



BURLINGTON RETIREMENT SYSTEM

City of Burlington

City Hall, Room 20, 149 Church Street, Burlington, VT 05401

Robert Hooper, Chairman of the Board

Munir Kasti, Vice-Chairman

Meeting – Monday, March 15, 2021

Start Time – 9:00 AM – 10:30 AM

Join Zoom Meeting:

<https://us02web.zoom.us/j/85261644826?pwd=SmI1amsvSkRmNzFSU29sV2VOMXhNUT09>

Meeting ID: 852- 6164- 4826

Passcode: 834923

You may join by phone, dial +1 929 205 6099, meeting # 852-6164-4826

1. Agenda
2. Public Forum
3. Approve Retirement Applications
 - Michael Hemond, Class A - \$4,179.56
 - Monica Lafayette, Class B - \$1,061.89
 - Rosemary Richards Cooper, Class B - \$77.03
4. Approve Cash Outs / Roll Forwards
 - Alyssa Church-Smith, Class B - \$4,722.64
 - Deanna Murphy, Class B - \$836.01
 - Gary Dusablon, Class B - \$12,363.61
5. Update from Steve Lemanski, Hooker & Holcombe
6. DiMeo Presentation
 - Market & Portfolio Update
 - Asset Allocation Analysis & Recommended Changes
 - Fossil Fuel Divesting – Approach, Costs & Reporting
 - Investment Policy Statement Review & Recommendation's
7. Administration – Katherine Schad, Chief Administrative Officer
8. Adjourn

Calculation of Benefit Options

Burlington Employees' Retirement System, Class A - Police Union

Form A

Michael Hemond

IMPORTANT: City of Burlington reserves the right to correct any errors in the Calculation of Pension Benefit and Options. If it is determined at any time that the information provided in this Pension Distribution Kit conflicts with the terms of the Plan, the terms of the Plan will govern. Under the law, a plan must be operated in accordance with its terms and errors must be corrected.

Type of Calculation

Vested - Early Retirement

Information Used in Benefit Determination

Participant Name:	Michael Hemond	Class:	A
Date of Birth:		Department:	Police Union
Date of Hire:	02/05/2001	Vesting Percentage:	100.0000%
Date of Termination:	02/12/2021	Normal Retirement Date (NRD):	12/08/2033
Beneficiary Date of Birth:		Payment Start Date:	03/01/2021
		Employee Contribution Balance w/ Interest as of 03/01/2021:	\$113,781.67

Earnings

Average Final Compensation*: \$75,009.43

Determination of Benefit Amount

(1) Years of Creditable Service (CS)		20.00000	
(2) Years of CS on or prior to June 30, 2006 [(2)+(3) is not to exceed 25 years]		5.41667	
(3) Years of CS after June 30, 2006 [(2) + (3) is not to exceed 25 years]		14.58333	
COLA Option	Full COLA	Half COLA	No COLA
(4) Accrual Rate on or prior to June 30, 2006 (not to exceed 25 years)	2.750%	3.250%	3.800%
(5) Accrual Rate after June 30, 2006 (not to exceed 25 years)	2.750%	3.250%	3.600%
(6) Retirement Accrual Percentage = [(2) x (4)] + [(3) x (5)]	55.0000%	65.0000%	73.0833%
(7) Monthly Vested Benefit Payable at NRD = (6) x Average Final Compensation/12 x Vesting Percentage	\$3,437.93	\$4,063.01	\$4,568.28
(8) Early Retirement Reduction Factor	0.9090	0.9090	0.9090
(9) Monthly Vested Benefit Payable at Payment Start Date (7) x (8)	\$3,125.08	\$3,693.28	\$4,152.57

Benefit Options Available

Form of Payment	Option Factor	Full COLA		Half COLA		No COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾	Initial Benefit	Survivor's Benefit ⁽¹⁾	Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.0065	\$3,145.39	**	\$3,717.29	**	\$4,179.56	**
5 Year Certain & Life Annuity	1.0000	\$3,125.08	\$3,125.08	\$3,693.28	\$3,693.28	\$4,152.57	\$4,152.57
100% Joint & Survivor Annuity	0.8988	\$2,808.82	\$2,808.82	\$3,319.52	\$3,319.52	\$3,732.33	\$3,732.33
50% Joint & Survivor Annuity	0.9496	\$2,967.58	\$1,483.79	\$3,507.14	\$1,753.57	\$3,943.28	\$1,971.64
100% Joint & Survivor Pop-Up Annuity	0.8923	\$2,788.51	\$2,788.51	\$3,295.51	\$3,295.51	\$3,705.34	\$3,705.34
50% Joint & Survivor Pop-Up Annuity	0.9461	\$2,956.64	\$1,478.32	\$3,494.21	\$1,747.11	\$3,928.75	\$1,964.38
Return of Employee Contributions	N/A	\$113,781.67	N/A	\$113,781.67	N/A	\$113,781.67	N/A

(1) **Survivor Benefits:** for the Joint & Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

* Average is of the three highest years of base earnings

** Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Benefit Options

Form A

Burlington Employees' Retirement System, Class B - Other

Monica Lafayette

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Type of Calculation

Vested - Regular Retirement

Information Used in Benefit Determination

Participant Name:	Monica Lafayette	Class:	B
Date of Birth:		Department:	Other
Date of Hire:	09/07/1978	Vesting Percentage:	100.0000%
Date of Termination:	07/23/1999	Normal Retirement Date (NRD):	03/02/2021
Beneficiary Date of Birth:	N/A	Payment Start Date:	04/01/2021
		Employee Contribution Balance w/ Interest as of 04/01/2021:	N/A

Earnings

Average Final Compensation*: \$36,298.21

Determination of Benefit Amount

(1) Years of Creditable Service (CS)		20.91667	
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]		20.91667	
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]		0.00000	
COLA Option	Full COLA	Half COLA	No COLA
(4) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.200%	1.367%	1.534%
(5) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.200%	1.367%	1.534%
(6) Retirement Accrual Percentage = [(2) x (4)] + [(3) x (5)]	25.1000%	28.5931%	32.0862%
(7) Monthly Vested Benefit Payable at NRD = (6) x Average Final Compensation/12 x Vesting Percentage	\$759.24	\$864.90	\$970.56
(8) Early Retirement Reduction Factor	1.0000	1.0000	1.0000
(9) Monthly Vested Benefit Payable at Payment Start Date (7) x (8)	\$759.24	\$864.90	\$970.56

Benefit Options Available

Form of Payment	Option	Full COLA		Half COLA		No COLA	
		Initial Benefit	Survivor's Benefit (1)	Initial Benefit	Survivor's Benefit (1)	Initial Benefit	Survivor's Benefit (1)
Straight Life Annuity	1.0941	\$830.68	**	\$946.29	**	\$1,061.89	**
10 Year Certain & Life Annuity	1.0000	\$759.24	\$754.24	\$864.90	\$864.90	\$970.56	\$970.56
100% Joint & Survivor Annuity	N/A	N/A	N/A	N/A	N/A	N/A	N/A
50% Joint & Survivor Annuity	N/A	N/A	N/A	N/A	N/A	N/A	N/A
100% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A	N/A	N/A	N/A	N/A
50% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Return of Employee Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) **Survivor Benefits:** for the Joint & Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

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**Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Benefit Options

Form A

Burlington Employees' Retirement System, Class B - Other

Rosemary Richards Cooper

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Type of Calculation

Vested - Late Retirement

Information Used in Benefit Determination

Participant Name:	Rosemary Richards Cooper	Class:	B
Date of Birth:		Department:	Other
Date of Hire:	01/05/1981	Vesting Percentage:	57.5000%
Date of Termination:	09/29/1986	Normal Retirement Date (NRD):	09/11/2020
Beneficiary Date of Birth:		Payment Start Date:	12/01/2020
		Employee Contribution Balance w/ Interest as of 12/01/2020:	N/A

Earnings

Average Final Compensation*:	\$20,675.95	
(1) Years of Creditable Service (CS)		5.75000
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]		5.75000
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]		0.00000
(4) Years of CS in excess of 25 years		N/A

COLA Option		Full COLA
(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)		1.200%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)		1.200%
(7) Accrual Rate in excess of 25 years		0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]		6.9000%
(9) Monthly Vested Benefit Payable at Payment Start Date = (8) x Average Final Compensation/12 x Vesting Percentage		\$68.36
(10) Monthly Vested Benefit at NRD: = [Years of CS on or prior to 06/30/2006 and prior to NRD (5.75000) x (5)] + [Years of CS after 06/30/2006 and prior to NRD (0.00000) x (6)] + [Years of CS in excess of 25 years and prior to NRD (0.00000) x (7)] x Average Final Compensation/12 x Vesting Percentage		\$68.36
(11) Month Vested Benefit Payable as of your Payment Start Date: = [Greater of (10)] x 1.029914 Late Adjustment Factor or (9)		\$70.40

Benefit Options Available

Form of Payment	Option Factor	Full COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.0941	\$77.03	**
10 Year Certain & Life Annuity	1.0000	\$70.40	\$70.40
100% Joint & Survivor Annuity	0.9074	\$63.89	\$63.89
50% Joint & Survivor Annuity	0.9920	\$69.84	\$34.92
100% Joint & Survivor Pop-Up Annuity	0.8911	\$62.74	\$62.74
50% Joint & Survivor Pop-Up Annuity	0.9897	\$69.68	\$34.84
Return of Employee Contributions	N/A	N/A	N/A

(1) **Survivor Benefits:** for the Joint and Survivor Annuity payments, the survivor's benefit is only payable if the chosen survivor is alive upon the participant's death. If the chosen survivor is not alive, then no additional benefit is payable upon participant death. The choice of survivor may not be changed after benefit payments have commenced.

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**Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Calculation of Return of Employee Contributions

Form A

Burlington Employees' Retirement System

Alyssa Church-Smith

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Information Used in Determination

Participant Name:	Alyssa Church-Smith	Class:	B
Date of Birth:		Department:	School
Date of Hire:	08/05/2015	Post-Tax Employee Contributions:	\$0.00
Date of Termination:	06/30/2018	Normal Retirement Date (NRD):	02/22/2057
Beneficiary Date of Birth:		Payment Start Date:	02/01/2021
		Vesting Percentage:	0.0000%

Determination of Employee Contribution Balance with Interest

<u>Period Ending</u>	<u>Description</u>	<u>Transaction</u>	<u>Balance at End of Period</u>
06/30/2016	Contributions	\$974.97	\$974.97
06/30/2016	Interest at 5.5%	\$0.00	\$974.97
06/30/2017	Contributions	\$1,325.96	\$2,300.93
06/30/2017	Interest at 5.5%	\$53.62	\$2,354.55
12/31/2017	Contributions	\$1,017.25	\$3,371.80
12/31/2017	Interest at 5.5%	\$63.88	\$3,435.68
06/30/2018	Contributions	\$1,017.25	\$4,452.93
06/30/2018	Interest at 2%	\$34.19	\$4,487.12
06/30/2019	Interest at 2%	\$89.74	\$4,576.86
06/30/2020	Interest at 2%	\$91.54	\$4,668.40
01/31/2021	Interest at 2%	\$54.24	\$4,722.64

(1) Pre-Tax Employee Contributions (Taxable):	\$4,335.43
(2) Interest Accrued on Employee Contributions (5.5% through 12/31/2017, 2% thereafter):	\$387.21
(3) Total Return of Employee Contributions with Interest:	\$4,722.64

Determination of Taxable Portion of Benefit

<u>Form of Payment</u>	<u>Total Benefit</u>	<u>Taxable Portion</u>	<u>Non-Taxable Portion</u>
Return of Contributions	\$4,722.64	\$4,722.64	0.00

Calculation of Return of Employee Contributions

Burlington Employees' Retirement System

Form A

Deena Murphy

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Information Used in Determination

Participant Name:	Deena Murphv	Class:	B
Date of Birth:		Department:	School
Date of Hire:	08/23/2013	Post-Tax Employee Contributions:	\$0.00
Date of Termination:	09/05/2014	Normal Retirement Date (NRD):	06/14/2019
Beneficiary Date of Birth:	N/A	Payment Start Date:	04/01/2021
		Vesting Percentage:	0.0000%

Determination of Employee Contribution Balance with Interest

<u>Period Ending</u>	<u>Description</u>	<u>Transaction</u>	<u>Balance at End of Period</u>
06/30/2014	Contributions	\$617.44	\$617.44
06/30/2014	Interest at 5.5%	\$0.00	\$617.44
09/05/2014	Contributions	\$34.30	\$651.74
06/30/2015	Interest at 5.5%	\$33.96	\$685.70
06/30/2016	Interest at 5.5%	\$37.71	\$723.41
06/30/2017	Interest at 5.5%	\$39.79	\$763.20
12/31/2017	Interest at 5.5%	\$20.71	\$783.91
06/30/2018	Interest at 2%	\$7.80	\$791.71
06/30/2019	Interest at 2%	\$15.83	\$807.54
06/30/2020	Interest at 2%	\$16.15	\$823.69
03/31/2021	Interest at 2%	\$12.32	\$836.01

(1) Pre-Tax Employee Contributions (Taxable):	\$651.74
(2) Interest Accrued on Employee Contributions (5.5% through 12/31/2017, 2% thereafter):	\$184.27
(3) Total Return of Employee Contributions with Interest:	\$836.01

Determination of Taxable Portion of Benefit

<u>Form of Payment</u>	<u>Total Benefit</u>	<u>Taxable Portion</u>	<u>Non-Taxable Portion</u>
Return of Contributions	\$836.01	\$836.01	0.00

Calculation of Benefit Options

Form A

Burlington Employees' Retirement System, Class B - School

Garry R. Dusablon

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Type of Calculation

Vested - Regular Retirement

Information Used in Benefit Determination

Participant Name:	Garry R Dusablon	Class:	B
Date of Birth:		Department:	School
Date of Hire:	01/30/2015	Vesting Percentage:	100.0000%
Date of Termination:	06/30/2020	Normal Retirement Date (NRD):	01/18/2047
Beneficiary Date of Birth:	N/A	Payment Start Date:	12/01/2020
		Employee Contribution Balance w/ Interest as of 12/01/2020:	\$12,363.61

Earnings

Average Final Compensation*: \$48,373.99

Determination of Benefit Amount

(1) Years of Creditable Service (CS)	5.41667
(2) Years of CS on or prior to 06/30/2006 [(2) + (3) is not to exceed 25 years]	0.00000
(3) Years of CS after 06/30/2006 [(2) + (3) is not to exceed 25 years]	5.41667
(4) Years of CS in excess of 25 years	N/A

COLA Option	Full COLA
(5) Accrual Rate on or prior to 06/30/2006 (not to exceed 25 years)	1.400%
(6) Accrual Rate after 06/30/2006 (not to exceed 25 years)	1.400%
(7) Accrual Rate in excess of 25 years	0.500%
(8) Retirement Accrual Percentage = [(2) x (5)] + [(3) x (6)] + [(4) x (7)]	7.5833%
(9) Monthly Vested Benefit Payable at NRD = (8) x Average Final Compensation/12 x Vesting Percentage	\$305.70
(10) Early Retirement Reduction Factor	1.0000
(11) Monthly Vested Benefit Payable at Normal Retirement Date (9) x (10)	\$305.70

Benefit Options – payable at Normal Retirement Date

Form of Payment	Option Factor	Full COLA	
		Initial Benefit	Survivor's Benefit ⁽¹⁾
Straight Life Annuity	1.0941	\$334.47	**
10 Year Certain & Life Annuity	1.0000	\$305.70	\$305.70
100% Joint & Survivor Annuity	N/A	N/A	N/A
50% Joint & Survivor Annuity	N/A	N/A	N/A
100% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A
50% Joint & Survivor Pop-Up Annuity	N/A	N/A	N/A

Benefit Options – payable at Payment Start Date

Return of Employee Contributions (100% taxable)	N/A	\$12,363.61	N/A
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**Amount in excess (if any) of accumulated employee contributions, with interest, over payments made

Helping Clients Prosper.



DiMEO SCHNEIDER
& ASSOCIATES, L.L.C.



City of Burlington Employees Retirement System

March 2021

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AGENDA

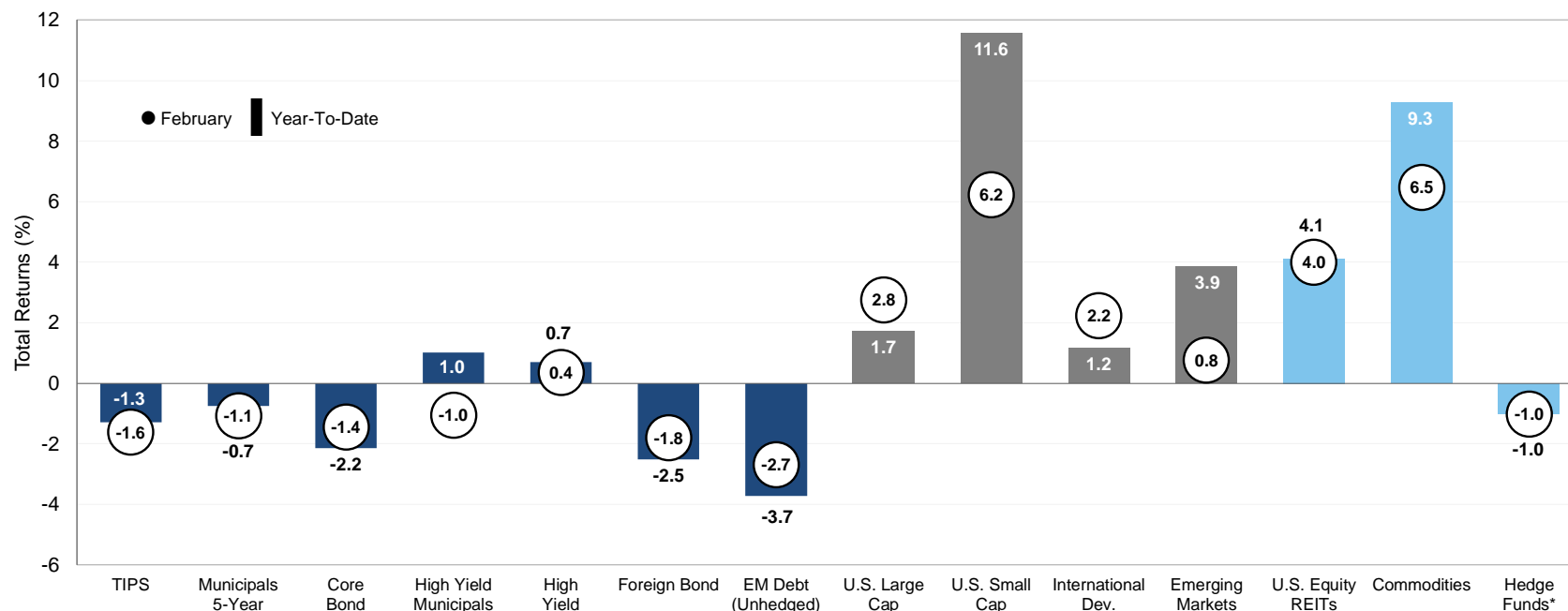
- MARKET UPDATE
- ASSET ALLOCATION
- FOSSIL FUEL DIVESTING – APPROACH, COSTS & REPORTING
- IPS REVIEW
- APPENDIX



DIMEO SCHNEIDER
& ASSOCIATES, L.L.C.

MARKET UPDATE

ASSET CLASS PERFORMANCE (FEBRUARY 2021)



*Hedge Funds returns are lagged one month. Return reflects the January 2021 return.
Sources: Bloomberg, J.P. Morgan, Russell, MSCI, FTSE Russell, Alerian.

Fixed Income (February)

- Sharp climb in Treasury rates in the intermediate and long part of the curve
- + Spread tightening, particularly in higher-yielding segments of the market

Equities (February)

- + Vaccination progress and reopening optimism benefitted equity markets, notably small cap and value stocks
- + Better than expected 4Q corporate earnings

Real Assets / Alternatives (February)

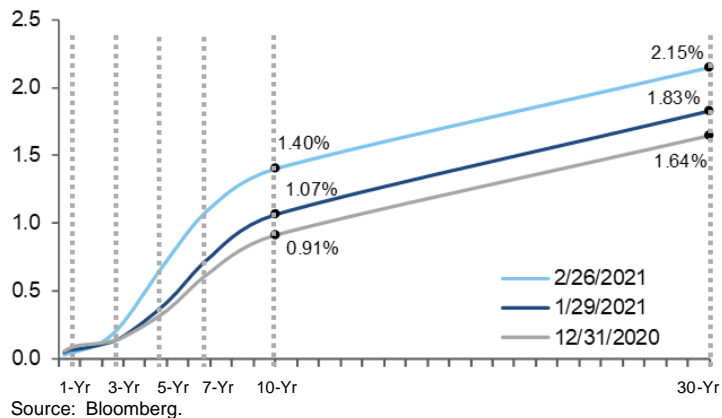
- + Rising inflation expectations supported higher commodity prices
- + Reopening optimism supported several real estate properties that were hardest hit by the pandemic

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.

FIXED INCOME MARKET UPDATE

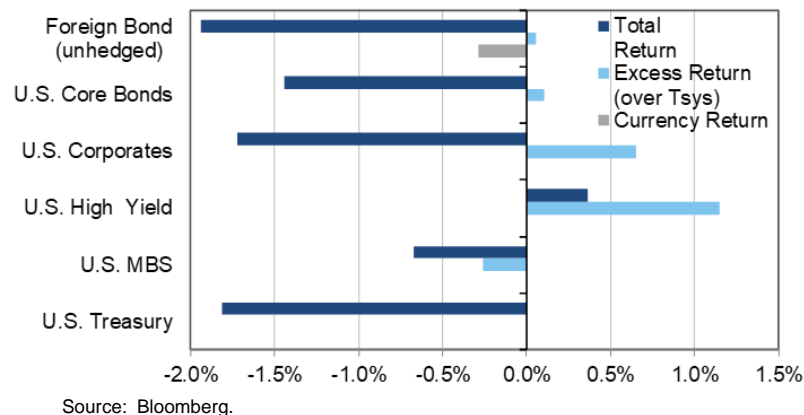
U.S. Treasury Curve

The 10-year and 30-year Treasury yields rose abruptly over the course of the month, reaching pre-pandemic levels.



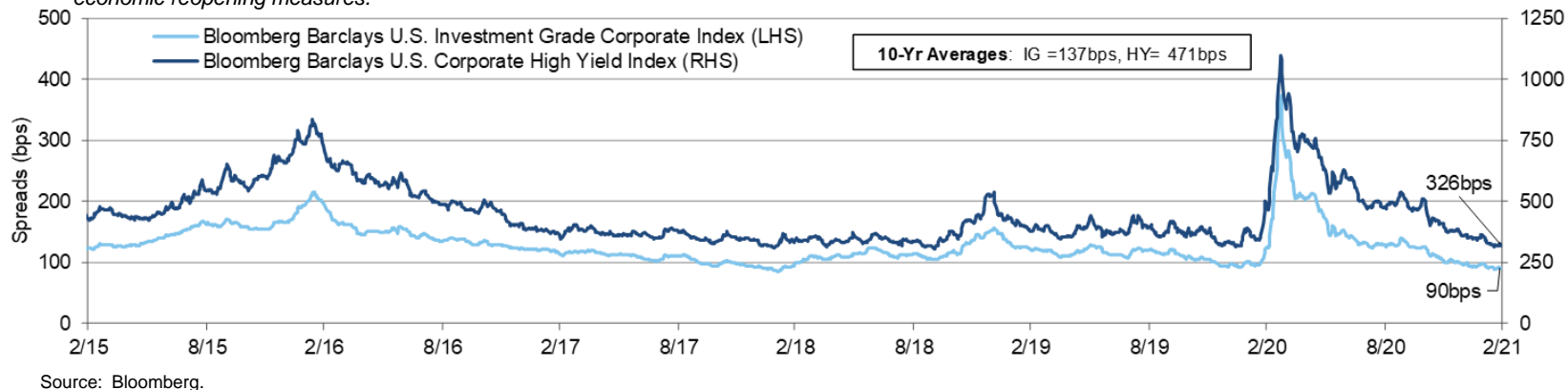
Index Performance Attribution (February 2021)

Surging Treasury yields hurt bond returns during the month, but demand from yield-starved investors kept spreads near historic lows.



Credit Market Spreads – Trailing 5 Years

Despite the increased Treasury rate volatility, investment grade and high yield spreads tightened amid a generally optimistic backdrop of vaccine progress and economic reopening measures.

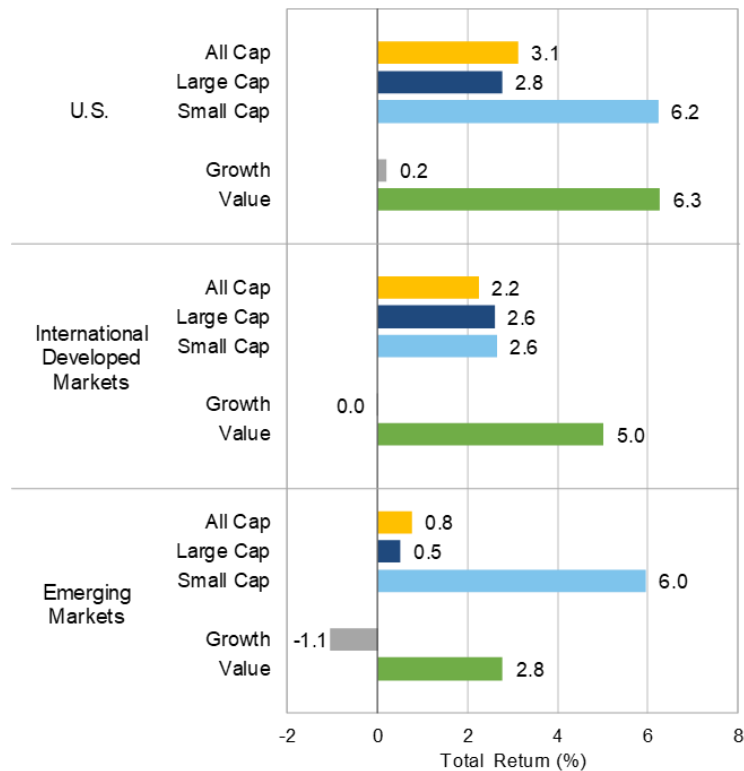


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EQUITY MARKET UPDATE

Market Capitalization and Style Performance (Feb 2021)

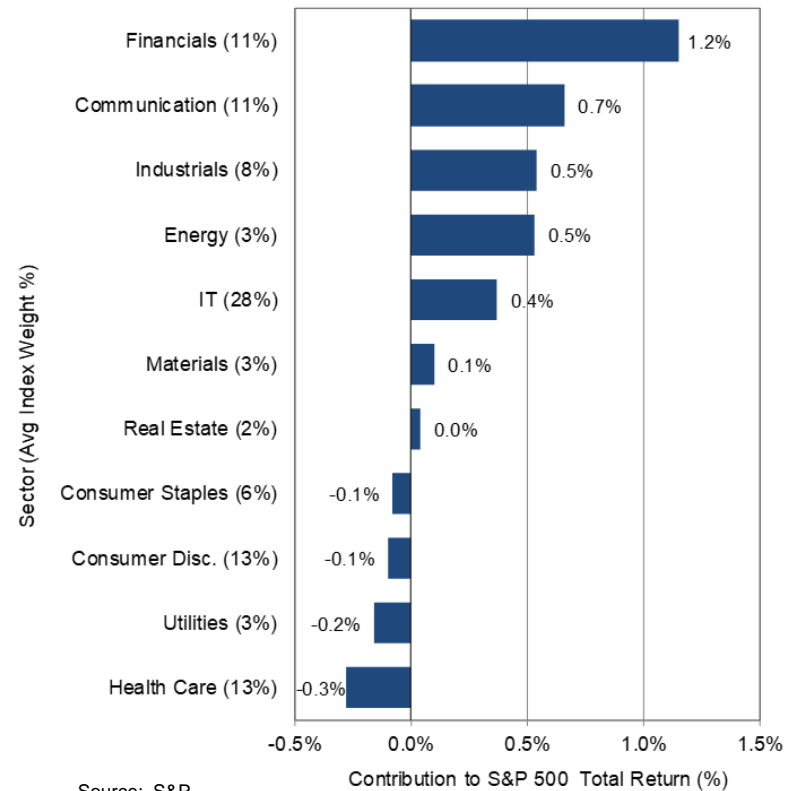
Small cap and value stocks outperformed the broader market upon more positive news about containment of the virus and vaccination.



Sources: S&P, Russell, MSCI.

U.S. Equities – Contribution to Return by Sector (Feb 2021)

Rising Treasury yields typically lead to higher bank deposit rates, benefitting the financial sector, which led this month's rally.



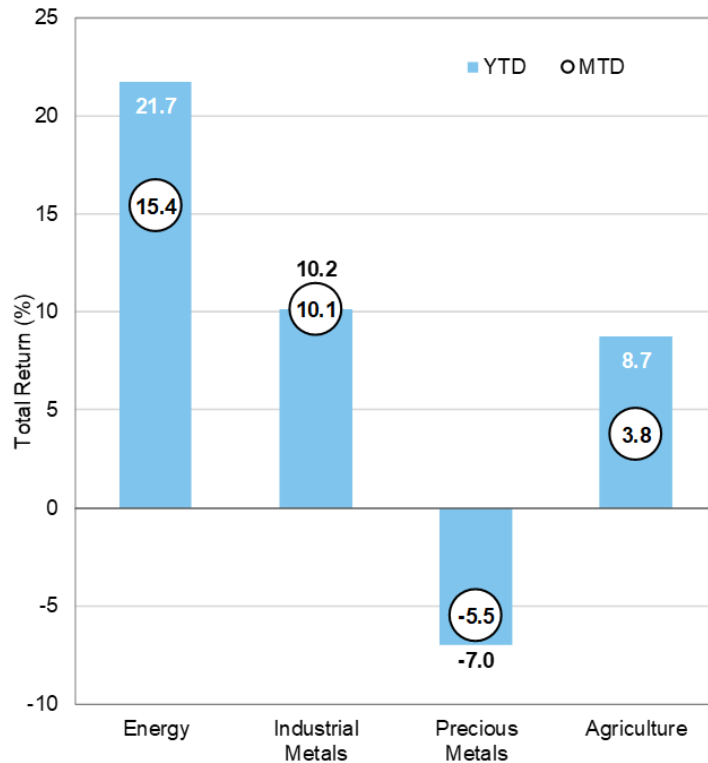
Source: S&P

See disclosures for list of indices representing each asset class, region or country. CAPE = cyclically adjusted price/earnings ratio. Past performance does not indicate future performance and there is a possibility of a loss.

REAL ASSETS MARKET UPDATE

Real Assets Performance

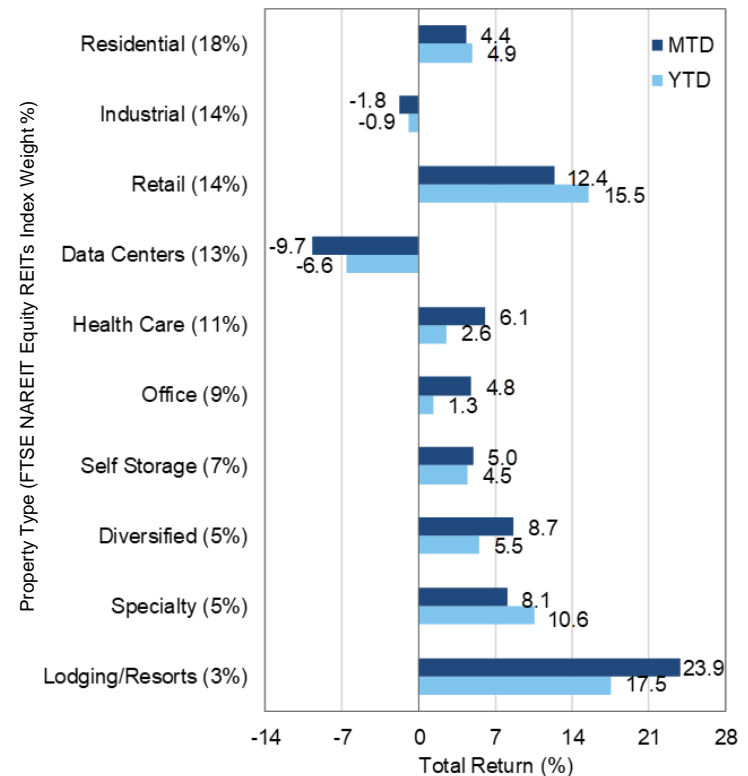
While rising inflation expectations benefitted commodities in aggregate, accelerating growth and inflation weighed on precious metals in February.



Source: Bloomberg as of 2/28/21.

REIT Sector Performance

Rebounds in some sectors that were hardest hit during the pandemic (e.g., retail and lodging/resorts) continued to gain from reopening measures.



Source: FTSE as of 2/28/21.

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.

Financial Markets Performance

Total return as of February 28, 2021

Periods greater than one year are annualized

All returns are in U.S. dollar terms



DIMEO SCHNEIDER
& ASSOCIATES, L.L.C.

Global Fixed Income Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg Barclays 1-3-Month T-Bill	0.0%	0.0%	0.3%	1.5%	1.1%	0.8%	0.6%	1.1%
Bloomberg Barclays U.S. TIPS	-1.6%	-1.3%	5.8%	6.1%	4.3%	3.4%	3.6%	4.2%
Bloomberg Barclays Municipal Bond (5 Year)	-1.1%	-0.7%	1.7%	3.7%	2.3%	2.4%	2.9%	3.6%
Bloomberg Barclays High Yield Municipal Bond	-1.0%	1.0%	1.3%	7.4%	6.4%	6.2%	7.0%	5.3%
Bloomberg Barclays U.S. Aggregate	-1.4%	-2.2%	1.4%	5.3%	3.6%	3.5%	3.6%	4.3%
Bloomberg Barclays U.S. Corporate High Yield	0.4%	0.7%	9.4%	6.6%	9.0%	5.4%	6.5%	7.4%
Bloomberg Barclays Global Aggregate ex-U.S. Hedged	-1.7%	-2.1%	-0.7%	4.2%	3.4%	4.0%	4.2%	4.1%
Bloomberg Barclays Global Aggregate ex-U.S. Unhedged	-1.9%	-2.9%	6.3%	2.5%	3.5%	1.3%	1.6%	3.4%
Bloomberg Barclays U.S. Long Gov / Credit	-4.2%	-7.0%	-1.4%	9.1%	6.8%	6.8%	7.4%	6.9%
JPMorgan GBI-EM Global Diversified	-2.7%	-3.7%	3.7%	0.6%	5.5%	1.1%	1.1%	4.4%
Global Equity Markets	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	2.8%	1.7%	31.3%	14.1%	16.8%	13.0%	13.4%	9.8%
Dow Jones Industrial Average	3.4%	1.4%	24.4%	9.8%	16.1%	12.2%	12.5%	9.9%
NASDAQ Composite	1.0%	2.5%	55.3%	23.2%	25.1%	18.7%	18.3%	13.7%
Russell 3000	3.1%	2.7%	35.3%	15.0%	17.4%	12.9%	13.4%	9.9%
Russell 1000	2.9%	2.0%	34.3%	15.0%	17.4%	13.1%	13.6%	10.0%
Russell 1000 Growth	0.0%	-0.8%	44.3%	21.0%	22.2%	17.0%	16.4%	12.4%
Russell 1000 Value	6.0%	5.1%	22.2%	8.2%	12.0%	8.9%	10.4%	7.4%
Russell Mid Cap	5.6%	5.3%	36.1%	13.7%	15.9%	11.2%	12.3%	9.8%
Russell Mid Cap Growth	1.7%	1.4%	46.3%	20.1%	20.5%	14.4%	14.5%	11.3%
Russell Mid Cap Value	7.7%	7.5%	27.7%	8.9%	12.4%	8.8%	10.7%	8.4%
Russell 2000	6.2%	11.6%	51.0%	14.8%	17.9%	10.8%	11.9%	9.1%
Russell 2000 Growth	3.3%	8.3%	58.9%	18.9%	21.1%	12.9%	13.8%	10.6%
Russell 2000 Value	9.4%	15.1%	41.0%	10.1%	14.2%	8.3%	9.6%	7.3%
MSCI ACWI	2.3%	1.9%	30.2%	10.3%	14.2%	9.1%	8.8%	7.0%
MSCI ACWI ex. U.S.	2.0%	2.2%	26.2%	5.4%	11.2%	5.1%	4.8%	4.6%
MSCI EAFE	2.2%	1.2%	22.5%	4.6%	9.7%	4.4%	5.0%	4.2%
MSCI EAFE Growth	-0.3%	-1.7%	28.0%	9.0%	12.0%	6.9%	7.0%	5.7%
MSCI EAFE Value	4.8%	3.9%	16.0%	-0.1%	7.2%	1.6%	3.0%	2.5%
MSCI EAFE Small Cap	2.6%	2.3%	31.2%	5.2%	11.7%	7.0%	7.8%	5.9%
MSCI Emerging Markets	0.8%	3.9%	36.0%	6.4%	15.2%	7.3%	4.4%	6.1%
Alternatives	MTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Consumer Price Index*	0.3%	0.3%	1.4%	1.8%	2.0%	1.6%	1.7%	1.8%
FTSE NAREIT Equity REITs	4.0%	4.1%	2.9%	9.2%	6.4%	7.1%	7.9%	6.2%
S&P Developed World Property x U.S.	2.1%	0.6%	3.6%	2.9%	6.8%	4.9%	5.6%	4.3%
S&P Developed World Property	3.1%	2.4%	3.5%	5.9%	6.5%	5.8%	6.6%	5.0%
Bloomberg Commodity Total Return	6.5%	9.3%	20.3%	0.3%	3.5%	-5.5%	-5.9%	-3.1%
HFRI Fund of Funds Composite*	-1.0%	-1.0%	9.4%	3.7%	4.9%	3.6%	3.2%	2.8%
HFRI Fund Weighted Composite*	1.3%	1.3%	13.7%	5.2%	7.0%	4.9%	4.3%	4.6%
Alerian MLP	7.8%	14.1%	0.3%	-7.4%	-1.0%	-7.2%	-1.6%	4.2%

Source: Bloomberg. (*) denotes reported with a one-month lag. Past performance does not indicate future performance and there is a possibility of a loss.

BERS Portfolio (Unaudited) as of February 28, 2021

Asset Class / Manager	Style	Allocation as of February 28, 2021*	
Short Term Liquidity		(3,460,619)	-1.5%
Key Bank Cash	Cash	123,350	0.1%
Pooled Cash Payable	Payable	(3,583,969)	-1.5%
Fixed Income		39,707,859	17.1%
Johnson	Core Bonds	39,707,859	17.1%
US Equities		128,837,851	55.4%
Mellon Large Cap	Large Blend	75,754,437	32.6%
Mellon SMID Cap	SMID Cap	53,083,414	22.8%
International Equities		49,993,508	21.5%
Mellon EAFE	Intl. Dev	23,615,003	10.2%
Mellon Emerging Markets	Emerging Mkts	26,378,505	11.3%
Private Equity		1,105,131	0.5%
Hamilton Lane II	Private Equity	74,773	0.0%
Hamilton Lane VII A	Private Equity	630,114	0.3%
Hamilton Lane VII B	Private Equity	400,244	0.2%
Real Assets		16,348,476	7.0%
UBS TPF	Private RE	14,242,454	6.1%
Molpus SWF II	Timber	2,106,022	0.9%
Total		232,532,206	100.0%

*Hamilton Lane & UBS capital balances are valued as of 12/31/2020. Molpus current balance is valued as of 9/30/2020 as year-end data is not yet available.



DIMEO SCHNEIDER
& ASSOCIATES, L.L.C.

ASSET ALLOCATION MODELING

Executive Summary

Burlington Employees Retirement Plan

□ **Plan Overview***

- The plan provides retirement benefits to over 2,200 employees.
 - 880 are currently employed and 767 are currently receiving their retirement benefits.
- The plan is open to new hires and active members accrue benefits annually based on pay and service with the City.
- Total annual benefit payments as of 6/30/2020 were \$17.3 million.
- Benefits are subject to COLA adjustments.

□ **Plan Status & Funded Ratios***

- The pension liability totaled \$293.2 million as of 6/30/2020.
- As of 6/30 the plan was 71.6% funded.
- Actuarial Assumed Rate of Return as of 6/30/2020 was 7.3% (lowered from 7.4% in 2019 and 7.5% in 2018).
- Actuarially Determined Employer Contribution as of 6/30/2020 (FYE 2022): \$11.7 million

Executive Summary

Burlington Employees Retirement Plan

□ **Asset Allocation Structure**

- The current allocation of 75% Equity /17% Fixed Income / 7% Alternative models to an expected return of 6.8% based on DiMeo Schneider's 20-year Capital Market Assumptions.
 - The expected rate of return used by the plan is currently 7.3% and trending down to 7.0%
- The current portfolio exhibits a bias toward US equities over international equities.
 - US represent 72% of the portfolio's allocation to global equities
- Consider a more balanced allocation between US and international equities
 - Moving from US equities into international equities increase the portfolio's expected return to 7.0%, absent manager alpha.
- Given the extremely low interest rate environment and the massive amount of fiscal stimulus, fixed income markets will be challenged to generate positive real returns for investors over the next decade. Consider adding a skilled, flexible bond manager that has the ability to cast a wider opportunity set to mitigate the potential for higher interest rates.

JANUARY 2021 OUTLOOK

20 YEAR HORIZON

Asset Class	12/1/20 E(R) - 20 Year	12/1/19 E(R) - 20 Year	Year Over Year Change
Cash*	0.72%	2.23%	-1.5%
TIPS	1.7%	2.9%	-1.2%
Muni Bond**	1.6%	2.4%	-0.8%
Muni High Yield**	5.2%	5.0%	0.2%
US Bond	2.1%	3.3%	-1.1%
Dynamic Bonds***	2.8%		
Global Bonds	1.8%	3.0%	-1.2%
For. Dev. Bond	1.4%	2.5%	-1.1%
HY Bond	4.4%	5.5%	-1.1%
EM Bond	2.7%	3.9%	-1.2%
Global Equity	7.7%	8.1%	-0.4%
US Equity (AC)	6.4%	6.6%	-0.2%
US Equity (LC)	6.3%	6.5%	-0.2%
US Equity (MC)	6.6%	6.7%	-0.1%
US Equity (SC)	6.7%	6.7%	0.0%
Int'l Dev. Equity	7.9%	8.3%	-0.5%
EM Equity	9.4%	10.6%	-1.2%
Real Estate	6.2%	6.4%	-0.2%
Broad Real Assets****	4.8%		
Commod. Fut.	3.2%	4.2%	-1.0%
HFoF Multi-Strat	6.3%	7.2%	-0.9%
Private Equity	9.4%	9.6%	-0.2%

*3-month forecast

**Tax equivalent yield based on highest marginal tax rate (37%)

***33% Cash, 33% Corp HY, and 34% Global Bonds

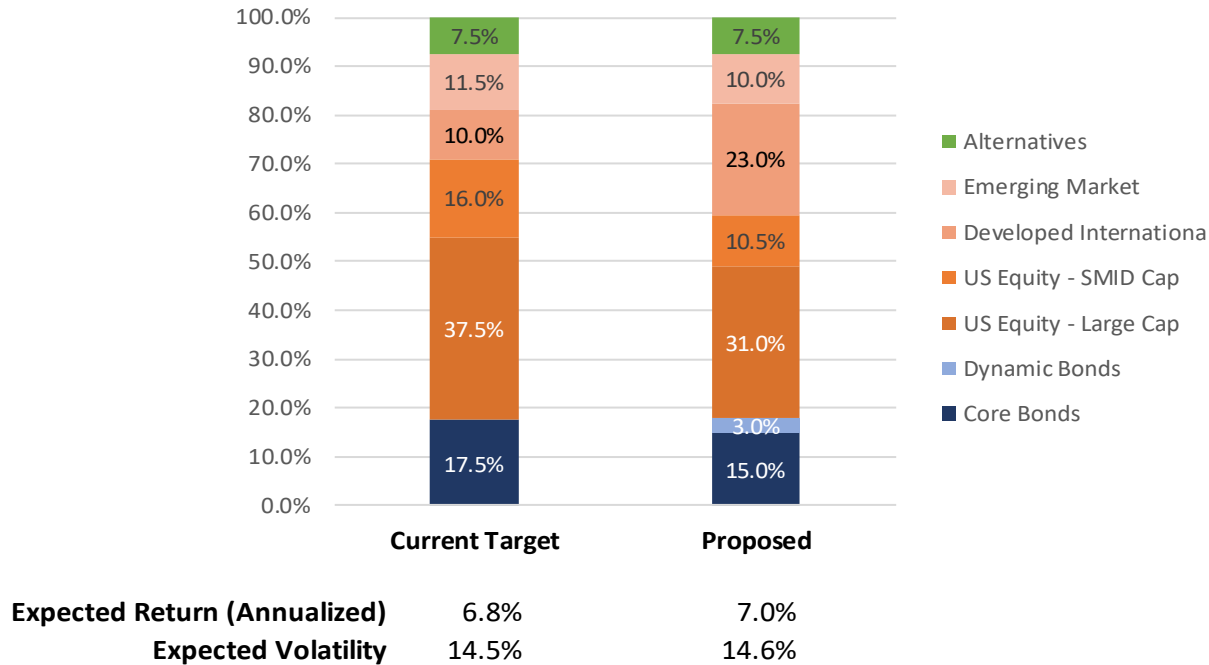
****25% TIPS, 15% Bank Loans, 30% Infrastructure, 15% REITs and 15% Commodities

Our Investment Themes

- Cash remains an expensive opportunity cost for investors.
- Given the reductions in forward looking returns for bonds across the globe, generating positive real returns will be challenging moving forward.
- Global stock market valuations rose in 2020 with prices expanding faster than earnings capacity.
- Real Assets remain an important diversifier as the events of 2020 have likely planted some seeds for rising future inflation.

For additional information on forecast methodologies, please speak with your advisor. Please see Index Proxy Summary slide at the end of this presentation for summary of indexes used to represent each asset class. Past performance does not indicate future performance and there is a possibility of a loss.

FRONTIER ENGINEER® ANALYSIS

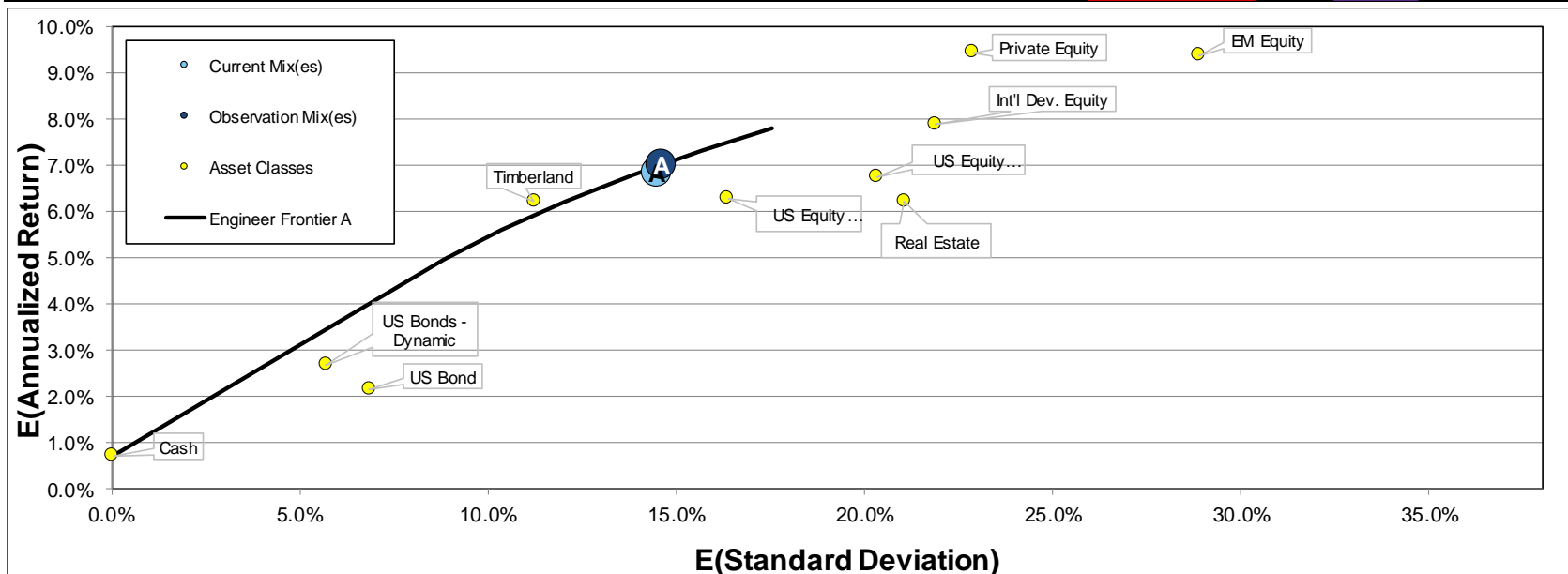


Historical Returns and Risk Metrics for each Mix represent back-tested calculations developed with the benefit of hindsight. Return calculations use an asset-weighted methodology based on the target asset allocation of each mix and the total return of index proxies used to represent each asset class and are gross of fees. Historical returns are hypothetical and do not represent returns earned by a client. It is not possible to invest in an index. Please see disclosures at the end of this presentation for additional important information, including index proxies used to represent each asset class. Please ask for a copy of DiMeo Schneider's white paper titled 10-Year Capital Market Forecasts. Past performance does not indicate future performance and it is possible to lose money when investing.



FRONTIER ENGINEER® ANALYSIS

1/31/2021	Asset Allocation														Forecasts				Past (1/88-1/21)	
	Fixed Income	Equity	Real Assets	Alternatives	Cash	US Bond	US Bonds - Dynamic	US Equity (LC)	US Equity (SC)	Int'l Dev. Equity	EM Equity	Real Estate	Timberland	Private Equity	Annualized Return	Annualized Volatility	Normal 100 Year Flood*	Non-Normal 100 Year Flood**	Annualized Return	Annualized Volatility
Current Mix (A)	18%	75%	7%	1%		17.5%		37.5%	16.0%	10.0%	11.5%	6.0%	1.0%	0.5%	6.8%	14.5%	-27%	-35%	9.9%	12.3%
Observation Mix (A)	18%	75%	7%	1%		15.0%	3.0%	31.0%	10.5%	23.0%	10.0%	6.0%	1.0%	0.5%	7.0%	14.6%	-27%	-35%	9.2%	12.2%



¹The expected one in a hundred worst case calendar year return based on normally distributed capital market assumptions from 10,000 Monte Carlo simulations. Greater losses are possible (1% expected likelihood).
²The expected one in a hundred worst case calendar year return based on non-normally distributed capital market assumptions (factoring in skewness & kurtosis). Greater losses are possible (1% expected likelihood).
 Historical Returns and Risk Metrics for each Mix represent back-tested calculations developed with the benefit of hindsight. Return calculations use an asset-weighted methodology based on the target asset allocation of each mix and the total return of index proxies used to represent each asset class and are gross of fees. Historical returns are hypothetical and do not represent returns earned by a client. It is not possible to invest in an index. Please see disclosures at the end of this presentation for additional important information, including index proxies used to represent each asset class. Please ask for a copy of DiMeo Schneider's white paper titled 10-Year Capital Market Forecasts. Past performance does not indicate future performance and it is possible to lose money when investing.

Portfolio Considerations

Our updated Capital Market Assumptions and the resulting allocation modeling would suggest that, on a forward-looking basis, investors may be hard-pressed to maintain a static risk profile and still achieve the returns necessary to meet long-term objectives. As such, consideration should be given to making portfolio adjustments in order to achieve stated return objectives and mitigate risk going forward.

INCREASE INTERNATIONAL EXPOSURE

- a. International Equity has the highest forward-looking return assumption in our modeling, which is supportive of a meaningful allocation to the space.
- b. The International Monetary Fund (IMF) is forecasting accelerating global growth, particularly in Emerging Markets and Developing Economies. This, in our opinion, is supportive of risk assets overseas.
- c. Currency strength tends to be cyclical. After a prolonged period of strength, the U.S. Dollar has recently depreciated relative to other global currencies. Should this reversion continue, it would act as a tailwind for U.S. Dollar-based investors.

ALLOCATION TO DYNAMIC BONDS

- a. The Federal Open Market Committee (FOMC) reduced the Federal Funds rate to zero in response to the economic fallout from COVID-19. With this backdrop, it is our view that fixed income markets will be challenged to generate positive real returns for investors over the next decade.
- b. An example that underscores this is that, while the Bloomberg Barclays Aggregate Index has a duration of nearly seven years, the yield per unit of duration is currently at its lowest since the index's inception in 1976.
- c. While core bonds serve a purpose in the portfolio, currently, investors are not fully compensated for the interest rate risk they bear. As a result, we believe that offering skilled active managers a wider opportunity set and more "levers to pull" is warranted in this low return environment.
- d. Within dynamic bond managers, we prefer managers with lower duration profiles and differentiated return streams compared to the Bloomberg Barclays Aggregate index. We deliberately avoid managers that swap out interest rate risk for credit risk.

BERS Current & Proposed Portfolios

(excludes cash and payables)

Asset Class / Manager	Style	Current Portfolio			Proposed Allocation		
		Allocation as of February 28, 2021 ¹	Expense Ratio ²	Allocation as of February 28, 2021 ¹	Expense Ratio ²		
Fixed Income		39,707,859	16.8%	42,575,358	18.0%		
Johnson Core Bond	Core Bonds	39,707,859	16.8%	35,447,255	15.0%	0.25%	
US Bonds - Dynamic	Dynamic Bonds	-	0.0%	7,128,103	3.0%	0.76%	
US Equities		128,837,851	54.6%	97,989,655	41.5%		
Mellon Large Cap	Passive Large Blend	75,754,437	32.1%	73,205,655	31.0%	0.01%	
Mellon SMID Cap	Passive SMID Cap	53,083,414	22.5%	24,784,000	10.5%	0.011%	
International Equities		49,993,508	21.2%	77,974,205	33.0%		
Mellon EAFE	Passive Intl. Dev.	23,615,003	10.0%	54,326,605	23.0%	0.02%	
Mellon Emerging Markets	Passive Emerging Mkts	26,378,505	11.2%	-	0.0%		
Active Emerging Markets	Active Emerging Mkts	-	0.0%	23,647,600	10.0%	1.00%	
Private Equity		1,105,131	0.5%	1,105,131	0.5%		
Hamilton Lane II	Private Equity	74,773	0.0%	74,773	0.0%	N/A	
Hamilton Lane VII A	Private Equity	630,114	0.3%	630,114	0.3%	1.0%	
Hamilton Lane VII B	Private Equity	400,244	0.2%	400,244	0.2%	1.0%	
Real Assets		16,348,476	6.9%	16,348,476	6.9%		
UBS TPF	Private RE	14,242,454	6.0%	14,242,454	6.0%	0.916%	
Molpus SWF II	Timber	2,106,022	0.9%	2,106,022	0.9%	1.0%	
Total		235,992,825	100.0%	235,992,825	100.0%	0.24%	

*Allocation above does not include cash or amounts payable. ¹Hamilton Lane & UBS capital balances are valued as of 12/31/2020. Molpus capital balance is valued as of 9/30/2020 as year-end data is not yet available. ²Expense ratios shown above do not include any applicable performance based fees. UBS TPF expense ratio is the estimated annual fee based on the following fee schedule: 0.955% on first \$10 million; 0.825% on next \$10 million. Hamilton Lane Secondary Fund II ceased from charging management fees in August 2020.

Sources: Johnson, Mellon, Hamilton Lane, UBS, and Molpus capital statements

UBS Trumbull Property Fund

Termination Status

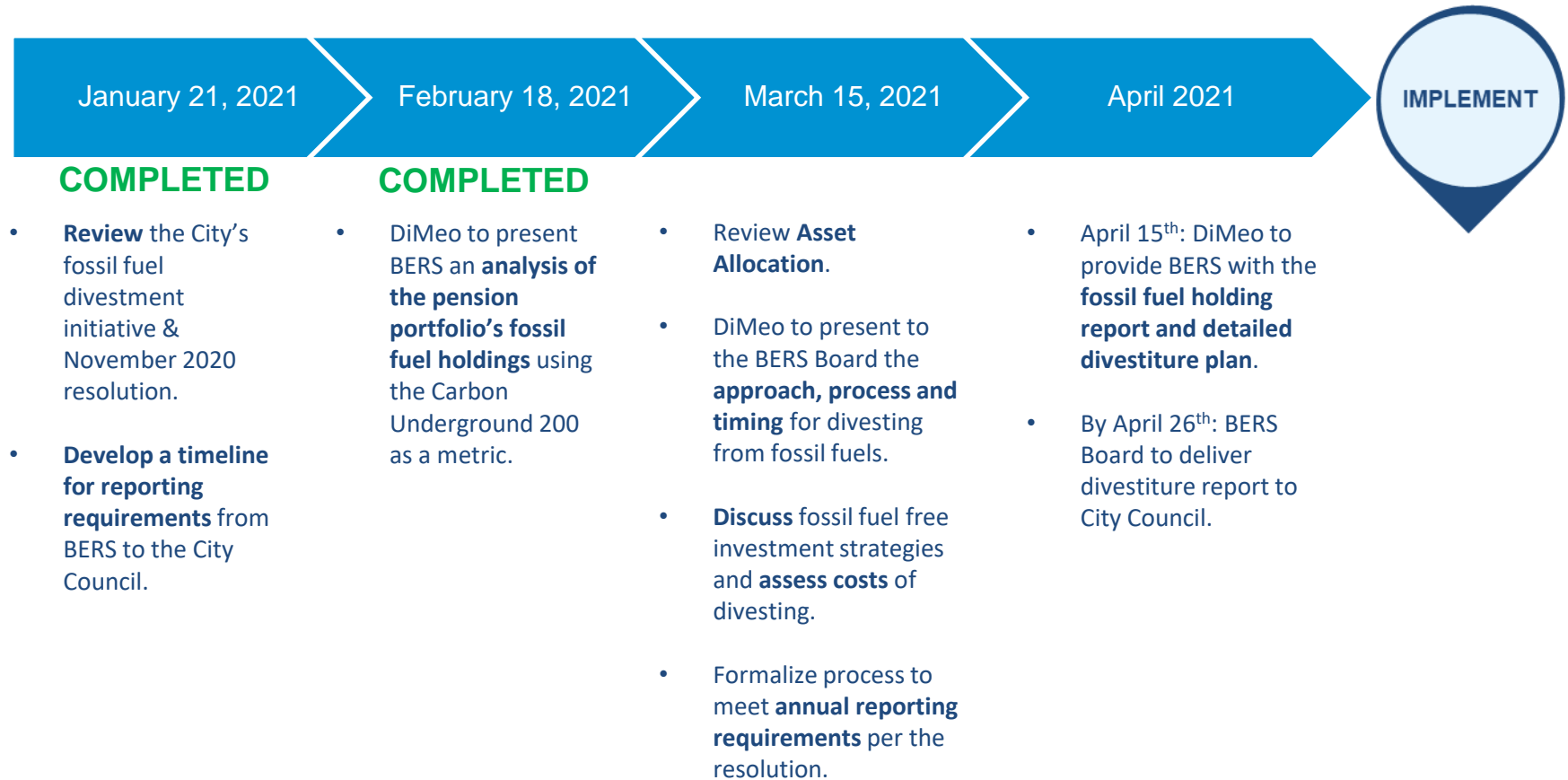
- The UBS Trumbull Property Fund was placed on a “Terminate” status early in the first quarter of 2020.
- The status change was due to personnel changes of the real estate team
 - Matt Lynch, Head of U.S. Real Estate, and Jack Connelly, Head of Transactions, were both relieved of their positions.
 - Both of these positions had seats on the Investment Committee, which is responsible for all purchase, sales, and transaction activities.
- These individuals were replaced by Matt Johnson, as Head of U.S. Real Estate, and Rod Chu, as Head of Transactions.
- The portfolio’s performance has also been challenged, trailing the NFI-ODCE over the trailing 1-, 3-, 5- and 10-year trailing return time periods.
- The redemption queue stands at \$8 bn and the team is looking to satisfy \$1.0 bn of that by the end of 2021.
 - The team is anticipating that fully satisfying the redemption queue will be a multi-year process.
 - Those in the queue will receive a pro-rata portion of their request back each quarter that the fund makes redemption payments until it’s paid in full.
- Given the significant team changes that have taken place, the underperformance of the portfolio, and the selling pressures created from the sizable redemption queue, we recommend maintaining your spot within the redemption queue.



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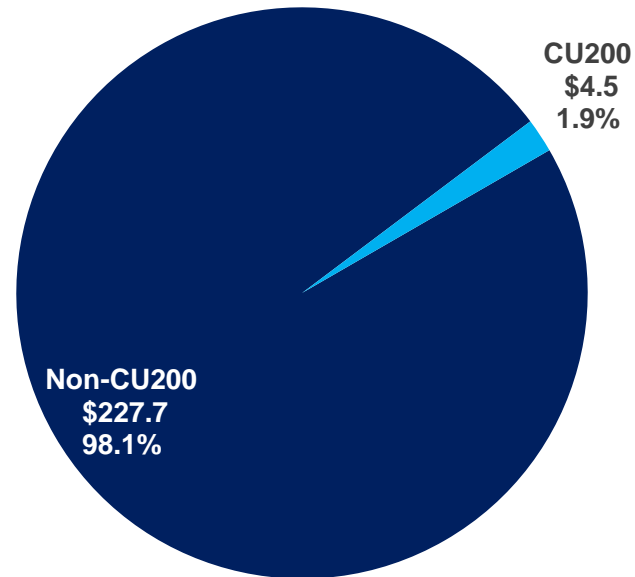
FOSSIL FUEL DIVESTING

TIMELINE AND KEY DELIVERABLES



BERS INVESTMENT PORTFOLIO

Overall Fossil Fuel Exposure as of 12/31/2020



APPROACH & TIMELINE CONSIDERATIONS

- If BERS decides to divest from fossil fuels where feasible, a custodial banking relationship would need to be established because divesting would require separately managed accounts for each strategy.
 - DiMEO would conduct a search on behalf of the City – typical timeframe to conduct a search and evaluate responses is 60-90 days
 - Typical time to open a new custody account once a bank is selected is 60 days

	Approach	Timing
Core Fixed Income	Transition current Johnson mutual fund to separately managed account in order to divest in accordance with the Carbon Underground 200.	Johnson can transition as soon as custodial relationship is established. Implementation September 2021.
Dynamic Bonds	Given the recommended position size of this mandate a separate account would not be feasible as the investment would fall below minimum investment requirements.	N/A
US Equities	Maintain passive approach via separate account manager that can divest in accordance with the Carbon Underground 200.	Ability to transition once custodial relationship is established and manager is approved by BERS. November 2021 implementation.
International Developed Markets	Maintain passive approach via separate account manager to divest.	Ability to transition once custodial relationship is established and manager is approved by BERS. November 2021 implementation.
Emerging Markets	Not feasible at this time to divest. Revisit once the market has matured to allow for more entrants into this market.	Revisit feasibility at least annually.
Alternatives	Not feasible to divest at this time.	N/A

REPORTING REQUIREMENTS

Consistent with the directives from the resolution, BERS is tasked with the following:

- BERS provided the City Council with a current accounting of the fossil fuel investments in its investment portfolio, including non-stock investments, as soon as possible, but in any event no later than its last meeting in April 2021 **(April 26, 2021)**
 - ✓ Analysis complete, report to be provided by DiMeo to BERS by April 15, 2021
- City Council request that BERS commit to a full divestment from fossil fuel companies and outline a timeline by which that divestment will be completed and towards this end, at this same meeting in April 2021, report to the City Council on the feasibility of:
 - Making an annual analysis and review of fossil fuel exposure in the investment portfolio, using the Carbon Underground 200 as a metric;
 - Annual review of fossil fuel free investment product availability;
 - Further limiting and/or eliminating Carbon Underground 200 in Burlington's investment portfolio, where feasible and in concert with the timeline for divestment;

COSTS OF DIVESTING

There are two main components to evaluating the costs of divesting:

1. **Direct costs** – Costs associated with maintaining investment strategies that exclude exposure to companies included in the Carbon Underground 200.

Estimated Direct Costs	
Custodian Costs	\$20,000 - \$40,000 (<0.02% of assets)
Incremental Investment Management Costs (Passive)	\$170,000 (~0.07% of assets)
Total Estimated Direct Costs	\$190,000 – \$210,000 (~0.08%- 0.09% of assets)

2. **Indirect costs** – Costs associated with the performance considerations from excluding companies included on the Carbon Underground 200.
 - Limiting the investment universe may have a negative (or positive) impact on performance.
 - Based on back testing previously conducted¹, an investment strategy excluding CU200 list of company strategy would have added 0.45% in annualized return annualized based on the 12/31/2020 back tested BERS portfolio².
 - During the first two months of 2021, a divesting strategy would have likely underperformed the broader market. MSCI ACWI Index returned 0.41% more than the MSCI ACWI ex Fossil Fuel Index³.

¹FFI Solutions, as of 12/31/2020

²Portfolio values per Dahab Associates 12/31/2020 Investment Report for the City of Burlington Employees Retirement Plan

³Factset, 2/28/2021

BERS DIVESTED PORTFOLIO

Asset Class / Manager	Style	Allocation as of		Expense Ratio ²
		February 28, 2021 ¹		
Fixed Income		39,707,859	16.8%	
Johnson Core Bond - Divested	Core Bonds	39,707,859	16.8%	0.25%
US Equities		128,837,850	54.6%	
Russell 3000 Index - Divested	Passive All Cap	128,837,850	54.6%	0.12%
International Equities		49,993,508	21.2%	
MSCI EAFE Index - Divested	Passive Intl. Dev.	23,615,003	10.0%	0.12%
Mellon Emerging Markets	Passive Emerging Mkts	26,378,505	11.2%	0.05%
Private Equity		1,105,131	0.5%	
Hamilton Lane II	Private Equity	74,773	0.0%	N/A
Hamilton Lane VII A	Private Equity	630,114	0.3%	1.0%
Hamilton Lane VII B	Private Equity	400,244	0.2%	1.0%
Real Assets		16,348,476	6.9%	
UBS TPF	Private RE	14,242,454	6.0%	0.916%
Molpus SWF II	Timber	2,106,022	0.9%	1.0%
Total		235,992,825	100.0%	0.20%

*Allocation above does not include cash or amounts payable. 1Hamilton Lane & UBS capital balances are valued as of 12/31/2020. Molpus capital balance is valued as of 9/30/2020 as year-end data is not yet available. 2Expense ratios shown above do not include any applicable performance based fees. UBS TPF expense ratio is the estimated annual fee based on the following fee schedule: 0.955% on first \$10 million; 0.825% on next \$10 million. Hamilton Lane Secondary Fund II ceased from charging management fees in August 2020.

- Johnson is able to offer the same strategy in a separate account format in order to screen out the Carbon Underground 200 list. The separate account is modestly cheaper than the mutual fund, but custody and screening costs would like offset the savings.
- The cost to divest US and international developed equities by screening out the Carbon Underground 200 list while still using a passive approach would be approximately 10-11 basis points for each strategy.
- Fossil fuel divestment in emerging markets equities is the hardest to achieve. Due to the nature of emerging market economies and fossil fuel dependence, divestment would require significant exclusion of a much larger proportion of companies, reducing diversification and significantly altering the composition and market capitalization of the asset class.

BERS DIVESTED PORTFOLIO

Active Exposure in Fixed Income & Emerging Markets

Asset Class / Manager	Style	Allocation as of February 28, 2021 ¹		Expense Ratio ²
Fixed Income		39,707,859	16.8%	
Johnson Core Bond - Divested	Core Bonds	32,579,756	13.8%	0.25%
US Bonds - Dynamic	Dynamic Bonds	7,128,103	3.0%	0.76%
US Equities		128,837,850	54.6%	
Russell 3000 Index - Divested	Passive All Cap	128,837,850	54.6%	0.12%
International Equities		49,993,508	21.2%	
MSCI EAFE Index - Divested	Passive Intl. Dev.	23,615,003	10.0%	0.12%
Active Emerging Markets	Active Emerging Mkts	26,378,505	11.2%	1.00%
Private Equity		1,105,131	0.5%	
Hamilton Lane II	Private Equity	74,773	0.0%	N/A
Hamilton Lane VII A	Private Equity	630,114	0.3%	1.0%
Hamilton Lane VII B	Private Equity	400,244	0.2%	1.0%
Real Assets		16,348,476	6.9%	
UBS TPF	Private RE	14,242,454	6.0%	0.916%
Molpus SWF II	Timber	2,106,022	0.9%	1.0%
Total		235,992,825	100.0%	0.32%

*Allocation above does not include cash or amounts payable. 1Hamilton Lane & UBS capital balances are valued as of 12/31/2020. Molpus capital balance is valued as of 9/30/2020 as year-end data is not yet available. 2Expense ratios shown above do not include any applicable performance based fees. UBS TPF expense ratio is the estimated annual fee based on the following fee schedule: 0.955% on first \$10 million; 0.825% on next \$10 million. Hamilton Lane Secondary Fund II ceased from charging management fees in August 2020.

- The current low interest rate environment leaves investors with few opportunities to earn meaningful income from their fixed income assets. A dynamic bond strategy can use its flexibility to identify and gain exposure to sectors with greater income opportunities. Feasibility of fossil fuel divestment in a strategy with this size is limited. Separate account minimum requirements are typically much larger.
- Active management in emerging markets equities would also be recommended given the ability of strong active managers to outperform the index sufficiently to more than offset the increased cost.



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& ASSOCIATES, L.L.C.

INVESTMENT POLICY STATEMENT

Investment Policy Statement

An Investment Policy Statement provides the first step in establishing the FIDUCIARY TRAIL™.

- A well-written IPS is broad enough to allow flexibility but detailed enough to provide appropriate oversight.
- The essential components of an effective IPS are outlined below:

Component	Included in current Burlington Employees' Retirement System Investment Policy Statement?
Contains the detail to define, implement and manage a specific investment strategy.	Partial
Defines the duties and responsibilities of <u>all</u> parties involved.	Partial
Defines diversification and rebalancing guidelines consistent with the client's risk profile and time horizon.	Yes
Defines due diligence criteria for selecting investment options.	No
Defines monitoring criteria for investment options.	Partial

In the following pages, you will find a recommended IPS for the Burlington Employees' Retirement System. The body of the IPS contains all the essential components that make an IPS effective. Included in the IPS are clear details on the purpose of the Plan that this IPS is designed to govern, information on the responsibilities of all parties (including the Board, investment consultant, investment managers, and custodians), investment goals and risk tolerances and the strategy adopted to achieve those goals, and the criteria and processes for manager selection, monitoring, and termination if necessary.

Note, if the Board decides to divest from fossil fuels, we will provide suggested language to incorporate into the Investment Policy Statement.

**INVESTMENT POLICY STATEMENT
CITY OF BURLINGTON, VERMONT
BURLINGTON EMPLOYEES' RETIREMENT SYSTEM**

CURRENT VERSION: ~~OCTOBER 3, 2019~~, OCTOBER 3, 2021

Revised October 3, 2019

Revised November 19, 2015

Revised December 3, 2009

Revised June 23, 2005

Revised February 2, 2000

Revised June 27, 1997

Revised September 18, 1996

Revised October 28, 1993

Revised September 24, 1992

Revised May 28, 1992

Revised November 2, 1989

Adopted March 19, 1987

I. OVERVIEW

The Burlington Employees' Retirement System ("BERS" or the "Plan") is a defined benefit pension plan established to provide retirement benefits to participants in accordance with the benefit structure adopted by the City of Burlington, Vermont.

The Plan is governed by Chapter 24 of the City of Burlington Code of Ordinances as authorized by Title VII of the City of Burlington Charter.

~~This Investment Policy Statement (the "IPS") shall establish the process to be followed in making and executing investment policy. The various outcomes of this process — the assumed investment return, asset allocation, and measurement criteria — shall be included in the investment addendum.~~

This IPS amends, supersedes and restates in its entirety all prior BERS Investment Policy Statements.

If any terms of this IPS conflict with the Plan documents, the terms and conditions of the plan documents shall prevail.

II. PURPOSE OF THE PLAN AND IPS

The Plan's purpose is to provide retirement benefits to employees who are eligible to receive benefits under the Plan.

The purpose of the IPS is to outline the following general provisions affecting the Plan by:

- Assisting the Board to fulfill its fiduciary responsibilities;
 - Conveying the Plan's purpose, investment objective, investment strategy and constraints;
 - Establishing a decision-making framework to promote the effectiveness of the Plan;
 - Intending for the Plan to be maintained in compliance with applicable laws and the Internal Revenue Code;
- Setting forth the roles and responsibilities of the Board, Investment Consultant ("Consultant") and other relevant parties.

III. STANDARDS AND DUTIES

A. Fiduciary Standards

Assets of BERS shall be managed in a manner consistent with fiduciary standards. Investments shall be made with the care, skill, and diligence that a prudent person would use in achieving the aims outlined in this IPS.

B. Board Duties

The Board has the responsibility of establishing and maintaining policies governing management of BERS' financial assets (the "Fund"), including:

1. Act solely in the best interest of the Plan beneficiaries and the Plan's objectives.
2. Setting of investment policy;
3. Choosing an asset allocation to balance risk and return;
4. Selecting and evaluating professionals to manage those assets;
5. Communicating guidelines to those professionals.
6. Monitoring performance of the plan.
7. Avoid prohibited transactions and conflicts of interest.

C. Consultant Duties

1. Assist in the development and periodic review of the investment policy.
2. Proactively recommend changes to enhance the effectiveness of the investment policy, investment strategy or asset allocation.
3. Make proactive investment manager hire and fire recommendations.
4. Monitor aggregate and manager-level performance to ensure compliance with stated objectives.
5. Provide the Board with quarterly performance and attribution updates.
6. On a timely basis, notify the Board if there are pertinent developments with any of the Plan's investment managers.

D. Investment Managers

1. Manage assets in accordance with the guidelines and objectives outlined in prospectuses (mutual funds), investment agreements (commingled funds, private partnerships, etc.), or manager-specific investment guidelines (separate accounts).
2. Exercise investment discretion to buy, manage and sell assets held in the portfolios.
3. Promptly vote proxies and related actions in a manner consistent with the long-term interest of the Plan as an investor.
4. Communicate all organizational changes in a timely manner, including but not limited to ownership, organizational structure, financial condition and professional staff.

5. Seek “best price and execution” for transactions. Both explicit and implicit transactions costs should be considered.

E. Custodian(s)

1. Safeguard portfolio assets.
2. Accurately value portfolio holdings.
3. Execute buy/sell orders and cash transfers in a timely manner as directed by the Board.
4. Collect all income and dividends owed to the Plan.
5. Settle all transactions (buy/sell orders) initiated by separate account investment managers.
6. Provide reports at least quarterly that detail transactions, cash flows, securities values and changes in the value of each security and the overall portfolio since the previous report.
7. Provide all requested portfolio information to the Consultant and Board in a timely manner.

IV.HH. INVESTMENT GOAL

The long-term goal of the portfolio is to earn the actuarial return assumption net of fees over a long period of time such as 20 years while assuming only as much risk as the Board believes is needed to achieve that return. The return assumption shall not be used to justify taking excessive risk.

The following philosophy should be followed in pursuing that goal:

A. Philosophy

1. Adhere to a long-term perspective;
2. Align strategy with goals and risk tolerance;
3. Maintain consistent exposure to the capital markets;
4. Use simple investment structures that the Trustees understand;
5. Minimize investment costs.

~~The following strategy should be followed in implementing this philosophy:~~

~~B. Implementation Strategy~~

- ~~1. Diversify;~~
- ~~2. Focus primarily on asset allocation;~~
- ~~3. Rebalance to targets, selling on strength and buying on weakness;~~
- ~~4. Emphasize index management;~~
- ~~5. Keep manager and asset turnover low.~~

IV. INVESTMENT ~~GUIDELINES~~STRATEGY

The Plan is expected to be maintained in perpetuity. Future amendments to the Plan may occur, but the optimal investment strategy will be determined based on the plan provisions as they exist at any point in time.

The Board acknowledges that the Plan's asset allocation strategy is likely to be its primary determinant of performance. The following strategy should be followed in implementing this philosophy:

1. Diversify;
2. Focus primarily on asset allocation;
3. Rebalance to targets, which is likely to result in reducing exposure to investments that have recently outperformed and/or adding to investments that have recently underperformed;
4. Emphasize index management;
5. Keep manager and asset turnover low

With the assistance of its Consultant, the Board intends to review or revise the target allocation to asset classes periodically to ensure the investment strategy remains consistent with the Plan's investment objectives, as those objectives may evolve over time given the plan's funding status and other factors.

In addition to achieving the investment objectives previously outlined in this Statement, the goal of the overall investment strategy is to meet or exceed (a risk-appropriate) benchmark over full market cycles. The benchmark will constitute underlying market indices appropriate for the strategy, and its components will be illustrated in the periodic performance report provided by the Consultant.

VI. INVESTMENT MANAGER SELECTION

The Plan may select investment managers through a variety of investment vehicles including, but not limited to, separate accounts, mutual funds, commingled funds or private partnerships.

The underlying investment managers selected for the Plan are intended to be selected with the care, skill and diligence that would be applied by a prudent person acting in a like capacity and knowledgeable about investing.

With the assistance of its Consultant, the Board will examine investment managers' investment objectives and processes; historical adherence to stated

objectives and processes; depth of resources; quality of personnel; historical performance (including risk) versus various appropriate benchmarks; appropriateness of diversification; reasonableness of fees; and any other metric that may be material when evaluating investment managers' capabilities. The Board will use all available information and its best judgment when seeking to hire skillful investment managers. The Board may also select low cost, passively managed investment products where appropriate.

The Trustees understand that should Burlington choose to invest in a commingled fund, the investment policies governing that fund take precedence over the policies in this IPS. When investing in any commingled structure, the Trustees should consider whether those guidelines are sufficiently compatible with BERS own goals.

Should the Trustees decide to invest in any individual account that must conform to standards set forth in this IPS, those standards shall be set forth in the manager's contract and attached to this IPS following the Investment Addendum.

VII. INVESTMENT MANAGER EVALUATION AND OVERSIGHT

With the assistance of its Consultant, the Board intends to periodically review the performance of the underlying investment managers. Investment manager performance will be evaluated against proper indices, peer group comparisons and risk-adjusted performance metrics. They will also be evaluated against other metrics that may include but are not limited to expenses, consistency of strategy or style or other qualitative factors.

Investment managers may be considered for possible termination if they fail to meet performance or other guidelines enumerated in the Plan's periodic performance report provided by the Consultant. The performance summary section of the most recent performance report, including managers and their various benchmarks, will serve as an appendix to this IPS.

With the assistance of its Consultant, the Board intends to use all known information and its best judgment to determine if and when terminating a manager is warranted. Events that may trigger a termination include but are not limited to illegal or unethical behavior on the part of the manager; failure to follow investment guidelines; underperformance; turnover among key personnel; a change in investment style or strategy; insufficient infrastructure to keep pace with asset growth; significant increase in expenses or fees; and any other observation the Board deems may prevent the manager from carrying out its duties effectively. In addition, managers may be terminated at any time for any reason at the discretion of the Board.

VIII. PROXY VOTING

For separately managed accounts, if applicable, investment managers will be expected to vote proxies in the best interest of the Plan as an investor. When applicable, mutual fund proxies are intended to be voted in the best interest of the Plan.

DRAFT

INVESTMENT APPENDIX

The following sets out the Board's current choices regarding the ~~actuarial assumption, asset allocation targets and acceptable ranges and performance measurement standards.~~

~~A. Actuarial Assumption: 7.5%~~

B. Asset Allocation

The asset allocation and allowable ranges are:

Asset Class	Target	Range +/-
Domestic Large Cap Equity	30%	5%
Domestic SMID Cap Equity	18%	3%
Foreign Developed Equity	10%	3%
Foreign Emerging Market Equity	10%	2%
Private Equity	2%	2%
Timber	2%	2%
Real Estate	8%	2%
Core Fixed Income and Cash	20%	3%

Cash flow should be managed to maintain each allocation close to the target. Rebalancing becomes mandatory if an allocation falls outside the range.

~~C. Performance Measurement~~

~~1. Time Period. Measurement of return for both the portfolio and for individual managers will be over a market cycle assumed for simplicity to be 3-5 years. Trustees are encouraged to make judgments over time periods sufficiently long to encompass both up and down market trends.~~

~~2. Portfolio Goal. The short term goal of the portfolio is to rank in the upper half of a universe of similar portfolios. The long term goal of the portfolio is to earn the actuarial assumption over a long period of time such as 20 years while assuming only as much risk as needed to achieve that return.~~

~~3. Manager Goals. Each manager shall be measured by an assigned benchmark. Active managers are expected to out perform their benchmark over a market cycle net of fees, and to perform in the upper half of a universe of managers in a similar style. Passive managers are expected to nearly match their benchmark on a monthly basis gross of fees.~~

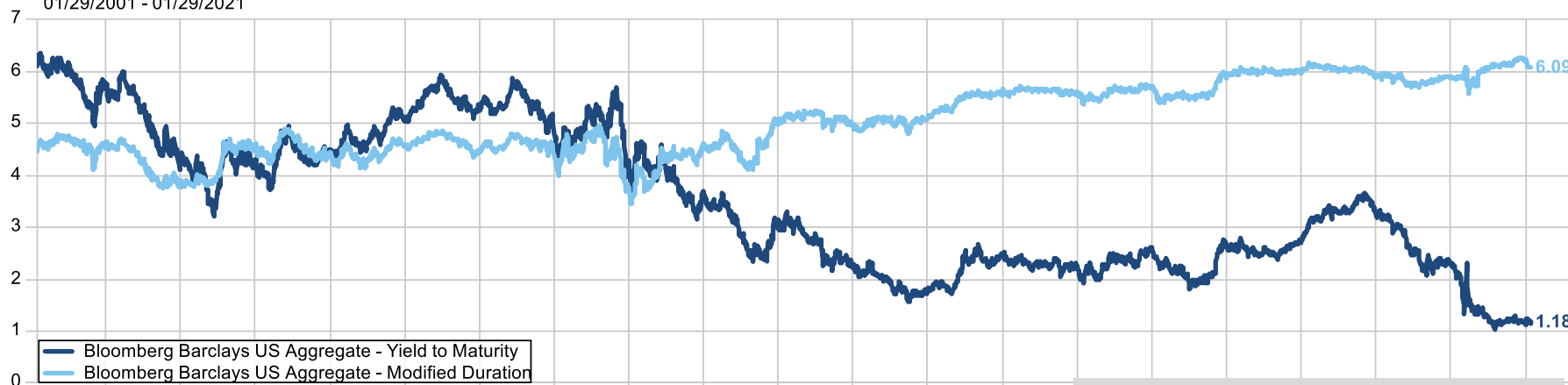
APPENDIX I: Capital Market Consideration



BLOOMBERG BARCLAYS AGGREGATE YIELD AND DURATION

Bloomberg Barclays U.S. Aggregate Yield and Duration

01/29/2001 - 01/29/2021



The Bloomberg Barclays Agg is hovering at 20-year low yield and 20-year high duration levels, resulting in the worst yield per unit of duration profile.

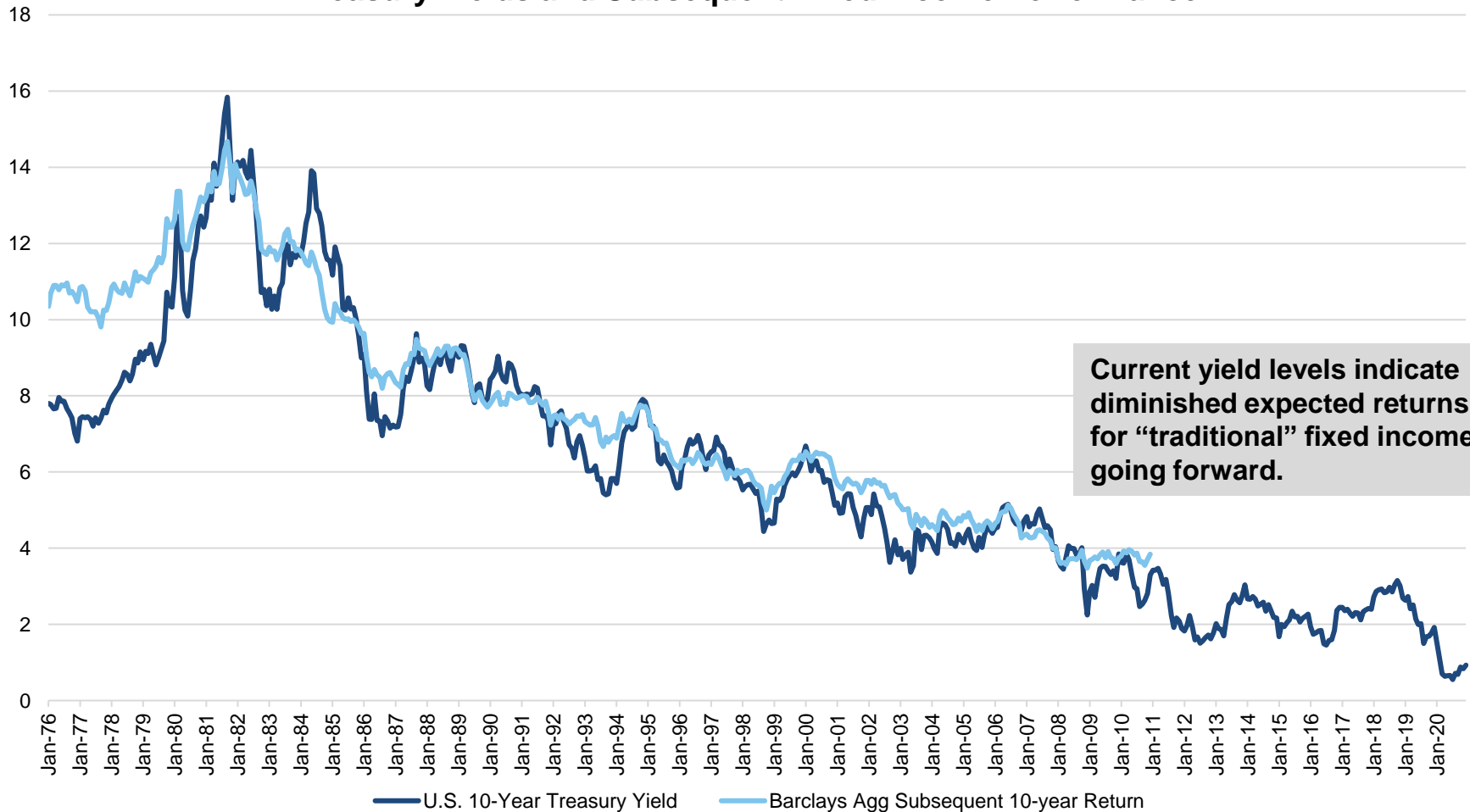
Bloomberg Barclays U.S. Agg - Yield per Year of Duration



FactSet, Bloomberg Barclays Past performance does not indicate future performance and there is a possibility of a loss.

STARTING YIELD AND SUBSEQUENT RETURN

Treasury Yields and Subsequent Fixed Income Performance



Current yield levels indicate diminished expected returns for “traditional” fixed income going forward.

FactSet, Bloomberg Barclays, MPI Stylus, DiMEO Schneider and Associates. For the time period 1/31/1976 - 12/31/2020

Past performance does not indicate future performance and there is a possibility of a loss.



U.S. CORPORATE BOND SPREADS

Barclays Corporate Option Adjusted Spread

01/28/2011 - 01/29/2021



FactSet, Bloomberg Barclays Past performance does not indicate future performance and there is a possibility of a loss.

FINDING YIELD IN OTHER SECTORS

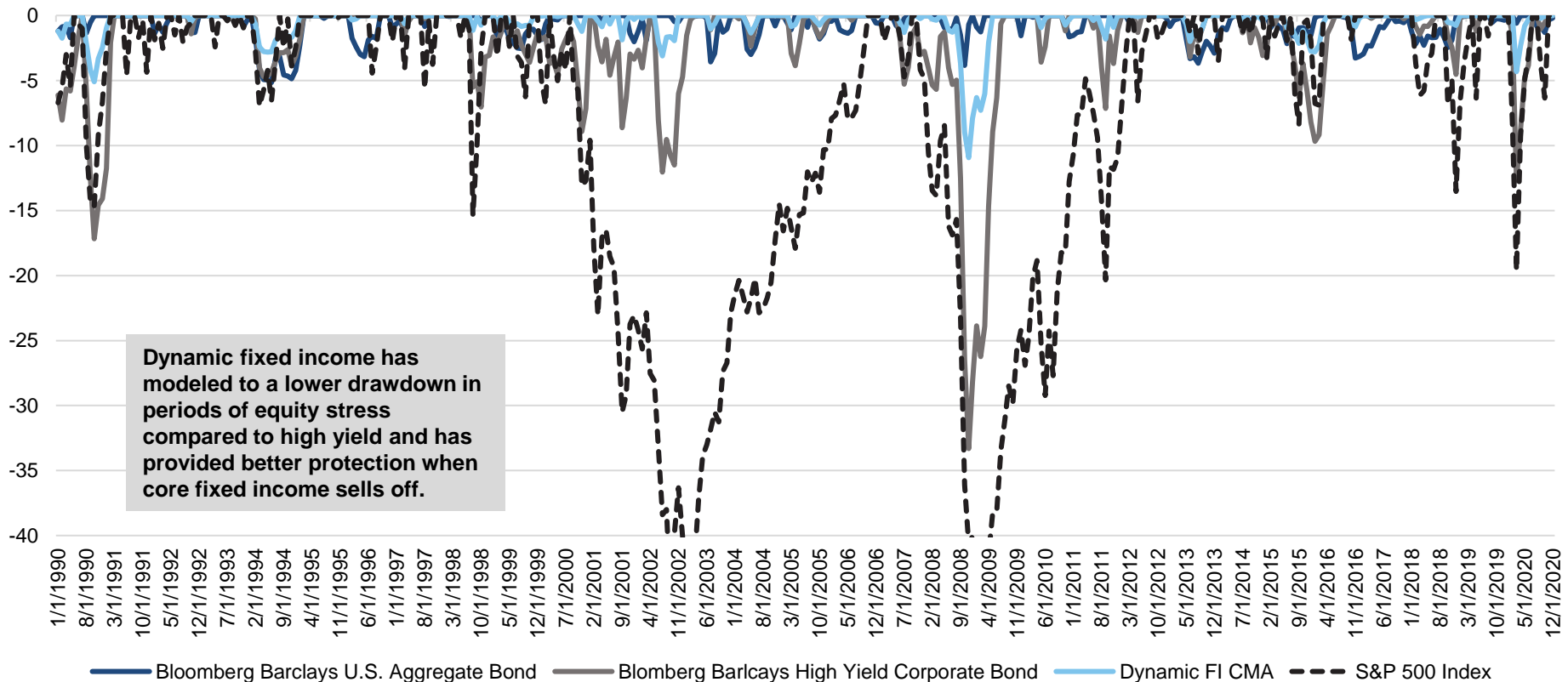
Given the current level of interest rates and spreads, yields in “core” areas of the market look unattractive compared to areas such as emerging markets, and select high yield.

Index & Sectors	YTM 1/29/2021
U.S. Aggregate	1.18%
U.S. Corporate High Yield	4.97%
CMBS: Agg Eligible	1.28%
Asset-Backed Securities	0.39%
U.S. MBS: Agency Fixed Rate MBS	1.20%
External Emerging Markets	4.48%
Local Emerging Markets	4.26%

Past performance does not indicate future performance and there is a possibility of a loss.
Source: JPMorgan. Emerging markets based on JPMorgan indices, other data based on Bloomberg Barclays indices.

CUMULATIVE DRAWDOWNS – FIXED INCOME VS U.S. EQUITY

Cumulative Drawdown (1990 - 2020, monthly step)



Past performance does not indicate future performance and there is a possibility of a loss.

Source: DiMEO Schneider and Associates, MPI Stylus. "Dynamic FI CMA" is DiMEO Schneider's historical return series for the firm's Dynamic Bond Capital Market Assumption. Data from 1990-2020.

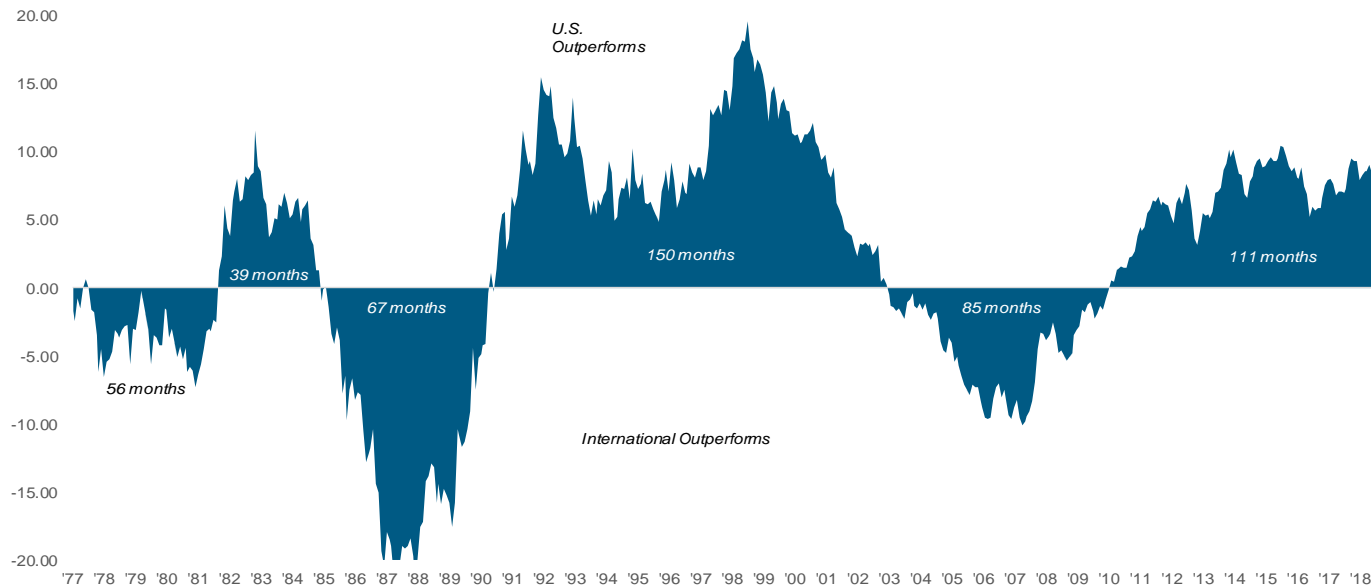


RE-VALIDATING A DIVERSIFIED EQUITY ALLOCATION

DIMEO SCHNEIDER
& ASSOCIATES, L.L.C.

- Dimeo Schneider & Associates is a proponent of building diversified global equity allocations in endowment and foundation portfolios, both to broaden the opportunity set allotted to investors and to spread the risk and return drivers of a portfolio's primary growth engine across a variety of capital market and economic outcomes.
- Allocations away from domestic markets have been frustrating of late, and candidly over the past decade, as U.S. equities have enjoyed a variety of tailwinds (relative economic strength, U.S. dollar appreciation, sector leadership) and thus have generated meaningful outperformance relative to developed international and emerging markets peers.
- Prolonged periods of regional outperformance are not unprecedented, and we continue to believe a globally diversified equity allocation remains prudent for long-term investors.

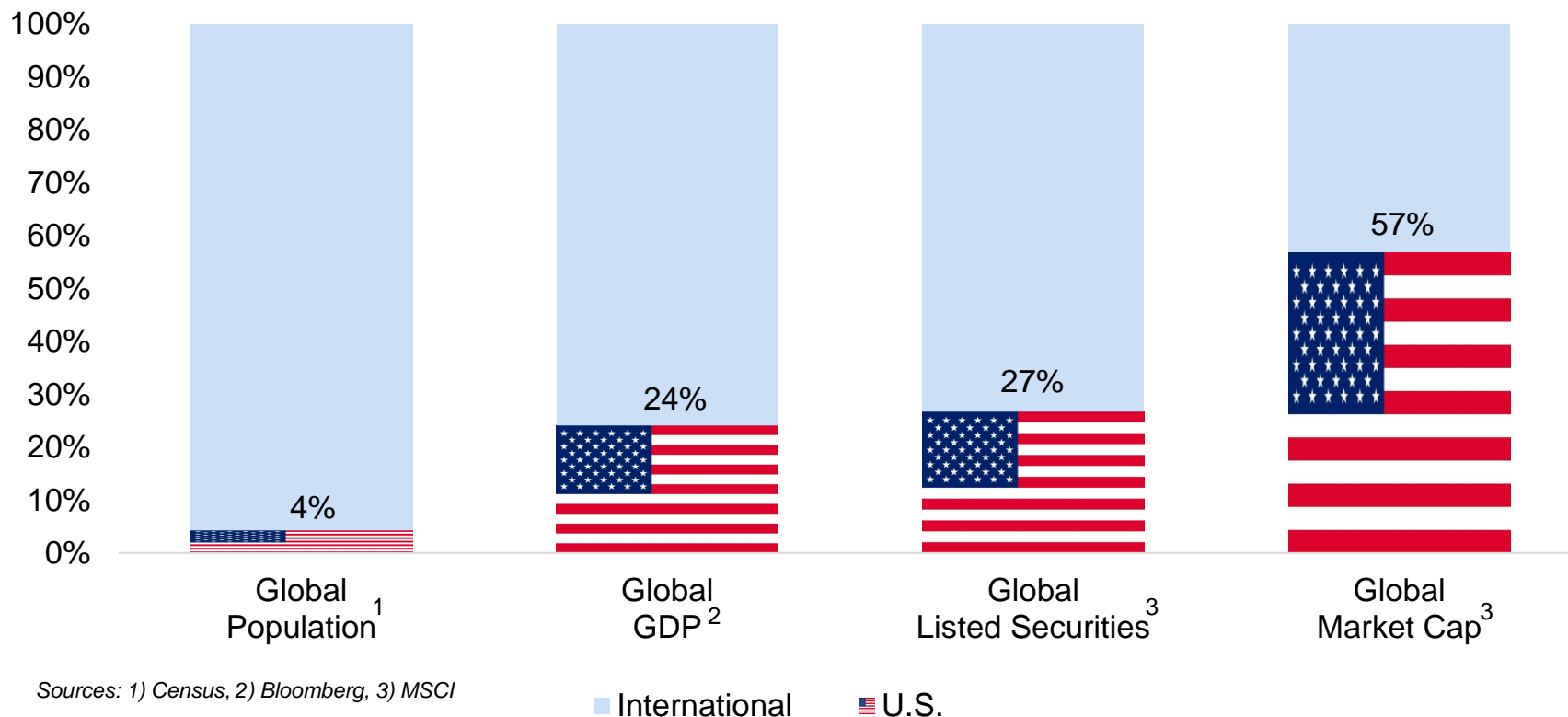
U.S. vs. International - Rolling 5-Year Relative Performance



Data from 1/1/1973 - 3/31/2020. U.S. represented by the S&P 500 Index, international represented by the MSCI EAFE Index.

Sources: Bloomberg, Morningstar, MSCI; past performance does not indicate future performance and there is a possibility of a loss.

A NARROW BET



- While the U.S. plays a material role in markets, the opportunity set for investors is not contained by borders.
- Recent returns aside, when analyzing the global opportunity set, investors would be hard pressed to rationalize not investing outside of the U.S.

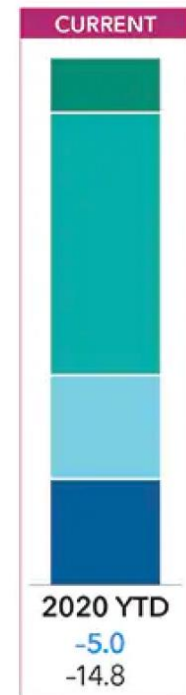
GLOBAL OPPORTUNITY SET

- Even when U.S. indices outperform non-U.S. indices in a given year, on average, 75% of the strongest performing stocks in the world since 2011 are domiciled outside the U.S.

Number of the top 50 stocks each year by company location



	2011	2012	2013	2014	2015	2016	2017	2018	2019
Index return									
U.S.	2.1%	16.0	32.4	13.7	1.4	12.0	21.8	-4.4	31.5
Non-U.S.	-13.7%	16.8	15.3	-3.9	-5.7	4.5	27.2	-14.2	21.5



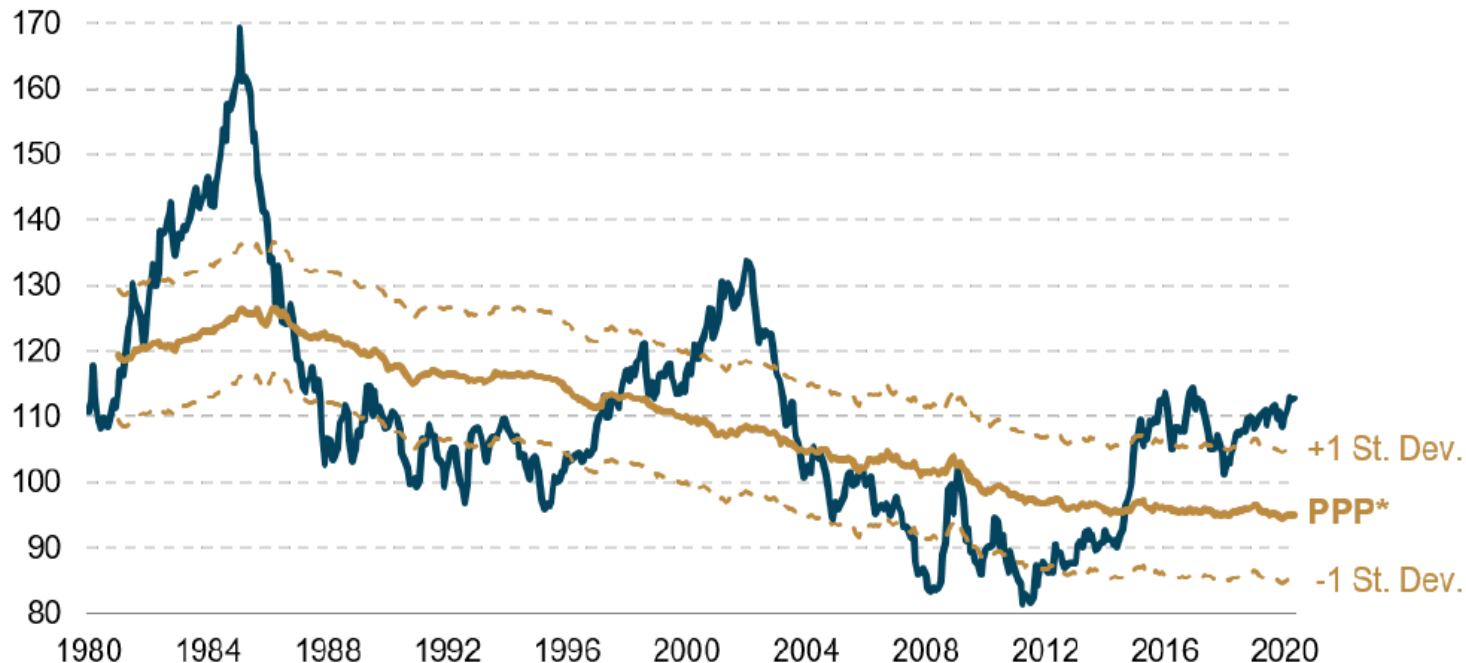
Notes: As of 5/31/2020. Returns are in U.S. dollars

Top 50 stocks are companies with the highest total return in the MSCI ACWI each year.

U.S. Equities are represented by the S&P 500 Index and non-U.S. equities are represented by the MSCI ACWI ex-US Index.

Sources: Capital Group, RIMES, MSCI, Standard & Poor's; past performance does not indicate future performance and there is a possibility of a loss.

U.S. DOLLAR VALUATION STRETCHED



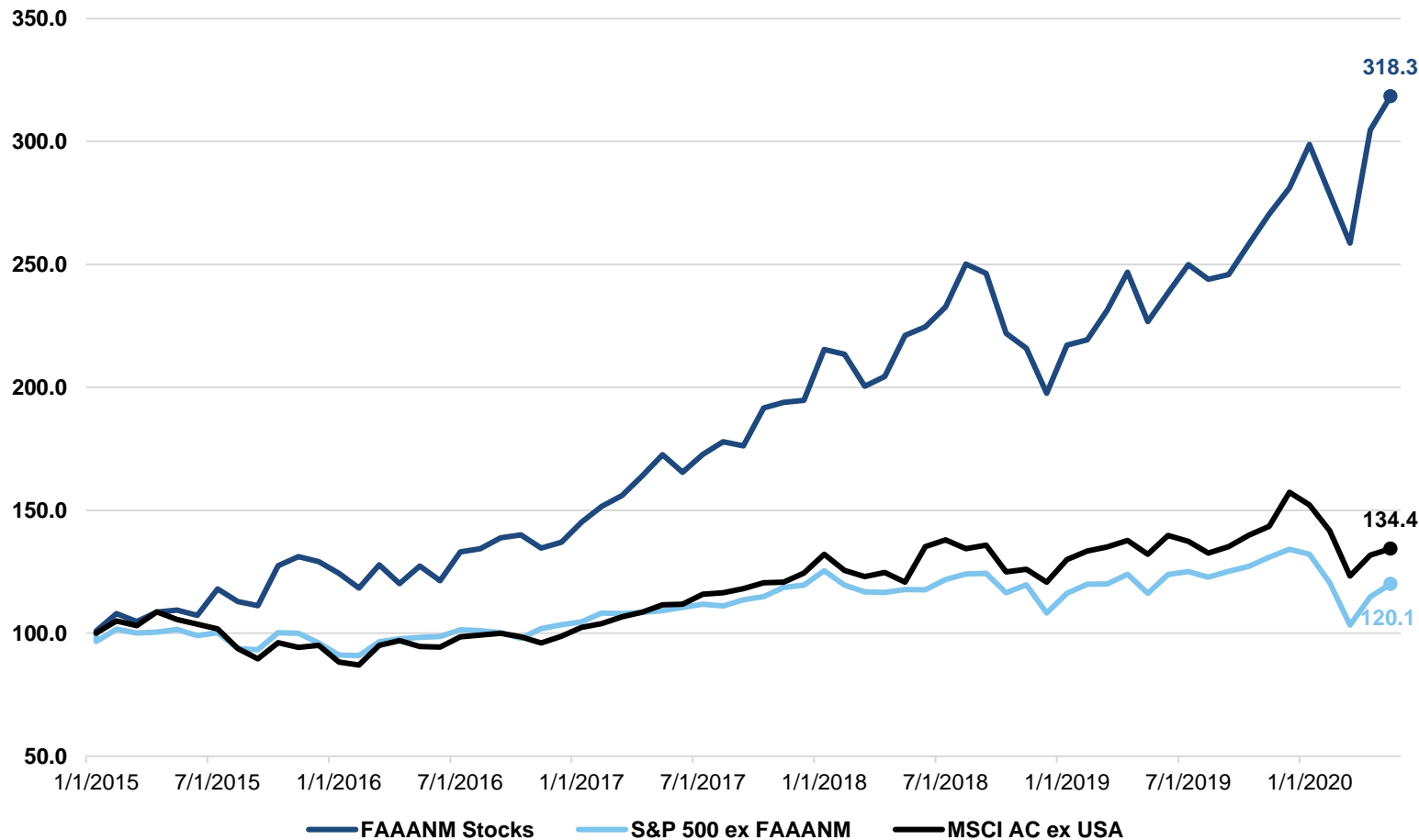
- The U.S. dollar is currently valued more than one standard deviation above fair value on a purchasing power parity (“PPP”) basis.
- While such valuations are not unprecedented, these periods are often followed by a period of weakness, which has historically been a tailwind for non-U.S. assets.

*U.S. Dollar Value Index Value as of 4/13/2020. Based on GDP-Weighted PPP of 6 Countries: Eurozone, Japan, UK, Canada, Switzerland and Sweden
Sources: Brandywine Global Investment Management, Macrobond; past performance does not indicate future performance and there is a possibility of a loss.*



S&P 500 VS. MSCI ACWI EX USA MARKET VALUE

S&P 500 Market Value, 2015=100

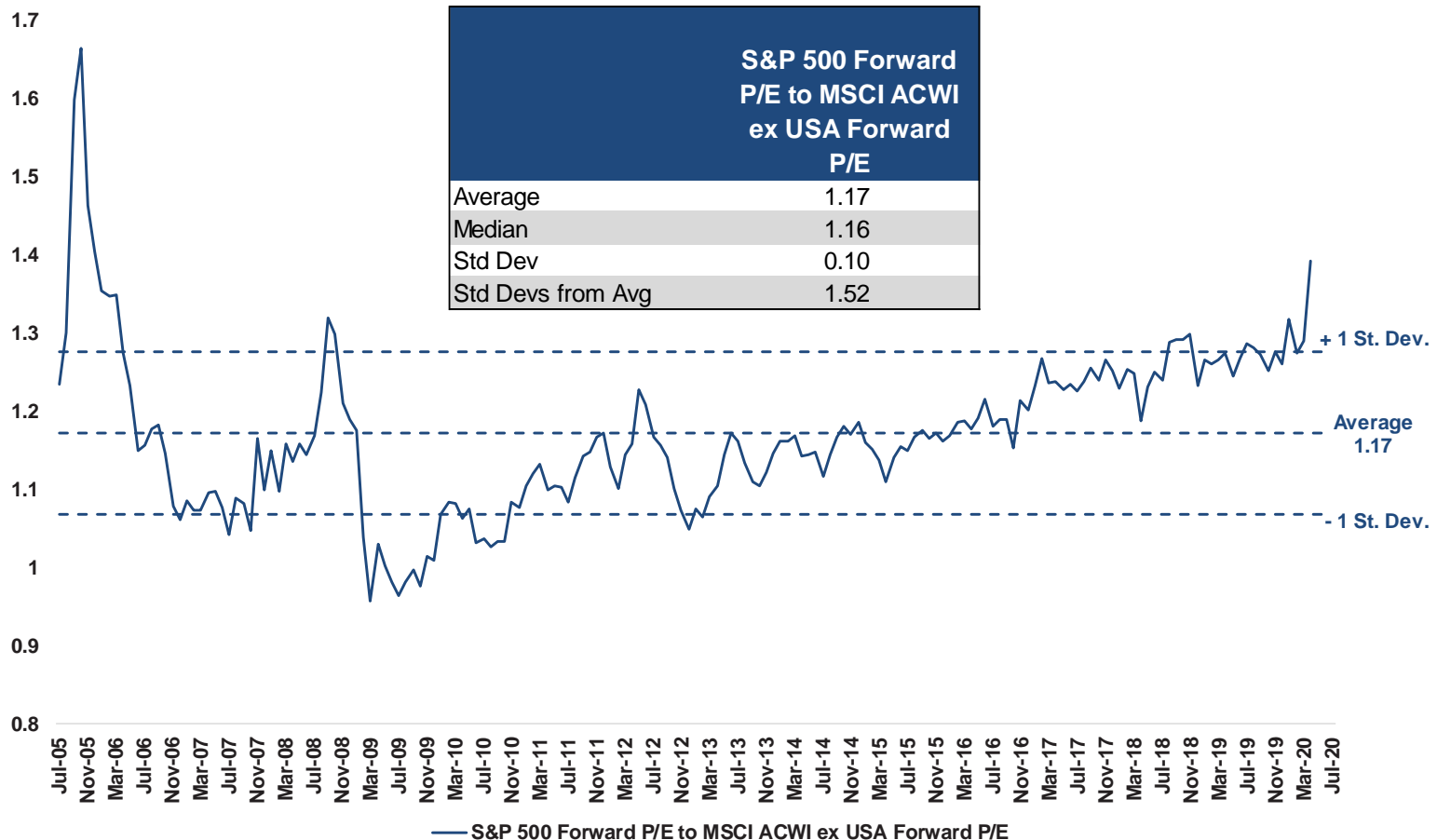


Source: Bloomberg as of May 29, 2020. Past performance does not indicate future performance there is a possibility of loss.

RELATIVE VALUATIONS

- International stocks look inexpensive on a historical basis relative to U.S. stocks

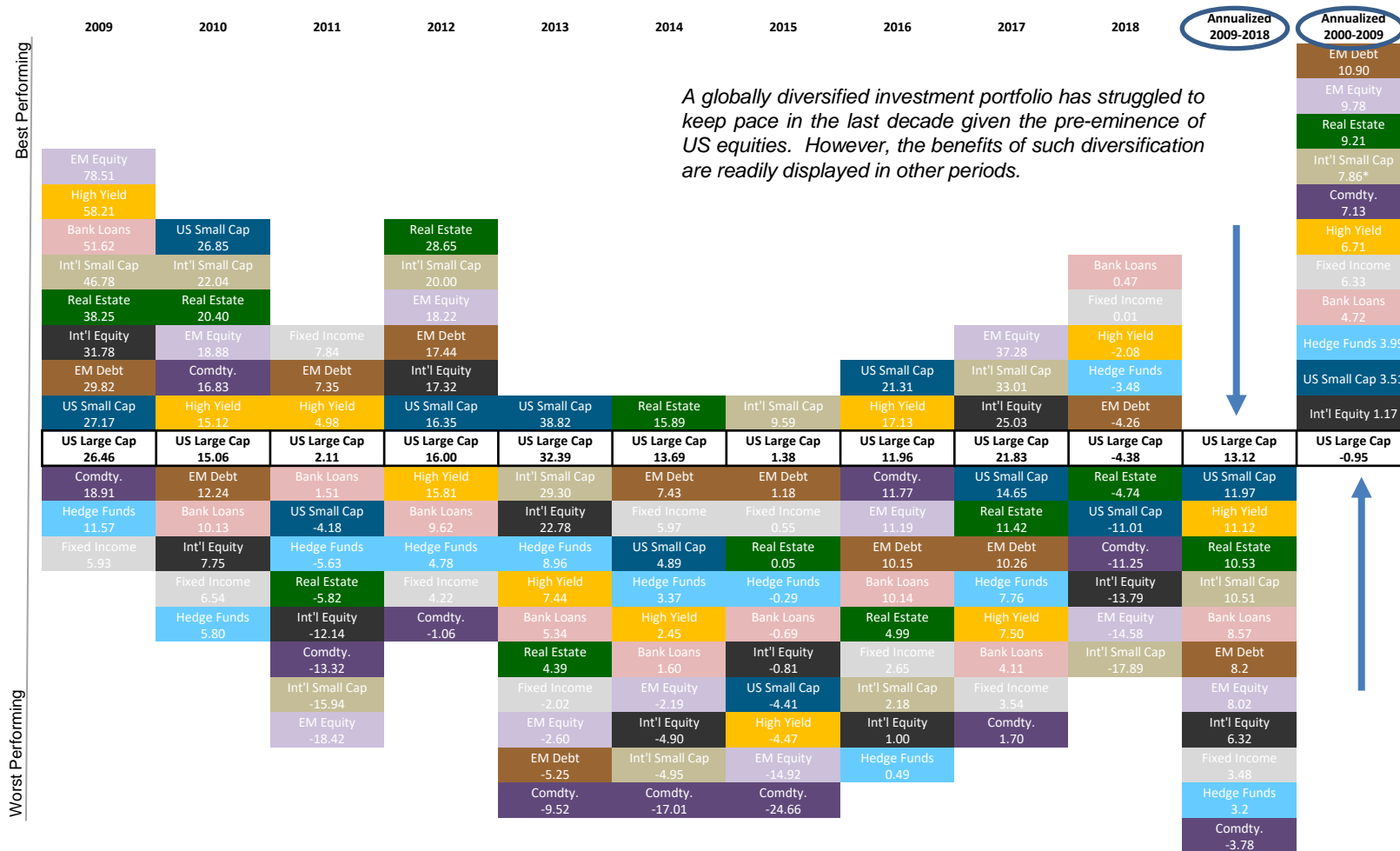
Relative Forward P/E Ratio of S&P 500 to MSCI ACWI ex USA (07/29/2005 – 06/30/2020)



Source: Bloomberg; past performance does not indicate future performance and there is a possibility of a loss.



HISTORICAL ASSET CLASS RANKINGS



US Large Cap = S&P 500 Index, US Small Cap = Russell 2000 Index, High Yield = Bloomberg Barclays HY Corporate Bond Index, Real Estate = FTSE EPRA/NAREIT Developed Index, Int'l Small Cap = MSCI EAFE Small Cap Index, Bank Loans = S&P/LSTA Leveraged Loan Index, EM Debt = JPM EMBI Global Div Index, EM Equity = MSCI Emerging Markets Index, Int'l Equity = MSCI EAFE Index, Fixed Income = Bloomberg Barclays US Aggregate Bond Index, Hedge Funds = HFRI Fund of Funds Index, Comdty. = Bloomberg Commodity Index. *Data for MSCI EAFE Small Cap Index goes back to February 2001.

APPENDIX II: Asset Allocation Modeling Assumptions



HISTORICAL ANNUALIZED TOTAL RETURNS

Annualized returns as of 1/31/2021	Fixed Income	Equity	Real Assets	Alternatives	Past 3 Months (Not Annualized)	1-Year Return	3-Year Return	5-Year Return	7-Year Return	10-Year Return	15-Year Return	20-Year Return	25-Year Return	30-Year Return	33.08-Year Return
Current Mix (A)	18%	75%	7%	1%	15.9%	16.3%	8.8%	12.8%	9.7%	9.6%	7.9%	7.6%	8.4%	9.6%	9.9%
Observation Mix (A)	18%	75%	7%	1%	15.4%	14.3%	7.6%	11.9%	8.8%	8.7%	7.3%	7.2%	7.9%	9.0%	9.2%
Cash	100%				0.0%	0.5%	1.5%	1.2%	0.8%	0.6%	1.1%	1.4%	2.2%	2.5%	3.0%
TIPS	100%				2.6%	9.1%	6.3%	4.8%	3.7%	3.8%	4.3%	5.3%	5.3%	6.0%	6.4%
US Bond	100%				0.4%	4.7%	5.5%	4.0%	3.8%	3.8%	4.4%	4.7%	5.1%	5.8%	6.2%
US Bonds - Dynamic	100%				2.2%	3.9%	4.4%	4.8%	3.6%	3.8%	4.4%	4.6%	4.9%	5.8%	6.0%
For. Dev. Bond	100%				1.5%	5.0%	4.2%	4.4%	3.4%	3.2%	4.0%	4.6%	4.8%	5.7%	5.7%
Global Bonds	100%				0.3%	3.2%	5.2%	4.1%	4.1%	4.2%	4.4%	4.6%	5.2%	5.8%	6.2%
HY Bond	100%				6.3%	7.4%	6.1%	9.0%	5.7%	6.6%	7.4%	7.5%	7.1%	8.8%	8.2%
EM Bond	100%				8.0%	2.9%	1.1%	6.4%	2.0%	1.5%	4.7%	6.9%	8.0%	9.4%	8.7%
Global Equity		100%			17.1%	17.6%	8.5%	14.2%	10.0%	9.5%	7.4%	6.5%	7.5%	8.3%	8.2%
US Equity (AC)		100%			16.7%	20.5%	12.4%	16.7%	13.2%	13.5%	9.7%	7.6%	9.5%	10.7%	11.1%
Int'l Dev. Equity		100%			19.6%	9.4%	2.7%	9.4%	5.3%	5.6%	4.5%	4.9%	5.4%	6.0%	5.8%
EM Equity		100%			21.0%	28.3%	4.8%	15.4%	8.1%	4.6%	6.4%	9.4%	6.8%	9.2%	11.0%
Int'l Dev. Equity		100%			19.6%	9.4%	2.7%	9.4%	5.3%	5.6%	4.5%	4.9%	5.4%	6.0%	5.8%
Real Estate			100%		14.1%	-8.2%	4.8%	5.4%	7.5%	8.1%	5.9%	9.3%	9.7%	9.7%	8.5%
Broad Real Assets			100%		11.5%	1.7%	3.3%	7.1%	3.9%	4.6%	5.6%	8.1%	7.8%	7.6%	6.8%
Midstream Energy			100%		34.3%	-20.0%	-12.7%	-2.6%	-8.3%	-2.0%	3.6%	7.3%	8.8%	9.4%	11.3%
HFoF Multi-Strat				100%	6.8%	9.6%	3.8%	4.9%	3.6%	3.2%	2.8%	3.6%	4.9%	6.1%	7.3%
Private Equity				100%	0.0%	16.0%	13.5%	13.3%	12.4%	13.3%	11.8%	9.6%	14.7%	15.5%	14.7%

¹The expected one in a hundred worst case calendar year return based on normally distributed capital market assumptions from 10,000 Monte Carlo simulations. Greater losses are possible (1% expected likelihood).

²The expected one in a hundred worst case calendar year return based on non-normally distributed capital market assumptions (factoring in skewness & kurtosis). Greater losses are possible (1% expected likelihood). Historical Returns and Risk Metrics for each Mix represent back-tested calculations developed with the benefit of hindsight. Return calculations use an asset-weighted methodology based on the target asset allocation of each mix and the total return of index proxies used to represent each asset class and are gross of fees. Historical returns are hypothetical and do not represent returns earned by a client. It is not possible to invest in an index. Please see disclosures at the end of this presentation for additional important information, including index proxies used to represent each asset class. Please ask for a copy of DiMeo Schneider's white paper titled 10-Year Capital Market Forecasts. Past performance does not indicate future performance and it is possible to lose money when investing.



CALENDAR YEAR TOTAL RETURNS

Calendar Year Returns	Fixed Income	Equity	Real Assets	Alternatives	YTD 1/31/2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	
Current Mix (A)	18%	75%	7%	1%	1%	15%	24%	-6%	18%	11%	-1%	8%	20%	15%	-1%	16%	29%	-32%	8%	18%	9%	15%	31%	-12%	-4%	-5%	21%	9%	18%	16%	23%	0%	21%	8%	31%	-8%	26%	21%	
Observation Mix (A)	18%	75%	7%	1%	0%	13%	23%	-7%	19%	9%	-1%	6%	19%	15%	-2%	15%	30%	-33%	8%	19%	10%	16%	31%	-12%	-7%	-6%	21%	11%	15%	14%	21%	1%	22%	5%	27%	-10%	24%	22%	
Cash	100%				0%	1%	2%	2%	1%	0%	0%	0%	0%	0%	0%	0%	0%	2%	5%	5%	3%	1%	1%	2%	4%	6%	5%	5%	5%	5%	6%	4%	3%	4%	6%	8%	9%	7%	
TIPS	100%				0%	11%	8%	-1%	3%	5%	-1%	4%	-9%	7%	14%	6%	11%	-2%	12%	0%	3%	8%	8%	17%	8%	13%	2%	4%	3%	4%	18%	-3%	10%	7%	16%	9%	15%	8%	
US Bond	100%				-1%	8%	9%	0%	4%	3%	1%	6%	-2%	4%	8%	7%	6%	5%	7%	4%	2%	4%	4%	10%	8%	12%	-1%	9%	10%	4%	18%	-3%	10%	7%	16%	9%	15%	8%	
US Bonds - Dynamic	100%				0%	5%	8%	1%	4%	7%	-1%	3%	2%	7%	4%	7%	19%	-7%	4%	7%	3%	6%	10%	3%	6%	3%	3%	6%	9%	8%	14%	0%	10%	9%	21%	1%	15%	8%	
For. Dev. Bond	100%				-1%	8%	7%	1%	6%	3%	-2%	4%	-2%	4%	5%	4%	3%	9%	8%	5%	-2%	9%	10%	14%	1%	4%	-1%	15%	3%	8%	19%	1%	14%	6%	14%	9%	0%	6%	
Global Bonds	100%				-1%	6%	8%	2%	3%	4%	1%	8%	0%	6%	5%	5%	5%	6%	5%	4%	4%	5%	3%	8%	7%	10%	1%	10%	10%	7%	18%	-4%	11%	7%	14%	7%	15%	8%	
HY Bond	100%				0%	7%	14%	-2%	8%	17%	-4%	2%	7%	16%	5%	15%	58%	-26%	2%	12%	3%	11%	29%	-1%	5%	-6%	2%	2%	13%	11%	19%	-1%	17%	16%	46%	-10%	1%	13%	
EM Bond	100%				-1%	3%	13%	-6%	15%	10%	-15%	-6%	-9%	17%	-2%	16%	22%	-5%	18%	15%	6%	23%	17%	14%	10%	13%	20%	-8%	11%	38%	27%	-19%	17%	16%	46%	-10%	1%	13%	
Global Equity		100%			0%	17%	27%	-9%	25%	8%	-2%	5%	23%	17%	-7%	13%	35%	-42%	12%	22%	11%	16%	35%	-19%	-16%	-14%	27%	22%	15%	13%	19%	5%	25%	-4%	20%	-16%	18%	24%	
US Equity (AC)		100%			0%	21%	31%	-5%	21%	13%	0%	13%	34%	16%	1%	17%	28%	-37%	5%	16%	6%	12%	31%	-22%	-11%	-7%	21%	24%	32%	22%	37%	0%	11%	10%	34%	-5%	29%	18%	
Int'l Dev. Equity		100%			-1%	8%	23%	-13%	26%	2%	0%	-4%	23%	18%	-12%	8%	32%	-43%	12%	27%	14%	21%	39%	-16%	-21%	-14%	27%	20%	2%	6%	12%	8%	33%	-12%	12%	-23%	11%	29%	
EM Equity		100%			3%	19%	19%	-14%	38%	12%	-15%	-2%	-2%	19%	-18%	19%	79%	-53%	40%	33%	35%	26%	56%	-6%	-2%	-31%	66%	-25%	-12%	6%	-5%	-7%	75%	11%	60%	-11%	65%	40%	
Int'l Dev. Equity		100%			-1%	8%	23%	-13%	26%	2%	0%	-4%	23%	18%	-12%	8%	32%	-43%	12%	27%	14%	21%	39%	-16%	-21%	-14%	27%	20%	2%	6%	12%	8%	33%	-12%	12%	-23%	11%	29%	
Real Estate			100%		0%	-8%	26%	-5%	5%	8%	5%	32%	2%	18%	9%	29%	29%	-40%	-18%	36%	14%	35%	37%	3%	10%	31%	-3%	-17%	20%	37%	14%	2%	15%	7%	20%	-33%	2%	24%	
Broad Real Assets			100%		0%	1%	17%	-6%	11%	11%	-10%	5%	4%	14%	3%	15%	33%	-28%	11%	23%	10%	21%	27%	24%	-4%	27%	10%	-14%	2%	14%	14%	4%	4%	4%	4%	4%	-6%	2%	3%
Midstream Energy			100%		6%	-29%	7%	-12%	-7%	18%	-33%	5%	28%	5%	14%	36%	76%	-37%	13%	26%	6%	17%	45%	-3%	44%	46%	-8%	-3%	26%	17%	29%	9%	5%	7%	3%	31%	46%	30%	
HFoF Multi-Strat				100%	-1%	11%	8%	-4%	8%	1%	0%	3%	9%	5%	-6%	6%	11%	-21%	10%	10%	7%	7%	12%	1%	3%	4%	26%	-5%	16%	14%	11%	-3%	26%	12%	14%	18%	23%	19%	
Private Equity				100%	0%	13%	16%	13%	16%	9%	8%	15%	23%	12%	12%	18%	10%	-20%	18%	25%	21%	22%	14%	-16%	-21%	10%	125%	21%	32%	33%	32%	14%	23%	14%	14%	4%	9%	9%	

Historical Returns for each Mix based on back-tested return calculations developed with the benefit of hindsight. Return calculations use an asset-weighted methodology based on the target asset allocation of each mix and the total return of index proxies used to represent each asset class and are gross of fees. Historical returns used are hypothetical and do not represent returns earned by a client. It is not possible to invest in an index. Please see disclosures at the end of this presentation for additional important information, including index proxies used to represent each asset class. For additional information on forecast methodologies, please ask for a copy of DiMEO Schneider's white paper titled 10-Year Capital Market Forecasts. Past performance does not indicate future performance and it is possible to lose money when investing.



CAPITAL MARKET ASSUMPTIONS

Return & Risk Assumptions (Forecasts)	Arithmetic Return	Geometric Return	Standard Deviation	Skewness	Kurtosis
Cash	0.7%	0.7%	0.0%	0	0
US Bond	2.4%	2.1%	6.8%	-0.23	1.01
US Bonds - Dynamic	2.8%	2.7%	5.7%	-1.11	8.21
US Equity (LC)	7.6%	6.3%	16.4%	-0.58	1.04
US Equity (SC)	8.8%	6.7%	20.3%	-0.50	1.37
Int'l Dev. Equity	10.3%	7.9%	21.9%	-0.57	1.42
EM Equity	13.5%	9.4%	28.9%	-0.70	1.98
Real Estate	8.4%	6.2%	21.1%	-0.72	7.62
Timberland	6.8%	6.2%	11.2%	0.00	0.00
Private Equity	12.0%	9.4%	22.9%	0.00	0.00

Correlation Assumptions (Forecasts)	Cash	US Bond	US Bonds - Dynamic	US Equity (LC)	US Equity (SC)	Int'l Dev. Equity	EM Equity	Real Estate	Timberland	Private Equity
Cash	1	0	0	0	0	0	0	0	0	0
US Bond	0	1.00	0.35	0.19	0.10	0.15	0.03	0.21	0.13	-0.11
US Bonds - Dynamic	0	0.35	1.00	0.53	0.51	0.47	0.53	0.54	0.04	0.17
US Equity (LC)	0	0.19	0.53	1.00	0.84	0.69	0.67	0.62	0.09	0.38
US Equity (SC)	0	0.10	0.51	0.84	1.00	0.62	0.66	0.70	0.07	0.38
Int'l Dev. Equity	0	0.15	0.47	0.69	0.62	1.00	0.71	0.50	0.09	0.35
EM Equity	0	0.03	0.53	0.67	0.66	0.71	1.00	0.47	0.04	0.30
Real Estate	0	0.21	0.54	0.62	0.70	0.50	0.47	1.00	0.01	0.21
Timberland	0	0.13	0.04	0.09	0.07	0.09	0.04	0.01	1.00	0.28
Private Equity	0	-0.11	0.17	0.38	0.38	0.35	0.30	0.21	0.28	1.00

January 1, 2021 Twenty-Year Forecasted CMAs

For additional information on forecast methodologies, please speak with your advisor. Please see Index Proxy Summary slide at the end of this presentation for summary of indexes used to represent each asset class. Past performance does not indicate future performance.



INDICES FOR PAST RISK & RETURN METRICS

Indices used to generate historical risk and return metrics	Most Recent Index	Index Dates		Linked Index 1	Index Dates		Linked Index 2	Index Dates		Linked Index 2	Index Dates	
Cash	FTSE Treasury Bill 3 Mon USD	1/21	- 1/79	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.
US Bond	BBgBarc US Agg Bond TR USD	1/21	- 1/79	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.
US Bonds - Dynamic	<small>FTSE Treasury Bill 3 Mon USD</small>	1/21	- 2/90	BBgBarc US Agg Bond TR USD	1/90	- 1/79	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.
US Equity (LC)	S&P 500 TR USD	1/21	- 1/79	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.
US Equity (SC)	Russell 2000 TR USD	1/21	- 1/79	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.
Int'l Dev. Equity	MSCI EAFE GR USD	1/21	- 1/79	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.
EM Equity	MSCI EM GR USD	1/21	- 1/88	MSCI EAFE GR USD	12/87	- 1/79	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.
Real Estate	Wilshire US RESI TR USD	1/21	- 1/79	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.
Timberland	NCREIF Timberland Index	1/21	- 1/87	Wilshire US RESI TR USD	12/86	- 1/79	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.
Private Equity	Cambridge PE 67% Buyout vs. 33% Venture	1/21	- 4/86	Russell 2000 TR USD	3/86	- 1/79	N.A.	N.A.	- N.A.	N.A.	N.A.	- N.A.

Note: Private Equity Index is frequently 3-6 months behind the other indices. For historical return calculation purposes, it is given 0% returns during the most recent period where gaps may exist.

Disclosures

INDEX AND BENCHMARK DEFINITIONS:

- **Bloomberg Barclays Treasury U.S. T-Bills-1-3 Month Index** includes aged U.S. Treasury bills, notes and bonds with a remaining maturity from 1 up to (but not including) 3 months. It excludes zero coupon strips.
- **Bloomberg Barclays Capital US Treasury Inflation Protected Securities Index** consists of Inflation-Protection securities issued by the U.S. Treasury.
- **Bloomberg Barclays Muni 5 Year Index** is the 5 year (4-6) component of the Municipal Bond index.
- **Bloomberg Barclays U.S. Aggregate Index** covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.
- **Bloomberg Barclays Global Aggregate ex. USD Indices** represent a broad-based measure of the global investment-grade fixed income markets. The two major components of this index are the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds and Canadian government, agency and corporate securities.
- **Bloomberg Barclays U.S. Corporate High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.
- **JP Morgan Government Bond Index-Emerging Market (GBI-EM) Index** is a comprehensive, global local emerging markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.
- **The S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- **The Dow Jones Industrial Index** is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry.
- **The NASDAQ** is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.
- **Russell 3000** is a market-cap-weighted index which consists of roughly 3,000 of the largest companies in the U.S. as determined by market capitalization. It represents nearly 98% of the investable U.S. equity market.
- **Russell 1000** consists of the largest 1000 companies in the Russell 3000 Index.
- **Russell 1000 Growth** measures the performance of those Russell 1000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 1000 Value** measures the performance of those Russell 1000 companies with lower P/B ratios and lower forecasted growth values.
- **Russell Mid Cap** measures the performance of the 800 smallest companies in the Russell 1000 Index.
- **Russell Mid Cap Growth** measures the performance of those Russell Mid Cap companies with higher P/B ratios and higher forecasted growth values.
- **Russell Mid Cap Value** measures the performance of those Russell Mid Cap companies with lower P/B ratios and lower forecasted growth values.
- **Russell 2000** consists of the 2,000 smallest U.S. companies in the Russell 3000 index.
- **Russell 2000 Growth** measures the performance of the Russell 2000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 2000 Value** measures the performance of those Russell 2000 companies with lower P/B ratios and lower forecasted growth values.
- **Russell 3000** measures the performance of the entire U.S. stock market.
- **Russell 3000 Growth** measures the performance of the Russell 3000 companies with higher P/B ratios and higher forecasted growth values.
- **Russell 3000 Value** measures the performance of those Russell 3000 companies with lower P/B ratios and lower forecasted growth values.
- **MSCI World ex USA Index** captures large and mid-cap representation across Developed Markets countries (excluding the United States).
- **MSCI World ex USA Growth Index** measures the performance of the MSCI World ex USA companies with higher P/B ratios and higher forecasted growth values.
- **MSCI World ex USA Value Index** measures the performance of the MSCI World ex USA companies with lower P/B ratios and higher forecasted growth values.
- **MSCI ACWI (All Country World Index) ex. U.S. Index** captures large and mid-cap representation across Developed Markets countries (excluding the United States) and Emerging Markets countries. The index covers approximately 85% of the global equity opportunity set outside the US.
- **MSCI ACWI (All Country World Index) ex. U.S. Small Cap Index** captures small cap representation across Developed Markets countries (excluding the US) and Emerging Markets countries. The index covers approximately 14% of the global equity opportunity set outside the US.
- **MSCI EAFE** is an equity index which captures large and mid-cap representation across Developed Markets countries around the world, excluding the US and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
- **MSCI EAFE Large Cap** is an equity index which captures large-cap representation across Developed Markets countries around the world, excluding the US and Canada.
- **MSCI EAFE Small Cap** is an equity index which captures small-cap representation across Developed Markets countries around the world, excluding the US and Canada.
- **MSCI EAFE Value** captures large and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. The index targets 50% coverage of the free float-adjusted market capitalization of the MSCI EAFE Index.
- **MSCI EAFE Growth** captures large and mid-cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the US and Canada. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend. The index targets 50% coverage of the free float-adjusted market capitalization of the MSCI EAFE Index.
- **MSCI Emerging Markets** captures large and mid-cap representation across Emerging Markets countries. The index covers approximately 85% of the free-float adjusted market capitalization in each country.
- **MSCI Emerging Markets Large Cap** captures large-cap representation across Emerging Markets countries.
- **MSCI Emerging Markets Small Cap** captures small-cap representation across Emerging Markets countries.
- **MSCI Emerging Markets Growth** measures the performance of the MSCI Emerging Markets companies with higher P/B ratios and higher forecasted growth values.
- **MSCI Emerging Markets Value** measures the performance of the MSCI Emerging Markets companies with lower P/B ratios and higher forecasted growth values.
- **FTSE NAREIT Equity REITs Index** contains all Equity REITs not designed as Timber REITs or Infrastructure REITs.
- **S&P Developed World Property** defines and measures the investable universe of publicly traded property companies domiciled in developed markets. The companies in the index are engaged in real estate related activities, such as property ownership, management, development, rental and investment.
- **S&P Developed World Property x U.S.** defines and measures the investable universe of publicly traded property companies domiciled in developed countries outside of the U.S. The companies included are engaged in real estate related activities, such as property ownership, management, development, rental and investment.
- **Bloomberg Commodity Index** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification.

Disclosures



The historical performance information derived from the Frontier Engineer and used or presented in charts, tables, or graphs represent simulated historical performance, which has been derived by retroactively applying an asset allocation modeling process in its most recently developed form with its most recently derived ten-year (forward-looking) capital market assumptions. Such historical return simulations (or back testing) was performed by simulating the combination of actual index returns for the historical period with a buy and hold strategy effective January 1, 1988 through the most recently available month-end date with simulated rebalancing occurring every month-end (with the reinvestment of dividends and capital gains from each index).

Back tested performance is hypothetical and does not reflect actual trades or actual performance. As with all models, there are inherent limitations which are derived from the retroactive application developed with the possible benefit of hindsight, including the risk that certain factors such as material economic and market conditions could have contributed to materially different (either higher or lower) performance results than those depicted, or that certain material factors may have been included or excluded from consideration. As such, actual results during the applicable back tested period would have been different than those depicted.

The asset allocation modeling process currently used was initially developed in 2002, and was not offered as a strategy prior to that time. The output of a forward-looking model (or process) is a representation of allocation percentages among specific asset classes. Clients cannot invest directly in a target allocation, but rather, in underlying securities within designated asset classes. Advisor may change its models from time to time, and may update its model as additional capital market assumption information becomes available or to increase or decrease relative weightings or emphasis on certain factors. Consequently, the Advisor may choose to deviate from a stated model over time as the model itself is revised, which could have a materially positive or negative impact on performance.

During the period represented, numerous modelling changes were made, including the periodic changes in (ten-year) forward-looking expected returns, expected volatilities, expected non-normal return distribution assumptions, as well as tracking-error assumptions and risk budgets. Furthermore, such assumptions can be modified client-by-client depending on certain preferences, priorities, constraints or unique considerations applicable to each client.

Other economic and market factors may have impacted decision-making when using the model to manage client funds, including the list of approved asset classes by a client or client type as well as any client-directed or Advisor implemented constraints.

All investments bear the risk of loss, including the loss of principal. Past performance, actual or hypothetical, is no guarantee of future results.

The returns displayed on the preceding pages are gross of fees. Actual performance would be reduced by investment advisory fees and other expenses that may be incurred in the management of the client's portfolio. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 0.50% annual investment advisory fee would be \$5,228 in the first year, and cumulative effects of \$30,342 over five years and \$73,826 over ten years. Additional information on advisory fees charged by DiMeo Schneider are described in Part 2 of the Form ADV.