

FINANCE DEPARTMENT

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TOWN HALL

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Minutes

Wilton Retirement Trust

Wilton Employees Retirement Plan Investment Committee

Other Post-Employment Benefits Trustees

November 6, 2013

7:30 PM

Meeting Room "B"

Present:

Investment Committee: Jeffrey G. Rutishauser, Paul Burnham, Robert H. Kelso (Chair), Richard E. Wehrmann, Robert Schultz,

Retirement Trust: William Brennan (Chair), Harold E. Clark, Adrian Gilmore Bray, Sandra L. Dennies, Richard J. Dubow, Ted Hoffstatter. James F. Meinhold, James Saxe, Jr.

OPEB: Adrian Gilmore Bray, Warren Serenbetz (Chair), Sandra L. Dennies, Harold E. Clark, Kenneth Post

Others: Chris Rowlin, Kevin O'Brien, Fiduciary Investment; Rich McArdle, Sarah Taffel

Call to Order

7:30 pm –the meeting was called to order by Mr. Brennan, Mr. Kelso and Mr. Serenbetz.

Meeting Minutes of May 1, 2013 Regular Meeting (Retirement Trust, Investment Committee and OPEB)

Motion made, seconded and carried to approve Minutes of May 1, 2013.

Capital Market Overview

Mr. Rowlin said they had two reports, (which had been handed out to all the members present and is on file); Third Quarterly Investment Review and Proposed Recommendations by Fiduciary. Two of the recommendations are in the fixed income asset allocations.

He said that Capital Markets are taking their cues from the central banks around the globe, most notably from the Federal Reserve. He summarized the following points:

- Federal Reserve announcement not to slow their asset purchase program resulted in investors embracing risk assets.
- Little bit of sell-off at end of quarter because of government shut down.
- Attractive numbers are coming out of corporate America.
- International developed markets outpaced US and emerging markets during the third quarter.
- Fixed income returns lagged equities.
- Interest rates are trending higher.
- In non-traditional sleeve, commodities recovered in second quarter but year to date numbers are sharply lower.
- Gross Domestic Product (GDP) increased at an annualized rate of 2.5% during third quarter
- Unemployment rate fell to 7.3%

Domestic Review

- Stocks enjoyed strong gains in 3rd quarter due to continued monetary stimulus and the rebound of the global economy.
- Growth led value across all size segments during third quarter and is also leading year to date
- Small caps up 10.2% outpaced large caps, which returned 6.0%
- Most sectors rose during this period

The International Review

- International equity markets posted robust returns for the quarter- European equities were strongest
- Value oriented stocks did better than growth stocks in international markets
- Emerging Markets rose for the quarter but lagged developed markets
- Equities in Japan moved higher this period but are behind strong gains in international markets
- Dollar weak this quarter versus other developed market currencies

Fixed Income

- Yield moved higher – flirting with 3%

Retirement Plan

Mr. Rollins said that the Pension plan was the recipient of a strong performance from the Capital Markets. He reviewed the Asset Allocation and the Plan Performance, (both illustrated in the handout). The ending market value was \$90,704,642 for the quarter. The Pension Plan benchmark is 4.9 and the Pension did 4.7 so it is down -0.2, attributed to the International Managers having mixed results. He reviewed the Manager Performance Overview (page 18 of the handout). A brief discussion ensued around Aberdeen's performance.

OPEB

OPEB assets exceeded \$4 million and are allocated accordingly. This is different from the Pension Plan because of the cash flow demands. Given the size of the portfolio they are using Vanguard Index funds to get broad market coverage. Mr. Rollins went over the Total Plan Performance Summary, shown on page 33 of the handout.

Next he reviewed the Fee Analysis found on page 30.

A brief discussion ensued.

Recommendations

Recommendations were made for rebalancing the portfolio; to diversify fixed income so that there are unconstrained bond funds, i.e. funds that can go anywhere and floating rate securities, which are primarily bank loans, with a floating rate component, (if interest rates go up it will benefit the portfolio). One of the funds being recommended is Black Rock Strategic Income Opportunities Fund, within Blackrock but separate. Research managers like this fund very much. Another is Eaton Vance.

The recommendation is to take 2.5% from Metropolitan West and 2.5% from PIMCO Total Return in the Fixed Income class and put it into Black Rock Strategic Income Opportunities and Eaton Vance, respectively.

The members of the Investment Committee left the meeting to convene in another office and discuss Fiduciary's recommendation.

Retirement Trustees

Mr. Brennan and members of the Trustees discussed the rate of return assumptions which are currently at 7.25% – down from 8.1%. Currently, the Trustees felt that they are comfortable with 7.25 %.

Investment Committee

Upon their return, the Investment Committee members said that they had voted to accept the recommendations of Fiduciary.

There being no further business the meeting adjourned.