BURLINGTON RETIREMENT SYSTEM

City of Burlington

City Hall, Room 20, 149 Church Street, Burlington, VT 05401

Robert Hooper, Chairman of the Board

Munir Kasti, Vice-Chairman

Meeting – Monday, December 19, 2022

Start Time – **9:30 AM** – 11:00 AM

Location – Burlington City Hall, 1st Floor, Councilor Bushor Conference Room

Or

Join Zoom Meeting:

https://us02web.zoom.us/j/85261644826?pwd=SmI1amsvSkRmNzFSU29sV2VOMXhNUT09

Meeting ID: 852- 6164- 4826

Passcode: 834923, and you may join by phone, dial +1 929 205 6099, and meeting # 852-6164-4826

1. Agenda

2. Public Forum

3. Approve Minutes
   - November 21, 2022

4. Approve Return of Contributions — Effective Date of Benefit

Approve Return of Contributions	Effective Date of Benefit
Jaimie L. Cortez, Class B $32,966.68	12/01/2022
Margaret B. Pechenick, Class B $458.99	12/01/2022
Ashley Bolger, Class B $3,618.34	01/01/2023
Christopher Vaughn, Class B $13,610.57	01/01/2023
Nichole L. Blow, Class B $14,051.25	12/01/2022
Alexander V. Mitchell, Class B $8,497.30	02/01/2023
Jacob T. Beling, Class B $1,517.16	10/01/2022

5. Approve Retirement Applications

Approve Retirement Applications	Effective Date of Benefit	Payment Date
Nancy White, Class B $323.97	11/01/2022	11/15/2022
William Carr, Class B $795.76	12/01/2022	12/15/2022
Robert Bartlett, Class B $751.89	12/01/2022	12/21/2022

6. Administrative Update

7. Fiducient
   - BERS November Performance Update
   - Fiducient's 2023 Capital Market Assumptions
   - IPS Discussion: Feedback from the BERS Board

8. Adjourn

BURLINGTON RETIREMENT BOARD
CITY HALL, 1ST FLOOR BUSHOR CONF ROOM
OR
REMOTE MEETING WITH CALL-IN
BURLINGTON, VERMONT
MINUTES OF MEETING
DRAFT
November 21, 2022

MEMBERS PRESENT:	Robert Hooper (Chair) Munir Kasti (Vice Chair) Patrick Robins Matthew Dow Kyle Blake Tom Chenette Katherine Schad
MEMBERS ABSENT:	David Mount
OTHERS PRESENT:	Rich Goodwin Kate Pizzi Chris Rowlins Richard Carey Hayley McClenahan Lynn Reagan

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1.0 CALL TO ORDER
Robert Hooper called the Retirement Board meeting to order at 9:30 AM.

MOTION by Munir Kasti, SECOND by Tom Chenette, to adopt the agenda.

VOTING: unanimous; motion carries.

2.0 PUBLIC FORUM (VERBAL)
2.01 Verbal Comments
None.

3.0. APPROVE MINUTES

3.01 Minutes of October 17, 2022

MOTION by Munir Kasti, SECOND by Patrick Robins, to approve the minutes of October 17, 2022 as presented.

VOTING: unanimous; motion carries.

4.0 APPROVE RETURN OF CONTRIBUTIONS

4.01 Approve Return of Contributions

Approve Return of Contributions	Amount	Effective Date of Benefit
Lindsey A. Hamblet, Class B	$9,104.51	12/01/2022
Sharon Kelly, Class B	$1,542.72	01/01/2023
Daniel J. Lowndes, Class A	$20,656.91	12/01/2022
Meme D. Daniell, Class B	$1,251.72	12/01/2022
Kunga Dolma, Class B	$1,427.57	12/01/2022
Timothy Curran, Class A	$23,862.13	11/01/2022
Justin St. James, Class B	$28,629.38	12/01/2022
Ana C. Saam, Class B	$1,880.22	12/01/2022
Dayna Wyckoff, Class B	$12,608.68	12/01/2022
Eileen M. Higgins-Macintosh, Class B	$853.72	12/01/2022
Kyle Beauchamp, Class B	$1,211.65	12/01/2022
Molly Beauregard, Class B	$6,476.68	11/01/2022
Kendre Guinane, Class B	$2,440.48	11/01/2022
Trisha M. Denton, Class B	$110.40	10/01/2022

Mr. Chenette had a number of questions about the return of contributions process and requirements in general, and requested a work session at a future meeting to discuss what information would be the most helpful for the BERS board to receive. He also requested a more detailed explanation in writing of each month's returns of contribution, and Finance Director Goodwin replied that he will provide that going forward.

MOTION by Katherine Schad, SECOND by Tom Chenette, to approve the return of contributions applications as presented.

VOTING: unanimous; motion carries.

5.0 APPROVE RETIREMENT APPLICATIONS

5.01 Approve Retirement Applications

Approve Retirement Applications	Amount	Effective Date of Benefit	Actual First Payment Date
Daniel J. Gilligan, Class A	$4,529.42	11/01/2022	11/15/2022
Richard Schneehagen, Class B	$1,427.75	12/01/2022	12/15/2022
Shannon Blake, Class A	$517.23	10/01/2022	10/15/2022
Brian S. Kasupski, Class A	$3,266.04	11/01/2022	11/15/2022
Brian Rowell, Class B	$16.03	09/01/2022	10/15/2022
Richard C. Lyons, Class B	$1,941.71	07/01/2022	10/15/2022
Sara J. Mahan, Class B	$1,921.26	10/01/2022	10/15/2022
Trenton S. Martin, Class A	$4,712.69	09/01/2022	10/15/2022

MOTION by Munir Kasti, SECOND by Tom Chenette, to approve the retirement applications as presented.

VOTING: unanimous; motion carries.

6.0 DISABILITY PAYMENT

6.01 Approve Disability Payment

Approve Disability Payment	Amount
Charlene Orton, Class B	$3,115.14

Finance Director Goodwin explained that this employee is moving from regular employment to disability.

MOTION by Kyle Blake, SECOND by Patrick Robins, to approve the disability payment application as presented.

VOTING: unanimous; motion carries.

7.0 ADMINISTRATIVE UPDATES

7.01 Retirement Specialist Position

Chief Administration Officer Schad noted that the City has been trying to recruit for this position but has not been able to do so successfully. As a result of that, the City revised the job description for this position and hopes to be able to recruit successfully once it is reposted. She asked for feedback from the BERS Board on the revised job description. She said that they will also spend some funding on advertising, since she believes that the lack of advertising for the previous position was one reason for not receiving many applications.

Mr. Chenette asked why the position is non-union. He also asked about the pay grade. Chief Administration Officer Schad replied that the pay grade will be a 15 and that the Human Resources Department thought the position should be non-union because it would be handling confidential information. She said that she would like to revisit that determination, since this position would sit within the Payroll department, which are union positions. Assistant HR Director Reagan noted that the Human Resources team met to review the description and determined that the position should be a union position. Mr. Chenette asked about the salary range, and Assistant HR Director Reagan noted that the salary range is between approximately $33,000 and $55,000. Mr. Chenette noted that the position is now being viewed as a stepping-stone position to potentially other work in the City, but asked whether it may be a more appropriate strategy to increase the salary. Mr. Hooper replied that if they cannot find candidates with this posting, the salary will likely need to be increased. Finance Director Goodwin said that the City hopes that the individual who takes this position would use it as a stepping stone to evolve into a higher-level position.

8.0 FIDUCIENT

8.01 BERS October Performance Report

Mr. Rowlins began by providing a summary and status update on the fiduciary governance calendar and timeline. He noted that in the second quarter, Fiducient provided an investment review, an investment policy review, and fiduciary training and that in the third quarter the focus will be on the overall municipal landscape, and includes an investment review, a municipal landscape update, and an annual actuarial review. He provided an overview of current trends in investment return assumptions, citing the Milliman Public Pension Funding Study's findings that public plans in FY2021 tended to set assumed rates of return at lower, more achievable targets, but that in FY22, this will likely pause due to higher bond yields and higher expected future returns given the significant repricing in valuations this year. He then provided an overview of current trends in funded status, noting that the average funded ratio was at 85% as of FYE2021 and at 74% as of the end of FY2022, since major asset classes experienced negative returns during that time span. Mr. Blake asked if Fiducient has data on plans that are the size of Burlington's. Mr. Rowlins spoke about a number of plans in Connecticut and Massachusetts that are comparable to Burlington.

Ms. Pizzi provided an update on the portfolio's October performance. She began by noting that October was a more positive month than some of the previous months in calendar 2022. She said that it was a favorable equity environment (particularly for US/domestic equities), due to expectations around a slowdown in interest rate increases. She spoke about fixed income market performance, which was mixed for October. She noted that the total invested assets for the portfolio stand at approximately $204 million. She noted that performance is largely in line with the benchmark's portfolio, that the portfolio gained approximately $7.9 million over the month, and that rebalancing activities within allocations is almost complete. She spoke in more detail about the manager performance within the portfolio.

8.02 Portfolio Reallocation Update

Ms. Pizzi provided an update on the portfolio reallocation activities that have been occurring in 2022. She noted that they are currently completing step 4 of the recently-approved 4-step dollar cost average process to reallocate to new target allocations. Mr. Hooper asked about Trumbull Properties and the actions they have taken, and whether the BERS board should rethink its position and strategy around Trumbull. Ms. Pizzi replied that Trumbull continues to dispose of their non-strategic assets and focus on increasing their strategic holdings in areas of the market they believe will drive returns going forward such as the industrial sector. She said that BERS' long-term strategy is to exit Trumbull, which will take a while. She said that the Board should consider what to do with the redemption funds once they are received. Mr. Chenette asked if the BERS portfolio is able to commingle their funds with other pensions and whether that is feasible. Ms. Pizzi replied that the portfolio currently has commingled funds in mutual funds (and currently in the Mellon index funds), and in its allocations to private investments.

Mr. Chenette suggested that one duty for BERS Board members could be to continue to be educated around fiscal policy in order to be fiduciarily informed, responsible, and able to make the best decisions for the portfolio.

8.03 Review of Draft Investment Policy Statement

Ms. Pizzi began by reviewing the changes to the IPS that were recommended by Fiducient. She said that these recommendations can help consolidate and clarify roles and responsibilities, as well as clarify information on managers and allocations. She noted a new section of the policy that describes the purpose of the plan and policy statement. She noted minor changes in content around board duties, the addition of detail around consultant duties and investment managers, the creation of a section on investment strategy, the expansion of the investment manager selection section, the creation of a section that outlines investment manager evaluation and oversight, the creation of a section on liquidity, and the creation of a section on proxy voting requirements. She also noted changes in the appendix section of the document, including updated asset allocation ranges for the portfolio.

The BERS Board agreed to review the proposed changes to the IPS and will discuss them at the Board's next meeting.

9.0 DISCUSSION: FUTURE MEETINGS

9.01 Discuss Future Meetings – Effective January 2023
The Board discussed future meeting dates, agreeing that they will meet on the third Monday of each month from 9:30 to 11:00 AM.

10.0 ADJOURN

10.01 Motion to Adjourn

The meeting adjourned without objection at 10:59 AM.

RScty: AACoonradt

Calculation of Benefit Options — Form A

Burlington Employees' Retirement System, Class B - IBEW Local 300 — Jaimie L. Cortez

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Early Retirement

Information Used in Benefit Determination

Participant Name:	**Jaimie L Cortez**	Class:	B
Date of Birth:		Department:	IBEW Local 300
Date of Hire:	02/29/2016	Vesting Percentage:	100.0000%
Date of Termination:	11/30/2022	Normal Retirement Date (NRD):	01/23/2027
Beneficiary Date of Birth:	N/A	Payment Start Date:	12/01/2022
		Employee Contribution Balance w/ Interest as of 12/01/2022:	$32,966.68

Earnings

Average Final Compensation*: $98,300.52

Determination of Benefit Amount

(1)	Years of Creditable Service (CS)	6.75000
(2)	Years of CS on or prior to 05/04/2008 [(2) + (3) is not to exceed 25 years]	0.00000
(3)	Years of CS after 05/04/2008 [(2) + (3) is not to exceed 25 years]	6.75000
(4)	Years of CS in excess of 25 years	N/A
	COLA Option	Full COLA
(5)	Accrual Rate on or prior to 05/04/2008 (not to exceed 25 years)	1.400%
(6)	Accrual Rate after 05/04/2008 (not to exceed 25 years)	1.400%
(7)	Accrual Rate in excess of 25 years	0.500%
(8)	Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	9.4500%
(9)	Monthly Vested Benefit Payable at NRD *= (8) x Average Final Compensation/12 x Vesting Percentage*	$774.12
(10)	Early Retirement Reduction Factor	0.6380
(11)	Monthly Vested Benefit Payable at Payment Start Date = (9) x (10)	$493.89

Benefit Options Available

Form of Payment	Option Factor	Full COLA Initial Benefit	Full COLA Survivor's Benefit[(1)]
Straight Life Annuity	1.0601	$523.57	**
10 Year Certain & Life Annuity	1.0000	$493.89	$493.89
100% Joint & Survivor Annuity	N/A	N/A	N/A
50% Joint & Survivor Annuity	N/A	N/A	N/A
100% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A
50% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A
Return of Employee Contributions	N/A	$32,966.68	N/A

(1) **Survivor Benefits**: for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

** Average is of the five highest years of base earnings*

***Amount in excess (if any) of accumulated employee contributions, with interest, over payments made*

Calculation of Return of Employee Contributions — Form A

Burlington Employees' Retirement System — Margaret B. Pechenick

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Information Used in Determination

Participant Name:	**Margaret B. Pechenick**	Class:	B
Date of Birth:		Department:	School
Date of Hire:	03/23/2021	Post-Tax Employee Contributions:	$0.00
Date of Participation:	09/07/2021	Normal Retirement Date (NRD):	04/14/2049
Date of Termination:	03/28/2022	Payment Start Date:	12/01/2022
Beneficiary Date of Birth:	N/A	Vesting Percentage:	0.0000%

Determination of Employee Contribution Balance with Interest

Period Ending	Description	Transaction	Balance at End of Period
03/28/2022	Contributions	$455.22	$455.22
06/30/2022	Interest at 2%	$0.00	$455.22
11/30/2022	Interest at 2%	$3.77	$458.99

(1)	Pre-Tax Employee Contributions (Taxable):	$455.22
(2)	Interest Accrued on Employee Contributions (5.5% through 12/31/2017, 2% thereafter):	$3.77
(3)	Total Return of Employee Contributions with Interest:	$458.99

Determination of Taxable Portion of Benefit

Form of Payment	Total Benefit	Taxable Portion	Non-Taxable Portion
Return of Contributions	$458.99	$458.99	0.00

Calculation of Return of Employee Contributions — Form A

Burlington Employees' Retirement System — Ashley Bolger

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Information Used in Determination

Participant Name:	**Ashley Bolger**	Class:	B
Date of Birth:		Department:	AFSCME Local 1343
Date of Hire:	11/30/2020	Post-Tax Employee Contributions:	$0.00
Date of Termination:	10/26/2022	Normal Retirement Date (NRD):	06/08/2062
Beneficiary Date of Birth:	N/A	Payment Start Date:	01/01/2023
		Vesting Percentage:	0.0000%

Determination of Employee Contribution Balance with Interest

Period Ending	Description	Transaction	Balance at End of Period
06/30/2021	Contributions	$127.74	$127.74
06/30/2021	Interest at 2%	$0.00	$127.74
06/30/2022	Contributions	$2,586.52	$2,714.26
06/30/2022	Interest at 2%	$2.55	$2,716.81
10/26/2022	Contributions	$874.50	$3,591.31
12/31/2022	Interest at 2%	$27.03	$3,618.34

(1) Pre-Tax Employee Contributions (Taxable): $3,588.76

(2) Interest Accrued on Employee Contributions (5.5% through 12/31/2017, 2% thereafter): $29.58

(3) Total Return of Employee Contributions with Interest: $\boxed{\$3,618.34}$

Determination of Taxable Portion of Benefit

Form of Payment	Total Benefit	Taxable Portion	Non-Taxable Portion
Return of Contributions	$3,618.34	$3,618.34	0.00

Calculation of Benefit Options — Form A

Burlington Employees' Retirement System, Class B - Non-Union — Christopher Vaughn

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Type of Calculation

Vested - Regular Retirement

Information Used in Benefit Determination

Participant Name:	**Christopher Vaughn**	Class:	B
Date of Birth:		Department:	Non-Union
Date of Hire:	08/11/2014	Vesting Percentage:	100.0000%
Date of Termination:	03/23/2022	Normal Retirement Date (NRD):	12/19/2050
Beneficiary Date of Birth:		Payment Start Date:	01/01/2023
		Employee Contribution Balance w/ Interest as of 01/01/2023:	$13,610.57

Earnings

Average Final Compensation*: $39,711.38

Determination of Benefit Amount

(1)	Years of Creditable Service (CS)	7.58333
(2)	Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(3)	Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	7.58333
(4)	Years of CS in excess of 25 years	N/A
	COLA Option	Full COLA
(5)	Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.400%
(6)	Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.400%
(7)	Accrual Rate in excess of 25 years	0.500%
(8)	Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	10.6167%
(9)	Monthly Vested Benefit Payable at NRD *= (8) x Average Final Compensation/12 x Vesting Percentage*	$351.34
(10)	Early Retirement Reduction Factor	1.0000
(11)	Monthly Vested Benefit Payable at Normal Retirement Date = (9) x (10)	$351.34

Benefit Options – *payable at Normal Retirement Date*

Form of Payment	Option Factor	Full COLA Initial Benefit	Full COLA Survivor's Benefit(1)
Straight Life Annuity	1.0941	$384.40	**
10 Year Certain & Life Annuity	1.0000	$351.34	$351.34
100% Joint & Survivor Annuity	0.8251	$289.89	$289.89
50% Joint & Survivor Annuity	0.9407	$330.51	$165.26
100% Joint & Survivor Pop-Up Annuity	0.8149	$286.31	$286.31
50% Joint & Survivor Pop-Up Annuity	0.9362	$328.92	$164.46

Benefit Options – *payable at Payment Start Date*

Return of Employee Contributions (100% taxable)	N/A	$13,610.57	N/A

(1) **Survivor Benefits**: for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

** Average is of the three highest years of base earnings*

***Amount in excess (if any) of accumulated employee contributions, with interest, over payments made*

Calculation of Return of Employee Contributions — Form A

Burlington Employees' Retirement System — Nichole L. Blow

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Information Used in Determination

Participant Name:	**Nichole L. Blow**	Class:	B
Date of Birth:		Department:	Non-Union
Date of Hire:	09/04/2018	Post-Tax Employee Contributions:	$0.00
Date of Termination:	03/30/2022	Normal Retirement Date (NRD):	01/16/2052
Beneficiary Date of Birth:		Payment Start Date:	12/01/2022
		Vesting Percentage:	0.0000%

Determination of Employee Contribution Balance with Interest

Period Ending	Description	Transaction	Balance at End of Period
06/30/2019	Contributions	$3,350.27	$3,350.27
06/30/2019	Interest at 2%	$0.00	$3,350.27
06/30/2020	Contributions	$3,327.18	$6,677.45
06/30/2020	Interest at 2%	$67.01	$6,744.46
06/30/2021	Contributions	$3,445.32	$10,189.78
06/30/2021	Interest at 2%	$134.89	$10,324.67
03/30/2022	Contributions	$3,404.63	$13,729.30
06/30/2022	Interest at 2%	$206.49	$13,935.79
11/30/2022	Interest at 2%	$115.46	$14,051.25

(1)	Pre-Tax Employee Contributions (Taxable):	$13,527.40
(2)	Interest Accrued on Employee Contributions (5.5% through 12/31/2017, 2% thereafter):	$523.85
(3)	Total Return of Employee Contributions with Interest:	$\boxed{\$14,051.25}$

Determination of Taxable Portion of Benefit

Form of Payment	Total Benefit	Taxable Portion	Non-Taxable Portion
Return of Contributions	$14,051.25	$14,051.25	0.00

Calculation of Return of Employee Contributions — Form A

Burlington Employees' Retirement System — Alexander V. Mitchell

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Information Used in Determination

Participant Name:	Alexander V. Mitchell	Class:	B
Date of Birth:		Department:	School
Date of Hire:	08/27/2010	Post-Tax Employee Contributions:	$0.00
Date of Participation:	10/01/2018	Normal Retirement Date (NRD):	08/24/2042
Date of Termination:	06/03/2022	Payment Start Date:	02/01/2023
Beneficiary Date of Birth:	N/A	Vesting Percentage:	0.0000%

Determination of Employee Contribution Balance with Interest

Period Ending	Description	Transaction	Balance at End of Period
06/30/2019	Contributions	$1,408.90	$1,408.90
06/30/2019	Interest at 2%	$0.00	$1,408.90
06/30/2020	Contributions	$2,195.69	$3,604.59
06/30/2020	Interest at 2%	$28.18	$3,632.77
06/30/2021	Contributions	$2,259.17	$5,891.94
06/30/2021	Interest at 2%	$72.66	$5,964.60
06/03/2022	Contributions	$2,315.82	$8,280.42
06/30/2022	Interest at 2%	$119.29	$8,399.71
01/31/2023	Interest at 2%	$97.59	$8,497.30

(1)	Pre-Tax Employee Contributions (Taxable):	$8,179.58
(2)	Interest Accrued on Employee Contributions (5.5% through 12/31/2017, 2% thereafter):	$317.72
(3)	Total Return of Employee Contributions with Interest:	$\boxed{\$8,497.30}$

Determination of Taxable Portion of Benefit

Form of Payment	Total Benefit	Taxable Portion	Non-Taxable Portion
Return of Contributions	$8,497.30	$8,497.30	0.00

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Information Used in Determination

Participant Name:	**Jacob T. Beling**	Class:	B
Date of Birth:		Department:	School
Date of Hire:	09/03/2020	Post-Tax Employee Contributions:	$0.00
Date of Termination:	06/15/2021	Normal Retirement Date (NRD):	03/04/2058
Beneficiary Date of Birth:	N/A	Payment Start Date:	10/01/2022
		Vesting Percentage:	0.0000%

Determination of Employee Contribution Balance with Interest

Period Ending	Description	Transaction	Balance at End of Period
06/15/2021	Contributions	$1,480.07	$1,480.07
06/30/2021	Interest at 2%	$0.00	$1,480.07
06/30/2022	Interest at 2%	$29.60	$1,509.67
09/30/2022	Interest at 2%	$7.49	$1,517.16

(1)	Pre-Tax Employee Contributions (Taxable):	$1,480.07
(2)	Interest Accrued on Employee Contributions (5.5% through 12/31/2017, 2% thereafter):	$37.09
(3)	Total Return of Employee Contributions with Interest:	$1,517.16

Determination of Taxable Portion of Benefit

Form of Payment	Total Benefit	Taxable Portion	Non-Taxable Portion
Return of Contributions	$1,517.16	$1,517.16	0.00

Calculation of Benefit Options — Form A

Burlington Employees' Retirement System, Class B - AFSCME Local 1343 — Nancy White

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Regular Service

Information Used in Benefit Determination

Participant Name:	**Nancy White**	Class:	B
Date of Birth:		Department:	AFSCME Local 1343
Date of Hire:	10/19/2008	Vesting Percentage:	100.0000%
Date of Termination:	10/31/2022	Normal Retirement Date (NRD):	10/05/2022
Beneficiary Date of Birth:		Payment Start Date:	11/01/2022
		Employee Contribution Balance w/ Interest as of 11/01/2022:	$4,235.42

Earnings

Average Final Compensation*: $24,039.16

Determination of Benefit Amount

(1)	Years of Creditable Service (CS)	14.00000
(2)	Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(3)	Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	14.00000
(4)	Years of CS in excess of 25 years	N/A
	COLA Option	Full COLA
(5)	Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.400%
(6)	Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.400%
(7)	Accrual Rate in excess of 25 years	0.500%
(8)	Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	19.6000%
(9)	Monthly Vested Benefit Payable at Payment Start Date *= (8) x Average Final Compensation/12 x Vesting Percentage*	$392.64
(10)	Early Retirement Reduction Factor	1.0000
(11)	Monthly Vested Benefit Payable at Payment Start Date = (9) x (10)	$392.64

Benefit Options Available

		Full COLA	
Form of Payment	Option Factor	Initial Benefit	Survivor's Benefit(1)
Straight Life Annuity	1.0941	$429.59	**
10 Year Certain & Life Annuity	1.0000	$392.64	$392.64
100% Joint & Survivor Annuity	0.8251	$\boxed{\$323.97}$	$323.97
50% Joint & Survivor Annuity	0.9407	$369.36	$184.68
100% Joint & Survivor Pop-Up Annuity	0.8149	$319.96	$319.96
50% Joint & Survivor Pop-Up Annuity	0.9362	$367.59	$183.80
Return of Employee Contributions	N/A	$4,235.42	N/A

(1) **Survivor Benefits**: for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

** Average is of the three highest years of base earnings*

***Amount in excess (if any) of accumulated employee contributions, with interest, over payments made*

Calculation of Benefit Options — Form A

Burlington Employees' Retirement System, Class B - AFSCME Local 1343 — William Carr

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Early Retirement

Information Used in Benefit Determination

Participant Name:	**William Carr**	Class:	B
Date of Birth:		Department:	AFSCME Local 1343
Date of Hire:	03/22/2010	Vesting Percentage:	100.0000%
Date of Termination:	11/03/2022	Normal Retirement Date (NRD):	12/19/2022
Beneficiary Date of Birth:		Payment Start Date:	12/01/2022
		Employee Contribution Balance w/ Interest as of 12/01/2022:	$28,560.31

Earnings

Average Final Compensation*: $54,297.72

Determination of Benefit Amount

(1)	Years of Creditable Service (CS)	12.58333
(2)	Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(3)	Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	12.58333
(4)	Years of CS in excess of 25 years	N/A
	COLA Option	Full COLA
(5)	Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.400%
(6)	Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.400%
(7)	Accrual Rate in excess of 25 years	0.500%
(8)	Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	17.6167%
(9)	Monthly Vested Benefit Payable at NRD *= (8) x Average Final Compensation/12 x Vesting Percentage*	$797.12
(10)	Early Retirement Reduction Factor	0.9983
(11)	Monthly Vested Benefit Payable at Payment Start Date = (9) x (10)	$795.76

Benefit Options Available

		Full COLA	
Form of Payment	Option Factor	Initial Benefit	Survivor's Benefit(1)
Straight Life Annuity	1.0941	$870.64	**
10 Year Certain & Life Annuity	1.0000	$795.76	$795.76
100% Joint & Survivor Annuity	0.7921	$630.32	$630.32
50% Joint & Survivor Annuity	0.9189	$731.22	$365.61
100% Joint & Survivor Pop-Up Annuity	0.7854	$624.99	$624.99
50% Joint & Survivor Pop-Up Annuity	0.9154	$728.44	$364.22
Return of Employee Contributions	N/A	$28,560.31	N/A

(1) **Survivor Benefits**: for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

** Average is of the three highest years of base earnings*

***Amount in excess (if any) of accumulated employee contributions, with interest, over payments made*

Calculation of Benefit Options — Form A

Burlington Employees' Retirement System, Class B - School — Robert Bartlett

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Early Retirement

Information Used in Benefit Determination

Participant Name:	**Robert Bartlett**	Class:	B
Date of Birth:		Department:	School
Date of Hire:	01/28/1986	Vesting Percentage:	100.0000%
Date of Termination:	11/30/2022	Normal Retirement Date (NRD):	10/31/2024
Beneficiary Date of Birth:		Payment Start Date:	12/01/2022
		Employee Contribution Balance w/ Interest as of 12/01/2022:	N/A

Earnings

Average Final Compensation*: $23,569.79

Determination of Benefit Amount

(1)	Years of Creditable Service (CS)	36.83333
(2)	Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	20.41667
(3)	Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	4.58333
(4)	Years of CS in excess of 25 years	11.83333

	COLA Option	Full COLA	Half COLA	No COLA
(5)	Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.600%	1.900%	2.200%
(6)	Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.600%	1.800%	2.000%
(7)	Accrual Rate in excess of 25 years	0.500%	0.500%	0.500%
(8)	Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	45.9167%	52.9583%	60.0000%
(9)	Monthly Vested Benefit Payable at NRD *= (8) x Average Final Compensation/12 x Vesting Percentage*	$901.87	$1,040.18	$1,178.49
(10)	Early Retirement Reduction Factor	0.9617	0.9617	0.9617
(11)	Monthly Vested Benefit Payable at Payment Start Date = (9) x (10)	$867.33	$1,000.34	$1,133.35

Benefit Options Available

		Full COLA		Half COLA		No COLA	
Form of Payment	Option Factor	Initial Benefit	Survivor's Benefit(1)	Initial Benefit	Survivor's Benefit(1)	Initial Benefit	Survivor's Benefit(1)
Straight Life Annuity	1.0771	$934.20	**	$1,077.47	**	$1,220.73	**
10 Year Certain & Life Annuity	1.0000	$867.33	$867.33	$1,000.34	$1,000.34	$1,133.35	$1,133.35
100% Joint & Survivor Annuity	0.8669	$751.89	$751.89	$867.19	$867.19	$982.50	$982.50
50% Joint & Survivor Annuity	0.9606	$833.16	$416.58	$960.93	$480.47	$1,088.70	$544.35
100% Joint & Survivor Pop-Up Annuity	0.8526	$739.49	$739.49	$852.89	$852.89	$966.29	$966.29
50% Joint & Survivor Pop-Up Annuity	0.9536	$827.09	$413.55	$953.92	$476.96	$1,080.76	$540.38
Return of Employee Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) **Survivor Benefits**: for the Joint & Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

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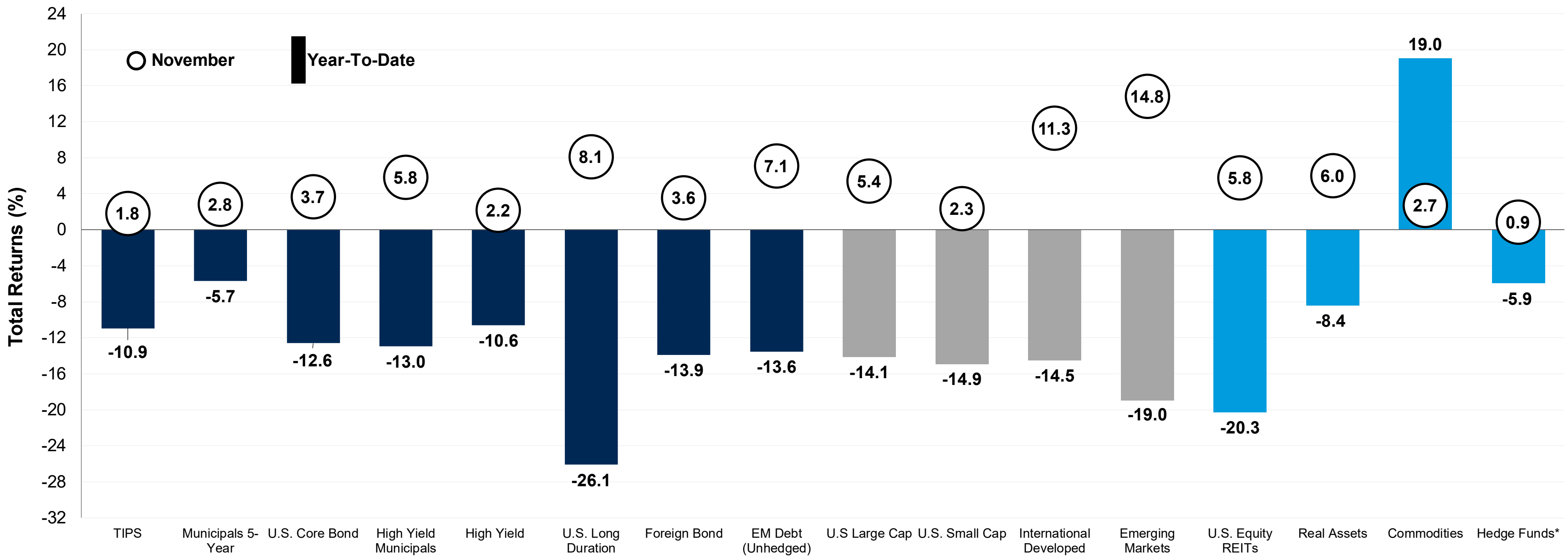
***Amount in excess (if any) of accumulated employee contributions, with interest, over payments made*

City of Burlington Employees Retirement System

Monthly Performance Update - November 2022

Asset Class Performance



Source: Morningstar Direct. As of November 30, 2022. *Hedge fund returns are as of October 31, 2022.

Fixed Income (November)

+ Despite another 75 basis points hike by the Fed, lower-than-forecast inflation numbers gave investors hope of a slowdown in future hikes, pushing rates lower and supporting fixed income returns.

+ Lower rates and a risk-on posture by investors drove returns in spread-based segments of the market, including high yield corporates and municipals.

+ The dollar rolled over from recent highs, benefiting fixed income markets outside the US.

Equity (November)

+ Promising economic data, such as lower inflation and strong retail sales, aided equity returns across geographies, with domestic markets trailing foreign developed and emerging market equities.

+ The potential easing of COVID measures in China fueled hopes of a reopening and possible surge in demand in the world's second-largest economy, which supported emerging market equities.

Real Asset / Alternatives (November)

+ REITs were higher for the month on softening inflation data and positive interest rate-related sentiment.

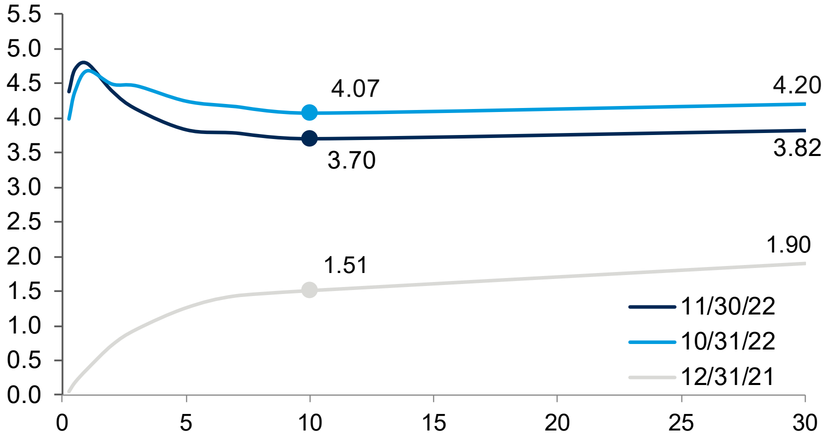
+ Commodities gained slightly but trailed equities, led higher by metals while the energy segment was lower. OPEC proposed a hike in production and the EU pushed for price caps on Russian oil.

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss. Indices cannot be invested in directly.

Fixed Income Market Update

U.S. Treasury Yield Curve

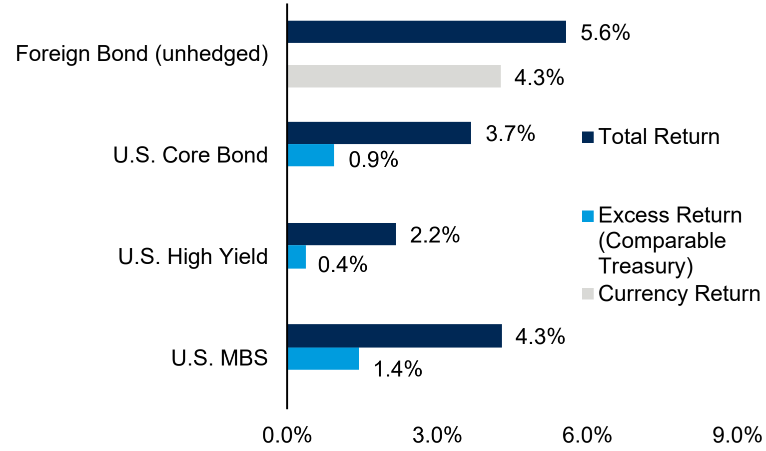
A deeper inversion of the yield curve, with higher short-term rates but lower medium- to long-term rates, reflected investors' hopes of moderating inflation and slowing rate hikes following an aggressive pace thus far this year, but also the elevated prospect of recession.



Source: FactSet. As of November 30, 2022.

Index Performance Attribution (November 2022)

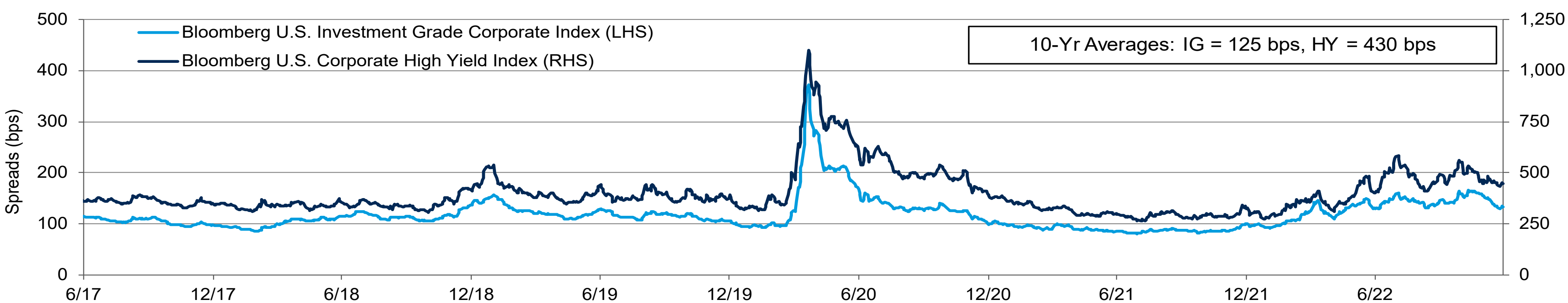
Lower rates and tighter spreads supported fixed income returns, with foreign bonds also benefiting from a weaker dollar. Spread sectors outpaced Treasuries in the risk-on environment.



Source: FactSet. As of November 30, 2022.

Credit Market Spreads – Trailing 5 Years

Investors leaned into risk during the month, pushing spreads to roll over from their recent expansion. Investment grade spreads were 25 basis points tighter and high yield spreads tightened by 16 basis points, aiding returns across the credit risk spectrum.



Source: FactSet. As of November 30, 2022.

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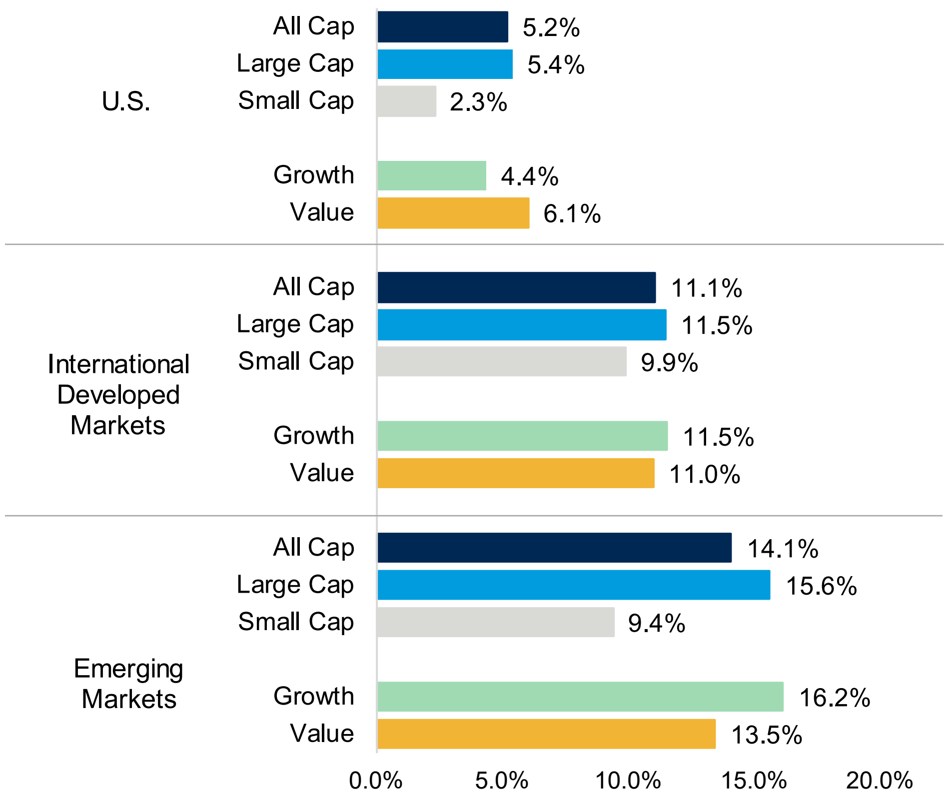
Equity Market Update

Market Capitalization & Style Performance (November 2022)

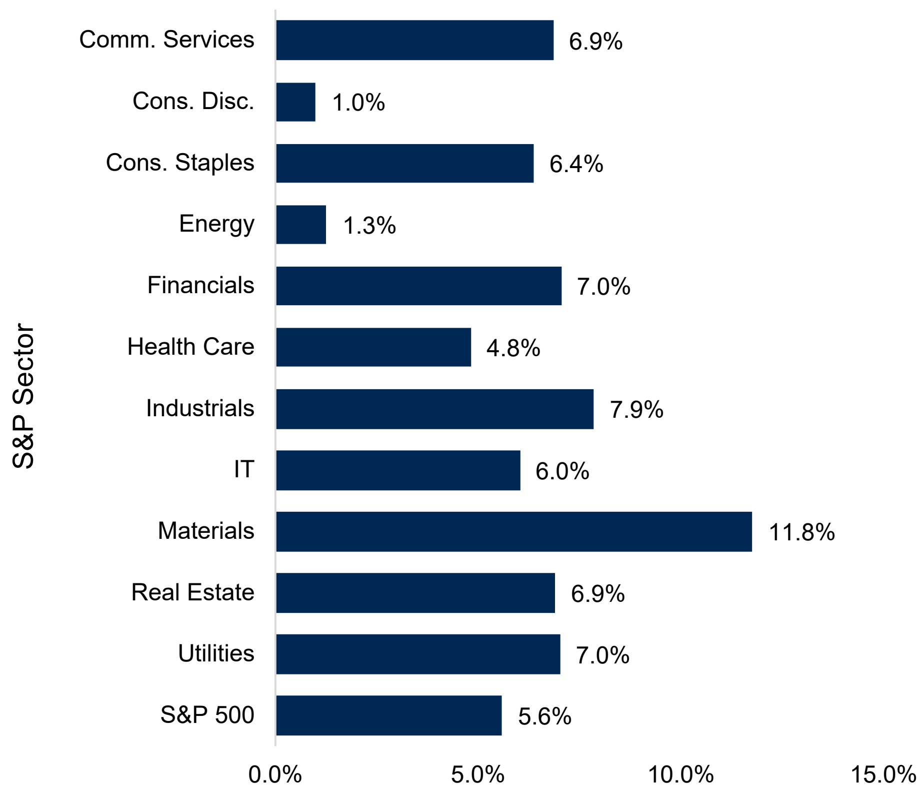
Emerging markets led the way higher in November as an easing of COVID restrictions in China fueled an EM rally. Lower-than-forecast inflation in the US and Europe led to strong performance in both domestic and international developed equities, with a weaker dollar benefiting non-US markets.



Source: Morningstar Direct. As of November 30, 2022.

U.S. Equities – Returns by Sector (November 2022)

Various factors, including promising economic data, a resilient consumer, lower inflation and hopes of slower rate hikes, all fueled a broad-based rally in equities – despite the weakest quarterly earnings since 2020.



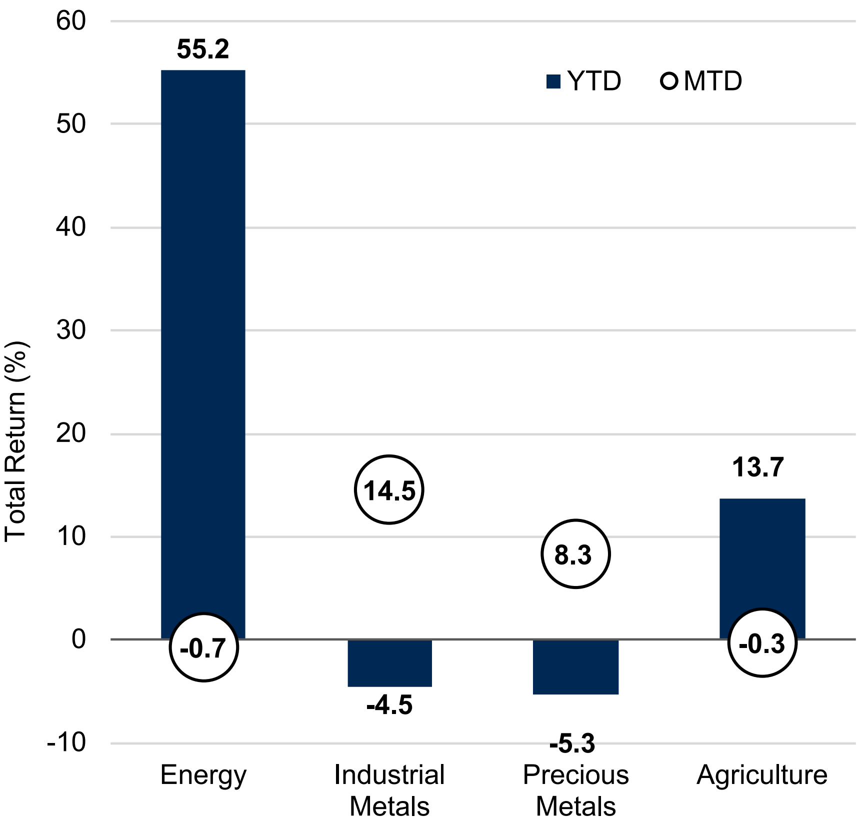
Source: Morningstar Direct. As of November 30, 2022.

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss. Indices cannot be invested in directly.

Real Asset Market Update

Real Assets Performance (November 2022)

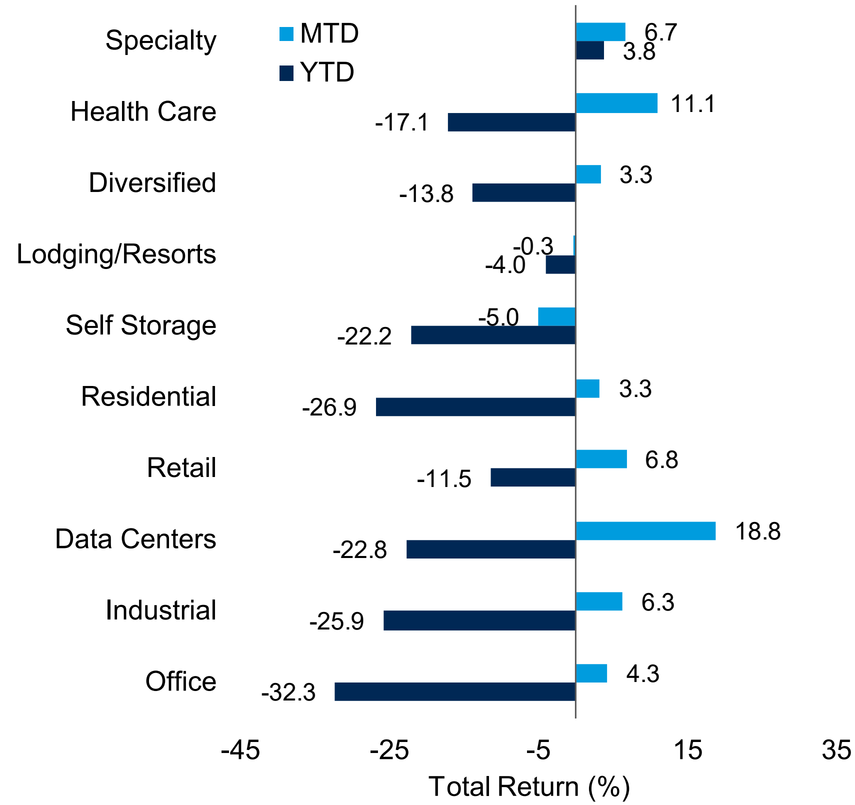
Commodities were positive in November but trailed broader equities. Brent and WTI crude oil pulled back amid fears of a global economic slowdown. Meanwhile, metals, both precious and industrial, were top performers, driven by expectations of a China reopening and a weaker dollar.



Source: FactSet. As of November 30, 2022.

REIT Sector Performance (November 2022)

Softening inflation data and positive sentiment around slower rate hikes supported REITs broadly. Data centers participated in the tech rally, buoyed by positive inflation data. Lower rates led to the outperformance of longer lease segments (health care and towers) over shorter lease segments (self-storage and lodging).



Source: FactSet. As of November 30, 2022.

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Financial Markets Performance

Financial Markets Performance

Total Return as of November 30, 2022

Periods greater than one year are annualized

All returns are in U.S. dollar terms

Global Fixed Income Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg 1-3-Month T-Bill	0.3%	1.2%	1.2%	0.6%	1.2%	1.0%	0.7%	0.6%
Bloomberg U.S. TIPS	1.8%	-10.9%	-10.7%	1.7%	2.5%	2.6%	1.2%	3.1%
Bloomberg Municipal Bond (5 Year)	2.8%	-5.7%	-5.6%	-0.3%	1.2%	1.2%	1.4%	2.8%
Bloomberg High Yield Municipal Bond	5.8%	-13.0%	-12.7%	-0.4%	2.9%	3.7%	3.5%	4.2%
Bloomberg U.S. Aggregate	3.7%	-12.6%	-12.8%	-2.6%	0.2%	0.9%	1.1%	2.7%
Bloomberg U.S. Corporate High Yield	2.2%	-10.6%	-9.0%	0.9%	2.5%	4.8%	4.3%	6.2%
Bloomberg Global Aggregate ex-U.S. Hedged	1.6%	-8.1%	-8.6%	-2.1%	0.9%	1.7%	2.3%	3.1%
Bloomberg Global Aggregate ex-U.S. Unhedged	5.6%	-19.7%	-19.8%	-6.0%	-3.3%	-0.6%	-1.8%	0.4%
Bloomberg U.S. Long Gov / Credit	8.1%	-26.1%	-26.7%	-6.1%	-0.6%	1.6%	1.6%	4.4%
JPMorgan GBI-EM Global Diversified	7.1%	-13.6%	-12.2%	-5.5%	-2.5%	0.9%	-2.0%	1.4%
Global Equity Markets	**MTD**	**YTD**	**1YR**	**3YR**	**5YR**	**7YR**	**10YR**	**15YR**
S&P 500	5.6%	-13.1%	-9.2%	10.9%	11.0%	12.2%	13.3%	9.2%
Dow Jones Industrial Average	6.0%	-2.9%	2.5%	9.5%	9.7%	12.6%	12.9%	9.2%
NASDAQ Composite	4.5%	-26.1%	-25.6%	10.7%	11.8%	13.4%	15.5%	11.4%
Russell 3000	5.2%	-14.2%	-10.8%	10.3%	10.3%	11.7%	13.0%	9.1%
Russell 1000	5.4%	-14.1%	-10.7%	10.6%	10.7%	11.9%	13.2%	9.2%
Russell 1000 Growth	4.6%	-23.3%	-21.6%	11.8%	12.9%	14.0%	15.0%	10.9%
Russell 1000 Value	6.2%	-3.7%	2.4%	8.4%	7.9%	9.4%	11.0%	7.2%
Russell Mid Cap	6.0%	-12.6%	-9.0%	8.7%	8.5%	10.1%	11.8%	8.8%
Russell Mid Cap Growth	5.4%	-22.0%	-21.8%	6.4%	9.1%	10.6%	12.3%	9.1%
Russell Mid Cap Value	6.3%	-7.3%	-1.5%	8.8%	7.1%	9.0%	11.0%	8.3%
Russell 2000	2.3%	-14.9%	-13.0%	6.4%	5.4%	8.1%	10.1%	7.6%
Russell 2000 Growth	1.6%	-21.3%	-21.0%	3.7%	4.9%	7.4%	10.2%	7.8%
Russell 2000 Value	3.1%	-8.5%	-4.7%	8.3%	5.3%	8.4%	9.7%	7.2%
MSCI ACWI	7.8%	-15.0%	-11.6%	6.6%	6.4%	8.4%	8.7%	5.0%
MSCI ACWI ex. U.S.	11.8%	-15.4%	-11.9%	1.8%	1.5%	4.6%	4.2%	1.5%
MSCI EAFE	11.3%	-14.5%	-10.1%	1.9%	1.8%	4.3%	5.0%	1.6%
MSCI EAFE Growth	11.5%	-22.1%	-18.7%	1.8%	3.1%	5.1%	6.0%	2.5%
MSCI EAFE Value	11.0%	-6.8%	-1.2%	1.4%	0.2%	3.2%	3.8%	0.6%
MSCI EAFE Small Cap	9.9%	-22.2%	-18.8%	0.1%	0.3%	4.4%	6.5%	3.5%
MSCI Emerging Markets	14.8%	-19.0%	-17.4%	0.1%	-0.4%	5.0%	2.1%	0.8%
Alternatives	**MTD**	**YTD**	**1YR**	**3YR**	**5YR**	**7YR**	**10YR**	**15YR**
Consumer Price Index*	0.4%	5.7%	7.8%	5.0%	3.9%	3.3%	2.6%	2.4%
FTSE NAREIT Equity REITs	5.8%	-20.3%	-13.2%	1.5%	4.7%	5.6%	7.5%	6.2%
S&P Real Assets	6.0%	-8.4%	-4.5%	3.2%	3.6%	5.2%	3.8%	4.1%
FTSE EPRA NAREIT Developed	6.8%	-22.4%	-17.4%	-3.0%	1.5%	3.3%	4.6%	2.8%
FTSE EPRA NAREIT Developed ex U.S.	8.5%	-24.9%	-22.6%	-7.8%	-2.0%	1.1%	1.7%	0.2%
Bloomberg Commodity Total Return	2.7%	19.0%	23.2%	15.5%	7.6%	6.4%	-1.3%	-2.1%
HFRI Fund of Funds Composite*	0.9%	-5.9%	-7.0%	4.3%	3.1%	3.2%	3.6%	1.6%
HFRI Asset Weighted Composite*	-0.5%	2.5%	2.4%	4.8%	3.9%	3.9%	4.4%	0.0%
Alerian MLP	1.1%	37.4%	42.3%	14.2%	6.1%	4.6%	2.2%	5.8%

*Sources: Morningstar, FactSet. As of November 30, 2022. *Consumer Price Index and HFRI indexes as of October 31, 2022.*

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Asset Allocation

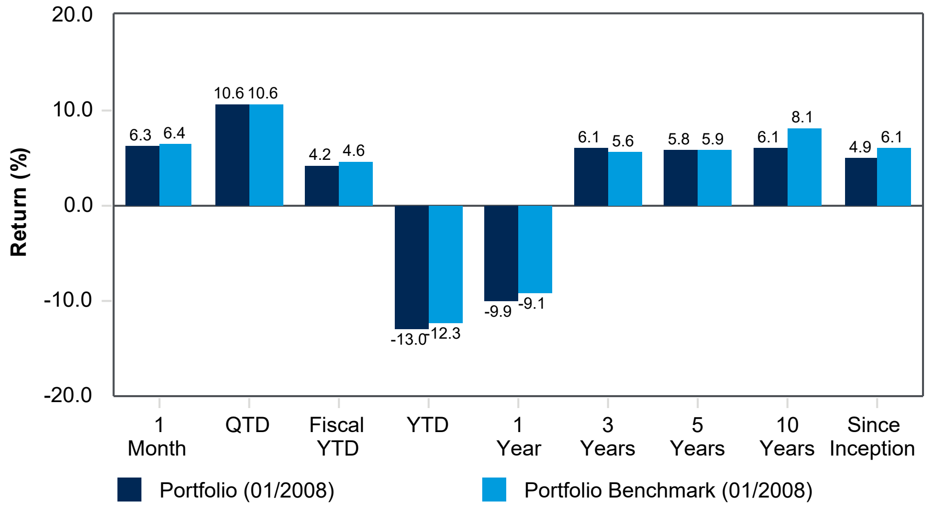
Total Plan | As of November 30, 2022

	Asset Allocation ($)	Asset Allocation (%)	Target Allocation (%)	Differences (%)
Total Plan	**211,781,242**	**100.0**	**100.0**	**0.0**
Prepaid Pension Benefits	-5,158,802	-2.4	0.0	-2.4
Total Invested Assets	**216,940,044**	**102.4**	**100.0**	**2.4**
Short Term Liquidity	**3,568,456**	**1.7**	**0.0**	**1.7**
Key Bank Cash Portfolio	3,532,282	1.7	0.0	1.7
First American Govt Oblig Fund Z	36,174	0.0	0.0	0.0
Fixed Income	**47,743,182**	**22.5**	**25.0**	**-2.5**
JIC Core Bond Fund I	34,723,181	16.4	17.5	-1.1
BlackRock Strategic Income Opportunities K	13,020,001	6.1	7.5	-1.4
Equity	**153,333,244**	**72.4**	**68.0**	**4.4**
Domestic Equity	**89,347,706**	**42.2**	**40.0**	**2.2**
Mellon Large Cap Core	68,496,372	32.3	31.0	1.3
Mellon Smid Cap Core	20,851,334	9.8	9.0	0.8
International Equity	**63,149,818**	**29.8**	**27.5**	**2.3**
Mellon EAFE Fund	47,186,317	22.3	20.5	1.8
Mellon Emerging Markets	15,963,501	7.5	7.0	0.5
Private Equity	**835,721**	**0.4**	**0.5**	**-0.1**
Hamilton Lane II	23,945	0.0	-	-
Hamilton Lane VII A	570,403	0.3	-	-
Hamilton Lane VII B	241,373	0.1	-	-
Real Assets	**12,295,162**	**5.8**	**7.0**	**-1.2**
UBS Trumbull Property Fund	11,972,991	5.7	6.0	-0.3
Molpus SWF II	322,171	0.2	1.0	-0.8

Portfolio Dashboard

Total Invested Assets — **As of November 30, 2022**

Historical Performance



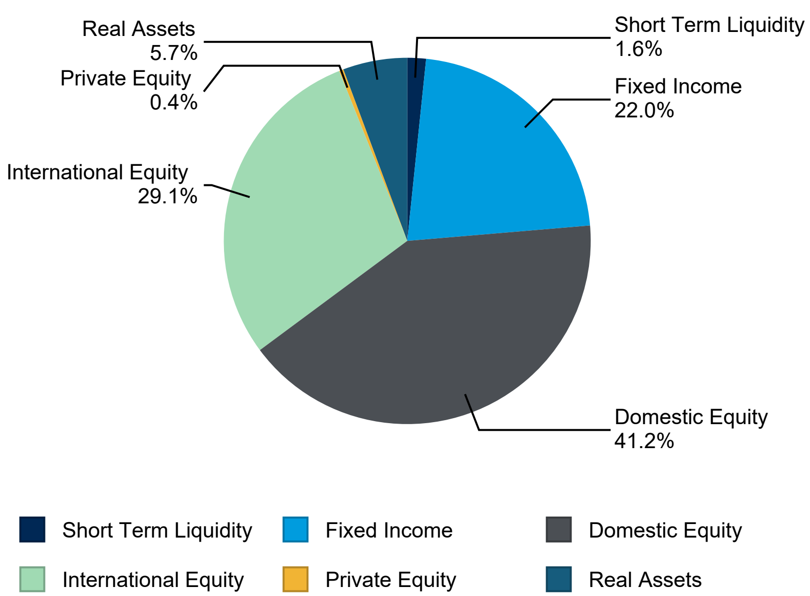
Summary of Cash Flows

	1 Month	QTD	Fiscal YTD	YTD	1 Year
Total Invested Assets					
Beginning Market Value	204,119,931	196,190,500	213,971,670	256,267,482	248,021,422
Net Contributions	-2,342	-3,175	-5,784,570	-5,784,570	-6,328,081
Gain/Loss	12,822,455	20,752,720	8,752,943	-33,542,867	-24,753,297
Ending Market Value	216,940,044	216,940,044	216,940,044	216,940,044	216,940,044

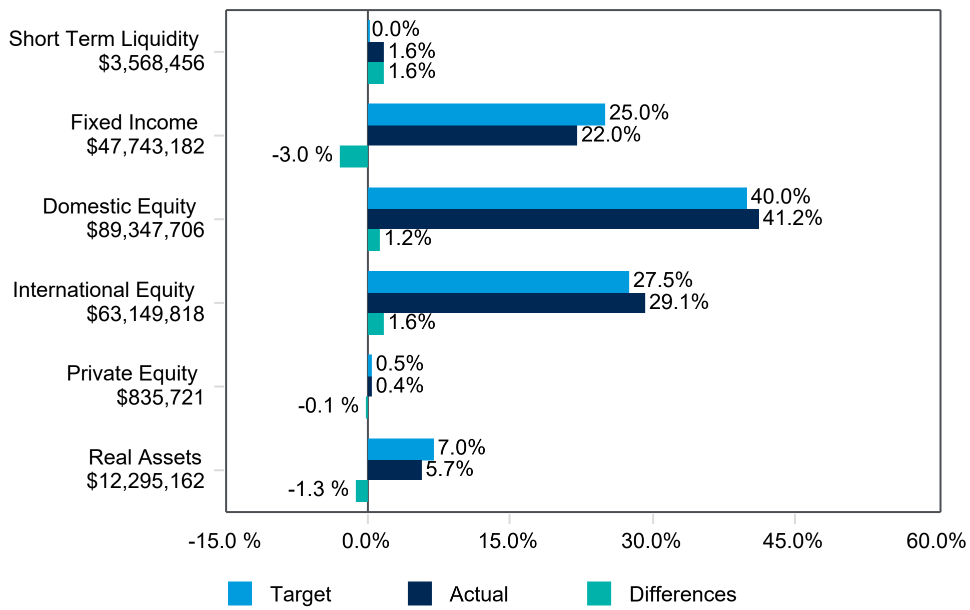
Current Benchmark Composition

From Date	To Date	
09/2022	Present	25.00% Blmbg. U.S. Aggregate, 31.50% S&P 500, 9.00% Russell 2500 Index, 20.50% MSCI EAFE (Net), 7.00% MSCI Emerging Markets (Net), 6.00% NCREIF Fund Index - ODCE (net), 1.00% NCREIF Timberland Index

Portfolio Allocation



Actual vs. Target Allocations



Asset Allocation

Total Invested Assets — As of November 30, 2022

	Asset Allocation ($)	Asset Allocation (%)	Target Allocation (%)	Differences (%)
Total Invested Assets	**216,940,044**	**100.0**	**100.0**	**0.0**
Short Term Liquidity	**3,568,456**	**1.6**	**0.0**	**1.6**
Key Bank Cash Portfolio	3,532,282	1.6	0.0	1.6
First American Govt Oblig Fund Z	36,174	0.0	0.0	0.0
Fixed Income	**47,743,182**	**22.0**	**18.0**	**4.0**
JIC Core Bond Fund I	34,723,181	16.0	15.0	1.0
BlackRock Strategic Income Opportunities K	13,020,001	6.0	3.0	3.0
Equity	**153,333,244**	**70.7**	**75.0**	**-4.3**
Domestic Equity	**89,347,706**	**41.2**	**41.5**	**-0.3**
Mellon Large Cap Core	68,496,372	31.6	31.0	0.6
Mellon Smid Cap Core	20,851,334	9.6	10.5	-0.9
International Equity	**63,149,818**	**29.1**	**33.0**	**-3.9**
Mellon EAFE Fund	47,186,317	21.8	23.0	-1.2
Mellon Emerging Markets	15,963,501	7.4	10.0	-2.6
Private Equity	**835,721**	**0.4**	**0.5**	**-0.1**
Hamilton Lane II	23,945	0.0	-	-
Hamilton Lane VII A	570,403	0.3	-	-
Hamilton Lane VII B	241,373	0.1	-	-
Real Assets	**12,295,162**	**5.7**	**7.0**	**-1.3**
UBS Trumbull Property Fund	11,972,991	5.5	6.0	-0.5
Molpus SWF II	322,171	0.1	1.0	-0.9

Manager Performance

Total Invested Assets (excluding Prepaid) | **As of November 30, 2022**

	Allocation		Performance(%)									
	Market Value ($)	%	1 Month	QTD	Fiscal YTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Invested Assets (excluding Prepaid)	**216,940,044**	**100.0**	**6.3**	**10.6**	**4.2**	**-13.0**	**-9.9**	**6.1**	**5.8**	**6.1**	**4.9**	**01/2008**
Policy Benchmark			*6.4*	*10.6*	*4.6*	*-12.3*	*-9.1*	*5.6*	*5.9*	*8.1*	*6.1*	
Short Term Liquidity	**3,568,456**	**1.6**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**-**	**-**	**-**	**0.0**	**01/2021**
90 Day U.S. Treasury Bill			*0.3*	*0.5*	*0.9*	*1.1*	*1.1*	*0.6*	*1.2*	*0.7*	*0.6*	
Key Bank Cash Portfolio	**3,532,282**	**1.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-**	**-**	**-**	**0.0**	**01/2021**
90 Day U.S. Treasury Bill			*0.3*	*0.5*	*0.9*	*1.1*	*1.1*	*0.6*	*1.2*	*0.7*	*0.6*	
First American Govt Oblig Fund Z	**36,174**	**0.0**	**0.3**	**0.3**	**0.7**	**-**	**-**	**-**	**-**	**-**	**-**	**02/2022**
90 Day U.S. Treasury Bill			*0.3*	*0.5*	*0.9*	*1.1*	*1.1*	*0.6*	*1.2*	*0.7*	*1.1*	
Fixed Income	**47,743,182**	**22.0**	**3.3**	**2.3**	**-2.0**	**-12.1**	**-12.5**	**-**	**-**	**-**	**-7.5**	**01/2021**
Blmbg. U.S. Aggregate			*3.7*	*2.3*	*-2.5*	*-12.6*	*-12.8*	*-2.6*	*0.2*	*1.1*	*-7.5*	
JIC Core Bond Fund I	**34,723,181**	**16.0**	**3.9**	**2.7**	**-2.3**	**-13.1**	**-13.4**	**-2.3**	**0.5**	**1.5**	**-4.0**	**03/2020**
Blmbg. U.S. Aggregate			*3.7*	*2.3*	*-2.5*	*-12.6*	*-12.8*	*-2.6*	*0.2*	*1.1*	*-4.1*	
IM U.S. Broad Market Core Fixed Income (MF) Median			3.7	2.2	-2.5	-13.3	-13.5	-2.6	0.1	1.1	-4.0	
JIC Core Bond Fund I Rank			21	15	27	42	50	34	22	14	48	
BlackRock Strategic Income Opportunities K	**13,020,001**	**6.0**	**1.7**	**1.5**	**-0.3**	**-5.7**	**-5.3**	**1.1**	**2.0**	**2.4**	**-4.7**	**02/2022**
Blmbg. U.S. Aggregate			*3.7*	*2.3*	*-2.5*	*-12.6*	*-12.8*	*-2.6*	*0.2*	*1.1*	*-10.7*	
IM Alternative Credit Focus (MF) Median			2.3	2.6	1.0	-7.5	-6.3	0.2	1.0	1.5	-5.6	
BlackRock Strategic Income Opportunities K Rank			57	61	77	43	44	37	24	18	40	

Manager performance for mutual funds and ETFs is based on NAV and provided by Lipper. Performance for non-mutual fund or ETF investments is based on the returns provided by managers, calculations based on a manager statement, or calculations based on a statement or data from the client's custodian. Funds may include returns of an equivalent share class with a longer return history if period includes dates prior to the fund's inception. Returns are net of fees unless otherwise stated. The fund's inception date represents the first month the client made the investment. Composite performance includes all funds held in the composite since inception. Inception dates for asset class composites reflect the start date at which these returns could be calculated using historical and existing system capabilities and may vary from the inception dates of underlying component strategies.

Manager Performance

Total Invested Assets (excluding Prepaid) — **As of November 30, 2022**

	Allocation		Performance(%)									
	Market Value ($)	%	1 Month	QTD	Fiscal YTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Equity	**153,333,244**	**70.7**	**8.0**	**14.6**	**6.9**	**-14.1**	**-10.5**	**-**	**-**	**-**	**1.0**	**01/2021**
MSCI AC World Index (Net)			*7.8*	*14.3*	*6.5*	*-15.0*	*-11.6*	*6.6*	*6.4*	*8.7*	*0.4*	
Domestic Equity	**89,347,706**	**41.2**	**5.3**	**14.1**	**9.2**	**-13.0**	**-9.4**	**-**	**-**	**-**	**4.9**	**01/2021**
Domestic Equity Benchmark			*5.3*	*14.2*	*9.2*	*-13.1*	*-9.5*	*10.4*	*9.9*	*12.7*	*5.1*	
Mellon Large Cap Core	**68,496,372**	**31.6**	**5.6**	**14.1**	**8.6**	**-13.1**	**-9.2**	**10.9**	**10.9**	**-**	**12.8**	**04/2016**
S&P 500			*5.6*	*14.1*	*8.6*	*-13.1*	*-9.2*	*10.9*	*11.0*	*13.3*	*12.9*	
IM U.S. Large Cap Core Equity (MF) Median			5.8	14.2	8.4	-13.7	-9.9	10.1	10.3	12.4	12.1	
Mellon Large Cap Core Rank			64	52	45	42	44	28	29	-	22	
Mellon Smid Cap Core	**20,851,334**	**9.6**	**4.2**	**14.3**	**11.1**	**-13.1**	**-10.2**	**8.1**	**7.4**	**-**	**10.6**	**04/2016**
Russell 2500 Index			*4.2*	*14.2*	*11.0*	*-13.2*	*-10.4*	*7.9*	*7.3*	*11.0*	*10.4*	
IM U.S. SMID Cap Equity (MF) Median			4.7	14.4	10.6	-14.0	-10.2	7.6	6.9	10.7	10.0	
Mellon Smid Cap Core Rank			60	53	44	45	51	43	40	-	37	
International Equity	**63,149,818**	**29.1**	**12.1**	**15.6**	**4.2**	**-15.5**	**-12.0**	**-**	**-**	**-**	**-5.8**	**01/2021**
International Equity Benchmark			*12.2*	*15.8*	*4.4*	*-15.4*	*-11.9*	*2.5*	*1.6*	*4.0*	*-5.2*	
Mellon EAFE Fund	**47,186,317**	**21.8**	**11.2**	**17.2**	**6.4**	**-14.1**	**-9.7**	**2.4**	**2.3**	**-**	**5.7**	**04/2016**
MSCI EAFE (Net)			*11.3*	*17.2*	*6.3*	*-14.5*	*-10.1*	*1.9*	*1.8*	*5.0*	*5.2*	
IM International Large Cap Core Equity (MF) Median			13.0	19.5	7.4	-13.4	-9.1	2.5	1.8	4.5	5.0	
Mellon EAFE Fund Rank			84	77	64	61	56	52	35	-	32	
Mellon Emerging Markets	**15,963,501**	**7.4**	**14.9**	**11.2**	**-1.8**	**-19.5**	**-18.0**	**-0.1**	**-0.6**	**-**	**4.7**	**04/2016**
MSCI Emerging Markets (Net)			*14.8*	*11.3*	*-1.6*	*-19.0*	*-17.4*	*0.1*	*-0.4*	*2.1*	*4.8*	
IM Emerging Markets Equity (MF) Median			14.7	12.8	0.0	-20.3	-19.0	-0.1	-0.6	2.0	4.5	
Mellon Emerging Markets Rank			46	72	79	42	44	51	49	-	46	
Private Equity	**835,721**	**0.4**	**0.0**	**0.0**	**0.0**	**-6.2**	**-4.9**	**-**	**-**	**-**	**5.8**	**01/2021**
Hamilton Lane II	**23,945**	**0.0**	**0.0**	**0.0**	**0.0**	**-7.8**	**-20.7**	**-2.5**	**8.3**	**11.2**	**14.2**	**03/2009**
Hamilton Lane VII A	**570,403**	**0.3**	**0.0**	**0.0**	**0.0**	**-6.4**	**-4.3**	**14.0**	**14.0**	**13.3**	**12.4**	**07/2011**
Hamilton Lane VII B	**241,373**	**0.1**	**0.0**	**0.0**	**0.0**	**-5.4**	**-3.1**	**4.7**	**6.5**	**9.1**	**9.1**	**07/2011**

Manager performance for mutual funds and ETFs is based on NAV and provided by Lipper. Performance for non-mutual fund or ETF investments is based on the returns provided by managers, calculations based on a manager statement, or calculations based on a statement or data from the client's custodian. Funds may include returns of an equivalent share class with a longer return history if period includes dates prior to the fund's inception. Returns are net of fees unless otherwise stated. The fund's inception date represents the first month the client made the investment. Composite performance includes all funds held in the composite since inception. Inception dates for asset class composites reflect the start date at which these returns could be calculated using historical and existing system capabilities and may vary from the inception dates of underlying component strategies.

Manager Performance

Total Invested Assets (excluding Prepaid) | **As of November 30, 2022**

	Allocation		Performance(%)									
	Market Value ($)	%	1 Month	QTD	Fiscal YTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Real Assets	**12,295,162**	**5.7**	**0.0**	**0.0**	**-3.0**	**3.6**	**10.7**	**-**	**-**	**-**	**9.9**	**01/2021**
UBS Trumbull Property Fund	**11,972,991**	**5.5**	**0.0**	**0.0**	**-3.0**	**7.8**	**13.3**	**5.6**	**4.4**	**-**	**4.5**	**07/2016**
NCREIF Fund Index - ODCE (net)			*0.0*	*0.0*	*0.3*	*12.4*	*21.0*	*11.4*	*9.3*	*9.9*	*8.5*	
Molpus SWF II	**322,171**	**0.1**	**0.0**	**0.0**	**0.0**	**-15.7**	**0.5**	**-1.4**	**-0.9**	**2.0**	**1.6**	**03/2009**
NCREIF Timberland Index			*0.0*	*0.0*	*2.4*	*7.6*	*12.5*	*5.8*	*4.7*	*5.7*	*4.0*	

Valuations data as of:
Hamilton Lane VII, Hamilton Lane II and Molpus SWF II - 6/30/2022
UBS Trumbull Property Fund - 9/30/2022

All private equity and real estate assets are adjusted for any capital activity.

Manager performance for mutual funds and ETFs is based on NAV and provided by Lipper. Performance for non-mutual fund or ETF investments is based on the returns provided by managers, calculations based on a manager statement, or calculations based on a statement or data from the client's custodian. Funds may include returns of an equivalent share class with a longer return history if period includes dates prior to the fund's inception. Returns are net of fees unless otherwise stated. The fund's inception date represents the first month the client made the investment. Composite performance includes all funds held in the composite since inception. Inception dates for asset class composites reflect the start date at which these returns could be calculated using historical and existing system capabilities and may vary from the inception dates of underlying component strategies.

Benchmark History

Policy Benchmark | As of November 30, 2022

Members	Weight (%)
Sep-2022	
Blmbg. U.S. Aggregate	25.00
S&P 500	31.50
Russell 2500 Index	9.00
MSCI EAFE (Net)	20.50
MSCI Emerging Markets (Net)	7.00
NCREIF Fund Index - ODCE (net)	6.00
NCREIF Timberland Index	1.00
May-2021	
Blmbg. U.S. Aggregate	18.00
S&P 500	31.50
Russell 2500 Index	10.50
MSCI EAFE (Net)	23.00
MSCI Emerging Markets (Net)	10.00
NCREIF Fund Index - ODCE (net)	6.00
NCREIF Timberland Index	1.00
Dec-2019	
Blmbg. U.S. Aggregate	20.00
S&P 500	32.00
Russell 2500 Index	18.00
MSCI EAFE (Net)	10.00
MSCI Emerging Markets (Net)	10.00
NCREIF Fund Index - ODCE (net)	8.00
NCREIF Timberland Index	2.00

Members	Weight (%)
Jun-2017	
Blmbg. Intermed. U.S. Government/Credit	20.00
S&P 500	30.00
Russell 2500 Index	18.00
S&P Completion Index	2.00
MSCI EAFE (Net)	10.00
MSCI Emerging Markets (Net)	10.00
NCREIF Fund Index - ODCE (net)	8.00
NCREIF Timberland Index	2.00
Jan-2016	
Blmbg. Intermed. U.S. Government/Credit	28.00
S&P 500	30.00
Russell 2500 Index	18.00
S&P Completion Index	2.00
MSCI EAFE (Net)	10.00
MSCI Emerging Markets (Net)	10.00
NCREIF Timberland Index	2.00
Jan-2008	
Blmbg. U.S. Aggregate	20.00
S&P 500	32.00
Russell 2500 Index	18.00
MSCI EAFE (Net)	10.00
MSCI Emerging Markets (Net)	10.00
NCREIF Fund Index - ODCE (net)	8.00
NCREIF Timberland Index	2.00

Definitions & Disclosures

Please note: Due to rounding methodologies of various data providers, certain returns in this report might differ slightly when compared to other sources

REGULATORY DISCLOSURES

Offer of ADV Part 2A: Rule 204-3 under the Investment Advisers Act of 1940 requires that we make an annual offer to clients to send them, without charge, a written disclosure statement meeting the requirements of such rule. We will be glad to send a copy of our ADV Part 2A to you upon your written request to compliance@fiducient.com.

INDEX DEFINITIONS

- **Citigroup 3 Month T-Bill** measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indexes consist of the last three three-month Treasury bill issues.
- **Ryan 3 Yr. GIC** is an arithmetic mean of market rates of $1 million Guaranteed Interest Contracts held for three years.
- **Bloomberg Treasury U.S. T-Bills-1-3 Month Index** includes aged U.S. Treasury bills, notes and bonds with a remaining maturity from 1 up to (but not including) 3 months. It excludes zero coupon strips.
- **Bloomberg Capital US Treasury Inflation Protected Securities Index** consists of Inflation-Protection securities issued by the U.S. Treasury.
- **Bloomberg Muni Index** is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. Bonds must be rated investment-grade by at least two ratings agencies.
- **Bloomberg Muni 1 Year Index** is the 1-year (1-2) component of the Municipal Bond index.
- **Bloomberg Muni 3 Year Index** is the 3-year (2-4) component of the Municipal Bond index.
- **Bloomberg Muni 5 Year Index** is the 5-year (4-6) component of the Municipal Bond index.
- **Bloomberg Muni 7 Year Index** is the 7-year (6-8) component of the Municipal Bond index.
- **Bloomberg Intermediate U.S. Gov't/Credit** is the Intermediate component of the U.S. Government/Credit index, which includes securities in the Government and Credit Indices. The Government Index includes treasuries and agencies, while the credit index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **Bloomberg U.S. Aggregate Index** covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.
- **Bloomberg Global Aggregate ex. USD Indices** represent a broad-based measure of the global investment-grade fixed income markets. The two major components of this index are the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds and Canadian government, agency and corporate securities.
- **Bloomberg U.S. Corporate High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.
- **JP Morgan Government Bond Index-Emerging Market (GBI-EM) Index** is a comprehensive, global local emerging markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.
- **The S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- **The Dow Jones Industrial Index** is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry.
- **The NASDAQ** is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.
- **Russell 3000** is a market-cap-weighted index which consists of roughly 3,000 of the largest companies in the U.S. as determined by market capitalization. It represents nearly 98% of the investable U.S. equity market.
- **Russell 1000** consists of the largest 1000 companies in the Russell 3000 Index.
- **Russell 1000 Growth** measures the performance of those Russell 1000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 1000 Value** measures the performance of those Russell 1000 companies with lower P/B ratios and lower forecasted growth values.
- **Russell Mid Cap** measures the performance of the 800 smallest companies in the Russell 1000 Index.
- **Russell Mid Cap Growth** measures the performance of those Russell Mid Cap companies with higher P/B ratios and higher forecasted growth values.
- **Russell Mid Cap Value** measures the performance of those Russell Mid Cap companies with lower P/B ratios and lower forecasted growth values.
- **Russell 2000** consists of the 2,000 smallest U.S. companies in the Russell 3000 index.
- **Russell 2000 Growth** measures the performance of the Russell 2000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 2000 Value** measures the performance of those Russell 2000 companies with lower P/B ratios and lower forecasted growth values.
- **Russell 2500** consists of the 2,500 smallest U.S. companies in the Russell 3000 index.
- **Russell 2500 Growth** measures the performance of the Russell 2500 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 2500 Value** measures the performance of those Russell 2500 companies with lower P/B ratios and lower forecasted growth values.
- **MSCI World** captures large and mid-cap representation across 23 Developed Markets countries. With 1,645 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
- **MSCI ACWI (All Country World Index) ex. U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets countries (excluding the United States) and 23 Emerging Markets countries. With 1,859 constituents, the index covers approximately 85% of the global equity opportunity set outside the US.
- **MSCI ACWI (All Country World Index) ex. U.S. Small Cap Index** captures small cap representation across 22 of 23 Developed Markets countries (excluding the US) and 23 Emerging Markets countries. With 4,368 constituents, the index covers approximately 14% of the global equity opportunity set outside the US.
- **MSCI EAFE** is an equity index which captures large and mid-cap representation across Developed Markets countries around the world, excluding the US and Canada. With 930 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

- **MSCI EAFE Value** captures large and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. With 507 constituents, the index targets 50% coverage of the free float- adjusted market capitalization of the MSCI EAFE Index.
- **MSCI EAFE Growth** captures large and mid-cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the US and Canada. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend. With 542 constituents, the index targets 50% coverage of the free float-adjusted market capitalization of the MSCI EAFE Index.
- **MSCI Emerging Markets** captures large and mid-cap representation across 23 Emerging Markets countries. With 836 constituents, the index covers approximately 85% of the free-float adjusted market capitalization in each country.
- **Consumer Price Index** is a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.
- **FTSE NAREIT Equity REITs Index** contains all Equity REITs not designed as Timber REITs or Infrastructure REITs.
- **S&P Developed World Property** defines and measures the investable universe of publicly traded property companies domiciled in developed markets. The companies in the index are engaged in real estate related activities, such as property ownership, management, development, rental and investment.
- **S&P Developed World Property x U.S.** defines and measures the investable universe of publicly traded property companies domiciled in developed countries outside of the U.S. The companies included are engaged in real estate related activities, such as property ownership, management, development, rental and investment.
- **Fund Specific Broad Real Asset Benchmarks:**
  - **DWS Real Assets:** 30%: Dow Jones Brookfield Infrastructure Index, 30%: FTSE EPRA/NAREIT Developed Index,15%: Bloomberg Commodity Index, 15%: S&P Global Natural Resources Index, 10%: U.S. Treasury Inflation Notes Total Return Index
  - **PIMCO Inflation Response Multi Asset Fund:** 45% Bloomberg U.S. TIPS, 20% Bloomberg Commodity Index, 15% JP Morgan Emerging Local Markets Plus, 10% Dow Jones Select REIT, 10% Bloomberg Gold Subindex Total Return
  - **Principal Diversified Real Assets:** 35% BBgBarc U.S. Treasury TIPS Index, 20% S&P Global Infrastructure Index NTR, 20% S&P Global Natural Resources Index NTR, 15% Bloomberg Commodity Index, and 10% FTSE EPRA/NAREIT Developed Index NTR
  - **Wellington Diversified Inflation H:** 50% MSCI ACWI Commodity Producers Index, 25% Bloomberg Commodity Index, and 25% Bloomberg Bloomberg US TIPS 1 – 10 Year Index
- **Bloomberg Commodity Index** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification.
- **HFRI Fund Weighted Composite Index** is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of $50 Million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.
- **The Alerian MLP Index** is the leading gauge of energy Master Limited Partnerships (MLPs). The float adjusted, capitalization-weighted index, whose constituents represent approximately 85% of total float-adjusted market capitalization, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis.
- **The Adjusted Alerian MLP Index** is commensurate with 65% of the monthly returns of the Alerian MLP Index to incorporate the effect of deferred tax liabilities incurred by MLP entities.
- **Cambridge Associates U.S. Private Equity Index** is based on data compiled from more than 1,200 institutional-quality buyout, growth equity, private equity energy, and mezzanine funds formed between 1986 and 2015.
- **Cambridge Associates U.S. Venture Capital Index** is based on data compiled from over 1,600 institutional-quality venture capital funds formed between 1986 and 2015.
- **Vanguard Spliced Bloomberg US1-5Yr Gov/Cr Flt Adj Index:** Bloomberg U.S. 1–5 Year Government/Credit Bond Index through December 31, 2009; Bloomberg U.S. 1–5 Year Government/Credit Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg US5-10Yr Gov/Cr Flt Adj Index:** Bloomberg U.S. 5–10 Year Government/Credit Bond Index through December 31, 2009; Bloomberg U.S. 5–10 Year Government/Credit Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg US Agg Flt Adj Index:** Bloomberg U.S. Aggregate Bond Index through December 31, 2009; Bloomberg U.S. Aggregate Float Adjusted Index thereafter.
- **Vanguard Spliced Bloomberg US Long Gov/Cr Flt Adj Index:** Bloomberg U.S. Long Government/Credit Bond Index through December 31, 2009; Bloomberg U.S. Long Government/Credit Float Adjusted Index thereafter.
- **Vanguard Balanced Composite Index:** Made up of two unmanaged benchmarks, weighted 60% Dow Jones U.S. Total Stock Market Index (formerly the Dow Jones Wilshire 5000 Index) and 40% Bloomberg U.S. Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Float Adjusted Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Blomberg U.S. Aggregate Float Adjusted Index thereafter.
- **Vanguard Spliced Intermediate-Term Tax-Exempt Index:** Bloomberg 1–15 Year Municipal Bond Index.
- **Vanguard Spliced Extended Market Index:** Dow Jones Wilshire 4500 Index through June 17, 2005; S&P Transitional Completion Index through September 16, 2005; S&P Completion Index thereafter.
- **Vanguard Spliced Value Index:** S&P 500 Value Index (formerly the S&P 500/Barra Value Index) through May 16, 2003; MSCI US Prime Market Value Index through April 16, 2013; CRSP US Large Cap Value Index thereafter.
- **Vanguard Spliced Large Cap Index:** Consists of MSCI US Prime Market 750 Index through January 30, 2013, and the CRSP US Large Cap Index thereafter.
- **Vanguard Spliced Growth Index:** S&P 500 Growth Index (formerly the S&P 500/Barra Growth Index) through May 16, 2003; MSCI US Prime Market Growth Index through April 16, 2013; CRSP US Large Cap Growth Index thereafter.
- **Vanguard Spliced Mid Cap Value Index:** MSCI US Mid Cap Value Index through April 16, 2013; CRSP US Mid Cap Value Index thereafter.
- **Vanguard Spliced Mid Cap Index:** S&P MidCap 400 Index through May 16, 2003; the MSCI US Mid Cap 450 Index through January 30, 2013; and the CRSP US Mid Cap Index thereafter.
- **Vanguard Spliced Mid Cap Growth Index:** MSCI US Mid Cap Growth Index through April 16, 2013; CRSP US Mid Cap Growth Index thereafter.
- **Vanguard Spliced Total Stock Market Index:** Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter.
- **Vanguard Spliced Small Cap Value Index:** SmallCap 600 Value Index (formerly the S&P SmallCap 600/Barra Value Index) through May 16, 2003; MSCI US Small Cap Value Index through April 16, 2013; CRSP US Small Cap Value Index thereafter.

- **Vanguard Spliced Small Cap Index:** Russell 2000 Index through May 16, 2003; the MSCI US Small Cap 1750 Index through January 30, 2013; and the CRSP US Small Cap Index thereafter.
- **Vanguard Spliced Small Cap Growth Index:** S&P SmallCap 600 Growth Index (formerly the S&P SmallCap 600/Barra Value Index) through May 16, 2003; MSCI US Small Cap Growth Index through April 16, 2013; CRSP US Small Cap Growth Index thereafter.
- **Vanguard Spliced Total International Stock Index:** Consists of the Total International Composite Index through August 31, 2006; the MSCI EAFE + Emerging Markets Index through December 15, 2010; the MSCI AC USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard Spliced Developed Markets Index:** MSCI EAFE Index through May 28, 2013; FTSE Developed ex North America Index through December 20, 2015; FTSE Developed All Cap ex US Transition Index through May 31, 2016; FTSE Developed All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard Spliced Emerging Markets Index:** Select Emerging Markets Index through August 23, 2006; MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index through June 27, 2013; FTSE Emerging Index through November 1, 2015; and FTSE Emerging Markets All Cap China A Transition Index thereafter. Benchmark returns are adjusted for withholding taxes.
- **Vanguard REIT Spliced Index:** MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index through January 31, 2018; MSCI US Investable Market Real Estate 25/50 Transition Index through July 24, 2018; MSCI US Investable Market Real Estate 25/50 Index thereafter.

Additional:

- Equity sector returns are calculated by Russell and MSCI for domestic and international markets, respectively. MSCI sector definitions correspond to the MSCI GICS® classification (Global Industry Classification System); Russell uses its own sector and industry classifications.
- MSCI country returns are calculated by MSCI and are free float-adjusted market capitalization indices that are designed to measure equity market performance in each specific country.
- Currency returns are calculated using Bloomberg's historical spot rate indices and are calculated using the U.S. dollar as the base currency.
- The Index of Leading Economic Indicators, calculated by The Conference Board, is used as a barometer of economic activity over a range of three to six months. The index is used to determine the direction and stability of the economy. The composite index of leading indicators, which is derived from 10 leading indicators, helps to signal turning points in the economy and forecast economic cycles. The leading indicators are the following: average weekly hours, average weekly initial claims, manufacturers' new orders, both consumer and non-defense capital goods, vendor performance, building permits, stock prices, money supply (M2), the interest rate spread and the index of consumer expectations.
- S&P Target Date Indexes are constructed using a survey method of current target date investments with $100 million or more in assets under management. Allocations for each vintage are comprised of exchange-traded- funds that represent respective asset classes used in target date portfolios. The indexes are designed to represent a market consensus glide path.

DEFINITION OF KEY STATISTICS AND TERMS

- **Returns:** A percentage figure used when reporting historical average compounded rate of investment return. All returns are annualized if the period for which they are calculated exceeds one year.
- **Universe Comparison:** The universe compares the fund's returns to a group of other investment portfolios with similar investment strategies. The returns for the fund, the index and the universe percentiles are displayed. A percentile ranking of 1 is the best, while a percentile ranking of 100 is the worst. For example, a ranking of 50 indicates the fund outperformed half of the universe. A ranking of 25 indicates the fund was in the top 25% of the universe, outperforming75%.
- **Returns In Up/Down Markets:** This measures how the fund performed in both up and down markets. The methodology is to segregate the performance for each time period into the quarters in which the market, as defined by the index, was positive and negative. Quarters with negative index returns are treated as down markets, and quarters with positive index returns are treated as up markets. Thus, in a 3 year or 12 quarter period, there might be 4 down quarters and 8 up quarters. A simple arithmetic average of returns is calculated for the fund and the index based on the up quarters. A simple arithmetic average of returns is calculated for the fund and the index based on the down quarters. The up market capture ratio is the ratio of the fund's return in up markets to the index. The down market capture ratio is the ratio of the fund's return in down markets to the index. Ideally, the fund would have a greater up market capture ratio than down market capture ratio.
- **Standard Deviation:** Standard deviation is a statistical measure of the range of performance within which the total returns of a fund fall. When a fund has a high standard deviation, the range of performance is very wide, meaning there is a greater volatility. Approximately 68% of the time, the total return of any given fund will differ from the average total return by no more than plus or minus the standard deviation figure. Ninety-five percent of the time, a fund's total return will be within a range of plus or minus two times the standard deviation from the average total return. If the quarterly or monthly returns are all the same the standard deviation will be zero. The more they vary from one another, the higher the standard deviation. Standard deviation can be misleading as a risk indicator for funds with high total returns because large positive deviations will increase the standard deviation without a corresponding increase in the risk of the fund. While positive volatility is welcome, negative is not.
- **R-Squared**: This reflects the percentage of a fund's movements that are explained by movements in its benchmark index. An R-squared of 100 means that all movements of a fund are completely explained by movements in the index. Conversely, a low R-squared indicates very few of the fund's movements are explained by movements in the benchmark index. R-squared can also be used to ascertain the significance of a particular beta. Generally, a higher R-squared will indicate a more reliable beta figure. If the R-squared is lower, then the beta is less relevant to the fund's performance. A measure of diversification, R-squared indicates the extent to which fluctuations in portfolio returns are explained by market. An R-squared = 0.70 implies that 70% of the fluctuation in a portfolio's return is explained by the fluctuation in the market. In this instance, overweighting or underweighting of industry groups or individual securities is responsible for 30% of the fund's movement.
- **Beta**: This is a measure of a fund's market risk. The beta of the market is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the market in up markets and 10% worse that the market in down markets. It is important to note, however, a low fund beta does not imply the fund has a low level of volatility; rather, a low beta means only that the fund's market-related risk is low. Because beta analyzes the market risk of a fund by showing how responsive the fund is to the market, its usefulness depends on the degree to which the markets determine the fund's total risk (indicated by R-squared).
- **Alpha:** The Alpha is the nonsystematic return, or the return that can't be attributed to the market. It can be thought of as how the <u>manager</u> performed if the market's return was zero. A <u>positive</u> alpha implies the manager added value to the return of the portfolio over that of the market. A <u>negative</u> alpha implies the manager did not contribute any value over the performance of the market.
- **Sharpe Ratio:** The Sharpe ratio is the excess return per unit of total risk as measured by standard deviation. Higher numbers are better, indicating more return for the level of risk experienced. The ratio is a fund's return minus the risk-free rate of return (30-day T-Bill rate) divided by the fund's standard deviation. The <u>higher</u> the Sharpe ratio, the more reward you are receiving per unit of total risk. This measure can be used to rank the performance of mutual funds or other portfolios.
- **Treynor Ratio:** The Treynor ratio measures returns earned in excess of that which could have been earned on a riskless investment per each unit of market risk. The ratio relates excess return over the risk-free rate to the additional risk taken; however, systematic risk is used instead of total risk. The Treynor ratio is similar to the Sharpe ratio, except in the fact that it uses the beta to evaluate the returns rather than the standard deviation of portfolio returns. High values mean better return for risk taken.

- **Tracking Error:** Tracking error measures the volatility of the difference in annual returns between the manager and the index. This value is calculated by measuring the standard deviation of the difference betweer manager and index returns. For example, a tracking error of +/- 5 would mean there is about a 68% chance (1 standard deviation event) that the manager's returns will fall within +/- 5% of the benchmark's an return.
- **Information Ratio:** The information ratio is a measure of the consistency of excess return. This value is determined by taking the annualized excess return over a benchmark (style benchmark by default) and dividin the standard deviation of excess return.
- **Consistency:** Consistency shows the percent of the periods the fund has beaten the index and the percent of the periods the index has beat the fund. A high average for the fund (e.g., over 50) is desirable, indicating the fund has beaten the index frequently.
- **Downside Risk:** Downside risk is a measure similar to standard deviation but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the product.
- **M-Squared:** M-squared, or the Modigliani risk-adjusted performance measure is used to characterize how well a portfolio's return rewards an investor for the amount of risk taken, relative to that of some benchmark portfolio and to the risk-free rate.

DEFINITION OF KEY PRIVATE EQUITY TERMS

- **PIC (Paid in Capital):** The amount of committed capital that has been transferred from the limited partner to the general partner.
- **TVPI (Total Value to Paid in Capital):** Money returned to limited partners plus the fund's unrealized investments, divided by money paid-in to the partnership. The TVPI should equal RVPI plus DPI.
- **DPI (Distribution to Paid In Capital):** Money returned (distributions) to limited partners divided by money paid in to the partnership. Also called cash-on-cash multiple.
- **RVPI (Residual Value to Paid In Capital):** The value of a fund's unrealized investments divided by money paid-in to the partnership.
- **Internal rate of return (IRR):** This is the most appropriate performance benchmark for private equity investments. It is a time-weighted return expressed as a percentage. IRR uses the present sum of cash drawdowns (money invested), the present value of distributions (money returned from investments) and the current value of unrealized investments and applies a discount.
- **Commitment:** Every investor in a private equity fund commits to investing a specified sum of money in the fund partnership over a specified period of time. The fund records this as the limited partnership's capital commitment. The sum of capital commitments is equal to the size of the fund.
- **Capital Distribution:** These are the returns that an investor in a private equity fund receives. It is the income and capital realized from investments less expenses and liabilities. Once a limited partner has had their cost of investment returned, further distributions are actual profit. The partnership agreement determines the timing of distributions to the limited partner. It will also determine how profits are divided among the limited partners and general partner.
- **Carried Interest:** The share of profits that the fund manager is due once it has returned the cost of investment to investors. Carried interest is normally expressed as a percentage of the total profits of the fund.
- **Co-Investment**: Co-Investments are minority investments made alongside a private equity investor in an LBO, a recapitalization, or an expansion capital transaction. It is a passive, non-controlling investment, as the private equity firm involved will typically exercise control and perform monitoring functions.
- **General Partner (GP):** This can refer to the top-ranking partners at a private equity firm as well as the firm managing the private equity fund.
- **GP Commitments:** It is normal practice for the GP managing a private equity fund to also make a financial commitment to the fund on the same basis as the LPs in the fund, and this is seen as an important factor driving the alignment of GP and LP interests. The historic benchmark for GP commitments has been 1% of the total fund size, but this is by no means universal, and many GPs commit significantly larger amounts. Furthermore, there has been a marked trend towards GPs making larger commitments to their funds over recent years.
- **Leveraged Buy-Out (LBO):** The acquisition of a company using debt and equity finance.
- **Limited Partner (LP):** Institutions or high-net-worth individuals/sophisticated investors that contribute capital to a private equity fund.
- **Public Market Equivalent (PME):** Performance measure used to evaluate performance relative to the market. It is calculated as the ratio of the discounted value of the LP's inflows divided by the discounted value of outflows, with the discounting performed using realized market returns.
- **Primaries:** An original investment vehicle that invests directly into a company or asset.

VALUATION POLICY

Fiducient Advisors does not engage an independent third-party pricing service to value securities. Our reports are generated using the security prices provided by custodians used by our clients. Our custodial pricing hierarchy is available upon request. If a client holds a security not reported by the first custodian within the hierarchy, the valuation is generated from the next custodian within the hierarchy, and so forth. Each custodian uses pricing services from outside vendors, where the vendors may generate nominally different prices. Therefore, this report can reflect minor valuation differences from those contained in a custodian's report. In rare instances where FA overrides a custodial price, prices are taken from Bloomberg.

REPORTING POLICY

This report is intended for the exclusive use of the client listed within the report. Content is privileged and confidential. Any dissemination or distribution is strictly prohibited. Information has been obtained from a variety of sources believed to be reliable though not independently verified. Any forecast represents median expectations and actual returns, volatilities and correlations will differ from forecasts. Please note each client has customized investment objectives and constraints and the investment strategy for each portfolio is based on a client-specific asset allocation model. Past performance does not indicate future performance and there is a possibility of a loss. Performance calculated net of investment fees. Certain portfolios presented may be gross of Fiducient Advisors' fees and actual performance would be reduced by investment advisory fees. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney, and accountant, as appropriate, regarding specific advice.

Custodian reports are the reports that govern the account. There will be different account values between Fiducient Advisors' reports and the custodian reports based on whether the report utilizes trade date or date to calculate value. Additionally, difference between values contained on reports may be caused by different accrued income values. Any forecasts represent future expectations and actual returns, volatilities and will differ from forecasts. This report does not represent a specific investment recommendation. Please consult with your advisor, attorney, and accountant, as appropriate, regarding specific advice. Past perfor not indicate future performance and there is a possibility of a loss.

Manager performance for mutual funds and ETFs is based on NAV and provided by Lipper. Performance for non-mutual fund or ETF investments is based on the returns provided by managers, calculations based on a manager statement, or calculations based on a statement or data from the client's custodian. Unless specified otherwise, all returns are net of individual manager fees, represent total returns and are annualized for periods greater than one year. The deduction of fees produces a compounding effect that reduces the total rate of return over time. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) $1,000,000 investment, (c) portfolio return of 8% a year, and (d) 0.50% annual investment advisory fee would be $5,228 in the first year, and cumulative effects of $30,342 over five years and $73,826 over ten years. Additional information on advisory fees charged by Fiducient Advisors are described in Part 2 of the Form ADV.

MATERIAL RISKS & LIMITATIONS

Fixed Income securities are subject to interest rate risks, the risk of default and liquidity risk. U.S. investors exposed to non-U.S. fixed income may also be subject to currency risk and fluctuations.
-Liability Driven Investing (LDI) Assets

Cash may be subject to the loss of principal and over longer period of time may lose purchasing power due to inflation.
-Short Term Liquidity

Domestic Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry factors, or other macro events. These may happen quickly and unpredictably.

International Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry impacts, or other macro events. These may happen quickly and unpredictably. International equity allocations may also be impact by currency and/or country specific risks which may result in lower liquidity in some markets.

Real Assets can be volatile and may include asset segments that may have greater volatility than investment in traditional equity securities. Such volatility could be influenced by a myriad of factors including, but not limited to overall market volatility, changes in interest rates, political and regulatory developments, or other exogenous events like weather or natural disaster.

Private Equity involves higher risk and is suitable only for sophisticated investors. Along with traditional equity market risks, private equity investments are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility and/or the potential loss of capital.

Private Credit involves higher risk and is suitable only for sophisticated investors. These assets are subject to interest rate risks, the riskof default and limited liquidity. U.S. investors exposed to non-U.S. private credit may also be subject to currency risk and fluctuations.

Private Real Estate involves higher risk and is suitable only for sophisticated investors. Real estate assets can be volatile and may include unique risks to the asset class like leverage and/or industry, sector or geographical concentration. Declines in real estate value may take place for a number of reasons including, but are not limited to economic conditions, change in condition of the underlying property or defaults by the borrow.

Marketable Alternatives involves higher risk and is suitable only for sophisticated investors. Along with traditional market risks, marketable alternatives are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility or the potential for loss of capital. Additionally, short selling involved certain risks including, but not limited to additional costs, and the potential for unlimited loss on certain short sale positions.

OTHER

By regulation, closed-end funds utilizing debt for leverage must report their interest expense, as well as their income tax expense, as part of their total expense ratio. To make for a useful comparison between closed-end funds and both open-end funds and exchange-traded funds, adjusted expense ratios excluding interest and income tax expenses are utilized for closed-end funds within this report. See disclosure on closed-end fund fact sheets for information regarding the total expense ratio of each closed-end fund.

Please advise us of any changes in your objectives or circumstances.

CUSTODIAN STATEMENTS

Please remember to review the periodic statements you receive from you custodian. If you do not receive periodic statements from your custodian or notice issues with the activity reported in those statements, please contact FA or your custodian immediately.

2023 Outlook

Goodbye TINA *(There is No Alternative)*

Bradford Long, CFA, Partner, Deputy Chief Investment Officer
Robert Lowry, CFA, Senior Research Analyst

December 2022

Key Observations

- *Our capital market forecasts increased across all asset classes, most materially in fixed income given the change in yields over 2022.*
- *The three themes we see driving the market, Persistent Volatility, Moderating Inflation and a Bear Market Bottom, will come to life over different time periods in 2023 and beyond.*
- *Year-over-year we are adding to high quality fixed income and high yield primarily by reducing dynamic bonds and increasing U.S. mid and small caps from U.S. large caps. We remain modestly overweight to non-U.S. equity but are not adding to the position.*

Our investment views are based on a simple idea: as facts change, so may our outlook. The last few years have been an interesting period for this ethos as our annual outlook is beginning to feel like a game of ping-pong, oscillating between bulls and bears, as the environment shifts around us. Our 2021 outlook, *Poised for Growth,* discussed optimism as the proverbial economic doors swung open as COVID eased. *Navigating Moderation,* our 2022 outlook, moved in the other direction, calling for volatile markets based on (among other factors) persistent inflation, the Fed stepping on the economic breaks and market valuations and expectations set for perfection. In this outlook, *Goodbye TINA* (there is no alternative), we find ourselves on the other side of the market pendulum, seeing greater opportunity in 2023 albeit amidst a period of considerable uncertainty. Our outlook is tempered with humility and pragmatism, recognizing the future remains uncertain, as it always has. However, as the market dynamics have changed so have our opinions and we are excited to share our view for 2023 and beyond.

10-Year Market Forecasts

Asset Class	Commentary		2023	2022	Y / Y Change
Fixed Income	The 2022 pull back in fixed income was painful, but it has also sowed the seeds for opportunity going forward. Yields across many fixed income sectors are multiple times higher from year-end 2021 producing greater opportunity for meaningfully higher returns in the years to come. Additionally, the diversifying principles of fixed income with recharged yields make owning fixed income and duration more compelling than it was in 2022 and may add to portfolio resiliency going forward.	U.S. Bonds	5.0%	1.7%	3.3%
		TIPS	4.6%	1.3%	3.3%
		Dynamic Bonds[1]	5.6%	2.0%	3.6%
		High Yield Bonds	7.1%	3.7%	3.4%
		Global Bonds	5.1%	1.4%	3.6%
		Muni Bond[2]	5.8%	1.2%	4.6%
		Muni High Yield	9.9%	4.9%	5.1%
Global Equity	Our global equity outlook has improved, bolstered by more attractive valuations. U.S. valuations are near averages relative to history while International and Emerging Markets remains more attractive, but with elevated risks.	U.S. All Cap	6.7%	5.9%	0.9%
		Intl Developed Equity	8.9%	7.7%	1.2%
		Emerging Markets	10.8%	9.6%	1.2%
Real Assets & Alternatives	A continued bid for inflationary assets and more attractive valuations across some subsets of assets contributed to higher forecasts.	Real Estate	6.4%	5.4%	1.0%
		Broad Real Assets[3]	6.8%	4.7%	2.1%
	The opportunity set for marketable alternatives rose with more attractive valuations in both global equities and fixed income.	Marketable Alts	8.1%	5.9%	2.2%
		Private Equity	9.7%	8.9%	0.9%

1) Dynamic bonds are a blend of 33% Cash, 33% Corp HY, and 34% Global Bonds. 2) Tax Equivalent yield based on highest marginal Federal tax rate (37%). 3) Broad Real Assets is 20% REITS, 20% Global Infrastructure, 20% Commodities, 20% US Bonds, 15% Corp High Yield, 5% TIPS

Source: Fiducient Advisors Capital Market Assumptions. Market and economic data including, but not limited to valuations, fixed income yields and inflation are used to derive forecasts. Outputs and opinions are as of the date referenced and are subject to change. Information is intended for general information purposes only and does not represent any specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice. There is no guarantee that any of these expectations will become actual results.

For additional information on forecast methodologies, please speak with your advisor. Please see Index Proxy Summary information at the end of this paper for summary of indices used to represent each asset class.

2023 Themes

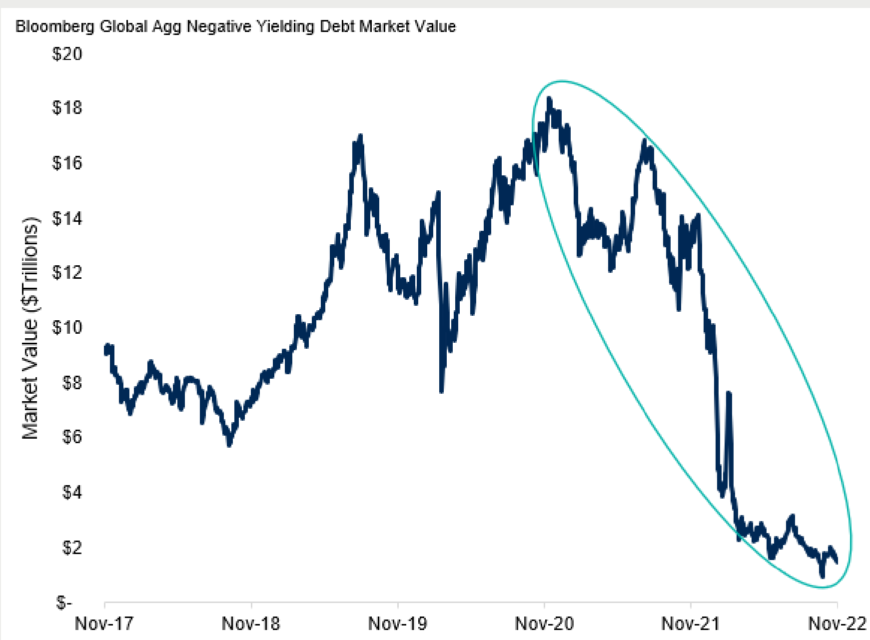
Rarely do market themes fit neatly into a calendar year and 2023 is no exception. However, there are three distinct themes in markets today which we believe are likely to unfold over varying time periods. Therefore, our views are presented as if they were three acts of a play. The first act is one in which changes are just beginning and will have long-term implications yet to be fully appreciated. The middle act is one in which change is obvious, but the resolution is not imminent. In the final act, we believe events are more likely to take place in the near term.

First Act: Persistent Volatility

In the first act of a play, facts and circumstances are often revealed about a character which in time will shape their path, but careful attention needs to be paid to see how these early clues may shift their trajectory. We view the reversal of zero-bound interest rates and the unraveling of globalization as those pivotal moments leading to higher long-term volatility for both stocks and bonds.

The last 10+ years in markets have been unique compared to long-term history. One could describe markets since the Global Financial Crisis as having low interest rates, low inflation and low growth coupled with maximum accommodation and maximum liquidity. These conditions have led to abnormally low volatility and have encouraged additional risk taking or TINA, the acronym for “there is no alternative” (to owning more equity). We believe that reversing some, but not all, of these conditions may produce higher structural volatility across multiple asset classes. Additionally, these shifts may also mean that investors expecting the playbook of the last 10 years to be the same for the next 10 may be disappointed.

The Great Unwind



Source: FactSet, as of November 30, 2022.

Quantitative easing, low interest rates and low inflation sowed the seeds for low volatility and pushed investors out the risk spectrum. The recent reversal of these conditions can be symbolized by reversal of negative yielding debt globally.

We believe a return to more normal financial conditions may also produce greater volatility within and across asset classes making risk management and asset allocation even more important than it has been in the recent past.

Portfolio Impact

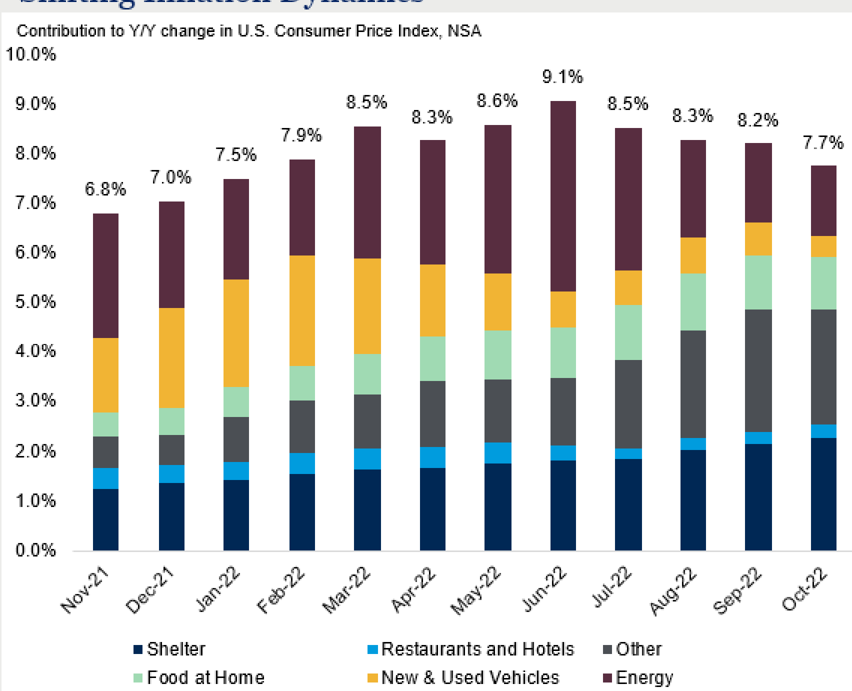
Resiliency, risk management and humility all come to mind as important components of allocations. As a result, our 2023 allocations include **increased exposure to high-quality and intermediate-duration U.S. fixed income**. While fixed income has lacked its historical diversification benefits in 2022, we believe with recharged higher yields and greater volatility in equity markets, fixed income may retake its historical position of diversifying equity exposure.

Additionally, while valuations would compel us to continue to increase our overweight to non-U.S. equity, **we are holding our year-over-year allocation flat** based on the greater potential for exogenous events outside of the United States. Non-U.S. equity remains attractive and an overweight within portfolios, but risk management compels us to temper that view.

Middle Act: Moderating Inflation

In the middle of the play, rising conflict is obvious, but the resolution has yet to take hold. These inflection points often leave the audience uneasy about the future. Inflation, and the Fed's role in moderating it, is in its middle act. It is unlikely the curtain will drop on inflation in 2023 falling straight to the Fed's target of 2%. However, that is not what is required for a market bottom or for the Fed to pause. We simply need the path to resolution to be illuminated. So, while inflation may moderate over the years to come, its pivotal moment in market sentiment may be closer at hand.

Shifting Inflation Dynamics



The impact of higher interest rates is just beginning to take hold with goods inflation moderating, but services picking up steam.

Owners equivalent rent, the largest single component of the CPI basket at~24% has not seen the same repricing as housing prices which typically react faster. Shelter contributed roughly 30% to the most recent CPI print compared to only 18% a year ago. As monetary policy actions begin to affect prices on a lagged basis, we may see further moderations of inflation figures which may allow the Fed to slow or stop the ascent of interest rates.

Sources: FactSet, BLS, Fiducient Advisors calculations. As of October 31, 2022. Data based on U.S. Consumer Price Index (CPI) All Items, Not Seasonally Adjusted.

Portfolio Impact

The good news/bad news of inflation moderating, but not immediately, highlights our points above regarding resiliency. The path is unlikely to be smooth, but seemingly in the right direction. We increased our real asset allocations coming into 2022 and **we plan to maintain that increased position** in light of inflation remaining above the Fed's 2% target.

We are adding Treasury Inflation Protected Securities (TIPS), a financial asset that acts a lot like a real asset. The market is hyper focused on short-term inflation but is seemingly complacent about long-term inflation, leaving room for opportunity in the middle. Such an allocation to high-quality inflation-linked bonds adds quality to the portfolio and potential upside if long-term inflation assumptions are too sanguine.

Final Act: Bear Market Bottom

In the final act, we fully grasp the conflict and perhaps even see what is necessary for resolution but are uncertain quite how it will play out. We believe we are in a similar place with markets bottoming. Let's first build context around bear markets. Since 1950, the average pullback of 20% or more has lasted approximately 14 months; the longest of these was 31 months from March 2000 to October 2002. The shortest drawdown was less than two months in 2020. While there is no such thing as an average bear market, with history as a guide, our 11-month-old bear market is likely closer to its end than its beginning.

Now, how do bear markets typically unfold? The most common pattern is multiple contraction. This leads markets lower first, then the Fed ends a hiking cycle or begins an easing cycle and finally, earnings and expectations fall, creating a new base from which to build healthy forward expectations.

Index prices can be broken down into two primary components, earnings per share (EPS) and multiples. EPS is the economic value created by businesses and what investors are buying. Multiples are how much an investor is willing to pay for those earnings. Multiples are often driven by sentiment and are one of the first things reflected in prices. Corporate earnings, on the other hand, are backward-looking. Moreover, the impacts on businesses from higher interest rates and/or slowing demand takes time to appear in financial statements. Therefore, the typical pattern of bear markets is multiple contraction first, leading the market lower, followed by earnings.

This has certainly been the case in 2022. Multiple contraction has accounted for more than 100% of the pullback as earnings remain modestly positive so far in 2022. The question remains, what role will earnings play in the market bottoming this time around?

Market Peak	Earnings Peak	Days Different	Market Trough	Earnings Trough	Days Different	Market Peak-to-Trough	EPS Peak-to-Trough
			Recessionary Pullback				
Mar. 24 00	Aug. 7 00	136	Oct. 9 02	Dec. 17 01	-296	-49.1%	-17.5%
Oct. 9 07	Nov. 1 07	23	Mar. 9 09	May. 8 09	60	-56.8%	-39.3%
Feb. 19 20	Jan. 30 20	-20	Mar. 23 20	May. 15 20	53	-33.9%	-20.6%
Average:		46			-61	-47%	-26%
			Non-Recessionary Pullback				
Jul. 17 98	Sep. 29 98	74	Aug. 31 98	Jan. 4 99	126	-19.3%	-2.6%
May. 21 14	Oct. 7 14	139	Aug. 25 15	Feb. 6 15	-200	-7.2%	-5.5%
Nov. 3 15	Sep. 8 15	-56	Feb. 1 16	Mar. 1 16	29	-13.3%	-3.2%
Sep. 20 18	Dec. 6 18	77	Dec. 24 18	Feb. 1 19	39	-19.8%	-2.3%
Average:		59			-2	-15%	-3%
			Today				
Jan. 3 22	Jul. 12 22	190	Sep. 20 22*	Sep. 20 22*		-25.2%	-1.4%

*Dates do not refect actual trough, but as of dates for September 20, 2022 for compartitive purposes

Source: Franklin Templeton, September 30, 2022

As shown in the table, there is a meaningful difference in the earnings impact in recessionary versus non-recessionary environments. Our expectation remains that if a recession takes place, it will be a modest and cyclically led recession rather than one driven by structural imbalances like during the Global Financial Crisis or an exogenous factor like COVID-19.

With that in mind, second and third quarter earnings are beginning to reflect a potential modest economic contraction. In fact, second quarter earnings ex-energy were down 4.0% (up 6.2% with energy) and third quarter earnings with 99% of companies reported show earnings ex-energy down another 5.0% (up 2.5% with energy) [1]. Why ex-energy? Russia's invasion of Ukraine propelled commodity prices up, pushing earnings for the sector up 137.3[1] % year-to-date. This is unique to the energy sector and is not reflective of the rest of the market. All of this compares to earnings expectations (as late as June of this year) of 10.8% earnings growth for third quarter 2022.[2] We wrote in our *2022 Outlook* that these lofty expectations were a potential source of volatility as reality may not be as rosy and that has proven to be the case. All in, earnings are beginning to reflect the economic reality of a moderating economy. This is a healthy step forward for a bear market bottom and again suggests we are nearer the end than the beginning.

[1] FactSet Earnings Insight. As of December 2, 2022
[2] FactSet Earnings Insight. As of June 24, 2022

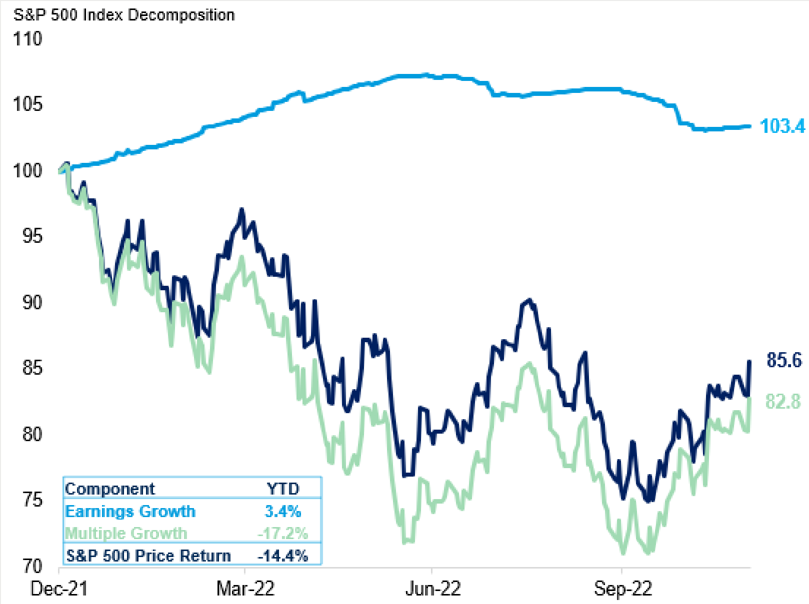
Finally, what role does the Fed play in all of this? To no surprise, given the Fed focus this year, an important one in our view. History has shown us markets tend to bottom after the Fed is done raising rates. Intuitively this makes sense. If the Fed is raising rates, they are proactively looking to cool economic activity.

Trough	Duration of Drawdown	S&P 500 Drawdown	Recession	Market Trough before/after Rate Increases Stopped	Month(s) Before or After
Oct-74	21	-48.00%	Yes	After	13
Aug-82	21	-27.00%	Yes	After	51
Dec-87	4	-34.00%	No	After	8
Oct-90	3	-20.00%	Yes	N/A	N/A
Oct-02	31	-49.00%	Yes	After	74
Mar-09	17	-57.00%	Yes	N/A	N/A
Mar-20	1	-34.00%	Yes	N/A	N/A
Average Time					34

Source: Franklin Templeton, September 30, 2022

Yet given their dual mandates of price stability and full employment, the operative word is cool, not kill. When the Fed sees modest success in controlling inflation they will stop or pause. However, the full effect of higher rates takes some time to work through businesses and markets. It is a bit like turning the shower handle to change the temperature: you have to wait a second to see if you got it right. Therefore, businesses are often amidst contraction when the Fed stops increasing rates. It is certainly conceivable that the market bottoms before the Fed officially stops as it tapers back from 0.75% moves to 0.50% or less. However, the market is less likely to bottom if the Fed is accelerating or maintaining its hawkish stance.

Corporate Earnings to Follow Multiples?



Price multiple declines often lead earnings while bear markets unfold as is the case this year. Multiples have contracted, but earnings, at the surface have remained modestly positive. However, if we dive deeper, strength in the energy sector (over 100 percent earnings growth so far in 2022) is buoying the rest of the market.

As such, earnings across the rest of the market are already beginning to reflect a pullback similar to those seen in pervious, non-recession led, bear markets. This repricing helps set the stage for a bear market bottom.

Source: FactSet, Fiducient Advisors analysis. As of November 30, 2022. December 31, 2021 = 100. Use of Indices and Benchmark Return Indices cannot be invested in directly. Index performance is reported gross of fees and expenses. Past performance does not indicate future performance and there is a possibility of a loss.

Portfolio Impact

We have no ability, or need, to precisely call the market bottom. However, as we look forward, we believe it prudent to prepare for a potential market rebound. As such, we are **increasing our weighting to U.S. small cap stocks and high yield bonds,** recognizing they have historically led over large cap and investment grade bonds respectively in rebounds.

Additionally, a less hawkish Fed following a market bottom may moderate U.S. dollar strength and prove to be a tailwind for non-U.S. equity. Therefore, **we are maintaining our overweight to non-U.S. equity** but based on the greater potential for exogenous events outside of the United States we do not plan to increase it.

Portfolio Allocations

2023 Allocation Updates		Y / Y Change	Context
Fixed Income	U.S. Bonds	▲▲	A ~200% year-over-year increase in yields following the most aggressive rate hikes since the 70's coupled with greater potential for volatility across markets makes high-quality fixed income materially more compelling
	TIPS	▲	Materially higher real rates, the risk of longer-lasting inflation and seemingly complacent long-term inflation expectations created opportunity to add an inflation linked, high quality position within fixed income
	Dynamic Bonds	▼▼	Dynamic has outperformed core fixed income materially in 2022 as was the hope after increasing the position. Repositioning part of those assets back into attractive areas while still maintaining an material allocation to the space
	High Yield Bonds	▲	Higher yields, stronger fundamentals than in recent past, and a positive technical backdrop have lead to an increased allocation
	Global Bonds	▼	The outlook for global bonds has materially improved, but on a risk-adjusted basis slightly less than U.S. Therefore, we're modestly reducing the position.
	Muni Bond	▲▲	A ~400% year-over-year increase in yields following the most aggressive rate hikes since the 70's coupled with greater potential for volatility across markets makes high-quality fixed income materially more compelling
	Muni High Yield	- -	Yields have materially improved, but the duration profile has increased by ~65% adding to the potential volatility of the position. Allocation remains unchanged year-over-year
Global Equity	U.S. Large Cap	▼	U.S. Valuations are more attractive than 2022, but remain near historic averages and above other comparable risk assets leading to an overall reduction in allocation
	U.S. Mid/Small Cap	▲	Near all-time absolute valuation lows, all-time lows relative to large cap, and a tendency to rebound faster than large caps after market bottoms leads to a larger allocation
	Int'l Developed Equity	- -	While valuations would compel us to increase our overweight to non-U.S. equity, we are holding our allocation flat based on the potential for exogenous events outside of the United States. Non-U.S. equity remains attractive and an overweight within portfolios, but risk management compels us to temper how far to extend that view
	Emerging Markets	- -	
Real Assets & Alternatives	Real Estate	- -	In anticipation of persistent inflation we increased real asset allocations in 2022. We plan to keep these allocations with modest rebalancing among underlying components from broad real assets to real estate given the larger relative pullback in REITS in 2022 compared to broad real assets
	Broad Real Assets	- -	

Final Thoughts

2022 was the reset button for many markets. Exiting zero-bound interest rate policies, moderating inflation and repricing global fixed income and equity have all helped sow the seeds for a brighter outlook in 2023 and beyond. While we anticipate volatile asset prices will persist in the years to come, leaning into newly created opportunities may prove to be the right decision over the long-term.

For more information, please contact any of the professionals at Fiducient Advisors.

About the Authors

Bradford L. Long, CFA
Partner, Deputy Chief Investment Officer

Brad joined Fiducient Advisors in 2012. He is chair of the firm's Investment Committee and a member of the firm's Discretionary Committee, Research Forum, Capital Markets Team and Mission-Aligned Investing Committee. In 2019, Brad was name named a "Rising Star" in City Wire's annual Professional Buyer publication for his contributions in the investment manager research industry. Prior to joining the firm, Brad worked in various research capacities at Citigroup and Wells Fargo in New York. He received a BA in Finance and Minor in Economics from The University of Colorado and is a CFA® charterholder and member of the CFA Society of Chicago and CFA Institute. Additionally, he is active with Greenhouse Scholars, a nonprofit providing financial and personal support to under resourced college students. In his free time, Brad loves cooking and spending time with his wife and young sons.

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As a member of the Global Public Markets Team, Rob researches and performs operational due diligence on fixed income investment managers. He is also a member of our Capital Markets Team. Rob joined Fiduciary Investment Advisors LLC in 2011, which combined with Fiducient Advisors in 2020.

Prior to joining the firm, he was an Investment Analyst at USI Advisors, Inc. He received his BA from Bucknell University, is a CFA® charterholder and a member of the CFA Institute and the Hartford CFA Society. Rob volunteers as a member of the Finance and Investment Committee for Chrysalis Center, Inc., a nonprofit organization in Hartford, CT providing support to those struggling with poverty, mental health issues and other challenges. In his free time, Rob enjoys biking with his wife and son, golf, running and platform tennis.

Disclosures and Index Proxies

This report does not represent a specific investment recommendation. Comparisons to any indices referenced herein are for illustrative purposes only and are not meant to imply that actual returns or volatility will be similar to the indices. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and are reported gross of any fees and expenses. Any forecasts represent future expectations and actual returns; volatilities and correlations will differ from forecasts.

When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise notes. Each index is unmanaged, and investors can not actually invest directly into an index:

Indices used to generate historical risk and return metrics	Most Recent Index	Index Dates	Linked Index 1	Index Dates	Linked Index 2	Index Dates	Linked Index 2	Index Dates
Cash	FTSE Treasury Bill 3 Mon USD	11/21 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
ST Bonds	Bloomberg US Govt/Credit 1-3 Yr TR USD	11/21 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
TIPS	Bloomberg US Treasury US TIPS TR USD	11/21 - 3/97	Bloomberg US Agg Bond TR USD	2/97 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
Muni Bond	Bloomberg Municipal 5 Yr 4-6 TR USD	11/21 - 1/88	Bloomberg US Agg Bond TR USD	12/87 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
Muni High Yield	Bloomberg HY Muni TR USD	11/21 - 11/95	Bloomberg Municipal 5 Yr 4-6 TR USD	10/95 - 1/88	Bloomberg US Agg Bond TR USD	12/87 - 1/79	N.A.	N.A. - N.A.
US Bond	Bloomberg US Agg Bond TR USD	11/21 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
US Bonds - Dynamic	*Custom Blend of Indices	11/21 - 2/90	Bloomberg US Agg Bond TR USD	1/90 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
For. Dev. Bond	[illegible]	11/21 - 1/85	Bloomberg US Agg Bond TR USD	12/84 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
HY Bond	Bloomberg US Corporate High Yield TR USD	11/21 - 7/83	Bloomberg US Agg Bond TR USD	6/83 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
EM Bond	JPM GBI-EM Global Diversified TR USD	11/21 - 1/03	JPM EMBI Global Diversified TR USD	12/02 - 1/94	Bloomberg US Corporate High Yield TR USD	12/93 - 7/83	Bloomberg US Agg Bond TR USD	6/83 - 1/79
Global Bonds	Bloomberg Global Aggregate TR Hdg USD	11/21 - 2/90	Bloomberg US Agg Bond TR USD	1/90 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
Global Equity	MSCI ACWI GR USD	11/21 - 1/88	S&P 500 TR USD	12/87 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
US Equity (AC)	Russell 3000 TR USD	11/21 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
US Equity (LC)	S&P 500 TR USD	11/21 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
US Equity (MC)	Russell Mid Cap TR USD	11/21 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
US Equity (SC)	Russell 2000 TR USD	11/21 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
Int'l Dev. Equity	MSCI EAFE GR USD	11/21 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
EM Equity	MSCI EM GR USD	11/21 - 1/88	MSCI EAFE GR USD	12/87 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
Real Estate	Wilshire US RESI TR USD	11/21 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
Private Real Estate	Wilshire US RESI TR USD	11/21 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
Broad Real Assets	S&P Real Asset TR USD	11/21 - 5/05	*Custom Real Assets Index	4/05 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
Commod. Fut.	BCI+TIPS-CASH	11/21 - 3/97	BCI-AGG-CASH	2/97 - 1/91	GSCI-AGG-CASH	12/90 - 1/79	N.A.	N.A. - N.A.
Global Infrastructure	DJ Brookfld Global Infra TR USD	11/21 - 2/03	Alerian MLP TR USD	1/03 - 1/96	Wilshire US RESI TR USD	12/95 - 1/79	N.A.	N.A. - N.A.
Hedge Funds	HFRI Fund of Funds Composite USD	11/21 - 1/90	HFN Hedge Fund Aggregate Average	12/89 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
Hedge Funds (Liquid)	HFRI Fund of Funds Composite USD	11/21 - 1/90	HFN Hedge Fund Aggregate Average	12/89 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.
Private Equity	Cambridge PE 67% Buyout ... 33% Venture	11/21 - 4/86	Russell 2000 TR USD	3/86 - 1/79	N.A.	N.A. - N.A.	N.A.	N.A. - N.A.

*US Bonds - Dynamic Index - 1/3 Bloomberg Gbl Agg Ex USD TR Hdg USD, 1/3 FTSE Treasury Bill 3 Mon USD & 1/3 Bloomberg US Corporate High Yield TR USD

INDEX DEFINITIONS

FTSE Treasury Bill 3 Month measures return equivalents of yield averages and are not marked to market. It is an average of the last three three-month Treasury bill month-end rates.

Bloomberg Capital US Treasury Inflation Protected Securities Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Muni 5 Year Index is the 5 year (4-6) component of the Municipal Bond index.

Bloomberg High Yield Municipal Bond Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg U.S. Aggregate Index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

FTSE World Government Bond Index (WGBI) (Unhedged) provides a broad benchmark for the global sovereign fixed income market by measuring the performance of fixed-rate, local currency, investment-grade sovereign debt from over 20 countries,

FTSE World Government Bond Index (WGBI) (Hedged) is designed to represent the FTSE WGBI without the impact of local currency exchange rate fluctuations.
Bloomberg US Corporate High Yield TR USD covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.
JP Morgan Government Bond Index-Emerging Market Index (GBI-EMI) is a comprehensive, global local emerging markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.
JPMorgan EMBI Global Diversified is an unmanaged, market-capitalization weighted, total-return index tracking the traded market for U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities.
MSCI ACWI is designed to represent performance of the full opportunity set of large- and mid-cap stocks across multiple developed and emerging markets, including cross-market tax incentives.
The S&P 500 is a capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
Russell 3000 is a market-cap-weighted index which consists of roughly 3,000 of the largest companies in the U.S. as determined by market capitalization. It represents nearly 98% of the investable U.S. equity market.
Russell Mid Cap measures the performance of the 800 smallest companies in the Russell 1000 Index.
Russell 2000 consists of the 2,000 smallest U.S. companies in the Russell 3000 index.
MSCI EAFE is an equity index which captures large and mid-cap representation across Developed Markets countries around the world, excluding the US and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
MSCI Emerging Markets captures large and mid-cap representation across Emerging Markets countries. The index covers approximately 85% of the free-float adjusted market capitalization in each country
The Wilshire US Real Estate Securities Index (Wilshire US RESI) is comprised of publicly-traded real estate equity securities and designed to offer a market-based index that is more reflective of real estate held by pension funds.
Alerian MLP Index is a float adjusted, capitalization-weighted index, whose constituents represent approximately 85% of total float-adjusted market capitalization, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis.
Bloomberg Commodity Index (BCI) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification.
Treasury Inflation-Protected Securities (TIPS) are Treasury bonds that are indexed to inflation to protect investors from the negative effects of rising prices. The principal value of TIPS rises as inflation rises.
HFRI Fund of Funds Composite is an equal-weighted index consisting of over 800 constituent hedge funds, including both domestic and offshore funds.
Cambridge Associates U.S. Private Equity Index (67% Buyout vs. 33% Venture) is based on data compiled from more than 1,200 institutional-quality buyout, growth equity, private equity energy, and mezzanine funds formed between 1986 and 2015.
HFN Hedge Fund Aggregate Average is an equal weighted average of all hedge funds and CTA/managed futures products reporting to the HFN Database. Constituents are aggregated from each of the HFN Strategy Specific Indices.
Goldman Sachs Commodity Index (GSCI) is a broadly diversified, unleveraged, long-only composite index of commodities that measures the performance of the commodity market.

Material Risks Disclosures

Fixed Income securities are subject to interest rate risks, the risk of default and liquidity risk. U.S. investors exposed to non-U.S. fixed income may also be subject to currency risk and fluctuations.

Cash may be subject to the loss of principal and over longer period of time may lose purchasing power due to inflation.

Domestic Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry factors, or other macro events. These may happen quickly and unpredictably.

International Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry impacts, or other macro events. These may happen quickly and unpredictably. International equity allocations may also be impact by currency and/or country specific risks which may result in lower liquidity in some markets.

Real Assets can be volatile and may include asset segments that may have greater volatility than investment in traditional equity securities. Such volatility could be influenced by a myriad of factors including, but not limited to overall market volatility, changes in interest rates, political and regulatory developments, or other exogenous events like weather or natural disaster.

Private Equity involves higher risk and is suitable only for sophisticated investors. Along with traditional equity market risks, private equity investments are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility and/or the potential loss of capital.

Private Credit involves higher risk and is suitable only for sophisticated investors. These assets are subject to interest rate risks, the risk of default and limited liquidity. U.S. investors exposed to non-U.S. private credit may also be subject to currency risk and fluctuations.

INVESTMENT POLICY STATEMENT
CITY OF BURLINGTON, VERMONT
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

CURRENT VERSION: ~~OCTOBER 3, 2019~~ , 2022

Revised October 3, 2019
Revised November 19, 2015
Revised December 3, 2009
Revised June 23, 2005
Revised February 2, 2000
Revised June 27, 1997
Revised September 18, 1996
Revised October 28, 1993
Revised September 24, 1992
Revised May 28, 1992
Revised November 2, 1989
Adopted March 19, 1987

I. OVERVIEW

The Burlington Employees' Retirement System ("BERS" or the "Plan") is a defined benefit pension plan established to provide retirement benefits to participants in accordance with the benefit structure adopted by the City of Burlington, Vermont.

The Plan is governed by Chapter 24 of the City of Burlington Code of Ordinances as authorized by Title VII of the City of Burlington Charter.

~~This Investment Policy Statement (the "IPS") shall establish the process to be followed in making and executing investment policy. The various outcomes of this process -- the assumed investment return, asset allocation, and measurement criteria -- shall be included in the investment addendum.~~

This Investment Policy Statement (IPS) amends, supersedes and restates in its entirety all prior BERS Investment Policy Statements.

If any terms of this IPS conflict with the Plan documents, the terms and conditions of the plan documents shall prevail.

II. PURPOSE OF THE PLAN AND IPS

The Plan's purpose is to provide retirement benefits to employees who are eligible to receive benefits under the Plan.

The purpose of the IPS is to outline the following general provisions affecting the Plan by:

- Assisting the Board to fulfill its fiduciary responsibilities;
- Conveying the Plan's purpose, investment objective, investment strategy and constraints;
- Establishing a decision-making framework to promote the effectiveness of the Plan;
- Intending for the Plan to be maintained in compliance with applicable laws and regulations;
- Setting forth the roles and responsibilities of the Board, Investment Consultant ("Consultant") and other relevant parties.

III. STANDARDS AND DUTIES

A. Fiduciary Standards

Assets of BERS shall be managed in a manner consistent with fiduciary standards. Investments shall be made with the care, skill, and diligence that a prudent person would use in achieving the aims outlined in this IPS.

B. Board Duties

The Board has the responsibility of establishing and maintaining policies governing management of BERS' financial assets (the "Fund"), including:

1. Act solely in the best interest of the Plan beneficiaries and the Plan's objectives.

~~1.~~2. Setting of investment policy;
~~2.~~3. Choosing an asset allocation to balance risk and return;
~~3.~~4. Selecting and evaluating professionals to manage those assets;
~~4.~~5. Communicating guidelines to those professionals.
6. Monitoring performance of the plan.
7. Avoid prohibited transactions and conflicts of interest.

C. Consultant Duties

1. Assist in the development and periodic review of the investment policy.
2. Proactively recommend changes to enhance the effectiveness of the investment policy, investment strategy or asset allocation.
3. Make proactive investment manager hire and fire recommendations.
4. Monitor aggregate and manager-level performance to ensure compliance with stated objectives.
5. Provide the Board with quarterly performance updates.
6. On a timely basis, notify the Board if there are pertinent developments with any of the Plan's investment managers.

D. Investment Managers

1. Manage assets in accordance with the guidelines and objectives outlined in prospectuses (mutual funds), investment agreements (commingled funds, private partnerships, etc.), or manager-specific investment guidelines (separate accounts).
2. Exercise investment discretion to buy, manage and sell assets held in the portfolios.
3. Promptly vote proxies and related actions in a manner consistent with the long-term interest of the Plan as an investor.

4. Communicate all organizational changes in a timely manner, including but not limited to ownership, organizational structure, financial condition and professional staff.
5. Seek “best price and execution” for transactions. Both explicit and implicit transactions costs should be considered.

E. Custodian(s)

1. Safeguard portfolio assets.
2. Accurately value portfolio holdings.
3. Execute buy/sell orders and cash transfers in a timely manner as directed by the Board.
4. Collect all income and dividends owed to the Plan.
5. Settle all transactions (buy/sell orders) initiated by separate account investment managers.
6. Provide reports at least quarterly that detail transactions, cash flows, securities values and changes in the value of each security and the overall portfolio since the previous report.
7. Provide all requested portfolio information to the Consultant and Board in a timely manner.

IV~~III~~. INVESTMENT GOAL

The long-term goal of the portfolio is to earn the actuarial return assumption net of fees over a long period of time such as 20 years while assuming only as much risk as the Board believes is needed to achieve that return. The return assumption shall not be used to justify taking excessive risk.

The following philosophy should be followed in pursuing that goal:

A. Philosophy

1. Adhere to a long-term perspective;
2. Align strategy with goals and risk tolerance;
3. Maintain consistent exposure to the capital markets;
4. Use simple investment structures that the Trustees understand;
5. Minimize investment costs.

~~The following strategy should be followed in implementing this philosophy:~~

~~**B. Implementation Strategy**~~

~~1. Diversify;~~
~~2. Focus primarily on asset allocation;~~
~~3. Rebalance to targets, selling on strength and buying on weakness;~~
~~4. Emphasize index management;~~

~~5. Keep manager and asset turnover low.~~

~~I~~V. INVESTMENT ~~GUIDELINES~~STRATEGY

The Plan is expected to be maintained in perpetuity. Future amendments to the Plan may occur, but the optimal investment strategy will be determined based on the plan provisions as they exist at any point in time.

The Board acknowledges that the Plan's asset allocation strategy is likely to be its primary determinant of performance. The following strategy should be followed in implementing this philosophy:

1. Diversify;
2. Focus primarily on asset allocation;
3. Rebalance to targets periodically, which is likely to result in reducing exposure to investments that have recently outperformed and/or adding to investments that have recently underperformed;
4. Emphasize index management where appropriate;
5. Keep manager and asset turnover low

With the assistance of its Consultant, the Board intends to review or revise the target allocation to asset classes periodically to ensure the investment strategy remains consistent with the Plan's investment objectives, as those objectives may evolve over time given the plan's funding status and other factors.

In addition to achieving the investment objectives previously outlined in this Statement, the goal of the overall investment strategy is to meet or exceed (a risk-appropriate) benchmark over full market cycles. The benchmark will constitute underlying market indices appropriate for the strategy, and its components will be illustrated in the periodic performance report provided by the Consultant.

VI. INVESTMENT MANAGER SELECTION

The Plan may select investment managers through a variety of investment vehicles including, but not limited to, separate accounts, mutual funds, commingled funds or private partnerships.

The underlying investment managers selected for the Plan are intended to be selected with the care, skill and diligence that would be applied by a prudent person acting in a like capacity and knowledgeable about investing.

With the assistance of its Consultant, the Board will examine investment managers' investment objectives and processes; historical adherence to stated objectives and processes; depth of resources; quality of personnel; historical performance (including risk) versus various appropriate benchmarks; appropriateness of diversification; reasonableness of fees; and any other metric that may be material when evaluating investment managers' capabilities. The Board will use all available information and its best judgment when seeking to hire skillful investment managers. The Board may also select low cost, passively managed investment products where appropriate.

The Trustees understand that should Burlington choose to invest in a commingled fund, the investment policies governing that fund take precedence over the policies in this IPS. When investing in any commingled structure, the Trustees should consider whether those guidelines are sufficiently compatible with BERS own goals.

Should the Trustees decide to invest in any individual account that must conform to standards set forth in this IPS, those standards shall be set forth in the manager's contract and attached to this IPS following the Investment Addendum.

VII. INVESTMENT MANAGER EVALUATION AND OVERSIGHT

With the assistance of its Consultant, the Board intends to periodically review the performance of the underlying investment managers. Investment manager performance will be evaluated against proper indices, peer group comparisons and risk-adjusted performance metrics. They will also be evaluated against other metrics that may include but are not limited to expenses, consistency of strategy or style or other qualitative factors.

Investment managers may be considered for possible termination if they fail to meet performance or other guidelines enumerated in the Plan's periodic performance report provided by the Consultant. The performance summary section of the most recent performance report, including managers and their various benchmarks, will serve as an appendix to this IPS.

With the assistance of its Consultant, the Board intends to use all known information and its best judgment to determine if and when terminating a manager is warranted. Events that may trigger a termination include but are not limited to illegal or unethical behavior on the part of the manager; failure to follow investment guidelines; underperformance; turnover among key personnel; a change in investment style or strategy; insufficient infrastructure to keep pace with asset growth; significant increase in expenses or fees; and any other observation the Board deems may prevent the manager from carrying out its duties effectively. In addition, managers may be terminated at any time for any reason at the discretion of the Board.

VIII. LIQUIDITY

The Board intends to construct the portfolio to provide adequate liquidity to meet the obligations of the retirement system. Due to market volatility and the uncertain nature of commitments, drawdowns, and distributions, it may not be possible to monitor liquidity continuously. However, attempts will be made to manage liquidity to the greatest extent possible and illiquid assets in the portfolio will be sufficiently limited to ensure all obligations can be met.

IX. PROXY VOTING

For separately managed accounts, if applicable, investment managers will be expected to vote proxies in the best interest of the Plan as an investor. When applicable, mutual fund proxies are intended to be voted in the best interest of the Plan.

INVESTMENT APPENDIX

The following sets out the Board's current choices regarding the ~~actuarial assumption,~~ asset allocation targets and acceptable ranges ~~and performance measurement standards~~.

~~A. Actuarial Assumption: 7.5%~~

B. Asset Allocation

The asset allocation and allowable ranges are effective August 2022:

Asset Allocation Guidelines:	Lower Limit	Target	Upper Limit
Fixed Income and Cash Equivalents	~~10%~~ 15%	~~18%~~ 25%	~~30%~~ 35%
Publicly Traded Global Equity	~~60%~~ 50%	~~74.5%~~ 67.5%	~~90%~~ 85%
Domestic Equity	*30%*	*~~41.5%~~ 40%*	*~~55%~~ 50%*
International Equity	*20%*	*~~33%~~ 27.5%*	*~~45%~~ 35%*
Real Estate	0%	6%	10%
Timber	0%	1%	3%
Private Equity	0%	0.5%	3%

Cash flow should be managed to maintain each allocation close to the target. Rebalancing becomes mandatory within a 90 day period if an allocation falls outside the range.

~~C. Performance Measurement~~

~~1. Time Period. Measurement of return for both the portfolio and for individual managers will be over a market cycle assumed for simplicity to be 3-5 years. Trustees are encouraged to make judgments over time periods sufficiently long to encompass both up and down market trends.~~

~~2. Portfolio Goal. The short-term goal of the portfolio is to rank in the upper half of a universe of similar portfolios. The long-term goal of the portfolio is to earn the actuarial assumption over a long period of time such as 20 years while assuming only as much risk as needed to achieve that return.~~

~~3. Manager Goals. Each manager shall be measured by an assigned benchmark. Active managers are expected to out perform their benchmark over a market cycle net of fees, and to perform in the upper half of a universe of managers in a similar style. Passive managers are expected to nearly match their benchmark on a monthly basis gross of fees.~~