

Ann Masel

Subject: Police Pension Fund
Location: [https://us02web.zoom.us/j/82113221388?](https://us02web.zoom.us/j/82113221388?pwd=Q0NEaVFYWHNUVllwektUd01ZeHdzQT09)
pwd=Q0NEaVFYWHNUVllwektUd01ZeHdzQT09
Start: Tue 2/2/2021 10:00 AM
End: Tue 2/2/2021 12:00 PM
Show Time As: Tentative
Recurrence: (none)
Meeting Status: Not yet responded
Organizer: Sarah Cairns



Hi there,

City Manager is inviting you to a scheduled Zoom meeting.

Join Zoom Meeting

Phone US: +13462487799,,82113221388#,...*678812# or
one-tap: +12532158782,,82113221388#,...*678812#

Meeting URL: <https://us02web.zoom.us/j/82113221388?pwd=Q0NEaVFYWHNUVllwektUd01ZeHdzQT09>

Meeting ID: 821 1322 1388

Passcode: 7j?H7V

Join by Telephone

For higher quality, dial a number based on your current location.

Dial: US: +1 346 248 7799 or +1 253 215 8782 or +1 408 638 0968 or +1 669 900 6833 or +1 301 715 8592 or +1 312 626 6799 or +1 646 876 9923 or 833 548 0276 (Toll Free) or 833 548 0282 (Toll Free) or 877 853 5257 (Toll Free) or 888 475 4499 (Toll Free)

Meeting ID: 821 1322 1388

Passcode: 678812

International numbers

NOTICE OF REGULAR MEETING

AGENDA

CITY OF GALVESTON EMPLOYEES' RETIREMENT FUND FOR POLICE TO BE HELD AT 10:00 am., TUESDAY, FEBRUARY 2, 2021

Notice is hereby given in accordance with the Order of the Governor issued March 16, 2020, that the Board of Trustees of the City of Galveston Employees' Retirement Fund for Police will conduct the meeting by telephone/video conference in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Corona Virus/COVID-19. There will be no meeting or public access to the location described above.

INSTRUCTIONS FOR PARTICIPATING IN THIS MEETING ARE PROVIDED BELOW.

1. Quorum Determination
2. Call to order
3. Open Public Forum/Comment Period
4. Approve minutes of November 3, 2020 regular meeting and January 7, 2021 special meeting
5. Chairman's Report
6. Ratification of loans for Officers Gillis, Smith and Buck
7. Presentation of Investment Report and market analysis by CapTrust and possible action, if needed
8. Report from Investment Committee re: RFP and possible action, if needed
9. Discussion and possible action on 2021 actuarial valuations assumptions
10. Discussion based on Employee Loan Committee Report and possible action on changes to membership loan requirements
11. Discussion and possible action on amendments to the Bylaws related to implementation of HB 2763, 86th Legislative Session and resulting from Bylaws committee meeting
12. Discussion of and possible acceptance of audit engagement letter from Whitley Penn for year ended December 31, 2020
13. Consideration of, discussion and possible action on investment policy
14. Presentation of compiled financial statements
15. Reminder next meeting date Tuesday, May 4, 2021

16. Board members reports/comments

17. Board members reports/comments

18. Adjournment

Executive Session-Pursuant to Chapter 551, Subchapter D, Texas Government Code

At any time during the meeting, the Board may convene in closed session to deliberate any of the matters listed on this agenda as authorized by Chapter 551 of the Texas Government Code, including Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding prospective gifts), 551.074 (deliberation regarding personnel matters), or 551.087 (deliberation regarding economic development negotiations).

Ann S. Masel, CPA
Administrator

Please Note

Members of the City Council may be attending and participating in the discussion.

To call in to Zoom Meeting :

Or dial the following numbers and enter the:

Meeting ID: 821 1322 1388

Passcode: 678812

Phone: 1 346 248 7799 (Houston)

This written notice of the meeting agenda packet, are posted online at:
www.galvestontx.gov/agendacenter

The public will be permitted to offer public comments telephonically as provided by the agenda and as permitted by the presiding officer during the meeting

I certify that the above Notice of Meeting was posted in a place convenient to the public in compliance with Chapter 551 of the Texas Government Code on October _____

Janelle Williams, City Secretary

IN ACCORDANCE WITH THE PROVISIONS OF THE AMERICANS WITH DISABILITIES ACT (ADA), PERSONS IN NEED OF A SPECIAL ACCOMMODATION TO PARTICIPATE IN THIS PROCEEDING SHALL, WITHIN THREE (3) DAYS PRIOR TO ANY PROCEEDING, CONTACT THE CITY SECRETARY'S OFFICE, SUITE 201; 823 ROSENBERG; GALVESTON, TEXAS 77550; (409) 797-3510

MINUTES OF THE REGULAR MEETING OF CITY OF GALVESTON RETIREMENT FUND FOR POLICE
BOARD OF TRUSTEES OF GALVESTON, TEXAS

Meeting Date

Tuesday, November 3, 2020

The following members were present:

Mike Loftin

Hal Rochkind

Richard Moore

Dan Buckley

Andre Mitchell

Matthew Cauley

Geoff Gainer

Destin Sims

The following members were absent:

None

Also attending via ZOOM were Dave Sawyer (Retirement Horizons), Stefan Smith (Locke Lord), and Lisa Miller, Madelon Leone, and Ben Napier (CapTrust).

It was determined that a quorum was present, and the virtual ZOOM meeting was called to order by Chair Geoff Gainer at 10:05.

There were no public comments.

It was determined that due to the nature of the virtual meeting as opposed to "live" meeting, all votes taken would be roll call votes in order to ensure accuracy.

Dan Buckley moved approval of the minutes of the August 4, 2020 meeting. Second by Hal Rochkind. Roll call vote passed unanimously.

Richard Moore moved, Dan Buckley approved ratification of loans to Officers Mitchell, Villarreal and Kylen. Seven in favor, Mitchell abstaining; motion passed.

Chairman Gainer reported that the Board at the next regular meeting would address the amount of loans available to members from their own contributions.

The CapTrust team gave a brief overview of the current market issues. Stocks retreated in the 3rd quarter. The market stall was due to job recovery and job recovery issues. Housing market remains strong. Strong holdings have been SmileDirect, International Paper, Pulte and Williams Sonoma. Detractors for the quarter have been Sienna, Amazon and other Tech holdings.

Discussion was then about investment performance report. In answer to Richard Moore's question, the number of shares in each bond/equity account is a proportionate share of what's in the CapTrust managed Texas Core fund. The previous 15% cap in sector weightings has been relaxed to be more in line with the S&P 500.

TYD earnings were at a loss of -2.38%. Total fund return since inception date of August 1, 2017 is 3.34% compared to a benchmark of 7.61% for year to date.

Richard Moore reported on the results of the Investment Committee meeting. Total of 4 RFP's were received, and the Committee agreed to send 2 firms-CapTrust and Graystone Consulting- invitations to meet with the full Board. Ann will coordinate this meeting as a posted ZOOM meeting, allowing 90 minutes to 2 hours for each presentation, but with no action to be taken.

Ann Masel reported on the gross funds received from the City of 2021 employer contributions received in advance and the true-up of the 2020 contributions. This transaction did not occur until October, 2020 and is not included on these financials.

Possible changes to membership loan requirements were discussed. Geoff Gainer requested:

- 1) Lowering the rate to 5%
- 2) Increase the borrowing limit to 50% of the member's contribution, and
- 3) Changing/including these loans as fixed income investments

Much discussions ensued, with the following issues discussed:

- 1) The proposal would offset losses on bond funds
- 2) The loans are no risk
- 3) Concerns that the interest rate would go below the stated/rate of return....why not 7%

Destin Sims suggested dividing this into 3 different topics for purpose of discussion.

Discussion was tabled, Geoff Gainer appointed a committee of Destin Sims, Mike Loftin and Geoff ZOOM meeting to occur on November 19, at 10:00.

Geoff Gainer previously formed a committee to review the bylaws and report back to the Board with changes to be ratified at the next meeting. The committee is comprised of Geoff Gainer, Dan Buckley and Hal Rochkind. The meeting will be at 2:00 on November 10.

The compiled financial statements for the quarter were presented. Net decrease for the year is (2,581,261).

The next regular meeting was set for Tuesday, February 2, 2021

With no further business or requests, the meeting was adjourned at 11:25.

Ann Masel
Plan Administrator

MINUTES OF THE SPECIAL MEETING OF CITY OF GALVESTON RETIREMENT FUND FOR POLICE
BOARD OF TRUSTEES OF GALVESTON, TEXAS

Meeting Date

Thursday, January 07, 2021

The following members were present:

Hal Rochkind

Richard Moore

Dan Buckley

Andre Mitchell

Geoff Gainer

The following members were absent:

Mike Loftin

Matthew Cauley

Destin Sims

Sole agenda items of the meeting were to hear presentations from Graystone Consulting (9:00 a.m.) and CapTrust (1:00 p.m.) for asset/investment management of the Plan.

It was determined that a quorum was present, and the virtual ZOOM meeting was called to order by Chair Geoff Gainer at 9:00.

The Graystone Consulting proposal was given by Ron Kern and Katie Nesbit; the CapTrust proposal was given in the afternoon meeting by Lisa Miller, Madelon Leone, and Ben Napier.

Both proposals are attached to these minutes.

No action was taken. Discussion and possible recommendation will be taken at the regular February Board meeting.

With no further business or requests, the meeting was adjourned at 10:00 for the morning session and 3:00 for the afternoon session.

Ann Masel
Plan Administrator

THE CITY OF GALVESTON EMPLOYEES'
RETIREMENT PLAN FOR POLICE

To: Trustees of the City of Galveston Employees' Retirement Plan for Police

From: Plan Administrator

Re: Plan Loan to Cameron Gillis

Date: January 5, 2021

The plan member referred to above wishes to make application for a loan from the Retirement Plan.

The Plan's Administrator, has determined that the members contribution under the Plan equal \$ 27,343.52

25% of the member's contributions equals \$ 6,835.88

Total Requested \$ 3,800.00

Please indicate your approval of the Plan loan to the above by signing and dating this memorandum.

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

THE CITY OF GALVESTON EMPLOYEES'
RETIREMENT PLAN FOR POLICE

To: Trustees of the City of Galveston Employees' Retirement Plan for Police

From: Plan Administrator

Re: Plan Loan to Larry Smith

Date: November 18, 2020

The plan member referred to above wishes to make application for a loan from the Retirement Plan.

The Plan's Administrator, has determined that the members contribution under the Plan equal \$ 97,352.62

25% of the member's contributions equals \$ 24,338.16

Previous Loan Payoff \$ 3,393.12

New Loan Amount Added \$ 1,850.00

Total Requested \$ 5,243.12

Please indicate your approval of the Plan loan to the above by signing and dating this memorandum.

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

THE CITY OF GALVESTON EMPLOYEES'
RETIREMENT PLAN FOR POLICE

To: Trustees of the City of Galveston Employees' Retirement Plan for Police

From: Plan Administrator

Re: Plan Loan to Timothy Buck

Date: January 5, 2021

The plan member referred to above wishes to make application for a loan from the Retirement Plan.

The Plan's Administrator, has determined that the members contribution under the Plan equal \$ 157,812.77

25% of the member's contributions equals \$ 39,453.20

Previous Loan Payoff \$ 20,879.16

New Loan Amount Added \$ 18,574.04

Total Requested \$ 39,453.20

Please indicate your approval of the Plan loan to the above by signing and dating this memorandum.

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

Trustee

Date

City of Galveston Employees'
Pension Plan for Police

Madelon Y. Leone
Principal | Financial Advisor

PORTFOLIO REVIEW

As of 12/31/2020

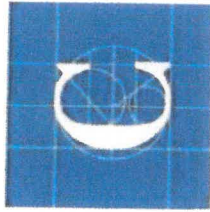
CAPTRUST FINANCIAL ADVISORS

700 N. Saint Mary's, Suite 100
San Antonio, TX 78205

Our mission is to enrich the lives of our clients, colleagues, and communities through sound financial advice, integrity, and a commitment to service beyond expectation.



- I MARKET COMMENTARY
- II EXECUTIVE SUMMARY
- III MARKET INDICES

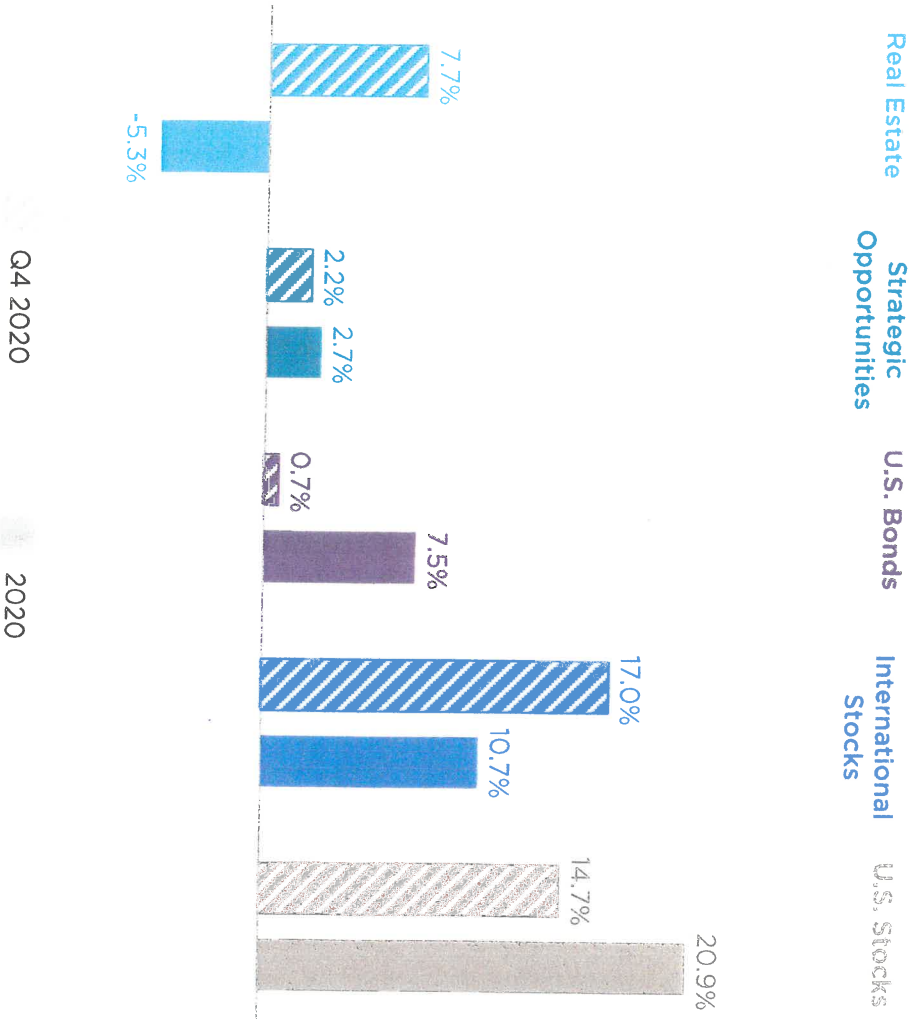


MARKET COMMENTARY

TUMULTUOUS YEAR ENDS IN GAINS

Despite 2020's historic ups and downs, stocks and bonds posted strong returns this year, with U.S. stocks closing out the year at all-time highs. Fiscal and monetary stimulus from governments around the world boosted households, economies, and markets even as many countries struggled to contain the COVID-19 pandemic.

- U.S. stocks posted strong gains in the fourth quarter on optimism about a speedy vaccine rollout. A deeper look reveals stark differences in performance between sectors.
- International developed and emerging market stocks rallied in the fourth quarter, outperforming U.S. stocks, and ended the year with solid gains. Emerging market stocks were the fourth quarter's standout performer, benefiting from China's post-pandemic recovery and a weaker U.S. dollar.
- Bonds played an important portfolio stabilizer role last year as interest rates fell to historically low levels amid stock market volatility.
- While real estate typically benefits from falling interest rates, that was not the case in 2020 due to the impact of COVID-19-related office closures and the economic shutdown on the office and retail sectors.
- Strategic opportunities have managed a modest gain for the year.



Asset class returns are represented by the following indexes: Russell 3000 Index (U.S. stocks), MSCI All-Country World ex-U.S. Index (international stocks), Bloomberg Barclays U.S. Aggregate Bond Index (U.S. bonds), Dow Jones U.S. Real Estate Index (real estate), and HFRX Absolute Return Index (strategic opportunities).



DIGGING DEEPER: STOCKS AND BONDS

Equities

	Q4 2020	YTD 2020	Last 12 Months		12.31.20	09.30.20	12.31.19
U.S. Stocks	12.1%	18.4%	18.4%				
• Q4 Best Sector: Energy	27.8%	-33.7%	-33.7%	1-Year U.S. Treasury Yield	0.10%	0.12%	1.59%
• Q4 Worst Sector: Real Estate	4.9%	-2.2%	-2.2%	10-Year U.S. Treasury Yield	0.93%	0.69%	1.92%
International Stocks	16.0%	7.8%	7.8%		QTD 2020	YTD 2020	Last 12 Months
Emerging Market Stocks	19.7%	18.3%	18.3%	10-Year U.S. Treasury Total Return	-1.91%	10.61%	10.61%

Equities - Relative Performance by Market Capitalization and Style

	Q4 2020			YTD 2020			Last 12 Months		
	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth
Large	16.3%	12.1%	11.4%	Large	18.4%	38.5%	Large	18.4%	38.5%
Mid	20.4%	19.9%	19.0%	Mid	17.1%	35.6%	Mid	17.1%	35.6%
Small	33.4%	31.4%	29.6%	Small	20.0%	34.6%	Small	20.0%	34.6%

Sources: Bloomberg, U.S. Treasury. Asset class returns are represented by the following indexes: S&P 500 Index (U.S. stocks), MSCI EAFE Index (international stocks), and MSCI Emerging Markets Index (emerging market stocks). Relative performance by market capitalization and style is based upon the Russell US Style Indexes except for large-cap blend, which is based upon the S&P 500 Index.

ECONOMIC OUTLOOK

Following a tumultuous year, investors face a tug-of-war between short-term risks and uncertainties and longer-term opportunities as we await the impact of widespread vaccinations. Here, we provide our perspective on the balance between these headwinds and tailwinds.

HEADWINDS

A Dangerous Winter

- December represented the most severe month since the pandemic began as colder weather and holiday gatherings moved people indoors. The emergence of new and more contagious virus strains bears watching.
- As virus cases surged and more states tightened restrictions, consumer confidence tumbled to a four-month low in December.
- Hospital capacity remains stretched in many parts of the country, risking new measures to contain the virus' spread.



Vulnerable Firms Face Risks

- Despite low borrowing costs and staggering amounts of fiscal aid, 2020 has seen the highest number of bankruptcy filings for large firms since 2009. Many firms in hard-hit sectors remain vulnerable until widespread vaccination can be achieved.

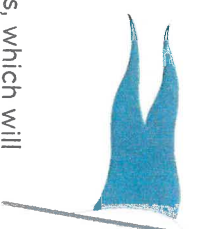
Election Impacts

- Georgia's January Senate runoff elections have led to a rare 50-50 Senate split for only the third time in U.S. history—with implications for future stimulus packages, taxes, health care, and other policies.

TAILWINDS

Vaccines on Track

- Vaccine distribution to high-priority groups is underway, although logistics and rapid administration present unique challenges.
- Vaccines are critical to solving the health crisis, which will boost businesses' confidence to hire and consumers' confidence to spend.



A Fiscal Shot in the Arm

- Although scaled back, the \$900 billion stimulus deal reached in late December still represents the second-largest package in U.S. history (after the CARES Act in mid-2020).

Household Strength

- Despite fading stimulus, consumer spending remains strong due to high levels of household savings and the wealth effects of investment portfolio gains and home price appreciation.

Fed Commitment

- After pulling out all the stops with its initial pandemic response, the Federal Reserve has made assurances that monetary support and very low interest rates will persist.

While the COVID-19 pandemic remains a formidable headwind, the backdrop of accommodative policy, meaningful progress on vaccines, and an election resolution could fuel a continued recovery.

A FISCAL SHOT IN THE ARM

Governments across the globe opened their checkbooks at a record pace in 2020—to the tune of nearly 33% of global gross domestic product (GDP). As the crisis emerged last spring, these programs provided direct aid to struggling businesses and households, calmed jittery investors, and restored smooth functioning of markets. As they look ahead to 2021, policymakers must strike a balance to avoid removing support too soon, while being mindful of swelling debt and deficits.

Fiscal and Monetary Stimulus (February to December 2020)

Region	Potential Central Bank Liquidity Injection		Potential Government Fiscal Stimulus		Total Monetary and Fiscal Stimulus	
	\$ Trillion	% of GDP	\$ Trillion	% of GDP	\$ Trillion	% of GDP
U.S.	\$6.21	29.0%	\$4.19	19.6%	\$10.40	48.5%
Eurozone	\$2.38	17.9%	\$4.27	32.0%	\$6.65	49.9%
Japan	\$1.03	20.0%	\$2.79	54.1%	\$3.82	74.1%
UK	\$0.57	20.7%	\$0.59	21.6%	\$1.16	42.3%
China	\$1.43	10.0%	\$1.22	8.4%	\$2.64	18.4%
Others*	\$0.94		\$2.85		\$3.79	
Total	\$12.56	14.5%	\$15.91	18.4%	\$28.47	32.9%

Source: Cornerstone Macro.

*Others includes rest of world, World Bank, IMF, and Asian Development Bank

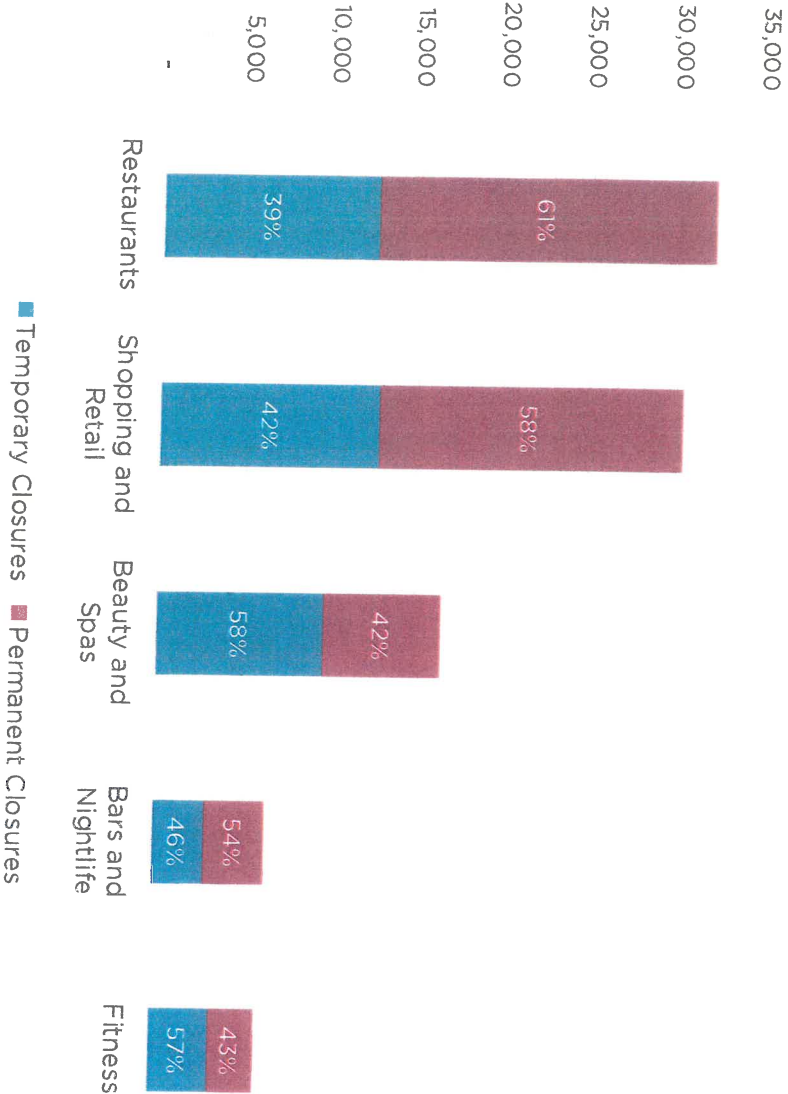
OBSERVATIONS

- Although U.S. stimulus efforts far surpassed the response from any prior domestic crisis, they were in line with the rest of the developed world as a percentage of GDP.
- Government borrowing and spending on this scale leads to questions about future inflation.
- Pandemics are deflationary, and we don't expect wage inflation until unemployment falls significantly. So far, we have seen inflation mostly in asset prices, including homes and stock portfolios.
- However, the imprecise impact of government stimulus means that a policy overshoot could lead to higher inflation in the intermediate term.

CLOSED FOR BUSINESS

2020 was a brutal year for business closures. In addition to the high-profile bankruptcies of national firms like Neiman Marcus, J.C. Penney, and Brooks Brothers, scores of beloved neighborhood restaurants, bars, stores, gyms, and other local businesses were unable to withstand pandemic lockdowns and capacity restrictions, increasing the risk of longer-term economic scarring and a slower jobs recovery.

Business Closures by Category



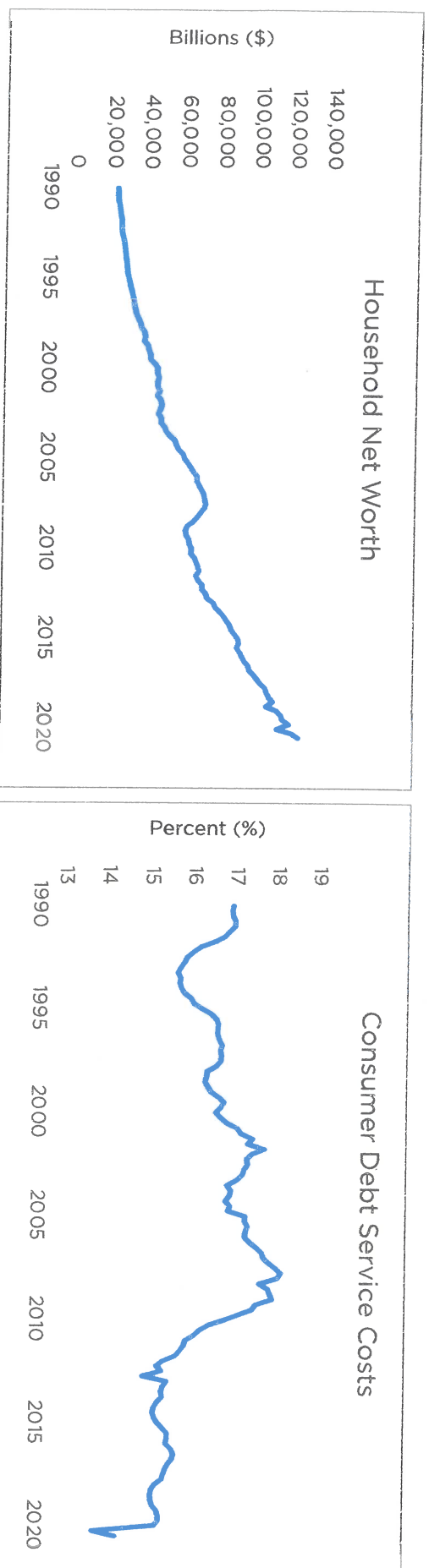
Source: Yelp, data through 08.31.2020

OBSERVATIONS

- Restaurants have been the hardest-hit category, with an estimated 32,000 restaurants reported as closed on the local business website Yelp through the end of August, with the majority indicated as permanent closures.
- States with the largest number of business closures included California, Texas, Florida, and New York.
- On the bright side, Yelp reports that nearly 6,500 restaurant and food businesses opened in the month of September, on par with the level of openings over the past two years.
- The entrepreneurial spirit is alive and well, with pandemic-altered business models such as expanded outdoor dining and order-ahead menus taking hold.

CONSUMER STRONG, BUT UNEVEN

As the U.S. economy begins to emerge from the deep but short recession triggered by pandemic lockdowns, the relative strength of the U.S. consumer could be recovery accelerant. With soaring home prices and investment portfolios and low energy and borrowing costs, households that avoid the loss of jobs, income, and businesses find themselves far stronger than typical at this stage of the business cycle.



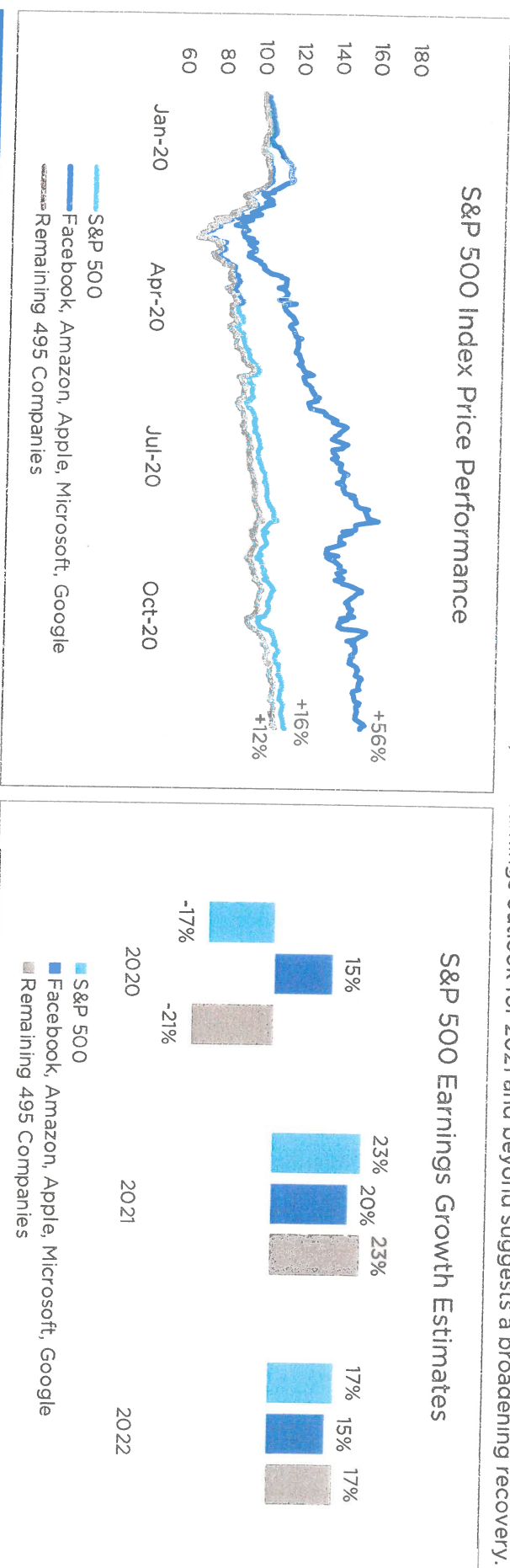
OBSERVATIONS

- Household net worth has reached all-time highs as stock prices reached new highs and real estate prices surpassed levels last seen during the real estate bubble that preceded the last recession.
- Meanwhile, lower levels of debt, low interest rates, and lower energy bills have increased consumers' free cash flow to all-time highs.
- Unfortunately, the picture is far less rosy for lower-income households, which have been disproportionately affected by service-sector job losses. Millions of Americans enter 2021 jobless, more indebted, and at risk of losing their homes, which will exacerbate the income and wealth gaps that exist between the richest and poorest Americans.

Sources: Federal Reserve, Bloomberg, Cornerstone Macro. Consumer debt service costs reflects the Federal Reserve Financial Obligations Ratio, which is the ratio of household debt payments and other financial obligations to total disposable income.

A CONCENTRATED RECOVERY, POISED TO WIDEN

A key attribute of the K-shaped stock market recovery in 2020 has been the stark difference in earnings and price returns between a small number of large technology firms that benefitted from the rush to work from home compared to the broader market. But with widespread vaccinations set to provide relief to some of the hardest-hit sectors, the earnings outlook for 2021 and beyond suggests a broadening recovery.



OBSERVATIONS

- Five members of the S&P 500 Index—Facebook, Amazon, Apple, Microsoft, and Alphabet (Google)—generated a staggering 2020 stock price return of 56% as technology adoption was accelerated by the pandemic.
- Stocks of the remaining 495 index constituents returned a more meager 12% return.
- However, we expect earnings growth for those companies left behind to exceed the work-from-home winners in 2021 and 2022.
- With price-to-earnings multiples now at the high end of the historical range, broad-based earnings growth stands to boost investor comfort as stocks grow into their valuations.

Source: Bloomberg. Prices normalized to 100 as of 12.31.19.

ASSET CLASS RETURNS

Period Ending 12.31.20 | Q4 20

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD 2020
International Equities 17.12%	Fixed Income 5.24%	International Equities 42.14%	Real Estate 28.48%	Real Estate 8.69%	Real Estate 17.77%	Small-Cap Stocks 38.82%	Real Estate 30.38%	Strategic Opportunities 2.86%	Small-Cap Stocks 21.31%	International Equities 27.77%	Cash 1.87%	Large-Cap Stocks 31.43%	Large-Cap Stocks 20.96%
Fixed Income 6.97%	Cash 1.51%	Mid-Cap Stocks 40.48%	Small-Cap Stocks 26.85%	Fixed Income 7.84%	International Equities 17.39%	Mid-Cap Stocks 34.76%	Large-Cap Stocks 13.24%	Real Estate 2.14%	Mid-Cap Stocks 13.80%	Large-Cap Stocks 21.69%	Fixed Income 0.01%	Mid-Cap Stocks 30.54%	Small-Cap Stocks 19.96%
Strategic Opportunities 6.68%	Strategic Opportunities -13.09%	Real Estate 28.61%	Mid-Cap Stocks 25.48%	Large-Cap Stocks 1.50%	Mid-Cap Stocks 17.28%	Large-Cap Stocks 33.11%	Mid-Cap Stocks 13.22%	Large-Cap Stocks 0.92%	Large-Cap Stocks 12.05%	Mid-Cap Stocks 18.52%	Strategic Opportunities -0.49%	Real Estate 28.92%	Mid-Cap Stocks 17.10%
Large-Cap Stocks 5.77%	Small-Cap Stocks -33.79%	Large-Cap Stocks 28.43%	Large-Cap Stocks 16.10%	Cash 0.10%	Large-Cap Stocks 16.42%	International Equities 13.29%	Fixed Income 5.97%	Fixed Income 0.55%	Real Estate 7.56%	Small-Cap Stocks 14.65%	Real Estate -4.03%	Small-Cap Stocks 25.52%	International Equities 11.15%
Mid-Cap Stocks 5.60%	Large-Cap Stocks -37.60%	Small-Cap Stocks 27.17%	International Equities 11.60%	Mid-Cap Stocks -1.55%	Small-Cap Stocks 16.35%	Strategic Opportunities 3.58%	Small-Cap Stocks 4.89%	Cash 0.05%	International Equities 5.01%	Real Estate 9.84%	Large-Cap Stocks -4.78%	International Equities 22.15%	Fixed Income 7.51%
Cash 4.71%	Real Estate -37.97%	Fixed Income 5.93%	Fixed Income 6.54%	Strategic Opportunities -5.71%	Fixed Income 4.22%	Real Estate 2.47%	Strategic Opportunities 0.79%	Mid-Cap Stocks -2.44%	Fixed Income 2.65%	Fixed Income 3.54%	Mid-Cap Stocks -9.06%	Fixed Income 8.72%	Strategic Opportunities 2.72%
Small-Cap Stocks -1.57%	Mid-Cap Stocks -41.46%	Cash 0.21%	Cash 0.13%	Small-Cap Stocks -4.18%	Strategic Opportunities 0.88%	Cash 0.07%	Cash 0.03%	Small-Cap Stocks -4.41%	Cash 0.33%	Strategic Opportunities 3.40%	Small-Cap Stocks -11.01%	Strategic Opportunities 4.37%	Cash 0.67%
Real Estate -16.82%	International Equities -45.25%	Strategic Opportunities -3.58%	Strategic Opportunities -0.12%	International Equities -13.33%	Cash 0.11%	Fixed Income -2.02%	International Equities -5.44%	International Equities -5.25%	Strategic Opportunities 0.31%	Cash 0.86%	International Equities -13.78%	Cash 2.28%	Real Estate -5.29%

Small-Cap Stocks (Russell 2000 Index)	Real Estate (Dow Jones U.S. Real Estate Index)	International Equities (ACWI Ex-U.S. Index)
Mid-Cap Stocks (Russell Mid-Cap Index)	Strategic Opportunities (HFRX Absolute Return Index)	Fixed Income (Bloomberg Barclays U.S. Aggregate Bond Index)
Large-Cap Stocks (Russell 1000 Index)	Cash (Merrill Lynch 3-Month Treasury Bill)	

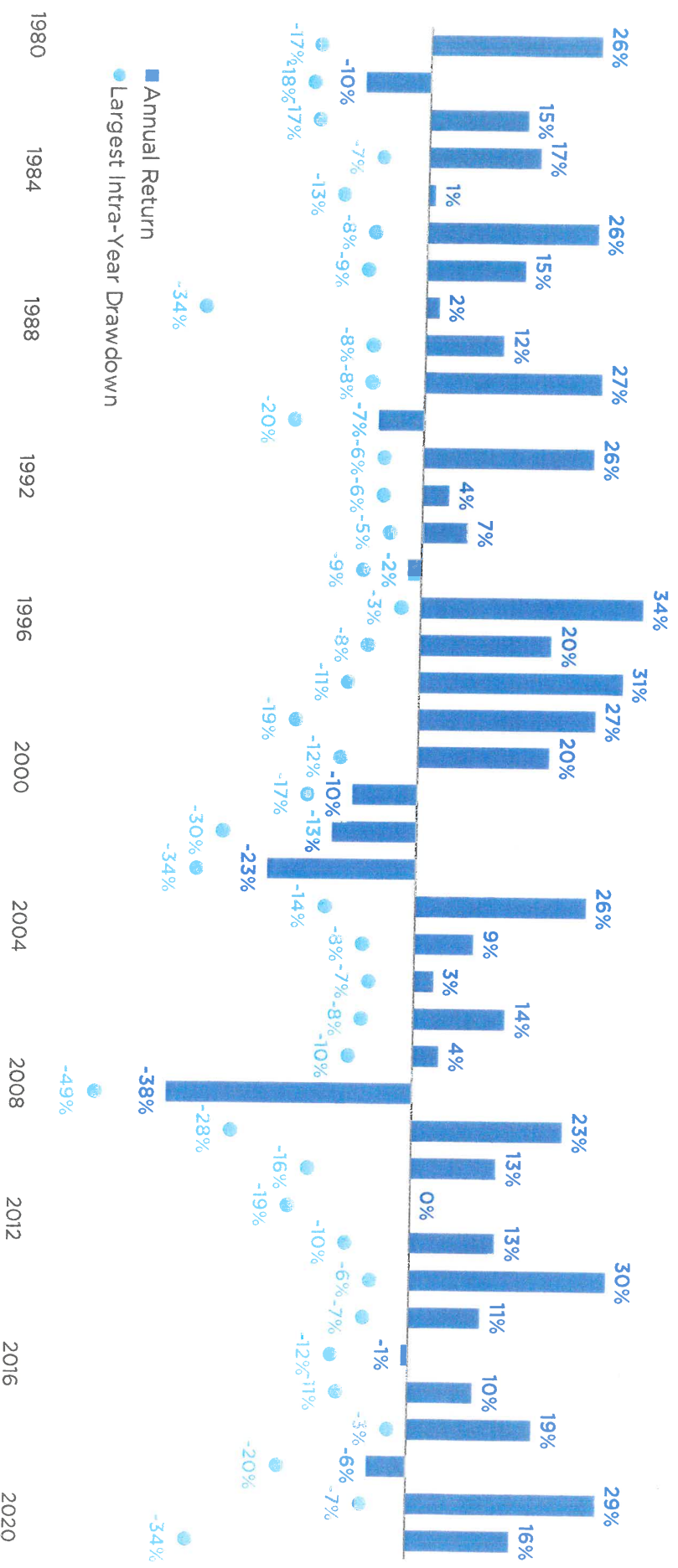
The information contained in this report is from sources believed to be reliable but is not warranted by CAPTRUST to be accurate or complete.

CAPTRUST



S&P 500 INDEX ANNUAL RETURNS VS. INTRA-YEAR DRAWDOWNS

The U.S. stock market frequently experiences significant drawdowns or pullbacks. However, that volatility often occurs intra-year and can go unnoticed when we look exclusively at annual returns. Last year was a prime example when the S&P 500 Index had an intra-year drawdown of 34% but ended 2020 with a 16% return for the calendar year. The best preparation for market volatility like this is to construct an investment strategy built to weather different market environments and stick to it when drawdowns occur.



Source: Morningstar; CAPTRUST Research. S&P 500 Index returns are based on price index only and don't include dividends. Intra-year drawdown refers to the largest peak-to-trough market drop during the calendar year.

LEGISLATIVE UPDATE: PROPOSED PENSION FUNDING RELIEF

While not passed into law, the House of Representatives passed a revised Heroes Act on October 1 that contained defined benefit pension funding provisions which, if enacted, could reduce minimum required contributions in the coming years. While the information below provides a summary of relief provided by the Heroes Act, the final form of this legislation may differ.

Extending Funding Stabilization

Current pension relief legislation allows plan sponsors to use funding yield curve segment rates subject to a floor and ceiling. This corridor widens as relief phases out and is based on the averages rates for the past 25 years. The Heroes Act would delay the phase out and create an absolute interest-rate minimum.

Year	Corridor Maximum		Corridor Minimum		
	Current	Proposed	Current	Proposed	Proposed Floor
2020	110%	105%	90%	95%	4.75%
2021	115%	105%	85%	95%	4.75%
2022	120%	105%	80%	95%	4.75%
2023	125%	105%	75%	95%	4.75%
2024	130%	105%	70%	95%	4.75%
2025	130%	105%	70%	95%	4.75%
2026	130%	110%	70%	90%	4.50%
2027	130%	115%	70%	85%	4.25%
2028	130%	120%	70%	80%	4.00%
2029	130%	125%	70%	75%	3.75%
2030+	130%	130%	70%	70%	3.50%

Source: Rules Committee Print 116-66, Text of the House Amendment to the Senate Amendment to H.R. 925

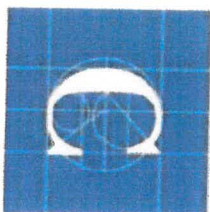
Extending Shortfall Amortization

The Act would eliminate any existing shortfall amortization bases for historical years preceding the 2020 plan year.

This effectively provides plan sponsors a clean slate with prior shortfalls not factored into minimum required contribution calculations.

Additionally, the Heroes Act would increase the current 7-year amortization schedule to 15 years, which will also reduce minimum required contributions in the coming years.

As of this publication, these potential funding relief provisions have not been passed. While relief may come in 2021, plan sponsors should consider the impact of reducing funding to new, lower minimum required levels. Lowering scheduled contributions can both increase variable rate PBGC premiums and leave the plan with a larger funding shortfall over time. However, plan sponsors should evaluate capital contributions in light of their cost of capital and alternative uses of capital.



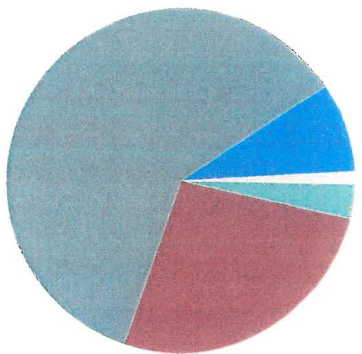
EXECUTIVE SUMMARY

Executive Performance Summary

As of 12/31/2020

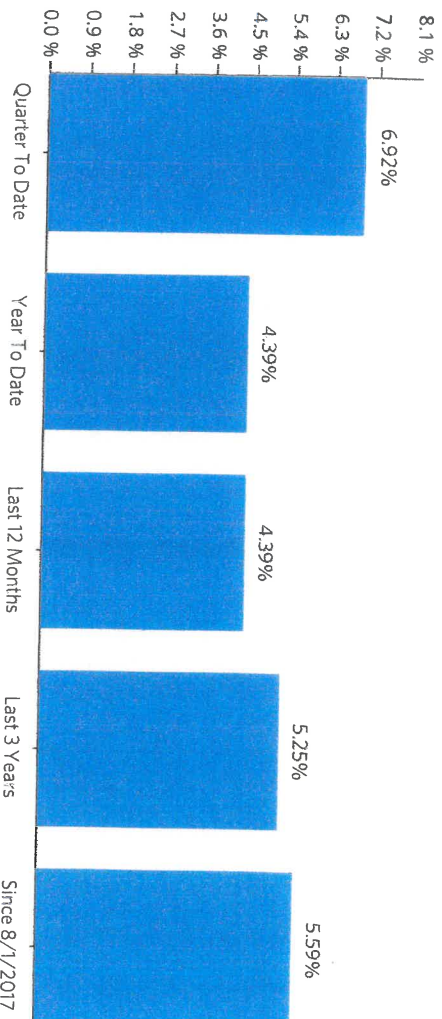
City of Galveston Employees' Pension Plan for Police

CURRENT ASSET ALLOCATION



Cash & Equivalents 3.21%
Fixed Income 26.79%
US Equities 60.53%
International Equities 8.37%
Real Estate 1.10%

ANNUALIZED RETURNS (%)



PERFORMANCE

	Quarter To Date	Year To Date	Last 12 Months	Last 3 Years	Since 8/1/2017
Beginning Value	18,941,753.16	21,394,732.68	21,394,732.68	19,940,464.73	0.00
Net Additions	1,843,661.24	-11,338.76	-11,338.76	-666,368.76	18,630,668.54
Net Gain	1,426,451.53	828,472.01	828,472.01	2,945,115.00	3,588,542.43
Ending Value	22,211,865.93	22,211,865.93	22,211,865.93	22,211,865.93	22,211,865.93
Return (Net of Fees)	6.92%	4.39%	4.39%	5.25% ^{1 2}	5.59% ^{1 2}

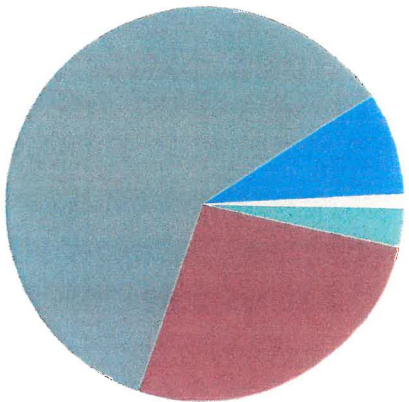
¹ Level contains historical performance data, ² Annualized return

The "Since" date is the performance inception date.

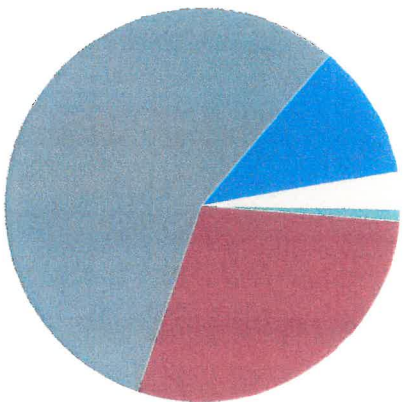
CAPTTRUST



ACTUAL ALLOCATION



TARGET ALLOCATION



	Ending Value	Allocation	Target Value	Target	Market Value Difference	Allocation Difference
Cash & Equivalents	712,699.40	3.21%	222,118.66	1.00%	490,580.74	2.21%
Fixed Income	5,949,484.86	26.79%	6,441,441.12	29.00%	-491,956.26	-2.21%
US Equities	13,445,873.26	60.53%	12,438,644.92	56.00%	1,007,228.34	4.53%
International Equities	1,859,017.50	8.37%	2,443,305.25	11.00%	-584,287.75	-2.63%
Real Estate	244,790.91	1.10%	666,355.98	3.00%	-421,565.07	-1.90%
City of Galveston Employees' Pension Plan for Police	22,211,865.93	100.00%	22,211,865.93	100.00%	0.00	0.00%

Performance by Asset Class

As of 12/31/2020

City of Galveston Employees' Pension Plan for Police

P26

City of Galveston Employees' Pension Plan for Police		Ending Value	Allocation	Year To Date Return	2019 Return	2018 Return	2017 Return	2016 Return
Police		22,211,865.93	100.00%	4.39%	18.45%¹	-5.74%¹	3.34%^{1 2}	—²
■	Cash & Equivalents	712,699.40	3.21%	0.08%	0.08% ²	— ²	— ²	— ²
■	Fixed Income	5,949,484.86	26.79%	5.21%	0.03% ²	— ²	— ²	— ²
■	US Equities	13,445,873.26	60.53%	5.95%	5.69% ²	— ²	— ²	— ²
■	International Equities	1,859,017.50	8.37%	-2.66%	6.97% ²	— ²	— ²	— ²
	Real Estate	244,790.91	1.10%	-2.94% ²	-12.05% ²	— ²	— ²	— ²

¹ Level contains historical performance data, ² Not held for the entire period

Asset Class returns are gross of fees.

CAPTRUST



Portfolio Holdings and Performance Summary

As of 12/31/2020

City of Galveston Employees' Pension Plan for Police

Since 8/1/2017

City of Galveston Employees' ...	Ending Value	Allocation	Open Date	Units	Cost Basis	Start Date	Net Gain	Return	Projected Income	Yield
22,211,865.93		100.00%			19,278,945.62	8/1/2017	3,588,542.43	5.59% ^{1 2}	493,531.63	2.22%
■ Cash & Equivalents	712,699.40	3.21%			712,699.40	11/1/2019	854.04	0.13% ^{2 3}	0.00	0.00%
CASH	712,699.40	3.21%	12/31/2020	712,699.40	712,699.40	11/1/2019	0.00	0.00% ^{2 3}	0.00	0.00%
■ Fixed Income	5,949,484.86	26.79%			5,693,746.20	11/1/2019	316,193.73	4.49% ^{2 3}	151,637.00	2.55%
AMARILLO TEX HOTEL OCCUP...	215,134.61	0.97%	10/18/2017	200,000.00	203,299.71	11/1/2019	10,379.33	4.26% ^{2 3}	6,140.00	2.85%
APPLE INC 2.1% 09/12/2022	212,372.76	0.96%	10/17/2017	205,000.00	203,652.90	11/1/2019	9,183.79	3.82% ^{2 3}	4,305.00	2.03%
BARBERS HILL TEX INDPT SCH...	216,221.01	0.97%	10/30/2019	185,000.00	201,129.85	11/1/2019	17,712.93	7.47% ^{2 3}	7,400.00	3.42%
BK OF AMERICA CORP 3.875%...	289,322.87	1.30%	11/30/2020	250,000.00	284,405.00	11/30/2020	1,661.79	0.58% ^{2 3}	9,687.50	3.35%
CARMEL IND REDEV AUTH LEA...	280,292.87	1.26%	9/24/2020	275,000.00	275,010.00	9/24/2020	5,282.87	1.92% ^{2 3}	3,164.38	1.13%
CENTRAL OHIO SOLID WASTE...	181,781.99	0.82%	12/6/2019	170,000.00	170,007.94	12/9/2019	15,890.24	8.78% ^{2 3}	4,335.00	2.38%
CLEAR CREEK TEX INDPT SCH...	283,963.50	1.28%	10/28/2020	225,000.00	278,366.50	11/5/2020	5,597.00	2.01% ^{2 3}	8,375.00	2.95%
COBB CNTY GA DEV AUTH RE...	104,821.89	0.47%	11/16/2017	100,000.00	100,004.61	11/1/2019	5,414.33	4.56% ^{2 3}	2,600.00	2.48%
COWLITZ 911 PUB AUTH WAS...	205,024.63	0.92%	12/16/2020	205,000.00	205,010.00	12/18/2020	14.63	0.01% ^{2 3}	3,402.17	1.66%
ENTERGY ARKANSAS LLC 4% 0...	182,045.40	0.82%	11/16/2020	155,000.00	181,997.64	11/16/2020	149.79	0.08% ^{2 3}	6,200.00	3.41%
FNMA UMBS INT 15 YEAR 3% 1...	194,563.25	0.88%	12/5/2019	300,000.00	190,524.32	12/5/2019	8,302.28	2.17% ^{2 3}	5,559.12	2.86%
GNMA PASS-THRU M ADJUSTB...	291.75	0.00%	10/4/2017	225,000.00	0.00	11/1/2019	12.73	3.11% ^{2 3}	15.59	5.34%
GNMA PASS-THRU X PLATINU...	8.32	0.00%	10/4/2017	280,000.00	0.00	11/1/2019	-2.97	-5.63% ^{2 3}	0.53	6.40%
GRANT CNTY WASH PUB UTIL...	130,475.80	0.59%	1/9/2020	120,000.00	120,008.48	1/9/2020	11,621.51	9.72% ^{2 3}	2,737.20	2.10%
HOUSTON TEX INDPT SCH DIS...	255,990.40	1.15%	10/24/2017	250,000.00	254,157.77	11/1/2019	15,783.75	5.46% ^{2 3}	13,402.50	5.24%
LAKE CNTY ILL CMNTY CONS...	162,587.89	0.73%	11/17/2017	150,000.00	150,004.16	11/1/2019	8,691.75	4.73% ^{2 3}	4,549.50	2.80%
MADISON WIS 2.3% 10/01/2024	183,012.46	0.82%	10/17/2017	170,000.00	169,141.30	11/1/2019	13,626.07	6.75% ^{2 3}	3,910.00	2.14%
MASSACHUSETTS ST WTR RES...	245,169.96	1.10%	10/25/2019	225,000.00	222,503.50	11/1/2019	24,591.38	9.39% ^{2 3}	5,001.75	2.04%
MEMPHIS-SHELBY CNTY TENN...	275,356.19	1.24%	10/6/2017	260,000.00	261,802.42	11/1/2019	14,444.30	4.64% ^{2 3}	7,230.60	2.63%
MICROSOFT CORP 4% 02/08/...	203,898.60	0.92%	10/6/2017	200,000.00	202,062.11	11/1/2019	4,276.36	1.79% ^{2 3}	4,000.00	1.96%

Asset Class returns are gross of fees. The "Since" date is the performance inception date. Net Gain is calculated from the Start Date to "As of" date and includes the gain/loss from previously held positions.

CAPTRUST



Portfolio Holdings and Performance Summary

As of 12/31/2020

City of Galveston Employees' Pension Plan for Police

P28

	Ending Value	Allocation	Open Date	Units	Cost Basis	Since 8/1/2017			Projected Income	Yield
						Start Date	Net Gain	Return		
NEW YORK N Y 2.65% 10/01/2...	217,555.72	0.98%	10/20/2017	200,000.00	197,604.00	11/1/2019	16,939.33	7.08% ^{2 3}	5,300.00	2.44%
NEW YORK N Y CITY TRANSITL...	206,536.94	0.93%	10/18/2017	200,000.00	194,748.00	11/1/2019	10,868.67	4.69% ^{2 3}	3,700.00	1.79%
NEW YORK ST ENVIRONMENT...	215,716.78	0.97%	10/19/2017	200,000.00	200,003.55	11/1/2019	13,573.33	5.69% ^{2 3}	5,240.00	2.43%
NORTH CAROLINA MUN PWR...	209,152.34	0.94%	10/12/2017	200,000.00	201,456.70	11/1/2019	8,744.67	3.69% ^{2 3}	5,884.00	2.81%
ORACLE CORP 1.9% 09/15/2021	101,573.82	0.46%	9/29/2017	100,000.00	99,424.00	11/1/2019	3,008.47	2.58% ^{2 3}	1,900.00	1.87%
PNC BK N A PITTSBURGH PA 2.1...	251,873.63	1.13%	10/5/2017	250,000.00	250,034.34	11/1/2019	6,440.08	2.21% ^{2 3}	2,687.50	1.07%
PORT MORROW ORE TRANSML...	157,218.95	0.71%	10/2/2017	150,000.00	144,605.50	11/1/2019	10,446.25	5.99% ^{2 3}	2,863.50	1.82%
SOUTH SAN ANTONIO TEX IN...	238,875.63	1.08%	11/1/2017	225,000.00	230,803.67	11/1/2019	10,047.00	3.69% ^{2 3}	7,875.00	3.30%
TEXAS ST 2.571% 08/01/2023	69,555.45	0.31%	10/5/2017	65,000.00	65,569.43	11/1/2019	4,174.64	5.38% ^{2 3}	1,671.15	2.40%
VIRGINIA ST PUB BLDG AUTH P...	218,034.89	0.98%	11/15/2017	200,000.00	201,288.30	11/1/2019	15,773.33	6.55% ^{2 3}	5,600.00	2.57%
WICHITA KANS WTR & SWR U...	241,054.57	1.09%	11/27/2019	230,000.00	235,120.50	11/27/2019	9,577.94	3.70% ^{2 3}	6,900.00	2.86%
■ US Equities	13,445,873.26	60.53%			10,899,689.50	11/1/2019	1,344,708.04	10.20% ^{2 3}	294,152.42	2.19%
ADOBE SYSTEMS INCORPORAT...	325,078.00	1.46%	9/27/2017	650.00	94,914.24	11/1/2019	225,046.06	64.86% ^{2 3}	0.00	0.00%
AMAZON COM INC COM	625,330.56	2.82%	1/7/2019	192.00	316,105.68	11/1/2019	360,290.91	67.45% ^{2 3}	0.00	0.00%
AMERICAN INTL GROUP INC C...	329,647.02	1.48%	11/29/2018	8,707.00	370,812.32	11/1/2019	-61,959.38	-21.79% ^{2 3}	11,144.96	3.38%
AMGEN INC COM	362,124.00	1.63%	9/27/2017	1,575.00	313,626.74	11/1/2019	21,858.67	9.47% ^{2 3}	11,088.00	3.06%
BANK NEW YORK MELLON CO...	228,624.28	1.03%	11/11/2020	5,387.00	207,857.40	11/11/2020	20,766.88	9.99% ³	6,679.88	2.92%
BK OF AMERICA CORP COM	322,346.85	1.45%	9/27/2017	10,635.00	271,623.50	11/1/2019	-638.10	0.31% ^{2 3}	7,657.20	2.38%
BROADCOM INC COM	575,334.90	2.59%	5/14/2020	1,314.00	354,554.07	5/14/2020	223,415.23	71.79% ³	18,921.60	3.29%
CENTERPOINT ENERGY INC C...	233,582.16	1.05%	11/11/2020	10,794.00	254,573.12	11/11/2020	-19,792.01	-10.29% ³	6,908.16	2.96%
CHEVRON CORP NEW COM	247,438.50	1.11%	9/27/2017	2,930.00	326,807.12	11/1/2019	-60,650.83	-19.25% ^{2 3}	15,118.80	6.11%
CIENA CORP COM NEW	254,578.45	1.15%	5/3/2019	4,817.00	188,662.31	11/1/2019	75,771.41	35.37% ^{2 3}	0.00	0.00%
CINTAS CORP COM	301,854.84	1.36%	5/15/2020	854.00	193,572.85	5/15/2020	111,279.53	57.44% ³	2,399.74	0.79%
CITIGROUP INC COM NEW	315,144.26	1.42%	9/27/2017	5,111.00	328,780.44	11/1/2019	5,197.63	-9.09% ^{2 3}	10,426.44	3.31%

Asset Class returns are gross of fees. The "Since" date is the performance inception date. Net Gain is calculated from the Start Date to "As of" date and includes the gain/loss from previously held positions.

CAPTRUST



Portfolio Holdings and Performance Summary

As of 12/31/2020

City of Galveston Employees' Pension Plan for Police

	Ending Value	Allocation	Open Date	Units	Cost Basis	Since 8/1/2017			Projected Income	Yield
						Start Date	Net Gain	Return		
CITRIX SYS INC COM	172,122.30	0.77%	8/11/2020	1,323.00	181,182.20	8/11/2020	-8,133.80	-4.51% ³	1,852.20	1.08%
CYRUSONE INC COM	350,022.75	1.58%	4/5/2018	4,785.00	269,990.62	11/1/2019	28,521.95	4.53% ^{2 3}	9,761.40	2.79%
DEVON ENERGY CORP NEW C...	179,396.07	0.81%	11/11/2020	11,347.00	132,509.13	11/11/2020	46,135.11	36.31% ³	4,992.68	2.78%
GENERAL MLS INC COM	368,264.40	1.66%	9/20/2019	6,263.00	342,539.49	11/1/2019	55,218.63	16.95% ^{2 3}	12,776.52	3.47%
GILEAD SCIENCES INC COM	364,125.00	1.64%	8/27/2020	6,250.00	388,985.50	8/27/2020	-19,405.54	-9.11% ³	17,000.00	4.67%
HP INC COM	381,447.47	1.72%	7/8/2020	15,391.00	258,663.78	7/8/2020	125,495.58	49.70% ³	11,931.10	3.13%
INTERNATIONAL PAPER CO C...	358,133.16	1.61%	2/26/2018	7,203.00	382,539.05	11/1/2019	65,418.30	18.37% ^{2 3}	14,766.15	4.12%
INTERPUBLIC GROUP COS INC...	241,174.08	1.09%	7/12/2019	10,254.00	236,133.81	11/1/2019	31,018.35	13.13% ^{2 3}	10,459.08	4.34%
JEFFERIES FINL GROUP INC COM	350,230.20	1.58%	8/27/2018	14,237.00	289,981.05	11/1/2019	114,325.71	28.80% ^{2 3}	8,542.20	2.44%
KROGER CO COM	311,502.08	1.40%	11/30/2017	9,808.00	265,298.28	11/1/2019	62,978.25	26.89% ^{2 3}	7,061.76	2.27%
LAM RESEARCH CORP COM	449,417.93	2.02%	4/23/2020	949.00	251,248.60	4/23/2020	200,494.38	80.11% ³	4,934.80	1.10%
LOWES COS INC COM	497,420.49	2.24%	11/11/2020	3,099.00	493,200.89	11/11/2020	4,219.60	0.86% ³	7,437.60	1.50%
MARATHON PETE CORP COM	165,605.44	0.75%	9/27/2017	4,004.00	209,701.52	11/1/2019	-93,155.32	-26.17% ^{2 3}	9,289.28	5.61%
MEDTRONIC PLC SHS	355,988.46	1.60%	11/21/2018	3,039.00	270,059.49	11/1/2019	31,848.72	8.37% ^{2 3}	7,050.48	1.98%
MERCK & CO. INC COM	227,813.00	1.03%	9/27/2017	2,785.00	186,399.50	11/1/2019	-7,011.94	-2.36% ^{2 3}	7,241.00	3.18%
MICROSOFT CORP COM	921,041.22	4.15%	1/12/2018	4,141.00	571,008.46	11/1/2019	256,446.26	44.66% ^{2 3}	9,275.84	1.01%
NUTRIEN LTD COM	340,780.16	1.53%	11/11/2020	7,076.00	299,597.13	11/1/2019	41,183.03	13.75% ³	12,736.80	3.74%
PRA HEALTH SCIENCES INC C...	334,924.80	1.51%	9/27/2017	2,670.00	242,647.19	11/1/2019	53,476.65	24.01% ^{2 3}	0.00	0.00%
PULTE GROUP INC COM	332,239.60	1.50%	9/6/2019	7,705.00	248,007.65	11/1/2019	62,000.39	8.52% ^{2 3}	4,314.80	1.30%
RAYTHEON TECHNOLOGIES C...	228,045.39	1.03%	11/21/2018	3,189.00	264,972.70	4/3/2020	72,841.45	45.89% ³	6,059.10	2.66%
S&P GLOBAL INC COM	226,166.24	1.02%	12/28/2020	688.00	217,525.79	12/28/2020	8,640.45	3.97% ³	1,843.84	0.82%
SMILEDIRECTCLUB INC CL A C...	212,734.98	0.96%	2/14/2020	17,817.00	198,387.09	2/14/2020	14,347.89	-9.72% ³	0.00	0.00%
T-MOBILE US INC COM	516,610.35	2.33%	1/12/2018	3,831.00	247,027.34	11/1/2019	203,045.72	52.10% ^{2 3}	0.00	0.00%
VERIZON COMMUNICATIONS L...	314,018.75	1.41%	9/27/2017	5,345.00	264,172.02	11/1/2019	7,309.31	2.09% ^{2 3}	13,415.95	4.27%

Asset Class returns are gross of fees. The "Since" date is the performance inception date. Net Gain is calculated from the Start Date to "As of" date and includes the gain/loss from previously held positions.

CAPTRUST



Portfolio Holdings and Performance Summary

As of 12/31/2020

City of Galveston Employees' Pension Plan for Police

P30

	Ending Value	Allocation	Open Date	Units	Cost Basis	Since 8/1/2017			Projected Income	Yield
						Start Date	Net Gain	Return		
WALMART INC COM	408,025.80	1.84%	2/12/2018	2,820.00	288,996.57	11/1/2019	74,910.46	21.29% ^{2 3}	6,091.20	1.49%
WERNER ENTERPRISES INC COM	228,221.18	1.03%	6/29/2018	5,819.00	215,053.19	11/1/2019	17,922.52	7.15% ^{2 3}	2,094.84	0.92%
WESTERN UN CO COM	133,285.50	0.60%	10/2/2019	6,075.00	138,064.19	11/1/2019	-12,271.48	-6.80% ^{2 3}	5,467.50	4.10%
WILLIAMS SONOMA INC COM	356,032.64	1.60%	8/27/2020	3,496.00	323,907.48	8/27/2020	33,589.55	10.19% ³	7,411.52	2.08%
International Equities	1,859,017.50	8.37%			1,732,653.86	11/1/2019	44,940.35	3.52%^{2 3}	36,464.58	1.96%
GLAXOSMITHKLINE PLC SPON...	241,260.80	1.09%	5/1/2018	6,556.00	261,566.12	11/1/2019	-38,345.54	-13.54% ^{2 3}	13,110.40	5.43%
SAP SE SPON ADR	270,820.03	1.22%	11/7/2018	2,077.00	226,855.31	11/1/2019	-1,959.78	-0.61% ^{2 3}	2,588.85	0.96%
TENCENT HOLDINGS LIMITED...	470,591.94	2.12%	10/27/2017	6,546.00	394,728.14	11/1/2019	90,769.15	64.19% ^{2 3}	891.60	0.19%
UBS GROUP AG SHS	254,410.65	1.15%	1/10/2020	18,005.00	231,243.30	1/10/2020	27,439.03	13.05% ³	6,571.83	2.58%
VANGUARD TOTAL INTERNATI...	621,934.08	2.80%	12/28/2020	10,338.00	618,260.99	12/28/2020	3,673.09	0.59% ³	13,301.90	2.14%
Real Estate	244,790.91	1.10%			240,156.66	11/1/2019	-38,521.09	-14.63%^{2 3}	11,277.63	4.61%
VICI PTYS INC COM	244,790.91	1.10%	11/11/2020	9,477.00	240,156.66	11/11/2020	4,634.25	1.93% ³	11,277.63	4.61%

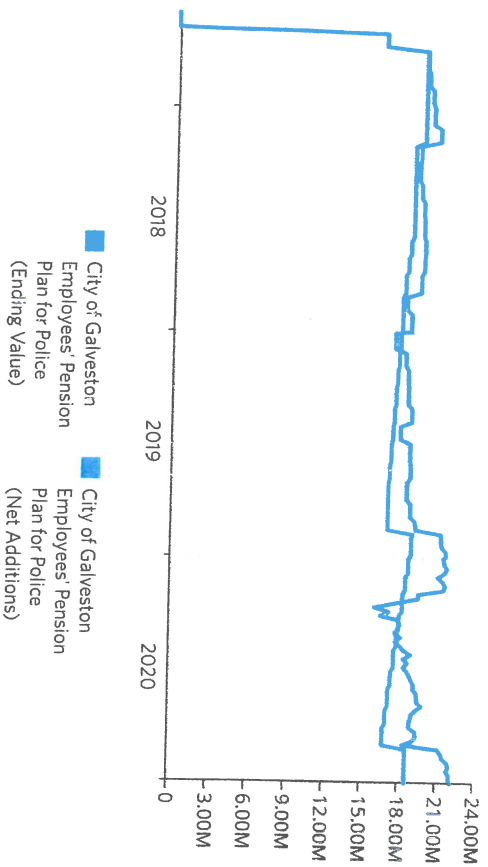
¹ Level contains historical performance data, ² Annualized return, ³ Not held for the entire period

Asset Class returns are gross of fees. The "Since" date is the performance inception date. Net Gain is calculated from the Start Date to "As of" date and includes the gain/loss from previously held positions.

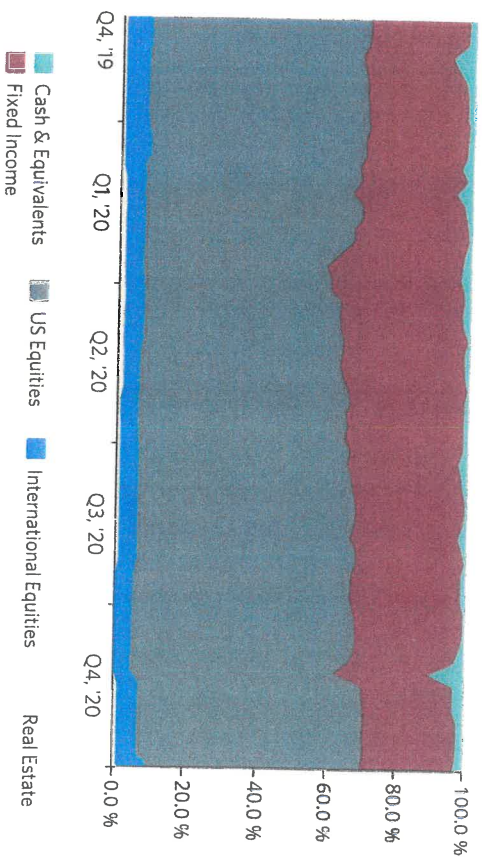
CAPTRUST



MARKET VALUE AND NET ADDITIONS SINCE INCEPTION



CLASS ALLOCATION DRIFT SINCE INCEPTION

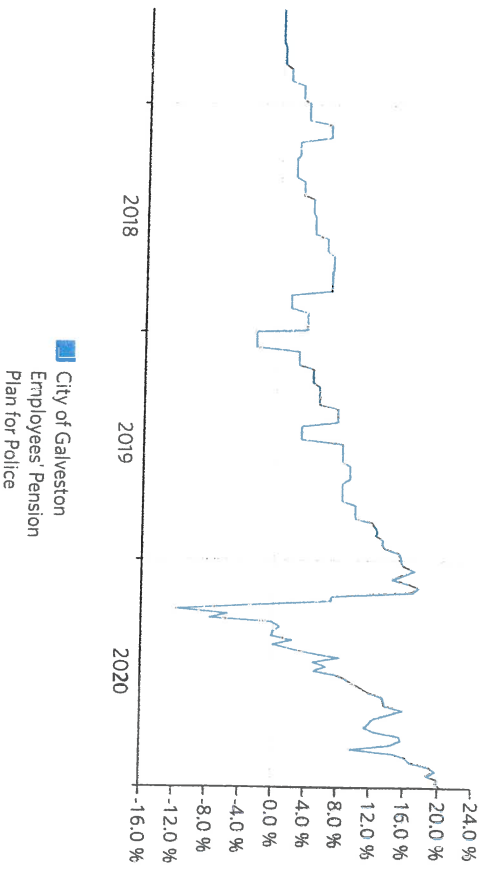


PERFORMANCE

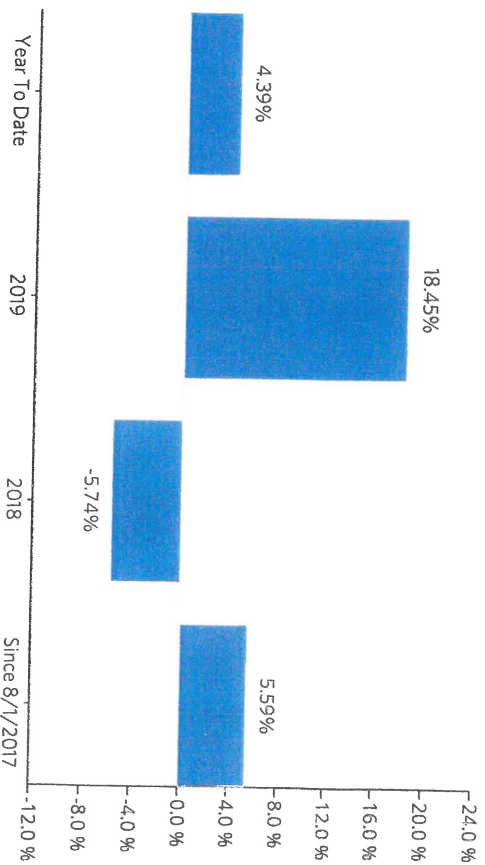
City of Galveston Employees' Pension Plan for Police		Ending Value	Start Date	Quarter To Date Return	Year To Date Return	Last 12 Months Return	Last 3 Years Return	Since 8/1/2017 Return
XXXXX1503 - City of Galveston Employees' Pension Plan for Police		22,211,865.93	8/1/2017	6.92%	4.39%	4.39%	5.25%^{1 2}	5.59%^{1 2}
¹ Level contains historical performance data, ² Annualized return		22,211,865.93	8/1/2017	6.92%	4.39%	4.39%	5.25% ^{1 2}	5.59% ^{1 2}

The "Since" date is the performance inception date.

PORTFOLIO PERFORMANCE



ANNUAL RETURNS



PERFORMANCE

City of Galveston Employees' Pension Plan for Police		Ending Value	Start Date	Year To Date	2019	2018	2017	2016	Since 8/1/2017
XXXX1503 - City of Galveston Employees Pension Plan for Police		22,211,865.93	8/1/2017	4.39%	18.45% ¹	-5.74% ¹	3.34% ^{1 2}	— ²	5.59% ^{1 3}
1 Level contains historical performance data, 2 Not held for the entire period, 3 Annualized return		22,211,865.93	8/1/2017	4.39%	18.45% ¹	-5.74% ¹	3.34% ^{1 2}	— ²	5.59% ^{1 3}

The "Since" date is the performance inception date.

CAPTRUST



Composite Market Values and Cash Flow Summary

As of 12/31/2020

City of Galveston Employees' Pension Plan for Police

	Beginning Value	Net Additions	Net Gain	Ending Value	Return
Q3 2017 ³	0.00	19,293,630.07	45,480.79	19,339,110.86	0.24% ¹
Q4 2017	19,339,110.86	3,407.23	597,946.64	19,940,464.73	3.09% ¹
2017 ³	0.00	19,297,037.30	643,427.43	19,940,464.73	3.34% ¹
Q1 2018	19,940,464.73	-750,000.00	-270,574.15	18,919,890.58	-1.37% ¹
Q2 2018	18,919,890.58	0.00	442,712.58	19,362,603.16	2.34% ¹
Q3 2018	19,362,603.16	-547,500.00	408,806.72	19,223,909.88	2.14% ¹
Q4 2018	19,223,909.88	-282,500.00	-1,636,806.96	17,304,602.92	-8.56% ¹
2018	19,940,464.73	-1,580,000.00	-1,055,861.81	17,304,602.92	-5.74% ¹
Q1 2019	17,304,602.92	-300,000.00	1,396,021.99	18,400,624.91	8.08% ¹
Q2 2019	18,400,624.91	-300,000.00	500,883.79	18,601,508.70	2.76% ¹
Q3 2019	18,601,508.70	-200,000.00	285,729.28	18,687,237.98	1.54% ¹
Q4 2019	18,687,237.98	1,724,970.00	989,869.74	21,394,732.68	5.03% ¹
2019	17,304,602.92	924,970.00	3,172,504.80	21,394,732.68	18.45% ¹
Q1 2020	21,394,732.68	-625,000.00	-3,710,580.23	17,059,152.45	-17.64%
Q2 2020	17,059,152.45	-620,000.00	2,117,353.87	18,556,506.32	12.53%

The "Since" date is the performance inception date.

CAPTRUST



Composite Market Values and Cash Flow Summary

As of 12/31/2020

City of Galveston Employees' Pension Plan for Police

	Beginning Value	Net Additions	Net Gain	Ending Value	Return
Q3 2020	18,556,506.32	-610,000.00	995,246.84	18,941,753.16	5.36%
Q4 2020	18,941,753.16	1,843,661.24	1,426,451.53	22,211,865.93	6.92%
2020	21,394,732.68	-11,338.76	828,472.01	22,211,865.93	4.39%
Since 8/1/2017	0.00	18,630,668.54	3,588,542.43	22,211,865.93	5.59% ^{1 2}

¹ Level contains historical performance data, ² Annualized return, ³ Partial period

The "Since" date is the performance inception date.

CAPTRUST





MARKET INDICES

Benchmark		Month To Date	Quarter To Date	Year To Date	Last 12 Months	Last 3 Years	Last 5 Years
		Return	Return	Return	Return	Return	Return
 Cash & Equivalents	90 DAY TREASURY BILL	0.01%	0.02%	0.34%	0.34%	1.44%	1.12%
 Cash	90 DAY TREASURY BILL	0.01%	0.02%	0.34%	0.34%	1.44%	1.12%
 Money Markets	90 DAY TREASURY BILL	0.01%	0.02%	0.34%	0.34%	1.44%	1.12%
 Fixed Income	BBG BARC AGGREGATE BOND INDEX	0.14%	0.67%	7.48%	7.48%	5.34%	4.44%
 Corporate Bonds	FTSE BROAD INVT GRADE BOND TOTAL RETURN	0.17%	0.77%	7.71%	7.71%	5.45%	4.52%
 Government	BBG BARC AGGR BOND INDEX GOVT	-0.22%	-0.79%	7.91%	7.91%	5.17%	3.76%
 High Yield	BBG BARC HIGH YIELD BOND INDEX US CP	1.88%	6.45%	7.08%	7.08%	6.24%	8.60%
 High Yield Muni Bonds	BBG BARC DOMESTIC ID MUNI BOND HIGH YLD	1.87%	4.51%	4.87%	4.87%	6.74%	6.56%
 Inflation - Protected	BBG BARC AGGR BOND INDEX US TREAS TIPS	1.15%	1.62%	10.95%	10.95%	5.92%	5.09%
 Intermediate Bonds	BBG BARC AGGR BOND INDEX INTRM GOV/CRED	0.21%	0.48%	6.41%	6.41%	4.67%	3.64%
 International Bonds	CITIGROUP WGBI(USD)	1.40%	2.75%	10.32%	10.32%	5.10%	4.77%
 Long Term Bonds	BBG BARC AGGR BOND INDEX LONG GOVT/CREDIT	-0.20%	1.68%	16.05%	16.05%	9.80%	9.35%
 Multisector Bonds	BBG BARC MACRO INDEX US UNIVERSAL	0.35%	1.29%	7.55%	7.55%	5.45%	4.87%
 Municipal Bonds	BBG BARC MUNI BOND 5 YEAR (4-6)	0.36%	0.77%	4.28%	4.28%	3.80%	2.82%

Market Indices

As of 12/31/2020

City of Galveston Employees' Pension Plan for Police

	Benchmark	Month To Date Return	Quarter To Date Return	Year To Date Return	Last 12 Months Return	Last 3 Years Return	Last 5 Years Return
 Municipal Funds	BBG BARC MUNI BOND 5 YEAR (4-6)	0.36%	0.77%	4.28%	4.28%	3.80%	2.82%
 Short Term Bonds	BBG BARC BOND FUND INDEX 1-3Y GOVT/CREDIT	0.09%	0.21%	3.32%	3.32%	2.98%	2.21%
 Asset Allocation	50% S&P 500/50% BBGBarc AGG Bond	1.99%	6.35%	14.58%	14.58%	10.50%	10.27%
 Blended	60% S&P 500/40% BBGBarc AGG Bond	2.36%	7.50%	15.62%	15.62%	11.36%	11.34%
 US Equities	RUSSELL INDEX 3000 WITH/DIV	4.50%	14.68%	20.80%	20.80%	14.49%	15.45%
 Large Cap Blend	S&P 500 TOTAL RETURN INDEX	3.84%	12.15%	18.32%	18.32%	14.18%	15.23%
 Large Cap Growth	RUSSELL INDEX 1000 GR WITH/DIV	4.60%	11.39%	38.31%	38.31%	22.99%	21.02%
Large Cap Value	RUSSELL INDEX 1000 VL WITH/DIV	3.83%	16.25%	2.78%	2.78%	6.07%	9.75%
 Mid Cap Blend	RUSSELL INDEX MID CAP WITH/DIV	4.68%	19.91%	17.03%	17.03%	11.61%	13.41%
 Mid Cap Growth	RUSSELL INDEX MID CAP GR WITH/DIV	4.80%	19.02%	35.42%	35.42%	20.50%	18.67%
 Mid Cap Value	RUSSELL INDEX MID CAP VL WITH/DIV	4.63%	20.43%	4.94%	4.94%	5.37%	9.74%
 Small Cap Blend	RUSSELL INDEX 2000 WITH/DIV	8.65%	31.37%	19.87%	19.87%	10.25%	13.27%
 Small Cap Growth	RUSSELL INDEX 2000 GR WITH/DIV	9.35%	29.61%	34.47%	34.47%	16.20%	16.38%
 Small Cap Value	RUSSELL INDEX 2000 VL DIV REIN	7.92%	33.36%	4.62%	4.62%	3.72%	9.66%

Market Indices

As of 12/31/2020

City of Galveston Employees' Pension Plan for Police

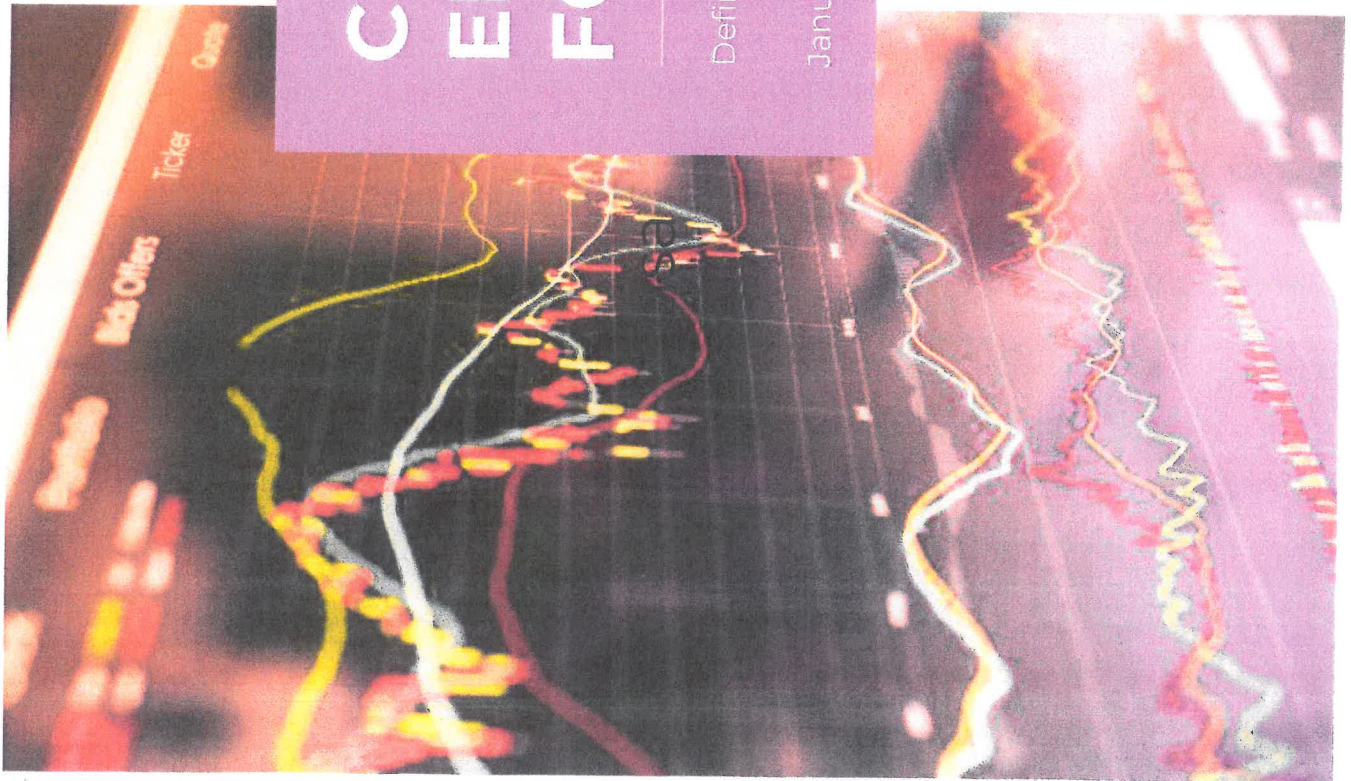
	Benchmark	Month To Date Return	Quarter To Date Return	Year To Date Return	Last 12 Months Return	Last 3 Years Return	Last 5 Years Return
SMID	RUSSELL INDEX 2500 DIV REIN	7.61%	27.41%	19.91%	19.91%	11.33%	13.65%
 International Equities	MSCI ACWI EX USA IMI NET IN USD	5.62%	17.22%	11.07%	11.07%	4.83%	8.99%
 Diversified Emerging Markets	MSCI EMERGING EM MKTS (USD)	7.15%	19.34%	15.78%	15.78%	3.68%	10.22%
 Emerging Markets	MSCI EMERGING EM MKTS (USD)	7.15%	19.34%	15.78%	15.78%	3.68%	10.22%
 Foreign Large Cap Blend	MSCI EAFE INDEX NET IN USD	4.65%	16.05%	7.78%	7.78%	4.28%	7.45%
 Foreign Large Cap Growth	MSCI EAFE INDEX NET IN USD	4.65%	16.05%	7.78%	7.78%	4.28%	7.45%
Real Estate	DOW JONES US REAL ESTATE	1.91%	6.78%	-8.59%	-8.59%	1.43%	2.62%
 Commodities	BLOOMBERG COMMODITY TR	4.97%	10.19%	-3.11%	-3.11%	-2.53%	1.03%
 Commodities	BLOOMBERG COMMODITY TR	4.97%	10.19%	-3.11%	-3.11%	-2.53%	1.03%
 Strategic Opportunities	*HFRX ABSOLUTE RETURN INDEX - (Monthly)	1.30%	2.24%	2.71%	2.71%	2.18%	2.04%
 Alternative Assets	*HFRX ABSOLUTE RETURN INDEX - (Monthly)	1.30%	2.24%	2.71%	2.71%	2.18%	2.04%
 Hedge Funds	*HFRX ABSOLUTE RETURN INDEX - (Monthly)	1.30%	2.24%	2.71%	2.71%	2.18%	2.04%

Performance is not correlated to portfolio holding period.

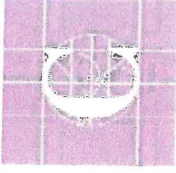
IMPORTANT INFORMATION

Please contact your CAPTRUST Financial Advisor if your Investment Objectives or your personal or financial situation has changed, or if you want to place reasonable restrictions on the management of your investment account(s) or portfolio. If you have elected to receive your custodial account statements electronically, you may access your custodian's portal at <https://captrust.com/your-account/>. Please contact your Financial Advisor if you did not receive statements from your custodian or you need to change your contact information. You may call direct at 800.216.0645 or email compliance@captrustadvisors.com.

This material has been prepared solely for information purposes and is not a solicitation. Total Portfolio and Account Performance returns are net of fees. Asset Class returns on the Portfolio Holdings and Performance Summary page are gross of fees. Similarly, performance is calculated gross of fees when including a proportionate share of account(s) with more than one beneficial owner (such as family LLCs). When reporting on a gross of fee basis, the difference between the actual return and reported return is the investment advisory fee. Any depiction of account value/performance is not warranted to be accurate or complete. Please refer to your official monthly/quarterly custodial statements for verification. Past performance does not guarantee future results. CAPTRUST Financial Advisors does not render legal, accounting, or tax advice.



Presentation of Retirement Advisory Services



CITY OF GALVESTON EMPLOYEES PLAN FOR POLICE

Defined Benefit Plan Services

January 7, 2021

Lisa Ivie Miller, AIF®
Principal | Financial Advisor

Madelon Leone, CFA®
Principal | Financial Advisor

Michelle Scarver, CPA
Vice President | Financial Advisor

Ben Napier, CFA®
Senior Manager | Investment Research

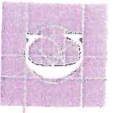
PROVIDING RETIREMENT ADVICE IS OUR BUSINESS



CAPTRUST is an objective and unbiased retirement planning and investment advisory firm headquartered in Raleigh, North Carolina. CAPTRUST | Texas has five offices located within the state of Texas.

Over the last 34 years, CAPTRUST has grown from an entrepreneurial startup to one of the nation's leading retirement plan advisory firms.

We appreciate our relationship with the Galveston Police plan and to exploring the benefits of our continued partnership together.



TODAY'S AGENDA

About CAPTRUST

Public Pension Landscape

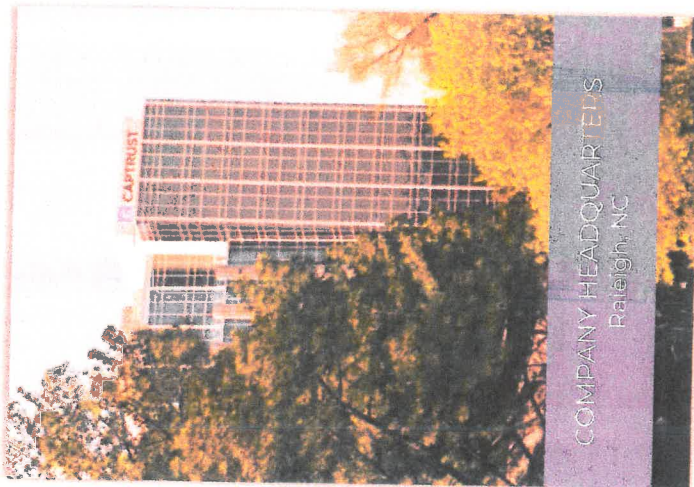
History of Galveston Police/CAPTRUST Texas Relationship

IV. Portfolio Recommendations and Next Steps



ABOUT CAPTRUST

ABOUT CAPTRUST



Corporate Structure and Ownership

- 34-year operating history
- Culture of employee ownership
- 721 employees
- More than 2,000 institutional clients
- \$408 billion in client assets under advisement
- 98% client retention (average since 2008)

Locations

AKRON, OH
ALLENTOWN, PA
ATLANTA, GA
AUSTIN, TX
BETHLEHEM, PA
BIRMINGHAM, AL
BOSTON, MA
CHARLOTTE, NC
CHESTERTON, IN
CINCINNATI, OH
COLUMBIA, MO
COPPUS CHRISTI, TX
DALLAS, TX
DAYTON, OH
DES MOINES, IA
DETROIT, MI
GREEN, OH
GREENSBORO, NC

GREENWICH, CT
HARRISONBURG, VA
HOLLYWOOD, FL
HOUSTON, TX
JACKSON, MS
LAKE SUCCESS, NY
LEXINGTON, VA
LOS ANGELES, CA
LYNCHBURG, VA

MINNEAPOLIS, MN
MONTGOMERY, AL
NEW YORK, NY
ORLANDO, FL
PHILADELPHIA
DOYLESTOWN, PA
PHOENIX, AZ
PORTLAND, ME
PALEIGH, NC

RICHMOND, VA
RICHMOND-GLEN
ALLEN, VA
RIVERSIDE, CA
ROANOKE, VA
PHOENIX, AZ
SALT LAKE CITY, UT
SAN ANTONIO, TX
SAN RAMON, CA
SANTA BARBARA, CA
TAMPA, FL
WASHINGTON, DC
WILMINGTON, DE
WILMINGTON, NC



CAPTRUST NAMED #1 U.S. ADVISORY FIRM FOR FIFTH CONSECUTIVE YEAR



The July 2020 issue of *Financial Advisor* magazine ranked CAPTRUST number one* among registered investment advisors (RIAs), making it our fifth year to achieve this distinction.

CAPTRUST Managing Director and Head of the Advisor Group Wilson Hoyle shares that firms like CAPTRUST that are withstanding the recent economic downturn are reinvesting in their business, especially technology. "I can assure you that other firms that aren't as durable are not looking to grow, they're looking to just sustain."

ABOUT CAPTRUST: SERVICE TEAM



Financial Advisor

Lisa Ivie Miller, AIF® – Principal | Financial Advisor

Lisa joined CAPTRUST from South Texas Money Management in 2019. A native of Amarillo, Ms. Miller received her Bachelor of Science degree from West Texas A&M University and her Master of Science degree from Sam Houston State University. She worked for the late state senator Teel Bivins of Amarillo in his district and Capitol offices for seven years before beginning her career in governmental relations for a statewide firefighters' association and then for the law firm Hance Scarborough, LLP. In 2004, Governor Rick Perry appointed her to serve as the state's 7th firefighters' pension commissioner, a position she held until joining South Texas Money Management in late 2010.



Financial Advisor

Madelon Leone, CFA® – Principal | Financial Advisor

Madelon joined CAPTRUST from South Texas Money Management in 2019. She serves as a principal and financial advisor responsible for providing comprehensive wealth management to high-net-worth investors and corporate executives. Prior to joining the firm, Madelon served as a senior vice president, partner, and relationship manager at South Texas Money Management. She earned her Bachelor of Business Administration degree in finance from Texas A&M University.



Financial Advisor

Michelle Scarver, CPA®, PFS – Vice President | Financial Advisor

Michelle joined CAPTRUST from South Texas Money Management in 2019. She serves as a vice president, financial advisor responsible for providing comprehensive wealth management to high-net-worth investors and corporate executives. Prior to joining the firm, Michelle served as senior vice president and relationship manager at South Texas Money Management. She earned her Bachelor of Business Administration degree in accounting from Texas A&M University.



Investment Research

Benjamin Napier, CFA® – Senior Manager

Benjamin joined CAPTRUST from South Texas Money Management in 2019. He serves as a senior manager within the investment research group and is responsible for evaluating outside investment management organizations via qualitative interviews and statistical analysis. Prior to joining the firm, Benjamin served as executive vice president and director of manager research for South Texas Money Management. He earned his Bachelor of Business Administration degree in finance from Southern Methodist University and a Master of Business Administration degree in finance from Texas A&M University. Benjamin has been actively involved in managing investment portfolios for over 20 years.



ABOUT CAPTRUST: INVESTMENT TEAM



Investment Research

Christian Ledoux, CFA® – Director

Christian joined CAPTRUST from South Texas Money Management in 2019. He serves as a director within the Consulting Research Group and specializes in equity research and portfolio management. Prior to joining the firm, Christian served as chief investment officer for South Texas Money Management, where he provided leadership, performance, and transparency to the portfolio management team and clients of the firm. He earned his Bachelor of Arts degree in business economics from the University of California at Santa Barbara.



Investment Research

Grant Verhaeghe – Director

Grant joined CAPTRUST in 2010 and is currently a senior director, asset-liability practice leader, responsible for leading the development of services for defined benefit plans, endowments, foundations, and other asset/liability-focused clients. Prior to joining the firm, Grant served as a vice president at Aon Investment Consulting, and he has worked in the industry since 1998.



Investment Research

Mike Vogelzang, CFA® – Principal | Chief Investment Strategist

Michael joined CAPTRUST from Boston Advisors in 2019. He serves as a principal and chief investment strategist focused on investment manager due diligence, asset allocation, and discretionary investment management for the firm's wealth management advisory business. Prior to joining the firm, Michael was president and chief investment officer of Boston Advisors. Before that he held senior positions with Freedom Capital Management and Shawmut Investment Management. He began his investment career at The Boston Company. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Society of Boston.



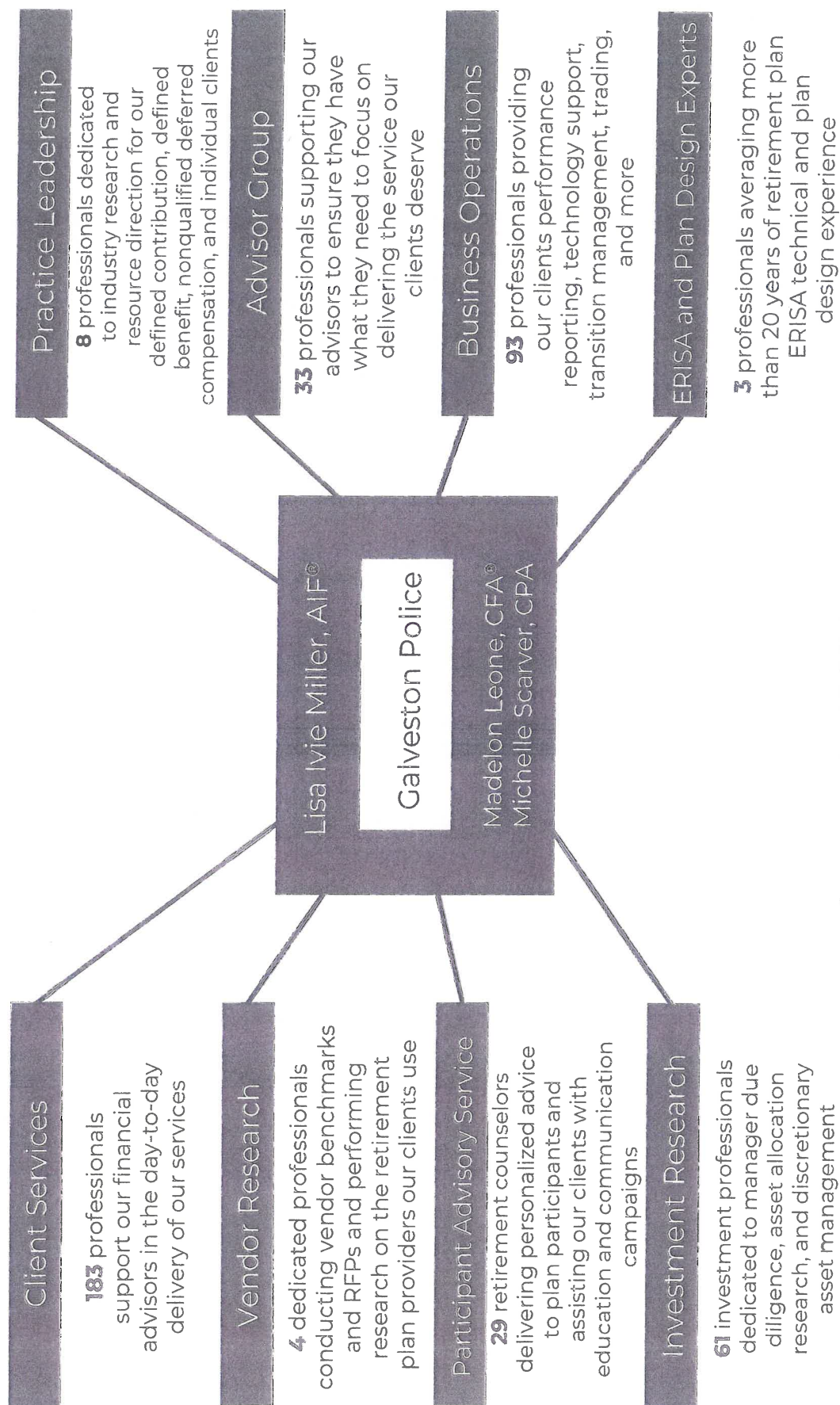
Investment Research

Kevin Barry, CFA®, PRM – Chief Investment Officer

As CAPTRUST's chief investment officer, Kevin leads the firm's investment team, the team responsible for investment manager due diligence, asset allocation, and discretionary investment management for CAPTRUST's institutional retirement plan and wealth management advisory businesses. He is a lifelong student of the capital markets and serves as a member of the Leadership Team. Most recently, Kevin served as chief investment officer and senior portfolio manager for Third Law Capital Management in New York. There, he developed macroeconomic investment themes, conducted fundamental security analysis, and implemented asset allocation, hedging, and risk management solutions for clients. Previously, he was a partner and portfolio manager at Caxton Associates, a global macro hedge fund. He has more than 20 years' experience in portfolio management, capital market strategy, and investment research.



CAPTRUST'S CENTRALIZED MODEL



REPRESENTATIVE CLIENT LIST BY INDUSTRY

Biotech and Pharmaceutical

Circassia Pharmaceuticals, Inc.
Ironwood Pharmaceuticals, Inc.
Jazz Pharmaceuticals, Inc.
Regeneron Pharmaceuticals, Inc.
Sunovion Pharmaceuticals, Inc.

Broadcast & Print Media

Adams Publishing Group, LLC
Discovery Communications, LLC
McKinney Ventures, LLC
NEP Broadcasting, LLC

Communication and Information Technology

Allscripts
Dynex Technologies
Infineon Technologies
North State Communications

Education

Barry University
Baylor University
Duke University
Rice University
Regent University
University of Arkansas System
University of Maine System
Villanova University

Energy

Alabama Power Company
Areva, Inc.
Central Iowa Power Cooperative
FirstEnergy Corporation
Great River Energy

Finance and Insurance

General American Asset Management, LLC
Johnson Financial Group, Inc.
Perlmutter Investment Company, LLC
Vizo Financial Corporate Credit Union

Food and Beverage

Boar's Head Provisions Co. Inc.
Bojangles' Restaurants, Inc.
Coca-Cola Bottling Co. Consolidated
Foremost Farms USA
Golden Corral Corporation
Herr Foods, Inc.

Healthcare and Hospitals

Baptist Healthcare System, Inc.
Cincinnati Children's Hospital Medical Center
Duke Health System
Georgetown Hospital System
Gillette Children's Specialty Healthcare
Nicklaus Children's Health System

Legal and Professional Services

Baron & Budd, P.C.
Gunster Yoakley & Stewart PA
Moore & Van Allen, PLLC
Wyrick Robbins Yates & Ponton LLP

Manufacturing

Avon Products, Inc.
Container Products Corporation
FUJIFILM Manufacturing USA, Inc.
Pella Corporation

Public Service

Conroe Firefighters' Relief and Retirement Fund
Largo Municipal Police and Fire Retirement System
Fort Lauderdale Police and Firefighter Retirement System
Magnolia Fire Emergency Services District
San Benito Firefighters' Relief and Retirement Fund
Temple Firefighters' Relief and Retirement Fund
Weslaco Firefighters' Relief and Retirement Fund

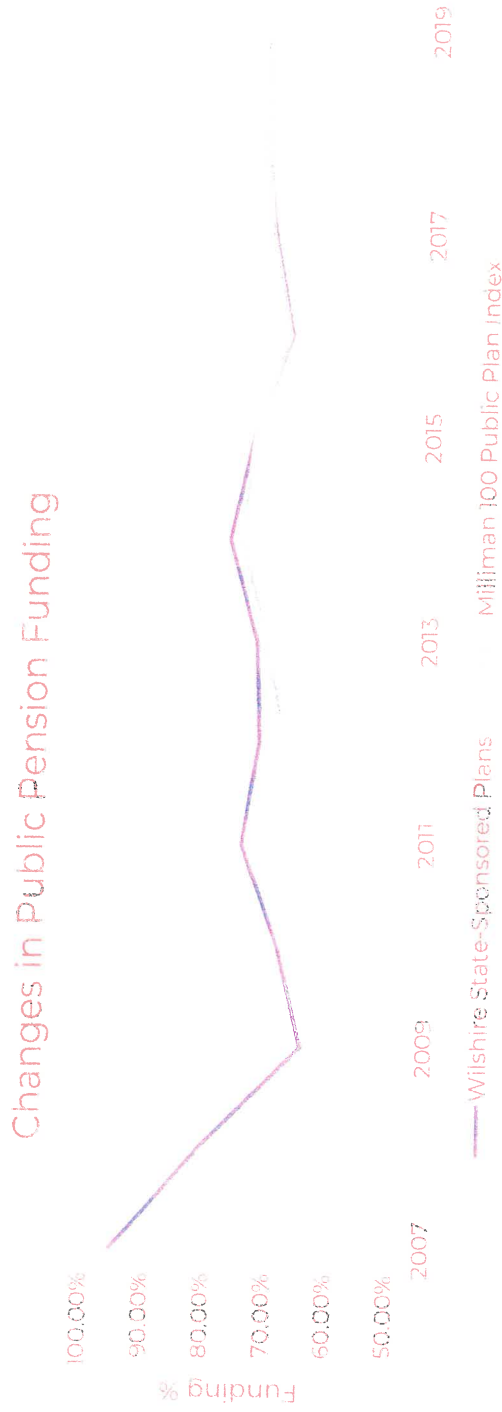
Retail

Dollar Tree, Inc.
Public Storage
Sheetz, Inc.
Tops Markets, LLC
The Container Store

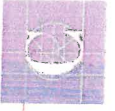


PUBLIC PENSION LANDSCAPE

IMPACT OF GASB 68



- The above chart illustrates the changes in funding of 131 pension plans measured by Wilshire, and the top 100 public plans measured by Milliman
- There was a steep decline in funded status after 2014 which derives from two major factors:
 - GASB 68 came into effect 6/15/2014, requiring some plan sponsors to discount liabilities using a lower discount rate
 - New RP-2014 mortality table was adopted by many plans, reflecting longer life expectancies than previously expected by RP-2000 table



IMPACT OF GASB 68



- The median liability discount rate, now measuring long-term expected return, has shown a gradual decline since 2013.
- According to Milliman, 33% of plans studied lowered their long term-assumption from 2017 to 2018. 63% have lowered their assumption at least once since 2013.
- This reflects a widening view of declining investment returns over the next thirty years compared to historical performance.
- While long-term return assumptions have come down, they have not come down as much as Capital Market Assumptions would suggest.

Source: Milliman 2018 Public Pension Funding Study
Independently-Determined rates used are derived from previous Milliman studies

OPTIONS TO IMPROVE FUNDED STATUS

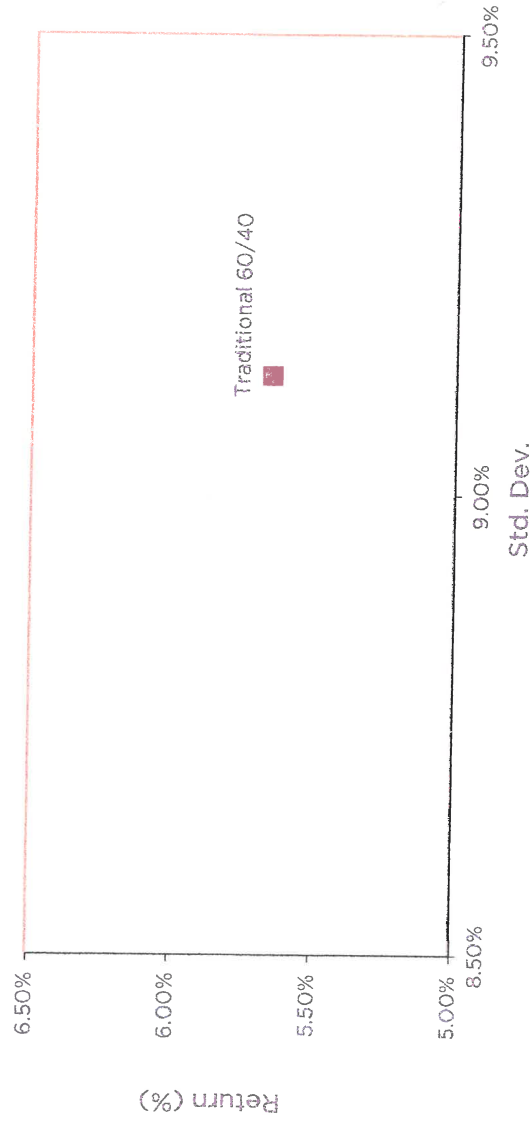
The following are three options to improve reported funding amongst GASB pensions:

1. Re-Risk Portfolio
 - Adding more exposure to equity markets could result in a higher expected return on assets; however, could also create more volatility in the portfolio
2. Increase annual contributions
 - Increasing contributions could reduce the Net Pension Liability; however, will add expense on the balance sheet.
3. Modify discount rate
 - Raising the expected return on assets could improve the Plan's short-term funded status; however, missing the mark would amortize over the next 5 years, potentially increasing the Total Pension Liability.



ASSET ALLOCATION - MOST IMPORTANT DECISION

Asset allocation is the primary determinant of portfolio outcomes. Care must be taken to align allocation with objectives while avoiding risk beyond tolerance.



Review Current Asset Allocation

- Is there a way to improve the current asset allocation by creating more alignment with goals?
- Are there opportunities to add additional return or remove unrewarded risk?
- Is asset allocation aligned with spending needs?

Diversifying Asset Classes

- Do alternatives have a role in the asset allocation?
- How does the use of alternatives align with liquidity needs?
- What are peer organizations doing?



CAPTRUST CAPITAL MARKET ASSUMPTIONS

U.S. Economy		Return	Risk
U.S. Economic Growth (GDP)		2.25%	-
U.S. Inflation (CPI)		1.75%	-
Equity Markets		Return	Risk
U.S. Large-Cap Equity		7.25%	15.00%
U.S. Mid-Cap Equity		7.50%	17.30%
U.S. Small-Cap Equity		7.50%	19.30%
International Stocks-Developed Markets		7.00%	16.55%
International Stocks-Emerging Markets		7.75%	21.50%
Fixed Income		Return	Risk
U.S. Short-Term T-Bills (Cash)		1.25%	0.55%
U.S. Core Fixed Income		2.10%	3.40%
U.S. Intermediate-Term Treasury Bonds		1.20%	3.00%
U.S. Long-Term Treasury Bonds		2.00%	13.10%
U.S. Investment Grade Corporate Bonds		3.10%	6.15%
U.S. Long-Term Corporate Bonds		3.85%	9.40%
U.S. High Yield Corporate Bonds		5.15%	9.45%
U.S. Municipal Bonds		3.40%	4.20%
Global Bonds		1.35%	5.50%
Treasury Inflation-Protected Securities (TIPS)		2.00%	5.85%
Real Assets		Return	Risk
U.S. Public Real Estate		5.75%	20.40%
U.S. Core Private Real Estate		6.00%	12.00%
Commodities		2.75%	15.95%
Core Private Real Assets		5.00%	9.00%
Strategic Opportunities		Return	Risk
Core Private Equity		9.75%	10.00%
Hedged Strategies		4.25%	6.00%
Core Private Credit		7.00%	9.75%

Formulating risk and return assumptions for asset classes offers investors a guide to the probable range of investment performance. These assumptions can guide the asset allocation process to meet your investment goals.

At CAPTRUST, we believe setting realistic capital market assumptions for a 7- to 10-year period helps manage expectations and better frame conversations for successful investment strategies.

Source: CAPTRUST Research as of May 2020



HISTORY OF RELATIONSHIP

HISTORY OF GALVESTON POLICE/CAPTRUST TEXAS RELATIONSHIP

Basis for review: Graystone had been the non-discretionary consultant for 20 years

Graystone Asset Allocation 2017

Diversification	Over-Diversified
Sector Exposure	Under and Over-Weights
Transparency	Equities invested in mutual funds and ETF's; thousands of holdings with underlying fees; Active Fixed Income
Equities Passive	60% (S&P 500 ETF, I-Shares MSCI EAFE; Vanguard Mid-Cap)
Fixed Income Active	28% (Orleans, PIMCO Total Return, Legg Mason)
Alternatives	10% (FBA Crescent, MFS Global, Wells Fargo Advisors (all funds < 0.70 bps)
Assumption	8%

Graystone Consulting and Asset Management 0.43 bps
 Moody Custodial Bank \$36,000



HISTORY OF GALVESTON POLICE/CAPTRUST TEXAS RELATIONSHIP

- May 2017 Board voted 9-0 to hire STMM under the Institutional Asset Management Program (IAMP) – an open architecture “Manager of Managers” program which utilizes Core Equity and Fixed Income active, fully discretionary, directly-managed strategies as foundational components of the portfolio.
 - With the Core/FI – only approach, additional managers would be added for further diversification at a later, more appropriate date.
- STMM worked with plan administrator and board to reduce custodial fees.
 - June 2017 Selected Schwab as custodian and negotiated zero trading costs for a 6-month period and no fees for custody of assets
 - Reviewed cash flow and formalized a cash management strategy.

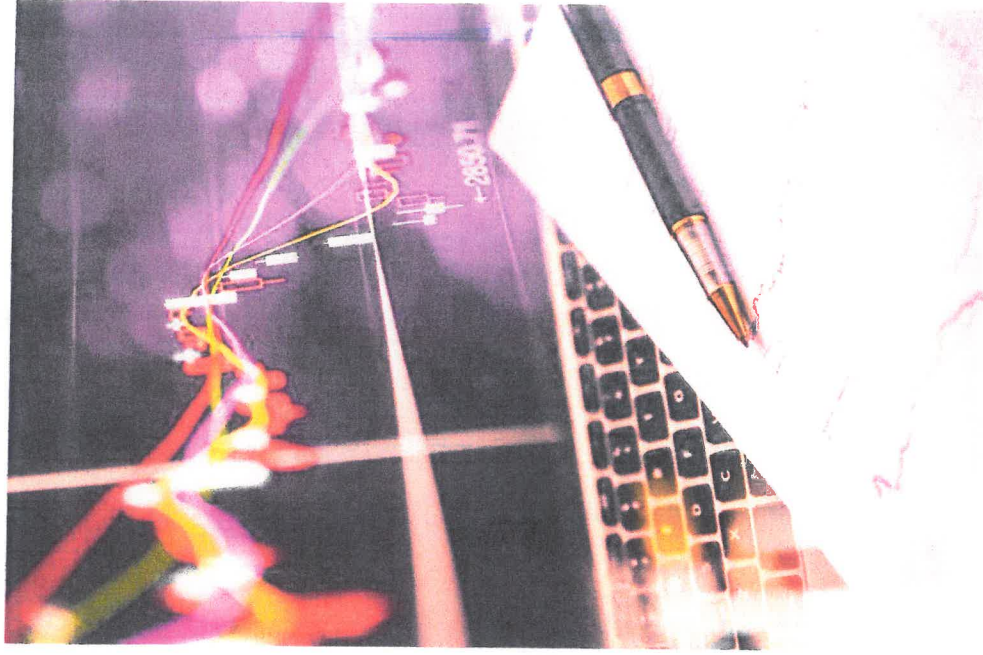
Provided on-going support to board on legislative, actuarial and by-laws changes

September 2019 STMM merger with CAPTRUST

February 2020 discussed additional active managers for portfolio with the Investment Committee

June 2020 presented full board with overview of Texas Core changes and discussed adding managers for further diversification

STMM Fee	0.35 bps
Schwab Custodial Fee and Trading	0.00 bps



TWO TYPES OF INVESTMENT FIDUCIARIES

Two Types of Investment Fiduciaries			
Non-Discretionary Investment Manager		Discretionary Investment Manager	
CONSULTANT	Investor/Trustee	CONSULTANT	Investor/Trustee
• Recommend the asset allocation for the fund • Recommend investments for the fund • Monitor investments • Recommend changes, if necessary • Own liability for tools and analysis used to make recommendations	• Select the asset allocation and investment policy parameters for the fund • Select all investments for the fund • Monitor investments • Make changes, if necessary • Own liability for investment decisions	• Recommend the asset allocation and investment policy parameters for the fund • Select the investments for the fund • Monitor investments • Make changes, if necessary • Implement policy • Own liability for investment decisions	• Select the asset allocation and investment policy parameters for the fund • Monitor consultant to ensure fiduciary responsibilities are being met



LASER FOCUSED

CAPTRUST

Culture of employee ownership

Investment advice is our business

Conflict free

Actively investing in talent and technology

Unconstrained opportunity set

Banks

Publicly traded quarterly earnings

Multiple lines of business

Conflicts with their own products

Industry is undergoing major changes

Investment advisory is a fraction of revenue

Asset Managers

Publicly traded or privately owned

Focused on asset gathering

Conflicts with their own products

Passive management pressures

Proprietary offerings

Brokerage Firms

Publicly traded quarterly earnings

Multiple lines of business

Restricted universe of investment managers

Fiduciary issues

Proprietary offerings

PORTFOLIO REVIEW AND CONSIDERATIONS

INVESTMENT POLICY DEVELOPMENT

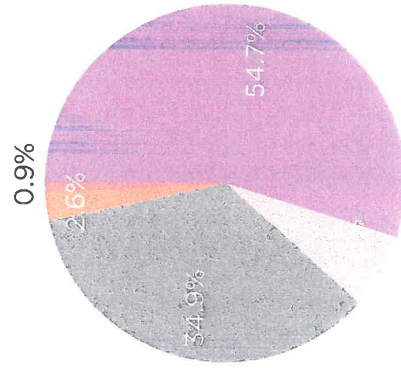
Ten Components of a Well-Written IPS:

1. Define the roles of all fiduciaries.
2. Identify income, cash flow, and liquidity needs.
3. Identify the time horizon for achieving goals.
4. Develop a statement of risk tolerance for the organization.
5. Identify specific asset classes to be utilized.
6. Define asset allocation policy and rebalancing guidelines.
7. List methodology of gauging success of the investment managers.
8. Describe the roles and responsibilities of all fiduciary parties.
9. Create a formal statement of investment objectives and target returns.
10. Conduct an annual review of the investment policy guidelines.



DETAILED CONSOLIDATED INVESTMENTS

Current Asset Allocation



U.S. Stocks

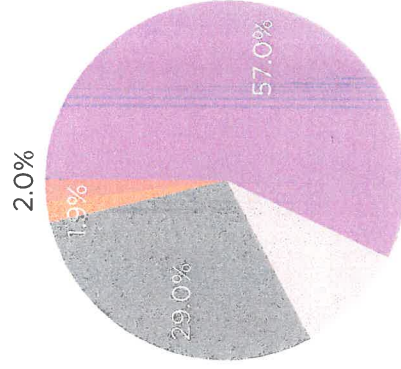
Bonds

Cash

International Stocks

Real Estate

Proposed Asset Allocation



U.S. Stocks

Bonds

Cash

International Stocks

Real Estate



THE CAPTRUST INVESTMENT EDGE

It's what
you can't see
that can hurt you.

Unlike firms that rely upon third-party reports, we conduct our research in the field with "boots on the ground" and direct access to senior portfolio managers. This approach provides valuable perspective on a fund's potential performance.

Investment Due Diligence Calls	Portfolio Manager Interviews	Onsite Due Diligence Trips	Daily Monitoring	Stable Value/ Money Market Review
3,500 annually	300+ one-on-one visits annually	100+ visits annually	2,000+ Investment Funds	50+ Products Evaluated Quarterly

- In addition to maintaining a robust due diligence database of liability-driven investing fixed income managers, CAPTRUST investment professionals conducted 20+ interviews in this asset class alone over the past year
- With future investment earnings uncertain, CAPTRUST continuously explores capital markets to uncover new investment opportunities such as insurance-linked catastrophe bonds
- CAPTRUST works with managers to develop opportunities to profit from investment in direct real estate and private companies while maintaining the liquidity necessary to ensure benefits can be paid monthly

MANAGER SELECTION AND DUE DILIGENCE

Initial Screen	Phase 1	Industry Standard
Identify managers who meet minimum requirements of initial screen		
Going beyond the Numbers	Phase 2	CAPTRUST'S Unique Approach
Quantify the path to performance success to verify factors that predicate performance consistency		
In-Depth Qualitative Analysis	Phase 3	
Qualitatively stress test factors that could impede performance success to quantify risk		
		Operations: Ownership structure, employee compensation and incentives, company meetings, legal issues, repeatability of process, risk monitoring and controls, and portfolio construction Leadership: Personnel turnover, self-discipline, reinvestment focus, risk controls, manager tenure and experience, stability and history of firm, and idea sourcing

P65 We leverage the scale of our business to gain access and cost-effective solutions with best-in-class asset managers across product types including, mutual funds, collective Investment trusts, separately managed accounts, and limited partnerships.



RECOMMENDATION: ACTIVE/PASSIVE APPROACH

City of Galveston Employees' Pension Plan for Police — December 17, 2020

Account	Current	Proposal
Total	\$ 22,141,365	\$ 22,141,365
CAPTRUST Balanced 60/40 - Equity	\$ 15,673,852	\$ 5,121,852
CAPTRUST Balanced 60/40 - Bonds	\$ 5,737,965	\$ 6,417,965
CAPTRUST Balanced 60/40 - Cash	\$ 729,547	\$ 149,547
Schwab S&P 500 Fund	\$ -	\$ 5,122,000
Nuance Mid Cap Value	\$ -	\$ 2,165,000
Stephens Mid Cap Growth	\$ -	\$ 2,165,000
Harding Loevner Intl Eq	\$ -	\$ 1,000,000

Region	Current	Proposal
United States	86.0%	84.2%
Developed	10.0%	13.0%
Emerging	4.0%	2.8%
Total	100.0%	100.0%

Market Cap	Current	Proposal
Large Cap	73.0%	69.9%
Mid Cap	25.0%	25.9%
Small Cap	2.0%	4.2%
Total	100.0%	100.0%

Sector	Current	Proposal
Communication Services	10.0%	9.5%
Consumer Discretionary	12.0%	9.4%
Consumer Staples	7.0%	8.2%
Energy	4.0%	2.4%
Financials	14.0%	14.0%
Health Care	13.0%	15.8%
Industrials	6.0%	8.1%
Information Technology	23.0%	23.3%
Materials	5.0%	3.1%
Real Estate	4.0%	3.5%
Utilities	2.0%	2.7%
Total	100.0%	100.0%

[illegible]

MONTHLY FLASH REPORT: SOUTH TEXAS CORE

MONTHLY FLASH REPORT

11/01/20 NOVEMBER 2020

MARKET REWIND

All asset classes posted gains in November. U.S. stocks rallied last month, driven by better-than-expected corporate earnings, positive developments on a COVID-19 vaccine, and an easing of U.S. election uncertainty. They remain the standout performer for the year. International developed stocks turned positive for the year, but they trail their U.S. counterparts due to sluggish economic growth and rising COVID-19 cases in Europe. Emerging market stocks continue to benefit from China's strong recovery and a weaker U.S. dollar.

Bonds rose slightly as interest rates remained at historically low levels. They have posted solid gains for 2020. While real estate recovered in November, it remains the laggard for the year due to concerns about the retail and office sectors. Strategic opportunities posted a modest gain for the month.

LOOKING FORWARD

Markets are focused on the deployment of a COVID-19 vaccine and the potential for further reopening of the economy next year. However, virus cases continue to rise as we enter the winter months, and another round of lockdowns is possible. In other words, the news may get worse before it gets better. Meanwhile, global central banks continue to support the economy with low interest rates and bond buying programs. Now that the U.S. election has ended, we expect another round of fiscal stimulus in the coming months to support small businesses and consumers.

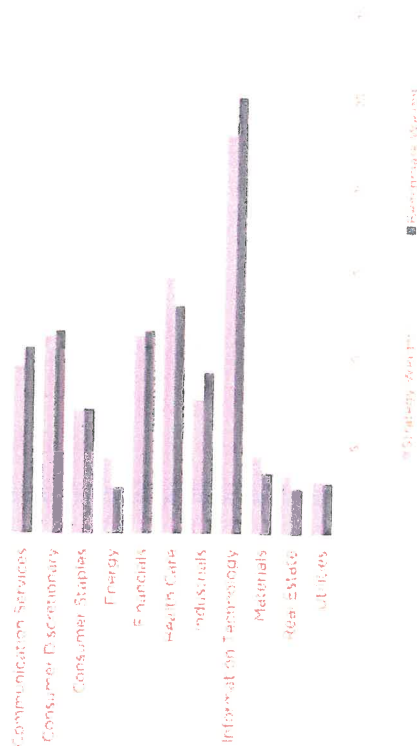
We are monitoring several other issues that could impact markets in the coming months. With a new administration set to take over in Washington, markets will be watching for policy changes. However, the balance of power in the Senate has not been decided yet. This will be critical to determine the future path of policy. Following the market's strong rebound from its lows in March, valuations are elevated, which could lead to more volatility if corporate earnings come in below expectations.

This monthly report is intended only for CAPTRUST clients who have given us discretionary trading authority over their investment portfolios. This report highlights market activity and portfolio characteristics, along with any portfolio actions taken, as a tool for our forward-looking tactical views. The opinions expressed in this report are subject to change.

Index Performance Numbers as of 11/30/20

	November	YTD	1 Year	3 Year	5 Year
U.S. Stocks	10.95%	14.02%	17.46%	13.21%	14.00%
S&P 500					
International Stocks	13.88%	5.56%	10.22%	3.87%	7.53%
MSCI ACWI ex U.S. (dollar)					
Bonds					
Investing Partners' 10 Year Credit	0.50%	6.22%	6.35%	4.65%	3.53%

Strategy Sector Weightings (%)



The above information is provided for informational purposes only and is not intended to be a recommendation or offer of any financial product. It is not a complete and exclusive statement of the facts or a forecast of future performance. It is not a recommendation or offer of any financial product. It is not a recommendation or offer of any financial product.

MONTHLY FLASH REPORT: SOUTH TEXAS CORE

Portfolio Contributors

NOVEMBER		
	Return	Contribution
Lam Research	32.53%	0.74%
T-Mobility	20.33%	0.68%
Devon Energy	56.66%	0.53%
Citigroup	32.96%	0.51%
SmileDirectClub	38.20%	0.50%
Raytheon Technologies	33.01%	0.49%
Broadcom	14.85%	0.47%
American Intl Group	22.07%	0.46%

PORTFOLIO UPDATE

November was a particularly strong month for equities. The CAPTRUST Texas Core strategy gained 12.3%, outperforming its benchmark by nearly 1%. Growth stocks stalled and value stocks rallied, as hopes for a return to normalcy were kindled by successful data from two COVID vaccine makers. As we have telegraphed, we began tilting the portfolios more toward the *pandemic losers* now that a pathway to normalcy is clearer. We started in October with a reduction of our technology weighting and an increase in energy. We moved a little more in that direction in November with a trim of our overweight position in Amazon after strong year to date gains. With the proceeds we added to PRA Health and Gilad. Both should benefit from the end of the pandemic (as widespread drug development outside of COVID should resume).

Portfolio Detractors

NOVEMBER	
Return	Detraction
Tencent Holdings	-4.71%
Lowe's	-0.12%
CyrusOne	-0.03%
Utilities Sector SPDR	-0.02%
Watco	0.02%
Kroger	0.05%
General Mills	0.06%
Glead Sciences	0.08%
	4.33%

Increased Positions

Name	Ticker	Sector
Gilead Sciences	GILD	Health Care
PRA Health Science	PRAH	Health Care

Decreased Position

Name	Ticker	Sector
Amazon	AMZN	Con. Discretionary

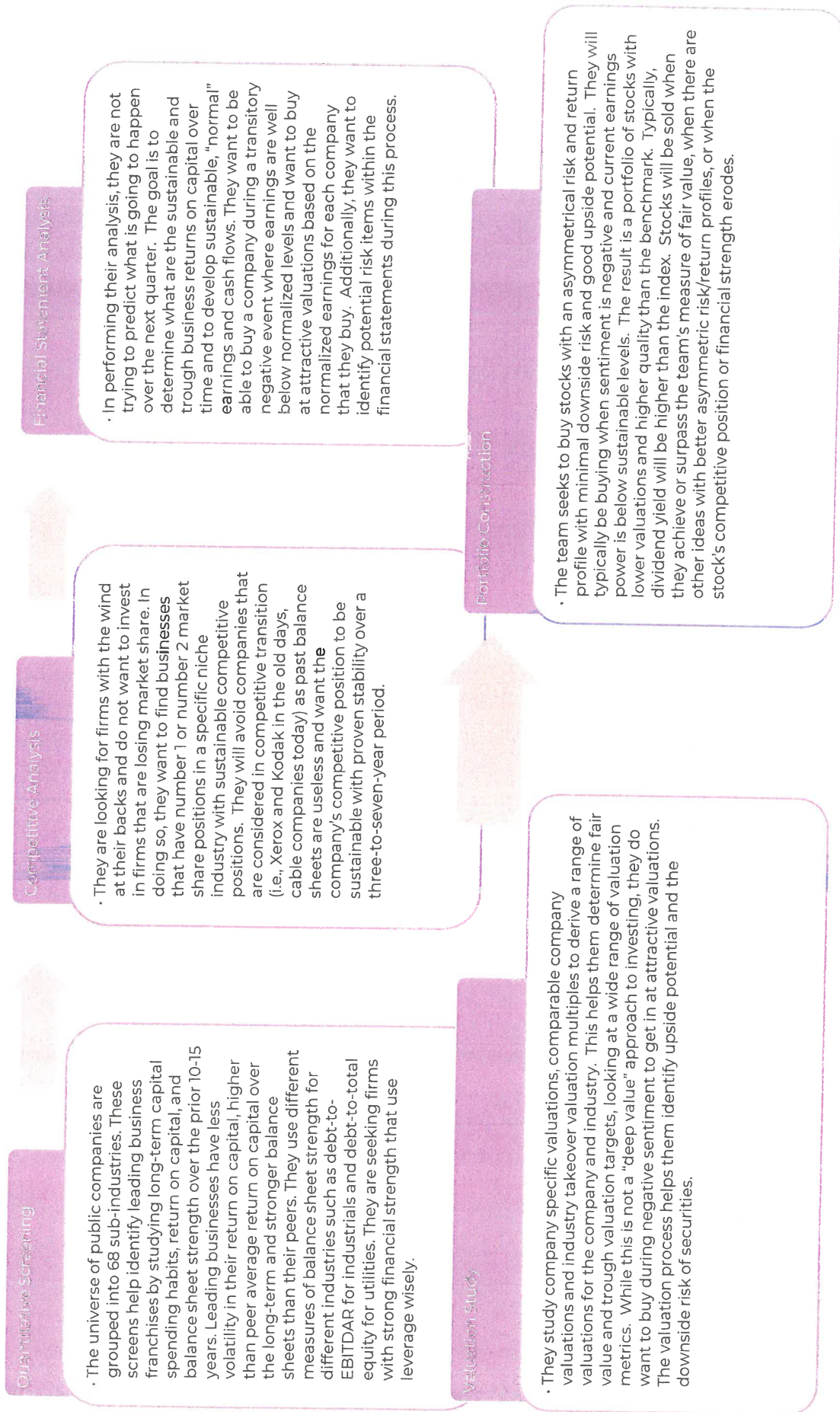


NUANCE MID-CAP VALUE

Tenure(s)	Since inception, 2014
Quick Facts	• \$2.3 billion Mid-Value Composite, \$3.5 billion firm wide AUM • 80% - 100% turnover (40% name turnover & 40%-60% managing weightings through trims and adds) • 50 – 90 securities • 7.5% maximum position size • +/- 15% sector constraints around the Russell Midcap Value Index • \$250k minimum investment • 0.80% asset-based fee • GIPS compliant and verified track record by Absolute Performance Verification (March 2019)
History	Nuance was founded in 2008 by Scott Moore. While Scott had a very successful career with American Century prior to stepping out on his own, he was tired of overseeing tens of billions of dollars, managing the cash flows associated with big mutual funds and the singular mentality of growing assets. The two Nuance mandates will be capacity constrained at \$1 billion for the concentrated strategy and \$2 billion for the mid cap value. Mid Cap value is technically closed to new investors, but still available to CAPTRUST clients.
Ownership Structure	100% employee owned with ownership across the senior investment and management team members.



NUANCE MID-CAP VALUE INVESTMENT PROCESS



STEPHENS MID-CAP GROWTH

Tenure(s)	All since inception
Quick Facts	• \$342 million Mid Cap Growth Composite (\$508mm strategy assets), \$4.3 billion firm wide AUM • 30% - 40% turnover • 80 - 110 securities • 2.5% maximum position size • Sector constraints: +/- 50% around the benchmark • \$750,000 minimum investment. Institutional share class mutual fund available at \$250,000 • 0.80% asset-based fee (0.89% for institutional class mutual fund) • GIPS compliant and verified (Sep 2019)
History	Stephens Investment Management Group was formed in October 2004 by four original investment team members from AIM Capital Management. This team of four was responsible for the management of small and mid-cap growth strategies at AIM from September 1998 through August 2004. All the members of this team have been together for ten years and some have been together for over thirteen years.
Ownership Structure	Stephens Investments Holdings LLC, a family owned and privately held firm, owns the controlling interest in Stephens Investment Management Group. The four original team members have approximately 30% equity ownership in SIMG through phantom stock.



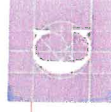
STEPHENS MID-CAP GROWTH INVESTMENT PROCESS

The **Stephens Mid Cap Growth** strategy invests in a combination of core growth companies and earnings catalyst companies. Core growth companies are high quality, established, well-managed companies with strong business franchises, with a competitive advantage within a growing market, and that exhibit sustainable, above-average revenue and earnings growth rates. Earnings catalyst companies are those with a significant positive business catalyst that may translate into accelerated earnings growth. The catalyst for change may be internal or external and may be a short or longer-term phenomena. The catalyst can lead to a period of better-than-expected revenue or earnings estimate revisions potentially leading to P/E expansion. Investors typically underestimate the magnitude and length of time that the catalyst impacts the company – a classic behavioral finance issue.

Each investment made must be supported by a well-documented, discrete investment thesis, which includes the key metrics that would confirm the thesis and metrics or events which would cause them to sell the stock. The research process includes the development of the investment thesis, finding objective, fundamental data to either support or refute the thesis, trying to identify an edge such as an informational advantage or relative experience, determining if there can be timely access to data to help monitor the thesis, determining if the distribution of outcomes is positively skewed and above consensus, and developing a meaningful sell strategy that is beyond just reacting to bad news. Once the research has been developed, the team meets to see if there is a consensus on the thesis and analysis and determines how the security might fit in with the rest of the portfolio.

The team incorporates behavioral finance into the process to take advantage of other investors' bad decisions and the market inefficiencies created as a result of those decisions. It can be used as a defensive measure to prevent them from falling into traps that other investors make or used as an offensive tool to help exploit the mistakes of others. These strategies would include identifying inflection points, approaching situations with an open mind and not anchoring to individual data points that may be preliminary, random or incorrect, and identifying situations where the potential outcomes are significantly above consensus and skewed positively. While valuation is a consideration in the process, they never initiate or eliminate a position based on value alone. Investors often miss great opportunities due to valuation fears as true growth companies can stay expensive for a long time.

Upon the purchase of any investment, the team identifies up front the criteria that will cause them to sell in order to limit their exposure to behavioral traps. Typical reasons would include the failure of the business model, a loss of competitive advantage, an exhausted catalyst, or decelerating earnings growth. Sometimes securities get sold for risk control or to maintain style purity. Other red flags that could lead to a sell are an earnings disappointment or negative earnings revision, management change, new competitors, a sell side downgrade or a major acquisition.



HARDING LOEVNER INTERNATIONAL EQUITY

Tenure(s)	Ferrill has served as the co-lead portfolio manager since 2011. Andrew joined Ferrill as the other co-lead portfolio manager in January 2019 after serving in the capacity of a paper portfolio manager since 2011. The other team members have been in support roles since 2011 and 2012, respectively.
Quick Facts	• \$967 million composite assets, \$12.9 billion in strategy assets, \$73 billion total firm assets • 15% average turnover • 30-60 holdings • 5% maximum individual security • Sector weights limited to 25% at cost, industry weights at 15% maximum • Individual country limits vary, with each given wide flexibility (e.g., Japan up to 40%, UK up to 30%, France/Germany/Netherlands/Switzerland up to 20%, etc...) • \$750,000 minimum investment • 0.80% management fee • GIPS compliant and independently verified separate account track record through 2018
History	Harding Loevner was founded in 1989 by David Loevner and Dan Harding. Prior to forming the firm, the pair had worked for the Rockefeller Family Office. The firm is a global equity specialist, offering strategies that focus on international, international small cap, global, emerging markets and frontier markets. The firm has 35 investment professionals.
Ownership Structure	Harding Loevner has been 60% owned by Affiliated Managers Group, a public company, since 2009. The remaining 40% is owned by a broad group across HL's senior employees who are limited partners. Harding Loevner and each of AMG's affiliate managers operate independently from one another.



HARDING LOEVNER INTERNATIONAL EQUITY INVESTMENT PROCESS

Harding Loevner defines its investment style as quality growth. A company must exhibit a competitive advantage, having a strong position within an industry with a favorable global competitive structure as manifested by high and/or improving margins. The company must have a high-quality management team with a track record of successful management, especially regarding capital allocation, with a clearly articulated business strategy and a consistent regard for shareholders. Each company needs to exhibit financial strength with a business appropriate balance sheet, borrowing capacity, and internal free cash flow generation. Lastly, each holding needs to exhibit sustainable growth in revenues, earnings and free cash flow.

Prospect Analysis

Analysts to examine fundamental data on candidate companies to identify high-quality, growing companies that appear qualified for more in-depth analysis. The analysts focus on quantitative metrics such as ROA, profit margins, cash flow generation, leverage, as well as the historical and anticipated growth in earnings, revenues, cash flows and assets. Qualitative factors include the competitive structure, the sustainability of their competitive advantage and the quality of the management.

Research and Due Diligence

The analysts dig deeper to gain a comprehensive understanding of their business models, growth potential and management quality. On-site company visits and one-on-one discussions with management are a regular component of the research process as a part of their investigation into the effectiveness of the company's leadership and the quality of its corporate governance. In 2016, the analyst team participated in approximately 1,500 company visits and/or management interviews. The team employs a Quality Assessment Framework that looks at ten factors to determine how well a company meets their quality-growth criteria. These factors focus on competitive advantages, quality management, financial strength and sustainable growth. Each company is given a score based on this rating system.

Valuation Analysis

A fair value is assessed using a variety of standardized methods including a multi-stage cash flow return on investment model and discounted cash flow analysis. The analyst will also establish fundamental mileposts for future business results that a company must achieve for the fair value estimate to remain valid. Lastly, the analyst will assign a rating to the stock (best buy, buy, hold or sell) based on its potential relative to the benchmark. There are approximately 325 stocks out of their universe that have been valued and rated by the analyst team using the above metrics. These are the only stocks that can be considered for investment by the portfolio management team.

The two co-lead portfolio managers are solely responsible for all buy and sell decisions for the model portfolio. Each co-lead constructs a separate sub-portfolio by selecting from the rated stocks. The two sub-portfolios are then merged to create the strategy's model portfolio. The goal is to construct a concentrated portfolio that exemplifies the firm's most compelling investment ideas while also ensuring sufficient diversification to control risk. The two paper portfolio managers also independently build a portfolio using the same guidelines, but client capital is not allocated to these paper portfolios. This provides the co-leads with alternative viewpoints of the available opportunity set and trains the paper pm's for future planning needs. A position cannot be sold without first having an in-depth conversation with the sponsoring analyst about the company's performance and its status with milestone achievement. The decision to sell or trim a position is typically made for one of the following reasons: The company is not meeting the mileposts established in the thesis, there are more attractive opportunities identified, or the holding is nearing the size limit of 5%.

RECOMMENDATION: ACTIVE/PASSIVE EQUITIES APPROACH

Trailing Returns

Product Name	Q3	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
Schwab S&P 500 Index Fund	8.92	5.57	15.15	12.25	14.08	12.60	13.66
S&P 500 Index	8.93	5.57	15.15	12.26	14.15	12.68	13.74
Harding Loevner International Equity ADR Gross	9.16	5.13	15.63	5.41	10.13	6.77	7.28
Harding Loevner International Equity ADR Net	8.94	4.80	14.85	4.70	9.37	6.03	6.52
MSCI ACWI ex-US-ND Index	6.25	-5.44	3.00	1.16	6.23	3.18	4.00
Nuance Mid-Cap Value Gross	0.41	-8.76	-1.84	6.83	11.57	10.68	13.65
Nuance Mid-Cap Value Net	0.26	-9.23	-2.49	6.09	10.81	9.93	12.82
Russell MidCap Value Index	6.40	-12.84	-7.30	0.82	6.38	6.63	9.71
Stephens Mid Cap Growth Strategy Gross	0.03	17.00	27.07	15.92	10.70	14.11	15.90
Stephens Mid Cap Growth Strategy Net	6.50	17.35	27.22	19.31	18.04	13.44	15.18
Russell MidCap Growth Index	9.37	13.92	23.23	16.23	15.53	13.25	14.55

Calendar Year Returns

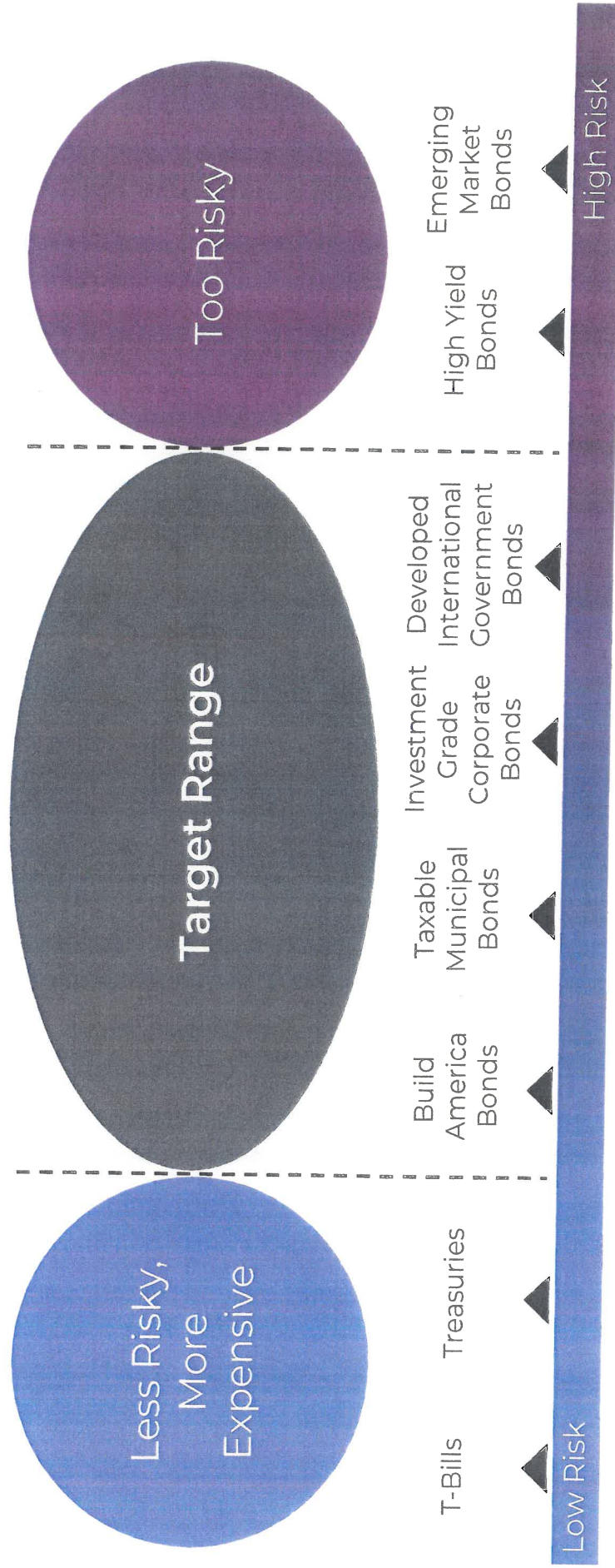
Product Name	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Schwab S&P 500 Index Fund	31.44	-4.43	21.78	11.82	1.28	13.57	22.28	15.91	2.05	14.98	26.26
S&P 500 Index	31.49	-4.38	21.83	11.96	1.38	13.69	22.39	16.00	2.11	15.06	26.46
Harding Loevner International Equity ADR Gross	22.58	-13.37	29.67	4.33	-0.61	-0.16	14.93	19.85	-10.42	16.98	35.76
Harding Loevner International Equity ADR Net	22.73	-13.98	28.80	3.59	-1.29	-0.88	14.10	18.98	-11.11	16.12	34.70
MSCI ACWI ex-US-ND Index	21.51	-14.20	27.19	4.50	-5.66	-3.87	15.29	16.83	-13.71	11.15	41.45
Nuance Mid-Cap Value Gross	32.51	-4.19	16.22	21.86	2.95	9.75	25.46	22.01	4.05	21.07	38.70
Nuance Mid-Cap Value Net	31.84	-4.88	15.40	21.05	2.24	9.13	24.25	20.61	3.34	20.01	38.22
Russell MidCap Value Index	27.06	-12.29	12.34	20.00	-4.78	14.75	33.46	13.51	-1.28	24.75	34.21
Stephens Mid Cap Growth Strategy Gross	33.55	3.22	29.58	7.98	-0.27	4.17	34.64	16.73	3.27	30.65	42.28
Stephens Mid Cap Growth Strategy Net	32.86	2.72	28.90	7.25	-1.01	3.47	33.70	15.86	2.43	29.63	41.27
Russell MidCap Growth Index	35.47	-4.75	25.27	7.33	-0.20	11.90	35.74	15.81	-1.65	26.38	46.29

FIXED INCOME STRATEGY

Allocation to fixed income helps to dampen equity market volatility

- We build fixed income portfolios primarily with individual bonds. This helps create a predictable stream of income.
- Our extensive broker-dealer network provides access to the new issue bond market. New issue bonds often price at higher yields than bonds trading in the secondary market.
- Independent credit analysis is completed internally by the team to reduce the risk of bond defaults.
- We supplement individual bond positions with exchange-traded funds and mutual funds.
- Including funds in the portfolio improves diversification, liquidity, and provides potentially higher yielding opportunities.

CAPTRUST | TEXAS FIXED INCOME RISK CONTINUUM

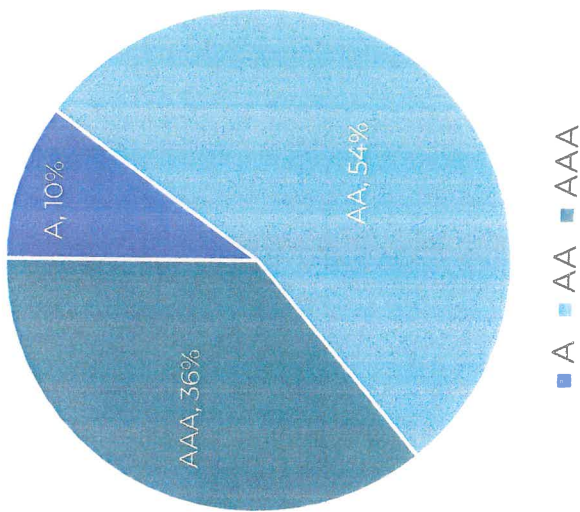


P77 The risk continuum represents CAPTRUST Texas's investment criteria for taxable fixed income and may be subject to adjustment.

FIXED INCOME 2020

Fixed Income Portfolio Characteristics	
Average Years to Maturity	4.22
Average Coupon	2.95%
Average Yield to Maturity	2.30%
Modified Duration	3.77
Number of Issues	31

Fixed Income Quality



OPTION: PASSIVE APPROACH

Asset Class	Investment Name	Ticker	Value	% Assets	Total Cost Expense Ratio % \$
Cash	Cash	--	\$95,000	0.5%	--
Fixed Income	Fidelity® US Bond Index	FXNAX	\$5,671,500	29.9%	0.03% \$1,418
US Equity	Fidelity® 500 Index	FXAIX	\$6,753,055	35.5%	0.02% \$1,013
US Equity	Vanguard Value ETF	VTV	\$741,076	3.9%	0.04% \$296
US Equity	Vanguard Growth ETF	VUG	\$1,028,243	5.4%	0.04% \$411
US Equity	Schwab Small Cap Index	SWSSX	\$370,538	2.0%	0.04% \$148
US Equity	Vanguard Small-Cap ETF	VB	\$370,538	2.0%	0.05% \$185
International Equity	Fidelity® International Index	FSPSX	\$2,779,035	14.6%	0.04% \$973
International Equity	Fidelity® Emerging Markets Idx	FPADX	\$1,191,015	6.3%	0.09% \$1,024
Total			\$19,000,000	100.0%	0.03% \$5,469
CAPTRUST Fee					0.28% \$53,200
Total Cost:					0.31% \$58,669

*Investment managers and fulfillment allocation is likely to change.

Return	5.72%
Risk	10.92%
Sharpe Ratio	0.41

SUMMARY OF FEES AND ESTIMATED EXPENSES

For Institutional Use Only

Approximate Portfolio
Investment
Management Fee

Asset Class	Current Portfolio	Recommendation	Passive Option
Global Equity	-0-	0.20%	0.03%
Fixed Income	-0-	-0-	0.03%
Weighted Investment Mgt Fee	-0-	0.20%	0.03%

Advisory Services Fee
(CAPTRUST)

Assets	Current Fee	Proposed Fee
Current Portfolio	0.35%	0.28%

P80

Estimated Annual Total Fee	Current Total Estimate	Recommendation Total Estimate	Passive Option Total Estimate
Investment Management (weighted)	-0-	0.20%	0.03%
Advisory Services Fee (consulting)	0.35%	0.28%	0.28%
Total Estimated Cost	0.35%	0.48%	0.31%

OUR UNIQUE VALUE PROPOSITION



With 34 years of continuous focus, learning, and reinvestment, we have developed compelling resources and expertise that we can translate into effective advice for our clients.

Effective as of 06/30/2020

Aligned Interests

- Objective and unbiased investment advisors
- 100% of revenue is derived from client advisory services
- Retirement specialists
- Dedicated subject matter experts by practice

Unique Perspective

- Depth of resources
- Industry leverage

Proven Results

- 3,500+ due diligence calls annually and 350+ on-site interviews
- 358 service/fee benchmarking projects conducted in 2019
- More than 3 million institutional plan participants across all 50 states
- CAPTRUST currently serves 14 public service clients, representing approximately \$1.2 billion in assets under advisement

CONCLUSION AND NEXT STEPS

- According to CAPTRUST's Capital Market Assumptions, neither the Current Portfolio nor the IPS targets are expected to meet the Actuarial Return Assumption of 7%. An allocation needed to meet these return expectations may not align with the risk tolerance of the board.
- The proposed equity portfolio structure enhances the diversification within the equities through the addition of dedicated active mid-cap and international equity sleeves while also providing an indexed portion for additional low cost, broad based exposure.
- The proposed asset allocation structure increases the equity exposure by approximately 5% which modestly increases the expected return for the portfolio using the CAPTRUST Capital Market Assumptions.
- The overall fee structure increases slightly due to the addition of the new managers but should be offset by the alpha that those managers have been able to generate historically.
- Next steps: Determine discretionary or non-discretionary relationship; approve the CAPTRUST agreement; set-up additional custodial arrangements for selected managers; transition the assets over to those newly selected managers; full review of 2014 Investment Policy Statement.

CONTACT US

LISA IVIE MILLER, AIF®

Principal | Financial Advisor

5000 Plaza on the Lake, Suite 170
Austin, TX 78746
Lisa.Miller@captrust.com

MADELON LEONE, CFA®

Principal | Financial Advisor

700 N. St. Mary's St, Suite 100
San Antonio, TX 78205
Madelon.Leone@captrust.com

MICHELLE SCARVER, CPA

Vice-President | Financial Advisor

700 N. St. Mary's St, Suite 100
San Antonio, TX 78205
Michelle.scarver@captrust.com

For more information about our firm,
please visit our website for plan sponsors,
captrust.com, or contact us toll-free at
800.216.0645.

As retirement specialists, we welcome the
opportunity to design a customized
program to ensure that you effectively
meet your fiduciary obligations, efficiently
manage your corporate assets, and
successfully prepare your loyal employees
for a comfortable retirement.

APPENDIX

Presentation of Retirement Advisory Services

CAPTRUST | TEXAS INDUSTRY INVOLVEMENT, LEADERSHIP AND ACCOLADES

CAPTRUST is a frequent speaker, panelist, sponsor, and attendee at national and regional events and has been asked to testify before the Department of Labor regarding retirement plan issues.

Industry Leadership

- Published target date position paper in coordination with the Wharton School of Business
- Panelist on Investment Committee Institute's Target Date Funds Seminar
- Contributors to U.S. Government Accountability Office studies
- Member of the Retirement Advisor Council, an advocacy group whose membership is limited to 75 retirement plan advisors and advisory firm practice leaders
- Founding member of the National Association Plan Advisors (NAPA)
- Provided retirement-related testimony to the House Committees on Ways and Means and Education and Labor

Select Industry Involvement

PLANSPONSOR National Conferences

Institutional Investor DC Forums

Plan Sponsor Council of America

Department of Labor/IRS Joint Sessions

Pensions & Investments DC Conferences

CAPTRUST Texas Industry Awards and Accolades

- South Texas Money Management (CAPTRUST Texas) named to *Barron's* Top Financial Advisors by State – 2019
- South Texas Money Management (CAPTRUST Texas) named to *Barron's* Top 100 Independent Advisors – 2017, 2018
- Jeanie Wyatt, CFA® and South Texas Money Management (CAPTRUST Texas) named to *Barron's* Top 100 Women Financial Advisors – 2016, 2018
- South Texas Money Management (CAPTRUST Texas) named to *Financial Times* Top 300 RIA Firms – 2017
- *Financial Planning* named South Texas Money Management (CAPTRUST Texas) as one of the Top 150 RIA Leaders – 2017
- Lisa Ivie Miller is an active member, committee member and presenter at the Texas Association of Public Employee Retirement Systems
- Lisa Ivie Miller is a presenter and conference organizer of the Texas Local Firefighters' Retirement Act (TLFFRA) Foundation Conference
- Lisa Ivie Miller is a founder and presenter of the TLFFRA Peer Review Training

**Graystone
ConsultingSM**

A business of Morgan Stanley

The City of Galveston Employees' Retirement Plan for Police



The Quantitative Group

Ronald A. Kern, CIMA®

Managing Director – Wealth Management

Institutional Consulting Director

Sports and Entertainment Director

(210) 366-6679

755 E. Mulberry, Suite 300
San Antonio, Texas 78212

Agenda: Today's Discussion

Morgan Stanley and Graystone Consulting: **Who We Are**

Our Process For Your Portfolio: **Proposed Allocation**

Performance Reporting: **Sample Report**

Disclosures

For Institutional investor use only. The information contained in this document has been furnished for informational purposes and is subject to change without notification. By accepting delivery of this presentation, each recipient undertakes not to reproduce or distribute its contents in whole or in part, nor to disclose its contents (except to its professional advisers), without prior written consent of Graystone Consulting. The sole purpose of the document is to inform and is not intended to be an offer or solicitation to purchase or sell any security. Investments mentioned in this document may not be suitable for all investors. Although the information has been obtained from sources we believe are reliable, Graystone Consulting and its affiliates do not guarantee its accuracy or completeness and accept no liability for direct or consequential losses arising from its use. Past performance shall not be used as an assurance of future results. Graystone Consulting and its affiliates do not provide tax or legal advice.
©2020 Morgan Stanley. Member SIPC. Graystone Consulting is a business of Morgan Stanley.

Morgan Stanley and Graystone Consulting: Who We Are

Graystone Consulting

A Different Kind of Institutional Consulting Experience

Graystone Consulting is focused on your results; providing a sophisticated framework and disciplined approach to help guide investment decisions while supporting your goals and risk parameters

BOUTIQUE SERVICE

Graystone Consulting consists of more than 50 offices nationwide, providing the personalized service you would expect from a small investment boutique while backed by the global resources of Morgan Stanley

INDEPENDENCE AND OBJECTIVITY

We believe in challenging conventional solutions, delivering unbiased strategies using an open architecture platform centered on your specific circumstances. When acting as fiduciaries, we act in your best interest, and are focused on customized, unaffiliated and transparent solutions

GLOBAL RESOURCES

Backed by Morgan Stanley's vast network, you will have access to specialists including more than 70 analysts dedicated to investment manager analysis, along with Philanthropy and Impact Investing professionals

The Graystone Distinction

A Unique Combination of a Boutique and Larger Firm

GRAYSTONE CONSULTING

- Large firm resources with a small firm culture
- Global footprint with local service delivery and engagement
- Resources of extensive manager analysis team and access to Morgan Stanley & Co LLC research
- Strong capital markets expertise
- Collaborative consulting model
- Integration of investments, operations, and back-office support
- Negotiated investment manager fees
- Objective, independent advice

BOUTIQUE FIRMS AREAS OF POTENTIAL CONCERN

- May have costlier implementation
- Research may be outsourced
- Capital markets expertise may be less extensive
- Service model may be relationship manager driven
- Back-office support not typically integrated
- Client focus may be on legacy clients

LARGER CONSULTANT AREAS OF POTENTIAL CONCERN

- Mid-market client may be getting the 'second team'
- Professional staff turnover may be high
- Service model may be numbers or project driven
- Manager selection may have larger manager and 'style-box' bias
- Portfolio responsibility may be displaced to committee
- Back-office support may not be integrated

Morgan Stanley has the Breadth of a Global Leader

Morgan Stanley serves clients worldwide providing a wide range of investment banking, securities, investment management, institutional consulting and wealth management services.

- Formed in 1935
- Offices in 41 countries
- 60,000+ employees
- \$2.7 trillion in total client assets



WEALTH MANAGEMENT

Recognized as one of the industry's premier global wealth management firms, with a dedicated independent consulting division, Graystone Consulting.

INVESTMENT MANAGEMENT

Offers investment expertise across a broad spectrum of global equities, fixed income, alternatives and real estate strategies.

INSTITUTIONAL SECURITIES

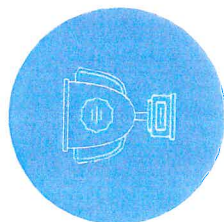
Global leader in investment banking: consistently ranked among the top firms in M&A, equity underwriting and debt financings.

Source: <https://www.morganstanley.com/people>. Data as of December 31, 2019.

GRAYSTONE CONSULTING

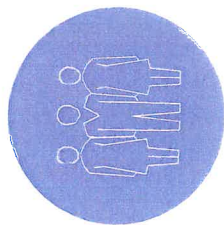
Doing Business with Integrity: A Focus on Core Values

We believe capital can work to benefit all of society. We make this belief a reality by focusing on five key elements that comprise the core values of our firm:



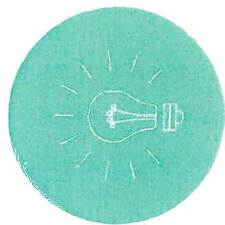
DOING THE RIGHT THING

- Act with integrity.
- Think like an owner to help create long-term shareholder value.
- Value and reward honesty, collegiality and character.



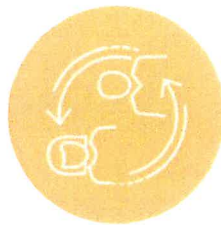
PUTTING CLIENTS FIRST

- Always keep our clients' interests first.
- Work with colleagues to deliver the firm's best to every client.
- Listen to our clients' needs and goals.



LEADING WITH EXCEPTIONAL IDEAS

- Win by breaking new ground
- Leverage different perspectives to gain new insight
- Drive innovation
- Be vigilant about what we can do better



COMMITMENT TO DIVERSITY AND INCLUSION

- Value individual and cultural differences as a defining strength
- Champion an environment where all employees feel a sense of belonging -- are heard, seen and respected
- Expect everyone to challenge behavior counter to our culture of inclusion



GIVING BACK

- Serve our communities generously with our expertise, time and money
- Build a better Firm for the future by contributing to our culture
- Develop our talent through mentoring and sponsorship
- Attract, develop and retain talent reflecting the full diversity of society

Meet the Professionals



Ron Kern, CIMA®
Managing Director - Investments,
Sports and Entertainment Director

Mr. Kern provides investment consulting services for individuals and institutions. He has spent more than two decades helping his clients. Mr. Kern's skills in problem solving and analytical thinking drive his investment work. Prior to his career in financial services, he was a practicing attorney. Mr. Kern received his undergraduate degree from Brown University, and his law degree from the University of Texas-Austin, where he graduated with honors. Mr. Kern earned his CIMA designation from Wharton.



Katie (Nisbet) Hendin
Institutional Consultant,
Investing with Impact Director

Focusing on portfolio oversight, comprehensive financial planning, and client advocacy, Mrs. Hendin has been with the firm since 2010. Her specialized knowledge in mission-based and sustainable investment strategies brings a distinctive perspective to help clients align their investments to reflect their values. Mrs. Hendin graduated from the University of Oklahoma, Michael F. Price College of Business, where she was on the President's Honor Roll and Dean's List.



Joe Sammons, CIMA®
Executive Director - Investments,
Institutional Consulting Director

Mr. Sammons plays an active role in helping clients invest their assets in service of their goals. He constructs portfolios based on customized asset allocation while incorporating an acceptable range of risk. He has over 32 years of experience in the financial services industry. Mr. Sammons is a member of the Graystone Advisory Committee and has held the CIMA designation since 1993. He graduated from Texas Tech University with a major in advertising and minor in marketing.

Contact Information and Team Responsibilities

Client Support



Laurie Georgeff

Institutional Consulting Associate
(210) 366-6645
Laurie.Georgeff-Byrd@mgraystone.com
Firm since 1995/Team since 2013
Client Relationships, Cash Management,
Trading, Onboarding, Notary Public



Heidi Siller

Senior Registered Associate
(210) 366-6660
Heidi.Siller@mgraystone.com
Firm since 2015/Team since 2015
Client Relationships, Cash Management,
Trading, Onboarding

Client Experience



Heather Wineinger

Institutional Consulting Relationship Manager
(210) 366-6632
Heather.Wineinger@mgraystone.com
Firm since 2010/Team since 2005
Performance Reporting, Team Logistics,
Business Development



Logan Sammons

Wealth Management Analyst
(210) 366-6685
Logan.Sammons@mgraystone.com
Firm since 2016/Team since 2016
Performance Reporting, Manager Research,
Investment Proposals



Jay Davila

Consulting Group Analyst
(210) 366-6615
Reynaldo.Davila@mgraystone.com
Firm since 2013/Team since 2013
Performance Reporting, Manager
Research, Investment Proposals



Genoveva Luna

Registered Associate
(210) 366-6691
Genoveva.Luna@mgraystone.com
Firm since 2010/Team since 1998
Performance Reporting

Our Process For Your Portfolio: Proposed Allocation

A Disciplined Institutional Process

Objective advice and investment insights to help you construct a comprehensive plan that is uniquely yours.

ORGANIZATIONAL ASSESSMENT

- Plan history
- Investment objectives
- Asset / liability structure
- Liquidity requirements
- Plan surpluses / reserves
- Time horizon and risk tolerance
- Employee demographics

Benefit: Comprehensive analysis informs decisions

INVESTMENT POLICY STATEMENT

- Duties and responsibilities
- Asset liability analysis
- Criteria to select asset classes, styles
- Appropriate risk/return benchmarks
- Procedures
- Process to upgrade / replace funds

Benefit: Policy statement tailored to your criteria

ASSET ALLOCATION STUDY

- Utilize resources of the firm for insights
- Capital Markets informs decisions
- Models based on historic data and projected trends
- Policy adherence evaluation
- Portfolio construction recommendations

Benefit: Customized allocation

ONGOING REVIEW

- Present your plan's investment results at committee board meetings
- Regularly review plan policy statements and investment selections
- Provide ongoing capital markets intelligence to boards
- Ongoing educational events designed to meet your needs

Benefit: Continuous tracking to help assure that plan goals and objectives are met

REPORTING & COMMUNICATION

- Performance measurement and risk analysis
- Customized reporting where needed
- Educational presentations to Board on topics of interest
- Sophisticated asset allocation studies & portfolio analytics

Benefit: Customized reports, extensive services tracking

INVESTMENT MANAGER EVALUATION

- Open architecture manager searches
- Leverage 45+ dedicated manager analysis professionals
- Database of 14,000+ managers/funds; 1,300+ investment strategies analyzed
- Assessments are available to advisory clients
- Work closely with your investment committee on manager recommendations
- Fee analysis and negotiation

Benefit: Objective and thorough analysis

The City of Galveston Employees Retirement Fund for Police Proposed Allocation

Ticker	Investment	Style	Proposed Allocation (\$)	Proposed Allocation of Class (%)	Proposed Allocation Overall (%)
IVV	iShares Core S&P 500 ETF	Large Cap Blend	\$5,720,000	40.0%	26.0%
VO	Vanguard Mid Cap ETF	Mid Cap Blend	\$2,860,000	20.0%	13.0%
IJR	iShares Core S&P Small Cap ETF	Small Cap Blend	\$2,145,000	15.0%	9.8%
HLMIX	Harding Loevner International Equity	Foreign Large Blend	\$2,145,000	15.0%	9.8%
NFFFX	American Funds New World	Diversified Emerging Markets	\$715,000	5.0%	3.3%
EEM	iShares Core MSCI Emerging Mkts ETF	Diversified Emerging Markets	\$715,000	5.0%	3.3%
Subtotal Equities			\$14,300,000	100.0%	65.0%
	Nuveen Core Fixed Income	Intermediate Term Bond	\$7,480,000	100.0%	34.0%
Subtotal Fixed Income			\$7,480,000	100.0%	34.0%
	Money Market	Cash & Cash Equivalent	\$220,000	100.0%	1.0%
Subtotal Cash			\$220,000	100.0%	1.0%
Total			\$22,000,000		100.0%

The asset allocation used in this hypothetical illustration has a material effect on its overall performance. Please note that this allocation was made with the benefit of hindsight. Investors do not have the benefit of knowing what asset allocation will have positive performance at any time in the future. As a result, actual performance for client accounts may be materially lower than the allocation illustrated above. Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment.

The City of Galveston Employees Retirement Fund for Police

Estimated Annual Expense Analysis

INVESTMENT	MANAGER ACCESS			THE QUANTITATIVE GROUP		COMBINED ESTIMATED ANNUAL FEE %	COMBINED ESTIMATED ANNUAL FEE \$
	MARKET VALUE	MANAGER FEE	TOTAL \$	ADVISORY FEE	TOTAL \$		
iShares Core S&P 500 ETF	5,720,000	0.03%	1,716	0.25%	14,300	0.28%	16,016
Vanguard Mid Cap ETF	2,860,000	0.03%	858	0.25%	7,150	0.28%	8,008
iShares Core S&P Small Cap ETF	2,145,000	0.06%	1,287	0.25%	5,363	0.31%	6,650
Harding Loevner International Equity	2,145,000	0.67%	14,372	0.25%	5,363	0.92%	19,734
American Funds New World	715,000	0.52%	3,718	0.25%	1,788	0.77%	5,506
iShares Core MSCI Emerging Mkts ETF	715,000	0.68%	4,862	0.25%	1,788	0.93%	6,650
Nuveen Core Fixed Income	7,480,000	0.12%	8,976	0.25%	18,700	0.37%	27,676
Money Market	220,000	0.00%	0	0.25%	550	0.25%	550
TOTAL	\$22,000,000		\$35,789		\$55,000		\$90,789

0.16% **0.25%** **0.41%**

Money Market funds have an internal management fee that fluctuates over time.
The asset allocation used in this hypothetical illustration has a material effect on its overall performance. Please note that this allocation was made with the benefit of hindsight. Investors do not have the benefit of knowing what asset allocation will have positive performance at any time in the future. As a result, actual performance for client accounts may be materially lower than the allocation illustrated above. Past performance does not guarantee future results.
Indices are unmanaged and not available for direct investment.

Performance Reporting: Sample Report

Sample Client Quarterly Report September 30, 2020

GRAYSTONE CONSULTING

A business of Morgan Stanley

Capital Markets Overview THIRD QUARTER 2020

- The S&P 500 saw continued moderate gains in the third quarter following a sharp rally in the second quarter, despite volatility in September. Equities rallied 8.9% on the quarter, following a quarter in which they gained 20.5%. Equities continued to rally despite a sell off in September and investor uncertainty surrounding the passage of a second fiscal stimulus plan. Fed ambiguity on Quantitative Easing and average inflation targeting details, 2020 presidential election results, and COVID vaccine timing as well as expectations for rising cases as we head into the colder season. International developed equities have underperformed the US on the quarter, while emerging markets have very slightly outperformed US equities. Morgan Stanley & Co. U.S. Equity Strategy has a 3,350 price target on the S&P 500 for 2Q21E.
- After the S&P 500 sectors finished the second quarter posting strong returns, the sectors finished the third quarter with a more moderate performance. While Tech, Energy, and Consumer Discretionary were the top-performing sectors in 2Q20, returning 30.5%, 30.5%, and 32.9%, respectively, Consumer Discretionary, Materials, and Industrials were the top-performing sectors in 3Q20, returning 14.9%, 12.7%, and 12.0%, respectively. Laggards this quarter included Financials, Real Estate, and Energy, which returned 3.8%, 2.6%, and -20.9%, respectively. Other major US indices were also up for the quarter: The Dow Jones Industrial Average rose 8.2% and the NASDAQ Composite rose 11.2%.
- The MSCI EAFE Index (a benchmark for international developed markets) rose 4.9% while the MSCI Emerging Markets Index rose 9.7% for the quarter. Although underperforming US equities for the quarter, international developed markets outperformed the month of September by 109 basis points. Emerging markets outperformed US equities for the quarter by 120 basis points.
- The US aggregate bond market was positive for a consecutive quarter and outperformed on an absolute but not on a relative basis as investors took on more risk within pro-recovery trades. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, rose 0.62%.
- Morgan Stanley & Co. economists expect US real GDP will be -1.5% in Q4 2020, but forecast positive GDP growth for 2021 as economic recovery continues.

Index Performance		3Q20	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
Equities:										
Standard & Poor's 500		8.93	5.57	15.14	12.29	14.15	12.68	13.74	9.20	6.42
Russell Mid Cap		7.46	-2.35	4.55	7.14	10.13	9.37	11.75	8.62	8.25
Russell 2000		4.93	-8.69	0.39	1.77	8.00	6.42	9.85	7.03	6.88
Russell Micro Cap		3.69	-7.94	4.44	-0.09	6.72	5.41	9.50	5.49	6.75
MSCI All Country World ex USA		6.25	-5.44	3.00	1.16	6.23	3.18	4.00	4.09	N/A
MSCI Emerging Markets		9.56	-1.16	10.53	2.42	8.97	3.74	2.50	5.81	N/A
Fixed Income:										
Bloomberg Barclays U.S. Aggregate		0.62	6.79	6.98	5.25	4.18	3.97	3.63	4.48	5.01
Bloomberg Barclays Long Treasury		0.12	21.35	16.33	11.88	8.20	8.77	7.21	7.40	7.72
Bloomberg Barclays Long Credit		1.97	8.00	9.27	8.63	8.82	8.17	7.32	7.28	8.17
Bloomberg Barclays Municipal Bond		1.23	3.33	4.09	4.28	3.84	4.32	3.99	4.37	4.86
Bloomberg Barclays High Yield		4.60	0.62	3.25	4.21	6.79	5.32	6.47	7.10	7.21
Blended:										
50%MSCI ACWI / 50%Barclays Agg		4.40	4.66	9.36	6.58	7.49	6.14	6.33	5.82	N/A
Non-Traditional:										
HFRI Fund of Funds Composite		4.24	2.54	5.70	2.88	3.08	3.06	2.88	2.64	3.27
Bloomberg Commodity Index		9.07	-12.08	-8.19	-4.18	-3.09	-7.24	-6.03	-4.82	-0.58
S&P GSCI Gold Index		3.63	21.38	25.41	12.37	9.96	4.29	2.91	8.74	9.32
Consumer Price Index		1.16	0.66	1.41	1.84	1.85	1.55	1.80	1.83	2.06
90 Day Treasury Bill		0.03	0.56	1.02	1.65	1.16	0.83	0.61	1.23	1.50

SAMPLE CLIENT **ASSET ALLOCATION**

September 30, 2020

I. ASSET ALLOCATION

ACCOUNT	EQUITY	FIXED INCOME	CASH & EQUIVALENT	TOTAL
INVESTMENT ACCOUNTS	22,923,701	10,075,690	10,588	33,009,979
OPERATING ACCOUNT	193,290	0	43,419	236,709
TOTAL	\$23,116,992	\$10,075,690	\$54,007	\$33,246,689
	69%	31%	0%	99%
	82%	0%	18%	1%
	70%	30%	0%	100%

II. EQUITY ALLOCATION

INVESTMENT	STYLE	INVESTMENT	OPERATING	TOTAL
Parametric S&P 500	Large Cap Blend	11,203,201	0	11,203,201
Various Stock	Large Cap Blend	0	193,290	193,290
Pinnacle Associates	SMid Cap Value	3,214,630	0	3,214,630
Parametric S&P 600	Small Cap Blend	2,937,591	0	2,937,591
Harding Loevner	International Large Blend	3,634,142	0	3,634,142
American Funds New World	Diversified Emerging Mkts	991,246	0	991,246
Invesco Developing Mkts	Diversified Emerging Mkts	942,891	0	942,891
TOTAL		\$22,923,701	\$193,290	\$23,116,992
		99%	1%	100%

III. FIXED INCOME ALLOCATION

INVESTMENT	STYLE	INVESTMENT	OPERATING	TOTAL
Breckinridge Sustainable	Intermediate Core Bond	8,285,727	0	8,285,727
John Hancock Income I	Multisector Bond	1,789,963	0	1,789,963
TOTAL		\$10,075,690	\$0	\$10,075,690
		100%	0%	100%

This investment evaluation is directed only to the client for whose account the evaluation was created. The underlying data has been obtained from sources considered to be reliable; the information is believed to be accurate, but there is no assurance that it is so. This evaluation is for informational purposes only and is not intended to be an offer, solicitation or recommendation with respect to the purchase or sale of any security or a recommendation of the services supplied by any money management organization.

SAMPLE CLIENT

ESTIMATED ANNUAL EXPENSE ANALYSIS

September 30, 2020

MANAGER	MARKET VALUE	MANAGER ACCESS		GRAYSTONE CONSULTING		COMBINED ESTIMATED ANNUAL FEE		COMBINED ESTIMATED ANNUAL FEE		AVERAGE MORNINGSTAR EXPENSE RATIO BY STYLE As of 06/2020	MORNINGSTAR STYLE
		MANAGER %	FEE \$	ADVISORY %	FEE \$	%	\$	%	\$		
Parametric S&P 500	11,203,201	0.25%	28,008	0.20%	22,406	0.45%	50,414	0.92%		0.92%	Large Cap Blend
Pinnacle Associates, Ltd.	3,214,630	0.90%	28,932	0.20%	6,429	1.10%	35,361	1.08%		1.08%	Mid Cap Value
Parametric S&P 600	2,937,591	0.25%	7,344	0.20%	5,875	0.45%	13,219	1.11%		1.11%	Small Cap Blend
Harding Loevner	3,634,142	0.42%	15,263	0.20%	7,268	0.62%	22,532	0.99%		0.99%	Foreign Large Blend
American Funds New World	991,246	0.52%	5,154	0.20%	1,982	0.72%	7,137	1.32%		1.32%	Diversified Emerging Mkts
Invesco Oppenheimer Developing Mkts	942,891	0.75%	7,072	0.20%	1,886	0.95%	8,957	1.32%		1.32%	Diversified Emerging Mkts
Breckinridge Sustainable	8,285,727	0.12%	9,943	0.20%	16,571	0.32%	26,514	0.66%		0.66%	Intermediate Core Bond
John Hancock Income	1,789,963	0.35%	6,265	0.20%	3,580	0.55%	9,845	1.07%		1.07%	Multisector Bond
Investment Account - Cash	10,588	0.00%	0	0.20%	21	0.20%	21	0.46%		0.46%	Money Mkt - Taxable
Operating Account	236,709	0.00%	0	0.00%	0	0.00%	0	0.46%		0.46%	Money Mkt - Taxable
TOTAL	\$33,246,689		\$107,981		\$66,020		\$174,001	<i>(for reference purposes only)</i>			
			0.32%		0.20%			0.52%			

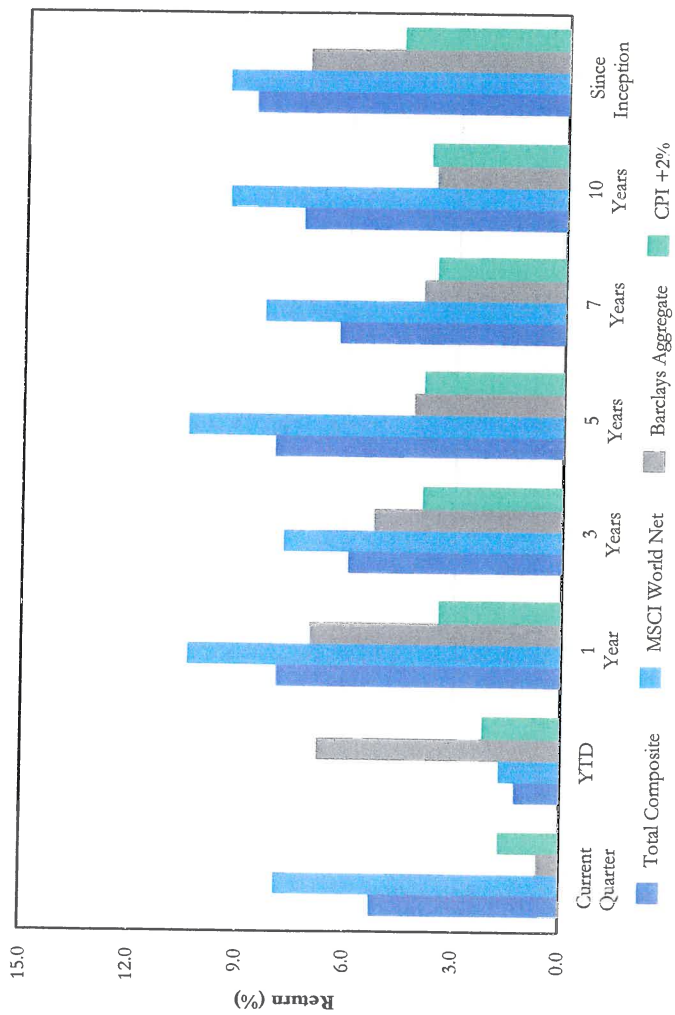
Money Market funds have an internal management fee that fluctuates over time.

This investment evaluation is directed only to the client for whose account the evaluation was created. The underlying data has been obtained from sources considered to be reliable; the information is believed to be accurate, but there is no assurance that it is so. This evaluation is for informational purposes only and is not intended to be an offer, solicitation or recommendation with respect to the purchase or sale of any security or a recommendation of the services supplied by any money management organization.

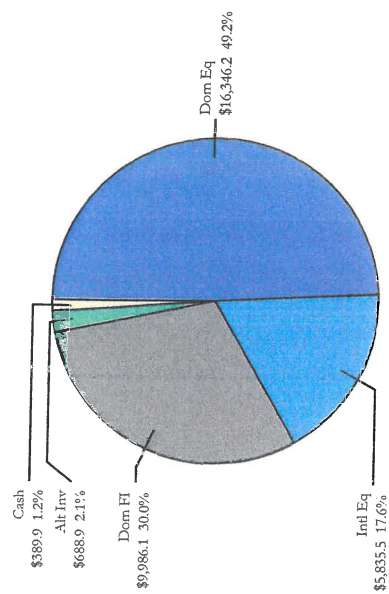
Executive Summary Table

	Allocation		Performance(%)							Inception Date
	Market Value (\$000)	%	Current Quarter	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Total Composite	33,247	100	5.27	1.25	7.89	5.97	8.01	6.26	7.29	8.64
MSCI World Net			7.93	1.70	10.41	7.74	10.47	8.34	9.37	9.42
Barrilays Aggregate			0.62	6.79	6.99	5.24	4.18	3.97	3.64	7.21
CPI + 2%			1.67	2.17	3.44	3.87	3.88	3.58	3.81	4.62
Parametric S&P 500	11,203	34	8.82	5.54	14.61	12.17				13.63
S&P 500 Total Return			8.93	5.57	15.15	12.28				13.75
Pinnacle	3,215	10	4.63	-1.13	14.91	7.13	11.64	9.09	12.05	9.55
Russell 2500			5.88	-5.82	2.22	4.46	8.97	7.70	10.81	8.28
Parametric S&P 600	2,938	9	3.24	-15.12	-8.13	-0.27				6.40
S&P 600 SC			3.17	-15.25	-8.29	-0.33				6.53
Harding Loevner	3,634	11	9.03	4.51	14.95	4.37	8.99	5.77		5.33
MSCI AC World ex US Net			6.25	-5.44	3.00	1.16	6.23	3.18		3.13
American Funds New World	991	3	8.00	4.11	13.54	7.31				9.07
MSCI EM Net			9.56	-1.16	10.54	2.42				4.64
Invesco Oppenheimer Developing Mkts	943	3	8.11	-1.43	10.22	4.27				6.50
MSCI EM Net			9.56	-1.16	10.54	2.42				4.64
Breckinridge	8,286	25	0.50	5.93	6.19	4.36				3.29
BC Gov/Cr Intm			0.62	5.93	6.32	4.43				3.38
John Hancock Income I	1,790	5	3.01	3.43	4.67	3.70	3.79	3.66		3.35
Barrilays Aggregate			0.62	6.79	6.99	5.24	4.18	3.97		3.32

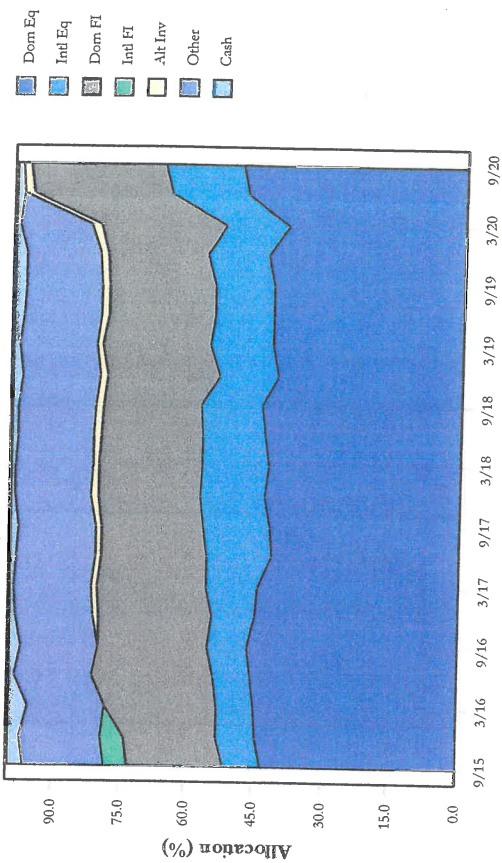
Portfolio Performance (%)



Asset Allocation (\$000)



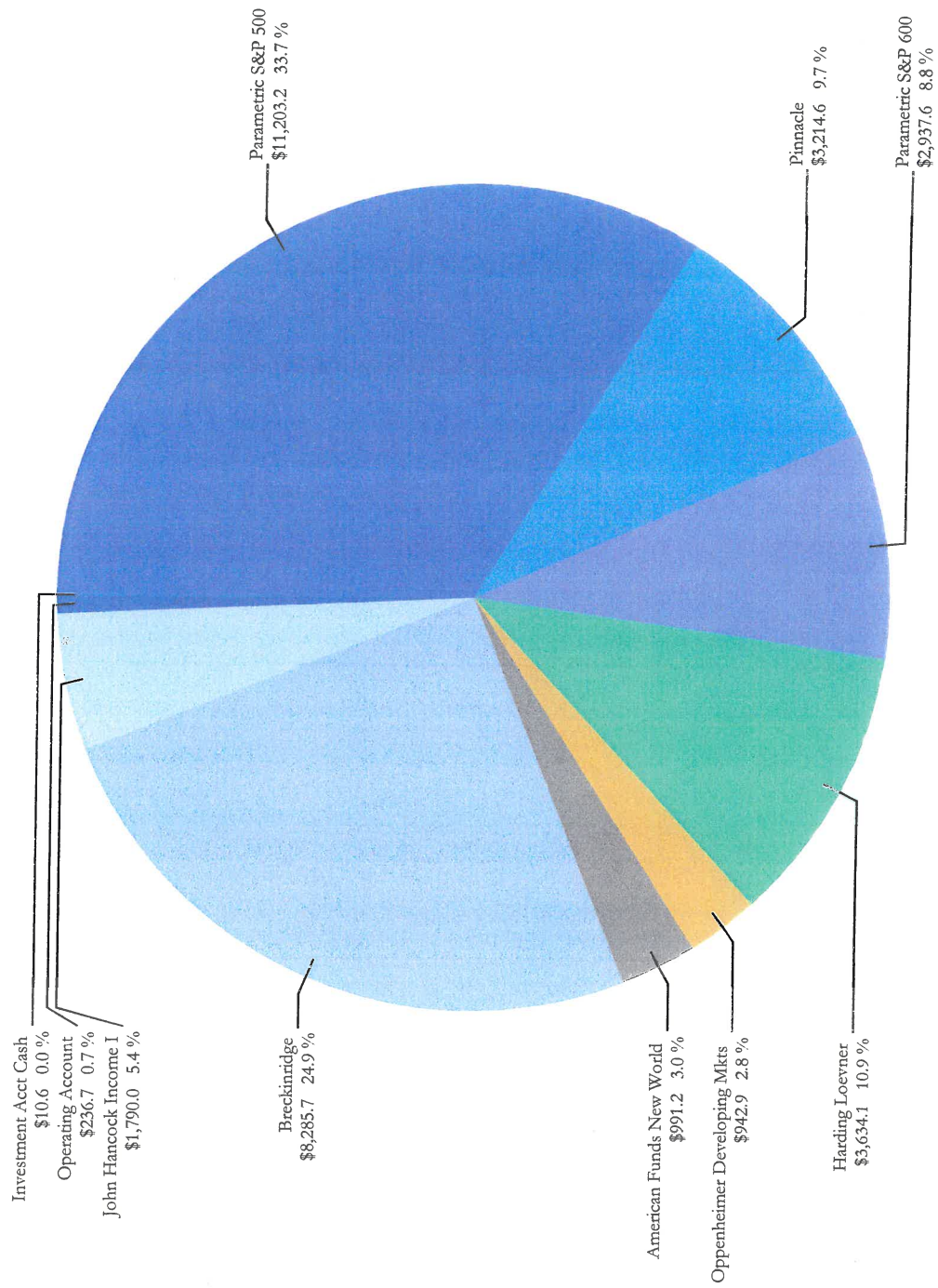
Allocation Over Time



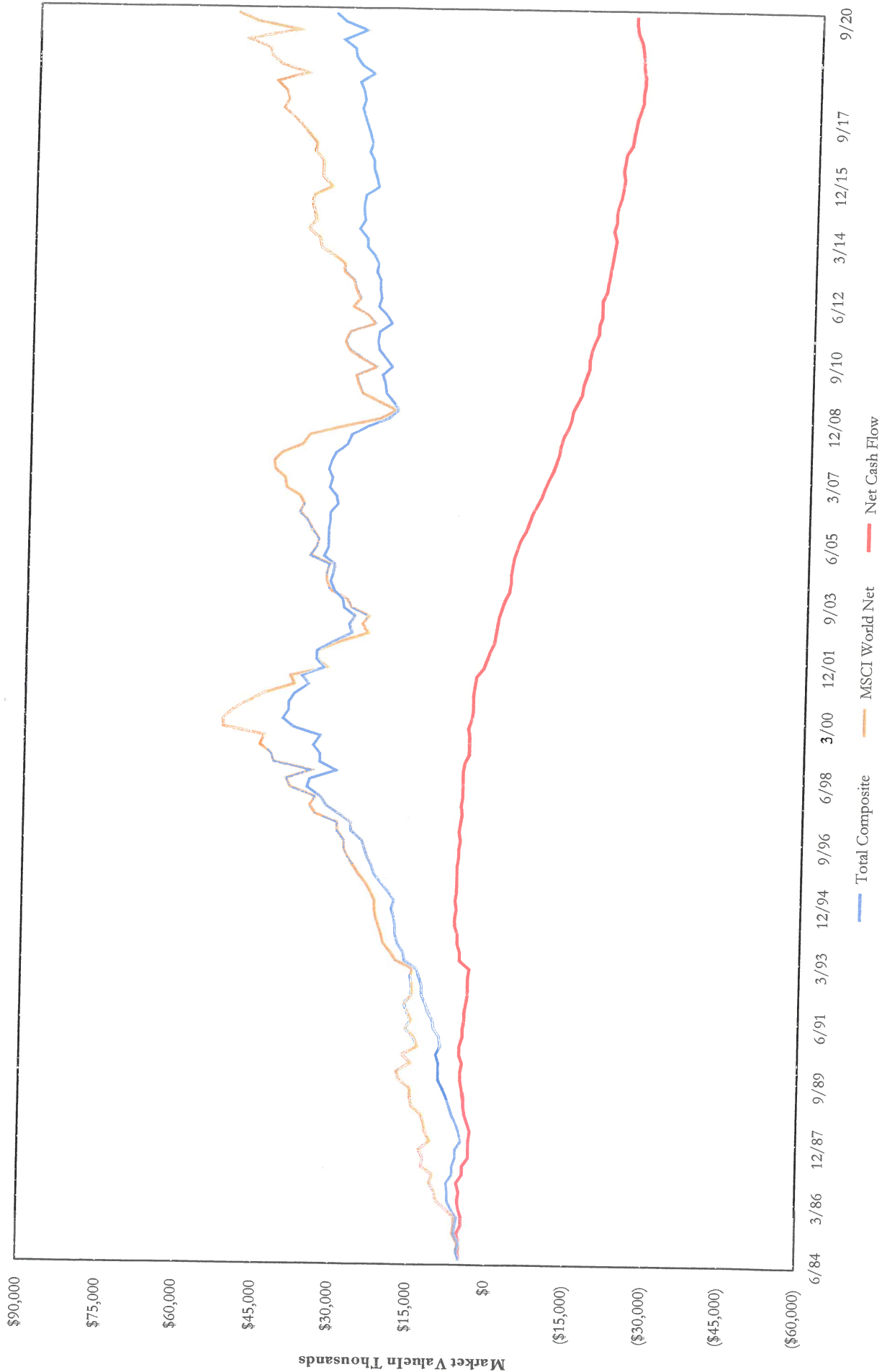
Asset Growth (\$000)

	Current Quarter	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Total Composite	31,581	31,820	29,688	27,511	24,482	24,947	22,414	4,658	07/01/1984
Beginning Market Value	-	1,008	1,192	594	-1,884	-3,446	-7,525	-29,099	
Net Contributions	1,665	418	2,367	5,142	10,649	11,745	18,358	57,688	
Gain/Loss	33,247	33,247	33,247	33,247	33,247	33,247	33,247	33,247	
Ending Market Value	33,247	33,247	33,247	33,247	33,247	33,247	33,247	33,247	

Allocation By Manager (\$000)



Sources of Portfolio Growth



Sources of Portfolio Growth

Periods Ending	Beginning Market Value (\$000)	Net Cash Flow (\$000)	Investment Increment (\$000)	Ending Market Value (\$000)	%Return	Unit Value
Sep-1992	12,949	27	366	13,342	2.80	317.21
Dec-1992	13,342	-125	641	13,858	4.80	332.43
Mar-1993	13,858	1,840	723	16,421	4.60	347.73
Jun-1993	16,421	-25	122	16,518	0.70	350.16
Sep-1993	16,518	558	666	17,742	3.90	363.82
Dec-1993	17,742	100	271	18,113	1.50	369.27
Mar-1994	18,113	326	-278	18,161	-1.50	363.73
Jun-1994	18,161	25	358	18,543	1.97	370.90
Sep-1994	18,543	-125	616	19,035	3.32	383.21
Dec-1994	19,035	75	-555	18,555	-2.89	372.14
Mar-1995	18,555	-175	1,233	19,613	6.66	396.92
Jun-1995	19,613	-25	1,489	21,077	7.57	426.97
Sep-1995	21,077	130	1,311	22,518	6.20	453.44
Dec-1995	22,518	-135	805	23,188	3.59	469.72
Mar-1996	23,188	-120	726	23,794	3.14	484.47
Jun-1996	23,794	-60	784	24,518	3.29	500.41
Sep-1996	24,518	-225	798	25,092	3.29	516.87
Dec-1996	25,092	103	2,055	27,250	8.22	559.36
Mar-1997	27,250	-186	1	27,065	-0.01	559.30
Jun-1997	27,065	-186	2,732	29,610	10.13	615.96
Sep-1997	29,610	100	2,377	32,088	8.03	665.42
Dec-1997	32,088	-147	1,016	32,957	3.18	686.58
Mar-1998	32,957	-36	2,862	35,783	8.69	746.25
Jun-1998	35,783	-36	-491	35,256	-1.37	736.02
Sep-1998	35,256	-62	-5,036	30,158	-14.30	630.77
Dec-1998	30,158	-191	3,461	33,428	11.51	703.37
Mar-1999	33,428	-855	799	33,372	2.44	720.54
Jun-1999	33,372	-	1,416	34,788	4.24	751.09
Sep-1999	34,788	-	-1,527	33,260	-4.39	718.11
Dec-1999	33,260	217	4,897	38,374	14.61	823.03
Mar-2000	38,374	-394	2,642	40,622	6.95	880.23
Jun-2000	40,622	-197	-891	39,534	-2.19	860.95
Sep-2000	39,534	-115	132	39,551	0.33	863.80

Sources of Portfolio Growth

Periods Ending	Beginning Market Value (\$000)	Net Cash Flow (\$000)	Investment Increment (\$000)	Ending Market Value (\$000)	%Return	Unit Value
Dec-2000	39,551	-115	-835	38,601	-2.12	845.48
Mar-2001	38,601	-213	-2,483	35,906	-6.44	791.03
Jun-2001	35,906	-106	1,407	37,206	3.91	821.96
Sep-2001	37,206	-1,500	-2,922	32,784	-8.19	754.64
Dec-2001	32,784	-600	2,182	34,366	6.71	805.28
Mar-2002	34,366	-500	584	34,450	1.72	819.13
Jun-2002	34,450	-600	-2,262	31,588	-6.60	765.07
Sep-2002	31,588	-303	-3,608	27,677	-11.50	677.09
Dec-2002	27,677	-455	1,077	28,299	3.88	703.36
Mar-2003	28,299	-204	-821	27,275	-2.90	682.96
Jun-2003	27,275	-455	2,574	29,393	9.49	747.77
Sep-2003	29,393	-572	792	29,614	2.71	768.04
Dec-2003	29,614	-887	2,420	31,147	8.26	831.48
Mar-2004	31,147	-112	836	31,870	2.68	853.76
Jun-2004	31,870	-234	-254	31,383	-0.79	847.06
Sep-2004	31,383	-75	-21	31,287	-0.07	846.47
Dec-2004	31,287	-309	2,278	33,256	7.32	908.42
Mar-2005	33,256	-565	-244	32,447	-0.74	901.70
Jun-2005	32,447	-626	796	32,617	2.40	923.36
Sep-2005	32,617	-1,029	918	32,506	2.84	949.58
Dec-2005	32,506	-470	184	32,219	0.59	955.19
Mar-2006	32,219	-699	774	32,294	2.43	978.37
Jun-2006	32,294	-705	-801	30,788	-2.52	953.70
Sep-2006	30,788	-705	1,236	31,319	4.09	992.68
Dec-2006	31,319	-705	1,791	32,405	5.78	1,050.03
Mar-2007	32,405	-705	379	32,078	1.18	1,062.44
Jun-2007	32,078	-705	1,457	32,830	4.55	1,110.82
Sep-2007	32,830	-703	236	32,363	0.78	1,119.44
Dec-2007	32,363	-490	-428	31,444	-1.35	1,104.33
Mar-2008	31,444	-234	-1,936	29,274	-6.16	1,036.32
Jun-2008	29,274	-699	-218	28,356	-0.81	1,027.94
Sep-2008	28,356	-622	-2,207	25,527	-7.92	946.58
Dec-2008	25,527	-497	-3,594	21,437	-14.11	813.05

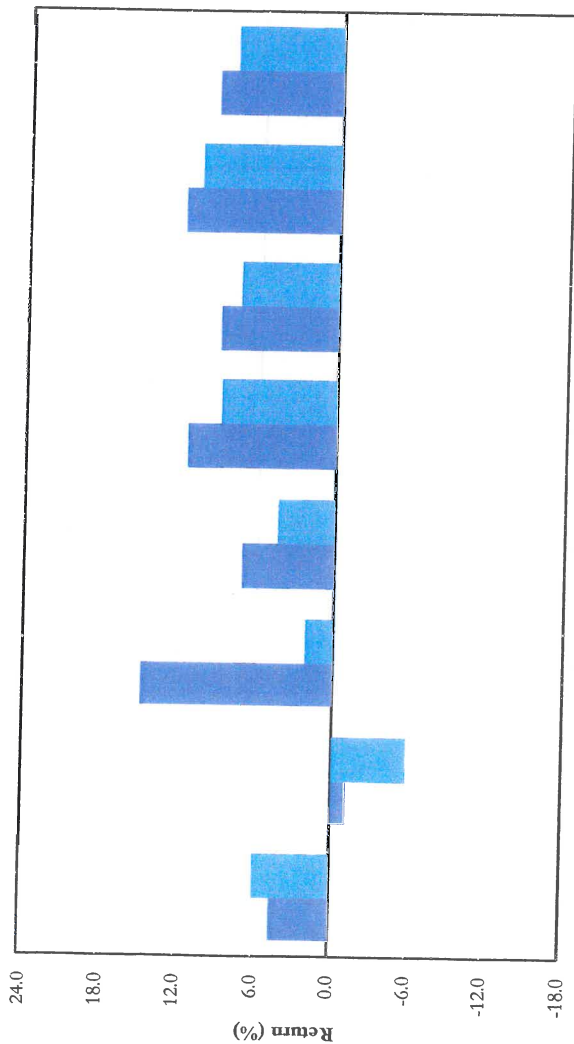
Sources of Portfolio Growth

Periods Ending	Beginning Market Value (\$000)	Net Cash Flow (\$000)	Investment Increment (\$000)	Ending Market Value (\$000)	%Return	Unit Value
Mar-2009	21,437	-472	-1,421	19,544	-6.52	760.06
Jun-2009	19,544	-647	1,889	20,786	9.75	834.17
Sep-2009	20,786	-882	2,144	22,048	10.53	922.02
Dec-2009	22,048	-362	688	22,374	3.16	951.16
Mar-2010	22,374	-462	876	22,788	3.98	989.05
Jun-2010	22,788	-433	-1,385	20,970	-6.17	928.02
Sep-2010	20,970	-181	1,625	22,414	7.56	998.19
Dec-2010	22,414	-190	1,299	23,523	5.81	1,056.23
Mar-2011	23,523	-560	1,042	24,005	4.46	1,103.28
Jun-2011	24,005	-777	350	23,578	1.44	1,119.17
Sep-2011	23,578	-91	-2,152	21,335	-9.16	1,016.64
Dec-2011	21,335	-397	1,464	22,402	6.89	1,086.67
Mar-2012	22,402	-181	1,551	23,771	6.94	1,162.13
Jun-2012	23,771	219	-528	23,463	-2.32	1,135.14
Sep-2012	23,463	-978	1,072	23,557	4.71	1,188.58
Dec-2012	23,557	-250	207	23,514	0.91	1,199.40
Mar-2013	23,514	-311	1,230	24,432	5.25	1,262.40
Jun-2013	24,432	-205	71	24,298	0.28	1,265.94
Sep-2013	24,298	-358	1,007	24,947	4.16	1,318.61
Dec-2013	24,947	-170	1,430	26,208	5.75	1,394.39
Mar-2014	26,208	-170	382	26,419	1.47	1,414.87
Jun-2014	26,419	442	1,033	27,895	3.84	1,469.16
Sep-2014	27,895	-570	-457	26,868	-1.67	1,444.65
Dec-2014	26,868	-35	324	27,157	1.21	1,462.09
Mar-2015	27,157	-303	246	27,100	0.91	1,475.35
Jun-2015	27,100	-435	76	26,742	0.26	1,479.20
Sep-2015	26,742	-322	-1,938	24,482	-7.21	1,372.59
Dec-2015	24,482	-200	828	25,110	3.37	1,418.80
Mar-2016	25,110	205	176	25,491	0.66	1,428.10
Jun-2016	25,491	-294	337	25,534	1.33	1,447.09
Sep-2016	25,534	-175	936	26,294	3.67	1,500.22
Dec-2016	26,294	-1,003	424	25,716	1.70	1,525.78
Mar-2017	25,716	-478	1,140	26,378	4.46	1,593.79

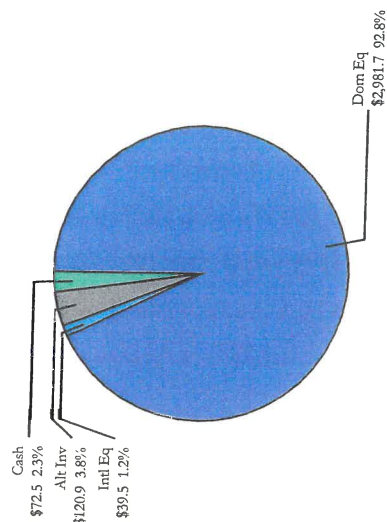
Sources of Portfolio Growth

Periods Ending	Beginning Market Value (\$000)	Net Cash Flow (\$000)	Investment Increment (\$000)	Ending Market Value (\$000)	%Return	Unit Value
Jun-2017	26,378	-253	730	26,854	2.77	1,638.00
Sep-2017	26,854	-279	935	27,511	3.50	1,695.39
Dec-2017	27,511	-479	889	27,920	3.26	1,750.60
Mar-2018	27,920	-416	-93	27,411	-0.35	1,744.46
Jun-2018	27,411	-139	400	27,672	1.46	1,769.94
Sep-2018	27,672	-267	1,038	28,443	3.76	1,836.48
Dec-2018	28,443	50	-2,816	25,677	-9.90	1,654.67
Mar-2019	25,677	212	2,381	28,270	9.26	1,807.88
Jun-2019	28,270	173	882	29,325	3.10	1,863.98
Sep-2019	29,325	268	95	29,688	0.32	1,869.99
Dec-2019	29,688	183	1,949	31,820	6.56	1,992.73
Mar-2020	31,820	881	-5,268	27,433	-16.12	1,671.58
Jun-2020	27,433	127	4,021	31,581	14.65	1,916.50
Sep-2020	31,581	-	1,665	33,247	5.27	2,017.56
	4,658	-29,099	57,688	33,247	1,917.56	2,017.56

Portfolio Performance (%)

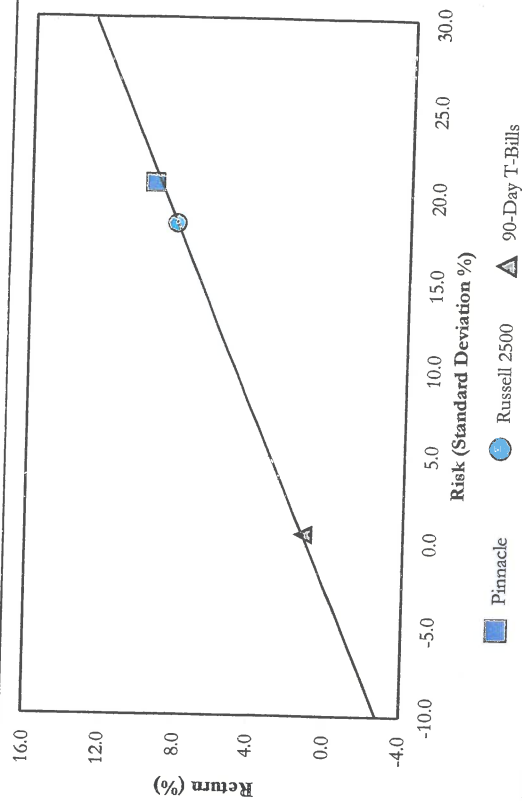


Asset Allocation (\$000)



Portfolio Characteristics vs. Russell 2500 Since Inception

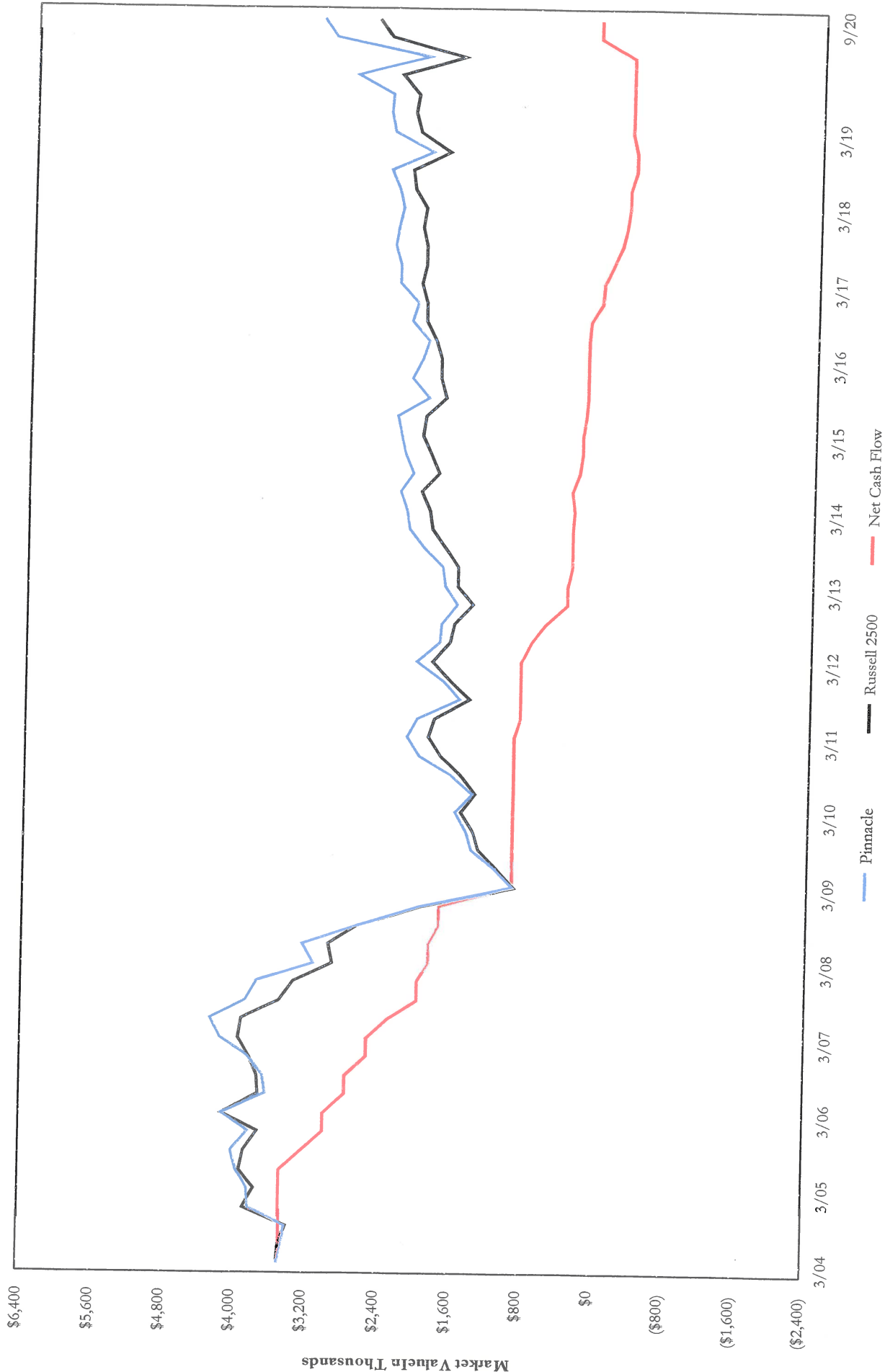
	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Pinnacle	1.08	0.87	0.91	0.49	04/01/2004



Asset Growth (\$000)

	Current Quarter	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Pinnacle	3,072	2,822	2,428	2,371	1,959	1,972	1,648	3,482	04/01/2004
Beginning Market Value	-	389	389	281	-56	-201	-816	-3,375	
Net Contributions	142	4	397	562	1,311	1,443	2,383	3,107	
Gain/Loss	3,215	3,215	3,215	3,215	3,215	3,215	3,215	3,215	
Ending Market Value									

Sources of Portfolio Growth



Sources of Portfolio Growth

Periods Ending	Beginning Market Value (\$000)	Net Cash Flow (\$000)	Investment Increment (\$000)	Ending Market Value (\$000)	%Return	Unit Value
Mar-2004	-	-	-	3,482	N/A	100.00
Jun-2004	3,482	-18	-30	3,434	-0.85	99.15
Sep-2004	3,434	9	-36	3,408	-1.08	98.07
Dec-2004	3,408	-	411	3,819	12.06	109.90
Mar-2005	3,819	-	18	3,837	0.48	110.43
Jun-2005	3,837	-	122	3,959	3.18	113.94
Sep-2005	3,959	-235	306	4,030	8.19	123.27
Dec-2005	4,030	-235	33	3,827	0.89	124.37
Mar-2006	3,827	-	300	4,127	7.83	134.10
Jun-2006	4,127	-235	-240	3,652	-6.24	125.73
Sep-2006	3,652	-	24	3,677	0.67	126.57
Dec-2006	3,677	-235	411	3,852	11.39	140.99
Mar-2007	3,852	-	310	4,162	8.04	152.32
Jun-2007	4,162	-235	354	4,281	8.79	165.72
Sep-2007	4,281	-325	-80	3,876	-1.65	162.99
Dec-2007	3,876	-1	-118	3,757	-3.05	158.02
Mar-2008	3,757	-117	-513	3,127	-13.69	136.38
Jun-2008	3,127	-	118	3,245	3.78	141.54
Sep-2008	3,245	-117	-469	2,660	-14.99	120.32
Dec-2008	2,660	-	-703	1,957	-26.42	88.53
Mar-2009	1,957	-816	-227	914	-9.46	80.16
Jun-2009	914	-	212	1,126	23.19	98.75
Sep-2009	1,126	1	263	1,389	23.30	121.76
Dec-2009	1,389	-	60	1,449	4.31	127.01
Mar-2010	1,449	-	137	1,586	9.44	138.99
Jun-2010	1,586	-	-198	1,388	-12.45	121.68
Sep-2010	1,388	-	259	1,648	18.69	144.42
Dec-2010	1,648	-	344	1,992	20.89	174.59
Mar-2011	1,992	-8	143	2,127	7.20	187.16
Jun-2011	2,127	-50	-55	2,022	-2.61	182.27
Sep-2011	2,022	-	-474	1,548	-23.46	139.51
Dec-2011	1,548	-	187	1,734	12.05	156.33
Mar-2012	1,734	-	305	2,039	17.59	183.82

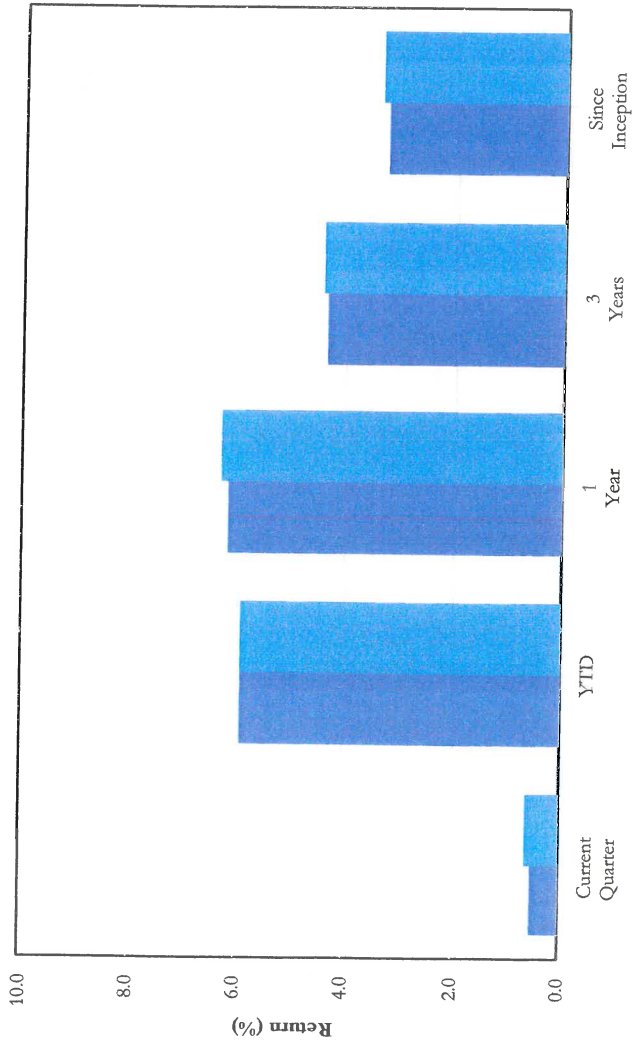
Sources of Portfolio Growth

Periods Ending	Beginning Market Value (\$000)	Net Cash Flow (\$000)	Investment Increment (\$000)	Ending Market Value (\$000)	%Return	Unit Value
Jun-2012	2,039	-117	-141	1,781	-7.34	170.33
Sep-2012	1,781	-150	134	1,764	8.15	184.21
Dec-2012	1,764	-250	82	1,596	5.26	193.91
Mar-2013	1,596	-	145	1,741	9.10	211.55
Jun-2013	1,741	-40	66	1,767	3.84	219.67
Sep-2013	1,767	-	205	1,972	11.58	245.11
Dec-2013	1,972	-	179	2,150	9.06	267.31
Mar-2014	2,150	-15	53	2,189	2.47	273.92
Jun-2014	2,189	25	43	2,257	1.89	279.11
Sep-2014	2,257	-80	-65	2,111	-2.96	270.84
Dec-2014	2,111	-25	130	2,216	6.19	287.61
Mar-2015	2,216	-5	51	2,263	2.32	294.27
Jun-2015	2,263	-25	71	2,309	3.17	303.61
Sep-2015	2,309	-20	-330	1,959	-14.39	259.92
Dec-2015	1,959	-	193	2,152	9.86	285.54
Mar-2016	2,152	-	-118	2,034	-5.47	269.91
Jun-2016	2,034	-	-56	1,978	-2.76	262.46
Sep-2016	1,978	-10	203	2,171	10.29	289.46
Dec-2016	2,171	-125	54	2,100	2.66	297.15
Mar-2017	2,100	-20	221	2,300	10.58	328.58
Jun-2017	2,300	-92	99	2,308	4.42	343.11
Sep-2017	2,308	-90	153	2,371	6.83	366.52
Dec-2017	2,371	-60	21	2,332	0.82	369.53
Mar-2018	2,332	-25	-12	2,295	-0.59	367.36
Jun-2018	2,295	-	42	2,337	1.81	374.02
Sep-2018	2,337	-63	164	2,438	7.08	400.51
Dec-2018	2,438	-	-454	1,984	-18.62	325.92
Mar-2019	1,984	40	372	2,396	18.74	387.01
Jun-2019	2,396	-	47	2,443	1.96	394.59
Sep-2019	2,443	-	-15	2,428	-0.61	392.20
Dec-2019	2,428	-	394	2,822	16.22	455.82
Mar-2020	2,822	-	-777	2,045	-27.52	330.37
Jun-2020	2,045	389	638	3,072	30.37	430.70

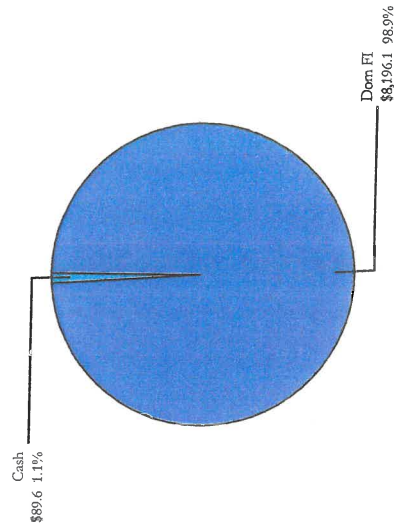
Sources of Portfolio Growth

Periods Ending	Beginning Market Value (\$000)	Net Cash Flow (\$000)	Investment Increment (\$000)	Ending Market Value (\$000)	%Return	Unit Value
Sep-2020	3,072	-	142	3,215	4.63	450.66
	3,482	-3,375	3,107	3,215	350.66	450.66

Portfolio Performance (%)

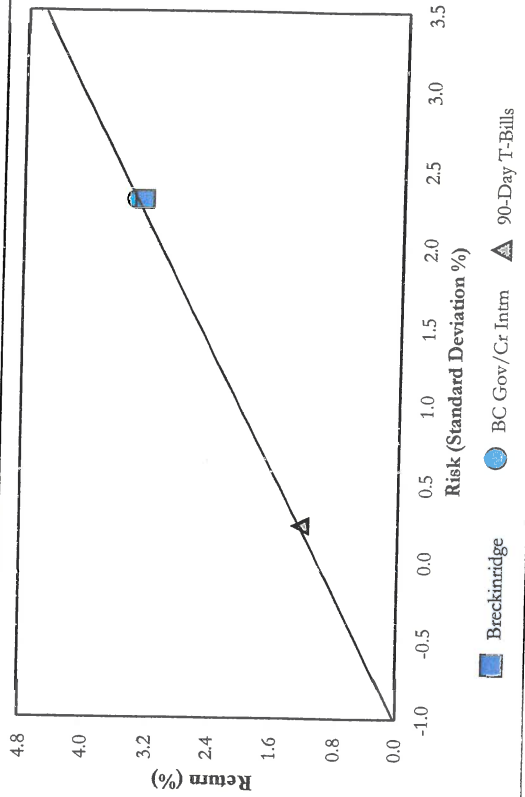


Asset Allocation (\$000)



Portfolio Characteristics vs. BC Gov/Cr Intm Since Inception

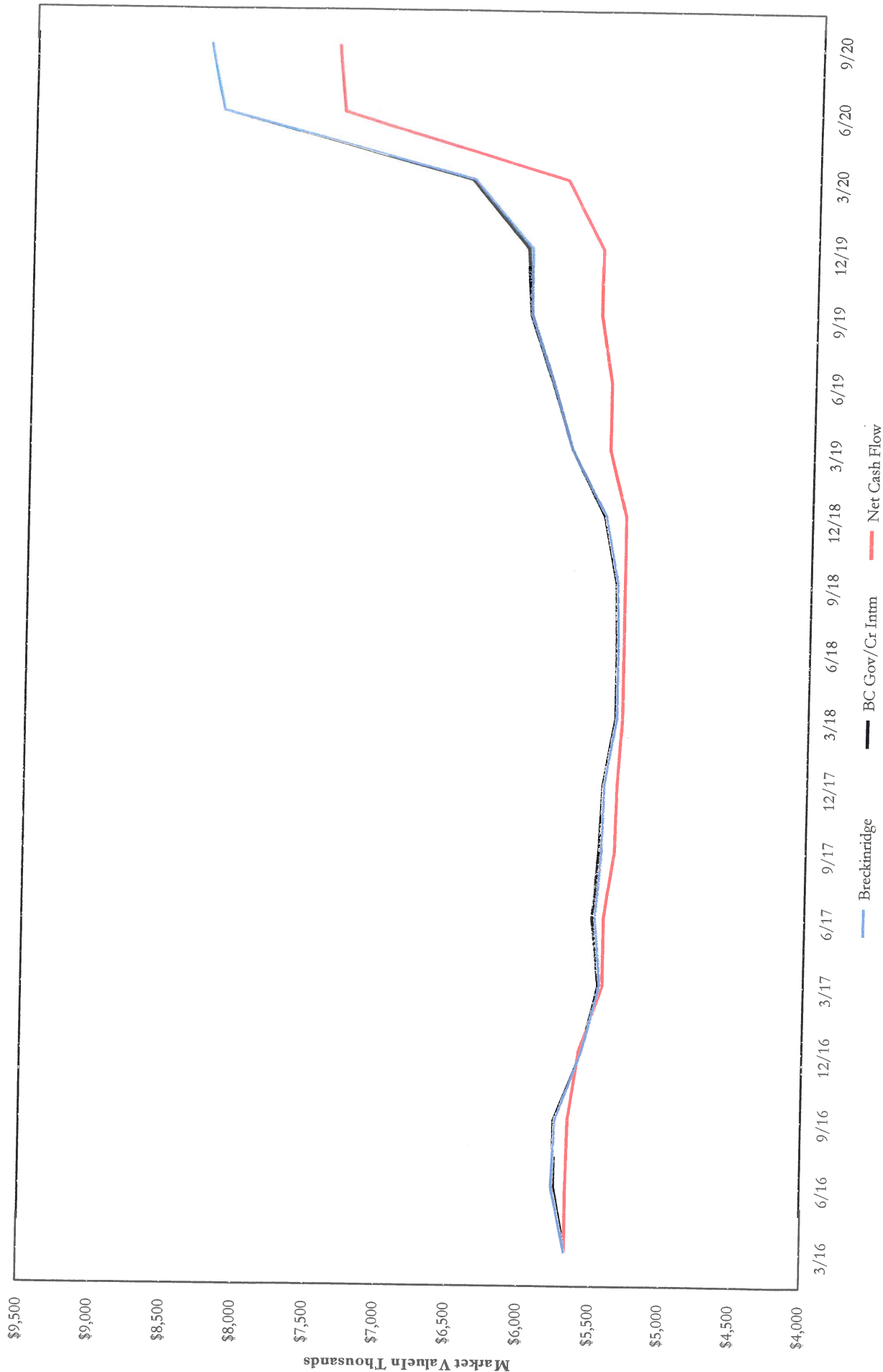
	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Breckinridge	1.00	-0.08	0.99	0.88	04/01/2016



Asset Growth (\$000)

	Current Quarter	YTD	1 Year	3 Years	Since Inception	Inception Date
Breckinridge	8,194	6,010	5,996	5,450	5,661	04/01/2016
Beginning Market Value	50	1,885	1,885	2,043	1,735	
Net Contributions	41	390	405	793	890	
Gain/Loss	8,286	8,286	8,286	8,286	8,286	
Ending Market Value						

Sources of Portfolio Growth



Sources of Portfolio Growth

Periods Ending	Beginning Market Value (\$000)	Net Cash Flow (\$000)	Investment Increment (\$000)	Ending Market Value (\$000)	%Return	Unit Value
Mar-2016	-	-	-	5,661	N/A	100.00
Jun-2016	5,661	5	93	5,759	1.65	101.65
Sep-2016	5,759	-12	-3	5,743	-0.06	101.59
Dec-2016	5,743	-70	-112	5,561	-1.97	99.59
Mar-2017	5,561	-155	40	5,446	0.73	100.31
Jun-2017	5,446	-	45	5,491	0.82	101.13
Sep-2017	5,491	-75	35	5,450	0.64	101.78
Dec-2017	5,450	-3	-11	5,437	-0.20	101.58
Mar-2018	5,437	-30	-50	5,357	-0.92	100.64
Jun-2018	5,357	-	-3	5,354	-0.05	100.59
Sep-2018	5,354	-	14	5,368	0.25	100.85
Dec-2018	5,368	-	91	5,459	1.70	102.56
Mar-2019	5,459	115	124	5,698	2.25	104.87
Jun-2019	5,698	-	146	5,844	2.57	107.56
Sep-2019	5,844	75	76	5,996	1.29	108.95
Dec-2019	5,996	-	15	6,010	0.24	109.21
Mar-2020	6,010	265	144	6,420	2.35	111.78
Jun-2020	6,420	1,570	205	8,194	2.98	115.11
Sep-2020	8,194	50	41	8,286	0.50	115.69
	5,661	1,735	890	8,286	15.69	115.69

PARAMETRIC PORTFOLIO ASSOCIATES

PARAMETRIC CC US LARGE CAP - TM

Address: 800 Fifth Avenue, Suite 2800
Seattle, WA, 98104

Firm Type: Independent Reg. Inv. Advisor

Legal Structure: Limited Liability

Year Founded: 1987

Firm GIPS Compliant: Yes

Firm/Product Assets: \$ 315,523.68 Million / \$ 34,113.46 Million

Firm/Product Accounts: 94569 / 15237

Parent Company: Eaton Vance Corp

Investment Style: Core-Diversified

Market Capitalization: Mega Capitalization (>50 \$Billion)

Decision Making: Quantitative/Research

Portfolio Manager: Mr. Paul Bouche, CFA

Manager Tenure: 3/2006

Mgr. Experience: 1993

Product Contact: Ms. Michi McDonough

Phone: 617-672-6178

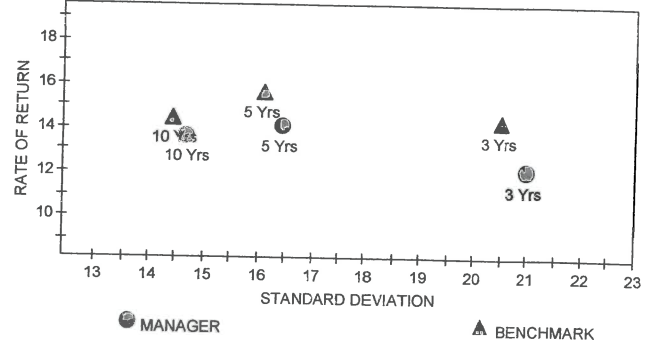
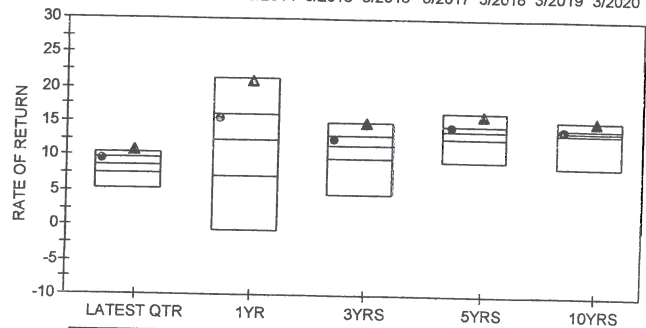
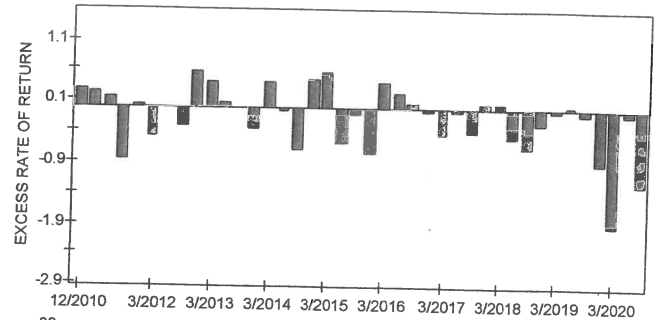
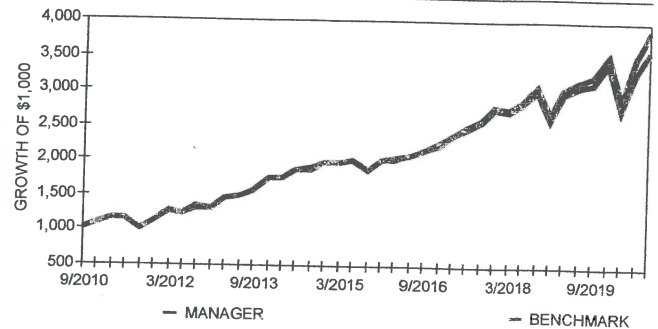
		Account Size	Annual Fees
Performance Incentive Fee:	No	US\$ 1 Mill	--
Individual Min Annual Fee:	--	US\$ 5 Mill	--
Individual Min Account Size:	\$250,000	US\$ 10 Mill	--
Offered As Mutual Funds:	No	US\$ 25 Mill	--
Offered As Commingled Funds:	No	US\$ 50 Mill	--
Commingled Min Annual Fee:	--	US\$ 100 Mill	--
Commingled Min Account Size:	--	US\$ 200 Mill	--

	MRQ	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	Incept
Manager	8.91	30.48	-4.36	22.02	12.06	1.51	13.37	32.54	15.89	2.17	14.90	9.02
Benchmark	10.16	31.75	-3.08	22.96	11.33	2.36	13.25	32.41	16.04	2.83	12.47	9.37
Excess	-1.25	-1.28	-1.27	-0.94	0.73	-0.85	0.12	0.13	-0.15	-0.66	2.43	-0.35
90 TBILL	0.03	2.08	2.00	0.96	0.33	0.06	0.03	0.05	0.08	0.06	0.14	0.59

PERIOD	ROR	STDEV	ALPHA	BETA	RSQR	TRCKERR	SHARPE	INFORATIO
3 Yrs	12.14	21.01	-2.17	1.02	1.00	1.20	0.50	-1.84
4 Yrs	13.77	18.24	-1.95	1.02	1.00	1.07	0.68	-1.79
5 Yrs	14.06	16.43	-1.57	1.02	1.00	1.08	0.79	-1.42
6 Yrs	11.49	15.61	-1.22	1.01	1.00	1.10	0.68	-1.09
7 Yrs	12.63	14.78	-1.16	1.01	1.00	1.06	0.80	-1.07
8 Yrs	13.43	14.13	-0.92	1.01	0.99	1.06	0.90	-0.81
9 Yrs	15.16	14.09	-0.90	1.01	0.99	1.01	1.03	-0.85
10 Yrs	13.69	14.67	-0.91	1.02	1.00	1.01	0.89	-0.81
Inception	9.02	17.36	-0.40	1.01	1.00	1.11	0.49	-0.31

GICS Sector Breakdown: 9/2020	%	Equity Characteristics: 9/2020	%
Materials	2.36	Beta(5 Year)	1.00
Energy	1.99	Dividend Yield	1.73
Consumer Staples	6.88	5 Year EPS Growth	14.35
Consumer Discretionary	10.94	Price/Book	3.50
Industrials	8.09	P/E (Proj next 12 mths)	21.16
Utilities	3.11	Return on Equity	26.39
Health Care	14.11	Market Capitalization:	
Information Technology	29.37	Wght Avg (\$ MM)	471877.71
Communication Services	9.84	Median (\$ MM)	29756.76
Financials	10.03	Debt/Equity	119.28
Real Estate	2.48	Active Share	28.77
Cash	0.80	Total # of Holdings	300.0
Other	--	% of Top Ten Holdings	29.30
		Ann Fiscal YTD Turnover	28.99
		SEC-30-Day Yield	--

Ten Largest Holdings:9/2020	%	Firm Representative Client List
APPLE INC.	7.4400	Confidential
MICROSOFT CORPORATION	6.1200	Confidential
AMAZON.COM, INC.	4.3300	Confidential
FACEBOOK, INC. CLASS A	1.8600	Confidential
ALPHABET INC. CLASS C	1.8400	Confidential
NVIDIA CORPORATION	1.8000	Confidential
JOHNSON & JOHNSON	1.7300	Confidential
MASTERCARD INCORPORATED	1.4100	Confidential
BERKSHIRE HATHAWAY INC.	1.4000	Confidential
VISA INC. CLASS A	1.3700	Confidential



	RATE OF RETURN			GROWTH OF \$1,000		
PERIOD	MANAGER	BENCHMARK	EXCESS	MANAGER	BENCHMARK	PREMIUM
1 Yr	15.13	20.35	-5.22	\$1,151	\$1,203	-\$52
2 Yrs	9.24	11.95	-2.71	\$1,193	\$1,253	-\$60
3 Yrs	12.14	14.34	-2.20	\$1,410	\$1,495	-\$85
4 Yrs	13.77	15.69	-1.92	\$1,675	\$1,791	-\$116
5 Yrs	14.06	15.60	-1.54	\$1,931	\$2,064	-\$134
6 Yrs	11.49	12.69	-1.20	\$1,921	\$2,048	-\$127
7 Yrs	12.63	13.77	-1.14	\$2,299	\$2,467	-\$168
8 Yrs	13.43	14.29	-0.86	\$2,741	\$2,912	-\$171
9 Yrs	15.16	16.03	-0.87	\$3,562	\$3,810	-\$248
10 Yrs	13.69	14.50	-0.82	\$3,606	\$3,874	-\$268
Inception	9.02	9.37	-0.35	\$3,009	\$3,134	-\$125

PARAMETRIC PORTFOLIO ASSOCIATES PARAMETRIC CC US LARGE CAP - TM

Equity Personnel	Total	Firm Personnel	Total
Portfolio Managers	32	Portfolio Managers	113
Research Analysts	7	Research Analysts	16
Traders	6	Traders	12
Marketing	0	Marketing	47
Total Equity	45	Client Service	126

EQUITY INVESTMENT PHILOSOPHY - The foundation of all Parametric strategies is a set of beliefs: • Rules trump emotions. Markets are hard to beat, especially in the context of human emotion. We believe the best way to exploit market dynamics is through well-designed and well-executed rules. • Risks and costs matter. Risk and cost control can be the difference between investment success and failure. Parametric maintains focus on both. • Experience drives design. Theory can only take you so far. Successful solutions must also reflect the practical realities understood through experience. The Parametric tax managed Custom Core (CC) strategy is guided by the following principles: - Taxable investors should evaluate performance on an after-tax basis - Tax management techniques can significantly add to after-tax return - Taxable investors are best served by separate account management Parametric's investment approach for taxable accounts is designed to generate superior after-tax investment performance through customized portfolio solutions that combine passive stock selection (buy and hold with low turnover) with active tax-management techniques all done within a separate account.

INVESTMENT DECISION-MAKING PROCESS - Tax managed Custom Core (CC) is an index-based portfolio designed to provide exposure to a client-specified index while maximizing after-tax return through active, portfolio specific tax-management techniques. Although individual portfolios experience periodic tracking differences, the firm constantly monitors the level of tracking difference and rebalances portfolios to control relative risk exposures. As a part of its tax-efficient investing methodology, the firm avoids realizing capital gains in conjunction with the overall investment objective. Additional tax-management techniques include lot level accounting and loss harvesting. Buy Discipline Parametric builds portfolios that are designed to have a high probability of replicating, within an expected band, the performance of a client specified index. Parametric uses risk models and quantitative techniques to build a portfolio that is a representative sample or subset of the assigned index. Care is taken to ensure the portfolio mirrors the index with regard to all important factors - sector, style, yield, growth and capitalization are just a few. As such, typically stock purchases are selected from the client specified index for the purpose of maintaining the target exposure. Sell Discipline Selling in a CC portfolio is done for one of two reasons: one is for risk control reasons and the other is for loss harvesting reasons. To maintain tight risk control on a pretax basis, Parametric may have to periodically sell a portion of some holdings to bring the portfolio back in line. For stocks that are at a loss, Parametric will aggressively harvest losses by selling a basket of stocks and then purchase a basket of stocks in such a way that the final portfolio still is tightly risk controlled versus the index. It is through this process of loss harvesting that tax alpha is most often achieved. Traders are tasked with executing trades in such a way to not introduce additional risk(s) into the portfolio. As such,

since the Index uses the closing market price to calculate its performance, our trading seeks to take place at or near the close to minimize risk.

ORGANIZATION AND OWNERSHIP - The company was founded in April 1987 as a subsidiary of Pacific Financial Asset Management Company (PFAMCo). Parametric continued as a subsidiary of PFAMCo until November 1994 when PFAMCo merged with Thompson Advisors to form PIMCO Advisor L.P. (PALP). In May 2000, Allianz A.G. purchased control of PALP by acquiring all of PALP's public units. In June of 2001, Parametric's management team, in conjunction with outside investors, completed a management-led buyout from PALP/Allianz. In September of 2003, Eaton Vance Corp. (NYSE: EV) acquired Parametric in a transaction subsequently completed in 2012. Employees of Parametric that were minority interest holders through ownership in Parametric Portfolio LP maintained indirect profit and capital percentages until the firm became an wholly-owned indirect subsidiary of EVC effective November 1, 2019. PP LP liquidated effective 12/31/2019, and the owners of PP LP became the owners of PPA LLC on this date. In mid-2007 Parametric expanded its set of products and capabilities by acquiring Managed Risk Advisors, which was founded in 2002, and forming Parametric Risk Advisors LLC, a wholly-owned subsidiary of Parametric with senior investment professionals located in Westport, CT. Parametric consolidated the operations of PRA into Parametric in December 2016. Following the consolidation, this location continues to serve as Parametric's Westport office. The Westport office primarily provides options based solutions that seek to adjust the risk/return nature of an existing portfolio. On December 31, 2012, Parametric expanded further by acquiring The Clifton Group Investment Management Company, a firm founded in 1972 and based in Minneapolis, MN - which now serves as Parametric's Minneapolis location. The Minneapolis office specializes in providing derivatives-based overlay, implementation, and custom risk management solutions to institutional investors. In order to meet the needs of institutions in Australasia, Parametric established an office in Sydney in 2014. The Sydney office works with clients to tailor and adapt Parametric's capability-set to the needs of Australasian institutions. In April, 2020, the office transferred under the management of Eaton Vance Management International. Eaton Vance Corp. is Parametric's ultimate parent organization. Parametric is affiliated with the following firms through Eaton Vance Corp.: • Eaton Vance Acquisitions • Eaton Vance Distributors, Inc. • Eaton Vance, Inc. • Eaton Vance Management • Eaton Vance Investment Counsel • Eaton Vance Trust Company • NextShares Solutions LLC • Atlanta Capital Management Company, LLC • Eaton Vance Advisers International Ltd. • Eaton Vance Global Advisors Limited • Eaton Vance Management (International) Limited • Boston Management and Research • Eaton Vance Management Canada Ltd. • Eaton Vance Australia Pty. Ltd. • EVA Holdings, LLC • Eaton Vance Management International (Asia) Pte. Ltd. • Hexavest Inc. • Atlanta Capital, L.P. • Calvert Research and Management • Eaton Vance Asia Pacific Ltd. • Eaton Vance Global Management LLC • Advanced Fund Solutions LLC

Offered WRAP/TAMP Program: Smith Barney

*PSN is an investment manager database and is a division of Informa Investment Solutions, Inc. (IIS). Reproduction of any information obtained from PSN in any form is prohibited without the written permission of Informa Investment Solutions, Inc. Performance figures shown are gross of manager fees. All rates of return over one year are annualized. The performance figures are provided from the investment management firm and are reported for informational purposes only. No representation is given with respect to their accuracy or completeness, nor that the figures are necessarily GIPS compliant, and they will be subject to change. The information provided is not intended to be a complete analysis of every material fact concerning the firm or product. Past performance does not guarantee future results. This information should not be deemed as an offer to sell or a solicitation of an offer to buy shares of products that are described herein. Index performance returns do not reflect any management fees, transaction costs or expenses. One can not invest directly in an index. Because of the possibility of human or mechanical error by IIS sources or others, IIS does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall IIS be liable for any indirect, special or consequential damages in connection with use of any subset of PSN data or derived data.

PARAMETRIC PORTFOLIO ASSOCIATES
PARAMETRIC CC US LARGE CAP - TM

SEI Investments
Charles Schwab & Company
AssetMark
Envestnet Asset Management
PMC
PFPC/Advisorport
Bank of America Investment Services, Inc.
Charles Schwab & Company
Deutsche Banc Alex. Brown
Envestnet Asset Management
Fidelity Brokerage Services
Frank Russell & Company
Goldman Sachs & Company
JP Morgan
Merrill Lynch

*PSN is an investment manager database and is a division of Informa Investment Solutions, Inc (IIS). Reproduction of any information obtained from PSN in any form is prohibited without the written permission of Informa Investment Solutions, Inc. Performance figures shown are gross of manager fees. All rates of return over one year are annualized. The performance figures are provided from the investment management firm and are reported for informational purposes only. No representation is given with respect to their accuracy or completeness, nor that the figures are necessarily GIPS compliant, and they will be subject to change. The information provided is not intended to be a complete analysis of every material fact concerning the firm or product. Past performance does not guarantee future results. This information should not be deemed as an offer to sell or a solicitation of an offer to buy shares of products that are described herein. Index performance returns do not reflect any management fees, transaction costs or expenses. One can not invest directly in an index. Because of the possibility of human or mechanical error by IIS sources or others, IIS does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall IIS be liable for any indirect, special or consequential damages in connection with use of any subset of PSN data or derived data.

PINNACLE ASSOCIATES LTD SMALL/MEDIUM CAP EQUITY

Address: 335 Madison Avenue, 11th Floor
New York, NY, 10017

Firm Type: Independent Reg. Inv. Advisor

Legal Structure: Subchapter S

Year Founded: 1984

Firm GIPS Compliant: Yes

Firm/Product Assets: \$ 5,904.50 Million / \$ 1,342.00 Million

Firm/Product Accounts: 2310 / 163

Parent Company: None

Investment Style: Growth

Market Capitalization: Medium Capitalization (2-10 \$Billion)

Decision Making: Bottom-Up Stock Selection

Portfolio Manager: Mr. Peter N. Marron, CFA

Manager Tenure: 1/1996

Mgr. Experience: 1976

Product Contact: Mr. John D. Black

Phone: 917-756-6263

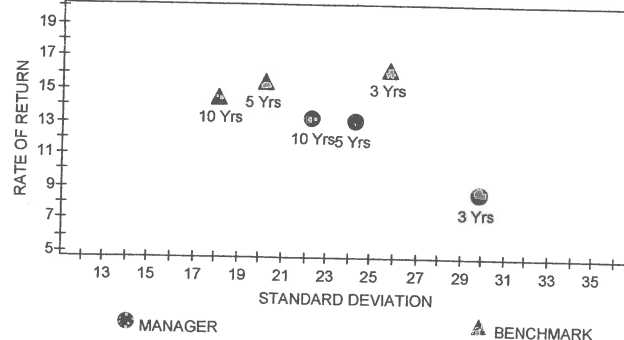
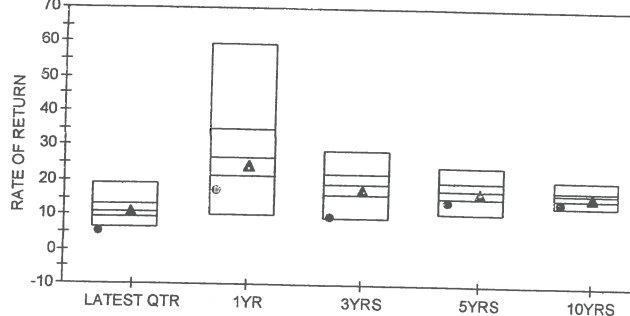
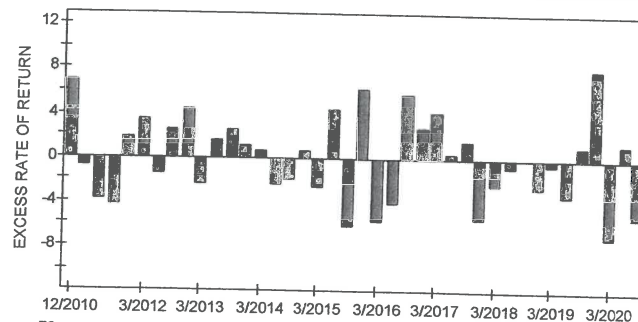
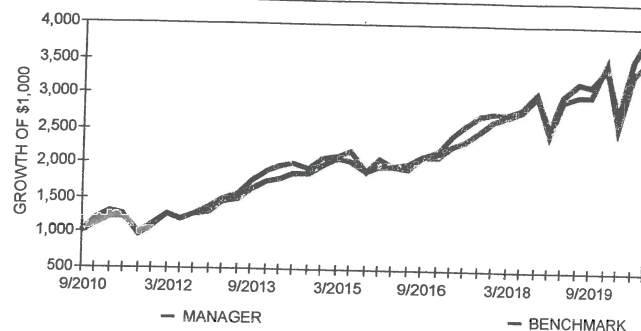
		Account Size	Annual Fees
Performance Incentive Fee:	No	US\$ 1 Mill	—
Individual Min Annual Fee:	\$10,000	US\$ 5 Mill	—
Individual Min Account Size:	\$1,000,000	US\$ 10 Mill	—
Offered As Mutual Funds:	No	US\$ 25 Mill	—
Offered As Commingled Funds:	Yes	US\$ 50 Mill	—
Commingled Min Annual Fee:	\$1,000	US\$ 100 Mill	—
Commingled Min Account Size:	\$100,000	US\$ 200 Mill	—

	MRQ	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	Incept
Manager	4.18	41.70	-10.74	25.88	5.30	0.45	8.58	39.24	25.50	-9.75	38.66	15.03
Bchmrk	9.37	35.47	-4.75	25.27	7.33	-0.20	11.90	35.74	15.81	-1.65	26.38	11.35
Excess	-5.19	6.23	-5.99	0.61	-2.03	0.65	-3.32	3.50	9.69	-8.10	12.28	3.68
90 TBILL	0.03	2.08	2.00	0.96	0.33	0.06	0.03	0.05	0.08	0.06	0.14	2.51

PERIOD	ROR	STDEV	ALPHA	BETA	RSQR	TRCKERR	SHARPE	INFORATIO
3 Yrs	8.69	29.83	-7.52	1.12	0.95	7.61	0.24	-0.99
4 Yrs	13.27	26.15	-3.97	1.12	0.93	7.45	0.46	-0.45
5 Yrs	13.13	24.26	-3.23	1.13	0.90	8.33	0.49	-0.29
6 Yrs	10.24	23.33	-3.50	1.14	0.89	8.26	0.40	-0.34
7 Yrs	10.42	21.84	-3.66	1.15	0.89	7.73	0.44	-0.37
8 Yrs	13.24	20.77	-2.77	1.14	0.88	7.56	0.60	-0.22
9 Yrs	15.35	20.72	-2.35	1.15	0.89	7.31	0.71	-0.12
10 Yrs	13.32	22.28	-2.72	1.17	0.91	7.51	0.57	-0.16
Inception	15.03	23.25	4.34	0.93	0.80	10.44	0.54	0.35

GICS Sector Breakdown: 9/2020	%	Equity Characteristics: 9/2020	%
Materials	—	Beta(5 Year)	1.32
Energy	0.33	Dividend Yield	1.36
Consumer Staples	—	5 Year EPS Growth	15.60
Consumer Discretionary	7.28	Price/Book	3.16
Industrials	18.84	P/E (Proj next 12 mths)	21.05
Utilities	—	Return on Equity	-12.93
Health Care	16.89	Market Capitalization:	
Information Technology	36.61	Wght Avg (\$ MM)	13609.00
Communication Services	11.15	Median (\$ MM)	2792.00
Financials	1.21	Debt/Equity	0.92
Real Estate	5.78	Active Share	95.81
Cash	1.92	Total # of Holdings	73.0
Other	—	% of Top Ten Holdings	37.99
		Ann Fiscal YTD Turnover	—
		SEC-30-Day Yield	—

Ten Largest Holdings:9/2020	%	Firm Representative Client List
PLUG POWER INC	5.0100	Local 137
LAM RESEARCH	4.7700	Health Care
QORVO INC	4.7100	Health Care
SEAGEN INC	4.0500	Insurance - Retirement
DIGITAL REALTY TRUST INC	3.6900	Pension Plan
COGNEX CORP	3.5800	Private Client
LUMENTUM HOLDINGS INC	3.2900	Electric Company
BOYD GAMING CORPORATION	3.0200	Pension Plan
REGENERON	2.9800	Pension Plan
MATCH GROUP INC	2.9000	LP-Pooled Fund



	PERIOD	MANAGER	BENCHMARK	EXCESS	MANAGER	BENCHMARK	PREMIUM
	1 Yr	16.32	23.23	-6.92	\$1,163	\$1,232	-\$69
	2 Yrs	7.37	13.86	-6.49	\$1,153	\$1,296	-\$144
	3 Yrs	8.69	16.23	-7.54	\$1,284	\$1,570	-\$286
	4 Yrs	13.27	16.62	-3.35	\$1,646	\$1,850	-\$203
	5 Yrs	13.13	15.53	-2.39	\$1,853	\$2,058	-\$205
	6 Yrs	10.24	13.05	-2.81	\$1,795	\$2,088	-\$293
	7 Yrs	10.42	13.25	-2.83	\$2,001	\$2,389	-\$388
	8 Yrs	13.24	14.94	-1.70	\$2,705	\$3,047	-\$342
	9 Yrs	15.35	16.19	-0.84	\$3,615	\$3,860	-\$245
	10 Yrs	13.32	14.55	-1.23	\$3,493	\$3,890	-\$397
	Inception	15.03	11.35	3.68	\$64,411	\$24,478	\$39,933

PINNACLE ASSOCIATES LTD SMALL/MEDIUM CAP EQUITY

Equity Personnel	Total	Firm Personnel	Total
Portfolio Managers	4	Portfolio Managers	15
Research Analysts	1	Research Analysts	6
Traders	2	Traders	3
Marketing	1	Marketing	1
Total Equity	6	Client Service	3

EQUITY INVESTMENT PHILOSOPHY - Pinnacle Associates' Small Cap Equity strategy approaches growth stock investing in a very unique and innovative way. We expand our universe of potential securities and that allows us to invest in two types of growth stocks: sustainable growth stocks and cyclical growth stocks. Sustainable growth stocks are companies who we believe will have above average earnings or cash flow growth in the future that are sustainable regardless of the economic cycle. These stocks are typically found in industries such as biotechnology, cable television, cellular telephones and media. Many of the stocks in these industries share the common trait of "generating expense before revenues." For this reason, many of these companies do not have conventional earnings or book values. These situations present outstanding investment opportunities. However, they do require Pinnacle to use other innovative valuation measures such as cash flows, private market values, break-up values, etc. Finally, we require the identification of a "catalyst" for every security which we believe will "unlock" future growth. Cyclical growth stocks are companies who we believe will have above average earnings growth. However, these earnings are impacted by the economic cycle. These stocks are typically found in industries such as paper/forest products, machinery, chemicals and mining. For these securities, we utilize more traditional valuation measures such as low price/book ratio and low price/sales ratio. When we identify attractive securities using these measures, we again look for a catalyst that indicates a change or improvement in the fundamental business health of the company. As opposed to many other managers, we do not focus on a low price/earnings ratio, as we believe that this can often times be a misleading indicator. When a firm has a high P/E, we have found that historically it can often represent the "peak" of a firm's earning cycle and actually signal an upcoming decrease in earnings.

INVESTMENT DECISION-MAKING PROCESS - The small mid cap equity portfolio is managed by a team of three professionals. The small mid cap team communicates on a daily basis regarding the status of the portfolio. In addition, the group holds a formal investment meeting weekly to discuss positions and new purchase ideas. Each team member contributes to the management of accounts and equally participates in the research process. The senior portfolio manager has final authority on all buy and sell decisions. The Portfolio Team estimates that there are approximately 1,000 names within the market cap range of \$100 million to \$3 billion. The Portfolio Team does not "screen" based on selected criteria, as typical industry screens are not appropriate for many of our holdings. Rather, we focus on individual companies using detailed bottom-up, fundamental analysis. We believe this is the strength of the Portfolio Team and this has been the foundation of our performance since the team's formation in 1996. The team closely follows approximately 200-300 securities including those currently in the portfolio. We estimate that three-fourths of research ideas are generated internally.

Portfolio managers also function as research analysts. A new purchase idea is typically generated by meeting with company management when they are in New York City, participating in quarterly conference calls, attending industry conferences, reading sell-side research reports and industry periodicals. The other one-fourth of research ideas is introduced by outside sources. External ideas are normally obtained from smaller research boutiques. We rely on these firms due to their extensive knowledge of specific industries. Also, we like the fact that they have no investment banking relationships with the companies they follow. If a company has a positive catalyst, it is added to the portfolio which represents 50 - 80 issues normally. A company that is not purchased is returned to the watch list where it is monitored awaiting a positive catalyst.

ORGANIZATION AND OWNERSHIP - Pinnacle Associates Ltd. is an independent registered investment advisor founded by our President, Mr. Thomas Passios. The firm has been privately owned since its inception. We manage approximately \$6.6 billion in AUM as of September 30, 2017 in U.S. and international investments for public funds, endowments, foundations, corporations, religious orders, municipalities, and high net worth individuals. All senior portfolio managers have over 20 years of investment management experience.

Offered WRAP/TAMP Program: Kovack Advisors, Inc.
KAI Choice

*PSN is an investment manager database and is a division of Informa Investment Solutions, Inc. (IIS). Reproduction of any information obtained from PSN in any form is prohibited without the written permission of Informa Investment Solutions, Inc. Performance figures shown are gross of manager fees. All rates of return over one year are annualized. The performance figures are provided from the investment management firm and are reported for informational purposes only. No representation is given with respect to their accuracy or completeness, nor that the figures are necessarily GIPS compliant, and they will be subject to change. The information provided is not intended to be a complete analysis of every material fact concerning the firm or product. Past performance does not guarantee future results. This information should not be deemed as an offer to sell or a solicitation of an offer to buy shares of products that are described herein. Index performance returns do not reflect any management fees, transaction costs or expenses. One can not invest directly in an index. Because of the possibility of human or mechanical error by IIS sources or others, IIS does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall IIS be liable for any indirect, special or consequential damages in connection with use of any subset of PSN data or derived data.

PARAMETRIC PORTFOLIO ASSOCIATES

PARAMETRIC CC US SMALLCAP 600 - TM

Address: 800 Fifth Avenue, Suite 2800
Seattle, WA, 98104

Firm Type: Independent Reg. Inv. Advisor

Legal Structure: Limited Liability

Year Founded: 1987

Firm GIPS Compliant: Yes

Firm/Product Assets: \$ 315,523.68 Million / \$ 434.01 Million

Firm/Product Accounts: 94569 / 456

Parent Company: Eaton Vance Corp

Investment Style: Core-Diversified

Market Capitalization: Small Capitalization (>500 \$Million - <2 \$Billion)

Decision Making: Quantitative/Research

Portfolio Manager: Mr. Paul Bouchev, CFA

Manager Tenure: 3/2006

Mgr. Experience: 1993

Product Contact: Ms. Michi McDonough

Phone: 617-672-6178

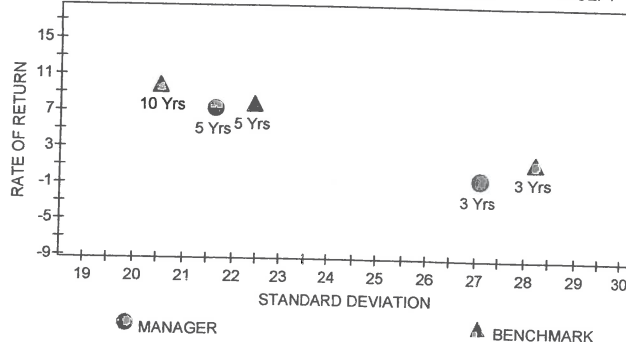
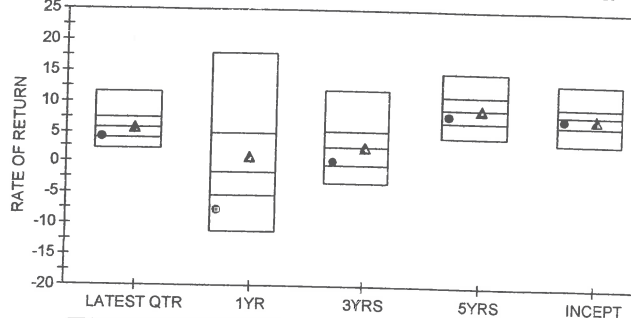
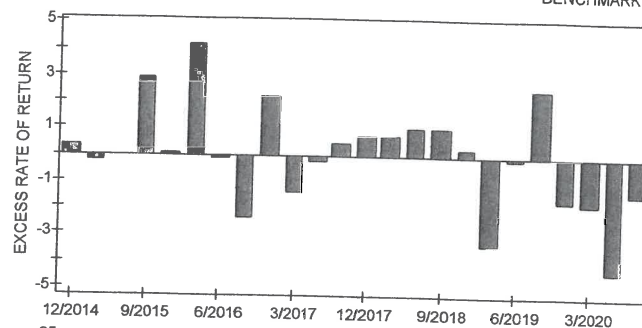
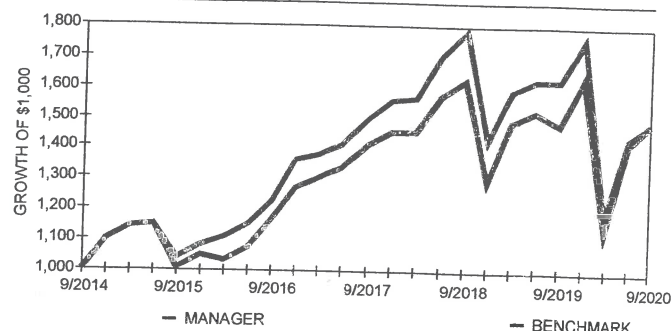
		Account Size	Annual Fees
Performance Incentive Fee:	No	US\$ 1 Mill	--
Individual Min Annual Fee:	\$1,000	US\$ 5 Mill	--
Individual Min Account Size:	\$250,000	US\$ 10 Mill	--
Offered As Mutual Funds:	No	US\$ 25 Mill	--
Offered As Commingled Funds:	No	US\$ 50 Mill	--
Commingled Min Annual Fee:	--	US\$ 100 Mill	--
Commingled Min Account Size:	--	US\$ 200 Mill	--

	MRQ	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	Incept
Manager	3.52	22.84	-8.32	14.10	25.94	-1.52	--	--	--	--	--	6.84
Benchmark	4.93	25.52	-11.01	14.65	21.31	-4.41	4.89	38.82	16.35	-4.18	26.85	6.85
Excess	-1.42	-2.68	2.70	-0.55	4.63	2.90	--	--	--	--	--	-0.01
90 TBill	0.03	2.08	2.00	0.96	0.33	0.06	0.03	0.05	0.08	0.06	0.14	0.95

PERIOD	ROR	STDEV	ALPHA	BETA	RSQR	TRCKERR	SHARPE	INFORATIO
3 Yrs	-0.19	27.12	-1.89	0.95	0.98	3.84	-0.06	-0.51
4 Yrs	4.88	24.07	-1.03	0.96	0.98	3.64	0.15	-0.37
5 Yrs	7.30	21.64	-0.28	0.95	0.97	3.92	0.28	-0.18
6 Yrs	6.84	20.56	0.35	0.94	0.97	3.78	0.29	-0.00
7 Yrs	--	--	--	--	--	--	--	--
8 Yrs	--	--	--	--	--	--	--	--
9 Yrs	--	--	--	--	--	--	--	--
10 Yrs	--	--	--	--	--	--	--	--
Inception	6.84	20.56	0.35	0.94	0.97	3.78	0.29	-0.00

GICS Sector Breakdown: 9/2020	%	Equity Characteristics: 9/2020	%
Materials	5.37	Beta(5 Year)	0.98
Energy	3.04	Dividend Yield	1.97
Consumer Staples	3.78	5 Year EPS Growth	--
Consumer Discretionary	15.16	Price/Book	--
Industrials	17.70	P/E (Proj next 12 mths)	16.22
Utilities	1.45	Return on Equity	9.43
Health Care	13.03	Market Capitalization:	--
Information Technology	13.70	Wght Avg (\$ MM)	1820.15
Communication Services	2.40	Median (\$ MM)	1093.14
Financials	15.50	Debt/Equity	91.06
Real Estate	8.42	Active Share	19.76
Cash	0.45	Total # of Holdings	500.0
Other	--	% of Top Ten Holdings	6.33
		Ann Fiscal YTD Turnover	43.12
		SEC-30-Day Yield	--

Ten Largest Holdings:9/2020	%	Firm Representative Client List
MOMENTA PHARMACEUTICALS,	0.8300	Confidential
STAMPS.COM INC.	0.7300	Confidential
EXPONENT, INC.	0.7000	Confidential
NEOGEN CORPORATION	0.6100	Confidential
COMMUNITY BANK SYSTEM, INC.	0.6000	Confidential
UFP INDUSTRIES, INC.	0.5800	Confidential
SAIA, INC.	0.5800	Confidential
CHART INDUSTRIES, INC.	0.5700	Confidential
ADVANCED ENERGY	0.5700	Confidential
M.D.C. HOLDINGS, INC.	0.5600	Confidential



	RATE OF RETURN			GROWTH OF \$1,000		
PERIOD	MANAGER	BENCHMARK	EXCESS	MANAGER	BENCHMARK	PREMIUM
1 Yr	-8.25	0.39	-8.64	\$917	\$1,004	-\$86
2 Yrs	-8.71	-4.36	-4.34	\$833	\$915	-\$81
3 Yrs	-0.19	1.77	-1.96	\$994	\$1,054	-\$60
4 Yrs	4.88	6.21	-1.33	\$1,210	\$1,273	-\$63
5 Yrs	7.30	8.00	-0.71	\$1,422	\$1,470	-\$47
6 Yrs	6.84	6.85	-0.01	\$1,487	\$1,488	-\$1
7 Yrs	--	6.42	--	--	\$1,546	--
8 Yrs	--	9.13	--	--	\$2,011	--
9 Yrs	--	11.45	--	--	\$2,653	--
10 Yrs	--	9.85	--	--	\$2,559	--
Inception	6.84	6.85	-0.01	\$1,487	\$1,488	-\$1

PARAMETRIC PORTFOLIO ASSOCIATES PARAMETRIC CC US SMALLCAP 600 - TM

Equity Personnel	Total	Firm Personnel	Total
Portfolio Managers	32	Portfolio Managers	113
Research Analysts	7	Research Analysts	16
Traders	6	Traders	12
Marketing	0	Marketing	47
Total Equity	45	Client Service	126

EQUITY INVESTMENT PHILOSOPHY - The foundation of all Parametric strategies is a set of beliefs: • Rules trump emotions. Markets are hard to beat, especially in the context of human emotion. We believe the best way to exploit market dynamics is through well-designed and well-executed rules. • Risks and costs matter. Risk and cost control can be the difference between investment success and failure. Parametric maintains focus on both. • Experience drives design. Theory can only take you so far. Successful solutions must also reflect the practical realities understood through experience. The Parametric tax managed Custom Core (CC) strategy is guided by the following principles: - Taxable investors should evaluate performance on an after-tax basis - Tax management techniques can significantly add to after-tax return - Taxable investors are best served by separate account management Parametric's investment approach for taxable accounts is designed to generate superior after-tax investment performance through customized portfolio solutions that combine passive stock selection (buy and hold with low turnover) with active tax-management techniques all done within a separate account.

INVESTMENT DECISION-MAKING PROCESS - Tax managed Custom Core (CC) is an index-based portfolio designed to provide exposure to a client-specified index while maximizing after-tax return through active, portfolio specific tax-management techniques. Although individual portfolios experience periodic tracking differences, the firm constantly monitors the level of tracking difference and rebalances portfolios to control relative risk exposures. As a part of its tax-efficient investing methodology, the firm avoids realizing capital gains in conjunction with the overall investment objective. Additional tax-management techniques include lot level accounting and loss harvesting. Buy Discipline Parametric builds portfolios that are designed to have a high probability of replicating, within an expected band, the performance of a client specified index. Parametric uses risk models and quantitative techniques to build a portfolio that is a representative sample or subset of the assigned index. Care is taken to ensure the portfolio mirrors the index with regard to all important factors - sector, style, yield, growth and capitalization are just a few. As such, typically stock purchases are selected from the client specified index for the purpose of maintaining the target exposure. Sell Discipline Selling in a CC portfolio is done for one of two reasons: one is for risk control reasons and the other is for loss harvesting reasons. To maintain tight risk control on a pretax basis, Parametric may have to periodically sell a portion of some holdings to bring the portfolio back in line. For stocks that are at a loss, Parametric will aggressively harvest losses by selling a basket of stocks and then purchase a basket of stocks in such a way that the final portfolio still is tightly risk controlled versus the index. It is through this process of loss harvesting that tax alpha is most often achieved. Traders are tasked with executing trades in such a way to not introduce additional risk(s) into the portfolio. As such,

since the Index uses the closing market price to calculate its performance, our trading seeks to take place at or near the close to minimize risk.

ORGANIZATION AND OWNERSHIP - The company was founded in April 1987 as a subsidiary of Pacific Financial Asset Management Company (PFAMCo). Parametric continued as a subsidiary of PFAMCo until November 1994 when PFAMCo merged with Thompson Advisors to form PIMCO Advisor L.P. (PALP). In May 2000, Allianz A.G. purchased control of PALP by acquiring all of PALP's public units. In June of 2001, Parametric's management team, in conjunction with outside investors, completed a management-led buyout from PALP/Allianz. In September of 2003, Eaton Vance Corp. (NYSE: EV) acquired Parametric in a transaction subsequently completed in 2012. Employees of Parametric that were minority interest holders through ownership in Parametric Portfolio LP maintained indirect profit and capital percentages until the firm became an wholly-owned indirect subsidiary of EVC effective November 1, 2019. PP LP liquidated effective 12/31/2019, and the owners of PP LP became the owners of PPA LLC on this date. In mid-2007 Parametric expanded its set of products and capabilities by acquiring Managed Risk Advisors, which was founded in 2002, and forming Parametric Risk Advisors LLC, a wholly-owned subsidiary of Parametric with senior investment professionals located in Westport, CT. Parametric consolidated the operations of PRA into Parametric in December 2016. Following the consolidation, this location continues to serve as Parametric's Westport office. The Westport office primarily provides options based solutions that seek to adjust the risk/return nature of an existing portfolio. On December 31, 2012, Parametric expanded further by acquiring The Clifton Group Investment Management Company, a firm founded in 1972 and based in Minneapolis, MN - which now serves as Parametric's Minneapolis location. The Minneapolis office specializes in providing derivatives-based overlay, implementation, and custom risk management solutions to institutional investors. In order to meet the needs of institutions in Australasia, Parametric established an office in Sydney in 2014. The Sydney office works with clients to tailor and adapt Parametric's capability-set to the needs of Australasian institutions. In April, 2020, the office transferred under the management of Eaton Vance Management International. Eaton Vance Corp. is Parametric's ultimate parent organization. Parametric is affiliated with the following firms through Eaton Vance Corp.: • Eaton Vance Acquisitions • Eaton Vance Distributors, Inc. • Eaton Vance, Inc. • Eaton Vance Management • Eaton Vance Investment Counsel • Eaton Vance Trust Company • NextShares Solutions LLC • Atlanta Capital Management Company, LLC • Eaton Vance Advisers International Ltd. • Eaton Vance Global Advisors Limited • Eaton Vance Management (International) Limited • Boston Management and Research • Eaton Vance Management Canada Ltd. • Eaton Vance Australia Pty. Ltd. • EVA Holdings, LLC • Eaton Vance Management International (Asia) Pte. Ltd. • Hexavest Inc. • Atlanta Capital, L.P. • Calvert Research and Management • Eaton Vance Asia Pacific Ltd. • Eaton Vance Global Management LLC • Advanced Fund Solutions LLC

Offered WRAP/TAMP Program:

*PSN is an investment manager database and is a division of Informa Investment Solutions, Inc. (IIS). Reproduction of any information obtained from PSN in any form is prohibited without the written permission of Informa Investment Solutions, Inc. Performance figures shown are gross of manager fees. All rates of return over one year are annualized. The performance figures are provided from the investment management firm and are reported for informational purposes only. No representation is given with respect to their accuracy or completeness, nor that the figures are necessarily GIPS compliant, and they will be subject to change. The information provided is not intended to be a complete analysis of every material fact concerning the firm or product. Past performance does not guarantee future results. This information should not be deemed as an offer to sell or a solicitation of an offer to buy shares of products that are described herein. Index performance returns do not reflect any management fees, transaction costs or expenses. One can not invest directly in an index. Because of the possibility of human or mechanical error by IIS sources or others, IIS does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall IIS be liable for any indirect, special or consequential damages in connection with use of any subset of PSN data or derived data.

HARDING LOEVNER LP INTERNATIONAL EQUITY ADR

Address: 400 Crossing Blvd, Fourth Floor
Bridgewater, NJ, 08807

Firm Type: Joint Venture

Legal Structure: Partnership

Year Founded: 1989

Firm GIPS Compliant: Yes

Firm/Product Assets: \$ 71,937.75 Million / \$ 12,132.48 Million

Firm/Product Accounts: 366 / 242

Parent Company: Affiliated Managers Group (NYSE: AMG)

Investment Style: GARP

Market Capitalization: All Capitalization

Decision Making: Bottom-Up Stock Selection

Portfolio Manager: Mr. Ferrell D. Roll, CFA

Manager Tenure: 10/2004

Mgr. Experience: 1980

Product Contact: Mr. Kevin Ferguson

Phone: 908-947-0457

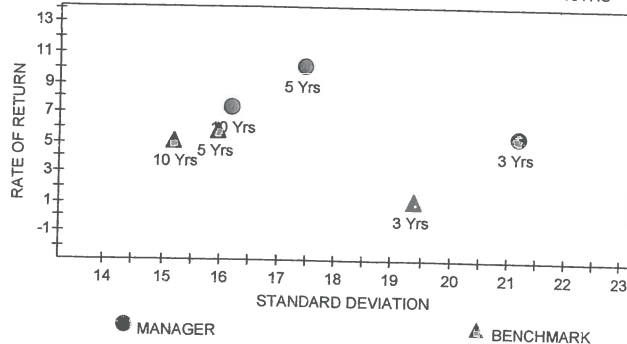
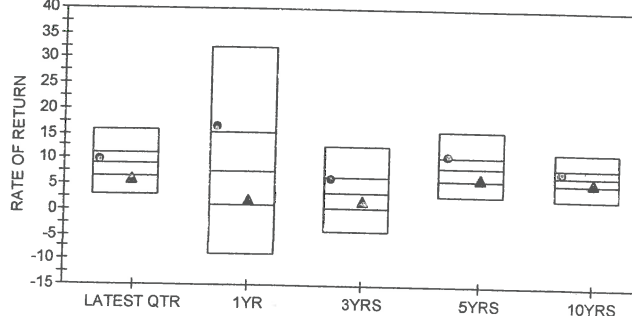
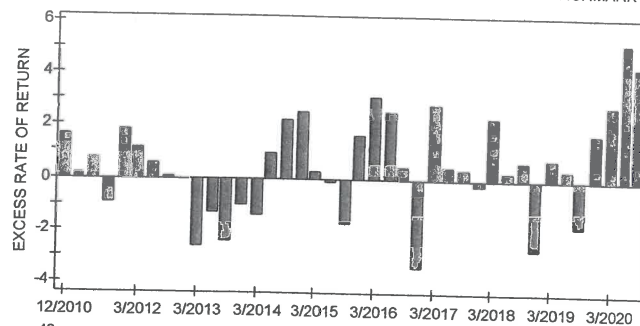
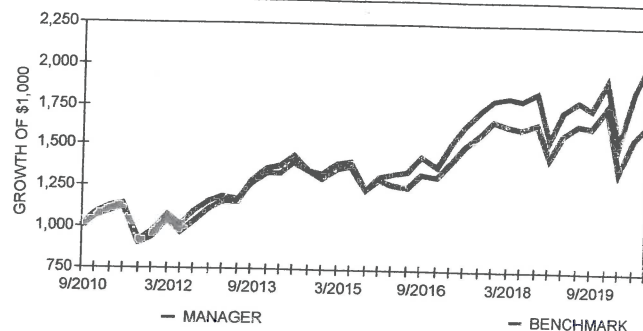
		Account Size	Annual Fees
Performance Incentive Fee:	No	US\$ 1 Mill	—
Individual Min Annual Fee:	—	US\$ 5 Mill	—
Individual Min Account Size:	\$2,500,000	US\$ 10 Mill	—
Offered As Mutual Funds:	No	US\$ 25 Mill	—
Offered As Commingled Funds:	No	US\$ 50 Mill	—
Commingled Min Annual Fee:	—	US\$ 100 Mill	—
Commingled Min Account Size:	—	US\$ 200 Mill	—

	MRQ	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	Incept
Manager	9.16	23.58	-13.37	29.67	4.33	-0.61	-0.16	14.93	19.85	-10.43	16.98	8.23
Benchmark	4.88	22.66	-13.36	25.61	1.51	-0.39	-4.48	23.29	17.90	-11.73	8.21	4.58
Excess	4.29	0.93	-0.01	4.05	2.82	-0.22	4.33	-8.36	1.95	1.30	8.77	3.65
90 TBILL	0.03	2.08	2.00	0.96	0.33	0.06	0.03	0.05	0.08	0.06	0.14	2.67

PERIOD	ROR	STDEV	ALPHA	BETA	RSQR	TRCKERR	SHARPE	INFORATIO
3 Yrs	5.41	21.16	4.46	1.07	0.96	4.40	0.18	0.98
4 Yrs	8.78	19.23	3.03	1.08	0.95	4.50	0.39	0.74
5 Yrs	10.13	17.43	3.99	1.07	0.95	4.21	0.52	1.03
6 Yrs	6.97	17.07	3.55	1.07	0.95	4.09	0.35	0.90
7 Yrs	6.77	16.06	3.15	1.06	0.94	3.98	0.37	0.82
8 Yrs	7.99	15.38	1.97	1.03	0.93	4.12	0.47	0.51
9 Yrs	9.09	15.24	2.12	1.03	0.94	3.91	0.55	0.59
10 Yrs	7.28	16.19	2.03	1.04	0.95	3.76	0.41	0.58
Inception	8.23	17.60	3.85	0.87	0.83	7.70	0.32	0.47

GICS Sector Breakdown: 9/2020	%	Equity Characteristics: 9/2020	%
Materials	8.20	Beta(5 Year)	0.97
Energy	1.90	Dividend Yield	1.94
Consumer Staples	13.50	5 Year EPS Growth	6.64
Consumer Discretionary	4.70	Price/Book	2.99
Industrials	14.00	P/E (Proj next 12 mths)	—
Utilities	—	Return on Equity	13.88
Health Care	13.50	Market Capitalization:	
Information Technology	22.20	Wght Avg (\$ MM)	117696.95
Communication Services	5.50	Median (\$ MM)	46087.54
Financials	13.70	Debt/Equity	52.62
Real Estate	—	Active Share	83.7
Cash	2.80	Total # of Holdings	51.0
Other	—	% of Top Ten Holdings	35.30
		Ann Fiscal YTD Turnover	—
		SEC-30-Day Yield	—

Ten Largest Holdings: 9/2020	%	Firm Representative Client List
SAP ADR	4.5000	Confidential
INFINEON TECHNOLOGIES AG	4.3000	Confidential
TAIWAN SEMICONDUCTOR ADR	4.0000	Confidential
ADYEN ADR	4.0000	Confidential
ATLAS COPCO ADR	3.4000	Confidential
AIA GROUP ADR	3.4000	Confidential
ROCHE HOLDING ADR	3.1000	Confidential
L'OREAL ADR	2.9000	Confidential
LONZA GROUP ADR	2.9000	Confidential
DASSAULT SYSTEMES ADR	2.8000	Confidential



PERIOD	RATE OF RETURN			GROWTH OF \$1,000		
	MANAGER	BENCHMARK	EXCESS	MANAGER	BENCHMARK	PREMIUM
1 Yr	15.63	0.93	14.70	\$1,156	\$1,009	\$147
2 Yrs	4.96	0.05	4.91	\$1,102	\$1,001	\$101
3 Yrs	5.41	1.11	4.30	\$1,171	\$1,034	\$138
4 Yrs	8.78	5.45	3.33	\$1,400	\$1,237	\$164
5 Yrs	10.13	5.77	4.35	\$1,620	\$1,324	\$296
6 Yrs	6.97	3.29	3.68	\$1,498	\$1,215	\$284
7 Yrs	6.77	3.49	3.28	\$1,582	\$1,272	\$310
8 Yrs	7.99	5.89	2.10	\$1,850	\$1,581	\$269
9 Yrs	9.09	6.80	2.30	\$2,189	\$1,807	\$382
10 Yrs	7.28	5.11	2.17	\$2,019	\$1,646	\$373
Inception	8.23	4.58	3.65	\$11,382	\$3,964	\$7,418

HARDING LOEVNER LP INTERNATIONAL EQUITY ADR

Equity Personnel	Total	Firm Personnel	Total
Portfolio Managers	4	Portfolio Managers	15
Research Analysts	28	Research Analysts	17
Traders	4	Traders	4
Marketing	25	Marketing	25
Total Equity	61	Client Service	9

EQUITY INVESTMENT PHILOSOPHY - Harding Loevner believes that investing in the shares of high-quality, growing businesses at reasonable prices leads to superior risk-adjusted returns over the long term. Following this philosophy, the firm has defined four key criteria that a company must exhibit before it will be considered for investment: **Competitive Advantage:** a strong position within an industry with favorable global competitive structure, as manifested by high and/or improving margins; **Quality Management:** track record of successful management (especially regarding capital allocation), with a clearly articulated business strategy and a consistent regard for shareholders; **Financial Strength:** business-appropriate balance sheet and borrowing capacity availability, internal free cash flow generation capability; and **Sustainable Growth:** prospective growth of revenues, earnings, and cash flows. This quality-growth investment philosophy has been the foundation of all of Harding Loevner's investment strategies since the firm was founded in 1989. The International Equity ADR strategy was established on August 31, 2000 and invests in non-US companies in both developed and emerging markets. The strategy has the same PM team and is closely related to our International Equity strategy, which was launched in 1989.

INVESTMENT DECISION-MAKING PROCESS - There are four main parts of Harding Loevner's investment process: **Initial Qualification, In-Depth Research, Valuation and Rating, and Portfolio Construction.** Research is generated in-house by the firm's unified global research platform, which is organized primarily by global sector but also includes regional analysts responsible for covering companies specifically in emerging markets, frontier markets, Japan, and China. **Initial Qualification:** Analysts draw upon their research experience and examine fundamental data to identify companies that appear to possess the four key criteria that are the focus of the firm's quality-growth philosophy: **Competitive Advantage; Quality Management; Financial Strength; and Sustainable Growth.** The qualitative and quantitative factors they consider when evaluating a new company include industry competitive structure; sustainability of its competitive advantages; management quality; returns on assets, invested capital and equity; profit margins; cash flow generation; and historical and anticipated growth in earnings, revenues, cash flows, and assets. **In-Depth Research:** Analysts study the qualified companies to gain a full understanding of their business models and to assess their growth potential and risks. They use Harding Loevner's proprietary "Quality Assessment (QA) Framework" when analyzing companies. The QA Framework contains 10 quality and growth factors and promotes consistency in the research process and facilitates collaboration across the team in identifying businesses that will generate consistently strong operating performance over time. **Valuation and Rating:** Valuation and Rating: Companies that meet the firm's four key criteria are subject to in-depth valuation analysis. Analysts prepare

long-term financial projections for each company based upon historical financial statements and their own research-based estimates of sales growth, margin expansion, capital expenditures, working capital needs, and cash reinvestment. The typical forecast period the firm uses is 5-10 years. Based on their forecasts, analysts estimate the company's fair value using a multi-stage cash flow return on investment model. As a check on their estimates, analysts may also consult other valuation methods, including discounted cash flow analysis and ratio analysis. Analysts also establish fundamental mileposts for business results that provide concrete indications about the ongoing validity of the investment thesis. Analysts compile the results of their research into a comprehensive standardized report that includes a research summary, QA Framework breakdown, valuation analysis, and the investment mileposts. After distributing the reports to colleagues and addressing any feedback, analysts rate the company's shares (best buy, buy, hold, or sell). Analysts have final responsibility for their rating decisions and will continually monitor their recommendations and revise them as necessary. **Portfolio Construction:** Only companies that have been researched, valued, and rated by an analyst are eligible for consideration for investment. The two co-lead PMs, Ferrill Roll, CFA and Andrew West, CFA, are responsible for all buy-and-sell decisions for the strategy's model portfolio. They each construct a separate sub-portfolio based upon a stock's potential return relative to the alternatives within the research universe and its ability to enhance the portfolio's overall risk/return profile. The two sub-portfolios are then merged to create the strategy's model portfolio. All client portfolios invested in the strategy are managed according to this model, subject to any client-specific restrictions. To control risk, diversification is ensured for the model through stipulated exposure limits on individual holdings, countries, and sectors. PMs Bryan Lloyd, CFA and Patrick Todd, CFA, each independently build a "paper portfolio" to which no client capital is allocated. The paper portfolios signal to the co-lead PMs about the timely opportunities that they perceive among the firm's pool of analyst-rated stocks. The decision to sell or reduce a holding is typically made for one of three reasons: 1) a company is not meeting the mileposts established as part of the original investment thesis; 2) other more attractive opportunities are identified; 3) a holding is nearing the risk-control limit of 5% of the portfolio. If a company's stock has dropped significantly, and its business prospects appear attractive, the co-lead PMs will consider adding to the existing portfolio position.

ORGANIZATION AND OWNERSHIP - Harding Loevner was established in 1989 by two former global investment managers at Rockefeller & Co., David Loevner, CFA and Daniel Harding, CFA. The firm has since maintained its focus on managing global equities using an investment process based on fundamental research including the analysis of global industry competitive structures. From the start, the firm has always had a single unified research team, organized primarily according to the competitive framework of the real economy: by industry sector on a global basis. Simon Hallett, CFA, who as a Hong Kong-based portfolio manager for Jardine Fleming also managed assets for Rockefeller, joined Harding Loevner in 1991 and became its Chief Investment Officer (CIO) in 2003. Mr. Harding assumed an advisory role in 2003 and retired in 2008. In August

*PSN is an investment manager database and is a division of Informa Investment Solutions, Inc. (IIS). Reproduction of any information obtained from PSN in any form is prohibited without the written permission of Informa Investment Solutions, Inc. Performance figures shown are gross of manager fees. All rates of return over one year are annualized. The performance figures are provided from the investment management firm and are reported for informational purposes only. No representation is given with respect to their accuracy or completeness, nor that the figures are necessarily GIPS compliant, and they will be subject to change. The information provided is not intended to be a complete analysis of every material fact concerning the firm or product. Past performance does not guarantee future results. This information should not be deemed as an offer to sell or a solicitation of an offer to buy shares of products that are described herein. Index performance returns do not reflect any management fees, transaction costs or expenses. One can not invest directly in an index. Because of the possibility of human or mechanical error by IIS sources or others, IIS does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall IIS be liable for any indirect, special or consequential damages in connection with use of any subset of PSN data or derived data.

HARDING LOEVNER LP INTERNATIONAL EQUITY ADR

2016, Ferrill Roll, CFA, was named Co-CIO to work alongside Mr. Hallett. Mr. Roll joined Harding Loevner in 1996 with extensive investment experience across a range of global markets. He continues to serve as co-lead portfolio manager of the firm's International and Global Equity strategies. Mr. Hallett and Mr. Roll provide executive leadership as members of the firm's Executive Committee along with Chief Executive Officer David Loevner and Chief Operating Officer Ric Reiter. At its inception, Harding Loevner introduced three investment strategies that share a common quality-growth investment philosophy and fundamental research process: International (non-US) Equity, Global Equity, and Multi-Asset Global. In 1998, building upon its experience investing in emerging markets investing for these strategies, the firm launched a dedicated Emerging Markets Equity strategy. Harding Loevner introduced an International Small Companies Equity strategy in 2006, a Frontier Emerging Markets Equity strategy in 2008. In December 2015, the firm introduced its International Equity Research strategy, which relies most heavily on analysts' input. The firm also launched the Global Equity Research and Emerging Markets Equity Research strategies in December 2016. Harding Loevner Funds, Inc. was established in 1996 to provide access to Harding Loevner's strategies in US mutual fund form. A parallel US Collective Investment Trust structure was established in 2006. In 2007, the firm extended its distribution of institutional pooled vehicles internationally with the launch of Harding Loevner Funds plc, an Ireland-based UCITS fund family. In August 2009, Harding Loevner converted to a partnership structure and sold a majority interest to Affiliated Managers Group (NYSE: AMG), an investment holding company with stakes in a diverse group of boutique investment management firms. The remaining partnership interests are held by a group of Harding Loevner's senior staff. An operating agreement among AMG and the other partners assures the firm's perpetual autonomy under the direction of the management partners. Harding Loevner does not execute trades with affiliated brokers. Harding Loevner has various financial industry affiliations because its parent company, AMG, holds equity interests in Harding Loevner and other financial industry firms, including a securities brokerage firm through another AMG affiliate. However, Harding Loevner and each of AMG's other affiliates operate autonomously and independently.

Offered WRAP/TAMP Program: Morgan Stanley
Select UMA, CES

Envestnet Asset Management
UMA

Oppenheimer & Co.
SMA, UMA

Charles Schwab & Company
Marketplace, MAA

*PSN is an investment manager database and is a division of Informa Investment Solutions, Inc. (IIS). Reproduction of any information obtained from PSN in any form is prohibited without the written permission of Informa Investment Solutions, Inc. Performance figures shown are gross of manager fees. All rates of return over one year are annualized. The performance figures are provided from the investment management firm and are reported for informational purposes only. No representation is given with respect to their accuracy or completeness, nor that the figures are necessarily GIPS compliant, and they will be subject to change. The information provided is not intended to be a complete analysis of every material fact concerning the firm or product. Past performance does not guarantee future results. This information should not be deemed as an offer to sell or a solicitation of an offer to buy shares of products that are described herein. Index performance returns do not reflect any management fees, transaction costs or expenses. One can not invest directly in an index. Because of the possibility of human or mechanical error by IIS sources or others, IIS does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall IIS be liable for any indirect, special or consequential damages in connection with use of any subset of PSN data or derived data.

American Funds New World F2 (USD)

Morningstar Analyst Rating™
Gold
01-28-2020

Overall Morningstar Rating™
★★★★★
693 US Fund Diversified
Emerging Mkts

Standard Index
MSCI ACWI Ex
USA NR USD

Category Index
MSCI EM NR USD

Morningstar Cat
US Fund Diversified
Emerging Mkts

Performance 09-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	1.33	-3.87	-1.72	-8.13	-12.05
2019	13.84	3.83	-0.78	9.06	27.89
2020	-22.13	24.51	8.16	—	4.86

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	14.36	7.58	11.25	5.95	5.15
Std 09-30-2020	14.36	—	11.25	5.95	5.15
Total Return	14.36	7.58	11.25	5.95	5.15
+/- Std Index	11.36	6.42	5.02	1.95	—
+/- Cat Index	3.82	5.16	2.28	3.45	—
% Rank Cat	27	8	18	2	—
No. in Cat	788	693	588	262	—

7-day Yield	Subsidized	Unsubsidized
30-day SEC Yield 08-31-20	0.49	0.49

Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-421-4225 or visit www.americanfunds.com.

Fees and Expenses

Sales Charges

Front-End Load %

NA

Deferred Load %

NA

Fund Expenses

Management Fees %

0.52

12b1 Expense %

NA

Net Expense Ratio %

0.71

Gross Expense Ratio %

0.71

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	693 funds	588 funds	262 funds
Morningstar Risk	5★	5★	5★
Morningstar Return	Low	Low	Low
	High	+Avg	High

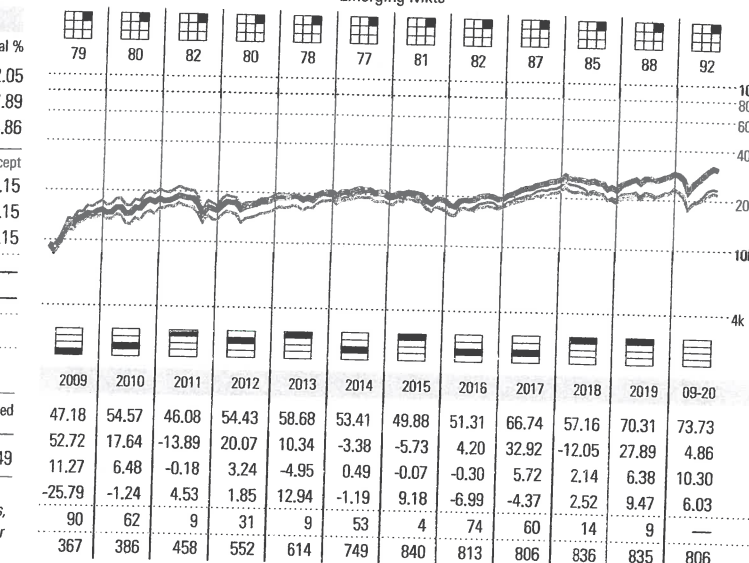
	3 Yr	5 Yr	10 Yr
Standard Deviation	16.95	14.85	14.60
Mean	7.58	11.25	5.95
Sharpe Ratio	0.51	0.71	0.51

MPT Statistics	Standard Index	Best Fit Index
		Morningstar Gbl Mkts xUS GR USD
Alpha	6.27	5.60
Beta	1.02	1.01
R-Squared	94.62	94.90

	3 Yr	5 Yr	10 Yr
12-Month Yield			1.25%
Potential Cap Gains Exp			0.03%

Operations

Family:	American Funds
Manager:	Multiple
Tenure:	21.3 Years
Objective:	Diversified Emerging Markets
Base Currency:	USD



Portfolio Analysis 06-30-2020

Asset Allocation %

	Net %	Long %	Short %
Cash	4.78	4.78	0.00
US Stocks	21.62	21.62	0.00
Non-US Stocks	70.23	70.23	0.00
Bonds	3.37	3.37	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style

Value	Blend	Growth
Large		
Mid		
Small		

Portfolio Statistics

	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	24.7	1.36	1.45
P/C Ratio TTM	13.1	1.39	1.22
P/B Ratio TTM	2.9	1.80	1.36
Geo Avg Mkt Cap \$mil	50305	1.28	0.98

Fixed-Income Style

Ltd	Mod	Ext
High		
Mid		
Low		

Credit Quality Breakdown —

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure

	Stocks %	Rel Std Index
Americas	36.3	3.87
Greater Europe	23.8	0.55
Greater Asia	39.9	0.85

Share Chg since 03-2020	Share Amount	Holdings :	Net Assets %
		384 Total Stocks , 150 Total Fixed-Income, 37% Turnover Ratio	
⊖	6 mil	Microsoft Corp	2.67
⊕	16 mil	Tencent Holdings Ltd	2.40
⊕	38 mil	Reliance Industries Ltd	2.00
⊕	30 mil	Alibaba Group Holding Ltd Ordinary	1.89
⊕	790,300	MercadoLibre Inc	1.84
⊕	3 mil	Kweichow Moutai Co Ltd	1.66
⊕	39 mil	Kotak Mahindra Bank Ltd	1.64
⊖	3 mil	Facebook Inc A	1.48
⊖	53 mil	Taiwan Semiconductor Manufacturing	1.33
⊕	58 mil	AIA Group Ltd	1.26
⊖	2 mil	Mastercard Inc A	1.25
⊖	15 mil	PagSeguro Digital Ltd Class A	1.23
⊖	360,301	Alphabet Inc Class C	1.20
⊕	4 mil	Sea Ltd ADR	1.14
⊖	3 mil	PayPal Holdings Inc	1.05

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	37.0	0.92
Basic Materials	6.0	0.76
Consumer Cyclical	12.7	1.08
Financial Services	16.2	0.91
Real Estate	2.1	0.74
Sensitive	40.1	1.11
Communication Services	12.7	1.50
Energy	4.3	0.91
Industrials	6.2	0.55
Technology	16.9	1.45
Defensive	23.0	0.97
Consumer Defensive	6.8	0.69
Healthcare	14.0	1.35
Utilities	2.1	0.64

Purchase Constraints:	A
Incept:	08-01-2008
Type:	MF
Total Assets:	\$8,321.25 mil

Invesco Developing Markets Y (USD)

Morningstar Analyst Rating™
Bronze
08-17-2020

Overall Morningstar Rating™
★★★★★
695 US Fund Diversified
Emerging Mkts

Standard Index
MSCI ACWI Ex
USA NR USD

Category Index
MSCI EM NR USD

Morningstar Cat
US Fund Diversified
Emerging Mkts

Performance 09-30-2020

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	2.98	-4.03	-3.37	-7.80	-11.95
2019	12.40	2.82	-3.80	11.82	24.31
2020	-22.83	18.22	8.27	—	-1.23
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	—	—	—	—	—
Std 09-30-2020	10.44	—	10.38	4.29	8.39
Total Return	10.44	4.35	10.38	4.29	8.39
+/- Std Index	7.44	3.19	4.15	0.28	—
+/- Cat Index	-0.09	1.93	1.41	1.78	—
% Rank Cat	43	22	25	19	—
No. in Cat	796	695	579	257	—

7-day Yield 09-30-20	Subsidized	Unsubsidized
30-day SEC Yield	0.00	—

Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-959-4246 or visit www.invesco.com.

Fees and Expenses

Sales Charges

Front-End Load %

Deferred Load %

Fund Expenses

Management Fees %

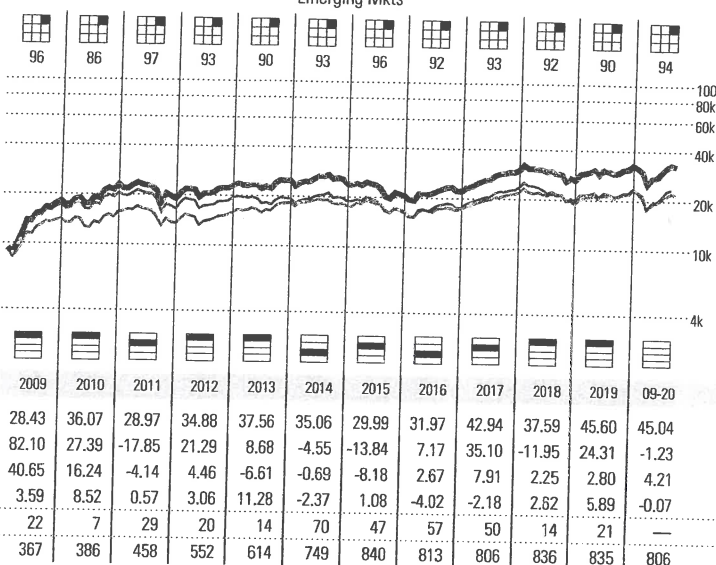
12b1 Expense %

Net Expense Ratio %

Gross Expense Ratio %

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	4★	5★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	+Avg	+Avg	+Avg
Standard Deviation	17.93	16.18	16.50
Mean	4.35	10.38	4.29
Sharpe Ratio	—	—	—
MPT Statistics	Standard Index	Best Fit Index	—
Alpha	—	—	—
Beta	—	—	—
R-Squared	—	—	—
12-Month Yield	—	—	—
Potential Cap Gains Exp	—	—	26.49%



Investment Style

Equity
Stocks %

Growth of \$10,000

— Invesco Developing Markets Y
32,337
— Category Average
23,477
— Standard Index
21,717

Performance Quartile (within category)

History

NAV/Price
Total Return %
+/- Standard Index
+/- Category Index
% Rank Cat
No. of Funds in Cat

Portfolio Analysis 06-30-2020

Asset Allocation %	Net %	Long %	Short %	Share Chg since 03-2020	Share Amount	Holdings : 64 Total Stocks, 95 Total Fixed-Income, 7% Turnover Ratio	Net Assets %
Cash	3.14	3.25	0.11				
US Stocks	0.00	0.00	0.00				
Non-US Stocks	94.38	94.38	0.00			46 mil Tencent Holdings Ltd	7.80
Bonds	0.00	0.00	0.00			221 mil Taiwan Semiconductor Manufacturing	6.14
Other/Not Clsfd	2.48	2.48	0.00	⊖		4 mil Kering SA	5.42
Total	100.00	100.11	0.11			9 mil Alibaba Group Holding Ltd ADR	5.09
				⊕		178 mil AIA Group Ltd	4.35
				⊕		10 mil NOVATEK PJSC GDR	3.84
				⊕		61 mil Housing Development Finance Corp L	3.79
				⊕		29 mil Yum China Holdings Inc	3.71
				⊕		34 mil ZTO Express (Cayman) Inc ADR	3.26
				⊕		67 mil Kotak Mahindra Bank Ltd	3.18
				⊕		32 mil Huazhu Group Ltd ADR	2.93
				⊕		107 mil Ping An Insurance (Group) Co. of C	2.85
				⊕		1,072 mil Invesco Shrt-Trm Inv Gov&Agcy Instl	2.82
				⊖		68 mil Jiangsu Hengrui Medicine Co Ltd	2.32
				⊕		17 mil Yandex NV Shs Class-A-	2.28

Equity Style

Value	Blend	Growth
Large	—	—
Mid	—	—
Small	—	—

Portfolio Statistics

	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	19.1	1.05	1.12
P/C Ratio TTM	15.6	1.66	1.45
P/B Ratio TTM	3.2	1.97	1.49
Geo Avg Mkt Cap \$mil	53732	1.37	1.05

Fixed-Income Style

Ltd	Mod	Ext
High	—	—
Mid	—	—
Low	—	—

Avg Eff Maturity

Avg Eff Duration

Avg Wtd Coupon

Avg Wtd Price

Credit Quality Breakdown —

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure

	Stocks %	Rel Std Index
Americas	14.7	1.56
Greater Europe	20.8	0.48
Greater Asia	64.5	1.37

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	56.9	1.42
Basic Materials	4.3	0.55
Consumer Cyclical	25.9	2.20
Financial Services	25.2	1.42
Real Estate	1.5	0.53
Sensitive	31.0	0.86
Communication Services	11.8	1.39
Energy	4.1	0.86
Industrials	4.7	0.41
Technology	10.5	0.90
Defensive	12.1	0.51
Consumer Defensive	5.7	0.57
Healthcare	6.5	0.62
Utilities	0.0	0.00

Operations

Family: Invesco
Manager: Justin Leverenz
Tenure: 13.3 Years
Objective: Diversified Emerging Markets
Base Currency: USD

Ticker: ODVYX
ISIN: US00143W8753
Minimum Initial Purchase: \$1,000
Min Auto Investment Plan: \$50
Minimum IRA Purchase: \$250

Purchase Constraints: A/C
Incept: 09-07-2005
Type: MF
Total Assets: \$39,797.24 mil

BRECKINRIDGE CAPITAL ADVISORS, INC. INTERMEDIATE SUSTAINABLE GOV CREDIT

Address: 125 High Street
Boston, MA, 02110

Firm Type: Independent Reg. Inv. Advisor

Legal Structure: Corporation

Year Founded: 1993

Firm GIPS Compliant: Yes

Firm/Product Assets: \$ 42,844.84 Million / \$ 1,579.52 Million

Firm/Product Accounts: 16017 / 581

Parent Company: None

Investment Style: ESG/Socially Responsible

Maturity: Intermediate (3 to 7 Yrs)

Duration: Intermediate (3 To 5 Years)

Decision Making: Credit Analysis

Portfolio Manager: Mr. Jeffrey Glenn

Manager Tenure: 5/2012

Mgr. Experience: 1997

Product Contact: Mr. Phil Newell

Phone: 617-443-1120

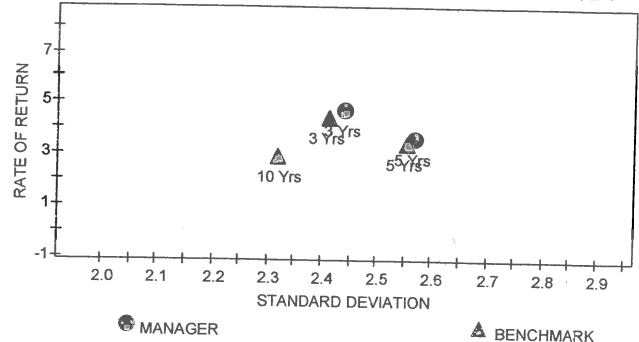
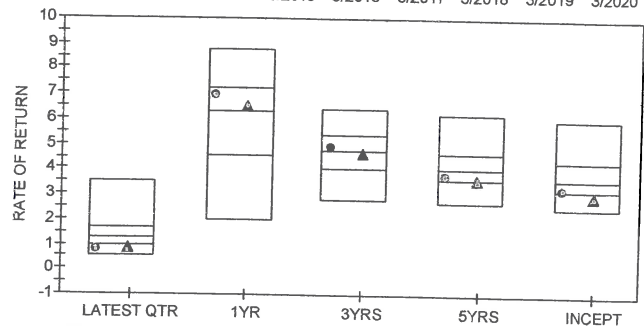
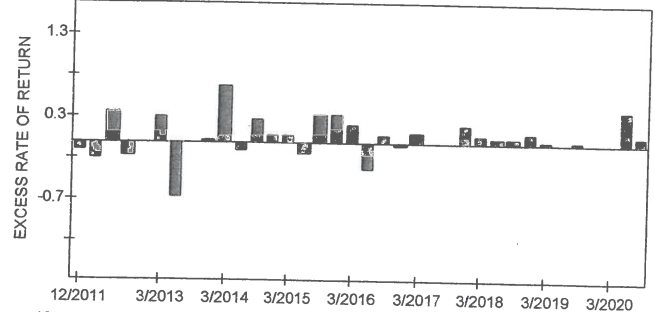
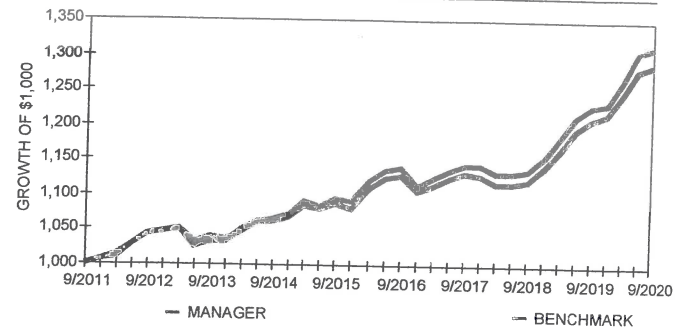
		Account Size	Annual Fees
Performance Incentive Fee:	No	US\$ 1 Mill	—
Individual Min Annual Fee:	—	US\$ 5 Mill	—
Individual Min Account Size:	\$500,000	US\$ 10 Mill	—
Offered As Mutual Funds:	No	US\$ 25 Mill	—
Offered As Commingled Funds:	No	US\$ 50 Mill	—
Commingled Min Annual Fee:	—	US\$ 100 Mill	—
Commingled Min Account Size:	—	US\$ 200 Mill	—

	MRQ	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	Incept
Manager	0.69	6.80	1.18	2.43	1.97	1.70	4.05	-1.25	3.85	—	—	3.07
Benchmark	0.61	6.80	0.88	2.14	2.08	1.07	3.12	-0.86	3.89	5.80	5.89	2.85
Excess	0.08	-0.00	0.30	0.29	-0.11	0.64	0.93	-0.38	-0.04	—	—	0.22
90 TBILL	0.03	2.08	2.00	0.86	0.33	0.06	0.03	0.05	0.08	0.06	0.14	0.65

PERIOD	ROR	STDEV	ALPHA	BETA	RSQR	TRCKERR	SHARPE	INFORATIO
3 Yrs	4.77	2.44	0.28	1.02	0.99	0.23	1.31	1.47
4 Yrs	3.62	2.64	0.21	1.02	0.99	0.21	0.86	1.22
5 Yrs	3.66	2.57	0.25	1.00	0.99	0.30	0.98	0.89
6 Yrs	3.56	2.46	0.25	1.01	0.98	0.30	1.06	0.93
7 Yrs	3.48	2.34	0.33	1.01	0.97	0.37	1.14	0.97
8 Yrs	2.92	2.46	0.16	1.05	0.97	0.45	0.89	0.59
9 Yrs	3.07	2.36	0.11	1.05	0.96	0.45	1.03	0.49
10 Yrs	—	—	—	—	—	—	—	—
Inception	3.07	2.36	0.11	1.05	0.96	0.45	1.03	0.49

YEAR END	MATURITY (Yrs)	DURATION (Yrs)	QUALITY	YTM %	COUPON %
2015	4.17	3.84	AA	2.02	2.41
2016	4.21	3.89	AA	2.15	2.40
2017	4.24	3.84	AA	2.39	2.47
2018	4.27	3.91	AA	3.00	2.56
2019	4.20	3.85	AA	1.96	2.67
9/2020	4.41	4.04	AA	0.72	2.63

Firm Representative Client List	Maturity: 9/2020	%
Confidential	< 1 Yr	5.21
—	1-3 Yrs	28.37
—	3-5 Yrs	27.37
—	5-7 Yrs	19.52
—	7-10 Yrs	18.64
—	> 10 Yrs	0.89
—	Other	—



PERIOD	RATE OF RETURN			GROWTH OF \$1,000		
	MANAGER	BENCHMARK	EXCESS	MANAGER	BENCHMARK	PREMIUM
1 Yr	6.79	6.32	0.48	\$1,068	\$1,063	\$5
2 Yrs	7.53	7.24	0.30	\$1,156	\$1,150	\$6
3 Yrs	4.77	4.43	0.33	\$1,150	\$1,139	\$11
4 Yrs	3.62	3.36	0.26	\$1,153	\$1,142	\$12
5 Yrs	3.66	3.39	0.26	\$1,197	\$1,182	\$15
6 Yrs	3.56	3.27	0.28	\$1,233	\$1,213	\$20
7 Yrs	3.48	3.12	0.36	\$1,271	\$1,240	\$31
8 Yrs	2.92	2.66	0.26	\$1,259	\$1,234	\$25
9 Yrs	3.07	2.85	0.22	\$1,313	\$1,288	\$25
10 Yrs	—	2.91	—	—	\$1,332	—
Inception	3.07	2.85	0.22	\$1,313	\$1,288	\$25

BRECKINRIDGE CAPITAL ADVISORS, INC. INTERMEDIATE SUSTAINABLE GOV CREDIT

Fixed Income	Total	Firm Personnel	Total
Portfolio Managers	7	Portfolio Managers	7
Research Analysts	16	Research Analysts	16
Traders	7	Traders	7
Marketing	20	Marketing	20
Total Fixed Inc	50	Client Service	0

FIXED INVESTMENT PHILOSOPHY - Philosophy Striking the Right Balance Between Managing Risk and Pursuing Returns Grounded in our mandate to preserve capital, Breckinridge seeks to prudently improve returns through rigorous bottom-up research, efficient trading and the seasoned judgment of our portfolio management team. Approach Breckinridge offers clients an investment-grade bond allocation that seeks to provide returns and act as a counterbalance to broader market volatility. We have never strayed from our mandate to invest in investment-grade bonds that can offer capital preservation and reliable income. We strongly believe that the combination of our rigorous bottom-up fundamental and ESG research, seasoned traders and portfolio managers, and focus on trading efficiencies allow us to deliver on this mandate. Additionally, as this is our only investment mandate, there has never been any conflict or compromise with other strategies. All of our energy and resources are directed solely to investment-grade fixed income, and we measure our success by the quality of our work on client portfolios. In addition, we have processes and systems in place that help manage investment risks. Strategy constraints for an individual portfolio are based on direction from our Investment Committee and the client's Investment Policy Statement. Our Investment Committee sets targets such as yield curve positioning, sector exposures and asset type weightings for each strategy. These strategy rules and targets are implemented through our proprietary portfolio management/analytcs system, and this system also identifies variances from these rules and targets that require portfolio review and appropriate action. It is through this rigorous process that Breckinridge seeks to assure strategy consistency over time. This strategy inceptioned in 2011 and the investment objective is to maximize after-tax income and preserve capital.

INVESTMENT DECISION-MAKING PROCESS - The overarching aim of our investment process is to provide our clients with portfolios that preserve capital while incrementally improving risk adjusted returns. The firm's investment process combines a top-down outlook with bottom-up fundamental research, ESG analysis and efficient trading to best meet client needs. Our top-down outlook is determined by the Investment Committee, comprised of senior members of the investment team representing portfolio management, research, trading and investment strategy, to bring a plurality of views to our outlook. The Committee meets formally one time per month, with inter-month meetings and conversations as needed based on changes in the market environment. The output of the Investment Committee meeting encompasses our macro assessment of the market. The Investment Committee translates investment themes into targets for a variety of portfolio characteristics, including duration ranges, yield curve and sector positioning specific to each strategy. Bottom-up fundamental research drives our individual security selection decisions. Rigorous, fundamental bottom-up research is a hallmark of our research capabilities. In reviewing corporate credits, our research team

assesses financial statements, relevant sector multiples, the structure of the cash flows, and the issuer's commitment to maintaining an investment grade rating. Our analysts look closely at the macro environment, as well as indications of consolidation within a given sector. In reviewing taxable municipal credits, the team assesses existing legal obligations (including pensions), the structure of the cash flows backing the principal and interest payments and the obligor's willingness to pay investors. Our analysts look closely at the macro environment and nuances for various municipalities, such as the real estate trends for tax regions backing revenue bonds. For corporate and securitized bonds, our analysts will evaluate issuer comparables in the given sector to assess relative credit strength. Analysts also monitor yield spreads on the corporate credits they follow, and based on those spreads indicate whether they believe a corporation's bonds are likely to represent a low value, fair value or high value. Idea generation is synthesized in meetings that include our portfolio managers, traders and analysts. Buy Discipline Our buy discipline for corporate and taxable municipal bonds are driven by the opinions and internal ratings of our analysts and the relative spreads. Breckinridge monitors relative value to determine security selection in conjunction with yield curve slope analysis and fundamental credit quality. We look to buy securities where the potential upside outweighs the downside risks. U.S. Treasury and U.S. Agency securities are purchased for liquidity and duration management as well as when spread sectors represent a less attractive risk adjusted value. Sell Discipline Bonds become sell candidates when an issuer is downgraded internally due to changes in research opinions (which include sustainability ratings), spread relationship, sector rotation or client parameters. We will sell if the downside risks outweigh the upside potential or any other benefits of holding the bond. The decision to sell is a collaborative one made by our research and portfolio management teams.

ORGANIZATION AND OWNERSHIP - Founded in 1993, Breckinridge was borne out of the view that investors need a reliable counterbalance to market volatility. Since inception, we have focused exclusively on investment grade fixed income and have managed portfolios as separate accounts. At inception, Breckinridge was dedicated to municipal bond portfolios. In response to growing client requests, we introduced multi-sector bond portfolios in 2005. Breckinridge has always espoused the benefits of customized separate accounts. Initially, this was based on our desire to offer an alternative to funds. Today, our systems have been developed to enable a wide range of customizations. In constructing separate accounts, we use thorough bottom-up research. We have always sought to strengthen the rigor of our research. To that end, in 2011, we thoroughly integrated ESG into our investment process. Reflecting our commitment to sustainability, Breckinridge is a PRI signatory, a certified B-Corp and a Benefit Corporation. Breckinridge is a 100 percent privately owned by current and former employees and current Board members. Peter Coffin, president and founder, is the sole majority and controlling owner of the firm. Additional information about our ownership is available in our form ADV.

Offered WRAP/TAMP Program:

*PSN is an investment manager database and is a division of Informa Investment Solutions, Inc. (IIS). Reproduction of any information obtained from PSN in any form is prohibited without the written permission of Informa Investment Solutions, Inc. Performance figures shown are gross of manager fees. All rates of return over one year are annualized. The performance figures are provided from the investment management firm and are reported for informational purposes only. No representation is given with respect to their accuracy or completeness, nor that the figures are necessarily GIPS compliant, and they will be subject to change. The information provided is not intended to be a complete analysis of every material fact concerning the firm or product. Past performance does not guarantee future results. This information should not be deemed as an offer to sell or a solicitation of an offer to buy shares of products that are described herein. Index performance returns do not reflect any management fees, transaction costs or expenses. One can not invest directly in an index. Because of the possibility of human or mechanical error by IIS sources or others, IIS does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall IIS be liable for any indirect, special or consequential damages in connection with use of any subset of PSN data or derived data.

JHancock Income I (USD)

Morningstar Analyst Rating™

Bronze
03-16-2020

Overall Morningstar Rating™

★★★
293 US Fund Multisector
Bond

Standard Index

BBgBarc US Agg
Bond TR USD

Category Index

BBgBarc US
Universal TR USD

Morningstar Cat

US Fund Multisector
Bond**Performance 09-30-2020**

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2018	-0.44	-1.66	0.72	-1.36	-2.73
2019	4.18	2.72	2.18	1.20	10.65
2020	-5.31	6.17	3.01	—	3.56

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	4.80	3.75	3.82	4.40	6.19
Std 09-30-2020	4.80	—	3.82	4.40	6.19
Total Return	4.80	3.75	3.82	4.40	6.19

+/- Std Index	-2.19	-1.49	-0.36	0.77	—
+/- Cat Index	-1.89	-1.39	-0.67	0.48	—
% Rank Cat	26	34	69	43	—
No. in Cat	330	293	250	132	—

7-day Yield 09-30-20	Subsidized	Unsubsidized
	2.73 ¹	—
30-day SEC Yield 08-31-20	1.84 ¹	1.84

¹ Contractual waiver; Expires 07-31-2021**Performance Disclosure**

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 888-972-8696 or visit www.jhfunds.com.

Fees and Expenses**Sales Charges****Front-End Load %**

NA

Deferred Load %

NA

Fund Expenses

Management Fees % 0.33

12b1 Expense % 0.00

Net Expense Ratio % 0.52

Gross Expense Ratio % 0.53

Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	3★	3★

Morningstar Risk -Avg -Avg -Avg

Morningstar Return Avg Avg Avg

Standard Deviation 5.17 4.17 4.49

Mean 3.75 3.82 4.40

Sharpe Ratio 0.43 0.64 0.85

MPT Statistics Standard Index Best Fit Index

Alpha -0.46 -1.94

Beta 0.75 1.09

R-Squared 23.55 85.67

12-Month Yield 2.57%

Potential Cap Gains Exp 0.84%

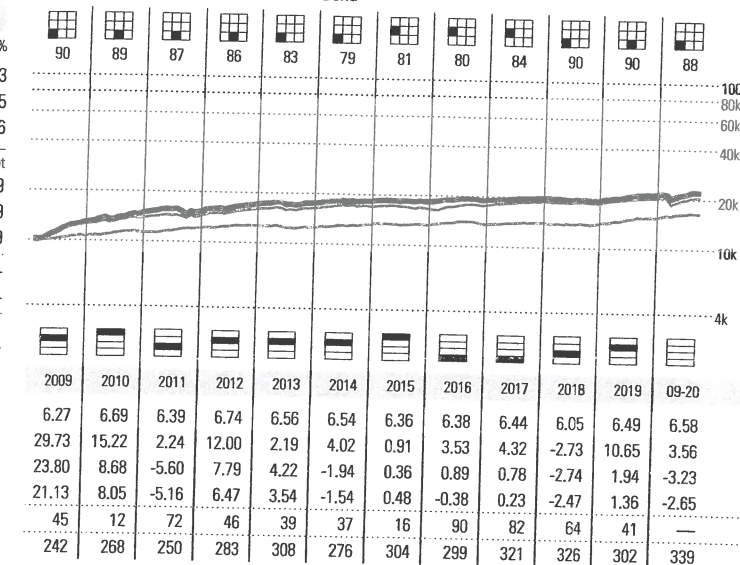
Operations

Family: John Hancock

Manager: Multiple

Tenure: 20.8 Years

Objective: Multisector Bond

Investment Style
Fixed-Income
Bond %**Growth of \$10,000**

JHancock Income I
22,105
Category Average
20,423
Standard Index
16,341

Performance Quintile
(within category)**History**

NAV/Price

Total Return %

+/- Standard Index

+/- Category Index

% Rank Cat

No. of Funds in Cat

Portfolio Analysis 07-31-2020**Asset Allocation %**

	Net %	Long %	Short %
Cash	7.28	7.28	0.00
US Stocks	2.53	2.53	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	85.81	103.51	17.70
Other/Not Clsfd	4.38	4.38	0.00
Total	100.00	117.70	17.70

Equity Style

Value	Blend	Growth
Large	Mid	Small
High	Mid	Low

Portfolio Statistics

	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	—	—	—
P/C Ratio TTM	—	—	—
P/B Ratio TTM	—	—	—
Geo Avg Mkt Cap \$mil	—	—	—

Fixed-Income Style

1st	Mid	Ext
High	Mid	Low

	Port Avg	Rel Index	Rel Cat
Avg Eff Maturity	8.91	—	—
Avg Eff Duration	4.05	—	—
Avg Wtd Coupon	3.78	—	—
Avg Wtd Price	108.99	—	—

Credit Quality Breakdown 06-30-2020

	Bond %
AAA	29.88
AA	8.57
A	10.76
BBB	23.36
BB	17.61
B	7.86
Below B	0.75
NR	1.21

Regional Exposure

	Stocks %	Rel Std Index
Americas	100.0	—
Greater Europe	0.0	—
Greater Asia	0.0	—

Share Chg since 06-2020	Share Amount	Holdings : 6 Total Stocks, 410 Total Fixed-Income, 76% Turnover Ratio	Net Assets %
—	103 mil	US 10yr Note (Cbt) Sep20 Xcvt 20200	-8.80
—	78 mil	US Long Bond (Cbt) Sep20 Xcvt 20200	-8.67
+	23 mil	United States Treasury Bonds 3%	1.99
+	22 mil	United States Treasury Bonds 2.75%	1.79
+	14 mil	United States Treasury Bonds 4.38%	1.40
+	19 mil	United States Treasury Notes 2%	1.28
+	18 mil	United States Treasury Notes 2.38%	1.28
+	18 mil	United States Treasury Notes 2.38%	1.16
+	1,945 mil	Japan (Government Of) 0.1%	1.13
+	19 mil	Canada (Government of) 2.25%	0.94
+	10 mil	Ireland (Republic Of) 3.4%	0.86
+	13 mil	HCA Inc. 3.5%	0.85
+	12 mil	U.S. Bancorp 0.85%	0.85
+	13 mil	Wachovia Capital Trust III 5.57%	0.79
+	12 mil	United States Treasury Notes 1.12%	0.77

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	0.0	—
Basic Materials	0.0	—
Consumer Cyclical	0.0	—
Financial Services	0.0	—
Real Estate	0.0	—
Sensitive	0.0	—
Communication Services	0.0	—
Energy	0.0	—
Industrials	0.0	—
Technology	0.0	—
Defensive	100.0	—
Consumer Defensive	0.0	—
Healthcare	0.0	—
Utilities	100.0	—

Purchase Constraints:

Incept:	09-04-2001
Type:	MF
Total Assets:	\$1,935.13 mil

Mutual Fund Detail Report

Disclosure Statement

The Mutual Fund Detail Report is to be used as supplemental sales literature, and therefore must be preceded or accompanied by the fund's current prospectus and a disclosure statement. Please read the prospectus carefully. In all cases, this disclosure statement should accompany the Mutual Fund Detail Report. Morningstar is not itself a FINRA-member firm. Portfolio information is based on the most recent information available to Morningstar.

Pre-inception Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's Performance section.

When pre-inception data is presented in the report, the header at the top of the report will indicate this. In addition, the pre-inception data included in the report will appear in italics.

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than the original investment. Fund portfolio statistics change over time. The fund is not FDIC-insured, may lose value and is not guaranteed by a bank or other financial institution.

Total Return and Quarterly Return reflects performance without adjusting for sales charges or the effects of taxation, but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Standardized Return is reflected as of the quarter-end. It depicts performance without adjusting for the effects of taxation, but is adjusted for sales charges and all ongoing fund expenses, and assumes reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the performance quoted would be reduced. The sales charge used in the calculation was obtained from the fund's most recent prospectus and/or shareholder report available to Morningstar. Standardized Returns never include pre-inception history.

Load-Adjusted Monthly Return is calculated applying the same methodology as Standardized Returns, except that it represents return through month-end. As with Standardized Returns, it reflects the impact of sales charges and ongoing fund expenses, but not taxation. If adjusted for the effects of taxation, the performance quoted would be significantly reduced.

Morningstar % Rank within Morningstar Category does not account for a fund's

sales charge (if applicable). Rankings will not be provided for periods less than one year.

Growth of 10,000

This graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and with that of the average for all funds in its Morningstar category. The total returns are not adjusted to reflect sales charges or the effects of taxation, but are adjusted to reflect actual ongoing fund expenses, and assume reinvestment of dividends and capital gains. If adjusted, sales charges would reduce the performance quoted. The index is an unmanaged portfolio of specified securities and cannot be invested in directly. The index and the category average do not reflect any initial or ongoing expenses. A fund's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

If pre-inception data is included in the analysis, it will be graphed.

Morningstar Analyst Rating

The Morningstar Analyst Rating is not a credit or risk rating. It is a subjective evaluation performed by the mutual fund analysts of Morningstar, Inc. Morningstar evaluates funds based on five key pillars, which are process, performance, people, parent, and price. Morningstar's analysts use this five pillar evaluation to identify funds they believe are more likely to outperform over the long term on a risk-adjusted basis. Analysts consider quantitative and qualitative factors in their research, and the weighting of each pillar may vary. The Analyst Rating ultimately reflects the analyst's overall assessment and is overseen by Morningstar's Analyst Rating Committee. The approach serves not as a formula but as a framework to ensure consistency across Morningstar's global coverage universe.

The Analyst Rating scale ranges from Gold to Negative, with Gold being the highest rating and Negative being the lowest rating. A fund with a Gold rating distinguishes itself across the five pillars and has garnered the analysts' highest level of conviction. A fund with a Silver rating has notable advantages across several, but perhaps not all, of the five pillars—strengths that give the analysts a high level of conviction. A Bronze-rated fund has advantages that outweigh the disadvantages across the five pillars, with sufficient level of analyst conviction to warrant a positive rating. A fund with a Neutral rating isn't seriously flawed across the five pillars, nor does it distinguish itself very positively. A Negative rated fund is flawed in at least one if not more pillars and is considered an inferior offering to its peers. Analyst Ratings are reevaluated at least every 14 months.

For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to <http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf>.

The Morningstar Analyst Rating should not be used as the sole basis in evaluating a mutual fund. Morningstar Analyst Ratings are based on Morningstar's current expectations about future events; therefore, in no way does Morningstar represent ratings as a guarantee nor should they be viewed by an investor as such. Morningstar Analyst Ratings involve unknown risks and uncertainties which may cause Morningstar's expectations not to occur or to differ significantly from what we expected.

Risk and Return

The Morningstar Rating is calculated for funds with at least a three-year history. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next

35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics.

Please note that some Morningstar proprietary calculations, including the Morningstar Rating, may be calculated based on adjusted historical returns (pre-inception returns). If the extended performance rating is in effect, the "stars" are represented as unshaded stars. For each mutual fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's adjusted monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. This investment's independent Morningstar Rating metric is then compared against the open-end mutual fund universe's actual performance breakpoints to determine its extended performance rating. The Overall Morningstar Rating for a mutual fund is derived from a weighted average of the actual performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics.

Morningstar Return rates a mutual fund's performance relative to other funds in its Morningstar Category. It is an assessment of a fund's excess return over a risk-free rate (the return of the 90-day Treasury Bill), after adjusting for all applicable loads and sales charges, in comparison with the mutual funds in its Morningstar Category. In each Morningstar Category, the top 10% of funds earn a High Morningstar Return (HIGH), the next 22.5% Above Average (+AVG), the middle 35% Average (AVG), the next 22.5% Below Average (-AVG), and the bottom 10% Low (LOW). Morningstar Return is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the mutual fund. Funds with less than three years of performance history are not rated.

Morningstar Risk evaluates a mutual fund's downside volatility relative to that of other funds in its Morningstar Category. It is an assessment of the variations in a fund's monthly returns, with an emphasis on downside variations, in comparison with the mutual funds in its Morningstar Category. In each Morningstar Category, the 10% of funds with the lowest measured risk are described as Low Risk (LOW), the next 22.5% Below Average (-AVG), the middle 35% Average (AVG), the next 22.5% Above Average (+AVG), and the top 10% High (HIGH). Morningstar Risk is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the mutual fund. Funds with less than three years of performance history are not rated.

If pre-inception returns are included in this analysis, the risk and return profile data calculated on the basis of these returns will appear in italics.

Risk Measures

The risk measures below are calculated for funds with at least a three-year history.

Standard deviation is a statistical measure of the volatility of the fund's returns.

Mean represents the annualized geometric return for the period shown.

The Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk.

Alpha measures the difference between a fund's actual returns and its expected

performance, given its level of risk (as measured by beta). Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

Beta is a measure of a fund's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

R-squared reflects the percentage of a fund's movements that is explained by movements in its benchmark index, showing the degree of correlation between the fund and the benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

Best Fit index: Alpha, beta, and R-squared statistics are presented for a broad market index and a "Best Fit" index. The Best Fit index identified in this report was determined by Morningstar by calculating R-squared for the fund against approximately 100 indexes tracked by Morningstar. The index representing the highest R-squared is identified as the Best Fit index. The Best Fit index may not be the fund's benchmark, nor does it necessarily contain the types of securities that may be held by the fund.

Risk measures calculated using pre-inception data, if included in the analysis, will be presented in italics.

Asset Allocation

The weighting of the portfolio in various asset classes, including "Other" is shown in the table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks.

In the table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the funds' exposure and risk.

Most managed product portfolios hold fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics.

Most portfolios take long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may

be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

Note that all other portfolio statistics presented in this report are based on the long holdings of the fund only.

Style Analysis

The Morningstar Style Box reveals a fund's investment style as of the date noted on this report.

For equity funds the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend, or growth).

For fixed-income funds, the vertical axis shows the credit quality of the bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration.

Morningstar seeks credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). For a list of all NRSROs, please visit <http://www.sec.gov/divisions/marketreg/ratingagency.htm>. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings. PLEASE NOTE: Morningstar, Inc. is not itself a NRSRO nor does it issue a credit rating on the fund. A NRSRO or rating agency ratings can change from time-to-time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low", "medium", or "high" based on their average credit quality. Funds with a low credit quality are those whose weighted-average credit quality is determined to be less than "BBB-"; medium are those less than "AA-", but greater or equal to "BBB-"; and high are those with a weighted-average credit quality of "AA-" or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index (MCBI), which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI's average effective duration; funds whose average effective duration is between 75% to 125% of the MCBI will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBI will be classified as Extensive.

For municipal bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases static breakpoints are utilized. These

breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-US taxable and non-US domiciled fixed income funds static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: greater than 3.5 and less than equal to 6 years; (iii) Extensive: greater than 6 years.

Equity Portfolio Statistics

The referenced data elements below are a weighted average of the long equity holdings in the portfolio.

The Price/Earnings ratio is a weighted average of the price/earnings ratios of the stocks in the underlying fund's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12-months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a fund's portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The geometric average market capitalization of a fund's equity portfolio offers a measure of the size of the companies in which the mutual fund invests.

Fixed-Income Portfolio Statistics

The referenced data elements below are a weighted average of the long fixed income holdings in the portfolio.

Duration is a time measure of a bond's interest rate sensitivity. Average effective duration is a weighted average of the duration of the underlying fixed income securities within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Average weighted coupon is generated from the fund's portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis.

Average weighted price is generated from the fund's portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the fund favors bonds selling at prices above or below face value (premium or discount securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

Credit quality breakdowns are shown for corporate-bond holdings and depict the quality of bonds in the underlying portfolio. The report shows the percentage of fixed-income securities that fall within each credit quality rating as assigned by a NRSRO. Bonds not rated by a NRSRO are included in the not rated (NR) category.

Turnover Ratio is a decent proxy for how frequently a manager trades his or her portfolio. The inverse of a fund's turnover ratio is the average holding period for a security in the fund. As turnover increases, a fund's brokerage costs typically rise as well.

Operations

Purchase constraints denote if a mutual fund has any of the following qualities: Qualified Access (A), Institutional (T), Closed to New Investments, (C) or Closed to All Investments (L). Because these qualities can all act as restrictions and/or requirements for investment, they are grouped together.

Potential capital gains exposure is the percentage of a mutual fund's total assets that represents capital appreciation.

Fees and Expenses

Prospectus Gross Expense Ratio reflects the annual percentage of a fund's assets paid out in expenses. Expenses include management, 12B-1, transfer agent and all other asset-based fees associated with the fund's daily operations and distribution, with the exception of brokerage commissions. It does not reflect expenses that have been reimbursed by the investment advisor, reductions from brokerage service arrangements or other expense offset arrangements.

Prospectus Net Expense Ratio reflects actual expenses paid by the fund as well as any voluntary waivers, reductions from brokerage service arrangements and any other expense offset arrangements.

Investment Risks

International/Emerging Market Equities: Investing in international securities involves 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 Strategies: Portfolios 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 Strategies: Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Equities: Portfolios that invest in stocks of small 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 Equities: Portfolios 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: Portfolios 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.

Tax-Free Municipal Bonds: The investor should note that the income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Bonds: Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates.

HOLDERS: The investor should note that these are narrow industry-focused products that, if the industry is hit by hard times, will lack diversification and possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDER might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

Hedge Funds: The investor should note that hedge fund investing involves specialized risks that are dependent upon the type of strategies undertaken by the manager. This can include distressed or event-driven strategies, long/short strategies, using arbitrage (exploiting price inefficiencies), international investing, and use of leverage, options and/or derivatives. Although the goal of hedge fund managers may be to reduce volatility and produce positive absolute return under a variety of market conditions, hedge funds may involve a high degree of risk and are suitable only for investors of substantial financial means who could bear the entire loss of their investment.

Bank Loan/Senior Debt: Bank loans and senior loans are impacted by the risks associated with fixed income in general, including interest rate risk and default risk. They are often non-investment grade; therefore, the risk of default is high. These securities are also relatively illiquid. Managed products that invest in bank loans/senior debt are often highly leveraged, producing a high risk of return volatility.

Exchange Traded Notes (ETNs): ETNs are unsecured debt obligations. Any repayment of notes is subject to the issuer's ability to repay its obligations. ETNs do not typically pay interest.

Leveraged ETFs: Leveraged investments are designed to meet multiples of the return performance of the index they track and seek to meet their fund objectives on a daily basis (or other time period stated within the prospectus objective). The leverage/gearing ratio is the amount of excess return that a leveraged investment is designed to achieve in comparison to its index performance (i.e. 200%, 300%, -200%, or -300% or 2X, 3X, -2X, -3X). Compounding has the ability to affect the performance of the fund to be either greater or less than the index performance multiplied by the multiple stated within the funds objective over a stated time period.

Short Positions: When a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker may demand more collateral and a manager might have to close out a short position at an inopportune time to limit further losses.

Long-Short: Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

Liquidity Risk: Closed-end fund, ETF, and HOLDER trading may be halted due to market conditions, impacting an investor's ability to sell a fund.

Market Price Risk: The market price of ETFs, HOLDERS, and closed-end funds traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor's value.

Market Risk: The market prices of ETFs and HOLDERS can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

Glossary of Terms

Active Contribution Return: The gain or loss percentage of an investment relative to the performance of the investment benchmark.

Active Exposure: The percentage difference in weight of the portfolio compared to its policy benchmark.

Active Return: Arithmetic difference between the manager's return and the benchmark's return over a specified time period.

Actual Correlation: A measure of the correlation (linear dependence) between two variables X and Y, with a value between +1 and -1 inclusive. This is also referred to as coefficient of correlation.

Alpha: A measure of a portfolio's time weighted return in excess of the market's return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

Best Quarter: The highest quarterly return for a certain time period.

Beta: A measure of the sensitivity of a portfolio's time weighted return (net of fees) against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

Consistency: The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

Core: Refers to an investment strategy mandate that is blend of growth and value styles without a pronounced tilt toward either style.

Cumulative Selection Return (Cumulative Return): Cumulative investment performance over a specified period of time.

Distribution Rate: The most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and/or return of capital.

Down Market Capture: The ratio of average portfolio returns over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

Downside Risk: A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the value, the more risk the product has.

Downside Semi Deviation: A statistical calculation that measures the volatility of returns below a minimum acceptable return. This return measure isolates the negative portion of volatility: the larger the number, the greater the volatility.

Drawdown: A drawdown is the peak-to-trough decline during a specific period of an investment, fund or commodity.

Excess over Benchmark: The percentage gain or loss of an investment relative to the investment's benchmark.

Excess Return: Arithmetic difference between the manager's return and the risk-free return over a specified time period.

Growth: A diversified investment strategy which includes investment selections that have capital appreciation as the primary goal, with little or no dividend payouts. These strategies can include reinvestment in expansion, acquisitions, and/or research and development opportunities.

Growth of Dollar: The aggregate amount an investment has gained or lost over a certain time period, also referred to as Cumulative Return, stated in terms of the amount to which an initial dollar investment would have grown over the given time period.

Investment Decision Process (IDP): A model for structuring the investment process and implementing the correct attribution methodologies. The IDP includes every decision made concerning the division of the assets under management over the various asset categories. To analyze each decision's contribution to the total return, a modeling approach must measure the marginal value of every individual decision. In this respect, the hierarchy of the decisions becomes very important. We therefore use the IDP model, which serves as a proper foundation for registering the decisions and relating them to each other.

Information Ratio: Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

Jensen's Alpha: The Jensen's alpha measure is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. This metric is also commonly referred to as alpha.

Kurtosis: A statistical measure that is used to describe the distribution, or skewness, of observed data around the mean, sometimes referred to as the volatility of volatility.

Maximum Drawdown: The drawdown is defined as the percent retracement from a fund's peak to the fund's trough value. It is in effect from the time the fund's retracement begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley (length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.

Modern Portfolio Theory (MPT): An investment analysis theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward.

Mutual Fund (MF): An investment program funded by shareholders that trade in diversified holdings and is professionally managed.

Peer Group: A combination of funds that share the same investment style combined as a group for comparison purposes.

Peer/Plan Sponsor Universe: A combination of asset pools of total plan investments by specific sponsor and plan types for comparison purposes.

Performance Ineligible Assets: Performance returns are not calculated for certain assets because accurate valuations and transaction data for these assets are not processed or maintained by us. Common examples of

these include life insurance, some annuities and some assets held externally.

Performance Statistics: A generic term for various measures of investment performance measurement terms.

Portfolio Characteristics: A generic term for various measures of investment portfolio characteristics.

Preferred Return: A term used in the private equity (PE) world, and also referred to as a "Hurdle Rate." It refers to the threshold return that the limited partners of a private equity fund must receive, prior to the PE firm receiving its carried interest or "carry."

Ratio of Cumulative Wealth: A defined ratio of the Cumulative Return of the portfolio divided by the Cumulative Return of the benchmark for a certain time period.

Regression Based Analysis: A statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables

Residual Correlation: Within returns-based style analysis, residual correlation refers to the portion of a strategy's return pattern that cannot be explained by its correlation to the asset-class benchmarks to which it is being compared.

Return: A rate of investment performance for the specified period.

Rolling Percentile Ranking: A measure of an investment portfolio's ranking versus a peer group for a specific rolling time period (i.e. Last 3 Years, Last 5 years, etc.).

R-Squared: The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

SA/CF (Separate Account/Comingled Fund): Represents an acronym for Separate Account and Comingled Fund investment vehicles.

Sector Benchmark: A market index that serves as a proxy for a sector within an asset class.

Sharpe Ratio: Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance results in.

Standard Deviation: A statistical measure of the range of a portfolio's performance; the variability of a return around its average return over a specified time period.

Total Fund Benchmark: The policy benchmark for a complete asset pool that could consist of multiple investment mandates.

Total Fund Composite: The aggregate of multiple portfolios within an asset pool or household.

Tracking Error: A measure of standard deviation for a portfolio's investment performance, relative to the performance of an appropriate market benchmark.

Treynor Ratio: A ratio that divides the excess return (above the risk free rate) by the portfolio's beta to arrive at a unified measure of risk adjusted return. It is generally used to rank portfolios, funds and benchmarks. A higher ratio is indicative of higher returns per unit of market risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing market risk.

Up Market Capture: The ratio of average portfolio returns over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.

Upside Semi Deviation: A statistical calculation that measures the volatility of returns above an acceptable return. This return measure isolates the positive portion of volatility: the larger the number, the greater the volatility.

Value: A diversified investment strategy that includes investment selections which tend to trade at a lower price relative to its dividends, earnings, and sales. Common attributes are stocks that include high dividend, low price-to-book ratio, and/or low price-to-earnings ratio.

Worst Quarter: The lowest rolling quarterly return for a certain time period.

Information Disclosures

The performance data shown reflects past performance, which does not guarantee future results. Investment return and principal will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. Please note, current performance may be higher or lower than the performance data shown. For up to date month-end performance information, please contact your Financial Advisor or visit the funds' company website.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus and, if available the summary prospectus, contains this and other information that should be read carefully before investing. Investors should review the information in the prospectus carefully. To obtain a prospectus, please contact your Financial Advisor or visit the funds' company website.

Past performance is no guarantee of future results.

Investing involves market risk, including possible loss of principal. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. **Small and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than those of larger, more established companies. **Bond funds** and bond holdings have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the funds. The return of principal in bond funds, and in funds with significant bond holdings, is not guaranteed. **International securities'** prices may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in emerging markets. **Alternative investments**, including private equity funds, real estate funds, hedge funds, managed futures funds, and funds of hedge funds, private equity, and managed futures funds, are speculative and entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and risks associated with the operations, personnel and processes of the advisor. **Master Limited Partnerships** (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate

sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk; and MLP interests in the real estate sector are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. Because of their narrow focus, MLPs maintain exposure to price volatility of commodities and/or underlying assets and tend to be more volatile than investments that diversify across many sectors and companies. MLPs are also subject to additional risks including: investors having limited control and rights to vote on matters affecting the MLP, limited access to capital, cash flow risk, lack of liquidity, dilution risk, conflict of interests, and limited call rights related to acquisitions.

Mortgage backed securities also involve prepayment risk, in that faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield-to-maturity of a mortgage-backed security and prepayment risk includes the possibility that a fund may invest the proceeds at generally lower interest rates.

Tax managed funds may not meet their objective of being tax-efficient.

Real estate investments are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. **High yield** fixed income securities, also known as “junk bonds”, are considered speculative, involve greater risk of default and tend to be more volatile than investment grade fixed income securities.

Credit quality is a measure of a bond issuer’s creditworthiness, or ability to repay interest and principal to bondholders in a timely manner. The credit ratings shown are based on security rating as provided by Standard & Poor’s, Moody’s and/or Fitch, as applicable. Credit ratings are issued by the rating agencies for the underlying securities in the fund and not the fund itself, and the credit quality of the securities in the fund does not represent the stability or safety of the fund. Credit ratings shown range from AAA, being the highest, to D, being the lowest based on S&P and Fitch’s classification (the equivalent of Aaa and C, respectively, by Moody(s)). Ratings of BBB or higher by S&P and Fitch (Baa or higher by Moody’s) are considered to be investment grade-quality securities. If two or more of the agencies have assigned different ratings to a security, the highest rating is applied. Securities that are not rated by all three agencies are listed as “NR”.

“**Alpha tilt strategies** comprise a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward potentially outperforming the market in an effort to enhance overall investment returns. Tilt strategies are subject to significant timing risk and could potentially expose investors to extended periods of underperformance.”

Custom Account Index: The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account Index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

Peer Groups

Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a client’s investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the

actual investment can be ranked versus its peer across various quantitative metrics.

All Peer Group data are provided by Investment Metrics, LLC.

The URL below provides all the definitions and methodology about the various Peer Groups <https://www.invmetrics.com/style-peer-groups>

Peer Group Ranking Methodology

A percentile rank denotes the value of a product in which a certain percent of observations fall within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value.

The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

Alternatives

Graystone Consulting is a business of Morgan Stanley Smith Barney LLC. (“Morgan Stanley”) This material is not to be reproduced or distributed to any other persons (other than professional advisors of the investors) and is intended solely for the use of the persons to whom it has been delivered. This material is not for distribution to the general public.

The sole purpose of this material is to inform, and it in no way is intended to be an offer or solicitation to purchase or sell any security, other investment or service, or to attract any funds or deposits. Investments mentioned may not be suitable for all clients. Any product discussed herein may be purchased only after a client has carefully reviewed the offering memorandum and executed the subscription documents. Morgan Stanley has not considered the actual or desired investment objectives, goals, strategies, guidelines, or factual circumstances of any investor in any fund(s). Before making any investment, each investor should carefully consider the risks associated with the investment, as discussed in the applicable offering memorandum, and make a determination based upon their own particular circumstances, that the investment is consistent with their investment objectives and risk tolerance.

This information is being provided as a service of your Graystone Institutional Consultant and does not supersede or replace your Morgan Stanley customer statement. The information is as of the date(s) noted and subject to daily market fluctuation. Your interests in Alternative Investments, which may have been purchased through us, are generally not held here, and are generally not covered by SIPC. The information provided to you: 1) is included as a service to you, and certain transactions may not be reported; 2) is derived from you or another external source for which we are not responsible, and may have been modified to take into consideration capital calls or distributions to the extent applicable; 3) may not reflect actual shares, share prices or values; 4) may include invested or distributed amounts in addition to a fair value

estimate; and 5) should not be relied upon for tax reporting purposes. Notwithstanding the foregoing, 1) to the extent this report displays Alternative Investment positions within a Morgan Stanley Individual Retirement Account ("IRA"), such positions are held by Morgan Stanley Smith Barney LLC as the custodian of your Morgan Stanley IRA; and 2) if your Alternative Investment position(s) is held by us and is registered pursuant to the Securities Act of 1933, as amended, your Alternative Investment position(s) is covered by SIPC.

Alternatives may be either traditional alternative investment vehicles or non-traditional alternative strategy vehicles. Traditional alternative investment vehicles may include, but are not limited to, Hedge Funds, Fund of Funds (both registered and unregistered), Exchange Funds, Private Equity Funds, Private Credit Funds, Real Estate Funds, and Managed Futures Funds. Non-traditional alternative strategy vehicles may include, but are not limited to, Open or Closed End Mutual Funds, Exchange-Traded and Closed-End Funds, Unit Investment Trusts, exchange listed Real Estate Investment Trusts (REITs), and Master Limited Partnerships (MLPs). These non-traditional alternative strategy vehicles also seek alternative-like exposure but have significant differences from traditional alternative investment vehicles. Non-traditional alternative strategy vehicles may behave like, have characteristics of, or employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives, and options, which can increase volatility and the risk of investment loss. Characteristics such as correlation to traditional markets, investment strategy, and market sector exposure can play a role in the classification of a traditional security being classified as alternative.

Traditional alternative investment vehicles are illiquid and usually are not valued daily. The estimated valuation provided will be as of the most recent date available and will be included in summaries of your assets. Such valuation may not be the most recent provided by the fund in which you are invested. No representation is made that the valuation is a market value or that the interest could be liquidated at this value. We are not required to take any action with respect to your investment unless valid instructions are received from you in a timely manner. Some positions reflected herein may not represent interests in the fund, but rather redemption proceeds withheld by the issuer pending final valuations which are not subject to the investment performance of the fund and may or may not accrue interest for the length of the withholding. Morgan Stanley does not engage in an independent valuation of your alternative investment assets. Morgan Stanley provides periodic information to you including the market value of an alternative investment vehicle based on information received from the management entity of the alternative investment vehicle or another service provider.

Traditional alternative investment vehicles often are speculative and include a high degree of risk. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: • Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; • Lack of liquidity in that there may be no secondary market for a fund; • Volatility of returns; • Restrictions on transferring interests in a fund; • Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; • Absence of information regarding valuations and pricing; • Complex tax structures and delays in tax reporting; • Less regulation and higher fees than mutual funds; and • Risks associated with the operations, personnel, and processes of the manager. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund.

Indices are unmanaged and investors cannot directly invest in them. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Past performance is no guarantee of future results. Actual results may vary. Diversification does not assure a profit or protect against loss in a declining market. Any performance or related information presented has not been adjusted to reflect the impact of the additional fees paid to a placement agent by an investor (for Morgan Stanley placement clients, a one-time upfront Placement Fee of up to 3%, and for Morgan Stanley investment

advisory clients, an annual advisory fee of up to 2.5%), which would result in a substantial reduction in the returns if such fees were incorporated.

For most investment advisory clients, the program account will be charged an asset-based wrap fee every quarter ("the Fee"). In general, the Fee covers investment advisory services and reporting. In addition to the Fee, clients will pay the fees and expenses of any funds in which their account is invested. Fund fees and expenses are charged directly to the pool of assets the fund invests in and impact the valuations. Clients must understand that these fees and expenses are an additional cost and will not be included in the Fee amount in the account statements.

As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, for an account with an initial value of \$100,000 and a 2.5% annual fee, if the gross performance is 5% per year over a three year period, the compounding effect of the fees will result in a net annual compound rate of return of approximately 2.40% per year over a three year period, and the total value of the client's portfolio at the end of the three year period would be approximately \$115,762.50 without the fees and \$107,372.63 with the fees. Please see the applicable Morgan Stanley Smith Barney LLC Form ADV Part 2A for more information including a description of the fee schedule. It is available at www.morganstanley.com/ADV <<http://www.morganstanley.com/ADV>> or from your Financial Advisor/Private Wealth Advisor.

Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley does not provide tax or legal advice. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank.

SIPC insurance does not apply to precious metals, other commodities, or traditional alternative investments.

© 2018 Morgan Stanley Smith Barney LLC. Member SIPC.

Money Market Funds

You could lose money in Money Market Funds. Although MMFs classified as government funds (i.e., MMFs that invest 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds (i.e., MMFs open to natural person investors only) seek to preserve value at \$1.00 per share, they cannot guarantee they will do so. The price of other MMFs will fluctuate and when you sell shares they may be worth more or less than originally paid. MMFs may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits. A MMF investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency.

Disclosures

Disclosures

Important Information

Throughout this Proposal, "Morgan Stanley" and "Morgan Stanley Wealth Management" refers to Morgan Stanley Smith Barney LLC. Morgan Stanley is both a registered broker-dealer and investment adviser.

Morgan Stanley is a member of SIPC. It is not a bank. Where appropriate, Morgan Stanley Smith Barney LLC has entered into arrangements with banks and other third parties to assist in offering certain banking related products and services.

SIPC insurance does not apply to precious metals, other commodities, or traditional alternative investments.

Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Although the statements of fact and data in this proposal have been obtained from, and are based upon, sources that we believe to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this material constitute our judgment as of the date of this material and are subject to change without notice. This material is provided for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security or to participate in any trading strategy.

Legal and Tax Information:

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice, are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley and/or as described at www.morganstanley.com/disclosures/dol. Individuals are encouraged to consult their tax or legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account, and (c) to understand the tax and legal consequences of any actions, including implementation of any estate planning strategies, or investments described herein.

This is not a financial plan:

This material is not a financial plan. A financial plan generally seeks to address a wide spectrum of your long-term financial needs, and can include recommendations about insurance, savings, tax and estate planning, and investments, taking into consideration your goals and situation, including anticipated retirement or other employee benefits. Morgan Stanley will only prepare a financial plan at your specific request using Morgan Stanley approved financial planning software where you will enter into a written agreement with a Financial Advisor. If you would like to have a financial plan prepared for you, please consult with a Morgan Stanley Financial Advisor.

Disclosures

Differences between a brokerage and an investment advisory relationship:

You should understand the differences between a brokerage and advisory relationship. When providing you brokerage services, our legal obligations to you are governed by the Securities Act of 1933, the Securities Exchange Act of 1934, the rules of self-regulatory organizations such as the Financial Industry Regulatory Authority (FINRA), and state securities laws, where applicable. When providing you advisory services, our legal obligations to you are governed by the Investment Advisers Act, Federal statutes and regulations relating to retirement accounts, and applicable state securities laws. These latter advisory obligations govern our conduct and disclosure requirements, creating a legal standard which is referred to as a "fiduciary" duty to you. We also may have a fiduciary duty to you, with respect to brokerage retirement accounts. Please reach out to your Financial Advisor if you have questions about your rights and our obligations to you, including the extent of our obligations to disclose conflicts of interest and to act in your best interest. For additional answers to questions about the differences between our advisory and brokerage services, please consult with your Financial Advisor or review our Understanding Your Brokerage and Investment Advisory Relationships brochure available at www.morganstanley.com/ourcommitment.

Investment Advisory Programs:

Morgan Stanley offers investment program services through a variety of investment programs, which are opened pursuant to written client agreements. Each program offers investment managers, funds and features that are not available in other programs; conversely, some investment managers, funds or investment strategies may be available in more than one program. Morgan Stanley's investment advisory programs may require a minimum asset level and, depending on a client's specific investment objectives and financial position, may not be appropriate for the client. Please see the applicable program disclosure document for more information, available at www.morganstanley.com/ADV or from your Financial Advisor.

The investment management services of Morgan Stanley Smith Barney LLC and investment vehicles managed by Morgan Stanley Smith Barney LLC or its affiliates are not guaranteed and could result in the loss of value to your account. You should note that investing in financial instruments carries with it the possibility of losses and that a focus on above-market returns exposes the portfolio to above-average risk. Performance aspirations are not guaranteed and are subject to market conditions. High volatility investments may be subject to sudden and large falls in value, and there could be a large loss on realization which could be equal to the amount invested.

The Global Investment Manager Analysis (GIMA) services Only Apply to Certain Investment Advisory Programs. GIMA evaluates certain investment products for the purposes of some – but not all – of Morgan Stanley Smith Barney LLC's investment advisory programs (as described in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management). If you do not invest through one of these investment advisory programs, Morgan Stanley Wealth Management is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

Disclosures

GIMA's goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth Management or its affiliates receive compensation from, or otherwise related to, those investment managers or mutual funds. For example, a Financial Advisor may suggest that GIMA evaluates an investment manager or fund in which a portion of his or her clients' assets are already invested. While such a recommendation is permissible, GIMA is responsible for the opinions expressed by GIMA. See the conflicts of interest section in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management for a discussion of other types of conflicts that may be relevant to GIMA's evaluation of managers and funds. In addition, Morgan Stanley Wealth Management, Morgan Stanley & Co LLC, managers and their affiliates provide a variety of services (including research, brokerage, asset management, trading, lending and investment banking services) for each other and for various clients, including issuers of securities that may be recommended for purchase or sale by clients or are otherwise held in client accounts, and managers in various advisory programs. Morgan Stanley Wealth Management, managers, Morgan Stanley & Co LLC and their affiliates receive compensation and fees in connection with these services. Morgan Stanley Wealth Management believes that the nature and range of clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account.

Global Investment Manager Analysis (GIMA) defines Adverse Active Alpha (AAA) as follows:

Adverse refers to the demonstrated ability to outperform in a variety of market environments and when conditions were difficult for active manager relative performance. "Difficult" periods were times when active management did not perform well relative to the index, as opposed to down market periods. At various times, active management has experienced difficult relative performance periods in up, down, and flat markets. We developed a set of factors to help discern which periods were more difficult for active managers that we utilize to identify managers that were able to overcome these headwinds and outperformed in the face of adversity.

Active refers to managers with high active share – i.e., managers whose portfolios looked different from the index – and had moderate to low tracking error. In this way, the ranking seeks to find managers that were active, but not taking outsized factor bets, such as large sector or industry bets and that had some degree of style consistency. The combination of high active share and low tracking error is fairly uncommon among active managers, but we believe these traits may point toward managers with strong stock picking skills.

Alpha refers to the demonstrated ability to add value relative to an index and/or peers. Back tests indicate that highly ranked managers as a group outperformed the index and style peer group over subsequent periods and relative to active share alone. By combining the "adverse" component with the "active" component, we believe we increase the odds of finding some of the most proficient stock pickers.

Important Considerations Regarding the Adverse Active Alpha ranking process:

Global Investment Manager Analysis, formerly Consulting Group Investment Advisor Research (CG IAR), provides comprehensive manager analysis for Morgan Stanley's investment advisory platforms on a wide range of investment products, including separately managed accounts, mutual funds and exchange-traded funds in the equity, fixed income and alternative investment categories.

Disclosures

In our view, the Adverse Active Alpha manager ranking model is an important part of evaluating managers for consideration. However, we do recognize that AAA cannot, in and of itself, tell us which managers' strategies to invest in or when to buy or sell the strategies. While highly ranked managers historically performed well as a group in our analysis, past performance is not a guarantee of future results for any manager or strategy. Index returns assume reinvestment of dividends and, unlike fund or strategy returns, do not reflect any fees or expenses. Indices are unmanaged and not available for direct investment.

It is also important to keep in mind that just because a manager has high active share, a portfolio that looks different than the index (benchmark) doesn't necessarily mean the portfolio had or will have better performance than the index. Being different than the index does not consider factors such as: the timeliness of data provided by the manager, the appropriateness of the benchmark used for comparison to the portfolio, the relevancy of the period(s) being analyzed between the portfolio and the benchmark, knowing the difference between the securities and their concentration in a manager's portfolio vs. the benchmark and the potential that the data provided by the manager looked significantly different in periods before and after the performance snapshot(s) used for analysis. While the preceding considerations are not part of the AAA ranking model, GIMA's strives to evaluate other material and forward looking factors as part of the overall manager evaluation process. Factors such as but not limited to manager turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha ranking. Additionally, highly ranked managers can have differing risk profiles that might not be appropriate for all investors. For more information on AAA, please see the Adverse Active Alpha Ranking Model and Selecting Managers with Adverse Active Alpha whitepapers. The whitepaper are available from your Financial Advisor or Private Wealth Advisor.

ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

Morgan Stanley Wealth Management Global Investment Committee:

Morgan Stanley Wealth Management Global Investment Committee provides guidance on asset allocation recommendations through the creation and maintenance of the model portfolios called the GIC Asset Allocation Models. The GIC Asset Allocation Models have both strategic allocations (seeking to maximize returns in the long run) and tactical allocations (seeking to maximize returns over a shorter period). The asset allocation recommendations in the GIC Asset Allocation Models can then be implemented by us in either a brokerage account or an investment advisory account, tailored to your specific financial needs and situation, your risk tolerance and subject to any reasonable investment restrictions imposed by you.

The GIC was formed in August 2009 and is currently made up of senior professionals from Morgan Stanley and its affiliates, Morgan Stanley & Co. LLC and Morgan Stanley Investment Management Inc. The GIC Asset Allocation Models are not available to be directly implemented as part of an investment advisory service and should not be regarded as a recommendation of any Morgan Stanley investment advisory service. The GIC Asset Allocation Models do not represent actual trading or any type of account or any type of investment strategies and none of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, advisory fees, fund expenses) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models which, when compounded over a period of years, would decrease returns.

General Risks of Investing:

You should note that investing in financial instruments carries with it the possibility of losses and that a focus on above-market returns exposes the portfolio to above-average risk. Performance aspirations are not guaranteed and are subject to market conditions. High volatility investments may be subject to sudden and large falls in value, and there could be a large loss on realization which could be equal to the amount invested.

GRAYSTONE CONSULTING

FOR INSTITUTIONAL INVESTOR USE ONLY

Disclosures

Asset allocation, diversification and rebalancing do not assure a profit or protect against loss. There may be a potential tax implication with a rebalancing strategy. Please consult your tax advisor before implementing such a strategy.

Non diversification is attributed to a portfolio that holds a concentrated or limited number of securities; a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

Value and growth investing also carry risks. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

Key Asset Class Risk Considerations:

Alternative Investments

The asset allocation recommendations provided to you in this report may include allocations to alternative asset classes. It is important to note that Alternatives may be either traditional alternative investment vehicles or non-traditional alternative strategy products. Traditional alternative investment vehicles may include hedge funds, fund of hedge funds (both registered and unregistered), private equity, and private real estate or managed futures funds. Non-traditional alternative strategy products may include open-end mutual funds and ETFs. These non-traditional products also seek alternative-like exposure but have significant differences from traditional alternative investments.

The risks of traditional alternative investments may include: high liquidity, speculative and not appropriate for all investors, loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized, absence of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than open-end mutual funds, and risks associated with the operations, personnel and processes of the manager. Non-traditional alternative strategy products may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss.

Commodities

The commodities markets may fluctuate widely based on a variety of factors including changes in supply and demand relationships; governmental programs and policies; national and international political and economic events; war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence; weather; technological change; and, the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention.

Disclosures

Fixed Income

Investing in fixed income securities involves interest rate risk, credit risk, and inflation risk. Interest rate risk is the possibility that bond prices will decrease because of an interest rate increase. When interest rates rise, bond prices, and the values of fixed income securities generally fall. Credit risk is the risk that a company will not be able to pay its debts, including the interest on its bonds. Inflation risk is the possibility that the interest paid on an investment in bonds will be lower than the inflation rate, decreasing purchasing power.

Ultra-Short Fixed Income

Ultra-short bond funds are mutual funds and exchange-traded funds that generally invest in fixed income securities with very short maturities, typically less than one year. They are not money market funds. While money market funds attempt to maintain a stable net asset value, an ultra-short bond fund's net asset value will fluctuate, which may result in the loss of the principal amount invested. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

Non-US Fixed Income

Foreign fixed income securities may involve greater risks than those issued by U.S. companies or the U.S. government. Economic, political and other events unique to a country or region will affect those markets and their issues, but may not affect the U.S. market or similar U.S. issuers.

Inflation-Linked Securities

These securities adjust periodically against a benchmark rate, such as the Consumer Price Index (CPI). They pay a coupon equal to the benchmark rate, plus a fixed 'spread' and reset on a periodic basis. The initial interest rate on an inflation linked or floating security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in CPI, or the linked reference interest rate. However, there can be no assurance that these increases will occur.

High Yield Fixed Income

High yield fixed income securities, also known as "junk bonds", are considered speculative, involve greater risk of default and tend to be more volatile than investment grade fixed income securities.

Municipal Fixed Income

Income generated from an investment in a municipal bond is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax.

Disclosures

Equity

Investing in stock securities involves volatility risk, market risk, business risk, and industry risk. The prices of stocks fluctuate. Companies paying dividends can reduce or cut payouts at any time. Volatility risk is the chance that the value of a stock will fall. Market risk is the chance that the prices of all stocks will fall due to conditions in the economic environment. Business risk is the chance that a specific company's stock will fall because of issues affecting it such as the way the company is managed. Industry risk is the chance that a set of factors particular to an industry group will adversely affect stock prices within the industry.

Small/Mid Cap Equity

Stocks of small and medium-sized companies entail special risks, such as limited product lines, markets, and financial resources, and greater market volatility than securities of larger, more established companies.

International/Emerging Markets Equities

Foreign investing involves certain risks not typically associated with investments in domestic corporations and obligations issued by the U.S. government, such as currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. In addition, the securities markets of many of the emerging markets are substantially smaller, less developed, less liquid and more volatile than the securities of the U.S. and other more developed countries.

Structured Investments

An investment in structured investments involves risks. These risks can include but are not limited to: fluctuations in the price, level or yield of underlying asset(s), interest rates, currency values and credit quality, substantial loss of principal, limits on participation in appreciation of underlying asset(s), limited liquidity, credit risk, and/or conflicts of interest. Many structured investments do not pay interest or guarantee a return above principal at maturity. Investors should read the security's offering documentation prior to making an investment decision.

Portfolio Analysis

The Portfolio Analysis report ("Report") is generated by Morgan Stanley Smith Barney LLC's ("Morgan Stanley") Portfolio Risk Platform. The assumptions used in the Report incorporate portfolio risk and scenario analysis employed by BlackRock Solutions ("BRS"), a financial technology and risk analytics provider that is independent of Morgan Stanley. BRS' role is limited to providing risk analytics to Morgan Stanley, and BRS is not acting as a broker-dealer or investment adviser nor does it provide investment advice with respect to the Report. Morgan Stanley has validated and adopted the analytical conclusions of these risk models.

Any recommendations regarding external accounts/holdings are asset allocation only and do not include security recommendations. The Report is not a financial plan. It is prepared using a brokerage tool and not an advisory tool. While the Report may include analysis of securities held in an advisory account, Morgan Stanley is not acting as your investment adviser with respect to the Report. Morgan Stanley will only act as your investment adviser pursuant to separately executed advisory agreements. For additional answers to questions about the differences between our advisory and brokerage services, please consult with your Financial Advisor or review our Understanding Your Brokerage and Investment Advisory Relationships brochure available at www.morganstanley.com/ourcommitment/

Disclosures

IMPORTANT: The projections or other information provided in the Report regarding the likelihood of various investment outcomes (including any assumed rates of return and income) are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Hypothetical investment results have inherent limitations.

- There are frequently large differences between hypothetical and actual results.
- Hypothetical results do not represent actual results and are generally designed with the benefit of hindsight.
- They cannot account for all factors associated with risk, including the impact of financial risk in actual trading or the ability to withstand losses or to adhere to a particular trading strategy in the face of trading losses.
- There are numerous other factors related to the markets in general or to the implementation of any specific strategy that cannot be fully accounted for in the preparation of hypothetical risk results and all of which can adversely affect actual performance.

Morgan Stanley cannot give any assurances that any estimates, assumptions or other aspects of the risk analyses will prove correct. They are subject to actual known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those shown in a Report. The information is as of the date of the Report or as otherwise noted within the Report. Morgan Stanley expressly disclaims any obligation or undertaking to update or revise any statement or other information contained in a Report to reflect any change in past results, future expectations or circumstances upon which that statement or other information is based.

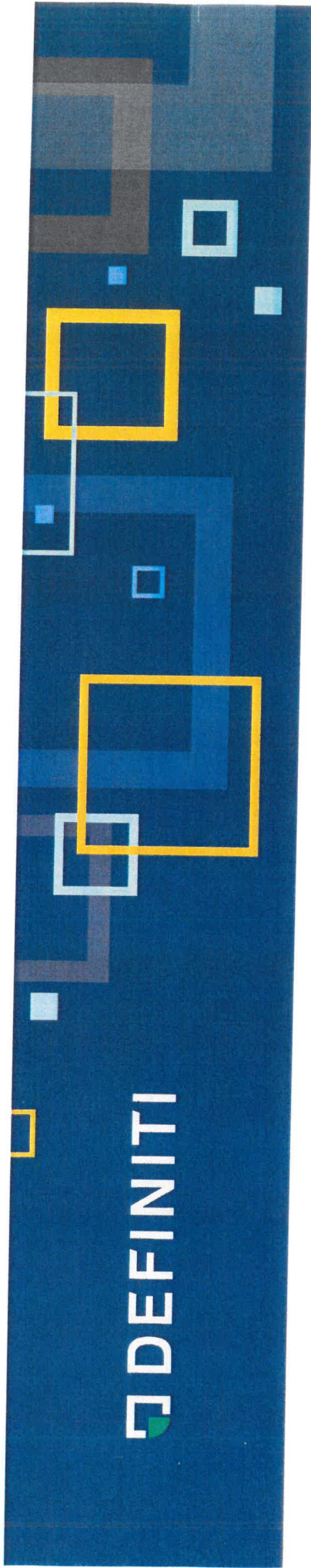
Morgan Stanley Wealth Management Financial Advisors can conduct their business in several ways: individually, as a member of a team of Financial Advisors, or through the formation of a Strategic Partnership with another Financial Advisor or team of Financial Advisors. A Strategic Partnership is an arrangement between a Financial Advisor or a team of Financial Advisors with another Financial Advisor or team of Financial Advisors that has a unique focus or knowledge regarding a specific business concentration, product area and/or client type. If your account is with an individual Financial Advisor, that Financial Advisor services all facets of your account. If your account is with a Financial Advisor who is a member of a team, any Financial Advisor on the team can service your account. If your Financial Advisor is part of a Strategic Partnership, his or her role in that Strategic Partnership may be limited to a specific business and/or product area and may not cover all facets of your account. The use of the terms "Partner" or "Partnership" and/or "Partnership" are used as terms of art and not used to imply or connote any legal relationship.

The investments listed may not be appropriate for all investors. Morgan Stanley Smith Barney LLC recommends that investors independently evaluate particular investments, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment will depend upon an investor's individual circumstances and objectives.

Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors or Private Wealth Advisors do not provide tax or legal advice. Individuals should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trusts, estate planning, charitable giving, philanthropic planning or other legal matters. Morgan Stanley Smith Barney LLC. Member SIPC.

© 2020 Investments and services offered through Morgan Stanley Smith Barney LLC. Member SIPC.
Graystone Consulting is a business of Morgan Stanley.

CRC3203723 08/20



Galveston Police Retirement Plan

Discussion of the Actuarial Assumptions for 2021 Valuation

Defined Benefit Pension Plans

- The Galveston Police defined benefit pension plan provides a monthly benefit for the members and their spouse's lifetime
- To assess whether the funding policy is sufficient to accumulate enough assets to pay all benefits an actuarial model is created using the following information
 - Census data for all members (updated annually)
 - Plan Provisions (no change for 2021)
 - Assumptions about the future
 - How many current members will become eligible for a pension (demographic assumptions)
 - How long members/spouses will live (mortality assumption)
 - Payroll Growth determines future contributions to the Plan
 - Future salary increases applied to individual members to project benefits
 - Model is updated when expectations about the future change

Actuarial Model – 2021 Assumptions

- No changes to the termination, retirement, or disability probabilities
- We recommend updating the longevity improvement scale from MP-2019 to MP-2020
- The rest of the presentation is related to assumptions about pay
 - Salary Scale used to project base pay for member benefits – Comprised of the following
 - Wage Inflation is 4.0% and it is comprised of
 - Price Inflation – 2.5% long-term (no change recommended)
 - Productivity increases – 1.5%
 - Merit (Longevity and Promotion)
 - Currently ranges from 0 – 3%
 - Salary Scale (Wage Inflation + Merit) currently ranges from 4.0% to 7.0%
 - Payroll Growth used only to project future contributions
 - Same or close to Wage Inflation

Actuarial Model – 2021 Assumptions

- Productivity can be measured as the growth in pay by rank net of actual inflation (1.7%) over 2011-2019

Rank	2011-2020 % Increase	Net of Inflation
Police Officer I	2.53%	0.83%
Police Officer II	2.11%	0.41%
Police Officer III	2.38%	0.68%
Police Officer IV	2.74%	1.04%
Police Officer V	3.03%	1.33%
Sr. Police Officer	2.93%	1.23%
Sergeant	2.67%	0.97%
Sergeant II	2.85%	1.15%
Lieutenant	2.62%	0.92%

- Recommend lowering productivity assumption from 1.5% to 1.0%
- Long-term Wage Inflation would be 3.5% (2.5% + 1.0%)

Actuarial Model – 2021 Assumptions

- Salary Increase applied to member's 2020 base pay
 - Wage Inflation plus merit (longevity/promotion)
 - Experience from 2012 – 2019 suggests changes could be made

Years of Service	Current Assumption	Experience	Proposed Assumption	Proposed Merit (Net of 3.5%)
1-5	7.0%	8.8%	9.00%	5.50%
6-10	6.0%	6.4%	6.50%	3.00%
11-15	5.0%	4.2%	4.25%	0.75%
16+	4.0%	4.5%	N/A	N/A
16-25	4.0%	4.3%	4.25%	0.75%
25+	4.0%	5.8%	3.50%	0.00%

Actuarial Model – 2021 Assumptions

- The payroll growth assumption is used to project the future contributions
 - This would include overtime
 - Current assumption of 3.50%, no change recommended unless the Board has feedback
- No other changes to assumptions
 - Investment Return = 7.0%, net of investment expenses
 - Administrative expense = 0.95% of payroll
 - Price inflation = 2.50%
 - Overtime (for projecting contributions) = 10% of base pay
 - Mortality tables based on Public Safety mortality tables
 - Marriage = 85% of all active members
 - Spouse Age = male spouses assumed to be 2 years older than female spouses

Galveston Police Retirement Fund
Employee Loan Committee
Meeting Notes

November 19, 2020

Present: Geoff Gainer, Destin Sims, Mike Loftin

The meeting was for the purpose of consideration of changing the terms of the employee loans, specifically lowering the interest rate from the current rate of 9.5% and allowing the employee to borrow up to 50% of their contributions as opposed to 25%. There was no intent to change the maximum amount to be borrowed by each individual which is \$50,000.

Geoff Gainer explained that he would like to see this investment vehicle become a fixed income asset class similar to bonds. As an investment, and compared to the bond portfolio, the yield/return is higher, the collateral is more secure, and the Plan would profit from a better yielding safer investment. Liquidity would not be an issue, as all loans must be repaid in 5 years. The employee would profit because of the opportunity to borrow using cheaper money.

After much discussion, In a 2 to 1 consensus, (Sim and Gainer in favor, Loftin opposed) it was agreed to take this plan of an interest rate decrease to 5% to the full Board for a vote. This would include the max available to be borrowed at 50% of the members contributions.

ARTICLE VI

LOANS

6.1 Loan Requirements: A Member may make a request in writing to the Trustee for a loan of part or all of the amounts from his Member Contributions. Such request shall be made on forms provided by the Trustee which shall include a loan application and security agreement, the terms of which shall form a part of this Plan. In addition, should the Member be married at the time the loan is made, the Trustee shall obtain the written consent of such Member's Spouse to such loan and to the possible reduction of the Member's vested interest in the Plan within the ninety (90)-day period prior to the date such loan is made. The Trustee may loan to such Member the amount requested or such part of such amount as the Trustee may determine; provided, however, that the Trustee shall not approve a loan to a Member in an amount which, when added to the outstanding principal balance of any previous loans to such Member, exceeds the lesser of:

(a) \$50,000 reduced by the excess, if any, of (i) the highest outstanding balance of the loans to the Member from the Plan during the one (1)-year period ending on the day before the date the loan is made over (ii) the outstanding balance of the loans on the date the loan is made, or

(b) the greater of (i) one-half of the amounts in such Member's Member Contributions, or (ii) \$10,000.

The interest rate charged on such loan, the security for the loan, and the terms of repayment of the loan shall be at the discretion of the Trustee; provided, however, that any loan made shall bear a reasonable rate of interest in accordance with the provisions of the Code and the applicable Treasury Regulations, be adequately secured, and be required to be repaid in level payments made at least quarterly over a period not to exceed five (5) years. The Member's Contributions may be used as security for a loan under this Section. In determining whether to make a loan, the amount of the loan, the interest rate on the loan, the terms of repayment, and the security required, the Trustee shall follow uniform and nondiscriminatory rules to be established by him and his determination shall be final and binding. The amounts in a Member's Contributions which are being used as security for a loan under this Section may not be used to satisfy such loan until such Member is otherwise entitled to a distribution of his Member Contributions hereunder. At that time, any such distribution shall first be applied to the balance of any delinquent and unpaid amounts loaned to a Member pursuant to this Section.

6.2 Limitations on Loans: Loans granted pursuant to Section 6.1 shall not be granted for any reason other than the illness, disability of Member or of his immediate family, or such other exceptional matters as approved by the Board. The loan payment shall be made not be made to the Member, but directly to the person or institution to whom such Member is indebted.

6.3 Repayment Provisions: The interest rate on the loans made by the Trustee shall be at a rate of return commensurate with the interest rate charged by commercial lenders for fully secured loans of similar duration as determined by the Trustee. Definite terms and conditions of repayment will be set forth on the note form provided for such purpose. In the event that a Member who has been granted a loan retires or otherwise terminates his employment for any

reasons before the loan is repaid, any unpaid balance, including interest thereon, shall constitute a charge against benefits which would otherwise be payable. For purposes of calculating the interest payable on Member Contribution refunds, the loan shall be considered as having never been made.

ARTICLE VII

CODE SECTION 415 LIMITATIONS

See Appendix A

ARTICLE VIII

RETIREMENT PENSION

8.1 Normal and Late Retirement Pension: A Member shall be fully vested and eligible for a Normal Retirement Pension if his employment is terminated on or after his Normal Retirement Date. Payment of a Normal Retirement Pension shall commence as of the first day of the month next following the Member's date of Retirement. The last payment shall be made as of the first day of the month in which the death of the Retired Member occurs. Each Member shall retire on his Normal Retirement Date except that a Member may continue working after such date if agreed to by the Employer.

8.2 Early Retirement Pension:

(a) Except as provided below effective February 5, 2019, a Group B Member shall be eligible for an unreduced Early Retirement Pension if his employment is terminated on or after his fiftieth (50th) birthday and before his Normal Retirement Date provided he has completed twenty (20) or more years of Vesting Service. Payment of the unreduced Pension shall commence on the first day of the month next following his Retirement. The last payment shall be made as of the first day of the month in which the death of the Retired Member occurs. A Member whose Period of Employment commences after February 4, 2019 shall be eligible for an unreduced Early Retirement Pension if his employment is terminated on or after his fifty-fifth (55th) birthday and before his Normal Retirement Date provided he has completed twenty (20) or more years of Vesting Service.

(b) A Group B Member or a Group A Member shall be eligible for a reduced Early Retirement Pension if his employment is terminated (i) on or after his fifty-fifth (55th) birthday and before his Normal Retirement Date provided he has completed at least ten (10) but less than twenty (20) years of Vesting Service, or (ii) after he has attained age sixty-two (62) and before his Normal Retirement Date and has completed less than ten (10) years of Vesting Service. Payment of the reduced Pension shall commence on the first day of the month next following his Retirement. The last payment shall be made as of the first day of the month in which the death of the Retired Member occurs.

8.3 Special Early Retirement Pension:

\$107,257.49	26,814.37
\$121,533.23	30,383.31
\$127,921.36	31,980.34
\$132,075.34	33,018.84
\$108,168.42	27,042.11
\$129,054.67	32,263.67
\$168,573.10	42,143.28
\$103,717.16	25,929.29
\$127,289.60	31,822.40
\$192,309.23	48,077.31
\$105,434.09	26,358.52
\$215,592.14	53,898.04
\$115,736.98	28,934.25
\$155,298.36	38,824.59
\$178,771.63	44,692.91
\$171,551.25	42,887.81
\$125,362.28	31,340.57
\$119,909.85	29,977.46
\$139,104.86	34,776.22
\$10,571,504.61	2,654,917.78
Max available @ 25%	<u>2,654,917.78</u>
Total outstanding	255,000.00

Approx 90% at 11% interest; 10% are at 9% interest rate.

*max available at
50 % of contributions*

4,285,400

BYLAWS OF THE
CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE

§ 1. The Plan

These bylaws are made and adopted for the regulation of the affairs and the performance of the functions of the City of Galveston Employees' Retirement Plan for Police (the "Plan"), authorized and existing pursuant to Article 6243p of the Texas Revised Civil Statutes ("Art. 6243p").

§ 2. General Powers

The activities, property, and affairs of the Plan will be managed by its Board of Trustees (the "Board"), which may exercise all powers and do all lawful acts permitted by the Constitution and statutes of the State of Texas, Art. 6243p, and these bylaws.

§ 3. Board of Trustees

(a) The Board shall be composed of eight (8) Trustees as follows:

(1) The current president of Galveston Municipal Police Association (the "Association President"), or the Association President's designee, to serve during the Association President's term of office, unless otherwise provided by the Constitution and bylaws of said Association or Art. 6243p;

(2) Two (2) Trustees appointed by the City Manager from time to time for an indefinite term;

(3) Two (2) Trustees appointed by the Galveston City Council for staggered three-year terms; and

(4) Three (3) Trustees elected by members of the Plan for staggered three-year terms.

(b) The election of the three (3) Trustees by members of the Plan shall be by a secret ballot vote. The three (3) initial Trustees elected hereunder shall determine their respective terms by a plurality of votes received, i.e. the Trustee who accrued the largest number of votes shall serve for 3 years, the next for 2 years and the third for 1 year. Thereafter, an election every year shall determine a new Trustee for a three year term.

(c) Each Trustee of the Board shall, at the first board meeting following the Trustee's most recent election or appointment, take the official oath of office and subscribe to the anti-bribery statement prescribed by the Texas Constitution. Trustees shall file their executed oath of office and anti-bribery statements with the Plan.

(d) A member of the Board serves until a successor is selected and qualified. A vacancy occurring by death, resignation, or removal is filled in the same manner used to fill the position being vacated. A person appointed or elected to fill a position vacated by death, resignation, or

Adopted February 6, 2018
Amended _____, 20__

removal serves the remainder of the term, if any, for the position being vacated, at which time the person may be reappointed or stand for election for a full term.

(e) Trustees qualified to serve under applicable law and these bylaws may be reappointed following the expiration of their terms. Except as otherwise provided by applicable law, there is no limitation on the number of terms a Trustee may serve.

§ 4. Qualifications of Trustees

(a) All Trustees will have and maintain the qualifications set forth in this § 4 and in Art. 6243p.

(b) All appointments to the Board shall be made without regard to disability, sex, religion, age, or national origin.

(c) All Trustees must have:

(1) demonstrated financial, accounting, business, investment, budgeting, or actuarial experience, which may be satisfied by at least five years of full-time employment experience working in a field described by this Subsection (c)(1); or

(2) a bachelor's degree from an accredited institution of higher education; or

(d) In lieu of the requirements under Subsection (c), a committee of two (2) Trustees (the "Qualifications Committee") may vet a proposed Trustee to verify that the person is capable of performing the duties and responsibilities of a Trustee under Art. 6243p and determined qualified for designation or election, as appropriate, to the Board.

(1) The Qualifications Committee shall be composed of the Trustee serving under Section 3(a)(1) and one of the Trustees serving under Section (a)(2), as designated by the City Manager.

(2) In the event the Qualifications Committee is unable to reach a consensus on a particular determination under Section (d), the Qualifications Committee shall present the matter for a vote of the Board at its next regularly scheduled meeting in accordance with these bylaws and Art. 6243p.

§ 5. Fiduciary Duties

(a) The Trustees shall discharge their duties solely in the interest of the Plan participants and beneficiaries:

(1) for the exclusive purposes of:

(A) providing benefits to participants and their beneficiaries; and

(B) defraying reasonable expenses of administering the Plan;

(2) with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims;

(3) by diversifying the investments of the Plan to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(4) in accordance with the documents and instruments governing the Plan.

(b) In choosing and contracting for professional investment management services and in continuing the use of an investment manager, the Trustees must act prudently and in the interest of the participants and beneficiaries of the Plan.

(c) A Trustee is not liable for the acts or omissions of an investment manager appointed under Section 802.204 of the Texas Government Code, nor is a Trustee obligated to invest or otherwise manage any asset of the Plan subject to management by the investment manager.

(d) An investment manager appointed under Section 802.204 of the Texas Government Code shall acknowledge in writing the manager's fiduciary responsibilities to the Plan.

§ 6. Resignation and Removal

Any Trustee other than the Association President may resign at any time after the expiration of thirty (30) days from the date written notice of resignation is delivered to the person or entity who appointed or elected such Trustee. A Trustee other than the Association President may be removed at the time by the person or entity who appointed or elected such Trustee upon the action of such person or entity and delivery of thirty (30) days' notice in writing to the Trustee being removed. Notice of resignation or removal may be waived by any party by execution of a written waiver. If a Trustee should resign or be removed, then such person or entity who appointed or elected such Trustee shall appoint or elect a successor Trustee by an instrument in writing, a copy of which shall be delivered to the resigning or removed Trustee, the successor Trustee, the City, the Association, and the Board.

§ 7. Compensation of Trustees

Trustees shall serve without compensation, but will be reimbursed for their actual expenses of attending each meeting of the Board and for such other expenses as may be reasonably incurred in their carrying out the duties and functions as set forth herein.

§ 8. Conflict of Interest

A Trustee shall not: (a) accept or solicit any gift, favor, or service that might reasonably tend to influence that Trustee in the discharge of official duties on behalf of the Plan or that the Trustee knows or should know is being offered with the intent to influence the Trustee's official conduct; or (b) accept other compensation that could reasonably be expected to impair the Trustee's independence of judgment in the performance of the Trustee's official duties. Trustees shall

Adopted February 6, 2018
Amended _____, 20__

familiarize themselves and comply with all applicable laws regarding conflicts of interest, including Chapters 171 and 176 of the Texas Local Government Code and any conflict of interest policy adopted by the Board.

§ 9. Trustee Training Program

(a) Trustees shall comply with the requirement to complete training on the Plan's responsibilities and the Trustee's obligations on the following information:

- (1) the Plan;
- (2) the laws governing the Plan's operations, including but not limited to Art. 6243p;
- (3) the programs, functions, rules, and budget of the Plan;
- (4) the scope of and limitations on the rulemaking authority of the Board;
- (5) the results of the most recent actuarial valuation of the Plan;
- (6) the Open Meetings Act as provided by Section 551.005 of the Texas Government Code;
- (7) the Public Information Act as provided by Section 552.012 of the Texas Government Code;
- (8) laws relating to administrative procedure, and disclosing conflicts of interest; and
- (9) other laws applicable to a Trustee in performing the Trustee's duties, including the Board's fiduciary duty to hold and administer the assets of the fund for the exclusive benefit of members and their beneficiaries under Section 802.203, Government Code, Section 67(f), Article XVI, Texas Constitution, and any other applicable law.

(b) The training required under this Section 9 shall be prepared and administered by the Executive Director or his or her designee.

§ 10. Meetings

All regular meetings of the Board shall be held at a specific site, date, and time to be determined by the Chairman. The Chairman may postpone any regular meeting if it is determined that such meeting is unnecessary or that a quorum will not be achieved, but no fewer than four regular meetings shall be held during each calendar year. Special meetings and emergency meetings of the Board may be called, upon proper notice, at any time by the Chairman or at the request of any three Trustees. Special meetings and emergency meetings shall be held at such time and place as is specified by the Chairman, if the Chairman calls the meeting, or by the three Trustees, if they call the meeting. The Chairman shall set the agendas for meetings of the Board, except that: (1) the

Adopted February 6, 2018
Amended _____, 20__

agendas of meetings called by three Trustees shall be set by those Trustees; and (2) at the request of any three Trustees, an item shall be added to the agenda of a regular meeting or a meeting called by the Chairman.

§ 11. Voting; Quorum

A majority of the Trustees constitutes a quorum, and the vote of a majority of the Trustees present at a meeting at which a quorum is present will be necessary for any action taken by the Board. No vacancy in the membership of the Board will impair the right of a quorum to exercise all of the rights and to perform all of the duties of the Board. Therefore, if a vacancy occurs, a majority of the Trustees then serving in office will constitute a quorum.

§ 12. Procedure

All meetings of the Board and its committees shall be conducted in accordance with Robert's Rules of Order pursuant to statutorily proper notice of meeting posted as provided by law. The Chairman at any time may change the order of items to be considered from that set forth in the notice of meeting, provided that all agenda items that require a vote by the Board shall be considered at the meeting for which they have been posted. To the extent procedures prescribed by applicable statutes or these bylaws conflict with Robert's Rules of Order, the statutes or these bylaws shall govern.

§ 13. Executive Committee

The Plan shall establish an Executive Committee, consisting of the officers of the Plan as identified in §18, and such other member(s) as the Chairman may direct, provided that the number of members must be an odd number. Meetings of the Executive Committee shall be conducted on no less than three days notice to the Executive Committee members. A majority of the members of the Executive Committee constitutes a quorum of the Committee, and the vote of a majority of the members present at a meeting at which a quorum is present will be necessary for any action taken by the Executive Committee. Minutes shall be kept of all meetings of the Executive Committee. Consistent with §14, the Executive Committee shall have and may exercise all of the authority of the Board, subject to the limitations imposed by applicable law; provided, however, that the Executive Committee shall not enter into or approve any contract, nor authorize the expenditure of funds on behalf of the Plan, except to the extent explicitly authorized in a resolution of the Board. Actions requiring Board approval shall be submitted to the Board as recommendations of the Executive Committee.

§ 14. Additional Committees

The Chairman at any time may designate from among the Trustees one or more ad hoc or standing committees, each of which shall be comprised of two or more Trustees, and may designate one or more Trustees as alternate members of such committees, who may, subject to any limitations imposed by the Chairman, replace absent or disqualified members at any meeting of that committee. The Chairman serves as a non-voting, ex-officio member of each committee; provided, however, that the Chairman may serve as a regular voting member of a committee in the event that he or she so designates. If approved by a resolution passed by a majority vote of the Board, a committee shall have and may exercise all of the authority of the Board, to the extent provided in such resolution

and subject to the limitations imposed by applicable law; provided that no Committee shall be authorized to enter into or approve any contract, nor authorize the expenditure of funds on behalf of the Plan, except to the extent explicitly authorized in a resolution of the Board. Absent explicit delegation of such authority in a resolution of the Board, all contracts and expenditures of the Plan shall be made by the Board. The Chairman shall appoint the chairman of each committee, as well as Trustees to fill any vacancies in the membership of the committees.

At the next regular meeting of the Board following the Chairman's formation of a committee, the Chairman shall deliver to the Trustees a written description of the committee, including (a) the name of the committee, (b) whether it is an ad hoc or standing committee, (c) its assigned function(s) and/or task(s), (d) whether it is intended to have a continuing existence or to dissolve upon the completion of a specified task and/or the occurrence of certain events, (e) the Trustees designated as members and alternate members of the committee, and its chairman, and (f) such other information as requested by any Trustee. The Executive Director shall enter such written description into the official records of the Plan. The Chairman shall provide a written description of any subsequent changes to the name, function, tasks, term, or composition of any committee in accordance with the procedure described in the preceding two sentences. A committee also may be formed by a majority vote of the Board, which vote (and not the Chairman) also shall specify the committee's chairman and provide the descriptive information otherwise furnished by the Chairman in accordance with the preceding three sentences.

A meeting of any committee formed pursuant to this §14 may be called by the Chairman, the chairman of the applicable committee, or by any two members of the committee. All committees shall keep regular minutes of their proceedings and report to the Board as required. The designation of a committee of the Board and the delegation thereto of authority shall not operate to relieve the Board, or any Trustee, of any responsibility imposed upon the Board or the individual Trustee by law. To the extent applicable, the provisions of these bylaws relating to meetings, quorums, meetings by telephone, and procedure shall govern the meetings of the Board's committees.

§ 15. Notice of Meetings

Notice of each meeting of the Board shall be posted in accordance with the Texas Open Meetings Act, and sent by mail, electronic mail, or facsimile to all Trustees entitled to vote at such meeting at least seventy-two hours prior to the start of such meeting. If sent by mail, such notice will be deemed delivered when it is deposited in the United States mail with sufficient postage prepaid. If sent by electronic mail or facsimile, the notice will be deemed delivered when transmitted properly to the correct e-mail address or number. Such notice of meetings also may be given by telephone, provided that the Chairman or Vice-Chairman, or their designee speaks personally to the applicable Trustee to give such notice.

§ 16. Waiver of Notice

Whenever any notice is required to be given to any Trustee by statute or by these bylaws, a written waiver of such notice signed by the person or persons entitled to such notice, whether before or after the time required for such notice, shall be deemed equivalent to the giving of such notice.

§ 17. Attendance as Waiver

Attendance of a Trustee at a meeting of the Board or a committee thereof will constitute a waiver of notice of such meeting, except that a Trustee will not be considered in attendance when the Trustee appears at such a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

§ 18. Officers

The officers of the Plan shall consist of a Chairman and a Vice Chairman. The individuals elected as officers shall not be compensated for their service as officers. However, officers shall be reimbursed for all expenses incurred in conducting proper Plan business and for travel expenses incurred in the performance of their duties.

§ 19. Election and Term of Office

Subject to §20 of these bylaws, the officers of the Plan will be elected by the Board for a term equal to the length of the term for which the Trustee was appointed or in the case of the Trustee appointed under §3(a)(3) of these bylaws, for a term of three years. The election of officers to succeed officers whose terms have expired shall be by a vote of the Trustees of the Plan at the first meeting of the Plan held after February 1 of each year or at such other meeting as the Board determines.

§ 20. Removal and Vacancies

Each officer shall hold office until a successor is chosen and qualified, or until the officer's death, resignation, or removal, or, in the case of a Trustee serving as an officer, until such officer ceases to serve as a Trustee. Any officer may resign at any time upon giving written notice to the Board. Any officer may be removed from service as an officer at any time, with or without cause, by the affirmative vote of a majority of the Trustees of the Plan. The Trustees of the Plan may at any meeting vote to fill any officer position vacated due to an event described in this §20 for the remainder of the unexpired term.

§ 21. Chairman

The Chairman must be a Trustee of the Plan. The Chairman shall appoint all committees of the Board as specified in these bylaws (except as otherwise provided in §14 of these bylaws), call all regular meetings of the Board, and preside at and set the agendas for all meetings of the Board (except as provided in the concluding sentence of §10 of these bylaws). The Chairman shall perform the duties of the Executive Director during such times as the position of Executive Director is vacant.

§ 22. Vice Chairman

The Vice Chairman must be a Trustee of the Plan. During the absence or disability of the Chairman, upon the Chairman's resignation or death (and pending the election of a successor new Chairman), or upon the Chairman's request, the Vice Chairman shall perform the duties and exercise the authority and powers of the Chairman.

§ 23. Administrators

The chief administrator of the Plan shall be the Executive Director. Other administrators may be appointed by the Executive Director with the consent of the Board. All such administrators, except for the Executive Director, shall perform such duties and have such powers as may be assigned to them by the Executive Director or as set forth in Board resolutions. Any administrator may be removed, with or without cause, at any time by the Executive Director. All administrators will be reimbursed for expenses incurred in performance of their duties as approved by the Executive Director.

§ 24. Executive Director

(a) The Executive Director will be selected by the Board and shall serve at the pleasure of the Board, performing all duties assigned by the Board and implementing all resolutions adopted by the Board. The Chairman shall perform the duties of the Executive Director during such times as the position of Executive Director is vacant.

(b) In addition, the Executive Director:

(1) shall be responsible for general management, hiring and termination of employees, and day-to-day operations of the Plan;

(2) shall be responsible for preparing draft reports required by law or are otherwise necessary to fulfill obligations of the Plan;

(3) at the invitation of the City of Galveston, shall appear, before the City Council to respond to questions and receive comments regarding the Plan's operations;

(4) may execute inter-agency and interlocal contracts and service contracts approved by the Board;

(5) may execute contracts, contract supplements, and purchase orders not exceeding amounts established in resolutions of the Board; and

(6) shall have such obligations and authority as may be described in one or more resolutions enacted from time to time by the Board.

(c) The Executive Director may delegate the foregoing duties and responsibilities as the Executive Director deems appropriate, provided such delegation does not conflict with applicable law or any express direction of the Board.

§ 25. Indemnification by the Plan

Any person made a party to or involved in any litigation, including any civil, criminal or administrative action, suit or proceeding, by reason of the fact that such person is or was a Trustee, officer, or employee of the Plan or by reason of such person's alleged negligence or misconduct in the performance of his or her duties as such Trustee, officer, or employee shall be indemnified by the Plan, to the extent funds are lawfully available and subject to any other limitations that exist by

law, against liability and the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him or her in connection with any action therein, except in relation to matters as to which it is adjudged that such Trustee, officer, or employee is liable for gross negligence or willful misconduct in the performance of his or her duties. A conviction or judgment entered in connection with a compromise or settlement of any such litigation shall not by itself be deemed to constitute an adjudication of liability for such gross negligence or willful misconduct. The right to indemnification will include the right to be paid by the Plan for expenses incurred in defending a proceeding in advance of its final disposition in the manner and to the extent permitted by the Board in its sole discretion. In addition to the indemnification described above that the Plan shall provide a Trustee, officer or employee, the Plan may, upon approval of the Board in its sole discretion, indemnify a Trustee, officer, or employee under such other circumstances against liability and reasonable expenses, including attorneys' fees, incurred in connection with any claim asserted against him or her in said party's capacity as a Trustee, officer, or employee of the Plan, subject to any limitations that exist by law. Any indemnification by the Plan pursuant to this §25 shall be evidenced by a resolution of the Board.

§ 26. Expenses Subject to Indemnification

As used herein, the term "expenses" includes fines or penalties imposed and amounts paid in compromise or settlement of any such litigation only if:

(a) independent legal counsel designated by a majority of the Board, excluding those Trustees who have incurred expenses in connection with such litigation for which indemnification has been or is to be sought, shall have advised the Board that, in the opinion of such counsel, such Trustee, officer, or other employee is not liable to the Plan for gross negligence or willful misconduct in the performance of his or her duties with respect to the subject of such litigation; and

(b) a majority of the Trustees shall have made a determination that such compromise or settlement was or will be in the best interests of the Plan.

§ 27. Procedure for Indemnification

Any amount payable by way of indemnity under these bylaws may be determined and paid pursuant to an order of or allowance by a court under the applicable provisions of the laws of the State of Texas in effect at the time and pursuant to a resolution of a majority of the Trustees, other than those who have incurred expenses in connection with such litigation for which indemnification has been or is to be sought. In the event that all of the Trustees are made parties to such litigation, a majority of the Board shall be authorized to pass a resolution to provide for legal expenses for the entire Board.

§ 28. Additional Indemnification

The right of indemnification provided by these bylaws shall not be deemed exclusive of any right to which any Trustee, officer, or employee may be entitled, as a matter of law, and shall extend and apply to the estates of deceased Trustees, officers, or employees.

§ 29. Contracts and Purchases

All contracts and purchases on behalf of the Plan shall be entered into and made in accordance with rules of procedure prescribed by the Board and applicable laws and rules of the State of Texas and its agencies.

§ 30. Sovereign Immunity

Unless otherwise required by law, the Plan will not by agreement or otherwise waive or impinge upon its sovereign immunity.

§ 31. Fiscal Year

The fiscal year for the Plan shall be from January 1 to December 31.

§ 32. Amendments to Bylaws

Except as may be otherwise provided by law, these bylaws may be amended, modified, altered, or repealed in whole or in part, at any regular meeting of the Board after ten (10) days advance notice has been given by the Chairman to each Trustee of the proposed change. These bylaws may not be amended at any special or emergency meeting of the Board.

BYLAWS OF THE CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE

§ 1. The Plan

These bylaws are made and adopted for the regulation of the affairs and the performance of the functions of the City of Galveston Employees' Retirement Plan for Police (the "Plan"), authorized and existing pursuant to Article 6243p of the Texas Revised Civil Statutes ("Art. 6243p").

§ 2. General Powers

The activities, property, and affairs of the Plan will be managed by its Board of Trustees (the "Board"), which may exercise all powers and do all lawful acts permitted by the Constitution and statutes of the State of Texas, Art. 6243p, and these bylaws.

§ 3. Board of Trustees

(a) The Board shall be composed of ~~seven~~eight (78) Trustees as follows:

(1) ~~Current~~The current president of Galveston Municipal Police Association (the "~~Association President~~"), or the Association President's designee, to serve during the Association President's term of office, unless otherwise provided by the Constitution and bylaws of said Association or Art. 6243p;

(2) ~~One (1) Trustee who is a representative of the City of Galveston's financial staff. Such Trustee shall be~~Two (2) Trustees appointed by the City Manager from time to time for an indefinite term;

~~(3) — One (1) Trustee appointed by the Mayor of Galveston for a two-year term;~~

~~(3)~~ (4) One Two (12) Trustees appointed by the Galveston City Council for ~~a two~~staggered three-year ~~term~~terms; and

~~(4)~~ (5) — Three (3) Trustees elected by members of the Plan for staggered three-year terms.

(b) The election of the three (3) Trustees by members of the Plan shall be by a secret ballot vote. The three (3) initial Trustees elected hereunder shall determine their respective terms by a plurality of votes received, i.e. the Trustee who accrued the largest number of votes shall serve for 3 years, the next for 2 years and the third for 1 year. Thereafter, an election every year shall determine a new Trustee for a three year term. ~~Persons standing for election for such positions shall be and shall remain members of the Galveston Police Department.~~

(c) Each Trustee of the Board shall, at the first board meeting following the Trustee's most recent election or appointment, take the official oath of office and subscribe to the anti-bribery

Adopted February 6, 2018
Amended _____, 20

statement prescribed by the Texas Constitution. Trustees shall file their executed oath of office and anti-bribery statements with the Plan.

(d) A member of the Board serves until a successor is selected and qualified. A vacancy occurring by death, resignation, or removal is filled in the same manner used to fill the position being vacated. A person appointed or elected to fill a position vacated by death, resignation, or removal serves the remainder of the term, if any, for the position being vacated, at which time the person may be reappointed or stand for election for a full term.

(e) Trustees qualified to serve under applicable law and these bylaws may be reappointed following the expiration of their terms. Except as otherwise provided by applicable law, there is no limitation on the number of terms a Trustee may serve.

§ 4. Qualifications of Trustees

(a) All Trustees will have and maintain the qualifications set forth in this § 4 and in Art. 6243p.

(b) All appointments to the Board shall be made without regard to disability, sex, religion, age, or national origin.

(c) ~~Each Trustee appointed by the Mayor or Galveston City Council must be a legally qualified voter in the City at the time of their appointment.~~ All Trustees must have:

(1) demonstrated financial, accounting, business, investment, budgeting, or actuarial experience, which may be satisfied by at least five years of full-time employment experience working in a field described by this Subsection (c)(1); or

(2) a bachelor's degree from an accredited institution of higher education; or

(d) In lieu of the requirements under Subsection (c), a committee of two (2) Trustees (the "Qualifications Committee") may vet a proposed Trustee to verify that the person is capable of performing the duties and responsibilities of a Trustee under Art. 6243p and determined qualified for designation or election, as appropriate, to the Board.

(1) The Qualifications Committee shall be composed of the Trustee serving under Section 3(a)(1) and one of the Trustees serving under Section (a)(2), as designated by the City Manager.

(2) In the event the Qualifications Committee is unable to reach a consensus on a particular determination under Section (d), the Qualifications Committee shall present the matter for a vote of the Board at its next regularly scheduled meeting in accordance with these bylaws and Art. 6243p.

Adopted February 6, 2018
Amended .20

§ 5. Fiduciary Duties

(a) The Trustees shall discharge their duties solely in the interest of the Plan participants and beneficiaries:

- (1) for the exclusive purposes of:
 - (A) providing benefits to participants and their beneficiaries; and
 - (B) defraying reasonable expenses of administering the Plan;
- (2) with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims;
- (3) by diversifying the investments of the Plan to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- (4) in accordance with the documents and instruments governing the Plan.

(b) In choosing and contracting for professional investment management services and in continuing the use of an investment manager, the Trustees must act prudently and in the interest of the participants and beneficiaries of the Plan.

(c) A Trustee is not liable for the acts or omissions of an investment manager appointed under ~~§~~Section 802.204 of the Texas Government Code, nor is a Trustee obligated to invest or otherwise manage any asset of the Plan subject to management by the investment manager.

(d) An investment manager appointed under ~~§~~Section 802.204 of the Texas Government Code shall acknowledge in writing the manager's fiduciary responsibilities to the Plan.

§ 6. Resignation and Removal

Any Trustee other than the Association President may resign at any time after the expiration of thirty (30) days from the date written notice of resignation is delivered to the person or entity who appointed or elected such Trustee. A Trustee other than the Association President may be removed at the time by the person or entity who appointed or elected such Trustee upon the action of such person or entity and delivery of thirty (30) days' notice in writing to the Trustee being removed. Notice of resignation or removal may be waived by any party by execution of a written waiver. If a Trustee should resign or be removed, then such person or entity who appointed or elected such Trustee shall appoint or elect a successor Trustee by an instrument in writing, a copy of which shall be delivered to the resigning or removed Trustee, the successor Trustee, the City, the Association, and the Board.

Adopted February 6, 2018
Amended . 20

§ 7. Compensation of Trustees

Trustees shall serve without compensation, but will be reimbursed for their actual expenses of attending each meeting of the Board and for such other expenses as may be reasonably incurred in their carrying out the duties and functions as set forth herein.

§ 8. Conflict of Interest

A Trustee shall not: (a) accept or solicit any gift, favor, or service that might reasonably tend to influence that Trustee in the discharge of official duties on behalf of the Plan or that the Trustee knows or should know is being offered with the intent to influence the Trustee's official conduct; or (b) accept other compensation that could reasonably be expected to impair the Trustee's independence of judgment in the performance of the Trustee's official duties. Trustees shall familiarize themselves and comply with all applicable laws regarding conflicts of interest, including Chapters 171 and 176 of the Texas Local Government Code and any conflict of interest policy adopted by the Board.

§ 9. ~~Additional Obligations of Trustees~~ Trustee Training Program

(a) Trustees shall comply with the requirement to complete training on the Plan's responsibilities ~~under and the Trustee's obligations on the following information:~~

- (1) the Plan;
- (2) the laws governing the Plan's operations, including but not limited to Art. 6243p;
- (3) the programs, functions, rules, and budget of the Plan;
- (4) the scope of and limitations on the rulemaking authority of the Board;
- (5) the results of the most recent actuarial valuation of the Plan;
- (6) the Open Meetings Act and as provided by Section 551.005 of the Texas Government Code;
- (7) the Public Information Act as provided by §§ 551.005 and Section 552.012 of the Texas Government Code;
- (8) laws relating to administrative procedure, and disclosing conflicts of interest; and
- (9) other laws applicable to a Trustee in performing the Trustee's duties, including the Board's fiduciary duty to hold and administer the assets of the fund for the exclusive benefit of members and their beneficiaries under Section 802.203, Government Code, Section 67(f), Article XVI, Texas Constitution, and any other

Adopted February 6, 2018
Amended _____, 20__

applicable law.

(b) The training required under this Section 9 shall be prepared and administered by the Executive Director or his or her designee.

§ 10. Meetings

All regular meetings of the Board shall be held at a specific site, date, and time to be determined by the Chairman. The Chairman may postpone any regular meeting if it is determined that such meeting is unnecessary or that a quorum will not be achieved, but no fewer than four regular meetings shall be held during each calendar year. Special meetings and emergency meetings of the Board may be called, upon proper notice, at any time by the Chairman or at the request of any three Trustees. Special meetings and emergency meetings shall be held at such time and place as is specified by the Chairman, if the Chairman calls the meeting, or by the three Trustees, if they call the meeting. The Chairman shall set the agendas for meetings of the Board, except that: (1) the agendas of meetings called by three Trustees shall be set by those Trustees; and (2) at the request of any three Trustees, an item shall be added to the agenda of a regular meeting or a meeting called by the Chairman.

§ 11. Voting; Quorum

A majority of the Trustees constitutes a quorum, and the vote of a majority of the Trustees present at a meeting at which a quorum is present will be necessary for any action taken by the Board. No vacancy in the membership of the Board will impair the right of a quorum to exercise all of the rights and to perform all of the duties of the Board. Therefore, if a vacancy occurs, a majority of the Trustees then serving in office will constitute a quorum.

§ 12. Procedure

All meetings of the Board and its committees shall be conducted in accordance with Robert's Rules of Order pursuant to statutorily proper notice of meeting posted as provided by law. The Chairman at any time may change the order of items to be considered from that set forth in the notice of meeting, provided that all agenda items that require a vote by the Board shall be considered at the meeting for which they have been posted. To the extent procedures prescribed by applicable statutes or these bylaws conflict with Robert's Rules of Order, the statutes or these bylaws shall govern.

§ 13. Executive Committee

The Plan shall establish an Executive Committee, consisting of the officers of the Plan as identified in § 18, and such other member(s) as the Chairman may direct, provided that the number of members must be an odd number. Meetings of the Executive Committee shall be conducted on no less than three days notice to the Executive Committee members. A majority of the members of the Executive Committee constitutes a quorum of the Committee, and the vote of a majority of the members present at a meeting at which a quorum is present will be necessary for any action taken by the Executive Committee. Minutes shall be kept of all meetings of the Executive Committee.

Adopted February 6, 2018

Amended _____, 20__

Consistent with § 14, the Executive Committee shall have and may exercise all of the authority of the Board, subject to the limitations imposed by applicable law; provided, however, that the Executive Committee shall not enter into or approve any contract, nor authorize the expenditure of funds on behalf of the Plan, except to the extent explicitly authorized in a resolution of the Board. Actions requiring Board approval shall be submitted to the Board as recommendations of the Executive Committee.

§ 14. Additional Committees

The Chairman at any time may designate from among the Trustees one or more ad hoc or standing committees, each of which shall be comprised of two or more Trustees, and may designate one or more Trustees as alternate members of such committees, who may, subject to any limitations imposed by the Chairman, replace absent or disqualified members at any meeting of that committee. The Chairman serves as a non-voting, ex-officio member of each committee; provided, however, that the Chairman may serve as a regular voting member of a committee in the event that he or she so designates. If approved by a resolution passed by a majority vote of the Board, a committee shall have and may exercise all of the authority of the Board, to the extent provided in such resolution and subject to the limitations imposed by applicable law; provided that no Committee shall be authorized to enter into or approve any contract, nor authorize the expenditure of funds on behalf of the Plan, except to the extent explicitly authorized in a resolution of the Board. Absent explicit delegation of such authority in a resolution of the Board, all contracts and expenditures of the Plan shall be made by the Board. The Chairman shall appoint the chairman of each committee, as well as Trustees to fill any vacancies in the membership of the committees.

At the next regular meeting of the Board following the Chairman's formation of a committee, the Chairman shall deliver to the Trustees a written description of the committee, including (a) the name of the committee, (b) whether it is an ad hoc or standing committee, (c) its assigned function(s) and/or task(s), (d) whether it is intended to have a continuing existence or to dissolve upon the completion of a specified task and/or the occurrence of certain events, (e) the Trustees designated as members and alternate members of the committee, and its chairman, and (f) such other information as requested by any Trustee. The Executive Director shall enter such written description into the official records of the Plan. The Chairman shall provide a written description of any subsequent changes to the name, function, tasks, term, or composition of any committee in accordance with the procedure described in the preceding two sentences. A committee also may be formed by a majority vote of the Board, which vote (and not the Chairman) also shall specify the committee's chairman and provide the descriptive information otherwise furnished by the Chairman in accordance with the preceding three sentences.

A meeting of any committee formed pursuant to this § 14 may be called by the Chairman, the chairman of the applicable committee, or by any two members of the committee. All committees shall keep regular minutes of their proceedings and report to the Board as required. The designation of a committee of the Board and the delegation thereto of authority shall not operate to relieve the Board, or any Trustee, of any responsibility imposed upon the Board or the individual Trustee by law. To the extent applicable, the provisions of these bylaws relating to meetings,

Adopted February 6, 2018
Amended _____ 20__

quorums, meetings by telephone, and procedure shall govern the meetings of the Board's committees.

§ 15. Notice of Meetings

Notice of each meeting of the Board shall be posted in accordance with the Texas Open Meetings Act, and sent by mail, electronic mail, or facsimile to all Trustees entitled to vote at such meeting at least seventy-two hours prior to the start of such meeting. If sent by mail, such notice will be deemed delivered when it is deposited in the United States mail with sufficient postage prepaid. If sent by electronic mail or facsimile, the notice will be deemed delivered when transmitted properly to the correct e-mail address or number. Such notice of meetings also may be given by telephone, provided that the Chairman or Vice-Chairman, or their designee speaks personally to the applicable Trustee to give such notice.

§ 16. Waiver of Notice

Whenever any notice is required to be given to any Trustee by statute or by these bylaws, a written waiver of such notice signed by the person or persons entitled to such notice, whether before or after the time required for such notice, shall be deemed equivalent to the giving of such notice.

§ 17. Attendance as Waiver

Attendance of a Trustee at a meeting of the Board or a committee thereof will constitute a waiver of notice of such meeting, except that a Trustee will not be considered in attendance when the Trustee appears at such a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

§ 18. Officers

The officers of the Plan shall consist of a Chairman and a Vice Chairman. The individuals elected as officers shall not be compensated for their service as officers. However, officers shall be reimbursed for all expenses incurred in conducting proper Plan business and for travel expenses incurred in the performance of their duties.

§ 19. Election and Term of Office

Subject to § 20 of these bylaws, the officers of the Plan will be elected by the Board for a term equal to the length of the term for which the Trustee was appointed or in the case of the Trustee appointed under § 3(a)(~~13~~) of these bylaws, for a term of three years. The election of officers to succeed officers whose terms have expired shall be by a vote of the Trustees of the Plan at the first meeting of the Plan held after February 1 of each year or at such other meeting as the Board determines.

Adopted February 6, 2018
Amended . 20

§ 20. Removal and Vacancies

Each officer shall hold office until a successor is chosen and qualified, or until the officer's death, resignation, or removal, or, in the case of a Trustee serving as an officer, until such officer ceases to serve as a Trustee. Any officer may resign at any time upon giving written notice to the Board. Any officer may be removed from service as an officer at any time, with or without cause, by the affirmative vote of a majority of the Trustees of the Plan. The Trustees of the Plan may at any meeting vote to fill any officer position vacated due to an event described in this §20 for the remainder of the unexpired term.

§ 21. Chairman

The Chairman must be a Trustee of the Plan. The Chairman shall appoint all committees of the Board as specified in these bylaws (except as otherwise provided in § 14 of these bylaws), call all regular meetings of the Board, and preside at and set the agendas for all meetings of the Board (except as provided in the concluding sentence of § 10 of these bylaws). The Chairman shall perform the duties of the Executive Director during such times as the position of Executive Director is vacant.

§ 22. Vice Chairman

The Vice Chairman must be a Trustee of the Plan. During the absence or disability of the Chairman, upon the Chairman's resignation or death (and pending the election of a successor new Chairman), or upon the Chairman's request, the Vice Chairman shall perform the duties and exercise the authority and powers of the Chairman.

§ 23. Administrators

The chief administrator of the Plan shall be the Executive Director. Other administrators may be appointed by the Executive Director with the consent of the Board. All such administrators, except for the Executive Director, shall perform such duties and have such powers as may be assigned to them by the Executive Director or as set forth in Board resolutions. Any administrator may be removed, with or without cause, at any time by the Executive Director. All administrators will be reimbursed for expenses incurred in performance of their duties as approved by the Executive Director.

§ 24. Executive Director

(a) The Executive Director will be selected by the Board and shall serve at the pleasure of the Board, performing all duties assigned by the Board and implementing all resolutions adopted by the Board. The Chairman shall perform the duties of the Executive Director during such times as the position of Executive Director is vacant.

(b) In addition, the Executive Director:

(1) shall be responsible for general management, hiring and termination of

Adopted February 6, 2018
Amended _____, 20

employees, and day-to-day operations of the Plan;

(2) shall be responsible for preparing draft reports required by law or are otherwise necessary to fulfill obligations of the Plan;

(3) at the invitation of the City of Galveston, shall appear, before the City Council to respond to questions and receive comments regarding the Plan's operations;

(4) may execute inter-agency and interlocal contracts and service contracts approved by the Board;

(5) may execute contracts, contract supplements, and purchase orders not exceeding amounts established in resolutions of the Board; and

(6) shall have such obligations and authority as may be described in one or more resolutions enacted from time to time by the Board.

(c) The Executive Director may delegate the foregoing duties and responsibilities as the Executive Director deems appropriate, provided such delegation does not conflict with applicable law or any express direction of the Board.

§ 25. Indemnification by the Plan

Any person made a party to or involved in any litigation, including any civil, criminal or administrative action, suit or proceeding, by reason of the fact that such person is or was a Trustee, officer, or employee of the Plan or by reason of such person's alleged negligence or misconduct in the performance of his or her duties as such Trustee, officer, or employee shall be indemnified by the Plan, to the extent funds are lawfully available and subject to any other limitations that exist by law, against liability and the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him or her in connection with any action therein, except in relation to matters as to which it is adjudged that such Trustee, officer, or employee is liable for gross negligence or willful misconduct in the performance of his or her duties. A conviction or judgment entered in connection with a compromise or settlement of any such litigation shall not by itself be deemed to constitute an adjudication of liability for such gross negligence or willful misconduct. The right to indemnification will include the right to be paid by the Plan for expenses incurred in defending a proceeding in advance of its final disposition in the manner and to the extent permitted by the Board in its sole discretion. In addition to the indemnification described above that the Plan shall provide a Trustee, officer or employee, the Plan may, upon approval of the Board in its sole discretion, indemnify a Trustee, officer, or employee under such other circumstances against liability and reasonable expenses, including attorneys' fees, incurred in connection with any claim asserted against him or her in said party's capacity as a Trustee, officer, or employee of the Plan, subject to any limitations that exist by law. Any indemnification by the Plan pursuant to this § 25 shall be evidenced by a resolution of the Board.

Adopted February 6, 2018
Amended _____, 20

§ 26. Expenses Subject to Indemnification

As used herein, the term “expenses” includes fines or penalties imposed and amounts paid in compromise or settlement of any such litigation only if:

(a) independent legal counsel designated by a majority of the Board, excluding those Trustees who have incurred expenses in connection with such litigation for which indemnification has been or is to be sought, shall have advised the Board that, in the opinion of such counsel, such Trustee, officer, or other employee is not liable to the Plan for gross negligence or willful misconduct in the performance of his or her duties with respect to the subject of such litigation; and

(b) a majority of the Trustees shall have made a determination that such compromise or settlement was or will be in the best interests of the Plan.

§ 27. Procedure for Indemnification

Any amount payable by way of indemnity under these bylaws may be determined and paid pursuant to an order of or allowance by a court under the applicable provisions of the laws of the State of Texas in effect at the time and pursuant to a resolution of a majority of the Trustees, other than those who have incurred expenses in connection with such litigation for which indemnification has been or is to be sought. In the event that all of the Trustees are made parties to such litigation, a majority of the Board shall be authorized to pass a resolution to provide for legal expenses for the entire Board.

§ 28. Additional Indemnification

The right of indemnification provided by these bylaws shall not be deemed exclusive of any right to which any Trustee, officer, or employee may be entitled, as a matter of law, and shall extend and apply to the estates of deceased Trustees, officers, or employees.

§ 29. Contracts and Purchases

All contracts and purchases on behalf of the Plan shall be entered into and made in accordance with rules of procedure prescribed by the Board and applicable laws and rules of the State of Texas and its agencies.

§ 30. Sovereign Immunity

Unless otherwise required by law, the Plan will not by agreement or otherwise waive or impinge upon its sovereign immunity.

§ 31. Fiscal Year

The fiscal year for the Plan shall be from January 1 to December 31.

Adopted February 6, 2018
Amended _____, 20

§ 32. Amendments to Bylaws

Except as may be otherwise provided by law, these bylaws may be amended, modified, altered, or repealed in whole or in part, at any regular meeting of the Board after ten (10) days advance notice has been given by the Chairman to each Trustee of the proposed change. These bylaws may not be amended at any special or emergency meeting of the Board.

Adopted February 6, 2018
Amended _____, 20__

Document comparison by Workshare Compare on Monday, November 16, 2020
2:18:47 PM

Input:	
Document 1 ID	interwovenSite://USDMS.lockelord.net/America/79729145/5
Description	#79729145v5<America> - Galveston Police Retirement Plan Bylaws
Document 2 ID	interwovenSite://USDMS.lockelord.net/America/79729145/6
Description	#79729145v6<America> - Galveston Police Retirement Plan Bylaws
Rendering set	Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	58
Deletions	25
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	83
---------------	----

January 26, 2021

To the Board of Trustees
City of Galveston Employees' Retirement Plan for Police
c/o Ms. Ann S. Masel, CPA
1011 Tremont Street
Galveston, TX 77550

The following represents our understanding of the services we will provide City of Galveston Employees' Retirement Plan for Police (the "Plan").

You have requested that we audit the statement of net position as of December 31, 2020, the statement of changes in net position for the year then ended and the related notes to the financial statements, which collectively comprise the basic financial statements of the Plan.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that supplementary information such as management's discussion and analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis
- Schedules of Changes in Net Pension Liabilities and Related Ratios
- Schedule of Employer Contributions
- Schedule of Investment Returns

Auditor Responsibilities

We will conduct our audit in accordance with U.S. GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS.

In making our risk assessments, we consider internal control relevant to the Plan's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Plan's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

- d. For including the auditor's report in any document containing financial statements that indicates that such basic financial statements have been audited by the entity's auditor;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i. For informing us of any known or suspected fraud affecting the Plan involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

With respect to any nonattest services we perform, Plan management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Nonattest services could include assistance with the preparation of financial statements including the government-wide journal entries and note disclosures.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

Reporting

We will issue a written report upon completion of our audit of the Plan's basic financial statements. Our report will be addressed to the governing body of the Plan. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Provisions of Engagement Administration, Timing and Fees

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The timing of our audit will be scheduled for performance and completion as follows:

- Perform inquiry and substantive procedures – May 2021
- Issue audit report – July 2021

Christopher L. Breaux, CPA is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Whitley Penn, LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered every month and are payable upon presentation. We estimate that our fee for the audit will not exceed \$15,100. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the Plan's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

At the conclusion of our audit engagement, we will communicate to the Board of Trustees the following significant findings from the audit:

- Our view about the qualitative aspects of the Plan's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In the course of our services, our firm may transmit confidential information that you provided us to third parties in order to facilitate our services. As applicable, we require confidentiality agreements with all our service providers to maintain the confidentiality of your information and additionally the firm will take reasonable precautions to determine that our service providers have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain ultimately responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

The audit documentation for this engagement is the property of Whitley Penn, LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to various regulators pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Whitley Penn, LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the applicable regulator. The regulator may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

Whitley Penn LLP

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of City of Galveston Employees' Retirement Plan for Police by:

Title: _____

Date: _____

CITY OF GALVESTON EMPLOYEE'S RETIREMENT PLAN FOR POLICE

Statement of Investment Policy, Objectives, and Guidelines

As Amended May 7, 2019

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth by the trustees in order to:

1. Establish a clear understanding for all involved parties of the investment goals and objectives of Fund assets.
2. Offer guidance and limitations to all Investment Managers regarding the investment of Fund assets.
3. Establish a basis for evaluating investment results.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

GENERAL INVESTMENT PRINCIPLES

1. The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
2. Investment of the Fund shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
3. The trustees may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
4. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital - Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the trustees recognize that some risk is necessary to produce long-term investment results that are sufficient to meet the fund's objectives. However, the investment managers are to make reasonable efforts to control risk and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline - Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

The Investment Manager will sign this Investment Policy to indicate acceptance.

INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the Plan is to emphasize total return: that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the objectives in the investment management for fund assets shall include:

Lone-Term Growth of Capital - To emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index.

Preservation of Capital - To minimize the probability of loss of principal over the investment horizon. Emphasis is placed on minimizing return volatility rather than maximum return.

Preservation of Purchasing Power - To achieve returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of Fund assets. Risk control is an important element in the investment of fund assets.

SPECIFIC INVESTMENT GOALS

Over the course of a full economic cycle (generally 5-7 years), it is the goal of the aggregate fund assets to meet or exceed:

- the long-term investment return assumption used in the actuarial valuation process, net of investment management expenses
- the return of a balanced market index comprised of a similar weighting to the Fund's asset allocation

The investment goals above are the objectives of the aggregate fund and are not meant to be imposed on each investment manager (if more than one manager is used). The goal of each investment manager, over the investment horizon, shall be to:

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the trustees that most closely corresponds to the style of investment management.
2. Meet or exceed the median manager in a universe of other funds managed with a similar asset mix over a market cycle.
3. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk adjusted returns should equal or exceed the risk/return of the appropriate benchmark. Risk will be measured by the standard deviation of quarterly returns. For indexed assets, performance will be monitored based on conformity to the index selected

Specific investment goals and constraints, if any, for each investment manager, shall be incorporated as part of this statement of investment policy. Each manager shall receive a written statement outlining his specific goals and constraints as they contribute to the objectives of the entire fund.

Asset Allocation Guidelines

Investment management of the assets of the fund shall be in accordance with the following asset allocation guidelines:

1. Aggregate Fund Asset Allocation Guidelines (at market value)

<u>ASSET CLASS</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>
Equities	20%	70%
Fixed Income	20%	70%
Alternatives	0%	30%
Cash and Equivalents	19%	40%

2. The trustees may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate fund, such disciplines must fit within the overall asset allocation guidelines established in this statement. Such investment managers will receive written direction from the trustees regarding specific objectives and guidelines.

INVESTMENT MANAGEMENT SELECTION

The selection of investment managers must be based on a prudent due diligence process. Managers being considered will be evaluated on several factors, including but not limited to, the pattern of rates of return and the volatility of those returns, style of management, adherence to style, research capability, staffing, fees, and other factors considered relevant.

INVESTMENT MANAGER GUIDELINES

Prohibited Assets

Prohibited direct investments include, but are not limited to the following:

1. Commodities and Futures Contracts
2. Private Placements or Non-Negotiable Securities
3. Options
4. Speculative Derivatives, as defined first by each investment manager and secondly by the investment consultants and finally by the investment committee

Investments into these prohibited assets are permissible inside 1940 Act registered mutual funds. Any other request for an exception to the above should be presented in written form to the trustees. Consideration will be given only to an investment opportunity acting as a hedge to reduce risk in a portfolio.

Prohibited Transactions

Prohibited direct transactions include, but are not limited to the following:

1. Short Selling
2. Margin Transactions

Otherwise prohibited transactions are permissible inside 1940 Act registered mutual funds. Any other request for an exception to the above should be presented in written form to the trustees. Consideration will be given only to an investment opportunity acting as a hedge to reduce risk in a portfolio.

Investment Managers

Each investment manager will have full discretion to make all investment decisions for the assets placed under its mandate, while observing and operating within all policies, guidelines, constraints, and philosophies outlined in this policy. Specific responsibilities and restrictions of the investment managers include:

Note: Portfolio specific restrictions are intended for separate account mandates. Exceptions to these restrictions can exist inside commingled vehicles, such as mutual funds and ETF's, or separately managed account vehicles where the trustees agree it is appropriate.

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this written policy.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Communicating any major changes to economic outlook, investment strategy, or any other factor which affect implementation of the investment process or the investment objective progress.
4. Informing the Trustees regarding any change to the investment management organization. This includes, but is not limited to changes in portfolio management personnel, ownership structure, investment philosophy, adverse pending litigation or judgments, etc.
5. Voting proxies on behalf of the Fund, and communication of such voting records to Trustees on a timely basis.

Equity

6. Individual direct equity positions shall be limited to no more than 10% of the manager's portfolio value.
7. No more than the greater of 30% or 2x the weighting of the appropriate index should be invested in any one sector.

Fixed Assets

8. Fund assets may be invested only in investment grade bonds rated BBB (or equivalent) or better with maximum maturities of 30 years and a portfolio duration of no more than 10 years.
9. Illiquid securities should be noted, and pricing should reflect current market values.
10. Bonds issued in foreign currency should be noted in writing to the Trustees.

Money Market

11. Funds selected shall only contain securities rated as investment grade by at least one major credit rating agency.

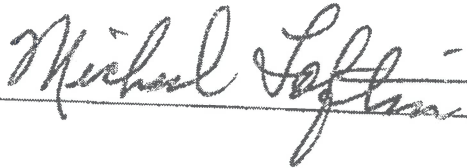
PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to Trustees for review.

The investment performance of the composite securities portfolio, as well as asset class components (cash, fixed income and equities) will be measured against the Fund's objectives. Comparisons to other commonly accepted performance benchmarks will also be provided. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Trustees intend to evaluate the portfolio(s) over at least a 5-7-year period, but reserve the right to terminate a manager for any reason including the following:

1. The convenience of the Trustees.
2. Sub-standard investment results given the discipline employed and the risk parameters established.
3. Failure to adhere to this statement of investment policy, including communication and reporting requirements.
4. Changes to the investment management organization deemed adverse to the interests of the Fund.

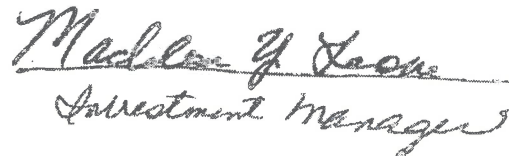
This statement of investment policy is adopted on February 7, 2017 by the trustees of the City of Galveston Employee's Retirement Plan for Police whose signatures appear below.


Michael Loftin


Michael Loftin

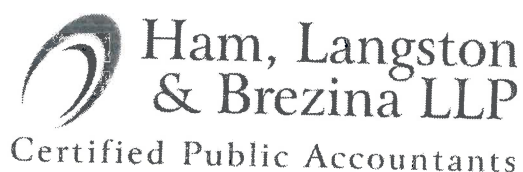

Paul H. [unclear]


Paul H. [unclear]


Madeline Y. [unclear]
Investment Manager

Galveston Police Retirement Fund

COMPILED FINANCIAL STATEMENTS
For the Three Months and Twelve Months Ended
December 31, 2020



Accountants' Compilation Report

To the Board of Directors
Galveston Police Retirement Fund
Galveston, TX 77550

Management is responsible for the accompanying financial statements of Galveston Police Retirement Fund (a Texas, non-profit organization), which comprise the Statement of Net Assets Available for Benefits - tax basis as of December 31, 2020 and the related Statement of Changes in Net Assets Available for Benefits - tax basis for the three months and twelve months then ended in accordance with the tax-basis of accounting, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.

We are not independent with respect to the Galveston Police Retirement Fund as we perform monthly administrative duties for the plan.

Ham, Langston & Brezina, LLP
Galveston, Texas

January 23, 2021

Galveston Police Retirement Fund
Statement of Net Assets Available for Benefits
As of December 31, 2020

Assets

Cash - Moody National Bank		0.00
Cash sweep - Schwab		712,699.40
Cash MM - Moody National Bank		6,763.32
Accrued dividends & interest		55,327.00
Loans receivable-retirees		268,174.35
Due from Schwab		0.00
Investments, at FMV		
Investments-govt & corp bonds	5,729,274.47	
Market value adj - bonds	173,734.31	
Exchange Traded Funds	618,260.99	
Market value adj. - ETF	3,673.09	
Investments-common stock	11,984,248.41	
Market value adj - stocks	2,584,609.74	
Real Estate Investment Trusts	269,990.62	
Market value adj. - REIT	80,032.13	
Investments - Equity funds - MNB	175,921.23	
Market value adj. - Equity funds - MNB	30,000.09	
Fixed Income funds - MNB	130,261.16	
Market value adj. - Fixed Income - MNB	3,929.63	
Total investments		21,783,935.87
Total Assets		\$ 22,826,899.94

Liabilities

Accounts payable	19,301.00
Payroll tax payable	4,694.56
Child support payable	1,584.00
Total Liabilities	\$ 25,579.56

Net Assets Available for Benefits

\$ 22,801,320.38

12/31/19

21,952,811

Galveston Police Retirement Fund
Statement of Changes in Net Assets
Available for Benefits
For the Three Months and Twelve Months Ending December 31, 2020

	3 Months Ended December 31, 2020	12 Months Ended December 31, 2020	12/31/19
ADDITIONS:			
Contributions			
Contributions - Police	\$ 433,021.26	\$ 1,588,345.59	150,468.88
Contributions - City	2,443,661.24	2,443,661.24	380,307.00
Total contributions	<u>2,876,682.50</u>	<u>4,032,006.83</u>	<u>530,775.88</u>
Investment income			
Net unrealized Gain/(Loss) in FMV	1,361,630.30	466,680.49	
Capital Gain distributions	2,772.79	2,772.79	
	<u>1,364,403.09</u>	<u>469,453.28</u>	276,214.11
Interest	40,133.39	167,392.17	
Interest - Retiree Loans	5,395.10	22,716.90	
Dividends	78,646.49	306,416.48	
Other Receipts	0.00	3,235.13	
Total Other Income	<u>124,174.98</u>	<u>499,760.68</u>	499,925.00
Total Investment Income/(loss)	1,488,578.07	969,213.96	
Less: Investment expense			
Manager expense	(17,251.45)	(67,493.43)	(6,492.50)
Total investment expense	<u>(17,251.45)</u>	<u>(67,493.43)</u>	
TOTAL ADDITIONS	4,348,009.12	4,933,727.36	8,504,899.00
DEDUCTIONS:			
Retirement benefits	889,085.56	3,572,450.65	
Benefits - non-taxable	10,399.89	47,784.65	
Survivor benefits	7,648.11	30,592.44	
Survivor benefits - non-taxable	76.89	307.56	
Disability benefits	4,349.28	17,397.12	410,738.00
Disability benefits - non-taxable	150.72	602.88	
Rollover benefits	0.00	48,917.86	
Lumpsum benefits	83,923.40	326,617.66	
Actuarial expenses	0.00	31,800.00	59,950.00
Custodial services	1,116.64	2,601.00	3,342.00
Legal fees	5,603.00	19,653.10	147,431.00
Audit fees	0.00	16,566.00	
Accounting fees	15,835.00	62,445.79	
Insurance	0.00	3,750.00	90,383.00
Miscellaneous	2,185.73	3,767.31	
Foreign Taxes	1,150.07	3,249.88	
TOTAL DEDUCTIONS	<u>1,021,524.29</u>	<u>4,188,503.90</u>	440,848.60
Net increase/(decrease)	\$ <u>3,326,484.83</u>	\$ <u>745,223.46</u>	4,096,413.00

See Accountant's Compilation Report

SUPPLEMENTAL SCHEDULE

Galveston Police Retirement Fund
Supplemental Schedule
Retiree Loans Receivable
December 31, 2020

Retiree	Outstanding Loan
Loans receivable - R. Owens	\$ 31,065.48
Loans receivable-A. Mitchell	8,725.30
Loans receivable- J. Harris	14,590.14
Loans receivable-H. Dominguez	19,052.97
Loans receivable-J Loyd	2,985.64
Loans receivable - Duenez	8,790.39
Loans receivable- Sanderson, L.	24,867.20
Loans receivable - Erickson	7,643.73
Loans receivable - Juana Villarreal	17,960.48
Loans receivable - T. Buck	21,590.14
Loans receivable-Moody	1,116.90
Loans receivable - Murdock	6,142.77
Loan receivable - Smith, Larry	5,179.86
Loan receivable - Smith, Amanda	1,912.26
Loan receivable - Arellano, O.	3,525.87
Loan receivable - Sims, D.	13,564.82
Loans receivable - Chapman, A.	17,617.57
Loans receivable - D. Watson	33,101.11
Loans receivables - J. Kylan	25,935.16
Loans receivable - Perry	<u>2,806.56</u>
Total	<u>\$ 268,174.35</u>

See Accountants' Compilation Report