

January 23, 2020



# Edison Pension Trust

IBEW Local 48 Membership Meeting



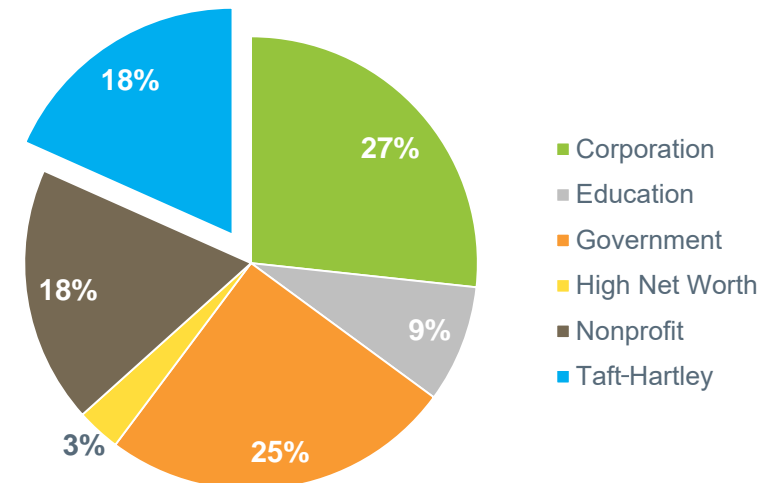
# RVK Overview

- **Established in 1985**, RVK provides clients with strategic investment advice and is one of the five largest institutional investment consulting firms, as reported by *Pensions & Investments*.
- **National firm** with headquarters in Portland and regional offices in Boise, Chicago, and New York, RVK serves nearly 200 clients including corporations, public retirement systems, Taft-Hartley funds, non-profit organizations, and other institutional pools of capital.
- **RVK's senior investment professionals** have an average of nearly 20 years of industry experience, translating to strategic investment advice through our team-centric approach.
- **Since its inception**, RVK has maintained an explicit no conflicts of interest policy, aligning our business model with the interests of our clients. RVK has no financial relationships with managers, brokers, or investment products that create conflicts of interest.
- **RVK is committed to diversity** with over 50% ownership held by women and minorities.

## RVK by the Numbers

- **\$1 trillion** - Full Retainer Assets Under Advisement
- **102** - Investment Professionals
- **59** - Advanced Degrees and Certifications
- **100%** - Revenue Derived from Client Fees
- **100%** - Employee Ownership
- **100%** - Non-Discretionary Investment Consulting

## Diversity of Client Base



# Asset Allocation Research

## Impact of Risk on Return

Below are three hypothetical portfolio return streams with an average annual return of 7.0%. Portfolio 1 delivers a consistent 7.0% return each year, while the returns for Portfolios 2 and 3 vary year to year.

**Question: Looking at the return streams below, which appears most appealing?**

Year	Portfolio 1	Portfolio 2	Portfolio 3
1	7.0%	0.0%	-7.0%
2	7.0%	14.0%	21.0%
3	7.0%	0.0%	-7.0%
4	7.0%	14.0%	21.0%
5	7.0%	0.0%	-7.0%
6	7.0%	14.0%	21.0%
7	7.0%	0.0%	-7.0%
8	7.0%	14.0%	21.0%
9	7.0%	0.0%	-7.0%
10	7.0%	14.0%	21.0%
11	7.0%	0.0%	-7.0%
12	7.0%	14.0%	21.0%
13	7.0%	0.0%	-7.0%
14	7.0%	14.0%	21.0%
15	7.0%	0.0%	-7.0%
16	7.0%	14.0%	21.0%
17	7.0%	0.0%	-7.0%
18	7.0%	14.0%	21.0%
19	7.0%	0.0%	-7.0%
20	7.0%	14.0%	21.0%

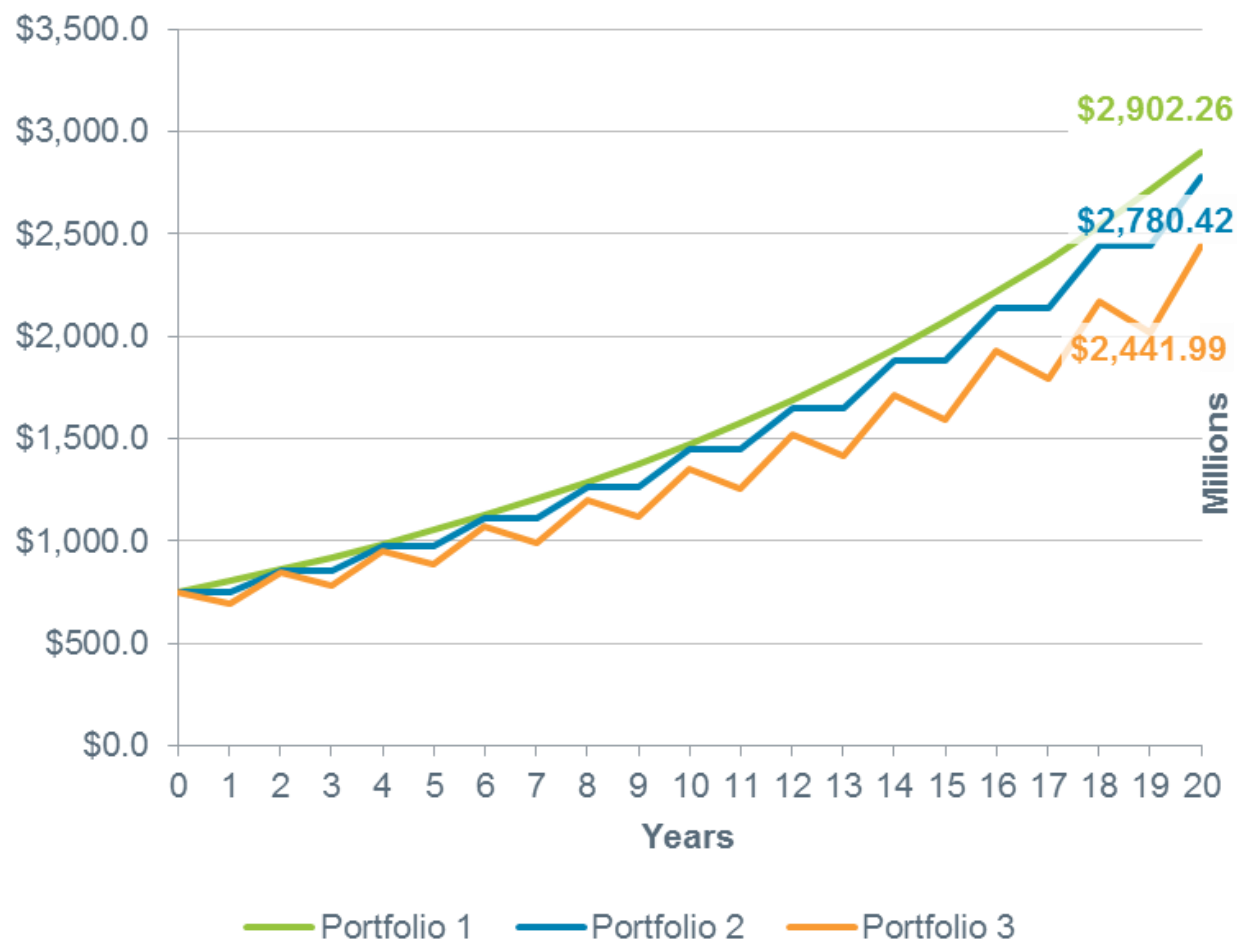
Average	7.0%	7.0%	7.0%
Std. Deviation	0.0%	7.2%	14.4%

# Asset Allocation Research

## Impact of Risk on Return: Volatility Erodes Wealth

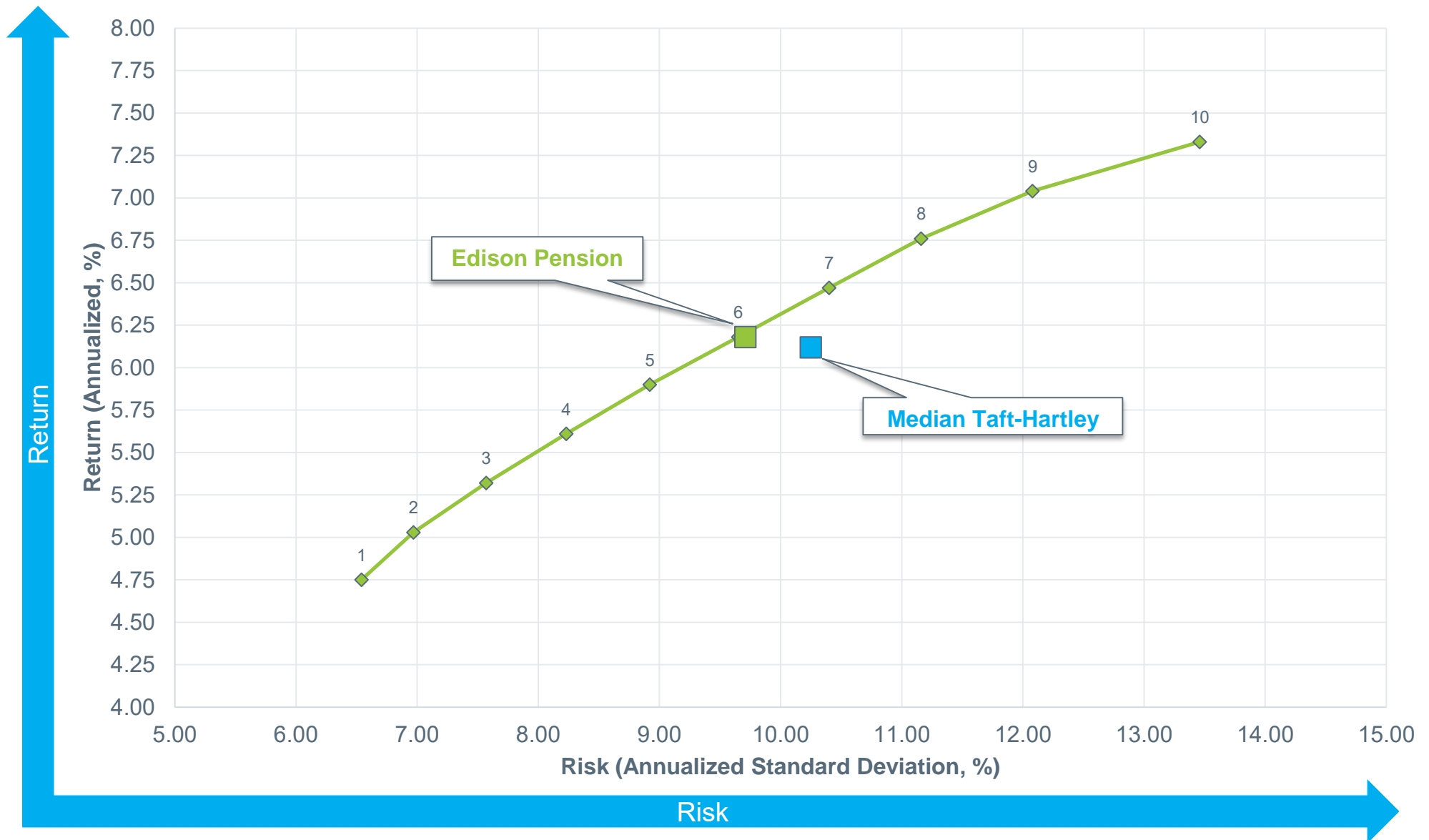
All portfolios start with \$750 million and assume no cash flows. After 20 years:

- Despite having the same average annual return of 7.0%, the ending market value for Portfolio 2 is **\$121.8M** less than Portfolio 1, and Portfolio 3 is **\$460.3M** less than Portfolio 1.



# Asset Allocation Study

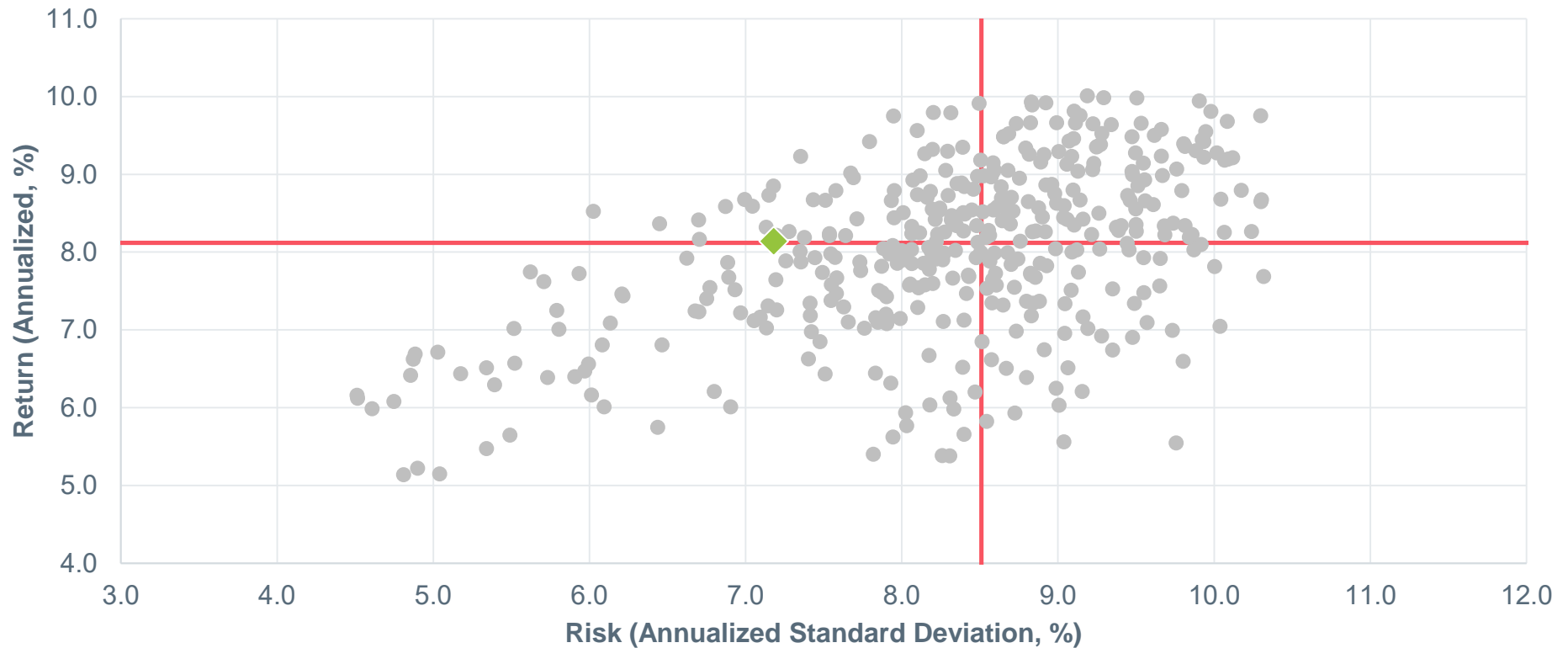
## Efficient Frontier Comparison



# Performance Comparison

## Edison Pension Trust vs. Peers

5 Year Risk/Return



### 5 Year Performance & Risk Statistics:

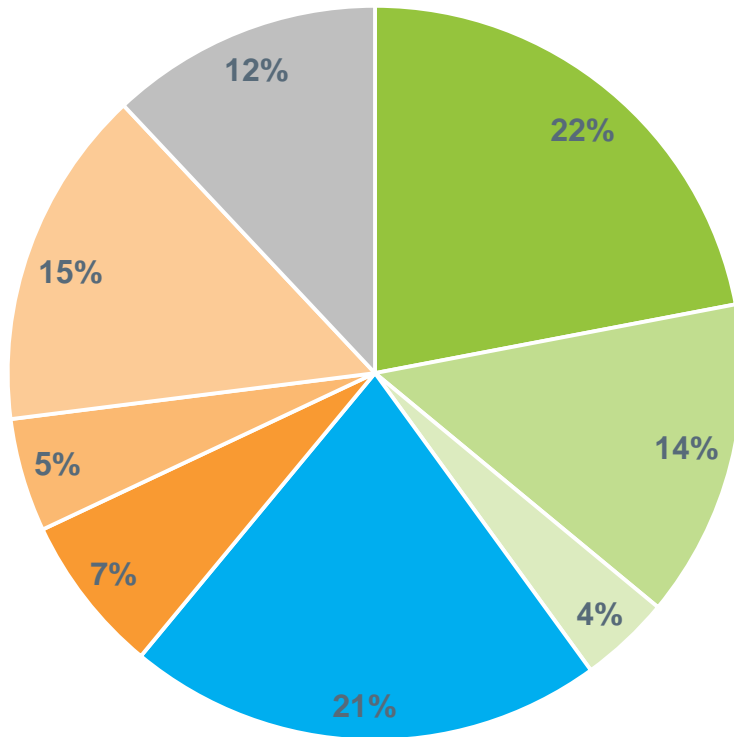
Edison Pension Trust		Median Taft-Hartley DB Plan	
5 Yr Return	8.1%	5 Yr Return	8.1%
5 Yr Risk	7.2%	5 Yr Risk	8.5%
5 Yr Up Mkt Capture	56.5%	5 Yr Up Mkt Capture	62.6%
5 Yr Down Mkt Capture	41.8%	5 Yr Down Mkt Capture	51.8%

Performance shown is as of 9/30/2020 and is gross of fees. Up/Down Market Capture statistics are calculated vs. the MSCI ACW Index (USD) (Net). All peer information referenced is representative of Investment Metrics' All Taft Hartley DB Plan Universe.

# Asset Allocation

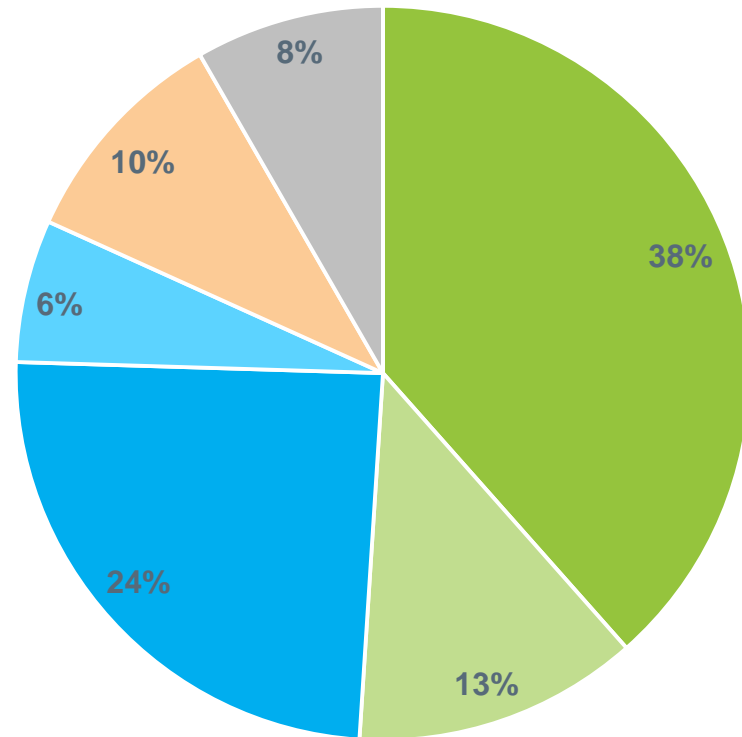
## Edison Pension Trust vs. Peers

Edison Target Allocation



- US Equity
- International Equity
- Private Equity
- US Fixed Income
- Real Return Strategies
- Infrastructure
- Real Estate
- Absolute Return Strategies

Median Taft-Hartley Plan Allocation



- US Equity
- International Equity
- US Fixed Income
- International Fixed Income
- Real Estate
- Alternatives

Median Taft-Hartley allocations are estimated based on peer data sourced from RVK's 3<sup>rd</sup> party performance measurement software provider, Investment Metrics. Allocations shown may not sum to 100% exactly due to rounding.



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