

## A G E N D A

REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK TO BE HELD ON WEDNESDAY, APRIL 18, 2018 AT 3:00 P.M. AT THE WILLOWBROOK POLICE DEPARTMENT, 7760 QUINCY DRIVE, WILLOWBROOK, DUPAGE COUNTY, ILLINOIS

1. CALL TO ORDER
2. ROLL CALL
3. VISITOR BUSINESS (Public comment is limited to three minutes per person on agenda items only)
4. DISCUSSION/CONFERENCE CALL - UPDATE ON DUTY DISABILITY FOR SERGEANT CHRISTOPHER DRAKE
5. APPROVAL - MINUTES OF REGULAR MEETING - 01/17/18
6. APPROVAL - EXPENSES INCURRED JANUARY THRU MARCH 2018
7. REPORT - POLICE PENSION BALANCES THROUGH MARCH 31, 2018
8. APPROVAL - REFUND OF CONTRIBUTIONS TO OFFICER JOEL RUDNICK
9. APPROVAL - PROPOSED BUDGET FY 2018-19
10. APPROVAL - REIMBURSEMENT TO VILLAGE GENERAL FUND \$100,000.00
11. REPORT - CHARLES SCHWAB FORM 5500 SCHEDULE C
12. REPORT - SAWYER FALDUTO FORM ADV PART 2A AND PART 2A APPENDIX WRAP FEE PROGRAM BROCHURE
13. APPROVAL - INVESTMENT POLICY
14. APPROVAL - INVESTMENTS MADE JANUARY THRU MARCH 2018 Quarterly Investment Report - Sawyer and Falduto
15. INFORMATION - ELECTION OF ACTIVE AND RETIREE MEMBERS OF THE POLICE PENSION FUND BOARD OF DIRECTORS
16. INFORMATION - NOTICE OF MAYORAL APPOINTMENT - CAROLINE DITTMAN
17. NEW BUSINESS
  - A. PENSION ACTUARY
  - B. OFFICER MESTRE RESIGNATION
18. OLD BUSINESS
  - A. POLICE PENSION FILE AUDIT
  - B. ANNUAL AFFIDAVIT FOR PENSIONERS
19. COMMUNICATIONS
20. ADJOURNMENT

MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE POLICE PENSION FUND OF THE VILLAGE OF WILLOWBROOK HELD ON JANUARY 17, 2018, AT 3:00 PM, AT THE WILLOWBROOK POLICE DEPARTMENT, 7760 S QUINCY STREET, WILLOWBROOK, DUPAGE COUNTY, ILLINOIS

---

1. CALL TO ORDER

The meeting was called to order at the hour of 3:12 p.m. by Vice President Kobler.

2. ROLL CALL

Those present at roll call were Trustee Timothy Kobler, Trustee Joseph Pec, and Trustee Carrie Dittman. Also present: John Falduto and David Harrington of Sawyer & Falduto and Recording Secretary Debbie Hahn. ABSENT: Trustee Scott Eisenbeis.

**\* Item #9 Sawyer & Falduto Quarterly Report was the first item discussed.**

9. APPROVAL - QUARTERLY INVESTMENTS MADE OCTOBER THRU DECEMBER 2017 - SAWYER & FALDUTO

John Falduto reviewed the Investment Policy Guidelines that was discussed at the October meeting of the fixed income and asset diversification. The Investment Policy will be discussed later in the meeting or leave it for the next meeting.

Mr. Falduto advised there are no performance numbers to review for the Willowbrook Police Pension Fund until after January 1<sup>st</sup>, 2018. The quarter started with a market value of \$21,218,236 and ended at \$21,825,310.00, with a \$696,713 investment return. The gain on the sale of investments is \$1,049,664.00 since the rollover to Sawyer Falduto.

Mr. Falduto reviewed the benchmark performance in general (not for Willowbrook). The year-to-date blended benchmark on Equity Return was 20.80%, Fixed Income was 2.30% and the Cash Equivalent was .85%.

David Harrington discussed the Tax Reform for Equities. The equity market finished the year strong during the 4<sup>th</sup> quarter. Economic growth continues to be solid with the Gross Domestic Product increasing at an annual rate of 3%. The Federal Reserve raised its benchmark interest rate by 0.25% targeting a range of 1.25% to 1.5%.

Mr. Falduto reviewed Willowbrook's Portfolio statement and advised that Sawyer Falduto attempts to keep the portfolio in line with the benchmark and performance at a little high risk. The investment objective in the mutual fund performance is to have good diversification for these types of funds.

Mr. Harrington discussed the fixed income portfolio structure. Allocations for corporate bonds was reduced slightly to 28% with a target of 10% and range of 0-30% of the portfolio. The maturity distribution for the 7-10 year securities was increased to 32.4% of the total fixed income securities.

Trustee Dittman inquired about how often the Fund will be rebalanced. Mr. Falduto replied that rebalancing is market driven, it not automatically done monthly or any other timeframe, unless the Fund exceeds a target like 65% investment in equities, especially at the fiscal year end.

Trustee Pec asked where the funds will be taken from, for the \$50,000 repayment to the Village (agenda item 8). Mr. Falduto stated that interest comes into the fund every day, so that should not be a problem. Otherwise, they would look for investments whose maturities are up, liquidate a security that is close to maturity, or look for the best place to liquidate from.

MOTION: Made by Trustee Pec, seconded by Trustee Dittman to approve Sawyer & Falduto's Quarterly report.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

3. APPROVAL - MINUTES OF THE REGULAR MEETING - October 18, 2017

The Board reviewed the minutes from the October 18, 2017 meeting.

MOTION: Made by Trustee Pec, seconded by Trustee Dittman to approve the minutes of the regular meeting of the Willowbrook Police Pension Fund Board of Trustees held on October 18, 2017.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

4. APPROVAL - APPLICATION FOR RETIREMENT BENEFITS - ARTHUR SVEHLA

Trustee Dittman read for the record the regular retirement application (Tier 1) from Sergeant Arthur Svehla. As of the pay period ending December 31, 2017, Sergeant Svehla has contributed \$193,873.72 into the pension fund (January 1, 2018 contribution will be withheld on final paycheck).

As noted on the paperwork, Sergeant Svehla's retirement date was January 1, 2018 and his retirement pension began on January 2, 2018. He has earned 31 years, 5 months and 26 days of service credit granting him 75.0% of his current salary plus longevity of \$108,204.66. This calculates to an annual pension amount of \$81,153.50.

The initial monthly pension will be \$6,762.79, except that the month of January 2018 is prorated and will be \$6,544.64.

The first increase in pension will occur February 1, 2019.

- **President Davi arrived at 3:36 p.m.**

MOTION: Made by Trustee Pec, seconded by President Davi to approve the regular retirement application for Sergeant Arthur Svehla.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

5. APPROVAL - MONTHLY PENSION BENEFITS AS OF JANUARY 1, 2018

Trustee Dittman reviewed the schedule as included in the packet on the statutory increases in pension benefits effective January 1, 2018. There are a few special items to note: Retirement pension for Ted Kolodziej increases 3% on August 1, 2018 to \$5,958.85/mo. (1-year retirement anniversary); and retirement pension for Art Svehla begins January 2, 2018 (prorated), full monthly amount begins February 1, 2018.

After a brief discussion by the Board, the following motion was made:

MOTION: Made by Trustee Kobler, seconded by Trustee Pec, to approve the statutory increases in pension benefits for eligible participants effective January 1, 2018.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

6. APPROVAL - QUARTERLY EXPENSES REPORT OCTOBER THROUGH DECEMBER 2017

Trustee Dittman reviewed the quarterly expense report for the period October through December 2017. Expenses include \$150.00 attorney fees for Atwell & Atwell, audit fees for the pension fund were \$3,126.00, quarterly financial advisory fees were \$7,766.65, IPPFA annual dues for 2018 were \$795.00. The pension benefits for October, November and December totaled \$283,420.84; widow's benefit was \$9,628.11; and disability benefits totaled \$17,119.86, as detailed out by pensioner in the attached schedule. There was also a reclassification of \$1,500.00 from fees/dues/subscriptions to schools/conferences/travel to move the IPPFA conference fees to the correct account.

After Trustee Dittman reviewed the expenses, the following motion was made:

MOTION: Made by Trustee Pec, seconded by President Davi, to approve the quarterly expense report for October through December 2017.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

7. REPORT - POLICE PENSION FUND BALANCES FISCAL YEAR TO DATE THRU  
DECEMBER 31, 2017

Trustee Dittman advised this is a newer report to give the board an illustration of the entire fund of where it is at the current point in time vs. the same time last year. Total assets as of December 31, 2016 were \$19,324,278.35 vs December 31, 2017 of \$21,723,075.39.

Revenues section has an additional column for the annual budget. This will show revenues year to date as of 12/2016, 12/2017, and what was budgeted for the entire 2017/18 fiscal year. Total revenues as of 12/2016 were \$1,011,738.77, as of 12/2017 were \$2,151,608.97 and the budgeted amount for FY 2017/18 of \$1,580,318.00, which there are four months remaining on this budget.

Total expenditures as of 12/2016 were \$708,668.18 vs. 12/2017 of \$825,032.41 and the budgeted expenditure amount of \$1,136,105.00.

The Board accepted the report as presented by Trustee Dittman.

8. APPROVAL - TRANSFER TO VILLAGE'S GENERAL FUND FOR REIMBURSEMENT FOR  
POLICE PENSION TO THE VILLAGE'S GENERAL FUND - \$50,000

Trustee Dittman explained that as presented in the accompanying spreadsheet, due to recent retirements, the fund is paying out more in monthly benefit payments than is coming in through officer and Village contributions. The Village's General Fund fronts the payments for pension and administrative benefits and is reimbursed by the Police Pension Fund. The monthly deficit is about \$24,129.00. As of January 10, 2018, the Police Pension Fund had about \$22,800 of available cash. The deficit will grow to about \$50,000 by March 31, 2018.

Thus, a reimbursement of funds from the police pension account at Charles Schwab to the Village's General Fund in the amount of \$50,000.00 is necessary to cover the estimated shortfalls over the next 3 months. The amount due to the General Fund will be revisited at the April 2018 pension board meeting.

Sawyer Falduto requested that Trustee Dittman send them an email instructing them to transfer the \$50,000. A brief discussion was held about Sawyer Falduto making future transfers when reimbursement was needed without having to approve at every pension board meeting. The board discussed allowing Trustee Dittman to request ongoing transfers in accordance with cash management needs. After a discussion, the following motion was made:

MOTION: Motion to transfer \$50,000 from the Schwab account to the Village's General Fund to avoid a shortfall, and to allow Trustee Dittman to request ongoing transfers from Charles Schwab to the Village's bank account at Community Bank of Willowbrook was made by President Davi, seconded by Trustee Pec.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

**\*9. Item #9 was presented at the beginning of the meeting.**

10. VISITOR BUSINESS

None presented.

11. NEW BUSINESS

A. NEW DISABILITY PENSION

Trustee Dittman and Trustee Kobler informed the board that there may be a pension member filing for a disability pension. No formal application has been filed but an officer has made an inquiry. The board would like to have Trustee Dittman contact Attorney Atwell to find out if there are any timelines and requirements once the disability pension application is filed. In addition, where would the board send him for medical evaluations.

B. ANNUAL AFFIDAVIT FOR PENSIONERS

Recording Secretary Debbie Hahn advised that in the next week, the annual address confirmation form for benefit distribution, which must be signed and notarized by the beneficiary, will be mailed to all pensioners.

C. ANNUAL REVIEW OF PENSION FUND MEMBER FILES

Trustee Dittman inquired on when the last time the pension fund member's files had been reviewed to make sure all the required documents are in the file. Trustee (Secretary) Eisenbeis was appointed to complete this review with Debbie's assistance and to report on the status at the next police pension meeting in April.

12. OLD BUSINESS

None presented.

13. COMMUNICATIONS

None presented.

14. ADJOURNMENT

MOTION: Made by Trustee Dittman, seconded by Trustee Pec to adjourn the Board of Trustees meeting of the Police Pension Fund at the hour of 4:06 p.m.

UNANIMOUS VOICE VOTE

MOTION DECLARED CARRIED

PRESENTED, READ and APPROVED,

\_\_\_\_\_  
Date

\_\_\_\_\_  
President

Minutes transcribed by Debbie Hahn.

GL ACTIVITY REPORT FOR WILLOWBROOK  
TRANSACTIONS FROM 01/01/2018 TO 03/31/2018

Page:

1/1

Date	JNL	Type	Description	Reference #	Debits	Credits	Balance
Fund 07 POLICE PENSION FUND							
01/01/2018			07-62-401-253 FINANCIAL ADVISORY FEES		BEG. BALANCE		16,706.63
02/22/2018	GJ	JE	REC POLICE PENSION MONTHLY INVE	1313	4,522.00		21,228.63
03/31/2018			07-62-401-253	END BALANCE	4,522.00	0.00	21,228.63
01/01/2018			07-62-401-254 FIDUCIARY INSURANCE		BEG. BALANCE		0.00
02/06/2018	AP	INV	MESIROW FINANCIAL SERVICES INC	783319	3,083.00		3,083.00
03/31/2018			07-62-401-254	END BALANCE	3,083.00	0.00	3,083.00
01/01/2018			07-62-401-304 SCHOOLS CONFERENCE TRAVEL		BEG. BALANCE		1,592.00
01/04/2018	AP	INV	UMBERTO DAVI	17 IPPFA CONF	785.62		2,377.62
01/15/2018	AP	INV	NORTHERN ILL UNIVERSITY	TRUSTEE TRNG	250.00		2,627.62
03/31/2018			07-62-401-304	END BALANCE	1,035.62	0.00	2,627.62
01/01/2018			07-62-401-581 PENSION BENEFITS		BEG. BALANCE		722,410.41
01/19/2018	PR	CHK	SUMMARY PR 01/19/2018		103,397.36		825,807.77
02/16/2018	PR	CHK	SUMMARY PR 02/16/2018		103,615.51		929,423.28
03/30/2018	PR	CHK	SUMMARY PR 03/30/2018		103,615.51		1,033,038.79
03/31/2018			07-62-401-581	END BALANCE	310,628.38	0.00	1,033,038.79
01/01/2018			07-62-401-582 WIDOW'S PENSION		BEG. BALANCE		25,674.96
01/19/2018	PR	CHK	SUMMARY PR 01/19/2018		3,209.37		28,884.33
02/16/2018	PR	CHK	SUMMARY PR 02/16/2018		3,209.37		32,093.70
03/30/2018	PR	CHK	SUMMARY PR 03/30/2018		3,209.37		35,303.07
03/31/2018			07-62-401-582	END BALANCE	9,628.11	0.00	35,303.07
01/01/2018			07-62-401-583 DISABILITY BENEFITS		BEG. BALANCE		45,652.96
01/19/2018	PR	CHK	SUMMARY PR 01/19/2018		5,802.07		51,455.03
02/16/2018	PR	CHK	SUMMARY PR 02/16/2018		5,802.07		57,257.10
03/30/2018	PR	CHK	SUMMARY PR 03/30/2018		5,802.07		63,059.17
03/31/2018			07-62-401-583	END BALANCE	17,406.21	0.00	63,059.17

\* See attached detail

WILLOWBROOK POLICE PENSION FUND  
Monthly Police Pension Beneficiary Payments  
FY 2017-18

Retirement:	Retirement Date	2017												2018		
		May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March				
Future:	1st Inc 11/1/17	(7,069.11)	(7,069.11)	(7,069.11)	(7,069.11)	(7,069.11)	(7,069.11)	(7,369.55)	(7,369.55)	(7,590.64)	(7,590.64)	(7,590.64)				
1st inc 5/1/17		(6,553.62)	(6,553.62)	(6,553.62)	(6,553.62)	(6,553.62)	(6,553.62)	(6,553.62)	(6,553.62)	(6,750.23)	(6,750.23)	(6,750.23)				
		(5,460.28)	(5,460.28)	(5,460.28)	(5,460.28)	(5,460.28)	(5,460.28)	(5,460.28)	(5,460.28)	(5,624.09)	(5,624.09)	(5,624.09)				
		(5,962.20)	(5,962.20)	(5,962.20)	(5,962.20)	(5,962.20)	(5,962.20)	(5,962.20)	(5,962.20)	(6,141.07)	(6,141.07)	(6,141.07)				
		(7,758.93)	(7,758.93)	(7,758.93)	(7,758.93)	(7,758.93)	(7,758.93)	(7,758.93)	(7,758.93)	(7,991.70)	(7,991.70)	(7,991.70)				
		(9,059.83)	(9,059.83)	(9,059.83)	(9,059.83)	(9,059.83)	(9,059.83)	(9,059.83)	(9,059.83)	(9,285.29)	(9,285.29)	(9,285.29)				
		(6,819.50)	(6,819.50)	(6,819.50)	(6,819.50)	(6,819.50)	(6,819.50)	(6,819.50)	(6,819.50)	(7,024.09)	(7,024.09)	(7,024.09)				
		(6,043.29)	(6,043.29)	(6,043.29)	(6,043.29)	(6,043.29)	(6,043.29)	(6,043.29)	(6,043.29)	(6,224.59)	(6,224.59)	(6,224.59)				
		(7,226.15)	(7,226.15)	(7,226.15)	(7,226.15)	(7,226.15)	(7,226.15)	(7,226.15)	(7,226.15)	(7,442.93)	(7,442.93)	(7,442.93)				
		(7,829.86)	(7,829.86)	(7,829.86)	(7,829.86)	(7,829.86)	(7,829.86)	(7,829.86)	(7,829.86)	(8,064.76)	(8,064.76)	(8,064.76)				
		(5,881.51)	(5,881.51)	(5,881.51)	(5,881.51)	(5,881.51)	(5,881.51)	(5,881.51)	(5,881.51)	(6,057.97)	(6,057.97)	(6,057.97)				
1st inc 3/1/21	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)					
1st inc 2/1/19	(80,221.39)	(80,221.39)	(90,000.12)	(94,273.31)	(94,273.31)	(94,273.31)	(94,273.31)	(94,573.75)	(94,573.75)	(103,615.51)	(103,615.51)	(103,615.51)				
Disability:																
Dusek, Joe		(2,919.07)	(2,919.07)	(2,919.07)	(2,919.07)	(2,919.07)	(2,919.07)	(2,919.07)	(2,919.07)	(2,965.90)	(2,965.90)	(2,965.90)				
McCarthy, James		(2,787.55)	(2,787.55)	(2,787.55)	(2,787.55)	(2,787.55)	(2,787.55)	(2,787.55)	(2,787.55)	(2,836.17)	(2,836.17)	(2,836.17)				
Surviving Spouse:		(5,706.62)	(5,706.62)	(5,706.62)	(5,706.62)	(5,706.62)	(5,706.62)	(5,706.62)	(5,706.62)	(5,802.07)	(5,802.07)	(5,802.07)				
Kievin, Martha	fixed - life	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)				

Monthly pension requirement beg May 2017

\*pension began Feb 1, 2016 at age 50

PERIOD ENDING 03/31/2018

GL NUMBER	DESCRIPTION	BALANCE 03/31/2017	END BALANCE 03/31/2018	2017-18 AMENDED BUDGET
Fund 07 - POLICE PENSION FUND				
Assets				
07-00-110-202	COMMUNITY BANK OF WB PP - 4155	95,955.95	43,349.42	
07-00-110-335	MONEY MARKET - MB FINANCIAL	498,835.14	0.00	
07-00-110-336	SCHWAB - PP MONEY MARKET	0.00	110,040.22	
07-00-120-250	US TREASURIES	61,606.41	548,852.03	
07-00-120-260	US AGENCIES	4,006,867.82	4,997,578.25	
07-00-120-270	MUNICIPAL BONDS	661,459.94	542,996.95	
07-00-120-288	CORPORATE BONDS	3,336,704.75	2,431,995.23	
07-00-120-289	EQUITIES	3,904,407.30	0.00	
07-00-120-290	MUTUAL FUNDS	6,259,112.98	12,886,891.70	
07-00-120-292	BROKERED CDS	100,000.00	100,000.00	
07-00-120-900	MARKET VALUE CONTRA	1,196,771.99	108,053.11	
07-00-130-401	ACCRUED INTEREST RECEIVABLE	96,076.76	105,374.67	
07-00-140-101	DUE TO/FROM GENERAL FUND	(87,477.84)	(66,626.95)	
07-00-190-101	PREPAID EXPENDITURES	563.13	0.00	
TOTAL ASSETS		20,130,884.33	21,808,504.63	
Fund Equity				
07-00-300-101	FUND BALANCE	19,021,207.76	20,396,498.83	
TOTAL FUND EQUITY		19,021,207.76	20,396,498.83	
Revenues				
07-00-310-607	VILLAGE CONTRIBUTION	743,824.56	804,335.04	871,363.00
07-00-310-906	POLICE CONTRIBUTIONS	181,293.28	184,842.83	208,955.00
07-00-320-108	INTEREST INCOME	495,363.06	1,049,096.73	500,000.00
07-00-320-110	UNREALIZED GAIN OR LOSS ON INVESTMENTS	39,510.09	(1,374,617.44)	0.00
07-00-320-111	GAIN/LOSS ON INVESTMENTS	636,936.96	1,919,634.37	0.00
07-00-320-112	CONTRIBUTIONS/DONATIONS	0.00	50.00	0.00
TOTAL REVENUES		2,096,927.95	2,583,341.53	1,580,318.00
Expenditures				
07-62-401-242	LEGAL FEES	400.00	850.00	2,000.00
07-62-401-251	AUDIT FEES	3,869.00	3,126.00	3,126.00
07-62-401-252	ACTUARY SERVICES	4,400.00	4,400.00	4,400.00
07-62-401-253	FINANCIAL ADVISORY FEES	25,073.92	21,228.63	34,435.00
07-62-401-254	FIDUCIARY INSURANCE	3,026.00	3,083.00	3,117.00
07-62-401-304	SCHOOLS CONFERENCE TRAVEL	3,036.26	2,627.62	3,460.00
07-62-401-307	FEES DUES SUBSCRIPTIONS	795.00	795.00	815.00
07-62-401-531	DEPT OF INSURANCE FILING FEE	3,862.74	3,824.45	3,804.00
07-62-401-581	PENSION BENEFITS	850,154.33	1,033,038.79	973,575.00
07-62-401-582	WIDOW'S PENSION	35,303.07	35,303.07	38,512.00
07-62-401-583	DISABILITY BENEFITS	53,063.14	63,059.17	68,861.00
07-62-401-586	SEPARATION REFUNDS	4,267.92	0.00	0.00
TOTAL EXPENDITURES		987,251.38	1,171,335.73	1,136,105.00
Total Fund 07 - POLICE PENSION FUND				
TOTAL ASSETS		20,130,884.33	21,808,504.63	
BEG. FUND BALANCE		19,021,207.76	20,396,498.83	
+ NET OF REVENUES & EXPENDITURES		1,109,676.57	1,412,005.80	444,213.00
= ENDING FUND BALANCE		20,130,884.33	21,808,504.63	
+ LIABILITIES		0.00	0.00	
= TOTAL LIABILITIES AND FUND BALANCE		20,130,884.33	21,808,504.63	



EST. 1960

# Willowbrook

835 Midway Drive  
Willowbrook, IL 60527-5549

Phone: (630) 323-8215 Fax: (630) 323-0787 [www.willowbrookil.org](http://www.willowbrookil.org)

April 11, 2018

**Mayor**

Frank A. Trilla

**Village Clerk**

Leroy R. Hansen

**Village Trustees**

Sue Berglund

Umberto Davi

Terrence Kelly

Michael Mistele

Gayle Neal

Paul Oggerino

**Village Administrator**

Tim Halik

**Chief of Police**

Robert J. Pavelchik, Jr.

**Director of Finance**

Carrie Dittman

MEMO TO: Village of Willowbrook Police Pension Board

FROM: Carrie Dittman, Director of Finance *C.D.*

SUBJECT: Officer Joel Rudnick's Refund Request

Former Willowbrook police officer Joel Rudnick separated from employment with the Village on August 20, 2014. On March 8, 2018, we received a request from Officer Rudnick for a 100% refund of his accumulated pension contributions, followed by rollover request paperwork from his current retirement plan on April 2, 2018. Officer Rudnick has contributed \$5,081.01 into the pension fund. His contributions do not earn any interest.

After the pension board approves the refund of Officer Rudnick's accumulated contributions, the Village will send the accumulated contributions to his retirement plan.

Please feel free to contact me with any questions.



Proud Member of the  
Illinois Route 66 Scenic Byway



March 23, 2018

WILLOWBROOK POLICE PENSION  
7760 S QUINCY ST  
WILLOWBROOK, IL 60527

Dear Provider Representative:

ICMA Retirement Corporation ("ICMA-RC") maintains a 457 Deferred Compensation account for JOEL RUDNICK, Social Security Number

*ICMA-RC's wholly owned subsidiary, Vantagepoint Transfer Agents, LLC, acts as servicing agent with respect to (1) plans maintained by governmental entities within the meaning of Section 414(d) of the Internal Revenue Code of 1986, as amended (Code), and (2) IRA owners. The retirement plans and IRAs administered by ICMA-RC are established and intended to meet the requirements for preferred tax treatment under, as applicable, Code sections 401(a), 401(k), 408, 408A, and 457(b). As such, plans and IRAs administered by ICMA-RC are eligible for rollover and transfer from or to other eligible retirement plans (including 401(a), 401(k), 403(b), governmental 457(b) plans and Simple, Traditional, Roth and SEP IRAs). Lastly, because accounts administered by ICMA-RC are not annuities or other insurance products, this request is not subject to state transfer regulations or Code section 1035 exchange paperwork.*

Please accept this letter as your authorization to send the plan distribution for the benefit of JOEL RUDNICK pursuant to the delivery instructions outlined below.

Send Checks to:

VANTAGEPOINT TRANSFER AGENTS - 457  
C/O M AND T BANK  
P.O. BOX 64553  
BALTIMORE, MD 21264-4553

Send Wire transfers to:

M AND T BANK  
ABA # 022000046  
VANTAGEPOINT TRANSFER AGENTS - 457  
Account # 42538001

Please include the plan number 300521, participant's name, and the last four digits of the participant's Social Security number on the check/wire.

We appreciate your assistance. If you have any questions regarding this request, please feel free to contact Nathan Edwards at (800) 735-7103, extension 6422.

*Please Note: Copies of this Letter of Acceptance are sent to the Provider and the Participant to inform all parties that we have received forms requesting for a transfer of assets to ICMA-RC. Please contact the Provider, the Participant or ICMA-RC where applicable to help expedite transfers. ICMA-RC will continue notifying the Provider should the request remain outstanding greater than 30 days. If you have received this letter in error or assets have already been transferred, please disregard this notice.*

Sincerely,

ICMA-RC

cc:  
JOEL RUDNICK  
3154 W GRACE ST APT 3  
CHICAGO, IL 60618-4529

AC: 1016-0000-0000



April 12, 2018

MEMO TO: Willowbrook Police Pension Board

FROM: Carrie Dittman, Director of Finance *C.D.*

SUBJECT: Fiscal Year 2018/19 Proposed Budget

Enclosed for your review is the May 1, 2018 – April 30, 2019 draft operating budget for the Police Pension Fund. Although not required under the Village's appropriation ordinance, an operating budget is prepared annually for the pension fund.

A detail of the pension benefits by month is also attached, along with an anticipated monthly cash flow for the fiscal year 2018/19.

Please let me know if you have any questions.

**VILLAGE OF WILLOWBROOK  
POLICE PENSION FUND  
PROPOSED BUDGET - FY 2018-19**

		<b>FY 13-14 ACTUAL</b>	<b>FY 14-15 ACTUAL</b>	<b>FY 15-16 ACTUAL</b>	<b>FY 16-17 ACTUAL</b>	<b>FY 17-18 BUDGET</b>	<b>FY 17-18 ESTIMATED ACTUAL</b>	<b>FY 18-19 PROPOSED BUDGET</b>	
<b>REVENUES</b>									
<b>Operating Revenue</b>									
07-310-607	Village Contribution	\$ 525,016	\$ 519,915	\$ 614,530	\$ 805,810	\$ 871,363	\$ 871,363	\$ 871,084	✓
07-310-906	Police Contributions	181,722	199,522	205,772	196,680	208,955	199,373	198,690	✓
07-320-112	Other Contributions	-	-	-	-	-	50	-	
	<b>Total Operating Revenue</b>	<b>706,738</b>	<b>719,437</b>	<b>820,302</b>	<b>1,002,490</b>	<b>1,080,318</b>	<b>1,070,786</b>	<b>1,069,774</b>	
<b>Non-Operating Revenue</b>									
07-320-108	Interest Income	678,424	852,604	654,190	567,322	500,000	1,079,613	500,000	
07-320-110	Unrealized Gain (Loss) on Investments	(26,590)	(637,245)	(606,255)	251,590	-	-	-	
07-320-111	Gain (Loss) on Investments	818,871	990,379	(259,784)	638,724	-	-	-	
	<b>Total Non-Operating Income</b>	<b>1,470,705</b>	<b>1,205,738</b>	<b>(211,849)</b>	<b>1,457,636</b>	<b>500,000</b>	<b>1,079,613</b>	<b>500,000</b>	✓
	<b>TOTAL REVENUES</b>	<b>\$ 2,177,443</b>	<b>\$ 1,925,175</b>	<b>\$ 608,453</b>	<b>\$ 2,460,126</b>	<b>\$ 1,580,318</b>	<b>\$ 2,150,399</b>	<b>\$ 1,569,774</b>	
<b>EXPENSES</b>									
<b>Personnel Services</b>									
07-62-401-581	Pension Benefits	\$ 596,824	\$ 626,577	\$ 750,911	\$ 929,559	\$ 973,575	\$ 1,136,654	\$ 1,255,661	(1) ✓
07-62-401-582	Widow's Pension	38,512	38,512	38,512	38,512	38,512	38,512	38,512	(1) ✓
07-62-401-583	Disability Benefits	52,416	52,978	53,540	58,770	68,861	68,861	70,007	(1) ✓
07-62-401-586	Separation Refunds	18,602	-	6,252	4,268	-	-	-	(2) ✓
* TOTAL	<b>Personnel Services</b>	<b>706,354</b>	<b>718,067</b>	<b>849,215</b>	<b>1,031,109</b>	<b>1,080,948</b>	<b>1,244,027</b>	<b>1,364,180</b>	mt pg (6) ✓
<b>Contractual Services</b>									
07-62-401-242	Legal Fees	437	-	400	400	2,000	4,000	4,000	(3) ✓
07-62-401-251	Audit	2,232	2,300	4,455	3,869	3,126	3,126	3,282	(4) ✓
07-62-401-252	Actuary	1,800	2,200	4,400	4,400	4,400	4,400	4,400	(5) ✓
07-62-401-253	Financial Advisory Services	26,956	32,655	32,442	33,774	34,435	26,229	27,883	(6) ✓
07-62-401-254	Fiduciary Insurance	2,952	2,960	3,008	3,026	3,117	3,083	3,175	(6) ✓
* TOTAL	<b>Contractual Services</b>	<b>34,377</b>	<b>40,115</b>	<b>44,705</b>	<b>45,469</b>	<b>47,078</b>	<b>40,838</b>	<b>42,740</b>	
<b>Supplies &amp; Materials</b>									
07-62-401-304	Meetings, Travel & Conferences	2,251	1,993	2,580	3,599	3,460	3,000	3,510	(7) ✓
07-62-401-307	Fees Dues Subscriptions	775	775	795	797	815	795	819	✓
07-62-401-531	Filing State Fee	3,033	3,344	3,631	3,863	3,804	3,824	4,461	(8) ✓
* TOTAL	<b>Supplies &amp; Materials</b>	<b>6,059</b>	<b>6,112</b>	<b>7,006</b>	<b>8,259</b>	<b>8,079</b>	<b>7,619</b>	<b>8,790</b>	
	<b>TOTAL EXPENSES</b>	<b>\$ 746,790</b>	<b>\$ 764,294</b>	<b>\$ 900,926</b>	<b>\$ 1,084,837</b>	<b>\$ 1,136,105</b>	<b>\$ 1,292,484</b>	<b>\$ 1,415,710</b>	X
	<b>SURPLUS/ (DEFICIT)</b>	<b>\$ 1,430,653</b>	<b>\$ 1,160,881</b>	<b>\$ (292,473)</b>	<b>\$ 1,375,289</b>	<b>\$ 444,213</b>	<b>\$ 857,915</b>	<b>\$ 154,064</b>	

**NOTES:**

- (1) See separate schedule
- (2) One-time payment to Amanda Willey (13/14), Eric Babczak (15/16) & Dan Herrera (16/17)
- (3) Increased for disability case, 20 hours FY 18 & 20 hours FY 19
- (4) Share of base audit fee
- (5) Normal valuation plus GASB 68 disclosures continuation
- (6) .125% of market value of pension fund assets
- (7) IPPFA conference fee x 4 (\$1,660), hotel x 4 (\$1,500) & training for non-conference attendee (\$350)
- (8) Based on .02% of Fund's net assets as of 1/31/2018

WILLOWBROOK POLICE PENSION FUND  
Monthly Police Pension Beneficiary Payments  
FY 2018-19

Retirement:	Retirement Date	Future Increases	2018						2019						Annual
			May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	April	
Altobella, Mark	5/2/2016		(7,590.64)	(7,590.64)	(7,590.64)	(7,590.64)	(7,590.64)	(7,590.64)	(7,590.64)	(7,590.64)	(7,818.36)	(7,818.36)	(7,818.36)	(7,818.36)	(91,998.56)
Barnacle, John	4/1/2012		(6,750.23)	(6,750.23)	(6,750.23)	(6,750.23)	(6,750.23)	(6,750.23)	(6,750.23)	(6,750.23)	(6,952.74)	(6,952.74)	(6,952.74)	(6,952.74)	(81,812.80)
Bozek, William D.	8/1/2011		(5,624.09)	(5,624.09)	(5,624.09)	(5,624.09)	(5,624.09)	(5,624.09)	(5,624.09)	(5,624.09)	(5,792.81)	(5,792.81)	(5,792.81)	(5,792.81)	(68,163.96)
Finlon, Steven J.	8/1/2011		(6,141.07)	(6,141.07)	(6,141.07)	(6,141.07)	(6,141.07)	(6,141.07)	(6,141.07)	(6,141.07)	(6,325.30)	(6,325.30)	(6,325.30)	(6,325.30)	(74,429.76)
Foley, Francis (Pat)	6/1/2010		(7,991.70)	(7,991.70)	(7,991.70)	(7,991.70)	(7,991.70)	(7,991.70)	(7,991.70)	(7,991.70)	(8,231.45)	(8,231.45)	(8,231.45)	(8,231.45)	(96,859.40)
Kolodziej, Theodore	7/3/2017	1st inc 8/1/18	(5,785.29)	(5,785.29)	(5,785.29)	(5,958.85)	(5,958.85)	(5,958.85)	(5,958.85)	(5,958.85)	(6,137.62)	(6,137.62)	(6,137.62)	(6,137.62)	(71,700.60)
Konstanty, Ed	3/1/2010		(9,331.62)	(9,331.62)	(9,331.62)	(9,331.62)	(9,331.62)	(9,331.62)	(9,331.62)	(9,331.62)	(9,611.57)	(9,611.57)	(9,611.57)	(9,611.57)	(113,099.24)
Kurinec, Michael J.	8/1/2011		(7,024.09)	(7,024.09)	(7,024.09)	(7,024.09)	(7,024.09)	(7,024.09)	(7,024.09)	(7,024.09)	(7,234.81)	(7,234.81)	(7,234.81)	(7,234.81)	(85,131.96)
Long, Mark	10/8/2015		(6,224.59)	(6,224.59)	(6,224.59)	(6,224.59)	(6,224.59)	(6,224.59)	(6,224.59)	(6,224.59)	(6,411.33)	(6,411.33)	(6,411.33)	(6,411.33)	(75,442.04)
Oggerino, Paul M.	1/4/2013		(7,442.93)	(7,442.93)	(7,442.93)	(7,442.93)	(7,442.93)	(7,442.93)	(7,442.93)	(7,442.93)	(7,666.22)	(7,666.22)	(7,666.22)	(7,666.22)	(90,208.32)
Pec, Joe	11/29/2008		(8,064.76)	(8,064.76)	(8,064.76)	(8,064.76)	(8,064.76)	(8,064.76)	(8,064.76)	(8,064.76)	(8,306.70)	(8,306.70)	(8,306.70)	(8,306.70)	(97,744.88)
Pelliccioni, Andy	2/8/2015		(6,057.97)	(6,057.97)	(6,057.97)	(6,057.97)	(6,057.97)	(6,057.97)	(6,057.97)	(6,057.97)	(6,239.71)	(6,239.71)	(6,239.71)	(6,239.71)	(73,422.60)
Shelton, Mark	7/14/2017	1st inc 6/1/20	(8,266.63)	(8,266.63)	(8,266.63)	(8,266.63)	(8,266.63)	(8,266.63)	(8,266.63)	(8,266.63)	(8,266.63)	(8,266.63)	(8,266.63)	(8,266.63)	(99,199.56)
Skiba, John	8/13/2015 *	1st inc 3/1/21	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(4,557.11)	(54,685.32)
Svehla, Art	1/2/2018	1st inc 2/1/19	(6,762.79)	(6,762.79)	(6,762.79)	(6,762.79)	(6,762.79)	(6,762.79)	(6,762.79)	(6,762.79)	(6,965.67)	(6,965.67)	(6,965.67)	(6,965.67)	(81,762.12)
			(103,615.51)	(103,615.51)	(103,615.51)	(103,789.07)	(103,789.07)	(103,789.07)	(103,789.07)	(103,789.07)	(106,315.15)	(106,518.03)	(106,518.03)	(106,518.03)	(1,255,661.12) 07-62-401-581
<u>Disability:</u>															
Dusek, Joe			(2,965.90)	(2,965.90)	(2,965.90)	(2,965.90)	(2,965.90)	(2,965.90)	(2,965.90)	(2,965.90)	(3,012.73)	(3,012.73)	(3,012.73)	(3,012.73)	(35,778.12)
McCarthy, James			(2,836.17)	(2,836.17)	(2,836.17)	(2,836.17)	(2,836.17)	(2,836.17)	(2,836.17)	(2,836.17)	(2,884.79)	(2,884.79)	(2,884.79)	(2,884.79)	(34,228.52)
			(5,802.07)	(5,802.07)	(5,802.07)	(5,802.07)	(5,802.07)	(5,802.07)	(5,802.07)	(5,802.07)	(5,897.52)	(5,897.52)	(5,897.52)	(5,897.52)	(70,006.64) 07-62-401-583
<u>Surviving Spouse:</u>															
Klevin, Martha		fixed - life	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(3,209.37)	(38,512.44) 07-62-401-582
Monthly pension requirement beg May 2018			\$ (112,626.95)	\$ (112,626.95)	\$ (112,626.95)	\$ (112,800.51)	\$ (112,800.51)	\$ (112,800.51)	\$ (112,800.51)	\$ (112,800.51)	\$ (115,422.04)	\$ (115,624.92)	\$ (115,624.92)	\$ (115,624.92)	\$ (1,364,180.20)

\*pension began Feb 1, 2016 at age 50

**Willowbrook Police Pension Fund**  
**Cash Flow Analysis FY 2018/19**

<b>Total Officers Contribution:</b>	App. Monthly	16,702.23
<b>Village Contribution:</b>	871,084.00	<u>72,590.33</u>
<b>Total Monthly Contribution:</b>		<b>\$ 89,292.57</b>

**Less Monthly Benefit Payouts:**

**as of 5/1/18**

<u>Retirement:</u>	<u>Retirement Date</u>	
Altobella, Mark	5/1/2016	(7,590.64)
Barnacle, John	4/1/2012	(6,750.23)
Bozek, William D.	8/1/2011	(5,624.09)
Finlon, Steven J.	8/1/2011	(6,141.07)
Foley, Francis	6/1/2010	(7,991.70)
Kolodziej, Ted	7/4/2017	(5,785.29)
Konstanty, Ed	3/1/2010	(9,331.62)
Kurinec, Michael J.	8/1/2011	(7,024.09)
Long, Mark	10/7/2015	(6,224.59)
Oggerino, Paul M.	1/4/2013	(7,442.93)
Pec, Joe	11/29/2008	(8,064.76)
Pellicioni, Andy	2/8/2015	(6,057.97)
Shelton, Mark	7/14/2017	(8,266.63)
Skiba, John	8/13/2015 2/1/16 - benefit	(4,557.11)
Svehla, Art	1/2/2018	(6,762.79)
<u>Disability:</u>		
Dusek, Joe	1/11/1988	(2,965.90)
McCarthy, James	4/22/1992	(2,836.17)

Surviving Spouse:

Klevin, Martha	<u>(3,209.37)</u>
----------------	-------------------

<b>Monthly pension requirement</b>	<b>\$ (112,626.95)</b>
------------------------------------	------------------------

<b>Monthly Overage (deficit):</b>	<b>\$ (23,334.38)</b>
-----------------------------------	-----------------------



April 12, 2018

MEMO TO: Village of Willowbrook Police Pension Board

MEMO FROM: Carrie Dittman, Director of Finance *C. D.*

APPROVAL NEEDED: Reimbursement to Village's General Fund

As noted in the attached spreadsheet, the Police Pension Fund is paying out more in monthly benefit payments than is coming in from officer and Village contributions; the Village fronts this money as the Village pays the monthly benefit payments for the police pension beneficiaries and is then reimbursed from the pension fund. As of April 12, 2018, the Police Pension Fund owes the Village \$26,227.

The monthly recurring deficit is about \$23,334 beginning May 2018. The deficit will grow to about \$100,000 by June 30, 2018.

Thus, a reimbursement of funds from the police pension account at Charles Schwab to the Village's General Fund in the amount of \$100,000 is necessary to cover the current and estimated shortfalls over the next 3 months.

Please let me know if you have any questions.

Willowbrook Police Pension Fund  
Cash Flow Analysis FY 2018/19

<b>Total Officers Contribution:</b>	App. Monthly	16,702.23
<b>Village Contribution:</b>	871,084.00	<u>72,590.33</u>
<b>Total Monthly Contribution:</b>	<b>\$</b>	<b>89,292.57</b>

**Less Monthly Benefit Payouts:**

as of 5/1/18

<u>Retirement:</u>	<u>Retirement Date</u>	
Altobella, Mark	5/1/2016	(7,590.64)
Barnacle, John	4/1/2012	(6,750.23)
Bozek, William D.	8/1/2011	(5,624.09)
Finlon, Steven J.	8/1/2011	(6,141.07)
Foley, Francis	6/1/2010	(7,991.70)
Kolodziej, Ted	7/4/2017	(5,785.29)
Konstanty, Ed	3/1/2010	(9,331.62)
Kurinec, Michael J.	8/1/2011	(7,024.09)
Long, Mark	10/7/2015	(6,224.59)
Oggerino, Paul M.	1/4/2013	(7,442.93)
Pec, Joe	11/29/2008	(8,064.76)
Pellicioni, Andy	2/8/2015	(6,057.97)
Shelton, Mark	7/14/2017	(8,266.63)
Skiba, John	8/13/2015 2/1/16 - benefit	(4,557.11)
Svehla, Art	1/2/2018	(6,762.79)
<u>Disability:</u>		
Dusek, Joe	1/11/1988	(2,965.90)
McCarthy, James	4/22/1992	(2,836.17)

Surviving Spouse:

Klevin, Martha	<u>(3,209.37)</u>
----------------	-------------------

**Monthly pension requirement** **\$ (112,626.95)**

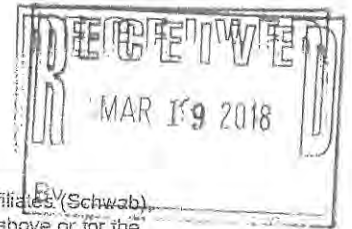
**Monthly Overage (deficit):** **\$ (23,334.38)**

Amount owed by Pension Fund to Village, 4/12/18	\$ (26,226.95)
Estimated April shortage - pension benefit payments only	\$ (24,128.96)
Estimated May shortage - pension benefit payments only	\$ (23,334.38)
Estimated June shortage - pension benefit payments only	\$ (23,334.38)
<b>TOTAL TRANSFER NEEDED:</b>	<b>\$ (97,024.68)</b>

<b>ROUNDED UP:</b>	<b>\$ 100,000.00</b>
--------------------	----------------------



**WILLOWBROOK POLICE PENSION FUND**  
**Information for Form 5500, Schedule C**  
**For January 1, 2017 - December 31, 2017**



This information summarizes the compensation paid for your plan to Charles Schwab & Co. Inc., and its affiliates (Schwab), or to other service providers, for services related to the plan. Information provided is for the period shown above or for the portion of the plan year that Schwab provided services for your plan. Amounts paid from the plan may be reportable on the plan's annual Form 5500, Schedule C, if applicable. Please refer to the instructions for Form 5500, Schedule C to determine if your plan is required to file the form and for more details of what should be reported.

**Direct Payments From The Plan to Schwab:**

Account Type	Paid To	EIN	Description	Amount
Plan - Level	Charles Schwab & Co., Inc.	94-1737782	Brokerage Fees	\$1,177.57
<b>Total Direct Payments From the Plan to Schwab</b>				<b>\$1,177.57</b>

Several Schwab entities may work together to provide services to your plan and may share the proceeds of fees collected with Charles Schwab & Co. Inc., Charles Schwab Bank, Schwab Retirement Plan Services, Inc., Schwab Retirement Plan Services Company, or Charles Schwab Investment Management, Inc. as needed to support the cost of services provided by these affiliates.

The above fees include brokerage or other investment related fees charged to accounts in the plan for services provided by Charles Schwab and its affiliates when those trading arrangements and/or services are requested by parties with trading authority. This could include authorization from plan participants if your plan offers a participant self-directed brokerage option. More detailed fee information is provided when each account is opened or as the particular trading arrangements and/or services are requested. For more information regarding these fees, please contact a Schwab representative for more information and a current copy of the Schwab Pricing Guide and account application(s).

If you have retained additional service providers for this plan that are not listed in this report or other fees that were paid from the plan and not specifically disclosed separately from other plan transactions, you may want to contact such other service providers for more information.

**Indirect Compensation Received by Schwab:**

Indirect compensation is any compensation received for services related to the plan that is not paid directly by the plan or plan sponsor. Schwab receives the following indirect compensation from your plan:

**Shareholder Related Servicing:** Charles Schwab & Co., Inc. may receive compensation from fund companies for investments in the plan (including Schwab proprietary and other funds). This compensation may be paid by the fund company or one of its affiliates. Disclosure of this compensation was previously provided by CS & Co. Inc. and its affiliates who provide services for your plan. For more details please refer to your Schwab account agreement and Appendix 1 - Shareholder Servicing Payment Rates.

**Non-Monetary Compensation:** Schwab's Gift's and Entertainment Policy provides that gifts to or from a customer, financial institution, news or financial media (other than a close relative) may not exceed a total value of \$100 in any calendar year without prior approval. If you need additional information, please contact your Schwab service representative.

**Eligible Indirect Compensation Received by Schwab:**

In general, certain types of indirect compensation that have previously been disclosed may be categorized as eligible indirect compensation. While all amounts paid from the plan should be considered when determining which service providers to report, IRS Form 5500 instructions state that there is no need to report the amount or formula for eligible indirect compensation on Form 5500, Schedule C. The below information lists the types of eligible indirect compensation Schwab may earn for your plan and where to find the written disclosures used to determine Schwab's compensation.

**Fund Management:** Charles Schwab Investment Management Inc. earns compensation for advisory and certain administrative services performed for the Schwab proprietary funds (Schwab or Laudus funds). Disclosure of this compensation is provided in a fund prospectus, available from Charles Schwab & Co. Inc. (EIN 94-1737782) or its affiliates.

Charles Schwab Bank (EIN 42-1558009) earns compensation for management and operation of the Charles Schwab Bank Collective Trust Funds (including Schwab Managed Retirement Trust Funds and Schwab Institutional Trust Funds). Disclosure of this compensation is provided by Charles Schwab Bank in the collective trust fund declarations of trust, participation agreements, and annual audited financial statements for each collective trust fund. Please contact your Schwab representative to obtain a copy of any of these documents or visit [www.schwabbankfunds.com](http://www.schwabbankfunds.com).

**Cash Float:** Charles Schwab & Co. Inc. and its affiliates may receive compensation on uninvested cash or cash in transit at the end of each business day. For more details, please refer to the current Schwab Explanation of Fees and Services for 408(b)(2) brokerage account agreements applicable to your plan.

**Indirect Compensation Paid to Others:**

In general, fund companies that your plan invests in receive only Eligible Indirect Compensation from the plan. Details of the amounts or rates received are disclosed in the fund prospectuses provided by Charles Schwab & Co., Inc. (EIN 94-1737782) or its affiliates and agents.

**Additional Disclosures:**

Schwab may receive certain amounts from various fund companies to offset the costs associated with educational programs such as client conferences, internal seminars, articles and publications. These sponsorships are unrelated to the contractual services provided by Schwab with respect to the plan.

SAWYER FALDUTO  
ASSET MANAGEMENT, LLC



April 1, 2018

*- Requested brochure on 4/11/18*

Carrie Dittman  
7760 S. Quincy Street  
Willowbrook Police Pension Fund  
Willowbrook, IL 60527

RE: **Annual Brochure Offer**

Dear Carrie,

As you may already be aware, we are required to make available to you on an annual basis our written disclosure statement as set forth on our form ADV Part 2A (our "Brochure") and the Part 2A Appendix – Wrap Fee Program Brochure. If you desire a copy of our most recent Brochure, please notify us in writing by letter or email at your earliest convenience.

Additionally, we are also required to provide you with a summary of material changes made to our Brochure. Our Brochure contains a Summary of Material Changes section, in which, you will find a summary of all material changes made to our Brochure since our last annual amendment filing. Please note that there have been no material changes since our last annual amendment filing on March 13, 2017. Please direct any questions you may have to Thomas Sawyer, our Chief Compliance Officer.

Sawyer Falduto Asset Management, LLC continues to manage your investment assets in accordance with your most current designated investment policy and/or agreed upon guidelines. As always, we welcome the opportunity to assist your fund with the periodic review of your investment policy and guidelines.

Should you or any member of the board have any questions, please do not hesitate to contact us. We appreciate your continued confidence and look forward to serving you in the future.

Best Regards,

A handwritten signature in black ink, appearing to read "John J. Falduto".

John J. Falduto  
Managing Partner  
O: (630) 941-8560  
C: (630) 768-8150  
E: jfalduto@sawyerfalduto.com

A handwritten signature in black ink, appearing to read "Thomas S. Sawyer".

Thomas S. Sawyer  
Managing Partner  
O: (630) 941-8560  
C: (630) 546-1568  
E: tsawyer@sawyerfalduto.com

Enclosure(s): Privacy Notice

## **PRIVACY NOTICE**

Sawyer Falduto Asset Management, LLC (referred to as "SFAM") maintains physical, electronic, and procedural safeguards that comply with federal standards to protect its clients' nonpublic personal information ("information"). Through this policy and its underlying procedures, SFAM attempts to secure the confidentiality of customer records and information and protect against anticipated threats or hazards to the security or integrity of customer records and information.

It is the policy of SFAM to restrict access to all current and former clients' information (i.e., information and records pertaining to personal background, investment objectives, financial situation, tax information/returns, investment holdings, account numbers, account balances, etc.) to those employees and affiliated/nonaffiliated entities who need to know that information in order to provide products or services to the client. SFAM may disclose the client's information if SFAM is: (1) previously authorized to disclose the information to individuals and/or entities not affiliated with SFAM, including, but not limited to the client's other professional advisors and/or service providers (i.e., attorney, accountant, insurance agent, broker-dealer, investment adviser, account custodian, etc.); (2) required to do so by judicial or regulatory process; or (3) otherwise permitted to do so in accordance with the parameters of applicable federal and/or state privacy regulations. The disclosure of information contained in any document completed by the client for processing and/or transmittal by SFAM in order to facilitate the commencement/continuation/termination of a business relationship between the client and a nonaffiliated third party service provider (i.e., broker-dealer, investment adviser, account custodian, insurance company, etc.), including information contained in any document completed and/or executed by the client for SFAM (i.e., advisory agreement, client information form, etc.), shall be deemed as having been automatically authorized by the client with respect to the corresponding nonaffiliated third party service provider.

SFAM permits only authorized employees and affiliates who have signed a copy of SFAM's Privacy Policy to have access to client information. Employees violating SFAM's Privacy Policy will be subject to SFAM's disciplinary process. Additionally, whenever SFAM hires other organizations to provide services to SFAM's clients, SFAM will require them to sign confidentiality agreements and/or the Privacy Policy.

Should you have any questions regarding the above, please contact Thomas S. Sawyer, Chief Compliance Officer.

*March, 2018*

**SAWYER FALDUTO**  
**ASSET MANAGEMENT, LLC**

**Item 1**

**Cover Page**

**Sawyer Falduto Asset Management, LLC**

SEC File Number: 801 – 68317

**ADV Part 2A, Brochure**

**Dated: March 24, 2018**

Contact: Thomas Sawyer, Chief Compliance Officer  
589 S. York Street  
Elmhurst, Illinois 60126  
[www.sawyerfalduto.com](http://www.sawyerfalduto.com)

This Brochure provides information about the qualifications and business practices of Sawyer Falduto Asset Management, LLC (the "Registrant"). If you have any questions about the contents of this Brochure, please contact us at (630) 941-8560 or [tsawyer@sawyerfalduto.com](mailto:tsawyer@sawyerfalduto.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Sawyer Falduto Asset Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Sawyer Falduto Asset Management, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## Item 2            Material Changes

There have been no material changes made to this ADV Part 2A, Brochure since the March 13, 2017 annual update filing.

**Sawyer Falduto Asset Management, LLC's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have about this Brochure.**

## Item 3            Table of Contents

Item 1	Cover Page .....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business.....	3
Item 5	Fees and Compensation .....	5
Item 6	Performance-Based Fees and Side-by-Side Management.....	7
Item 7	Types of Clients .....	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9	Disciplinary Information .....	8
Item 10	Other Financial Industry Activities and Affiliations.....	8
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	8
Item 12	Brokerage Practices .....	9
Item 13	Review of Accounts .....	11
Item 14	Client Referrals and Other Compensation .....	11
Item 15	Custody.....	12
Item 16	Investment Discretion.....	12
Item 17	Voting Client Securities .....	12
Item 18	Financial Information.....	13

#### Item 4      **Advisory Business**

- A. Sawyer Falduto Asset Management, LLC (the "Registrant") is a limited liability company formed on August 15, 2007 in the State of Illinois. The Registrant registered as an investment adviser on September 13, 2007. The Registrant is principally owned by Thomas Sawyer and John Falduto, who are the Registrant's Members / Managers.
- B. As discussed below, the Registrant offers to its clients (individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, state or municipal government entities, trade groups, etc.) investment management services. The Registrant **does not** hold itself out as providing financial planning, estate planning, or insurance planning services.

#### **INVESTMENT MANAGEMENT SERVICES - SAWYER FALDUTO WRAP PROGRAM**

The Registrant provides investment management services on a wrap fee basis in accordance with the Registrant's wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure. Under the Program, the Registrant offers discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution (excluding mark-ups and mark-downs), custody, reporting, and investment management fees. The services included in a wrap fee agreement will depend upon each client's particular need. All prospective Program participants should read both the Registrant's Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

Before Registrant provides investment management services, an investment adviser representative will work with each client to ascertain their investment objectives. Thereafter, Registrant will allocate investment assets consistent with the designated investment objectives. Once allocated, Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to a client's investment objectives, and may rebalance the account based on these reviews.

**Wrap Program-Conflict of Interest.** The Registrant receives the balance of the wrap fee after all other costs incorporated into the wrap fee have been applied or deducted. Participation in a wrap program may cost the client more or less than purchasing such services separately. **Conflict of Interest:** Because the Registrant is responsible for payment of certain wrap program transaction fees and commissions to the account broker-dealer/custodian, the Registrant has an economic incentive to minimize the number of trades in the client's account. The Registrant maintains internal processes designed to review trading activity within client's accounts in an effort to mitigate this conflict of interest. **Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding a wrap fee arrangement and the corresponding conflict of interest a wrap fee arrangement creates.**

Charles Schwab & Co., an SEC-registered and FINRA/SIPC member broker-dealer/custodian ("Schwab") serves as the custodian for Program accounts.

## MISCELLANEOUS

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** Although the Registrant does not hold itself out as providing financial planning, estate planning or accounting services, to the extent specifically requested by the client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate, tax, or insurance planning. The Registrant does not serve as a law firm, accounting firm, or insurance agency, and no portion of Registrant's services should be construed as legal, accounting, or insurance implementation services. Accordingly, Registrant does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Registrant or its representatives. **Please Note:** If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Client Obligations.** Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations or services.

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

**Disclosure Statement.** A copy of the Registrant's Form ADV Part 2A, Form ADV Part 2A Appendix 1, and Form ADV Part 2B Brochure Supplement are provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

**Retirement Plan Rollovers – No Obligation / Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. The Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the conflict of interest presented by such engagement.**

**Use of Mutual Funds and Exchange Traded Funds.** While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publically-available mutual funds and exchange traded funds that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds or exchange traded funds without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment management services.

**Fee Differentials/Conflict of Interest.** The Registrant shall receive a Program fee based upon a percentage (%) of the market value of the assets placed under management (between 0.10% and 0.70%). However, fees vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs of a client, related accounts, future earning capacity, anticipated future additional assets, account composition, and negotiations with the client. As a result, similar clients could pay different fees, and higher fees will correspondingly impact a client's net account performance. Moreover, the services provided by the Registrant to any particular client could be available from other advisers at a lower cost. **Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding the above fee disparity, impact on account performance, and conflict of interest.**

- C. The Registrant shall provide investment management services specific to the needs of each client. Prior to providing investment management services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services. In its sole discretion, the Registrant reserves the right to determine whether any request is reasonable.
- D. Registrant only provides investment services on a wrap fee basis. The Registrant receives the balance of the wrap fee after all other costs incorporated into the wrap fee have been applied or deducted. Participation in a wrap program may cost the client more or less than purchasing such services separately. **Conflict of Interest:** Because the Registrant is responsible for payment of certain wrap program transaction fees and commissions to the account broker-dealer/custodian, the Registrant has an economic incentive to minimize the number of trades in the client's account. The Registrant maintains internal processes designed to review trading activity within client's accounts in an effort to mitigate this conflict of interest. **Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding a wrap fee arrangement and the corresponding conflict of interest a wrap fee arrangement creates.**
- E. As of December 31, 2017, the Registrant had \$2,583,850,908 in assets under management on a discretionary basis.

**Item 5            Fees and Compensation**

**A.                SAWYER FALDUTO WRAP PROGRAM**

The current annual Program fee is negotiable, but generally ranges from 0.10% to 0.70%, depending upon the amount and type of the Program assets. As indicated above, the Program fee varies depending upon various objective and subjective factors. These include but are not limited to the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, account composition, and negotiations with the client. As a result, similar clients could pay different fees, and higher fees will correspondingly impact a client's net account performance. Moreover, the services provided by the Registrant to any particular client could be available from other advisers at a lower cost. **Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding the above fee disparity, impact on account performance, and conflict of interest.**

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Investment Advisory Agreement and the custodial/ clearing agreement may authorize the custodian to debit the account for the Registrant's investment management fee and to directly remit that fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Schwab serve as the broker-dealer/custodian for client accounts. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions), however, participants in the Program will not incur such costs, as they are generally included in the Program fee. Clients will remain responsible for the payment of mark-ups and mark-downs for fixed income transactions. In addition to Registrant's investment fees, all mutual fund and exchange traded funds incur separate fees and expenses, which are borne by their shareholders. Clients will be indirectly responsible for the payment of these fees and expense, which include management fees.

**Tradeaway/Prime Broker Fees.** Relative to its discretionary investment management services, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee charged by the executing broker-dealer (commission, mark-up/mark-down) and a separate "tradeaway" or prime broker fee charged by the account custodian. However, the Registrant will pay the "tradeaway" or prime broker fee charged by the account custodian. This presents a conflict of interest as the Registrant has an incentive to purchase and sell securities through the account's broker-dealer, even if better prices are available elsewhere. The Registrant maintains policies and procedures relating to "best execution" that seek to minimize this conflict of interest. In addition, the Registrant discloses this conflict of interest to clients so that they can make an informed decision about maintaining a relationship with the Registrant.

- D. Clients will be charged in arrears at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Fees are prorated for accounts opened during the quarter. The Registrant charged an additional fee for the current quarter if assets are deposited after the beginning of the quarter, prorated based on the number of calendar days remaining

in the quarter during. No portion of the fee will be credited to the client for the current calendar quarter should any withdrawals from the portfolio occur.

The Registrant generally requires an annual minimum fee of \$2,500. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, a pro-rated portion of the earned but unpaid advisory fee shall be due.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

#### **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

#### **Item 7            Types of Clients**

The Registrant's clients shall generally include individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, state or municipal government entities, and trade groups.

#### **Item 8            Methods of Analysis, Investment Strategies and Risk of Loss**

- A. The Registrant may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies

recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B.** The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, because of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C.** Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds, on a discretionary basis in accordance with the client's designated investment objective(s).

**Item 9            Disciplinary Information**

Neither the Registrant nor its management have been the subject of any disciplinary actions.

**Item 10          Other Financial Industry Activities and Affiliations**

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. The Registrant has no other relationship or arrangement with a related person that is material to its advisory business.
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

**Item 11          Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A.** The Registrant maintains an investment policy relative to personal securities transactions.

This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at Schwab. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending Schwab (or another broker-dealer/custodian) to clients include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service.

1. Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from Schwab (or another broker-dealer/custodian, investment platform, independent investment manager, vendor, and/or product/fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that the Registrant receives assist it in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more because of this arrangement. There is no corresponding commitment made by the Registrant to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangement.

**The Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest such arrangement creates.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs

adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**The Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration because of such aggregation.

#### **Item 13      Review of Accounts**

- A. For those clients to whom Registrant provides investment management services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment management clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

#### **Item 14      Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1 above, the Registrant may receive economic benefits from Schwab including support services or products without cost and/or at a discount. There is no corresponding commitment made by the Registrant to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangement. **The Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest this arrangement creates.**
- B. Neither the Registrant nor its representatives compensate any non-supervised persons for client referrals.

## **Item 15      Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

**Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16      Investment Discretion**

The Registrant provides investment management services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, clients are required to execute an Investment Advisory Agreement, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Under the Program, the Registrant shall be provided with written authority to determine which securities and the amounts of securities that are bought or sold. The initial limitations on this discretionary authority shall be included in the written agreement between each client and the Registrant. Clients may change or amend these limitations, in writing, at any time.

## **Item 17      Voting Client Securities**

Unless the client directs otherwise in writing, the Registrant is responsible for voting client proxies. However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits. The Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. The Registrant shall monitor corporate actions of individual issuers and investment companies consistent with the Registrant's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Registrant will consider when determining how it will vote differ on a case by case basis, they may include, but are not limited to, recommendations by management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, the Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Registrant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Information pertaining to how the Registrant voted on any specific proxy issue is also available upon request. Requests should be made by contacting the Registrant's Chief Compliance Officer, Thomas Sawyer.

**Item 18      Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**

**SAWYER FALDUTO**  
ASSET MANAGEMENT, LLC

**Item 1      Cover Page**

**Sawyer Falduto Asset Management, LLC**  
SEC File Number: 801 – 68317

**ADV Part 2A, Appendix 1**  
**Wrap Fee Program Brochure**  
**Dated: March 24, 2018**

Contact: Thomas Sawyer, Chief Compliance Officer  
589 S. York Street  
Elmhurst, Illinois 60126  
[www.sawyerfalduto.com](http://www.sawyerfalduto.com)

**This Wrap Fee Program Brochure provides information about the qualifications and business practices of Sawyer Falduto Asset Management, LLC (the "Registrant"). If you have any questions about the contents of this Wrap Fee Program Brochure, please contact us at (630) 941-8560 or [tsawyer@sawyerfalduto.com](mailto:tsawyer@sawyerfalduto.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Sawyer Falduto Asset Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Sawyer Falduto Asset Management, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no material changes made to this ADV Part 2A, Appendix 1 Wrap Fee Program Brochure since the March 13, 2017 annual update filing.

**Sawyer Falduto Asset Management, LLC's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have about this Brochure.**

## **Item 3           Table of Contents**

Item 1	Cover Page .....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
Item 4	Services, Fees and Compensation .....	3
Item 5	Account Requirements and Types of Clients.....	5
Item 6	Portfolio Manager Selection and Evaluation.....	5
Item 7	Client Information Provided to Portfolio Managers .....	8
Item 8	Client Contact with Portfolio Managers .....	8
Item 9	Additional Information .....	8

#### **Item 4            Services, Fees and Compensation**

##### **A. INVESTMENT ADVISORY SERVICES - SAWYER FALDUTO WRAP PROGRAM**

The Registrant provides investment management services on a wrap fee basis in accordance with the Registrant's wrap fee program (the "Program"). Under the Program, the Registrant offers discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution (excluding mark-ups and mark-downs), custody, reporting, and investment management fees. The services included in a wrap fee agreement will depend upon each client's particular need. All prospective Program participants should read both the Registrant's Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

Before Registrant provides investment management services, an investment adviser representative will work with each client to ascertain their investment objectives. Thereafter, Registrant will allocate investment assets consistent with the designated investment objectives. Once allocated, Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to a client's investment objectives, and may rebalance the account based on these reviews.

The current annual Program fee varies depending upon the market value of assets under management (generally between 0.10% and 0.70%) and depends on the level and scope of the overall investment advisory services rendered.

However, fees vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs of a client, related accounts, future earning capacity, anticipated future additional assets, account composition, and negotiations with the client. As a result, similar clients could pay different fees, and higher fees will correspondingly impact a client's net account performance. Moreover, the services provided by the Registrant to any particular client could be available from other advisers at a lower cost. Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding the above fee disparity, impact on account performance, and conflict of interest.

The Registrant generally requires an annual minimum fee of \$2,500. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The Program fee is not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Clients will be charged in arrears at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Fees are prorated for accounts opened during the quarter. The Registrant charged an additional fee for the current quarter if assets are deposited after the beginning of the quarter, prorated based on the number of calendar days remaining

in the quarter during. No portion of the fee will be credited to the client for the current calendar quarter should any withdrawals from the portfolio occur.

Under the Program, the Registrant shall be provided with written authority to determine which securities and the amounts of securities that are bought or sold. The initial limitations on this discretionary authority shall be included in the written agreement between each client and the Registrant. Clients may change or amend these limitations, in writing, at any time. The client shall have reasonable access to one of the Registrant's investment professionals to discuss their account.

Charles Schwab & Co., an SEC-registered and FINRA/SIPC member broker-dealer/custodian ("Schwab") shall serve as the custodian for Program accounts.

**Termination of Advisory Relationship.** The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, a pro-rated portion of the earned but unpaid advisory fee shall be due.

## **MISCELLANEOUS**

**Client Obligations.** Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations or services.

**Investment Performance.** As a condition to participating in the Program, the participant must accept that different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

- B. Participation in the Program may cost more or less than purchasing such services separately. Also, the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

**Wrap Program-Conflict of Interest.** The Registrant receives the balance of the wrap fee after all other costs incorporated into the wrap fee have been applied or deducted. Participation in a wrap program may cost the client **more** or less than purchasing such services separately. Because the Registrant is responsible for payment of certain wrap program transaction fees and commissions to the account broker-dealer/custodian, the Registrant has an economic incentive to minimize the number of trades in the client's account. The Registrant maintains internal processes designed to review trading activity within client's accounts in an effort to mitigate this conflict of interest. **Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding a wrap fee arrangement and the corresponding conflict of interest a wrap fee arrangement creates.**

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to: transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or

other fees mandated by any federal, state or other applicable law. In addition, clients remain responsible for the payment of mark-ups and mark-downs for fixed income transactions. These expenses are charged by the Program's custodian and not the Registrant. Such fees and expenses are in addition to the Program's wrap fee. In addition to Registrant's investment fees, all mutual fund and exchange traded funds incur separate fees and expenses, which are borne by their shareholders. Clients will be indirectly responsible for the payment of these fees and expense, which include management fees.

**Tradeaway/Prime Broker Fees.** Relative to its discretionary investment management services, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee charged by the executing broker-dealer (commission or mark-up/mark-down) and a separate "tradeaway" or prime broker fee charged by the account custodian. However, the Registrant will pay the "tradeaway" or prime broker fee charged by the account custodian. This presents a conflict of interest as the Registrant has an incentive to purchase and sell securities through the account's broker-dealer, even if better prices are available elsewhere. The Registrant maintains policies and procedures relating to "best execution" that seek to minimize this conflict of interest. In addition, the Registrant discloses this conflict of interest to clients so that they can make an informed decision about maintaining a relationship with the Registrant.

- D. Registrant's related persons who recommend the Program to clients do not receive compensation because of a client's participation in the wrap fee program.

#### **Item 5 Account Requirements and Types of Clients**

The Registrant's clients shall generally include individuals, high net worth individuals, pension and profit sharing plans, charitable organizations, state or municipal government entities, and trade groups.

#### **Item 6 Portfolio Manager Selection and Evaluation**

- A. The Registrant is the only portfolio manager for Program accounts.
- B. The Registrant acts as the sole portfolio manager for the Program. Therefore, there are no conflicts of interest relating to the selection of other portfolio managers for the Program.
- C. As discussed above, the Registrant only offers the Program to clients. The Registrant **does not** hold itself out as providing financial planning, estate planning, or insurance planning services, although it may provide such services to clients.

#### **MISCELLANEOUS ADVISORY SERVICES DISCLOSURE**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** Although the Registrant does not hold itself out as providing financial planning, estate planning or accounting services, to the extent specifically requested by the client, Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate, tax, or insurance planning. The Registrant does not serve as a law firm, accounting firm, or

insurance agency, and no portion of Registrant's services should be construed as legal, accounting, or insurance implementation services. Accordingly, Registrant does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Registrant or its representatives. **Please Note:** If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Client Obligations.** Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations or services.

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

**Disclosure Statement.** A copy of the Registrant's Form ADV Part 2A, Form ADV Part 2A Appendix 1, and Form ADV Part 2B Brochure Supplement are provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

**Retirement Plan Rollovers – No Obligation / Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. The Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the conflict of interest presented by such engagement.**

**Use of Mutual Funds and Exchange Traded Funds.** While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publically-available mutual funds and exchange traded funds that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds or exchange traded funds without engaging Registrant as an investment adviser, the client

or prospective client would not receive the benefit of Registrant's initial and ongoing investment management services.

### **Performance Based Fees and Side-By-Side Management**

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

The Registrant may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, because of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

Currently, the Registrant primarily allocates client investment assets primarily among various fixed income securities, mutual funds and/or exchange traded funds, on a discretionary basis in accordance with the client's designated investment objective(s).

### **Voting Client Securities**

Unless the client directs otherwise in writing, the Registrant is responsible for voting client proxies. However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits. The Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. The Registrant shall monitor corporate actions of individual issuers and investment companies consistent with the Registrant's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Registrant will consider when determining how it will vote differ on a case by case basis, they may include, but are not limited to, recommendations by management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, the Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Registrant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Information pertaining to how the Registrant voted on any specific proxy issue is also available upon request. Requests should be made by contacting the Registrant's Chief Compliance Officer, Thomas Sawyer.

### **Item 7            Client Information Provided to Portfolio Managers**

The Registrant is the Program's sole portfolio manager and receives information directly from each client. Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations or services.

### **Item 8            Client Contact with Portfolio Managers**

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

### **Item 9            Additional Information**

- A.** Neither the Registrant nor its management have been the subject of any disciplinary actions.

### **Other Financial Industry Activities and Affiliations**

Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

The Registrant has no other relationship or arrangement with a related person that is material to its advisory business.

The Registrant does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients.

**B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Advisers Act, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.

The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

### **Review of Accounts**

For those clients to whom Registrant provides investment management services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment management clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.

The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

### **Client Referrals and Other Compensation**

The Registrant may receive economic benefits from Schwab including support services or products without cost and/or at a discount. Registrant's clients do not pay more because of this arrangement. There is no corresponding commitment made by the Registrant to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangement.

Neither the Registrant nor its representatives compensate any non-supervised persons for client referrals.

### **Financial Information**

The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.

The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Thomas Sawyer, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**

**SAWYER FALDUTO**  
ASSET MANAGEMENT, LLC

**Item 1 Cover Page**

**A. John Falduto**

**Sawyer Falduto Asset Management, LLC**

**ADV Part 2B, Brochure Supplement**  
**Dated: March 24, 2018**

Contact: Thomas Sawyer, Chief Compliance Officer  
589 S. York Street  
Elmhurst, Illinois 60126  
[www.sawyerfalduto.com](http://www.sawyerfalduto.com)

- B. This Brochure Supplement provides information about John Falduto that supplements the Sawyer Falduto Asset Management, LLC Brochure; you should have received a copy of that Brochure. Please contact Thomas Sawyer, Chief Compliance Officer, if you did *not* receive Sawyer Falduto Asset Management, LLC's Brochure or if you have any questions about the contents of this Brochure Supplement.**

**Additional information about John Falduto is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2 Education Background and Business Experience**

John Falduto was born in 1967. Mr. Falduto graduated from DePaul University in 1989, with a degree in Commerce-Business Administration. Mr. Falduto has been an owner of Sawyer Falduto Asset Management, LLC since August 2007. From October 1996 to May 2006, Mr. Falduto was employed as a First Vice President of Oak Brook Bank. Following the acquisition of Oak Brook Bank, Mr. Falduto was employed by MB Financial, Inc. from May 2006 through August 2007.

**Item 3 Disciplinary Information**

None.

**Item 4 Other Business Activities**

- A. The supervised person is not actively engaged in any other investment-related businesses or occupations.  
B. The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

**Item 5 Additional Compensation**

None.

**Item 6 Supervision**

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisers Act of 1940 (the "Act"). The Registrant's Chief Compliance Officer, Thomas Sawyer, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee, independent contractor, investment adviser representative, or solicitor of the Registrant have any questions regarding the applicability/relevance of the Act, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Sawyer at (630) 941-8560.

**SAWYER FALDUTO**  
ASSET MANAGEMENT, LLC

**Item 1 Cover Page**

**A. Thomas S. Sawyer**

**Sawyer Falduto Asset Management, LLC**

**ADV Part 2B, Brochure Supplement**  
**Dated: March 24, 2018**

Contact: Thomas Sawyer, Chief Compliance Officer  
589 S. York Street  
Elmhurst, Illinois 60126  
[www.sawyerfalduto.com](http://www.sawyerfalduto.com)

- B. This Brochure Supplement provides information about Thomas S. Sawyer that supplements the Sawyer Falduto Asset Management, LLC Brochure; you should have received a copy of that Brochure. Please contact Thomas Sawyer, Chief Compliance Officer, if you did *not* receive Sawyer Falduto Asset Management, LLC's Brochure or if you have any questions about the contents of this Brochure Supplement.**

**Additional information about Thomas S. Sawyer is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2 Education Background and Business Experience**

Thomas S. Sawyer was born in 1958. Mr. Sawyer graduated from Southeast Missouri State University in 1983, with a degree in Communication and from Arkansas State University in 1986, with a Masters in Business Administration degree. Mr. Sawyer has been an owner of Sawyer Falduto Asset Management, LLC since August 2007. From February 1998 to May 2006, Mr. Sawyer was employed as a Senior Executive Vice President of Oak Brook Bank. Following the acquisition of Oak Brook Bank, Mr. Sawyer was employed by MB Financial, Inc. from May 2006 through June 2007.

**Item 3 Disciplinary Information**

None.

**Item 4 Other Business Activities**

- A. The supervised person is not actively engaged in any other investment-related businesses or occupations.  
B. The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

**Item 5 Additional Compensation**

None.

**Item 6 Supervision**

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisers Act of 1940 (the "Act"). The Registrant's Chief Compliance Officer, Thomas Sawyer, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee, independent contractor, investment adviser representative, or solicitor of the Registrant have any questions regarding the applicability/relevance of the Act, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Sawyer at (630) 941-8560.

**SAWYER FALDUTO**  
ASSET MANAGEMENT, LLC

**Item 1 Cover Page**

**A. David Michael Harrington**

Sawyer Falduto Asset Management, LLC

ADV Part 2B, Brochure Supplement

Dated: March 24, 2018

Contact: Thomas Sawyer, Chief Compliance Officer

589 S. York Street

Elmhurst, Illinois 60126

[www.sawyerfalduto.com](http://www.sawyerfalduto.com)

- B. This Brochure Supplement provides information about David Michael Harrington that supplements the Sawyer Falduto Asset Management, LLC Brochure; you should have received a copy of that Brochure. Please contact Thomas Sawyer, Chief Compliance Officer, if you did *not* receive Sawyer Falduto Asset Management, LLC's Brochure or if you have any questions about the contents of this Brochure Supplement.**

**Additional information about David Michael Harrington is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2 Education Background and Business Experience**

David Michael Harrington was born in 1966. Mr. Harrington graduated from Elmhurst College in 1988, with a Bachelor of Science degree in Finance and Economics. Mr. Harrington has been a portfolio manager of Sawyer Falduto Asset Management, LLC since April 2012. From May of 2002 to May 2006, Mr. Harrington was employed as a Vice President of Oak Brook Bank. After the acquisition of Oak Brook Bank by MB Financial, Mr. Harrington was a Vice President of MB Financial Bank from May 2006 to March 2011.

Mr. Harrington has been a CERTIFIED FINANCIAL PLANNER™ since April 4, 1994. The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 79,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must currently satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 6 hours, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

---

**Item 3 Disciplinary Information**

---

None.

---

**Item 4 Other Business Activities**

---

- A. The supervised person is not actively engaged in any other investment-related businesses or occupations.
- B. The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

---

**Item 5 Additional Compensation**

---

None.

---

**Item 6 Supervision**

---

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisers Act of 1940 (the "Act"). The Registrant's Chief Compliance Officer, Thomas Sawyer, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee, independent contractor, investment adviser representative, or solicitor of the Registrant have any questions regarding the applicability/relevance of the *Act*, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Sawyer at (630) 941-8560.

**SAWYER FALDUTO**  
ASSET MANAGEMENT, LLC

**Item 1 Cover Page**

**A. Jacob Walters**

Sawyer Falduto Asset Management, LLC

ADV Part 2B, Brochure Supplement

Dated: March 24, 2018

Contact: Thomas Sawyer, Chief Compliance Officer

589 S. York Street

Elmhurst, Illinois 60126

[www.sawyerfalduto.com](http://www.sawyerfalduto.com)

- B. This Brochure Supplement provides information about Jacob Walters that supplements the Sawyer Falduto Asset Management, LLC Brochure; you should have received a copy of that Brochure. Please contact Thomas Sawyer, Chief Compliance Officer, if you did *not* receive Sawyer Falduto Asset Management, LLC's Brochure or if you have any questions about the contents of this Brochure Supplement.**

**Additional information about Jacob Walters is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2 Education Background and Business Experience**

Jacob Walters was born in 1992. Mr. Walters graduated from DePaul University in 2015, with a Bachelor of Science in Business with a Major in Finance and a Concentration in Sales Leadership. Mr. Walters has been an investment analyst of Sawyer Falduto Asset Management, LLC since October of 2015. From May 2015 to October 2015, Mr. Walters was a financial representative of Northwestern Mutual. From July 2009 to December 2014, he was a project assistant at Midwest Applied Solutions.

**Item 3 Disciplinary Information**

None.

**Item 4 Other Business Activities**

- A. The supervised person is not actively engaged in any other investment-related businesses or occupations.
- B. The supervised person is not actively engaged in any non-investment-related business or occupation for compensation.

**Item 5 Additional Compensation**

None.

**Item 6 Supervision**

The Registrant provides investment advisory and supervisory services in accordance with the Registrant's policies and procedures manual. The primary purpose of the Registrant's Rule 206(4)-7 policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisers Act of 1940 (the "Act"). The Registrant's Chief Compliance Officer, Thomas Sawyer, is primarily responsible for the implementation of the Registrant's policies and procedures and overseeing the activities of the Registrant's supervised persons. Should an employee, independent contractor, investment adviser representative, or solicitor of the Registrant have any questions regarding the applicability/relevance of the *Act*, the Rules thereunder, any section thereof, or any section of the policies and procedures, he/she should address those questions with the Chief Compliance Officer. Should a client have any questions regarding the Registrant's supervision or compliance practices, please contact Mr. Sawyer at (630) 941-8560.

# WILLOWBROOK POLICE PENSION FUND

## INVESTMENT POLICY - Proposed

### PURPOSE

The investment of pension funds is the responsibility of the members of the Board of Trustees of the Willowbrook Police Pension Fund (Pension Board). The purpose of this investment policy is to indicate a conscious, formal effort by the Pension Board to develop, implement and monitor the investment of pension funds. It shall be considered an important means to communicate the Pension Board's policy views on management of pension funds to the public, participants, and beneficiaries of the Fund.

### SCOPE

This policy governs the investment practices and applies to all financial transactions of the Willowbrook Police Pension Fund (Pension Fund).

### OBJECTIVES

The Pension Board has a fiduciary responsibility to discharge its duties with respect to the Pension Fund solely in the interest of the participants and beneficiaries as set forth in the Illinois Pension Code.

*Safety*  
~~Preservation of Principal~~ – Preservation of principal is the foremost objective of the Pension Board. Investment transactions shall seek to first ensure that large capital losses are avoided. Additionally, the objective of the Pension Board is to avoid erosion of principal resulting from securities defaults.

Return on Investments – The Pension Board seeks to attain or exceed market rates of return on investments consistent with constraints imposed by safety objectives, cash flow considerations and Illinois Laws that restrict the placement of public funds.

Maintenance of Public Trust – All participants in the investment process shall seek to act responsibly as custodians of the Pension Fund. Investment officials shall avoid any transactions that might reasonably impair Pension Fund participant's confidence in the Pension Board's ability to manage the Pension Fund.

Liquidity – The assets shall be sufficiently liquid to meet the Pension Fund's disbursement requirements for the payment of operating expenses and benefits.

### RESPONSIBILITY

Management of the investment program is the responsibility of the Pension Board. No person may engage in an investment transaction except as provided under terms of this policy established by the Pension Board.

The Treasurer of the Pension Fund shall be responsible for establishing internal controls and written procedures for the operation of the investment program. (30 ILCS 230/2.5(a)(7)).

The Pension Board may appoint an investment manager (as defined in 40 ILCS 5/1 – 101.4) to assist in the management of the investment program. The investment manager shall acknowledge, in writing, that he or she is a fiduciary with respect to the Pension Fund. Any such written acknowledgement shall be attached to this policy or included in the agreement between the Pension Board and the investment manager.

The Pension Board will meet with the investment manager quarterly to review market conditions and to determine investment strategy. This review will include analysis of the investment portfolio, its effectiveness in meeting the Pension Fund's needs for safety, liquidity, rate of return, and diversification, and its general performance.

### PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent investor" and shall be applied in the context of managing the portfolio. Investments shall be made with the care, skill, prudence

and diligence that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims.

### **PROHIBITED TRANSACTIONS**

A Fiduciary with respect to the Pension Fund shall not:

1. Deal with the assets of the Pension Fund in his or her own interests or for his or her own account.
2. In their individual or other capacity effect any transaction involving the Pension Fund on behalf of a party whose interests are adverse to the interests of the Pension Fund or the interests of its participants or beneficiaries.
3. Receive any consideration for his or her own personal account from any party dealing with the Pension Fund in connection with a transaction involving the assets of the Pension Fund.
4. Knowingly cause or advise the Pension Fund to engage in an investment transaction when the fiduciary (i) has any direct interest in the income, gains, or profits of the investment advisor through which the investment transaction is made or (ii) has a business relationship with that investment advisor that would result in a pecuniary benefit to the fiduciary as a result of the investment transaction. (40 ILCS 5/1-110)

### **INVESTMENT INSTRUMENTS**

The Pension Fund may invest in any type of investment instrument permitted by Illinois law, as described in Chapter 40 of the Illinois Compiled Statutes, 40 ILCS 5/1-113.2 through 113.4a. Permitted investment instruments include, but are not limited to:

1. Interest bearing direct obligations of the United States of America.
2. Interest bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America.
3. Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America. For the purposes of this section, "Agencies of the United States of America" include:
  - a. The Federal National Mortgage Association and the Student Loan Marketing Association.
  - b. Federal Land Banks, Federal Intermediate Credit Banks, Federal Farm Credit Banks, and any other entity authorized to issue direct debt obligations of the United States of America under the Farm Credit Act of 1971.
  - c. Federal Home Loan Banks and the Federal Home Loan Mortgage Corporation.
  - d. Any agency created by act of Congress that is authorized to issue direct debt obligations of the United States of America.
4. Corporate bonds managed through an investment advisor must meet all of the following requirements:
  - a. The bonds must be rated as investment grade by one of the 2 largest rating services at the time of purchase.
  - b. If subsequently downgraded below investment grade, the bonds must be liquidated by the manager from the portfolio within 90 days after being downgraded.
5. Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, or by State of Illinois chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.
6. Interest bearing bonds of the State of Illinois or interest bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois.
7. Pooled interest bearing accounts managed by the Illinois Public Treasurer's Investment Pool in accordance with the deposit of state moneys act.

8. Direct obligations of the State of Israel. *new*
9. Money Market Mutual Funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies; provided that the portfolio of the money market mutual fund is limited to:
- a. Bonds, notes, certificates of indebtedness, treasury bills, or other securities that are guaranteed by the full faith and credit of the United States of America or its agencies.
  - b. Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies.
10. Not to exceed 10% of the portfolio, separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stock, bonds or money market instruments or mutual funds that meet the requirement as outlined in item 11 below.
11. In addition to the items listed above, if the Pension Fund has net assets of \$2,500,000 or more it may invest a portion of its net assets in mutual funds that meet the following requirements:
- a. The mutual fund is managed by an investment company as defined and registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.
  - b. The mutual fund has been in operation for at least five years.
  - c. The mutual fund has total net assets of \$250 million or more.
  - d. The mutual fund is comprised of diversified portfolios of common or preferred stocks, bonds, or money market instruments.
12. In addition to the items listed above, if the Pension Fund has net assets of \$5,000,000 or more it may invest a portion of its net assets in common and preferred stocks that meet the following requirements:
- a. Investments made through an investment advisor with a written contract.
  - b. Stocks of U.S. Corporations that have been in existence for 5 years.
  - c. Corporations not in arrears in payment of dividends in the last 5 years.
  - d. Market value of stock in any one corporation does not exceed 5% of cash and invested assets of pension fund.
  - e. Stock in any one corporation does not exceed 5% of the total outstanding stock in the corporation.
  - f. Stocks listed on national securities exchange or quoted in NASDAQNMS.
13. In addition to the items mentioned above, if the Pension Fund has net assets of at least \$10,000,000 the fund may, through that investment adviser, invest an additional portion of its assets in common and preferred stocks and mutual funds.

If the Pension Fund has net assets of at least \$2,500,000 but less than \$10,000,000, the Pension Fund's investment in the above equity investments (# 10, 11 and 12) shall not exceed 45% of the market value of the Pension Fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

If the Pension Fund has net assets of at least \$10,000,000, the Pension Fund's total investment in the above equity investments (#'s 10, 11 and 12) shall not exceed 50% effective July 1, 2011 and 55% effective July 1, 2012 of the market value of the Pension Fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

\* The 55% maximum allocation is subject to statutory interpretation and any change to the maximum allocation will be made by motion and approval by the Board of Trustees of the Pension Fund.

Investments of the Pension Fund will be registered in the name of the Pension Fund and placed with a custodian approved by the Pension Board so long as the custodian meets the requirements of state statutes.

## PERFORMANCE MEASUREMENTS

Performance will be calculated using professional standards as established by the CFA Institute. The Pension Board may include (but is not limited to) the following benchmarks for evaluating the Pension Fund's performance:

Application	Benchmark
Cash Equivalents	U.S. Treasury Bills (90 day)
Fixed Income	Barclay's U.S. Government Index
Fixed Income	Barclay's U.S. Government/Credit Index
Large Capitalization Equities	Standard & Poor's 500 Stock Index
Small Capitalization Equities	Russell 2000 Stock Index
International Equities	Morgan Stanley Capital International Europe/Australia/Far East Index

## CONTROLS

The Pension Board maintains Pension Fund books and records in conformance with generally accepted accounting principles. Internal controls shall be reviewed by the Pension Board and may be reviewed by an independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees and officers of the Pension Board.

## DIVERSIFICATION / STRATEGY

### Fixed Income

The average maturity/duration of the portfolio will be managed based upon the current existing interest rate environment. Under most circumstances the average maturity and duration of the portfolio will be maintained at approximately 5.0 years and will range from 2.0 years to 7.0 years. This type of strategy will often result in increasing the maturity/duration of the portfolio when interest rates are rising and decreasing the maturity/duration of the portfolio when interest rates are declining. The investment manager may change the duration of the portfolio as market conditions permit.

The allocation guidelines, by asset class, for the fixed income investments are as follows:

	Normal Allocation	Range of Allocation
U.S. Treasury Bills/Notes/Bonds	30%	0-100%
U.S. Government Agency Securities (non-MBS)	35%	0-70%
U.S. Government Agency Securities (Callable)	10%	0-30%
U.S. Government Agency Securities (MBS)	5%	0-10%
Taxable Municipal Securities	10%	0-20%
Certificates of Deposit	0%	0-20%
Investment Grade Corporate Bonds	10%	0-30%

Under normal market conditions the structure of the portfolio will be within these limits. However, the portfolio manager may diverge from the above guidelines due to abnormal market conditions.

### **Equities**

Once the Pension Fund reaches the equity allocation approved by the Pension Board and permitted by law, normal asset allocation range for equity portfolio allocation weightings should be:

	Normal Allocation	Range of Allocation
U.S. Large Company Stocks	70%	40 - 100%
U.S. Small Company Stocks	20%	0 - 40%
International Stocks	10%	0 - 20%

The Pension Fund asset allocation should be rebalanced at least annually when the equity allocation rises above the maximum allowable as a percentage of assets as defined by Illinois State Statute.

### **COLLATERALIZATION**

Pension Fund assets may be invested in savings accounts or certificates of deposit of a national or state bank, even if fund assets on deposit in such institution will exceed federal deposit insurance or guarantee limits for invested principal and accrued interest, but only if the amount by which the fund's investment exceeds such insurance or guarantee limits is collateralized by the fund which shall be maintained and credited to the fund on the records of the custodial bank. The Pension Fund shall have a perfected security interest in such securities which shall be free of any claims to the rights to these securities other than any claims by the custodian which are subordinate to the Pension Fund's claims to rights to these securities.

### **CUSTODY AND SAFEKEEPING OF INVESTMENTS**

Third party safekeeping is required for all securities owned by the Pension Fund (40 ILCS 5/1-113.7). Custody arrangements shall be documented by an approved written agreement. The agreement may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement.

### **ETHICS AND CONFLICTS OF INTEREST**

Any fiduciary with respect to the Pension Fund shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair his or her ability to make impartial investment decisions.

### **REPORTING**

At least quarterly, the Treasurer shall submit to the Pension Board an investment report which shall describe the portfolio in terms of investment securities, maturity, cost, transactions and earnings for the current period. The Treasurer shall also submit a comprehensive annual report on the Pension Fund and its activity.

### **MEETING SCHEDULE**

The Pension Board shall schedule periodic meetings for the purposes of portfolio and investment manager review. Special meetings may be called from time-to-time by the Pension Board.

### **AUDIT**

Pension Fund is subject to periodic examination by Illinois Department of Insurance-Public Pension Division.

### **FILING**

The Board shall file a copy of this policy with the Illinois Department of Insurance, Public Pension Division within thirty (30) days of its adoption. The Board shall make a copy of this Policy available to the public at the main administrative office of the Pension Fund. (40 ILCS 5/1-113.6; 30 ILCS 235/2.5(c))

## DEFINITIONS

---

**Beneficiary** – person eligible for or receiving benefits from a pension fund.

**Book Entry Security** – securities that can be transferred from institution to institution using the federal electronic wire system, thus eliminating the physical transfer of certificates. Records are maintained on a computer system at the Federal Reserve.

**Collateral** – the pledging of a security to guarantee performance of an obligation.

**Fiduciary** – person entrusted with the control of assets for the benefit of others.

**Investment Manager** – an individual or organization that provides investment management services for a fee, either on a discretionary or nondiscretionary basis. Under Illinois law, an investment manager is considered a fiduciary with respect to the Pension Fund.

**Market Value** – the present price of a given security.

**Barclay's Capital Government Bond Index** - The Barclay's Capital Government Bond Index tracks the performance of the combined U.S. Treasury and U.S. Agency markets. It includes U.S. dollar-denominated U.S. Treasury and U.S. Agency Bonds, issued in the U.S. domestic bond market.

**Morgan Stanley Capital International (EAFE)** – Indices are based on the share prices of approximately 1,600 companies listed on stock exchanges in the twenty-two countries that make up the MSCI National Indices.

**Return** – the profit or interest as payment for investment.

**Russell 2000 Stock Index** – is comprised of the smallest 2000 companies in the Russell 3000 index, representing approximately 11% of the Russell 3000 total market capitalization. The Index was developed with a base value of 135.00 as of December 31, 1986.

**Security** – any note, stock, bond, certificate of interest or certificate of deposit.

**Separate Account** – term used of variable annuities. Because the risk is borne by the investor in a variable annuity, the issuer may not commingle funds invested in the variable annuity with the general funds of the issuer.

**Standard & Poor's 500 Stock Index** – is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-43 base period.

**Treasury Bill** – short-term debt obligation of U.S. government which will mature in one year or less at the time of original issuance.

**Treasury Note** – debt obligations of U.S. government which will mature in ten years or less at the time of original issuance.

**Treasury Bond** – longer debt obligations of U.S. government which will mature in ten years or longer at the time of original issuance.

**Current Yield** – percentage derived by taking annual interest from an investment and dividing by current market value.

## AMENDMENT

---

This policy may be amended from time to time by the Pension Board.

## CONFLICT

---

In the event of any conflict between this Policy and the Illinois Compiled Statutes or case decisions of the State of Illinois, the Statutes and case law decisions shall govern.

? Commercial paper, IL Funds

## **ADOPTION**

---

This Investment Policy is hereby adopted by the Willowbrook Police Pension Fund Board of Trustees on this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

<b>Title</b>	<b>Signature</b>
<b>President</b>	
<b>Secretary</b>	
<b>Treasurer</b>	
<b>Trustee</b>	
<b>Trustee</b>	
<b>Trustee</b>	

**WILLOWBROOK POLICE PENSION FUND**

**STATEMENT OF  
INVESTMENT POLICY**

## TABLE OF CONTENTS

Definition of Terms.....	3
Statement of Purpose.....	4
Investment Objectives.....	5
Distinction of Responsibilities.....	5
Prudence.....	6
Prohibited Transactions.....	6
Investment Guidelines.....	6
Performance Measurements.....	10
Controls.....	11
Diversification/Strategy.....	11
Long-Term Expected Rates.....	12
Collateralization.....	13
Custody, Registration & Safekeeping of Investments.....	14
Ethics and Conflicts of Interest.....	14
Indemnification.....	14
Reporting and Communication.....	14
Amendment.....	15
Conflict.....	15
Adoption.....	15

## **DEFINITION OF TERMS**

**Beneficiary** - person eligible for or receiving benefits from a pension fund.

**Book Entry Security** - securities that can be transferred from institution to institution using the federal electronic wire system, thus eliminating the physical transfer of certificates. Records are maintained on a computer system at the Federal Reserve.

**Collateral** - the pledging of a security to guarantee performance of an obligation.

**Commercial Paper** - unsecured promissory notes of corporations issued for 270 days or less.

**Fiduciary** - person entrusted with the control of assets for the benefit of others.

**Investment Manager** - an individual or organization that provides investment management services for a fee, either on a discretionary or nondiscretionary basis. Under Illinois law, an investment manager is considered a fiduciary with respect to the Fund.

**IL Funds (formerly known as the Illinois Public Treasurers' Investment Pool)** - a short-term money market fund for public funds in Illinois.

**Market Value** - the present price of a given security.

**B of A Merrill Lynch Corporate 1-10 Year Index** - benchmark index based upon publicly issued intermediate corporate debt securities.

**B of A Merrill Lynch Treasury Index** - benchmark index that quantifies the price and yield performance of all U.S. Treasury obligations with a maturity of at least one year and an outstanding par value of at least \$100 million. The securities comprising the index are rebalanced on a daily basis.

**B of A Merrill Lynch US Treasury/Agency Index**: The U.S. Government/Agency Index tracks the performance of the combined U.S. Treasury and U.S. Agency Markets. It includes U.S. dollar-denominated U.S. Treasury and U.S. Agency Bonds, issued in the U.S. domestic bond market, having at least one year remaining term to maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 Billion for U.S. Treasuries and \$150 Million for U.S. Agencies. The index is re-balanced on the last calendar day of the month.

**Morgan Stanley Capital International (EAFE)** - Indices are based on the share prices of approximately 1,600 companies listed on stock exchanges in the twenty-two countries that make up the MSCI National Indices.

**Return** - Income and capital appreciation or depreciation on an investment.

**Russell 2000 Stock Index** - is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 11% of the Russell 3000 total market capitalization. The Index was developed with a base value of 135.00 as of December 31, 1986.

**Security** - any note, stock, bond, certificate of interest or certificate of deposit.

**Separate Account** - term used of variable annuities. Because the risk is borne by the investor in a variable annuity, the issuer may not commingle funds invested in the variable annuity with the general funds of the issuer.

**Standard & Poor's 400 Midcap Stock Index** - is comprised of 400 stocks chosen for market size, liquidity and industry group representation. All stocks within the S & P 500 are not eligible for inclusion.

**Standard & Poor's 500 Stock Index** - is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-43 base period.

**Treasury Bill** - short-term debt obligation of U.S. government which will mature within one year of original issuance.

**Treasury Note** - intermediate debt obligation of U.S. government which will mature in 1 to 10 years of original issuance.

**Treasury Bond** - longer debt obligations of U.S. government which will mature in more than ten years of original issuance.

**Yield** - percentage measured by taking annual income from an investment and dividing by current market value.

## STATEMENT OF PURPOSE

The investment of pension funds is the responsibility of the members of the Board of Trustees of the Willowbrook Police Pension Fund (Pension Board). The purpose of this investment policy is to:

- Define and assign the responsibilities of all parties involved
- Establish the relevant investment horizon for which the Pension Fund will be managed
- Offer guidance and limitations to all Investment Managers regarding the investment of Pension Fund
- Communicate the Pension Board's policy views on management of pension funds to the public, participants, and beneficiaries of the Willowbrook Police Pension Fund (Fund)

- Establish long-term expected rates
- Establish a basis of evaluating investment results

In general, the purpose of this investment policy is to outline a philosophy which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. This document is intended to serve as a reference tool, an operating code, and a communications link between the Board of Trustees, its staff, and its investment professionals.

## INVESTMENT OBJECTIVES

The Pension Board has a fiduciary responsibility to discharge their duties with respect to the pension fund solely in the interest of the participants and beneficiaries as set forth in the Illinois Pension Code at 40 ILCS 5/1-109.

**Safety:** Safety of principal is the foremost objective of the Pension Fund. Each investment transaction shall seek to first ensure that large capital losses are avoided whether they are from securities defaults or erosion of market value.

**Return on Investments:** The Pension Board seeks to attain market rates of return on its investments consistent with constraints imposed by its safety objectives, cash flow considerations and Illinois state laws that restrict the placement of public funds.

**Maintenance of Public Trust:** All participants in the investment process shall seek to act prudently as custodians of pension funds. Investment officials shall avoid any transactions that might reasonably impair Fund participant's confidence in the Pension Board's ability to manage the Fund.

**Liquidity:** The assets shall be sufficiently liquid to meet the Fund's disbursement requirements for the payment of operating expenses and benefits.

## DISTINCTION OF RESPONSIBILITIES

Management of the investment program is the responsibility of the Pension Fund Board of Trustees. No person may engage in an investment transaction except as provided under terms of this policy established by the Pension Board. The Pension Board may appoint an investment manager (as defined in 40 ILCS 5/1 - 101.4) to assist in the management of the investment program. Any such appointment shall be made in accordance with the requirements of Section 1-113.5 of the Illinois Pension Code (40 ILCS 5/1-113.5). The investment manager shall acknowledge, in writing, that it is a fiduciary with respect to the Pension Fund. Any such written agreement shall be attached to this policy. The Pension Board will meet with the investment manager at least quarterly to review market conditions, review the investment portfolio, and determine investment strategy.

The Board of Trustees will generally be responsible for the following:

- Complying with applicable laws, regulations, and rulings.
- Selecting all qualified investment professionals.
- Monitoring and evaluating investment performance and compliance with this Policy.
- Reviewing and suggesting changes, as needed, to this Policy.
- Establishing and reviewing the appropriateness of the Pension Fund's asset allocation policy.
- Taking action according to this policy.

## **PRUDENCE**

Investments shall be made with judgment and care, under circumstances prevailing, which a person of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return. The standards of prudence to be used by investment officials shall be the "Prudent Investor" and shall be applied in the context of managing the portfolio.

## **PROHIBITED TRANSACTIONS**

The members of the Pension Fund Board of Trustees, and all other employees, agents, officials, or representatives of the Pension Fund involved in the investment process shall avoid any transactions prohibited by federal, state, or local law, particularly as set forth in 40 ILCS 5/1-110 and 30 ILCS 235/2. A Fiduciary with respect to the Fund shall not:

- Deal with the assets of the Fund in their own interests or for their own account.
- In their individual or other capacity act in any transaction involving the Fund on behalf of a party whose interests are adverse to the interests of the Fund or the interests of its participants or beneficiaries.
- Receive any consideration for their own personal account from any party dealing with the Fund in connection with a transaction involving the assets of the Fund.

## **INVESTMENT GUIDELINES**

The Fund may invest in any type of investment instrument permitted by Illinois law, as described in Chapter 40 of the Illinois Compiled Statutes, 40 ILCS 5/1-113.1 through 113.4(a). Permitted investment instruments include, but are not limited to:

1. Interest bearing direct obligations of the United States of America.
2. Interest bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America.

3. Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America. For the purposes of this section, "Agencies of the United States of America" include:
  - a. The Federal National Mortgage Association
  - b. Federal Land Banks, Federal Intermediate Credit Banks, Federal Farm Credit Banks, and any other entity authorized to issue direct debt obligations of the United States of America under the Farm Credit Act of 1971 or amendments to that Act
  - c. Federal Home Loan Banks and the Federal Home Loan Mortgage Corporation
  - d. Any agency created by Act of Congress that is authorized to issue direct debt obligations of the United States of America.
4. Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, or by State of Illinois chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.
5. Interest bearing bonds of the State of Illinois.
6. Pooled interest bearing accounts managed by the Illinois Public Treasurer's Investment Pool, also known as the IL Fund, in accordance with the Deposit of State Moneys act, interest bearing funds or pooled accounts of the Illinois Metropolitan Investment Funds, and interest bearing funds or pooled accounts managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the law of the State of Illinois.
7. Interest bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois.
8. Money Market Mutual Funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies; provided that the portfolio of the money market mutual fund is limited to:
  - a. Bonds, notes, certificates of indebtedness, treasury bills, or other securities that are guaranteed by the full faith and credit of the United States of America as to principal and interest.
  - b. Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies.
  - c. Short term obligations of corporations organized in the United States with assets exceeding \$400,000,000, provided that i) the obligations mature no later than 180 days from the date of purchase, ii) at the time of purchase, the obligations are rated by at least 2 standard national rating services at one of their 3 highest

classifications, and iii) the obligations held by the mutual fund do not exceed 10% of the corporation's outstanding obligations.

9. Not to exceed 10% of the portfolio; any combination of separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stock, bonds or money market instruments or mutual funds that meet the following requirements:
  - a. The mutual fund must be managed by an investment company registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.
  - b. The mutual fund must have been in operation for at least 5 years.
  - c. The mutual fund must have total net assets of \$250,000,000 or more.
  - d. The mutual fund must be comprised of a diversified portfolio of common or preferred stocks, bonds, or money market instruments.
10. Corporate bonds, managed through an investment advisor, and the bonds meet the following requirements:
  - a. The bonds must be rated as investment grade by one of the two largest rating services at the time of purchase.
  - b. If subsequently downgraded below investment grade, the bonds must be liquidated from the portfolio within 90 days after being downgraded by the manager.
11. A pension fund with net assets of \$2,500,000 or more, may invest a portion of its net assets, not to exceed 45% of the market value of the pension fund's net present assets as stated in its most recent annual report on file with the Illinois Department of Insurance, in separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stock, bonds or money market instruments or mutual funds that meet the following requirements:
  - a. The mutual fund must be managed by an investment company registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.
  - b. The mutual fund must have been in operation for at least 5 years.
  - c. The mutual fund must have total net assets of \$250,000,000 or more.
  - d. The mutual fund must be comprised of a diversified portfolio of common or preferred stocks, bonds, or money market instruments.
12. A pension fund with net assets of \$5,000,000 or more, which has appointed an investment adviser under Section 1-113.5, may, through that investment adviser, invest in common and preferred stocks and mutual funds that meet all of the following requirements:

The stocks must meet all of the following requirements:

- a. The common stocks must be listed on a national securities exchange or board of trade (as defined in the Federal Securities Exchange Act of 1934 and set forth in paragraph G of Section 3 of the Illinois Securities Law of 1953) or quoted in the National Association of Securities Dealers Automated Quotation System National Market System.
- b. The securities must be of a corporation in existence for at least 5 years.
- c. The market value of stock in any one corporation may not exceed 5% of the cash and invested assets of the pension fund, and the investments in the stock of any one corporation may not exceed 5% of the total outstanding stock of that corporation.
- d. The straight preferred stocks or convertible preferred stocks must be issued or guaranteed by a corporation whose common stock qualifies for investment by the board.

The mutual funds must meet the following requirements:

- a. The mutual fund must be managed by an investment company registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.
- b. The mutual fund must have been in operation for at least 5 years.
- c. The mutual fund must have total net assets of \$250,000,000 or more.
- d. The mutual fund must be comprised of a diversified portfolio of common or preferred stocks, bonds, or money market instruments.

The Fund's investment in the above equity investments shall not exceed 45% of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

13. A pension fund with net assets of \$10,000,000 or more, which has appointed an investment adviser under Sections 1-101.4 and 1-113.5, may, through that investment adviser, invest an additional portion of its assets in common and preferred stocks and mutual funds that meet all of the following requirements:

The stocks must meet all of the following requirements:

- a. The common stocks must be listed on a national securities exchange or board of trade (as defined in the Federal Securities Exchange Act of 1934 and set forth in paragraph G of Section 3 of the Illinois Securities Law of 1953) or quoted in the National Association of Securities Dealers Automated Quotation System National Market System.
- b. The securities must be of a corporation in existence for at least 5 years.
- c. The market value of stock in any one corporation may not exceed 5% of the cash and invested assets of the pension fund, and the investments in the stock of any one corporation may not exceed 5% of the total outstanding stock of that corporation.

- d. The straight preferred stocks or convertible preferred stocks must be issued or guaranteed by a corporation whose common stock qualifies for investment by the board.

The mutual funds must meet the following requirements:

- a. The mutual fund must be managed by an investment company registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.
- b. The mutual fund must have been in operation for at least 5 years.
- c. The mutual fund must have total net assets of \$250,000,000 or more.
- d. The mutual fund must be comprised of a diversified portfolio of common or preferred stocks, bonds, or money market instruments.

The Fund's total investment in the items authorized under this Section shall not exceed 60% effective July 1, 2011 and 65% effective July 1, 2012 of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Illinois Department of Insurance.

## PERFORMANCE MEASUREMENTS

Performance will be calculated using professional standards as established by the Association for Investment Management Research. The Pension Board shall utilize the following benchmarks for evaluating the Fund's performance:

<u>Application</u>	<u>Benchmark</u>
Cash Equivalents	90 - day U.S. Treasury Bills
Fixed Income (excludes Corporate Bonds)	B of A Merrill Lynch Treasury/Agency Index
Corporate Bond	B of A Merrill Lynch 1-10 Year Corporate
Large Capitalization Equities	Standard & Poor's 500 Stock Index
Mid Capitalization Equities	Standard & Poor's 400 Stock Index
Small Capitalization Equities	Russell 2000 Stock Index
International Equities (includes developed and emerging markets)	Morgan Stanley Capital International Europe/Australias/Far East Index

The investment performance of total portfolios, as well as asset class components, will be measured against said benchmarks. The Trustees reserve the right to terminate a manager for any reason including, but not limited to, the following:

- Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
- Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
- Significant qualitative changes to the investment management organization.

## CONTROLS

The Fund maintains its books and records in conformance with generally accepted accounting principles. The internal controls shall be established by the Treasurer and reviewed by the Pension Board and an independent auditor. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees and officers of the Pension Board.

## DIVERSIFICATION / STRATEGY

### Fixed Income:

The average maturity/duration of the portfolio will be managed based upon the current existing interest rate environment. Under most circumstances the maturity/modified duration of the portfolio will be maintained at approximately 5.0 years and will range from 1.0 years to 7.0 years. The investment manager may change the duration of the portfolio as the market conditions permit.

The allocation guidelines, by asset class, for the fixed income investments are as follows:

	Target Allocation <sup>3</sup>	Range of Allocation
Cash, Money Market, IPTIP accounts: <sup>1</sup>	0%	0 - 20%
Bank Certificates of Deposit: <sup>2</sup>	0%	0 - 25%
U.S. Treasury Securities:	10%	0 - 40%
U.S. Government Agency Securities:	40%	0 - 75%
U.S. Government Agency MBS's: <sup>4</sup>	0%	0 - 20%
Taxable Municipal Securities:	10%	0 - 20%
Corporate Bonds:	25%	0 - 50%
High-Yield Fixed Income Funds:	7.5%	0 - 10%
Emerging Market Fixed Income Funds	7.5%	0 - 10%

### Notes:

1. Cash will be maintained to manage cash flow of the Fund or as a transition asset.
2. Bank certificates of deposit will only be used if market returns are favorable. They will be used as a substitute for the Treasury and Agency portion of the portfolio.
3. Under normal market conditions the structure of the portfolio will be within these limits; however the portfolio manager may diverge from the above suggestions due to abnormal market conditions.
4. May be individual Mortgage Backed Securities (MBS) or MBS Funds

**Equities:**

Once the fund reaches the equity allocation approved by the Board and permitted by law, normal asset allocation range for equity portfolio allocation weightings should be:

	<u>Target Allocation</u>	<u>Range of Allocation</u>
U.S. Large Company Stocks	55%	15-75%
U.S. Mid-Sized Company Stocks	10%	0-20%
U.S. Small Company Stocks	10%	0-25%
International Stock Funds	15%	0-30%
Alternative Investment Funds *	10%	0-30%

\*Such as, but not limited to: Real Estate Funds, Natural Resources Funds, Infrastructure Funds. All funds used in this space will meet the State Statute guidelines for mutual funds.

Portfolio allocations should be rebalanced at least annually at the end of the fiscal year or when the portfolio allocation to equities rises above the limit established and confirmed at each board meeting.

**LONG-TERM EXPECTED RATES [as required by GASB 67]**

Willowbrook Police Pension Fund

this section omitted

**Long-Term Expected Rates\***

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Long-Term Inflation Expectations</u>	<u>Long-Term REAL Rates of Return Expectations</u>
<b><u>Fixed Income</u></b>			
US Treasuries	4.30%	2.50%	1.75%
US Agencies	4.50%	2.50%	2.00%
Taxable Municipal Securities	4.50%	2.50%	2.00%
Corporate Bonds	5.00%	2.50%	2.50%
High-Yield Fixed Income	6.00%	2.50%	3.50%
Emerging Market Fixed Income	6.50%	2.50%	4.00%
<b><u>Equities</u></b>			
US Large Cap	7.50%	2.50%	5.00%
US Mid Cap	7.80%	2.50%	5.25%
US Small Cap	7.50%	2.50%	5.00%
International	7.80%	2.50%	5.25%

<u>Alternatives</u>		<i>this section omitted</i>	
Real Estate	6.80%	2.50%	4.25%
Global Infrastructure	7.30%	2.50%	4.75%
Natural Resources	3.80%	2.50%	1.25%

\*The above data has been requested per GASB 67, MB Financial Bank has formulated this data in accordance with the Asset Management and Trust Division's proprietary research and analytical tools. These projections were most recently updated in September, 2014. And to the extent they will be updated in the future, it will be done as an addendum to this investment policy statement.

**COLLATERALIZATION** - It is the policy of the Fund to require that all deposits in excess of FDIC insurable limits (applies to bank Certificates of Deposit and other cash deposits) be secured by collateral in order to protect deposits from default.

1. Eligible collateral instruments and collateral ratios (market value divided by deposit) are as follows:

- |    |  |        |
|----|--|--------|
| a. | U.S. Government Securities                               | = 110% |
| b. | Obligations of Federal Agencies                          | = 115% |
| c. | Obligations of the State of Illinois                     | = 115% |
| d. | Local and Municipal Bonds rated "A" or better by Moody's | = 115% |

The ratio of fair market value of collateral to the amount of funds secured shall be reviewed at least quarterly and additional collateral shall be requested when the ratio declines below the level required.

2. Safekeeping of collateral

a) Third party safekeeping is required for all collateral. To accomplish this, the securities can be held at the following locations:

1. A Federal Reserve Bank or branch office.
2. At another custodial facility - generally in a trust department through book-entry at the Federal Reserve, unless physical securities are involved. If physical securities are involved, at a third party depository in a suitable vault and insured against loss by fire, theft and similar causes.

b) Safekeeping of collateral shall be documented by a written agreement approved by the Treasurer. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement.

c) Substitution or exchange of securities held in safekeeping as collateral may occur without prior written notice to the Treasurer provided that the market value of the replacement securities are equal to or greater than the market value of the securities

being replaced. The Treasurer shall be notified in writing within two days of all substitutions.

### **CUSTODY, REGISTRATION AND SAFEKEEPING OF INVESTMENTS**

1. Third party safekeeping is required for all securities owned by the Fund. To accomplish this, the securities shall be held in a trust department through book-entry at the Depository Trust Company.
2. The Board of Trustees may register the investments of the Fund in the name of the Pension Fund, in the nominee name of a bank or trust company authorized to conduct trust business in Illinois, or in the nominee name of the Illinois Public Treasurer's Investment Pool.
3. Safekeeping shall be documented by an approved written agreement. The agreement may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement. Fees for this service shall be mutually agreed upon by the Pension Board and the safekeeping bank.

### **ETHICS AND CONFLICTS OF INTEREST**

Any fiduciary with respect to the Fund shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

*this section omitted*

### **INDEMNIFICATION**

The Pension Fund may indemnify and protect the trustees, staff and advisors against all damage claims and suits, including defense thereof, when damages are sought for negligent or wrongful acts alleged to have been committed in the scope of employment or under the direction of the trustees. However, the trustees, staff and advisors shall not be indemnified for willful misconduct and gross negligence.

### **REPORTING AND COMMUNICATION**

#### **Reporting**

On a quarterly basis, the Treasurer, Finance Director and /or Investment Manager shall submit to the Pension board an investment report which shall describe the portfolio in terms of investment securities, maturity, cost, transactions and earnings for the current period. The Treasurer or Investment Manager shall also submit a comprehensive annual report on the investment program and activity.

#### **Meeting Schedule**

The Board shall schedule periodic meetings for the purposes of portfolio and investment performance review. Special meetings may be called as needed to conduct the business of the

pension Board. Investment policies and Fund management guidelines will be reviewed by the Pension Board every year.

### **Audit**

The Fund is subject to periodic examination by the Illinois Department of Insurance.

### **Filing of Policy; Public Availability**

The Board shall file this policy with the Illinois Department of Insurance within thirty (30) days of its adoption. The Board shall make a copy of this Policy available to the public at the main administrative office of the Pension Fund.

### **AMENDMENT**

The Board shall review this Policy periodically to ensure its effectiveness in meeting the Pension Fund's needs for safety, liquidity, rate of return, and diversification, and its general performance. Any changes shall be presented to the Pension Board for its approval. Whenever this policy is amended, the Board shall file a copy of the new policy with the Illinois Department of Insurance within thirty (30) days.

### **CONFLICT**

In the event of any conflict between this Policy and the Illinois Compiled Statutes or case decisions of the State of Illinois, the Statutes and case law decisions shall govern.

### **ADOPTION**

Adopted by the Willowbrook Police Pension Fund Board of Trustees, as amended, on this 21<sup>st</sup> day of May, 2015.

\_\_\_\_\_  
President

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Treasurer

\_\_\_\_\_  
Trustee

# Quarterly Investment Performance Report

March 31, 2018

## Willowbrook Police Pension Fund



Presented by:

Thomas S. Sawyer, Managing Partner  
John J. Falduto, Managing Partner  
David M. Harrington, Director of Portfolio Management

**SAWYER FALDUTO**  
ASSET MANAGEMENT, LLC

Sawyer Falduto Asset Management, LLC  
589 S. York St.  
Elmhurst, IL 60126  
O: (630) 941-8560  
F: (630) 941-8558  
[www.sawyerfalduto.com](http://www.sawyerfalduto.com)

## TABLE OF CONTENTS

<b>Section 1</b>	<b>Investment Policy Guidelines</b>
<b>Section 2</b>	<b>Cash Flow and Performance Review</b>
<b>Section 3</b>	<b>Market Commentary</b>
<b>Section 4</b>	<b>Portfolio Allocation/List of Holdings</b>
<b>Section 5</b>	<b>Equity Portfolio</b>
<b>Section 6</b>	<b>Fixed Income Portfolio</b>
<b>Section 7</b>	<b>Transactions</b>

**INVESTMENT POLICY GUIDELINES**

Performance Measurements	Benchmark Index		
Cash Equivalents / Short Term	90-day US Treasury Bills		
Fixed Income	Barclays US Government Bond Index		
Large Cap Domestic Equities	S&P 500 Index		
Small Cap Domestic Equities	Russell 2000 Stock Index		
International Equities	MSCI Europe/Australia/Far East Index		

Portfolio Allocation	Target	Range	Maximum
Cash / Short Term	0%	0 - 5%	5%
Fixed Income	40%	35 - 45%	45%
Equity	60%	55 - 65%	See Below

Fixed Income Allocation	Target	Range
Bank Certificates of Deposit	0%	0 - 20%
US Treasury Securities	30%	0 - 100%
US Government Agency (non-MBS)	35%	0 - 70%
US Government Agency (Callable)	10%	0 - 30%
US Government Agency (MBS)	5%	0 - 10%
Taxable Municipal Securities	10%	0 - 20%
Investment Grade Corporate Bonds	10%	0 - 30%

Equity Diversification	Target	Range
US Large Cap Stocks	70%	40 - 100%
US Small Cap Stocks	20%	0 - 40%
Foreign Securities	10%	0 - 20%

**Portfolio Allocation – Equity Maximum**

Illinois Statute provides limits for investment in mutual funds / equities as a percentage of pension fund assets. Please note that the comments provided below summarize the statute and are general in nature. Please refer to the Illinois Compiled Statutes, the Pension Fund's Investment Policy and the Pension Board's legal counsel for information regarding investments allowed under the law.

- **Funds with total assets under \$2.5 million** may invest up to 10% of total assets in mutual funds / equities.
- **Funds with total assets over \$2.5 million and up to \$10 million** may invest up to 45% of total assets in mutual funds / equities.
- **Funds with total assets over \$10 million** may invest more than 45% of total assets in mutual funds / equities (either 55% or 65% depending on interpretation).

Initial interpretation of the statute was that funds with total assets of over \$10 million were allowed to invest up to 55% of total assets in mutual funds / equities on and after July 1, 2012. **On August 1, 2012, the Illinois Department of Insurance issued an advisory opinion indicating that the total allowable investment in equities (mutual funds) is 65%.**

## CASH FLOW AND PERFORMANCE REVIEW

Cash Flow	Quarter 1 2018	Year-to-Date
<b>Beginning Market Value</b>	<b>\$21,825,310</b>	<b>\$21,825,310</b>
Contributions / Additions	0	0
Distributions / Expenses	-54,522	-54,522
Adjusted Beginning Market Value	21,770,788	21,770,788
<b>Ending Market Value</b>	<b>\$21,647,904</b>	<b>\$21,647,904</b>
<b>Investment Return</b>	<b>-\$122,884</b>	<b>-\$122,884</b>

Performance Review	Quarter 1 2018	Quarter 2 2018	Quarter 3 2018	Quarter 4 2018	Year-to-Date
<b>Total Account Return (Gross)</b>	<b>-0.57%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>-0.57%</b>
<b>Total Account Return (Net)</b>	<b>-0.59%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>-0.59%</b>
Account Benchmark	-0.77%	%	%	%	-0.77%
<b>Equity Return</b>	<b>-0.14%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>-0.14%</b>
Blended Benchmark	-0.67%	%	%	%	-0.67%
70% S&P 500	-0.76%	%	%	%	-0.76%
20% Russell 2000	-0.08%	%	%	%	-0.08%
10% MSCI EAFE	-1.41%	%	%	%	-1.41%
<b>Fixed Income Return</b>	<b>-1.22%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>-1.22%</b>
Barclay's US Gov't Bond	-1.15%	%	%	%	-1.15%
<b>Cash Equivalent</b>	<b>0.03%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>0.03%</b>
3 Month Treasury Bill	0.35%	%	%	%	0.35%

Long-Term Performance Periods Ending 3/31/2018	1 Year	3 Years	5 Years	10 Years	Since Inception 11/30/2017
<b>Total Account Return</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>-0.08%</b>
Account Benchmark	%	%	%	%	-0.14%
<b>Equity Return</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>0.55%</b>
Blended Benchmark	%	%	%	%	0.18%
<b>Fixed Income Return</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>-1.04%</b>
Barclay's US Gov't Bond	%	%	%	%	-0.85%

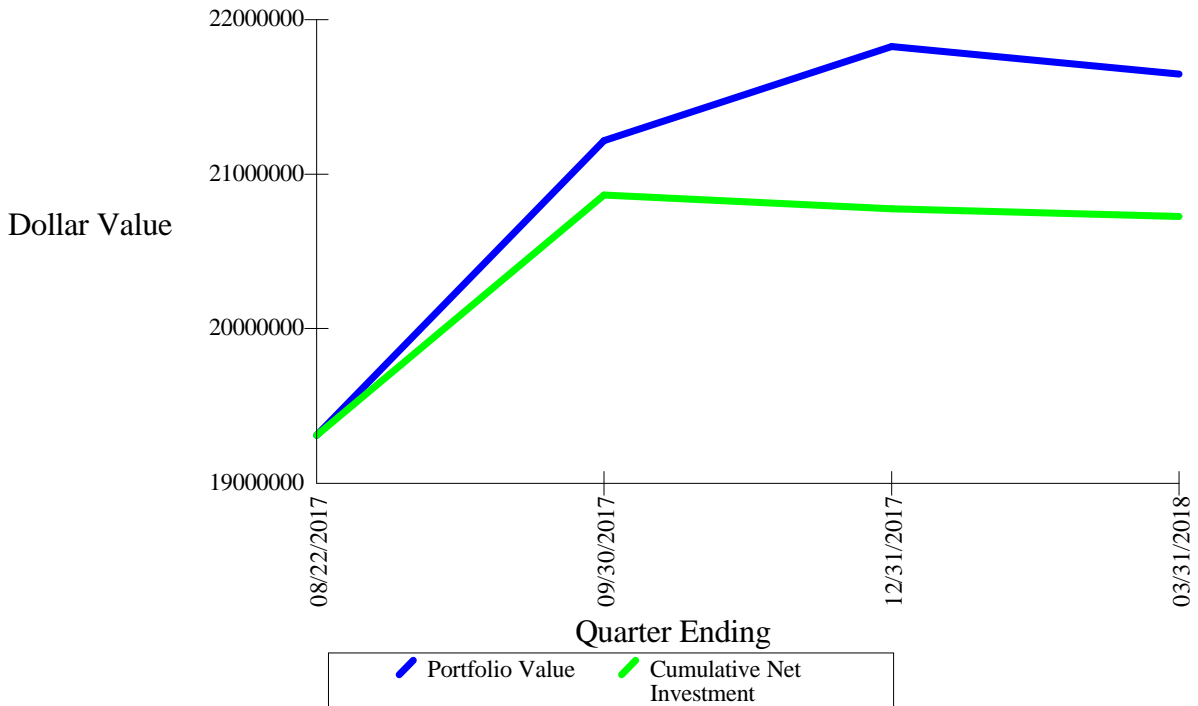
Annualized returns for periods exceeding one year. All account performance and benchmark calculations include any change to asset allocation guidelines. Past performance is no guarantee of future returns.



## Portfolio Value vs. Cumulative Net Investment

From 08/22/2017 to 03/31/2018

Willowbrook Police Pension Fund



<u>Period Ending</u>	<u>Contributions and Withdrawals</u>	<u>Cumulative Net Investment</u>	<u>Portfolio Value</u>	<u>Investment Gain</u>
08/22/2017	19,310,543	19,310,543	19,310,543	0
09/30/2017	1,554,742	20,865,285	21,218,236	352,951
12/31/2017	-89,639	20,775,646	21,825,310	1,049,664
03/31/2018	-50,000	20,725,646	21,647,904	922,258

**QUARTERLY UPDATE – MARCH 31, 2018****Volatility Returns to Equity Markets**

After 2017 produced strong advances in equity prices characterized by record low volatility, markets exhibited a more speculative tone during the early months of 2018. Market volatility returned to equity markets in February as concern over potential increases in interest rates gained momentum. Subsequently, the focus turned to short-term, "headline" driven events rather than fundamentals and the strength of the economy. Investor angst has been fueled by a variety of events including:

- The potential for recent tariffs imposed on steel, aluminum and Chinese imports to escalate into a trade war fueled wide, short-term market swings.
- Incoming Fed Chairman Powell's first public testimony following the March meeting of the FOMC was met with wide daily market fluctuations as investors digested the potential implications for the direction of monetary policy.
- Markets reacted negatively to the continued staff turnover of the current administration in Washington, notably the Secretary of State and National Economic Council positions.
- Major technology stocks sold off in the wake of the Facebook data scandal, dampening the performance of technology stocks and the tech-heavy NASDAQ index.

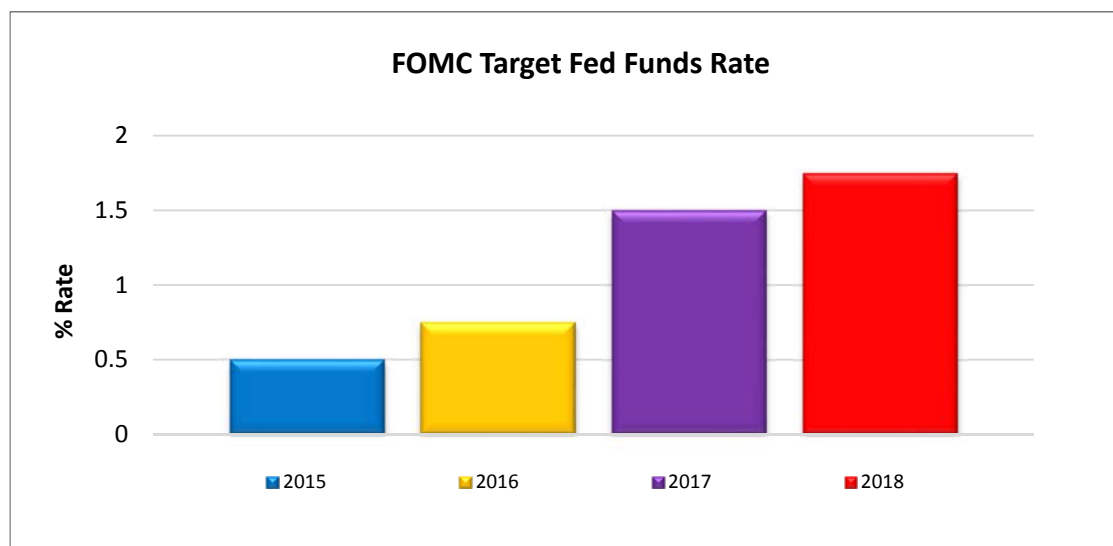
	2017	January 2018	February 2018	March 2018	1st Qtr 2018
<b>Standard &amp; Poor's 500 Index</b>	+21.83%	+5.73%	-3.69%	-2.54%	-0.76%
<b>Russell 2000 Index</b>	+14.65%	+2.61%	-3.87%	+1.29%	-0.08%
<b>MSCI-EAFE Index</b>	+25.62%	+5.02%	-4.50%	-1.70%	-1.41%

Looking beyond the volatile daily swings experienced during the first quarter, fundamentals and the general environment for stocks remains positive. All three benchmarks remain nicely in positive territory over the last 15 months despite the recent decline in the stock prices.

**Looking Forward - Key Considerations**

- **Economic Growth:** Economic growth in the U.S. continues to be solid. For the fourth quarter of 2017, Gross Domestic Product increased at an annual rate of 2.9%, exceeding consensus expectations. Estimates for the first quarter of 2018 point to the economy catching its breath, growing at slower pace of approximately a 2.0% rate.

- **Federal Reserve:** As expected, the Federal Open Market Committee (FOMC), at its March meeting, raised its benchmark interest rate by another 0.25% bringing the target range 1.5% to 1.75%. Additionally, the Fed is sticking to prior guidance of three rate increases for the year. Labor and employment data remain strong with unemployment at 4.1%. Inflation remains below the Fed's 2.0% target level giving equity markets some comfort that the pace of interest rate increases will remain slow and steady.
- **Federal Reserve – Balance Sheet Normalization:** FOMC initiated its program of shrinking the \$4.5 trillion balance sheet in October 2017. The "runoff" will be slow as the Fed initially will reduce positions in U.S. Treasuries, agencies and mortgage-backed securities at a rate of \$10 billion monthly with subsequent increases of \$10 billion quarterly over the next year. It's worth noting that the bond market has, thus far, absorbed the runoff comfortably.



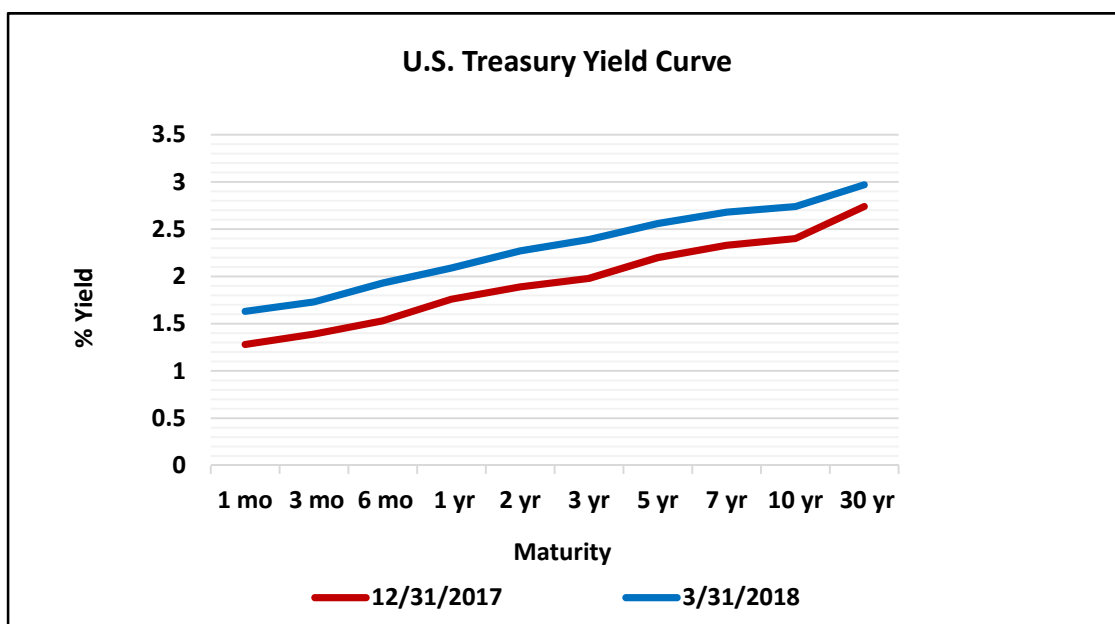
- **Corporate Earnings:** With over 98% of companies in the S&P 500 reporting, year-over-year operating earnings increased by more than 17% during 2017. Based on current estimates, earnings are expected to increase at a rate exceeding 5% for the first quarter of 2018. On a forward-looking basis, companies have raised the bar on estimates for the balance of 2018, projecting double-digit growth in the high "teens" for earnings over the year ahead. On an operating basis, the S&P 500 is currently priced at a multiple of just over 20x operating earnings, which is a modest contraction from year-end. Should current estimates hold, companies in the S&P 500 are priced at a more palatable forward-looking multiple of 16.5x earnings as compared to 18x and 19x observed at year-end.
- **Interest Rates:** Although interest rates moved higher during the quarter, the overall structure remains low by historical measure. So long as interest rates remain compressed, expected returns continue to favor equities.

While volatility certainly picked up during the first quarter of 2018, we encourage investors to look beyond the pronounced short-term fluctuations as of late and focus on the general health of the economy and

strong earnings environment. Valuations, while still not cheap relative to historical averages, have improved over the last quarter.

### **Interest Rates Shift Higher**

Interest rates moved higher over the first quarter in parallel shift. Yields across the maturity spectrum moved higher by 30 to 40 basis points. That said the yield on the 10-year Treasury remains stubbornly below 3%. We reiterate our position that there remains enough uncertainty arising from unforeseen event risk (political and otherwise) to support a healthy appetite for the safety of U.S. debt. While forecasts once again point to higher bond yields during 2018 as economic activity and inflation potentially heat up, there is still plenty of room for recurring "flights to safety" observed during the years following the financial crisis.



The yield on the 10-year U.S. Treasury Note finished the first quarter with a yield of 2.74%, an increase of 34 basis points (.34%) from year-end. The yield spread between the 3-month U.S. Treasury Bill and 10-year U.S. Treasury Note held steady during the quarter at 101 basis points. We would not be surprised to see additional flattening of the yield curve this year. We continue to hold durations somewhat short of the benchmark (slightly conservative) and place a premium on quality.

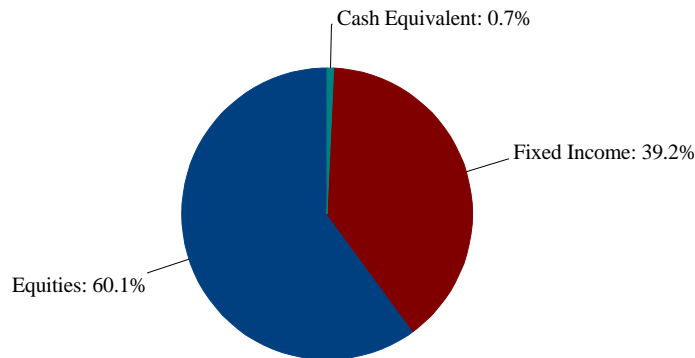
SAWYER FALDUTO  
ASSET MANAGEMENT, LLC

**Portfolio Statement**

As of 03/31/2018  
03/29/2018 Prices

Willowbrook Police Pension Fund

**Portfolio Allocation**



Weight	Description	Symbol	Quantity	Current Value	Current Yield	Annual Income
<b>Equities</b>						
<b>Large Cap</b>						
<b>Mutual Fund</b>						
6.6%	LSV Value Equity Fund	LSVEX	50,394.415	1,424,650.11	1.8%	25,509.66
6.6%	Pioneer Equity Income	PYEQX	40,378.729	1,424,561.56	2.0%	29,072.68
13.5%	T Rowe Price Growth Stock	PRUFX	44,902.162	2,924,028.79	0.4%	11,674.55
13.6%	Vanguard 500 Index Fund	VFIAX	12,049.43	2,937,771.53	1.8%	52,569.24
40.2%				8,711,011.99	1.4%	118,826.13
<b>Small Cap</b>						
<b>Mutual Fund</b>						
1.8%	Bridgeway Ultra-Small Company	BRSIX	27,216.97	391,652.20	0.1%	549.51
1.8%	Hennessy Focus Fd I	HFCIX	4,352.573	385,725.02	0.0%	0.00
4.2%	Homestead Small Company Stock	HSCSX	20,970.468	903,407.76	0.2%	1,610.53
4.4%	T Rowe Price QM US Small-Cap	TQAIX	26,538.251	946,354.03	0.0%	0.00
12.1%				2,627,139.01	0.1%	2,160.04
<b>International</b>						
<b>Mutual Fund</b>						
0.9%	First Eagle Overseas	SGOIX	8,016.909	200,342.56	1.9%	3,743.89
0.9%	Goldman Sachs International	GCIIX	15,122.932	204,613.27	1.6%	3,334.61
1.0%	Oppenheimer Developing Markets	ODVIX	4,813.498	212,901.02	0.7%	1,500.18
2.0%	Oppenheimer International Growt	OIGIX	9,696.079	423,815.61	1.1%	4,460.58
4.8%				1,041,672.46	1.3%	13,039.26
<b>Real Estate</b>						
<b>Mutual Fund</b>						
1.4%	Cohen & Steers Realty	CSRIX	7,602.46	305,466.84	0.7%	2,189.51

**Portfolio Statement**

As of 03/31/2018  
03/29/2018 Prices

## Willowbrook Police Pension Fund

<u>Weight</u>	<u>Description</u>	<u>Symbol</u>	<u>Quantity</u>	<u>Current Value</u>	<u>Current Yield</u>	<u>Annual Income</u>
<b>Equities</b>						
<b>Natural Resources</b>						
<b>Mutual Fund</b>						
1.1%	Fidelity Advisor Materials Fund	FMFEX	2,732.065	233,345.67	0.7%	1,702.08
0.4%	Vanguard Energy Fund	VGELX	855.935	84,078.50	0.2%	142.51
1.5%				317,424.17	0.6%	1,844.59
60.1%				13,002,714.47	1.1%	138,059.54
<b>Fixed Income</b>						
<b>Cash Equivalent</b>						
<b>Certificate of Deposit</b>						
0.5%	Goldman Sachs Bk 11/26/2018 1.70%	38148J2Y6	100,000	99,884.80	1.7%	1,700.00
	Accrued Income			593.25		
<b>Taxable Bonds</b>						
<b>U. S. Treasury</b>						
0.5%	US Treas Note 04/30/2019 1.625%	912828D23	100,000	99,421.87	1.6%	1,625.00
	Accrued Income			682.32		
0.5%	US Treas Note 11/15/2024 2.25%	912828G38	100,000	97,328.12	2.3%	2,250.00
	Accrued Income			851.52		
0.7%	US Treas Note 11/15/2025 2.25%	912828M56	150,000	145,101.56	2.3%	3,375.00
	Accrued Income			1,277.28		
0.6%	US Treas Note 07/31/2018 1.375%	912828VQ0	130,000	129,796.88	1.4%	1,787.50
	Accrued Income			296.27		
0.3%	UST Infl Indx 01/15/2019 2.125%	912828JX9	60,000	70,444.37	1.8%	1,275.00
	Accrued Income			588.46		
2.5%				545,788.65	1.9%	10,312.50
<b>U.S. Government Agency</b>						
0.3%	Fed Farm Cr Bk 11/24/2028 4.30%	31331J3M3	50,000	55,243.20	3.9%	2,150.00
	Accrued Income			758.47		
0.5%	Fed Farm Cr Bk 07/06/2020 3.45%	31331JUW1	100,000	102,303.70	3.4%	3,450.00
	Accrued Income			814.58		
1.0%	Fed Farm Cr Bk 07/20/2023 4.875%	31331S6U2	200,000	221,663.20	4.4%	9,750.00
	Accrued Income			1,922.92		
0.1%	Fed Farm Cr Bk 09/10/2018 4.95%	31331SLJ0	25,000	25,326.58	4.9%	1,237.50
	Accrued Income			72.19		
0.5%	Fed Farm Cr Bk 08/25/2026 5.30%	31331VHD1	100,000	117,254.40	4.5%	5,300.00
	Accrued Income			530.00		
0.8%	Fed Farm Cr Bk 04/13/2026 5.40%	31331VWN2	150,000	176,416.65	4.6%	8,100.00
	Accrued Income			3,780.00		

**Portfolio Statement**

As of 03/31/2018  
03/29/2018 Prices

Willowbrook Police Pension Fund

<u>Weight</u>	<u>Description</u>	<u>Symbol</u>	<u>Quantity</u>	<u>Current Value</u>	<u>Current Yield</u>	<u>Annual Income</u>
<b>Fixed Income</b>						
<b>Taxable Bonds</b>						
<b>U.S. Government Agency</b>						
0.8%	Fed Farm Cr Bk 10/05/2021 5.03%	31331XFK3	150,000	162,506.40	4.6%	7,545.00
	Accrued Income			3,688.67		
1.4%	Fed Farm Cr Bk 11/28/2022 5.125%	31331YFQ8	275,000	304,822.65	4.6%	14,093.75
	Accrued Income			4,815.36		
0.1%	Fed Farm Cr Bk 12/19/2022 5.21%	31331YHY9	25,000	27,824.83	4.7%	1,302.50
	Accrued Income			369.04		
0.8%	Fed Farm Cr Bk 12/28/2027 5.25%	31331YLB4	150,000	177,430.50	4.4%	7,875.00
	Accrued Income			2,034.38		
0.5%	Fed Farm Cr Bk 11/07/2022 1.96%	3133EA7E2	100,000	97,099.60	2.0%	1,960.00
	Accrued Income			784.00		
0.2%	Fed Farm Cr Bk 11/07/2028 2.80%	3133EA7F9	50,000	48,505.65	2.9%	1,400.00
	Accrued Income			560.00		
0.5%	Fed Farm Cr Bk 06/15/2027 3.125%	3133EEW89	100,000	100,807.80	3.1%	3,125.00
	Accrued Income			920.14		
0.5%	Fed Farm Cr Bk 11/25/2026 2.80%	3133EFQU4	100,000	98,684.00	2.8%	2,800.00
	Accrued Income			980.00		
1.1%	Fed Farm Cr Bk 03/03/2027 2.57%	3133EHC84	250,000	241,382.75	2.7%	6,425.00
	Accrued Income			499.72		
0.5%	Fed Farm Cr Bk 03/07/2028 3.17%	3133EJFB0	100,000	100,734.30	3.1%	3,170.00
	Accrued Income			211.33		
0.9%	Fed Farm Cr Bk 10/26/2027 2.70%	3133EHL68	200,000	194,171.60	2.8%	5,400.00
	Accrued Income			2,325.00		
0.5%	Fed Home Ln Bk 09/01/2028 4.00%	3130A07B0	100,000	107,831.70	3.7%	4,000.00
	Accrued Income			333.33		
1.0%	Fed Home Ln Bk 04/10/2028 4.00%	3130A0A26	200,000	215,700.20	3.7%	8,000.00
	Accrued Income			3,800.00		
0.5%	Fed Home Ln Bk 09/11/2026 3.00%	3130A2VE3	100,000	100,270.20	3.0%	3,000.00
	Accrued Income			166.67		
1.1%	Fed Home Ln Bk 12/12/2025 2.625%	3130A6ZQ3	250,000	245,470.50	2.7%	6,562.50
	Accrued Income			1,986.98		
0.9%	Fed Home Ln Bk 12/11/2026 2.625%	3130AAAG3	200,000	194,542.60	2.7%	5,250.00
	Accrued Income			1,604.17		
1.3%	Fed Home Ln Bk 09/10/2027 2.625%	3130ACKB9	300,000	290,005.20	2.7%	7,875.00
	Accrued Income			459.38		
0.5%	Fed Home Ln Bk 05/15/2019 5.375%	3133X72S2	100,000	103,482.40	5.2%	5,375.00
	Accrued Income			2,030.56		

**Portfolio Statement**

As of 03/31/2018  
03/29/2018 Prices

Willowbrook Police Pension Fund

<u>Weight</u>	<u>Description</u>	<u>Symbol</u>	<u>Quantity</u>	<u>Current Value</u>	<u>Current Yield</u>	<u>Annual Income</u>
<b>Fixed Income</b>						
<b>Taxable Bonds</b>						
<b>U.S. Government Agency</b>						
0.7%	Fed Home Ln Bk 08/15/2024 5.375%	3133X8EW8	140,000	161,254.10	4.7%	7,525.00
	Accrued Income			961.53		
0.4%	Fed Home Ln Bk 09/09/2024 5.365%	3133X8L34	75,000	86,356.88	4.7%	4,023.75
	Accrued Income			245.90		
0.2%	Fed Home Ln Bk 09/11/2020 4.625%	3133XD4P3	50,000	52,614.95	4.4%	2,312.50
	Accrued Income			128.47		
0.5%	Fed Home Ln Bk 12/11/2020 5.25%	3133XDVS7	100,000	107,297.40	4.9%	5,250.00
	Accrued Income			1,604.17		
0.6%	Fed Home Ln Bk 06/12/2026 5.75%	3133XG6E9	100,000	120,298.10	4.8%	5,750.00
	Accrued Income			1,740.97		
0.8%	Fed Home Ln Bk 12/10/2021 5.00%	3133XHRJ3	150,000	162,902.85	4.6%	7,500.00
	Accrued Income			2,312.50		
0.3%	Fed Home Ln Bk 09/30/2022 5.375%	3133XMFY2	50,000	55,818.65	4.8%	2,687.50
	Accrued Income			7.47		
1.0%	Fed Home Ln Bk 03/10/2023 4.75%	3133XPKG8	200,000	219,136.20	4.3%	9,500.00
	Accrued Income			554.17		
0.4%	Fed Home Ln Bk 03/06/2019 4.30%	3133XTB21	75,000	76,442.63	4.2%	3,225.00
	Accrued Income			223.96		
0.5%	Fed Home Ln Bk 07/01/2019 4.375%	3133XU3G6	100,000	102,625.90	4.3%	4,375.00
	Accrued Income			1,093.75		
21.7%				4,698,548.05	3.8%	177,295.00
<b>U.S. Government Agency - Callable</b>						
0.2%	Fed 12/21/2021 2.23%	3130AD2Q4	50,000	49,196.20	2.3%	1,115.00
	Call 12/21/2018, 100.00					
	Accrued Income			309.72		
0.7%	Fed Farm Cr Bk 03/09/2027 3.08%	3133EHBV4	150,000	147,514.35	3.1%	4,620.00
	Call 03/09/2020, 100.00					
	Accrued Income			282.33		
0.9%				197,302.60	2.9%	5,735.00
<b>Mortgage Backed</b>						
0.0%	GNMA 07/20/2024 8.00%	36202B7B5	80,000	93.58	6.9%	6.48
	Par 80.95 (0.00101192)					
	Accrued Income			0.20		
0.0%	GNMA 08/20/2028 6.00%	36202C4N0	350,000	4,802.78	5.4%	261.60
	Par 4,360.03 (0.01245722)					
	Accrued Income			7.99		

**Portfolio Statement**

As of 03/31/2018  
03/29/2018 Prices

## Willowbrook Police Pension Fund

<u>Weight</u>	<u>Description</u>	<u>Symbol</u>	<u>Quantity</u>	<u>Current Value</u>	<u>Current Yield</u>	<u>Annual Income</u>
<b>Fixed Income</b>						
<b>Taxable Bonds</b>						
<b>Mortgage Backed</b>						
0.0%	GNMA 12/15/2018 5.00% Par 795.24 (0.01060326) Accrued Income	36291BJZ1	75,000	805.05	4.9%	39.76
0.0%	GNMA 06/15/2019 4.50% Par 1,405.51 (0.00702755) Accrued Income	36291HVU5	200,000	1,422.36	4.4%	63.25
				2.99		
0.0%				7,136.83	5.2%	371.09
<b>Taxable Municipal</b>						
0.4%	Cook Cnty, IL Des Plaines Sch Dist 62 12/01/2027 5.841% Call 12/01/2019, 100.00 Accrued Income	213633GH7	85,000	88,990.75	5.6%	4,964.85
0.2%	Cook Cnty, IL Northfield Sch Dist 225 12/01/2025 5.70% Call 12/01/2020, 100.00 Accrued Income	215777JL8	50,000	52,665.00	5.4%	2,850.00
0.1%	Crystal Lake, IL 01/01/2020 4.65% Call 01/01/2019, 100.00 Accrued Income	229255FQ2	25,000	25,315.75	4.6%	1,162.50
0.2%	Fox Valley, IL Park District 12/15/2026 5.625% Call 12/15/2020, 100.00 Accrued Income	351592GN4	45,000	47,785.50	5.3%	2,531.25
0.2%	McHenry Cnty, IL 12/15/2020 4.85% Call 12/15/2018, 100.00 Accrued Income	580815FX1	50,000	50,749.50	4.8%	2,425.00
0.3%	Palatine, IL Park District 12/01/2019 1.90% Accrued Income	696123GX0	60,000	59,262.60	1.9%	1,140.00
0.2%	Will County, IL 11/15/2020 4.575% Accrued Income	968657FN1	50,000	52,260.00	4.4%	2,287.50
0.5%	Will County, IL Forest Preserve Dist 12/15/2025 5.50% Accrued Income	968661GL6	100,000	111,667.00	4.9%	5,500.00
0.2%	Will County, IL Troy Community Cons Sch Dist 10/01/2020 4.25% Accrued Income	968717QR2	50,000	51,772.50	4.1%	2,125.00
				1,062.50		
2.5%				548,749.63	4.6%	24,986.10

**Portfolio Statement**

As of 03/31/2018  
03/29/2018 Prices

Willowbrook Police Pension Fund

<b>Weight</b>	<b>Description</b>	<b>Symbol</b>	<b>Quantity</b>	<b>Current Value</b>	<b>Current Yield</b>	<b>Annual Income</b>
<b>Fixed Income</b>						
<b>Taxable Bonds</b>						
<b>Corporate</b>						
0.5%	Adobe Systems 02/01/2025 3.25% Call 11/01/2024, 100.00	00724FAC5	100,000	99,370.40	3.3%	3,250.00
	Accrued Income			541.67		
0.5%	Allstate Corp 06/15/2023 3.15%	020002AZ4	100,000	99,409.50	3.2%	3,150.00
	Accrued Income			927.50		
0.4%	Amgen Inc 06/01/2018 6.15%	031162AX8	80,000	80,487.68	6.1%	4,920.00
	Accrued Income			1,640.00		
0.5%	Bank of America 05/13/2021 5.00%	06051GEH8	100,000	105,222.00	4.8%	5,000.00
	Accrued Income			1,916.67		
0.2%	Bank of America 08/01/2025 3.875%	06051GFS3	50,000	50,352.35	3.8%	1,937.50
	Accrued Income			322.92		
0.4%	Burlington Northern Santa Fe 06/01/2021 4.10%	12189LAD3	75,000	77,367.75	4.0%	3,075.00
	Accrued Income			1,025.00		
0.4%	Citigroup Inc 05/15/2018 6.125%	172967ES6	75,000	75,287.33	6.1%	4,593.75
	Accrued Income			1,735.42		
0.5%	Citigroup Inc. 06/16/2024 3.75%	172967HT1	100,000	100,453.70	3.7%	3,750.00
	Accrued Income			1,093.75		
0.9%	Ford Motor Credit 10/05/2018 2.551%	345397XN8	200,000	199,766.80	2.6%	5,102.00
	Accrued Income			2,494.31		
0.5%	Gen Elec Cap Corp 01/09/2023 3.10%	36962G6S8	100,000	97,808.20	3.2%	3,100.00
	Accrued Income			706.11		
0.5%	General Mills 02/15/2024 3.65%	370334BT0	100,000	99,820.10	3.7%	3,650.00
	Accrued Income			466.39		
0.5%	Gilead Sciences 04/01/2024 3.70% Call 01/01/2024, 100.00	375558AW3	100,000	101,322.80	3.7%	3,700.00
	Accrued Income			1,850.00		
0.7%	Johnson & Johnson 01/15/2028 2.90% Call 10/15/2027, 100.00	478160CK8	150,000	143,507.25	3.0%	4,350.00
	Accrued Income			1,703.75		
0.6%	JP Morgan Chase 07/15/2025 3.90% Call 04/15/2025, 100.00	46625HMN7	125,000	125,993.75	3.9%	4,875.00
	Accrued Income			1,029.17		
0.2%	Norfolk Southern 01/15/2024 3.85% Call 10/15/2023, 100.00	655844BP2	50,000	50,662.45	3.8%	1,925.00
	Accrued Income			406.39		
0.9%	Omnicom Group Inc 05/01/2022 3.625%	681919AZ9	200,000	201,364.00	3.6%	7,250.00
	Accrued Income			3,020.83		

**Portfolio Statement**

As of 03/31/2018

03/29/2018 Prices

## Willowbrook Police Pension Fund

<b>Weight</b>	<b>Description</b>	<b>Symbol</b>	<b>Quantity</b>	<b>Current Value</b>	<b>Current Yield</b>	<b>Annual Income</b>
<b>Fixed Income</b>						
<b>Taxable Bonds</b>						
<b>Corporate</b>						
0.5%	Oracle Corp 07/15/2023 3.625%	68389XAS4	100,000	101,931.30	3.6%	3,625.00
	Accrued Income			765.28		
0.8%	PNC Funding Corp 08/11/2020 4.375%	693476BL6	165,000	169,947.53	4.2%	7,218.75
	Accrued Income			1,002.60		
0.6%	US Bancorp 05/24/2021 4.125% Call 04/23/2021, 100.00	91159HHA1	125,000	128,996.50	4.0%	5,156.25
	Accrued Income			1,819.01		
0.4%	Verizon Comm Inc 11/01/2021 3.50%	92343VBC7	75,000	75,598.50	3.5%	2,625.00
	Accrued Income			1,093.75		
0.4%	Verizon Comm Inc 03/15/2024 4.15% Call 12/15/2023, 100.00	92343VBY9	75,000	76,932.53	4.0%	3,112.50
	Accrued Income			138.33		
0.5%	Welltower Inc. 06/01/2025 4.00% Call 03/01/2025, 100.00	42217KBF2	100,000	99,974.50	4.0%	4,000.00
	Accrued Income			1,333.33		
11.0%				2,388,609.10	3.8%	89,365.75
38.7%				8,386,134.86	3.7%	308,065.44
39.2%				8,486,612.91	3.7%	309,765.44
<b>Cash Equivalent</b>						
0.7%	Schwab Bank Sweep	CSBDA		158,576.48	0.2%	237.86
99.6%				21,563,376.66	2.1%	448,062.84
	Total Accrued Income			84,527.20		
100.0%				21,647,903.86		

## **EQUITY PORTFOLIO**

This section of the quarterly presentation contains independent, third party information provided by Morningstar regarding the equity portfolio of mutual funds and the individual underlying mutual funds.

# Portfolio Snapshot

## Willowbrook Police Pension Fund: 44197538

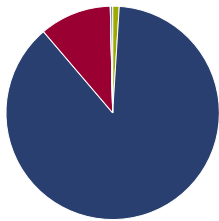
### Portfolio Value

\$13,002,714.46

### Benchmark

Custom

Analysis 03-31-2018



#### Asset Allocation

- Cash
- US Stocks
- Non-US Stocks
- Bonds
- Other/Not Clsfd

Portfolio Net %	Bmark Net %
0.99	0.08
87.78	89.32
10.87	10.60
0.02	0.00
<b>0.34</b>	<b>0.01</b>

#### Morningstar Equity Style Box %

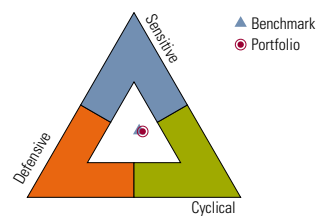
18	18	28	Large	Total Stock Holdings	
7	7	7		Mid	2,935
4	6	5		Small	% Not Classified
				0	
Value	Blend	Growth			
<div><div></div><div></div><div></div><div></div></div>					
0-10	10-25	25-50	>50		

#### Morningstar Fixed Income Style Box %

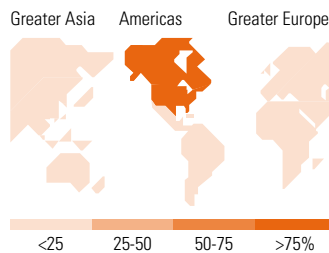
0	0	0	High	Total Bond Holdings	
0	0	0		Med	127
0	0	0			% Not Classified
0	0	0	Low	100	
Ltd	Mod	Ext			
<div><div></div><div></div><div></div><div></div></div>					
0-10 10-25 25-50 >50					

Stock Analysis 03-31-2018

#### Stock Sectors

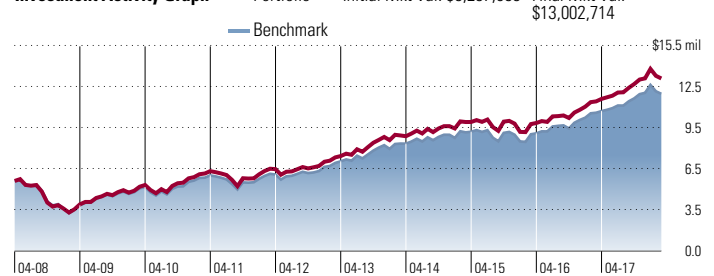


#### World Regions



Performance 03-31-2018

#### Investment Activity Graph



	Portfolio (%)	Bmark (%)
<b>Cyclical</b>	<b>40.91</b>	<b>36.59</b>
Basic Matls	5.47	3.89
Consumer Cycl	14.16	11.85
Financial Svs	16.50	17.65
Real Estate	4.78	3.20
<b>Sensitive</b>	<b>38.64</b>	<b>39.48</b>
Commun Svs	2.06	2.90
Energy	4.38	4.97
Industrials	13.15	11.69
Technology	19.05	19.92
<b>Defensive</b>	<b>20.45</b>	<b>23.93</b>
Consumer Def	6.27	7.21
Healthcare	12.26	13.88
Utilities	1.92	2.84
<b>Not Classified</b>	<b>0.00</b>	<b>0.00</b>

	Portfolio (%)	Bmark (%)
<b>Americas</b>	<b>90.34</b>	<b>89.44</b>
North America	90.03	89.42
Latin America	0.31	0.03
<b>Greater Europe</b>	<b>5.57</b>	<b>6.57</b>
United Kingdom	1.57	1.81
Europe-Developed	3.69	4.68
Europe-Emerging	0.17	0.00
Africa/Middle East	0.14	0.08
<b>Greater Asia</b>	<b>4.09</b>	<b>3.98</b>
Japan	1.24	2.43
Australasia	0.20	0.66
Asia-Developed	0.69	0.52
Asia-Emerging	1.96	0.37
<b>Not Classified</b>	<b>0.00</b>	<b>0.00</b>

Trailing Returns	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Portfolio Return	-0.07	15.37	10.22	13.06	10.06
Benchmark Return	-0.62	13.71	9.86	12.33	8.97
+/- Benchmark Return	0.55	1.66	0.36	0.73	1.09

Best/Worst Time Periods	Best %	Worst %
3 Months	27.85 ( Mar 2009-May 2009 )	-32.92 ( Sep 2008-Nov 2008 )
1 Year	57.35 ( Mar 2009-Feb 2010 )	-37.50 ( Apr 2008-Mar 2009 )
3 Years	27.93 ( Mar 2009-Feb 2012 )	2.55 ( Sep 2008-Aug 2011 )

Portfolio Yield ( 03-31-2018 )	Yield %
12-Month Yield	—

#### Portfolio-Level Performance Disclosure

The portfolio-level performance shown is hypothetical and for illustrative purposes only. Investor returns will differ from the results shown. The performance data reflects monthly portfolio rebalancing.

Holdings 03-31-2018

#### Top 10 holdings out of 15

Vanguard 500 Index Admiral (USD)  
T. Rowe Price Growth Stock I (USD)  
LSV Value Equity (USD)  
Pioneer Equity Income Y (USD)  
T. Rowe Price QM US Small-Cap Gr Eq I (USD)  
Homestead Small Company Stock (USD)  
Oppenheimer International Growth I (USD)  
Bridgeway Ultra-Small Company Market (USD)  
Hennessy Focus Institutional (USD)  
Cohen & Steers Instl Realty Shares (USD)

Symbol	Type	Holding Value \$	% Assets
VFIAX	MF	2,937,772	22.59
PRUF	MF	2,924,029	22.49
LSVEX	MF	1,424,650	10.96
PYEQX	MF	1,424,562	10.96
TQAI	MF	946,354	7.28
HSCSX	MF	903,408	6.95
OIGIX	MF	423,816	3.26
BRSIX	MF	391,652	3.01
HFCIX	MF	385,725	2.97
CSRIX	MF	305,467	2.35

# Portfolio Snapshot

## Willowbrook Police Pension Fund: 44197538

Portfolio Value

\$13,002,714.46

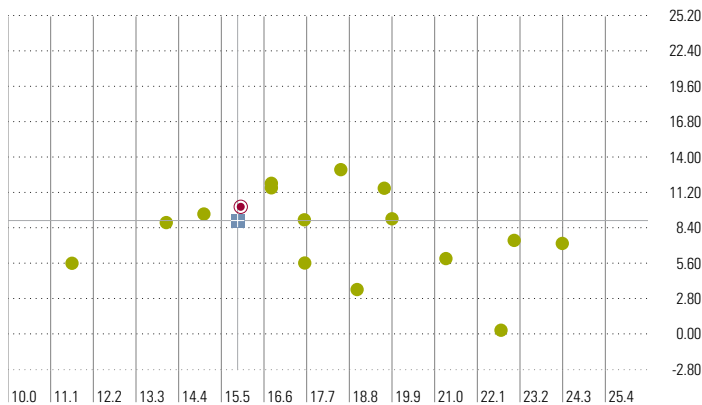
Benchmark

Custom

### Risk Analysis 03-31-2018

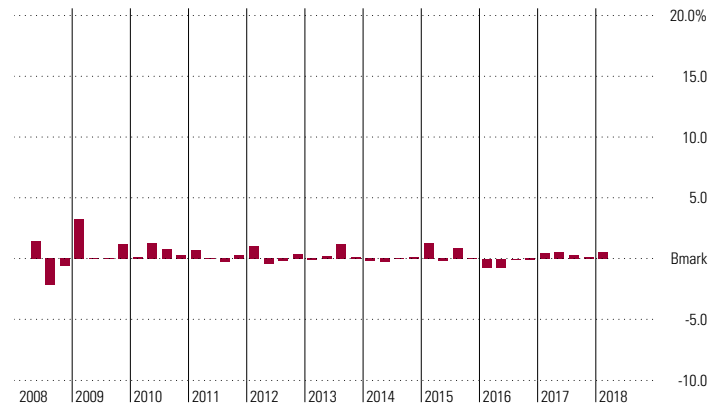
#### Risk/Reward Scatterplot

● Portfolio ● Holdings ■ Bmark 10 Year Mean



#### Performance History Graph

■ Portfolio Quarterly returns +/- Benchmark in %



#### Risk and Return Statistics

	3 Yr		5 Yr		10 Yr	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	10.39	10.42	10.07	10.13	16.00	15.92
Mean	10.22	9.86	13.06	12.33	10.06	8.97
Sharpe Ratio	0.98	0.94	1.31	1.23	0.69	0.63

#### MPT Statistics

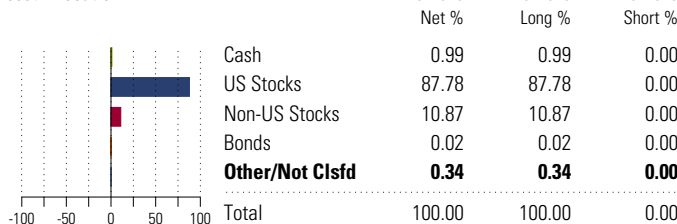
	3 Yr Portfolio	5 Yr Portfolio	10 Yr Portfolio
Alpha	0.40	0.80	1.01
Beta	0.99	0.99	1.00
R-Squared	98.89	98.60	99.02

#### Portfolio-Level Performance Disclosure

The portfolio-level performance shown is hypothetical and for illustrative purposes only. Investor returns will differ from the results shown. The performance data reflects monthly portfolio rebalancing.

### Fundamental Analysis 03-31-2018

#### Asset Allocation



#### Market Maturity

	Portfolio	Bmark
% of Stocks	97.47	99.60
Developed Markets	2.53	0.40
Emerging Markets	0.00	0.00

#### Geometric Avg Capitalization (\$Mil)

Portfolio	31,824.37
Benchmark	41,187.43

#### Valuation Multiples

	Portfolio	Bmark
Price/Earnings	22.75	20.94
Price/Book	3.00	2.71
Price/Sales	1.75	1.80
Price/Cash Flow	13.27	12.63

#### Credit Quality Breakdown

	% of Bonds
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	100.00

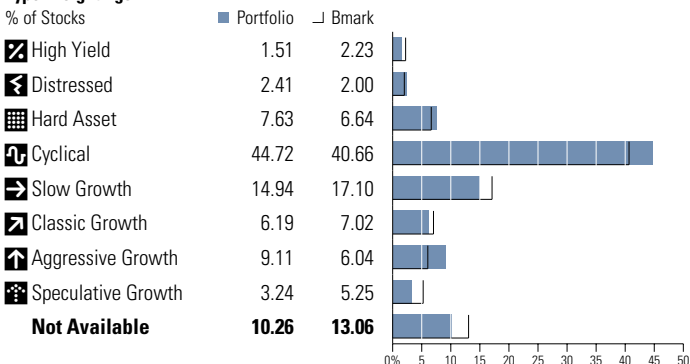
#### Profitability

	Portfolio	Bmark
% of Stocks	2018-03	2018-03
Net Margin	12.61	12.25
ROE	18.19	17.41
ROA	5.95	5.47
Debt/Capital	41.82	41.66

#### Interest Rate Risk

	Bonds	% Not Available
Avg Eff Maturity	—	100.00
Avg Eff Duration	—	100.00
Avg Wtd Coupon	4.63	14.02

#### Type Weightings



#### Fund Statistics

Potential Cap Gains Exposure	33.67
Avg Net Expense Ratio	0.55
Avg Gross Expense Ratio	0.55

## MUTUAL FUND PERFORMANCE AND FUND CHARACTERISTICS

Large Cap (US)	Ticker Symbol	Investment Objective	YTD Return	1 yr	Annualized Returns		
					3 yrs	5 yrs	10 yrs
T Rowe Price Growth Stock	PRUFX	Large Growth	3.86%	25.04%	13.89%	17.11%	11.92%
Vanguard 500 Index Admiral	VFIAX	Large Blend	-0.77%	13.95%	10.75%	13.27%	9.49%
LSV Value Equity	LSVEX	Large Value	-2.35%	12.09%	9.52%	13.14%	9.03%
Pioneer Equity Income Fund	PYEQX	Large Value	-2.10%	9.56%	10.23%	12.01%	8.81%
S&P 500 Index – Growth			1.93%	19.69%	12.66%	15.37%	11.35%
S&P 500 Index			-0.76%	13.99%	10.78%	13.31%	9.49%
S&P 500 Index – Value			-3.57%	7.69%	8.40%	10.87%	7.42%
Small & Mid Cap (US)	Ticker Symbol	Investment Objective	YTD Return	1 yr	Annualized Returns		
					3 yrs	5 yrs	10 yrs
Bridgeway Ultra-Small Co Mkt	BRSIX	Ultra Small Blend	0.91%	11.65%	7.46%	11.86%	9.11%
Homestead Small Co Stock	HSCSX	Small Blend	-2.34%	9.89%	5.74%	10.27%	11.53%
Hennessy Focus Fund	HFCIX	Mid-Cap Growth	-2.28%	11.83%	7.24%	11.96%	11.56%
T Rowe Price Div Small Cap Grwth	TQAIX	Small Growth	2.06%	16.94%	9.57%	14.17%	13.00%
Russell 2000 Index – Growth			2.30%	18.63%	8.77%	12.90%	10.95%
Russell 2000 Index			-0.08%	11.79%	8.39%	11.47%	9.84%
Russell 2000 Index - Value			-2.64%	5.13%	7.87%	9.96%	8.61%
International	Ticker Symbol	Investment Objective	YTD Return	1 yr	Annualized Returns		
					3 yrs	5 yrs	10 yrs
Oppenheimer Intl Growth	OIGIX	Large Growth	0.18%	18.22%	7.53%	7.42%	5.61%
First Eagle Overseas	SGOIX	Large Blend	-0.91%	6.43%	5.32%	5.66%	5.59%
Goldman Sachs Intl Equity	GCIIX	Large Blend	-0.51%	18.13%	10.35%	9.43%	3.51%
Oppenheimer Developing Markets	ODVIX	Emerging Mkts	3.03%	25.52%	9.38%	6.06%	5.96%
MSCI EAFE Index			-1.41%	15.32%	6.05%	6.98%	3.23%
MSCI Emerging Markets Index			1.47%	25.37%	9.21%	5.37%	3.36%
Real Estate	Ticker Symbol	Investment Objective	YTD Return	1 yr	Annualized Returns		
					3 yrs	5 yrs	10 yrs
Cohen & Steers Realty	CSRIX	Real Estate	-6.56%	-1.13%	2.09%	6.96%	7.16%
DJ US Select REIT Index			-7.43%	-3.68%	0.74%	5.97%	6.02%
Natural Resources	Ticker Symbol	Investment Objective	YTD Return	1 yr	Annualized Returns		
					3 yrs	5 yrs	10 yrs
Vanguard Energy Admiral	VGELX	Natural Resources	-2.40%	4.97%	2.32%	0.23%	0.29%
Fidelity Advisor Materials Fund	FMFEX	Natural Resources	-5.93%	10.23%	6.47%	6.96%	7.40%
S&P NA Natural Resources Index			-6.04%	-0.66%	-1.45%	-1.56%	-0.35%

\*YTD Return and Annualized Returns are calculated as of March 31, 2018

The performance data noted above is the performance of the referenced mutual fund for the period and does not represent the performance of Sawyer Falduto Asset Management, LLC or its clients. Past performance does not guarantee future results. Historical returns for HFCIX includes performance for multiple share classes.

**FIXED INCOME PORTFOLIO**

Fixed Income Allocation	Target	Range	Current
Bank Certificates of Deposit	0%	0 - 20%	<b>1.2%</b>
US Treasury Securities	30%	0 - 100%	<b>6.4%</b>
US Government Agency (non-MBS)	35%	0 - 70%	<b>55.4%</b>
US Government Agency (Callable)	10%	0 - 30%	<b>2.3%</b>
US Government Agency (MBS)	5%	0 - 10%	<b>0.1%</b>
Taxable Municipal Securities	10%	0 - 20%	<b>6.5%</b>
Investment Grade Corporate Bonds	10%	0 - 30%	<b>28.1%</b>

Portfolio Statistics	Duration	Yield-to-Maturity	Current Yield	Average Coupon
<b>Fixed Income Portfolio</b>	<b>4.99 yrs</b>	<b>2.82%</b>	<b>3.69%</b>	<b>3.87%</b>
Benchmark	6.03 yrs	2.55%	2.19%	2.18%

Maturity Distribution	% of Fixed Income Securities
0 – 1 years	<b>9.9%</b>
1 – 3 years	<b>13.0%</b>
3 – 5 years	<b>21.1%</b>
5 – 7 years	<b>15.4%</b>
7 – 10 years	<b>35.4%</b>
10 – 15 years	<b>5.2%</b>
15 + years	<b>0.0%</b>

Quality Distribution*	Tsy/FDIC	Aaa	Aa	A/Baa/NR
<b>Fixed Income Portfolio</b>	<b>7.6%</b>	<b>60.7%</b>	<b>1.6%</b>	<b>30.1%</b>

\*Quality Distribution reflects ratings as provided by Moody's. Standard & Poor's lowered the rating on U.S. Treasuries and certain government agencies to AA+ on August 5, 2011.

**SAWYER FALDUTO**  
ASSET MANAGEMENT, LLC

**Transaction Ledger Report**

From 01/01/2018 to 03/31/2018

Willowbrook Police Pension Fund

<u>Trade Date</u>	<u>Activity</u>	<u>Description</u>	<u>Quantity</u>	<u>Principal Amount</u>	<u>Accrued Pd/Rec</u>
01/01/2018	Interest	Crystal Lake, IL 01/01/2020 4.65% Call 01/01/2019 100.00		581.25	
01/01/2018	Interest	Fed Home Ln Bk 07/01/2019 4.375%		2,187.50	
01/01/2018	Interest	Lake & McHenry Cnty, IL 01/01/2018 5.25%		2,625.00	
01/01/2018	Sell	Lake & McHenry Cnty, IL 01/01/2018 5.25%	(100,000)	100,000.00	0.00
01/03/2018	Buy	Fed 12/21/2021 2.23% Call 12/21/2018 100.00	50,000	49,830.96	40.26
01/04/2018	Management Fee	Schwab Bank Sweep		4,522.00	
01/06/2018	Interest	Fed Farm Cr Bk 07/06/2020 3.45%		1,725.00	
01/09/2018	Interest	Gen Elec Cap Corp 01/09/2023 3.10%		1,550.00	
01/11/2018	Buy	Vanguard 500 Index Fund	195.572	50,000.00	
01/11/2018	Sell	Bridgeway Ultra-Small Company Mark	(336.474)	5,000.00	
01/11/2018	Sell	LSV Value Equity Fund	(334.113)	10,000.00	
01/11/2018	Sell	T Rowe Price Growth Stock	(912.825)	60,000.00	
01/15/2018	Interest	GNMA 12/15/2018 5.00%		4.89	
01/15/2018	Interest	GNMA 06/15/2019 4.50%		8.05	
01/15/2018	Interest	JP Morgan Chase 07/15/2025 3.90% Call 04/15/2025 100.00		2,437.50	
01/15/2018	Interest	Norfolk Southern 01/15/2024 3.85% Call 10/15/2023 100.00		962.50	
01/15/2018	Interest	Oracle Corp 07/15/2023 3.625%		1,812.50	
01/15/2018	Interest	Schwab Bank Sweep		7.70	
01/15/2018	Interest	UST Infl Indx 01/15/2019 2.125%		732.42	
01/15/2018	Return of Principal	GNMA 12/15/2018 5.00%		126.53	
01/15/2018	Return of Principal	GNMA 06/15/2019 4.50%		218.10	
01/18/2018	Withdrawal	Schwab Bank Sweep		50,000.00	
01/20/2018	Interest	Fed Farm Cr Bk 07/20/2023 4.875%		4,875.00	
01/20/2018	Interest	GNMA 07/20/2024 8.00%		0.58	
01/20/2018	Interest	GNMA 08/20/2028 6.00%		22.72	
01/20/2018	Return of Principal	GNMA 07/20/2024 8.00%		1.93	
01/20/2018	Return of Principal	GNMA 08/20/2028 6.00%		121.09	
01/31/2018	Interest	US Treas Note 07/31/2018 1.375%		893.75	

**Transaction Ledger Report**

From 01/01/2018 to 03/31/2018

## Willowbrook Police Pension Fund

<u>Trade Date</u>	<u>Activity</u>	<u>Description</u>	<u>Quantity</u>	<u>Principal Amount</u>	<u>Accrued Pd/Rec</u>
02/01/2018	Interest	Adobe Systems 02/01/2025 3.25% Call 11/01/2024 100.00		1,625.00	
02/01/2018	Interest	Bank of America 08/01/2025 3.875%		968.75	
02/11/2018	Interest	PNC Funding Corp 08/11/2020 4.375%		3,609.38	
02/15/2018	Interest	Fed Home Ln Bk 08/15/2024 5.375%		3,762.50	
02/15/2018	Interest	General Mills 02/15/2024 3.65%		1,825.00	
02/15/2018	Interest	GNMA 12/15/2018 5.00%		4.36	
02/15/2018	Interest	GNMA 06/15/2019 4.50%		7.23	
02/15/2018	Interest	Schwab Bank Sweep		6.59	
02/15/2018	Return of Principal	GNMA 12/15/2018 5.00%		123.95	
02/15/2018	Return of Principal	GNMA 06/15/2019 4.50%		342.18	
02/20/2018	Interest	GNMA 07/20/2024 8.00%		0.57	
02/20/2018	Interest	GNMA 08/20/2028 6.00%		22.11	
02/20/2018	Return of Principal	GNMA 07/20/2024 8.00%		2.08	
02/20/2018	Return of Principal	GNMA 08/20/2028 6.00%		31.58	
02/20/2018	Sell	T Rowe Price Growth Stock	(525.841)	35,000.00	
02/25/2018	Interest	Fed Farm Cr Bk 08/25/2026 5.30%		2,650.00	
03/01/2018	Interest	Fed Home Ln Bk 09/01/2028 4.00%		2,000.00	
03/03/2018	Interest	Fed Farm Cr Bk 03/03/2027 2.57%		2,677.08	
03/06/2018	Interest	Fed Home Ln Bk 03/06/2019 4.30%		1,612.50	
03/09/2018	Interest	Fed Farm Cr Bk 03/09/2027 3.08% Call 03/09/2020 100.00		2,310.00	
03/09/2018	Interest	Fed Home Ln Bk 09/09/2024 5.365%		2,011.87	
03/10/2018	Interest	Fed Farm Cr Bk 09/10/2018 4.95%		618.75	
03/10/2018	Interest	Fed Home Ln Bk 09/10/2027 2.625%		3,412.50	
03/10/2018	Interest	Fed Home Ln Bk 03/10/2023 4.75%		4,750.00	
03/11/2018	Interest	Fed Home Ln Bk 09/11/2020 4.625%		1,156.25	
03/11/2018	Interest	Fed Home Ln Bk 09/11/2026 3.00%		1,500.00	
03/15/2018	Interest	GNMA 12/15/2018 5.00%		3.84	
03/15/2018	Interest	GNMA 06/15/2019 4.50%		5.95	
03/15/2018	Interest	Schwab Bank Sweep		19.02	

**Transaction Ledger Report**

From 01/01/2018 to 03/31/2018

## Willowbrook Police Pension Fund

<u>Trade Date</u>	<u>Activity</u>	<u>Description</u>	<u>Quantity</u>	<u>Principal Amount</u>	<u>Accrued Pd/Rec</u>
03/15/2018	Interest	Verizon Comm Inc 03/15/2024 4.15% Call 12/15/2023 100.00		1,556.25	
03/15/2018	Return of Principal	GNMA 12/15/2018 5.00%		127.32	
03/15/2018	Return of Principal	GNMA 06/15/2019 4.50%		181.22	
03/16/2018	Buy	Fed Farm Cr Bk 03/07/2028 3.17%	100,000	100,236.60	105.67
03/19/2018	Sell	Fed Home Ln Bk 12/09/2022 5.25%	(110,000)	121,916.29	1,620.21
03/20/2018	Interest	GNMA 07/20/2024 8.00%		0.55	
03/20/2018	Interest	GNMA 08/20/2028 6.00%		21.96	
03/20/2018	Return of Principal	GNMA 07/20/2024 8.00%		1.88	
03/20/2018	Return of Principal	GNMA 08/20/2028 6.00%		31.34	
03/22/2018	Qualified Dividend	Pioneer Equity Income	205.839	7,231.12	
03/23/2018	Qualified Dividend	Vanguard 500 Index Fund	54.762	13,082.58	
03/29/2018	Qualified Dividend	Cohen & Steers Realty	54.105	2,173.93	
03/29/2018	Qualified Dividend	Vanguard Energy Fund	1.448	142.27	
03/30/2018	Interest	Fed Home Ln Bk 09/30/2022 5.375%		1,343.75	

4-11-18  
COMPLETED

BALLOT

THERE ARE TWO ACTIVE MEMBERS OF THE POLICE PENSION FUND THAT SERVE ON THE BOARD OF TRUSTEES. PLEASE VOTE FOR THE TWO MEMBERS THAT YOU WANT TO REPRESENT YOU ON THE PENSION FUND BOARD. AFTER YOU COMPLETE YOUR BALLOT, PLEASE RETURN IT IN A SEALED ENVELOPE TO DEBBIE HAHN BY APRIL 10, 2018.

BIGGS, DARREN

CHAVEZ-JIMENEZ, JOSE

DRAKE, CHRISTOPHER

\*EISENBEIS, SCOTT

ERDMANN, ALEX

GADDIS, DAVID

HANDZIK, JOHN

HUNTLEY, BLAKE

KASPAR, LAUREN

\*KOBLER, TIMOTHY

LAVALLE, JOSEPH

LOPEZ, JOSE

MARTINO, JAMES

POLFLIET, DANIEL

ROBLES, CHRISTINE

ROSAL, OTHELLO

SCHALLER, ROBERT

STRUGALA, MICHELLE

TRAINOR, DYLAN

VANDERJACK, MATT

VOLEK, NICHOLAS

||||| - 16

|| - 2

||||| || - 12

|||| - 5

\*Incumbent

COMPLETED 4-16-18

14/9

BALLOT

THERE IS ONE BENEFICIARY MEMBER OF THE POLICE PENSION FUND THAT SERVES ON THE BOARD OF TRUSTEES. PLEASE VOTE FOR THE BENEFICIARY MEMBER YOU WANT TO REPRESENT YOU ON THE POLICE PENSION BOARD. AFTER YOU COMPLETE YOUR BALLOT, PLEASE RETURN IT IN A SEALED ENVELOPE TO DEBBIE HAHN, WILLOWBROOK POLICE DEPARTMENT, 7760 QUINCY STREET, WILLOWBROOK, ILLINOIS 60527, BY APRIL 15, 2018.

ALTOBELLA, MARK	_____
BARNACLE, JOHN	_____
BOZEK, WILLIAM	_____
DUSEK, JOSEPH	_____
FINLON, STEPHEN	_____
FOLEY, FRANCIS	_____
KLEVEN, RUTH	_____
KONSTANTY, EDWARD	_____
KOLODZIEJ, THEODORE	_____
KURINEC, MICHAEL	_____
LONG, MARK	_____
PELLICCIONI, ANDREW	_____
MCCARTHY, JAMES	_____
OGGERINO, PAUL	_____
PEC, JOSEPH *	<del>    </del>
SHELTON, MARK	_____
SKIBA, JOHN	_____
SVEHLA, ARTHUR	_____

\*Incumbent

# VILLAGE OF WILLOWBROOK

## BOARD MEETING AGENDA ITEM - HISTORY/COMMENTARY

### ITEM TITLE:

MOTION – BOARD ADVICE AND CONSENT OF MAYOR'S RE-APPOINTMENT OF CAROLINE A. DITTMAN AS A MEMBER OF THE POLICE PENSION FUND BOARD

AGENDA NO. 7

AGENDA DATE: 3/26/18

STAFF REVIEW: Tim Halik, Village Administrator

SIGNATURE: [Signature]

LEGAL REVIEW: Thomas Bastian, Village Attorney

SIGNATURE: THOMAS BASTIAN TH.

RECOMMENDED BY: Mayor Frank A. Trilla

SIGNATURE: Frank A Trilla /ca

REVIEWED & APPROVED BY COMMITTEE:

YES ☐

NO ☐

N/A ☒

### ITEM HISTORY (PREVIOUS VILLAGE BOARD REVIEWS, ACTIONS RELATED TO THIS ITEM, OTHER PERTINENT HISTORY)

In accordance with Section 2-5-3 of the Village Code of Ordinances, the Village President (aka., Mayor) shall appoint two (2) members to the police pension fund board, which consists of a total of five (5) members, each serving a two (2) year term. In 2016, the Mayor re-appointed Carrie Dittman to serve as the Treasurer of the Willowbrook Police Pension Fund Board. Carrie's term as Treasurer will expire April 30, 2018.

The police pension fund board administers the police pension fund and designates the beneficiaries thereof. The Mayor has the authority to appoint to fill the vacancy on the pension fund board, or to re-appoint existing members, with the advice and consent of the Board of Trustees. This term of this re-appointment would expire April 30, 2020.

### ITEM COMMENTARY (BACKGROUND, DISCUSSION, RECOMMENDATIONS, ETC.)

The Mayor recommends the re-appointment of Caroline A. Dittman to fill the position of Treasurer on the police pension fund board.

### ACTION PROPOSED:

A motion to approve the Mayor's recommendation to re-appoint Caroline A. Dittman as a member of the police pension fund board with a term expiring in April 2020.