



# Town of East Hartford

Town Council Meeting  
February 17, 2015



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Tab 1

# A Reintroduction to FIA

# Who We Are



- ❑ Fee-only **independent** registered investment advisory firm
  - FIA does not sell investment or insurance products.
  - FIA does not have a broker/dealer affiliation.
  - 100% of FIA's revenue is derived from fees; our clients pay for our advice.
- ❑ 100% employee-owned
- ❑ 50-person staff with considerable experience working together
- ❑ Advisor to over 250 institutions
- ❑ FIA advises:
  - Corporate retirement plans (DB/DC)
  - Not-for-profit institutions (retirement/foundation/endowment)
  - Municipal retirement plans (DB/DC)
  - Private clients
- ❑ 2009 Retirement Plan Adviser Team of The Year, *PLANSPONSOR Magazine*
- ❑ FIA was named one of the Best Places to Work in CT in 2011, 2012, 2013, 2014, and 2015 by the *Hartford Business Journal*
- ❑ Ranked in the top 50 largest consultants by worldwide institutional advisory assets under advisement by *Pensions & Investments*



# FIA 2014 Year-End Firm Update

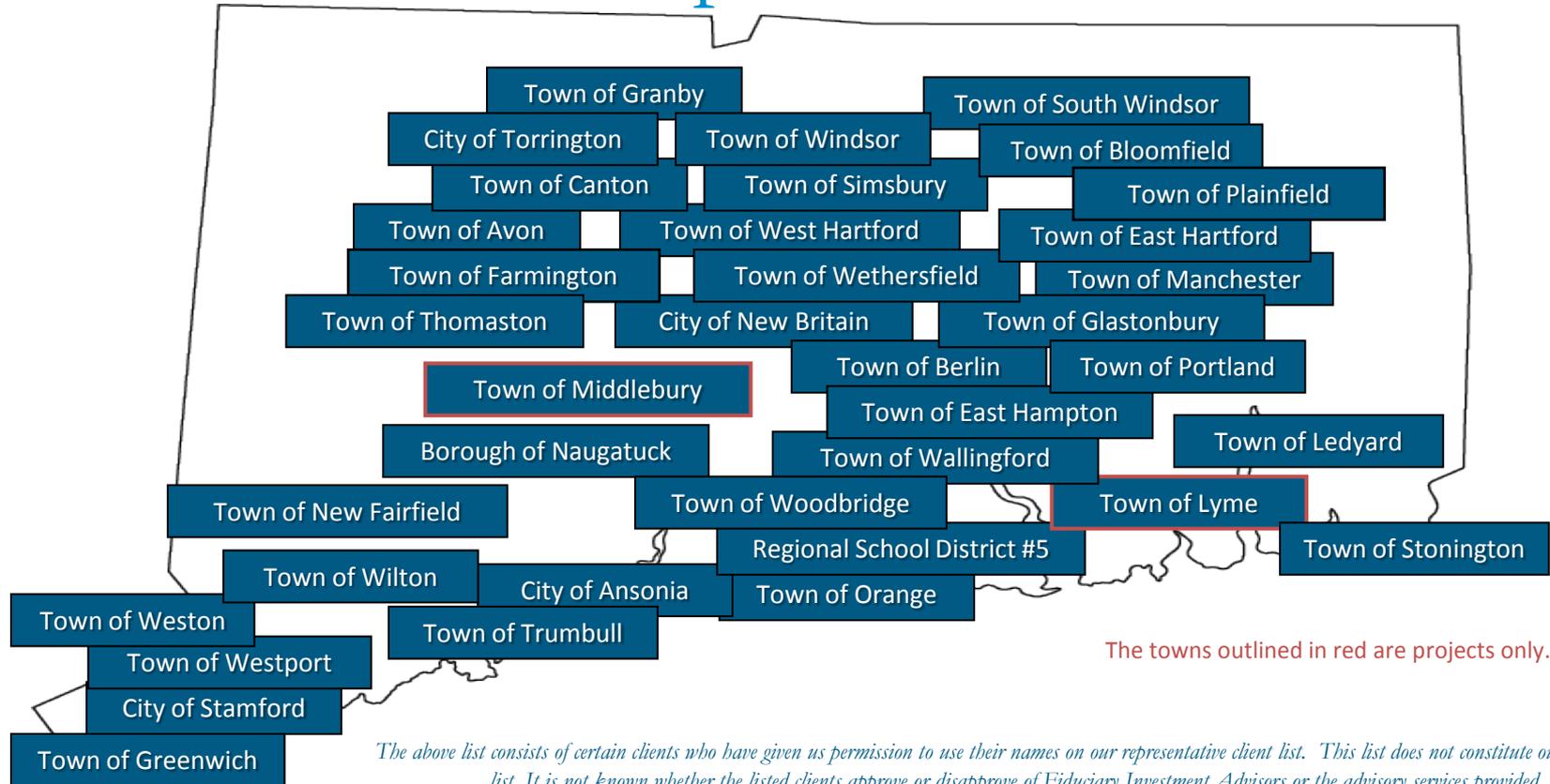


- ❑ Expanded to a 50-person staff, including 15 experienced Investment Consultants
- ❑ Added two professionals to provide Wealth Advisory Services, now serving close to \$1 billion
- ❑ Added to our Education Services staff and capabilities with a seasoned HR professional with 20 years experience as the head of global benefits for a large publicly traded firm
- ❑ Advise over 250 institutions, with client assets exceeding \$37 billion
- ❑ Named as One of the Best Places to Work in Connecticut by the Hartford Business Journal for the fifth year in a row
- ❑ Received recognition by Pension and Investments as one of the top 50 investment consulting firms, ranked by worldwide institutional assets
- ❑ Moved our client conference to Newport, Rhode Island
- ❑ Our Community Service committee continues their work to support local non-profits, including CT Forest, HARC, CCMC, Hands on Hartford, Freshplace and Watkinson School, among others
- ❑ FIA Service Areas
  - ✓ Defined Contribution Plans
  - ✓ Defined Benefit Plan
  - ✓ Endowments & Foundations
  - ✓ Captive Insurance Companies
  - ✓ Wealth Advisory Services
  - ✓ Discretionary Investment Services for Individuals and Institutions

# Our Organization



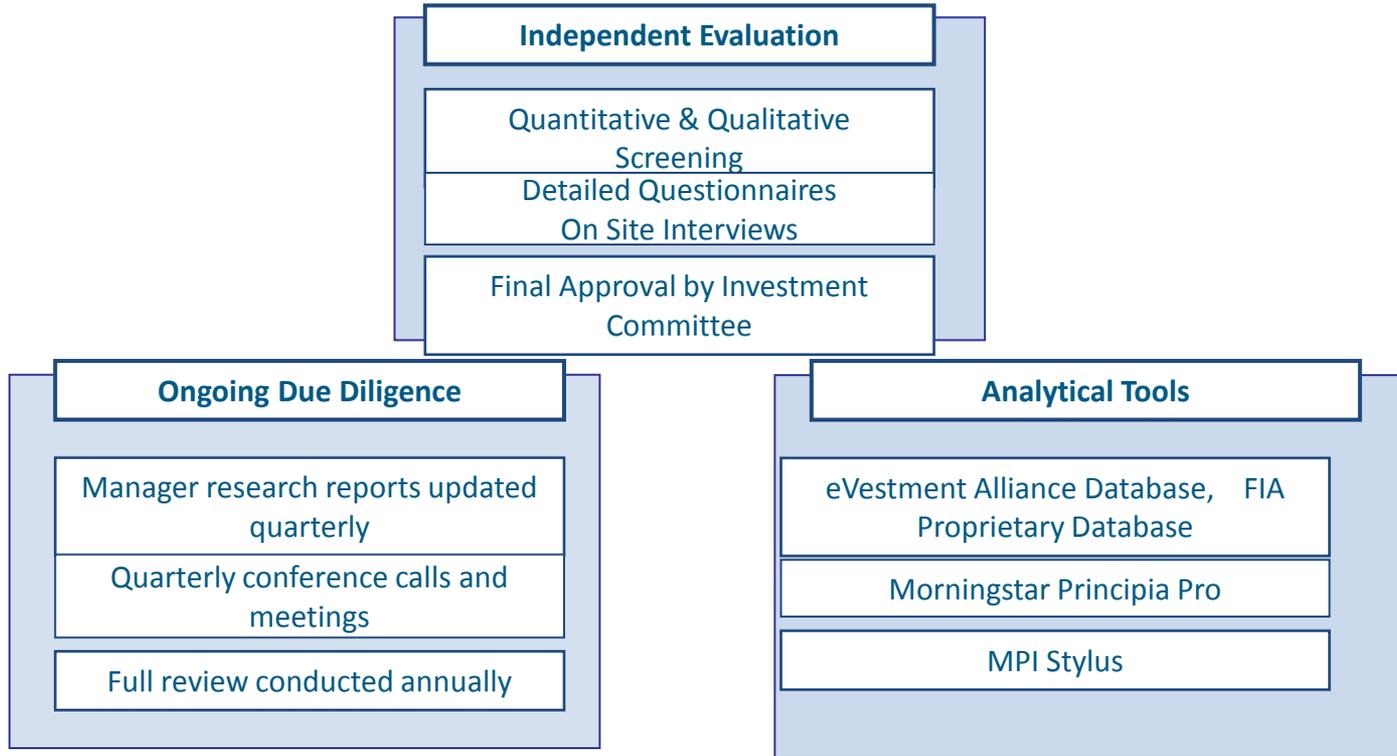
# CT Public Fund Experience



The towns outlined in red are projects only.

*The above list consists of certain clients who have given us permission to use their names on our representative client list. This list does not constitute our entire client list. It is not known whether the listed clients approve or disapprove of Fiduciary Investment Advisors or the advisory services provided.*

# Our Consulting Process: Manager Research



# What We Look For in a Manager:



- ❑ **Organization** – The firm must be financially and structurally sound and have the financial, operational and personnel resources to carry out its strategy. There should be no legal or regulatory proceedings surrounding the firm. The firm must have an appropriate compensation structure and demonstrate a passion for investing.
- ❑ **Philosophy** – The manager must have a clearly defined and disciplined investment philosophy that is based on sound investment theory, which is followed consistently and with conviction.
- ❑ **Investment Process** – The methods and procedures a manager uses to apply his philosophy constitutes the investment process. It is important that the manager's techniques for selecting and selling securities be sound, consistent and research intensive.
- ❑ **Style Consistency** – The manager is expected to adhere to his particular investment style, despite prevailing market sentiment.
- ❑ **Personnel** – The firm's professionals need to be skilled, experienced, properly credentialed and knowledgeable.
- ❑ **Quality of Research** – The firm's research team must have the capacity and resources to evaluate and track the full universe of investment opportunities defined by its investment philosophy. The staff must possess extensive knowledge of the companies and particular securities being researched.
- ❑ **Performance** – The manager must successfully demonstrate an ability to identify investment opportunities (their "edge"). The manager should demonstrate competitive long term performance as compared to a relevant benchmark and peer group.
- ❑ **Risk Controls** - Strong consideration is given to risk-adjusted performance. The manager must implement appropriate risk controls, commensurate with their philosophy and process.
- ❑ **Operations** – A system of operational policies, procedures, and risk controls must be in place. The firm should have contingency plans to control organizational risks, such as a physical disaster recovery plan.

## Tab 2

# **Fixed Income Review**

## **(Pension Plan and OPEB Trust)**

# Investment Program Overview



- ❑ Diversification is a guiding investment tenet, both at the asset class level and the entity level.
- ❑ Utilization of institutional, specialty investment firms.
- ❑ Mandates are aggregated in a manner that permits the allocation to align with FIA's best and current thinking.

# Pension Fixed Income Allocation

Investment Manager/Fund	Market Value (\$)	Current Allocation (%)	Target (%)
Vanguard Total Bond Index Institutional	21,276,876	27.8%	27.5%
Met West Total Return I	17,161,483	22.4%	22.5%
Doubleline Total Return Bond Fund	7,746,761	10.1%	10.0%
Templeton Global Bond Adv.	11,282,117	14.8%	15.0%
Loomis Sayles Investment Grade Fixed Income	7,656,710	10.0%	10.0%
BlackRock Strategic Income Opportunities Fund	7,579,609	9.9%	10.0%
Eaton Vance Senior Floating Rate	3,742,425	4.9%	5.0%
<b>Total Fixed Income</b>	<b>76,445,981</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>1</sup> Source: Schwab Institutional; all values as of 12/31/2014

# Pension Performance

	Portfolio Performance	Benchmark Performance	Relative Performance
Since Inception	5.7%	4.1%	1.6%
Fiscal Year Ending:			
June 30, 2015 (two qtrs thru Dec.)	0.6%	0.7%	-0.1%
June 30, 2014	5.3%	5.1%	0.2%
June 30, 2013	2.5%	-0.7%	3.2%
June 30, 2012	4.9%	6.1%	-1.2%
June 30, 2011	5.3%	3.6%	1.7%
June 30, 2010	10.9%	7.9%	3.0%

# OPEB Fixed Income Allocation

Investment Manager/Fund	Market Value (\$)	Current Allocation (%)	Target (%)
Western Asset Core Plus Bond	426,753	47.8%	47.5%
Met West Total Return	420,528	47.1%	47.5%
Vanguard Inflation Protected Securities	44,617	5.0%	5.0%
<b>Total Fixed Income</b>	<b>891,898</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>1</sup> Source: Schwab Institutional; all values as of 12/31/2014

# OPEB Performance

	Portfolio Performance	Benchmark Performance	Relative Performance
Since Inception	5.7%	4.8%	0.9%
Fiscal Year Ending:			
June 30, 2015 (two qtrs thru Dec.)	0.9%	1.7%	-0.8%
June 30, 2014	4.3%	3.9%	0.4%
June 30, 2013	-0.2%	-1.7%	1.5%
June 30, 2012	8.2%	8.5%	-0.3%
June 30, 2011	6.3%	4.9%	1.4%
June 30, 2010	12.4%	9.5%	2.9%

# Consolidated Plan Performance

	Total Portfolio Performance	Benchmark Performance	Relative Performance
Since Inception Through 6/30/2014	13.8%	12.6%	1.2%
Fiscal Year Ending 6/30/2014	16.2%	16.9%	-0.7%
Since Inception Through 12/31/2014	12.4%	11.8%	0.6%