Hospitality Industry 401(k) Plan

Investment Review
June 4, 2020

Fund Evaluation Report

Agenda

1. Executive Summary
2. Defined Contribution Marketplace Update
3. Plan Summary as of March 31, 2020
4. Disclaimer, Glossary, and Notes

Executive Summary

- The value of the 401(k) Plan decreased by $7.1 million during the first quarter of 2020, ending at $39.0 million on March 31, 2020. The value decreased by $1.0 million over the past twelve months.

Quarter	Market Value ($mm)
2020Q1	$39.0
2019Q4	$46.0
2019Q3	$42.6
2019Q2	$42.1

- Almost all investment options posted negative returns during this volatile first quarter of 2020. Vanguard TIPS, Vanguard Total Bond, the Guaranteed Income Fund, and Baird Core Bond Plus were either positive or flat over the three-month period.
- Although the first quarter of 2020 was challenging, the managers have maintained positive performance over longer periods. All managers have produced gains over the 10 year period and nearly all have been positive over the past five years.
- Vanguard Total Bond was the best performing manager over the past quarter and one-year period, advancing 3.3% and 9.1%, respectively.
- The Guaranteed Income Fund was the largest single investment and represented 26.5% of the Plan's assets as of March 31, 2020. As a group, the Target Date funds accounted for 33.6% of the Plan assets.
- Only 2 of the 31 investment options had net expense ratios above the respective peer average. The two were Touchstone and Artisan MidCap.
- Two active funds; DFA Int'l Small Cap and Capital Research EuroPacific funds have underperformed their respective benchmarks and place in the low half of their peer groups.

Aggregate Performance and Fees
As of March 31, 2020

Asset Class	% of 401(k)	Average Investment Return 1YR (%)	Benchmark Return 1YR (%)	Average Plan Investment Management Fee (%)	Average Universe Investment Management Fee[1] (%)
Large Cap U.S. Equity	16	-7.1	-7.0 (S&P 500)	0.34	0.75
Small/MidCap U.S. Equity	11	-17.3	-22.5 (Russell 2500)	0.57	0.94
Global ex US Equity	0	-16.6	-15.6 (ACWI ex US)	0.11	0.84
International Developed Equity	3	-19.5	-14.4 (MSCI EAFE)	0.57	0.97
Emerging Market Equity	< 1	-18.5	-17.7 (MSCI EM)	0.14	1.12
Balanced Assets	34	-6.6	-4.9 (60% ACWI / 40% Global Agg)	0.14	0.51
High Yield Bonds	3	-4.9	-6.9 (Barclays HY)	0.66	0.72
Investment Grade Bonds	6	7.3	8.9 (Barclays Agg)	0.15	0.47
Real Estate	1	-16.6	-22.0 (MSCI US REIT)	0.12	1.50
Cash	27	2.6	1.9 (91 Day T-Bill)	0.00	0.20

- The fees remain low, overall, relative to their respective peer groups.
- The Small/MidCap US Equity aggregate outperformed the benchmark by 520 basis points. This was driven by strong active management from Artisan MidCap.
- The International Developed Equity aggregate underperformed the benchmark by 510 basis points. DFA faced strong headwinds over the past twelve months as an international small cap value manager.

[1] Based on applicable underlying Morningstar peer fee groups.

Defined Contribution Marketplace Update

Defined Contribution Marketplace Update

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed on March 27, 2020, and is effective immediately to provide optional provisions for 2020. Notable provisions that apply to DC plans:
  - Plans can offer penalty-free coronavirus-related distributions of up to $100,000.
    - The 10% penalty tax that generally applies if under age 59 ½ is waived.
    - Federal taxes may be paid pro rata over three years, beginning with taxable year 2020.
  - Plans that offer loans (or wish to add loans in response to the CARES Act) are permitted to:
    - Increase the plan limit on loans from $50,000 to $100,000 (less any outstanding loan amounts), or 100% of the participant's vested balance;
    - Offer a suspension of loan repayments until December 31, 2020; and
    - Offer reamortization of loans at the end of the suspension period (may extend beyond the original five-year limit).
  - For 401(k), 403(b), and 457 plans and IRAs, RMDs are temporarily waived.
    - Includes RMD's from inherited IRAs for 2020.
- In response to the CARES Act, many recordkeepers are waiving participant-paid distribution and loan origination fees for participants taking tax-favored withdrawals, hardship withdrawals or loans.

Defined Contribution Marketplace Update (continued)

- Old Tradition Returns; Employers suspending contributions during recessions.
- Recent survey of 152 large Retirement Savings Plan Sponsors showed over 20% of sponsors with 1,000 or more participants either suspended or are considering suspending employer matches. Some of those that already suspended matching are Best Buy, Lands' End and Tenet Health.

Plan Summary
As of March 31, 2020

	1 Yr (%)	Index (%)	Excess Return (%)	Rank	3 Yrs (%)	Index (%)	Excess Return (%)	Rank	5 Yrs (%)	Index (%)	Excess Return (%)	Rank	Expense Ratio	Median Expense Ratio
Vanguard Target Retirement Income Inv	0.9	*-1.4*	2.3	37	3.4	*2.7*	0.7	11	3.2	*2.8*	0.4	9	0.12%	0.51%
Vanguard Target Retirement 2015	-0.2	*-1.2*	1.0	13	3.6	*3.4*	0.2	15	3.6	*3.4*	0.2	24	0.13%	0.41%
Vanguard Target Retirement 2020	-2.6	*-2.0*	-0.6	43	3.3	*3.5*	-0.2	18	3.6	*3.6*	0.0	13	0.13%	0.48%
Vanguard Target Retirement 2025	-4.3	*-3.4*	-0.9	47	3.1	*3.3*	-0.2	24	3.6	*3.7*	-0.1	12	0.13%	0.49%
Vanguard Target Retirement 2030	-5.8	*-5.8*	0.0	39	2.8	*2.9*	-0.1	32	3.6	*3.6*	0.0	23	0.14%	0.50%
Vanguard Target Retirement 2035	-7.2	*-8.7*	1.5	34	2.5	*2.1*	0.4	17	3.5	*3.3*	0.2	18	0.14%	0.50%
Vanguard Target Retirement 2040	-8.7	*-11.2*	2.5	35	2.2	*1.4*	0.8	20	3.4	*2.9*	0.5	13	0.14%	0.54%
Vanguard Target Retirement 2045	-10.2	*-12.6*	2.4	42	1.8	*0.8*	1.0	34	3.2	*2.6*	0.6	23	0.15%	0.53%
Vanguard Target Retirement 2050	-10.2	*-13.2*	3.0	23	1.8	*0.6*	1.2	28	3.2	*2.5*	0.7	24	0.15%	0.54%
Vanguard Target Retirement 2055	-10.2	*-13.5*	3.3	19	1.8	*0.5*	1.3	28	3.2	*2.4*	0.8	26	0.15%	0.52%
Vanguard Target Retirement 2060	-10.2	*-13.6*	3.4	17	1.8	*0.4*	1.4	32	3.2	*2.3*	0.9	46	0.15%	0.52%
Vanguard Target Retirement 2065	-10.2	*-13.6*	3.4	19	--	*0.4*		--	--	*2.3*		--	0.15%	0.52%
Vanguard Inflation Protected Securities	6.7	*6.9*	-0.2	14	3.3	*3.5*	-0.2	17	2.6	*2.7*	-0.1	21	0.10%	0.46%
Vanguard Total Bond Market Index	9.1	*9.1*	0.0	14	4.8	*4.9*	-0.1	13	3.3	*3.4*	-0.1	20	0.05%	0.45%
Vanguard 500 Index	-7.0	*-7.0*	0.0	39	5.1	*5.1*	0.0	37	6.7	*6.7*	0.0	30	0.04%	0.73%
Vanguard MidCap Index	-16.6	*-16.7*	0.1	46	-0.3	*-0.2*	-0.1	45	2.1	*2.1*	0.0	44	0.05%	0.88%
Vanguard Small Cap Index	-23.3	*-23.4*	0.1	42	-3.3	*-3.3*	0.0	36	0.4	*0.4*	0.0	40	0.05%	0.99%
Vanguard Emerging Markets Stock Index	-18.5	*-17.9*	-0.6	47	-2.8	*-2.5*	-0.3	47	-1.2	*-1.1*	-0.1	57	0.14%	1.12%
Vanguard Total International Stock Index	-16.6	*-16.0*	-0.6	64	-2.5	*-2.3*	-0.2	52	-0.7	*-0.5*	-0.2	41	0.11%	0.84%
Guaranteed Income Fund	2.6	*1.9*	0.7	1	--	*1.7*		--	--	*1.1*		--		0.20%
Baird Core Bond Plus	6.2	*7.2*	-1.0	25	4.3	*4.4*	-0.1	17	3.4	*3.4*	0.0	9	0.30%	0.50%
Vanguard Equity Income	-13.2	*-17.2*	4.0	18	1.0	*-2.2*	3.2	13	4.5	*1.9*	2.6	7	0.18%	0.72%
Touchstone Sands Institutional Growth	-1.1	*0.9*	-2.0	43	14.8	*11.3*	3.5	7	9.5	*10.4*	-0.9	32	0.80%	0.79%
Victory Sycamore MidCap Value	-20.0	*-24.1*	4.1	21	-3.3	*-6.0*	2.7	9	2.1	*-0.8*	2.9	3	0.58%	0.85%
Artisan MidCap	0.6	*-9.4*	10.0	4	9.7	*6.5*	3.2	18	6.9	*5.6*	1.3	23	0.96%	0.92%
Goldman Sachs Small Cap Value	-30.1	*-29.6*	-0.5	42	-9.2	*-9.5*	0.3	29	-2.8	*-2.4*	-0.4	30	0.94%	0.99%
Principal Small Cap Growth	-14.2	*-18.6*	4.4	36	5.3	*0.1*	5.2	33	5.2	*1.7*	3.5	24	0.86%	0.99%
Capital Research & Mgmt American Funds EuroPacific Growth	-12.7	*-7.3*	-5.4	87	0.3	*2.5*	-2.2	76	0.9	*2.1*	-1.2	64	0.49%	0.89%
DFA International Small Cap Value	-26.2	*-18.0*	-8.2	76	-9.9	*-3.3*	-6.6	81	-3.3	*-0.1*	-3.2	54	0.64%	1.05%
Columbia High Yield Bond	-4.9	*-7.4*	2.5	16	0.9	*0.6*	0.3	19	2.4	*2.7*	-0.3	30	0.66%	0.72%
Vanguard REIT Index	-16.6	*-16.5*	-0.1	54	-1.5	*-1.7*	0.2	55	0.5	*-0.1*	0.6	49	0.12%	0.90%

Used manager composite for trailing periods before client invested.

Asset Class Performance Summary

	Market Value 3/31/20 ($)	% of Portfolio	Market Value 12/31/19 ($)
Total Fund Aggregate	38,963,436	100.0	46,047,922
Tier I	13,100,032	33.6	17,052,243
Tier II	5,793,889	14.9	8,938,270
Tier III	18,830,944	48.3	17,887,099
Tier IV	1,238,571	3.2	2,170,311

Trailing Net Performance

	Market Value ($)	% of Portfolio	% of Sector	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Fund Aggregate	**38,963,436**	**100.0**	**--**					
Tier I	**13,100,032**	**33.6**	**33.6**					
Vanguard Target Retirement Income Inv	1,680,440	4.3	12.8	-5.9	0.9	3.4	3.2	4.9
Morningstar Lifetime Mod Incm TR USD				*-7.7*	*-1.4*	*2.7*	*2.8*	*4.6*
Target Date Retirement Mstar MF Rank				*43*	*37*	*11*	*9*	*26*
Vanguard Target Retirement 2015	3,765	0.0	0.0	-7.4	-0.2	3.6	3.6	6.0
Morningstar Lifetime Mod 2015 TR USD				*-8.7*	*-1.2*	*3.4*	*3.4*	*5.8*
Target Date 2015 Mstar MF Rank				*16*	*13*	*15*	*24*	*26*
Vanguard Target Retirement 2020	3,848,492	9.9	29.4	-10.8	-2.6	3.3	3.6	6.4
Morningstar Lifetime Mod 2020 TR USD				*-10.0*	*-2.0*	*3.5*	*3.6*	*6.2*
Target Date 2020 Mstar MF Rank				*54*	*43*	*18*	*13*	*5*
Vanguard Target Retirement 2025	106,914	0.3	0.8	-13.0	-4.3	3.1	3.6	6.6
Morningstar Lifetime Mod 2025 TR USD				*-11.9*	*-3.4*	*3.3*	*3.7*	*6.6*
Target Date 2025 Mstar MF Rank				*48*	*47*	*24*	*12*	*6*
Vanguard Target Retirement 2030	4,562,051	11.7	34.8	-14.8	-5.8	2.8	3.6	6.9
Morningstar Lifetime Mod 2030 TR USD				*-14.6*	*-5.8*	*2.9*	*3.6*	*6.9*
Target Date 2030 Mstar MF Rank				*41*	*39*	*32*	*23*	*12*
Vanguard Target Retirement 2035	41,970	0.1	0.3	-16.5	-7.2	2.5	3.5	7.1
Morningstar Lifetime Mod 2035 TR USD				*-17.7*	*-8.7*	*2.1*	*3.3*	*6.9*
Target Date 2035 Mstar MF Rank				*36*	*34*	*17*	*18*	*7*

	Market Value ($)	% of Portfolio	% of Sector	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Vanguard Target Retirement 2040	2,023,346	5.2	15.4	-18.2	-8.7	2.2	3.4	7.2
Morningstar Lifetime Mod 2040 TR USD				*-20.3*	*-11.2*	*1.4*	*2.9*	*6.8*
Target Date 2040 Mstar MF Rank				*36*	*35*	*20*	*13*	*12*
Vanguard Target Retirement 2045	15,050	0.0	0.1	-19.9	-10.2	1.8	3.2	7.1
Morningstar Lifetime Mod 2045 TR USD				*-21.8*	*-12.6*	*0.8*	*2.6*	*6.6*
Target Date 2045 Mstar MF Rank				*40*	*42*	*34*	*23*	*13*
Vanguard Target Retirement 2050	584,184	1.5	4.5	-19.9	-10.2	1.8	3.2	7.1
Morningstar Lifetime Mod 2050 TR USD				*-22.3*	*-13.2*	*0.6*	*2.5*	*6.4*
Target Date 2050 Mstar MF Rank				*25*	*23*	*28*	*24*	*20*
Vanguard Target Retirement 2055	24,014	0.1	0.2	-19.9	-10.2	1.8	3.2	--
Morningstar Lifetime Mod 2055 TR USD				*-22.5*	*-13.5*	*0.5*	*2.4*	*6.3*
Target Date 2055 Mstar MF Rank				*18*	*19*	*28*	*26*	*--*
Vanguard Target Retirement 2060	208,723	0.5	1.6	-19.9	-10.2	1.8	3.2	--
Morningstar Lifetime Mod 2060 TR USD				*-22.6*	*-13.6*	*0.4*	*2.3*	*6.2*
Target Date 2060+ Mstar MF Rank				*9*	*17*	*32*	*46*	*--*
Vanguard Target Retirement 2065	1,081	0.0	0.0	-19.9	-10.2	--	--	--
Morningstar Lifetime Mod 2060 TR USD				*-22.6*	*-13.6*	*0.4*	*2.3*	*6.2*
Target Date 2060+ Mstar MF Rank				*10*	*19*	*--*	*--*	*--*

	Market Value ($)	% of Portfolio	% of Sector	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Tier II	**5,793,889**	**14.9**	**14.9**					
Vanguard Inflation Protected Securities	124,201	0.3	2.1	1.8	6.7	3.3	2.6	3.4
BBgBarc US TIPS TR				*1.7*	*6.9*	*3.5*	*2.7*	*3.5*
Inflation-Protected Bond MStar MF Rank				*12*	*14*	*17*	*21*	*10*
Vanguard Total Bond Market Index	18,264	0.0	0.3	3.3	9.1	4.8	3.3	3.8
BBgBarc US Aggregate Float Adjusted TR				*3.2*	*9.1*	*4.9*	*3.4*	*3.9*
Intermediate Core Bond MStar MF Rank				*19*	*14*	*13*	*20*	*46*
Vanguard 500 Index	3,677,067	9.4	63.5	-19.6	-7.0	5.1	6.7	10.5
S&P 500				*-19.6*	*-7.0*	*5.1*	*6.7*	*10.5*
Large Cap MStar MF Rank				*42*	*39*	*37*	*30*	*31*
Vanguard MidCap Index	858,410	2.2	14.8	-25.7	-16.6	-0.3	2.1	8.9
CRSP US Mid Cap TR USD				*-25.7*	*-16.7*	*-0.2*	*2.1*	*9.0*
Mid Cap MStar MF Rank				*49*	*46*	*45*	*44*	*38*
Vanguard Small Cap Index	1,006,706	2.6	17.4	-30.1	-23.3	-3.3	0.4	7.8
CRSP US Small Cap TR USD				*-30.1*	*-23.4*	*-3.3*	*0.4*	*8.0*
Small Cap MStar MF Rank				*42*	*42*	*36*	*40*	*37*
Vanguard Emerging Markets Stock Index	109,240	0.3	1.9	-24.6	-18.5	-2.8	-1.2	0.3
Spliced Emerging Markets Index				*-24.2*	*-17.9*	*-2.5*	*-1.1*	*0.5*
Diversified Emerging Mkts MStar MF Rank				*42*	*47*	*47*	*57*	*58*
Vanguard Total International Stock Index	0	0.0	0.0	-24.3	-16.6	-2.5	-0.7	2.1
Spliced Total International Stock Index				*-24.0*	*-16.0*	*-2.3*	*-0.5*	*2.2*
Foreign Large Blend MStar MF Rank				*59*	*64*	*52*	*41*	*74*

	Market Value ($)	% of Portfolio	% of Sector	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Tier III	**18,830,944**	**48.3**	**48.3**					
Guaranteed Income Fund	10,334,932	26.5	54.9	0.6	2.6	--	--	--
91 Day T-Bills				*0.4*	*1.9*	*1.7*	*1.1*	*0.6*
Prime Money Market Mstar MF Rank				*1*	*1*	*--*	*--*	*--*
Baird Core Bond Plus	2,213,745	5.7	11.8	0.0	6.2	4.3	3.4	4.6
BBgBarc US Universal TR				*1.3*	*7.2*	*4.4*	*3.4*	*4.0*
Intermediate Core Plus Bond MStar MF Rank				*32*	*25*	*17*	*9*	*17*
Vanguard Equity Income	383,384	1.0	2.0	-23.1	-13.2	1.0	4.5	9.6
Russell 1000 Value				*-26.7*	*-17.2*	*-2.2*	*1.9*	*7.7*
Large Value MStar MF Rank				*16*	*18*	*13*	*7*	*3*
Touchstone Sands Institutional Growth	2,325,729	6.0	12.4	-9.4	-1.1	14.8	9.5	14.1
Russell 1000 Growth				*-14.1*	*0.9*	*11.3*	*10.4*	*13.0*
Large Growth MStar MF Rank				*4*	*43*	*7*	*32*	*5*
Victory Sycamore MidCap Value	160,269	0.4	0.9	-29.4	-20.0	-3.3	2.1	8.4
Russell MidCap Value				*-31.7*	*-24.1*	*-6.0*	*-0.8*	*7.2*
Mid-Cap Value MStar MF Rank				*20*	*21*	*9*	*3*	*4*
Artisan MidCap	2,051,494	5.3	10.9	-11.5	0.6	9.7	6.9	11.9
Russell MidCap Growth				*-20.0*	*-9.4*	*6.5*	*5.6*	*10.9*
Mid-Cap Growth MStar MF Rank				*5*	*4*	*18*	*23*	*14*

	Market Value ($)	% of Portfolio	% of Sector	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Goldman Sachs Small Cap Value	83,621	0.2	0.4	-36.1	-30.1	-9.2	-2.8	5.9
Russell 2000 Value				*-35.7*	*-29.6*	*-9.5*	*-2.4*	*4.8*
Small Value MStar MF Rank				*48*	*42*	*29*	*30*	*11*
Principal Small Cap Growth	224,844	0.6	1.2	-22.0	-14.2	5.3	5.2	11.0
Russell 2000 Growth				*-25.8*	*-18.6*	*0.1*	*1.7*	*8.9*
Small Growth MStar MF Rank				*32*	*36*	*33*	*24*	*20*
Capital Research & Mgmt American Funds EuroPacific Growth	215,383	0.6	1.1	-22.4	-12.7	0.3	0.9	4.0
MSCI ACWI ex USA Growth				*-18.2*	*-7.3*	*2.5*	*2.1*	*3.9*
Foreign Large Growth MStar MF Rank				*88*	*87*	*76*	*64*	*72*
DFA International Small Cap Value	837,542	2.1	4.4	-33.7	-26.2	-9.9	-3.3	2.4
MSCI World ex USA SMID Net USD				*-27.1*	*-18.0*	*-3.3*	*-0.1*	*3.6*
Foreign Small/Mid Value MStar MF Rank				*78*	*76*	*81*	*54*	*61*
Tier IV	**1,238,571**	**3.2**	**3.2**					
Columbia High Yield Bond	813,209	2.1	65.7	-12.2	-4.9	0.9	2.4	5.5
ICE BofAML US High Yield Cash Pay Constrained TR				*-13.1*	*-7.4*	*0.6*	*2.7*	*5.5*
High Yield Bond MStar MF Rank				*39*	*16*	*19*	*30*	*14*
Vanguard REIT Index	425,363	1.1	34.3	-24.1	-16.6	-1.5	0.5	7.9
Vanguard REIT Benchmark				*-24.1*	*-16.5*	*-1.7*	*-0.1*	*7.0*
Real Estate MStar MF Rank				*57*	*54*	*55*	*49*	*45*

Benchmark History
As of March 31, 2020

Vanguard Emerging Markets Stock Index		
9/19/2016	Present	FTSE Emerging Markets All Cap China A Inclusion Index
11/2/2015	9/18/2016	FTSE Emerging Markets All Cap China A Transition Index
6/28/2013	11/1/2015	FTSE Emerging Index
1/10/2013	6/27/2013	FTSE Emerging Transition Index
8/24/2006	1/9/2013	MSCI Emerging Markets Index

Vanguard REIT Index		
2/1/2018	Present	MSCI US Inv Mkt Real Estate 25-50 Transition GR USD
5/1/2009	1/31/2018	MSCI US REIT
1/1/1990	4/30/2009	98% MSCI US REIT / 2% 91 Day T-Bills

Disclaimer, Glossary, and Notes

WE HAVE PREPARED THIS REPORT (THIS “REPORT”) FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE “RECIPIENT”).

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE “FORWARD - LOOKING STATEMENTS,” WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS “MAY,” “WILL,” “SHOULD,” “EXPECT,” “AIM”, “ANTICIPATE,” “TARGET,” “PROJECT,” “ESTIMATE,” “INTEND,” “CONTINUE” OR “BELIEVE,” OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security).

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Jensen's Alpha: A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk. Portfolio Return- [Risk Free Rate+Beta*(market return-Risk Free Rate)].

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about is future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.

Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a "basis book." For example, a 5% bond pays $5 a year interest on each $100 par value. To figure its current yield, divide $5 by $95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay $100 for the bond that can be bought now for $95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\%\ \text{(discount)}}{5\ \text{(yrs. to maturity)}} = \begin{array}{l}1\%\ \text{pro rata, plus}\\ 5.26\%\ \text{(current yield)}\end{array} = 6.26\%\ \text{(yield to maturity)}$$

Yield to Worst: The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

NCREIF Property Index (NPI): Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE): Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: Investment Terminology, International Foundation of Employee Benefit Plans, 1999.
The Handbook of Fixed Income Securities, Fabozzi, Frank J., 1991

The Russell Indices®, TM, SM are trademarks/service marks of the Frank Russell Company.

Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.