



PALISADES

CHARTER HIGH SCHOOL

CHIEF BUSINESS OFFICER

COVER SHEET FOR AGENDA ITEMS

August 24, 2021

TOPIC/ AGENDA ITEM:

III. INVESTMENT COMMITTEE UPDATE

A. Resolution to approve the Investment Policy Statement (IPS)

PERSONNEL INVOLVED:

Board of Trustees, Executive Director/Principal, CBO/Finance, Investment Committee

ISSUES INVOLVED/FISCAL IMPLICATIONS (IF ANY):

The purpose of this action is to approve the proposed Investment Policy Statement (IPS).

The Investment Policy Statement (IPS) is a document that outlines the school's investment strategy and objectives, which include parameters for recommended asset allocation and selection criteria. The IPS was drafted by the school's Director of Development and has been refined/edited over the past year. Before the school can invest the lifetime health benefit fund (retiree benefit), the school must first adopt an investment policy statement.

The document will be reviewed annually, in collaboration with our investment manager. It is recommended that the school revisit the IPS annually.

IMPACT ON SCHOOL MISSION, VISION OR GOALS, (IF ANY):

The action requested of the Board today will ensure compliance with fiscal requirements.

OPTIONS OR SOLUTIONS:

The expectation is that the board approve the Investment Policy Statement.

CHIEF BUSINESS OFFICER'S RECOMMENDATION:

The Chief Business Officer & the investment committee, recommend that the Board approve the Investment Policy Statement.

RECOMMENDED MOTION:

“To approve the Investment Policy Statement (IPS) for 2021-2022.”

Juan Pablo Herrera
Chief Business Officer



INVESTMENT COMMITTEE UPDATE

Objectives of the Investment Committee

Explore investment opportunities for PCHS's retiree benefit fund

1. Review and finalize the IPS
 - *Safety, liquidity and yield*
2. Review/vet potential investment advisors/firms
3. Recommend an investment advisor/firm
4. Determine cadence for monthly/quarterly monitoring/tracking of investment performance

Objectives

- Goal is to achieve a rate of return of 5% over the 20 year period. However, we still need to achieve the following:
 - **Safety of Principal:** *While 5% growth is a goal, safety of principal (preservation of capital) is a must. We will achieve this through portfolio diversification.*
 - **Liquidity:** *investment need to be structured in a way to timely meet expected cash outflow needs (based on actuarial report/estimates)*

INVESTMENT POLICY STATEMENT (IPS)



The Investment Committee met to review the Investment Policy Statement (IPS)

- The draft IPS is uploaded [here](#)
- Link to samples of IPS' from other schools/organizations:
 - *ECRCHS: Click [here](#)*
 - *Accelerated Schools: Click [here](#)*
 - *Irvine Unified School District: Click [here](#)*
 - *Vanguard sample IPS: Click [here](#)*
 - *CFA Institute IPS guidance: Click [here](#)*
- Overall, the Investment Committee recommends approving the IPS
- The document will be revisited annually, incorporating feedback from our investment advisor



Investment Policy Statement for Palisades Charter High School

1. Purpose of Investment Policy

This Investment Policy Statement (“IPS”) is intended to assist Palisades Charter High School (“PCHS”) or other internal fiduciaries for selecting and monitoring PCHS’s investment options by establishing guidelines for making investment-related decisions in a prudent manner. It outlines the objectives, constraints, unique circumstances and overall oversight procedures that govern the investment activities of the organization offered by this plan. Specifically, the IPS:

- Defines the Fund’s investment objectives.
- Defines the roles of those responsible for the PCHS’s investments.
- Encourages effective communications between the PCHS investment fiduciary and all parties involved with investment management decisions.
- Describes the criteria and procedures for selecting appropriate investment options.
- Establishes investment procedures, measurement standards, and investment monitoring procedures.
- Describes investment options and steps to be taking if an investment manager(s) fail to satisfy established objectives.
- Sets forth due diligence criteria for selecting funds or investment advisor.

This IPS is not a contract, and its guidelines are intended to provide a framework for making fiduciary investment decisions in a prudent manner. The guidelines included in the IPS should not be viewed as a rigid, binding restrictions requiring blind adherence in all circumstances. This IPS will be reviewed periodically and, if necessary, may be amended to reflect changes in the capital markets, PCHS’s objectives, or other factors relevant to the investment plan.

2. Fund Objectives

The PCHS ad hoc investment committee of the Budget & Finance Committee is expected to have different investment objectives, times horizons, and risk tolerances. PCHS allows the investment to be balanced among a broad range of investment strategies to construct diversified portfolios that reasonably span the risk/return spectrum.

The Fund should also:

- Have the ability to pay all benefit and expense obligations when due where applicable.
- Control and account for all costs of managing PCHS’s investments.
- Refrain from giving what could be construed as investment advice, except as may be provided by a fiduciary advisory operating under an investment advice arrangement.
- Purchase short-term investments that are rated at least P-1 by Moody’s or Standard and Poor’s.

- Ensure that no expenditure on the security of any one corporate issuer exceeds \$30,000.
- Ensure that brokerage houses are licensed by the National Association of Securities Dealers.

3. Roles and Responsibilities

The ad hoc investment committee of the Budget & Finance Committee, has the primary responsibility for the oversight of the menu of investment options and the implementation of the IPS. It has the responsibility to:

- Prepare, maintain, and review the IPS periodically.
- Avoid prohibited transactions.
- Assist in maintaining a procedural decision-making process that operates free from conflicts of interest, ensuring that fees are reasonable and decisions are made exclusively for the benefit of PCHS.
- Prudently select, monitor, and, if necessary, discontinue or replace investment options.
- Utilize the services of a Financial Advisor with the proper qualifications to provide assistance to the investment participant or ad hoc investment committee as it makes investment decisions on behalf of PCHS and manage the overall investment process for selecting and monitoring the menu of investment strategies.

4. Investment Advisor

The ad hoc investment committee will retain an Investment Advisor to provide expertise in managing the school's assets. The Advisor will guide the committee through a disciplined investment process to enable the committee to meet its fiduciary responsibilities. In carrying out its responsibilities, the Advisor will:

- Recommend asset allocation for the school.
- Recommends the appropriate investment strategies to be utilized (see appendix A & B)
- Selects investment firm to implement asset allocation and investment strategies.
- Take corrective action by terminating an investment firm or investment fund if deemed appropriate.
- Provide quarterly investment performance reports to the committee.
- Manages the daily operational aspects of the investment portfolio.

5. Asset Class Guidelines

PCHS believes in balancing the need for short-term liquidity to meet immediate obligations or needs as required as well as long-term asset growth for sustainability. PCHS intends to review an appropriate range of investment options that may span the risk/return spectrum. Major classes to be included may include:

- **Capital Preservation investments:** These investments options focus primarily on capital preservation, including, but not limited to, money market, stable value, and guaranteed interest accounts.
- **Income/Bond investments:** Income-oriented investments include, but are not limited to, low-, medium-, and high-quality bond funds, with short-, intermediate-, and/or long-

term duration. Management styles may include investments designed to mirror an index and/or actively managed investments using international, global, and/or domestic asset classes.

- **Growth/Equity funds:** These funds combine a stock component, a bond component, and, sometimes, a money market component in a single portfolio. Generally, these funds stick to a relatively fixed mix of stocks and bonds that reflect either an aggressive (higher equity component), moderate (approximately equal components), or conservative (higher fixed-income component) orientation.
- **Other:** Appropriate investments in other styles or asset classes offered through vehicles such as mutual funds, index fund, exchange-traded funds, no-fee variable annuities or managed accounts.
- **Rebalancing:**
It is expected that the portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The portfolio will be rebalanced to its target normal asset allocation under the following procedures:
 - The investment manager(s) will use incoming cash flow (contributions) or outgoing money movements (disbursements) of the portfolio to realign the current weighting closer to the target weightings for the portfolio.
 - The investment manager(s) will review the portfolio monthly to determine the deviation from target weightings. During each quarterly review, the following parameters will be applied:
 - a.) If any asset class (equity or fixed income) within the portfolio is +/-5 percentage points from its target weighting, the portfolio will be rebalanced.
 - b.) If any fund within the portfolio has increased or decreased by greater than 20% of its target weighting, the fund will be rebalanced.

The specific investment categories and target asset allocation chosen by the PCHS ad hoc investment committee of the Budget & Finance Committee are listed in Appendix A of this IPS. The ad hoc investment committee may consider additional or different investment categories based on PCHS's need as appropriate, and any such changes may be implemented by amended Appendix A of this IPS. In extraordinary circumstances, the ad hoc investment committee may discontinue or change the specific investment categories (prior to amending this IPS) as necessary if it determines that it would be prudent to do so.

6. Selection of Investment Strategies

After determining the investment categories to be used, the ad hoc investment committee will choose specific investment strategy for each category from the investment strategies offered by PCHS's investment provider. The investment provider will then execute the strategies and monitor their performance and provide periodic reports to the committee.

As the ad hoc investment committee engages in the process of selecting options, the investment services and materials provided by the investment provider will be considered.

The guidelines in this IPS are designed to help facilitate but not bind the ad hoc investment committee in fulfilling its investment option selection duties. The ad hoc investment committee should exercise discretion and reasonable judgment in the selection process described in this IPS. In fulfilling this duty, certain investment criteria have been selected to assist in determining whether a particular investment remains suitable for PCHS. The investment criteria (including target metrics) are set forth in Appendix A. Any target metrics should necessarily be viewed as minimum requirement, and the evaluation of an investment option should be based on all applicable factors. Special considerations for certain types of investment options, including, but not limited to, risk-based balanced funds that may be considered by the ad hoc investment committee are set forth in Appendix B.

7. Investment Monitoring

Monitoring investments is an ongoing process and requires discipline. It is the mechanism for confirming that the selection process and its criteria continue to be satisfied and that an investment option continues to be suitable and appropriate for PCHS. Although frequent change is neither expected nor desirable, monitoring performance relative to specific guidelines is part of the overall monitoring process.

Monitoring should be done quarterly and follow the same criteria used for the initial selection of investments. A formal review will be done annually. The ad hoc investment committee should consider any unusual, notable, or extraordinary events on a current basis. Examples of such events may include, but not limited to, portfolio manager departure, violation of investment prospectus or guidelines, material disciplinary action or litigation against the investment management firm, violation of securities laws or material changes in firm ownership structure.

The investment criteria utilized for selection purposes also represent the investment criteria that will be used for ongoing monitoring purposes.

8. Performance Objectives

PCHS is aware that the ongoing review and analysis of the investment options is just as important as the initial selection of investment options. Investment performance will be monitored on an ongoing basis, and it is at the ad hoc investment committee's discretion to take corrective action by replacing an investment option if deemed appropriate at the time.

The ad hoc investment committee acknowledges that fluctuating rates of return characterize securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in performance, the ad hoc investment committee intends to evaluate investment performance from a long-term perspective.

It is important to note that past performance is no guarantee of future results and that the actual returns of asset classes will vary. Different types of investments involve varying degrees of risk. It should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any historical performance levels.

On a periodic and regular basis, but not less than annually, the ad hoc investment committee will review whether each investment option continues to conform to the selection criteria outlines in the Selection of Investment Options section of this IPS, specifically:

1. The investment option's adherence to the selection criteria
2. Material changes in the organization, investment philosophy, and/or personnel of the investment manager
3. Any legal, Securities and Exchange Commission, and/or regulatory agency proceedings affecting the investment manager

Benchmarks

It has been established that it is in the best interest of PCHS to establish performance objectives for each investment option. Manager performance will be evaluated in terms of an appropriate market index (e.g., the S&P 500 index for large-cap domestic equities) or the relevant peer group (e.g. the large-cap growth mutual fund universe or a large-cap growth mutual fund).

9. Investment Option Replacement

The ad hoc investment committee will give consideration to replacement of an investment option and at the recommendation of its investment professional if:

- The option significantly underperforms without a justifiable rationale
- The option fails to achieve performance and risk objectives
- The option fails to maintain a consistent investment style
- The option otherwise fails to satisfy the meets criteria rating.

There are no definitive rules for investment option replacement; however, if the investment has consistently failed to adhere to one or more of the above conditions, it may be reasonable to presume a lack of adherence going forward. Failure to remedy the circumstances of unsatisfactory performance within a reasonable period of time may be a basis for replacement.

In addition to those above, other factors may include investment manager turnover or material change to investment processes. The ad hoc investment committee may also remove any investment option at any time and for whatever reason it deems appropriate, including a determination that the investment is no longer suitable for PCHS.

An investment strategy may be addressed using one of the following approaches:

- Remove and replace assets to an alternative investment strategy.
- Continue the investment option but add a competing investment option.
- Remove the investment option and do not provide a replacement investment option.

Replacement of an investment option would follow the same criteria used in the Selection of Investment section of this IPS.

10. Investment Policy Review

The ad hoc investment committee will review this IPS periodically to determine whether stated investment objectives are still relevant or whether changes to the IPS may be warranted. It is not expected, however, that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

This IPS shall remain in effect until revised or amended by the ad hoc investment committee.

_____ Date _____
_____ Date _____
_____ Date _____

Appendix A

Permitted Asset Classes:

- United States Treasury and agency obligations
- Fixed-Income Bonds (70% of which are rated at BB or higher)
- Certificates of Deposit, issued by financial institutions which meet Tier 1 capital requirements, up to a maximum of Federal insurance levels (per institution).
- Money market funds of financial institutions rated A or better (Moody's)
- Zero fee variable annuity contracts
- Equity funds/Stocks – U.S.+
- Equity Funds/Stocks – Non-U.S.+
- REITS – U.S.+
- Indexed Funds – U.S.+

+ Securities must be traded on a major stock exchange or listed on the NASDAQ or American Depository Receipts (ADR). Minimum market capitalization of individual securities \$500 million.

Prohibited Assets Classes and/or Security Types:

- Precious metals
- Venture capital
- Short sales/margin purchases
- No specific option trading (Puts, calls, straddles, or other option strategies)
- Purchases of real estate with the exception of REITS
- Zero Coupon bonds
- Purchase of letter stock, private placements, or direct payments
- Leveraged transactions

- Currencies

Diversification:

Diversification across and within asset classes is the primary means by which the ad hoc investment committee expects the portfolio to avoid undue risk of large losses over long time periods. To protect the portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, reasonable precautions will be taken to avoid excessive investment concentration. Specifically, the following guidelines will be in place:

- With the exception of fixed income investments explicitly guaranteed by the U.S. Government, no single investment stock shall be no more than \$30,000 or bond shall represent more than 5% of the total portfolio assets.
- With the exception of passively managed investment vehicles seeking to match returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 25% of total portfolio assets.
- Corporate bonds and equity diversification with a maximum of 25% in any market sector.

Socially Responsible Investing:

PCHS intends to follow socially responsible investing to include individual companies with good social value due to the nature of the business the company conducts or does not sell addictive substances like alcohol, gambling, pornography, and tobacco. Socially conscious mutual fund(s) or exchange-trade fund(s) are preferred as well as companies that are engaged in social justice, environmental sustainability, and alternative energy/clean technology efforts.

Strategic Asset Allocation

Asset class	Strategic Allocation (%)	Lower range (%)	Upper range (%)	Evaluation benchmark
Total Equities:				
U.S. Strategic Equity	22%	17%	27%	Russell 1000 Index
U.S. Large Cap Equity	10%	5%	15%	S&P 500 Index
U.S. Small Cap	5%	2%	10%	Russell 2000 Index
International Developed Markets	12%	8%	16%	MSCI EAFE Index
Emerging Markets	7%	4%	10%	MSCI Emerging Markets Index
Fixed Income:				
Aggregate (Strategic) Bond	25%	20%	30%	Bloomberg Barclays U.S. Aggregate Bond Index
Global High Yield Bond	3%	0%	6%	Bloomberg Barclays U.S. Universal
Emerging Market Debt	2%	0%	6%	P Morgan EMBI Global Diversified Index

Alternatives/Real Assets:

Commodity Strategies	2%	0%	4%	Bloomberg Commodity Index Total Return
Global Real Estate	2%	0%	4%	FTSE NA REIT All Equity REITs Index
Global Infrastructure	0%	0%	4%	Bloomberg Commodity Index Total Return
Cash/ Cash Equivalents:	10%	5%	15%	52 Week Treasury Bill

Appendix B**Special Considerations for Risk-Based Balanced Funds**

For any applicable risk-based balanced funds, offerings must be broad enough to accommodate a variety of participant risk profiles and time horizons.

Since stocks are considered to be more volatile than bonds, a conservative balanced fund, with a higher bond component, may be more appropriate for PCHS who is less comfortable with risk or have a shorter time horizon. A more aggressive balanced fund, with a higher equity component, may be more appropriate for PCHS for those investments having a longer time horizon.

Special Considerations for Managed Accounts

For any applicable managed account investment options, the investment process should be evaluated to determine how asset allocation modeling and portfolio construction may affect outcomes. Things to consider include, but not limited to, investment assumptions (return, risk, correlation, etc.), the frequency with which the assumptions are reviewed, the use of active versus passive funds, and the asset classes used. Fees for managed accounts should be reviewed to ensure that they are reasonable in relation to the services provided.

Special Considerations for Index Funds

For any applicable passively managed investment options, such as index funds, the investment may be evaluated to ensure alignment with the following guidelines:

- **Performance:** The returns of the investment option shall be compared to appropriate benchmarks, and investment performance shall approximate the return on the relevant benchmark after making a reasonable allowance for costs.
- **Investment process:** The investment option will seek to approximate the return of its target benchmark by investing in the same or a representative sampling of those securities that are held by the benchmark.

INVESTMENT ADVISORS/FIRMS & RFP PROCESS



Investment Advisors/Firms

Firms Recommended by Stakeholders

- The firms below have been recommended by stakeholders (or CBO/finance administrators in K-12 education)



Morgan Stanley
INVESTMENT MANAGEMENT



04/29/2021

- We have received “packets” from common core funds (SISC). Unfortunately, we do not qualify for PARS or CALPERS joint investment pools.
- CBO recommendation is to vet investment advisors that can provide us with more customized options
 - *Equitable Advisors (CASBO preferred partner)*
 - *PFM Asset Management*
 - *Morgan Stanley Investment Management*
 - *Beacon Pointe*
 - *CapTrust*
 - *Merril Wealth Management*

PCHS initiated an RFP to screen/review potential advisors

- Considered a best practice
- BUT, is tedious, lengthens the process and if initiated, the process must be followed
- Link to Sample RFPs:
 - *Nearby Charter School: Click [here](#)*
 - *City of Goleta OPEB Trust: Click [here](#)*
 - *Poway USD OPEB Trust: Click [here](#)*
- Typically have a rating system and ask about (1) qualifications, (2) experiences, (3) fees, (4) investment strategy, (5) historical performance, (5) sample of reporting, (7) references and more.
- PCHS reviewed sample RFPs in order to draft an RFP to meet our investment needs.

RFP





An RFP Response for:



PALISADES
CHARTER HIGH SCHOOL

May 21, 2021

CONFIDENTIALITY STATEMENT

Confidentiality Notice: This Request for Proposal (RFP) contains confidential and proprietary information that is the property of Beacon Pointe Advisors, LLC ("Beacon Pointe"), which is provided for the sole purpose of responding to the RFP and is meant only for the intended recipient. If you are not the intended recipient, please notify the sender as soon as possible. All materials contained in this proposal, including the description of Beacon Pointe, its systems, processes and methodology, are proprietary information of Beacon Pointe. In consideration of acceptance of these materials, the recipient agrees that it will keep all such materials strictly confidential and that it will not, without the prior written consent of Beacon Pointe, distribute such materials or any part thereof to any person outside the recipient's organization or to any individual within the recipient's organization who is not directly involved in reviewing this presentation, unless required to do so by applicable law. If the recipient is a consultant acting on behalf of a third-party client, the recipient may share such materials with its client if it includes a copy of these restrictions with such materials. In such an event, the client agrees to comply with these restrictions in consideration of it accepting such materials.

Legal, Investments and Tax Notice: This document, including any information regarding specific investment products or strategies, is provided for informational and/or illustrative purposes only and is not intended to be and should not be construed as an offer, solicitation or recommendation with respect to any investment transaction, product or strategy and should not be treated as legal advice, investment advice or tax advice. Clients should under no circumstances rely upon this information as a substitute for obtaining specific legal, tax or investment advice from their own professional advisors.

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EXECUTIVE SUMMARY

Beacon Pointe at a Glance

Beacon Pointe Advisors, LLC was founded in 2002 as a Registered Investment Advisor and has assets under advisement of approximately \$15+ billion as of 3/31/2020. As an independent advisory firm, we advocate solely for our diverse group of clients including endowments and foundations, educational institutions, faith-based organizations, art and cultural organizations, healthcare organizations, defined contribution plans, associations, corporations and private clients. Our mission is to provide clear and comprehensive investment advice to effectively meet the risk and return objectives of our clients. Our independence helps us to maintain objectivity, which is essential to achieving our primary goal - serving the best interests of each client.

Investment Philosophy

Beacon Pointe's investment philosophy is to:

1. Customize solutions to assist clients in meeting their objectives in accordance with each client's specific risk/return profile;
2. Optimally diversify portfolios across asset classes/investment styles and formulate strategic asset allocation targets;
3. Entrust the management of each allocation within the portfolio with carefully researched and selected active or passive investment managers and strategies that have proven track records, high-caliber teams, strong research culture, and fundamentally driven investment styles.

Distinguishing Characteristics

Our firm offers a unique investment platform which places a strong emphasis on providing optimal investment solutions and client service. We believe proactive, effective communication is essential to the success of any client relationship.

In addition, our experienced consultants have an average industry experience of 20 years, and each consultant serves an integral role in investment research. As a result, the investment consultants assigned to a client's account have a clear understanding of the strategies utilized in the portfolio and do not simply rely on a recommendation and/or list of strategies made by a research department that has no direct knowledge of or interface with the client. Our investment solutions include active, passive, traditional, alternative, and socially responsible strategies.

Working with You

Beacon Pointe Advisors will be an active partner with you; we will seek to understand all aspects of your investment program, convey knowledgeable guidance, and provide exceptional service. Our team will become an extension of your internal staff. Once we understand your investment goals and needs, we will assist you by:

- Drafting and maintaining a clear Investment Policy Statement;
- Crafting the appropriate asset allocation to meet specific growth and spending requirements;
- Constructing your portfolio with investment strategies that best meet your risk/return goals; and
- Monitoring all aspects of your portfolio to ensure it meets the needs of your organization.

A. Professional Capability

Please confirm your firm's ability to meet or exceed the requirements contained in Section 3.

Beacon Pointe is authorized to do business in the State of California and complies with all state and federal laws and certification requirements, including those relevant to investment advisors. To help illustrate that Beacon Pointe is a financially stable company and that we have been providing similar services for at least the last five (5) consecutive years prior to the date of submission, please reference Exhibit I to view our Independent Accountant's Review Report.

In 2002, Beacon Pointe Advisors was founded as a Registered Investment Advisor (RIA) upon the premise of having no conflicts of interest and a focus that is solely on the client. Beacon Pointe was founded with institutional consulting roots and a mission to provide clear and comprehensive investment advice to effectively meet the risk and return objectives of our clients.

Beacon Pointe Advisors has approximately \$15+ billion in assets under advisement (as of 3/31/21) with a total of 225+ employees and 21 offices located throughout the United States, headquartered in Newport Beach, CA. Beacon Pointe's Institutional Consulting Services Group and Research Department are based at our headquarters. Additional Beacon Pointe office locations include Newport Beach, Riverside, Santa Barbara, San José, San Diego, Palm Desert, Fresno, and Los Angeles, California; Denver, Colorado; Boston, Massachusetts; Dallas and Plano, Texas; Philadelphia, Pennsylvania; Summit, New Jersey; Scottsdale, Arizona, Vero Beach and Winter Park, Florida; Greenville, South Carolina; and New Orleans, Louisiana.

B. Team

Please provide a biography of those who will be responsible for managing the School's investment account, including, but not limited to, any key member of the firm who is expected to be assigned or involved with our account.

Your Beacon Pointe consulting team is highly diversified to bring the best minds and skillsets to Palisades Charter High School. We employ a team approach to servicing institutional clients dedicating two senior consulting professionals who are supported by an investment analyst and an operations specialist. In addition to Mike Breller and Mitchell Hughes as your dedicated senior investment consultants, Beacon Pointe's Chief Investment Officer, Michael Dow, CAIA, CFA, CPA, Stephen Marshall, Director of Asset Allocation, and Julien Frazzo, Director of Risk Management and Securities Research will be directly involved and familiar with your account.

Mike Breller
Managing Director, Senior Investment Consultant
Industry Experience: 25+ years
Tenure with Firm: 10 years

Mike is responsible for servicing and consulting Beacon Pointe institutional clients. He is a member of Beacon Pointe's Investment Committee and is part of the Beacon Pointe Alternatives and SRI/ESG Sub-Committees. As a consultant, his responsibilities include asset allocation, investment manager structure and manager due diligence and evaluation. Mike has been with Beacon Pointe since 2010. Prior to joining Beacon Pointe, he worked for 11

years as a financial analyst and investment specialist for Capital Research and Management Company, the investment advisor to the American Funds. In these roles, Mike represented the investment professional group to large institutional clients and to research groups for broker/dealer firms and consulting firms. Mike regularly contributes as a speaker and panelist at industry conferences for university foundations, insurance companies and Native American tribal governments. Mike graduated, magna cum laude, from Boise State University with a BBA in Finance. Mike volunteers his time as a Trustee and Vice Chairman of the Board for the Irvine Public Schools Foundation.

Mitchell Hughes

Wealth Advisor

Industry Experience: 8+ years

Tenure with Firm: 2 years

Mitchell (Mitch) is responsible for consulting to Beacon Pointe's institutional clients and handling new client development. He serves the firm's foundations and endowments, high net worth family offices, and 401(k)/403(b) clients. Mitch is a member of Beacon Pointe's 401(k) committee and also provides alternatives research support. Prior to joining Beacon Pointe, Mitch worked at Merrill Lynch with the Global Institutional Consulting Group and at J.W. Cole Financial as a financial analyst. Mitch obtained his Master of Business Administration (MBA) from the University of California, Irvine. He serves on the board of Upon this Rock Ministries and is an active member of Mariners Church in Irvine, CA. Mitch is married and resides in Orange County, and in his spare time he enjoys golfing, surfing and mountain activities.

Michael G. Dow, CAIA, CFA, CPA*

Chief Investment Officer

Industry Experience: 20+ years

Tenure with Firm: 2 years

Michael is the Chief Investment Officer of Beacon Pointe Advisors and the Chairman of the Beacon Pointe Investment Committee. Prior to joining Beacon Pointe, Michael served as Managing Director and Head of US Core Plus Bonds, Head of Sovereign Credit Research, and Head of Emerging Market Corporate Debt at UBS Global Asset Management, where he was responsible for portfolio management, research, trading and strategy across the UBS global platform for these products. Prior to joining UBS, Michael was enrolled at the University of Chicago and studied in several post-graduate programs including Economics and in the School of Public Policy and had begun the core coursework in the PhD Finance program at the Chicago Booth School before returning to the capital markets in early 2008. He remains affiliated with the University of Chicago and has taught the undergraduate Intermediate Accounting course at Lake Forest College as an adjunct professor, and as a guest lecturer taught the fixed income and interest rate course sections of undergraduate finance and graduate quantitative finance programs at the University of Illinois, Northwestern University and Notre Dame University. Prior to academia Michael was an Investment Grade Corporate Bond Portfolio Manager at PIMCO and was the PIMCO Funds National Sales Manager, as well as a senior member of the Consultant Relations Group. He started his career at Salomon Brothers as a fixed income salesman in the Private Investment Department. He received a BS in Accountancy from the University of Illinois Urbana-Champaign, where he played intercollegiate water polo, and his MBA in Finance from the University of Chicago. Michael is a Chartered Alternative Investment Analyst, Chartered Financial Analyst, received his certificate to practice as a CPA (inactive) and is a member of the CFA and CAIA Societies of Chicago. He is married and has four children, and lives with his wife in Western Springs, Illinois.

*CPA license is inactive

Stephen Marshall

Director, Asset Allocation

Industry Experience: 20+ years

Tenure with Firm: 4 years

Stephen oversees Beacon Pointe's asset allocation efforts focusing on portfolio modeling and construction and is also a significant contributor to the firm's investment research and due diligence efforts. Stephen has been with Beacon Pointe since 2017. Prior to joining Beacon Pointe, Stephen was a Managing Director and the Head of Asset Allocation for Wilshire Consulting. In his previous role, he was responsible for the development of broad investment policies and risk management of portfolios for clients including foundations, endowments, corporate and public defined benefit plans, defined contribution plans, and other asset pools. Stephen was instrumental in developing Wilshire's proprietary Cost-Risk Optimization and Dynamic De-Risking models. Stephen has an actuarial background and brings extensive experience in asset/liability analysis to Beacon Pointe. Stephen graduated from the University of New Orleans with a B.S. in Mathematics. He speaks frequently on asset allocation and risk-related topics at industry conferences.

Julien Frazzo

Director, Risk Management and Securities Research

Industry Experience: 20+ years

Tenure with Firm: 1 year

Julien is the Director of Risk Management and Securities Research at Beacon Pointe Advisors and is a member of the Beacon Pointe Investment Committee. Prior to joining Beacon Pointe, Julien served as Director of Equity Research at the Bahnsen Group. Julien is a seasoned investment professional with twenty-one years of experience, including fourteen years as a risk taker in alternative asset management, five years in investment banking and two years in private wealth management. He began his career in the financial industry as an M&A banker and equity research analyst as part of Lehman Brothers analyst and associate programs. Julien transitioned to the buy-side of the industry in 2004 by joining Citadel as a Senior Analyst before being promoted to Managing Director of Citadel's Principal Strategy. Julien subsequently served as a Portfolio Manager at several multi-billion-dollar boutique hedge funds before relocating his family to Southern California and transitioning to private wealth management in 2019. Julien earned a master's degree in Accounting and Finance and a postgraduate degree in Corporate Finance, Financial Engineering and Securities Law from the University of Paris Dauphine in Paris, France. A French native, Julien holds American and British citizenships and lives in Seal Beach, California with his wife and daughter. Having worked in Paris, Amsterdam, London, Chicago, Monaco and Newport Beach, Julien is a student of many cultures and brings a global understanding of investments to the table. Outside of the office, he enjoys outdoor sports such as sailing, kitesurfing and snowboarding.

C. Experience

Please describe your firm's work on projects that are similar in scope to the School's.

Beacon Pointe Advisors' team of consultants has many years of experience working with not-for-profit organizations. The majority of Beacon Pointe's clients are endowments and foundations, including healthcare foundations, public and private universities, and community foundations.

We serve our clients through a hands-on approach, working closely with each client to form a comprehensive understanding of their unique goals and requirements. Critical to the success of a foundation's mission is preservation of capital, ensuring spending requirements are met, and minimizing exposure to risk and volatility. The strategy formulated for each of our clients is custom-tailored to optimize the ability to meet objectives on a sustainable basis. Beacon Pointe Advisors serves in a fiduciary capacity, reflecting each client's vision and values in every aspect of our service.

Our success in serving as your advisor goes beyond achieving investment returns for your portfolio. In today's challenging economic times, it is critical for not-for-profit organizations to ensure that their assets are managed in a manner that is in line with organizational goals and objectives. Beacon Pointe's portfolio oversight and reporting provide for these requirements and enable our clients to achieve success in terms of investment results as well as cultivating donor confidence and loyalty.

i. Outline any experience working with K-12 public schools or managing OPEB trusts.

Beacon Pointe's focus is providing investment consulting services to nonprofit organizations and our team of consultants has been doing so for over 25 years. The majority of our clients are nonprofit in nature, including endowments, foundations, K-12 public schools, and institutions of higher education. We work with our clients in discretionary, non-discretionary, and hybrid advisory capacities depending on how Beacon Pointe best aligns with each client's resources and needs.

Members of our professional team also volunteer and serve on boards and committees of nonprofit foundations that are quite similar to Palisades Charter High School. We, therefore, have a thorough and realistic understanding of the unique challenges, circumstances, and educational needs that can arise with affiliated groups and potential donors.

D. Approach

Describe how your firm would approach the establishment/development of our School's investment account.

Beacon Pointe's commitment is to serve as Palisades Charter High School's strategic advisor. When we structure an investment strategy, we focus on the needs of the entire organization – cash flows, spending, and related goals critical to the mission of each client organization. We work directly with our clients to determine if their current goals are still compatible with their objectives, level of risk tolerance, and mission. We determine if certain capital structure restraints exist, as they may determine a strategic level of liquidity. We then determine which asset classes to include in the portfolio based on each client's size, risk tolerance, liquidity constraints, and overall investment goals and objectives.

i. IPS Development

The Investment Policy Statement (IPS) serves as a strategic guide in the planning and implementation of an investment program, outlining the roles and responsibilities of all parties involved. It also states the investment philosophy and objective and anticipates issues related to governance, asset allocation, investment managers, monitoring results, risk management and performance reporting.

For that reason, Beacon Pointe engages any new client relationship in an active dialogue to ensure the document is a reflection of the intended investment program.

The IPS review process entails interview(s) with the committee, which include detailed discussions on investment objectives, absolute return goals, relative return goals, spending/cash flow requirements and plans for communication and monitoring of the portfolio. Then, Beacon Pointe will provide proposed modifications to the committee with relevant research and financial modeling for the recommendation.

The IPS should be reviewed and modified when there is any change in risk or return objectives or any other significant factors such as time horizon, liquidity, etc. If these factors do not change, we believe an annual review of the Investment Policy Statement and an annual asset allocation study are the most crucial issues regarding an investment policy to ensure it is in line with the latest prudent practices. An annual review of the IPS is considered a best practice because not only do market outlooks change from year to year, but the purpose of the portfolio may change as the organization evolves. In addition, the annual review gives new board and committee members the opportunity to participate in a discussion about the portfolio and familiarize themselves with the essential elements of the investment policy in an open format. Historical context may also be provided, and the long-term goals of the organization discussed. An annual asset allocation study enables the committee to familiarize themselves with the purpose of the portfolio, how asset class assumptions (from both a risk and return standpoint) are incorporated and evaluate if the client's current portfolio is appropriate and in line with the IPS given the long-term goals of the organization.

One of the key advantages of working with Beacon Pointe is the specialization of custom-tailoring investment policy statements and investment portfolios to suit the unique needs of each client.

We have extensive experience assisting in the formulation of investment and spending policies and asset allocation strategies for educational organizations. We utilize advanced tools that improve upon the standard Mean Variance Optimization modeling process to help best match recommended allocation to the investment objectives. One of the key advantages of working with Beacon Pointe is the specialization of custom-tailoring investment policy statements and investment portfolios to suit the unique needs of each client. These needs vary significantly and are dependent upon a vast array of variables, including time horizon, spending requirements and risk tolerance.

There is no “general recommendation” or standard Investment Policy Statement or portfolio that is applied to our clients – every portfolio is different, and the portfolio that is determined best suited for your goals might be far different than a portfolio crafted for a similar type of organization. Additionally, we will provide an asset allocation modeling analysis which includes cash flow analysis from spending and utilize a Monte Carlo simulation to help inform the committee of the impact of various spending rates and return scenarios.

To ensure compliance with investment policies or guidelines, not only does the client consulting team continue to monitor the overall portfolio's compliance, our reporting platforms allow the consultants

and research teams to monitor specific factors such as security concentration, asset allocation target ranges, performance relative to benchmarks or peers, and a number of other items. Beacon Pointe has invested in one of the top institutional performance measurement platforms which allow us not to provide our clients with just “statements” of performance, but to provide attribution, custom composites, and compliance tools—to name a few.

ii. Establishment of a trust or investment account

Our investment process is designed to provide optimal investment solutions and client service.

Beacon Pointe Investment Philosophy:

- Clients benefit from a long-term investment horizon
- “Diversification is the only free lunch in finance.” – Harry Markowitz
- Markets have inherent inefficiencies that can be exploited
- Macroeconomic fundamentals provide the foundation for capital market returns
- Risk management is key to our process

We deliver customized solutions to help clients meet their objectives in accordance with their specific risk/return profile. We optimally diversify portfolios across asset classes and investment styles and formulate strategic and cyclical asset allocation targets. Finally, we entrust the management of each allocation within the portfolio with carefully researched and selected active and/or passive managers and strategies that have proven track records, high-caliber teams and strong research cultures.

The process is managed by our Chief Investment Officer and the Beacon Pointe Investment Committee, comprised of the most senior investors in the firm, who provide oversight and ongoing risk management.

FIVE STEP INVESTMENT PROCESS MACRO ANALYSIS + VALUATION ASSESSMENT + MANAGER RESEARCH = CUSTOMIZED SOLUTION



Our investment process begins with an assessment of the macro-investing environment and incorporates our views on economic growth, inflation, monetary policy, risk taking and volatility to develop a set of investment themes that guide our asset allocation decisions.

Asset allocation is assessed over two investment horizons: strategic and cyclical. The longer-term strategic asset allocation is determined by long-term asset class returns and correlations. It is both a point estimate and a range around the point estimate to allow for cyclical adjustment.

The intermediate cyclical term asset allocation is determined by combining the results of our current position assessment within the business and credit cycles with an analysis of current valuation metrics. We believe the strategic asset allocation is enhanced by assessing, and if warranted, altering the asset allocation to take advantage of cyclical changes in the investing environment.

We review current valuations in equity markets, yields and credit spreads in fixed income markets and volatility across asset classes to determine cyclical asset class performance forecasts. These inputs, along with our views on correlation amongst asset classes, are the basis for quantitative optimization tools we use to establish our cyclical asset allocation within the established strategic range. Strategic asset allocation is reviewed annually, and cyclical asset allocation is updated quarterly.

Once the core asset allocation is established, we factor in the unique investment objectives, risk tolerance and investment horizon of the client to determine the client-specific optimal strategic and cyclical allocation. The process continues with the Manager Research Department identifying best-in-class managers to satisfy client objectives.

The asset managers Beacon Pointe recommends are assessed across a wide range of metrics using proprietary due diligence methods that seek to identify stability and consistency of performance. The managers we use strive to keep pace with bull markets while protecting capital when markets decline. The entire process is overseen and approved by the Beacon Pointe Investment Committee. The capital markets are dynamic, and risk management is a core feature of our investment process.

iii. **Asset Allocation Recommendations**

Beacon Pointe Advisors takes a long-term view when determining appropriate asset allocation guidelines. Our analysts utilize investment models that represent forward looking assumptions on return, standard deviation, and correlations over a ten-year time frame. We understand that markets can become volatile in the short-term and would not estimate rates of return over shorter periods of time given these understandings. The recommended asset allocation, utilizing the estimated forward-looking assumptions, could generate an approximate annualized rate of return between 6-8% with a standard deviation within the range of 10-15% for a well-diversified portfolio. Given our long-term views, we do run annual asset allocation models to ensure a proper portfolio is constructed for our clients and that the integrity of the portfolio is upheld year over year.

We provide specific asset allocation recommendations to our clients as part of our core services. Our portfolio construction and asset allocation process begins with an assessment of the investment landscape to determine macro opportunities and risks. Combined with an analysis of current

valuations, we develop a cyclical asset allocation view that may – or may not – deviate from the client-specific strategic allocation. In order to optimize the inputs to the asset allocation process, we employ sophisticated modeling techniques, including scenario analysis, that will allow clients to review a multitude of possible risk/return outcomes to better achieve the optimal portfolio selection necessary to meet the client’s stated objectives.

We believe in risk control through proper portfolio diversification using the techniques of Modern Portfolio Management. When done prudently and efficiently, diversifying a portfolio minimizes or reduces the volatility and risk associated with a client’s investments. Our goal is to create an optimized portfolio of asset classes and investment styles considering each investment’s impact on the overall strategy in addition to the investment’s individual attributes. To achieve this objective, Beacon Pointe’s Head of Asset Allocation, Stephen Marshall, will work directly with our consultants to combine the results of our asset allocation process with client investing objectives to achieve optimum results. Stephen oversees Beacon Pointe’s asset allocation efforts focusing on portfolio modeling and construction and is also a significant contributor to the firm’s investment research and due diligence efforts.

Beacon Pointe uses an enhanced external asset allocation modeling platform (Johnson Model distributions) as well as proprietary models to address the limitations of traditional Mean Variance Optimization, based on normal distribution patterns, and other techniques that represent the latest thinking in quantitative modeling. Every asset class exhibits a different level of skewness in return distributions, and we capture this specifically in our asset allocation analysis. Utilizing this enhanced asset allocation model allows us to better capture “fat-tailed” risks in our modeling process and protect against a “2008”-type scenario.

We then create a range of potential portfolios across a spectrum of allocation targets, expected returns and risk parameters. In the process of evaluating potential portfolio mixes, we show not only the “expected” risk/return characteristics but also best and worst-case scenarios through Monte Carlo Analysis. The range of investment outcomes serves to confirm the portfolio structure decision based on the client’s unique levels of risk tolerance and return objectives. The client’s growth target, spending needs, risk tolerance, and available investment universe are all incorporated into the asset allocation process and recommendation.

A customized approach to portfolio construction is a Beacon Pointe hallmark and clear advantage of working with a firm our size.

We can position multiple external managers to maintain the chosen asset strategy. A customized approach to portfolio construction is a Beacon Pointe hallmark and clear advantage of working with our firm. We tailor each client portfolio to the unique requirements of investment objectives and risk tolerance, among other factors.

Our consultants then carefully select investment managers to meet the portfolio objectives, with emphasis on capital preservation and downside risk management. While portfolio and investment manager recommendations are consistent across the firm, the primary consultants are involved in the customized portfolio construction decision process for each institutional client with oversight by the entire Institutional Consulting Services Group.

E. Pricing

Provide detailed information as to the cost for the services identified in Section 2 above. Please include your firm’s investment management fees and a projection of other expected fees (trustee/custodial service fees, administrative fees, etc.).

Beacon Pointe does not charge any indirect fees such as commissions or soft dollars. We feel very strongly about freedom from conflicts of interest and the ethical impact upon investment decisions and client portfolios its adherence represents.

We believe in the importance of full disclosure of all fees associated with the management of your portfolio. Beacon Pointe does not charge any indirect fees such as commissions or soft dollars. We feel very strongly about freedom from conflicts of interest and the ethical impact upon investment decisions and client portfolios its adherence represents. In conjunction with our consulting fee, your portfolio will incur fees for the investment managers and custodian employed. We can only estimate the investment manager and custodial fees, as those depend entirely upon the providers utilized. If electing to custody with Charles Schwab or Fidelity, in most cases, the equity trading fees are complimentary.

The following is Beacon Pointe’s advisory fee:

Market Value of Client Assets	Beacon Pointe Fee
First \$25 million	0.50%
Next \$25 million	0.30%
Thereafter	0.20%

In order to provide a clear picture of total portfolio fees, we have provided a summary of our discretionary advisory fee along with an estimate of investment management and custodial/transaction fees:

Discretionary Fees Based Upon Portfolio Value of \$5MM	Estimated Fee
Beacon Pointe Advisory Fee	0.50%
Investment Manager Fees	0.40% - 0.55%
Custodial/Transaction Fees	0.02% - 0.03%

F. References

Please provide a minimum of three (3) references. Preference and emphasis shall be given to references that are educational institutions (K-12 public schools or private schools), and non-profit organizations.

California State University San Bernardino Foundation	Tower Foundation of San Jose State University	Los Angeles Firemen's Relief Association
Robert Nava	Phil Boyce	Todd Layfer
VP, University Advancement	Committee Member	Executive Director
5500 University Parkway	One Washington Square	7470 N Figueroa Street
San Bernardino, CA 92407	San Jose, CA 95192	Los Angeles, CA 90041
Phone: (909) 273-4188	Phone: (408) 867-3737	Phone: (323) 259-5200 x 243
Email: rjnava@csusb.edu	Email: philrboyce@gmail.com	Email: tlayfer@lafra.org

GENERAL DISCLOSURE

The information set forth herein is for the sole use of our clients and prospective clients, and only in connection with the purposes for which it is presented. By accepting delivery of the information, the intended recipient agrees that: a) the information set forth and the methodologies utilized herein are proprietary to Beacon Pointe, and b) no part hereof will be reproduced, reprinted, disseminated, displayed, or utilized for any reason other than the purposes expressed without the prior written consent of Beacon Pointe.

Opinions expressed herein are subject to change without notice. Beacon Pointe has exercised all reasonable professional care in preparing this information. Information that has been obtained from outside sources we believe to be reliable; however, Beacon Pointe has not independently verified or attested to the accuracy or authenticity of the information. Beacon Pointe shall not be liable to customers or anyone else for the inaccuracy or non-authenticity of the information or any errors of omission in content regardless of the cause of such inaccuracy, non-authenticity, error, or omission, except to the extent arising from the sole gross negligence of Beacon Pointe. In no event shall Beacon Pointe be liable for consequential damages.

Beacon Pointe Advisors does not offer legal or tax advice. Please consult with the appropriate tax or legal professional regarding your circumstances. This information is not intended and should not be relied upon as individualized tax, legal, fiduciary, or investment advice. Only a tax or legal professional may recommend the application of this general information to any particular situation or prepare an instrument chosen to implement any design discussed herein. Nothing herein should be relied upon as personalized investment advice, nor should it be considered an individualized recommendation, offer or solicitation for the purchase or sale of any security or to adopt a specific investment strategy. An investor should consult with their financial professional before making any investment decisions.

Investing in securities involves risks, and there is always a chance of losing money when you invest in securities. Asset allocation, diversification, and rebalancing do not ensure a profit or protect against loss in declining markets. Past performance is not a guarantee of future results.

Thank you for your continued confidence in Beacon Pointe.

Palisades Charter High School

Response to Request for Proposal

June 3, 2021



Palisades Charter High School
Request for Proposal

June 3, 2021

Mr. Juan Pablo Herrera
Palisades Charter High School
15777 Bowdoin Street
Pacific Palisades, CA 90272

Dear Mr. Herrera,

We are honored to receive the request for proposal for the Palisades Charter High School. We have tremendous respect for the teachers and employees of the Palisades Charter High School and in their roles in our local community. We are grateful for the opportunity to become an investment advisor and manager for the Palisades Charter High School. Attached is our proposal to manage and provide investment advice for the investment assets.

At our firm, we have access to many exceptional independent firms to partner with. Upon completing our selection process, we have decided to partner with Advisors Capital Management (ACM) on the construction and management of the portfolio. We believe that our combined resources will result in the Lifetime Health Benefit Fund being extremely well cared for by a team of experienced professionals.

We look forward to the opportunity to present our proposal in greater detail to the Committee in the future.

Thank you for your consideration,

Steve Felsen, Financial Consultant
Equitable Advisors
21700 Oxnard Street, Suite 110
Woodland Hills, CA 91367
(818) 587-4213

Andrew Ziskin, Co-Partner
Pacific Coast Wealth Strategies
Equitable Advisors
21700 Oxnard Street, Suite 110
Woodland Hills, CA 91367
(818) 587-4219

Evan Press, Co-Partner
Pacific Coast Wealth Strategies
Equitable Advisors
21700 Oxnard Street, Suite 110
Woodland Hills, CA 91367
(818) 587-4293

Introduction

Equitable Holdings, Inc. is one of the premier U.S. organizations for financial protection and wealth management through its strong brands.

Equitable

Equitable Financial Life Insurance Company (formerly The Equitable Life Assurance Society of the United States), headquartered in New York, NY, is a leading financial protection company and a premier provider of life insurance, annuities and related financial services. Equitable serves more than 2.8 million clients across the United States with more than \$159.8 billion in retirement assets, including \$40.8 billion in group retirement as of June 30, 2019. Our group retirement products help teachers, municipal and corporate employees accumulate wealth and better prepare for their retirement needs.

Equitable Advisors

Financial services and products available to individuals and businesses through Equitable Advisors and its affiliates include:

- Financial and Retirement Planning
- Executive Benefits
- Wealth Management
- Education Planning
- Employee Benefits
- Estate Planning

Equitable Advisors financial professionals practice in communities throughout the continental United States, Puerto Rico, and the Virgin Islands. Equitable Advisors' local presence allows clients to develop special relationships with talented, capable financial professionals in their local communities. Many of these financial professionals have attained one or more coveted professional designations, such as Certified Financial Planner® or Chartered Financial Consultant. Some even have backgrounds or training in the fields of law or accounting.

Financial Consultants

Steve Felsen, MBA: For over 20 years, Steve has led a number of US and International businesses across a variety of industries including Sporting Goods, Interactive Entertainment, Toys and Travel Goods. Working within the Financial Services field, Steve utilizes his knowledge and past business experience to educate and help clients plan, achieve, and protect their financial futures and goals. When not helping his clients, Steve teaches financial literacy to middle, high school and college students so they can learn the financial concepts that he was never taught, even after attending a nationally ranked business school. Educational and Licensing credentials include:

- FINRA Series 24, 6, 63, 65, 7 registrations. Life and Health Insurance License.
- Received a Bachelor of Arts in Economic from the University of California, Los Angeles.
- Earned his Master of Business Administration from the Kenan Flagler Business School at the University of North Carolina, Chapel Hill.

Andrew Ziskin, CFP®, ChFC®, CLU®, WMCP®: As a co-founding partner of Pacific Coast Wealth Strategies, Andrew is a dedicated financial professional who is truly committed to excellence in providing clients with cutting edge techniques to help address their financial concerns. Andrew has extensive professional and educational experience in the financial services industry:

- Was a Senior Vice President and branch manager with Equitable Advisors for 7 years overseeing over 60 financial professionals, staff and management.
- Received a Bachelor of Science in Business Administration with a major in Accounting at San Diego State University.
- Awarded a Retirement Planning Specialist Certificate in Retirement Planning from the Wharton School, University of Pennsylvania.
- Earned a professional designation in Personal Financial Planning at University of California Los Angeles.
- CERTIFIED FINANCIAL PLANNER™ (CFP®) designation attained by completing the established and rigorous education, examination, experience and ethical requirements by the CFP Board of Standards.
- Chartered Financial Consultant (ChFC®), Chartered Life Underwriter (CLU®) and Wealth Manager Certified Professional (WMCP®) designations from the American College in Bryn Mawr, Pennsylvania.
- FINRA Series 24, 53, 63, 65, 7 registrations. Life and Health Insurance License.

Evan N. Press, CFP®, RICP®: A financial consultant since 2003 Evan works with individuals, public schools, non-profits, and businesses in areas of wealth management, retirement planning and risk management. His work extends to the area of pension maximization and retirement income distribution. His educational and professional experience includes:

- Managing Partner, Pacific Coast Wealth Strategies
- CERTIFIED FINANCIAL PLANNER™ (CFP®) designation attained by completing the established and rigorous education, examination, experience and ethical requirements by the CFP Board of Standards.
- Awarded a Retirement Planning Specialist Certificate in Retirement Planning from the Wharton School, University of Pennsylvania.
- FINRA Series 7, 66 registrations. California Life and Health Insurance License.
- Has earned the title of Retirement Plans Specialist Tax Sheltered Plans
- Received a Bachelor of Science in Business Management California State University, Northridge.

Third Party Portfolio Management

Dr. Charles Lieberman, Chief Investment Officer: A graduate of MIT with a bachelor's degree in economics, Dr. Lieberman later earned a Ph.D. in economics from the University of Pennsylvania before beginning his professional career as an academic at the University of Maryland and Northwestern University. After five years in academia, Dr. Lieberman joined the Federal Reserve Bank of New York as head of its Monetary Analysis staff before coming to Wall Street. At Morgan Stanley and Shearson Lehman Brothers, he focused on the debt and equity markets, respectively. In 1986, he joined Manufacturers Hanover Securities as chief economist and head of research and retained that position through the subsequent mergers with Chemical Bank and Chase Manhattan. In 1997 he left Chase and founded the global macro hedge fund Strategic Investors Management, LLC, along with co-founder Henry Kaufman, where he served as managing partner and principal strategist. In 1998, Dr. Lieberman founded Advisors Capital Management. Dr. Lieberman is frequently quoted in the media, often appearing on Bloomberg, CNBC and is frequently quoted by Barron's and The Wall Street Journal.

Dr. JoAnne Feeney, Portfolio Manager: Received her B.A. in Economics from Union College and her Ph.D. & M.A. in Economics from the University of Rochester. Prior to joining ACM, Dr. Feeney was a senior equity analyst for over 10 years at boutique sellside firms including Punk, Ziegel & Co. FTN Equity Capital, Longbow Research, and ABR Investment Strategy where she focused on valuation of nanotechnology and semiconductor companies. Dr. Feeney also consulted for the Federal Reserve, The International Monetary Fund and The World Bank while an academic at The University of Albany, State University of New York, The Stern School of Business, New York University, and the University of Colorado at Boulder. Dr. Feeney has been with ACM since 2015.

David L. Ruff, CFA®, Portfolio Manager: Prior to joining ACM as a Portfolio Manager, David Ruff was a managing director and senior portfolio manager at Salient where he co-managed the Dividend Signal Strategy® portfolios. Previously, Mr. Ruff was chief investment officer for Berkeley Capital Management. In 2008, Forward Management acquired Berkeley, and subsequently in 2015, Salient acquired Forward. Prior to joining Berkeley in 2001, Mr. Ruff was chief investment officer of London Pacific Advisors where he chaired the LPA Investment Policy Committee. From 1998 through 2001, Mr. Ruff served as president and director for the Security Analysts of Sacramento. Mr. Ruff graduated magna cum laude from Iowa State University with a Bachelor of Science in finance. Mr. Ruff is a CFA® charter holder and currently a member of CFA Institute and the Security Analysts of San Francisco.

Randall Coleman, CFA®, Portfolio Manager: Randall Coleman is a portfolio manager focused in international and small/mid cap securities. Before joining ACM, Mr. Coleman was the co-manager of the Salient Dividend Signal Strategy® portfolios. Previously, Mr. Coleman was a portfolio manager and analyst for Berkeley Capital Management. In 2008, Forward Management acquired Berkeley, and subsequently in 2015, Salient acquired Forward. Before joining Berkeley in 2001, Mr. Coleman was a portfolio manager at London Pacific Advisors, specializing in small

and mid-cap domestic equities. He has worked as a computer programmer and as a lobbyist aid in California state government. Mr. Coleman is a CFA® charter holder and holds a Bachelor of Arts from the University of California, Davis as well as an MBA from Thunderbird, the American Graduate School of International Management.

Paul Broughton, CFA®, Portfolio Manager: Paul Broughton is an equity portfolio manager with ACM. Prior to joining the firm, he was a co-manager of the Salient Dividend Signal Strategy® portfolios. Prior to joining Salient in 2010, Mr. Broughton held various roles in fixed income portfolio management and trading with Pacific Capital Bancorp and American Century Investments. He began his career with State Street in fund accounting. Mr. Broughton is a CFA® charter holder and holds a Bachelor of Science in accounting and business administration from the University of Kansas.

Kevin Strauss, CFA®, Portfolio Manager: Mr. Strauss has more than 25 years of experience in the Investment Management industry managing equity and fixed income portfolios. Prior to joining ACM, Mr. Strauss was a Vice Chairman with Abner Herrman & Brock and a member of the investment committee. Prior to that, Mr. Strauss spent eight years with Citigroup Global Asset Management rising from Research Analyst to a Senior Portfolio Manager in the firm's institutional and Private Client Groups. Mr. Strauss was a past member of the Board of Directors of Bergen County NJ YJCC and Chairman of its Endowment Committee. He is currently a Trustee of the New Jersey Business + Industry Association (NJBIA) Benefits Trust and a board member of the Association Master Trust.

Our Firm's Errors & Omissions Insurance and Commercial General Liability Insurance and Specific Coverage

	Insurance carrier	Coverage and Limits
Equitable Errors and omissions coverage	Zurich American Insurance Company	\$2,500,000 per claim, \$4,000,000 annual aggregate per insured financial professional
Equitable Fidelity bond	National Union Fire Insurance Company of Pittsburgh, PA, Fidelity and Deposit Company of MD, Berkley Regional Insurance Company and Federal Insurance Company	The limit of liability is \$100 million, excess of \$1 million deductible.
Equitable Director and officer liability	AXA X.L., Zurich American Insurance Company, Arch Insurance Company US	The limit of liability is \$105 million, excess of \$5,000 per person, \$50,000 aggregate for

		Side-A, and \$5 million each loss for Side B.
Equitable Cyber security	Our Financial Institution Bond includes protection for electronic and computer crime. BRIT Insurance	The limit of liability is \$150 million, excess of \$1 million deductible.
Equitable Fiduciary	Equitable and home office personnel are self-insured for Fiduciary Liability Insurance.	N/A

	Insurance carrier	Coverage and Limits
ACM Errors and omissions coverage	The Travelers Companies, Inc.	\$5,000,000 annual aggregate.
ACM Employment Practices Liability	The Travelers Companies, Inc.	\$5,000,000 annual aggregate.
ACM Cyber security	Liberty Surplus Insurance Corp	The limit of liability is \$100k.
ACM Fiduciary	Liberty Surplus Insurance Corp	\$1,000,000 annual aggregate.
ACM Umbrella	CNA Financial Insurance	\$3,000,000 annual aggregate.

Our Approach to Service

Our team of financial professionals will make the transition to Equitable as smooth and simple as possible for the Palisades Charter High School (PCHS) and their employees. Our financial professionals will accommodate service, support and education as needed and agreed upon during initial meetings. We have found our commitment to providing on-site presence makes a meaningful difference in providing outcomes and is a core component of an effective investment plan.

Overall Services Platform

Our team is fully dedicated to serving all of our clients on the individual level. Our investment approach and philosophy are built to provide clients with the ability to make informed decisions, manage risk and coordinate distribution policies. Our dedicated team of investment, research and service personnel, fiduciary responsibility, customized portfolios and transparency are all characteristics that stand out in our effort to provide the Palisades Charter High School with the ability to achieve its investment objectives.

Investment Services Including:

- Development (if needed), review and maintenance of an investment policy statement.
- Portfolio management in compliance with IPS and meant to include diversification in the investment portfolio.
- Periodical reviews with leadership on investment strategy and return on investments.
- Asset allocation advice.
- Performance monitoring against benchmarks.
- Training of plan fiduciaries as to duties and obligations.

Administrative Services Including:

- Provide counseling, educational and documentation services
- Preparation of reports required or requested.
- Monitor plans for compliance with any requirements
- 24/7 online access.
- Monthly statements to include all account activity.



Description of the Allocation Selection Proposed to Employ if Selected to Provide Investment Services.

Based on a potential hurdle rate of 4% - 5% (net of all fees) a Balanced strategy enables PCHS to obtain a customized investment portfolio tailored to their preferred mix of stocks and fixed income. In most separate account portfolios, investors have to fit into a pre-determined blend of stocks and bonds that most resembles their investment risk parameters and goals. With us, you are in control and can customize to your own comfort level and investment objectives. Of course, we will recommend the appropriate mix of investments to help reach your goals while concurrently minimizing risk.

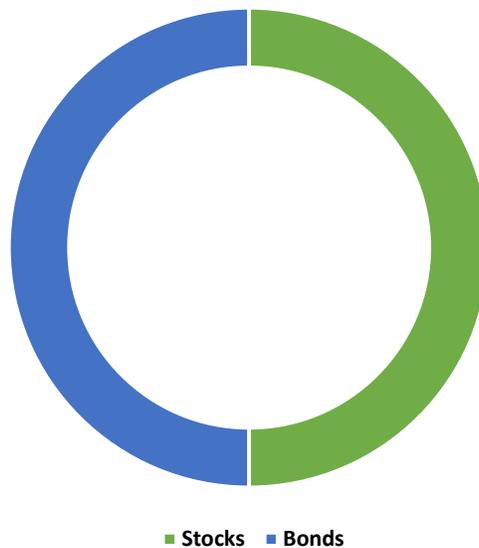
We take a two-pronged approach in selecting appropriate investments. We begin with a top-down macro analysis of factors such as economic and business cycles, interest rate outlook and demographics. Within that framework, we then employ a fundamental, bottom-up analysis targeting sectors for further review.

Once an equity sector has been identified as having potential growth opportunities, an evaluation is performed on the investment merits of the individual companies within this sector. When a segment of fixed income has been identified as having potential income and capital preservation opportunities, a credit analysis is performed.



An example allocation to achieve the above-mentioned hurdle rate would be a 50/50 stock/bond allocation. This blended allocation should provide balance in the portfolio across market cycles. It's designed to minimize risk while generating a consistent rate of return over time, even during periods of volatility. Below show the historical returns of a 50/50 stock/bond portfolio.

Target Allocation 50/50



NET Rate of Returns for a 50/50 Allocation and the Corresponding Index(es) Used

<u>3/31/2021</u>	<u>Net of Fees</u>	<u>50% S&P 500 / 50% Barclays Intermediate Corporate Bond</u>
Year To Date	4.83%	1.98%
One Year	40.49%	30.99%
Three Year	8.54%	11.72%
Five Year	8.87%	10.48%
Since Inception*	5.56%	9.90%

*Inception Date 09/01/2006

Performance displayed represents past performance which is no guarantee of future results. Investment returns and principal value will fluctuate so that should assets be liquidated, they may be worth more or less than original cost. Diversification neither assures a profit nor eliminates the risk of experiencing investment losses. Returns do not consider capital gains or income taxes on an individual's investment. Net of fees includes all fees charged to the account. The above net returns reflect the average of all portfolios found within this strategy composite. Actual individual portfolio returns and allocations may vary from the overall composite average as indicated in the stock/bond allocation returns. Stock/bond allocation returns are based on all accounts invested as per that specific allocation. The first year of the stock/bond allocation may be a partial year.

Timing of Investment Performance Reports and Sample

Monthly statement as provided by the custodian – LPL Financial. Additional reports are available on demand. Please see the attached the file for a sample report.

Values-Based Investing (Environment, Social and Governance)

With the ownership of individual securities, PCHS can align their investment strategy with their personal ethics. We can do this by restricting securities in the individual companies that run contrary to your core values. Of course, the umbrella of personal values is quite broad and diverse. We can help refine and define which securities could qualify for any set of restrictions.

Trust or Investment Account

There are pros and cons to each of these approaches. Once we have an in-depth discussion regarding your goals and operating methodologies, we can suggest the most appropriate solution.

Costs for All Services

Advisory fee: .60bps
ACM Management fee: .40bps
Custodial Fee: .075bps

Our Fiduciary Standard

We are bound by a fiduciary standard that places our clients' interests ahead of our own. Our goal is always to make sure investment advice is made using accurate and complete information and that the analysis is thorough and as accurate as possible. Our standard has zero conflicts of interest and consists of a duty of loyalty and care.

References:

As a requested, several references from our Educational and Non-profit clients are as follows:

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Disclosures:

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Palisades Charter High School Request for Proposal

Evan N. Press is a registered representative. Securities offered through Equitable Advisors, LLC (NY, NY 212-314-4600), member FINRA, SIPC. Investment advisory products and services offered through Equitable Advisors, LLC, an investment advisor registered with the SEC. Annuity and insurance products offered through Equitable Network, LLC, which conducts business in California as Equitable Network Insurance Agency of California, LLC. Pacific Coast Wealth Strategies is not a registered investment advisor and is not owned or operated by Equitable Advisors or Equitable Network. CFP® and CERTIFIED FINANCIAL PLANNER™ are certification marks owned by the Certified Financial Planner Board of Standards, Inc. These marks are awarded to individuals who successfully complete the CFP Board's initial and ongoing certification requirements. California Insurance License #: 0D97736

IMPORTANT DISCLOSURE: Advisors Capital Management, LLC (ACM) is a provider of managed portfolios for industry professionals and their clients. Although the information included in this report is believed to be reliable, we cannot guarantee its accuracy. All opinions and estimates included in this report constitute the judgement as of the dates indicated and are subject to change without notice. Andrew Ziskin is a registered representative with Equitable Advisors. Registered Investment Advisor. Member FINRA/SIPC. Equitable Advisors and ACM are separate entities and are not affiliated in any way. They are independently owned and operated. Equitable Advisors did not assist in the preparation of this material and while it believes the material to be from a reliable source, its accuracy and completeness are not guaranteed. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

Advisors Capital Management, LLC (ACM) claims compliance with the Global Investment Performance Standards (GIPS®). All composites contain fully discretionary accounts and include accounts no longer with the firm. ACMs Mutual Fund/ETF, Model and Private Composites contain fully discretionary accounts. The comparable primary Index/Benchmark for the Balanced 50/50 composite is a blend of 50% S&P 500 Index and 50% Bloomberg Barclays US Intermediate Corporate Bond Index. This blend is for general industry-wide comparative purposes only and may reflect up to 15% higher or lower asset allocations than the composite, as composite allocations and the portfolio allocation ranges within the composite will vary over time. Effective May of 2020, the presented benchmark was retroactively changed from the Barclays Aggregate Bond Index to the Bloomberg Barclays US Intermediate Corporate Bond Index from the inception of the composite track record forward. The retroactive revision was made as the Bloomberg Barclays US Intermediate Corporate Bond Index was found to be a more accurate representation of the composite strategy. The U.S. Dollar is the currency used. Net returns are reduced by all fees and transaction costs incurred. Accounts pay a fee based on a percentage of assets under management. This fee includes portfolio monitoring, consulting services, and in some cases, custodial services. In some situations, custodians may impose additional trading fees. The annual composite dispersion presented is an asset weighted standard deviation calculated for the accounts in the composite the entire year. Performance results of the ACM Private composites presented prior to July 1, 2006 consists of both Private and Model accounts. Since July 1, 2006 the Model and Private composites have been reviewed separately. Compliance with GIPS® has been verified firm-wide by ACA Compliance Group through December 31, 2019. Performance numbers for this report are cumulative results through March 31, 2021. Past performance is not indicative of future results. The comparable index used may not be appropriate for all portfolios. Index/ Benchmark Definitions: The S&P 500 Index is an unmanaged 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 Bloomberg Barclays US Intermediate Corporate Bond Index measures the investment grade, fixed rate, taxable corporate bond market whose maturity ranges between 1 to 9.9999 years. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers. Dividends and/or interest payments are reinvested in the above benchmarks. Dividends and interest are reinvested in the above benchmarks. Advisors Capital Management, LLC (ACM) is a registered investment advisor. A complete list and description of composites, a presentation that adheres to GIPS® standards, calculation method of returns, program fees and breakpoints and the firm's ADV Part 2A & 2B are available upon request.

Portfolio Summary

Portfolio holdings, analytics and insights generated by your financial professional.

Sample Portfolio - Palisades High School
Prepared by: Rebecca Rothstein
June 2, 2021

Powered by

BlackRock

This information is not personalized investment advice or an investment recommendation from BlackRock, and is intended for use only by a third party financial professional, in consultation with their client, with other information, as a resource to help build a portfolio or as an input in the development of investment advice for its own clients. Such financial professionals are responsible for making their own independent judgment as to how to use this information. BlackRock does not have investment discretion over, or place trade orders, for any portfolios or accounts derived from this information. Distribution of this information should not be construed as creating any advisory or other relationship between BlackRock and any client of a financial professional. Performance of any account or portfolio derived from this information may vary materially from the performance shown herein. There is no guarantee that any investment strategy illustrated will be successful or achieve any particular level of results. Please review the disclosures at the end of this document and consult your financial professional for more information.

OVERVIEW

Snapshot

As of 4/30/21

Common Period: May 2012 - April 2021

The historical period for which returns are available for all holdings. The common period begins at the inception date of the newest fund or share class.

Sample Portfolio - PHS

PERFORMANCE

Annualized Return

The money made or lost on an investment.

- Gross	9.85%
- Net (Advisory Fee 3%)	6.55%

12 Month Trailing Yield

The income collected on an investment over the prior 12 months, such as the interest or dividends.

1.75%

Upside / Downside Capture vs S&P 500

The level of participation achieved historically in strong (rising) or weak (falling) equity markets.

- Gross	56.59% / 46.07%
- Net (Advisory Fee 3%)	47.92% / 53.19%

The data for Annualized Return, Historical Risk & Upside/Downside Capture is as of 4/30/21

Source: BlackRock for model portfolios and Morningstar for any other portfolios.

Past performance does not guarantee or indicate future results. For standardized performance of the underlying funds within the models or portfolios, please see the Fund Performance table in the Appendix. The performance shown does not reflect the performance of actual client accounts. Taxes are not deducted. Each portfolio includes allocations to underlying constituent securities and uses the underlying securities' historical performance. Historical returns for any non-model portfolios represent a hypothetical investment, are for illustrative purposes only, assume that the constituents were held in the weights detailed in the Holdings section since inception and rebalanced quarterly, and the returns do not reflect changes made in response to market conditions. The 12-month trailing yield for all portfolios assumes that the constituents were held in the weights detailed in the Holdings section and does not reflect changes made in response to market conditions. Where the constituent security is a fund, performance (i) assumes reinvestment of dividends and capital gains, (ii) reflects the deduction of fund expenses, including management fees and other expenses, and (iii) does not reflect any applicable sales charges. The performance of actual client accounts may differ from the performance shown for a variety of reasons, including but not limited to: the financial professional is responsible for implementing trades in the accounts; differences in market conditions; client-imposed investment restrictions; the timing of client investments and withdrawals; fees payable by such accounts; and/or other factors.

Certain model portfolios are identified by the term "Managed" in the model portfolio names ("managed models"). Model portfolios that do not include the term "Managed" in the model portfolio names are referred to herein as "non-managed models". For any non-managed models, the portfolio performance shown is hypothetical and is for illustrative purposes only. Hypothetical results for the non-managed models have inherent limitations because they do not reflect actual trading and do not represent actual performance. Historical returns of any non-managed models provided by BlackRock do reflect rebalancing of such portfolios in response to market conditions.

Gross performance does not reflect the deduction of any fees or expenses that may be charged by the financial professional. The fees and expenses that a client may incur in their account will reduce the account's return. "Net" and "Custom Net" performance figures reflect the deduction of an annual investment advisory fee, deducted monthly, that may be charged by the financial professional but do not reflect the deduction of any applicable custodial fees, platform fees or brokerage commissions. Performance labeled "Net" reflects a hypothetical annual investment advisory fee of 3%. If performance labeled "Custom Net" is also shown, such figures reflect the annual investment advisory fee that was inputted by the financial professional in the tool. The Custom Net figures are intended to reflect the advisory fees that would be applicable to the client's account. BlackRock does not verify the accuracy of the investment advisory fee that the financial professional indicated. Due to the compounding effect of these fees, annual net performance results may be lower than stated gross returns less the indicated annual fee. Actual advisory fees charged by an account's financial professional may vary.

 RISK**Historical Risk**

7.11%

A measure of how widely the returns for a portfolio might fluctuate over a year, measured using historical performance.

Estimated Risk (Powered by Aladdin)

8.79%

A measure of how widely the returns for a portfolio might fluctuate over a year, measured using current holdings.

 COST**Expense Ratio**

0.13%

The fees & expenses incurred by the funds you own, as a % of your portfolio's value.

Tax Cost

0.81%

The amount that a portfolio's return would have been reduced by the taxes investors pay on distributions, over the last year.

The data for Annualized Return, Historical Risk & Upside/Downside Capture is as of 4/30/21

Source: BlackRock for model portfolios and Morningstar for any other portfolios.

Past performance does not guarantee or indicate future results. For standardized performance of the underlying funds within the models or portfolios, please see the Fund Performance table in the Appendix. The performance shown does not reflect the performance of actual client accounts.

Taxes are not deducted. Each portfolio includes allocations to underlying constituent securities and uses the underlying securities' historical performance. Historical returns for any non-model portfolios represent a hypothetical investment, are for illustrative purposes only, assume that the constituents were held in the weights detailed in the Holdings section since inception and rebalanced quarterly, and the returns do not reflect changes made in response to market conditions. Where the constituent security is a fund, performance (i) assumes reinvestment of dividends and capital gains, (ii) reflects the deduction of fund expenses, including management fees and other expenses, and (iii) does not reflect any applicable sales charges. The performance of actual client accounts may differ from the performance shown for a variety of reasons, including but not limited to: the financial professional is responsible for implementing trades in the accounts; differences in market conditions; client-imposed investment restrictions; the timing of client investments and withdrawals; fees payable by such accounts; and/or other factors.

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Portfolio Holdings

Sample Portfolio - PHS



Last updated
06/02/2021

US Equities		50.00%
MOAT	VanEck Vectors Morningstar Wide Moat ETF	20.00%
VTV	Vanguard Value ETF	15.00%
VUG	Vanguard Growth ETF	15.00%
US Fixed Income		50.00%
BIV	Vanguard Interm-Term Bond ETF	50.00%

Allocations shown for model portfolios are targets and subject to change. Non-BlackRock model portfolios that are not provided by BlackRock are updated when there are changes to the portfolios on a lag basis. This information should not be relied upon as investment advice, research, or a recommendation by BlackRock regarding (i) the Funds, (ii) the use or suitability of the model and portfolios or (iii) any security in particular. Only an investor and their financial professionals know enough about their circumstances to make an investment decision.

Asset Allocation

As of 4/30/21

The total allocation to stocks and bonds across investments in your portfolio.

Allocation	Weight	Sample Portfolio - PHS
US Stock	49.71%	100
Non US Stock	0.28%	80
US Bond	44.14%	60
Non US Bond	5.12%	40
Cash	0.00%	20
Other	0.74%	0

Source: Morningstar. Allocations are subject to change.

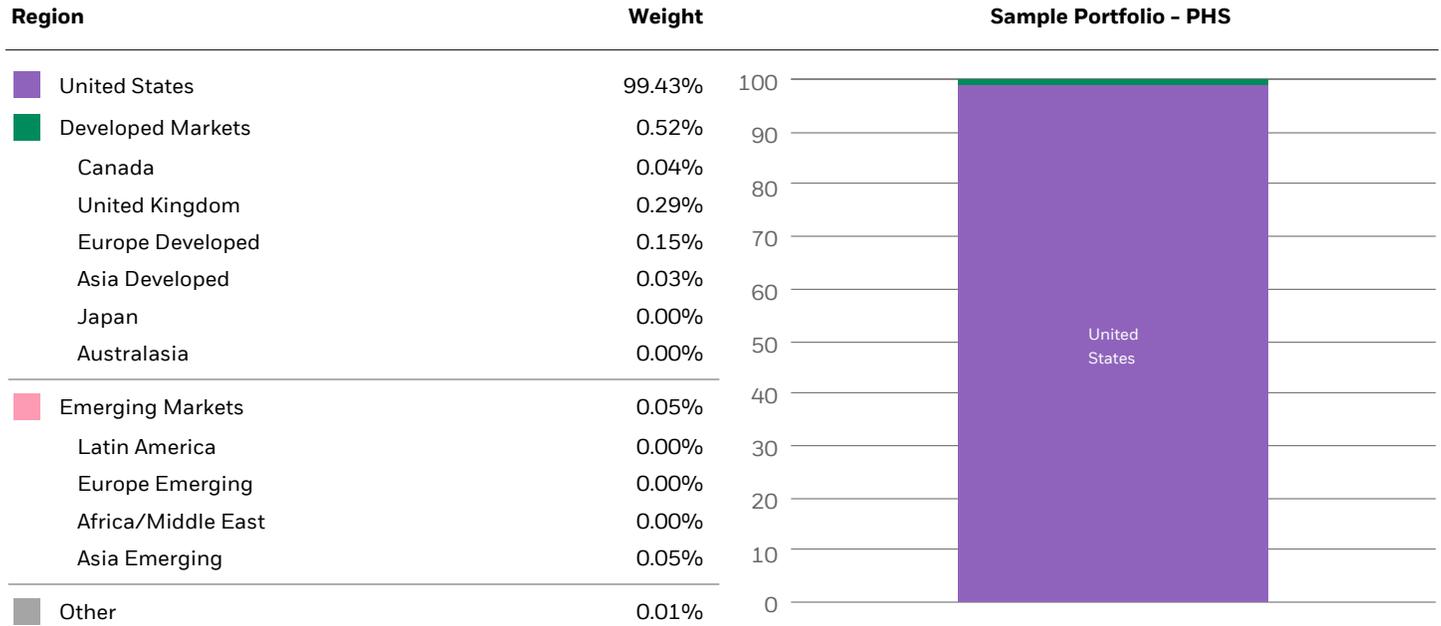
CHARACTERISTICS

Equity Characteristics

As of 4/30/21

Equity Region

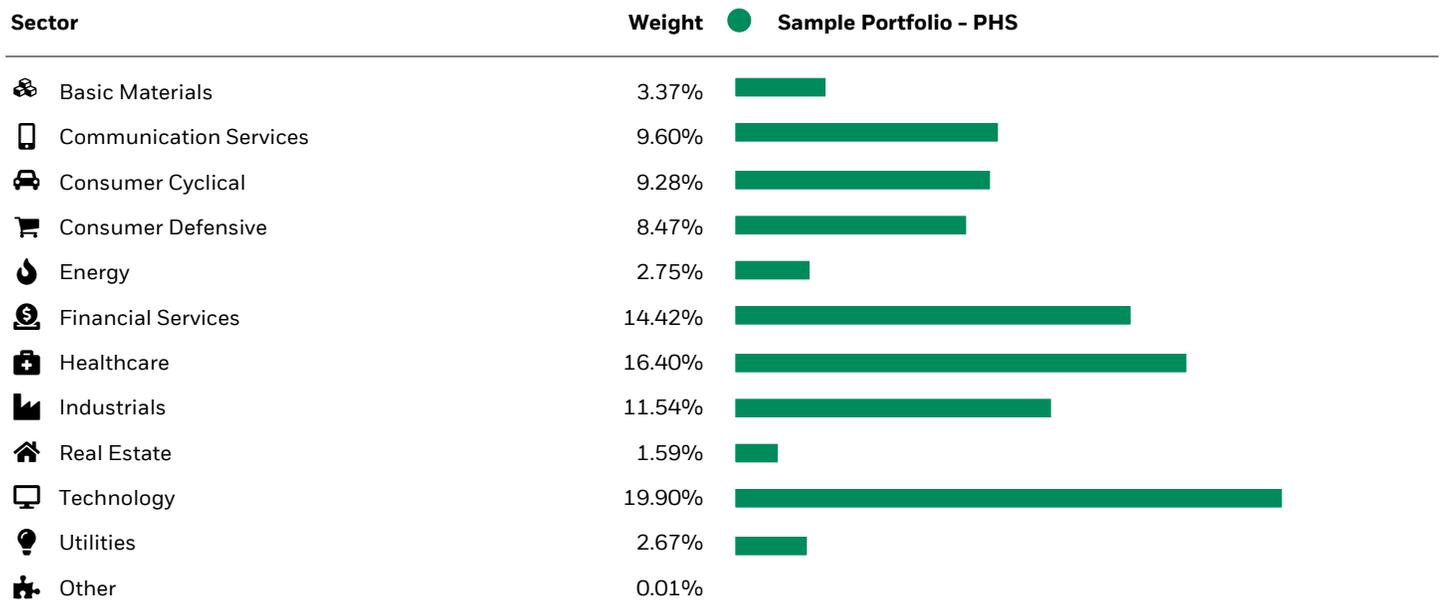
The regional allocation of your stocks can help you know which countries you're invested in globally, which might be in different stages of growth.



Source: Morningstar. Allocations are subject to change.

Equity Sector

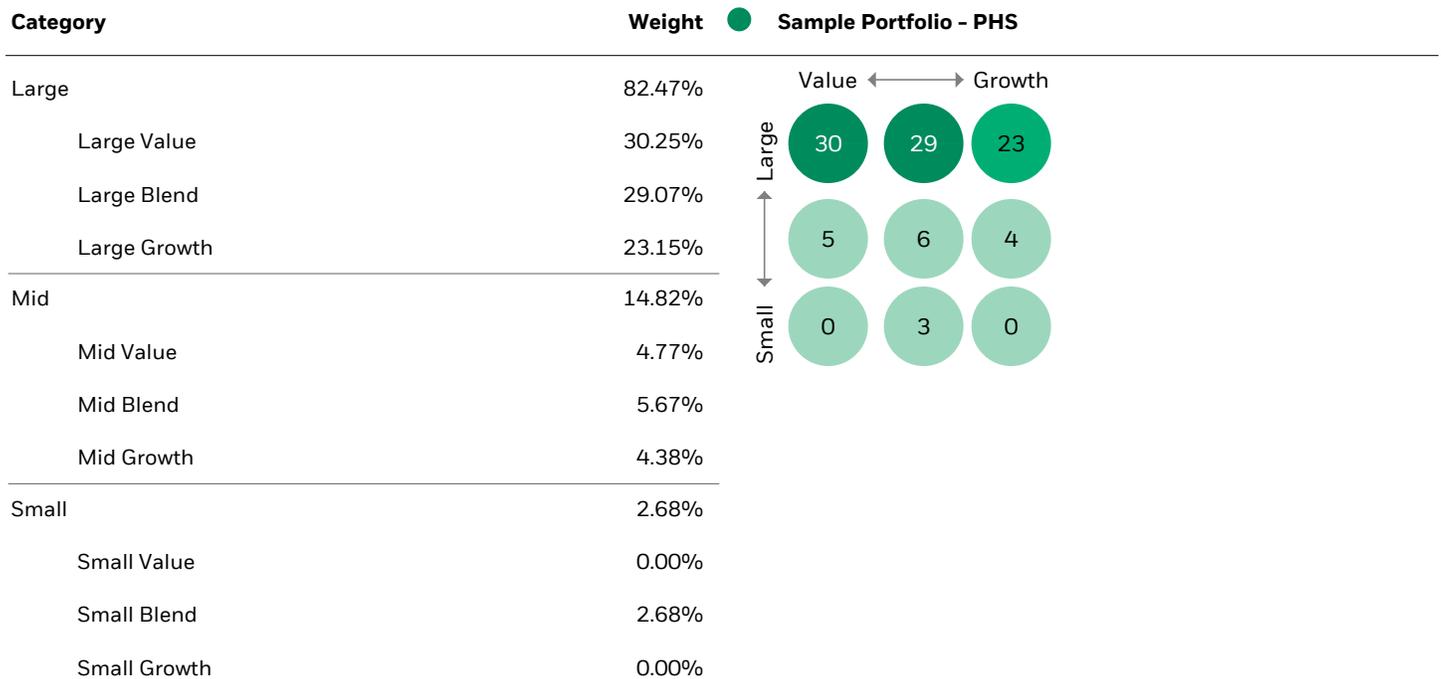
The sector allocation of your stocks can help you understand which parts of the economy could have the most impact on your equity portfolio.



Source: Morningstar. Allocations are subject to change.

Equity Style

The style characteristics of your stocks - like value, growth, & size - can influence your equity portfolio's performance in different market environments.



Source: Morningstar & Aladdin. Allocations are subject to change.

Fixed Income Characteristics

As of 4/30/21

Fixed Income Attributes

The characteristics of your bonds can determine whether your portfolio's fixed income allocation is more likely to provide income, stability, or diversification.

Characteristic	Weight	● Sample Portfolio - PHS
12 Month Trailing Yield	2.16%	
Avg. Effective Duration	6.59yr	

Past performance is not a guarantee of future results. For standardized performance of the underlying funds within the models or portfolios and additional disclosure details, please see the Fund Performance table in the Appendix. Performance shown is of a hypothetical investment and does not represent an actual portfolio or investment product. 12-month trailing yield for all portfolio(s) assumes that the constituents were held in weights detailed by the Overview section and does not reflect changes made in response to market conditions. Performance of an actual portfolio may differ significantly from the hypothetical performance shown for a variety of reasons, including but not limited to differences in market conditions, client-imposed investment restrictions, the timing of client investments and withdrawals, fees payable, and/or other factors. The income distributions an investor may receive in the future may be higher or lower than the yield shown. Source: Morningstar.

Credit Quality

Allocations to investment grade and high yield bonds provide more income potential, relative to AAA bonds, but also increase credit risk.

Credit Quality	Weight	● Sample Portfolio - PHS
AAA	52.90%	
Investment Grade	46.94%	
High Yield	0.03%	
Not Rated	0.13%	

Source: Morningstar. Allocations are subject to change.

PERFORMANCE

Portfolio Performance

As of 4/30/21

Portfolio	Performance Type	Last Month	Last Quarter	Year To Date	1-Year	3 Year*	5 Year*
Sample Portfolio - PHS	Gross	2.96%	5.89%	5.13%	22.63%	13.88%	11.25%
	Net (Advisory Fee 3%)	2.70%	5.08%	4.07%	18.95%	10.46%	7.91%

* Annualized

Source: BlackRock for model portfolios and Morningstar for any other portfolios.

Past performance does not guarantee or indicate future results. For standardized performance of the underlying funds within the models or portfolios, please see the Fund Performance table in the Appendix. The performance shown does not reflect the performance of actual client accounts. Taxes are not deducted. If a model portfolio is included in this analysis, the inception date for the model portfolio is shown above. The inception date for any other portfolios is the inception date of the portfolio constituent that was incepted latest. Each portfolio includes allocations to underlying constituent securities and uses the underlying securities' historical performance. Historical returns for any non-model portfolios represent a hypothetical investment, are for illustrative purposes only, assume that the constituents were held in the weights detailed in the Holdings section since inception and rebalanced quarterly, and the returns do not reflect changes made in response to market conditions. Where the constituent security is a fund, performance (i) assumes reinvestment of dividends and capital gains, (ii) reflects the deduction of fund expenses, including management fees and other expenses, and (iii) does not reflect any applicable sales charges. The performance of actual client accounts may differ from the performance shown for a variety of reasons, including but not limited to: the financial professional is responsible for implementing trades in the accounts; differences in market conditions; client-imposed investment restrictions; the timing of client investments and withdrawals; fees payable by such accounts; and/or other factors.

Certain model portfolios are identified by the term "Managed" in the model portfolio names ("managed models"). Model portfolios that do not include the term "Managed" in the model portfolio names are referred to herein as "non-managed models". For any non-managed models, the portfolio performance shown is hypothetical and is for illustrative purposes only. Hypothetical results for the non-managed models have inherent limitations because they do not reflect actual trading and do not represent actual performance. Historical returns of any non-managed models provided by BlackRock do reflect rebalancing of such portfolios in response to market conditions.

Gross performance does not reflect the deduction of any fees or expenses that may be charged by the financial professional. The fees and expenses that a client may incur in their account will reduce the account's return. "Net" and "Custom Net" performance figures reflect the deduction of an annual investment advisory fee, deducted monthly, that may be charged by the financial professional but do not reflect the deduction of any applicable custodial fees, platform fees or brokerage commissions. Performance labeled "Net" reflects a hypothetical annual investment advisory fee of 3%. If performance labeled "Custom Net" is also shown, such figures reflect the annual investment advisory fee that was inputted by the financial professional in the tool. The Custom Net figures are intended to reflect the advisory fees that would be applicable to the client's account. BlackRock does not verify the accuracy of the investment advisory fee that the financial professional indicated. Due to the compounding effect of these fees, annual net performance results may be lower than stated gross returns less the indicated annual fee. Actual advisory fees charged by an account's financial professional may vary.

SCENARIOS

(Powered by Aladdin)

Prepare for Market Moves

As of 4/30/21

This analysis helps you understand potential impacts to your portfolio during selected market events. The results of each scenario include an estimated portfolio yield, this is represented by a 12 month trailing yield.

Scenario	Sample Portfolio - PHS Dollar Amount: \$5,000,000
12 Month Trailing Yield (%)	1.75% \$87,575
 Interest Rates / Inflation 10-Yr US Treasury Rate Rises 1% Inflation Expectations Rise 1%	+2.90% + \$144,845 +5.48% + \$273,788
 Equities US Large Cap Stocks Fall 15%	-5.77% - \$288,440
 Past Market Events Crash of 2008	-13.25% - \$662,541

Past performance is not a guarantee of future results. This analysis is strictly an illustration based on historical performance of particular securities and/or asset classes. The results shown are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. The analysis shows how a portfolio would be impacted given the instantaneous application of the selected scenario. The hypothetical performance returns are shown for illustrative purposes only and are not intended to be representative of the actual performance returns of any account, portfolio or strategy. The hypothetical performance returns are shown gross of all fees and expenses. If all fees and expenses were included, the returns would be lower. The hypothetical performance returns do not reflect the reinvestment of all dividends, interest and other income. It is not likely that similar results could be achieved in the future. Hypothetical performance returns have inherent limitations. Unlike actual performance returns, they do not reflect actual trading, liquidity constraints, fees and other costs. Hypothetical performance returns also assume that asset allocations would not have changed over time and in response to market conditions, which might have occurred if an actual account had been managed during the time period shown. No representation is being made that any account, portfolio or strategy will or is likely to achieve results similar to those shown. Please see Important Information at the bottom of the page for more information regarding the Scenario Tester tool. **For standardized performance of the underlying funds within the models or portfolios, please see the Fund Performance Table in Appendix.**

IMPORTANT: The projections or other information generated by the tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.

12 month trailing yield for all portfolio(s) assumes that the constituents were held at their defined weights and does not reflect changes made in response to market conditions. Performance of an actual portfolio may differ significantly from the hypothetical performance shown for a variety of reasons, including but not limited to differences in market conditions, client-imposed investment restrictions, the timing of client investments and withdrawals, fees payable, and/or other factors. The income distributions an investor may receive in the future may be higher or lower than the yield shown.

Source: Aladdin, Morningstar

APPENDIX

Fund Performance

Applicable to Mutual funds, Closed End Funds, Money Market Funds and ETFs

QUARTERLY RETURNS - NAV(%) & Yield(%)

As of 3/31/21

Ticker	Name	1YR	5YR*	10YR*	Since Inception*	Inception Date	Unsubsidized 30 Day SEC Yield	30 Day SEC Yield	7 Day SEC Yield
BIV	Vanguard Inter-Term Bond ETF	2.01%	3.49%	4.32%	5.06%	4/3/07	1.64%	1.65%	-
MOAT	VanEck Vectors Morningstar Wide Moat ETF	60.13%	19.20%	-	16.32%	4/24/12	-	1.30%	-
VTV	Vanguard Value ETF	51.33%	12.72%	11.63%	8.61%	1/26/04	2.31%	2.19%	-
VUG	Vanguard Growth ETF	64.94%	20.61%	16.28%	11.22%	1/26/04	0.58%	0.50%	-

*Annualized for time periods greater than 1 year

QUARTERLY RETURNS - MARKET (%)

As of 3/31/21

Ticker	Name	1YR	5YR*	10YR*	Since Inception*	Inception Date
BIV	Vanguard Inter-Term Bond ETF	2.21%	3.45%	4.32%	5.05%	4/3/07
MOAT	VanEck Vectors Morningstar Wide Moat ETF	60.72%	19.24%	-	16.19%	4/24/12
VTV	Vanguard Value ETF	51.62%	12.73%	11.64%	8.61%	1/26/04
VUG	Vanguard Growth ETF	65.24%	20.62%	16.28%	11.23%	1/26/04

*Annualized for time periods greater than 1 year.

QUARTERLY RETURNS - LOAD ADJUSTED (%)

As of 3/31/21

Ticker	Name	1YR	5YR*	10YR*	Since Inception*	Inception Date	Max Front Load	Deferred Load
BIV	Vanguard Inter-Term Bond ETF	2.01%	3.49%	4.32%	5.06%	4/3/07	-	-
MOAT	VanEck Vectors Morningstar Wide Moat ETF	60.13%	19.20%	-	16.32%	4/24/12	-	-
VTV	Vanguard Value ETF	51.33%	12.72%	11.63%	8.61%	1/26/04	-	-
VUG	Vanguard Growth ETF	64.94%	20.61%	16.28%	11.22%	1/26/04	-	-

*Annualized for time periods greater than 1 year.

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end for the BlackRock and iShares Funds may be obtained by visiting www.blackrock.com or www.iShares.com. For month-end performance for other funds, please visit the respective fund providers' websites. Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the fund. Any applicable brokerage commissions will reduce returns. Beginning August 10, 2020, market price returns for BlackRock and iShares ETFs are calculated using the closing price and account for distributions from the fund. Prior to August 10, 2020, market price returns for BlackRock and iShares ETFs were calculated using the midpoint price and accounted for distributions from the fund. The midpoint is the average of the bid/ask prices at 4:00 PM ET (when NAV is normally determined for most ETFs). The returns shown do not represent the returns you would receive if you traded shares at other times. Source: Morningstar

Fees

As of 4/30/21

Portfolio	Portfolio Gross Expense Ratio (%)	Portfolio Net Expense Ratio (%)
Sample Portfolio - PHS	0.13%	0.13%

Ticker	Name	Gross Expense Ratio	Net Expense Ratio	Prospectus Expense Waiver Type	Prospectus Expense Waiver Exp. Date
BIV	Vanguard Inter-Term Bond ETF	0.05%	0.05%	-	-
MOAT	VanEck Vectors Morningstar Wide Moat ETF	0.47%	0.47%	-	-
VTV	Vanguard Value ETF	0.04%	0.04%	-	-
VUG	Vanguard Growth ETF	0.04%	0.04%	-	-

Fees are as of current prospectus. A sponsor fee is shown in lieu of gross and net expense ratios for any iShares Trusts or other products registered only under the Securities Act of 1933. Source: Morningstar

GLOSSARY

10-Yr U.S. Treasury Rate Rises by 1%: Defined as a 100 basis point (1%) increase in the US 10-Year Treasury Rate. Typically rising rates are associated with increased expectations for US economic growth, rising equity prices and an increase in issuer credit quality for the area.

12 Month Trailing Yield: The income collected on an investment over the prior 12 months, such as the interest or dividends.

The yield shown here is the weighted average trailing 12 month yield of the portfolio. This is the percentage income your portfolio returned over the past 12 month through fund distributions and stock dividends. Source: Morningstar.

The difference between trailing 12 month yield and 30 Day SEC Yield is that the latter reflects the income earned after deducting the fund's accrued expenses, excluding reimbursements, during the most recent 30-day period. The income distributions an investor may receive in the future may be higher or lower than the yield shown. Past performance does not guarantee future results. Source: Morningstar

Annualized Return: Annualized Return measures the change in price, which includes expenses as well as income and capital gains distributions. It does not account for sales charges. Source: Morningstar

Asset Allocation: The total allocation to stocks and bonds across investments in your portfolio. The division of investments among different asset categories, such as stocks, bonds, and cash. Source: Morningstar

Average Effective Duration: Effective duration is a time measure of a bond's interest rate sensitivity. It is the weighted average effective duration, measured in years, of all funds in the measured in years, of all funds in the total portfolio. Source: Morningstar

Benchmark: Certain models or portfolios are identified by the term "Benchmark". A Benchmark is a reference benchmark that reflects a model or portfolio comprising investable products selected by the financial professional in the tool. BlackRock does not verify the accuracy of the reference benchmark that the financial professional indicated, and the reference benchmark may have materially different characteristics than the benchmarks used to measure the performance of a client's account.

Beta to S&P 500: Beta is a measure of how the portfolio responds to the volatility of the S&P 500 Index. It can be interpreted as the amount of market volatility relative to the S&P 500 Index volatility. A beta of 1.0 suggests that a portfolio's volatility and returns may be similar to the S&P 500. Portfolios with betas greater than 1.0 are more sensitive to moves in the S&P 500, while portfolios with betas less than 1.0 are less sensitive to the performance of the S&P 500 Index.

Correlation to S&P 500: Correlation, which ranges from -1.0 to 1.0, is a measure of how closely the portfolio moves with the S&P 500 Index. It helps you understand the strength and direction of the relationship between the portfolio and the S&P 500 Index. A large positive correlation suggests that a portfolio would move in the same direction as the index, while a large negative correlation suggests that a portfolio moves in the opposite direction as the index most of time. Correlation is measured using 3 years of historical returns from your portfolio and the index.

Crash of 2008: Defined by the 2008 Market Crash - Assumes repeat of 2008 Crash (09/12/2008-11/03/2008). Credit and liquidity crisis and equity market crash set off by Lehman brothers bankruptcy. Significant spread widening by massive deleveraging.

Credit Crisis of 2007: Defined by the 2007 Credit Crunch - Assumes repeat of 2007 Credit Crunch (07/01/2007-07/01/2008). Credit and liquidity crisis stemming from a severe slowdown in the US housing market causing significant widening of credit spreads and an increased implied volatility.

Credit Quality: Credit quality is an important driver of risk in your fixed income portfolio. Allocations to investment grade and high yield bonds provide more income potential relative to AAA bonds, but also increase credit risk. Credit quality data is provided by Morningstar. Morningstar seeks credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). Fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two

organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings. For additional information please visit <https://www.sec.gov/ocr/ocr-current-nrsros.html>

Credit Quality - AAA: The percent of your portfolio allocated to bonds rated as AAA, which is the highest credit rating. Securities with this rating are viewed by credit rating agencies as least likely to default.

Credit Quality - High Yield: The percent of your portfolio allocated to bonds rated as BB or lower. These high yield securities offer higher income potential relative to Investment Grade, but they have a lot of credit risk. High yield bonds have a higher default risk than investment grade bonds and have much more sensitivity to equity.

Credit Quality - Investment Grade: The percent of your portfolio allocated to bonds rated as AA, A, and BBB. These investment grade securities offer a higher income potential than government securities, but they do carry some credit risk and have more sensitivity to equity.

Credit Quality - Not Rated: The percent of your portfolio allocated to bonds rated that have not been rated by a rating agency.

Downside Capture vs S&P 500: The ratio of portfolio performance to the performance of the selected benchmark, in periods where the selected benchmark performance is negative. A value greater than 100% indicates the portfolio has generated worse performance compared to the selected benchmark when the selected benchmark performance is negative. Source: Morningstar, BlackRock

Equity Regions: The regional allocation of your stocks can help you know which countries you're invested in globally, which might be in different stages of growth. This data set provides a broad breakdown of a portfolio's geographical exposure, by region and by market maturity. Only non-cash long equity assets are evaluated in determining the exposure. Not Classified indicates the percentage of the equity portion of the portfolio for which Morningstar is unable to assess region or origin. Source: Morningstar

Equity Sectors: The sector allocation of your stocks can help you understand which parts of the economy could have the most impact on your equity portfolio.

This table shows the percentage of the portfolio's long equity assets invested in each of the 11 major industry classifications. Source: Morningstar

Equity Style: The style characteristics of your stocks - like value, growth, & size - can influence your equity portfolio's performance in different market environments. The vertical axis shows the market capitalization of stocks owned and the horizontal axis shows investment style (value, blend or growth). The number inside each circle represents the percent allocation to each market cap/investment style bucket. Source: Morningstar and Aladdin.

Estimated Risk: Estimated Risk is a measure of how widely the returns for a portfolio might fluctuate over a year, measured using current holdings and BlackRock's proprietary risk model in Aladdin.

Estimated Risk is a holdings-based, forward looking, annualized volatility (one standard deviation) of the portfolio, which provides an estimate of the range of outcomes that the portfolio may experience over a one year horizon. For example, an estimated risk of 5% means that a portfolio's return is likely to vary between -5% and +5% over the course of a year.

Risk in Aladdin is calculated based on the current holdings in the portfolio and their exposure to risk factors. Risk factors are observable, fundamental characteristics of a portfolio's holdings that explain the volatility of the holdings' returns. The composition of the portfolio's exposure to these risk factors, the volatility levels of the risk factors themselves, and the correlation between them all come together to determine the risk estimate. This risk estimate may differ (sometimes significantly) from historical, realized volatility, depending on the time period and assumptions of the risk model. The model uses 10 years of monthly history and applies a 36 month half-life in order to estimate the volatility and correlations between factors. This half-life places more emphasis on the last 3 years in the analysis.

Neither BlackRock nor the Aladdin portfolio risk model can predict a portfolio's risk of loss due to, among other things, changing market conditions or other unanticipated circumstances. The Aladdin portfolio risk model is based purely on assumptions using

available data and any of its predictions are subject to change. For BlackRock and iShares funds, data about the specific underlying holdings are used when applying the Aladdin risk model. For third party funds, BlackRock uses underlying holdings, or in certain cases, determines appropriate proxies for relevant holdings using a combination of Morningstar and other publicly available data sources. Product specific inputs for BlackRock, iShares and third party funds are typically based on the latest disclosed data, which may be lagged.

Expense Ratio: Weighted average prospectus net expense ratio of the portfolio. Source: Morningstar

Fixed Income Attributes: The characteristics of your bonds can determine whether your portfolio's fixed income allocation is more likely to provide income, stability, or diversification.

High Yield Spreads Widen by 30%: Defined as a 30% increase in spreads between a benchmark high yield bond index and a US Treasury index. Typically when high yield spreads widen it is function of an economic slowdown or risk-off environment as the underlying credit quality of the issuers decrease.

Historical Risk: Annualized standard deviation (or volatility) of the historical monthly returns of the portfolio. It is a measure used to show the potential range of returns that a portfolio could experience over a one- year horizon. The wider the range, the more uncertainty, and therefore the riskier the security is assumed to be. For example, a historical risk of 5% means that a portfolio's return is likely to vary between -5% and +5% around the expected return over the course of a year. Source: Morningstar, BlackRock

Inflation Expectations Rise by 1%: Defined as a 100 basis point (1%) increase in the difference between 2-Yr nominal US Treasury yields and 2-Yr Inflation Protected US Treasury yields (TIPS). Periods of inflation are usually characterized by higher growth, rising bonds yields and of course, increasing consumer prices.

Oil Price Rises by 30%: Defined as 30% increase in Crude Oil Prices. Oil prices are typically a function of supply and demand for the resource. An increase in price could indicate either an increase in demand due to instances such as pickup in global growth or reduction in supply due to the lack of availability of the resource.

Portfolio Gross Expense Ratio: Weighted average prospectus gross expense ratio of the portfolio. Source: Morningstar

Portfolio Net Expense Ratio: Weighted average prospectus net expense ratio of the portfolio. Source: Morningstar

Recession (2007-2009): Defined by the 2008 Recession - Assumes repeat of the 2008 Recession (12/3/2007-03/09/2009). Starting date for the scenario is the official beginning of the latest recession in the US. The end date is the lowest point of the S&P 500 in the recent decade.

Sharpe Ratio: Measure of the portfolio's historical return per unit of risk over the chosen performance period. Source: Morningstar, BlackRock

Stock Market Volatility Rises by 15%: Defined as 15% increase in the CBOE (Chicago Board of Options Exchange) VIX Index. The VIX typically serves as a gauge for volatility expectations in the market place. When it rises, investors are anticipating increased uncertainty and volatility.

Taper Tantrum (2013): Defined by the 2013 Fed Stimulus Tapering - Assumes repeat of the Fed Stimulus Tapering 2013 (5/21/2013-6/24/2013).

Tax Cost: The amount that a portfolio's return would have been reduced by the taxes investors pay on distributions, over the last year. For example, if a portfolio's pre-tax return is 10% and the after-tax return is 8%, the tax cost is approximately 2%. The calculation assumes the highest federal tax rate. Source: Morningstar

Total Annualized Return: Annualized Return measures the change in price, which includes expenses as well as income and capital gains distributions. It does not account for sales charges. Source: Morningstar, BlackRock

Upside Capture vs S&P 500: The ratio of portfolio performance to the performance of the selected benchmark in periods where the selected benchmark performance is positive. A value greater than 100% indicates the portfolio has generated better performance compared to the selected benchmark when the selected benchmark performance is positive. Source: Morningstar, BlackRock

US Large Cap Stocks Fall by 15%: Defined as a 15% decrease in the S&P 500. The S&P 500 is a market cap weighted large cap equity index located in the United States.

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Disclosures related to government money market funds: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

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Specific to Scenarios

The BlackRock Scenario Tester measures the potential impact of discrete market events on a portfolio using a multi-factor statistical risk model. It does this via a three-step process:

- Based on the current holdings of the portfolio, determine a portfolio's exposure to a variety of risk factors in equity, fixed income, alternative and currency asset classes.
- Estimate the volatility of these risk factors and their sensitivity (correlation) to the relevant market event using 10 years of history.
- The portfolio's sensitivity to the market event is calculated as the aggregate impact of these factors. This incorporates the portfolio's exposure to the factors; the volatility of the factors; the diversification of factors across the portfolio; and the sensitivity (correlation) of the factors to the market event being evaluated.

What do the results show?

The scenario test results show a statistical estimate of a portfolio or asset class's reaction to a hypothetical market event. For example, we may calculate that a portfolio could expect to return -5% in the event that the S&P 500 were to fall -15%. It is important to understand that this is just one potential outcome, as a statistical estimate is sensitive to assumptions built into our risk model. More detail on the assumptions and limitations of our risk model are below.

The calculated return is the underlying price movement in reaction to the scenario. There is the option to add yield to the calculated return; this yield is meant to estimate a level of income that the portfolio could receive over a 12 month period. The yield is represented by the weighted average 12 month trailing yield of the portfolio. The 12 month trailing yield is the percentage income the portfolio or asset class returned over the past 12 months through fund distributions, stock dividends, and interest on fixed income instruments. The difference between trailing 12 month yield and 30 Day SEC Yield is that the latter reflects the income earned after deducting the fund's accrued expenses, excluding reimbursements, during the most recent 30-day period. The income distributions an investor may receive in the future may be higher or lower than the yield shown. Past performance does not guarantee future results.

What is a risk factor?

A risk factor is a technical or fundamental characteristic of a security which, statistically, is able to help explain the risk / return behavior of that security.

We believe risk factors should be:

- Interpretable: easily understandable and have a strong economic rationale
- Explanatory: proven to explain volatility and correlation of returns
- Consistent: significant through time across different market regimes
- Effective: able to improve forecasts of portfolio risk and attribute portfolio performance

BlackRock's risk model uses over 2,200 distinct risk factors across equity, fixed income, currencies and alternative investments.

Examples of risk factors include:

- Equity market risk – the inherent risk of investing in the stock market, which cannot be diversified away with stocks alone.
- Equity style risk – a collection of factors that describe the style of a stock, such as growth, value, momentum, or size.
- Interest rate risk – a fixed income risk attributed to changes in market interest rates, the dominant risk in high quality bonds like US Treasury securities.
- Credit spread risk – the risk of default present in any bond not issued by the US Treasury. The lower the quality of the bond, the more credit spread risk dominates.
- Many others that are subsets of the categories above, as well as other categories like foreign exchange risk, inflation risk, and alternative risk.

What assumptions are built into the risk model?

The model for this tool uses ten years of historical factor returns, derived using a statistical regression analysis, to measure the volatility of the factors we are stressing. The portfolio's exposure to each factor is measured through currently observable characteristics of the underlying securities, for example fundamental characteristics such as financial ratios, technical analysis attributes such as price behavior or liquidity, and / or specific attributes of a given security such as yield, geographic domicile and currency exposure. The level of exposure to a factor of a given security corresponds to where the security ranks relative to the distribution of all securities in the universe for the characteristic in question, for example whether the price to book ratio for a company is very high or very low relative to other companies. Historical covariance across the factors is taken into account to measure total estimated volatility of the overall portfolio. Certain elements of the risk model are proprietary to BlackRock.

How accurate are the results?

The scenario test results show a statistical estimate of a portfolio or asset class's reaction to a hypothetical market event. This is done using a risk factor framework, as described above. The scenario test results are subject to uncertainty, and we can measure this uncertainty using the prediction error. The prediction error describes the range of possible outcomes around the scenario test result where 95% of possible outcomes should occur. For example, we may calculate that a portfolio could expect to return -5% in the event that the S&P 500 were to fall -15%, with a prediction error of 2%. Based on the prediction error of 2%, we would expect that 95% of the time the portfolio would return between -3% and -7% (-5% +/-2%) in the event that the S&P 500 fell 15%.

The prediction error will vary depending on the portfolio or asset class and the scenario. A larger prediction error implies that the test result may be less certain. Prediction errors tend to be larger when the underlying shock is larger; the risk factor model is less able to explain the portfolio risk (for example, in investments with a high proportion of idiosyncratic risk, like certain hedge funds); and/or the risk factors in the scenario are less correlated with the risk factors in the portfolio (for example, evaluating a US equity portfolio in a scenario driven by Japanese interest rates). Conversely, prediction errors tend to be smaller when the underlying shock is smaller, the risk model is a good fit for portfolio risk, and the factors in the scenario are more correlated with the portfolio.

How do we represent funds in the risk model?

Funds are modelled in Aladdin using the best available data, and therefore methodology varies by asset class and fund type. There are three methodologies that are used to model funds.

- **Holdings:** Equity funds are modeled through holdings when they are available. For an equity fund, its holdings provide the key to capturing the undiversified idiosyncratic risk from large single-name positions. Equity idiosyncratic risk is a key contributor to total risk, in addition to exposures to systematic equity market, sector and style factors.
- **Building Blocks:** Fixed Income funds are modeled through building blocks based on the granular fund sector allocation. For a fixed income fund, its exposure to different sectors (government, corporate, securitized, etc.) provides the key to capturing the exposures to interest rate and spread factors that drive its risk. Each sector allocation is translated into representative investable bond portfolios (building blocks) that also accounts for the fund's strategy (e.g. short, intermediate or long duration). Similarly, Multi-Asset funds are modeled based on the fund's sector allocations, in order to capture the risk driven by asset allocation decisions. A blend of building blocks representing the different asset class allocations is used to capture the risk. The building blocks are all modeled from holdings with the Aladdin risk models.
- **Return Regression:** Alternative funds are modeled by a return regression approach to capture the persistent market exposures and obtain average exposures to different market factors, hedge fund style factors and idiosyncratic risk over a historic period.

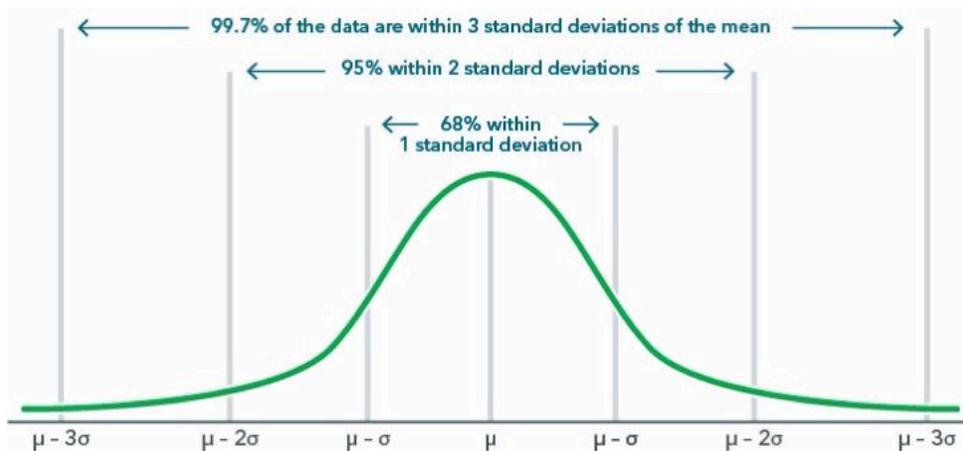
What are the limitations of the analysis?

While the funds modeling process uses the best available data to represent holdings and/or factor exposures, there is no guarantee that it is perfect representation of the fund. By default, dividend income and yield are not included in the return calculations; an income yield can be added to the returns if the option is selected, but this is an approximation based on past performance. Fees, taxes and transaction costs are not included and would reduce the return of any portfolio.

The analysis provided is illustrative only. Neither BlackRock nor the Aladdin portfolio risk model can predict a portfolio's risk of loss due to, among other things, changing market conditions or other unanticipated circumstances. The Aladdin portfolio risk model is based purely on assumptions made using available data and any of its predictions are subject to change.

How did we choose the size of the shocks?

The shocks are sized to approximate a one standard deviation move in the underlying market factor. We measure the factor's annualized standard deviation over the past ten years, and then round to the nearest whole number (or multiple of 5, for higher levels). The purpose is to scale the shocks so that they are all approximately equally likely to happen. Assuming returns are normally-distributed, a given market factor has a 1.6% probability of exceeding a one standard deviation move in either direction over a one year period.



IMPORTANT: The projections or other information generated by the tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.

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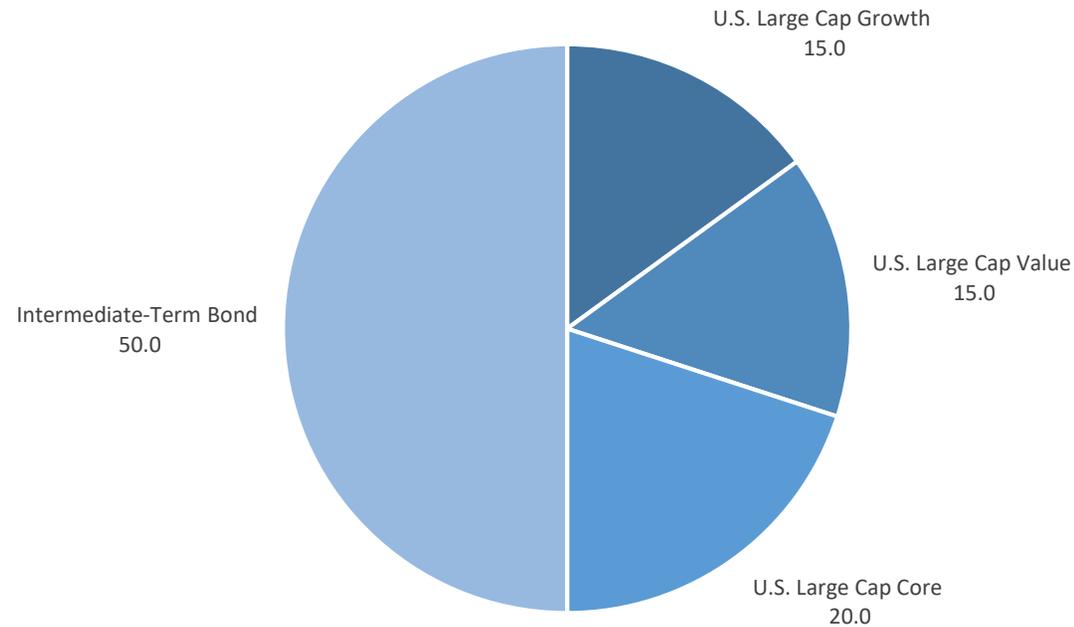
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iCRMH0321U/S-1563152
iCRMH0521U/S-1644541

SamplePortfolio



As of Close of Business: 06/2/2021

Name	Asset Class	Ticker	Investment Allocation (%)
Equity			50.0
Vanguard Growth	U.S. Large Cap Growth	VUG	15.0
Vanguard Value	U.S. Large Cap Value	VTV	15.0
VanEck Vectors Morningstar Wide Moat ETF	U.S. Large Cap Core	MOAT	20.0
Fixed Income			50.0
Vanguard Intermediate-Term Bond	Intermediate-Term Bond	BIV	50.0



Source: Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) and other subsidiaries of Bank of America Corporation

Due to rounding, percentages/values presented may not add up precisely to the totals provided.

For Informational Purposes Only - Account Statement is Official Record of Holdings, Balances and Security Values

Report created by THE RVR GROUP on June 2, 2021

for Palisades High School

RECOMMENDATION



Investment Committee Recommendation

- After reviewing the RFPs and discussing, the investment committee recommends we partner with Merrill Wealth Management (Rebecca Rothstein).
- The selected investment advisor provided clear direction and established a recommendation/path to achieving a 5% rate of return with a 50%/50% stock/bond allocation
- The reduced fees (compared to other investment advisors) would save PCHS retiree fund \$80k per year.
- After approving the IPS, we can then invest the funds
- The investment advisor will then provide a recommendation on timing/amounts