

RAYMOND JAMES®

September 13, 2021

Suzanne Gallen
Chairwoman
College of Micronesia FSM
Pohnpei, FSM 96941

Re: Recommended Changes to Portfolios

Dear Chairwoman Gallen,

We recommend the following changes:

COM FSM Endowment Fund: Replace Clarkston Capital Partners, LLC (“CCP”) as the actively managed U.S. Small/Mid Equity Manager with the passively managed iShares Russell 2500 ETF. This change would:

- i. While CCP absolute performance has been strong, it will alleviate continued underperformance relative to its performance benchmark (44% vs 58% over last year);
- ii. Continue the main benefit of the asset class; a small allocation (5%) to an aggressive U.S. equity strategy to boost portfolio returns;
- iii. Reduce annual investment fees (0.23% versus current 0.50%) and
- iv. Allow for considering active strategies in the future should it be deemed warranted.

Please see refer to the attached BlackRock Russell 2500 iShares ETF Fact Sheet.

COM FSM Reserves Fund: Replace Boston Partners Global Investors, Inc. (“BP”) as the U.S. Large Value Equity Manager with Aristotle Capital Management (“ACM”). When the Reserves Fund was inceptioned, the initial value was such that it precluded the retention of ACM, as the ACM minimum account size is \$500,000. Boston Partners was retained in its stead based on solid performance and a lower minimum requirement. Through principal appreciation, the allocation to U.S. Large Value is now close to the ACM minimum, and we believe an exception can be obtained.

Please see refer to the attached performance comparison and the ACM ETF Fact Sheet.

We look forward to addressing these items at the Board’s convenience

Sincerely,

Asia Pacific Group



Daniel A Roland, CIMA®, AIFA®, MBA
Managing Director
Senior Vice President, Investments
Senior Institutional Consultant



Jason B. Miyashita, CIMA®, CRPS®, AIFA®
Managing Director
Senior Vice President, Investments
Senior Institutional Consultant

U.S. Large Value Equity Manager Evaluation

Prepared for: COM FSM Endowment Fund

DISCLAIMER

Raymond James - Beverly Hills

The following analysis is direct only to the client for whom the evaluation was prepared and is based on published investment manager rate of return data, capital market indices, custom (benchmarks, indices and universes), as well as software developed by Morningstar Associates. Investment manager rate of return data includes: Effron Plan Sponsor Network, Collective Trust Funds and Consulting Group Capital Market Funds Databases. Capital markets index data includes: Capital market indices (supplied by Morningstar), Canadian indices (supplied by Morningstar), Morgan Stanley Capital International indices, and Dow Jones Global indices.

Morningstar Direct uses principles of William Sharpe's theory of returns-based style analysis. Returns-based style analysis assists in identifying investment style without examining the individual security holdings of a portfolio. MorningStar Direct regresses the historical returns of the individual manager(s) against different style indices to identify the pattern of returns that the fund is most closely correlated to. SB does not recommend the use of returns-based style analysis without the supporting fundamental research of the fund (research attribution reports). The underlying data is believed to be reliable but accuracy and completeness cannot be assured. While the historical rates of return described in this report are believed to accurately reflect the overall nature of the portfolio, the constituent securities have not been reviewed. This evaluation is for informational purposes only and is not intended to be an offer, solicitation or recommendation with respect to the purchase or sale of any security or a recommendation of the services provided by any money management organization. Past results are not necessarily indicative of future performance.

Gross Rates of Return

The investment results depicted herein represent historical Gross performance before the deduction of investment management fees and are based on settlement date accounting methods. Annual, cumulative and annualized total returns are calculated assuming reinvestment of dividends and income plus capital appreciation. The client is referred to the Consulting Group Descriptive Brochure or Part II of the Firm's Form ADV. Actual returns will be reduced by expenses that may include management fees and cost of transactions. As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 2% fee, if the gross performance is 10%, the compounding effect of the fees will result in a net performance of approximately 7.81%. This Report is for one-on-one client presentations only.

International and Small Capitalization Securities

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing involving foreign, economic, political, and/or legal factors. International investing may not be for everyone. In addition, small capitalization securities may be more volatile than those of larger companies, but these companies may present greater growth potential.

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Trailing Returns

Data Point: Return Calculation Benchmark: Russell 1000 Value TR USD

	1 Year	3 Years	5 Years	7 Years	10 Years
Aristotle Value Equity	42.86	17.41	17.26	14.84	15.58
Boston Partners Large Cap Value SMA	44.40	12.07	13.93	10.98	13.55
Russell 1000 Value TR USD	39.32	11.27	11.41	9.81	12.08

Calendar Year Returns

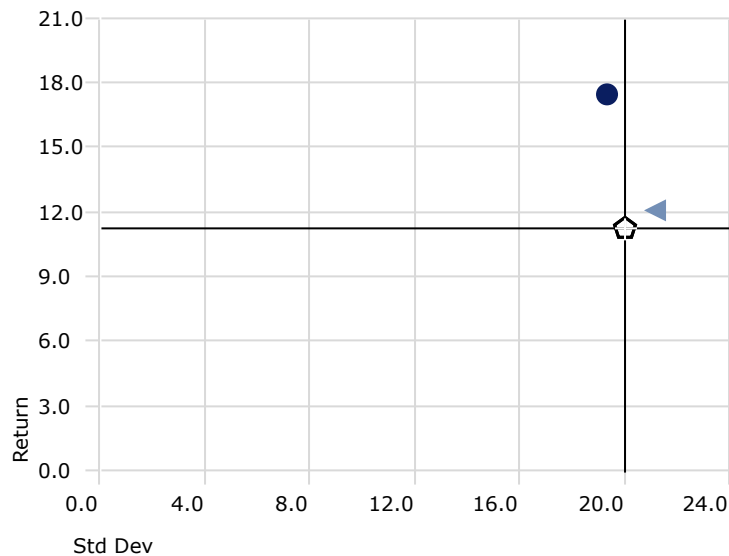
Data Point: Return Calculation Benchmark: Russell 1000 Value TR USD

	YTD	2020	2019	2018	2017	2016
Aristotle Value Equity	19.67	15.29	33.50	-8.25	22.74	17.61
Boston Partners Large Cap Value SMA	21.66	3.98	25.05	-8.08	20.27	14.92
Russell 1000 Value TR USD	17.98	2.80	26.54	-8.27	13.66	17.34

Risk-Reward

Time Period: 8/1/2018 to 7/31/2021

Calculation Benchmark: Russell 1000 Value TR USD



● Aristotle Value Equity

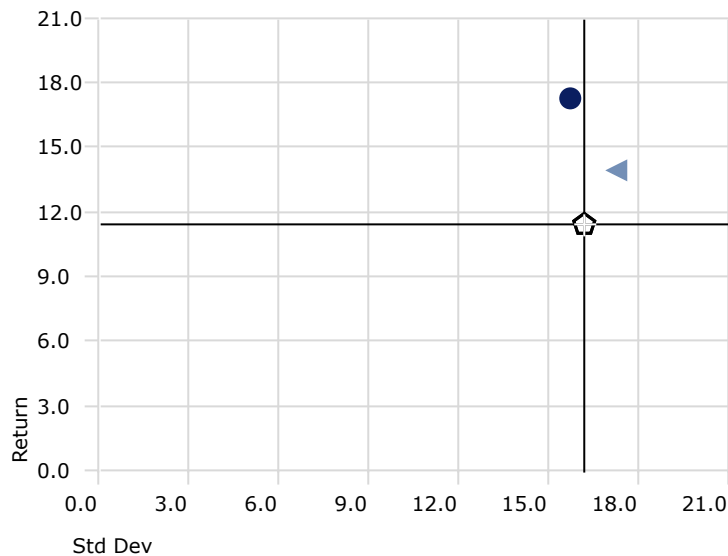
◀ Boston Partners Large Cap Value SMA

◻ Russell 1000 Value TR USD

Risk-Reward

Time Period: 8/1/2016 to 7/31/2021

Calculation Benchmark: Russell 1000 Value TR USD

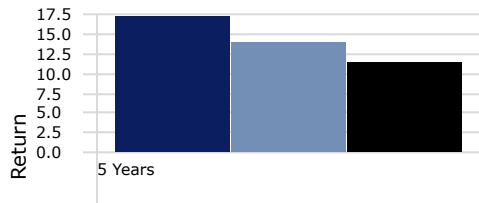


Risk-Reward

	Return 3 YR	Std Dev 3 YR	Return 5 YR	Std Dev 5 YR
Aristotle Value Equity	17.41	19.33	17.26	15.70
Boston Partners Large Cap Value SMA	12.07	21.14	13.93	17.25
Russell 1000 Value TR USD	11.45	20.02	11.68	16.18

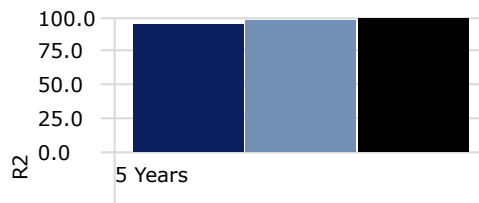
Returns

Calculation Benchmark: Russell 1000 Value TR USD



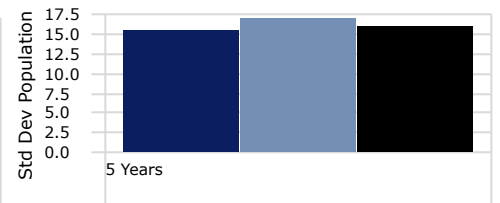
R-Squared

Calculation Benchmark: Russell 1000 Value TR USD



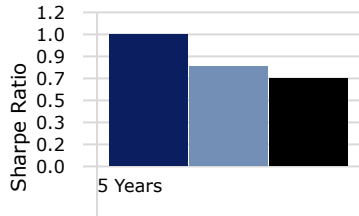
Standard Deviation of Population

Calculation Benchmark: Russell 1000 Value TR USD



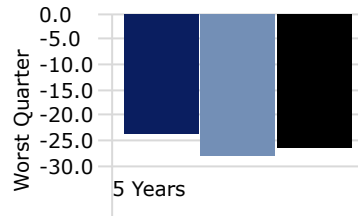
Sharpe Ratio

Calculation Benchmark: Russell 1000 Value TR USD



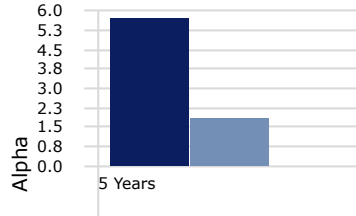
Worst Quarter

Calculation Benchmark: Russell 1000 Value TR USD



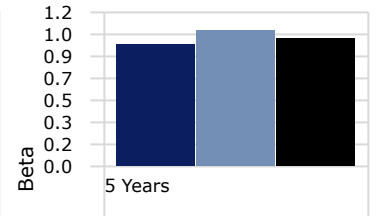
Alpha

Calculation Benchmark: Russell 1000 Value TR USD



Beta

Calculation Benchmark: Russell 1000 Value TR USD



● Aristotle Value Equity

◀ Boston Partners Large Cap Value SMA

◻ Russell 1000 Value TR USD

Performance

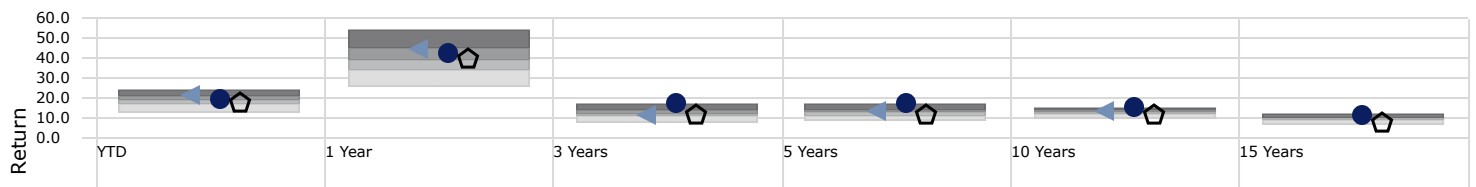
Time Period: 8/1/2016 to 7/31/2021 Calculation Benchmark: Russell 1000 Value TR USD

	Return	R2	Std Dev Population	Sharpe Ratio	Worst Quarter	Alpha	Beta
Aristotle Value Equity	17.26	94.60	15.57	1.02	-23.90	5.71	0.94
Boston Partners Large Cap Value SMA	13.93	97.65	17.10	0.78	-27.99	1.83	1.05
Russell 1000 Value TR USD	11.41	100.00	16.04	0.68	-26.73	0.00	1.00

Performance Relative to Peer Group

Peer Group (5-95%): Separate Accounts - U.S. - Large Value Calculation Benchmark: Russell 1000 Value TR USD

■ Top Quartile ■ 2nd Quartile ■ 3rd Quartile ■ Bottom Quartile



● Aristotle Value Equity

◀ Boston Partners Large Cap Value SMA

◻ Russell 1000 Value TR USD

● Aristotle Value Equity

◀ Boston Partners Large Cap Value SMA

◻ Russell 1000 Value TR USD

	YTD	% of Peer Group Beaten	1 YR	% of Peer Group Beaten	3 YR	% of Peer Group Beaten	5 YR	% of Peer Group Beaten
Aristotle Value Equity	19.67	85	42.86	81	17.41	59	17.26	66
Boston Partners Large Cap Value SMA	21.66	83	44.40	73	12.07	51	13.93	72

Large Value

Aristotle Value Equity	19.67	85	42.86	81	17.41	59	17.26	66
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Large Value

Boston Partners Large Cap Value SMA	21.66	83	44.40	73	12.07	51	13.93	72
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VALUE EQUITY

As of June 30, 2021

Value Equity Profile

Inception Date:	November 1, 2010
Assets:	\$48,048.2 million
Holdings:	35-45
Benchmarks:	Russell 1000 Value Index S&P 500 Index
Vehicles Offered:	Separate Account Mutual Fund Collective Trust

Investment Information

Strategy Description

- Fundamental, bottom-up stock selection process applied to a universe of companies with market capitalizations in excess of \$2 billion at initial investment
- Focused (35-45 positions) strategy tends to be characterized by high active share and low turnover
- Portfolio is composed mainly of U.S.-based companies and may invest up to 20% in companies based outside the U.S. (ADRs)
- Objective is to achieve attractive long-term returns versus the benchmarks while mitigating risk over a complete market cycle

Portfolio Managers



**Howard
Gleicher, CFA**
36 Yrs*



**Gregory
Padilla, CFA**
15 Yrs*

*Industry Experience

All portfolio holdings must meet the following three criteria:

High Quality

The investment process begins by identifying what we believe to be high-quality companies in great and/or improving lines of business.

Such quality characteristics may include: sustainable competitive advantages, attractive business fundamentals, leading products or services, pricing power and experienced management teams.

Attractive Valuation

We then assess the value of the company utilizing a private equity approach to public markets, as if we were buying the entire business.

We develop our own financial models, estimating normalized revenues, margins and cash flows. Using multiple valuation metrics, we determine a conservative intrinsic value for the business.

Compelling Catalysts

Catalysts are actions/events currently underway that we believe will propel a company to meet its full potential over the next three to five years.

We seek to identify catalysts that fall outside the short-term focus of the market, such as changes in leadership, divestitures/acquisitions, margin improvements and/or productivity gains. We believe catalysts are essential to avoiding "value traps."

Investment Team

- Aylon Ben-Shlomo, CFA
- Alberto Jimenez Crespo, CFA
- Robert Bexton, CFA
- Weixin Lin, CFA
- William Cram, CFA
- Catalina Llinás, CFA
- Jay Cunningham, CFA
- Gregory Padilla, CFA
- Jake Gilden, CFA
- Geoffrey Stewart, CFA
- Howard Gleicher, CFA
- Sean Thorpe
- Victor Hawley, CFA
- Jake Wamala
- James Henderson, CFA
- Kevin Zhang, CFA

Performance

Trailing (%)	QTD	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception ¹
Value Equity Composite (Gross)	6.37	17.04	46.50	17.87	17.60	15.12
Value Equity Composite (Net)	6.31	16.88	46.12	17.51	17.23	14.71
Russell 1000 Value Index	5.21	17.05	43.68	12.41	11.87	12.18
S&P 500 Index	8.55	15.25	40.79	18.65	17.64	15.17

Characteristics	Value Equity	R1000V
Dividend Yield (%)	1.5	1.9
Number of Holdings	43	842
Active Share (%)	90.9	--
Annualized Turnover (5 Yrs, %)	14.1	--
Wtd. Avg. Market Cap (\$B)	184.3	152.8
Return on Equity (5 Yrs, %)	16.1	13.0

Calendar Year (%)	2020	2019	2018	2017	2016	2015
Value Equity Composite (Gross)	15.30	33.50	-8.25	22.74	17.61	3.58
Value Equity Composite (Net)	15.01	33.07	-8.58	22.34	17.20	3.23
Russell 1000 Value Index	2.80	26.54	-8.27	13.66	17.34	-3.83
S&P 500 Index	18.40	31.49	-4.38	21.83	11.96	1.38

¹The Aristotle Value Equity Composite has an inception date of November 1, 2010.

Past performance is not indicative of future results. Performance results for periods greater than one year have been annualized. Returns are preliminary pending final account reconciliation. Returns are presented gross and net of investment advisory fees and include the reinvestment of all income. Gross returns will be reduced by fees and other expenses that may be incurred in the management of the account. For example, a 0.5% annual fee deducted quarterly (0.125%) from an account with a ten-year annualized growth rate of 5.0% will produce a net result of 4.4%. Actual performance results will vary from this example. The Portfolio Characteristics shown are based on a representative account. This material is not financial advice or an offer to buy or sell any product. Please see important disclosures at the end of this document.



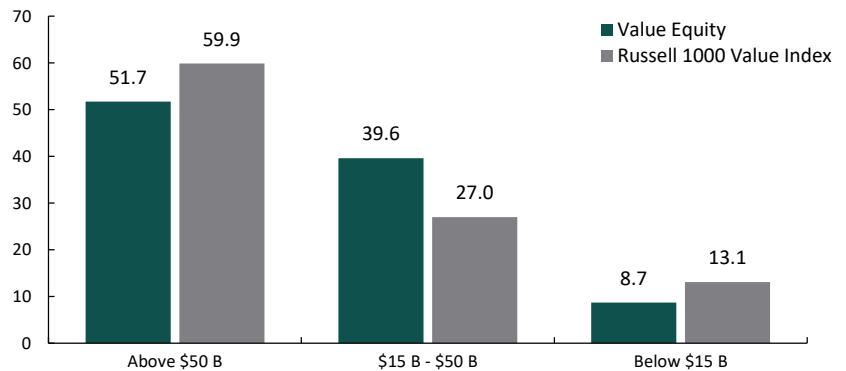
VALUE EQUITY

As of June 30, 2021

Largest Holdings (%)

Microsoft	4.0
Adobe	4.0
Danaher	3.8
Capital One Financial	3.3
ANSYS	3.2
Lennar	2.9
Sony Group	2.8
Corteva	2.8
Parker Hannifin	2.7
Crown Castle International	2.7
Total	32.2

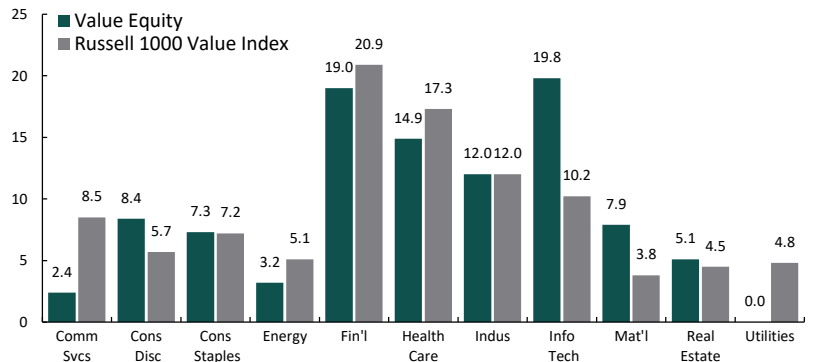
Market Cap Breakdown (%)



Portfolio Risk/Return Statistics

5 Years	Value Equity	Russell 1000 Value Index
Annualized Alpha (%)	5.83	0.00
Beta	0.94	1.00
Standard Deviation (%)	15.73	16.20
Information Ratio	1.53	--
Sharpe Ratio	1.05	0.66
Tracking Error (%)	3.75	0.00

Sector Weights (%)



Sources: SS&C Advent, FactSet, Russell Investments, Standard & Poor's, eVestment

The Largest Holdings shown are based on the model portfolio. The Market Cap Breakdown shown is based on a representative account. The Portfolio Risk/Return Statistics figures shown are gross of fees and based on the Aristotle Value Equity Composite (the Composite). The Sector Weights shown are based on the equity composition of the Value Equity model portfolio and excludes cash. The representative account was chosen since, in our view, it is the account within the Composite that most closely reflects the portfolio management style of the strategy. Not every client's account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors, including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. You should not assume that any of the securities transactions, sectors or holdings discussed in this report are or will be profitable, or that recommendations Aristotle Capital Management, LLC (Aristotle Capital) makes in the future will be profitable or equal the performance of the securities listed in this report. There is no assurance that any securities, sectors or industries discussed herein will be included in or excluded from an account's portfolio. Aristotle Capital reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. This is not a recommendation to buy or sell a particular security. Recommendations made in the last 12 months are available upon request. Past performance is not indicative of future results. The Russell 1000 Value Index measures the performance of the large cap value segment of the U.S. equity universe. It includes those Russell 1000® Index companies with lower price-to-book ratios and lower expected growth values. The S&P 500® Index is the Standard & Poor's Composite Index of 500 stocks and is a widely recognized, unmanaged index of common stock prices. The volatility (beta) of the Composite may be greater or less than that of the benchmark. It is not possible to invest directly in these indices. Composite and index returns reflect the reinvestment of income. Composite returns are presented gross and net of actual investment advisory fees. Returns are presented net of trading costs. Net returns reflect the additional deduction of management fees and are based on the actual account-level net returns. Dividends are recorded gross of withholding taxes. **Dividend Yield** is the ratio of a firm's dividends each year relative to its share price. **Active Share** is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. **Turnover** is calculated by taking either the total of amount of purchases or total sales of portfolio securities (whichever is less), over a particular period, and dividing it by the monthly average market value of the portfolio during that period. **Weighted Average Market Capitalization** is a dollar-value measurement of the size of companies in a portfolio or index. In such a weighting scheme, an average figure is derived from the market capitalizations of each company (their market prices multiplied by the number of shares outstanding) multiplied by their weights in the portfolio or index. **Return on Equity** is the amount of net income returned as a percentage of shareholders' equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. **Annualized Alpha** is the measure of risk-adjusted excess return over the style index. **Beta** is used to measure market risk. It is defined as the average relationship, over time, of the portfolio's rate of return to the style index. **Standard Deviation** is a measurement of risk or variability of returns over time. Higher deviation represents higher volatility. **Information Ratio** is a measurement of returns above the benchmark (usually an index) relative to the volatility of those returns. **Sharpe Ratio** is a measurement of the excess return over the risk-free rate relative to standard deviation to determine the reward per unit of risk. **Tracking Error** is the annualized standard deviation of the differences between the portfolio and index returns.

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FOR MORE INFORMATION, PLEASE CONTACT

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