

**Doylestown Township Pension Advisory Committee**  
**Minutes for August 10, 2020**

In attendance: Ed Denton, Chairman; Members: Robert Salanik, Joe Delikat, Colleen Mullin, Tom Burke Sinclair Salisbury and Detective Bill Mokriski.

Board of Supervisors Liaison – Jen Herring

Staff Liaisons – Ken Wallace, Finance Director and Stephanie J. Mason, Township Manager

Guests: DK Brede and Frank Bohenek

**WELCOME**

Mr. Denton welcomed everyone to the meeting

**Minutes Approval July 13, 2020**

Minutes were tabled.

**OLD BUSINESS: Postponed**

**NEW BUSINESS:**

**Review Pension Investment Performance with Debra Brede, DK Brede**

Ms. Brede provided the June 30<sup>th</sup> report to the Committee. The Report in its entirety is on file at the Township. The attached summaries are included.

Ms. Brede indicated that the S&P was up 3.73% as of last night. Growth side vs. value side. She provided a market index performance and the quarterly summary market. She also reviewed change in market conditions. The performance change for the Non- Uniformed Plan was negative 5.5% and negative 5.81% for Uniformed Plan. Mostly it is found to be the market has been flat. Helps that we are staging in money into the account. She also talked about changes in the bond market with major stores i.e. Neiman Marcus, Lord & Taylor, and Brooks Bros. closing. Amazon was down, Facebook, Google tech side seems to be growing. She believes we are positioned well.

Ms. Brede talked about the race for a vaccine for the COVID-19 and therapeutics seem to be good for the trading range. She indicated that we were in a good economy prior to March. She is concerned about commercial real estate, problems post COVID, but we have to look at the opportunity.

Mr. Denton indicated there seems to be a disconnect between the economy and the stock market. It was indicated that the stock market trades on futures.

Ms. Brede indicates the same thing happened in 2001 and 2008.

Mr. Delikat had a question concerning the distribution. Ms. Brede indicated that she had done some re-allocation. Looking at Ibbotson and Wilkshire and how they are managing retirement portfolios as a guide.

Mr. Burke looked at the Report, looking for clarification that the Township was down 5.5%. The benchmark was down 4.93%. And although the market struggled, he believes there is a better way to benchmark things at the 65/35 with the MSC I ACWI and the Barclays Ag more beneficial in creating a benchmark that suits the organization.

Ms. Brede indicated that she is looking at it twice a month. If we look at pages 22 and 23 of the Report you can see that information.

Mr. Burke indicated that he'd like to see the blend. If life were simple we would be in 2 funds rather than the multiple ones that we are currently in.

Ms. Brede indicated that you need growth plus value. You can go to growth vs. value but more towards growth or value, which is not always prudent. Blends in the US of mid-caps, small caps. But if it's really related to the fees and just having everything in an ETF, that's an option.

Ms. Brede suggested that if the PAC wanted to manage the growth and value side of the portfolio, it could be done.

Mr. Denton indicated that the role of the PAC is not to do the financial advising but to be advocate and kick the tires and suggested some logical things.

Mr. Delikat indicated he developed with Mr. Brede the updates for the report and data, but the IPS is still many years old. That is why the Committee is working on the investment policy statement.

Mr. Delikat believes that the Report has changed and that's good but there are opportunities for passive funds vs. the active bond side. He thinks it should be optimized cost and benefit and be more passive on the bond side to save fees. He thinks it would be good for the portfolio.

Also, PAC is looking for information to pass on to the Board of Supervisors on performance. Those that are under-funded based on the discount rate as well. Working to optimize the plan with a logical explanation.

Ms. Brede indicated that she can buy the MCI at 65/35 and get the cheapest appropriate optimal return responsible. If that is what the Committee is looking for.

There was discussion regarding US vs. foreign investment and the bonds being actively managed vs. passively managed.

Ms. Mullin stated that the report provided by Debra's office DOES show a blended benchmark return on page 22, which is NOT as simple as the ACWI/Barclays 65/35, but rather takes into account the asset-weighted returns for the portfolio as it is invested in the actual asset classes (reflected by benchmark indexes) in which the advisor currently has the portfolio allocated. She also stated that Debra Brede needs to share her conviction with the committee related to active vs passive investment management for both equities and fixed income, because it seems to be the opinion of certain members of the committee that passive is the only mandate that would be acceptable for the plans due solely to the low cost nature of index funds/ETFs.

One way is to simplify the benchmark is what Mr. Burke is looking for, for the portfolio.

Ms. Brede said to look at page 23 the actual and the target is represented there.

There was also discussion as to how to isolate the assets and the asset weight and returns.

Ms. Brede indicated that she could easily provide the information that the Committee is looking for if it's clear.

Mr. Burke indicated that it's a slow process but the Committee is reviewing the investment policy statement and he intends to have it re-written by the end of the year. Although, they would like to determine if the MSC I ACWI and the Barclays Ag could be included as a metric.

Ms. Mullin indicated that the PAC needs to agree on what they should be recommending to the Board of Supervisors.

Mr. Denton indicated that investing in the index is cheaper vs. having an investment manager and sometimes performs better than the index. The PAC needs to see how the advisors do vs. how the advisor manages and similarly have a check and balance.

Ms. Mullin indicated that the PAC can't look at it from a one year return. She also indicated that she would work Mr. Delikat on the report and believes that it's a work in progress that Ms. Brede can provide additional information.

Also, discussed that the problem is not necessarily a performance problem as much as a funding problem. We need to improve performance or we underperform, what do we need to increase the input and the value and reduce the liability. Obviously, through the discount rate over a period of time. Also need the Board of Supervisors' opinions and can't kick the can down the road any further.

Mr. Denton indicated that the goal is to figure out what we would like. It was suggested sending an email to Ms. Brede and putting it in writing the changes that PAC want added to page 22 in a blended benchmark. Information Mr. Burke would like to see added in a column with the MSC I ACWI and Barclays Ag put on that page. Of course, Ms. Brede has to run it through the regulatory agencies. She will take a look at that. Also providing 1, 3, 5 and 10 year information on the report as well.

Mr. Delikat indicated that his opinion index funds would be best for the plan.

Ms. Mullin indicated that as suggested by Mr. Denton that you can't always look at Vanguard returns for an individual vs. the pension plan such as the Township's.

**2021 BUDGET RECOMMENDATION, INTEREST COST, UPOMING JOINT WAYS & MEANS:**

**(Power Point attached)**

Mr. Denton reviewed the unfunded liability and related it as a debt similar to anyone who has credit card debt and that delaying funding the pension plan creates problems. PAC intends to meet with Ways & Means Committee making sure the message to residents and employees is positive and is included in the first draft of the budget.

Mr. Delikat said if we look back at Brede's input and output, the contribution is 90% of what input monthly basis not different from police and uniformed. The MMO will increase. Can't go below a certain number.

Mr. Denton indicated that the report provides mixed signals. After the change to the report, we need to reach out to the Board of Supervisors and mock something up. Need talking point to the Board of Supervisors. A nice executive summary would be helpful.

**ADOURNMENT:**

Being no further business the meeting adjourned at 6:11 p.m. on motion of Mr. Delikat and seconded by Mr. Salanik.

Respectfully submitted,

Stephanie J. Mason



D. K. BREDE

Investment Management Company, Inc.

# DOYLESTOWN TOWNSHIP

## *Pension Monitoring Report*

June 30, 2020

For institutional use only.

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*SECTION 1*

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# Market Overview

## MARKET SUMMARY

### Market Index Performance

*As of June 30, 2020*

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
<b>Domestic Equity</b>						
S&P 500 Growth TR USD	26.23	7.93	17.75	16.75	14.63	16.62
S&P 500 TR USD	20.54	-3.08	7.51	10.73	10.73	13.99
S&P 500 Value TR USD	13.15	-15.52	-4.50	3.74	5.98	10.88
S&P MidCap 400 Growth TR USD	25.92	-5.21	0.56	5.85	7.18	12.64
S&P MidCap 400 Value TR USD	21.74	-20.98	-14.75	-1.52	2.77	9.77
S&P SmallCap 600 Growth TR USD	23.06	-11.54	-5.68	4.11	6.62	12.83
S&P SmallCap 600 Value TR USD	20.62	-24.46	-17.38	-3.15	2.19	9.58
<b>International Equity</b>						
MSCI EAFE NR USD	14.88	-11.34	-5.13	0.81	2.05	5.73
MSCI EM NR USD	18.08	-9.78	-3.39	1.90	2.86	3.27
<b>Real Estate</b>						
DJ US Real Estate TR USD	13.91	-13.87	-6.85	3.40	6.28	9.79
DJ Gbl Ex US Select RESI NR USD	8.77	-24.48	-18.56	-3.30	-1.48	5.13
<b>Fixed Income</b>						
S&P/LSTA Leveraged Loan TR	9.70	-4.61	-1.99	2.07	2.89	4.17
BofAML LIBOR 3 Mo. Constant Maturity	0.44	0.94	2.11	2.08	1.50	0.91
BBgBarc US Universal TR USD	3.81	5.17	7.88	5.15	4.42	4.12
BBgBarc US Govt/Credit 1-5 Yr TR USD	1.77	3.98	5.43	3.49	2.63	2.22
BBgBarc US Agg Bond TR USD	2.90	6.14	8.74	5.32	4.30	3.82
FTSE WGBI NonUSD USD	2.98	1.04	0.86	2.87	3.32	1.81
JPM EMBI Global TR USD	11.21	-1.87	1.52	3.31	5.12	5.82
BofA US High Yield TR USD	9.61	-4.78	-1.10	2.94	4.58	6.48

Source: Morningstar

All indices are unmanaged and investors cannot actually invest directly into an index. Unlike investments, indices do not incur management fee, charges, or expenses. Past performance does not guarantee future results.



## QUARTERLY MARKET SUMMARY

### THE ECONOMY

#### Data shows continued rebound in economic activity

The economic data released in June largely pointed to a faster-than-expected rebound in economic activity as reopening efforts took hold. Perhaps the best example of this comes from consumers, who saw confidence and spending figures rise notably. May's retail sales report was a highlight, with headline sales rising by 17.7 percent against expectations for an 8.4 percent increase. Personal spending rose by 8.2 percent, indicating that consumers were ready and willing to go out and spend as reopening efforts kicked off. Consumer spending accounts for roughly two-thirds of overall economic activity, so these reports were very encouraging.

The strong consumer spending growth was supported by improving consumer confidence during the quarter. Both major measures of consumer sentiment rebounded in May and June after hitting multiyear lows in April. The Conference Board Consumer Confidence Survey was especially impressive. It improved from 85.9 in May to 98.1 in June, the largest single-month increase for the index since 2011. As you can see in Figure 1, there is still quite a way to go before we're back to pre-pandemic confidence levels, but we're heading in the right direction.

Consumer confidence was supported by improving jobs numbers and a strong equity market rebound. May's employment report showed a surprising 2.5 million jobs were created, against economist estimates for a loss of 7.5 million jobs. We've also seen initial jobless claims and continuing unemployment claims decline recently, indicating that the worst of the job losses caused by the pandemic is likely behind us. The improving employment situation in May was one of the first reports to show significantly better-than-expected results for the economy as reopening efforts began.

Business confidence and spending also showed improvement during the month. Business confidence, as measured by the monthly Institute for Supply Management Purchasing Managers' Index surveys, rose in May after hitting multiyear lows in April. This improving confidence translated into faster spending growth. May's durable goods orders report showed a 15.8 percent increase in orders, which helped offset an 18.1 percent decline in April. Core durable goods orders, which are often used as a proxy for business investment, also saw a solid rebound in May, indicating that businesses were willing to spend as reopening efforts took hold. All things considered, the improvements we saw on the economic front during the month were very encouraging and point to a faster-than-expected recovery if things stay on track.

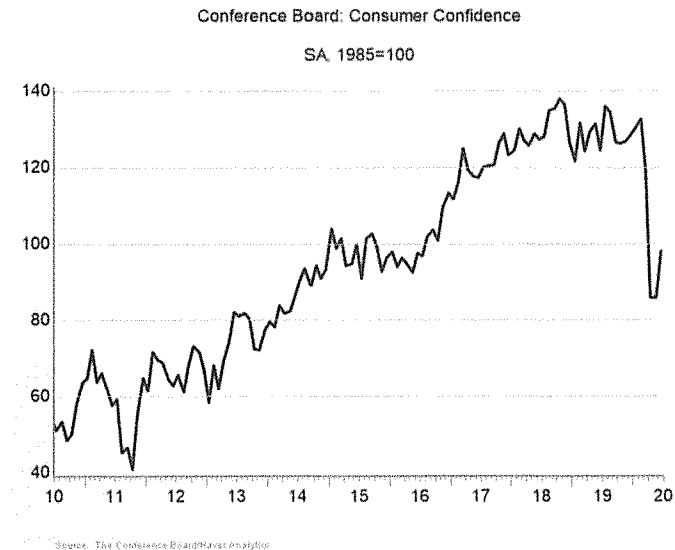


Figure 1. Conference Board Consumer Confidence, 2010-Present

## QUARTERLY MARKET SUMMARY

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### DOMESTIC EQUITY

#### **Positive June caps off strong quarter for markets**

June was another positive month for markets, despite concerns about the spread of the coronavirus causing some volatility near month-end. All three major indices posted positive returns for the month. The S&P 500 returned 1.99 percent, the Dow Jones Industrial Average (DJIA) gained 1.82 percent, and the Nasdaq Composite rose by 6.07 percent. On a quarterly basis, all three indices showed strong rebounds following March's volatility. The Nasdaq led the way with a quarterly gain of 30.95 percent, while the DJIA gained 18.51 percent and the S&P increased by 20.54 percent.

These strong results came despite worsening fundamentals. According to Bloomberg Intelligence, as of June 26, the estimated earnings growth rate for the S&P 500 in the second quarter is -44.1 percent. This is down from estimates at the start of the quarter for a more modest 16.1 percent decline. Over the long term, fundamentals drive performance. So, the market rally in the face of these numbers suggests that investors expect a continued recovery and are willing to overlook a quarter or two of declines. The expected poor second-quarter results, while concerning, are understandable, given the damage created by anti-pandemic measures that were in place for much of the quarter.

From a technical perspective, June was another mixed month for U.S. markets. The S&P 500 managed to break above its 200-day moving average at the end of May. It finished above trend for the second month in a row, despite briefly falling below this important technical level twice during the month. The DJIA broke above trend early in the month before falling back and finishing June below its 200-day moving average. The Nasdaq was the only major index that spent the entire month above its 200-day trend line, after doing the same in May.

## QUARTERLY MARKET SUMMARY

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### NON-U.S. EQUITY

The story was similar for international markets during the month and quarter. The MSCI EAFE Index gained 3.41 percent in June, capping off a quarter that saw the index rise by 14.88 percent. Emerging markets fared even better, gaining 7.40 percent in June and 18.18 percent for the quarter. The developed and emerging market indices remained below their 200-day moving averages at month-end. Both indices managed to briefly break above trend during the month, however, which is an encouraging sign.

## QUARTERLY MARKET SUMMARY

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### FIXED INCOME

Fixed income markets also had a solid month and quarter, driven by continued support from the Federal Reserve that kept interest rates constrained. The 10-year U.S. Treasury yield was largely range-bound. It started the period at 0.62 percent and hit a high of 0.91 percent in early June before falling back to 0.66 percent at quarter-end. The Bloomberg Barclays U.S. Aggregate Bond Index rose by 0.63 percent during the month and 2.90 percent for the quarter.

High-yield fixed income, which is typically driven less by interest rate movements and more closely correlated to equity markets, also had a strong quarter. The Bloomberg Barclays U.S. Corporate High Yield Index gained 0.98 percent in June and 10.18 percent for the quarter. High-yield bond spreads ended the month largely unchanged, after falling notably in both April and May.

*SECTION 2*

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# Change in Market Value

*Including Contribution and Withdrawal Summary*

# Performance Change in Market Value

From 01/01/2020 to 6/30/2020

Doylestown Township- - Uniformed Pension Plan

Beginning Balance (01/01/2020)	\$12,981,961.18
Contributions	\$644,072.62
Withdrawals	\$543,074.86
Realized Gain / Loss	(\$32,232.08)
Unrealized Gain / Loss	(\$841,185.11)
Interest	\$0.00
Dividend / Cap Gains	\$159,355.56
Management Fees	\$29,629.90
Ending Balance (06/30/2020)	\$12,339,267.41
Total Gain / Loss After Fees	(\$743,691.53)
IRR Net of Management Fees for 01/01/2020 to 06/30/2020	-5.50

Internal Rate of Return (IRR) reflects your portfolio's performance during the period. The return is heavily affected by the timing and size of deposits and withdrawals. Although IRR does answer the question of whether the account made or lost money, it is not indicative of your investment manager's overall ability to manage the portfolio.

Internal Rate of Return (IRR) when there are deposits or withdrawals in an account it will generally differ from Time-Weighted Rate of Return (TWR). IRR can be positive when TWR is negative, and vice versa.

Note: Returns greater than 1 year are annualized  
This report is incomplete without the accompanying disclosure page.

# Performance Change in Market Value

From 01/01/2020 to 6/30/2020

Doylestown Township- - Uniformed Pension Plan

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Dividend / Cap Gains	\$159,355.56
Management Fees	\$29,629.90
Ending Balance (06/30/2020)	\$12,339,267.41
Total Gain / Loss After Fees	(\$743,691.53)
TWR for 01/01/2020 to 06/30/2020	-5.81

Time-Weighted Rate of Return (TWR) reflects the performance of the person making investment decisions (i.e., the investment manager) during the period. Disregarding the deposits or withdrawals in the account.

Time-Weighted Rate of Return (TWR) will generally differ from Internal Rate of Return (IRR) when there are deposits or withdrawals in an account. TWR can be positive when IRR is negative, and vice versa.

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## DIFFERENCES BETWEEN TWR AND IRR

Time-weighted rate of return (TWR) will generally differ from internal rate of return (IRR) when there are deposits or withdrawals in an account. TWR can be positive when IRR is negative, and vice versa.

Let's say you invest \$10,000, and, at the end of a good year, that investment has grown to \$11,000. You invest another \$1,000,000 at the beginning of the second year, and your portfolio loses \$50,000 due to a market correction. Finally, with no additional contribution after the second year, your portfolio gains \$25,000. What is your return?

	STARTING VALUE	CONTRIBUTION AMOUNT	GAIN/LOSS	ENDING VALUE	GAIN/LOSS
Year 1	\$0	\$10,000	\$1,000	\$11,000	10%
Year 2	\$11,000	\$1,000,000	(\$50,000)	\$961,000	-4.9%
Year 3	\$961,000	\$0	\$25,000	\$986,000	2.6%

	CUMULATIVE RETURN	ANNUALIZED RETURN
Time-Weighted Rate of Return (TWR)	7.3%	2.4%
Internal Rate of Return (IRR)	-3.5%	-1.2%

Cumulative TWR = compounded individual period returns =  
 $[(1 + 0.10) \times (1 - 0.049) \times (1 + 0.026) - 1] \times 100 = 7.3\%$

Cumulative IRR = total gain/average capital for the period\* =  
 $(-\$24,000/\$676,666.67) \times 100 = -3.5\%$

- **TWR (7.3%)** reflects the performance of the *person making investment decisions* (i.e., the investment manager) during the period. Disregarding the total amount invested, the performance resulted in a total gain of 7.3%. In this case, your investment manager's performance is positive, even though the account lost money.
- **IRR (-3.5%)** reflects your *portfolio's* performance during the period. The return is heavily affected by the timing and size of deposits. Your portfolio's performance results in a total loss of 3.5% because there was much more money invested in Year 2, when a loss was suffered. Although IRR does answer the question of whether the account made or lost money, it is not indicative of your investment manager's overall ability to manage the portfolio.

Please note: This assumes all contributions occur on January 1.

\*Average capital = average dollars invested over the period =  $\$10,000 + (\$1,000,000 \times 2/3) = \$676,666.67$



## Uniformed Police Pension Plan

January 1, 2020 - June 30, 2020

### Contributions

Employees	\$49,051.60
Employer MMO	\$323,896.02
Employer –Additional	\$28,125.00
State/Other	\$0.00
Other/Miscellaneous	\$0.00
<b>Total</b>	<b>\$401,072.62</b>

### Withdrawals

Payments to Pensioners	\$288,448.72
Advisor Fees Total	\$29,629.90
Actuary Fees	\$5,800.00
Audit Fees	\$0.00
Municipal Employers Insurance Trust	\$5,826.14
<b>Total</b>	<b>\$329,704.76</b>

*\*Figures above do not include a total of \$243,000 internal transfer(s) between accounts.*

# Performance Change in Market Value

From 01/01/2020 to 6/30/2020

Doylestown Township- - Non-Uniformed Pension Plan

Beginning Balance (01/01/2020)	\$9,149,120.32
Contributions	\$457,293.70
Withdrawals	\$380,632.80
Realized Gain / Loss	(\$20,890.82)
Unrealized Gain / Loss	(\$603,815.55)
Interest	\$0.00
Dividend / Cap Gains	\$112,102.14
Management Fees	\$20,876.23
Ending Balance (06/30/2020)	\$8,692,300.76
Total Gain / Loss After Fees	(\$533,480.46)
IRR Net of Management Fees for 01/01/2020 to 06/30/2020	-5.60

Internal Rate of Return (IRR) reflects your portfolio's performance during the period. The return is heavily affected by the timing and size of deposits and withdrawals. Although IRR does answer the question of whether the account made or lost money, it is not indicative of your investment manager's overall ability to manage the portfolio.

Internal Rate of Return (IRR) when there are deposits or withdrawals in an account it will generally differ from Time-Weighted Rate of Return (TWR). IRR can be positive when TWR is negative, and vice versa.

Note: Returns greater than 1 year are annualized  
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# Performance Change in Market Value

From 01/01/2020 to 6/30/2020

Doylestown Township- - Non-Uniformed Pension Plan

Beginning Balance (01/01/2020)	\$9,149,120.32
Contributions	\$457,293.70
Withdrawals	\$380,632.80
Realized Gain / Loss	(\$20,890.82)
Unrealized Gain / Loss	(\$603,815.55)
Interest	\$0.00
Dividend / Cap Gains	\$112,102.14
Management Fees	\$20,876.23
Ending Balance (06/30/2020)	\$8,692,300.76
Total Gain / Loss After Fees	(\$533,480.46)
TWR for 01/01/2020 to 06/30/2020	-5.92

Time-Weighted Rate of Return (TWR) reflects the performance of the person making investment decisions (i.e., the investment manager) during the period. Disregarding the deposits or withdrawals in the account.

Time-Weighted Rate of Return (TWR) will generally differ from Internal Rate of Return (IRR) when there are deposits or withdrawals in an account. TWR can be positive when IRR is negative, and vice versa.

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	STARTING VALUE	CONTRIBUTION AMOUNT	GAIN/LOSS	ENDING VALUE	GAIN/LOSS
<b>Year 1</b>	\$0	\$10,000	\$1,000	\$11,000	10%
<b>Year 2</b>	\$11,000	\$1,000,000	(\$50,000)	\$961,000	-4.9%
<b>Year 3</b>	\$961,000	\$0	\$25,000	\$986,000	2.6%
			<b>CUMULATIVE RETURN</b>		<b>ANNUALIZED RETURN</b>
<b>Time-Weighted Rate of Return (TWR)</b>			7.3%		2.4%
<b>Internal Rate of Return (IRR)</b>			-3.5%		-1.2%

Cumulative TWR = compounded individual period returns =  
 $[(1 + 0.10) \times (1 - 0.049) \times (1 + 0.026) - 1] \times 100 = 7.3\%$

Cumulative IRR = total gain/average capital for the period\* =  
 $(-\$24,000/\$676,666.67) \times 100 = -3.5\%$

- **TWR (7.3%)** reflects the performance of the *person making investment decisions* (i.e., the investment manager) during the period. Disregarding the total amount invested, the performance resulted in a total gain of 7.3%. In this case, your investment manager's performance is positive, even though the account lost money.
- **IRR (-3.5%)** reflects your *portfolio's* performance during the period. The return is heavily affected by the timing and size of deposits. Your portfolio's performance results in a total loss of 3.5% because there was much more money invested in Year 2, when a loss was suffered. Although IRR does answer the question of whether the account made or lost money, it is not indicative of your investment manager's overall ability to manage the portfolio.

Please note: This assumes all contributions occur on January 1.

\*Average capital = average dollars invested over the period =  $\$10,000 + (\$1,000,000 \times 2/3) = \$676,666.67$

**Non-Uniformed Pension Plan**

January 1, 2020 - June 30, 2020

**Contributions**

Employees	\$36,850.20
Employer MMO	\$223,068.48
Employer –Additional	\$34,375.02
State/Other	\$0.00
Other/Miscellaneous	\$0.00
<b>Total</b>	<b>\$294,293.70</b>

**Withdrawals**

Payments to Pensioners	\$211,932.80
Advisor Fees Total	\$20,876.23
Actuary Fees	\$5,700.00
Audit Fees	\$0.00
<b>Total</b>	<b>\$238,509.03</b>

*\*Figures above do not include a total of \$163,000 internal transfer(s) between accounts.*

## Doylestown Township Uniformed Purchases and Sales

*2020 Q2: April 1, 2020 - June 30, 2020*

Date	Activity Type	Security	Category	Amount
4/17/2020	Buy	PIMCO Mortgage Opportunities & Bond Fund Institutional CI	Nontraditional Bond	\$ (30,000)
4/17/2020	Buy	PIMCO Low Duration Income Fund Institutional CI	Short-Term Bond	\$ (30,000)
5/13/2020	Buy	PIMCO Mortgage Opportunities & Bond Fund Institutional CI	Nontraditional Bond	\$ (27,000)
5/13/2020	Buy	PIMCO Low Duration Income Fund Institutional CI	Short-Term Bond	\$ (27,000)
6/12/2020	Buy	Doubleline Total Return Bond Fund CI I	Intermediate Core-Plus Bond	\$ (29,000)
6/12/2020	Buy	BlackRock Strategic Income Opps Inv Institutional	Nontraditional Bond	\$ (29,000)

## Doylestown Township Non-Uniformed Purchases and Sales

*2020 Q2: April 1, 2020 - June 30, 2020*

Date	Activity Type	Security	Category	Amount
4/17/2020	Buy	PIMCO Mortgage Opportunities & Bond Fund Institutional CI	Nontraditional Bond	\$ (25,000)
4/17/2020	Buy	PIMCO Low Duration Income Fund Institutional CI	Short-Term Bond	\$ (25,000)
5/13/2020	Buy	PIMCO Mortgage Opportunities & Bond Fund Institutional CI	Nontraditional Bond	\$ (21,000)
5/13/2020	Buy	PIMCO Low Duration Income Fund Institutional CI	Short-Term Bond	\$ (21,000)
6/12/2020	Buy	Doubleline Total Return Bond Fund CI I	Intermediate Core-Plus Bond	\$ (21,500)
6/12/2020	Buy	BlackRock Strategic Income Opps Inv Institutional	Nontraditional Bond	\$ (21,500)

The investment strategy is set each year by using research from the institutional pension plan consultants: Ibbotson Associates and Wilshire. With the MMO contributions received each month, purchases were made to maintain the target asset allocation. In the previous quarter, Debra Brede rebalanced the account, adding to equities. During the second quarter, equities rebounded strongly, and as a result the monthly MMO contributions in Q2 were used to bolster the Township's positions in bond funds. As equities rose between late March and early June, Debra found it necessary to add to bonds in order to keep the portfolio in balance.

*SECTION 3*

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Performance by Asset Class vs. Benchmark

Comparative Performance

	QTD	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>DOMESTIC EQUITY</b>												
<b>US Fund Large Growth</b>												
iShares S&P 500 Growth ETF	26.00	7.74	30.77	-0.19	27.22	6.82	5.37	14.64	32.50	14.38	4.41	14.92
S&P 500 Growth TR USD	26.23	7.93	31.13	-0.01	27.44	6.89	5.52	14.89	32.75	14.61	4.65	15.05
<b>US Fund Large Blend</b>												
iShares Core S&P 500 ETF	20.34	-3.20	31.25	-4.47	21.76	12.16	1.30	13.56	32.30	16.06	1.86	15.09
iShares Edge MSCI Min Vol USA ETF	12.82	-6.55	27.69	1.36	18.91	10.57	5.45	16.33	25.09	10.83	-	-
S&P 500 TR USD	20.54	-3.08	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00	2.11	15.06
<b>US Fund Large Value</b>												
iShares S&P 500 Value ETF	13.07	-15.60	31.63	-9.19	15.25	17.31	-3.29	12.17	31.61	17.56	-0.71	14.93
S&P 500 Value TR USD	13.15	-15.52	31.93	-8.95	15.36	17.40	-3.13	12.36	31.99	17.68	-0.48	15.10
<b>US Fund Mid-Cap Growth</b>												
iShares S&P Mid-Cap 400 Growth ETF	25.76	-5.47	25.96	-10.52	19.64	14.57	1.91	7.31	32.56	17.05	-1.34	30.43
S&P MidCap 400 Growth TR USD	25.92	-5.21	26.29	-10.34	19.92	14.77	2.02	7.57	32.77	17.27	-0.94	30.57
<b>US Fund Mid-Cap Value</b>												
iShares S&P Mid-Cap 400 Value ETF	21.66	-21.06	25.67	-12.04	12.05	26.18	-6.71	11.85	34.02	18.29	-2.68	22.57
S&P MidCap 400 Value TR USD	21.74	-20.98	26.08	-11.88	12.32	26.53	-6.65	12.10	34.25	18.53	-2.43	22.78
<b>US Fund Small Growth</b>												
iShares S&P Small-Cap 600 Growth ETF	23.39	-11.76	20.99	-4.39	14.47	22.07	2.70	4.01	42.26	14.47	3.26	28.24
S&P SmallCap 600 Growth TR USD	23.06	-11.54	21.13	-4.05	14.79	22.16	2.78	3.87	42.69	14.56	3.62	27.99
<b>US Fund Small Value</b>												
iShares S&P Small-Cap 600 Value ETF	20.97	-24.40	24.12	-12.84	11.35	31.25	-6.90	7.56	39.34	18.24	-1.65	24.69
S&P SmallCap 600 Value TR USD	20.62	-24.46	24.54	-12.64	11.51	31.32	-6.67	7.54	39.98	18.21	-1.38	24.72
<b>INTERNATIONAL EQUITY</b>												
<b>US Fund Foreign Large Blend</b>												
iShares Core MSCI EAFE ETF	15.98	-11.31	22.63	-14.13	26.59	1.58	0.73	-6.33	22.42	-	-	-
MSCI EAFE NR USD	14.88	-11.34	22.01	-13.79	25.03	1.00	-0.81	-4.90	22.78	17.32	-12.14	7.75
<b>US Fund Diversified Emerging Mkts</b>												
iShares Core MSCI Emerging Markets ETF	18.71	-10.63	17.79	-14.93	37.40	10.29	-14.31	-3.44	-2.81	-	-	-
MSCI EM NR USD	18.08	-9.78	18.42	-14.57	37.28	11.19	-14.92	-2.19	-2.60	18.22	-18.42	18.88
<b>REAL ESTATE</b>												
<b>US Fund Real Estate</b>												
iShares US Real Estate ETF	14.03	-14.00	28.19	-4.30	9.34	7.03	1.63	26.69	1.16	18.21	5.52	26.58
DJ US Real Estate TR USD	13.91	-13.87	28.92	-4.03	9.84	7.56	2.14	27.24	1.77	18.93	6.05	26.93
<b>US Fund Global Real Estate</b>												
SPDR® Dow Jones International RelEst ETF	8.68	-24.29	19.88	-8.22	15.49	0.32	-3.22	4.34	4.36	39.12	-15.05	22.08
DJ Gbl Ex US Select RESI NR USD	8.77	-24.48	20.18	-8.14	15.55	0.74	-3.04	6.08	5.23	37.73	-14.09	21.48



## Comparative Performance

	QTD	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>FIXED INCOME</b>												
<b>US Fund Bank Loan</b>												
Fidelity Advisor® Floating Rate HI Inc Z	8.52	-5.70	8.54	-0.19	3.60	9.52	-1.53	0.03	3.53	6.40	1.37	7.50
S&P/LSTA Leveraged Loan TR	9.70	-4.61	8.64	0.44	4.12	10.16	-0.69	1.60	5.29	9.66	1.52	10.13
<b>US Fund Nontraditional Bond</b>												
BlackRock Strategic Income Opps Instl	6.30	0.18	7.62	-0.46	4.88	3.61	-0.30	3.89	3.28	9.92	-0.73	13.38
PIMCO Mortgage Opportunities and BdInstl	4.92	1.20	5.04	1.55	5.49	4.93	2.70	5.25	3.45	-	-	-
BofAML LIBOR 3 Mo. Constant Maturity	0.44	0.94	2.60	2.08	1.11	0.66	0.23	0.23	0.29	0.51	0.27	0.33
<b>US Fund Multisector Bond</b>												
PIMCO Income Instl	6.48	-1.68	8.05	0.58	8.60	8.72	2.64	7.18	4.80	22.17	6.37	20.46
BBgBarc US Universal TR USD	3.81	5.17	9.29	-0.25	4.09	3.91	0.43	5.56	-1.35	5.53	7.40	7.16
<b>US Fund Short-Term Bond</b>												
Lord Abbett Short Duration Income F	5.66	-0.04	5.52	1.33	2.63	3.86	0.76	1.60	1.94	6.51	3.25	6.47
PIMCO Low Duration Income Instl	5.59	-1.30	6.69	1.54	6.04	11.35	-0.35	-2.28	3.16	13.25	-4.66	6.99
BBgBarc US Govt/Credit 1-5 Yr TR USD	1.77	3.98	5.01	1.38	1.27	1.56	0.97	1.42	0.28	2.24	3.14	4.08
<b>US Fund Intermediate Core-Plus Bond</b>												
DoubleLine Total Return Bond I	3.41	2.63	5.81	1.75	3.79	2.17	2.32	6.73	0.02	9.16	9.51	-
BBgBarc US Agg Bond TR USD	2.90	6.14	8.72	0.01	3.54	2.65	0.55	5.97	-2.02	4.21	7.84	6.54
<b>US Fund World Bond</b>												
Templeton Global Bond Adv	0.09	-4.34	0.89	1.44	2.62	6.61	-4.03	1.84	2.41	16.15	-2.21	13.00
PIMCO International Bond (USD-Hdg) Instl	3.78	1.78	7.34	2.63	3.52	7.03	0.40	11.16	0.90	11.18	6.77	9.18
FTSE WGBI NonUSD USD	2.98	1.04	5.32	-1.82	10.33	1.81	-5.54	-2.68	-4.56	1.51	5.17	5.21
<b>US Fund Emerging Markets Bond</b>												
Goldman Sachs Emerging Markets Dbt Instl	14.70	-3.07	13.81	-7.54	9.30	10.33	0.88	6.63	-6.00	19.71	6.93	13.98
JPM EMBI Global TR USD	11.21	-1.87	14.42	-4.61	9.32	10.19	1.23	5.53	-6.58	18.54	8.46	12.04
<b>US Fund High Yield Bond</b>												
AB High Income Advisor	11.97	-9.05	13.93	-5.53	8.17	15.44	-3.69	3.52	6.92	18.92	2.38	17.18
BofAML US High Yield TR USD	9.61	-4.78	14.41	-2.26	7.48	17.49	-4.64	2.50	7.42	15.58	4.38	15.19

Source: Morningstar

Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value fluctuate so your shares, when sold, may be worth more or less than the original cost; current performance may be lower or higher than quoted. Performance is shown with shares purchased at net asset value and does not reflect the deduction of any sales loads or fees, as these are managed accounts in which such charges and fees are not assessed. If reflected, loads or fees would have reduced the performance quoted. In addition, no fees were assessed during the duration of the investment holding period. Returns are historical and are calculated by determining the percentage change in net asset value (NAV) with all distributions reinvested.

The performance figures depicted at the fund level may not correlate with the actual return experience found in your portfolio. Deviations can be a result of asset weightings in core portfolio holdings, the timing and magnitude of cashflows, money-weighted calculations, and participation-- amongst other things. Please carefully review your Commonwealth statements for more information.

## Investment Policy Statement

### Blended Benchmark Rate of Return

*As of June 30, 2020*

	QTD	YTD
<b>Blended Benchmark</b>	<b>13.69</b>	<b>-4.93</b>

### Target Weightings

% of Portfolio	Index
10.00	S&P 500 Blend
10.00	S&P 500 Growth
10.00	S&P 500 Value
4.00	S&P MidCap 400 Growth
4.00	S&P MidCap 400 Value
2.75	S&P Small Cap 600 Growth
2.75	S&P Small Cap 600 Value
1.00	Dow Jones Global US (All) / Real Estate
15.00	MSCI EAFE (NR)
4.50	MSCI Emerging Markets (NR)
1.00	Dow Jones Ex US Select RESI
3.00	BofA Merrill Lynch US High-Yield - Master II
9.75	BofA Merrill Lynch USD Libor 3M Constant Maturity
3.00	Bloomberg Barclays US Aggregate Bond
3.25	S&P/LSTA Leveraged Loan Index
6.50	Bloomberg Barclays US Govt/Credit 1-5 Yr
5.50	Bloomberg Barclays US Universal Bond
1.00	JP Morgan EMBI Global Diversified
3.00	FTSE Non-USD WGBI (USD)

Rebalanced monthly

**Please note: Pension plan returns are after all fees**

All indices are unmanaged and investors cannot actually invest directly into an index. Unlike investments, indices do not incur management fees, charges or expenses. Past performance does not guarantee future results.

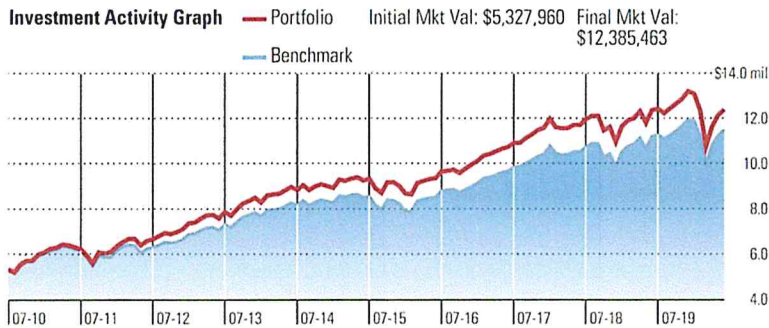
Source: Client360

# Doylestown Township Uniformed

## Morningstar Hypothetical Portfolio Snapshot

As of June 30, 2020

### Performance 06-30-2020



Trailing Returns*	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Portfolio Return	15.15	0.25	4.93	6.01	9.36
Benchmark Return	15.11	2.59	5.96	6.18	8.56
+/- Benchmark Return	0.04	-2.34	-1.03	-0.17	0.80

\*Full return history is not available for all securities. Please see Return Participation disclosure.

### Analysis 06-30-2020

#### Asset Allocation



**Benchmark by category as requested. See "Portfolio Snapshot" disclosures for details.**

This is a hypothetical back-test of a static allocation using historical data (this is not actual performance). Please carefully review the accompanying disclosures in the appendix for important information with regards to the inherent limitations and considerations of this output.

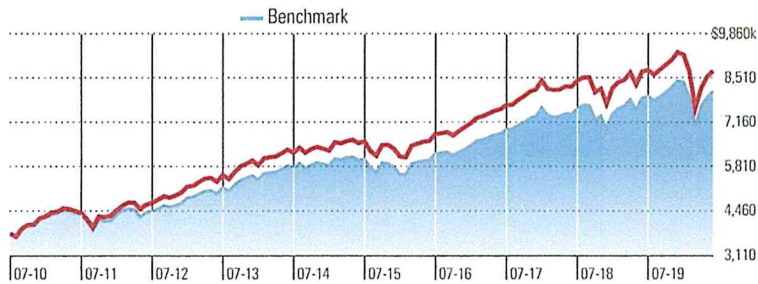
# Doylestown Township Non-Uniformed

## Morningstar Hypothetical Portfolio Snapshot

As of June 30, 2020

### Performance 06-30-2020

Investment Activity Graph — Portfolio Initial Mkt Val: \$3,770,257 Final Mkt Val: \$8,722,297

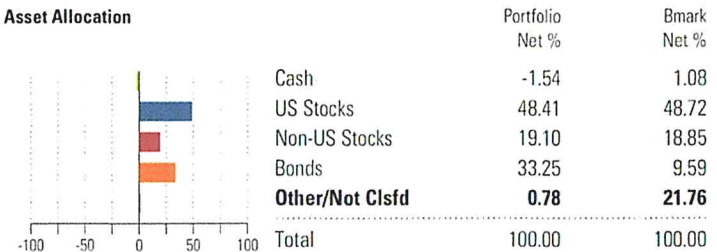


Trailing Returns*	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Portfolio Return	15.07	0.25	4.90	5.98	9.31
Benchmark Return	15.04	2.58	5.93	6.15	8.52
+/- Benchmark Return	0.03	-2.33	-1.03	-0.17	0.79

\*Full return history is not available for all securities. Please see Return Participation disclosure.

### Analysis 06-30-2020

#### Asset Allocation



**Benchmark by category as requested. See "Portfolio Snapshot" disclosures for details.**

This is a hypothetical back-test of a static allocation using historical data (this is not actual performance). Please carefully review the accompanying disclosures in the appendix for important information with regards to the inherent limitations and considerations of this output.