
SUMMARY OF MATERIAL MODIFICATION

New Investment Advisors & Changes to the Investment Options

The Board of Trustees (“Board”) of the San Diego City Employees Retirement Medical Trust (“Trust”) has been working diligently to finalize the search for and hiring of a new Investment Advisor. The Board has selected RBC Wealth Management. Since their selection, RBC Wealth Management and the Board have held multiple meetings to discuss diversifying investment options that Participants in the Trust (“Members”) can choose from. The Board is now pleased to host two meetings which the members are invited to attend to hear about and discuss exciting investment changes that are intended to help Members meet their individual, long-term medical needs.

1. Scheduled Meetings to Discuss Changes to the Trust Investment Options

The Board of Trustees will be hosting open meetings as follows:

Friday, June 1, 2018

Time: 2:00 p.m. to 4:00 p.m.

Monday, June 4, 2018

Address: POA Hall of Valor

8388 Vickers Street, San Diego, CA 92111

All Members and their families are invited to meet the Trust’s new investment advisors, RBC Wealth Management, and discuss any questions they may have regarding the information presented below. RBC Wealth Management will provide a general presentation on the investment process, and share their insights on various ways to help the Members choose the right investment option for their individual need. In addition, RBC Wealth Management invites the Members to contact them directly on an ongoing basis after the scheduled open meetings with any investment related questions they may have concerning the Options offered.

2. Renaming of Investment Options

The Investment Options have been renamed to more accurately describe the various investment options available to Members (see the next page for a description of the New Aggressive Portfolio). The revised Investment Options are:

Option:	Old Name:	New Name:	Asset Allocation:
1	Cash Management	Cash Portfolio	100% Cash
2	Fixed Income	Bond Portfolio	100% Bonds
3	Conservative Strategy Portfolio	Conservative Portfolio	20% Stocks 80% Bonds
4	Moderate Strategy Portfolio <i>(current default Option)</i>	Moderately Conservative Portfolio	40% Stocks 60% Bonds
5	Balanced Strategy Portfolio	Moderate Portfolio <i>(new default Option)</i>	60% Stocks 40% Bonds
6	(New)	Aggressive Portfolio	80% Stocks 20% Bonds

3. Addition of a new “Aggressive Portfolio”

An additional Investment Option called “Aggressive Portfolio” has been added for members who want to select an investment strategy that offers a more aggressive option. Investments in the Aggressive Portfolio will be a mix of approximately 80% stocks and 20% bonds.

4. Reformulation of Underlying Investment Options to Improve Investment Performance

Slight changes are being made to the underlying investments within each of the existing (renamed) investment options. These changes have been recommended by RBC Wealth Management, as their research shows that these changes should improve overall investment performance. These changes will incorporate both active and passive investment strategies with the following goals in mind:

- i. Improved investment performance;
- ii. Ensure better risk management through enhanced diversification of investments; and
- iii. Continue to administer the Trust’s investments with relatively low investment costs.

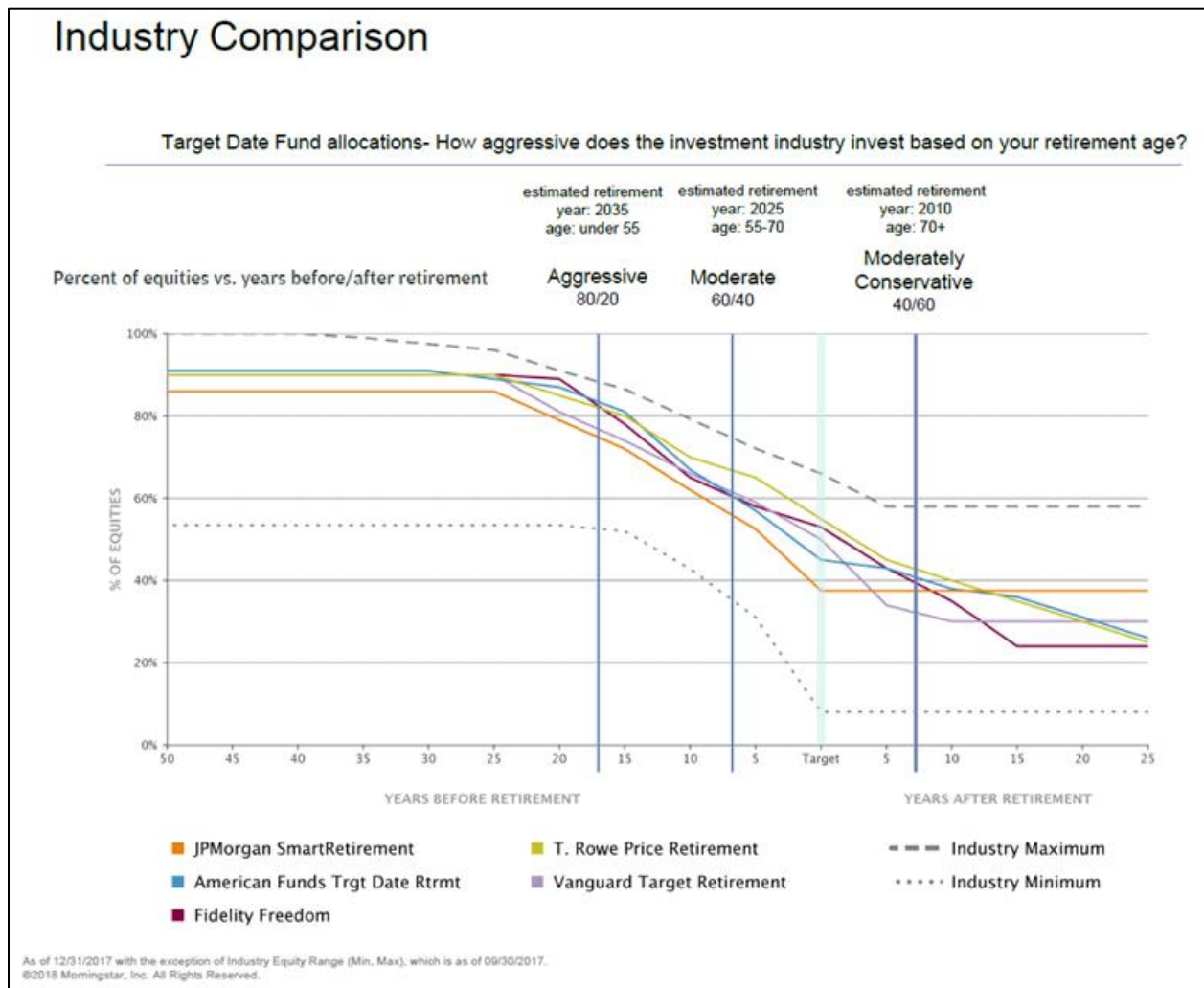
The following table provides a list of the Funds that have been selected for inclusion in the individual portfolios, and the allocations of assets to each Fund, for each Portfolios within the Investment Options.

Strategy and Fund Name		Cash Portfolio	Bond Portfolio	Conservative Portfolio	Moderately Conservative Portfolio	Moderate Portfolio	Aggressive Portfolio (New)
Vanguard Total Stock Market Index	VITSX	0%		12%	24%	36%	48%
American Funds Europacific Gr	RERGX			8%	16%	24%	32%
Prudential Total Return Bond	PTRQX		32%	25%	20%	14%	9%
Western Asset Core Plus Bond	WAPSX		26%	20%	15%	12%	7%
Dodge & Cox Income	DODIX		32%	25%	15%	8%	0%
Prudential Global Total Return	PGTQX		10%	10%	10%	6%	4%
Schwab Money Market		100%					
		100%	100%	100%	100%	100%	100%
Stock/Bond Allocation		0/100	0/100	20/80	40/60	60/40	80/20
Comparable Target Date Age Tranche		n/a			2010	2025	2035

5. New Default Investment Option

New contributions received on or after **July 1, 2018** will be placed in Option 5, the Moderate Portfolio, which will serve as the new default Investment Option. The Moderate Portfolio offers a mix of 60% stocks and 40% bonds.

Based on considerable research conducted by RBC Wealth Management and other industry experts, the Moderate portfolio has been adopted as the new default investment option. The graph below, shows that industry experts, at some of the largest target date investment funds (which collectively represent hundreds of billions of dollars in investments), recommend a moderate investment strategy for individuals who plan to retire between age 55 and 70.



RBC Wealth Management also utilized this research when recommending that the Board offer the new Option 6, “Aggressive Portfolio”.

6. Forecasted Rates of Return for All Investment Options

RBC Wealth Management has provided forecasted rates of return, over the next 5 to 10 years, for each of the renamed Investment Options. This forecast relies upon the most current capital market assumptions, and shows higher forecasted returns for investment options that are more aggressive. **These higher rates of return also assume that the more aggressive investment options will experience higher volatility and/or risk over time. These returns are an estimate and not a guarantee of future performance.**

Option:	New Name:	Asset Allocation:	RBC Capital Market Assumptions and Target Rates of Return:
1	Cash Portfolio	100% Cash	1.7%
2	Bond Portfolio	100% Bonds	2.7%
3	Conservative Portfolio	20% Stocks 80% Bonds	3.5%
4	Moderately Conservative Portfolio	40% Stocks 60% Bonds	4.2%
5	Moderate Portfolio (new default Option)	60% Stocks 40% Bonds	5.0%
6	(New) Aggressive Portfolio	80% Stocks 20% Bonds	5.8%

The Trust's new Investment Advisors, RBC Wealth Management, can be reached by calling 1-866-416-9716 or emailing them at RetirementPlanAdvisors.Info@rbc.com.