Bolton
INVESTMENT

Carpenters Local #491 Rebalancing Discussion

Bolton Investment has been following the ongoing cash needs of the Carpenters Local #491 benefit plans. During this pandemic we hope that these funds have provided a source of relief for the members as they've enduring some difficult times. We believe that the following recommendations, based on expected outflows, will help to ensure that the plans remain in a sound financial position to continue to provide these benefits.

Redemptions in 2020

Annuity

Date	Amount
April 16, 2020	$750,000
April 24, 2020	$750,000
June 25, 2020	$1,000,000
July 15, 2020	$1,000,000
July 24, 2020	$1,000,000
August 20, 2020	$1,000,000
September 15, 2020*	$1,000,000
Total	**$6,500,000**

Health

Date	Amount
March 20, 2020	$200,000
April 16, 2020	$500,000
June 3, 2020	$750,000
August 21, 2020	$750,000
Total	**$2,200,000**

Pension

Date	Amount
September 15, 2020*	$750,000
Total	**$750,000**

As a general rule, investment funds that are cash flow negative should be managed in a more conservative manner. In the current environment, there are little to no contributions to any of these funds and each has experienced some outflows.

A more conservative allocation reduces exposure to volatile assets such as equities. Such an allocation also increases investment in less volatile assets, ensuring that ongoing redemptions have a muted impact on the long-term growth of the plan.

The Funds have been fortunate that many of the redemptions thus far have been made in an environment of rising equity prices.

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Our recommendation would be to make the following adjustments to each fund's target investment allocation and any corresponding transactions to bring the funds into balance with these targets.

Annuity

Asset Class	Current Target	Proposed Target
US Equity	30%	25%
International Equity	10%	7.5%
Real Estate	5%	5%
Fixed Income	50%	55%
Cash	5%	7.5%

Health & Welfare

Asset Class	Current Target	Proposed Target
US Equity	20%	15%
International Equity	5%	5%
Fixed Income	75%	75%
Cash	0%	5%

Pension

We recommend maintaining the same asset allocation strategy but working with Associated to manage payments. Our strategy differs in the Pension because we feel that the Pension payments are more predictable and we can manage the outflows by working with Associated and funding the operating account.