FUND EVALUATION REPORT

Hospitality Industry 401(k) Plan

Investment Review
August 6, 2019

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Executive Summary

- The value of the 401(k) Plan increased by $2.2 million during the second quarter of 2019, ending at $42.1 million on June 30, 2019. The value increased by $3.9 million over the past twelve months.

Quarter	Market Value ($mm)
2019Q2	$42.1
2019Q1	$39.9
2018Q4	$36.3
2018Q3	$39.5
2018Q2	$38.2

- Equities were strong during the second quarter of 2019, and within equities, growth style assets continued to outperform value during this period.
- All investment options posted positive returns year-to-date. In addition, all investments were up for the 1, 3, 5, and 10 year periods, except for Goldman Sachs SCV and DFA International Small Cap Value, who experienced negative returns for the trailing year. Their respective benchmarks were also negative over the trailing year.
- Artisan MidCap and Principal Small Cap Growth were the best performing investments for the quarter, advancing 10.2% and 6.4%, respectively.
- The Guaranteed Income Fund was the largest single investment and represented about 14% of the Plan's assets as of June 30, 2019. As a group, the Target Date funds accounted for 36% of the Plan assets.
- Only 3 of the 29 investment options had net expense ratios above the respective peer average. The three were Touchstone, Artisan MidCap, and Principal Small Cap Growth.
  - All three managers' performance are typically ranked in the top half of their peer group performance across trailing periods.

Aggregate Performance and Fees
As of 6/30/2019

Asset Class	% of 401(k)	Average Investment Return 1YR[1] (%)	Benchmark Return 1YR (%)	Average Investment Management Fee[1] (%)	Average Universe[2] Investment Management Fee (%)
Large Cap U.S. Equity	20	10.5	10.4 (S&P 500)	0.34	0.75
Small/MidCap U.S. Equity	15	7.2	1.8 (Russell 2500)	0.59	0.94
International Developed Equity	4	-4.8	2.1 (MSCI EAFE)	0.59	0.98
Emerging Market Equity	< 1	3.5	3.4 (MSCI EM)	0.14	1.15
Balanced Assets	36	6.2	6.3 (60% ACWI / 40% Gl Agg)	0.14	0.52
High Yield Bonds	3	8.8	9.9 (Barclays HY)	0.66	0.73
Investment Grade Bonds	6	6.6	6.1 (Barclays Agg)	0.20	0.45
Real Estate	2	12.2	11.2 (MSCI US REIT)	0.12	1.50
Cash	14	2.6	2.5 (Barclays 3-mo T-Bill)	0.00	0.19

- The fees remain low, overall, relative to respective peer groups.
- The International Developed Equity aggregate lagged the benchmark significantly due to the DFA International Small Cap Value Fund which lost 11.5% the past 12 months.
- All other asset class aggregate either outperformed their respective benchmarks or came within 1% during the past 12 months.

[1] Unweighted average of options.
[2] Based on applicable InvestorForce peer fee groups.

Recommendation

- Participants are currently offered a range of active and passive investment options across most asset classes, except fixed income and international equity, where only active strategies are currently available.
- Meketa Investment Group recommends adding a passive option for investment grade bonds and international equity.
  - By adding the Vanguard Total Bond Index and Vanguard Total International Stock Index, participants would have well-diversified and low cost options in those two asset classes.
- The Vanguard Total Bond Index (VBTLX) provides broad exposure to US investment grade bonds. The current expense ratio is 0.05%.
- The Vanguard Total International Stock Index (VTIAX) offers exposure to both developed and emerging equities. The current expense ratio is 0.11%.
- Adding these two funds would complete the suite of Vanguard index funds in major asset classes.

Plan Summary
As of June 30, 2019

	1 Yr (%)	Index (%)	Excess Return (%)	Rank	3 Yrs (%)	Index (%)	Excess Return (%)	Rank	5 Yrs (%)	Index (%)	Excess Return (%)	Rank	Expense Ratio	Median Expense Ratio
Vanguard 500 Index	10.4	*10.4*	0.0	33	14.2	*14.2*	0.0	37	10.7	*10.7*	0.0	29	0.04%	0.73%
Touchstone Sands Institutional Growth	11.3	*11.6*	-0.3	45	22.9	*18.1*	4.8	6	12.2	*13.4*	-1.2	50	0.80%	0.79%
Vanguard Equity Income	9.7	*8.5*	1.2	22	11.1	*10.2*	0.9	37	9.0	*7.5*	1.5	11	0.18%	0.72%
Artisan MidCap	19.8	*13.9*	5.9	4	16.6	*16.5*	0.1	44	10.4	*11.1*	-0.7	53	0.96%	0.92%
Vanguard MidCap Index	7.8	*7.8*	0.0	41	12.3	*12.4*	-0.1	48	8.8	*8.9*	-0.1	39	0.05%	0.89%
Victory Sycamore MidCap Value	5.8	*3.7*	2.1	15	11.2	*8.9*	2.3	14	9.6	*6.7*	2.9	1	0.57%	0.86%
Vanguard Small Cap Index	2.3	*2.3*	0.0	29	12.4	*12.4*	0.0	41	7.7	*7.7*	0.0	40	0.05%	0.98%
Principal Small Cap Growth	9.4	*-0.5*	9.9	24	19.7	*14.7*	5.0	28	11.5	*8.6*	2.9	23	1.00%	0.99%
Goldman Sachs Small Cap Value	-1.8	*-6.2*	4.4	13	10.0	*9.8*	0.2	21	6.0	*5.4*	0.6	19	0.93%	0.99%
DFA International Small Cap Value	-11.5	*-4.2*	-7.3	72	6.3	*8.4*	-2.1	54	1.1	*3.3*	-2.2	55	0.68%	1.05%
Capital Research & Management American Funds EuroPacific Growth	1.9	*2.6*	-0.7	54	10.8	*9.8*	1.0	33	4.4	*4.0*	0.4	40	0.49%	0.90%
Vanguard Emerging Markets Stock Index	3.2	*3.0*	0.2	28	9.2	*9.4*	-0.2	52	2.3	*2.2*	0.1	53	0.14%	1.15%
Vanguard REIT Index	12.2	*12.2*	0.0	27	4.0	*3.4*	0.6	54	7.7	*6.8*	0.9	41	0.12%	0.91%
Baird Core Bond Plus	8.4	*8.1*	0.3	10	3.2	*2.8*	0.4	3	3.5	*3.2*	0.3	2	0.30%	0.45%
Columbia High Yield Bond	8.8	*7.6*	1.2	5	6.4	*7.5*	-1.1	65	4.5	*4.7*	-0.2	26	0.66%	0.73%
Vanguard Inflation Protected Securities	4.7	*4.8*	-0.1	27	1.9	*2.1*	-0.2	59	1.7	*1.8*	-0.1	23	0.10%	0.45%
Vanguard Target Retirement Income Inv	6.5	*6.0*	0.5	35	5.2	*5.3*	-0.1	56	4.2	*3.7*	0.5	29	0.12%	0.49%
Vanguard Target Retirement 2015	6.5	*6.9*	-0.4	38	6.7	*6.5*	0.2	52	4.9	*4.5*	0.4	36	0.13%	0.43%
Vanguard Target Retirement 2020	6.5	*7.1*	-0.6	35	7.8	*7.2*	0.6	28	5.6	*4.9*	0.7	11	0.13%	0.48%
Vanguard Target Retirement 2025	6.6	*7.2*	-0.6	34	8.7	*8.1*	0.6	30	5.9	*5.3*	0.6	7	0.13%	0.49%
Vanguard Target Retirement 2030	6.4	*6.9*	-0.5	44	9.4	*9.2*	0.2	35	6.2	*5.8*	0.4	18	0.14%	0.52%
Vanguard Target Retirement 2035	6.3	*6.5*	-0.2	42	10.1	*10.1*	0.0	41	6.5	*6.1*	0.4	17	0.14%	0.54%
Vanguard Target Retirement 2040	6.0	*6.1*	-0.1	46	10.8	*10.7*	0.1	27	6.7	*6.3*	0.4	20	0.14%	0.55%
Vanguard Target Retirement 2045	5.9	*5.8*	0.1	46	11.0	*10.9*	0.1	33	6.9	*6.3*	0.6	24	0.15%	0.55%
Vanguard Target Retirement 2050	5.9	*5.6*	0.3	52	11.0	*10.9*	0.1	46	6.9	*6.2*	0.7	29	0.15%	0.55%
Vanguard Target Retirement 2055	5.9	*5.5*	0.4	44	11.0	*10.9*	0.1	49	6.8	*6.1*	0.7	24	0.15%	0.54%
Vanguard Target Retirement 2060	5.9	*5.3*	0.6	51	11.0	*10.8*	0.2	54	6.8	*6.0*	0.8	40	0.15%	0.54%
Vanguard Target Retirement 2065	5.8	*5.3*	0.5	51	--	*10.8*		--	--	*6.0*		--	0.15%	0.54%
Guaranteed Income Fund	2.6	*2.3*	0.3	1	--	*1.4*		--	--	*0.9*		--	0.00%	0.19%

Used manager composite for trailing periods before client invested.

Plan Summary

Total Fund Aggregate

As of June 30, 2019

Asset Class Performance Summary

	Market Value 6/30/19 ($)	% of Portfolio	Market Value 3/31/19 ($)
Total Fund Aggregate	**42,139,997**	**100.0**	**39,925,363**
Large Cap Equity Assets	**8,287,244**	**19.7**	**7,819,194**
MidCap Equity Assets	**4,043,470**	**9.6**	**3,728,349**
Small Cap Equity Assets	**2,353,198**	**5.6**	**2,246,173**
International Developed Market Equity Assets	**1,677,100**	**4.0**	**1,643,468**
Emerging Market Equity Assets	**135,585**	**0.3**	**127,927**
Real Estate Assets	**668,102**	**1.6**	**644,353**
Fixed Income Assets	**3,773,530**	**9.0**	**3,591,389**
Balanced Assets	**15,126,241**	**35.9**	**14,186,466**
Cash	**6,075,527**	**14.4**	**5,938,045**

Total Fund Aggregate

As of June 30, 2019

Trailing Net Performance

	Market Value ($)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Fund Aggregate	**42,139,997**	**100.0**	**--**						
Large Cap Equity Assets	**8,287,244**	**19.7**	**19.7**						
Vanguard 500 Index	4,748,035	11.3	57.3	4.3	18.5	10.4	14.2	10.7	14.7
S&P 500				*4.3*	*18.5*	*10.4*	*14.2*	*10.7*	*14.7*
Large Cap MStar MF Rank				*43*	*43*	*33*	*37*	*29*	*29*
Touchstone Sands Institutional Growth	2,876,881	6.8	34.7	4.2	26.9	11.3	22.9	12.2	18.5
Russell 1000 Growth				*4.6*	*21.5*	*11.6*	*18.1*	*13.4*	*16.3*
Large Growth MStar MF Rank				*69*	*10*	*45*	*6*	*50*	*4*
Vanguard Equity Income	662,328	1.6	8.0	3.4	14.9	9.7	11.1	9.0	14.3
Russell 1000 Value				*3.8*	*16.2*	*8.5*	*10.2*	*7.5*	*13.2*
Large Value MStar MF Rank				*53*	*58*	*22*	*37*	*11*	*7*
MidCap Equity Assets	**4,043,470**	**9.6**	**9.6**						
Artisan MidCap	2,547,171	6.0	63.0	10.2	34.1	19.8	16.6	10.4	16.0
Russell MidCap Growth				*5.4*	*26.1*	*13.9*	*16.5*	*11.1*	*16.0*
Mid-Cap Growth MStar MF Rank				*3*	*6*	*4*	*44*	*53*	*27*
Vanguard MidCap Index	1,273,609	3.0	31.5	4.4	21.9	7.8	12.3	8.8	15.2
CRSP US Mid Cap TR USD				*4.4*	*21.9*	*7.8*	*12.4*	*8.9*	*15.2*
Mid Cap MStar MF Rank				*48*	*40*	*41*	*48*	*39*	*24*
Victory Sycamore MidCap Value	222,689	0.5	5.5	4.7	19.1	5.8	11.2	9.6	14.8
Russell MidCap Value				*3.2*	*18.0*	*3.7*	*8.9*	*6.7*	*14.6*
Mid-Cap Value MStar MF Rank				*13*	*23*	*15*	*14*	*1*	*6*

Returns and market values are preliminary.

Total Fund Aggregate

As of June 30, 2019

	Market Value ($)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Small Cap Equity Assets	**2,353,198**	**5.6**	**5.6**						
Vanguard Small Cap Index	1,871,323	4.4	79.5	2.9	19.5	2.3	12.4	7.7	14.8
CRSP US Small Cap TR USD				*2.9*	*19.5*	*2.3*	*12.4*	*7.7*	*15.1*
Small Cap MStar MF Rank				*47*	*36*	*29*	*41*	*40*	*25*
Principal Small Cap Growth	323,323	0.8	13.7	6.4	29.1	9.4	19.7	11.5	16.9
Russell 2000 Growth				*2.7*	*20.4*	*-0.5*	*14.7*	*8.6*	*14.4*
Small Growth MStar MF Rank				*26*	*19*	*24*	*28*	*23*	*16*
Goldman Sachs Small Cap Value	158,552	0.4	6.7	3.2	16.1	-1.8	10.0	6.0	13.7
Russell 2000 Value				*1.4*	*13.5*	*-6.2*	*9.8*	*5.4*	*12.4*
Small Value MStar MF Rank				*17*	*25*	*13*	*21*	*19*	*11*
International Developed Market Equity Assets	**1,677,100**	**4.0**	**4.0**						
DFA International Small Cap Value	1,313,608	3.1	78.3	0.2	8.8	-11.5	6.3	1.1	8.2
MSCI World ex USA SMID Net USD				*2.6*	*13.8*	*-4.2*	*8.4*	*3.3*	*8.5*
Foreign Small/Mid Value MStar MF Rank				*54*	*61*	*72*	*54*	*55*	*51*
Capital Research & Management American Funds EuroPacific Growth	363,492	0.9	21.7	3.9	17.6	1.9	10.8	4.4	8.2
MSCI ACWI ex USA Growth				*4.4*	*17.2*	*2.6*	*9.8*	*4.0*	*7.6*
Foreign Large Growth MStar MF Rank				*75*	*67*	*54*	*33*	*40*	*60*
Emerging Market Equity Assets	**135,585**	**0.3**	**0.3**						
Vanguard Emerging Markets Stock Index	135,585	0.3	100.0	0.7	12.1	3.2	9.2	2.3	5.5
Spliced Emerging Markets Index				*0.8*	*12.2*	*3.0*	*9.4*	*2.2*	*5.6*
Diversified Emerging Mkts MStar MF Rank				*73*	*55*	*28*	*52*	*53*	*68*

Returns and market values are preliminary.

Total Fund Aggregate

As of June 30, 2019

	Market Value ($)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Real Estate Assets	**668,102**	**1.6**	**1.6**						
Vanguard REIT Index	668,102	1.6	100.0	1.7	19.3	12.2	4.0	7.7	15.5
Vanguard REIT Benchmark				*1.8*	*19.3*	*12.2*	*3.4*	*6.8*	*14.3*
Real Estate MStar MF Rank				*67*	*38*	*27*	*54*	*41*	*33*
Fixed Income Assets	**3,773,530**	**9.0**	**9.0**						
Baird Core Bond Plus	2,317,894	5.5	61.4	3.2	7.0	8.4	3.2	3.5	5.5
BBgBarc US Universal TR				*3.1*	*6.5*	*8.1*	*2.8*	*3.2*	*4.4*
Intermediate Core Bond MStar MF Rank				*20*	*8*	*10*	*3*	*2*	*3*
Columbia High Yield Bond	1,290,160	3.1	34.2	3.0	11.4	8.8	6.4	4.5	8.4
ICE BofAML US High Yield Cash Pay Constrained TR				*2.6*	*10.2*	*7.6*	*7.5*	*4.7*	*9.1*
High Yield Bond MStar MF Rank				*13*	*4*	*5*	*65*	*26*	*54*
Vanguard Inflation Protected Securities	165,476	0.4	4.4	2.8	6.1	4.7	1.9	1.7	3.6
BBgBarc US TIPS TR				*2.9*	*6.2*	*4.8*	*2.1*	*1.8*	*3.6*
Inflation-Protected Bond MStar MF Rank				*27*	*50*	*27*	*59*	*23*	*34*
Balanced Assets	**15,126,241**	**35.9**	**35.9**						
Vanguard Target Retirement Income Inv	1,686,942	4.0	11.2	3.0	8.6	6.5	5.2	4.2	6.4
Morningstar Lifetime Mod Incm TR USD				*2.6*	*8.8*	*6.0*	*5.3*	*3.7*	*6.3*
Target Date Retirement Mstar MF Rank				*37*	*61*	*35*	*56*	*29*	*47*
Vanguard Target Retirement 2015	709	0.0	0.0	3.0	9.7	6.5	6.7	4.9	8.3
Morningstar Lifetime Mod 2015 TR USD				*3.1*	*10.8*	*6.9*	*6.5*	*4.5*	*8.1*
Target Date 2015 Mstar MF Rank				*40*	*61*	*38*	*52*	*36*	*48*

Returns and market values are preliminary.

Total Fund Aggregate

As of June 30, 2019

	Market Value ($)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Vanguard Target Retirement 2020	4,716,987	11.2	31.2	3.2	11.3	6.5	7.8	5.6	9.2
Morningstar Lifetime Mod 2020 TR USD				*3.3*	*11.7*	*7.1*	*7.2*	*4.9*	*8.8*
Target Date 2020 Mstar MF Rank				*35*	*35*	*35*	*28*	*11*	*18*
Vanguard Target Retirement 2025	20,955	0.0	0.1	3.3	12.5	6.6	8.7	5.9	9.8
Morningstar Lifetime Mod 2025 TR USD				*3.4*	*12.7*	*7.2*	*8.1*	*5.3*	*9.7*
Target Date 2025 Mstar MF Rank				*43*	*34*	*34*	*30*	*7*	*24*
Vanguard Target Retirement 2030	5,600,084	13.3	37.0	3.4	13.3	6.4	9.4	6.2	10.3
Morningstar Lifetime Mod 2030 TR USD				*3.5*	*13.7*	*6.9*	*9.2*	*5.8*	*10.4*
Target Date 2030 Mstar MF Rank				*44*	*49*	*44*	*35*	*18*	*21*
Vanguard Target Retirement 2035	23,890	0.1	0.2	3.5	14.0	6.3	10.1	6.5	10.9
Morningstar Lifetime Mod 2035 TR USD				*3.4*	*14.7*	*6.5*	*10.1*	*6.1*	*10.9*
Target Date 2035 Mstar MF Rank				*48*	*67*	*42*	*41*	*17*	*8*
Vanguard Target Retirement 2040	2,215,085	5.3	14.6	3.5	14.8	6.0	10.8	6.7	11.2
Morningstar Lifetime Mod 2040 TR USD				*3.4*	*15.3*	*6.1*	*10.7*	*6.3*	*11.1*
Target Date 2040 Mstar MF Rank				*55*	*59*	*46*	*27*	*20*	*10*
Vanguard Target Retirement 2045	7,266	0.0	0.0	3.5	15.4	5.9	11.0	6.9	11.2
Morningstar Lifetime Mod 2045 TR USD				*3.3*	*15.6*	*5.8*	*10.9*	*6.3*	*11.1*
Target Date 2045 Mstar MF Rank				*58*	*65*	*46*	*33*	*24*	*3*
Vanguard Target Retirement 2050	610,191	1.4	4.0	3.5	15.4	5.9	11.0	6.9	11.2
Morningstar Lifetime Mod 2050 TR USD				*3.3*	*15.7*	*5.6*	*10.9*	*6.2*	*11.0*
Target Date 2050 Mstar MF Rank				*60*	*78*	*52*	*46*	*29*	*7*
Vanguard Target Retirement 2055	12,981	0.0	0.1	3.5	15.4	5.9	11.0	6.8	--
Morningstar Lifetime Mod 2055 TR USD				*3.3*	*15.7*	*5.5*	*10.9*	*6.1*	*10.9*
Target Date 2055 Mstar MF Rank				*64*	*82*	*44*	*49*	*24*	--

Returns and market values are preliminary.

Total Fund Aggregate

As of June 30, 2019

	Market Value ($)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Vanguard Target Retirement 2060	230,828	0.5	1.5	3.5	15.4	5.9	11.0	6.8	--
Morningstar Lifetime Mod 2060 TR USD				*3.2*	*15.6*	*5.3*	*10.8*	*6.0*	*10.8*
Target Date 2060+ Mstar MF Rank				*70*	*90*	*51*	*54*	*40*	*--*
Vanguard Target Retirement 2065	325	0.0	0.0	3.5	15.4	5.8	--	--	--
Morningstar Lifetime Mod 2060 TR USD				*3.2*	*15.6*	*5.3*	*10.8*	*6.0*	*10.8*
Target Date 2060+ Mstar MF Rank				*60*	*89*	*51*	*--*	*--*	*--*
Cash	**6,075,527**	**14.4**	**14.4**						
Guaranteed Income Fund	6,075,527	14.4	100.0	0.6	1.3	2.6	--	--	--
91 Day T-Bills				*0.6*	*1.2*	*2.3*	*1.4*	*0.9*	*0.5*
Prime Money Market Mstar MF Rank				*3*	*8*	*1*	*--*	*--*	*--*

Returns and market values are preliminary.

Benchmark History
As of June 30, 2019

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

Investment Policy Statement

HOSPITALITY INDUSTRY 401(K) PLAN

D R A F T

INVESTMENT POLICY STATEMENT

Presented

August 2019

KEY INFORMATION

Name of Fund:	Hospitality Industry 401(k) Plan
Fund Sponsor:	Hospitality Industry 401(k) Plan 911 Ridgebrook Road Sparks, Maryland 21152-9451
Investment Consultant:	Meketa Investment Group 100 Lowder Brook Drive, Suite 1100 Westwood, MA 02090
Service Providers:	Prudential

I. Introduction

The purpose of this document is to set forth the goals and objectives of the Hospitality Industry 401(k) Plan, (the "Hospitality Plan").

Any revisions to this document may be made only with the approval of the Board of Trustees for the Hospitality Industry 401(k) Plan (the "Trustees").

The Trustees of the Hospitality Industry 401(k) Plan recognize that a stable, well-articulated investment policy is crucial to the long-term success of the Hospitality Plan. As such, the Trustees have developed this Investment Policy Statement with the following goals in mind:

- To clearly and explicitly establish the objectives and constraints that govern the Hospitality Plan's operation in a written document,

- To establish a consistent process for selecting and monitoring the Hospitality Plan's investment options, ensuring that sufficient options exist to allow participants to prudently invest their retirement assets, and

- To comply with the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), fiduciary, prudence, and due diligence requirements, including Section 404(c).

The Trustees have engaged Meketa Investment Group as their Investment Consultant to assist them in meeting these goals and developing and implementing this Investment Policy Statement, as more fully described in Section II herein. The Trustees will discharge its responsibilities under the Hospitality Plan solely in the long-term interests of the participants and their beneficiaries.

The Hospitality Plan is a participant-directed defined contribution plan. It is intended that the Hospitality Plan will operate in accordance with Section 404(c) of ERISA.

The Trustees are the Hospitality Plan's named fiduciary with respect to investment matters, and is authorized by the Hospitality Plan's documents to establish this investment policy and select the investment funds that are made available to participants for the investment of their individual Hospitality Plan accounts. The Trustees shall monitor the managers and/or investment funds they have designated, and have the authority to change them at their discretion.

The Hospitality Plan's assets will be invested as directed by each Hospitality Plan participant among the various investment options offered under the Hospitality

Plan, therefore allowing each participant to create an asset mix that is based upon the participant's own individualized risk and return tolerance, time horizon, and liquidity needs. As such, the Trustees and other plan fiduciaries will be relieved of liability for any loss that is the direct and necessary result of the Hospitality Plan participant's exercise of control over his or her Hospitality Plan account.

II. Statement of Fund Objectives

The Hospitality Plan has the primary goal of allowing participants to direct the investment of their retirement assets across a set of prudently managed investment options. In overseeing the Hospitality Plan, the Trustees have the following objectives:

1. To provide participants with a retirement fund qualified under Internal Revenue Code provisions, and to operate the Hospitality Plan in a manner consistent with all applicable regulations and statutes,
2. To select and monitor investment options that allow participants the ability to diversify their assets prudently and to assume appropriate levels of expected risk and return,
3. To provide participants with the ability to exercise independent control over their assets and the opportunity to make reasonable choices among investment options,
4. To make available information to participants that permits them to make informed investment decisions, and
5. To control, where possible, the costs associated with the administration and investment of participant assets.

III. Investment Constraints

A. Legal and Regulatory

The Trustees intend to oversee the assets of the Hospitality Plan at all times in accordance with the provisions of ERISA, Department of Labor regulations, and all other applicable statutes and regulations. Legal counsel will be retained by the Trustees when appropriate to review contracts and provide advice with respect to applicable statutes and regulations.

B. Time Horizon

The Trustees intend for the Hospitality Plan to include investment options sufficient to meet diverse investment objectives, from short to long term.

C. Liquidity

The Trustees intend for the investment options of the Hospitality Plan to offer sufficient liquidity to allow participants to move assets among the investment options within a reasonable time period.

D. Tax Considerations

The Hospitality Plan is a tax-exempt entity. Therefore, investments and strategies will be evaluated only on the basis of expected risks and potential returns.

IV. Investment Structure

The Trustees may, from time to time, in their sole discretion, increase or decrease the number of investment options available under the Hospitality Plan, delete or add investment categories, or replace current investment options with new investment options, in accordance with this Investment Policy Statement and ERISA Section 404(c).

The Trustees intend to offer investment options that provide investment exposure to sufficient asset classes such that participants may prudently diversify their investments, and materially affect the potential return and the degree of risk to which their accounts are subject. As stated, the Hospitality Plan intends to comply with ERISA Section 404(c) in selecting or eliminating investment options, including ensuring that participants are provided with a range of investment alternatives. The Hospitality Plan will offer investment alternatives so that the available investment options are sufficient to provide participants with a reasonable opportunity to:

- Materially affect the potential return on amounts in the participant's individual account and the degree of risk to which such amounts are subject;
- The Hospitality Plan offers participants the opportunity to change investments as frequently as appropriate in light of the volatility of plan investments – at least quarterly.
- Choose from among at least three (3) investment alternatives,
  - each of which is diversified,
  - has materially different risk and return characteristics,
  - each of which in the aggregate enable the participant to achieve a portfolio with aggregate risk and return characteristics at any point within the range normally appropriate for the participant.
- Invest in a Qualified Default Investment Alternative (QDIA) that diversifies the participant's investments so as to moderate the risk of large losses, taking into account the nature of the Hospitality Plan and the size of the participant's individual accounts.

As such, the Trustees, based on guidance from the Investment Consultant, will select a sufficient array of asset classes to accommodate a wide range of risk/return preferences among Hospitality Plan participants. Such asset classes are to consist of:

- Fixed income assets, including a low duration option offering relatively stable principal values consistent with limited volatility, and
- Equity assets, including REITs, that offer the potential for real growth over time.

V. Qualified Default Investment Alternative (QDIA)

Investment discretion of Hospitality Plan assets has been granted to each participant for his or her respective account. The Trustees will make investment choices on behalf of participants only under the following circumstances: a participant is deemed incompetent under law, or a participant has failed to make an affirmative investment election, in which case the participant will be invested in the Hospitality Plan's "Qualified Default Investment Alternative (QDIA)." In the case that an existing investment option is replaced, all participants that have failed to make an affirmative investment election will have those assets mapped to the QDIA or the most similar investment option as determined by the Trustees.

The Hospitality Plan's QDIA shall be selected to comply with ERISA as amended by the Pension Protection Act of 2006, and shall be considered a "Qualified Default Investment Alternative" as defined by the Pension Protection Act of 2006 and accompanying regulations.

The Hospitality Plan's QDIA is specified in appendix A.

VI. Evaluating Investment Options

The Trustees, with guidance from the Investment Consultant, will evaluate the Hospitality Plan investment options using the following criteria:

A. Proven and Consistently Applied Investment Strategy

Each active investment option will employ a proven investment strategy that is consistently applied and based on commonly accepted, fundamental principles of investing.

B. Organizational Depth & Investment Resources

Each investment option will be managed by an organization with sufficient depth and resources to manage participants' assets prudently.

C. Strong Risk-Adjusted Investment Performance

Each active investment option will exhibit a strong long-term historical investment record, given the risk associated with the particular investment strategy.

D. Operating Costs

Each investment option will have operating costs consistent with those necessary to manage efficiently and prudently participants' assets.

VII. Selecting and Monitoring Investment Options

A. Selection

The Trustees have selected, based on the criteria identified in Article VI and the recommendations of the Investment Consultant, the investment options that are identified in Appendix A.

B. Monitoring

The Trustees, with the assistance of the Investment Consultant, intend to regularly monitor and review the investment options of the Hospitality Plan, to ensure that each remains a prudent selection consistent with the criteria identified in Article VI above. The monitoring process will include periodic reviews of investment options, including performance comparisons to appropriate broad market indices and to peer groups, and a review of changes in investment strategy or management.

C. Replacing, Adding, and Eliminating Investment Options

If an investment option is deemed no longer appropriate for inclusion in the Hospitality Plan, the Trustees intend to replace that option within a reasonable time frame. The replacement investment option will be chosen based on the criteria listed in Article VI.

If the investment industry or the capital markets change in such a way that additional fund options are warranted, the Trustees will select the additional options based on the criteria in Article VI. The Trustees will eliminate options, without replacement, if that option fulfills a role no longer required by the Hospitality Plan.

VIII. Fund Administration & Participant Education

The Trustees seek to provide participants with the level of administrative service that represents the industry standard for funds of similar size and complexity. Specifically, at a minimum, service providers will offer timely and accurate information regarding participant investment accounts, and convenient methods for allowing participants to direct assets with reasonable frequency.

In addition, the Trustees intend that the Hospitality Plan be administered in a manner that provides participants with the information and access to their investments necessary for timely and informed investment decision-making. The Hospitality Plan will ensure that investment communication materials, educational materials, and enrollment support will be available to help participants make educated and informed investment decisions.

Additionally, a prospectus for each investment fund and similar disclosure documents shall be provided to participants within a timely period, as determined by industry regulations.

IX. Monitoring Fund Service Providers

The Trustees, with assistance from the Investment Consultant, intend to regularly monitor all Hospitality Plan service providers to ensure that all services received are commensurate with the costs of such services, and are consistent with the objectives and constraints of the Investment Policy Statement.

X. Review and Amendment of Investment Policy

The Investment Policy Statement will be reviewed periodically to ensure that the objectives and constraints remain relevant. However, the Trustees recognize the need for a stable long-term policy for the Hospitality Plan, and major changes to this policy statement will be made only when significant developments in the circumstances of the Hospitality Plan occur.

XI. Investment Consultant

The Trustees have retained an independent, third party investment consulting and advisory firm, Meketa Investment Group (the "Investment Consultant"), to assist the Trustees in, among other things, selecting, monitoring, and changing investment options and complying with the diversification required under Section 404(c) of ERISA. The Investment Consultant's responsibilities are more fully set forth in the Investment Consulting and Advisory Services Agreement between the Hospitality Plan and the Investment Consultant, dated as of July 15, 2011 (the "Consulting Agreement"), and include, among other things:

- Assisting the Trustees in formulating this Investment Policy Statement, reviewing it periodically and recommending appropriate modifications when necessary; and
- Identifying, evaluating and recommending the selection of (or termination of) additional or different investment options, and monitoring the performance thereof.

The Investment Consultant shall be a "fiduciary" of the Hospitality Plan within the meaning of Section 3(21)(A) of ERISA and shall provide advice and recommendations that will serve as a primary basis for the Trustees' decision with respect to services to be provided under the Consulting Agreement and in connection with this Investment Policy Statement.

APPENDIX A

INVESTMENT OPTIONS & BENCHMARKS

As of March 31, 2019

Domestic Equity Investments	Benchmark
Vanguard 500 Index	S&P 500
Touchstone Sands Institutional Growth	Russell 1000 Growth
Vanguard Equity Income	Russell 1000 Value
Artisan MidCap	Russell MidCap Growth
Vanguard MidCap Index	CRSP US Mid Cap
Victory Sycamore MidCap Value	Russell MidCap Value
Vanguard Small Cap Index	CRSP US Small Cap
Principal Small Cap Growth	Russell 2000 Growth
Goldman Sachs Small Cap Value	Russell 2000 Value
International Equity Investments	**Benchmark**
DFA International Small Cap Value	MSCI World ex US SMID
Capital Research & Management American Funds EuroPacific Growth	MSIC ACWI ex US Growth
Vanguard Emerging Markets	FTSE Emerging Markets All Cap China A Inclusion
Cash	**Benchmark**
Prudential Guaranteed Income Fund	91 Day T-Bills
Fixed Income	**Benchmark**
Baird Core Bond Plus	Barclays US Universal
Columbia High Yield	ICE BofAML US High Yield Cash Pay Constrained
Vanguard Inflation Protected Securities	Barclays US TIPS

Real Estate	Benchmark
Vanguard REIT Index	MSCI US Inv Mkt Real Estate 25-50 Transition
Balanced Assets[1]	**Benchmark**
Vanguard Target Retirement Income Inv	Morningstar Lifetime Mod Incm TR USD
Vanguard Target Retirement 2015	Morningstar Lifetime Mod 2015 TR USD
Vanguard Target Retirement 2020	Morningstar Lifetime Mod 2020 TR USD
Vanguard Target Retirement 2025	Morningstar Lifetime Mod 2025 TR USD
Vanguard Target Retirement 2030	Morningstar Lifetime Mod 2030 TR USD
Vanguard Target Retirement 2035	Morningstar Lifetime Mod 2035 TR USD
Vanguard Target Retirement 2040	Morningstar Lifetime Mod 2040 TR USD
Vanguard Target Retirement 2045	Morningstar Lifetime Mod 2045 TR USD
Vanguard Target Retirement 2050	Morningstar Lifetime Mod 2050 TR USD
Vanguard Target Retirement 2055	Morningstar Lifetime Mod 2055 TR USD
Vanguard Target Retirement 2060	Morningstar Lifetime Mod 2060 TR USD
Vanguard Target Retirement 2065	Morningstar Lifetime Mod 2060 TR USD[2]

[1] Denotes the QDIA.
[2] Will convert to Morningstar Lifetime Mod 2065 TR USD once available.

Disclaimer, Glossary, and Notes

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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.

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.

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.

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.

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%.

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

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

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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.