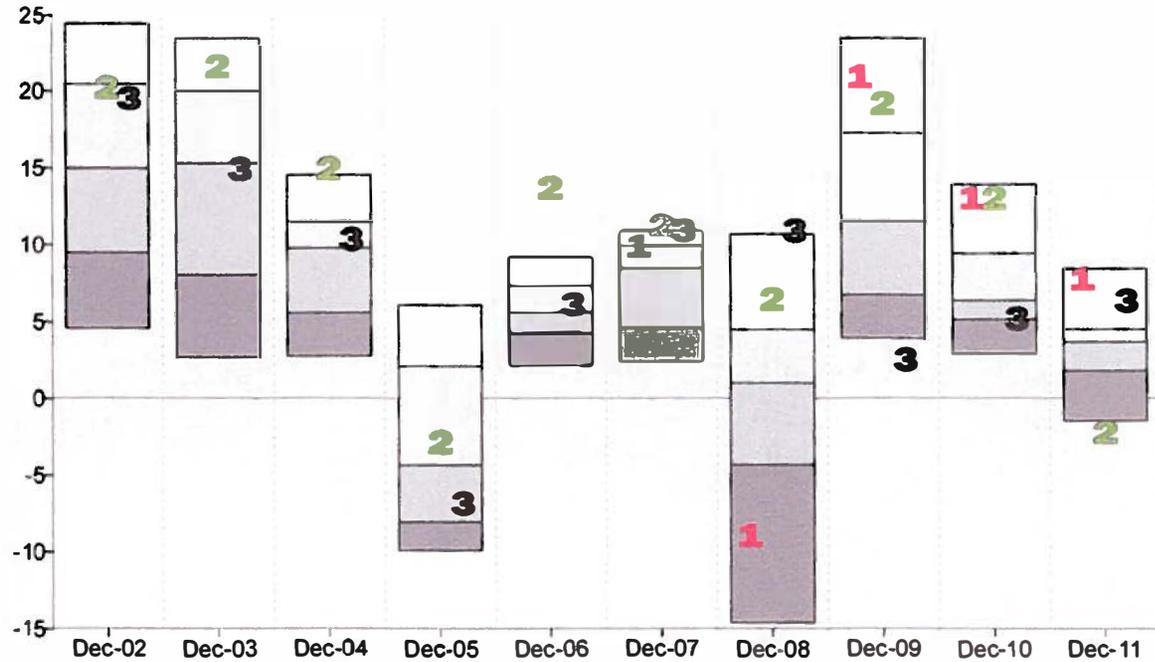
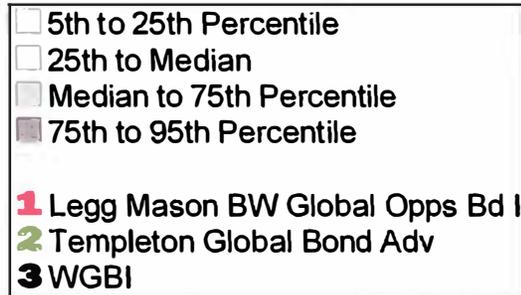
## ANNUALIZED PERFORMANCE & PEER COMPARISON



World Bond

	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Legg Mason BW Global Opps Bd I	5.03	8.03	12.14	8.83	NA	NA
<i>Universe Ranking %</i>	10	5	2	8	NA	NA
Templeton Global Bond Adv	6.14	-0.86	8.91	9.41	9.59	11.00
<i>Universe Ranking %</i>	4	83	25	4	0	0
WGBI	0.41	2.67	5.35	7.31	5.54	6.81
<i>Universe Ranking %</i>	96	37	76	33	42	35

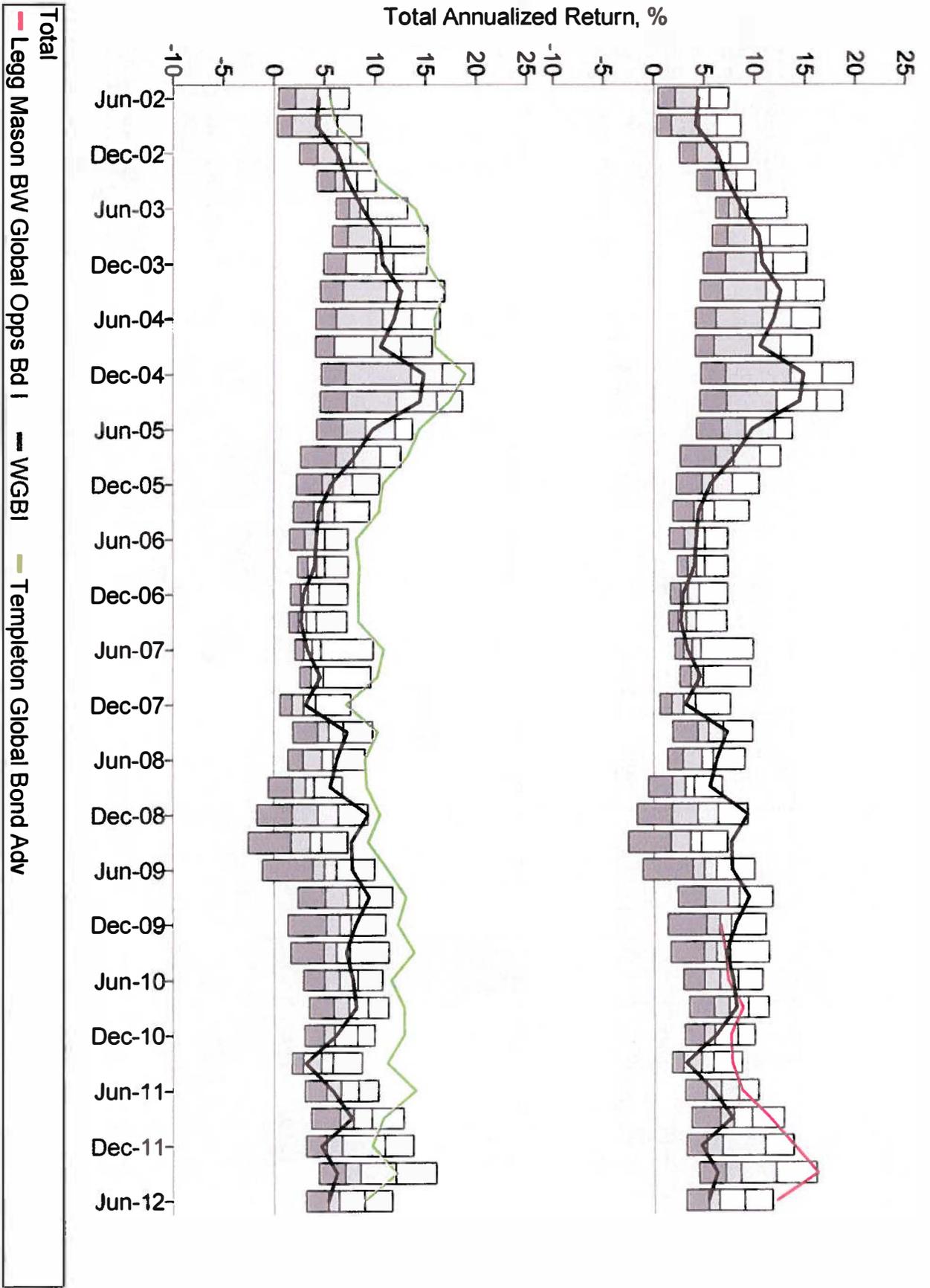
## CALENDAR YEAR PERFORMANCE



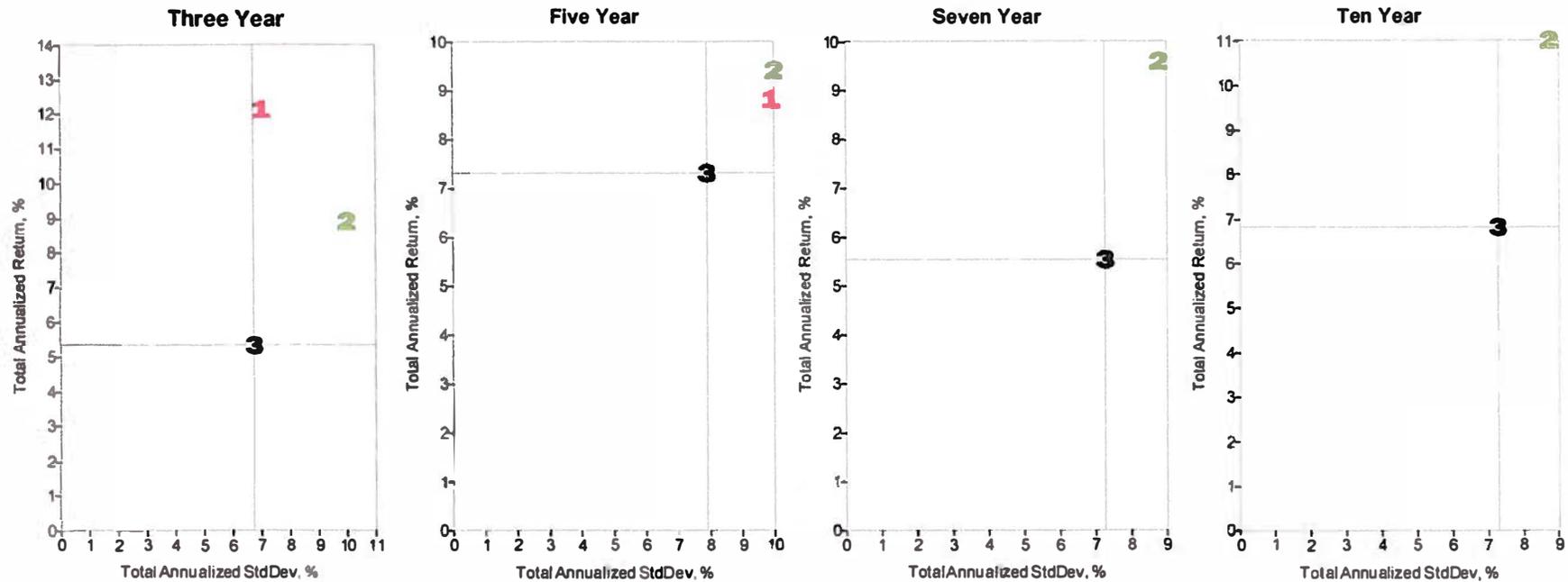
World Bond

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Legg Mason BW Global Opps Bd I	NA	NA	NA	NA	NA	9.93	-8.93	20.96	13.03	7.79
<i>Universe Ranking %</i>	NA	NA	NA	NA	NA	26	87	12	7	10
Templeton Global Bond Adv	20.23	21.64	14.93	-2.84	13.72	11.26	6.47	19.21	13.00	-2.21
<i>Universe Ranking %</i>	27	9	3	43	2	4	20	17	7	97
WGBI	19.51	14.91	10.35	-6.88	6.12	10.95	10.89	2.56	5.17	6.35
<i>Universe Ranking %</i>	33	55	40	69	39	5	4	97	71	14

**THREE-YEAR ROLLING PERFORMANCE & RANK**



## REWARD VS. RISK

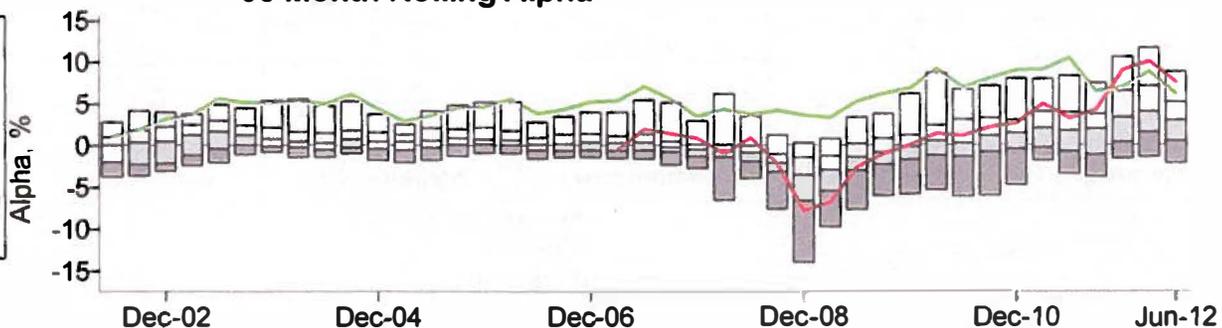
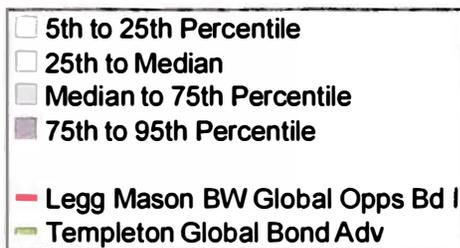


- 1 Legg Mason BW Global Opps Bd I
- 2 Templeton Global Bond Adv
- 3 WGBI

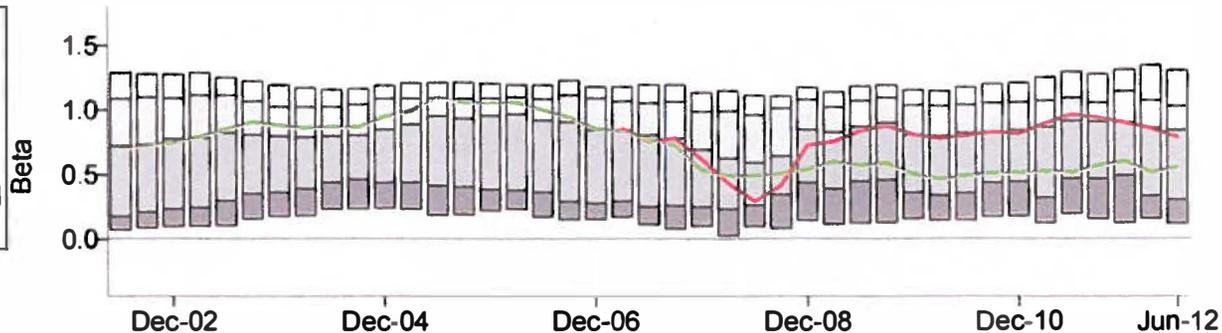
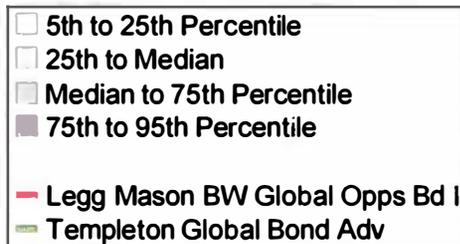
	Legg Mason BW Global Opps Bd I		Templeton Global Bond Adv		WGBI	
	Annualized Return to date, %	Annualized StdDev to date, %	Annualized Return to date, %	Annualized StdDev to date, %	Annualized Return to date, %	Annualized StdDev to date, %
3 Years	12.14	7.04	8.91	10.00	5.35	6.73
5 Years	8.83	9.92	9.41	10.00	7.31	7.90
7 Years	NA	NA	9.59	8.79	5.54	7.26
10 Years	NA	NA	11.00	8.72	6.81	7.29

## PERFORMANCE STATISTICS

### 36 Month Rolling Alpha



### 36 Month Rolling Beta



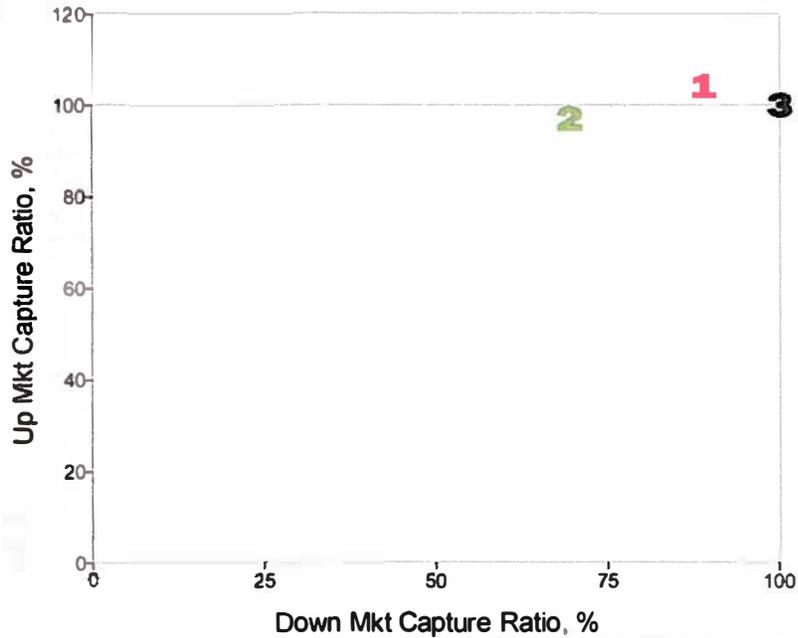
## MPT STATISTICS

		Alpha, %	Beta	R-Squared, %	Sharpe Ratio	Batting Average
Legg Mason BW Global Opps Bd I	3 Year	7.46	0.78	55.82	1.65	0.56
Legg Mason BW Global Opps Bd I	5 Year	2.74	0.82	41.20	0.80	0.53
Templeton Global Bond Adv	3 Year	6.01	0.55	13.57	0.89	0.53
Templeton Global Bond Adv	5 Year	4.82	0.58	20.50	0.85	0.55

## UP & DOWN MARKET RESULTS - 5 YEARS

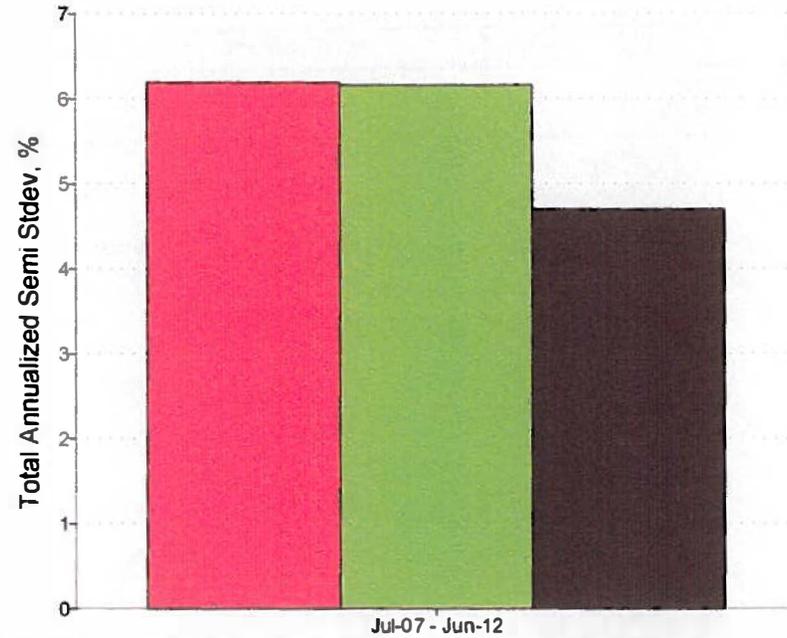
### Up/Down Market Capture Ratio

5 Years



### Downside Risk

5 Years



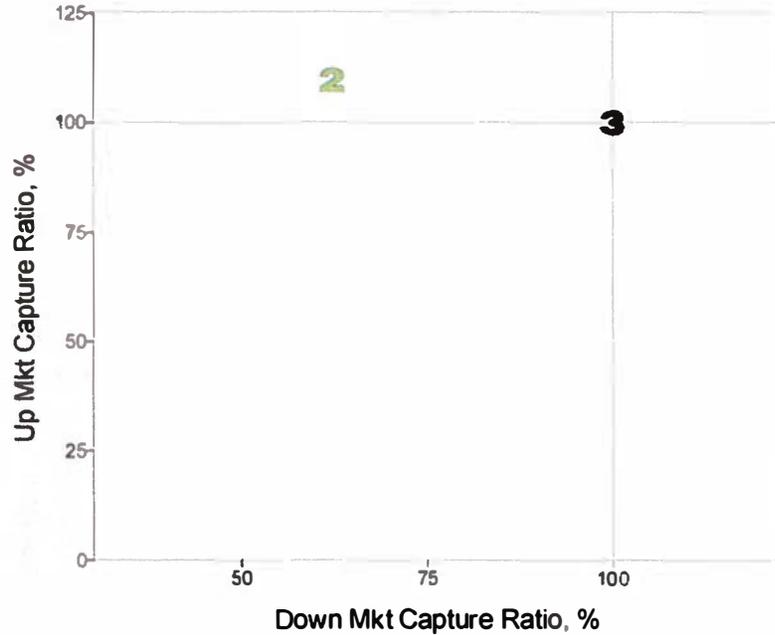
1 Legg Mason BW Global Opps Bd I  
 2 Templeton Global Bond Adv  
3 WGBI

		Up Mkt Capture Ratio, %	Down Mkt Capture Ratio, %			Annualized Semi Stdev to date, %
Legg Mason BW Global Opps Bd I	5 Years	104.14	89.04	Legg Mason BW Global Opps Bd I	5 Years	6.19
Templeton Global Bond Adv	5 Years	97.01	69.47	Templeton Global Bond Adv	5 Years	6.16

## UP & DOWN MARKET RESULTS - 10 YEARS

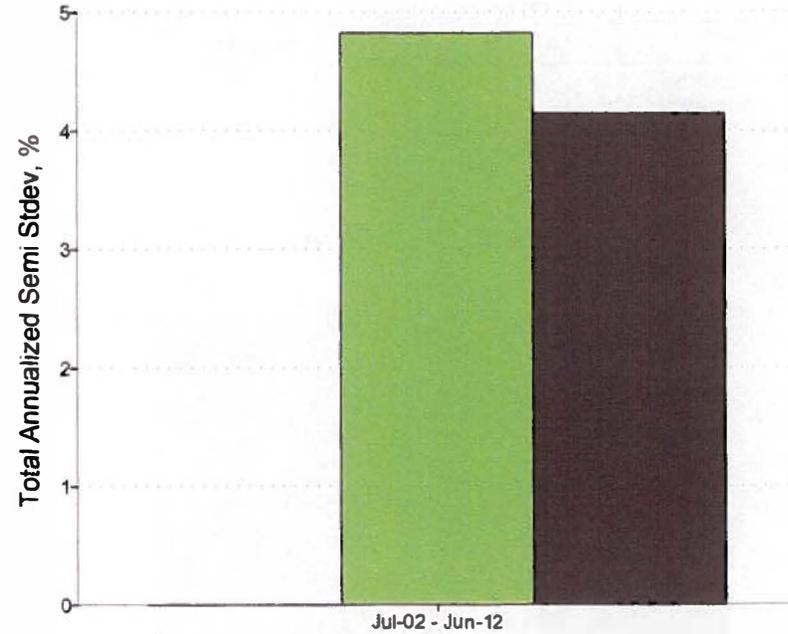
### Up/Down Market Capture Ratio

10 Years



### Downside Risk

10 Years



1 Legg Mason BW Global Opps Bd I  
 2 Templeton Global Bond Adv  
3 WGBI

		Up Mkt Capture Ratio, %	Down Mkt Capture Ratio, %			Annualized Semi Stdev to date, %
Legg Mason BW Global Opps Bd I	10 Years	NA	NA	Legg Mason BW Global Opps Bd I	10 Years	NA
Templeton Global Bond Adv	10 Years	109.50	62.23	Templeton Global Bond Adv	10 Years	4.83

## Report Glossary

**Style Map** - Using returns based style analysis, the style map is an effective tool to gauge the adherence of a fund to its style mandate. The trend of the style plots allows the viewer to identify style drift, or lack thereof. The smaller sized plots represents earlier time periods, while the larger plots represent the most recent.

**Standard Deviation** - A gauge of risk that measures the spread of the difference of returns from their average. The more a portfolio's returns vary from its average, the higher the standard deviation.

**Beta** - Indicates the level of risk relative to a benchmark. It expresses the sensitivity of the fund's return to a change in the return of the market benchmark, based on regression analysis of the return history of both. Ex: a beta of 1.2 indicates that if the benchmark return is 1% in the next period, it is likely that the portfolio's return will be +1.2%.

**Alpha** - Represents the difference between a fund's actual performance and expected performance given its market sensitivity or Beta. Alpha is used as a measure of value added by a fund. A positive alpha indicates that a fund performed better than its Beta would predict.

**R-Squared** - This number reflects the percentage of a fund's movements that can be explained by movements in its comparative benchmark. An R-squared of 100 indicates that all movements of a fund can be explained by movements in the benchmark.

**Sharpe Ratio** - A risk/return measure which indicates the fund's excess return per unit of total risk as measured by standard deviation. It is the ratio of the fund's returns in excess of the risk free rate to the standard deviation of the fund's returns in excess of the risk free rate. The greater the Sharpe Ratio, the better.

**Batting Average** - Measures the percentage frequency with which the fund has beaten the benchmark over a given time frame. It is the ratio between the number of periods where the manager outperforms a benchmark and the total number of periods.

**Information Ratio** - A risk/return, or efficiency measure, used to estimate the value added by an investment manager. It is the ratio of annualized return over annualized standard deviation.

**Down Market Capture Ratio** - A measure of the manager's performance in down markets. The lower the manager's down market capture ratio, the better the manager protected capital during a market decline. Ex: a value of 90 suggests that a manager's losses were only 90% of the market loss when the market was down. A negative down market capture ratio indicates that a manager's returns rose while the market declined.

**Up Market Capture Ratio** - A measure of the manager's performance in up markets. The higher the manager's up market capture ratio, the better the manager capitalized on a rising market. Ex: a value of 110 suggests the manager captured 110% of the market when the market was up. A negative up market capture ratio indicates that a manager's returns fell while the market rose.

**Semi Standard Deviation** - A measure of risk using only the variance of returns below a target rate of zero.

Page is left blank intentionally.



**Town of Trumbull Pension Plan  
Asset Allocation Study**

**August 2012**

**Prepared by Fiduciary Investment Advisors, LLC**

**OBJECTIVES:**

- *The Purpose of this exercise is to reconfirm or adjust past asset allocation decisions. The following pages will consider return expectations, risk tolerance, and time horizon.*
- *The Committee should discuss and consider other factors as well, including but not limited to:*
  - *Liquidity needs; cash flow projections; balance sheet issues; P/L impact.*
- *Within the agreed upon allocation targets and ranges, the next discussion items will revolve around implementation.*

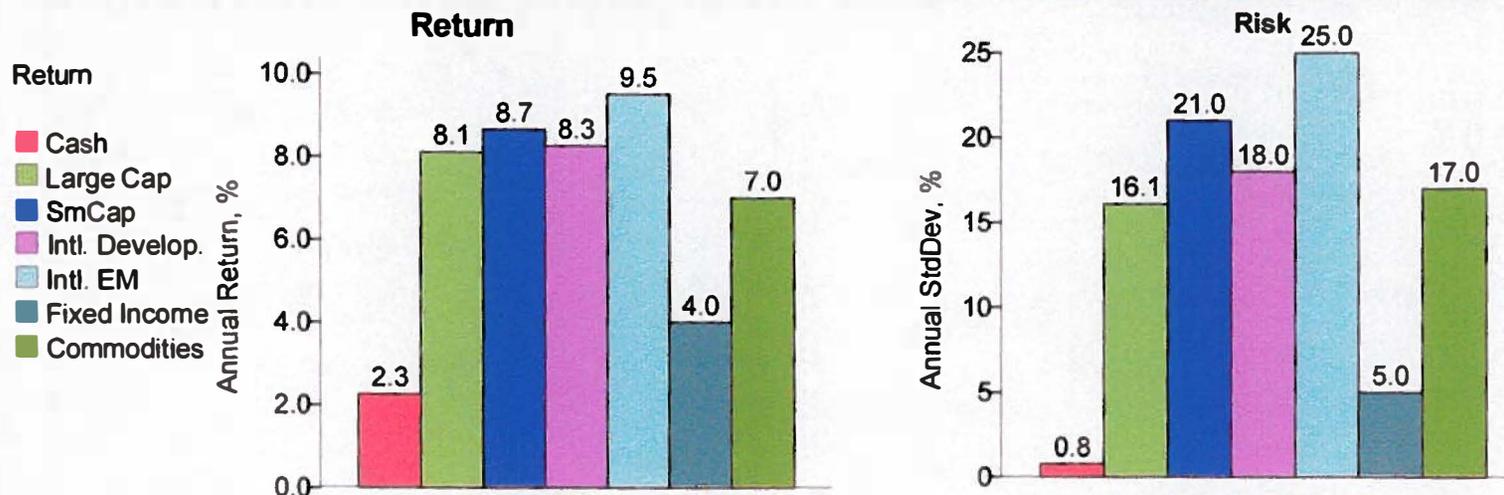
## **ASSET ALLOCATION MODELING**

- *The allocation strategy adopted by a client will be its primary determinant of long-term investment results.*
- *FIA makes use of mean-variance optimization, which is augmented by Monte Carlo simulation, as the basis for analyzing the desirability of various asset allocation strategies.*
- *The modeling effort provides a spectrum of portfolio outcomes, from least to most aggressive (typically defined by the degree of use of the higher return, higher volatility asset classes), for client consideration.*
- *The output provides the basis for clients to explicitly frame their existing and/or desired risk and return posture against other portfolio mixes.*
- *The effects, and potential benefits, of adding previously unused asset classes can be modeled and analyzed.*
- *Our modeling permits the application of "real world" asset class constraints to ensure that pragmatic, actionable allocation strategies are generated.*

## **CAPITAL MARKET ASSUMPTIONS**

- *The Investment Committee at FIA formally reviews the assumptions utilized as inputs for asset allocation studies on, at least, an annual basis.*
- *The Committee reviews and sets long-term return, risk, and correlation parameters for the major asset classes.*
- *While historical asset class outcomes serve as an important guide in setting assumptions, the Committee factors in existing capital market conditions to refine its expectations.*
- *The Committee compliments its own thinking with that of other thought leaders in the capital markets.*
- *The Committee operates under the basic premise that those asset classes with higher expected returns are generally anticipated to be more volatile as well. In addition, those asset classes possessing low correlations to existing portfolio holdings may be worthy additions to an investment strategy marked by their absence.*

# Investment Assumptions

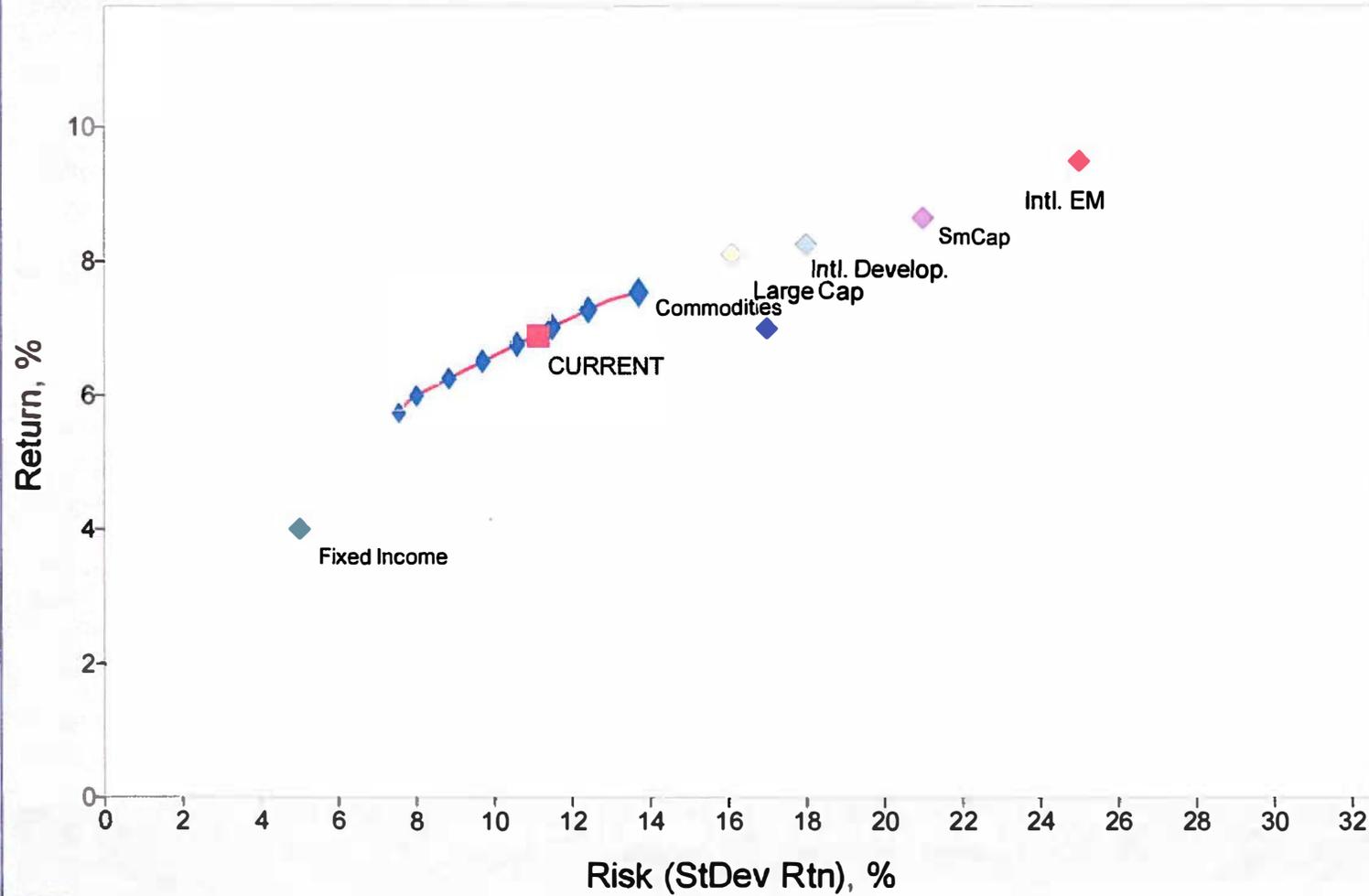


## Asset Allocation Inputs, %

	Return, %	StDev Rtn, %
Cash	2.25	0.75
Large Cap	8.10	16.10
SmCap	8.65	21.00
Intl. Develop.	8.25	18.00
Intl. EM	9.50	25.00
Fixed Income	4.00	5.00
Commodities	7.00	17.00

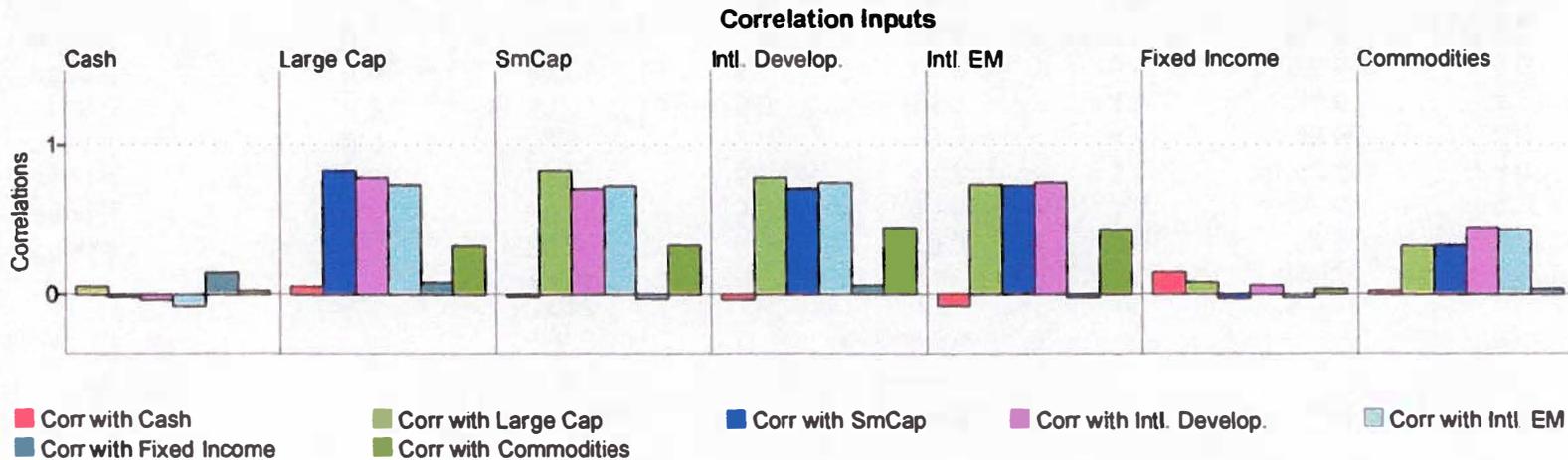
# Current Portfolio Efficiency (Constrained)

## Efficient Frontier: Return vs. Risk (StDev Rtn)



Cash

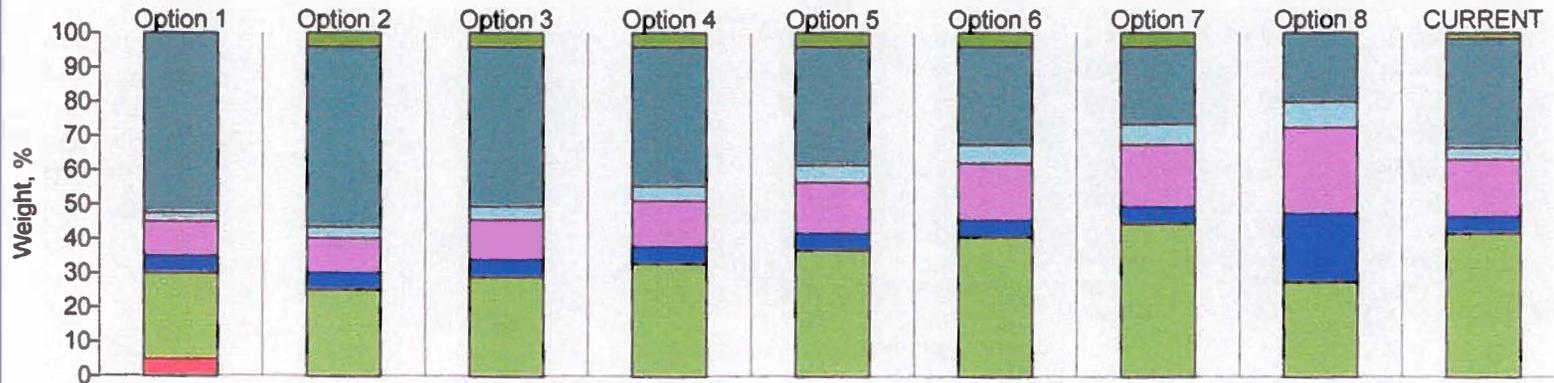
# Correlations



**Correlation Matrix (Model Inputs)**

	Return, %	StDev Rtn, %	Corr with Cash	Corr with Large Cap	Corr with SmCap	Corr with Intl. Develop.	Corr with Intl. EM	Corr with Fixed Income	Corr with Commodities
Cash	2.25	0.75	1.00	0.05	-0.01	-0.03	-0.08	0.15	0.02
Large Cap	8.10	16.10	0.05	1.00	0.83	0.78	0.74	0.08	0.32
SmCap	8.65	21.00	-0.01	0.83	1.00	0.71	0.73	-0.03	0.33
Intl. Develop.	8.25	18.00	-0.03	0.78	0.71	1.00	0.75	0.06	0.45
Intl. EM	9.50	25.00	-0.08	0.74	0.73	0.75	1.00	-0.02	0.43
Fixed Income	4.00	5.00	0.15	0.08	-0.03	0.06	-0.02	1.00	0.03
Commodities	7.00	17.00	0.02	0.32	0.33	0.45	0.43	0.03	1.00

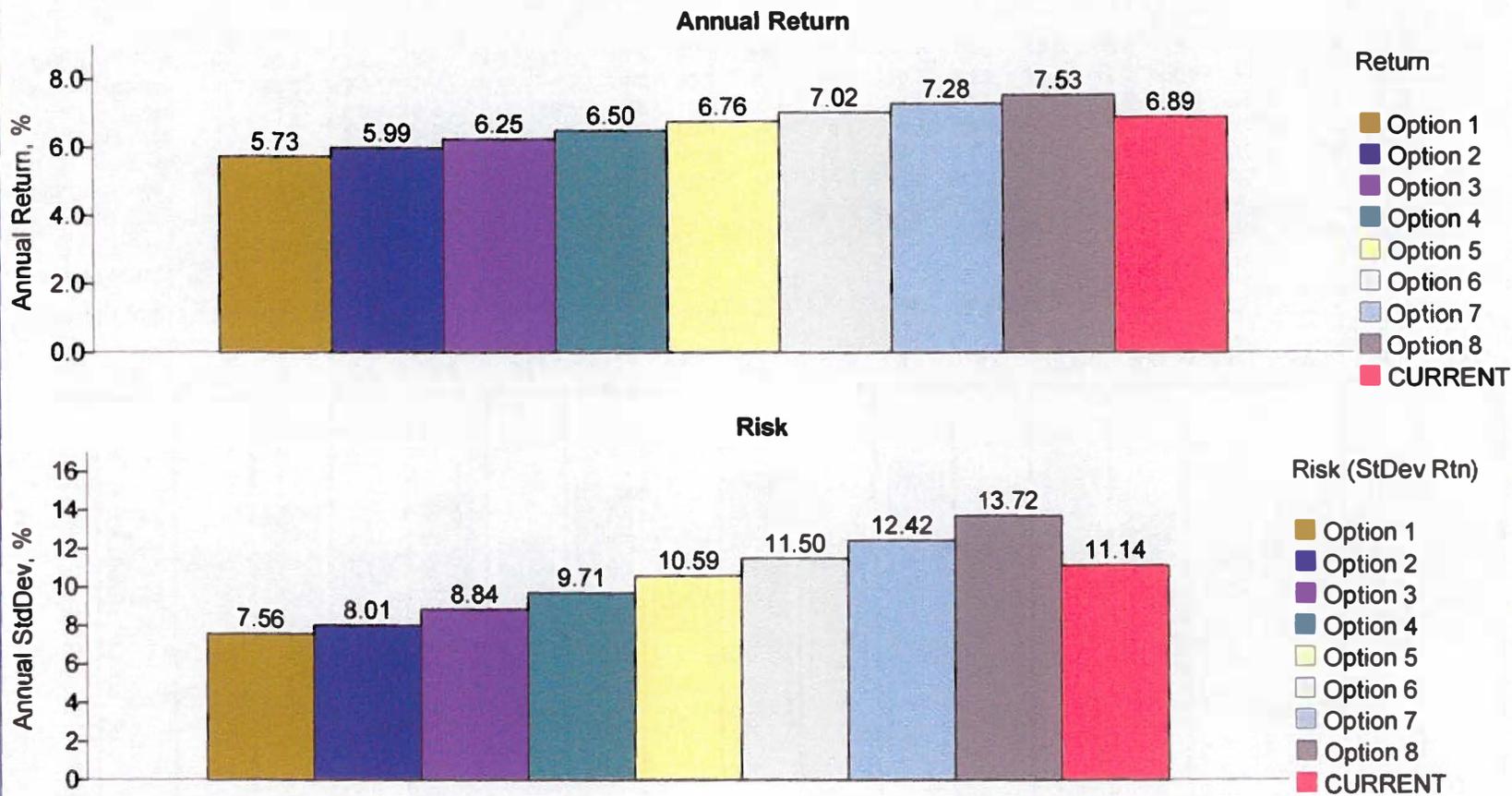
# Asset Allocation (Constrained)



■ Commodities      ■ Fixed Income      ■ Intl. EM      ■ Intl. Develop.  
■ SmCap      ■ Large Cap      ■ Cash

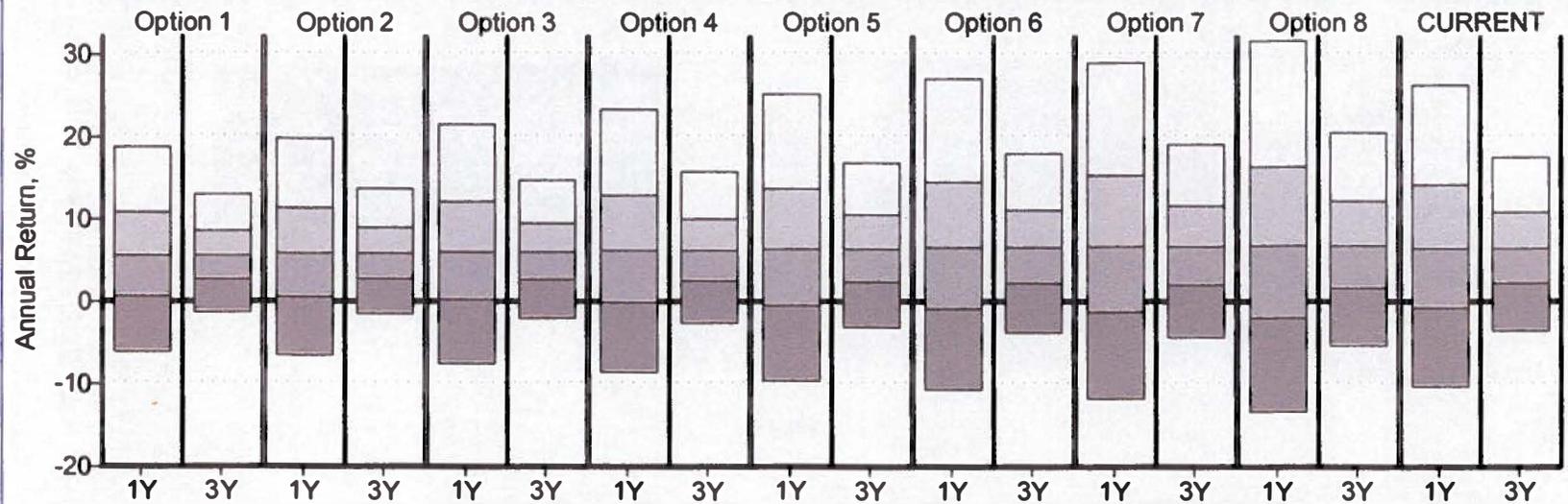
	Portfolio Assets, %						
	Cash	Large Cap	SmCap	Intl. Develop.	Intl. EM	Fixed Income	Commodities
Option 1	5.0	25.0	5.0	10.0	2.5	52.5	0.0
Option 2	0.0	25.1	5.0	10.0	3.3	52.6	4.0
Option 3	0.0	29.0	5.0	11.7	3.8	46.5	4.0
Option 4	0.0	32.9	5.0	13.3	4.4	40.5	4.0
Option 5	0.0	36.7	5.0	14.9	4.9	34.5	4.0
Option 6	0.0	40.6	5.0	16.5	5.5	28.5	4.0
Option 7	0.0	44.5	5.0	18.1	6.0	22.4	4.0
Option 8	0.0	27.5	20.0	25.0	7.5	20.0	0.0
CURRENT	0.0	41.7	5.0	16.5	3.5	31.6	1.7

# Portfolio Risk/Return (Constrained)



Created with Impisity Inc.

# Portfolio Return Distributions: 1 Yr / 3 Yr (Constrained)



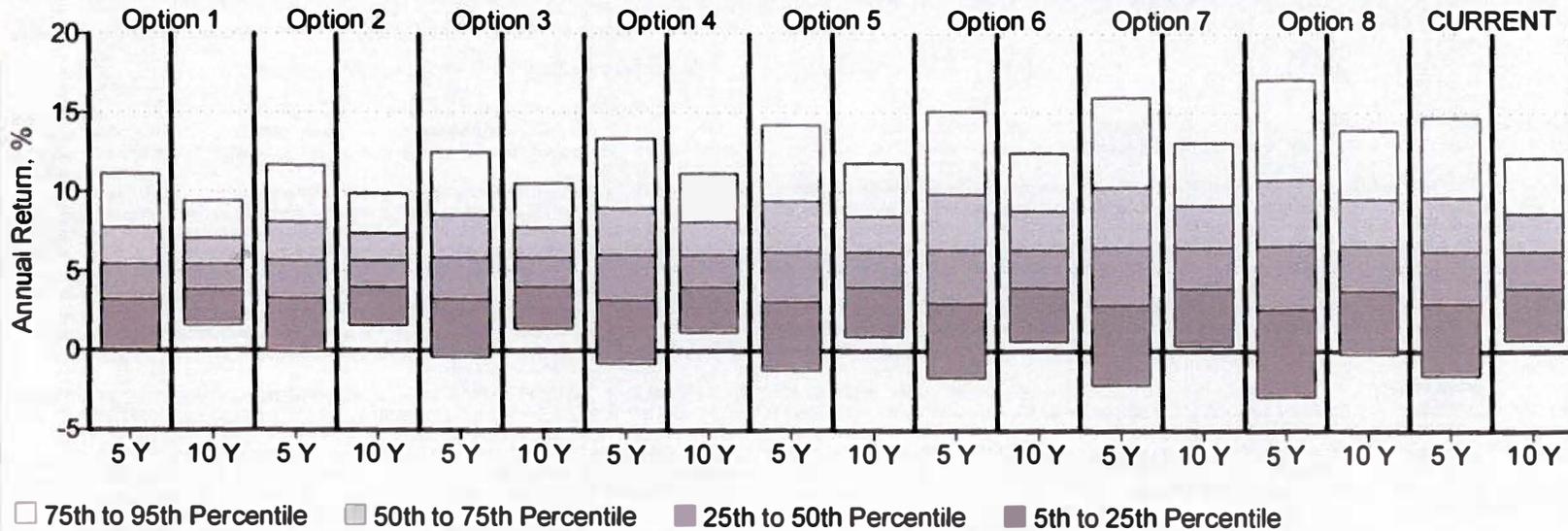
75th to 95th Percentile  
  50th to 75th Percentile  
  25th to 50th Percentile  
  5th to 25th Percentile

Annual Return, %

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	CURRENT									
5th Percentile	-13.9	-2.3	-14.7	-2.6	-16.4	-3.2	-18.1	-3.8	-19.8	-4.5	-21.6	-5.2	-23.3	-5.9	-25.7	-7.0	-20.9	-4.9
25th Percentile	-3.0	2.2	-3.2	2.2	-3.9	2.1	-4.6	1.9	-5.3	1.7	-6.1	1.5	-6.9	1.3	-8.0	0.9	-5.8	1.5
50th Percentile	5.5	5.5	5.7	5.7	5.9	5.9	6.1	6.1	6.2	6.2	6.4	6.4	6.6	6.6	6.7	6.7	6.3	6.3
75th Percentile	14.6	8.8	15.4	9.3	16.7	9.8	17.9	10.4	19.2	11.0	20.6	11.6	21.9	12.1	23.7	12.8	20.0	11.3
95th Percentile	29.2	13.9	31.0	14.6	34.1	15.8	37.4	17.0	40.8	18.2	44.3	19.4	48.0	20.7	53.1	22.3	42.9	18.9
99th Percentile	40.6	17.6	43.2	18.6	47.9	20.2	52.9	21.8	58.2	23.5	63.8	25.3	69.6	27.0	77.8	29.4	61.5	24.5

Created with mp3styles

# Portfolio Return Distributions: 5 Yr / 10 Yr (Constrained)



Lognormal Projections  
Annual Return, %

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	CURRENT									
5th Percentile	-0.3	1.5	-0.4	1.5	-0.8	1.2	-1.3	1.0	-1.8	0.7	-2.2	0.4	-2.7	0.1	-3.5	-0.4	-2.1	0.5
25th Percentile	3.0	3.8	3.1	3.9	3.1	4.0	3.0	4.0	2.9	3.9	2.8	3.9	2.7	3.9	2.4	3.7	2.8	3.9
50th Percentile	5.5	5.5	5.7	5.7	5.9	5.9	6.1	6.1	6.2	6.2	6.4	6.4	6.6	6.6	6.7	6.7	6.3	6.3
75th Percentile	7.9	7.1	8.3	7.5	8.8	7.8	9.2	8.2	9.7	8.6	10.2	9.0	10.6	9.3	11.1	9.7	10.0	8.8
95th Percentile	11.6	9.6	12.2	10.1	13.1	10.7	14.0	11.4	14.9	12.1	15.8	12.7	16.7	13.4	17.9	14.2	15.4	12.4
99th Percentile	14.2	11.4	15.0	11.9	16.2	12.8	17.4	13.7	18.7	14.6	19.9	15.5	21.2	16.4	22.9	17.5	19.4	15.1

# Data Source Acknowledgements, Disclaimers and Disclosures

**Barclays Global Indices** are a proprietary product of Barclays. Barclays shall maintain exclusive ownership of and rights to the Barclays Indices and that inclusion of the Barclays Indices in this service shall not be construed to vest in the subscriber any rights with respect to the Indices. The subscriber agrees it will not remove any copyright notice or other notification or trade name or marks of Barclays that may appear in the Barclays Indices and that any reproduction and/or distribution of the Barclays Indices (if authorized) shall contain such notices and/or marks.

**Merrill Lynch Indexes**, Copyright 2008, Merrill Lynch, Pierce, Fenner & Smith Inc. All rights reserved. The Merrill Lynch indices may not be copied, used, or distributed without prior written approval.

**Russell Investment Group** is a registered trade name of Frank Russell Company, a Washington USA corporation, which operates through subsidiaries worldwide. Frank Russell Company is a subsidiary of The Northwestern Mutual Life Insurance Company. Russell and Russell Index, Russell 1000 Index, Russell 2000 Index, Russell 2500 Index, Russell Midcap Index, Russell 3000 Value Index, Russell 3000 Growth Index, Russell 1000 Value Index, Russell 1000 Growth Index, Russell 2000 Value Index, Russell 2000 Growth Index, Russell Midcap Value Index, Russell Midcap Growth Index, Russell 2500 Value Index, Russell 2500 Growth Index are either registered trademarks or trade names of Frank Russell Company in the United States and/or other countries. Indices are unmanaged and cannot be invested in directly. Copyright Russell Investment Group 2008. All rights reserved.

**Standard & Poors Indices, S&P/Citigroup Indices**, Copyright 2008. Standard & Poors is a division of the McGraw-Hill Companies, Inc. All rights reserved. Standard & Poors Index Services 212.438.2046 or [index\\_services@sandp.com](mailto:index_services@sandp.com)

**MSCI Inc.** and all other service marks referred to herein are the exclusive property of MSCI and its affiliates. All MSCI indices are the exclusive property of MSCI and may not be used in any way without express written permission of MSCI. Copyright 2008 by MSCI Inc. All rights reserved. THE SERVICE IS PROVIDED TO LICENSEE ON AN "AS IS" BASIS. NEITHER MSCI INC. NOR ANY OTHER PARTY MAKES ANY REPRESENTATION OR WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICE (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND MSCI INC. EXPRESSLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES OR ORIGINALITY, ACCURACY, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE. LICENSEE ASSUMES THE ENTIRE RISK OF ANY USE LICENSEE MAY MAKE OF THE SERVICE AND ACKNOWLEDGES THAT DATA FIELDS MAY NOT BE CONSISTENT THROUGHOUT THE DATA. IN NO EVENT SHALL MSCI INC. OR ANY OTHER PARTY, BE LIABLE TO LICENSEE OR ANY OTHER PARTY FOR ANY DIRECT OR INDIRECT DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY LOST PROFITS, LOST SAVINGS OR OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS AGREEMENT OR THE INABILITY OF LICENSEE TO USE THE SERVICE, REGARDLESS OF THE FORM OF ACTION, EVEN IF MSCI INC. HAS BEEN ADVISED OF OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF SUCH DAMAGES.

**FTSE NAREIT US Real Estate Index**, The FTSE US Real Estate Index is calculated by FTSE International Limited (FTSE). All rights in the FTSE NAREIT US Real Estate Index vest in FTSE and the National Association of Real Estate Investment Trusts (NAREIT). FTSE is a trademark of the London Stock Exchange PLC and The Financial Times Limited and is used by FTSE under license. NAREIT is a trademark of NAREIT. Neither FTSE nor NAREIT nor their licensors shall be liable (including in negligence) for any loss arising out of use of the FTSE NAREIT US Real Estate Index by any person. All data is derived from, and applies only to, publicly traded securities.

The analysis in this report was prepared by Fiduciary Investment Advisors, LLC, utilizing data from third parties and other sources including but not limited to FIA computer software and selected information in the FIA database. Reasonable care has been taken to assure the accuracy of the data contained herein, and comments are objectively stated and are based on facts gathered in good faith. These reports do not constitute investment advice with respect to the purchase, sale or disposition of individual securities. FIA disclaims responsibility, financial or otherwise, for the accuracy or completeness of this report. This report and the information contained herein was prepared solely for the internal business use of our clients. This report is confidential and cannot be reproduced or redistributed to any party other than the intended recipients without the expressed consent of FIA. FIA does not intend to benefit any third party recipient of its work product or create any legal duty from FIA consents to the release of its work product to such third party.

Past performance is no guarantee of future results. Unless explicitly stated in your service agreement, there should be no reliance on FIA services to provide analysis or reporting on a daily basis, the changes to manager rankings, ratings or opinions thereon. Unless explicitly stated in your Service Agreement, FIA services are not intended to monitor investment manager compliance with individual security selection criteria, limits on security selection, and/or prohibitions to the holding of certain securities or security types.

FIA provides a copy of its SEC Form ADV Part II to clients without charge upon request.

**Fiduciary Investment Advisors, LLC**- 100 Northfield Drive, Windsor, CT 06095, [www.fiallc.com](http://www.fiallc.com), 1-866-466-9412