

## BEDFORD COUNTY RETIREMENT BOARD

May 10, 2017

A meeting of the Bedford County Retirement Board was held on Wednesday, May 10, 2017. The meeting was called to order by Commissioner Lang at 3:00 p.m.

Those present were: Commissioner Josh Lang; Commissioner Barry L. Dallara; Commissioner S. Paul Crooks; Melissa A. Cottle, Treasurer; and Debra Brown, Chief Clerk., Mike Clapper, Finance Director; Evan Cowen, and Malcolm L. Cowen, II, President of Cornerstone.

A motion was presented by Commissioner Dallara to approve the minutes of the February 23, 2017, as presented. A second was given by Commissioner Crooks. The minutes were approved as presented.

There was no old business to discuss.

Mr. Cowen began the presentation discussing the Bedford County Retirement Fund:

### **Q1 Macroeconomic Overview:**

He discussed the S & P 500 Price Index and the market equity is presently showing a 314 % from 2009 to present; total return, up 6% since the last quarter.

- The US Equity Valuation for the 5 year Annualized Price Return and the % of Observations with Positive Returns have a probability of 35 % chance of positive returns; that is an historical 2.6% return.
- The International Equity Valuations show a positive return of 85-90% return; migrating to international from domestic values.
- The Domestic Equities Review shows a historic low at 12.4, with no volatility.
- Fixed Income Review; decline in 10 year bonds.
- Currency Review; currencies through March 31, 2017 shows the USD Weaker

### **Cash Flow Summary:**

1<sup>st</sup> Quarter ending March 31, 2107:

- Mr. Cowen gave a brief overview of the US equities, explaining the interest dividends showing slight growth in the total portfolio.
- The Historical Cash Flow is almost up by 3 million
- Asset Allocation: the IPS tgt weight is at 5.0% in Cash & Equivalents; need to keep cash high; showing at 54.8% in stocks. The Domestic Fixed Income shows 28% in Bonds
- Net Portfolio Performance: Net of Fee Returns; the total portfolio for returns is at 4.18% over the Blended BM at 3.95%. The median for the last quarter was at 3.99 relative to the last three years at 4.40 showing a relative 48 on the median
- Manager Performance: 3 months ending March 31, 2017; Benchmark shows growth of 10%. On new funds a slight concern in interest rates. In alternatives performance overall is good.

### **Flash Report:**

- The Domestic Equity is up 1.26%
- The International Equity is doing well for the current quarter
- The Alternative is showing a slight decline for the quarter

### **Manager Matrix:**

- The Domestic Equity Style Map shows American Funds and International as productive for the quarter

- The iShares Core S&P 500 show the portfolio returns basis points for quarter at a benchmark return of 6.36 an active return of 0.29 with the leading contributors showing more exposure; he also noted the leading detractors for the quarter

**Blended BM:**

- The Scatter Gram Chart for October 1, 2012 shows close to target for the quarter
- The Return Analysis is at 44% for the calendar year
- The Risk Analysis show the Beta at 0.96 median, Standard Deviation at 4.76 median and Downside Risk at 0.99 or 62% for the calendar year. The Downside Risk and Residual Risk in bending down and the Tracking Error measures the volatility of the return differences between the portfolio and the benchmark. The Alpha is up 0.35 and the Sharp Ratio is trending at 0.96 on the risk adjusted return. The Information, Treynor and Sortino Ratio's are all trending upward. The Up & Down Market Capture Analysis is up 54% since inception and the down is 60% on a three year rolling basis. The Up Market Capture is showing an increase up 26% in 2017 and the Down Market Capture is maintaining balance for 2017.

Commissioner Crooks had a few questions and Mr. Cowen responded to his concerns.

Commissioner Dallara also had a few questions and requested that some information be sent to him. Mr. Cowen assured him the information would be forthcoming.

There was no other business to be discussed.

A motion to adjourn was moved by Commissioner Crooks and seconded by Commissioner Dallara. The meeting was adjourned at 3:45 p.m.

ATTEST:

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Debra Brown, Chief Clerk/Director of Elections

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S. Paul Crooks, Secretary