

# Fiduciary Investment Review™



*Prepared for:*  
**Delray Beach**  
August 15, 2024

*Prepared by:*



*Presented by:*  
**Matt Dickey**

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## **AGENDA**

**REGULAR COMMITTEE MEETING  
CITY OF DELRAY BEACH DEFERRED COMPENSATION PLANS  
TUESDAY, SEPTEMBER 10, 2024, 9:30 AM  
100 NW 1<sup>st</sup> AVENUE, DELRAY BEACH, FL  
CITY HALL – FIRST FLOOR CONFERENCE ROOM**

- 1. Call to Order, Roll Call**
- 2. Agenda Adoption**  
September 10, 2024
- 3. Comments**
  - a. Public Comments
  - b. Committee Members
- 4. Consent Agenda**
  - a. June 5, 2024 Regular Meeting Minutes
- 5. Reports**
  - a. June 30, 2024 Fiduciary Investment Review, NFP Retirement, Inc.

### **Adjournment**

IN ACCORDANCE WITH THE AMERICAN WITH DISABILITIES ACT OF 1990, PERSONS NEEDING A SPECIAL ACCOMMODATION TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE CITY OF DELRAY BEACH NO LATER THAN TWO (2) DAYS PRIOR TO THE PROCEEDING, TELEPHONE (561) 243-7000 FOR ASSISTANCE; IF HEARING IMPAIRED, TELEPHONE THE FLORIDA RELAY SERVICE NUMBERS (800) 955-8771(TDD) OR (800) 955-8770 (VOICE) FOR ASSISTANCE. NOTICE IS GIVEN TO ALL INTERESTED PARTIES THAT IF ANY PERSON DECIDES TO APPEAL ANY DECISION MADE AT THE FORTHCOMING MEETING OF THE CITY OF DELRAY BEACH DEFERRED COMPENSATION PLANS COMMITTEE, SUCH PERSON WILL NEED A RECORD OF THE PROCEEDINGS CONDUCTED AT SUCH MEETING AND FOR SUCH PURPOSE, HE OR SHE MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDING IS MADE, WHICH RECORDS INCLUDE THE TESTIMONY AND EVIDENCE UPON WHICH ANY APPEAL MAY BE BASED. FLORIDA STATUTE, SECTION 286.0105.

**Q2 2024  
Meeting Minutes  
Delray Beach  
City of Delray Beach- 457 Plan**

**Meeting Date: 06/04/2024**

**Attendees**

Committee Members	Hugh Dunkley	Lisa Castronovo
	Duane D'Andrea	Gregory Giaccone
	Jeffrey Rasor	

NFP	Matt Dickey
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**Administrative Review**

- Reviewed Prior Meeting Notes
- Signed IPS on file
- Signed Committee Charter on file

**Notes:**

- Chair Dunkley called the meeting to order at 9:30am. Members D'Andrea and Rasor were absent.
- Public Comment - none in attendance
- NFP provided a brief update regarding recent administrative and regulatory updates. This included ways to promote enrollment in the Deferred Compensation plan, updating plan participant beneficiaries, and in-plan income solutions. NFP is running a due diligence RFP on the variety of products and solutions in the in-plan income marketplace and will provide a summary report to the Committee for their review and consideration when complete.
- The Committee reviewed and approved the previous Q4 2023 minutes.
- The Committee continued their discussion regarding the additional administrative documents including the Plan Committee Resolution, Indemnity Agreement, and By-Laws. The formation of the Committee was formalized by the City Manager which serves as the Plan Committee Resolution.
  - An item of clarification regarding membership, members from the Police and Fire Pension Boards may not overlap on the two Committees/Boards.
  - The Indemnity Agreement was reviewed and the City will not utilize it at this time.
  - The Bylaws were reviewed and adopted by the Committee based on a slight revision in Article III.
  - The Investment Policy Statement was reviewed and adopted by the Committee based on the removal of all references to ERISA, to be replaced with "as per applicable State law".
- NFP provided an update regarding their ownership structure. NFP is now an Aon company but will continue to operate independently. The City was sent a negative consent regarding this change in ownership. This will have no impact to the City's contract with NFP nor the ongoing scope of services provided by NFP.
- The Committee discussed the recordkeeper RFP. Recently the City lost their Procurement Manager and are in the process of replacing the role. NFP provided a draft outline for the recordkeeper RFP and will continue to administer the project within the City's procurement process upon the hiring of the next Procurement Manager. The Committee discussed other recent RFP's being run around the state and nationally. The City sits in an advantageous position as they only have a single provider for all their plans. This will provide economies of scale and competitive pricing when the City goes out to RFP.
- The Committee reviewed the Administrative Allowance Account and will follow the similar practice as the other City of Delray Beach plans by making an annual distribution at the end of the year for the excess funds in the account.

**Investment Due Diligence**

**Investment Analysis Summary**

- NFP provided an economic and market commentary for Q1 2024.
- NFP reviewed the investment scoring methodology and criteria for monitoring, watchlisting and removing investments from the fund menu.
- NFP reviewed plan asset balances across all investment options.
  - Assets of the Plan as of 03/31/24 were \$82,284,834.30
  - 35.93% in Asset Allocation
  - 18.06% in Cash Alternatives
  - 5.02% in Fixed Income
  - 7.02% in International/Global Equity
  - 5.34% in Specialty

## Q2 2024

### Meeting Minutes

- 28.63% in U.S. Equity
- NFP reviewed the Plan's investment scorecard covering available funds as well as their current scores and performance metrics, scoring history, asset class coverage, as well as other key metrics.
  - All funds were reviewed from a quantitative and qualitative perspective.
  - 20 funds are acceptable:
    - JPMorgan SmartRetirement Blend Target Date Series R5 (8)
    - Cohen & Steers Real Estate Securities I, CSDIX (10)
    - MassMutual High Yield Svc, DLHYX (8)
    - Dodge & Cox Stock I, DODGX (10)
    - Fidelity Puritan, FPURX (9)
    - Carillon Eagle Mid Cap Growth I, HAGIX (10)
    - MFS Intl Diversification R4, MDITX (8)
    - iShares Russell 2000 Small-Cap Idx Inv A, MDSKX (10)
    - Invesco Discovery Mid Cap Growth Y, OEGYX (10)
    - PIMCO Income Adm, PIINX (9)
    - Victory Sycamore Established Value I, VEVIX (10)
    - Allspring Special Mid Cap Value Inst, WFMIX (10)
    - iShares S&P 500 Index Investor A, BSPAX (10)
    - PIMCO RAE US Small Instl, PMJIX (10)
    - iShares Russell Mid-Cap Index Inv A, BRMAX (10)
    - Victory RS Global R6, RGGRX (10)
    - MSQ Cash Management R5, SPUSA06CAU
    - MissionSquare PLUS Fund Class R5, 92208J303
    - Small Cap Value II I1 (American Century SCV), 97182E444
    - Large Cap Growth III I1 (AB Large Cap Growth), 97184D766
  - 2 funds are on watchlist:
    - Fidelity Select Technology, FSPTX (6)
    - MissionSquare Retirement IncomeAdvantage Fund R5, 74440A696.icma (5)
  - Potential Replacements:
    - Fidelity Diversified International, FDIVX (9)
    - Invesco Global R5, GFDDX (7)
    - Western Asset Core Bond I, WATFX (5)

### Market Summary - Q1 2024

U.S. Equities continued to march higher, returning 10.0 % (Russell 3000) over the quarter. Growth stocks continued to outperform value stocks, with growth outperforming value by over 1800 basis points over the latest one year time period. International equities rose to a lesser extent, posting a 4.7% return (MSCI ACWI ex U.S) over the quarter. The broad U.S. fixed income market was down over the quarter as rates rose, producing a negative 0.8% return (Bloomberg Barclays Aggregate). The Fed held interest rates steady. Investors are anticipating the Fed to lower rates in 2024, though expectations on the number of rate cuts were slowly being scaled back. The U.S. labor market remained tight during the quarter with unemployment at 3.8% in March. (All data from MPI) ACR# 6545999 04/24

### Fund Review

#### Moderate

MissionSquare Retirement IncomeAdvantage Fund R5 (74440A696.icma) (Recent Scores: 5,6,5,7) is on the watchlist - No action

Asset Value: \$2,807,651.52

#### Technology

Fidelity Select Technology (FSPTX) (Recent Scores: 6,6,6,5) is on the watchlist - No Action

Asset Value: \$3,480,189.20

#### Core Fixed Income

Eliminate Western Asset Core Bond I (WATFX) (Recent Scores: 5,5,5,4)

Map to American Funds Bond Fund of Amer R4 (RBFEX) (Recent Scores: 10,10,10,10)

Asset Value: \$2,530,750.06

#### Global Equity

## Q2 2024

### Meeting Minutes

Eliminate Invesco Global R5 (GFDDX) (Recent Scores: 7,7,5,5)

Map to Victory RS Global R6 (RGGRX) (Recent Scores: 10,10,10,10)

Asset Value: \$1,241,885.21

### International Large Cap Growth

Eliminate Fidelity Diversified International (FDIVX) (Recent Scores: 9,6,6,6)

Map to International Growth II I1 (MFS Intl LCG) (97183C728)

Asset Value: \$559,874.09

Fund changes are in progress - projected completion 10/18/24

## Fiduciary Governance

### Legislative Update - Q1 2024

An update on developments in the legal and/or regulatory landscape was provided. Highlights include:

- Statistics on number of Plan Sponsors who are looking to add emergency savings features to their retirement plan.
- These types of provisions are now permitted under the SECURE 2.0 ACT of 2022.
- Pension Linked Emergency Savings Accounts (PLEASA) allow non-highly compensated employees to make ROTH contributions to a pension plan linked account that they are allowed to withdraw from monthly without the tax penalties normally accrued.
- SECURE 2.0 Act amends the definition of a “designated Roth contribution” allowing for employees to designate employer contributions as ROTH under certain circumstances.

## Disclosures

This material contains an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources.

It is not guaranteed as to accuracy, does not purport to be complete and is not intended to be used as a primary basis for investment decisions. It should also not be construed as advice meeting the particular investment needs of any investor. The indices mentioned are unmanaged and cannot be directly invested into. Past performance does not guarantee future results.

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II. INVESTMENT POLICY STATEMENT

III. CONCLUSION

# Fiduciary Hot Topics

Q3 2024



## President Biden's FY2025 Budget Proposal

President Biden released his budget proposal for fiscal year 2025 on March 11, 2024. The budget includes several retirement-related proposals targeted at "high-income taxpayers" (HITs), defined as joint filers with adjusted gross income (AGI) exceeding \$450,000, head-of-household files with AGI above \$425,000 and single filers with AGI above \$400,000. These are preliminary ideas yet to be formalized (if at all) into bills.

### Under the Budget Proposal

- HITs with total vested account balances in "tax-favored retirement arrangements" exceeding \$10 million in a year would have to distribute at least 50 percent of the excess. Tax-favored retirement arrangements include qualified defined contribution (DC) plans, 403(a) annuity plans, 403(b) plans, governmental 457(b) plans, and IRAs.
- Where the total in these retirement accounts exceeds \$20 million, the HIT would have to withdrawal the lesser of 1) the excess over \$10 million, or 2) the total in Roth IRAs and designated Roth DC accounts.
- If a HIT makes contributions (but not rollovers) to an IRA that would put the aggregate balance to retirement accounts over \$10 million, the overage would be treated as an excess IRA contribution subject to a 6 percent excise tax.
- DC plan administrators would be required to annually report to the IRS, and to the participant, retirement account balances over \$2.5 million.
- The proposal, essentially, would eliminate "backdoor" Roth IRAs for HITs. It would limit rollovers and conversions by HITS to designated Roth retirement accounts and/or to Roth IRAs. HITS would not be able to convert
  - Pre-tax DC assets or IRA assets to Roth IRAs or designated Roth 401(k) accounts;
  - After-tax DC plan or IRA assets to a Roth IRA or designated Roth 401(k) accounts.

Since this proposal would only apply to DC plans, its adoption could increase the attractiveness of defined benefit plans for certain sponsors and participants. The Build Back Better Act of 2021, which was considered, but not enacted, included similar proposals.

### Broader tax proposals in the budget

The FY2025 budget proposal also includes increases in the corporate tax, the highest marginal personal income tax rates, the 3.8 percent “Medicare tax” on net investment income and the capital gains tax rate as follows.

- The corporate tax rate would increase from 21 percent to 28 percent.
- The tax rate for high-income earners would be increased to 39.6 percent.
- The “Medicare tax” on net investment income would be increased from 3.8 percent to five percent for taxpayers earning over \$400,000.
- Long-term capital gains and qualified dividends of taxpayers with taxable income of more than \$1 million (\$500,000 for married filing separately) would be taxed at ordinary income tax rates, with 37 percent being the highest rate (40.8 percent including the net investment income tax).

It is conceivable (but unlikely) that the proposed \$10 million cap on retirement savings balances or the limitation on rollovers might get some bi-partisan support as revenue raisers in non-tax legislation (e.g., another “infrastructure” bill). The tax increases will not get any bi-partisan support in this Congress, but, if Democrats win back control of the House of Representatives, they could be an element of a 2025 tax bill.

### H.R. 82 The Social Security Fairness Act of 2023

The Social Security Fairness Act of 2023 (H.R.82) is seeing renewed activity. Introduced in 2023 by Rep. Garret Graves (R-LA-6), in March 2024, Rep. Graves and Rep. Abigail Spanberger (D-Va.) called on the House Ways and Means Committee to hold a markup on the bill. If enacted, H.R. 82 would eliminate the government pension offset (GPO) and the windfall elimination provision (WEP). The GPO reduces Social Security benefits for spouses, widows, and widowers who also receive government pensions of their own. The WEP reduces Social Security benefits for individuals who also receive a pension or disability benefit from an employer that did not withhold Social Security taxes. With strong bi-partisan support, there are currently 319 co-sponsors.

### Final DOL Investment Advice Fiduciary Rule Casts a Broader Fiduciary Net

On April 25, 2024, the Department of Labor (DOL) published its “Retirement Security Rule: Definition of an Investment Advice Fiduciary,” a package of finalized regulations and amendments to several advice-related prohibited transaction exemptions (PTEs), including PTE 2020-02 and 84-24, as well as others. The final rule defines when an entity or person is a fiduciary because of providing advice for a fee to a “retirement investor.” The final rule, as well as the amended PTEs, are effective September 23, 2024. Both amended PTEs 2020–02 and PTE 84–24 include a one-year transition period after their effective dates under which parties must comply only with the “Impartial Conduct Standards” and provide a written acknowledgment of fiduciary status for relief under these PTEs. Filings of lawsuits challenging the rule have begun.

The final regulations define retirement investors as retirement plans, plan sponsors, plan participants, beneficiaries, IRAs, IRA owners and beneficiaries, plan fiduciaries with discretionary authority, as well as Health Savings Accounts. Under the DOL’s final rule, a person or entity (provider) will be an investment advice fiduciary, subject to ERISA’s standard of care, loyalty and prudence if the following are true. The provider

1. Makes a professional investment recommendation to a retirement investor;
2. Receives a fee or other compensation for the recommendation, and
3. Holds itself out as a trusted adviser by
  - Specifically stating that it is acting as an ERISA fiduciary; or
  - Making the recommendation in a way that would indicate to a reasonable investor that it is acting as a trusted adviser making individualized recommendations based on the investor’s best interest.

Under the DOL’s old fiduciary rules (i.e., the Five-Part Test), a person/entity was a fiduciary if they satisfied all the following requirements:

1. Renders advice to an investor as to the value of securities or other property, or makes recommendations as to the advisability of investing in, purchasing, or selling securities or other property;
2. On a regular basis;



3. Pursuant to a mutual agreement, arrangement, or understanding with the investor that;
4. The advice will serve as a primary basis for investment decisions; and
5. The advice is individualized based on the particular needs of the investor.

#### The new fiduciary advice test

- Changes the “regular basis” rule to one that simply requires the provider to be in the business of giving professional investment advice on regular basis to its clients. Therefore, someone in the “investment advice business” would satisfy this requirement even if the advice in question was a one-off (e.g., a one-time recommendation to take a distribution and/or complete a rollover).
- Focuses on the advisee’s reliance on the adviser’s recommendation (i.e., the advice need only be, “under circumstances that would indicate to a reasonable investor in like circumstances that the recommendation is based on a review of the retirement investor’s particular needs or individual circumstances . . . , etc.”). And providing that disclaimers by the adviser “will not control to the extent they are inconsistent with the person’s oral or other written communications, marketing materials, applicable State or Federal law, or other interactions with the retirement investor.”
- Eliminates the old rule’s “primary basis” language, instead requiring only “that the recommendation is made under circumstances that would indicate . . . that the recommendation . . . may be relied upon by the retirement investor as intended to advance the retirement investor’s best interest.”

Under the new definition of advice fiduciary, some providers, who were not fiduciaries under the prior rules, may become one. For example, even one-time recommendations related to a rollover could be categorized as fiduciary advice. If an advice fiduciary receives compensation that creates a conflict of interest, the transaction may be prohibited and, therefore, would require the use of a PTE to proceed legally. The final rule package contains amendments to PTEs that are available for the management of conflicts of interest, two of which are PTE 2020-02 and 84-24. Both exemptions require that investment recommendations adhere to “Impartial Conduct Standards” explained next.

#### Amended PTE 2020-02

PTE 2020-02 allows a broad array of investment advice fiduciaries to receive compensation that would otherwise be prohibited if they comply with the following conditions.

- The provider meets the “Impartial Conduct Standards,” which means 1) providing advice in the retirement investor’s best interest, 2) charging only reasonable compensation, and 3) making no materially misleading statements.
- With respect to rollovers, prior to the rollover, the provider produces documentation of the reasons a recommended rollover is in the retirement investor’s best interest.
- The affiliated financial institution acknowledges fiduciary status and describes the services it provides and material conflicts of interest.
- The affiliated financial institution adopts policies to ensure compliance with the Impartial Conduct Standards and conducts a “retrospective review” of compliance, certified by a senior executive officer.

#### Amended PTE 84-24

PTE 84-24 is tailored for use by independent insurance agents who recommend annuities issued by more than one insurance company. The DOL added a new section to PTE 84-24 to provide relief for independent insurance agents providing fiduciary advice, subject to conditions like those in PTE 2020-02.

However, unlike PTE 2020-02, the insurance company selling its products through the independent agent is not required to provide a fiduciary acknowledgment and is not treated as a fiduciary merely because it exercised oversight responsibilities over independent agents. Instead, the independent insurance agent is required to acknowledge its fiduciary status, and the insurance company is required to exercise supervisory authority over the independent agent about an agent’s recommendation of the insurance company’s own products.

#### Notice 2024-35 Relief for 2024 Specified RMDs

[Notice 2024-35](#)<sup>1</sup> provides relief for qualified retirement plans, beneficiaries of plan participants and IRA beneficiaries regarding specified required minimum distributions (RMDs) that are not paid in 2024. Specifically, the notice provides that if the plan meets certain requirements, it will not fail to be qualified for failing to make a specified RMD in 2024, and the IRS will not assess an excise tax on an individual for failing to take a specified RMD. A specified RMD is a distribution required under the proposed regulations interpretation of the 10-year rule for beneficiaries. The IRS provided this same relief for certain RMDs in 2021, 2022,

and 2023, and is extending the relief to certain RMDs in 2024. The notice also announces RMD final regulations that are yet to be published will not to apply until calendar years beginning on or after January 1, 2025.

### Environmental Social Governance (ESG)

In the case of [Spence v. American Airlines](#)<sup>2</sup> *et al*, the United States District Court Northern District of Texas found in favor of the plaintiff and denied American Airlines motion to dismiss on February 21, 2024. The finding allows the plaintiff to proceed with his claim that American Airlines improperly favored environmental social and governance (ESG) funds in the American Airlines 401(k) plan at the expense of workers' financial interests. The case argues that fiduciaries of the plan violated ERISA's fiduciary prudence and loyalty rules, "... by knowingly including funds 'that are managed by investment managers that pursue non-financial and nonpecuniary ESG policy goals through proxy voting and shareholder activism.'"

### Defined Benefit Risk Transfer

On March 11, 2024, a group of plaintiffs filed a class action lawsuit ([Piercy et al. v. AT&T Inc. et al.](#))<sup>3</sup> against AT&T and State Street Global Advisors, in connection with the transfer to Athene of benefit obligations of over \$8 billion for approximately 96,000 participants in the AT&T Pension Benefit Plan. State Street was an advisor on the transaction. The lawsuit represents the first major challenge to a risk transfer of defined benefit plan obligations to a "private equity-backed" insurer. It alleges that, in selecting Athene for this risk transfer, defendants breached their ERISA fiduciary duties of loyalty and prudence and, under DOL [Interpretive Bulletin 95-1](#),<sup>4</sup> their obligation to select the "safest available annuity." Similar lawsuits focused on risk transfer have been filed against AT&T and Lockheed.

### Cybersecurity

An \$8.7 million settlement was reached in the class action lawsuit [Sherwood, et al. v. Horizon Actuarial Services, LLC](#),<sup>5</sup> filed in the United States District Court for the Northern District of Georgia, Atlanta Division. The case arose from a cyberattack that led to a data breach of sensitive personally identifiable information (PII) held by the defendant. A group of cybercriminals breached two servers of Horizon, an actuarial consulting firm that specializes in multi-employer plan benefits. The class members alleged Horizon failed to reasonably secure, monitor, and maintain the PII provided by its customers and business associates. In December 2023, Horizon modified the initial proposed settlement of \$7.6 million \$8,733,333 and submitted it for court approval. The settlement agreement does not require Horizon to admit to any wrongdoing.

Cybersecurity is of increasing concern for qualified retirement plan sponsors, service providers and participants. The Department of Labor has identified it as an area for potential examination. In lieu of formal regulations, to date the Department of Labor has issued "best practices" for each audience.

- [Tips for Hiring a Service Provider](#):<sup>6</sup> This piece helps plan sponsors and fiduciaries prudently select a service provider with strong cybersecurity practices and monitor their activities, as ERISA requires.
- [Cybersecurity Program Best Practices](#):<sup>7</sup> This piece assists service providers, like record-keepers, in their responsibilities to manage cybersecurity risks by following these steps.
- [Online Security Tips](#):<sup>8</sup> This piece offers plan participants and beneficiaries who check their accounts online basic rules to reduce the risk of fraud or loss.

# Q3 2024 Fiduciary Legal Briefing

## Cybersecurity

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1. <https://www.classaction.org/media/sherwood-v-horizon-actuarial-services-llc.pdf>

2. <https://www.dol.gov/sites/dolgov/files/ebsa/key-topics/retirement-benefits/cybersecurity/tips-for-hiring-a-service-provider-with-strong-security-practices.pdf>

3. <https://www.dol.gov/sites/dolgov/files/ebsa/key-topics/retirement-benefits/cybersecurity/best-practices.pdf>

4. <https://www.dol.gov/sites/dolgov/files/ebsa/key-topics/retirement-benefits/cybersecurity/online-security-tips.pdf>

# Public Sector Retirement News & Views | Q3 2024

## Washington Report

### Congress releases SECURE 2.0 technical corrections discussion draft

The House Committees on Health, Education, Labor and Pensions (HELP), Ways and Means, and Education and the Workforce released a [“discussion draft”](#) of proposed technical corrections to the retirement plan-related portions of SECURE Act 2.0 in late 2023.

Some of the issues discussed were highlighted in a letter from Congressional leaders to the Department of the Treasury and IRS in May of 2023. The issues are technical in nature and are not meant to change the substance of SECURE Act 2.0 as originally enacted.

The proposed technical corrections pertaining to public sector retirement plans are intended to clarify the following:

- When the age for required minimum distributions (RMDs) increases.
- There has been an increase in the limit on student loan repayments eligible for a matching contribution, where applicable, by the catch-up contribution limit.
- The ability to make catch-up contributions remains valid for 2024 and beyond.

This document is just a discussion draft and will likely be introduced as a proposed legislation after the review of public comments. The full letter can be found at the link above.

# Public Sector Retirement News & Views | Q3 2024

## Washington Report

### IRS Notice 2024-02 Delivers Start of SECURE Act 2.0 Guidance

On December 20, 2023, IRS released Notice 2024-026 containing a slew of guidance on 12 provisions of SECURE Act 2.0, including:

1. Expanding automatic enrollment in retirement plans
2. Modifications to plan start-up credits for small employer plans
3. Military spouse retirement plan eligibility credit for small employers
4. Small immediate financial incentives for contributing to a plan
5. Contribution limits for SIMPLE plans
6. Exception to the early distribution penalty tax for terminal illness withdrawals
7. Replacing SIMPLE retirement accounts with safe harbor 401(k) plans during a year
8. Market rate cash balance plans
9. A safe harbor for correction of employee elective deferral failures
10. Provisions relating to plan amendments
11. SIMPLE and SEP Roth IRAs
12. Optional treatment of employer matching or nonelective contributions as Roth contributions

The item of most interest to public sector plans is item 12, regarding optional treatment of employer matching or non-elective contributions as Roth contributions. SECURE 2.0 allows 401(k), 403(b), and governmental 457(b) plan sponsors to provide participants the option to receive matching or nonelective employer contributions as designated Roth contributions, effective as of December 29, 2022. The following guidance applies to this new provision:

- Plan sponsors can decide whether or not to allow any kind of Roth contributions within their plans, whether it's employee elective, employer matching, or employer nonelective.
- If offered, and elected, employees must designate employer contributions as a Roth contribution no later than when they are added to their account. This designation is final, but the participant must be able to make or change the designation going forward at least once a year.
- Roth employer contributions are subject to taxation and separate accounting rules. They include the participant's income in the year they are added to the account, even if the contribution is "deemed to have been made" for the previous year.

# Public Sector Retirement News & Views | Q3 2024

## Washington Report

- Only employer contributions that are fully vested may be designated as Roth.
- Roth employer contributions are not subject to federal income tax withholding and are not wages for purposes of FICA or FUTA withholding.
- Roth employer contributions must be reported using Form 1099-R for the year in which they are credited to the employee's account. The total amount of designated Roth matching and Roth nonelective contributions that are allocated in that year are reported in boxes 1 and 2a of Form 1099-R, with code 'G' in box 7.
- Roth employer contributions are not included in the IRC Sec. 415 safe harbor definition of compensation.

While employer contributions can be a very attractive part of an employee benefits package, there are plan design and tax reporting requirements that an employer should understand before deciding whether to implement such provisions. Your NFP advisor is here to help you understand the concepts, requirements and strategies in order for you to make the best decision for your plan.

# Public Sector Retirement News & Views | Q3 2024

## NAGDCA Hot Topics

### Legislative Updates

Each year, the NAGDCA Executive Board visits Capitol Hill to meet with members of Congress and Department of Treasury officials to discuss items of importance to public sector retirement plans. The board delivers a summary legislative priorities, and a summary of 2024 priorities can be found [here](#). NAGDCA held a Legislative Update webinar in late May, summarizing the 2024 visit to Capitol Hill and legislative issues of importance to public sector plans, including:

- Roth catch-up for employees earning over \$145,000. NAGDCA and other advocates requested that the \$145,000 threshold be reconsidered, and were essentially told 'no.' The rationale behind the amount is that this was determined by the Congressional Budget Office to be the 10-year break-even point, generating enough tax revenue to offset the lost revenue from tax-favored provisions in Secure 2.0.
- The Tax Cuts & Jobs Act of 2017 had several tax reductions that are set to sunset in 2025. Congress is focused on raising tax revenue and may be interested in moving certain retirement deferrals from pre-tax to post-tax. NAGDCA will continue to monitor and advocate to maintain tax-favored retirement savings opportunities.

Several other issues were presented in the webinar, which can be viewed [here](#).

### NAGDCA Committee Opportunities

Volunteering with NAGDCA is a great way to get involved with the public sector retirement community. Committee members can share their voices in retirement issues and trends, enhance their own leadership skills, and build business and personal networks. Applications for committee membership are open now and must be submitted by July 2. Click [here](#) for more information on joining a NAGDCA committee.

### NAGDCA Conference Registration Now Open

The annual NAGDCA conference will be held September 15-18 in Phoenix. Registration is now open! Early-bird registration continues through July 11, and registration is required in order to reserve a hotel room at the discounted conference rate. Please let your NFP advisor know if you are attending! To register, click [here](#).

# Public Sector Retirement News & Views | Q3 2024

## New Study Offers Insights Into Younger Employee Recruitment and Retention

A new report from the MissionSquare Research Institute provides insight into workers age 35 and under, employers' challenges in recruitment and retention for this age group, and insights into job priorities and prevalent concerns among this age group.

Takeaways are denoted below. To read the MissionSquare Research Institute's full report, click [here](#).

Employees feel they have a good understanding of their health care and retirement benefits and believe they are competitive

However, the biggest source of stress right now is their personal finances, specifically high inflation, ability to save for retirement, and debt.

Observations from younger workers to determine why they sought employment in the public sector and why they stay....or don't.

Areas of strength and areas of improvement are denoted in the survey, which provides insights and strategies into how entities look to grow the next generation of employees and thrive in creating a robust workforce that helps continue providing high quality community services



# Public Sector Retirement News & Views | Q3 2024

NFP's Government Team

## About NFP's Government Team

NFP's Government Team includes professionals from a variety of backgrounds – including public and private sector, investment advisers, and plan committee members. Combining varied experience, education and credentials, team members bring a well-rounded set of skills and expertise, working together to leverage our bench strength and bring clients the best possible advisory services.

Many of our clients and business partners will remember Bill Tugaw as our Government Practice Leader. Bill has recently fully retired and is living his retirement dream! Matt Dickey has been appointed to lead the government team. Please join us in congratulating Bill for a well-earned and deserving retirement, and help us welcome Matt as the new practice leader!

This material was created to provide accurate and reliable information on the subjects covered but should not be regarded as a complete analysis of these subjects. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation.

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Investor Disclosures: <https://www.kestrafinancial.com/disclosures>

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# Strategic Planning



## Business Outlook

- Additional growth or acquisitions planned?
- Any organizational updates?
- Other business needs NFP can assist with? (Health & Welfare Benefits, Commercial Insurance Coverages)



## HR Outlook

- What feedback have employees provided?
- Any changes to goals or benefits philosophy?
- Any vendor management issues or concerns?



## Retirement Outlook

- Continued implementation of SECURE 2.0 Act provisions
- Pooled Employer Plans (PEPs)
- State auto-IRA programs & mandatory registration requirements



## Other Key Initiatives

- Additional retirement benefit opportunities for senior leadership
- Additional tax- advantaged savings? Financial planning needs?
- Financial wellness resources

# NFP News – What’s New at NFP

Q2 2024

## NFP Corporate Sustainability Report

While sustainability has already been a part of our organization through several existing initiatives, NFP recognized the need to **formalize a sustainability strategy** as we aspire to drive positive change within our business while engaging with our stakeholders. As part of our efforts to establish a formal sustainability strategy, NFP conducted our first materiality assessment in 2023. The Sustainability Report can be found [here](#).

## NFP Named the Official Business Insurance Brokerage Partner of the NHL

The new partnership provides NFP with an array of exclusive marketing rights and designations that will **connect the brand with the NHL and its fans** through the NHL’s vast marketing, digital and social media channels. The NFP logo will be on display at events such as the NHL Winter Classic and All-Star Weekend. “This is an exciting milestone in our relationship with the NHL and the growth of our sponsorship portfolio,” said Eric Boester, NFP’s executive vice president and chief marketing officer. “With aligned values and an international focus, we’re looking forward to a collaboration that **elevates our community impact and maximizes the value of the partnership for everyone involved.**”

## TPNet – A New Tool Developed by NFP to Help Employers with Healthcare Cost

TPNet’s comprehensive tool stack aggregates pricing from providers, facilities and payers. It then **enhances the data** with quality metrics, claims payments, cash pay and CMS Medicare for benchmarking. The tool also helps employers with broader ERISA fiduciary responsibilities imposed by the Consolidated Appropriations Act, 2021. “We’re very excited to be first to market on a **cost containment solution** designed to bring visibility, price accountability and quality metrics to employers seeking low-cost, high-value, high-performing networks for their employees and qualified dependents,” said Kim Bell, head of Health and Benefits, NFP. “Having the capacity to assess negotiated rates by provider, procedural code and carrier is **a measure of access employers have never had before TPNet.**”

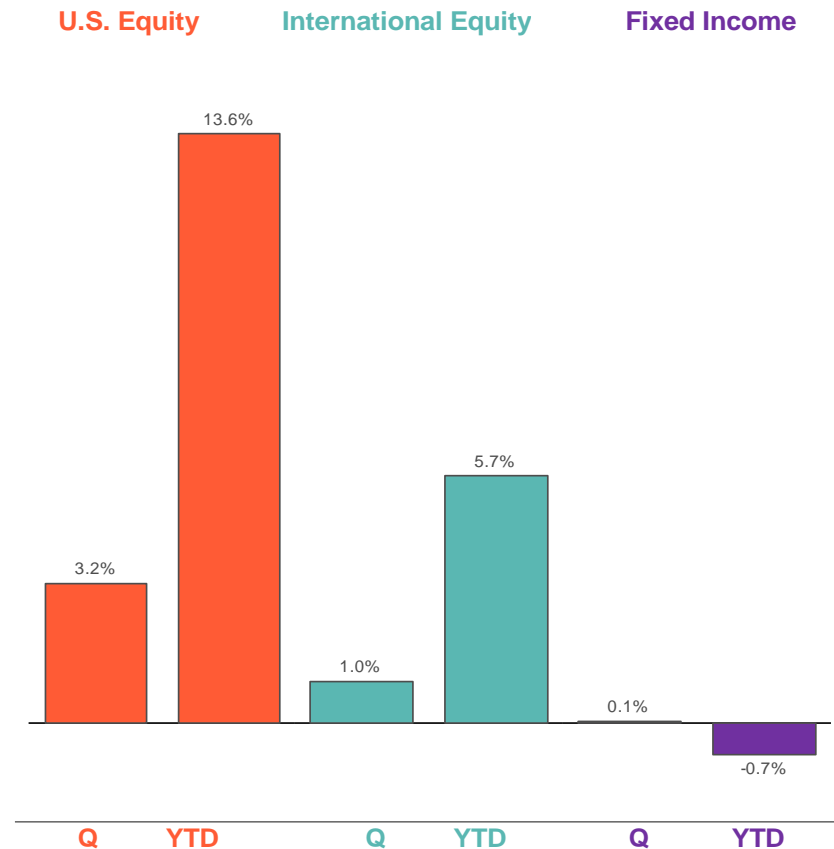
**For more information on any of these resources, please contact your plan advisor.**

# Q2 2024 Market Review

## SUMMARY

- U.S. Equities rose 3.2% (Russell 3000), with large cap tech stocks leading the way.
- Large growth stocks continued to out-pace large value stocks over the quarter and are ahead by over 1,400 basis points year-to-date (20.7% vs. 6.6%).
- International equities rose to a lesser extent over the quarter, posting a 1.0% gain (MSCI ACWI ex U.S.).
- The broad U.S. fixed income market was flat, returning 0.1% (Bloomberg Barclays Aggregate) over the quarter.
- The Fed held rates steady over the quarter as inflation readings throughout the economy continued to persist. Expectations for rate cuts later in the year were steadily scaled back over the quarter, introducing volatility at the longer end of the curve.
- The U.S. labor market remained tight during the quarter though unemployment rose slightly 4.1%.

## TRAILING RETURNS (6/30/2024)



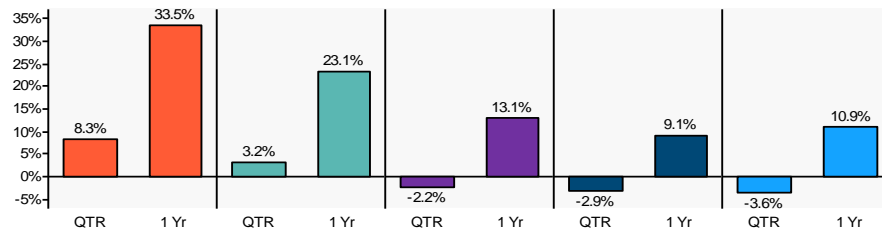
Quarterly and year-to-date returns of the following indices: U.S. Equity (Russell 3000 Index), Fixed Income (Bloomberg Barclays U.S. Aggregate Bond Index) and International Equity (MSCI ACWI ex U.S. Index)

# Q2 2024 Market Review – U.S. Equity

## U.S. EQUITY

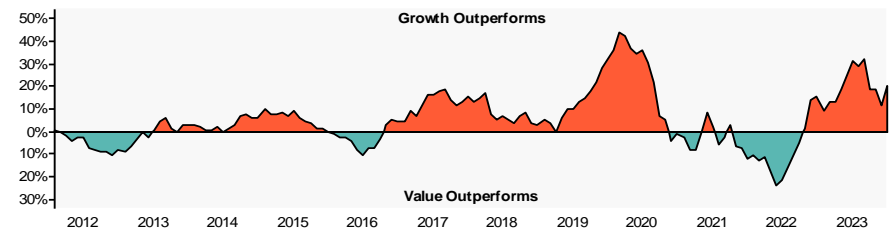
- The broad U.S. equity market, as measured by the Russell 3000 Index, was up 3.2% for the quarter.
- The best performing U.S. equity index for the quarter was Russell 1000 Growth, returning a positive 8.3%.
- The worst performing U.S. equity index for the quarter was Russell 2000 Value, returning a negative 3.6%.

## INDEX PERFORMANCE (sorted by trailing quarterly performance)



	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Russell 1000 Growth	8.3	20.7	33.5	11.3	19.3	16.3
Russell 3000	3.2	13.6	23.1	8.1	14.1	12.1
Russell 1000 Value	-2.2	6.6	13.1	5.5	9.0	8.2
Russell 2000 Growth	-2.9	4.4	9.1	-4.9	6.2	7.4
Russell 2000 Value	-3.6	-0.8	10.9	-0.5	7.1	6.2

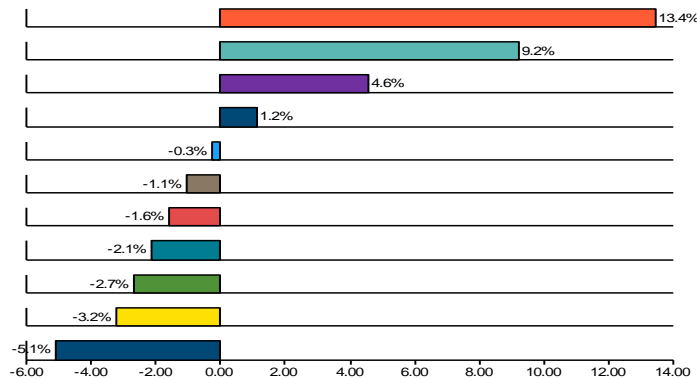
## GROWTH VS. VALUE



Over the last year, growth stocks outperformed value stocks by 20.40%.  
For the trailing quarter, growth stocks outperformed value stocks by 10.50%.

The graph above is plotted using a rolling one-year time period. Growth stock performance is represented by the Russell 1000 Growth Index. Value stock performance is represented by the Russell 1000 Value Index.

## SECTOR (sorted by trailing quarterly performance)



	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Information Technology	13.4	27.7	40.8	19.3	26.6	22.3
Telecommunication Svcs.	9.2	26.0	43.5	6.0	14.3	9.7
Utilities	4.6	9.8	8.0	5.6	5.6	7.9
Consumer Staples	1.2	8.9	8.5	7.1	9.6	8.9
Consumer Discretionary	-0.3	5.3	13.2	2.0	10.8	11.8
Health Care	-1.1	7.5	10.8	5.7	11.0	11.0
Real Estate	-1.6	-2.5	5.3	-2.0	3.4	6.2
Financials	-2.1	9.3	23.8	5.6	10.1	10.4
Energy	-2.7	10.7	16.1	23.8	12.6	2.5
Industrials	-3.2	7.4	15.5	8.2	12.0	10.6
Materials	-5.1	2.6	8.1	4.6	10.9	8.1

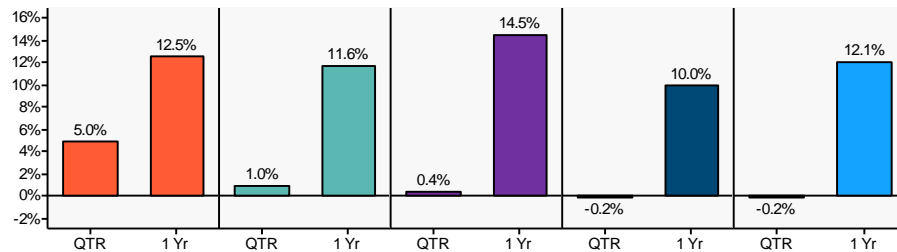
Source: S&P 1500 Sector Indices

# Q2 2024 Market Review – International Equity

## INTERNATIONAL EQUITY

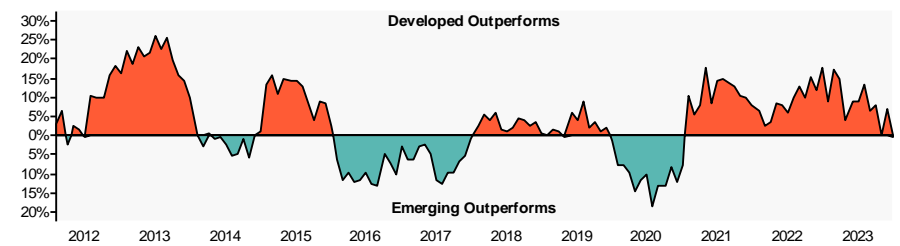
- Developed international equity returned a negative 0.2% in the last quarter (MSCI EAFE).
- Emerging market equity posted a positive 5% return (MSCI Emerging Markets Index).

## INDEX PERFORMANCE (sorted by trailing quarterly performance)



	QTR	YTD	1 Yr	3 Yr	5 Yr	10 Yr
MSCI Emg Markets	5.0	7.5	12.5	-5.1	3.1	2.8
MSCI ACWI ex US	1.0	5.7	11.6	0.5	5.5	3.8
MSCI EAFE Large Value	0.4	5.3	14.5	6.8	6.8	3.0
MSCI EAFE Large Growth	-0.2	7.5	10.0	1.4	7.3	6.0
MSCI EAFE	-0.2	5.7	12.1	3.4	7.0	4.8

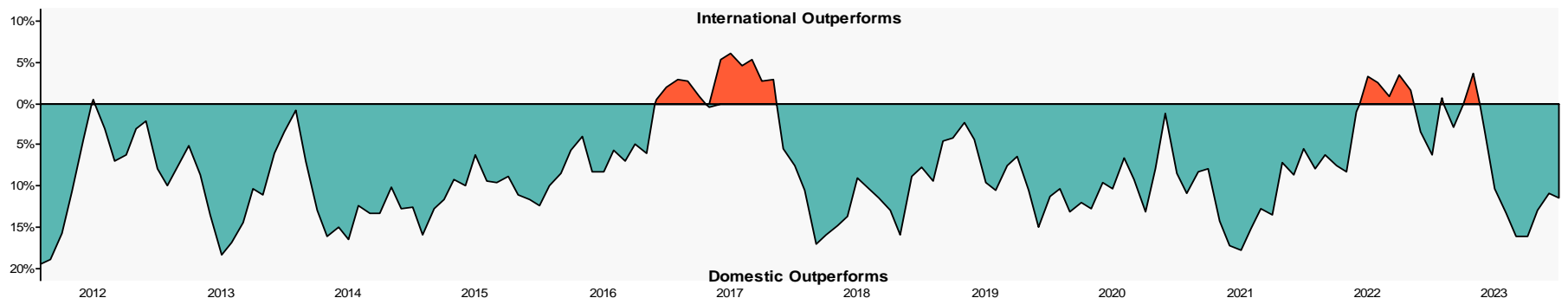
## DEVELOPED VS. EMERGING MARKETS



Over the last year, emerging market stocks outperformed developed international stocks by 0.40%.  
 For the trailing quarter, emerging market stocks outperformed developed international stocks by 5.20%.

The graph above is plotted using a rolling one-year time period. Developed international stock performance is represented by the MSCI EAFE Index. Emerging market stock performance is represented by the MSCI Emerging Markets Index.

## INTERNATIONAL VS. DOMESTIC



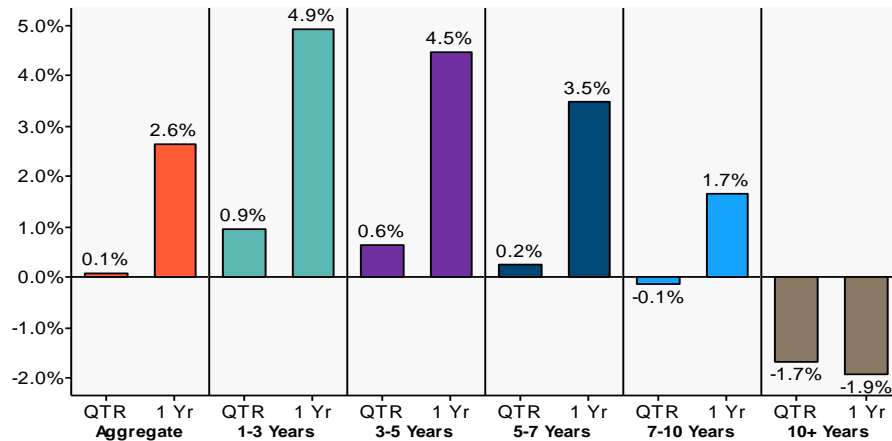
The graph above is plotted using a rolling one-year time period. International stock performance is represented by the MSCI ACWI ex U.S. Index. Domestic stock performance is represented by the Russell 3000 Index.

# Q2 2024 Market Review – Fixed Income

## FIXED INCOME

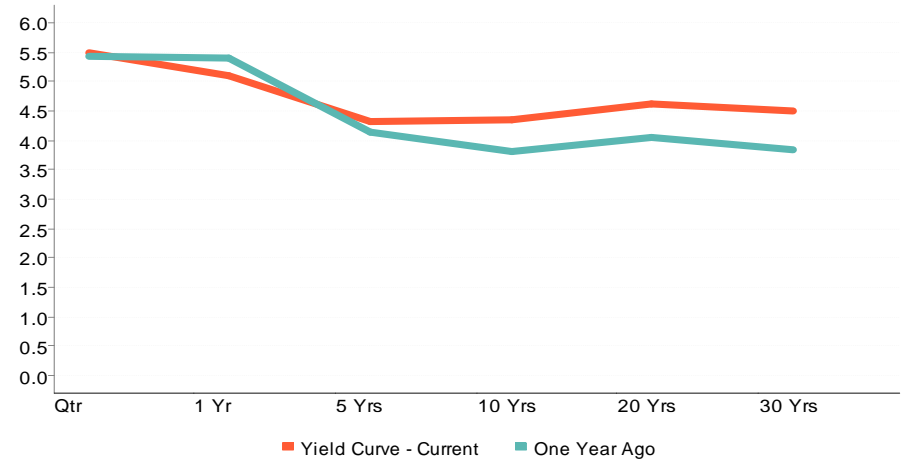
- The broad U.S. fixed income market returned a positive 0.1% (Bloomberg Barclays U.S. Aggregate) for the quarter.
- The best performing sector for the quarter was Cash, returning a positive 1.3%.
- The worst performing sector for the quarter was Corporate Investment Grade, returning a negative 0.1%.

## PERFORMANCE BY MATURITY



Source: Bloomberg Barclays U.S. Aggregate Indices

## YIELD CURVE



## SECTOR (sorted by trailing quarterly performance)



Source: Bloomberg Barclays U.S. Indices

# Q2 2024 Market Kaleidoscope

## ASSET CLASS RETURNS

The following chart exhibits the volatility of asset class returns from year to year by ranking indices in order of performance, highlighting the importance of diversification.

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Sm Growth 43.30	Global REIT 22.81	Large Growth 5.67	Sm Value 31.74	Large Growth 30.21	Cash 1.87	Large Growth 36.39	Large Growth 38.49	Global REIT 32.50	Commodities 16.09	Large Growth 42.68	Large Growth 20.70
Sm Value 34.52	Large Value 13.45	Global REIT 0.59	Large Value 17.34	International 27.19	Fixed Income 0.01	Sm Growth 28.48	Sm Growth 34.63	Sm Value 28.27	Cash 1.46	Sm Growth 18.66	Large Value 6.62
Large Growth 33.48	Large Growth 13.05	Fixed Income 0.55	Commodities 11.77	Sm Growth 22.17	Large Growth -1.51	Large Value 26.54	Balanced 14.24	Large Growth 27.60	Large Value -7.54	International 15.62	Balanced 6.17
Large Value 32.53	Balanced 6.58	Cash 0.05	Sm Growth 11.32	Balanced 14.95	Balanced -4.77	Global REIT 24.49	International 10.65	Commodities 27.11	Fixed Income -13.01	Balanced 15.52	International 5.69
International 15.29	Fixed Income 5.97	Balanced -0.49	Balanced 7.18	Large Value 13.66	Global REIT -4.77	Sm Value 22.39	Fixed Income 7.51	Large Value 25.16	Sm Value -14.48	Sm Value 14.65	Commodities 5.14
Balanced 14.78	Sm Growth 5.60	Sm Growth -1.38	Large Growth 7.08	Global REIT 8.63	Large Value -8.27	International 21.51	Sm Value 4.63	Balanced 10.75	Balanced -15.80	Global REIT 11.53	Sm Growth 4.44
Global REIT 2.81	Sm Value 4.22	Large Value -3.83	Global REIT 6.90	Sm Value 7.84	Sm Growth -9.31	Balanced 20.11	Large Value 2.80	International 7.82	International -16.00	Large Value 11.46	Cash 2.63
Cash 0.07	Cash 0.03	International -5.66	International 4.50	Fixed Income 3.54	Commodities -11.25	Fixed Income 8.72	Cash 0.67	Sm Growth 2.83	Global REIT -23.60	Fixed Income 5.53	Fixed Income -0.71
Fixed Income -2.02	International -3.87	Sm Value -7.47	Fixed Income 2.65	Commodities 1.70	Sm Value -12.86	Commodities 7.69	Commodities -3.12	Cash 0.05	Sm Growth -26.36	Cash 5.01	Sm Value -0.85
Commodities -9.52	Commodities -17.01	Commodities -24.66	Cash 0.33	Cash 0.86	International -14.20	Cash 2.28	Global REIT -8.11	Fixed Income -1.54	Large Growth -29.14	Commodities -7.91	Global REIT -2.08

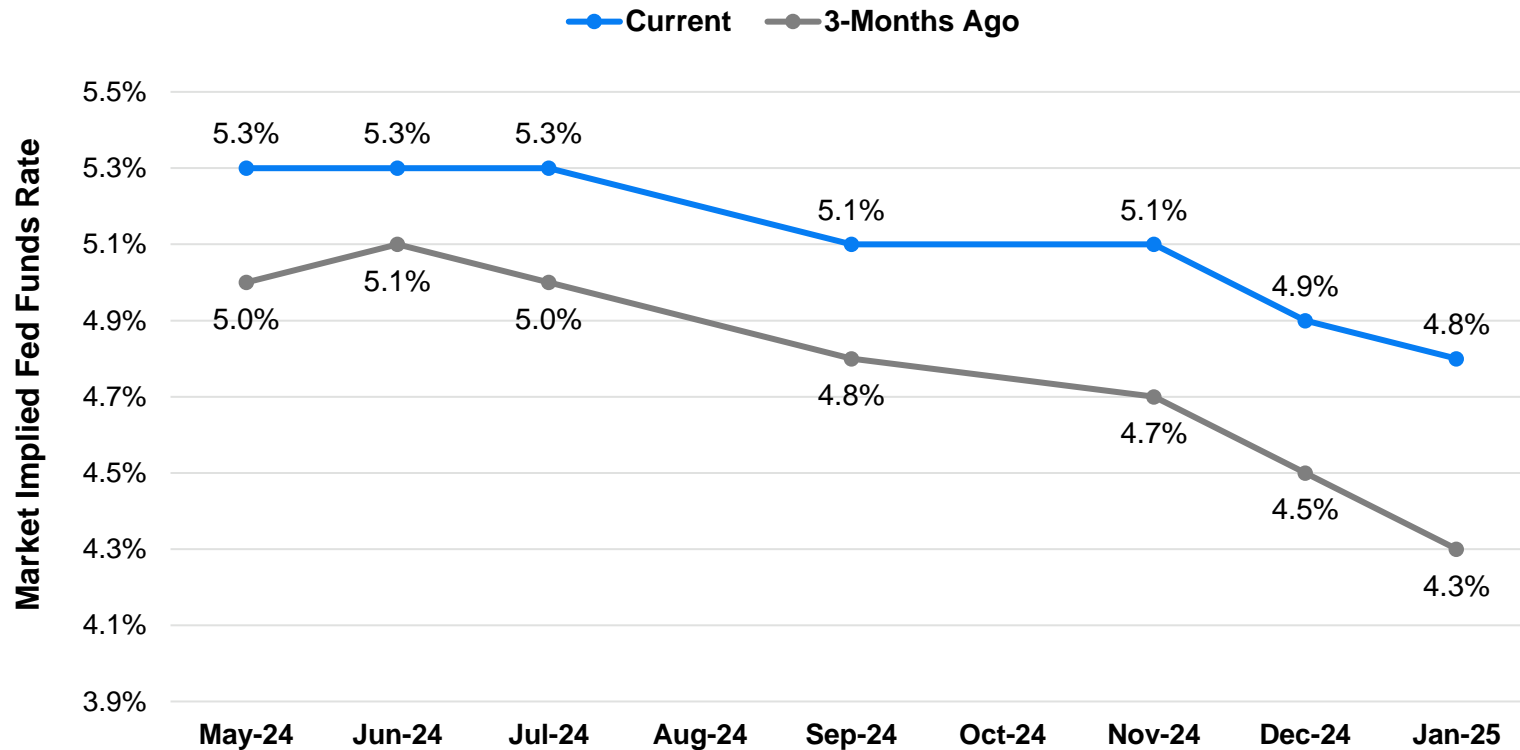
- Large Value (Russell 1000 Value)
- Large Growth (Russell 1000 Growth)
- Small Value (Russell 2000 Value)
- Balanced (40% Russell 3000, 40% Bloomberg Barclay's U.S. Aggregate, 20% MSCI ACWI ex US)
- Small Growth (Russell 2000 Growth)
- International (MSCI ACWI ex-US)
- Fixed Income (Bloomberg Barclays Agg)
- Global REIT (S&P Global REIT)
- Commodities (Bloomberg Commodities)
- Cash (Merrill Lynch 3-Mo T-Bill)



# Q2 2024 Market Review - Chart of the Quarter

## Scaled Back Expectations

Expectations for a Fed rate cut have continued to dampen, and significantly so over the past three months. The chart below reflected the market implied Fed Funds rate as of May 31, 2024, versus the implied rates three months earlier. The Fed Funds rate is now expected to be closer to 5% as we close out the year, almost a full percentage point higher than the 4% that was anticipated only three months earlier.



Source: DoubleLine, May 2024

# Q2 2024 Disclosures

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

**Citigroup Corporate Bond** is an index which serves as a benchmark for corporate bond performance. You cannot invest directly in an index.

**Citigroup Mortgage Master** is an index which serves as a benchmark for U.S. mortgage-backed securities performance.

**Citigroup WGBI Index** is an index which serves as a benchmark for global bond performance, including 22 different government bond markets.

**Credit Suisse High Yield Index** is an unmanaged, trader priced index constructed to mirror the characteristics of the high yield bond market.

**BC (Barclays Capital) U.S. Aggregate Bond Index** represents securities that are U.S., domestic, taxable, and dollar dominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

**BC Credit Bond Index** includes publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

**BC U.S. Corporate Investment Grade** represents investment grade corporate securities that are U.S., domestic, taxable, and dollar denominated.

**BC High Yield Corporate Bond** represents below investment grade corporate securities that are U.D., domestic, taxable, and dollar denominated.

**BC TIPS Index** includes publicly issued U.S. government treasury inflation protected securities that meet the specified maturity, liquidity and other requirements.

**BC Mortgage-Backed Securities** covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARMs) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

**BC Muni Bond** covers the USD-denominated long-term tax-exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

**BC Government Index** includes publicly issued U.S. government securities that meet the specified maturity, liquidity and other requirements.

**BarCap U.S. Aggregate 1-3 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 1-3 years.

**BarCap U.S. Aggregate 3-5 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 3-5 years.

**BarCap U.S. Aggregate 5-7 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 5-7 years.

**BarCap U.S. Aggregate 7-10 Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over the next 7-10 years.

**BarCap U.S. Aggregate 10+ Yr. TR USD Index** represents securities in the BC U.S. Aggregate Index that have maturity dates over 10 years.

**DJW 5000 (Full Cap)** Index measures the performance of all U.S. common equity securities, and serves as an index of all stock trades in the U.S.

**MSCI FI Emerging Markets** is a rules-based index which serves as a benchmark for emerging country fixed income performance.

**MSCI FI EAFE International** is a rules-based index which serves as a benchmark for developed international country fixed income performance.

**MSCI EAFE Index** is listed for foreign stock funds (EAFE refers to Europe, Australia and Far East). Widely accepted as a benchmark for international stock performance, it is an aggregate of 21 individual country indexes.

**MSCI EAFE Large Value** represents the large cap value stocks within the MSCI EAFE Index.

**MSCI EAFE Large Growth** represents the large cap growth stocks within the MSCI EAFE Index.

**MSCI EAFE Mid Value** represents the mid cap value stocks within the MSCI EAFE Index.

**MSCI EAFE Mid Growth** represents the mid cap growth stocks within the MSCI EAFE Index.

**MSCI EAFE Small Value** represents the small cap value stocks within the MSCI EAFE Index.

**MSCI EAFE Small Growth** represents the small cap growth stocks within the MSCI EAFE Index.

**MSCI EM (Emerging Markets) Index** serves as a benchmark for each emerging country. The average size of these companies is (U.S.) \$400 million, as compared with \$300 billion for those companies in the World index.

**MSCI World Index** is a rules-based index that serves as a benchmark for the developed global equity markets.

**MSCI Europe ex UK Index** is a rules-based index that serves as a benchmark for Europe's equity markets, excluding the United Kingdom.

**MSCI Pacific ex Japan Index** is a rules-based index that serves as a benchmark for Asia Pacific's equity markets, excluding Japan.

**MSCI United Kingdom Index** is a rules-based index that serves as a benchmark for the United Kingdom's equity markets.

**MSCI Japan** is a rules-based index that serves as a benchmark for Japan's equity markets.

**NAREIT All REIT Index** includes all tax-qualified REITs with common shares that trade on the New York Stock Exchange the American Stock Exchange or the NASDAQ National Market List.

**3-Month T-Bills** (90 Day T-Bill Index) are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months.

**Russell 1000 Growth Index** is a market-capitalization weighted index of those firms in the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value Index** is a market-capitalization weighted index of those firms in the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.

**Russell Top 200 Growth Index** is a market-capitalization weighted index of those firms in the Russell Top 200 with higher price-to-book ratios and higher forecasted growth values.

**Russell Top 200 Value Index** is a market-capitalization weighted index of those firms in the Russell Top 200 with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 Growth Index** is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having higher price-to-book ratio and higher forecasted growth values.

**Russell 2000 Index** consists of the smallest 2000 companies in the Russell 3000 Index, representing approximately 7% of the Russell 3000 total market capitalization.

**Russell 2000 Value Index** is a market-weighted total return index that measures the performance of companies within the Russell 2000 Index having lower price-to-book ratio and lower forecasted growth values.

# Q2 2024 Disclosures

**Russell MidCap Growth Index** is a market-weighted total return index that measures the performance of companies within the Russell MidCap Index having higher price-to-book ratio and higher forecasted growth values.

**Russell MidCap Index** includes firms 201 through 1000, based on market capitalization, from the Russell 3000 Index.

**Russell MidCap Value Index** is a market-weighted total return index that measures the performance of companies within the Russell MidCap Index having lower price-to-book ratio and lower forecasted growth values.

**Russell Top 200 Index** consists of the 200 largest securities in the Russell 3000 Index. Russell 3000 Index is a market capitalization weighted index, consisting of 3,000 U.S. common equity securities, reflective of the broad U.S. equity market.

**Salomon 1-10 Yr. Governments** is an index which serves as a benchmark for U.S. Government bonds with maturities ranging from 1 to 10 years.

**S&P 500 Index** measures the performance of the largest 500 U.S. common equity securities, and serves as an index of large cap stocks traded in the U.S.

**S&P 1500 Energy Index** measures the performance of the energy sector in the S&P 1500 Index.

**S&P 1500 Industrials** measures the performance of the industrial sector in the S&P 1500 Index.

**S&P 1500 Financials** measures the performance of the financials sector in the S&P 1500 Index.

**S&P 1500 Utilities** measures the performance of the utilities sector in the S&P 1500 Index.

**S&P 1500 Consumer Discretionary Index** measures the performance of the consumer discretionary sector in the S&P 1500 Index.

**S&P 1500 Consumer Staples Index** measures the performance of the consumer staples sector in the S&P 1500 Index.

**S&P 1500 Information Technology** measures the performance of the information technology sector in the S&P 1500 Index.

**S&P 1500 Materials** measures the performance of the materials sector in the S&P 1500 Index.

**S&P 1500 Health Care** measures the performance of the health care sector in the S&P 1500 Index.

**S&P 1500 Telecommunications Services Index** measures the performance of the telecommunications services sector in the S&P 1500 Index.

## General Disclosure

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## Research/Outlook Disclosure

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# Scorecard System Methodology

The Scorecard System Methodology incorporates both quantitative and qualitative factors in evaluating fund managers and their investment strategies. The Scorecard System is built around pass/fail criteria, on a scale of 0 to 10 (with 10 being the best) and has the ability to measure active, passive and asset allocation investing strategies. Active and asset allocation strategies are evaluated over a five-year time period, and passive strategies are evaluated over a three-year time period. The scorecard system establishes the procedural process fiduciaries can follow.

## Scorecard Point System

**Acceptable: 7-10 Points**

**Watchlist<sup>1</sup>: 5-6 Points**

**Review<sup>2</sup>: 0-4 Points**

Eighty percent of the fund's score is quantitative (consisting of eight unique factors), incorporating modern portfolio theory statistics, quadratic optimization analysis, and peer group rankings (among a few of the quantitative factors). The other 20 percent of the score is qualitative, taking into account manager tenure, the fund's expense ratio relative to the average fund expense ratio in that asset class, and the fund's strength of statistics (statistical significance).

Combined, these factors measure relative performance, characteristics, behavior and overall appropriateness of a fund for a plan as an investment option. General fund guidelines are shown in the "Scorecard Point System" table above. The Scorecard Point System is integrated into the Investment Policy Statement to help establish procedural prudence in fund selection and monitoring. Non-scored funds are evaluated using qualitative criteria, detailed in the Investment Policy Statement.

<sup>1</sup> Funds that receive a watchlist score four consecutive quarters or five of the last eight quarters should be placed under review status.

<sup>2</sup> Review status necessitates documenting why the fund/strategy remains appropriate or documenting the course of action for removal as an investment option.

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# Scorecard System Methodology

## Target Date Fund Strategies

Target Date Fund strategies are investment strategies that invest in a broad array of asset classes that may include U.S. equity, international equity, emerging markets, real estate, fixed income, high yield bonds and cash (to name a few asset classes). These strategies are managed to a retirement date or life expectancy date, typically growing more conservative as that date is approached. For this type of investment strategy, the Scorecard System is focused on how well these managers can add value from asset allocation. Asset allocation is measured using our Asset allocation strategies methodology and manager selection is measured using either our Active and/or Passive strategies methodologies, depending on the underlying fund options utilized within the Target Date Fund strategy.

Risk-based strategies follow the same evaluation criteria and are evaluated on both their asset allocation and security selection.

Weightings	Target Date Fund Strategies	Maximum Points
<b>Asset Allocation Score (Average) 50%</b>	<p>The individual funds in this Score average require five years of time history to be included. See Asset Allocation strategies methodology for a detailed breakdown of the Scoring criteria. Funds without the required time history are not included in the Score average.</p> <p>The Funds included in this average are from the Conservative, Moderate Conservative, Moderate, Moderate Aggressive and Aggressive categories, where Funds (also referred to as “vintages”) are individually Scored according to their standard deviation or risk bucket.</p>	5
<b>Selection Score (Average) 50%</b>	<p><b>Active strategies:</b> The individual active funds in this Score average require five years of time history to be Scored. See Active strategies methodology for a detailed breakdown of the Scoring criteria. Funds without the required time history are not included in the Score average.</p> <p><b>Passive strategies:</b> The individual passive funds in this Score average require three years of time history to be Scored. See Passive strategies methodology for a detailed breakdown of the Scoring criteria. Funds without the required time history are not included in the Score average.</p>	5

**Total 10**

# Scorecard System Methodology

## Asset Allocation Strategies

Asset allocation strategies are investment strategies that invest in a broad array of asset classes that may include U.S. equity, international equity, emerging markets, real estate, fixed income, high yield bonds and cash (to name a few asset classes). These strategies are typically structured in either a risk-based format (the strategies are managed to a level of risk, e.g., conservative or aggressive) or, in an age-based format (these strategies are managed to a retirement date or life expectancy date, typically growing more conservative as that date is approached). For this type of investment strategy, the Scorecard System is focused on how well these managers can add value, with asset allocation being the primary driver of investment returns and the resulting Score. Multisector Bond (MSB) asset class follows the same evaluation criteria with some slightly different tolerance levels where noted. These managers are also evaluated on both their asset allocation and security selection.

Weightings	Asset Allocation Strategies	Maximum Points
Style Factors 30%	<b>Risk Level:</b> The fund's standard deviation is measured against the category it is being analyzed in. The fund passes if it falls within the range for that category.	1
	<b>Style Diversity:</b> Fund passes if it reflects appropriate style diversity (returns-based) among the four major asset classes (Cash, Fixed Income, U.S. & International Equity) for the given category. <i>MSB</i> funds pass if reflect some level of diversity among fixed income asset classes (Cash, U.S. Fixed Income, Non-U.S. Fixed Income and High Yield/Emerging Markets).	1
	<b>R-Squared:</b> Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 90 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
Risk/Return Factors 30%	<b>Risk/Return:</b> Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.	1
	<b>Up/Down Capture Analysis:</b> Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.	1
	<b>Information Ratio:</b> Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.	1
Peer Group Rankings 20%	<b>Returns Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile.	1
	<b>Sharpe Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile. This ranking ranks risk-adjusted excess return.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
<b>Total</b>		<b>10</b>

# Scorecard System Methodology

## Active Strategies

Active strategies are investment strategies where the fund manager is trying to add value and outperform the market averages (for that style of investing). Typically, these investment strategies have higher associated fees due to the active involvement in the portfolio management process by the fund manager(s). For this type of investment strategy, the Scorecard System is trying to identify those managers who can add value on a consistent basis within their own style of investing.

Weightings	Active Strategies	Maximum Points
Style Factors 30%	<b>Style Analysis:</b> Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the Plan.	1
	<b>Style Drift:</b> Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.	1
	<b>R-Squared:</b> Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 80 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
Risk/Return Factors 30%	<b>Risk/Return:</b> Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.	1
	<b>Up/Down Capture Analysis:</b> Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.	1
	<b>Information Ratio:</b> Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.	1
Peer Group Rankings 20%	<b>Returns Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile.	1
	<b>Information Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile. This ranking ranks risk-adjusted excess return.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2

**Total 10**

# Scorecard System Methodology

## Passive Strategies

Passive strategies are investment strategies where the fund manager is trying to track or replicate some area of the market. These types of strategies may be broad-based in nature (e.g., the fund manager is trying to track/replicate the entire U.S. equity market like the S&P 500) or may be more specific to a particular area of the market (e.g., the fund manager may be trying to track/replicate the technology sector). These investment strategies typically have lower fees than active investment strategies due to their passive nature of investing and are commonly referred to as index funds. For this type of investment strategy, the Scorecard System is focused on how well these managers track and/or replicate a particular area of the market with an emphasis on how they compare against their peers.

Weightings	Passive Strategies	Maximum Points
Style & Tracking Factors 40%	<b>Style Analysis:</b> Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the Plan.	1
	<b>Style Drift:</b> Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.	1
	<b>R-Squared:</b> Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 95 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
	<b>Tracking Error:</b> Measures the percentage of a fund's excess return volatility relative to the benchmark. Fund passes with a tracking error less than 4. This statistic measures how well the fund tracks the benchmark.	1
Peer Group Rankings 40%	<b>Tracking Error Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.	1
	<b>Expense Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.	1
	<b>Returns Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.	1
	<b>Sharpe Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
<b>Total</b>		<b>10</b>



# Qualitative Factors: an in-depth look

The letters T, E, and S in the qualitative section of the Scorecard are indicating why a fund was docked qualitative points.

- T = manager tenure
- E = expenses
- S = strength of statistics

**Active & Allocation Strategies:** All investments start with 2 points, with potential deductions if the following criteria are not met:

- Manager tenure

Tenure	Years	Deduct
Less than	1.5	2 points
Less than	3.5	1 point

- Fund expense: if greater than RPAG Peer Group Average (for that style), deduct 0.5 point.
- Strength of statistics

Condition	Average Style	R-Squared	Deduct
If	Fails	<75%	1 point
If	Fails	<60%	2 points
If	Passes	<50%	1 point
Condition	IR	Sig. Level	Deduct
If	Positive	<65%	0.5 point

The total qualitative score is rounded to the nearest whole number. For example, a score of 1.5 will be rounded to 2.

**Passive Strategies:** All funds start with 2 points, with potential deductions if the following criteria are not met:

- Fund expense: if expenses rank in the 90% or below, 1 point impact.
- Strength of statistics: if the tracking error is greater than 6, 1 point impact. If tracking error is greater than 7, 2-point impact.

Unique events or conditions that warrant modifying this framework to capture the same intent are rare, but are noted when they occur.

# Manager Research Methodology

## Qualitative Factors Beyond the Scorecard

The Scorecard System establishes a process and methodology that is both comprehensive and independent. It strives to create successful outcomes for plan sponsors and participants. It also helps direct the additional qualitative research conducted on managers throughout the year. Going beyond the Scorecard incorporates the following three important categories below.

### PEOPLE

- Fund manager and team experience
- Deep institutional expertise
- Organizational structure
- Ability to drive the process and performance

### PROCESS

- Clearly defined
- Consistent application
- Sound and established
- Clearly communicated
- Successfully executed process

### PHILOSOPHY

- Research and ideas must be coherent and persuasive
  - Strong rationale
  - Logical and compelling
  - Focus on identifying skillful managers
-

# Scorecard Disclosures

Investment objectives and strategies vary among funds and may not be similar for funds included in the same asset class.

All definitions are typical category representations. The specific share classes or accounts identified above may not be available or chosen by the Plan. Share class and account availability is unique to the client's specific circumstances. There may be multiple share classes or accounts available to the client from which to choose. All recommendations are subject to vendor/provider approval before implementation into the Plan.

The performance data quoted may not reflect the deduction of additional fees, if applicable. If reflected, additional fees would reduce the performance quoted.

Performance data is subject to change without prior notice.

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

The information used in the analysis has been taken from sources deemed to be reliable, including, third-party providers such as Markov Processes International, Morningstar, firms who manage the investments, and/or the retirement plan providers who offer the funds.

Every reasonable effort has been made to ensure completeness and accuracy; however, the final accuracy of the numbers and information is the responsibility of the investment manager(s) of each fund and/or the retirement plan providers offering these funds. Discrepancies between the figures reported in this analysis, and those reported by the actual investment managers and/or retirement plan providers, may be caused by a variety of factors, including: Inaccurate reporting by the manager/provider; Changes in reporting by the manager/provider from the time this report was prepared to a subsequent retro-active audit and corrected reporting; Differences in fees and share-classes impacting net investment return; and, Scriveners error by your advisor in preparing this report.

The enclosed Investment Due Diligence report, including the Scorecard System, is intended for plan sponsor and/or institutional use only. The materials are not intended for participant use.

The purpose of this report is to assist fiduciaries in selecting and monitoring investment options. A fund's score is meant to be used by the Plan sponsor and/or fiduciaries as a tool for selecting the most appropriate fund.

Fund scores will change as the performance of the funds change and as certain factors measured in the qualitative category change (e.g., manager tenure). Fund scores are not expected to change dramatically from each measured period, however, there is no guarantee this will be the case. Scores will change depending on the changes in the underlying pre-specified Scorecard factors.

Neither past performance nor statistics calculated using past performance are guarantees of a fund's future performance. Likewise, a fund's score using the Scorecard System does not guarantee the future performance or style consistency of a fund.

This report was prepared with the belief that this information is relevant to the Plan sponsor as the Plan sponsor makes investment selections.

Fund selection is at the discretion of the investment fiduciaries, which are either the Plan sponsor or the Committee appointed to perform that function.

Cash Equivalents (e.g., money market fund) and some specialty funds are not scored by the Scorecard System.

The enclosed Investment Due Diligence report and Scorecard is not an offer to sell mutual funds. An offer to sell may be made only after the client has received and read the appropriate prospectus.

For the most current month-end performance, please contact your advisor.

The Strategy Review notes section is for informational purposes only. The views expressed here are those of your advisor and do not constitute an offer to sell an investment. An offer to sell may be made only after the client has received and read the appropriate prospectus.

For funds that do not have a score, one of the following will be shown: HIS, SPC, or OTH.

HIS- fund does not have enough performance history to Score.

SPC- fund is in a specialty category that does not Score.

OTH- fund may no longer be active, not in database or available to Score

Qualitative legend: T= Manager tenure; E= Expenses; S= Strength of statistics

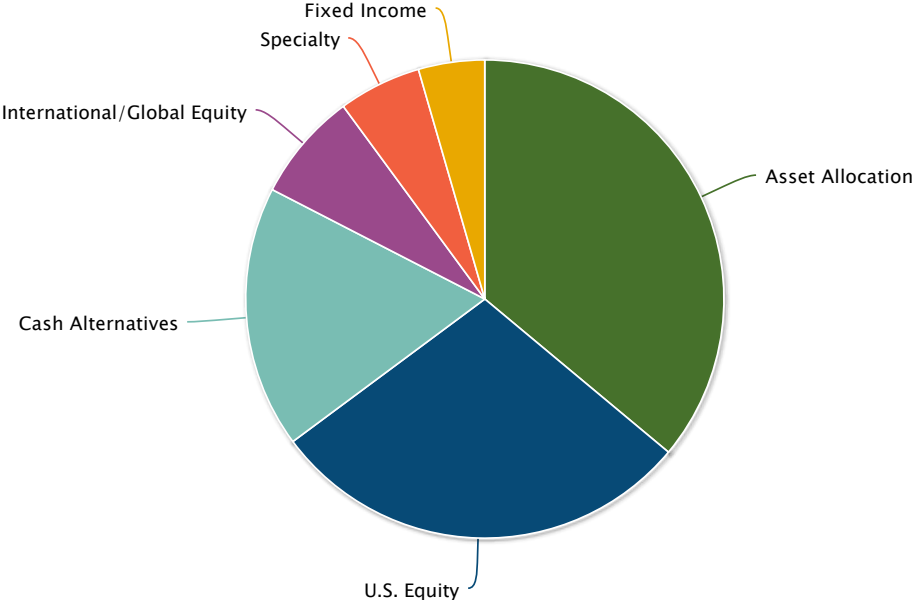
**Carefully consider the investment objectives, risk factors and charges and expenses of the investment company before investing. This and other information can be found in the fund's prospectus, which may be obtained by contacting your Investment Advisor/Consultant or Vendor/Provider. Read the prospectus carefully before investing.**

**For a copy of the most recent prospectus, please contact your Investment Advisor/Consultant or Vendor/Provider.**

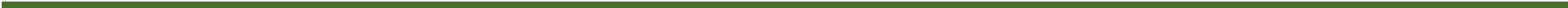
ACR# 6338459 02/24

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# Plan Allocation by Investment Type - 457(b)



Investment Type	Assets	Percentage
Asset Allocation	\$29,815,298.33	36.1%
U.S. Equity	\$23,789,337.35	28.8%
Cash Alternatives	\$14,659,394.93	17.7%
International/Global Equity	\$6,077,246.52	7.4%
Specialty	\$4,630,732.49	5.6%
Fixed Income	\$3,705,670.36	4.5%
<b>Total</b>	<b>\$82,677,679.98</b>	<b>100%</b>
as of 6/30/2024		



# Plan Allocation by Investment Type - 457(b)

Investment Name	Asset Class	Amount	Percentage	Score
Asset Allocation		\$29,815,298		
JPMorgan SmartRetirement Blend 2020 R5	MC	\$3,675,520	4.4%	8
JPMorgan SmartRetirement Blend IncomeR5	MC	\$14,826	0.0%	7
JPMorgan SmartRetirement Blend 2025 R5	MOD	\$4,851,822	5.9%	8
JPMorgan SmartRetirement Blend 2030 R5	MOD	\$4,651,867	5.6%	9
Fidelity Puritan	MOD	\$2,762,449	3.3%	10
MissionSquare Retirement IncomeAdvantage Fund R5	MOD	\$2,826,758	3.4%	5
JPMorgan SmartRetirement Blend 2035 R5	MA	\$2,897,086	3.5%	7
JPMorgan SmartRetirement Blend 2040 R5	MA	\$2,928,114	3.5%	8
JPMorgan SmartRetirement Blend 2045 R5	AGG	\$3,056,062	3.7%	8
JPMorgan SmartRetirement Blend 2050 R5	AGG	\$1,226,932	1.5%	8
JPMorgan SmartRetirement Blend 2055 R5	AGG	\$705,393	0.9%	8
JPMorgan SmartRetirement Blend 2060 R5	AGG	\$218,468	0.3%	8
U.S. Equity		\$23,789,337		
Dodge & Cox Stock I	LCV	\$2,023,720	2.4%	10
Large Cap Growth III I1 (AB Large Cap Growth)	LCG	\$6,461,772	7.8%	8*
Victory Sycamore Established Value I	MCV	\$500,481	0.6%	10
Allspring Special Mid Cap Value Inst	MCV	\$384,928	0.5%	10
Invesco Discovery Mid Cap Growth Y	MCG	\$237,986	0.3%	8
Carillon Eagle Mid Cap Growth I	MCG	\$832,178	1.0%	8
PIMCO RAE US Small Instl	SCV	\$365,281	0.4%	10
Small Cap Value II I1 (American Century SCV)	SCV	\$723,504	0.9%	10*
iShares S&P 500 Index Investor A	LCB-P	\$8,788,340	10.6%	10
iShares Russell Mid-Cap Index Inv A	MCB-P	\$2,309,898	2.8%	9

# Plan Allocation by Investment Type - 457(b)

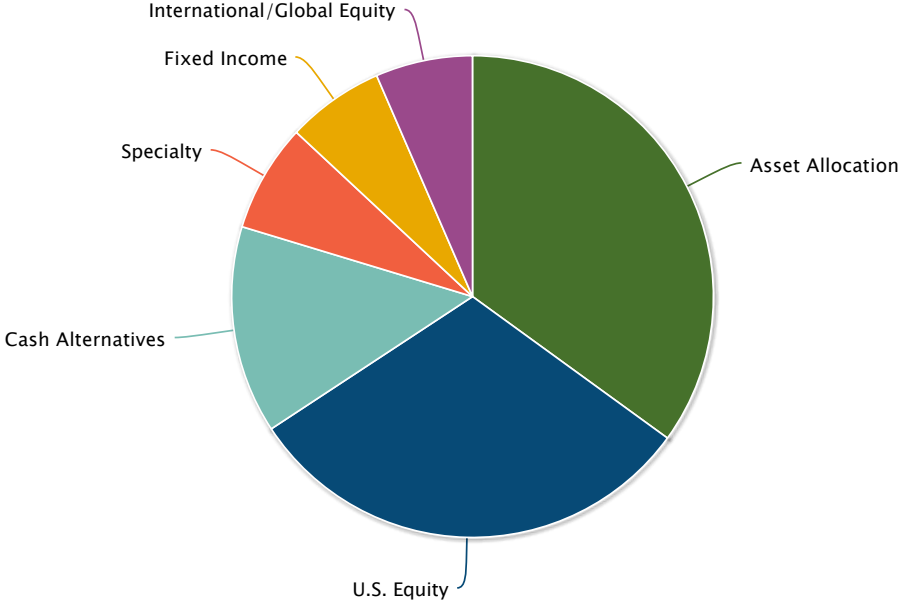
Investment Name	Asset Class	Amount	Percentage	Score
iShares Russell 2000 Small-Cap Idx Inv A	SCB-P	\$1,161,250	1.4%	10
Cash Alternatives		\$14,659,395		
MissionSquare PLUS Fund Class R5	SV	\$13,092,434	15.8%	SPC
MSQ Cash Management R5	MM	\$1,566,961	1.9%	SPC
International/Global Equity		\$6,077,247		
MFS Intl Diversification R4	IE	\$2,540,743	3.1%	7
Fidelity Diversified International	ILCG	\$617,226	0.7%	10
Victory RS Global R6	GE	\$1,874,822	2.3%	10
Invesco Global R5	GE	\$1,044,456	1.3%	7
Specialty		\$4,630,732		
Cohen & Steers Real Estate Securities I	REI	\$814,970	1.0%	10
Fidelity Select Technology	TEC	\$3,815,763	4.6%	6
Fixed Income		\$3,705,670		
PIMCO Income Adm	MSB	\$804,238	1.0%	9
Western Asset Core Bond I	CFI	\$2,141,381	2.6%	5
MassMutual High Yield Svc	HY	\$760,052	0.9%	9
Total		\$82,677,680	100.0%	

## Disclosure

### \*Strategy Equivalent Score

The CIT exclusively available to RPAG utilizes the same manager and strategy as the Scored fund equivalent, which is highlighted and shown below the CIT option. The Scored fund equivalent generally has a higher fee and is shown for CIT investment due diligence purposes only. The average score includes Strategy Equivalent scores where utilized. For Group Series funds, if Strategy Equivalents are included, the specific Strategy Equivalent(s) within each given series will be indicated in the Allocation (Series Funds) and/or Selection (Underlying Funds) section(s) within the detailed report. Non-scoring funds will be assigned a letter.; The letter definitions are HIS= fund does not have enough performance history to Score; SPC= fund is in a specialty category that does not Score; OTH= fund may no longer be active, not in database or available to Score. ACR#5821538 07/23

# Plan Allocation by Investment Type - 401(a)



Investment Type	Assets	Percentage
Asset Allocation	\$453,027.60	35.0%
U.S. Equity	\$397,941.74	30.7%
Cash Alternatives	\$180,463.76	13.9%
Specialty	\$94,118.85	7.3%
Fixed Income	\$84,556.15	6.5%
International/Global Equity	\$84,397.69	6.5%
<b>Total</b>	<b>\$1,294,505.79</b>	<b>100%</b>

as of 6/30/2024

# Plan Allocation by Investment Type - 401(a)

Investment Name	Asset Class	Amount	Percentage	Score
Asset Allocation		\$453,028		
JPMorgan SmartRetirement Blend 2020 R3	MC	\$9,149	0.7%	8
JPMorgan SmartRetirement Blend 2025 R3	MOD	\$70,772	5.5%	8
JPMorgan SmartRetirement Blend 2030 R3	MOD	\$42,925	3.3%	8
Fidelity Puritan	MOD	\$18,121	1.4%	10
MissionSquare Retirement IncomeAdvantage Fund R5	MOD	\$52,651	4.1%	5
JPMorgan SmartRetirement Blend 2035 R3	MA	\$126,322	9.8%	7
JPMorgan SmartRetirement Blend 2040 R3	MA	\$65,333	5.0%	8
JPMorgan SmartRetirement Blend 2045 R3	AGG	\$44,278	3.4%	7
JPMorgan SmartRetirement Blend 2050 R3	AGG	\$19,553	1.5%	7
JPMorgan SmartRetirement Blend 2055 R3	AGG	\$3,924	0.3%	8
U.S. Equity		\$397,942		
Dodge & Cox Stock I	LCV	\$17,377	1.3%	10
American Funds Washington Mutual R4	LCB	\$25,245	2.0%	7
Fidelity Contrafund	LCG	\$105,197	8.1%	8
T. Rowe Price Growth Stock Adv	LCG	\$13,955	1.1%	5
Victory Sycamore Established Value R	MCV	\$2,581	0.2%	10
Allspring Special Mid Cap Value Inst	MCV	\$2,417	0.2%	10
Invesco Discovery Mid Cap Growth Y	MCG	\$20,468	1.6%	8
Carillon Eagle Mid Cap Growth I	MCG	\$7,291	0.6%	8
Carillon Eagle Mid Cap Growth R5	MCG	\$0	0.0%	
LSV Small Cap Value Institutional	SCV	\$589	0.0%	10
Janus Henderson Small Cap Value T	SCV	\$16,803	1.3%	5
iShares S&P 500 Index Investor A	LCB-P	\$152,536	11.8%	10



# Plan Allocation by Investment Type - 401(a)

Investment Name	Asset Class	Amount	Percentage	Score
iShares Russell Mid-Cap Index Inv A	MCB-P	\$20,150	1.6%	9
iShares Russell 2000 Small-Cap Idx Inv A	SCB-P	\$13,333	1.0%	10
Cash Alternatives		\$180,464		
MissionSquare PLUS Fund Class R5	SV	\$170,990	13.2%	SPC
MSQ Cash Management R5	MM	\$9,474	0.7%	SPC
Specialty		\$94,119		
Cohen & Steers Real Estate Securities I	REI	\$16,777	1.3%	10
Fidelity Select Technology	TEC	\$77,342	6.0%	6
Fixed Income		\$84,556		
PIMCO Income Adm	MSB	\$31,292	2.4%	9
Western Asset Core Bond I	CFI	\$36,375	2.8%	5
MassMutual High Yield Svc	HY	\$16,889	1.3%	9
International/Global Equity		\$84,398		
MFS Intl Diversification R3	IE	\$28,890	2.2%	7
Fidelity Diversified International	ILCG	\$20,224	1.6%	10
Invesco Global A	GE	\$11,568	0.9%	4
Invesco Global Opportunities R6	GE	\$23,716	1.8%	2
<b>Total</b>		<b>\$1,294,506</b>	<b>100.0%</b>	

Disclosure

\*Strategy Equivalent Score

The CIT exclusively available to RPAG utilizes the same manager and strategy as the Scored fund equivalent, which is highlighted and shown below the CIT option. The Scored fund equivalent generally has a higher fee and is shown for CIT investment due diligence purposes only. The average score includes Strategy Equivalent scores where utilized. For Group Series funds, if Strategy Equivalents are included, the specific Strategy Equivalent(s) within each given series will be indicated in the Allocation (Series Funds) and/or Selection (Underlying Funds) section(s) within the detailed report. Non-scoring funds will be assigned a letter.; The letter definitions are HIS= fund does not have enough performance history to Score; SPC= fund is in a specialty category that does not Score; OTH= fund may no longer be active, not in database or available to Score. ACR#5821538 07/23

# Style Box

Asset Allocation - Conservative	Asset Allocation - Moderate	Asset Allocation - Aggressive
	Fidelity Puritan (10) JPMorgan SmartRetirement Blend Target Date Series R5 (8) MissionSquare Retirement IncomeAdvantage Fund R5 (5) 🚩	
Large Cap Value	Large Cap Blend	Large Cap Growth
Dodge & Cox Stock I (10)	iShares S&P 500 Index Investor A (10)	Large Cap Growth III I1 (AB Large Cap Growth) (8*)
Mid/Smid Cap Value	Mid/Smid Cap Blend	Mid/Smid Cap Growth
Allspring Special Mid Cap Value Inst (10) Victory Sycamore Established Value I (10)	iShares Russell Mid-Cap Index Inv A (9)	Carillon Eagle Mid Cap Growth I (8) Invesco Discovery Mid Cap Growth Y (8)
Small Cap Value	Small Cap Blend	Small Cap Growth
PIMCO RAE US Small Instl (10) Small Cap Value II I1 (American Century SCV) (10*)	iShares Russell 2000 Small-Cap Idx Inv A (10)	
International Equity	Global Equity	Cash Alternatives
International Growth II I1 (MFS Intl LCG) (9*) + MFS Intl Diversification R4 (7) Fidelity Diversified International (10) -	Invesco Global R5 (7) - Victory RS Global R6 (10)	MissionSquare PLUS Fund Class R5 (SPC) MSQ Cash Management R5 (SPC)
Fixed Income	Specialty/Alternatives	Notes
MassMutual High Yield Svc (9) PIMCO Income Adm (9) Western Asset Core Bond I (5) - American Funds Bond Fund of Amer R4 (10) +	Fidelity Select Technology (6) 🚩 Cohen & Steers Real Estate Securities I (10)	1. Target Date Fund series show the series name, glidepath risk posture and the average score. 2. Risk based funds are grouped into either conservative, moderate or aggressive style boxes. 3. Only the top 5 scoring funds in each asset class are shown due to spacing concerns.

Considerations: + Add    - Delete    🚩 Watchlist

## Disclosure

\*Strategy Equivalent Score. Non-scoring funds will be assigned a letter.; The letter definitions are HIS= fund does not have enough performance history to Score; SPC= fund is in a specialty category that does not Score; OTH= fund may no longer be active, not in database or available to Score.

# Scorecard™

Total Plan Assets: \$82,677,679.98 as of 6/30/2024

## Target Date Series

Asset Allocation	Assets	Asset Class	Risk Index	Allocation Score (Series Funds)		Selection Score (Underlying Funds)		Blended Score			
				# of Funds	Avg Score	# of Funds	Avg Score	Q2 2024	Q1 2024	Q4 2023	Q3 2023
JPMorgan SmartRetirement Blend Target Date Series R5	\$24,226,091.42	MOD	68	11	6.5	14	9.2	8	8	7	7

## Core Lineup

Asset Allocation	Assets	Asset Class	Ticker/ ID	Style			Risk/Return			Peer Group		Qual	Score			
				Risk Level	Style Diversity	R <sup>2</sup>	Risk/Return	Up/Down	Info Ratio	Return Rank	SR Rank	2pt Max/Expense	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Fidelity Puritan	\$2,762,449.37	MOD	FPURX	1	1	1	1	1	1	1	1	2	10	9	9	9
				13.2	66.8/33.2	97.46	13.2/11.4	105.0/95.7	0.88	2	2	- 0.47	MOD	MOD	MOD	MOD
MissionSquare Retirement IncomeAdvantage Fund R5	\$2,826,757.54	MOD	74440A696.icma	1	1	1	0	0	0	0	0	2	5	5	6	5
				12.1	60.4/39.6	99.55	12.1/6.4	97.9/105.1	-1.50	54	51	- 1.67	MOD	MOD	MOD	MOD
PIMCO Income Adm	\$804,237.54	MSB	PIINX	1	0	1	1	1	1	1	1	2	9	9	9	9
				6.6	48.2/51.8	93.47	6.6/2.4	107.1/99.0	0.37	15	14	- 0.87	MSB	MSB	MSB	MSB

# Scorecard™

Active	Assets	Asset Class	Ticker/ ID	Style			Risk/Return			Peer Group		Qual	Score			
				Style	Style Drift	R <sup>2</sup>	Risk/ Return	Up/ Down	Info Ratio	Return Rank	Info Ratio Rank	2pt Max/ Expense	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Dodge & Cox Stock I	\$2,023,720.40	LCV	DODGX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-98.5/ 67.5	7.8	95.40	20.8/ 13.0	113.7/ 99.6	0.82	9	12	- 0.51	LCV	LCV	LCV	LCV
Large Cap Growth III I1 (AB Large Cap Growth)	\$6,461,772.48	LCG	97184D766										HIS	HIS	HIS	HIS
												- 0.32	-	-	-	-
Strategy Equivalent				1	1	1	1	0	0	1	1	2	8	8	8	8
AB Large Cap Growth Z	\$0.00	LCG	APGZX	78.6/ 95.8	3.0	95.15	19.0/ 17.3	90.3/ 93.9	-0.44	15	17	- 0.52	LCG	LCG	LCG	LCG
Victory Sycamore Established Value I	\$500,481.05	MCV	VEVIX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-96.3/ 19.1	8.4	98.02	20.2/ 11.7	97.8/ 87.7	0.96	9	2	- 0.58	MCV	MCV	MCV	MCV
Allspring Special Mid Cap Value Inst	\$384,928.29	MCV	WFMIX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-93.5/ 20.4	9.5	97.10	20.4/ 10.4	95.1/ 88.9	0.50	23	21	- 0.80	MCV	MCV	MCV	MCV
Invesco Discovery Mid Cap Growth Y	\$237,985.75	MCG	OEGYX	1	1	1	1	0	0	1	1	2	8	10	8	8
				90.6/ 5.3	7.9	93.26	21.4/ 9.4	98.0/ 99.6	-0.09	46	37	- 0.79	MCG	MCG	MCG	MCG
Carillon Eagle Mid Cap Growth I	\$832,177.53	MCG	HAGIX	1	1	1	1	0	0	1	1	2	8	10	7	7
				75.3/ 6.6	8.9	97.58	21.7/ 9.1	97.1/ 99.8	-0.25	28	33	- 0.73	MCG	MCG	MCG	MCG
PIMCO RAE US Small Instl	\$365,280.59	SCV	PMJIX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-99.8/ -76.6	17.4	93.15	26.4/ 15.2	115.8/ 93.0	1.17	5	10	- 0.50	SCV	SCV	SCV	SCV

# Scorecard™

continued

Active	Assets	Asset Class	Ticker/ ID	Style			Risk/Return			Peer Group		Qual	Score			
				Style	Style Drift	R <sup>2</sup>	Risk/ Return	Up/ Down	Info Ratio	Return Rank	Info Ratio Rank		2pt Max/ Expense	Q2 2024	Q1 2024	Q4 2023
Small Cap Value II I1 (American Century SCV)	\$723,503.64	SCV	97182E444										HIS	HIS	HIS	HIS
													-	-	-	-
Strategy Equivalent				1	1	1	1	1	1	1	1	2	10	10	10	10
American Century Small Cap Value R6	\$0.00	SCV	ASVDX	-100.0/ -84.8	3.6	96.61	25.2/ 10.4	104.9/ 95.8	0.71	25	30	-	SCV	SCV	SCV	SCV
													0.74			
MFS Intl Diversification R4	\$2,540,742.68	IE	MDITX	1	1	1	1	1	1	0	0	1	7	8	9	9
				33.7/ 55.2	8.3	96.07	16.6/ 6.0	99.2/ 97.2	0.14	54	55	T	IE	IE	IE	IE
Fidelity Diversified International	\$617,225.51	ILCG	FDIVX	1	1	1	1	1	1	1	1	2	10	9	6	6
				73.7/ 76.6	17.0	93.61	17.9/ 7.5	103.0/ 102.2	0.05	24	27	-	ILCG	ILCG	ILCG	ILCG
International Growth II I1 (MFS Intl LCG)	\$617,225.51	ILCG	97183C728										HIS	HIS	HIS	HIS
														-	-	-
Strategy Equivalent				1	1	1	1	1	0	1	1	2	9	8	9	10
MFS International Growth R6	\$0.00	ILCG	MGRDX	60.4/ 88.1	9.8	93.01	16.7/ 7.3	96.1/ 95.8	0.00	5	5	-	ILCG	ILCG	ILCG	ILCG
														0.71		
Victory RS Global R6	\$1,874,821.94	GE	RGGRX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-1.5/ 83.4	7.1	98.27	17.1/ 13.3	105.1/ 95.6	1.11	15	3	-	GE	GE	GE	GE
Invesco Global R5	\$1,044,456.39	GE	GFDDX	0	1	1	1	0	1	0	1	2	7	7	7	5
				86.5/ 61.3	15.3	92.06	21.7/ 11.0	120.5/ 122.2	0.03	64	49	-	GE	GE	GE	GE
Western Asset Core Bond I	\$2,141,381.24	CFI	WATFX	1	1	1	0	0	0	0	0	2	5	5	5	5
				-88.8/ 39.8	16.8	95.71	7.8/ -0.8	122.6/ 126.4	-0.26	84	76	-	CFI	CFI	CFI	CFI

# Scorecard™

continued

Active	Assets	Asset Class	Ticker/ ID	Style			Risk/Return			Peer Group		Qual	Score			
				Style	Style Drift	R <sup>2</sup>	Risk/ Return	Up/ Down	Info Ratio	Return Rank	Info Ratio Rank		2pt Max/ Expense	Q2 2024	Q1 2024	Q4 2023
American Funds Bond Fund of Amer R4 (NNM)	\$2,141,381.24	CFI	RBFEX	1	1	1	1	1	1	1	1	2	10	10	10	10
				3.0/ 33.0	5.3	98.71	6.2/ 0.3	102.6/ 96.1	0.76	28	16	- 0.59	CFI	CFI	CFI	CFI
MassMutual High Yield Svc	\$760,051.58	HY	DLHYX	1	1	1	1	1	0	1	1	2	9	8	8	8
				98.5/ -98.5	1.0	97.01	9.2/ 3.9	96.8/ 96.3	-0.03	21	20	- 0.74	HY	HY	HY	HY
MissionSquare PLUS Fund Class R5	\$13,092,434.07	SV	92208J303									- 0.77	SPC	SPC	SPC	SPC
MSQ Cash Management R5	\$1,566,960.86	MM	SPUSA06CAU									- 0.43	SPC	SPC	SPC	SPC
Cohen & Steers Real Estate Securities I	\$814,969.50	REI	CSDIX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-93.2/ 91.1	3.7	97.14	20.9/ 5.1	103.0/ 95.1	0.68	15	13	- 0.84	REI	REI	REI	REI
Fidelity Select Technology	\$3,815,762.99	TEC	FSPTX	1	1	1	0	0	0	1	1	1	6	6	6	6
				-85.9/ 100.0	7.1	95.03	24.1/ 24.3	99.5/ 106.6	-0.43	18	22	T 0.64	TEC	TEC	TEC	TEC

Passive	Assets	Asset Class	Ticker/ ID	Style			Peer Group				Qual	Score				
				Style	Style Drift	R <sup>2</sup>	Tracking Error	TE Rank	Expense Rank	Return Rank		SR Rank	2pt Max/ Expense	Q2 2024	Q1 2024	Q4 2023
iShares S&P 500 Index Investor A	\$8,788,340.39	LCB-P	BSPAX	1	1	1	1	1	1	1	1	2	10	10	10	10
				6.4/ 98.4	4.1	99.77	0.9	51.0	41.0	29	28	- 0.35	LCB-P	LCB-P	LCB-P	LCB-P

# Scorecard™

continued

Passive	Assets	Asset Class	Ticker/ ID	Style				Peer Group				Qual	Score			
				Style	Style Drift	R <sup>2</sup>	Tracking Error	TE Rank	Expense Rank	Return Rank	SR Rank		2pt Max/ Expense	Q2 2024	Q1 2024	Q4 2023
iShares Russell Mid-Cap Index Inv A	\$2,309,897.57	MCB-P	BRMAX	0	1	1	1	1	1	1	1	2	9	10	10	10
				-33.6/ 0.1	2.1	100.00	0.1	14.0	33.0	73	73	- 0.37	MCB-P	MCB-P	MCB-P	MCB-P
iShares Russell 2000 Small-Cap Idx Inv A	\$1,161,249.66	SCB-P	MDSKX	1	1	1	1	1	1	1	1	2	10	10	10	10
				-0.9/ -99.0	0.6	100.00	0.1	26.0	35.0	62	62	- 0.37	SCB-P	SCB-P	SCB-P	SCB-P

Disclosure

\*Strategy Equivalent Score

The CIT exclusively available to RPAG utilizes the same manager and strategy as the Scored fund equivalent, which is highlighted and shown below the CIT option. The Scored fund equivalent generally has a higher fee and is shown for CIT investment due diligence purposes only. The average score includes Strategy Equivalent scores where utilized. For Group Series funds, if Strategy Equivalents are included, the specific Strategy Equivalent(s) within each given series will be indicated in the Allocation (Series Funds) and/or Selection (Underlying Funds) section(s) within the detailed report. Non-scoring funds will be assigned a letter.; The letter definitions are HIS= fund does not have enough performance history to Score; SPC= fund is in a specialty category that does not Score; OTH= fund may no longer be active, not in database or available to Score.

ACR#5821538 07/23













# Score History

Passive	Asset Class	Ticker/ ID	Score							
			Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
iShares S&P 500 Index Investor A	LCB-P	BSPAX	10	10	10	10	10	10	10	10
			LCB-P	LCB-P	LCB-P	LCB-P	LCB-P	LCB-P	LCB-P	LCB-P
iShares Russell Mid-Cap Index Inv A	MCB-P	BRMAX	9	10	10	10	10	10	10	9
			MCB-P	MCB-P	MCB-P	MCB-P	MCB-P	MCB-P	MCB-P	MCB-P
iShares Russell 2000 Small-Cap Idx Inv A	SCB-P	MDSKX	10	10	10	10	10	10	10	10
			SCB-P	SCB-P	SCB-P	SCB-P	SCB-P	SCB-P	SCB-P	SCB-P

## Disclosure

### \*Strategy Equivalent Score

The CIT exclusively available to RPAG utilizes the same manager and strategy as the Scored fund equivalent, which is highlighted and shown below the CIT option. The Scored fund equivalent generally has a higher fee and is shown for CIT investment due diligence purposes only. The average score includes Strategy Equivalent scores where utilized. For Group Series funds, if Strategy Equivalents are included, the specific Strategy Equivalent(s) within each given series will be indicated in the Allocation (Series Funds) and/or Selection (Underlying Funds) section(s) within the detailed report. Non-scoring funds will be assigned a letter.; The letter definitions are HIS= fund does not have enough performance history to Score; SPC= fund is in a specialty category that does not Score; OTH= fund may no longer be active, not in database or available to Score.

ACR#5821538 07/23

# Returns Analysis

## Allocation (Series Funds)

Performance as of 6/30/2024

Asset Allocation	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
JPMorgan SmartRetirement Blend IncomeR5	JIBBX	1.18	4.39	9.45	0.83	4.06	4.07	4.72	7/2/2012	7/2/2012	0.51	0.29
StyleBenchmark		1.14	4.10	9.28	1.10	4.69	4.62					
JPMorgan SmartRetirement Blend 2020 R5	JBSRX	1.20	4.40	9.59	0.88	4.29	4.61	5.84	7/2/2012	7/2/2012	0.50	0.29
StyleBenchmark		1.25	4.64	10.03	1.51	5.22	4.95					
JPMorgan SmartRetirement Blend 2025 R5	JBBSX	1.28	4.85	10.29	1.09	5.21	5.33	6.73	7/2/2012	7/2/2012	0.49	0.29
StyleBenchmark		1.45	5.78	11.75	2.14	6.39	5.85					
JPMorgan SmartRetirement Blend 2030 R5	JRBBX	1.50	6.03	12.03	1.87	6.35	6.12	7.63	7/2/2012	7/2/2012	0.47	0.29
StyleBenchmark		1.65	6.84	13.35	2.73	7.45	6.66					
JPMorgan SmartRetirement Blend 2035 R5	JPBRX	1.71	7.20	13.68	2.80	7.52	6.86	8.45	7/2/2012	7/2/2012	0.48	0.29
StyleBenchmark		1.85	7.88	14.87	3.39	8.45	7.38					
JPMorgan SmartRetirement Blend 2040 R5	JOBBX	1.87	8.16	15.02	3.45	8.38	7.43	9.03	7/2/2012	7/2/2012	0.49	0.29
StyleBenchmark		2.03	8.78	16.15	4.02	9.29	7.95					
JPMorgan SmartRetirement Blend 2045 R5	JMBRX	1.97	8.84	15.99	3.95	9.04	7.78	9.31	7/2/2012	7/2/2012	0.47	0.29
StyleBenchmark		2.15	9.36	16.99	4.43	9.84	8.33					
JPMorgan SmartRetirement Blend 2050 R5	JNABX	2.03	9.21	16.41	4.14	9.20	7.86	9.39	7/2/2012	7/2/2012	0.47	0.29
StyleBenchmark		2.16	9.40	17.04	4.46	9.87	8.36					
JPMorgan SmartRetirement Blend 2055 R5	JTBBX	2.04	9.26	16.44	4.18	9.20	7.86	9.35	7/2/2012	7/2/2012	0.48	0.29
StyleBenchmark		2.16	9.40	17.04	4.46	9.87	8.36					
JPMorgan SmartRetirement Blend 2060 R5	JAABX	2.04	9.23	16.46	4.23	9.19		9.29	8/31/2016	8/31/2016	0.53	0.29
StyleBenchmark		2.12	9.35	16.96	4.35	9.77						

## Core Lineup

Asset Allocation	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
Asset Allocation												
Moderate												
Fidelity Puritan	FPURX	2.70	12.27	20.25	5.93	11.39	9.41	10.92	4/16/1947	4/16/1947	0.47	0.47
StyleBenchmark		2.24	8.80	16.06	4.85	9.52	8.52					
MissionSquare Retirement IncomeAdvantage Fund R5 🚩	74440A696.icma	1.32	6.59	12.09	2.22	6.41	5.44	6.84		8/23/2010	1.67	1.67
StyleBenchmark		1.78	6.98	13.45	3.26	7.64	6.92					

# Returns Analysis

## Core Lineup

Asset Allocation	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
<b>Fixed Income</b>												
Multisector Bond												
PIMCO Income Adm	PIINX	0.38	1.69	6.97	0.87	2.42	3.72	6.44	3/30/2007	3/30/2007	0.87	0.87
StyleBenchmark		0.97	2.21	7.58	0.17	1.77	2.52					
Active	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
<b>U.S. Equity</b>												
Large Cap Value												
Dodge & Cox Stock I	DODGX	0.01	8.51	18.98	7.31	12.99	10.60	11.19	1/4/1965	1/4/1965	0.51	0.51
Russell 1000 Value Index		-2.17	6.62	13.06	5.52	9.01	8.23					
Large Cap Growth												
Large Cap Growth III I1 (AB Large Cap Growth)	97184D766	5.14	19.30	31.43				19.41	4/26/2022	4/21/2022	0.32	0.32
SE: AB Large Cap Growth Z	APGZX	5.62	19.80	31.90	8.90	17.30	16.24	16.14	6/30/2015	9/28/1992	0.53	0.52
Russell 1000 Growth Index		8.33	20.70	33.48	11.28	19.34	16.33					
Mid Cap Value												
Allspring Special Mid Cap Value Inst	WFMIX	-2.31	6.60	9.94	6.72	10.41	8.97	9.68	4/8/2005	4/8/2005	0.80	0.80
Victory Sycamore Established Value I	VEVIX	-4.13	4.70	11.06	6.53	11.66	10.62	12.45	3/1/2010	8/16/1983	0.58	0.58
Russell Mid-Cap Value Index		-3.40	4.54	11.98	3.65	8.49	7.60					
Mid Cap Growth												
Invesco Discovery Mid Cap Growth Y	OEGYX	-3.73	11.77	14.39	-1.61	9.42	10.83	8.34	11/1/2000	11/1/2000	0.79	0.79
Carillon Eagle Mid Cap Growth I	HAGIX	-5.01	4.03	10.30	-1.34	9.09	10.56	11.07	6/21/2006	8/20/1998	0.73	0.73
Russell Mid-Cap Growth Index		-3.21	5.98	15.05	-0.08	9.93	10.51					
Small Cap Value												
PIMCO RAE US Small Instl	PMJIX	-1.03	10.07	25.82	7.19	15.20		10.71	6/5/2015	6/5/2015	0.51	0.50
Small Cap Value II I1 (American Century SCV)	97182E444	-4.37	0.42	10.04	1.54			13.13	3/2/2020	3/2/2020	0.54	0.54
SE: American Century Small Cap Value R6	ASVDX	-4.52	0.26	9.71	1.34	10.37	8.73	9.34	7/26/2013	7/31/1998	0.74	0.74
Russell 2000 Value Index		-3.64	-0.85	10.90	-0.53	7.07	6.23					
<b>International/Global Equity</b>												
International Equity												
MFS Intl Diversification R4	MDITX	1.17	5.47	9.21	0.21	6.04	5.54	6.66	4/1/2005	9/30/2004	0.84	0.83
MSCI ACWI ex USA NR		0.96	5.69	11.62	0.46	5.55	3.84					
International Large Cap Growth												
Fidelity Diversified International 	FDIVX	0.23	8.45	12.04	0.92	7.52	5.41	7.96	12/27/1991	12/27/1991	0.65	0.65
International Growth II I1 (MFS Intl LCG) 	97183C728	1.55	6.58	8.90	2.03			6.98	8/3/2020	8/3/2020	0.48	0.48
SE: MFS International Growth R6	MGRDX	1.45	6.36	8.73	1.87	7.29	6.73	6.11	5/1/2006	10/24/1995	0.72	0.71
MSCI EAFE Large Growth ND USD		-0.17	7.49	10.03	1.45	7.28	5.95					

# Returns Analysis

Active	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
Global Equity												
Invesco Global R5	GFDDX	2.69	14.14	24.52	2.69	10.96	9.36	11.89	5/24/2019	12/22/1969	0.74	0.74
Victory RS Global R6	RGGRX	4.45	13.45	23.26	8.38	13.31	11.19	13.25	5/2/2019	5/16/2011	0.72	0.55
MSCI ACWI NR		2.87	11.30	19.38	5.43	10.76	8.43					
Fixed Income												
Core Fixed Income												
Western Asset Core Bond I	WATFX	-0.10	-0.96	2.38	-4.49	-0.80	1.46	5.54	9/4/1990	9/4/1990	0.53	0.45
American Funds Bond Fund of Amer R4 (NNM)	RBFEX	0.11	-0.71	2.64	-3.03	0.30	1.47	3.16	5/20/2002	5/28/1974	0.59	0.59
BB Aggregate Bond		0.07	-0.71	2.63	-3.02	-0.23	1.35					
High Yield												
MassMutual High Yield Svc	DLHYX	1.66	3.52	10.98	1.94	3.86	4.19	6.67	9/5/2000	9/5/2000	0.85	0.74
BB US HY 2% Issuer Cap		1.09	2.58	10.43	1.64	3.90	4.30					
Cash Alternatives												
Stable Value												
MissionSquare PLUS Fund Class R5	92208J303	0.67	1.35	2.71	2.13	2.06	1.97	3.24	4/1/1999	1/2/1991	0.77	0.77
BofA US 3-Month Treasury Bill Index		0.95	1.38	4.87	0.55	1.25	1.35					
Money Market												
MSQ Cash Management R5	SPUSA06CAU	1.24	2.50	5.08	2.84	1.91	1.25	0.98		3/1/1999	0.46	0.43
BofA US 3-Month Treasury Bill Index		0.95	1.38	4.87	0.55	1.25	1.35					
Specialty												
REIT												
Cohen & Steers Real Estate Securities I	CSDIX	1.21	0.72	7.71	-0.50	5.13	7.61	8.98	7/15/1998	9/2/1997	0.84	0.84
MSCI US REIT		-0.22	-0.84	6.25	-0.97	2.68	4.55					
Technology												
Fidelity Select Technology	FSPTX	10.00	24.66	34.93	11.37	24.30	20.42	14.24	7/14/1981	7/14/1981	0.64	0.64
S&P 1500 Information Technology		13.44	27.75	40.82	19.26	26.63	22.31					
Passive	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
U.S. Equity												
Large Cap Blend												
iShares S&P 500 Index Investor A	BSPAX	4.19	15.07	24.10	9.62	14.65	12.47	13.34	4/10/2013	7/30/1993	0.35	0.35
Russell 1000 Index		3.57	14.24	23.88	8.74	14.61	12.51					



# Returns Analysis

Passive	Ticker/ I D	QTR	YTD	Annualized Returns				Since Incept.	Share Class Inception	Strategy Inception	Expense Ratio	
				1 Year	3 Year	5 Year	10 Year				Gross	Net
Mid Cap Blend												
iShares Russell Mid-Cap Index Inv A	BRMAX	-3.44	4.80	12.49	2.08	9.13		9.72	11/30/2015	5/13/2015	0.37	0.37
Russell Mid-Cap Index		-3.35	4.96	12.88	2.37	9.46	9.04					
Small Cap Blend												
iShares Russell 2000 Small-Cap Idx Inv A	MDSKX	-3.36	1.57	9.69	-2.84	6.65	6.74	7.68	4/9/1997	4/9/1997	0.42	0.37
Russell 2000 Index		-3.28	1.73	10.06	-2.58	6.94	7.00					

## Disclosure

\* Strategy Equivalent Score

SE = Strategy Equivalent

For use by Plan Sponsors or Institutional Investors Only- not intended for distribution to Retail Investors

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

The performance data quoted may not reflect the deduction of additional fees, if applicable. Additional fees would reduce the performance quoted.

Performance data is subject to change without prior notice. Expenses shown reflect the fund's prospectus Net and Gross expense ratios.


Some funds, accounts, or share classes may not be available for investment. Performance history prior to inception (if applicable) reflects another share class or account reflecting the manager's historical performance record. Expenses for mutual funds reflect the fund's prospectus Net and Gross expense ratios. In the case of Collective Investment Trust Funds, expenses generally reflect the CIT fund fact sheet and/ or Trust agreement Fund Inception Date - the date on which a fund commenced operations.

Share Class Inception Date - the date on which a fund's share class was introduced.




The CIT exclusively available to NFP utilizes the same manager and strategy as the Scored fund equivalent, which is highlighted and shown below the CIT option. The Scored fund equivalent generally has a higher fee and is shown for CIT investment due diligence purposes only. The average score includes Strategy Equivalent scores where utilized. For Group Series funds, if Strategy Equivalents are included, the specific Strategy Equivalent(s) within each given series will be indicated in the Allocation (Series Funds) and/or Selection (Underlying Funds) section(s) within the detailed report. ACR#5821538 07/23


Contact RPAG with any questions about this report or for the most current month-end performance at (877)-360-2480.

# Summary of Considerations

Watchlist	Asset Class	Fund	Score
	MOD	MissionSquare Retirement IncomeAdvantage Fund R5	5
	TEC	Fidelity Select Technology	6

Add	Asset Class	Fund	Score
	ILCG	International Growth II I1 (MFS Intl LCG)	9*
	CFI	American Funds Bond Fund of Amer R4	10

Eliminate	Asset Class	Fund	Score	Action	Asset Class	Fund	Score
	ILCG	Fidelity Diversified International	10	Map to	ILCG	International Growth II I1 (MFS Intl LCG)	9*
	GE	Invesco Global R5	7	Map to	GE	Victory RS Global R6	10
	CFI	Western Asset Core Bond I	5	Map to	CFI	American Funds Bond Fund of Amer R4	10

Considerations:  Add  Delete  Watchlist

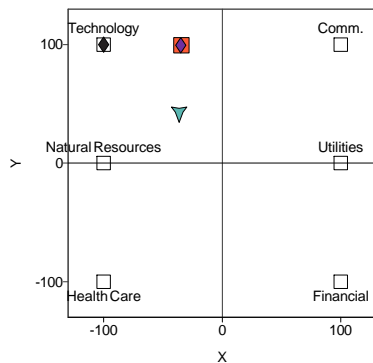
\* Strategy Equivalent Score. Non-scoring funds will be assigned a letter. The letter definitions are HIS= fund does not have enough performance history to Score; SPC= fund is in a specialty category that does not Score; OTH= fund may no longer be active, not in database or available to Score.

Returns Analysis	QTR	YTD	1 Yr	3 Yr Ann.	5 Yr Ann.	10 Yr Ann.	Since Inception	Manager Tenure (Years)	Fund Inception	Net Exp. Ratio	Net Exp. Ratio Rank	Gross Exp. Ratio
Goldman Sachs Technology Opps R6	6.76	19.01	35.88	6.93	17.49	17.21	17.73	24.76	10/01/1999	0.88	12	1.04
Hennessy Technology Institutional	4.15	11.49	20.70	3.41	13.95	11.35	10.67	7.34	02/01/2002	0.98	19	2.85
DWS Science and Technology Inst	7.98	28.18	45.06	10.94	21.37	18.11	12.68	6.58	09/07/1948	0.69	3	0.69
S&P 1500 Information Technology	13.44	27.75	40.82	19.26	26.63	22.31						
Technology Average	7.86	22.85	37.69	6.75	17.65	16.11					55	1.62

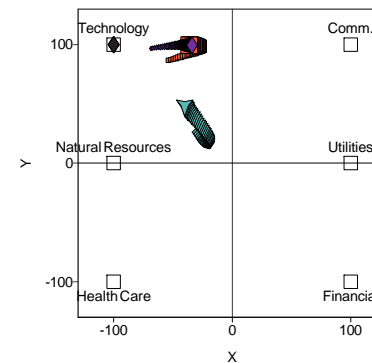
Calendar Year Returns	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Goldman Sachs Technology Opps R6	8.12	6.58	38.54	2.64	38.33	45.89	21.72	-39.15	58.31	19.01
Hennessy Technology Institutional	3.90	2.39	20.56	-1.60	39.48	33.26	13.66	-26.07	36.25	11.49
DWS Science and Technology Inst	5.24	6.69	35.98	-0.75	42.47	46.46	23.11	-36.60	57.89	28.18
S&P 1500 Information Technology	5.60	14.78	37.29	-0.75	49.75	43.23	33.76	-27.91	56.53	27.75
Technology Average	5.01	7.79	36.40	-3.37	43.46	46.30	18.01	-35.47	48.08	22.85

Scorecard - Active	Ticker/ID	Style			Risk/Return			Peer Group		Qual. (2pt. max)	Score			
		Style	Style Drift	R <sup>2</sup>	Risk/Return	Up/Down	Info Ratio	Return Rank	Info Ratio Rank		Q2 2024	Q1 2024	Q4 2023	Q3 2023
Goldman Sachs Technology Opps R6	GTORX	1	1	1	1	0	0	1	1	2	8	8	7	8
		-34.55/99.54	7.41	91.49	22.55/17.49	81.89/102.14	-1.37	34.00	45.00		TEC	TEC	TEC	TEC
Hennessy Technology Institutional	HTCIX	1	1	1	1	0	0	1	1	2	8	7	7	7
		-36.38/43.11	13.83	82.32	22.37/13.95	71.33/97.33	-1.31	30.00	24.00		TEC	TEC	TEC	TEC
DWS Science and Technology Inst	KTCIX	1	1	1	1	0	0	1	1	2	8	8	8	8
		-35.05/99.61	4.46	93.42	22.21/21.37	89.39/100.91	-0.91	21.00	40.00		TEC	TEC	TEC	TEC

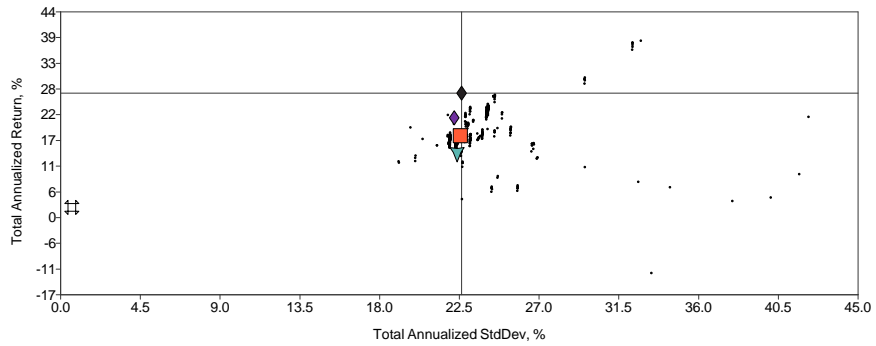
Average Style Jul 19 - Jun 24



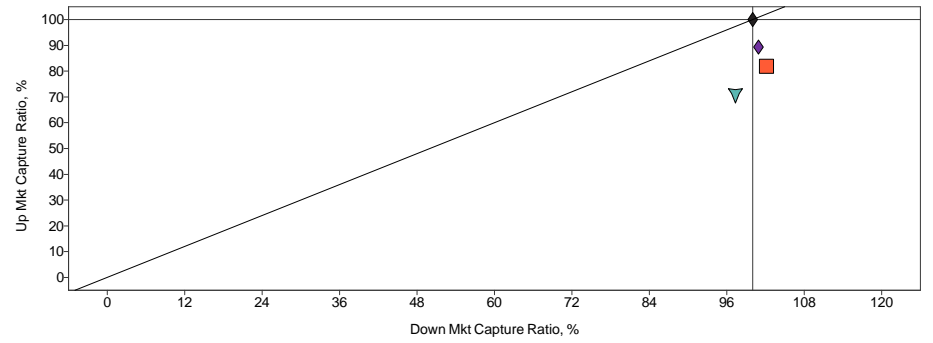
Style Drift 36 Month rolling windows, Jul 19 - Jun 24



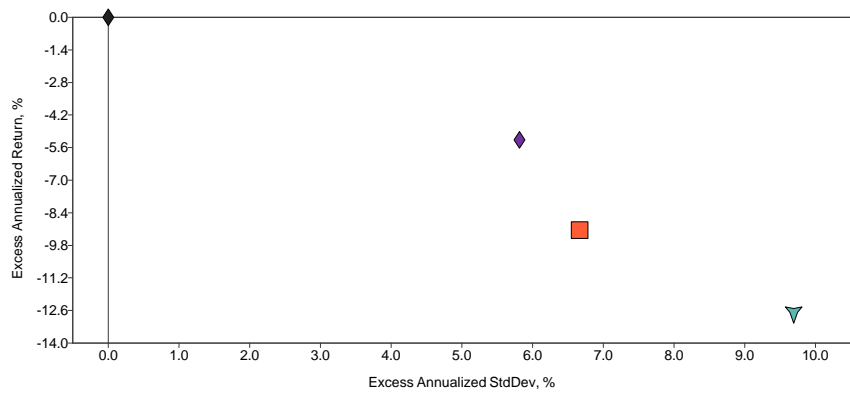
Risk / Return *Single Computation, Jul 19 - Jun 24*



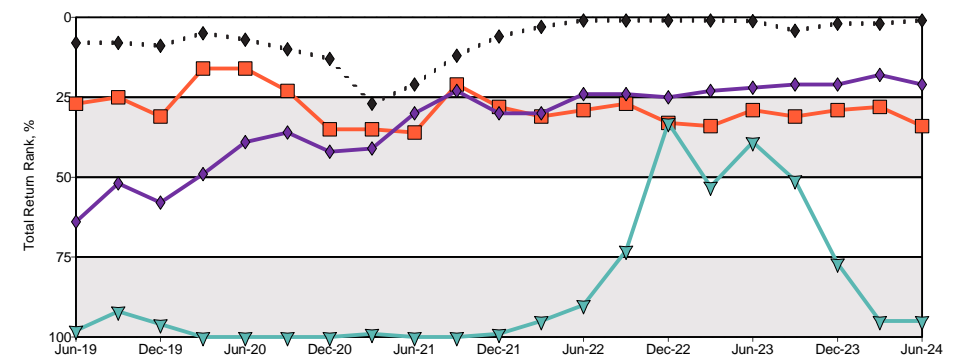
Up/Down Capture *Jul 19 - Jun 24*



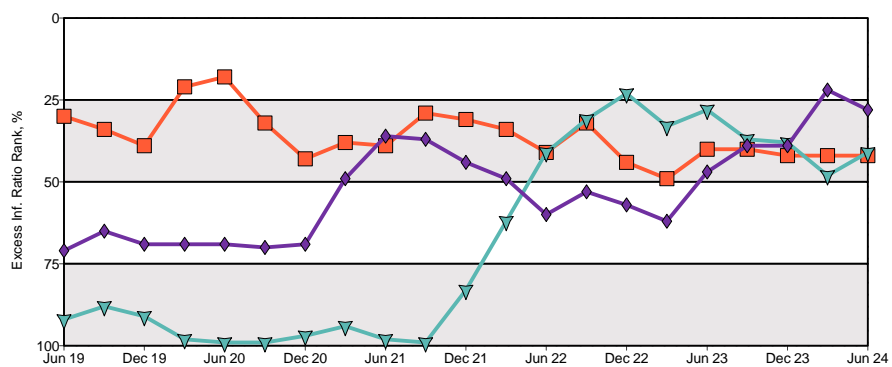
Relative Risk Return *Jul 19 - Jun 24*



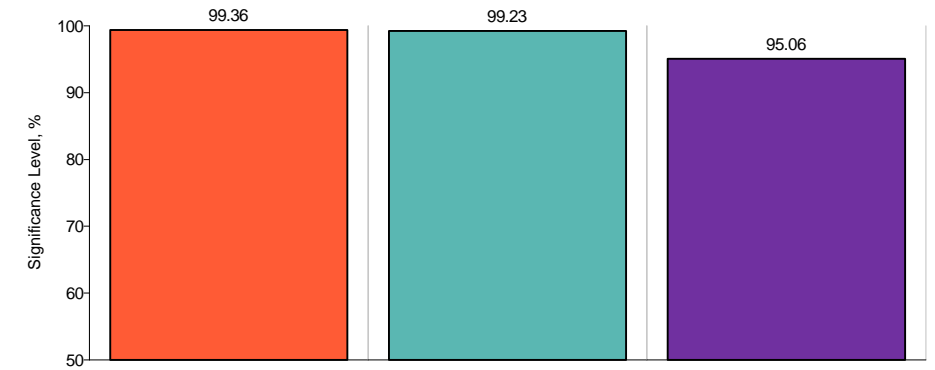
Rolling 5 Year Return Rank *20 quarter rolling windows, Jul 14 - Jun 24*



Rolling 5 Year Information Ratio Rank *20 quarter rolling windows, Jul 14 - Jun 24*



Significance Level *Jul 19 - Jun 24*



Investment objectives and strategies vary among fund, and may not be similar for funds included in the same asset class. All definitions are typical category representations. Please note that all investments are subject to market and other risk factors, which could result in loss of principal. Fixed income securities carry interest rate risk. As interest rates rise, bond prices usually fall, and vice versa. The specific share classes or accounts identified above may not be available or chosen by the plan. Share class and account availability is unique to the client's specific circumstances. There may be multiple share classes or accounts available to the client from which to choose. All recommendations are subject to vendor/provider approval before implementation into the plan. The performance data quoted may not reflect the deduction of additional fees, if applicable. If reflected, additional fees would reduce the performance quoted. Performance data is subject to change without prior notice.

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. The information used in the analysis has been taken from sources deemed to be reliable, including, third-party providers such as Markov Processes International, Morningstar, firms who manage the investments, and/or the retirement plan providers who offer the funds. Every reasonable effort has been made to ensure completeness and accuracy; however, the final accuracy of the numbers and information is the responsibility of the investment manager(s) of each fund and/or the retirement plan providers offering these funds. Discrepancies between the figures reported in this analysis, and those reported by the actual investment managers and/or retirement plan providers, may be caused by a variety of factors, including: Inaccurate reporting by the manager/provider; Changes in reporting by the manager/provider from the time this report was prepared to a subsequent retro-active audit and corrected reporting; Differences in fees and share-classes impacting net investment return; and, Scriveners error by your advisor in preparing this report.

The enclosed Investment Due Diligence report, including the Scorecard System, is intended for plan sponsor and/or institutional use only. The materials are not intended for participant use. The purpose of this report is to assist fiduciaries in selecting and monitoring investment options. A fund's score is meant to be used by the plan sponsor and/or fiduciaries as a tool for selecting the most appropriate fund. Fund scores will change as the performance of the funds change and as certain factors measured in the qualitative category change (e.g., manager tenure). Fund scores are not expected to change dramatically from each measured period, however, there is no guarantee this will be the case. Scores will change depending on the changes in the underlying pre-specified Scorecard factors.

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Likewise, a fund's score using the Scorecard System does not guarantee the future performance or style consistency of a fund. This report was prepared with the belief that this information is relevant to the plan sponsor as the plan sponsor makes investment selections. Fund selection is at the discretion of the investment fiduciaries, which are either the plan sponsor or the committee appointed to perform that function. Cash Equivalents (e.g., money market fund) and some specialty funds are not scored by the Scorecard System. The enclosed Investment Due Diligence report and Scorecard is not an offer to sell mutual funds. An offer to sell may be made only after the client has received and read the appropriate prospectus. For the most current month-end performance, please contact your advisor. The Strategy Review notes section is for informational purposes only. The views expressed here are those of your advisor and do not constitute an offer to sell an investment. An offer to sell may be made only after the client has received and read the appropriate prospectus.

**Mutual funds are sold by prospectus only. Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of a mutual fund. The fund prospectus provides this and other important information. Please contact your Investment Advisor/Consultant or Vendor/Provider to obtain a prospectus. Please read the prospectus carefully before investing or sending money.**

**For a copy of the most recent prospectus, please contact your Investment Advisor/Consultant or Vendor/Provider.**

#### Notes

1. All statistics calculated over a five year time period.
2. Style analytics reflect the parameters on a returns-based style map (on a scale of 100 to -100 for each axis.) Fund passes if it plots out in the appropriate section of the style map, representing the fund's stated style.
3. Style drift is measured by the style drift score, which is a statistic measuring the rolling style-based analysis for a fund.
4. Risk is measured as the fund's standard deviation of returns.
5. R-squared measures the percentage of the fund's movement that is explained by the fund's benchmark (market).
6. Up/Down capture statistics measure the percentage of performance the fund/strategy is capturing versus the benchmark (market).
7. Information Ratio is a risk adjusted performance statistic measuring relative return over relative risk.
8. Peer group ranking statistics measure the funds median rank versus the applicable peer group universe.
9. Qualitative Detail: T = Tenure (qualitative score impacted negatively due to low manager tenure); E = Expenses (qualitative score impacted negatively due to higher than average expense ratio); and S = Statistics (qualitative score impacted negatively due to weak/poor strength of statistics).

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# Goldman Sachs Technology Opps R6

## Category: Technology

**GTORX**  
**6/30/2024**

### Fund Strategy

The investment seeks long-term growth of capital. The fund invests, under normal circumstances, at least 80% of its net assets plus any borrowings for investment purposes (measured at the time of purchase) ("Net Assets") in equity investments in technology companies. It seeks to achieve its investment objective by investing, under normal circumstances, in companies that are considered by the Investment Adviser to benefit from the proliferation of technology. The fund may invest up to 25% of its total assets measured at the time of purchase ("Total Assets") in foreign securities.

### Fund Information

Strategy Asset (\$ mm):	795.00	Alpha*:	-8.91	P/E:	40.85
Share Class Assets (\$ mm):	84.00	Beta*:	0.95	P/B:	9.35
Manager:	Steven M. Barry	as of date 3/31/2024	SEC Yield (%):	-	
Manager Tenure:	25 Years	Turnover:	36.00	as of date 6/30/2024	
		*Best fit index: Morningstar US Tech TR USD			
		*3-year statistic: Morningstar US Tech TR USD			

### Scorecard

Active Strategies	Ticker	Style			Risk / Return			Peer Group		Qual. (2pt max)	Score
		Style	Style Drift	R <sup>2</sup>	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank		
Goldman Sachs Technology Opps R6	GTORX	1	1	1	1	0	0	1	1	2	8
		-34.55/ 99.54	7.41	91.4 9	22.55/ 17.49	81.89/ 102.14	-1.37	34.00	45.00	- 0.88	TEC

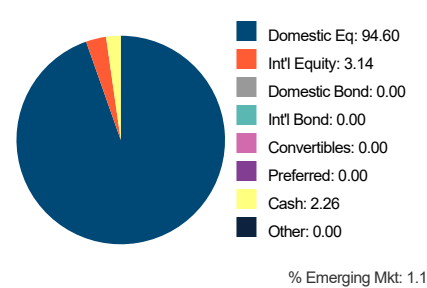
Active Strategies	Score 6/30/2024	Score 3/31/2024	Score 12/31/2023	Score 9/30/2023	Score 6/30/2023	Score 3/31/2023	Score 12/31/2022	Score 9/30/2022
Goldman Sachs Technology Opps R6	8	8	7	8	8	8	8	8
	TEC	TEC	TEC	TEC	TEC	TEC	TEC	TEC

The Scorecard Methodology incorporates both quantitative and qualitative factors into evaluating fund managers and their investment strategies (80% of the score is quantitative and 20% is qualitative). The scoring system is built around pass/fail criteria, on a scale of 0-10 (with 10 being the best) and there is a fund history requirement (5 years for active strategies and 3 years for passive strategies). For Active and Asset Allocation Strategies, the Scorecard factors are weighted 30% to style, 30% to risk/return, 20% to peer group rankings and 20% to qualitative factors.

### Top 10 Holdings (%) as of 3/31/2024

Microsoft Corp / MSFT	10.29
Alphabet Inc Class C / GOOG	8.48
NVIDIA Corp / NVDA	7.81
Amazon.com Inc / AMZN	7.54
Marvell Technology Inc / MRVL	4.00
Advanced Micro Devices Inc / AMD	3.57
Salesforce Inc / CRM	3.34
KLA Corp / KLAC	3.14
Equinix Inc / EQIX	2.95
Adobe Inc / ADBE	2.78
% in Top 10 Holdings	53.89
# of Holdings	33

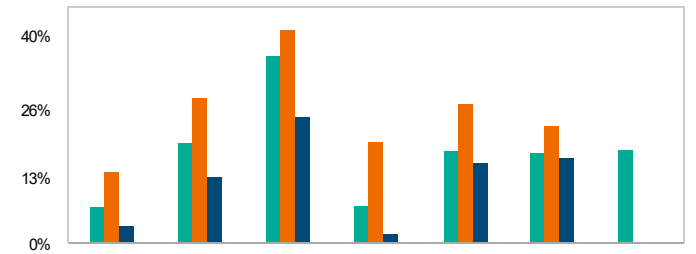
### Asset Allocation (%) as of 3/31/2024



### Sector Allocation as of 3/31/2024

Cons Defensive:	0.00	Prospectus Net Exp. Ratio:	0.88
Industrials:	0.00	Prospectus Gross Exp. Ratio:	1.04
Basic Materials:	0.00	Avg Exp Ratio Morningstar (%):	0.97
Healthcare:	0.00	% < Average Morningstar Exp Ratio:	0.09
Energy:	0.00	12b-1 fees (%):	-
Utilities:	0.00	Closed - New Inv:	-
Financial Services:	4.42	Closed - All Inv:	-
Real Estate:	4.99	Min Investment:	\$5,000,000
Cons Cyclical:	8.83	Waiver Amt:	0.16
Comm:	9.53	Waiver Exp Date:	12/29/2024
Technology:	72.24	Strategy Inception:	10/1/1999
		Share Class Inception:	12/29/2017

### Performance Analysis as of 6/30/2024



	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Goldman Sachs Technology Opps R6	6.76%	19.01%	35.88%	6.93%	17.49%	17.21%	17.73%
S&P 1500 Information Technology	13.44%	27.75%	40.82%	19.26%	26.63%	22.31%	
Peer Group*	3.18%	12.59%	24.08%	1.72%	15.33%	16.19%	

Peer Group Rank*	34	37	27	39	40	45	-
Peer Group Size (funds)*	-	-	263	231	201	155	-

\*Morningstar Peer Group: Technology

The performance analysis displayed is reflective of past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate over time. Current performance may differ from the performance displayed. Investing includes risk, including potential loss of principal. Carefully consider any and all investment objectives, risk factors and charges and expenses before investing. Contact your financial advisor or consultant for funds current performance and a copy of the most recent prospectus.

Contact (301) 581-7300 for most recent month end performance.

# Hennessy Technology Institutional

## Category: Technology

HTCIX  
6/30/2024

### Fund Strategy

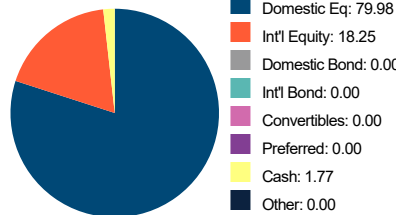
The investment seeks long-term capital appreciation. The fund invests primarily in companies whose securities are listed on U.S. national securities exchanges, including through American Depositary Receipts ("ADRs"), which are U.S. dollar-denominated securities of foreign issuers listed on U.S. national securities exchanges. Under normal circumstances, it invests at least 80% of its net assets in securities of companies that are principally engaged in the research, design, development, manufacturing, or distributing of products or services in the technology industry.

Fund Information		Portfolio Statistics	
Strategy Asset (\$ mm):	8.00	Alpha*:	-10.78 P/E: 24.94
Share Class Assets (\$ mm):	3.00	Beta*:	0.82 P/B: 4.38
Manager:	Ryan C. Kelley	as of date 6/30/2024	SEC Yield (%): 0.18
Manager Tenure:	7 Years	Turnover:	101.00
		as of date 6/30/2024	
		*Best fit index: Morningstar US Tech TR USD	
		*3-year statistic: Morningstar US Tech TR USD	

Scorecard											
Active Strategies	Ticker	Style			Risk / Return			Peer Group		Qual. (2pt max)	Score
		Style	Style Drift	R <sup>2</sup>	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank		
Hennessy Technology...	HTCIX	1	1	1	1	0	0	1	1	2	8
		-36.38/ 43.11	13.83	82.3 2	22.37/ 13.95	71.33/ 97.33	-1.31	30.00	24.00	- 0.98	TEC
Active Strategies	Score 6/30/2024	Score 3/31/2024	Score 12/31/2023	Score 9/30/2023	Score 6/30/2023	Score 3/31/2023	Score 12/31/2022	Score 9/30/2022			
Hennessy Technology...	8	7	7	7	5	5	5	4			
	TEC	TEC	TEC	TEC	TEC	TEC	TEC	TEC			

The Scorecard Methodology incorporates both quantitative and qualitative factors into evaluating fund managers and their investment strategies (80% of the score is quantitative and 20% is qualitative). The scoring system is built around pass/fail criteria, on a scale of 0-10 (with 10 being the best) and there is a fund history requirement (5 years for active strategies and 3 years for passive strategies). For Active and Asset Allocation Strategies, the Scorecard factors are weighted 30% to style, 30% to risk/return, 20% to peer group rankings and 20% to qualitative factors.

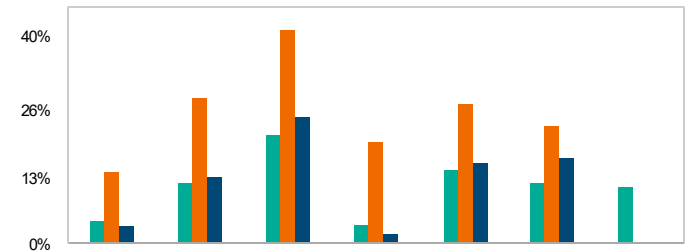
Top 10 Holdings (%) as of 6/30/2024		Asset Allocation (%) as of 6/30/2024	
NVIDIA Corp / NVDA	2.18	Domestic Eq: 79.98	
Axcelis Technologies Inc / ACLS	2.10	Int'l Equity: 18.25	
Palo Alto Networks Inc / PANW	1.98	Domestic Bond: 0.00	
Apple Inc / AAPL	1.96	Int'l Bond: 0.00	
CommVault Systems Inc / CVLT	1.90	Convertibles: 0.00	
NetApp Inc / NTAP	1.90	Preferred: 0.00	
CrowdStrike Holdings Inc Class A / CRWD	1.89	Cash: 1.77	
Pure Storage Inc Class A / PSTG	1.89	Other: 0.00	
KLA Corp / KLAC	1.87		
Extreme Networks Inc / EXTR	1.83		
% in Top 10 Holdings	19.50	% Emerging Mkt: 3.29	
# of Holdings	61		



### Sector Allocation as of 6/30/2024

Cons Cyclical:	0.00	Prospectus Net Exp. Ratio:	0.98
Cons Defensive:	0.00	Prospectus Gross Exp. Ratio:	2.85
Basic Materials:	0.00	Avg Exp Ratio Morningstar (%):	0.97
Financial Services:	0.00	% < Average Morningstar Exp Ratio:	-0.01
Real Estate:	0.00	12b-1 fees (%):	-
Healthcare:	0.00	Closed - New Inv:	-
Energy:	0.00	Closed - All Inv:	-
Utilities:	0.00	Min Investment:	\$250,000
Industrials:	1.73	Waiver Amt:	1.87
Comm:	3.00	Waiver Exp Date:	7/31/2025
Technology:	95.27	Strategy Inception:	2/1/2002
		Share Class Inception:	3/12/2010

### Performance Analysis as of 6/30/2024



	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Hennessy Technology Institutional	4.15%	11.49%	20.70%	3.41%	13.95%	11.35%	10.67%
S&P 1500 Information Technology	13.44%	27.75%	40.82%	19.26%	26.63%	22.31%	
Peer Group*	3.18%	12.59%	24.08%	1.72%	15.33%	16.19%	
Peer Group Rank*	50	53	64	53	57	87	-
Peer Group Size (funds)*	-	-	263	231	201	155	-

\*Morningstar Peer Group: Technology

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Contact (301) 581-7300 for most recent month end performance.

# DWS Science and Technology Inst

## Category: Technology

**KTCIX**  
**6/30/2024**

### Fund Strategy

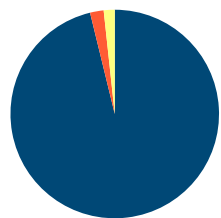
The investment seeks growth of capital. Under normal circumstances, the fund invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in common stocks of science and technology companies. It may invest in companies of any size and may invest in initial public offerings. While the fund invests mainly in U.S. stocks, it could invest up to 35% of net assets in foreign securities (including emerging markets securities). The fund will concentrate its assets in the group of industries constituting the technology sector and may concentrate in one or more industries in the technology sector. It is non-diversified.

Fund Information		Portfolio Statistics	
Strategy Asset (\$ mm):	1,730.00	Alpha*:	-4.84 P/E: 36.67
Share Class Assets (\$ mm):	130.00	Beta*:	0.92 P/B: 9.30
Manager:	Daniel J. Fletcher	as of date 5/31/2024	SEC Yield (%): -
Manager Tenure:	7 Years	Turnover:	36.00
		as of date 6/30/2024	
		*Best fit index: Morningstar US Tech TR USD	
		*3-year statistic: Morningstar US Tech TR USD	

Scorecard											
Active Strategies	Ticker	Style			Risk / Return			Peer Group		Qual. (2pt max)	Score
		Style	Style Drift	R <sup>2</sup>	Risk / Return	Up / Down	Info Ratio	Return Rank	Info Ratio Rank		
DWS Science and Technology Inst	KTCIX	1	1	1	1	0	0	1	1	2	8
		-35.05/ 99.61	4.46	93.4 2	22.21/ 21.37	89.39/ 100.91	-0.91	21.00	40.00	- 0.69	TEC
Active Strategies	Score 6/30/2024	Score 3/31/2024	Score 12/31/2023	Score 9/30/2023	Score 6/30/2023	Score 3/31/2023	Score 12/31/2022	Score 9/30/2022			
DWS Science and Technology Inst	8	8	8	8	8	8	8	8			
	TEC	TEC	TEC	TEC	TEC	TEC	TEC	TEC			

The Scorecard Methodology incorporates both quantitative and qualitative factors into evaluating fund managers and their investment strategies (80% of the score is quantitative and 20% is qualitative). The scoring system is built around pass/fail criteria, on a scale of 0-10 (with 10 being the best) and there is a fund history requirement (5 years for active strategies and 3 years for passive strategies). For Active and Asset Allocation Strategies, the Scorecard factors are weighted 30% to style, 30% to risk/return, 20% to peer group rankings and 20% to qualitative factors.

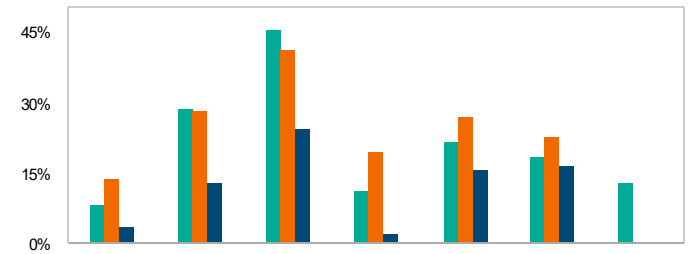
Top 10 Holdings (%) as of 5/31/2024		Asset Allocation (%) as of 5/31/2024	
NVIDIA Corp / NVDA	10.95	Domestic Eq:	96.19
Microsoft Corp / MSFT	9.08	Int'l Equity:	2.11
Meta Platforms Inc Class A / META	9.02	Domestic Bond:	0.00
Apple Inc / AAPL	8.92	Int'l Bond:	0.00
Alphabet Inc Class A / GOOGL	6.41	Convertibles:	0.00
Alphabet Inc Class C / GOOG	5.40	Preferred:	0.00
Broadcom Inc / AVGO	4.64	Cash:	1.70
Salesforce Inc / CRM	2.64	Other:	0.00
Synopsys Inc / SNPS	1.99		
Accenture PLC Class A / ACN	1.96		
% in Top 10 Holdings	61.02	% Emerging Mkt:	0.54
# of Holdings	57		



### Sector Allocation as of 5/31/2024

Cons Defensive:	0.00	Prospectus Net Exp. Ratio:	0.69
Basic Materials:	0.00	Prospectus Gross Exp. Ratio:	0.69
Real Estate:	0.00	Avg Exp Ratio Morningstar (%):	0.97
Energy:	0.00	% < Average Morningstar Exp Ratio:	0.28
Utilities:	0.00	12b-1 fees (%):	-
Cons Cyclical:	0.54	Closed - New Inv:	-
Financial Services:	1.85	Closed - All Inv:	-
Healthcare:	2.29	Min Investment:	\$1,000,000
Industrials:	4.29	Waiver Amt:	-
Comm:	21.20	Waiver Exp Date:	-
Technology:	69.83	Strategy Inception:	9/7/1948
		Share Class Inception:	8/19/2002

### Performance Analysis as of 6/30/2024



	QTR	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
DWS Science and Technology Inst	7.98%	28.18%	45.06%	10.94%	21.37%	18.11%	12.68%
S&P 1500 Information Technology	13.44%	27.75%	40.82%	19.26%	26.63%	22.31%	
Peer Group*	3.18%	12.59%	24.08%	1.72%	15.33%	16.19%	
Peer Group Rank*	27	8	9	19	27	37	-
Peer Group Size (funds)*	-	-	263	231	201	155	-

\*Morningstar Peer Group: Technology

The performance analysis displayed is reflective of past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate over time. Current performance may differ from the performance displayed. Investing includes risk, including potential loss of principal. Carefully consider any and all investment objectives, risk factors and charges and expenses before investing. Contact your financial advisor or consultant for funds current performance and a copy of the most recent prospectus.

Contact (301) 581-7300 for most recent month end performance.



## Disclosures Fund Fact Sheets

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current Performance may be lower or higher than the performance data quoted.

The performance data quoted may not reflect the deduction of additional fees, if applicable. Additional fees would reduce the performance quoted.

Performance data is subject to change without prior notice.

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

The information used in the analysis has been taken from sources deemed to be reliable, including, third-party providers such as Markov Processes International, Morningstar, firms who manage the investments, and/or the retirement plan providers who offer the funds.

Every reasonable effort has been made to ensure completeness and accuracy; however, the final accuracy of the numbers and information is the responsibility of the investment manager(s) of each fund and/or the retirement plan providers offering these funds. Discrepancies between the figures reported in this analysis, and those reported by the actual investment managers and/or retirement plan providers, may be caused by a variety of factors, including: Inaccurate reporting by the manager/provider; Changes in reporting by the manager/provider from the time this report was prepared to a subsequent retro-active audit and corrected reporting; Differences in fees and share-classes impacting net investment return; and, Scriveners error by 401(k) Advisors preparing this report.

Fund scores will change as the performance of the funds change and as certain factors measured in the qualitative category change (e.g., manager tenure). Fund scores are not expected to change dramatically from each measured period, however, there is no guarantee this will be the case. Scores will change depending on the changes in the underlying pre-specified Scorecard factors.

Neither past performance or statistics calculated using past performance are a guarantee of a fund's future performance. Likewise, a fund's score using 401(k) Advisor's Scorecard<sup>SM</sup> System does not guarantee the future performance or style consistency of a fund.

The CIT exclusively available to RPAG utilizes the same manager and strategy as the Scored fund equivalent, which is highlighted and shown below the CIT option. The Scored fund equivalent generally has a higher fee and is shown for CIT investment due diligence purposes only. The average score includes Strategy Equivalent scores where utilized. For Group Series funds, if Strategy Equivalents are included, the specific Strategy Equivalent(s) within each given series will be indicated in the Allocation (Series Funds) and/or Selection (Underlying Funds) section(s) within the detailed report.

Non-scoring funds will be assigned a letter.; The letter definitions are HIS= fund does not have enough performance history to Score; SPC= fund is in a specialty category that does not Score; OTH= fund may no longer be active, not in database or available to Score.

The purpose of this report is to assist fiduciaries in selecting and monitoring investment options. A fund's score is meant to be used by the plan sponsor and/or fiduciaries as a tool for selecting the most appropriate fund.

Fund selection is at the discretion of the investment fiduciaries, which are either the plan sponsor or the committee appointed to perform that function.

This report is provided solely for information purposes only and therefore not an offer to buy or sell a security. An offer to buy or sell a security may be made only after the client has received and read the appropriate prospectus.

For a copy of the most recent prospectus, please contact your Investment Advisor/Consultant.

This report is provided solely for informational purposes only and therefore not an offer to buy or sell a security.

Contact Retirement Plan Advisory Group with any questions about this report or for the most current month-end performance at (800) 959-0071.

# Disclosures

## Fund Fact Sheets

### Asset Class Definitions

#### Large Cap Value (LCV)

Category typically represents large capitalization companies who have lower prices in relation to their earnings or book value.

#### Large Cap Growth (LCG)

Category typically represents large capitalization companies who have higher prices relative to their earnings or book value, generally due to a higher forecasted or expected growth rate.

#### Large Cap Blend (LCB)

Category typically represents large capitalization companies who display both value and growth-like characteristics.

#### Mid Cap Value (MCV)

Category typically represents mid-capitalization companies who have lower prices in relation to their earnings or book value.

#### Mid Cap Growth (MCG)

Category typically represents mid-capitalization companies who have higher prices relative to their earnings or book value, generally due to a higher forecasted or expected growth rate.

#### Mid Cap Blend (MCB)

Category typically represents mid-capitalization companies who display both value and growth-like characteristics.

#### Small Cap Value (SCV)

Category typically represents small capitalization companies who have lower prices in relation to their earnings or book value.

#### Small Cap Growth (SCG)

Category typically represents small capitalization companies who have higher prices relative to their earnings or book value, generally due to a higher forecasted or expected growth rate.

#### Small Cap Blend (SCB)

Category typically represents small capitalization companies who display both value and growth-like characteristics.

#### International Equity (IE)

Category typically represents primarily large capitalization foreign companies displaying both value and growth-like characteristics.

#### Emerging Market Equity (EME)

Category typically represents foreign companies in countries that are not considered to have fully developed markets or economies.

#### Global Equity (GE)

Category typically represents primarily large capitalization domestic and foreign companies displaying both value and growth-like characteristics.

# Disclosures

## Fund Fact Sheets

### Asset Class Definitions

#### Core Fixed Income (CFI)

Category typically represents domestic fixed income securities representing a broad array of fixed income securities including government, credit and mortgage-backed securities.

#### Global Fixed Income (GFI)

Category typically represents a broad array of fixed income securities across many different countries.

#### Intermediate Government (IG)

Category typically represents domestic Government or Government-backed fixed income securities.

#### U.S. Government TIPS (UGT)

Category typically represents treasury inflation protected securities which are Government securities designed to offer inflation protection by adjusting the principal based on changes in the Consumer Price Index.

#### High Yield (HY)

Category typically represents below investment grade domestic fixed income securities, which have a higher likelihood of default.

#### REIT (RE)

Category typically represents real estate securities traded on a stock exchange.

#### Technology (TEC)

Category typically represents a particular segment of the stock market focused on technology related companies.

#### Natural Resources (NR)

Category typically represents a particular segment of the stock market focused on natural resource related companies.

#### HealthCare (HC)

Category typically represents a particular segment of the stock market focused on healthcare related companies.

#### Communication (COM)

Category typically represents a particular segment of the stock market focused on communications related companies.

#### Financial Services (FS)

Category typically represents a particular segment of the stock market focused on financial services companies.

#### Utilities (UTI)

Category typically represents a particular segment of the stock market focused on utility companies.

# Disclosures Fund Fact Sheets

***Consider the investment objectives, risks, and charges and expenses of the investment company carefully before investing. The prospectus contains this and other information about the investment company. Please contact your advisor for the most recent prospectus. Prospectus should be read carefully before investing.***

## **Investment Risks:**

**International/Emerging Markets:** The investor should note that funds that invest in international securities involve special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

**Sector Funds:** The investor should note that funds that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

**Non-Diversified Funds:** The investor should note that funds that invest more of their assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

**Small-Cap Stocks:** The investor should note that funds that invest in stocks of small cap companies involve additional risks. Smaller companies typically have a higher risk of failure and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

**Mid-Cap Stocks:** The investor should note that funds that invest in companies with market capitalization below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

**High-Yield Bonds:** The investor should note that funds that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

**Bond/Fixed Income Funds:** The investor should note that funds that invest in bonds (fixed income securities), including government, corporate and mortgage-backed securities, involve additional risks. Interest rate risk may cause bonds to lose their value. The investor should be aware that it is possible in a rising rate environment for investment grade bond strategies to lose value and experience negative returns over certain time periods.

**Stable Value Funds:** The investor should note that these funds invest in short to intermediate term securities that can and may lose value. These funds, while managed to protect principal, do not guarantee the investor's principal, nor are they insured or guaranteed by the FDIC or any other government agency.

**Money Market Funds:** The investor should note that these funds invest in short term securities that can and may lose value. These funds, while managed to protect principal, do not guarantee the investor's principal, nor are they insured or guaranteed by the FDIC or any other government agency.

Data provided by Morningstar, Inc. The information in this report is (1) proprietary to MPI, Retirement Plan Advisory Group, and/or its content providers; (2) may not be copied or redistributed; and (3) is not warranted to be accurate, complete or timely.

## Pending Investment Changes

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The following investment changes were approved by the committee during our last quarterly investment review:

Eliminate	Add/Map
Fidelity Diversified International	International Growth II I1 (MFS Intl LCG)
Invesco Global R5	Victory RS Global R6
Western Asset Core Bond I	American Funds Bond Fund of Amer R4

These fund changes are in process and should be effective in the near future.

Score: 5

MissionSquare Retirement IncomeAdvantage Fund R5 scored a 5 this quarter, losing points for risk/return measures and peer group ranking metrics. This is the fund's fourth quarter on the watchlist. This quarter, the fund lost three risk/return points for its risk/return ratio, up/down market capture, and negative information ratio. It lost two peer group ranking points for placing in the bottom half of Scorecard peers for its return and information ratio ranking metrics.

The Retirement Income Advantage fund is included as part of the contract with MissionSquare. The fund is considered an in-plan annuity where participants can place a portion of funds into the vehicle that provides a guaranteed income stream at retirement. This fund has been retired to new money but remains open to existing money. No future contributions may be made into it. The fund remains on the watchlist due to its high fee structure, which is common for annuity type investments.

NFP recommends keeping this fund on the watchlist until it can maintain an acceptable score for four consecutive quarters.

Score: 6

Fidelity Select Technology scored a 6 this quarter, losing points for risk/return measures and qualitative metrics. This fund has been on the watchlist for over two years. The fund lost three risk/return points for its risk/return ratio, up/down market capture and negative information ratio. It lost one qualitative point for manager tenure. It is important to note that the Scorecard is comparing this fund to the S&P 1500 Information Technology Index, while the prospectus benchmark is MSCI USA IMI Info Tech 25/50 Index. FSPTX gained 10.00% for the quarter, underperforming the prospectus benchmark's gain of 10.06% but outperforming the peer group's average gain of 3.18%. The Scorecard benchmark gained 13.44%. The fund has outperformed the prospectus benchmark over the 1 and 5 year annualized periods and the peer group average over the 1, 3, 5, and 10 year annualized periods.

Adam Benjamin is the strategy's fourth lead manager since 2018. He took the reins from Brian Lempel in January 2022 after Lempel's sudden retirement. Benjamin has ample relevant industry experience, but he is still relatively new to this strategy. While the portfolio has 97 holdings, it is top-heavy as the top 10 holdings represent 76.55% of assets. Furthermore, over half the total portfolio is invested in just NVIDIA, Apple, and Microsoft.

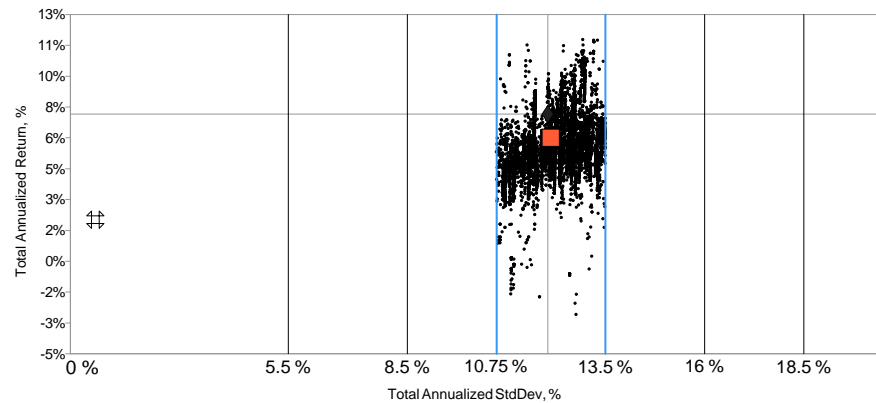
Due to the limited investment knowledge of most plan participants and the lack of education opportunities, many plan participants typically do not understand the volatile nature of specialty investment options and may inappropriately invest in them. If the committee elects to continue to offer a specialty fund, NFP recommends keeping this fund on the watchlist unless it can maintain an acceptable score for four consecutive quarters.

Returns Analysis	QTR	YTD	1 Yr	3 Yr Ann.	5 Yr Ann.	10 Yr Ann.	Since Inception	Manager Tenure (Years)	Fund Inception	Net Exp. Ratio	Gross Exp. Ratio
MissionSquare Retirement IncomeAdvantage Fund R5	1.32	6.59	12.09	2.22	6.41	5.44	6.84	15.17	08/23/2010	1.67	1.67
◆ Style Benchmark	1.78	6.98	13.45	3.26	7.64	6.92					
Moderate Average	0.92	5.39	10.95	1.65	6.01	5.49				1.10	1.14

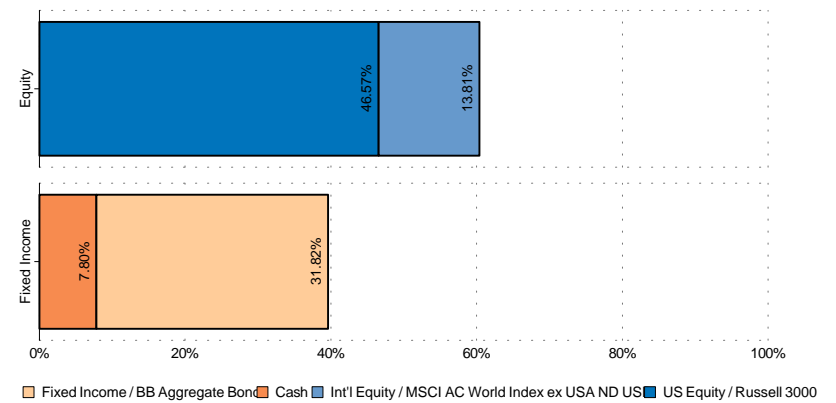
Calendar Year Returns	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
MissionSquare Retirement IncomeAdvantage Fun	-1.10	5.38	13.11	-5.75	18.29	12.32	12.03	-16.24	14.77	6.59
◆ Style Benchmark	-0.16	7.52	14.43	-4.07	20.18	14.35	12.05	-14.96	16.21	6.98
Moderate Average	-1.70	6.91	14.35	-5.84	18.80	11.61	11.77	-14.61	12.77	5.39

Scorecard - Asset Allocation	Ticker/ID	Style			Risk/Return			Peer Group		Qual.	Allocation Score			
		Risk Level	Style Diversity	R <sup>2</sup>	Risk/Return	Up/Down	Info Ratio	Return Rank	SR Rank	(2pt. max)	Q2 2024	Q1 2024	Q4 2023	Q3 2023
MissionSquare Retirement IncomeAdvantage Fund R	74440A696.icma	1	1	1	0	0	0	0	0	2	5	5	6	5
		12.12	60.38/39.62	99.55	12.12/6.41	97.85/105.13	-1.50	54.00	51.00		MOD	MOD	MOD	MOD

Risk Level Jul 19 - Jun 24



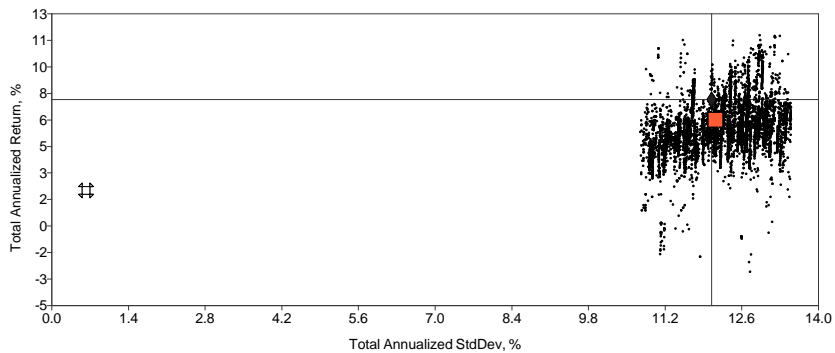
Style Diversity / Benchmark Jul 19 - Jun 24



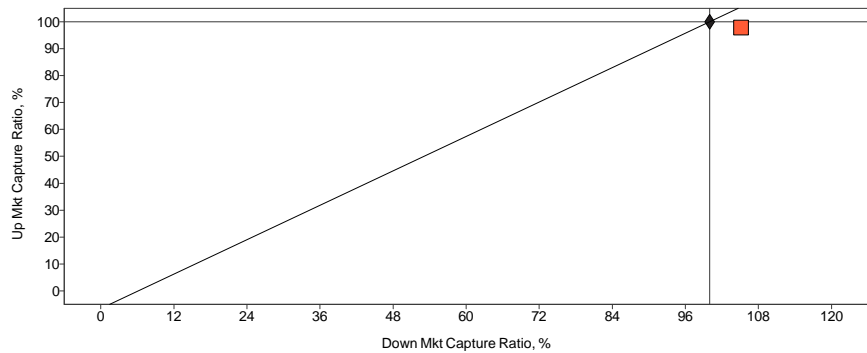
● Moderate ■ MissionSquare Retirement IncomeAdvantage Fund R5 □ Cash ◆ Style Benchmark



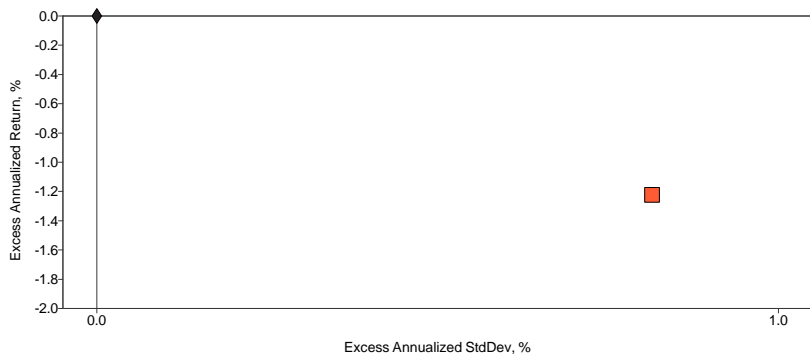
Risk / Return *Single Computation, Jul 19 - Jun 24*



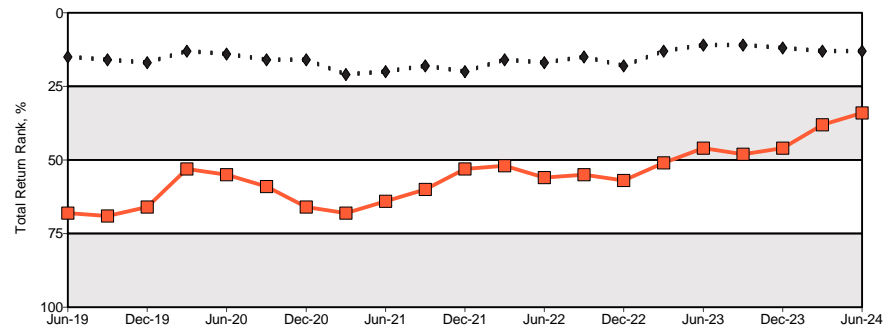
Up/Down Capture *Jul 19 - Jun 24*



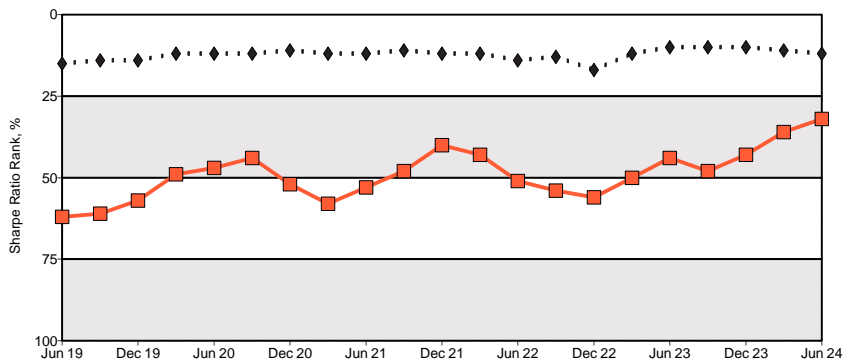
Relative Risk Return *Jul 19 - Jun 24*



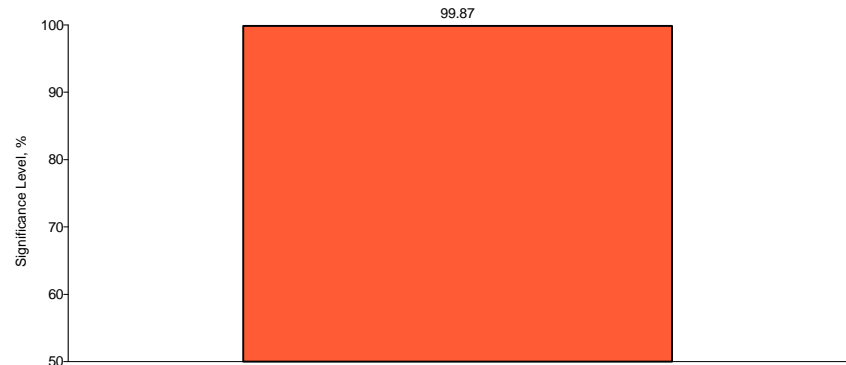
Rolling 5 Year Return Rank *20 quarter rolling windows, Jul 14 - Jun 24*



Rolling 5 Year Sharpe Ratio Rank *20 quarter rolling windows, Jul 14 - Jun 24*



Significance Level *Single Computation, Jul 19 - Jun 24*

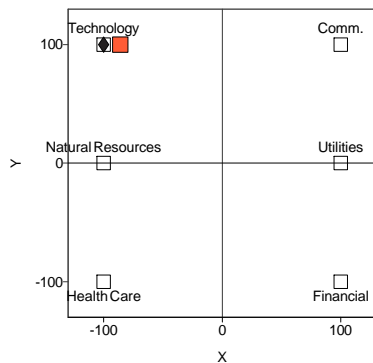


Returns Analysis	QTR	YTD	1 Yr	3 Yr Ann.	5 Yr Ann.	10 Yr Ann.	Since Inception	Manager Tenure (Years)	Fund Inception	Net Exp. Ratio	Net Exp. Ratio Rank	Gross Exp. Ratio
Fidelity Select Technology	10.00	24.66	34.93	11.37	24.30	20.42	14.24	2.45	07/14/1981	0.64	1	0.64
S&P 1500 Information Technology	13.44	27.75	40.82	19.26	26.63	22.31						
Technology Average	7.86	22.85	37.69	6.75	17.65	16.11					55	1.62

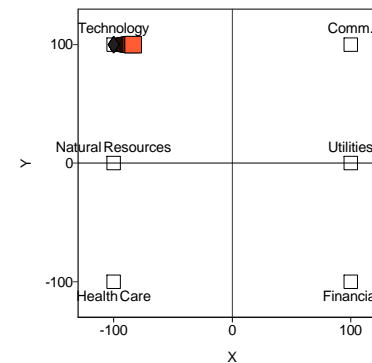
Calendar Year Returns	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Fidelity Select Technology	7.40	11.94	49.86	-8.79	51.07	63.71	21.97	-36.87	59.83	24.66
S&P 1500 Information Technology	5.60	14.78	37.29	-0.75	49.75	43.23	33.76	-27.91	56.53	27.75
Technology Average	5.01	7.79	36.40	-3.37	43.46	46.30	18.01	-35.47	48.08	22.85

Scorecard - Active	Ticker/ID	Style			Risk/Return			Peer Group		Qual.	Score			
		Style	Style Drift	R <sup>2</sup>	Risk/Return	Up/Down	Info Ratio	Return Rank	Info Ratio Rank	(2pt. max)	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Fidelity Select Technology	FSPTX	1	1	1	0	0	0	1	1	1	6	6	6	6
		-85.87/100.00	7.12	95.03	24.11/24.30	99.53/106.57	-0.43	18.00	22.00	T	TEC	TEC	TEC	TEC

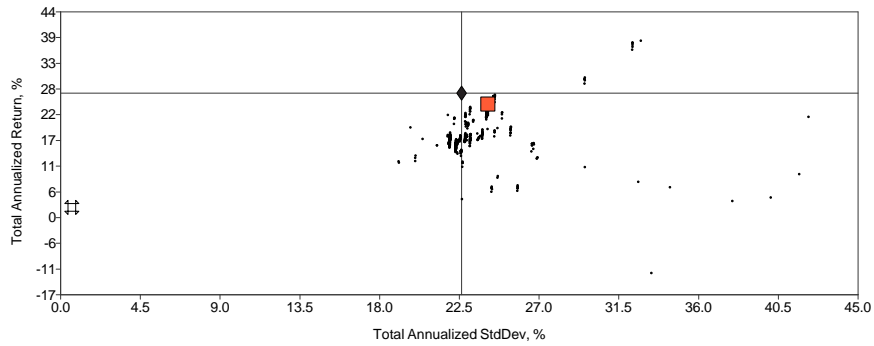
Average Style Jul 19 - Jun 24



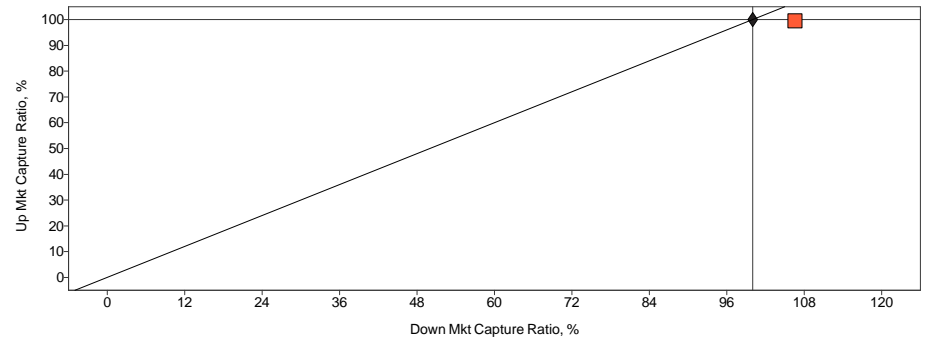
Style Drift 36 Month rolling windows, Jul 19 - Jun 24



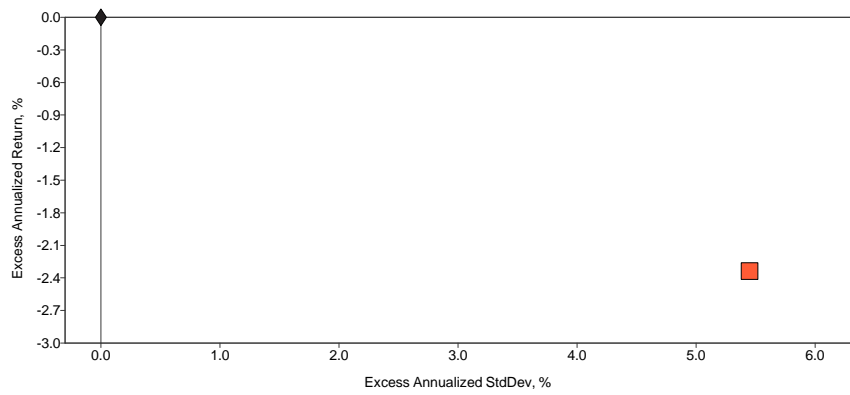
Risk / Return *Single Computation, Jul 19 - Jun 24*



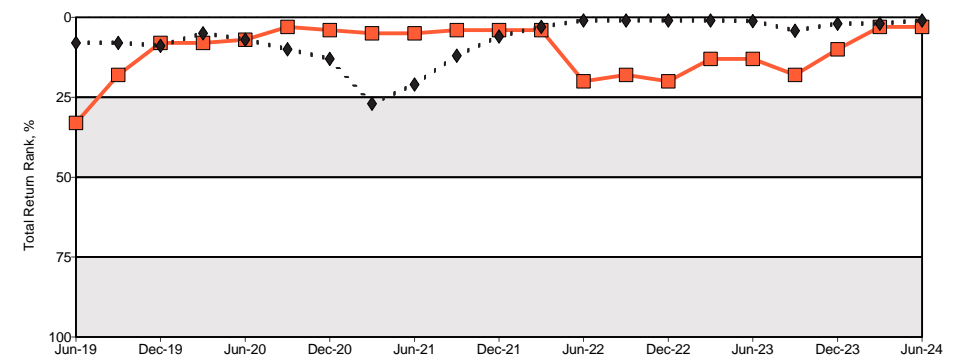
Up/Down Capture *Jul 19 - Jun 24*



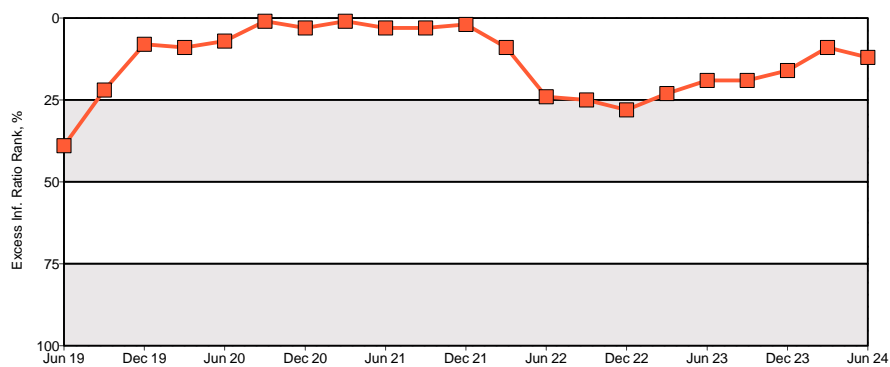
Relative Risk Return *Jul 19 - Jun 24*



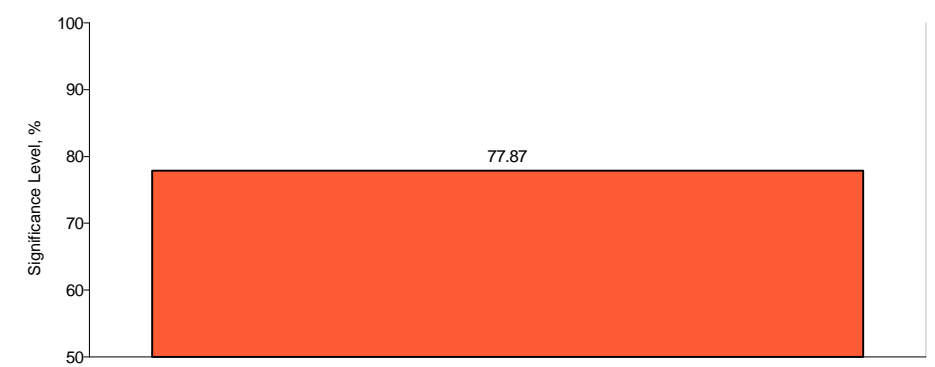
Rolling 5 Year Return Rank *20 quarter rolling windows, Jul 14 - Jun 24*



Rolling 5 Year Information Ratio Rank *20 quarter rolling windows, Jul 14 - Jun 24*



Significance Level *Jul 19 - Jun 24*



Investment objectives and strategies vary among fund, and may not be similar for funds included in the same asset class. All definitions are typical category representations. Please note that all investments are subject to market and other risk factors, which could result in loss of principal. Fixed income securities carry interest rate risk. As interest rates rise, bond prices usually fall, and vice versa. The specific share classes or accounts identified above may not be available or chosen by the plan. Share class and account availability is unique to the client's specific circumstances. There may be multiple share classes or accounts available to the client from which to choose. All recommendations are subject to vendor/provider approval before implementation into the plan. The performance data quoted may not reflect the deduction of additional fees, if applicable. If reflected, additional fees would reduce the performance quoted. Performance data is subject to change without prior notice.

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. The information used in the analysis has been taken from sources deemed to be reliable, including, third-party providers such as Markov Processes International, Morningstar, firms who manage the investments, and/or the retirement plan providers who offer the funds. Every reasonable effort has been made to ensure completeness and accuracy; however, the final accuracy of the numbers and information is the responsibility of the investment manager(s) of each fund and/or the retirement plan providers offering these funds. Discrepancies between the figures reported in this analysis, and those reported by the actual investment managers and/or retirement plan providers, may be caused by a variety of factors, including: Inaccurate reporting by the manager/provider; Changes in reporting by the manager/provider from the time this report was prepared to a subsequent retro-active audit and corrected reporting; Differences in fees and share-classes impacting net investment return; and, Scriveners error by your advisor in preparing this report.

The enclosed Investment Due Diligence report, including the Scorecard System, is intended for plan sponsor and/or institutional use only. The materials are not intended for participant use. The purpose of this report is to assist fiduciaries in selecting and monitoring investment options. A fund's score is meant to be used by the plan sponsor and/or fiduciaries as a tool for selecting the most appropriate fund. Fund scores will change as the performance of the funds change and as certain factors measured in the qualitative category change (e.g., manager tenure). Fund scores are not expected to change dramatically from each measured period, however, there is no guarantee this will be the case. Scores will change depending on the changes in the underlying pre-specified Scorecard factors.

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**Mutual funds are sold by prospectus only. Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of a mutual fund. The fund prospectus provides this and other important information. Please contact your Investment Advisor/Consultant or Vendor/Provider to obtain a prospectus. Please read the prospectus carefully before investing or sending money.**

**For a copy of the most recent prospectus, please contact your Investment Advisor/Consultant or Vendor/Provider.**

#### Notes

1. All statistics calculated over a five year time period.
2. Style analytics reflect the parameters on a returns-based style map (on a scale of 100 to -100 for each axis.) Fund passes if it plots out in the appropriate section of the style map, representing the fund's stated style.
3. Style drift is measured by the style drift score, which is a statistic measuring the rolling style-based analysis for a fund.
4. Risk is measured as the fund's standard deviation of returns.
5. R-squared measures the percentage of the fund's movement that is explained by the fund's benchmark (market).
6. Up/Down capture statistics measure the percentage of performance the fund/strategy is capturing versus the benchmark (market).
7. Information Ratio is a risk adjusted performance statistic measuring relative return over relative risk.
8. Peer group ranking statistics measure the funds median rank versus the applicable peer group universe.
9. Qualitative Detail: T = Tenure (qualitative score impacted negatively due to low manager tenure); E = Expenses (qualitative score impacted negatively due to higher than average expense ratio); and S = Statistics (qualitative score impacted negatively due to weak/poor strength of statistics).

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# Fiduciary Hot Topics | Q3 2024

## What Optional SECURE 2.0 Provisions Are Plan Sponsors Most Likely to Adopt?

Fidelity Investments recently invited over 2,000 clients to participate in a survey to gain a better understanding of what optional provisions of the SECURE 2.0 Act that plan sponsors are most likely to adopt.

### **Over 300 plan sponsors responded ranging in size and industries. The top-five ranked optional provisions include:**

- the increased catch-up contribution limit for participants ages 60 to 63;
- self-certification of hardships and unforeseeable emergency distributions options;
- withdrawals for federally declared disasters;
- eligible distributions for domestic abuse victims; and
- withdrawals for emergency expenses.

While not in the top five, Fidelity notes that unenrolled notices and automatic portability were of high interest, and these provisions and related services are expected to be standard offerings.

### **For each provision, plan sponsors could indicate one of the following responses:**

- My organization is likely to adopt
- My organization is not likely to adopt
- We have not considered this yet
- Does not apply to this plan
- Not familiar with this provision

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## What Optional SECURE 2.0 Provisions Are Plan Sponsors Most Likely to Adopt?

### Increased catch-up contribution limit for participants

Fidelity found that 58% of respondents overall are likely to adopt this provision, while 8% are not likely to adopt. But when looking at the provision from the perspective of those plan sponsors that have considered the option, the percentage jumps to 88% that are likely to adopt when it becomes available for plan years starting in 2025.

### Self-certification of hardships and unforeseeable emergency distributions

56% of respondents overall are likely to adopt this provision, while 14% indicated they are not likely to adopt. Of the plan sponsors that have considered the provision, however, 80% indicated they are likely to adopt this provision to streamline plan administration and enhance the participant experience.

### Withdrawals for federally declared disasters

49% of respondents overall indicated they are likely to adopt, and 12% said they are not likely to do so. Once again though, when looking at those plan sponsors that have considered the provision, 80% indicated they are likely to adopt, because access to the funds may be necessary for participants to move forward when federal disasters impact their homes and jobs.

### Eligible distributions for domestic abuse victims

42% of plan sponsor respondents indicated they are likely to adopt this provision, while 13% indicated they are not likely to do so. However, for those that have considered the option, the percentage jumps to 76% that are likely to adopt to align with organizational policies to remove barriers for individuals who are at risk.

### Withdrawals for emergency expenses

41% of plan sponsors overall are likely to adopt, compared to 22% that are not likely to do so. Regarding those that have considered the provision, 65% indicated they are likely to adopt demonstrating that financial wellness solutions remain a top priority for employers as part of their attraction and retention efforts.

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## What Optional SECURE 2.0 Provisions Are Plan Sponsors Most Likely to Adopt?

### Adoption Timing

Of the plan sponsors that responded, Fidelity found that more than:

- 60% expect to have a six-plus month adoption timeline for their selected optional provisions.
- 80% are considering at least one of the firm's solutions to support SECURE 2.0 implementation, such as auto portability, self-certification and/or student debt match.
- 90% show interest in adopting some optional provisions, with the greatest interest in adopting a high number of provisions in the large and tax-exempt plan spaces.

### Plan Size and Industry

Fidelity found that plan sponsors with oversight of smaller plans are expected to have the lowest optional-provision adoption levels.

Among the smaller plans, withdrawals for emergency expenses ranked second and employer contributions in the form of Roths also placed in their top five, edging out eligible distributions for domestic abuse victims.

For larger plans, withdrawals for emergency expenses was replaced by auto-portability by corporate plan sponsors and by hardship withdrawal rules by tax-exempt organizations.

Additional findings show that plan sponsors in finance and manufacturing both ranked auto-portability as a top option, while those in professional, technical and scientific services demonstrated more interest in withdrawals for emergency expenses and unenrolled participant disclosures.

**Source:** <https://www.napa-net.org/news-info/daily-news/what-optional-secure-20-provisions-are-plan-sponsors-most-likely-adopt>

**Link to Survey:** <https://www.fidelityworkplace.com/s/page->

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# Fiduciary Hot Topics | Q3 2024

## Executive Compensation Packages: A Business Imperative

Tumultuous economic conditions have heightened focus on operational costs and ROI — and made retention critically important.

With staff turnover being both costly and disruptive, especially at senior levels, businesses are increasingly looking at executive compensation packages as a means of driving retention.

Nonqualified deferred compensation plans (NQDCPs) are an important component of effective executive compensation packages, but they are largely underutilized.

### **A recent survey conducted by NFP found the following:**

- 83% of companies say they cannot afford to lose top executives.
- 93% feel executive benefits have helped to retain top talent.
- 31% of business are seeing executives work longer, while 25% are seeing executives retire earlier.
- 61% of executives are concerned about the economy

### **Working with a benefits consultant it is recommended that employers.**

1. Revisit Executive Benefits Packages Early and Often
2. Look Beyond Traditional Offerings
3. Optimize Your Executive Benefits Package to Counter Rising Costs

*Source: <https://www.nfp.com/benefits/executive-benefits/executive-compensation-and-benefits-trends-study/>*



# Fiduciary Hot Topics | Q3 2024

## What's Required for Hardship Distribution Certification?

This seemingly simple question is not as clear as it may seem on account of the SECURE 2.0 Act changes to the hardship rules juxtaposed with current IRS audit guidelines.

Under the original hardship distribution rules and assuming a plan permits hardship withdrawals, a hardship distribution must meet three conditions, generally. These include the following:

- There is an immediate and heavy financial need;
- The amount of the distribution request does not exceed the amount required to meet the need; and
- The participant does not have other assets reasonably available to meet this need.

The IRS has identified a number of “safe harbor” situations that are deemed to meet the first requirement [see Treasury Regulation 1.401(k)-1(d)(3)(iii)(B)]. In recent years, if the plan follows the safe harbor definitions of hardship, then a participant could self-certify the second and third requirements above, but the plan was required to substantiate the first requirement—that a distribution is for one of the safe harbor events that constitute an immediate and heavy financial need.

The SECURE 2.0 Act expanded the self-certification to include all three requirements. Plan sponsors can rely on a participant’s self-certification unless it has actual knowledge to the contrary.

# Fiduciary Hot Topics | Q3 2024

## What's Required for Hardship Distribution Certification?

Despite the SECURE 2.0 expansion of self-certification, the current IRS audit guidelines still reflect that source documentation for the hardship be available to the auditor. (See Substantiation Guidelines for Safe-Harbor Hardship Distributions from Section 401(k) Plans<sup>1</sup>.)

Until additional guidance becomes available from the IRS, it is possible an IRS auditor (or a plan auditor for Form 5500 filing purposes) would still request source documentation supporting the hardship claim.

Another consideration is plan language. Despite the SECURE 2.0 Act's liberalization of the hardship self-certification rules, some plan sponsors may wish to retain control over the hardship process. Also, some plans may not rely on the deemed safe harbor hardship events and rely on the facts and circumstances test. Consequently, plan language will ultimately control the approach used in hardship determinations.

### Conclusion

Until the IRS provides additional audit guidance under the new hardship rules, plan sponsors should consult with their recordkeepers, TPAs and legal counsel to determine the best approach in dealing with hardship distribution requests and set a clear policy.

<sup>1</sup><https://www.irs.gov/pub/foia/ig/spder/tege-04-0217-0008.pdf>

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**INVESTMENT POLICY STATEMENT**  
**City of Delray Beach**  
**457(b) Deferred Compensation Plan and 401(a)**  
**Defined Contribution Plans**

**Part I. The Plan**

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**The City of Delray Beach** (the “Employer”) sponsors the **City of Delray Beach 457(b) Deferred Compensation Plan and 401(a) Plans**(the “Plans”) for the benefit of its employees. The Plans are intended to provide eligible employees with the long- term accumulation of retirement savings through contributions to the individual participant accounts within the Plans.

The 457(b) Plan is subject to the Internal Revenue Code of 1986, as amended, and/or other Federal and State laws as applicable, as amended. These plans are not specifically subject to ERISA. NFP acts as the ERISA 3(38) Fiduciary to the plans and intends to follow the framework of ERISA as a best practice though the plans are not subject to ERISA.

The City of Delray Beach 457(b) Plan intends to comply per applicable state, to give participants control over the investments in their accounts and to limit the liability of the Plan Fiduciary for the investment decisions made by participants. This (“IPS”) is intended to cover the selection and monitoring of a broad range of investment options in order for participants to diversify investments within an investment category.

The Plans make available to participants a default investment for all contributions, and the 457(b) Plan intends to qualify such default investment as a qualified default investment alternative (“QDIA”) under the applicable state law in order for the Plan Fiduciary to obtain safe harbor relief from fiduciary liability for investment outcomes of the default investment alternatives.

This IPS does not cover employer stock, illiquid assets held by the Plans, and/or self-directed brokerage accounts or similar arrangements that enable participants to select investments beyond those designated by the Plan.

The officers, individuals and/or investment committee named in or established under the Plan documents as having responsibility for the management of the Plan’s investments are referred to in this IPS as the “Plan Fiduciary.” The Plan Fiduciary may delegate to an “Investment Manager” under Section 3(38) of ERISA responsibility with respect to the management of the investments.

## **Part II. The Purpose of the Investment Policy Statement**

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The Plan Fiduciary has important responsibilities and is subject to fiduciary standards of conduct under the State of Florida. These responsibilities include:

- Acting solely in the interest of plan participants and their beneficiaries and with the exclusive purpose of providing benefits to them;
- Carrying out their duties prudently;
- Following the plan documents;
- Diversifying plan investments;
- Prudently selecting and monitoring service providers to the Plan, including any “investment managers”; and
- Paying only reasonable total plan expenses.

This IPS is intended to assist the Plan Fiduciary in making decisions regarding the Plan’s investments in a prudent manner.

Specifically, this IPS describes:

- The Plan’s investment objectives;
- The roles of those responsible for the Plan’s investments;
- The investment selection procedures and criteria for the Plan’s investments; and
- A process for selecting and monitoring an Investment Manager responsible for selecting the Plan’s investment options.

## **Part III. Investment Objectives**

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The Plan seeks to make available investment options that:

- Provide reasonable returns compared to appropriate peer groups and indices;
- Provide a broad range of investments so that employees can diversify investments within an investment category;
- Provide a minimum of three different investment options with differing risk and return characteristics; and
- Provide a QDIA as defined under the Pension Protection Act of 2006 (“PPA”) and other applicable state laws

## **Part IV. Roles and Responsibilities with Respect to Plan Investments**

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The Plan Fiduciary is responsible for:

- Establishing and maintaining this IPS;
- Reviewing this IPS periodically and making such changes to this IPS as deemed appropriate from time to time;
- Establishing a process for selecting, hiring, and monitoring an Investment Manager responsible for selecting the Plan's investment options;
- Establishing the investment categories of investment options to be made available to participant, unless the Plan Fiduciary is delegating this to the Investment Manager; and
- Overseeing participant investment education and communication.

The Investment Manager is responsible for:

- Establishing processes for the selection, monitoring and evaluation of the investment options in the Plan, including processes for handling investment options that fail to satisfy established objectives;
- Assisting in the development and modification of this IPS with respect to such investment selection processes;
- Selecting the investment options to be made available to participants;
- Providing for appropriate diversification among investment options.
- Monitoring the performance of the investment options offered by the Plan;
- Implementing on a discretionary basis changes to the investment options in accordance with the processes, guidelines and objectives set out in this IPS; and
- Providing the Plan Fiduciary on a regular basis with reports reflecting the performance of the investment options and information about any changes made to the investment options available to participants.

## **Part V. Selection of an Investment Advisor as "Investment Manager"**

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If the Plan Fiduciary determines to engage an "Investment Manager" as defined under section 3(38) of ERISA to make the investment decisions regarding the investment options, the Plan Fiduciary is responsible for prudently selecting and monitoring the Investment Manager. In hiring an Investment Manager, the Plan Fiduciary shall consider, among other information or factors:

- The services that the Investment Manager will provide to the Plan;
- The compensation the Investment Manager will receive for such services;
- Information about the firm itself, including its financial condition, its fiduciary liability insurance coverage, and experience with retirement plans of similar size and complexity;
- Information about the extent of the services, including the types and frequency of reports to be provided, attendance at meetings, and communications to participants;
- Information about the quality of the Investment Manager's services, including the identity, experience, and qualifications of the professionals who will be handling the Plan's engagement, any recent litigation or enforcement action that has been taken against the firm, and the firm's experience or performance record; and
- Information about the Investment Manager's investment philosophy, including how Plan investment options would be selected.

The Plan shall maintain appropriate records of decisions relating to the choice and ongoing monitoring of the Investment Manager.

## **Part VI. Monitoring of Investment Manager**

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The Plan Fiduciary shall at least annually review the level and quality of the services of the Investment Manager. In order to prudently monitor the Investment Manager, the Plan Fiduciary shall consider such factors as:

- The performance of investment options under the Plan;
- Any notices received from the Investment Manager about possible changes to the compensation or services and the other information that the Investment Manager provided when hired (or when the contract or arrangement was renewed);
- The reasonableness of the fees received by the Investment Manager for its services; and
- The manner in which the Investment Manager has performed its services to the Plan.

## **VII. Selection of Investments**

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The Investment Manager is responsible for the selection of the investment options to be made available to participants. This Part discusses the considerations and guidelines for fulfilling that fiduciary duty.

### **Selection of Investment Categories**

The Plan intends to provide an appropriate range of investment categories that will reasonably span the risk-and-return spectrum, that satisfies the “broad range” criteria of the regulations per applicable state law, and that is consistent with the investment needs of the participants. These investment categories, and the options chosen to fill those categories, should allow participants to construct portfolios consistent with their individual circumstances, for example, their goals, time horizons and tolerances for risk.

To accomplish this goal, the Plan Fiduciary will select from among the investment categories listed on Appendix A to this IPS, unless delegated to the Investment Manager. The Plan is not required to and does not intend to have all options listed in Appendix A available at any given time. However, where appropriate, the Plan Fiduciary may include additional investment categories, unless this responsibility has been delegated to the Investment Manager.

### **Selection of Investment Options**

After determining the investment categories to be used, the Investment Manager is responsible for selecting specific investment options for each of those categories.

As the Investment Manager engages in the process of selecting the investment options, the Investment Manager may consider information from many sources, including information that may be provided by Plan's recordkeeper or other retirement plan investment provider.

Appendix B (entitled "Investment Review Scorecard Process") is a current description of the methodology and Appendix C (entitled "Investment Selection and Monitoring Process") is a current description of the process used when selecting and monitoring investments for the plan.

The Plan Fiduciary and the Investment Manager have reviewed the scoring or rating system methodology and have determined that it is appropriate for the Plan and the participants.

After selecting the investment categories and in choosing the investment options that meet the selection criteria set forth in this IPS (or in selecting a class of shares of any such investment option) to fill such categories, the Investment Manager shall take into account the potential revenue that, as a result of the investment of Plan assets in such investment option or a particular class of shares of such option, may be payable to or for the benefit of the Plan to defray the reasonable expenses of the Plan, if the Plan Fiduciary has provided written direction to the Investment Manager to do so.

*Special Considerations for Selection of Target Date Funds:* In addition to the methodology described in the attached Appendix titled "Investment Selection and Monitoring", the following additional factors may be considered for this unique investment category when selecting and monitoring a target date retirement fund as an investment option in the Plan.

- The investment objective and strategy of the fund as stated in the funds' prospectus. Preference will be given to a fund that is designed so that a fund's mix of investments (e.g. among stocks, bonds and cash investments) automatically change in a way intended to become more conservative as an investor approaches the target date. The fund should shift over time from a mix with more stock investments in the beginning to a mix weighted more toward bonds as the target date approaches.
- The "glide path" for the funds, and the basic assumptions underpinning its construction. These assumptions include determining the use of "through" and/or "to" glide paths. For example, some target dates may not reach their most conservative mix until 20 or 30 years after the target date. Others may reach the most conservative investment mix at or soon after the target date.
- The experience and quality of the management team responsible for the overall fund.
- The overall product cost including the fees charged by the underlying funds and any "wrap" fees charged by the overall manager of the fund.

*Special Considerations for Selection of a QDIA:* The default investment may be one of the following three types of alternatives that are diversified to minimize the risk of large losses and provide long-term growth.

- A product with an investment mix that changes asset allocation and risk based on the employee's age, projected retirement date, or life expectancy (for example, a lifecycle fund);
- A product with an investment mix that takes into account a group of employees as a whole (for example, a balanced fund); and
- An investment management service that spreads contributions among plan options to provide an asset mix that takes into account the individual's age, projected retirement date, or life expectancy (for example, a professionally managed account).

A list of the current investment options and their benchmark indices will be maintained separately and updated from time to time.

The Plan Fiduciary and the Investment Manager shall maintain written records of decisions relating to the choice and ongoing monitoring of investment options under the Plan. Such records may be in the form of minutes taken of meetings that note such things, for example, as time and place, attendees, matters discussed, and decisions reached. The written records may include documents or materials used by the Investment Manager in its decision-making process.

## **Part VIII. Investment Monitoring by Investment Manager**

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The Investment Manager will regularly monitor the Plan's investment options and investment categories for compliance with the Plan's investment objectives and to assess whether a particular investment option continues to be appropriate for the Plan.

While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an ongoing process. Recognizing that short-term fluctuations may cause variations in performance, when monitoring investments under the Plan, the Investment Manager will evaluate investment performance from a long-term perspective.

Monitoring occurs on a regular basis and utilizes the same criteria that were the basis of the investment selection decision. It is contemplated, but not mandated, that the Investment Manager will conduct a formal review at least quarterly unless otherwise directed by the Plan Fiduciary. Further, the Investment Manager seeks to consider any unusual, notable or extraordinary events on a current basis.

Attached is an Appendix (entitled "Investment Selection and Monitoring Process"), which is a current description of the process that may be used by the Investment Manager for reviewing whether an investment option has underperformed and an explanation of the process, which the Investment Manager may follow. The Investment Manager and Plan Fiduciary have reviewed that process and have determined that it is suitable and appropriate for the Plan. Therefore, the Investment Manager and Plan Fiduciary have adopted this process, methodology and scoring system described in Appendices B and C for purposes of monitoring the investment options.

## **Part IX. Investment Option Termination**

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The Investment Manager may give consideration to terminating an investment option if:

The option significantly underperforms without a justifiable rationale;

- The option fails to achieve performance and risk objectives;
- The option fails to maintain a consistent investment style;
- The option has been on the "Watch List" for four consecutive quarters; and
- The option(s) will be mapped to a QDIA due to a plan re-enrollment.



There are no hard and fast rules for an investment option termination. The ultimate decision to retain or terminate an investment option cannot be made by a formula. However, the Investment Manager may consider the investment option's anticipated ability to perform in the future when determining whether to retain an investment option.

In addition to those above, other factors may include manager turnover, legal or regulatory proceedings, or material change to investment processes. Of course, the Investment Manager also may remove any investment option at any time and for whatever reason they deem appropriate, including a determination that the investment is no longer suitable for the Participants.

For an investment option to be terminated, one of the following approaches may be taken:

- Remove and replace (map assets) to an alternative investment option.
- Freeze the investment option, but add a competing investment option for new contributions.
- Remove the investment option and do not provide a replacement investment option.

Replacement of a terminated option would follow the criteria outlined in Part VII, Selection of Investments.

The guidelines in this IPS, and in this Part IX, are to assist, but not bind, the Investment Manager. In that regard, the Investment Manager should exercise discretion and consider judgment in the termination and replacement process. It is the intention of the Plan Fiduciary and the Investment Manager to maintain written records of decisions relating to the decision of retaining or terminating an investment option.

## **Part X. Coordination with the Plan Document**

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If any term or condition of this IPS conflicts with the Plan, the terms and conditions of the Plan shall control.

The Plan Fiduciary has reviewed the IPS and agrees that the IPS accurately reflects the intent of the Plan Fiduciary with regard to the range of investments, objectives and criteria for selection, and evaluation of investment options within the Plan.

Date adopted: \_\_\_\_\_

Adopted by Plan Fiduciary:

Print Name: \_\_\_\_\_ Sign Name: \_\_\_\_\_

Print Name: \_\_\_\_\_ Sign Name: \_\_\_\_\_

Print Name: \_\_\_\_\_ Sign Name: \_\_\_\_\_

## **APPENDIX A**

### **Investment Categories**

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#### **Large Cap Value**

Large Cap Value portfolios invest primarily in large market capitalization U.S. companies that have relatively low prices given higher anticipated valuations or are growing more slowly than other Large Cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as Large Cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

#### **Large Cap Blend (Core)**

Large Cap Blend portfolios are fairly representative of the overall U.S. stock market in size, growth rates, and price. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as Large Cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of U.S. industries, and owing to their broad exposure, the portfolios' returns are often similar to those of the S&P 500 Index.

#### **Large Cap Growth**

Large Cap Growth portfolios invest primarily in large market capitalization U.S. companies whose earnings are projected to grow faster than other Large Cap companies. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as Large Cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries.

#### **Mid Cap Value**

Some Mid Cap Value portfolios focus on medium-size companies while others land here because they own a mix of small-, mid-, and Large Cap stocks. In general, they look for U.S. stocks that have relatively low prices given higher anticipated valuations or are growing more slowly than the market. The U.S. Mid Cap range for market capitalization typically falls between \$1 billion-\$8 billion and represents 20% of the total capitalization of the U.S. equity market. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

#### **Mid Cap Blend (Core)**

The typical Mid Cap Blend portfolio invests in U.S. stocks of various sizes and styles, giving it a middle-of-the-road profile. Most shy away from high-priced growth stocks, but aren't so price-conscious that they land in value territory. The U.S. Mid Cap range for market capitalization typically falls between \$1 billion-\$8 billion and represents 20% of the total capitalization of the U.S. equity market. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

#### **Mid Cap Growth**

Some Mid Cap Value portfolios invest in stocks of all sizes, thus leading to a Mid Cap profile, but others focus on midsize companies. Mid Cap Growth portfolios target U.S. firms that are projected to grow faster than other Mid Cap companies, therefore commanding relatively higher prices. The U.S. Mid Cap range for market capitalization typically falls between \$1 billion-\$8 billion and represents 20%

of the total capitalization of the U.S. equity market. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).

### **Small Cap Value**

Small Cap Value portfolios invest in small market capitalization U.S. companies with valuations and growth rates below other Small Cap peers. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as Small Cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

### **Small Cap Blend (Core)**

Small Cap Blend portfolios favor U.S. firms at the smaller end of the market-capitalization range. Some aim to own an array of value and growth stocks while others employ a discipline that leads to holdings with valuations and growth rates close to the Small Cap averages. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as Small Cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

### **Small Cap Growth**

Small Cap Growth portfolios focus on faster-growing companies whose shares are at the lower end of the market capitalization range. These portfolios tend to favor companies in up-and-coming industries or young firms in their early growth stages. Because these businesses are fast-growing and often richly valued, their stocks tend to be volatile. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as Small Cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields).

### **Conservative Allocation**

Conservative allocation portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These portfolios tend to hold smaller positions in stocks than moderate allocation portfolios. These portfolios typically have 20% to 50% of assets in equities and 50% to 80% of assets in fixed income and cash.

### **Moderate Allocation**

Moderate allocation portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than conservative allocation portfolios. These portfolios typically have 50% to 70% of assets in equities and the remainder in fixed income and cash.

### **Aggressive Allocation**

Aggressive allocation portfolios seek to provide capital appreciation by investing in three major areas: stocks, bonds, and cash. These portfolios tend to hold larger position in stocks than conservative allocation portfolios. These portfolios typically have 75% to 95% of assets in equities and the remainder in fixed income and cash.

### **World Allocation**

World allocation portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. While these portfolios do explore the whole world, most of them focus on the U.S., Canada, Japan, and the larger markets in Europe. It is rare for such portfolios to invest more than 10% of their assets in emerging markets. These portfolios typically have at least

10% of assets in bonds, less than 70% of assets in stocks, and at least 40% of assets in non-U.S. stocks or bonds.

### **Large Foreign Value**

Large Foreign portfolios invest in a variety of large international companies. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). These portfolios typically will have less than 20% of assets invested in U.S. stocks. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

### **Large Foreign Growth**

Large Foreign portfolios invest in a variety of large international companies. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). These portfolios typically will have less than 20% of assets invested in U.S. stocks. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries.

### **Large Foreign Blend**

Large Foreign portfolios invest in a variety of large international companies. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). This style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios typically will have less than 20% of assets invested in U.S. stocks. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

### **Mid Cap Foreign**

Mid Cap Foreign portfolios invest in international mid-sized companies. The Foreign Mid Cap range for market capitalization typically falls between \$2 billion-\$10 billion. These portfolios typically will have less than 20% of assets invested in U.S. stocks.

### **Small Foreign**

Small Foreign portfolios invest in international companies that have smaller market capitalizations. These portfolios primarily invest in stocks that fall in the bottom 30% of each economically integrated market (such as Europe or Asia ex-Japan). These portfolios typically will have less than 20% of assets invested in U.S. stocks.

### **Large Cap Value Global Stock**

World stock portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in the U.S., Europe, and Japan, with the remainder divided among the globe's smaller markets. These portfolios typically have 20%-60% of assets in U.S. stocks. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

### **Large Cap Growth Global Stock**

World stock portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in the U.S., Europe, and Japan, with the remainder divided among the globe's smaller markets. These portfolios typically have 20%-60% of assets in U.S. stocks. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries.

### **Large Cap Blend Global Stock**

World stock portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in the U.S., Europe, and Japan, with the remainder divided among the globe's smaller markets. These portfolios typically have 20%-60% of assets in U.S. stocks. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

### **Diversified Emerging Markets**

Diversified emerging markets portfolios tend to divide their assets among 20 or more nations, although they tend to focus on the emerging markets of Asia and Latin America rather than on those of the Middle East, Africa, or Europe. These portfolios invest at least 70% of total assets in equities and invest at least 50% of stock in emerging markets.

### **Real Estate**

The funds in this category provide access to the physical commercial real estate markets through investments in public real estate securities. Over time, real estate provides diversification benefits, inflation protection, income, and growth opportunities.

### **Ultra Short-Term Bond**

Short-term bond portfolios invest primarily in corporate, mortgage-backed, and other U.S. fixed-income issues and have durations of less than one year (or, if duration is unavailable, average effective maturities of less than one year). These portfolios are attractive to fairly conservative investors, because they are less sensitive to interest rates than portfolios with longer durations.

### **Short-Term Bond**

Short-term bond portfolios invest primarily in corporate, mortgage-backed, and other U.S. fixed-income issues and have durations of one to 3.5 years (or, if duration is unavailable, average effective maturities of one to four years). These portfolios are attractive to fairly conservative investors, because they are less sensitive to interest rates than portfolios with longer durations.

### **Short-Term Government Bond**

Short-term bond portfolios invest primarily U.S. fixed-income issues and have durations of one to 3.5 years (or, if duration is unavailable, average effective maturities of one to four years). These portfolios are attractive to fairly conservative investors, because they are less sensitive to interest rates than portfolios with longer durations.

### **Intermediate-Term Bond**

Intermediate-term bond portfolios invest primarily in corporate, mortgage-backed, and other U.S. fixed-income issues and have durations of 3.5 to six years (or, if duration is unavailable, average effective maturities of four to 10 years). These portfolios are less sensitive to interest rates, and therefore less volatile, than portfolios that have longer durations.

### **Intermediate-Term Government Bond**

Intermediate-term bond portfolios invest primarily in U.S. fixed-income issues and have durations of 3.5 to six years (or, if duration is unavailable, average effective maturities of four to 10 years). These portfolios are less sensitive to interest rates, and therefore less volatile, than portfolios that have longer durations.

### **Long-Term Bond**

Long-term bond portfolios invest primarily in corporate, mortgage backed, and other U.S. fixed-income issues and have durations of more than six years (or, if duration is unavailable, average effective maturities greater than 10 years). Due to their long durations, these portfolios are exposed to greater interest rate risk.

### **Long-Term Government Bond**

Long-term bond portfolios invest primarily in U.S. fixed-income issues and have durations of more than six years (or, if duration is unavailable, average effective maturities greater than 10 years). Due to their long durations, these portfolios are exposed to greater interest rate risk.

### **Bank Loan**

Bank-loan portfolios primarily invest in floating-rate bank loans instead of bonds. In exchange for their credit risk, these loans offer high interest payments that typically float above a common short-term benchmark such as the London interbank offered rate, or LIBOR.

### **Mortgage-Backed Securities**

Mortgage-backed securities are bonds backed by either residential or commercial mortgages. The Federal Home Loan Mortgage Corporation (FHLMC) and the Federal National Mortgage Association (FNMA) are government-sponsored enterprises (GSE) that issue these debt obligations. Securities issued by these entities are not guaranteed by the full faith and credit of the U.S. government. Government National Mortgage Association (GNMA) securities, which also issue MBS, are guaranteed by the full faith and credit of the U.S. government. MBS are issued through these agencies to finance housing market growth and facilitate liquidity in home mortgages.

### **Intermediate/Long High Yield Bond**

High-yield bond portfolios concentrate on lower-quality bonds, which are riskier than those issued by high quality companies. These portfolios generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk. These portfolios primarily invest in U.S. high-income debt securities where at least 65% or more of bond assets are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

### **Intermediate/Long Foreign Bond**

Foreign bond portfolios typically invest 40% or more of their assets in foreign bonds. Some world bond portfolios follow a conservative approach, favoring high-quality bonds from developed markets. Others are more adventurous, and own some lower-quality bonds from developed or emerging markets. Some portfolios invest exclusively outside the U.S., while others regularly invest in both U.S. and non-U.S. bonds.

### **Eclectic Fixed Income**

Eclectic Fixed Income (Multi-Sector Bond) bond portfolios seek income by diversifying their assets among several fixed-income sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds, and high-yield U.S. debt securities. These portfolios typically hold 35% to 65% of bond

assets in securities that are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

**Inflation Protected Bonds**

Inflation-protected bond portfolios invest primarily in debt securities that adjust their principal values in line with the rate of inflation. These bonds can be issued by any organization, but the U.S. Treasury is currently the largest issuer for these types of securities.

**Emerging Market Bonds**

Emerging Market Bond portfolios invest primarily in external debt instruments (external meaning foreign currency denominated fixed income) in the emerging markets. Emerging Market Debt is primarily issued by sovereign issuers and tends to have a lower credit rating than other sovereign debt because of the increased economic and political risk.

**Target Date**

A diversified fund designed to simplify the asset allocation process for defined contribution plan participants over time. The date in each fund's name represents the approximate retirement year. As a fund's target retirement year approaches, the allocation to underlying assets shifts to a more conservative mix of asset classes.

**Stable Value**

A Stable Value fund is an investment choice that provides a fixed income alternative to money market funds and bond mutual funds. Stable Value Funds seek safety and principle stability primarily through investing synthetic Guaranteed Investment Contracts (GICs), fixed-income funds, or capital-preservation funds.

**Money Market**

A money market fund is an open-end mutual fund which invests only in money markets. These funds invest in short term (one day to one year) debt obligations such as Treasury bills, certificates of deposit, and commercial paper. The main goal is the preservation of principal, accompanied by modest dividends.

## REVISED APPENDIX B

### Investment Review Scorecard Process

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#### Scorecard System Methodology™

The **Scorecard System Methodology** incorporates both quantitative and qualitative factors in evaluating fund managers and their investment strategies. The **Scorecard System** is built around pass/fail criteria, on a scale of 0 to 10 (with 10 being the best) and has the ability to measure active, passive and asset allocation investing strategies. Active and asset allocation strategies are evaluated over a five-year time period, and passive strategies are evaluated over a three-year time period.

Eighty percent of the fund's score is quantitative (made up of eight unique factors), incorporating modern portfolio theory statistics, quadratic optimization analysis, and peer group rankings (among a few of the quantitative factors). The other 20 percent of the score is qualitative, considering manager tenure, the fund's expense ratio relative to the average fund expense ratio in that asset class category, and the fund's strength of statistics (statistical significance). Other criteria that may be considered in the qualitative score includes the viability of the firm managing the assets, management or personnel issues at the firm, and/or whether there has been a change in direction of the fund's stated investment strategy. The following pages detail the specific factors for each type of investing strategies.

Combined, these factors are a way of measuring the relative performance, characteristics, behavior and overall appropriateness of a fund for inclusion into a plan as an investment option. General fund guidelines are shown in the "Scorecard Point System" table below. The Scorecard Point System is meant to be used in conjunction with our sample Investment Policy Statement, in order to help identify what strategies need to be discussed as a "watch-list" or removal candidate; what strategies continue to meet some minimum standards and continue to be appropriate; and/or identify new top-ranked strategies for inclusion into a plan.

<b>Scorecard Point System</b>	
<b>Good:</b>	<b>9-10 Points</b>
<b>Acceptable:</b>	<b>7-8 Points</b>
<b>Watch:</b>	<b>5-6 Points</b>
<b>Poor:</b>	<b>0-4 Points</b>



## Scorecard System Methodology™

### Asset Allocation Strategies

**Asset allocation strategies** are investment strategies that invest in a broad array of asset classes that may include U.S. equity, international equity, emerging markets, real estate, fixed income, high yield bonds and cash (to name a few asset classes). These strategies are typically structured in either a risk-based format (the strategies are managed to a level of risk, e.g., conservative or aggressive) or, in an age-based format (these strategies are managed to a retirement date or life expectancy date, typically growing more conservative as that date is approached). For this type of investment strategy, the Scorecard System is focused on how well these managers can add value from both asset allocation and manager selection. *Multisector Bond (MSB) asset class* follows the same evaluation criteria with some slightly different tolerance levels where noted. These managers are also evaluated on both their asset allocation and security selection.

Weightings	Asset Allocation Strategies	Maximum Points
Style Factors 30%	<b>Risk Level:</b> The fund's standard deviation is measured against the category it is being analyzed in. The fund passes if it falls within the range for that category.	1
	<b>Style Diversity:</b> Fund passes if it reflects appropriate style diversity (returns-based) among the four major asset classes (Cash, Fixed Income, U.S. & International Equity) for the given category. <i>MSB</i> funds pass if reflect some level of diversity among fixed income asset classes (Cash, U.S. Fixed Income, Non-U.S. Fixed Income and High Yield/Emerging Markets).	1
	<b>R-Squared:</b> Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 90 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
Risk/Return Factors 30%	<b>Risk/Return:</b> Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.	1
	<b>Up/Down Capture Analysis:</b> Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.	1
	<b>Information Ratio:</b> Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.	1
Peer Group Rankings 20%	<b>Returns Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile.	1
	<b>Sharpe Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile. This ranking ranks risk-adjusted excess return.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
<b>Total</b>		<b>10</b>

## Scorecard System Methodology™

### Active Strategies

**Active strategies** are investment strategies where the fund manager is trying to add value and outperform the market averages (for that style of investing). Typically, these investment strategies have higher associated fees due to the active involvement in the portfolio management process by the fund manager(s). For this type of investment strategy, the **Scorecard System** is trying to identify those managers who can add value on a consistent basis within their own style of investing.

Weightings	Active Strategies	Maximum Points
Style Factors 30%	<b>Style Analysis:</b> Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the Plan.	1
	<b>Style Drift:</b> Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.	1
	<b>R-Squared:</b> Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 80 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
Risk/Return Factors 30%	<b>Risk/Return:</b> Fund passes if its risk is less than the benchmark or its return is greater than the benchmark. Favorable risk/return characteristics are desired.	1
	<b>Up/Down Capture Analysis:</b> Measures the behavior of a fund in up and down markets. Fund passes with an up capture greater than its down capture. This analysis measures the relative value by the manager in up and down markets.	1
	<b>Information Ratio:</b> Measures a fund's relative risk and return. Fund passes if ratio is greater than 0. This statistic measures the value added above the benchmark, adjusted for risk.	1
Peer Group Rankings 20%	<b>Returns Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile.	1
	<b>Information Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 50 <sup>th</sup> percentile. This ranking ranks risk-adjusted excess return.	1
Qualitative Factors 20%	Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to manager tenure, fund expenses and strength of statistics, however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
<b>Total</b>		<b>10</b>

## Scorecard System Methodology™

### Passive Strategies

**Passive strategies** are investment strategies where the fund manager is trying to track or replicate some area of the market. These types of strategies may be broad-based in nature (e.g., the fund manager is trying to track/replicate the entire U.S. equity market like the S&P 500) or may be more specific to a particular area of the market (e.g., the fund manager may be trying to track/replicate the technology sector). These investment strategies typically have lower fees than active investment strategies due to their passive nature of investing and are commonly referred to as index funds. For this type of investment strategy, the **Scorecard System** is focused on how well these managers track and/or replicate a particular area of the market with an emphasis on how they compare against their peers.

Weightings	Passive Strategies	Maximum Points
40%	<b>Style Analysis:</b> Returns-based analysis to determine the style characteristics of a fund over a period of time. Fund passes if it reflects the appropriate style characteristics. Style analysis helps ensure proper diversification in the Plan.	1
	<b>Style Drift:</b> Returns-based analysis to determine the behavior of the fund/manager over multiple (rolling) time periods. Fund passes if the fund exhibits a consistent style pattern. Style consistency is desired so that funds can be effectively monitored within their designated asset class.	1
	<b>R-Squared:</b> Measures the percentage of a fund's returns that are explained by the benchmark. Fund passes with an R-squared greater than 95 percent. This statistic measures whether the benchmark used in the analysis is appropriate.	1
	<b>Tracking Error:</b> Measures the percentage of a fund's excess return volatility relative to the benchmark. Fund passes with a tracking error less than 4. This statistic measures how well the fund tracks the benchmark.	1
40%	<b>Tracking Error Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.	1
	<b>Expense Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.	1
	<b>Returns Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.	1
	<b>Sharpe Ratio Peer Group Ranking:</b> Fund passes if its median rank is above the 75 <sup>th</sup> percentile.	1
20%	<b>Qualitative Factors:</b> Two points may be awarded based on qualitative characteristics of the fund. Primary considerations are given to fund expenses and strength of statistics; however, other significant factors may be considered. It is important to take into account nonquantitative factors, which may impact future performance.	2
<b>Total</b>		<b>10</b>

## Manager Research Methodology

### *Beyond the Scorecard*

The **Scorecard System™** uses an institutional approach which is comprehensive, independent, and utilizes a process and methodology that strives to create successful outcomes for plan sponsors and participants. The **Scorecard** helps direct the additional research the Investment team conducts with fund managers throughout the year. Three of the primary factors that go into the fund manager research are people, process and philosophy.

PEOPLE	PROCESS	PHILOSOPHY
<p>Key Factors:</p> <ul style="list-style-type: none"> <li>• Fund manager and team experience</li> <li>• Deep institutional expertise</li> <li>• Organizational structure</li> <li>• Ability to drive the process and performance</li> </ul>	<p>Key Factors:</p> <ul style="list-style-type: none"> <li>• Clearly defined</li> <li>• Consistent application</li> <li>• Sound and established</li> <li>• Clearly communicated</li> <li>• Successfully executed process</li> </ul>	<p>Key Factors:</p> <ul style="list-style-type: none"> <li>• Research and ideas must be coherent and persuasive</li> <li>• Strong rationale</li> <li>• Logical and compelling</li> <li>• Focus on identifying skillful managers</li> </ul>

## Scorecard System Disclosures

Investment objectives and strategies vary among fund and may not be similar for funds included in the same asset class.

All definitions are typical category representations. The specific share classes or accounts identified above may not be available or chosen by the Plan. Share class and account availability is unique to the client's specific circumstances. There may be multiple share classes or accounts available to the client from which to choose. All recommendations are subject to vendor/provider approval before implementation into the Plan. The performance data quoted may not reflect the deduction of additional fees, if applicable. If reflected, additional fees would reduce the performance quoted.

Performance data is subject to change without prior notice.

Performance of indexes reflects the unmanaged result for the market segment the selected stocks represent. Indexes are unmanaged and not available for direct investment.

The information used in the analysis has been taken from sources deemed to be reliable, including, third-party providers such as *Markov Processes International*, *Morningstar*, firms who manage the investments, and/or the retirement plan providers who offer the funds.

Every reasonable effort has been made to ensure completeness and accuracy; however, the final accuracy of the numbers and information is the responsibility of the investment manager(s) of each fund and/or the retirement plan providers offering these funds. Discrepancies between the figures reported in this analysis, and those reported by the actual investment managers and/or retirement plan providers, may be caused by a variety of factors, including: Inaccurate reporting by the manager/provider; Changes in reporting by the manager/provider from the time this report was prepared to a subsequent retro-active audit and corrected reporting; Differences in fees and share-classes impacting net investment return; and, Scriveners error by your advisor in preparing this report.

The enclosed Investment Due Diligence report, including the **Scorecard System**, is intended for plan sponsor and/or institutional use only. The materials are not intended for participant use.

The purpose of this report is to assist fiduciaries in selecting and monitoring investment options. A fund's score is meant to be used by the Plan sponsor and/or fiduciaries as a tool for selecting the most appropriate fund.

Fund scores will change as the performance of the funds change and as certain factors measured in the qualitative category change (e.g., manager tenure). Fund scores are not expected to change dramatically from each measured period, however, there is no guarantee this will be the case. Scores will change depending on the changes in the underlying pre-specified Scorecard™ factors.

Neither past performance nor statistics calculated using past performance are guarantees of a fund's future performance. Likewise, a fund's score using the **Scorecard System**™ does not guarantee the future performance or style consistency of a fund.

This report was prepared with the belief that this information is relevant to the Plan sponsor as the Plan sponsor makes investment selections.

Fund selection is at the discretion of the investment fiduciaries, which are either the Plan sponsor or the Committee appointed to perform that function.

Cash Equivalents (e.g., money market fund) and some specialty funds are not scored by the **Scorecard System**.

The enclosed Investment Due Diligence report and Scorecard™ is not an offer to sell mutual funds. An offer to sell may be made only after the client has received and read the appropriate prospectus.

For the most current month-end performance, please contact your advisor.

The Strategy Review notes section is for informational purposes only. The views expressed here are those of your advisor and do not constitute an offer to sell an investment. An offer to sell may be made only after the client has received and read the appropriate prospectus.

**Carefully consider the investment objectives, risk factors and charges and expenses of the investment company before investing. This and other information can be found in the fund's prospectus, which may be obtained by contacting your Investment Advisor/Consultant or Vendor/Provider. Read the prospectus carefully before investing.**

**For a copy of the most recent prospectus, please contact your Investment Advisor/Consultant or Vendor/Provider.**

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