

# I.B.E.W. Local No. 8 Retirement Plan and Trust

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April 9, 2022



**Gallagher**

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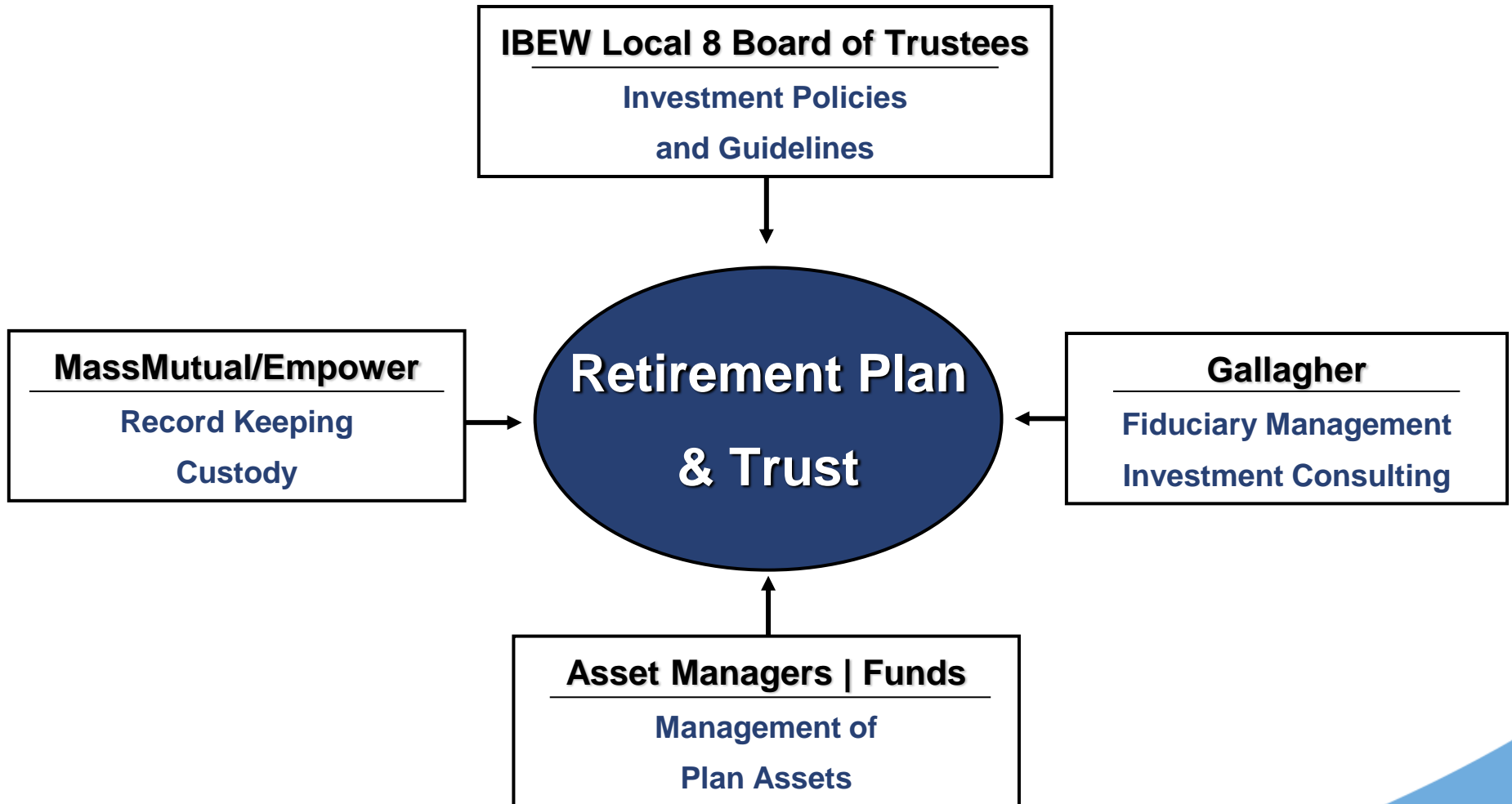
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# Agenda

- I. Overview of Retirement Plan Oversight
- II. Economic and Market Update
- III. Historical Returns
- IV. Retirement Plan Overview
  - I.B.E.W. Local No. 8 Retirement Plan & Trust (“RPT”)



# I.B.E.W. Local No. 8 RPT





# Gallagher Fiduciary Advisors (“GFA”)

- Advise Board of Trustees on Plan’s investment policy, asset allocation
- Select “best in class” third-party investment managers responsible for the day-to-day portfolio management decisions
- Monitor portfolios, investment performance, and managers on an on-going basis
- Regularly meet with Board of Trustees to discuss the Plan’s investment performance



# Gallagher Fiduciary Advisors (“GFA”)

- GFA is the Investment Consulting division of Gallagher Benefit Services (“GBS”), the employee benefits consulting group of Arthur J. Gallagher & Company (NYSE: AJG)
- GFA provides investment consulting advice and discretionary management regarding approximately \$80 billion in client assets
- Approximately 33 employees in five offices (Washington DC, Pittsburgh, Newark NJ)
- Backgrounds in investments, finance, accounting, internal controls, banking, corporate treasury, trustee and fiduciary responsibility / ERISA

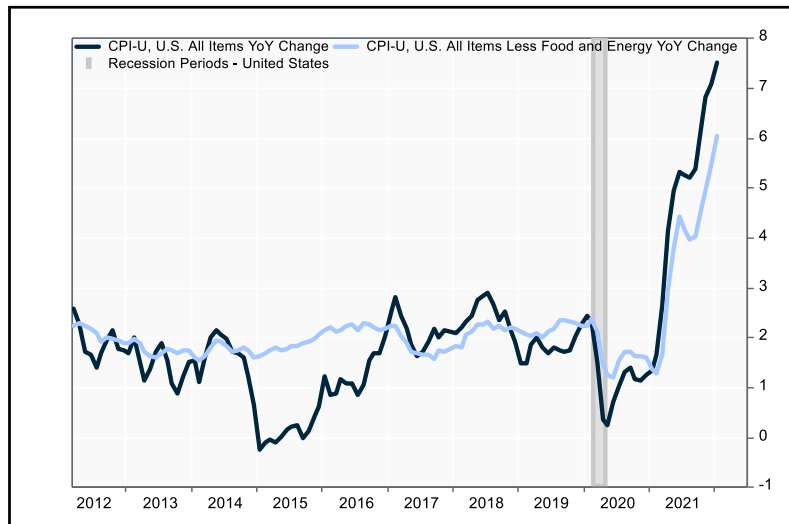
*Gallagher assets are as of September 30, 2021, while the number of GFA employees is as of March 22, 2022.*



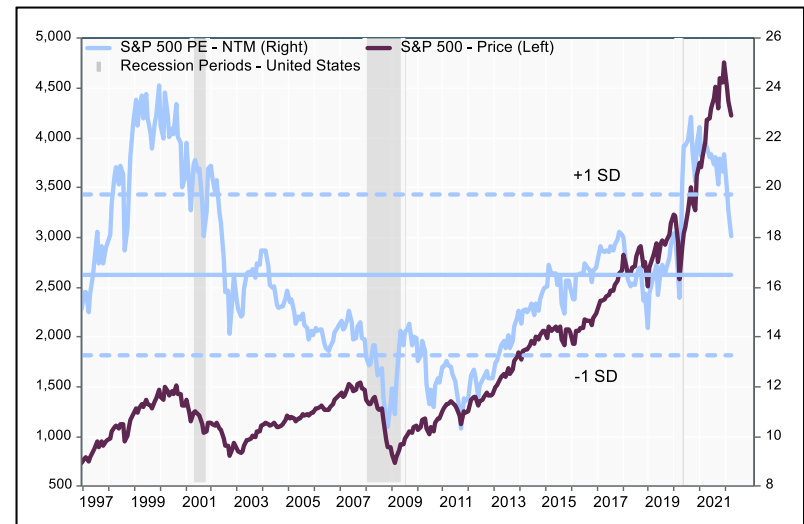
# Economic and Market Update

- **The U.S. economy's recovery from Covid-19 is stoking inflation concerns**
  - The US GDP grew 7.0% (seasonally-adjusted, annualized) in Q4 2021; ISM surveys, Leading Indicators, point towards moderating growth; Employment continues to recover from lows, reaching 3.8% unemployment rate as of February 28, 2022.
  - The headline Consumer Price Index reached 7.9% in February 2022, its highest level in 40 years; the core reading (excluding food and energy) rose 6.4%.
- **Higher interest rates and geopolitical concerns have led to elevated volatility**
  - Risk assets are off to a rocky start to 2022; annualized market volatility implied by the VIX rose YTD

### US Consumer Price Index



### S&P 500 Price and Valuation





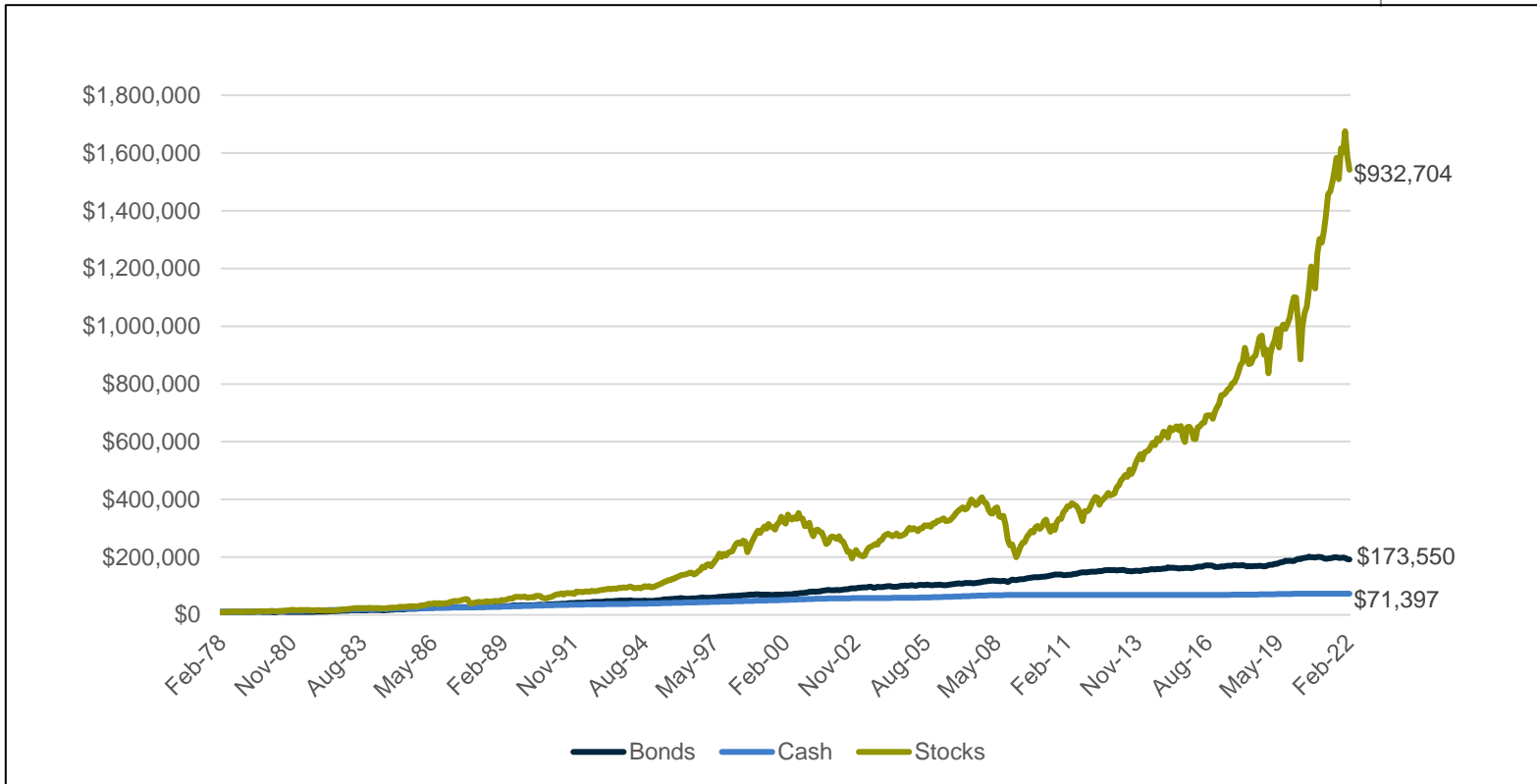
# Economic and Market Update

Asset Class	Index	YTD	Annualized			
			1 Yr	3 Yrs	5 Yrs	10 Yrs
US Large Cap Stocks	S&P 500 Index	-8.0	16.4	18.2	15.2	14.5
US Small Cap Stocks	Russell 2000 Index	-8.7	-6.0	10.5	9.5	11.0
Growth Stocks	Russell 1000 Growth Index	-12.5	12.5	23.2	20.2	16.9
Value Stocks	Russell 1000 Value Index	-3.5	15.0	12.2	9.5	11.7
Non-US Stocks	MSCI EAFE Index	-6.5	2.8	7.8	7.2	6.1
Emerging Mkt Stocks	MCSI Emg Mtk Index	-4.8	-10.7	6.0	7.0	3.3
US Bonds	BBC Aggregate Index	-3.2	-2.6	3.3	2.7	2.5
US Short Term Bonds	BBC 1-3 Yr Gov/Credit Index	-1.1	-1.6	1.7	1.5	1.2
US High Yield Bonds	BBC High Yield Index	-3.7	0.6	5.3	4.9	5.9
REITS	NAREIT U.S. Equity Real Estate	-9.8	24.1	10.0	7.8	9.6
Commodities	Bloomberg Commodity	15.6	34.4	12.9	6.6	-2.0

Data from Morningstar as of 2/28/2022



# Historical Returns – Growth of \$10,000



- Over the past 40 years, stocks have generated much higher returns compared to both bonds and cash, but they have done so with higher volatility
- During this period, stocks have generated an annualized return of 12.13%, approximately 5.22% more than bonds and 7.52% more than cash

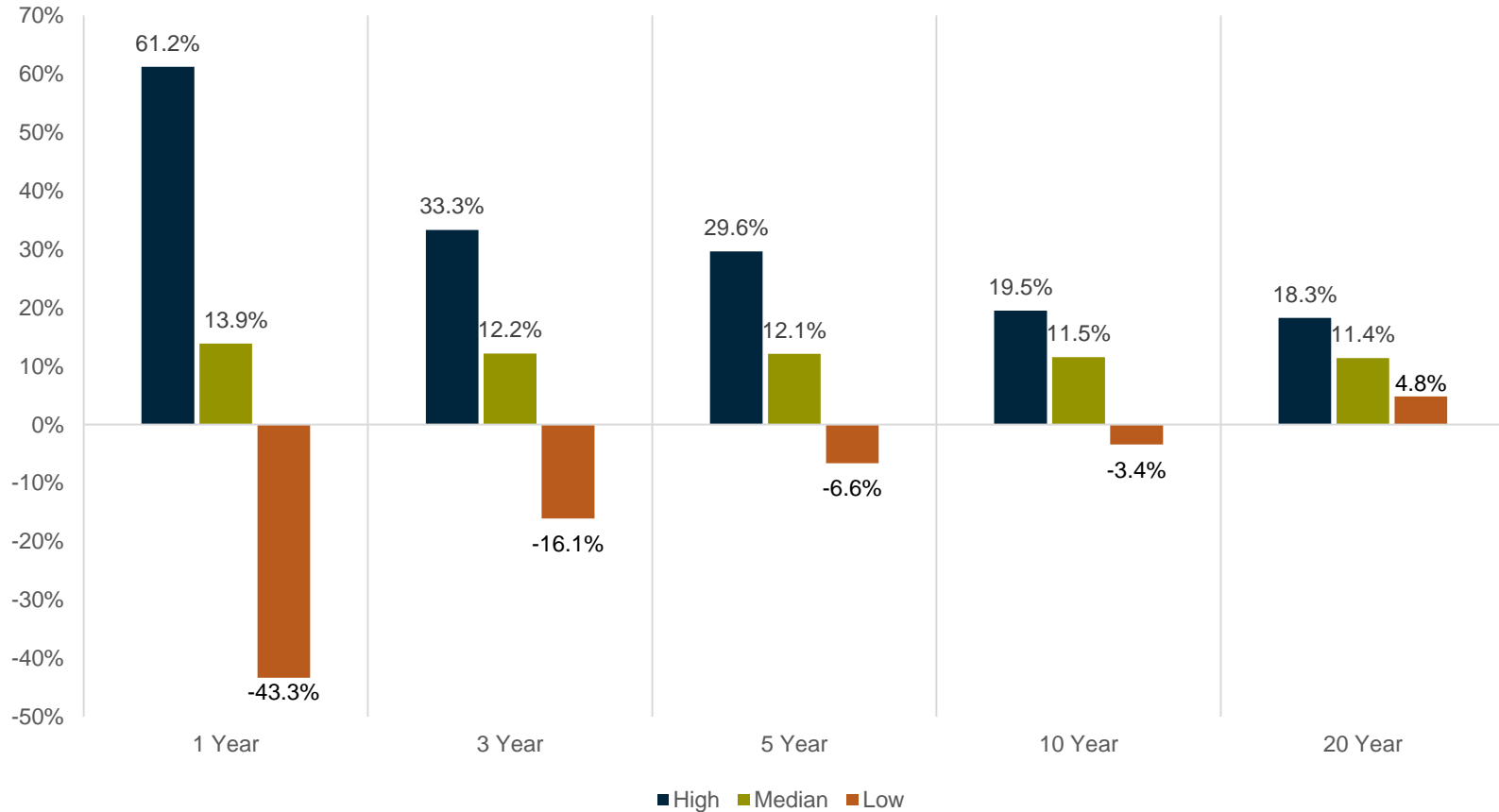
Stocks reflect S&P 500 Index, bonds reflect BB Aggregate Index and cash reflects US T-bills. Source: eVestment Analytics as of Feb 2022





# Historical Returns

## Range of Stock Market Returns over Different Time Horizons

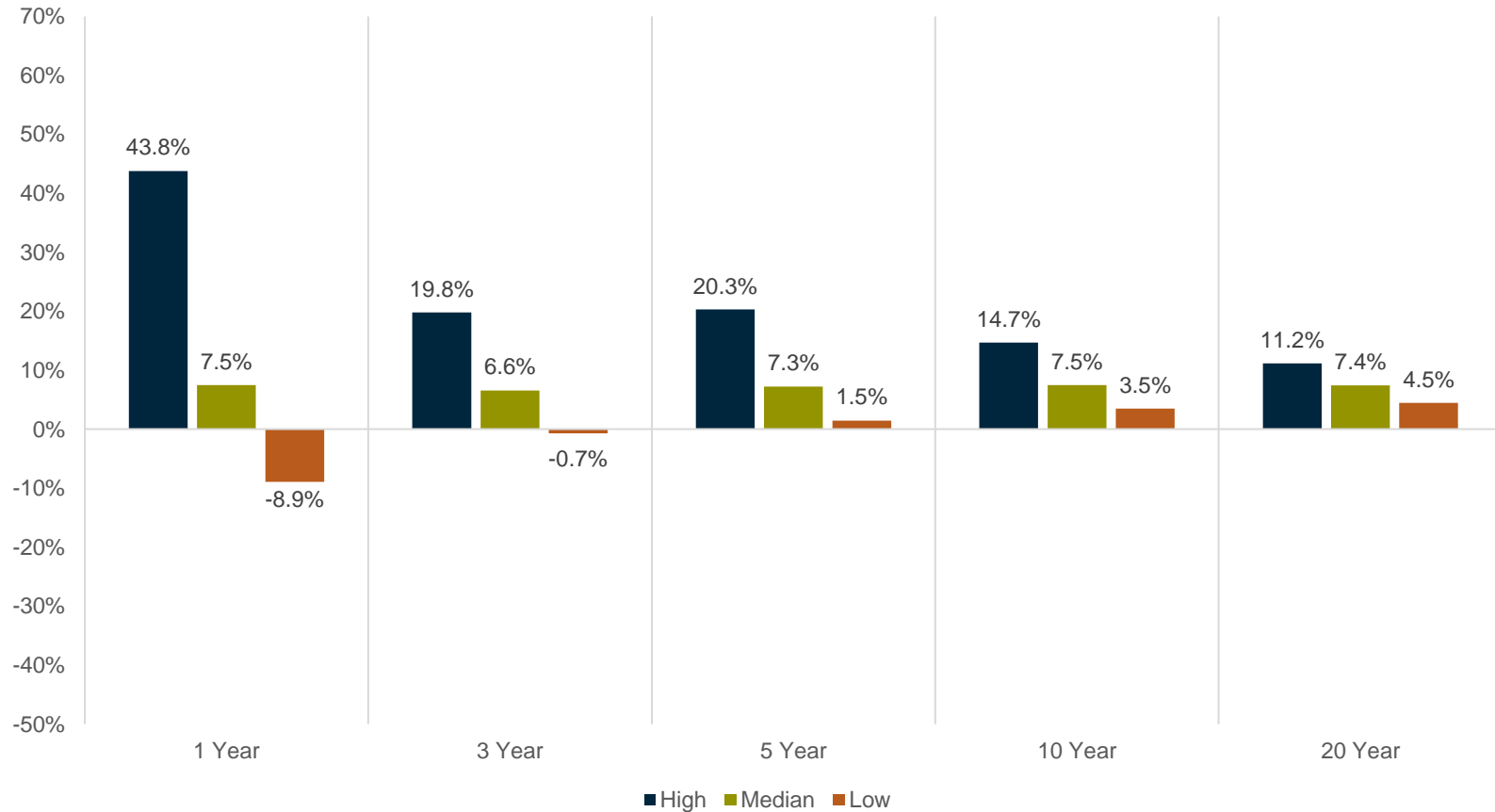


Returns represent annualized returns of the S&P 500 Index from Jan 1969 to Feb 2022.



# Historical Returns

## Range of Bond Market Returns over Different Time Horizons



Returns represent annualized returns of the BB U.S. Aggregate Index from Jan 1976 to Feb 2022.



# I.B.E.W. Local No. 8 RPT

## The Retirement Plan and 401(k) Plan have been combined into a single Plan

### 22 Investment Options

#### 13 Pre-Mixed Portfolios

- 1 Main Fund
- 1 Conservative Fund
- 1 Balanced Fund
- 10 Target-Date Funds

#### 9 Core Investment Funds

- 5 U.S. Equity Funds
- 2 Non U.S. Equity Fund
- 2 Fixed Income Funds
- 1 Stable Value Fund

### Plan Features

- Daily Valuations
- Online Account Access
- On-going Participant Education
- Participant Support
  - Fund Office
  - Recordkeeper Call Center
- Loans
- Flexible Withdrawals
- Mobile Access

# I.B.E.W. Local No. 8 RPT Investment Fund Overview



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## Contribution Types

**Employer Contributions** – Invested by default into the **Main Fund**. Members may diversify employer account contributions into other investment options once they reach age 50

**Employee 401(k) Contributions** – Members may direct deferral contributions into any combination of investment options offered in the Plan

## Investment Options

<b><u>PRE-MIXED PORTFOLIOS</u></b>	
Each option is diversified across several asset classes including stocks, bonds, cash and (in some cases) alternative investments	
<b>Balanced</b>	Main Fund ( <i>Default until 50+</i> )   60/40 TRP Retirement Balanced   40/60 Conservative Fund   75/25
<b>Target-Date</b>	TRP Retirement 2015 to 2060

<b><u>CORE FUNDS</u></b>	
Each option invests in a single asset class and are designed to be used as ‘building blocks’ for constructing diversified portfolios	
<b>Stock</b>	MFS Value Fund IBEW-NECA Equity Index Fund AmFunds Growth Fund of America Janus Triton MFS New Discovery Value Fund Brandes International Value WCM Focused International Growth
<b>Bond</b>	BlackRock Strategic Income Loomis Sayles Strategic Income
<b>SV</b>	MassMutual SAGIC

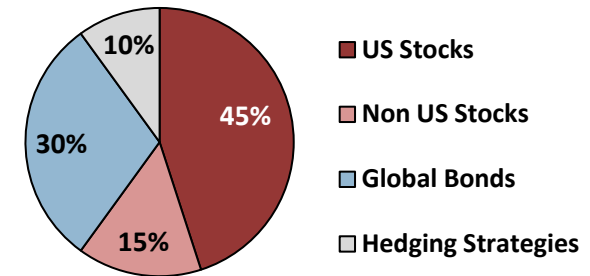


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## Trustee Directed Investment Portfolios

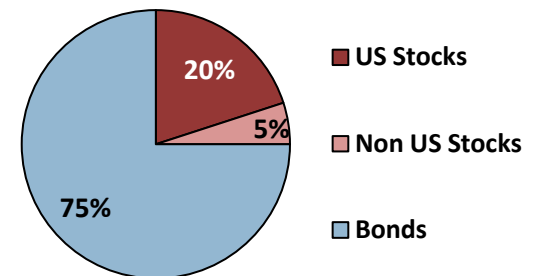
**Main Fund** – Seeks long-term growth of capital and modest levels of income

Performance	1 Yr	Annualized				Inc Date
		3 Yrs	5 Yrs	10 Yrs	Since Inc	
<b>Main Fund</b>	<b>4.2%</b>	<b>10.5%</b>	<b>9.5%</b>	<b>9.2%</b>	<b>8.5%</b>	<b>Apr-88</b>



**Conservative Fund** – Seeks higher levels of current income with some growth potential

Performance	1 Yr	Annualized				Inc Date
		3 Yrs	5 Yrs	10 Yrs	Since Inc	
<b>Cons Fund</b>	<b>0.7%</b>	<b>5.9%</b>	<b>4.9%</b>	<b>5.2%</b>	<b>5.8%</b>	<b>Aug-08</b>

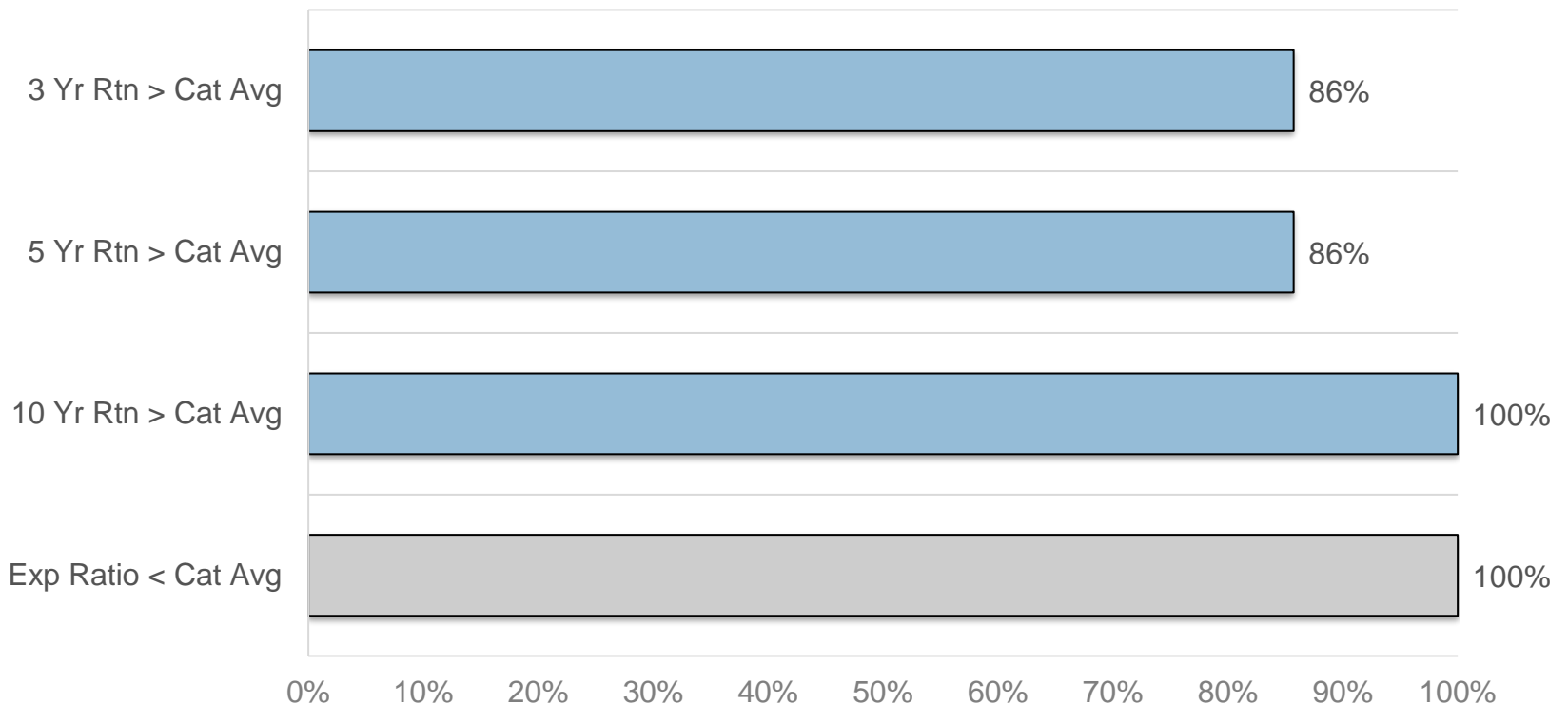


Returns as of 2/28/2022. For a more complete description of the investment options available in the Plan, including fees and benchmark returns, please refer to the Fund's offering statement. The pie charts depicting asset allocation refer to each Plan's target asset allocation at 1/31/2019. For the Main Fund, 90-Day T-Bills are included within the Global Bonds category.



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## Percent of Plan Investment Options Outperforming vs. Peer-Groups



Performance statistics as of 2/28/2022 based on returns vs. each fund's respective category average or peer group as defined by Morningstar/Gallagher.

# Conclusion



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# Questions?



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