

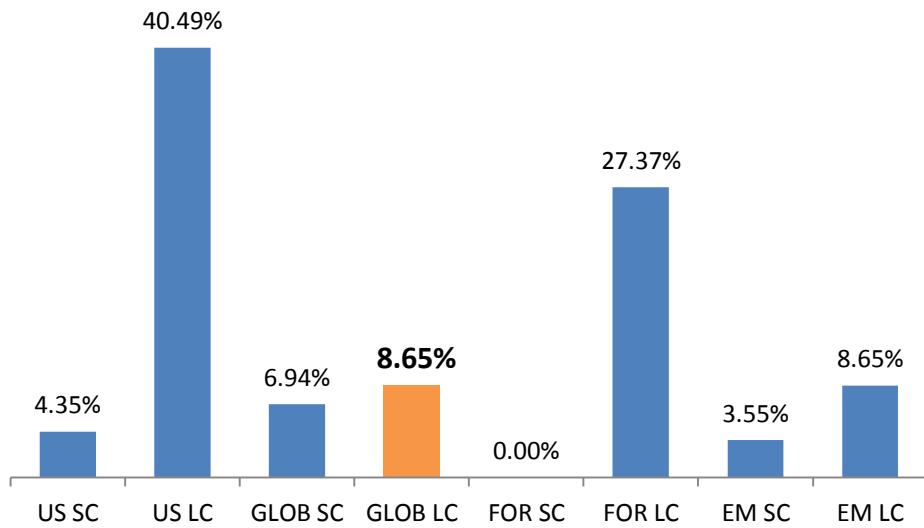
## Committees – Change in Action

One of the many ways we strive to serve our clients well is through... committees! Our Investment Committee (IC) is comprised of Kevin Slater, Kevin Rigg, Ben Jennings and Vicki Simpson. We meet on a regular basis, usually every other week, to review portfolio performance, market analysis, and other topics that impact your overall portfolios.

To better understand our process, I (Vicki) would like to share a recent example of how we moved a decision from proposal to committee to analysis and finally, implementation.

Kevin Slater, our Chief Investment Officer (CIO), brought a proposal to replace First Eagle Global, the Global Large Cap fund that is held in the Core portfolio ("Core" refers to the investments common to all our clients).

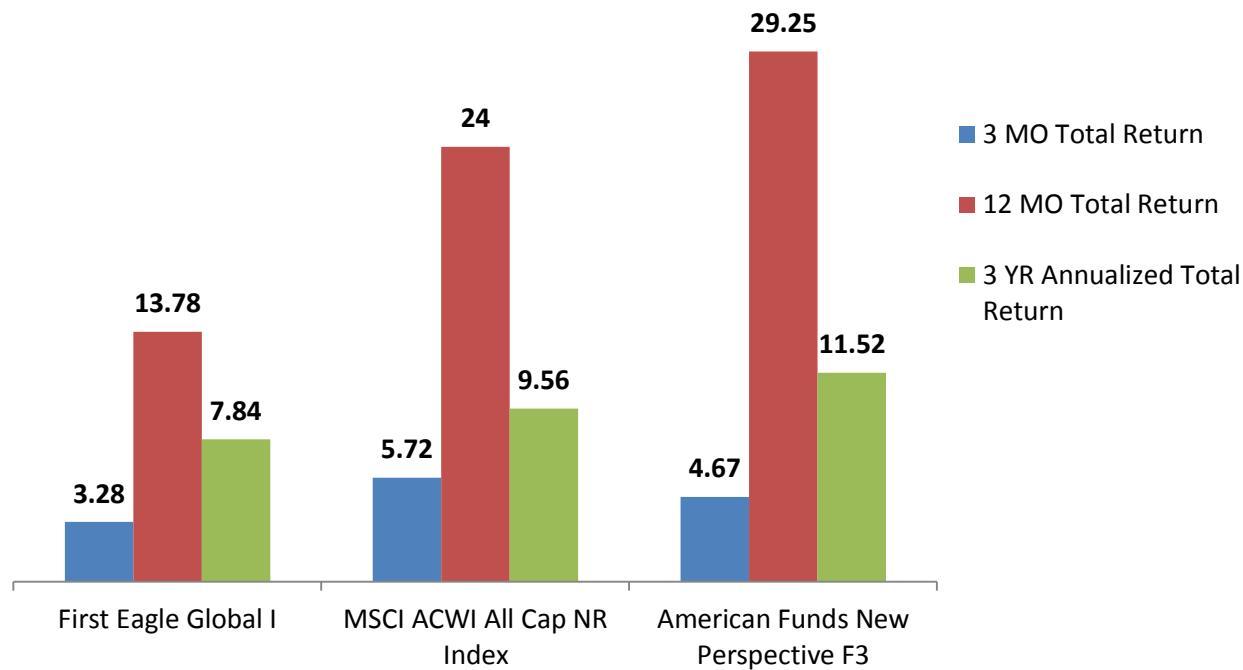
### Global Large Cap as a Percentage of EQUITIES in a Balanced Portfolio



\*Depending on your investment objective, First Eagle represents 2.65% - 6% of your *overall* invested portfolio.

The main concerns about First Eagle Global were its performance and management. In absolute terms, the fund performance looks decent – around 7.84% over the previous 3 years (ending 12/31/2017). However, when measured against its benchmark and peers, it was underperforming.

## First Eagle Performance Comparison



Another important factor was the management of the fund. Recently, First Eagle was fined for using shareholder funds to pay for marketing expenses. Some of you may have received a small check as reimbursement for this infraction.

In addition to reviewing performance and management, we asked these questions:

- Does this fund still match our core investment philosophy?
- Is it in line with our clients' goals and objectives?
- What are the costs associated with removing the fund from the portfolio? (Both the tax impact to clients and trading fees incurred in client accounts.)

The Investment Committee eventually agreed to remove First Eagle from the Core Portfolio and approved moving forward with research and analysis on potential replacements.

Kevin Slater researched various Global Large Cap funds and presented his analysis at the next IC meeting. We discussed the merits of several options and came to a general consensus on two funds, one being American Funds New Perspective. Similar to the above questions, we consider the new funds compatibility with our philosophy, client goals and costs. The final decision falls to our CIO, who put his stamp of approval on the American Funds New Perspective fund.

The last step in the process is implementation. I (Vicki) begin by updating the models in our trading program. The First Eagle fund did have gains in some accounts, so Lead Advisors reviewed the tax impact for their clients prior to trading. Once reviews were complete, I proceeded to sell the First Eagle positions and purchase American Funds New Perspective.

We, the IC, are driven by our core value to serve you the best we can by bringing as many investment-related issues, questions and proposals as possible to committee. In this way, we aspire to steward our time and resources well and in turn, steward your investments to the best of our ability.