



Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

Retirement Plan Sub-Committee
Wednesday, November 14, 2018 at 7:30 A.M.
Board of Education Conference Room
Simsbury Town Hall – 933 Hopmeadow Street

REGULAR MEETING AGENDA

- I. Call to Order
- II. Review of Minutes
 - a) September 12, 2018
- III. Review of Interest Rate Assumption for General Government, Police, and Board of Education Retirement Income Plans
- IV. Recommendations for FY20 Budget
 - a) OPEB Trust Assumptions
 - b) Pension Plan Assumptions
- V. Pensions Plans & OPEB Trust Third Quarter 2018 Performance Reviews and Fiduciary Governance Update
- VI. Defined Contribution Plans Third Quarter 2018 Performance Reviews and Fiduciary Governance Update
- VII. 2019 Regular Meeting Schedule
- VIII. Appointment of Chair and Vice Chair
- IX. Adjourn





Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

Retirement Plan Sub-Committee **Regular Meeting** **Minutes - DRAFT**

Wednesday, September 12, 2018 at 7:30am
Board of Education Conference Room
Simsbury Town Hall – 933 Hopmeadow Street

I. Call to Order

The meeting was called to order at 7:34 a.m. Sub-Committee members Chris Kelly, Cheryl Cook, Phil Schulz, Paul Mikkelsen, Derek Peterson, Mike Goman, Jennifer Batchelar, were present. Town and Board of Education staff members in attendance included Burke LaClair, School Business Manager; Maria Capriola, Town Manager; Melissa Appleby, Deputy Town Manager; and Amy Meriwether, Finance Director. Chris Kachmar and Tyler Polk were present for Fiduciary Investment Advisors, and Sharad Arora and Teresa Medeiros were present for Milliman.

II. Review of Minutes

- a) **Special Meeting, January 10, 2018**
- b) **Regular Meeting, May 9, 2018**

The minutes of January 10, 2018 and May 9, 2018 were approved as presented by consensus.

III. Review of OPEB Valuation

Ms. Medeiros and Mr. Arora reviewed a document entitled “Town of Simsbury Other Post-Employment Benefits Program – July 1, 2017 Valuation Summary of Results.” This document compared the 2015 results with the 2017 results. Six different scenarios were presented for the 2017 results, each with a different set of assumptions. With no changes to the assumptions, the 2017 results indicate a funded ratio of 71.9% (up from 66.9%) and a net Town contribution to the OPEB fund of \$160,501 (up from \$46,492).

Ms. Medeiros and Mr. Arora described the various scenarios presented, and the group discussed the following assumptions:

- Teachers Assumptions – We have updated information, which comes from the state plan
- Cost Method – There are two methods: projected unit credit and entry age normal
- Asset Valuation – There are two methods: market value and 5-year smoothed

- Discount Rate – Ms. Medeiros and Mr. Arora indicated that the expected rate of return is between 6.48% and 6.90%, and recommends that the Town start reducing its interest rate assumption.

The committee determined that it would make a recommendation for the November tri-board meeting regarding the cost method, asset valuation method, and discount rate.

IV. Pensions Plans & OPEB Trust Second Quarter 2018 Performance Reviews and Fiduciary Governance Update, Third Quarter Summary Data

Mr. Kachmar reviewed a document entitled “Town of Simsbury Retirement Plans – Executive Summary – Second Quarter 2018.” He pointed to the Investment Policy Statement for the defined benefit plans, and noted that it should be reviewed annually. Mr. Kelly made a motion to update the Asset Allocation Table in Appendix A of the Investment Policy Statement as presented, and to synchronize the dates that are referenced in the document. Mr. Peterson seconded the motion. All were in favor and it passed unanimously.

Mr. Kachmar said that the market is not seeing as much growth in 2018 as it did in 2017, resulting in modest returns. He indicated that the Town’s current asset allocation is appropriate. He noted that Neuberger Berman Genesis Fund R6 and Aberdeen Emerging Markets I are lagging as compared with their peers. FIA will be exploring other options in the emerging markets and will present additional information on this at the committee’s November meeting.

In regards to the OPEB trust, Mr. Kachmar said that the committee should start thinking about active management.

V. Defined Contribution Plans Second Quarter 2018 Performance Reviews and Fiduciary Governance Update, Third Quarter Summary Data

Mr. Polk pointed to the Investment Policy Statement for the defined contribution plans. The committee had no changes to this May 2014 document. Mr. Polk provided a regulatory and legislative update, offering additional detail on the items presented on pages 69-71 of the document entitled “Town of Simsbury Retirement Plans – Executive Summary – Second Quarter 2018.”

VI. Communication – Interest Rate Assumption Scenarios

The group had no comment on the memorandum dated May 23, 2018.

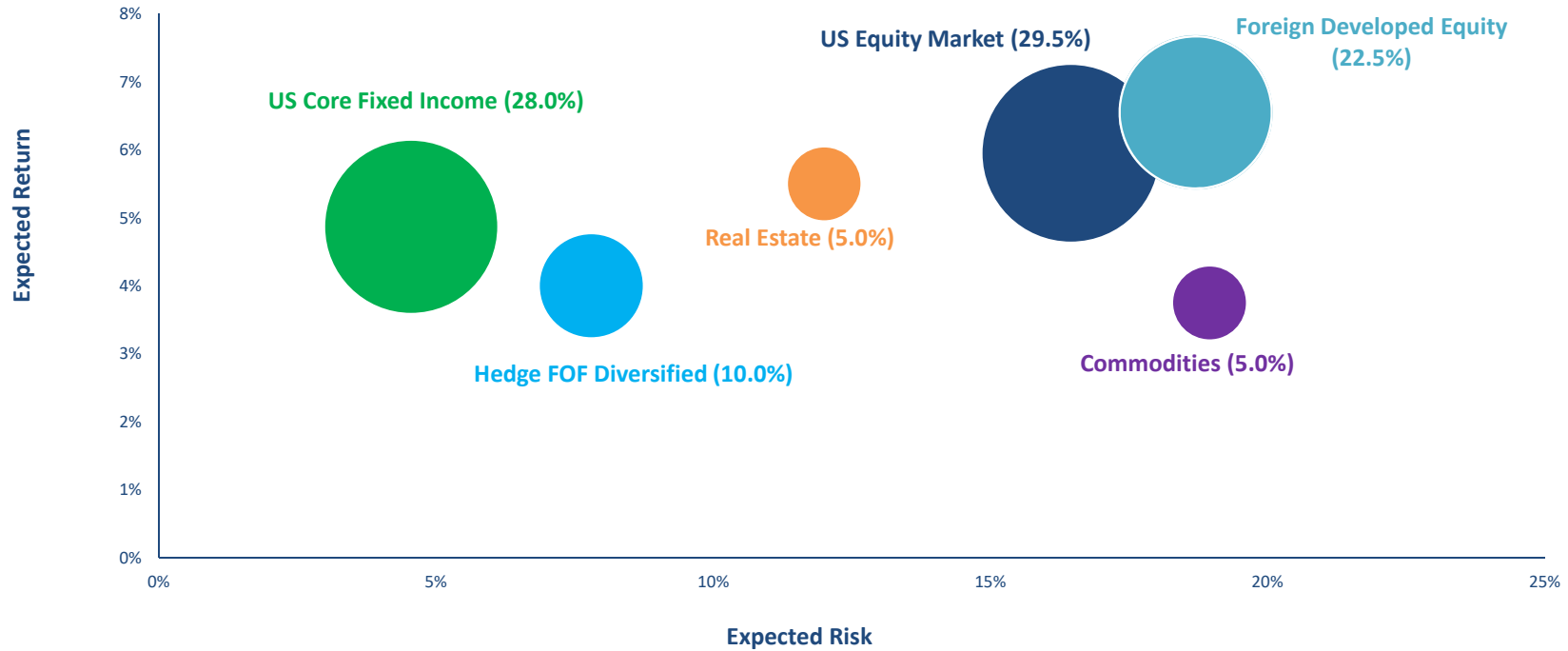
VII. Adjourn

The meeting adjourned at 9:00 a.m.

Respectfully submitted,

Melissa Appleby
Deputy Town Manager

TOWN OF SIMSBURY PENSION PLANS
Risk / Return Characteristics of the Current Target Asset Allocation
Based on Milliman's 2017 Capital Market Assumptions



This work product was prepared solely for the Town of Simsbury for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. The explanatory notes contained in the July 1, 2017 valuation reports dated March 26, 2018, including statements of reliance and limitations on use, continue to apply.

TOWN OF SIMSBURY PENSION PLANS

Expected Investment Returns Over Time

Based on Milliman's 2017 Capital Market Assumptions



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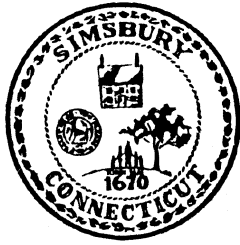
TOWN OF SIMSBURY PENSION PLANS

Financial Impact of Reducing The Interest Rate Assumption

Based on July 1, 2017 Valuations

| | General Government | | | Police | | | Board of Education | | |
|---|--------------------|------------|------------|------------|------------|------------|--------------------|------------|------------|
| Interest Rate Assumption | 7.00% | 6.875% | 6.75% | 7.00% | 6.875% | 6.75% | 7.00% | 6.875% | 6.75% |
| Normal Cost | | | | | | | | | |
| Total Normal Cost | 674,691 | 693,611 | 713,132 | 530,370 | 545,842 | 561,811 | 742,875 | 760,886 | 779,430 |
| Expected Employee Contributions | 341,419 | 341,419 | 341,419 | 249,009 | 249,009 | 249,009 | 310,370 | 310,370 | 310,370 |
| Expected Expenses | 35,900 | 35,900 | 35,900 | 25,100 | 25,100 | 25,100 | 38,900 | 38,900 | 38,900 |
| Net Normal Cost | 369,172 | 388,092 | 407,613 | 306,461 | 321,933 | 337,902 | 471,405 | 489,416 | 507,960 |
| Amortization Payment | | | | | | | | | |
| Accrued Liability | 29,980,033 | 30,364,349 | 30,757,495 | 19,420,468 | 19,685,969 | 19,957,278 | 28,057,807 | 28,413,220 | 28,775,541 |
| Actuarial Value of Assets | 23,425,550 | 23,425,550 | 23,425,550 | 16,366,441 | 16,366,441 | 16,366,441 | 21,193,924 | 21,193,924 | 21,193,924 |
| Unfunded Accrued Liability / (Surplus) | 6,554,483 | 6,938,799 | 7,331,945 | 3,054,027 | 3,319,528 | 3,590,837 | 6,863,883 | 7,219,296 | 7,581,617 |
| Funded Ratio | 78.1% | 77.1% | 76.2% | 84.3% | 83.1% | 82.0% | 75.5% | 74.6% | 73.7% |
| Amortization Period | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Past Service Cost (Amortization Payment) | 519,580 | 545,685 | 572,010 | 242,096 | 261,056 | 280,143 | 544,107 | 567,744 | 591,489 |
| Actuarially Determined Contribution for FY 2018-19 | | | | | | | | | |
| Net Normal Cost + Past Service Cost | 888,752 | 933,777 | 979,623 | 548,557 | 582,989 | 618,045 | 1,015,512 | 1,057,160 | 1,099,449 |
| Interest to End of Year | 62,213 | 64,197 | 66,125 | 38,399 | 40,080 | 41,718 | 71,086 | 72,680 | 74,213 |
| Actuarially Determined Contribution | 950,965 | 997,974 | 1,045,748 | 586,956 | 623,069 | 659,763 | 1,086,598 | 1,129,840 | 1,173,662 |

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Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

TO: Retirement Plan Subcommittee

FROM: Maria Capriola, Town Manager; Melissa Appleby, Deputy Town Manager

RE: OPEB Trust and Retirement Income Plans – FY20 Budget Assumptions

DATE: November 14, 2018

CC: Amy Meriwether, Finance Director/Treasurer
Burke LaClair, School Business Manager

On December 3, 2018, the Boards of Selectmen, Finance and Education will hold their annual tri-board meeting to initiate the FY20 budget cycle. At this meeting, the Boards will discuss goals, challenges and major trends for the upcoming fiscal year. As previously discussed, the Retirement Plan Subcommittee will make a recommendation in advance of the tri-board meeting regarding the assumptions used to calculate our OPEB and pension contributions; this guidance will be taken into account for the FY20 budget planning process.

OPEB Trust

At your September 12, 2018 meeting, Milliman reviewed the July 1, 2017 OPEB valuation. Six different scenarios were presented, each with a different set of assumptions that impact the amount that we contribute to the Trust. The document presented at that meeting is attached. The assumptions include:

1. **Teachers Assumptions** – Updating the teachers assumptions will reduce the net contribution by approximately \$36,000.
2. **Cost Method** – Changing the cost method to “entry age normal” will increase the net contribution by approximately \$24,000 (when combined with #1 above).
3. **Asset Valuation** – Changing the asset valuation to “5 year smoothed” will increase the net contribution by approximately \$43,000 (when combined with #1 and #2 above).
4. **Discount Rate** – Reducing the discount rate to 6.75% or 6.50% will increase the net contribution by approximately \$121,000 or \$201,000, respectively (when combined with #1, #2 and #3 above).

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Facsimile (860) 658-9467

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8:30 – 7:00 Monday
8:30 – 4:30 Tuesday through Thursday
8:30 – 1:00 Friday

Recommendation:

Staff recommends adjusting the teachers assumptions, changing the cost method to “entry age normal,” changing the asset valuation to “5 year smoothed,” and gradually reducing the interest rate assumption to reach a rate of 6.50%. For example, to reach 6.50% in two years, we could reduce the interest rate assumption to 6.75% for FY20 and 6.50% for FY21. Alternatively, we could reduce the rate to 6.875% for FY20, 6.75% for FY21, 6.625% for FY22, and 6.50% for FY23.

Suggested Motion:

Move, effective November 14, 2018, to recommend a change in the following assumptions when calculating the Town contribution to the OPEB Trust: adjust the teachers assumptions; change the cost method to “entry age normal,” change the asset valuation to “5 year smoothed,” and reduce the interest rate assumption from 7.00% to [x.xx%].

Police, General Government and Board of Education Retirement Income Plans

At the Retirement Plan Sub-Committee meeting on May 9, 2018, Milliman presented the July 1, 2017 pension valuations. The expected rate of return for the plans, based on a 75-year time horizon, is 6.59%. The current interest rate assumption for the plans is 7.00%.

At the November 14 meeting, Milliman will present the cost impact associated with reducing the interest rate assumption to 6.875%, and 6.75%. Please note that while these estimates will be based on the July 1, 2017 valuation, any adjustments to the interest rate assumption will be applied to the July 1, 2018 valuation for the FY20 budget (the 2018 valuation is not yet complete).

Recommendation:

Staff recommends a gradual reduction in the interest rate assumption to reach a rate of 6.50%. For example, to reach 6.50% in two years, we could reduce the interest rate assumption to 6.75% for FY20 and 6.50% for FY21. Alternatively, we could reduce the rate to 6.875% for FY20, 6.75% for FY21, 6.625% for FY22, and 6.50% for FY23.

Suggested Motion:

Move, effective November 14, 2018, to recommend a reduction in the interest rate assumption for the Town, General Government and Board of Education Retirement Income Plans from 7.00% to [x.xx%].

Town of Simsbury Other Post-Employment Benefits Program
July 1, 2017 Valuation Summary of Results

09/05/2018

| | 2015 Results For Comparison | Baseline with No Changes | Updated Teachers Assumptions | Change Cost Method | Implement 5-Year Asset Smoothing | Lower Discount Rate #1 | Lower Discount Rate #2 |
|-------------------------------------|--|-------------------------------------|---|-------------------------------|---|-----------------------------------|-----------------------------------|
| Teachers Assumptions | Same as 2015 | Same as 2015 | Updated | Updated | Updated | Updated | Updated |
| Cost Method | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Asset Valuation Method | Market Value | Market Value | Market Value | Market Value | 5 Year Smoothed | 5 Year Smoothed | 5 Year Smoothed |
| Discount Rate | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 6.75% | 6.50% |
| Accrued Liability | \$18,371,550 | \$19,537,024 | \$19,407,220 | \$20,201,828 | \$20,201,828 | \$20,776,647 | \$21,376,185 |
| Actuarial Value of Assets | 12,285,779 | \$14,049,864 | \$14,049,864 | \$14,049,864 | \$13,795,779 | \$13,795,779 | \$13,795,779 |
| Funded Ratio | 66.9% | 71.9% | 72.4% | 69.6% | 68.3% | 66.4% | 64.5% |
| Unfunded Accrued Liability | 6,085,771 | 5,487,160 | 5,357,356 | 6,151,964 | 6,406,049 | 6,980,868 | 7,580,406 |
| Amortization Period | 20 | 18 | 18 | 18 | 18 | 18 | 18 |
| Amortization Growth Rate | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% |
| Past Service Cost | 409,772 | 398,473 | 389,047 | 446,750 | 465,202 | 497,964 | 531,052 |
| Total Normal Cost | 723,057 | 820,212 | 801,924 | 800,609 | 800,609 | 843,040 | 888,222 |
| Employee Contributions | 129,739 | 169,195 | 169,195 | 169,195 | 169,195 | 169,195 | 169,195 |
| Net Normal Cost | 593,318 | 651,017 | 632,729 | 631,414 | 631,414 | 673,845 | 719,027 |
| Interest | 70,217 | 73,464 | 71,524 | 75,471 | 76,763 | 79,097 | 81,255 |
| Actuarially Determined Contribution | 1,073,307 | 1,122,954 | 1,093,300 | 1,153,635 | 1,173,379 | 1,250,906 | 1,331,334 |
| Town | 389,198 | 370,649 | 370,649 | 370,726 | 381,916 | 422,619 | 464,693 |
| BOE | 684,109 | 752,305 | 722,651 | 782,909 | 791,463 | 828,287 | 866,641 |
| Expected Benefit Payouts | 1,026,815 | 962,453 | 969,404 | 969,404 | 969,404 | 969,404 | 969,404 |
| Town | 425,057 | 434,568 | 434,568 | 434,568 | 434,568 | 434,568 | 434,568 |
| BOE | 601,758 | 527,885 | 534,836 | 534,836 | 534,836 | 534,836 | 534,836 |
| Net Town Contribution to Trust | 46,492 | 160,501 | 123,896 | 184,231 | 203,975 | 281,502 | 361,930 |
| Town | (35,859) | (63,919) | (63,919) | (63,842) | (52,652) | (11,949) | 30,125 |
| BOE | 82,351 | 224,420 | 187,815 | 248,073 | 256,627 | 293,451 | 331,805 |

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Town of Simsbury Retirement Plans

Executive Summary

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 third party sources. 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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Capital Markets Overview

Section 2

Pension Plans Review

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DC Plan Review

Market Review

Despite nine years of economic expansion, evidence is accumulating to suggest that we may be entering the later stages of the current business cycle. While the conditions that have historically precipitated an outright recession are absent, somewhat elevated risk asset valuations, rising interest rates, and exceedingly tight labor markets provide additional clues that this cycle is most aptly described as “later stage.”

Trade policy continues to weigh upon investor psyche with the U.S./China saga entering a somewhat more tumultuous stage this quarter. The U.S. imposed tariffs on an additional \$200 billion of Chinese products, widening the rift further. China retaliated with an additional \$60 billion and initially rejected an upcoming meeting with the U.S. regarding trade discussions.

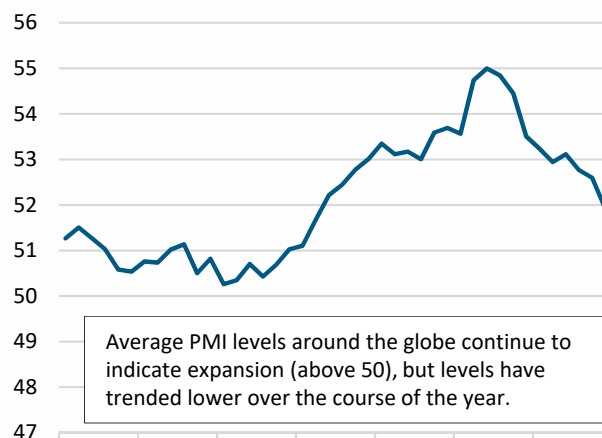
U.S. equity markets continued to decouple from their international counterparts, as the aforementioned trade tensions between the U.S. and China, fears of a slowdown in China, mixed macroeconomic data elsewhere overseas, and a resilient U.S. dollar drove a wedge between U.S. and non-U.S. markets. **Growth outpaced value by a wide margin across the capitalization spectrum.** Growth companies continued to benefit from robust earnings and generally favorable investor sentiment.

International equity markets, while positive, were unable to keep pace with the U.S., with global trade tensions, inconsistent macroeconomic data, U.S. dollar resiliency, and elevated geopolitical concerns constraining foreign equity returns.

Rates continued to climb higher during the quarter, putting negative pressure on bond prices; however, tightening credit spreads and higher coupons helped offset the negative interest rate impact, resulting in **broadly flat performance for fixed income markets.** The Fed raised their target rate an additional 25 basis points in September (2% - 2.25%), making this the central bank’s third increase of the year, with one more increase likely slated for December.

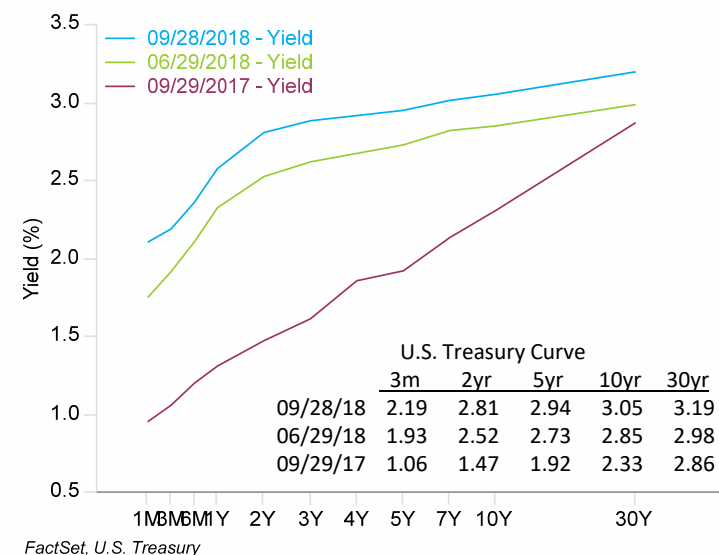
Commodity prices eased as continued strength in the energy sector was unable to offset weakness elsewhere. Persistent strength in the U.S. dollar weighed on the group broadly. Oil prices reached multi-year highs, as looming U.S. sanctions on Iranian oil exports heightened concerns on an already tightening supply backdrop.

Average Manufacturing PMI Levels

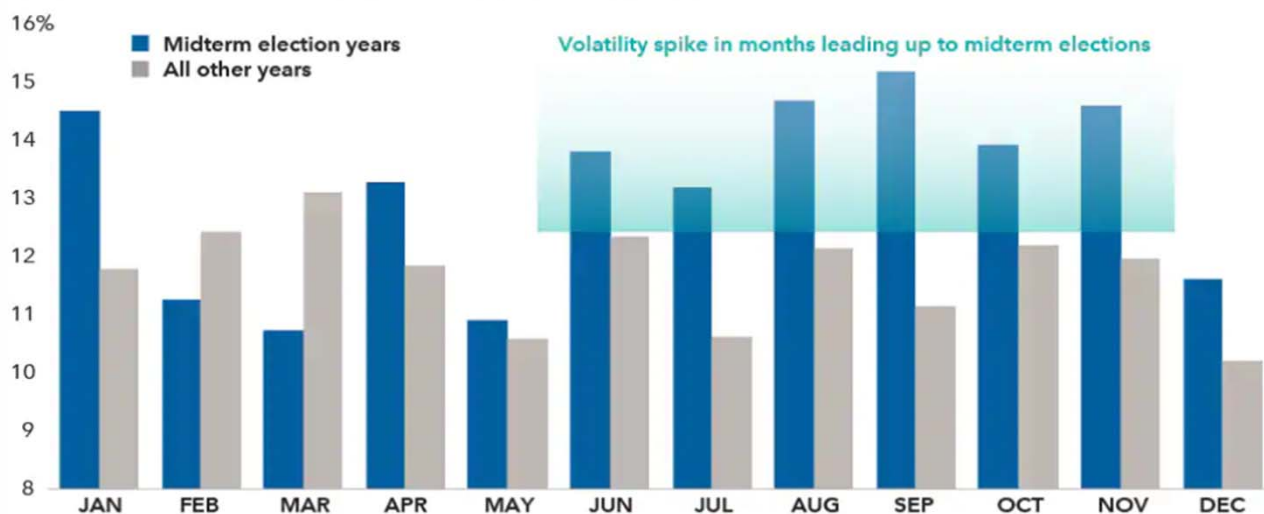


Apr-15 Oct-15 Apr-16 Oct-16 Apr-17 Oct-17 Apr-18
FactSet, Markit. Average based on 29 developed and emerging countries. As of 9/30/18.

United States Treasury Yield Curve



S&P 500 Index annualized monthly volatility since 1970



Sources: Capital Group, RIMES, Standard & Poor's. As of 8/31/18. Volatility is calculated using the standard deviation of daily returns for each individual month. The median volatility for each month is then displayed in the chart on an annualized basis. Standard deviation is a measure of how returns over time have varied from the mean. A lower number signifies lower volatility.

Index Results

| U.S. EQUITY | QUARTER | YTD | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR |
|------------------------------------|---------|-------|--------|--------|--------|---------|
| S&P 500 | 7.7 | 10.6 | 17.9 | 17.3 | 13.9 | 12.0 |
| Russell 1000 | 7.4 | 10.5 | 17.8 | 17.1 | 13.7 | 12.1 |
| Russell 1000 Value | 5.7 | 3.9 | 9.5 | 13.6 | 10.7 | 9.8 |
| Russell 1000 Growth | 9.2 | 17.1 | 26.3 | 20.6 | 16.6 | 14.3 |
| Russell Mid Cap | 5.0 | 7.5 | 14.0 | 14.5 | 11.7 | 12.3 |
| Russell Mid Cap Value | 3.3 | 3.1 | 8.8 | 13.1 | 10.7 | 11.3 |
| Russell Mid Cap Growth | 7.6 | 13.4 | 21.1 | 16.6 | 13.0 | 13.5 |
| Russell 2000 | 3.6 | 11.5 | 15.2 | 17.1 | 11.1 | 11.1 |
| Russell 2000 Value | 1.6 | 7.1 | 9.3 | 16.1 | 9.9 | 9.5 |
| Russell 2000 Growth | 5.5 | 15.8 | 21.1 | 18.0 | 12.1 | 12.7 |
| Russell 3000 | 7.1 | 10.6 | 17.6 | 17.1 | 13.5 | 12.0 |
| FTSE NAREIT Equity REITs Index | 0.8 | 1.8 | 3.3 | 7.6 | 9.2 | 7.4 |
| INTERNATIONAL EQUITY | QUARTER | YTD | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR |
| MSCI ACWI ex-US | 0.7 | (3.1) | 1.8 | 10.0 | 4.1 | 5.2 |
| MSCI EAFE | 1.4 | (1.4) | 2.7 | 9.2 | 4.4 | 5.4 |
| MSCI EAFE Value | 1.2 | (3.5) | (0.4) | 8.1 | 3.1 | 4.5 |
| MSCI EAFE Growth | 1.5 | 0.6 | 5.8 | 10.3 | 5.6 | 6.2 |
| MSCI EAFE Small Cap | (0.9) | (2.2) | 3.7 | 12.4 | 8.0 | 9.7 |
| MSCI EM (Emerging Markets) | (1.1) | (7.7) | (0.8) | 12.4 | 3.6 | 5.4 |
| FIXED INCOME | QUARTER | YTD | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR |
| Barclays U.S. Aggregate Bond | 0.0 | (1.6) | (1.2) | 1.3 | 2.2 | 3.8 |
| Barclays U.S. Gov/Credit Bond | 0.1 | (1.8) | (1.4) | 1.4 | 2.2 | 4.0 |
| Barclays Gov/Credit Long Bond | (0.5) | (5.4) | (2.7) | 3.4 | 5.2 | 7.1 |
| Barclays U.S. Corp High Yield | 2.4 | 2.6 | 3.0 | 8.1 | 5.5 | 9.5 |
| Barclays Municipal Bond | (0.2) | (0.4) | 0.3 | 2.2 | 3.5 | 4.8 |
| Barclays U.S. TIPS | (0.8) | (0.8) | 0.4 | 2.0 | 1.4 | 3.3 |
| BofA Merrill 3-Month T-Bill | 0.5 | 1.3 | 1.6 | 0.8 | 0.5 | 0.3 |
| NON-TRADITIONAL | QUARTER | YTD | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR |
| Bloomberg Commodity Index | (2.0) | (2.0) | 2.6 | (0.1) | (7.2) | (6.2) |
| HFRI Fund of Funds Index | 0.3 | 1.0 | 3.1 | 3.3 | 3.2 | 2.6 |
| NCREIF Property Index (06/30/2018) | 1.8 | 3.5 | 7.2 | 8.3 | 9.8 | 6.2 |
| CPI (06/30/2018) | 0.6 | 1.2 | 2.8 | 1.8 | 1.5 | 1.4 |

Sources: Morningstar Direct, Standard & Poor's, Russell, FTSE, MSCI, Barclays Capital, BofA Merrill Lynch, Bloomberg, HFRI, NCREIF. Data as of 9/30/2018 unless otherwise noted.

Equity & Fixed Income Review

U.S. Equity Size and Style Returns

| QTR | | | | 1-Year | | |
|-------|-------|--------|-------|--------|-------|--------|
| Value | Blend | Growth | | Value | Blend | Growth |
| 5.7 | 7.4 | 9.2 | Large | 9.5 | 17.8 | 26.3 |
| 3.3 | 5.0 | 7.6 | Mid | 8.8 | 14.0 | 21.1 |
| 1.6 | 3.6 | 5.5 | Small | 9.3 | 15.2 | 21.1 |

A strong domestic economy coupled with sound corporate fundamentals continued to provide support for U.S. equities. Large cap stocks regained ground relative to their small cap counterparts. Growth stocks continued to widen their margin over value as health care and information technology stocks, which are large portions of the growth benchmarks, were among the best performing areas of the domestic equity market.

International Equity Size and Region Returns (USD)

| QTR | | | | 1-Year | | |
|-------|------|-------|-----|--------|------|-------|
| Small | Mid | Large | | Small | Mid | Large |
| -0.9 | 1.0 | 1.5 | Dev | 3.7 | 3.9 | 2.4 |
| -4.2 | -2.6 | -0.9 | EM | -4.2 | -1.8 | -0.7 |

International equity markets were mixed as developed areas generally produced modest positive returns, while emerging regions continued their decline. Uncertainty around the impact of trade policy, concerns of a slowdown in China, and elevated geopolitical angst pressured overseas markets. Foreign exchange weighed further on results for the U.S.-based investor as the U.S. dollar strengthened against most major currencies.

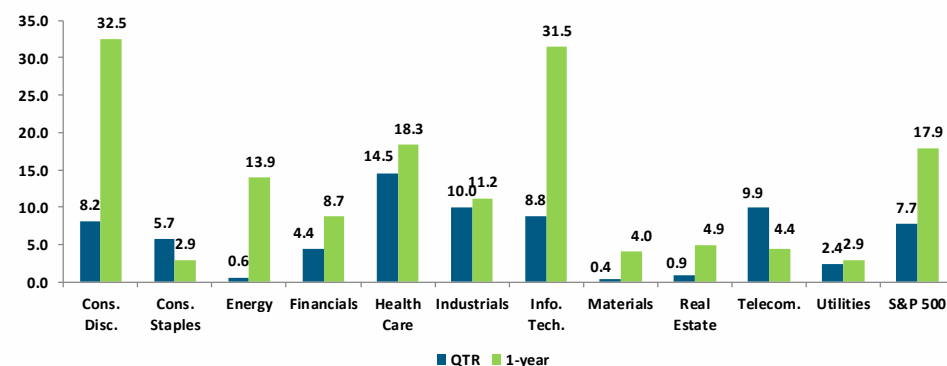
Fixed Income Term and Quality Returns (USD)

| QTR | | | | 1-Year | | |
|-------|--------|------|-------|--------|--------|------|
| Short | Interm | Long | | Short | Interm | Long |
| 0.2 | -0.1 | -2.8 | Gov't | 0.0 | -1.2 | -3.5 |
| 0.7 | 0.8 | 1.3 | Corp | 0.7 | -0.6 | -2.4 |

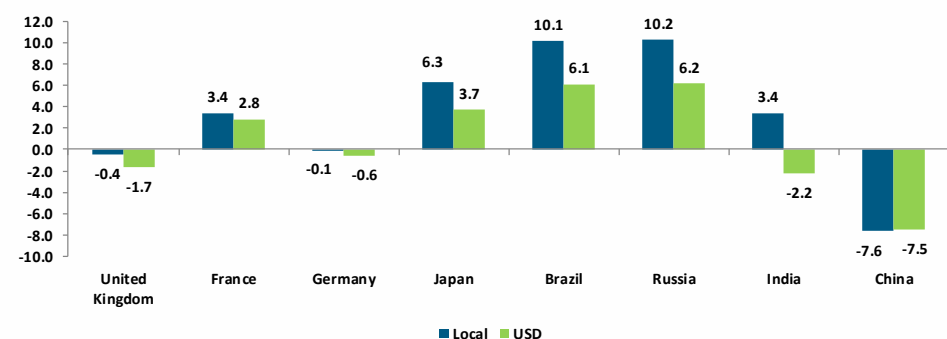
Interest rates continued their march higher, which again served as a headwind for fixed income markets. Longer duration bonds largely underperformed shorter duration securities. Yields on the short end of the curve have risen to levels that have more than offset the negative price movement resulting from higher interest rates. Spread sectors fared better than governments with both investment grade and high yield corporate bonds producing positive returns.

Sources: Morningstar Direct, FactSet, Standard & Poor's, Russell, MSCI, Barclays Capital, Citigroup, BofA Merrill Lynch, Credit Suisse, JPMorgan. Data as of September 30, 2018 unless otherwise noted. The performance grids above are based on select Russell, MSCI and Barclays Capital indexes.

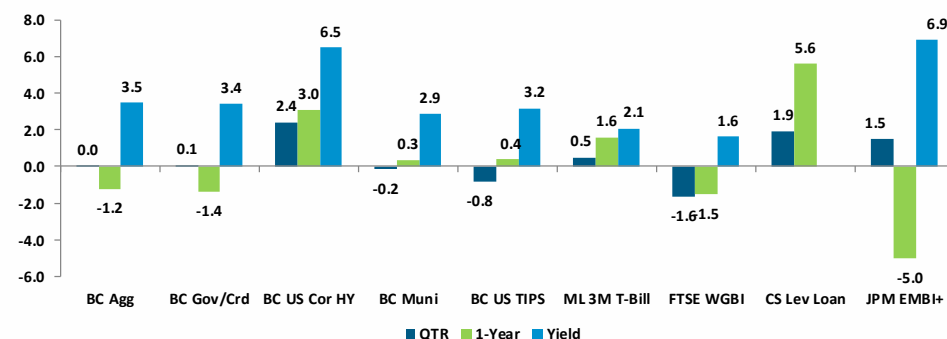
S&P 500 Sector Returns



MSCI Country Results 3Q 2018

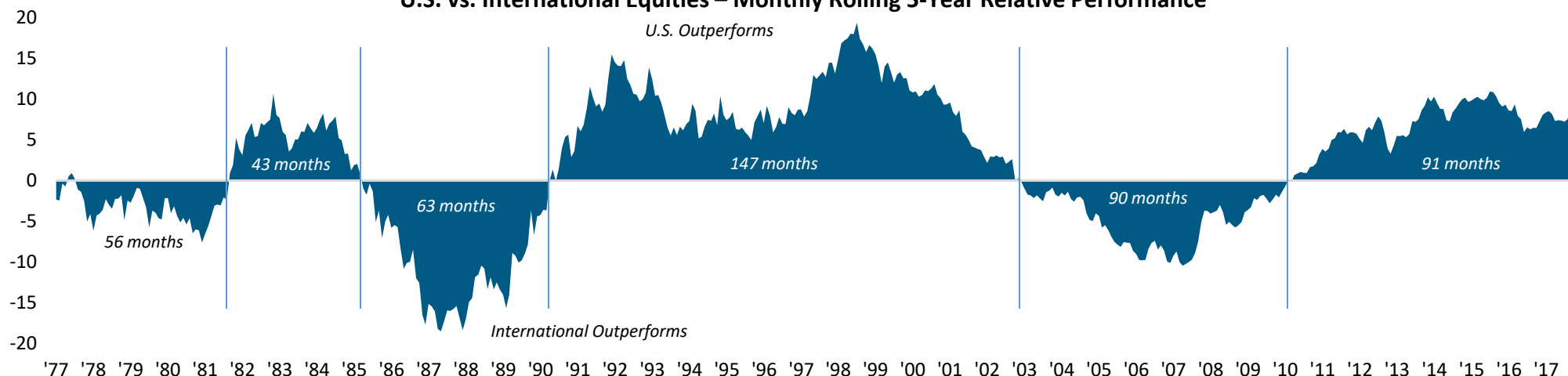


Fixed Income Returns and Yields (%)



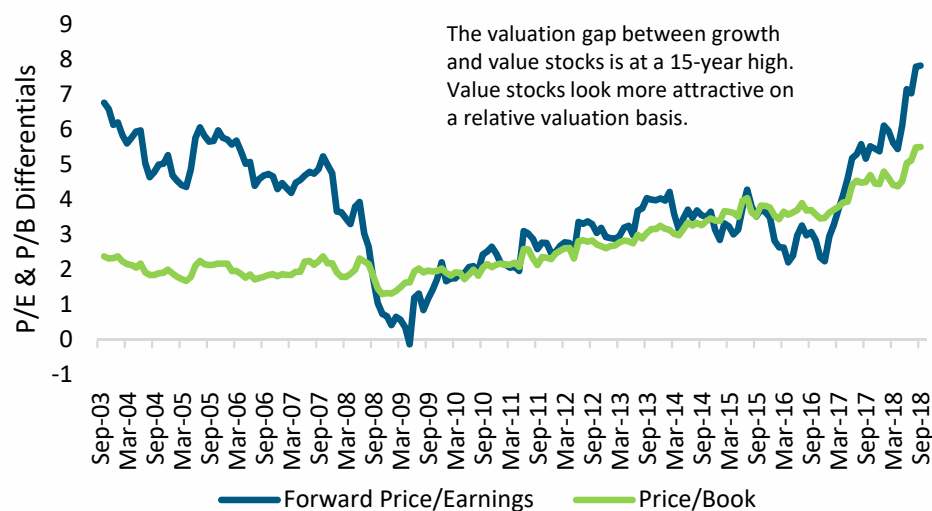
Equity Market Review

U.S. vs. International Equities – Monthly Rolling 5-Year Relative Performance



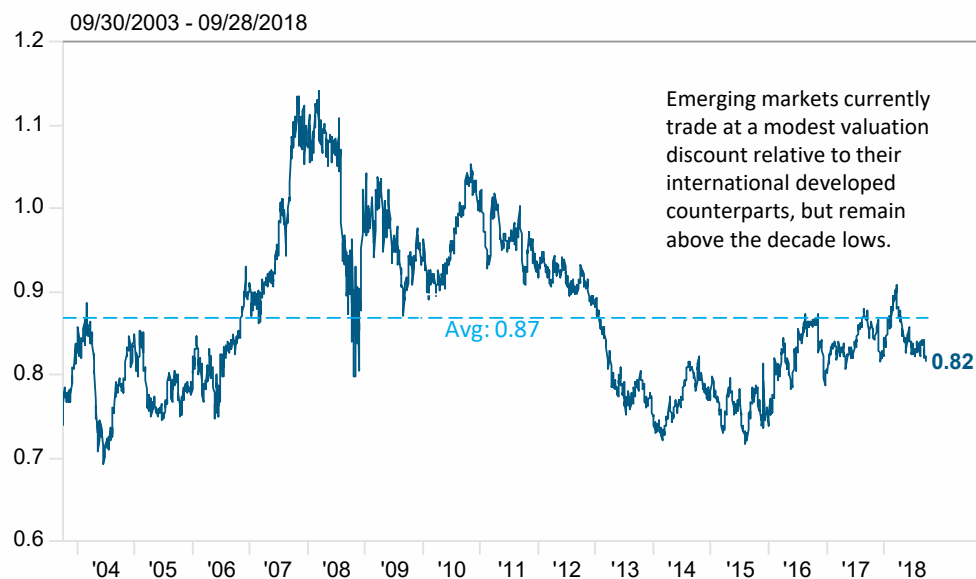
Data from 1/1/1973 - 9/30/18. U.S. represented by the S&P 500 Index, international represented by the MSCI World ex U.S. Index.

Valuation Differentials Between Growth and Value



FactSet, Russell. Value is represented by the Russell 3000 Value, growth is represented by the Russell 3000 Growth. Data from 9/30/03 – 9/30/18.

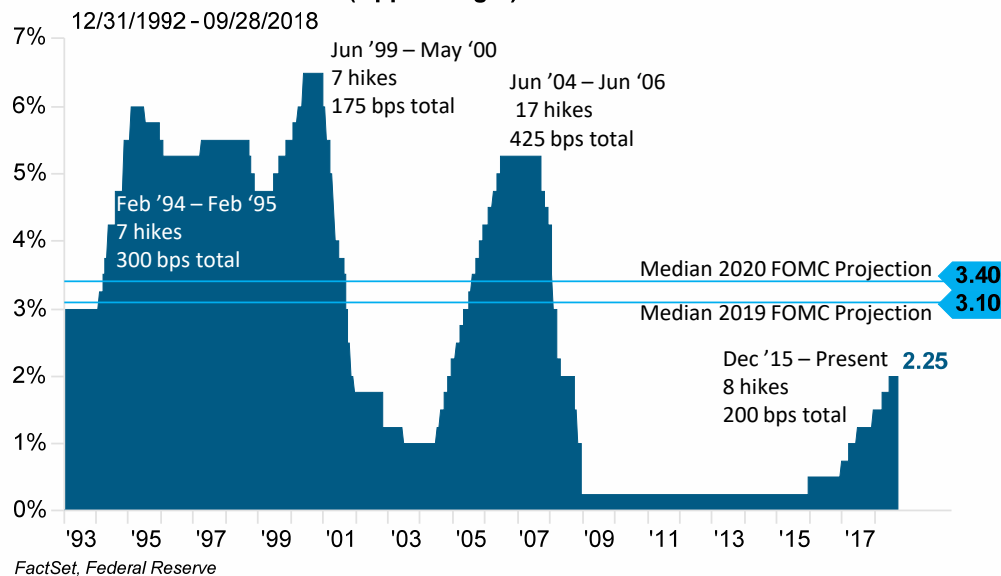
MSCI EM/MSCI EAFE Relative Forward P/E



FactSet, MSCI EAFE and EM represented by iShares ETFs

Fixed Income Review

US Federal Funds Rate (Upper Target)

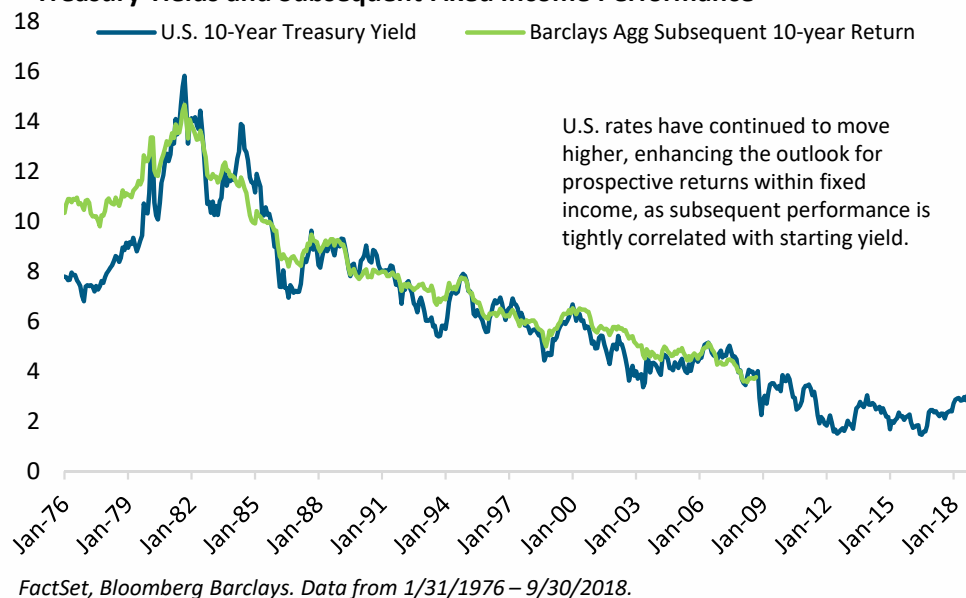


Fixed Income Index Performance During Past Fed Hike Cycles

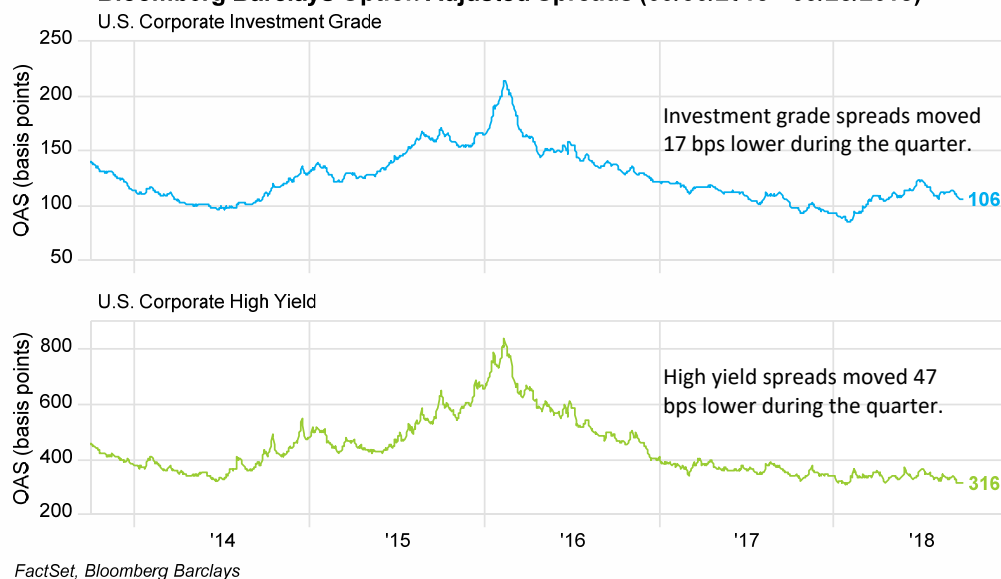
| Rate Hike Period | 2/4/94 - 2/1/95 | 6/30/99 - 5/16/00 | 6/30/04 - 6/29/06 | 12/17/15 - 9/30/18 | Avg |
|----------------------------|-----------------|-------------------|-------------------|--------------------|------|
| Bbg Barclays U.S. Agg | -2.04 | 2.02 | 2.99 | 1.67 | 1.16 |
| Bbg Barclays U.S. IG Corp | -3.38 | 0.10 | 2.80 | 3.64 | 0.79 |
| Bbg Barclays U.S. HY Corp | -1.82 | -1.80 | 7.54 | 9.72 | 3.41 |
| Bbg Barclays U.S. Treasury | -2.93 | 3.21 | 2.65 | 0.61 | 0.88 |
| FTSE WGBI USD | 3.28 | -1.33 | 2.94 | 2.30 | 1.80 |
| JPM EMBI Global Div. USD | -22.05 | 11.17 | 11.43 | 6.19 | 1.69 |

Morningstar Direct, PIMCO, FIA – figures in %

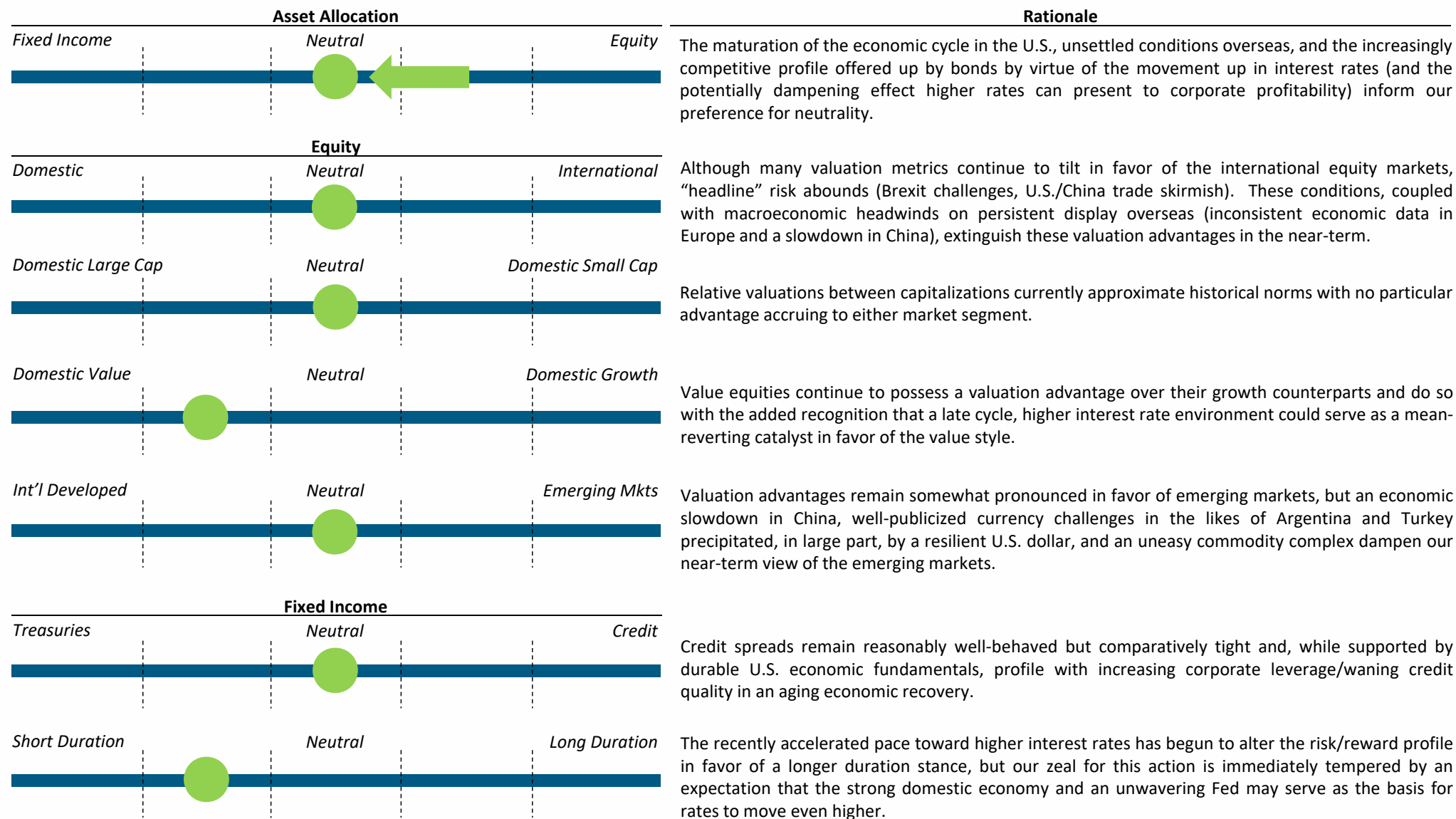
Treasury Yields and Subsequent Fixed Income Performance



Bloomberg Barclays Option Adjusted Spreads (09/30/2013 - 09/28/2018)



Market Viewpoints



These viewpoints represent FIA's general assessment of the highlighted capital markets comparisons over the next 18 months. These opinions are subject to modification as conditions in the markets or forecasting periods change. Clients should utilize these rankings in conjunction with other considerations that may be relevant to their particular circumstances.



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Simsbury Defined Benefit Pension Plans

Executive Summary - Third Quarter 2018

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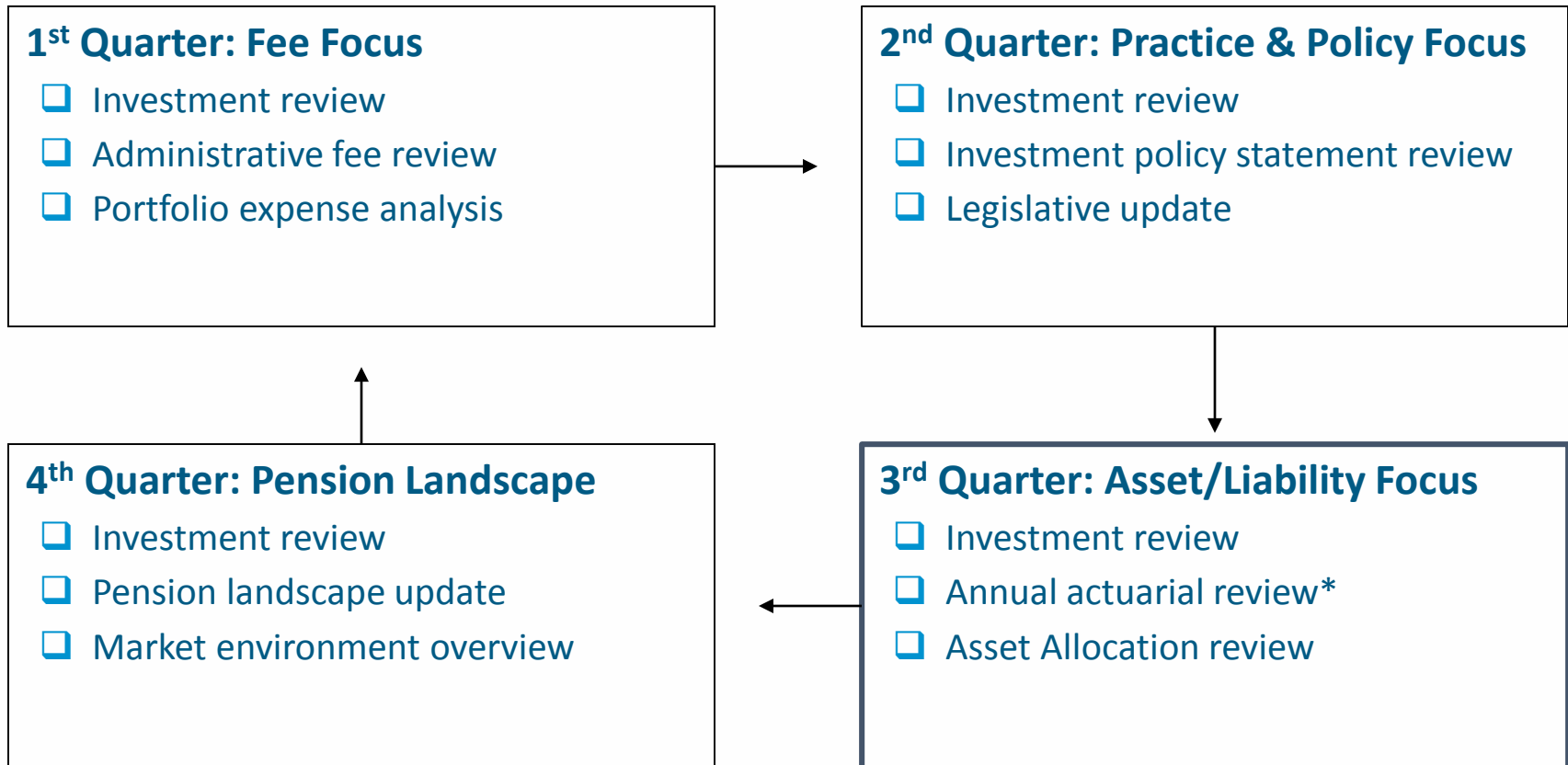
Section 1

Fiduciary Governance Calendar

Section 2

Portfolio and Manager Review

Defined Benefit Fiduciary Governance Calendar



* Timing of actuarial and liability review dependent on client's individual plan and /or fiscal year and actuarial input.

Actuarial Review

Simsbury Town Employees' Pension

| Milliman Actuarial Valuation Report, July 1, 2017 | | |
|---|--------------------------------------|--|
| | Most Recent Date (As of 7/1/2017) | Previous Year Date (As of 7/1/2016) |
| Actuarial Value of Assets | \$23,425,550 | \$22,269,090 |
| Total Accrued Liability | \$29,980,033 | \$28,524,429 |
| Funded Ratio | 78.1% | 78.1% |
| Actuarial Return Assumption | 7.0% | 7.0% |

Source: Milliman, 2017 Valuation Report

Actuarial Review

Simsbury Board of Education Pension

| Milliman Actuarial Valuation Report, July 1, 2017 | | |
|---|--------------------------------------|--|
| | Most Recent Date (As of 7/1/2017) | Previous Year Date (As of 7/1/2016) |
| Actuarial Value of Assets | \$21,193,924 | \$19,652,847 |
| Total Accrued Liability | \$28,057,807 | \$26,782,964 |
| Funded Ratio | 75.5% | 73.4% |
| Actuarial Return Assumption | 7.0% | 7.0% |

Source: Milliman, 2017 Valuation Report

Actuarial Review

Simsbury Police Pension

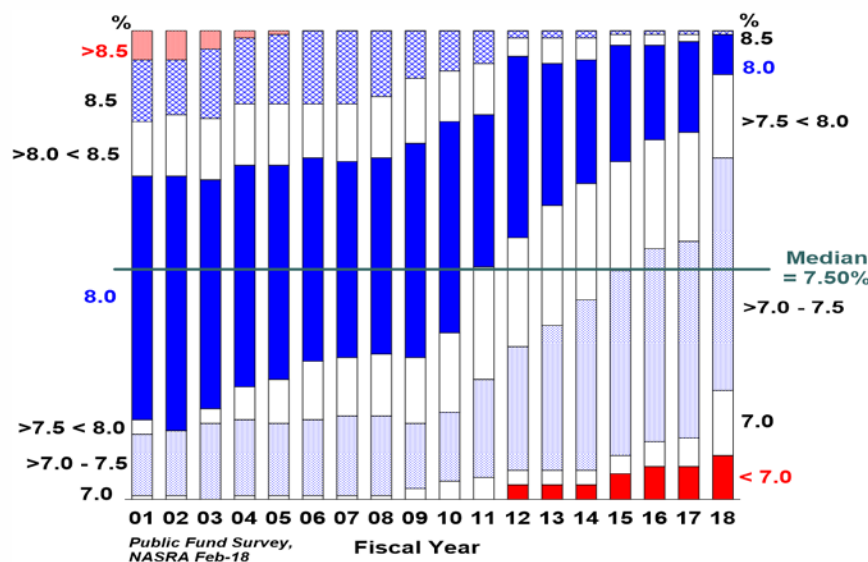
| Milliman Actuarial Valuation Report, July 1, 2017 | | |
|---|--------------------------------------|--|
| | Most Recent Date (As of 7/1/2017) | Previous Year Date (As of 7/1/2016) |
| Actuarial Value of Assets | \$16,366,441 | \$15,411,042 |
| Total Accrued Liability | \$19,420,468 | \$18,775,019 |
| Funded Ratio | 84.3% | 82.1% |
| Actuarial Return Assumption | 7.0% | 7.0% |

Source: Milliman, 2017 Valuation Report

Public Plans – Investment Return Assumptions

Public pension plan investment return assumptions trend lower

- Directionally, investment return assumptions for public plans **have trended lower** over the last few years influenced by changes in economic and financial conditions.
- Plans have taken a **measured approach** to adopting lower investment return assumptions by working closely with the plan actuary to analyze the potential cost impact and reviewing other actuarial assumptions (e.g., project salary growth) that can serve to potential **offset costs** (higher contributions) associated with adopting lower investment return assumptions.
- It's important to note that investment earnings account for a majority of public pension financing. An investment return that is **set too low** can overstate liabilities and costs at the expense of current tax payers, while an investment rate **set too high** will understate liabilities at the expense of future taxpayers.



- A plan's actuary and its investment advisor can assist in establishing a **prudent investment policy** by predicting the cost of future benefits and working collaboratively with the plan sponsor to determine an asset allocation which, when combined with **adequate contributions**, can generate sufficient growth to meet pension obligations.

Asset Allocation Analysis

- **Asset allocation** is the primary determinant of long-term investment results.¹
- FIA utilizes **mean-variance optimization**, which is augmented by **Monte Carlo simulation**, as the basis for asset allocation analysis. These exercises are conducted via a software package called Stylus.
- The analysis relies heavily on data input. FIA develops **risk and return assumptions** for each major asset class on an annual basis. The annual process is as follows:
 - ✓ The FIA Investment Committee discusses the current economic landscape, reviews the previous year's assumptions, and compares FIA's current thinking with that of other industry thought leaders
 - ✓ FIA gathers survey data of the risk/return assumptions from over 20 investment firms
 - ✓ Standing assumptions are either verified or updated
 - ✓ Assumptions are developed for both a **full market cycle** outlook (7-10 year) and a **long term** outlook (20 year)
- **Correlations** (how asset classes behave in reference to one another) also significantly impact asset allocation analysis.
 - ✓ Correlation information is historical in nature (rather than forward-looking)
- The industry trend has been to lower **actuarial investment return assumptions** based on lower capital market expectations. Given the current market environment, full market cycle (7-10 year) return assumptions are lower than long term (20 year) assumptions.

¹ Brinson, G.P., Singer, B.D. and Beebower, G.I., "Determinants of Portfolio Performance II: An Update", Financial Analysts Journal, May-June 1991.

Asset Allocation Analysis

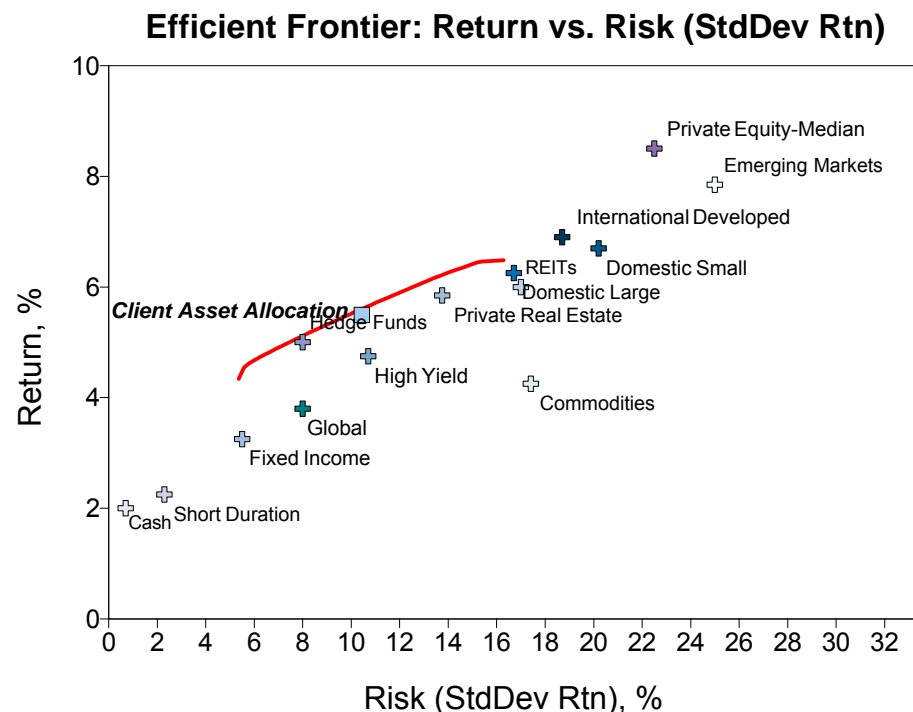
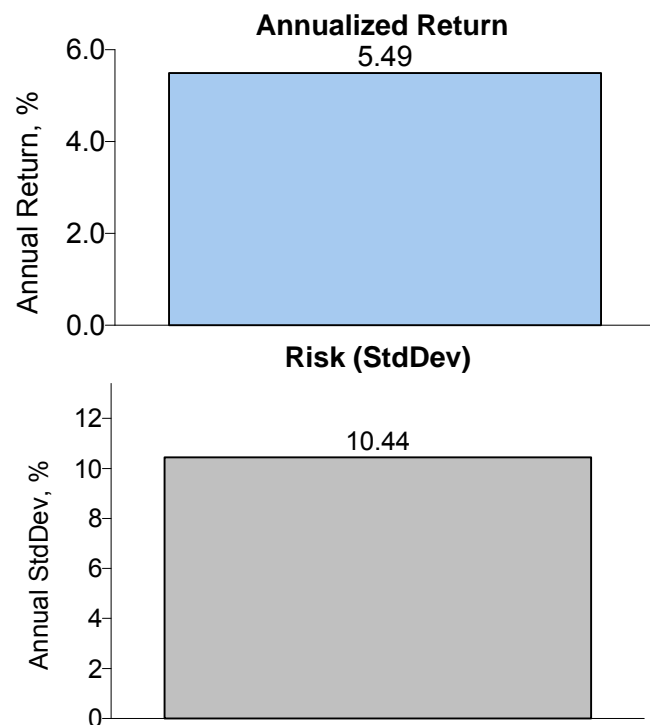
FIA Asset Class Assumptions:

| Asset Class | Simsbury Pensions Target Allocation (%) | Return Assumptions: Full Market Cycle 7-10 Year (%) | Return Assumptions: Full Market Cycle 20 Year (%) | Risk: Standard Deviation (%) |
|----------------------------|--|---|---|------------------------------------|
| Cash | 0.00 | 2.00 | 2.75 | 0.70 |
| Short Duration | 1.70 | 2.25 | 3.00 | 2.30 |
| Core Fixed Income | 27.50 | 3.25 | 4.10 | 5.50 |
| Long Duration Fixed Income | 0.00 | 3.60 | 4.50 | 10.75 |
| High Yield Fixed Income | 0.00 | 4.75 | 5.50 | 10.70 |
| Global Fixed Income | 5.00 | 3.80 | 4.25 | 8.00 |
| U.S. Large Cap | 21.30 | 6.25 | 7.50 | 16.70 |
| U.S. Small Cap | 9.50 | 6.70 | 8.05 | 20.20 |
| International Developed | 19.30 | 6.90 | 7.85 | 18.70 |
| Emerging Markets | 9.00 | 7.85 | 8.80 | 25.00 |
| Commodities | 1.70 | 4.25 | 4.90 | 17.40 |
| REITs | 0.00 | 6.00 | 6.45 | 17.00 |
| Private Real Estate | 5.00 | 5.85 | 6.40 | 13.75 |
| Hedge Funds | 0.00 | 5.00 | 5.75 | 8.00 |
| Private Equity | 0.00 | 8.50 | 9.75 | 22.50 |

- Risk/return assumptions are developed on an annual basis
- Risk/return assumptions are forward-looking in nature
- Return assumptions are nominal (not real)

Asset Allocation Analysis

Portfolio Risk & Return - Full Market Cycle (7-10 Year)



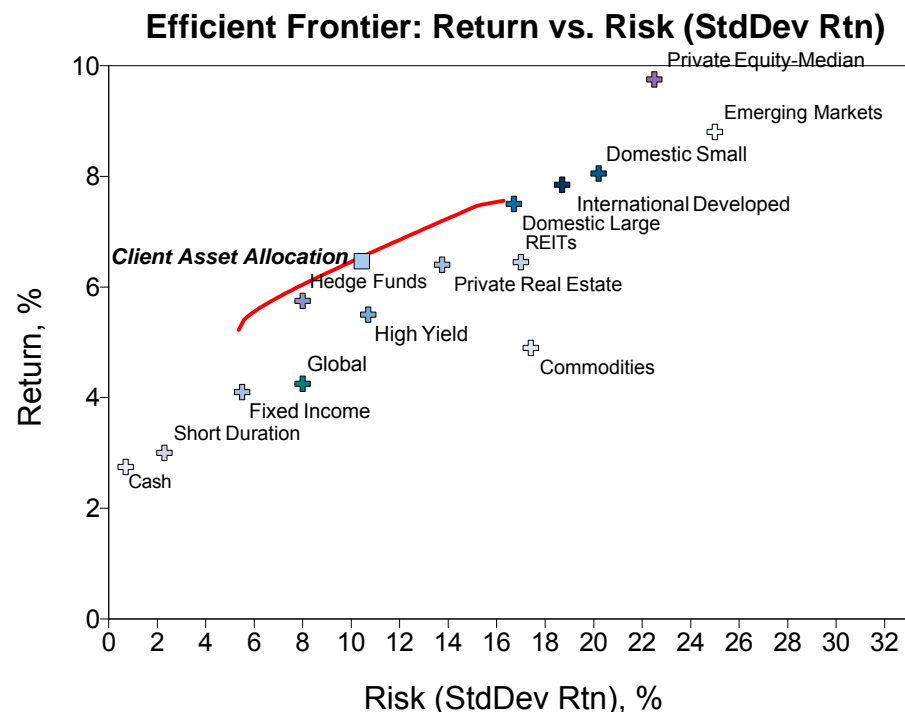
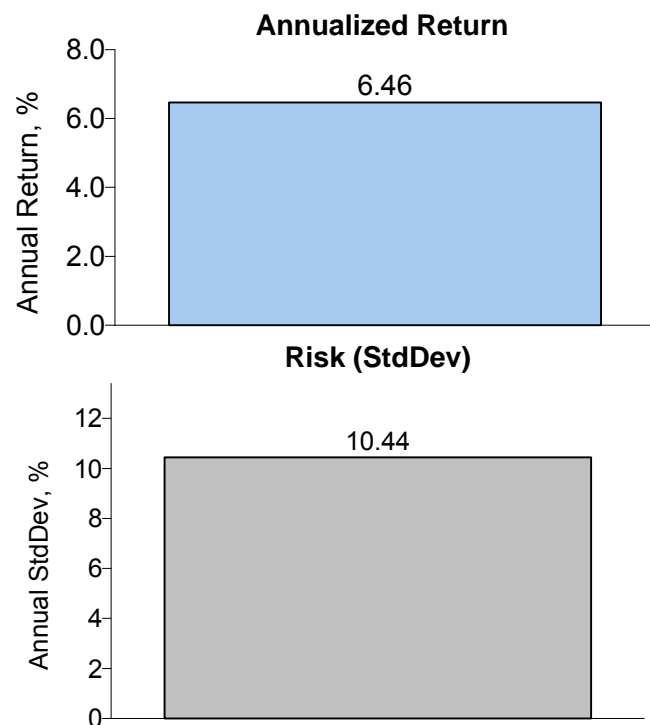
Portfolio Return Distributions

Annual Return, %

| | Client Asset Allocation | | | |
|-----------------|-------------------------|------|------|------|
| | 1Y | 3Y | 5Y | 10Y |
| 5th Percentile | -10.0 | -4.1 | -2.3 | -0.2 |
| 25th Percentile | -2.0 | 0.9 | 2.0 | 2.9 |
| 50th Percentile | 4.5 | 4.8 | 5.0 | 5.0 |
| 75th Percentile | 11.9 | 9.0 | 8.1 | 7.2 |
| 95th Percentile | 23.9 | 15.5 | 13.0 | 10.6 |

Asset Allocation Analysis

Portfolio Risk & Return - Long Term (20 Year)



Portfolio Return Distributions

Annual Return, %

| | Client Asset Allocation | | | |
|-----------------|-------------------------|------|------|------|
| | 1Y | 3Y | 5Y | 10Y |
| 5th Percentile | -9.1 | -3.2 | -1.3 | 0.8 |
| 25th Percentile | -1.0 | 1.9 | 2.9 | 3.8 |
| 50th Percentile | 5.5 | 5.8 | 5.9 | 6.0 |
| 75th Percentile | 12.9 | 10.0 | 9.1 | 8.2 |
| 95th Percentile | 24.9 | 16.5 | 13.9 | 11.6 |

Asset Allocation - Town of Simsbury

As of September 30, 2018

| | Town Pension Plan | | BOE Plan | | Police Plan | | |
|---|----------------------|----------------|----------------------|-------------------|----------------------|-------------------|---------------|
| | Market Value (\$) | Allocation (%) | Market Value (\$) | Allocation (%) | Market Value (\$) | Allocation (%) | Target (%) |
| <u>Short Term Liquidity</u> | | | | | | | |
| Wells Fargo Gov't Money Market | 444,882 | 1.7% | 260,404 | 1.1% | 119,323 | 0.7% | 0.0% |
| <u>Fixed Income</u> | | | | | | | |
| Metropolitan West Total Return Fund PI | 2,489,328 | 9.8% | 2,353,591 | 9.9% | 1,717,337 | 9.6% | 10.0% |
| Western Asset Core Plus Bond IS | 2,477,691 | 9.7% | 2,340,892 | 9.8% | 1,712,058 | 9.6% | 10.0% |
| BlackRock Strategic Income Opps K | 1,870,547 | 7.4% | 1,768,399 | 7.4% | 1,293,330 | 7.2% | 7.5% |
| Templeton Global Bond R6 | <u>1,225,408</u> | <u>4.8%</u> | <u>1,159,946</u> | <u>4.9%</u> | <u>878,292</u> | <u>4.9%</u> | <u>5.0%</u> |
| Total Fixed Income | 8,062,974 | 31.7% | 7,622,828 | 32.0% | 5,601,017 | 31.3% | 32.5% |
| <u>Domestic Equity</u> | | | | | | | |
| Vanguard Instl Index Fund I | 5,258,447 | 20.7% | 5,106,389 | 21.5% | 3,818,898 | 21.4% | 20.5% |
| Neuberger Berman Genesis Fund R6 | <u>2,433,501</u> | <u>9.6%</u> | <u>2,456,782</u> | <u>10.3%</u> | <u>1,773,426</u> | <u>9.9%</u> | <u>9.5%</u> |
| Total Domestic Equity | 7,691,948 | 30.2% | 7,563,171 | 31.8% | 5,592,324 | 31.3% | 30.0% |
| <u>International Equity</u> | | | | | | | |
| Hartford International Opportunities R6 | 4,064,546 | 16.0% | 3,826,327 | 16.1% | 2,827,642 | 15.8% | 16.5% |
| Templeton Instl Foreign Small Comp A | 1,500,909 | 5.9% | 1,409,372 | 5.9% | 1,058,511 | 5.9% | 6.0% |
| Aberdeen Emerging Markets I | <u>1,080,349</u> | <u>4.2%</u> | <u>990,173</u> | <u>4.2%</u> | <u>757,333</u> | <u>4.2%</u> | <u>5.0%</u> |
| Total International Equity | 6,645,804 | 26.1% | 6,225,872 | 26.2% | 4,643,487 | 26.0% | 27.5% |
| <u>Real Estate</u> | | | | | | | |
| Barings Core Property Fund | <u>1,366,354</u> | <u>5.4%</u> | <u>1,138,628</u> | <u>4.8%</u> | <u>1,062,719</u> | <u>5.9%</u> | <u>5.0%</u> |
| Total Real Estate | 1,366,354 | 5.4% | 1,138,628 | 4.8% | 1,062,719 | 5.9% | 5.0% |
| <u>Inflation Protection</u> | | | | | | | |
| Vanguard Short-Term Infl Protection Adm | 412,502 | 1.6% | 334,672 | 1.4% | 289,216 | 1.6% | 1.7% |
| Credit Suisse Commodity Return I | 413,859 | 1.6% | 336,188 | 1.4% | 288,881 | 1.6% | 1.7% |
| Van Eck Global Hard Assets I | <u>406,012</u> | <u>1.6%</u> | <u>308,768</u> | <u>1.3%</u> | <u>286,470</u> | <u>1.6%</u> | <u>1.7%</u> |
| Total Inflation Protection | 1,232,373 | 4.8% | 979,627 | 4.1% | 864,567 | 4.8% | 5.0% |
| | 25,444,335 | 100.0% | 23,790,530 | 100.0% | 17,883,437 | 100.0% | 100.0% |

Total Plan Performance Summary - Total Plan

As of September 30, 2018

Account Reconciliation

| | QTR | YTD | Since Inception | Inception Date |
|------------------------|------------|------------|-----------------|-------------------|
| Total Plan | | | | 08/01/1994 |
| Beginning Market Value | 64,015,758 | 65,789,162 | 12,042,857 | |
| Net Contributions | 1,774,223 | 269,711 | -7,197,223 | |
| Total Gain/Loss | 1,328,321 | 1,059,428 | 62,272,668 | |
| Ending Market Value | 67,118,302 | 67,118,302 | 67,118,302 | |

Town Hybrid Composition

| Allocation Mandate | Weight (%) |
|---------------------------------------|------------|
| Blmbg. Barc. U.S. Aggregate Index | 27.5 |
| FTSE World Government Bond Index | 5.0 |
| Russell 3000 Index | 30.0 |
| MSCI AC World ex USA (Net) | 16.5 |
| MSCI EAFE Small Cap (net) Index | 6.0 |
| MSCI Emerging Markets (Net) Index | 5.0 |
| NCREIF Fund Index - ODCE (net) | 5.0 |
| Short Term 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 | 2.1 | 1.6 | 5.0 | 8.7 | 6.2 | 8.6 | 7.1 | 7.5 | 08/01/1994 |
| Town Hybrid | 2.1 | 1.9 | 5.9 | 9.2 | 6.7 | 8.7 | 7.2 | 7.8 | |
| Difference | 0.0 | -0.3 | -0.9 | -0.5 | -0.5 | -0.1 | -0.1 | -0.3 | |

Calendar Year Performance Summary

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------------|-------------|------------|-------------|------------|-------------|-------------|-------------|-------------|
| Total Plan | 14.7 | 7.4 | -0.1 | 3.1 | 14.4 | 12.6 | -0.2 | 14.5 |
| Town Hybrid | 15.8 | 7.5 | -0.8 | 4.9 | 14.3 | 11.6 | 1.0 | 13.6 |
| Difference | -1.1 | -0.1 | 0.7 | -1.8 | 0.1 | 1.0 | -1.2 | 0.9 |

Investment performance history data prior to 7/1/2011 was sourced from prior consultant.

Total Plan Performance Summary - Town Plan

As of September 30, 2018

Account Reconciliation

| | QTR | YTD | Since Inception | Inception Date |
|------------------------|------------|------------|-----------------|-------------------|
| Town Plan | | | | 08/01/1994 |
| Beginning Market Value | 24,346,484 | 25,121,822 | 4,896,705 | |
| Net Contributions | 591,739 | -78,669 | -3,511,017 | |
| Total Gain/Loss | 506,112 | 401,182 | 24,058,647 | |
| Ending Market Value | 25,444,335 | 25,444,335 | 25,444,335 | |

Town Hybrid Composition

| Allocation Mandate | Weight (%) |
|---------------------------------------|------------|
| Blmbg. Barc. U.S. Aggregate Index | 27.5 |
| FTSE World Government Bond Index | 5.0 |
| Russell 3000 Index | 30.0 |
| MSCI AC World ex USA (Net) | 16.5 |
| MSCI EAFE Small Cap (net) Index | 6.0 |
| MSCI Emerging Markets (Net) Index | 5.0 |
| NCREIF Fund Index - ODCE (net) | 5.0 |
| Short Term Inflation Protection Index | 5.0 |

Trailing Performance Summary

| | QTR | YTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception | Inception Date |
|------------------|------------|------------|------------|------------|------------|------------|------------|-----------------|-------------------|
| Town Plan | 2.1 | 1.6 | 5.0 | 8.7 | 6.2 | 8.6 | 7.2 | 7.5 | 08/01/1994 |
| Town Hybrid | 2.1 | 1.9 | 5.9 | 9.2 | 6.7 | 8.7 | 7.2 | 7.8 | |
| Difference | 0.0 | -0.3 | -0.9 | -0.5 | -0.5 | -0.1 | 0.0 | -0.3 | |

Calendar Year Performance Summary

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|------------------|-------------|------------|-------------|------------|-------------|-------------|------------|-------------|
| Town Plan | 14.7 | 7.4 | -0.2 | 3.2 | 14.5 | 12.6 | 0.0 | 14.5 |
| Town Hybrid | 15.8 | 7.5 | -0.8 | 4.9 | 14.3 | 11.6 | 1.0 | 13.6 |
| Difference | -1.1 | -0.1 | 0.6 | -1.7 | 0.2 | 1.0 | -1.0 | 0.9 |

Investment performance history data prior to 7/1/2011 was sourced from prior consultant.

Total Plan Performance Summary - BOE Plan

As of September 30, 2018

Account Reconciliation

| | QTR | YTD | Since Inception | Inception Date |
|---------------------------|------------|------------|-----------------|-------------------|
| Board of Education | | | | 08/01/1994 |
| Beginning Market Value | 22,511,659 | 23,051,114 | 3,743,350 | |
| Net Contributions | 812,189 | 369,149 | 654,548 | |
| Total Gain/Loss | 466,682 | 370,267 | 19,392,632 | |
| Ending Market Value | 23,790,530 | 23,790,530 | 23,790,530 | |

Town Hybrid Composition

| Allocation Mandate | Weight (%) |
|---------------------------------------|------------|
| Blmbg. Barc. U.S. Aggregate Index | 27.5 |
| FTSE World Government Bond Index | 5.0 |
| Russell 3000 Index | 30.0 |
| MSCI AC World ex USA (Net) | 16.5 |
| MSCI EAFE Small Cap (net) Index | 6.0 |
| MSCI Emerging Markets (Net) Index | 5.0 |
| NCREIF Fund Index - ODCE (net) | 5.0 |
| Short Term Inflation Protection Index | 5.0 |

Trailing Performance Summary

| | QTR | YTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception | Inception Date |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|-----------------|-------------------|
| Board of Education | 2.1 | 1.6 | 5.0 | 8.7 | 6.2 | 8.6 | 7.1 | 7.4 | 08/01/1994 |
| Town Hybrid | 2.1 | 1.9 | 5.9 | 9.2 | 6.7 | 8.7 | 7.2 | 7.8 | |
| Difference | 0.0 | -0.3 | -0.9 | -0.5 | -0.5 | -0.1 | -0.1 | -0.4 | |

Calendar Year Performance Summary

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---------------------------|-------------|------------|------------|------------|-------------|-------------|-------------|-------------|
| Board of Education | 14.8 | 7.4 | 0.0 | 3.0 | 14.4 | 12.6 | -0.7 | 14.5 |
| Town Hybrid | 15.8 | 7.5 | -0.8 | 4.9 | 14.3 | 11.6 | 1.0 | 13.6 |
| Difference | -1.0 | -0.1 | 0.8 | -1.9 | 0.1 | 1.0 | -1.7 | 0.9 |

Investment performance history data prior to 7/1/2011 was sourced from prior consultant.

Total Plan Performance Summary - Police Plan

As of September 30, 2018

Account Reconciliation

| | QTR | YTD | Since Inception | Inception Date |
|------------------------|------------|------------|-----------------|-------------------|
| Police Plan | | | | 08/01/1994 |
| Beginning Market Value | 17,157,616 | 17,616,226 | 3,402,802 | |
| Net Contributions | 370,294 | -20,769 | -4,340,754 | |
| Total Gain/Loss | 355,527 | 287,980 | 18,821,389 | |
| Ending Market Value | 17,883,437 | 17,883,437 | 17,883,437 | |

Town Hybrid Composition

| Allocation Mandate | Weight (%) |
|---------------------------------------|------------|
| Blmbg. Barc. U.S. Aggregate Index | 27.5 |
| FTSE World Government Bond Index | 5.0 |
| Russell 3000 Index | 30.0 |
| MSCI AC World ex USA (Net) | 16.5 |
| MSCI EAFE Small Cap (net) Index | 6.0 |
| MSCI Emerging Markets (Net) Index | 5.0 |
| NCREIF Fund Index - ODCE (net) | 5.0 |
| Short Term Inflation Protection Index | 5.0 |

Trailing Performance Summary

| | QTR | YTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception | Inception Date |
|--------------------|------------|------------|------------|------------|------------|------------|------------|-----------------|-------------------|
| Police Plan | 2.1 | 1.7 | 5.1 | 8.7 | 6.2 | 8.6 | 7.2 | 7.5 | 08/01/1994 |
| Town Hybrid | 2.1 | 1.9 | 5.9 | 9.2 | 6.7 | 8.7 | 7.2 | 7.8 | |
| Difference | 0.0 | -0.2 | -0.8 | -0.5 | -0.5 | -0.1 | 0.0 | -0.3 | |

Calendar Year Performance Summary

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--------------------|-------------|------------|-------------|------------|-------------|-------------|-------------|-------------|
| Police Plan | 14.7 | 7.4 | -0.1 | 3.2 | 14.3 | 12.5 | -0.2 | 14.6 |
| Town Hybrid | 15.8 | 7.5 | -0.8 | 4.9 | 14.3 | 11.6 | 1.0 | 13.6 |
| Difference | -1.1 | -0.1 | 0.7 | -1.7 | 0.0 | 0.9 | -1.2 | 1.0 |

Investment performance history data prior to 7/1/2011 was sourced from prior consultant.

Benchmark Composition

Town Hybrid

As of September 30, 2018

| Allocation Mandate | Weight (%) | Allocation Mandate | Weight (%) |
|---------------------------------------|------------|-----------------------------------|------------|
| Feb-2018 | | Oct-2013 | |
| Blmbg. Barc. U.S. Aggregate Index | 27.5 | Blmbg. Barc. U.S. Aggregate Index | 22.5 |
| FTSE World Government Bond Index | 5.0 | FTSE World Government Bond Index | 5.0 |
| Russell 3000 Index | 30.0 | Russell 3000 Index | 34.0 |
| MSCI AC World ex USA (Net) | 16.5 | MSCI AC World ex USA (Net) | 13.0 |
| MSCI EAFE Small Cap (net) Index | 6.0 | MSCI EAFE Small Cap (net) Index | 5.0 |
| MSCI Emerging Markets (Net) Index | 5.0 | MSCI Emerging Markets (Net) Index | 3.0 |
| NCREIF Fund Index - ODCE (net) | 5.0 | NCREIF Fund Index - ODCE (net) | 2.5 |
| Short Term Inflation Protection Index | 5.0 | Inflation Protection Index | 5.0 |
| | | Blackrock Hybrid Benchmark | 10.0 |
| Jun-2015 | | May-2013 | |
| Blmbg. Barc. U.S. Aggregate Index | 22.5 | Blmbg. Barc. U.S. Aggregate Index | 22.5 |
| FTSE World Government Bond Index | 5.5 | FTSE World Government Bond Index | 5.0 |
| Russell 3000 Index | 29.5 | Russell 3000 Index | 34.0 |
| MSCI AC World ex USA (Net) | 14.0 | MSCI AC World ex USA (Net) | 13.0 |
| MSCI EAFE Small Cap (net) Index | 5.5 | MSCI EAFE Small Cap (net) Index | 5.0 |
| MSCI Emerging Markets (Net) Index | 3.0 | MSCI Emerging Markets (Net) Index | 3.0 |
| NCREIF Fund Index - ODCE (net) | 5.0 | MSCI U.S. REIT Index | 2.5 |
| Short Term Inflation Protection Index | 5.0 | Inflation Protection Index | 5.0 |
| Blackrock Hybrid Benchmark | 10.0 | Blackrock Hybrid Benchmark | 10.0 |
| Feb-2014 | | Nov-2012 | |
| Blmbg. Barc. U.S. Aggregate Index | 22.5 | Blmbg. Barc. U.S. Aggregate Index | 22.5 |
| FTSE World Government Bond Index | 5.0 | FTSE World Government Bond Index | 5.5 |
| Russell 3000 Index | 34.0 | Russell 3000 Index | 32.0 |
| MSCI AC World ex USA (Net) | 13.0 | MSCI AC World ex USA (Net) | 12.5 |
| MSCI EAFE Small Cap (net) Index | 5.0 | MSCI EAFE Small Cap (net) Index | 5.0 |
| MSCI Emerging Markets (Net) Index | 3.0 | MSCI Emerging Markets (Net) Index | 2.5 |
| NCREIF Fund Index - ODCE (net) | 2.5 | NCREIF Fund Index - ODCE (net) | 5.0 |
| Short Term Inflation Protection Index | 5.0 | Inflation Protection Index | 5.0 |
| Blackrock Hybrid Benchmark | 10.0 | Blackrock Hybrid Benchmark | 10.0 |

Benchmark Composition

Town Hybrid

As of September 30, 2018

| Allocation Mandate | Weight (%) | Allocation Mandate | Weight (%) |
|-----------------------------------|------------|-----------------------------------|------------|
| Jun-2007 | | Jan-2005 | |
| Blmbg. Barc. U.S. Aggregate Index | 25.0 | Blmbg. Barc. U.S. Aggregate Index | 25.0 |
| ICE BofAML 1-3 Year Treasury | 10.0 | ICE BofAML 1-3 Year Treasury | 10.0 |
| Russell 1000 Index | 30.0 | Russell 1000 Index | 37.0 |
| Russell 2500 Index | 15.0 | Russell 2500 Index | 13.0 |
| MSCI EAFE (Net) Index | 10.0 | MSCI EAFE (Net) Index | 10.0 |
| MSCI Emerging Markets Index | 5.0 | NCREIF Fund Index - ODCE (net) | 5.0 |
| NCREIF Fund Index - ODCE (net) | 5.0 | | |
| Jan-2006 | | Dec-2004 | |
| Blmbg. Barc. U.S. Aggregate Index | 25.0 | Blmbg. Barc. U.S. Aggregate Index | 25.0 |
| ICE BofAML 1-3 Year Treasury | 10.0 | ICE BofAML 1-3 Year Treasury | 10.0 |
| Russell 1000 Index | 35.0 | Russell 1000 Index | 38.0 |
| Russell 2500 Index | 15.0 | Russell 2500 Index | 12.0 |
| MSCI EAFE (Net) Index | 10.0 | MSCI EAFE (Net) Index | 10.0 |
| NCREIF Fund Index - ODCE (net) | 5.0 | NCREIF Fund Index - ODCE (net) | 5.0 |
| Mar-2005 | | Nov-2004 | |
| Blmbg. Barc. U.S. Aggregate Index | 25.0 | Blmbg. Barc. U.S. Aggregate Index | 25.0 |
| ICE BofAML 1-3 Year Treasury | 10.0 | ICE BofAML 1-3 Year Treasury | 10.0 |
| Russell 1000 Index | 35.0 | Russell 1000 Index | 39.0 |
| Russell 2500 Index | 15.0 | Russell 2500 Index | 11.0 |
| MSCI EAFE (Net) Index | 10.0 | MSCI EAFE (Net) Index | 10.0 |
| NCREIF Fund Index - ODCE (net) | 5.0 | NCREIF Fund Index - ODCE (net) | 5.0 |
| Feb-2005 | | Dec-2002 | |
| Blmbg. Barc. U.S. Aggregate Index | 25.0 | Blmbg. Barc. U.S. Aggregate Index | 25.0 |
| ICE BofAML 1-3 Year Treasury | 10.0 | ICE BofAML 1-3 Year Treasury | 10.0 |
| Russell 1000 Index | 36.0 | Russell 1000 Index | 40.0 |
| Russell 2500 Index | 14.0 | Russell 2500 Index | 10.0 |
| MSCI EAFE (Net) Index | 10.0 | MSCI EAFE (Net) Index | 10.0 |
| NCREIF Fund Index - ODCE (net) | 5.0 | NCREIF Fund Index - ODCE (net) | 5.0 |

Benchmark Composition

Town Hybrid

As of September 30, 2018

| Allocation Mandate | Weight (%) |
|-----------------------------------|------------|
| Jun-1998 | |
| Blmbg. Barc. U.S. Aggregate Index | 25.0 |
| ICE BofAML 1-3 Year Treasury | 10.0 |
| Russell 1000 Index | 40.0 |
| Russell 2500 Index | 10.0 |
| MSCI EAFE (Net) Index | 10.0 |
| NCREIF Fund Index - ODCE (gross) | 5.0 |
| Jul-1996 | |
| Blmbg. Barc. U.S. Aggregate Index | 25.0 |
| ICE BofAML 1-3 Year Treasury | 10.0 |
| Russell 1000 Index | 40.0 |
| Russell 2500 Index | 10.0 |
| MSCI EAFE (Net) Index | 10.0 |
| NCREIF Fund Index - ODCE (gross) | 5.0 |
| Jan-1988 | |
| Blmbg. Barc. U.S. Aggregate Index | 25.0 |
| ICE BofAML 1-3 Year Treasury | 10.0 |
| Russell 1000 Index | 40.0 |
| Russell 2500 Index | 10.0 |
| MSCI EAFE (Net) Index | 10.0 |
| NCREIF Fund Index - ODCE (gross) | 5.0 |

Manager Performance Overview

Simsbury Pension

As of September 30, 2018

| | QTD | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception | Since FIA's Inception Dec-2012 To Sep-2018 | Inception Date |
|---|-----------------|------------------|------------------|------------------|------------------|-------------|--------------------|--|-------------------|
| Total Plan | 2.1 | 1.6 | 5.0 | 8.7 | 6.2 | 7.1 | 7.5 | 7.1 | 08/01/1994 |
| <i>Town Hybrid</i> | 2.1 | 1.9 | 5.9 | 9.2 | 6.7 | 7.2 | 7.8 | 7.5 | |
| Wells Fargo Government Money Market Fund I | 0.5 | 1.2 | 1.4 | 0.7 | 0.4 | N/A | 0.4 | 0.4 | 11/01/2012 |
| <i>90 Day U.S. Treasury Bill</i> | 0.5 | 1.3 | 1.6 | 0.8 | 0.5 | N/A | 0.4 | 0.4 | |
| Fixed Income | 0.4 | -1.0 | -1.0 | 2.7 | 2.6 | N/A | 3.0 | 2.1 | 07/01/2011 |
| <i>Fixed Income Composite Benchmark</i> | -0.2 | -1.6 | -1.1 | 1.5 | 1.8 | N/A | 2.1 | 1.1 | |
| Metropolitan West Total Return Fund PL | 0.1 (62) | -1.2 (31) | -0.8 (33) | 1.4 (81) | 2.3 (55) | N/A | 2.0 (42) | 2.0 (42) | 12/01/2012 |
| <i>Blmbg. Barc. U.S. Aggregate Index</i> | 0.0 | -1.6 | -1.2 | 1.3 | 2.2 | N/A | 1.5 | 1.5 | |
| IM U.S. Broad Market Core+ Fixed Income (MF) Median | 0.3 | -1.5 | -1.3 | 2.2 | 2.4 | N/A | 1.8 | 1.8 | |
| Western Asset Core Plus Bond IS | 0.3 (47) | -2.2 (83) | -1.8 (77) | 3.2 (11) | N/A | N/A | 2.9 (4) | N/A | 11/01/2014 |
| <i>Blmbg. Barc. U.S. Aggregate Index</i> | 0.0 | -1.6 | -1.2 | 1.3 | N/A | N/A | 1.5 | N/A | |
| IM U.S. Broad Market Core+ Fixed Income (MF) Median | 0.3 | -1.5 | -1.3 | 2.2 | N/A | N/A | 1.7 | N/A | |
| BlackRock Strategic Income Opportunities K | 0.5 (57) | 0.0 (60) | 0.9 (54) | 2.8 (60) | N/A | N/A | 2.1 (39) | N/A | 07/01/2014 |
| <i>Libor (3 month)</i> | 0.6 | 1.5 | 1.8 | 1.2 | N/A | N/A | 0.9 | N/A | |
| <i>Blmbg. Barc. U.S. Aggregate Index</i> | 0.0 | -1.6 | -1.2 | 1.3 | N/A | N/A | 1.7 | N/A | |
| IM Alternative Credit Focus (MF) Median | 0.7 | 0.4 | 1.1 | 3.5 | N/A | N/A | 1.7 | N/A | |
| Templeton Global Bond R6 | 1.0 (9) | -0.2 (19) | -1.9 (67) | 3.9 (14) | 2.0 (33) | N/A | 1.9 (20) | 1.9 (20) | 12/01/2012 |
| <i>FTSE World Government Bond Index</i> | -1.6 | -2.5 | -1.5 | 1.7 | 0.2 | N/A | -0.5 | -0.5 | |
| IM Global Fixed Income (MF) Median | -0.4 | -1.9 | -1.2 | 2.4 | 1.4 | N/A | 0.7 | 0.7 | |
| Domestic Equity | 7.5 | 11.0 | 18.1 | 17.1 | 13.0 | N/A | 13.0 | 15.0 | 07/01/2011 |
| <i>Russell 3000 Index</i> | 7.1 | 10.6 | 17.6 | 17.1 | 13.5 | N/A | 13.6 | 15.4 | |
| Vanguard Institutional Index I | 7.7 (31) | 10.5 (25) | 17.9 (27) | 17.3 (14) | 13.9 (12) | N/A | 15.5 (14) | 15.5 (14) | 12/01/2012 |
| <i>S&P 500 Index</i> | 7.7 | 10.6 | 17.9 | 17.3 | 13.9 | N/A | 15.5 | 15.5 | |
| IM U.S. Large Cap Core Equity (MF) Median | 7.2 | 8.8 | 15.8 | 15.4 | 12.3 | N/A | 14.1 | 14.1 | |

Returns for periods less than one year are not annualized.

Manager Performance Overview

Simsbury Pension

As of September 30, 2018

| | QTD | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception | Since FIA's Inception Dec-2012 To Sep-2018 | Inception Date |
|--|------------------|-------------------|------------------|------------------|------------------|-------------|--------------------|--|-------------------|
| Neuberger Berman Genesis R6 | 7.0 (5) | 12.0 (24) | 18.4 (11) | 16.4 (39) | 11.0 (37) | N/A | 13.8 (55) | 13.8 (55) | 12/01/2012 |
| <i>Russell 2000 Index</i> | <i>3.6</i> | <i>11.5</i> | <i>15.2</i> | <i>17.1</i> | <i>11.1</i> | <i>N/A</i> | <i>14.8</i> | <i>14.8</i> | |
| IM U.S. Small Cap Core Equity (MF) Median | 2.3 | 8.5 | 11.4 | 15.4 | 10.4 | N/A | 14.2 | 14.2 | |
| International Equity | -1.0 | -5.5 | -1.5 | 8.2 | 3.8 | N/A | 3.5 | 5.6 | 07/01/2011 |
| <i>International Equity Composite Benchmark</i> | <i>0.0</i> | <i>-3.9</i> | <i>1.5</i> | <i>10.8</i> | <i>4.9</i> | <i>N/A</i> | <i>4.4</i> | <i>6.8</i> | |
| Hartford International Opportunities R6 | -0.7 (93) | -4.1 (87) | -0.6 (84) | 7.7 (64) | N/A | N/A | 4.8 (5) | N/A | 10/01/2014 |
| <i>MSCI AC World ex USA (Net)</i> | <i>0.7</i> | <i>-3.1</i> | <i>1.8</i> | <i>10.0</i> | <i>N/A</i> | <i>N/A</i> | <i>4.0</i> | <i>N/A</i> | |
| IM International Large Cap Core Equity (MF) Median | 0.5 | -2.6 | 1.3 | 8.2 | N/A | N/A | 3.3 | N/A | |
| Templeton Instl Foreign Small Comp A | -2.8 (90) | -4.8 (59) | 0.4 (59) | 9.4 (58) | 5.4 (58) | N/A | 8.1 (60) | 8.1 (60) | 12/01/2012 |
| <i>MSCI AC World ex USA Small Cap (Net)</i> | <i>-1.5</i> | <i>-4.4</i> | <i>1.9</i> | <i>11.2</i> | <i>6.1</i> | <i>N/A</i> | <i>8.4</i> | <i>8.4</i> | |
| IM International SMID Cap Core Equity (MF) Median | -1.5 | -4.1 | 0.9 | 9.8 | 6.3 | N/A | 8.8 | 8.8 | |
| Aberdeen Emerging Markets Instl | -0.7 (19) | -11.6 (70) | -7.3 (79) | 8.8 (67) | 1.4 (76) | N/A | 1.0 (83) | 1.0 (83) | 12/01/2012 |
| <i>MSCI Emerging Markets (Net) Index</i> | <i>-1.1</i> | <i>-7.7</i> | <i>-0.8</i> | <i>12.4</i> | <i>3.6</i> | <i>N/A</i> | <i>3.1</i> | <i>3.1</i> | |
| IM Emerging Markets Equity (MF) Median | -2.4 | -9.7 | -4.0 | 10.2 | 2.9 | N/A | 2.8 | 2.8 | |
| Real Estate | 1.3 | 4.9 | 6.4 | 7.7 | 8.7 | N/A | 6.1 | 5.2 | 07/01/2011 |
| <i>NCREIF Fund Index - ODCE (net)</i> | <i>1.9</i> | <i>5.8</i> | <i>7.7</i> | <i>7.8</i> | <i>9.7</i> | <i>N/A</i> | <i>10.3</i> | <i>10.4</i> | |
| Barings Core Property Fund LP | 1.3 | 4.9 | 6.4 | 7.7 | 8.7 | N/A | 8.7 | N/A | 10/01/2013 |
| <i>NCREIF Fund Index - ODCE (net)</i> | <i>1.9</i> | <i>5.8</i> | <i>7.7</i> | <i>7.8</i> | <i>9.7</i> | <i>N/A</i> | <i>9.7</i> | <i>N/A</i> | |

Returns for periods less than one year are not annualized.

Manager Performance Overview

Simsbury Pension

As of September 30, 2018

| | QTD | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception | Since FIA's Inception Dec-2012 To Sep-2018 | Inception Date |
|---|------------------|------------------|-----------------|-----------------|------------------|-------------|--------------------|--|-------------------|
| Inflation Protection | -2.7 | -2.9 | 1.4 | 2.9 | -3.3 | N/A | -3.6 | -3.6 | 11/01/2012 |
| <i>Short Term Inflation Protection Index</i> | <i>-1.3</i> | <i>0.8</i> | <i>4.5</i> | <i>4.1</i> | <i>-2.0</i> | <i>N/A</i> | <i>-1.9</i> | <i>-1.8</i> | |
| Vanguard Short-Term Inflation Protection Adm | 0.1 (14) | 0.8 (15) | 1.0 (19) | 1.3 (77) | N/A | N/A | 0.5 (70) | N/A | 03/01/2014 |
| <i>Bloomberg Barclays US TIPS 0-5 Year Index</i> | <i>0.1</i> | <i>0.8</i> | <i>1.0</i> | <i>1.4</i> | <i>N/A</i> | <i>N/A</i> | <i>0.6</i> | <i>N/A</i> | |
| IM U.S. TIPS (MF) Median | -0.7 | -0.9 | 0.3 | 1.8 | N/A | N/A | 0.8 | N/A | |
| Credit Suisse Commodity Return I | -2.2 (53) | -2.5 (61) | 1.8 (70) | 0.0 (76) | N/A | N/A | -8.7 (58) | N/A | 03/01/2014 |
| <i>Bloomberg Commodity Index Total Return</i> | <i>-2.0</i> | <i>-2.0</i> | <i>2.6</i> | <i>-0.1</i> | <i>N/A</i> | <i>N/A</i> | <i>-8.9</i> | <i>N/A</i> | |
| IM Commodities General (MF) Median | -2.1 | -2.1 | 2.9 | 1.3 | N/A | N/A | -8.1 | N/A | |
| Van Eck Global Hard Assets I | -6.1 (92) | -7.0 (88) | 1.3 (82) | 7.2 (64) | -5.8 (84) | N/A | -3.5 (82) | -3.5 (82) | 12/01/2012 |
| <i>S&P North American Natural Res Sector Index (TR)</i> | <i>-2.0</i> | <i>3.1</i> | <i>9.3</i> | <i>10.3</i> | <i>-0.3</i> | <i>N/A</i> | <i>1.6</i> | <i>1.6</i> | |
| IM Global Natural Resources (MF) Median | 0.1 | 0.6 | 8.0 | 9.2 | -2.2 | N/A | 0.4 | 0.4 | |

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.

Investment returns are derived from custodian valuations and may deviate slightly from fund level returns displayed in other pages in your report which can result in minor differences in universe rankings. Mutual fund performance may differ from the current share class's historical performance due to share class exchanges.

Returns for periods less than one year are not annualized.

Manager Commentary

As of September 30, 2018

| Manager | Manager Status | Comments |
|--|----------------|--|
| Fixed Income | | |
| Metropolitan West Total Return PI (MWT SX) | Maintain | <p>3Q 2018 – The MetWest Total Return Bond Fund produced a flat return during the third quarter, performing in line with the Bloomberg Barclays U.S. Aggregate Bond Index. The strategy remains ahead of the benchmark on a year-to-date basis. Fixed income markets were broadly flat as rising interest rates put negative pressure on bond prices, while higher coupons and tightening credit spreads helped offset the negative price action. Relative to the benchmark, the strategy's slightly longer duration posture (0.1 year longer) was a headwind in the rising rate environment. The team is biased to a neutral stance but has kept the overweight as the U.S. 10-year Treasury yield remains above 3%. Sector positioning was mixed and had an overall neutral impact on relative results. An underweight to spread duration within the corporate space detracted slightly as corporate credit spreads tightened. The team remains more conservatively postured within the space as well. A modest allocation to high yield was beneficial however. Additionally, investments in securitized areas of the market such as CMBS and non-agency MBS contributed to relative performance. Issue selection was modestly positive for the quarter. Overall, the portfolio's positioning has remained consistent compared to the prior quarter as the team continues to believe we are in the later stages of the credit cycle and has kept the portfolio conservatively postured. The strategy's trailing 3-year return continues to be hindered from the conservative posture compared to peers. This aligns with MetWest's relative value approach as they tend to underweight credit sectors when spreads are tight ("expensive") and overweight when spreads are wide ("cheap"). The strategy's long-term results remain attractive and they continue to produce an attractive risk/return profile compared to the index and peers.</p> |
| Western Asset Core Plus IS (WAP SX) | Maintain | <p>3Q 2018 – The Western Asset Core Plus Bond Fund produced a positive absolute return during the third quarter, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index. Rising interest rates proved to be a headwind for the broad fixed income market as bond prices generally fall as interest rates rise. Spread sectors outpaced Treasuries in the quarter as corporate bonds and many securitized sectors generated favorable returns. As a result, the portfolio's overweight to corporate credit was additive relative to the benchmark. However, a longer than benchmark duration posture, which is acting as a ballast against the overweight to spread sectors, detracted. The portfolio's emerging market exposure, which has been a headwind this year following strong contributions last year, was mixed as local currency exposure offset the benefit of hard dollar exposure. There were no major changes in portfolio positioning during the quarter. The team continues to believe U.S. growth will remain subdued, inflation is not going to accelerate, and emerging markets will exhibit better growth. As such, the team remains overweight spread sectors, including corporate bonds, emerging markets, and securitized.</p> |

Manager Commentary

As of September 30, 2018

| Manager | Manager Status | Comments |
|--|----------------|--|
| BlackRock Strategic Income Opportunities K (BSIKX) | Maintain | 3Q 2018 – The BlackRock Strategic Income Opportunities strategy produced a positive absolute return during the third quarter, outperforming the broad fixed income market. The portfolio's shorter duration profile was beneficial as interest rates continued their path upward, with the 10-year U.S. Treasury yield ending above 3%. Rick Rieder and his team have been finding attractive opportunities on the short end of the yield curve, especially within the securitized and corporate sectors, as the yield curve has flattened over the year. They are able to find attractive carry opportunities without added duration risk. On a sector basis, the portfolio's investment grade and high yield corporate exposure had a positive impact on performance as these were among the top performing areas of the market. Securitized assets also outperformed Treasuries and exposure to non-agency MBS and CMBS added to results as well. The portfolio's emerging market debt exposure has been a headwind of late as a rising U.S. dollar and geopolitical uncertainty has put negative pressure on the sector. As a result, the team has been gradually reducing the exposure. The portfolio is more defensively postured, as the team believes we are in the later stages of the credit cycle. In response, risk has been reduced in the portfolio, especially within both the investment grade and high yield corporate sectors. The portfolio ended the quarter with a duration of approximately 2.1 years. |
| Templeton Global Bond R6 (FBNRX) | Maintain | 3Q 2018 – The Templeton Global Bond Fund rose during the third quarter and outperformed its benchmark, the FTSE WGBI. The period was highlighted by weakness in emerging markets due to broad risk aversion amid signs of slowing economic growth outside the U.S., a strengthening U.S. dollar, and in anticipation of a third rate hike by the Federal Reserve in September. The key performance drivers of the strategy during the most recent quarter were currencies. The biggest contributors were the fund's short positions to the yen and euro, which both weakened against the dollar, and the fund's long position to the Mexican peso, which rallied in the wake of a new trade deal with the U.S. and Canada. In contrast, the portfolio's other emerging market currency positions, particularly the Indian rupee and Argentinian peso, detracted. Select duration exposures in Latin America, most notably Argentina, also detracted from returns as yields rose across several local markets in Latin America and Asia ex-Japan. The team continues to expect the widening rate differentials between the U.S. and the Eurozone and Japan to further weaken the euro and yen. In terms of rates and duration, the team maintains its defensive approach to rates in developed markets while holding select exposures in countries that have attractive risk/return profiles, relatively higher yields, and favorable macro conditions for yields to remain stable or shift lower. |
| Domestic Equity | | |
| Vanguard Institutional Index I (VINIX) | Maintain | In accordance with its objective, the Vanguard Institutional Index Fund sufficiently tracked its index during the quarter. |
| Neuberger Berman Genesis R6 (NBGIX) | Maintain | 3Q 2018 - The Neuberger Berman Genesis Fund outpaced its benchmark, the Russell 2000 Index, during the quarter. U.S. equity markets overall witnessed strong results during the third quarter; however, small caps trailed large caps, as multinational large-cap companies benefited from a favorable earnings season. The Genesis team's tendency to own companies with above average profitability, strong high quality cashflows and strong balance sheets was rewarded this period, as the quality factor came back into favor for the quarter. Within the strategy, favorable stock selection was the primary driver, particularly within health care, energy and technology. Allocation decisions also added value, as having no exposure to REITs and an underweight to biotech benefited versus the benchmark. Conversely, there were no sectors that meaningfully detracted from performance during the period. |

Manager Commentary

As of September 30, 2018

| Manager | Manager Status | Comments |
|---|----------------|--|
| International Equity | | |
| Hartford International Opportunities R6 (HAOYX) | Maintain | 3Q 2018 – The Hartford International Opportunities Fund declined during the third quarter and underperformed its benchmark, the MSCI ACWI ex-US. Non-U.S. stocks delivered mixed returns in the period amid signs of slowing growth outside of the U.S., ongoing global trade disputes, and rising interest rates. The Fund's lagging returns were primarily the result of weak stock selection in the information technology and consumer discretionary sectors where positions in China-based stocks, Sunny Optical Technology and New Oriental Education, were among the largest detractors. In addition, sector allocation also had a negative impact on performance due to the portfolio's overweight allocation to information technology and consumer discretionary combined with an underweight exposure to energy, which continued to outperform amid rising oil prices. Meanwhile, this underperformance was partially offset by positive stock selection in the health care and industrials sectors led by positions in Ono Pharmaceutical, which continues to benefit from strength in their immune-oncology drug, Opdivo, and Safran, which released a very strong earnings report and raised guidance significantly. The Fund is sub-advised by Wellington Management. |
| Templeton Instl Foreign Smaller Companies Ser A (TFSCX) | Maintain | 3Q 2018 – The TIF Foreign Smaller Companies strategy declined during the third quarter and underperformed its benchmark, the MSCI ACWI ex-US Small Cap, as non-U.S. small-caps significantly lagged their large-cap counterparts in the period. The strategy's underperformance was driven by weak stock selection in the financials, industrials, and consumer staples sectors. In addition, the portfolio's significant overweight to consumer discretionary names negatively impacted relative returns as the sector underperformed the broader market during the quarter. On the positive side, stock selection in the information technology and consumer discretionary sector added value. From a regional perspective, stock selection in Japan was the largest detractor, and Asia ex-Japan and non-Eurozone countries were other notable detractors. Meanwhile, the Eurozone and the UK were the regions that contributed to returns the most due to positive stock selection and an underweight exposure to UK stocks. |
| Aberdeen Emerging Markets I (ABEMX) | Watch 1Q 2018 | 3Q 2018 - The Aberdeen Emerging Markets Fund modestly outpaced its benchmark, the MSCI Emerging Markets Index, during the quarter. In the third quarter, rising U.S. interest rates, U.S. dollar strength and escalating trade tensions continued to weigh on sentiment toward emerging markets. However, the MSCI EM Index slipped just 1.1% in the period, with over half of the countries in the index posting positive returns in dollar terms. Within the strategy, favorable stock selection offset weak sector and country allocation. Most of the alpha came from materials, where companies like Vale (+18.25%) and Siam Cement (19%) delivered strong quarterly results. Stock picks in industrials also added value, to a lesser extent. Conversely, energy was the biggest area of weakness for the strategy, as an underweight and negative selection both detracted. The portfolio has always been underweight energy and tends to own service companies rather than the higher beta E&P firms. From a country standpoint, selection in Mexico (+20%) and Indonesia (+11.6%) were the top contributors. Mexico continues to be a tailwind for the portfolio as the country reached an accord to a revised trade deal with the U.S. during the quarter, which boosted the peso. Remaining underweight China (-12%) was also a benefit as concerns of a slowdown in China dragged down results. In contrast, India (-6%) was the biggest headwind as a non-banking financial institution defaulted on their loans, dragging down the entire financial sector and hurting many of the portfolio's bank holdings. Despite slight relative outperformance during the recent quarter, the fund continues to be on "Watch" due to lackluster relative performance in the medium-term time periods. |
| Real Estate | | |
| Barings Core Property Fund LP | Maintain | 3Q 2018 - Commentary not available at time of report production. |

Manager Commentary

As of September 30, 2018

| Manager | Manager Status | Comments |
|--|----------------|---|
| Inflation Protection | | |
| Vanguard Short-Term Inflation Protection Adm (VTAPX) | Maintain | In accordance with its objective, the Vanguard Short Term Inflation Protected Securities Index Fund sufficiently tracked its index during the quarter. |
| Credit Suisse Commodity Return I (CRSOX) | Maintain | 3Q 2018 – The Credit Suisse Enhanced Commodity Index declined during the third quarter and performed in line with the Bloomberg Commodity Index. During the period, 15 of 22 index constituents posted losses. The energy sector was again the standout performer as all underlying constituents advanced. Crude oil was the primary driver of the gains within the group, rising on tighter supply and concerns over the looming U.S. sanctions on Iranian exports. Within metals, a stronger dollar coupled with fears of slowing global growth and heightened tensions around tariffs drove both precious and base metals lower. Livestock was the only other sector to produce a positive return, led by live cattle, which advanced on heightened export forecasts. Against this backdrop, the strategy's roll and curve-based commodity strategies contributed during the quarter, while the management of underlying cash was a detractor. The Fund's commodity exposure remains generally positioned further out on the curve. The portfolio witnessed positive results from energy, agriculture and livestock, while industrial metals was the greatest laggard. |
| Van Eck Global Hard Assets I (GHAIX) | Maintain | 3Q 2018 – The Van Eck Global Hard Assets Fund declined during the third quarter and trailed its index. The energy sector continued its momentum from prior quarters and was once again the standout performer among commodities and resource equities. The strong returns in the group were driven by rising Brent and WTI Crude Oil prices, which both touched multi-year highs. However, a rising dollar and continued tension around tariff wars had a negative impact across commodities and resource equities alike, felt most predominantly among base and precious metals. Against this backdrop, the Fund's performance was hindered most from its underweight to energy, which remains substantial at just over 30%, and its corresponding overweight to the metals sectors. Additionally, weak selection among oil & gas E&P names was burdensome, due to the portfolio's preference for high quality shale producers operating in the Permian, which underperformed in the quarter as they continue to suffer from infrastructure bottleneck issues. In addition, an underweight to integrateds and refiners further weighed on results, as the strong returns in the energy sector were widespread across sub-industries. |

Manager Gain/Loss Summary

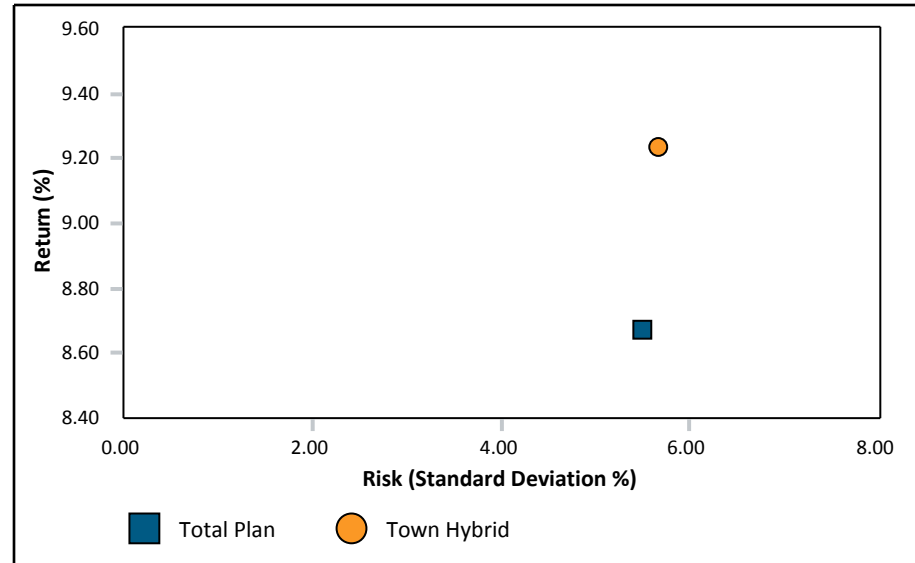
Total Plan

| | Market Value As of 07/01/2018 | Net Flows | Return On Investment | Market Value As of 09/30/2018 |
|--------------------|-------------------------------------|-----------|-------------------------|-------------------------------------|
| Town Plan | 24,346,484 | 591,739 | 506,112 | 25,444,335 |
| Board of Education | 22,511,659 | 812,189 | 466,682 | 23,790,530 |
| Police Plan | 17,157,616 | 370,294 | 355,527 | 17,883,437 |
| Total Plan | 64,015,758 | 1,774,223 | 1,328,321 | 67,118,302 |

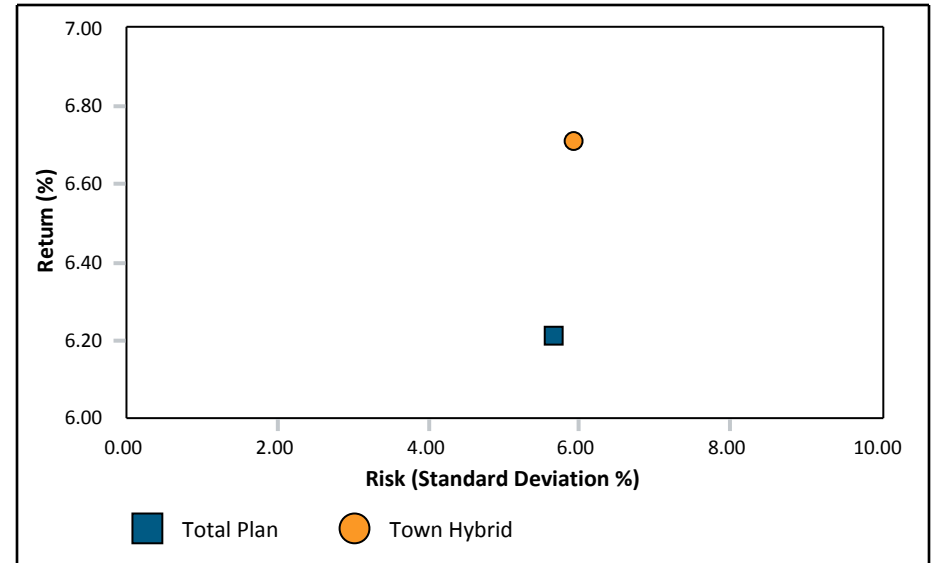
Risk vs Return

As of September 30, 2018

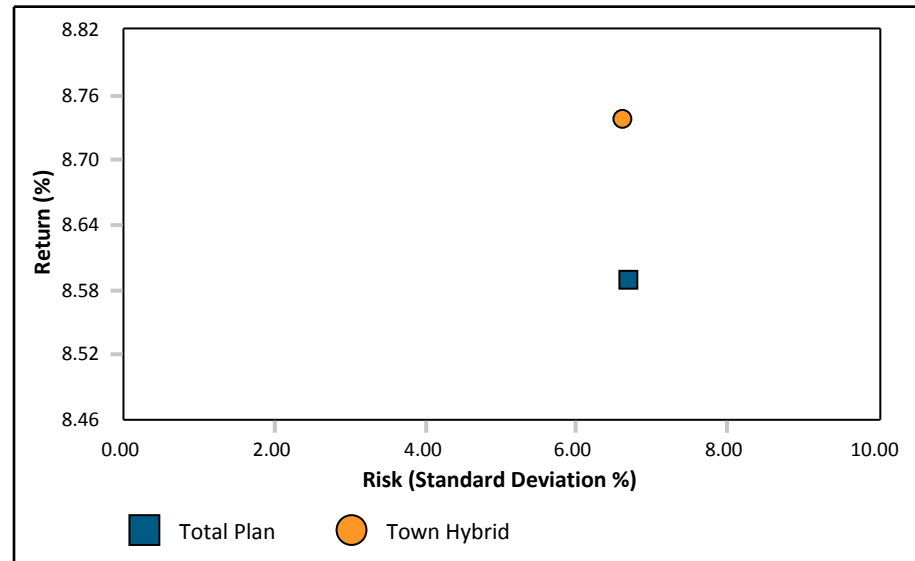
3 Year Risk and Return



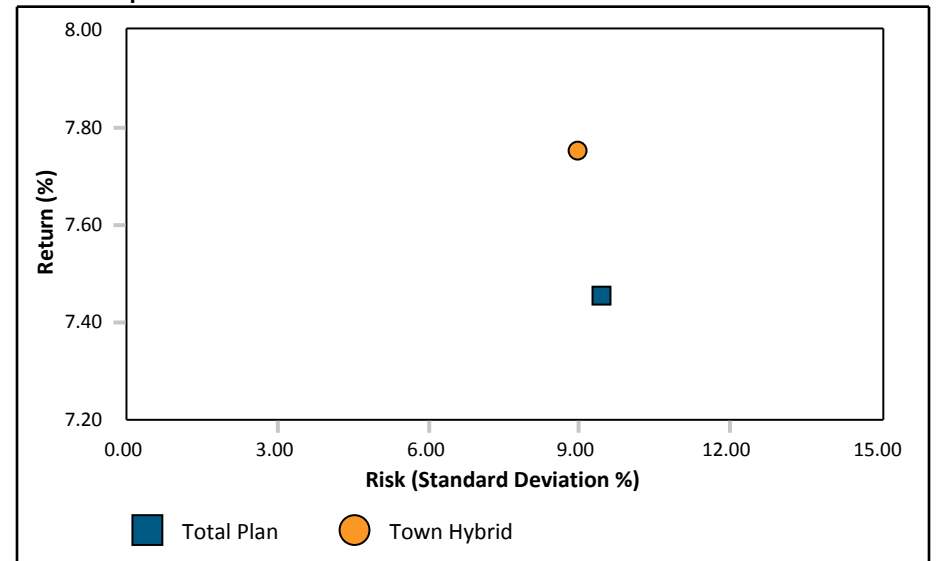
5 Year Risk and Return



7 Year Risk and Return



Since Inception Risk and Return



MPT Statistical Data

As of September 30, 2018

3 Year Historical MPT Statistics

| | Return | Standard Deviation | Downside Risk | Sharpe Ratio | Information Ratio | Tracking Error | R-Squared | Beta | Alpha |
|---------------------------|--------|--------------------|---------------|--------------|-------------------|----------------|-----------|------|-------|
| Total Plan | 8.67 | 5.50 | 2.83 | 1.40 | -0.48 | 1.11 | 0.96 | 0.95 | -0.08 |
| Town Hybrid | 9.23 | 5.68 | 2.78 | 1.45 | N/A | 0.00 | 1.00 | 1.00 | 0.00 |
| 90 Day U.S. Treasury Bill | 0.80 | 0.19 | 0.02 | N/A | -1.45 | 5.68 | 0.00 | 0.00 | 0.80 |

5 Year Historical MPT Statistics

| | Return | Standard Deviation | Downside Risk | Sharpe Ratio | Information Ratio | Tracking Error | R-Squared | Beta | Alpha |
|---------------------------|--------|--------------------|---------------|--------------|-------------------|----------------|-----------|------|-------|
| Total Plan | 6.21 | 5.66 | 3.29 | 1.01 | -0.43 | 1.13 | 0.97 | 0.94 | -0.06 |
| Town Hybrid | 6.71 | 5.95 | 3.34 | 1.04 | N/A | 0.00 | 1.00 | 1.00 | 0.00 |
| 90 Day U.S. Treasury Bill | 0.50 | 0.18 | 0.01 | N/A | -1.04 | 5.94 | 0.00 | 0.00 | 0.48 |

7 Year Historical MPT Statistics

| | Return | Standard Deviation | Downside Risk | Sharpe Ratio | Information Ratio | Tracking Error | R-Squared | Beta | Alpha |
|---------------------------|--------|--------------------|---------------|--------------|-------------------|----------------|-----------|------|-------|
| Total Plan | 8.59 | 6.70 | 3.56 | 1.21 | -0.12 | 1.10 | 0.97 | 1.00 | -0.12 |
| Town Hybrid | 8.74 | 6.63 | 3.45 | 1.24 | N/A | 0.00 | 1.00 | 1.00 | 0.00 |
| 90 Day U.S. Treasury Bill | 0.37 | 0.17 | 0.01 | N/A | -1.24 | 6.63 | 0.00 | 0.00 | 0.37 |

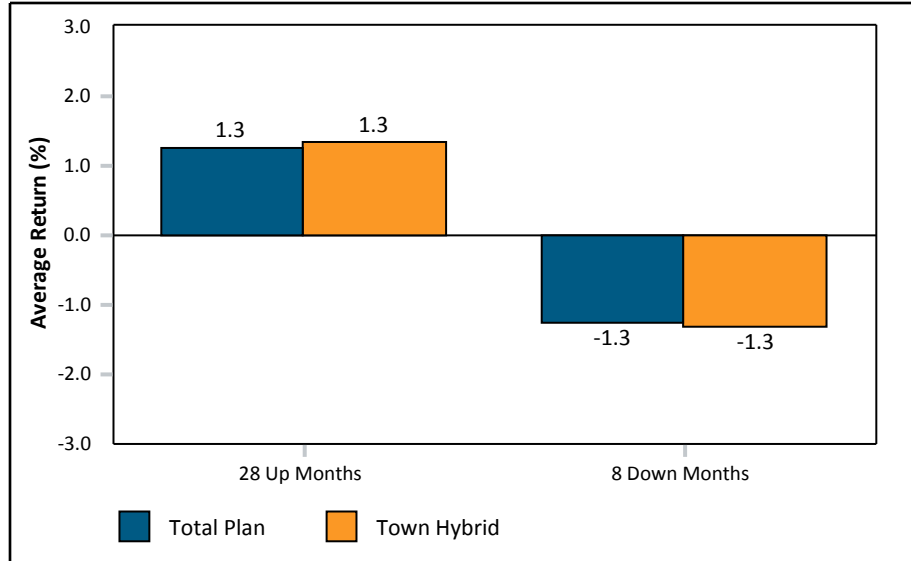
Since Inception Historical MPT Statistics

| | Return | Standard Deviation | Downside Risk | Sharpe Ratio | Information Ratio | Tracking Error | R-Squared | Beta | Alpha | Inception Date |
|---------------------------|--------|--------------------|---------------|--------------|-------------------|----------------|-----------|------|-------|----------------|
| Total Plan | 7.45 | 9.47 | 6.29 | 0.55 | -0.18 | 1.31 | 0.98 | 1.05 | -0.59 | 08/01/1994 |
| Town Hybrid | 7.75 | 8.97 | 5.86 | 0.61 | N/A | 0.00 | 1.00 | 1.00 | 0.00 | 08/01/1994 |
| 90 Day U.S. Treasury Bill | 2.49 | 0.66 | 0.01 | N/A | -0.61 | 8.98 | 0.00 | 0.00 | 2.48 | 08/01/1994 |

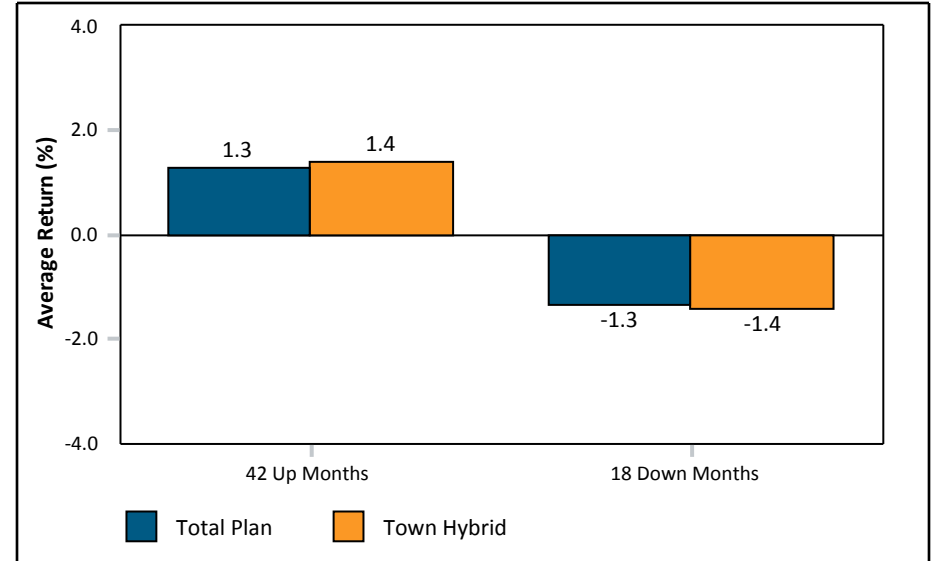
Market Capture Report

As of September 30, 2018

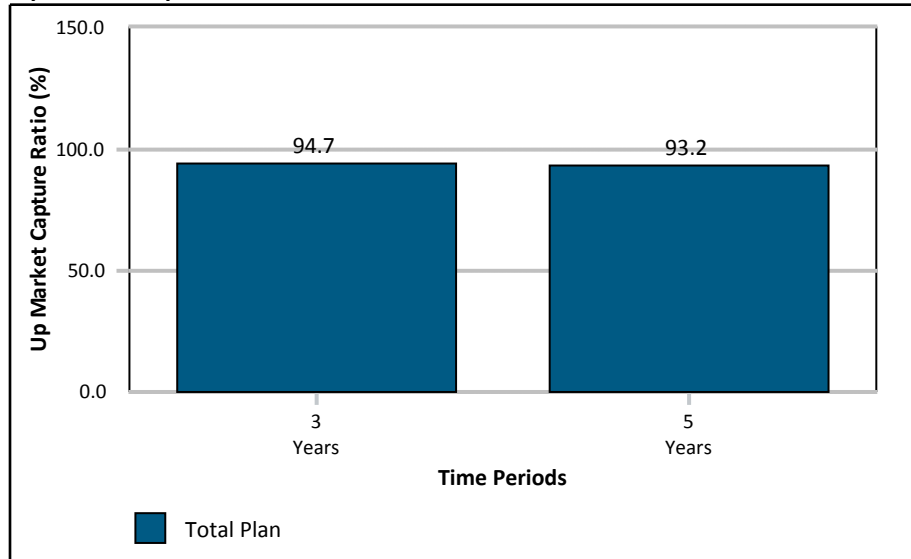
Up/Down Markets - 3 Years



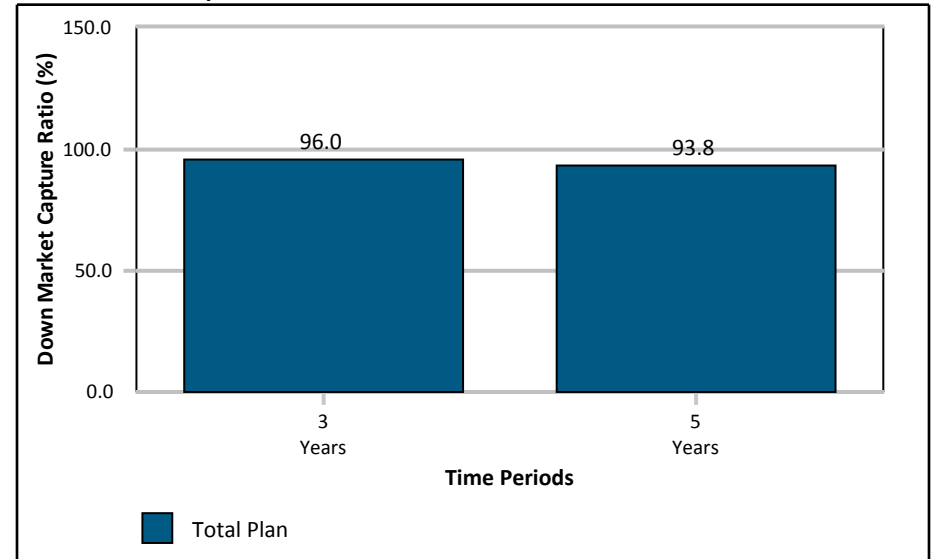
Up/Down Markets - 5 Years



Up Market Capture Ratio



Down Market Capture Ratio



Estimated Fee Analysis

As of September 30, 2018

| MANAGER | FEE SCHEDULE | MARKET VALUE | ANNUALIZED FEE (\$) | ANNUALIZED FEE (%) |
|--|--------------|---------------------|---------------------|--------------------|
| Metropolitan West Tot Ret Fund Pl | 37 bps | 6,560,256 | 24,273 | 0.37% |
| Western Asset Core Plus Bond IS | 43 bps | 6,530,641 | 28,082 | 0.43% |
| BlackRock Strategic Income Opps K | 82 bps | 4,932,276 | 40,445 | 0.82% |
| Templeton Global Bond R6 | 56 bps | 3,263,646 | 18,276 | 0.56% |
| Vanguard Institutional Index I | 4 bps | 14,183,734 | 5,673 | 0.04% |
| Neuberger Berman Genesis Fund R6 | 75 bps | 6,663,709 | 49,978 | 0.75% |
| Hartford International Opportunities R6 | 73 bps | 10,718,515 | 78,245 | 0.73% |
| Templeton Instl Foreign Small Comp A | 99 bps | 3,968,792 | 39,291 | 0.99% |
| Aberdeen Emerging Markets I | 110 bps | 2,827,855 | 31,106 | 1.10% |
| Barings Core Property Fund | 110 bps | 3,567,701 | 39,245 | 1.10% |
| Vanguard Short Term Inflation Protection Adm | 6 bps | 1,036,390 | 622 | 0.06% |
| Credit Suisse Commodity Return I | 78 bps | 1,038,928 | 8,104 | 0.78% |
| Van Eck Global Hard Assets I | 95 bps | 1,001,250 | 9,512 | 0.95% |
| TOTAL Portfolio* | | \$66,293,693 | \$372,852 | 0.56% |

* Does not include Cash Value

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

As of September 30, 2018

| <u>FUND FAMILY</u> | <u>WEB SITE</u> |
|---------------------------|--|
| Aberdeen | www.aberdeenasset.com |
| BlackRock | www.blackrock.com |
| Credit Suisse | www.credit-suisse.com |
| Hartford | www.hartfordfunds.com |
| Metropolitan West | www.mwamllc.com |
| Neuberger Berman | www.nb.com |
| Templeton | www.franklintempleton.com |
| Vanguard | www.vanguard.com |
| Van Eck | www.vaneck.com |
| Western Asset | www.leggmason.com |



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Simsbury OPEB

Executive Summary - Third Quarter 2018

Asset Allocation

As of September 30, 2018

| | Asset Allocation (\$) | Asset Allocation (%) | Target Allocation (%) | Differences (%) |
|--|-----------------------------|----------------------------|-----------------------------|--------------------|
| Simsbury OPEB Total Plan | 15,749,602 | 100.0 | 100.0 | 0.0 |
| Total Short Term Liquidity | 104,765 | 0.7 | 0.0 | 0.7 |
| Money Market Funds | 104,765 | 0.7 | 0.0 | 0.7 |
| Total Fixed Income | 5,234,468 | 33.2 | 35.0 | -1.8 |
| iShares TIPS Bond ETF | 2,619,260 | 16.6 | 17.5 | -0.9 |
| iShares Core U.S. Aggregate Bond ETF | 2,615,208 | 16.6 | 17.5 | -0.9 |
| Total Domestic Equity | 5,859,848 | 37.2 | 35.0 | 2.2 |
| iShares Core S&P 500 ETF | 4,366,361 | 27.7 | 26.0 | 1.7 |
| iShares Russell Midcap Index Fund | 982,107 | 6.2 | 6.0 | 0.2 |
| iShares Russell 2000 ETF | 511,381 | 3.2 | 3.0 | 0.2 |
| Total International Equity | 3,809,116 | 24.2 | 25.0 | -0.8 |
| iShares MSCI EAFE ETF | 2,885,564 | 18.3 | 19.0 | -0.7 |
| iShares MSCI Emerging Mkts ETF | 923,553 | 5.9 | 6.0 | -0.1 |
| Total Real Estate | 741,405 | 4.7 | 5.0 | -0.3 |
| iShares Cohen & Steers REIT ETF | 367,093 | 2.3 | 2.5 | -0.2 |
| iShares International Developed Property ETF | 374,312 | 2.4 | 2.5 | -0.1 |

Investments with a zero balance were held in the plan during the reporting period and will be removed once they no longer impact plan performance.
Asset Allocation weightings may not add up to 100% due to rounding.

Total Plan Performance Summary

As of September 30, 2018

Account Reconciliation

| | QTR | YTD | Since Inception | Inception Date |
|---------------------------------|------------|------------|-----------------|-------------------|
| Simsbury OPEB Total Plan | | | | 06/01/2008 |
| Beginning Market Value | 15,343,056 | 15,415,341 | 1,364,267 | |
| Net Contributions | - | - | 9,351,897 | |
| Total Gain/Loss | 406,546 | 334,261 | 5,033,438 | |
| Ending Market Value | 15,749,602 | 15,749,602 | 15,749,602 | |

Blended Benchmark Composition

| Allocation Mandate | Weight (%) |
|--|------------|
| Blmbg. Barc. U.S. Aggregate Index | 17.5 |
| Bloomberg Barclays U.S. TIPS Index | 17.5 |
| S&P 500 Index | 26.0 |
| Russell Midcap Index | 6.0 |
| Russell 2000 Index | 3.0 |
| MSCI EAFE (Net) Index | 19.0 |
| MSCI Emerging Markets (Net) Index | 6.0 |
| Cohen Steers Realty Majors Index | 2.5 |
| FTSE EPRA/NAREIT Developed ex U.S. Index | 2.5 |

Trailing Performance Summary

| | QTR | YTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception | Inception Date |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|-----------------|-------------------|
| Simsbury OPEB Total Plan | 2.6 | 2.2 | 6.1 | 8.5 | 6.3 | 8.0 | 7.1 | 5.5 | 06/01/2008 |
| Blended Benchmark | 2.5 | 2.4 | 6.4 | 8.8 | 6.4 | 8.1 | 7.2 | 5.6 | |
| Difference | 0.1 | -0.2 | -0.3 | -0.3 | -0.1 | -0.1 | -0.1 | -0.1 | |

Calendar Year Performance Summary

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---------------------------------|-------------|------------|-------------|------------|------------|-------------|------------|-------------|
| Simsbury OPEB Total Plan | 14.9 | 6.5 | -0.7 | 5.6 | 9.8 | 12.0 | 2.5 | 10.8 |
| Blended Benchmark | 15.0 | 6.6 | -0.7 | 6.0 | 9.9 | 12.4 | 2.2 | 12.0 |
| Difference | -0.1 | -0.1 | 0.0 | -0.4 | -0.1 | -0.4 | 0.3 | -1.2 |

Benchmark Composition

Blended Benchmark

As of September 30, 2018

| Allocation Mandate | Weight (%) |
|---|------------|
| Apr-2017 | |
| Blmbg. Barc. U.S. Aggregate Index | 17.5 |
| Bloomberg Barclays U.S. TIPS Index | 17.5 |
| S&P 500 Index | 26.0 |
| Russell Midcap Index | 6.0 |
| Russell 2000 Index | 3.0 |
| MSCI EAFE (Net) Index | 19.0 |
| MSCI Emerging Markets (Net) Index | 6.0 |
| Cohen Steers Realty Majors Index | 2.5 |
| FTSE EPRA/NAREIT Developed ex U.S. Index | 2.5 |
| Dec-2009 | |
| Blmbg. Barc. U.S. Aggregate Index | 22.5 |
| Bloomberg Barclays U.S. TIPS Index | 22.5 |
| S&P 500 Index | 22.5 |
| Russell Midcap Index | 5.0 |
| Russell 2000 Index | 2.5 |
| MSCI EAFE (Net) Index | 15.0 |
| MSCI Emerging Markets (Net) Index | 5.0 |
| Cohen Steers Realty Majors Index | 2.5 |
| FTSE EPRA/NAREIT Developed ex U.S. Index | 2.5 |
| Jun-2008 | |
| Blmbg. Barc. U.S. Aggregate Index | 22.5 |
| Bloomberg Barclays U.S. TIPS Index | 22.5 |
| S&P 500 Index | 22.5 |
| Russell Midcap Index | 5.0 |
| Russell 2000 Index | 2.5 |
| MSCI EAFE (Net) Index | 15.0 |
| MSCI Emerging Markets (Net) Index | 5.0 |
| iShares Cohen & Steers Realty Majors Index | 2.5 |
| S&P/Citigroup World Property Index BMI Ex-U.S | 2.5 |

Manager Performance Overview

As of September 30, 2018

| | QTD | YTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception | Inception Date |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|-------------------|
| Simsbury OPEB Total Plan | 2.6 | 2.2 | 6.1 | 8.5 | 6.3 | 8.0 | 7.1 | 5.5 | 06/01/2008 |
| <i>Blended Benchmark</i> | 2.5 | 2.4 | 6.4 | 8.8 | 6.4 | 8.1 | 7.2 | 5.6 | |
| Short Term Liquidity | | | | | | | | | |
| Money Market Funds | 0.2 | 0.5 | 0.6 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 06/01/2008 |
| <i>90 Day U.S. Treasury Bill</i> | 0.5 | 1.3 | 1.6 | 0.8 | 0.5 | 0.4 | 0.3 | 0.4 | |
| Fixed Income | | | | | | | | | |
| iShares TIPS Bond ETF | -0.8 (66) | -0.9 (55) | 0.3 (48) | 1.9 (42) | 1.3 (18) | 1.2 (28) | 3.2 (21) | 2.9 (18) | 06/01/2008 |
| <i>Bloomberg Barclays U.S. TIPS Index</i> | -0.8 | -0.8 | 0.4 | 2.0 | 1.4 | 1.3 | 3.3 | 3.0 | |
| IM U.S. TIPS (MF) Median | -0.7 | -0.9 | 0.3 | 1.8 | 0.7 | 0.9 | 2.8 | 2.4 | |
| iShares Core U.S. Aggregate Bond ETF | 0.0 (65) | -1.6 (47) | -1.3 (46) | 1.2 (58) | 2.1 (43) | 2.0 (62) | 3.7 (73) | 3.5 (59) | 06/01/2008 |
| <i>Blmbg. Barc. U.S. Aggregate Index</i> | 0.0 | -1.6 | -1.2 | 1.3 | 2.2 | 2.0 | 3.8 | 3.6 | |
| IM U.S. Broad Market Core Fixed Income (MF) Median | 0.1 | -1.7 | -1.4 | 1.3 | 2.1 | 2.2 | 4.1 | 3.6 | |
| Domestic Equity | | | | | | | | | |
| iShares Core S&P 500 ETF | 7.7 (31) | 10.5 (25) | 17.9 (27) | 17.3 (15) | 13.9 (12) | 16.8 (18) | 11.9 (19) | 9.6 (19) | 06/01/2008 |
| <i>S&P 500 Index</i> | 7.7 | 10.6 | 17.9 | 17.3 | 13.9 | 16.9 | 12.0 | 9.7 | |
| IM U.S. Large Cap Core Equity (MF) Median | 7.2 | 8.8 | 15.8 | 15.4 | 12.3 | 15.6 | 10.9 | 8.5 | |
| iShares Russell Midcap Index Fund | 5.0 (26) | 7.3 (25) | 13.8 (25) | 14.3 (28) | 11.5 (18) | 15.9 (15) | 12.1 (14) | 9.4 (22) | 06/01/2008 |
| <i>Russell Midcap Index</i> | 5.0 | 7.5 | 14.0 | 14.5 | 11.7 | 16.1 | 12.3 | 9.5 | |
| IM U.S. Mid Cap Core Equity (MF) Median | 3.8 | 5.0 | 10.7 | 12.6 | 9.5 | 14.4 | 10.6 | 8.0 | |
| iShares Russell 2000 ETF | 3.6 (27) | 11.5 (30) | 15.2 (21) | 17.2 (32) | 11.1 (33) | 16.5 (37) | 11.1 (49) | 9.8 (49) | 06/01/2008 |
| <i>Russell 2000 Index</i> | 3.6 | 11.5 | 15.2 | 17.1 | 11.1 | 16.4 | 11.1 | 9.8 | |
| IM U.S. Small Cap Core Equity (MF) Median | 2.3 | 8.5 | 11.4 | 15.4 | 10.4 | 15.7 | 11.1 | 9.6 | |
| International Equity | | | | | | | | | |
| iShares MSCI EAFE ETF | 1.3 (22) | -1.4 (27) | 2.7 (15) | 9.2 (16) | 4.3 (21) | 8.2 (40) | 5.3 (42) | 2.0 (48) | 06/01/2008 |
| <i>MSCI EAFE (Net) Index</i> | 1.4 | -1.4 | 2.7 | 9.2 | 4.4 | 8.3 | 5.4 | 2.0 | |
| IM International Large Cap Core Equity (MF) Median | 0.5 | -2.6 | 1.3 | 8.2 | 3.5 | 8.1 | 4.8 | 1.8 | |

Returns for periods less than one year are not annualized. Returns are net of fees unless otherwise noted.

Manager Performance Overview

As of September 30, 2018

| | QTD | YTD | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years | Since Inception | Inception Date |
|---|------------------|------------------|------------------|------------------|-----------------|------------------|-----------------|--------------------|-------------------|
| iShares MSCI Emerging Mkts ETF | -1.2 (27) | -8.0 (33) | -1.3 (29) | 11.7 (31) | 3.0 (48) | 4.5 (56) | 4.4 (61) | 0.5 (54) | 06/01/2008 |
| <i>MSCI Emerging Markets (Net) Index</i> | <i>-1.1</i> | <i>-7.7</i> | <i>-0.8</i> | <i>12.4</i> | <i>3.6</i> | <i>5.0</i> | <i>5.4</i> | <i>1.0</i> | |
| IM Emerging Markets Equity (MF) Median | -2.4 | -9.7 | -4.0 | 10.2 | 2.9 | 4.7 | 4.7 | 0.6 | |
| Real Estate | | | | | | | | | |
| iShares Cohen & Steers REIT ETF | 1.0 (29) | 1.3 (44) | 2.8 (61) | 6.4 (57) | 9.1 (22) | 10.9 (46) | 6.5 (67) | 5.5 (68) | 06/01/2008 |
| <i>Cohen Steers Realty Majors Index</i> | <i>1.1</i> | <i>1.6</i> | <i>3.2</i> | <i>6.7</i> | <i>9.5</i> | <i>11.3</i> | <i>6.7</i> | <i>5.7</i> | |
| IM Real Estate Sector (MF) Median | 0.6 | 1.0 | 3.3 | 6.7 | 8.4 | 10.8 | 7.0 | 6.0 | |
| iShares International Developed Property ETF | -2.2 (68) | -4.1 (81) | 1.9 (81) | 6.7 (42) | 4.0 (49) | 8.7 (47) | 6.6 (22) | 2.8 (29) | 06/01/2008 |
| <i>S&P Developed Ex-U.S. Property</i> | <i>-2.1</i> | <i>-3.5</i> | <i>2.8</i> | <i>7.5</i> | <i>4.6</i> | <i>9.4</i> | <i>7.3</i> | <i>3.4</i> | |
| IM International Real Estate (MF) Median | -1.7 | -2.4 | 3.7 | 6.3 | 3.9 | 8.6 | 5.3 | 2.1 | |

** The above stated performance is sourced from iShares Funds. Actual investment performance achieved for each product may deviate due to differing pricing methodologies employed by the plan custodian and iShares.

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.

Investment returns are derived from custodian valuations and may deviate slightly from fund level returns displayed in other pages in your report which can result in minor differences in universe rankings. Mutual fund performance may differ from the current share class's historical performance due to share class exchanges.

Manager Commentary

As of September 30, 2018

| Manager | Manager Status | Comments |
|--|----------------|--|
| Fixed Income | | |
| iShares TIPS Bond ETF | Maintain | In accordance with its investment objective, the Fund has performed in-line with the Barclays Capital US TIPS Index. |
| iShares Core US Aggregate Bond ETF | Maintain | In accordance with its investment objective, the Fund's results generally corresponded to the returns of the Barclays Capital US Aggregate Bond Index. |
| Domestic Equity | | |
| iShares Core S&P 500 ETF | Maintain | In accordance with its objective, the iShares S&P 500 Index Fund sufficiently tracked its index during the quarter. |
| iShares Russell Mid-Cap ETF | Maintain | In accordance with its objective, the iShares Russell Mid Cap Index Fund sufficiently tracked its index during the quarter. |
| iShares Russell 2000 ETF | Maintain | In accordance with its objective, the iShares Russell 2000 Index Fund sufficiently tracked its index during the quarter. |
| International Equity | | |
| iShares MSCI EAFE ETF | Maintain | In accordance with its objective, the iShares MSCI EAFE Index Fund sufficiently tracked its index during the quarter with some tracking error due to the impact of fair value pricing. |
| iShares MSCI Emerging Mkts ETF | Maintain | In accordance with its objective, the iShares MSCI Emerging Markets Index Fund sufficiently tracked its index during the quarter. |
| Real Estate | | |
| iShares Cohen & Steers REIT ETF | Maintain | In accordance with its investment objective, the Fund's results generally corresponded to the returns of the Cohen & Steers Realty Majors Index. |
| iShares International Developed Property ETF | Maintain | In accordance with its investment objective, the Fund's results generally corresponded to the returns of the S&P Developed ex-US Property Index. |

Manager Investment Gain/Loss Summary

Quarter Ending September 30, 2018

| | Market Value As of 07/01/2018 | Net Flows | Return On Investment | Market Value As of 09/30/2018 |
|--|-------------------------------------|-----------------|-------------------------|-------------------------------------|
| <u>Short Term Liquidity</u> | | | | |
| Money Market Funds | 399,382 | -295,645 | 1,027 | 104,765 |
| Total Short Term Liquidity | 399,382 | -295,645 | 1,027 | 104,765 |
| <u>Fixed Income</u> | | | | |
| iShares TIPS Bond ETF | 2,514,405 | 126,403 | -21,547 | 2,619,260 |
| iShares Core U.S. Aggregate Bond ETF | 2,458,650 | 158,506 | -1,948 | 2,615,208 |
| Total Fixed Income | 4,973,055 | 284,909 | -23,496 | 5,234,468 |
| <u>Domestic Equity</u> | | | | |
| iShares Core S&P 500 ETF | 4,072,814 | -38,164 | 331,711 | 4,366,361 |
| iShares Russell Midcap Index Fund | 944,872 | -9,470 | 46,706 | 982,107 |
| iShares Russell 2000 ETF | 496,878 | -3,172 | 17,675 | 511,381 |
| Total Domestic Equity | 5,514,564 | -50,806 | 396,091 | 5,859,848 |
| <u>International Equity</u> | | | | |
| iShares MSCI EAFE ETF | 2,822,786 | 19,985 | 42,793 | 2,885,564 |
| iShares MSCI Emerging Mkts ETF | 912,097 | 20,030 | -8,574 | 923,553 |
| Total International Equity | 3,734,882 | 40,015 | 34,219 | 3,809,116 |
| <u>Real Estate</u> | | | | |
| iShares Cohen & Steers REIT ETF | 356,572 | 4,157 | 6,365 | 367,093 |
| iShares International Developed Property ETF | 364,602 | 17,371 | -7,661 | 374,312 |
| Total Real Estate | 721,173 | 21,528 | -1,296 | 741,405 |
| Simsbury OPEB Total Plan | 15,343,056 | - | 406,546 | 15,749,602 |

Market Values and Flow Summary

Since Inception Ending September 30, 2018

| Periods Ending | Beginning Market Value (\$) | Net Cash Flow (\$) | Gain/Loss (\$) | Ending Market Value (\$) | % Return |
|----------------|-----------------------------------|--------------------------|-------------------|--------------------------------|----------|
| Jun-2008 | - | - | - | 1,303,933 | N/A |
| Sep-2008 | 1,303,933 | 674,353 | -144,418 | 1,833,868 | -7.8 |
| Dec-2008 | 1,833,868 | 192 | -192,246 | 1,641,814 | -10.5 |
| Mar-2009 | 1,641,814 | - | -85,000 | 1,556,814 | -5.2 |
| Jun-2009 | 1,556,814 | 8,535 | 181,419 | 1,746,768 | 11.7 |
| Sep-2009 | 1,746,768 | 605,495 | 237,888 | 2,590,150 | 11.0 |
| Dec-2009 | 2,590,150 | -122 | 73,424 | 2,663,452 | 2.8 |
| Mar-2010 | 2,663,452 | - | 76,062 | 2,739,514 | 2.9 |
| Jun-2010 | 2,739,514 | -3,745 | -132,677 | 2,603,092 | -4.8 |
| Sep-2010 | 2,603,092 | 905,100 | 261,309 | 3,769,501 | 7.9 |
| Dec-2010 | 3,769,501 | -11,752 | 181,860 | 3,939,609 | 4.8 |
| Mar-2011 | 3,939,609 | - | 124,504 | 4,064,114 | 3.2 |
| Jun-2011 | 4,064,114 | - | 67,458 | 4,131,571 | 1.7 |
| Sep-2011 | 4,131,571 | - | -324,460 | 3,807,111 | -7.9 |
| Dec-2011 | 3,807,111 | 615,000 | 229,512 | 4,651,623 | 6.1 |
| Mar-2012 | 4,651,623 | - | 321,207 | 4,972,830 | 6.9 |
| Jun-2012 | 4,972,830 | 7,503 | -69,634 | 4,910,698 | -1.4 |
| Sep-2012 | 4,910,698 | 638,003 | 192,315 | 5,741,016 | 4.1 |
| Dec-2012 | 5,741,016 | 8,431 | 115,237 | 5,864,684 | 2.0 |
| Mar-2013 | 5,864,684 | 1 | 231,419 | 6,096,104 | 3.9 |
| Jun-2013 | 6,096,104 | - | -161,688 | 5,934,416 | -2.7 |
| Sep-2013 | 5,934,416 | -1,939 | 288,140 | 6,220,618 | 4.9 |
| Dec-2013 | 6,220,618 | 1,524,943 | 257,384 | 8,002,945 | 3.5 |
| Mar-2014 | 8,002,945 | - | 131,845 | 8,134,791 | 1.6 |
| Jun-2014 | 8,134,791 | - | 330,704 | 8,465,495 | 4.1 |
| Sep-2014 | 8,465,495 | 671,669 | -162,019 | 8,975,144 | -1.8 |
| Dec-2014 | 8,975,144 | 2 | 148,555 | 9,123,702 | 1.7 |
| Mar-2015 | 9,123,702 | - | 206,797 | 9,330,499 | 2.3 |
| Jun-2015 | 9,330,499 | 3,000,000 | -99,412 | 12,231,087 | -0.7 |
| Sep-2015 | 12,231,087 | 215,214 | -537,579 | 11,908,722 | -4.3 |
| Dec-2015 | 11,908,722 | - | 252,911 | 12,161,634 | 2.1 |
| Mar-2016 | 12,161,634 | - | 279,736 | 12,441,370 | 2.3 |
| Jun-2016 | 12,441,370 | - | 234,943 | 12,676,313 | 1.9 |
| Sep-2016 | 12,676,313 | 163,076 | 373,875 | 13,213,263 | 2.9 |

Market Values and Flow Summary

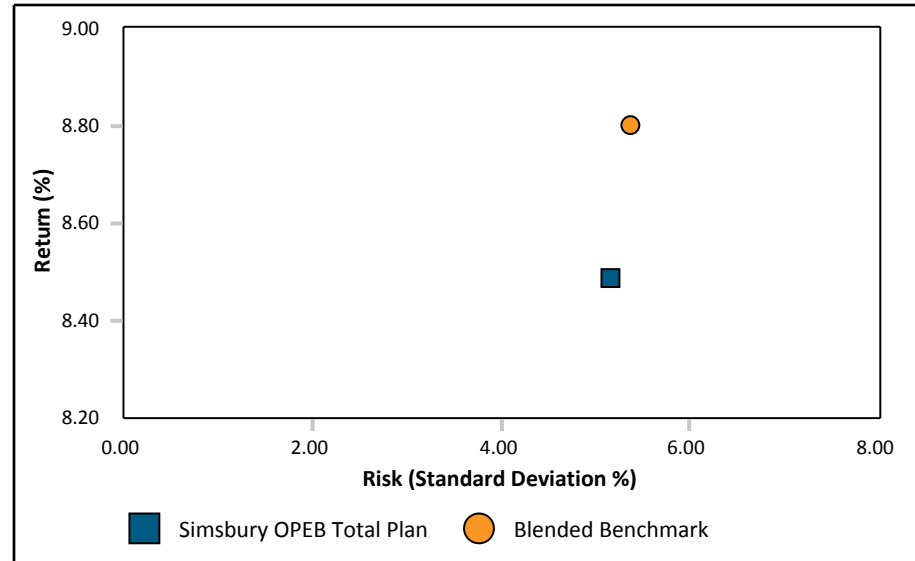
Since Inception Ending September 30, 2018

| Periods Ending | Beginning Market Value (\$) | Net Cash Flow (\$) | Gain/Loss (\$) | Ending Market Value (\$) | % Return |
|----------------|-----------------------------------|--------------------------|-------------------|--------------------------------|----------|
| Dec-2016 | 13,213,263 | - | -103,980 | 13,109,283 | -0.8 |
| Mar-2017 | 13,109,283 | - | 538,287 | 13,647,571 | 4.1 |
| Jun-2017 | 13,647,571 | - | 402,294 | 14,049,865 | 2.9 |
| Sep-2017 | 14,049,865 | 331,097 | 469,249 | 14,850,211 | 3.3 |
| Dec-2017 | 14,850,211 | 842 | 564,288 | 15,415,341 | 3.8 |
| Mar-2018 | 15,415,341 | - | -129,107 | 15,286,234 | -0.8 |
| Jun-2018 | 15,286,234 | - | 56,822 | 15,343,056 | 0.4 |
| Sep-2018 | 15,343,056 | - | 406,546 | 15,749,602 | 2.6 |

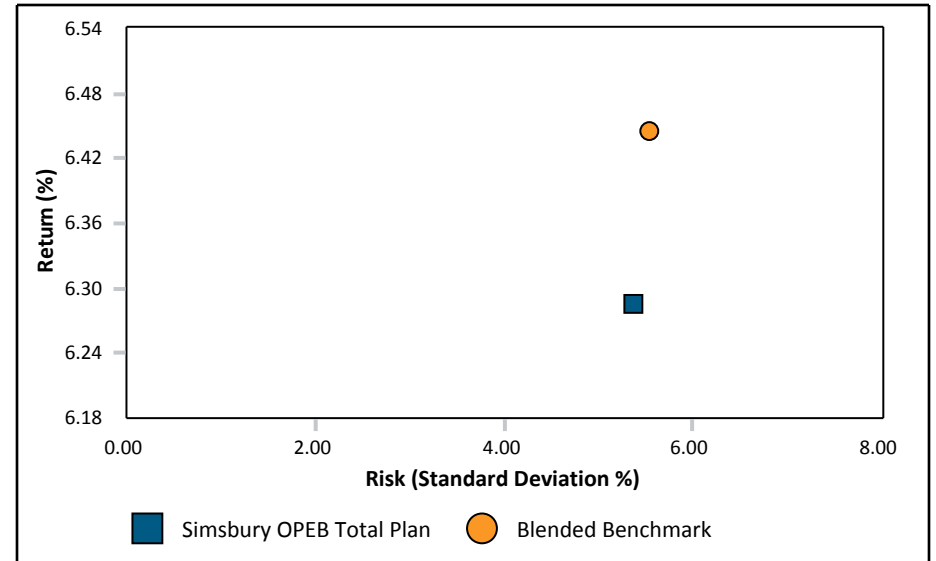
Risk vs. Return

As of September 30, 2018

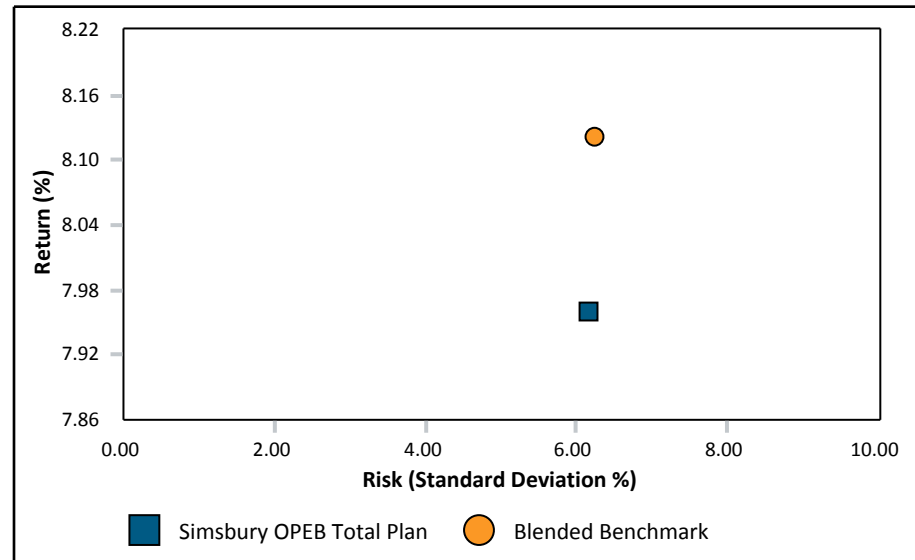
3 Year Risk and Return



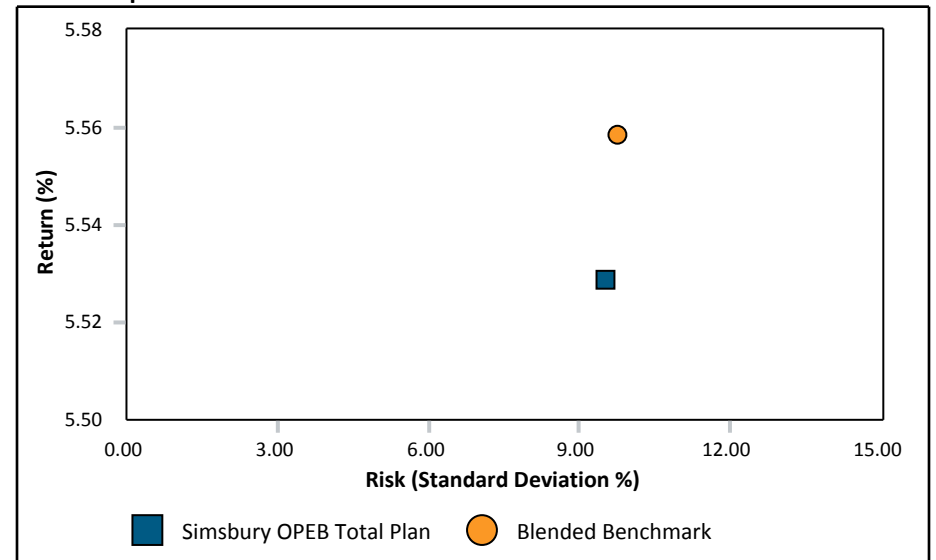
5 Year Risk and Return



7 Year Risk and Return



Since Inception Risk and Return



MPT Statistical Data

As of September 30, 2018

3 Year Historical MPT Statistics

| | Return | Standard Deviation | Downside Risk | Sharpe Ratio | Information Ratio | Tracking Error | R-Squared | Beta | Alpha |
|---------------------------|--------|--------------------|---------------|--------------|-------------------|----------------|-----------|------|-------|
| Simsbury OPEB Total Plan | 8.48 | 5.16 | 2.63 | 1.45 | -0.43 | 0.71 | 0.98 | 0.95 | 0.13 |
| Blended Benchmark | 8.80 | 5.39 | 2.65 | 1.45 | N/A | 0.00 | 1.00 | 1.00 | 0.00 |
| 90 Day U.S. Treasury Bill | 0.80 | 0.19 | 0.02 | N/A | -1.45 | 5.39 | 0.00 | 0.00 | 0.80 |

5 Year Historical MPT Statistics

| | Return | Standard Deviation | Downside Risk | Sharpe Ratio | Information Ratio | Tracking Error | R-Squared | Beta | Alpha |
|---------------------------|--------|--------------------|---------------|--------------|-------------------|----------------|-----------|------|-------|
| Simsbury OPEB Total Plan | 6.28 | 5.38 | 3.16 | 1.07 | -0.25 | 0.64 | 0.99 | 0.96 | 0.08 |
| Blended Benchmark | 6.45 | 5.55 | 3.20 | 1.07 | N/A | 0.00 | 1.00 | 1.00 | 0.00 |
| 90 Day U.S. Treasury Bill | 0.50 | 0.18 | 0.01 | N/A | -1.07 | 5.54 | 0.01 | 0.00 | 0.48 |

7 Year Historical MPT Statistics

| | Return | Standard Deviation | Downside Risk | Sharpe Ratio | Information Ratio | Tracking Error | R-Squared | Beta | Alpha |
|---------------------------|--------|--------------------|---------------|--------------|-------------------|----------------|-----------|------|-------|
| Simsbury OPEB Total Plan | 7.96 | 6.18 | 3.37 | 1.21 | -0.19 | 0.80 | 0.98 | 0.98 | 0.02 |
| Blended Benchmark | 8.12 | 6.26 | 3.38 | 1.22 | N/A | 0.00 | 1.00 | 1.00 | 0.00 |
| 90 Day U.S. Treasury Bill | 0.37 | 0.17 | 0.01 | N/A | -1.22 | 6.26 | 0.00 | 0.00 | 0.37 |

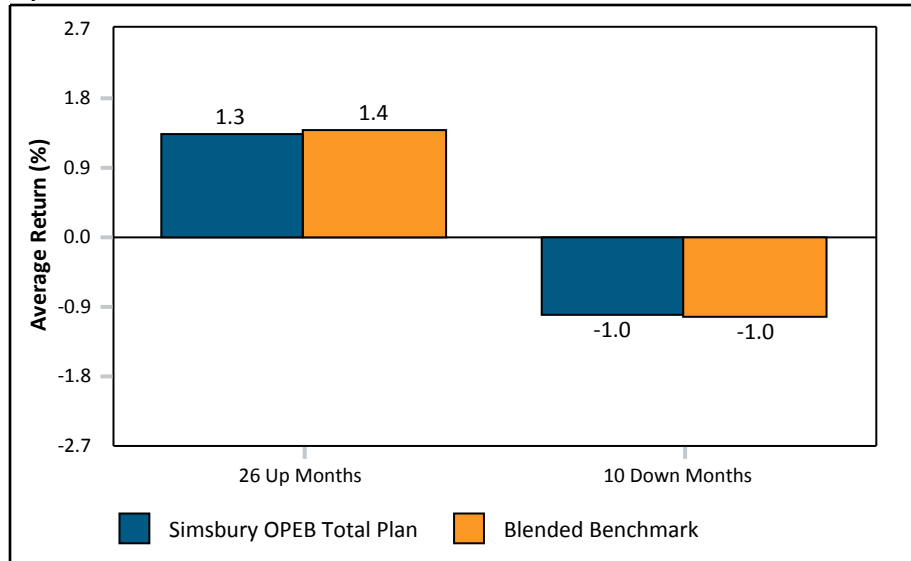
Since Inception Historical MPT Statistics

| | Return | Standard Deviation | Downside Risk | Sharpe Ratio | Information Ratio | Tracking Error | R-Squared | Beta | Alpha | Inception Date |
|---------------------------|--------|--------------------|---------------|--------------|-------------------|----------------|-----------|------|-------|----------------|
| Simsbury OPEB Total Plan | 5.53 | 9.55 | 6.58 | 0.57 | -0.05 | 1.07 | 0.99 | 0.97 | 0.12 | 06/01/2008 |
| Blended Benchmark | 5.56 | 9.78 | 6.90 | 0.56 | N/A | 0.00 | 1.00 | 1.00 | 0.00 | 06/01/2008 |
| 90 Day U.S. Treasury Bill | 0.39 | 0.18 | 0.01 | N/A | -0.56 | 9.83 | 0.07 | 0.00 | 0.42 | 06/01/2008 |

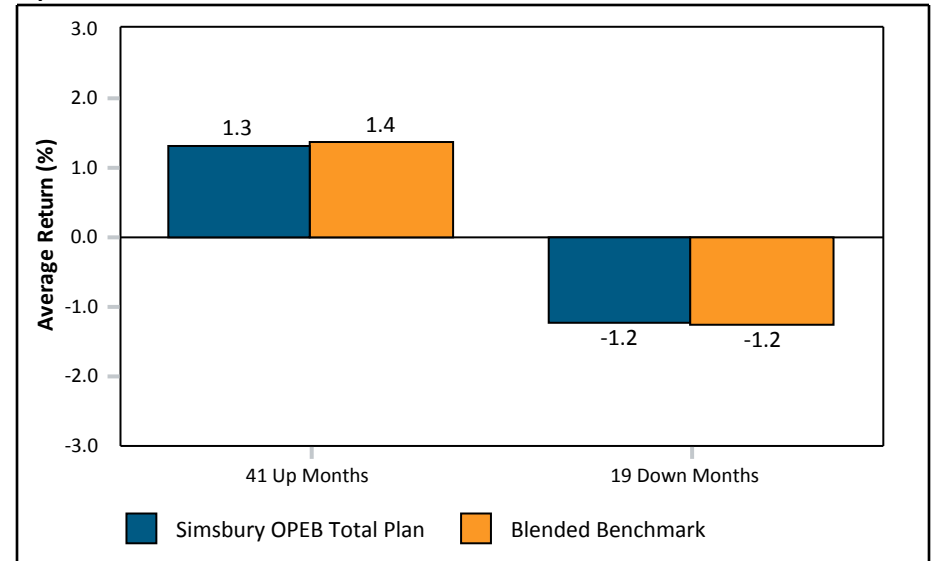
Market Capture Report

As of September 30, 2018

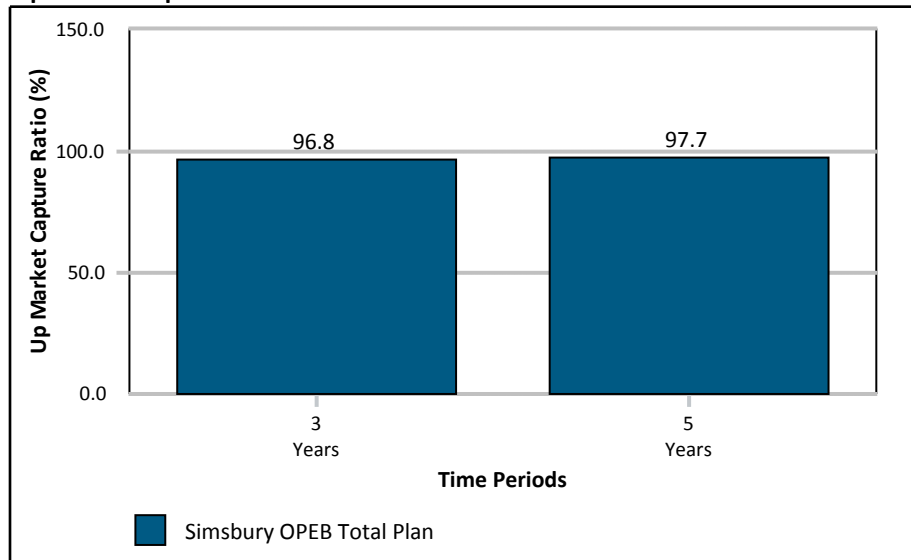
Up/Down Markets - 3 Years



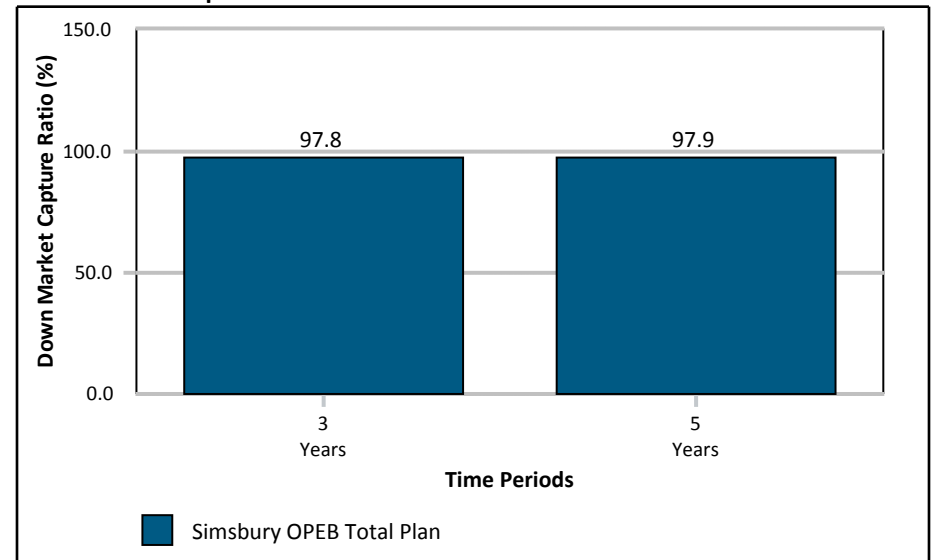
Up/Down Markets - 5 Years



Up Market Capture Ratio



Down Market Capture Ratio



Estimated Fee Analysis

As of September 30, 2018

| MANAGER | FEE SCHEDULE | TARGET ALLOCATION |
|--|--------------|-------------------|
| iShares TIPS Bond ETF | 0.20% | 17.5% |
| iShares Core U.S. Aggregate Bond ETF | 0.05% | 17.5% |
| iShares Core S&P 500 ETF | 0.04% | 26.0% |
| iShares Russell Mid-Cap ETF | 0.20% | 6.0% |
| iShares Russell 2000 ETF | 0.19% | 3.0% |
| iShares MSCI EAFE ETF | 0.32% | 19.0% |
| iShares MSCI Emerging Markets ETF | 0.69% | 6.0% |
| iShares Cohen & Steers REIT ETF | 0.34% | 2.5% |
| iShares International Developed Property ETF | 0.48% | 2.5% |
| AVERAGE WEIGHTED FEE | | 0.19% |

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

As of September 30, 2018

| <u>FUND FAMILY</u> | <u>WEB SITE</u> |
|--------------------|--|
| iShares | www.ishares.com |



FIDUCIARY
INVESTMENT ADVISORS

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Executive Summary

Executive Summary

Table of Contents

Section 1

Fiduciary Governance Calendar

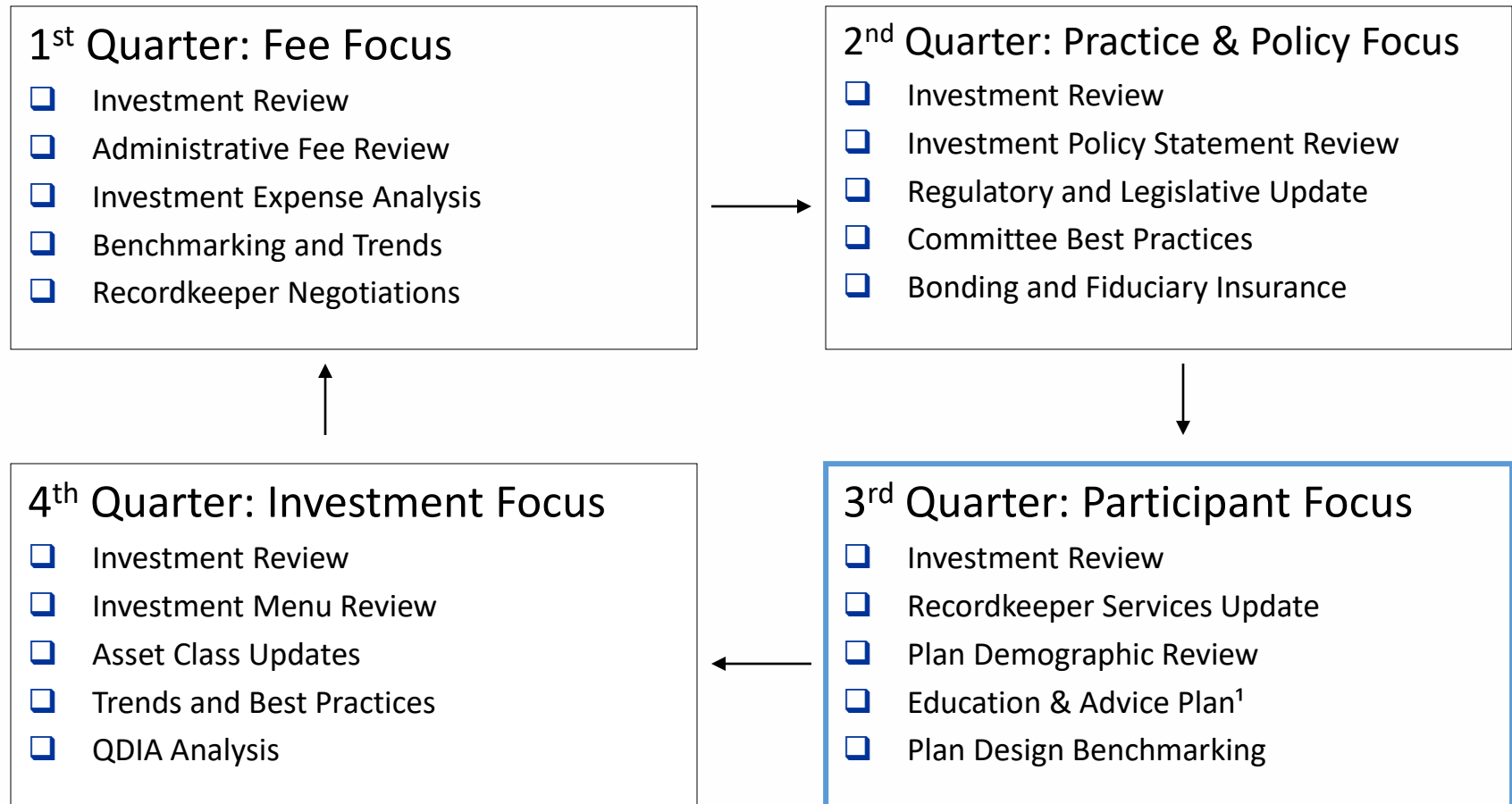
Section 2

Third Quarter 2018 Executive Summary



Fiduciary Governance Calendar

Fiduciary Governance Calendar



¹ Where applicable, FIA is recommending that plan fiduciaries prudently select *and* monitor participant advice providers.

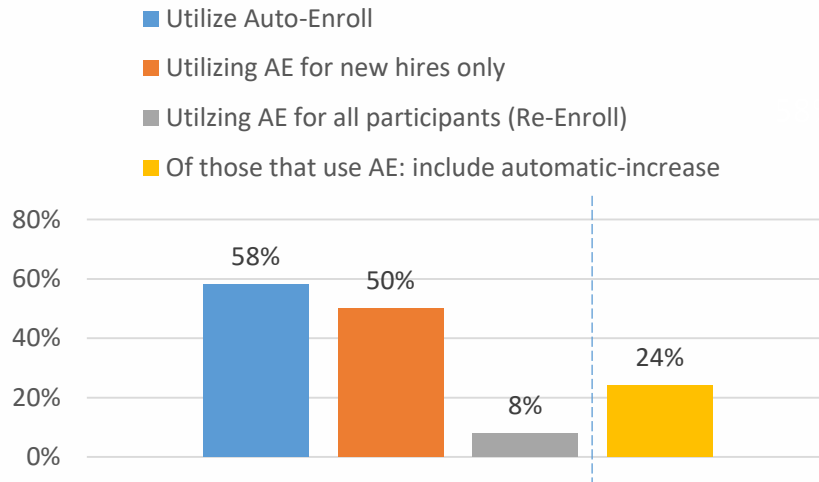
Plan Design: Your Plan at a Glance

| Plan Features | Town of Simsbury (457 Plan) ¹ | Town of Simsbury (401a Plan) ¹ | Town of Simsbury (BOE Plan) ¹ |
|--------------------------------|---|---|--|
| Employer Contribution Schedule | Allocated in accordance with the terms of the collective bargaining agreement negotiated by the Employer and the policy implemented by the Town of Simsbury | | |
| Vesting Schedule | 100% full and immediate | 5 year graded | 5 year graded |
| Auto-Enrollment | No | No | No |
| Auto-Increase | No | No | No |
| Roth Feature | Yes | No | No |
| Loans | Yes Number of loans allowed at one time: 1 | Not allowed | Not allowed |
| Advice Feature | No | No | No |
| Managed Accounts | No | No | No |

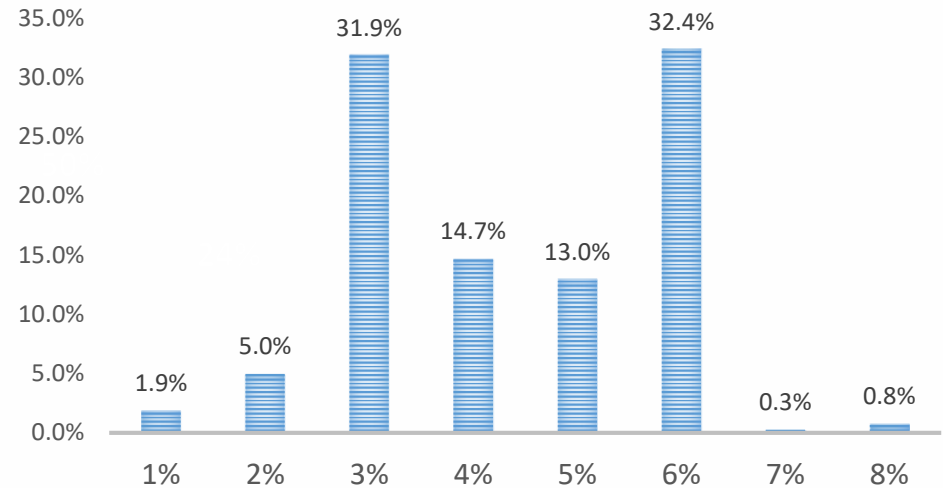
¹ Source: MassMutual

Plan Design: Industry at a Glance

Plans that utilize Auto-Enrollment¹

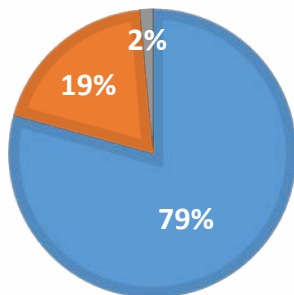


Default Deferral Rate for Auto-Enrollment Plans²



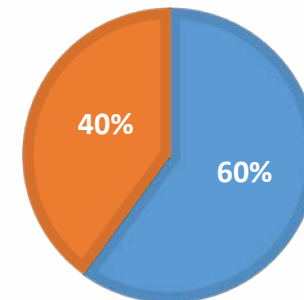
% of Plans Including a Loan Provision³

■ Yes ■ No ■ Unsure



% of Plans Offering a Roth Feature¹

■ Yes ■ No



¹Source: PSCA's 2016 59th Annual Survey of Profit Sharing and 401(k) Plans.

²Source: T. Rowe Price Reference Point 2017

³Source: PLANSPONSOR Defined Contribution Survey, 2017

Overview of Participant Education & Advice

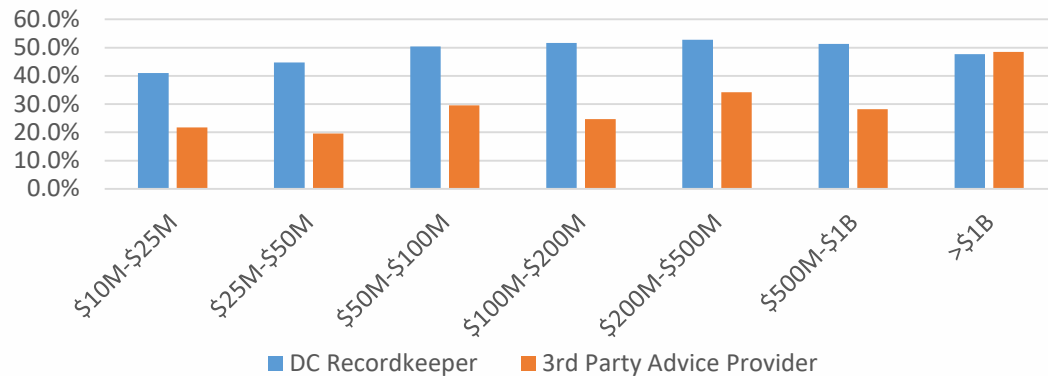
Education

- General information such as the benefits of saving, increasing contribution rates, and a review of investment options
- Explanation of tools such as those utilized to provide projected income in retirement

Advice

- Advice can be delivered as a point-in-time recommendation or as an ongoing portfolio management service (managed accounts)
- Portfolio methodology utilizes either proprietary or third-party technology

79.4% of plans offer **advice** to participants.



Source: PLANSPONSOR Defined Contribution Survey, 2017

Overall, **34%** of plans offer professionally **managed accounts** to participants.



Source: PLANSPONSOR Defined Contribution Survey, 2017

Did You Know?

When comparing digital advice products, a recent study found that equity allocations for a 27-year old participant ranged from 51% to 90%¹.

- ✓ Under ERISA, the hiring and retention of an advice provider is a fiduciary decision and is subject to ERISA's fiduciary standards.
- ✓ These standards include acting with care, skill, prudence and diligence.
- ✓ FIA has created a process to obtain information about advice providers to assist Plan Sponsors in meeting their fiduciary obligations.

- ✓ Criteria to evaluate may include:
 - Firm history and ownership structure
 - Product methodology / philosophy
 - Investment professionals
 - Delivery of advice
 - Activity and performance reporting
 - Insurance, audit and cybersecurity procedures
 - Ancillary services available to participants

¹ Cerulli Associates

Trending Topics*

Debt Repayment: Student Loan Benefits¹



Around **44 million** Americans have student loan debt¹. As such, some employers are attempting to find creative ways to assist with that burden.

The IRS released a private letter ruling (PLR) for a specific employer that permits their employees to use student loan repayments to satisfy matching contribution requirements.

Medical Expenses: Health Savings Accounts (HSA)²



An average couple in 2018 will need an estimated **\$280,000** for medical expenses in retirement.

Many recordkeepers are working to integrate HSA's into their platforms and financial wellness programs.

HSA's offer an opportunity to save for long-term qualified medical expenses including those in retirement.

Increasing Financial Security: Emergency Savings Accounts



63% of Americans don't have enough savings to meet a \$500 emergency.³

An Emergency Savings Account is money set aside to cover unexpected financial events such as job loss, a medical or dental emergency, unexpected home repairs, etc.

Recordkeepers are working on programs to help participants save for such events and may prevent loans and premature distributions from retirement plans.

Protecting Assets: Cyber Security



There were **53,308** security incidents and **2,216** data breaches, involving **65** countries in 2018. **76%** of breaches were **financially motivated**.⁴

Per the DOL, fiduciaries need to protect participant information by taking "appropriate and necessary measures reasonably calculated to ensure that the system for furnishing documents...protects the confidentiality of personal information in relation to the individual's accounts and benefits"⁵

Plan sponsors should receive periodic updates from their recordkeepers on their cyber security policies.

*Plan Sponsors may consider discussing the above topics with their Relationship Managers to gain an understanding of your recordkeeper's perspective and capabilities.

¹The National Law Review: "IRS Private Letter Ruling Will Help Clear the Way for 401(k) Plan Student Loan Benefits".

²Fidelity: "3 Healthy Habits for Health Savings Accounts"

³Prudential: "Increasing Financial Security with Workplace Emergency Savings"

⁴Verizon: "2018 Data Breach Investigations Report"

⁵ERISA Regulation Section 2520.104b-1(c)(1)(i)



Third Quarter 2018 Executive Summary

Historical Balances by Investment

Simsbury 457

As of September 30, 2018

| | Sep-2018 | | Jun-2018 | | Mar-2018 | | Dec-2017 | |
|---|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| | (\$) | % | (\$) | % | (\$) | % | (\$) | % |
| General Account | 2,622,794 | 22.6 | 2,580,428 | 23.4 | 2,569,454 | 23.8 | 2,464,127 | 22.6 |
| Stable Value/ Money Market Funds | 2,622,794 | 22.6 | 2,580,428 | 23.4 | 2,569,454 | 23.8 | 2,464,127 | 22.6 |
| Dreyfus Bond Market Index Inv | 97,633 | 0.8 | 96,369 | 0.9 | 95,695 | 0.9 | 111,560 | 1.0 |
| Western Asset Core Plus Bond FI | 234,929 | 2.0 | 233,398 | 2.1 | 234,957 | 2.2 | 258,196 | 2.4 |
| Templeton Global Bond A | 23,933 | 0.2 | 22,413 | 0.2 | 24,262 | 0.2 | 20,274 | 0.2 |
| Fixed Income Funds | 356,495 | 3.1 | 352,181 | 3.2 | 354,915 | 3.3 | 390,030 | 3.6 |
| MFS Value Fund R3 | 731,637 | 6.3 | 689,555 | 6.2 | 690,167 | 6.4 | 736,398 | 6.8 |
| Dreyfus S&P 500 Index | 3,274,470 | 28.2 | 3,026,412 | 27.4 | 2,948,597 | 27.4 | 3,028,504 | 27.8 |
| T. Rowe Price Growth Stock R | 2,033,922 | 17.5 | 1,926,959 | 17.4 | 1,838,389 | 17.1 | 1,800,130 | 16.5 |
| AllianceBern Discovery Value A | 329,334 | 2.8 | 322,746 | 2.9 | 306,667 | 2.8 | 316,519 | 2.9 |
| Dreyfus MidCap Index | 81,068 | 0.7 | 77,462 | 0.7 | 72,432 | 0.7 | 114,565 | 1.1 |
| Eaton Vance Atlanta Capital SMID-Cap A | 533,656 | 4.6 | 491,258 | 4.4 | 470,408 | 4.4 | 484,221 | 4.4 |
| Dreyfus Small Cap Stock Index | 146,827 | 1.3 | 138,585 | 1.3 | 109,964 | 1.0 | 149,752 | 1.4 |
| Domestic Equity Funds | 7,130,913 | 61.5 | 6,672,978 | 60.4 | 6,436,623 | 59.7 | 6,630,091 | 60.8 |
| Hartford International Opportunities R4 | 265,623 | 2.3 | 263,209 | 2.4 | 271,387 | 2.5 | 268,011 | 2.5 |
| International Funds | 265,623 | 2.3 | 263,209 | 2.4 | 271,387 | 2.5 | 268,011 | 2.5 |
| T. Rowe Price Retirement Balanced R | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 23,609 | 0.2 |
| T. Rowe Price Retirement 2010 R | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 |
| T. Rowe Price Retirement 2020 R | 67,413 | 0.6 | 74,144 | 0.7 | 73,301 | 0.7 | 72,889 | 0.7 |
| T. Rowe Price Retirement 2030 R | 719,960 | 6.2 | 696,965 | 6.3 | 695,560 | 6.5 | 705,928 | 6.5 |
| T. Rowe Price Retirement 2040 R | 104,450 | 0.9 | 97,193 | 0.9 | 81,980 | 0.8 | 74,983 | 0.7 |
| T. Rowe Price Retirement 2050 R | 329,536 | 2.8 | 309,948 | 2.8 | 290,574 | 2.7 | 278,427 | 2.6 |
| Target Date Funds | 1,221,359 | 10.5 | 1,178,251 | 10.7 | 1,141,415 | 10.6 | 1,155,835 | 10.6 |
| Simsbury 457 | 11,597,184 | 100.0 | 11,047,046 | 100.0 | 10,773,794 | 100.0 | 10,908,095 | 100.0 |

Source: MassMutual

Historical Balances by Investment

Simsbury DC

As of September 30, 2018

| | Sep-2018 | | Jun-2018 | | Mar-2018 | | Dec-2017 | |
|--|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | (\$) | % | (\$) | % | (\$) | % | (\$) | % |
| General Account | 63,294 | 36.6 | 43,888 | 30.1 | 42,347 | 30.2 | 40,828 | 33.9 |
| Stable Value / Money Market Funds | 63,294 | 36.6 | 43,888 | 30.1 | 42,347 | 30.2 | 40,828 | 33.9 |
| Dreyfus Bond Market Index Inv | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 |
| Western Asset Core Bond FI | 0.00 | 0.0 | 0.00 | 0.0 | 1,789 | 1.3 | 1,798 | 1.5 |
| Templeton Global Bond A | 1,905 | 1.1 | 3,650 | 2.5 | 5,564 | 4.0 | 5,330 | 4.4 |
| Fixed Income Funds | 1,905 | 1.1 | 3,650 | 2.5 | 7,353 | 5.3 | 7,128 | 5.9 |
| MFS Value Fund R3 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 |
| Dreyfus S&P 500 Index | 4,306 | 2.5 | 6,225 | 4.3 | 9,266 | 6.6 | 9,127 | 7.6 |
| T. Rowe Price Growth Stock R | 0.00 | 0.0 | 0.00 | 0.0 | 2,336 | 1.7 | 2,234 | 1.9 |
| AllianceBern Discovery Value A | 959 | 0.6 | 400 | 0.3 | 382 | 0.3 | 392 | 0.3 |
| Dreyfus MidCap Index | 823 | 0.5 | 1,566 | 1.1 | 3,630 | 2.6 | 3,595 | 3.0 |
| Eaton Vance Atlanta Capital SMID-Cap A | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 |
| Dreyfus Small Cap Stock Index | 783 | 0.5 | 1,485 | 1.0 | 3,554 | 2.5 | 3,475 | 2.9 |
| Domestic Equity Funds | 6,871 | 4.0 | 9,676 | 6.6 | 19,168 | 13.7 | 18,823 | 15.6 |
| Hartford International Opportunities R4 | 1,762 | 1.0 | 3,498 | 2.4 | 4,651 | 3.3 | 4,518 | 3.8 |
| International Equity Funds | 1,762 | 1.0 | 3,498 | 2.4 | 4,651 | 3.3 | 4,518 | 3.8 |
| T. Rowe Price Retirement 2020 R | 3,340 | 1.9 | 2,225 | 1.5 | 1,176 | 0.8 | 140 | 0.1 |
| T. Rowe Price Retirement 2030 R | 4,022 | 2.3 | 4,429 | 3.0 | 2,004 | 1.4 | 1,603 | 1.3 |
| T. Rowe Price Retirement 2040 R | 14,949 | 8.6 | 10,653 | 7.3 | 7,121 | 5.1 | 3,860 | 3.2 |
| T. Rowe Price Retirement 2050 R | 76,744 | 44.4 | 67,851 | 46.5 | 56,213 | 40.1 | 43,562 | 36.2 |
| T. Rowe Price Retirement Balanced R | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 |
| Target Date Funds | 99,055 | 57.3 | 85,158 | 58.4 | 66,514 | 47.5 | 49,165 | 40.8 |
| Simsbury 401(a) DC Plan | 172,887 | 100.0 | 145,870 | 100.0 | 140,033 | 100.0 | 120,462 | 100.0 |

Source: MassMutual

Historical Balances by Investment

Simsbury DC

As of September 30, 2018




| | Sep-2018 | | Jun-2018 | | Mar-2018 | | Dec-2017 | |
|--|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | (\$) | % | (\$) | % | (\$) | % | (\$) | % |
| General Account | 213,054 | 53.7 | 199,789 | 54.4 | 158,390 | 50.9 | 140,038 | 49.8 |
| Stable Value / Money Market Funds | 213,054 | 53.7 | 199,789 | 54.4 | 158,390 | 50.9 | 140,038 | 49.8 |
| Dreyfus Bond Market Index Inv | 4,569 | 1.2 | 2,612 | 0.7 | 1,850 | 0.6 | 1,222 | 0.4 |
| Western Asset Core Bond FI | 315 | 0.1 | 304 | 0.1 | 285 | 0.1 | 266 | 0.1 |
| Templeton Global Bond A | 6,137 | 1.5 | 5,693 | 1.6 | 5,420 | 1.7 | 4,929 | 1.8 |
| Fixed Income Funds | 11,021 | 2.8 | 8,609 | 2.3 | 7,555 | 2.4 | 6,417 | 2.3 |
| MFS Value Fund R3 | 14,974 | 3.8 | 13,993 | 3.8 | 13,357 | 4.3 | 12,937 | 4.6 |
| Dreyfus S&P 500 Index | 44,436 | 11.2 | 39,908 | 10.9 | 36,718 | 11.8 | 34,872 | 12.4 |
| T. Rowe Price Growth Stock R | 16,379 | 4.1 | 15,174 | 4.1 | 13,807 | 4.4 | 12,714 | 4.5 |
| AllianceBern Discovery Value A | 7,560 | 1.9 | 6,925 | 1.9 | 6,138 | 2.0 | 5,761 | 2.0 |
| Dreyfus MidCap Index | 17,375 | 4.4 | 16,110 | 4.4 | 14,580 | 4.7 | 13,678 | 4.9 |
| Eaton Vance Atlanta Capital SMID-Cap A | 11,571 | 2.9 | 10,146 | 2.8 | 9,268 | 3.0 | 8,556 | 3.0 |
| Dreyfus Small Cap Stock Index | 9,703 | 2.4 | 8,885 | 2.4 | 7,692 | 2.5 | 7,073 | 2.5 |
| Domestic Equity Funds | 121,998 | 30.7 | 111,141 | 30.3 | 101,560 | 32.6 | 95,591 | 34.0 |
| Hartford International Opportunities R4 | 8,205 | 2.1 | 7,689 | 2.1 | 7,372 | 2.4 | 6,667 | 2.4 |
| International Equity Funds | 8,205 | 2.1 | 7,689 | 2.1 | 7,372 | 2.4 | 6,667 | 2.4 |
| T. Rowe Price Retirement 2020 R | 2,112 | 0.5 | 2,006 | 0.5 | 1,894 | 0.6 | 1,783 | 0.6 |
| T. Rowe Price Retirement 2030 R | 12,490 | 3.1 | 11,619 | 3.2 | 10,690 | 3.4 | 9,692 | 3.4 |
| T. Rowe Price Retirement 2040 R | 21,208 | 5.3 | 19,764 | 5.4 | 17,996 | 5.8 | 16,079 | 5.7 |
| T. Rowe Price Retirement 2050 R | 6,246 | 1.6 | 5,912 | 1.6 | 5,257 | 1.7 | 4,545 | 1.6 |
| T. Rowe Price Retirement Balanced R | 505 | 0.1 | 481 | 0.1 | 447 | 0.1 | 410 | 0.1 |
| Target Date Funds | 42,561 | 10.7 | 39,782 | 10.8 | 36,284 | 11.7 | 32,509 | 11.6 |
| Simsbury BOE DC Plan | 396,839 | 100.0 | 367,010 | 100.0 | 311,161 | 100.0 | 281,222 | 100.0 |

Source: MassMutual

Performance Overview By Investment

As of September 30, 2018

Total Annualized Return (%)

| | QTR | 1 Year | 3 Years | 5 Years | 10 Years | Expense Ratio (%) | Manager Status |
|---|------|-----------|------------|------------|-------------|----------------------|---|
| | | | | | | | 1-50 Percentile =  |
| | | | | | | | 51-75 Percentile =  |
| | | | | | | | 76-100 Percentile =  |
| General Account | | | | | | | |
| <i>FTSE 3 Month T-Bill</i> | 0.5 | 1.6 | 0.8 | 0.5 | - | - | MAINTAIN |
| Dreyfus Bond Market Index Inv | -0.1 | -1.7 | 0.8 | 1.7 | 3.2 | 0.40 | MAINTAIN |
| <i>Blmbg. Barc. U.S. Aggregate Index</i> | 0.0 | -1.2 | 1.3 | 2.2 | 3.8 | - | |
| IM U.S. Broad Market Core+ Fixed Income (MF) Rank | 82 | 72 | 94 | 87 | 96 | 0.80 | |
| Western Asset Core Plus Bond FI | 0.2 | -2.2 | 2.7 | 3.3 | 6.1 | 0.83 | MAINTAIN |
| <i>Blmbg. Barc. U.S. Aggregate Index</i> | 0.0 | -1.2 | 1.3 | 2.2 | 3.8 | - | |
| IM U.S. Broad Market Core Fixed Income (MF) Rank | 37 | 92 | 4 | 1 | 1 | 0.71 | |
| Templeton Global Bond A | 0.9 | -2.3 | 3.5 | 1.6 | 5.5 | 0.96 | MAINTAIN |
| <i>FTSE World Government Bond Index</i> | -1.6 | -1.5 | 1.7 | 0.2 | 2.2 | - | |
| IM Global Fixed Income (MF) Rank | 10 | 74 | 23 | 44 | 13 | 0.96 | |
| MFS Value Fund R3 | 5.6 | 6.7 | 12.8 | 10.4 | 9.7 | 0.84 | MAINTAIN |
| <i>Russell 1000 Value Index</i> | 5.7 | 9.5 | 13.6 | 10.7 | 9.8 | - | |
| IM U.S. Large Cap Value Equity (MF) Rank | 59 | 92 | 62 | 44 | 41 | 0.99 | |
| Dreyfus S&P 500 Index | 7.6 | 17.3 | 16.7 | 13.4 | 11.4 | 0.50 | MAINTAIN |
| <i>S&P 500 Index</i> | 7.7 | 17.9 | 17.3 | 13.9 | 12.0 | - | |
| IM U.S. Large Cap Core Equity (MF) Rank | 36 | 34 | 26 | 22 | 31 | 0.93 | |
| T. Rowe Price Growth Stock R | 4.9 | 22.2 | 19.3 | 16.1 | 14.7 | 1.17 | MAINTAIN |
| <i>Russell 1000 Growth Index</i> | 9.2 | 26.3 | 20.6 | 16.6 | 14.3 | - | |
| IM U.S. Large Cap Growth Equity (MF) Rank | 97 | 77 | 36 | 26 | 14 | 1.03 | |

Explanation of Category rankings: Percentile rankings are on a scale of 1 to 100, with a rank of 1 (1st percentile) being the best and 100 (100th percentile) being the worst. Rankings relate to net of fee returns for each fund in its respective Lipper peer group. Due to statistical requirements, investment versus peer group rankings will not populate if peer groups contain less than 10 members. Returns for periods less than one year are not annualized.

Source: Lipper Analytical Services or investment manager for non-mutual fund holdings.

^More information on custom indexes, which may be used in this report, can be found on the Custom Index Description page in the back of your report.

Performance Overview By Investment

As of September 30, 2018

Total Annualized Return (%)

| | QTR | 1 Year | 3 Years | 5 Years | 10 Years | Expense Ratio (%) | Manager Status |
|--|-------------|-------------|-------------|-------------|-------------|----------------------|-----------------|
| AllianceBern Discovery Value A | 1.4 | 9.9 | 13.9 | 10.1 | 11.4 | 1.13 | MAINTAIN |
| <i>Russell 2500 Value Index</i> | 2.7 | 10.2 | 14.5 | 10.0 | 10.5 | - | |
| IM U.S. SMID Cap Value Equity (MF) Rank | 49 | 33 | 38 | 22 | 13 | 1.21 | |
| Dreyfus MidCap Index | 3.8 | 13.7 | 15.1 | 11.4 | 12.0 | 0.50 | MAINTAIN |
| <i>S&P MidCap 400 Index</i> | 3.9 | 14.2 | 15.7 | 11.9 | 12.5 | - | |
| IM U.S. Mid Cap Core Equity (MF) Rank | 54 | 26 | 14 | 19 | 15 | 1.10 | |
| Eaton Vance Atlanta Capital SMID-Cap A | 7.9 | 23.0 | 18.7 | 14.3 | 14.8 | 1.19 | MAINTAIN |
| <i>Russell 2500 Growth Index</i> | 7.2 | 23.1 | 18.0 | 12.9 | 13.6 | - | |
| IM U.S. SMID Cap Growth Equity (MF) Rank | 44 | 72 | 47 | 14 | 14 | 1.23 | |
| Dreyfus Small Cap Stock Index | 4.6 | 18.5 | 18.7 | 12.8 | 12.5 | 0.50 | MAINTAIN |
| <i>S&P SmallCap 600 Index</i> | 4.7 | 19.1 | 19.4 | 13.3 | 12.9 | - | |
| IM U.S. Small Cap Core Equity (MF) Rank | 16 | 10 | 20 | 5 | 23 | 1.23 | |
| Hartford International Opportunities R4 | -0.8 | -1.0 | 7.2 | 4.4 | 6.0 | 1.13 | MAINTAIN |
| <i>MSCI AC World ex USA (Net)</i> | 0.7 | 1.8 | 10.0 | 4.1 | 5.2 | - | |
| IM International Large Cap Core Equity (MF) Rank | 96 | 87 | 73 | 19 | 25 | 1.02 | |

*Historical performance of current share class may differ slightly due to share class exchanges and/or blended performance.

Explanation of Category rankings: Percentile rankings are on a scale of 1 to 100, with a rank of 1 (1st percentile) being the best and 100 (100th percentile) being the worst. Rankings relate to net of fee returns for each fund in its respective Lipper peer group. Due to statistical requirements, investment versus peer group rankings will not populate if peer groups contain less than 10 members. Returns for periods less than one year are not annualized.




Source: Lipper Analytical Services or investment manager for non-mutual fund holdings.

^More information on custom indexes, which may be used in this report, can be found on the Custom Index Description page in the back of your report.

Performance Overview By Investment

As of September 30, 2018

Total Annualized Return (%)

| | QTR | 1 Year | 3 Years | 5 Years | 10 Years | Expense Ratio (%) | Manager Status |
|--|------------|------------|-------------|------------|-------------|----------------------|---|
| | | | | | | | 1-50 Percentile =  |
| | | | | | | | 51-75 Percentile =  |
| | | | | | | | 76-100 Percentile =  |
| T. Rowe Price Retirement Balanced R | 1.6 | 3.6 | 6.2 | 4.5 | 5.6 | 1.06 | MAINTAIN |
| <i>T. Rowe Price Retirement Balanced Index</i> | 2.1 | 4.9 | 6.8 | 5.2 | 5.6 | - | |
| IM Retirement Income (MF) Rank | 36 | 30 | 58 | 74 | 81 | 0.85 | |
| T. Rowe Price Retirement 2010 R | 1.8 | 3.6 | 6.9 | 5.2 | 6.5 | 1.07 | MAINTAIN |
| <i>T. Rowe Price Retirement 2010 Index</i> | 2.2 | 5.0 | 7.3 | 5.8 | 6.5 | - | |
| IM Mixed-Asset Target 2010 (MF) Rank | 22 | 34 | 18 | 21 | 17 | 0.71 | |
| T. Rowe Price Retirement 2020 R | 2.1 | 5.3 | 9.1 | 6.8 | 7.9 | 1.13 | MAINTAIN |
| <i>T. Rowe Price Retirement 2020 Index</i> | 3.1 | 7.2 | 9.7 | 7.5 | 7.9 | - | |
| IM Mixed-Asset Target 2020 (MF) Rank | 42 | 27 | 4 | 7 | 3 | 0.80 | |
| T. Rowe Price Retirement 2030 R | 2.4 | 6.9 | 10.9 | 8.1 | 8.9 | 1.19 | MAINTAIN |
| <i>T. Rowe Price Retirement 2030 Index</i> | 3.9 | 9.4 | 11.9 | 8.9 | 8.9 | - | |
| IM Mixed-Asset Target 2030 (MF) Rank | 81 | 48 | 14 | 12 | 6 | 0.83 | |
| T. Rowe Price Retirement 2040 R | 2.5 | 7.9 | 12.1 | 8.9 | 9.4 | 1.24 | MAINTAIN |
| <i>T. Rowe Price Retirement 2040 Index</i> | 4.5 | 11.0 | 13.4 | 9.8 | 9.6 | - | |
| IM Mixed-Asset Target 2040 (MF) Rank | 91 | 71 | 28 | 17 | 8 | 0.85 | |
| T. Rowe Price Retirement 2050 R | 2.5 | 8.1 | 12.4 | 9.0 | 9.5 | 1.24 | MAINTAIN |
| <i>T. Rowe Price Retirement 2050 Index</i> | 4.7 | 11.4 | 13.7 | 9.9 | 9.6 | - | |
| IM Mixed-Asset Target 2050 (MF) Rank | 95 | 78 | 40 | 25 | 9 | 0.85 | |

*Historical performance of current share class may differ slightly due to share class exchanges and/or blended performance.

Explanation of Category rankings: Percentile rankings are on a scale of 1 to 100, with a rank of 1 (1st percentile) being the best and 100 (100th percentile) being the worst. Rankings relate to net of fee returns for each fund in its respective Lipper peer group. Due to statistical requirements, investment versus peer group rankings will not populate if peer groups contain less than 10 members. Returns for periods less than one year are not annualized.

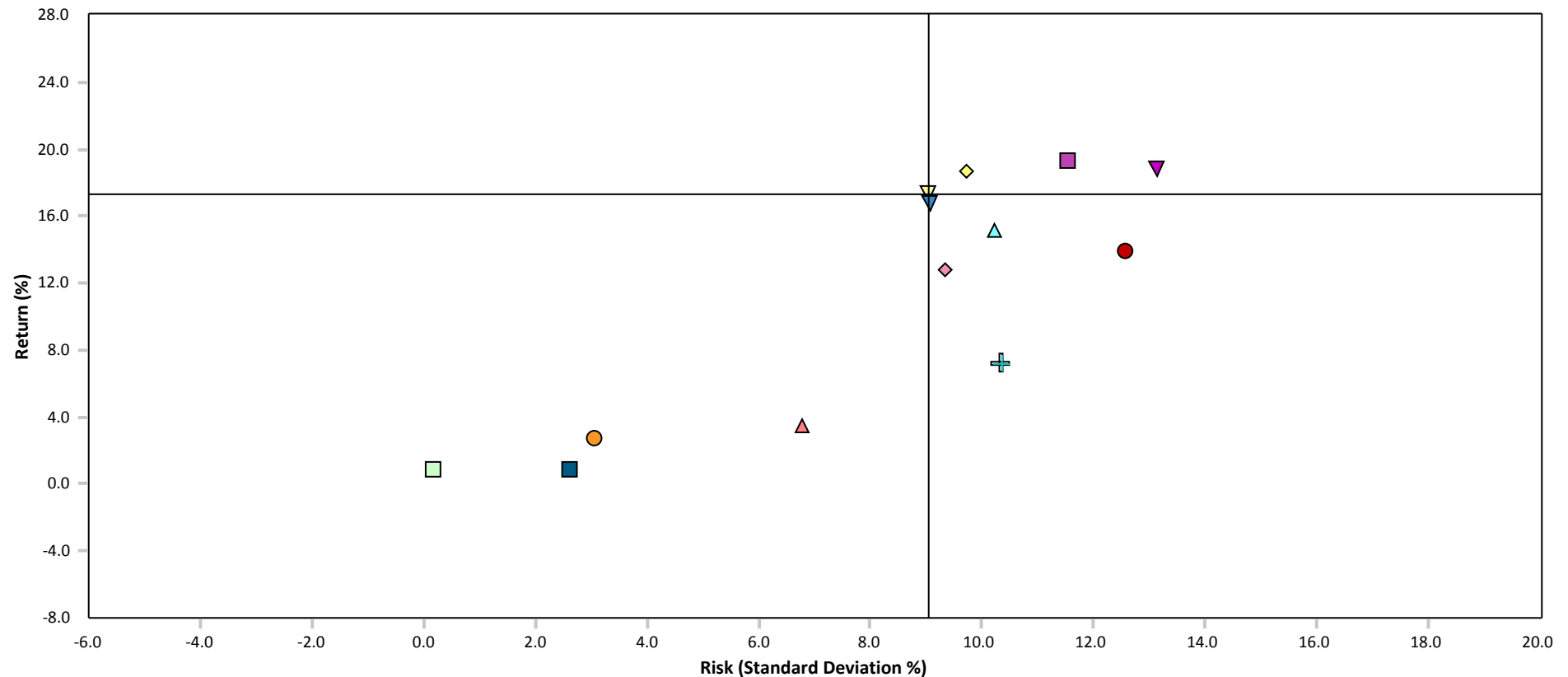
Source: Lipper Analytical Services or investment manager for non-mutual fund holdings.

Performance vs Risk

3 Years Ending September 30, 2018

The plan's investment menu should provide for investment options with materially different risk/reward characteristics that would allow participants to construct a broadly diversified portfolio. The chart below illustrates how the funds in the plan align on the "risk-return spectrum" when compared to the S&P 500 Index.

Calculation based on monthly periodicity.



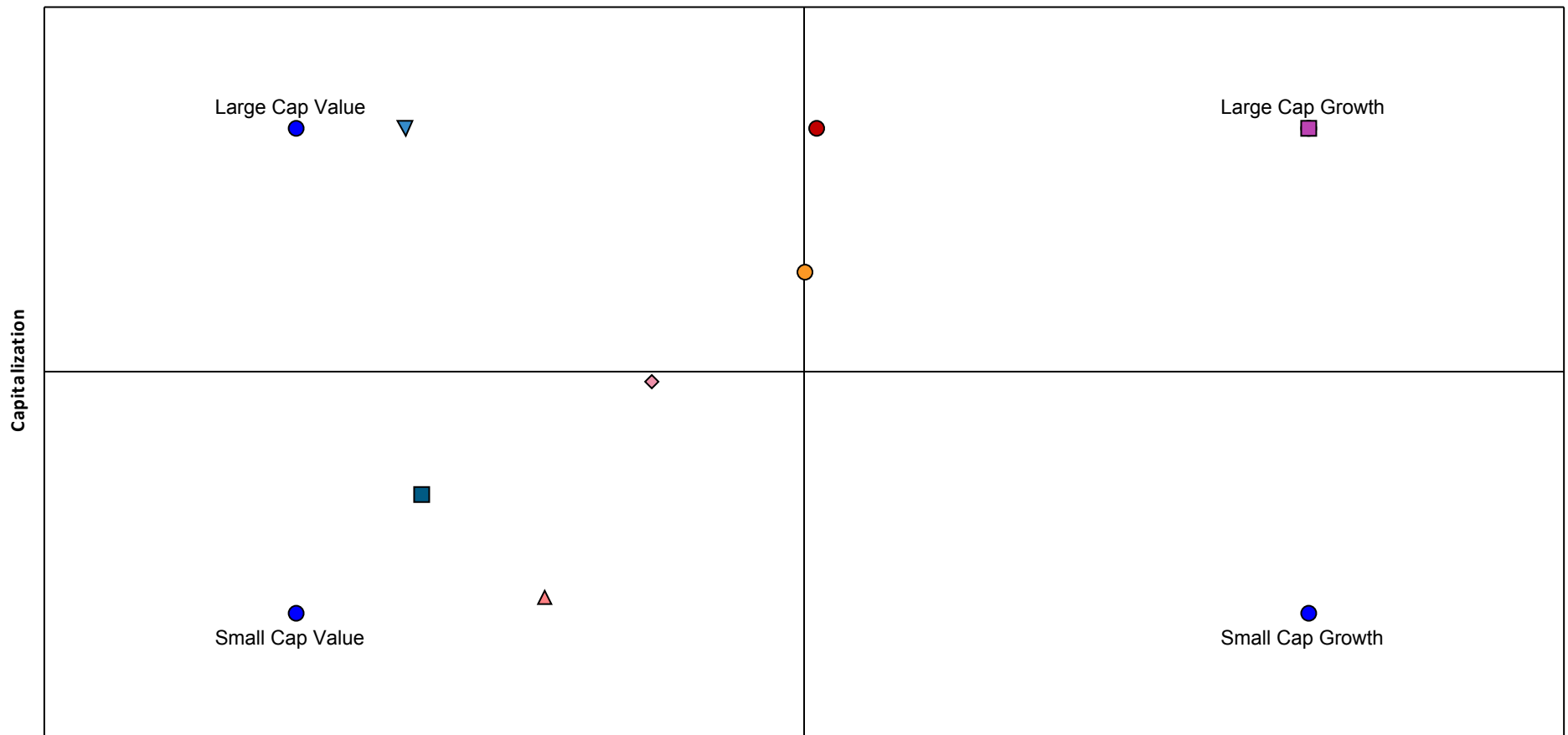
- | | | |
|--------------------------------|---|--|
| Dreyfus Bond Market Index Inv | Western Asset Core Plus Bond FI | Templeton Global Bond A |
| MFS Value Fund R3 | Dreyfus S&P 500 Index | T. Rowe Price Growth Stock R |
| AllianceBern Discovery Value A | Dreyfus MidCap Index | Eaton Vance Atlanta Capital SMID-Cap A |
| Dreyfus Small Cap Stock Index | Hartford International Opportunities R4 | S&P 500 Index |
| 90 Day U.S. Treasury Bill | | |

Performance Statistics

Average Style Exposure

The chart below illustrates the Lipper Style Box exposure for the plan's funds that invest primarily in U.S. stocks. The purpose of the chart is to demonstrate the presence of coverage in all style boxes, from small cap to large cap and from growth to value.

Style Map(03/01/15 - 09/30/18)



■ AllianceBern Discovery Value A

● Eaton Vance Atlanta Capital SMID-Cap A

▲ Dreyfus Small Cap Stock Index

◆ Dreyfus MidCap Index

▼ MFS Value Fund R3

■ T. Rowe Price Growth Stock R

● Dreyfus S&P 500 Index

Manager Commentary

As of September 30, 2018

| Manager | Manager Status | Comments |
|---------------------------------|----------------|---|
| General Account | Maintain | 3Q 2018 - Commentary not available at time of report production. |
| Dreyfus Bond Market Index Inv | Maintain | In accordance with its objective, the Dreyfus Bond Market Index Fund sufficiently tracked its index during the quarter. |
| Western Asset Core Plus Bond FI | Maintain | 3Q 2018 – The Western Asset Core Plus Bond Fund produced a positive absolute return during the third quarter, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index. Rising interest rates proved to be a headwind for the broad fixed income market as bond prices generally fall as interest rates rise. Spread sectors outpaced Treasuries in the quarter as corporate bonds and many securitized sectors generated favorable returns. As a result, the portfolio's overweight to corporate credit was additive relative to the benchmark. However, a longer than benchmark duration posture, which is acting as a ballast against the overweight to spread sectors, detracted. The portfolio's emerging market exposure, which has been a headwind this year following strong contributions last year, was mixed as local currency exposure offset the benefit of hard dollar exposure. There were no major changes in portfolio positioning during the quarter. The team continues to believe U.S. growth will remain subdued, inflation is not going to accelerate, and emerging markets will exhibit better growth. As such, the team remains overweight spread sectors, including corporate bonds, emerging markets, and securitized. |
| Templeton Global Bond A | Maintain | 3Q 2018 – The Templeton Global Bond Fund rose during the third quarter and outperformed its benchmark, the FTSE WGBI. The period was highlighted by weakness in emerging markets due to broad risk aversion amid signs of slowing economic growth outside the U.S., a strengthening U.S. dollar, and in anticipation of a third rate hike by the Federal Reserve in September. The key performance drivers of the strategy during the most recent quarter were currencies. The biggest contributors were the fund's short positions to the yen and euro, which both weakened against the dollar, and the fund's long position to the Mexican peso, which rallied in the wake of a new trade deal with the U.S. and Canada. In contrast, the portfolio's other emerging market currency positions, particularly the Indian rupee and Argentinian peso, detracted. Select duration exposures in Latin America, most notably Argentina, also detracted from returns as yields rose across several local markets in Latin America and Asia ex-Japan. The team continues to expect the widening rate differentials between the U.S. and the Eurozone and Japan to further weaken the euro and yen. In terms of rates and duration, the team maintains its defensive approach to rates in developed markets while holding select exposures in countries that have attractive risk/return profiles, relatively higher yields, and favorable macro conditions for yields to remain stable or shift lower. |

Manager Commentary

As of September 30, 2018

| Manager | Manager Status | Comments |
|------------------------------|----------------|---|
| MFS Value Fund R3 | Maintain | 3Q 2018 - The MFS Value Fund performed in line with the Russell 1000 Value Index in the third quarter. Value stocks (as measured by the Russell Indices) continued to underperform growth stocks over the quarter as the Russell 1000 Value Index was up 5.7% while the Russell 1000 Growth Index was up 9.2%. Sector allocation contributed to performance during the quarter while overall stock selection was a modest detractor. An overweight position along with stock selection in the industrials sector was the largest contributor to performance this quarter. Within the sector, selection was particularly strong in the aerospace & defense industry. Also, avoiding GE contributed positively to relative performance as concerns about profitability and cash flow continue to weigh on the company. An overweight position in healthcare also benefited performance as the sector outperformed the broad market during the quarter. Conversely, stock selection in the financials sector weighed on returns. Not holdings shares of Berkshire Hathaway detracted from returns as shares of the company gained after reporting quarterly earnings that beat consensus estimates. The Fund has trailed the benchmark over the past year which is starting to weigh on the longer 3yr and 5r trailing returns. The Fund's underweight position in energy has hurt as the sector has been one of the best performing ones in the benchmark over the past year. The Fund's overweight in Staples has also hurt as the sector has been the worst performing one in the benchmark over the past year. The Fund has always underweighted the energy sector due to the cyclical nature of the space and has historically favored staples due to the durability of the sector. |
| Dreyfus S&P 500 Index | Maintain | In accordance with its objective, the Dreyfus S&P 500 Index Fund sufficiently tracked its index during the quarter. |
| T. Rowe Price Growth Stock R | Maintain | 3Q 2018 – The T. Rowe Price Growth Stock Fund produced a positive absolute return during the third quarter but trailed the Russell 1000 Growth Index. Despite ongoing fears of trade wars and rising interest rates, strong corporate earnings and a generally positive economic backdrop lifted U.S. domestic equities higher in the quarter. Growth stocks continued their recent dominance over value as did large cap companies relative to smaller market cap companies. Regarding the portfolio's attribution, underperformance was primarily the result of weakness in technology and consumer discretionary, as adverse selection in these groups weighed on their results. Specifically, Alibaba and Tesla, two consumer discretionary names, were the greatest detractors, while an underweight to Apple also served as a headwind. Tencent, within communication services, was another noteworthy underperformer, as the stock fell alongside weakness in China and increased regulations on gaming. While the underperformance was fairly broad across sectors this period, the Fund did experience pockets of strength, as not holding energy names was beneficial as was an underweight and positive selection in real estate. |

Manager Commentary

As of September 30, 2018

| Manager | Manager Status | Comments |
|---|----------------|--|
| AllianceBern Discovery Value A | Maintain | 3Q 2018 - The Alliance Bernstein Discovery Value Fund trailed the Russell 2500 Value Index in the third quarter. Growth stocks continued their outperformance over value stocks as the Russell 2500 Growth Index returned 7.2% vs the Russell 2500 Value Index's 2.7% return. From an attribution standpoint, stock selection was a detractor in the quarter while sector selection was a contributor. The fund experienced positive stock selection in the healthcare and energy sectors but these contributions were more than offset by negative stock selection in industrials, consumer discretionary and technology. An underweight position in healthcare offset much of the contribution from stock selection in the sector. The health care sector, viewed as being largely insulated from trade frictions continued to be a significant outperformer. An underweight in real estate benefited performance as the sector underperformed the broader market during the period. |
| Dreyfus MidCap Index | Maintain | In accordance with its objective, the Dreyfus Midcap Index Fund sufficiently tracked its index during the quarter. |
| Eaton Vance Atlanta Capital SMID-Cap A | Maintain | 3Q 2018 – The Eaton Vance Atlanta Capital Smid Cap Fund rose during the third quarter and outpaced the Russell 2500 Growth Index. Among small and mid-cap growth stocks, trends from prior periods largely persisted as high P/E and high growth stocks once again outperformed their low P/E and low growth counterparts. Quality metrics were mixed, but generally witnessed improved performance from earlier in the year. This served as a tailwind for the portfolio's higher quality approach, which was able to take advantage through favorable security selection. Specifically, picks within materials, financials and consumer discretionary boosted relative results most, lifted by stakes in AptarGroup, WR Berkley and Aramark. Allocation effects continued to be a headwind given the aforementioned investor preference for higher growth areas of the market. Most notably, the Fund's large overweight to financials held back relative gains, as did an underweight to the strong performing health care sector. |
| Dreyfus Small Cap Stock Index | Maintain | In accordance with its objective, the Dreyfus Small Cap Stock Index Fund sufficiently tracked its index during the quarter. |
| Hartford International Opportunities R4 | Maintain | 3Q 2018 – The Hartford International Opportunities Fund declined during the third quarter and underperformed its benchmark, the MSCI ACWI ex-US. Non-U.S. stocks delivered mixed returns in the period amid signs of slowing growth outside of the U.S., ongoing global trade disputes, and rising interest rates. The Fund's lagging returns were primarily the result of weak stock selection in the information technology and consumer discretionary sectors where positions in China-based stocks, Sunny Optical Technology and New Oriental Education, were among the largest detractors. In addition, sector allocation also had a negative impact on performance due to the portfolio's overweight allocation to information technology and consumer discretionary combined with an underweight exposure to energy, which continued to outperform amid rising oil prices. Meanwhile, this underperformance was partially offset by positive stock selection in the health care and industrials sectors led by positions in Ono Pharmaceutical, which continues to benefit from strength in their immune-oncology drug, Opdivo, and Safran, which released a very strong earnings report and raised guidance significantly. The Fund is sub-advised by Wellington Management. |

Manager Commentary

As of September 30, 2018

| Manager | Manager Status | Comments |
|--------------------------------|----------------|---|
| T. Rowe Price Retirement Funds | Maintain | 3Q 2018 – The T. Rowe Price Retirement Funds produced positive absolute returns, but performed in the bottom decile of peers, and significantly lagged their respective composite indices. On an absolute basis, longer dated vintages outperformed shorter vintages as the higher equity allocations were additive. Tactical allocations were a major headwind across all vintages, as the suite was underweight equities approximately 2.75% and overweight fixed income during a period that saw equities, and in particular domestic equities, greatly outperform. The suite was also overweight international and EM equities, and underweight domestic which was a further headwind, and was also underweight large cap domestic and overweight small cap domestic equities, which also detracted for the period. Within fixed income, tactical allocations were also headwinds, as the suite maintained a 3% underweight position to High Yield, and overweight positions to EM local currency debt. Security selection was mixed, large cap domestic equities selection was negative and impacted the longer dated vintages the most. The fund continues to maintain a defensive posture, including an underweight position to equities, but has decreased the EM equities overweight during the quarter. Long term performance is still strong for the suite, as five and ten year figures still remain in the top quartile among peers. |

Investment Statistics – Descriptions

| Statistic | Description |
|--------------------------------------|---|
| Active Return | Arithmetic difference between the manager's return and the benchmark return over a specified period. |
| Excess Return | Arithmetic difference between the manager's return and the risk-free return over a specified period. |
| Standard Deviation | Represents the degree of variation, or dispersion, of a portfolio's return in relation to its mean return. It is a measure of volatility or investment risk. |
| Downside Risk | A measure of the standard deviation, or volatility, of a portfolio's negative returns in relation to the mean of the negative returns over a specified period. The higher the figure, the riskier the portfolio in negative performance environments. |
| Sharpe Ratio | Represents the excess return over the risk-free return divided by the standard deviation of the portfolio's return. The ratio shows how well a portfolio performs versus a risk-free investment. The higher the value, the better the portfolio's historical risk-adjusted performance. |
| Tracking Error | A measure of the standard deviation of a portfolio's excess return over the return of appropriate market benchmark. Tracking error measures how closely a portfolio follows or tracks the index to which it is benchmarked. |
| Information Ratio | A measure of a portfolio's active return over its benchmark divided by the tracking error. A higher ratio indicates a manager's ability to consistently add active return relative to a benchmark. |
| 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. A beta of 1.0 implies a portfolio is perfectly correlated to the market. |
| Alpha | A measure of the portfolio's value added relative to a benchmark, given its level of systematic 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. |
| Consistency | Also known as batting average, the percentage of quarters that a portfolio 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 portfolio's active performance. |
| R-Squared | Also known as the coefficient of determination, R-Squared (R^2) represents the percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. A high R^2 means a higher correlation of the portfolio's performance to that of the appropriate benchmark. |
| Up Market Capture | The ratio of a portfolio's average return over the benchmark during periods of positive benchmark return. Higher values indicate better performance in positive markets compared to the benchmark. |
| Down Market Capture | The ratio of a portfolio's average return over the benchmark during periods of negative benchmark return. Lower values indicate better performance (and better protection of capital) in down markets compared to the benchmark. |
| Style Map | Using returns-based style analysis, the style map gauges the adherence of a portfolio to its style mandate. The trend of the style plots identifies style drift, or lack thereof. |
| Private Equity Investments | |
| Internal Rate of Return (IRR) | An annualized money weighted return used primarily to measure performance of private equity investments. It represents the discount rate that makes the present value of the since inception paid-in capital and distributions associated with an investment equal to zero. |
| Investment Multiple (TVPI) | Also known as the total value paid-in capital. Multiple is calculated by dividing the fund's cumulative distributions and net asset value by the paid-in capital. The TVPI shows an investor the fund's total value as a multiple of its cost basis since inception. |
| Realization Multiple (DPI) | Also known as the distributions to paid-in capital (DPI) multiple. This is calculated by dividing the cumulative distributions by paid-in capital. It represents how much of an investor's invested capital has been returned to investors. A fund has broken even when multiple is greater than 1.0. |
| RVPI Multiple (RVPI) | Calculated by dividing residual value, or net asset value, by paid-in capital including fees paid and other expenses incurred. It measures how much of the fund's return is unrealized and dependent on the market value of its investments. |
| PIC Multiple (PIC) | Calculated by dividing paid-in capital by committed capital. This ratio allows a potential investor to see the percentage of a fund's committed capital that has been drawn down to date. |

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Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

Maria E. Capriola - Town Manager

To: Ericka Butler, Town Clerk
Cc: Retirement Plan Subcommittee
From: Maria E. Capriola, Town Manager
Date: November 15, 2018
Re: Retirement Plan Subcommittee – 2019 Regular Meeting Schedule

At their meeting on November 14, 2018 the Retirement Plan Subcommittee agreed by consensus to establish a regular meeting schedule for 2019. A total of four meetings will be held on the third Wednesday of the month at 7:30 am.

Meeting dates are as follows:

February 20, 2019
May 15, 2019
September 18, 2019
November 20, 2019

The meetings will be held in the Main Meeting Room of the Town Hall, located at 933 Hopmeadow Street. Meetings will be properly noticed in accordance with FOIA requirements.