

Investment Portfolio Review

Pennsylvania Association of Broadcasters

As of September 21, 2018

Personal and Confidential



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Global Economic Summary – September 2018

U.S. Economy:

- U.S. GDP rose in the second quarter at a 4.2% quarter-over-quarter, annualized, rate (revised up from 4.1%).
- In August, 201,000 jobs were added. The official unemployment rate was unchanged at 3.9%. Under-employment declined by 0.1% to 7.4%.
- Economic data remain broadly positive. Manufacturing activity for non-defense goods is increasing, and new orders reached a recent high. Consumer confidence remains high, and residential real estate construction has increased. Wage growth grew 2.9% year-over-year in August, up 0.2% from the July figure.
- Questions remain about potential negative economic effects from foreign trade policy negotiations.

U.S. Credit/Fixed-Income:

- The Federal Reserve is widely expected to increase the target range two more times in 2018, including in September, which would raise the benchmark Federal Funds rate 0.25% to target a range of between 2.00% and 2.25%.
- Headline inflation (via CPI) rose at a 2.9%, year-over-year, rate in July. Core CPI (without volatile food and energy items) rose slightly to 2.4%, year-over-year. The Fed's preferred metric, the Personal Consumption Expenditures, shows more modest increases: 2.3% for headline, and 2.0% for core. The core measure is right at the Fed's long-term target of 2.0%.
- Bond yields remain at low levels relative to history but have risen notably since hitting 1.37% in July of 2016. The 10-Year Treasury ended August at 2.86%, down 13 bps from its July close of 2.96%.

International Economy:

- The Chinese economy remains solid, but its path bears watching. Its economy grew at a 6.7% annualized rate in the second quarter of 2018, in line with expectations; China's growth is typically good for global economic growth. However, fears of a potential trade war with the U.S. remain elevated.
- Economic data in Europe has weakened somewhat and political uncertainty has risen, especially in Italy and Spain and due to Brexit negotiations. GDP remains expanding at a moderate rate. Unemployment has fallen. Corporate earnings are good but may have peaked. The European Central Bank (ECB) plans to end its quantitative easing program at year-end, but it remains committed to a path of gradual, data-dependent policy normalization with rate increases beginning sometime in 2019.
- The Bank of Japan continues to conduct stimulative monetary policy *and* additional fiscal stimulus to boost growth and inflation, which remain low.



Yardsticks

Index	Year to Date Return	2017 Return	1 Year Return	10 Year Return	Inception to Date Return
ICE BofAML US 3-Month Treasury Bill	1.26%	0.85%	1.57%	0.35%	1.52%
Bloomberg Barclays US Aggregate	(1.76%)	3.54%	(1.39%)	3.64%	4.54%
Dow Jones Industrials	10.01%	28.11%	22.32%	11.80%	8.07%
S&P 500 Composite	11.13%	21.83%	19.44%	11.21%	6.69%
Russell 2000	12.48%	14.65%	20.07%	10.07%	9.15%
MSCI EAFE	(0.55%)	25.03%	4.07%	4.52%	4.50%
MSCI All Country World Index X - US Net	(2.37%)	27.19%	2.22%	4.34%	5.08%
MSCI EM (Emerging Markets) Net	(7.44%)	37.28%	(2.89%)	4.68%	9.40%
HFRX Global Hedge Fund Index	(0.98%)	6.00%	0.62%	0.36%	2.48%

Returns for periods exceeding 12 months are annualized



Portfolio Summary

Year to Date

Account Name	12/31/2017 Value	Net Contribution	Net Investment Gain	Cumulative Gross TWR	9/21/2018 Value
PAB - Cash Account	\$27,736	(\$20,000)	\$49	0.64%	\$7,785
PAB - Foundation	\$22,334	(\$10,000)	\$2,102	10.97%	\$14,436
PAB - Investment Account	\$4,718,406	\$0	\$152,988	3.70%	\$4,871,394
Pennsylvania Association of Broadcasters	\$4,768,475	(\$30,000)	\$155,140	3.72%	\$4,893,615

One Year

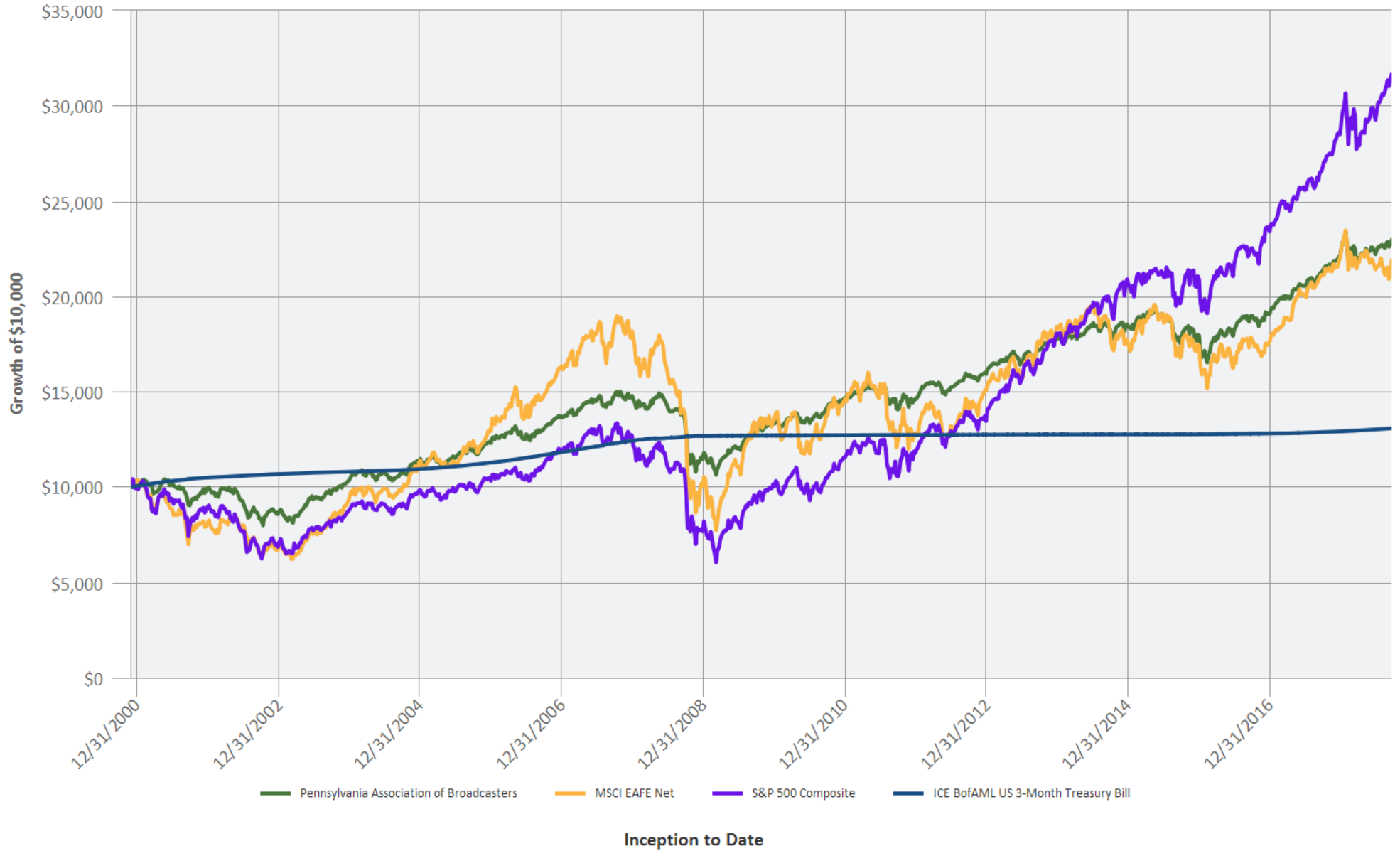
Account Name	9/21/2017 Value	Net Contribution	Net Investment Gain	Cumulative Gross TWR	9/21/2018 Value
PAB - Cash Account	\$27,696	(\$20,000)	\$89	0.78%	\$7,785
PAB - Foundation	\$37,996	(\$27,500)	\$3,940	18.62%	\$14,436
PAB - Investment Account	\$4,532,583	\$0	\$338,811	8.10%	\$4,871,394
Pennsylvania Association of Broadcasters	\$4,598,274	(\$47,500)	\$342,841	8.12%	\$4,893,615

Inception to Date

Account Name	12/1/2000 Value	Net Contribution	Net Investment Gain	Cumulative Gross TWR	9/21/2018 Value
PAB - Cash Account	\$0	(\$58,722)	\$66,507	18.03%	\$7,785
PAB - Foundation	\$38,083	(\$50,470)	\$26,823	94.93%	\$14,436
PAB - Investment Account	\$2,474,147	(\$546,839)	\$2,944,086	136.99%	\$4,871,394
Pennsylvania Association of Broadcasters	\$2,512,230	(\$656,030)	\$3,037,415	129.70%	\$4,893,615



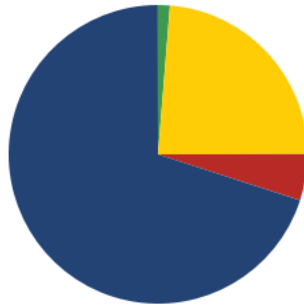
Account Performance in Comparison to Yardsticks





Asset Allocation

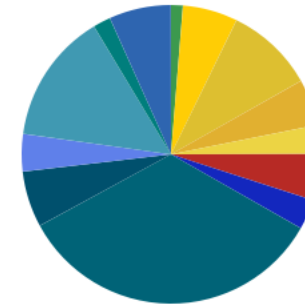
Asset Class Asset Allocation



Current Allocation

Asset Type	Current Value	Current Percent
Cash & Equivalents	\$62,562	1.28%
Bonds	\$1,159,287	23.69%
Alternative Investments	\$245,050	5.01%
Equities	\$3,426,715	70.02%
Total	\$4,893,615	100.00%

Sub Asset Class Diversification



Current Allocation

Asset Class	Current Value	Current Percent
Cash & Equivalents	\$62,562	1.28%
Core Bonds - Taxable	\$291,500	5.96%
Unconstrained Bonds	\$468,792	9.58%
High Yield Bonds	\$246,603	5.04%
International Bonds	\$152,393	3.11%
Alternative Investments	\$245,050	5.01%
MLPs/Infrastructure	\$159,586	3.26%
Large Capitalization	\$1,656,164	33.84%
Mid Capitalization	\$297,190	6.07%
Small Capitalization	\$198,020	4.05%
International Large Cap Equities	\$694,059	14.18%
International SMID Equities	\$93,172	1.90%
International Emerging Market Equities	\$328,523	6.71%
Total	\$4,893,615	100.00%

DISCLOSURE

Performance is calculated, gross of fees, using a Time-Weighted Return (TWR) methodology. Past performance may not be indicative of future results. The account performance information is gross of applicable investment management and transaction fees and does not include Sage Financial Group's investment management fee, which if deducted, would decrease the reflected account performance (for example, a 1.00% annual investment management fee incurred over a 10-year period would reduce a 10% annual gross return to an 8.9% net return). Account information has been compiled solely by Sage Financial Group, has not been independently verified, and does not reflect the impact of taxes on non-qualified accounts. In preparing this report, Sage Financial Group has relied upon information provided by the account custodian. Please compare this statement with account statements received from the account custodian and notify us of any discrepancies. Please also note that the account custodian does not verify the accuracy of the advisory fee calculation. Please remember to contact Sage Financial Group if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. Please also advise us if you would like to impose, add, or modify any reasonable restrictions to our investment advisory services. A copy of our current written disclosure statement discussing our advisory services and fees remains available for your review upon request. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of investment management fees, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices. Should you have any questions, Sage remains available to address them.