

# STOLL BERNE

STOLL STOLL BERNE LOKTING & SCHLACHTER P.C. LAWYERS

## 401(k) Profit Sharing Plan

Total Return and Peer Group Performance Analysis

For the Period Ended 3/31/2017



121 SW Morrison Street • Suite 800 • Portland OR 97204 • 503-419-3938

[www.sigmainvestment.com](http://www.sigmainvestment.com)

## Executive Summary

*In the first quarter of 2017*, the performance of the Russell lifecycle funds slightly lagged their benchmarks. Heavier than average foreign equity weightings, especially emerging markets, and specialty areas (e.g. commodities, real estate, foreign and emerging market bonds and global infrastructure) hurt performance of the Russell funds relative to standard index benchmarks in longer multi-year performance comparisons. Vanguard funds were in line with or beat their benchmarks.

The underlying component funds within the Russell funds had above average peer group performance comparisons over longer periods, indicating that performance lags are a portfolio allocation, rather than investment management, issue.

Returns are shown net of mutual fund expense ratios, which include varying amounts for different funds that are rebated back to the plan. These rebates are directed by the investment committee to pay for recordkeeping and consulting services. Past performance is no guarantee of future performance. Part 2 of Sigma's Form ADV, Sigma's privacy policy, Sigma's code of ethics and Sigma's proxy voting policy and record are all available upon request. Data is obtained from sources believed to be reliable, but accuracy cannot be guaranteed.

# Total Return and Benchmark Comparisons

Most Recent Quarter

For the Period Ended 3/31/2017

	3 Months Total Return	Sigma 3 Index Benchmark	Category Return	Morningstar® Category
American Century Short-Term Govt Bond, Inv	0.21%	None	None	None
Russell LifePoints® Conservative Strategy, R1	2.19%	1.93%	2.08%	Allocation--15% to 30% Equity
Russell LifePoints® Moderate Strategy, R1	2.91%	3.04%	2.99%	Allocation--30% to 50% Equity
Russell LifePoints® Balanced Strategy, R1	3.65%	4.15%	3.84%	Allocation--50% to 70% Equity
Vanguard LifeStrategy Moderate Growth Inv	4.35%	4.15%	3.84%	Allocation--50% to 70% Equity
Russell LifePoints® Growth Strategy, R1	4.37%	5.26%	4.81%	Allocation--70% to 85% Equity
Vanguard LifeStrategy Growth Inv	5.58%	5.26%	4.81%	Allocation--70% to 85% Equity
Russell LifePoints® Equity Strategy, R1	5.13%	6.91%	7.34%	World Stock
Vanguard Total World Stock Index Inv	7.05%	6.91%	7.34%	World Stock
Vanguard Total Stock Mkt Idx Adm	5.79%	5.74%	5.57%	Large Blend

## Comment:

*Russell funds mostly lagged benchmarks.*

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See accompanying **Definitions and Data Sources** for important disclosures regarding the information presented above.

# Total Return and Benchmark Comparisons

Most Recent Year

For the Period Ended 3/31/2017

	12 Months Total Return	Sigma 3 Index Benchmark	Category Return	Morningstar® Category
American Century Short-Term Govt Bond, Inv	-0.14%	None	None	None
Russell LifePoints® Conservative Strategy, R1	5.43%	3.67%	5.78%	Allocation--15% to 30% Equity
Russell LifePoints® Moderate Strategy, R1	8.50%	6.90%	8.03%	Allocation--30% to 50% Equity
Russell LifePoints® Balanced Strategy, R1	11.59%	10.13%	10.53%	Allocation--50% to 70% Equity
Vanguard LifeStrategy Moderate Growth Inv	9.93%	10.13%	10.53%	Allocation--50% to 70% Equity
Russell LifePoints® Growth Strategy, R1	13.85%	13.36%	12.55%	Allocation--70% to 85% Equity
Vanguard LifeStrategy Growth Inv	13.08%	13.36%	12.55%	Allocation--70% to 85% Equity
Russell LifePoints® Equity Strategy, R1	16.35%	15.04%	13.68%	World Stock
Vanguard Total World Stock Index Inv	15.81%	15.04%	13.68%	World Stock
Vanguard Total Stock Mkt Idx Adm	18.07%	18.07%	15.97%	Large Blend

**Comment:**

*Russell funds beat benchmarks.*

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# Total Return and Benchmark Comparisons

Trailing Three Years (Annualized)

For the Period Ended 3/31/2017 (Annualized)

	3 Years Total Return	Sigma 3 Index Benchmark	Category Return	Morningstar® Category
American Century Short-Term Govt Bond, Inv	0.33%	None	None	None
Russell LifePoints® Conservative Strategy, R1	3.00%	3.54%	2.49%	Allocation--15% to 30% Equity
Russell LifePoints® Moderate Strategy, R1	4.02%	4.41%	3.25%	Allocation--30% to 50% Equity
Russell LifePoints® Balanced Strategy, R1	4.49%	5.27%	4.43%	Allocation--50% to 70% Equity
Vanguard LifeStrategy Moderate Growth Inv	5.34%	5.27%	4.43%	Allocation--50% to 70% Equity
Russell LifePoints® Growth Strategy, R1	4.27%	6.14%	4.51%	Allocation--70% to 85% Equity
Vanguard LifeStrategy Growth Inv	5.99%	6.14%	4.51%	Allocation--70% to 85% Equity
Russell LifePoints® Equity Strategy, R1	4.75%	5.08%	4.12%	World Stock
Vanguard Total World Stock Index Inv	5.32%	5.08%	4.12%	World Stock
Vanguard Total Stock Mkt Idx Adm	9.69%	9.76%	8.14%	Large Blend

**Comment:**

*Russell funds in line with benchmarks. Vanguard funds mostly beat benchmarks.*

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# Total Return and Benchmark Comparisons

Trailing Five Years (Annualized)

For the Period Ended 3/31/2017 (Annualized)

	5 Years Total Return	Sigma 3 Index Benchmark	Category Return	Morningstar® Category
American Century Short-Term Govt Bond, Inv	0.20%	None	None	None
Russell LifePoints® Conservative Strategy, R1	3.68%	3.98%	3.37%	Allocation--15% to 30% Equity
Russell LifePoints® Moderate Strategy, R1	5.01%	5.62%	5.13%	Allocation--30% to 50% Equity
Russell LifePoints® Balanced Strategy, R1	6.28%	7.26%	7.04%	Allocation--50% to 70% Equity
Vanguard LifeStrategy Moderate Growth Inv	7.31%	7.26%	7.04%	Allocation--50% to 70% Equity
Russell LifePoints® Growth Strategy, R1	6.80%	8.90%	7.85%	Allocation--70% to 85% Equity
Vanguard LifeStrategy Growth Inv	8.81%	8.90%	7.85%	Allocation--70% to 85% Equity
Russell LifePoints® Equity Strategy, R1	7.59%	8.37%	8.27%	World Stock
Vanguard Total World Stock Index Inv	8.71%	8.37%	8.27%	World Stock
Vanguard Total Stock Mkt Idx Adm	13.14%	13.18%	11.74%	Large Blend

**Comment:**

*Russell funds lagged benchmarks due to diversifying assets such as commodities, emerging markets and foreign equities. Vanguard funds in line with or slightly beat benchmarks.*

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# Total Return and Benchmark Comparisons

Trailing Ten Years (Annualized)

For the Period Ended 3/31/2017 (Annualized)

	10 Years Total Return	Sigma 3 Index Benchmark	Category Return	Morningstar® Category
American Century Short-Term Govt Bond, Inv	1.69%	None	None	None
Russell LifePoints® Conservative Strategy, R1	4.10%	4.55%	3.79%	Allocation--15% to 30% Equity
Russell LifePoints® Moderate Strategy, R1	4.32%	4.84%	4.25%	Allocation--30% to 50% Equity
Russell LifePoints® Balanced Strategy, R1	4.31%	5.12%	5.06%	Allocation--50% to 70% Equity
Vanguard LifeStrategy Moderate Growth Inv	4.98%	5.12%	5.06%	Allocation--50% to 70% Equity
Russell LifePoints® Growth Strategy, R1	3.76%	5.40%	4.53%	Allocation--70% to 85% Equity
Vanguard LifeStrategy Growth Inv	5.06%	5.40%	4.53%	Allocation--70% to 85% Equity
Russell LifePoints® Equity Strategy, R1	3.25%	4.00%	4.11%	World Stock
Vanguard Total World Stock Index Inv	N/A	-	-	World Stock
Vanguard Total Stock Mkt Idx Adm	7.69%	7.54%	6.52%	Large Blend

**Comment:**

*Russell funds generally lagged benchmarks due to diversifying assets such as commodities, emerging markets and foreign equities. Vanguard funds in line with benchmarks.*

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# ERISA Plan Fund Expense

For the Period Ended 3/31/2017

Fund Name	Morningstar Net Fund Expense Ratio
American Century Short-Term Govt Bond, Inv	0.55%
Russell LifePoints® Conservative Strategy, R1	0.74%
Russell LifePoints® Moderate Strategy, R1	0.90%
Russell LifePoints® Balanced Strategy, R1	1.01%
Vanguard LifeStrategy Moderate Growth Inv	0.14%
Russell LifePoints® Growth Strategy, R1	1.03%
Vanguard LifeStrategy Growth Inv	0.15%
Russell LifePoints® Equity Strategy, R1	1.06%
Vanguard Total World Stock Index Inv	0.21%
Vanguard Total Stock Mkt Idx Adm	0.05%

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Expense ratios are shown before any revenue sharing rebates. These rebates are directed by the investment committee to pay for recordkeeping and consulting services.





# Definitions and Data Sources

## **Morningstar® Categories**

**Allocation--15% to 30% Equity** Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 15% and 30%.

**Allocation--30% to 50% Equity** Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 30% and 50%.

**Allocation--50% to 70% Equity** Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 50% and 70%.

**Allocation--70% to 85% Equity** Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 70% and 85%.

**Large Blend** Large-blend portfolios are fairly representative of the overall US stock market in size, growth rates and price. Stocks in the top 70% of the capitalization of the US equity market are defined as large cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of US industries, and owing to their broad exposure, the portfolios' returns are often similar to those of the S&P 500 Index.

**World Stock** World-stock portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in the U.S., Europe, and Japan, with the remainder divided among the globe's smaller markets. These portfolios typically have 20%-60% of assets in U.S. stocks.

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**Sigma 3 Index Benchmark** uses applicable Sigma Model percentages of (1) the Russell 3000® Index (large and small cap); (2) the MSCI ACWI Ex USA Index, denominated in dollars (foreign); and (3) the Barclays Aggregate Bond Index.

<b><u>Sigma Model Percentages</u></b>	<b><u>U.S. Equity</u></b>	<b><u>Foreign</u></b>	<b><u>Fixed Income</u></b>
Sigma 20/80 Model:	14%	6%	80%
Sigma 40/60 Model:	28%	12%	60%
Sigma 60/40 Model:	42%	18%	40%
Sigma 80/20 Model:	56%	24%	20%
Sigma Equity Model:	100% MSCI ACWI NR USD		

<sup>1</sup> This Fund first issued Class Y Shares on March 29, 2000. Performance shown for Class Y shares prior to the first issue date is the performance of the Fund's Class I Shares. Annual returns will differ only to the extent that Class Y Shares do not have the same expenses as the Class I Shares.

<sup>2</sup> This Fund first issued Class Y shares on March 30, 2000. Performance shown for Class Y shares prior to the first issue is the performance of the Fund's Class I shares. Annual returns will differ only to the extent that Class Y Shares do not have the same expenses as the Class I Shares.

<sup>3</sup> The Fund first issued Class Y shares on August 15, 2012. The returns shown for Class Y shares prior to that date are the returns of the Fund's Class I shares.

<sup>4</sup> The Fund may invest in derivatives, including futures, options, forwards and swaps. Investments in derivatives may cause the Fund's losses to be greater than if it invests only in conventional securities and can cause the Fund to be more volatile. Derivatives involve risks different from, or possibly greater than, the risks associated with other investments. The Fund's use of derivatives may cause the Fund's investment returns to be impacted by the performance of securities the Fund does not own and result in the fund's total investment exposure exceeding the value of its portfolio.

<sup>5</sup> Use of currency trading strategies may adversely impact a Fund's ability to meet its investment objective of seeking to provide current income.

<sup>6</sup> Equity Growth Strategy Fund was switched to the Aggressive Allocation Category effective 09/30/2014. Prior to this date, the fund was placed in the World Stock Category in August of 2011. Prior to this date, this fund was placed in the Large Blend Allocation which was primarily U.S. equity.

<sup>7</sup> The Select U.S. Equity and Select International Equity Funds are new funds. There can be no assurance that a new Underlying Fund will grow to an economically viable size, in which case the Underlying Fund may cease operations. Investors may be required to liquidate or transfer their investments at an inopportune time.

The Select U.S. Equity and Select International Equity Funds utilize a variety of quantitative inputs and qualitative assessments in their management. If these are not predictive or are incorrect, the Funds may underperform. These Funds also utilize index replication and/or optimization strategies, which may cause their returns to be lower than if they employed an active security selection strategy.

The Net Annual Operating Expense Ratio may be less than the Total Operating Expense Ratio and represents the actual expenses expected to be borne by shareholders after application of:

- for the Russell Commodity Strategies Fund, Russell Global Infrastructure Fund, Russell Global Opportunistic Credit Fund, Russell Strategic Bond Fund and Russell Short Duration Bond Fund, a contractual transfer agency fee or advisory fee waiver through February 29, 2016.
- for the Russell LifePoints Funds, a contractual cap and reimbursement on expenses through February 29, 2016.
- for the Select Equity Fund and Select International Equity Fund, a contractual cap and reimbursement on expenses through February 29, 2016.

These contractual agreements may not be terminated during the relevant periods except at the Board of Trustee's direction.

- for the Russell Commodity Strategies Fund, and the Russell Multi-Strategy Alternative Fund, a contractual agreement to permanently waive the advisory and administrative fees paid by the Fund in an amount equal to the advisory and administrative fees paid by the Subsidiary. This contractual agreement may not be terminated.

Details of these agreements are in the current prospectus. Absent these reductions, the fund's return would have been lower.