CLEARBROOK

INVESTMENT PERFORMANCE REPORT

The West Warwick Pension Board,

On Behalf of the Town of West Warwick

June 2017

WEST WARWICK TOTAL PLAN

Market Performance

As of June 30, 2017

Domestic Equity

- US domestic equities rallied in June with the S&P 500 index up 0.6%. A large rebound in consumer spending, after a weak Q1, was the consensus call for Q2. Technology, Financials and Healthcare sectors led the market rally while the Real Estate and Utilities sectors underperformed. The return disparity between Growth and Value contracted, as the Russell 1000 Growth index was down -0.3% for the month versus 1.6% for the Russell 1000 Value. YTD, these indices are up 14.0% and 4.7%, respectively.
- Small cap stocks outperformed large cap as the Russell 2000 was up 3.5% for the month and the Russell 1000 was 0.7%. However, YTD the small cap index is up only 5.0% while the S&P 500 is up 9.3%.
- At the end of June, the 12-month forward P/E ratio was 17.4x, up from 16.9x in December. (Source: Factset)

International Equity

- The MSCI EAFE was down -0.8% in June but is up 7.6% for the year in local currency terms. For US dollar investors, the index was down -0.2% and is up 13.8% YTD, respectively as the USD declined in value throughout the month. Emerging markets staged a strong rally as the MSCI EM index was up 1.0%, and is up 18.4% YTD.
- Valuations continue to favor emerging market equities over that of developed markets. Further, capital flows continue to move out of money market funds into riskier assets as the global economic recovery continues.
- Japan's equity market (local currency) soared 2.7% in June as strong economic data supported its recovery. Nonetheless, its 5.9% YTD return lags virtually all developed equity markets.

Fixed Income

- The Federal Reserve raised interest rates by a quarter point in mid-June, marking the third interest rate hike since December 2016. According to Fed chair Janet Yellen, this hike "reflects the progress the economy has made." Most notably, the US economy has demonstrated sustained growth in recent months, with 2017, GDP growth forecasted at 2.2% and the unemployment rate sitting at 4.2%. Many economists expect to see one more rate hike by the end of the calendar year. The Treasury curve flattened once again last month as the 2-yr, 5-yr, and 10-yr yields rose by 10 bps, 14 bps, and 11 bps respectively. The 30-yr yield, conversely, fell 2 bps.
- The broad US bond market index, as measured by the Barclays US Aggregate, returned -0.1% in June. RMBS (-0.4%), CMBS (-0.3%), ABS (-0.1%), and Agencies (0.1%) headlined sector losses. The Federal Reserve's decision to raise rates likely contributed to the decline of the indexes as well. On the heels of the Fed's plan to end reinvestment in agency mortgage-backed securities, AMBS spreads increased 5 bps in June. All other sectors saw spread tightening.

Economics

- Economic growth is projected to pick up for the rest of 2017 and into 2018, as headwinds from past exchange rate appreciations abate and support from fiscal policy begins to appear. Consumer spending will benefit from continued, though slowing, employment gains and, as the labor market tightens, stronger wage growth. With inflation nearing its target and unemployment edging down further, monetary policy stimulus has begun to be withdrawn gradually. As growth picks up, further interest rate rises are projected to contain inflationary pressures and reduce the risk of financial-market distortions.
- In the U.S., the month's best news was a big bounce for new home sales, up nearly 3% in May to a 610,000 annualized rate to hit the top end of economist's consensus range. The report, always volatile, included a sizable upward revision to April which however, at 593,000, is still the year's low. Low unemployment and low mortgage rates are major pluses for housing.

WEST WARWICK TOTAL PLAN

WEST WARWICK TOTAL PLAN Performance

As of June 30, 2017

	Market Value ($)	% of Portfolio	Ending June 30, 2017 1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	Inception Return (%)	Since
WEST WARWICK TOTAL PLAN	**33,697,592**	**100.0**	**-0.1**	**2.4**	**6.5**	**6.5**	**12.6**	**3.8**	**6.1**	**Jan-11**
Policy Index			*0.4*	*2.8*	*7.1*	*7.1*	*11.7*	--	--	*Jan-11*
TOTAL EQUITY	**18,406,357**	**54.6**	**0.4**	**4.1**	**10.7**	**10.7**	**21.9**	--	--	
MSCI ACWI			*0.5*	*4.3*	*11.5*	*11.5*	*18.8*	*4.8*	--	
DOMESTIC EQUITY	**8,782,969**	**26.1**	**0.5**	**2.8**	**7.8**	**7.8**	**22.9**	--	--	
Russell 3000			*0.9*	*3.0*	*8.9*	*8.9*	*18.5*	*9.1*	--	
VANGUARD 500 INDEX ADM	3,390,170	10.1	0.6	3.1	9.3	9.3	17.8	--	11.0	Nov-15
S&P 500			*0.6*	*3.1*	*9.3*	*9.3*	*17.9*	--	*11.1*	*Nov-15*
DODGE & COX LARGE CAP VALUE	1,069,709	3.2	1.4	1.8	6.8	6.8	28.7	--	14.5	Oct-15
Russell 1000 Value			*1.6*	*1.3*	*4.7*	*4.7*	*15.5*	--	*11.5*	*Oct-15*
iSHARES RUSSELL 1000 GROWTH ETF	2,245,193	6.7	-0.3	4.6	13.8	13.8	20.2	--	11.0	Oct-15
Spliced Russell 1000 Growth Index			*-0.3*	*4.7*	*14.0*	*14.0*	*20.4*	*10.3*	*16.2*	*Oct-15*
VANGUARD MID CAP INDEX FUND	1,338,388	4.0	0.7	2.8	--	--	--	--	2.5	Mar-17
Russell Mid Cap Index			*1.0*	*2.7*	--	--	--	--	*2.5*	*Mar-17*
AMG SILVERCREST SMALL CAP I	739,509	2.2	1.3	1.6	1.3	1.3	24.1	--	14.3	Nov-15
Russell 2000 Value			*3.5*	*0.7*	*0.5*	*0.5*	*24.9*	--	*15.5*	*Nov-15*
INTERNATIONAL EQUITY	**9,622,388**	**28.6**	**0.3**	**5.6**	**14.6**	**14.6**	**19.1**	--	--	
MSCI ACWI ex USA			*0.3*	*5.8*	*14.1*	*14.1*	*20.5*	*0.8*	--	
VANGUARD DEVELOPED MARKETS ADM	2,803,374	8.3	0.6	6.4	14.7	14.7	20.3	--	7.8	Oct-15
Vanguard Developed Custom			*0.2*	*6.2*	*13.9*	*13.9*	*20.5*	--	*7.2*	*Oct-15*
CAUSEWAY INTERNATIONAL VALUE INV	1,336,827	4.0	-0.2	5.0	13.2	13.2	20.8	--	5.6	Oct-15
MSCI EAFE Value			*0.3*	*4.8*	*11.1*	*11.1*	*25.0*	--	*6.5*	*Oct-15*
JOHN HANCOCK INTERNATIONAL GROWTH FUND	1,384,022	4.1	0.0	--	--	--	--	--	0.0	Jun-17
MSCI EAFE Growth			*-1.2*	--	--	--	--	--	*-1.2*	*Jun-17*
CAUSEWAY EMERGING MARKETS	2,055,509	6.1	1.2	4.5	19.4	19.4	24.1	--	10.3	Nov-15
MSCI Emerging Markets			*1.0*	*6.3*	*18.4*	*18.4*	*23.7*	--	*12.6*	*Nov-15*
DFA EMERGING MARKETS CORE EQUITY	1,771,872	5.3	0.9	4.7	--	--	--	--	3.8	Mar-17
MSCI Emerging Markets			*1.0*	*6.3*	--	--	--	--	*4.8*	*Mar-17*
iSHARES MSCI EUR FN ETF	270,783	0.8	-0.1	--	--	--	--	--	-0.1	Jun-17
MSCI Europe/Financials NR USD			*2.0*	--	--	--	--	--	*2.0*	*Jun-17*

WEST WARWICK TOTAL PLAN

As of June 30, 2017

	Market Value ($)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	Return (%)	Since
TOTAL FIXED INCOME	**7,603,190**	**22.6**	**-0.1**	**1.2**	**2.2**	**2.2**	**0.2**	**--**	**--**	
BBgBarc US Universal TR			*-0.1*	*1.5*	*2.6*	*2.6*	*0.9*	*2.8*	--	
VANGUARD INTERM BOND INDEX FUND ADM	2,534,895	7.5	-0.3	1.6	2.9	2.9	-1.0	--	2.0	Oct-15
Barclays U.S. Gov/Credit 5-10 Yr			*-0.3*	*1.7*	*2.9*	*2.9*	*-0.8*	--	*2.4*	*Oct-15*
BAIRD SHORT TERM BOND	1,084,557	3.2	-0.1	0.5	1.1	1.1	1.0	--	1.7	Oct-15
Barclays 1-3 Yr. Govt/Credit			*0.0*	*0.3*	*0.7*	*0.7*	*0.3*	--	*0.8*	*Oct-15*
DIAMOND HILL SHORT DURATION	1,156,835	3.4	0.3	0.8	--	--	--	--	0.8	Apr-17
Barclays 1-3 Yr. Gov/Credit			*0.0*	*0.1*	--	--	--	--	*0.1*	*Apr-17*
DOUBLELINE TOTAL RETURN BOND I	2,826,903	8.4	-0.2	1.4	2.4	2.4	1.4	--	2.0	Oct-15
Barclays Aggregate			*-0.1*	*1.4*	*2.3*	*2.3*	*-0.3*	--	*2.1*	*Oct-15*
TOTAL ALTERNATIVES	**6,306,672**	**18.7**	**-1.1**	**0.5**	**1.6**	**1.6**	**6.6**	**--**	**--**	
BLACKSTONE ALTERNATIVE MULTI-MANAGER FUND I	1,415,466	4.2	-1.0	1.6	5.1	5.1	7.9	--	4.0	Nov-15
HFRX Global Hedge Fund Index			*0.2*	*0.9*	*2.6*	*2.6*	*6.0*	*-0.3*	*1.8*	*Nov-15*
GRAHAM ABSOLUTE RETURN FUND	1,247,106	3.7	-0.4	-4.2	-7.4	-7.4	2.9	--	2.2	Jan-16
DAVIDSON KEMPNER	1,180,759	3.5	0.0	1.7	4.1	4.1	8.4	--	7.5	Jan-16
BALYASNY ATLAS GLOBAL	963,790	2.9	-1.1	-1.5	0.1	0.1	1.7	--	-1.0	Jan-16
HFRX Global Hedge Fund Index			*0.2*	*0.9*	*2.6*	*2.6*	*6.0*	*-0.3*	*3.4*	*Jan-16*
RENAISSANCE INSTITUTIONAL EQUITY	1,498,552	4.4	-2.5	4.4	7.0	7.0	--	--	7.0	Jan-17
TOTAL CASH	**1,383,373**	**4.1**								
CITIZEN SELECT PRIME MONEY MARKET	1,373,610	4.1								
Citi 3mth Treasury Bill										
CASH	9,763	0.0								

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Policy Index: 33% Russell 3000/ 22% MSCI ACWI Ex USA/ 22.5% Barclays U.S. Universal/ 18.5% HFRX Global Hedge Fund Index/ 4% 91 Day T-Bills

Shares Russell 1000 Growth ETF= VIGAX until 12/29/2015, IWF going forward

Spliced Russell 1000 Growth Index= CRSP Large Growth Index until 12/31/2015, Russell 1000 Growth going forward

Footnotes:

-John Hancock International Growth was invested June 29, 2017

-iShares MSCI Europe Financials ETF was invested June 2, 2017

-Diamond Hill Short Duration was invested in April 21, 2017

-DFA Emerging Markets Core Equity was invested March 21, 2017

-Vanguard Mid Cap Index was invested in March 1, 2017

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A copy of Clearbrook's Form ADV, Part 2A, is available, without charge, upon request. The Form ADV, Part 2A, is the SEC disclosure document Clearbrook is required to file as a registered investment advisor. If you would like to receive a copy, please send a written request to the address noted below.

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