



October 2018

Board Designated Reserve Fund Committee Report – Mario Forlini, Chair

The Board Designated Reserve Fund Committee held its quarterly conference call with Brown Advisory on October 11th. We expect representatives from Brown to attend the November Board meeting to report on their investment performance and to discuss their market outlook.

Highlights of the quarterly review conference call with Brown:

- Market Comments were made (strong economy, rising rates, trade negotiations, valuations, US Dollar, and late cycle evidence leading them to trim equities (specifically from high performing Large Cap Growth which is up 20% YTD) and increasing short-term fixed income/bonds
- 9/30/18 total value = \$2,541,422
- Allocation: 63% Equity and 37% fixed income & Cash (they believe they are well positioned for this environment)
- 9/30/18 -Returns: 3.5% Quarter (net), 5.4% YTD (net), approx. 11% Since inception (Carried by US Stocks as international stocks and bonds are down YTD)
- Action Items: They are reviewing/analyzing Somerset Emerging Markets Manager that has been underperforming their benchmarks
- Distributions were discussed and will be revisited in 2019
- Summary- overall outlook, positioning, and strategy remain intact

Please let me know if there are any questions or concerns.