

The logo for CLEARBROOK features the word "CLEARBROOK" in a bold, white, sans-serif font. The letters are set against a solid black rectangular background that is positioned behind the text.

CLEARBROOK

INVESTMENT PERFORMANCE REPORT

The West Warwick Pension Board,
On Behalf of the Town of West Warwick

October 2017

WEST WARWICK TOTAL PLAN

WEST WARWICK TOTAL PLAN

Market Performance

As of October 31, 2017

Domestic Equity

- US domestic equities markets continued its strong 2017 run with the S&P 500 TR up +2.33% bringing its YTD return to +16.91%. Equity markets rallied on the back of strong fundamental earnings and robust revenue growth.
- Growth outperformed Value in October as many of the notable FAANG (Facebook, Apple, Amazon, Netflix, and Google) companies reported strong revenue and earnings, and announced optimistic forward-looking growth projections. This helped drive many market cap weighted indices to record highs. The Russell 1000 Growth Index was up 3.88% while Value returned 0.73%. Utilities drove many Value indices higher as reported low inflation figures, reduced the fears of rapidly needed interest rate hikes.
- Small Caps underperformed Large Caps in October returning +0.35% as the tax reform debate and concerns that any legislation may not be approved until 2018, negatively affected Small Caps.
- At the end of October, the 12-month forward P/E ratio stood at 18.0x and the 5-year average P/E ratio is 15.7x. (Source: Fact Set)

International Equity

- International developed markets followed US markets higher with the MSCI EAFE NR LCL Index up +2.97% as Eurozone growth data continues to be strong. In USD terms, the index was up +1.52% due to the rally of the USD. Markets rallied on strong economic growth. However, the Catalan independence referendum caused Spain's financial markets to pull back.
- The removal of quantitative easing by the ECB continues to be at a slower pace than expected. This has provided a tailwind for equity markets that enjoy the financial stimulus and market liquidity.
- Emerging markets had a strong month returning +3.84% in local currency terms and +3.51% in USD. Strong commodity prices helped drive valuations higher as global economies have bid up the prices of materials and energy. Oil is at a two-year high as the Saudi Arabian and Russian production cuts have helped reduce the surplus of global oil inventories. Additionally, increased global demand has also driven oil reserves lower.

Fixed Income

- Credit markets were up in October with the Barclays Aggregate returning +0.06%. Despite Treasury yields rising during the month, tightening spreads, particularly in corporates generated positive returns. Tightening spreads were the result of strong third quarter GDP growth of 3%, which marked the first time since 2014 that growth was 3% or more for two consecutive quarters.
- Securitized credit also performed well as a benign credit default environment combined with strong demand generated attractive returns.
- Despite the flattening of the yield curve, the general rise in rates has caused many corporate issuers to continue coming to market. In October, corporate issuers set a record of investment grade supply with \$113 billion priced.
- By month-end, investment grade and high yield spreads compressed to 95bps and 338bps, respectively.
- Probabilities of a Fed Funds hike of 25bps by year-end rose to 83% at month-end and currently stands at 92% after the first week of November.

Economics

- The rebound in aggregate growth is solid, with global GDP expanding over the year at a rate on par with the strongest seen in over six years. With real GDP growth running at these high levels, the important point is the number of countries participating in this growth mode. According to a metric gauging the share of countries experiencing above trend growth, nearly 75% of the 24 countries comprising JPMorgan's global aggregate achieved above-potential growth in the year through 3Q17, a seven year high. The OECD has also reported that the 45 economies they track around the global are seen a positive coordinated growth spurt last seen 10 years ago.
- In the U.S., in a long-anticipated move, the Fed also announced it would slowly shrink its huge \$4.5 trillion balance sheet starting in October. "The basic message here is U.S. economic performance has been good," Chairwoman Janet Yellen said after Fed officials concluded a two-day meeting. The Fed still plans to raise interest rates once more before year-end, but the central bank signaled its cycle of rate hikes might end sooner than planned.

WEST WARWICK TOTAL PLAN

WEST WARWICK TOTAL PLAN Performance

As of October 31, 2017

Policy Index	Market Value (\$)	% of Portfolio	Ending October 31, 2017			Fiscal			Return			Inception Since
			1 Mo (%)	3 Mo (%)	YTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	Return (%)			
TOTAL EQUITY	20,126,026	57.4	2.4	5.0	19.9	19.9	26.7	7.9	12.8	Nov-15		
MSCI ACWI			2.1	4.4	19.7	19.7	23.2	7.9				
DOMESTIC EQUITY	10,521,759	30.0	2.1	4.8	15.3	15.3	25.3	10.5	14.9	Oct-15		
Russell 3000			2.2	4.9	16.4	16.4	24.0	10.5				
VANGUARD 500 INDEX ADM	3,605,929	10.3	2.3	4.8	16.9	16.9	23.6		12.8	Nov-15		
S&P 500			2.3	4.8	16.9	16.9	23.6		12.8	Nov-15		
DODGE & COX LARGE CAP VALUE	2,336,389	6.7	0.6	3.5	12.6	12.6	25.0		14.9	Oct-15		
Russell 1000 Value			0.7	2.5	8.7	8.7	17.8		11.6	Oct-15		
ISHARES RUSSELL 1000 GROWTH ETF	2,387,365	6.8	3.9	7.1	25.1	25.1	29.4		14.2	Oct-15		
Spliced Russell 1000 Growth Index			3.9	7.2	25.4	25.4	29.7	12.3	16.7	Oct-15		
VANGUARD MID-CAP INDEX FUND	1,404,347	4.0	1.4	3.1					7.5	Mar-17		
Russell Mid Cap Index			1.7	3.7					7.9	Mar-17		
AMG SILVERCREST SMALL CAP	787,729	2.2	1.0	4.0	7.9	7.9	26.1		15.4	Nov-15		
Russell 2000 Value			0.1	4.6	5.8	5.8	24.8		15.7	Nov-15		
INTERNATIONAL EQUITY	9,604,267	27.4	2.7	6.2	25.7	25.7	25.2	5.7	10.3	Oct-15		
MSCI ACWI ex USA			1.9	4.3	23.4	23.4	23.6					
VANGUARD DEVELOPED MARKETS ADM	2,704,863	7.7	1.9	4.4	23.3	23.3	24.4		10.3	Oct-15		
Vanguard Developed Custom			1.7	4.3	22.4	22.4	24.1		9.8	Oct-15		
CAUSEWAY INTERNATIONAL VALUE INV	1,136,033	3.2	1.6	5.6	22.9	22.9	25.5		8.9	Oct-15		
MSCI EAFE Value			0.8	3.2	18.5	18.5	23.2		8.7	Oct-15		
JOHN HANCOCK INTERNATIONAL GROWTH FUND	1,224,743	3.5	2.9	7.1					10.8	Jun-17		
MSCI EAFE Growth			2.3	4.8					6.0	Jun-17		
CAUSEWAY EMERGING MARKETS	2,319,551	6.6	3.5	6.0	34.8	34.8	28.0		15.2	Nov-15		
MSCI Emerging Markets			3.5	5.4	32.3	32.3	26.5		16.7	Nov-15		
DEFA EMERGING MARKETS CORE EQUITY	1,332,126	3.8	3.2	4.8					14.1	Mar-17		
MSCI Emerging Markets			3.5	5.4					17.1	Mar-17		
ISHARES EUROPEAN FIN ETF	276,386	0.8	-1.4	-0.3					8.1	May-17		
MSCI Europe/Financials NR USD			-1.3	0.1					8.5	May-17		
ISHARES MSCI JAPAN ETF	608,676	1.7	8.4						3.4	Oct-17		
MSCI Japan			2.7						2.7	Oct-17		

WEST WARWICK TOTAL PLAN
WEST WARWICK TOTAL PLAN

As of October 31, 2017

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	Return (%)	Since
TOTAL FIXED INCOME	7,140,868	20.4	0.2	0.6	3.4	3.4	1.3	2.8	--	--
BbgBarc US Universal TR			0.1	0.6	3.8	3.8	1.8	2.8	--	--
VANGUARD INTERM BOND INDEX FUND ADM	1,952,464	5.6	0.1	0.3	3.9	3.9	0.5	--	2.2	Oct-15
Barclays U.S. Gov/Credit 5-10 Yr			0.0	0.3	3.9	3.9	0.7	--	2.6	Oct-15
DIAMOND HILL SHORT DURATION	1,778,829	5.1	0.4	0.9	--	--	--	--	2.3	Apr-17
Barclays 1-3 Yr. Gov/Credit			0.0	0.1	--	--	--	--	0.4	Apr-17
DOUBLELINE TOTAL RETURN BOND I	2,824,256	6.1	0.0	0.6	3.6	3.6	2.0	--	2.2	Oct-15
Barclays Aggregate			0.1	0.5	3.2	3.2	0.9	--	2.2	Oct-15
VOYA SECURITIZED CREDIT	585,219	1.7	0.1	--	--	--	--	--	0.1	Oct-17
BbgBarc US Universal			0.2	--	--	--	--	--	0.2	Oct-17
TOTAL ALTERNATIVES	6,702,251	19.1	1.3	2.1	4.8	4.8	5.8	--	--	--
BLACKSTONE ALTERNATIVE MULTIMANAGER FUND I	1,654,969	4.7	1.1	1.9	8.1	8.1	8.8	--	4.8	Nov-15
HFRX Global Hedge Fund Index			0.7	1.6	5.2	5.2	7.0	1.1	2.8	Nov-15
GRAHAM ABSOLUTE RETURN FUND	1,268,332	3.6	-0.6	-1.0	6.2	6.2	0.8	--	2.5	Jan-16
DAVIDSON KEMPER	1,201,338	3.4	0.6	1.4	5.9	5.9	6.7	--	7.1	Jan-16
BALYASNY ATLAS GLOBAL	985,532	2.8	0.5	2.5	2.3	2.3	2.0	--	0.4	Jan-16
HFRX Global Hedge Fund Index			0.7	1.6	5.2	5.2	7.0	1.1	4.2	Jan-16
RENAISSANCE INSTITUTIONAL EQUITY	1,597,080	4.8	4.2	5.9	14.1	14.1	--	--	14.1	Jan-17
TOTAL CASH	1,096,351	3.1	--	--	--	--	--	--	--	--
CITIZEN SELECT PRIME MONEY MARKET	1,096,351	3.1	--	--	--	--	--	--	--	--
Citi Smith Treasury Bill			--	--	--	--	--	--	--	--
CASH	0	0.0	--	--	--	--	--	--	--	--

WEST WARWICK TOTAL PLAN
WEST WARWICK TOTAL PLAN

As of October 31, 2017

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:

- Shares MSCI Japan ETF was invested October 13, 2017
- Voya Securitized Credit was invested October 10, 2017
- Baird Short Term Bond was liquidated August 10, 2017
- John Hancock International Growth was invested June 29, 2017
- Shares MSCI Europe Financials ETF was invested May 31, 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

WEST WARWICK TOTAL PLAN
WEST WARWICK TOTAL PLAN

As of October 31, 2017

Clearbrook Investment Consulting, LLC (Clearbrook) has exercised reasonable professional care in the preparation of this performance report. However, certain information in this report, such as market indices, security characteristics, etc. is received from sources external to Clearbrook. These sources, including pricing and rating services, issuer reports or communications, etc. are believed to be reliable. While efforts are made to ensure that this data is accurate, Clearbrook cannot accept responsibility for any errors that may occur. All rates of return for periods longer than one year have been annualized. All rates of return are gross of management fees and net of commissions unless otherwise noted. Past performance is not an indication of future results.

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.

Timothy C. Ng | Managing Director

CLEARBROOK | 825 Third Avenue, 31st Floor | New York, NY 10022

(p) 212.359.0273 | (f) 212.359.0291 | tng@clbrk.com

Jonathan M. Chesshire, CIMA® | Managing Director

CLEARBROOK | 2 Country View Rd., Suite 130 | Malvern, PA 19355

(p) 610.225.6072 | (c) 484.802.5434 | (f) 610.225.6066 | jchesshire@clbrk.com