

A new year, and a new decade? However you look at it, January 2020 is a significant milestone. For Galliard, this is also the start of our 25th year in business. We thank you for your partnership, and we look forward to the opportunities ahead.

PERFORMANCE

2019 was a strong year for fixed income performance. The time-tested Galliard investment process delivered consistent, value added performance across the duration spectrum:

Investment Performance as of 12/31/19¹

	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr
Galliard Stable Value Composite (before inv. mgmt. fees)	2.68	2.37	2.22	2.43	3.23
Galliard Stable Value Composite (after max. fees) ²	2.32	2.01	1.84	2.04	2.82
3 Yr Constant Maturity Treasury	1.94	2.05	1.63	1.18	1.89
Value Added (before inv. mgmt. fees)³	0.74	0.32	0.58	1.25	1.34
Short Core Composite (before inv. mgmt. fees)	4.52	2.56	2.05	2.08	2.90
Short Core Composite (after max. fees) ⁴	4.21	2.26	1.74	1.77	2.59
Short Core Linked Benchmark ⁵	4.03	2.01	1.49	1.29	2.25
Value Added (before inv. mgmt. fees)³	0.49	0.56	0.55	0.79	0.66
Intermediate Gov't/Credit Composite (before inv. mgmt. fees)	7.25	3.63	2.98	3.55	4.13
Intermediate Gov't/Credit Composite (after max. fees) ⁴	6.93	3.32	2.67	3.24	3.82
Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index	6.80	3.24	2.57	3.05	3.59
Value Added (before inv. mgmt. fees)³	0.45	0.39	0.41	0.49	0.54
Broad Market Core Composite (before inv. mgmt. fees)	9.05	4.47	3.59	4.42	4.77
Broad Market Core Composite (after max. fees) ⁴	8.73	4.15	3.28	4.11	4.46
Bloomberg Barclays U.S. Aggregate Bond Index	8.72	4.03	3.05	3.75	4.15
Value Added (before inv. mgmt. fees)³	0.34	0.44	0.54	0.68	0.62
Liability Driven (before inv. mgmt. fees)	17.44	7.68	5.87		
Liability Driven (after max. fees) ⁴	17.09	7.36	5.56		
Custom Benchmark ⁵	17.30	6.93	4.98		
Value Added (before inv. mgmt. fees)³	0.14	0.75	0.89		

1: This table includes performance results for representative composites across the benchmark duration spectrum as well as the Galliard stable value separate account composite. Performance results for other Galliard composites are available on request. Returns designated as being “before investment management fees” include all income, realized and unrealized gains and losses, and all transactional costs. Returns designated as “after maximum fees” are the “before investment management fees” returns less the maximum investment management fee that may be charged by Galliard for management of each client’s account. 2: The maximum investment management fee for accounts in the stable value composite is 0.35%. Prior to April 1,

2017, the maximum fee was 0.40%. 3: May not add due to rounding. 4: The maximum investment management fee for accounts in the fixed income composites is 0.30%. 5: Linked Benchmark: Bloomberg Barclays U.S. 1-3 Year Government/Credit Bond Index. Prior to July 1, 2018 was the Bloomberg Barclays U.S. 1-3 Year Government Bond Index. 6: The custom benchmark is calculated using the benchmarks of portfolios in the composite and is shown for comparative purposes only. The Liability Driven Composite does not have a benchmark because accounts in the composite are managed to the structure of the individual plan liabilities. The benchmark is rebalanced monthly based on the beginning values of portfolios included in the composite. As of December 31, 2019 the breakdown of the benchmark is 40.7% Bloomberg Barclays U.S. Long Credit, 8.1% Bloomberg Barclays U.S. Long Government, 16.3% Bloomberg Barclays U.S. Intermediate Credit, 16.3% Bloomberg Barclays U.S. Intermediate Government, 18.5% Bloomberg Barclays U.S. Long Corporate. The breakdown of the custom benchmark for different time periods is available upon request.

STAFF UPDATES



This past fall, we expanded our client relationship management team. [Paul Langanki](#) and [Jaime Morgan](#) joined Galliard in November, each bringing more than 20 years of industry experience; Paul most recently as a Principal at Mercer Investment Consulting, and Jaime most recently as Director of Institutional Sales & Relationship Management at Principal Financial Group. They both bring new insights to our work with investment solutions in the fixed income and stable value markets. Additionally, many of you have had the opportunity to talk with [Ryan Olsen](#) and [Jordan Bewley](#) over the years. Ryan, a Galliard employee since 2014, and Jordan, since 2011, were both promoted recently and will be spending more time interfacing directly with clients and their consultants. Ryan has 15 years of industry experience and a deep familiarity with customized stable value solutions and stable value portfolio management; Jordan has an extensive history of working with our stable value collective funds. Their shared knowledge of Galliard clients, portfolios, and advisors are a tremendous resource for the team.

Earlier this month, [Brian Renelt](#), who has been with the Galliard Compliance Team since 2010 and served as Deputy Chief Compliance Officer since 2018, was promoted to Chief Compliance Officer. In conjunction with Brian's promotion, we are also pleased to announce [Jennifer Lammers](#), who had been Galliard's Chief Compliance Officer since 2013, accepted a position to move into a new role with responsibility for

Galliard's front office operations. In addition to her expanded responsibilities, Jennifer will also continue to serve as Galliard's business liaison to the compliance team.

As we announced early last year, we have been working towards saying goodbye to two of our founders as they head into retirement. The final succession planning transition steps were completed in early November and we are pleased to wish Richard Merriam and Karl Tourville best wishes for their next chapter. We thank them both for their vision and leadership through the years, and appreciate their commitment to remain engaged with Galliard from a strategic consulting standpoint, in the role of advisors to the firm.

LOOKING AHEAD

With the new year ahead, much stays the same: we will continue to build relationships, focus on consistent performance, and remain dedicated to bringing fixed income and stable value solutions to institutional investors. We also must be prepared for change and opportunities in the markets. Our team is poised to capitalize on opportunities and work with clients and their advisors on investment solutions. Thank you for allowing us to be part of your investment strategy.

Ajay Mirza, Mike Norman, and Andrew Owen

Senior Managing Principals