
TACTICAL MODEL REPORT /

2023 Q3

Dauphin County, PA Deferred Compensation Plan

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Stock Score

55

Bond Score

55

Quarterly Review

New Look and Model Process

We are updating the quarterly report and model process. The process will shift to using a Stock and Bond Score to determine how much will be invested in High Risk and Medium Risk Category Investments. This is explained in the Tactical Model Investment Process. If you have questions, please contact us at hetrick@retirementc.com.

Investment Environment

The first half of 2023 has been a positive one for most stock indexes; however, the returns have been lopsided with a small number of mega-cap tech companies accounting for the majority of the S&P 500's 16.9% year-to-date returns through June 30th. Although most economist were predicting a recession to occur this year, so far, the U.S. economy has held up well; however, some other countries, such as Germany has entered a recession. We feel that there is a high risk of the U.S. entering a recession sometime in the next 12 months. We do have a presidential election coming up soon, so the existing administration will most likely do everything in their power to keep the economy strong going into November of 2024.

Looking at bonds, they are coming off one of their worse years ever. Short-term yields have risen this year as the Federal Reserve has raised rates. Most bond indexes have been flat to slightly positive year-to-date. The Alerus money market fund is now yielding above 5%, which is a good return for an FDIC insured investment within the plan.

Model Changes

The models are increasing their exposure to high and medium risk investments. In the high risk category, we are decreasing the exposure to value oriented stocks and increasing exposure to the growth and blend categories across large, mid, and small company stocks. In the medium risk category investments, we are adding in high yield bond exposure.

Because the market environment is pretty fluid right now and could change substantially with actions from the Federal Reserve or geopolitical tensions, we plan on monitoring, and if necessary, updating the models intra-quarter.

Allocation changes will take place on July 11, 2023.

Tactical Model Investment Process

Background

The plan's tactical models are designed to provide risk-managed approaches to conservative, moderate, and aggressive portfolios. They do this by shifting the exposure of high risk category investments within the model's constraints. The goal of the models is to have 50% or less of the drawdown and 75% or more of the upside of its benchmark. If this is achieved, then investors should have similar or better returns with less volatility over a full market cycle.

Process

On at least a quarterly basis, Retirement Collaborative LLC will determine the score for the stock market and bond market - the Stock and Bond Scores. The scores use a combination of indicators to determine the monthly score. If the stock score is 100, then the model will be fully invested in its maximum allowable allocation to high risk category investments. The appendix contains the risk ranking of the investment options available in the plan. As the stock score declines, less money will be allocated to high risk category investments. Money not invested in high risk category investments will be invested in medium and low risk category investments. The bond score is used to determine how much should be allocated to medium risk investments and the remaining amount will be invested in low risk category investments. What determines whether a model is conservative, moderate, or aggressive, are its constraints.

Constraints

| Model | Minimum High Risk Category Exposure | Maximum High Risk Category Exposure |
|------------------------------------|-------------------------------------|-------------------------------------|
| Tactical Conservative Model | 0% | 30% |
| Tactical Moderate Model | 10% | 60% |
| Tactical Growth Model | 20% | 90% |

Fund Selection

The models are constructed using the individual investment options available in the plan. When the model review takes place, the funds are ranked, and money is allocated to the top ranked funds in each category.

Model Review

The model review will take place at least quarterly and could be as frequently as monthly.

Risks

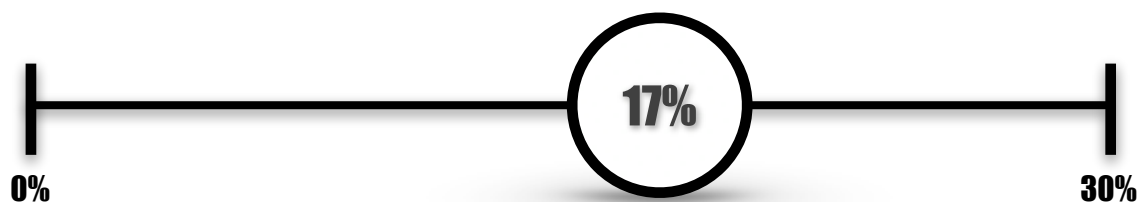
Because there will be times when these models will have different exposure to low, medium, and high risk category investments than their benchmarks, the models' performances will be inconsistent with their benchmark's performances. In a year like 2022 when both stocks and bonds were negative and a moderate allocation fund could have been down around 16%, if the Tactical Moderate Model was only down 8%, this inconsistency would be welcomed. Likewise, there will be times when a model will have less than the maximum exposure to high risk category investments when the stock market is rising. This will cause it to underperform its benchmark. This usually occurs when market trends are changing or they are in flux.

The other risk is that the models may concentrate their exposure to fewer funds or investment categories than a broadly diversified buy-and-hold model or fund. If the selection of the models' funds works out well, it will add to return compared to its benchmark; likewise, if it does not, it will detract from a comparative return.

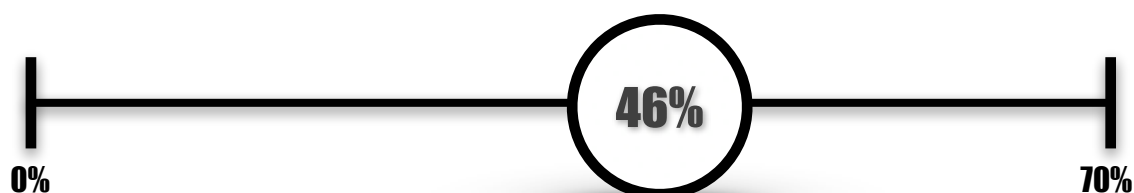
Tactical Conservative Model

| | |
|-----------------------|--|
| Description | This model offers a risk-managed approach to conservative asset allocation. It can have as much as 30% exposure to High Risk Category investments and as little as 0%. Money not invested in High Risk Category investments will be invested in Medium and Low Risk Category Investments. The Stock and Bond Scores help to determine the exposure to High and Medium Risk Category Investments. |
| Who is it for? | It is ideal for a conservative investor who would like to have a higher potential return than a stable value fund, but lower volatility than a buy-and-hold investment strategy. |
| Benchmark | 16% Vanguard Short-Term Bond Index Adm (VBIRX) 64% Vanguard Total Bond Market Index Adm (VBTTLX) 08% Vanguard Total Intl Stock Index Admiral (VTIAX) 12% Vanguard Total Stock Mkt Idx Adm (VTSAX) |
| Return Goal | Over a full market cycle (from one market peak to the next or one market trough to the next), we would like to see the model outperform the benchmark above and the return of the plan's stable value fund. Would like to see this model have 50% or less of the downside capture and 75% or more of the upside capture of the benchmark. |

High Risk Category Exposure



Medium Risk Category Exposure



Low Risk Category Exposure



Tactical Conservative Model Allocations

| | | |
|--------------------|--------------|---|
| Low Risk | 37.0% | Alerus Money Market Fund |
| | 16.0% | Dodge & Cox Global Bond X (DODLX) |
| Medium Risk | 15.0% | Dodge & Cox Income Fund X (DOXIX) |
| | 15.0% | BrandywineGlobal High Yield I (BGHIX) |
| | 3.4% | Pear Tree Quality Ordinary Shares (USBOX) |
| High Risk | 1.7% | Vanguard Total Stock Market Index Adm (VSTAX) |
| | 1.7% | Neuberger Berman Large Cap Value Inst (NBPIX) |
| | 1.7% | Fidelity Large Cap Growth Enhanced Index (FLGEX) |
| | 1.7% | Baron Focused Growth Inst (BFGIX) |
| | 1.7% | Vanguard Mid Cap Index Adm (VIMAX) |
| | 1.7% | Congress Small Cap Growth Inst (CSMCX) |
| | 1.7% | Artisan Developing World Fund - Advisor Shares (APDYX) |
| | 1.7% | American Funds EuroPacific Growth Fund R6 (RERGX) |

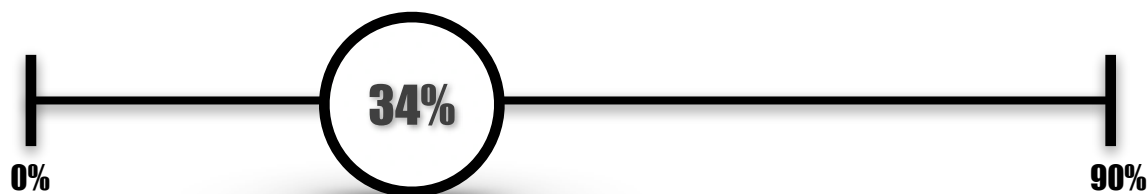
Tactical Moderate Model

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|-----------------------|---|
| Description | This model offers a risk-managed approach to a moderate asset allocation. It can have as much as 60% exposure to High Risk Category investments and as little as 10%. Money not invested in High Risk Category investments will be invested in Medium and Low Risk Category Investments. The Stock and Bond Scores help to determine the exposure to High and Medium Risk Category Investments. |
| Who is it for? | It is ideal for a moderate investor who would like to have a similar or better long-term return with lower volatility than a buy-and-hold investment strategy. |
| Benchmark | 08% Vanguard Short-Term Bond Index Adm (VBIRX) 32% Vanguard Total Bond Market Index Adm (VBTTLX) 14% Vanguard Total Intl Stock Index Admiral (VTIAX) 36% Vanguard Total Stock Mkt Idx Adm (VTSAX) |
| Return Goal | Over a full market cycle (from one market peak to the next or one market trough to the next), we would like to see the model outperform the benchmark above and the return of the plan's stable value fund. Would like to see this model have 50% or less of the downside capture and 75% or more of the upside capture of the benchmark. |

High Risk Category Exposure



Medium Risk Category Exposure



Low Risk Category Exposure



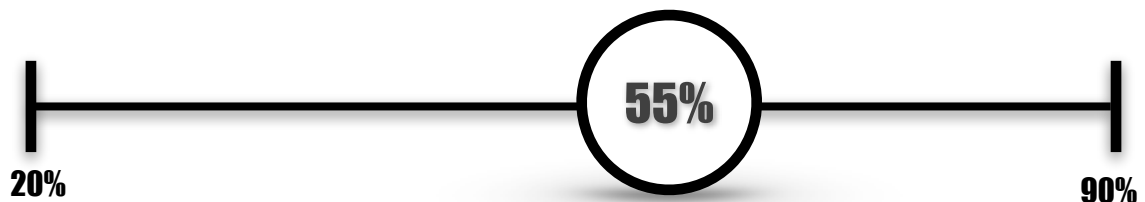
Tactical Moderate Model Allocations

| | | |
|--------------------|--------------|---|
| Low Risk | 28.0% | Alerus Money Market Fund |
| | 12.0% | Dodge & Cox Global Bond X (DODLX) |
| Medium Risk | 11.0% | Dodge & Cox Income Fund X (DOXIX) |
| | 11.0% | BrandywineGlobal High Yield I (BGHIX) |
| | 7.6% | Pear Tree Quality Ordinary Shares (USBOX) |
| High Risk | 3.8% | Vanguard Total Stock Market Index Adm (VSTAX) |
| | 3.8% | Neuberger Berman Large Cap Value Inst (NBPIX) |
| | 3.8% | Fidelity Large Cap Growth Enhanced Index (FLGEX) |
| | 3.8% | Baron Focused Growth Inst (BFGIX) |
| | 3.8% | Vanguard Mid Cap Index Adm (VIMAX) |
| | 3.8% | Congress Small Cap Growth Inst (CSMCX) |
| | 3.8% | Artisan Developing World Fund - Advisor Shares (APDYX) |
| | 3.8% | American Funds EuroPacific Growth Fund R6 (REGX) |

Tactical Growth Model

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|-----------------------|--|
| Description | This model offers a risk-managed approach to an aggressive asset allocation. It can have as much as 90% exposure to High Risk Category investments and as little as 20%. Money not invested in High Risk Category investments will be invested in Medium and Low Risk Category Investments. The Stock and Bond Scores help to determine the exposure to High and Medium Risk Category Investments. |
| Who is it for? | It is ideal for a moderate investor who would like to have a similar or better long-term return with lower volatility than a buy-and-hold investment strategy. |
| Benchmark | 40% Vanguard Total Intl Stock Index Admiral (VTIAX) 60% Vanguard Total Stock Mkt Idx Adm (VTSAX) |
| Return Goal | Over a full market cycle (from one market peak to the next or one market trough to the next), we would like to see the model outperform the benchmark above and the return of the plan's stable value fund. Would like to see this model have 50% or less of the downside capture and 75% or more of the upside capture of the benchmark. |

High Risk Category Exposure



Medium Risk Category Exposure



Low Risk Category

Exposure



Tactical Growth Model Allocations

| | | |
|-------------|-------|--|
| Low Risk | 18.0% | Alerus Money Market Fund |
| | 8.0% | Dodge & Cox Global Bond X (DODLX) |
| Medium Risk | 7.5% | Dodge & Cox Income Fund X (DOXIX) |
| | 7.5% | BrandywineGlobal High Yield I (BGHIX) |
| | 11.0% | Pear Tree Quality Ordinary Shares (USBOX) |
| High Risk | 6.0% | Vanguard Total Stock Market Index Adm (VSTAX) |
| | 6.0% | Neuberger Berman Large Cap Value Inst (NBPIX) |
| | 6.0% | Fidelity Large Cap Growth Enhanced Index (FLGEX) |
| | 6.0% | Baron Focused Growth Inst (BFGIX) |
| | 6.0% | Vanguard Mid Cap Index Adm (VIMAX) |
| | 6.0% | Congress Small Cap Growth Inst (CSMCX) |
| | 6.0% | Artisan Developing World Fund - Advisor Shares (APDYX) |
| | 6.0% | American Funds EuroPacific Growth Fund R6 (RERGX) |

More Information

If you would like to discuss your Dauphin County, PA Deferred Compensation Plan account or have questions regarding the tactical models, please contact your plan advisory representative, **Stephen Hetrick at 717-545-1447** or hetrick@retirementc.com. There is also additional educational information on the plan's web portal - www.dauphincountydcpplan.com and the Dauphin County's intranet site. To view and interact with your account, please visit the Alerus participant website at <https://retirementlogin.alerus.com/>. They also have a mobile app available on the Apple App Store and the Goggle Play Store - Alerus Retirement.

Appendix

| | | |
|-----------------------------|--|---|
| Low Risk | Money Market | Alerus Money Market Fund |
| | Short-Term Bond | Vanguard Short Term Bond Index Fund (VBIRX) |
| Medium Risk | Core Bond | Fidelity US Bond Index (FXNAX) |
| | Core Plus Bond | Dodge & Cox Income Fund X (DOXIX) |
| | Global Bond | Dodge & Cox Global Bond X (DODLX) |
| | Foreign Bond | Vanguard Vanguard INTL Bond Index Fund (VTABX) |
| | Inflation Protected Securities | Fidelity Inflation Protected Bond Index (FIPDX) |
| | High Yield Bond | BrandywineGlobal High Yield I (BGHIX) |
| | Large Cap Value | Neuberger Berman Large Cap Value R6 (NRLCX) |
| High Risk | Large Cap Blend | Vanguard Total Stock Market Index Adm (VTSAX) |
| | Large Cap Blend | Pear Tree Quality Ordinary Shares (USBOX) |
| | Large Cap Growth | Fidelity Large Cap Growth Enhanced Index Fund (FLGEX) |
| | Mid Cap Value | American Century Mid Cap Value Fund Y (AMVYX) |
| | Mid Cap Blend | Vanguard Mid Cap Index Adm (VIMAX) |
| | Mid Cap Growth | Baron Focused Growth Fund INST (BFGIX) |
| | Small Cap Value | MFS New Discovery Fund R4 (NDVUX) |
| | Small Cap Blend | Fidelity Small Cap Index Fund (FSSNX) |
| | Small Cap Growth | Congress Small Cap Growth Fund INST (CSMCX) |
| | Foreign Large Blend | Vanguard Total International Stock Index Adm (VTIAX) |
| | Foreign Large Growth | American Funds EuroPacific Growth Fund R6 (REGX) |
| | Emerging Markets | Artisan Developing World Fund I (APHYX) |
| | Real Estate Securities | Fidelity Real Estate Income Fund (FRIFX) |
| | Real Estate Securities | Vanguard Real Estate Index Fund Adm (VGSLX) |
| | Global Real Estate Securities | Janis Henderson Global Real Estate Fund T (JERTX) |
| Natural Resources Materials | Vanguard Materials Index Fund (VMIAx) | |
| Natural Resources Materials | Fidelity Adv Global Commodity Stock Fund Z (FIQRX) | |
| Moderate Allocation | T. Rowe Price Capital Appreciation Fund (PRWCX) | |

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The investments used in the models are listed in the quarterly report. The contents of The Model Report are based on data sources believed to be reliable, but no representation or warranty, expressed or implied is made as to their accuracy, completeness, or correctness. We assume no responsibility for typographical errors or other inaccuracies in the content, and occasional errors may occur. Therefore, The Model Report is provided "AS IS" without any warranty of any kind. Past results are not indicative of future results. Please read prospectuses for individual mutual funds before investing. They can be found on the participant website.

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