RVK

Municipality of Anchorage Fund Comparison

401k & 457 Plan Investment Options
3rd Joint Committee Discussion Meeting

January 3rd, 2019

MOA Plan Investment Menu – Initial Proposal

Role	Type	Strategy	457 Plan Fund Name	401(k) Plan Fund Name	Consolidated Fund Name	Consolidated Fee
Managed Accounts	Managed Accounts					
Pre-Defined Asset Allocation Options	Target Date	Ret - 2060 Suite	American Funds	TRP	American Funds	0.33 – 0.45
	Balanced			TRP Balanced	*Vanguard Wellington*	*0.17*
Asset Class Options	US Equity	Large Cap Value	Vanguard Windsor	TRP Equity Income	Vanguard Windsor	0.26
		Large Cap Core	BlackRock S&P 500 "F"	BlackRock S&P 500 "M"	BlackRock S&P 500 "M"	0.02
		Large Cap Growth	Harbor Cap Apprec	TRP BC Growth	TRP BC Growth	0.70 (0.25 rev share)
		Mid Cap Value		TRP MCV	TRP MCV	0.79 (0.25 rev share)
		Mid Cap Core	BlackRock Mid Cap		BlackRock Mid Cap	0.04
		Mid Cap Growth	Vanguard Cap Opp	Vanguard MCG	Vanguard Cap Opp	0.37
		Small Cap Value	RBB BP SCV			
		Small Cap Core		TRP SC Stock	*BlackRock Small Cap Quant*	*0.50*
		Small Cap Growth	Voya SmCp Opp	TRP New Horizons		
	Non-US Equity	Non-US Value		DFA World ex US	DFA World ex US	0.40
		Non-US Core				
		Non-US Growth	American Funds EuPc		American Funds EuPc	0.49
		Global	American Funds NP	TRP Global Tech	American Funds NP	0.45
	Fixed Income	Core/Core Plus	MetWest	MetWest	MetWest	0.44 (0.10 rev share)
		Core Plus		Loomis Sayles	Loomis Sayles	0.48 (0.20 rev share)
		Unconstrained		TRP Specialty Inc		
		TIPS	Vanguard TIPS		Vanguard TIPS	0.07
	Other	REITs		Morgan Stanley US RE	*DFA Global REITs*	*0.24*
	Liquidity	Money Market		TRP Gov MM		
	Stable Value		Great West SAF	TRP SV	Great West SAF	0.25 - 0.33
Self-Directed Brokerage	Brokerage		Yes	Yes	Yes	Varies

Meeting #3 Discussion

Non-US Equity: Non-US Core

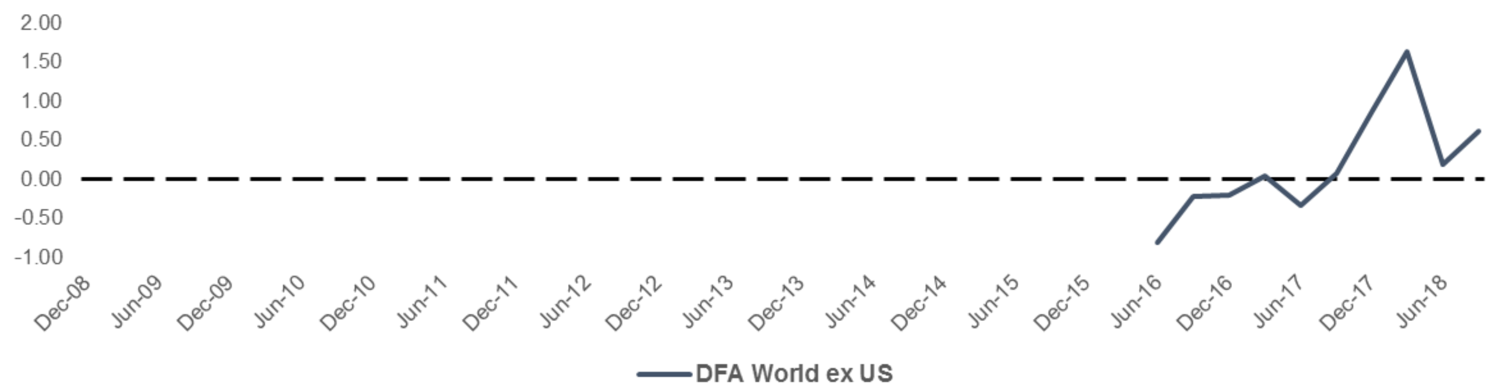
Basic Info

	401(k) Plan
Current Fund	DFA World ex US
Current Fee	0.40%
RVK Internal Rating	Positive
Proposed Fee	0.40%

Trailing and Calendar Year Performance

As of September 30, 2018	CYTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
DFA Wld ex US Cr Eq;Inst (DFWIX)	-4.79	0.45	10.80	4.84	N/A	30.12	6.37	-3.80	-4.86	N/A	N/A	N/A	N/A	N/A	N/A
Peer Group Rank	77	48	8	30	N/A	20	5	53	56	N/A	N/A	N/A	N/A	N/A	N/A
MSCI ACW Ex US Index (USD) (Net)	*-3.09*	*1.76*	*9.97*	*4.12*	*5.18*	*27.19*	*4.50*	*-5.66*	*-3.87*	*15.29*	*16.83*	*-13.71*	*11.15*	*41.45*	*-45.53*

Three Year Rolling Excess Performance



Non-US Equity: Non-US Growth

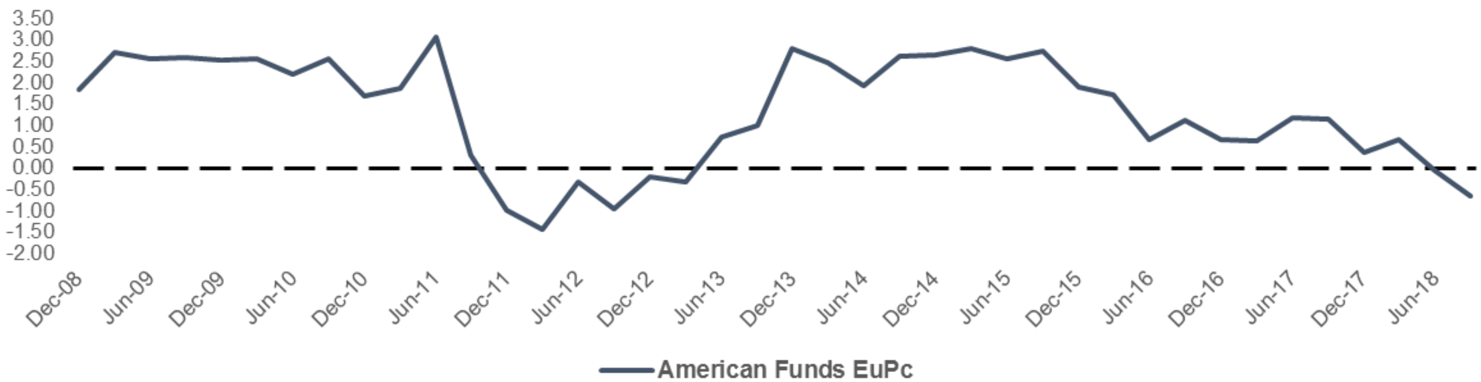
Basic Info

	457 Plan
Current Fund	American Funds EuPc
Current Fee	0.49%
RVK Internal Rating	Positive
Proposed Fee	0.49%

Trailing and Calendar Year Performance

As of September 30, 2018	CYTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
American Funds EuPc;R6 (RERGX)	-2.65	1.47	9.93	6.20	6.83	31.17	1.01	-0.48	-2.29	20.58	19.64	-13.31	9.76	39.35	-40.53
Peer Group Rank	68	67	62	35	32	63	24	62	34	38	34	45	79	34	23
MSCI ACW Ex US Grth Index (USD) (Net)	*-2.54*	*3.08*	*10.59*	*5.32*	*5.83*	*32.01*	*0.12*	*-1.25*	*-2.65*	*15.49*	*16.67*	*-14.21*	*14.45*	*38.67*	*-45.61*

Three Year Rolling Excess Performance



Non-US Equity: Global

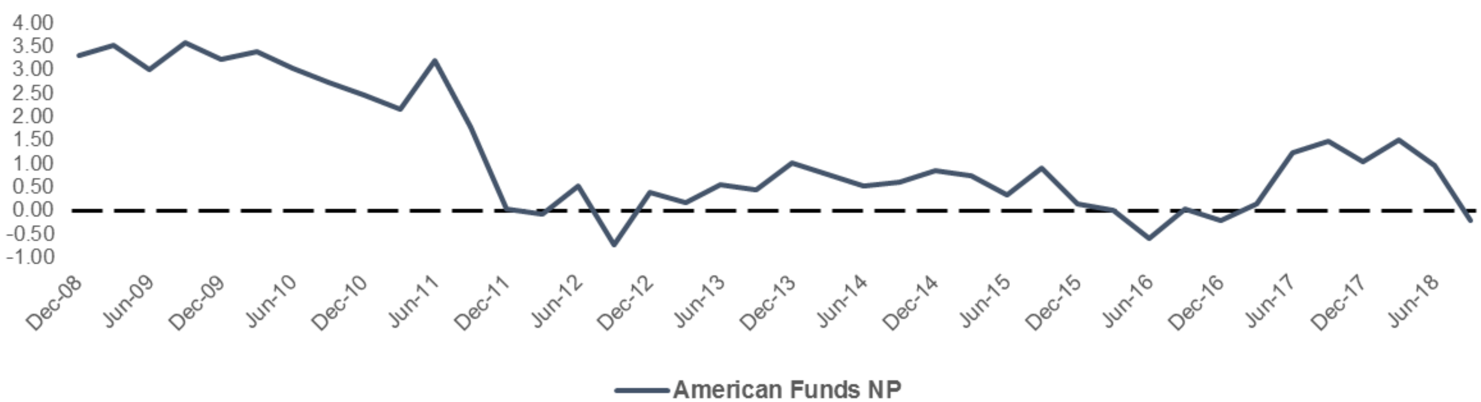
Basic Info

	457 Plan
Current Fund	American Funds NP
Current Fee	0.45%
RVK Internal Rating	Positive
Proposed Fee	0.45%

Trailing and Calendar Year Performance

As of September 30, 2018	CYTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
American Funds NPer;R6 (RNPGX)	8.73	13.82	15.35	11.29	10.87	29.30	2.19	5.63	3.56	27.23	21.19	-7.33	13.11	37.73	-37.83
Peer Group Rank	38	41	19	6	8	33	42	10	26	23	8	24	56	22	18
MSCI Wrld Grth Index (USD) (Net)	*10.29*	*17.36*	*15.56*	*11.40*	*10.02*	*28.01*	*2.80*	*3.11*	*6.14*	*26.73*	*16.12*	*-5.49*	*14.50*	*33.27*	*-41.13*

Three Year Rolling Excess Performance



Non-US/Global Equity: Global Tech

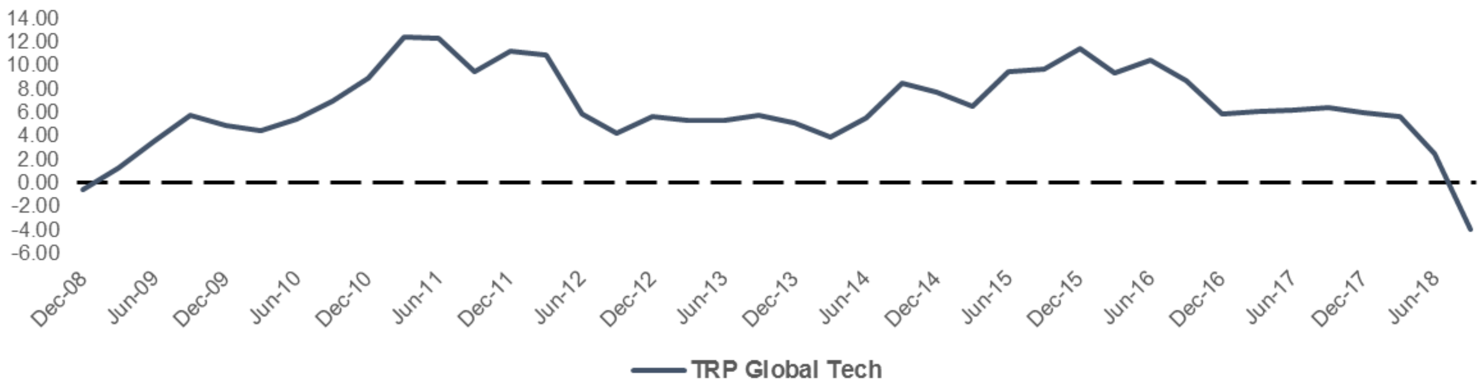
Basic Info

	401(k) Plan
Current Fund	TRP Global Tech
Current Fee	0.89%
RVK Internal Rating	N/A
Proposed Fee	0.76%

Trailing and Calendar Year Performance

As of September 30, 2018	CYTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
T Rowe Price Glbl Tech (PRGTX)	0.71	6.98	22.16	21.84	20.51	47.04	6.64	21.06	23.99	39.92	19.24	-1.64	22.66	80.28	-44.02
Peer Group Rank	85	70	1	1	1	1	32	1	1	2	30	13	3	1	73
MSCI Wrld Info Tech Index (USD) (Net)	*18.35*	*28.19*	*25.67*	*19.91*	*14.89*	*38.23*	*11.45*	*4.76*	*16.06*	*28.72*	*13.30*	*-2.49*	*10.49*	*52.36*	*-43.87*

Three Year Rolling Excess Performance

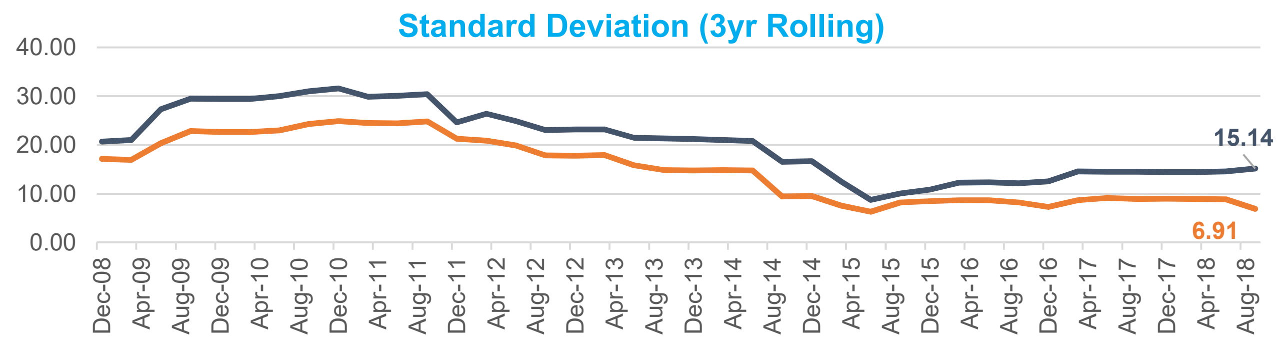


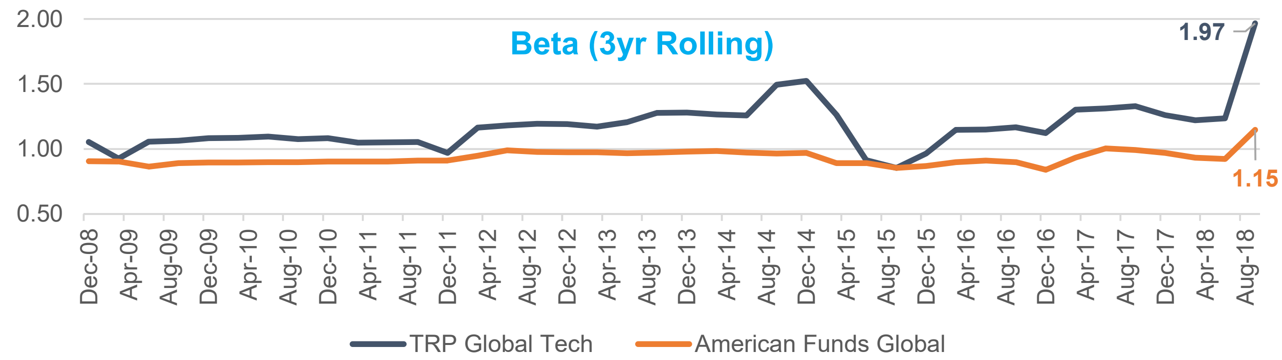
Non-US/Global Equity: Global Tech

RVK typically does not recommend DC plans include "sector" funds in the lineup, keeping best practices in mind. While the performance has been attractive long term, the fund exhibits characteristics that may not be appropriate for the average investor:

- **Concentration:** More than 75% of the fund's assets are in the top 10 holdings, including ~25% in its largest position (Tencent Holdings was down more than 20% in the 3rd quarter and even more on a year to date basis.)
- **Diversification/Volatility:** The small number of holdings (26) currently in the fund makes this more volatile than broadly diversified options.
- **Fees:** At 0.89% (0.76% proposed), this is one of the more expensive options to access global equity markets. It is a specialty fund, but the holdings are large and well covered by industry analysts.
- **Sector Specific:** Offering a technology-specific option is sending an indirect endorsement of the sector. Broadly speaking, there are 11 sectors in the equity market, which are usually accessed on a standalone basis through a brokerage account.

Top Ten Holdings	Portfolio Weight
Tencent	24.67%
NXP Semiconductors	8.89%
Tesla	6.43%
KLA-Tencor	5.71%
Alibaba Group	5.64%
Taiwan Semiconductor	5.64%
Lam Research	5.61%
Altaba	5.34%
Microchip Technology	5.20%
Facebook	5.02%





Fixed Income: Core/Core Plus, and Unconstrained

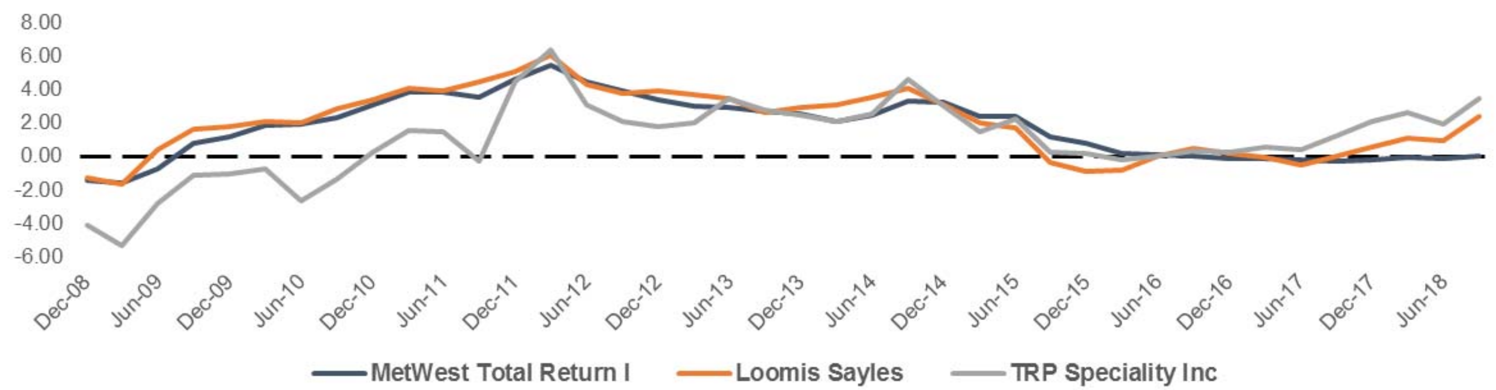
Basic Info

	457/401(k) Plan	401(k) Plan	401(k) Plan
Current Fund	MetWest Total Return I	Loomis Sayles	TRP Specialty Inc
Current Fee	0.44%	0.48%	0.65%
RVK Internal Rating	Positive	Positive	Neutral
Proposed Fee	0.44%	0.48%	0.65%

Trailing and Calendar Year Performance

As of September 30, 2018	CYTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Met West:Total Return;I (MWTIX)	-1.35	-0.97	1.36	2.25	5.71	3.43	2.46	0.29	5.99	0.50	11.55	5.52	11.66	17.30	-1.27
Peer Group Rank	39	42	82	61	15	81	88	24	31	15	5	63	8	34	38
Loomis Sayles:Core +;Y (NERYX)	-0.74	-0.02	3.69	3.11	6.39	5.22	7.49	-3.92	6.40	-0.56	11.59	7.90	10.74	16.93	0.85
Peer Group Rank	15	11	6	19	4	24	4	96	23	38	4	11	13	36	32
T Rowe Price Spec:Inc (RPSIX)	-1.13	-0.06	4.74	3.48	5.57	7.03	8.19	-2.04	3.88	3.02	10.17	4.16	9.70	20.27	-9.42
Peer Group Rank	16	6	1	1	3	1	1	98	89	1	2	94	10	6	79
Bloomberg US Agg Bond Index	*-1.60*	*-1.22*	*1.31*	*2.16*	*3.77*	*3.54*	*2.65*	*0.55*	*5.97*	*-2.02*	*4.21*	*7.84*	*6.54*	*5.93*	*5.24*

Three Year Rolling Excess Performance



Fixed Income: Unconstrained

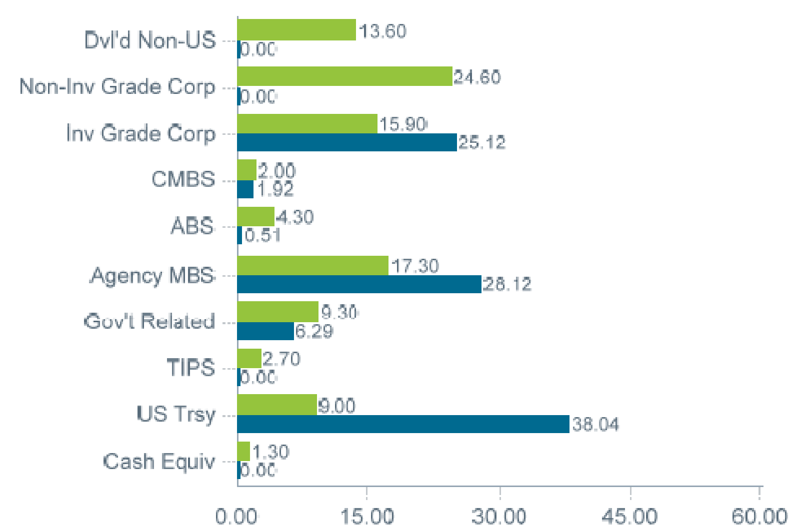
Though it has performed well, T Rowe Price Spectrum Income fund does not possess the fixed income traits RVK believes is appropriate for DC participants:

- 10% of the portfolio is currently invested in equity, and has held up to 20% equity in recent years.
- Avg. credit quality is below investment grade (BB).
- Uses derivatives and short selling.
- ~15% of the portfolio is currently invested in Non-US bonds.

Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	5.15	6.03
Spread Duration	N/A	6.15
Avg. Maturity	7.86	8.42
Avg. Quality	Ba2	Aa1/Aa2
Yield To Maturity (%)	4.74	3.46
Coupon Rate (%)	4.70	3.16
Current Yield (%)	N/A	N/A
Holdings Count	5,319	10,133

Sector Distribution (%)



Fixed Income: TIPS

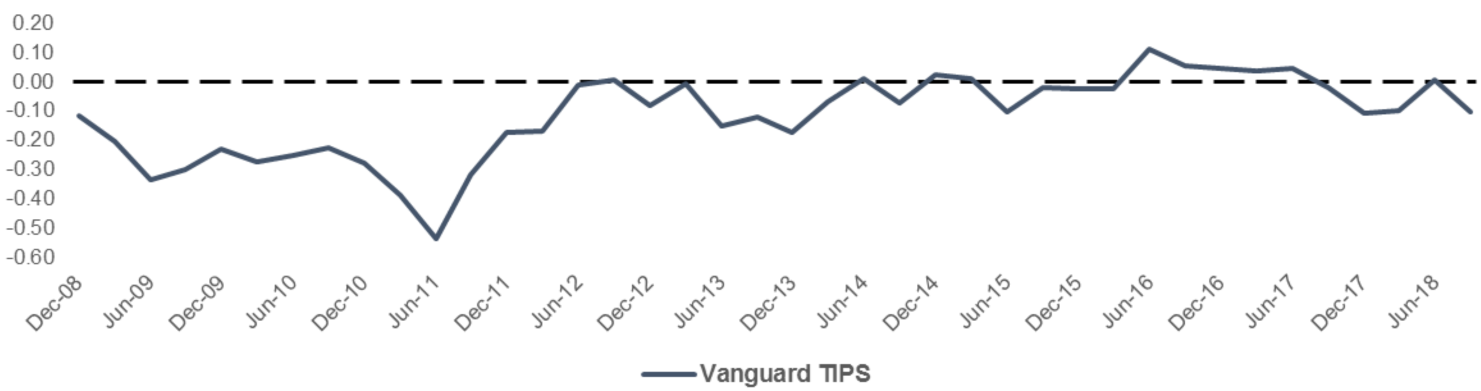
Basic Info

	457 Plan
Current Fund	Vanguard TIPS
Current Fee	0.07%
RVK Internal Rating	Positive
Proposed Fee	0.07%

Trailing and Calendar Year Performance

As of September 30, 2018	CYTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vanguard Infl-Prot;Inst (VIPIX)	-0.94	0.27	1.93	1.32	3.19	2.97	4.63	-1.67	4.07	-8.83	6.87	13.39	6.33	11.03	-2.81
Peer Group Rank	57	53	42	14	22	32	39	34	6	56	25	9	27	29	57
Bloomberg US Trsy US TIPS Index	*-0.84*	*0.41*	*2.04*	*1.37*	*3.32*	*3.01*	*4.68*	*-1.44*	*3.64*	*-8.61*	*6.98*	*13.56*	*6.31*	*11.41*	*-2.35*

Three Year Rolling Excess Performance



Other: REITs

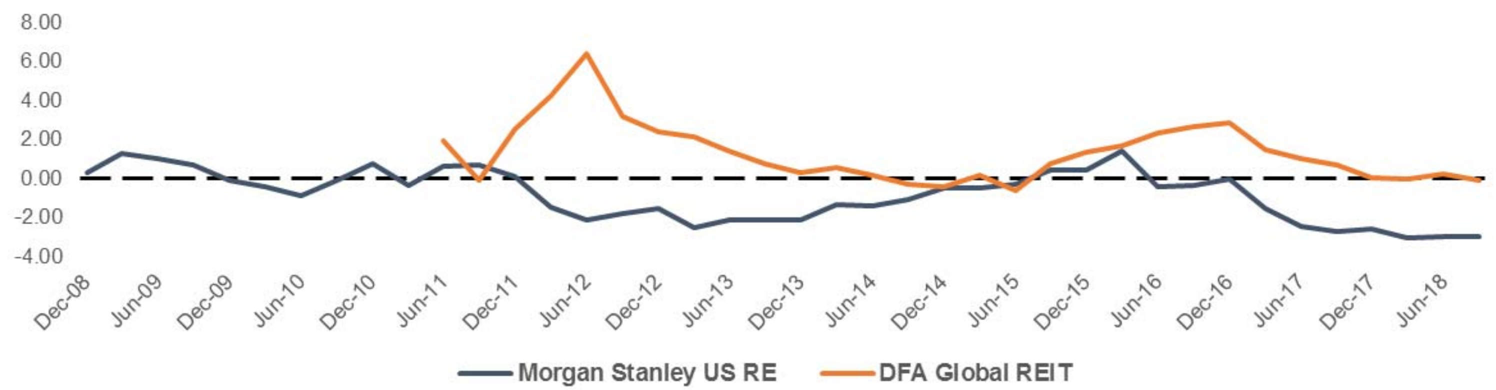
Basic Info

	401(k) Plan	Recommended Manager
Current Fund	Morgan Stanley US RE	DFA Global REIT
Current Fee	1.00%	0.24%
RVK Internal Rating	Positive	Positive
Proposed Fee	1.00%	0.24%

Trailing and Calendar Year Performance

As of September 30, 2018	CYTD	1 Year	3 Years	5 Years	10 Years	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Morg Stan I:US RE;I (MSUSX)	1.07	5.06	6.00	8.39	6.96	3.31	6.79	2.27	30.74	2.45	16.26	5.57	29.86	29.65	-38.07
FTSE NAREIT All Eq REITs Index (TR)	*1.78*	*4.31*	*8.97*	*9.57*	*7.77*	*8.67*	*8.63*	*2.83*	*28.03*	*2.86*	*19.70*	*8.28*	*27.95*	*27.99*	*-37.73*
Peer Group Rank	50	17	68	52	50	80	40	66	24	28	65	77	17	44	39
DFA Gl RE Sec Portf (DFGEX)	0.82	4.57	7.10	7.53	6.99	9.20	6.56	0.69	22.74	1.77	23.17	1.81	23.79	32.67	N/A
S&P Gbl REIT Index (Net)	*-0.12*	*2.85*	*5.98*	*6.33*	*5.86*	*7.41*	*5.77*	*-0.44*	*21.54*	*1.73*	*22.38*	*0.61*	*22.09*	*31.72*	*-45.69*
Peer Group Rank	36	40	22	8	12	79	8	27	1	78	93	6	3	69	N/A

Three Year Rolling Excess Performance



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Meeting 3: Recommendation Summary

Non-US Equity

Non US Core/Value *(Active)*	Non-US Growth *(Active)*	Global Growth *(Active)*
DFA World ex US	American Funds EuPc	American Funds NP
• Attractive relative fees. • Low tracking error. • Attractive returns.	• Attractive relative fees • Stable firm/management. • Consistent, strong performance.	• Attractive relative fees. • Attractive returns. • Low tracking error.

Fixed Income

Core Fixed Income *(Active)*	Core Plus Fixed Income *(Active)*	TIPS *(Passive)*
MetWest	**Loomis Sayles**	**Vanguard TIPS**
• Attractive relative fees. • Attractive returns. • Top tier manager.	• Attractive relative fees. • Consistent, strong outperformance. • Stable firm/management team.	• Low fees. • Tracks benchmark. • Stable firm/management team.

Alternatives

Other - REITs *(Active)*
DFA Global REIT Fund
• Very attractive relative fees. • Consistent and repeatable process. • Provides lower-risk diverse exposure.

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