



An RFP Response for:



El Camino Real
Charter High School

December 4, 2020

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EXECUTIVE SUMMARY

Beacon Pointe at a Glance

Beacon Pointe Advisors, LLC was founded in 2002 as a Registered Investment Advisor and has assets under advisement of approximately \$12.6 billion as of 6/30/2020. As an independent advisory firm, we advocate solely for our diverse group of clients including educational institutions, endowments and foundations, faith-based organizations, art and cultural organizations, healthcare organizations, defined contribution plans, associations, corporations and private clients. Our mission is to provide clear and comprehensive investment advice to effectively meet the risk and return objectives of our clients. Our independence helps us to maintain objectivity, which is essential to achieving our primary goal - serving the best interests of each client.

Investment Philosophy

Beacon Pointe's investment philosophy is to:

1. Customize solutions to assist clients in meeting their objectives in accordance with each client's specific risk/return profile;
2. Optimally diversify portfolios across asset classes/investment styles and formulate strategic asset allocation targets;
3. Entrust the management of each allocation within the portfolio with carefully researched and selected active or passive investment managers and strategies that have proven track records, high-caliber teams, strong research culture, and fundamentally driven investment styles.

Distinguishing Characteristics

Our firm offers a unique investment platform which places a strong emphasis on providing optimal investment solutions and client service. We believe proactive, effective communication is essential to the success of any client relationship.

In addition, our experienced consultants have an average industry experience of over 20 years, and each consultant serves an integral role in investment research. As a result, the investment consultants assigned to a client's account have a clear understanding of the strategies utilized in the portfolio and do not simply rely on a recommendation and/or list of strategies made by a research department that has no direct knowledge of or interface with the client. Our investment solutions include active, passive, traditional, alternative, and socially responsible strategies.

Working with You

Beacon Pointe Advisors will be an active partner with you; we will seek to understand all aspects of your investment program, convey knowledgeable guidance, and provide exceptional service. Our team will become an extension of your internal staff. Once we understand your investment goals and needs, we will assist you by:

- Drafting and maintaining a clear Investment Policy Statement;
- Crafting the appropriate asset allocation to meet specific growth and spending requirements;
- Constructing your portfolio with investment strategies that best meet your risk/return goals; and
- Monitoring all aspects of your portfolio to ensure it meets the needs of your organization.

4.0 – Minimum Qualifications

4.1 Responders must be authorized to do business in the State of California and must comply with all state and federal laws and certification requirements, including those relevant to investment advisors.

As Registered Investment Advisor with the Securities and Exchange Commission (SEC), we are bound to a fiduciary standard that was established as part of the Investment Advisors Act of 1940. Putting our clients’ interests above our own is at the core of who we are as a firm, in fact; it is one of the reasons our partners founded the firm. They knew institutions deserved objective, conflict-free advice, which is why we have been a fee-only consultant since inception. We do not sell investment products to our institutional clients, nor do we accept payment of any kind from managers, and we are not a broker-dealer. We see our role as a true partner with our clients in that we all work toward the same goal of maximizing investment return at an acceptable level of risk so that the portfolios we collectively manage can ultimately meet the needs of the organizations and the people they serve.

In addition, Beacon Pointe is authorized to do business in the State of California and complies with all state and federal laws and certification requirements, including those relevant to investment advisors.

4.2 Responders must demonstrate that they are financially stable and that they have been in the business or providing similar services for at least the last five (5) consecutive years prior to the date of submission.

Beacon Pointe Advisors is a private company and does not release financial statements. Our firm is financially sound and has been profitable each year since inception almost two decades ago (2002). While our firm as a private company keeps financial information confidential, please refer to Exhibit I for Beacon Pointe’s Independent Accountant’s Review Report provided by third-party auditor, KSJG Accounting + Consulting, to support the conclusion of the firm’s financial stability.

4.3 Responders shall provide, at a minimum, three (3) references for current clients for whom services are being provided that are comparable in scope and nature to that set forth herein. Preference and emphasis shall be given to references that are educational institutions, particularly publicly funded high schools/K-12 schools.

California State University San Bernardino Foundation	Chaminade College Preparatory	Emanate Health Foundation
Robert Nava	Janet Koller	Michelle Stoddard
Vice President, Advancement	Vice President, Finance & Operations	Chief Executive Officer
(909) 273-4188	(818) 347-8300	(626) 813-2918
rjnava@csusb.edu	jkoller@chaminade.org	mstoddard@mail.cvhp.org
5500 University Parkway	10210 Oakdale Avenue	1115 South Sunset Avenue
San Bernardino, CA 92407	Chatsworth, CA 91311	West Covina, CA 91790

5.0 – Proposal Submission

5.1 Professional Capability: Describe your firm’s ability to meet or exceed the requirements contained in Section 4.0 above.

Meeting and Exceeding Requirements

Beacon Pointe has provided investment consulting services to institutional foundations and endowments since our founding nearly two decades ago. We have provided these services to many educational institutions comprised of charter high schools, colleges and universities including four of the Cal State University foundations. Servicing these clients and managing these portfolios of larger foundations and endowments has provided us with a broad set of experiences and expertise that benefit all our client relationships within the educational foundation and endowment space. The Beacon Pointe investment platform is large enough to give clients access to best-in-class asset managers, yet our firm is boutique in nature to provide highly tailored solutions and exceptional client service to smaller foundations and endowments matching the size and scope of the services being proposed to El Camino Real Charter High School.

Beacon Pointe considers the following core competencies to be the firm’s strengths and advantages when partnering with our firm.

Our firm provides a fiduciary standard of care.

As a Registered Investment Advisor, Beacon Pointe Advisors is bound by fiduciary standards set and monitored by the Securities and Exchange Commission (SEC) and is regulated under the Investment Advisers Act of 1940. At Beacon Pointe Advisors, we feel very strongly about freedom from conflicts of interest and the ethical impact upon investment decisions and client portfolios its adherence represents. We do not have any financial or other affiliation with brokerage firms, investment banking firms or money management firms.

Beacon Pointe’s investing platform is open architecture.

Beacon Pointe’s investing platform is open architecture in nature. The strategy we recommend for each client is entirely dependent upon the client’s specified goals and risk tolerance. We do not place clients in generic model portfolios. We employ both passive and active strategies in client portfolios as well as SRI and ESG strategies as they relate to clients’ custom directives. We prefer active managers who exhibit high active share and have demonstrated an ability to generate superior risk-adjusted returns over full-market cycles.

At Beacon Pointe, we leverage our size and flexibility to create unique opportunities for our clients – our size allows us access to portfolio managers, funds and strategies that may not be available to large banks or other brokerage platforms, our firm is granted continued access to certain strategies and funds closed to most investors, and we can negotiate manager fees at better rates. Our structure helps to ensure that our clients will be presented with optimal allocation decisions and investment manager options, independent of origin.

Consultants are directly involved in manager research and asset allocation.

The level of proximity our advisors have with managers utilized in Beacon Pointe client portfolios is unparalleled amongst our competitors. Unlike many other firm advisory teams who are several degrees away from manager

research, our consultants have direct knowledge and access to the strategies and funds that would be utilized in the El Camino Real Charter High School portfolio. Our evaluation and due diligence process is also unique in regard to our level of emphasis spent on evaluating qualitative factors of firms. In our experience, it is generally qualitative factors that create cause for a manager termination, and we limit this disruption risk and exposure for our clients through our intense, upfront due diligence process.

We believe in the value of education and sharing resources with our clients.

Beacon Pointe is known for its client service and investment capability – we are flexible enough to provide each of our clients with a customized, high-touch service experience, yet robust enough to attract quality investment opportunities. In addition, our consulting team recognizes the value of providing ongoing education and training to committee, staff and board members as a key component of the services we provide. We are more than willing to further provide an expanded education series regarding best practices, institutional investing and the related responsibilities bestowed upon fiduciaries of institutional investment portfolios.

Education flows both ways. Beacon Pointe consultants also regularly attend industry seminars and conferences related to your marketplace to ensure your consulting team stays current and thoroughly understands your Investment Committee’s needs and the relevant perspectives and challenges your organization faces within its unique landscape.

Beacon Pointe is exceptionally qualified.

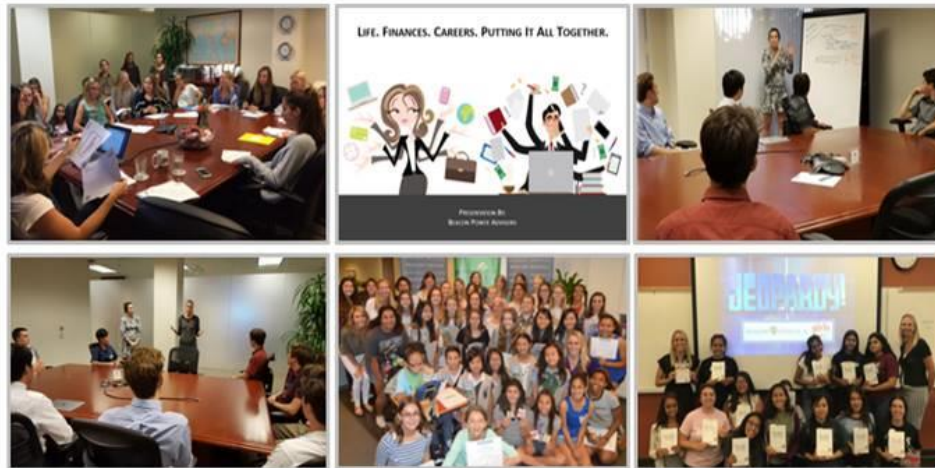
Our breadth of experience (average consultant tenure is 20 years), culture of service and stability (only 2 institutional consulting professionals have left the firm since its founding nearly two decades ago) help to provide our clients and their respective governing committees a consistent service experience and the ability to meet their long-term growth and spending objectives.

Additional Services

Beacon Pointe Advisors would partner with you by not only in managing your portfolio but understanding and supporting your efforts to fulfill your organization’s mission. Some examples of how our partnership with clients goes beyond expected consulting services including meetings with potential donors to discuss our role in managing El Camino Real Charter High School’s assets, supporting annual fundraising events, and extending resources available in areas such as speakers for donor events. We are also able to provide donor education sessions as well as prepare information and customized reports for any donor relations.

In an industry desperately lacking gender diversity, our leadership team is comprised of more than 50% women who play key roles throughout the firm. Our professional staff is also truly passionate about financial literacy. With this altruistic mission in mind, female advisors and leaders of our firm have established the Beacon Pointe Women’s Advisory Institute (WAI). This program provides a service approach customized to the unique needs and circumstances of the female investor, in addition to educational resources such as videos, content pieces and quarterly events that are female-focused. Through WAI, our consultants also host and present educational seminars to young college and high school students on topics such as financial planning and a myriad of other financial subject matter. The mission of the Women’s Advisory Institute is to educate, empower and engage the

women investors of today and the young investors of tomorrow, and this platform is available as a resource for the students of El Camino Real Charter High School.



The Women of Beacon Pointe have also recently authored an international best-selling book, *Your Dollars, Our Sense: A Fun & Simple Guide to Money Matters*. The book endeavors to make sense of a variety of topics including credit, saving priorities, investing, home ownership, insurance, marriage, children, retirement and estate planning and was written with the intention to be a support to individuals on a quest for financial freedom and personal financial empowerment. Our book has been integrated into the classroom by several teachers, professors and summer book clubs as a dynamic tool to help students foster skillsets around personal finance.

5.2 Team: Provide a biography of those who will be responsible for handling the School's account, including, but not limited to, the principals and any account representatives who will be assigned.

Your Beacon Pointe consulting team is highly diversified to bring the best minds and skillsets to El Camino Real Charter High School. We employ a team approach to servicing institutional clients dedicating two senior consulting professionals who are supported by an investment analyst and an operations specialist. In addition to Mike Breller and Felix Lin, CFA as your dedicated senior investment consultants, Beacon Pointe's Chief Investment Officer, Michael Dow, CAIA, CFA, CPA and Stephen Marshall, Director of Asset Allocation, will be directly involved and familiar with your account.

Mike Breller
Managing Director, Senior Investment Consultant
Industry Experience: 20+ years
Tenure with Firm: 10 years

Mike is responsible for servicing and consulting Beacon Pointe institutional clients. He is a member of Beacon Pointe's Investment Committee and is part of the Beacon Pointe Alternatives and SRI/ESG Sub-Committees. As a consultant, his responsibilities include asset allocation, investment manager structure and manager due diligence and evaluation. Mike has been with Beacon Pointe since 2010. Prior to joining Beacon Pointe, he worked for 11 years as a financial analyst and investment specialist for Capital Research and Management Company, the investment advisor to the American Funds. In these roles, Mike represented the investment professional group to

large institutional clients and to research groups for broker/dealer firms and consulting firms. Mike regularly contributes as a speaker and panelist at industry conferences for university foundations, insurance companies and Native American tribal governments. Mike graduated, magna cum laude, from Boise State University with a BBA in Finance. Mike volunteers his time as a Trustee and Vice Chairman of the Board for the Irvine Public Schools Foundation.

Felix Lin, CFA

Partner, Managing Director – Institutional Consulting Services

Industry Experience: 25+ years

Tenure with Firm: 18 years (since firm founding)

Felix has been with Beacon Pointe Advisors since inception and is a founding partner. He is responsible for overseeing Beacon Pointe's Institutional Consulting Services Group and providing consulting services to institutional clients. As a consultant, his responsibilities include asset allocation, investment manager structure, and investment manager due diligence and evaluation. Felix is also a member of the Beacon Pointe Investment Committee and its specialized Alternative Investments Sub-Committee. Prior to joining Beacon Pointe Advisors, Felix was Vice President at Canterbury Consulting. He began his investment consulting career as a member of the client service and consulting team for Wilshire Associates' institutional fund management tool, the Wilshire Compass. Felix is a regularly featured speaker and panelist across a wide array of industry and client-focused event platforms, including the California State University Auxiliary Organizations Association Conference and the University of California, Irvine Paul Merage School of Business MBA investment management class, among others. Felix was an Eagle Scout, graduated from the University of California, Los Angeles and received his MBA from the University of Southern California Marshall School of Business. Felix is also a dedicated member of his community volunteering his time and expertise to many organizations, currently serving the Free Wheelchair Mission. He previously served as the Investment Chair for the Goodwill of Orange County and was a member of the Humane Society of Silicon Valley Finance Committee. Felix has earned the Chartered Financial Analyst (CFA) designation and is a member of the CFA Society of Los Angeles.

Michael G. Dow, CAIA, CFA, CPA*

Chief Investment Officer

Industry Experience: 20+ years

Tenure with Firm: 2 years

Michael is the Chief Investment Officer of Beacon Pointe Advisors and the Chairman of the Beacon Pointe Investment Committee. Prior to joining Beacon Pointe, Michael served as Managing Director and Head of US Core Plus Bonds, Head of Sovereign Credit Research, and Head of Emerging Market Corporate Debt at UBS Global Asset Management, where he was responsible for portfolio management, research, trading and strategy across the UBS global platform for these products. Prior to joining UBS, Michael was enrolled at the University of Chicago and studied in several post-graduate programs including Economics and in the School of Public Policy and had begun the core coursework in the PhD Finance program at the Chicago Booth School before returning to the capital markets in early 2008. He remains affiliated with the University of Chicago and has taught the undergraduate Intermediate Accounting course at Lake Forest College as an adjunct professor, and as a guest lecturer taught the fixed income and interest rate course sections of undergraduate finance and graduate quantitative finance programs at the University of Illinois, Northwestern University and Notre Dame University. Prior to academia Michael was an Investment Grade Corporate Bond Portfolio Manager at PIMCO and was the PIMCO Funds National Sales Manager, as well as a senior member of the Consultant Relations Group. He started his career at Salomon Brothers as a fixed income salesman in the Private Investment Department. He received a

BS in Accountancy from the University of Illinois Urbana-Champaign, where he played intercollegiate water polo, and his MBA in Finance from the University of Chicago. Michael is a Chartered Alternative Investment Analyst, Chartered Financial Analyst, received his certificate to practice as a CPA (inactive) and is a member of the CFA and CAIA Societies of Chicago. He is married and has four children, and lives with his wife in Western Springs, Illinois. *CPA license is inactive

Stephen Marshall

Director, Asset Allocation

Industry Experience: 20+ years

Tenure with Firm: 3.5 years

Stephen oversees Beacon Pointe's asset allocation efforts focusing on portfolio modeling and construction and is also a significant contributor to the firm's investment research and due diligence efforts. Stephen has been with Beacon Pointe since 2017. Prior to joining Beacon Pointe, Stephen was a Managing Director and the Head of Asset Allocation for Wilshire Consulting. In his previous role, he was responsible for the development of broad investment policies and risk management of portfolios for clients including foundations, endowments, corporate and public defined benefit plans, defined contribution plans, and other asset pools. Stephen was instrumental in developing Wilshire's proprietary Cost-Risk Optimization and Dynamic De-Risking models. Stephen has an actuarial background and brings extensive experience in asset/liability analysis to Beacon Pointe. Stephen graduated from the University of New Orleans with a B.S. in Mathematics. He speaks frequently on asset allocation and risk-related topics at industry conferences.

5.3 Experience: Describe your work on projects that are similar in size and scope to the School's. Include a list of references, with phone number and email address. As identified above, preference and emphasis will be given to references that are educational institutions, particularly high schools / K-12 schools.

Beacon Pointe was founded upon institutional consulting roots and a mission to provide clear and comprehensive investment advice to effectively meet the risk and return objectives of our clients. Since our firm founding, we have worked with educational institutions similar in scope and size to El Camino Real Charter High School.

We measure our success serving educational institutions by our ability to meet and exceed the investment goals and client service expectations of your organization. Beacon Pointe will continue to be an active partner with you; we will seek to further understand all aspects of your investment program, convey knowledgeable guidance and provide your Investment Committee and staff with exceptional service.

We believe proactive, effective communication and engagement are essential to the success of any client relationship. Successful consulting relationships have open lines of communication, adapt to changing needs of the client and are cognizant of the overall issues and goals facing the client and how they may impact the portfolio or investment pools. Helping our institutional clients fulfill their mission is a key measurement of our success, and the basis upon which our client relationships are built.

The listed consulting team currently works with four California State University foundations. We have deep experience developing Investment Policy Statements to guide the fiduciaries of these foundations. We have developed ESG/SRI policies for clients and provided detailed cash flow analysis and asset allocation modeling to guide the investment allocation of the portfolios. We provide ongoing education and have had success with these

organizations developing a comfort level with alternative investments that have made positive impacts on the portfolios.

In addition to Beacon's professional experience, Senior Consultant, Mike Breller serves as Board Chairperson, Trustee and Finance Committee member for the Irvine Public Schools Foundation and has 6 years' experience guiding the foundation that supports a 30,000 student school district. We highly encourage you to speak with our references provided about the highly attentive services provided from our consulting teams.

Please reference section 4.3 above for a list of client references. In addition to the references provided above, please also see Exhibit II for Beacon Pointe's Representative List of Institutional Clients.

5.4 Asset Allocation: Describe the asset allocation you would recommend for the School and the type/nature of investments you would suggest, keeping in mind that the School would like to maintain an environmental, social and governance model of investing.

Beacon Pointe Asset Allocation Process

We deliver customized solutions to help clients meet their objectives in accordance with their specific risk/return profile. We optimally diversify portfolios across asset classes and investment styles and formulate strategic and cyclical asset allocation targets. Finally, we entrust the management of each allocation within the portfolio with carefully researched and selected active and/or passive managers and strategies that have proven track records, high-caliber teams and strong research cultures.

Beacon Pointe Advisors takes a long-term view when determining appropriate asset allocation guidelines. Our analysts utilize investment models that represent forward looking assumptions on return, standard deviation, and correlations over a ten-year time frame. We understand that markets can become volatile in the short-term and would not estimate rates of return over shorter periods of time given these understandings. The recommended asset allocation, utilizing the estimated forward-looking assumptions, could generate an approximate annualized rate of return between 6-8% with a standard deviation within the range of 10-15% for a well-diversified portfolio. Given our long-term views, we do run annual asset allocation models to ensure a proper portfolio is constructed for our clients and that the integrity of the portfolio is upheld year over year.

We provide specific asset allocation recommendations to our clients as part of our core services. Our portfolio construction and asset allocation process begin with an assessment of the investment landscape to determine macro opportunities and risks. Combined with an analysis of current valuations, we develop a cyclical asset allocation view that may – or may not – deviate from the client-specific strategic allocation. In order to optimize the inputs to the asset allocation process, we employ sophisticated modeling techniques, including scenario analysis, that will allow clients to review a multitude of possible risk/return outcomes to better achieve the optimal portfolio selection necessary to meet the client's stated objectives.

We believe in risk control through proper portfolio diversification using the techniques of Modern Portfolio Management. When done prudently and efficiently, diversifying a portfolio minimizes or reduces the volatility and risk associated with a client's investments. Our goal is to create an optimized portfolio of asset classes and investment styles considering each investment's impact on the overall strategy in addition to the investment's individual attributes. To achieve this objective, Beacon Pointe's Head of Asset Allocation, Stephen Marshall, will

work directly with our consultants to combine the results of our asset allocation process with client investing objectives to achieve optimum results. Stephen oversees Beacon Pointe's asset allocation efforts focusing on portfolio modeling and construction and is also a significant contributor to the firm's investment research and due diligence efforts.

Beacon Pointe uses an enhanced external asset allocation modeling platform (Johnson Model distributions) as well as proprietary models to address the limitations of traditional Mean Variance Optimization, based on normal distribution patterns, and other techniques that represent the latest thinking in quantitative modeling. Every asset class exhibits a different level of skewness in return distributions, and we capture this specifically in our asset allocation analysis. Utilizing this enhanced asset allocation model allows us to better capture "fat-tailed" risks in our modeling process and protect against a "2008"-type scenario.

We then create a range of potential portfolios across a spectrum of allocation targets, expected returns and risk parameters. In the process of evaluating potential portfolio mixes, we show not only the "expected" risk/return characteristics but also best and worst-case scenarios through Monte Carlo Analysis. The range of investment outcomes serves to confirm the portfolio structure decision based on the client's unique levels of risk tolerance and return objectives. The client's growth target, spending needs, risk tolerance, and available investment universe are all incorporated into the asset allocation process and recommendation.

A customized approach to portfolio construction is a Beacon Pointe hallmark and clear advantage of working with a firm our size.

We can position multiple external managers to maintain the chosen asset strategy. A customized approach to portfolio construction is a Beacon Pointe hallmark and clear advantage of working with our firm. We tailor each client portfolio to the unique requirements of investment objectives and risk tolerance, among other factors.

Our consultants then carefully select investment managers to meet the portfolio objectives, with emphasis on capital preservation and downside risk management. While portfolio and investment manager recommendations are consistent across the firm, the primary consultants are involved in the customized portfolio construction decision process for each institutional client with oversight by the entire Institutional Consulting Services Group.

Environmental, Social, and Governance & Socially Responsible Investing

Beacon Pointe works with many institutional clients that maintain Environmental, Social, and Governance (ESG) and Socially Responsible Investing (SRI) restrictions as key components of their investment strategy. We will work with the El Camino Real Charter High School to tailor an investment strategy that is uniquely suited for any of the Foundation's socially responsible investment goals. We have a great deal of experience applying ESG/SRI screens as well as monitoring for environmental concerns. This strategy focuses on applying screens to filter out investments that do not fit a client's ESG/SRI policies across all investments.

Mission-based institutions represent a core client group for Beacon Pointe, based upon both our experience in this area as well as our ability to provide the necessary diligence and attention required to govern a socially responsible portfolio. In fact, our CEO, Shannon Eusey, oversaw the SRI portfolio for Roxbury Capital Management prior to founding Beacon Pointe in 2002, so impact investing runs deep through our firm culture and is integrated into our investment philosophies. Many of our clients consider social issues when investing. Beacon Pointe has a

specific process and methodology to assist our clients in best achieving their socially responsible missions. We work with each client on an individual basis to tailor an investment strategy that is uniquely suited given all aspects of their mission - social responsibility and otherwise. Careful attention is paid to each client through the process of establishing their portfolio structure, recognizing the paramount importance of social guidelines and restrictions. In our experience, we have found that the success of a socially responsible investing program depends largely upon the scope of the restrictions.

Specific Asset Allocation Recommendations for El Camino Real Charter High School

For the General Account, Beacon Pointe would need to spend more time on an annual cash flow estimate and understand the percentage of annual budget reliant upon the investment pool. Also, we would want to determine if there are any additional bank operating accounts to support near-term expenses (6-12 months). At first look, the current portfolio is conservatively positioned and may have lost potential returns versus a portfolio holding more equities if still within the overall risk parameters.

For OPEB, the current allocation appears to be in the vicinity of where Beacon Pointe would begin. However, our current asset modeling for clients has shown an increase in required equity and real assets long-term and the offsetting reduction in fixed income to meet “real” growth goals. A preliminary portfolio may be more closely allocated toward 60% equity / 30% fixed income / 10% alternatives, but this is set to change after we discuss specific growth requirements from the actuarial work.

Beacon Pointe recently generated a white paper describing the dilemma of negative real yields in fixed income and the potential portfolio solutions in this environment. Please reference Exhibit III for Beacon Pointe’s recent white paper entitled, *Real Assets: Solutions in the Age of Financial Repression*.

5.5 Pricing: Provide detailed information as to the cost for the services identified in Section 3.0.

We believe in the importance of full disclosure of all fees associated with the management of your portfolio. Beacon Pointe does not charge any indirect fees such as commissions or soft dollars. We feel very strongly about freedom from conflicts of interest and the ethical impact upon investment decisions and client portfolios its adherence represents. In conjunction with our consulting fee, your portfolio will incur fees for the investment managers and custodian employed. We can only estimate the investment manager and custodial fees, as those depend entirely upon the providers utilized. If electing to custody with Charles Schwab or Fidelity in most cases, the equity trading fees are complimentary.

The following is Beacon Pointe’s proposed fee schedule:

Market Value of Client Assets	Beacon Pointe Fee
First \$25 million	0.45%
Next \$25 million	0.27%
Thereafter	0.18%

Fees Estimate for Passive Portfolio Value of \$25 m	Estimated Fee
Beacon Pointe Consulting Fee	0.45%
Investment Manager Fees	0.05% - 0.10%
Custodial/Transaction Fees	0.01%
Total Estimated Fees	0.51% - 0.56%

Fees Estimate for Active Portfolio Value of \$25 m	Estimated Fee
Beacon Pointe Consulting Fee	0.45%
Investment Manager Fees	0.30% - 0.50%
Custodial/Transaction Fees	0.01%
Total Estimated Fees	0.76% - 0.96%

Passive vs Active

We believe that client considerations and preferences ultimately dictate the use of passive versus active strategies. As an advisor, part of our investment process includes a review of market efficiency and forecasts of market volatility. These factors can be incorporated into a discussion of when and where to use passive and active strategies. In many cases, a hybrid approach is recommended.

Should active management be preferred, Beacon Pointe has identified high active share investment managers that, net of fees over full market cycles (peak to peak, or trough to trough), have outperformed their respective passive (Index or ETF) benchmarks with less risk. These active managers have demonstrated proficiency to make effective, informed decisions regarding security selection and can apply defensive measures in a market downturn.

We also believe that certain efficient markets – such as large cap U.S. equities – and certain investment environments – such as low volatility bull markets – argue for passive investment. To illustrate our views on passive versus active, we simplify the decision into a two-factor model, below:

		Volatility	
		Low	High
Efficiency	High	PASSIVE	HYBRID
	Low	HYBRID	ACTIVE

When incorporating passive strategies into a portfolio, we use broad market capitalization weighted index funds and ETFs for their low cost and reliability. Our research focuses on finding both the best index (S&P, Russell, FTSE and CRSP) as well as the best ETF and fund that attempt to replicate the index’s performance. Not all passive instruments are created equal; in general, we invest in the largest, most liquid and lowest cost providers.

GENERAL DISCLOSURE

The information set forth herein is for the sole use of our clients and prospective clients, and only in connection with the purposes for which it is presented. By accepting delivery of the information, the intended recipient agrees that: a) the information set forth and the methodologies utilized herein are proprietary to Beacon Pointe, and b) no part hereof will be reproduced, reprinted, disseminated, displayed, or utilized for any reason other than the purposes expressed without the prior written consent of Beacon Pointe.

Opinions expressed herein are subject to change without notice. Beacon Pointe has exercised all reasonable professional care in preparing this information. Information that has been obtained from outside sources we believe to be reliable; however, Beacon Pointe has not independently verified or attested to the accuracy or authenticity of the information. Beacon Pointe shall not be liable to customers or anyone else for the inaccuracy or non-authenticity of the information or any errors of omission in content regardless of the cause of such inaccuracy, non-authenticity, error, or omission, except to the extent arising from the sole gross negligence of Beacon Pointe. In no event shall Beacon Pointe be liable for consequential damages.

Beacon Pointe Advisors does not offer legal or tax advice. Please consult with the appropriate tax or legal professional regarding your circumstances. This information is not intended and should not be relied upon as individualized tax, legal, fiduciary, or investment advice. Only a tax or legal professional may recommend the application of this general information to any particular situation or prepare an instrument chosen to implement any design discussed herein. Nothing herein should be relied upon as personalized investment advice, nor should it be considered an individualized recommendation, offer or solicitation for the purchase or sale of any security or to adopt a specific investment strategy. An investor should consult with their financial professional before making any investment decisions.

Investing in securities involves risks, and there is always a chance of losing money when you invest in securities. Asset allocation, diversification, and rebalancing do not ensure a profit or protect against loss in declining markets. Past performance is not a guarantee of future results.

Thank you for your continued confidence in Beacon Pointe.