

Investment Performance Review  
Period Ending June 30, 2020

# Port of Houston Authority DC Plan Executive Summary

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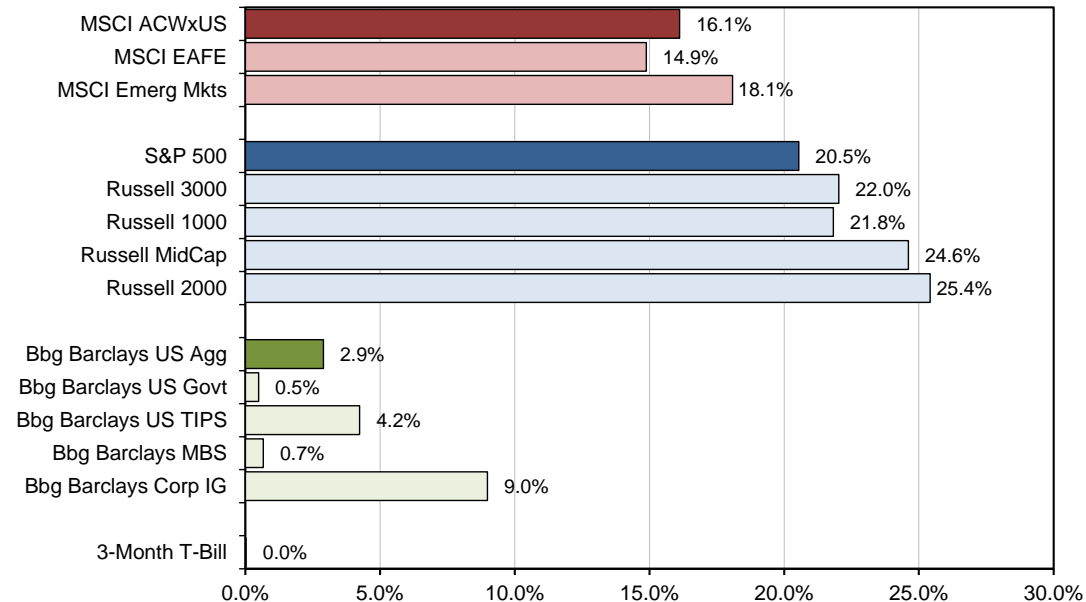


## **2nd Quarter 2020 Market Environment**

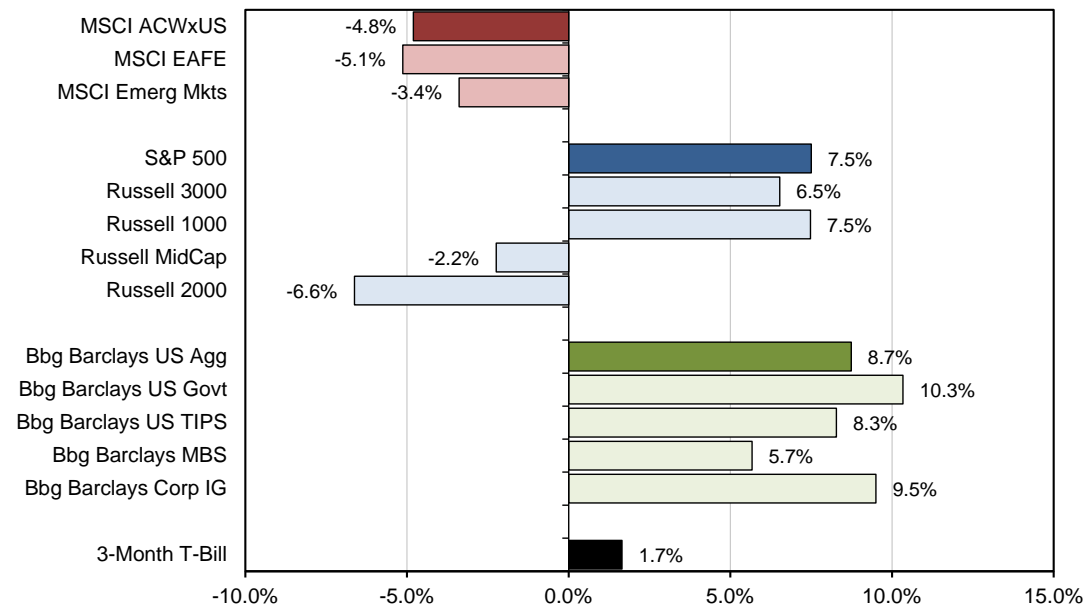


- Broad asset class returns rebounded sharply in the 2nd quarter following their harsh drawdown during the 1st quarter. The US government and Federal Reserve Bank (Fed) implemented a myriad of programs designed to provide the economy with liquidity while also mitigating the affects from the shelter-in-place response to the COVID-19 (Coronavirus) pandemic. Despite having officially entered a recession in February, US economic data began to show improvement in May with regards to manufacturing, housing and employment as many States began the process of re-opening. Geopolitical tensions rose during the quarter following the vote by China to impose security measures in Hong Kong. Despite these risks, markets reacted positively to continued monetary easing from the Fed which supported markets directly through bond purchases and a variety of lending facilities. Within domestic equity markets, higher beta small cap stocks outperformed large cap stocks during the quarter with the Russell 2000 Index returning 25.4% versus a 20.5% return for the S&P 500 Index. US stocks also outperformed international stocks during the period. US equity results over the trailing 1-year period tell a different story with large cap stocks, returning 7.5% while mid- and small cap stocks were negative, returning -2.2% and -6.6%, respectively.
- Broad international equity markets posted positive returns for the 2nd quarter. Similar to US markets, international markets benefited from coordinated central bank policies which provided liquidity following the onset of the pandemic and subsequent re-opening of local economies. International returns also benefited from a weakening US dollar (USD) which declined against both the Euro and British pound during the period. Emerging markets outperformed relative to developed markets during the period with the MSCI Emerging Market Index returning 18.1% compared to 14.9% for the MSCI EAFE Index. Both developed and emerging market indices were negative over the 1-year period with the developed market index returning -5.1% and the emerging market index returning -3.4%.
- Fixed income returns remained strong during the 2nd quarter as investors benefited from declining interest rates globally. The broad market Bloomberg Barclays (BB) Aggregate Index gained 2.9% for the quarter as the Fed ramped up its purchases of US Treasury and Agency securities to boost market liquidity. In addition, the Fed announced that it would begin purchasing US corporate bonds to keep borrowing costs low and further support liquidity. For the quarter, the BB Corporate Investment Grade Index returned 9.0% as investors continued to seek out higher yielding assets. Over the trailing 1-year period, the bond market outperformed stocks with the BB Aggregate posting a solid return of 8.7%, while corporate bonds posted a higher 9.5%. US TIPS, which have been a laggard for some time, posted a respectable 8.3% over the trailing 1-year period despite low expectations for inflation.

### Quarter Performance

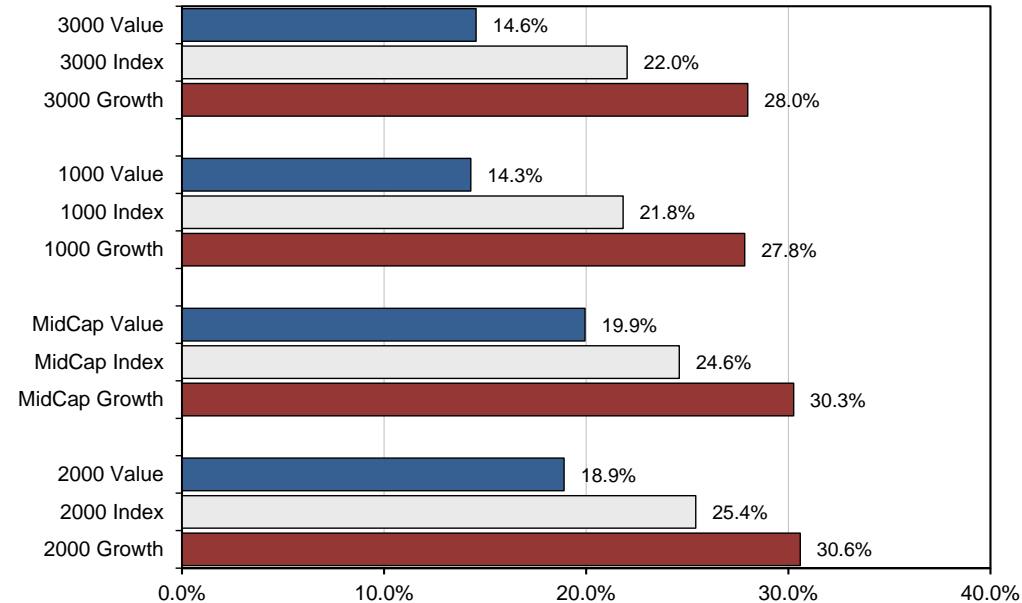


### 1-Year Performance

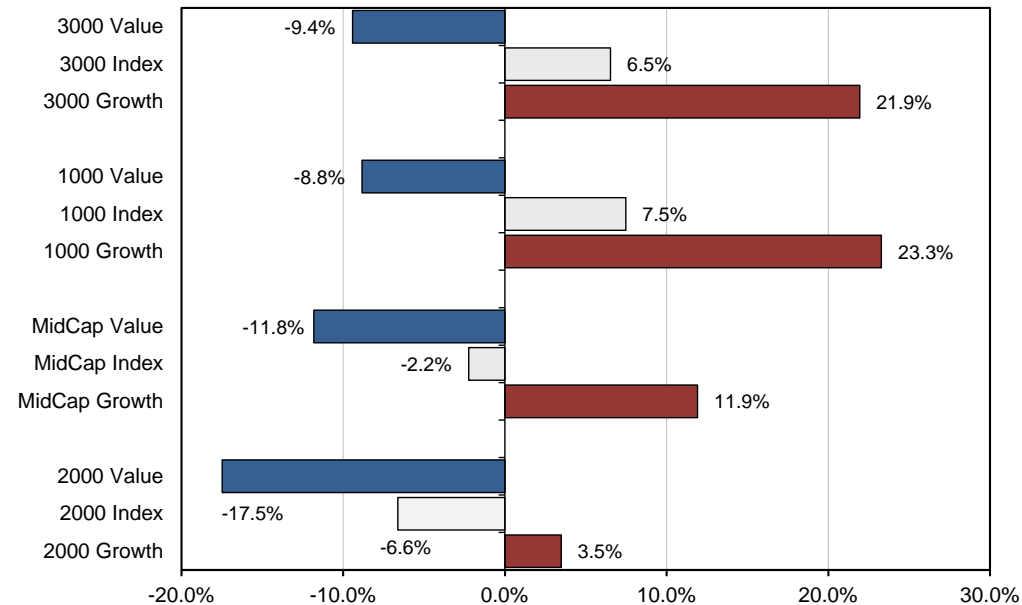


- US equity returns were strongly positive during the 2nd quarter, but results varied considerably across the style and capitalization spectrum. Following one of the sharpest drawdowns in history during the previous quarter, various capitalization and style indices experienced their strongest quarterly performance in over 20-years. The US labor market showed dramatic improvement in May and June with more than 7 million jobs added for the period. However, the unemployment rate remained high at 11.1% in June with more than 14.7 million people unemployed. While States have taken steps to re-open by loosening stay-at-home orders, several States such as Florida, Texas, and Arizona, have experienced significant increases in Coronavirus cases since the orders were eased causing many States to consider rollbacks. Several potential treatments and vaccines are in various stages of development that will hopefully prove effective in treating the virus.
- During the quarter, small capitalization (cap) stocks broadly outperformed large cap stocks across the style spectrum. The small cap Russell 2000 Index gained a stellar 25.4% for the quarter versus a return of 21.8% for the large cap Russell 1000 Index. Investors were attracted to potentially faster growing small cap stocks which were disproportionately sold during the 1st quarter's drawdown. Small cap stocks have historically outperformed when the market enters a recovery phase. When viewed over the most recent 1-year period the trend has reversed with large cap stocks far outpacing their small cap counterparts. The Russell 1000 posted a return of 7.5% over the trailing 1-year period relative to a negative return of -6.6% for the Russell 2000.
- Value stocks continued their recent trend of underperformance relative to growth stocks during the 2nd quarter recovery as investors gravitated toward companies perceived to have the potential to grow revenue and earnings faster. Within large cap, growth significantly outperformed value due to favorable weightings to the strong-performing technology and consumer discretionary sectors. The small cap Russell 2000 Growth Index was the best performing style index for the quarter, returning an outsized 30.6%. At the other extreme, the large cap value index posted the quarter's weakest relative style performance with a still solid 14.3% return. Results over the 1-year period also reflect the strength of the "growth over value" trend with value benchmarks posting negative results across the capitalization spectrum with a range of relative underperformance to growth of greater than 20% at each level.

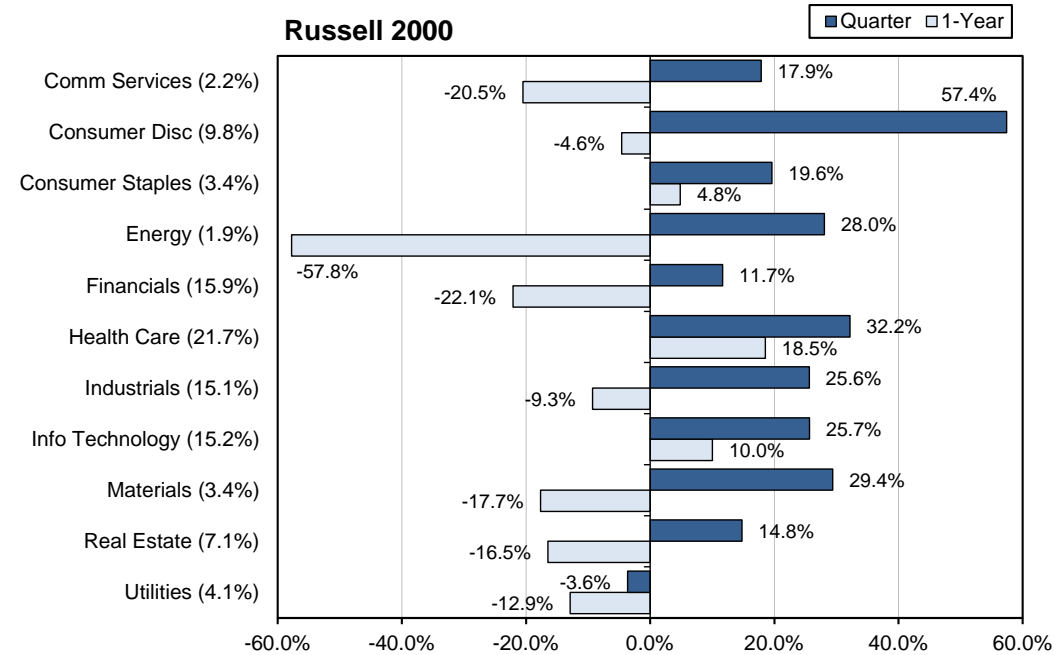
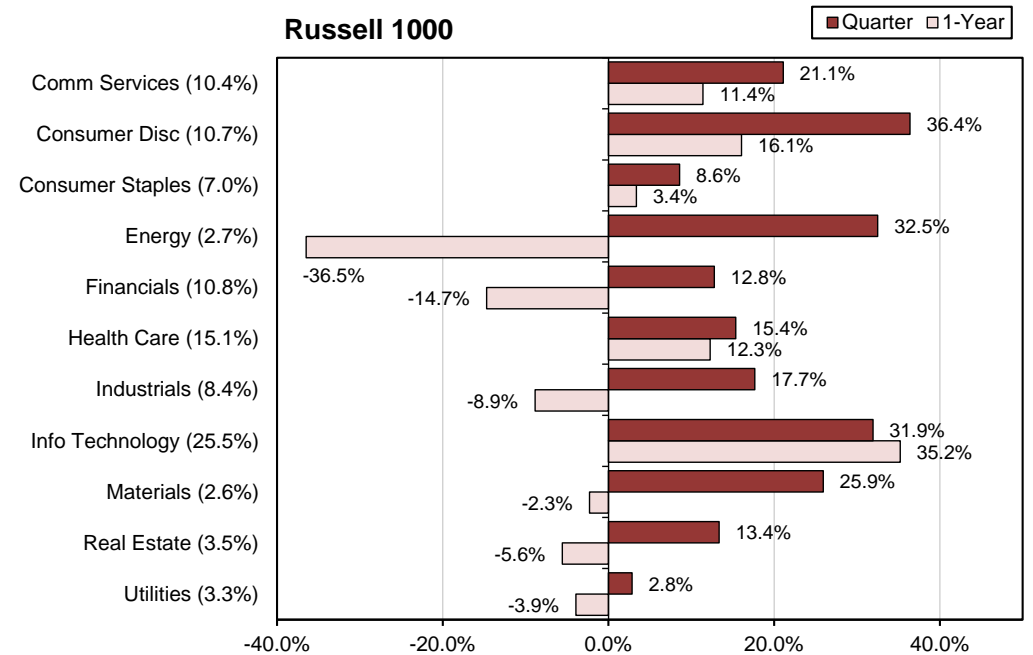
Quarter Performance - Russell Style Series



1-Year Performance - Russell Style Series



- All eleven economic sectors within the large cap Russell 1000 Index were positive for the 2nd quarter with four sectors outpacing the return of the broad index. Growth-oriented sectors such as consumer discretionary and technology were some of the best performers for the quarter returning 36.4% and 32.5%, respectively. The energy sector, which had lagged considerably during the 1st quarter sell-off, also posted a strong return of 32.5% for the quarter as oil prices recovered on expectations of future economic growth. Defensive sectors such as consumer staples and utilities were the lowest performers during the period, but still posted positive returns of 8.6% and 2.8%, respectively. Traditional growth sectors also showed their dominance in the trailing 1-year period. The technology, consumer discretionary, health care and communication services sectors returned 35.2%, 16.1%, 15.4% and 11.4%, respectively, versus the core Russell 1000 index return of 7.5%. In contrast, traditional value sectors such as energy and financials, posted returns of -36.5% and -14.7%, respectively, for the trailing 1-year period.
- Ten of eleven small cap sectors posted results of greater than 10% for the 2nd quarter with only the utilities sector falling into negative territory with a return of -3.6%. In addition, seven of eleven economic sectors in the small cap index outpaced their respective large cap sector performance. While ten small cap sectors posting returns of more than 10% would be impressive in any period, six of them managed to exceed the 25.4% return of the broad Russell 2000 index. Like large caps, sectors sensitive to the consumer and economic growth were the strongest performers as investors gravitated toward those companies with the highest growth potential. Performance in consumer discretionary and health care sectors was particularly impressive with returns of 57.4% and 32.2% respectively for the quarter. Within the health care sector, many biotechnology stocks rose on hopes and speculation regarding potentially viable treatments or vaccines for the Coronavirus. Over the trailing 1-year period, the majority of small cap sector returns were negative with only three sectors contributing positive absolute performance. The traditional growth sectors also led the small cap index's performance over the trailing 1-year period with health care posting 18.5% and the technology sector returning 10%. On the opposite end of the spectrum, while the energy sector's 28.0% return for the quarter is certainly an impressive recovery, the sector led the 1-year trailing sector performance declines with the return of -57.8%.



**The Market Environment**  
**Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000**  
As of June 30, 2020

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Microsoft Corp	5.30%	29.4%	53.8%	Information Technology
Apple Inc	5.19%	43.8%	86.5%	Information Technology
Amazon.com Inc	4.07%	41.5%	45.7%	Consumer Discretionary
Facebook Inc A	1.90%	36.1%	17.7%	Communication Services
Alphabet Inc A	1.48%	22.0%	31.0%	Communication Services
Alphabet Inc Class C	1.46%	21.6%	30.8%	Communication Services
Johnson & Johnson	1.29%	8.0%	3.8%	Health Care
Berkshire Hathaway Inc Class B	1.21%	-2.4%	-16.3%	Financials
Visa Inc Class A	1.13%	20.1%	12.0%	Information Technology
Procter & Gamble Co	1.01%	9.4%	11.8%	Consumer Staples

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Deckers Outdoor Corp	0.31%	46.6%	11.6%	Consumer Discretionary
LHC Group Inc	0.30%	24.3%	45.8%	Health Care
BJ's Wholesale Club Holdings Inc	0.29%	46.3%	41.2%	Consumer Staples
Churchill Downs Inc	0.29%	29.3%	16.2%	Consumer Discretionary
Novavax Inc	0.27%	513.8%	1322.4%	Health Care
MyoKardia Inc	0.27%	106.1%	92.7%	Health Care
Helen Of Troy Ltd	0.27%	30.9%	44.4%	Consumer Discretionary
SiteOne Landscape Supply Inc	0.27%	54.8%	64.5%	Industrials
EastGroup Properties Inc	0.26%	14.3%	4.9%	Real Estate
Ultragenyx Pharmaceutical Inc	0.25%	76.1%	23.2%	Health Care

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Fastly Inc	0.02%	348.5%	319.8%	Information Technology
Wayfair Inc Class A	0.05%	269.8%	35.3%	Consumer Discretionary
Apache Corp	0.02%	223.9%	-51.9%	Energy
Targa Resources Corp	0.02%	192.7%	-44.7%	Energy
Etsy Inc	0.04%	176.4%	73.1%	Consumer Discretionary
Bill.com Holdings Inc Ordinary Shares	0.01%	163.8%	N/A	Information Technology
Livongo Health Inc	0.01%	163.5%	N/A	Health Care
Immunomedics Inc	0.03%	162.9%	155.5%	Health Care
Antero Midstream Corp	0.01%	159.5%	-45.7%	Energy
Thor Industries Inc	0.02%	156.2%	87.0%	Consumer Discretionary

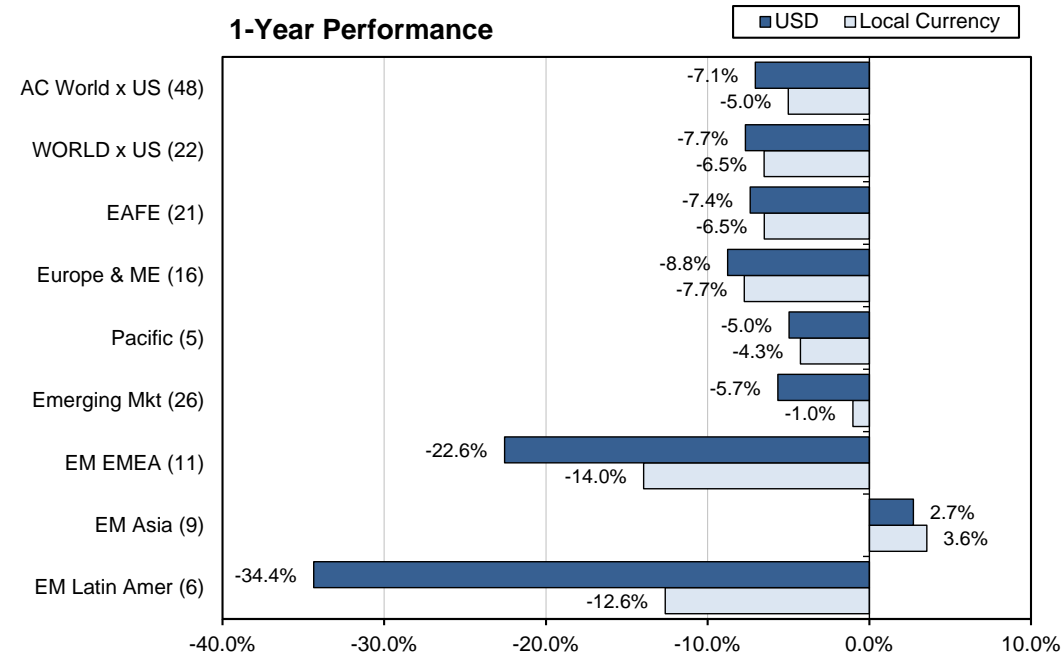
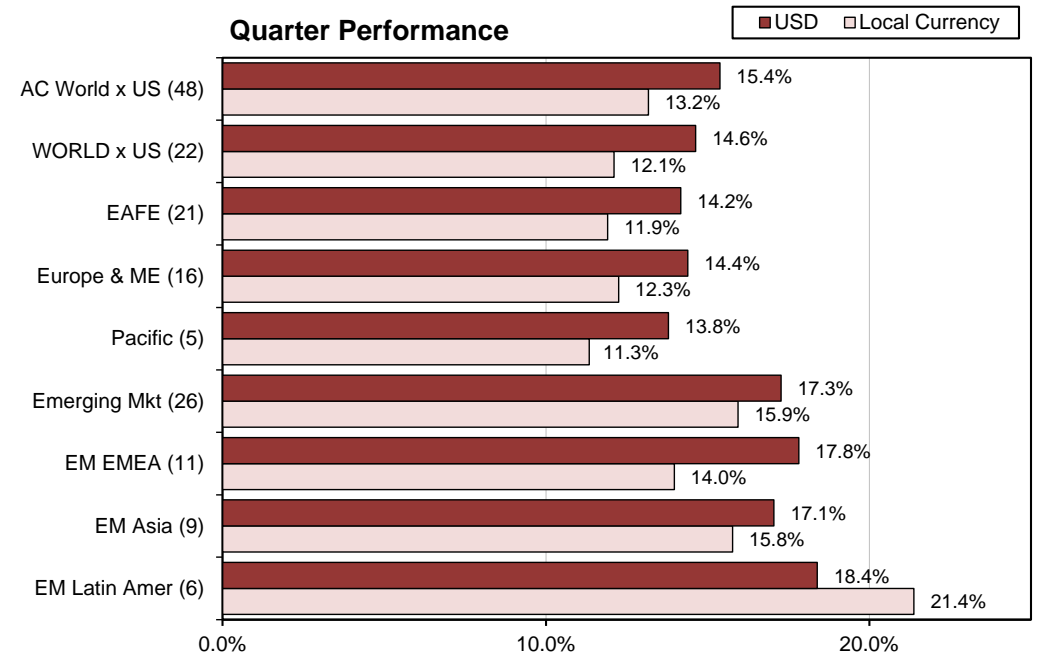
Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Workhorse Group Inc	0.06%	860.8%	491.5%	Consumer Discretionary
Veritone Inc	0.02%	537.8%	77.8%	Information Technology
Novavax Inc	0.27%	513.8%	1322.4%	Health Care
Overstock.com Inc	0.06%	469.7%	109.0%	Consumer Discretionary
Vaxart Inc	0.02%	400.0%	1220.7%	Health Care
U.S. Auto Parts Network Inc	0.01%	394.9%	592.8%	Consumer Discretionary
Camping World Holdings Inc Class A	0.05%	380.5%	131.4%	Consumer Discretionary
Macrogenics Inc	0.08%	379.7%	64.5%	Health Care
Aspira Womens Health Inc	0.01%	361.3%	331.5%	Health Care
Retractable Technologies Inc	0.01%	350.0%	868.9%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Empire State Realty Trust Inc Class A	0.00%	-20.7%	-50.8%	Real Estate
Xerox Holdings Corp	0.01%	-18.0%	-54.8%	Information Technology
Hawaiian Electric Industries Inc	0.01%	-15.5%	-14.7%	Utilities
Biogen Inc	0.15%	-15.4%	14.4%	Health Care
Cincinnati Financial Corp	0.03%	-14.3%	-36.6%	Financials
General Electric Co	0.21%	-13.8%	-34.7%	Industrials
Coty Inc Class A	0.00%	-13.4%	-65.5%	Consumer Staples
EchoStar Corp	0.00%	-12.5%	-24.3%	Information Technology
NovoCure Ltd	0.02%	-11.9%	-6.2%	Health Care
Molson Coors Beverage Co B	0.02%	-11.9%	-36.5%	Consumer Staples

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Chesapeake Energy Corp	0.00%	-85.8%	-98.7%	Energy
Hertz Global Holdings Inc	0.01%	-77.2%	-91.2%	Industrials
SeaChange International Inc	0.00%	-59.4%	5.6%	Information Technology
CorEnergy Infrastructure Trust Inc	0.01%	-50.0%	-75.6%	Real Estate
Evoform Biosciences Inc	0.01%	-46.8%	-57.4%	Health Care
Recro Pharma Inc	0.00%	-44.3%	-48.6%	Health Care
NextCure Inc	0.02%	-42.2%	43.1%	Health Care
NeuroBo Pharmaceuticals Inc	0.00%	-42.1%	-60.2%	Health Care
LendingClub Corp	0.02%	-42.0%	-72.3%	Financials
ProAssurance Corp	0.04%	-41.9%	-58.6%	Financials



- Broad international equity index returns were positive in US dollar (USD) and local currency terms for the 2nd quarter as international markets rebounded following the meaningful drawdown during the previous period. USD denominated international equity index performance also benefited from a weakening USD which fell against most major currencies during the period. The MSCI ACWI ex US Index posted a return of 15.4% in USD and a slightly lower 13.2% in local currency terms. Like US equity market performance, international equity benchmarks also benefited from a strong monetary policy response from central banks in reaction to the Coronavirus. Since the virus ravaged Asia and Europe earlier than the US, many countries also began the process of re-opening their respective economies earlier than the US, resulting in improving economic datapoints. Both the ECB and Bank of Japan committed to significant lending programs designed to provide the capital markets with liquidity while continuing to purchase bonds under their existing economic recovery programs.
- Results for developed market international indices were strongly positive in both USD and local currency terms during the 2nd quarter. The MSCI EAFE Index returned 14.2% in USD and 11.0% in local currency terms. The spread of the pandemic slowed in Europe during the quarter allowing countries like Austria and Italy to begin the process of re-opening. ECB President Christine Lagarde announced that the bank was expanding its bond purchase program to \$1.5 trillion, and in the UK, the Bank of England increased its bond purchasing program by roughly \$125 billion. Both measures were targeted at providing the capital markets with liquidity.
- Emerging markets outperformed developed markets by just over 3% during the 2nd quarter. The MSCI Emerging Markets Index rose by 17.3% in USD terms and 15.9% in local currency. Emerging markets benefited relative to developed markets during the quarter as global economic activity increased despite increased geopolitical tensions from China's new security measures in Hong Kong. The rebound in commodity prices in anticipation of future economic growth was particularly beneficial to the emerging countries dependent on export demand.
- In contrast to the strong 2nd quarter returns, the 1-year trailing performance of international equity indices was broadly negative with only the Emerging Market Asia Index posting a positive return of 2.7% in USD for the period. The 1-year trailing currency impact on international index performance also contrasts with the 2nd quarter's USD weakness. Persistent strength of the USD over the 1-year period was a drag on the results realized by domestic holders of international equities for each of the indices tracked in the graph. This USD strength is particularly visible in the Emerging Market Middle East & Africa (EMEA) Index and Emerging Market Latin America Index.





**The Market Environment**  
**US Dollar International Index Attribution & Country Detail**  
As of June 30, 2020

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Communication Services	5.4%	12.3%	-6.5%
Consumer Discretionary	11.3%	17.6%	-6.9%
Consumer Staples	12.0%	8.5%	-3.8%
Energy	3.4%	-1.5%	-41.3%
Financials	16.1%	12.6%	-20.4%
Health Care	14.5%	13.8%	17.6%
Industrials	14.5%	17.5%	-8.0%
Information Technology	8.3%	23.0%	12.4%
Materials	7.3%	22.7%	-8.6%
Real Estate	3.2%	7.9%	-21.4%
Utilities	4.0%	11.4%	2.4%
<b>Total</b>	<b>100.0%</b>	<b>14.2%</b>	<b>-7.4%</b>

MSCI - ACWixUS	Sector Weight	Quarter Return	1-Year Return
Communication Services	7.6%	16.9%	2.6%
Consumer Discretionary	12.6%	19.8%	-0.6%
Consumer Staples	10.0%	9.4%	-4.8%
Energy	4.8%	8.5%	-34.5%
Financials	18.1%	10.3%	-22.4%
Health Care	10.7%	16.0%	18.3%
Industrials	11.4%	17.1%	-8.9%
Information Technology	11.0%	24.1%	19.2%
Materials	7.6%	24.6%	-8.7%
Real Estate	2.8%	6.8%	-21.4%
Utilities	3.5%	10.3%	-3.2%
<b>Total</b>	<b>100.0%</b>	<b>15.4%</b>	<b>-7.1%</b>

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Communication Services	13.5%	22.6%	14.2%
Consumer Discretionary	17.4%	22.1%	12.7%
Consumer Staples	6.5%	12.6%	-9.1%
Energy	6.0%	21.6%	-25.3%
Financials	19.1%	6.6%	-27.4%
Health Care	4.3%	37.1%	33.5%
Industrials	4.7%	16.0%	-15.9%
Information Technology	16.9%	19.9%	21.3%
Materials	6.9%	23.3%	-16.2%
Real Estate	2.6%	3.6%	-20.3%
Utilities	2.3%	9.2%	-20.3%
<b>Total</b>	<b>100.0%</b>	<b>17.3%</b>	<b>-5.7%</b>

Country	MSCI-EAFE Weight	MSCI-ACWixUS Weight	Quarter Return	1-Year Return
Japan	25.4%	16.5%	11.5%	0.9%
United Kingdom	14.1%	9.1%	7.4%	-20.8%
France	10.9%	7.1%	15.3%	-11.4%
Switzerland	10.3%	6.7%	9.7%	3.8%
Germany	9.3%	6.0%	24.5%	-4.4%
Australia	6.7%	4.4%	28.6%	-14.6%
Netherlands	4.3%	2.8%	24.0%	7.1%
Hong Kong	3.4%	2.2%	7.7%	-17.4%
Sweden	3.1%	2.0%	19.5%	0.8%
Spain	2.4%	1.6%	9.6%	-22.5%
Denmark	2.3%	1.5%	18.8%	20.7%
Italy	2.3%	1.5%	15.0%	-13.1%
Singapore	1.1%	0.7%	7.3%	-23.8%
Finland	1.0%	0.7%	18.6%	-3.6%
Belgium	0.9%	0.6%	11.9%	-23.3%
Ireland	0.6%	0.4%	19.6%	3.6%
Israel	0.6%	0.4%	20.0%	0.8%
Norway	0.5%	0.3%	13.2%	-25.1%
New Zealand	0.3%	0.2%	28.0%	19.6%
Austria	0.2%	0.1%	20.6%	-28.2%
Portugal	0.2%	0.1%	9.2%	4.2%
<b>Total EAFE Countries</b>	<b>100.0%</b>	<b>64.9%</b>	<b>14.2%</b>	<b>-7.4%</b>
Canada		6.5%	19.4%	-10.5%
<b>Total Developed Countries</b>		<b>71.4%</b>	<b>14.6%</b>	<b>-7.7%</b>
China		11.7%	14.2%	11.2%
Taiwan		3.5%	20.8%	17.8%
Korea		3.3%	19.3%	-1.4%
India		2.3%	20.4%	-18.2%
Brazil		1.5%	22.6%	-35.3%
South Africa		1.1%	25.8%	-26.9%
Russia		0.9%	17.6%	-17.7%
Saudi Arabia		0.8%	12.2%	-22.7%
Thailand		0.7%	22.4%	-25.8%
Malaysia		0.5%	12.6%	-14.8%
Mexico		0.5%	10.6%	-26.8%
Indonesia		0.4%	22.4%	-26.0%
Philippines		0.2%	19.3%	-21.4%
Qatar		0.2%	6.7%	-13.1%
Poland		0.2%	20.8%	-31.2%
Chile		0.2%	13.5%	-36.9%
United Arab Emirates		0.2%	14.4%	-21.7%
Turkey		0.1%	18.3%	-8.5%
Peru		0.1%	5.5%	-35.7%
Hungary		0.1%	14.1%	-18.3%
Colombia		0.1%	7.2%	-43.6%
Argentina		0.0%	43.7%	-47.0%
Greece		0.0%	9.6%	-35.1%
Czech Republic		0.0%	24.1%	-26.8%
Egypt		0.0%	4.9%	-13.7%
Pakistan		0.0%	11.7%	-17.3%
<b>Total Emerging Countries</b>		<b>28.6%</b>	<b>17.3%</b>	<b>-5.7%</b>
<b>Total ACWixUS Countries</b>		<b>100.0%</b>	<b>15.4%</b>	<b>-7.1%</b>

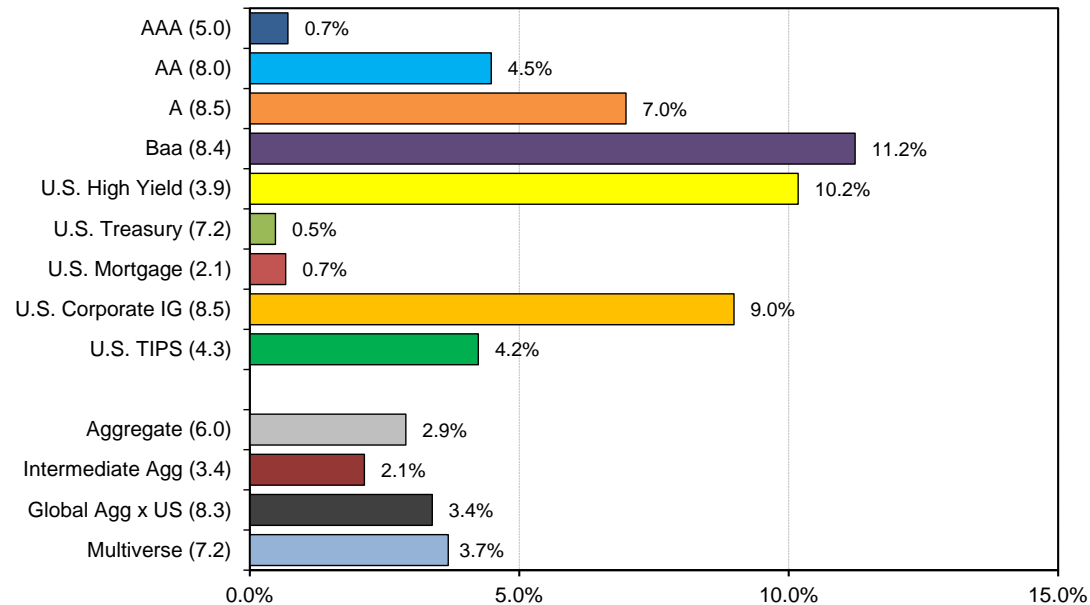
Source: Morningstar Direct, MSCI Global Index Monitor (Returns are Net in USD)  
As a result of the GICS classification changes on 9/28/2018 and certain associated reporting limitations, sector performance represents backward looking performance for the prior year of each sector's current constituency, post creation of the Communication Services sector.



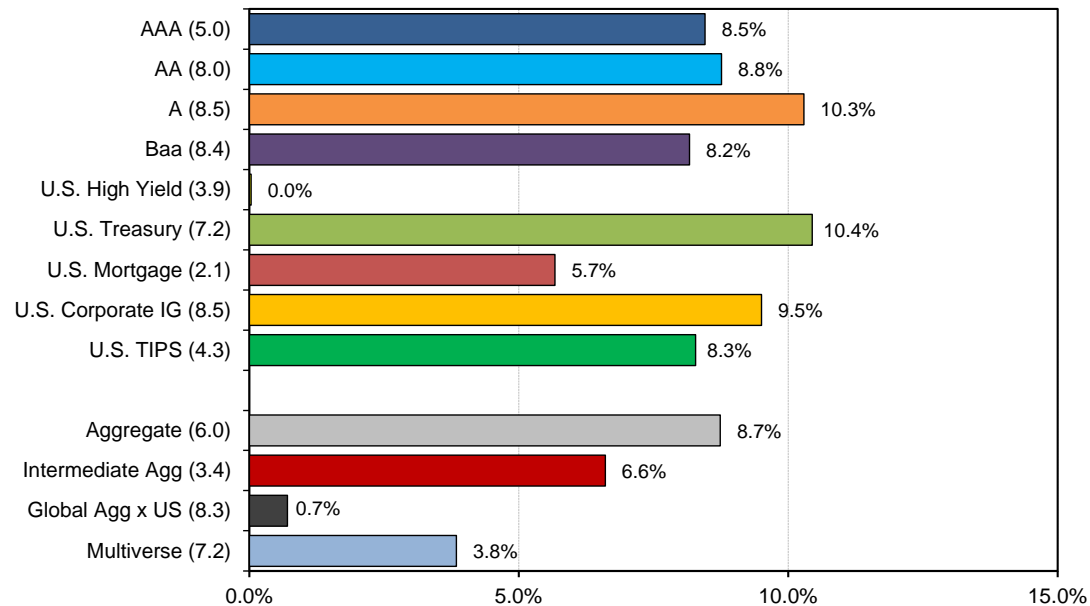


- Broad fixed income benchmarks rose sharply in the 2nd quarter as interest rates fell globally in response to the economic implications of the pandemic. The Fed continued purchasing bonds under programs announced during the first quarter to support capital markets and mitigate the damage to the economy. With US interest rates already near zero, the Fed announced several additional lending facilities to bridge the gap until economic activity picks up. These combined programs swelled the Fed's balance sheet to \$7.0 trillion, an increase of more than \$3 trillion since the beginning of the year. Late in the quarter the Fed commented that the economy faces a number of future challenges and expects interest rates to remain low for a prolonged period of time. Last August, the US Treasury yield curve inverted with the 2-year yield briefly surpassing the 10-year yield. Historically, a 2-10 inversion in the yield curve has preceded a US recession within the next 6-24 months. Recently, the National Bureau of Economic Research reported that the US economy entered a recession in February. While long-term US interest rates have moved lower recently, the Treasury yield curve has actually steepened which historically portends better economic growth.
- During the quarter, the Bloomberg Barclays (BB) US Aggregate Index returned 2.9%. Within the broad BB US Aggregate index, the US Treasury and mortgage-backed segments dramatically underperformed the corporate bond sector during the 2nd quarter. Investment grade corporate credit returned a strong 9.0% due to narrowing credit spreads and a high demand for yield. In contrast, over the 1-year period, US Treasuries outpaced both corporate and mortgage-backed issues with US Treasuries posting 10.4% versus returns of 9.5% and 5.7% for corporate and mortgage bonds, respectively. Outside of domestic markets, the BB Global Aggregate ex US Index increased by 3.4% for the quarter and 0.7% for the year.
- Within investment grade credit, lower quality issues outperformed higher quality issues during the 2nd quarter. Lower quality issues benefitted from both spread compression and investors seeking out higher yields when compared to US Treasury or mortgage bonds. On an absolute basis without adjusting for the duration differences in the sub-indices, Baa rated credit was the best performing investment grade (IG) segment, returning 11.2% for the quarter. AAA issues were the worst performing IG credit segment, returning just 0.7%. Despite a much lower duration, the high yield index returned 10.2% for the quarter. These issues benefitted from credit spreads narrowing significantly following the drawdown in the first quarter. Outside of high yield performance, which was flat on the year, credit returns were all impressive with each segment returning greater than 8% for the period.

**Quarter Performance**



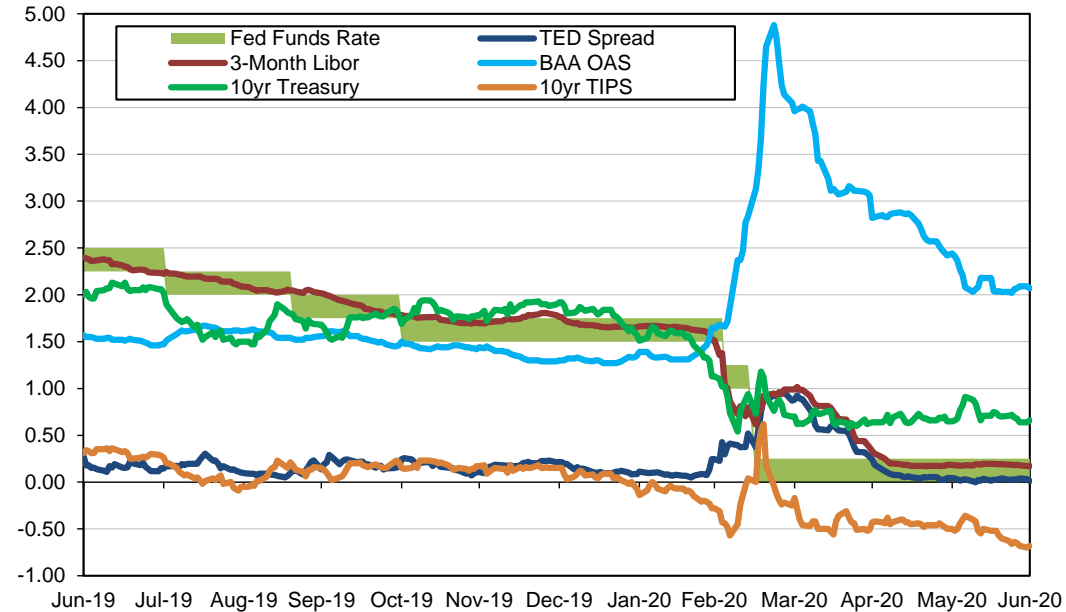
**1-Year Performance**



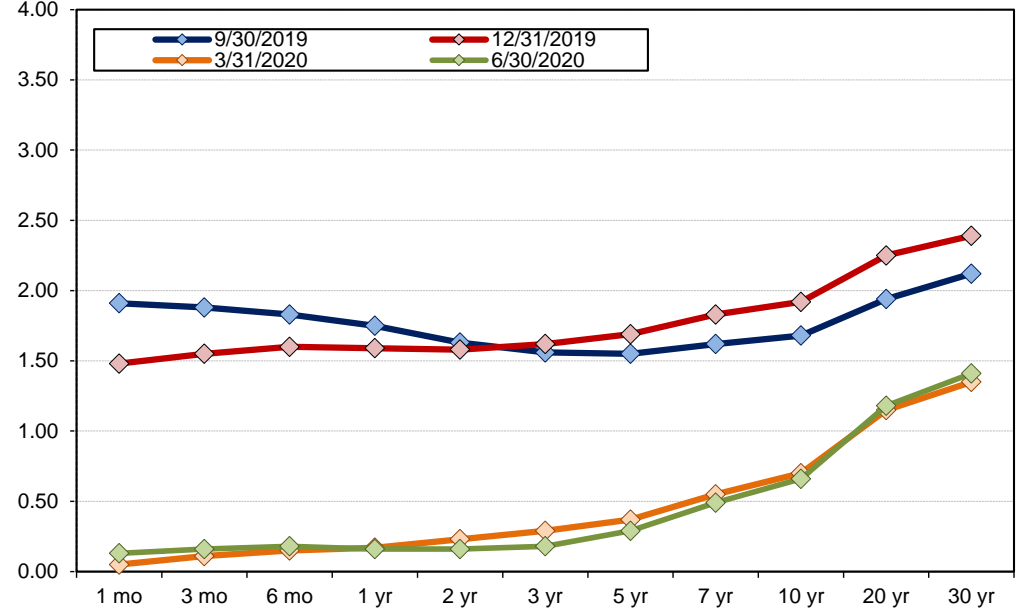
- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the yield graph to the right. The '1-Year Trailing Market Rates' chart illustrates that over the last year, the 10-year Treasury yield (green line) fell from yields of greater than 2.0%, to a low of roughly 0.5% before ending the quarter at 0.66%. A decrease in yields provides a boost to bond performance. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium that investors require to purchase and hold non-Treasury investment grade issues. This line illustrates an abrupt increase in credit spreads beginning in early 2020 as investors moved to higher quality assets during the quarter's risk-off environment. Spreads increased dramatically in February following the US onset of the pandemic, reaching a high of 4.88% on March 23rd. Since then, spreads have steadily declined as markets stabilized following the aggressive actions taken by the Treasury and Fed. During the quarter, the BAA OAS spread fell by 1.98%. Similar to Treasury yield declines, spread tightening in corporate bonds is equivalent to an interest rate decrease, which causes bond prices to rise. This compression produces an additional tailwind for corporate bond index returns. The green band across the graph illustrates the decrease in the Fed Funds Rate range due to the recent US monetary policy easing. The Fed began the year with a rate range of 1.50%-1.75%, which it aggressively cut to a range of 0.00%-0.25% during the 1st quarter, where it remained at the end of the quarter.

- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four calendar quarters. The higher yields and curve inversion experienced in the 2nd half of 2019 have given way to 2020's extremely low interest rate environment. The curve continued to flatten during the 2nd quarter, particularly between the 1- and 5-year maturities. On the longer end of the curve, rates rose slightly during the period as the US Treasury issued longer-dated bonds to lock in low borrowing costs. An increase in Treasury supply, in conjunction with concerns about the potential for rising inflation, resulted in slightly higher yields during the quarter.

1-Year Trailing Market Rates

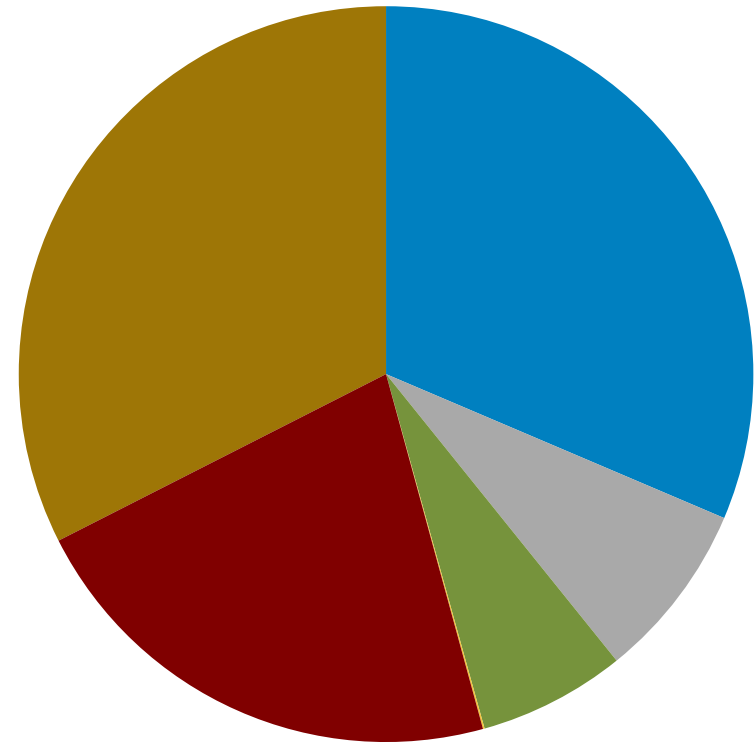
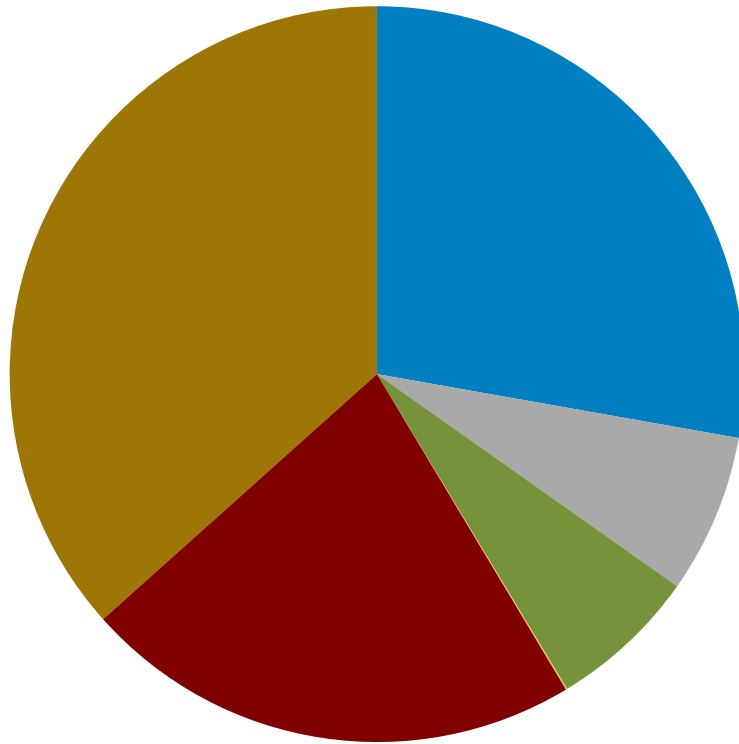


Treasury Yield Curve



March 31, 2020 : \$49,930,825

June 30, 2020 : \$56,122,003

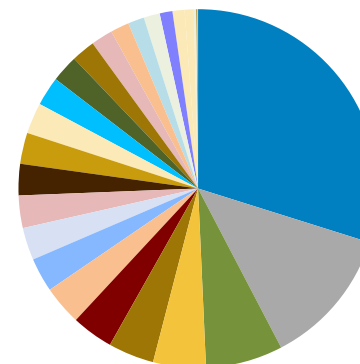
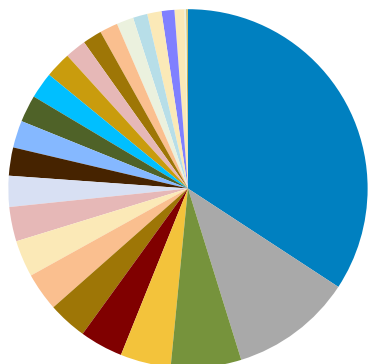


Asset Allocation by Segment			Asset Allocation by Segment		
Segments	Market Value	Allocation	Segments	Market Value	Allocation
■ Domestic Equity	13,869,277	27.8	■ Domestic Equity	17,619,079	31.4
■ International Equity	3,496,410	7.0	■ International Equity	4,383,845	7.8
■ Domestic Fixed Income	3,276,074	6.6	■ Domestic Fixed Income	3,634,356	6.5
■ Cash Equivalent	28,805	0.1	■ Cash Equivalent	39,981	0.1
■ Target Date Funds	10,982,075	22.0	■ Target Date Funds	12,218,445	21.8
■ Fixed Account	18,278,184	36.6	■ Fixed Account	18,226,297	32.5



March 31, 2020 : \$49,930,825

June 30, 2020 : \$56,122,003

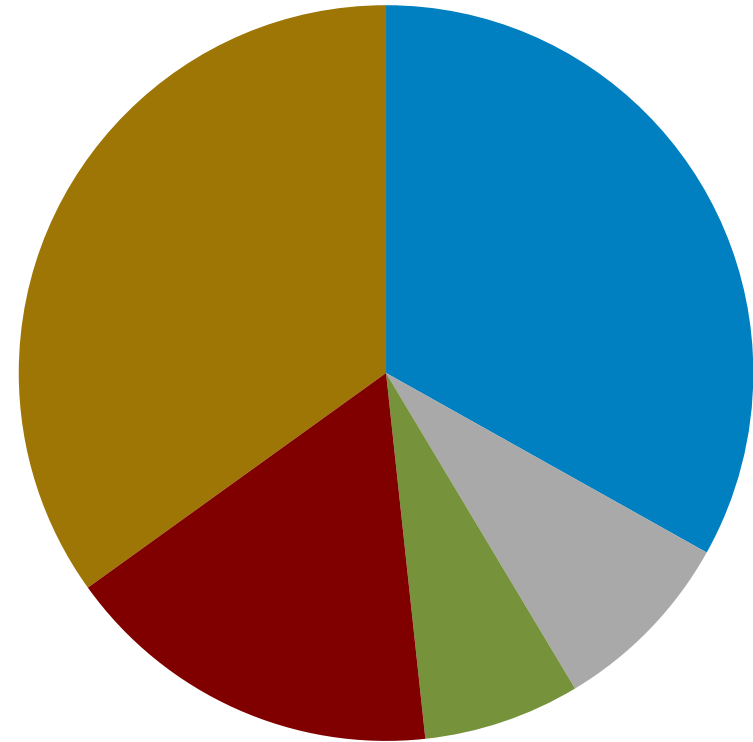
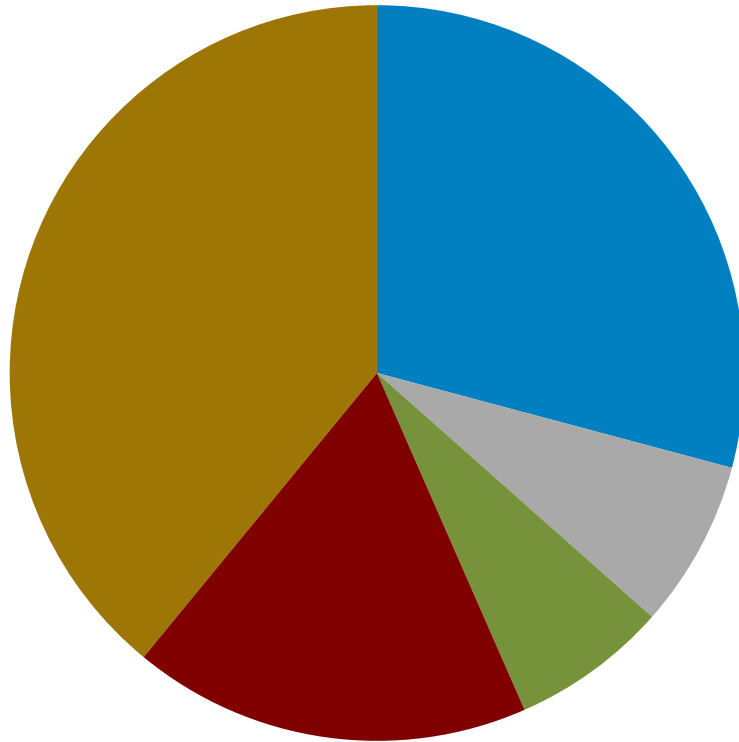


Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Nationwide Fixed Account	17,096,384	34.2	Nationwide Fixed Account	16,753,903	29.9
MFS Growth R4 (MFEJX)	5,478,692	11.0	MFS Growth R4 (MFEJX)	7,014,217	12.5
Vanguard 500 Index (VFIAX)	3,160,129	6.3	Vanguard 500 Index (VFIAX)	3,898,644	6.9
American Funds Europacific Growth R4 (REREX)	2,272,607	4.6	American Funds Europacific Growth R4 (REREX)	2,659,011	4.7
American Funds 2030 Target Date (RDETX)	1,934,487	3.9	DFA US Large Cap Value (DFLVX)	2,316,164	4.1
DFA US Large Cap Value (DFLVX)	1,757,332	3.5	American Funds 2030 Target Date (RDETX)	2,099,011	3.7
Western Asset Core Plus Bond Fund (WACPX)	1,724,676	3.5	Western Asset Core Plus Bond Fund (WACPX)	1,994,597	3.6
American Funds 2025 Target Date (RDDTX)	1,650,473	3.3	Vanguard Total Intl Stock Index (VTIAX)	1,724,833	3.1
Vanguard Total Bond Index (VBTLX)	1,551,398	3.1	American Funds 2040 Target Date (RDGTX)	1,645,958	2.9
American Funds 2040 Target Date (RDGTX)	1,394,271	2.8	Vanguard Total Bond Index (VBTLX)	1,639,759	2.9
American Funds 2045 Target Date (RDHTX)	1,269,243	2.5	American Funds 2045 Target Date (RDHTX)	1,584,747	2.8
Vanguard Total Intl Stock Index (VTIAX)	1,223,803	2.5	Vanguard Mid Cap Index (VIMAX)	1,577,676	2.8
American Funds 2035 Target Date (RDFTX)	1,212,639	2.4	American Funds 2025 Target Date (RDDTX)	1,567,569	2.8
Total Fixed Assets	1,181,800	2.4	Total Fixed Assets	1,472,394	2.6
Vanguard Mid Cap Index (VIMAX)	1,169,699	2.3	American Funds 2035 Target Date (RDFTX)	1,370,989	2.4
Goldman Sachs Small Cap Growth Insights Instl (GSIOX)	949,693	1.9	Touchstone Mid Cap Growth Y (TEGYX)	1,197,365	2.1
Touchstone Mid Cap Growth Y (TEGYX)	862,481	1.7	Goldman Sachs Small Cap Growth Insights Instl (GSIOX)	1,102,053	2.0
American Funds 2050 Target Date (RDITX)	807,131	1.6	American Funds 2050 Target Date (RDITX)	940,406	1.7
American Funds 2010 Target Date (RDATX)	766,298	1.5	American Funds 2055 Target Date (RDJTX)	817,767	1.5
American Funds 2055 Target Date (RDJTX)	646,693	1.3	American Funds 2010 Target Date (RDATX)	817,737	1.5
American Funds 2020 Target Date (RDCTX)	638,475	1.3	American Funds 2015 Target Date (RDBTX)	639,466	1.1
American Funds 2015 Target Date (RDBTX)	580,294	1.2	American Funds 2020 Target Date (RDCTX)	615,649	1.1
Vanguard Small Cap Index (VSMAX)	444,754	0.9	Vanguard Small Cap Index (VSMAX)	455,196	0.8
American Funds 2060 Target Date (RDKTX)	82,071	0.2	American Funds 2060 Target Date (RDKTX)	119,143	0.2
American Beacon Small Cap Value Y (ABSYX)	46,497	0.1	American Beacon Small Cap Value Y (ABSYX)	57,765	0.1
Nationwide Government Money Fund (GMIXX)	25,120	0.1	Nationwide Government Money Fund (GMIXX)	35,190	0.1
Total Vanguard Treasury Money Market Fund (VUSXX)	3,685	0.0	Total Vanguard Treasury Money Market Fund (VUSXX)	4,791	0.0



March 31, 2020 : \$46,815,916

June 30, 2020 : \$52,201,282



Asset Allocation by Segment

Segments	Market Value	Allocation
Domestic Equity	13,645,099	29.1
International Equity	3,455,519	7.4
Domestic Fixed Income	3,226,494	6.9
Target Date Funds	8,210,620	17.5
Fixed Account	18,278,184	39.0

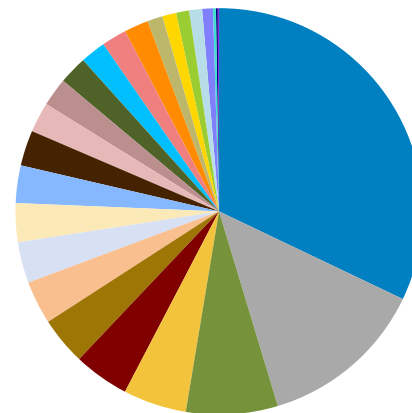
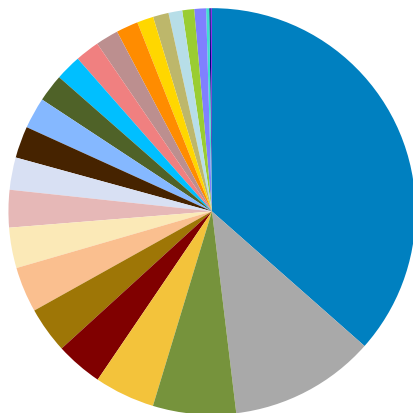
Asset Allocation by Segment

Segments	Market Value	Allocation
Domestic Equity	17,284,762	33.1
International Equity	4,326,238	8.3
Domestic Fixed Income	3,599,036	6.9
Target Date Funds	8,764,950	16.8
Fixed Account	18,226,297	34.9



March 31, 2020 : \$46,815,916

June 30, 2020 : \$52,201,282



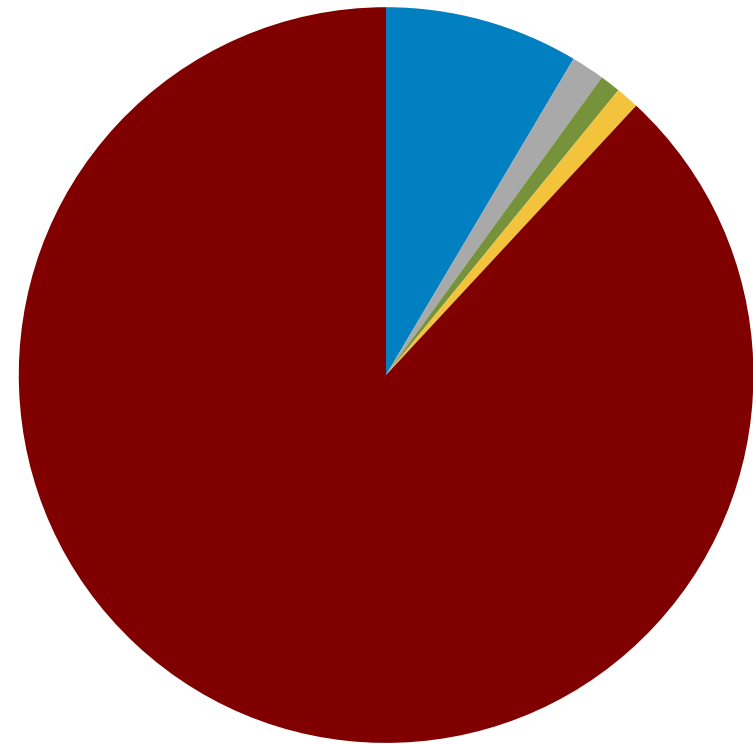
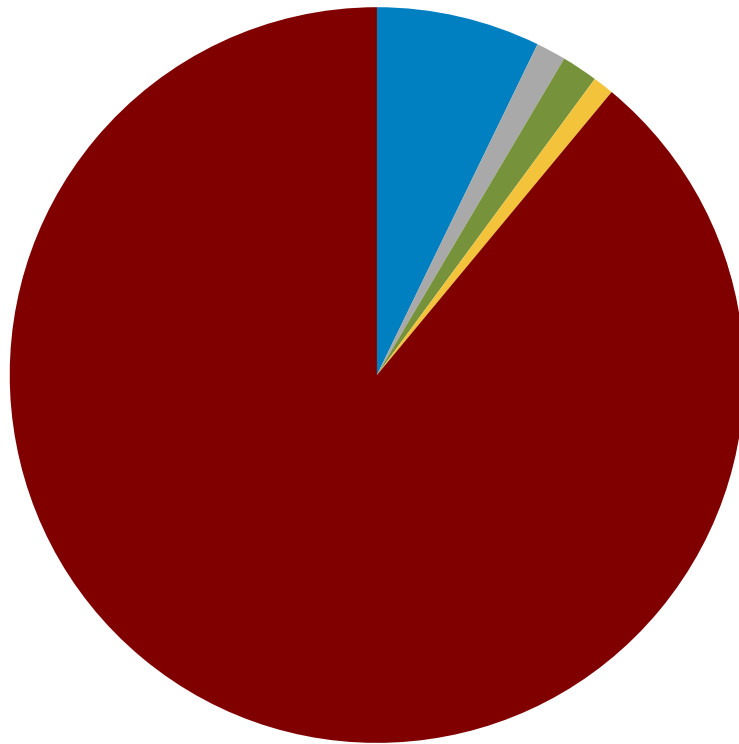
Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
457(b) Nationwide Fixed Account	17,096,384	36.5	457(b) Nationwide Fixed Account	16,753,903	32.1
457(b) MFS Growth R4 (MFEJX)	5,422,176	11.6	457(b) MFS Growth R4 (MFEJX)	6,915,150	13.2
457(b) Vanguard 500 Index (VFIAX)	3,084,262	6.6	457(b) Vanguard 500 Index (VFIAX)	3,797,930	7.3
457(b) American Funds Europacific Growth R4 (REREX)	2,249,088	4.8	457(b) American Funds Europacific Growth R4 (REREX)	2,625,421	5.0
457(b) DFA US Large Cap Value (DFLVX)	1,747,420	3.7	457(b) DFA US Large Cap Value (DFLVX)	2,301,865	4.4
457(b) Western Asset Core Plus Bond Fund (WACPX)	1,718,525	3.7	457(b) Western Asset Core Plus Bond Fund (WACPX)	1,985,708	3.8
457(b) American Funds 2030 Target Date (RDETX)	1,691,463	3.6	457(b) American Funds 2030 Target Date (RDETX)	1,799,825	3.4
457(b) Vanguard Total Bond Index (VBTLX)	1,507,969	3.2	457(b) Vanguard Total Intl Stock Index (VTIAX)	1,700,817	3.3
457(b) American Funds 2025 Target Date (RDDTX)	1,393,281	3.0	457(b) Vanguard Total Bond Index (VBTLX)	1,613,328	3.1
457(b) Vanguard Total Intl Stock Index (VTIAX)	1,206,431	2.6	457(b) Vanguard Mid Cap Index (VIMAX)	1,559,790	3.0
457(b) Fixed Assets	1,181,800	2.5	457(b) Fixed Assets	1,472,394	2.8
457(b) Vanguard Mid Cap Index (VIMAX)	1,158,547	2.5	457(b) American Funds 2025 Target Date (RDDTX)	1,251,237	2.4
457(b) American Funds 2040 Target Date (RDGTX)	1,028,858	2.2	457(b) Touchstone Mid Cap Growth Y (TEGYX)	1,174,017	2.2
457(b) American Funds 2035 Target Date (RDFTX)	962,457	2.1	457(b) American Funds 2040 Target Date (RDGTX)	1,171,165	2.2
457(b) Goldman Sachs Small Cap Growth Insights Instl (GSIOX)	903,933	1.9	457(b) American Funds 2035 Target Date (RDFTX)	1,053,417	2.0
457(b) Touchstone Mid Cap Growth Y (TEGYX)	846,707	1.8	457(b) Goldman Sachs Small Cap Growth Insights Instl (GSIOX)	1,037,446	2.0
457(b) American Funds 2045 Target Date (RDHTX)	821,440	1.8	457(b) American Funds 2045 Target Date (RDHTX)	998,928	1.9
457(b) American Funds 2020 Target Date (RDCTX)	607,513	1.3	457(b) American Funds 2015 Target Date (RDBTX)	639,466	1.2
457(b) American Funds 2015 Target Date (RDBTX)	580,294	1.2	457(b) American Funds 2020 Target Date (RDCTX)	575,935	1.1
457(b) American Funds 2050 Target Date (RDITX)	508,906	1.1	457(b) American Funds 2055 Target Date (RDJTX)	542,156	1.0
457(b) American Funds 2055 Target Date (RDJTX)	443,891	0.9	457(b) American Funds 2050 Target Date (RDITX)	534,871	1.0
457(b) Vanguard Small Cap Index (VSMAX)	436,423	0.9	457(b) Vanguard Small Cap Index (VSMAX)	442,176	0.8
457(b) American Funds 2010 Target Date (RDATX)	116,699	0.2	457(b) American Funds 2010 Target Date (RDATX)	125,508	0.2
457(b) American Funds 2060 Target Date (RDKTX)	55,818	0.1	457(b) American Funds 2060 Target Date (RDKTX)	72,441	0.1
457(b) American Beacon Small Cap Value Y (ABSYX)	45,631	0.1	457(b) American Beacon Small Cap Value Y (ABSYX)	56,389	0.1





March 31, 2020 : \$3,114,909

June 30, 2020 : \$3,920,721



Asset Allocation by Segment

Segments	Market Value	Allocation
Domestic Equity	224,178	7.2
International Equity	40,891	1.3
Domestic Fixed Income	49,580	1.6
Cash Equivalent	28,805	0.9
Target Date Funds	2,771,455	89.0

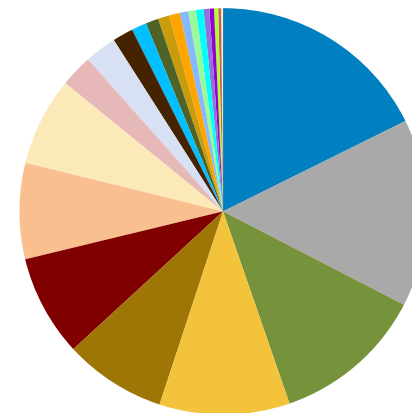
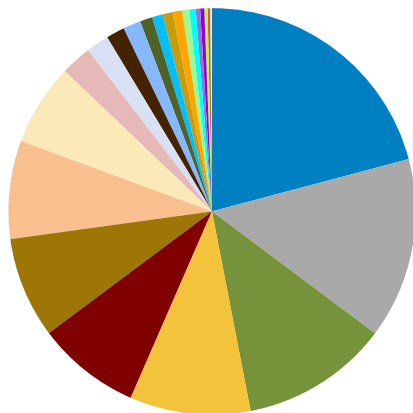
Asset Allocation by Segment

Segments	Market Value	Allocation
Domestic Equity	334,317	8.5
International Equity	57,607	1.5
Domestic Fixed Income	35,320	0.9
Cash Equivalent	39,981	1.0
Target Date Funds	3,453,495	88.1



March 31, 2020 : \$3,114,909

June 30, 2020 : \$3,920,721



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
401(a) American Funds 2010 Target Date (RDATX)	649,599	20.9	401(a) American Funds 2010 Target Date (RDATX)	692,228	17.7
401(a) American Funds 2045 Target Date (RDHTX)	447,803	14.4	401(a) American Funds 2045 Target Date (RDHTX)	585,819	14.9
401(a) American Funds 2040 Target Date (RDGTX)	365,413	11.7	401(a) American Funds 2040 Target Date (RDGTX)	474,793	12.1
401(a) American Funds 2050 Target Date (RDITX)	298,226	9.6	401(a) American Funds 2050 Target Date (RDITX)	405,536	10.3
401(a) American Funds 2025 Target Date (RDDTX)	257,192	8.3	401(a) American Funds 2035 Target Date (RDFTX)	317,572	8.1
401(a) American Funds 2035 Target Date (RDFTX)	250,182	8.0	401(a) American Funds 2025 Target Date (RDDTX)	316,333	8.1
401(a) American Funds 2030 Target Date (RDETX)	243,024	7.8	401(a) American Funds 2030 Target Date (RDETX)	299,187	7.6
401(a) American Funds 2055 Target Date (RDJTX)	202,802	6.5	401(a) American Funds 2055 Target Date (RDJTX)	275,611	7.0
401(a) Vanguard 500 Index (VFIAX)	75,867	2.4	401(a) Vanguard 500 Index (VFIAX)	100,714	2.6
401(a) MFS Growth R4 (MFEJX)	56,516	1.8	401(a) MFS Growth R4 (MFEJX)	99,067	2.5
401(a) Goldman Sachs Small Cap Growth Insights Instl (GSIOX)	45,761	1.5	401(a) Goldman Sachs Small Cap Growth Insights Instl (GSIOX)	64,607	1.6
401(a) Vanguard Total Bond Index (VBTLX)	43,429	1.4	401(a) American Funds 2060 Target Date (RDKTX)	46,702	1.2
401(a) American Funds 2020 Target Date (RDCTX)	30,962	1.0	401(a) American Funds 2020 Target Date (RDCTX)	39,714	1.0
401(a) American Funds 2060 Target Date (RDKTX)	26,253	0.8	401(a) Nationwide Government Money Fund (GMIXX)	35,190	0.9
401(a) Nationwide Government Money Fund (GMIXX)	25,120	0.8	401(a) American Funds Europacific Growth R4 (REREX)	33,591	0.9
401(a) American Funds Europacific Growth R4 (REREX)	23,519	0.8	401(a) Vanguard Total Bond Index (VBTLX)	26,431	0.7
401(a) Vanguard Total Intl Stock Index (VTIAX)	17,372	0.6	401(a) Vanguard Total Intl Stock Index (VTIAX)	24,017	0.6
401(a) Touchstone Mid Cap Growth Y (TEGYX)	15,774	0.5	401(a) Touchstone Mid Cap Growth Y (TEGYX)	23,348	0.6
401(a) Vanguard Mid Cap Index (VIMAX)	11,152	0.4	401(a) Vanguard Mid Cap Index (VIMAX)	17,886	0.5
401(a) DFA US Large Cap Value (DFLVX)	9,912	0.3	401(a) DFA US Large Cap Value (DFLVX)	14,299	0.4
401(a) Vanguard Small Cap Index (VSMAX)	8,331	0.3	401(a) Vanguard Small Cap Index (VSMAX)	13,021	0.3
401(a) Western Asset Core Plus Bond Fund (WACPX)	6,151	0.2	401(a) Western Asset Core Plus Bond Fund (WACPX)	8,889	0.2
401(a) Vanguard Treasury Money Market Fund (VUSXX)	3,685	0.1	401(a) Vanguard Treasury Money Market Fund (VUSXX)	4,791	0.1
401(a) American Beacon Small Cap Value Y (ABSXX)	866	0.0	401(a) American Beacon Small Cap Value Y (ABSXX)	1,376	0.0
401(a) American Funds 2015 Target Date (RDBTX)	-	0.0	401(a) American Funds 2015 Target Date (RDBTX)	-	0.0



Fund	Manager Tenure	Style	Asset Level (millions)	Expense Ratio	Category Median Exp Ratio	*Consecutive Qtr Return & Rank		5 & 10 Year Return > Index		5 & 10 Year Rank < 50th %-tile		5 & 10 Year Sharpe Ratio < 50th %-tile		Positive 5 & 10 Year Alpha	
						YES	YES	NO (2)	Yes	68 (2)	22	69 (5)	57 (2)	-1.45 (5)	-1.17 (5)
DFA US Large Cap Value (DFLVX)	8.4	US Equity Large Cap Value	20,016.2	26 bps	86 bps	YES	YES	NO (2)	Yes	68 (2)	22	69 (5)	57 (2)	-1.45 (5)	-1.17 (5)
MFS Growth R4 (MFEJX)	18.3	US Equity Large Cap Growth	33,113.1	66 bps	86 bps	YES	YES	Yes	Yes	12	19	6	4	1.51	0.62
Touchstone Mid Cap Growth Y (TEGYX)	21.3	US Equity Mid Cap	1,328.6	102 bps	100 bps	YES	YES	NO (1)	NO (5)	34	45	34	53 (2)	-0.21 (1)	-1.11 (5)
American Beacon Small Cap Value Y (ABSYX)	21.6	US Equity Small Cap	4,613.9	90 bps	109 bps	YES	YES	NO (5)	Yes	44	27	40	33	-1.23 (5)	-0.25 (3)
Goldman Sachs Small Cap Growth Insights Instl (GSIOX)	8.8	US Equity Small Cap	1,103.1	84 bps	109 bps	YES	YES	NO (2)	NO (2)	75 (3)	61 (2)	75 (2)	66 (2)	-0.56 (2)	0.02
American Funds Europacific Growth R4 (REREX)	19.1	Global Equity Large Cap	159,551.3	81 bps	96 bps	YES	YES	Yes	Yes	36	35	38	36	2.30	2.27
Western Asset Core Plus Bond Fund (WACPX)	13.6	US Fixed Income	34,863.5	45 bps	60 bps	YES	YES	Yes	Yes	3	8	13	14	0.73	1.30

Index Funds	Manager Tenure	Style	Asset Level (millions)	Expense Ratio	Category Median Exp Ratio	5 & 10 Year Tracking Error <50th %-tile	
Vanguard 500 Index (VFIAX)	4.3	US Equity Large Cap Blend	533,811.1	4 bps	86 bps	1	1
Vanguard Mid Cap Index (VIMAX)	22.2	US Equity Mid Cap	106,848.1	5 bps	100 bps	1	1
Vanguard Small Cap Index (VSMAX)	4.3	US Equity Small Cap	87,144.2	5 bps	109 bps	1	1
Vanguard Total Intl Stock Index (VTIAX)	11.9	Global Equity Large Cap	399,130.6	11 bps	96 bps	1	N/A
Vanguard Total Bond Index (VBTXX)	7.4	US Fixed Income	277,045.8	5 bps	60 bps	1	N/A

Target Date Funds	Manager Tenure	Style	Asset Level (millions)	Expense Ratio	Category Median Exp Ratio	*Consecutive Qtr Return & Rank		5 & 10 Year Rank < 50th %-tile		5 & 10 Year Sharpe Ratio < 50th %-tile	
American Funds 2010 Target Date (RDATX)	13.4	Target Date	3,757.7	66 bps	47 bps	YES	YES	35	29	20	7
American Funds 2015 Target Date (RDBTX)	13.4	Target Date	5,350.2	66 bps	56 bps	YES	YES	34	35	19	11
American Funds 2020 Target Date (RDCTX)	13.4	Target Date	16,976.8	66 bps	65 bps	YES	YES	13	13	7	5
American Funds 2025 Target Date (RDDTX)	13.4	Target Date	25,869.9	68 bps	65 bps	YES	YES	5	5	8	4
American Funds 2030 Target Date (RDETX)	13.4	Target Date	28,625.6	70 bps	68 bps	YES	YES	5	3	8	2
American Funds 2035 Target Date (RDFTX)	13.4	Target Date	23,433.0	72 bps	67 bps	YES	YES	3	4	6	4
American Funds 2040 Target Date (RDGTX)	13.4	Target Date	20,442.1	73 bps	70 bps	YES	YES	3	4	4	3
American Funds 2045 Target Date (RDHTX)	13.4	Target Date	15,591.1	73 bps	69 bps	YES	YES	4	4	4	3
American Funds 2050 Target Date (RDITX)	13.4	Target Date	13,224.2	74 bps	71 bps	YES	YES	4	4	3	4
American Funds 2055 Target Date (RDJTX)	10.4	Target Date	7,607.4	75 bps	70 bps	YES	YES	5	12	4	12
American Funds 2060 Target Date (RDKTX)	5.3	Target Date	3,022.7	76 bps	67 bps	YES	YES	8	N/A (5)	8	N/A (5)

Fund meets criteria
Fund does not currently meet criteria
Fund has not met criteria for more than 4 quarters

*\*Less than 4 consecutive quarterly returns below the index and peer rankings below the 75th percentile  
"More than 4 quarters" evaluation criteria excludes Index Funds*

## Asset Allocation &amp; Performance

	Performance(%)													
	QTR		YTD		1 YR		3 YR		5 YR		7 YR		10 YR	
<b>Domestic Equity</b>														
DFA US Large Cap Value (DFLVX)	16.42	(38)	-20.28	(94)	-12.44	(90)	-0.22	(89)	3.56	(68)	6.74	(49)	10.70	(22)
Russell 1000 Value Index	14.29	(68)	-16.26	(61)	-8.84	(65)	1.82	(55)	4.64	(42)	7.11	(40)	10.41	(27)
IM U.S. Large Cap Value Equity (MF) Median	15.42		-15.32		-7.67		2.13		4.28		6.68		9.72	
Vanguard 500 Index (VFIAX)	20.54	(37)	-3.10	(42)	7.47	(30)	10.69	(26)	10.69	(14)	12.09	(15)	13.95	(13)
S&P 500 Index	20.54	(37)	-3.08	(42)	7.51	(29)	10.73	(26)	10.73	(13)	12.13	(14)	13.99	(13)
IM U.S. Large Cap Core Equity (MF) Median	19.44		-4.04		5.68		9.04		9.02		10.66		12.51	
MFS Growth R4 (MFEJX)	24.66	(85)	9.98	(54)	20.70	(53)	20.22	(23)	16.61	(12)	16.92	(20)	17.28	(19)
Russell 1000 Growth Index	27.84	(46)	9.81	(57)	23.28	(26)	18.99	(37)	15.89	(24)	16.62	(27)	17.23	(21)
IM U.S. Large Cap Growth Equity (MF) Median	27.69		10.21		21.05		18.03		14.47		15.69		15.98	
Vanguard Mid Cap Index (VIMAX)	24.96	(48)	-7.18	(46)	-0.20	(46)	6.45	(47)	6.99	(49)	9.78	(47)	12.47	(45)
CRSP U.S. Mid Cap TR Index	24.97	(47)	-7.20	(46)	-0.20	(46)	6.47	(47)	7.01	(48)	9.82	(46)	12.62	(43)
IM U.S. Mid Cap Equity (MF) Median	24.49		-9.18		-2.30		4.87		6.62		9.07		11.49	
Touchstone Mid Cap Growth Y (TEGYX)	27.34	(74)	-1.01	(80)	10.20	(65)	14.07	(51)	11.48	(34)	13.65	(26)	14.29	(45)
Russell Midcap Growth Index	30.26	(55)	4.16	(60)	11.91	(47)	14.76	(40)	11.60	(31)	13.24	(36)	15.09	(24)
IM U.S. Mid Cap Growth Equity (MF) Median	30.58		5.22		11.63		14.08		10.50		12.68		14.05	
American Beacon Small Cap Value Y (ABSIX)	22.17	(48)	-24.76	(69)	-18.70	(58)	-5.45	(51)	-0.14	(44)	3.63	(35)	7.89	(27)
Russell 2000 Value Index	18.91	(81)	-23.50	(52)	-17.48	(49)	-4.35	(34)	1.26	(27)	3.98	(27)	7.82	(28)
IM U.S. Small Cap Value Equity (MF) Median	21.81		-23.41		-17.72		-5.45		-0.42		2.93		7.26	
Vanguard Small Cap Index (VSMAX)	26.66	(37)	-11.42	(34)	-5.60	(35)	3.99	(27)	5.40	(25)	8.16	(25)	11.59	(25)
CRSP U.S. Small Cap TR Index	26.66	(38)	-11.44	(34)	-5.65	(35)	3.98	(27)	5.38	(26)	8.15	(25)	11.78	(24)
IM U.S. Small Cap Equity (MF) Median	24.27		-16.34		-10.65		-0.19		2.87		6.04		9.39	
Goldman Sachs Small Cap Growth Insights Instl (GSIOX)	28.38	(73)	-9.66	(89)	-4.22	(90)	5.90	(78)	6.13	(75)	9.02	(74)	12.70	(61)
Russell 2000 Growth Index	30.58	(52)	-3.06	(61)	3.48	(55)	7.86	(64)	6.86	(68)	10.03	(60)	12.92	(57)
IM U.S. Small Cap Growth Equity (MF) Median	30.85		0.00		4.23		9.31		8.45		10.32		13.17	
<b>International Equity</b>														
Vanguard Total Intl Stock Index (VTIAX)	18.11	(42)	-10.59	(67)	-4.09	(67)	1.09	(62)	2.42	(48)	4.01	(49)	N/A	
FTSE Global ex USA All Cap Index (Net)	17.05	(63)	-11.05	(71)	-4.42	(69)	1.10	(62)	2.42	(48)	4.03	(49)	5.31	(55)
IM International Large Cap Equity (MF) Median	17.54		-7.99		-0.70		2.09		2.32		3.87		5.44	
American Funds Europacific Growth R4 (REREX)	22.66	(9)	-4.96	(47)	2.79	(38)	4.39	(44)	4.54	(36)	6.28	(23)	7.10	(35)
MSCI AC World ex USA (Net)	16.12	(86)	-11.00	(91)	-4.80	(91)	1.13	(87)	2.26	(79)	3.71	(78)	4.97	(87)
IM International Large Cap Growth Equity (MF) Median	18.13		-5.09		2.00		3.99		3.30		4.99		6.44	

\*The interest rate for the Guaranteed Income Fund is announced in advance. The current annualized rate of return is 3.5%.



	Performance(%)													
	QTR		YTD		1 YR		3 YR		5 YR		7 YR		10 YR	
<b>Target Date Funds</b>														
American Funds 2010 Target Date (RDATX)	8.15	(69)	-0.27	(70)	4.23	(70)	4.81	(64)	5.01	(35)	5.62	(27)	6.84	(29)
Morningstar Category Target-Date 2000-2010	9.06	(51)	0.40	(33)	4.74	(38)	5.03	(47)	4.71	(59)	5.05	(67)	5.87	(83)
IM Mixed-Asset Target 2010 (MF) Median	9.07		0.03		4.54		5.01		4.85		5.30		6.52	
American Funds 2015 Target Date (RDBTX)	8.88	(82)	-0.68	(50)	4.22	(55)	5.06	(54)	5.24	(34)	6.07	(30)	7.42	(35)
Morningstar Category Target-Date 2011-2015	10.17	(47)	-0.27	(31)	4.54	(42)	5.21	(46)	4.95	(55)	5.38	(64)	6.45	(85)
IM Mixed-Asset Target 2015 (MF) Median	10.11		-0.68		4.32		5.14		5.02		5.74		7.14	
American Funds 2020 Target Date (RDCTX)	9.68	(63)	-0.15	(26)	4.94	(20)	5.69	(24)	5.74	(13)	6.75	(11)	8.25	(13)
Morningstar Category Target-Date 2016-2020	10.21	(52)	-0.88	(43)	4.05	(54)	5.17	(48)	4.93	(55)	5.62	(54)	6.82	(62)
IM Mixed-Asset Target 2020 (MF) Median	10.27		-1.07		4.14		5.12		5.00		5.69		7.29	
American Funds 2025 Target Date (RDDTX)	11.91	(53)	0.36	(11)	6.26	(6)	6.63	(10)	6.51	(5)	7.72	(4)	9.45	(5)
Morningstar Category Target-Date 2021-2025	11.98	(50)	-1.70	(48)	3.93	(51)	5.55	(47)	5.41	(51)	6.33	(48)	7.78	(61)
IM Mixed-Asset Target 2025 (MF) Median	11.97		-1.86		3.95		5.49		5.44		6.27		8.08	
American Funds 2030 Target Date (RDETX)	13.78	(49)	-0.66	(12)	5.94	(6)	7.14	(7)	7.03	(5)	8.46	(3)	10.14	(3)
Morningstar Category Target-Date 2026-2030	13.68	(52)	-2.55	(43)	3.57	(53)	5.74	(48)	5.69	(53)	6.70	(53)	8.07	(64)
IM Mixed-Asset Target 2030 (MF) Median	13.74		-2.93		3.71		5.69		5.74		6.79		8.43	
American Funds 2035 Target Date (RDFTX)	16.97	(27)	-1.40	(10)	6.28	(7)	7.84	(5)	7.68	(3)	9.02	(3)	10.56	(4)
Morningstar Category Target-Date 2031-2035	15.53	(59)	-3.62	(51)	3.13	(53)	5.91	(50)	5.89	(56)	7.14	(51)	8.80	(56)
IM Mixed-Asset Target 2035 (MF) Median	15.75		-3.61		3.19		5.91		5.98		7.14		8.87	
American Funds 2040 Target Date (RDGTX)	18.36	(27)	-1.86	(5)	6.18	(4)	8.02	(5)	7.87	(3)	9.20	(3)	10.72	(4)
Morningstar Category Target-Date 2036-2040	16.68	(61)	-4.66	(51)	2.38	(55)	5.77	(51)	5.95	(53)	7.23	(54)	8.75	(64)
IM Mixed-Asset Target 2040 (MF) Median	17.15		-4.55		2.61		5.80		6.03		7.29		9.03	
American Funds 2045 Target Date (RDHTX)	18.75	(30)	-1.88	(4)	6.22	(5)	8.13	(6)	7.99	(4)	9.30	(3)	10.81	(4)
Morningstar Category Target-Date 2041-2045	17.78	(68)	-5.32	(50)	2.07	(51)	5.84	(47)	6.11	(51)	7.50	(47)	9.23	(53)
IM Mixed-Asset Target 2045 (MF) Median	18.24		-5.46		2.17		5.76		6.11		7.44		9.26	
American Funds 2050 Target Date (RDITX)	19.07	(31)	-1.92	(4)	6.33	(5)	8.26	(5)	8.09	(4)	9.38	(3)	10.86	(4)
Morningstar Category Target-Date 2046-2050	18.04	(64)	-5.63	(50)	1.78	(51)	5.70	(49)	6.02	(53)	7.40	(54)	8.96	(64)
IM Mixed-Asset Target 2050 (MF) Median	18.48		-5.64		1.81		5.65		6.10		7.47		9.30	
American Funds 2055 Target Date (RDJTX)	19.14	(31)	-1.93	(5)	6.34	(4)	8.25	(5)	8.10	(5)	9.37	(4)	10.84	(12)
Morningstar Category Target-Date 2055	18.37	(57)	-5.76	(50)	1.81	(50)	5.81	(48)	6.16	(50)	7.66	(44)	N/A	
IM Mixed-Asset Target 2055 (MF) Median	18.68		-5.78		1.77		5.76		6.14		7.52		9.60	
American Funds 2060 Target Date (RDKTX)	19.09	(38)	-1.92	(4)	6.34	(4)	8.24	(6)	8.09	(8)	N/A		N/A	
Morningstar Category Target Date 2060+	18.49	(62)	-6.15	(55)	1.44	(55)	5.75	(57)	N/A		N/A		N/A	
IM Mixed-Asset Target 2060+ (MF) Median	18.80		-6.04		1.76		5.87		6.74		N/A		N/A	

\*The interest rate for the Guaranteed Income Fund is announced in advance. The current annualized rate of return is 3.5%.



**Asset Allocation & Performance**  
**Trailing Periods**  
**As of June 30, 2020**

	Performance(%)													
	QTR		YTD		1 YR		3 YR		5 YR		7 YR		10 YR	
<b>Fixed Income</b>														
Vanguard Total Bond Index (VBTLX)	2.98	(46)	6.35	(5)	8.96	(4)	5.34	(2)	4.31	(1)	3.93	(1)	3.78	(4)
Blmbg. Barc. U.S. Aggregate Float Adjusted	3.03	(46)	6.30	(6)	8.92	(4)	5.40	(1)	4.37	(1)	3.99	(1)	3.87	(3)
IM U.S. Intermediate Duration Fixed Income (MF) Median	2.73		4.30		5.42		3.41		2.58		2.39		2.53	
Western Asset Core Plus Bond Fund (WACPX)	6.58	(37)	4.19	(65)	8.11	(37)	5.61	(14)	5.45	(3)	5.18	(4)	5.28	(8)
Blmbg. Barc. U.S. Aggregate Index	2.90	(97)	6.14	(23)	8.74	(22)	5.32	(25)	4.30	(45)	3.96	(51)	3.82	(75)
IM U.S. Broad Market Core+ Fixed Income (MF) Median	6.09		4.79		7.49		4.86		4.24		3.97		4.22	
Nationwide Government Money Fund (GMIXX)	0.00	(89)	0.25	(68)	1.05	(64)	1.26	(64)	0.79	(62)	0.56	(63)	0.39	(63)
90 Day U.S. Treasury Bill	0.02	(46)	0.60	(2)	1.63	(2)	1.77	(7)	1.17	(10)	0.85	(10)	0.62	(9)
IM U.S. Taxable Money Market (MF) Median	0.02		0.30		1.15		1.38		0.86		0.62		0.44	

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## Asset Allocation &amp; Performance

	Performance(%)											
	YTD		2019		2018		2017		2016		2015	
<b>Domestic Equity</b>												
DFA US Large Cap Value (DFLVX)	-20.28	(94)	25.45	(60)	-11.65	(90)	18.97	(19)	18.89	(13)	-3.49	(50)
Russell 1000 Value Index	-16.26	(61)	26.54	(45)	-8.27	(36)	13.66	(77)	17.34	(19)	-3.83	(58)
IM U.S. Large Cap Value Equity (MF) Median	-15.32		26.07		-9.08		16.29		13.82		-3.54	
Vanguard 500 Index (VFIAX)	-3.10	(42)	31.46	(30)	-4.43	(31)	21.79	(39)	11.93	(27)	1.36	(33)
S&P 500 Index	-3.08	(42)	31.49	(30)	-4.38	(30)	21.83	(38)	11.96	(26)	1.38	(33)
IM U.S. Large Cap Core Equity (MF) Median	-4.04		29.68		-5.61		21.17		10.07		0.26	
MFS Growth R4 (MFEJX)	9.98	(54)	37.68	(11)	2.59	(15)	30.88	(36)	2.45	(47)	7.38	(31)
Russell 1000 Growth Index	9.81	(57)	36.39	(21)	-1.51	(58)	30.21	(41)	7.08	(8)	5.67	(54)
IM U.S. Large Cap Growth Equity (MF) Median	10.21		33.38		-0.87		29.46		2.18		6.01	
Vanguard Mid Cap Index (VIMAX)	-7.18	(46)	31.03	(43)	-9.23	(47)	19.25	(47)	11.22	(52)	-1.34	(40)
CRSP U.S. Mid Cap TR Index	-7.20	(46)	31.09	(42)	-9.22	(47)	19.30	(47)	11.25	(52)	-1.28	(39)
IM U.S. Mid Cap Equity (MF) Median	-9.18		30.29		-9.95		18.71		11.41		-2.50	
Touchstone Mid Cap Growth Y (TEGYX)	-1.01	(80)	42.46	(5)	-3.52	(37)	24.47	(55)	4.88	(49)	1.13	(45)
Russell Midcap Growth Index	4.16	(60)	35.47	(39)	-4.75	(47)	25.27	(44)	7.33	(25)	-0.20	(56)
IM U.S. Mid Cap Growth Equity (MF) Median	5.22		34.41		-5.01		24.81		4.80		0.53	
American Beacon Small Cap Value Y (ABSIX)	-24.76	(69)	23.37	(26)	-15.70	(47)	8.65	(46)	26.61	(50)	-5.10	(31)
Russell 2000 Value Index	-23.50	(52)	22.39	(36)	-12.86	(24)	7.84	(57)	31.74	(15)	-7.47	(55)
IM U.S. Small Cap Value Equity (MF) Median	-23.41		21.26		-16.08		8.32		26.61		-7.10	
Vanguard Small Cap Index (VSMAX)	-11.42	(34)	27.37	(25)	-9.31	(31)	16.24	(29)	18.30	(63)	-3.64	(43)
CRSP U.S. Small Cap TR Index	-11.44	(34)	27.35	(25)	-9.33	(31)	16.24	(29)	18.26	(64)	-3.68	(44)
IM U.S. Small Cap Equity (MF) Median	-16.34		24.07		-12.06		12.98		20.49		-4.26	
Goldman Sachs Small Cap Growth Insights Instl (GSIOX)	-9.66	(89)	26.49	(56)	-7.15	(66)	18.41	(68)	13.89	(21)	0.62	(20)
Russell 2000 Growth Index	-3.06	(61)	28.48	(47)	-9.31	(79)	22.17	(41)	11.32	(41)	-1.38	(37)
IM U.S. Small Cap Growth Equity (MF) Median	0.00		27.70		-5.12		20.69		9.86		-2.35	
<b>International Equity</b>												
Vanguard Total Intl Stock Index (VTIAX)	-10.59	(67)	21.51	(76)	-14.43	(40)	27.55	(46)	4.67	(7)	-4.26	(84)
FTSE Global ex USA All Cap Index (Net)	-11.05	(71)	21.80	(75)	-14.61	(41)	27.41	(46)	4.72	(7)	-4.29	(84)
IM International Large Cap Equity (MF) Median	-7.99		25.94		-15.18		26.76		0.06		-0.98	
American Funds Europacific Growth R4 (REREX)	-4.96	(47)	26.98	(52)	-15.22	(58)	30.70	(33)	0.69	(32)	-0.82	(65)
MSCI AC World ex USA (Net)	-11.00	(91)	21.51	(94)	-14.20	(43)	27.19	(65)	4.50	(10)	-5.66	(90)
IM International Large Cap Growth Equity (MF) Median	-5.09		27.03		-14.98		29.50		-0.87		-0.02	

\*The interest rate for the Guaranteed Income Fund is announced in advance. The current annualized rate of return is 3.5%.



**Asset Allocation & Performance**  
**Calendar Years**  
As of June 30, 2020

	Performance(%)											
	YTD		2019		2018		2017		2016		2015	
<b>Target Date Funds</b>												
American Funds 2010 Target Date (RDATX)	-0.27	(70)	13.42	(70)	-2.80	(17)	9.98	(63)	7.13	(14)	-1.15	(46)
Morningstar Category Target-Date 2000-2010	0.40	(33)	13.85	(58)	-3.26	(33)	10.21	(53)	5.80	(59)	-1.31	(59)
IM Mixed-Asset Target 2010 (MF) Median	0.03		14.19		-3.58		10.24		6.06		-1.20	
American Funds 2015 Target Date (RDBTX)	-0.68	(50)	14.58	(69)	-3.04	(18)	10.77	(68)	7.23	(19)	-1.04	(38)
Morningstar Category Target-Date 2011-2015	-0.27	(31)	15.38	(48)	-3.94	(53)	11.30	(52)	6.13	(66)	-1.40	(56)
IM Mixed-Asset Target 2015 (MF) Median	-0.68		15.31		-3.90		11.40		6.40		-1.29	
American Funds 2020 Target Date (RDCTX)	-0.15	(26)	15.28	(65)	-3.08	(10)	12.50	(54)	6.66	(39)	-0.20	(7)
Morningstar Category Target-Date 2016-2020	-0.88	(43)	16.19	(48)	-4.59	(53)	12.19	(59)	6.25	(55)	-1.59	(57)
IM Mixed-Asset Target 2020 (MF) Median	-1.07		15.97		-4.52		12.69		6.36		-1.44	
American Funds 2025 Target Date (RDDTX)	0.36	(11)	17.41	(68)	-3.77	(12)	14.90	(52)	6.91	(49)	-0.16	(6)
Morningstar Category Target-Date 2021-2025	-1.70	(48)	18.29	(50)	-5.39	(53)	14.59	(54)	6.75	(56)	-1.60	(61)
IM Mixed-Asset Target 2025 (MF) Median	-1.86		18.18		-5.23		14.95		6.87		-1.37	
American Funds 2030 Target Date (RDETX)	-0.66	(12)	19.71	(61)	-4.53	(11)	17.97	(22)	7.34	(48)	0.18	(3)
Morningstar Category Target-Date 2026-2030	-2.55	(43)	20.10	(50)	-6.33	(51)	16.38	(58)	7.36	(47)	-1.81	(63)
IM Mixed-Asset Target 2030 (MF) Median	-2.93		20.08		-6.32		16.92		7.30		-1.47	
American Funds 2035 Target Date (RDFTX)	-1.40	(10)	22.90	(32)	-5.52	(10)	20.63	(9)	7.65	(54)	0.23	(3)
Morningstar Category Target-Date 2031-2035	-3.62	(51)	22.04	(56)	-7.06	(48)	18.45	(56)	7.15	(68)	-1.75	(59)
IM Mixed-Asset Target 2035 (MF) Median	-3.61		22.26		-7.26		18.72		7.75		-1.53	
American Funds 2040 Target Date (RDGTX)	-1.86	(5)	23.94	(42)	-5.85	(7)	21.59	(10)	7.82	(52)	0.21	(3)
Morningstar Category Target-Date 2036-2040	-4.66	(51)	23.18	(58)	-7.76	(46)	19.30	(58)	7.96	(50)	-2.00	(63)
IM Mixed-Asset Target 2040 (MF) Median	-4.55		23.63		-7.98		19.74		7.95		-1.66	
American Funds 2045 Target Date (RDHTX)	-1.88	(4)	24.25	(61)	-5.90	(5)	21.98	(13)	7.93	(57)	0.20	(4)
Morningstar Category Target-Date 2041-2045	-5.32	(50)	24.35	(58)	-8.13	(49)	20.42	(56)	7.96	(56)	-1.81	(57)
IM Mixed-Asset Target 2045 (MF) Median	-5.46		24.61		-8.19		20.65		8.15		-1.65	
American Funds 2050 Target Date (RDITX)	-1.92	(4)	24.61	(54)	-5.92	(5)	22.15	(12)	7.98	(55)	0.28	(3)
Morningstar Category Target-Date 2046-2050	-5.63	(50)	24.51	(55)	-8.44	(48)	20.41	(61)	8.23	(48)	-1.96	(59)
IM Mixed-Asset Target 2050 (MF) Median	-5.64		24.67		-8.54		20.80		8.10		-1.63	
American Funds 2055 Target Date (RDJTX)	-1.93	(5)	24.60	(59)	-5.92	(5)	22.15	(15)	7.93	(59)	0.25	(3)
Morningstar Category Target-Date 2055	-5.76	(50)	24.91	(48)	-8.43	(49)	20.99	(54)	8.01	(56)	-1.62	(49)
IM Mixed-Asset Target 2055 (MF) Median	-5.78		24.85		-8.48		21.12		8.25		-1.67	
American Funds 2060 Target Date (RDKTX)	-1.92	(4)	24.53	(75)	-5.95	(6)	22.09	(21)	8.00	(44)	N/A	
Morningstar Category Target Date 2060+	-6.15	(55)	25.16	(47)	-8.51	(48)	21.22	(55)	8.02	(44)	N/A	
IM Mixed-Asset Target 2060+ (MF) Median	-6.04		25.08		-8.66		21.30		7.86		-1.01	

\*The interest rate for the Guaranteed Income Fund is announced in advance. The current annualized rate of return is 3.5%.



	Performance(%)											
	YTD		2019		2018		2017		2016		2015	
<b>Fixed Income</b>												
Vanguard Total Bond Index (VBTLX)	6.35	(5)	8.71	(1)	-0.03	(82)	3.56	(4)	2.60	(23)	0.40	(54)
Blmbg. Barc. U.S. Aggregate Float Adjusted	6.30	(6)	8.87	(1)	-0.08	(85)	3.63	(3)	2.75	(19)	0.44	(53)
IM U.S. Intermediate Duration Fixed Income (MF) Median	4.30		5.29		0.64		1.68		1.69		0.48	
Western Asset Core Plus Bond Fund (WACPX)	4.19	(65)	12.28	(4)	-1.49	(70)	6.96	(2)	4.79	(33)	1.29	(2)
Blmbg. Barc. U.S. Aggregate Index	6.14	(23)	8.72	(64)	0.01	(20)	3.54	(77)	2.65	(83)	0.55	(13)
IM U.S. Broad Market Core+ Fixed Income (MF) Median	4.79		9.31		-0.94		4.49		4.19		-0.26	
Nationwide Government Money Fund (GMIXX)	0.25	(68)	1.80	(61)	1.40	(65)	0.46	(59)	0.04	(54)	0.00	(89)
90 Day U.S. Treasury Bill	0.60	(2)	2.28	(5)	1.87	(10)	0.86	(12)	0.25	(16)	0.03	(20)
IM U.S. Taxable Money Market (MF) Median	0.30		1.90		1.54		0.55		0.06		0.01	

\*The interest rate for the Guaranteed Income Fund is announced in advance. The current annualized rate of return is 3.5%.



**American Funds Target Retirement R4**  
**Target Date Fund Universe Ranges**  
 June 30, 2020

Asset Class	2060+	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010
<b>Equity Range</b>											
Maximum	100%	100%	100%	95%	95%	90%	85%	75%	65%	55%	45%
Minimum	50%	50%	50%	45%	45%	40%	35%	25%	15%	10%	5%
<b>Fixed Income Range</b>											
Maximum	20%	20%	30%	35%	40%	50%	55%	65%	70%	75%	80%
Minimum	0%	0%	0%	5%	5%	10%	15%	20%	25%	35%	40%
<b>Cash Range</b>											
Maximum	20%	20%	30%	30%	30%	30%	30%	30%	35%	35%	35%
Minimum	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Other Range</b>											
Maximum	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Minimum	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Target Date Universe</b>	<b>61</b>	<b>54</b>	<b>55</b>	<b>52</b>	<b>54</b>	<b>54</b>	<b>51</b>	<b>56</b>	<b>54</b>	<b>37</b>	<b>38</b>

Morningstar Definitions:

1. Cash - The percentage of the fund's assets in cash. This figure is calculated separately for the short and long positions of the portfolio, and the sum of the asset allocation of each will not necessarily equal 100%.
2. Other - The percentage of the fund's assets in other instruments. This figure is calculated separately for the short and long positions of the portfolio, and the sum of the asset allocation of each will not necessarily equal 100%.
3. Target Date Universe - Based on the number of unique glide paths in the Morningstar Target Date Universe. Only one share class is selected to represent the fund manager.



**American Funds Target Retirement R4**  
**Target Date Fund Asset Allocation**  
 June 30, 2020

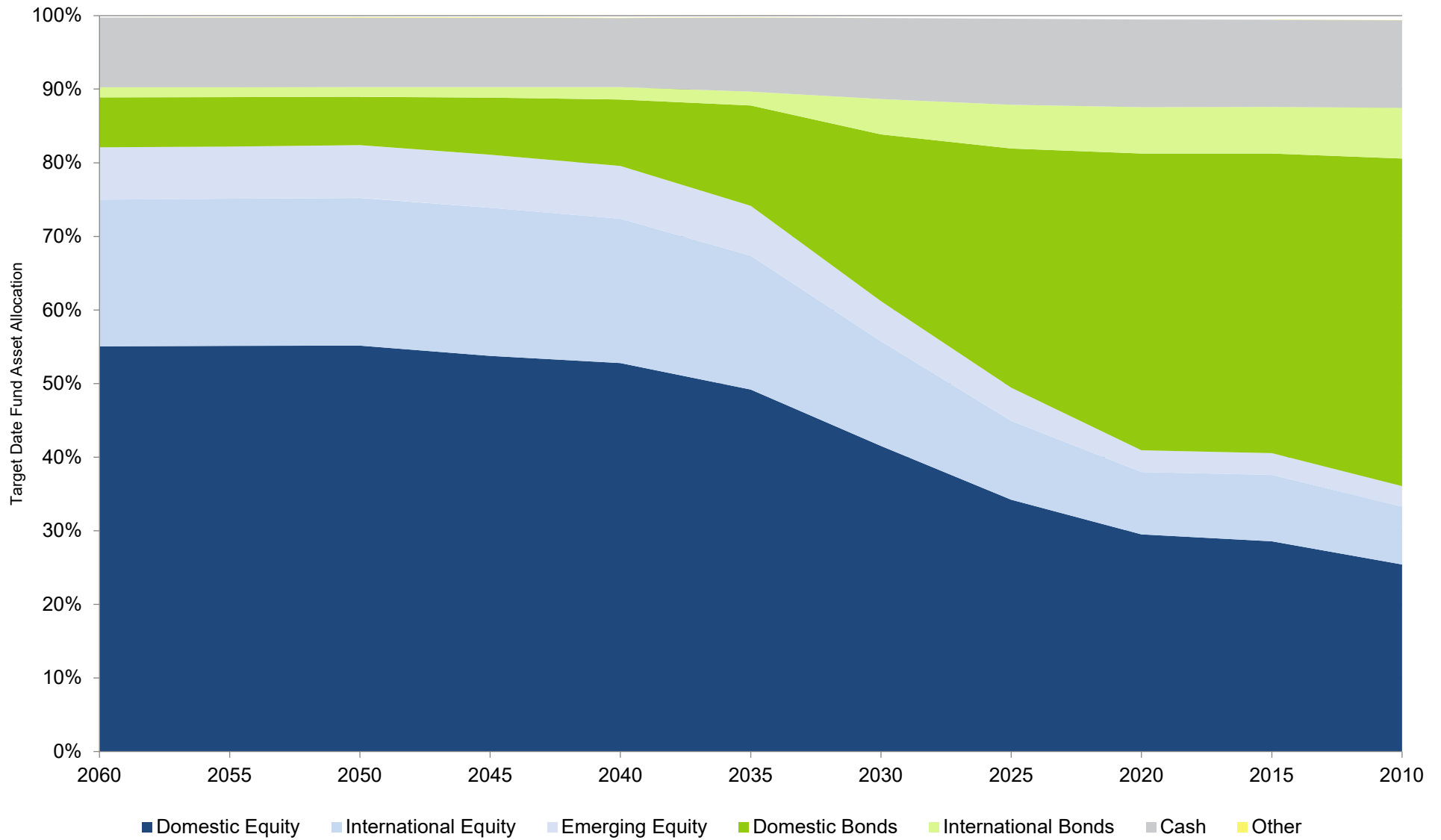
Asset Class	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010
<b>Total Equity</b>	<b>82%</b>	<b>82%</b>	<b>82%</b>	<b>81%</b>	<b>80%</b>	<b>74%</b>	<b>61%</b>	<b>49%</b>	<b>41%</b>	<b>41%</b>	<b>36%</b>
Domestic Equity	55%	55%	55%	54%	53%	49%	42%	34%	30%	29%	25%
International Equity	20%	20%	20%	20%	20%	18%	14%	11%	8%	9%	8%
Emerging Equity	7%	7%	7%	7%	7%	7%	5%	5%	3%	3%	3%
<b>Total Fixed Income</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>9%</b>	<b>11%</b>	<b>16%</b>	<b>27%</b>	<b>38%</b>	<b>47%</b>	<b>47%</b>	<b>51%</b>
Domestic Bonds	7%	7%	7%	8%	9%	14%	23%	32%	40%	41%	44%
International Bonds	1%	1%	1%	1%	2%	2%	5%	6%	6%	6%	7%
<b>Cash</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>10%</b>	<b>11%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>
<b>Other</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>

Terminal Equity Date:	30 years after Retirement
Active/Passive/Blend Allocation:	Active

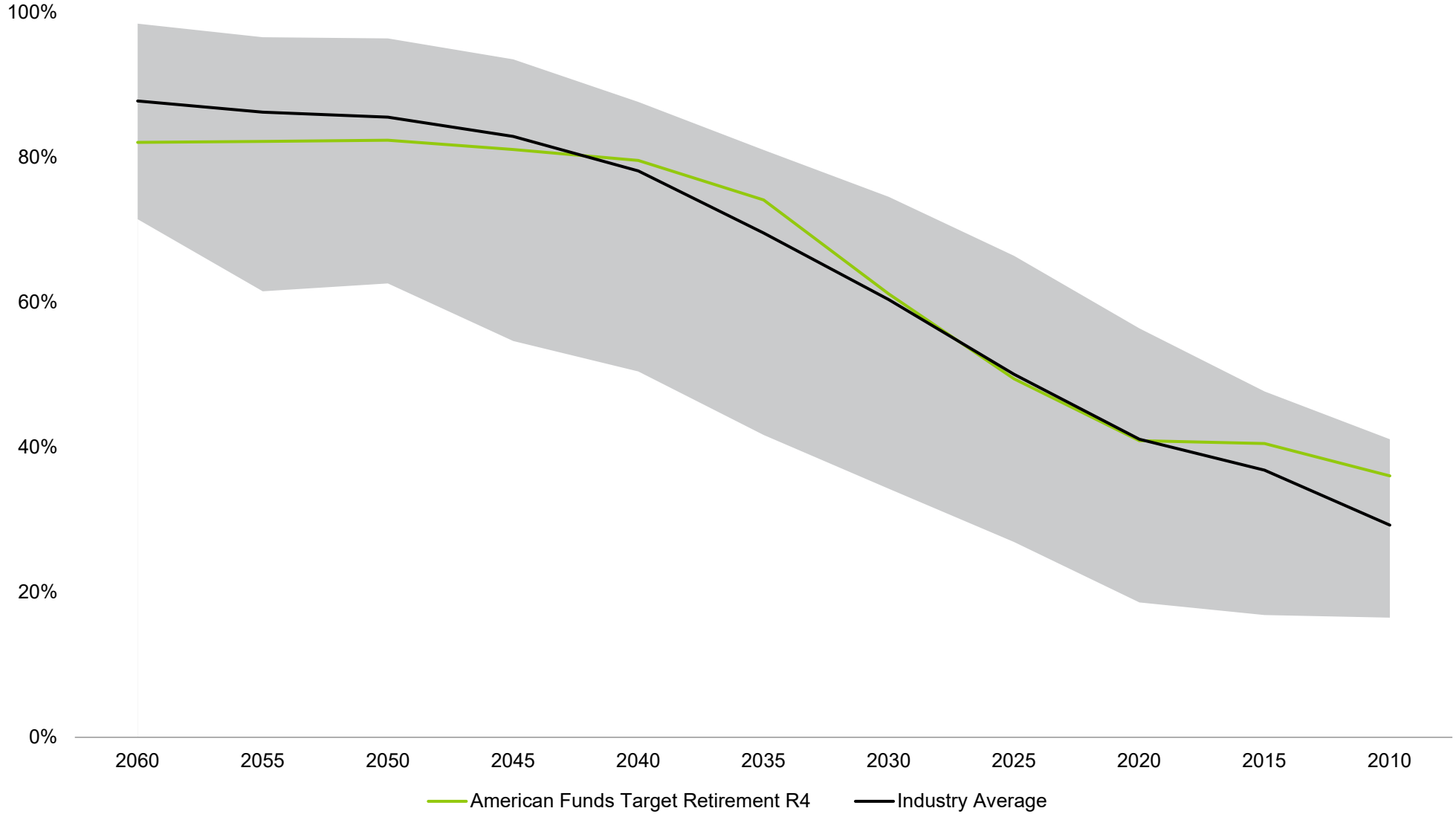
Morningstar Definitions:

1. Cash - The percentage of the fund's assets in cash. This figure is calculated separately for the short and long positions of the portfolio, and the sum of the asset allocation of each will not necessarily equal 100%.
2. Other - The percentage of the fund's assets in other instruments. This figure is calculated separately for the short and long positions of the portfolio, and the sum of the asset allocation of each will not necessarily equal 100%.









1. Industry Range (Gray Bar) - Represents the equity allocation range of the Target Date Funds in the universe.

2. Industry Average - The average equity allocation of the investments included in the universe.



Quarterly	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
Follow procedures, including documentation of all meetings and decisions	✓	✓		
Review of plan investments and compliance with investment policy statement	✓	✓		
Fiduciary education	✓	✓		
<b>Periodically</b>				
Investment policy statement review			Pending	
Review QDIA selection			Reviewed in 2019	
Plan fee analysis			Reviewed in 2019	
Plan recordkeeping & administration services review			Reviewed in 2019	
Employee education review				
Review of ancillary products, if applicable (self-directed brokerage, managed accounts, etc.)			Reviewed in 2019	
<b>Other Projects</b>				



**Safe harbor:** something (as a statutory or regulatory provision) that provides protection (as from a penalty or liability).<sup>1</sup>

Fiduciary Safe Harbor Examples:

1. Investment options
2. Fund mapping
3. Qualified Default Investment Alternatives (QDIA)
4. Automatic small balance distributions
5. Retirement income

The DOL recently unveiled new safe harbor protections for electronic disclosures that will take effect July 26, 2020. Under the new rule, plan sponsors will be allowed to make better use of modern technology in ways that are more efficient and reduce plan costs to the benefit of plan participants.<sup>2</sup> Plan sponsors are not required to adopt these provisions, and while technically only applicable to ERISA plans, non-ERISA plans can choose to adopt them as well.

According to the Employee Benefits Security Administration (EBSA), it is anticipated that over 10 years the new safe harbor protections will save plans approximately \$3.2 billion net, annualized to \$349 million per year.<sup>2</sup>

<sup>1</sup> Definition sourced from the Merriam-Webster dictionary

<sup>2</sup> Based on excerpts from the Default Electronic Disclosure by Employee Pension Benefit Plans Under ERISA available at [www.federalregister.gov/d/2020-10951](http://www.federalregister.gov/d/2020-10951)

A Qualified Default Investment Alternative (QDIA) is a default investment option chosen by plan fiduciaries for participants who fail to make an investment election for their account balances. The intent is to ensure that an investment qualifying as a QDIA is appropriate as a single investment capable of meeting a participant's long-term retirement savings needs. The DOL's final regulation outlines all eligible QDIA options including the three main types as summarized below:<sup>1</sup>

- A product with a mix of investments that consider the individual's age or retirement date (an example of such a product could be a life-cycle or target retirement date fund);
- An investment service that allocates contributions among existing plan options to provide an asset mix that consider the individual's age or retirement date (an example of such a service could be managed accounts);
- A product with a mix of investments that consider the characteristics of the group of employees, rather than everyone (an example of such a product could be a balanced fund);

In evaluating a particular investment for consideration as a QDIA, the fiduciary must engage in an objective, thorough, and analytical process that considers all relevant facts and circumstances and then act accordingly. While QDIA regulation is specifically for ERISA plans; it is considered an industry best practice for all plans.<sup>2</sup>

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<sup>1</sup> Based on excerpts from Regulation Relating to Qualified Default Investment Alternatives in Participant-Directed Individual Account Plans DOL Fact Sheet April 2008

<sup>2</sup> CFR 2550.404a-1



Due to the significant growth in Target Date Fund (TDF) usage, the DOL issued general guidance to assist plan fiduciaries in reviewing TDFs including the steps below:

- Establish a process for comparing and selecting TDFs that considers plan demographics and complies with the Investment Policy Statement
- Establish a process for periodic review
- Understand the fund's investments – the allocation in different asset classes (stocks, bonds, cash), individual investments, and how these will change over time
- Review the fund's fees and investment expenses
- Develop effective participant communications
- Take advantage of available sources of information to evaluate the fund recommendations you received regarding the selection process
- Document the process

On June 3, 2020, the DOL published an Information Letter permitting plan sponsors to utilize private equity in certain pre-diversified investment options like target date funds, risk-based funds and balanced funds as long as the investments include sufficient liquidity with readily available market values to ensure participants can take distributions and make exchanges among the plan's investment line-up.

The letter also states that plan fiduciaries should consider the following when evaluating an investment option with a private equity component:

- Does adding the investment offer participants the opportunity to invest among more diversified investment options within an appropriate range of expected returns, fees, and risks over a multi-year period?
- Is the investment overseen by investment professionals with the capabilities, experience and stability to manage an asset allocation fund that includes private equity?
- Is the allocation in private equity designed to address the unique characteristics associated with such an investment, including cost, complexity, disclosures, liquidity and valuation?
- Do the fund characteristics align with the plan's features and participant profile?
- Have participants been furnished adequate information regarding the characteristics and risks of the fund to be able to make an informed investment decision?

It is important to note the letter does not authorize adding private equity as a standalone option, as these types of investments present distinct legal and operational issues.



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<b>Active Return</b>	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
<b>Alpha</b>	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
<b>Beta</b>	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
<b>Consistency</b>	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
<b>Distributed to Paid In (DPI)</b>	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
<b>Down Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
<b>Downside Risk</b>	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
<b>Excess Return</b>	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
<b>Excess Risk</b>	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
<b>Information Ratio</b>	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
<b>Public Market Equivalent (PME)</b>	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
<b>R-Squared</b>	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
<b>Return</b>	- Compounded rate of return for the period.
<b>Sharpe Ratio</b>	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
<b>Standard Deviation</b>	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
<b>Total Value to Paid In (TVPI)</b>	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
<b>Tracking Error</b>	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
<b>Treynor Ratio</b>	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
<b>Up Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.



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AndCo compiled this report for the sole use of the client for which it was prepared. AndCo is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. AndCo uses the results from this evaluation to make observations and recommendations to the client.

AndCo uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. AndCo analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides AndCo with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides AndCo with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause AndCo to believe that the information presented is significantly misstated.

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