VIRGINIA BANKERS ASSOCIATION
Benefits Corporation

VBA BENEFITS CORPORATION BOARD

Agenda
VBA Benefits Corporation Board Meeting
May 20, 2022, 10:00am
VBA Office

I. Welcome and Call to Order

II. Approval of February 25, 2022 Minutes

III. VEBA Investment Portfolio Options – Ken Barnes, SageView Advisory (via Zoom)

IV. Strategies to Contain Reinsurance Costs – Tom Mackay, MMA

V. VBA Benefits Corporation Investment Committee Report – John Caldwell, Chair (1st Quarter 2022 Investment Performance Board Report)

VI. Financial Report – Stacy Puckett, VBA
   - Financial Results through March 2022

VII. COO Report and 2023 Health & Welfare Renewal Considerations – Laurie Milligan, VBA

VIII. 2022 VBA Benefits Corporation Nominating Committee Report – Barry Elswick, Immediate Past Chair

IX. Other Business

X. Executive Session

*Items underlined are active links.

Minutes of the
VBA Benefits Corporation
Board Meeting
February 25, 2022 at 11am
VBA Capitol Room

In Attendance: Chairman Thomas F. Cherry, Michelle R. Austin, John R. Caldwell, Robert R. Chapman, III, J. Peter Clements, Barry C. Elswick, Robert M. Gorman, Mark C. Hanna, James E. Hendricks, W. Mark Nelson, Patricia R. Lewis

Unable to Attend: Jay A. Stafford

VBA Staff: Bruce Whitehurst, Matt Bruning, DeMarion Johnston, Laurie Milligan, Stacy Puckett, John Snead

Guests: SageView Advisory Group – Ken Barnes, Nichole Labott, Dee Spivey

Call to Order
A quorum being present, Mr. Cherry called the meeting to order. Notice of the meeting was properly given more than five days before the meeting and materials were also sent in advance, including:

- November 19, 2021 Minutes
- YE 2021/YTD 2022 Investment Performance Board Report and Proposed Investment Strategies for Group Medical and Dental Trust
- 2021 VBA Member Relations Report
- COO Report
- Financial Results for 2021 and Final 2022 Budget

Approval of Minutes
The minutes from the November 19th meeting were approved as written.

SageView Investment Report and Proposed Investment Strategies for Group Medical and Dental Trust
Mr. Barnes updated the Board on the 4th quarter 2021 retirement plans' investment performance and discussed an alternative investment strategy for reserves in the Group Medical and Dental Trust. The Board asked questions about available risk portfolios and this information will be provided at the May Board meeting.

Update on VBA 2021 Master Defined Benefit Plan & Trust Audit Report
Mr. Cherry, Benefits Corp. representative on the VBA Audit Committee, reported that the 2021 Master Defined Benefit Pension Plan & Trust audit had been completed and was a good report.

2021 Member Relations Report
Mr. Snead reported on lines of businesses lost and gained during 2021; 2022 benefit plans enrollment changes; 2022 medical plan enrollment migration; and 2022 member relations engagement goals. Board members discussed and asked questions about the materials presented.

COO Report
Ms. Milligan presented her report that covered:

- 2022 health and welfare initiatives, which included examining a prescription drug captive and gene therapy solutions, stop-loss mitigation strategies, benefits that support diversity, equity, and inclusion, developing a cash reserve policy for Group Medical and Dental Trust and conducting a market analysis for COBRA and FSA administration and bswift relationship transitions.

- 2022 retirement plan initiatives, including new Defined Contribution adoption agreements and summary plan descriptions, transitioning Non-Qualified Deferred Compensation Plan Documents and Adoption Agreements to Voya and an upcoming retirement plan conference.
- Review of year-end 2021 plan utilization for the self-funded medical and dental plans.

Board members discussed and asked questions about the materials presented.

Financial Report

Ms. Puckett presented year-end 2021 financial results and final 2022 budget for the Trusts and VBA Benefits Corporation. The Board members discussed and asked questions. The financials and budget were approved as written.

Virginia General Assembly Legislative Update

Mr. Bruning presented an update on the 2022 Virginia General Assembly Session and legislation impacting the Virginia banking industry. Board members discussed and asked questions.

Adjourn to Executive Session

There being no other business, the meeting adjourned to executive session.

Submitted by: John Snead, VP Member Relations

Group Medical & Dental Trust Investment Portfolio Options

Period Ending 3/31/2022

Nichole R. Labott, MBA, AIF®, Managing Director
Ken Barnes, CFP®, CIMA®, Investment Consultant
Dee Spivey, CPFA®AIF®, Retirement Plan Consultant

SEE WHERE YOU'RE GOING

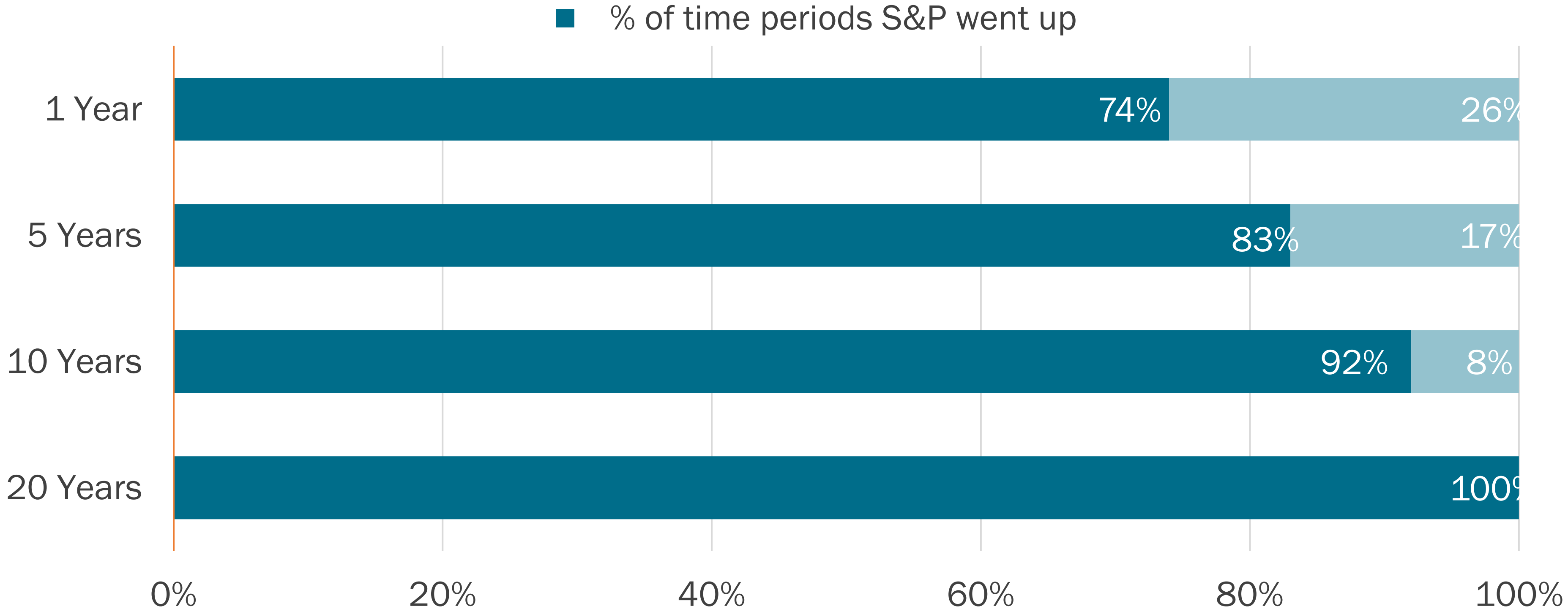
Introduction

SageView attended the February Board meeting to present an overview of investing a portion of the Group Medical & Dental Trust funds into managed portfolios as opposed to current CD ladders; deemed best practice among other state banking associations and the DOL. Based on next steps, outlined below are proposed recommendations:

- **The appropriate amount of funds to be invested:** *$7,500,000 which represents approximately 35% of total reserves*
- **Timeline for investing funds:** *Dollar cost averaged over the remainder of 2022*
- **Select custodian:** *Schwab*
- **The appropriate asset allocation based on expected time horizon to need these funds.** *Three options are illustrated for consideration*:
  - 88% Equity / 12% Fixed Income and Cash
  - 75% Equity / 25% Fixed Income and Cash
  - 60% Equity / 40% Fixed Income and Cash

Investing Time Horizon

Over 20-year periods, as of 12/31/20, stocks have generated positive returns 100% of the time

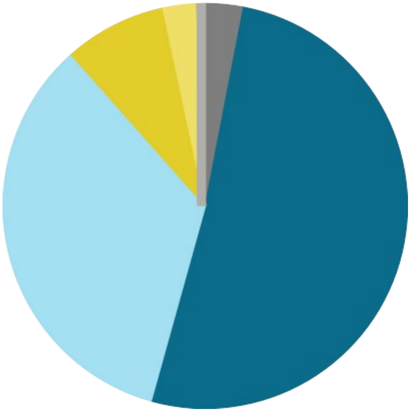


Source: FactSet and S&P US. Daily data as of 31 December 1979 to 31 December 2020. Returns above are in US dollars and calculated based on the **S&P 500 Price Return Index**. It is not possible to invest in an index. The S&P 500 Index measures the broad US stock market. Max drawdown is the largest drawdown (peak-to-trough) within each calendar year. This data is not intended to represent the performance of any MFS portfolio.
Past performance is no guarantee of future results.

- Reserves in the last four years have steadily increased to $20,600,000 in 2021 which is over $7,000,000 in reserve goal.
- The Medical & Dental Trust continues to receive premiums from participating employers to pay for expected claims (projected to be $72M in 2022).
- It is unlikely the Trust would need these excess funds in the next five to seven years due to reinsurance protections and ability to adjust renewal increases based on historical claims experience.

VEBA Portfolio - Aggressive

Asset Allocation



	%
Cash	3.0
US Equity	51.3
Non-US Equity	34.1
US Bond	8.2
Non-US Bond	2.7
Other	0.7
Total	100.0

Portfolio Holdings

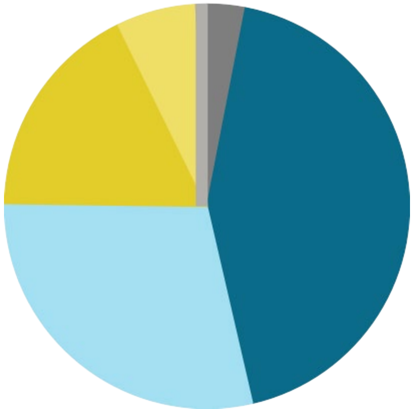
	Ticker	Portfolio Weighting
Schwab ® US Large-Cap Value Index	SWLVX	19%
Schwab ® US Large-Cap Growth Idx	SWLGX	17%
Schwab Emerging Markets Equity ETF™	SCHE	10%
Fidelity® International Small Cap	FISMX	8%
Schwab International Index	SWISX	7%
American Funds Europacific Growth F2	AEPFX	7%
American Century Small Cap Value I	ACVIX	6%
BlackRock Commodity Strategies Instl	BICSX	6%
JPMorgan Mid Cap Growth I	HLGEX	6%
PGIM Global Real Estate Z	PURZX	5%
Schwab US Aggregate Bond ETF™	SCHZ	4%
Baird Aggregate Bond Inst	BAGIX	4%
iShares Core International Aggt Bd ETF	IAGG	2%
BlackRock High Yield Bond Instl	BHYIX	1%
MFS Emerging Markets Debt I	MEDIX	0%
Weighted Average Expense Ratio		**0.36**

Trailing Returns	3 months	YTD	1 year	3 years	5 years
Aggressive- Hybrid	-5.24	-5.24	4.76	12.00	10.63
MSCI World NR USD	-5.15	-5.15	10.12	14.98	12.42
Bloomberg US Agg Bond TR USD	-5.93	-5.93	-4.15	1.69	2.14

Calendar Year Returns	YTD	2021	2020	2019	2018	2017
Aggressive- Hybrid	-5.24	16.19	14.18	25.48	-7.83	20.40
MSCI World NR USD	-5.15	21.82	15.90	27.67	-8.71	22.40
Bloomberg US Agg Bond TR USD	-5.93	-1.54	7.51	8.72	0.01	3.54

VEBA Portfolio - Growth

Asset Allocation



	%
Cash	3.0
US Equity	43.3
Non-US Equity	28.8
US Bond	17.5
Non-US Bond	6.4
Other	0.9
Total	**100.0**

Portfolio Holdings

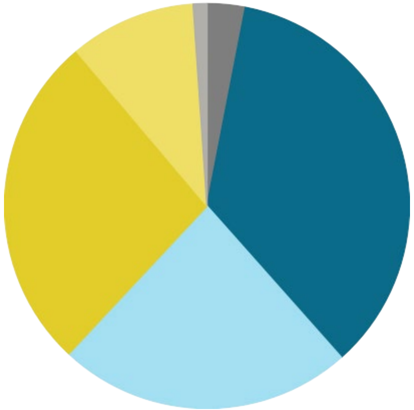
	Ticker	Portfolio Weighting
Schwab ® US Large-Cap Value Index	SWLVX	16%
Schwab ® US Large-Cap Growth Idx	SWLGX	15%
Schwab US Aggregate Bond ETF™	SCHZ	9%
Baird Aggregate Bond Inst	BAGIX	9%
Schwab Emerging Markets Equity ETF™	SCHE	8%
Fidelity® International Small Cap	FISMX	7%
Schwab International Index	SWISX	6%
American Funds Europacific Growth F2	AEPFX	6%
American Century Small Cap Value I	ACVIX	5%
BlackRock Commodity Strategies Instl	BICSX	5%
JPMorgan Mid Cap Growth I	HLGEX	5%
PGIM Global Real Estate Z	PURZX	4%
iShares Core International Aggt Bd ETF	IAGG	4%
BlackRock High Yield Bond Instl	BHYIX	2%
MFS Emerging Markets Debt I	MEDIX	1%
Weighted Average Expense Ratio		0.34

Trailing Returns	3 months	YTD	1 year	3 years	5 years
Growth- Hyrbid	-5.32	-5.32	3.38	10.63	9.51
MSCI World NR USD	-5.15	-5.15	10.12	14.98	12.42
Bloomberg US Agg Bond TR USD	-5.93	-5.93	-4.15	1.69	2.14

Calendar Year Returns	YTD	2021	2020	2019	2018	2017
Growth- Hyrbid	-5.32	13.37	13.80	22.95	-6.61	17.81
MSCI World NR USD	-5.15	21.82	15.90	27.67	-8.71	22.40
Bloomberg US Agg Bond TR USD	-5.93	-1.54	7.51	8.72	0.01	3.54

VEBA Portfolio – Moderate Growth

Asset Allocation



	%
Cash	3.0
US Equity	35.4
Non-US Equity	23.5
US Bond	26.9
Non-US Bond	10.1
Other	1.1
Total	**100.0**

Portfolio Holdings

	Ticker	Portfolio Weighting
Schwab US Aggregate Bond ETF™	SCHZ	14%
Baird Aggregate Bond Inst	BAGIX	14%
Schwab ® US Large-Cap Value Index	SWLVX	13%
Schwab ® US Large-Cap Growth Idx	SWLGX	12%
Schwab Emerging Markets Equity ETF™	SCHE	7%
iShares Core International Aggt Bd ETF	IAGG	6%
Fidelity® International Small Cap	FISMX	5%
Schwab International Index	SWISX	5%
American Funds Europacific Growth F2	AEPFX	5%
American Century Small Cap Value I	ACVIX	4%
BlackRock Commodity Strategies Instl	BICSX	4%
JPMorgan Mid Cap Growth I	HLGEX	4%
PGIM Global Real Estate Z	PURZX	3%
BlackRock High Yield Bond Instl	BHYIX	3%
MFS Emerging Markets Debt I	MEDIX	2%
Weighted Average Expense Ratio		0.32

Trailing Returns	3 months	YTD	1 year	3 years	5 years
SV Moderate Growth- Hybrid	-5.40	-5.40	2.01	9.18	8.33
MSCI World NR USD	-5.15	-5.15	10.12	14.98	12.42
Bloomberg US Agg Bond TR USD	-5.93	-5.93	-4.15	1.69	2.14

Calendar Year Returns	YTD	2021	2020	2019	2018	2017
SV Moderate Growth- Hybrid	-5.40	10.60	13.16	20.45	-5.39	15.24
MSCI World NR USD	-5.15	21.82	15.90	27.67	-8.71	22.40
Bloomberg US Agg Bond TR USD	-5.93	-1.54	7.51	8.72	0.01	3.54

Portfolio Risk Statistics

Risk/Return Characteristics

Time Period: 4/1/2019 to 3/31/2022

	Return	Std Dev	Downside Deviation	Alpha	Beta	R2	Sharpe Ratio (arith)	Tracking Error
Aggressive- Hybrid	12.00	15.90	2.74	-1.33	0.89	97.25	0.71	3.23
MSCI World NR USD	14.98	17.53	0.00	0.00	1.00	100.00	0.82	0.00
Bloomberg US Agg Bond TR USD	1.69	4.03	13.48	0.66	0.03	1.57	0.25	17.52

Risk/Return Characteristics

Time Period: 4/1/2019 to 3/31/2022

	Return	Std Dev	Downside Deviation	Alpha	Beta	R2	Sharpe Ratio (arith)	Tracking Error
Growth- Hyrbid	10.63	13.73	4.02	-1.06	0.77	96.79	0.72	4.72
MSCI World NR USD	14.98	17.53	0.00	0.00	1.00	100.00	0.82	0.00
Bloomberg US Agg Bond TR USD	1.69	4.03	13.48	0.66	0.03	1.57	0.25	17.52

Risk/Return Characteristics

Time Period: 4/1/2019 to 3/31/2022

	Return	Std Dev	Downside Deviation	Alpha	Beta	R2	Sharpe Ratio (arith)	Tracking Error
Moderate Growth- Hybrid	9.18	11.62	5.54	-0.83	0.65	95.56	0.73	6.65
MSCI World NR USD	14.98	17.53	0.00	0.00	1.00	100.00	0.82	0.00
Bloomberg US Agg Bond TR USD	1.69	4.03	13.48	0.66	0.03	1.57	0.25	17.52

Services and Fee

As a fiduciary, SageView never receives additional compensation in any form other than what is stated in our agreement and detailed below.

SageView Investment Management AUM Fee (utilizing Schwab as custodian): 0.25%

Schwab Custodial Fee: 0.05% if assets are below $10M and 0.04% if assets are above $10M. An annual base fee of $500 applies regardless of the total assets

Services Provided

- ☑ Investment Manager Selection and Monitoring
- ☑ IPS Development and Maintenance
- ☑ Strategic Asset Allocation Development
- ☑ Quarterly Reporting
- ☑ Cash Flow Management
- ☑ Online Portfolio Management Portal*
- ☑ Portfolio Rebalancing
- ☑ Monthly Market Commentary

*Through Tamarac and Charles Schwab

Board Approval and Next Steps

Board approval:

- **Funds to be invested:** *$7,500,000*
- **Timeline for investing funds:** *Dollar cost averaged over the remainder of 2022*
- **Custodian:** *Schwab*
- **The appropriate asset allocation based on expected time horizon to need these funds.** *Three options are illustrated for consideration*:
  - 88% Equity / 12% Fixed Income and Cash
  - 75% Equity / 25% Fixed Income and Cash
  - 60% Equity / 40% Fixed Income and Cash

Next steps include: Creating an Investment Policy Statement and work with SageView to develop timeline to invest funds. Investment Committee will be tasked with reviewing funds on a quarterly basis.

SEE WHERE YOU'RE GOING

MarshMcLennan Agency

Virginia Bankers Association
Stop Loss Mitigation Strategies

May 20, 2022

Your future is limitless.℠

Agenda

Stop Loss Insurance Pressures

Stop Loss Mitigation Strategies

Final Thoughts

Stop Loss Insurance Pressures

Driving Forces for Higher Stop Loss Cost

The uncertainty of COVID-19's impact has slowed in certain areas of the health care and insurance world, but utilization and the result of many Americans either choosing to or being forced to delay health care has created a big question mark for providers and payers alike when it comes to forecasting and finances.

- Utilization and spending are expected to increase in 2022 as some care deferred during the pandemic returns;
- Costs to test for, treat, and vaccinate against COVID continue;
- Rates of mental health and substance use issues remain high; and
- Population health worsens.

Cost Inflators

- Long-term health issues for COVID-19 survivors include increases in depression, substance abuse, stress, missed immunizations and missed preventive screenings, all leading to late-stage diagnoses, deferred care for chronic conditions.
- Prescription drug prices, provider consolidation and increased market power to raise prices, unhealthy behaviors, and an aging population result in hospitals/clinicians getting paid for volume of services, not patient outcomes.
- Digital investments to enhance patient relationship, health system investments to improve forecasting tools, supply chain, and PPE. Clinical and technology advancements and cybersecurity needs.
- Competition for health workers and rising labor costs.[1]

Sources: 1 & 2 United Health Care

Driving Forces for Higher Stop Loss Cost

Conditions

Large employers’ top conditions driving costs include:

- Musculoskeletal,
- Cancer
- Diabetes
- Cardiovascular
- Higher-risk maternity/NICU
- Mental and emotional health.[2]

Sources: 1 & 2 United Health Care

Gene Therapy Pipeline

What's Next for Gene Therapy Treatment ?

Blood Disorders

Zynteglo® (Beta-Thalassemia)
AMT-061 (Hemophilia B)
PF-06838435 / SPK-9001 (Hemophilia B)
SPK-8011 (Hemophilia A)
Roctavian™ (Hemophilia A)
EtranaDez (Hemophilia B)

Rare Disease

Lenti-D™ (CALD)
LYS-SAF302 (Sanfilippo)
DTX301 (Urea Cycle Disorders)
Vyjuvek (Dystrophic Epidermolysis Bullosa)

Neurological

Eladocagene (AADC deficiency)
AT-GTX-502 (Batten Disease)

Ophthalmology

Lumevoq® (GS010, LHON)

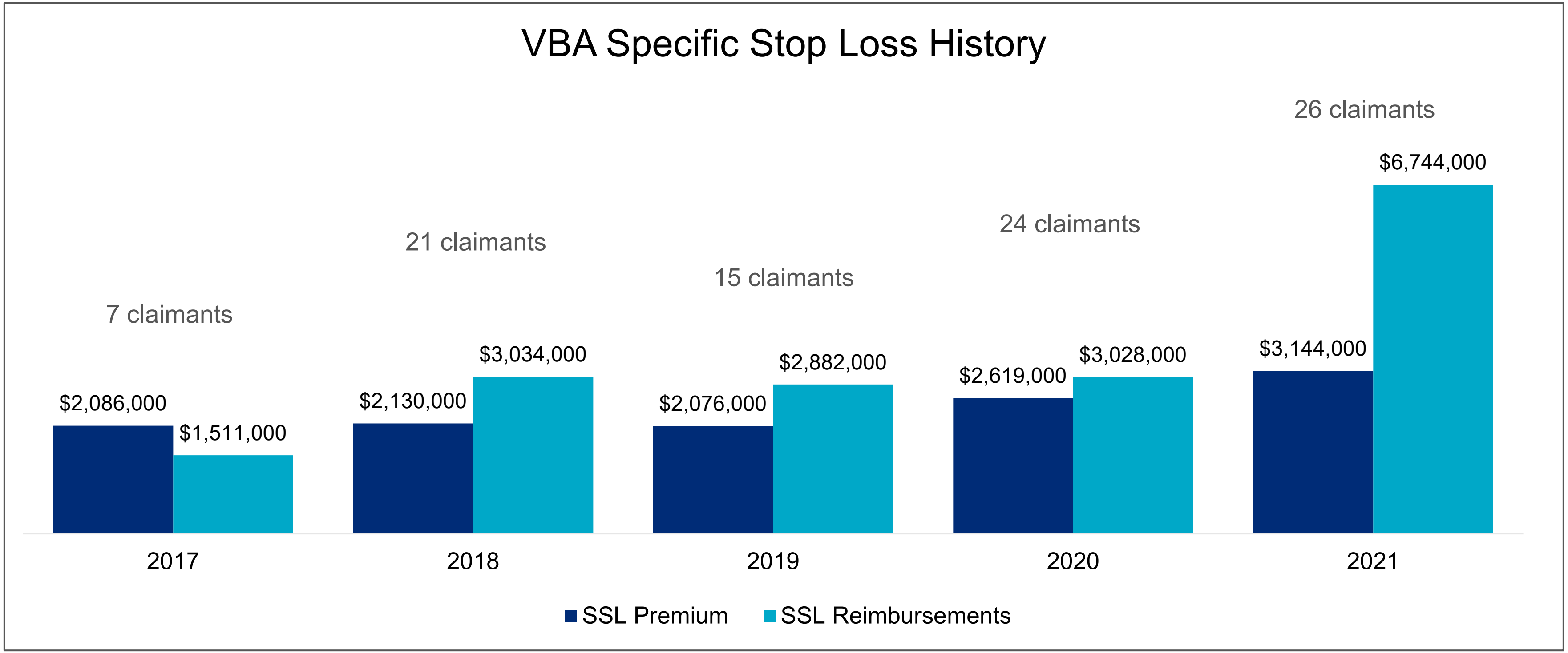
Cardiovascular

Aurora GT™ (PAH)

Most of these treatments will cost over $1,000,000 per treatment and some over $2,000,000 .

**Some therapies will launch later in 2022 and some in 2023*

VBA Specific Stop Loss History



* VBA purchases specific stop loss at a $300,000 level

Top 10 HCC by Rx Plan - Paid

Drugs for each member	Type	HC Med	HC Prior	Current Paid
Eloctate	Subscriber	O O	O	$552,696
HP Acthar	Subscriber	O O	●	$369,829
Imbruvica	Subscriber	O O	●	$208,710
Tasigna	Subscriber	O O	●	$205,855
Stelera, Victoza Pen, Jardiance, Humalog Vial, Advair HFA	Subscriber	O O	●	$198,758
Revlimid	Subscriber	● ●	●	$197,356
Pomalyst	Subscriber	● ●	●	$186,880
Sprycel	Spouse	O O	●	$184,782
Kisqali	Subscriber	● ●	●	$177,829
Jynarque	Subscriber	O O	●	$157,974

Stop Loss Mitigation Strategies

Stop Loss Mitigation Strategies

- Capitated Gene Therapy Program – Anthem program pending for 1/1/23
- Stop Loss RFP for 1/1/23
- RX Assurance Captive Product – Proposed July 1, 2022 effective date

MMA Rx SOLUTIONS

Summary of Rx Assurance Captive Product

Key Aspects of Rx Assurance Captive

- Supplemental stop loss coverage for high cost drugs coverage to reduce volatility of stop loss pricing.
- Employers need to be a client of Rx Benefits working through select consultants, such as MMA.
- Employers must have High Dollar Claim Review (HDCR), which is part of the Clinical Advantage Program offered by Rx Benefits which VBA offers today.
- Covers eligible pharmacy expenses above $250K per year, up to $1.25M per year. Lifetime coverage is up to $3M. All are per condition, per claimant.
- Coverage is offered for new diagnosis and new members, pre-existing conditions are not covered.
- The cost of the captive is $1.35 Per Member per Month (PMPM)
  - Plus a $1.00, one-time entry fee per group (literally $1).
  - $100,200 premium for 6 months of 2022 and $200,400 for CY 2023

Coverage is Provided for the List of Chronic Conditions Below:

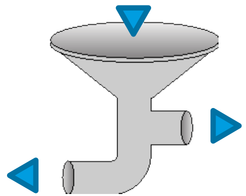
Covers preferred formulary therapies for new diagnosis of 36+ chronic conditions

- Acromegaly
- Alpha1 Antitrypsin Deficiency
- Anti-Infective (Cystic Fibrosis)
- Anti-Rejection
- Autosomal Dominant Polycystic Kidney Disease (ADPKD)
- Cryopyrin-Associated Periodic Syndromes (CAPS)
- Cushing's Syndrome
- Cystic Fibrosis
- Dravet Syndrome
- Fabry's Disease
- Factor Deficiencies (VIII and X)
- Gaucher's Disease
- Gout
- Hemophilia
- Hereditary Angioedema
- Hereditary Tyrosinemia Type 1 (HT-1)
- Hypophosphatasia
- Idiopathic Pulmonary Fibrosis
- Immunotherapy
- Lambert-Eaton Myasthenic Syndrome (LEMS)
- Lennox-Gastaut Syndrome (Seizures)
- Leptin Deficiency
- Lupus
- Multiple Sclerosis
- Oncology
- Paroxysmal Nocturnal Hemoglobinuria (PNH)
- Phenylketonuria (PKU)
- Primary Humoral Immunodeficiency (PI)
- Pulmonary Arterial Hypertension
- Seizures / Infantile Spasms
- Short Bowel Syndrome
- Spinal Muscular Atrophy (SMA)
- Tardive Dyskinesia
- Thrombocytopenia
- Tumor-Induced Osteomalacia (TIO)
- Von Willebrand Disease

The information contained in this presentation is based on RxPharmacy Assurance's filing with the State of Vermont. The information contained in this presentation may not be reproduced or distributed without the expressed written consent of RxPharmacy Assurance.

Plan example with a $250K Deductible

Myalept at a total drug cost of $1.4M annually



Pharmacy Expense Liability

$300K Specific Deductible under Anthem

VBA Plan	RxPharmacy Assurance Supplemental Stop-Loss	Anthem Stop-Loss
$250K	**$250K – $1.25M**	**$1.25M - $1.4M**

The information contained in this presentation is based on RxPharmacy Assurance's filing with the State of Vermont. The information contained in this presentation may not be reproduced or distributed without the expressed written consent of RxPharmacy Assurance.

Examples of What Rx Assurance Does Not Cover

- Gene therapy and orphan drugs (eg Zolgensma).
- Specialty drugs that are covered under the medical (not pharmacy) benefit.
- Specialty drugs already being used by a member prior to the effective date of the employer’s coverage in Rx Assurance.
- Employers not using Rx Benefits (including HDCR). If an employer with Rx Assurance leaves Rx Benefits, they would no longer be eligible for Rx Assurance.

MMA Rx Solutions Final Thoughts

- For MMA clients that utilize Rx Benefits today, Rx Assurance provides a mechanism for risk management associated with specialty pharmacy costs.

- All excess funds are retained by the Captive to offset future premiums, with full transparency into the Captive performance.

- MMA recommends VBA purchase this capitated RX Assurance product to reduce stop loss pricing volatility and lower the probability that VBA assumes the liability of a lasered claimant at renewal.

Appendix

2021– Top 10 HCC by RX Employer Paid

Drugs for each member	Type	HC Med	HC Prior	Current Paid
Eloctate	Subscriber	O O	O	$760,278
HP Acthar	Subscriber	O O	●	$504,665
Trikafta, Cayston, Pulmozyme, Advair HFA	Subscriber	O O	O	$395,357
Revlimid, Ninlaro	Subscriber	O O	●	$307,107
Jakafi, Imbruvica	Subscriber	O O	●	$242,000
Xyrem	Subscriber	● O	●	$225,938
Jynarque	Dependent	O O	●	$190,597
Tasigna	Subscriber	O O	●	$181,535
Xywav	Subscriber	O O	●	$177,513
Stelara	Subscriber	O O	●	$150,331

Your future is limitless.℠

MarshMMA.com

MarshMcLennan Agency

A business of Marsh McLennan

VBA Benefits Corporation Investment Committee Meeting

Meeting Date: February 25, 2022
Time: 9:30 am

Committee members in attendance	**John Caldwell, Chairman** **Thomas Cherry** **Jeff Brugh** **Laurie Milligan** **Michelle Austin** **Matt Vance**
VBA staff in attendance	**DeMarion Johnston** **Stacy Puckett** **John Snead**
SageView Advisory Group:	**Nichole Labott** **Ken Barnes** **Dee Spivey**

Plan Governance

I. The minutes from the previous meeting were approved as written.

Leglislative Update

II. SageView provided a brief legislative and litigation update highlighting the proposed SECURE 2.0, a review of DOL enforcement activity in 2021 and Supreme Court ruling on the Hughes vs. Northwestern University.

Defined Contribution Plans Investment Review

III. SageView provided a brief economic and market update.

IV. The fund performance summary for the investment report was reviewed as of December 31, 2021. The total plan assets were $331,834,446.43 and the weighted average investment expense is 0.18%. SageView provided an overview of the current investment performance and of note was the following:

Fund Name	On Watch List Since	Qualitative or Quantitative	SageView Recommendation
Janus Henderson Small Cap Value N	12/31/2020	Quantitative	Replace PIMCO RAE US Small Instl*
Cohen & Steers Real Estate Securities Z	12/31/2020	Qualitative	Remove from Watch
T. Rowe Price Mid-Cap Growth I	06/30/2021	Quantitative	Replace JP Morgan Mid Cap Growth R6*

Vanguard Equity-Income Adm	09/30/2021	Qualitative	Continue on Watch
PIMCO Real Return Instl	N/A	N/A	Add asset class to the Plans*

*Fund changes in process

V. SageView reviewed the upcoming changes to the Vanguard Target Retirement Trust II (CIT).

Defined Benefit Plans Investment Review

VI. The fund performance summary for the investment report was reviewed as of December 31, 2021. The total plan assets were $122,192,757.92. SageView provided an overview of the current investment performance and current allocations. Of note was the following:

Fund Name	On Watch List Since	Qualitative or Quantitative	SageView Recommendation
Janus Henderson Small Cap Value N	12/31/2020	Quantitative	Replace PIMCO RAE US Small Instl*
Cohen & Steers Real Estate Securities Z	12/31/2020	Qualitative	Remove from Watch
T. Rowe Price Mid-Cap Growth I	06/30/2021	Quantitative	Replace JP Morgan Mid Cap Growth R6*
Vanguard Equity-Income Adm	09/30/2021	Qualitative	Continue on Watch

*Fund changes were effective in January

Non-qualified Plans Investment Review

VII. The fund performance summary for the investment report was reviewed as of December 31, 2021. The total plan assets were $88,367,832.85. SageView provided an overview of the current investment performance and current allocations. Of note was the following:

Fund Name	On Watch List Since	Qualitative or Quantitative	SageView Recommendation
Janus Henderson Small Cap Value N	12/31/2020	Quantitative	Replace PIMCO RAE US Small Instl*
Cohen & Steers Real Estate Securities Z	12/31/2020	Qualitative	Remove from Watch
T. Rowe Price Mid-Cap Growth I	06/30/2021	Quantitative	Replace JP Morgan Mid Cap Growth R6*
Vanguard Equity-Income Adm	09/30/2021	Qualitative	Continue on Watch
TIPS	N/A	N/A	Add asset class to the Plans*

*Fund changes in process

Additional Items

VIII. SageView presented an overview of ESG Investing including definitions, objectives and upcoming SageView reporting.

Follow-Up/Topics for Next Review

IX. SageView will send Sage 411 participant communication.
X. The next Committee meeting is scheduled for May 2, 2022 via Zoom.

As there was no further business, the meeting was adjourned.

DISCLAIMER

The specimen Investment Policy Statement (“IPS”) provided by SageView Advisory Group (“SageView”) is intended solely as a sample document. The VBA Benefits Corporation Board of Directors should use its discretion and independent judgment in determining the need and content of an IPS document.

It is the Board’s sole responsibility to:

- Determine its authority to review and adopt an IPS document.
- Carefully review any IPS document to ensure it is consistent with the Board’s policies and procedures.

The Board should consider whether it is prudent to retain legal counsel for issues relating to the review and/or adoption of an IPS document.

INVESTMENT POLICY STATEMENT

VBA Benefits Corporation

Virginia Bankers Association Master Defined Contribution Plan

~~February~~ May 202~~0~~2

Table of Contents

Purpose of the Investment Policy Statement 1
Purpose of the Plan 1
Selection of Investment Manager 2
Statement of Responsibilities 2
Investment Choices 3
Qualified Default Investment Alternative (QDIA) 3
Company Stock 4
Selection of Investment Alternatives 4
Evaluation Methodology 5
Other Investment Evaluation Criteria 6
Monitoring of Investment Policy and Investment Performance 7
Proxy Voting 8
Review and Revisions 9
ADOPTION 9
APPENDIX A – Categories and Benchmarks 10
APPENDIX B –SageView Investment Ranking Criteria 13
APPENDIX C –SageView Index Funds Ranking Criteria 15
~~Purpose of the Investment Policy Statement ..... 1~~
~~Purpose of the Plan ..... 1~~
~~Selection of Investment Manager ..... 2~~
~~Statement of Responsibilities ..... 2~~
~~Investment Choices ..... 3~~
~~Qualified Default Investment Alternative (QDIA) ..... 3~~
~~Company Stock ..... 4~~
~~Selection of Investment Alternatives ..... 4~~
~~Evaluation Methodology ..... 5~~
~~Other Investment Evaluation Criteria ..... 6~~
~~Monitoring of Investment Policy and Investment Performance ..... 7~~
~~Proxy Voting ..... 8~~
~~Review and Revisions ..... 9~~
~~ADOPTION ..... 9~~

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

~~APPENDIX A – Categories and Benchmarks .... 10~~
~~APPENDIX B – SageView Investment Ranking Criteria... 12~~
~~APPENDIX C – SageView Index Funds Ranking Criteria .... 14~~

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Purpose of the Investment Policy Statement

This Investment Policy Statement establishes the policies and guidelines for the Virginia Bankers Association Master Defined Contribution Plan (the “Plan”) and is intended to assist the VBA Benefits Corporation Board of Directors or its designee, as applicable (the “Board”) and the Investment Manager in effectively selecting, monitoring and evaluating investment alternatives made available to participants under the Plan. It outlines an investment philosophy that is intended to comply with the prudence requirements of the Employee Retirement Income Security Act (“ERISA”). It sets out investment management procedures the Board expects to follow.

Note: The provisions of this Investment Policy Statement are guidelines only. The fiduciaries are not required to follow them. Instead, in all cases, fiduciaries are expected to exercise discretion and independent judgment when it considers this to be prudent and in the best interest of participants and beneficiaries of the Plan.

Purpose of the Plan

The Plan was established to provide a retirement savings program for eligible employees of the employer members of the Virginia Bankers Association and the Association itself. The VBA’s wholly owned subsidiary, VBA Benefits Corporation is the Master Plan Sponsor. The Plan is maintained for the exclusive purpose of benefiting Plan participants and their beneficiaries. The Plan intends to operate in accordance with applicable state, federal laws and regulations, including the provisions of the Department of Labor regulations issued pursuant to ERISA Section 404(c).

The goal of the Plan is to provide a framework for eligible employees of the participating employers to establish a savings and investment program for their retirement. While Plan participants are ultimately responsible for their own investment decisions, the Master Plan Sponsor, in conjunction with SageView Advisory Group, (the “Investment Manager”), will endeavor to provide an appropriate range of investment alternatives, allowing each individual participant to invest in accordance with his or her own time horizons, risk tolerance, and retirement goals.

In evaluating the investment alternatives for the Plan, the Master Plan Sponsor will take into account overall demographics of the Plan.

The Plan objectives are to:

- Promote retirement savings while encouraging a high overall participation rate and consistent saving habits
- Provide Plan participants with a wide and suitable range of asset categories and investment alternatives that are intended to help participants meet their retirement goals and investment objectives
- Attract and retain outstanding employees
- Obtain Plan investment alternatives at reasonable costs

Selection of Investment Manager

Although the Board is responsible for selecting the investment alternatives available to Plan participants, it may engage Investment Advisers or delegate its duties under the Investment Policy to an Investment Manager (within the meaning of Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")). In the event of any such delegation, the Investment Manager shall be responsible for the selection of the investment alternatives in accordance with the Investment Policy set forth herein, with such changes as may be approved by the Board from time to time.

The Board selection of an Investment Manager must be based on prudent due diligence procedures. A qualifying Investment Manager must be a Registered Investment Advisor under the Investment Advisors Act of 1940, a bank, or an insurance company. The Board requires that each Investment Manager provide, in writing, acknowledgement of fiduciary responsibility to the Plan.

The Investment Manager reserves the right to terminate an investment alternative for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.

2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.

3. Significant qualitative changes to the investment management organization.

Investment alternatives shall be reviewed regularly by the Investment Manager and presented to the Master Plan Sponsor with regards to performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Statement of Responsibilities

The following parties associated with the Plan, appointed by the Master Plan Sponsor, are expected to discharge their respective responsibilities in accordance with applicable fiduciary standards as follows: (1) in the sole interest of the Plan participants and beneficiaries; (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and of like aims in compliance with Section 404(a) of ERISA, and other applicable provisions of ERISA.

A. *VBA Benefits Corporation Board of Directors:* The members of the Board are Plan fiduciaries and supervise the investment of the assets of the Plan, and make decisions concerning investment alternatives available under the Plan. The Board has elected to delegate these duties by selecting an Investment Manager under ERISA 3(38). In adopting this Investment Policy Statement, it is the intention of the Board that the oversight of the investment portion of the Plan will be the responsibility of the Investment Manager. The Board is expected to be responsible for the oversight and evaluation of the Investment Manager. The Investment Manager is expected to be responsible for the Plan-level investment selection process, as set forth in this Investment Policy Statement. The Board is not responsible for individual investment performance and does not guarantee investment results.

B. *Trustee:* The Trustee of the Plan is charged with the safekeeping of securities as well as collecting and disbursing the Plan assets and periodic accounting statements.

C. *Recordkeeper:* The Recordkeeper has responsibilities that include, but are not limited to, the following: maintaining participant records, administering participant directions, reporting to the Master Plan Sponsor and employer plan sponsors, reporting to participants, allocating contributions, administering loans, and preparing the required regulatory documents.

D. *Investment Manager:* The Investment Manager is charged with the responsibility of advising the Board on investment policy, reporting to the Board on the selection of Investment Managers, providing performance analysis and monitoring services, and educating the Board on economic and investment trends that may impact the performance of the selected and available investment alternatives. The Investment Manager is expected to be responsible for the Plan-level investment selection process, as set forth in this Investment Policy Statement, but is not responsible for individual investment performance and does not guarantee investment results. The Board has retained SageView Advisory Group to serve as the Plan's 3(38) Investment Manager.

Investment Choices

The Plan intends to comply with Section 404(c) of ERISA, so that plan fiduciaries will be relieved of liability for any investment losses resulting from participants' investment decisions, by providing a broad range of investment alternatives. This includes having, at a minimum, three diversified investment alternatives that are sufficient in permitting the participants to materially affect the potential return and degree of risk on their accounts, and to minimize the risk of large losses. Diversification, however, does not ensure a profit or protect against loss in a declining market.

Subject to any statutory or regulatory limitations, investment alternatives will generally be publicly available mutual funds, institutional trusts, or similar vehicles, ~~though the Board, in consultation with~~ the Investment Manager~~,~~ may select other investments when it is considered prudent to do so. Investments being offered will fluctuate in value with market conditions and, when redeemed, may be worth more or less than the amount originally invested. The Investment Manager's objective will be to select investment alternatives on the basis of their compatibility with Plan participant needs and regulatory requirements. Each of the offered investment alternatives will be designed to follow a specific stated investment objective.

Qualified Default Investment Alternative (QDIA)

Although the Board intends that participants will direct the investment of their assets held under the Plan, there may be circumstances under which participants do not provide direction regarding the investment of their individual accounts. In such instances, participant accounts will be invested in the Plan's default investment alternative. The Board's intention is for the Plan to offer a default investment alternative that complies with all of the conditions required of a QDIA pursuant to Section 404(c)(5) of ERISA and related regulations and guidance. Participants whose account is invested by default, in the absence of investment directions, will be treated as having elected to invest in the default investment alternative.

The Board may elect to utilize a multi-asset class investment alternative, such as target-date funds, as the QDIA. Periodically, as participant demographics or market conditions require, the Investment Manager, with the assistance of the Board, is expected to review and document the process for monitoring and selecting the QDIA. The specific target date portfolio for a participant or beneficiary who fails to make an investment election will be based on the participant's or beneficiary's date of birth and an assumed normal retirement date of age 65.

Company Stock

Several employer plan sponsors have decided, as a business matter, to promote employee ownership of the company by offering company stock pursuant to the terms of the Plan. The Plan will offer participants the ability to invest a portion of their account in company stock, although the Master Plan Sponsor and Board shall have no duties or responsibilities with respect to company stock. The Investment Manager shall have no duties or responsibilities whatsoever with respect to electing to offer, or monitoring company stock.

Managed Accounts

The Board may arrange to offer participants the option to elect to have their account managed by a designated managed account provider. Pursuant to the terms of any such agreement, the designated managed account provider will make all decisions regarding the allocation of enrolled participant accounts among the investment alternatives available under the Plan. The Board will consider the benefit to participants of offering a managed account and can terminate this investment management arrangement in accordance with the terms of the agreement. The Investment Manager shall have no duties or responsibilities whatsoever with respect to electing to offer, selecting a provider or monitoring any designated investment manager.

Selection of Investment Alternatives

This section and those that follow describe the steps the Investment Manager takes in selecting and in assisting with the monitoring of those investment alternatives. The Investment Manager takes a two-tiered approach to investment selection. Quantitative and qualitative screens are used as follows:

Quantitative Screening (including but not limited to):

- Investment track record
- Investment risk/return
- Investment style analysis
- Performance consistency
- Investment cost
- Turnover ratio

Qualitative Screening (investments that pass the quantitative screens will be reviewed for characteristics that include but are not limited to):

- Investment-style variations
- Portfolio concentration
- Asset size and growth

Interviews with portfolio managers and/or analysts will also be conducted if deemed necessary.

Selected alternatives will be reviewed by the Investment Manager with a view as to whether there are any additional factors that would make them unsuitable for inclusion in the Plan. The Board also anticipates each alternative will be examined with the objective of determining if it appropriately complements the overall diversification and risk and return parameters of the entire Plan investment lineup.

In addition to diversification and risk tolerance considerations, it is intended investment expenses will be considered in the selection of investment alternatives. It is anticipated the Board will regularly review all costs associated with the management of the Plan's investment program in accordance with ERISA Section 408(b)(2) regulations. These costs include the following:

- Expense ratios of each investment alternative against an appropriate peer group
- Trustee and custodial fees for holding assets, collecting income and paying disbursements
- Plan administrative fees, including record keeping fees and other fees associated with services the Plan receives, such as compliance testing fees, audit fees, fees for communication services, etc.

Evaluation Methodology

The Board anticipates the Investment Manager ~~using~~ will use the following criteria in selecting and monitoring Plan investment alternatives. Each Plan investment alternative (other than Company Stock) should be evaluated on an ongoing basis using several measures that quantify the expenses, returns and risk-adjusted performance of each investment alternative within its peer group.

Each Plan investment alternative (other than Company Stock) should be reviewed at least annually against its peer group and benchmark index to assess the performance and quality of each offering. The list of criteria that may be used for evaluation is included as Appendix B of this document and may be updated by the Board, as necessary.

As noted in Appendix A, whenever possible, each investment alternative is benchmarked to a specific market index, and performance is evaluated and compared to a relevant peer group using Morningstar category classifications. Each criterion for an investment alternative is given a peer group ranking, shown as a percentage. As an example, a criterion ranking of 10% indicates an investment alternative is in the top 10% of its peer group for said criterion. The rankings for all criteria are then weighted and averaged to give an investment alternative its average ranking score. The lower the average ranking score, the better. In general, an investment alternative with an average ranking score of 25% would be more attractive than a comparable investment alternative with a ranking score of 50%. An overall ranking score is used to indicate where an investment alternative places in relation to the scores of the other investment alternatives in its category. Generally, investment alternatives are divided into categories of deciles and quartiles.

Peer group rankings generally require a three-year history to ensure an accurate evaluation of the investment alternative. Any investment alternative with fewer than three years of history will generally not be evaluated using this method. In the event there is a sufficiently similar investment alternative, the Board may elect to use its history for evaluation purposes. Sufficiently similar investment alternatives may include:

- Alternate share classes of the same product.
- Other products, such as collective investment trusts (CITs), separate accounts or recordkeeper sub-advised investment alternatives, that are managed by the same portfolio management team according to a substantially similar investment strategy.

In addition to the quantitative methodology described above, many qualitative criteria and possible warning signs are expected to be monitored in order to highlight an investment alternative's potential exposure to risk that may make it unsuitable as a retirement plan investment alternative. The warning signs may include, but are not limited to, the following:

- Above-average operating expenses
- Above-average style drift (as determined by returns-based and holdings-based analyses)
- High degrees of portfolio concentration among individual holdings
- High degrees of portfolio concentration among economic sectors
- Above-average performance volatility
- Above-average portfolio turnover
- Below-average Alpha
- Below-average manager tenure and/or above-average turnover
- Rapid growth in assets
- Significantly positive or negative cash flows
- Unusual levels of corporate scrutiny; poor public perception
- For bond portfolios, very low average credit quality relative to peers
- For bond portfolios, significantly above- or below-average portfolio duration
- Recent changes to or concerns with the firm structure / ownership
- Recent changes to or concerns with the corporate management team structure
- Changes in key investment personnel
- Changes in investment strategy /process

<u>Other Investment Evaluation Criteria</u>
The Board recognizes that certain investment alternatives present challenges in monitoring, given the nature of the investment alternative's portfolio and peer group. Thus, there are several instances where investment alternatives will not fit neatly into the monitoring framework set forth herein. Therefore, the Investment Manager may consider additional or different factors when evaluating certain investments. The following are common examples of investments requiring a different point of view, whether the Board has included them in the current menu or may consider doing so in the future.

Multi-asset class investments. For multi-asset class investment alternatives, such as target-date funds, the asset allocation and glide path should be evaluated by taking into account factors such as generally accepted investment theories and prevailing investment industry practices, and goals of the plan, the philosophy of the fiduciaries regarding asset class diversification and the desired relationship of risk (or volatility) and potential return, and the needs and abilities of the participants and beneficiaries. The Investment Manager, with the assistance of the Board, expects to engage in a process to identify and consider those goals, preferences, needs and abilities and to select a default investment consistent with that analysis.

As the process for comparing multi-asset class investments, including target-date funds, differs from the process used for other investment selections in several respects, criteria listed elsewhere in this Investment Policy Statement may not apply.

Index funds. The goal of an index fund is to closely mirror the performance of a predetermined index at a reasonable cost. The criteria which may be used to evaluate index funds is set forth in Appendix C and may be updated from time to time at the Board's discretion.

Each index fund will be compared to a standard index for its respective category classification and assigned a ranking in each of the four criterions. The rankings for all criteria are then weighted and averaged to give an investment alternative its average ranking score. Index funds with an average ranking score in the top 75% of the investment alternatives in a category are given a passing score ("Pass"), while investment alternatives in the lowest 25% of funds are given a failing score ("Fail").

Stable value investments. The goal of a stable value fund is to preserve capital. Stable value investments come in several structures: pooled/comingled funds, insurance separate accounts, and guaranteed investment contracts (GICs)/insurance general accounts or derivatives thereof.

One investment characteristic of these products is their investment in various sectors of the bond market. Thus, part of the evaluation will hinge on evaluation of the underlying bond portfolio. Another important characteristic is financial credit worthiness of the insurance companies that issue wrap contracts to protect the book value of the bond portfolios. Other unique, albeit not exhaustive metrics and characteristics that warrant evaluation include, but are not limited to, market-to-book value ratio, participant /P~~p~~lan S~~s~~ponsor withdrawal restrictions, crediting rate and wrap structure. For insurance general accounts, the Investment Manager may additionally review, on a periodic basis, the crediting rate, withdrawal restrictions, and credit worthiness ratings of the insurer.

Monitoring of Investment Policy and Investment Performance

The Investment Manager expects to review the Plan's Investment Policy and monitor each investment alternative on an ongoing basis. The Investment Manager expects to periodically evaluate the investment results of the investment alternatives.

The Investment Manager does not have any duties or responsibilities whatsoever, including, without limitation, fiduciary responsibilities, to either the Board or individual Plan participants, with respect to recommending whether company stock should be provided or retained under the Plan. Additionally, the Investment Manager does not have any duties or responsibilities, to either the Board or individual Plan participants, with respect to the selection, retention, de-selection, or continued suitability of company stock under the Plan, for the monitoring of company stock performance, or for the purchase, sale or retention of any company stock.

The Investment Manager may maintain a "Watch List" for investment alternatives that are not meeting certain objectives. The Investment Manager's general policy will be to place an investment alternative on the "Watch List" when the Investment Manager determines that the fund selected for the Plan fails to meet the performance benchmarks set forth above in the Evaluation Methodology for some period of time to be determined by the Investment Manager.

As a general guideline, the Investment Manager should consider following the below procedure:

> Whenever the average ranking score for an investment alternative is in the 3rd quartile based on the Investment Manager's scoring system, except as previously noted for index funds or funds that are not scored, it should be placed on the Watch List. The alternative will be monitored and remain on the Watch List for four consecutive quarters, even if its performance improves. If the alternative remains in the 3rd quartile for four consecutive quarters, a detailed review of the alternative should be made and a decision to replace or retain the alternative should be presented to the Committee. The alternative may be reviewed sooner at the Investment Manager's discretion.

> Whenever an investment alternative falls into the 4th quartile based on the Investment Manager's scoring system, a detailed review of the alternative should be made as soon as possible or at the next Board meeting, and a recommendation to replace or retain the fund should be presented.

> Investment alternatives that fail to meet qualitative criteria (i.e.: manager changes, fund company reorganizations, strategy changes) will be put on the Watch List by the ~~Board~~Investment Manager.

The Board shall have the discretion to establish, modify, amend, or adjust acceptable performance measurement standards by which each investment alternative is to be evaluated.

Final selection, replacement and/or removal of an investment alternative shall be completed only after conducting a thorough review of the identified investment alternative.

Proxy Voting
Subject to the provisions of the plan documents and delegation from the P~~p~~lan S~~s~~ponsor, the Board intends to comply with the Department of Labor Interpretive Bulletin 2016-1 in fulfilling its fiduciary duties.

In the event the Board elects to participate in a proxy vote, the Board will vote, to the best of their abilities, in the best interest of the Plan's participants and beneficiaries. The Investment Manager is able to offer general information and provide clarification with respect to the process of voting by proxy but will not be responsible for making recommendations or voting on behalf of the Board.

Review and Revisions

The Board reserves the right to amend the Investment Policy Statement at any time it deems such amendment to be necessary or to comply with changes in applicable law, as these changes affect the investment of the Plan's assets. Until revised or amended by the Board, the Investment Policy Statement shall remain in effect.

If there is any conflict between the Investment Policy Statement and the Plan, the terms and conditions of the Plan will control.

ADOPTION

VBA Benefits Corporation:

X__________________________________

Chairman	(Date)

APPENDIX A – Categories and Benchmarks

Investment categories are defined based on their Morningstar category classifications, which also serve as the peer groups against which investment are assessed. The following list of investment categories and their corresponding benchmarks which may be used in the investment alternative evaluation process, includes but is not limited to:

Investment Alternative Category	*Benchmark/Index*
Money Market-Taxable	ICE ~~Bank of America Merrill Lynch~~ BofA 3-Month Treasury Bill Index
Stable Value	ICE ~~Bank of America Merrill Lynch~~ BofA 3-Month Treasury Bill Index Bloomberg ~~Barclays~~ Stable Income Market Index
Guaranteed Account	ICE ~~Bank of America Merrill Lynch~~BofA 3-Month Treasury Bill Index Bloomberg ~~Barclays~~ Stable Income Market Index
Bond	
Ultrashort Bond	Bloomberg ~~Barclays~~ US Govt/Credit 1-3 Yr TR USD
Short-Term Bond	Bloomberg ~~Barclays~~ US Govt/Credit 1-3 Yr TR USD
Short Government	Bloomberg ~~Barclays Government~~ US Govt 1-5 Yr TR USD
Intermediate Government	Bloomberg ~~Barclays~~ US Govt/Mortgage TR USD
Intermediate Core Bond	Bloomberg ~~Barclays~~ US Agg Bond TR USD
Intermediate Core-Plus Bond	Bloomberg ~~Barclays~~ US Agg Bond TR USD
Long Government	Bloomberg ~~Barclays~~ US Government Long TR USD
Long-Term Bond	Bloomberg ~~Barclays~~ US Govt/Credit Long TR USD
Inflation-Protected Bond	Bloomberg ~~Barclays~~ US Treasury US TIPS TR USD
Corporate Bond	Bloomberg ~~Barclays~~ US Credit TR USD
Multisector Bond	Bloomberg ~~Barclays~~ US Agg Bond TR USD
High Yield Bond	Bloomberg ~~Barclays~~ US HY 2% Issuer Cap TR USD
Bank Loan	Credit Suisse Leveraged Loan TR USD
World Bond	Bloomberg Barclays Global Aggregate TR USD
World Bond USD Hedged	Bloomberg Global Aggregate TR Hdg USD
Emerging Markets Bond	JPM EMBI Global Diversified TR USD
Emerging Markets Local-Currency Bond	JPM GBI-EM Global Diversified TR USD
Nontraditional Bond	Wilshire Liquid Alternatives TR
Large Cap	
Large Value	Russell 1000 Value TR USD
Large Blend	S&P 500 Index Russell 3000 Index CRSP U.S. Total Market Index
Large Growth	Russell 1000 Growth TR USD
Mid-Cap	
Mid-Cap Value	Russell Mid Cap Value TR USD
Mid-Cap Blend	Russell Mid Cap TR USD S&P Mid Cap 400 Index MSCI U.S. Mid Cap 450 Index

Formatted Table

Investment Alternative Category	*Benchmark/Index*
	CRSP U.S. Mid Cap Index S&P Completion Index DJ US Completion Total Stock Market Index
Mid-Cap Growth	Russell Mid Cap Growth TR USD
Small-Cap	
Small Value	Russell 2000 Value TR USD
Small Cap Blend	Russell 2000 TR USD S&P Small Cap 600 Index MSCI U.S. Small Cap 1750 Index CRSP U.S. Small Cap Index
Small Growth	Russell 2000 Growth TR USD
World Stock	
World Large Stock Blend	MSCI ACWI NR USD
World Large Stock Growth	MSCI ACWI Growth NR USD
World Large Stock Value	MSCI ACWI Value NR USD
World Small/Mid Stock	MSCI ACWI SMID NR USD
International	
Foreign Large Value	MSCI ACWI ex USA Value NR USD
Foreign Large Blend	MSCI ACWI ex USA NR USD
Foreign Large Growth	MSCI ACWI ex USA Growth NR USD
Foreign Small/Mid Value	MSCI ACWI ex USA SMID Value NR USD
Foreign Small/Mid Blend	MSCI ACWI ex USA SMID NR USD
Foreign Small/Mid Growth	MSCI ACWI ex USA SMID Growth NR USD
Diversified Emerging Markets	MSCI EM NR USD
Target Date	
Target Date	S&P Target Date Indexes
Risk-based/Hybrid	
Allocation—15% to 30% Equity	23% Russell 3000 TR USD/77% Bloomberg ~~Barclays~~ US Agg Bond TR USD
Allocation—30% to 50% Equity	40% Russell 3000 TR USD/60% Bloomberg ~~Barclays~~ US Agg Bond TR USD
Allocation 50% to 70% Equity	60% Russell 3000 TR USD/40% Bloomberg ~~Barclays~~ US Agg Bond TR USD
Allocation—70% to 85% Equity	78% Russell 3000 TR USD/22% Bloomberg ~~Barclays~~ US Agg Bond TR USD
Allocation—85%+ Equity	93% Russell 3000 TR USD/7% Bloomberg ~~Barclays~~ US Agg Bond TR USD
World Allocation	60% MSCI ACWI NR/40% Bloomberg ~~Barclays~~ Global Agg TR
Specialty	
Real Estate	FTSE NAREIT Equity REITs TR USD
Global Real Estate	FTSE EPRA/NAREIT Developed NR USD
Commodities Broad Basket	Bloomberg Commodity TR USD
Long-Short Equity	~~Barclay Hedge Fund Index~~S&P 500 TR USD

Investment Alternative Category	*Benchmark/Index*
Market Neutral	Morningstar Mod Con Tgt Risk TR USD~~BofAML US Treasury Bill 3 Mon TR USD~~
Multialternative	Wilshire Liquid Alts TR
Natural Resources	S&P North American Natural Resources TR
Tactical Allocation	50% MSCI ACWI NR / 50% Bloomberg Barclays US Agg Bond TR USD

Appendix updated: ***~~February~~ May 202~~0~~2***

Formatted: Normal

Formatted: Normal

APPENDIX B –SageView Investment Ranking Criteria

The criteria used to evaluate each plan investment alternative, except as otherwise noted in the Investment Policy Statement, may include, but not limited to, the following:

1. **Total Return (trailing 1, 3, 5 and 10 year returns)** – measures the performance of an investment over a given period, including income from dividends and interest, plus any appreciation or depreciation in the market value of the investment. Total return values longer than 1 year are typically annualized for ease of comparison.

2. **Rolling Period Returns (12 month periods over 5 years)** – A single period return measures performance over one specified time frame, such as five years. A rolling period return divides a longer time frame into smaller time periods. A rolling 12-month return over five years would start out by calculating a single period return over the first twelve months. Next, it would calculate the 12-month return for months 2-13. The process would continue until finally reaching the 12-month period spanning months 48-60. The final rolling 12-month return figure would reflect the average of all of the rolling periods returns over that five-year time period.

   Batting Average – Batting average is calculated by (1) tallying the number of months in a given observation window where the investment return is greater than the return of the peer group median return and (2) dividing this amount by the total number of months in the observation window. The result is a ratio that ranges between 0 and 1. A batting average of greater than 0.50 signifies that the investment has outperformed the peer group more frequently than it has underperformed, irrespective of the magnitude of any outperformance or underperformance. A 10-year observation window is used in calculating batting average, unless the investment does not have sufficient performance history, in which case an inception-to-date figure is calculated.~~**Rolling Period Returns (36 month periods over 10 years)** - A rolling 36-month return over ten years would start out by calculating a single period return over the first thirty six months. Next, it would calculate the 36-month return for months 2-37. The process would continue until finally reaching the 36-month period spanning months 85-120. The final rolling 36-month return figure would reflect the average of all of the rolling periods returns over that ten year time period.~~

3.

~~3.~~4. **Modified Sharpe Ratio** – The standard Sharpe Ratio calculation is calculated by subtracting the risk-free rate of return (the US Treasury Bill is typically used) from the portfolio return and dividing the result by the portfolio's standard deviation. A higher Sharpe ratio indicates that the portfolio was able to generate a higher return per unit of risk. Modified Sharpe Ratio is a related statistic that is equal to the Sharpe Ratio under normal circumstances. However, the Modified Sharpe calculation adds an exponent to the denominator that effectively raises the denominator to the -1 power in circumstances in which an investment's excess return is negative. This modification ensures that investments with both negative excess returns and higher standard deviations rank lower than investment with negative excess returns and lower standard deviations. Under the standard Sharpe Ratio calculation, the opposite is true.~~Sharpe Ratio – A risk adjusted~~

Formatted: Font: Not Bold

Formatted: Font: Not Bold

~~measure of performance that is calculated by subtracting the risk free rate of return (the US Treasury Bill is typically used) from the portfolio return and dividing the result by the portfolio's standard deviation. A higher Sharpe ratio indicates that the portfolio was able to generate a higher return per unit of risk.~~

~~4.~~5. **Alpha** (five years) – A risk-adjusted measure of performance, that is equal to the difference between a portfolio's actual return and its expected performance given its level of risk as measured by beta. Alpha can also be viewed as an abnormal level of return in excess of what might be predicted by an equilibrium pricing model like the Capital Asset Pricing Model (CAPM).

~~5.~~6. **Up Market Capture Ratio** (five years) – A ratio that measures the overall performance of a portfolio during rising markets. This measure analyzes how well a portfolio (or an investment manager) performed relative to its benchmark index during periods when the benchmark rose. For example, an up-market capture ratio of 108% (for a given period of time) means that the portfolio gained 8% more than its benchmark during the specified time period.

~~6.~~7. **Down Market Capture Ratio** (five years) – A ratio that measures the overall performance of a portfolio during falling markets. This measure analyzes how well a portfolio (or an investment manager) performed relative to its benchmark index during periods when the benchmark fell. For example, a down-market capture ratio of 95% (for a given period of time) means that the portfolio lost 5% less than its benchmark during the specified time period.

~~7.~~8. **R-Squared** (style consistency) – A statistical metric that ranges from zero to 100 and measures the percentage of portfolio's performance that is explained by the movement of its benchmark index. R-Squared is helpful in assessing the reliability of alpha and beta in explaining a portfolio risk and return characteristics. An r-squared of 100 would mean that the portfolio's performance movements are perfectly correlated with those of the benchmark over time and would suggest that alpha and beta may be relied upon with a high degree of confidence.

~~8.~~9. **Expense Ratio** – The percentage of investment alternative assets, net of reimbursements, used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the investment alternative, except brokerage costs. Investment alternative expenses are reflected in the investment alternative's NAV. Sales charges are not included in the expense ratio. The Prospectus Net Expense Ratio is collected annually from an investment alternative's prospectus.

Appendix updated: ~~February~~ May 20202

APPENDIX C –SageView Index Funds Ranking Criteria

The criteria used to evaluate each Index Fund alternative may include, but not limited to, the following:

1. **Expense Ratio** – The percentage of investment alternative assets, net of reimbursements, used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the investment alternative, except brokerage costs. Investment alternative expenses are reflected in the investment alternative's NAV. Sales charges are not included in the expense ratio. The Prospectus Net Expense Ratio is collected annually from an alternative's prospectus.

2. **Tracking Error** – A measure of the difference in returns between an investment and a benchmark. Tracking error is reported as a standard deviation of the difference between the returns of an investment and its benchmark.

3. **R-Squared** – A statistical metric that ranges from zero to 100 and measures the percentage of portfolio's performance that is explained by the movement of its benchmark index. R-Squared is helpful in assessing the reliability of alpha and beta in explaining a portfolio risk and return characteristics. An r-squared of 100 would mean that the portfolio's performance movements are perfectly correlated with those of the benchmark over time and would suggest that alpha and beta may be relied upon with a high degree of confidence.

4. **Beta** – A measure of the volatility, or systematic risk, of an investment in comparison to a market index as a whole. Beta is calculated using regression analysis. Beta represents the tendency of an investment's returns to respond to moves in the market or index that it's calculated against. A beta of 1 indicates that the investment's price moves with the market. A beta of less than 1 means that the investment is theoretically less volatile than the market. A beta of greater than 1 indicates that the investment's price is theoretically more volatile than the market. The reliability of an investment's beta is a function of the investment's r-squared value in relation to the benchmark. A high r-squared value signifies that the beta measures is reliable, while a low r-squared signifies that it is potentially inaccurate.

Appendix updated: February 2022~~0~~

DISCLAIMER

The specimen Investment Policy Statement ("IPS") provided by SageView Advisory Group ("SageView") is intended solely as a sample document. The VBA Benefits Corporation Board of Directors should use its discretion and independent judgment in determining the need and content of an IPS document.

It is the Board's sole responsibility to:

- Determine its authority to review and adopt an IPS document.
- Carefully review any IPS document to ensure it is consistent with the Board's policies and procedures.

The Board should consider whether it is prudent to retain legal counsel for issues relating to the review and/or adoption of an IPS document.

INVESTMENT POLICY STATEMENT

Virginia Bankers Association Master Defined Benefit Plan

Adopted: February 2020
Amended: May 2022

Table of Contents

Purpose of the Investment Policy Statement....4
Purpose of the Plan....4
Selection of Investment Manager....5
Statement of Objectives....5
Time Horizon....6
Liquidity Needs....6
Risk Tolerances....6
Performance Expectations....6
Statement of Responsibilities....7
VBA Benefits Corporation Board of Directors....7
Trustee/Custodian....7
Investment Manager....7
Investment Managers to Underlying Investment Products....8
Asset Class Guidelines....8
Rebalancing of Strategic Allocation....9
Evaluation Methodology for Underlying Investments....10
Other Investment Evaluation Criteria....11
Monitoring of Investment Policy and Underlying Investment Performance....12
Proxy Voting....12
Review and Revisions....13
Appendix A – Categories and Benchmarks....15
Appendix B – SageView Investment Ranking Criteria Definitions....17
Appendix C – Definitions of SageView Index Funds Ranking Criteria....19
Appendix D – Plan Asset Allocation Guidelines....21

Purpose of the Investment Policy Statement

This Investment Policy Statement establishes the policies and guidelines for the Virginia Bankers Association Master Defined Benefit Plan (the "Plan") and is intended to assist the VBA Benefits Corporation Board of Directors or its designee, as applicable (the "Board") and the Investment Manager in effectively selecting, monitoring and evaluating Plan assets. It outlines an investment philosophy that is intended to comply with the prudence requirements of the Employee Retirement Income Security Act ("ERISA"). It sets out to assist the Board by:

1. Stating in a written document the Board's objectives and guidelines for maintaining the Plan.
2. Encouraging effective communication between the Board and parties involved with the investment management decisions.
3. Establishing the benchmark(s) and guidelines against which plan performance will be evaluated.
4. Establishing formal criteria to select, monitor, evaluate and compare the performance results achieved by an investment on a regular basis.
5. Identifying sufficient liquidity for purposes of paying scheduled benefits to retired Plan participants.

Note: The provisions of this Investment Policy Statement are guidelines only. The fiduciaries are not required to follow them. Instead, in all cases, fiduciaries are expected to exercise discretion and independent judgment when it considers this to be prudent and in the best interest of participants and beneficiaries of the Plan.

Purpose of the Plan

The Master Plan was established to provide post-retirement benefits to covered employees of the employer members of the Association and the Association itself. The VBA's wholly owned subsidiary, the VBA Benefits Corporation is the Master Plan Sponsor. The VBA Benefits Corporation maintains the Plan that may be adopted by participating employer members of the Virginia Bankers Association. The Plan is maintained for the exclusive purpose of benefiting Plan participants and their beneficiaries. The Plan intends to operate in accordance with applicable state and federal laws and regulations. As established by ERISA, Plan fiduciaries are responsible for:

1. Acting solely in the interest of the plan participants and their beneficiaries and with the exclusive purpose of providing benefits to them;
2. Carrying out their duties prudently;
3. Following the plan document (unless inconsistent with ERISA);
4. Diversifying plan investments; and
5. Paying only reasonable plan expenses.

ERISA requires that fiduciaries demonstrate an area of expertise in managing the plan or hire professionals knowledgeable to assist plan fiduciaries in their responsibilities. ERISA further states that prudence focuses on process in making fiduciary decisions, therefore plan fiduciaries should document any applicable discussions and decisions made by plan fiduciaries.

Selection of Investment Manager

Although the Board is responsible for selecting the investment alternatives available to Plan sponsors and participants, it may engage Investment Advisers or delegate its duties under the Investment Policy to an Investment Manager (within the meaning of Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")). In the event of any such delegation, the Investment Manager shall be responsible for the selection of the investment alternatives in accordance with the Investment Policy set forth herein, with such changes as may be approved by the Board from time to time.

The Board selection of an Investment Manager must be based on prudent due diligence procedures. A qualifying Investment Manager must be a Registered Investment Advisor under the Investment Advisors Act of 1940, a bank, or an insurance company. The Board requires that each Investment Manager provide, in writing, acknowledgement of fiduciary responsibility to the Plan.

The Investment Manager reserves the right to terminate an investment alternative for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.

2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.

3. Significant qualitative changes to the investment management organization.

Investment alternatives shall be reviewed regularly by the Investment Manager and presented to the Master Plan Sponsor with regards to performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Statement of Objectives

The broad objectives of the Plan is to:

1. Maintain the ability to pay benefit and expense obligations when due.
2. Meet the performance objectives set forth by the Board while managing plan assets in a risk-conscious fashion that is in line with the participating employer plans' time horizon, liquidity constraints, and risk tolerance.
3. Maintain a reasonable cost associated with administering the Plan and managing the investments.
4. Comply with applicable state and federal laws, rules and regulations including but not limited to ERISA.

These plan objectives influence the development of the various factors and constraints that serve as the pillars of the investment decision-making process. Both the plan objectives and the investment constraints are periodically evaluated to ensure that they remain applicable and appropriate over time. The following is a list of pertinent factors and constraints for the investment management process:

Time Horizon
Time horizon identifies the longevity of the Plan. It is not limited to, but generally a factor of:

1. The addition of new participants to the plan,
2. Ability of existing participants to accrue additional benefits, and
3. Average age of plan participants

Understanding the Plan time horizon will help establish the appropriate level of risk to be taken by Plan investments. Plans that are active with no intention to be frozen in the foreseeable future are typically considered to have a long (or indefinite) time horizon, while frozen plans may have a shorter time horizon.

Liquidity Needs
The Plan's current liquidity needs are determined by the Plan's expected cash flow. Expected Plan contributions may be used to fund cash outflow. If cash inflows are insufficient to cover future cash outflows, the Plan may require additional liquidity. To meet future liquidity needs, the Plan should maintain liquid assets sufficient to cover a maximum of 12 months of expected future cash outflows. The Plan may be rebalanced back to the strategic asset allocation at any time to create sufficient liquidity for cash outflows. Factors to consider in determining liquidity needs include: Periodic and lump sum benefit payments, expected contributions, Plan-related expenses, investment restrictions and plan features.

Terminating plans and/or plans that offer lump-sum distributions may at times require increased levels of liquidity (surpassing the typical maximum 12-month liquidity guideline above). This increased level of liquidity may result in a deviation from the strategic asset allocation.

Risk Tolerances
Risk may be defined in many terms, including but not limited to market risk, security risk, credit risk, and interest rate risk. Employer plan sponsors may also choose to define risk in terms of shortfall risk, as this risk is related to the goals of minimizing both the absolute level and the volatility of future pension contributions and/or financial statement expense. The Board recognizes that when using a comprehensive definition of risk, there are no truly risk-free assets. As risk cannot be completely eliminated, the Board shall develop its investment structure consistent with a reasonable level of total risk. Therefore the Board will evaluate various investment structures when determining the appropriate level of risk for the Plans, balancing both risk and return expectations. An employer plan sponsor's financial profitability and sensitivity to economic conditions should also factor into its risk tolerances.

The Board may, if appropriate, utilize a Liability-Driven Investment strategy. The Board recognizes that the risk to a plan's funded status is largely a function of the relative changes in valuation of assets and liabilities. Therefore, under this strategy the Board prefers an approach to the management of fixed income assets that primarily focuses on risk relative to liabilities, rather than absolute market risk. This liability-driven approach will generally result in a fixed income portfolio duration that is commensurate with the typically duration of pension liabilities. This is not expected to affect the management of equity assets.

Performance Expectations
The Plan's performance objective is to achieve returns, that in concert with contributions, adequately fund plan liabilities. Over a full market cycle, a plan's performance may be measured against:

1. The Expected Rate of Return (EROR) of the plan,
2. A custom weighted average of broad market indices allocated according to the strategic asset allocation, and / or
3. An estimated custom liability benchmark designed to track the growth of the plan's liabilities over time (if available).

While the Board primarily views performance in the context of the overall portfolio, individual plan investments will be continuously monitored and evaluated in accordance with Appendix A.

Statement of Responsibilities

VBA Benefits Corporation Board of Directors
The members of the Board are plan fiduciaries and shall be responsible for the following:

1. Set general policies and procedures and interpret Master Plan and Trust provisions, as necessary;
2. Select vendors to maintain the Master Plan's records and implement policies and procedures;
3. Evaluate and conduct periodic performance assessments of the Plan's Investment Manager;
4. Supervise the Master Plan's service providers, and conduct periodic performance and cost assessment reviews;
5. Delegate responsibilities to agents as appropriate;
6. Consider engaging with the Master Plan's Actuary to conduct an asset-liability study;
7. Prepare and maintain this Investment Policy Statement;
8. Evaluate and approve the Asset Allocation in accordance with Appendix D;
9. Monitor investment, record keeping and administrative expenses associated with the Plan;
10. Monitor and evaluate service vendors;
11. Avoid prohibited transactions and conflicts of interest;
12. Comply with applicable state and federal laws, rules and regulations including but not limited to, ERISA; and
13. Vote proxies with respect to all securities held by the Master Plan, if the Board so elects.

Trustee/Custodian
The Trustee and/or Custodian shall be responsible for the following:

1. Receive contributions from the employer sponsors;
2. Value the Plan's holdings;
3. Collect income and dividends owed to the Plan;
4. Settle transactions (buy-sell orders);
5. Provide monthly or quarterly reports that detail transactions, cash flows, securities held and their current value, change in security value, and the overall Master Plan and participating employer plans since the previous report;
6. Issue an annual consolidated statement of trust assets and trust income and expenses, including supplemental schedules for the Plan's auditors;
7. Maintain separate accounts by legal registration;
8. Process benefit payments and other transactions as instructed by the Board;
9. Perform benefit distribution administrative functions, including tax withholding, deposit and reporting, direct rollover processing, and other necessary requirements pertaining to Plan distributions;
10. Fulfill the fiduciary duties required of a trustee by ERISA and other applicable laws and regulations.

Investment Manager

1. Advise the Board on investment allocation in accordance with the Asset Allocation defined in Appendix D;
2. Evaluate the Plan funded status on a periodic basis upon receipt of periodic liability valuation data from the Plan's actuary;
3. Advise the Board on the selection of investments upon request;

4. Monitor and evaluate investment performance and advise the Board of the results of the evaluation periodically or upon request;
5. Educate the Board on economic and investment trends that may impact the performance of the selected and available investments;
6. Select and replace investments for the Master Plan in accordance with IPS guidelines. The Investment Manager is not responsible for the individual investment performance and does not guarantee investment results.

The Board has retained SageView Advisory Group to serve as the Master Plan's 3(38) Investment Manager.

Investment Managers to the Underlying Investment Products
The Board may elect to utilize separate account or collective investment trust investment vehicles within the Plan. If utilized, the Investment Manager(s) of such investment shall be responsible for the following:
1. Manage the assets under their supervision in accordance with the guidelines and objectives outlined in their respective Service Agreements, Prospectus or Trust Agreement.
2. Exercise full investment discretion with regards to buying, managing, and selling assets.
3. Vote promptly proxies and related actions in a manner consistent with the long-term interest and objectives of the Plan as described in this IPS. An investment manager shall keep detailed records of the voting of proxies and related actions and will comply with applicable regulatory obligations.
4. Communicate to the Board/3(38) Investment Manager significant changes pertaining to the investment it manages or the firm itself. Changes in ownership, organizational structure, financial condition, and professional staff are some examples of significant changes to the firm.
5. Effect transactions subject "to best price and execution."
6. Use the same care, skill, prudence, and due diligence under the circumstances that experienced investment professionals, acting in a like capacity and fully familiar with such matters, would use in accordance and compliance with applicable laws, rules, and regulations.

Asset Class Guidelines

The Board believes investment performance is primarily a function of asset class mix. In choosing which asset classes should be included in the Plan, the Board weighs the long-term performance and risk characteristics of the asset category. Historically, while interest-generating investments, such as bonds, have the advantage of relative stability of principal value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, clearly have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of returns.

Even more important than the investment's standalone performance and risk characteristics is its potential to enhance the overall risk-return profile of the portfolio as a whole (i.e. its diversification potential). Even if a single category is on a standalone basis seemingly out-of-line with a plan's investment time horizon and/or return expectations, it may be considered for inclusion if it helps the overall portfolio achieve the IPS objectives.

Asset classes that may be included in the Plan's overall asset allocation strategy are shown in Appendix A.

Rebalancing of Strategic Allocation

The percentage allocation to an asset class may vary depending upon market conditions. Please reference the allocation tables in Appendix D for the lower and upper bounds for an asset class. When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation and allocation ranges of the Plan. If the Board judges cash flows to be insufficient to bring the Plan within the target allocation ranges, the Board shall decide whether to effect transactions to bring the allocation of Plan assets within the threshold ranges.

Selection of Underlying Investments

This section and those that follow describe the steps the Investment Manager takes in selecting and monitoring investments. It is expected that the Investment Manager will make use of this information in its discretion to the extent it deems prudent, and the following steps are meant to serve as guidelines to the Investment Manager in carrying out its fiduciary functions and not as mandatory steps. The Investment Manager takes a two-tiered approach to fund selection. Quantitative and qualitative screens are used as follows:

Quantitative Screening (including but not limited to):

- Investment track record
- Investment risk/return
- Investment style analysis
- Performance consistency
- Investment cost
- Turnover ratio

Qualitative Screening (Investments that pass the quantitative screens will be reviewed for characteristics that include but are not limited to):

- Investment-style variations
- Portfolio concentration
- Asset size and growth

Interviews with portfolio managers and/or analysts will also be conducted if deemed necessary.

Selected investments will be reviewed by the Investment Manager with a view as to whether there are any additional factors that would make them unsuitable for inclusion in the Plan. Investments will be examined with the objective of determining if it appropriately complements the overall diversification and risk and return parameters of the entire Plan's investment lineup.

In addition to diversification and risk tolerance considerations, the Board intends to consider investment expenses in the selection of investments. It is anticipated the Board will review regularly costs associated with the management of the Plan's investment program. These costs include the following:

- Expense ratios of an investment against the appropriate peer group.
- Trustee and custody fees for holding assets, collecting income and payment disbursements.
- Plan administrative fees, including record keeping fees and other fees associated with services the plan receives, such as compliance testing fees, audit fees, fees for communication services, etc.

Evaluation Methodology for Underlying Investments

The Board anticipates the Investment Manager ~~using the~~will use the following criteria in selecting and monitoring Plan investments. Each Plan investment should be evaluated on an ongoing basis using several measures that quantify the expenses, returns and risk-adjusted performance of each fund within its peer group.

Each Plan investment should be reviewed at least annually against its peer group and benchmark index to assess the performance and quality of each offering. The list of criteria that may be used for evaluation is included as Appendix B of this document and may be updated by the Board, as necessary.

As noted in Appendix A, whenever possible, each fund is benchmarked to a specific market index, and fund performance is evaluated and compared to a relevant peer group using Morningstar category classifications. Each criterion for a fund is given a peer group ranking, shown as a percentage. As an example, a criterion ranking of 10% indicates a fund is in the top 10% of its peer group for said criterion. The rankings for all criteria are then weighted and averaged to give a fund its average ranking score. The lower the average ranking score, the better. In general, a fund with an average ranking score of 25% would be more attractive than a comparable fund with a ranking score of 50%. An overall ranking score is used to indicate where a fund places in relation to the scores of the other funds in its category. Generally, funds are divided into categories of deciles and quartiles.

Peer group rankings generally require a three-year history to ensure an accurate evaluation of the fund. Any fund with fewer than three years of history will generally not be evaluated using this method. In the event there is a sufficiently similar investment alternative, the Investment Manager may elect to use its history for evaluation purposes. Sufficiently similar investment alternatives may include:

- Alternate share classes of the same product.
- Other products, such as collective investment trusts (CITs), separate accounts or recordkeeper sub-advised investment alternatives, that are managed by the same portfolio management team according to a substantially similar investment strategy.

In addition to the quantitative methodology described above, many qualitative criteria and possible warning signs are expected to be monitored in order to highlight a fund's potential exposure to risk that may make it unsuitable as a retirement plan investment. The warning signs may include, but are not limited to, the following:

- Above-average operating expenses
- Above-average style drift (as determined by returns-based and holdings-based analyses)
- High degrees of portfolio concentration among individual holdings
- High degrees of portfolio concentration among economic sectors
- Above-average performance volatility
- Above-average portfolio turnover
- Below-average Alpha
- Below-average manager tenure and/or above-average turnover
- Rapid growth in fund assets
- Significantly positive or negative cash flows
- Unusual levels of corporate scrutiny; poor public perception
- For bond portfolios, very low average credit quality relative to peers

- For bond portfolios, significantly above- or below-average portfolio duration
- Recent changes to or concerns with the firm structure / ownership
- Recent changes to or concerns with the corporate management team structure
- Changes in key investment personnel
- Changes in investment strategy / process

Other Investment Evaluation Criteria

The Board recognizes that certain investments present challenges in monitoring, given the nature of the investment's portfolio and peer group. Thus, there are several instances where investments will not fit neatly into the monitoring framework set forth herein. Therefore, the Investment Manager may consider additional or different factors when evaluating certain investments. The following are common examples of investments requiring a different point of view, whether the Investment Manager has included them in the current menu or may consider doing so in the future.

Liability Hedging Investments. The Board may elect to invest assets in a liability hedging investing strategy. These assets will be dedicated as the Liability Hedging Portfolio. In aggregate, the liability hedging investments are intended to approximate the duration profile of the Plan liability structure. Implementation of the Liability Hedging Portfolio duration structure may occur at once or over time. Underlying investments in the Liability Hedging Portfolio will be compared against their stated benchmarks, both in relative performance and duration profile.

When using a liability hedging strategy, all other assets not included in the Liability Hedging Portfolio may be designated as the Fixed Income Portfolio and/or Growth Portfolio.

Multi-Asset Class investments. For multi-asset class investment options, the asset allocation should be evaluated taking into account factors such as generally accepted investment theories and prevailing investment industry practices, and goals of the plan, the philosophy of the fiduciaries regarding asset class diversification and the desired relationship of risk (or volatility) and potential return.

As the process for comparing multi-asset class investments differ from the analysis used for other investment selections in several respects, criteria listed elsewhere in this Investment Policy Statement may not apply.

Index fund. The goal of an index fund is to closely mirror the performance of a predetermined index at a reasonable cost. The criteria which may be used to evaluate index funds is set forth in Appendix C, and may be updated from time-to-time at the Board's discretion.

Each index fund will be compared to a standard index for its respective category classification and assigned a ranking in each of the four criterion. The rankings for all criteria are then weighted and averaged to give a fund its average ranking score. Index funds with an average ranking score in the top 75% of the funds in a category are given a passing score ("Pass"), while funds below in the lowest 25% of funds are given a failing score ("Fail").

Monitoring of Investment Policy and Underlying Investment Performance

The Board, with the assistance of the Investment Manager, will review the Plan's Investment Policy and monitor the investment alternatives on an ongoing basis. The Investment Manager will periodically evaluate the investment performance of the investments.

In addition, the Investment Manager shall maintain a "Watch List" for investments that are not meeting certain objectives. An investment will be placed on the "Watch List" when the Investment Manager determines that the investment selected for the Plan fails to meet the performance benchmarks set forth above in the Evaluation Methodology for some period of time to be determined by the Investment Manager and, if applicable, the Board.

As a general guideline, the Investment Manager should consider following the below procedure:

Whenever the average ranking score for an investment falls into the 3rd quartile based on SageView's scoring system, except as previously noted for index funds or funds that are not scored, it should be placed on the Watch List. The investment will be monitored and remain on the Watch List for four consecutive quarters, even if its performance improves. If the investment remains in the 3rd quartile for four consecutive quarters, a detailed review of the investment should be conducted by the Investment Manager and it will decide whether to replace or retain the investment. The investment may be reviewed sooner at the Investment Manager's discretion.

Whenever an investment falls into the 4th quartile based on the Investment Manager's scoring system, a detailed review of the investment should be made as soon as possible, or at the next Board meeting, and the Investment Manager will decide whether to replace or retain the investment.

Investments that fail to meet qualitative criteria (e.g.: manager changes, investment company reorganizations, strategy changes) will be put on the Watch List by the Investment Manager.

The Board shall have the authority to establish, modify, amend, or adjust acceptable performance measurement standards by which an investment is to be evaluated; however, the Investment Manager must agree to any such changes in advance of adoption.

Final selection, replacement and/or removal of an investment shall be completed only after conducting a thorough review of the identified investment.

Proxy Voting

Subject to the provisions of the plan documents and delegation from the ~~p~~Plan S~~s~~ponsor, the Board intends to comply with the Department of Labor Interpretive Bulletin 2016-1 in fulfilling its fiduciary duties.

In the event the Board elects to participate in a proxy vote, the Board will vote, to the best of their abilities, in the best interest of the Plan's participants and beneficiaries. The Investment Manager is able to offer general information and provide clarification with respect to the process of voting by proxy, but will not be responsible for making recommendations or voting on behalf of the Board.

Review and Revisions

The Board reserves the right to amend the Investment Policy Statement at any time it deems such amendment to be necessary or to comply with changes in applicable law as these changes affect the investment of the Plan's assets; however, the Investment Manager must agree to any such changes in advance of adoption. Until revised or amended by the Board, the Investment Policy Statement shall remain in effect.

If there is any conflict between the Investment Policy Statement and the Plan, the terms and conditions of the Plan will control.

ADOPTION

VBA Benefits Corporation:

X_______________________________________

_______________________________________ ___________________________

Chairman (Date)

Appendix A – Categories and Benchmarks

Investment categories are defined based on their Morningstar category classifications, which also serve as the peer groups against which investments are assessed. Investment categories and their corresponding benchmarks, which may be used in the investment alternative evaluation process, includes but are not limited to the following list. When using a liability hedging strategy, the categories listed below may be designated as either within the Liability Hedging Portfolio or the Growth Portfolio.

Investment Option Category	*Benchmark/Index*
Money Market-Taxable / Stable Value / Guaranteed	ICE BofA 3-Month Treasury Bill Index~~BofAML US Treasury Bill 3 Mon TR USD~~
Fixed Income or Liability Hedging	
Ultrashort Bond	Bloomberg ~~Barclays~~ US Govt/Credit 1-3 Yr TR USD [1]
Short-Term Bond	Bloomberg ~~Barclays~~ US Govt/Credit 1-3 Yr TR USD
Short Government	Bloomberg ~~Barclays~~ Government 1-5 Yr TR USD
Intermediate Government	Bloomberg ~~Barclays~~ US Govt/Mortgage TR USD
Intermediate Core Bond	Bloomberg ~~Barclays~~ US Agg Bond TR USD [1] Bloomberg ~~Barclays~~ US Corporate Bond USD [1]
Intermediate Core-Plus Bond	Bloomberg ~~Barclays~~ US Agg Bond TR USD [1] Bloomberg ~~Barclays~~ US Corporate Bond USD [1]
Long Government	Bloomberg ~~Barclays~~ US Government Long TR USD Bloomberg ~~Barclays~~ US Treasury STRIPS USD [1]
~~Lo~~Long-Term Bond	Bloomberg ~~Barclays~~ US Govt/Credit Long TR USD [1] Bloomberg ~~Barclays~~ US Long Credit TR USD [1] Bloomberg ~~Barclays~~ US Long Corporate TR USD [1] Other investment specific benchmark [2]
Inflation-Protected Bond	Bloomberg ~~Barclays~~ US Treasury US TIPS TR USD
Corporate Bond	Bloomberg ~~Barclays~~ US Credit TR USD [1]
Multisector Bond	Bloomberg ~~Barclays~~ US Agg Bond TR USD
High Yield Bond	Bloomberg ~~Barclays~~ US HY 2% Issuer Cap TR USD
Convertibles	BofA Merrill Lynch Convertible Bonds All Qualities
Bank Loan	Credit Suisse Leveraged Loan TR USD
World Bond	Bloomberg Barclays Global Aggregate TR USD
World Bond USD Hedged	Bloomberg Global Aggregate TR Hdg USD
Emerging Markets Bond	JPM EMBI Global TR USD
Emerging Markets Local-Currency	JPM GBI-EM Global Diversified TR USD
Nontraditional Bond	Wilshire Liquid Alts TR
Large Cap	
Large Value	Russell 1000 Value TR USD
Large Blend	S&P 500 Index Russell 3000 Index CRSP U.S. Total Market Index
Large Growth	Russell 1000 Growth TR USD
Mid-Cap	
Mid-Cap Value	Russell Mid Cap Value TR USD

Formatted Table

Formatted: Indent: Left: 0"

~~Mid-Cap Blend~~	~~Russell Mid Cap TR USD~~ ~~S&P Mid Cap 400 Index~~ ~~MSCI U.S. Mid Cap 450 Index~~

Investment Option Category	*Benchmark/Index*
Mid-Cap Blend	CRSP U.S. Mid Cap Index S&P Completion Index DJ US Completion Total Stock Market Index Russell Mid Cap TR USD S&P Mid Cap 400 Index MSCI U.S. Mid Cap 450 Index
Mid-Cap Growth	Russell Mid Cap Growth TR USD
Small-Cap	
Small Value	Russell 2000 Value TR USD
Small Cap Blend	Russell 2000 TR USD S&P Small Cap 600 Index MSCI U.S. Small Cap 1750 Index CRSP U.S. Small Cap Index
Small Growth	Russell 2000 Growth TR USD
World Stock	
World Stock	MSCI ACWI NR USD
World Large Stock Growth	MSCI ACWI Growth NR USD
World Large Stock Value	MSCI ACWI Value NR USD
World Small/Mid Stock	MSCI ACWI SMID NR USD
International	
Foreign Large Value	MSCI ACWI ex USA Value NR USD
Foreign Large Blend	MSCI ACWI ex USA NR USD
Foreign Large Growth	MSCI ACWI ex USA Growth NR USD
Foreign Small/Mid Value	MSCI ACWI ex USA SMID Value NR USD
Foreign Small/Mid Blend	MSCI ACWI ex USA SMID NR USD
Foreign Small/Mid Growth	MSCI ACWI ex USA SMID Growth NR USD
Diversified Emerging Markets	MSCI EM NR USD
Alternatives	
Real Estate	FTSE NAREIT Equity REITs TR USD
Global Real Estate	FTSE EPRA/NAREIT Developed NR USD
Commodities Broad Basket	Bloomberg Commodity TR USD
Long-Short Equity	S&P 500 TR USD~~Barclay Hedge Fund Index~~
Market Neutral	Morningstar Mod Con Tgt Risk TR USD~~BofAML US Treasury~~
Multialternative	Wilshire Liquid Alts TR
Natural Resources	S&P North American Natural Resources TR
Tactical Allocation	50% MSCI ACWI NR / 50% Bloomberg Barclays US Agg Bond TR USD
Appendix updated: February 2020	

1 While investments utilized in the Liability Hedging Portfolio may be assigned to a broad peer group, investment strategy and duration targets may vary from the broad peer group.

Formatted Table

Formatted Table

Formatted: Font: 12 pt

Formatted: Font: 12 pt

Formatted: Font: 12 pt

Formatted: Font: 12 pt

Formatted: Font: 12 pt

Formatted: Font: 12 pt

2 Investments within the Liability Hedging Portfolio may utilize subsets of broader benchmarks, all of which are not listed above.

~~*Investment Option Category*~~	~~*Benchmark/Index*~~
	~~CRSP U.S. Mid Cap Index~~ ~~S&P Completion Index~~ ~~DJ US Completion Total Stock Market Index~~
~~Mid-Cap Growth~~	~~Russell Mid Cap Growth TR USD~~
~~*Small Cap*~~	
~~Small Value~~	~~Russell 2000 Value TR USD~~
~~Small Cap Blend~~	~~Russell 2000 TR USD~~ ~~S&P Small Cap 600 Index~~ ~~MSCI U.S. Small Cap 1750 Index~~ ~~CRSP U.S. Small Cap Index~~
~~Small Growth~~	~~Russell 2000 Growth TR USD~~
~~*World Stock*~~	
~~World Stock~~	~~MSCI ACWI NR USD~~
~~*International*~~	
~~Foreign Large Value~~	~~MSCI ACWI ex USA Value NR USD~~
~~Foreign Large Blend~~	~~MSCI ACWI ex USA NR USD~~
~~Foreign Large Growth~~	~~MSCI ACWI ex USA Growth NR USD~~
~~Foreign Small/Mid Value~~	~~MSCI ACWI ex USA SMID Value NR USD~~
~~Foreign Small/Mid Blend~~	~~MSCI ACWI ex USA SMID NR USD~~
~~Foreign Small/Mid Growth~~	~~MSCI ACWI ex USA SMID Growth NR USD~~
~~Diversified Emerging Markets~~	~~MSCI EM NR USD~~
~~*Alternatives*~~	
~~Real Estate~~	~~FTSE NAREIT Equity REITs TR USD~~
~~Global Real Estate~~	~~FTSE EPRA/NAREIT Developed NR USD~~
~~Commodities Broad Basket~~	~~Bloomberg Commodity TR USD~~
~~Long-Short Equity~~	~~Barclay Hedge Fund Index~~
~~Market Neutral~~	~~BofAML US Treasury Bill 3 Mon TR USD~~
~~Multialternative~~	~~Wilshire Liquid Alts TR~~
~~Natural Resources~~	~~S&P North American Natural Resources TR~~
~~Tactical Allocation~~	~~50% MSCI ACWI NR / 50% Bloomberg Barclays US Agg Bond TR USD~~
~~***Appendix updated: February 2020***~~	

~~[1] While investments utilized in the Liability Hedging Portfolio may be assigned to a broad peer group, investment strategy and duration targets may vary from the broad peer group.~~
~~[2] Investments within the Liability Hedging Portfolio may utilize subsets of broader benchmarks, all of which are not listed above.~~

Commented [KB1]:

Appendix B – SageView Investment Ranking Criteria Definitions

The criteria used to evaluate each plan investment alternative, except as otherwise noted in the Investment Policy Statement, may include, but not limited to, the following:

1. Total Return (trailing 1, 3, 5 and 10 year returns) – measures the performance of an investment over a given period, including income from dividends and interest, plus any appreciation or depreciation in the market value of the investment. Total return values longer than 1 year are typically annualized for ease of comparison.

2. Rolling Period Returns (12 month periods over 5 years) – A single period return measures performance over one specified time frame, such as five years. A rolling period return divides a longer time frame into smaller time periods. A rolling 12-month return over five years would start out by calculating a single period return over the first twelve months. Next, it would calculate the 12-month return for months 2-13. The process would continue until finally reaching the 12-month period spanning months 48-60. The final rolling 12-month return figure would reflect the average of all of the rolling periods returns over that five-year time period.

3. Batting Average – Batting average is calculated by (1) tallying the number of months in a given observation window where the investment return is greater than the return of the peer group median return and (2) dividing this amount by the total number of months in the observation window. The result is a ratio that ranges between 0 and 1. A batting average of greater than 0.50 signifies that the investment has outperformed the peer group more frequently than it has underperformed, irrespective of the magnitude of any outperformance or underperformance. A 10-year observation window is used in calculating batting average, unless the investment does not have sufficient performance history, in which case an inception-to-date figure is calculated~~Rolling Period Returns (36 month periods over 10 years) – A rolling 36 month return over ten years would start out by calculating a single period return over the first thirty six months. Next, it would calculate the 36 month return for months 2-37. The process would continue until finally reaching the 36 month period spanning months 85-120. The final rolling 36 month return figure would reflect the average of all of the rolling periods returns over that ten year time period~~.

   Formatted: Font: 12 pt, Not Bold

   Formatted: Font: 12 pt

4. Modified Sharpe Ratio – The standard Sharpe Ratio calculation is calculated by subtracting the risk-free rate of return (the US Treasury Bill is typically used) from the portfolio return and dividing the result by the portfolio's standard deviation. A higher Sharpe ratio indicates that the portfolio was able to generate a higher return per unit of risk. Modified Sharpe Ratio is a related statistic that is equal to the Sharpe Ratio under normal circumstances. However, the Modified Sharpe calculation adds an exponent to the denominator that effectively raises the denominator to the -1 power in circumstances in which an investment's excess return is negative. This modification ensures that investments with both negative excess returns and higher standard deviations rank lower than investment with negative excess returns and lower standard deviations. Under the standard Sharpe Ratio calculation, the opposite is true.~~A risk adjusted measure of performance that is calculated by subtracting the risk free rate of return (the US Treasury Bill is typically used) from the portfolio return, and dividing the result by the portfolio's standard deviation. A higher Sharpe ratio indicates that the portfolio was able to generate a higher return per unit of risk.~~

   Formatted: Left

   Formatted: Font: 12 pt

5. Alpha (five years) – A risk-adjusted measure of performance, that is equal to the difference between a portfolio's actual return and its expected performance given its level of risk as measured by beta.

Alpha can also be viewed as an abnormal level of return in excess of what might be predicted by an equilibrium pricing model like the Capital Asset Pricing Model (CAPM).

6. Up Market Capture Ratio (five years) – A ratio that measures the overall performance of a portfolio during rising markets. This measure analyzes how well a portfolio (or an investment manager) performed relative to its benchmark index during periods when the benchmark rose. For example, an up-market capture ratio of 108% (for a given period of time) means that the portfolio gained 8% more than its benchmark during the specified time period.

7. Down Market Capture Ratio (five years) – A ratio that measures the overall performance of a portfolio during falling markets. This measure analyzes how well a portfolio (or an investment manager) performed relative to its benchmark index during periods when the benchmark fell. For example, a down-market capture ratio of 95% (for a given period of time) means that the portfolio lost 5% less than its benchmark during the specified time period.

~~8.~~ R-Squared (style consistency) – A statistical metric that ranges from zero to 100 and measures the percentage of portfolio's performance that is explained by the movement of its benchmark index. R-

Formatted: List Paragraph, Space Before: 0 pt

Formatted: List Paragraph, Space Before: 0 pt, Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.65" + Indent at: 0.9", Tab stops: 0.9", Left

8. Squared is helpful in assessing the reliability of alpha and beta in explaining a portfolio risk and return characteristics. An r-squared of 100 would mean that the portfolio's performance movements are perfectly correlated with those of the benchmark over time, and would suggest that alpha and beta may be relied upon with a high degree of confidence.

9. Expense Ratio – The percentage of fund assets, net of reimbursements, used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's NAV. Sales charges are not included in the expense ratio. The Prospectus Net Expense Ratio is collected annually from a fund's prospectus.

Appendix updated: ***~~February~~*** *May*

Appendix C – Definitions of SageView Index Funds Ranking Criteria

1. Expense Ratio – The percentage of investment assets, net of reimbursements, used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and other asset-based costs incurred by the investment, except brokerage costs. Investment expenses are reflected in the investment's NAV. Sales charges are not included in the expense ratio. The Prospectus Net Expense Ratio is collected annually from an investment's prospectus.

2. Tracking Error – A measure of the difference in returns between an investment and a benchmark. Tracking error is reported as a standard deviation of the difference between the returns of an investment and its benchmark.

3. R-Squared – A statistical metric that ranges from zero to 100 and measures the percentage of portfolio's performance that is explained by the movement of its benchmark index. R-Squared is helpful in assessing the reliability of alpha and beta in explaining a portfolio risk and return characteristics. An r-squared of 100 would mean that the portfolio's performance movements are perfectly correlated with those of the benchmark over time, and would suggest that alpha and beta may be relied upon with a high degree of confidence.

4. Beta – A measure of the volatility, or systematic risk, of an investment in comparison to a market index as a whole. Beta is calculated using regression analysis. Beta represents the tendency of an investment's returns to respond to moves in the market or index that it's calculated against. A beta of 1 indicates that the investment's price moves with the market. A beta of less than 1 means that the investment is theoretically less volatile than the market. A beta of greater than 1 indicates that the investment's price is theoretically more volatile than the market. The reliability of an investment's beta is a function of the investment's r-squared value in relation to the benchmark. A high r-squared value signifies that the beta measures is reliable, while a low r-squared signifies that it is potentially inaccurate.

Appendix updated: ~~*February*~~ *May*

Appendix D – Plan Asset Allocation Guidelines

The following Asset Allocation targets have been established for the Master Plan for broad asset class exposure. The Investment Manager is authorized to invest in each asset class following the asset class allocation constraints. Each participating employer sponsor is responsible for determining which portfolio to invest in based on risk tolerance, time horizon, plan demographics and other relevant factors.

FIDUCIARY 25	Percent of Total Assets		
	Minimum	Target	Maximum
Domestic Equities	8%	13%	18%
International Equities	4%	9%	14%
Real Estate	0%	3%	8%
Fixed Income / Liability Hedging	70%	75%	80%

FIDUCIARY 40	Percent of Total Assets		
	Minimum	Target	Maximum
Domestic Equities	17%	22%	27%
International Equities	9%	14%	19%
Real Estate	0%	4%	9%
Fixed Income / Liability Hedging	55%	60%	65%

FIDUCIARY 50	Percent of Total Assets		
	Minimum	Target	Maximum
Domestic Equities	23%	28%	33%
International Equities	12%	17%	22%
Real Estate	0%	5%	10%
Fixed Income / Liability Hedging	45%	50%	55%

FIDUCIARY 60	Percent of Total Assets		
	Minimum	Target	Maximum
Domestic Equities	27%	32%	37%
International Equities	17%	22%	27%
Real Estate	1%	6%	11%
Fixed Income / Liability Hedging	40%	40%	45%

FIDUCIARY 70	Percent of Total Assets		
	Minimum	Target	Maximum
Domestic Equities	32%	37%	42%
International Equities	21%	26%	31%
Real Estate	2%	7%	12%
Fixed Income / Liability Hedging	30%	30%	35%

The Upper and Lower boundaries are set to +/- 5% of the target allocation established in the table above.

There are times when the Board may choose to maintain additional liquidity as an investment strategy. These decisions should be documented as such by the Board.

Sub-asset class allocations for Growth and Fixed Income (or Liability Hedging) investments are developed using annual SageView's Capital Markets Assumptions (CMA) and SageView's Asset Allocation Guidelines. Sub-asset class allocations for the Liability Hedging Portfolio are designed with the Plan liabilities in mind. All sub-allocations are contained in the periodic investment review.

VBA Group Medical and Dental Trust
Statement of Net Assets
3/31/2022

	3/31/2022	3/31/2021
Assets		
Checking Account	68,322	8,760
Investments	25,661,661	25,513,256
Accrued Interest Receivable	150,622	186,518
Accounts Receivable - General	5,556,531	5,145,250
Total Assets	31,437,136	30,853,784
Liabilities		
Accounts Payable	1,924,831	2,648,569
Medical IBNR	6,942,691	7,167,161
Dental IBNR	192,000	199,000
Total Liabilities	9,059,522	10,014,730
Net Assets	22,377,614	20,839,054

Prior year end net assets	20,604,513	19,447,263
Year to date net income	1,773,101	1,391,791
Current net assets	22,377,614	20,839,054

VBA Group Medical and Dental Trust
Statement of Changes in Net Assets
For the Three Months Ending 3/31/2022

	Actual Year to Date	Budget Year to Date	Variance Year to Date	Prior Year to Date	Variance Current vs. Prior	2022 Annual Budget
Income:						
Premiums from members:						
Medical Premiums	19,685,913	19,061,250	624,663	18,570,051	1,115,862	76,245,000
Dental Premiums	1,160,512	1,167,500	(6,988)	1,274,676	(114,164)	4,670,000
Total premiums from members:	20,846,425	20,228,750	617,675	19,844,727	1,001,698	80,915,000
Investment Return	13,283	16,250	(2,967)	17,610	(4,327)	65,000
Total additions:	13,283	16,250	(2,967)	17,610	(4,327)	65,000
Total Income	20,859,708	20,245,000	614,708	19,862,337	997,371	80,980,000
Expenses:						
Paid to insurance companies:						
Medical Claims & Fixed Costs	16,971,387	19,061,250	2,089,863	17,299,624	328,237	76,245,000
Dental Claims & Fixed Costs	1,016,648	1,167,500	150,852	1,211,528	194,880	4,670,000
Total expenses paid:	17,988,035	20,228,750	2,240,715	18,511,152	523,117	80,915,000
Increase (decrease) in IBNR provision	1,091,257	-	(1,091,257)	(48,159)	(1,139,416)	-
VEBA Investment Fees	7,315	7,500	185	7,553	238	30,000
Total deductions:	1,098,572	7,500	(1,091,072)	(40,606)	(1,139,178)	30,000
Total Expenses	19,086,607	20,236,250	1,149,643	18,470,546	(616,061)	80,945,000
Net Income	1,773,101	8,750	1,764,351	1,391,791	381,310	35,000

SBA Group Insurance Trust
Statement of Net Assets
3/31/2022

	3/31/2022	3/31/2021
Assets		
Investments	23,361	7,939
Accounts Receivable - General	-	-
Total Assets	23,361	7,939
Liabilities		
Accounts Payable	306	477
Total Liabilities	306	477
Net Assets	23,055	7,462

Prior year end net assets	23,357	7,938
Year to date net income	(302)	(476)
Current net assets	23,055	7,462

SBA Group Insurance Trust
Statement of Changes in Net Assets
For the Three Months Ending 3/31/2022

	Actual Year to Date	Budget Year to Date	Variance Year to Date	Prior Year to Date	Variance Current vs. Prior	2022 Annual Budget
Income:						
Premiums from members:						
Medicare Supplement Premiums	122,599	117,500	5,099	138,681	(16,082)	470,000
Group Life Premiums	683,018	690,000	(6,982)	843,554	(160,536)	2,760,000
Long Term Care Premiums	20,110	30,000	(9,890)	24,042	(3,932)	120,000
Long Term Disability Premiums	400,521	427,500	(26,979)	440,626	(40,105)	1,710,000
Short Term Disability Premiums	102,746	75,000	27,746	115,882	(13,136)	300,000
Vision Premiums	193,882	194,874	(992)	209,717	(15,835)	779,500
Voluntary Benefits Premiums	249,044	223,750	25,294	255,695	(6,651)	895,000
Total premiums from members:	1,771,920	1,758,624	13,296	2,028,197	(256,277)	7,034,500
Investment Return	4	-	4	1	3	-
Total additions:	4	-	4	1	3	-
Total Income	1,771,924	1,758,624	13,300	2,028,198	(256,274)	7,034,500
Expenses:						
Premiums paid to insurance companies:						
Medicare Supplement Premiums	122,599	117,500	(5,099)	138,681	16,082	470,000
Group Life Premiums	683,018	690,000	6,982	843,554	160,536	2,760,000
Long Term Care Premiums	20,110	30,000	9,890	24,042	3,932	120,000
Long Term Disability Premiums	400,521	427,500	26,979	440,626	40,105	1,710,000
Short Term Disability Premiums	102,746	75,000	(27,746)	115,882	13,136	300,000
Vision Premiums	193,882	194,874	992	209,717	15,835	779,500
Voluntary Benefits Premiums	249,044	223,750	(25,294)	255,695	6,651	895,000
Total premiums paid:	1,771,920	1,758,624	(13,296)	2,028,197	256,277	7,034,500
VEBA Investment Fees	306	625	319	477	171	2,500
Total deductions:	306	625	319	477	171	2,500
Total Expenses	1,772,226	1,759,249	(12,977)	2,028,674	256,448	7,037,000
Net Income	(302)	(625)	323	(476)	174	(2,500)

VBA Benefits Corporation
Balance Sheet
3/31/2022

	3/31/2022	3/31/2021
Assets		
Cash & Cash Equivalents	602,473	599,575
Investments	3,696,629	3,533,389
Accounts Receivable	263,104	305,700
Accrued Interest Receivable	6,689	11,550
Deferred Tax Asset/Liability	58,499	58,499
Income Tax Receivable	174,219	3
Prepaid Assets	86,996	31,730
Current Assets	4,888,609	4,540,446
Furniture & Fixtures	163,910	165,449
Less: Accumulated Depreciation	(150,878)	(147,476)
Current Value	13,032	17,973
Investment in LLC	1,045,000	1,045,000
Total Assets	5,946,641	5,603,419
Liabilities		
Accounts Payable	298,860	271,818
Accrued Pension Liability	-	78,608
Total Liabilities	298,860	350,426
Owners Equity		
Retained Earnings	5,734,193	5,188,957
Common Stock	1,000	1,000
Current Year Earnings	(87,412)	63,036
Total Owners Equity	5,647,781	5,252,993
Total Liabilities & Equity	5,946,641	5,603,419

VBA Benefits Corporation
Income Statement
For the Three Months Ending 3/31/2022

	Actual Year to Date	Budget Year to Date	Variance Year to Date	Prior Year to Date	Variance to Prior Year	2022 Annual Budget
Income:						
Medical Fees	179,330	179,875	(545)	191,575	(12,245)	719,500
Dental Fees	30,959	31,037	(78)	34,061	(3,102)	124,150
Group Life Fees	136,790	150,000	(13,210)	156,022	(19,232)	600,000
Vision Fees	12,400	12,462	(62)	13,425	(1,025)	49,850
Long Term Care Fees	15,167	15,000	167	15,929	(762)	60,000
Long Term Disability Fees	45,368	52,375	(7,007)	57,681	(12,313)	209,500
Short Term Disability Commissions	4,427	4,750	(323)	5,043	(616)	19,000
Flex Cafeteria Fees	16,508	16,500	8	-	16,508	35,150
Voluntary Benefits Commission	11,015	18,625	(7,610)	13,345	(2,330)	81,000
Health and welfare fees	451,964	480,624	(28,660)	487,081	(35,117)	1,898,150
Management Fees-DB	27,082	25,000	2,082	30,198	(3,116)	100,000
Management Fees-DC	175,829	171,250	4,579	167,742	8,087	685,000
Management Fees-NQ	34,285	33,750	535	43,125	(8,840)	135,000
Revenue Share - DC	-	-	-	4	(4)	-
Revenue Share - NQ	-	-	-	13,128	(13,128)	-
Defined benefit, contribution and nonqualified	237,196	230,000	7,196	254,197	(17,001)	920,000
Interest Income	8,719	10,000	(1,281)	9,272	(553)	40,000
Gain/Loss on Investments	(110,430)	-	(110,430)	-	(110,430)	-
HSA Commissions	-	300	(300)	-	-	1,200
Miscellaneous Income	-	375	(375)	27	(27)	1,500
Subtotal Other Income	(101,711)	10,675	(112,386)	9,299	(111,010)	42,700
Total Income	587,449	721,299	(133,850)	750,577	(163,128)	2,860,850

VBA Benefits Corporation
Income Statement
For the Three Months Ending 3/31/2022

	Actual Year to Date	Budget Year to Date	Variance Year to Date	Prior Year to Date	Variance to Prior Year	2022 Annual Budget
Expenses:						
Salaries & Benefits	354,261	362,130	7,869	309,181	(45,080)	1,410,000
Benefits Administration						
Cobra Administration	10,000	15,000	5,000	6,338	(3,662)	60,000
Recordkeeping NQ	37,125	37,125	-	73,657	36,532	148,500
	47,125	52,125	5,000	79,995	32,870	208,500
Occupancy Expense	9,200	9,201	1	8,738	(462)	36,805
Office Expenses						
Memberships & Subscriptions	1,762	2,000	238	825	(937)	8,000
Postage	556	375	(181)	52	(504)	1,500
Property Taxes & Licenses	44	75	31	67	23	2,000
Office Supplies	1,049	1,800	751	1,806	757	7,200
Equipment Maintenance	22,423	23,305	882	20,552	(1,871)	31,000
Telephone	3,252	4,725	1,473	2,270	(982)	18,900
	29,086	32,280	3,194	25,572	(3,514)	68,600
Consulting						
Consulting & Technology	116,246	125,029	8,783	121,176	4,930	500,000
Health Renewal	40,050	40,050	-	37,596	(2,454)	163,000
Section 125 Discrim. Testing	-	-	-	-	-	30,000
Other Consulting	13,200	13,200	-	13,200	-	53,000
	169,496	178,279	8,783	171,972	2,476	746,000
Professional fees						
Audit & Tax Fees	11,172	13,821	2,649	17,722	6,550	67,700
Legal Fees - Troutman	28,072	55,000	26,928	53,389	25,317	220,000
	39,244	68,821	29,577	71,111	31,867	287,700
Meetings						
Benefits Seminar Expense	-	900	900	-	-	11,500
Board of Directors	-	300	300	-	-	1,500
	-	1,200	1,200	-	-	13,000
Insurance	12,273	12,588	315	11,205	(1,068)	21,000
Marketing	1,017	2,750	1,733	-	(1,017)	11,000
Travel and Education						
E & T / Convention	201	-	(201)	2,352	2,151	5,500
Travel	8,047	4,500	(3,547)	1,715	(6,332)	35,000
	8,248	4,500	(3,748)	4,067	(4,181)	40,500
Depreciation	3,993	4,234	241	4,304	311	10,245
Other Operating Expenses						
Miscellaneous Expense	918	1,500	582	1,396	478	6,000
	918	1,500	582	1,396	478	6,000
Total Expenses	674,861	729,608	54,747	687,541	12,680	2,859,350
Pretax Income/(Loss)	(87,412)	(8,309)	(79,103)	63,036	(150,448)	1,500

RETIREMENT PLAN TRUSTS UNDER VBA BENEFITS OVERSIGHT

March 31, 2022

Statement of Changes in Net Assets Available for Benefits (Trust basis, excludes contribution accruals)

	3 mos Plan yr ended 12/31/21	12 mos Plan yr ended 12/31/21	6 mos Plan yr ended 9/30/21	12 mos Plan yr ended 9/30/20		
	Defined Contribution 1/1-12/31/22	**Defined Contribution 1/1-12/31/21**	**Defined Benefit 10/1/21-9/30/22**	**Defined Benefit 10/1/20-9/30/21**	**NonQualified Plans 3/31/22**	**NonQualified Plans 3/31/21**
Increase (decrease) in net assets resulting from investment income	(18,392,565)	36,364,559	(5,486,271)	17,228,590		
Employer contributions	4,133,180	9,206,241	428,056	9,625,378		
Employee contributions	6,297,341	20,793,048	-	-		
Transfers from other trust	22,648,601	11,530,751	-	-		
Total employee/employer contributions	33,079,122	41,530,040	428,056	9,625,378		
Total additions	14,686,557	77,894,599	(5,058,215)	26,853,968		
Benefits paid to participants	7,913,535	20,525,192	6,957,183	8,371,910		
Plan terminations	7,366,580	5,175,268	-	2,574,350		
Increase (decrease) in net assets	(593,558)	52,194,139	(12,015,398)	15,907,708		
Net assets - beginning of period	**331,834,446**	**279,640,307**	**122,048,769**	**106,141,062**		
Net assets - end of period	**331,240,888**	**331,834,446**	**110,033,371**	**122,048,769**	**82,754,743**	**81,598,012**

COO Report
and
2023 Health & Welfare Plan Renewal Considerations

VBA Benefits Corporation Board Meeting

May 20, 2022

Virginia Bankers Association

2022 Health & Welfare Initiatives

Net assets ending 3/31/2022 for the Group Medical & Dental Trust were $22.3M.

- Updated goal for 2022 amount of cash reserves:
  - Three-six months of claims for pooled banks and associate members
  - 10%-15% of minimum premium banks' claims

	Projected 2022 Claims	Reserve Goal Range
Pooled banks & associate members	$24,100,000	$6,025,000-$12,050,000
Minimum premium banks	$48,100,000	$4,810,000-$7,215,000
TOTAL	$72,200,000	$10,835,000-$19,265,000

- Concierge Caregiver Services
  - *AARP 2020 Caregiving Survey showed that 72% of employees balancing work and caregiving think their employer could be doing more to support them as a working caregiver; 39% of caregivers surveyed now have workplace benefits that support them in this role.*
  - Conducting due diligence on two best in class providers: Care.com and Bright Horizons
  - Platform with access to suite of family care benefits
  - Comprehensive back-up care service, through either fully credentialed contracted centers or in-home caregivers
  - Other benefits include access to summer camps and tutoring discounts; additional search tools for sitters, pet care and housekeepers etc.
  - Flexibility for banks to cover cost or charge a copay
  - May require some administration for VBABC – tracking hours and billing each entity based on utilization

2023 Health & Welfare Renewal Considerations

- Medical and Prescription Drug plan considerations
  - Coverage for Infertility Treatments
    - Benefit would be designed as financial assistance rather than comprehensive coverage
    - Preliminary pricing for $25,000 lifetime maximum benefit is a little over 1% of total projected claims
  - Offer 24/7/365 virtual behavioral health coverage
    - Either stand-alone or through EAP; members ages 13+
    - Virtual psychotherapy and emotional well-being support provided by licensed clinicians (text, voice, video options)
    - Address long wait times for appointments with mental health providers
    - Covered members with highest mental health claims are age group 20-29 who may be more comfortable with telehealth option during non-traditional working hours

2021 Mercer National Survey (financial services employers 50-499 Ees:
- 55% offer some assistance in infertility benefits
- Median maximum lifetime benefit is $17,500

- Expand Voluntary AD&D Coverage from $500,000 to $1,000,000 – all guaranteed issue

- No other major plan design changes for other lines of coverages

2022 Retirement Plan Initiatives

- 401(k) Plan Fee Comparison – Completed by SageView in April
  - Compared three plans that varied by asset sizes and number of participants; same methodology as 2021
  - SBA Master Trust is significantly less than the industry average expense compared to most recent 401(k) Averages Book benchmarking data (includes recordkeeping, trustee, investment management, mutual fund expense):

	Size	Master Trust Expense	Industry Average Expense
Bank A	$31.1M; 611 participants	.55%	1.00%
Bank B	$9.3M; 26 participants	.57%	1.03%
Bank C	$5.7M; 77 participants	.57%	1.16%

- NQDC Alternative Funding Method
  - Most plan sponsors are funding NQDC plan assets in mutual funds (or bank stock)
  - Voya has expertise in advising plans on how to fund NQDC liabilities through COLI which can provide tax advantages for employers

- Retirement Plan Conference – June 9th at VBA Offices

Appendix

YTD 2022 Health Plan Utilization

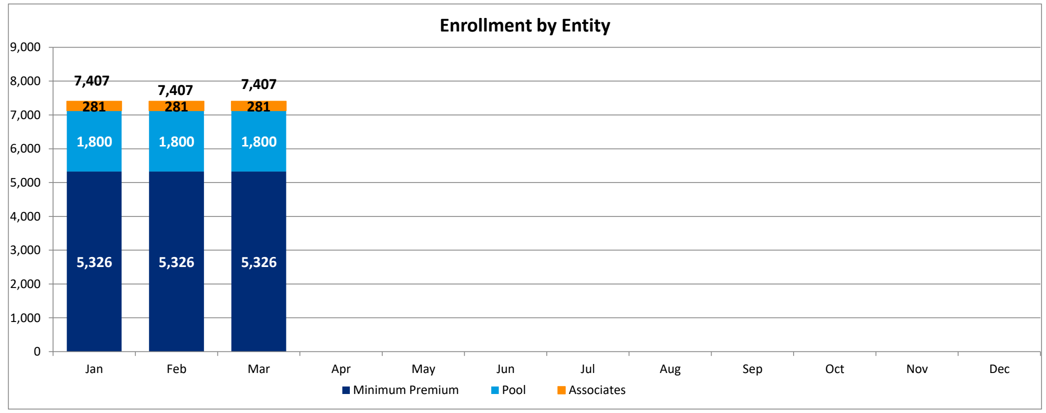
YTD 2022 Dental Plan Utilization

Dashboard

Group:	**Virginia Bankers Association**
Plan Year:	1/1/2022
Current Period:	March

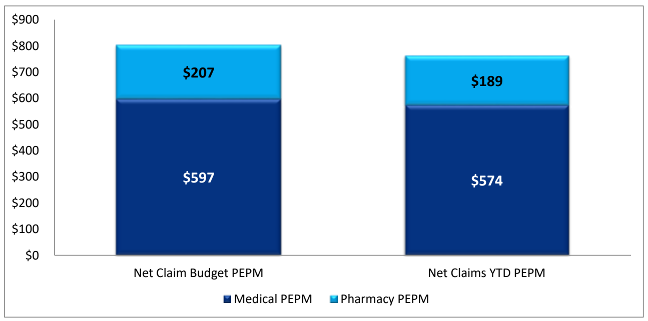
Stop Loss Terms:

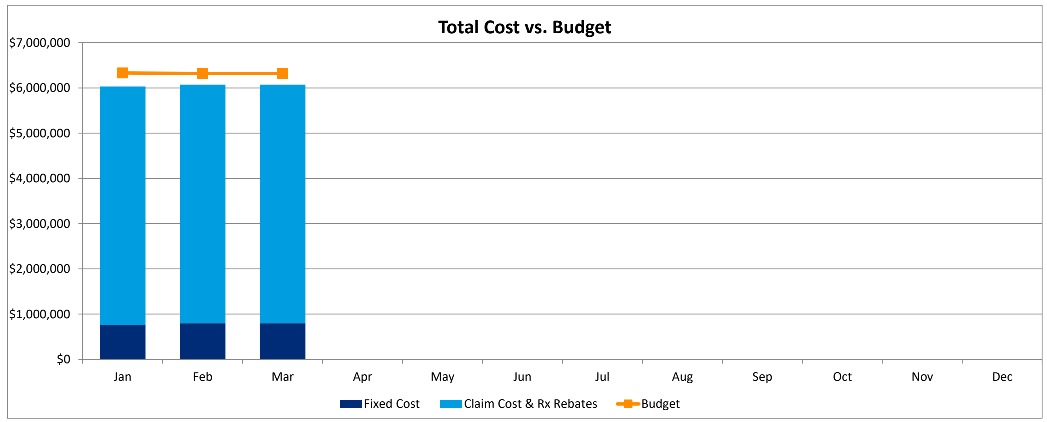
Specific Coverage	$300,000	Paid	Med-Rx
Aggregate Coverage	115%	Paid	Med-Rx



	March	**YTD**
Total Subscribers	7,447	22,265
Medical Claims	$4,964,165	$12,820,223
Pharmacy Claims	$1,575,159	$4,205,732
Stop Loss Claim Credits	($46,943)	($46,943)
Rx Rebates & Reconciliation*	($1,031,715)	($1,031,715)
Administration Fees	$323,478	$967,133
VBA Admin Fees	$59,362	$177,484
Stop Loss Premium	$374,882	$1,120,820
ACA Fees	$2,898	$8,664
Total Claims & Fixed Expenses	**$6,221,285**	**$18,221,397**
Total Budget	$6,364,838	$19,029,677
Over / (Under) Total Budget	($143,553)	($808,280)
PEPM Over / (Under) Total Budget	($19.28)	($36.30)
Percent Over / Under Budget	**-2.3%**	**-4.2%**

* Rx rebates are shown in the month paid.





MMA Commentary

1) March total costs were 2.3% below budget ($143,553 below), bringing plan year to date total costs to 4.2% below budget ($808,280 below).

2) Medical claims PEPM for the plan year to date were 3.9% below expected.

3) Pharmacy claims PEPM for the plan year to date were 8.7% below expected.

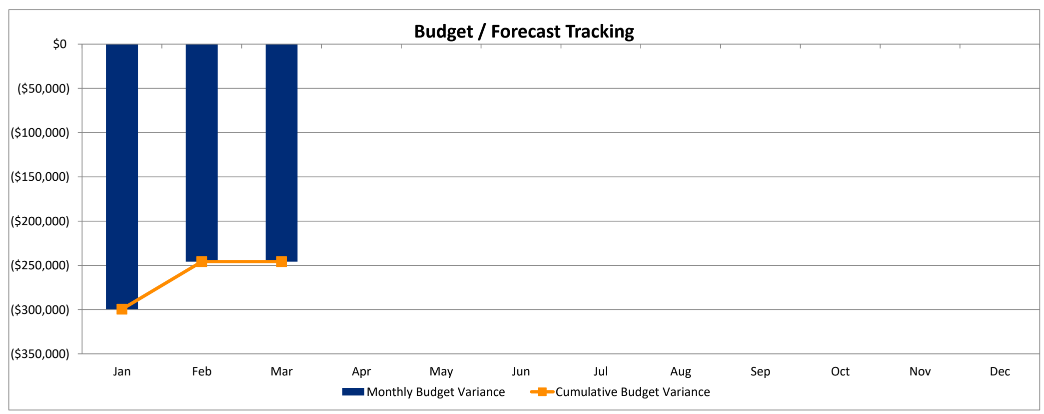
4) There were 8 claimants over $150,000 through March.

5) The Pool and Associates had a combined estimated deficit of -$173,919.

6) The Minimum Premium Banks had an estimated surplusof $982,199.

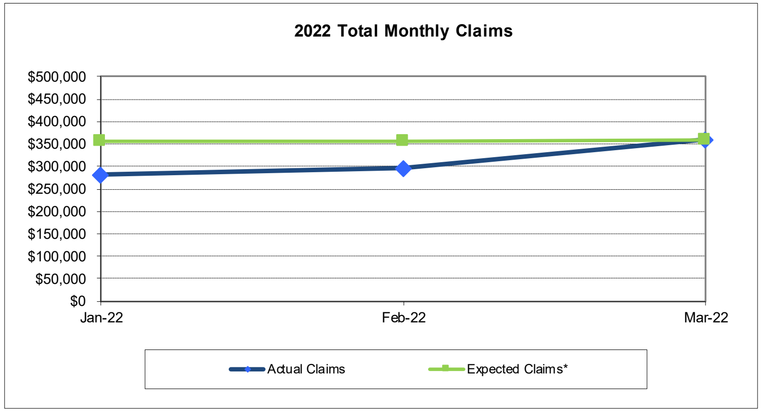
7) The Minimum Premium banks had an estimated $1,975,278 in internal pooling fees with internal pooling claims of $613,103 resulting in a surplus of $1,362,175.

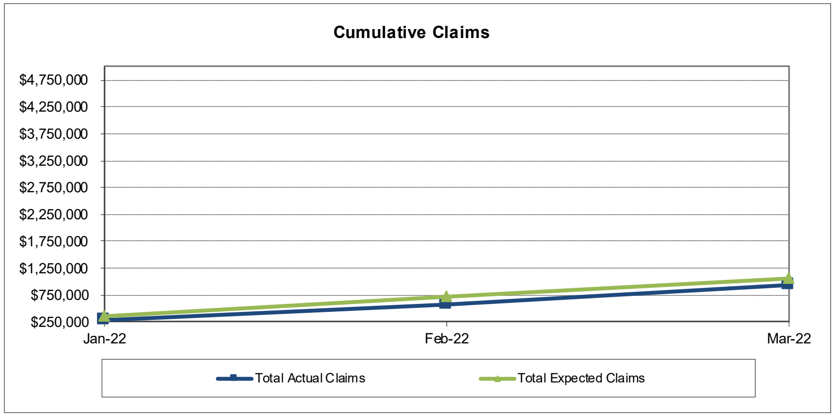
8) The Pool and Associates had an estimated $1,009,419 in internal pooling fees with internal pooling claims of $1,379,987 resulting in a deficit of $370,568.



YTD 2022 Dental Plan Claims Experience

2022 Policy Year	Monthly Enrollment		Monthly Claims: Actual Claims	Monthly Claims: Expected Claims*		Cumulative Claims: Total Actual Claims	Cumulative Claims: Total Expected Claims
Jan-22	6,945		$280,517	$355,653		$280,517	$355,653
Feb-22	6,973		$294,969	$357,087		$575,486	$712,740
Mar-22	6,987		$359,769	$357,804		$935,255	$1,070,544
Total	20,905		$935,255	$1,070,544			





2022 Policy Year	Monthly Enrollment		Actual: Admin	Actual: Claims	Actual: Total	Projected
Jan-22	6,945		$ 27,086	$ 280,517	$ 307,603	$ 382,739
Feb-22	6,973		$ 27,195	$ 294,969	$ 322,164	$ 384,282
Mar-22	6,987		$ 27,249	$ 359,769	$ 387,018	$ 385,054
Apr-22	0		$ -	$ -	$ -	$ -
May-22	0		$ -	$ -	$ -	$ -
Jun-22	0		$ -	$ -	$ -	$ -
Jul-22	0		$ -	$ -	$ -	$ -
Aug-22	0		$ -	$ -	$ -	$ -
Sep-22	0		$ -	$ -	$ -	$ -
Oct-22	0		$ -	$ -	$ -	$ -
Nov-22	0		$ -	$ -	$ -	$ -
Dec-22	0		$ -	$ -	$ -	$ -
Total			$ 81,530	$ 935,255	$ 1,016,785	$ 1,152,075

VIRGINIA BANKERS ASSOCIATION
Benefits Corporation

BOARD OF DIRECTORS
Executive/Nominating Committee Report

Rotation for Terms on the Board
Effective July 1, 2022

Recommendations from Executive/Nominating Committee

Nominations for current Board members to serve new 3-year term:
Michelle R. Austin, Bank of Botetourt
Thomas F. Cherry, C&F Bank
J. Peter Clements, The Bank of Southside Virginia
Robert M. Gorman, Atlantic Union Bank

Nomination for New Board Chairman to serve 1-year term:
John R. Caldwell, The Farmers Bank of Appomattox

Continuing Class of 2023 (July 2020 – June 2023)

John R. Caldwell
Barry C. Elswick
Mark C. Hanna
Robert R. Chapman, III

Continuing Class of 2024 (July 2021 – June 2024)

James E. Hendricks
Patricia R. Lewis
W. Mark Nelson
Jay A. Stafford

Proposed Class of 2025 (July 2022 – June 2025)

Michelle R. Austin
Thomas F. Cherry
J. Peter Clements
Robert M. Gorman