

Item 1

# Market Review

## Relief from the May-hem?

All eyes remain on Congress as the June “x-date” approaches

by Rob Lowry, CFA, Associate Research Director

May 2023

### Key Observations

- Market volatility persisted in May as investors try to digest potential Fed policy action in June and the possibility of a U.S. default should a deal not be reached to raise the debt limit.
- Significant progress toward a debt ceiling agreement was made in eleventh hour of the month.
- Most market indexes posted negative returns, with limited bright spots in growth-oriented segments.
- Short-term rates remain higher than long-term and the U.S. yield curve remains inverted. Cash rates look attractive, but tactically timing the market based on yield ignores other factors when allocating fixed income assets.

### Market Recap

We’ve highlighted our theme of persistent heightened market volatility in many of our market reviews this year and May continued to deliver on that premise. Financial markets finally started to digest the regional banking turmoil from earlier in the year, a better-than-expected earnings season and a concentrated growth rally fueled by optimism in the AI industry helped propel U.S. equities for the first half of the month.

Financial Market Performance		
Index	May	YTD
S&P 500	0.4%	9.6%
Russell 2000	-0.9%	0.0%
MSCI EAFE	-4.2%	6.8%
MSCI EM	-1.7%	1.1%
Bloomberg U.S. Agg Bond	-1.1%	2.5%
Bloomberg U.S. HY Corp Bond	-0.9%	3.6%
FTSE NAREIT Equity REITS	-3.2%	0.2%
Bloomberg Commodity	-5.6%	-11.4%

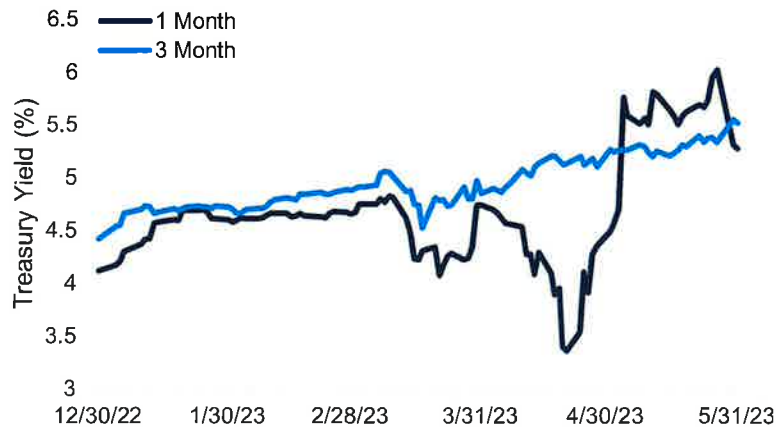
Source: Morningstar Direct. As of May 31, 2023.

However, as the month progressed, concerns of the U.S. Treasury running out of money in June heated up and a shift in sentiment to more hawkish Fed actions to come stalled markets. Economic data trended a bit lower with weaker manufacturing PMI numbers reported from China and the U.S., increasing investor concerns of slower

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economic activity in the back half of the year and fueling the selloff in equities toward the end of the month. A stronger dollar was an additional headwind for non-U.S. investments. More economically sensitive areas such as REITs and commodities also came under pressure. REITs continue to be driven lower by the office segment while a reduced outlook for global demand weighed on commodity prices.

### U.S. Treasury Yields: 1month and 3month



Source: FactSet. As of May 31, 2023

Fixed income markets were negatively impacted by rising interest rates and additional volatility on the front end of the U.S. yield curve was sparked by growing concerns of potential default if Congress does not come to an agreement to raise the debt limit. The yield on 1-month Treasury bills spiked early in the month as a result, but settled back as negotiations took an optimistic turn for a deal to be reached by the June 5 “x-date” in the last few days of the month.

### Is Cash the Best Place to Be?

The U.S. yield curve remains inverted as investors are more concerned about economic risks in the near-term than the long-term. In the current interest rate environment – short-term rates higher than long-term rates – there are many wondering “*why invest in longer duration assets when cash yields more?*” At the surface the answer seems obvious, invest in the higher yielding asset, but there are more factors to consider than just yield itself. Time horizon and the investment objective for the assets, to name a few, are other important elements to evaluate. Cash can certainly have a place in portfolios for investors that have short-term needs where protecting principal is paramount but, for a more typical horizon over multiple years, cash often proves suboptimal as bonds tend to provide higher total returns over the long-term. In fact, since 1978, the Bloomberg Aggregate Bond Index outperforms cash (as measured by the ICE BofA US 3M TBill Index) approximately 67% of the time on a rolling 1-year basis and that figure jumps to 89% if we expand the rolling period to three years.<sup>1</sup>

# 89%

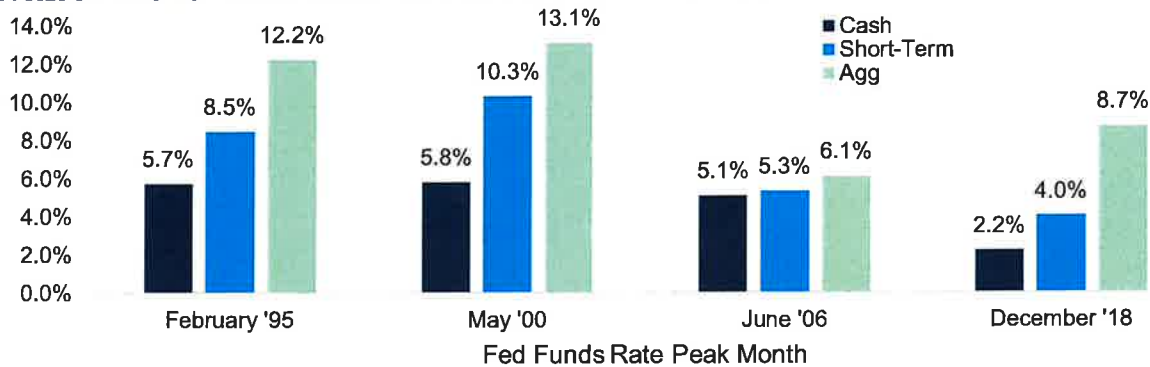
The Bloomberg Aggregate Bond Index outperforms cash over rolling 3-year time periods.<sup>1</sup>

If positioning in cash is less focused on the long-term and more about the potential change in interest rates, we would also suggest evaluating that stance. We do not believe in timing interest rates, but we feel we are closer to the end of this interest rate hiking cycle than the beginning. Historically the prospects for traditional fixed income

<sup>1</sup> Morningstar Direct, Fiducient Advisors calculations. As of May 31, 2023.

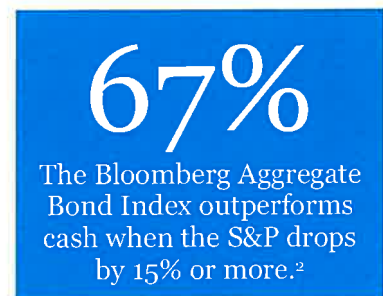
compared to cash when rates peak looks appealing. Following the month of the peak Fed Funds Rate, longer duration fixed income assets have outperformed cash over the following year, often by a wide margin.

### Next 12 month Return After Peak Fed Funds Rate



Sources: FactSet, Morningstar Direct, Fiducient Advisors calculations. As of May 31, 2023. Cash = Bloomberg US Treasury Bill 1-3M Index, Short-Term = Bloomberg US Govt/Credit 1-3 Index, Agg = Bloomberg US Aggregate Bond Index.

Finally, in our [April Market Review](#) we highlighted the growing risk of economic contraction. Having exposure to high quality duration may be beneficial in a flight to quality environment to help diversify the portfolio. Since 1990, bonds have outperformed cash 67% of the time if the S&P 500 Index falls 15% or more peak-to-trough, with an average margin of outperformance of 1.6%.<sup>2</sup> We often say cash is good at protecting itself since it is stable in both up and down markets. However, bonds may be better at protecting the portfolio as they have often performed their best when risk assets perform their worst.



**67%**  
The Bloomberg Aggregate Bond Index outperforms cash when the S&P drops by 15% or more.<sup>2</sup>

## Outlook

Uncertainty is a large underpinning of what drives volatility in markets. With the passing of a debt ceiling agreement now imminent, the rising prospect of a slowing business cycle is now at the forefront of investors' minds. Our views and themes of continued volatility as we move into a new interest rate regime and moderating inflation remain intact. We believe our long-term strategic views and positioning updates at the beginning of the year reinforce the foundations of our portfolios as we move into the back half of the year in an environment with tighter financial conditions.

For more information, please contact any of the professionals at Fiducient Advisors.

<sup>2</sup> FactSet, Yardeni Research, Morningstar Direct, Fiducient Advisors calculations. Data from January 1990 to October 2022.

## About the Author



**Robert Lowry, CFA**  
 Associate Research Director

As a member of the Global Public Markets Team, Rob researches and performs due diligence on fixed income investment managers. He is also a member of our Capital Markets Team. Rob joined Fiduciary Investment Advisors, LLC in 2011, which combined with Fiducient Advisors in 2020.

Prior to joining the firm, he was an Investment Analyst at USI Advisors, Inc. He received his BA from Bucknell University, is a CFA® charterholder and a member of the CFA Institute and the Hartford CFA Society. Rob volunteers as a member of the Finance and Investment Committee for Chrysalis Center, Inc., a nonprofit organization in Hartford, CT providing support to those struggling with poverty, mental health issues and other challenges. In his free time, Rob enjoys spending time with his wife and sons, golf, and platform tennis.

### Disclosures & Definitions

*Comparisons to any indices referenced herein are for illustrative purposes only and are not meant to imply that actual returns or volatility will be similar to the indices. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect our fees or expenses.*

- **The S&P 500** is a capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- **Russell 2000** consists of the 2,000 smallest U.S. companies in the Russell 3000 index.
- **MSCI EAFE** is an equity index which captures large and mid-cap representation across Developed Markets countries around the world, excluding the U.S. and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
- **MSCI Emerging Markets** captures large and mid-cap representation across Emerging Markets countries. The index covers approximately 85% of the free-float adjusted market capitalization in each country.
- **Bloomberg U.S. Aggregate Index** covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.
- **Bloomberg U.S. Corporate High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.
- **FTSE NAREIT Equity REITs Index** contains all Equity REITs not designed as Timber REITs or Infrastructure REITs.
- **Bloomberg Commodity Index** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification.
- **Bloomberg 1-3 Month U.S. Treasury Bill Index** is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.
- **Bloomberg US Govt/Credit 1-3 Index** is the 1-3 year component of the Bloomberg U.S. Government/Credit index, which includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies, while the credit index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **ICE BofA US 3M Tbill Index** is an unmanaged index that is comprised of a single U.S. Treasury issue with approximately three months to final maturity, purchased at the beginning of each month and held for one full month.

### Material Risks

- **Fixed Income** securities are subject to interest rate risks, the risk of default and liquidity risk. U.S. investors exposed to non-U.S. fixed income may also be subject to currency risk and fluctuations.
- **Cash** may be subject to the loss of principal and over longer periods of time may lose purchasing power due to inflation.
- **Domestic Equity** can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry factors, or other macro events. These may happen quickly and unpredictably.
- **International Equity** can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry impacts, or other macro events. These may happen quickly and unpredictably. International equity allocations may also be impacted by currency and/or country specific risks which may result in lower liquidity in some markets.



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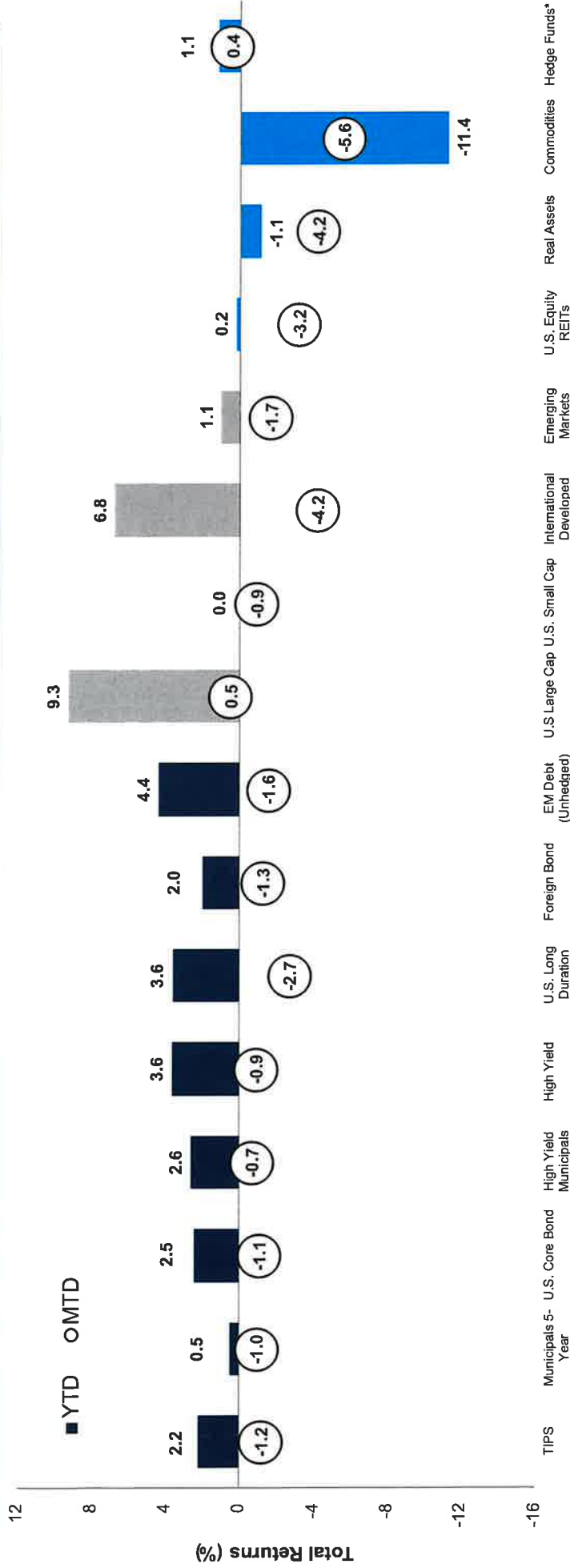
Monthly Performance Update - May 2023

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# Asset Class Performance



Source: Morningstar Direct. As of May 31, 2023. \*Hedge fund returns are as of April 30, 2023.

## Fixed Income (May)

- Bond markets dragged lower during the month amid debt ceiling concerns and rising rates in the U.S.
- Higher coupons and benign spread movement helped riskier areas of the market, such as High Yield.
- Interest rates also rose abroad. EM Debt underperformed Foreign Bonds and a stronger U.S. dollar was an added headwind for non-U.S. investments.

## Equity (May)

- + U.S. large cap equities were a bright spot, advancing on strong growth sector earnings and positive sentiment around artificial intelligence related constituents.
- U.S. small cap lagged large cap amid the continued surge in mega cap technology.
- International equities moved lower on a strengthening U.S. Dollar. EM stocks outpaced developed markets due to a large technology exposure in the index.

## Real Asset / Alternatives (May)

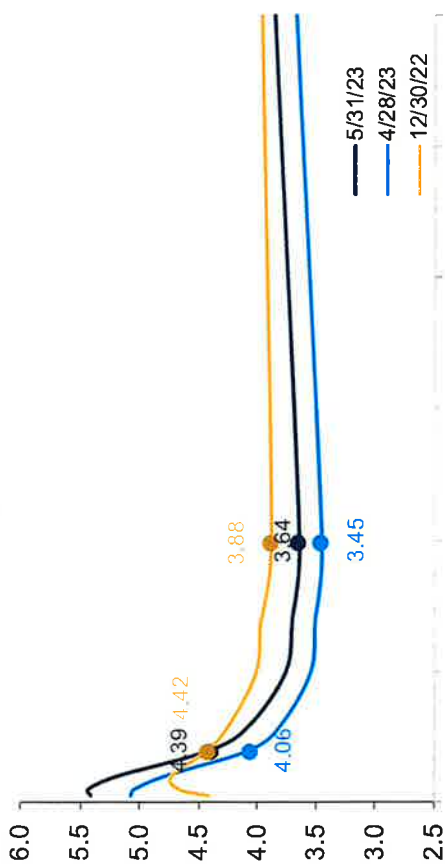
- REITs traded sharply lower with office space occupancy remaining low and the residential real estate market beginning to cool.
- Commodities declined with natural gas prices in retreat around the world.
- + Hedge funds, reported on a month lag, were positive in April, with Macro strategies rebounding during the period.

# Fixed Income Market Update



## U.S. Treasury Yield Curve

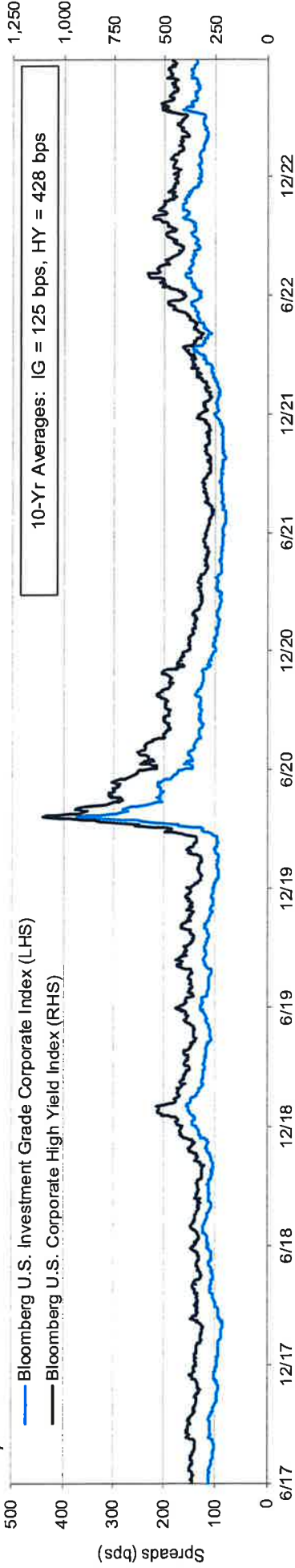
The Fed raised its target rate by another 25 basis points in May but expressed uncertainty about how much more policy tightening may be appropriate in the future. Rates rose across the curve amid concerns around the U.S. debt ceiling and potential recession.



Source: FactSet. As of May 31, 2023.

## Credit Market Spreads – Trailing 5 Years

Both investment grade and high yield spreads were relatively flat for the month of May ending two and seven basis points higher, respectively. Debt investors continue to remain optimistic that the Fed can cool inflation without tipping the economy into a more serious downward spiral that sparks a wave of bankruptcies and defaults.



Source: FactSet. As of May 31, 2023.

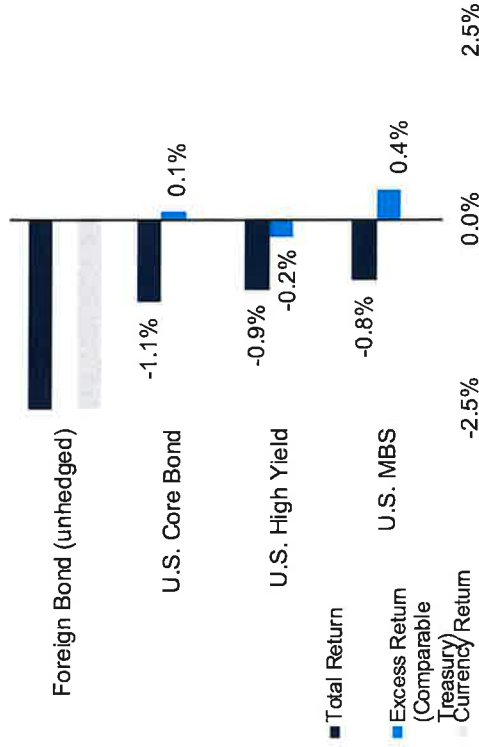
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Indices cannot be invested in directly.

## Index Performance Attribution (May 2023)

Lasting turmoil in the banking sector and lower quality health care sectors led to High Yield underperforming similar duration Treasuries. Rising interest rates in the U.S. prompted the dollar to move higher, hurting non-U.S. debt.



Source: FactSet. As of May 31, 2023.

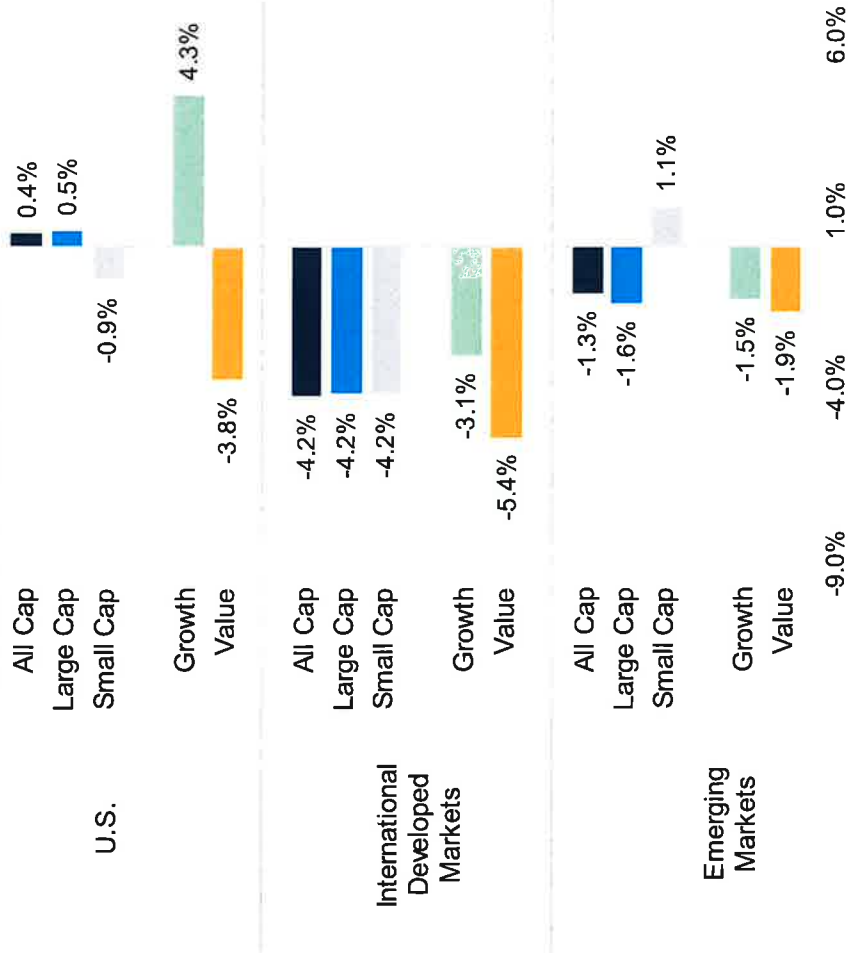


# Equity Market Update



## Market Capitalization & Style Performance (May 2023)

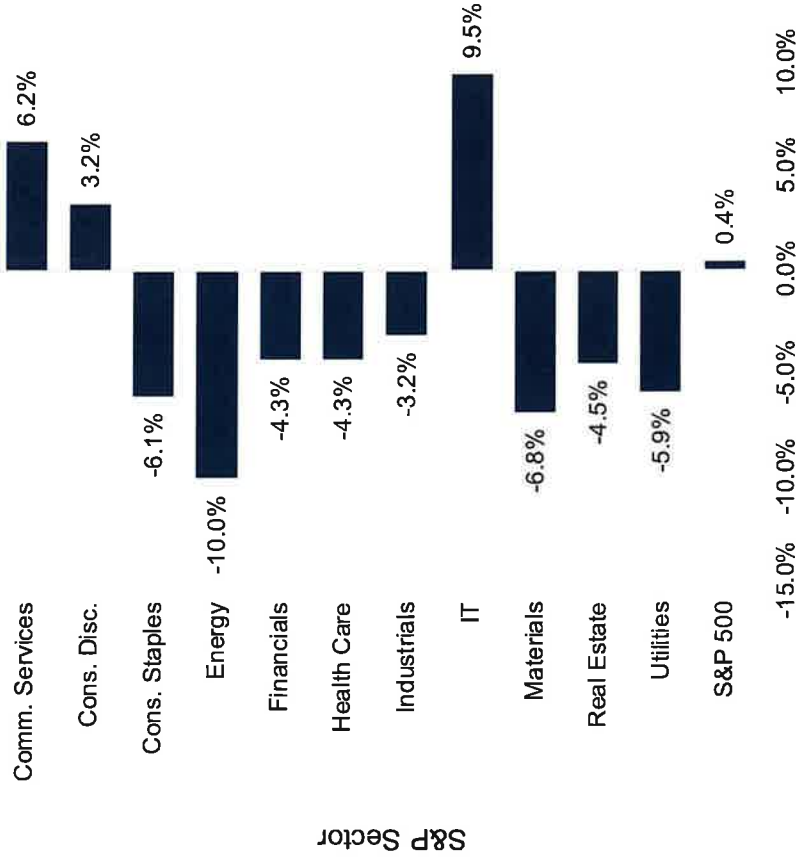
Growth stocks outpaced their value counterparts in May. Lingering fallout from the banking sector disproportionately impacted small cap as the financials sector accounts for a larger portion of the index in the U.S., and mega cap names in the IT and consumer sectors experiencing strong rebounds were the primary drivers of the difference.



Source: Morningstar Direct. As of May 31, 2023.

## U.S. Equities – Returns by Sector (May 2023)

Rising rates and falling oil prices continued to cause pain to economically sensitive markets such as energy and materials. However, in stark contrast, growth related names saw strong returns as investors shifted into profitable technology companies on forecasted demand for artificial intelligence technology.



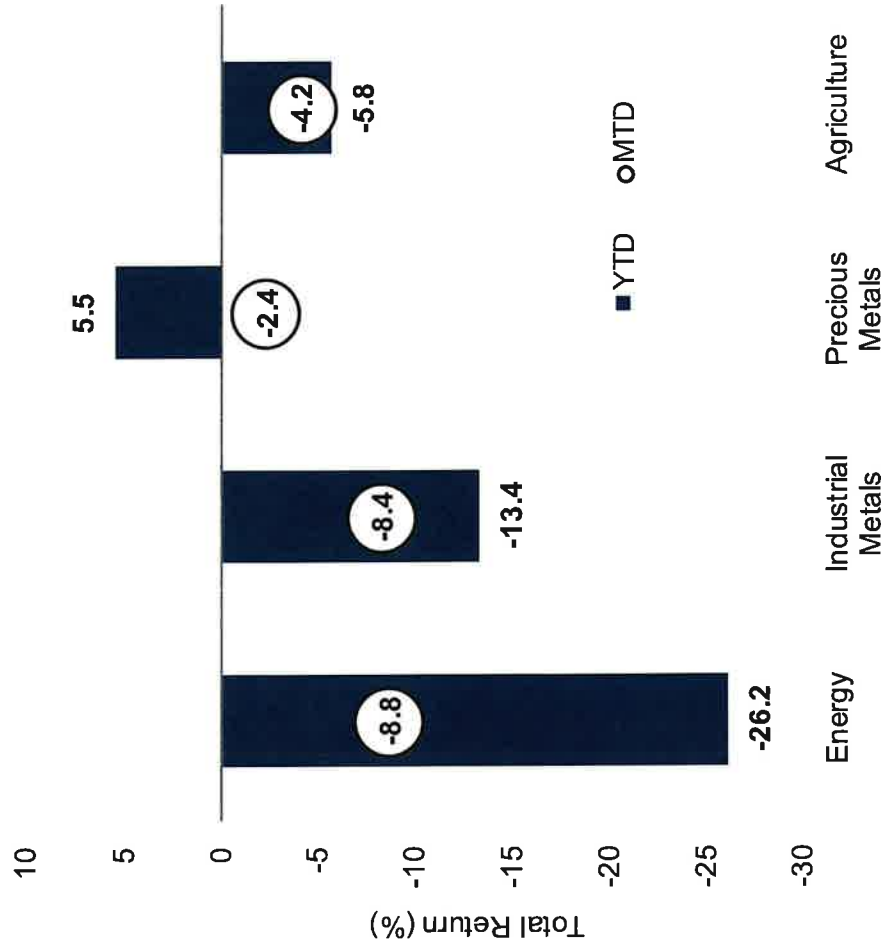
Source: Morningstar Direct. As of May 31, 2023.

# Real Asset Market Update



## Real Assets Performance (May 2023)

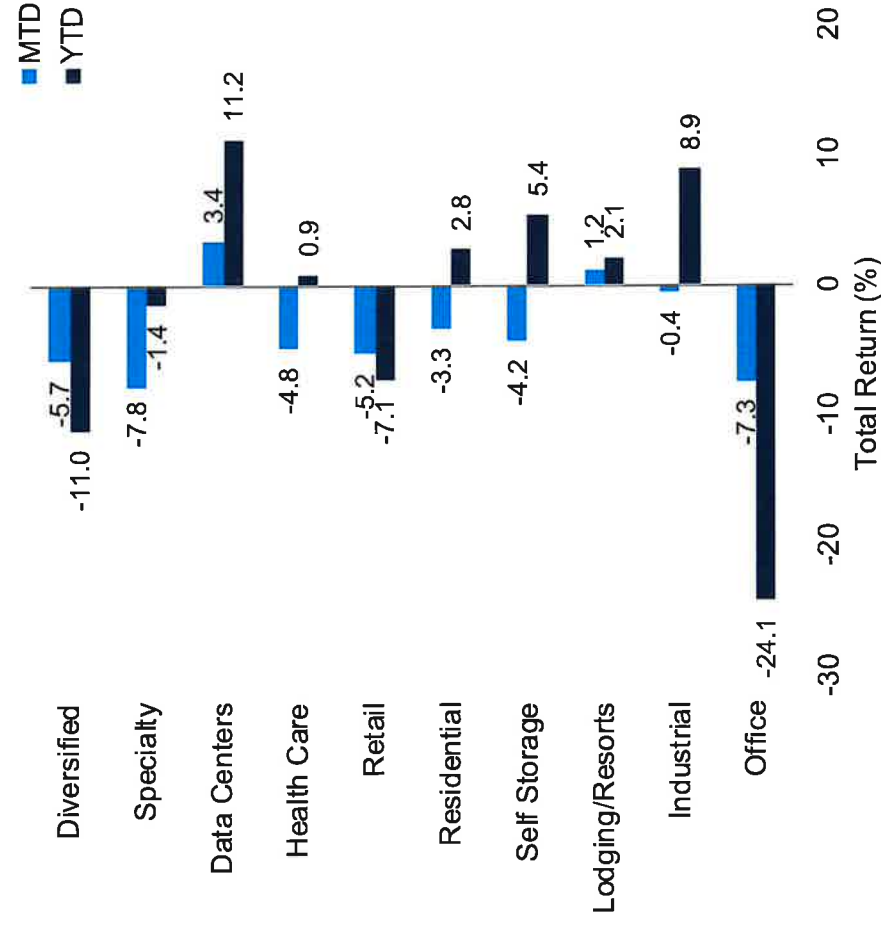
Commodities, in aggregate, were negative in May. Falling natural gas prices impacted energy and industrial metals fell on supply chain resolutions and growing concerns of slowing global economic activity.



Source: FactSet. As of May 31, 2023.

## REIT Sector Performance (May 2023)

Slow returns to office continue to hinder the office sector while data centers shined on continued work-from-home and surging cloud computing spending.



Source: FactSet. As of May 31, 2023.

# Financial Markets Performance

## Financial Markets Performance

Total Return as of May 31, 2023

Periods greater than one year are annualized

All returns are in U.S. dollar terms

	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
<b>Global Fixed Income Markets</b>								
Bloomberg 1-3-Month T-Bill	0.4%	1.9%	3.3%	1.2%	1.5%	1.3%	0.9%	0.7%
Bloomberg U.S. TIPS	-1.2%	2.2%	-4.2%	0.4%	2.6%	2.3%	1.7%	3.0%
Bloomberg Municipal Bond (5 Year)	-1.0%	0.5%	0.4%	-0.7%	1.3%	1.1%	1.5%	2.7%
Bloomberg High Yield Municipal Bond	-0.7%	2.6%	-2.2%	2.5%	2.5%	3.4%	3.4%	4.7%
Bloomberg U.S. Aggregate	-1.1%	2.5%	-2.1%	-3.7%	0.8%	0.8%	1.4%	2.7%
Bloomberg U.S. Corporate High Yield	-0.9%	3.6%	0.0%	2.9%	3.1%	4.4%	4.0%	6.2%
Bloomberg Global Aggregate ex-U.S. Hedged	0.1%	3.4%	-0.1%	-2.1%	1.0%	1.3%	2.3%	3.2%
Bloomberg Global Aggregate ex-U.S. Unhedged	-2.7%	0.6%	-6.5%	-5.6%	-2.8%	-1.6%	-1.0%	0.3%
Bloomberg U.S. Long Gov / Credit	-2.7%	3.6%	-6.2%	-8.4%	0.4%	0.8%	2.3%	4.7%
JPMorgan GBI-EM Global Diversified	-1.6%	4.4%	3.1%	-2.3%	-0.9%	1.1%	-1.3%	1.5%
<b>Global Equity Markets</b>								
S&P 500	0.4%	9.6%	2.9%	12.9%	11.0%	12.4%	12.0%	9.8%
Dow Jones Industrial Average	-3.2%	0.2%	2.0%	11.3%	8.5%	11.7%	10.6%	9.3%
NASDAQ Composite	5.9%	24.1%	8.0%	11.7%	12.7%	15.8%	15.3%	12.7%
Russell 3000	0.4%	8.7%	2.0%	12.3%	10.1%	11.8%	11.5%	9.5%
Russell 1000	0.5%	9.3%	2.4%	12.5%	10.6%	12.1%	11.8%	9.7%
Russell 1000 Growth	4.6%	20.8%	9.5%	12.9%	13.8%	15.8%	14.8%	11.9%
Russell 1000 Value	-3.9%	-1.4%	-4.5%	11.6%	6.8%	8.1%	8.4%	7.2%
Russell Mid Cap	-2.8%	0.6%	-4.5%	10.2%	6.9%	8.9%	9.3%	8.4%
Russell Mid Cap Growth	0.1%	7.6%	-5.8%	5.8%	8.2%	10.8%	10.6%	9.1%
Russell Mid Cap Value	-4.4%	-3.2%	-9.5%	12.3%	5.2%	7.1%	8.0%	7.7%
Russell 2000	-0.9%	0.0%	-4.7%	9.2%	2.7%	7.5%	7.4%	7.3%
Russell 2000 Growth	0.0%	4.9%	2.7%	4.6%	2.7%	8.0%	7.9%	7.8%
Russell 2000 Value	-2.0%	-5.0%	-11.5%	13.6%	2.1%	6.6%	6.4%	6.5%
MSCI ACWI	-1.1%	7.7%	0.9%	10.1%	6.8%	9.0%	7.8%	5.6%
MSCI ACWI ex. U.S.	-3.6%	4.8%	-1.4%	7.2%	2.2%	5.4%	3.8%	2.0%
MSCI EAFE	-4.2%	6.8%	3.1%	8.5%	3.2%	5.7%	4.6%	2.5%
MSCI EAFE Growth	-3.1%	10.3%	6.1%	6.2%	4.5%	6.6%	5.7%	3.4%
MSCI EAFE Value	-5.4%	3.5%	0.1%	10.6%	1.6%	4.4%	3.2%	1.4%
MSCI EAFE Small Cap	-4.2%	2.6%	-4.7%	5.2%	0.3%	4.5%	5.5%	4.1%
MSCI Emerging Markets	-1.7%	1.1%	-8.5%	3.5%	-0.7%	5.0%	1.9%	0.9%
<b>Alternatives</b>								
Consumer Price Index*	0.4%	1.3%	5.0%	5.8%	3.9%	3.4%	2.7%	2.3%
FTSE NAREIT Equity REITs	-3.2%	0.2%	-12.1%	8.2%	4.4%	3.7%	5.7%	5.6%
S&P Real Assets	-4.2%	-1.1%	-9.2%	5.8%	2.9%	3.9%	3.2%	3.0%
FTSE EPRA NAREIT Developed	-4.4%	-1.5%	-14.6%	4.1%	0.5%	1.8%	3.2%	3.0%
FTSE EPRA NAREIT Developed ex U.S.	-6.5%	-4.3%	-18.2%	-1.4%	-3.4%	-0.1%	0.8%	0.8%
Bloomberg Commodity Total Return	-5.6%	-11.4%	-22.5%	17.2%	3.2%	3.4%	-1.9%	-4.4%
HFRI Fund of Funds Composite*	0.4%	1.1%	-0.3%	6.1%	3.1%	3.9%	3.2%	2.0%
HFRI Asset Weighted Composite*	0.8%	0.2%	-2.2%	6.7%	3.3%	4.1%	3.5%	3.5%
Alerian MLP	-0.5%	5.3%	7.8%	25.5%	5.0%	3.9%	0.8%	5.7%

Sources: Morningstar, FactSet. As of May 31, 2023. \*Consumer Price Index and HFRI indexes as of April 30, 2023.

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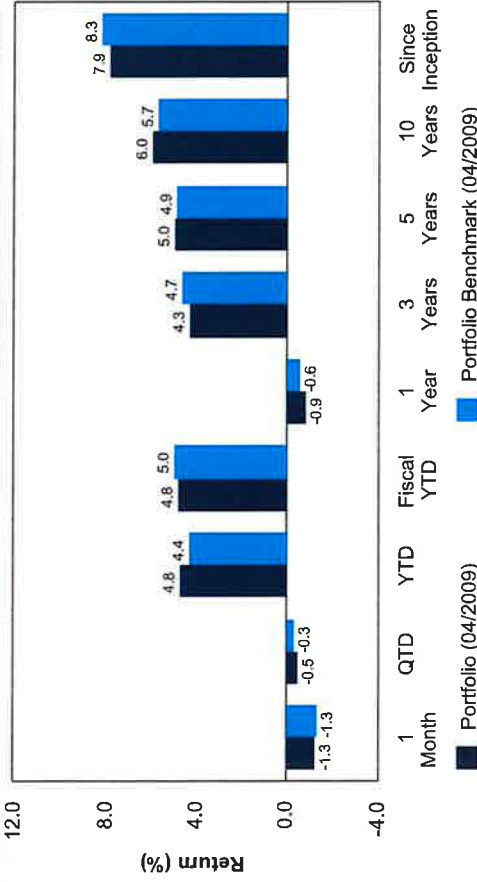


# Portfolio Dashboard

Town of Weston OPEB

As of May 31, 2023

## Historical Performance



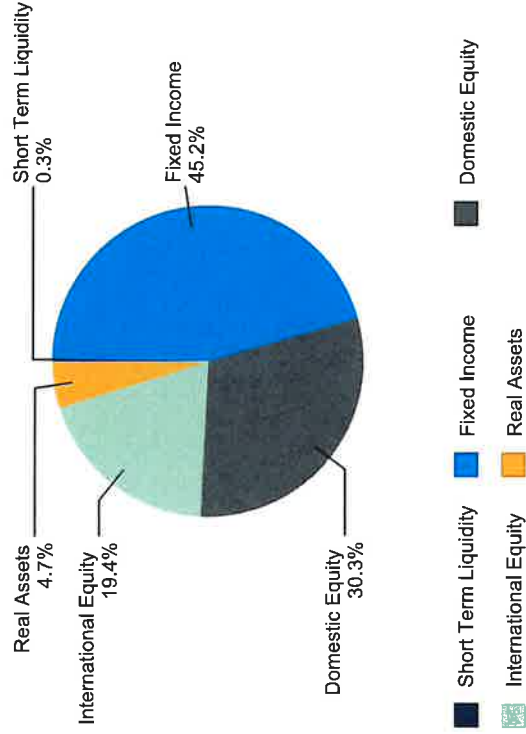
## Summary of Cash Flows

	1 Month	QTD	YTD	Fiscal YTD	1 Year
Beginning Market Value	11,450,775	11,357,530	10,793,040	10,785,801	11,406,042
Net Contributions	-487	-904	-1,861	-4,141	-4,557
Gain/Loss	-145,941	-52,279	513,168	522,686	-97,138
Ending Market Value	11,304,347	11,304,347	11,304,347	11,304,347	11,304,347

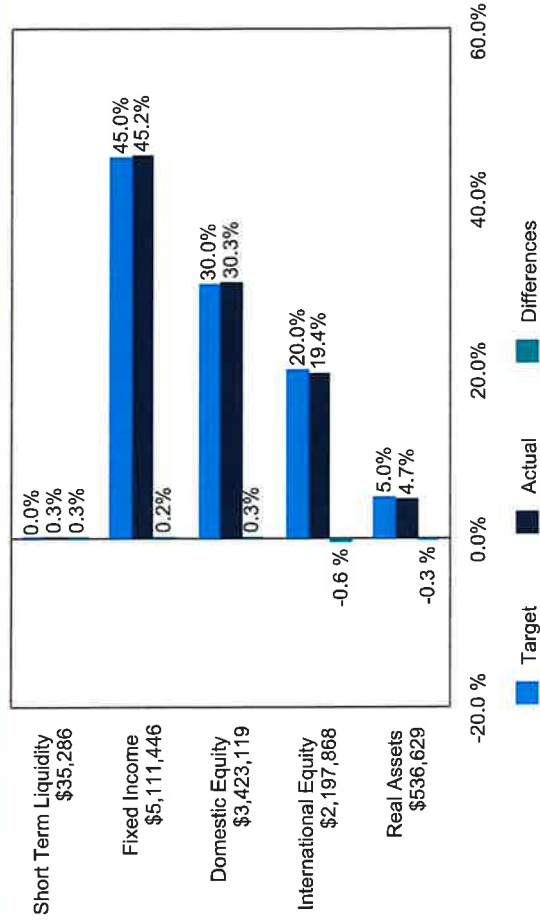
## Current Benchmark Composition

From Date	To Date	Present
05/2023	Present	10.00% Blmbg. U.S. Gov/Credit Float Adj: 1-5 Year, 35.00% Blmbg. U.S. Aggregate, 22.00% S&P 500, 8.00% S&P Completion Index, 20.00% MSCI AC World ex USA (Net), 5.00% DWS Real Assets Benchmark

## Portfolio Allocation



## Actual vs. Target Allocations





## Asset Allocation

Town of Weston OPEB

As of May 31, 2023

	Asset Allocation (\$)	Asset Allocation (%)	Target Allocation (%)	Differences (%)
<b>Town of Weston OPEB</b>	<b>11,304,347</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
<b>Short Term Liquidity</b>	<b>35,286</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>
Allspring Government Money Market	35,286	0.3	0.0	0.3
<b>Fixed Income</b>	<b>5,111,446</b>	<b>45.2</b>	<b>45.0</b>	<b>0.2</b>
Vanguard Short Term Bond Adm	1,132,096	10.0	10.0	0.0
Metropolitan West Total Return Bond PI	3,979,350	35.2	35.0	0.2
<b>Domestic Equity</b>	<b>3,423,119</b>	<b>30.3</b>	<b>30.0</b>	<b>0.3</b>
Vanguard 500 Index Fund Adm	2,528,672	22.4	22.0	0.4
Vanguard Extended Market Index Adm	894,448	7.9	8.0	-0.1
<b>International Equity</b>	<b>2,197,868</b>	<b>19.4</b>	<b>20.0</b>	<b>-0.6</b>
American Funds EuroPacific Growth R6	2,197,868	19.4	20.0	-0.6
<b>Real Assets</b>	<b>536,629</b>	<b>4.7</b>	<b>5.0</b>	<b>-0.3</b>
DWS RREEF Real Assets Fund Instl	536,629	4.7	5.0	-0.3

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



# Manager Performance

Town of Weston OPEB

As of May 31, 2023

	Allocation		Performance (%)								Inception Date	
	Market Value (\$)	%	1 Month	QTD	YTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years		Since Inception
<b>Town of Weston OPEB</b>	<b>11,304,347</b>	<b>100.0</b>	<b>-1.3</b>	<b>-0.5</b>	<b>4.8</b>	<b>4.8</b>	<b>-0.9</b>	<b>4.3</b>	<b>5.0</b>	<b>6.0</b>	<b>7.9</b>	<b>04/2009</b>
<i>Blended Benchmark</i>			<i>-1.3</i>	<i>-0.3</i>	<i>4.4</i>	<i>5.0</i>	<i>-0.6</i>	<i>4.7</i>	<i>4.9</i>	<i>5.7</i>	<i>8.3</i>	
<b>Short Term Liquidity</b>	<b>35,286</b>	<b>0.3</b>	<b>0.4</b>	<b>0.8</b>	<b>1.9</b>	<b>3.2</b>	<b>3.3</b>	<b>1.1</b>	<b>1.4</b>	<b>0.8</b>	<b>0.6</b>	<b>04/2009</b>
<i>90 Day U.S. Treasury Bill</i>			<i>0.4</i>	<i>0.7</i>	<i>1.8</i>	<i>3.1</i>	<i>3.1</i>	<i>1.1</i>	<i>1.5</i>	<i>0.9</i>	<i>0.7</i>	
<b>Allspring Government Money Market</b>	<b>35,286</b>	<b>0.3</b>	<b>0.4</b>	<b>0.8</b>	<b>1.9</b>	<b>3.2</b>	<b>3.3</b>	<b>1.1</b>	<b>1.4</b>	<b>0.8</b>	<b>0.6</b>	<b>04/2009</b>
<i>90 Day U.S. Treasury Bill</i>			<i>0.4</i>	<i>0.7</i>	<i>1.8</i>	<i>3.1</i>	<i>3.1</i>	<i>1.1</i>	<i>1.5</i>	<i>0.9</i>	<i>0.7</i>	
<b>Fixed Income</b>	<b>5,111,446</b>	<b>45.2</b>	<b>-1.1</b>	<b>-0.5</b>	<b>2.3</b>	<b>0.2</b>	<b>-1.6</b>	<b>-2.3</b>	<b>1.2</b>	<b>1.3</b>	<b>2.8</b>	<b>05/2009</b>
<i>Fixed Income Benchmark</i>			<i>-1.0</i>	<i>-0.4</i>	<i>2.1</i>	<i>0.2</i>	<i>-1.2</i>	<i>-2.4</i>	<i>1.2</i>	<i>1.5</i>	<i>2.8</i>	
<b>Vanguard Short Term Bond Adm</b>	<b>1,132,096</b>	<b>10.0</b>	<b>-0.5</b>	<b>0.0</b>	<b>1.9</b>	<b>0.8</b>	<b>-0.1</b>	<b>-1.3</b>	<b>1.2</b>	<b>1.1</b>	<b>1.2</b>	<b>09/2013</b>
<i>Bimbg. U.S. Gov/Credit Float Adj: 1-5 Year</i>			<i>-0.5</i>	<i>0.0</i>	<i>1.8</i>	<i>0.8</i>	<i>0.0</i>	<i>-1.3</i>	<i>1.3</i>	<i>1.2</i>	<i>1.2</i>	
<i>IM U.S. Short Term Investment Grade (MF) Median</i>			<i>-0.1</i>	<i>0.4</i>	<i>1.9</i>	<i>2.2</i>	<i>1.2</i>	<i>0.6</i>	<i>1.4</i>	<i>1.2</i>	<i>1.2</i>	
<i>Vanguard Short Term Bond Adm Rank</i>			<i>98</i>	<i>92</i>	<i>57</i>	<i>93</i>	<i>90</i>	<i>98</i>	<i>66</i>	<i>62</i>	<i>60</i>	
<b>Metropolitan West Total Return Bond PI</b>	<b>3,979,350</b>	<b>35.2</b>	<b>-1.3</b>	<b>-0.7</b>	<b>2.8</b>	<b>-0.8</b>	<b>-2.9</b>	<b>-3.5</b>	<b>1.0</b>	<b>1.5</b>	<b>1.2</b>	<b>12/2014</b>
<i>Bimbg. U.S. Aggregate</i>			<i>-1.1</i>	<i>-0.5</i>	<i>2.5</i>	<i>-0.6</i>	<i>-2.1</i>	<i>-3.6</i>	<i>0.8</i>	<i>1.4</i>	<i>1.1</i>	
<i>IM U.S. Broad Market Core+ Fixed Income (MF) Median</i>			<i>-1.1</i>	<i>-0.5</i>	<i>2.6</i>	<i>0.0</i>	<i>-2.3</i>	<i>-2.7</i>	<i>1.0</i>	<i>1.5</i>	<i>1.2</i>	
<i>Metropolitan West Total Return Bond PI Rank</i>			<i>82</i>	<i>75</i>	<i>32</i>	<i>73</i>	<i>68</i>	<i>81</i>	<i>50</i>	<i>45</i>	<i>51</i>	
<b>Domestic Equity</b>	<b>3,423,119</b>	<b>30.3</b>	<b>0.4</b>	<b>1.3</b>	<b>8.7</b>	<b>11.2</b>	<b>1.9</b>	<b>12.2</b>	<b>10.1</b>	<b>11.6</b>	<b>13.8</b>	<b>05/2009</b>
<i>Domestic Equity Benchmark</i>			<i>0.4</i>	<i>1.5</i>	<i>8.9</i>	<i>11.4</i>	<i>2.1</i>	<i>12.3</i>	<i>10.2</i>	<i>11.5</i>	<i>13.8</i>	
<b>Vanguard 500 Index Fund Adm</b>	<b>2,528,672</b>	<b>22.4</b>	<b>0.4</b>	<b>2.0</b>	<b>9.6</b>	<b>12.1</b>	<b>2.9</b>	<b>12.9</b>	<b>11.0</b>	<b>12.0</b>	<b>14.0</b>	<b>05/2009</b>
<i>S&amp;P 500</i>			<i>0.4</i>	<i>2.0</i>	<i>9.6</i>	<i>12.2</i>	<i>2.9</i>	<i>12.9</i>	<i>11.0</i>	<i>12.0</i>	<i>14.0</i>	
<i>IM U.S. Large Cap Core Equity (MF) Median</i>			<i>0.4</i>	<i>1.7</i>	<i>8.6</i>	<i>11.3</i>	<i>2.5</i>	<i>11.8</i>	<i>10.1</i>	<i>11.0</i>	<i>12.9</i>	
<i>Vanguard 500 Index Fund Adm Rank</i>			<i>46</i>	<i>41</i>	<i>31</i>	<i>37</i>	<i>43</i>	<i>22</i>	<i>24</i>	<i>16</i>	<i>17</i>	
<b>Vanguard Extended Market Index Adm</b>	<b>894,448</b>	<b>7.9</b>	<b>0.5</b>	<b>-1.7</b>	<b>4.0</b>	<b>6.4</b>	<b>-3.5</b>	<b>7.8</b>	<b>4.6</b>	<b>8.4</b>	<b>12.1</b>	<b>05/2009</b>
<i>S&amp;P Completion Index</i>			<i>0.4</i>	<i>-1.8</i>	<i>3.9</i>	<i>6.2</i>	<i>-3.7</i>	<i>7.7</i>	<i>4.5</i>	<i>8.3</i>	<i>12.1</i>	
<i>IM U.S. Mid Cap Core Equity (MF) Median</i>			<i>-3.2</i>	<i>-3.4</i>	<i>-0.6</i>	<i>4.8</i>	<i>-5.2</i>	<i>11.1</i>	<i>5.8</i>	<i>7.6</i>	<i>11.1</i>	
<i>Vanguard Extended Market Index Adm Rank</i>			<i>4</i>	<i>11</i>	<i>8</i>	<i>21</i>	<i>28</i>	<i>94</i>	<i>74</i>	<i>33</i>	<i>18</i>	

Manager performance for mutual funds and ETFs is based on NAV and provided by Lipper. Performance for non-mutual fund or ETF investments is based on the returns provided by managers, calculations based on a manager statement, or calculations based on a statement of data from the client's custodian. Funds may include returns of an equivalent share class with a longer return history if period includes dates prior to the fund's inception. Returns are net of fees unless otherwise stated. The fund's inception date represents the first month the client made the investment. Composite performance includes all funds held in the composite since inception. Inception dates for asset class composites reflect the start date at which these returns could be calculated using historical and existing system capabilities and may vary from the inception dates of underlying component strategies.



# Manager Performance

Town of Weston OPEB

As of May 31, 2023

	Allocation		Performance(%)								Inception Date	
	Market Value (\$)	%	1 Month	QTD	YTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years		Since Inception
<b>International Equity</b>												
MSCI AC World ex USA (Net)	2,197,868	19.4	-3.2	-2.2	7.5	10.9	1.1	5.9	2.9	4.6	6.8	05/2009
			-3.6	-2.0	4.8	7.9	-1.4	7.2	2.2	3.8	6.3	
<b>American Funds EuroPacific Growth R6</b>	2,197,868	19.4	-3.2	-2.2	7.5	10.9	1.1	5.9	2.9	5.5	2.9	12/2017
MSCI AC World ex USA (Net)			-3.6	-2.0	4.8	7.9	-1.4	7.2	2.2	3.8	2.1	
IM International Large Cap Core Equity (MF) Median			-3.7	-1.3	7.2	12.9	2.3	8.3	2.9	3.9	2.5	
American Funds EuroPacific Growth R6 Rank			38	82	45	71	66	85	49	2	35	
<b>Real Assets</b>												
DWS Real Assets Benchmark	536,629	4.7	-5.7	-4.3	-4.5	-7.1	-15.0	-	-	-	-3.9	06/2021
			-5.7	-4.6	-4.0	-5.3	-13.9	7.6	3.0	3.1	-2.5	
<b>DWS RREEF Real Assets Fund Instl</b>	536,629	4.7	-5.7	-4.3	-4.5	-7.1	-15.0	7.4	4.9	3.8	-3.9	06/2021
DWS Real Assets Benchmark			-5.7	-4.6	-4.0	-5.3	-13.9	7.6	3.0	3.1	-2.5	

Manager performance for mutual funds and ETFs is based on NAV and provided by Lipper. Performance for non-mutual fund or ETF investments is based on the returns provided by managers, calculations based on a manager statement, or calculations based on a statement of data from the client's custodian. Funds may include returns of an equivalent share class with a longer return history if period includes dates prior to the fund's inception. Returns are net of fees unless otherwise stated. The fund's inception date represents the first month the client made the investment. Composite performance includes all funds held in the composite since inception. Inception dates for asset class composites reflect the start date at which these returns could be calculated using historical and existing system capabilities and may vary from the inception dates of underlying component strategies.



# Benchmark History

Town of Weston OPEB

As of May 31, 2023

Account Name	From Date	To Date	Benchmark Composition
Town of Weston OPEB	05/2023	Present	10.0% Blimbg. U.S. Gov/Credit Float Adj: 1-5 Year, 35.0% Blimbg. U.S. Aggregate, 22.0% S&P 500, 8.0% S&P Completion Index, 20.0% MSCI AC World ex USA (Net), 5.0% DWS Real Assets Benchmark
	06/2021	05/2023	5.0% Blimbg. U.S. Gov/Credit Float Adj: 1-5 Year, 15.0% Blimbg. U.S. Credit 1-5 Year Index, 25.0% Blimbg. U.S. Aggregate, 26.0% S&P 500, 4.0% S&P Completion Index, 20.0% MSCI AC World ex USA (Net), 5.0% DWS Real Assets Benchmark
	01/2018	06/2021	5.0% Blimbg. U.S. Gov/Credit Float Adj: 1-5 Year, 15.0% Blimbg. U.S. Credit 1-5 Year Index, 25.0% Blimbg. U.S. Aggregate, 30.0% S&P 500, 5.0% S&P Completion Index, 15.0% MSCI AC World ex USA (Net), 5.0% MSCI U.S. REIT Index
	04/2009	01/2018	35.0% Blimbg. U.S. Aggregate, 10.0% Blimbg. U.S. TIPS, 30.0% S&P 500, 5.0% S&P Completion Index, 15.0% MSCI AC World ex USA (Net), 5.0% MSCI U.S. REIT Index
<b>Fixed Income</b>	<b>05/2023</b>	<b>Present</b>	<b>22.2% Blimbg. U.S. Gov/Credit Float Adj: 1-5 Year, 77.8% Blimbg. U.S. Aggregate</b>
	01/2018	05/2023	11.1% Blimbg. U.S. Gov/Credit Float Adj: 1-5 Year, 33.3% Blimbg. U.S. Credit 1-5 Year Index, 55.6% Blimbg. U.S. Aggregate
	04/2009	01/2018	77.8% Blimbg. U.S. Aggregate, 22.2% Blimbg. U.S. TIPS
<b>Domestic Equity</b>	<b>05/2023</b>	<b>Present</b>	<b>73.3% S&amp;P 500, 26.7% S&amp;P Completion Index</b>
	06/2021	05/2023	86.7% S&P 500, 13.3% S&P Completion Index
	04/2009	06/2021	85.7% S&P 500, 14.3% S&P Completion Index





# Definitions & Disclosures

Please note: Due to rounding methodologies of various data providers, certain returns in this report might differ slightly when compared to other sources

## REGULATORY DISCLOSURES

**Offer of ADV Part 2A:** Rule 204-3 under the Investment Advisers Act of 1940 requires that we make an annual offer to clients to send them, without charge, a written disclosure statement meeting the requirements of such rule. We will be glad to send a copy of our ADV Part 2A to you upon your written request to [compliance@fiducient.com](mailto:compliance@fiducient.com).

## INDEX DEFINITIONS

- **Citigroup 3 Month T-Bill** measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indexes consist of the last three three-month Treasury bill issues.
- **Ryan 3 Yr. GIC** is an arithmetic mean of market rates of \$1 million Guaranteed Interest Contracts held for three years.
- **Bloomberg Treasury U.S. T-Bills-1-3 Month Index** includes aged U.S. Treasury bills, notes and bonds with a remaining maturity from 1 up to (but not including) 3 months. It excludes zero coupon strips.
- **Bloomberg Capital US Treasury Inflation Protected Securities Index** consists of Inflation-Protection securities issued by the U.S. Treasury.
- **Bloomberg Muni Index** is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. Bonds must be rated investment-grade by at least two ratings agencies.
- **Bloomberg Muni 1 Year Index** is the 1-year (1-2) component of the Municipal Bond Index.
- **Bloomberg Muni 3 Year Index** is the 3-year (2-4) component of the Municipal Bond Index.
- **Bloomberg Muni 5 Year Index** is the 5-year (4-6) component of the Municipal Bond Index.
- **Bloomberg Muni 7 Year Index** is the 7-year (6-8) component of the Municipal Bond Index.
- **Bloomberg Intermediate U.S. Gov't/Credit** is the intermediate component of the U.S. Government/Credit index, which includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies, while the credit index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **Bloomberg U.S. Aggregate Index** covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.
- **Bloomberg Global Aggregate ex. USD Indices** represent a broad-based measure of the global investment-grade fixed income markets. The two major components of this index are the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds and Canadian government, agency and corporate securities.
- **Bloomberg U.S. Corporate High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EWG countries are included.
- **JP Morgan Government Bond Index-Emerging Market (GBI-EM) Index** is a comprehensive, global local emerging markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.
- **The S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- **The Dow Jones Industrial Index** is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry.
- **The NASDAQ** is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.
- **Russell 3000** is a market-cap-weighted index which consists of roughly 3,000 of the largest companies in the U.S. as determined by market capitalization. It represents nearly 98% of the investable U.S. equity market.
- **Russell 1000** consists of the largest 1000 companies in the Russell 3000 Index.
- **Russell 1000 Growth** measures the performance of those Russell 1000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 1000 Value** measures the performance of those Russell 1000 companies with lower P/B ratios and lower forecasted growth values.
- **Russell Mid Cap** measures the performance of the 800 smallest companies in the Russell 1000 Index.
- **Russell Mid Cap Growth** measures the performance of those Russell Mid Cap companies with higher P/B ratios and higher forecasted growth values.
- **Russell Mid Cap Value** measures the performance of those Russell Mid Cap companies with lower P/B ratios and lower forecasted growth values.
- **Russell 2000** consists of the 2,000 smallest U.S. companies in the Russell 3000 index.
- **Russell 2000 Growth** measures the performance of those Russell 2000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 2000 Value** measures the performance of those Russell 2000 companies with lower P/B ratios and lower forecasted growth values.
- **Russell 2500** consists of the 2,500 smallest U.S. companies in the Russell 3000 Index.
- **Russell 2500 Growth** measures the performance of those Russell 2500 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 2500 Value** measures the performance of those Russell 2500 companies with lower P/B ratios and lower forecasted growth values.
- **MSCI World** captures large and mid-cap representation across 23 Developed Markets countries. With 1,645 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
- **MSCI ACWI (All Country World Index) ex. U.S.** Index captures large and mid-cap representation across 22 of 23 Developed Markets countries (excluding the US) and 23 Emerging Markets countries. With 4,368 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.
- **MSCI ACWI (All Country World Index) ex. U.S. Small Cap Index** captures small cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. With 14,859 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.
- **MSCI EAFE** is an equity index which captures large and mid-cap representation across Developed Markets countries around the world, excluding the US and Canada. With 930 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.



- **MSCI EAFE Value** captures large and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 507 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI EAFE Index.
- **MSCI EAFE Growth** captures large and mid-cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the US and Canada. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend. With 542 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI EAFE Index.
- **MSCI Emerging Markets** captures large and mid-cap representation across 23 Emerging Markets countries. With 836 constituents, the index covers approximately 85% of the free-float adjusted market capitalization in each country.
- **Consumer Price Index** is a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.
- **FTSE NAREIT Equity REITs Index** contains all Equity REITs not designed as Timber REITs or Infrastructure REITs.
- **S&P Developed World Property** defines and measures the investable universe of publicly traded property companies domiciled in developed markets. The companies in the index are engaged in real estate related activities, such as property ownership, management, development, rental and investment.
- **S&P Developed World Property X U.S.** defines and measures the investable universe of publicly traded property companies domiciled in developed countries outside of the U.S. The companies included are engaged in real estate related activities, such as property ownership, management, development, rental and investment.
- **Fund Specific Broad Real Asset Benchmarks:**
  - **DWS Real Assets:** 30%; Dow Jones Brookfield Infrastructure Index, 30%; FTSE EPRA/NAREIT Developed Index, 15%; S&P Global Natural Resources Index, 15%; S&P Global Natural Resources Index, 10%; U.S. Treasury Inflation Notes Total Return Index
  - **PIMCO Inflation Response Multi Asset Fund:** 45% Bloomberg U.S. TIPS, 20% Bloomberg Commodity Index, 15% JP Morgan Emerging Local Markets Plus, 10% Dow Jones Select REIT, 10% Bloomberg Gold Subindex Total Return
  - **Principal Diversified Real Assets:** 35% BbgBarc U.S. Treasury TIPS Index, 20% S&P Global Infrastructure Index NTR, 20% S&P Global Natural Resources Index NTR, 15% Bloomberg Commodity Index, and 10% FTSE EPRA/NAREIT Developed Index NTR
  - **Wellington Diversified Inflation H:** 50% MSCI ACWI Commodity Producers Index, 25% Bloomberg Commodity Index, and 25% Bloomberg Bloomberg US TIPS 1 – 10 Year Index
- **Bloomberg Commodity Index** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification.
- **HFRI Fund Weighted Composite Index** is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of \$50 Million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.
- **The Alerian MLP Index** is the leading gauge of energy Master Limited Partnerships (MLPs). The float-adjusted, capitalization-weighted index, whose constituents represent approximately 85% of total float-adjusted market capitalization, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis.
- **The Adjusted Alerian MLP Index** is commensurate with 65% of the monthly returns of the Alerian MLP Index to incorporate the effect of deferred tax liabilities incurred by MLP entities.
- **Cambridge Associates U.S. Private Equity Index** is based on data compiled from more than 1,200 institutional-quality venture capital funds formed between 1986 and 2015.
- **Cambridge Associates U.S. Venture Capital Index** is based on data compiled from over 1,600 institutional-quality venture capital funds formed between 1986 and 2015.
- **Vanguard Spliced Bloomberg US1-5Yr Gov/Cr Flt Adj Index:** Bloomberg U.S. 1–5 Year Government/Credit Bond Index through December 31, 2009; Bloomberg U.S. 1–5 Year Government/Credit Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg US5-10Yr Gov/Cr Flt Adj Index:** Bloomberg U.S. 5–10 Year Government/Credit Bond Index through December 31, 2009; Bloomberg U.S. 5–10 Year Government/Credit Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg US Agg Flt Adj Index:** Bloomberg U.S. Aggregate Bond Index through December 31, 2009; Bloomberg U.S. Aggregate Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg US Long Gov/Cr Flt Adj Index:** Bloomberg U.S. Long Government/Credit Bond Index through December 31, 2009; Bloomberg U.S. Long Government/Credit Float Adjusted Index thereafter.
- **Vanguard Balanced Composite Index:** Made up of two unmanaged benchmarks, weighted 60% Dow Jones U.S. Total Stock Market Index (formerly the Dow Jones Wilshire 5000 Index) and 40% Bloomberg U.S. Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Float Adjusted Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Bloomberg U.S. Aggregate Float Adjusted Index thereafter.
- **Vanguard Spliced Intermediate-Term Tax-Exempt Index:** Bloomberg 1–15 Year Municipal Bond Index.
- **Vanguard Spliced Extended Market Index:** Dow Jones Wilshire 4500 Index through June 17, 2005; S&P Transitional Completion Index through September 16, 2005; S&P Completion Index thereafter.
- **Vanguard Spliced Value Index:** S&P 500 Value Index (formerly the S&P 500/Barra Value Index) through May 16, 2003; MSCI US Prime Market Value Index through April 16, 2013; CRSP US Large Cap Value Index thereafter.
- **Vanguard Spliced Large Cap Index:** Consists of MSCI US Prime Market 750 Index through January 30, 2013, and the CRSP US Large Cap Index thereafter.
- **Vanguard Spliced Growth Index:** S&P 500 Growth Index (formerly the S&P 500/Barra Growth Index) through May 16, 2003; MSCI US Prime Market Growth Index through April 16, 2013; CRSP US Large Cap Growth Index thereafter.
- **Vanguard Spliced Mid Cap Value Index:** MSCI US Mid Cap Value Index through April 16, 2013; CRSP US Mid Cap Value Index thereafter.
- **Vanguard Spliced Mid Cap Index:** S&P MidCap 400 Index through May 16, 2003; the MSCI US Mid Cap 450 Index through January 30, 2013; and the CRSP US Mid Cap Index thereafter.
- **Vanguard Spliced Mid Cap Growth Index:** MSCI US Mid Cap Growth Index through April 16, 2013; CRSP US Mid Cap Growth Index thereafter.
- **Vanguard Spliced Total Stock Market Index:** Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter.
- **Vanguard Spliced Small Cap Value Index:** SmallCap 600 Value Index (formerly the S&P SmallCap 600/Barra Value Index) through May 16, 2003; MSCI US Small Cap Value Index through April 16, 2013; CRSP US Small Cap Value Index thereafter.



- **Vanguard Spliced Small Cap Index:** Russell 2000 Index through May 16, 2003; the MSCI US Small Cap 1750 Index through January 30, 2013; and the CRSP US Small Cap Index thereafter.
- **Vanguard Spliced Small Cap Growth Index:** S&P SmallCap 600 Growth Index (formerly the S&P SmallCap 600/Barra Value Index) through May 16, 2003; MSCI US Small Cap Growth Index through April 16, 2013; CRSP US Small Cap Growth Index thereafter.
- **Vanguard Spliced Total International Stock Index:** Consists of the Total International Composite Index through August 31, 2006; the MSCI EAFE + Emerging Markets Index through December 15, 2010; the MSCI AC USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard Spliced Developed Markets Index:** MSCI EAFE Index through May 28, 2013; FTSE Developed ex North America Index through December 20, 2015; FTSE Developed All Cap ex US Transition Index through May 31, 2016; FTSE Developed All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard Spliced Emerging Markets Index:** Select Emerging Markets Index through August 23, 2006; MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index through June 27, 2013; FTSE Emerging Index through November 1, 2015; and FTSE Emerging Markets All Cap China A Transition Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard REIT Spliced Index:** MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index through January 31, 2018; MSCI US Investable Market Real Estate 25/50 Transition Index through July 24, 2018; MSCI US Investable Market Real Estate 25/50 Index thereafter.

#### **Additional:**

- Equity sector returns are calculated by Russell and MSCI for domestic and international markets, respectively. MSCI sector definitions correspond to the MSCI GICS® classification (Global Industry Classification System); Russell uses its own sector and industry classifications.
- MSCI country returns are calculated by MSCI and are free float-adjusted market capitalization indices that are designed to measure equity market performance in each specific country.
- Currency returns are calculated using Bloomberg's historical spot rate indices and are calculated using the U.S. dollar as the base currency.
- The Index of Leading Economic Indicators, calculated by The Conference Board, is used as a barometer of economic activity over a range of three to six months. The index is used to determine the direction and stability of the economy. The composite index of leading indicators, which is derived from 10 leading indicators, helps to signal turning points in the economy and forecast economic cycles. The leading indicators are the following: average weekly hours, average weekly initial claims, manufacturers' new orders, both consumer and non-defense capital goods, vendor performance, building permits, stock prices, money supply (M2), the interest rate spread and the index of consumer expectations.
- S&P Target Date Indexes are constructed using a survey method of current target date investments with \$100 million or more in assets under management. Allocations for each vintage are comprised of exchange-traded funds that represent respective asset classes used in target date portfolios. The indexes are designed to represent a market consensus glide path.

#### **DEFINITION OF KEY STATISTICS AND TERMS**

- **Returns:** A percentage figure used when reporting historical average compounded rate of investment return. All returns are annualized if the period for which they are calculated exceeds one year.
- **Universe Comparison:** The universe compares the fund's returns to a group of other investment portfolios with similar investment strategies. The returns for the fund, the index and the universe percentiles are displayed. A percentile ranking of 1 is the best, while a percentile ranking of 100 is the worst. For example, a ranking of 50 indicates the fund outperformed half of the universe. A ranking of 25 indicates the fund was in the top 25% of the universe, outperforming 75%.
- **Returns in Up/Down Markets:** This measures how the fund performed in both up and down markets. The methodology is to segregate the performance for each time period into the quarters in which the market, as defined by the index, was positive and negative. Quarters with negative index returns are treated as down markets, and quarters with positive index returns are treated as up markets. Thus, in a 3 year or 12 quarter period, there might be 4 down quarters and 8 up quarters. A simple arithmetic average of returns is calculated for the fund and the index based on the up quarters. The up market capture ratio is the ratio of the fund's return in up markets to the index based on the up quarters. A simple arithmetic average of returns is calculated for the fund and the index. Ideally, the fund would have a greater up market capture ratio than down market capture ratio.
- **Standard Deviation:** Standard deviation is a statistical measure of the range of performance within which the total returns of a fund fall. When a fund has a high standard deviation, the range of performance is very wide, meaning there is a greater volatility. Approximately 68% of the time, the total return of any given fund will differ from the average total return by no more than plus or minus the standard deviation figure. Ninety-five percent of the time, a fund's total return will be within a range of plus or minus two times the standard deviation from the average total return. If the quarterly or monthly returns are all the same the standard deviation will be zero. The more they vary from one another, the higher the standard deviation. Standard deviation can be misleading as a risk indicator for funds with high total returns because large positive deviations will increase the standard deviation without a corresponding increase in the risk of the fund. While positive volatility is welcome, negative is not.
- **R-Squared:** This reflects the percentage of a fund's movements that are explained by movements in its benchmark index. An R-squared of 100 means that all movements of a fund are completely explained by movements in the index. Conversely, a low R-squared indicates very few of the fund's movements are explained by movements in the benchmark index. R-squared can also be used to ascertain the significance of a particular beta. Generally, a higher R-squared will indicate a more reliable beta figure. If the R-squared is lower, then the beta is less relevant to the fund's performance. A measure of diversification, R-squared indicates the extent to which fluctuations in portfolio returns are explained by market. An R-squared = 0.70 implies that 70% of the fluctuation in a portfolio's return is explained by the fluctuation in the market. In this instance, overweighting or underweighting of industry groups or individual securities is responsible for 30% of the fund's movement.
- **Beta:** This is a measure of a fund's market risk. The beta of the market is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the market in up markets and 10% worse than the market in down markets. It is important to note, however, a low fund beta does not imply the fund has a low level of volatility; rather, a low beta means only that the fund's market-related risk is low. Because beta analyzes the market risk of a fund by showing how responsive the fund is to the market, its usefulness depends on the degree to which the markets determine the fund's total risk (indicated by R-squared).
- **Alpha:** The Alpha is the nonsystematic return, or the return that can't be attributed to the market. It can be thought of as how the manager performed if the market's return was zero. A positive alpha implies the manager added value to the return of the portfolio over that of the market. A negative alpha implies the manager did not contribute any value over the performance of the market.
- **Sharpe Ratio:** The Sharpe ratio is the excess return per unit of total risk as measured by standard deviation. Higher numbers are better, indicating more return for the level of risk experienced. The ratio is a fund's return minus the risk-free rate of return (30-day T-Bill rate) divided by the fund's standard deviation. The higher the Sharpe ratio, the more reward you are receiving per unit of total risk. This measure can be used to rank the performance of mutual funds or other portfolios.
- **Treynor Ratio:** The Treynor ratio measures returns earned in excess of that which could have been earned on a riskless investment per each unit of market risk. The ratio relates excess return over the risk-free rate to the additional risk taken; however, systematic risk is used instead of total risk. The Treynor ratio is similar to the Sharpe ratio, except in the fact that it uses the beta to evaluate the returns rather than the standard deviation of portfolio returns. High values mean better return for risk taken.



- **Tracking Error:** Tracking error measures the volatility of the difference in annual returns between the manager and the index. This value is calculated by measuring the standard deviation of the difference between manager and index returns. For example, a tracking error of +/- 5 would mean there is about a 68% chance (1 standard deviation event) that the manager's returns will fall within +/- 5% of the benchmark's annual return.
- **Information Ratio:** The information ratio is a measure of the consistency of excess return. This value is determined by taking the annualized excess return over a benchmark (style benchmark by default) and dividing the standard deviation of excess return.
- **Consistency:** Consistency shows the percent of the periods the fund has beaten the index and the percent of the periods the index has beaten the fund. A high average for the fund (e.g., over 50%) is desirable, indicating the fund has beaten the index frequently.
- **Downside Risk:** Downside risk is a measure similar to standard deviation but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the product.
- **M-Squared:** M-squared, or the Modigliani risk-adjusted performance measure is used to characterize how well a portfolio's return rewards an investor for the amount of risk taken, relative to that of some benchmark portfolio and to the risk-free rate.

#### DEFINITION OF KEY PRIVATE EQUITY TERMS

- **PIC (Paid in Capital):** The amount of committed capital that has been transferred from the limited partner to the general partner.
- **TVPI (Total Value to Paid in Capital):** Money returned to limited partners plus the fund's unrealized investments, divided by money paid-in to the partnership. The TVPI should equal RVPI plus DPI.
- **DPI (Distribution to Paid In Capital):** Money returned (distributions) to limited partners divided by money paid-in to the partnership. Also called cash-on-cash multiple.
- **RVPI (Residual Value to Paid In Capital):** The value of a fund's unrealized investments divided by money paid-in to the partnership.
- **Internal rate of return (IRR):** This is the most appropriate performance benchmark for private equity investments. It is a time-weighted return expressed as a percentage. IRR uses the present sum of cash drawdowns (money invested), the present value of distributions (money returned from investments) and the current value of unrealized investments and applies a discount.
- **Commitment:** Every investor in a private equity fund commits to investing a specified sum of money in the fund partnership over a specified period of time. The fund records this as the limited partnership's capital commitment. The sum of capital commitments is equal to the size of the fund.
- **Capital Distribution:** These are the returns that an investor in a private equity fund receives. It is the income and capital realized from investments less expenses and liabilities. Once a limited partner has had their cost of investment returned, further distributions are actual profit. The partnership agreement determines the timing of distributions to the limited partner. It will also determine how profits are divided among the limited partners and general partner.
- **Carried Interest:** The share of profits that the fund manager is due once it has returned the cost of investment to investors. Carried interest is normally expressed as a percentage of the total profits of the fund.
- **Co-Investment:** Co-investments are minority investments made alongside a private equity investor in an LBO, a recapitalization, or an expansion capital transaction. It is a passive, non-controlling investment, as the private equity firm involved will typically exercise control and perform monitoring functions.
- **General Partner (GP):** This can refer to the top-ranking partners at a private equity firm as well as the firm managing the private equity fund.
- **GP Commitments:** It is normal practice for the GP managing a private equity fund to also make a financial commitment to the fund on the same basis as the LPs in the fund, and this is seen as an important factor driving the alignment of GP and LP interests. The historic benchmark for GP commitments has been 1% of the total fund size, but this is by no means universal, and many GPs commit significantly larger amounts. Furthermore, there has been a marked trend towards GPs making larger commitments to their funds over recent years.
- **Leveraged Buy-Out (LBO):** The acquisition of a company using debt and equity finance.
- **Limited Partner (LP):** Institutions or high-net-worth individuals/sophisticated investors that contribute capital to a private equity fund.
- **Public Market Equivalent (PME):** Performance measure used to evaluate performance relative to the market. It is calculated as the ratio of the discounted value of the LP's inflows divided by the discounted value of outflows, with the discounting performed using realized market returns.
- **Primaries:** An original investment vehicle that invests directly into a company or asset.

#### VALUATION POLICY

Fiduciant Advisors does not engage an independent third-party pricing service to value securities. Our reports are generated using the security prices provided by custodians used by our clients. Our custodial pricing hierarchy is available upon request. If a client holds a security not reported by the first custodian within the hierarchy, the valuation is generated from the next custodian within the hierarchy, and so forth. Each custodian uses pricing services from outside vendors, where the vendors may generate nominally different prices. Therefore, this report can reflect minor valuation differences from those contained in a custodian's report. In rare instances where FA overrides a custodial price, prices are taken from Bloomberg.

#### REPORTING POLICY

This report is intended for the exclusive use of the client listed within the report. Content is privileged and confidential. Any dissemination or distribution is strictly prohibited. Information has been obtained from a variety of sources believed to be reliable though not independently verified. Any forecast represents median expectations and actual returns, volatilities and correlations will differ from forecasts. Please note each client has customized investment objectives and constraints and the investment strategy for each portfolio is based on a client-specific asset allocation model. Past performance does not indicate future performance and there is a possibility of a loss. Performance calculated net of investment fees. Certain portfolios presented may be gross of Fiduciant Advisors' fees and actual performance would be reduced by investment advisory fees. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney, and accountant, as appropriate, regarding specific advice.



Custodian reports are the reports that govern the account. There will be different account values between Fiducient Advisors' reports and the custodian reports based on whether the report utilizes trade date or date to calculate value. Additionally, difference between values contained on reports may be caused by different accrued income values. Any forecasts represent future expectations and actual returns, volatilities and will differ from forecasts. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney, and accountant, as appropriate, regarding specific advice. Past performance does not indicate future performance and there is a possibility of a loss.

Manager performance for mutual funds and ETFs is based on NAV and provided by Lipper. Performance for non-mutual fund or ETF investments is based on the returns provided by managers, calculations based on a manager statement, or calculations based on a statement or data from the client's custodian. Unless specified otherwise, all returns are net of individual manager fees, represent total returns and are annualized for periods greater than one year. The deduction of fees produces a compounding effect that reduces the total rate of return over time. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 0.50% annual investment advisory fee would be \$5,228 in the first year, and cumulative effects of \$30,342 over five years and \$73,826 over ten years. Additional information on advisory fees charged by Fiducient Advisors are described in Part 2 of the Form ADV.

## **MATERIAL RISKS & LIMITATIONS**

**Fixed Income** securities are subject to interest rate risks, the risk of default and liquidity risk. U.S. investors exposed to non-U.S. fixed income may also be subject to currency risk and fluctuations.

-Liability Driven Investing (LDI) Assets

Cash may be subject to the loss of principal and over longer period of time may lose purchasing power due to inflation.

-Short Term Liquidity

**Domestic Equity** can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry factors, or other macro events. These may happen quickly and unpredictably.

**International Equity** can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry impacts, or other macro events. These may happen quickly and unpredictably. International equity allocations may also be impacted by currency and/or country specific risks which may result in lower liquidity in some markets.

**Real Assets** can be volatile and may include asset segments that may have greater volatility than investment in traditional equity securities. Such volatility could be influenced by a myriad of factors including, but not limited to overall market volatility, changes in interest rates, political and regulatory developments, or other exogenous events like weather or natural disaster.

**Private Equity** involves higher risk and is suitable only for sophisticated investors. Along with traditional equity market risks, private equity investments are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility and/or the potential loss of capital.

**Private Credit** involves higher risk and is suitable only for sophisticated investors. These assets are subject to interest rate risks, the risk of default and limited liquidity. U.S. investors exposed to non-U.S. private credit may also be subject to currency risk and fluctuations.

**Private Real Estate** involves higher risk and is suitable only for sophisticated investors. Real estate assets can be volatile and may include unique risks to the asset class like leverage and/or industry, sector or geographical concentration. Declines in real estate value may take place for a number of reasons including, but are not limited to economic conditions, change in condition of the underlying property or defaults by the borrow.

**Marketable Alternatives** involves higher risk and is suitable only for sophisticated investors. Along with traditional market risks, marketable alternatives are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility or the potential for loss of capital. Additionally, short selling involved certain risks including, but not limited to additional costs, and the potential for unlimited loss on certain short sale positions.

## **OTHER**

By regulation, closed-end funds utilizing debt for leverage must report their interest expense, as well as their income tax expense, as part of their total expense ratio. To make for a useful comparison between closed-end funds and both open-end funds and exchange-traded funds, adjusted expense ratios excluding interest and income tax expenses are utilized for closed-end funds within this report. See disclosure on closed-end fund fact sheets for information regarding the total expense ratio of each closed-end fund.

Please advise us of any changes in your objectives or circumstances.

## **CUSTODIAN STATEMENTS**

Please remember to review the periodic statements you receive from your custodian. If you do not receive periodic statements from your custodian or notice issues with the activity reported in those statements, please contact FA or your custodian immediately.

# Item 2

## Interest Budget 2022-23

**BUDGET**

200,000

May, 2023

<u>Bank/Fund</u>	<u>Risk Based Capital Ratio</u>	<u>Investment \$</u>	<u>% of Total</u>	<u>Interest Rate/yield</u>	<u>Liquidity</u>
<b>General fund</b>					
JPMorgan Chase Money Market	18.44	95,584	0.2	0.03	available daily
Wells Fargo	14.28	895,842	2.3	3.4	available daily
M&T Bank Money Market	13.04	95,339	0.2	0.1	available daily
M&T Bank Tax Collector Credit Card	13.04	30,044	0.1	0	available daily
State Short-term Investment Fund	n/a	9,229,380	23.7	5.07	available daily
State Short-term Investment Fund (debt srvc)	n/a	22,924	0.1	5.07	available daily
Webster Bank	12.89	530,691	1.4	2.5	available daily
TD Banknorth, Money Mrkt	18.62	918,448	2.4	2.25	available daily
Stonecastle FICA account	n/a	9,907,740	25.4	4.86	available daily
Saxon Securities Fed. Insured account	n/a	3,977,611	10.2	3.9	available daily
Multi Bank Securities (cd's)	n/a	2,634,671	6.8	0.25 - 5.5	6 mo. - 3 yr cd's
UBS Financial	n/a	3,599,269	9.2	1.36	blended/varies
Flynn Financial	n/a	3,604,889	9.2	2.97	blended/varies
Janney Montgomery Scott Portfolio	n/a	<u>3,445,679</u>	<u>8.8</u>	<u>1.88</u>	blended/varies
<b>Subtotal General fund</b>		<b>38,988,111</b>	100.0		
<b>Non- General fund</b>					
TD Banknorth (Senior Center)	18.62	68,787	0.5	0	available daily
Bank of America (Parks and Rec, Ravenwood)	14.35	403,664	3.0	0.05	available daily
FF Cty Bank/Turf Replacement	12.54	238,886	1.8	.1-5	daily or cd
FF Cty Bank/Morehouse	12.54	120,222	0.9	.06 - 4.0	daily or cd
Fairfield Cty/Social Services	12.54	132,712	1.0	0.04	available daily
FF Cty Bank/Mariana Clark Trust	12.54	102,444	0.8	0.5	cd
TD Banknorth Library Accts.	18.62	1,115,102	8.2	2.66-2.83	available daily
Wells Fargo - OPEB Trust	n/a	<u>11,406,402</u>	<u>83.9</u>	<u>2.28</u>	<u>blended/varies</u>
<b>Subtotal Non-General fund</b>		<b>13,588,219</b>	100.0		
<b>Grand Total</b>		<b>52,576,330</b>			

Note: Fairfield County's ratio is their Tier 1 Leverage Capital ratio, a lower % than the Risk Based Capital ratio.

# TOWN OF WESTON INVESTMENT REPORT

## FY 2022-23 (GENERAL FUND)

<u>CATEGORY</u>	<u>7/1/22 - 5/31/23 EARNINGS NET OF FEES</u>	<u>NET UNREALIZED LOSS/GAIN July - May</u>	<u>INVESTMENT EARNINGS YTD 2022-23</u>
BANK MONEY MARKETS	57,939	N/A	57,939
STONECASTLE, SAXON FEDERAL INSURED ACCOUNTS	388,413	N/A	388,413
CONNECTICUT SHORT TERM INV.FUND	365,524	N/A	365,524
MULTI-BANK SECURITIES CD PORTFOLIO	44,381	(10,819)	33,562
JANNEY MONTGOMERY SCOTT	76,779	(71,010)	5,769
FLYNN FINANCIAL	88,599	(113,572)	(24,973)
UBS FINANCIAL	38,056	(102,069)	(64,013)
<b>TOTAL</b>	<b>1,059,691</b>	<b>(297,470)</b>	<b>762,221</b>
<b>INVESTMENT INCOME BUDGET 2022-23</b>	<b>200,000</b>		<b>200,000</b>
<b>Difference from Budget at May 31</b>	<b>859,691</b>		<b>562,221</b>
<b>Investment Income Actual 2021-22</b>			<b>(630,175)</b>
<b>Investment Income Actual 2020-21</b>			<b>99,703</b>
<b>Investment Income Actual 2019-20</b>			<b>750,026</b>
<b>Investment Income Actual 2018-19</b>			<b>842,931</b>



# Item 3

**TOWN OF WESTON, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds						
	School Lunch	Board of Education Grants	Youth Service Bureau	Library Board Fund	Senior Citizens Center	Weston High School Fund	Horace B. Hurlbutt Memorial Trust
<b>REVENUES</b>							
Intergovernmental Revenues	\$ -	\$ 879,818	\$ 22,879	\$ -	\$ -	\$ -	\$ -
Other Local Revenues:							
Charges for Services	1,463,259	-	992	11,586	-	-	1,263
Interest and Dividends	-	-	-	-	-	19	-
Other Revenue	-	-	192,339	-	35,523	-	-
Total Revenues	<u>1,463,259</u>	<u>879,818</u>	<u>216,210</u>	<u>11,586</u>	<u>35,523</u>	<u>19</u>	<u>1,263</u>
<b>EXPENDITURES</b>							
General Government	-	-	237,121	52,352	78,512	-	-
Education	1,412,206	882,318	-	-	-	1,000	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	<u>1,412,206</u>	<u>882,318</u>	<u>237,121</u>	<u>52,352</u>	<u>78,512</u>	<u>1,000</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	51,053	(2,500)	(20,911)	(40,766)	(42,989)	(981)	1,263
<b>OTHER FINANCING SOURCES</b>							
Transfers In	-	-	32,373	-	36,377	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>32,373</u>	<u>-</u>	<u>36,377</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	51,053	(2,500)	11,462	(40,766)	(6,612)	(981)	1,263
Fund Balances - Beginning of Year	<u>115,549</u>	<u>2,500</u>	<u>68,898</u>	<u>1,134,636</u>	<u>31,518</u>	<u>4,675</u>	<u>20,875</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 166,602</u>	<u>\$ -</u>	<u>\$ 80,360</u>	<u>\$ 1,093,870</u>	<u>\$ 24,906</u>	<u>\$ 3,694</u>	<u>\$ 22,138</u>

# Youth Services fund

## Projected Balance at 6/30/23

Fund Balance 6/30/22	80,360
Projected Expenditures through 6/30/23	221,000
Projected Revenue through 6/30/23	<u>208,000</u>
Projected Fund Balance at 6/30/23	67,360

**Town of Weston**

First Selectmen's Budget

**Department:** Recreation Department

**Account Number:** 0160910

**Department Description**

Provides general direction and coordination of all parks and recreation activities.

Object	Actual 2020-2021	Actual 2021-2022	Budget 2022-2023	Projected 2022-2023	Dept Request 2023-2024	1st Select Request 2023-2024	BoSelect Request 2023-2024	BoFin Approved 2023-2024	Percent Change
518 Recreation Enterprise Fund	-57,500	-47,500	-47,500	-47,500	-87,500	-97,500			105.3%
50101 Salaries & Wages	231,576	244,249	241,046	241,046	246,896	246,896			2.4%
50103 Part Time Salaries					52,990	52,990			--
51301 Contractual Services	7,356	7,980	8,616	8,616	9,228	9,228			7.1%
53601 General Supply	1,064	759	2,136	2,136	3,718	3,718			74.1%
55208 Training & Prof. Develop.	179	653	700	700	700	700			0.0%
59504 Travel & Mileage Expense	218	177	200	200	300	300			50.0%
59640 Subscrip.Memberships	0	395	350	350	395	395			12.9%
	182,893	206,713	205,548	205,548	226,727	216,727			5.4%
Personnel	3.00	3.00	3.00	3.00	3.78	3.78			
Revenue	57,500	47,500	47,500	47,500	87,500	97,500			

**First Selectmen's Budget Notes**

- 50103: Represents transfer of the Youth Services Program Coordinator to Recreation and Parks.
- 518: Modest increase to Transfer In from the Recreation Enterprise fund based upon recent trend, and the transfer of Youth Services programs to this Department.
- 53601: Increase reflects purchase of bottled water and other consumables previously included under General Administration.

# Item 4

Memorandum to: Weston Board of Finance, Members  
From: Michael Imber, Chairman  
Date: May 10, 2023  
RE: Proposed BOF Summer Projects

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This memo proposes several special project tasks to be undertaken by the Board of Finance ("BOF") and in coordination with other professionals in Weston Government.

**1) Procurement Policy**

- a. Collaborate with Town of Weston ("TOW") to update procurement policy, including use of Requests for Proposals ("RFP")
- b. Collaborate with Weston Public Schools Superintendent and Board of Education ("BOE") Chairman and other appropriate professionals on the adequacy of the current BOE procurement policy
- c. Collaborate with the Weston Police Commission and Police Chief on the adequacy of the current WPD procurement policy

**2) Special Appropriation Protocols**

- a. Formalize and document the process for Special Appropriation requests made to the BOF
- b. Develop standard application elements and back-up protocols in collaboration with the Procurement Policy task group

**3) Cash Flow Forecasting**

- a. Collaborate with TOW and BOE on evaluating current "as is" cash flow forecasting methodologies and reporting, including methods for tracking capital expenditure projects and grants management
- b. Evaluate the utility of enhancing cash flow forecasting and establish desired goals
- c. Collaborate with TOW and BOE finance directors on designing protocols "future state" cash flow forecasting

**4) Update key financial ratio analysis**

- a. Re-calculate key financial ratios used in Moody's bond rating methodology which was updated in November 2022

# Item 5

**Board of Finance Special Meeting**  
**April 19, 2023 6:00 PM**  
**(to be followed by joint meeting with the Board of Selectmen at 6:45)**  
**Meeting held remotely**

**Call to order:** Board of Finance Chair Michael Imber called the meeting to order at 6:03 pm. Also in attendance were Board of Finance members, Vice Chair Rone Baldwin, Jeffrey Farr, Amy Gare, Jeffrey Goldstein, and Maxwell Rosenthal, Finance Director, Rick Darling. Theresa Brasco not in attendance.

**Discussion & Decision regarding recommendations to reallocate investments within the Town's OPEB Trust portfolio per Fiducient's recommendations submitted in February. Rick Darling, Director of Finance.**

Mr. Imber lead a discussion on the recommendations from Karen Paulsen, Fiducient Advisors as submitted in February. Mr. Imber reviewed the trade recommendation worksheet updated March 31, 2023. Mr. Imber discussed that broad allocations are not changing but Fiducient recommends changing in fixed income and domestic equity. Fiducient's suggestion of the target allocation is to keep 45% in fixed income which is no change but to increase the bond duration from 3 to 6 years due to interest rate stabilization.

In domestic equities, Fiducient recommends keeping 30% in domestic equity, and doubling exposure in small caps. International equity remains the same at 20% and real assets remain the same at 5%. Mr. Imber opened the discussion to any questions from the BOF. Mr. Imber asked for a motion to approve changing allocations as recommended by Fiducient for the fixed income allocation and domestic equity allocation. Mr. Baldwin made a motion, seconded by Mr. Goldstein. Five in favor, one abstention. Motion carries.

Mr. Imber noted the OPEB balance being fully funded at 103% prior to making above changes.

**Discussion & decision regarding approval of the meeting minutes of February 9, March 8, March 14, March 28 and March 30.** Mr. Imber asked for a motion to approve the meeting minutes of February 9, March 8, March 14, March 28 and March 30<sup>th</sup>. Motion made by Mr. Rosenthal, seconded by Mr. Farr. All in favor. Motion carries unanimously.

**Adjournment:** Mr. Imber asked for a motion to adjourn the meeting. Mr. Farr made the motion to adjourn, Ms. Gare seconded. The motion passed unanimously. Meeting adjourned at 6:15 pm.



**Board of Finance and Board of Selectmen Joint Special Meeting**  
**Minutes**  
**April 19, 2023 6:45pm**  
**Meeting held via Zoom**

**Board of Finance Chair Michael Imber called the meeting to order at 6:45 pm.** Also in attendance from the Board of Finance were Vice Chair Rone Baldwin, Jeffrey Farr, Amy Gare, Jeffrey Goldstein, and Maxwell Rosenthal. Theresa Brasco was not in attendance. Board of Selectmen attendees were First Selectwoman Samantha Nestor, Selectman Martin Mohabeer, and Selectwoman Amy Jenner. Also in attendance were Communications Director Larry Roberts, Police Chief Ed Henion, Fire Chief John Pokorny, EMS Chief Michael Schlechter, and members of the public.

1. **Discussion regarding a presentation on the procurement of a new Land Mobile Radio system, including the use of the general fund balance to finance the purchase. Larry Roberts, Communications Center Director:** First Selectwoman Nestor introduced Weston Communications Director Larry Roberts and spoke about his experience and expertise in this field. Mr. Roberts provided a presentation on the Land Mobile Radio Communications (LMRC) System Replacement, his presentation included a summary which recommended purchasing the Connecticut Land Mobile Radio System for an initial system cost of \$4,500,00 contingent upon Board of Finance and Board of Selectmen approval and Special Town Meeting approval, with a project contingency of 4% or \$180,000 of previously allocated radio improvement funds, annual system cost of \$140,000, and the initial town responsibilities prior to installation would be \$124,000.

Mr. Roberts discussed the current land mobile radio system that was installed around 2000 and has an industry standard 15 year useful life. The current infrastructure is no longer supported by the manufacturer and the parts to maintain and/or repair the system are no longer available. He emphasized the lack of interoperability and the difficulty communicating with other agencies.

Mr. Roberts presented two possible solutions: (1) replace the current system with a similar system, and (2) replace the current system with the state system, Connecticut Land Mobile Radio Network (CLMRN). Possible solution #1, replacement of current system with a similar one is the least expensive option, the Town owns the system and is responsible for its own communications infrastructure, and the Town decides the level of maintenance, however, there is poor interoperability with mutual aid partners, it is not monitored by the CT Telecommunications Systems Unit, and coverage is not as good as CLMRN. Possible solution #2, replacement with CLMRN, will significantly improve mutual aid communications, provide enhanced coverage and the higher frequency allows for better building penetration, is APCO Project 25 compliant (interoperability), lifecycle support and monitored radio health 24/7, however, there is an added cost due to state requirement of lifecycle maintenance coverage, the town must join partnership with the state and must purchase approved equipment, and there is an initial higher cost. He also reviewed the estimated system cost of post warranty services for each possible solution and also town responsibilities of Frontier fiber optic line, work on boiler and hot water pipes in the firehouse, Godfrey tower shelter roof, Norfield shelter HVAC heat pump and facility improvements, and security cage at Station 2.

Mr. Roberts said the Town has applied for \$1,000,000 of a congressionally directed spending grant, which is only available for CLMRN. The Town has also applied for a \$509,286 grant from the Connecticut Bond Council, which is available for either option.

He discussed the approval process, and provided his recommendation to move forward with CLMRN due to the increased level of safety, wide coverage area in Weston, Wilton, Westport, Fairfield, and Norwalk,

interoperability between units in the field with other agencies, considerable upgrade to Department of Public Works and Animal Control Officer communication capabilities, allows for future system enhancement, the system is ACPO P25 compliant, and there is state supervision and maintenance of the system with 24/7 monitoring by CTS. He stated that assuming favorable votes and funding, the final acceptance of the project could occur in August 2024.

Police Chief Ed Henion spoke about the importance of interoperability for the safety of Police Officers and residents. He provided an example of a police incident in Town where they had officers from neighboring towns and state police respond, however, were not able to communicate with them via radio. He said he wholeheartedly endorses the project.

Fire Chief John Pokorny said the Fire Department has the oldest system and has experienced failures of equipment. He discussed the importance of interoperability and mutual aid. Chief Pokorny discussed a recent large fire incident where neighboring towns responded and had difficulty finding a common channel for emergency communications.

EMS Chief Mike Schlechter discussed the importance of interoperability. He stated that portable radios do not work inside hospitals and first responders are not able to communicate while in the hospital, and there are also dark spots in town

Mr. Roberts responded to questions from the Board of Finance and the Board of Selectmen and discussion took place. The possibility of a public hearing regarding this process was discussed by members of the Board of Selectmen and Board of Finance. The Board of Selectmen, at a future meeting, will discuss holding a public hearing regarding this project.

Mr. Imber spoke about the next steps, he proposed that the Board of Finance hold a special meeting on May 1 to vote on creating a capital account for the land mobile radio project, pending the outcome of the Board of Selectmen meeting this evening.

- 2. Adjourn:** Selectwoman Jenner made a motion to adjourn. Selectman Mohabeer seconded the motion. Motion carried unanimously with those present at time of adjournment.

Minutes Submitted by: Darcy Barrera-Hawes, Executive Administrative Assistant, Board of Selectmen

Approved May 18, 2023

## Board of Finance Special Meeting

May 8, 2023 6:00 PM

Meeting held remotely

**Call to order:** Board of Finance Chair Michael Imber called the meeting to order at 6:02pm. Attendees were Vice Chair Rone Baldwin, Theresa Brasco, Jeffrey Farr, Jeffrey Goldstein, Maxwell Rosenthal. Also attending were Finance Director Rick Darling, Communications Center Director Larry Roberts. Amy Gare had an excused absence.

**Executive Session to discuss legal matters concerning security strategy and security devices affecting public security.** Mr. Imber called for a motion to enter into executive session for the purpose of discussing legal matters concerning security strategy and security devices affecting public security. Invited to attend were Board of Finance members, Doug LoMonte of Bercham Moses, First Selectwoman Samantha Nestor, Communications Director Larry Roberts and Paul Zito of New England Radio Consultants. Mr. Farr made the motion, seconded by Mr. Baldwin. Motion passes unanimously. Executive session commenced at 6:05 pm and ended at 6:59 pm.

**Discussion & Decision to approve the creation of a Capital Account entitled "Public Safety Telecommunications (Land Mobile Radio Project)" and to fund said account with a special appropriation of \$4,500,000 from the Unassigned Fund Balance, subject to the approval of a Special Town Meeting.**

*The public portion of the Special BOF meeting reconvened at 6:59pm.*

Mr. Imber asked for a motion for discussion and a vote to approve the creation of a Capital Account entitled "Public Safety Telecommunications (Land Mobile Radio Project)" and to fund said account with a special appropriation of \$4,500,000 from Unassigned Fund Balance, subject to the approval of a Special Town Meeting. Mr. Rosenthal made the motion, seconded by Mr. Goldstein. Motion passes unanimously. Mr. Imber discussed the next steps in advancing the process to the Special Town Meeting on June 7<sup>th</sup> subject to BOF vote and asked for questions from the Board of Finance:

Mr. Baldwin commented on support of the benefits of the state system and discussed concern for potential risks associated with the agreement and concern for unforeseen change orders as well as the need for the LMR system to be overseen tightly. Mr. Baldwin would like the BOF to be made aware if the final addendum has material differences prior to a Special Town Meeting vote.

Ms. Brasco asked if there were potential material differences between the proposal and final contract based upon current negotiated expectations. Mr. Imber said if so they would be subject to consideration. Ms. Brasco asked who was overseeing the project. Mr. Roberts responded that he will oversee all steps of the project.

Mr. Farr wanted to understand the format for the town vote. Mr. Imber explained that the town vote is subject to the rules and regulations of the town charter. Ms. Nestor said that on May 18<sup>th</sup> there will be a public informational meeting via zoom. The vote will not be a machine vote. It will be a town meeting similar to the past EMS vote.

Mr. Imber asked for a motion to approve the creation of a Capital Account entitled "Public Safety Telecommunications (Land Mobile Radio Project)" and to fund said account with a special appropriation of \$4,500,000 from the Unassigned Fund Balance, subject to the approval of a Special Town Meeting. The motion passed unanimously.

**Adjourn.** Motion to adjourn made by Mr. Rosenthal, seconded by Mr. Farr. Meeting adjourned at 7:10 pm.

Minutes Submitted By: Shawn Amato, Recording Secretary

## Board of Finance Regular Meeting

May 11, 2023 6:00 PM

Meeting held remotely

**Call to Order:** Board of Finance Chair Michael Imber called the meeting to order at 6:00 pm. Attendees were Vice Chair Rone Baldwin, Theresa Brasco, Jeffrey Farr, Finance Director Rick Darling. Amy Gare, Jeffrey Goldstein, Maxwell Rosenthal had excused absences due to travel.

**Executive Session to discuss school security issues:** Mr. Imber called for a motion to enter into executive session for the purpose of discussing school security. Invited to attend were BOF members, BOE Chair Steve Ezzes, WPS Finance Director Phil Cross, and WPS Superintendent Lisa Barbiero. Mr. Baldwin made the motion, seconded by Mr. Farr. Motion passes unanimously. Executive session commenced at 6:02 pm and ended at 7:09 pm.

*The public portion of the Board of Finance meeting reconvened at 7:09 pm.*

**Discussion and Decision regarding the annual suspense list from the Tax Collector. Cathleen Neblett, Tax Collector:** Ms. Neblett updated the BOF on the proposed list of Real Estate, Motor Vehicle and Personal Property tax bills to be transferred to the annual suspense list for BOF approval. Ms. Neblett discussed that there is \$52,731.86 in uncollected real estate, motor vehicle and personal property tax bills in which the tax collector is seeking to transfer to the suspense list for those bills that are deemed uncollectable or unlikely to collect. Approval of the transfer to suspense is in compliance with state statute. Mr. Imber had questions on the approximate \$6,400 Real Estate bills for 5 vacant lots on Pilot Hill Road that were transferred to the Town after the 2018 tax sale. Ms. Neblett confirmed they are vacant lots. Discussions and inquiry continued on the lack of an access way to the land for building purposes. Mr. Imber requested a follow up on the possibility of an easement on the access road to the lots, and estimated value of the lots for possible resale.

Mr. Imber also discussed \$24,033.85 in personal property tax bills from Peters Weston Market. Discussions continued on the personal property that the town has possession of and discussions were held regarding the sale of the equipment which could be used to recover the unpaid taxes. Mr. Darling explained that the auction was posted in the Norwalk Hour and the Town's website and was not sold. Mr. Imber would like to consider an auctioneer to sell the equipment on a contingency.

Mr. Imber called for a motion to approve the proposed list of outstanding bills to be transferred to the annual suspense list and deemed uncollectable totaling \$52,731.86. Mr. Baldwin made the motion, seconded by Ms Brasco. Motion passes unanimously.

**Discussion regarding the Town financial update and forecast. Rick Darling, Finance Director:** Mr. Darling gave an update on General Fund Year End Highlights for FY 2022-2023 and discussed slight adjustments. Tax revenues are the same as forecasted, investment income is forecasted higher than budgeted due to increases in short term yields. Town Clerk and building permits are higher due to strong demand in the local real estate market and building activity. Mr. Darling gave an update on

general revenue. On expenditures some highlights were health insurance having a slight positive variance and are reflecting a surplus. The BOS budget reflects a \$34,229 surplus compared to the revised budget. The BOE reflects a forecasted surplus of \$300,000. The fund balance is forecasted at \$20,262,224 (25.4% of the adopted FY 24 budget). An adjusted fund balance forecasted based on the pending adoption of the Land Mobile Radio project \$4.5 million supplemental would translate to a fund balance of 19.8%. If the appropriation is passed by the town and the grant funding of \$1.5 million is received the fund balance would be 21.6%.

**Discussion regarding upcoming Board of Finance initiatives and the formation of summer study groups. Mike Imber, BOF Chairman:** Mr. Imber lead a discussion of upcoming proposed BOF initiatives and formation of summer study groups. Mr. Imber discussed project tasks to be undertaken and discussions continued for the formation of groups:

Procurement Policy – collaboration with TOW officials to update the procurement and RFP process for the BOS, BOE and Police. The goal is to collaborate with town officials on these policies.

Special Appropriation Protocols - formalize and document the process for special appropriations that are approved by the BOF. The goal is to develop standard application elements and back up protocols with a procurement group.

Cash Flow Forecasting – Collaborate with TOW and BOE on evaluating current cash flows forecasting methodology .

Update key financial ratio analysis – re-calculate key financial ratios used in Moody’s bond rating methodology which was updated in November 2022.

**Approval of minutes from the April 19<sup>th</sup> special meeting, April 19<sup>th</sup> special joint meeting, and May 1<sup>st</sup> special meeting:** Mr. Imber asked for a motion to approve the minutes from the April 19<sup>th</sup> special meeting and the April 19<sup>th</sup> special joint meeting. Ms. Brasco abstained due to her absence at the April 19<sup>th</sup> meeting. Mr. Imber noted that due to the abstention there was a lack of a quorum for voting on the April 19<sup>th</sup> special meeting minutes and the special joint meeting minutes will be approved at the next BOF meeting. Mr. Imber asked for a motion to approve the minutes from the May 1<sup>st</sup> special meeting. Motion was made by Mr. Farr, seconded by Mr. Baldwin. Motion passes unanimously.

**New Business.** Mr. Imber called for a motion to discuss any new business. No motion was made.

**Adjourn.** Motion to adjourn made by Mr. Farr, seconded by Ms. Brasco. Meeting adjourned at 7:59 pm.

Minutes Submitted By: Shawn Amato, Recording Secretary.