

**CLEARBROOK**

## **PERFORMANCE UPDATE**

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

*Pension Portfolio*

*September 2015*

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**Domestic Equity**

- The S&P 500 continued its slide in September as it returned -2.47% for the month and closed the quarter down -6.44%. This month's downturn was driven more so at the industry level than the overall market level, as Energy and Healthcare pulled market indices lower.
- Energy was dragged down further by falling oil prices, which put increased pressure on US oil & gas producers and refiners. Healthcare declined as the market discounted new political rhetoric that could adversely affect the biotech companies. Biotechs had been riding a positive wave of M&A activity, but has pulled back nearly 30% from its July high (Nasdaq Biotech index).
- One of the only sectors to post positive results last month was the Utilities sector as investors sought safety in a non-cyclical sector. The S&P 500 Utilities Sector index was up +2.92%
- Unemployment data released at the end of the month pointed to a struggling US manufacturing environment as the strong US Dollar has adversely affected overseas demand.
- The difference between Growth and Value styles continued to widen in September. For the month, Growth was down -2.47% while Value was down -3.02%. For the year, they are down -1.54% and -8.96%, respectively.

**International Equity**

- Developed international stocks were hard hit as the fallout of the Volkswagen scandal, in which the company admitted to cheating pollution emissions tests in the US for years. This had a significant financial and reputational impact on the German manufacturer.
- The MSCI EAFE index ended down -4.79% in local currency terms and down -5.08% in USD.
- Emerging Markets were less impacted by the VW scandal, but had to contend with continued pressure from commodities as oil declined 21.5% for the quarter and as China continues its accelerating growth decline. According to FactSet, year-over-year China GDP growth is projected to be 6.8%. As S&P 500 companies, in aggregate, generate about 10% of its sales from the Asia Pacific region, any slowdown will have an impact on US sales, further compounded by a strong US Dollar.

**Fixed Income**

- The third quarter was quite volatile as rates zig-zagged with the 10 year Treasury rising to 2.28%, and then traded quickly between 2% and 2.2%. The Fed held off on a September hike giving a nod to the weak global economic backdrop and mixed US economic data that showed pockets of strength in housing, auto sales, but shrinking exports, flat PMI, lower commodity prices are also making things unpredictable for rate forecasters.
- The Barclays Aggregate was up +1.2% for the quarter and posted a +1.1% year to date gain. Credit spreads widened for investment grade and high yield corporates, as risk off declines in the equity market affected corporate bonds. The Barclays US Corp High Yield lost -4.9% and the Barclay's Corp Investment Grade was up +0.8%, but is still negative for the year. Treasuries performed well during the risk-off day as investors sought the safety of Treasuries. Investors saw safety in long duration Investment Grade bonds during the equity sell-offs as well. The Barclays US Long Government index was up +5.0% for the quarter while the Barclays US Long Credit gained +0.5% due to pension buying.

**Economy**

- The outlook for the global economy took a downturn last month due to disappointing jobs growth in the U.S. as well as the weakening business expectations due to a strong USD and possible contagion from the ills seen from the rest of the world. Outside of the U.S., weak Emerging Markets demand, falling currency values, and diminished pricing power for commodities and finished goods produces are creating headwinds for corporate earnings. Overall, we are seeing weakness in manufacturing, productivity and labor supply, and wage growth remains muted.
- In the U.S., the University of Michigan index fell to 85.7 from 91.9 in August, well below the consensus reading of 90.3. That's the lowest level since September 2014. U.S. consumer sentiment took a tumble in September, as the volatility in the stock market was felt on Main Street.
- In Europe, the European Union's statistics agency reported last week output from factories, mines and power stations during July was 0.6% higher than in June, and 1.9% up compared with the same month a year earlier, the strongest performance since February. The median forecast of twenty-two economists surveyed last week was for a month-to-month rise of 0.3%.

West Warwick Total Portfolio

West Warwick Total Portfolio  
Performance

As of September 30, 2015

	Market Value (\$)	% of Portfolio	Ending September 30, 2015							Inception		
			1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	9/1/15 - 9/30/15 (%)	Return (%)	Since
West Warwick Total Portfolio	25,454,375	100.0	-3.2	-3.5	-7.0	-7.0	-1.9	6.6	-	-2.2	5.2	Jan 11
<b>Total Equity</b>	<b>13,151,426</b>	<b>51.7</b>	<b>-3.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.1</b>	<b>-</b>	<b>-</b>
<b>MSCI ACWI</b>			<b>-3.6</b>	<b>-9.4</b>	<b>-7.0</b>	<b>-7.0</b>	<b>-6.7</b>	<b>7.0</b>	<b>6.8</b>	<b>-3.6</b>	<b>-</b>	<b>-</b>
<b>Domestic Equity</b>	<b>10,402,046</b>	<b>40.9</b>	<b>-3.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.1</b>	<b>-</b>	<b>-</b>
Russell 3000			-2.9	-7.2	-5.4	-5.4	-0.5	12.5	13.3	-2.9	-	-
American Funds Washington Mutual F2	2,239,942	8.8	-1.9	-6.0	-6.8	-6.8	-3.6	11.3	12.5	-1.9	-	-
Russell 1000 Value			-3.0	-8.4	-9.0	-9.0	-4.4	11.6	12.3	-3.0	-	-
MFS Massachusetts Investors Gr Stk I	2,339,487	9.2	-2.5	-6.6	-5.4	-5.4	1.9	11.7	13.2	-2.5	-	-
Russell 1000 Growth			-2.5	-5.3	-1.5	-1.5	3.2	13.6	14.5	-2.5	-	-
iShares Russell 1000 ETF	4,205,459	16.5	-2.7	-	-	-	-	-	-	-2.7	-	-
Russell 1000			-2.7	-6.8	-5.2	-5.2	-0.6	12.7	13.4	-2.7	-	-
Pier Capital Small Cap Growth	1,617,158	6.4	-5.1	-10.2	-	-	-	-	-	-5.1	-	-
Russell 2000 Growth			-6.3	-13.1	-5.5	-5.5	4.0	12.8	13.3	-6.3	-	-
<b>International Equity</b>	<b>2,749,379</b>	<b>10.6</b>	<b>-3.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.4</b>	<b>-</b>	<b>-</b>
<b>MSCI ACWI ex USA</b>			<b>-4.6</b>	<b>-12.2</b>	<b>-8.6</b>	<b>-8.6</b>	<b>-12.2</b>	<b>2.3</b>	<b>1.8</b>	<b>-4.6</b>	<b>-</b>	<b>-</b>
American Funds Europacific Growth	2,054,609	8.1	-3.5	-9.9	-3.6	-3.6	-5.2	8.0	4.2	-3.5	-	-
MSCI ACWI ex USA			-4.6	-12.2	-8.6	-8.6	-12.2	2.3	1.8	-4.6	-	-
Oppenheimer Developing Markets	694,870	2.7	-2.9	-17.3	-17.7	-17.7	-23.2	3.7	1.5	-2.9	-	-
MSCI Emerging Markets			-3.0	-17.9	-15.5	-15.5	-19.3	-5.3	-3.6	-3.0	-	-
<b>Total Fixed Income</b>	<b>7,704,916</b>	<b>30.3</b>	<b>-1.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1.2</b>	<b>-</b>	<b>-</b>
Barclays Aggregate			0.7	1.2	1.1	1.1	2.9	1.7	3.1	0.7	-	-
Doubleline Core Fixed Income I	1,734,526	6.8	0.2	0.4	1.5	1.5	2.8	2.6	6.3	0.2	-	-
Barclays Aggregate			0.7	1.2	1.1	1.1	2.9	1.7	3.1	0.7	-	-
Mainstay Unconstrained Bond A	1,510,368	5.9	-2.0	-3.8	-3.0	-3.0	-4.2	1.8	3.5	-2.0	-	-
Barclays Global Aggregate			0.5	0.9	-2.3	-2.3	-3.3	-1.6	0.8	0.5	-	-
PIMCO Unconstrained Bond	1,670,043	6.2	-2.2	-3.7	-3.1	-3.1	-3.0	-0.6	1.0	-2.2	-	-
Barclays Global Aggregate			0.5	0.9	-2.3	-2.3	-3.3	-1.5	0.8	0.5	-	-
Templeton Global Bond Fund A	1,284,815	5.0	-1.9	-5.1	-5.4	-5.4	-7.9	0.3	2.2	-1.9	-	-
Barclays Global Aggregate			0.5	0.9	-2.3	-2.3	-3.3	-1.6	0.8	0.5	-	-
PIMCO Total Return I	1,605,163	6.3	-0.5	-0.1	0.3	0.3	1.6	1.4	3.2	-0.5	-	-
Barclays Aggregate			0.7	1.2	1.1	1.1	2.9	1.7	3.1	0.7	-	-
<b>Total Global Tactical</b>	<b>1,144,255</b>	<b>4.5</b>	<b>-3.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.9</b>	<b>-</b>	<b>-</b>
PIMCO All Asset All Authority	1,144,255	4.5	-3.9	-10.0	-10.5	-10.5	-14.5	-5.2	-0.2	-3.9	-	-
CPI + 5%			0.5	1.2	5.4	5.4	5.2	6.1	6.9	0.5	-	-
<b>Total Alternatives</b>	<b>1,689,542</b>	<b>6.2</b>	<b>-0.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-0.8</b>	<b>-</b>	<b>-</b>
Gabelli ABC Fund Advisor Class	796,637	3.1	-0.3	-0.5	1.0	1.0	1.3	2.7	2.9	-0.3	-	-
HFRI ED: Merger Arbitrage Index			-0.9	-1.6	1.5	1.5	1.5	3.0	2.6	-0.9	-	-
Westchester Capital Merger Fund	792,905	3.1	-1.4	-2.7	-1.9	-1.9	-2.3	1.6	1.8	-1.4	-	-
HFRI ED: Merger Arbitrage Index			-0.9	-1.6	1.5	1.5	1.5	3.0	2.6	-0.9	-	-
<b>Total Cash</b>	<b>1,864,177</b>	<b>7.3</b>										
Citizen Select Prime Money Market	155,779	0.6										
Citi 3mth Treasury Bill												
<b>Cash</b>	<b>1,708,398</b>	<b>6.7</b>										

- CPI + 5% = Consumer Price Index + 0.41

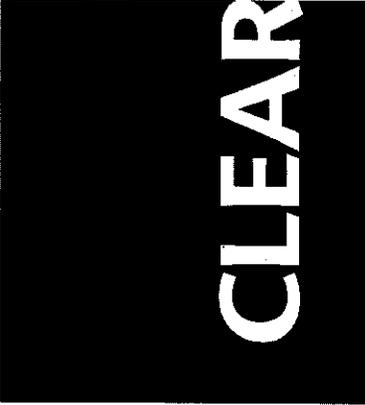
As of September 30, 2015

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**CLEARBROOK**

**INVESTMENT PERFORMANCE REPORT**

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

**October 2015**

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As of October 31, 2015

## Domestic Equity

- The S&P 500 returned +8.44% in October, marking the best monthly return for U.S. equities since October 2011 as investors found more comfort in China's economic outlook and continued central bank easing efforts. Markets have recovered the majority of the losses suffered over the past several months and are now positive YTD.
- Fundamentally, the US economy continues to be positive as consumer spending remained positive and the Chicago PMI surged back into positive territory.
- Both Growth and Value styles were up during the month by +8.39% and +7.39%, respectively. Interestingly, Growth continues to outperform Value, driven in part by the expectation of a rise in interest rates sometime this year.
- Small Cap stocks traded slightly lower than Large Cap stocks by approximately 250 bps for the month. On a YTD basis, Small Caps are down -2.53%, while Large Caps are up +2.43%.
- The current 12-month forward P/E ratio is 16.5x, up from 15.1x at the end of September. (Source: FactSet)

## International Equity

- Developed international stocks joined the global market rally in October as the MSCI EAFE NR USD index gained +7.82%. YTD, the MSCI EAFE NR USD index is up +2.13%. International developed markets gained back the YTD losses of the past several months, as central banks remained accommodative and fears of a China meltdown eased. Local currency market indices gained more than USD denominated indices as investors reacted positively to the delay of Fed rate hike.
- Emerging markets also gained for the month along with the domestic markets. The MSCI EM NR USD index was up +7.14% trimming its YTD loss to -9.17%.

## Fixed Income

- Treasury rates rose in October as the Federal Reserve's hawkish statements explicitly referenced the December meeting as a possible date for the first rate hike. At present, the market is pricing in a 47% probability of a rate hike in December and above 50% odds for meetings in early 2016, assuming the Fed does not hike this year.
- Supply of new issuance continues to be driven by M&A and shareholder-friendly activity (ex. share buybacks). In October, over \$100 billion in investment-grade supply came to market.
- Demand from investors was strong in October. According to JPM, corporate spreads contracted last month generating excess returns of 85bps, MBS pass-throughs generated 37bps and CMBS was up 25bps. ABS, which held up during the summer months pulled back slightly, losing 6bps as heavier-than-expected supply came to market. In October, over \$20 billion was issued and over \$200 billion in total is expected this year.

## Economy

- Investors are concerned about the global growth slowdown caused by a dramatic fall in China's growth. While there is downside risk, market pundits believe China's policy makers have sufficient fiscal and monetary tools at their disposal to control the slowdown and avoid a collapse. In addition, economic contagion from China would be concentrated more in EM than in DM, as the economies in the U.S. and Europe are helped by a strong housing market and jobs recovery.
- In the U.S., manufacturers of goods such as oil rigs, appliances and computers saw the weakest performance in September in more than two years. The Institute for Supply Management reported its manufacturing index fell to 50.2% last month from 51.1% in August, hitting the lowest level since mid-2013. Manufacturers have been hurt by a strong dollar, a weakening global economy and a decline in oil prices which has lowered demand for equipment.
- In Europe, consumer prices in the euro-zone fell annually in September for the first time since the European Central Bank launched its program of government bond purchases in March, increasing pressure on policy makers to counter the renewed threat of a slide into deflation with even more stimulus. The 0.1% drop from year-ago levels was driven largely by lower energy costs, suggesting that consumer prices could steady in the months to come amid a stabilization in oil prices.
- In Asia, The preliminary measure of Chinese factory output in September was the lowest since the financial crisis, adding to a plethora of weak data that is increasingly eroding hopes that China's slowdown would stabilize in the second half. The preliminary Caixin China Manufacturing Purchasing Managers' Index, a gauge of nationwide manufacturing activity, fell to 47.0 in September, compared with a final reading of 47.3 in August, the lowest reading since March 2009.

West Warwick Total Plan

West Warwick Total Portfolio

As of October 31, 2015

West Warwick Total Portfolio Performance

	Market Value (\$)	% of Portfolio	Ending October 31, 2015						Inception		
			1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)		5 Yrs (%)	Return Since (%)
West Warwick Total Portfolio	2,743,558	100.0	4.2	-2.1	0.5	0.5	1.0	7.3	5.0	Jan-11	
Policy Index			4.3	-1.9						Jan-11	
Total Equity	8,224,191	29.9	7.6	2.5							
MSCI ACWI			7.8	-3.2	0.3	0.3	0.0	9.9	7.7		
Dominant Equity	5,064,731	18.4	7.5	2.2							
Russell 3000			7.9	-1.6	2.0	2.0	4.5	16.1	14.1		
American Funds Washington Mutual FZ	0	0.0	8.6	0.3	1.2	1.2	2.9	14.6	13.7		
Russell 1000 Value			7.5	-1.9	-2.1	-2.1	0.5	14.5	13.3		
MFS Massachusetts Investors Gr S&P 1	0	0.0	8.2	-1.6	2.4	2.4	7.5	15.8	13.7		
Russell 1000 Growth			8.6	-0.5	6.9	6.9	9.2	17.9	15.3		
iShares Russell 1000 ETF	0	0.0	7.5	-1.8	1.6	1.6	4.2	16.0	14.0		
Spliced Russell 1000 Growth Index			9.0	-0.8	5.7	5.7	7.8	17.4	14.4		
Pier Capital Small Cap Growth	1,607,098	5.8	-0.6	-12.3							
Russell 2000 Growth			5.7	-8.5	-0.1	-0.1	3.5	16.2	13.6		
Dodge & Cox Large Cap Value	1,210,739	4.4	0.9						0.9	Oct-15	
Russell 1000 Value			0.3	-8.5	-8.7	-8.7	-6.3	11.9	11.7	0.3	Oct-15
iShares Russell 1000 Growth ETF	2,246,894	8.2	1.0								
Spliced Russell 1000 Growth Index			9.0	-0.8	5.7	5.7	7.8	17.4	14.4	1.0	Oct-15
International Equity	3,169,460	11.5	7.3	-3.9							
MSCI ACWI ex USA			7.4	-5.4	-1.8	-1.8	-4.7	4.7	2.6		
American Funds Europacific Growth			7.0	-3.7	3.1	3.1	1.0	8.4	4.9		
MSCI ACWI ex USA	0	0.0	7.4	-5.4	-1.8	-1.8	-4.7	4.7	2.6		
Oppenheimer Developing Markets	0	0.0	10.1	-4.5	-9.4	-9.4	-17.0	-0.8	0.3		
MSCI Emerging Markets			7.1	-5.5	-9.4	-9.4	-14.5	-2.9	-2.8		
Vanguard Developed Markets Adm	1,714,907	6.2	-0.2								
FTSE Developed ex North America			0.4	-11.2	-4.3	-4.3	-6.4	5.6	3.7	-0.2	Oct-15
Caraway International Value Inv	1,444,559	5.3	6.0								
MSCI EAFE Value			7.4	-6.9	-1.4	-1.4	-4.2	6.7	3.7	0.0	Oct-15
Total	5,588,637	20.6	1.0	1.7							
Barclays U.S. Universal			0.3	0.4	1.3	1.3	1.7	1.9	3.3		
Doubleline Core Fixed Income F	1,466,498	5.3	9.3	0.0	1.3	1.3	2.1	2.6	5.2		
Barclays Aggregate			0.0	0.5	1.1	1.1	2.0	1.6	3.0		

West Warwick Total Plan

West Warwick Total Portfolio

As of October 31, 2015

	Ending October 31, 2015										Inception
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Return Since (%)	
Mainstay Unconstrained Bond A	0	0.0	1.9	-1.6	-1.1	-1.1	-2.6	1.9	3.6	-	
Barclays Global Aggregate	0	0.0	0.2	0.8	-2.0	-2.0	-3.1	-1.5	0.6	-	
PIMCO Unconstrained Bond	0	0.0	0.3	-3.5	-2.8	-2.8	-3.0	-0.7	1.1	-	
Barclays Global Aggregate	0	0.0	0.2	0.8	-2.0	-2.0	-3.1	-1.5	0.6	-	
Templeton Global Bond Fund A	0	0.0	3.6	-1.9	-3.0	-3.0	-5.1	1.1	2.9	-	
Barclays Global Aggregate	0	0.0	0.2	0.8	-2.0	-2.0	-3.1	-1.5	0.6	-	
PIMCO Total Return I	0	0.0	0.9	-0.4	1.1	1.1	1.6	1.5	3.2	-	
Barclays Aggregate	0	0.0	0.0	0.5	1.1	1.1	2.0	1.6	3.0	-	
Baird Short Term Bond	1,439,101	5.2	-0.2	-	-	-	-	-	-	-0.2 Oct-15	
Barclays 1-3 Yr. Gov/Credit	0	0.0	-0.2	0.0	0.8	0.8	0.7	0.8	0.9	-0.2 Oct-15	
Doubleline Total Return Bond I	1,444,968	5.3	-0.8	-	-	-	-	-	-	-0.8 Oct-15	
Barclays Aggregate	0	0.0	-0.6	-0.1	0.5	0.5	1.3	1.4	2.9	-0.6 Oct-15	
Vanguard Intern Bond Index Fund Adm	1,308,120	4.8	-0.8	-	-	-	-	-	-	-0.8 Oct-15	
Barclays U.S. Gov/Credit 6-10 Yr	0	0.0	-0.8	0.1	1.4	1.4	2.1	1.6	3.7	-0.8 Oct-15	
Total Global Return	1,247,968	4.5	3.4	-6.0	-	-	-	-	-	-	
PIMCO Alt Asset Mgmt Authority	0	0.0	3.4	-5.0	-7.5	-7.5	-12.0	-4.3	0.3	-	
CPI + 5%	0	0.0	0.4	0.9	5.5	5.5	5.2	6.0	6.8	-	
Wells Fargo Absolute Return	1,247,968	4.5	-0.1	-	-	-	-	-	-	-0.1 Oct-15	
Barclays US TIPS	0	0.0	-0.6	-1.9	-1.4	-1.4	-2.2	-2.3	1.9	-0.6 Oct-15	
Total Alternatives	0	0.0	1.4	-7.3	-	-	-	-	-	-	
Sabell ABC Fund Advisor Class	0	0.0	1.0	0.2	2.0	2.0	2.6	3.2	3.0	-	
HFRI ED: Merger Arbitrage Index	0	0.0	1.0	-0.8	2.2	2.2	3.6	3.5	2.7	-	
Westchester Capital Merger Fund	0	0.0	1.3	-1.3	-0.6	-0.6	0.2	2.3	2.1	-	
HFRI ED: Merger Arbitrage Index	0	0.0	1.0	-0.8	2.2	2.2	3.6	3.5	2.7	-	
Total Cash	12,384,701	44.9	-	-	-	-	-	-	-	-	
Citizen Select Prime Money Market	9,698,638	35.3	-	-	-	-	-	-	-	-	
Citi 3mth Treasury Bill	0	0.0	-	-	-	-	-	-	-	-	
Cash	2,656,062	9.7	-	-	-	-	-	-	-	-	

As of October 31, 2015

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.

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**CLEARBROOK**

## PERFORMANCE UPDATE

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

*Pension Portfolio*

*November 2015*

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**Domestic Equity**

- The S&P 500 returned +0.30% in November, proving stocks felt the brunt of mixed economic data, which has inhibited earnings gains for stocks. The Q3 earnings were not enough to push stocks substantially higher. The earnings growth was down 3.3% year-over-year, while revenue growth contracted by 4.4%, impacted by slower global economic growth, stronger dollar, and lower oil prices.
- Consumption remained strong in Q3, with consumer spending up 3.2% year-over-year following a 3.3% increase in Q2.
- Manufacturing sentiment fell in November to its lowest level in 25 months. The flash manufacturing purchasing managers index from Markit fell to a reading of 52.6 from 54.1 in October, with all five of the PMI components deteriorating.
- Both Growth and Value styles were up during the month by +0.28% and +0.38%, respectively.
- Small Cap stocks traded higher than Large Cap stocks by approximately 295 bps for the month. On a YTD basis, Small Caps are flat +0.64%, while Large Caps are up +3.01%
- The current 12-month forward P/E ratio is 16.4x. (Source: FactSet)

**International Equity**

- Developed international stocks were buoyed by the economic growth in the Eurozone. According to early reports, Markit Eurozone PMI came in higher in November than October, indicating the fastest rate of expansion since May 2011. However, the euro currency has fallen to 7.5 month lows against the US dollar after a soft inflation reading in November increased the likelihood of ECB monetary easing at their December meeting.
- The MSCI EAFE index ended up +1.30% in local currency terms and down -1.56% in USD.
- Emerging markets had volatile month pressured in part by slower growth and brokerage regulatory investigation in China.
- The MSCI EM index was down -2.74% in local currency terms and down -3.90% in USD terms.

**Fixed Income**

- Short-term Treasury rates finished higher in November as market participants continue to anticipate the start of the interest rate normalization process.
- While the corporate bond market experienced another month of robust issuance, investors also displayed greater selectivity when the telecom firm Vodafone was forced to drop an issuance deal as investors called for higher spread and stronger provisions. In November there has been \$92.4 billion of investment-grade issuance with supply continuing to be driven by M&A activity and equity share buybacks. High yield issuance activity was \$27.3 billion for the month of November with issuance largely focused in the higher quality part of the high yield market, with CCC rated bonds and the troubled commodities sectors continuing to underperform.
- Elsewhere, the municipal market posted positive returns on the month, drawing strong inflows given attractive yields relative to their Treasuries counterparts – the 30-year municipal/Treasury yield ratio closed the month at 105%. Mortgage-backed security (MBS) bonds continued to do well in November as the Federal Reserve's reinvestment of maturing MBS provided a positive technical coupled with supportive fundamentals from housing.

**Economy**

- Heading into year end, investors are seeing divergent growth and consumption trends as developed markets (DM) are on the mend, while emerging markets (EM) are unwinding excesses following a growth and credit boom. DM economies have sustained above-trend growth despite slowing export growth due to weak EM demand and currencies. But subpar EM growth has not derailed the global expansion. Indeed, it has rotated global demand toward DM households by depressing the price of goods and global interest rates.
- In the U.S., Companies added new jobs in October at the fastest pace of the year, worker pay surged and unemployment fell to a seven-year low, setting the stage for the Federal Reserve to raise U.S. interest rates before the end of 2015. The economy generated 271,000 new jobs last month and the surge in hiring topped the economist consensus of 180,000 new jobs.

West Warwick Total Portfolio

West Warwick Total Portfolio  
Performance

As of November 30, 2015

	Market Value (\$)	% of Portfolio	Ending November 30, 2015								Inception	
			1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	9/1/15 - 9/30/15 (%)	Return (%)	Since
West Warwick Total Portfolio	25,731,122	100.0	-0.5	1.0	0.0	10.0	-0.9	9.1	-	-2.1	9.1	JAN-11
<b>Total Equity</b>	<b>11,901,097</b>	<b>44.5</b>	<b>-1.0</b>	<b>3.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.0</b>	<b>-</b>	
MSCI ACWI			-0.8	3.1	-0.6	-0.6	-2.5	9.2	8.0	-3.6	-	
<b>Domestic Equity</b>	<b>6,590,865</b>	<b>24.6</b>	<b>-0.2</b>	<b>4.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2.9</b>	<b>-</b>	
Russell 3000			0.6	5.3	2.6	2.6	2.6	16.0	14.1	-2.9	-	
Dodge & Cox Large Cap Value	1,204,791	4.5	-0.5	-	-	-	-	-	-	-	0.4	Oct-15
Russell 1000 Value			0.4	-2.4	-8.3	-8.3	-7.8	12.0	11.9	-3.0	0.7	Oct-15
Vanguard Growth Index Adm	2,250,490	8.4	0.2	-	-	-	-	-	-	-	1.2	Oct-15
Russell 1000 Growth			0.3	-1.6	-0.7	-0.7	-1.7	14.4	13.3	-2.5	0.9	Oct-15
Aston/Silvercrest Small Cap I	1,390,781	5.2	0.8	-	-	-	-	-	-	-	0.8	Nov-15
Russell 2000 Value			1.3	3.3	-3.8	-3.8	-1.1	12.0	10.3	-3.5	1.3	Nov-15
Vanguard 500 Index Adm	1,744,803	6.5	-1.1	-	-	-	-	-	-	-	-1.1	Nov-15
S&P 500			-1.2	4.5	1.5	1.5	1.3	15.5	14.1	-2.5	-1.2	Nov-15
<b>International Equity</b>	<b>5,310,232</b>	<b>19.8</b>	<b>-1.9</b>	<b>2.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.4</b>	<b>-</b>	
MSCI ACWI ex USA			-2.1	0.3	-3.9	-3.9	-7.3	3.3	3.0	-4.6	-	
Vanguard Developed Markets Adm	1,699,470	6.4	-0.9	-	-	-	-	-	-	-	-1.1	Oct-15
FTSE Developed ex North America			-1.5	-5.8	-5.8	-5.8	-8.9	4.2	4.3	-4.7	-1.1	Oct-15
Causeway International Value Inv	1,424,872	5.3	-1.4	-	-	-	-	-	-	-	-1.4	Oct-15
MSCI EAFE Value			-2.5	-1.8	-3.8	-3.8	-7.1	5.2	4.6	-6.2	4.7	Oct-15
Causeway Emerging Markets	934,198	3.5	-6.6	-	-	-	-	-	-	-	-6.6	Nov-15
MSCI Emerging Markets			-5.4	-1.6	-14.3	-14.3	-18.2	-5.0	-3.3	-3.0	-5.4	Nov-15
Oppenheimer International Growth	1,251,691	4.7	0.1	-	-	-	-	-	-	-	0.1	Nov-15
MSCI EAFE Growth			0.0	4.0	5.7	5.7	2.0	8.2	6.5	-4.0	0.0	Nov-15
<b>Total Fixed Income</b>	<b>6,647,803</b>	<b>21.1</b>	<b>-0.2</b>	<b>-0.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1.2</b>	<b>-</b>	
Barclays Aggregate			-0.3	0.4	0.9	0.9	1.0	1.5	3.1	0.7	-	
Baird Short Term Bond	1,439,489	5.4	0.0	-	-	-	-	-	-	-	-0.2	Oct-15
Barclays 1-3 Yr. Gov/Credit			-0.2	-0.1	0.6	0.6	0.4	0.7	0.9	0.3	-0.4	Oct-15
Doublaine Total Return Bond I	1,444,469	5.4	0.0	-	-	-	-	-	-	-	-0.9	Oct-15
Barclays Aggregate			-0.3	-0.2	0.2	0.2	0.3	1.3	3.0	0.7	-0.9	Oct-15
Vanguard Intern Bond Index Fund Adm	1,301,639	4.9	-0.5	-	-	-	-	-	-	-	1.3	Oct-15
Barclays U.S. Gov/Credit 5-10 Yr			-0.3	-0.1	1.1	1.1	0.8	1.4	3.9	1.1	-1.1	Oct-15
<b>Total Global Tactical</b>	<b>1,244,402</b>	<b>4.7</b>	<b>-0.3</b>	<b>-1.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.9</b>	<b>-</b>	
Wells Fargo Absolute Return	1,244,402	4.7	-0.3	-	-	-	-	-	-	-	-0.4	Oct-15
Barclays US TIPS			-0.1	-1.2	-1.5	-1.5	-2.6	-2.5	2.2	-0.6	-0.7	Oct-15
<b>Total Alternatives</b>	<b>4,089,688</b>	<b>15.0</b>	<b>0.3</b>	<b>0.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-0.8</b>	<b>-</b>	
Blackstone Alternative Multi Manager Fund I	2,015,429	7.5	0.8	-	-	-	-	-	-	-	0.8	Nov-15
Morningstar Mod Tgt Risk TR			-1.0	1.3	-1.0	-1.0	-1.8	6.3	6.9	-1.8	-1.0	Nov-15
Goldman Sachs Multi-Manager	1,994,258	7.6	-0.3	-	-	-	-	-	-	-	-0.3	Nov-15
Morningstar Mod Tgt Risk TR			-1.0	1.3	-1.0	-1.0	-1.8	6.3	6.9	-1.8	-1.0	Nov-15
<b>Total Cash</b>	<b>3,956,133</b>	<b>14.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Citizen Select Prime Money Market	1,892,097	7.1	-	-	-	-	-	-	-	-	-	
Citi 3mth Treasury Bill			-	-	-	-	-	-	-	-	-	
Cash	2,066,035	7.7	-	-	-	-	-	-	-	-	-	

As of November 30, 2015

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**CLEARBROOK**

## **PERFORMANCE UPDATE**

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

*Pension Portfolio*

*December 2015*

Visit [www.clearbrookglobal.com](http://www.clearbrookglobal.com)

**Domestic Equity**

- Equities were disappointing in 2015 as the total return for the S&P 500 was up only 1.4% after multiple years of double digit returns. 2015 was also a very volatile year for performance. In the third quarter alone, equities were down nearly -6.5%, only to be up 7.0% in the fourth quarter.
- Strength in the equity market continues to be concentrated in those parts of the market defined by secular growth themes, such as technology and health care. Conversely, commodity related sectors such as Energy and Utilities posted significant losses driven by the sell-off in oil.
- Both Growth and Value styles were negative in December by -1.5% and -2.2%, respectively.
- Small Cap stocks underperformed Large Cap stocks by approximately 3.2% for the month. On a YTD basis, Small Caps are down -4.41%, while Large Caps are slightly positive at +0.92%
- The current 12-month forward P/E ratio is 16.2x. (Source: FactSet)

**International Equity**

- European and Japanese equities were able to outperform the U.S., in 2015 on a local currency basis. European equities continue to be supported by more evidence of economic stabilization and improving credit growth, driven in part by their quantitative easing program.
- Investors remain optimistic for further easing by the European Central Bank (ECB) throughout 2016. While investors were disappointed by the ECB's official announcement in early December of further quantitative easing, they were heartened later in the month by comments from ECB official Yves Mersch that the bank has "by no means used up all our ammunition." This was interpreted as a sign that the ECB deposit rate, already in negative territory, can move even lower.
- For December, the MSCI EAFE index ended up -2.73% in local currency terms and down -1.35% in USD. For the year, these indices were +5.33% and -0.81%, respectfully. For the year, Emerging Markets were down -8.0% in local currency and -14.6% in USD terms. The negative performance was driven, in large part, to the downturn in commodity prices which adversely affected oil exporting countries.

**Fixed Income**

- After seven years of zero interest policy, the Federal Reserve began the interest rate normalization process in December by raising the federal funds rate target from near zero to a range between 0.25% and 0.50%. Although the committee cited improved labor market conditions as a key driver of the decision, they also emphasized that future policy decisions will be gradual and data dependent.
- Outside of spread widening in the energy and financials sectors, the closing of a high yield mutual fund Third Avenue had spillover effects on investment grade corporates due to growing concerns of illiquidity in the credit markets. At the end of 2015, spreads for US high yield widened 177 bps to 660 bps from deteriorating company fundamentals and large industry fund outflows.
- In contrast to corporates, the Barclays Municipal Bond Index generated its sixth consecutive month of positive total returns, returning 0.70% in December. Municipals were one of the stronger performing sectors in 2015 as limited supply was received with strong demand.

**Economics**

- Investors are forecasting a year of steady growth in the U.S. and other developed markets, with potential headwinds caused by the slowdown in China and certain emerging markets dependent on energy exports. Despite ongoing monetary easing and fiscal spending, China's manufacturing results remain weak and rising domestic consumption has been insufficient to stave off an overall economic slowdown. While the overall outlook for developed markets remain positive, investors are watching the tightening monetary policy in U.S. and potential upward pressure on the dollar.
- In the U.S., a combination of the strong dollar and low energy prices continue to impact manufacturing demand. The Institute for Supply Management reported its manufacturing index fell for the second consecutive month, from 48.6 in November to 48.2 in December.

West Warwick Total Portfolio

West Warwick Total Portfolio  
Performance

As of December 31, 2015

	Market Value (\$)	% of Portfolio	Ending December 31, 2015							Inception			
			1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	9/1/15 - 9/30/15 (%)	Return (%)	Since	
<b>West Warwick Total Portfolio</b>	<b>25,157,773</b>	<b>100.0</b>	<b>1.7</b>	<b>1.1</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>	<b>9.6</b>	<b>6.3</b>	<b>-2.1</b>	<b>5.3</b>	<b>Jan-11</b>
<b>Total Equity</b>	<b>13,952,868</b>	<b>53.3</b>	<b>-2.7</b>	<b>3.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.0</b>	<b>-</b>	<b>-</b>
<b>MSCI ACWI</b>			<b>-1.8</b>	<b>5.0</b>	<b>-2.4</b>	<b>-2.4</b>	<b>-2.4</b>	<b>7.7</b>	<b>6.1</b>	<b>-3.6</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Domestic Equity</b>	<b>8,176,808</b>	<b>31.3</b>	<b>-3.2</b>	<b>3.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2.9</b>	<b>-</b>	<b>-</b>	<b>-</b>
Russell 3000			-2.1	6.3	0.5	0.5	0.5	14.7	12.2	-2.9	-	-	-
Dodge & Cox Large Cap Value	1,314,466	5.0	-2.8	-2.2	-	-	-	-	-	-	-2.2	-	Oct-15
Russell 1000 Value			-2.2	-1.5	-10.3	-10.3	-10.3	10.5	9.7	-3.0	-1.5	-	Oct-15
iShares Russell 1000 Growth ETF	2,178,612	8.3	-2.7	-1.5	-	-	-	-	-	-	-1.5	-	Oct-15
Spliced Russell 1000 Growth Index			-2.4	6.5	3.4	3.4	3.4	15.7	12.4	-2.8	6.5	-	Oct-15
Aston Silvercrest Small Cap I	1,479,171	5.7	-5.0	-	-	-	-	-	-	-	-4.3	-	Nov-15
Russell 2000 Value			-5.3	1.3	-8.8	-8.8	-8.8	8.5	7.3	-3.5	-4.0	-	Nov-15
Vanguard 500 Index Adm	1,918,712	7.3	-1.6	-	-	-	-	-	-	-	-2.7	-	Nov-15
S&P 500			-1.6	5.5	-0.1	-0.1	-0.1	14.6	12.2	-2.5	-2.7	-	Nov-15
DFA Small Cap Portfolio	1,285,944	4.9	-1.1	-	-	-	-	-	-	-	-1.1	-	Dec-15
Russell 2000			-1.0	8.0	-0.4	-0.4	-0.4	13.2	10.1	-4.9	-1.0	-	Dec-15
<b>International Equity</b>	<b>6,776,983</b>	<b>22.1</b>	<b>-2.1</b>	<b>3.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.4</b>	<b>-</b>	<b>-</b>	<b>-</b>
MSCI ACWI ex USA			-1.9	3.2	-5.7	-5.7	-5.7	1.5	1.1	-4.6	-	-	-
Vanguard Developed Markets Adm	1,864,167	7.1	-1.8	-2.9	-	-	-	-	-	-	-2.9	-	Oct-15
FTSE Developed ex North America			-1.2	-2.4	-7.0	-7.0	-7.0	2.7	2.4	-4.7	-2.4	-	Oct-15
Causeway International Value Inv	1,547,991	5.9	-1.8	-3.1	-	-	-	-	-	-	-3.1	-	Oct-15
MSCI EAFE Value			-1.9	2.7	-5.7	-5.7	-5.7	3.1	2.5	-6.2	2.7	-	Oct-15
Causeway Emerging Markets	999,708	3.8	-3.4	-	-	-	-	-	-	-	-9.7	-	Nov-15
MSCI Emerging Markets			-2.2	-0.9	-16.2	-16.2	-16.2	-7.2	-5.1	-3.0	-7.5	-	Nov-15
Oppenheimer International Growth	1,364,087	5.2	-2.0	-	-	-	-	-	-	-	-1.8	-	Nov-15
MSCI EAFE Growth			-0.8	7.4	4.9	4.9	4.9	7.1	4.8	-4.0	-0.7	-	Nov-15
<b>Total Fixed Income</b>	<b>4,167,226</b>	<b>15.9</b>	<b>-0.4</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
Barclays Aggregate			-0.3	-0.6	0.5	0.5	0.5	1.4	3.2	0.7	-	-	-
Baird Short Term Bond	1,432,649	5.5	-0.2	-0.4	-	-	-	-	-	-	-0.8	-	Oct-15
Barclays 1-3 Yr. Govt/Credit			-0.1	-0.5	0.5	0.5	0.5	0.6	0.9	0.3	-0.5	-	Oct-15
Doubleline Total Return Bond I	1,440,996	5.5	-0.2	-1.1	-	-	-	-	-	-	-1.1	-	Oct-15
Barclays Aggregate			-0.3	-1.2	-0.1	-0.1	-0.1	1.2	3.1	0.7	-1.2	-	Oct-15
Vanguard Interm Bond Index Fund Adm	1,293,581	4.9	-0.6	-1.9	-	-	-	-	-	-	-1.9	-	Oct-15
Barclays U.S. Govt/Credit 5-10 Yr			-0.6	-1.7	0.5	0.5	0.5	1.3	4.3	1.1	-1.7	-	Oct-15
<b>Total Global Tactical</b>	<b>1,218,690</b>	<b>4.7</b>	<b>-1.4</b>	<b>1.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3.8</b>	<b>-</b>	<b>-</b>	<b>-</b>
Wells Fargo Absolute Return	1,218,690	4.7	-1.4	-1.8	-	-	-	-	-	-	-1.8	-	Oct-15
Barclays US TIPS			-0.8	-1.4	-2.2	-2.2	-2.2	-2.5	2.4	-0.6	-1.4	-	Oct-15
<b>Total Alternatives</b>	<b>201,963</b>	<b>0.8</b>	<b>-2.4</b>	<b>-0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>
Blackstone Alternative Mult Manager Fund I	193,360	0.7	-0.5	-	-	-	-	-	-	-	0.2	-	Nov-15
Morningstar Mod Tgt Risk TR			-1.4	1.8	-2.3	-2.3	-2.3	5.4	5.7	-1.8	-2.3	-	Nov-15
Goldman Sachs Multi-Manager	6,593	0.0	-2.3	-	-	-	-	-	-	-	-2.5	-	Nov-15
Morningstar Mod Tgt Risk TR			-1.4	1.8	-2.3	-2.3	-2.3	5.4	5.7	-1.8	-2.3	-	Nov-15
<b>Total Cash</b>	<b>8,625,045</b>	<b>26.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Citizen Select Prime Money Market	2,895,045	11.1	-	-	-	-	-	-	-	-	-	-	-
Citi 3mth Treasury Bill			-	-	-	-	-	-	-	-	-	-	-
<b>Cash</b>	<b>3,730,000</b>	<b>14.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

iShares 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

As of December 31, 2015

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.

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