

ABINGTON TOWNSHIP

AUGUST 18, 2020



PENSION COMMITTEE AGENDA



TOWNSHIP OF ABINGTON

PENSION COMMITTEE MEETING

A G E N D A **August 18, 2020** **6:00 PM**

CALL TO ORDER

CONSIDER APPROVAL OF MINUTES

- a. Minutes of May 19, 2020 Pension Committee Meeting
Consider a motion to approve Pension Committee Meeting minutes from May 19, 2020.

PRESENTATIONS

UNFINISHED BUSINESS

NEW BUSINESS

- a. Quarterly Pension Investment Performance Review
Second Quarter 2020 Pension Investment Performance Review - call on Marc Ammaturo, PFM
- b. Quarterly OPEB Trust Investment Performance Review
Second Quarter 2020 OPEB Trust Investment Performance Review - call on Marc Ammaturo, PFM

PUBLIC COMMENT

ADJOURNMENT

BOARD POLICY ON AGENDA ITEMS

For Information Purposes Only

Board President Announcements

This item on the Board of Commissioners Agenda is reserved for the Board President to make announcements that are required under law for public disclosure, such as announcing executive sessions, or for matters of public notice.

Public Comment

Public Comment on Agenda Items is taken at the beginning of regularly scheduled Public Meetings prior to any votes being cast. When recognized by the presiding Officer, the commenter will have three minutes to comment on agenda items at this first public comment period. All other public comment(s) not specific to an agenda item, if any, are to be made near the end of the public meeting prior to adjournment. Public comment on agenda items at regularly scheduled Board of Commissioner Committee meetings will be after a matter has been moved and seconded and upon call of the Chair for public comment.

Presentations

Should the Board of Commissioners have an issue or entity that requires time to present an issue to the Board, that is more than an oral description relating to an agenda item under consideration, The Board may have that matter listed under Presentations. If nothing is listed under presentations, then there is no business to conduct in that manner.

Consent Agenda

Items of business and matters listed under the Consent Agenda are considered to be routine and non-controversial and will be enacted by one motion and one vote. There will be no separate discussion of these items. If discussion is desired by Board of Commissioner Members, that item is to be identified by the Board member and will be identified and removed from the Consent Agenda, and will be considered separately at the appropriate place on the Agenda.

Unfinished Business

Items for consideration as unfinished business are matters that have been considered for action at a public Board Meeting and have not been tabled to a date certain or voted upon.

New Business

Items for consideration as new business are matters that have been considered for action at the Board Committee Meeting. It is Board practice to not introduce new business at Board Committee Meetings.

BOARD POLICY ON PUBLIC PARTICIPATION

For Information Purposes Only

The Township shall conduct business in accordance with the Commonwealth of Pennsylvania Laws governing the conduct of public meetings and only establish guidelines that shall govern public participation at meetings consistent with the law.

Each commenter shall:

- Direct their comments to the Presiding Officer;
- Speak from the podium or into a microphone designated by the presiding officer;
- State their name for the record;
- Either orally or in writing provide their address for the record;
- Have a maximum of three minutes to make their comments. Each commenter when speaking to a specific agenda item, is to keep their comments relative to that identified agenda item;
- Speak one time per agenda item;
- When commenting on non-agenda items, the commenter is to keep their comments related to matters of the Township of Abington, Montgomery County, Pennsylvania.
- State a question to the Presiding Officer after all commenters have spoken, and;
- Be seated after speaking or upon the request of the presiding officer;
- Not engage in debate, dialogue or discussion;
- Not disrupt the public meeting, and;
- Exercise restraint and sound judgement in avoiding the use of profane language, and the maligning of others.

**ABINGTON TOWNSHIP
PENSION COMMITTEE MEETING
via Zoom**

May 19, 2020

CALL TO ORDER: 6:14 p.m.

PRESENT:

Committee Members: Commissioners Chairman Winegrad,
Vice Chairman Vahey-Luker

Employee Representatives: William Weir, Tim Clark
Police Representative: Officer Chris Posey
Finance Director: Jeannette Hermann

Others: Marc D. Ammaturo, Managing Director, PFM

APPROVAL OF MINUTES:

Commissioner Winegrad made a MOTION, seconded by Commissioner Luker to approve the minutes of the Pension Committee Meeting of February 18, 2020.

MOTION was ADOPTED 6-0.

PRESENTATIONS: None.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

Quarterly Investment Review – First Quarter 2020:

Mr. Ammaturo reported that PFM has been active during this time to manage the portfolio and took significant action at the end of March to reduce risk in pension and OPEB plans. Equity exposure was reduced by approximately 20% and those assets were moved to fixed income and cash.

During the first quarter, the domestic stock market was down -20.90%; international equity was down -23.36%, although the bond market was a safe haven up 3% and that segment was treasury bonds.

Currently in the second quarter, the stock market was down -9% due to the Federal Reserve continuing to inject significant liquidity into the markets as well as the flattening of the curve in terms of COVID-19 cases excluding New York. Also, the market is predicting a “V” shape recovery of the economy in that it is retracting and then rebounding right back up; however, PFM does not believe it will rebound quickly and it will take time to get back to where it was.

Contraction of U.S. economy is -4.8% as COVID-19 crisis hit hard in March at the tail end of the first quarter; estimate for the second quarter is contraction by -25%; unemployment was 4.4% at the end of March and April it is 14.7%. PFM maintains defensive positioning in the Township’s portfolios reducing risk and remaining committed to that stance. Healthcare and Information Technology sectors have held up, and the stock market was up about 13% in the month of April and that was the best month it had since 1987.

Bond market signals a recession with the ongoing crisis, but there was disconnect between the bond market and equity market. Returns in the bond market were positive overall, but there was a tight window of opportunity to capture positive returns.

PFM sent numerous alerts that were included in the report and held two client webinars to communicate proactively.

Township’s targets were 65% equity and 35% fixed income, and at the end of last year, equity was overweight 71% and PFM was comfortable with that; however, that changed in February once the COVID-19 crisis hit. So the 71% target was decreased to 52% and that was moved to fixed income and cash to reduce risk of the overall plan.

Abington Township Police Pension Plan:

Abington Township Police Pension Plan Asset Allocation and Performance as of March 31, 2020 totaled \$57,125,854, return for the quarter -13.46%. PFM Multi-Manager Domestic Equity Fund was -19.97 v. the benchmark of -20.90%. Champlain Mid Cap Core was -19.35% v. the benchmark of -29.70% and that manager did a good job on a relative basis as they doubled their weight in the healthcare sector, which was a good place to be.

PFM Multi-Manager International Equity Fund was down -23.70% for the quarter v. the benchmark -23.36% and there are some new managers listed; WCM Focused Growth International’s first quarter return was -17.03% v. the benchmark -23.36% and they were hired at the end of last year. All of the other managers generated returns close to the benchmark. Fixed Income was not as strong on a relative basis; PFM Multi-Manager Fixed Income Fund was -1.58% and the bond market up 3.15% as the returns in the bond market were focused in the treasury space and that is not where these managers invest.

Cash flows for the quarter \$66,942,941, net flow (\$912,040), return on investment (\$8,905,047) and ending market value of \$57,125,854.

Abington Township Non-Uniformed Pension Plan:

Abington Township Non-Uniformed Pension Plan Asset Allocation and Performance as of March 31, 2020 totaled \$52,664,720, return for the quarter -13.50%. Cash flows for the quarter \$61,749,286, net flow (\$844,896), return on investment (8,239,670) and ending market value of \$52,664,720.

Commissioner Vahey asked how is the fixed income space better for the plan?

Mr. Ammaturo referring to the police plan; Russell 3000 is the proxy for the domestic stock market -20.90%, MSCI AC World ex USA -23.36%, which are the benchmarks for domestic and international investing, and PFM reduced exposure moving it to Fixed Income as assets did better than equities by far. We took that money from equity managers that were down -20.90% in the first three months of the year and moved it to an asset class that was only down 1% and those trades were approved at the end of February.

Commissioner Vahey questioned whether PFM has considered replacing any managers?

Mr. Ammaturo replied PFM is considering replacing Nomura High Yield. They invest in lower credit quality bonds and the plan has 5% fixed income allocation and Nomura has been struggling on a relative basis. Since it has been a rare market event, we want to give the other managers the ability to rebound as the bond market normalizes.

Commissioner Winegrad questioned whether PFM will continue to be conservative over the next three to six months.

Mr. Ammaturo replied PFM reacts on fundamentals of the economy as well as corporate profitability and the entire economy will contract 30-40% in the second quarter. We have been meeting around the clock to decide what is prudent for our clients. During our recent meeting on May 11th, we reconfirmed our defensive stance and sent an alert addressing the rational. It is hard to say what will be in the next six months, but the feeling is that the economy will not get back to normal until there is a vaccine for mass distribution. The Federal Reserve indicated they will do whatever it takes and they have bought corporate bonds to maintain their value, and going forward, the Fed could potentially buy equities to keep the domestic stock market on solid footing, which they have never done.

Officer Posey expressed concern about debt of U.S. economy from stimulus packages.

Mr. Ammaturo replied the debt is astronomical and it is inevitable that taxes will rise at corporate/individual levels to pay off that debt.

Commissioner Luker asked about more frequent updates prior to the next scheduled meeting due to these troubled times.

Officer Posey said he would also like to see updates on equity markets and fixed income in a month instead of waiting until the August meeting.

Mr. Ammaturo replied PFM has discretion to move assets in real time and he will speak with his team about sending updates monthly as opposed to quarterly.

PUBLIC COMMENT: None.

ADJOURNMENT: 7:05 p.m.

Respectfully submitted,

Liz Vile, Minutes Secretary



Abington Township Police and Non-Uniformed Trust

Investment Performance Review For the Quarter Ended June 30, 2020

Client Management Team

Marc Ammaturo, Managing Director
Marie Nasevich, Senior Analyst

PFM Asset Management LLC

1735 Market Street
43rd Floor
Philadelphia, PA 19103
215-567-6100

Financial Markets & Investment Strategy Review

QUARTERLY MARKET SUMMARY

Market Index Performance

As of June 30, 2020

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
DOMESTIC EQUITY							
S&P 500	20.54%	-3.08%	7.51%	10.73%	10.73%	12.13%	13.99%
Russell 3000 Index	22.03%	-3.48%	6.53%	10.04%	10.03%	11.68%	13.72%
Russell 1000 Value Index	14.29%	-16.26%	-8.84%	1.82%	4.64%	7.11%	10.41%
Russell 1000 Growth Index	27.84%	9.81%	23.28%	18.99%	15.89%	16.62%	17.23%
Russell Midcap Index	24.61%	-9.13%	-2.24%	5.79%	6.76%	9.40%	12.35%
Russell 2500 Index	26.56%	-11.05%	-4.70%	4.08%	5.41%	8.15%	11.46%
Russell 2000 Value Index	18.91%	-23.50%	-17.48%	-4.35%	1.26%	3.98%	7.82%
Russell 2000 Index	25.42%	-12.98%	-6.63%	2.01%	4.29%	7.17%	10.50%
Russell 2000 Growth Index	30.58%	-3.06%	3.48%	7.86%	6.86%	10.03%	12.92%
INTERNATIONAL EQUITY							
MSCI EAFE (Net)	14.88%	-11.34%	-5.13%	0.81%	2.05%	3.93%	5.73%
MSCI AC World Index (Net)	19.22%	-6.25%	2.11%	6.14%	6.46%	7.81%	9.16%
MSCI AC World ex USA (Net)	16.12%	-11.00%	-4.80%	1.13%	2.26%	3.71%	4.97%
MSCI AC World ex USA Small Cap (Net)	22.83%	-12.80%	-4.34%	-0.17%	2.50%	4.74%	6.05%
MSCI EM (Net)	18.08%	-9.78%	-3.39%	1.90%	2.86%	3.22%	3.27%
ALTERNATIVES							
FTSE NAREIT Equity REIT Index	11.82%	-18.71%	-13.04%	0.03%	4.06%	5.36%	9.05%
FTSE EPRA/NAREIT Developed Index	10.33%	-20.93%	-15.46%	-0.67%	2.22%	3.61%	7.17%
Bloomberg Commodity Index Total Return	5.08%	-19.40%	-17.38%	-6.14%	-7.69%	-8.11%	-5.82%
FIXED INCOME							
Blmbg. Barc. U.S. Aggregate	2.90%	6.14%	8.74%	5.32%	4.30%	3.96%	3.82%
Blmbg. Barc. U.S. Government/Credit	3.71%	7.21%	10.02%	5.87%	4.74%	4.24%	4.13%
Blmbg. Barc. Intermed. U.S. Government/Credit	2.81%	5.28%	7.12%	4.43%	3.46%	3.12%	3.13%
Blmbg. Barc. U.S. Treasury: 1-3 Year	0.25%	3.01%	4.14%	2.70%	1.86%	1.56%	1.34%
Blmbg. Barc. U.S. Corp: High Yield	10.18%	-3.80%	0.03%	3.33%	4.79%	4.99%	6.68%
Credit Suisse Leveraged Loan index	9.71%	-4.75%	-2.26%	2.14%	2.94%	3.27%	4.33%
ICE BofAML Global High Yield Constrained (USD)	11.44%	-4.28%	-0.64%	2.93%	4.61%	4.57%	6.47%
Blmbg. Barc. Global Aggregate Ex USD	3.38%	0.61%	0.71%	2.52%	2.89%	1.31%	1.98%
JPM EMBI Global Diversified	12.26%	-2.76%	0.49%	3.60%	5.30%	5.48%	6.03%
CASH EQUIVALENT							
90 Day U.S. Treasury Bill	0.02%	0.60%	1.63%	1.77%	1.17%	0.85%	0.62%

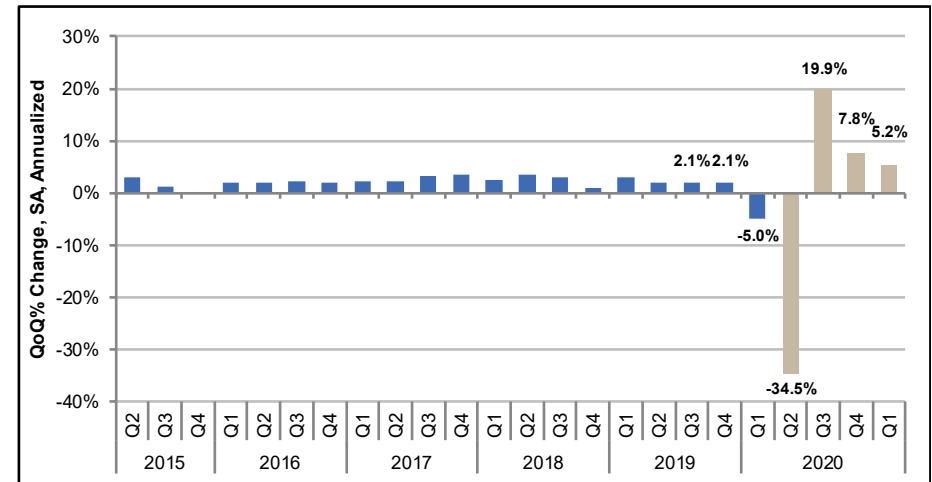
Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

QUARTERLY MARKET SUMMARY

THE ECONOMY

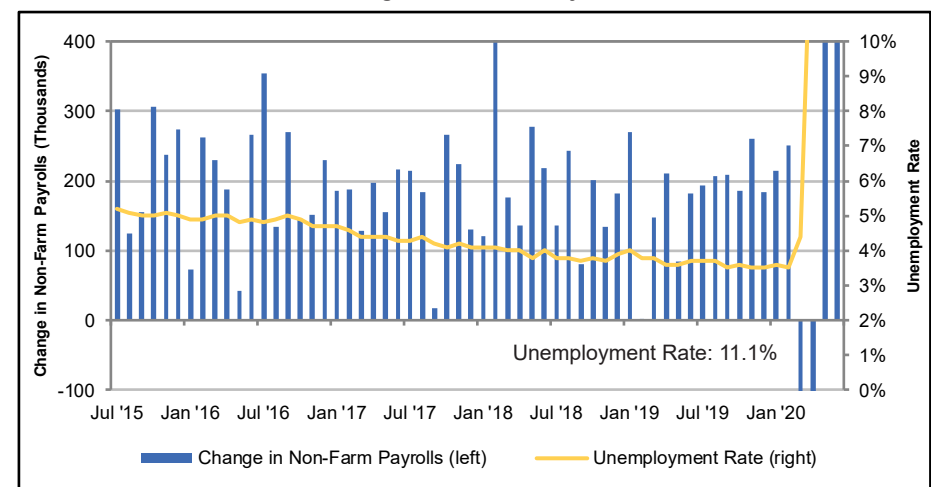
- The coronavirus (COVID-19) pandemic continues to shape the global markets and economy. Until late June, the second quarter saw a flattening of the curve as the pace of new COVID-19 cases and fatalities fell. In the last two months of the quarter, many states began to ease lockdowns, but relaxed social distancing and a reduction of other precautionary measures led to a surge in new cases to start the third quarter. The recent developments confirm that business as usual is not likely to return until a vaccine is widely distributed, which is currently expected by spring 2021. A similar trend is emerging globally, with daily new cases rising in Asia, developing countries and, to a lesser extent, Africa and the Middle East.
- U.S. gross domestic product (GDP) is expected to fall approximately 35% year-over-year in the second quarter, following a 5% decline in the first quarter. Many states rolled back or paused reopening plans in response to the recent surge in new COVID-19 cases, putting early pressure on third-quarter GDP, which is expected to rise by about 20%.
- Record job losses were followed by record job gains in the second quarter. Non-farm payrolls fell by 22.2 million in March and April, and the unemployment rate quickly spiked from 3.5% to 14.7%. In May and June, however, 7.5 million jobs were added back to the economy, driven by gains in hospitality, retail, education and healthcare, and the unemployment rate fell to 11.1%. Despite the declines in unemployment, initial and continuous jobless claims rose in the last week of the quarter.
- Equity markets experienced a historic rebound in the second quarter, driven by fiscal and monetary policy support, promising data related to COVID-19 cases, and expectations of a relatively quick economic recovery. In early June, the S&P 500 Index (S&P) turned positive for the year before falling slightly to end the quarter. Though the index has not returned to its all-time peak in February, the market's decoupling from economic fundamentals has surprised investors in the first half of the year.
- As would be expected with a meaningful contraction in economic growth, corporate earnings are anticipated to decline. According to FactSet's earnings insight, estimated earnings are -44.6% for the second quarter, which would mark the largest drawdown since a -69.1% decline in the fourth quarter of 2008. Just 49 companies are offering earnings guidance for the second quarter compared to the five-year average of 106.

U.S. Real GDP Growth
Seasonally Adjusted (SA)



Source: Bloomberg. Blue bars indicate actual numbers; taupe bars indicate forecasted estimates.

Change in Non-Farm Payrolls



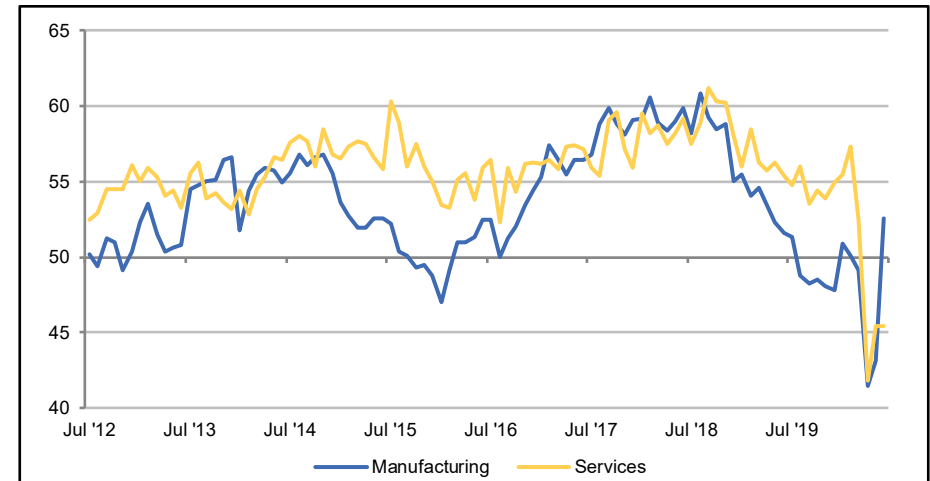
Source: Bloomberg.

QUARTERLY MARKET SUMMARY

WHAT WE'RE WATCHING

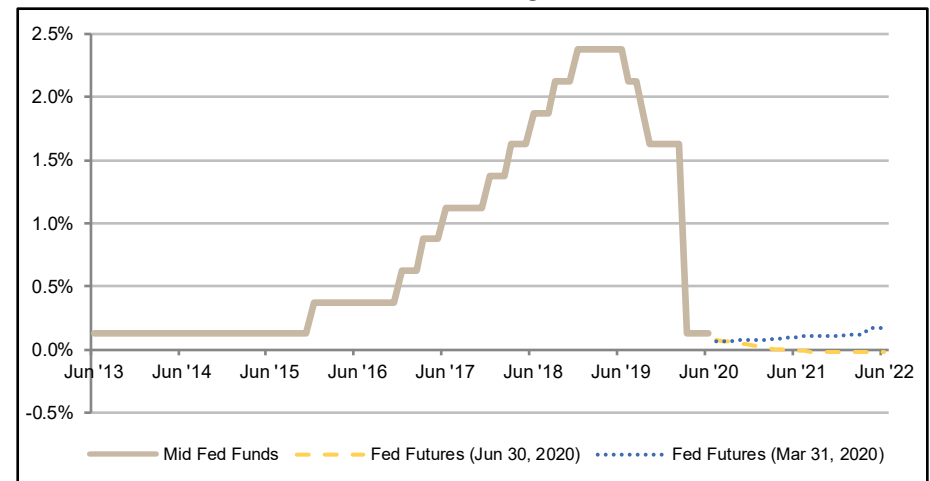
- The ongoing economic recovery experienced a meaningful setback in late June as new cases of COVID-19 surged across many U.S. states. As of the end of the second quarter, more than a dozen states have paused or rolled back reopening plans, threatening to erase recent payroll gains and suspend economic activity into the fall. The U.S. is recording its highest daily infection rate since the pandemic began, and investors are now watching the developments of the virus and the response of economies worldwide.
- A return to normalcy will require the introduction of an effective vaccine, and the development of one is being viewed with continued optimism. Though some drugs have been discovered to speed up recovery times or decrease the chances of death, researchers have not found a cure for the disease. Vaccine researchers have been working with the FDA at a blistering pace, and most timelines put the widespread availability of a vaccine in the first half of 2021. The 12- to 18-month timeframe is just a fraction of the usual timeframe for vaccine development.
- The second wave of infections has shifted more attention toward additional fiscal stimulus programs expected in late July or August. To date, four relief packages have been passed at a total cost of \$2.4 trillion, and the Federal Reserve (Fed) continues to provide strong monetary support. Congress is now debating a \$1-3 trillion spending bill for economic relief. The bill could include additional stimulus checks, extended jobless benefits and back-to-work bonuses. The Senate has indicated the bill would be its top priority when it reconvenes in late July.
- The U.S. is just five months away from its presidential election, and both major party candidates will be expected to demonstrate their ability to lead the country out of the current economic climate. Much of the next presidential term will be focused on rebuilding the economy and taking on immense federal debt and budget deficits. Incumbent presidents have typically won reelection unless there was a recession during their term. Market volatility generally increases in election years, but the current circumstances will skew that data.
- Given the extraordinary amount of monetary and fiscal stimulus that has been injected into the economy, a long-term development worth watching is the potential for higher inflation, interest rates and taxes when the economy fully recovers. Inflation has fallen during the current recession and could continue to fall in the near-term. Still, unprecedented policy support will generate a high cost to be paid when the economy stabilizes.

ISM Manufacturing & Services PMI



Source: Bloomberg.

Federal Funds Target Rate



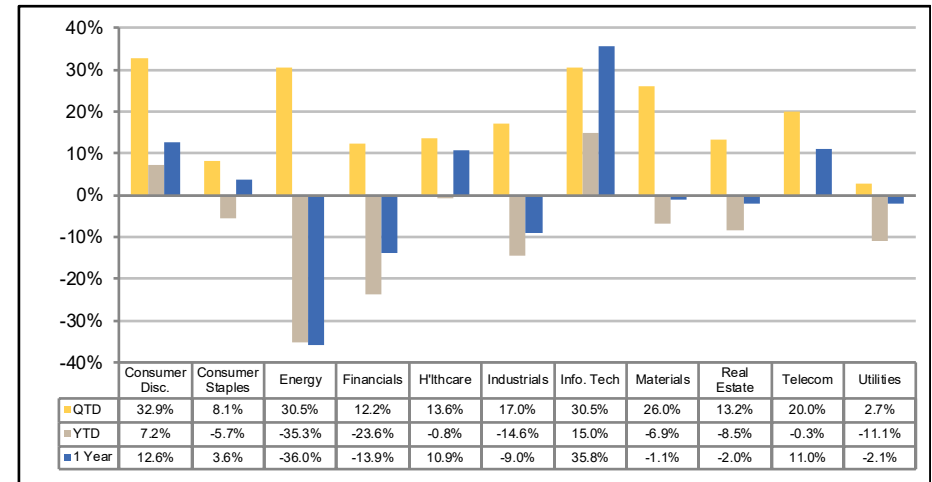
Source: Bloomberg.

QUARTERLY MARKET SUMMARY

DOMESTIC EQUITY

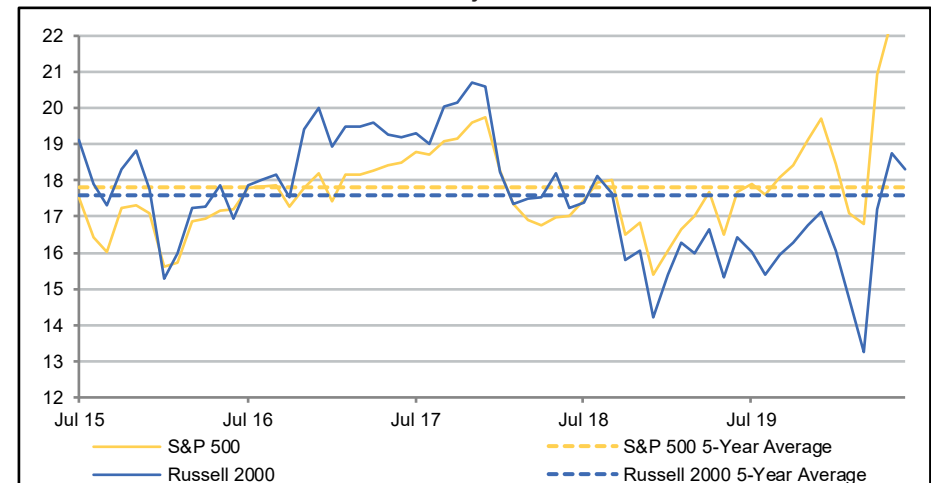
- The S&P posted a return of 20.5% for the quarter, a near reversal from the first quarter. It benefited from the \$2.2 trillion stimulus package and states reopening from the COVID-19 pandemic shut down.
- Nine of the eleven S&P sectors produced positive returns with Consumer Discretionary (+32.9%) and Energy (+30.5%) leading the way. After a difficult first quarter from lockdown and the price war between Saudi Arabia and Russia, there was a strong bounce back in both sectors as people began to adapt to the new normal.
- Value stocks, as represented by the Russell 1000 Value Index, returned 14.3%, and lagging growth stocks, as represented by the Russell 1000 Growth Index, which returned 27.8%. The divergence between value and growth performance continued for the first half of 2020. Russell 1000 Growth is now positive for the year with the strongest performance across domestic equities.
- Small-caps, as represented by the Russell 2000 Index, returned 25.4% during the quarter and outperformed mid- and large-caps. This quarter, there was a shift in that small-cap stocks were rewarded greater than large-caps. This relative outperformance is similar to previous recovery periods.

S&P 500 Index Performance by Sector
Periods Ended June 30, 2020



Source: Bloomberg.

P/E Ratios of Major Stock Indices*



Source: Bloomberg.

*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

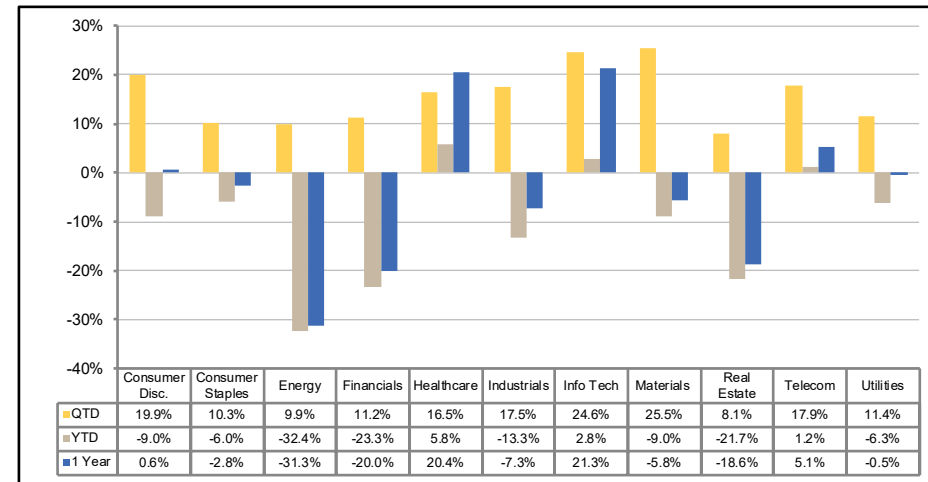
QUARTERLY MARKET SUMMARY

NON-U.S. EQUITY

- Markets outside the United States, as measured by the MSCI ACWI ex-U.S. Index, slightly lagged their domestic equity counterparts, returning 16.1% for the second quarter. All 11 sectors had positive returns for the quarter with Consumer Discretionary (+32.9%) performing best, as economies around the world reopened. The worst performer in the index was Utilities, which returned 2.7%.
- Emerging Markets (EM), as represented by MSCI Emerging Market Index, outperformed Developed ex-U.S. Markets, represented by the MSCI EAFE Index, returning 18.1% versus 14.9% for the quarter, respectively. EM Latin America returned 19.1%, while EM Asia returned 17.8%.
- Value continued to underperform growth for the quarter across the international markets (MSCI AC World ex-USA Growth 19.1% versus MSCI AC World ex-USA Value 13.0%).
- International small-caps, as represented by MSCI ACWI ex U.S. Small Cap Index, performed well, returning 22.8% for the quarter.

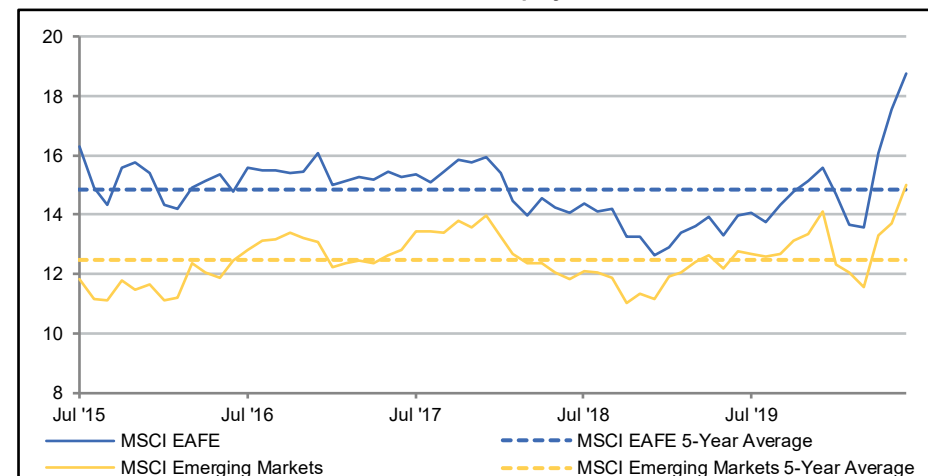
MSCI ACWI ex-U.S. Sectors

Periods Ended June 30, 2020



Source: Bloomberg.

P/E Ratios of MSCI Equity Indices*



Source: Bloomberg.

*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

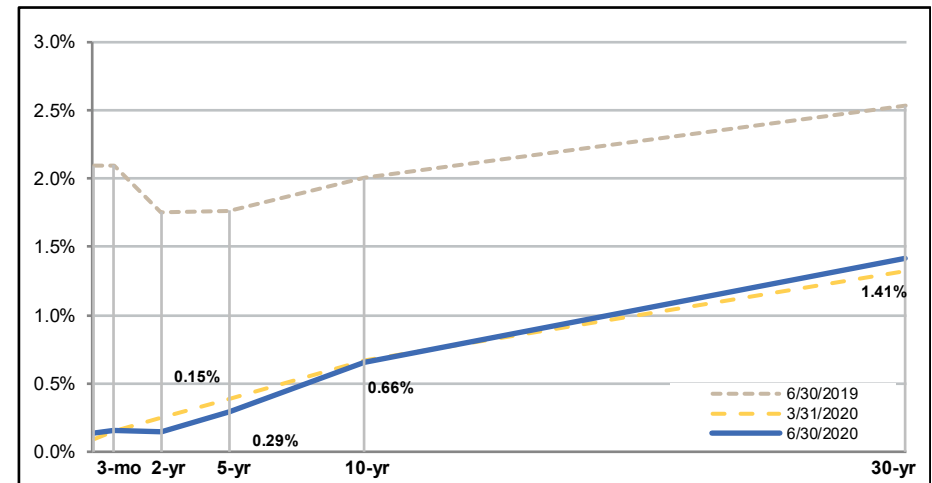


QUARTERLY MARKET SUMMARY

FIXED INCOME

- The U.S. bond market, as represented by the Bloomberg Barclays U.S. Aggregate (Aggregate) Index, returned 2.9%.
- Rates remained relatively stable during the quarter, but experienced minor changes in direction across various tenors. The 2-year and 10-year treasury rates fell while the 30-year rate slightly increased. Much of the Aggregate return came from spread compression in credit.
- Investment-grade (IG) corporate spreads declined during the quarter. The Bloomberg Barclays U.S. Corporate Index gained 9.0% as credit rallied given unprecedented support from the Fed, which provided liquidity to the market and began a corporate bond-buying program. High yield bonds, as represented by the Bloomberg Barclays U.S. Corporate High Yield (HY) Index had an even sharper rally, gaining 10.2%. The strongest part of the corporate market was in the BBB-rated IG and BB-rated HY space, each gaining 11.5% in the quarter.
- The fixed-rate mortgage market, as measured by the Bloomberg Barclays U.S. Mortgage-Backed Securities (MBS) Index, gained 0.7%. Meanwhile, the Bloomberg Barclays U.S. Agency CMBS Index (measuring commercial MBS) gained 3.5%, while non-index mezzanine tranches of CMBS remained stressed as a result of continued office and retail shutdowns.
- EM USD sovereign bonds, as represented by the JP Morgan EMBI Global Diversified index, gained 12.3% as oil prices began to rise and investors added to this high yielding asset class.

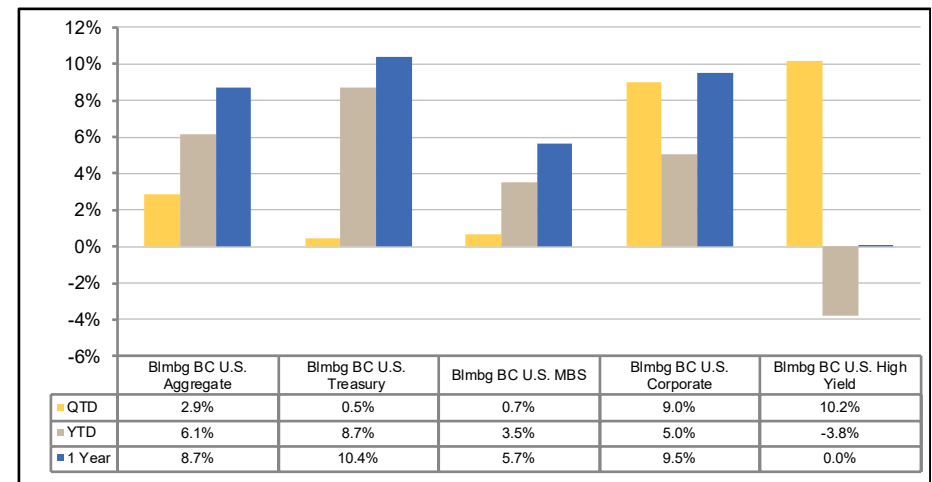
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended June 30, 2020



Source: Bloomberg. "Bimbg BC" is Bloomberg Barclays.

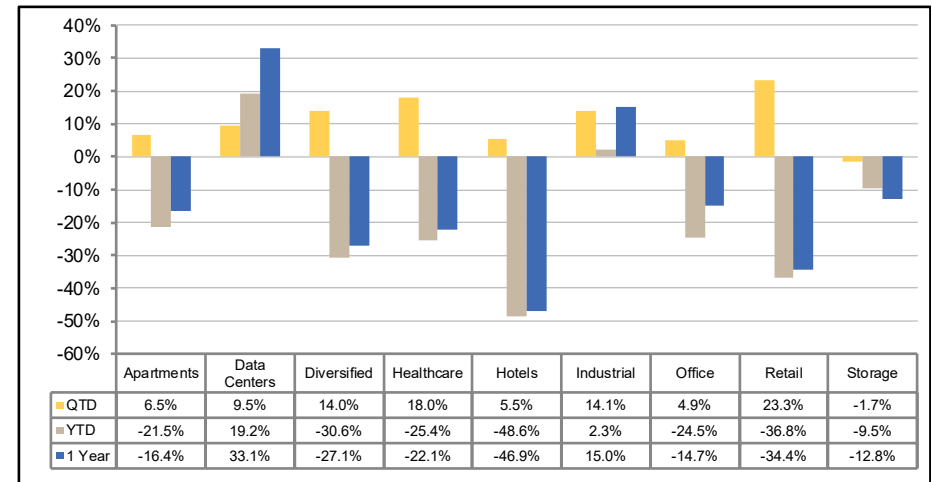
QUARTERLY MARKET SUMMARY

ALTERNATIVES

- REITs, as measured by the FTSE NAREIT Equity REITs Index, returned 11.8% in the second quarter, making up for a portion of the 27.3% loss in the first quarter. Most REIT sectors posted moderate to large gains in the second quarter. The Self-Storage sector was the exception, which posted a return of -1.7% over the quarter. The largest gains were seen in the Retail, Health Care and Industrial sectors, which posted returns of 23.3%, 18.0% and 14.1%, respectively.
- Private real estate, as measured by the NCREIF Property Index, generated a total return of 0.7% in the first quarter, resulting in a 5.3% return over the last 12-month period. In the first quarter, industrial properties were the top-performing sector, with a total return of 2.6%. Hotel properties were the worst-performing sector in the first quarter with a total return of -3.7%, comprised of 1.1% in income return and -4.8% in appreciation return.
- Hedge funds generated positive returns in the second quarter through May 2020 with the HFRI Fund Weighted Composite Index returning 7.1%. During the same period, the HFRI Macro (Total) Index returned 1.2%. The HFRI Equity Hedge (Total) Index and the HFRI Fund of Funds Index returned 10.4% and 5.8%, respectively.
- In the first quarter of 2020, private capital fundraising was once again led by private equity funds, which closed on \$133 billion, followed by \$38 billion raised by infrastructure funds, \$18 billion raised by private real estate funds and \$14 billion raised by private debt funds. Private equity dry powder, which accounts for the bulk of private capital dry powder, reached \$1.43 trillion as of year-end 2019. According to Cambridge Associates, U.S. private equity generated a return of 12.0% for the five years ending Q4 2019. According to Cliffwater Direct Lending Index, U.S. middle-market loans, a proxy for private debt, generated a return of 6.92% for the five years ending Q1 2020.
- Commodity futures, represented by the Bloomberg Commodity Total Return Index, returned 5.1% in the second quarter. The U.S. Dollar Index (DXY) fell 1.7% over the same period. Gold spot price ended the quarter at \$1,780.96 per ounce, representing a 12.9% gain over the period. The West Texas Intermediate (WTI) Crude Oil spot price increased by 91.7% from \$20.48 to \$39.27 during the second quarter.

FTSE NAREIT Sectors

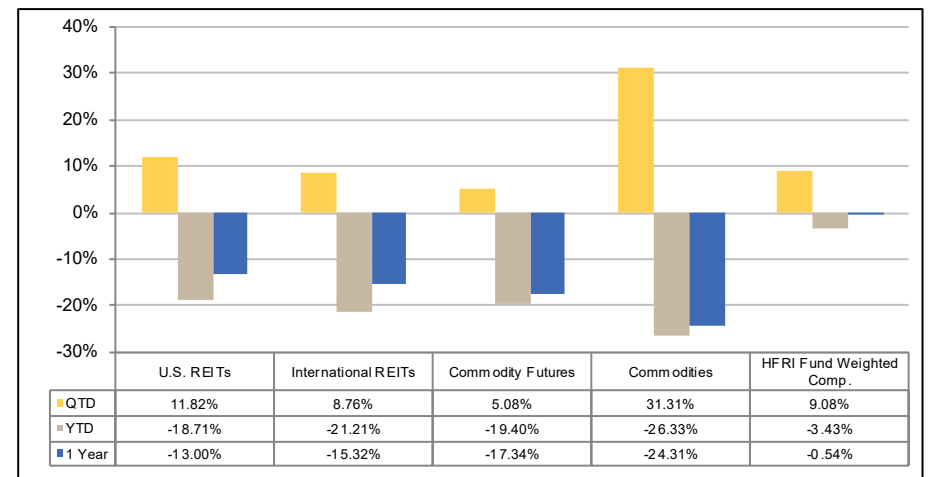
Periods Ended June 30, 2020



Source: Bloomberg.

Returns for Alternative Assets

Periods Ended June 30, 2020



Sources: Bloomberg and Hedge Fund Research, Inc.



QUARTERLY MARKET SUMMARY

Investment Strategy Overview

For the Third Quarter 2020

Asset Class	Our Investment Outlook	Comments
U.S. EQUITIES		<ul style="list-style-type: none"> Improving fundamentals have made us cautiously optimistic, but we believe that the economic recovery will be gradual and protracted, rather than V-shaped. We remain defensive in our allocation to equities. The Fed's accommodative stance and continued expectation of a low level of interest rates remains a tailwind to equity valuations. Uncertainty around earnings and profit margins remain as some states are backtracking reopening efforts, impacting labor markets, consumer confidence and consumer spending. Small-caps are expected to be more vulnerable to cash flow disruptions. Currently, fiscal and monetary stimulus are backstopping some of the weaker companies.
Large-Caps		
Mid-Caps		
Small-Caps		
NON-U.S. EQUITIES		<ul style="list-style-type: none"> International equities continue to trade at a discount to U.S. equities but a sharp recession followed by gradual protracted recovery makes us cautious. The COVID-19 pandemic is impacting Brazil and India substantially; we are concerned that EM economies with stressed healthcare infrastructure are the most vulnerable, leading us to be cautious. International small caps are expected to be impacted more due to the slowdown as smaller companies are typically more vulnerable to cash flow disruption.
Developed Markets		
Emerging Markets		
International Small-Caps		
FIXED INCOME		<ul style="list-style-type: none"> Continued globally coordinated accommodative monetary policy measures have been a tailwind to fixed income returns. In the current period of uncertainty, our allocation to fixed income is driven by our defensive stance. We continue to monitor downgrades and defaults within the corporate bond space while opportunistically adding to areas of dislocation within spread sectors.
Long Duration, Interest-Rate-Sensitive Sectors		
Credit-Sensitive Sectors		
ALTERNATIVES		<ul style="list-style-type: none"> While valuations look attractive, disruption to rental income due to broad shutdowns, impacting residential and retail sectors, along with possibility of defaults in the future, makes us cautious. Tighter credit market conditions and prolonged business disruptions could hurt access to capital thereby impacting valuations, especially in the case of a prolonged slowdown. Private debt strategies are expected to be impacted by cash flow uncertainty as businesses adjust to lack of demand in the short-term. Select hedge fund strategies managed by talented managers may provide some benefit in the current market environment of increased volatility. We remain cautious on the overall hedge fund universe.
Real Estate		
Private Equity		
Private Debt		
Hedge Funds		










● Current outlook ○ Outlook one quarter ago



QUARTERLY MARKET SUMMARY

Factors to Consider Over the Next 6-12 Months

For the Third Quarter 2020

<p>Monetary Policy:</p>  <ul style="list-style-type: none"> Fed has embarked on accommodative monetary policy along with quantitative easing and other measures to offer liquidity and stability. Globally, all major central banks continue on the path of accommodative monetary policy. 	<p>Economic Growth:</p>  <ul style="list-style-type: none"> In the U.S., improving fundamentals recently point to a recovery from the lows of April. Recovery is expected to be gradual rather than sharp. Global growth expectations are sharply lower with a possibility of second wave of infections leading it even lower. 	<p>Fiscal Stimulus:</p>  <ul style="list-style-type: none"> Extension of unemployment benefits under CARES Act needs unified policy action, which might be difficult to achieve. Stimulus focused on infrastructure spending should be a positive.
<p>COVID-19 Containment:</p>  <ul style="list-style-type: none"> Rise in number of cases in the U.S. and the continued rise in economies that have reopened continues to impact reopening measures. Concerns around rise in second wave of infections remain a focal point for economic recovery in the fall. 	<p>Consumer Confidence (U.S.):</p>  <ul style="list-style-type: none"> Labor market conditions have improved from the historic lows but the recent surge in cases could further increase jobless claims. Next round of fiscal stimulus support or extension of unemployment benefits will be a positive as will be the reopening of states. 	<p>Inflation (U.S.):</p>  <ul style="list-style-type: none"> Range-bound inflation remains but concerns are rising that inflation could increase as the latent demand hits the economy post the relaxation of social distancing efforts.
<p>Corporate Fundamentals:</p>  <ul style="list-style-type: none"> Profit margins are expected to contract globally as a result of both demand and supply shocks. Uncertainty around earnings remains. Credit markets have continued to stabilize; rise in downgrades and defaults needs to be closely watched. 	<p>Valuations:</p>  <ul style="list-style-type: none"> Equity market valuations look less attractive given the strong rebound but the low level of rates continues to be tailwind. Fed's actions that provide support to certain spread sectors is a tailwind to fixed income assets. 	<p>Political Risks:</p>  <ul style="list-style-type: none"> Upcoming U.S. elections could cause policy uncertainty, especially as the focus to reopen the economy continues. Rising tensions in the U.S. – China relations adds to the political uncertainty.

Stance
Unfavorable to
Risk Assets



Stance
Favorable to
Risk Assets

The view expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (6/30/2020) and are subject to change.

Plan Performance Summary - Police

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Jan-2016 To Jun-2020	Since Inception	Inception Date
TOTAL FUND	63,994,780	100.00	13.74	-1.57	5.25	6.94	6.47	7.95	6.59	07/01/2004
<i>Blended Benchmark - Police</i>			13.81	-1.55	5.18	6.69	6.59	7.90	6.59	07/01/2004
Domestic Equity	26,459,832	41.35								
PFM Multi-Manager Domestic Equity Fund	26,459,832	41.35	21.08	-3.10	6.37	N/A	N/A	N/A	7.64	06/01/2018
<i>Russell 3000 Index</i>			22.03	-3.48	6.53	10.04	10.03	11.57	7.76	06/01/2018
Vanguard Total Stock Market ETF - 60.28%			22.09	-3.41	6.44	10.04	10.02	11.56	-3.35	02/01/2020
<i>Russell 3000 Index</i>			22.03	-3.48	6.53	10.04	10.03	11.57	-3.37	02/01/2020
Vaughan Nelson Select - 15.5% (^)			25.85	-0.34	8.49	N/A	N/A	N/A	8.07	06/01/2018
Nuance All Cap Value - 14.8% (^)			13.28	-9.95	0.93	N/A	N/A	N/A	7.16	06/01/2018
<i>Russell 3000 Index</i>			22.03	-3.48	6.53	10.04	10.03	11.57	7.76	06/01/2018
Champlain Mid Cap Core - 8.03% (^)			26.72	2.20	8.39	N/A	N/A	N/A	11.67	06/01/2018
<i>S&P MidCap 400</i>			24.07	-12.78	-6.70	2.39	5.22	7.31	-2.44	06/01/2018
Jacobs Levy Small Cap - 0.93% (^)			27.94	-15.18	-9.78	N/A	N/A	N/A	-10.39	05/01/2019
<i>S&P SmallCap 600</i>			21.94	-17.85	-11.29	0.56	4.48	6.41	-11.25	05/01/2019
International Equity	13,255,732	20.71								
PFM Multi-Manager International Equity Fund	13,255,732	20.71	17.96	-10.00	-4.32	N/A	N/A	N/A	-2.57	06/01/2018
<i>MSCI AC World ex USA (Net)</i>			16.12	-11.00	-4.80	1.13	2.26	4.77	-2.62	06/01/2018
iShares Core MSCI Total Int'l Stock ETF - 39.34%			17.06	-11.16	-4.65	1.14	2.50	4.89	-8.63	02/01/2020
<i>MSCI AC World ex USA (Net)</i>			16.12	-11.00	-4.80	1.13	2.26	4.77	-8.54	02/01/2020
Lazard Int'l ACW ex US - 10.03% (^)			14.95	-13.51	-8.71	N/A	N/A	N/A	-3.23	06/01/2018
<i>MSCI AC World ex USA (Net)</i>			16.12	-11.00	-4.80	1.13	2.26	4.77	-2.62	06/01/2018
WCM Focused Growth International - 15.12% (^)			23.83	2.74	N/A	N/A	N/A	N/A	7.38	12/01/2019
<i>MSCI AC World ex USA (Net)</i>			16.12	-11.00	-4.80	1.13	2.26	4.77	-7.15	12/01/2019
Acadian Non-U.S. Equity - 10.13% (^)			17.78	-10.16	N/A	N/A	N/A	N/A	-10.16	01/01/2020
<i>MSCI EAFE (net)</i>			14.88	-11.34	-5.13	0.81	2.05	3.70	-11.34	01/01/2020
Aristotle International Equity - 9.93% (^)			15.63	-12.52	-6.92	N/A	N/A	N/A	-0.69	06/01/2018
<i>MSCI EAFE (net)</i>			14.88	-11.34	-5.13	0.81	2.05	3.70	-2.57	06/01/2018
JO Hambro Int'l Small Company - 5.85% (^)			16.42	-17.84	-10.33	N/A	N/A	N/A	-9.14	06/01/2018
<i>MSCI AC World ex USA Small Cap (Net)</i>			22.83	-12.80	-4.34	-0.17	2.50	4.03	-6.20	06/01/2018
Schroders Global Emerging Markets - 9.06% (^)			19.66	-8.40	N/A	N/A	N/A	N/A	-8.40	01/01/2020
<i>MSCI EM (net)</i>			18.08	-9.78	-3.39	1.90	2.86	7.65	-9.78	01/01/2020

Returns are net of mutual fund fees and are expressed as percentages.

PFM Asset Management LLC took over management of the portfolio in mid-December 2015. Historical performance prior to 2016 not attributable to PFM.

Blended Benchmark: See historical hybrid composition page for details.

(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Jan-2016 To Jun-2020	Since Inception	Inception Date
Other Growth	1,743,973	2.73								
SPDR Blmbg Barclays Convert Secs ETF	1,743,973	2.73	26.88	9.68	17.42	11.40	10.29	12.28	N/A	07/01/2020
<i>Blmbg. Barc. Liquid US Convertibles Index</i>			26.46	10.03	18.01	12.10	10.69	12.74	N/A	07/01/2020
Fixed Income	21,354,799	33.37								
PFM Multi-Manager Fixed-Income Fund	21,354,799	33.37	5.75	4.08	6.80	N/A	N/A	N/A	6.80	06/01/2018
<i>Blmbg. Barc. U.S. Aggregate</i>			2.90	6.14	8.74	5.32	4.30	4.64	7.89	06/01/2018
PGIM Core Fixed - 34% (^)			4.95	5.96	8.93	N/A	N/A	N/A	8.20	06/01/2018
TIAA Core Fixed - 34.98% (^)			5.99	5.89	9.02	N/A	N/A	N/A	8.19	06/01/2018
<i>Blmbg. Barc. U.S. Aggregate</i>			2.90	6.14	8.74	5.32	4.30	4.64	7.89	06/01/2018
iShares Core U.S. Aggregate Bond ETF - 3.95%			2.91	6.06	8.64	5.25	4.24	4.58	1.09	05/01/2020
<i>Blmbg. Barc. U.S. Aggregate</i>			2.90	6.14	8.74	5.32	4.30	4.64	1.10	05/01/2020
iShares National Muni Bond ETF - 5.97%			2.48	2.10	4.27	3.91	3.61	3.28	0.69	06/01/2020
<i>ICE BofA U.S. Municipal Securities Index</i>			2.66	1.97	4.30	4.22	3.99	3.66	0.99	06/01/2020
PineBridge IG Credit - 6.8% (^)			11.08	7.52	12.59	N/A	N/A	N/A	11.03	06/01/2018
<i>Blmbg. Barc. U.S. Credit Index</i>			8.22	4.82	9.07	6.14	5.54	6.18	9.06	06/01/2018
Brown Bros. Harriman Structured - 6.42% (^)			5.58	-0.44	1.17	N/A	N/A	N/A	3.20	06/01/2018
<i>ICE BofAML Asset-Bckd Fxd & Fltng Rate AA-BBB Idx</i>			6.59	-0.53	0.68	2.84	2.86	3.22	2.81	06/01/2018
iShares JP Morgan USD Emerging Mkts Bond ETF - 2.96%			12.64	-2.79	0.56	3.21	4.83	5.55	N/A	07/01/2020
<i>JPM EMBI Global Diversified</i>			12.26	-2.76	0.49	3.60	5.30	6.02	N/A	07/01/2020
Nomura High Yield - 4.83% (^)			10.75	-4.16	-0.32	N/A	N/A	N/A	2.67	06/01/2018
<i>Blmbg. Barc. U.S. Corp: High Yield</i>			10.18	-3.80	0.03	3.33	4.79	7.00	3.74	06/01/2018
Cash Equivalent	1,180,444	1.84								
Wells Fargo Government MM	1,180,444	1.84	0.03	0.33	1.26	1.51	1.01	1.12	1.30	10/01/2016

Returns are net of mutual fund fees and are expressed as percentages.

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Comparative Performance

	2019	2018	2017	2016	2015
TOTAL FUND	21.17	-5.07	16.63	6.86	-0.88
<i>Blended Benchmark - Police</i>	20.95	-5.31	16.02	7.61	-0.57
Domestic Equity					
PFM Multi-Manager Domestic Equity Fund	29.70	N/A	N/A	N/A	N/A
<i>Russell 3000 Index</i>	31.02	-5.24	21.13	12.74	0.48
Vanguard Total Stock Market ETF - 60.28%	30.80	-5.13	21.16	12.68	0.40
Vaughan Nelson Select - 15.5% (^)	29.17	N/A	N/A	N/A	N/A
Nuance All Cap Value - 14.8% (^)	31.33	N/A	N/A	N/A	N/A
<i>Russell 3000 Index</i>	31.02	-5.24	21.13	12.74	0.48
Champlain Mid Cap Core - 8.03% (^)	27.82	N/A	N/A	N/A	N/A
<i>S&P MidCap 400</i>	26.20	-11.08	16.24	20.74	-2.18
Jacobs Levy Small Cap - 0.93% (^)	N/A	N/A	N/A	N/A	N/A
<i>S&P SmallCap 600</i>	22.78	-8.48	13.23	26.56	-1.97
International Equity					
PFM Multi-Manager International Equity Fund	21.99	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	21.51	-14.20	27.19	4.50	-5.66
iShares Core MSCI Total Int'l Stock ETF - 39.34%	21.85	-14.55	28.08	4.66	-4.62
Lazard Int'l ACW ex US - 10.03% (^)	21.83	N/A	N/A	N/A	N/A
WCM Focused Growth International - 15.12% (^)	N/A	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	21.51	-14.20	27.19	4.50	-5.66
Acadian Non-U.S. Equity - 10.13% (^)	N/A	N/A	N/A	N/A	N/A
Aristotle International Equity - 9.93% (^)	25.45	N/A	N/A	N/A	N/A
<i>MSCI EAFE (net)</i>	22.01	-13.79	25.03	1.00	-0.81
JO Hambro Int'l Small Company - 5.85% (^)	23.48	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA Small Cap (Net)</i>	22.42	-18.20	31.65	3.91	2.60
Schroders Global Emerging Markets - 9.06% (^)	N/A	N/A	N/A	N/A	N/A
<i>MSCI EM (net)</i>	18.44	-14.58	37.28	11.19	-14.92
Other Growth					
SPDR Blmbg Barclays Convert Secs ETF	22.39	-2.32	16.24	10.50	-0.61
<i>Blmbg. Barc. Liquid US Convertibles Index</i>	22.79	-1.79	17.32	10.22	-0.28

Returns are net of mutual fund fees and are expressed as percentages.

PFM Asset Management LLC took over management of the portfolio in mid-December 2015. Historical performance prior to 2016 not attributable to PFM.

Blended Benchmark: See historical hybrid composition page for details.

(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Comparative Performance

	2019	2018	2017	2016	2015
Fixed Income					
PFM Multi-Manager Fixed-Income Fund	9.56	N/A	N/A	N/A	N/A
<i>Blmbg. Barc. U.S. Aggregate</i>	8.72	0.01	3.54	2.65	0.55
PGIM Core Fixed - 34% (^)	9.65	N/A	N/A	N/A	N/A
TIAA Core Fixed - 34.98% (^)	9.59	N/A	N/A	N/A	N/A
iShares Core U.S. Aggregate Bond ETF - 3.95%	8.68	-0.05	3.53	2.56	0.48
<i>Blmbg. Barc. U.S. Aggregate</i>	8.72	0.01	3.54	2.65	0.55
iShares National Muni Bond ETF - 5.97%	7.28	0.86	4.61	0.06	2.99
<i>ICE BofA U.S. Municipal Securities Index</i>	7.76	1.06	5.42	0.44	3.55
PineBridge IG Credit - 6.8% (^)	15.48	N/A	N/A	N/A	N/A
<i>Blmbg. Barc. U.S. Credit Index</i>	13.80	-2.11	6.18	5.63	-0.77
Brown Bros. Harriman Structured - 6.42% (^)	5.07	N/A	N/A	N/A	N/A
<i>ICE BofAML Asset-Bckd Fxd & Fltng Rate AA-BBB Idx</i>	4.31	3.16	4.53	3.08	0.84
iShares JP Morgan USD Emerging Mkts Bond ETF - 2.96%	15.57	-5.67	9.98	9.41	0.43
<i>JPM EMBI Global Diversified</i>	15.04	-4.26	10.26	10.15	1.18
Nomura High Yield - 4.83% (^)	13.42	N/A	N/A	N/A	N/A
<i>Blmbg. Barc. U.S. Corp: High Yield</i>	14.32	-2.08	7.50	17.13	-4.47
Cash Equivalent					
Wells Fargo Government MM	2.06	1.69	0.73	0.22	0.01

Returns are net of mutual fund fees and are expressed as percentages.

PFM Asset Management LLC took over management of the portfolio in mid-December 2015. Historical performance prior to 2016 not attributable to PFM.

Blended Benchmark: See historical hybrid composition page for details.

(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Account Reconciliation

QTR

	Market Value As of 04/01/2020	Net Flows	Return On Investment	Market Value As of 06/30/2020
TOTAL FUND	57,125,854	(912,994)	7,781,920	63,994,780

YTD

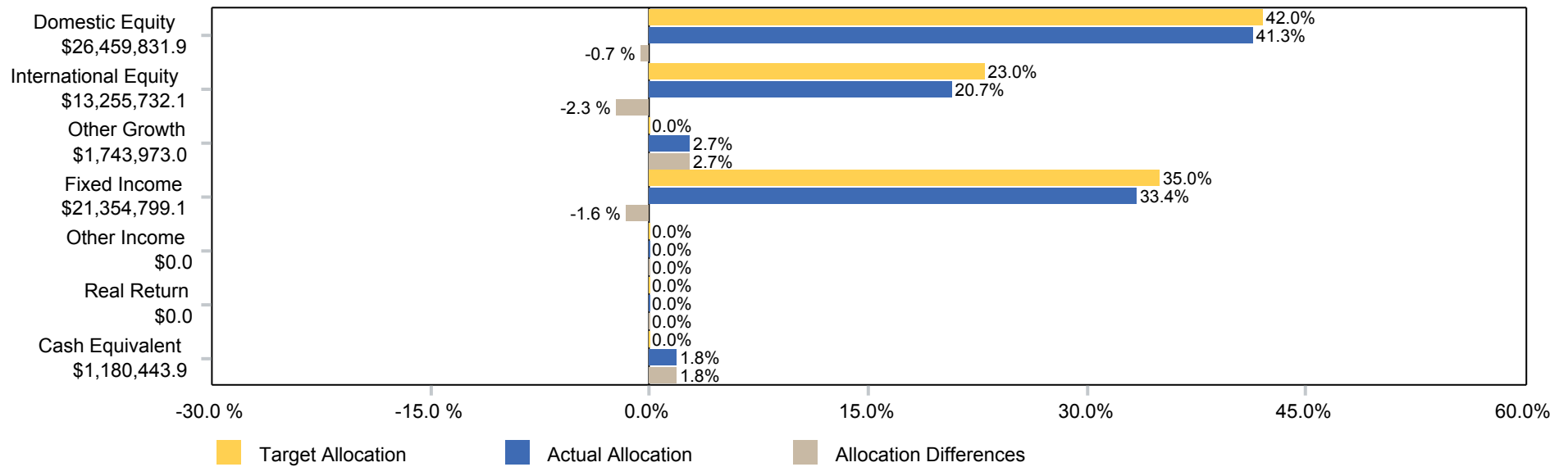
	Market Value As of 01/01/2020	Net Flows	Return On Investment	Market Value As of 06/30/2020
TOTAL FUND	66,942,941	(1,825,034)	(1,123,127)	63,994,780

1 Year

	Market Value As of 07/01/2019	Net Flows	Return On Investment	Market Value As of 06/30/2020
TOTAL FUND	62,506,272	(1,691,581)	3,180,089	63,994,780

Asset Allocation Summary

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
TOTAL FUND	100.0	100.0	N/A	N/A	0.0
Domestic Equity	41.3	42.0	22.0	62.0	-0.7
International Equity	20.7	23.0	3.0	43.0	-2.3
Other Growth	2.7	0.0	0.0	20.0	2.7
Fixed Income	33.4	35.0	15.0	55.0	-1.6
Other Income	0.0	0.0	0.0	20.0	0.0
Real Return	0.0	0.0	0.0	20.0	0.0
Cash Equivalent	1.8	0.0	0.0	20.0	1.8



Historical Hybrid Composition

Allocation Mandate	Weight (%)
Jul-2004	
IPS Target Policy*	100.0
Jan-2016	
Russell 3000 Index	41.0
MSCI AC World ex USA (Net)	19.0
Blmbg. Barc. U.S. Aggregate	40.0
Apr-2016	
Russell 3000 Index	42.0
MSCI AC World ex USA (Net)	23.0
Blmbg. Barc. U.S. Aggregate	35.0

* Returns supplied by prior advisor. (30% S&P 500, 11% S&P Completion, 19% MSCI AC World ex US (net), 40% Barclays Capital Aggregate. History includes past investment policy allocations.)

Plan Performance Summary - Non-Uniformed

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Jan-2016 To Jun-2020	Since Inception	Inception Date
TOTAL FUND	58,974,500	100.00	13.73	-1.62	5.24	6.95	6.48	7.97	5.78	07/01/2004
<i>Blended Benchmark - Non-Uniformed</i>			13.81	-1.55	5.18	6.69	6.59	7.90	6.39	07/01/2004
Domestic Equity	24,164,446	40.97								
PFM Multi-Manager Domestic Equity Fund	24,164,446	40.97	21.08	-3.10	6.37	N/A	N/A	N/A	7.64	06/01/2018
<i>Russell 3000 Index</i>			22.03	-3.48	6.53	10.04	10.03	11.57	7.76	06/01/2018
Vanguard Total Stock Market ETF - 60.28%			22.09	-3.41	6.44	10.04	10.02	11.56	-3.35	02/01/2020
<i>Russell 3000 Index</i>			22.03	-3.48	6.53	10.04	10.03	11.57	-3.37	02/01/2020
Vaughan Nelson Select - 15.5% (^)			25.85	-0.34	8.49	N/A	N/A	N/A	8.07	06/01/2018
Nuance All Cap Value - 14.8% (^)			13.28	-9.95	0.93	N/A	N/A	N/A	7.16	06/01/2018
<i>Russell 3000 Index</i>			22.03	-3.48	6.53	10.04	10.03	11.57	7.76	06/01/2018
Champlain Mid Cap Core - 8.03% (^)			26.72	2.20	8.39	N/A	N/A	N/A	11.67	06/01/2018
<i>S&P MidCap 400</i>			24.07	-12.78	-6.70	2.39	5.22	7.31	-2.44	06/01/2018
Jacobs Levy Small Cap - 0.93% (^)			27.94	-15.18	-9.78	N/A	N/A	N/A	-10.39	05/01/2019
<i>S&P SmallCap 600</i>			21.94	-17.85	-11.29	0.56	4.48	6.41	-11.25	05/01/2019
International Equity	12,228,165	20.73								
PFM Multi-Manager International Equity Fund	12,228,165	20.73	17.96	-10.00	-4.32	N/A	N/A	N/A	-2.57	06/01/2018
<i>MSCI AC World ex USA (Net)</i>			16.12	-11.00	-4.80	1.13	2.26	4.77	-2.62	06/01/2018
iShares Core MSCI Total Int'l Stock ETF - 39.34%			17.06	-11.16	-4.65	1.14	2.50	4.89	-8.63	02/01/2020
<i>MSCI AC World ex USA (Net)</i>			16.12	-11.00	-4.80	1.13	2.26	4.77	-8.54	02/01/2020
Lazard Int'l ACW ex US - 10.03% (^)			14.95	-13.51	-8.71	N/A	N/A	N/A	-3.23	06/01/2018
<i>MSCI AC World ex USA (Net)</i>			16.12	-11.00	-4.80	1.13	2.26	4.77	-2.62	06/01/2018
WCM Focused Growth International - 15.12% (^)			23.83	2.74	N/A	N/A	N/A	N/A	7.38	12/01/2019
<i>MSCI AC World ex USA (Net)</i>			16.12	-11.00	-4.80	1.13	2.26	4.77	-7.15	12/01/2019
Acadian Non-U.S. Equity - 10.13% (^)			17.78	-10.16	N/A	N/A	N/A	N/A	-10.16	01/01/2020
<i>MSCI EAFE (net)</i>			14.88	-11.34	-5.13	0.81	2.05	3.70	-11.34	01/01/2020
Aristotle International Equity - 9.93% (^)			15.63	-12.52	-6.92	N/A	N/A	N/A	-0.69	06/01/2018
<i>MSCI EAFE (net)</i>			14.88	-11.34	-5.13	0.81	2.05	3.70	-2.57	06/01/2018
JO Hambro Int'l Small Company - 5.85% (^)			16.42	-17.84	-10.33	N/A	N/A	N/A	-9.14	06/01/2018
<i>MSCI AC World ex USA Small Cap (Net)</i>			22.83	-12.80	-4.34	-0.17	2.50	4.03	-6.20	06/01/2018
Schroders Global Emerging Markets - 9.06% (^)			19.66	-8.40	N/A	N/A	N/A	N/A	-8.40	01/01/2020
<i>MSCI EM (net)</i>			18.08	-9.78	-3.39	1.90	2.86	7.65	-9.78	01/01/2020

Returns are net of mutual fund fees and are expressed as percentages.

PFM Asset Management LLC took over management of the portfolio in mid-December 2015. Historical performance prior to 2016 not attributable to PFM.

Blended Benchmark: See historical hybrid composition page for details.

(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Jan-2016 To Jun-2020	Since Inception	Inception Date
Other Growth	1,607,909	2.73								
SPDR Blmbg Barclays Convert Secs ETF	1,607,909	2.73	26.88	9.68	17.42	11.40	10.29	12.28	N/A	07/01/2020
<i>Blmbg. Barc. Liquid US Convertibles Index</i>			26.46	10.03	18.01	12.10	10.69	12.74	N/A	07/01/2020
Fixed Income	19,501,057	33.07								
PFM Multi-Manager Fixed-Income Fund	19,501,057	33.07	5.75	4.08	6.80	N/A	N/A	N/A	6.80	06/01/2018
<i>Blmbg. Barc. U.S. Aggregate</i>			2.90	6.14	8.74	5.32	4.30	4.64	7.89	06/01/2018
PGIM Core Fixed - 34% (^)			4.95	5.96	8.93	N/A	N/A	N/A	8.20	06/01/2018
TIAA Core Fixed - 34.98% (^)			5.99	5.89	9.02	N/A	N/A	N/A	8.19	06/01/2018
<i>Blmbg. Barc. U.S. Aggregate</i>			2.90	6.14	8.74	5.32	4.30	4.64	7.89	06/01/2018
iShares Core U.S. Aggregate Bond ETF - 3.95%			2.91	6.06	8.64	5.25	4.24	4.58	1.09	05/01/2020
<i>Blmbg. Barc. U.S. Aggregate</i>			2.90	6.14	8.74	5.32	4.30	4.64	1.10	05/01/2020
iShares National Muni Bond ETF - 5.97%			2.48	2.10	4.27	3.91	3.61	3.28	0.69	06/01/2020
<i>ICE BofA U.S. Municipal Securities Index</i>			2.66	1.97	4.30	4.22	3.99	3.66	0.99	06/01/2020
PineBridge IG Credit - 6.8% (^)			11.08	7.52	12.59	N/A	N/A	N/A	11.03	06/01/2018
<i>Blmbg. Barc. U.S. Credit Index</i>			8.22	4.82	9.07	6.14	5.54	6.18	9.06	06/01/2018
Brown Bros. Harriman Structured - 6.42% (^)			5.58	-0.44	1.17	N/A	N/A	N/A	3.20	06/01/2018
<i>ICE BofAML Asset-Bckd Fxd & Flting Rate AA-BBB Idx</i>			6.59	-0.53	0.68	2.84	2.86	3.22	2.81	06/01/2018
iShares JP Morgan USD Emerging Mkts Bond ETF - 2.96%			12.64	-2.79	0.56	3.21	4.83	5.55	N/A	07/01/2020
<i>JPM EMBI Global Diversified</i>			12.26	-2.76	0.49	3.60	5.30	6.02	N/A	07/01/2020
Nomura High Yield - 4.83% (^)			10.75	-4.16	-0.32	N/A	N/A	N/A	2.67	06/01/2018
<i>Blmbg. Barc. U.S. Corp: High Yield</i>			10.18	-3.80	0.03	3.33	4.79	7.00	3.74	06/01/2018
Cash Equivalent	1,472,923	2.50								
Wells Fargo Government MM	1,472,923	2.50	0.03	0.33	1.26	1.51	1.01	1.12	1.30	10/01/2016

Returns are net of mutual fund fees and are expressed as percentages.

PFM Asset Management LLC took over management of the portfolio in mid-December 2015. Historical performance prior to 2016 not attributable to PFM.

Blended Benchmark: See historical hybrid composition page for details.

(^*) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Comparative Performance

	2019	2018	2017	2016	2015
TOTAL FUND	21.16	-5.03	16.69	6.89	-0.92
<i>Blended Benchmark - Non-Uniformed</i>	20.95	-5.31	16.02	7.61	-0.57
Domestic Equity					
PFM Multi-Manager Domestic Equity Fund	29.70	N/A	N/A	N/A	N/A
<i>Russell 3000 Index</i>	31.02	-5.24	21.13	12.74	0.48
Vanguard Total Stock Market ETF - 60.28%	30.80	-5.13	21.16	12.68	0.40
Vaughan Nelson Select - 15.5% (^)	29.17	N/A	N/A	N/A	N/A
Nuance All Cap Value - 14.8% (^)	31.33	N/A	N/A	N/A	N/A
<i>Russell 3000 Index</i>	31.02	-5.24	21.13	12.74	0.48
Champlain Mid Cap Core - 8.03% (^)	27.82	N/A	N/A	N/A	N/A
<i>S&P MidCap 400</i>	26.20	-11.08	16.24	20.74	-2.18
Jacobs Levy Small Cap - 0.93% (^)	N/A	N/A	N/A	N/A	N/A
<i>S&P SmallCap 600</i>	22.78	-8.48	13.23	26.56	-1.97
International Equity					
PFM Multi-Manager International Equity Fund	21.23	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	21.51	-14.20	27.19	4.50	-5.66
iShares Core MSCI Total Int'l Stock ETF - 39.34%	21.85	-14.55	28.08	4.66	-4.62
Lazard Int'l ACW ex US - 10.03% (^)	21.83	N/A	N/A	N/A	N/A
WCM Focused Growth International - 15.12% (^)	N/A	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	21.51	-14.20	27.19	4.50	-5.66
Acadian Non-U.S. Equity - 10.13% (^)	N/A	N/A	N/A	N/A	N/A
Aristotle International Equity - 9.93% (^)	25.45	N/A	N/A	N/A	N/A
<i>MSCI EAFE (net)</i>	22.01	-13.79	25.03	1.00	-0.81
JO Hambro Int'l Small Company - 5.85% (^)	23.48	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA Small Cap (Net)</i>	22.42	-18.20	31.65	3.91	2.60
Schroders Global Emerging Markets - 9.06% (^)	N/A	N/A	N/A	N/A	N/A
<i>MSCI EM (net)</i>	18.44	-14.58	37.28	11.19	-14.92
Other Growth					
SPDR Blmbg Barclays Convert Secs ETF	22.39	-2.32	16.24	10.50	-0.61
<i>Blmbg. Barc. Liquid US Convertibles Index</i>	22.79	-1.79	17.32	10.22	-0.28

Returns are net of mutual fund fees and are expressed as percentages.

PFM Asset Management LLC took over management of the portfolio in mid-December 2015. Historical performance prior to 2016 not attributable to PFM.

Blended Benchmark: See historical hybrid composition page for details.

(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Comparative Performance

	2019	2018	2017	2016	2015
Fixed Income					
PFM Multi-Manager Fixed-Income Fund	9.56	N/A	N/A	N/A	N/A
<i>Blmbg. Barc. U.S. Aggregate</i>	8.72	0.01	3.54	2.65	0.55
PGIM Core Fixed - 34% (^)	9.65	N/A	N/A	N/A	N/A
TIAA Core Fixed - 34.98% (^)	9.59	N/A	N/A	N/A	N/A
iShares Core U.S. Aggregate Bond ETF - 3.95%	8.68	-0.05	3.53	2.56	0.48
<i>Blmbg. Barc. U.S. Aggregate</i>	8.72	0.01	3.54	2.65	0.55
iShares National Muni Bond ETF - 5.97%	7.28	0.86	4.61	0.06	2.99
<i>ICE BofA U.S. Municipal Securities Index</i>	7.76	1.06	5.42	0.44	3.55
PineBridge IG Credit - 6.8% (^)	15.48	N/A	N/A	N/A	N/A
<i>Blmbg. Barc. U.S. Credit Index</i>	13.80	-2.11	6.18	5.63	-0.77
Brown Bros. Harriman Structured - 6.42% (^)	5.07	N/A	N/A	N/A	N/A
<i>ICE BofAML Asset-Bckd Fxd & Fltng Rate AA-BBB Idx</i>	4.31	3.16	4.53	3.08	0.84
iShares JP Morgan USD Emerging Mkts Bond ETF - 2.96%	15.57	-5.67	9.98	9.41	0.43
<i>JPM EMBI Global Diversified</i>	15.04	-4.26	10.26	10.15	1.18
Nomura High Yield - 4.83% (^)	13.42	N/A	N/A	N/A	N/A
<i>Blmbg. Barc. U.S. Corp: High Yield</i>	14.32	-2.08	7.50	17.13	-4.47
Cash Equivalent					
Wells Fargo Government MM	2.06	1.69	0.73	0.22	0.01

Returns are net of mutual fund fees and are expressed as percentages.

PFM Asset Management LLC took over management of the portfolio in mid-December 2015. Historical performance prior to 2016 not attributable to PFM.

Blended Benchmark: See historical hybrid composition page for details.

(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Account Reconciliation

QTR

	Market Value As of 04/01/2020	Net Flows	Return On Investment	Market Value As of 06/30/2020
TOTAL FUND	52,664,720	(858,957)	7,168,737	58,974,500

YTD

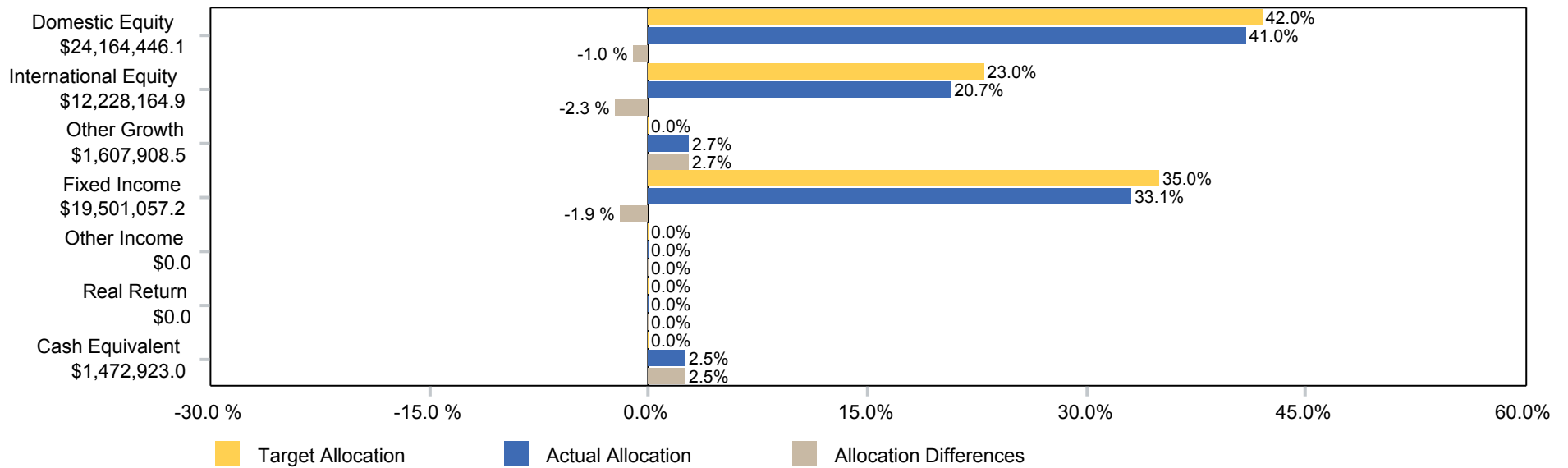
	Market Value As of 01/01/2020	Net Flows	Return On Investment	Market Value As of 06/30/2020
TOTAL FUND	61,749,286	(1,703,853)	(1,070,934)	58,974,500

1 Year

	Market Value As of 07/01/2019	Net Flows	Return On Investment	Market Value As of 06/30/2020
TOTAL FUND	58,772,295	(2,762,983)	2,965,187	58,974,500

Asset Allocation Summary

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
TOTAL FUND	100.0	100.0	N/A	N/A	0.0
Domestic Equity	41.0	42.0	22.0	62.0	-1.0
International Equity	20.7	23.0	3.0	43.0	-2.3
Other Growth	2.7	0.0	0.0	20.0	2.7
Fixed Income	33.1	35.0	15.0	55.0	-1.9
Other Income	0.0	0.0	0.0	20.0	0.0
Real Return	0.0	0.0	0.0	20.0	0.0
Cash Equivalent	2.5	0.0	0.0	20.0	2.5



Historical Hybrid Composition

Allocation Mandate	Weight (%)
Jul-2004	
IPS Target Policy*	100.0
Jan-2016	
Russell 3000 Index	41.0
MSCI AC World ex USA (Net)	19.0
Blmbg. Barc. U.S. Aggregate	40.0
Apr-2016	
Russell 3000 Index	42.0
MSCI AC World ex USA (Net)	23.0
Blmbg. Barc. U.S. Aggregate	35.0

* Returns supplied by prior advisor. (30% S&P 500, 11% S&P Completion, 19% MSCI AC World ex US (net), 40% Barclays Capital Aggregate. History includes past investment policy allocations.)

Investment Manager Review

◆ **Vanguard Total Stock Market Index**

- **Management:** Gerard C. O'Reilly has managed the Fund since its inception in 1994. Walter Nejman, co-portfolio manager, has managed the Fund since 2016. They have been in the investment management industry since 1992 and 2008, respectively.
- **Objective:** The Fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
- **Strategy:** The Fund employs a “passive management” – or indexing – investment approach designed to track the performance of the CRSP US Total Market Index. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

◆ **Vaughan Nelson Select**

- **Management:** Scott Weber, CFA is the lead portfolio manager and final decision maker. He is the lead PM on the strategy since inception. Chris Wallis serves as the CIO of the firm.
- **Objective:** The sub-advisor seek to invest in companies that are trading at a discount to fair value with the potential to generate above-average rates of returns over time.
- **Strategy:** Typical characteristics of an investment in the Select strategy are:
 - Undervalued Growth: companies with attractive ROIC that are trading at an attractive valuation
 - Undervalued Assets : companies where the market is under appreciating the value of underlying assets
 - Undervalued Dividends: companies with attractive dividend yields or return to shareholders

◆ **Nuance All Cap Value**

- **Management:** Scott Moore, CFA , founder of Nuance Investments, and Chad Baulmer, CFA are the Portfolio Managers responsible for the strategy. Scott and Chad are the PMs for the strategy since inception.
- **Objective:** The sub-advisor seek to invest in companies that are trading at a discount to fair value with the potential to generate above-average rates of returns over time.
- **Strategy:** The team follows a disciplined value approach to investing in companies with attractive competitive positioning that could be under-earning their normalized earning potential due to short-term, transitory issues and as a result they may be trading at a greater discount to their fair value.

◆ **Champlain Mid Cap Core**

- **Management:** The strategy is managed through a team based approach headed by Scott Brayman. Mr. Brayman is the founding partner and Chief Investment Officer, as well as portfolio manager for the Mid Cap Core strategy. He is the lead PM on the strategy since inception.
- **Objective:** The sub-advisor seek to invest in companies that are trading at a discount to fair value with the potential to generate above-average rates of returns over time.
- **Strategy:** The sub-advisor invest in common stocks of mid-capitalization companies that they believe have strong-term fundamentals, superior capital appreciation potential and attractive valuations.

● **Jacobs Levy Small Cap Equity**

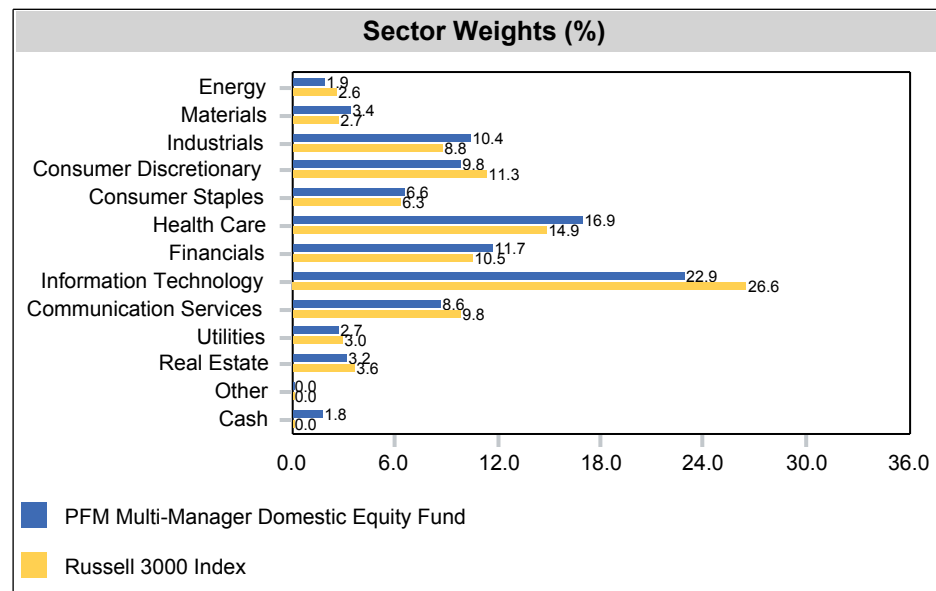
- **Management:** Dr. Bruce I. Jacobs and Mr. Kenneth N. Levy co-founded Jacobs Levy in 1986. The two individuals own 100% of the firm and are the portfolio managers responsible for the day-to-day management of firm assets. The two individuals are backed by a team of over 50 investment professionals.
- **Objective:** Through a quantitative approach, the strategy seeks outperformance relative to the S&P Small Cap Index.
- **Strategy:** The strategy employs an actively managed approach designed to outperform the S&P 600 over a full market cycle. The team uses a multi factor quantitative approach with over 80 factors, 42 are fundamental factors and 40 are industry factors. Stock selection is determined based on an optimizer run for expected alpha

Portfolio Characteristics

As of June 30, 2020

PFM Multi-Manager Domestic Equity vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	247,694	324,318
Median Mkt. Cap (\$M)	1,020	1,460
Price/Earnings ratio	22.39	22.81
Price/Book ratio	3.69	3.93
5 Yr. EPS Growth Rate (%)	11.65	12.15
Current Yield (%)	1.68	1.74
Number of Stocks	3,518	3,009

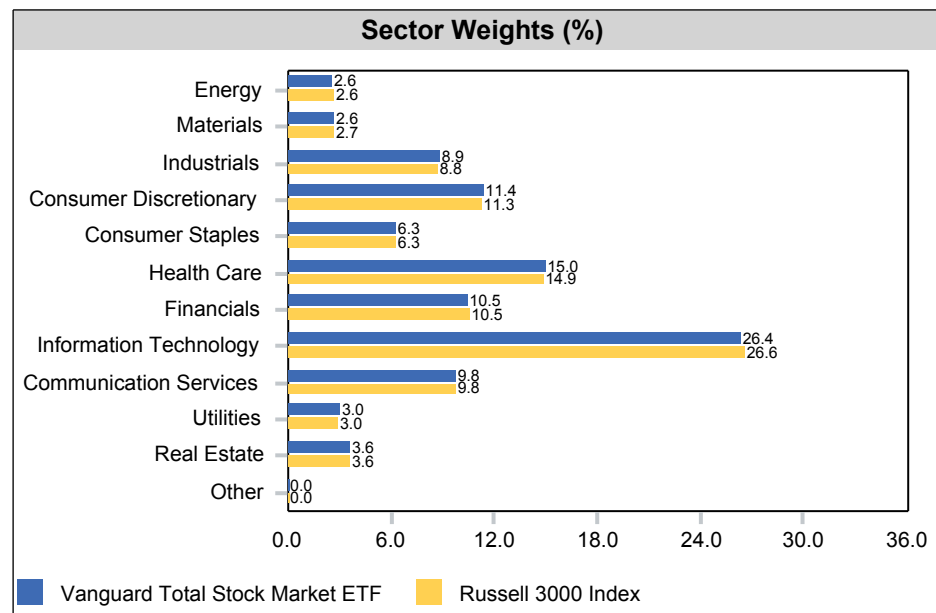


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Vanguard Total Stock Market ETF	60.33	0.00	60.33	21.97
Schwab (Charles) Corp	1.03	0.13	0.90	0.87
Microsoft Corp	0.95	5.00	-4.05	29.40
Electronic Arts Inc	0.86	0.12	0.74	31.83
DENTSPLY SIRONA Inc	0.86	0.03	0.83	13.73
Facebook Inc	0.83	1.79	-0.96	36.13
Amazon.com Inc	0.83	3.84	-3.01	41.50
ON Semiconductor Corp	0.78	0.03	0.75	59.32
Texas Instruments Inc	0.77	0.38	0.39	28.10
Unitedhealth Group Inc	0.75	0.91	-0.16	18.78
% of Portfolio	67.99	12.23	55.76	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Workhorse Group Inc	0.00	0.00	0.00	860.78
Microvision Inc WA	0.00	0.00	0.00	688.41
CellDex Therapeutics Inc	0.00	0.00	0.00	683.13
Veritone Inc	0.00	0.00	0.00	537.77
Novavax Inc	0.01	0.02	-0.01	513.77
Remark Holdings Inc	0.00	0.00	0.00	500.81
Overstock.com Inc	0.00	0.00	0.00	469.74
Cinedigm Corp	0.00	0.00	0.00	423.43
Navidea Biopharmaceuticals Inc	0.00	0.00	0.00	417.40
Cardiff Oncology Inc	0.00	0.00	0.00	396.04
% of Portfolio	0.01	0.02	-0.01	

Vanguard Total Stock Market ETF vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	321,530	324,318
Median Mkt. Cap (\$M)	1,015	1,460
Price/Earnings ratio	22.87	22.81
Price/Book ratio	3.94	3.93
5 Yr. EPS Growth Rate (%)	12.09	12.15
Current Yield (%)	1.74	1.74
Number of Stocks	3,501	3,009

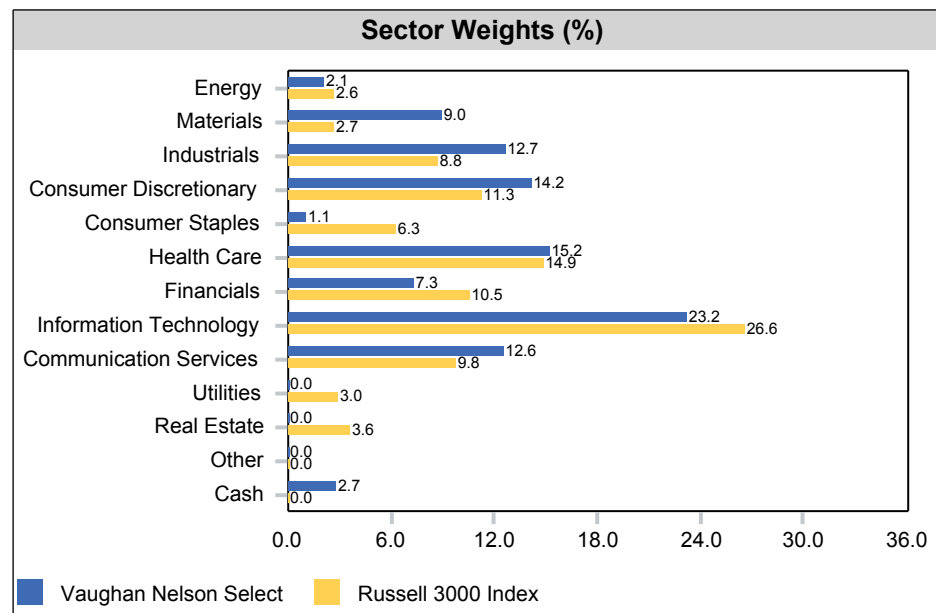


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Microsoft Corp	5.07	5.00	0.07	29.40
Apple Inc	4.68	4.89	-0.21	43.84
Amazon.com Inc	3.84	3.84	0.00	41.50
Facebook Inc	1.79	1.79	0.00	36.13
Alphabet Inc	1.39	1.40	-0.01	22.04
Alphabet Inc	1.33	1.37	-0.04	21.57
Johnson & Johnson	1.22	1.22	0.00	8.00
Berkshire Hathaway Inc	1.08	1.14	-0.06	-2.36
Visa Inc	1.07	1.07	0.00	20.10
Procter & Gamble Co (The)	0.97	0.96	0.01	9.42
% of Portfolio	22.44	22.68	-0.24	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Workhorse Group Inc	0.00	0.00	0.00	860.78
Microvision Inc WA	0.00	0.00	0.00	688.41
Celldex Therapeutics Inc	0.00	0.00	0.00	683.13
Veritone Inc	0.00	0.00	0.00	537.77
Novavax Inc	0.02	0.02	0.00	513.77
Remark Holdings Inc	0.00	0.00	0.00	500.81
Overstock.com Inc	0.00	0.00	0.00	469.74
Cinedigm Corp	0.00	0.00	0.00	423.43
Navidea Biopharmaceuticals Inc	0.00	0.00	0.00	417.40
Cardiff Oncology Inc	0.00	0.00	0.00	396.04
% of Portfolio	0.02	0.02	0.00	

Vaughan Nelson Select vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	269,537	324,318
Median Mkt. Cap (\$M)	38,125	1,460
Price/Earnings ratio	26.56	22.81
Price/Book ratio	4.68	3.93
5 Yr. EPS Growth Rate (%)	17.22	12.15
Current Yield (%)	1.42	1.74
Number of Stocks	30	3,009

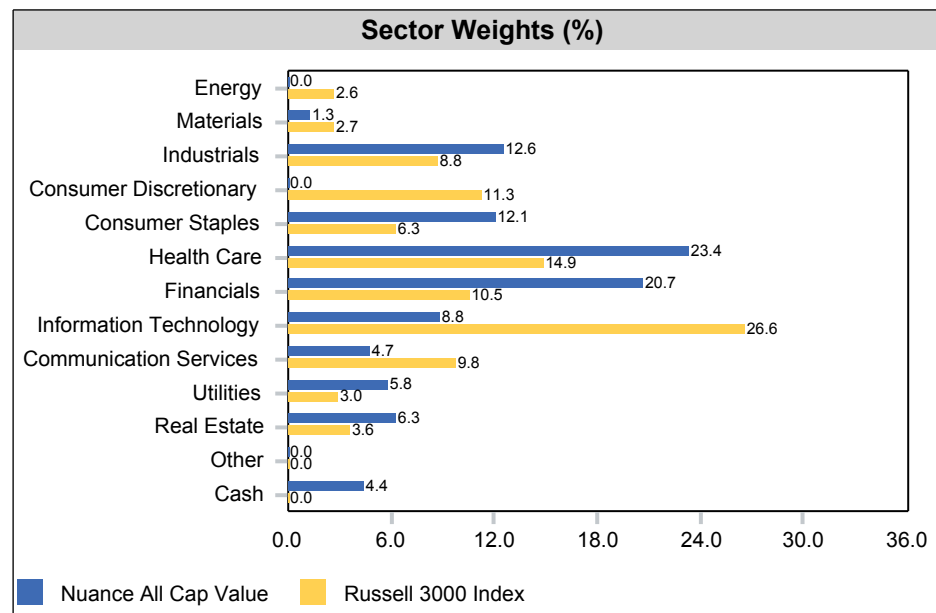


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Microsoft Corp	6.14	5.00	1.14	29.40
Electronic Arts Inc	5.55	0.12	5.43	31.83
Facebook Inc	5.35	1.79	3.56	36.13
Amazon.com Inc	5.33	3.84	1.49	41.50
Unitedhealth Group Inc	4.83	0.91	3.92	18.78
Union Pacific Corp	4.78	0.38	4.40	20.56
Texas Instruments Inc	4.74	0.38	4.36	28.10
Roper Technologies Inc	4.56	0.13	4.43	24.73
Home Depot Inc. (The)	4.55	0.88	3.67	34.97
Sherwin-Williams Co (The)	4.51	0.16	4.35	26.05
% of Portfolio	50.34	13.59	36.75	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Kosmos Energy Ltd	1.31	0.00	1.31	85.35
Wheaton Precious Metals Corp	4.47	0.00	4.47	60.37
ON Semiconductor Corp	3.31	0.03	3.28	59.32
Amazon.com Inc	5.33	3.84	1.49	41.50
Pioneer Natural Resources Co	0.78	0.05	0.73	40.08
Pool Corp	2.51	0.03	2.48	38.53
Ares Capital Corp	2.24	0.00	2.24	37.67
Facebook Inc	5.35	1.79	3.56	36.13
QUALCOMM Inc.	2.23	0.34	1.89	35.87
Home Depot Inc. (The)	4.55	0.88	3.67	34.97
% of Portfolio	32.08	6.96	25.12	

Nuance All Cap Value vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	72,696	324,318
Median Mkt. Cap (\$M)	10,390	1,460
Price/Earnings ratio	16.78	22.81
Price/Book ratio	2.36	3.93
5 Yr. EPS Growth Rate (%)	3.55	12.15
Current Yield (%)	2.22	1.74
Number of Stocks	61	3,009

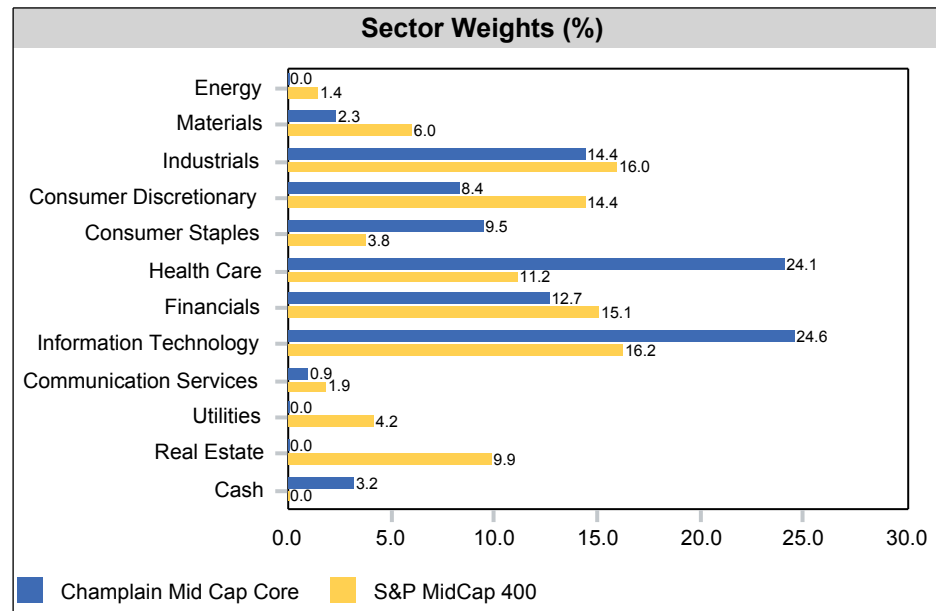


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Amphenol Corp	5.04	0.09	4.95	31.80
Equity Commonwealth	4.95	0.01	4.94	1.55
3M Co	4.84	0.29	4.55	15.42
Travelers Companies Inc (The)	4.82	0.09	4.73	15.57
Alphabet Inc	4.74	1.40	3.34	22.04
DENTSPLY SIRONA Inc	4.73	0.03	4.70	13.73
CASH	4.40	0.00	4.40	N/A
Merit Medical Systems Inc	4.22	0.01	4.21	46.08
Cal Maine Foods Inc	3.76	0.00	3.76	1.14
ICU Medical Inc	3.69	0.01	3.68	-8.65
% of Portfolio	45.19	1.93	43.26	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Raytheon Technologies Corp	0.43	0.29	0.14	91.45
ON Semiconductor Corp	1.78	0.03	1.75	59.32
Merit Medical Systems Inc	4.22	0.01	4.21	46.08
Envista Holdings Corp	0.32	0.01	0.31	41.16
MKS Instruments Inc	0.25	0.02	0.23	39.31
Schneider Electric SA	0.49	0.00	0.49	32.94
Applied Materials Inc.	1.26	0.18	1.08	32.44
Accenture PLC	0.28	0.45	-0.17	32.14
Amphenol Corp	5.04	0.09	4.95	31.80
ABB Ltd	0.55	0.00	0.55	30.71
% of Portfolio	14.62	1.08	13.54	

Champlain Mid Cap Core vs. S&P MidCap 400

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	16,249	5,582
Median Mkt. Cap (\$M)	11,168	3,642
Price/Earnings ratio	27.20	20.73
Price/Book ratio	4.84	2.70
5 Yr. EPS Growth Rate (%)	10.12	10.39
Current Yield (%)	0.77	1.68
Number of Stocks	60	400

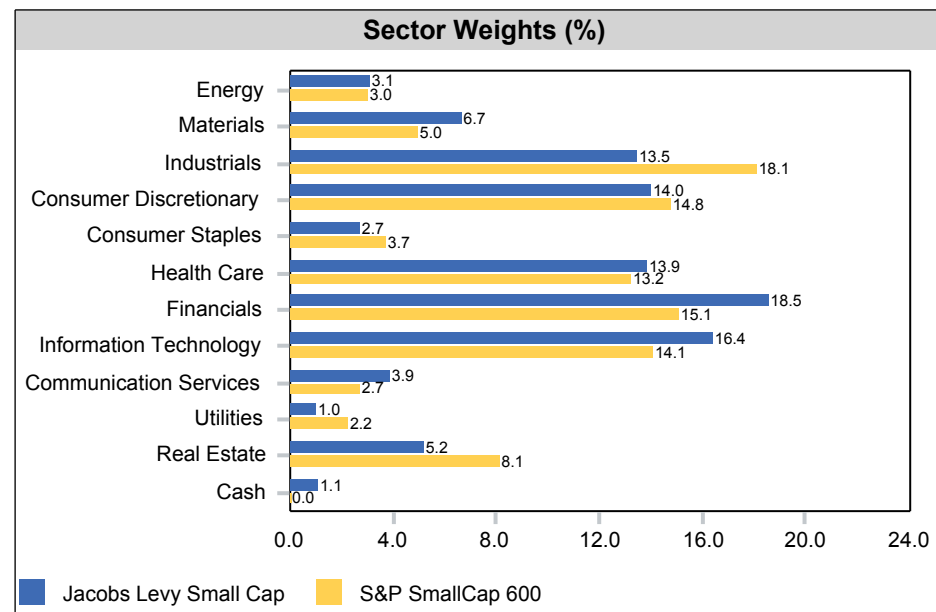


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
CASH	3.20	0.00	3.20	N/A
Workday Inc	3.09	0.00	3.09	43.88
Fortive Corp	2.98	0.00	2.98	22.73
Tractor Supply Co	2.90	0.00	2.90	56.36
AMETEK Inc	2.88	0.00	2.88	24.35
ServiceNow Inc	2.85	0.00	2.85	41.34
Veeva Systems Inc	2.83	0.00	2.83	49.91
Bio-Techne Corp	2.70	0.64	2.06	39.43
Everest Re Group Ltd	2.68	0.00	2.68	7.98
Splunk Inc	2.66	0.00	2.66	57.41
% of Portfolio	28.77	0.64	28.13	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Zscaler Inc	1.86	0.00	1.86	79.92
Okta Inc	2.00	0.00	2.00	63.77
Align Technology Inc	1.55	0.00	1.55	57.77
Splunk Inc	2.66	0.00	2.66	57.41
Tractor Supply Co	2.90	0.00	2.90	56.36
Advance Auto Parts Inc.	2.26	0.00	2.26	52.93
Synopsys Inc	1.26	0.00	1.26	51.41
Nutanix Inc	0.82	0.00	0.82	50.03
Veeva Systems Inc	2.83	0.00	2.83	49.91
West Pharmaceutical Services Inc.	1.48	0.00	1.48	49.35
% of Portfolio	19.62	0.00	19.62	

Jacobs Levy Small Cap vs. S&P SmallCap 600

<u>Portfolio Characteristics</u>		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	1,238	1,784
Median Mkt. Cap (\$M)	551	976
Price/Earnings ratio	13.61	17.71
Price/Book ratio	1.94	2.32
5 Yr. EPS Growth Rate (%)	14.15	11.26
Current Yield (%)	1.31	1.43
Number of Stocks	213	601



<u>Top Ten Holdings</u>				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Wingstop Inc	2.05	0.64	1.41	74.52
SPS Commerce Inc	1.71	0.41	1.30	61.51
Vista Outdoor Inc	1.53	0.13	1.40	64.21
American Equity Invnt. Life Hldg Co	1.48	0.35	1.13	31.44
Green Dot Corp	1.43	0.37	1.06	93.30
Innospec Inc	1.41	0.29	1.12	12.03
James River Group Holdings Ltd	1.39	0.21	1.18	25.06
Four Corners Property Trust Inc	1.36	0.27	1.09	32.06
Cogent Communications Holdings Inc	1.31	0.50	0.81	-4.77
Cadence Bancorporation	1.29	0.17	1.12	36.38
% of Portfolio	14.96	3.34	11.62	

<u>Ten Best Performers</u>				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Tupperware Brands Corp	0.41	0.04	0.37	193.21
Everspin Technologies Inc	0.12	0.00	0.12	167.94
Resideo Technologies Inc	0.44	0.22	0.22	142.15
Veritiv Corp	0.24	0.03	0.21	115.78
Aviat Networks Inc	0.05	0.00	0.05	114.71
Kraton Corp	0.52	0.09	0.43	113.33
Green Plains Inc	0.41	0.05	0.36	110.62
American Axle & Mfg Hldgs Inc	1.01	0.13	0.88	110.53
Tenneco Inc	0.12	0.00	0.12	110.00
Lydall Inc.	0.28	0.04	0.24	109.91
% of Portfolio	3.60	0.60	3.00	

◆ iShares Core MSCI Total International Stock

- **Management:** BlackRock Fund Advisors is the investment adviser for the fund. The five portfolio managers responsible for managing the fund include Rachel Aguirre, Jennifer Hsui, Alan Mason, Greg Savage, and Amy Whitelaw.
- **Objective:** The strategy seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
- **Strategy:** The strategy employs an index replication strategy designed to track the performance of the MSCI All Country World ex-US IMI Index. The strategy uses a representative sampling approach. Representative sampling gives the Fund characteristics similar to the underlying index.

◆ Lazard International ACW ex-US Equity

- **Management:** The strategy is managed by a team of five portfolio managers: Michael Fry, Michael Bennett, Kevin Matthews, Michael Powers, and John Reinsberg, all of whom share portfolio management responsibility on a number of Lazard's international strategies. Michael Fry is the lead PM, and the PM team is supported by approximately 90 analysts around the globe.
- **Objective:** The strategy is based on bottom-up stock research with a focus on: 1) Compounders, 2) Restructuring stories, and 3) Mispriced stocks. Attractive valuation is a requirement, and an accounting validation process is a key component of their research process, verifying financial statements and providing more relevant valuation comparisons across stocks.
- **Strategy:** The investment philosophy is based on value creation through the process of bottom-up stock selection of companies with strong and/or improving productivity at attractive valuations. Specifically, they are targeting stocks with attractive valuations along with strong and/or improving levels of RoE, RoA, FCF Yield, and operating margins.

◆ WCM Focused Growth

- **Management:** The strategy is managed by Paul R. Black, Peter Hunkel, Michael Trigg, and Kurt Winrich. All four have been with the fund since its inception in 2011.
- **Objective:** The strategy seeks to outperform the MSCI ACWI ex U.S. by using bottom-up security selection.
- **Strategy:** A concentrated, high-quality, growth-oriented international equity strategy, based purely on deep bottom-up fundamental research.

◆ Acadian Non-U.S. Equity

- **Management:** The investment team is overseen by CIO, Brendan Bradley, who has been with the firm since 2004. Also leading the investment team is, Ryan Taliaferro, Malcolm Baker, Alexandre Voitenok.
- **Objective:** The strategy seeks to provide long term growth by investing in global securities outside of the U.S.
- **Strategy:** Systematic, quantitatively managed strategy with an all cap approach utilizing value, quality, growth, and technical factors for security selection.

● **Aristotle International Equity**

- **Management:** The strategy is managed by a team of three Portfolio Managers, Howard Gleicher, CFA, Geoffrey Stewart, CFA, and Sean Thorpe, with all decisions made by unanimous approval. The three PMs are supported by a 12 member global sector analyst team.
- **Objective:** The strategy’s focus is on identifying high quality stocks, selling at attractive valuations, and with some compelling catalyst for future growth.
- **Strategy:** Aristotle’s “value equity” strategies are based on a uniform investment philosophy of investing in high quality businesses trading at discounts to their estimates of intrinsic value. Valuation is looked at through different lens: relative valuation, strategic value for a buyer, discounted cash flows, and attractive company fundamentals relative to peers. Quality, Valuation, and Catalysts are the basis for all of their investment decisions.

● **JO Hambro International Small Companies**

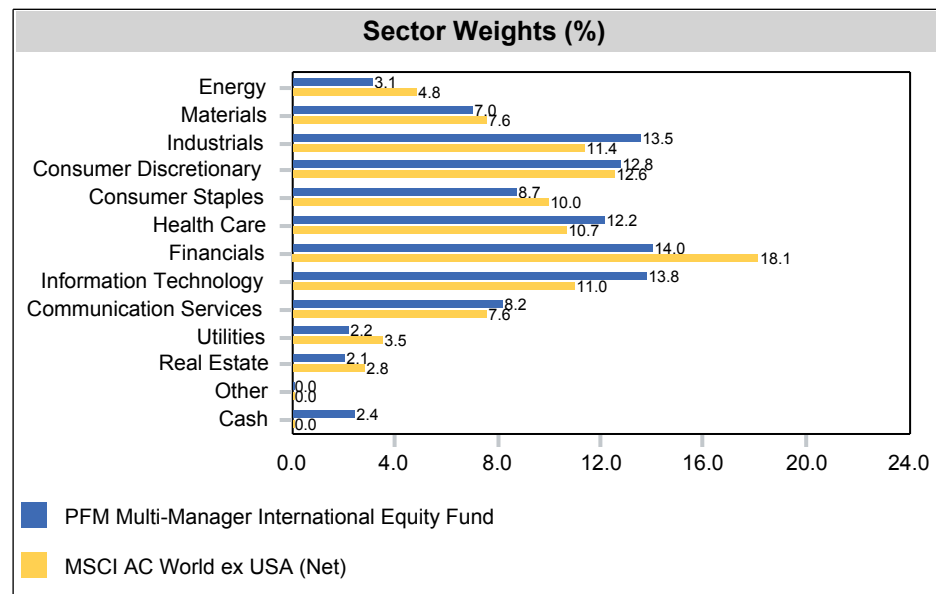
- **Management:** The strategy is managed by portfolio manager Robert Cresci who is supported by analyst Justin MacGregor. Cresci has managed the strategy since its inception in 2013, with MacGregor having joined in 2015.
- **Objective:** The strategy is based on bottom-up stock research with a focus on stock liquidity, stable revenue, operating margins, high return on capital, strong balance sheet, and consistent management execution.
- **Strategy:** A fundamental research based, bottom-up, quality at a reasonable price strategy. The team implements their investment philosophy through a relatively diversified portfolio. The strategy’s bias is toward stocks with high profitability, low risk, and stable growth.

● **Schroders Emerging Markets Equity**

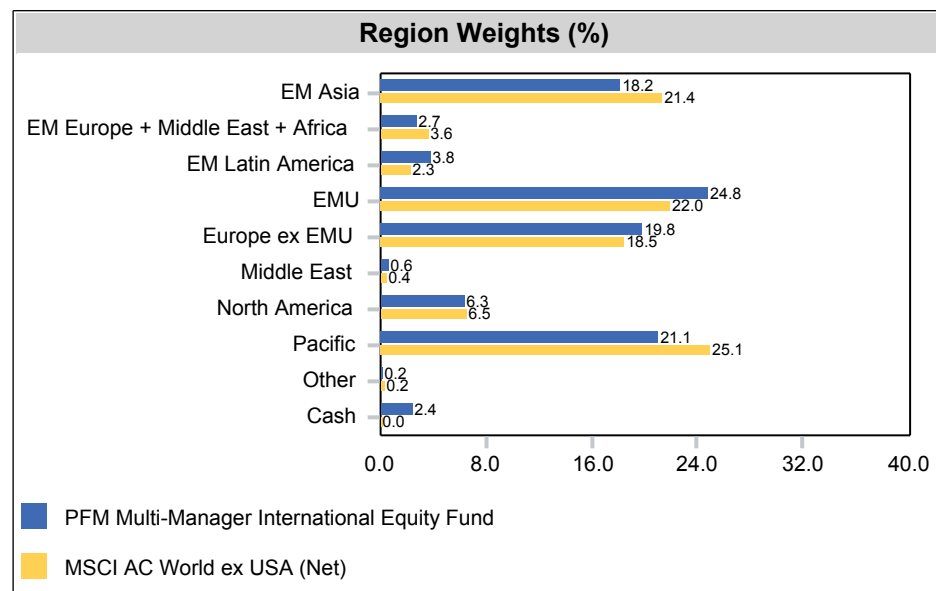
- **Management:** The fund is managed by a team of five portfolio managers led by Tom Wilson, Schroders’ Head of Emerging Markets Equity. He has worked at Schroders since 2001 and has been involved with emerging markets equities at Schroders since 2004.
- **Objective:** The Fund seeks capital appreciation.
- **Strategy:** The Fund employs an actively managed approach that combines fundamental, bottom-up stock research with a quantitative country allocation process. Country rankings are prepared through evaluation of valuation, growth, currency, momentum, and interest rates. Stock level research targets a core universe of the most liquid stocks in the emerging markets universe, utilizing a relative value approach for stocks across the growth/value spectrum without any systematic style bias. Comprehensive risk controls are employed to keep factor exposures in check and constrain strategy-level tracking error to moderate levels.

PFM Multi-Manager International Equity vs. MSCI AC World ex USA (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	73,123	80,702
Median Mkt. Cap (\$M)	2,387	7,497
Price/Earnings ratio	17.30	16.19
Price/Book ratio	2.82	2.62
5 Yr. EPS Growth Rate (%)	8.99	7.11
Current Yield (%)	2.36	2.80
Number of Stocks	4,472	2,372

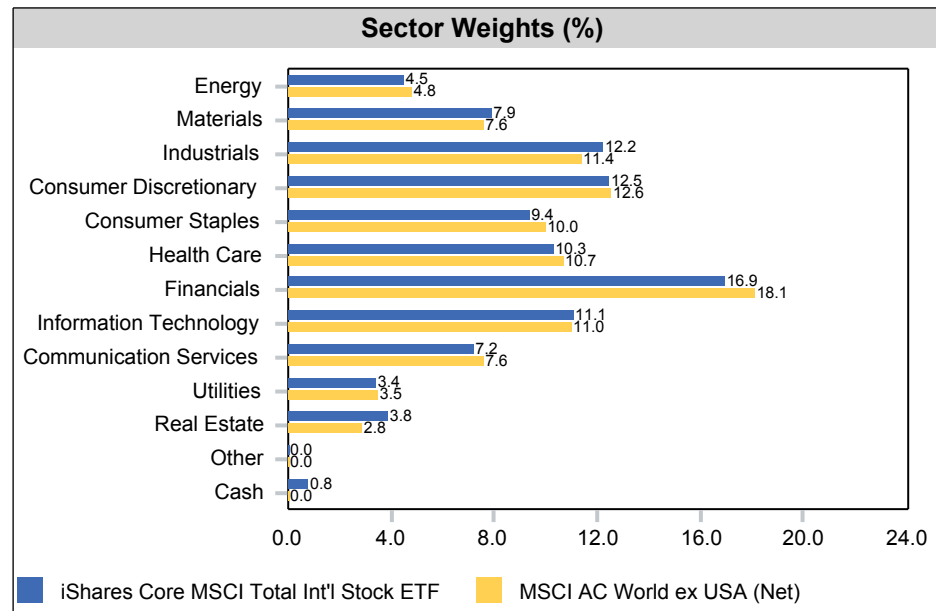


Top Ten Equity Holdings			
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)
iShares Core MSCI Total International Stock ETF	39.36	0.00	39.36
Tencent Holdings LTD	1.80	1.82	-0.02
Taiwan Semicon Manufctrg Co Ltd	1.11	1.30	-0.19
Accenture PLC	1.08	0.00	1.08
Experian Plc	1.01	0.16	0.85
Novartis AG	0.94	0.92	0.02
LVMH Moet Hennessy Louis Vui	0.90	0.60	0.30
AIA Group Ltd	0.88	0.56	0.32
MercadoLibre Inc	0.87	0.00	0.87
Alcon Inc	0.76	0.14	0.62
% of Portfolio	48.71	5.50	43.21

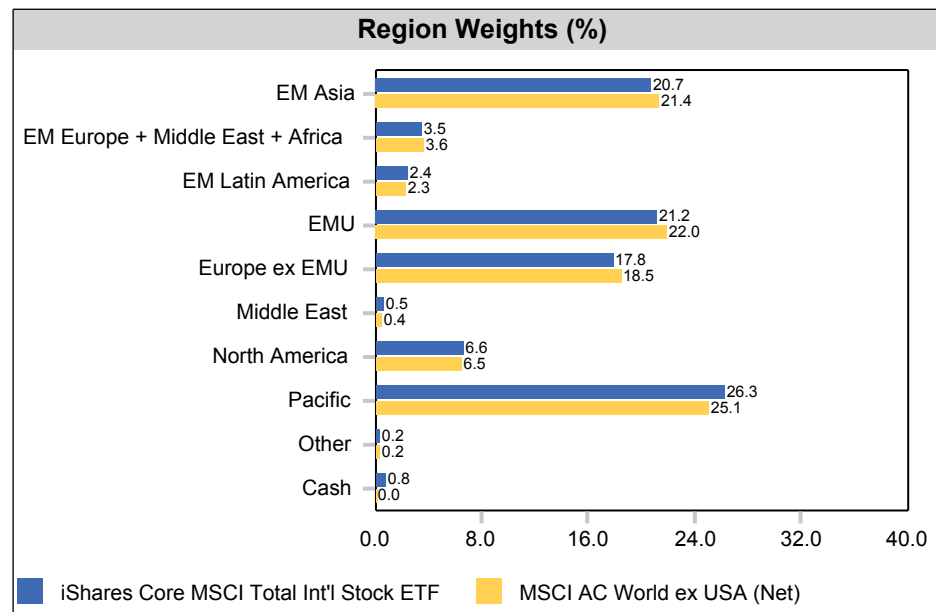


iShares Core MSCI Total Int'l Stock ETF vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	70,380	80,702
Median Mkt. Cap (\$M)	2,430	7,497
Price/Earnings ratio	16.03	16.19
Price/Book ratio	2.59	2.62
5 Yr. EPS Growth Rate (%)	7.24	7.11
Current Yield (%)	2.77	2.80
Number of Stocks	4,309	2,372

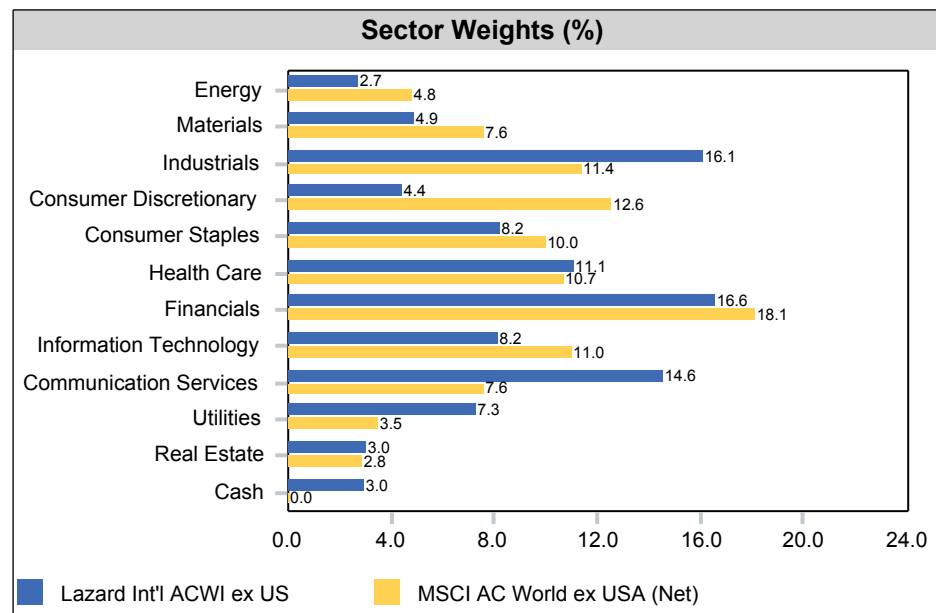


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Alibaba Group Holding Ltd	1.75	2.00	-0.25	10.91
Tencent Holdings LTD	1.60	1.82	-0.22	31.53
Nestle SA, Cham Und Vevey	1.41	1.63	-0.22	9.93
Taiwan Semicon Manufctrg Co Ltd	1.13	1.30	-0.17	18.29
Roche Holding AG	1.05	1.20	-0.15	6.38
Samsung Electronics Co Ltd	0.91	1.04	-0.13	12.84
Novartis AG	0.80	0.92	-0.12	5.02
CASH	0.75	0.00	0.75	N/A
ASML Holding NV	0.67	0.77	-0.10	38.79
SAP SE	0.63	0.72	-0.09	25.69
% of Portfolio	10.70	11.40	-0.70	

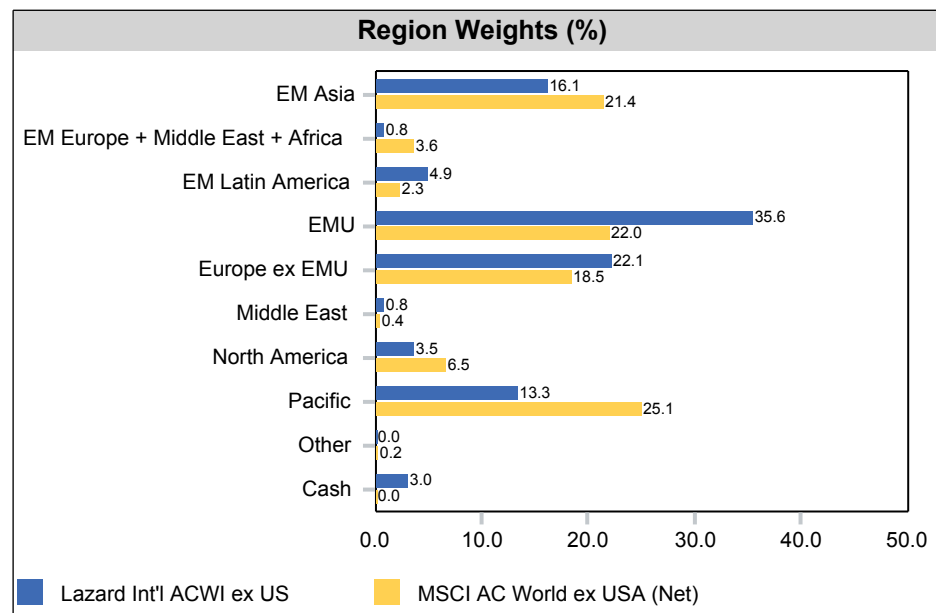


Lazard Int'l ACWI ex US vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	68,764	80,702
Median Mkt. Cap (\$M)	21,773	7,497
Price/Earnings ratio	18.37	16.19
Price/Book ratio	2.55	2.62
5 Yr. EPS Growth Rate (%)	9.23	7.11
Current Yield (%)	2.39	2.80
Number of Stocks	77	2,372

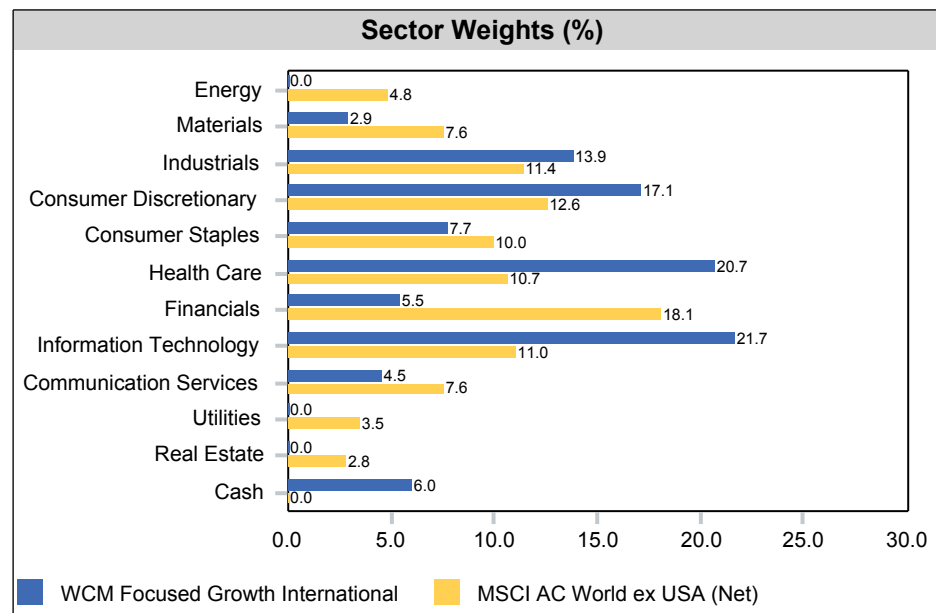


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Tencent Holdings LTD	3.64	1.82	1.82	31.53
Novartis AG	3.34	0.92	2.42	5.02
SAP SE	3.33	0.72	2.61	25.69
CASH	2.97	0.00	2.97	N/A
Samsung Electronics Co Ltd	2.64	0.16	2.48	11.08
Sanofi	2.60	0.57	2.03	19.98
Medtronic PLC	2.50	0.00	2.50	1.69
Vivendi	2.34	0.11	2.23	23.32
Ping An Insurance Group	2.29	0.29	2.00	3.63
Engie SA	2.24	0.11	2.13	19.70
% of Portfolio	27.89	4.70	23.19	

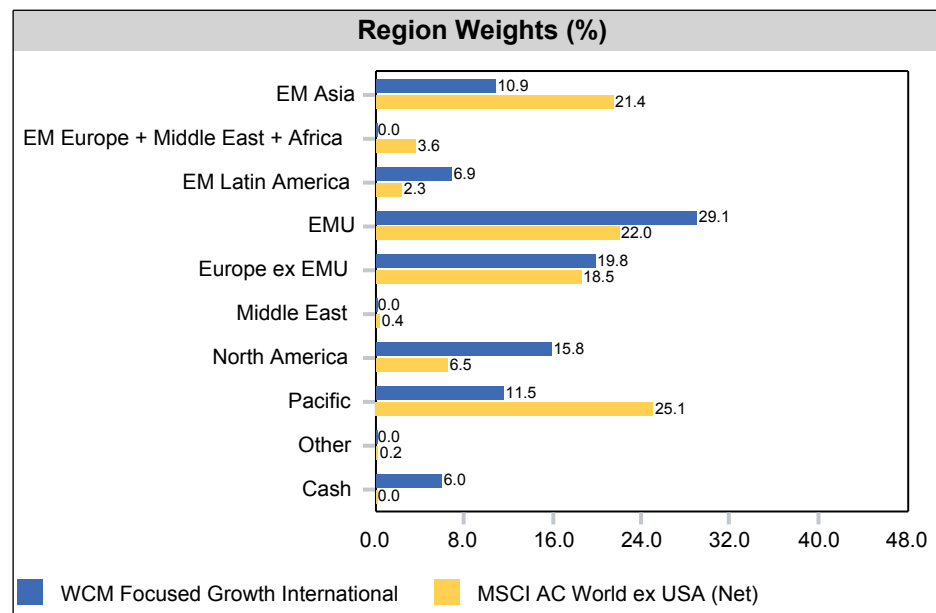


WCM Focused Growth International vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	106,555	80,702
Median Mkt. Cap (\$M)	41,744	7,497
Price/Earnings ratio	31.67	16.19
Price/Book ratio	5.42	2.62
5 Yr. EPS Growth Rate (%)	10.53	7.11
Current Yield (%)	0.95	2.80
Number of Stocks	30	2,372

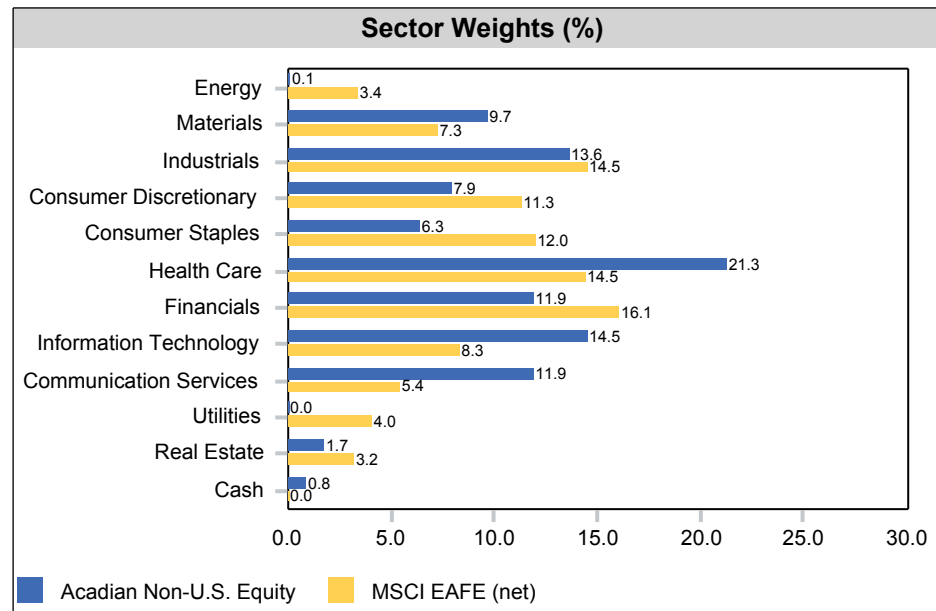


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
CASH	5.97	0.00	5.97	N/A
MercadoLibre Inc	5.11	0.00	5.11	101.76
CSL Ltd	4.99	0.44	4.55	8.87
Tencent Holdings LTD	4.50	1.82	2.68	31.53
Shopify Inc	4.37	0.49	3.88	127.66
Accenture PLC	4.36	0.00	4.36	32.14
Experian Plc	4.30	0.16	4.14	25.72
DSV Panalpina A/S	4.19	0.13	4.06	34.09
LVMH Moet Hennessy Louis Vui	3.97	0.60	3.37	18.17
Taiwan Semicon Manufctrg Co Ltd	3.90	1.30	2.60	19.68
% of Portfolio	45.66	4.94	40.72	

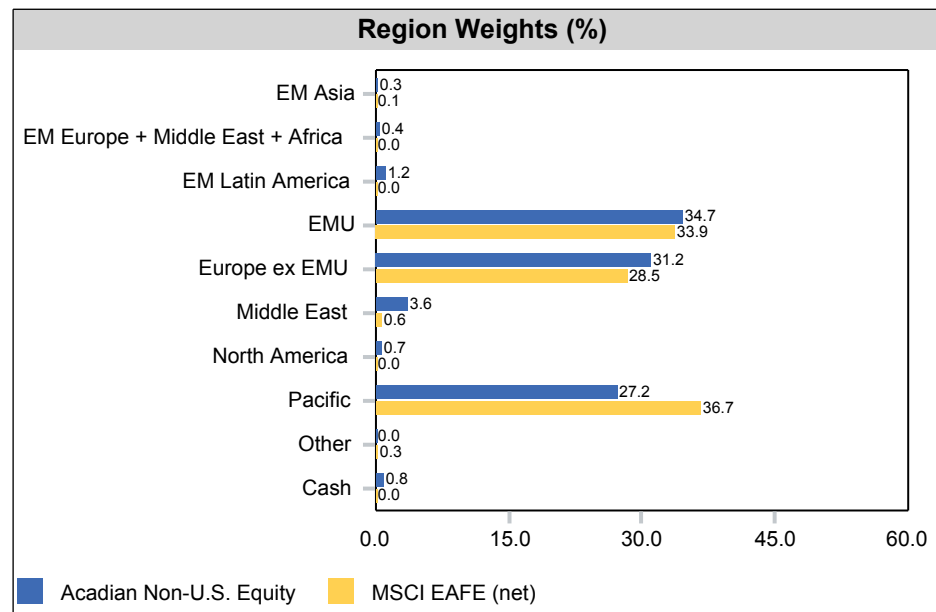


Acadian Non-U.S. Equity vs. MSCI EAFE (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	45,251	62,559
Median Mkt. Cap (\$M)	2,121	9,717
Price/Earnings ratio	12.91	17.17
Price/Book ratio	2.36	2.62
5 Yr. EPS Growth Rate (%)	12.55	4.74
Current Yield (%)	3.23	2.85
Number of Stocks	171	902

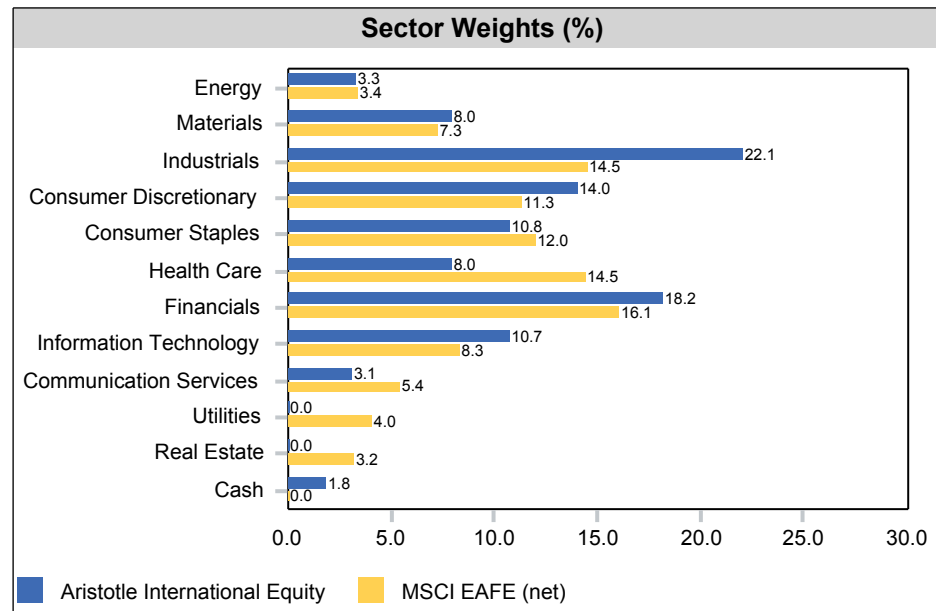


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Roche Holding AG	4.04	1.86	2.18	6.38
Novartis AG	3.40	1.42	1.98	5.02
Novo Nordisk A/S	2.76	0.87	1.89	7.43
Nintendo Co Ltd	2.42	0.38	2.04	15.17
Koninklijke Ahold Delhaize NV	2.32	0.23	2.09	19.15
Allianz SE	2.24	0.65	1.59	25.92
SoftBank Corp	2.11	0.19	1.92	-0.15
Kddi Corp	2.11	0.38	1.73	1.19
Wolters Kluwer NV	2.06	0.16	1.90	12.25
Koninklijke Philips NV	2.04	0.33	1.71	15.20
% of Portfolio	25.50	6.47	19.03	

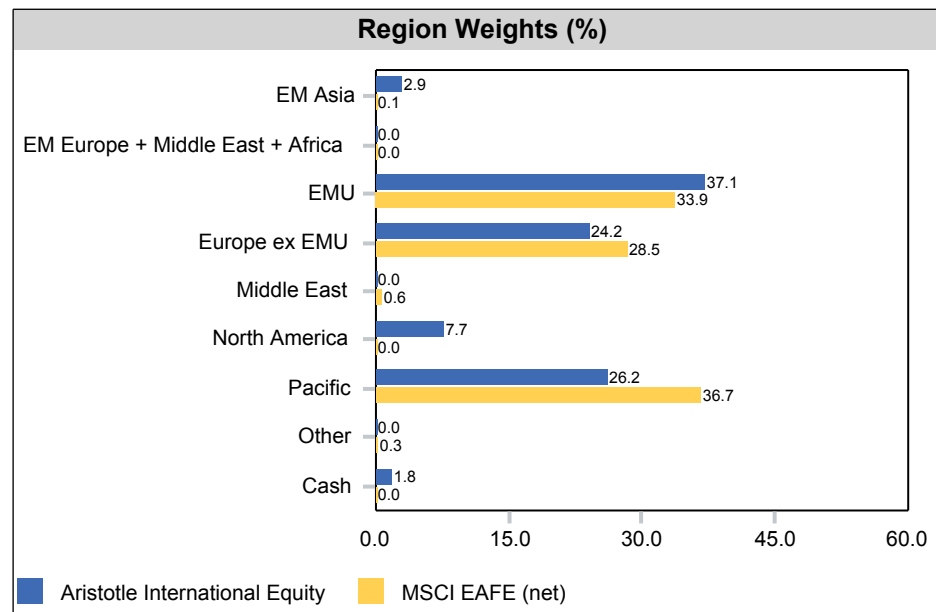


Aristotle International Equity vs. MSCI EAFE (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	49,957	62,559
Median Mkt. Cap (\$M)	30,106	9,717
Price/Earnings ratio	17.67	17.17
Price/Book ratio	2.41	2.62
5 Yr. EPS Growth Rate (%)	5.69	4.74
Current Yield (%)	2.02	2.85
Number of Stocks	39	902

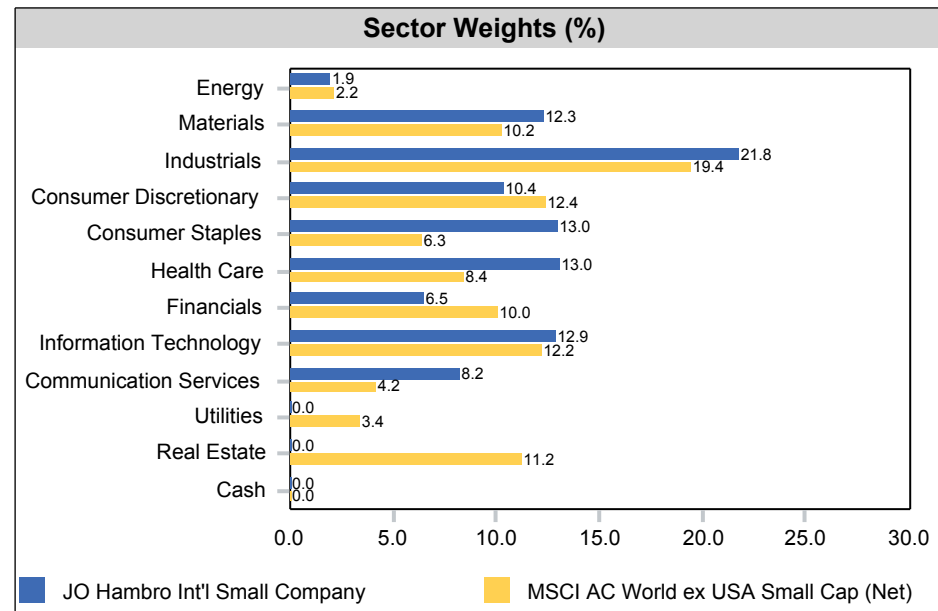


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Accenture PLC	4.27	0.00	4.27	32.14
Sony Corp	3.79	0.66	3.13	14.79
Symrise AG	3.59	0.11	3.48	25.91
Experian Plc	3.58	0.24	3.34	25.72
Brookfield Asset Management Inc	3.54	0.00	3.54	12.38
Dassault Systemes SA	3.53	0.17	3.36	17.08
Nidec Corp	3.32	0.23	3.09	28.10
Ashtead Group PLC	3.15	0.12	3.03	53.17
Kddi Corp	3.13	0.38	2.75	1.19
Rentokil Initial PLC	3.11	0.09	3.02	30.69
% of Portfolio	35.01	2.00	33.01	

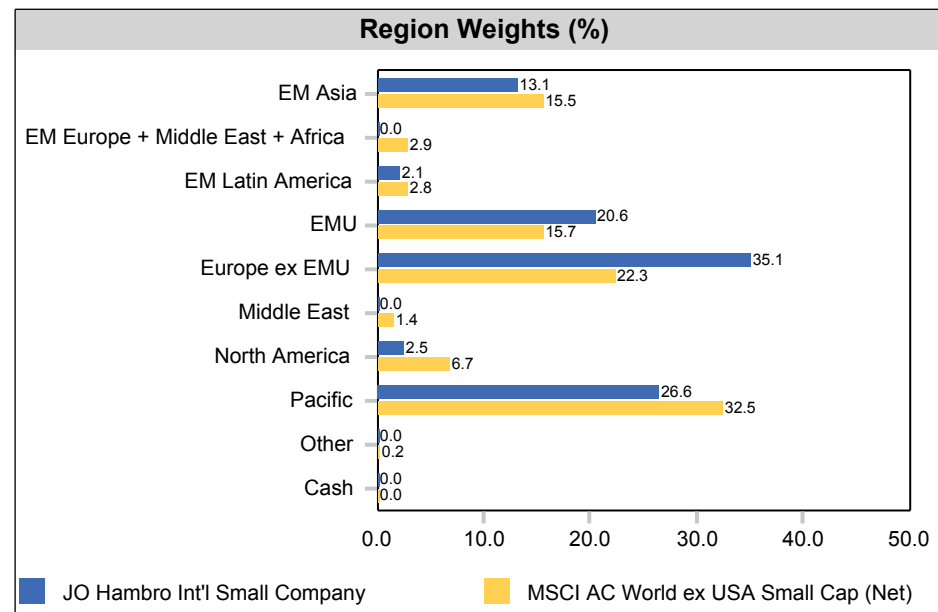


JO Hambro Int'l Small Company vs. MSCI AC World ex USA Small Cap (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	1,418	2,107
Median Mkt. Cap (\$M)	1,066	829
Price/Earnings ratio	17.54	13.95
Price/Book ratio	2.35	2.30
5 Yr. EPS Growth Rate (%)	9.14	8.21
Current Yield (%)	2.52	2.62
Number of Stocks	71	4,070

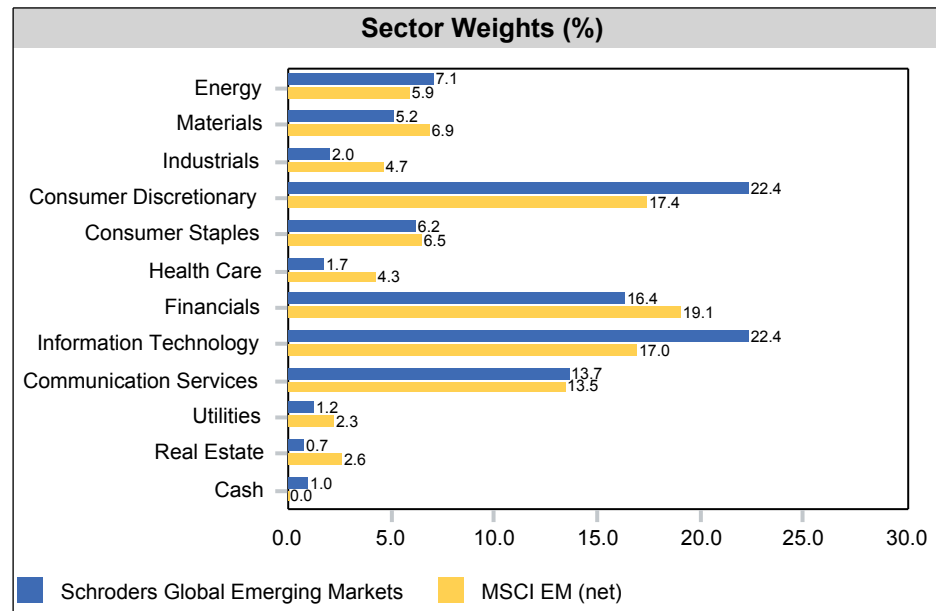


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Porvair PLC	2.49	0.00	2.49	10.63
Genomma Lab Internacional SAB	2.10	0.03	2.07	26.15
SITC International Holdings Co Ltd	2.05	0.05	2.00	18.19
Bloomsbury Publishing PLC	2.05	0.00	2.05	-8.34
Vinda International Holdings Ltd	1.97	0.00	1.97	47.36
Vaisala OYJ	1.97	0.00	1.97	28.27
Merida Industry Co Ltd	1.96	0.05	1.91	86.04
Iwatani Corp	1.93	0.04	1.89	4.24
KWS SAAT SE & Co. KGaA	1.92	0.03	1.89	46.91
SK Materials Co Ltd	1.91	0.03	1.88	51.29
% of Portfolio	20.35	0.23	20.12	

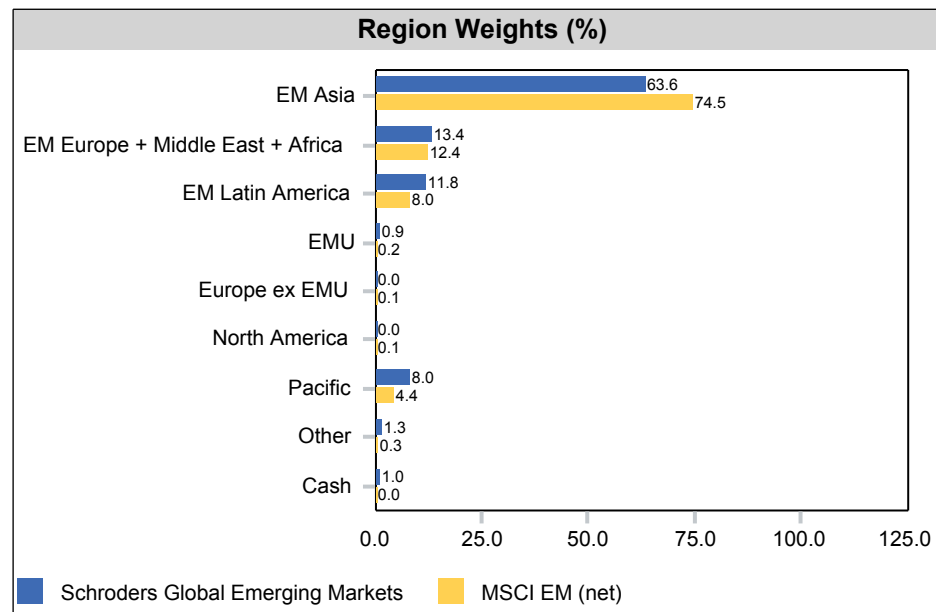


Schroders Global Emerging Markets vs. MSCI EM (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	141,131	130,266
Median Mkt. Cap (\$M)	14,658	5,124
Price/Earnings ratio	16.74	14.57
Price/Book ratio	3.16	2.87
5 Yr. EPS Growth Rate (%)	13.36	12.46
Current Yield (%)	2.12	2.55
Number of Stocks	99	1,385



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Tencent Holdings LTD	8.28	6.37	1.91	31.53
Alibaba Group Holding Ltd	6.50	6.99	-0.49	10.91
Taiwan Semicon Manufctrng Co Ltd	5.67	4.52	1.15	19.68
JD.com Inc	3.63	0.88	2.75	48.59
SK Hynix Inc	3.40	0.67	2.73	3.55
Ping An Insurance Group	2.67	1.03	1.64	3.63
Samsung Electronics Co Ltd	2.57	0.55	2.02	11.91
Samsung Electronics Co Ltd	2.20	3.63	-1.43	12.84
Sberbank of Russia OJSC	2.18	0.53	1.65	19.41
NAVER Corp	1.75	0.47	1.28	59.20
% of Portfolio	38.85	25.64	13.21	

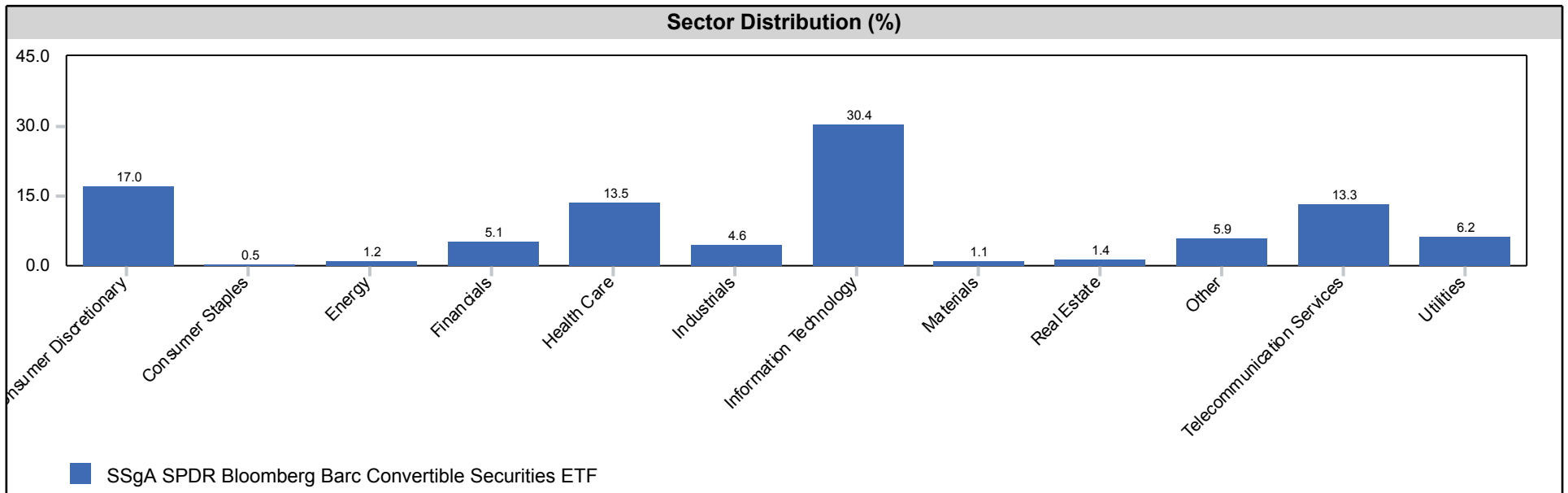
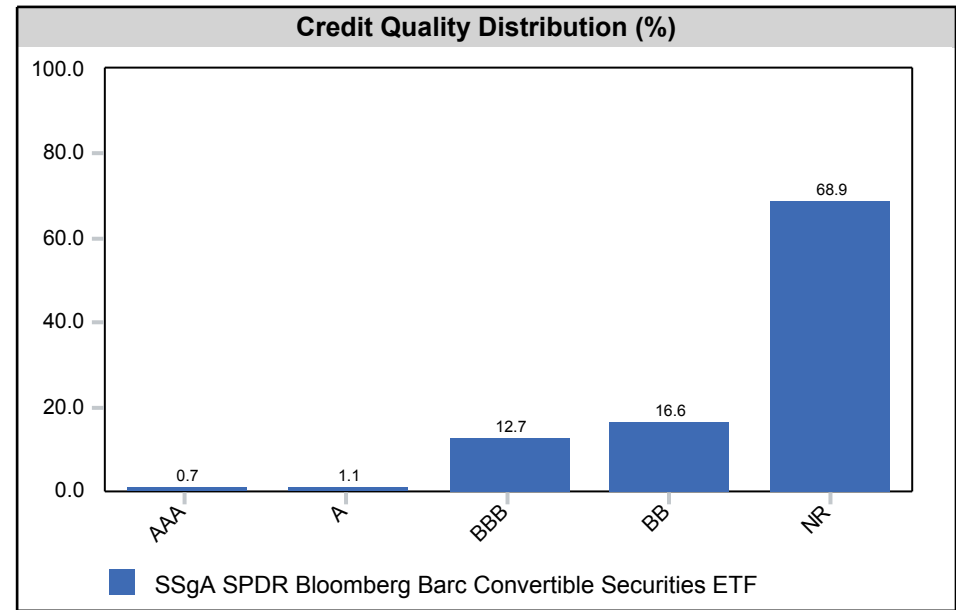
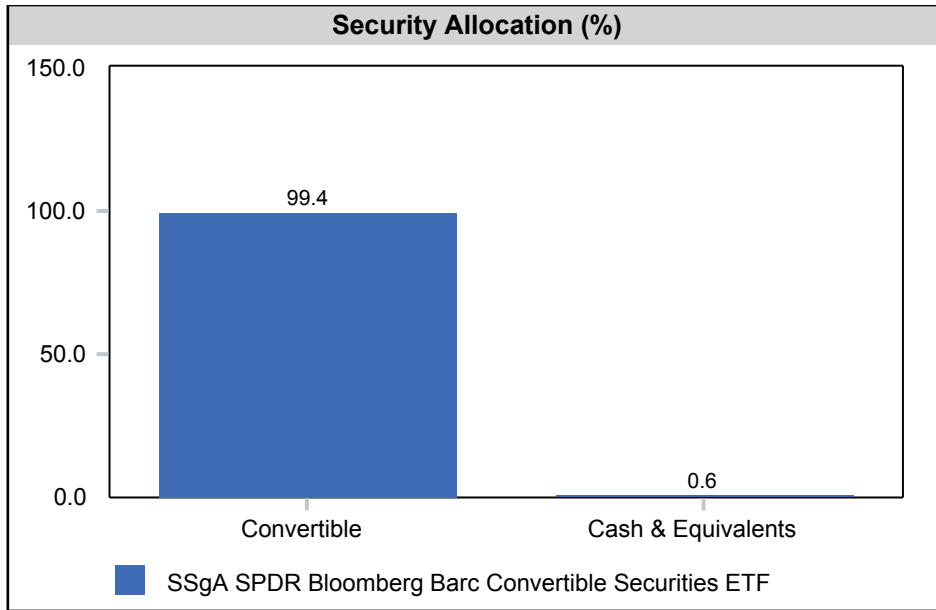


◆ SPDR® Bloomberg Barclays Convertible Securities ETF

- **Management:** Michael Brunell, Kyle Kelly, and Christopher DiStefano of SSGA Funds Management, Inc.
- **Objective:** The Fund seeks to track the investment results of the Bloomberg Barclays US Convertible Liquid Bond Index.
- **Strategy:** The Fund employs a sampling strategy, which means that the Fund is not required to purchase all of the securities represented in the index. Instead, the Fund may purchase a subset of the securities in the Index in an effort to hold a portfolio of securities with generally the same risk and return characteristics of the Index.

The Index components are a subset of issues in the Barclays Convertible Composite Index. To be included in the Index, a security must meet the following requirements: (i) have an issue amount of at least \$350 million and a par amount outstanding of at least \$250 million; (ii) be a non-called, non-defaulted security; (iii) have at least 31 days until maturity; (iv) be U.S. dollar denominated; and (v) be a registered or a convertible tranche issued under Rule 144A of the Securities Act of 1933, as amended. Source: State Street Global Advisors Funds Distributors, LLC

SSgA SPDR Bloomberg Barc Convertible Securities ETF



◆ PGIM - Core Fixed Income

- **Management:** Michael Collins, CFA (since 2009), Richard Piccirillo (2012) and Gregory Peters (2014) are Senior Portfolio Managers.
- **Objective:** The strategy seeks to outperform the Bloomberg Barclays US Aggregate Index over full market cycles.
- **Strategy:** The strategy invests in a broad range of fixed income securities, including U.S. government securities, corporate bonds, taxable municipal securities and mortgage-backed or other asset-backed securities. The strategy may also invest in a limited amount of non-investment grade securities.

The investment process for Core Fixed Income portfolios utilizes both top-down and bottom-up approaches. Sector allocation, duration, yield curve, and “industry bias” decisions are made using top-down research derived from a range of internal sources, including our global macroeconomic research team and heads of the sector investment teams, as well as external sources. Actual subsector and security selections are made by sector specialists after conducting bottom-up fundamental and quantitative research and relative value analysis.

◆ TIAA – Investment Grade Core

- **Management:** Stephen Liberatore, CFA is a Managing Director and Lead Portfolio Manager (2010)
- **Objective:** The strategy seeks a favorable long-term total return through income and capital appreciation while giving special consideration to certain environmental, social, and governance (“ESG”) criteria.
- **Strategy:** The strategy invests in a broad range of fixed income securities, including U.S. government securities, corporate bonds, taxable municipal securities and mortgage-backed or other asset-backed securities. The strategy may also invest in a limited amount of non-investment grade securities. The strategy seeks to add value through duration and yield-curve positioning, sector allocation and security selection. The evaluation process favors companies with leadership in ESG performance relative to their peers.

◆ iShares Core U.S Aggregate Bond ETF

- **Management:** James Mauro and Scott Radell (the “Portfolio Managers”) are primarily responsible for the day-to-day management of the Fund. Mr. Mauro and Mr. Radell have been co-managing the Fund since 2011 and 2010, respectively.
- **Objective:** The Fund seeks to track the investment results of the Bloomberg Barclays U.S. Aggregate Bond Index.
- **Strategy:** BlackRock Fund Advisors (“BFA”) uses a “passive” or indexing approach to try to achieve the Fund’s investment objective. Unlike many investment companies, the Fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

◆ iShares National Muni Bond ETF

- **Management:** James Mauro and Scott Radell (the “Portfolio Managers”) are primarily responsible for the day-to-day management of the Fund. Mr. Mauro and Mr. Radell have been co-managing the Fund since 2011 and 2010, respectively.
- **Objective:** The Fund seeks to track the investment results of the S&P AMT-Free Municipal Bond Index (the “Index”).
- **Strategy:** BlackRock Fund Advisors (“BFA”) uses a “passive” or indexing approach to try to achieve the Fund’s investment objective. Unlike many investment companies, the Fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

The Index municipal bonds from issuers that are state or local governments or agencies such that the interest on each such bond is exempt from U.S. federal income taxes. Each bond in the Underlying Index must be denominated in U.S. dollars, must be a constituent of an offering where the original offering amount was at least \$100 million, and must have a minimum par amount of \$25 million. Source: BFA

◆ PineBridge – Investment Grade Credit

- **Management:** Robert Vanden Assem, CFA, Managing Director and Head of Developed Markets IG Fixed Income (2001) & Dana Burns, Sr. Portfolio Manager (2007)
- **Objective:** The total return strategy seeks strong returns by combining a top-down view with a bottom-up, credit intensive research process.
- **Strategy:** The strategy invests in USD-denominated investment grade credit, focused in the corporate sector. The portfolio is constructed combining views of fundamentals, valuations and market technicals affecting sector and individual securities.

◆ Brown Brothers Harriman – Structured Fixed Income

- **Management:** Neil Hohmann, PhD, Head of Structured Products (2006), Andrew Hofer, Head of Taxable Portfolio Management (2006)
- **Objective:** To deliver attractive long-term results through capital preservation and taking advantage of differences between valuations and fundamentals through a bottom-up research process.
- **Strategy:** The strategy is an investment grade portfolio focused on asset-backed securities backed by assets other than real estate (also known as non-traditional asset-backed securities). These securities will include a mix of equipment leases, commercial royalty and insurance-linked, and broad consumer related including: credit card, auto loans, student loans and debt refinancing. The structured fixed-income strategy may also invest a limited amount in commercial mortgage-backed securities and municipal debt instruments that are secured by tangible asset collateral or revenue streams. The structured fixed-income strategies are constructed using either a bottom-up investment approach or a quantitative framework to assess valuation and long-term return potential.

● **iShares J.P. Morgan USD Emerging Markets Bond ETF**

- **Management:** James Mauro and Scott Radell (the “Portfolio Managers”) are primarily responsible for the day-to-day management of the Fund. Mr. Mauro and Mr. Radell have been co-managing the Fund since 2011 and 2010, respectively.
- **Objective:** The Fund seeks to track the investment results of the J.P. Morgan EMBI Global Core Index (the “Index”).
- **Strategy:** BlackRock Fund Advisors (“BFA”) uses a “passive” or indexing approach to try to achieve the Fund’s investment objective. Unlike many investment companies, the Fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

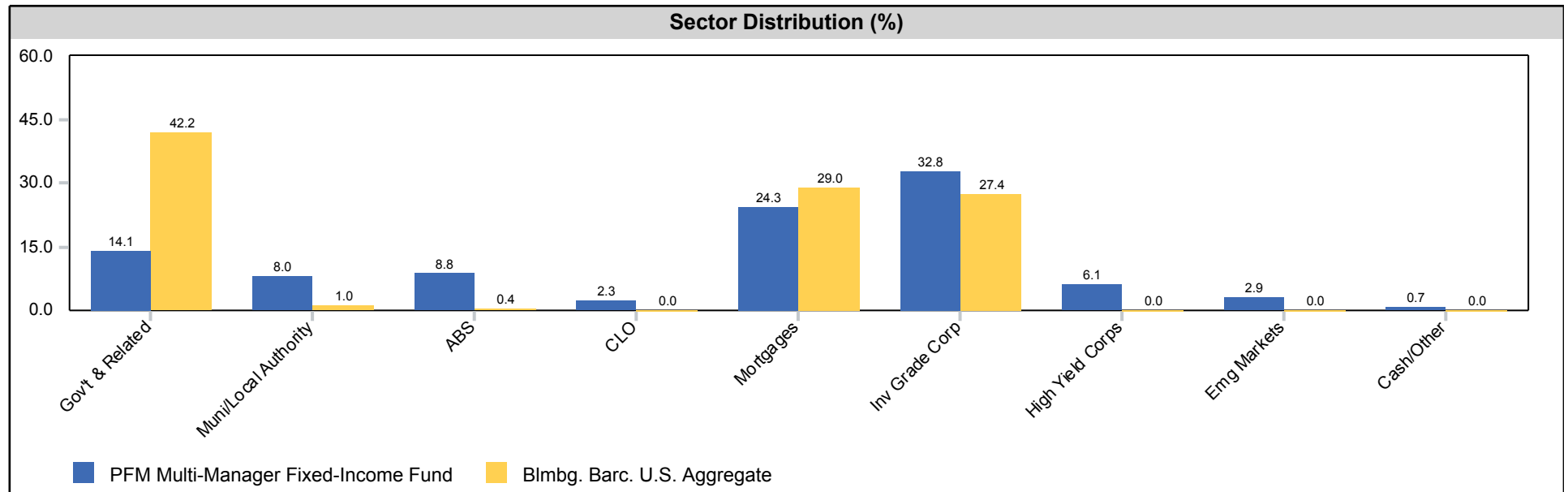
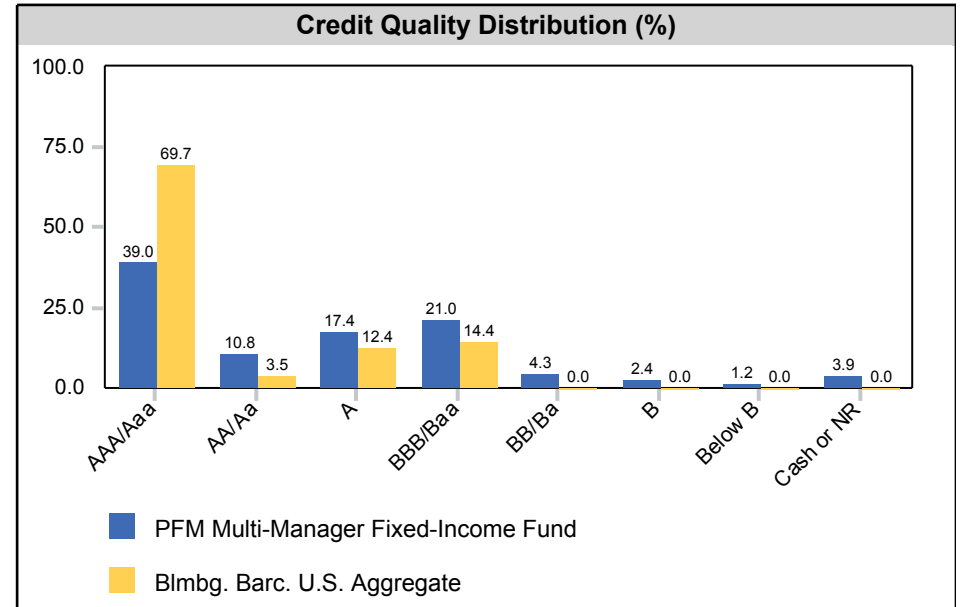
The Index includes both fixed-rate and floating rate instruments issued by sovereign and quasi-sovereign entities from index eligible countries. Source: BFA

● **Nomura – High Yield Total Return**

- **Management:** Stephen Kotsen, CFA, Managing Director and Portfolio Manager (2000) & Amy Yu Chang, CFA, Portfolio Manager (2007)
- **Objective:** An actively managed portfolio of high yield corporate bonds that the manager believes will generate attractive yield and capital appreciation over time.
- **Strategy:** The strategy invests in “Strong Horse” companies that they view can carry their debt loads through the economic cycle, generating strong, sustainable cash flows that enable them to de-lever their balance sheets and improve their ratings. Importantly, the team believes Strong Horse companies are less likely to default on payments of principal or interest. A small portion of credit exposure may be held through bank loans.

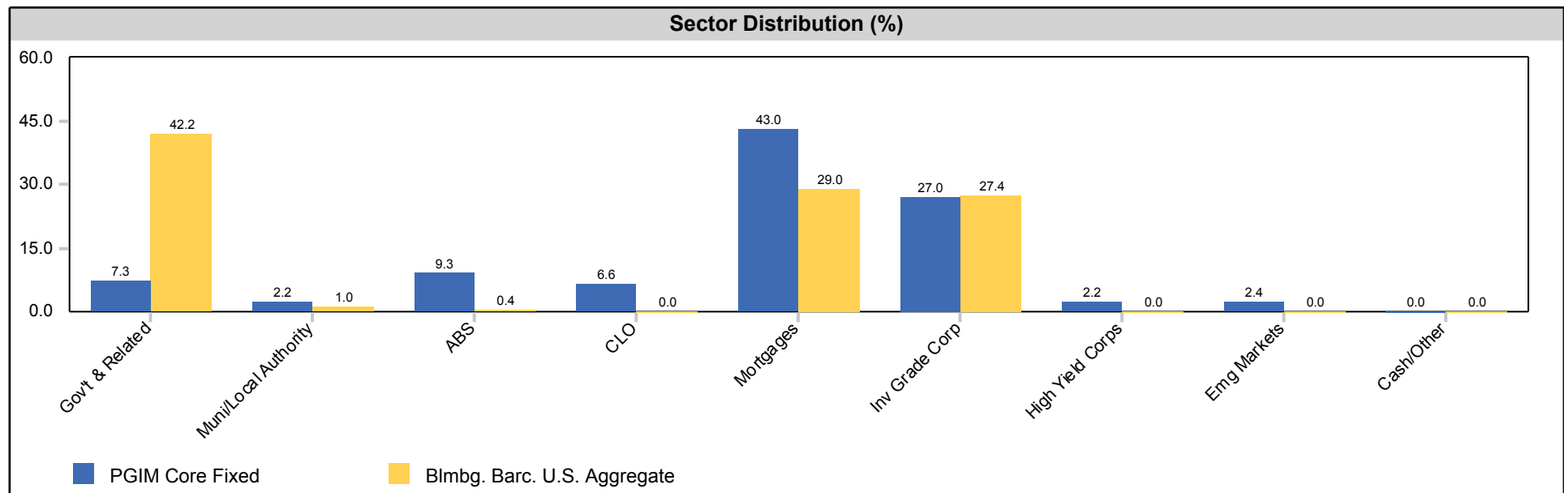
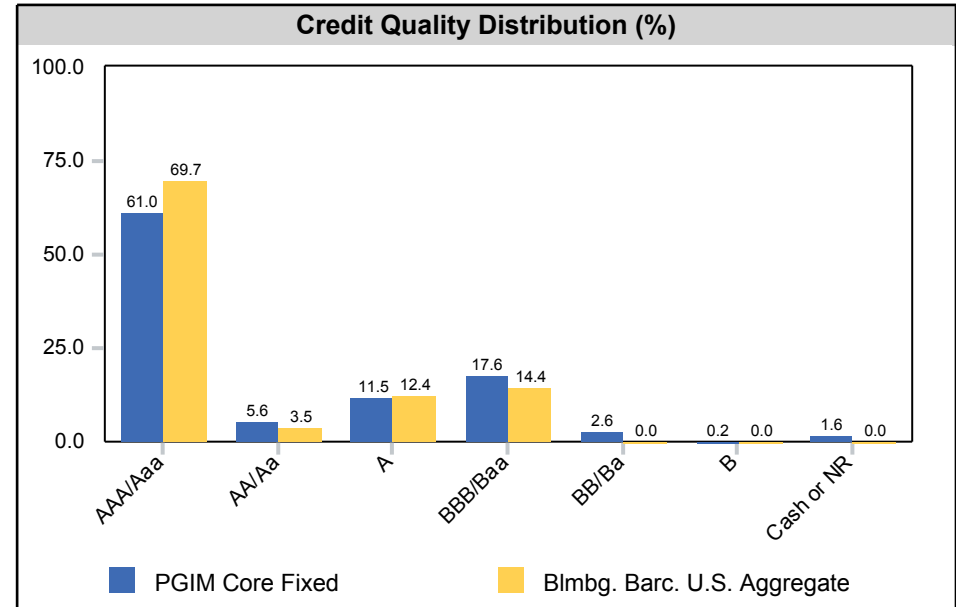
PFM Multi-Manager Fixed-Income Fund vs. Blmbg. Barc. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.00	6.04
Yield To Maturity (%)	2.50	1.24
Avg. Maturity	8.20	8.14
Avg. Quality	A	AA
Coupon Rate (%)	3.60	3.04



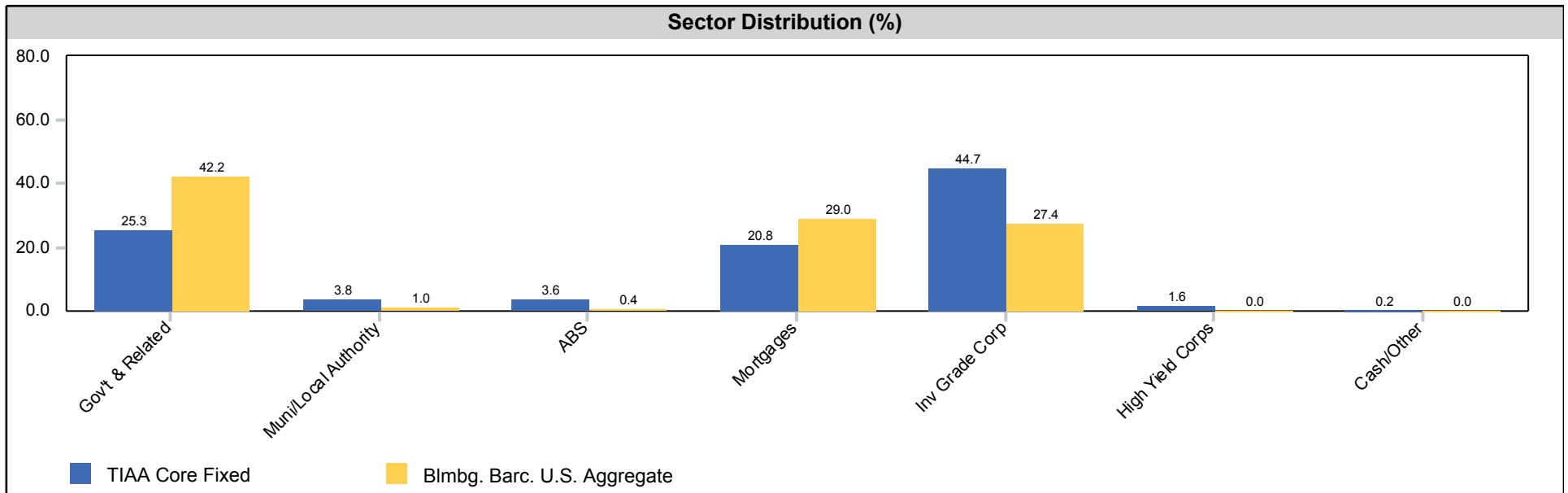
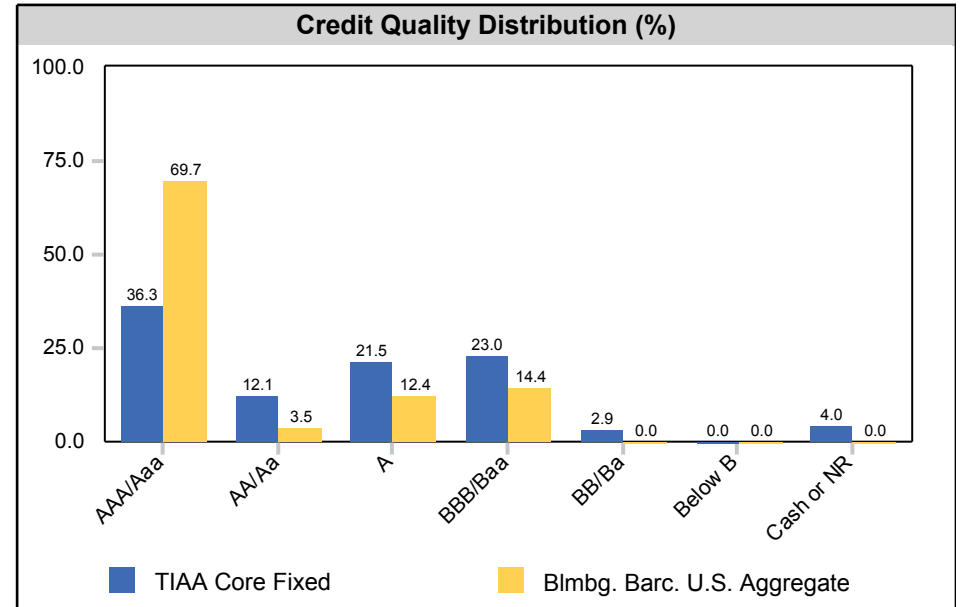
PGIM Core Fixed vs. Blmbg. Barc. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.21	6.04
Yield To Maturity (%)	1.93	1.24
Avg. Maturity	8.92	8.14
Avg. Quality	AA	AA
Coupon Rate (%)	3.48	3.04



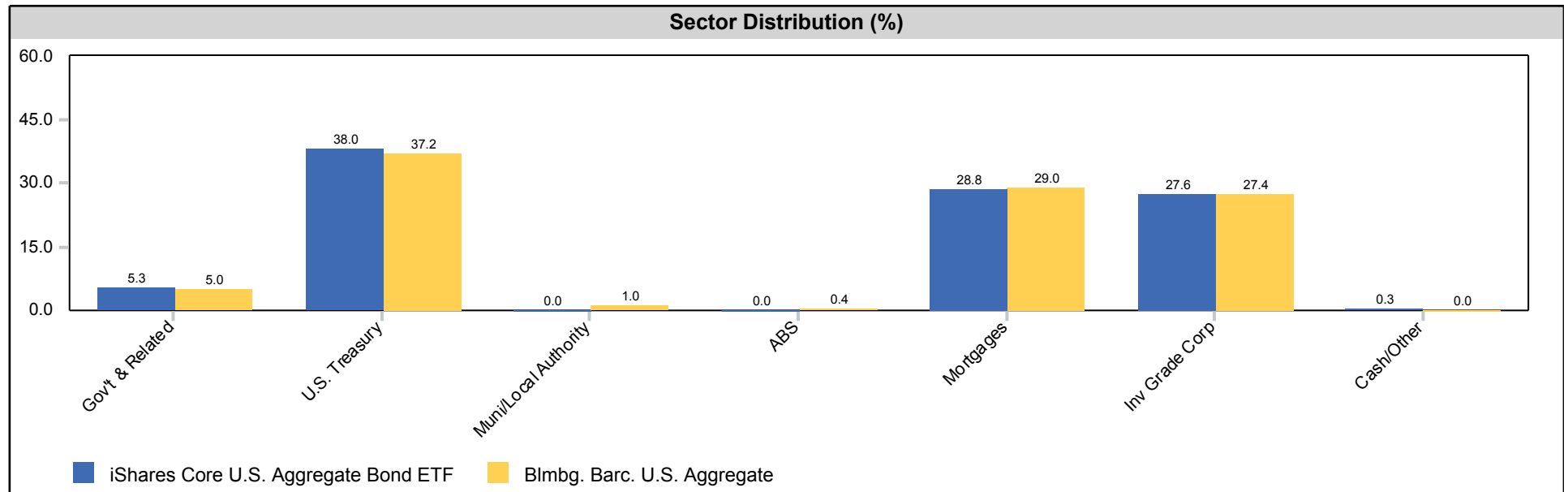
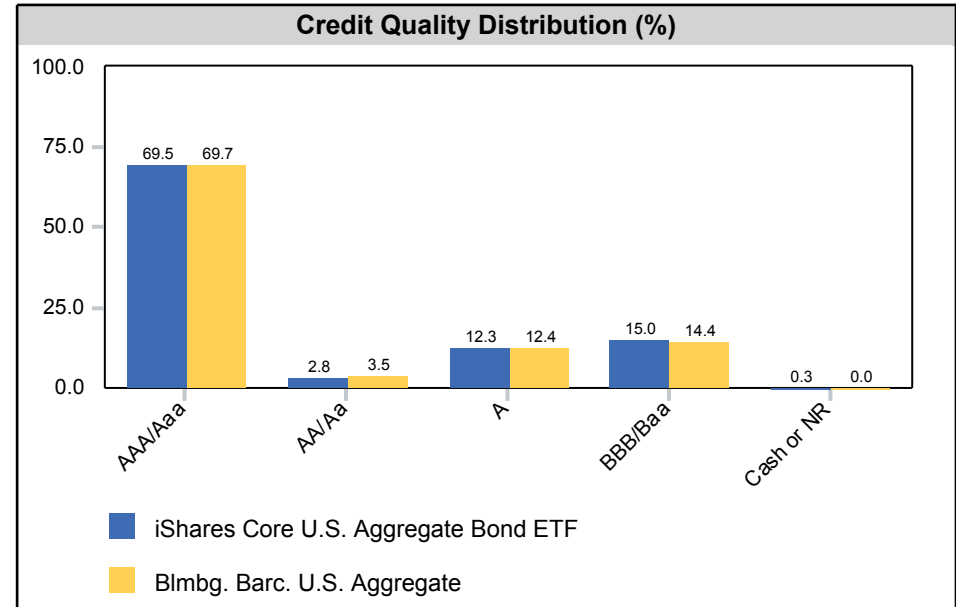
TIAA Core Fixed vs. Blmbg. Barc. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.20	6.04
Yield To Maturity (%)	2.04	1.24
Avg. Maturity	8.08	8.14
Avg. Quality	AA	AA
Coupon Rate (%)	3.00	3.04



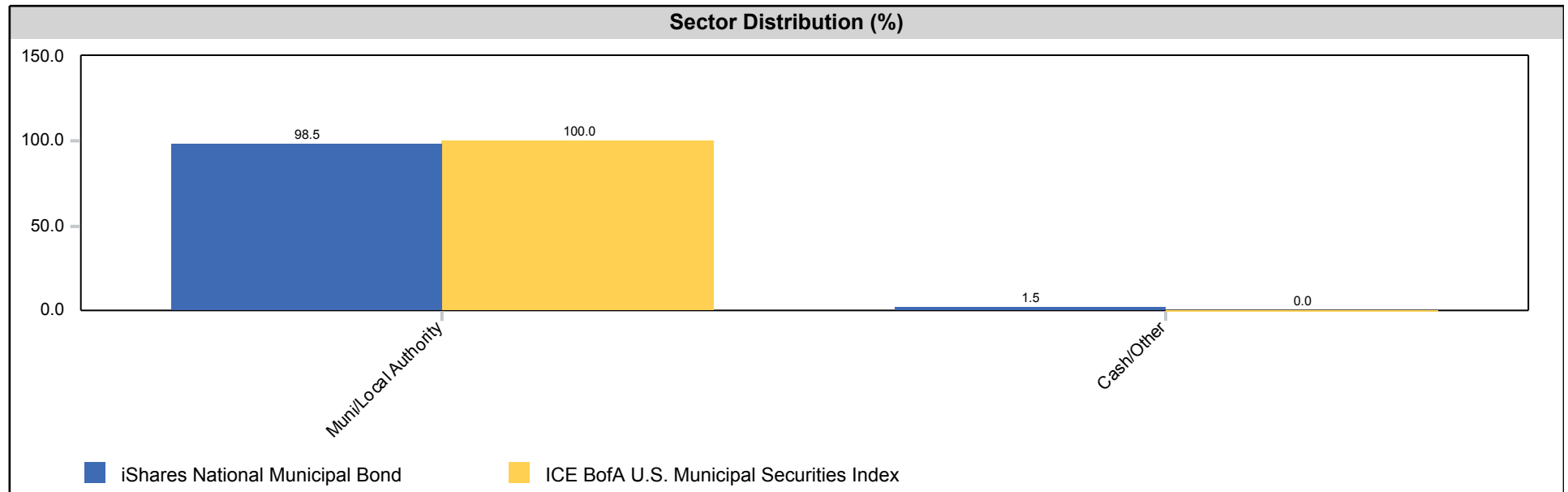
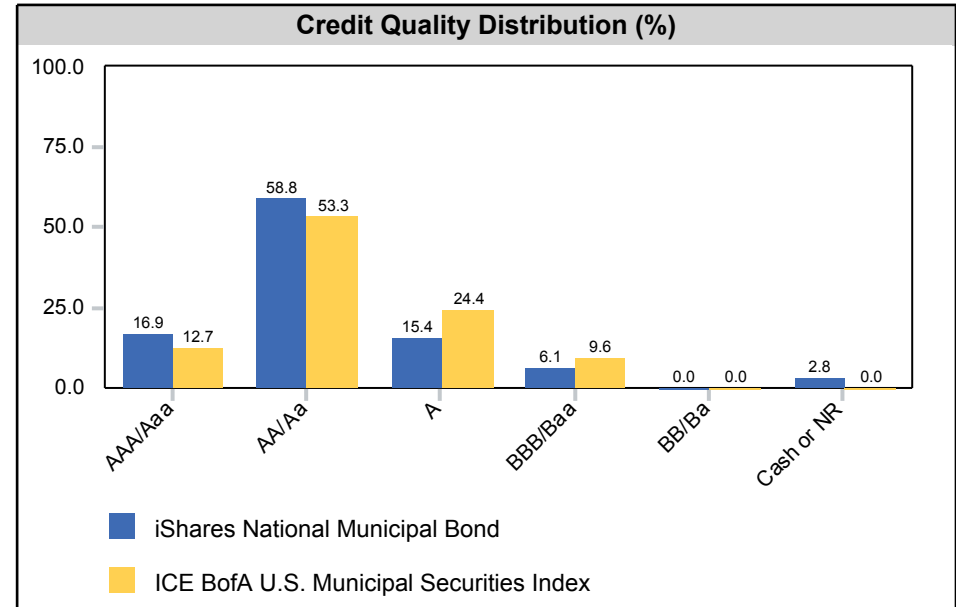
iShares Core U.S. Aggregate Bond ETF vs. Blmbg. Barc. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	5.80	6.04
Yield To Maturity (%)	1.24	1.24
Avg. Maturity	7.95	8.14
Avg. Quality	AA	AA
Coupon Rate (%)	3.11	3.04



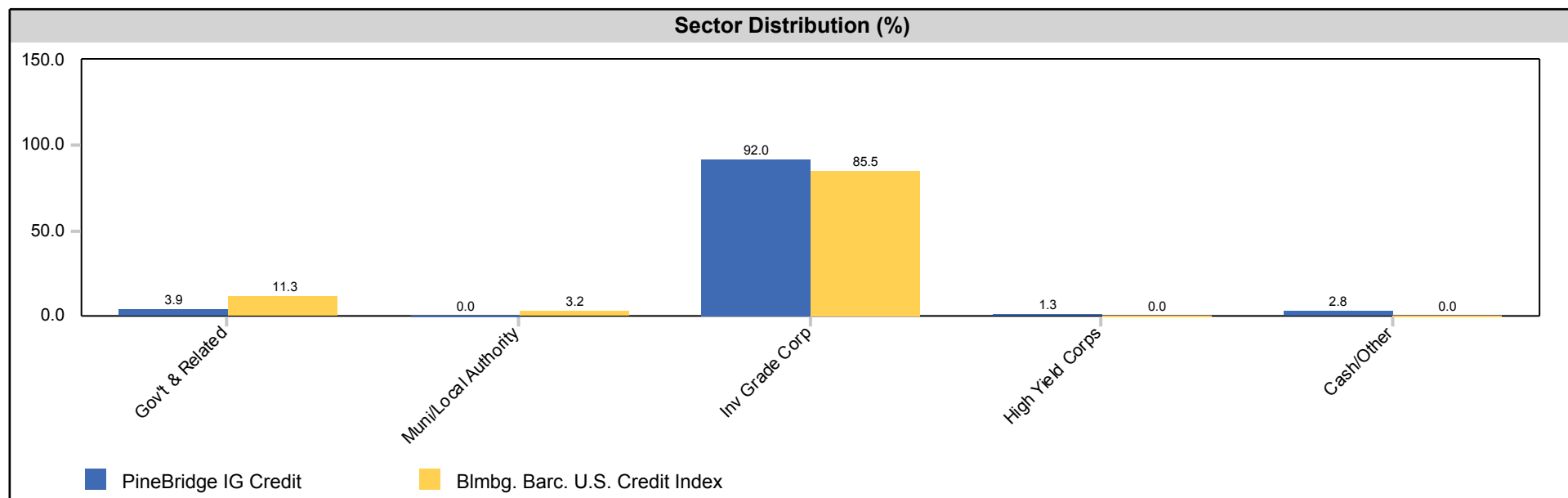
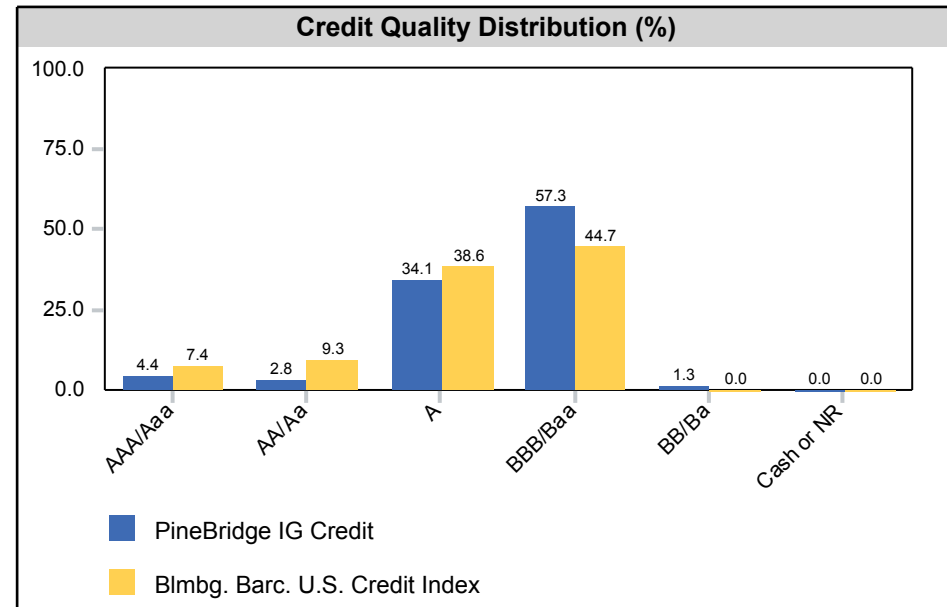
iShares National Municipal Bond vs. ICE BofA U.S. Municipal Securities Index

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.08	6.70
Yield To Maturity (%)	1.36	1.61
Avg. Maturity	5.40	5.68
Avg. Quality	AA	AA
Coupon Rate (%)	4.78	4.64



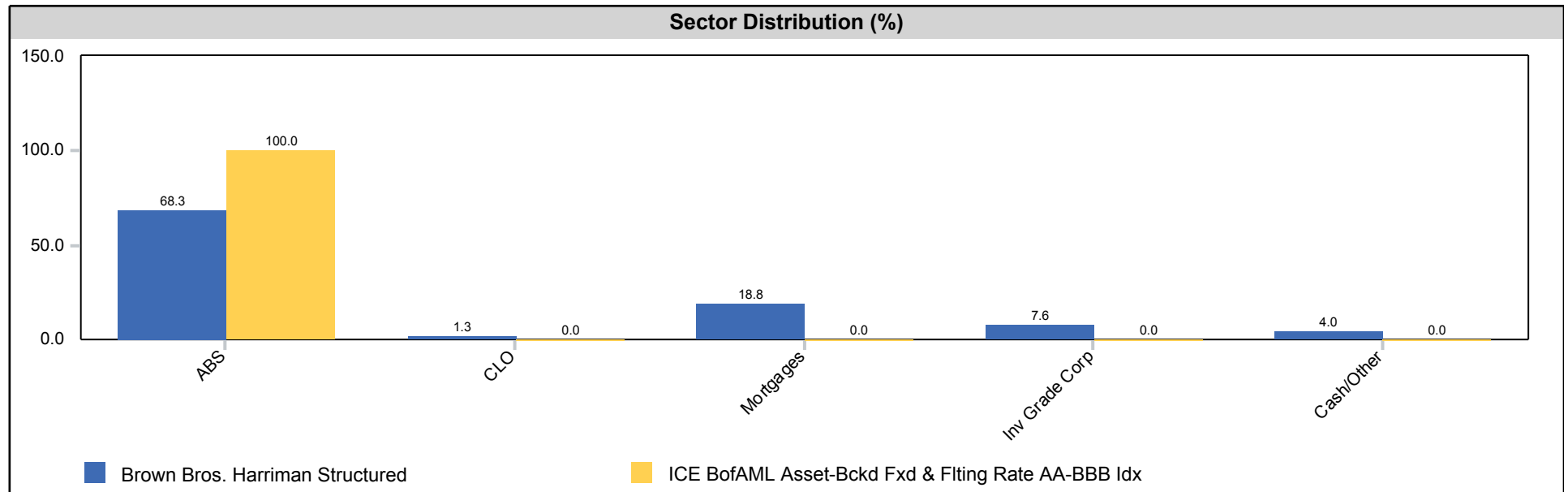
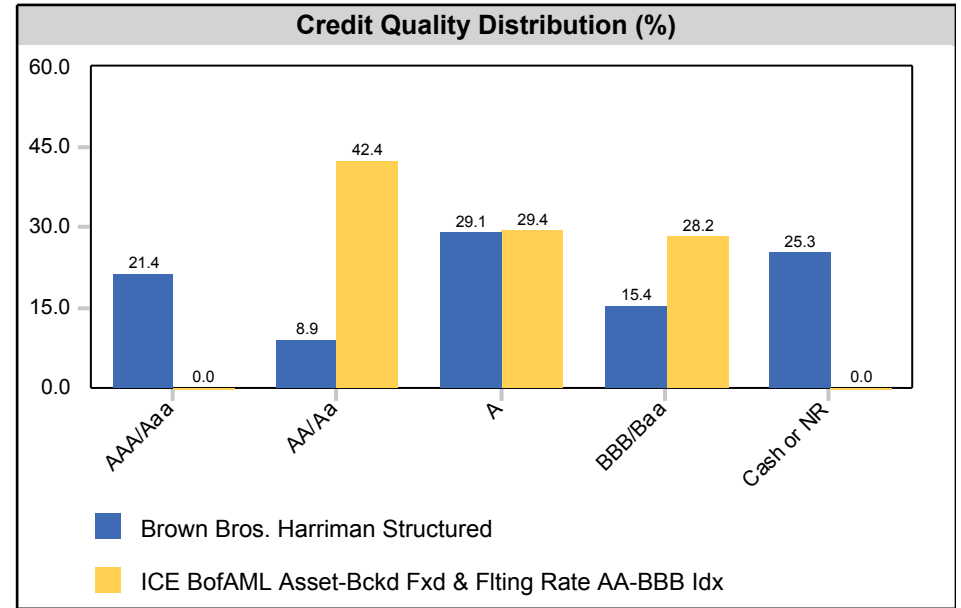
PineBridge IG Credit vs. Blmbg. Barc. U.S. Credit Index

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	8.64	8.17
Yield To Maturity (%)	2.60	2.08
Avg. Maturity	12.40	11.80
Avg. Quality	A	A
Coupon Rate (%)	3.89	3.82



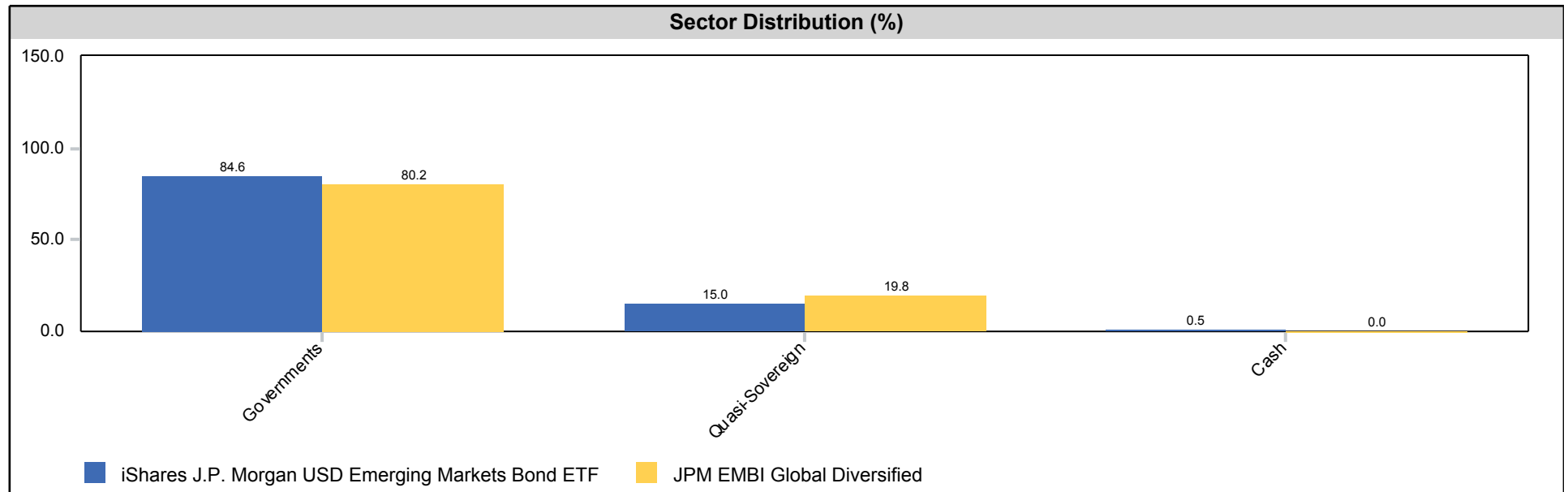
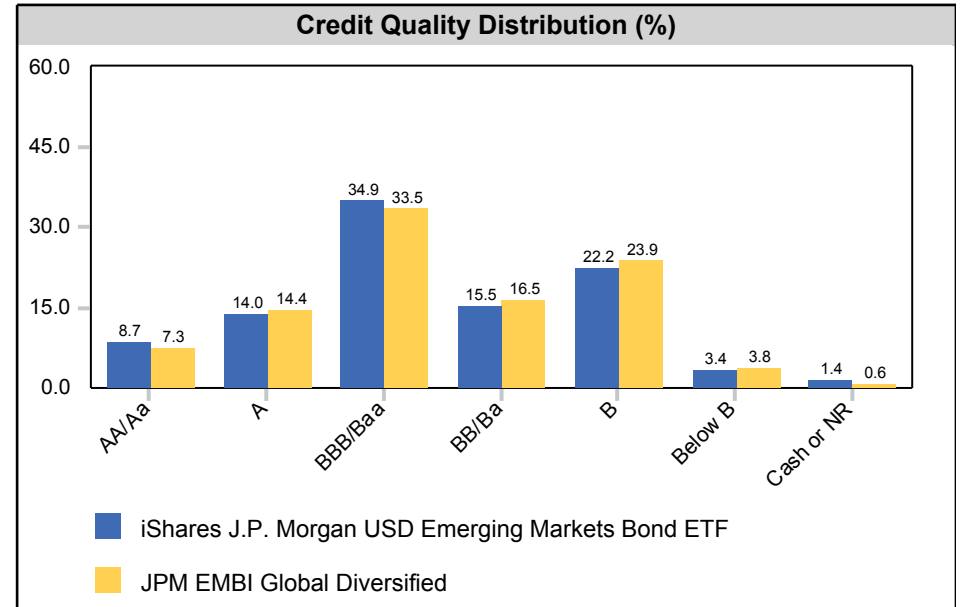
Brown Bros. Harriman Structured vs. ICE BofAML Asset-Bckd Fxd & Flting Rate AA-BBB Idx

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	2.03	2.72
Yield To Maturity (%)	4.12	3.55
Avg. Maturity	2.74	3.96
Avg. Quality	A	A
Coupon Rate (%)	3.61	3.33



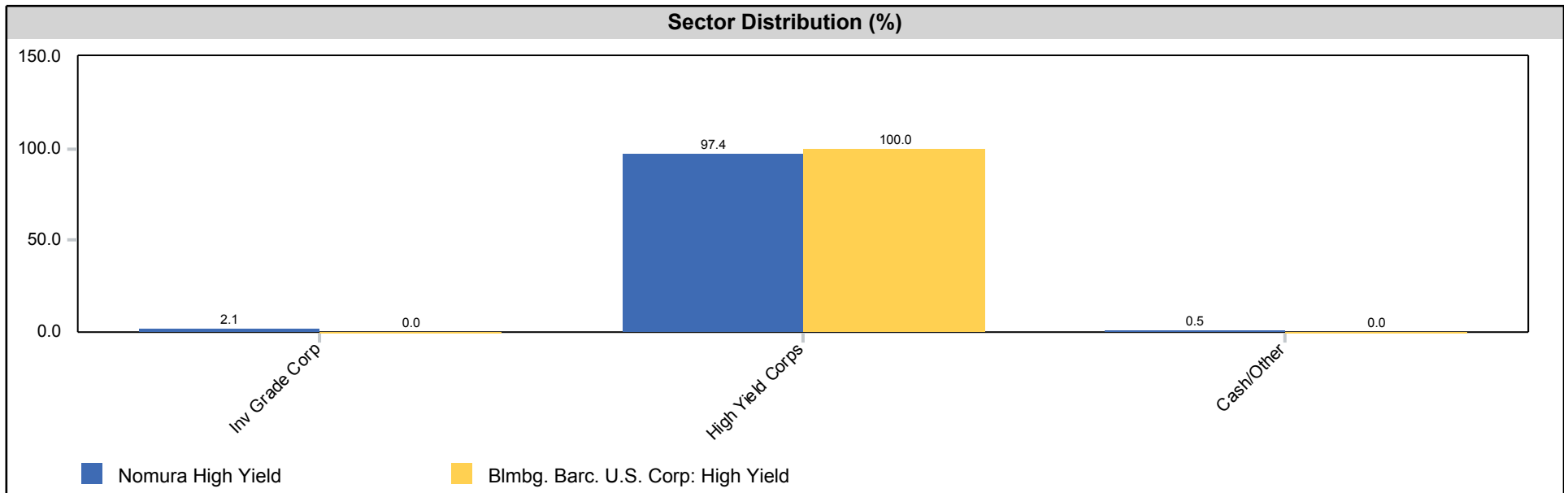
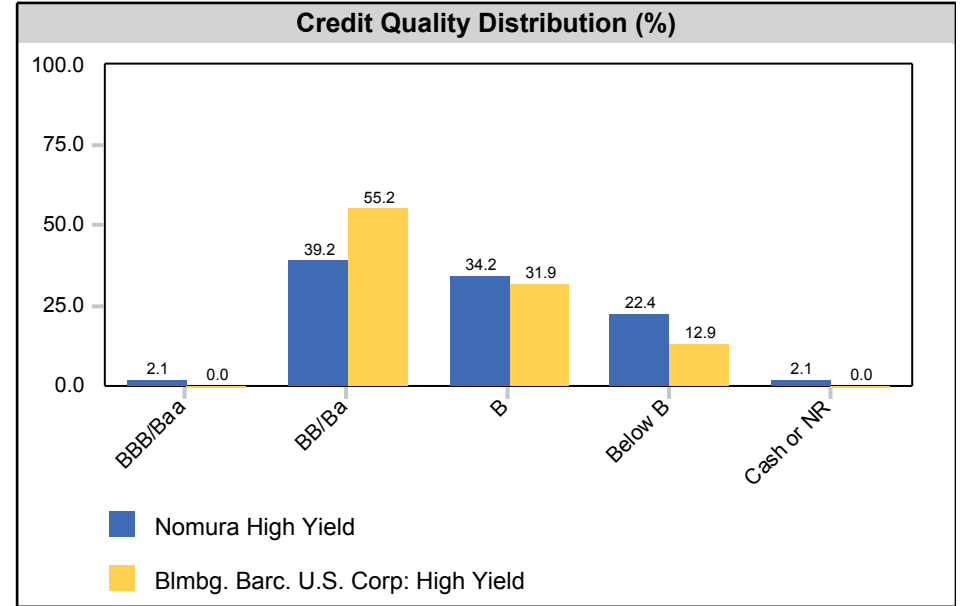
iShares J.P. Morgan USD Emerging Markets Bond ETF vs. JPM EMBI Global Diversified

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	8.26	7.83
Yield To Maturity (%)	4.63	5.52
Avg. Maturity	13.26	12.06
Avg. Quality	BBB	BBB
Coupon Rate (%)	5.37	5.30



Nomura High Yield vs. Blmbg. Barc. U.S. Corp: High Yield

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	4.06	3.90
Yield To Maturity (%)	8.71	7.00
Avg. Maturity	6.56	6.26
Avg. Quality	B	B
Coupon Rate (%)	6.48	6.10



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(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

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Multi – Asset Class Market Update

May 11, 2020

SUMMARY

- The Multi-Asset Class Investment Committee (the “Committee”) has been closely following the current economic and market conditions, and has decided to maintain the current defensive stance of being underweight equities and overweight fixed income.
- The significant health, economic, and policy uncertainty that presaged the Committee’s decision in February to de-risk are being addressed. Capital markets have bounced back strongly since the lows of March 23rd in reaction to the fiscal and monetary stimulus measures and partial reopening of the U.S. economy. The Committee believes that the recovery will be gradual and protracted rather than sharp, which leads us to deduce that the equity markets are not fully discounting the depth of the recession and protracted recovery. As a result, the Committee prefers to stay defensive in light of the continued uncertainty, in order to be able to provide downside protection if the equity markets were to see another sell-off.

REVIEW OF ECONOMIC AND MARKET DATA

On 5/1/20, the Committee met and discussed the current stance of the equity underweight in light of the recent economic and market data. Economic data has continued to deteriorate over the last month as the widespread social restrictions impacted economic activity within the U.S. Labor markets continued to be impacted by layoffs and furloughs, with record number of initial jobless claims and continuing claims reported over the last six weeks. These numbers are expected to further increase resulting in over 15% unemployment rate this year. Several states in the U.S. have partially reopened or have laid out plans to reopen, which should be a positive but capacity to absorb the unemployed will be limited given the social distancing measures still in place and the conservative stance that companies are pursuing in the face of increased uncertainty of revenues and operating costs.

Q1 GDP for the U.S. came in at -4.8% (annualized), supported by stronger activity in January and February followed by a drastic slowdown in March. According to Congressional Budget Office (CBO) estimates, Q2 GDP is expected to contract at 39.6% (annualized) followed by recovery in Q3 and Q4, leading to an annual contraction of 5.6% in 2020. For 2021, the CBO projects a modest recovery of 2.5%. Various economic measures such as Purchasing Manufacturing Index (PMIs), industrial production, consumer spending, and consumer confidence have all plunged recently.

Globally, the spread of COVID-19 has led to shutdowns across various countries. Partial reopening has started across Europe as the growth in number of new cases has slowed across the region while countries across Latin America are currently seeing a rapid rise in number of cases. As of 5/6/20, the number of confirmed cases globally currently stands at 3.7 million, of which 1.2 million confirmed cases are reported in the U.S. The number of deaths globally are over 250,000, of which 72,000 deaths are in the U.S. While the rate of infection curve has been flattening, the number of deaths in the U.S. is expected to double by August, according to some estimates, which puts greater emphasis on a cure or vaccination. There have been several headways into drug and vaccine development, but there is no effective vaccination yet.

Amidst this background, since our last client alert on 4/6/20, the equity markets have rallied in reaction to the partial reopening of the economy, continued policy support by the Fed, and the passing of \$450 billion of additional fiscal stimulus to provide support to small businesses (this is in addition to the unprecedented stimulus of over \$2 trillion passed in March). During the month of April, the S&P 500 returned 12.8%, its best monthly performance since 1987. Since the market bottom of 3/23/20 (until 5/5/20), equity markets, as reflected by S&P 500, returned 28.4% while spreads (over 10 year Treasury) for investment grade bonds (represented by Bloomberg Barclays U.S. Corporate Bond Index) and high yield bonds (represented by Bloomberg Barclays U.S. High Yield Bond Index) compressed by 167bps (from 373bps to 206bps) and 363bps (from 1100bps to 737bps), respectively. The Fed’s decision to provide



liquidity and stability to the credit markets helped stabilize credit spreads, which widened after the market started to sell-off.

Index Performance As of 5/5/2020	April	QTD	YTD	1 Year	Since Peak (2/19/20)	Since Bottom (3/23/20)
S&P 500	12.82%	11.13%	-10.65%	-0.67%	-14.97%	28.43%
S&P MidCap 400	14.18%	11.47%	-21.64%	-17.41%	-23.10%	32.15%
S&P SmallCap 600	12.70%	7.98%	-27.27%	-24.11%	-27.02%	24.27%
Russell 3000	13.24%	11.49%	-11.82%	-2.74%	-16.10%	28.99%
Russell 1000	13.21%	11.55%	-11.01%	-1.45%	-15.54%	29.10%
Russell 2000	13.74%	10.52%	-23.32%	-19.94%	-24.50%	27.24%
MSCI ACWI ex US	7.58%	4.93%	-19.58%	-13.72%	-19.11%	20.62%
MSCI EAFE	6.46%	3.99%	-19.75%	-13.34%	-19.11%	20.16%
MSCI Emerging Markets	9.16%	5.71%	-19.23%	-15.08%	-18.48%	18.43%

Source: Bloomberg

The Committee believes that equity markets are factoring in a V-shaped, fast recovery in the latter half of 2020 along with earnings recovery in 2021 (above the levels seen in 2019). While we could see earnings recover in 2021, they are not estimated to reach the levels seen in 2019 until the latter half of 2021. With that forward earnings outlook, equity markets, as reflected by S&P 500, are currently trading at forward multiples that do not fully reflect the slowdown followed by a gradual recovery. The Committee believes that the recent relief rally could be followed by a further sell-off to reflect the deteriorating fundamentals.

WHAT ARE WE MONITORING?

We are currently monitoring the instances of reopening in the U.S. to assess the pace at which normal activity could be resumed without further rise in number of cases. Further reopening followed by a rapid pick-up in economic activity should be favorable, but the odds remain low given the widespread incidence of cases in several parts of the country. Globally, emerging market economies will be stressed in dealing with a rise in cases, adding to further slowdown in global economic activity including trade and travel.

PORTFOLIO IMPLICATIONS

In light of the continued uncertainty around the path of recovery to 2019 level of GDP, the Committee prefers to stay defensive in order to be able to provide downside protection if the equity markets were to see another sell-off.

The Committee believes that the recovery from here on will be gradual and protracted rather than sharp, and believes that the equity markets are not fully discounting the duration of the slowdown. When the Committee believes that the markets are fully reflecting the underlying fundamentals, we expect to bring the portfolios' equity weight in line with the strategic targets. We continue to be defensively positioned in the interim, with a close eye on various market drivers.

We appreciate your continued confidence in PFM. Should you have any specific questions or wish to discuss this topic in more detail, please contact your client manager directly.

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Multi-Asset Class Portfolio Update

June 5, 2020

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SUMMARY

- The Multi-Asset Class Investment Committee (the “Committee”) has voted to add a dedicated allocation to convertible bonds to opportunistically take advantage of the dislocations in the capital markets, while slightly adding risk to the portfolios in a measured way. Convertible bonds offer a hybrid exposure that helps to capture some of the upside of the equity markets while protecting on the downside due to the underlying bonds.
- The Multi-Asset Class Investment Committee (the “Committee”) voted to maintain an underweight to equity, with that said, the new allocation target is 90% of strategic weight (as opposed to the previous 85%).
- The multi-asset class portfolios continue to be overweight fixed income and underweight equity. The Committee has been closely following the current economic and market conditions, and has decided to take advantage of attractive opportunities while maintaining the current defensive stance.

ASSESSMENT

In light of the uncertainty around the re-opening of economies following the unprecedented level of shutdown, the Committee has expressed a defensive stance since the start of the COVID-19 crisis in the U.S. While the economic data has continued to deteriorate as expected, equity markets continued to rally (see chart below) since the low on March 23rd when the Federal Reserve (“Fed”) announced several measures to provide liquidity to the capital markets. Since then, the Fed has reaffirmed its stance of doing “whatever it takes” to provide needed stimulus, thus backstopping the slide of equity markets and credit spreads. As a result, the capital markets have been disconnected from the economic fundamentals. According to FactSet Earnings Insight (5/22/2020), the S&P 500 is currently trading at a forward multiple of 21.0, higher than the 5-year average of 16.8 and the 10-year average of 15.1, at a time of deteriorating labor market conditions and corporate earnings/profit margins.

Index (As of 5/31/20)	May 2020	QTD	YTD	Since Peak (2/19/20)	Since Bottom (3/23/20)
S&P 500	4.76%	18.19%	-4.98%	-9.56%	36.59%
Russell 3000	5.35%	19.30%	-5.64%	-10.22%	38.03%
Russell Mid Cap	7.03%	22.40%	-10.73%	-14.02%	43.95%
Russell 2000	6.51%	21.14%	-15.96%	-17.25%	39.46%
MSCI ACWI ex US	3.27%	11.10%	-14.85%	-14.36%	27.71%
MSCI Emerging Markets	0.77%	10.00%	-15.96%	-15.18%	23.22%
MSCI ACWI ex US Small Cap	6.06%	18.95%	-15.55%	-13.97%	38.89%
MSCI EAFE	4.35%	11.10%	-14.26%	-13.58%	28.37%

The Committee believes the current rally in equity markets is driven by the accommodative monetary policy and is a reflection of ample liquidity being provided by the Fed. While the Fed’s action could drive equity markets higher in the near-term, fundamentals will determine the returns over the horizon of multiple years. Optimism for another round of fiscal stimulus and the possibility of a successful vaccination/drug has been a tailwind to the rally.



The Committee believes that equity markets are factoring in optimism around recovery and reopening. The Committee remains cautious on the path of the virus and anticipates a likely W-shaped recovery with a pullback if there was to be a second wave of COVID-19.

Amidst this background, the Committee, with its emphasis on risk and downside protection and cognizant of the backstop offered by Fed's actions, is not comfortable increasing equity exposure to the benchmark weight. Instead, the Committee has been proactively looking for dislocations across the capital markets that have the ability to add value to the multi-asset class portfolios without adding undue risk.

Addition of convertible bonds strategy:

A convertible bond may behave more like a stock or a bond at any given time. Convertibles tend to trade as a function of the underlying equity price when the embedded option is in-the-money, but more like a bond (with less equity sensitivity) when the underlying stock price falls and the option becomes further out-of-the-money. Convertible bonds are considered less risky than equities due to the embedded bond floor. The Committee views them as a hybrid exposure of equity and fixed income, wherein they can capture some of the upside associated with equity exposure while limiting downside due to underlying bonds. During the last bull market (3/31/09-2/19/20), the convertible bonds, as represented by the Bloomberg Barclays US Convertibles Index, returned 14.01% (compared to the S&P 500's return of 16.58% on an annualized basis). During the recent sell-off (2/19/20-3/23/20), convertible bonds returned -26.42% compared to -33.92% returned by the S&P 500. The exposure to convertibles will be implemented through a passive vehicle - CWB: SPDR Bloomberg Barclays Convertible Securities ETF.

PORTFOLIO IMPLICATIONS

In light of the continued uncertainty around the path of recovery, the Committee prefers to stay defensive in order to be able to provide downside protection. The Committee's decision to add to convertibles helps the portfolio remain defensive while being opportunistic.

The Committee believes that the recovery from here on will be gradual and protracted rather than sharp, and believes that the equity markets are not fully discounting the duration of the slowdown. When the Committee believes that the markets are fully reflecting the underlying fundamentals, we expect to bring the portfolios' equity weight in-line with the strategic targets. We continue to be defensively positioned in the interim, with a close eye on various market drivers.

We appreciate your continued confidence in PFM. Should you have any specific questions or wish to discuss this topic in more detail, please contact your client manager directly.

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Multi-Asset Class Portfolio Update

pfm

June 26, 2020

SUMMARY

- The Multi-Asset Class Investment Committee (the “Committee”) has voted to remove the **overweight to fixed income in client portfolios and allocate those assets to domestic equity.**
- While the Committee believes that the economic recovery will be gradual and protracted, rather than V-shaped, and that the markets are not fully reflecting the underlying fundamentals, the improving fundamentals have made us cautiously optimistic. Although we have increased risk in client portfolios slightly, we continue to be defensively positioned in aggregate, with a close eye on various market drivers.

ASSESSMENT

Over the last month, several states have re-opened either partially or fully following the unprecedented shutdown, even as COVID-19 cases continued to rise. Likewise, the re-opening of economies has also occurred globally as cases continued to rise. The move from a total shutdown to a more localized approach of social distancing has revived consumer sentiment and consumer spending. Recent economic data has been coming in better than the drastic lows registered in April and May, albeit still lower than pre-coronavirus crisis in the U.S. The strongest recovery in data was reflected in the labor markets with the May unemployment rate at 13.3%, 1.4% lower than what was reported in April, surprising on the upside. Continuing claims for unemployment insurance have improved from the record high of 24 million to 19.5 million recently, as businesses re-open and re-hire. Labor market conditions are further expected to improve as policy support to reduce unemployment continues. Manufacturing and services activity have also shown signs of improvement. Amidst this background of recovering economic data from the trough, the U.S. Federal Reserve (“Fed”) has continued to offer monetary policy support through the bond-buying program, along with the decision to not raise interest rates until 2022.

Equity markets have recovered strongly since the lows of March 23rd, backstopped by accommodative monetary policy, re-opening of the economy, and current and expected fiscal stimulus measures that have all culminated into improvement of various economic indicators. The Committee believes that the markets are optimistic. PFM continues to be cautious on the path of the virus, as we are currently experiencing an increased number of new cases coupled with the possibility of a second wave in the fall, which could result in decreased economic output. With its emphasis on risk and downside protection, and cognizant of the backdrop offered by the Fed’s actions, the Committee has decided to add to domestic equities slightly by bringing the fixed income allocation in line with policy targets.

PORTFOLIO IMPLICATIONS

The Committee has expressed a cautious view on the markets since the declaration of the coronavirus pandemic but has recently considered the accommodative central bank policy along with re-opening of economies as harbingers of the stability of capital markets. While the Committee believes that the recovery from here on will be gradual and protracted rather than sharp, the improving fundamentals have made us cautiously optimistic at this time. With this change, the risk within our portfolios has increased slightly, but we continue to be defensively positioned as we expect a more volatile market for the second half of the year.

We appreciate your continued confidence in PFM. Should you have any specific questions or wish to discuss this topic in more detail, please contact your client manager directly.

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Investment INSIGHTS

Will the pandemic reverse the active-to-passive movement?



BIAGIO MANIERI, Ph.D., CFA
Managing Director and Chief Multi-Asset
Class Strategist, PFM Asset Management

The onslaught of the COVID-19 virus has wreaked havoc with economies and stock markets around the world. In the U.S., while the S&P 500 stock index has rallied sharply off its pandemic-related March 23 low, which marked a 34% drop from its all-time high reached in mid-February, volatility remains elevated. Uncertainty is high as the economic ramifications of the pandemic continue to surface. Amidst this backdrop, institutional investors are thinking again about the value of diversification and examining their portfolios to decide whether to simply rebalance to existing asset allocations or restructure to take advantage of market dislocations. *Pensions & Investments* spoke with Biagio Manieri, managing director and chief multi-asset class strategist at PFM Asset Management, to discuss these issues as well as the question of whether passive or active strategies are better suited to take advantage of a market rebound.

Pensions & Investments: Do you think the heightened risk and volatility in capital markets from the coronavirus pandemic will cause a reversal in the trend of investors shifting assets to passive strategies from active ones?

BIAGIO MANIERI: At this point, it is too early to say, but based on first-quarter performance, I think the trend is likely to remain in place. Based on various databases, including PARIS, a portfolio analytics and reporting system, most active managers underperformed in the first quarter. Particularly fixed income managers who invest outside of core areas such as high yield.

Some investors may be surprised by this since many believe active management outperforms during down markets. But we were not surprised. Indeed, we saw the same outcome during the financial crisis.

P&I: Is the question more nuanced than simply active vs. passive?

MANIERI: Yes, indeed. I think we need to distinguish between active management in selecting individual securities vs. passive replication of a benchmark, and active management of passive exposures or tactical asset allocation vs. mechanistic rebalancing to strategic long-term asset allocations.

At PFM Asset Management, we use a combination of actively managed funds as well as passive or index funds, but we actively manage the asset class exposures through tactical asset allocation. Because of our tactical asset allocation decisions, we were able to outperform both in 2019, when markets performed strongly, as well as in the first quarter, when most asset classes outside of Treasuries declined.

P&I: When you say PFM Asset Management outperformed in 2019 and in the first quarter of this year, what benchmarks are we talking about?

MANIERI: I mean outperforming the benchmark for each client's portfolio, which is a weighted average of various indices such as Russell 3000, MSCI ACWI ex-U.S., etc. The

benchmark represents the policy portfolio or long-term strategic asset allocation. We attempt to outperform this benchmark by over/under-weighting various asset classes using passive vehicles as well as carefully selecting active funds that we believe will outperform in the current economic and market environment.

P&I: Most capital market assumptions forecast lower-expected returns going forward vs. historical long-term return levels. If institutional asset owners cannot count on active managers to outperform, how do they achieve the required rate of return to pay pension benefits, contribute to university budgets or support the goals of the foundation?

MANIERI: At PFM Asset Management, we use a combination of active managers who we believe can achieve excess return over time, and a core part of the portfolio that is passive. But we do not mechanically rebalance back to target. In fact, we have been able to add excess return by actively managing our asset class exposures. Based on our fundamental analysis, we actively manage the over-weighting and under-weighting of various asset classes with the goal of achieving a return that is higher than that of a portfolio of either actively managed or index funds that stays close to the strategic long-term asset allocation or benchmark.

P&I: That sounds like market timing.

MANIERI: Some may see this as market timing, but we believe that tactical asset allocation done right is inherently different from trying to time the market. Those who try to time the market for the most part, rely on technical analysis or looking at patterns in market prices and trends, e.g., a reversal in a market that is considered oversold. Our tactical asset allocation decisions are based on fundamental analysis of the economy, corporate profitability, monetary policy, valuation and other factors that drive capital markets. It was this analysis that led us to be risk seeking in our portfolio positioning in 2019 but significantly reduce risk in early 2020.

P&I: You raise the point of actively managing asset class exposures to manage expected return and risk as market regimes shift, but most investors rely on diversification to achieve the same purpose. Are you surprised that even well-diversified multi asset portfolios suffered significant drawdowns in the first quarter?

MANIERI: I am not surprised. We often hear that diversification is "the only free lunch that exists," as renowned economist Harry Markowitz put it. But as we saw in the first quarter, during the financial crisis and other times of economic distress throughout history, many asset classes such as equities, credit, etc., fall in unison.

Diversification is not the holy grail many believe it to be. Diversification works in normal circumstances when correlations, volatility, etc., are fairly stable. But as investors, we need to recognize that most asset classes, whether equities, credit, etc., have economic sensitivity. Therefore, when the

economy gets hit, correlations go up as these asset classes are negatively impacted. For example, during a recession, companies earn lower profits. As a result, the value of the company is lower, and equities decline. As profits decline, the risk associated with corporate bonds, especially high yield bonds, increases and as a result, credit spreads widen and bond prices decline. This also works for commodities. In a recession — all other things being equal — we use less industrial metals, oil, etc., and as a result of lower demand, the prices of these commodities decline.

Modern Portfolio Theory is based on the notion that an efficient portfolio can be created if we know expected return, correlation and volatility. The implicit assumption is that these variables are constant. But that is not true. Correlations and volatility increase during times of stress. The asset classes that do well in times of stress and protect the portfolio best during times of crisis are Treasuries, the U.S. dollar, gold, put options, etc. But these investments have low expected returns over time. Therefore, it is a real question whether, over long periods of time, you want to allocate enough to these investments to protect your portfolio during times of crises. Is it worth it to hold these investments in large enough allocations to help protect your portfolio during time of crises?

P&I: What's your answer to those questions?

MANIERI: We would rather tactically allocate assets based on our fundamental views and reduce equities, credit, etc., if we believe the economy is likely to go into a recession, rather than having asset classes that are a drag on performance most of the time, but will benefit the portfolio during times of crisis, which by definition, do not occur most of the time.

P&I: But most institutional asset owners rely on diversification and a long-term time horizon, right?

MANIERI: Most institutional investors do not rely or believe in tactical asset allocation. Some believe that the answer is in allocating a significant portion of portfolio assets to so-called alternatives, which they believe are able to outperform publicly traded markets in various market environments.

But if you examine the performance of endowments during the financial crisis, these funds did not outperform a simple portfolio of index funds. In our opinion, while alternatives can be useful under certain conditions, they do not obviate the need for tactical asset allocation. The approach that we have found to work best for our clients is to use a combination of passive and active funds along with alternative strategies in certain cases, but tactically allocate and manage our exposures based on fundamental analysis of economic and market conditions. ■

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Abington Township OPEB Trust

Investment Performance Review For the Quarter Ended June 30, 2020

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Financial Markets & Investment Strategy Review

QUARTERLY MARKET SUMMARY

Market Index Performance

As of June 30, 2020

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
DOMESTIC EQUITY							
S&P 500	20.54%	-3.08%	7.51%	10.73%	10.73%	12.13%	13.99%
Russell 3000 Index	22.03%	-3.48%	6.53%	10.04%	10.03%	11.68%	13.72%
Russell 1000 Value Index	14.29%	-16.26%	-8.84%	1.82%	4.64%	7.11%	10.41%
Russell 1000 Growth Index	27.84%	9.81%	23.28%	18.99%	15.89%	16.62%	17.23%
Russell Midcap Index	24.61%	-9.13%	-2.24%	5.79%	6.76%	9.40%	12.35%
Russell 2500 Index	26.56%	-11.05%	-4.70%	4.08%	5.41%	8.15%	11.46%
Russell 2000 Value Index	18.91%	-23.50%	-17.48%	-4.35%	1.26%	3.98%	7.82%
Russell 2000 Index	25.42%	-12.98%	-6.63%	2.01%	4.29%	7.17%	10.50%
Russell 2000 Growth Index	30.58%	-3.06%	3.48%	7.86%	6.86%	10.03%	12.92%
INTERNATIONAL EQUITY							
MSCI EAFE (Net)	14.88%	-11.34%	-5.13%	0.81%	2.05%	3.93%	5.73%
MSCI AC World Index (Net)	19.22%	-6.25%	2.11%	6.14%	6.46%	7.81%	9.16%
MSCI AC World ex USA (Net)	16.12%	-11.00%	-4.80%	1.13%	2.26%	3.71%	4.97%
MSCI AC World ex USA Small Cap (Net)	22.83%	-12.80%	-4.34%	-0.17%	2.50%	4.74%	6.05%
MSCI EM (Net)	18.08%	-9.78%	-3.39%	1.90%	2.86%	3.22%	3.27%
ALTERNATIVES							
FTSE NAREIT Equity REIT Index	11.82%	-18.71%	-13.04%	0.03%	4.06%	5.36%	9.05%
FTSE EPRA/NAREIT Developed Index	10.33%	-20.93%	-15.46%	-0.67%	2.22%	3.61%	7.17%
Bloomberg Commodity Index Total Return	5.08%	-19.40%	-17.38%	-6.14%	-7.69%	-8.11%	-5.82%
FIXED INCOME							
Blmbg. Barc. U.S. Aggregate	2.90%	6.14%	8.74%	5.32%	4.30%	3.96%	3.82%
Blmbg. Barc. U.S. Government/Credit	3.71%	7.21%	10.02%	5.87%	4.74%	4.24%	4.13%
Blmbg. Barc. Intermed. U.S. Government/Credit	2.81%	5.28%	7.12%	4.43%	3.46%	3.12%	3.13%
Blmbg. Barc. U.S. Treasury: 1-3 Year	0.25%	3.01%	4.14%	2.70%	1.86%	1.56%	1.34%
Blmbg. Barc. U.S. Corp: High Yield	10.18%	-3.80%	0.03%	3.33%	4.79%	4.99%	6.68%
Credit Suisse Leveraged Loan index	9.71%	-4.75%	-2.26%	2.14%	2.94%	3.27%	4.33%
ICE BofAML Global High Yield Constrained (USD)	11.44%	-4.28%	-0.64%	2.93%	4.61%	4.57%	6.47%
Blmbg. Barc. Global Aggregate Ex USD	3.38%	0.61%	0.71%	2.52%	2.89%	1.31%	1.98%
JPM EMBI Global Diversified	12.26%	-2.76%	0.49%	3.60%	5.30%	5.48%	6.03%
CASH EQUIVALENT							
90 Day U.S. Treasury Bill	0.02%	0.60%	1.63%	1.77%	1.17%	0.85%	0.62%

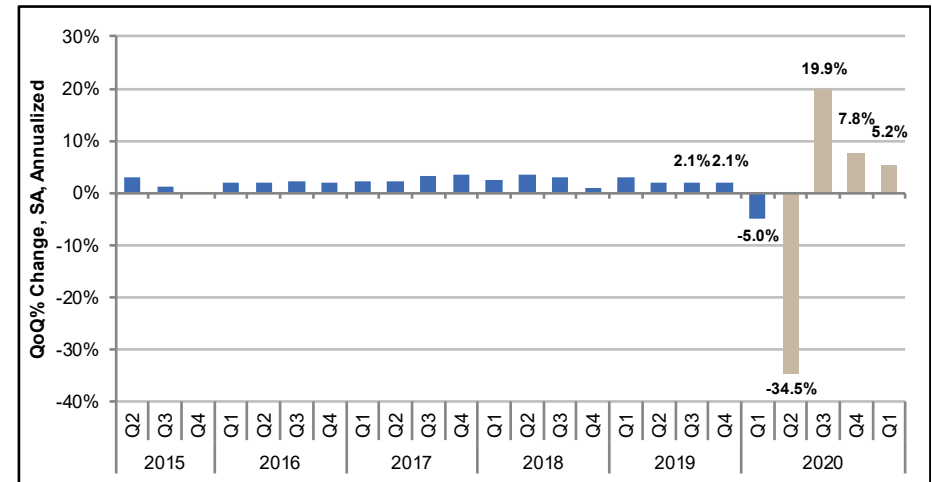
Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

QUARTERLY MARKET SUMMARY

THE ECONOMY

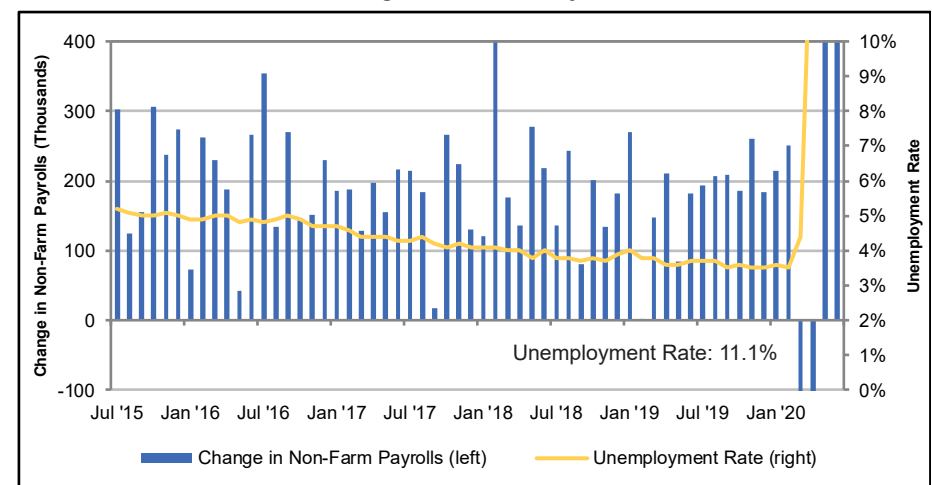
- The coronavirus (COVID-19) pandemic continues to shape the global markets and economy. Until late June, the second quarter saw a flattening of the curve as the pace of new COVID-19 cases and fatalities fell. In the last two months of the quarter, many states began to ease lockdowns, but relaxed social distancing and a reduction of other precautionary measures led to a surge in new cases to start the third quarter. The recent developments confirm that business as usual is not likely to return until a vaccine is widely distributed, which is currently expected by spring 2021. A similar trend is emerging globally, with daily new cases rising in Asia, developing countries and, to a lesser extent, Africa and the Middle East.
- U.S. gross domestic product (GDP) is expected to fall approximately 35% year-over-year in the second quarter, following a 5% decline in the first quarter. Many states rolled back or paused reopening plans in response to the recent surge in new COVID-19 cases, putting early pressure on third-quarter GDP, which is expected to rise by about 20%.
- Record job losses were followed by record job gains in the second quarter. Non-farm payrolls fell by 22.2 million in March and April, and the unemployment rate quickly spiked from 3.5% to 14.7%. In May and June, however, 7.5 million jobs were added back to the economy, driven by gains in hospitality, retail, education and healthcare, and the unemployment rate fell to 11.1%. Despite the declines in unemployment, initial and continuous jobless claims rose in the last week of the quarter.
- Equity markets experienced a historic rebound in the second quarter, driven by fiscal and monetary policy support, promising data related to COVID-19 cases, and expectations of a relatively quick economic recovery. In early June, the S&P 500 Index (S&P) turned positive for the year before falling slightly to end the quarter. Though the index has not returned to its all-time peak in February, the market's decoupling from economic fundamentals has surprised investors in the first half of the year.
- As would be expected with a meaningful contraction in economic growth, corporate earnings are anticipated to decline. According to FactSet's earnings insight, estimated earnings are -44.6% for the second quarter, which would mark the largest drawdown since a -69.1% decline in the fourth quarter of 2008. Just 49 companies are offering earnings guidance for the second quarter compared to the five-year average of 106.

U.S. Real GDP Growth
Seasonally Adjusted (SA)



Source: Bloomberg. Blue bars indicate actual numbers; taupe bars indicate forecasted estimates.

Change in Non-Farm Payrolls



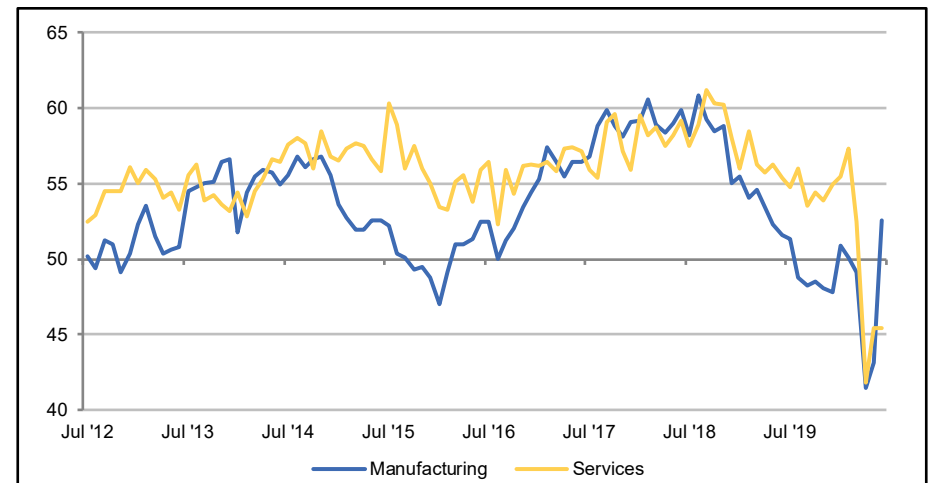
Source: Bloomberg.

QUARTERLY MARKET SUMMARY

WHAT WE'RE WATCHING

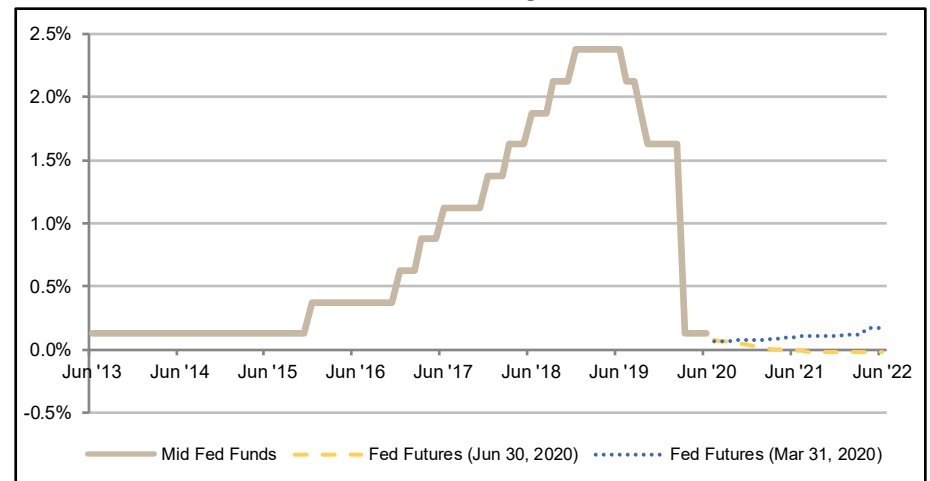
- The ongoing economic recovery experienced a meaningful setback in late June as new cases of COVID-19 surged across many U.S. states. As of the end of the second quarter, more than a dozen states have paused or rolled back reopening plans, threatening to erase recent payroll gains and suspend economic activity into the fall. The U.S. is recording its highest daily infection rate since the pandemic began, and investors are now watching the developments of the virus and the response of economies worldwide.
- A return to normalcy will require the introduction of an effective vaccine, and the development of one is being viewed with continued optimism. Though some drugs have been discovered to speed up recovery times or decrease the chances of death, researchers have not found a cure for the disease. Vaccine researchers have been working with the FDA at a blistering pace, and most timelines put the widespread availability of a vaccine in the first half of 2021. The 12- to 18-month timeframe is just a fraction of the usual timeframe for vaccine development.
- The second wave of infections has shifted more attention toward additional fiscal stimulus programs expected in late July or August. To date, four relief packages have been passed at a total cost of \$2.4 trillion, and the Federal Reserve (Fed) continues to provide strong monetary support. Congress is now debating a \$1-3 trillion spending bill for economic relief. The bill could include additional stimulus checks, extended jobless benefits and back-to-work bonuses. The Senate has indicated the bill would be its top priority when it reconvenes in late July.
- The U.S. is just five months away from its presidential election, and both major party candidates will be expected to demonstrate their ability to lead the country out of the current economic climate. Much of the next presidential term will be focused on rebuilding the economy and taking on immense federal debt and budget deficits. Incumbent presidents have typically won reelection unless there was a recession during their term. Market volatility generally increases in election years, but the current circumstances will skew that data.
- Given the extraordinary amount of monetary and fiscal stimulus that has been injected into the economy, a long-term development worth watching is the potential for higher inflation, interest rates and taxes when the economy fully recovers. Inflation has fallen during the current recession and could continue to fall in the near-term. Still, unprecedented policy support will generate a high cost to be paid when the economy stabilizes.

ISM Manufacturing & Services PMI



Source: Bloomberg.

Federal Funds Target Rate



Source: Bloomberg.

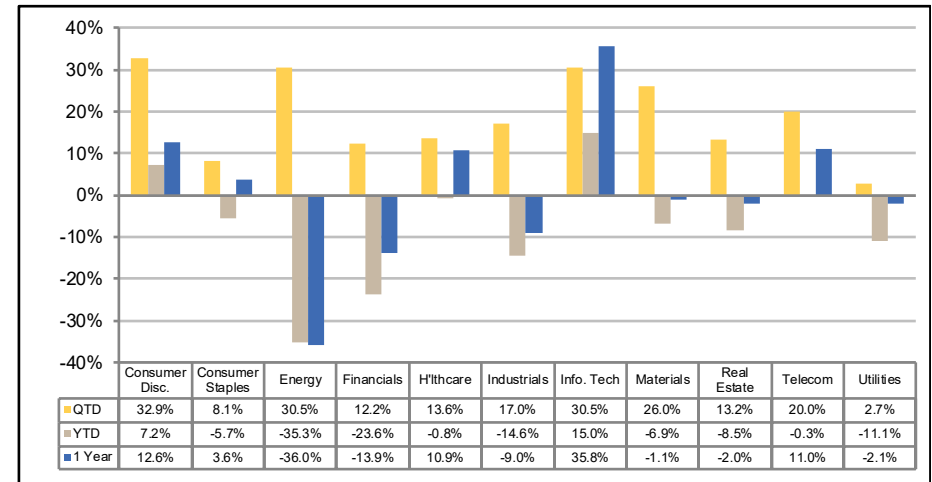
QUARTERLY MARKET SUMMARY

DOMESTIC EQUITY

- The S&P posted a return of 20.5% for the quarter, a near reversal from the first quarter. It benefited from the \$2.2 trillion stimulus package and states reopening from the COVID-19 pandemic shut down.
- Nine of the eleven S&P sectors produced positive returns with Consumer Discretionary (+32.9%) and Energy (+30.5%) leading the way. After a difficult first quarter from lockdown and the price war between Saudi Arabia and Russia, there was a strong bounce back in both sectors as people began to adapt to the new normal.
- Value stocks, as represented by the Russell 1000 Value Index, returned 14.3%, and lagging growth stocks, as represented by the Russell 1000 Growth Index, which returned 27.8%. The divergence between value and growth performance continued for the first half of 2020. Russell 1000 Growth is now positive for the year with the strongest performance across domestic equities.
- Small-caps, as represented by the Russell 2000 Index, returned 25.4% during the quarter and outperformed mid- and large-caps. This quarter, there was a shift in that small-cap stocks were rewarded greater than large-caps. This relative outperformance is similar to previous recovery periods.

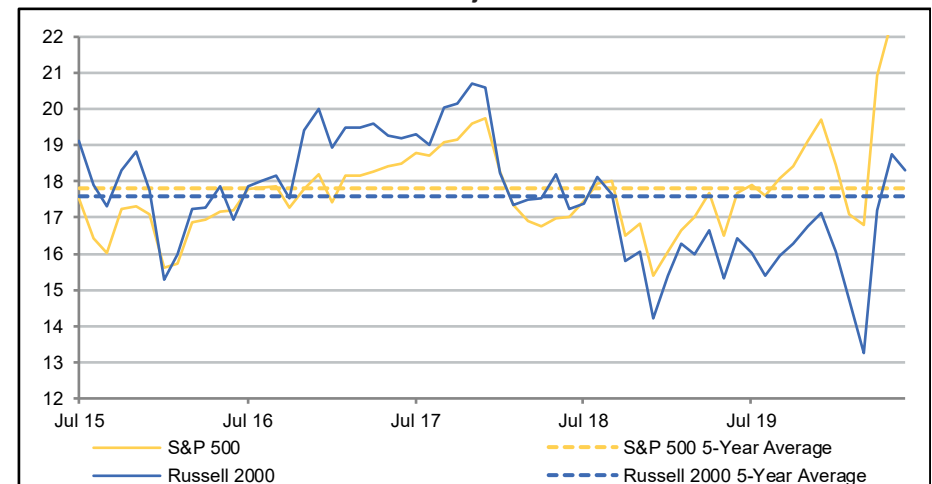
S&P 500 Index Performance by Sector

Periods Ended June 30, 2020



Source: Bloomberg.

P/E Ratios of Major Stock Indices*



Source: Bloomberg.

*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

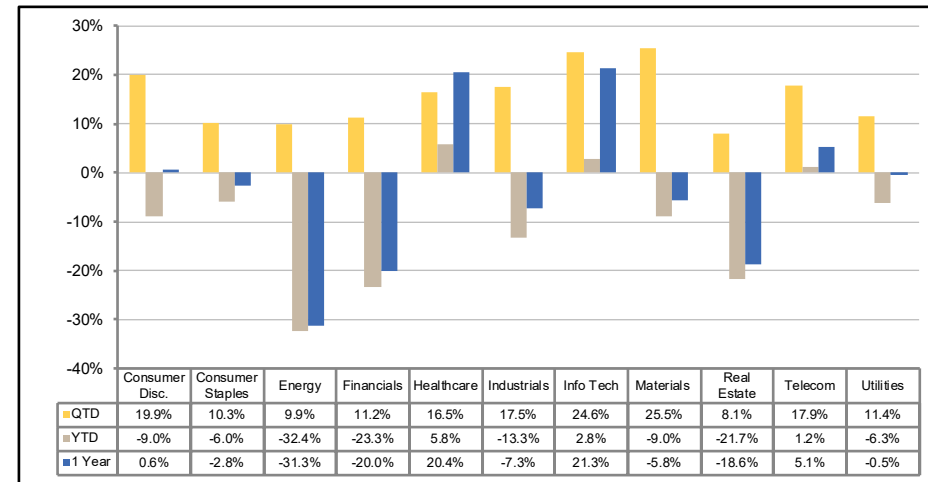
QUARTERLY MARKET SUMMARY

NON-U.S. EQUITY

- Markets outside the United States, as measured by the MSCI ACWI ex-U.S. Index, slightly lagged their domestic equity counterparts, returning 16.1% for the second quarter. All 11 sectors had positive returns for the quarter with Consumer Discretionary (+32.9%) performing best, as economies around the world reopened. The worst performer in the index was Utilities, which returned 2.7%.
- Emerging Markets (EM), as represented by MSCI Emerging Market Index, outperformed Developed ex-U.S. Markets, represented by the MSCI EAFE Index, returning 18.1% versus 14.9% for the quarter, respectively. EM Latin America returned 19.1%, while EM Asia returned 17.8%.
- Value continued to underperform growth for the quarter across the international markets (MSCI AC World ex-USA Growth 19.1% versus MSCI AC World ex-USA Value 13.0%).
- International small-caps, as represented by MSCI ACWI ex U.S. Small Cap Index, performed well, returning 22.8% for the quarter.

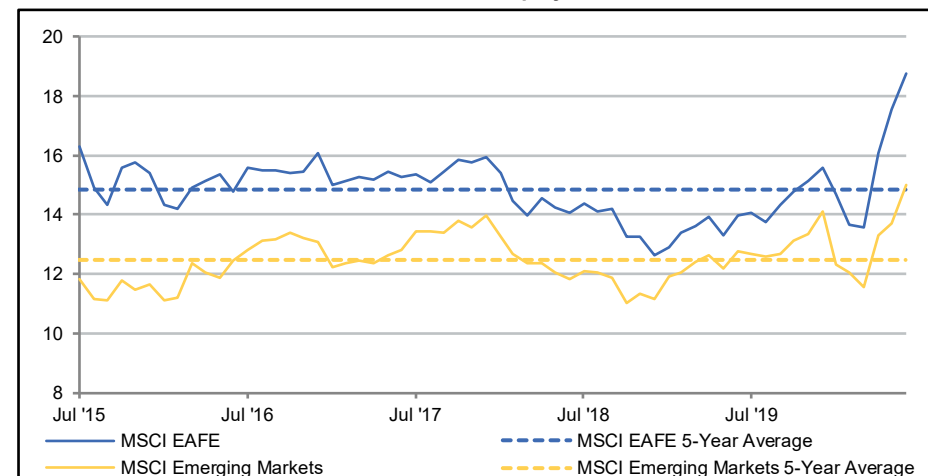
MSCI ACWI ex-U.S. Sectors

Periods Ended June 30, 2020



Source: Bloomberg.

P/E Ratios of MSCI Equity Indices*



Source: Bloomberg.

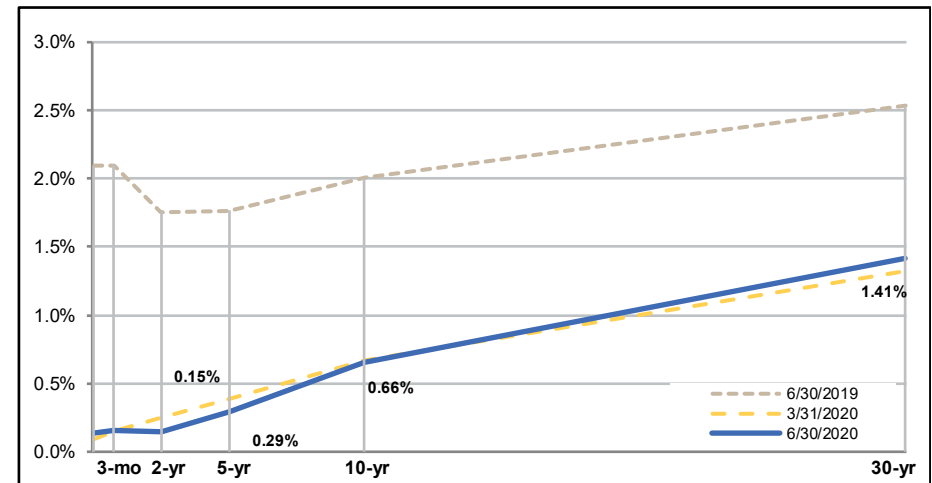
*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

QUARTERLY MARKET SUMMARY

FIXED INCOME

- The U.S. bond market, as represented by the Bloomberg Barclays U.S. Aggregate (Aggregate) Index, returned 2.9%.
- Rates remained relatively stable during the quarter, but experienced minor changes in direction across various tenors. The 2-year and 10-year treasury rates fell while the 30-year rate slightly increased. Much of the Aggregate return came from spread compression in credit.
- Investment-grade (IG) corporate spreads declined during the quarter. The Bloomberg Barclays U.S. Corporate Index gained 9.0% as credit rallied given unprecedented support from the Fed, which provided liquidity to the market and began a corporate bond-buying program. High yield bonds, as represented by the Bloomberg Barclays U.S. Corporate High Yield (HY) Index had an even sharper rally, gaining 10.2%. The strongest part of the corporate market was in the BBB-rated IG and BB-rated HY space, each gaining 11.5% in the quarter.
- The fixed-rate mortgage market, as measured by the Bloomberg Barclays U.S. Mortgage-Backed Securities (MBS) Index, gained 0.7%. Meanwhile, the Bloomberg Barclays U.S. Agency CMBS Index (measuring commercial MBS) gained 3.5%, while non-index mezzanine tranches of CMBS remained stressed as a result of continued office and retail shutdowns.
- EM USD sovereign bonds, as represented by the JP Morgan EMBI Global Diversified index, gained 12.3% as oil prices began to rise and investors added to this high yielding asset class.

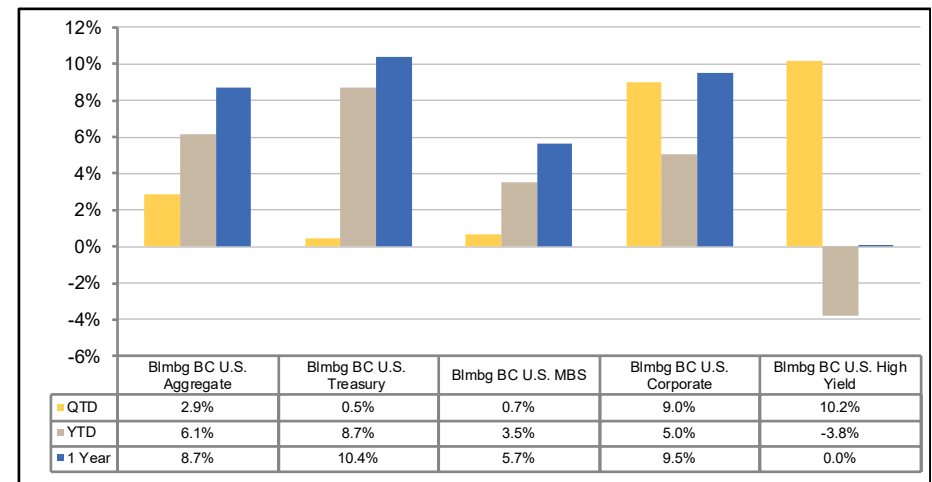
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended June 30, 2020



Source: Bloomberg. "Bimbg BC" is Bloomberg Barclays.

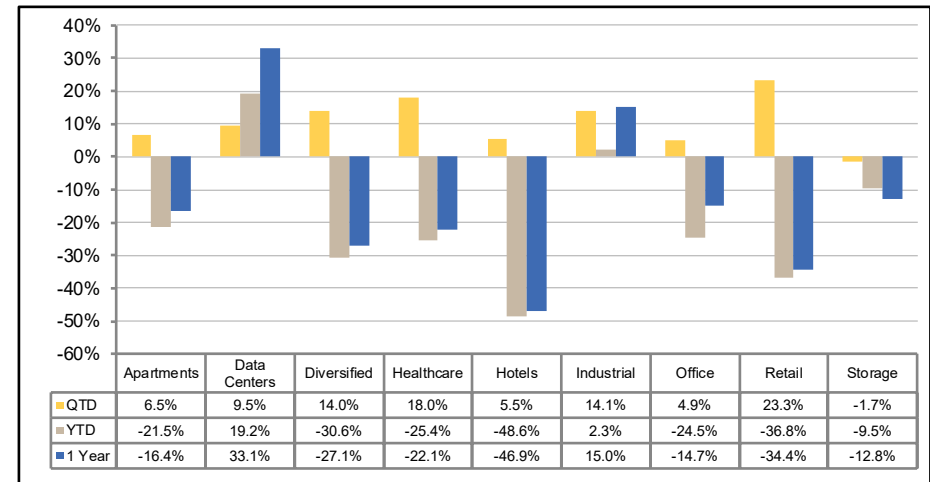
QUARTERLY MARKET SUMMARY

ALTERNATIVES

- REITs, as measured by the FTSE NAREIT Equity REITs Index, returned 11.8% in the second quarter, making up for a portion of the 27.3% loss in the first quarter. Most REIT sectors posted moderate to large gains in the second quarter. The Self-Storage sector was the exception, which posted a return of -1.7% over the quarter. The largest gains were seen in the Retail, Health Care and Industrial sectors, which posted returns of 23.3%, 18.0% and 14.1%, respectively.
- Private real estate, as measured by the NCREIF Property Index, generated a total return of 0.7% in the first quarter, resulting in a 5.3% return over the last 12-month period. In the first quarter, industrial properties were the top-performing sector, with a total return of 2.6%. Hotel properties were the worst-performing sector in the first quarter with a total return of -3.7%, comprised of 1.1% in income return and -4.8% in appreciation return.
- Hedge funds generated positive returns in the second quarter through May 2020 with the HFRI Fund Weighted Composite Index returning 7.1%. During the same period, the HFRI Macro (Total) Index returned 1.2%. The HFRI Equity Hedge (Total) Index and the HFRI Fund of Funds Index returned 10.4% and 5.8%, respectively.
- In the first quarter of 2020, private capital fundraising was once again led by private equity funds, which closed on \$133 billion, followed by \$38 billion raised by infrastructure funds, \$18 billion raised by private real estate funds and \$14 billion raised by private debt funds. Private equity dry powder, which accounts for the bulk of private capital dry powder, reached \$1.43 trillion as of year-end 2019. According to Cambridge Associates, U.S. private equity generated a return of 12.0% for the five years ending Q4 2019. According to Cliffwater Direct Lending Index, U.S. middle-market loans, a proxy for private debt, generated a return of 6.92% for the five years ending Q1 2020.
- Commodity futures, represented by the Bloomberg Commodity Total Return Index, returned 5.1% in the second quarter. The U.S. Dollar Index (DXY) fell 1.7% over the same period. Gold spot price ended the quarter at \$1,780.96 per ounce, representing a 12.9% gain over the period. The West Texas Intermediate (WTI) Crude Oil spot price increased by 91.7% from \$20.48 to \$39.27 during the second quarter.

FTSE NAREIT Sectors

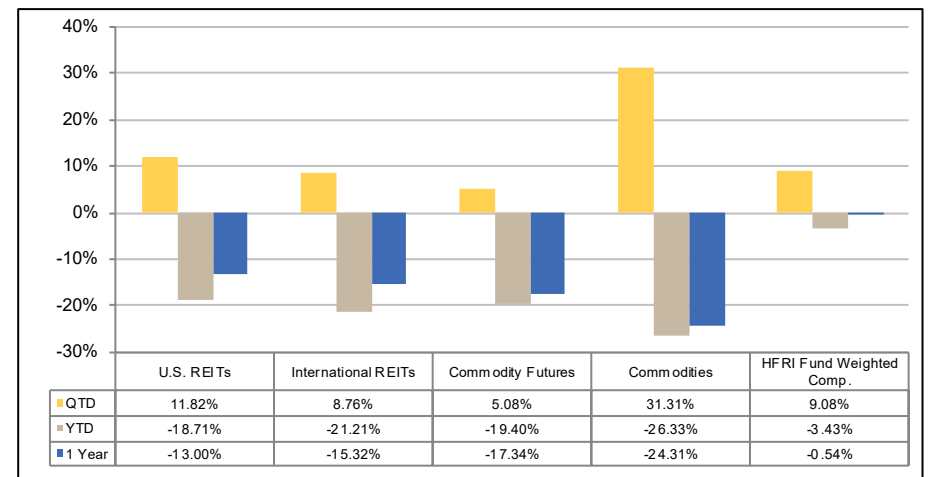
Periods Ended June 30, 2020



Source: Bloomberg.

Returns for Alternative Assets

Periods Ended June 30, 2020



Sources: Bloomberg and Hedge Fund Research, Inc.

QUARTERLY MARKET SUMMARY

Investment Strategy Overview

For the Third Quarter 2020

Asset Class	Our Investment Outlook	Comments
U.S. EQUITIES		<ul style="list-style-type: none"> Improving fundamentals have made us cautiously optimistic, but we believe that the economic recovery will be gradual and protracted, rather than V-shaped. We remain defensive in our allocation to equities. The Fed's accommodative stance and continued expectation of a low level of interest rates remains a tailwind to equity valuations. Uncertainty around earnings and profit margins remain as some states are backtracking reopening efforts, impacting labor markets, consumer confidence and consumer spending. Small-caps are expected to be more vulnerable to cash flow disruptions. Currently, fiscal and monetary stimulus are backstopping some of the weaker companies.
Large-Caps		
Mid-Caps		
Small-Caps		
NON-U.S. EQUITIES		<ul style="list-style-type: none"> International equities continue to trade at a discount to U.S. equities but a sharp recession followed by gradual protracted recovery makes us cautious. The COVID-19 pandemic is impacting Brazil and India substantially; we are concerned that EM economies with stressed healthcare infrastructure are the most vulnerable, leading us to be cautious. International small caps are expected to be impacted more due to the slowdown as smaller companies are typically more vulnerable to cash flow disruption.
Developed Markets		
Emerging Markets		
International Small-Caps		
FIXED INCOME		<ul style="list-style-type: none"> Continued globally coordinated accommodative monetary policy measures have been a tailwind to fixed income returns. In the current period of uncertainty, our allocation to fixed income is driven by our defensive stance. We continue to monitor downgrades and defaults within the corporate bond space while opportunistically adding to areas of dislocation within spread sectors.
Long Duration, Interest-Rate-Sensitive Sectors		
Credit-Sensitive Sectors		
ALTERNATIVES		<ul style="list-style-type: none"> While valuations looks attractive, disruption to rental income due to broad shutdowns, impacting residential and retail sectors, along with possibility of defaults in the future, makes us cautious. Tighter credit market conditions and prolonged business disruptions could hurt access to capital thereby impacting valuations, especially in the case of a prolonged slowdown. Private debt strategies are expected to be impacted by cash flow uncertainty as businesses adjust to lack of demand in the short-term. Select hedge fund strategies managed by talented managers may provide some benefit in the current market environment of increased volatility. We remain cautious on the overall hedge fund universe.
Real Estate		
Private Equity		
Private Debt		
Hedge Funds		










● Current outlook ○ Outlook one quarter ago



QUARTERLY MARKET SUMMARY

Factors to Consider Over the Next 6-12 Months

For the Third Quarter 2020

<p>Monetary Policy:</p>  <ul style="list-style-type: none"> Fed has embarked on accommodative monetary policy along with quantitative easing and other measures to offer liquidity and stability. Globally, all major central banks continue on the path of accommodative monetary policy. 	<p>Economic Growth:</p>  <ul style="list-style-type: none"> In the U.S., improving fundamentals recently point to a recovery from the lows of April. Recovery is expected to be gradual rather than sharp. Global growth expectations are sharply lower with a possibility of second wave of infections leading it even lower. 	<p>Fiscal Stimulus:</p>  <ul style="list-style-type: none"> Extension of unemployment benefits under CARES Act needs unified policy action, which might be difficult to achieve. Stimulus focused on infrastructure spending should be a positive.
<p>COVID-19 Containment:</p>  <ul style="list-style-type: none"> Rise in number of cases in the U.S. and the continued rise in economies that have reopened continues to impact reopening measures. Concerns around rise in second wave of infections remain a focal point for economic recovery in the fall. 	<p>Consumer Confidence (U.S.):</p>  <ul style="list-style-type: none"> Labor market conditions have improved from the historic lows but the recent surge in cases could further increase jobless claims. Next round of fiscal stimulus support or extension of unemployment benefits will be a positive as will be the reopening of states. 	<p>Inflation (U.S.):</p>  <ul style="list-style-type: none"> Range-bound inflation remains but concerns are rising that inflation could increase as the latent demand hits the economy post the relaxation of social distancing efforts.
<p>Corporate Fundamentals:</p>  <ul style="list-style-type: none"> Profit margins are expected to contract globally as a result of both demand and supply shocks. Uncertainty around earnings remains. Credit markets have continued to stabilize; rise in downgrades and defaults needs to be closely watched. 	<p>Valuations:</p>  <ul style="list-style-type: none"> Equity market valuations look less attractive given the strong rebound but the low level of rates continues to be tailwind. Fed's actions that provide support to certain spread sectors is a tailwind to fixed income assets. 	<p>Political Risks:</p>  <ul style="list-style-type: none"> Upcoming U.S. elections could cause policy uncertainty, especially as the focus to reopen the economy continues. Rising tensions in the U.S. – China relations adds to the political uncertainty.

Stance
Unfavorable to
Risk Assets



Stance
Favorable to
Risk Assets

The view expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (6/30/2020) and are subject to change.

Plan Performance Summary

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
TOTAL FUND	17,647,971	100.00	13.81	-1.55	5.34	7.01	6.79	6.70	01/01/2015
<i>Blended Benchmark</i>			<i>13.81</i>	<i>-1.55</i>	<i>5.18</i>	<i>6.69</i>	<i>6.51</i>	<i>6.25</i>	<i>01/01/2015</i>
Domestic Equity	7,340,472	41.59							
PFM Multi-Manager Domestic Equity Fund	7,340,472	41.59	21.08	-3.10	6.37	N/A	N/A	7.64	06/01/2018
<i>Russell 3000 Index</i>			<i>22.03</i>	<i>-3.48</i>	<i>6.53</i>	<i>10.04</i>	<i>10.03</i>	<i>7.76</i>	<i>06/01/2018</i>
Vanguard Total Stock Market ETF - 60.28%			22.09	-3.41	6.44	10.04	10.02	-3.35	02/01/2020
<i>Russell 3000 Index</i>			<i>22.03</i>	<i>-3.48</i>	<i>6.53</i>	<i>10.04</i>	<i>10.03</i>	<i>-3.37</i>	<i>02/01/2020</i>
Vaughan Nelson Select - 15.5% (^)			25.85	-0.34	8.49	N/A	N/A	8.07	06/01/2018
Nuance All Cap Value - 14.8% (^)			13.28	-9.95	0.93	N/A	N/A	7.16	06/01/2018
<i>Russell 3000 Index</i>			<i>22.03</i>	<i>-3.48</i>	<i>6.53</i>	<i>10.04</i>	<i>10.03</i>	<i>7.76</i>	<i>06/01/2018</i>
Champlain Mid Cap Core - 8.03% (^)			26.72	2.20	8.39	N/A	N/A	11.67	06/01/2018
<i>S&P MidCap 400</i>			<i>24.07</i>	<i>-12.78</i>	<i>-6.70</i>	<i>2.39</i>	<i>5.22</i>	<i>-2.44</i>	<i>06/01/2018</i>
Jacobs Levy Small Cap - 0.93% (^)			27.94	-15.18	-9.78	N/A	N/A	-10.39	05/01/2019
<i>S&P SmallCap 600</i>			<i>21.94</i>	<i>-17.85</i>	<i>-11.29</i>	<i>0.56</i>	<i>4.48</i>	<i>-11.25</i>	<i>05/01/2019</i>
International Equity	3,619,503	20.51							
PFM Multi-Manager International Equity Fund	3,619,503	20.51	17.96	-10.00	-4.32	N/A	N/A	-2.57	06/01/2018
<i>MSCI AC World ex USA (Net)</i>			<i>16.12</i>	<i>-11.00</i>	<i>-4.80</i>	<i>1.13</i>	<i>2.26</i>	<i>-2.62</i>	<i>06/01/2018</i>
iShares Core MSCI Total Int'l Stock ETF - 39.34%			17.06	-11.16	-4.65	1.14	2.50	-8.63	02/01/2020
<i>MSCI AC World ex USA (Net)</i>			<i>16.12</i>	<i>-11.00</i>	<i>-4.80</i>	<i>1.13</i>	<i>2.26</i>	<i>-8.54</i>	<i>02/01/2020</i>
Lazard Int'l ACW ex US - 10.03% (^)			14.95	-13.51	-8.71	N/A	N/A	-3.23	06/01/2018
<i>MSCI AC World ex USA (Net)</i>			<i>16.12</i>	<i>-11.00</i>	<i>-4.80</i>	<i>1.13</i>	<i>2.26</i>	<i>-2.62</i>	<i>06/01/2018</i>
WCM Focused Growth International - 15.12% (^)			23.83	2.74	N/A	N/A	N/A	7.38	12/01/2019
<i>MSCI AC World ex USA (Net)</i>			<i>16.12</i>	<i>-11.00</i>	<i>-4.80</i>	<i>1.13</i>	<i>2.26</i>	<i>-7.15</i>	<i>12/01/2019</i>
Acadian Non-U.S. Equity - 10.13% (^)			17.78	-10.16	N/A	N/A	N/A	-10.16	01/01/2020
<i>MSCI EAFE (net)</i>			<i>14.88</i>	<i>-11.34</i>	<i>-5.13</i>	<i>0.81</i>	<i>2.05</i>	<i>-11.34</i>	<i>01/01/2020</i>
Aristotle International Equity - 9.93% (^)			15.63	-12.52	-6.92	N/A	N/A	-0.69	06/01/2018
<i>MSCI EAFE (net)</i>			<i>14.88</i>	<i>-11.34</i>	<i>-5.13</i>	<i>0.81</i>	<i>2.05</i>	<i>-2.57</i>	<i>06/01/2018</i>
JO Hambro Int'l Small Company - 5.85% (^)			16.42	-17.84	-10.33	N/A	N/A	-9.14	06/01/2018
<i>MSCI AC World ex USA Small Cap (Net)</i>			<i>22.83</i>	<i>-12.80</i>	<i>-4.34</i>	<i>-0.17</i>	<i>2.50</i>	<i>-6.20</i>	<i>06/01/2018</i>
Schroders Global Emerging Markets - 9.06% (^)			19.66	-8.40	N/A	N/A	N/A	-8.40	01/01/2020
<i>MSCI EM (net)</i>			<i>18.08</i>	<i>-9.78</i>	<i>-3.39</i>	<i>1.90</i>	<i>2.86</i>	<i>-9.78</i>	<i>01/01/2020</i>

Returns are net of mutual fund fees and are expressed as percentages.

Blended Benchmark: See historical hybrid composition page for details.

(^*) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Other Growth	481,036	2.73							
SPDR Blmbg Barclays Convert Secs ETF	481,036	2.73	26.88	9.68	17.42	11.40	10.29	N/A	07/01/2020
<i>Blmbg. Barc. Liquid US Convertibles Index</i>			26.46	10.03	18.01	12.10	10.69	N/A	07/01/2020
Fixed Income	6,139,864	34.79							
PFM Multi-Manager Fixed-Income Fund	6,139,864	34.79	5.75	4.08	6.80	N/A	N/A	6.80	06/01/2018
<i>Blmbg. Barc. U.S. Aggregate</i>			2.90	6.14	8.74	5.32	4.30	7.89	06/01/2018
PGIM Core Fixed - 34% (^)			4.95	5.96	8.93	N/A	N/A	8.20	06/01/2018
TIAA Core Fixed - 34.98% (^)			5.99	5.89	9.02	N/A	N/A	8.19	06/01/2018
<i>Blmbg. Barc. U.S. Aggregate</i>			2.90	6.14	8.74	5.32	4.30	7.89	06/01/2018
iShares Core U.S. Aggregate Bond ETF - 3.95%			2.91	6.06	8.64	5.25	4.24	1.09	05/01/2020
<i>Blmbg. Barc. U.S. Aggregate</i>			2.90	6.14	8.74	5.32	4.30	1.10	05/01/2020
iShares National Muni Bond ETF - 5.97%			2.48	2.10	4.27	3.91	3.61	0.69	06/01/2020
<i>ICE BofA U.S. Municipal Securities Index</i>			2.66	1.97	4.30	4.22	3.99	0.99	06/01/2020
PineBridge IG Credit - 6.8% (^)			11.08	7.52	12.59	N/A	N/A	11.03	06/01/2018
<i>Blmbg. Barc. U.S. Credit Index</i>			8.22	4.82	9.07	6.14	5.54	9.06	06/01/2018
Brown Bros. Harriman Structured - 6.42% (^)			5.58	-0.44	1.17	N/A	N/A	3.20	06/01/2018
<i>ICE BofAML Asset-Bckd Fxd & Fltng Rate AA-BBB Idx</i>			6.59	-0.53	0.68	2.84	2.86	2.81	06/01/2018
iShares JP Morgan USD Emerging Mkts Bond ETF - 2.96%			12.64	-2.79	0.56	3.21	4.83	N/A	07/01/2020
<i>JPM EMBI Global Diversified</i>			12.26	-2.76	0.49	3.60	5.30	N/A	07/01/2020
Nomura High Yield - 4.83% (^)			10.75	-4.16	-0.32	N/A	N/A	2.67	06/01/2018
<i>Blmbg. Barc. U.S. Corp: High Yield</i>			10.18	-3.80	0.03	3.33	4.79	3.74	06/01/2018
Cash Equivalent	67,097	0.38							
First American Gov't Obligation - Z	67,097	0.38	0.03	0.34	1.28	1.53	1.02	1.30	09/01/2016

Returns are net of mutual fund fees and are expressed as percentages.

Blended Benchmark: See historical hybrid composition page for details.

(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Comparative Performance

	2019	2018	2017	2016	2015
TOTAL FUND	21.24	-5.03	16.79	6.71	1.15
<i>Blended Benchmark</i>	20.95	-5.31	16.02	7.44	-0.69
Domestic Equity					
PFM Multi-Manager Domestic Equity Fund	29.70	N/A	N/A	N/A	N/A
<i>Russell 3000 Index</i>	31.02	-5.24	21.13	12.74	0.48
Vanguard Total Stock Market ETF - 60.28%	30.80	-5.13	21.16	12.68	0.40
Vaughan Nelson Select - 15.5% (^)	29.17	N/A	N/A	N/A	N/A
Nuance All Cap Value - 14.8% (^)	31.33	N/A	N/A	N/A	N/A
<i>Russell 3000 Index</i>	31.02	-5.24	21.13	12.74	0.48
Champlain Mid Cap Core - 8.03% (^)	27.82	N/A	N/A	N/A	N/A
<i>S&P MidCap 400</i>	26.20	-11.08	16.24	20.74	-2.18
Jacobs Levy Small Cap - 0.93% (^)	N/A	N/A	N/A	N/A	N/A
<i>S&P SmallCap 600</i>	22.78	-8.48	13.23	26.56	-1.97
International Equity					
PFM Multi-Manager International Equity Fund	21.23	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	21.51	-14.20	27.19	4.50	-5.66
iShares Core MSCI Total Int'l Stock ETF - 39.34%	21.85	-14.55	28.08	4.66	-4.62
Lazard Int'l ACW ex US - 10.03% (^)	21.83	N/A	N/A	N/A	N/A
WCM Focused Growth International - 15.12% (^)	N/A	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	21.51	-14.20	27.19	4.50	-5.66
Acadian Non-U.S. Equity - 10.13% (^)	N/A	N/A	N/A	N/A	N/A
Aristotle International Equity - 9.93% (^)	25.45	N/A	N/A	N/A	N/A
<i>MSCI EAFE (net)</i>	22.01	-13.79	25.03	1.00	-0.81
JO Hambro Int'l Small Company - 5.85% (^)	23.48	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA Small Cap (Net)</i>	22.42	-18.20	31.65	3.91	2.60
Schroders Global Emerging Markets - 9.06% (^)	N/A	N/A	N/A	N/A	N/A
<i>MSCI EM (net)</i>	18.44	-14.58	37.28	11.19	-14.92
Other Growth					
SPDR Blmbg Barclays Convert Secs ETF	22.39	-2.32	16.24	10.50	-0.61
<i>Blmbg. Barc. Liquid US Convertibles Index</i>	22.79	-1.79	17.32	10.22	-0.28

Returns are net of mutual fund fees and are expressed as percentages.

Blended Benchmark: See historical hybrid composition page for details.

(^)*Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Comparative Performance

	2019	2018	2017	2016	2015
Fixed Income					
PFM Multi-Manager Fixed-Income Fund	9.56	N/A	N/A	N/A	N/A
<i>Blmbg. Barc. U.S. Aggregate</i>	8.72	0.01	3.54	2.65	0.55
PGIM Core Fixed - 34% (^)	9.65	N/A	N/A	N/A	N/A
TIAA Core Fixed - 34.98% (^)	9.59	N/A	N/A	N/A	N/A
iShares Core U.S. Aggregate Bond ETF - 3.95%	8.68	-0.05	3.53	2.56	0.48
<i>Blmbg. Barc. U.S. Aggregate</i>	8.72	0.01	3.54	2.65	0.55
iShares National Muni Bond ETF - 5.97%	7.28	0.86	4.61	0.06	2.99
<i>ICE BofA U.S. Municipal Securities Index</i>	7.76	1.06	5.42	0.44	3.55
PineBridge IG Credit - 6.8% (^)	15.48	N/A	N/A	N/A	N/A
<i>Blmbg. Barc. U.S. Credit Index</i>	13.80	-2.11	6.18	5.63	-0.77
Brown Bros. Harriman Structured - 6.42% (^)	5.07	N/A	N/A	N/A	N/A
<i>ICE BofAML Asset-Bckd Fxd & Fltng Rate AA-BBB Idx</i>	4.31	3.16	4.53	3.08	0.84
iShares JP Morgan USD Emerging Mkts Bond ETF - 2.96%	15.57	-5.67	9.98	9.41	0.43
<i>JPM EMBI Global Diversified</i>	15.04	-4.26	10.26	10.15	1.18
Nomura High Yield - 4.83% (^)	13.42	N/A	N/A	N/A	N/A
<i>Blmbg. Barc. U.S. Corp: High Yield</i>	14.32	-2.08	7.50	17.13	-4.47
Cash Equivalent					
First American Gov't Obligation - Z	2.08	1.70	0.75	0.23	0.01

Returns are net of mutual fund fees and are expressed as percentages.

Blended Benchmark: See historical hybrid composition page for details.

(^*)Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Account Reconciliation

QTR

	Market Value As of 04/01/2020	Net Flows	Return On Investment	Market Value As of 06/30/2020
TOTAL FUND	15,507,840	(1,384)	2,141,515	17,647,971

YTD

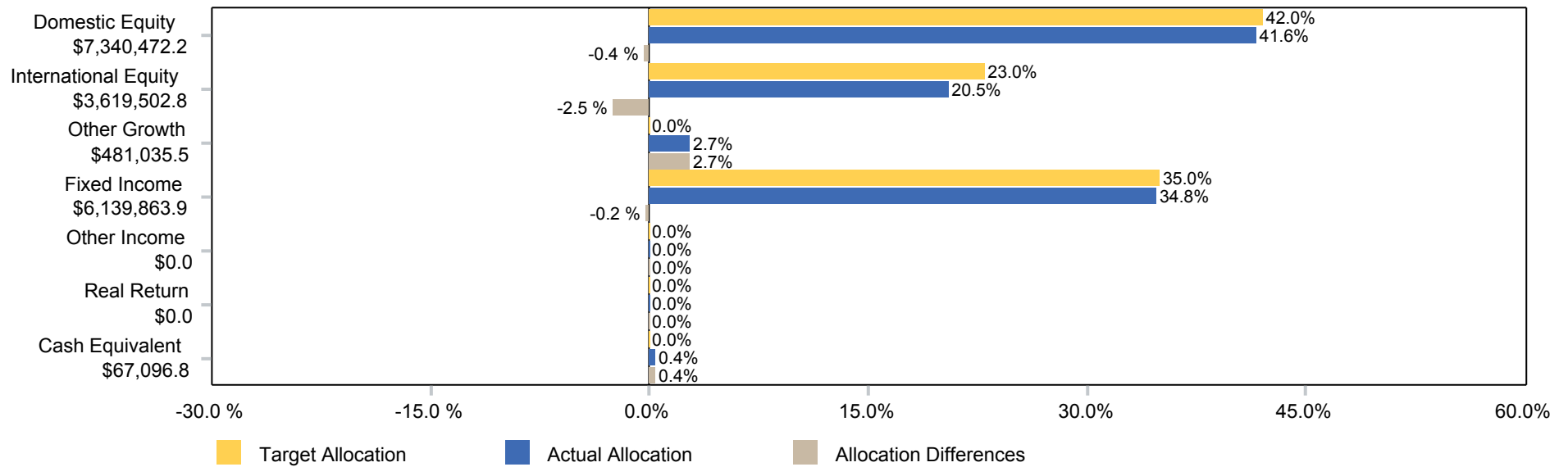
	Market Value As of 01/01/2020	Net Flows	Return On Investment	Market Value As of 06/30/2020
TOTAL FUND	17,929,273	(2,762)	(278,540)	17,647,971

1 Year

	Market Value As of 07/01/2019	Net Flows	Return On Investment	Market Value As of 06/30/2020
TOTAL FUND	16,758,460	(5,474)	894,985	17,647,971

Asset Allocation Summary

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
TOTAL FUND	100.0	100.0	N/A	N/A	0.0
Domestic Equity	41.6	42.0	22.0	62.0	-0.4
International Equity	20.5	23.0	3.0	43.0	-2.5
Other Growth	2.7	0.0	0.0	20.0	2.7
Fixed Income	34.8	35.0	15.0	55.0	-0.2
Other Income	0.0	0.0	0.0	20.0	0.0
Real Return	0.0	0.0	0.0	20.0	0.0
Cash Equivalent	0.4	0.0	0.0	20.0	0.4



Historical Hybrid Composition

Allocation Mandate	Weight (%)
Jan-2015	
Russell 3000 Index	42.0
MSCI AC World ex USA (Net)	23.0
Blmbg. Barc. U.S. Aggregate	35.0

Investment Manager Review

◆ Vanguard Total Stock Market Index

- **Management:** Gerard C. O'Reilly has managed the Fund since its inception in 1994. Walter Nejman, co-portfolio manager, has managed the Fund since 2016. They have been in the investment management industry since 1992 and 2008, respectively.
- **Objective:** The Fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
- **Strategy:** The Fund employs a “passive management” – or indexing – investment approach designed to track the performance of the CRSP US Total Market Index. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

◆ Vaughan Nelson Select

- **Management:** Scott Weber, CFA is the lead portfolio manager and final decision maker. He is the lead PM on the strategy since inception. Chris Wallis serves as the CIO of the firm.
- **Objective:** The sub-advisor seek to invest in companies that are trading at a discount to fair value with the potential to generate above-average rates of returns over time.
- **Strategy:** Typical characteristics of an investment in the Select strategy are:
 - Undervalued Growth: companies with attractive ROIC that are trading at an attractive valuation
 - Undervalued Assets : companies where the market is under appreciating the value of underlying assets
 - Undervalued Dividends: companies with attractive dividend yields or return to shareholders

◆ Nuance All Cap Value

- **Management:** Scott Moore, CFA , founder of Nuance Investments, and Chad Baulmer, CFA are the Portfolio Managers responsible for the strategy. Scott and Chad are the PMs for the strategy since inception.
- **Objective:** The sub-advisor seek to invest in companies that are trading at a discount to fair value with the potential to generate above-average rates of returns over time.
- **Strategy:** The team follows a disciplined value approach to investing in companies with attractive competitive positioning that could be under-earning their normalized earning potential due to short-term, transitory issues and as a result they may be trading at a greater discount to their fair value.

◆ Champlain Mid Cap Core

- **Management:** The strategy is managed through a team based approach headed by Scott Brayman. Mr. Brayman is the founding partner and Chief Investment Officer, as well as portfolio manager for the Mid Cap Core strategy. He is the lead PM on the strategy since inception.
- **Objective:** The sub-advisor seek to invest in companies that are trading at a discount to fair value with the potential to generate above-average rates of returns over time.
- **Strategy:** The sub-advisor invest in common stocks of mid-capitalization companies that they believe have strong-term fundamentals, superior capital appreciation potential and attractive valuations.

● **Jacobs Levy Small Cap Equity**

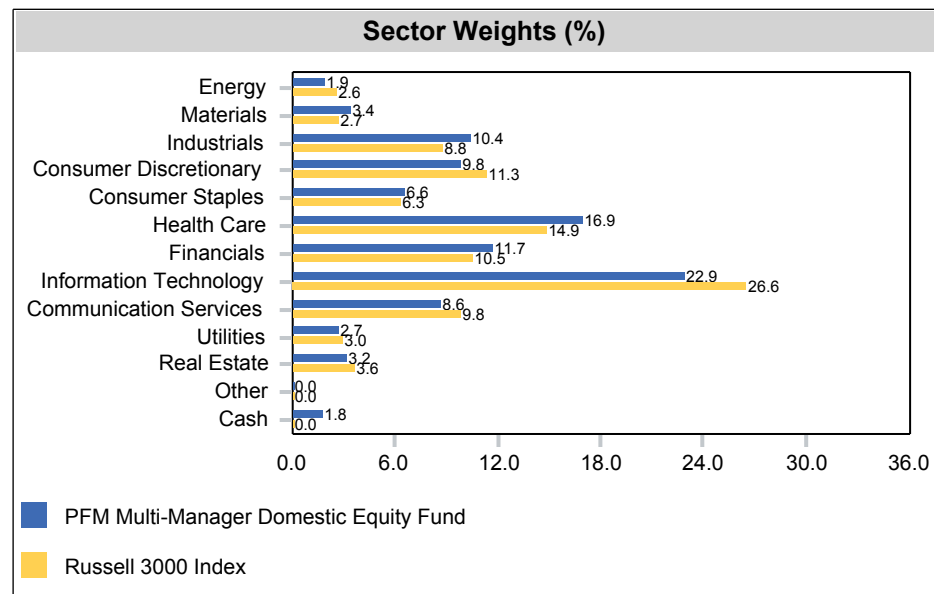
- **Management:** Dr. Bruce I. Jacobs and Mr. Kenneth N. Levy co-founded Jacobs Levy in 1986. The two individuals own 100% of the firm and are the portfolio managers responsible for the day-to-day management of firm assets. The two individuals are backed by a team of over 50 investment professionals.
- **Objective:** Through a quantitative approach, the strategy seeks outperformance relative to the S&P Small Cap Index.
- **Strategy:** The strategy employs an actively managed approach designed to outperform the S&P 600 over a full market cycle. The team uses a multi factor quantitative approach with over 80 factors, 42 are fundamental factors and 40 are industry factors. Stock selection is determined based on an optimizer run for expected alpha

Portfolio Characteristics

As of June 30, 2020

PFM Multi-Manager Domestic Equity vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	247,694	324,318
Median Mkt. Cap (\$M)	1,020	1,460
Price/Earnings ratio	22.39	22.81
Price/Book ratio	3.69	3.93
5 Yr. EPS Growth Rate (%)	11.65	12.15
Current Yield (%)	1.68	1.74
Number of Stocks	3,518	3,009

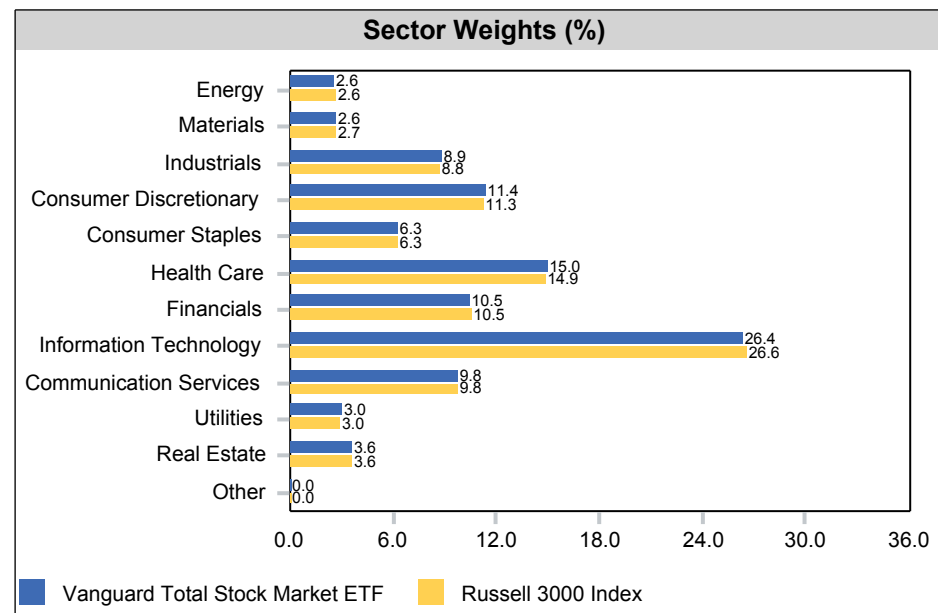


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Vanguard Total Stock Market ETF	60.33	0.00	60.33	21.97
Schwab (Charles) Corp	1.03	0.13	0.90	0.87
Microsoft Corp	0.95	5.00	-4.05	29.40
Electronic Arts Inc	0.86	0.12	0.74	31.83
DENTSPLY SIRONA Inc	0.86	0.03	0.83	13.73
Facebook Inc	0.83	1.79	-0.96	36.13
Amazon.com Inc	0.83	3.84	-3.01	41.50
ON Semiconductor Corp	0.78	0.03	0.75	59.32
Texas Instruments Inc	0.77	0.38	0.39	28.10
Unitedhealth Group Inc	0.75	0.91	-0.16	18.78
% of Portfolio	67.99	12.23	55.76	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Workhorse Group Inc	0.00	0.00	0.00	860.78
Microvision Inc WA	0.00	0.00	0.00	688.41
CellDex Therapeutics Inc	0.00	0.00	0.00	683.13
Veritone Inc	0.00	0.00	0.00	537.77
Novavax Inc	0.01	0.02	-0.01	513.77
Remark Holdings Inc	0.00	0.00	0.00	500.81
Overstock.com Inc	0.00	0.00	0.00	469.74
Cinedigm Corp	0.00	0.00	0.00	423.43
Navidea Biopharmaceuticals Inc	0.00	0.00	0.00	417.40
Cardiff Oncology Inc	0.00	0.00	0.00	396.04
% of Portfolio	0.01	0.02	-0.01	

Vanguard Total Stock Market ETF vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	321,530	324,318
Median Mkt. Cap (\$M)	1,015	1,460
Price/Earnings ratio	22.87	22.81
Price/Book ratio	3.94	3.93
5 Yr. EPS Growth Rate (%)	12.09	12.15
Current Yield (%)	1.74	1.74
Number of Stocks	3,501	3,009

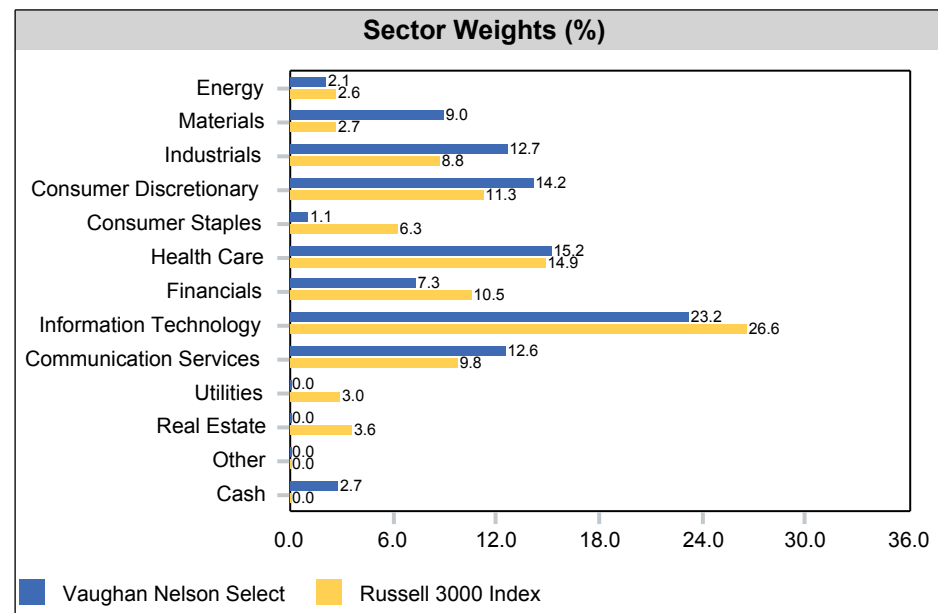


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Microsoft Corp	5.07	5.00	0.07	29.40
Apple Inc	4.68	4.89	-0.21	43.84
Amazon.com Inc	3.84	3.84	0.00	41.50
Facebook Inc	1.79	1.79	0.00	36.13
Alphabet Inc	1.39	1.40	-0.01	22.04
Alphabet Inc	1.33	1.37	-0.04	21.57
Johnson & Johnson	1.22	1.22	0.00	8.00
Berkshire Hathaway Inc	1.08	1.14	-0.06	-2.36
Visa Inc	1.07	1.07	0.00	20.10
Procter & Gamble Co (The)	0.97	0.96	0.01	9.42
% of Portfolio	22.44	22.68	-0.24	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Workhorse Group Inc	0.00	0.00	0.00	860.78
Microvision Inc WA	0.00	0.00	0.00	688.41
Celldex Therapeutics Inc	0.00	0.00	0.00	683.13
Veritone Inc	0.00	0.00	0.00	537.77
Novavax Inc	0.02	0.02	0.00	513.77
Remark Holdings Inc	0.00	0.00	0.00	500.81
Overstock.com Inc	0.00	0.00	0.00	469.74
Cinedigm Corp	0.00	0.00	0.00	423.43
Navidea Biopharmaceuticals Inc	0.00	0.00	0.00	417.40
Cardiff Oncology Inc	0.00	0.00	0.00	396.04
% of Portfolio	0.02	0.02	0.00	

Vaughan Nelson Select vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	269,537	324,318
Median Mkt. Cap (\$M)	38,125	1,460
Price/Earnings ratio	26.56	22.81
Price/Book ratio	4.68	3.93
5 Yr. EPS Growth Rate (%)	17.22	12.15
Current Yield (%)	1.42	1.74
Number of Stocks	30	3,009

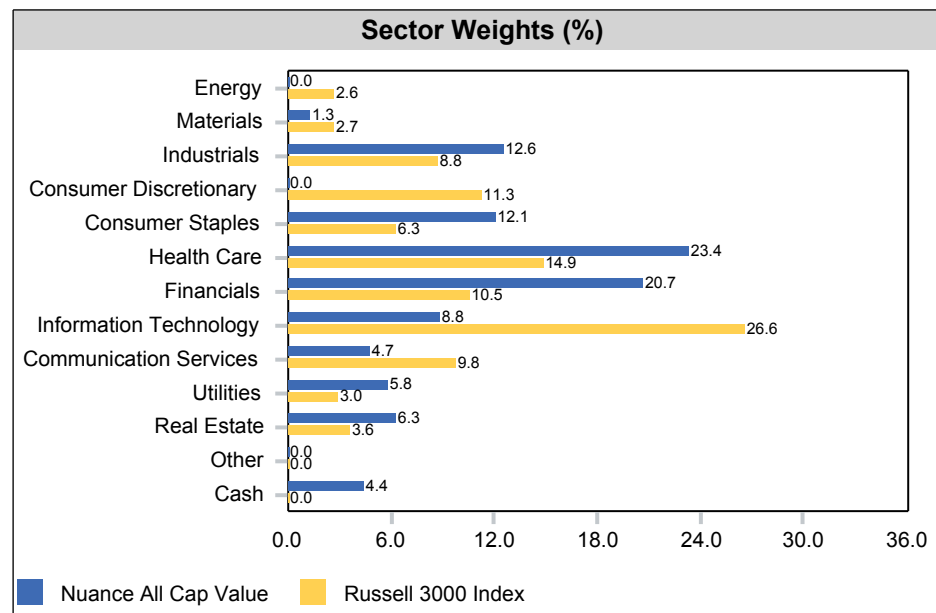


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Microsoft Corp	6.14	5.00	1.14	29.40
Electronic Arts Inc	5.55	0.12	5.43	31.83
Facebook Inc	5.35	1.79	3.56	36.13
Amazon.com Inc	5.33	3.84	1.49	41.50
Unitedhealth Group Inc	4.83	0.91	3.92	18.78
Union Pacific Corp	4.78	0.38	4.40	20.56
Texas Instruments Inc	4.74	0.38	4.36	28.10
Roper Technologies Inc	4.56	0.13	4.43	24.73
Home Depot Inc. (The)	4.55	0.88	3.67	34.97
Sherwin-Williams Co (The)	4.51	0.16	4.35	26.05
% of Portfolio	50.34	13.59	36.75	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Kosmos Energy Ltd	1.31	0.00	1.31	85.35
Wheaton Precious Metals Corp	4.47	0.00	4.47	60.37
ON Semiconductor Corp	3.31	0.03	3.28	59.32
Amazon.com Inc	5.33	3.84	1.49	41.50
Pioneer Natural Resources Co	0.78	0.05	0.73	40.08
Pool Corp	2.51	0.03	2.48	38.53
Ares Capital Corp	2.24	0.00	2.24	37.67
Facebook Inc	5.35	1.79	3.56	36.13
QUALCOMM Inc.	2.23	0.34	1.89	35.87
Home Depot Inc. (The)	4.55	0.88	3.67	34.97
% of Portfolio	32.08	6.96	25.12	

Nuance All Cap Value vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	72,696	324,318
Median Mkt. Cap (\$M)	10,390	1,460
Price/Earnings ratio	16.78	22.81
Price/Book ratio	2.36	3.93
5 Yr. EPS Growth Rate (%)	3.55	12.15
Current Yield (%)	2.22	1.74
Number of Stocks	61	3,009

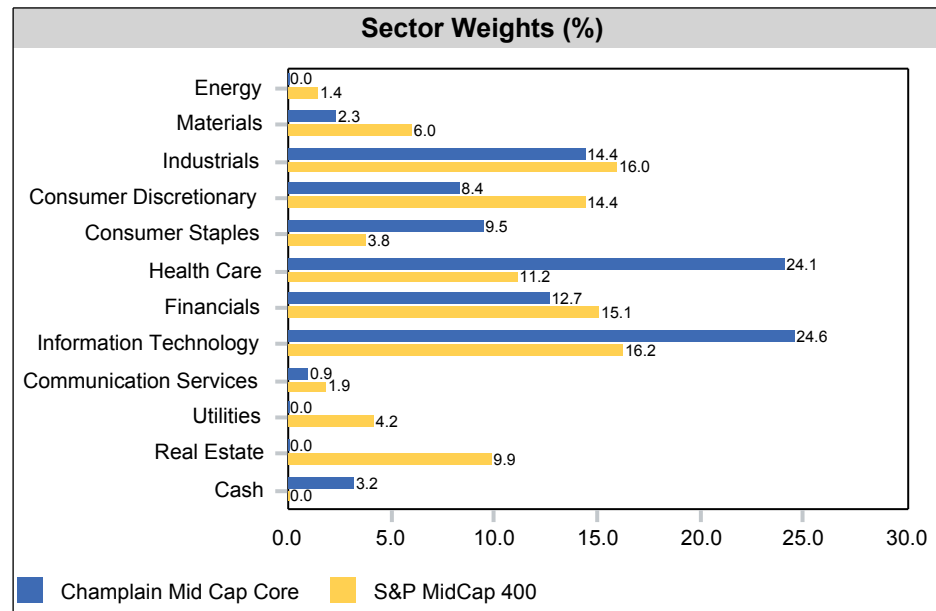


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Amphenol Corp	5.04	0.09	4.95	31.80
Equity Commonwealth	4.95	0.01	4.94	1.55
3M Co	4.84	0.29	4.55	15.42
Travelers Companies Inc (The)	4.82	0.09	4.73	15.57
Alphabet Inc	4.74	1.40	3.34	22.04
DENTSPLY SIRONA Inc	4.73	0.03	4.70	13.73
CASH	4.40	0.00	4.40	N/A
Merit Medical Systems Inc	4.22	0.01	4.21	46.08
Cal Maine Foods Inc	3.76	0.00	3.76	1.14
ICU Medical Inc	3.69	0.01	3.68	-8.65
% of Portfolio	45.19	1.93	43.26	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Raytheon Technologies Corp	0.43	0.29	0.14	91.45
ON Semiconductor Corp	1.78	0.03	1.75	59.32
Merit Medical Systems Inc	4.22	0.01	4.21	46.08
Envista Holdings Corp	0.32	0.01	0.31	41.16
MKS Instruments Inc	0.25	0.02	0.23	39.31
Schneider Electric SA	0.49	0.00	0.49	32.94
Applied Materials Inc.	1.26	0.18	1.08	32.44
Accenture PLC	0.28	0.45	-0.17	32.14
Amphenol Corp	5.04	0.09	4.95	31.80
ABB Ltd	0.55	0.00	0.55	30.71
% of Portfolio	14.62	1.08	13.54	

Champlain Mid Cap Core vs. S&P MidCap 400

<u>Portfolio Characteristics</u>		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	16,249	5,582
Median Mkt. Cap (\$M)	11,168	3,642
Price/Earnings ratio	27.20	20.73
Price/Book ratio	4.84	2.70
5 Yr. EPS Growth Rate (%)	10.12	10.39
Current Yield (%)	0.77	1.68
Number of Stocks	60	400

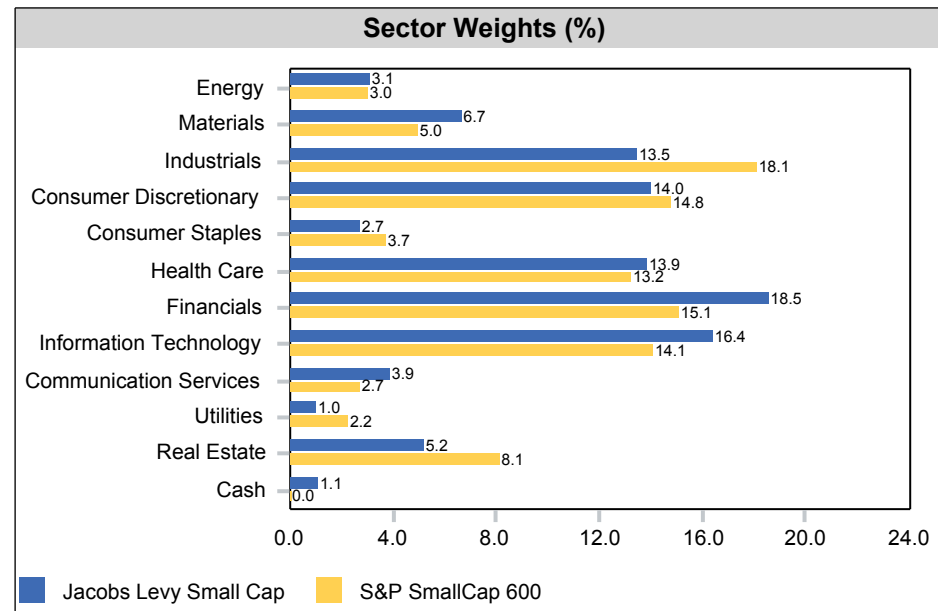


<u>Top Ten Holdings</u>				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
CASH	3.20	0.00	3.20	N/A
Workday Inc	3.09	0.00	3.09	43.88
Fortive Corp	2.98	0.00	2.98	22.73
Tractor Supply Co	2.90	0.00	2.90	56.36
AMETEK Inc	2.88	0.00	2.88	24.35
ServiceNow Inc	2.85	0.00	2.85	41.34
Veeva Systems Inc	2.83	0.00	2.83	49.91
Bio-Techne Corp	2.70	0.64	2.06	39.43
Everest Re Group Ltd	2.68	0.00	2.68	7.98
Splunk Inc	2.66	0.00	2.66	57.41
% of Portfolio	28.77	0.64	28.13	

<u>Ten Best Performers</u>				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Zscaler Inc	1.86	0.00	1.86	79.92
Okta Inc	2.00	0.00	2.00	63.77
Align Technology Inc	1.55	0.00	1.55	57.77
Splunk Inc	2.66	0.00	2.66	57.41
Tractor Supply Co	2.90	0.00	2.90	56.36
Advance Auto Parts Inc.	2.26	0.00	2.26	52.93
Synopsys Inc	1.26	0.00	1.26	51.41
Nutanix Inc	0.82	0.00	0.82	50.03
Veeva Systems Inc	2.83	0.00	2.83	49.91
West Pharmaceutical Services Inc.	1.48	0.00	1.48	49.35
% of Portfolio	19.62	0.00	19.62	

Jacobs Levy Small Cap vs. S&P SmallCap 600

<u>Portfolio Characteristics</u>		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	1,238	1,784
Median Mkt. Cap (\$M)	551	976
Price/Earnings ratio	13.61	17.71
Price/Book ratio	1.94	2.32
5 Yr. EPS Growth Rate (%)	14.15	11.26
Current Yield (%)	1.31	1.43
Number of Stocks	213	601



<u>Top Ten Holdings</u>				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Wingstop Inc	2.05	0.64	1.41	74.52
SPS Commerce Inc	1.71	0.41	1.30	61.51
Vista Outdoor Inc	1.53	0.13	1.40	64.21
American Equity Invnt. Life Hldg Co	1.48	0.35	1.13	31.44
Green Dot Corp	1.43	0.37	1.06	93.30
Innospec Inc	1.41	0.29	1.12	12.03
James River Group Holdings Ltd	1.39	0.21	1.18	25.06
Four Corners Property Trust Inc	1.36	0.27	1.09	32.06
Cogent Communications Holdings Inc	1.31	0.50	0.81	-4.77
Cadence Bancorporation	1.29	0.17	1.12	36.38
% of Portfolio	14.96	3.34	11.62	

<u>Ten Best Performers</u>				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Tupperware Brands Corp	0.41	0.04	0.37	193.21
Everspin Technologies Inc	0.12	0.00	0.12	167.94
Resideo Technologies Inc	0.44	0.22	0.22	142.15
Veritiv Corp	0.24	0.03	0.21	115.78
Aviat Networks Inc	0.05	0.00	0.05	114.71
Kraton Corp	0.52	0.09	0.43	113.33
Green Plains Inc	0.41	0.05	0.36	110.62
American Axle & Mfg Hldgs Inc	1.01	0.13	0.88	110.53
Tenneco Inc	0.12	0.00	0.12	110.00
Lydall Inc.	0.28	0.04	0.24	109.91
% of Portfolio	3.60	0.60	3.00	

◆ iShares Core MSCI Total International Stock

- **Management:** BlackRock Fund Advisors is the investment adviser for the fund. The five portfolio managers responsible for managing the fund include Rachel Aguirre, Jennifer Hsui, Alan Mason, Greg Savage, and Amy Whitelaw.
- **Objective:** The strategy seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
- **Strategy:** The strategy employs an index replication strategy designed to track the performance of the MSCI All Country World ex-US IMI Index. The strategy uses a representative sampling approach. Representative sampling gives the Fund characteristics similar to the underlying index.

◆ Lazard International ACW ex-US Equity

- **Management:** The strategy is managed by a team of five portfolio managers: Michael Fry, Michael Bennett, Kevin Matthews, Michael Powers, and John Reinsberg, all of whom share portfolio management responsibility on a number of Lazard's international strategies. Michael Fry is the lead PM, and the PM team is supported by approximately 90 analysts around the globe.
- **Objective:** The strategy is based on bottom-up stock research with a focus on: 1) Compounders, 2) Restructuring stories, and 3) Mispriced stocks. Attractive valuation is a requirement, and an accounting validation process is a key component of their research process, verifying financial statements and providing more relevant valuation comparisons across stocks.
- **Strategy:** The investment philosophy is based on value creation through the process of bottom-up stock selection of companies with strong and/or improving productivity at attractive valuations. Specifically, they are targeting stocks with attractive valuations along with strong and/or improving levels of RoE, RoA, FCF Yield, and operating margins.

◆ WCM Focused Growth

- **Management:** The strategy is managed by Paul R. Black, Peter Hunkel, Michael Trigg, and Kurt Winrich. All four have been with the fund since its inception in 2011.
- **Objective:** The strategy seeks to outperform the MSCI ACWI ex U.S. by using bottom-up security selection.
- **Strategy:** A concentrated, high-quality, growth-oriented international equity strategy, based purely on deep bottom-up fundamental research.

◆ Acadian Non-U.S. Equity

- **Management:** The investment team is overseen by CIO, Brendan Bradley, who has been with the firm since 2004. Also leading the investment team is, Ryan Taliaferro, Malcolm Baker, Alexandre Voitenok.
- **Objective:** The strategy seeks to provide long term growth by investing in global securities outside of the U.S.
- **Strategy:** Systematic, quantitatively managed strategy with an all cap approach utilizing value, quality, growth, and technical factors for security selection.

● **Aristotle International Equity**

- **Management:** The strategy is managed by a team of three Portfolio Managers, Howard Gleicher, CFA, Geoffrey Stewart, CFA, and Sean Thorpe, with all decisions made by unanimous approval. The three PMs are supported by a 12 member global sector analyst team.
- **Objective:** The strategy’s focus is on identifying high quality stocks, selling at attractive valuations, and with some compelling catalyst for future growth.
- **Strategy:** Aristotle’s “value equity” strategies are based on a uniform investment philosophy of investing in high quality businesses trading at discounts to their estimates of intrinsic value. Valuation is looked at through different lens: relative valuation, strategic value for a buyer, discounted cash flows, and attractive company fundamentals relative to peers. Quality, Valuation, and Catalysts are the basis for all of their investment decisions.

● **JO Hambro International Small Companies**

- **Management:** The strategy is managed by portfolio manager Robert Cresci who is supported by analyst Justin MacGregor. Cresci has managed the strategy since its inception in 2013, with MacGregor having joined in 2015.
- **Objective:** The strategy is based on bottom-up stock research with a focus on stock liquidity, stable revenue, operating margins, high return on capital, strong balance sheet, and consistent management execution.
- **Strategy:** A fundamental research based, bottom-up, quality at a reasonable price strategy. The team implements their investment philosophy through a relatively diversified portfolio. The strategy’s bias is toward stocks with high profitability, low risk, and stable growth.

● **Schroders Emerging Markets Equity**

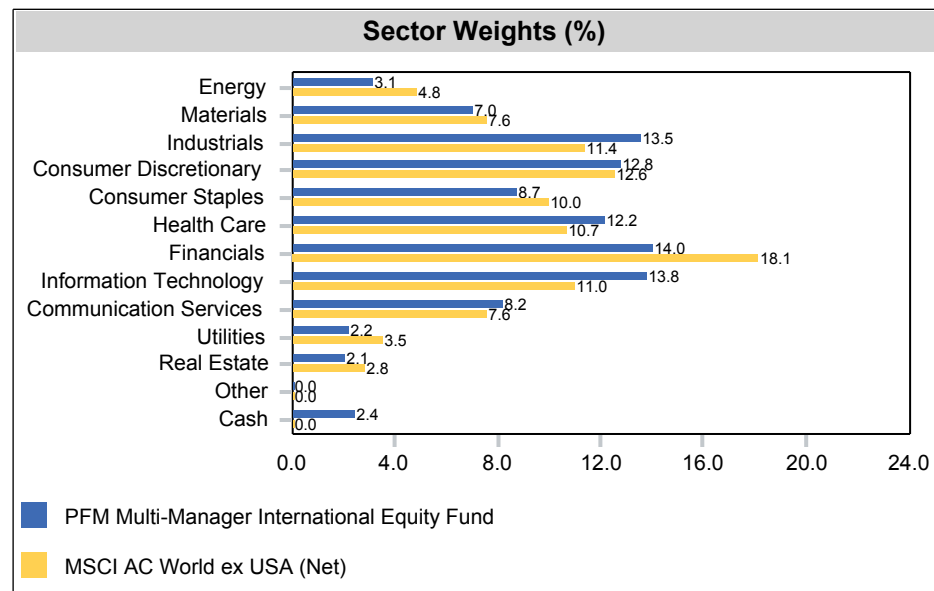
- **Management:** The fund is managed by a team of five portfolio managers led by Tom Wilson, Schroders’ Head of Emerging Markets Equity. He has worked at Schroders since 2001 and has been involved with emerging markets equities at Schroders since 2004.
- **Objective:** The Fund seeks capital appreciation.
- **Strategy:** The Fund employs an actively managed approach that combines fundamental, bottom-up stock research with a quantitative country allocation process. Country rankings are prepared through evaluation of valuation, growth, currency, momentum, and interest rates. Stock level research targets a core universe of the most liquid stocks in the emerging markets universe, utilizing a relative value approach for stocks across the growth/value spectrum without any systematic style bias. Comprehensive risk controls are employed to keep factor exposures in check and constrain strategy-level tracking error to moderate levels.

Portfolio Characteristics

As of June 30, 2020

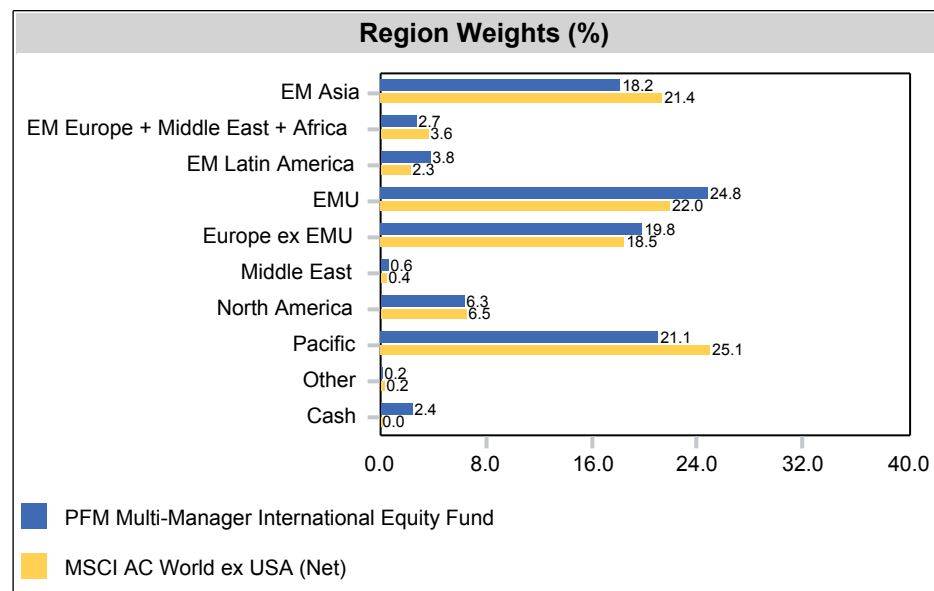
PFM Multi-Manager International Equity vs. MSCI AC World ex USA (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	73,123	80,702
Median Mkt. Cap (\$M)	2,387	7,497
Price/Earnings ratio	17.30	16.19
Price/Book ratio	2.82	2.62
5 Yr. EPS Growth Rate (%)	8.99	7.11
Current Yield (%)	2.36	2.80
Number of Stocks	4,472	2,372



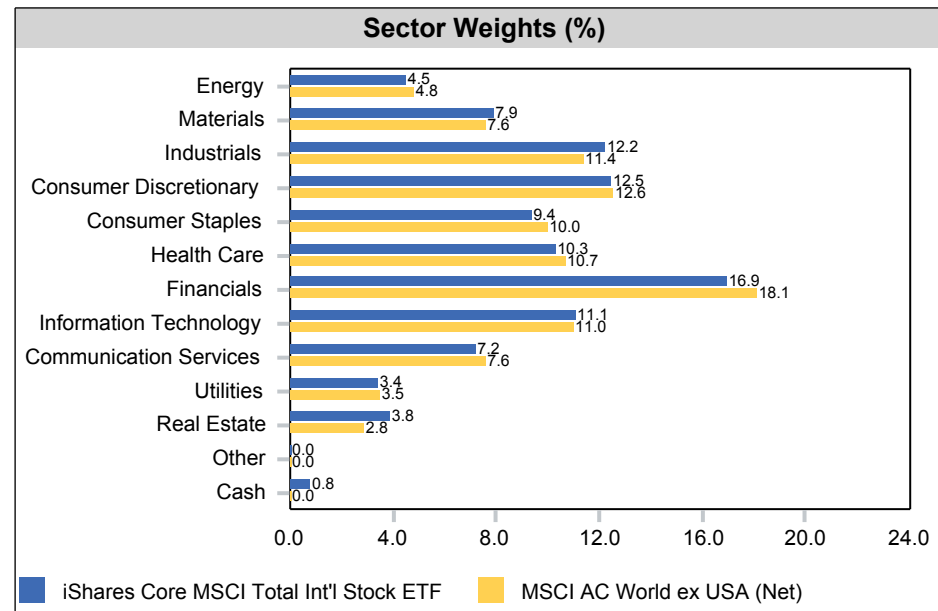
Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)
iShares Core MSCI Total International Stock ETF	39.36	0.00	39.36
Tencent Holdings LTD	1.80	1.82	-0.02
Taiwan Semicon Manufctrg Co Ltd	1.11	1.30	-0.19
Accenture PLC	1.08	0.00	1.08
Experian Plc	1.01	0.16	0.85
Novartis AG	0.94	0.92	0.02
LVMH Moet Hennessy Louis Vui	0.90	0.60	0.30
AIA Group Ltd	0.88	0.56	0.32
MercadoLibre Inc	0.87	0.00	0.87
Alcon Inc	0.76	0.14	0.62
% of Portfolio	48.71	5.50	43.21

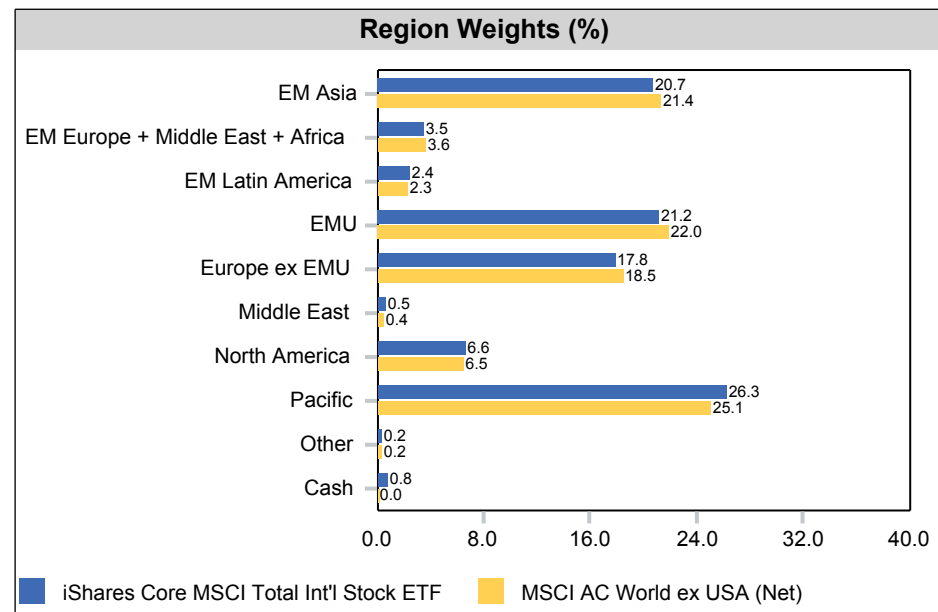


iShares Core MSCI Total Int'l Stock ETF vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	70,380	80,702
Median Mkt. Cap (\$M)	2,430	7,497
Price/Earnings ratio	16.03	16.19
Price/Book ratio	2.59	2.62
5 Yr. EPS Growth Rate (%)	7.24	7.11
Current Yield (%)	2.77	2.80
Number of Stocks	4,309	2,372

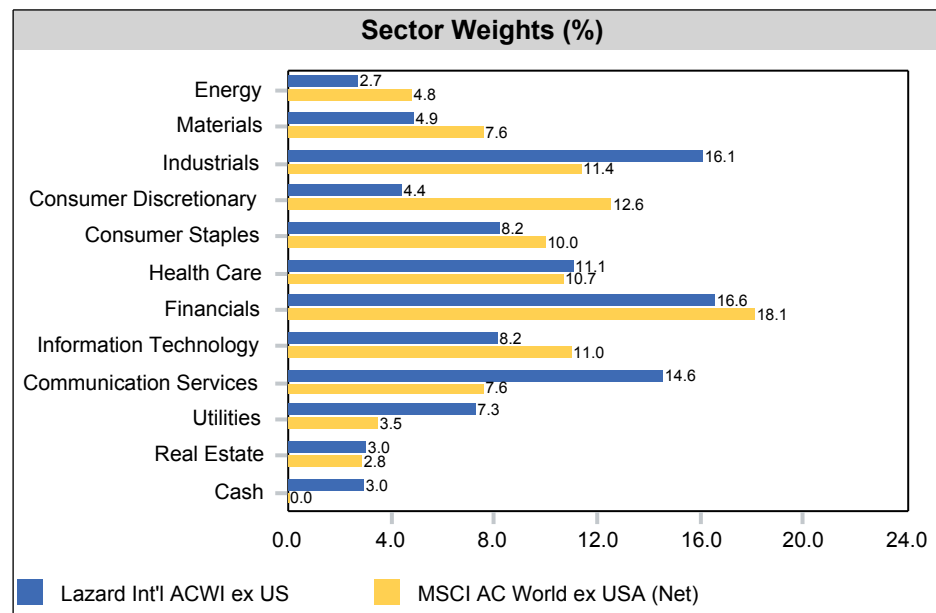


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Alibaba Group Holding Ltd	1.75	2.00	-0.25	10.91
Tencent Holdings LTD	1.60	1.82	-0.22	31.53
Nestle SA, Cham Und Vevey	1.41	1.63	-0.22	9.93
Taiwan Semicon Manufctrg Co Ltd	1.13	1.30	-0.17	18.29
Roche Holding AG	1.05	1.20	-0.15	6.38
Samsung Electronics Co Ltd	0.91	1.04	-0.13	12.84
Novartis AG	0.80	0.92	-0.12	5.02
CASH	0.75	0.00	0.75	N/A
ASML Holding NV	0.67	0.77	-0.10	38.79
SAP SE	0.63	0.72	-0.09	25.69
% of Portfolio	10.70	11.40	-0.70	

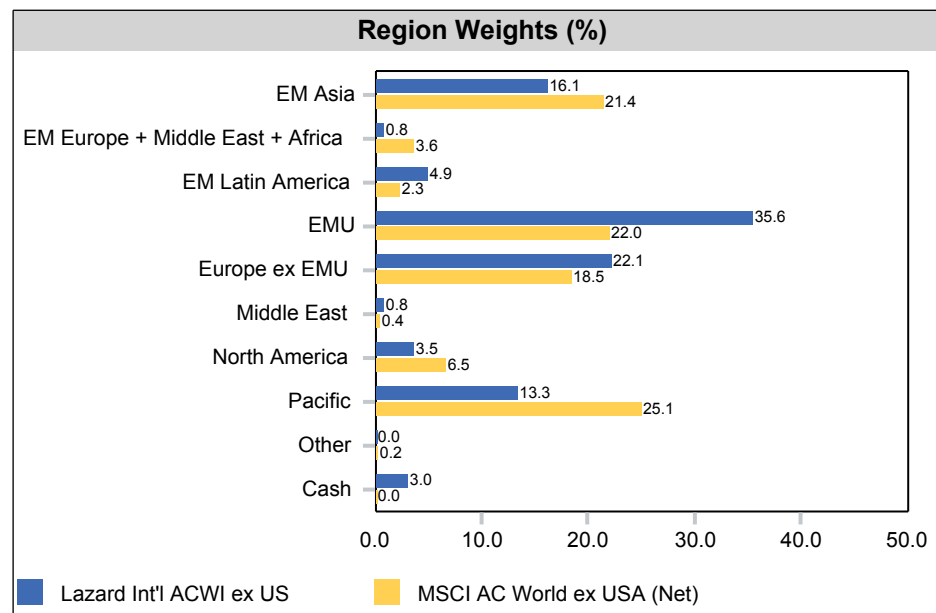


Lazard Int'l ACWI ex US vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	68,764	80,702
Median Mkt. Cap (\$M)	21,773	7,497
Price/Earnings ratio	18.37	16.19
Price/Book ratio	2.55	2.62
5 Yr. EPS Growth Rate (%)	9.23	7.11
Current Yield (%)	2.39	2.80
Number of Stocks	77	2,372

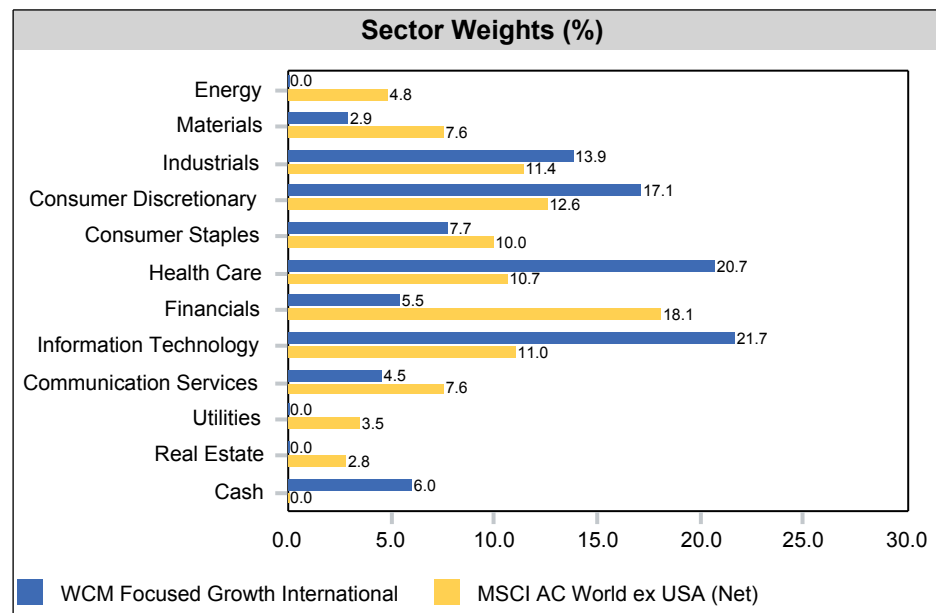


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Tencent Holdings LTD	3.64	1.82	1.82	31.53
Novartis AG	3.34	0.92	2.42	5.02
SAP SE	3.33	0.72	2.61	25.69
CASH	2.97	0.00	2.97	N/A
Samsung Electronics Co Ltd	2.64	0.16	2.48	11.08
Sanofi	2.60	0.57	2.03	19.98
Medtronic PLC	2.50	0.00	2.50	1.69
Vivendi	2.34	0.11	2.23	23.32
Ping An Insurance Group	2.29	0.29	2.00	3.63
Engie SA	2.24	0.11	2.13	19.70
% of Portfolio	27.89	4.70	23.19	

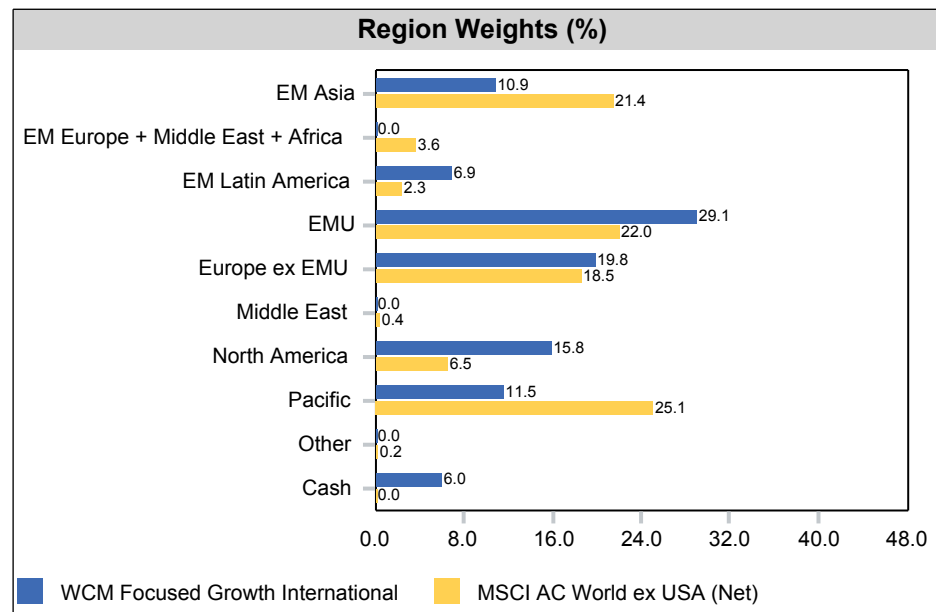


WCM Focused Growth International vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	106,555	80,702
Median Mkt. Cap (\$M)	41,744	7,497
Price/Earnings ratio	31.67	16.19
Price/Book ratio	5.42	2.62
5 Yr. EPS Growth Rate (%)	10.53	7.11
Current Yield (%)	0.95	2.80
Number of Stocks	30	2,372

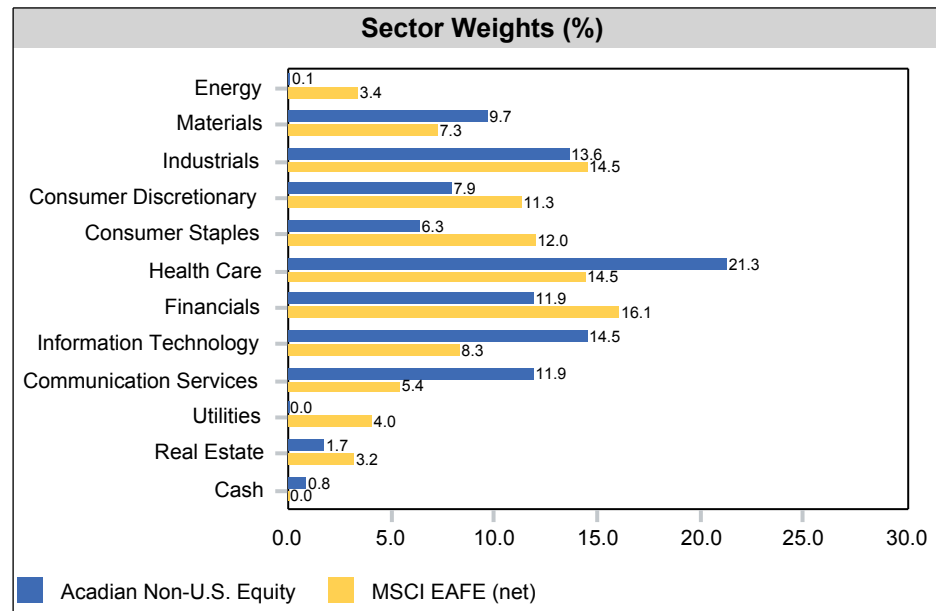


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
CASH	5.97	0.00	5.97	N/A
MercadoLibre Inc	5.11	0.00	5.11	101.76
CSL Ltd	4.99	0.44	4.55	8.87
Tencent Holdings LTD	4.50	1.82	2.68	31.53
Shopify Inc	4.37	0.49	3.88	127.66
Accenture PLC	4.36	0.00	4.36	32.14
Experian Plc	4.30	0.16	4.14	25.72
DSV Panalpina A/S	4.19	0.13	4.06	34.09
LVMH Moet Hennessy Louis Vui	3.97	0.60	3.37	18.17
Taiwan Semicon Manufctrg Co Ltd	3.90	1.30	2.60	19.68
% of Portfolio	45.66	4.94	40.72	

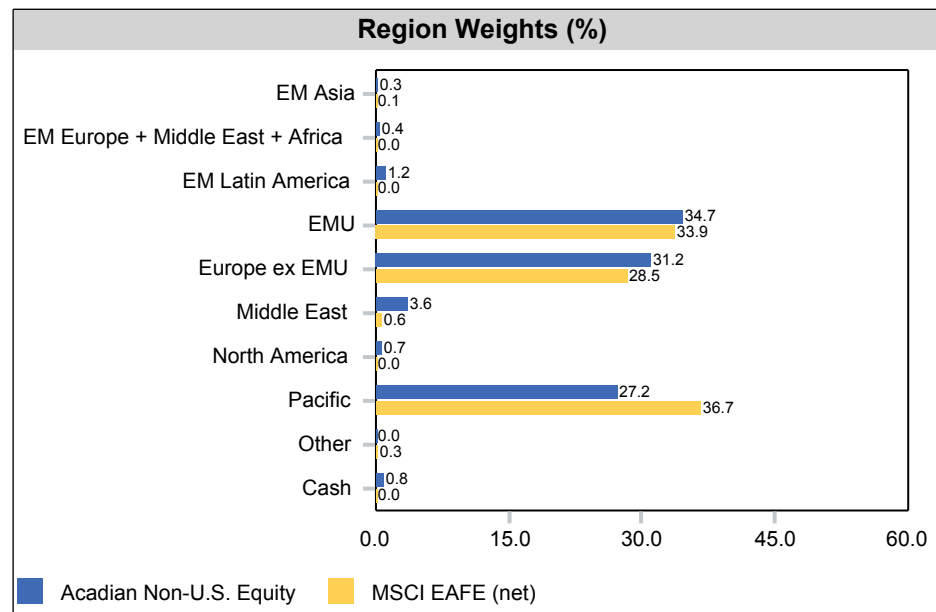


Acadian Non-U.S. Equity vs. MSCI EAFE (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	45,251	62,559
Median Mkt. Cap (\$M)	2,121	9,717
Price/Earnings ratio	12.91	17.17
Price/Book ratio	2.36	2.62
5 Yr. EPS Growth Rate (%)	12.55	4.74
Current Yield (%)	3.23	2.85
Number of Stocks	171	902

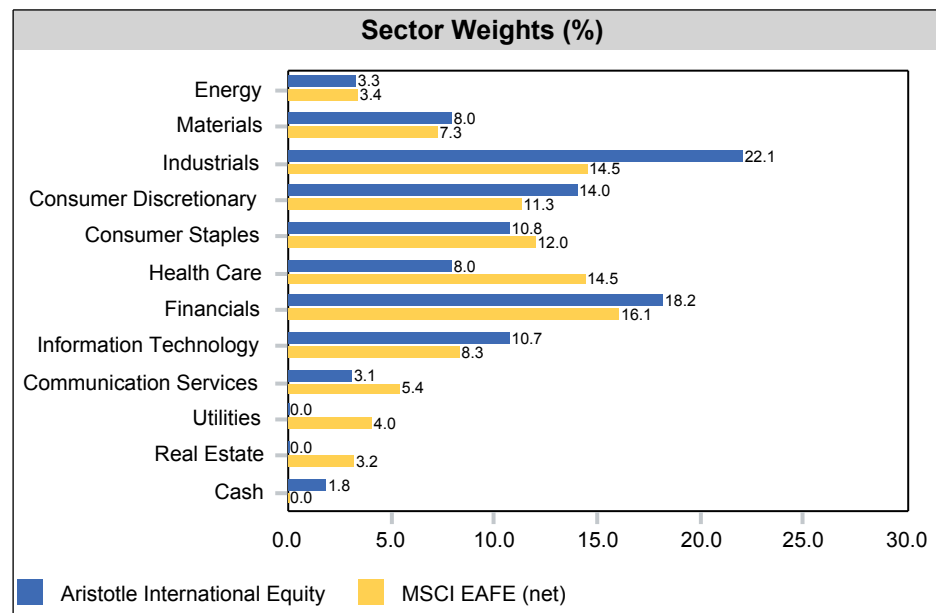


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Roche Holding AG	4.04	1.86	2.18	6.38
Novartis AG	3.40	1.42	1.98	5.02
Novo Nordisk A/S	2.76	0.87	1.89	7.43
Nintendo Co Ltd	2.42	0.38	2.04	15.17
Koninklijke Ahold Delhaize NV	2.32	0.23	2.09	19.15
Allianz SE	2.24	0.65	1.59	25.92
SoftBank Corp	2.11	0.19	1.92	-0.15
Kddi Corp	2.11	0.38	1.73	1.19
Wolters Kluwer NV	2.06	0.16	1.90	12.25
Koninklijke Philips NV	2.04	0.33	1.71	15.20
% of Portfolio	25.50	6.47	19.03	

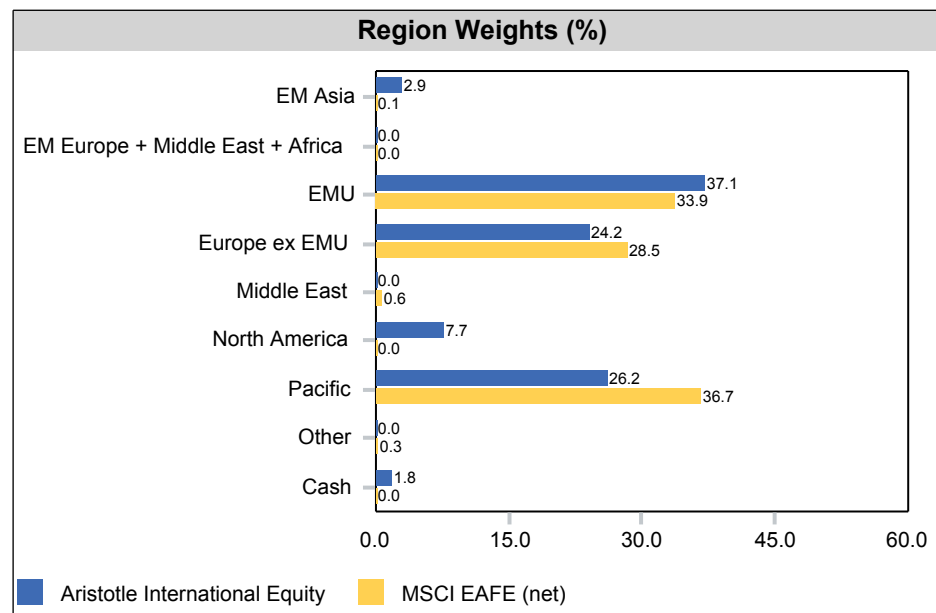


Aristotle International Equity vs. MSCI EAFE (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	49,957	62,559
Median Mkt. Cap (\$M)	30,106	9,717
Price/Earnings ratio	17.67	17.17
Price/Book ratio	2.41	2.62
5 Yr. EPS Growth Rate (%)	5.69	4.74
Current Yield (%)	2.02	2.85
Number of Stocks	39	902

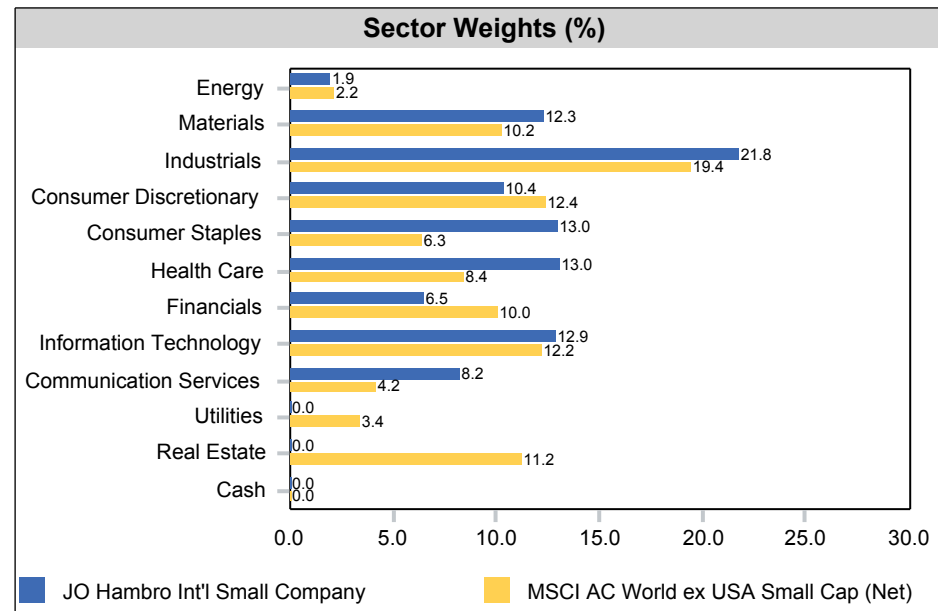


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Accenture PLC	4.27	0.00	4.27	32.14
Sony Corp	3.79	0.66	3.13	14.79
Symrise AG	3.59	0.11	3.48	25.91
Experian Plc	3.58	0.24	3.34	25.72
Brookfield Asset Management Inc	3.54	0.00	3.54	12.38
Dassault Systemes SA	3.53	0.17	3.36	17.08
Nidec Corp	3.32	0.23	3.09	28.10
Ashtead Group PLC	3.15	0.12	3.03	53.17
Kddi Corp	3.13	0.38	2.75	1.19
Rentokil Initial PLC	3.11	0.09	3.02	30.69
% of Portfolio	35.01	2.00	33.01	

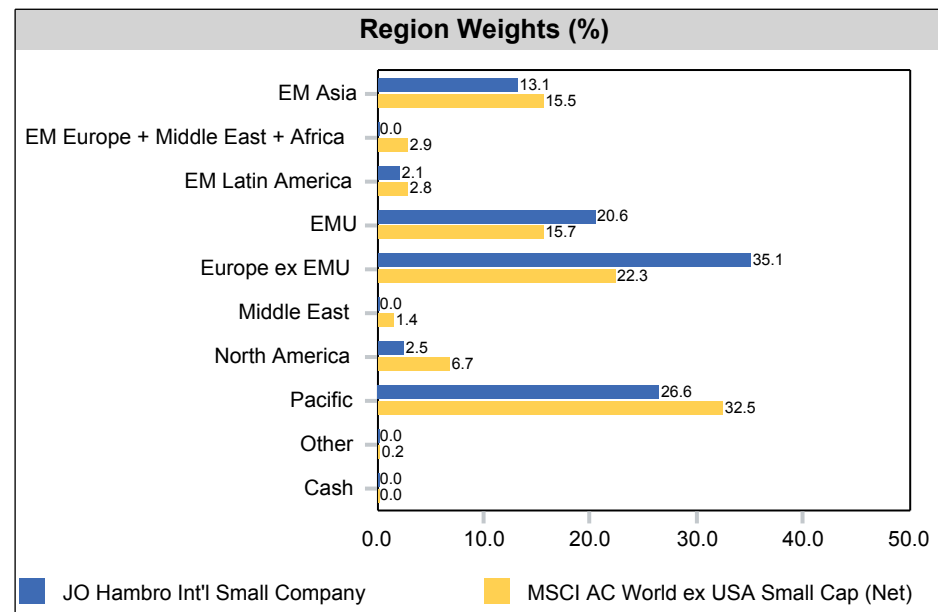


JO Hambro Int'l Small Company vs. MSCI AC World ex USA Small Cap (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	1,418	2,107
Median Mkt. Cap (\$M)	1,066	829
Price/Earnings ratio	17.54	13.95
Price/Book ratio	2.35	2.30
5 Yr. EPS Growth Rate (%)	9.14	8.21
Current Yield (%)	2.52	2.62
Number of Stocks	71	4,070

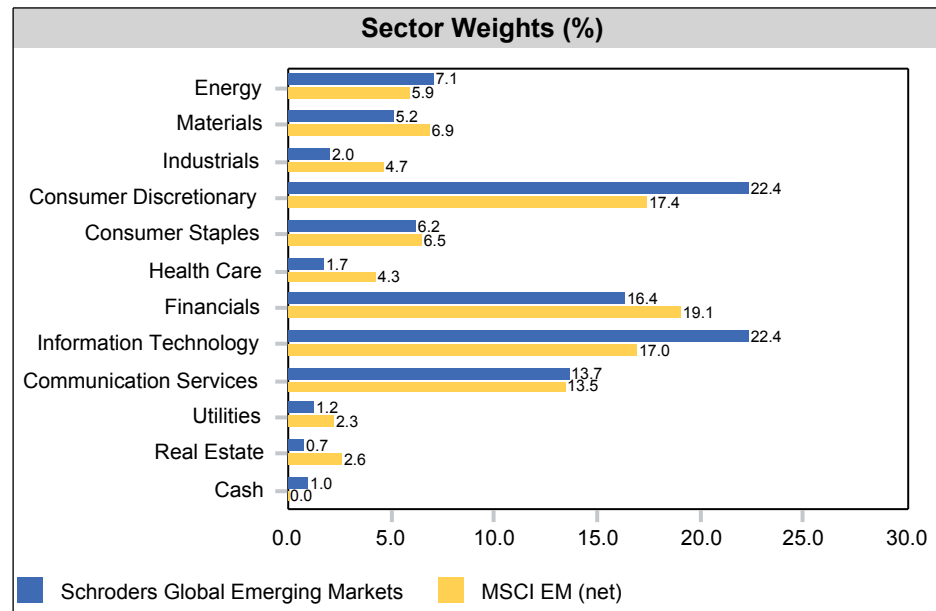


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Porvair PLC	2.49	0.00	2.49	10.63
Genomma Lab Internacional SAB	2.10	0.03	2.07	26.15
SITC International Holdings Co Ltd	2.05	0.05	2.00	18.19
Bloomsbury Publishing PLC	2.05	0.00	2.05	-8.34
Vinda International Holdings Ltd	1.97	0.00	1.97	47.36
Vaisala OYJ	1.97	0.00	1.97	28.27
Merida Industry Co Ltd	1.96	0.05	1.91	86.04
Iwatani Corp	1.93	0.04	1.89	4.24
KWS SAAT SE & Co. KGaA	1.92	0.03	1.89	46.91
SK Materials Co Ltd	1.91	0.03	1.88	51.29
% of Portfolio	20.35	0.23	20.12	

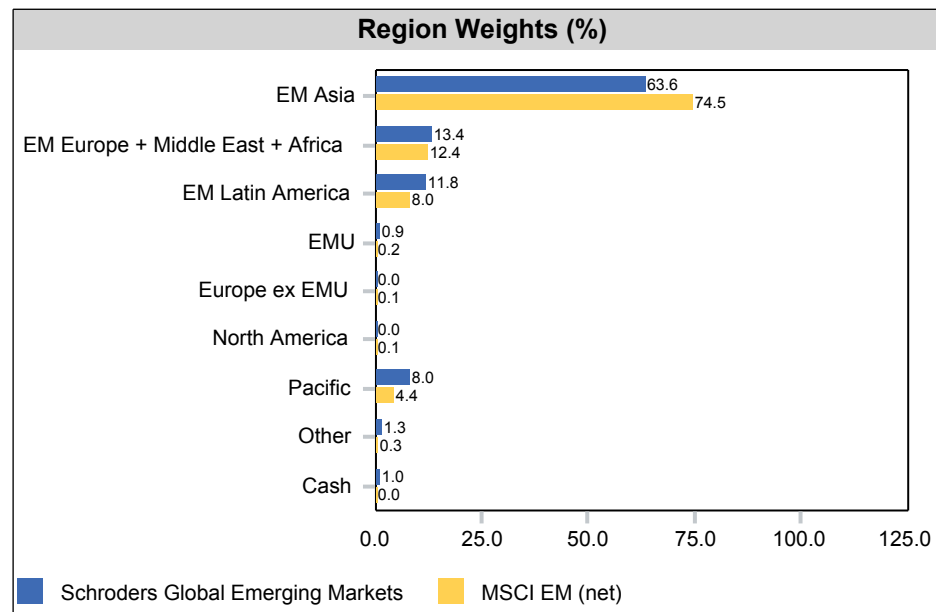


Schroders Global Emerging Markets vs. MSCI EM (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	141,131	130,266
Median Mkt. Cap (\$M)	14,658	5,124
Price/Earnings ratio	16.74	14.57
Price/Book ratio	3.16	2.87
5 Yr. EPS Growth Rate (%)	13.36	12.46
Current Yield (%)	2.12	2.55
Number of Stocks	99	1,385



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Tencent Holdings LTD	8.28	6.37	1.91	31.53
Alibaba Group Holding Ltd	6.50	6.99	-0.49	10.91
Taiwan Semicon Manufctrng Co Ltd	5.67	4.52	1.15	19.68
JD.com Inc	3.63	0.88	2.75	48.59
SK Hynix Inc	3.40	0.67	2.73	3.55
Ping An Insurance Group	2.67	1.03	1.64	3.63
Samsung Electronics Co Ltd	2.57	0.55	2.02	11.91
Samsung Electronics Co Ltd	2.20	3.63	-1.43	12.84
Sberbank of Russia OJSC	2.18	0.53	1.65	19.41
NAVER Corp	1.75	0.47	1.28	59.20
% of Portfolio	38.85	25.64	13.21	

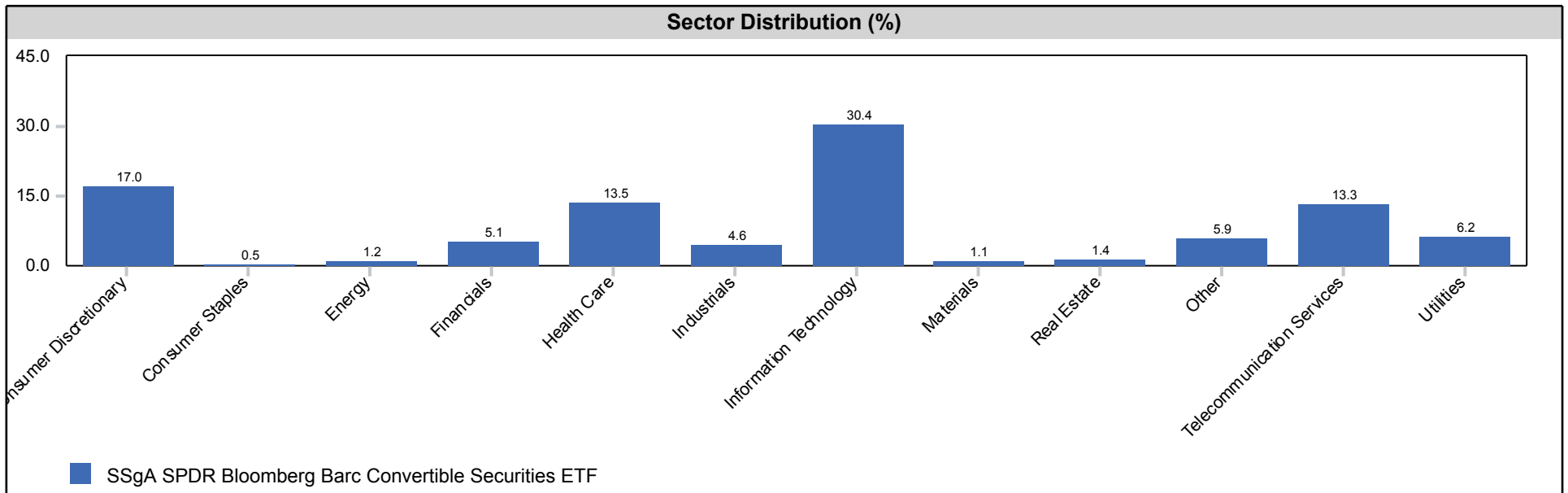
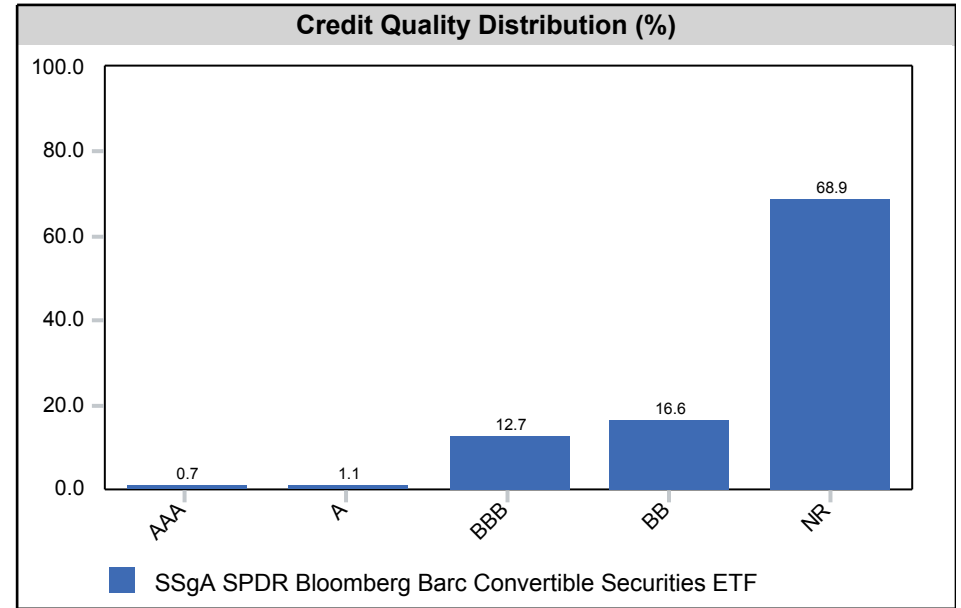
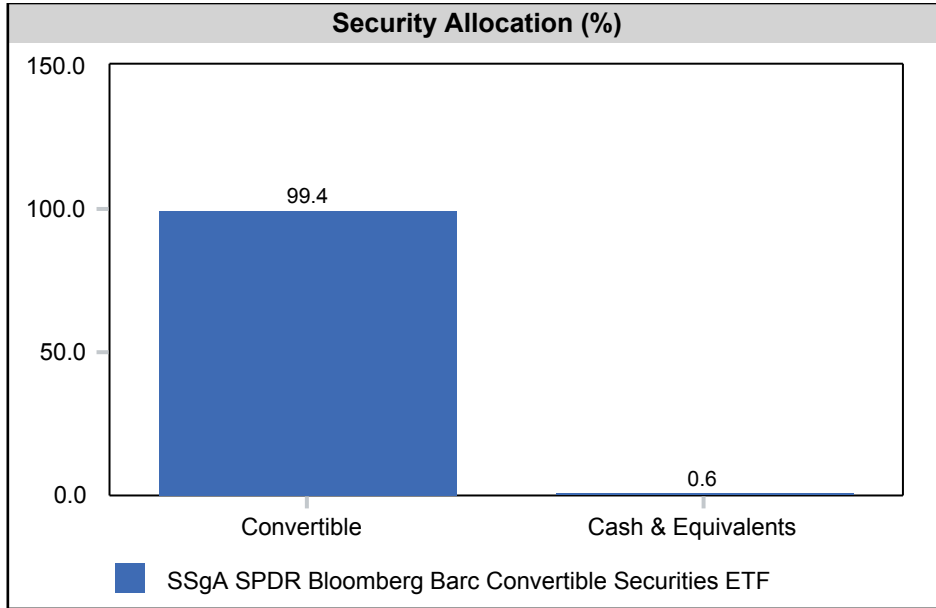


◆ SPDR® Bloomberg Barclays Convertible Securities ETF

- **Management:** Michael Brunell, Kyle Kelly, and Christopher DiStefano of SSGA Funds Management, Inc.
- **Objective:** The Fund seeks to track the investment results of the Bloomberg Barclays US Convertible Liquid Bond Index.
- **Strategy:** The Fund employs a sampling strategy, which means that the Fund is not required to purchase all of the securities represented in the index. Instead, the Fund may purchase a subset of the securities in the Index in an effort to hold a portfolio of securities with generally the same risk and return characteristics of the Index.

The Index components are a subset of issues in the Barclays Convertible Composite Index. To be included in the Index, a security must meet the following requirements: (i) have an issue amount of at least \$350 million and a par amount outstanding of at least \$250 million; (ii) be a non-called, non-defaulted security; (iii) have at least 31 days until maturity; (iv) be U.S. dollar denominated; and (v) be a registered or a convertible tranche issued under Rule 144A of the Securities Act of 1933, as amended. Source: State Street Global Advisors Funds Distributors, LLC

SSgA SPDR Bloomberg Barc Convertible Securities ETF



◆ PGIM - Core Fixed Income

- **Management:** Michael Collins, CFA (since 2009), Richard Piccirillo (2012) and Gregory Peters (2014) are Senior Portfolio Managers.
- **Objective:** The strategy seeks to outperform the Bloomberg Barclays US Aggregate Index over full market cycles.
- **Strategy:** The strategy invests in a broad range of fixed income securities, including U.S. government securities, corporate bonds, taxable municipal securities and mortgage-backed or other asset-backed securities. The strategy may also invest in a limited amount of non-investment grade securities.

The investment process for Core Fixed Income portfolios utilizes both top-down and bottom-up approaches. Sector allocation, duration, yield curve, and “industry bias” decisions are made using top-down research derived from a range of internal sources, including our global macroeconomic research team and heads of the sector investment teams, as well as external sources. Actual subsector and security selections are made by sector specialists after conducting bottom-up fundamental and quantitative research and relative value analysis.

◆ TIAA – Investment Grade Core

- **Management:** Stephen Liberatore, CFA is a Managing Director and Lead Portfolio Manager (2010)
- **Objective:** The strategy seeks a favorable long-term total return through income and capital appreciation while giving special consideration to certain environmental, social, and governance (“ESG”) criteria.
- **Strategy:** The strategy invests in a broad range of fixed income securities, including U.S. government securities, corporate bonds, taxable municipal securities and mortgage-backed or other asset-backed securities. The strategy may also invest in a limited amount of non-investment grade securities. The strategy seeks to add value through duration and yield-curve positioning, sector allocation and security selection. The evaluation process favors companies with leadership in ESG performance relative to their peers.

◆ iShares Core U.S Aggregate Bond ETF

- **Management:** James Mauro and Scott Radell (the “Portfolio Managers”) are primarily responsible for the day-to-day management of the Fund. Mr. Mauro and Mr. Radell have been co-managing the Fund since 2011 and 2010, respectively.
- **Objective:** The Fund seeks to track the investment results of the Bloomberg Barclays U.S. Aggregate Bond Index.
- **Strategy:** BlackRock Fund Advisors (“BFA”) uses a “passive” or indexing approach to try to achieve the Fund’s investment objective. Unlike many investment companies, the Fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

◆ iShares National Muni Bond ETF

- **Management:** James Mauro and Scott Radell (the “Portfolio Managers”) are primarily responsible for the day-to-day management of the Fund. Mr. Mauro and Mr. Radell have been co-managing the Fund since 2011 and 2010, respectively.
- **Objective:** The Fund seeks to track the investment results of the S&P AMT-Free Municipal Bond Index (the “Index”).
- **Strategy:** BlackRock Fund Advisors (“BFA”) uses a “passive” or indexing approach to try to achieve the Fund’s investment objective. Unlike many investment companies, the Fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

The Index municipal bonds from issuers that are state or local governments or agencies such that the interest on each such bond is exempt from U.S. federal income taxes. Each bond in the Underlying Index must be denominated in U.S. dollars, must be a constituent of an offering where the original offering amount was at least \$100 million, and must have a minimum par amount of \$25 million. Source: BFA

◆ PineBridge – Investment Grade Credit

- **Management:** Robert Vanden Assem, CFA, Managing Director and Head of Developed Markets IG Fixed Income (2001) & Dana Burns, Sr. Portfolio Manager (2007)
- **Objective:** The total return strategy seeks strong returns by combining a top-down view with a bottom-up, credit intensive research process.
- **Strategy:** The strategy invests in USD-denominated investment grade credit, focused in the corporate sector. The portfolio is constructed combining views of fundamentals, valuations and market technicals affecting sector and individual securities.

◆ Brown Brothers Harriman – Structured Fixed Income

- **Management:** Neil Hohmann, PhD, Head of Structured Products (2006), Andrew Hofer, Head of Taxable Portfolio Management (2006)
- **Objective:** To deliver attractive long-term results through capital preservation and taking advantage of differences between valuations and fundamentals through a bottom-up research process.
- **Strategy:** The strategy is an investment grade portfolio focused on asset-backed securities backed by assets other than real estate (also known as non-traditional asset-backed securities). These securities will include a mix of equipment leases, commercial royalty and insurance-linked, and broad consumer related including: credit card, auto loans, student loans and debt refinancing. The structured fixed-income strategy may also invest a limited amount in commercial mortgage-backed securities and municipal debt instruments that are secured by tangible asset collateral or revenue streams. The structured fixed-income strategies are constructed using either a bottom-up investment approach or a quantitative framework to assess valuation and long-term return potential.

● **iShares J.P. Morgan USD Emerging Markets Bond ETF**

- **Management:** James Mauro and Scott Radell (the “Portfolio Managers”) are primarily responsible for the day-to-day management of the Fund. Mr. Mauro and Mr. Radell have been co-managing the Fund since 2011 and 2010, respectively.
- **Objective:** The Fund seeks to track the investment results of the J.P. Morgan EMBI Global Core Index (the “Index”).
- **Strategy:** BlackRock Fund Advisors (“BFA”) uses a “passive” or indexing approach to try to achieve the Fund’s investment objective. Unlike many investment companies, the Fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

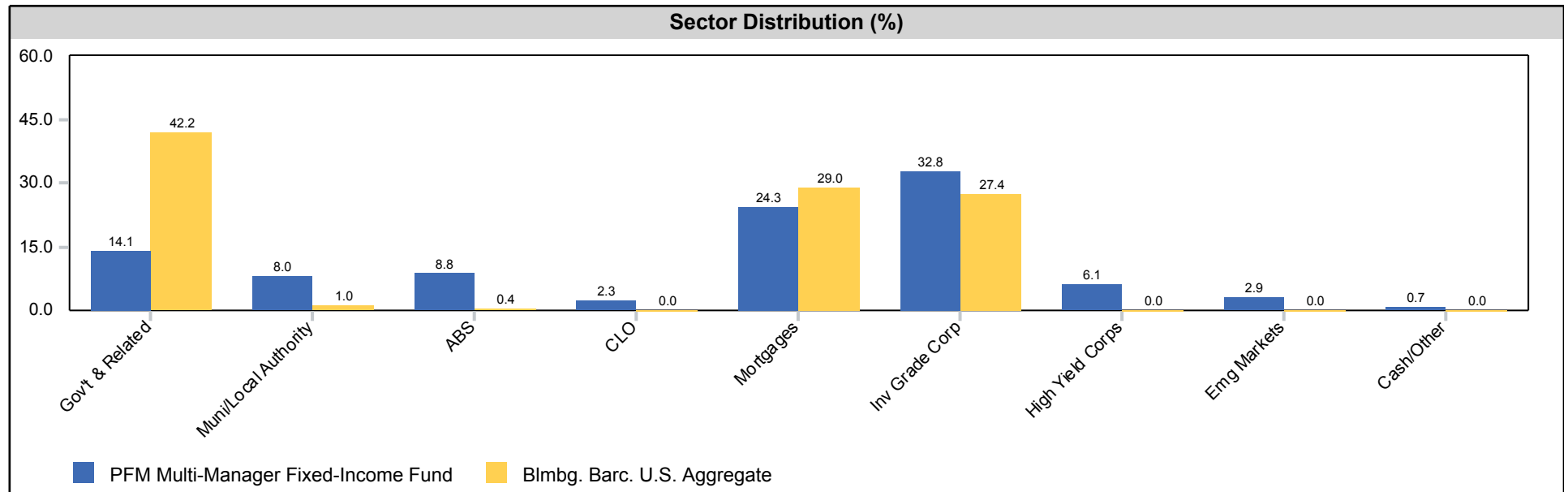
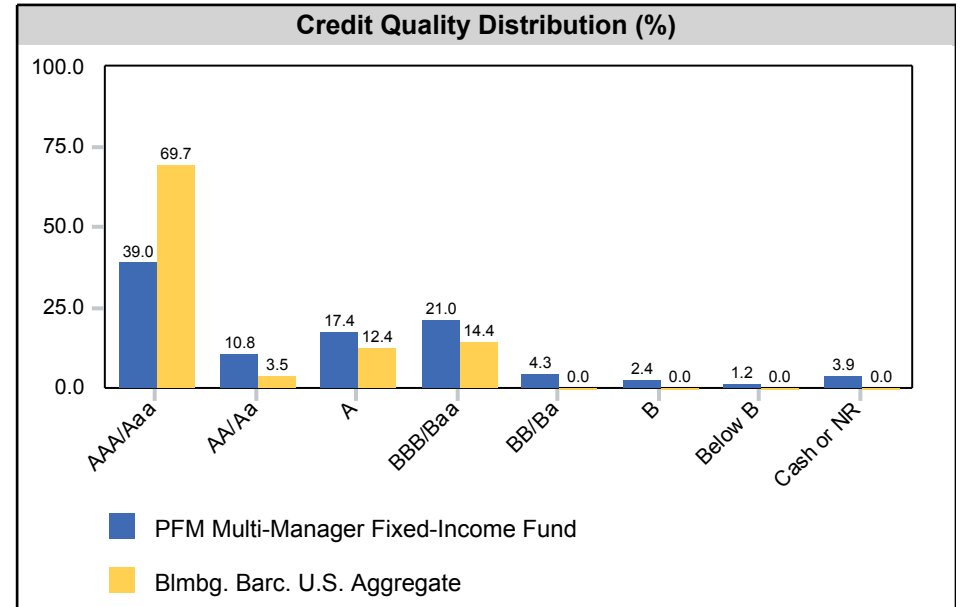
The Index includes both fixed-rate and floating rate instruments issued by sovereign and quasi-sovereign entities from index eligible countries. Source: BFA

● **Nomura – High Yield Total Return**

- **Management:** Stephen Kotsen, CFA, Managing Director and Portfolio Manager (2000) & Amy Yu Chang, CFA, Portfolio Manager (2007)
- **Objective:** An actively managed portfolio of high yield corporate bonds that the manager believes will generate attractive yield and capital appreciation over time.
- **Strategy:** The strategy invests in “Strong Horse” companies that they view can carry their debt loads through the economic cycle, generating strong, sustainable cash flows that enable them to de-lever their balance sheets and improve their ratings. Importantly, the team believes Strong Horse companies are less likely to default on payments of principal or interest. A small portion of credit exposure may be held through bank loans.

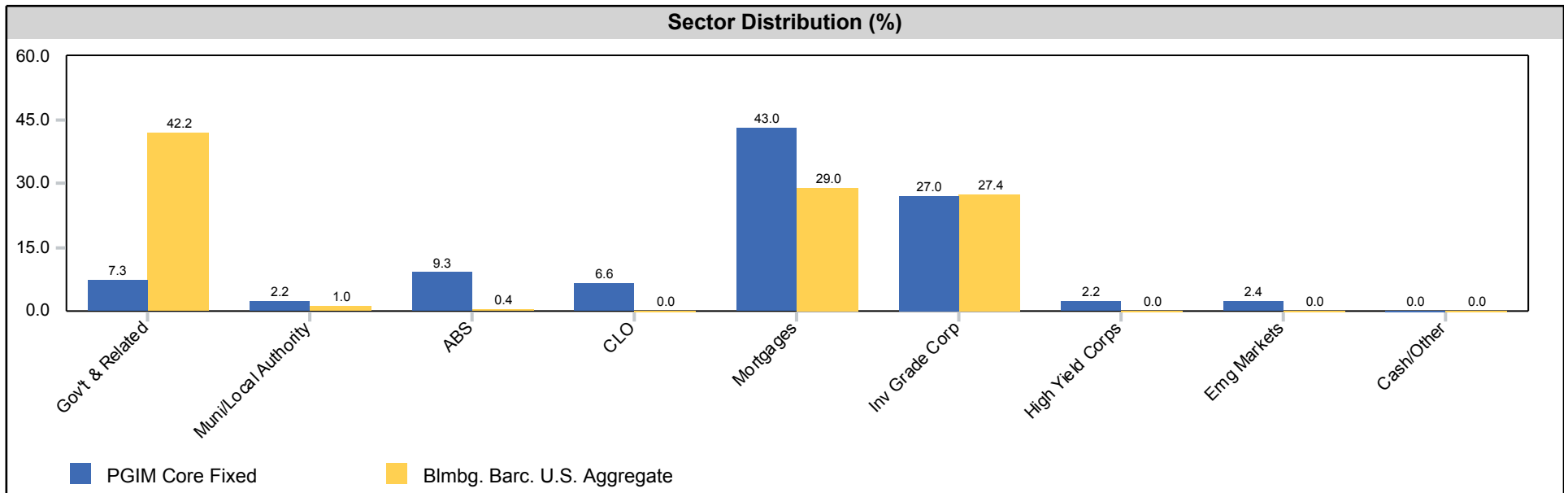
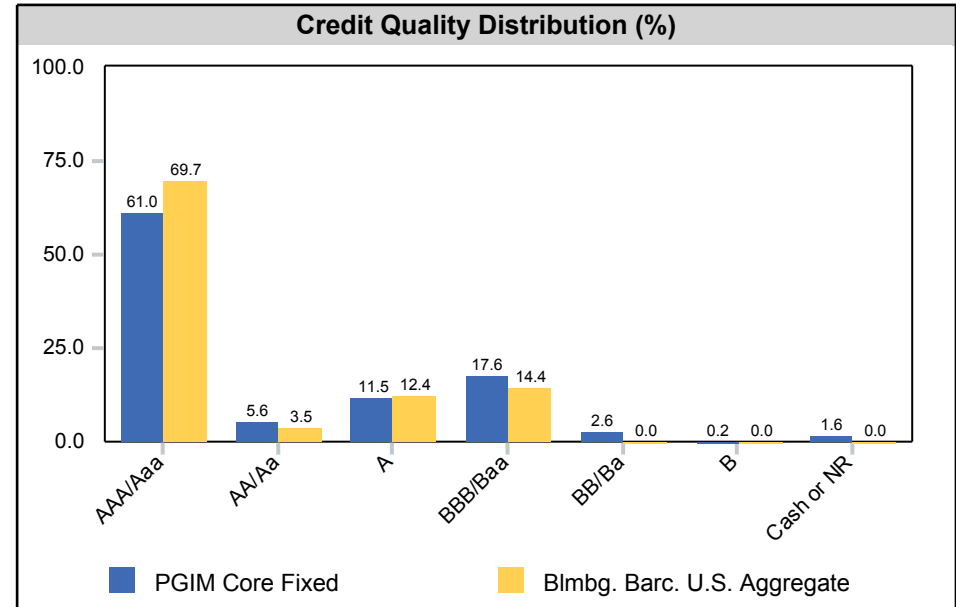
PFM Multi-Manager Fixed-Income Fund vs. Blmbg. Barc. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.00	6.04
Yield To Maturity (%)	2.50	1.24
Avg. Maturity	8.20	8.14
Avg. Quality	A	AA
Coupon Rate (%)	3.60	3.04



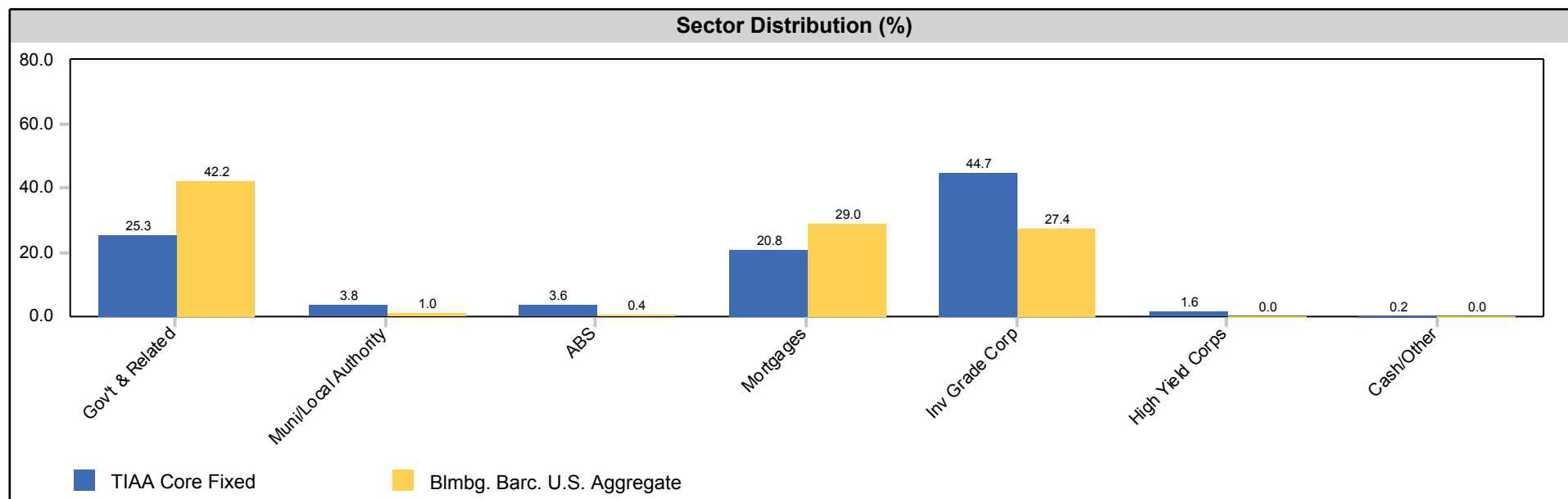
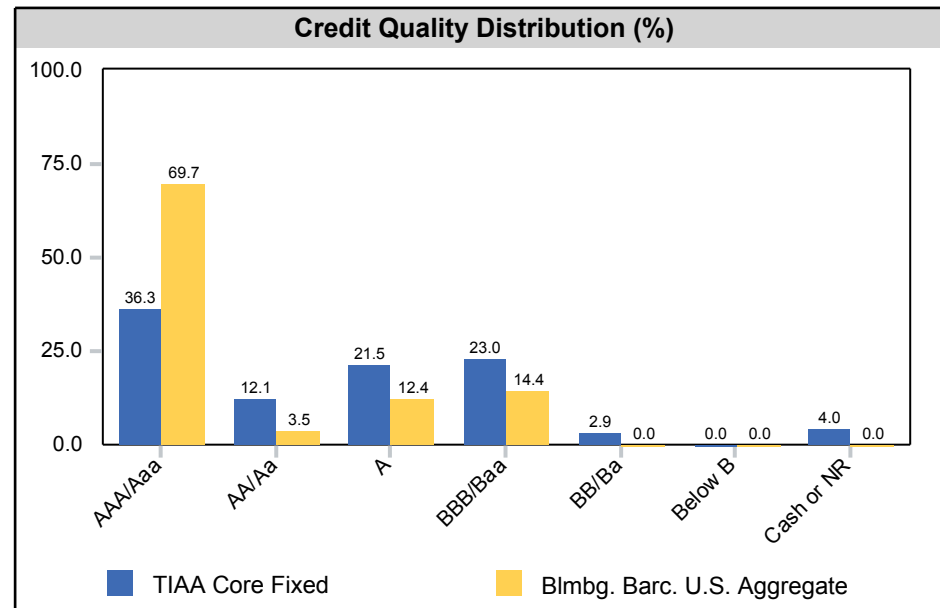
PGIM Core Fixed vs. Blmbg. Barc. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.21	6.04
Yield To Maturity (%)	1.93	1.24
Avg. Maturity	8.92	8.14
Avg. Quality	AA	AA
Coupon Rate (%)	3.48	3.04



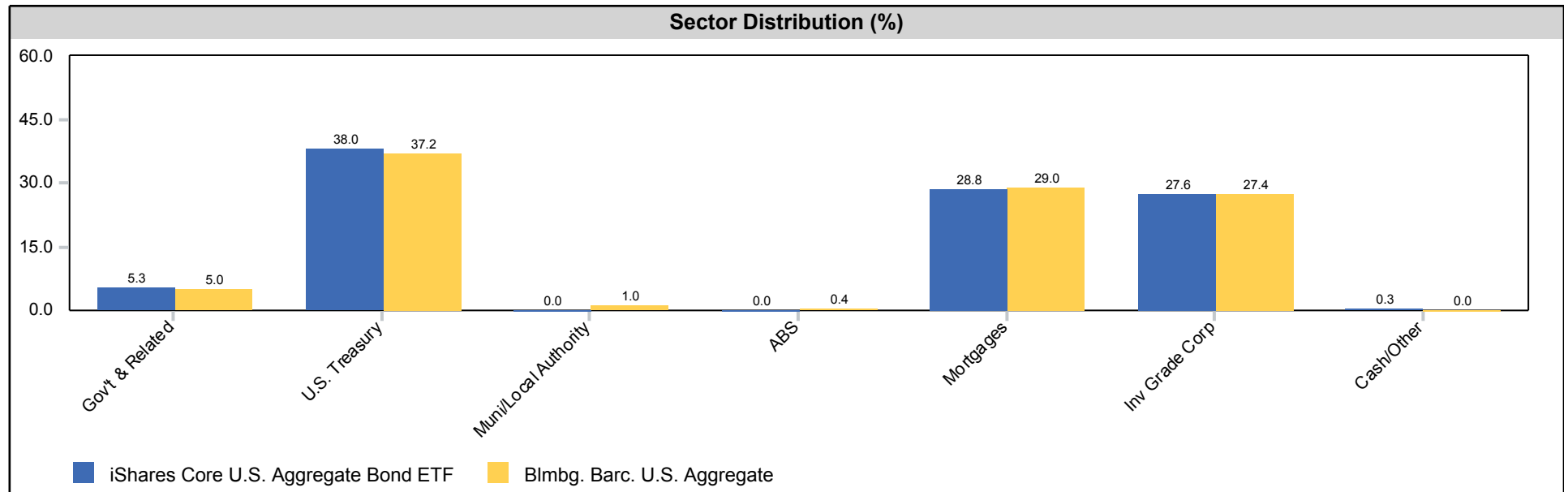
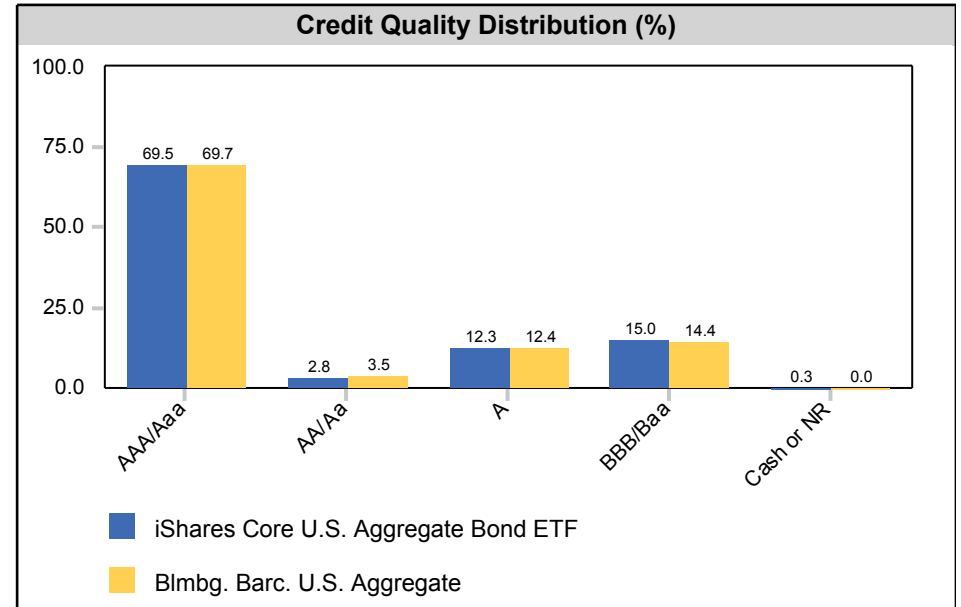
TIAA Core Fixed vs. Blmbg. Barc. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.20	6.04
Yield To Maturity (%)	2.04	1.24
Avg. Maturity	8.08	8.14
Avg. Quality	AA	AA
Coupon Rate (%)	3.00	3.04



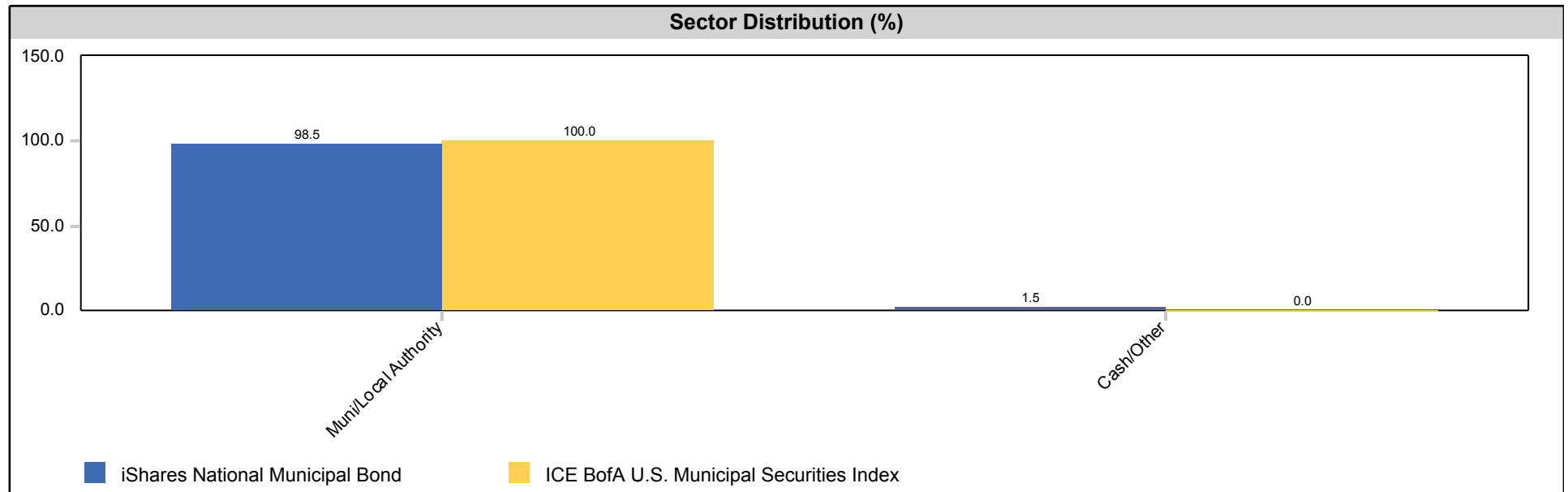
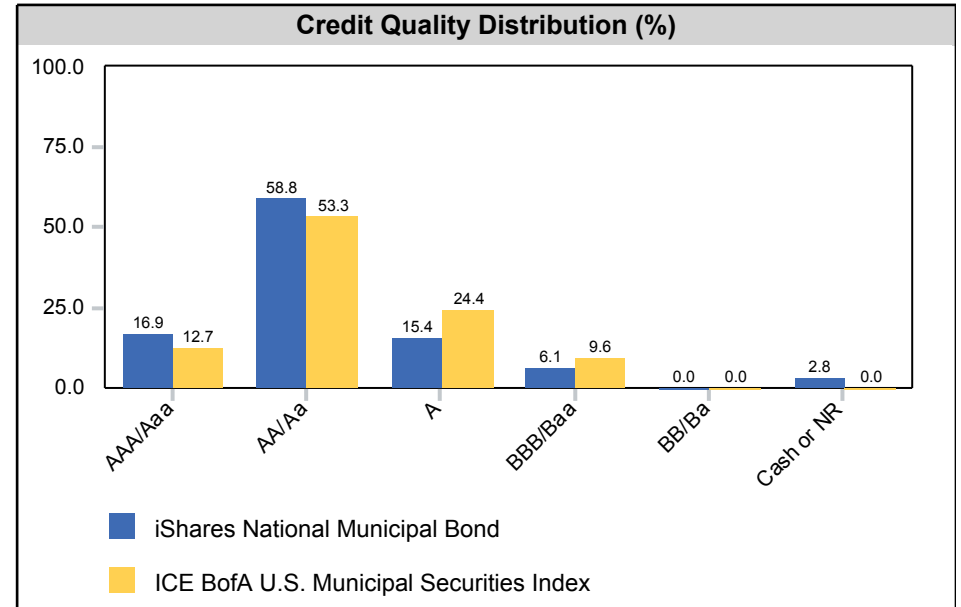
iShares Core U.S. Aggregate Bond ETF vs. Blmbg. Barc. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	5.80	6.04
Yield To Maturity (%)	1.24	1.24
Avg. Maturity	7.95	8.14
Avg. Quality	AA	AA
Coupon Rate (%)	3.11	3.04



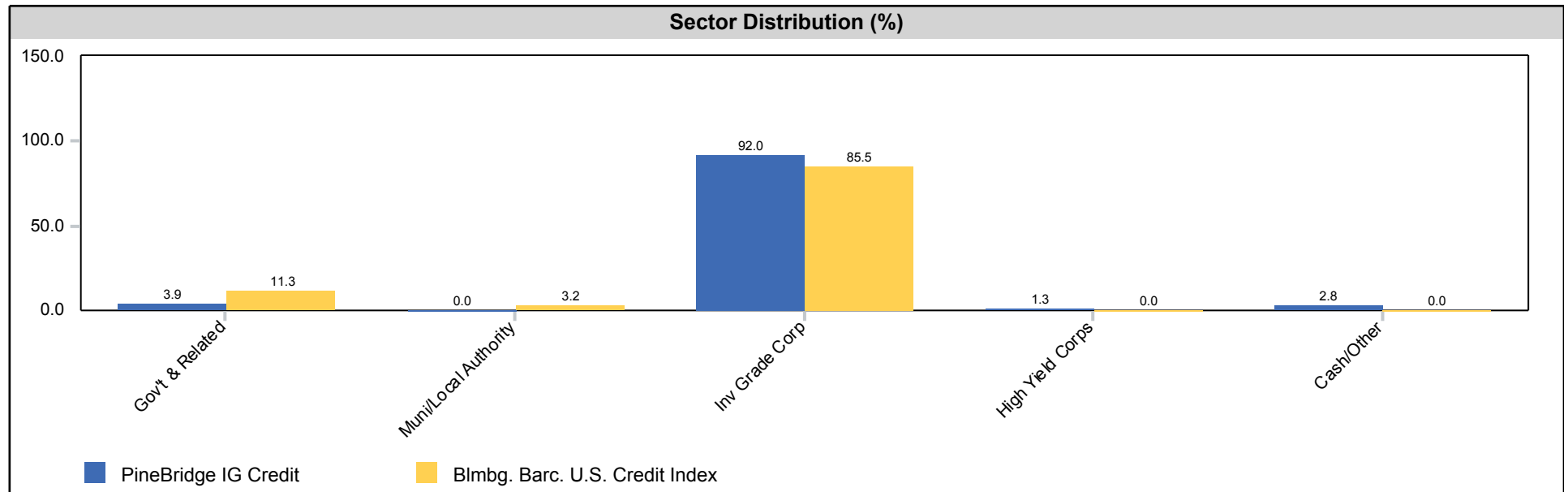
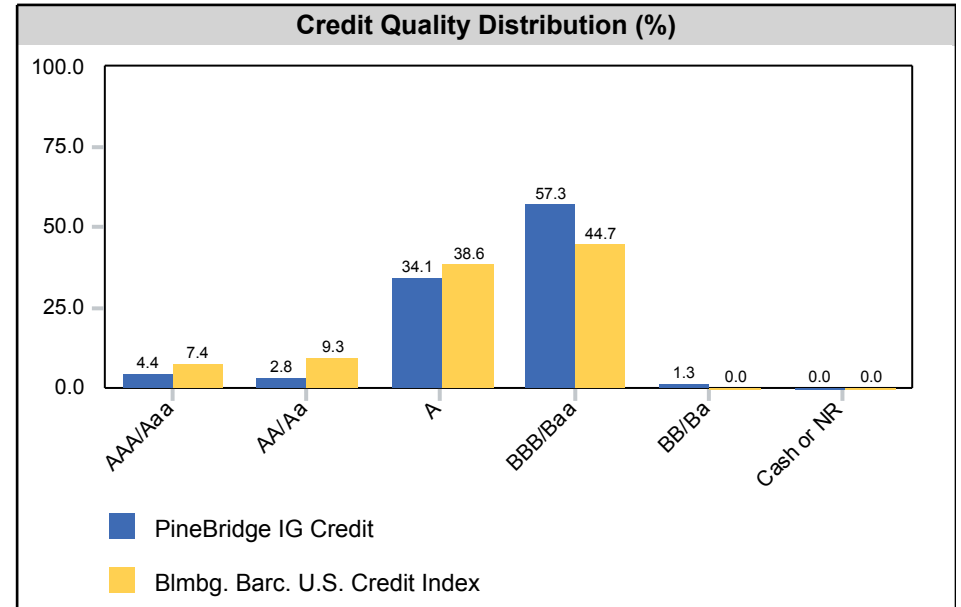
iShares National Municipal Bond vs. ICE BofA U.S. Municipal Securities Index

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.08	6.70
Yield To Maturity (%)	1.36	1.61
Avg. Maturity	5.40	5.68
Avg. Quality	AA	AA
Coupon Rate (%)	4.78	4.64



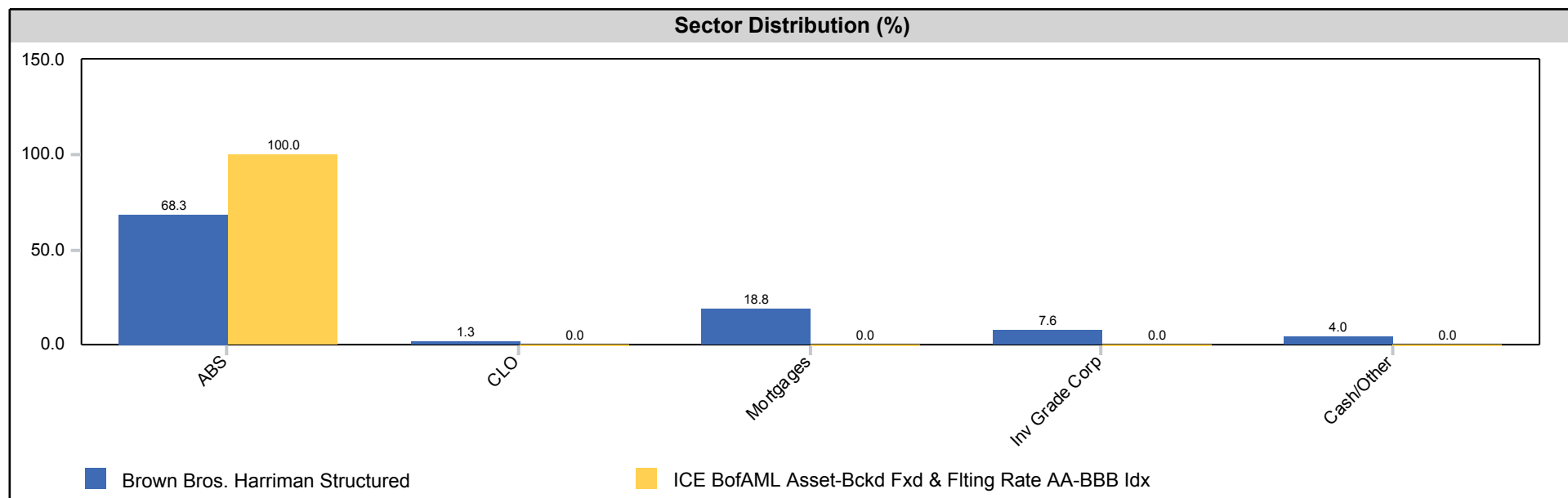
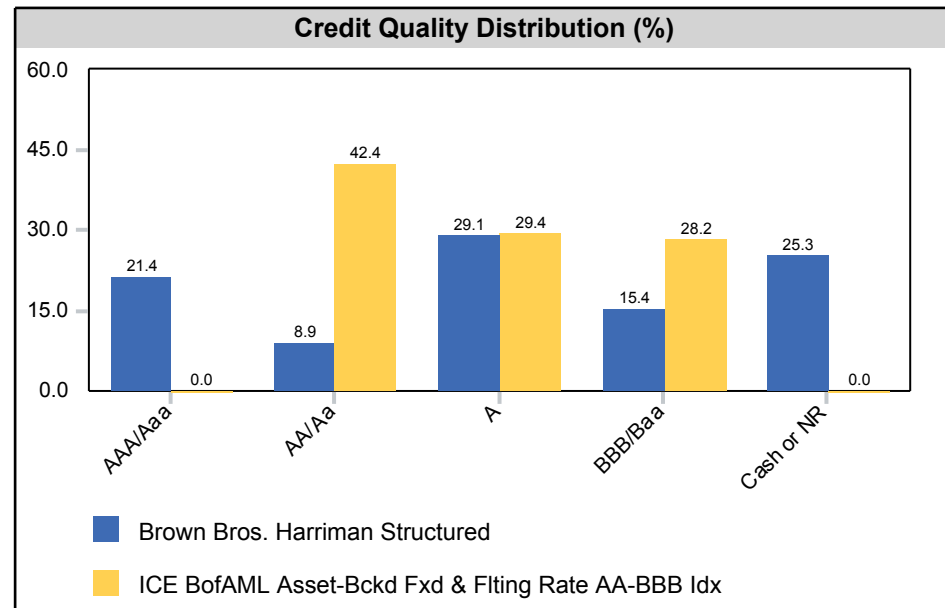
PineBridge IG Credit vs. Blmbg. Barc. U.S. Credit Index

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	8.64	8.17
Yield To Maturity (%)	2.60	2.08
Avg. Maturity	12.40	11.80
Avg. Quality	A	A
Coupon Rate (%)	3.89	3.82



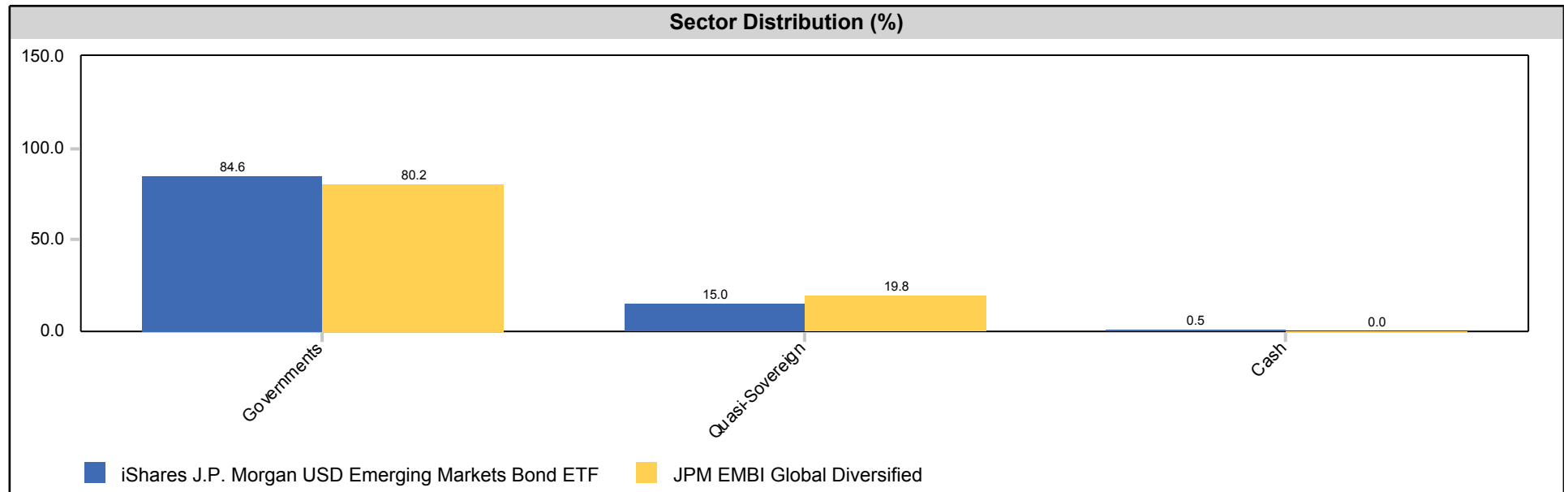
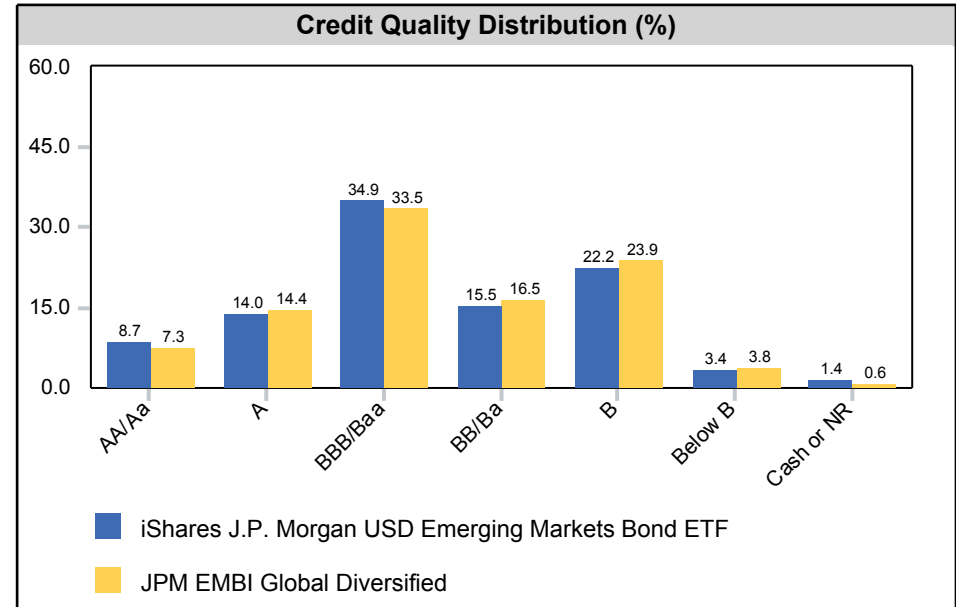
Brown Bros. Harriman Structured vs. ICE BofAML Asset-Bckd Fxd & Flting Rate AA-BBB Idx

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	2.03	2.72
Yield To Maturity (%)	4.12	3.55
Avg. Maturity	2.74	3.96
Avg. Quality	A	A
Coupon Rate (%)	3.61	3.33



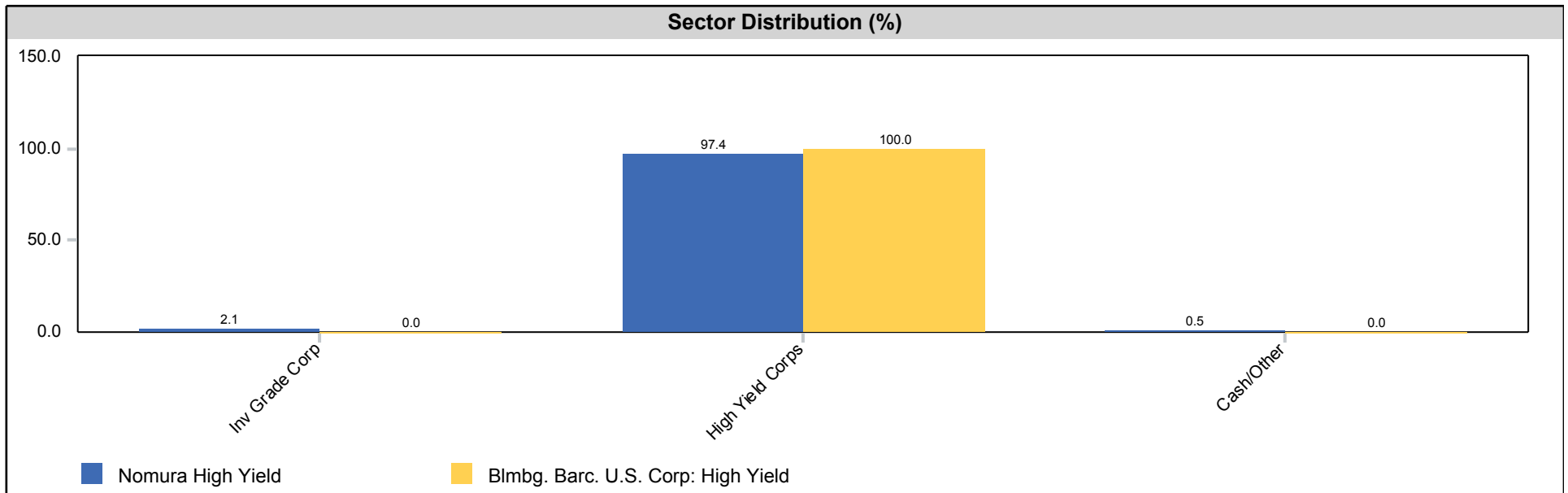
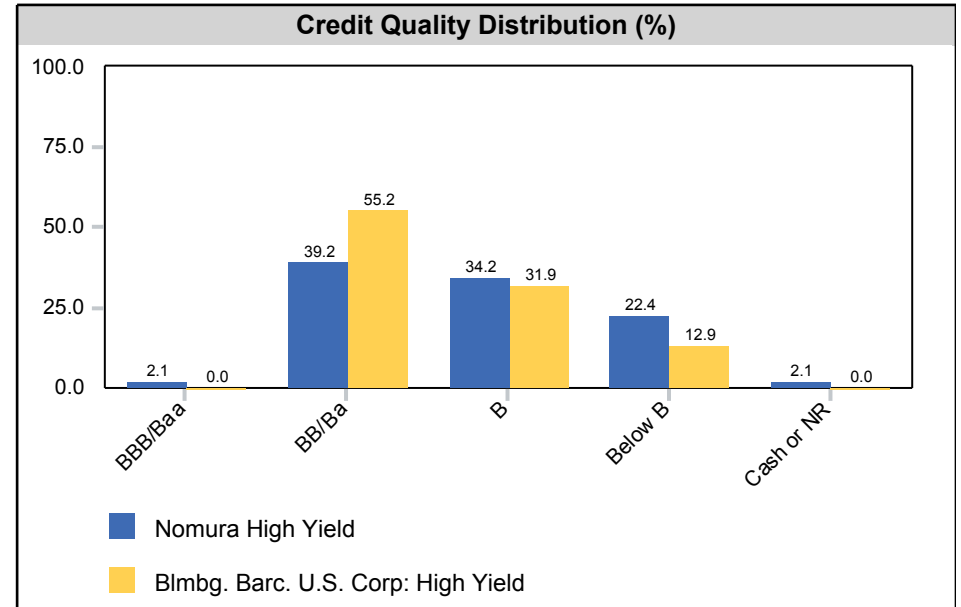
iShares J.P. Morgan USD Emerging Markets Bond ETF vs. JPM EMBI Global Diversified

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	8.26	7.83
Yield To Maturity (%)	4.63	5.52
Avg. Maturity	13.26	12.06
Avg. Quality	BBB	BBB
Coupon Rate (%)	5.37	5.30



Nomura High Yield vs. Blmbg. Barc. U.S. Corp: High Yield

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	4.06	3.90
Yield To Maturity (%)	8.71	7.00
Avg. Maturity	6.56	6.26
Avg. Quality	B	B
Coupon Rate (%)	6.48	6.10



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Multi – Asset Class Market Update

May 11, 2020

SUMMARY

- The Multi-Asset Class Investment Committee (the “Committee”) has been closely following the current economic and market conditions, and has decided to maintain the current defensive stance of being underweight equities and overweight fixed income.
- The significant health, economic, and policy uncertainty that presaged the Committee’s decision in February to de-risk are being addressed: Capital markets have bounced back strongly since the lows of March 23rd in reaction to the fiscal and monetary stimulus measures and partial reopening of the U.S. economy. The Committee believes that the recovery will be gradual and protracted rather than sharp, which leads us to deduce that the equity markets are not fully discounting the depth of the recession and protracted recovery. As a result, the Committee prefers to stay defensive in light of the continued uncertainty, in order to be able to provide downside protection if the equity markets were to see another sell-off.

REVIEW OF ECONOMIC AND MARKET DATA

On 5/1/20, the Committee met and discussed the current stance of the equity underweight in light of the recent economic and market data. Economic data has continued to deteriorate over the last month as the widespread social restrictions impacted economic activity within the U.S. Labor markets continued to be impacted by layoffs and furloughs, with record number of initial jobless claims and continuing claims reported over the last six weeks. These numbers are expected to further increase resulting in over 15% unemployment rate this year. Several states in the U.S. have partially reopened or have laid out plans to reopen, which should be a positive but capacity to absorb the unemployed will be limited given the social distancing measures still in place and the conservative stance that companies are pursuing in the face of increased uncertainty of revenues and operating costs.

Q1 GDP for the U.S. came in at -4.8% (annualized), supported by stronger activity in January and February followed by a drastic slowdown in March. According to Congressional Budget Office (CBO) estimates, Q2 GDP is expected to contract at 39.6% (annualized) followed by recovery in Q3 and Q4, leading to an annual contraction of 5.6% in 2020. For 2021, the CBO projects a modest recovery of 2.5%. Various economic measures such as Purchasing Manufacturing Index (PMIs), industrial production, consumer spending, and consumer confidence have all plunged recently.

Globally, the spread of COVID-19 has led to shutdowns across various countries. Partial reopening has started across Europe as the growth in number of new cases has slowed across the region while countries across Latin America are currently seeing a rapid rise in number of cases. As of 5/6/20, the number of confirmed cases globally currently stands at 3.7 million, of which 1.2 million confirmed cases are reported in the U.S. The number of deaths globally are over 250,000, of which 72,000 deaths are in the U.S. While the rate of infection curve has been flattening, the number of deaths in the U.S. is expected to double by August, according to some estimates, which puts greater emphasis on a cure or vaccination. There have been several headways into drug and vaccine development, but there is no effective vaccination yet.

Amidst this background, since our last client alert on 4/6/20, the equity markets have rallied in reaction to the partial reopening of the economy, continued policy support by the Fed, and the passing of \$450 billion of additional fiscal stimulus to provide support to small businesses (this is in addition to the unprecedented stimulus of over \$2 trillion passed in March). During the month of April, the S&P 500 returned 12.8%, its best monthly performance since 1987. Since the market bottom of 3/23/20 (until 5/5/20), equity markets, as reflected by S&P 500, returned 28.4% while spreads (over 10 year Treasury) for investment grade bonds (represented by Bloomberg Barclays U.S. Corporate Bond Index) and high yield bonds (represented by Bloomberg Barclays U.S. High Yield Bond Index) compressed by 167bps (from 373bps to 206bps) and 363bps (from 1100bps to 737bps), respectively. The Fed’s decision to provide



liquidity and stability to the credit markets helped stabilize credit spreads, which widened after the market started to sell-off.

Index Performance As of 5/5/2020	April	QTD	YTD	1 Year	Since Peak (2/19/20)	Since Bottom (3/23/20)
S&P 500	12.82%	11.13%	-10.65%	-0.67%	-14.97%	28.43%
S&P MidCap 400	14.18%	11.47%	-21.64%	-17.41%	-23.10%	32.15%
S&P SmallCap 600	12.70%	7.98%	-27.27%	-24.11%	-27.02%	24.27%
Russell 3000	13.24%	11.49%	-11.82%	-2.74%	-16.10%	28.99%
Russell 1000	13.21%	11.55%	-11.01%	-1.45%	-15.54%	29.10%
Russell 2000	13.74%	10.52%	-23.32%	-19.94%	-24.50%	27.24%
MSCI ACWI ex US	7.58%	4.93%	-19.58%	-13.72%	-19.11%	20.62%
MSCI EAFE	6.46%	3.99%	-19.75%	-13.34%	-19.11%	20.16%
MSCI Emerging Markets	9.16%	5.71%	-19.23%	-15.08%	-18.48%	18.43%

Source: Bloomberg

The Committee believes that equity markets are factoring in a V-shaped, fast recovery in the latter half of 2020 along with earnings recovery in 2021 (above the levels seen in 2019). While we could see earnings recover in 2021, they are not estimated to reach the levels seen in 2019 until the latter half of 2021. With that forward earnings outlook, equity markets, as reflected by S&P 500, are currently trading at forward multiples that do not fully reflect the slowdown followed by a gradual recovery. The Committee believes that the recent relief rally could be followed by a further sell-off to reflect the deteriorating fundamentals.

WHAT ARE WE MONITORING?

We are currently monitoring the instances of reopening in the U.S. to assess the pace at which normal activity could be resumed without further rise in number of cases. Further reopening followed by a rapid pick-up in economic activity should be favorable, but the odds remain low given the widespread incidence of cases in several parts of the country. Globally, emerging market economies will be stressed in dealing with a rise in cases, adding to further slowdown in global economic activity including trade and travel.

PORTFOLIO IMPLICATIONS

In light of the continued uncertainty around the path of recovery to 2019 level of GDP, the Committee prefers to stay defensive in order to be able to provide downside protection if the equity markets were to see another sell-off.

The Committee believes that the recovery from here on will be gradual and protracted rather than sharp, and believes that the equity markets are not fully discounting the duration of the slowdown. When the Committee believes that the markets are fully reflecting the underlying fundamentals, we expect to bring the portfolios' equity weight in line with the strategic targets. We continue to be defensively positioned in the interim, with a close eye on various market drivers.

We appreciate your continued confidence in PFM. Should you have any specific questions or wish to discuss this topic in more detail, please contact your client manager directly.

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Multi-Asset Class Portfolio Update

June 5, 2020

pfm

SUMMARY

- The Multi-Asset Class Investment Committee (the “Committee”) has voted to add a dedicated allocation to convertible bonds to opportunistically take advantage of the dislocations in the capital markets, while slightly adding risk to the portfolios in a measured way. Convertible bonds offer a hybrid exposure that helps to capture some of the upside of the equity markets while protecting on the downside due to the underlying bonds.
- The Multi-Asset Class Investment Committee (the “Committee”) voted to maintain an underweight to equity, with that said, the new allocation target is 90% of strategic weight (as opposed to the previous 85%).
- The multi-asset class portfolios continue to be overweight fixed income and underweight equity. The Committee has been closely following the current economic and market conditions, and has decided to take advantage of attractive opportunities while maintaining the current defensive stance.

ASSESSMENT

In light of the uncertainty around the re-opening of economies following the unprecedented level of shutdown, the Committee has expressed a defensive stance since the start of the COVID-19 crisis in the U.S. While the economic data has continued to deteriorate as expected, equity markets continued to rally (see chart below) since the low on March 23rd when the Federal Reserve (“Fed”) announced several measures to provide liquidity to the capital markets. Since then, the Fed has reaffirmed its stance of doing “whatever it takes” to provide needed stimulus, thus backstopping the slide of equity markets and credit spreads. As a result, the capital markets have been disconnected from the economic fundamentals. According to FactSet Earnings Insight (5/22/2020), the S&P 500 is currently trading at a forward multiple of 21.0, higher than the 5-year average of 16.8 and the 10-year average of 15.1, at a time of deteriorating labor market conditions and corporate earnings/profit margins.

Index (As of 5/31/20)	May 2020	QTD	YTD	Since Peak (2/19/20)	Since Bottom (3/23/20)
S&P 500	4.76%	18.19%	-4.98%	-9.56%	36.59%
Russell 3000	5.35%	19.30%	-5.64%	-10.22%	38.03%
Russell Mid Cap	7.03%	22.40%	-10.73%	-14.02%	43.95%
Russell 2000	6.51%	21.14%	-15.96%	-17.25%	39.46%
MSCI ACWI ex US	3.27%	11.10%	-14.85%	-14.36%	27.71%
MSCI Emerging Markets	0.77%	10.00%	-15.96%	-15.18%	23.22%
MSCI ACWI ex US Small Cap	6.06%	18.95%	-15.55%	-13.97%	38.89%
MSCI EAFE	4.35%	11.10%	-14.26%	-13.58%	28.37%

The Committee believes the current rally in equity markets is driven by the accommodative monetary policy and is a reflection of ample liquidity being provided by the Fed. While the Fed’s action could drive equity markets higher in the near-term, fundamentals will determine the returns over the horizon of multiple years. Optimism for another round of fiscal stimulus and the possibility of a successful vaccination/drug has been a tailwind to the rally.



The Committee believes that equity markets are factoring in optimism around recovery and reopening. The Committee remains cautious on the path of the virus and anticipates a likely W-shaped recovery with a pullback if there was to be a second wave of COVID-19.

Amidst this background, the Committee, with its emphasis on risk and downside protection and cognizant of the backstop offered by Fed's actions, is not comfortable increasing equity exposure to the benchmark weight. Instead, the Committee has been proactively looking for dislocations across the capital markets that have the ability to add value to the multi-asset class portfolios without adding undue risk.

Addition of convertible bonds strategy:

A convertible bond may behave more like a stock or a bond at any given time. Convertibles tend to trade as a function of the underlying equity price when the embedded option is in-the-money, but more like a bond (with less equity sensitivity) when the underlying stock price falls and the option becomes further out-of-the-money. Convertible bonds are considered less risky than equities due to the embedded bond floor. The Committee views them as a hybrid exposure of equity and fixed income, wherein they can capture some of the upside associated with equity exposure while limiting downside due to underlying bonds. During the last bull market (3/31/09-2/19/20), the convertible bonds, as represented by the Bloomberg Barclays US Convertibles Index, returned 14.01% (compared to the S&P 500's return of 16.58% on an annualized basis). During the recent sell-off (2/19/20-3/23/20), convertible bonds returned -26.42% compared to -33.92% returned by the S&P 500. The exposure to convertibles will be implemented through a passive vehicle - CWB: SPDR Bloomberg Barclays Convertible Securities ETF.

PORTFOLIO IMPLICATIONS

In light of the continued uncertainty around the path of recovery, the Committee prefers to stay defensive in order to be able to provide downside protection. The Committee's decision to add to convertibles helps the portfolio remain defensive while being opportunistic.

The Committee believes that the recovery from here on will be gradual and protracted rather than sharp, and believes that the equity markets are not fully discounting the duration of the slowdown. When the Committee believes that the markets are fully reflecting the underlying fundamentals, we expect to bring the portfolios' equity weight in-line with the strategic targets. We continue to be defensively positioned in the interim, with a close eye on various market drivers.

We appreciate your continued confidence in PFM. Should you have any specific questions or wish to discuss this topic in more detail, please contact your client manager directly.

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Multi-Asset Class Portfolio Update

pfm

June 26, 2020

SUMMARY

- The Multi-Asset Class Investment Committee (the “Committee”) has voted to remove the **overweight to fixed income in client portfolios and allocate those assets to domestic equity.**
- While the Committee believes that the economic recovery will be gradual and protracted, rather than V-shaped, and that the markets are not fully reflecting the underlying fundamentals, the improving fundamentals have made us cautiously optimistic. Although we have increased risk in client portfolios slightly, we continue to be defensively positioned in aggregate, with a close eye on various market drivers.

ASSESSMENT

Over the last month, several states have re-opened either partially or fully following the unprecedented shutdown, even as COVID-19 cases continued to rise. Likewise, the re-opening of economies has also occurred globally as cases continued to rise. The move from a total shutdown to a more localized approach of social distancing has revived consumer sentiment and consumer spending. Recent economic data has been coming in better than the drastic lows registered in April and May, albeit still lower than pre-coronavirus crisis in the U.S. The strongest recovery in data was reflected in the labor markets with the May unemployment rate at 13.3%, 1.4% lower than what was reported in April, surprising on the upside. Continuing claims for unemployment insurance have improved from the record high of 24 million to 19.5 million recently, as businesses re-open and re-hire. Labor market conditions are further expected to improve as policy support to reduce unemployment continues. Manufacturing and services activity have also shown signs of improvement. Amidst this background of recovering economic data from the trough, the U.S. Federal Reserve (“Fed”) has continued to offer monetary policy support through the bond-buying program, along with the decision to not raise interest rates until 2022.

Equity markets have recovered strongly since the lows of March 23rd, backstopped by accommodative monetary policy, re-opening of the economy, and current and expected fiscal stimulus measures that have all culminated into improvement of various economic indicators. The Committee believes that the markets are optimistic. PFM continues to be cautious on the path of the virus, as we are currently experiencing an increased number of new cases coupled with the possibility of a second wave in the fall, which could result in decreased economic output. With its emphasis on risk and downside protection, and cognizant of the backstop offered by the Fed’s actions, the Committee has decided to add to domestic equities slightly by bringing the fixed income allocation in line with policy targets.

PORTFOLIO IMPLICATIONS

The Committee has expressed a cautious view on the markets since the declaration of the coronavirus pandemic but has recently considered the accommodative central bank policy along with re-opening of economies as harbingers of the stability of capital markets. While the Committee believes that the recovery from here on will be gradual and protracted rather than sharp, the improving fundamentals have made us cautiously optimistic at this time. With this change, the risk within our portfolios has increased slightly, but we continue to be defensively positioned as we expect a more volatile market for the second half of the year.

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Investment INSIGHTS

Will the pandemic reverse the active-to-passive movement?



BIAGIO MANIERI, Ph.D., CFA
Managing Director and Chief Multi-Asset
Class Strategist, PFM Asset Management

The onslaught of the COVID-19 virus has wreaked havoc with economies and stock markets around the world. In the U.S., while the S&P 500 stock index has rallied sharply off its pandemic-related March 23 low, which marked a 34% drop from its all-time high reached in mid-February, volatility remains elevated. Uncertainty is high as the economic ramifications of the pandemic continue to surface. Amidst this backdrop, institutional investors are thinking again about the value of diversification and examining their portfolios to decide whether to simply rebalance to existing asset allocations or restructure to take advantage of market dislocations. *Pensions & Investments* spoke with Biagio Manieri, managing director and chief multi-asset class strategist at PFM Asset Management, to discuss these issues as well as the question of whether passive or active strategies are better suited to take advantage of a market rebound.

Pensions & Investments: Do you think the heightened risk and volatility in capital markets from the coronavirus pandemic will cause a reversal in the trend of investors shifting assets to passive strategies from active ones?

BIAGIO MANIERI: At this point, it is too early to say, but based on first-quarter performance, I think the trend is likely to remain in place. Based on various databases, including PARIS, a portfolio analytics and reporting system, most active managers underperformed in the first quarter. Particularly fixed income managers who invest outside of core areas such as high yield.

Some investors may be surprised by this since many believe active management outperforms during down markets. But we were not surprised. Indeed, we saw the same outcome during the financial crisis.

P&I: Is the question more nuanced than simply active vs. passive?

MANIERI: Yes, indeed. I think we need to distinguish between active management in selecting individual securities vs. passive replication of a benchmark, and active management of passive exposures or tactical asset allocation vs. mechanistic rebalancing to strategic long-term asset allocations.

At PFM Asset Management, we use a combination of actively managed funds as well as passive or index funds, but we actively manage the asset class exposures through tactical asset allocation. Because of our tactical asset allocation decisions, we were able to outperform both in 2019, when markets performed strongly, as well as in the first quarter, when most asset classes outside of Treasuries declined.

P&I: When you say PFM Asset Management outperformed in 2019 and in the first quarter of this year, what benchmarks are we talking about?

MANIERI: I mean outperforming the benchmark for each client's portfolio, which is a weighted average of various indices such as Russell 3000, MSCI ACWI ex-U.S., etc. The

benchmark represents the policy portfolio or long-term strategic asset allocation. We attempt to outperform this benchmark by over/under-weighting various asset classes using passive vehicles as well as carefully selecting active funds that we believe will outperform in the current economic and market environment.

P&I: Most capital market assumptions forecast lower-expected returns going forward vs. historical long-term return levels. If institutional asset owners cannot count on active managers to outperform, how do they achieve the required rate of return to pay pension benefits, contribute to university budgets or support the goals of the foundation?

MANIERI: At PFM Asset Management, we use a combination of active managers who we believe can achieve excess return over time, and a core part of the portfolio that is passive. But we do not mechanically rebalance back to target. In fact, we have been able to add excess return by actively managing our asset class exposures. Based on our fundamental analysis, we actively manage the over-weighting and under-weighting of various asset classes with the goal of achieving a return that is higher than that of a portfolio of either actively managed or index funds that stays close to the strategic long-term asset allocation or benchmark.

P&I: That sounds like market timing.

MANIERI: Some may see this as market timing, but we believe that tactical asset allocation done right is inherently different from trying to time the market. Those who try to time the market for the most part, rely on technical analysis or looking at patterns in market prices and trends, e.g., a reversal in a market that is considered oversold. Our tactical asset allocation decisions are based on fundamental analysis of the economy, corporate profitability, monetary policy, valuation and other factors that drive capital markets. It was this analysis that led us to be risk seeking in our portfolio positioning in 2019 but significantly reduce risk in early 2020.

P&I: You raise the point of actively managing asset class exposures to manage expected return and risk as market regimes shift, but most investors rely on diversification to achieve the same purpose. Are you surprised that even well-diversified multi asset portfolios suffered significant drawdowns in the first quarter?

MANIERI: I am not surprised. We often hear that diversification is "the only free lunch that exists," as renowned economist Harry Markowitz put it. But as we saw in the first quarter, during the financial crisis and other times of economic distress throughout history, many asset classes such as equities, credit, etc., fall in unison.

Diversification is not the holy grail many believe it to be. Diversification works in normal circumstances when correlations, volatility, etc., are fairly stable. But as investors, we need to recognize that most asset classes, whether equities, credit, etc., have economic sensitivity. Therefore, when the

economy gets hit, correlations go up as these asset classes are negatively impacted. For example, during a recession, companies earn lower profits. As a result, the value of the company is lower, and equities decline. As profits decline, the risk associated with corporate bonds, especially high yield bonds, increases and as a result, credit spreads widen and bond prices decline. This also works for commodities. In a recession — all other things being equal — we use less industrial metals, oil, etc., and as a result of lower demand, the prices of these commodities decline.

Modern Portfolio Theory is based on the notion that an efficient portfolio can be created if we know expected return, correlation and volatility. The implicit assumption is that these variables are constant. But that is not true. Correlations and volatility increase during times of stress. The asset classes that do well in times of stress and protect the portfolio best during times of crisis are Treasuries, the U.S. dollar, gold, put options, etc. But these investments have low expected returns over time. Therefore, it is a real question whether, over long periods of time, you want to allocate enough to these investments to protect your portfolio during times of crises. Is it worth it to hold these investments in large enough allocations to help protect your portfolio during time of crises?

P&I: What's your answer to those questions?

MANIERI: We would rather tactically allocate assets based on our fundamental views and reduce equities, credit, etc., if we believe the economy is likely to go into a recession, rather than having asset classes that are a drag on performance most of the time, but will benefit the portfolio during times of crisis, which by definition, do not occur most of the time.

P&I: But most institutional asset owners rely on diversification and a long-term time horizon, right?

MANIERI: Most institutional investors do not rely or believe in tactical asset allocation. Some believe that the answer is in allocating a significant portion of portfolio assets to so-called alternatives, which they believe are able to outperform publicly traded markets in various market environments.

But if you examine the performance of endowments during the financial crisis, these funds did not outperform a simple portfolio of index funds. In our opinion, while alternatives can be useful under certain conditions, they do not obviate the need for tactical asset allocation. The approach that we have found to work best for our clients is to use a combination of passive and active funds along with alternative strategies in certain cases, but tactically allocate and manage our exposures based on fundamental analysis of economic and market conditions. ■

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