CITY OF MERIDEN

Pension Fund Update November 2010

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Meriden Retirement Board
Tuesday – November 9, 2010

Overview

Was it a failure to communicate, or a rejection of the Obama policies?~ While political analysts debate voter intent, the results of the 2010 midterm elections have been felt on Wall Street.~ The S&P 500 has gained 16% since September, as investors anticipated a change in direction from Washington. Meanwhile, the Federal Reserve has launched QE2, another intervention in the bond market.~ Quantitative Easing (QE) involves the Fed purchasing additional US Treasuries, adding demand to the market, thus pushing interest rates lower.~ The Fed theory is that the availability of cheap money will stimulate the consumer and promote new business investment.

With a lame duck Congressional session ahead, gold prices have reached new nominal highs and the head of the World Bank is urging consideration of a modified gold standard for international currencies.~ Encouraged by modest gains in private-sector hiring, President Obama is promoting overseas trade initiatives as a strategy for job creation.~ Lawmakers from both parties say they will extend the existing income tax rates for lower and middle-income families, although Democratic leaders remain committed to increasing rates for higher-income taxpayers.~

Meriden Retirement Funds

The composite Meriden retirement fund has gained 14.3% thus far this fiscal year, and presents overall asset allocation of 58% equities, 25% fixed income and cash equivalents, and 13% in alternative investments.~ As of last Friday, the City Employee Retirement funds total is $134.2 million, and the combined Police/Fire pension account value is $106.7 million.~ Additionally, the City maintains a Health Benefits Trust account, with a current value of $4.1 million.~ The Health Trust (or OPEB) account has gained 10.4% for FY'11, and is receiving quarterly contributions from the City.~~

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