

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 February 19, 2013 at 7:30 P.M. in the Nichols Room at the Town Hall.

A G E N D A

Call to Order

Election of Officers

Investment Update – 4th Quarter – Chris Kachmar

BPS&M Presentation – Update of Valuation and Assessment Calculations requested at November 20, 2012 meeting.

Approval of Minutes – November 20, 2012

Annual Pension Report

Approval of Pension Benefits

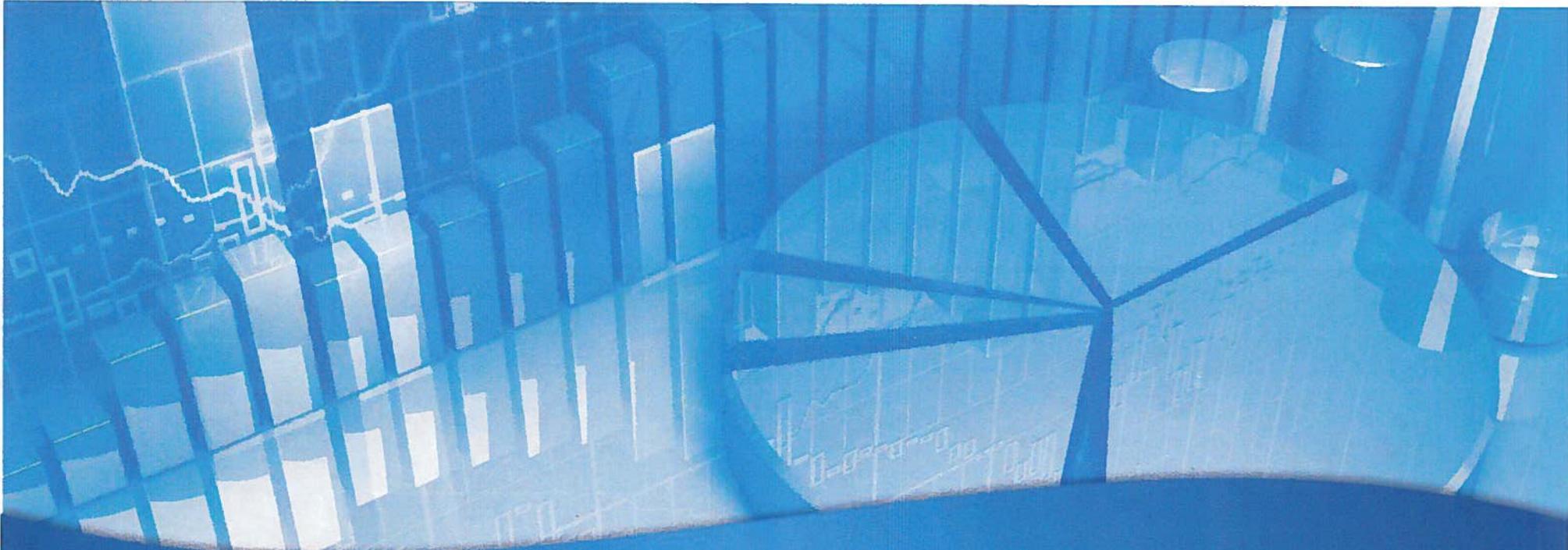
VanWart, Leigh	12/1/2012	\$2,558.51
Della Donna, Robert	1/1/2013	\$2,995.05
Sinko, James	12/1/2012	\$2,267.51
Steinnagel, Helen	2/1/2013	\$1,295.50
Dayton, Jr., David	1/1/2013	\$2,915.63
DeCosta	1/1/2013	\$466.23
Lieberthal, Neil	1/1/2013	\$296.53

Approval of Contribution Payouts

Harrold, Eric	12/31/2012	\$2,611.87
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Other Business

Adjournment



Town of Trumbull Employee Pension Plan

Executive Summary - Fourth Quarter 2012



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4th Annual Client Conference

Thursday, June 6, 2013

Water's Edge Resort & Spa
Westbrook, CT

Formal invitation to follow

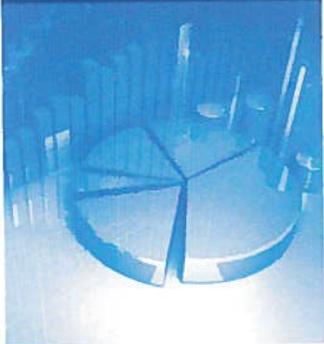


For overnight accommodations please contact the Water's Edge Resort & Spa at (800) 222-5901, and mention FIA for a discounted rate.

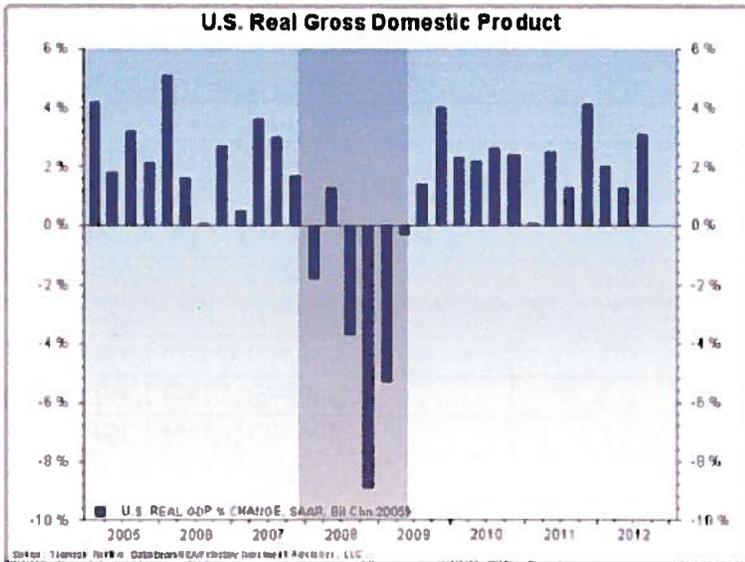
Important Disclosure Information: Past performance may not be indicative of future results. Account information has been compiled solely by Fiduciary Investment Advisors, LLC, has not been independently verified, and does not reflect the impact of taxes on non-qualified accounts. In preparing this report, 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.

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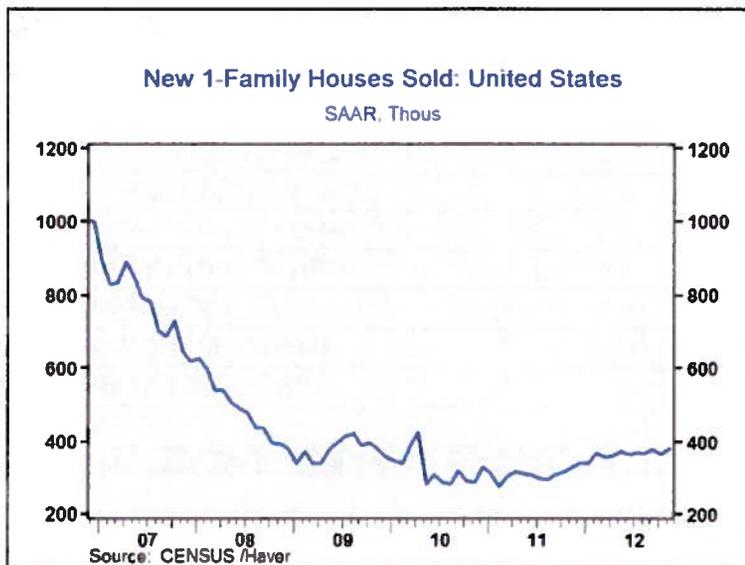
Economic Review



The **Real Gross Domestic Product (GDP)** increased at an annual rate of 3.1% during the third quarter of 2012. The increase was above the consensus expectation of 2.8%. Driving the increase were strengthening in the export, government purchases and personal consumption components.

The **unemployment rate remained steady** from Q3 to Q4, holding at 7.8%. Nonfarm payroll employment rose by 155,000 in December, in line with consensus expectations.

Anticipation of the fiscal cliff had a significant impact on consumer confidence during December as the Conference Board's **Consumer Confidence Index** fell over 6 points to 65.1. While the expectations component fell sharply, the current situations portion of the index rose to the highest level since the September 2008 reading.



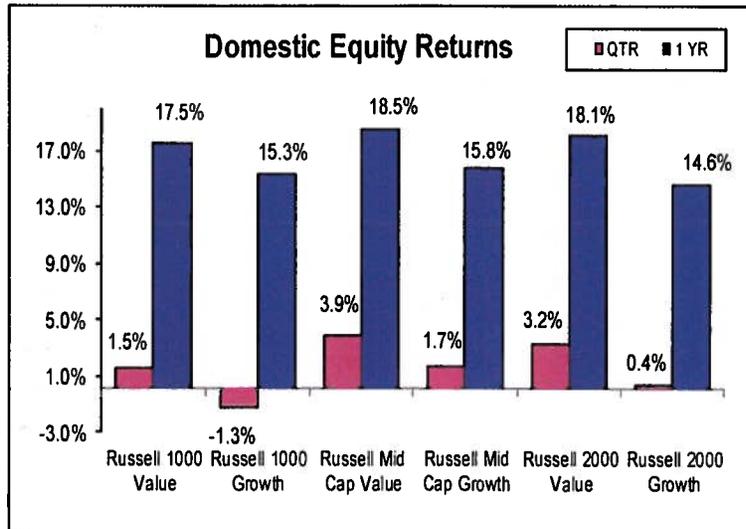
The **housing market continues to make headway** as new home sales hit a 2 ½ year high, rising 4.4% during November to a seasonally adjusted annual rate of 377,000. This marks the eleventh straight month with a double digit year-over-year gain (15.3%).

The **Consumer Price Index (CPI)** declined 0.3% in November on a seasonally adjusted basis. The U.S. inflation rate reported by the Bureau of Labor Statistics was 1.8% year-over-year as of November 2012, significantly lower than the 3.4% historical average from 1914-2012. Core CPI (CPI minus the more volatile energy and food components) rose 1.9% year-over-year as of November.

Index Results

U.S. EQUITY	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
S&P 500	(0.4)	16.0	16.0	10.9	1.7	7.1
Russell 1000 Value	1.5	17.5	17.5	10.9	0.6	7.4
Russell 1000 Growth	(1.3)	15.3	15.3	11.4	3.1	7.5
Russell Mid Cap	2.9	17.3	17.3	13.2	3.6	10.6
Russell Mid Cap Value	3.9	18.5	18.5	13.4	3.8	10.6
Russell Mid Cap Growth	1.7	15.8	15.8	12.9	3.2	10.3
Russell 2000	1.9	16.3	16.3	12.2	3.6	9.7
Russell 2000 Value	3.2	18.1	18.1	11.6	3.5	9.5
Russell 2000 Growth	0.4	14.6	14.6	12.8	3.5	9.8
Russell 3000	0.2	16.4	16.4	11.2	2.0	7.7
NAREIT	2.6	18.1	18.1	17.8	5.4	11.6
INTERNATIONAL EQUITY	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
MSCI ACWI ex-US	5.8	16.8	16.8	3.9	(2.9)	9.7
MSCI EAFE	6.6	17.3	17.3	3.6	(3.7)	8.2
MSCI EAFE Value	7.4	17.7	17.7	2.2	(4.3)	8.6
MSCI EAFE Growth	5.8	16.9	16.9	4.9	(3.1)	7.8
MSCI EAFE Small Cap	6.0	20.0	20.0	7.2	(0.9)	11.9
MSCI EM (Emerging Markets)	5.6	18.2	18.2	4.7	(0.9)	16.5
FIXED INCOME	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Barclays US Aggregate Bond	0.2	4.2	4.2	6.2	5.9	5.2
Barclays US Gov/Credit Bond	0.4	4.8	4.8	6.7	6.1	5.2
Barclays Long Gov/Credit Bond	0.4	8.8	8.8	13.6	10.2	8.0
Barclays US High Yield	3.3	15.8	15.8	11.9	10.3	10.6
Barclays US TIPS	0.7	7.0	7.0	8.9	7.0	6.7
BofA Merrill 3-Month T-Bill	0.0	0.1	0.1	0.1	0.5	1.8
NON-TRADITIONAL	QUARTER	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR
HFRX Global Hedge Fund	0.8	3.5	3.5	(0.3)	(2.9)	1.6
DJ-UBS Commodities	(6.3)	(1.1)	(1.1)	0.1	(5.2)	4.1

Domestic Equity Review



The **S&P 500** posted a lackluster return for the quarter, impeded by the likes of Hurricane Sandy, the Presidential election and the pending fiscal cliff debate. At the mid-point of the quarter, roughly 10 days after the presidential election, the market was down 6%. The market rallied from that point forward, capped off by a strong kick on New Year's Eve, which was fueled by rumors of a compromise on the fiscal cliff.

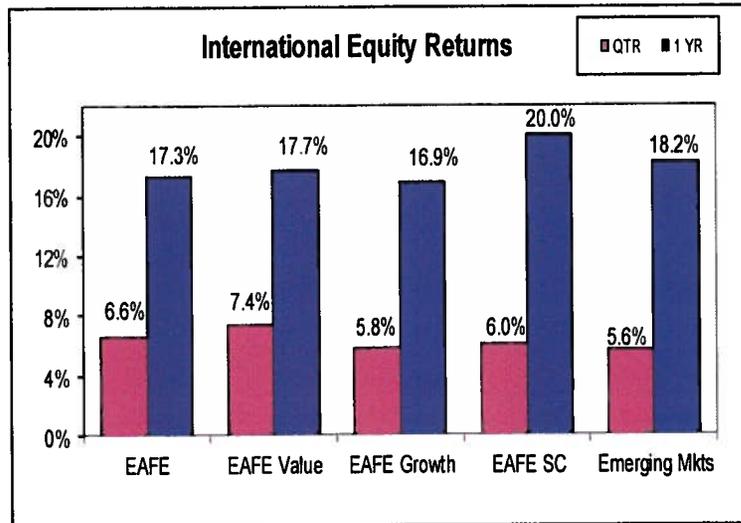
From a style perspective, **value beat growth** across the market capitalization spectrum. **Value was boosted by the better performance of financial stocks**, whereas the growth style was inhibited by its higher weighting in technology. For the full year, value outpaced growth for the first time since 2008.

Mid cap and small cap stocks led during the quarter as the ongoing application of Fed stimulus and evidence of a stabilizing economy drew investors to the riskier segments of the equity markets. The strong relative quarter allowed mid and small cap names to essentially draw even with their large cap counterparts for the full year.

Sector outcomes were mixed this quarter, with four sectors posting positive returns and six sectors declining. The solidifying economy and concurrent gains in lending and mortgage refinancing resulted in **financials performing particularly well**, with the industrials, materials, and consumer discretionary sectors also posting gains. **Telecommunications, technology, and energy lagged**. The story for the full year was more consistent across the market, with all ten sectors gaining and all but two posting double digit increases.

Russell 3000 Index	Weight	Return
Consumer Discretionary	12.5%	2.9%
Consumer Staples	9.3%	-1.4%
Energy	9.9%	-2.6%
Financials	16.9%	4.9%
Health Care	11.6%	-0.7%
Industrials	11.2%	5.4%
Information Technology	18.3%	-4.6%
Materials	4.1%	3.5%
Telecom. Services	2.7%	-5.5%
Utilities	3.4%	-2.4%
Total	100%	0.2%

International Equity Review



International equities posted strong results this quarter, outpacing their U.S. counterparts. European equities continued to rally in the fourth quarter as authorities persisted with an application of stimulus to support countries in the Euro zone.

Despite trailing developed markets in the quarter, **emerging market equities posted solid gains.** Emerging market equities benefited from **improving economic data out of China** as well as an improved investor sentiment in Europe.

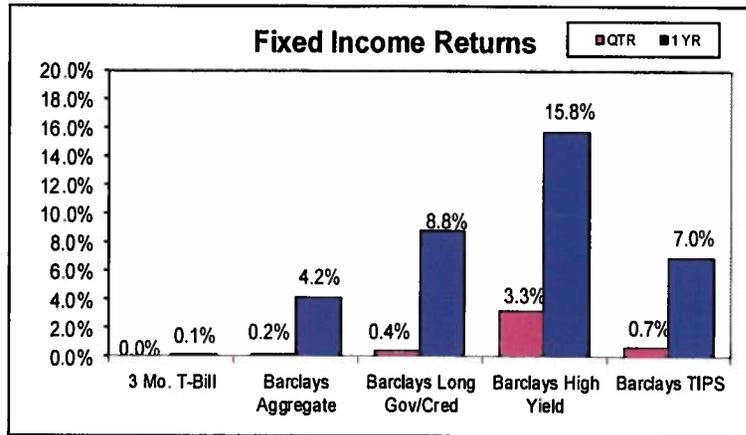
Within the **developed markets, value stocks outpaced growth stocks** for the quarter. This outcome was **reversed in the emerging markets** where growth stocks continued to outpace value stocks. **Large capitalization stocks outpaced smaller caps** in both developed and emerging markets.

MSCI Country Results	4Q 2012	
	Local	USD
United Kingdom	3.5%	4.2%
France	8.2%	10.8%
Germany	5.9%	8.5%
Japan	17.6%	5.8%
China	12.8%	12.9%
India	4.4%	0.5%
Brazil	4.4%	3.5%
Russia	0.7%	2.5%

Japanese equities rose sharply for the quarter in local currency terms, but this result was partially offset by the weakness of the Yen. Equities in Japan **benefited from the prospects of further monetary easing and fiscal stimulus** after elections resulted in a new Prime Minister.

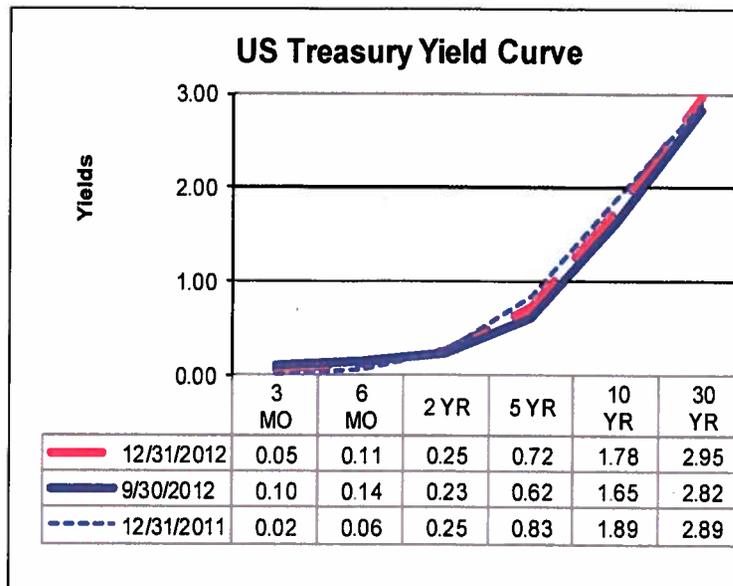
The Euro and other European currencies posted gains against the U.S. Dollar, as did many higher yielding emerging market and commodity currencies. Meanwhile, the Japanese Yen was noticeably weak for the period, falling over 10% versus the U.S. Dollar.

Fixed Income Review



U.S. Treasuries traded in a narrow range during much of the period with the yield on the 10 year note hovering between 1.60% and 1.80%. A trend toward firming economic data pushed yields on the long end of the curve slightly higher and led to negative total returns.

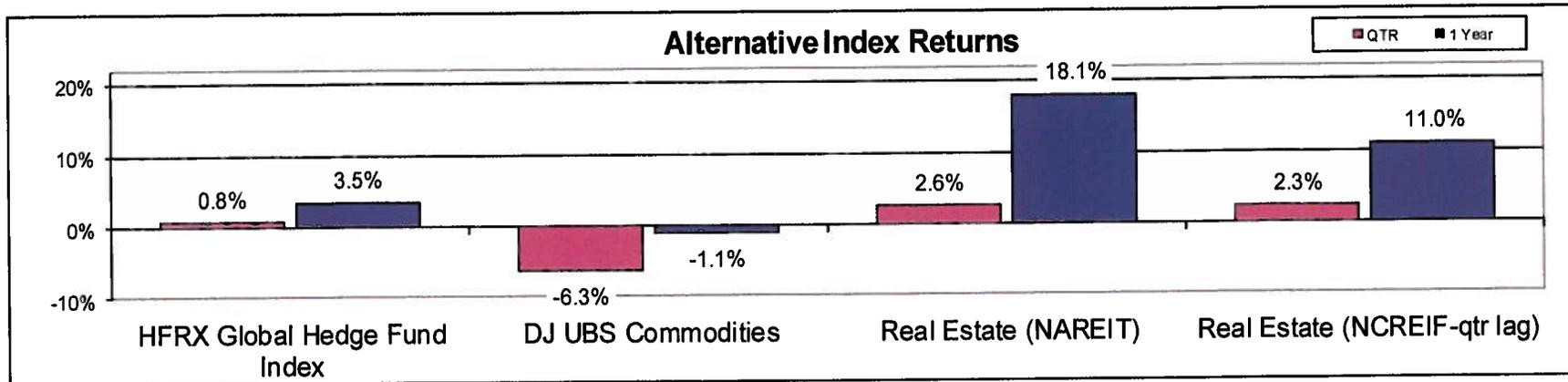
Corporate credit, including high yield, led fixed income markets as risk premiums decreased on improving investor sentiment concerning the situation in Europe and investors' demand for yield. Lower quality and financial issues were once again the top performers, continuing the trend in place for the year.



Previous price appreciation in the agency mortgage space created caution among investors, resulting in underperformance versus similar duration treasuries. CMBS continued to benefit from the "risk-on" environment and produced returns in line with investment grade credit.

European sovereigns continued to be the beneficiary of policy action with peripheral nations leading developed markets during the period. Emerging market bonds also performed well as investors continued to seek out the positive growth and healthy debt profiles offered by these countries.

Alternatives Review



Equity hedged and event driven strategies were the top performers in the hedge fund space, largely due to their beta exposure to the broad rally in risk assets. Event driven managers also benefited from a pickup in M&A activity, including the announcement of several new deals. Macro/CTA strategies were the laggards, as diversified CTA strategies were hit hard by market weakness in October and could not recover by quarter’s end.

The commercial real estate markets extended their recovery in the period. **Property valuations, occupancy rates, and market rents continue to trend positively**, most notably in the shorter term lease sectors. Sustained improvements in operating fundamentals remain dependent on growth in tenant demand, while uncertain global economic conditions are a persistent headwind. **Private market results remain bifurcated between core and secondary assets**, as investors remain cautious and accepting of lower expectations for top quality properties. **Public markets continue to trend with the broader equity markets**, but did demonstrate an influence from private market transactional activity. Domestic REITs (+2.6%) lagged their international counterparts (Asia +9.3%, Europe +10.0%) significantly.

Hard asset commodities struggled in the quarter, with essentially all major subsectors posting negative returns. The DJ-UBS Commodity Index declined 6.3%, erasing modest gains from previous quarters and ending the year in negative territory. **Agricultural commodities, notably wheat, corn, and soybeans, faced the sharpest declines** as demand waned in response to record prices set during the summer. Investor concerns sent **precious metals lower**, with gold down 5.5% and silver falling 12.2%. **Base metals were mixed** in the period, as pressure from the European recession was offset by more optimistic expectations from China. **Energy prices were also mixed**. Gasoline declined 15.9%, crude oil was essentially flat at -0.4%, and natural gas rose 0.9%.

2013 Capital Market Themes

1. There is a continuing expectation for modest economic growth globally.

- Within the United States, an accommodative monetary policy has led to an increased appetite for risk. In addition, there have been signs of an improvement in the housing sector and evidence of a resilient consumer.
- Challenges within the European Union persist and economic data continues to be challenged. However, the European Central Bank's efforts to stabilize the region have been welcomed by investors and, to date, have kept the Euro zone in tact.
- Emerging markets continue to show stronger growth potential than the developed markets. China's economic growth has shown signs of stabilizing.

2. Relative valuation advantages for equities persist.

- Equity valuations across the globe appear to be reasonable, trading at lower P/E ratios than their long-term averages.
- The dividend yield on the S&P 500 remains higher than the 10-year U.S. government bond yield. The favorable comparison may make a compelling case for equities, particularly for larger capitalization and higher yielding equities.
- Emerging markets continue to offer exposure to outsized growth potential at attractive valuations, although current valuations among the constituent countries vary.

3. Low base rates are likely to inhibit fixed income total returns and should orient investors toward "spread" sectors.

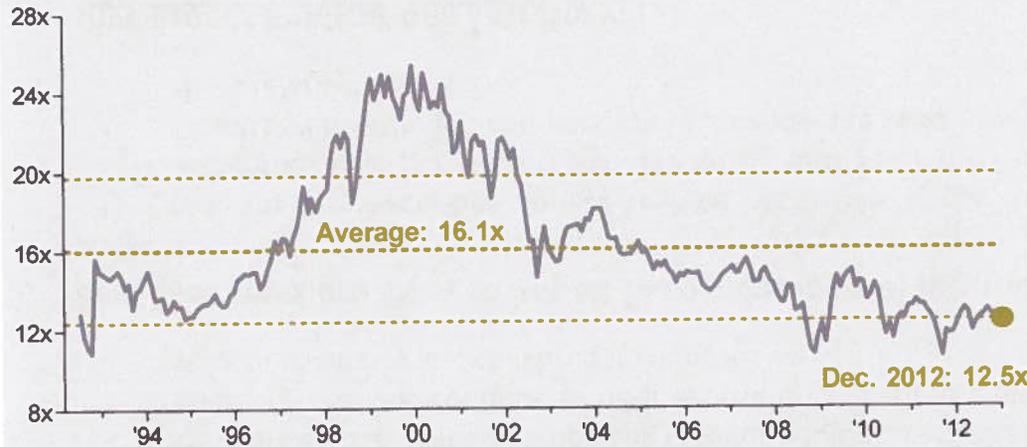
- U.S. treasury securities appear to face headwinds longer term. Fortunately, monetary policy looks to remain accommodative in the short to intermediate term given the Fed's recent pronouncements.
- Despite the continued compression of spreads, the yield advantage offered by the so-called "spread" sectors makes them relatively attractive.

Investment implications / strategy:

- A broadly diversified portfolio continues to be the best defense in a complex and volatile global market arena.
- Our basic investment thesis as the year begins is one of cautious optimism. A case for risk assets can continue to be made but is done so against a backdrop of tempered expectations for investment returns.
- Fixed income allocations continue to warrant monitoring with appropriate consideration granted to flexible mandates and spread focused mandates.

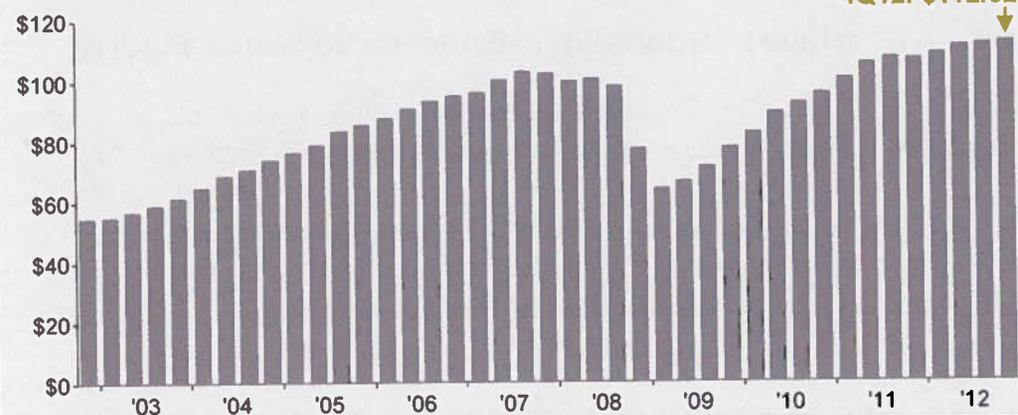
Domestic Equity Valuations

S&P 500 Index: Forward P/E Ratio



S&P 500 Operating Earnings Estimates

Consensus estimates of the next twelve months' rolling earnings



Current P/E vs. 20-year avg. P/E

	Value	Blend	Growth
Large	11.8 / 14.0	12.5 / 16.2	15.2 / 20.9
	12.7 / 14.0	14.4 / 16.3	16.7 / 21.8
Mid	13.2 / 14.2	14.6 / 17.1	16.3 / 21.3
Small			

Current P/E as % of 20-year avg. P/E

E.g.: Large Cap Blend stocks are 23.1% cheaper than their historical average.

	Value	Blend	Growth
Large	84.8%	76.9%	72.7%
	91.0%	88.3%	76.6%
Mid	92.9%	85.7%	76.6%
Small			

Source: J.P. Morgan Asset Management 1Q 2013, (Top and bottom left) Standard & Poor's, FactSet, J.P. Morgan Asset Management. (Right) Russell Investment Group, IBES, FactSet. Earnings estimates are for calendar years and taken at quarter end dates throughout the year. Forward Price to Earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months. P/E ratios are calculated and provided by Russell based on IBES consensus estimates of earnings over the next 12 months except for large blend, which is the S&P 500. Data are as of 12/31/12.

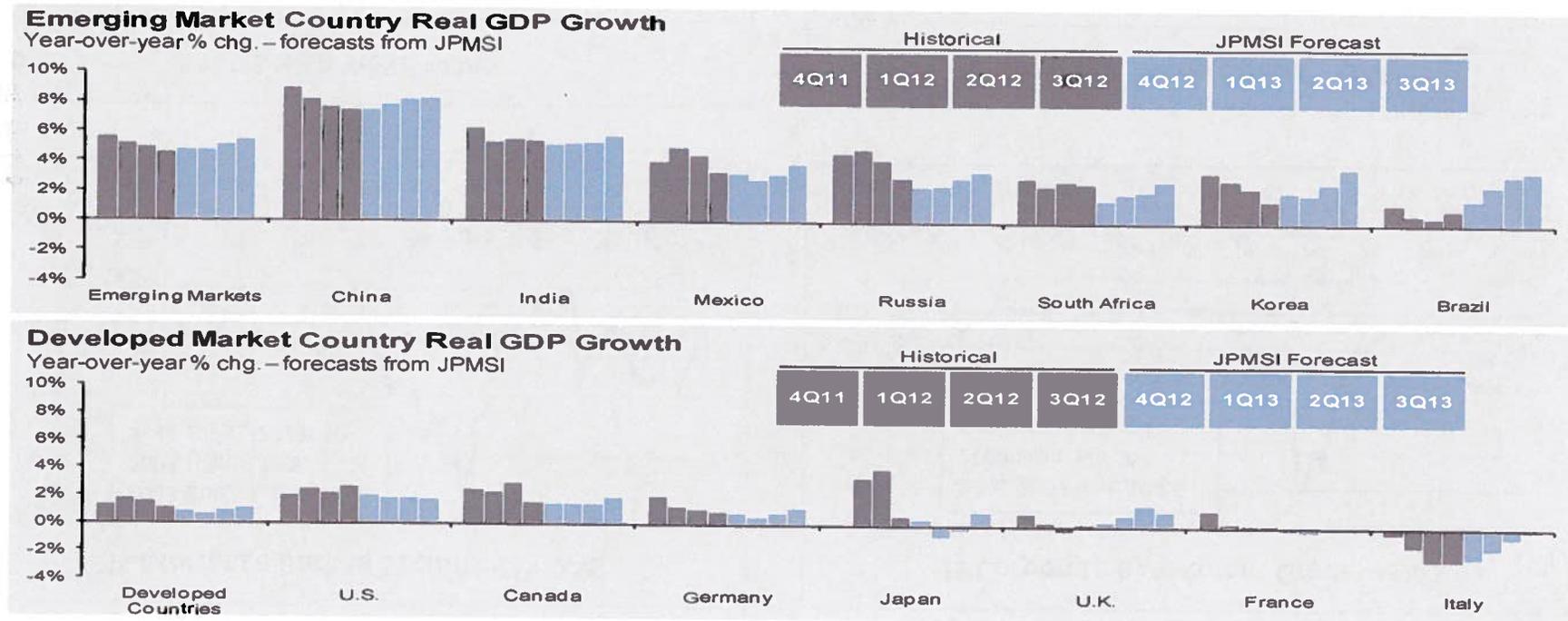
International Equity Valuations

Developed Market Valuations		
As of 12/31/2012		
Index	Forward PE	10 Yr Avg. Forward PE
MSCI EAFE	12.0	13.1
MSCI Europe	11.4	12.2
MSCI France	11.0	11.8
MSCI Germany	11.0	11.9
MSCI Japan	13.1	16.5

Source: Thompson Datastream/MSCI/IBES

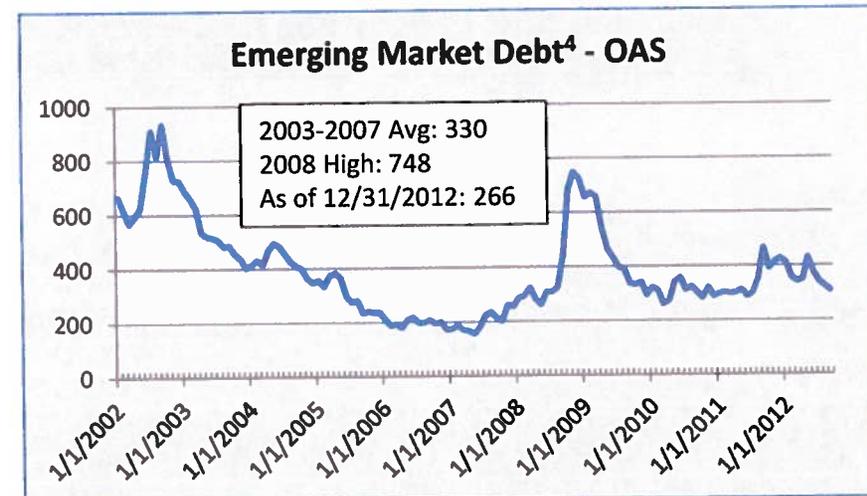
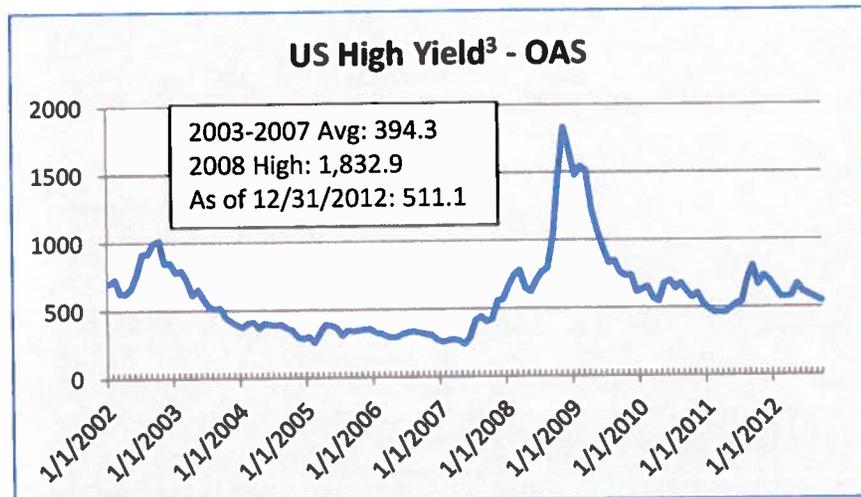
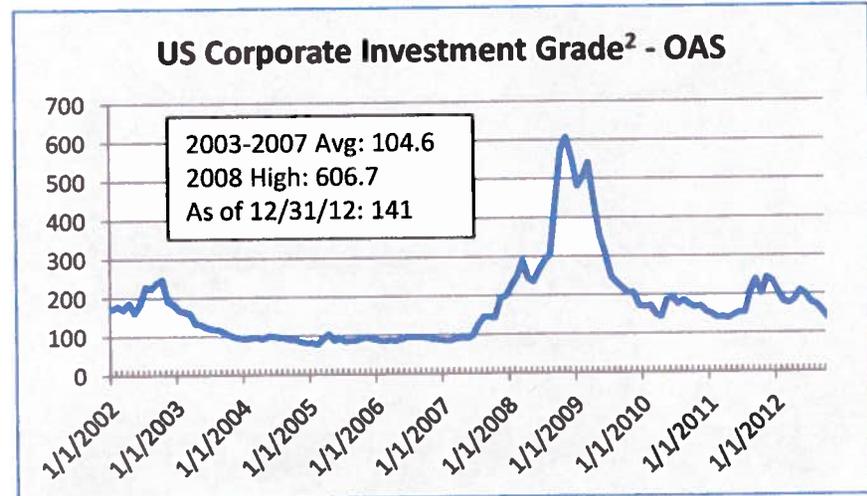
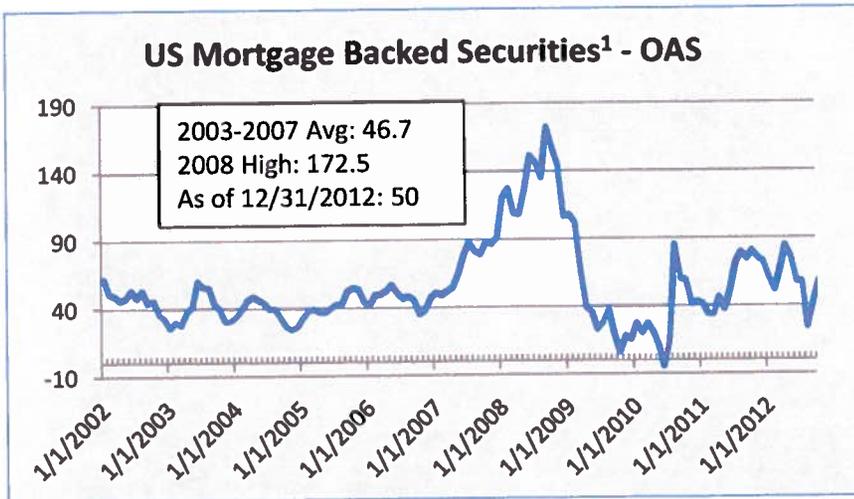
Emerging Market Valuations		
As of 12/31/2012		
Index	Forward PE	10 Yr Avg. Forward PE
MSCI Emerging Markets	10.6	10.7
MSCI China	9.9	12.1
MSCI Russia	5.1	7.9
MSCI Brazil	10.8	8.6
MSCI India	14.2	14.7

Source: Thompson Datastream/MSCI/IBES



Source: J.P. Morgan Asset Management 1Q 2013, J.P. Morgan Global Economic Research.
 Forecast and aggregate data come from J.P. Morgan Global Economic Research.
 Data are as of 12/31/12.

Fixed Income Valuations



OAS: Option Adjusted Spread

Sources: Barclays, J.P. Morgan & Babson Capital Management

¹Barclays US MBS Index, ²Barclays U.S. Corporate Investment Grade Index, ³Barclays U.S. High Yield Index, ⁴J.P. Morgan EMBI Global Index

Asset Allocation - Town of Trumbull Employee Pension Plan

As of December 31, 2012

Investment	Market Value (\$)	Allocation (%)	Target (%)	Difference (%)
<u>Short Term Liquidity</u>				
WF Advantage Money Market	100,115	0.5%	0.0%	0.5%
<u>Fixed Income</u>				
PIMCO Total Return Institutional	4,534,964	22.2%	22.5%	-0.3%
Vanguard Total Bond Market Index Signal	<u>1,478,914</u>	<u>7.2%</u>	<u>7.5%</u>	<u>-0.3%</u>
Total Fixed Income	6,013,878	29.4%	30.0%	-0.6%
<u>Domestic Equity</u>				
Vanguard 500 Index Fund Signal	5,303,687	25.9%	25.0%	0.9%
Diamond Hill Large Cap Y	1,031,340	5.0%	5.0%	0.0%
MainStay Large Cap Growth I	1,011,471	4.9%	5.0%	-0.1%
Aston/Montag & Caldwell Growth N	967,372	4.7%	5.0%	-0.3%
Boston Trust Small Cap Fund	<u>1,039,768</u>	<u>5.1%</u>	<u>5.0%</u>	<u>0.1%</u>
Total Domestic Equity	9,353,638	45.7%	45.0%	0.7%
<u>International Equity</u>				
Thornburg International Value R6	1,948,551	9.5%	10.0%	-0.5%
American Funds EuroPacific Growth R6	<u>1,987,822</u>	<u>9.7%</u>	<u>10.0%</u>	<u>-0.3%</u>
Total International Equity	3,936,373	19.2%	20.0%	-0.8%
<u>Inflation Protection</u>				
Vanguard Inflation Protected Securities Adm	350,006	1.7%	1.7%	0.0%
Van Eck Global Hard Assets I	329,882	1.6%	1.7%	-0.1%
PIMCO Commodity Real Return Institutional	<u>369,441</u>	<u>1.8%</u>	<u>1.7%</u>	<u>0.1%</u>
Total Inflation Protection	1,049,329	5.1%	5.0%	0.1%
Total Plan Assets	20,453,333			

Balances provided by Wells Fargo

Total Plan Performance Summary

As of December 31, 2012

Account Reconciliation

	QTR	YTD	Since Inception	Inception Date
Total Plan				07/01/2008
Beginning Market Value	20,078,499	17,890,234	18,275,083	
Net Contributions	159,089	263,516	-1,844,332	
Gain/Loss	215,744	2,299,584	4,022,582	
Ending Market Value	20,453,333	20,453,333	20,453,333	

Blended Benchmark Composition

Allocation Mandate	Weight (%)
Barclays Aggregate Index	30.0
S&P 500 Index	25.0
Russell 1000 Growth Index	10.0
Russell 1000 Value Index	5.0
Russell 2000 Index	5.0
MSCI EAFE (net) Index	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
Total Plan	1.0	12.5	12.5	8.3	N/A	N/A	N/A	5.0	07/01/2008
Blended Benchmark	1.2	12.2	12.2	8.9	3.3	5.1	7.2	5.4	
Difference	-0.2	0.3	0.3	-0.6	N/A	N/A	N/A	-0.4	

Calendar Year Performance Summary

	2011	2010	2009	2008	2007	2006	2005	2004
Total Plan	-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 December 31, 2012

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

Town of Trumbull Employee Pension Plan

Portfolio Comments & Manager Status Summary

As of December 31, 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>
Consolidated Plan¹	1.0%	12.5%	12.5%	8.3%	NA	5.0%
Blended Benchmark	1.2%	12.2%	12.2%	8.9%	NA	5.4%

Total Portfolio Comments

The Trumbull Employee Pension Plan returned 1.0% in the fourth quarter and 12.5% year-to-date, underperforming the blended benchmark by 20 basis points during the quarter, yet outperforming by 30 basis points in 2012. Underperformance in the large cap domestic and foreign equities detracted from relative performance in the portfolio during the quarter while fixed income and inflation protected holdings contributed to positive performance in 2012. Concerns surrounding the fiscal cliff led to little or moderate gains domestically, while renewed confidence in the European region spurred larger gains overseas, during the quarter. Within the fixed income holdings, PIMCO Total Return gained 1.2%, outperforming the Barclays Capital Aggregate Index by 100 basis points, and ranking in the top quartile of its peer group. The fund's exposure to spread sectors, including mortgages, financials and municipals contributed to positive performance. The Vanguard Total Bond Index performed in line with the Barclays Aggregate Index. Within the domestic equity holdings, Vanguard 500 Index Fund matched the performance S&P 500 declining 0.4%. The Diamond Hill Large Cap Fund returned 1.0%, underperforming the Russell 1000 Value Index by 50 basis points as a result of sector weightings in financials and energy. The MainStay Large Cap Growth Fund declined 1.5%, slightly underperforming the Russell 1000 Growth Index as the fund continues to favor higher quality companies with consistent earnings rather than cyclical companies. The Aston/Montag & Caldwell Growth Fund declined 1.8%, trailing the Russell 1000 Growth Index by 50 basis points, as the fund's underweight to cyclical companies and overall bias to higher quality was a drag on performance. The Boston Trust Small Cap Fund gained 2.1%, outperforming the Russell 2000 Index by 20 basis points due to stock selection in the healthcare and energy sectors. Within international equities, both Thornburg International Value and American Funds Europacific Growth Fund underperformed the MSCI AC World Ex USA Index by 40 and 20 basis points, respectively. Thornburg's underweight to the financials sector detracted from results along with stock selection in China; American Funds' relative overweight to emerging markets and cash weighed on results. The Vanguard Inflation Protected Securities Fund gained 0.6%, tracking the Barclays U.S. TIPS Index. The Van Eck Global Hard Assets Fund declined 0.3%, outperforming its benchmark index, the S&P North American Natural Resource Sector, by more than 250 basis points as stock selection and sector positioning contributed to performance. The PIMCO Commodity Real Return Fund declined 5.8%, although outperformed the DJ-UBS Commodity Index by 50 basis point as its use of TIPS as collateral to the commodity futures contracts continues to contribute to positive results.

Manager Status Summary			
<u>Mandate</u>	<u>Manager/Fund</u>	<u>Status</u>	<u>Note</u>
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	N/A
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	N/A
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

¹Consolidated 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 December 31, 2012

	QTR	YTD	1 Year	Nov-2009 To Dec-2012	Since Inception	Inception Date
<u>Short Term Liquidity</u>						
WF Advantage Money Market	0.0	0.0	0.0	0.0	0.0	11/01/2009
90 Day U.S. Treasury Bill	0.0	0.1	0.1	0.1	0.1	
<u>Fixed Income</u>						
PIMCO Total Return Instl	1.2 (18)	10.3 (6)	10.3 (6)	7.5 (22)	7.5 (22)	11/01/2009
Barclays Aggregate Index	0.2	4.2	4.2	5.8	5.8	
IM U.S. Broad Market Core Fixed Income (MF) Median	0.7	6.9	6.9	6.7	6.7	
Vanguard Total Bond Market Index Signal	0.1 (88)	4.2 (88)	4.2 (88)	5.7 (79)	5.7 (79)	11/01/2009
Barclays Aggregate Index	0.2	4.2	4.2	5.8	5.8	
IM U.S. Broad Market Core Fixed Income (MF) Median	0.7	6.9	6.9	6.7	6.7	
<u>Domestic Equity</u>						
Vanguard 500 Index Trust Signal	-0.4 (70)	16.0 (39)	16.0 (39)	13.0 (16)	13.0 (16)	11/01/2009
S&P 500 Index	-0.4	16.0	16.0	13.0	13.0	
IM U.S. Large Cap Core Equity (MF) Median	0.1	15.4	15.4	11.1	11.1	
Diamond Hill Large Cap Y	1.0 (61)	12.7 (84)	12.7 (84)	N/A	5.5 (24)	04/01/2011
Russell 1000 Value Index	1.5	17.5	17.5	12.8	6.0	
IM U.S. Large Cap Value Equity (MF) Median	1.3	15.6	15.6	10.4	3.9	
MainStay Large Cap Growth I	-1.5 (60)	13.2 (73)	13.2 (73)	N/A	2.9 (69)	04/01/2011
Russell 1000 Growth Index	-1.3	15.3	15.3	13.9	6.5	
IM U.S. Large Cap Growth Equity (MF) Median	-1.3	14.9	14.9	11.5	4.1	
Aston/Montag & Caldwell Growth Fund	-1.8 (68)	12.7 (81)	12.7 (81)	10.2 (77)	10.2 (77)	11/01/2009
Russell 1000 Growth Index	-1.3	15.3	15.3	13.9	13.9	
IM U.S. Large Cap Growth Equity (MF) Median	-1.3	14.9	14.9	11.5	11.5	

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

Manager Performance Overview

As of December 31, 2012

	QTR	YTD	1 Year	Nov-2009 To Dec-2012	Since Inception	Inception Date
Boston Trust Small Cap Fund	2.1 (52)	12.7 (76)	12.7 (76)	N/A	10.5 (36)	04/01/2010
Russell 2000 Index	1.9	16.3	16.3	15.5	10.0	
IM U.S. Small Cap Core Equity (MF) Median	2.1	14.9	14.9	14.8	9.6	
International Equity						
Thornburg International Value R6	5.4 (87)	15.9 (81)	15.9 (81)	N/A	9.1 (88)	07/01/2010
MSCI AC World ex USA (Net)	5.8	16.8	16.8	5.3	9.7	
IM International Large Cap Core Equity (MF) Median	7.2	18.3	18.3	5.0	10.9	
Europacific Growth R6	5.6 (84)	19.6 (27)	19.6 (27)	6.0 (23)	6.0 (23)	11/01/2009
MSCI AC World ex USA (Net)	5.8	16.8	16.8	5.3	5.3	
IM International Large Cap Core Equity (MF) Median	7.2	18.3	18.3	5.0	5.0	
Inflation Protection						
Vanguard Inflation Protected Sec.	0.6 (44)	6.9 (25)	6.9 (25)	N/A	8.8 (15)	07/01/2010
Barclays U.S. Treasury: U.S. TIPS Index	0.7	7.0	7.0	8.6	8.9	
IM U.S. TIPS (MF) Median	0.6	6.4	6.4	7.9	8.0	
Van Eck Global Hard Assets	-0.3 (52)	2.9 (44)	2.9 (44)	N/A	9.6 (35)	07/01/2010
S&P North American Natural Resources Sector	-3.1	2.2	2.2	7.4	10.8	
IM Global Natural Resources (MF) Median	0.0	1.9	1.9	4.2	8.1	
PIMCO Commodity Real Return Institutional	-5.8 (59)	5.3 (17)	5.3 (17)	N/A	10.7 (25)	07/01/2010
Dow Jones-UBS Commodity Index	-6.3	-1.1	-1.1	1.8	4.2	
IM All Commodities (MF) Median	-5.2	-1.2	-1.2	2.3	5.8	

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 December 31, 2012

Manager	Status	Comments
Fixed Income		
PIMCO:Tot Rtn;Inst (PTTRX)	Maintain	4Q 2012 – The PIMCO Total Return Fund outpaced the Barclays Aggregate Bond Index and ranked in the top half of its peer group during the quarter. Exposure to spread product accounted for the majority of the Fund’s strong relative results. Non-agency MBS, financials, and municipals (mostly Build America Bonds) all performed well in what was an overall strong environment for risk assets. Duration exposure was also positive during the quarter as an underweight to U.S. nominal duration helped curb the impact of rising rates on the intermediate and long portion of the yield curve. Tactical positions in short term Italian and Spanish bonds also added to results rates fell following the ECB’s OMT purchase announcement. Exposure to emerging markets, most notably Brazil, was also beneficial as long rates declined due continued accommodative policies from the Brazilian central bank. PIMCO has continued to limit credit exposure in the portfolio and used the recent price increases as an opportunity to trim financial exposure. Non-Agency MBS continue to offer compelling loss adjusted yields and remain one of the largest overweight allocations in the portfolio as a result.
Vanguard Tot Bd;Sig (VBTSX)	Maintain	4Q 2012 - In accordance with its investment objective, the Fund performed in line with the Barclays Capital Aggregate Bond Index. Vanguard announced that George Sauter, Managing Director and Chief Investment Officer of Vanguard, will be retiring effective December 31, 2012. Taking over his roll will be Mortimer Buckley.
Domestic Equity		
Vanguard 500 Index;Sig (VIFSX)	Maintain	4Q 2012 - In accordance with its investment objective, the Fund has performed in line with the S&P 500 Index. Vanguard announced that George Sauter, Managing Director and Chief Investment Officer of Vanguard, will be retiring effective December 31, 2012. Taking over his roll will be Mortimer Buckley. In addition, Sandip Bhagat, head of Vanguard’s Equity Investment Group has resigned. No replacement has been announced at this time.
Diamond Hill Lg Cap;Y (DHLYX)	Maintain	4Q 2012 – The Diamond Hill Large Cap strategy underperformed the Russell 1000 Value Index during the fourth quarter. With their process focusing on a discount to intrinsic value, the team has found investment opportunities in higher quality companies, which have been out of favor relative to lower quality stocks. The financials sector rallied during the quarter and proved to be the top contributor to the strategy’s absolute performance. However, an underweight allocation to the sector weighed on relative performance. In addition, the portfolio’s holdings in the energy sector were a point of weakness this quarter. Falling oil prices had a negative impact on the strategy’s exploration and production companies: Occidental Petroleum, Devon Energy and Apache Corp. The portfolio’s health care and information technology holdings also detracted from results during the quarter. Within the health care sector, Merck & Co reported lower than expected revenues, while Microsoft sold off in the information technology sector due to disappointing sales surrounding the launch of Windows 8.

Manager Commentary

As of December 31, 2012

Manager	Status	Comments
MainStay:Lg Cap Gr;I (MLAIX)	Maintain	4Q 2012 – During the fourth quarter, the Mainstay Large Cap Growth fund (managed by Winslow) slightly trailed the Russell 1000 Growth Index. It was another difficult year for active managers, as macroeconomic factors continued to influence the capital markets. The team’s focus on companies that beat growth expectations and that are growing faster than the market was an uncharacteristic headwind in 2012 due to stocks with positive earnings revisions underperforming during the year. However, the team believes this will reverse in what could be a low-growth environment in 2013 and fundamentals become more of a driving factor in the markets. Working for the portfolio this quarter was strong stock selection in the information technology and consumer staples sectors, while the health care and consumer discretionary sectors weighed on results. Within the technology sector Visa, salesforce.com and Facebook were among the top contributors. Express Scripts and Edwards Lifesciences, part of the health care sector, underperformed detracting from relative performance. The portfolio continues to favor consistent earnings growers over stocks that are more directly tied to economic growth.
Aston:M&C Growth;N (MCGFX)	Maintain	4Q 2012 – The portfolio managed by Montag & Caldwell underperformed the Russell 1000 Growth Index during the fourth quarter. Macroeconomic events continued to drive the markets and fundamentals once again took a back seat. The team’s process lends itself to focusing on high quality consistent growth stocks rather than cyclical growth names. This view has led to an underweight position in the more cyclical industrials sector, which detracted from performance this quarter. The industrials sector was among the top performing sectors in the Index as investors favored economically sensitive stocks over those more defensive in nature. In addition, unfavorable stock selection in the health care sector, most notably Express Scripts, weighed on relative performance. However, holdings in the information technology sector added to results.
Boston Trust Small Cap (BOSOX)	Maintain	4Q 2012 - The Boston Trust Small Cap Equity fund, which focuses on higher quality, more innovative companies, produced returns that modestly outperformed the Russell 2000 Index in the fourth quarter. Companies with less financial leverage, a measure of quality, underperformed during the quarter. Conversely, companies with greater profitability outperformed this quarter, as did companies with more reasonable valuations. Regarding attribution, stock selection in the healthcare sector was the greatest contributor to relative performance during the period. Stock selection in energy also helped. In contrast, selection in the consumer discretionary sector was the largest detractor.
International Equity		
Thornburg Intl Val;R6 (TGIRX)	Maintain	4Q 2012 – The Thornburg International Value Fund rose this quarter but slightly trailed the MSCI ACWI ex USA Index. It was a strong quarter for international equity markets, benefiting from an increased sense of confidence in European leaders’ commitment to deal with the sovereign debt issues within the region. The underweight allocation to the financials sector weighed on relative results. Given the uncertainty surrounding the sovereign debt situation in Europe, the team has had a cautious view on the sector as expressed in the underweight allocation. Stock selection within China was also weak for the period. Within the country, Baidu was among the biggest detractors from relative results. Also weighing on relative results was poor stock selection in the health care sector, where Teva Pharmaceuticals was a top detractor. Some of this was offset due to the overweight to the consumer discretionary sector, which was among the top performing sectors in the benchmark this quarter. The team has been trimming some of its holdings that have done well in the “consistent earners” bucket, while adding to some of its “basic value” holdings.

Manager Commentary

As of December 31, 2012

Manager	Status	Comments
American Funds EuPc;R-6 (RERGX)	Maintain	<p>4Q 2012 – The American Funds EuroPacific Growth Fund rose for the quarter but slightly trailed the MSCI ACWI ex USA Index. It was a strong quarter for international equity markets, benefiting from an increased sense of confidence in European leaders' commitment to deal with the sovereign debt issues within the region. Within international equities, developed market equities outperformed emerging markets. The Fund's overweight to emerging markets weighed on results for the period, as did stock selection within the region. Among the top detractors was Chinese internet company, Baidu. Also, holding back relative results was the roughly 7 percent position in cash for the period. An area of strength for the period was the underweight allocation to the energy sector, which fell for the period.</p>
Inflation Protection		
Vanguard Infl-Prot;Adm (VAIPX)	Maintain	<p>4Q 2012 - The Vanguard Inflation Protected Securities Fund performed in line with the Barclays Capital TIPS index during the fourth quarter.</p> <p>Vanguard announced that George Sauter, Managing Director and Chief Investment Officer of Vanguard, retired effective December 31, 2012. Taking over his role will be Mortimer Buckley. Sandip Bhagat, head of Vanguard's Equity Investment Group, has resigned. No replacement has been announced at this time.</p>
Van Eck:GI Hard Asst;I (GHAIX)	Maintain	<p>4Q 2012 – The Van Eck Fund declined modestly in the quarter, but outperformed its target index more than 250 basis points. In general, hard asset commodities and their corresponding equity sectors struggled in the period, with a majority of subsectors posting negative returns. Relative results were driven both by positive sector positioning and stock selection. Diversified mining exposure was a primary contributor, as companies benefited from opportunistic demand expectations in China. Security selection in the sector also added value, most notably positions in Rio Tinto (+24.3%) and Xstrata (+11.2%). Within the energy subsector, the fund's longstanding underweight to large integrated oil companies was positive, as were positions in oil service and refining companies. Precious metals prices struggled in the period, as investors began to pull back on concerns that the multi-year rally may be slowing. Gold prices decreased 5.5%, while Gold Mining equities fell close to 13%. The fund's overweight allocation to the sector, which is currently biased toward equities over the physical commodity, was the largest detractor. The team maintains a general constructive outlook on the global economy and subsequent growth in resource demand. Their focus will continue to be on regions and sectors where relative value exists and demand drivers are present.</p>
PIMCO:Comm RR Str;Inst (PCR1X)	Maintain	<p>4Q 2012 – The PIMCO Commodity Real Return fund fell sharply in the quarter but outperformed the index modestly. Hard asset commodities struggled in the quarter, with essentially all major subsectors posting negative returns. 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. In addition to the TIPS collateral, the fund maintains modest exposure to spread product, which was an additional source of alpha in the period. These positions include exposure to emerging markets debt and non-agency mortgages. Select alpha strategies in the commodity allocation were also additive, including deferred calendar commodity strategies and selling gold volatility. A bias to the middle of the TIPS yield curve, as real yields sold off at the front end of the curve. The fund's decision to hold a long platinum position was a headwind, as gold outperformed other major precious metals.</p>

Manager Gain/Loss Summary

Quarter Ending December 31, 2012

	Market Value As of 10/01/2012	Net Flows	Return On Investment	Market Value As of 12/31/2012
<u>Short Term Liquidity</u>				
WF Advantage Money Market	141,014	-40,911	12	100,115
Short Term Liquidity	141,014	-40,911	12	100,115
<u>Fixed Income</u>				
PIMCO Total Return Instl	4,482,638	-	52,325	4,534,964
Vanguard Total Bond Market Index Signal	1,427,010	50,000	1,904	1,478,914
Total Fixed Income	5,909,649	50,000	54,229	6,013,877
<u>Domestic Equity</u>				
Vanguard 500 Index Trust Signal	5,324,109	-	-20,422	5,303,687
Diamond Hill Large Cap Y	1,020,631	-	10,709	1,031,340
MainStay Large Cap Growth I	1,027,385	-	-15,914	1,011,471
Aston/Montag & Caldwell Growth Fund	984,767	-	-17,395	967,372
Boston Trust Small Cap Fund	1,018,838	-	20,930	1,039,768
Total Domestic Equity	9,375,731	-	-22,092	9,353,638
<u>International Equity</u>				
Thornburg International Value R6	1,764,154	85,000	99,397	1,948,551
Europacific Growth R6	1,817,036	65,000	105,785	1,987,822
Total International Equity	3,581,191	150,000	205,183	3,936,373
<u>Inflation Protection</u>				
Vanguard Inflation Protected Sec.	347,857	-	2,148	350,006
Van Eck Global Hard Assets	330,973	-	-1,091	329,882
PIMCO Commodity Real Return Institutional	392,086	-	-22,644	369,441
Total Inflation Protection	1,070,916	-	-21,587	1,049,329
Total Plan	20,078,499	159,089	215,744	20,453,333

Market Value & Flow Summary

Since Inception Ending December 31, 2012

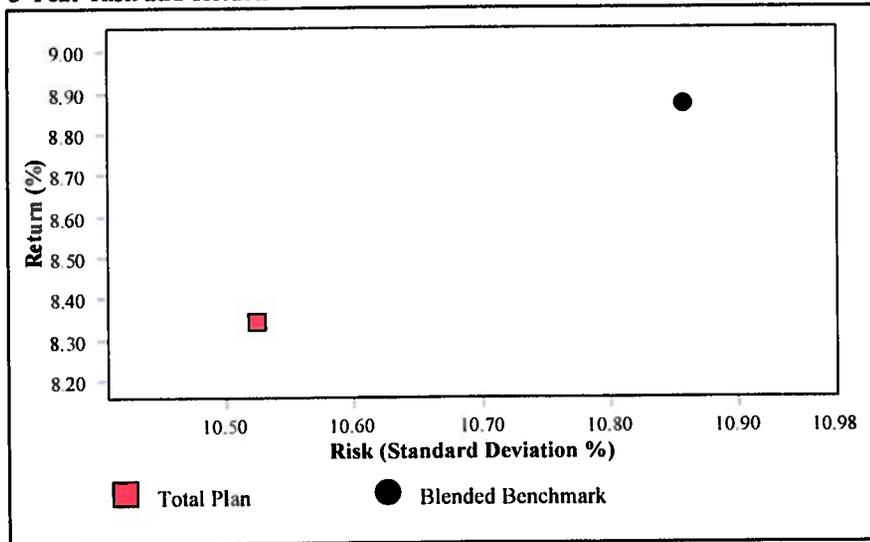
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
Jun-2008	-	-	-	18,275,083	N/A
Sep-2008	18,275,083	-347,237	-1,227,403	16,700,443	-6.8
Dec-2008	16,700,443	-116,941	-2,330,795	14,252,707	-14.0
Mar-2009	14,252,707	-142,836	-882,840	13,227,031	-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
Sep-2012	18,954,251	103,175	1,021,074	20,078,499	5.3
Dec-2012	20,078,499	159,089	215,744	20,453,333	1.0

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

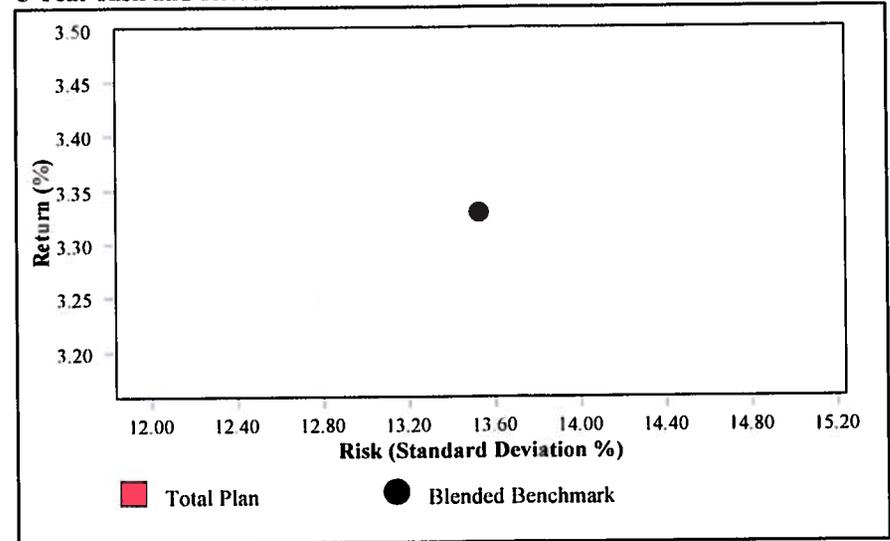
Risk vs. Return

As of December 31, 2012

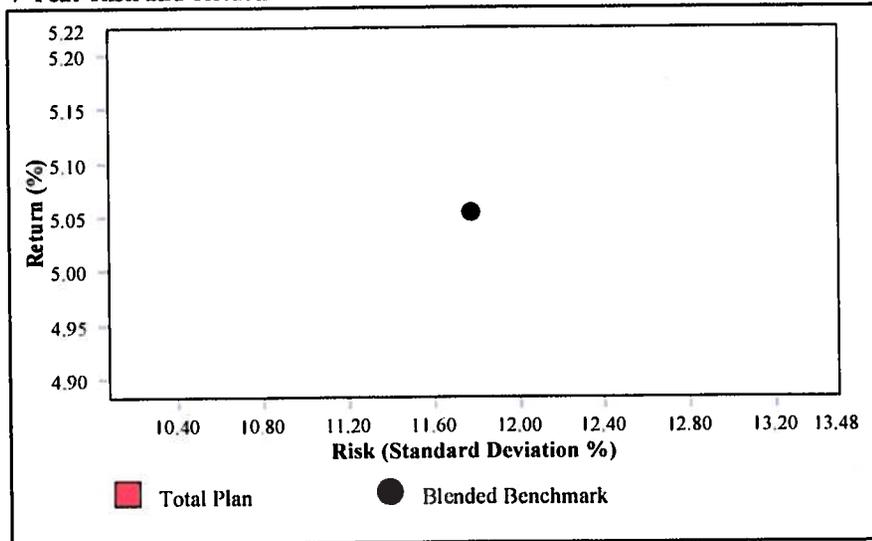
3 Year Risk and Return



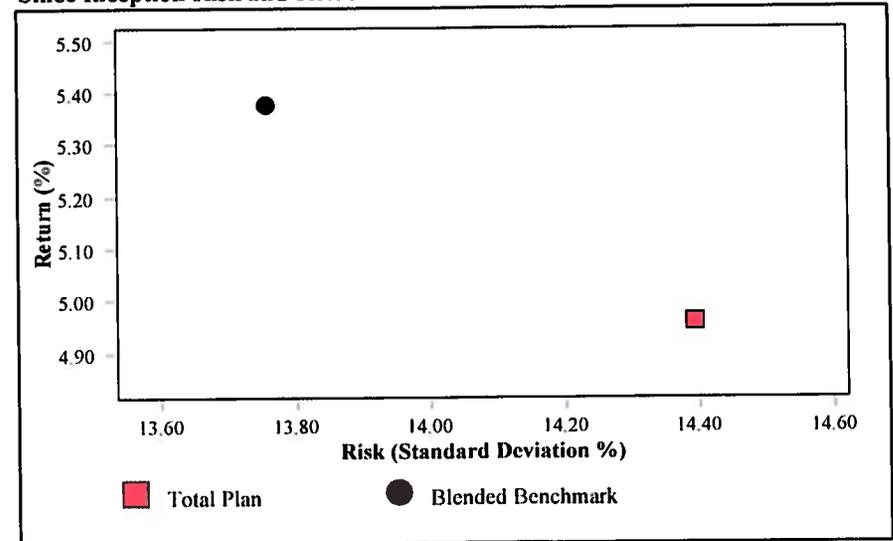
5 Year Risk and Return



7 Year Risk and Return



Since Inception Risk and Return



MPT Statistical Data

As of December 31, 2012

3 Year Historical MPT Statistics

	Return	Standard Deviation	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Downside Risk
Total Plan	8.34	10.52	1.26	-0.42	0.99	0.81	-0.19	0.96	6.44
Blended Benchmark	8.87	10.86	0.00	N/A	1.00	0.83	0.00	1.00	6.44
90 Day U.S. Treasury Bill	0.10	0.03	10.86	-0.83	0.00	N/A	0.10	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	3.33	13.53	0.00	N/A	1.00	0.27	0.00	1.00	9.77
90 Day U.S. Treasury Bill	0.51	0.30	13.63	-0.27	0.11	N/A	0.54	-0.01	0.01

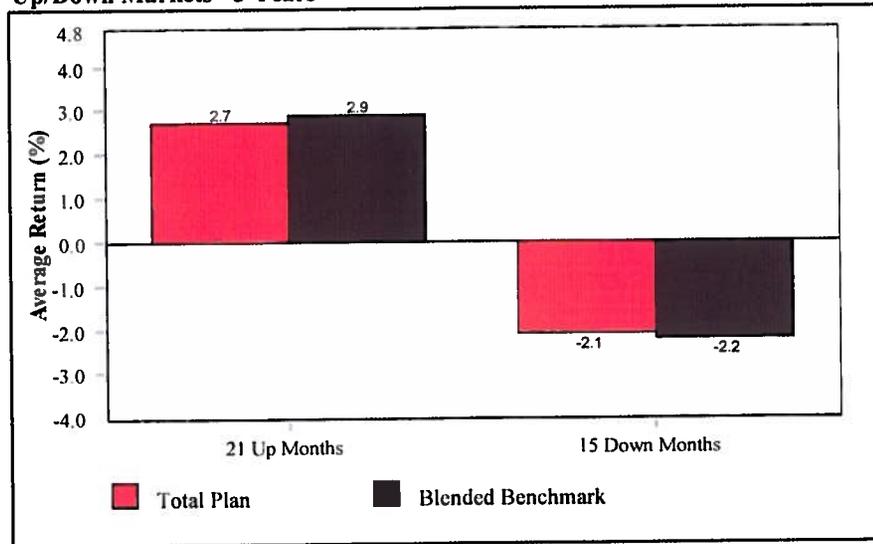
7 Year Historical MPT Statistics

	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	5.05	11.78	0.00	N/A	1.00	0.33	0.00	1.00	8.39
90 Day U.S. Treasury Bill	1.73	0.62	11.85	-0.33	0.01	N/A	1.75	0.00	0.01

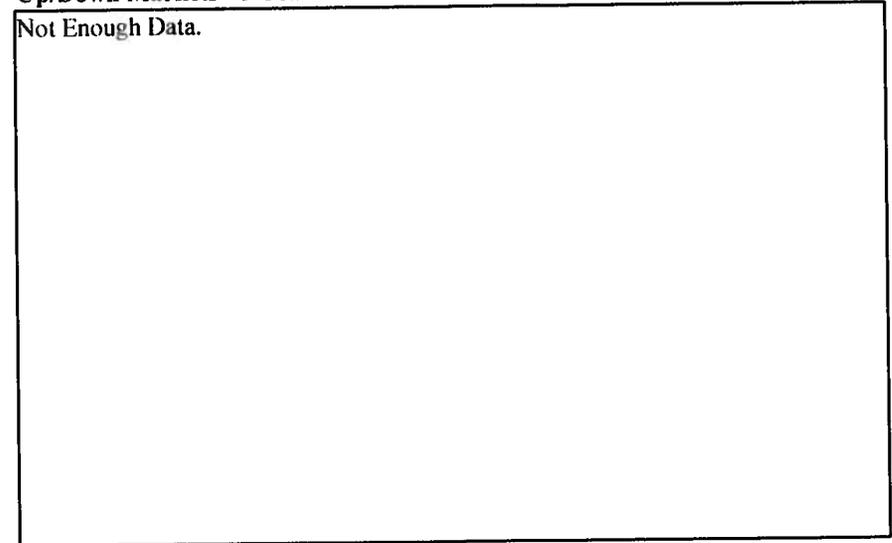
Market Capture Report

As of December 31, 2012

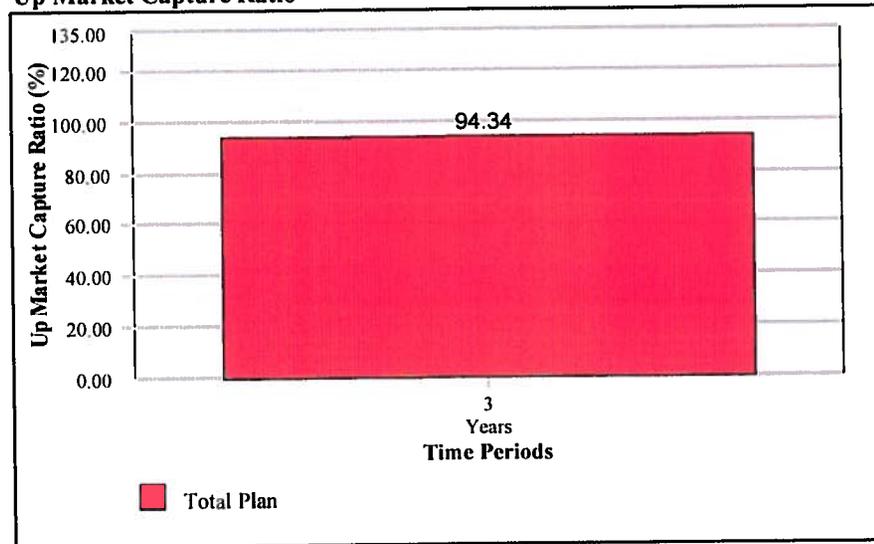
Up/Down Markets - 3 Years



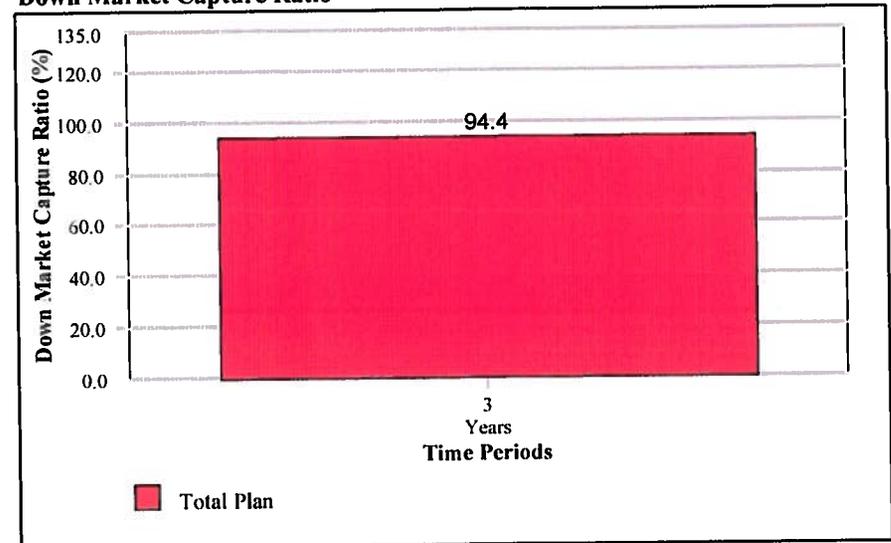
Up/Down Markets - 5 Years



Up Market Capture Ratio



Down Market Capture Ratio



Fee Analysis

As of December 31, 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	1.00%	5.0%
Thornburg International Value R5	0.79%	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	0.74%	1.7%
AVERAGE WEIGHTED FEE		0.46%

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 December 31, 2012

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

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.

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FIA 2012 Year-end Firm Update



- ❑ 37-person staff, including 13 Investment Consultants, with considerable experience working together
- ❑ Advisor to over 165 institutions, client assets exceed \$23 billion
- ❑ Boston office opened in January 2012
- ❑ Named as One of the Best Places to Work in Connecticut by the Hartford Business Journal for the third year in a row
- ❑ Received recognition by *Pension and Investments* as one of the top 50 investment consulting firms, ranked by worldwide institutional assets.
- ❑ FIA Service Areas:
 - Defined Contribution
 - Defined Benefit
 - Endowments & Foundations
 - Captive Insurance Companies
 - High Net Worth
 - Managed Account Solutions

Our Organization



*Denotes member of FIA Investment Committee

FIA Speaking Engagements and Publications



- ❑ **Connecticut Society of CPAs:** Ryan Gardner, Principal & Senior Consultant, spoke about retirement readiness and the shift away from traditional defined benefit plans, in November 2012.
 - ❑ **Northern New England CUPA-HR:** Ryan Gardner, Principal & Senior Consultant, and Vincent Smith, Consultant, addressed mitigating risk as a plan fiduciary through the creation of a prudent process, in November 2012.
 - ❑ **Opal Financial Group's Public Funds Summit East:** Mike Goss, Executive Vice President, discussed trustee education and fiduciary responsibility, in July 2012.
 - ❑ **Connecticut Society of CPAs:** Ryan Gardner, Principal & Senior Consultant, discussed creating The Fiduciary Trail™, how plan fiduciaries can limit their liability, in December 2011.
 - ❑ **EACUBO "Exploring Revolutionary Ideas" 2011 Annual Workshop:** Mark Wetzel, President, covered best practices for 403(b) plan sponsors, in March 2011.
 - ❑ **NACUBO "Building Bridges" Annual Meeting:** Mark Wetzel, President, addressed managing working capital, in July 2010.
 - ❑ **EACUBO 2009 Annual Meeting:** Mark Wetzel, President, spoke about "Managing Working Capital Risk and Return."
 - ❑ **2010 PLANADVISER National Conference:** Mike Goss, Executive Vice President, moderated a panel and Ryan Gardner, Principal & Senior Consultant, sat on the "The 403(b) State" panel. Topics included 403(b) updates, and frequent mistakes experts see in advising these.
 - ❑ **Association of Business Officers of Preparatory Schools:** Mark Wetzel, President, discussed best practices for overseeing 403(b) plan investments, in November 2010.
 - ❑ **Association of Independent Schools in New England:** Ryan Gardner, Principal & Senior Consultant, spoke about the process of benchmarking vendor fee and revenue arrangements, in November 2010.
 - ❑ **Pennsylvania Association of Public Employee Retirement Systems Workshop:** Christopher Rowllins, AIF, Consultant, spoke about the basics of manager selection and key factors to consider when interviewing potential asset management firms, in September 2010.
 - ❑ **Opal Financial Group's Public Funds Summit East:** Mike Goss, Executive Vice President, moderated the Equity Panel, in July 2010.
 - ❑ **FIA at Endowment and Foundations Forum 2011:** FIA Consultant, Kevin O'Brien, CFA, sat on the Trends in Fixed Income Investing panels and spoke about issues that are most relevant to the nation's endowments and charitable foundations by examining critical investment topics.
 - ❑ **New England States Government Finance Officers Association's Donald J. Miklus Annual Spring Training Seminar:** Mark Wetzel, President, spoke about measures to cope with the Pension Funding Challenges, in March 2010.
- White Papers:**
- ❑ **Pension Plan Management – Ideas & Trends**
Kevin D. O'Brien, CFA, Consultant & Research Associate
 - ❑ **The Pension Risk Transfer Landscape**
Christopher Rowllins, AIF, Consultant
 - ❑ **Vendor Consolidation: Why Less is More & More is Less**
Jeff Capone, Consultant
 - ❑ **Considerations for Terminating Pension Plans**
Kevin D. O'Brien, CFA, Consultant & Research Associate
 - ❑ **Defined Contribution Legislative Happenings**
Karen R. Paulson, CIMA, PRP, Principal & Senior Consultant
 - ❑ **Navigating the Choppy Waters of Retirement Plan Oversight**
Vincent Smith, AIF, Consultant
 - ❑ **Stable Value Stabilizes, but Challenges Persist**
Christopher Rowllins, AIF, Consultant

**Pension Board
Minutes
November 20, 2012**

CALL TO ORDER

Chairman Michael Charland called the Pension Board meeting to order at 7:07 p.m. at the Town Hall, Trumbull, Connecticut.

Members present and absent were as follows:

PRESENT

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

ABSENT

William Schietinger

Also present: Daniel Nelson, Chief of Staff; Jim DeGrandis, BPS&M; Brian Hartman, BPS&M; Gina Acri, Wells Fargo; Madelyn Meagher.

PUBLIC COMMENT

There was no public comment.

BPS&M PRESENTATION – REVIEW VALUATION AND ASSESSMENT OPTIONS

Mr. DeGrandis gave a summary of the items to be covered in the Agenda:

- Current Valuation is the normal valuation, i.e., what has happened over the last 2 years.
- Financial scorecard focuses on the funded status of the plan: What it means, how we monitor it, and why it is important.
- Predicting what will happen in the future, so you can see where you might be in 5 years so there are no surprises.

Mr. Hartman continued, as follows:

- The participants drive the results. There are several categories of participants.
- The number of active participants has decreased and this trend should continue. Deferred vested and those receiving benefits has remained constant. Deferred vested includes those who are vested but are no longer employed with the town.
- The actual funded ratio of participants is currently 28%.
- Along with the average age of the participant and average length of service the average compensation is another driver at 4%.

Mr. DeGrandis noted that BPS&M applied the same assumptions as H&H to the most recent data.

Mr. Hartman indicated that there are two values of assets shown:

- The market value is what you actually have at a specific point in time. As of July 1, 2012 the market value represented a 13.5% return for July 1, 2011 and 0% for July 1, 2012.
- The assets were less than the actuarial assumption of 7.5% per year. The actuarial value averages gains and losses over a 3 year period and at this point in time is 28% up from the last valuation.

- In terms of funding, you should focus on the market value, which is what the plan is actually worth.
- The assets have underperformed compared to the assumptions.
- Although the population drops, the older people die and they are the ones receiving the lower payments. If younger people were added the liability would increase.

Mr. DeGrandis indicated that the Actuarial Funded Status (\$48.8M) represents the benefits that have been promised to date to all employees of the Town covered by this plan, valued as of July 1, 2012. This includes the service to date with salaries promised in the future.

Mr. Hartman indicated that Annual Recommended Contribution (\$4.576M) consists of three parts:

- Normal Cost of benefits that accrues during the year (first part).
- Normal Cost is offset by what the participants are expected to contribute (second part).
- Normal Cost less Contributions equals the Net Normal Cost. This is the Net Cost of benefits accruing over the year.
- Amortization over 25 years of the unfunded liability. The Town's funding policy is to fund 90% of the accrued liability. The 90% figure is then amortized over 25 years.

Mr. DeGrandis indicated that the preferred funding is 80%. The actual contribution for 2012 was \$2.3M and for 2013 \$3M.

The Chair indicated that based on what we heard tonight, we are still underfunded and the demographics are not getting any better. Mr. DeGrandis indicated that we need to watch what we contribute instead of a "pay as you go" type of funding.

The Chair indicated that we have been tracking the funds over the last three years by quarter, increasing the pension contribution; however, this next quarter will be the first time that we will be contributing more than we are paying out. The historical vs. current information shows the Town is making progress. He also indicated to Mr. DeGrandis that "what-if scenarios" would be helpful when answering questions for the Town Council, etc.

Mr. DeGrandis indicated that the Funded Status Scorecard appears on page 3, shows that the percentage has increased from 25.3% to 29.3%. If we do nothing, the funded status will go down and we need to keep this in mind when planning for the future.

Mr. DeGrandis indicated that the Projection Summary Chart on page 6 shows us what the impact of future contributions will be over the next 5 years indicating the estimated Funded Ratio would increase only slightly. On page 7, the Funded Ratio increased significantly based upon the increased Recommended Contributions. These projections are static; we are using a closed group of participants.

On page 8, he directed us to look at the valuations calculated using a simulator, which gives us the best and worst scenarios. The difference between the best and worst case scenarios is very small due to the fund being poorly funded. From a budgeting standpoint, we can count on \$19M per year. We can make up the difference through contributions as long as we stay at 60-40.

On page 9, GASB 67/8 will replace GASB 25/27, affording more transparency, consistency and comparability of pension information across government. Pages 9 and 10 referred to the Funded Status Projections – Detailed Results and Assumptions.

Mr. Ponzio left the meeting at 8:30 pm.

APPROVAL OF MINUTES – August 12, 2012

The Chair indicated that the reference to H&H on page 2 should be changed to BPS&M.

Mr. Lavin moved, seconded by Ms. Pellitteri, to approve the minutes of the August 12, 2012 meeting, as amended.

Vote: 4-0-1 motion carries (abstention: Ms. Pires)

APPROVAL OF PENSION BENEFITS AND CONTRIBUTION PAYOUTS

The following individuals were presented for approval of payments:

Approval of Pension Benefits

Pazik, Linda	08/1/2012	\$ 2,692.95
Villano, Jennie	11/1/2012	\$ 1,914.88

Approval of Contribution Payouts

Turndahl, Mark	9/7/2012	\$ 4,012.43
Ferguson, Sharon	11/7/2012	\$ 1,347.98

Mr. Lavin moved, seconded by Ms. Pires, to approve the Pension Benefits and Contribution Payouts, as requested.

Vote: 5-0-0 motion carries

INVESTMENT UPDATE – 3RD QUARTER

The Chair indicated that he would like to have Chris Kachmar from FIA discuss the asset allocation at the next meeting. He went on to add that Chris included a brief update for this quarter, along with the financials.

BERWYN REPORT – 4TH QUARTER 2012

Wells Fargo sent a letter this month indicating that the Berwyn Report did not contain any exceptions this month.

SCHEDULE OF MEETINGS FOR 2013

Ms. Pellitteri moved, seconded by Ms. Pires, to approve the 2013 Schedule of Pension Board meetings, as presented.

Vote: 4-0-0 motion carries

The Chair requested a schedule listing the Board Commissioners along with the expiration date of their respective term.

ANNUAL PENSION REPORT

Mr. Lavin suggested that we include how we plan to implement the suggestions presented in the long term improvement plan: reduce the 5% interest rate currently being paid on contributions; increase employee contributions to 6%; full time employees must work a minimum of 1820 hours to be eligible to participate in the 401 A pension plan. Mr. Nelson indicated that the increase in contributions would need to be discussed with each bargaining units.

The Chair indicated that the Board does not set the interest rate and cannot change it. He went on to add that the Board has the exclusive right to interpret the plan, but not change the plan.

Mr. Lavin suggested that we look into the process needed in order to reduce the 5% interest rate. The Chair indicated that all suggestions for changes must be presented to the Town Council.

Mr. Nelson indicated that the Town Council would need to discuss any proposed changes with each bargaining unit at the time of contract, or negotiate it all at once, which is very difficult. He indicated that the new benchmark for contributions is currently between 3.5% and 6.0%.

Ms. Pires indicated that the overpayments were still being negotiated with the appropriate individuals. The Chair indicated that we need to include an update of the collection efforts and repayments made to date.

The Chair suggested that we update the Pension Letter with the final actuarial evaluation information and present it at the February 19, 2013 meeting.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

There being no further business to discuss, the Pension Board adjourned by unanimous consent at 9:25 pm

Respectfully submitted,



Phyllis Collier - Pension Board Clerk