



STAMFORD FIREFIGHTERS PENSION FUND

City of Stamford, CT

Chairman Robert Berlingo
Richard Lyons
William J. Smith III
James Hricay
Gerald Kutz

Meeting purpose: Review of all Fund Managers

November 5, 2012

A regular meeting of the Stamford Firefighters Pension Fund was held on Monday November 5, 2012 and continued on Friday November 9, 2012 starting at 12 noon each day at Stamford Fire Headquarters.

Present at the meeting were: Chairman Robert Berlingo, Mr. Richard Lyons, Assistant Chief William Smith, Mr. James Hricay, Firefighter Gerald Kutz, Fund Advisor John Beirne and Fund Co-Advisor John Oliver Beirne. Various fund managers attended to present a review of their individual funds listed below.

The meeting was called to order at 12:30pm on November 5, 2012 by Chairman Berlingo.

Review of Retirements approved since last meeting

2 firefighters were granted regular retirement pensions by unanimous vote.

Review of Beach Point Capital Management 12:30pm

Mr. Paul Labib presented for Beach Point. Beach Point Capital specializes in credit-market investing. A presentation handout was provided to board members and the fund advisors.

- Current Fund Allocations: Distressed and Opportunistic 46.7%, Event Driven Credit / High Yield 32.0%, Bank Debt 7.7%, Public Equity 6.8% and Shorts 35.6%
- Recently increased Euro shorts and Bank Debt
- Largest Holding is Hilton Hotels which is currently up 78 bp, expect Blackstone, the majority holder, to IPO soon
- Reviewed performance of Stamford Firefighters Pension Fund investments

End 1:10pm

Review of Tocqueville Gold Equity Fund 1:20pm

Mr. Douglas Groh presented for Tocqueville, Tocqueville Gold Equity Fund invests in Gold Equities. Gold is increasingly perceived as an antidote to paper currency and offer protection against further monetary damage from government reflation policies. A presentation handout was provided to board members and the fund advisors.

- Gold prices were down January thru May and gold producers were hard hit by investors who were disillusioned by companies who invested in growth without returning capital to shareholders.
- An interesting development in the world of gold is that Germany has announced that it will bring all of its gold back within its own borders over the next few years. The German legislature wishes to audit the gold holdings. This may have some far reaching implications on gold pricing
- Reviewed performance of Stamford Firefighters Pension Fund investments

End 2:10pm

Review of Penn Capital Management 2:15pm

John Musser presented for Penn Capital Management. Penn Capital specializes in Defensive High Yield Fixed Income. A presentation handout was provided to board members and the fund advisors.

- Currently have 132 companies in management, they like to have 100 to 150, so are right on target
- Average Coupon 8%
- Since September 2009 52.24% increase in fund
- Nextel holding is in trouble so Penn is moving away from that position
- Reviewed performance of Stamford Firefighters Pension Fund investments

End 2:40pm

Review of Alliance Bernstein 2:45pm

Rob Craft presented for Alliance Bernstein. Alliance Bernstein specializes in thematic services investing. They add and remove themes as the world markets dictate. A presentation handout was provided to board members and the fund advisors.

- Thematic Approach
- Currently have 7 themes that were reviewed with the board
- Reviewed performance of Stamford Firefighters Pension Fund investments

End 3:15pm

A **MOTION** was made by Assistant Chief Smith and seconded by Mr. Berlingo at 3:20pm to adjourn meeting until noon on November 9, 2012. Motion **PASSED** unanimously.

November 9, 2012

Present at the meeting were: Chairman Robert Berlingo, Mr. Richard Lyons, Assistant Chief William Smith, Mr. James Hricay, Firefighter Gerald Kutz, Fund Advisor John Beirne and Fund Co-Advisor John Oliver Beirne. Various fund managers attended to present a review of their individual funds listed below.

The meeting was called to order at 12:15pm on November 9, 2012 by Chairman Berlingo.

Review of Wentworth, Houser and Violich Investment Management 12:15pm

Jeffrey Stabler presented for Wentworth, Houser and Violich investment management. WHV manages an International Equity Strategy lead by Richard Hirayama. A presentation handout was provided to board members and the fund advisors.

- Gave review of how WHV in 2009 locked in Dick Hirayama for at least 10 years with the firm
- They use what they refer to as Super Cycles as the basis for their stock picks
- They then pick sectors that are likely to benefit from the Super Cycles
- As a result of their methodology, they are heavy in Energy
- They believe global inflation is on the horizon and is hedging stock in hard assets to benefit
- Reviewed performance of Stamford Firefighters Pension Fund investments

End 12:45pm

Review of Neuberger Berman 12:45pm

Charles Diccianni, Scott Dynan, Henry Ramallo, Michael Foster and Paul Saitta presented for Neuberger Berman. Neuberger Berman manages 3 Equity and 1 fixed income fund for Stamford Firefighters Pension. Large Cap Growth, Large Cap Value, Mid Cap and Fixed Income. A presentation handout was provided to board members and the fund advisors.

- Reviewed performance of Stamford Firefighters Pension Fund investments
- 9.2% over all annual return since our initial investment
- Large Cap Growth getting more defensive in 3rd and 4th quarter in the portfolio
- Large Cap Value is heavy on Energy, particularly LNG. New home owners spend on average \$10K in places like Home Depot in first year of ownership.
- Fixed Income is lower than index on Mortgage Backed Securities, above index on TIPS and Corporate Bonds

End 1:40pm

Review of Zephyr Management 1:50pm

James Awad presented for Zephyr Management. Zephyr manages a direct investment fund for the Stamford Firefighters Pension Fund called Zephyr Peacock India Fund III. The primary purpose of the fund is to do direct investments in the country of India. A presentation handout was provided to board members and the fund advisors.

- Reviewed a handout entitled "The Case For Emerging Markets"
- By 2030 over 60% of the world is expected to be in the global middle class. More than half of the middle class consumption is predicted to be in the emerging markets compared to 5% today.

- Since Fund III is only beginning investment, Mr. Awad reviewed some of the history of Fund II which invested in 7 companies. Currently the value of Fund II is up approximately 50%
- Reviewed a company named Trimax from Fund II and a further investment will be done in Fund III
- In the pipeline for Fund III is a company that produces pre-engineered building systems and another company that is a logistics services provider.

End 2:15

Payment of Bills

Assistant Chief Smith requested a payment be made to the Legal Firm of Ice Miller for their work in getting the Fund a “Determination Letter” from the IRS. The did an outstanding job, as the fund did get the proper determination from the IRS.

A **MOTION** was made by Mr. Lyons and seconded by Mr. Hricay at 2:16pm to pay Ice Miller \$2,243.15. Motion **PASSED** unanimously.

Assistant Chief Smith recommended payment to the City of Stamford for payroll processing.

A **MOTION** was made by Mr. Lyons and seconded by Mr. Hricay at 2:18pm to pay the City of Stamford \$1,885.36. Motion **PASSED** unanimously.

A discussion ensued on why the board has not been presented a “Final” copy of the 2011 actuarial study. The “Draft” has been out for some time and no one knows why the final has not been submitted for approval by the board. Chairman Berlingo is to call city and vendor to determine status.

Review of Zesiger Capital Group 2:20pm

Donald DeVivo and Robert Winters presented for Zesiger Capital Group. Zesiger Capital Group manages an alternative investment fund for the Stamford Firefighters Pension Fund. A presentation handout was provided to board members and the fund advisors.

- Review of overall fund performance
- Review of Emerging Markets
- Review of individual securities, the under performance of the fund was due entirely to the holdings in India, which Zesiger still feels are cheap and continue to invest in.
- Talked about 2 immanent private placement transactions
- Also explained that although they will reduce the value of a direct investment in the portfolio, they rarely increase the value until sale. Many of the holdings are shown on the report as 0% gain.
- Discussion of India holding by the board and why some of these were not sold

End 3:30pm

Review of GAMCO Asset Management Inc. 3:35pm

Chris Mancini and Caesar Bryan presented for GAMCO Asset Management. GAMCO Asset Management manages a Gold Fund for the Stamford Firefighters Pension Fund. A presentation handout was provided to board members and the fund advisors.

- Reviewed overall performance of the portfolio
- Discussion of dividends from the Gold producers
- 70% of the portfolio paying dividends
- 1.3% overall dividend yield
- Discussion of the XAU index and recent prices, still under extreme pressure

End 4:15pm

Review of Lazard Asset Management 4:25pm

Edward Keating presented for Lazard Asset Management. Lazard Asset Management manages the Lazard Global Listed Infrastructure Fund for the Stamford Firefighters Pension Fund. A presentation handout was provided to board members and the fund advisors.

- Review of overall fund performance was reviewed
- Discussion on how Italy and its holdings were a drain on the portfolio for a long time, and now are increasing in value as the European markets stabilize
- 4.6% Yield on current holdings
- Societa Iniziative Autostradali e Servizi is 5th largest holding at 5.1% and has 40% of market cap in cash
- Discussion with board members and fund advisors on infrastructure

End 4:50pm

General Discussion

Mr. John Beirne gave a short overview of the market environment and asked the board to meet with a fund manager in NYC in the near future.

Mr. John Beirne to plan date for meeting with fund manager in NYC and contact board with a date. As many members of the board that are available will attend the meeting.

Firefighter Gerald Kutz gave a short review of the NCPERS Public Safety Employee Pension and Benefits Conference held October 7-10, 2012 in New Orleans, LA. The board felt that we should dedicate a meeting in the near future to the purpose of reviewing further the material.

Chief Smith to pick a date in early December for a more comprehensive review of the NCPERS material and a more comprehensive review of the markets by Mr. John Beirne and Mr. John Oliver Beirne.

Mr. John Beirne announced that there will be a meeting at his office in Orange on December 18, 2012.

A **MOTION** was made by Firefighter Kutz and seconded by Assistant Chief Smith at 5:00pm to adjourn the meeting. Motion **PASSED** unanimously.