

November 16, 2021

Los Angeles Deferred Compensation Plan

RVK Proposal for Investment Consulting Services



Agenda

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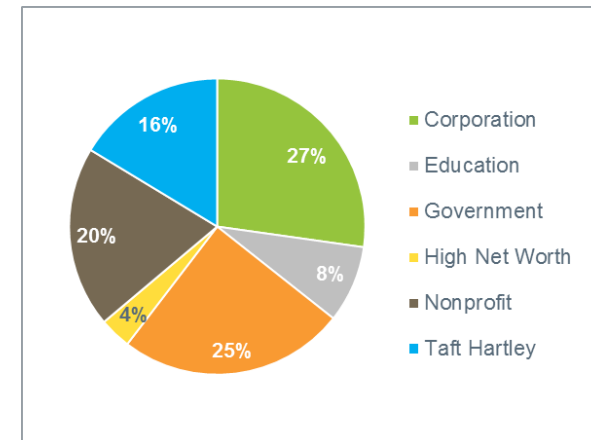
Organizational Background

- **Established in 1985**, RVK provides clients with strategic investment advice and is one of the world's largest institutional investment consulting firms, as reported by *Pensions & Investments*.
- **National firm** with headquarters in Portland and regional offices in Boise, Chicago, and New York, RVK serves more than 200 clients including public retirement systems, corporations, Taft-Hartley funds, nonprofit organizations, and other institutional pools of capital.
- **RVK's senior investment professionals** have an average of 20 years of industry experience, translating to strategic investment advice through our team-centric approach.
- **Since its inception**, RVK has maintained an explicit no conflicts of interest policy, aligning our business model with the interests of our clients.
- **Independent and privately-held**, RVK has never experienced a merger or acquisition. No plans to do so in the foreseeable future.
- **RVK is committed to diversity** with over 50% ownership held by women and minorities.

RVK by the Numbers

- **\$1+ trillion** - Full Retainer Assets Under Advisement
- **109** - Investment Professionals
- **62** - Advanced Degrees and Certifications
- **100%** - Revenue Derived from Client Fees
- **100%** - Employee Ownership
- **100%** - Non-Discretionary Investment Consulting

Accounts by Client Type (by count)



RVK is 100% employee owned and governed by a 7-member Board of Directors. Becky Gratsinger serves as Chair of the Board.

Account Support

Our proposed collaborative relationship will keep LADC involved and informed.

City of Los Angeles Deferred Compensation Plan

Service Team

Becky Gratsinger, CFA – Co-Lead Consultant
Beau Burggraff – Co-Lead Consultant
Paige Blaser – Primary Support
Jonathan Kowolik – Senior Advisor
Stephen Budinsky – DC Specialist Advisor

DEEP RESOURCES

RVK
Consulting
Practice

Investment
Manager
Research
Team

Defined
Contribution
Solutions
Group

Investment
Operations
Solutions
Group

Performance
Measurement
& Analytics

Investment monitoring, analysis, and reporting resources/approach



Dedicated Investment Manager Research Team



Joe Ledgerwood, CFA
 Director of Manager Research
 19 Years Industry Experience

Equity Team



Matt Sturdivan, CFA
 Director, Traditional/Alt. Equity
 11 Years Industry Experience



Britt Vriesman
 International/Emerging



Sam Kavehrad, CAIA
 Long/Short Equity



Evan Walker
 Public Equity



Carson Hollyoak, CFA
 Generalist

Fixed Income Team



Austin Head-Jones, CFA, CQF
 Director, Fixed Income
 15 Years Industry Experience



Sonia Ruiz
 Head of Sustainable Investments
 and ESG Lead



Tricia Lynn, CFA, CAIA
 Private Credit



Aaron Birman
 High Yield/Bank Loans/LDI
 Convertibles/Money Market



Justin Outslay
 Private Credit



Tracy Gage
 Generalist



Elijah McGowen
 Stable Value

Alternatives Team



Steve Hahn, CFA
 Director, Private Equity/Multi-Asset/
 Real Estate
 25 Years Industry Experience



Reed Harmon, CFA
 GTAA/Div. Inflation/Private Equity



Alexander Leiken
 Multi-Strat Hedge Funds



Kirby Francis, CFA
 Private Equity/MLPs



Joseph Delaney, CAIA, FRM
 Real Estate



Scott Maynard
 Real Estate



Nicole Ford
 ODD Manager Research Consultant



Kaelan Recca, CAIA
 Generalist

Sr. Leadership Avg. Experience

17 years in the industry

10 years at the firm

Team Credentials

5 CFA Charterholders

4 CAIA Certifications

1 FRM

1 CQF

Investment Manager Research + LADC Service Team

- The joint effort of our research and client service teams provides unique depth to RVK's research and due diligence capabilities.
- By combining deep knowledge of approved managers (supplied by the research team), with client-specific requirements (supplied by the service team), we facilitate the research and retention of managers that are appropriate for a client's specific needs.

Investment Manager Research

- Conducts over 1,300 research/manager meetings annually with existing and new managers/strategies.
- Monitors public filings and notifications.
- Monitors industry activity, newsfeeds, and publications.
- Direct outreach from managers.

LADC Service Team

- If selected, RVK will independently conduct meetings with LADC managers and strategies on behalf of (or in coordination with) the Board and Staff for existing or new strategies.
- Our proposed dedicated analyst for LADC will produce monthly/quarterly performance and analytics.

Investment Manager Evaluation/Ranking Process

Analytical Resources/Research

Proprietary

RVK Manager Evaluation Database
RVK Due Diligence Questionnaire/Memos
Focused CIO/PM Interviews
Reference Calls with Manager's Former Clients/Employees
RVK Manager Research/Rankings
RVK Performance Reports

Non-Proprietary

eVestment
Morningstar
Manager Reports/Attribution

Analysis Approach

Firm

We look for healthy and stable firms that are preferably owned by employees or have a strong performance-based incentive. We review ownership structure, regulatory compliance, insurance levels, client base, asset base, etc.

Team

We prefer experienced and consistent teams of professionals that are appropriately staffed, but we recognize this can be structured in a variety of ways. We review experience in the industry, experience at the firm, credentials, historical changes in structure, etc.

Process

We look for long-term stability, consistency of application, alignment with the firm, and team resources employed to successfully manage the product. We review stated philosophy and process, historical changes made, alignment with the team structure, portfolio characteristics, risk controls, and historical changes made to portfolio construction.

Performance

We concentrate our research on firms that have demonstrated consistent performance in line with the returns expected given the philosophy/process employed. We review consistency of rolling period excess return, volatility, outlier performance periods, and multiple risk factors.

Product Assets

We prefer products that have enough assets to ensure that their track record is repeatable at a significant asset base, yet not so large that the process can no longer be employed appropriately. We review the asset history and the rate of change.

Proprietary Rankings

Positive

Neutral

Negative

Research

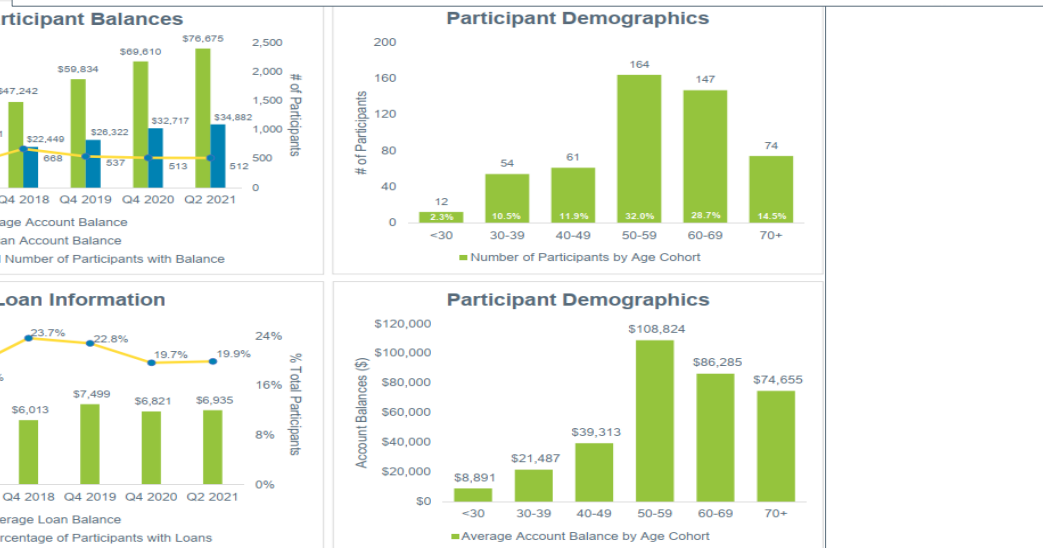
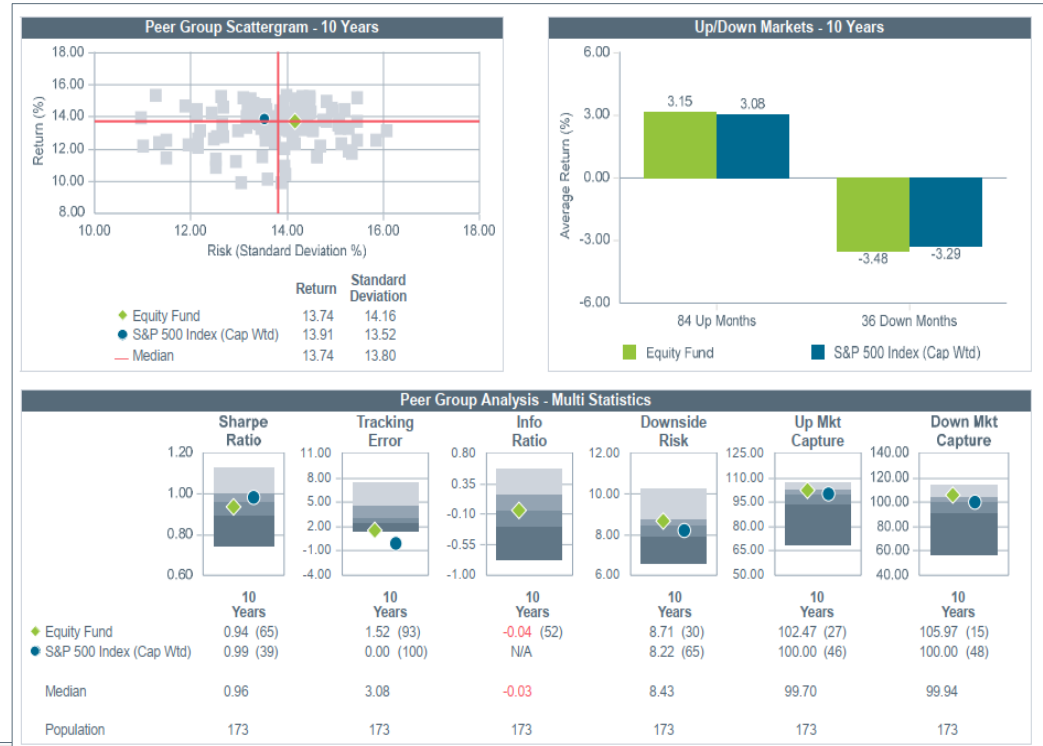
Customized Plan Reporting

- Our reports are *customized* for each client and are *created in-house*.
- We strive to provide information and comparisons that *facilitate monitoring and decision making*.

Investment Manager Review

For the calendar year to date as of September 30, 2020, active managers in aggregate underperformed relative to their benchmarks by 27 basis points. Underperformance relative to the Endowment's target allocation, which also incorporates style tilts in the portfolio (i.e., small cap, value, and emerging markets), was 185 basis points. Aggregate manager underperformance relative to each manager's respective benchmark can primarily be attributed to the three managers listed below:

- Artisan International (APHIX)** – Artisan's performance through the first nine months of the year has been disappointing. In the first quarter, the fund suffered primarily from high-conviction positions that were impacted from COVID-19 including airlines, energy, and industrial names. The fund has continued to hold some of these names as they believe in the long-term growth prospects of these companies, but due to increasing global COVID cases, not all of these positions have fully bounced back off their Q1 lows. The fund continued to lag its benchmark due to strong performance from some of the top names in the benchmark that the fund does not hold, primarily in the information technology sector. Across all of its strategies, Artisan employs a valuation discipline, meaning that while they are a growth-oriented manager, they are sensitive the current valuations when looking to enter new positions. This philosophy has been extremely beneficial on their US-focused strategies, as most strategies rank in the top decile of their respective peer group, but this philosophy has been a headwind in international markets thus far in 2020. Overall, given Artisan's strong track record and expectation to perform as a high tracking error manager, RVK remains positive on the strategy going forward.
- DFA Emerging Markets Core (DFCEX)** – DFA's two style tilts: value and small cap were detractors in the third quarter, and in general have been detractors for the last several years. While international developed small cap stocks have done well relative to broad international equity markets, emerging market small cap stocks have fared significantly worse than their large and mid-cap counterparts in the emerging market space. Across all products, DFA is tilted toward value and small cap. While DFA continued to refine their screening methodology to focus the fund on higher quality stocks on the smaller end of the market cap spectrum, the underperformance is consistent with their investment philosophy given overall market conditions.
- DoubleLine Core Fixed Income (DBLFX)** – Much like the second quarter, DoubleLine outperformed significantly in the third quarter, beating the benchmark by 122 basis points. However, DoubleLine is still underperforming year-to-date due to severe underperformance in Q1. The first quarter was very challenging for DoubleLine and similar fixed income managers that hold lower allocations to Treasuries and higher allocations to structured products. DoubleLine was especially impacted by the latter, as they did not benefit from supportive actions taken by the Fed to improve liquidity. These actions were focused on areas, such as Agency RMBS, munis, and corporate bonds, while spread products in which DoubleLine specialized continue to show considerable mispricing relative to the underlying health of the securities. RVK remains confident in DoubleLine, as the fund has proven its ability to take advantage of periods of severe market dislocation.



Approach to Supporting the DCP Investment Lineup



Defined Contribution Solutions Group (DCSG)

Suzanne Carroll, JD, CFA
Head of DCSG, Senior Consultant

Sarah Boctor, CFA
DC Specialist
Associate Consultant

Stephen Budinsky
Investment Operations and DC
Associate Consultant

Elise Willey
DC Specialist
Investment Associate

Bradley Curran
DC Specialist
Investment Analyst

Additional Firm Resources

Jonathan Kowolik

Investment Operations,
Contract Support Services

Aaron Birman

Target Date Fund, Risk-
Based Fund Research

Elijah McGowen

Stable Value
Research

Amy Everson

RVK Performance
Measurement & Analytics

Custom Work for Clients:

- Plan Design Best Practices
- Retiree Behavior and Plan Utilization
- The Impact of Auto Features
- Stable Value Education, Best Practices, and Reviews
- Managed Accounts Review & Analysis
- Target Date, Risk-Based Funds
- Plan Objectives and Participant Expected Outcomes
- ESG Education
- White Label Funds
- Plan Demographics & Distribution Analysis
- Retirement Income Replacement Analysis
- Stable Value, FDIC Accounts

Robust Support Resources

LADC Lineup, Services

Bonds



Equities



Stable Value



Asset Allocation



Bank Deposit Funds



Key RVK Resources

Fixed Income Team

Austin Head-Jones, Sonia Ruiz, Aaron Birman

Equity Team

Matt Sturdivan, Britt Vriesman, Sam Kavehrad, Evan Walker

DC Solutions Group + Fixed Income Team

Suzanne Carroll, Stephen Budinsky, Sarah Boctor, Elise Willey, Bradley Curran, Austin Head-Jones, Tricia Lynn, Aaron Birman, Tracy Gage, Elijah McGowen

DC Solutions Group, Aaron Birman

Suzanne Carroll, Stephen Budinsky, Sarah Boctor, Elise Willey, Bradley Curran

Bank Deposit Funds

Elijah McGowen, Jonathan Kowolik

Risk-Based Funds, Target Date Funds

- RVK has significant, long-term experience with Risk-Based Funds and Target Date Funds (TDF)
- Clients have utilized both types of funds, with heaviest current utilization of TDF suites

How we analyze Risk-Based Funds:

- **Asset Allocation** make up of each fund and expected return/risk attributes of the Risk-Based Suite
 - **Target allocations** and rebalancing frequency, ranges
 - Addition/removal of **asset classes**
 - Asset allocation **resources** of investment manager
 - Asset class **implementation**
 - Active vs. passive and hybrid approaches, changes in style or management of active funds
 - **Fees** relative to industry, degree of active management, and mandate size

Whom at RVK Researches Risk-Based Funds:

- Our Defined Contribution Solutions Group, in partnership with our Investment Manager Research Team, follow trends of Risk-Based and TDF suites.

Custom Solutions:

- We have been retained by clients who wish to analyze their TDF offerings, create custom TDF structure and suite solutions, and stand ready to do so for Risk-Based Funds.

Bank Deposit Account Funds

RVK has experience working with clients that have implemented and maintained an option comprised of, or including, FDIC-insured savings account assets.

Key considerations:

- ✓ FDIC deposit bank provider willingness to participate and commit to competitive and reasonable rates, including negotiation of reference rate +/- spread relative yields with floors, maximum/minimum funding levels, and managed rates.
- ✓ Excess collateralization requirements in accordance with California Government Code and multi-provider usage strategies to mitigate excess collateralization as possible.
- ✓ Differentiation between capital preservation options (including Stable Value, Government Money Market Funds) and comparison to other short-duration fixed income options, and consideration of equity wash provisions / investment menu philosophy/communication.

Current outlook and opportunities:

- Persistent low-rate environment has challenged some current provider willingness to participate in certain FDIC insured deposit programs, leading to investment option transitions (including potential blends of Institutional Government Money Market Funds with Institutional Prime Money Market Funds).

Stable Value Research

RVK's Investment Manager Research (IMR) collaborates with the DC Solutions Group (DCSG) to evaluate stable value program providers.

IMR contributes:

- In-depth **asset manager evaluation** and analysis
- Stable value portfolio **design perspectives**
- Knowledge of stable value **fee** trends
- Up-to-date **economic and market trends** and implications for stable value portfolios



DCSG contributes:

- Best-practice ideas for menu design
- Stable value structure trends
- Education for clients and participants
- Transparent stable value reporting
- DC industry trends
- Wrap provider universe and pricing

Stable Value Research (cont'd)

Stable value due diligence can be more complex than a traditional fixed income portfolio.

Ongoing Reviews and Due Diligence

- Manager's ability to effectively manage their selected insurance wrap providers
- Structural changes to the stable value account and insurance wrap providers
- Crediting rate, underlying exposures, BV and MV performance, and fee reporting
- External manager reviews, if necessary

Search Process

- RVK often recommends a custom RFP process for large stable value mandates.

Current RVK Stable Value Coverage

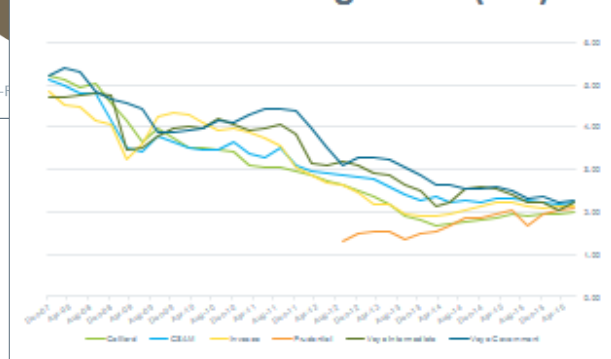
RVK provides due diligence and reporting for **55** clients with stable value accounts, representing a combined **\$9B** in assets.

Portfolio Allocation Analysis

Stable Value Index Analysis



Historical Crediting Rates (net)



Procurement, Searches, and Contracting Support



RVK Support for Investment Manager Procurement

RVK has built a robust framework for investment manager procurement, delivered to clients in a customized manner. The RVK team has experience working with public 457(b) plan searches and servicing accounts similar to LADC.

Key components of common investment management procurement processes:

- ✓ Provide expert advice and guidance about *industry best practices*.
- ✓ Verify that *contract requirements are incorporated into the RFP process*.
- ✓ Assist in the *development of minimum qualifications, scope of work, and questions* for investment managers.
- ✓ Develop *unique evaluation methodology and scoring matrices* to quantify each aspect of proposal responses.
- ✓ Evaluate and provide *quantifiable analysis and recommendations*.
- ✓ *Attend finalist interviews and provide relevant questions* to ask finalists. *Document* the information.
- ✓ Provide a *written report* of all aspects of the search and evaluation process.
- ✓ *Assist in the implementation of agreements*.
- ✓ Provide formal recommendation to clients as to *whether transition management services are required*; if so, solicit bids from transition management providers.
- ✓ *Assist with onboarding*.
- ✓ *Debrief unsuccessful bidders*, as needed or as requested.

RVK Support for Operational Procurement

RVK maintains support for operational procurement through our Investment Operations Solutions Group (IOSG), partnering with client teams to deliver search/evaluation services to clients. The RVK team has experience working with custody and transition management vendors used by public 457(b) plans and servicing similar accounts to LADC.

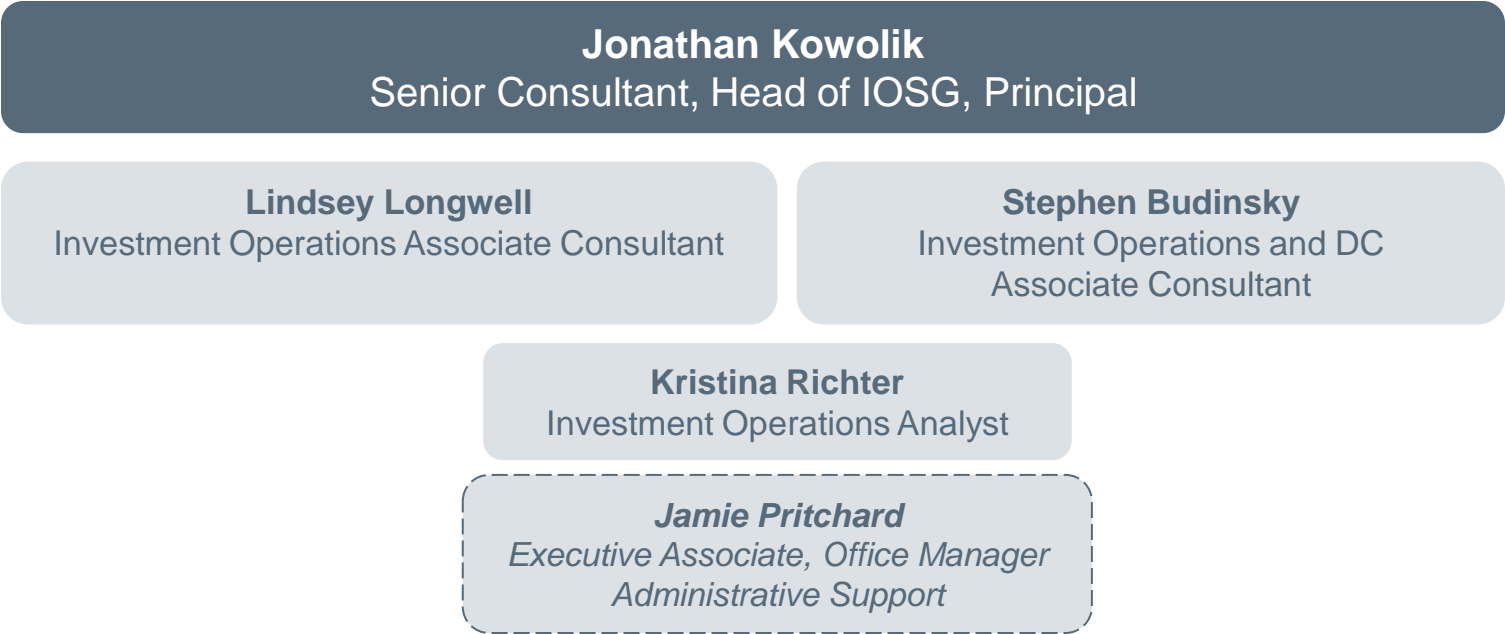
RVK Stats		
Period	Custody Searches & Reviews	Recordkeeper Searches & Reviews
2018-2020	19 projects, Assets = \$724,104	13 projects, Assets = \$23,567
Q2-2021 (including projects in progress)	13 projects, Assets = \$282,080	12 projects, Assets = \$23,680

Key components of our approach to operational searches:

- ✓ Incorporate *client goals and objectives*.
- ✓ Inform prospective vendors of *plan complexities*.
- ✓ *Affirm vendor capabilities* and describe “how” rather than just “what” is provided.
- ✓ *Provide clients with high level of support* in the summarization process and preparation of qualitative/quantitative analysis.
- ✓ Outline the *scope and cost of each separate service* provided by plan vendors with the utmost clarity.
- ✓ *Separate costs and make them explicit* (often in dollar-per-participant terms).

Investment Operations Solutions Group (IOSG)

Supports consulting teams and client staff, providing specialized expertise on operational developments and best practices in the investment industry.



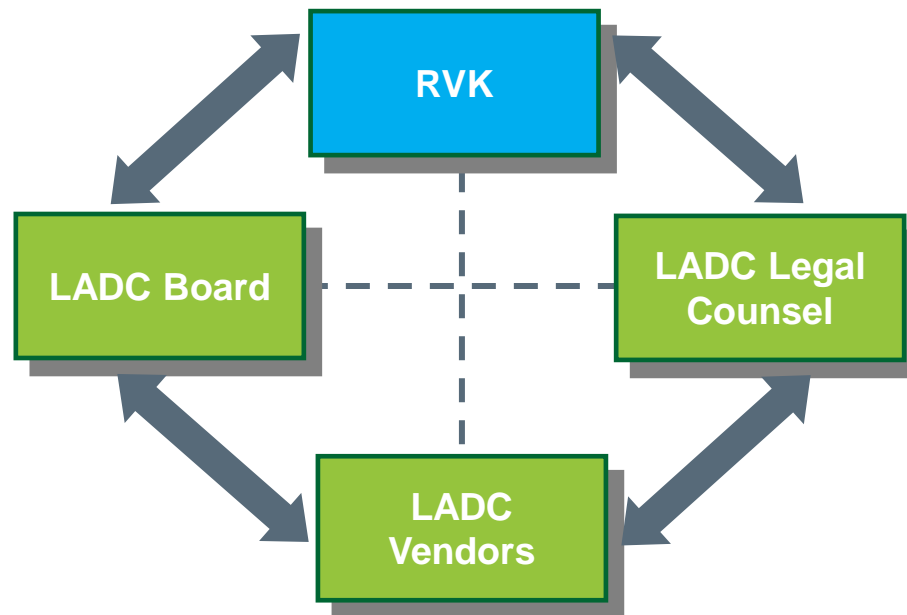
Key Services



Contract Review Support

RVK provides support for clients with investment and non-investment service provider contracts.

- RVK is prepared to support the LADC Plan with *a business review of contractual documents*.
- *RVK provides technical assistance to internal and external legal counsel.*
- As illustrated below, *RVK will* work with LADC and its legal counsel to *provide subject matter expertise on investment and commercial terms of proposed service relationships*. We will provide support in LADC's interactions with vendors.



Fund Transition Services



Fund Transition Services – FAQ's

What is Transition Management?

The professionally managed restructuring of assets from a “legacy” portfolio to a “target” portfolio utilizing strategies designed to reduce overall risks and costs.

When is Transition Management used?

- Changes in Investment Managers
- Shifts in Asset Allocation
- Changes in Investment Universe or Investment Style
- Fund Flows
- Change from commingled vehicle to separate account

What Does a Transition Manager Do?

- Develops a strategy to move assets from the legacy to target portfolio that effectively manages the risks and costs of transition.
- Specifically, the transition manager will:
 - Develop the appropriate **“best practices” implementation strategy**.
 - Provide a **detailed pre-trade cost estimate and timeline** of the transition process and obtain approval.
 - **Execute and monitor the transition and settlements** on a real-time basis along with the custodian, client, etc.
 - **Intervene in real time** to minimize a fund’s exposure to adverse market impact and opportunity costs.
 - Provide a **detailed post-trade report**, including analysis to quantify the success of the transition.

Fund Transition Services – Competitive Bidding

RVK supports the creation of Transition Manager Provider Pools (commonly through a short RFP process) optimized for a client's requirements. We assist with implementation of bidding frameworks and support clients through such processes.

Optimal Size of Transition Management Benches Vary Widely

- Transition Management (TM) relationships range from an ***evergreen relationship*** (with one or more firms) to a ***formal bench with multiple TMs*** under ***master contract***.
- TM benches most often contain **3-5+** firms, typically with different business models and strengths (by asset class, transition type, or otherwise).
- With ***significant instances of provider exits*** over recent years, there can be significant business value and ***prudence to having multiple TMs*** on an established bench to provide continuity and stability within a pre-selected and vetted pool of TM providers.

Transition Management Industry is Diverse and Crowded—Focus is Key

- Within a universe of a dozen TMs—often providing very similar services and messages—focus should be on ***large and established providers*** with revenue model transparency, deep staffing, business model sustainability, and areas of differentiated strength.
- This may either take the form of ***shorter lists of universally qualified bidders or designated bidders*** for specific asset categories / event types (e.g. a version of the following):
 - TM A: Interim Management and Exposure
 - TM B: US Small / Large Cap Equity Restructures / Liquidations
 - TM C: Global Equity Restructures / Liquidations
 - TM D: Global Fixed Income Restructures

Research, Training, and Education



Research and Thought Leadership

RVK research focuses on current and prospective client needs.

- Thought Leadership White Papers
- DC Plan Operating Considerations
- DC Participant Trends
- DC Plan Fees
- Investment Manager Selection Education

RVK DC Legislative & Regulatory Overview
August 6, 2021



Overview

The goal of the 2021 RVK Defined Contribution Regulatory & Legislative Overview is to provide plan fiduciaries with an update on recent rules, regulations, legislation, and litigation that have impacted or have potential to impact defined contribution (DC) plan sponsors and participants. Despite the ongoing impacts of the COVID-19 pandemic, the past twelve months have seen updates on a number of issues impacting DC plans.

Contributors:

Stephen Budinsky
Samia Khan, CFA
Alicia Strehlow
Elise Willey

Even before the late 2019 passage of the Setting Every Community Up for Retirement Enhancement Act (SECURE Act), members of the Congress and their staffs were already working on a new round of retirement reform legislation—which has proven to be a rare area of bipartisan agreement in the legislature. Momentum has been gathering on the next round of reforms, a collection of provisions in different areas intended to enhance retirement savings, which have been colloquially named “SECURE 2.0” after the 2019 bill. Key provisions in the latest draft of the bill include mandating auto-enrollment for new DC plans, increasing catch-up contributions, further changes to the age requirements for required minimum distributions, student loan repayment matching, and allowing 403(b) plans to invest in collective investment trusts (“CITs”). At this time, the timeline for SECURE 2.0 to advance is unclear due to competing priorities in Congress, but hope still remains for passage in 2021.

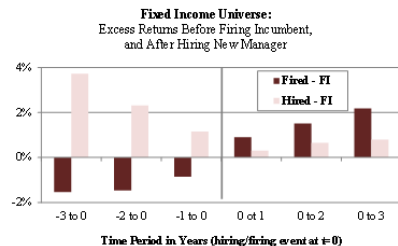
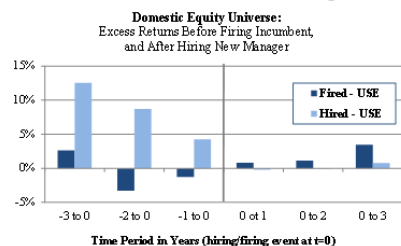
The election of President Joe Biden in November 2020 brought a significant shift to the leadership at the Department of Labor (“DOL”) that will likely affect how the Department approaches key retirement issues, such as the ability for plan sponsors to invest with managers that incorporate environmental, social, and governance (“ESG”) factors and the standards that investment advice fiduciaries must following when working with participants under the Employee Retirement Income Security Act of 1974 (“ERISA”). In recent months, the DOL also released long-awaited guidance on retirement plan cybersecurity and missing participants.

The pandemic did not stem the flow of retirement plan-related litigation, as claims were initiated in 2020 at a record pace. ERISA litigation continues to be driven by familiar themes: breach of fiduciary duty due to excessive fees, multiple vendors, not using lowest-fee share class, active vs. passive offerings, underperforming funds—with cybersecurity and fraud protection emerging as new areas of concern. While litigation used to be a concern primarily for the largest plan sponsors, 2020 continued a trend of ever-smaller plan sponsors being affected. The US Supreme Court is again expected to wade into these retirement plan issues in its upcoming term as it takes on a case against Northwestern University.

“Chasing Returns”: Study #2

Replacement Managers ≠ Better Returns

- An academic paper* presented a similar study for plan sponsors, concluding the following:
 - If plan sponsors had stayed with fired investment managers, on average their excess returns would be no different than those actually delivered by newly hired managers.
 - Plan sponsors hire investment managers after superior performance but on average, post-hiring excess returns are zero.
 - The “round-trip” firing and hiring decisions of plan sponsors resulted, on average, in no excess returns relative to taking no action.



The study examined the selection and termination of investment management firms by 3,400 plan sponsors between 1994 and 2003. Plan sponsors included all types of corporate and public plans as well as endowments and foundations. The reasons for firing were multiple: poor performance, organizational changes, manager mergers, plan re-allocation, and other.

*Source: Goyal, Amit & Sunil Wahal, 2004 “The Selection and Termination of Investment Management Firms by Plan Sponsors”, European Finance Association 2005 Moscow Meetings Paper.



RVK Speaking Engagements

RVK shares industry knowledge with clients through direct outreach and with the investment community through participation on panels, symposiums, and roundtable discussions.

Over the past five years, RVK professionals have spoken at over 40 events on topics including:

- Retirement Income Solutions
- Asset Allocation Modeling and Trends in Investment Advisory Practices
- ESG Investing
- Active vs. Passive Management
- Factor Investing and Strategy Selection
- Smart Beta
- Where is the Puck Heading - Where Investments are Going to be, Not Where They Have Been
- Trends in Governance and Oversight
- You Can Only Be Wrong For So Long: Interest Rates Edition
- Managing Investment Consultant Conflicts of Interest
- Investment Committee Best Practices

RVK Proposed Fee



Fee Proposal

General Investment Consultant Services

Represents RVK's only ongoing fee.

- \$132,500/year
- Guaranteed for the length of the contract (up to five years of service)
- Includes travel and all related out-of-pocket expenses

Component Pricing

Investment Option Monitoring, Analysis, Reporting:

- \$82,500/year

Procurements and Searches:

- \$7,000 per mutual fund search
- \$15,000 per institutional manager search (active or bundled passive mandates)

Custody Bank Search:

- \$30,000

**Thank you for your consideration of RVK.
We look forward to the opportunity of developing a
successful partnership with the Los Angeles Deferred
Compensation Plan.**



Appendix

- A. RVK Presenter Biographies
- B. DC Best Practices, Industry Trends
- C. Stable Value: Key Risks
- D. RVK Code of Conduct and Ethics
- E. SEC/DOL Questions

RVK Presenter Biographies



Becky Gratsinger, CFA
CEO, Senior Consultant, Principal

Contact Info:
503-802-6110

Becky.Gratsinger@RVKInc.com

- Joined RVK in 1994 and based in our Portland Headquarters.
- Over 25 years of investment consulting and capital markets experience spanning all institutional client types including public funds, defined contribution, defined benefit, endowment/foundation, corporate reserve, insurance, and high net worth.
- Responsible for a broad range of consulting disciplines including investment policy, asset allocation, performance evaluation and attribution, investment manager searches, and asset class structure studies.
- B.S. in Finance from Portland State University. Holds the Chartered Financial Analyst designation. Member of the CFA Institute and the CFA Society of Portland. Shareholder of the firm and serves on the Board of Directors.



Beau Burggraff
Senior Consultant, Principal

Contact Info:
503-802-6149

Beau.Burggraff@RVKInc.com

- Joined RVK in 1998 and located in Bend, Oregon, supported by our Portland Headquarters.
- Over 25 years of industry experience, 21 years with RVK.
- Manages client relationships and consulting to a variety of the firm's defined contribution, pension, insurance, and corporate clients.
- B.S. in Accounting from Linfield College and MBA in Finance from University of Portland.
- Shareholder of the firm.



Jonathan Kowolik
Senior Consultant, Head of IOSG,
Principal

Contact Info:
646-805-7081

Jonathan.Kowolik@RVKInc.com

- Joined RVK in 2001 and based in our New York office.
- 20 years of industry experience, all with RVK.
- Specialist Consultant responsible for leading the firm's Investment Operations Solutions Group, providing expertise with trust/custody and recordkeeper evaluations, and other operational aspects of institutional investing.
- B.S. from the Wharton School at the University of Pennsylvania. Shareholder of the Firm.

RVK Presenter Biographies



Paige Blaser
Associate Consultant

Contact Info:
503-802-6128
Paige.Blaser@RVKInc.com

- Joined RVK in 2012 and is based in Ketchum, Idaho, supported by our Boise office.
- 10 years of industry experience, all with RVK.
- Works with a diverse mix of clients and plans, including defined contribution and defined benefit plans.
- B.A. with a major in Finance and a minor in Economics from Washington State University.



Stephen Budinsky
Associate Consultant,
DC Specialist

Contact Info:
646-805-7083
Stephen.Budinsky@RVKInc.com

- Joined RVK in 2017 and based in our New York office.
- 8 years of industry experience, 4 with RVK.
- Member of the Defined Contribution Solutions Group, provides expertise on DC legislative & regulatory matters and plan design/administration, conducting RVK's annual DC fee benchmarking survey, and working on special client projects.
- Member of the Investment Operations Solutions Group, assists with search/evaluation projects for trust/custody and DC recordkeeping providers, and other operational research/consulting projects.
- B.A. in History and Economics and a minor in Spanish from Rutgers University (New Brunswick).

Best Practices and DC Industry Trends

Policy and Governance

Trends have highlighted the importance of *creating processes* to help build and manage DC Plans:

- Establish, maintain, and follow an investment policy
- Monitor and review fees
 - Periodic administration service re-negotiations and RFP processes
 - Periodic fee structure review and analysis
- Monitor and review investments and participant actions:
 - Investment performance
 - Participants' investment allocations, contributions and use of auto features
 - Loans, hardship withdrawals and fund transfers
- Conduct periodic fiduciary training and education
- Create a strategic plan to help identify a roadmap forward

Plan Design

Trends continue to focus on improving retirement outcomes by implementing features that help make important *participant decisions easier*:

- Roth is a common feature
- The use of auto-enrollment features has increased over time
- Loans and hardship withdrawals are commonly allowed
- Evaluating whether plan distribution options that align with plan sponsor goals and objectives are increasing
 - Are there retiree-friendly distribution features?

Best Practices and DC Industry Trends

Investments

Trends have focused on *simplifying investment design* and *improving risk/return opportunities* in an effort to improve participant outcomes:

- Implement a tiered investment menu
- Establish a qualified default investment alternative (QDIA) as the default investment option
- Broader asset class options to simplify participant decision making
- Streamline the investment menu by eliminating gaps and/or overlapping investments
- Evaluate passive fixed income given interest rate cycle
- Compare off-the-shelf target date funds to: personalized target date funds, dynamic solutions, target date funds with retirement income features, and managed accounts
- Review re-enrollment of all participant assets into the QDIA (i.e. Plan asset allocation “re-set”)
- Evaluate a retirement income “tier”

Participant Communications and Advice

Trends have focused on *educating* and *advising* participants about the importance of saving and planning for retirement through various tools and practices.

- Smarter participant education and communications
 - Targeted & personalized communications
 - “Active Choice” participant engagement
 - Retirement Income Illustrations
- Monitor changes in participant demographics and behavior to ensure communication strategies continue to be appropriate

Best Practices and DC Industry Trends

Fiduciary Education

RVK works with clients to verify they have sufficient knowledge of key industry developments and topics. Recent DC plan-related educational materials include:

- DC Industry Trends / Best Practice Plan Features
- Lifetime Income (Retirement Income)
- Environmental, Social, and Governance (ESG) Investing and Trends
- Plan Design Considerations with Roth vs. Traditional Contributions
- Self-Directed Brokerage Accounts
- Legislative & Regulatory Updates
- SECURE Act: Impacts for Plan Sponsors
- Managed Accounts
- Collective Investment Trusts (CITs) and How they Compare to Mutual Funds
- DC Plan Administrative Fee Best Practices
- Target Date Funds and other Default Investment Alternatives
- Retiree Behavior and Plan Utilization

Stable Value: Key Risks

Types of Risk		SVPM Role to help <u>Mitigate</u> Risks
Asset Allocation/ Concentration	<ul style="list-style-type: none"> • Exposure/spread to certain types of holdings or debtors • Exposure to a single manager/strategy 	<ul style="list-style-type: none"> • Diversification in portfolio management and holdings • Risk management • Research and manager due-diligence
Credit & Default	<ul style="list-style-type: none"> • Default from a borrower failing to make payments • Also known as counterparty risk or the failure of second party to a contract to fulfill their responsibilities 	<ul style="list-style-type: none"> • Research • Diversification • Quality/credit rating guidelines • Management of risk at contract issuer and underlying portfolio levels
Extension	<ul style="list-style-type: none"> • Lengthening in duration due to the deceleration of prepayments that changes the holdings characteristics 	<ul style="list-style-type: none"> • Active duration management • Diversification
Interest Rate	<ul style="list-style-type: none"> • Fluctuating bond rates impacted by changes in interest rates in U.S. or world markets 	<ul style="list-style-type: none"> • Active duration management • Investment guidelines
Market (Systemic)	<ul style="list-style-type: none"> • Risks associated with overall performance of financial markets • Foreign investments take on additional risks with exposure to additional markets 	<ul style="list-style-type: none"> • Internal systems and controls • Broad research resources • Diversification/complementary investment strategies • Downside risk protection
Operational	<ul style="list-style-type: none"> • Potential risks associated with internal controls, processes, systems and/or compliance 	<ul style="list-style-type: none"> • Internal controls and processes • Organizational depth of resources and experience
Spread & Liquidity	<ul style="list-style-type: none"> • Lack of marketability of a holding to be bought or sold 	<ul style="list-style-type: none"> • Diversification • Research
Prepayment	<ul style="list-style-type: none"> • Unscheduled, early return of principal of an investment 	<ul style="list-style-type: none"> • Research underlying borrower characteristics • Diversification
Wrap Issuer Cost	<ul style="list-style-type: none"> • Risk of paying too much for management/wrap coverage • Risk of the wrap coverage costs increases (industry) 	<ul style="list-style-type: none"> • Contract negotiations • Market surveillance • Relationship management
Wrap Capacity	<ul style="list-style-type: none"> • Reduction of wrap offerings/capacity in the market, leading to higher costs, greater restrictions, or increases in cash balances 	<ul style="list-style-type: none"> • Contract negotiations • Market surveillance • Relationship management

RVK Code of Conduct and Ethics Policy

Guiding Principle

At RVK, Inc., it is essential that all employees conduct business with integrity and professionalism. Therefore, we aim to provide our clients with the highest level of service without a real or potential conflict of interest.

Contact with Other Financial Intermediaries

The cornerstone of our business philosophy is to provide our clients with the highest standard of investment consulting in our industry. We take pride in the fact that we do not have any relationships with investment managers, or other service providers that create conflicts of interest. In keeping with this philosophy, RVK's Code of Conduct and Ethics Policy requires employees to observe the following guidelines:

1. Employees do not accept business gifts from investment managers, custodians, or any organizations in investment-related fields. This includes gifts, travel, or anything that compromises the firm's commitment to conflict-free investment consulting.
2. Employees will not become involved in situations that compromise the firm's or the employee's independence and objectivity.
3. Each of the firm's employees is expected to protect the confidentiality of the client, firm, and third-party information at all times. Employees will be held personally accountable for safeguarding information that is not readily available in the public domain.

Contact with Clients

Strategic investment consulting is RVK's only business, and helping clients meet their investment objectives is our utmost goal. We offer clients a wide range of non-discretionary investment services in accordance with terms specified in each client's written agreement. Employees who consult and render services to clients are committed to being completely familiar with and understanding each client's investment goals and objectives, helping them to better understand and monitor the results of their investment program, and generally helping our clients meet their short- and long-term objectives.

SEC and DOL Questions

Questions the Securities and Exchange Commission and the Department of Labor recommend all plan fiduciaries ask their investment consultants.

- 1. Are you registered with the SEC or a state securities regulator as an investment adviser? If so, have you provided us with all disclosures required under those laws (including Part II of Form ADV)?**

Yes, our firm is a Registered Investment Advisor with the Securities and Exchange Commission and has provided all clients with all applicable and required disclosures. Our SEC Form ADV is available upon request to any client at any time.

- 2. Do you or a related company have relationships with money managers that you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so describe those relationships.**

We have no relationships with any money managers that we recommend or consider for recommendation. One hundred percent (100%) of our revenues are derived from cash-based fees for investment consulting provided directly to fund fiduciaries. Our firm's Code of Conduct and Ethics Policy prohibits employees from receiving gifts during the course of any business relationship that could affect our loyalty to clients.

- 3. Do you or a related company receive any payments from money managers you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so, what is the extent of these payments in relation to your other income (revenue)?**

We do not receive any payments from money managers that we recommend or consider for recommendation.

- 4. Do you have any policies or procedures to address conflicts of interest and to prevent these payments or relationships from being considered when you provide advice to your clients?**

Yes, we have a Code of Conduct and Ethics Policy.

SEC and DOL Questions (cont'd)

5. **If you allow a plan to pay consulting fees using a plan's brokerage commissions, do you monitor the amount of commissions paid and alert plans when consulting fees have been paid in full? If not, how can a plan make sure that it does not over-pay its consulting fees?**

No portion of our fees are paid by brokerage commissions. We do not derive any revenue or profits from commission recapture programs.

6. **If you allow plans to pay your consulting fees using the plan's brokerage commission, what steps do you take to ensure that the plan receives best execution for its securities trades?**

Not applicable. One hundred percent (100%) of our revenues are in the form of cash payments directly from our clients.

7. **Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?**

No, we have no such arrangement with any broker-dealer.

8. **Will you acknowledge in writing that you have a fiduciary obligation as an Investment advisor to the Plan while providing consulting services?**

Yes. RVK will acknowledge in writing that we have a fiduciary obligation as an investment advisor to the plan while providing consulting services.

9. **Do you consider yourself a fiduciary under ERISA with respect to the recommendations you provide to a plan?**

RVK is a Registered Investment Advisor, and we view ourselves as co-fiduciaries with respect to relationships with our clients. However, our role as a fiduciary is narrowly defined as we do not have discretionary authority to manage assets. The investment decisions rest with our clients.

10. **What percentage of your plan's clients utilize money managers, investment funds, brokerage services or other service providers from whom you receive fees?**

Zero.

PORTLAND

BOISE

CHICAGO

NEW YORK

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