CITY OF MERIDEN

Pension Fund Update December 11, 2012

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Meriden Retirement Board

Tuesday - December 11, 2012

Overview

No agreement yet. The clarity sought by investors, consumers, and corporate America continues to elude government cliff-dwellers, although suspicions of compromise sustain an expectant market. Despite daily balloon-popping exercises, the S&P 500 index remains elevated but range-bound as hedge fund managers scan the chimney-tops for a puff of white smoke. Tis not Santa they seek, but Solomon: the search for a compromise providing sufficient cover for both sides in a philosophical war that has torn the fabric of the American economy. After a pitched, two year battle in which the only agreement was public disgust, a majority of voters decided to renew the contracts of both President Obama and the incumbent Republican Congress to assure extended confusion over tax rates and entitlement spending. In this festive season of miracles, we remain faithful to our projection of rising equities and interest rates. Stifel strategist Barry Bannister is reportedly packing frankincense and myrrh, and we are defending the gold.

The Federal Reserve is expected to extend further buoyancy in monetary policy this week, although the crisis in the Middle East may rattle the markets. The prolonged European restructuring is instructive for US policymakers, and investors might note that the Athens Stock Exchange General Index is up 23.56% so far in 2012. As ugly as it may be to face a debt crisis, investors tend to reward the countries, counties, and corporations that do.

Meriden Retirement Funds

The combined Meriden retirement funds closed November holding a 5.1% gain for the fiscal year to date, down from the 7.2% achieved in the first fiscal quarter, but ahead of the S&P and our composite index for the same period. As of last Friday, the City Employees fund totals $132.6 million, the Police/Fire pension value is $104.5 million, and the separate Health Care
Trust (OPEB) was valued at $11.4 million. The best returns of the fiscal year have come from our international, gold, and alternative managers. The weakest two equity portfolios recently were assigned additional assets in recognition of their managers' historical performance cycles, and remain under review.

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