



pfm

# Section 115 Trust Services

## Why Set Up a Section 115 Trust?

Now more than ever, public agencies across the country are faced with the challenge of how to fund increasing costs for both pension and other post-employment benefit (OPEB) plans. As pressure mounts through decreased expected investment earnings and increased required contributions, choosing an investment solution managed carefully and with an eye toward institutional needs is critical. PFM’s Asset Management business is pleased to offer such a solution.

Our Multiple-Employer Section 115 Trust<sup>1</sup>, complete with a Private Letter Ruling (PLR) from the IRS, may be used for either prefunding pension or OPEB funds. Funds contributed to the trust may be used to help mitigate contribution volatility and provide long-term budget flexibility and sustainability. Additionally, funds set aside in the Section 115 Trust are safeguarded from diversion to other budgetary uses and generally may be invested in a broader range of securities than would typically be permitted for public agency operating funds, potentially increasing earnings. We can serve as administrator and investment advisor for your trust from start up through management.

## Why PFM?

PFM’s Asset Management professionals have provided investment management services to public agencies nationwide for more than 35 years, and we are focused on continually finding investment solutions for new and developing financial issues. Nationwide, we provide investment advisory and plan administration consulting services to more than 200 defined benefit pension and OPEB plans, totaling over \$9.4 billion in assets, as of March 31, 2017.

We are highly regarded throughout the industry for our innovative solutions, our commitment to providing high-quality customer service, and the depth of our resources.

## Our Solution

Our Multiple-Employer Section 115 Trust offers:

- An easy, straight-forward set-up process
- A comprehensive solution that includes investment management and custody services in a cost efficient manner
- Customizable investment options, designed to meet the unique needs and preferences of each client
- Disciplined, time-tested investment process focused on fundamental analysis and seeking downside protection
- Dedicated administrative support along with the information needed to complete annual reports, audits, and associated GASB filings
- Institutional-quality investment reporting package
- GIPS® compliant performance track record

## Our Process

As a fiduciary, we are committed to helping our clients meet their investment goals. As investment advisor and administrator, we collaborate with you to establish and execute your strategy focused on investment returns and earnings while carefully controlling risk. On an ongoing basis, we provide a high level of service and transparent communication, including proactive market information, detailed performance reporting and client education.

<sup>1</sup> In addition to the Multiple-Employer Section 115 Trust described in this document, PFM also offers a traditional Single-Employer Section 115 Trust option.

### 1 Easy, Straight-Forward Set-up

Fully-vetted trust documents ready for your signature.

### 2 Customizable Investment Policy and Strategy

Together, we create guidelines for asset allocation, funding, and asset migration.

### 3 Strategy Execution and Communication

PFM executes agreed-upon strategy. Ongoing reporting of all trading activity.

### 4 Trust/Custody

PFM preserves fiduciary independence by using a third-party trustee/custodian.

### 5 Reporting

You will receive reconciled trustee statements and quarterly investment performance reports.



## Our Results

Below we have presented our GIPS® compliant composite performance. According to GIPS® standards, the composites shown below incorporate the actual performance of all fully transitioned, discretionary clients with the nominal equity/fixed-income allocation indicated. Only actual portfolios are included in the composites; the composite contains no simulated, model, or non-fee paying portfolios. According to an investment outsourcing survey conducted by *Pensions & Investments* of the largest managers of outsourced assets, we are recognized as a leading OCIO firm in terms of performance relative to benchmarks.<sup>2</sup>

Strategy/Benchmark	Average Annual Total Returns								
	1Q17	1 Year	2 Years	for periods ended March 31, 2017			7 Years	9 Years	10 Years
				3 Years	4 Years	5 Years			
<b>PFM Multi Asset Class 75:25 Composite</b> <i>49% Russell 3000, 26% MSCI ACWI ex US, 25% Barclays Aggregate</i>	<b>5.06%</b> 5.05%	<b>11.59%</b> 12.27%	<b>5.24%</b> 4.93%	<b>5.72%</b> 5.69%	<b>7.82%</b> 7.72%	<b>8.46%</b> 8.25%			
<b>PFM Multi Asset Class 60:40 Composite</b> <i>39% Russell 3000, 21% MSCI ACWI ex US, 40% Barclays Aggregate</i>	<b>4.31%</b> 4.20%	<b>9.68%</b> 9.82%	<b>4.62%</b> 4.23%	<b>5.28%</b> 5.12%	<b>6.81%</b> 6.58%	<b>7.57%</b> 7.08%	<b>7.64%</b> 7.43%	<b>6.53%</b> 5.78%	<b>5.93%</b> 5.32%
<b>PFM Multi Asset Class 50:50 Composite</b> <i>33% Russell 3000, 17% MSCI ACWI ex US, 50% Barclays Aggregate</i>	<b>3.79%</b> 3.62%	<b>8.24%</b> 8.23%	<b>4.07%</b> 3.79%	<b>4.89%</b> 4.78%	<b>6.13%</b> 5.88%	<b>7.03%</b> 6.35%	<b>7.23%</b> 6.86%	<b>6.53%</b> 5.58%	
<b>PFM Multi Asset Class 30:70 Composite</b> <i>20% Russell 3000, 10% MSCI ACWI ex US, 70% Barclays Aggregate</i>	<b>2.83%</b> 2.49%	<b>5.95%</b> 5.07%	<b>3.26%</b> 2.80%	<b>4.17%</b> 3.99%	<b>4.56%</b> 4.36%	<b>5.59%</b> 4.78%	<b>5.88%</b> 5.57%		
<b>PFM Multi Asset Class 20:80 Composite</b> <i>13% Russell 3000, 7% MSCI ACWI ex US, 80% Barclays Aggregate</i>	<b>2.30%</b> 1.94%	<b>4.69%</b> 3.50%	<b>2.80%</b> 2.25%	<b>3.60%</b> 3.54%	<b>4.06%</b> 3.54%	<b>5.06%</b> 3.95%			

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate. Data shown is prior to the deduction of investment advisory fees. GIPS compliant composite presentations are available upon request.

## The Value

As an investment advisor to the public sector, we are focused on helping our clients meet their investment goals cost efficiently. We are committed to keeping our fees low relative to the services provided and investment types selected enabling more of the assets to be invested in the trust. Our combination of strong investment performance, as demonstrated by our GIPS® compliant performance track record, coupled with our relatively low fees translates into what we feel is solid value for our clients.

## About PFM

Since 1980, PFM's Asset Management business has remained singularly focused on meeting the financial and investment advisory needs of public agencies. We currently employ 217 investment professionals in 35 offices nationwide. We manage or advise on approximately \$118.7 billion in total assets, including \$77.3 billion in discretionary assets under management and \$41.4 billion in non-discretionary assets under advisement.<sup>3</sup>

<sup>2</sup> Williamson, Christine. "Firms differ on the value of performance reporting." *Pensions & Investments*, July 7, 2014.

<sup>3</sup> All data is as of March 31, 2017.

**PFM**  
1735 Market Street  
43rd Floor  
Philadelphia, PA 19103

800.937.2736  
**pfm.com**

PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. Investment advisory services are provided by PFM Asset Management LLC which is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. The information contained is not an offer to purchase or sell any securities. Applicable regulatory information is available upon request. For more information regarding PFM's services or entities, please visit [www.pfm.com](http://www.pfm.com). All data, unless otherwise indicated, is as of March 31, 2017.