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PROPOSAL FOR Exeter Borough



Professional Services - Municipal Pension Plans

DB Police Plan & DC Non-Uniformed Plan

July 1, 2021



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PART C – RFP Standard Application

Exeter Borough, Luzerne County, Pennsylvania

Applicant Information:

Company Name and Address:

**Conrad Siegel
P.O. Box 5900
501 Corporate Circle
Harrisburg, PA 17110**

Company's Primary Point of Contact (POC) (*the applicant*):

David P. Lytle, FSA, CFA, MAAA

POC's Phone Number:

(717) 652-5633

POC's FAX Number:

(717) 540-9106

POC's E-mail Address:

DavidLytle@ConradSiegel.com

Statement of Confidentiality on information provided:

All Applicants to this RFP – be advised that; this application and its contents shall be held in a confidential status until the conclusion of the Request for Proposal process, after which, all information provided on this application will become public accessible and may be disseminated in accordance with the other previously established policies of this municipal entity and the specific disclosure requirements of Act 44 of 2009, Chapter 7-A, except, information that is considered proprietary in nature and / or otherwise protected by law.

Application Instructions & Questions:

General Instructions:

This Application is presented in **WORD format** to allow you to insert your responses without transposing the questions to a separate document. **Applicants must** submit their response to each question below that question and preface each one with the word ***Response:*** in bold Italic. All responses are to be in Times New Roman font – 12

point. Please do not reformat the Application. The completed application shall be returned by email as a PDF file.

NOTE: NO OTHER FORM OF WRITTEN RESPONSE IS ACCEPTABLE.

Failure to respond to all questions completely shall cause that applicant (or team) to be disqualified, regardless of their qualifications.

Special Instructions:

This RFP requires applicants to provide detailed information regarding costs and fees structure. Therefore, the following information is provided to assist applicants in calculating these costs and fees. If you require additional information that is not provided in order to properly respond to this RFP, please request this information by immediately **e-mailing** the designated **RFP Point of Contact**. Please explain – briefly – why the requested information is necessary. Further, the **Exeter Borough Council** realizes that if the assets are more or less than those stated at the time the applicant assumes the assets, that the quoted fees may also change, commensurate with the change (+ or -) in assets. The fee quotes are therefore considered a “good faith” estimate by the applicant based on the information provided at the time of application.

The following demographic information is provided for the reasons stated above.

Plan Demographics:

All demographics listed below are as of, January 1, 2021.

Exeter Borough Pension Plans	Plan Assets	<i># of Active Members</i>	<i># of Inactive /vested members</i>	<i># of Retirees</i>
Non-Uniform Plan <i>Defined Contribution</i>	\$513,475.02	6	0	0
Police Pension Plan <i>Defined Benefit</i>	\$1,263,531.75	3	1	4

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Application Questions:

Exhibit 1 – Qualifications & Experience

1. Please provide the names and titles of all individuals who will be providing professional services to the **Exeter Borough Pension Plans** identified in the RFP. Further, if your firm will employ any subcontractor, co-applicant, or company that will be a party to providing any of the proposed services relative to this RFP, or in an advisory capacity, please indicate all respective parties and their capacity, relative to servicing these pension plans.

Response: At Conrad Siegel, David Killick would be the actuary assigned to assist with the plans and David Lytle would serve as the Borough's main contact for investment advisory services, benefit payment administration, and custodial services. Conrad Siegel does not provide custodial services directly, but partners with Charles Schwab Trust Bank.

David Killick, FSA, EA, MAAA

Partner and Consulting Actuary



Education

B.S., Actuarial Science, Lebanon Valley College

Professional Designations

Fellow of the Society of Actuaries

Member of the American Academy of Actuaries

Enrolled Actuary, ERISA

Dave is a consulting actuary and an investment adviser representative for Conrad Siegel. He specializes in retirement plan consulting and investment advisory services for retirement plans and works with private sector employers, associations, tax-exempt organizations and municipalities. Dave has special consulting expertise in preparing cost studies of plan benefit modifications and providing actuarial testimony at arbitration hearings. He is also proficient in preparing actuarial valuations for corporate and municipal defined benefit pension plans as well as consulting and administrative services for defined contribution retirement plans.

David Lytle, FSA, CFA, MAAA

Partner & Chief Investment Officer of Investment Advisory Services



Education

B.S., in Mathematics with highest distinction, Pennsylvania State University

Professional Designations

Fellow of the Society of Actuaries

Chartered Financial Analyst

Member of the American Academy of Actuaries

David is an investment consultant for defined benefit and defined contribution pension plans as well as investment accounts for corporations. He is also a member of Conrad Siegel's internal investment research team that examines market conditions, asset allocations, and investment funds. David's experience within the firm is broad and varied lending a well-rounded perspective on his clients' challenges. Before earning his FSA designation in the Quantitative Finance and Investment track, David was working with our defined benefit pension clients on the actuarial valuation side of the firm. He transitioned to the investment line of business and went on to also earn the Chartered Financial Analyst® designation. His combined retirement and investment experience provides David with a diverse skill set. True to the Conrad Siegel way of working, David truly enjoys working with clients, applying his special experience and knowledge to gain new perspectives. David feels the best reward is the confidence his client leaves a meeting with knowing their investments are in good order.

David Lytle and David Killick both work out of Conrad Siegel's Harrisburg office and already have mutual clients.

2. Experience and Expertise of your firm and select individuals:

- a) Describe how long your firm has been providing the types of pension services sought under this RFP – **specifically**, to municipal government entities in Pennsylvania.

Response: Conrad Siegel has provided actuarial and administrative services to municipal government entities for 58 years. Conrad Siegel Investment Advisors, Inc. started working with Pennsylvania municipal pension plans in 2004.

- b) Provide some **brief specifics** relative to the qualifications, experience and expertise of the principal individuals responsible for providing **Investment Management and Advisory Services, Administrative, and Actuarial Services**. Specifically address their experience with respect to **PA municipal pensions**.

Response: Dave Killick has been providing these services for Conrad Siegel for over 30 years and has an unmatched knowledge of Act 205 and Act 600 among other actuaries. See bio above for additional detail.

Dave Lytle serves at the investment consultant for all of the Pennsylvania municipal defined benefit and one pool of asset defined contribution plans where Conrad Siegel provides investment advisory services. As of March 31, 2021, this totals 30 plans and over \$315 million in assets. Dave has been involved with municipal pension plans in a investment consultant or actuarial analyst capacity since he joined Conrad Siegel in 2009. See bio above for additional detail.

3. Client Demographics: In general terms, describe the make-up of your current municipal client base by answering the following questions:

- a) How many of your current public pension clients are Pennsylvania municipal pension clients at the township, borough, or municipal authority level (commonly referred to as *local government entities*)?

Response: Conrad Siegel provides actuarial and administrative services for over 300 Pennsylvania municipal pension plans. This provides them with perhaps the largest database of best practices that Pennsylvania municipalities are using in the design, funding, and administration of their pension plans. All of our public-sector pension clients are located in Pennsylvania and over 99% of our clients are Pennsylvania Boroughs, Townships, Cities, Regional Police Departments, and Authorities. In addition, Conrad Siegel has extensive experience and familiarity with Act 205 and Act 600 having provided actuarial and administrative services for Pennsylvania municipal pension plans for 58 years. We are well aware of the funding challenges facing many Pennsylvania municipalities and will work to develop an investment strategy that meets your specific needs.

All of Conrad Siegel's public pension investment advisory clients are Pennsylvania municipal pension plans. As of March 31, 2021, this consists of 34 Plans (defined benefit, defined contribution – one pool of assets, and defined contribution participant choice).

- b) What are the total pension assets of those Pennsylvania municipalities that your firm has under direct financial management?

Response: Total assets under management belonging to PA municipal client as of March 31, 2021, is over \$350 million.

- c) How many of your PA municipal clients are Non-Uniform [Defined Contribution] Pension Plans?

Response: We provide administrative services for over 65 non-uniformed defined contribution plans. This is approximately 22% of our PA municipal clients. We provide investment advisory services to 7 municipal defined contribution plan (3 one pool of assets and 4 participant choice) as of March 31, 2021.

- d) How many of your PA municipal clients are Police [Defined Benefit] Pension Plans?

Response: We provide administrative services for over 150 defined benefit police plans. This is approximately 50% of our PA municipal clients. We provide investment advisory services to 11 PA municipal police defined benefit pension plans as of March 31, 2021.

Exhibit 2 – Services Proposed & Fees

WARNING: Your firm **MUST disclose all fees** associated with any portion of investment, administration, or advisory services. These will include but are not limited to: **fees directly deducted** from plan assets or billed separately to the Pension Plan; and/ or **any indirect fees** of any form to include fees associated with mutual funds such as expense ratios and other administrative fees or loads – front or back-end. This must also include any fees paid directly or indirectly to any subcontractor or advisor your firm will employ in meeting the requirements of this RFP. Further, **all quoted fees for services must** provide for or cover all services stated in the RFP as “*Requirements and Specifications*”, at a minimum. **Failure to sufficiently provide** such details, clearly linked to all the desired services requested in this RFP will not be acceptable and result in immediate disqualification.

4. Provide Services and Fees Information - provide a response to each of the categories listed hereafter, giving as much detail as necessary:

Provide a comprehensive list of services your firm (and / or any subcontractors) will provide our pension plans, separating them by category – investment, advisory, administrative, and actuarial, as may be applicable.

Investment & Advisory Services:

Response: A flat dollar fee of \$6,000 per year indexed with CPI increases on an annual basis.

The fee will be billed retrospectively on a quarterly basis and split pro-rata between the two plans based on the market value at the end of the quarter. Conrad Siegel believes a flat dollar fee structure is necessary when providing bundled services to avoid any potential/perceived conflict of interest of the actuary's contribution recommendation impacting investment advisory fees. A list of investment and advisory services is included below. We do not anticipate any projects where additional fees would be charged, but we would notify the Borough in advance of commencing work on any such projects.

1. Develop/Maintain Investment Policy Statement
2. Monitor investments
3. Recommend changes in asset allocation levels, diversification levels, and investment options when appropriate
4. Provide quarterly Current Market Stats Newsletter and fund reports highlighting investment results and fund characteristics
5. Provide quarterly portfolio performance summary
6. Provide annual comprehensive portfolio review report
7. Provide annual meeting with your investment committee
8. Process/review of benefit payments instructions
9. Coordination of custodial services

Actuarial Services, Administrative & Consulting Services:

Response: *Defined Benefit Plan: \$3,000 odd-number years / \$1,000 even-numbered years*

Defined Contribution Plan: \$1,600 annually

Regular Services

Conrad Siegel will provide the following services for the Borough of Exeter pension plans, as applicable:

1. Prepare the actuarial valuation reports as of January 1 of each odd-numbered year, beginning January 1, 2021. The reports include benefit information on all members in the plans, as well as plan funding information. The valuation process will include a review of the actuarial assumptions as well as the plan's overall condition.
2. Prepare annual benefit statements for active members of the defined benefit plan and quarterly benefit statements for the active members of the defined contribution plan.
3. Prepare the Act 205 forms to be submitted to the Municipal Pension Reporting Program (formerly PERC) every other year, beginning January 1, 2021 (Due by March 31, 2022).
4. Determine the minimum municipal obligation (MMO) required by Act 205 to be submitted by the Chief Administrative Officer to the governing body by September 30 of each year.
5. Assist the Borough in determining pension benefits for retired and terminated members.
6. Provide assistance and attend meetings as required or requested by Borough management and the Board of Supervisors.
7. Review and comment on the Borough's prepared AG-385 form, as needed.
8. Provide specific pension plan information and reports to external CPA firm relative to annual audit of the municipalities General Purpose Financial Statements.
9. Maintain a list of all active, terminated vested and retired members (including beneficiaries) of the pension plan, and include their date of entry into the plan, annual wages, members' contributions, accumulated contributions, pension benefits, termination date, and retirement date.

Additional Services – These are billed separately and based upon the size and scope of the engagement. A fee quote can be provided in advance of any work requested.

Conrad Siegel is able to provide the following actuarial services upon request of the Borough:

1. Preparation of Actuarial Reporting Requirements under GASB Nos. 67 & 68, as needed.
2. Inform the Borough of legislative and regulatory changes that may be applicable to the plans.
3. Provide actuarial studies for benefit cost estimates and additional actuarial services upon the request of the Borough.
4. Provide the necessary documentation or actuarial testimony during labor negotiations, and assist with arbitration if needed.
5. Prepare (or assist the solicitor in preparing) plan documents including amendments, Summary Plan Descriptions, and ordinances or resolutions as needed by the Department.

Other Services, if applicable (Specify):

Response:

Custodial Fees (Charles Schwab)

\$500 per account + 0.05% of assets. Charles Schwab Trust Bank is able to issue benefit payments directly from the pension account. The fee for doing so is \$1 per ACH / \$3 per check for recurring payments and \$5 per ACH / \$10 per check for non-recurring payments. This fee includes issuing the 1099-R tax form. The fee for stopped payments are \$10 per ACH / \$20 per check.

Charles Schwab is also able to provide directed trustee services (if needed) for an additional annual fee of \$1,000 per account.

Mutual Fund Fees (various)

The blended expense ratio for a sample investment recommendation would be 0.26%. This allocation is listed under questions #17 and complies with the following conditions listed in the RFP: 60% equity / 40% fixed income allocation, all actively managed bond funds, no more than 45% of equity investments in passively managed investments. The blended expense ratio can change overtime as fund companies adjust expense ratios and recommendations are made for changes to the target.

5. Based on your response to Question #4, complete the following Fee Summary Table:

Exeter Borough Non-Uniform Pension Plan

All figures based on Plan Assets of: approximately \$513,475.00

Fee Type (Annual)	Dollar Amount	As a % of Plan Assets
Total Expected Investment Manager or Mutual Fund Fees (Expense Ratios, 12b-1 fees, etc.)	\$1,309	0.26%
Total Expected Investment Advisor /Management Fee (or RIA Fees)	\$1,734	0.34%
Total Expected Actuarial Fees (enter annual or ½ biennial fees, as applicable)	\$1,600	0.31%
Total Expected Administrative Fees	N/A	N/A
Other Fees not included above	\$757	0.15%
TOTAL OF ALL FEES:	\$5,400	1.06%
Do these fees cover all the services stated in Question # 4 – YES or NO? If not, please explain and then detail those additional fees in response to Question #6.		

Response: No – Non-recurring or optional expenses by custodian.

Exeter Borough Police Pension Plan

All figures based on Plan Assets of: approximately \$1,263,531.75

Fee Type (Annual)	Dollar Amount	As a % of Plan Assets
Total Expected Investment Manager or Mutual Fund Fees (Expense Ratios, 12b-1 fees, etc.)	\$3,222	0.26%
Total Expected Investment Advisor /Management Fee (or RIA Fees)	\$4,266	0.34%
Total Expected Actuarial Fees (enter annual or ½ biennial fees, as applicable)	\$2,000 (avg. annual fee)	0.16%
Total Expected Administrative Fees	N/A	N/A
Other Fees not included above	\$1,180 (based on 4 retirees with direct deposit)	0.09%
TOTAL OF ALL FEES:	\$10,668	0.85%
Do these fees cover all the services stated in Question # 4 – YES or NO? If not, please explain and then detail those additional fees in response to Question #6.		

Response: No – Non-recurring or optional expenses by custodian.

6. Specify any additional or ancillary services:

- a) Does your firm offer any other services that **are or are not included** in Question # 4? If so, what are these services and what are the fees associated with these services? Please add these additional service costs to your response to **Question # 5 in the “Other Fees” section, unless they are non-routine.**

Response: Conrad Siegel does provide additional services (Health and Welfare Consulting, Recordkeeping, GASB reporting, OPEB consulting, etc.), but they are outside of the scope of this RFP. Examples of non-recurring and optional expenses that can occur at Charles Schwab are detailed in question #4 - Other Services.

- b) Will there be any fees associated with **initial set-up or asset-transfer?**

Response: There are no initial fees associated with set-up or asset-transfer.

- c) Are there any fees that would be levied **should Exeter Borough withdraw or terminate** the professional services contract with your firm before the end of the contract? If early termination fees are applicable, what time or types of restrictions apply to these fees? Does your firm require a specific term or length of contract? If so, indicate the minimum period for your firm’s contracts.

Response: Conrad Siegel does not specify a contract length or assess a termination fee. There is a termination fee at Charles Schwab of \$300 per account for a relationship of over 3 years and \$1,000 per account for relationships shorter than 3 years.

7. Briefly describe your firm's approach to client support and how the plans will be integrated into your client support network, if selected to provide services to the **Exeter Borough Pension Plans**.

Response: Conrad Siegel has a rich history of providing consulting services for Pennsylvania municipal pension plans; and one of the greatest strengths we bring to our working relationship with our clients is our ability to make complex issues simple. We enjoy a 99% annual retention rate among our client base. Our approach is to develop and maintain long-term client-consultant relationships. Our clients appreciate this continuity of service and the value it brings to our actuarial and consulting relationships. Your consultants, Dave Killick and Dave Lytle, will take the lead in providing the focus and personalized attention needed to make the relationship run as smoothly as possible. Both can be contacted directly via phone or email for any matters related to the Borough's Plans.

We will provide the Borough with the information needed to make informed decisions. You deserve more than the minimum. Our communications are Plan focused to help the Borough oversee its pension plans in an effective and efficient manner.

✓ **You deserve a Team** – Conrad Siegel has more depth than any other Pennsylvania municipal pension plan provider. Your relationship with us will not depend on the health or availability of one individual. There will be a dedicated team that will know the details of your plan. We have a team of five fully-credentialed actuaries that work with PA municipal pension plans, two CFA charterholders leading our internal research, and three investment consultants working with retirement plan clients. In addition, assisting our consultants is a team of analysts who specialize in various service areas of our bundled solution. By having multiple individuals that are familiar with your plan, you have a team servicing the plan to provide you the accessibility and personalized approach that you deserve.

✓ **Seamless Transition** – Our dedicated transition team will provide the Borough with a simple, coordinated process where no detail is overlooked while keeping you informed of the progress and the status of the transition.

✓ **Effective, Responsive Communication** – We speak in a way that is personable and inviting, encouraging questions and collaboration. We recognize it is more than a matter of simply providing timely and accurate reports. We strive to keep you well-informed with concise communications that focus on what you need to know, why you need to know it, and what you can do about it.

8. Do you or your parent company receive any direct or indirect compensation from investment managers?

Response: Conrad Siegel is an independent firm that does not offer proprietary funds. We receive no third-party commission nor do we have any exclusive affiliation with any financial institution, broker/dealer, money manager, or mutual fund company so that we can offer our clients investment recommendations that are in their best interests. We do partner with Charles Schwab to provide custodial services for our investment clients, but receive no compensation from Charles Schwab. Charles Schwab is one of the world's largest depositories of assets. On a regular basis, we perform an in-depth evaluation of our relationship with Charles Schwab to ensure they are still providing best execution for our clients, relative to the cost of their services.

Exhibit 3 – Reporting and Accountability

9. In accordance with the requirements of this RFP, your firm must agree to offer periodic meetings with municipal leadership to discuss investment performance or administrative matters. How often do you suggest these meetings should be held? Are there additional costs incurred for these meetings? If yes, please specify the fees and how they are calculated, including travel expenses if applicable.

Response: Yes, the consultants working with your Plans will attend meetings with municipal leadership of the Borough. There is no additional cost for such meetings. Conrad Siegel recommends any annual in-person meeting to discuss the annual investment review and updates related to the actuarial services provided to the Plan. We are available for phone calls, video conferences, and email questions on an as need basis to the extent that it would be beneficial to the Borough.

10. Briefly describe your firm’s approach to monitoring and managing regulatory changes imposed by state and federal government entities and how you assist municipal clients in maintaining compliance.

Response: We have a dedicated compliance committee, which includes an in-house attorney that monitors proposed and adopted legislation. The committee reviews the legislation and provides summaries and support for questions to the consulting actuaries. The Act 205 consultants work closely as an extension of the compliance committee to help communicate the nuances of the laws and their implications on the pension plans to our clients. When there is legislation impacting our clients, we have white papers and other communication materials to share the information in an easy-to-understand manner. In some situations, we have done presentations regarding the changes and impacts of the law for our clients.

11. Provide one example of an *Investment Summary Report*. This should be labeled **Appendix A** in your response.

Also, provide a sample *Annual Summary of Assets Statement* or *Annual Plan Summary Statement* and should be labeled **Appendix B** in your response. These reports should be ones that your firm will routinely provide to the Borough.

THEN:

- a) Provide information on the timing and distribution of investment performance reports following the end of a reporting period.

Response: The time frame varies based on the report. Full quarterly reports are typically issued toward the end of the first month of a quarter. We are also able to provide our client direct access to information on their accounts through the Orion client portal. In this portal, clients can view account information as of the previous day and access custom reports. The annual investment review is generated for the in-person meeting and will be provided in advance. Charles Schwab will provide monthly, quarterly, and annual statements that will serve as the official record used by the Plan's actuary and auditor.

b) What are the costs for providing this report?

Response: There is no additional cost for any of these reports.

c) How many business days after the end of a reporting period are these reports available?

Response: Monthly summaries on account and individual investment performance can be provided within the first 5-10 days of the month.

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Exhibit 4 – Investment Management and Performance

12. Will your firm act as a fiduciary to the pension plan and if so, specify the extent of your fiduciary role?

Response: We are independent consultants; this allows us to act either as a 3(21) or 3(38) fiduciary and share in the investment responsibility. Our clients decide which level of authority they wish to give us. Our fiduciary status will be listed in writing within our investment advisory agreement. Our quoted fee is the same regardless of what level of service we provide.

13. Is your firm, its parent or affiliate a registered investment advisor with the SEC under the Investment advisors Act of 1940?

Response: Our wholly-owned, SEC registered, investment advisory firm, Conrad Siegel Investment Advisors, Inc., was formed in 2002 and has been providing investment advisory services for municipal pension funds since 2004.

14. Does your firm utilize any proprietary funds or investment instruments that are owned, operated, or contractually affiliated with your firm or its parent company? If so, please describe those relationships.

Response: Conrad Siegel does not offer proprietary funds or investment instruments and does not accept soft dollar payments. The only revenue Conrad Siegel will earn from providing services to the Borough will be from our direct fees sent via invoice.

15. Briefly discuss who is responsible for investment manager selection (or mutual fund selection), asset allocation, monitoring and advising. Also, indicate (normally) how often the account (or the overall portfolio) is reviewed, reallocated, or rebalanced.

Response: Conrad Siegel internal investment research team and investment committee are responsible for maintaining the recommended fund list and the allocation models within various asset classes. A summary of the process for maintaining our recommend fund list is provided below. Dave Lytle will work with the Borough to determine the overall asset allocation and the strategy that is the best fit for your Plans. We recommend that our clients' accounts be automatically rebalanced on an quarterly basis (there are no trading fees on the Charles Schwab platform we utilize). The recommended funds and allocations are monitored by our internal investment research team on an on-going basis. Compliance with the investment policy statement criteria and benchmarked performance on a portfolio and fund level will be provided to the Borough with our quarterly reports. Conrad Siegel practices strategic asset allocation with a long-term focus. So while we are regularly reviewing our funds and allocations to identify possible improvements, we do not make changes on a frequent basis. We will contact the Borough proactively when there is a recommendation for change and will not wait until the next in-person meeting to make the recommendation.

Conrad Siegel has a direct contact at fund companies who have investments on our recommended funds list. The process of being added to our recommended funds list is as follows. Before any contact is made

with the investment managers, our investment research team will employ a formal due diligence process to evaluate funds, underlying managers, and investment strategies, using both quantitative and qualitative analysis. This research is guided by our internal investment committee which is responsible for the due diligence process we utilize in the selection of money managers. The research team utilizes Morningstar Office to manage data and for the ability to generate custom models and reports. We begin by screening managers by Morningstar category, for example star rating, ranking, expense ratio, turnover, standard deviation, etc. We then apply our standard performance and risk screens based on our internal and client specific investment criteria (IPS). Those funds that do not meet all of our minimum investment criteria are eliminated as options. Next, we rank the remaining candidates by several performance-based criteria in order to reduce the list to a manageable number. For these remaining funds, we will research their websites to ensure that reasonable information is available and it is updated in a timely manner. We will then contact the fund management company to have a discussion related to that particular manager's investment strategy, market outlook, and risk mediation techniques. Finally, we arrange for a conference call with the portfolio manager/liaison. We look to have an annual discussion with managers thereafter for a fund in good standing and as needed for funds that appear on our watch list. This process is carried out by our internal research team comprised of two CFA charterholders and recommendations for a funds addition or removal are accepted or rejected by our internal investment committee.

16. Briefly discuss your firm's approach to prudent stewardship of the assets of **Exeter Borough Pension Plans** and specifically, risk-return measures your firm will employ to protect the plans' assets. What measures or indicators do your firm use to track risk in the portfolio and risk-adjusted return? Are these results routinely shared / discussed with a client?

Response: Conrad Siegel's clients have an investment policy statement (IPS) that contains reportable investment criteria. We report on compliance on a quarterly basis and provide written explanations of any funds not in compliance along with our recommend course of action. Within our annual investment review, we also document all investment related fees along with the underlying formulas driving the costs. We feel that this is an important part of our role as co-fiduciary and is also just the right thing to do.

We feel the most important return comparison is a relative one. For this reason, we provide benchmarked returns on a fund, asset class, and portfolio level. The fund and portfolio level are provided on a quarterly basis and all three are provided in the annual review. The Morningstar star ratings are a risk adjusted return measure and is part of the criteria contained in the IPS. Compliance with criteria is reported on a quarterly basis and a full fund fact sheet with the star ratings and standard deviation is provided with each annual review.

17. Briefly describe the **asset classes and allocation mix** your firm proposes to employ if selected to provide investment services. Further, if you will be utilizing mutual funds, provide a sample mutual fund selection for each of the asset classes you would invest in and the corresponding allocation by % to each fund. If using ETFs or Separately Managed Accounts, provide the same information. THEN...describe why you feel your firm's overall approach to asset management is best suited to meet the needs of the **Exeter Borough Pension Plans**.

Response: Conrad Siegel recommend all fixed income funds have an average credit quality of investment grade. While non-investment grade funds have the appeal of higher yields, they also tend to be highly correlated to equity markets and often do not provide the same level diversification when the

bond portfolio is needed most. Conrad Siegel recommends having a globally diversified equity portfolio, but with a home country bias that has an overweight to domestic stocks. To control cost and provide board diversification, we also recommend having a core index fund within domestic large cap, domestic small/mid cap, developed ex-US, and emerging markets equity. The account allocation below follows this framework along with the criteria outlined in the RFP: 60% equity / 40% fixed income, 100% actively managed fixed income funds, and no more than 45% of the equity allocation in passively managed funds. We would want to alter the recommendation if the passive threshold was 75% of equity funds (45 out of 60 target to equity) and not 45% of the equity allocation as shown below. Please note, Conrad Siegel would also want to revisit the allocation if chosen to work with the Borough after talking to the group that will serve as their investment committee to better understand the goals, characteristics, and risk tolerance. We support this approach as the best fit for the Exeter Borough Pension Plans as it complies with your criteria, provides access to actively managed funds while still controlling cost and staying broadly diversified, and takes a long-term approach that is in line with the long-term time horizon of the Plans.

Name	Target
Vanguard Short-Term Investment-Grade	18.0%
DFA Intermediate Govt Fixed-Income	8.0%
JPMorgan Core Bond	8.0%
Vanguard Interm-Term Investment-Grade	6.0%
Fidelity® Blue Chip Growth	9.8%
Fidelity® 500 Index	9.8%
Putnam Large Cap Value	9.8%
JPMorgan Mid Cap Growth	2.1%
Fidelity® Extended Market Index	6.3%
Vanguard Small Cap Value Index	4.2%
Vanguard Developed Markets Index	4.4%
Vanguard International Value	1.2%
Artisan International Small-Mid	5.1%
Baillie Gifford Emerging Markets Equities	2.3%
Vanguard Emerging Mkts Stock Index	2.3%
DFA Real Estate Securities	1.8%
Fidelity® Intl Real Estate	0.9%

18. Past Investment Performance History:

- a) **Based on your response to Question # 17**, Provide the **Annualized NET rate of return** for **a client your firm manages** and with the same (or essentially the same) asset allocation mix as you have proposed in response to **Question # 17**. Respond for each of the timeframes indicated below and the index (or indexes) your firm uses as a benchmark to measure performance. Be sure the sample client you select has at least 10 years under your management. If not, you may use a composite of your clients, so long as they meet the criteria of the RFP and the allocation closely resembles the one you used to respond to **Question # 17**. **You must clearly indicate that, in responding to all Questions that follow, you are using composite data.**

Investment Returns Chart

Timeframe	Net Rate of Return %
1 st Qtr. 2021 (if available – If not, enter “Not Avail”)	3.5%
Year ended 2020 (time-weighted)	11.6%
3-year Average (time-weighted) thru 2020	7.1%
5-year Average (time-weighted) thru 2020	8.5%
7-year Average (time-weighted) thru 2020	6.5%
10-year Average (time-weighted) or since inception* thru 2020 <i>* If date of inception is used, please indicate the specific date of inception.</i>	7.2%

Past performance is not indicative of future results. The historical client performance shown above is based on prior performance of a similarly situated account. There is no guarantee future accounts will experience comparable market conditions or results.

- b) Based on your answer to **part a) of this Question**, what were the **NET rates of return** for each of the last 10 years. **Please complete the table below** as your response to this question.

YEAR	2010	2011	2012	2013	2014
Net Return	12.8%	-0.8%	11.3%	16.9%	5.2%
INDEX	10.8%	-0.9%	11.5%	12.4%	4.9%
YEAR	2015	2016	2017	2018	2019
Net Return	-1.7%	9.2%	12.2%	-6.3%	17.6%
INDEX	-1.0%	5.8%	15.5%	-5.5%	19.3%

Past performance is not indicative of future results. The historical client performance shown above is based on prior performance of a similarly situated account. There is no guarantee future accounts will experience comparable market conditions or results.

- c) Please provide the Index (or hybrid combination of indexes – by %) used as a Performance Benchmark in b) above:

Response: 60% MSCI ACWI / 40% BBgBarc US Agg

19. It is important that the ***Rates of Return*** provided in your response to **question # 18** reflect an account that is (essentially) of the same make-up and design as you proposed in your response to **question # 17** for comparative reasons...if this is the case, indicate this by, ***“yes this in the case”***, as your response below – no further response is necessary. For those respondents that have used composite information or data in **Question 18**, please explain here why composite data was used and how it correlates with your response to **Questions 17**.

Response: The returns provided are actual net returns of a PA municipal defined benefit investment advisory client that has an asset allocation of 60% equity and 40% fixed income. However, this client did not have restrictions on the level of passively managed funds that could be used and, as a result, its allocation is different than the sample allocation listed in the response to question #17.

PART D: Act 44 Standard Disclosure Form

EXETER BOROUGH, PENNSYLVANIA

LIST OF MUNICIPAL OFFICIALS & EMPLOYEES

APPLICANTS: Certain questions on this Disclosure Form will refer to a “*List of Municipal Officials.*” To assist you in preparing your answers, you should consider the following names to be a complete list of pension system and municipal officials and relevant employees.

MUNICIPALITY: Enter below, a list of municipal officials that have any involvement in the administration or management of the pension system – Elected Officials, Appointed Officials and Employees, Board Members, or other Pension Committee Members (if applicable). Do not include employees that are not in a management position or serve on a pension committee or in a decision-making position relative to this pension system. If a category listed below is not applicable, so state.

Elected Officials:			
Name:	Title:	Name:	Title:
Joseph Pizano	Council President	Joseph Esposito	Council Member
John Morgan	Council Vice President	Richard Murawski	Council Member
Carmen Marranca	Council Member	David Balent	Council Member
Lori DeAngelo	Council Member	Denise Adams	Mayor
Employees or Appointed Officials:			
Name:	Title:	Name:	Title:
Kendra Radle	Boro. Secretary.	Raymond A. Hassey, Esq.	Solicitor
Kendra Radle	Borough Manager		
Others: Pension Committee Members (if applicable) (not listed above):			
Name:	Title:	Name:	Title:

APPLICANT STANDARD DISCLOSURE QUESTIONS

APPLICANT INSTRUCTIONS: In accordance with Chapter 7-A of Act 44, 2009, ALL applicants responding to this RFP must complete the following Standard Disclosure Form Questions.

1. Initial each question (except **Q1:**) to provide your response in the space provided to the right of each question.
2. **THEN:** provide explanations for all “*Yes*” or “*Applies*” responses **AND**, the information requested in **Q1: (mandatory)**, on a separate sheet(s) of paper with the question you are responding to clearly noted. Attach your response sheet to this Disclosure Form.

DISCLOSURE QUESTIONS		RESPONSES	
Questions	<p>If your answer is “Yes” or “Applies”</p> <p>— —</p> <p>Please provide this information as instructed above</p>	Initial Here for: “Yes” or “Applies”	Initial Here for: “No” or “Does not Apply”
Q1. Please provide the names and titles of <u>all individuals</u> who will be providing professional services to the Requesting Municipal entity’s pension plan(s) identified. Also include the names and titles of <u>any advisors and subcontractors</u> of the Contractor, identifying them as such. After each name provide a brief description of the responsibilities of that person regarding the professional services being provided.	**ALL Applicants: Provide all information as stated in the question on a separate page and attach it to this disclosure. Initials in the boxes to the right are not necessary.		
Q2. Please list the name and title of any <i>Affiliated Entity</i> and their <i>Executive-level Employee(s)</i> that require disclosure; after each name, include a brief description of their duties. (See: Definitions)	Provide all information as stated in the question.		N/A
Q3. Are any of the individuals named in Question #1 or #2 above, a current or former official or employee of the Requesting Municipal entity?	IF “YES”, provide the name and of the person employed, their position with the municipality, and dates of employment.		No.
Q4. Are any of the individuals named in Question #1 or #2 above, a current or former registered Federal or State lobbyist?	IF “YES”, provide the name of the individual, specify whether they are a state or federal lobbyist, and the date of their most recent registration /renewal.		No.
<p>Q5. Disclose the terms of employment / compensation of any third-party intermediary, agent, or lobbyist that is to directly or indirectly communicate with an official or employee of the <i>Municipal Pension System</i> of the Requesting Municipal entity (OR), any municipal official or employee of the Requesting Municipal entity in connection with any transaction or investment involving the <i>Applicant (or an Affiliated Entity)</i> and the Municipal Pension System of the Requesting Municipality?</p> <p><u>This question does not apply</u> to an officer or employee of the <i>Applicant</i> who is acting within the scope of the firm’s standard professional duties on behalf of the firm, pursuant to the professional services contract with municipality’s pension system.</p>	<p>IF “YES”, identify:</p> <p>(1) (the third party intermediary, agent, or lobbyist) whom will be paid the compensation or employed by the <i>Applicant</i> or <i>Affiliated Entity</i>,</p> <p>(2) their specific duties to directly or indirectly communicate with an official or employee of the <i>Municipal Pension System</i> of the Requesting Municipality (OR), any municipal official or employee of the Requesting Municipality, and</p> <p>(3) The official they will communicate with.</p>		No. Conrad Siegel does not pay or employ any third party individuals.
Q6. Since December 17th 2009, has the Applicant, or any agent, officer, director or employee of the Applicant solicited a contribution to any municipal officer or candidate for municipal office in the Requesting Municipal entity, or to the political party or political action committee of that official or candidate?	IF “YES”, identify the agent, officer, director or employee who made the solicitation and the municipal officials, candidates, political party or political committee who were solicited (to whom the solicitation was made).		No.

DISCLOSURE QUESTIONS (CONTINUED)

DISCLOSURE QUESTIONS (CONTINUED)		RESPONSES	
Questions	If your answer is “Yes” or “Applies” — — Please provide this information as instructed above	Initial Here for: “Yes” or “Applies”	Initial Here for: “No” or “Does not Apply”
Q7. In the past 2 years: Has the <i>Applicant</i> or an <i>Affiliated Entity</i> made any contributions to a municipal official or any candidate for municipal office in the Requesting Municipal entity ?	IF “YES” , provide the name and address of the person(s) making the contribution, the contributor’s relationship to the Applicant, the name and office or position of the person receiving the contribution, the date of the contribution, and the amount of the contribution.		No.
Q8. Does the <i>Applicant</i> or an <i>Affiliated Entity</i> have any direct financial, commercial or business relationship with any official identified on the <i>List of Municipal Officials</i> , of the Requesting Municipal entity ?	IF “YES” , identify the individual with whom the relationship exists and give a detailed description of that relationship.		No.
Q9. Since December 17th 2009: Has the <i>Applicant</i> or an <i>Affiliated Entity</i> given any gifts having more than a nominal value to any official, employee or fiduciary – specifically, those on the <i>List of Municipal Officials</i> of the Requesting Municipal entity ?	IF “YES” , Provide the name of the person conferring the gift, the person receiving the gift, the office or position of the person receiving the gift, specify what the gift was, and the date conferred.		No.
Q10. Disclosure of contributions to any political entity in the Commonwealth of Pennsylvania. Applicability: A “yes” response <u>is required</u> and full disclosure is required <u>ONLY WHEN ALL</u> of the following applies: (1) The contribution was made within the last 5 years (2) The contribution was made by an officer, director, executive-level employee or owner of at least 5% of the <i>Applicant</i> or <i>Affiliated Entity</i> (3) The amount of the contribution was at least \$500 and in the form of: A single contribution by a person in (2) above OR, the aggregate of all contributions by all persons in (2) above; (4) The contribution was made to: A candidate for any public office in the Commonwealth or any person who holds that office <u>OR</u> ; A political committee of a candidate for public office in the Commonwealth or of an individual that holds that office.	IF “YES” , provide the name and address of the person(s) making the contribution, the contributor’s relationship to the <i>Applicant</i> , The name and office or position of the person receiving the contribution (or the political entity / party receiving the contribution), the date of the contribution, and the amount of the contribution.		None.
Q11. With respect to your provision of professional services to the Municipal Pension System of the Requesting Municipal entity : Are you aware of any apparent, potential or actual conflicts of interest with respect to any officer, director or employee of the <i>Applicant</i> (includes: subcontractors, advisors, or any Affiliated Entity of or for the Applicant), and any of the officials or employees of the Requesting Municipality ?	IF “YES” , Provide a detailed explanation of the circumstances which provide you with a basis to conclude that an apparent, potential, or actual conflict of interest may exist.		No. Conrad Siegel is not aware of any conflict or potential conflict.
Q12. Former Employment – to your knowledge, is anyone now employed by <u>your firm</u> that was employed by the Requesting Municipal entity within the past one year – OR – is there anyone listed in the <i>List of Municipal Officials</i> above that was a formerly employed <u>by your firm</u> within the past one year?	IF “YES” , provide the name and of the person employed, their position with the municipality, and dates of employment. Note: Pursuant to Act 44, 2009, Section 702-A Subparagraph (e) “Conflict of Interest”: A <u>one year restriction</u> is imposed, without exception, on either circumstance of this question.		None.

The following individuals are all employees of Conrad M. Siegel, Inc. and provide actuarial or support services to our public sector clients. We do not hire any third-party advisors or subcontractors.

Ashley A. Wise
Brian N. Graff
Casey B. Krady
Charles A. Eberlin
Daniel S. Hollinger
David H. Killick
Edward L. Holroyd

Elizabeth N. Goodhart
Emily N. McHenry
J. Scott Gehman
Jeffrey S. Myers
John D. Vargo
Jonathan D. Cramer
Krista A. Mamet

Laura D. Hrebenak
Mackenzie N. Garner
Michael M. Howard
Sean M. Gallen
Thomas W. Reese
Trevor S. Bare

Nicholas P. Frankenstein
Sean M. Duffy
Stacy A. Souders
Tara L. Mashack-Behney
Vaibhav S. Desai
Bansari P. Patel

Brian N. Graff
Bridget Q. Casher
David P. Lytle
Jennifer N. Becker
John D. McGlynn
Nathan R. Bailey

Laurie A. Pardon
Chrystal L. Woollett
Mark A. Dixon
Melissa L. Hoch
Michael R. Hoyle

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APPLICANT VERIFICATION

I, David P. Lytle, FSA, CFA, MAAA, hereby state that I am the Partner & Chief Investment Officer of Investment Advisory Services for Conrad Siegel and I am authorized to make this verification.

I hereby verify that the facts set forth in the foregoing Act 44 Disclosure Form for RFP Applicants seeking to provide Professional Services to the **Exeter Borough's Pension System** is true and correct to the best of my knowledge, information, and belief. I also understand that knowingly making material misstatements or omissions in this form could subject the responding *Applicant* to the penalties in Section 705-A (e) of Act 44.

I understand that false statements herein are made subject to the penalties of 18 P.A.C.S. § 4904 relating to unsworn falsification to authorities.

Handwritten signature of David P. Lytle in black ink, written over a horizontal line.

Signature

June 30, 2021

Date

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Appendix A



April 13, 2018

Mr. Mike Smith
123 Anywhere Road
Harrisburg, PA 17110

RE: Sample Plan Name

Dear Mr. Smith:

In this correspondence, you will find your quarterly executive summary along with a report on any criteria failures your investments have when compared to the investment criteria shown in your Investment Policy Statement. This information is as of March 31, 2018.

If you have any questions, please do not hesitate to contact us at (717) 652-5633.

Yours sincerely,

A handwritten signature in black ink that reads "Tara L. Mashack-Behney".

Tara L. Mashack-Behney, CFP®, ChFC®
Partner & President of Investment Advisory Services

Encl.

A review of your investments compared to the investment criteria shown in your Investment Policy Statement was done as of March 31, 2018.

Your investments meet or exceed the investment criteria as set forth in your Investment Policy Statement.

INsights

Let's Talk Trade (Wars)

The United States' trade deficit with foreign countries, as of the end of 2017, was about \$566 billion (The U.S. Trade Deficit and How It Hurts the Economy, 2018). This is about 3% of total GDP for the United States. While this number isn't as bad as many other countries, having this large of a deficit means it needs to be financed. Our government finances it by selling government bonds, of which it needs to pay interest. As the deficit widens, investors demand higher interest rates on these bonds, and the government needs to pay still more in interest. It is a cycle that can cause a government's liabilities to balloon very fast.

One way to combat this is to shrink the deficit. How can you do this? There are a few ways, starting with the dollar. As the dollar declines in value against other world currencies, it makes U.S. goods cheaper to purchase by foreign countries. This should cause demand for U.S. products to go up, and make the deficit decline, all things being equal. The opposite is also true. Between 2011 and 2016 the dollar rose 38%, adding to the trade deficit, although from the beginning of 2017 it has declined modestly.

The U.S. is discussing imposing additional tariffs on up to \$100 billion worth of Chinese goods as our

government believes China is getting away with unfair tariff policies (did you know there are tariffs currently on a wide range of products we both import and export?), plus, we have a deep trading deficit with the country. China has answered the U.S.'s discussed tariffs with their own and has promised to retaliate at all costs.

What happens if the two countries cannot work things out and more countries join the tariff melee? That's a trade war. GDP worldwide falls and in the end, the tariff costs are passed on to the consumer. In fact, trade wars have contributed to depressions in the past and even been a factor in the lead up to World War II.

As of writing this piece, a lot of talk has happened, but no action. The two countries are currently calling for negotiating terms of trade, so all of this discussion about tariffs may not even come to fruition. However, one thing is for sure, the stock market doesn't like it. Volatility has risen and stock markets have fallen worldwide since no one ever wins in a tariff war.

We here at Conrad Siegel continue to believe in diversification with a focus on your goals. We do, however, acknowledge the tariff situation as a real risk to the ten year bull market. ■

Return of Volatility?

There have been a number of culprits for the return to volatility to the U.S. stock market: covering of inverse VIX positions (a trade looking to profit off a lack of volatility), interest rates moving off historic lows, concerns of high equity valuations, the potential for a trade war, etc. Whatever you believe the main reason(s) to be, increased volatility and large swings in markets within a single trading session certainly have investors' attention. The graphic below shows the distribution of daily returns of the S&P 500 index since 2013. The number of days where the index moved more than 1.5% in either direction accounts for 19.7% of trading days

in 2018 thus far. That compares to an average of 5.6% of trading days in the last five calendar years and only 0.8% in 2017. The seven days in 2018 where the S&P 500 declined more than 2.0% are already the highest number for any one year for the years displayed below. While an increase in volatility can be stressful for investors, consider the following points when considering the return of volatility in the markets.

- The S&P 500 has also seen a larger number of one day increases above 1.0%. Despite all of the large one day moves, the index is only down 2.10% year-to-date as of April 6, 2018.
-

- The recent volatility feels amplified due to a historically calm 2017. The data below shows there was not a single trading day with a change over 2.0%. There were only 8 days total with more than a 1.0% change. Also, it was the first calendar year ever that the S&P 500 had a positive return each month (money.cnn.com).
- The period of high volatility started around February 1, 2018. This is too short of a time period to conclude whether this is the start of a volatile time in the markets or just a blip in what has been a steady bull market. However, it is a good reminder to assess whether you are comfortable with your investment allocation and the type of volatility it can experience. ■

Distribution of Daily Returns for the S&P 500

	< -2.0%	-2.0% to -1.5%	-1.5% to -1.0%	-1.0% to -0.5%	-0.5% to 0.0%	0.0% to 0.5%	0.5% to 1.0%	1.0% to 1.5%	1.5% to 2.0%	> 2.0%
2013	0.8%	0.8%	5.2%	7.1%	27.0%	31.0%	19.4%	7.5%	0.4%	0.8%
2014	1.6%	2.4%	3.6%	11.1%	22.6%	34.9%	16.3%	5.6%	1.2%	0.8%
2015	2.4%	2.8%	7.1%	11.5%	28.6%	21.4%	9.5%	11.9%	3.2%	1.6%
2016	2.0%	2.0%	4.8%	9.5%	27.8%	31.3%	12.3%	5.6%	3.2%	1.6%
2017	0.0%	0.8%	0.8%	4.0%	36.7%	42.6%	13.5%	1.6%	0.0%	0.0%
2018	10.6%	1.5%	7.6%	7.6%	16.7%	21.2%	13.6%	13.6%	6.1%	1.5%

* Returns for the S&P 500 TR USD taken from Morningstar Office, a product of Morningstar, Inc. 2018 data through April 6, 2018.

Conrad Siegel Reveals New Brand



Conrad Siegel Actuaries and Conrad Siegel Investment Advisors, delivering comprehensive employee benefits and investment advisory services, recently announced a company-wide rebrand, unveiling a new name, logo and website.

Previously known as Conrad Siegel Actuaries and Conrad Siegel Investment Advisors, which distinguished the firm's two primary divisions, the firm will now be referred to as Conrad Siegel. The united brand will provide a more cohesive experience for the firm's valued clients.

The Conrad Siegel name stays true to the firm's history and founding values, while signifying its maturity as a premier retirement, investment and healthcare consulting firm. The update reflects the firm's comprehensive services and positions the firm to expand into new markets as the industry continues to evolve.

The updated name is accompanied by a new logo that pays homage to the historic Conrad Siegel brand and represents the firm's core values of accuracy, proactivity, responsiveness, guidance, trust, relationships, and simplifying complexities. ■

Welcome our Newest Member!



Catherine Azeles, CFP®, has joined Conrad Siegel as a new Investment Consultant for individual clients. Catherine is committed to helping individuals and families discover and achieve their personal and financial dreams. She works holistically with her clients, exploring and educating them regarding all options related to Comprehensive Financial Planning, including Retirement Planning, Investment Management, Risk Mitigation Strategies, and Estate Preservation Planning and Analysis. ■



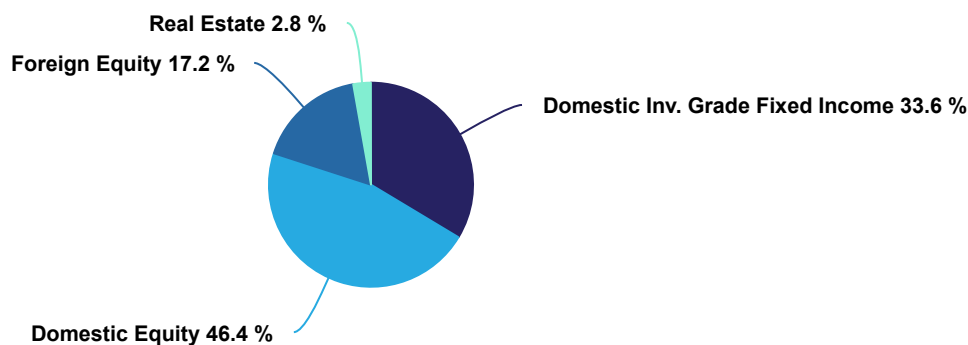
All investment advisory services and fiduciary services are provided through Conrad Siegel Investment Advisors, Inc. ("CSIA"), a fee-for-service investment adviser registered with the U.S. Securities and Exchange Commission with its principal place of business in the Commonwealth of Pennsylvania. This article discusses broad-based economic and political conditions and should not be construed as research or investment advice. Please consult your financial advisor before buying or selling securities. CSIA operates in a fiduciary capacity for its clients. Investing in securities involves the potential for gains and the risk of loss and past performance may not be indicative of future results. Any testimonials do not refer, directly or indirectly, to CSIA or its investment advice, analysis or other advisory services. CSIA and its representatives are in compliance with the current notice filing registration requirements imposed upon registered investment advisors by those states in which CSIA maintains clients. CSIA may only transact business in those states in which it is noticed filed, or qualifies for an exemption or exclusion from notice filing requirements. Any subsequent, direct communication by CSIA with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For additional information about CSIA, please refer to the Firm's Form ADV disclosure documents, the current versions of which are available on the SEC's Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov) and may also be made available upon request.

Account Summary

Account: ABC Portfolio
 Period Ending: 8/19/2020
 Account Inception Date: 12/8/2014



Asset Allocation



Description	Weight	Current Value
Domestic Inv. Grade Fixed Income	33.6 %	\$2,467,914.05
Domestic Equity	46.4 %	\$3,404,834.35
Foreign Equity	17.2 %	\$1,264,238.25
Real Estate	2.8 %	\$204,750.19
	100.0 %	\$7,341,736.84

Consolidated Activity

	Last 3 Months	Year to Date
Beginning Value	\$6,807,671.98	\$7,194,770.91
Contributions	\$76,244.17	\$184,761.38
Withdrawals	(\$73,061.04)	(\$217,265.42)
Transfer In/Out	\$0.00	\$0.00
Income	\$27,721.20	\$80,219.22
Management Fees	(\$4,377.00)	(\$8,655.50)
Administrative Fees	\$0.00	(\$2,100.05)
Market Value Increase/Decrease	\$507,537.53	\$110,006.30
Market Value (Including Bond Accrual) as of 8/19/2020	\$7,341,736.84	\$7,341,736.84

Performance

Total Portfolio	Last 3 Months	YTD	1 Year	3 Year	5 Year	Inception
Time Weighted (Net)	7.8 %	2.6 %	10.2 %	6.6 %	6.5 %	6.0 %
65% MSCI ACWI/35% U.S. Agg	8.8 %	5.2 %	13.2 %	8.1 %	7.6 %	6.6 %
Dynamic Benchmark - Asset Class	8.0 %	4.8 %	12.8 %	8.3 %	8.0 %	7.3 %

Asset Allocation

Account: ABC Portfolio
 As of Date: 8/19/2020
 Inception Date 12/8/2014



Description	Asset Category	Current Value	Weight	Target Value	Target Percent	Dollar Variance	Percent Variance
Vanguard Value Index Admiral	Domestic Equity	\$659,097.03	9.0 %	\$668,098.05	9.1 %	(\$9,001.02)	(0.1 %)
Fidelity 500 Index Fund	Domestic Equity	\$1,552,550.90	21.1 %	\$1,505,056.05	20.5 %	\$47,494.85	0.6 %
Vanguard Small Cap Value Index Admiral	Domestic Equity	\$496,437.13	6.8 %	\$499,238.11	6.8 %	(\$2,800.98)	0.0 %
Fidelity Extended Market Index	Domestic Equity	\$696,749.29	9.5 %	\$668,098.05	9.1 %	\$28,651.24	0.4 %
DFA Intermediate Govt Bond	Domestic Inv. Grade Fixed Income	\$485,664.03	6.6 %	\$513,921.58	7.0 %	(\$28,257.55)	(0.4 %)
Vanguard Inter-Term Invnt Grade Admiral	Domestic Inv. Grade Fixed Income	\$372,427.55	5.1 %	\$385,441.18	5.3 %	(\$13,013.63)	(0.2 %)
Vanguard Short-Term Investment-Grade Adm	Domestic Inv. Grade Fixed Income	\$1,112,751.25	15.2 %	\$1,156,323.55	15.8 %	(\$43,572.30)	(0.6 %)
JP Morgan Core Bond R6	Domestic Inv. Grade Fixed Income	\$497,071.22	6.8 %	\$513,921.58	7.0 %	(\$16,850.36)	(0.2 %)
Artisan Intl Small Cap Inv	Foreign Equity	\$428,694.63	5.8 %	\$403,795.53	5.5 %	\$24,899.10	0.3 %
DFA Emerging Markets Core Equity Portfolio Institutional Class	Foreign Equity	\$388,159.53	5.3 %	\$367,086.84	5.0 %	\$21,072.69	0.3 %
Vanguard Developed Markets Index Admiral	Foreign Equity	\$447,384.09	6.1 %	\$440,504.21	6.0 %	\$6,879.88	0.1 %
DFA Real Estate Securities Portfolio	Real Estate	\$134,259.88	1.8 %	\$146,834.74	2.0 %	(\$12,574.86)	(0.2 %)
Fidelity Intl Real Estate	Real Estate	\$70,490.31	1.0 %	\$73,417.37	1.0 %	(\$2,927.06)	0.0 %
		\$7,341,736.84	100.0 %	\$7,341,736.84	100.0 %		

Portfolio Breakdown

Account: ABC Portfolio
 As of Date: 8/19/2020
 Inception Date: 12/8/2014



Portfolio Breakdown					
Symbol	Description	Quantity	Price	Current Value	Weight
ABC Portfolio				\$7,341,736.84	100.0 %
Domestic Inv. Grade Fixed Income				\$2,467,914.05	33.6 %
VFSUX	Vanguard Short-Term Investment-Grade Adm	101,251.3	\$10.99	\$1,112,751.25	15.2 %
JCBUX	JP Morgan Core Bond R6	39,861.4	\$12.47	\$497,071.22	6.8 %
DFIGX	DFA Intermediate Govt Bond	34,965.0	\$13.89	\$485,664.03	6.6 %
VFIDX	Vanguard Inter-Term Invnt Grade Admiral	35,002.6	\$10.64	\$372,427.55	5.1 %
Domestic Equity				\$3,404,834.35	46.4 %
FXAIX	Fidelity 500 Index Fund	13,239.1	\$117.27	\$1,552,550.90	21.1 %
FSMAX	Fidelity Extended Market Index	10,477.4	\$66.50	\$696,749.29	9.5 %
VVIAX	Vanguard Value Index Admiral	15,908.7	\$41.43	\$659,097.03	9.0 %
VSIAX	Vanguard Small Cap Value Index Admiral	10,004.8	\$49.62	\$496,437.13	6.8 %
Foreign Equity				\$1,264,238.25	17.2 %
VTMGX	Vanguard Developed Markets Index Admiral	33,312.3	\$13.43	\$447,384.09	6.1 %
ARTJX	Artisan Intl Small Cap Inv	25,143.4	\$17.05	\$428,694.63	5.8 %
DFCEX	DFA Emerging Markets Core Equity Portfolio Institutional Class	18,934.6	\$20.50	\$388,159.53	5.3 %
Real Estate				\$204,750.19	2.8 %
DFREX	DFA Real Estate Securities Portfolio	3,762.9	\$35.68	\$134,259.88	1.8 %
FIREX	Fidelity Intl Real Estate	5,816.0	\$12.12	\$70,490.31	1.0 %

Performance numbers shown for one year and less are actual returns; numbers shown for over one year are annualized returns. Conrad Siegel Investment Advisors, Inc. ("CSIA") is an SEC registered investment adviser with its principal place of business in the Commonwealth of Pennsylvania. Registration of an Investment Advisor does not imply any level of skill or training. CSIA and its representatives are in compliance with the current notice filing registration requirements imposed upon registered investment advisers by those states in which CSIA maintains clients. CSIA may only transact business in those states in which it is notice filed, or qualifies for an exemption or exclusion from notice filing requirements. The information above has been provided by the custodian and CSIA, and while deeming such information to be reliable, does not guarantee the accuracy thereof. The statements you receive directly from the account custodian are the official record of your account balances. CSIA encourages you to compare and verify the balances on this statement with the balance information on the statements you receive from the account custodian. Past performance is no guarantee of future results, and there is always the risk that a client may lose money. Returns shown are net of CSIA's fees. For additional information about CSIA, please refer to the CSIA's disclosure documents, the current versions of which are available on the SEC's Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov) and may also be made available upon request.

Performance

Investment – Performance net of fund fees, gross of advisor fees.

Peer Group – Average performance of investments in the same Morningstar category, net of fund fees.

Fund Benchmark – Performance of a benchmark index appropriate for comparison purposes. Benchmarks do not have fees.

	As of September 30, 2020			
	1 Year	3 Years	5 Years	10 Years
Schwab Government Money Fund	0.66%	1.30%	0.85%	N/A
Money Market	0.62%	1.23%	0.80%	0.40%
ICE BofA US 3M Trsy Bill TR USD	1.10%	1.69%	1.20%	0.64%
Schwab Retirement Government Money Fund	0.80%	1.46%	N/A	N/A
Money Market	0.62%	1.23%	0.80%	0.40%
ICE BofA US 3M Trsy Bill TR USD	1.10%	1.69%	1.20%	0.64%
Vanguard Short-Term Inv. Grade Fund Adm.	4.89%	3.64%	3.13%	2.65%
Short-Term Bond	3.30%	2.76%	2.39%	1.99%
BBgBarc Credit 1-5 Yr TR USD	5.07%	3.89%	3.26%	2.88%
DFA Intermediate Government Fixed Income Fund	9.09%	5.88%	4.03%	3.49%
Intermediate Government	5.47%	3.86%	2.74%	2.57%
BBgBarc US Government TR USD	7.97%	5.47%	3.73%	3.10%
JP Morgan Core Bond Fund R6	6.84%	5.40%	4.27%	3.86%
Intermediate Core Bond	6.66%	4.88%	3.94%	3.49%
BBgBarc US Agg Bond TR USD	6.98%	5.24%	4.18%	3.64%
Vanguard Int.-Term Inv. Grade Fund Adm.	9.07%	6.09%	5.21%	4.73%
Corporate Bond	7.25%	5.58%	5.44%	4.87%
BBgBarc US Credit 5-10 Yr TR USD	8.31%	6.43%	5.82%	5.24%
T. Rowe Price Blue Chip Growth Fund Inst'l.	36.34%	21.05%	20.28%	18.14%
Large Growth	32.13%	18.22%	16.99%	15.01%
Russell 1000 Growth TR USD	37.53%	21.67%	20.10%	17.25%
Fidelity 500 Index Fund	15.14%	12.27%	14.14%	13.73%
Large Blend	10.70%	9.55%	11.77%	11.96%
S&P 500 TR USD	15.15%	12.28%	14.15%	13.74%
Putnam Equity Income Fund Y	-0.08%	5.33%	9.15%	11.10%
Large Value	-4.52%	2.55%	7.26%	9.17%
Russell 1000 Value TR USD	-5.03%	2.63%	7.66%	9.95%
JP Morgan Mid Cap Growth Fund Inst'l.	35.85%	19.89%	16.99%	15.74%
Mid-Cap Growth	24.49%	14.68%	14.28%	13.22%
Russell Mid Cap Growth TR USD	23.23%	16.23%	15.53%	14.55%

As of September 30, 2020

	1 Year	3 Years	5 Years	10 Years
Fidelity Extended Market Index Fund	12.94%	8.07%	11.24%	12.05%
Mid-Cap Blend	-0.46%	3.43%	7.34%	9.51%
DJ US Completion Total Stock Mkt TR USD	12.93%	7.96%	11.08%	11.93%
Vanguard Small Cap Value Index Fund Adm.	-12.30%	-2.67%	4.80%	8.68%
Small Value	-14.26%	-5.51%	2.67%	6.44%
Spliced Benchmark	-12.38%	-2.71%	4.79%	8.70%
Vanguard Developed Markets Index Fund Adm.	2.18%	0.94%	5.79%	4.96%
Foreign Large Blend	2.19%	0.41%	5.19%	4.34%
Spliced Benchmark	1.86%	0.71%	5.54%	4.74%
Artisan International Small-Mid Fund	27.52%	10.99%	9.65%	8.62%
Foreign Small/Mid Growth	22.57%	7.32%	10.57%	8.86%
MSCI ACWI Ex USA SMID NR USD	4.88%	0.79%	6.40%	4.85%
DFA Emerging Markets Core Equity Fund	3.82%	-0.18%	7.17%	1.81%
Diversified Emerging Mkts	9.11%	1.73%	8.08%	2.46%
MSCI EM IMI NR USD	10.14%	2.03%	8.43%	2.34%
DFA Real Estate Securities Fund	-12.46%	3.59%	5.98%	8.94%
Real Estate	-13.44%	1.17%	4.28%	7.80%
DJ US Select REIT TR USD	-22.33%	-1.85%	1.99%	7.03%
Fidelity International Real Estate Fund	2.67%	6.50%	7.60%	7.36%
Global Real Estate	-12.44%	0.65%	3.48%	5.10%
FTSE EPRA Nareit Developed Ex US NR USD	-13.92%	-0.64%	2.54%	3.70%

Performance over one year is annualized.

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Appendix B



The Right Partner **By Choice**

Annual Review

May 2, 2018

This review is as of March 31, 2018



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P.O. Box 5900
Harrisburg, PA 17110

ConradSiegel.com

Annual Review

In order to ensure that an investment plan continues to be prudent, it is essential that annually, an in depth review of the investment process is completed. This review should consist of:

- Services being provided
- Current investments
- Performance
- Expenses
- Investment Policy Statement
- Plan for the year ahead
- Investment philosophy being employed

Conrad Siegel is an SEC registered investment advisory firm. We are independent Consultants. We have no exclusive relationship with any financial institution, and we do not receive commissions from any third parties. This allows us to make recommendations that are in our client's best interest.

Services

According to the contract in place, the services that Conrad Siegel is currently providing include:

- Develop/maintain Investment Policy Statement
- Monitor investments
- Recommend and institute changes in asset allocation levels, diversification levels, and investment options when appropriate
- Provide quarterly Current Market Stats Newsletter and fund reports highlighting investment results and fund characteristics
- Provide quarterly portfolio performance summary
- Provide annual comprehensive portfolio review report
- Provide annual meeting with your Investment Committee
- Process/review of benefit payments

Current Investments

Asset Class	Fund Name
Domestic Investment Grade	DFA Short-Term Government Fund Vanguard Short-Term Inv. Grade Fund Adm. Vanguard GNMA Fund Adm. Vanguard Int.-Term Bond Index Fund Adm.
Domestic Equity	Vanguard 500 Index Fund Adm. Vanguard Value Index Fund Adm. Vanguard Mid Cap Value Index Fund Adm. DFA U.S. Targeted Value Fund
Foreign Equity	Vanguard Developed Markets Index Fund Adm. DFA International Small Cap Value Fund DFA Emerging Markets Core Equity Fund
Real Estate	DFA Real Estate Securities Fund DFA International Real Estate Securities Fund

Breakdown of Current Investments

Investment	Market Value	Current %	Target %	\$ Variance
Domestic Investment Grade	\$2,782,979	35.5%	35.0%	\$41,389
DFA Short-Term Government Fund	\$416,434	5.3%	5.3%	\$5,195
Vanguard Short-Term Inv. Grade Fund Adm.	\$833,252	10.6%	10.5%	\$10,775
Vanguard GNMA Fund Adm.	\$1,114,614	14.2%	14.0%	\$17,978
Vanguard Int.-Term Bond Index Fund Adm.	\$418,680	5.3%	5.3%	\$7,441
Domestic Equity	\$3,508,803	44.8%	45.5%	(\$55,263)
Vanguard 500 Index Fund Adm.	\$1,050,524	13.4%	13.7%	(\$22,612)
Vanguard Value Index Fund Adm.	\$1,228,479	15.7%	15.9%	(\$16,986)
Vanguard Mid Cap Value Index Fund Adm.	\$528,194	6.7%	6.8%	(\$4,457)
DFA U.S. Targeted Value Fund	\$701,606	9.0%	9.1%	(\$11,208)
Foreign Equity	\$1,293,030	16.5%	16.5%	\$567
Vanguard Developed Markets Index Fund Adm.	\$472,134	6.0%	6.0%	\$2,148
DFA International Small Cap Value Fund	\$430,978	5.5%	5.5%	\$157
DFA Emerging Markets Core Equity Fund	\$389,918	5.0%	5.0%	(\$1,738)
Real Estate	\$238,262	3.0%	3.0%	\$3,269
DFA Real Estate Securities Fund	\$159,305	2.0%	2.0%	\$2,643
DFA International Real Estate Securities Fund	\$78,957	1.0%	1.0%	\$626
Total	\$7,833,114	100.0%	100.0%	

The amount shown in the Schwab Money Market Fund was used for the April 2018 benefit payments.

Dollar amounts have been rounded to the nearest whole number and percentages have been rounded to the nearest tenth. The chart above shows the breakdown among the various investments held within this portfolio. The target allocation is the Plan's strategic asset allocation as shown in the Investment Policy Statement. The statements you receive directly from the account custodian are the official record of your account balances. Conrad Siegel encourages you to compare and verify the balances on this statement with the balance information on the statements you receive from the account custodian.

Portfolio Performance

Portfolio

As of March 31, 2018

	1 Year	3 Years	5 Years	Since Inception
Pension Plan	7.7%	5.9%	N/A	6.2%
Pension Plan Benchmark	7.9%	6.1%	N/A	6.1%
Market Benchmark	10.5%	6.1%	7.1%	6.2%

The inception date of your account at Portfolio Center, our performance reporting system, is December 2, 2013. The market benchmark consists of 35% Barclays Global Aggregate Bond Index and 65% MSCI ACWI Index. Portfolio returns are net of all fees. Performance over one year is annualized.

Investments

As of March 31, 2018

	1 Year	3 Years	5 Years	10 Years
DFA Short-Term Government Fund	-0.42%	0.34%	0.53%	2.00%
Morningstar Category: Short Government	0.01%	0.18%	0.27%	1.30%
ICE BofAML 1-5Y US Trsy&Agcy TR USD	-0.08%	0.48%	0.65%	1.66%
Vanguard Short-Term Inv. Grade Fund Adm.	0.76%	1.50%	1.60%	2.78%
Morningstar Category: Short-Term Bond	0.73%	1.07%	1.00%	2.18%
BBgBarc Credit 1-5 Yr TR USD	0.70%	1.36%	1.57%	3.24%
Vanguard GNMA Fund Adm.	0.52%	1.07%	1.71%	3.61%
Morningstar Category: Intermediate Government	-0.06%	0.30%	0.83%	2.78%
BBgBarc GNMA TR USD	0.28%	0.92%	1.48%	3.46%
Vanguard Int.-Term Bond Index Fund Adm.	0.51%	1.14%	1.76%	4.44%
Morningstar Category: Intermediate-Term Bond	1.31%	1.27%	1.73%	3.80%
BBgBarc US Govt/Credit 5-10 Yr TR USD	0.67%	1.26%	1.86%	4.48%
Vanguard 500 Index Fund Adm.	13.95%	10.75%	13.27%	9.49%
Morningstar Category: Large Blend	12.82%	8.89%	11.72%	8.58%
S&P 500 TR USD	13.99%	10.78%	13.31%	9.49%
Vanguard Value Index Fund Adm.	10.81%	10.06%	12.21%	8.41%
Morningstar Category: Large Value	9.07%	7.65%	10.32%	7.66%
Spliced Benchmark	10.81%	10.09%	12.31%	8.28%

As of March 31, 2018

	1 Year	3 Years	5 Years	10 Years
Vanguard Mid Cap Value Index Fund Adm.	9.53%	8.40%	12.39%	10.63%
Morningstar Category: Mid-Cap Value	7.30%	6.75%	10.06%	8.87%
Spliced Benchmark	9.58%	8.44%	12.43%	10.69%
DFA U.S. Targeted Value Fund	6.92%	7.25%	10.63%	9.76%
Morningstar Category: Small Value	5.71%	6.67%	9.10%	8.74%
Russell 2000 Value TR USD	5.13%	7.87%	9.96%	8.61%
Vanguard Developed Markets Index Fund Adm.	15.95%	6.60%	7.10%	3.12%
Morningstar Category: Foreign Large Blend	15.20%	5.75%	6.21%	2.64%
Spliced Benchmark	15.39%	6.05%	6.76%	2.86%
DFA International Small Cap Value Fund	16.11%	10.30%	10.37%	5.93%
Morningstar Category: Foreign Small/Mid Value	16.97%	8.43%	7.98%	3.63%
MSCI World Ex USA Small Value NR USD	17.66%	9.72%	8.78%	5.58%
DFA Emerging Markets Core Equity Fund	22.14%	9.22%	5.27%	4.33%
Morningstar Category: Diversified Emerging Mkts	22.90%	8.23%	4.45%	3.03%
MSCI EM NR USD	24.93%	8.81%	4.99%	3.02%
DFA Real Estate Securities Fund	-2.45%	1.65%	6.34%	6.57%
Morningstar Category: Real Estate	-2.30%	1.26%	5.55%	5.88%
DJ US Select REIT TR USD	-3.68%	0.74%	5.97%	6.02%
DFA International Real Estate Securities Fund	9.82%	3.47%	3.97%	2.61%
Morningstar Category: Global Real Estate	8.06%	2.85%	4.54%	3.32%
S&P Global Ex US REIT NR USD	10.20%	3.59%	3.73%	2.51%

Returns over one year are annualized.

See endnote ⁱ

Investment Expenses

Fund Category	Fund Name	Actual Expense Ratio	Category Average Expense Ratio
Short Government	DFA Short-Term Government Fund	0.19%	0.74%
Short-Term Bond	Vanguard Short-Term Inv. Grade Fund Adm.	0.10%	0.76%
Intermediate Government	Vanguard GNMA Fund Adm.	0.11%	0.83%
Intermediate-Term Bond	Vanguard Int.-Term Bond Index Fund Adm.	0.07%	0.77%
Large Blend	Vanguard 500 Index Fund Adm.	0.04%	0.97%
Large Value	Vanguard Value Index Fund Adm.	0.06%	1.02%
Mid-Cap Value	Vanguard Mid Cap Value Index Fund Adm.	0.07%	1.13%
Small Value	DFA U.S. Targeted Value Fund	0.37%	1.30%
Foreign Large Blend	Vanguard Developed Markets Index Fund Adm.	0.07%	1.07%
Foreign Small/Mid Value	DFA International Small Cap Value Fund	0.68%	1.32%
Diversified Emerging Mkts	DFA Emerging Markets Core Equity Fund	0.53%	1.41%
Real Estate	DFA Real Estate Securities Fund	0.18%	1.21%
Global Real Estate	DFA International Real Estate Securities Fund	0.28%	1.32%
Dollar Weighted Average		0.17%	1.01%

Data taken from Morningstar Office, a product of Morningstar, Inc.

Expenses

Plan sponsors have a fiduciary responsibility to know the true and total cost of their retirement plan. The following chart outlines your total investment expenses, which are 0.43% of Plan assets. This is less than the dollar weighted category average mutual fund expense ratio, shown on the Fund Expenses page.

Description	Fee	Explanation ¹
Custodian Direct cost for custodial services	0.06%	\$500 base fee, + a market value fee of 0.05% (\$3,917), divided by total assets of \$7,833,114.
Investment Advisory Direct cost for investment advisory services	0.20%	Annual fee of \$15,544, divided by total assets of \$7,833,114.
Investment Expenses Individual mutual fund fees	0.17%	This is the dollar weighted average expense ratio, which is shown on the Fund Expenses page.
TOTAL ANNUAL FEES	0.43%	

Investment Guidelines

The Selection of Investments section of your Investment Policy Statement shows the following investment criteria:

Index Investments

- Fund assets of at least \$100,000,000
- Manager tenure of at least 2 years
- Overall expense ratio less than or equal to 1.0%

Non-Index Investments

- 3 year and 5 year Morningstar ratings of 3 stars or higher
- 3 year performance in corresponding Morningstar category top 50%
- Fund assets of at least \$100,000,000
- Inception date more than 5 years ago
- Manager tenure of at least 3 years
- Overall expense ratio less than or equal to 1.5%

Fixed Income Investments

- Credit quality of BBB or better

Guidelines for Balanced/Asset Allocation Investments

The fixed income and equity guidelines used for these investments will be the same as the applicable guidelines shown above, based upon whether the investment is index or non-index.

Investment Guidelines

A review of your investments compared to the investment criteria shown in your Investment Policy Statement was done as of March 31, 2018.

Index Investments

All of your index investments meet or exceed the investment criteria as set forth in your Investment Policy Statement.

Non-Index Investments

DFA International Real Estate Securities Fund

Criteria	Data Point	Min/Max
5 Year Morningstar Rating	2	3

Explanation: This non-index investment is on our internal Watch List. The investment's five-year Morningstar rating is two stars, however, the investment's three-year Morningstar category ranking now meets its criterion. As previously discussed, this fund invests solely in non-U.S. securities whereas the category is made up of funds that invest with both U.S. and non-U.S. securities. This will cause the fund's performance to look poor compared to the category when non-U.S. real estate securities perform worse than U.S. real estate securities. The opposite is also true. This is exactly what has happened over the last five years. We are comfortable with this fund and are recommending no changes at this time.

The rest of your non-index investments meet or exceed the investment criteria as set forth in your Investment Policy Statement.

Prohibited Investments

The Prohibited Investments section of your Investment Policy Statement is as follows:

Funds in which the Plan invests shall engage in no more than, the lesser of statutory limits or 50% of the fund, in the following:

- Options or futures contracts;
- Non-marketable securities;
- Un-registered securities;
- Derivatives;
- Private placements;
- Real Estate (excluding diversified REIT mutual funds);
- Short selling or the purchase of securities on margin;
- Commodities;
- Oil, gas, timber, or natural resource properties or other mineral rights;
- Warrants;
- Venture capital;
- Securities lending

The Plan shall not invest in investments prohibited under ERISA as that law applies to this Plan.

At this time, we are not aware of any violations of this section of your Investment Policy Statement.

Investment Policy Statement

This document is the written action plan that applies to the governance of plan assets. Specifically, it identifies responsible parties and addresses investment objectives, goals, guidelines and restrictions, and the standards of measure on which investment decisions will be made.

Investment Policy Statement Updates

Your Investment Policy Statement was recently updated. We are not recommending any changes to this document at this time.

Plan for the Year Ahead

The following represents the plan for the year ahead:

Acknowledgement

Date

David P. Lytle, FSA, CFA, MAAA
Conrad Siegel

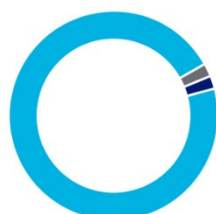
Date

Investment Philosophy

The Right Asset Allocation

We believe one of the most important decisions an investor can make is selecting a long-term mix of investments that's appropriate for their goals and risk tolerance.

What determines performance



- 96% Asset allocation
- 2% Market timing
- 2% Security selection

Source: "Determinants of Portfolio Performance" by Brinson, Hood, Beebower (1986)

Generally equities are held for long-term growth and fixed income for stability. Determining the right allocation towards these two asset classes will effect both returns and the volatility of your portfolio.

Volatility Impacts Portfolio Values

Investors need to look beyond the average annual return. Volatility around the average will have an impact on your portfolio.

Hypothetical portfolio of \$1 million

	Year 1 Return	Year 2 Return	Avg. Return	Compound Return	Year 2 Value
Portfolio 1	50%	-50%	0%	-13.4%	\$750,000
Portfolio 2	10%	-10%	0%	-0.5%	\$990,000

Portfolio is hypothetical and exaggerated to demonstrate impact of volatility.

Benchmark Performance History

Average returns and acceptable level of volatility need to be taken into consideration when setting your asset allocation. The shaded bar represents the range of returns over the applicable time frames. Note that the same allocation (mix of equities and fixed income) can experience different average rates of return and levels of volatility over different time frames. Data shown as of December 31, 2017.



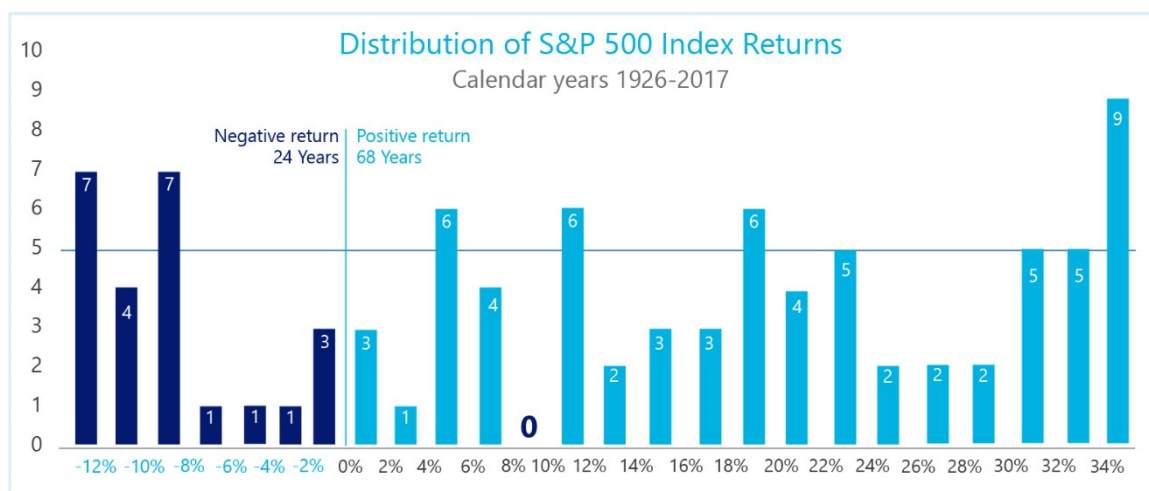
We invest in primarily mutual funds and ETFs according to proprietary investment strategies with objectives ranging from income to capital appreciation. Allocations are weighted by asset class and benchmarked against various indices, including the S&P 500 Index, Barclays Capital Aggregate Bond Index and MSCI EAFE. The graph above reflects the performance of these benchmark indices and is provided for comparative purposes only, as an index is not a security in which a direct investment can be made. Past performance may not be indicative of future results, which may be impacted by changing market conditions and evolving economic trends. There can be no assurance that portfolios with these specific allocations will be able to achieve outcomes similar to those depicted above. Index performance data may be back-tested, meaning that returns are hypothetical, have been prepared with the benefit of hindsight, and have inherent limitations as to their use and relevance. Such performance also ignores certain real-life factors, such as trade timing, security liquidity and the fact that economic and market conditions may differ significantly from those that existed historically. Index results have been adjusted for dividends and other such distributions; however, they do not account for management fees or transactional cost generally associated with managed accounts. Fees and expenses will reduce overall portfolio returns and, by way of example, an annual management fee of 90 basis points (0.90%) charged on an account valued at \$1 million would have the effect of eroding returns by \$9,000.

Expectations of Average Returns

Realized returns will often deviate greatly from expectations. We believe that understanding and accepting this fact is critical to having a successful investment experience.

Don't expect to earn average returns in any given year

While long-term average annual stock market returns are around 10%, it is worth pointing out that since 1926, the S&P 500 Index has never delivered a total return between 8% and 10% in any single calendar year – in every case it has been higher or lower, often by a substantial amount.



Performance shown was calculated using the SP 500 Index Total Return. Data courtesy of Morningstar Office, a product of Morningstar, Inc. ®. © Morningstar. All Rights Reserved. Past performance is not a guarantee of future results. Indices are not available for direct investment and performance does not reflect expenses of an actual portfolio.

Importance of Diversification

Since it's virtually impossible to predict ahead of time how any given asset class will perform, it is important to have a portfolio that is broadly invested in a variety of asset classes and styles.

Diversification is key

Looking at the domestic equity markets we can see that over the last 10 years there is no rhyme or reason as to which asset class performed the best or worst. And no one knows in advance which asset class will outperform in any given year.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
US Large Cap Growth	-38.44	37.21	16.71	2.64	15.26	33.48	13.05	5.67	7.08	30.21
US Large Cap Blend	-37.60	28.43	16.10	1.50	16.42	33.11	13.24	0.92	12.05	21.69
US Large Cap Value	-36.85	19.69	15.51	0.39	17.51	32.53	13.45	-3.83	17.34	13.66
US Mid Cap Growth	-44.32	46.29	26.38	-1.65	15.81	35.74	11.90	-0.20	7.33	25.27
US Mid Cap Blend	-41.46	40.48	25.48	-1.55	17.28	34.76	13.22	-2.44	13.80	18.52
US Mid Cap Value	-38.44	34.21	24.75	-1.38	18.51	33.46	14.75	-4.78	20.00	13.34
US Small Cap Growth	-38.54	34.47	29.09	-2.91	14.59	43.30	5.60	-1.38	11.32	22.17
US Small Cap Blend	-33.79	27.17	26.85	-4.18	16.35	38.82	4.89	-4.41	21.31	14.65
US Small Cap Value	-28.92	20.58	24.50	-5.50	18.05	34.52	4.22	-7.47	31.74	7.84

Highest Return for the Year
 Lowest Return for the Year

Data courtesy of Morningstar Office, a product of Morningstar, Inc.® Indices used in this chart include: Russell 1000 Growth Index, Russell 1000 Index, Russell 1000 Value Index, Russell Mid Cap Growth Index, Russell Mid Cap Index, Russell Mid Cap Value Index, Russell 2000 Growth Index, Russell 2000 Index, and the Russell 2000 Value Index.

Diversification includes international exposure

The United States accounts for approximately 50% of the world equity markets. Global diversification can broaden your investment universe. We believe a properly diversified portfolio should have exposure to both the developed and emerging markets.



Number of holdings for the S&P 500 and MSCI All Country World Index—Investable Market Index (MSCI ACWI IMI) as of December 31, 2017. Data courtesy of Morningstar Office, a product of Morningstar, Inc.®. Indices are not available for direct investment and their performance does not reflect the expenses associated with the management of an actual portfolio. International investing involves special risks such as currency fluctuation and political instability. Investing in emerging markets may accentuate these risks. Diversification neither ensures a profit nor guarantees against loss in a declining market.

Size & Style Matter

Size and Style Tilts

While we believe in broad diversification, we understand that tilting a portfolio towards small sized and value style companies can add additional return over longer periods of time.

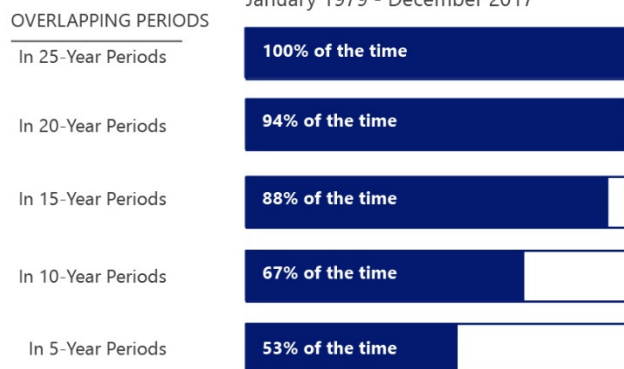
Over the long term small and value outperform

From a long-term perspective, the value style of investing has outperformed the growth style of investing. Likewise small cap stocks have outperformed large cap stocks. Performance is cyclical and results will vary year to year but when blended into a well-diversified portfolio, we feel a tilt relative to the market, to smaller size and value style companies will benefit portfolio returns over longer periods of time.

Value and Small Equity Tilts

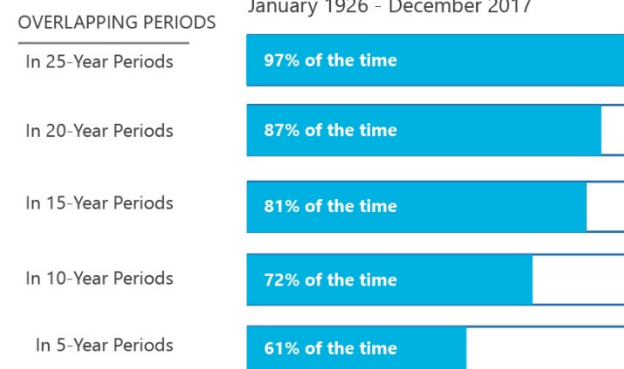
US Value Beat US Growth

January 1979 - December 2017



US Small Beat US Large

January 1926 - December 2017



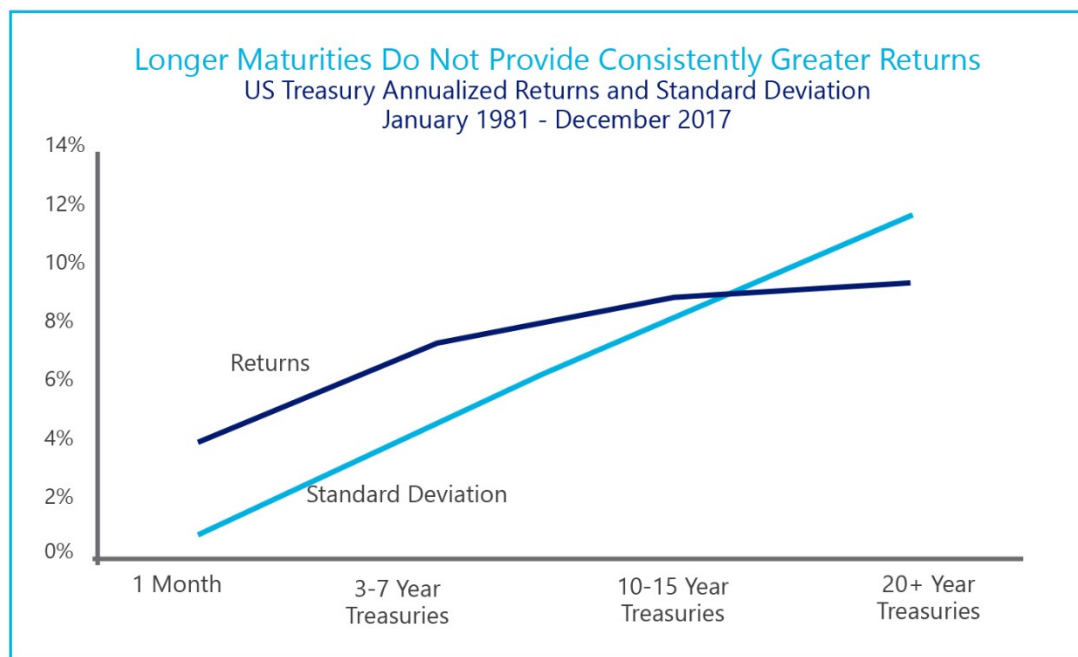
Periods based on rolling annualized returns using monthly data.
Data based on following indices: US Value-Russell 3000 Value Index, US Growth-Russell 3000 Growth Index, US Small-CRSP Decile 6,7,8, US Large-CRSP Decile 1.

Benefits of Fixed Income

We believe fixed income should be added to a portfolio to lower the overall volatility of a portfolio.

Benefits of high quality short to intermediate term

Fixed income can be classified based on maturity and credit quality. We believe in staying short to intermediate term in duration and maturity and in investment grade credit quality. We do not believe in taking the added risk of investing in long term or junk bond funds.



Source data from Morningstar Office, which includes: Citi Treasury Bill 1 Month USD Index, Bank of America/Merrill Lynch 3-7 Year Index, Bank of America/Merrill Lynch 10-15 Year Index, Barclays US Treasury 20+ Index.

Which Investment type are you?

We believe there are three ways in which you can get the desired asset mix and level of diversification. This includes the use of index, passive, or actively managed mutual funds. Each has different traits and it's important to align the fund type with your goals and risk tolerance.

Type of Management	INDEX	NON-INDEX
Example	Vanguard Institutional Index	Invesco Developing Markets
Expected Ratio	0.04%	1.01%
Expected Short-Term Return	Index return	Can vary widely above/below index
Expected Long-Term Range of Returns	Varies within a narrow band around the benchmark index, usually just below because of expense ratio (operating costs)	Can vary widely above/below index
Expected Volatility from Benchmark	None Because of operating costs should lag benchmark index by small amount	High Volatility can be minimal or large over index
Expected Morningstar Ratings ¹	2-4 stars	1-5 stars
Expected Category Rankings ²	Usually 2 nd or 3 rd Quartiles	Any of the 4 Quartiles
Number of Holdings	Reflects what's included in benchmark index (500)	Relatively few thus allowing for large bets on individual securities (78)
Security Selection	Hold stocks included in or sampled from the benchmark index	Picks stocks based on criteria; usually trades in and out of stocks regularly and therefore has high turnover
Derivative Use ³	Very low	Possibly moderate as managers attempt to add additional return over the benchmark index
Goal	Capture index returns over all time frames	Beat the benchmark index
Frequency of CSIA's Changes	Not expected unless another fund company lowers their expense structure	Every 2-4 years as fund managers/process/performance changes

Definitions:

Index: A basket of securities that is intended to represent a specific market segment and track the market's value over time.

Non-Index: An investment strategy that seeks to outperform the average returns of the financial markets according to a particular style. Active managers rely on research, market forecasts, and their own judgment and experience in selecting securities to buy, sell, and in timing the market.

¹ Morningstar rates mutual funds from one to five stars for different time periods.

² Morningstar ranks mutual funds from 1-100 for different time periods.

³ Excessive derivative use can add significant risk to a portfolio.

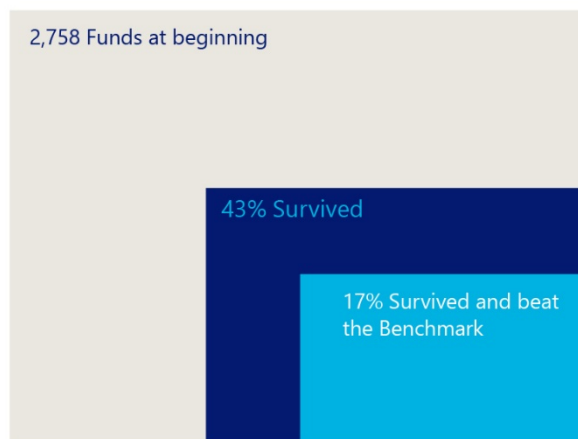
Beating the Benchmark is Difficult

The Case against Active

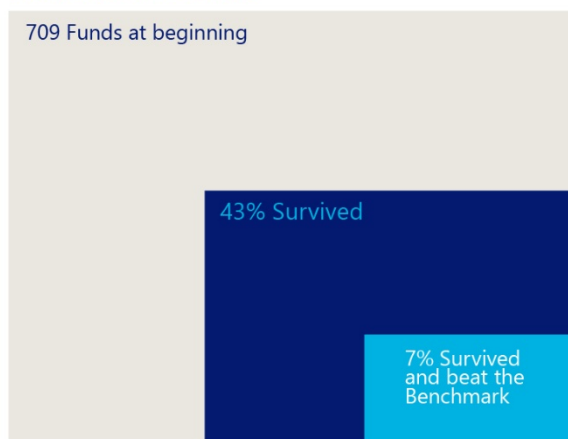
Actively managed mutual funds attempt to beat their benchmarks. However, very few mutual funds actually beat their benchmarks. This is primarily because market timing and picking the right securities, which actively managed funds attempt, is difficult to do on a consistent basis. Therefore we believe the core of an investment portfolio should include index and passively managed mutual funds.

Outsmarting other investors is tough

EQUITY FUNDS



FIXED INCOME FUNDS



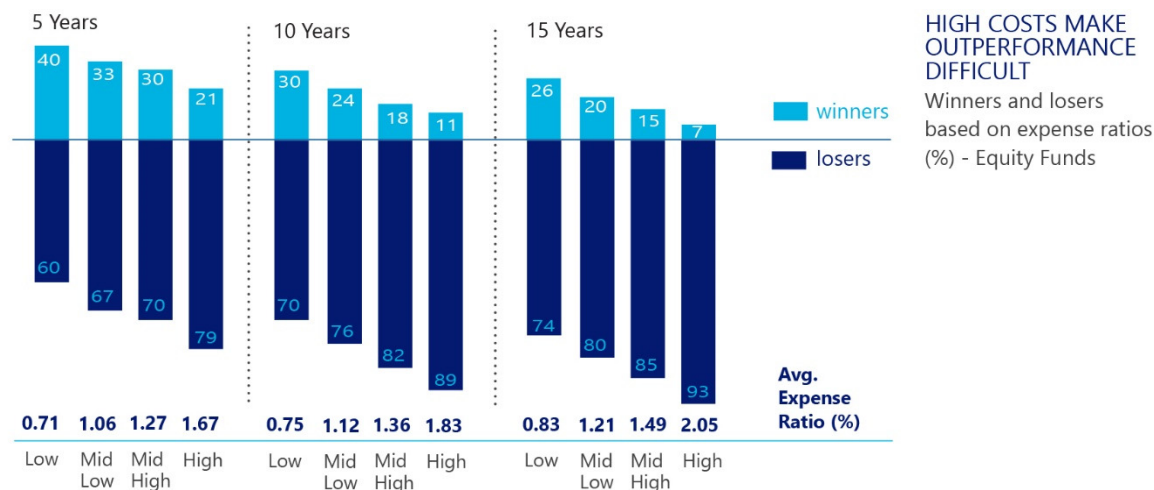
Beginning sample includes funds as of the beginning of the 15-year period ending December 31, 2014. Non-survivors include funds that were either liquidated or merged. Past performance is no guarantee of future results. US-domiciled mutual fund data is from the CRSP Survivor-Bias-Free US Mutual Fund Database, provided by the Center for Research in Security Prices, University of Chicago.

The Benefit of Low Cost Funds

We believe in offering funds that have low costs because we understand that expenses erode away performance.

Low Cost Funds Outperform

The below chart shows equity funds categorized over three time frames (5/10/15 years) and ranked in quartiles based on expense ratios. Over time, fewer and fewer funds with higher expense ratios are able to beat their index.



The sample includes funds at the beginning of the five-, 10-, and 15-year periods ending December 31, 2015. Funds are ranked by quartiles based on average ratio over the sample period, and performance is compared to their respective benchmarks. The chart shows the percentage of winner and loser funds within each expense ratio quartile. Past performance is no guarantee of future results. See Data appendix for more information. US-domiciled mutual fund data is from the CRSP Survivor-Bias-Free US Mutual Fund Database, provided by the Center for Research in Security Prices, University of Chicago.

Index and Passively Managed Funds Have Lower Expenses

In general, index and passively managed equity funds have historically outperformed actively managed funds over the long-term. This is due primarily to the low-cost nature of these funds.

Comparing the expense ratio of an index mutual fund versus that of the average mutual fund within the large blend Morningstar category, the advantage of the low-cost investment product becomes quite evident.

- Vanguard 500 Index Fund Adm. – 0.04%
- Average Fund in Large Blend Morningstar Category – 0.97%¹

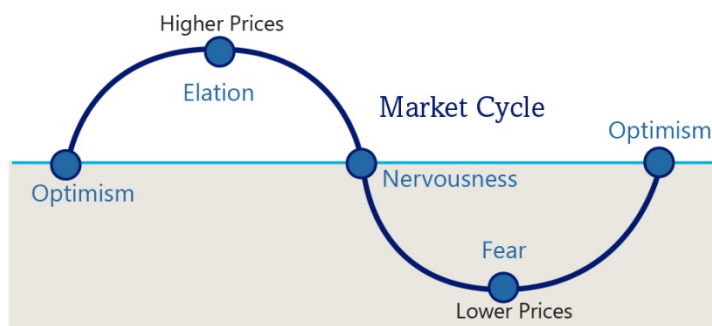
This means that on an annual basis the average fund in the large blend Morningstar category needs to generate an additional 0.93%% of performance annually just to keep pace with the Vanguard 500 Index Fund Adm. While there will be years in which the actively managed fund performs better than the passively managed investment product, over the long-term the cost advantage that is exhibited by the passively managed fund generally will be difficult to overcome.

¹ Data courtesy of Morningstar Office, a product of Morningstar, Inc.®, as of December 31, 2017. Use of the Vanguard 500 Index Fund and Large Blend Morningstar Funds is for comparative purposes only. We believe that the information contained herein to be accurate, but we cannot guarantee the accuracy of such information.

Taking a Long Term View

Manage Your Emotions

Investors need to take the emotion out of investing. It's easy to get caught up in the moment. Stock markets go up and down and reacting to current market conditions and making short term shifts in their allocations may lead to making poor investment decisions at the worst possible times.



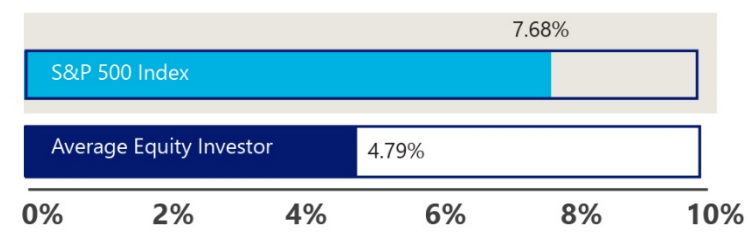
Reacting Can Hurt Performance

The average equity investor often tries to time the market and pick individual securities. Often making short term shifts in your asset allocation or investments lead to much lower performance than staying the course and maintaining your long-term investment plan.

Average Annualized Returns

Past 20 Years

1997-2016



Data courtesy of Dalbar. Dalbar uses data from the Investment Company Institute (ICI), Standard & Poor's, Barclays Capital Index Products and proprietary sources to compare mutual fund investor returns to an appropriate set of benchmarks. Covering the period from January 1, 1997 to December 31, 2016, the study utilizes mutual fund sales, redemptions and exchanges each month as the measure of investor behavior. These behaviors reflect the "average investor." Based on this behavior, the analysis calculates the "average investor return" for various periods. These results are then compared to the returns of respective indices.

See endnoteⁱⁱ

Disclosures

ⁱ Use of the funds listed in this Performance chart (the "Funds") is for comparative purposes only. We believe that the information contained herein to be accurate, but we cannot guarantee the accuracy of such information. Performance results reflect the re-investment of dividends and other earnings, and the deduction of the investment's expense ratio. The volatility of the Funds may vary due to diversification and/or other factors. Past performance may not be indicative of future results and no current or prospective client should assume that future performance will be profitable or equal the model performance results reflected herein. Different types of investment disciplines involve varying degrees of risk, and there can be no assurance that any specific investment discipline will be profitable. This document is not a substitution for personalized investment advice. Investors should consult with a financial advisor before investing. We have provided performance results of certain market indices for illustrative purposes only as it is not possible to directly invest in an index. Indices are unmanaged, hypothetical vehicles that serve as market indicators and do not account for the deduction of management fees or transaction costs generally associated with investable products, which otherwise have the effect of reducing the performance of an actual investment portfolio. It should not be assumed that your account performance or the volatility of any securities held your account will correspond directly to any benchmark index.

ⁱⁱ The Investment Philosophy section contains general information that is not suitable for everyone. The information contained herein should not be construed as personalized investment advice. Past performance is no guarantee of future results. This section contains certain forward-looking statements that indicate future possibilities. Due to known and unknown risks, other uncertainties and factors, actual results may differ materially from the expectations portrayed herein in such forward-looking statements. This section contains certain information derived from third party sources. Although we believe these sources to be reliable, we make no representations as to the accuracy or completeness of any such information prepared by any unaffiliated third party, and take no responsibility therefore. There is no guarantee that the views and opinions expressed in this section will come to pass. Investing in the stock market involves gains and losses and may not be suitable for all investors. We have provided performance results of certain indices for comparison purposes only. A description of each index is available from us upon request. The historical performance results of each index does not reflect the deduction of transaction and custodial charges, nor the deduction of an investment management fee, the incurrence of which would have the effect of decreasing indicated historical performance results. It should not be assumed that your account performance or the volatility of any securities held in your account will correspond directly to any comparative benchmark index. Information presented herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security. No portion of this section is to be interpreted as a testimonial or endorsement of Conrad Siegel's investment advisory services and it is not known whether any third parties referenced approve of Conrad Siegel or its services. All expressions of opinion reflect the judgment of the authors as of the date of publication and are subject to change without prior notice. A complete list of portfolio holdings and specific securities transactions for the preceding 12 months is available upon request.

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The foregoing information represents the performance of the identified fund as reported by independent sources we believe to be reliable, but we do not guarantee the accuracy of such information.

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