



VBA Education Foundation

Trustee Report

3rd Quarter 2021

Prepared by:

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Discussion Summary

- **Economic Backdrop**

- The domestic economy continues its recovery, with sustainability hampered by periodic spikes in COVID variant flareups. To moderate inflation pressures, the Federal Reserve expected to increase tapering of bond purchases and initiate rate hikes in the second half of 2022. Market interest rates have been rangebound with a gradual rising trend. Corporate revenues and earnings growth remain robust and above expectations.

- **Third Quarter Broad Market Performance**

- Moderate returns in the bond market, with credit sensitive and TIPS faring favorably. Large cap. outperformed smaller capitalization stocks, while emerging markets trailed. Mixed results across growth vs. value styles.

- **Portfolio Performance**

- Portfolio returns were modestly negative in the 3rd quarter on broader equity market weakness, although favorable to benchmarks on a relative basis. Overweights to short term, credit sensitive and TIPS aided F/I results. A shift and overweight to large caps and growth were beneficial to equity sleeve results, while the modest overweight to international and EM equity detracted. Individual manager results were mixed, with fundamental managers lagging high beta strategies. Intermediate and longer-term results have been favorable on an absolute and relative basis.

- **Market Outlook**

- Investors have embraced the recovery theme, inflating values. Future return expectations are muted as a result. Expect market volatility to increase, as investors weigh early cycle characteristics offset by future reductions in monetary accommodation, COVID variant uncertainty, and proposed tax & spend policies.

- **Portfolio Positioning**

- Fairly balanced exposures across asset classes and sub-asset categories as no clear signs are evident. Moderate overweight towards short duration and credit in fixed income sleeves. Favoring more cyclical / value-oriented equity sector and asset classes, having dramatically underperformed higher risk investment styles.



Portfolio Performance, Allocations and Expected Returns



Portfolio Performance and Current Values

Returns as of 9/30/21. Values as of 11/30/2021

Portfolio Name	(Strategic Weight)	3Q-2021	YTD	1-Year	3-Year	5-Year	8-Year
VBA Education Foundation	(40% bond / 60% equity) *	-0.43%	8.70%	21.15%	10.23%	10.02%	8.10%
Institutional Balanced Benchmark		-1.11%	6.59%	19.18%	9.69%	9.60%	8.02%

* Note: Includes two years in the Balanced Portfolio

Account: 5391000776
TMI TRUST COMPANY C/U/A FBO THE VBA EDUCATION
FOUNDATION

Trade Date Basis

Administrator: KATHY KNAPP

Investment Officer: MARK TEICHNER

Investment Objective: GROWTH and INCOME

Investment Authority: SOLE

Principal Asset Model: TMI INST. BALANCED MF MODEL

Category	Federal Tax Cost	Market Value	% of Portfolio	Est Income	Yield
CASH AND EQUIVALENTS	13,313.30	13,313.30	0.67	16.41	0.12
FIXED INCOME	768,542.26	769,994.03	38.82	23,740.68	3.08
EQUITY	746,427.42	1,200,313.64	60.51	9,994.07	0.83
Total Portfolio	1,528,282.98	1,983,620.97	100.00	33,751.16	1.70

Growth and Income

Growth and Income: Primary focus is to achieve modestly higher potential returns with the goal of capital appreciation being given more attention than current income. This investment objective is appropriate for investors with intermediate-term to long term goals; those interested in beating inflation; those less concerned with short-term market fluctuations; and those seeking a diversified approach to wealth accumulation. The target equity allocation ranges from 60% to 70% of the portfolio, with an acceptable tolerance range from 50% to 80%. The remainder of the portfolio is invested in a combination of fixed income securities and/or cash equivalents, with the typical cash target ranging between 1% and 3%, depending on liquidity needs.

Equity Target: 60-70%

Fixed Income & Cash Target: 30-40%

Expected Return: 6.0%

Equity Tolerance Range: 50-80%

Fixed Income Tolerance Range: 20-50%

Expected Risk (standard deviation): 11.9%



Individual Fund Performance



Mutual Fund Performance

Bond Fund Performance

Fund names highlighted in yellow are on watch

Category quartile ranking legend: Light Blue – 1st quartile. Light green – 2nd quartile Yellow – 3rd quartile. Red – 4th quartile

Category	Fund / Benchmark Name	Symbol	3Q-2021	Cat. Rank	YTD	Cat. Rank	1-Year	Cat. Rank	3-Year	Cat. Rank	5-Year	Cat. Rank	10-Year	Cat. Rank	Expense Ratio	5-year Std.Dev.	Sharpe Ratio	M'Star Rating
Short Quality Bond	Vanguard Short-Term Inv. Grade Bond	VFSUX	0.14%	35	0.35%	44	1.34%	41	4.02%	18	2.71%	23	2.64%	19	0.10%	2.26%	0.70%	4-star
	Angel Oak Multi-Strategy Income	ANGIX	1.02%	3	3.90%	4	6.27%	5	2.36%	92	3.50%	8	5.35%	1	1.15%	6.70%	0.38%	2-star
	Bloomberg Barclays 1-5 Year Credit Index		0.09%		0.13%		1.08%		4.24%		2.85%		2.79%					
TIPS	Vanguard Inflation Protected Secs	VAIPX	1.69%	37	3.42%	62	5.09%	62	7.29%	34	4.16%	42	3.02%	24	0.10%	3.58%	0.84%	4-star
	Bloomberg Barclays US Treas Infl Prot. Index		1.75%		3.51%		5.19%		7.44%		4.33%		3.12%					
Multi-Sector Bond	Western Asset Core Plus	WAPSX	-0.07%	80	-1.82%	94	1.26%	47	6.76%	11	4.44%	12	4.74%	9	0.42%	4.77%	0.70%	5-star
	Aberdeen Total Return Bond	JBGIX	0.24%	22	-1.09%	75	0.33%	76	6.54%	14	3.73%	36	3.56%	59	0.44%	3.82%		3-star
	Guggenheim Total Return Bond	GIBIX	0.31%	13	-0.34%	34	2.59%	18	6.56%	14	4.97%	4	N/A		0.51%	3.30%	1.17%	5-star
	Bloomberg Barclays Aggr. Bond Index		0.05%		-1.55%		-0.90%		5.35%		2.94%		3.01%					
Bank Loan	Pacific Funds Floating Rate Income - I	PLFRX	0.93%	36	3.84%	43	6.95%	61	3.36%	42	4.21%	16	4.96%	10	0.75%	5.48%	0.57%	5-star
	S&P/LSTA Leveraged Loan Index		1.11%		4.42%		8.40%		4.14%		4.58%		4.91%					
High Yield	T. Rowe Price US High Yield	TUHIX	0.48%	73	4.28%	47	10.75%	42	7.02%	17	6.98%	8	N/A		0.60%	8.44%	0.68%	5-star
	Bloomberg Barclays 1-5 Yr. High Yld		0.70%		5.32%		11.57%		5.12%		5.69%		6.49%					

Note: Morningstar ratings, Standard Deviation and Sharpe Ratio are as reported by Morningstar, based on Morningstar's categorization of the mutual fund. It may or may not be the same peer group used by TMI Trust in the fund evaluation.

Source: Morningstar. Data through September 30, 2021. Total return represents historical results, over a specific period of time, assuming all income and capital gains were reinvested. Figures for periods of greater than one year are annualized. Results reflect only the internal mutual fund fees. Performance data represents past performance and is not indicative of future results. Investment return and principal value will fluctuate so that an investor's portfolio, when redeemed, may be worth more or less than the original cost.



Mutual Fund Performance

Equity Fund Performance

Fund names highlighted in yellow are on watch

Category quartile ranking legend: Light Blue– 1st quartile. Light green – 2nd quartile Yellow – 3rd quartile. Red – 4th quartile

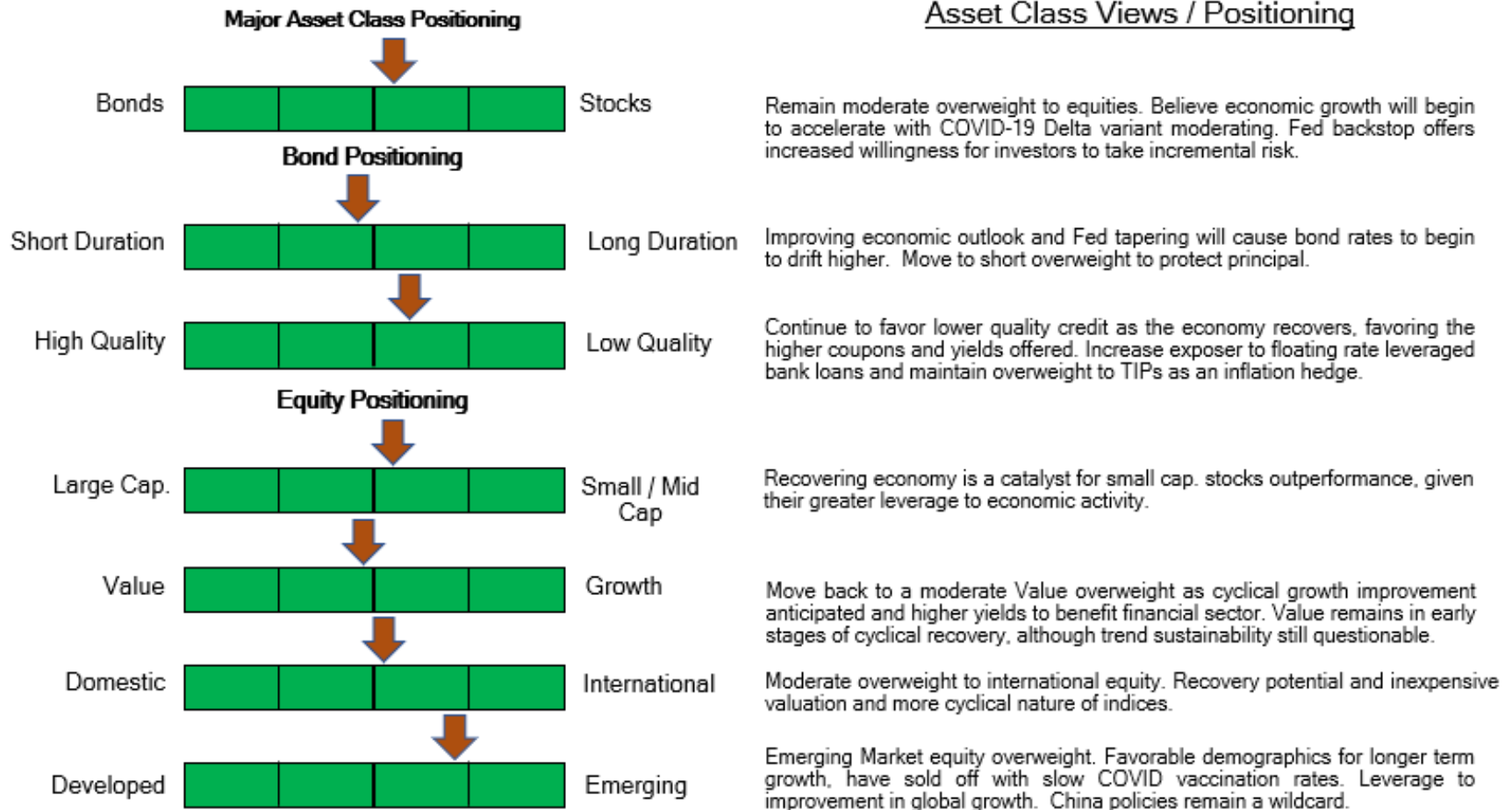
Category	Fund / Benchmark Name	Symbol	3Q-2021		YTD		1-Year		3-Year		5-Year		10-Year		Expense Ratio	5-year Std.Dev.	5-year Sharpe Ratio	M'Star Rating
			Return	Cat. Rank	Return	Cat. Rank	Return	Cat. Rank	Return	Cat. Rank	Return	Cat. Rank	Return	Cat. Rank				
Large Growth	T.Rowe Price Inst'l Largecap	TRLGX	-0.50%	70	16.06%	14	31.21%	15	21.95%	24	24.94%	10	21.22%	7	0.56%	16.32%	1.38%	5-star
	Russell Large Cap Growth		1.16%		14.29%		27.31%		21.98%		22.82%		19.66%					
Large Blend	Vanguard Div Appreciation Idx Adm	VDADX	-0.33%	69	10.06%	94	21.37%	93	13.59%	66	15.04%	62	14.48%	73	0.08%	13.68%	1.13%	3-star
	S&P500 Index		0.58%		15.91%		29.98%		15.97%		16.87%		16.61%					
Large Value	Dodge & Cox Stock	DODGX	-1.30%	69	24.44%	3	50.41%	6	12.89%	12	15.17%	5	16.13%	1	0.52%	19.22%	0.82%	5-star
	Russell Large Cap Value		-0.78%		16.12%		34.98%		10.04%		10.91%		13.49%					
Mid Growth	T.Rowe Price Mid-Cap Growth I	RPTIX	0.15%	40	10.05%	46	28.66%	74	16.11%	61	17.30%	62	17.23%	37	0.61%	16.63%	1.08%	3-star
	Russell Mid-Cap Growth Index		-0.76%		9.60%		30.45%		19.12%		19.25%		17.52%					
Mid Value	American Century Mid Value Y	AMVYX	-0.61%	26	15.15%	87	34.50%	90	8.92%	62	9.76%	70	13.45%	36	0.63%	16.90%	0.57%	4-star
	Russell Mid-Cap Value Index		-1.02%		18.23%		42.37%		10.24%		10.56%		13.92%					
Small Growth	AllianceBernstein Small Cap Growth	QUAYX	-0.38%	21	7.70%	61	36.42%	60	20.57%	16	25.43%	7	19.94%	6	0.92%	20.71%	1.27%	5-star
	Russell 2000 Growth		-5.65%		2.82%		33.25%		11.66%		15.30%		15.72%					
Small Value	Westwood Small Cap Value	WHGSX	-3.33%	80	18.40%	84	49.16%	88	7.02%	66	10.92%	36	14.87%	9	0.99%	21.06%	0.55%	3-star
	Russell 2000 Value		-2.98%		22.90%		63.88%		8.54%		11.01%		13.20%					
Foreign Gr.	WCM Focused Intl. Growth	WCMIX	0.15%	25	10.79%	11	29.48%	6	20.35%	5	17.63%	7	14.34%	6	1.05%	14.29%	1.28%	5-star
	MSCI ACWI xU.S. Growth Index		-3.60%		2.85%		17.24%		12.29%		11.59%		9.70%					
Foreign Value	Hartford Intl Value F	HILDY	1.47%	1	19.28%	1	44.30%	2	4.38%	54	7.25%	33	9.06%	1	0.86%	18.62%	0.41%	2-star
	MSCI ACWI xU.S. Value Index		-2.13%		9.67%		32.21%		4.51%		7.13%		6.21%					
Emerging Market	Harding Loevner Emerging Mkts. Adv	HLMEX	-7.74%	56	-1.37%	64	21.00%	45	8.28%	58	8.18%	63	7.44%	27	1.10%	18.15%	0.49%	3-star
	MSCI Emerging Markets		-8.09%		-1.25%		18.20%		8.58%		9.23%		6.08%					

Note: Morningstar ratings, Standard Deviation and Sharpe Ratio are as reported by Morningstar, based on Morningstar's categorization of the mutual fund. It may or may not be the same peer group used by TMI Trust in the fund evaluation.

Source: Morningstar. Data through March 31, 2021. Total return represents historical results, over a specific period of time, assuming all income and capital gains were reinvested. Figures for periods of greater than one year are annualized. Results reflect only the internal mutual fund fees. Performance data represents past performance and is not indicative of future results. Investment return and principal value will fluctuate so that an investor's portfolio, when redeemed, may be worth more or less than the original cost.



Tactical Views and Portfolio Positioning





Appendix



Portfolio / Benchmark Performance & Weights

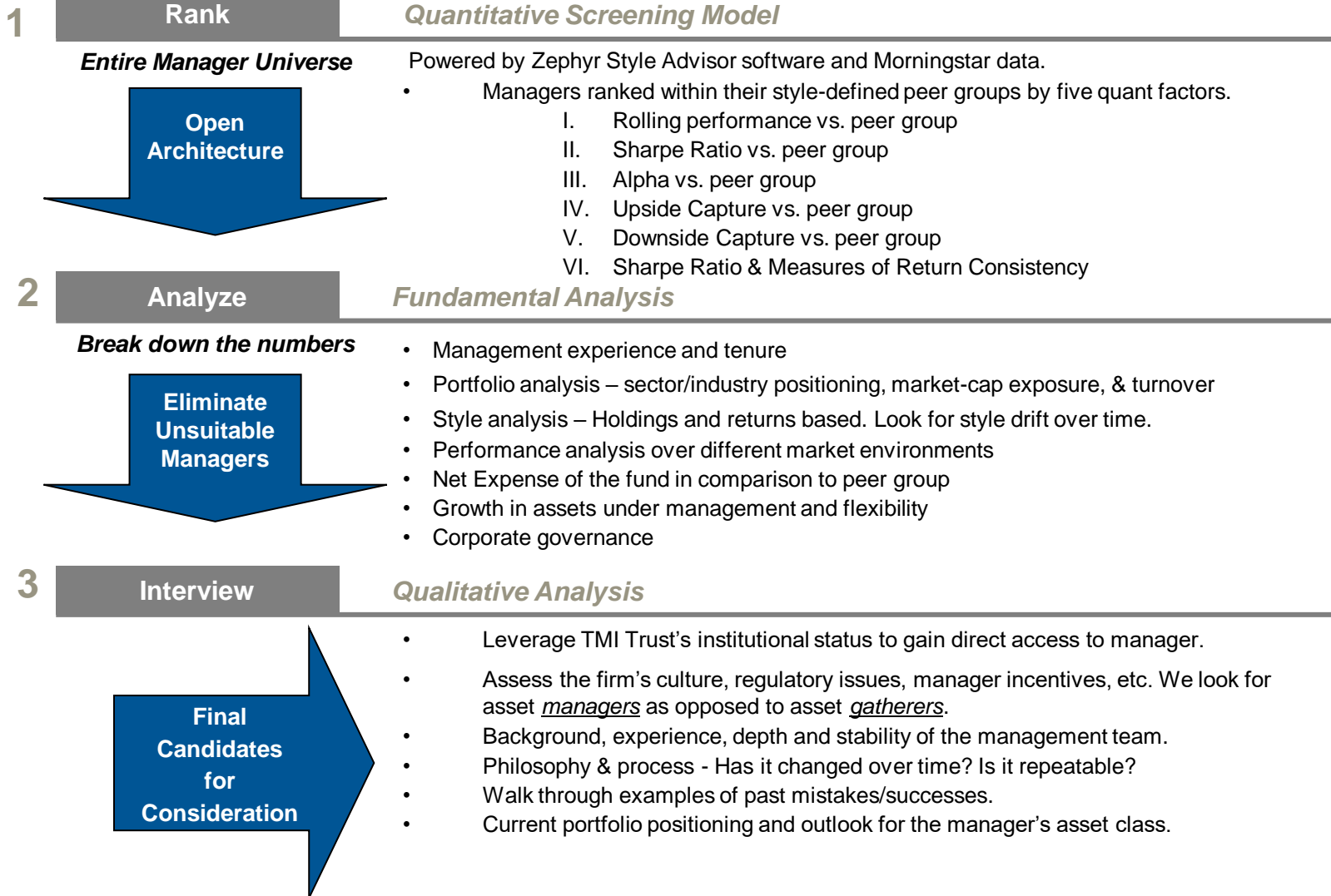
Benchmark Performance	3Q-2021	YTD	1-Year	3-Year	5-Year	8-Year
Bloomberg Barclays 1-5 Year Credit Index	0.09%	0.13%	1.08%	4.24%	2.85%	2.67%
Bloomberg Barclays Aggregate Bond	0.05%	-1.55%	-0.90%	5.35%	2.94%	3.35%
Russell 1000 Index	0.21%	15.18%	30.95%	16.40%	17.09%	14.68%
Russell 2000 Index	-4.36%	12.40%	47.65%	10.50%	13.42%	10.85%
MSCI ACWI-Ex US Index	-2.89%	6.27%	24.47%	8.57%	9.49%	6.12%
MSCI Emerging Markets Index.	-8.09%	-1.25%	18.20%	8.58%	9.23%	5.45%

Portfolio Benchmark Performance	3Q-2021	YTD	1-Year	3-Year	5-Year	8-Year
Current Income	0.07%	-0.88%	-0.10%	4.91%	2.91%	3.08%
Income With Growth	-0.52%	2.86%	9.54%	7.30%	6.25%	5.55%
Balanced	-0.91%	5.35%	15.96%	8.89%	8.48%	7.19%
Institutional Balanced	-1.11%	6.59%	19.18%	9.69%	9.60%	8.02%
Wealth Building	-1.31%	7.84%	22.39%	10.48%	10.72%	8.84%
Aggressive Appreciation	-1.90%	11.58%	32.03%	12.87%	14.06%	11.31%

Benchmarks and Weightings	Current Income	Income with Growth	Balanced	Institutional Balanced	Wealth Building	Aggressive Appreciation
Bloomberg Barclays 1-5 Year Credit Index	40.0%	28.0%	20.0%	16.0%	12.0%	
Bloomberg Barclays Aggregate Bond Index	60.0%	42.0%	30.0%	24.0%	18.0%	
Russell 1000 Index		15.0%	25.0%	30.0%	35.0%	50.0%
Russell 2000 Index		6.0%	10.0%	12.0%	14.0%	20.0%
MSCI ACWI-Ex US Index		7.5%	12.5%	15.0%	17.5%	25.0%
MSCI Emerging Markets Index.		1.5%	2.5%	3.0%	3.5%	5.0%
	100%	100%	100%	100%	100%	100%

Data as of 9/30/2021

Manager Screening Process



A manager (fund) may be placed on a Watch List and a thorough review and analysis of the investment manager may be conducted when one or more of the following are determined to be a factor that may adversely impact investment performance:

- A manager performs below median for their peer group over a 1-, 3- and 5-year cumulative period.
- A manager's 3-year and 5-year risk adjusted return (Alpha and/or Sharpe) falls below the peer group's median risk adjusted return.
- There is a change in the professionals managing the portfolio.
- There is an indication the manager is deviating from his/her stated style and/or strategy.
- There is an increase in the product's fees and expenses.
- There is a significant change (decrease or increase) in the product's assets.
- Any extraordinary event occurs that may interfere with the manager's ability to fulfill their role in the future.

The decision to retain or terminate a manager cannot be made by a formula. The manager will remain on watch for a minimum of 3 months and a maximum of 12 months before a decision to retain or terminate is made. No decision to terminate will be made without speaking to investment professionals within the management firm. It is the Trustee's confidence in the manager's ability to perform in the future that ultimately determines the retention of a manager.



Glossary of Investment Terms

<p>Alpha - The difference between the return on an investment and the return predicted by the investment's Beta.</p>	<p>Real Rate of Return - The difference between total return and inflation.</p>
<p>Beta - A measure of the volatility of an investment relative to the market. A Beta of 1 indicates an investment is just as volatile as the market.</p>	<p>Return - Total advantage gained by owning an asset. Composed of any cash received (e.g. dividends, interest) plus any change in price. Also known as rate of return, total return, or total rate of return when expressed in percentage terms.</p>
<p>Dow Jones Industrial Average - Index of the stock price level of thirty of the largest companies in the United States.</p>	<p>Russell 2000 - The index measures the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in terms of market capitalization. The Russell 2000 serves as a benchmark for small-cap stocks.</p>
<p>EPS - Earnings per share. A company's net income divided by the number of its shares outstanding.</p>	<p>Small Cap Fund - A mutual fund which invests primarily in Small Cap Stocks. The average Market Cap of stocks owned is less than \$1 billion.</p>
<p>Growth Stock - A company whose sales and earnings, especially earnings per share, are growing faster than the average company's. This stock is often characterized by a low or no dividend, a high P/E ratio, and a high P/B ratio.</p>	<p>Small Cap Stock - A company with a small Market Capitalization, especially one included in the Russell 2000.</p>
<p>Large Cap Fund - A mutual fund which invests primarily in Large Cap Stocks. The average Market Cap of stocks owned is greater than \$5 billion.</p>	<p>Standard & Poor's 500 - A basket of roughly 500 large cap stocks considered to be widely held. The S&P 500 index is weighted by market capitalization, and performance is viewed as representative of the stock market</p>
<p>Large Cap Stock - A company with a large Market Capitalization, especially one included in the Dow Jones Industrial Average or Standard & Poor's 500.</p>	<p>Standard Deviation - The volatility of an investment's return.</p>
<p>Market Capitalization, Market Cap - The total value of a company's outstanding stock. The number of a company's shares outstanding times the market price of its stock.</p>	<p>Value Stock - A company whose stock price is considered to not reflect the fundamental value of the company as a whole. This stock is often characterized by a high dividend yield, a low P/E ratio, and a low P/B ratio.</p>
<p>MSCI EAFE - Index of the value of 15 major stock markets of developed countries in Europe, Australia and the Far East.</p>	<p>Wilshire 5000 - The Wilshire 5000 is a market-value weighted index consisting of approximately 6,500 U.S.-based stocks traded on the New York Stock Exchange, American Stock Exchange and NASDAQ.</p>
<p>P/B ratio - Price/Book ratio. The company's Market Capitalization divided by the difference between its assets and its liabilities.</p>	