



To: Norwalk Municipal Employees' Pension Board

From: Henry M. Dachowitz, Chief Financial Officer

Date: March 25, 2020

Subject: Emergency Pension Board Meeting – Monday, March 30, 2020 at 6PM

A meeting of the Norwalk Municipal Employees' Pension Board will be held on **Monday, March 30, 2020 at 6:00 p.m.** by Teleconference:

**Call – in Telephone Number 866-640-4044 OR 678-302-3554
Participants Code 841 422.**

AGENDA

1. Market Updates
2. Performance Review
3. Rebalancing Discussion
4. Adjourn

Special Legal Requirements for this Teleconference Meeting

- a) To allow public access, anyone may dial in (please use the numbers listed above) and hear the Board Meeting live. Additionally, the Conference Call will be recorded and a copy of the audio recording will be posted on the City website within 7 days after the meeting.
- b) If you wish to have a question addressed during the meeting, please email your question IN ADVANCE to the City CFO, Henry Dachowitz, at hdachowitz@norwalkct.org
- c) For clarity, EACH person speaking during the meeting must **identify themselves by name and title or affiliation**, EACH time they speak. This will allow all participants as well as those listening to the recording after the meeting to better follow the discussion.

Cc: Harry Rilling, Mayor
Henry M. Dachowitz, CFO
Chitsamay Lam, Comptroller

Laoise King, Chief of Staff
Ray Burney, HR Director

Donna King, City Clerk
Helen Kanganis

Irene Dixon, Asst. City Clerk
Geri Distefano

Tom Shingler, Callan Associates

Britton Murdoch, Callan Associates

William Ireland, Fire Union President

Al Palumbo, NASA President

Judy Archer
Kari Fairchild
Charles Pinto

Richard Baskin
Jim Hendrickson
Joseph Pramer

February 29, 2020



**City of Norwalk
OPEB Monthly Report**

**Investment Measurement Service
Monthly Review**

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Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of February 29, 2020, with the distribution as of January 31, 2020. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	February 29, 2020			Net New Inv.	Inv. Return	January 31, 2020		
	Market Value	Weight	Target			Market Value	Weight	Target
Total Equity	\$66,008,338	66.11%	62.50%	\$8,000,000	\$(5,697,071)	\$63,705,409	60.40%	62.50%
Domestic Equity	\$40,193,082	40.26%	37.50%	\$3,000,000	\$(3,684,275)	\$40,877,357	38.76%	37.50%
Vanguard Total Stock Market	40,193,082	40.26%		3,000,000	(3,684,275)	40,877,357	38.76%	
International Equity	\$25,815,256	25.86%	25.00%	\$5,000,000	\$(2,012,796)	\$22,828,052	21.65%	25.00%
Vanguard Total Int'l. Stock	25,815,256	25.86%		5,000,000	(2,012,796)	22,828,052	21.65%	
Fixed Income	\$24,251,754	24.29%	27.50%	\$(4,549)	\$411,545	\$23,844,757	22.61%	27.50%
Metropolitan West Fund	8,623,972	8.64%		0	137,460	8,486,512	8.05%	
Prudential Cons Core Bond Fnd	15,627,782	15.65%		(4,549)	274,085	15,358,245	14.56%	
Liquid Real Assets	\$9,567,336	9.58%	10.00%	\$0	\$(338,666)	\$9,906,002	9.39%	10.00%
PIMCO All Assets	9,567,336	9.58%		0	(338,666)	9,906,002	9.39%	
Cash	\$12,426	0.01%	0.00%	\$(8,000,000)	\$2,977	\$8,009,449	7.59%	0.00%
Residual Cash	12,426	0.01%		(8,000,000)	2,977	8,009,449	7.59%	
Total Fund	\$99,839,853	100.0%	100.0%	\$(4,549)	\$(5,621,216)	\$105,465,618	100.0%	100.0%

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended February 29, 2020. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended February 29, 2020

	Fiscal YTD	Last 12 Months	Last 36 Months	Last 60 Months	Last 84 Months
Total Equity	(0.44%)	4.35%	7.39%	6.38%	8.84%
Domestic Equity	1.13%	6.79%	9.28%	8.70%	11.89%
Vanguard Total Stock Market**	1.13%	6.79%	9.28%	8.70%	11.89%
CRSP U.S. Total Market Index	1.14%	6.79%	9.29%	8.70%	11.90%
Russell 3000 Index	1.22%	6.90%	9.28%	8.72%	11.90%
International Equity	(3.23%)	0.15%	4.32%	2.58%	3.77%
Vanguard Total Int'l. Stock***	(3.23%)	0.15%	4.32%	2.58%	3.77%
GI All Cap ex US Index	(3.82%)	(0.34%)	4.31%	2.74%	3.96%
Fixed Income	6.34%	11.79%	5.11%	3.28%	2.97%
Metropolitan West Fund	6.24%	11.79%	5.17%	3.64%	-
Prudential Cons Core Bond Fnd	6.40%	11.79%	5.08%	3.67%	-
Blmbg Aggregate Index	6.30%	11.68%	5.01%	3.58%	3.29%
Liquid Real Assets	(1.37%)	1.89%	3.55%	-	-
PIMCO All Asset Fund	(1.37%)	1.89%	3.55%	3.24%	2.69%
Blmbg US TIPS 1-10	3.81%	7.86%	3.19%	2.48%	1.30%
Cash	1.65%	2.35%	1.78%	1.12%	0.80%
Residual Cash	1.65%	2.35%	1.78%	1.12%	-
3-month Treasury Bill	1.31%	2.18%	1.73%	1.13%	0.82%
Total Fund	0.82%	5.58%	6.32%	5.26%	6.68%
Total Fund Benchmark*	1.68%	6.67%	6.46%	5.37%	6.64%
Annual Discount Rate:6.5%					

* Current Month Target = 37.5% Russell 3000 Index, 27.5% Blmbg Aggregate, 25.0% MSCI ACWI ex US and 10.0% Blmbg:TIPS 1-10 Yr.

**On October 27, 2014 switched from Signal Shares to Admiral Shares, On November 14th, 2014 switched to Institutional shares

***On November 14, 2014 switched from Admiral Shares to Institutional Shares

February 29, 2020



**City of Norwalk
Monthly Report**

**Investment Measurement Service
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Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of February 29, 2020, with the distribution as of January 31, 2020. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	February 29, 2020					January 31, 2020		
	Market Value	Weight	Target	Net New Inv.	Inv. Return	Market Value	Weight	Target
Total Equity	\$274,805,232	63.22%	63.00%	\$(83,765)	\$(20,193,047)	\$295,082,044	64.64%	63.00%
U.S. Equity	\$115,442,598	26.56%	27.00%	\$(52,696)	\$(10,081,807)	\$125,577,101	27.51%	27.00%
BR Russell 1000 Index Non-Lend	86,015,533	19.79%		0	(7,656,049)	93,671,582	20.52%	
LSV	14,303,337	3.29%		(48,855)	(1,797,858)	16,150,051	3.54%	
Columbus Circle Investors	14,910,256	3.43%		(3,841)	(627,900)	15,541,997	3.40%	
Total Zesiger	\$213,471	0.05%	-	\$0	\$0	\$213,471	0.05%	-
Zesiger Private Placements	213,471	0.05%		0	0	213,471	0.05%	
International Equity	\$94,723,082	21.79%	22.00%	\$(31,069)	\$(9,019,117)	\$103,773,268	22.73%	22.00%
Developed Markets	\$76,854,153	17.68%	-	\$(31,069)	\$(7,756,472)	\$84,641,694	18.54%	-
Artisan Trust	37,045,720	8.52%		0	(3,698,654)	40,744,374	8.93%	
Silchester	39,808,432	9.16%		(31,069)	(4,057,818)	43,897,319	9.62%	
Emerging Markets	\$17,868,929	4.11%	-	\$0	\$(1,262,645)	\$19,131,574	4.19%	-
BlackRock EM Alpha Tilts	17,868,929	4.11%		0	(1,262,645)	19,131,574	4.19%	
Global Equity/Long Short	\$46,120,645	10.61%	8.00%	\$0	\$(1,092,122)	\$47,212,767	10.34%	8.00%
ABS Global	17,592,293	4.05%		0	(371,208)	17,963,501	3.93%	
Blackstone Park Ave. NT	28,528,352	6.56%		0	(720,914)	29,249,266	6.41%	
Private Equity	\$18,518,908	4.26%	6.00%	\$0	\$0	\$18,518,908	4.06%	6.00%
Pantheon USA IV	167,693	0.04%		0	0	167,693	0.04%	
Pantheon USA VI	2,942,493	0.68%		0	0	2,942,493	0.64%	
Pantheon USA VII	1,827,262	0.42%		0	0	1,827,262	0.40%	
Pantheon Europe Fund V A	801,380	0.18%		0	0	801,380	0.18%	
Pantheon Global Fund III	467,147	0.11%		0	0	467,147	0.10%	
Pantheon US Select 2014	12,312,933	2.83%		0	0	12,312,933	2.70%	
Domestic Fixed-Income	\$95,575,011	21.99%	20.00%	\$(14,022)	\$1,580,298	\$94,008,735	20.59%	20.00%
Prudential Cons Core Bond	48,172,246	11.08%		(14,022)	824,734	47,361,534	10.37%	
Metropolitan West Fund	47,402,765	10.91%		0	755,564	46,647,201	10.22%	
Absolute Return	\$22,097,499	5.08%	4.00%	\$0	\$138,343	\$21,959,157	4.81%	4.00%
UBS AIS*	22,097,499	5.08%		0	138,343	21,959,157	4.81%	
Real Assets	\$40,031,335	9.21%	12.00%	\$0	\$(1,400,922)	\$41,432,257	9.08%	12.00%
PIMCO All Asset	39,576,075	9.11%	6.00%	0	(1,400,922)	40,976,997	8.98%	6.00%
Infrastructure	\$455,260	0.10%	6.00%	\$0	\$0	\$455,260	0.10%	6.00%
Macquarie Partners A	453,001	0.10%		0	0	453,001	0.10%	
Macquarie Partners B	2,259	0.00%		0	0	2,259	0.00%	
Cash	\$2,144,414	0.49%	1.00%	\$(1,887,806)	\$4,488	\$4,027,732	0.88%	1.00%
Cash Account	2,144,414	0.49%		(1,887,806)	4,488	4,027,732	0.88%	
Total Fund	\$434,653,491	100.0%	100.0%	\$(1,985,593)	\$(19,870,840)	\$456,509,924	100.0%	100.0%

*UBS AIS market value is estimated preliminary.

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended February 29, 2020. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended February 29, 2020

	Fiscal YTD	Last 12 Months	Last 36 Months	Last 60 Months	Last 84 Months
Total Equity	(0.91%)	3.26%	6.71%	5.10%	7.61%
U.S. Long Equity	(0.24%)	4.15%	8.20%	7.93%	11.39%
Russell 3000 Index	1.22%	6.90%	9.28%	8.72%	11.90%
BR Russell 1000 Index Non-Lendable	1.65%	7.82%	9.72%	-	-
Russell 1000 Index	1.66%	7.82%	9.73%	9.00%	12.16%
LSV	(10.53%)	(13.85%)	(3.95%)	1.92%	6.90%
Russell 2000 Value Index	(7.87%)	(9.29%)	(0.83%)	3.61%	6.62%
Columbus Circle Investors	(0.28%)	3.51%	15.49%	10.36%	14.02%
Russell 2500 Growth Index	(0.10%)	3.78%	10.57%	8.11%	11.82%
International Equity	(3.92%)	(0.06%)	4.98%	2.57%	4.55%
MSCI ACWI ex US Index	(3.96%)	(0.19%)	4.66%	2.67%	3.85%
Developed Markets	(3.94%)	0.91%	5.55%	2.97%	5.79%
MSCI EAFE Index	(4.70%)	(0.57%)	3.92%	1.96%	3.98%
Artisan Trust	(1.61%)	7.61%	9.50%	2.95%	-
MSCI EAFE Gr w/ gr div	(1.83%)	5.94%	7.72%	4.65%	6.03%
Silchester	(6.00%)	(4.59%)	2.23%	3.23%	6.34%
MSCI EAFE Val Idx	(7.55%)	(6.61%)	0.54%	(0.40%)	2.25%
Emerging Markets	(3.83%)	(4.41%)	2.51%	0.82%	(0.32%)
BlackRock EM Alpha Tilts	(3.83%)	(3.58%)	-	-	-
MSCI Emerging Mkts Idx	(3.06%)	(1.51%)	5.28%	3.11%	2.13%
Global Equity/Long Short	2.94%	6.00%	4.54%	2.73%	5.07%
HFRI FOF: Strategic Index	0.27%	3.01%	2.85%	1.79%	3.03%
ABS Global	4.76%	7.21%	5.10%	3.02%	5.47%
MSCI World Index	(0.69%)	4.63%	7.24%	5.88%	8.30%
Blackstone Park Ave. NT	2.07%	5.44%	4.27%	2.59%	4.88%
S&P 500 Index	1.75%	8.19%	9.87%	9.23%	12.29%
Private Equity (1)	1.88%	8.75%	10.41%	7.95%	9.04%
Pantheon USA IV	0.00%	-	-	-	-
Pantheon USA VI	0.20%	-	-	-	-
Pantheon USA VII	(1.71%)	-	-	-	-
Pantheon Europe Fund V A	2.12%	-	-	-	-
Pantheon Global Secondary Fund III	1.36%	-	-	-	-
Pantheon US Select 2014	2.90%	-	-	-	-
Private Equity Benchmark	1.88%	8.75%	10.41%	7.95%	9.04%

(1) Current 0% return due to a two quarter lag in valuation.

Investment Manager Returns

The table below details the rates of return for the fund's investment managers over various time periods ended February 29, 2020. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended February 29, 2020

	Fiscal YTD	Last 12 Months	Last 36 Months	Last 60 Months	Last 84 Months
Domestic Fixed Income	6.32%	11.80%	5.13%	3.68%	3.24%
Prudential Cons Core Bond	6.40%	11.81%	5.09%	3.71%	3.42%
Metropolitan West Fund	6.23%	11.79%	5.17%	3.64%	-
Bloomberg Aggregate Index	6.30%	11.68%	5.01%	3.58%	3.29%
Absolute Return	3.78%	6.42%	3.46%	3.19%	-
UBS AIS*	3.78%	6.42%	3.46%	3.19%	-
HFRI FOF: Conservative Index	1.85%	3.81%	2.91%	2.13%	2.94%
Real Assets	(1.28%)	1.92%	5.49%	5.92%	5.28%
PIMCO All Asset Fund	(1.37%)	1.89%	3.55%	3.24%	2.69%
Bloomberg US TIPS 1-10	3.81%	7.86%	3.19%	2.48%	1.30%
Infrastructure (1)	3.68%	5.09%	12.27%	14.13%	14.38%
Macquarie Partners A	9.30%	-	-	-	-
Macquarie Partners B	1.13%	-	-	-	-
Cash	1.50%	2.41%	1.95%	1.31%	0.96%
Cash	1.50%	2.41%	1.95%	1.31%	0.96%
3-month Treasury Bill	1.31%	2.18%	1.73%	1.13%	0.82%
Total Fund	0.70%	4.91%	5.99%	4.69%	6.27%
Total Fund Custom Benchmark (2)	1.61%	6.08%	6.26%	4.86%	5.73%
Annual Discount Rate:7.00%					

*UBS AIS performance is estimated preliminary.

(1) Current 0% return due to a two quarter lag in valuation.

(2) The Total Fund Custom Benchmark is 27.0% Russell 3000 Index, 22.0% MSCI ACWI ex-US, 20.0% Barclays Aggregate Index 6.0% Norwalk Private Equity, 8.0% HFRI FOF Strategic, 6.0% Bloomberg Barclays US TIPS 1-10 Year Index, 6.0% LIBOR 3-month + 5, 4.0% HFRI FOF Conservative, 1% 3-month Treasury Bill