

Statement of Investment Policy for Fiduciaries

Adopting the Patented Safe Landing Glide Path[®]

Objectives and Risk

We, the fiduciaries to the retirement plan, regard risk as the possibility of failing to achieve objectives. Accordingly, the purpose of this statement is to document our goals and how we plan to achieve them. The objectives and risks of the Safe Landing Glide Path (SLGP) are:

1. Deliver at least accumulated contributions plus inflation at the target date. Strive to achieve this objective with high conviction (i.e. low risk).
2. Grow assets as much as possible without jeopardizing the primary preservation objective. We'd like a high probability of achieving this objective when the horizon (term to target date) is long, but will sacrifice growth for safety as the target date nears.

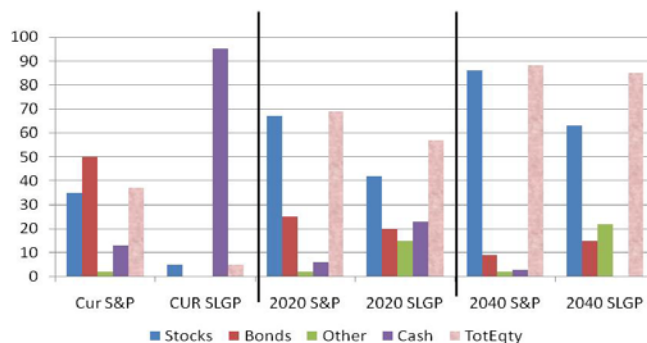
We've duly considered the objectives set forth by the providers of other target date funds (TDFs) and have rejected them as unrealistic. The objectives of managing longevity risk or replacing pay cannot be taken seriously in a one-size-fits-all TDF because TDFs have no influence on, or relationship to, mortality or savings. At best these TDFs can target the "average" participant, whatever that means. Because each individual's situation is unique, these commonly stated objectives are best suited to one-on-one managed accounts rather than TDFs.

Policies

The policies for achieving these objectives employ a 2-asset growth-preservation separation principle. In the early years, a very broadly diversified growth portfolio serves to increase wealth, but then about 15 years from target date SLGP employs Liability-Driven investing (LDI) principles to defend, moving monies aside into a "Reserve" lock-box of TIPS and Treasuries.

These policies differ materially from current industry practices, as demonstrated in the next exhibit. The S&P Target Date indexes are an aggregation of all target date funds – the peer aggregate of the industry.

Asset Allocation Contrasts



As you can see in the exhibit, the SLGP differs from the industry in the following ways:

Safe Landing Glide Path Differs from Industry Practices

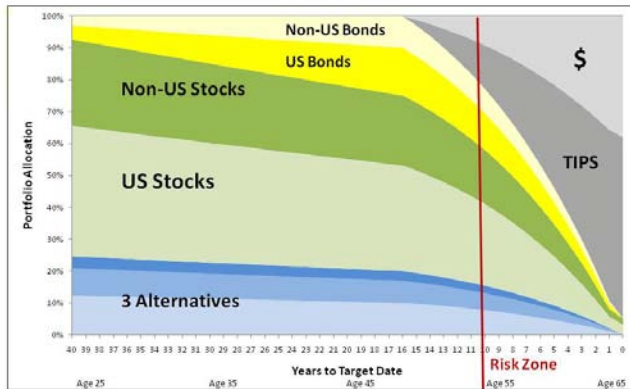
- SLGP is substantially more conservative at the target date, holding only 5% in equities, versus the industry average of 35%.
- At distant dates, SLGP has similar equity exposures to the industry but is more broadly diversified, as evidenced by their higher allocation to "Other", which for the SLGP includes foreign stocks and real assets like commodities, timber and real estate, and opportunistic investments like infrastructure and bear funds.

Importantly, the SLGP is accumulation only, also known as a "to" fund. Unlike most other "to" funds, the SLGP ends almost entirely in safe assets – Treasury Inflation Protected Securities (TIPS) and short term US treasuries. This is critical to achieving the primary objective set forth above. We want high confidence in preserving the purchasing power of contributions.

Glide Path

The glide path controls risk through time and is designed to emphasize growth in the early years and then move to defend fairly quickly as the target date nears. The following graph and table describe this path. As shown in the graph, there is a "Risk Zone" that starts ten years prior to the target date during which account

balances are at their highest and lifestyles are at stake. The SEC and DOL understand this. The focus of their hearings and proposals has always been on risk at the target date. There is no fiduciary upside to taking risk during this critical period.



Safe Landing Glide Path Asset Allocations

Years to Target	Equity	Alternatives	Bonds	TIPS and T-bills
0	5	0	0	95
10	42	15	20	23
20	57	21	22	0
30	63	23	14	0
40	68	25	7	0

Architecture and Expenses

The SLGP is entirely open architecture, meaning no proprietary funds are employed. Furthermore, most of the underlying funds are broadly diversified and passive, which lowers costs. The high water mark on underlying fund expenses occurs at about 15 years to target and is usually less than 20 basis points. When management fees, custody, administration and other associated costs are added in, the all-in costs are generally less than 45 basis points.

The Safe Landing Glide Path is a patented registered trademark of PPCA Inc, San Clemente CA. It's an ideal for target date fund glide paths.

Experience and Credentials of the SLGP Architect

Ronald Surz is the designer and developer of the [patented Safe Landing Glide Path®](#). He is also the designer of the Brightscope OnTarget Indexes. Ron has 35 years of experience in investment program design and investment policy setting. He served for a decade as Senior Vice President of Investment Policy for A.G. Becker, the premier institutional consulting firm in the 1970s and 1980s. Ron also wrote the book used to teach Certified Investment Management Analysts (CIMAs) about investment policy statements. Ron earned an MS in Applied Mathematics with Honors from the University of Illinois and an MBA in Finance from the University of Chicago.

Performance Expectations

In normal (positive) stock market environments we expect near-dated SLGP funds to lag in performance relative to the industry, as represented by the S&P Target Date Index. This is the opportunity cost of emphasizing safety near the target date. Regarding all SLGP funds the usual risk-reward trade-offs will apply, so we expect that the reward-to-risk ratios of the SLGP will dominate those of the industry at all target dates. We also expect that over a full market cycle the longer-dated SLGP funds will dominate the industry on both a return basis and a reward-to-risk basis because of the broader diversification employed by the SLGP.