

Recommendation: investment menu modernization

H&H recommends several enhancements to the fund line up in the Town of Brooklyn Retirement Plan. These recommendations reflect a thorough analysis of the existing plan menu and improved coordination of fund research and expertise at H&H. Highlights of our recommendation:

- Streamline and simplify the plan's investment selections. Eliminate funds where added complexity is not met with added value in terms of performance or risk control
- Focus on cost-effective funds with strong management teams, solid peer-ranked performance, and depth of research and manager access by the H&H investment team
- Maintain a fully diverse but more straight-forward fund menu. Expected outcomes include streamlined committee presentations, improved operational efficiency, and simplified decision-making
- Our recommendations incorporate
 - A reduction in the number of funds from 33 to 25
 - An elimination of funds that have lower-tier Morningstar ratings (no 2 star funds)
 - A use of systematic strategies in asset classes where such methodologies add value, and more style purity for international equity funds
 - Elimination of certain funds with meaningful management turnover

Portfolio Consolidation & Mapping

CURRENT PORTFOLIO			REVISED PORTFOLIO		
Name	Weight (%)	Morningstar Category	Weight Change	Name	Weight (%)
Parametric Commodity Strategy I	2.0	US Fund Commodities Broad Basket		Parametric Commodity Strategy I	2.0
Invesco Corporate Bond R6	4.0	US Fund Corporate Bond		Invesco Corporate Bond R6	4.0
Vanguard Emerging Mkts Stock Idx Adm	3.0	US Fund Diversified Emerging Mkts		Vanguard Emerging Mkts Stock Idx Adm	3.0
MFS Intl Diversification R6	3.0	US Fund Foreign Large Blend		MFS Intl Diversification R6	3.0
Schwab International Index	3.0	US Fund Foreign Large Blend		Schwab International Index	3.0
American Funds Europacific Growth R3	3.0	US Fund Foreign Large Growth		American Funds Europacific Growth R3	3.0
Dodge & Cox Global Bond I	2.0	US Fund Global Bond		Dodge & Cox Global Bond I	2.0
BlackRock High Yield Bond Inv A	1.0	US Fund High Yield Bond	1.0	BlackRock High Yield Bond Inv A	2.0
PGIM High Yield R6	4.0	US Fund High Yield Bond	-1.0		
Fidelity® Inflation-Prot Bd Index	4.0	US Fund Inflation-Protected Bond		Fidelity® Inflation-Prot Bd Index	4.0
Western Asset Core Bond FI	3.0	US Fund Intermediate Core Bond	-3.0		
American Funds Bond Fund of Amer R6	4.0	US Fund Intermediate Core Bond	3.0	American Funds Bond Fund of Amer R6	7.0
Fidelity® Total Bond Fund	3.0	US Fund Intermediate Core Plus Bond	1.0	Fidelity® Total Bond Fund	4.0
Metropolitan West Total Return Bd I	2.0	US Fund Intermediate Core Plus Bond	-2.0		
Dodge & Cox Income I	3.0	US Fund Intermediate Core Plus Bond	1.0	Dodge & Cox Income I	4.0
Vanguard Dividend Growth Inv	4.0	US Fund Large Blend		Vanguard Dividend Growth Inv	4.0
Vanguard Large Cap Index Admiral	12.0	US Fund Large Blend		Vanguard Large Cap Index Admiral	12.0
Vanguard Growth Index Admiral	4.0	US Fund Large Growth	4.0	Vanguard Growth Index Admiral	8.0
F. Rwyce Price Growth Stock Adv	4.0	US Fund Large Growth	-4.0		
JPMorgan Equity Income R5	4.0	US Fund Large Value		JPMorgan Equity Income R5	4.0
Schwab Fundamental US Large Company Idx	4.0	US Fund Large Value		Schwab Fundamental US Large Company Idx	4.0
Vanguard Mid Cap Index Admiral	4.0	US Fund Mid-Cap Blend		Vanguard Mid Cap Index Admiral	4.0
MFS Mid Cap Growth R6	2.0	US Fund Mid-Cap Growth		MFS Mid Cap Growth R6	2.0
JHancock Disciplined Value Mid Cap I	2.0	US Fund Mid-Cap Value		JHancock Disciplined Value Mid Cap I	2.0
Schwab Government Money	1.0	US Fund Money Market - Taxable		Schwab Government Money	1.0
Pioneer Strategic Income Y	2.0	US Fund Multisector Bond	-2.0		
PIMCO Income 12	2.0	US Fund Multisector Bond	4.0	PIMCO Income 12	6.0
Neuberger-Bernman Strategic Income R6	2.0	US Fund Multisector Bond	-2.0		
BlackRock Strategic Income Opps Instl	2.0	US Fund Nontraditional Bond	4.0	BlackRock Strategic Income Opps Instl	6.0
Western Asset Total Return Unseas I	2.0	US Fund Nontraditional Bond	-2.0		
PIMCO Mortgage Opportunities and Balinst	2.0	US Fund Nontraditional Bond	-2.0		
Schwab Small Cap Index	4.0	US Fund Small Blend		Schwab Small Cap Index	4.0
Russell Inv US Small Cap Equity S	2.0	US Fund Small Blend		Russell Inv US Small Cap Equity S	2.0

33 Funds

25 Funds