WELCOME

2022 Midyear Update

Quarterly Webinar

July 26, 2022
TODAY’S GUEST SPEAKERS

David Baskin
Chairman, Baskin Wealth Management (BWM), Chair, RPB Investment Committee

Bradley Smith
Partner, NEPC, RPB’s outside investment advisory firm

G. Leonard Teitelbaum
Chair, Board of Trustees, RPB

Michael Kimmel
Chief Executive Officer, RPB
AGENDA

- Opening Remarks
- 2022 1H Market/Economic Recap and RPB Plan Update
- 2022 2H Outlook Roundtable
- Q&A
OPENING REMARKS
2022 1H Market/Economic Recap

BROAD MARKET DECLINES DRIVEN BY MULTIPLE RELATED FACTORS

› Surging inflation and rising interest rates
› Russia/Ukraine conflict and continued COVID impacts
  • Supply chain instability (with some improvement)
  • Rising energy prices
› Low unemployment despite slowing economic growth

As of 06/30/2022, Source: S&P, Russell, MSCI, JPM, Bloomberg, Factset
Equity Market Update

- Stock prices impacted by significant decreases in valuation of future earnings
- US Dollar at 20-year high—decreases value of international investments
- Value stocks outperformed growth stocks throughout the first half of 2022:

<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
<th>Q2 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell 1000 Value</td>
<td>8.3%</td>
<td></td>
</tr>
<tr>
<td>Russell 1000 Growth*</td>
<td></td>
<td>8.7%</td>
</tr>
</tbody>
</table>

*The Russell 1000 Index represents the top 1000 companies by market capitalization in the United States. It is considered a bell weather index for large-cap investing. Source: Investopedia

Sources: S&P, FactSet
Equity Market Update

Despite difficult start to 2022, equity investors still experienced positive returns over the trailing three-year and five-year periods.

As of 06/30/2022, Source: S&P, Russell, MSCI, JPM, Bloomberg, Factset
Fixed Income Market Update

- 1H 2022 historic low for bond market returns
- Increase in bond yields (interest rates) caused bond prices (returns) to decrease
- Impacted by very low interest rates to start with
- Potential Fed hikes being priced into the market

Sources: Bloomberg, FactSet
2022 Asset Quilt – Diversification Matters

Returns for Key Indices Ranked in Order of Performance

Source: Morningstar Direct

- Russell 3000
- Alerian MLP
- Barclays Corp HY
- FTSE Treasury Bill 3 Mon
- FTSE NAREIT Equity REIT
- MSCI EM
- Barclays US Agg Bond
- MSCI EAFE
June YTD - Tier 1 & 3 Returns Net of Fees

January 1, 2022 through June 30, 2022

*Net of investment management fees.*
Tier 1 Volatility – Standard Deviation

Lower is less risky

*Since inception – January 2013 through June 2022*
June YTD - Tier 2 Returns Net of Fees

Vanguard Index Funds

January 1, 2022 through June 30, 2022

*Net of investment management fees.
2022 2H OUTLOOK ROUNDTABLE
Roundtable Discussion Questions

What caused the rapid increase in inflation and how long is it expected to continue? Can the U.S. avoid a recession?
Roundtable Discussion Questions

- Unprecedented stimulus* coupled with reopening of the economy and supply chain constraints led to highest inflation in four decades

- NEPC’s U.S. inflation expectations
  - Stickier inflation (longer time for prices to go back down) near-term (1-5 years); stable inflation outlook longer-term (10 years)
  - Continued volatility among inflation signals as market-based inflation measures diverge from current consumer inflation metrics (price changes faced by consumers)

- Globally, near-term inflation levels higher than stated central bank inflation targets; lower longer-term inflation outlook based on market-based factors

*Fed monetary policy included very low interest rates and asset purchases mostly in the bond market (quantitative easing).
Roundtable Discussion Questions

How will the lingering Covid-19 pandemic affect the economy and markets?
Roundtable Discussion Questions

- Covid-19 will continue to impact global economic activity but on a somewhat diminishing level due to the wide distribution of vaccines and reopening of economies.
- Financial markets focus shifting from Covid impact to fundamental measures of economic stability (GDP, inflation, unemployment rate) due to the Fed’s diminishing monetary policy support and elevated inflation levels.
Roundtable Discussion Questions

What are the economic consequences of the escalating Russia/Ukraine conflict in the U.S. and elsewhere? What is the outlook for oil and other commodities prices?
Roundtable Discussion Questions

- Russia has a relatively minor role in global capital markets, but significant **clout as a commodity exporter** with heavy influence on global supply chains
  - World’s second largest exporter of oil, largest exporter of natural gas, and producer of key industrial metals
  - Financial and economic sanctions largely removed Russia from key global supply chains, resulting in pricing pressure on energy and key commodity inputs
- Russia and Ukraine represent over **one fourth of the world’s wheat exports**
  - Food prices have risen
  - Food insecurity and supply shortages can stress political stability in many countries, and may inflame geopolitical hotspots
Roundtable Discussion Questions

What will be the drivers of asset class returns and what are the risks ahead?
### U.S. Market Corrections in Context

<table>
<thead>
<tr>
<th>S&amp;P 500 Index (1948-Present)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Frequency</strong></td>
</tr>
<tr>
<td>-5% or more</td>
</tr>
<tr>
<td>-10% or more</td>
</tr>
<tr>
<td>-15% or more</td>
</tr>
<tr>
<td>-20% or more</td>
</tr>
</tbody>
</table>

Sources: S&P, FactSet, NEPC
## Roundtable Discussion Questions

### LENGTH AND DEPTH OF S&P 500 BEAR MARKETS

<table>
<thead>
<tr>
<th>Start</th>
<th>End</th>
<th>Length of Bear Market (Months)</th>
<th>Length of Recovery* (Months)</th>
<th>S&amp;P 500 Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/03/2022</td>
<td>?</td>
<td>6*</td>
<td>?</td>
<td>-22%*</td>
</tr>
<tr>
<td>02/19/2020</td>
<td>03/23/2020</td>
<td>1</td>
<td>5</td>
<td>-34%</td>
</tr>
<tr>
<td>10/09/2007</td>
<td>03/09/2009</td>
<td>17</td>
<td>59</td>
<td>-55%</td>
</tr>
<tr>
<td>03/24/2000</td>
<td>10/09/2002</td>
<td>31</td>
<td>80</td>
<td>-47%</td>
</tr>
<tr>
<td>08/25/1987</td>
<td>12/04/1987</td>
<td>3</td>
<td>20</td>
<td>-34%</td>
</tr>
<tr>
<td>11/28/1980</td>
<td>08/12/1982</td>
<td>21</td>
<td>3</td>
<td>-27%</td>
</tr>
<tr>
<td>01/11/1973</td>
<td>10/03/1974</td>
<td>21</td>
<td>69</td>
<td>-48%</td>
</tr>
</tbody>
</table>

Notes: 2022 bear market is ongoing; represents historical bear markets since 1970. *Length of Recovery represents time to recoup losses from the start of the bear market. Sources: S&P, FactSet, NEPC
How should I manage my investments given the uncertainty in the markets?
Roundtable Discussion

Three actions an investor saving for retirement could have taken during the Global Financial Crisis in 2007–2009 and the long-term effect on their savings. The underwater duration was 52 months during the Global Financial Crisis. The chart assumes the hypothetical investor entered the downturn with 70% stock/30% bond mix, an account balance of $400,000, a baseline annual contribution to the workplace plan of $15,000, and no withdrawals during the time period. The move to cash in this example was triggered by a 20% decline in account. Source: Fidelity Investments.
2H 2022 Outlook Summary

ECONOMY AT A CROSSROADS

- The Fed’s interventions enhanced investor sentiment, but it’s fading as global monetary policy continues to tighten
  - Federal Reserve raised interest rates by 0.75% in June and is committed to tighter policy going forward
- Mild/short recession highest probability (consensus estimate)
- Uncertainty with Russia/Ukraine conflict and China’s political and economic issues
- The stock market is not the economy, however it is a leading indicator of the economy’s direction
Your Next Actions

- Know what you’re invested in
- Stay focused on your risk tolerance and time horizon
- Dollar cost averaging mind-set
- Set up rebalancing to maintain your risk, liquidity, and diversification goals.
**Tier 1: Each fund is a complete, diversified portfolio.**

<table>
<thead>
<tr>
<th>Target investment allocation</th>
<th>RPB Focused Growth Fund</th>
<th>RPB Moderate Growth Fund</th>
<th>RPB Growth &amp; Income Fund</th>
<th>RPB Moderate Income Fund</th>
<th>RPB Focused Income Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>95% equities 5% fixed income</td>
<td>95% equities 5% fixed income</td>
<td>75% equities 25% fixed income</td>
<td>55% equities 45% fixed income</td>
<td>35% equities 65% fixed income</td>
<td>15% equities 85% fixed income</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time horizon</th>
<th>Long</th>
<th>Medium to Long</th>
<th>Medium</th>
<th>Short to Medium</th>
<th>Short</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund risk level</td>
<td>Low</td>
<td>Avg</td>
<td>High</td>
<td>Low</td>
<td>Avg</td>
</tr>
</tbody>
</table>

All you need is 1
Announcements

› RPB Annual Retirement Seminar
   November 6 – 8 | Miami
THANK YOU!