



# City of Ft. Lauderdale OPEB Trust and OPEB Post Retirement Pay Steps Plan

## Investment Performance Review For the Quarter Ended September 30, 2023

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PFM Asset Management LLC

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# Executive Summary

The City of Fort Lauderdale (the “City”) OPEB Trust returned -3.37% (net of mutual fund fees) in the 3<sup>rd</sup> quarter of 2023, outperforming its policy benchmark return of -3.42% by 0.05%. In the trailing 12 months, the portfolio returned 11.67%, underperforming its 11.88% benchmark return by 0.21%. In dollar terms, the portfolio had a loss of \$1,330,280 in return on investment over the quarter and gained \$4,215,482 in the trailing 12 months.

The City's OPEB Post Retirement Pay Steps Plan returned -3.35% (net of mutual fund fees) in the 3<sup>rd</sup> quarter of 2023, outperforming its policy benchmark return of -3.42% by 0.07%. In the trailing 12 months, the portfolio returned 11.87%, underperforming its 11.88% benchmark return by 0.01%. In dollar terms, the portfolio had a loss of \$199,713 in return on investment over the quarter and gained \$625,329 in the trailing 12 months.

Domestic equity as measured by the Russell 3000 Index posted a return of -3.25% for the quarter. International equity as measured by the MSCI ACWI ex-U.S. Index underperformed their U.S. counterparts, returning -3.77% for the quarter. While the U.S. bond market, represented by the Bloomberg U.S. Aggregate Index, lost -3.23% as interest rates continued rising.

Inflation pressures remained visible in the third quarter, with headline inflation (CPI) increasing 3.7% year-over-year (YoY) in September, up from 3.0% at the end of the second quarter. However, the less volatile core reading (which excludes food and energy) shows continued cooling at 4.1% YoY in September, its slowest pace since 2021. The U.S. labor market continues to cool as the unemployment rate has risen to 3.8% in September.

As we expect uncertainty to persist into the upcoming quarters, diversification is as important as ever for long term investors who should remain focused on their strategic goals, objectives and liquidity needs. Portfolio allocations are nearly consistent with policy targets. Given that the City's goals and objectives are long-term in nature, the portfolio continues to be in line with its investment policy guidelines.

# Multi-Asset Class Management Allocation

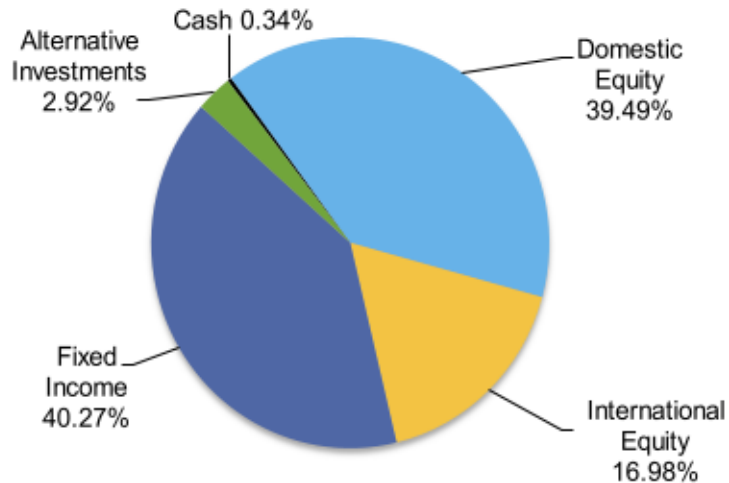
**Current Asset Allocation**

| Asset Class             | Market Value        | Pct (%)       |
|-------------------------|---------------------|---------------|
| Cash                    | \$150,668           | 0.34%         |
| Domestic Equity         | 17,375,077          | 39.49%        |
| International Equity    | 7,470,546           | 16.98%        |
| Fixed Income            | 17,717,887          | 40.27%        |
| Alternative Investments | 1,284,583           | 2.92%         |
| <b>Total</b>            | <b>\$43,998,759</b> | <b>100.0%</b> |

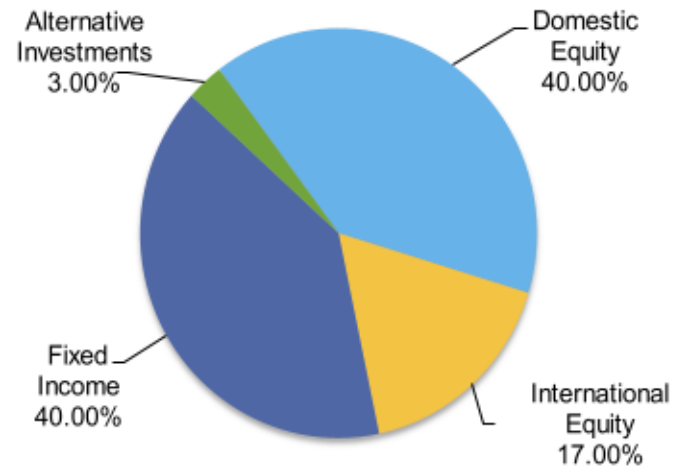
**Target Asset Allocation\***

| Asset Class             | Market Value      | Pct (%)     |
|-------------------------|-------------------|-------------|
| Cash                    | -                 | 0.00%       |
| Domestic Equity         | 17,599,504        | 40.00%      |
| International Equity    | 7,479,789         | 17.00%      |
| Fixed Income            | 17,599,504        | 40.00%      |
| Alternative Investments | 1,319,963         | 3.00%       |
| <b>Total</b>            | <b>43,998,759</b> | <b>100%</b> |

**Current Asset Allocation**



**Target Asset Allocation**



Data as of September 30, 2023.

\*Based on guidelines set by the City of Fort Lauderdale's OPEB Investment Policy.

# Markets & Economy

|  | QTD    | YTD    | 1 Year | 3 Years | 5 Years | 7 Years | 10 Years |
|--|--------|--------|--------|---------|---------|---------|----------|
| <b>DOMESTIC EQUITY</b>                         |        |        |        |         |         |         |          |
| S&P 500  | -3.27% | 13.07% | 21.62% | 10.15%  | 9.92%   | 12.24%  | 11.91%   |
| Russell 3000 Index                             | -3.25% | 12.39% | 20.46% | 9.38%   | 9.14%   | 11.64%  | 11.28%   |
| Russell 1000 Value Index                       | -3.16% | 1.79%  | 14.44% | 11.05%  | 6.23%   | 7.92%   | 8.45%    |
| Russell 1000 Growth Index                      | -3.13% | 24.98% | 27.72% | 7.97%   | 12.42%  | 15.64%  | 14.48%   |
| Russell Midcap Index                           | -4.68% | 3.91%  | 13.45% | 8.09%   | 6.38%   | 8.68%   | 8.98%    |
| Russell 2500 Index                             | -4.78% | 3.59%  | 11.28% | 8.39%   | 4.55%   | 7.96%   | 7.90%    |
| Russell 2000 Index                             | -5.13% | 2.54%  | 8.93%  | 7.16%   | 2.40%   | 6.62%   | 6.65%    |
| Russell 2000 Value Index                       | -2.96% | -0.53% | 7.84%  | 13.32%  | 2.59%   | 5.94%   | 6.19%    |
| Russell 2000 Growth Index                      | -7.32% | 5.24%  | 9.59%  | 1.09%   | 1.55%   | 6.77%   | 6.72%    |
| <b>INTERNATIONAL EQUITY</b>                    |        |        |        |         |         |         |          |
| MSCI EAFE (Net)                                | -4.11% | 7.08%  | 25.65% | 5.75%   | 3.24%   | 5.29%   | 3.82%    |
| MSCI AC World Index (Net)                      | -3.40% | 10.06% | 20.80% | 6.89%   | 6.46%   | 8.60%   | 7.56%    |
| MSCI AC World ex USA (Net)                     | -3.77% | 5.34%  | 20.39% | 3.74%   | 2.58%   | 4.73%   | 3.35%    |
| MSCI AC World ex USA Small Cap (Net)           | -1.70% | 5.03%  | 19.01% | 4.01%   | 2.58%   | 4.70%   | 4.35%    |
| MSCI EM (Net)                                  | -2.93% | 1.82%  | 11.70% | -1.73%  | 0.55%   | 3.22%   | 2.07%    |
| <b>ALTERNATIVES</b>                            |        |        |        |         |         |         |          |
| FTSE NAREIT Equity REIT Index                  | -7.13% | -2.14% | 2.99%  | 5.76%   | 2.77%   | 2.61%   | 5.96%    |
| FTSE EPRA/NAREIT Developed Index               | -5.59% | -4.10% | 2.72%  | 1.54%   | -0.29%  | 0.65%   | 2.97%    |
| Bloomberg Commodity Index Total Return         | 4.71%  | -3.44% | -1.30% | 16.23%  | 6.13%   | 4.68%   | -0.75%   |
| <b>FIXED INCOME</b>                            |        |        |        |         |         |         |          |
| Blmbg. U.S. Aggregate                          | -3.23% | -1.21% | 0.64%  | -5.21%  | 0.10%   | -0.09%  | 1.13%    |
| Blmbg. U.S. Government/Credit                  | -3.00% | -0.86% | 0.93%  | -5.32%  | 0.41%   | 0.09%   | 1.31%    |
| Blmbg. Intermed. U.S. Government/Credit        | -0.83% | 0.65%  | 2.20%  | -2.93%  | 1.02%   | 0.62%   | 1.27%    |
| Blmbg. U.S. Treasury: 1-3 Year                 | 0.71%  | 1.69%  | 2.44%  | -0.92%  | 1.03%   | 0.77%   | 0.79%    |
| Blmbg. U.S. Corp: High Yield                   | 0.46%  | 5.86%  | 10.28% | 1.76%   | 2.96%   | 3.80%   | 4.24%    |
| Credit Suisse Leveraged Loan index             | 3.37%  | 9.91%  | 12.47% | 5.91%   | 4.31%   | 4.64%   | 4.33%    |
| ICE BofAML Global High Yield Constrained (USD) | 0.08%  | 5.37%  | 12.71% | -0.14%  | 1.81%   | 2.84%   | 3.29%    |
| Blmbg. Global Aggregate Ex USD                 | -4.00% | -3.20% | 3.39%  | -8.39%  | -3.10%  | -2.77%  | -1.73%   |
| JPM EMBI Global Diversified                    | -2.23% | 1.76%  | 10.01% | -4.56%  | -0.35%  | 0.11%   | 2.47%    |
| <b>CASH EQUIVALENT</b>                         |        |        |        |         |         |         |          |
| 90 Day U.S. Treasury Bill                      | 1.31%  | 3.60%  | 4.47%  | 1.70%   | 1.72%   | 1.54%   | 1.10%    |

Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

**THE ECONOMY**

► In the second quarter, U.S. gross domestic product (GDP) grew at an annualized rate of 2.1%, in line with 2023 growth estimates by the Federal Reserve (Fed) despite persistent inflation and continued rate hikes. This GDP growth rate is below global GDP growth estimates of 3.0%, which have been buoyed by emerging markets (EM) and developing economies.

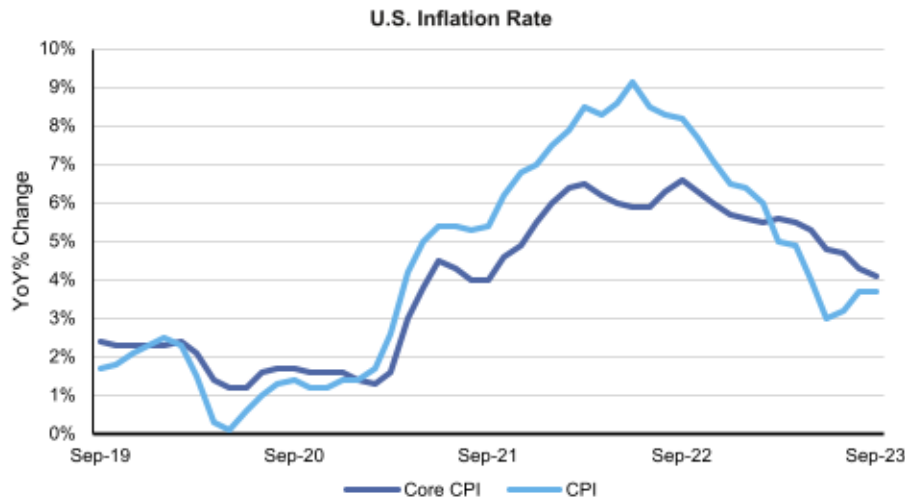
► The U.S. labor market continues to cool as the unemployment rate has risen to 3.8% in September. The number of job openings to unemployed ratio fell to 1.51, down from its high of 2.0 in 2022 but not yet closing in on the goal of 1.00.

► Inflation pressures remained visible in the third quarter, with headline inflation (CPI) increasing 3.7% year-over-year (YoY) in September, up from 3.0% at the end of the second quarter. However, the less volatile core reading (which excludes food and energy) shows continued cooling at 4.1% YoY in September, its slowest pace since 2021.

► Through the strong labor market and continued growth, consumer confidence saw relative improvement. The Michigan Consumer Sentiment survey ended the quarter at 68.1, up 8.4 year-to-date, though below the long-term average of 85. Consumers savings and incomes remain strong, but debt levels and defaults are increasing.



Source: IMF. Dark blue bars indicate actual numbers; light blue bars indicate forecasted estimates.



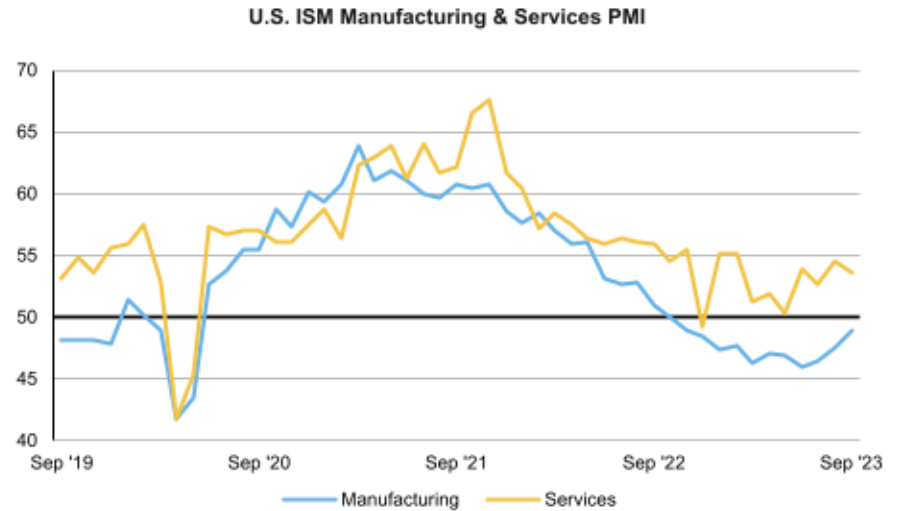
Source: Bureau of Labor Statistics.



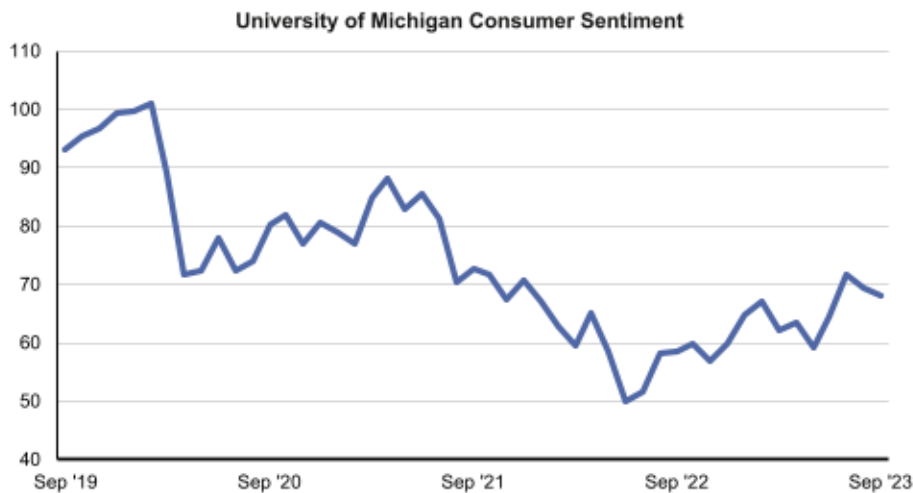
Source: Bureau of Labor Statistics.

**WHAT WE'RE WATCHING**

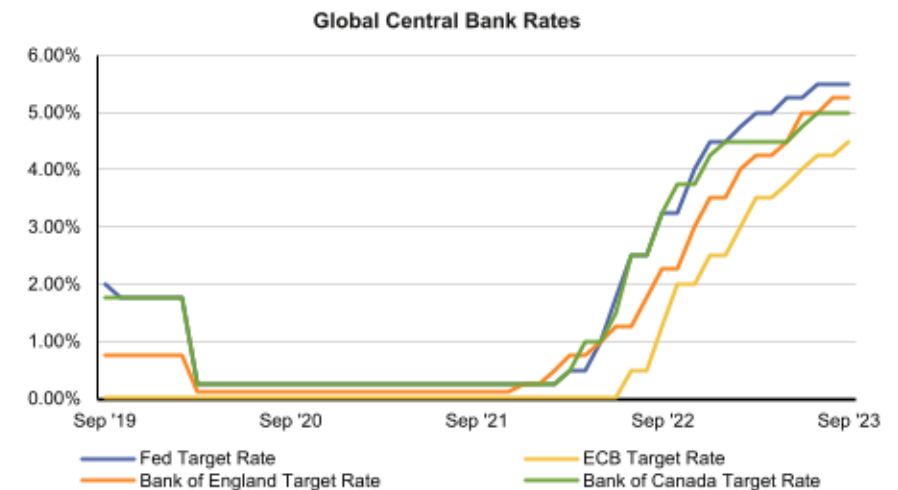
- ▶ After a pause in June, the third quarter brought one more rate hike as the resiliency of economic activity in the U.S. prompted the Fed to raise the target for the federal funds rate by 25 basis points (bps). Looking forward, the median dot for 2024 and 2025 were raised to 5.125% and 3.875%, with increased expectations of a 'higher-for-longer' policy. The European Central Bank (ECB) diverged from Fed policy slightly with two hikes during the quarter, marking a full year of consecutive rate hikes, as they continue to rein in inflation.
- ▶ The U.S. saw some recovery in manufacturing during the quarter as S&P Global U.S. Manufacturing rose to 49.8, just fractionally contractionary, as supply conditions improved and employment rose. Services weakened over the quarter, but remain expansionary at 50.1. The HCOB Eurozone manufacturing PMI, by comparison, ended the quarter in sharply contractionary territory for the fifteenth consecutive month, at 43.4. The services PMI also turned contractionary ending at 48.7.
- ▶ China's manufacturing and services sectors saw continued growth but with slowing momentum through the quarter as the S&P Global China Manufacturing and Services readings dipped to 50.9 and 50.2, respectively. Looking forward, the expected increased domestic tourism for "golden week" may provide a short-term boost to demand, though whether that can be sustained remains to be seen.



Source: Bloomberg.



Source: Bloomberg.



Source: Bloomberg.

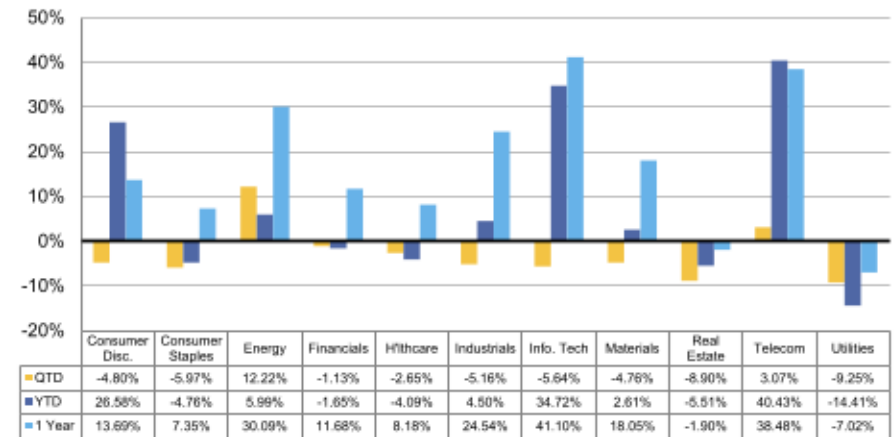


**DOMESTIC EQUITY**

- ▶ The S&P 500 Index (S&P) posted a return of -3.27% for the third quarter of 2023. As of September 30, 2023, the trailing 1-year return for the index was 21.59%.
- ▶ Over the quarter, extreme market concentration continued to play a factor for large-cap stocks, as evidenced by the underperformance of the S&P 500 Equal Weight Index versus the S&P 500 Market Cap-Weighted Index.
- ▶ Within the S&P, only two of the 11 Global Industry Classification Standard (GICS) sectors posted positive gains for the quarter: Energy (12.22%) and Communication Services (3.07%). The worst-performing sectors over the quarter were Utilities (-9.25%), Real Estate (-8.90%), and Consumer Staples (-5.97%).
- ▶ Small-caps, as represented by the Russell 2000 Index, returned -5.13% during the quarter, lagging mid- and large-caps. The Russell Mid Cap Index returned -4.68% for the quarter, while the Russell 1000 Index returned -3.16%.
- ▶ According to FactSet Earnings Insight (as of September 29, 2023), the expected YoY earnings growth rate for the S&P for the third quarter is -0.1%. If expectations become a reality, it will be the fourth consecutive quarterly decline for the index.
- ▶ As of the end of the quarter, the S&P 500 P/E ratio was 20.96, below its 5-year average of 21.74. By comparison, the S&P 600, which represents small-cap stocks, had a P/E ratio of 14.52, well below its 5-year average of 17.22.

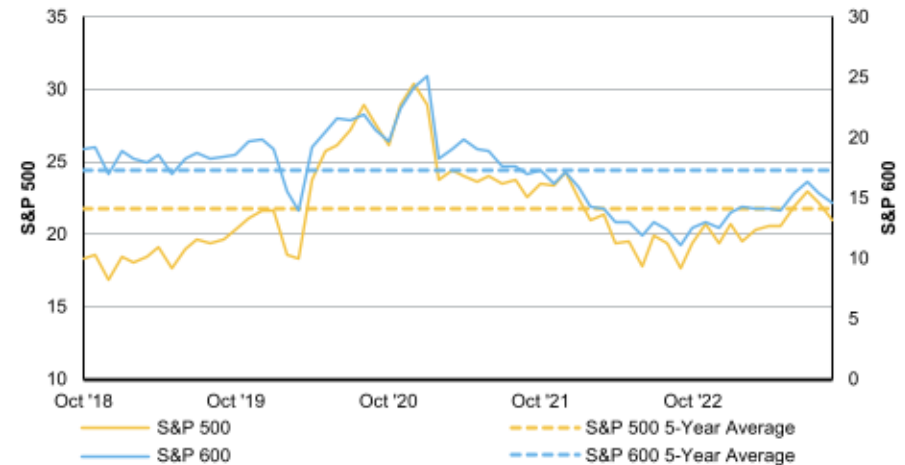
**S&P 500 Index Performance by Sector**

Periods Ended September 30, 2023



Source: Bloomberg.

**P/E Ratios of Major Stock Indices\***



Source: Bloomberg.

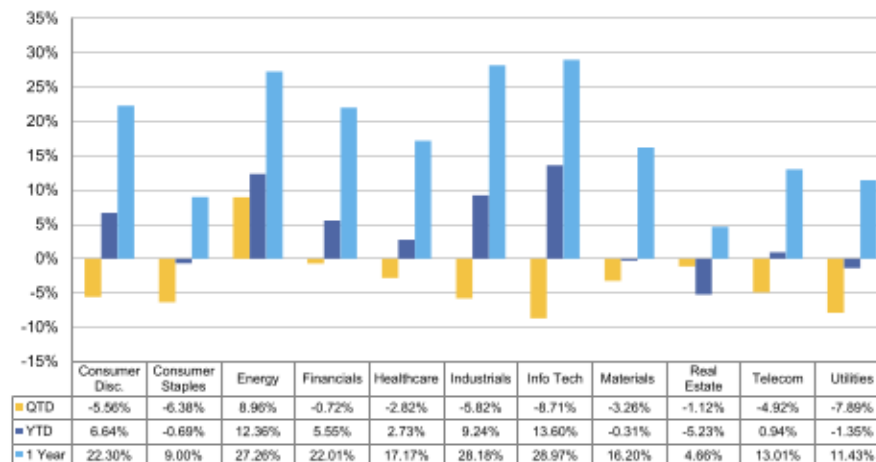
\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

**NON-U.S. EQUITY**

- ▶ Markets outside of the U.S., as measured by the MSCI ACWI ex-U.S. Index, slightly underperformed their U.S. counterparts, returning -3.77% for the quarter.
- ▶ There were 10 out of the 11 sectors that posted negative returns for the quarter, with Information Technology (-8.71%), Utilities (-7.89%), and Consumer Staples (-6.38%) being the worst-performing sectors. Energy (+8.96%) was the best and only sector with a positive return for the quarter. The sector benefited from oil prices soaring on tighter supplies.
- ▶ Emerging markets (EM), as represented by MSCI Emerging Market Index, outperformed Developed ex-U.S. Markets, represented by the MSCI EAFE Index, returning -2.93% versus -4.11% for the quarter.
- ▶ MSCI Japan (-1.55%) outperformed the MSCI EAFE Index. Japanese equities continue to benefit from positive investor sentiment as better corporate governance practices and attractive valuation brighten earnings outlook. Of the five largest-weighted countries in the index, Germany (-7.62%) was the worst performer due to gloomy economic data and unfavorable demographics.
- ▶ Within EM, MSCI India (1.84%) was a strong performer. The country's economic growth remains strong despite higher rates. MSCI China (-2.41%) outperformed the index as the government reaffirmed stimulative policies, which fueled a sharp rebound in Chinese equities during the month of July.
- ▶ Small-caps, as represented by MSCI ACWI ex-U.S. Small Cap Index, outperformed within the international equity markets, returning -1.70% for the quarter.
- ▶ Non-U.S. equities remain undervalued relative to their long-term average across international equity markets. As of September 30, 2023, MSCI EAFE ended the quarter with a P/E ratio of 13.39, much lower than its 5-year average of 15.98. Similarly, MSCI EM's P/E stood at 12.99 versus a 5-year average of 13.12.

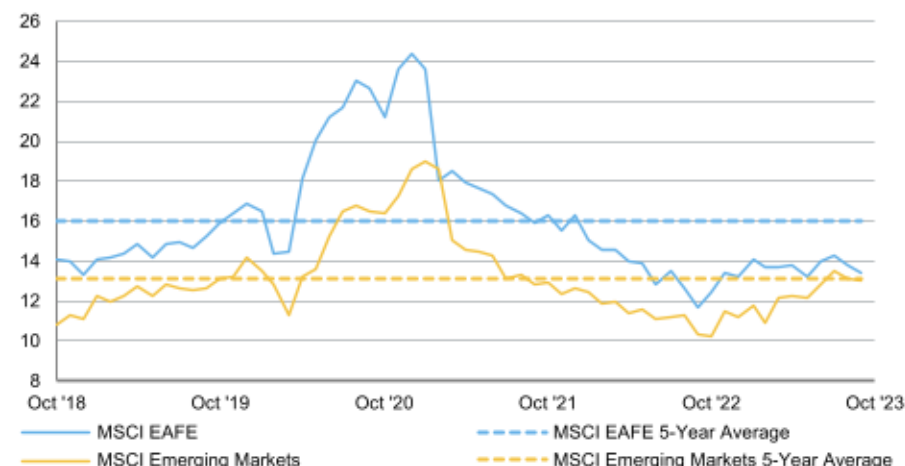
**MSCI ACWI ex-U.S. Sectors**

Periods Ended September 30, 2023



Source: Bloomberg.

**P/E Ratios of MSCI Equity Indices\***



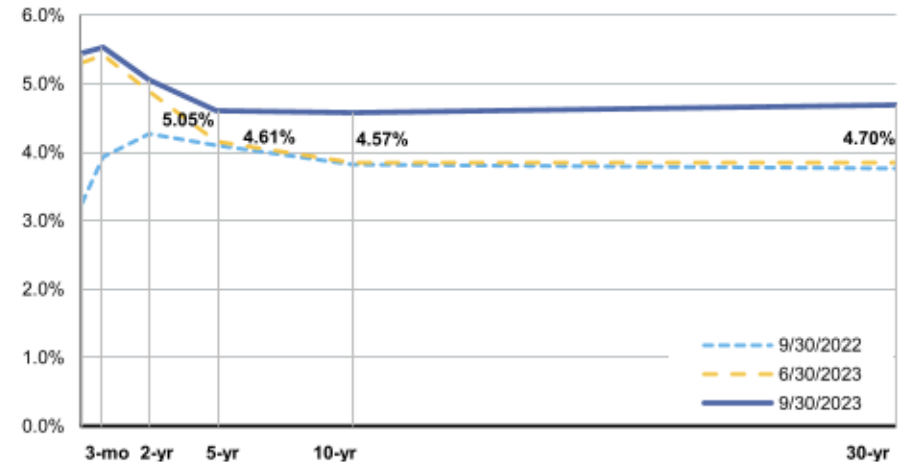
Source: Bloomberg.

\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

**FIXED INCOME**

- ▶ The U.S. bond market represented by the Bloomberg U.S. Aggregate (Aggregate) Index fell sharply during the third quarter to -3.23% as rates continued rising. The trailing 1-year period return is 0.64%.
- ▶ The Bloomberg U.S. Treasury Index closed the quarter with a loss of -3.06%. During the period, the Federal Open Market Committee (FOMC) raised interest rates by a quarter point in July, but paused at the September meeting. Long rates rose on several factors, including higher overall treasury issuance, less foreign demand, stickier energy-related inflation, and Federal debt and deficit size. The latter led to Fitch downgrading the U.S. Government rating. The curve remains inverted as the fed funds rate is now targeted at 5.5%. The 10-year climbed 78 bps in the quarter, ending at 4.59%.
- ▶ Corporate credit had mixed results for the quarter. The investment-grade Bloomberg U.S. Corporate (IG Corp) Index declined 3.09%, while high-yield bonds, as represented by the Bloomberg U.S. Corporate High-Yield (HY) Index, posted a gain of 0.46%. Although spreads didn't widen, IG Corp sold off from duration. HY saw very mild spread widening but was again led by the lowest quality Caa/CCC-rated cushioned by double-digit yields.
- ▶ The fixed-rate mortgage market, as measured by the Bloomberg U.S. Mortgage-Backed Securities (MBS) Index, lost 4.05%, hurt by continued duration extension on higher rates. On the commercial side, the Bloomberg U.S. Agency CMBS Index declined by 1.91%.
- ▶ EM USD sovereign bonds, as represented by the JP Morgan EMBI Global Diversified Index, lost 2.23%.

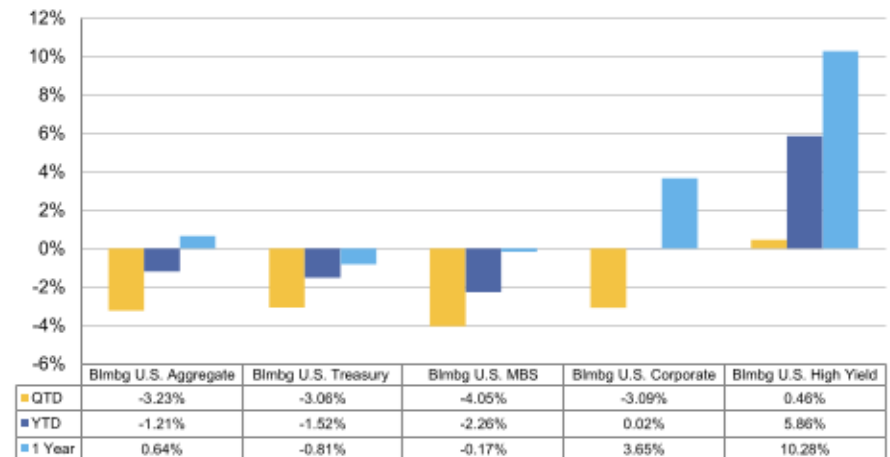
**U.S. Treasury Yield Curve**



Source: Bloomberg.

**Returns for Fixed-Income Segments**

Periods Ended September 30, 2023



Source: Bloomberg.

**ALTERNATIVES**

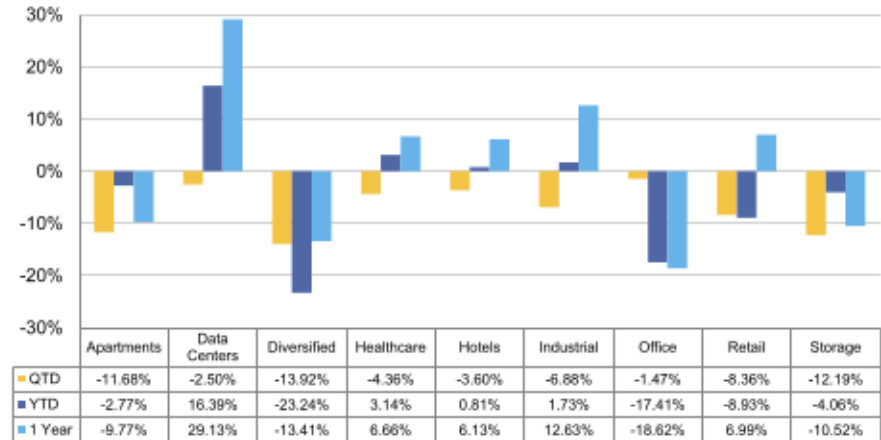
▶ REITs, as measured by the FTSE NAREIT Equity REITs Index, fell 7.13% in the third quarter of 2023, compared to a 2.62% increase in the prior quarter. All major sectors posted losses during the quarter as higher interest rates and broader economic concerns have spooked investors. The best performers were the Office and Data Center sectors, which posted returns of -1.47% and -2.50%, respectively. The worst performers during the quarter were the Diversified and Self-Storage sectors, which posted returns of -13.92% and -12.19%, respectively.

▶ Commodity futures, represented by the Bloomberg Commodity Total Return Index, gained 4.71% in the third quarter of 2023, compared to a 2.56% decline in the prior quarter. The U.S. Dollar Index (DXY) gained 3.17% during the same period. The price of gold fell 3.69% in Q3, marking the second consecutive quarter of declines for the precious metal. Gold finished the quarter at \$1,848.63 per ounce, down from \$1,919.35 at the end of the previous quarter. The West Texas Intermediate (WTI) Crude Oil spot price gained 28.53% from \$70.64 to \$90.79 per barrel as news of OPEC cuts and tighter supplies outweighed headwinds posed by a strengthening U.S. dollar and softening economic data.

▶ Private real estate, as measured by the NCREIF Property Index, fell -1.98% in the second quarter of 2023, resulting in a -6.60% return over the twelve-month period ended June 2023. This was the third consecutive quarter of negative returns for the index, underscoring the weakness in private property values. Hotel properties were again the top performers, with a total return of 4.00% in the second quarter, comprised of 1.94% in income return and 2.06% in appreciation return. Office properties were again the worst performers with a total return of -5.79%, comprised of 1.21% in income return and -7.00% in appreciation return.

**FTSE NAREIT Sectors**

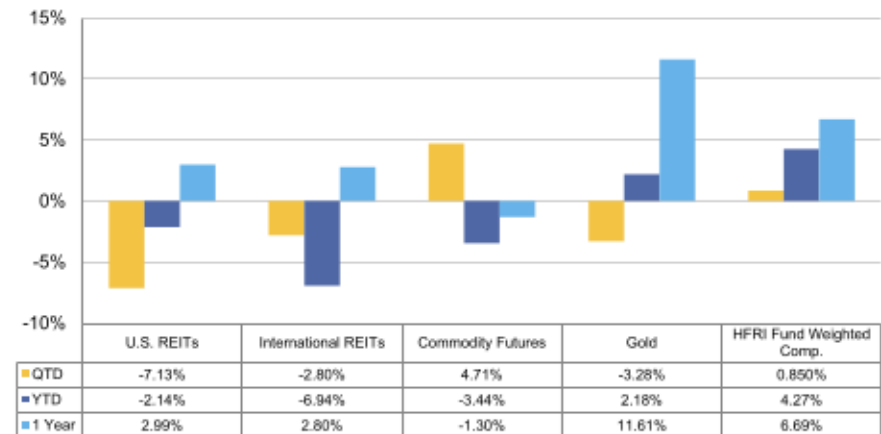
Periods Ended September 30, 2023



Source: Bloomberg.

**Returns for Liquid and Semi-Liquid Alternative Assets**

Periods Ended September 30, 2023



Sources: Bloomberg and Hedge Fund Research, Inc.

**ALTERNATIVES (continued)**

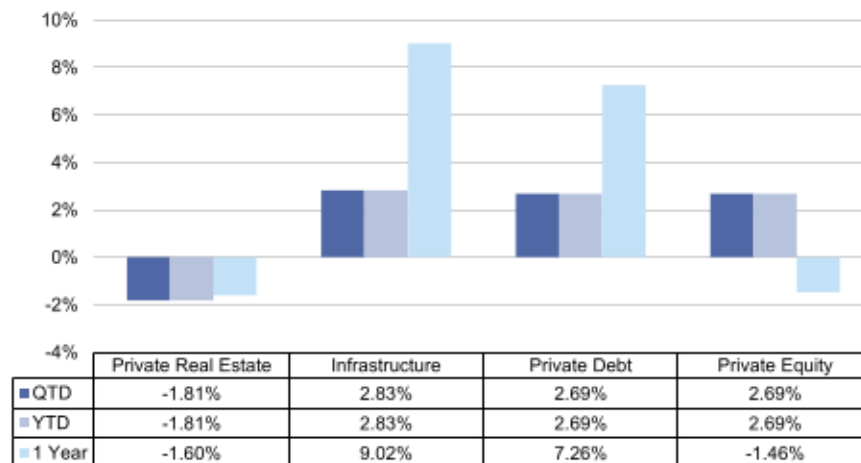
► In the second quarter of 2023, infrastructure funds raised only \$3.72 billion, although this is higher than the amount raised during the prior quarter. Almost all of this capital was raised by opportunistic infrastructure funds. Real assets dry powder has also fallen from previous years and stands at \$254.85 billion as of Q4 2022. Despite macroeconomic headwinds, the asset class continues to remain attractive due to its ability to provide moderate but consistent returns during periods of volatility, inflation and recession. According to PitchBook, infrastructure funds posted a return of 2.83% in Q1 2023. The asset class has generated an annualized return of 10.49% for the five years ended Q1 2023.

► In the second quarter of 2023, private debt fundraising amounted to \$56.38 billion, up from the prior quarter. Private debt dry powder has fallen to \$434.39 billion, although it remains above the long-term average. The asset class has performed well relative to public fixed income and may see more opportunities emerge in the near term as tightening lending standards push banks out of the private lending space. According to the Cliffwater Direct Lending Index, U.S. middle market loans, a proxy for private debt, posted a return of 2.81% in Q2 2023. The asset class has also generated an annualized return of 8.47% for the five years ended Q2 2023.

► In the second quarter of 2023, private capital fundraising was led by private equity funds, which closed on \$114.01 billion. Global private equity dry powder, which accounts for the bulk of private capital dry powder, remains high at \$1.32 trillion as of December 2022. Recent private equity performance has weakened as a result of high interest rates and a slowing economy; however, longer-term performance relative to public equities remains strong. According to Cambridge Associates, U.S. private equity posted a return of 2.69% in Q1 2023. The asset class has generated an annualized return of 18.47% for the five years ended Q1 2023.

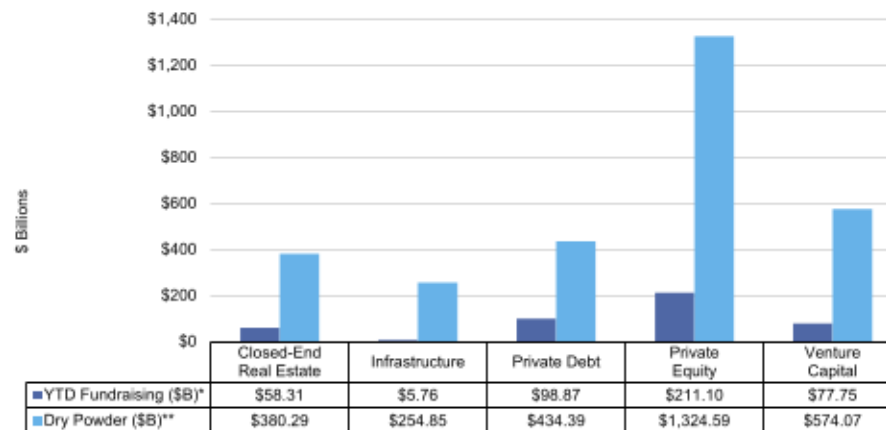
► Hedge fund returns were positive quarter-to-date through August 2023, with the HFRI Fund Weighted Composite Index returning 1.05%. During the same period, the HFRI Macro (Total) Index returned 0.11%. The HFRI Equity Hedge (Total) Index and the HFRI Fund of Funds Index returned 0.85% and 0.95%, respectively.

**Returns for Private Capital Assets**



Source: NCREIF, PitchBook, Cliffwater, Cambridge Associates, manual inputs.  
As of March 31, 2023 - most recent period for which all performance data is available.

**Private Capital Fundraising & Dry Powder**



Sources: Pitchbook.

\* Total capital raised in 2023 as of June 30, 2023 - most recent period for which ALL fundraising data is available.

\*\* Cumulative dry powder as of most recent - December 31, 2022.

## **Total Fund - OPEB Trust**

## Asset Allocation &amp; Performance

|                                      | Allocation        |        | Performance(%)  |              |                    |                     |             |             |                 |                   |
|--------------------------------------|-------------------|--------|-----------------|--------------|--------------------|---------------------|-------------|-------------|-----------------|-------------------|
|                                      | Market Value (\$) | %      | Current Quarter | Year To Date | Trailing 12-months | Fiscal Year To Date | 3 Years     | 5 Years     | Since Inception | Inception Date    |
| Total Fund                           | 38,284,499        | 100.00 | -3.37           | 5.28         | 11.67              | 11.67               | 2.64        | 4.04        | 4.71            | 10/01/2017        |
| <b>Blended Benchmark</b>             |                   |        | <b>-3.42</b>    | <b>5.26</b>  | <b>11.88</b>       | <b>11.88</b>        | <b>2.57</b> | <b>4.63</b> | <b>5.32</b>     | <b>10/01/2017</b> |
| Domestic Equity                      | 15,140,505        | 39.55  | -3.26           | 12.26        | 20.28              | 20.28               | 9.16        | 9.11        | 9.88            | 06/01/2018        |
| Vanguard Total Stock Mkt Index Fund  | 15,140,505        | 39.55  | -3.29           | 12.35        | 20.38              | 20.38               | 9.24        | N/A         | 10.66           | 10/01/2019        |
| <i>Russell 3000 Index</i>            |                   |        | -3.25           | 12.39        | 20.46              | 20.46               | 9.38        | 9.14        | 10.76           | 10/01/2019        |
| International Equity                 | 6,528,891         | 17.05  | -3.86           | 5.22         | 20.65              | 20.65               | 3.95        | 2.27        | 2.11            | 06/01/2018        |
| Vanguard Total Intl Stock Index Fund | 6,528,891         | 17.05  | -4.02           | 5.05         | 20.46              | 20.46               | 3.86        | N/A         | 3.84            | 10/01/2019        |
| <i>MSCI AC World ex USA (Net)</i>    |                   |        | -3.77           | 5.34         | 20.39              | 20.39               | 3.74        | 2.58        | 3.55            | 10/01/2019        |
| Real Estate                          | 1,118,408         | 2.92   | -8.75           | -5.59        | -1.51              | -1.51               | 2.24        | 2.41        | 2.36            | 06/01/2018        |
| Vanguard Real Estate Index Fund      | 1,118,408         | 2.92   | -8.53           | -5.35        | -1.27              | -1.27               | 2.33        | 2.44        | 2.38            | 06/01/2018        |
| <i>FTSE NAREIT Equity REIT Index</i> |                   |        | -7.13           | -2.14        | 2.99               | 2.99                | 5.76        | 2.77        | 3.65            | 06/01/2018        |
| Fixed Income                         | 15,486,341        | 40.45  | -3.10           | -0.94        | 0.71               | 0.71                | -5.21       | -0.35       | -0.15           | 06/01/2018        |
| Vanguard Total Bond Mkt Index Fund   | 15,486,341        | 40.45  | -3.08           | -0.92        | 0.73               | 0.73                | -5.21       | N/A         | -2.29           | 10/01/2019        |
| <i>Blmbg. U.S. Aggregate</i>         |                   |        | -3.23           | -1.21        | 0.64               | 0.64                | -5.21       | 0.10        | -2.30           | 10/01/2019        |
| Cash Equivalent                      | 10,352            | 0.03   | 1.19            | 3.38         | 4.22               | 4.22                | 1.63        | 1.59        | 1.57            | 06/01/2018        |
| Allspring 100% Treasury Money Market | 10,352            | 0.03   | 1.19            | 3.38         | 4.22               | 4.22                | 1.63        | 1.55        | 1.53            | 09/01/2018        |

Returns are net of fees and are expressed as percentages.

Segment data excludes cash position(s) and is net of fees.

Asset class level returns may vary from individual underlying manager returns due to cash flows.

Financial Reconciliation

| Current Quarter |                                     |           |                         |                                     |
|-----------------|-------------------------------------|-----------|-------------------------|-------------------------------------|
|                 | Market Value<br>As of<br>07/01/2023 | Net Flows | Return On<br>Investment | Market Value<br>As of<br>09/30/2023 |
| Total Fund      | 40,423,078                          | (808,300) | (1,330,280)             | 38,284,499                          |

| YTD        |                                     |             |                         |                                     |
|------------|-------------------------------------|-------------|-------------------------|-------------------------------------|
|            | Market Value<br>As of<br>01/01/2023 | Net Flows   | Return On<br>Investment | Market Value<br>As of<br>09/30/2023 |
| Total Fund | 38,041,275                          | (1,808,452) | 2,051,675               | 38,284,499                          |

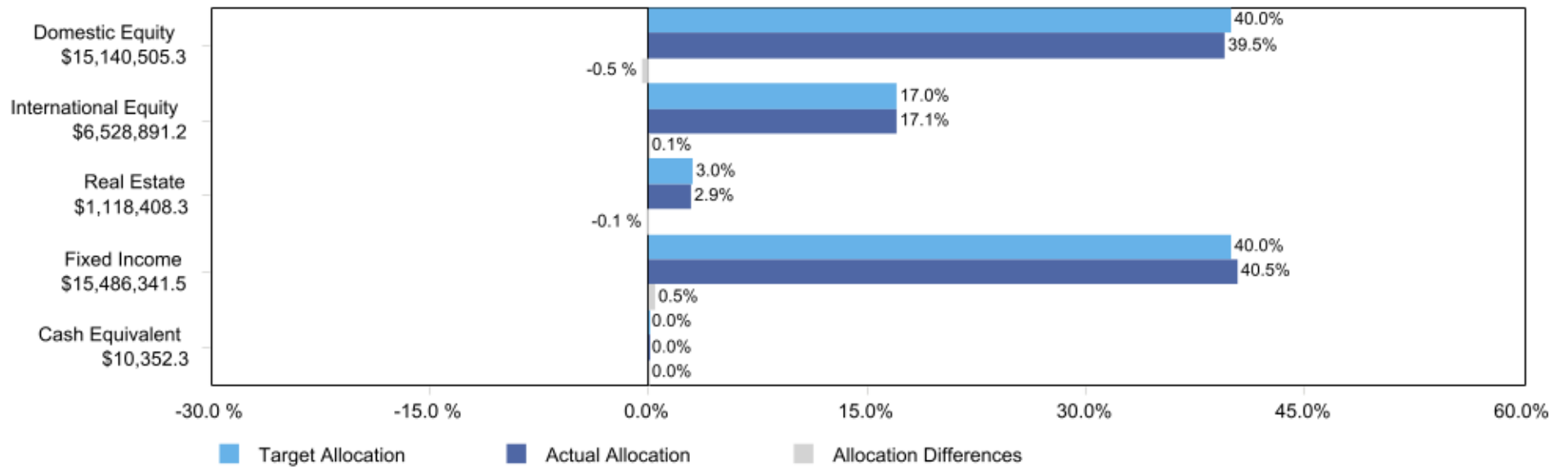
| Fiscal Year To Date |                                     |             |                         |                                     |
|---------------------|-------------------------------------|-------------|-------------------------|-------------------------------------|
|                     | Market Value<br>As of<br>10/01/2022 | Net Flows   | Return On<br>Investment | Market Value<br>As of<br>09/30/2023 |
| Total Fund          | 35,480,439                          | (1,411,423) | 4,215,482               | 38,284,499                          |

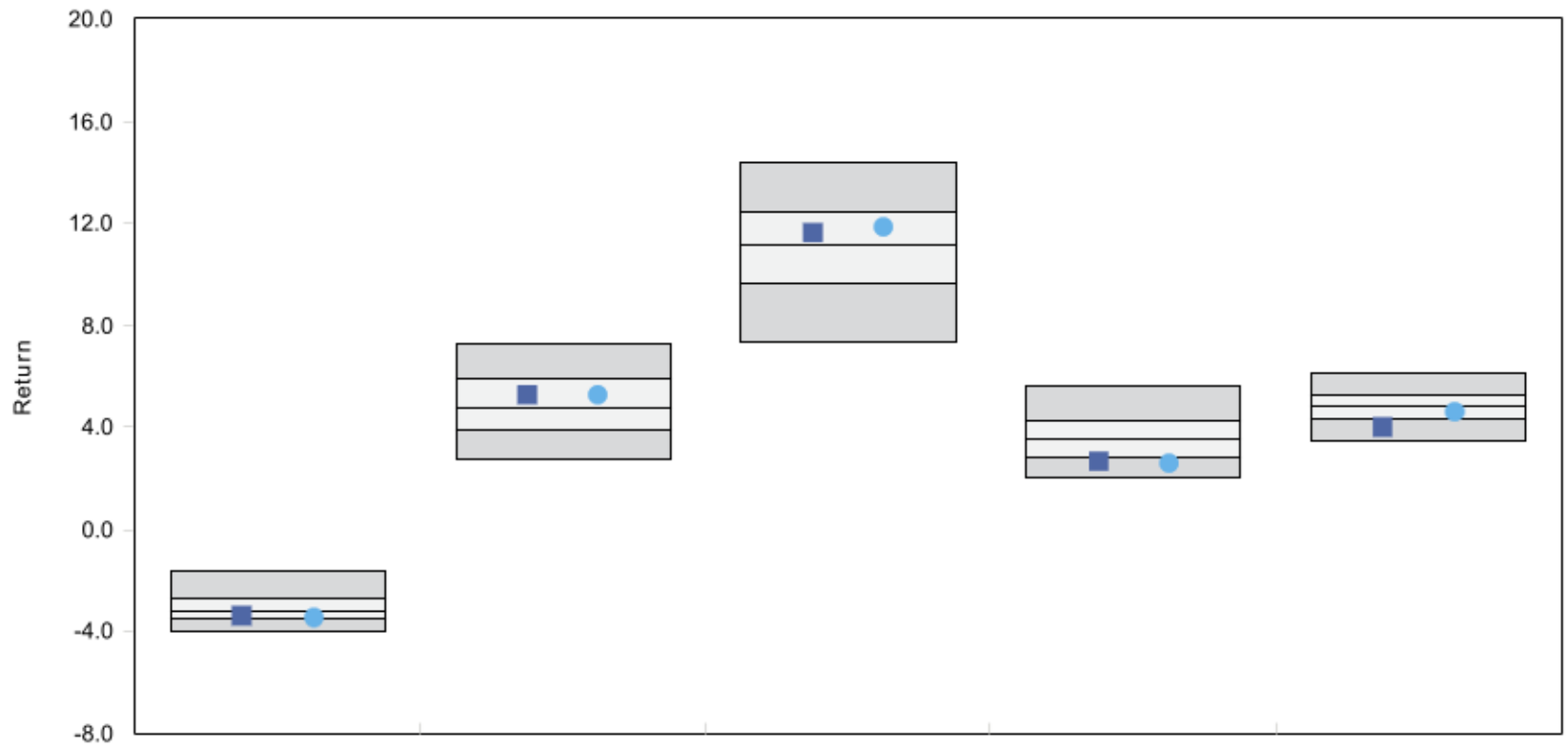
| 1 Year     |                                     |             |                         |                                     |
|------------|-------------------------------------|-------------|-------------------------|-------------------------------------|
|            | Market Value<br>As of<br>10/01/2022 | Net Flows   | Return On<br>Investment | Market Value<br>As of<br>09/30/2023 |
| Total Fund | 35,480,439                          | (1,411,423) | 4,215,482               | 38,284,499                          |



Asset Allocation Compliance - Total Fund

|                      | Asset Allocation (%) | Target Allocation (%) | Differences (%) |
|----------------------|----------------------|-----------------------|-----------------|
| Total Fund           | 100.0                | 100.0                 | 0.0             |
| Domestic Equity      | 39.5                 | 40.0                  | -0.5            |
| International Equity | 17.1                 | 17.0                  | 0.1             |
| Real Estate          | 2.9                  | 3.0                   | -0.1            |
| Fixed Income         | 40.5                 | 40.0                  | 0.5             |
| Cash Equivalent      | 0.0                  | 0.0                   | 0.0             |





|                     | 1<br>Quarter | Year<br>To<br>Date | 1<br>Year  | 3<br>Years | 5<br>Years |
|---------------------|--------------|--------------------|------------|------------|------------|
| ■ Total Fund        | -3.37 (66)   | 5.28 (36)          | 11.67 (41) | 2.64 (83)  | 4.04 (85)  |
| ● Blended Benchmark | -3.42 (69)   | 5.26 (36)          | 11.88 (37) | 2.57 (84)  | 4.63 (60)  |
| 5th Percentile      | -1.63        | 7.27               | 14.40      | 5.66       | 6.09       |
| 1st Quartile        | -2.66        | 5.87               | 12.44      | 4.25       | 5.29       |
| Median              | -3.22        | 4.78               | 11.21      | 3.58       | 4.81       |
| 3rd Quartile        | -3.53        | 3.88               | 9.63       | 2.81       | 4.30       |
| 95th Percentile     | -3.98        | 2.74               | 7.39       | 1.98       | 3.50       |
| Population          | 149          | 142                | 138        | 134        | 128        |

Parenteses contain percentile rankings.  
 Calculation based on monthly periodicity.  
 Returns are net of fees and are expressed as percentages.

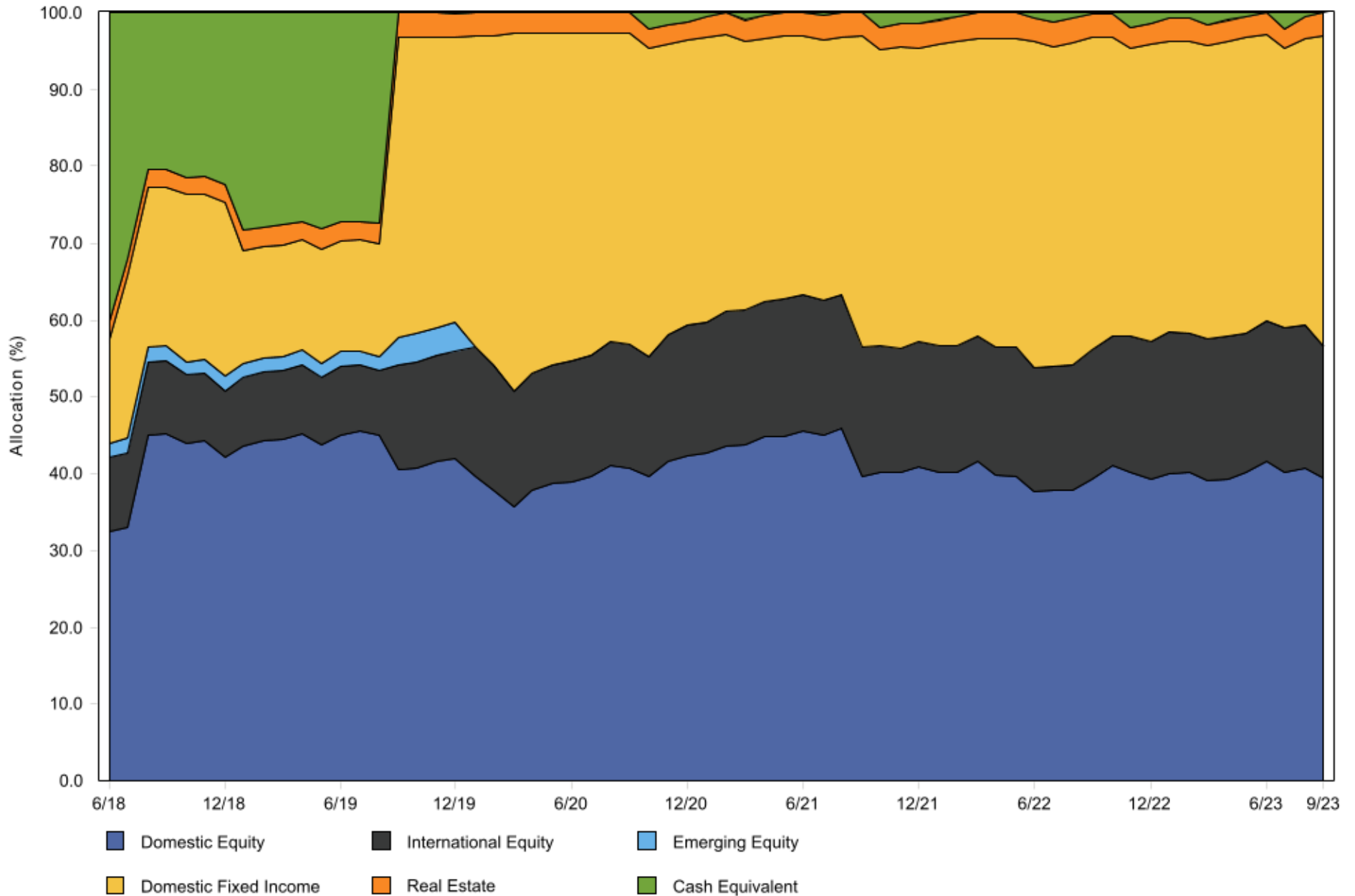
Historical Hybrid Composition

| Benchmark Allocation          | Weight (%) |
|-------------------------------|------------|
| Oct-2017                      |            |
| Russell 3000 Index            | 55.0       |
| Blmbg. U.S. Aggregate         | 45.0       |
| Jul-2019                      |            |
| Russell 3000 Index            | 40.0       |
| MSCI AC World ex USA (Net)    | 17.0       |
| FTSE NAREIT Equity REIT Index | 3.0        |
| Blmbg. U.S. Aggregate         | 40.0       |

Investment Management Fee Review

|                                      | Fee Schedule     | Market Value<br>As of<br>09/30/2023<br>(\$) | % of Portfolio | Estimated<br>Annual Fee<br>(\$) | Estimated<br>Annual Fee<br>(%) |
|--------------------------------------|------------------|---|----------------|---------------------------------|--------------------------------|
| Vanguard Total Stock Mkt Index Fund  | 0.04 % of Assets | 15,140,505                                  | 39.55          | 6,056                           | 0.04                           |
| Vanguard Total Intl Stock Index Fund | 0.11 % of Assets | 6,528,891                                   | 17.05          | 7,182                           | 0.11                           |
| Vanguard Real Estate Index Fund      | 0.12 % of Assets | 1,118,408                                   | 2.92           | 1,342                           | 0.12                           |
| Vanguard Total Bond Mkt Index Fund   | 0.05 % of Assets | 15,486,341                                  | 40.45          | 7,743                           | 0.05                           |
| Allspring 100% Treasury Money Market | 0.20 % of Assets | 10,352                                      | 0.03           | 21                              | 0.20                           |
| <b>Total Fund</b>                    |                  | <b>38,284,499</b>                           | <b>100.00</b>  | <b>22,344</b>                   | <b>0.06</b>                    |

Historical Asset Allocation by Segment



Historical Statistics

| 1 Year            |        |                    |              |       |      |                |                   |                   |                     |                  |
|-------------------|--------|--------------------|--------------|-------|------|----------------|-------------------|-------------------|---------------------|------------------|
|                   | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | Tracking Error | Information Ratio | Up Market Capture | Down Market Capture | Maximum Drawdown |
| Total Fund        | 11.67  | 11.33              | 0.64         | -0.44 | 1.02 | 0.42           | -0.37             | 101.15            | 103.57              | -5.48            |
| Blended Benchmark | 11.88  | 11.06              | 0.67         | 0.00  | 1.00 | 0.00           | N/A               | 100.00            | 100.00              | -5.48            |

| 3 Years           |        |                    |              |       |      |                |                   |                   |                     |                  |
|-------------------|--------|--------------------|--------------|-------|------|----------------|-------------------|-------------------|---------------------|------------------|
|                   | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | Tracking Error | Information Ratio | Up Market Capture | Down Market Capture | Maximum Drawdown |
| Total Fund        | 2.64   | 12.07              | 0.14         | 0.08  | 1.00 | 0.50           | 0.13              | 101.08            | 100.88              | -21.01           |
| Blended Benchmark | 2.57   | 12.10              | 0.13         | 0.00  | 1.00 | 0.00           | N/A               | 100.00            | 100.00              | -21.02           |

| 5 Years           |        |                    |              |       |      |                |                   |                   |                     |                  |
|-------------------|--------|--------------------|--------------|-------|------|----------------|-------------------|-------------------|---------------------|------------------|
|                   | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | Tracking Error | Information Ratio | Up Market Capture | Down Market Capture | Maximum Drawdown |
| Total Fund        | 4.04   | 12.01              | 0.25         | -0.51 | 0.99 | 0.72           | -0.82             | 98.15             | 101.48              | -21.01           |
| Blended Benchmark | 4.63   | 12.16              | 0.29         | 0.00  | 1.00 | 0.00           | N/A               | 100.00            | 100.00              | -21.02           |

| Since Inception   |        |                    |              |       |      |                |                   |                   |                     |                  |                |
|-------------------|--------|--------------------|--------------|-------|------|----------------|-------------------|-------------------|---------------------|------------------|----------------|
|                   | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | Tracking Error | Information Ratio | Up Market Capture | Down Market Capture | Maximum Drawdown | Inception Date |
| Total Fund        | 4.71   | 11.19              | 0.32         | -0.52 | 0.99 | 1.00           | -0.59             | 97.81             | 101.43              | -21.01           | 10/01/2017     |
| Blended Benchmark | 5.32   | 11.28              | 0.37         | 0.00  | 1.00 | 0.00           | N/A               | 100.00            | 100.00              | -21.02           | 10/01/2017     |

Total Fund - OPEB Post Retirement  
Pay Steps Plan

## Asset Allocation &amp; Performance

|   | Allocation        |        | Performance(%)  |              |                    |                     |         |         |                 |                |
|---|-------------------|--------|-----------------|--------------|--------------------|---------------------|---------|---------|-----------------|----------------|
|   | Market Value (\$) | %      | Current Quarter | Year To Date | Trailing 12-months | Fiscal Year To Date | 3 Years | 5 Years | Since Inception | Inception Date |
| Total Fund                                    | 5,714,264         | 100.00 | -3.35           | 5.47         | 11.87              | 11.87               | 1.91    | N/A     | 3.66            | 10/01/2019     |
| Blended Benchmark                             |                   |        | -3.42           | 5.26         | 11.88              | 11.88               | 2.57    | N/A     | 4.21            | 10/01/2019     |
| Domestic Equity                               | 2,234,572         | 39.11  | -3.18           | 12.48        | 20.51              | 20.51               | 9.63    | N/A     | 10.95           | 10/01/2019     |
| Vanguard Total Stock Market Index             | 2,234,572         | 39.11  | -3.29           | 12.35        | 20.37              | 20.37               | 9.24    | N/A     | 10.65           | 10/01/2019     |
| Russell 3000 Index                            |                   |        | -3.25           | 12.39        | 20.46              | 20.46               | 9.38    | 9.14    | 10.76           | 10/01/2019     |
| International Equity                          | 941,655           | 16.48  | -3.89           | 5.19         | 20.62              | 20.62               | 4.06    | N/A     | 3.99            | 10/01/2019     |
| Vanguard Total International Stock Index Fund | 941,655           | 16.48  | -4.02           | 5.05         | 20.46              | 20.46               | 3.87    | N/A     | 3.85            | 10/01/2019     |
| MSCI AC World ex USA (Net)                    |                   |        | -3.77           | 5.34         | 20.39              | 20.39               | 3.74    | 2.58    | 3.55            | 10/01/2019     |
| Real Estate                                   | 166,175           | 2.91   | -8.53           | -5.35        | -1.27              | -1.27               | 2.49    | N/A     | -1.39           | 10/01/2019     |
| Vanguard Real Estate Index Fund               | 166,175           | 2.91   | -8.53           | -5.35        | -1.27              | -1.27               | 2.33    | N/A     | -1.51           | 10/01/2019     |
| FTSE NAREIT Equity REIT Index                 |                   |        | -7.13           | -2.14        | 2.99               | 2.99                | 5.76    | 2.77    | -0.81           | 10/01/2019     |
| Fixed Income                                  | 2,231,546         | 39.05  | -3.07           | -0.90        | 0.72               | 0.72                | -5.21   | N/A     | -2.29           | 10/01/2019     |
| Vanguard Total Bond Market Index              | 2,231,546         | 39.05  | -3.09           | -0.93        | 0.72               | 0.72                | -5.21   | N/A     | -2.29           | 10/01/2019     |
| Blmbg. U.S. Aggregate                         |                   |        | -3.23           | -1.21        | 0.64               | 0.64                | -5.21   | 0.10    | -2.30           | 10/01/2019     |
| Cash Equivalent                               | 140,316           | 2.46   | 0.88            | 3.13         | 3.97               | 3.97                | 1.52    | N/A     | 1.29            | 10/01/2019     |
| Allspring 100% Treasury Money Market          | 140,316           | 2.46   | 0.88            | 3.13         | 3.97               | 3.97                | 1.52    | N/A     | 1.29            | 10/01/2019     |
| ICE BofA 3 Month U.S. T-Bill                  |                   |        | 1.31            | 3.60         | 4.47               | 4.47                | 1.70    | 1.72    | 1.55            | 10/01/2019     |

Returns are net of fees and are expressed as percentages.

Segment data excludes cash position(s) and is net of fees.

Asset class level returns may vary from individual underlying manager returns due to cash flows.



Financial Reconciliation

| Current Quarter |                                     |           |                         |                                     |
|-----------------|-------------------------------------|-----------|-------------------------|-------------------------------------|
|                 | Market Value<br>As of<br>07/01/2023 | Net Flows | Return On<br>Investment | Market Value<br>As of<br>09/30/2023 |
| Total Fund      | 6,039,314                           | (125,337) | (199,713)               | 5,714,264                           |

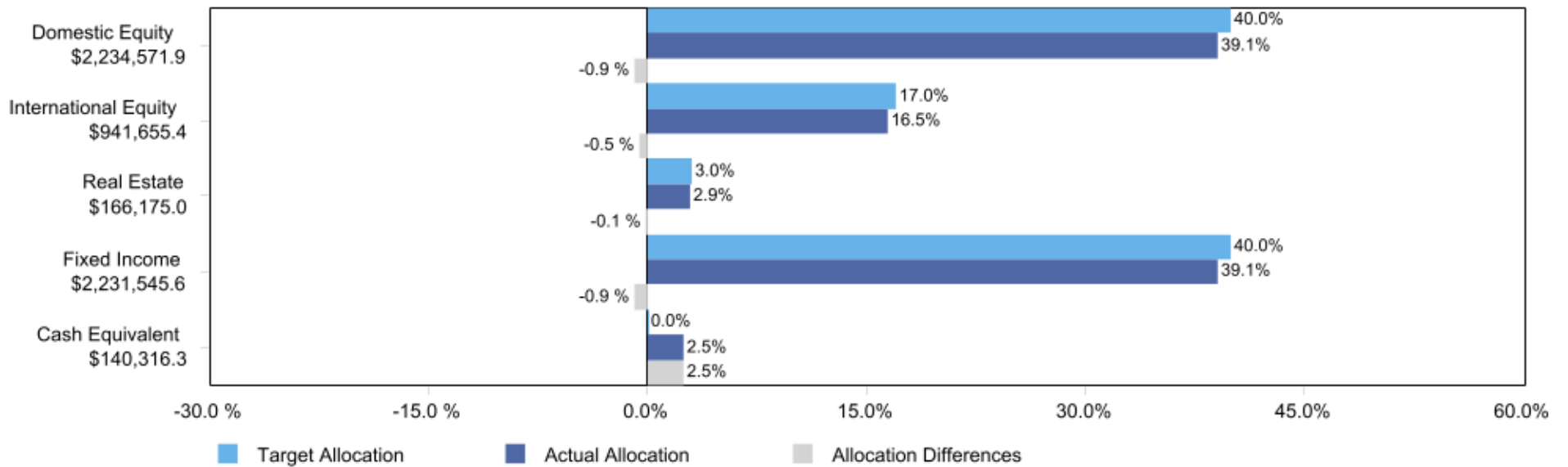
| YTD        |                                     |           |                         |                                     |
|------------|-------------------------------------|-----------|-------------------------|-------------------------------------|
|            | Market Value<br>As of<br>01/01/2023 | Net Flows | Return On<br>Investment | Market Value<br>As of<br>09/30/2023 |
| Total Fund | 5,534,179                           | (127,041) | 307,127                 | 5,714,264                           |

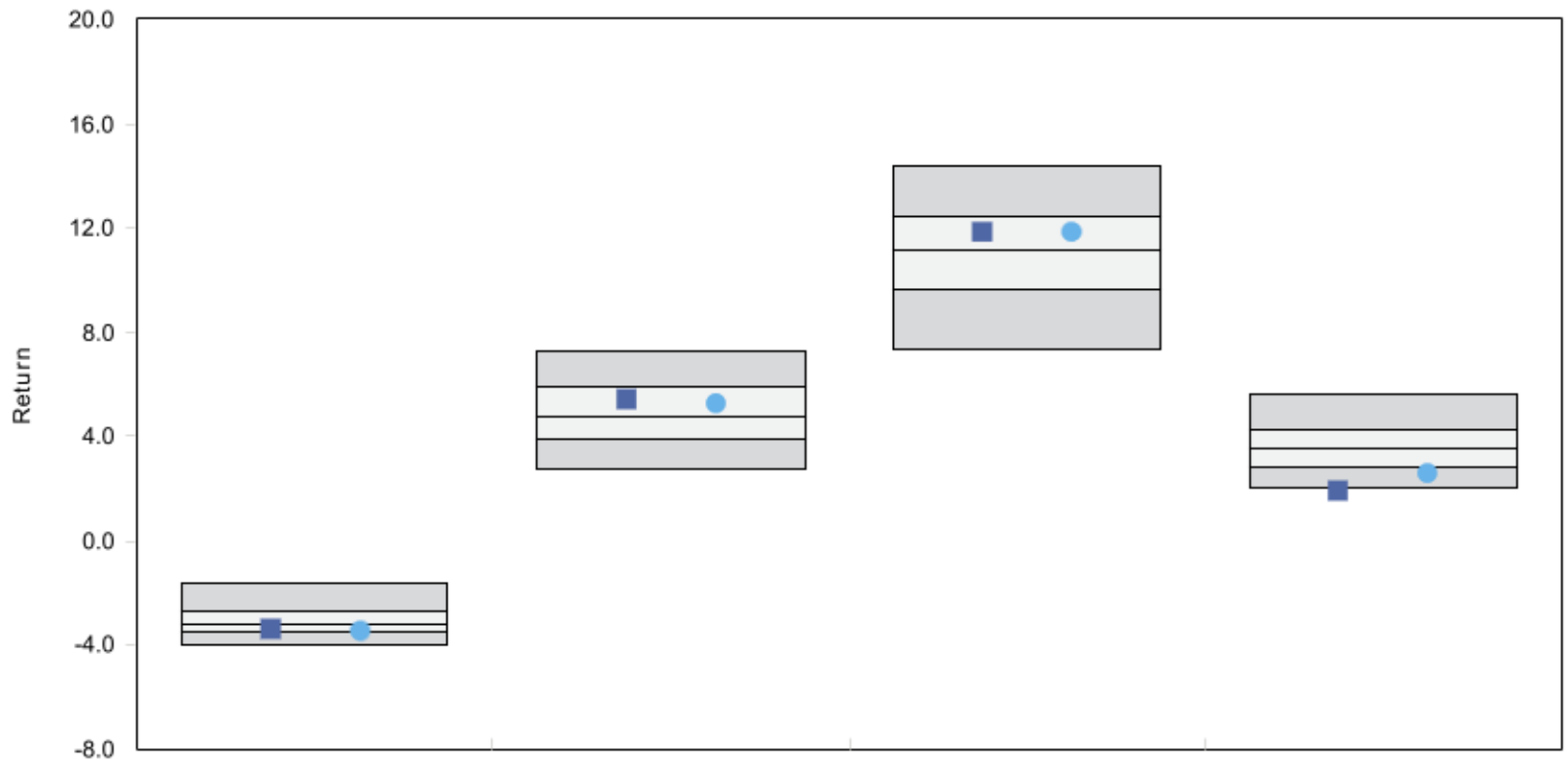
| Fiscal Year To Date |                                     |           |                         |                                     |
|---------------------|-------------------------------------|-----------|-------------------------|-------------------------------------|
|                     | Market Value<br>As of<br>10/01/2022 | Net Flows | Return On<br>Investment | Market Value<br>As of<br>09/30/2023 |
| Total Fund          | 5,216,771                           | (127,836) | 625,329                 | 5,714,264                           |

| 1 Year     |                                     |           |                         |                                     |
|------------|-------------------------------------|-----------|-------------------------|-------------------------------------|
|            | Market Value<br>As of<br>10/01/2022 | Net Flows | Return On<br>Investment | Market Value<br>As of<br>09/30/2023 |
| Total Fund | 5,216,771                           | (127,836) | 625,329                 | 5,714,264                           |

Asset Allocation Compliance - Total Fund

|                      | Asset Allocation (%) | Target Allocation (%) | Differences (%) |
|----------------------|----------------------|-----------------------|-----------------|
| Total Fund           | 100.0                | 100.0                 | 0.0             |
| Domestic Equity      | 39.1                 | 40.0                  | -0.9            |
| International Equity | 16.5                 | 17.0                  | -0.5            |
| Real Estate          | 2.9                  | 3.0                   | -0.1            |
| Fixed Income         | 39.1                 | 40.0                  | -0.9            |
| Cash Equivalent      | 2.5                  | 0.0                   | 2.5             |





|                     | 1<br>Quarter | Year<br>To<br>Date | 1<br>Year  | 3<br>Years |
|---------------------|--------------|--------------------|------------|------------|
| ■ Total Fund        | -3.35 (65)   | 5.47 (34)          | 11.87 (38) | 1.91 (96)  |
| ● Blended Benchmark | -3.42 (69)   | 5.26 (36)          | 11.88 (37) | 2.57 (84)  |
| 5th Percentile      | -1.63        | 7.27               | 14.40      | 5.66       |
| 1st Quartile        | -2.66        | 5.87               | 12.44      | 4.25       |
| Median              | -3.22        | 4.78               | 11.21      | 3.58       |
| 3rd Quartile        | -3.53        | 3.88               | 9.63       | 2.81       |
| 95th Percentile     | -3.98        | 2.74               | 7.39       | 1.98       |
| Population          | 149          | 142                | 138        | 134        |

Parentheses contain percentile rankings.  
 Calculation based on monthly periodicity.  
 Returns are net of fees and are expressed as percentages.

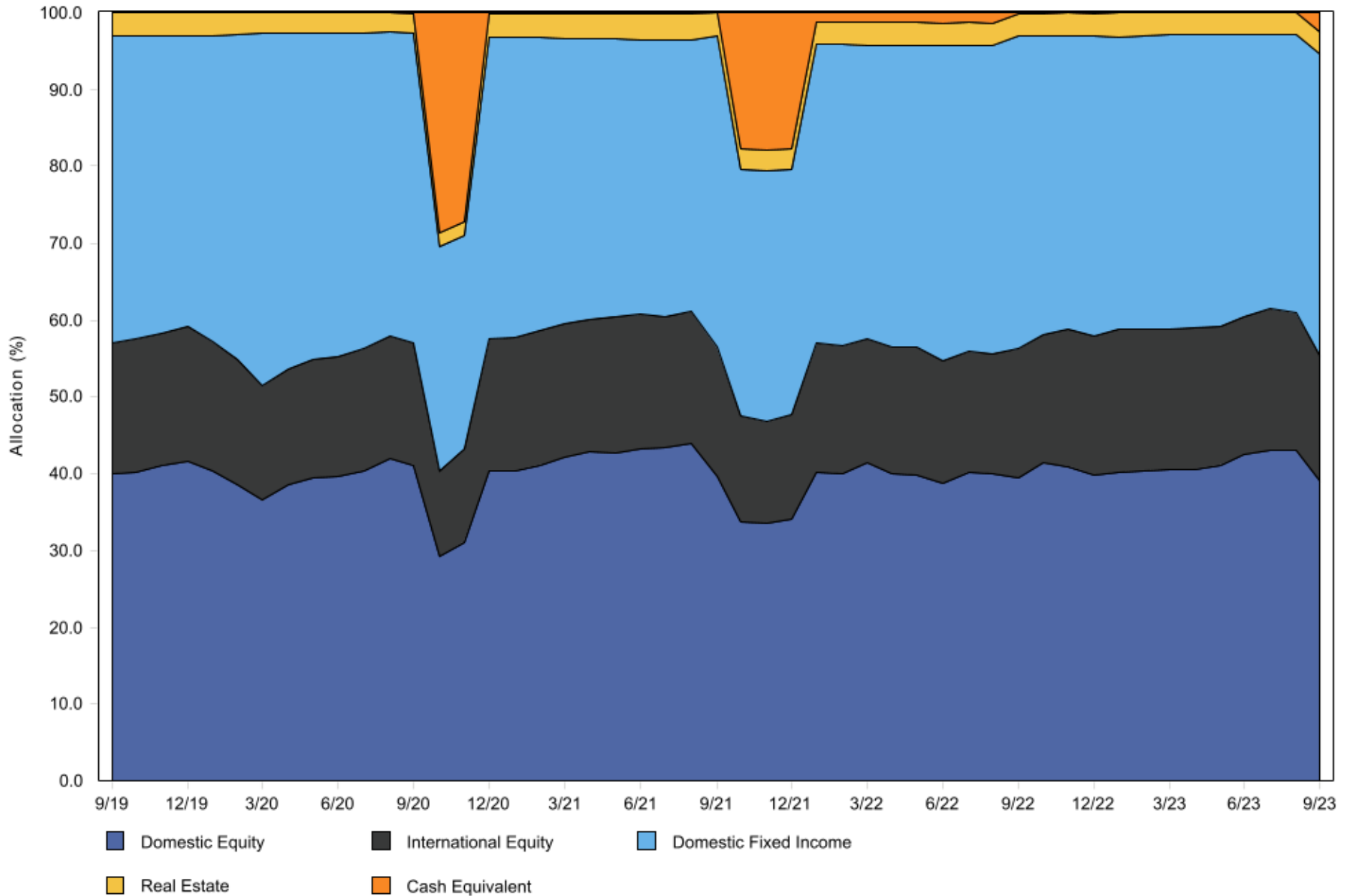
Historical Hybrid Composition

| Benchmark Allocation          | Weight (%) |
|-------------------------------|------------|
| Oct-2019                      |            |
| Russell 3000 Index            | 40.0       |
| MSCI AC World ex USA (Net)    | 17.0       |
| FTSE NAREIT Equity REIT Index | 3.0        |
| Blmbg. U.S. Aggregate         | 40.0       |

Investment Management Fee Review

|   | Fee Schedule     | Market Value<br>As of<br>09/30/2023<br>(\$) | % of Portfolio | Estimated<br>Annual Fee<br>(\$) | Estimated<br>Annual Fee<br>(%) |
|---|------------------|---|----------------|---------------------------------|--------------------------------|
| Vanguard Total Stock Market Index             | 0.04 % of Assets | 2,234,572                                   | 39.11          | 894                             | 0.04                           |
| Vanguard Total International Stock Index Fund | 0.11 % of Assets | 941,655                                     | 16.48          | 1,036                           | 0.11                           |
| Vanguard Real Estate Index Fund               | 0.12 % of Assets | 166,175                                     | 2.91           | 199                             | 0.12                           |
| Vanguard Total Bond Market Index              | 0.05 % of Assets | 2,231,546                                   | 39.05          | 1,116                           | 0.05                           |
| Allspring 100% Treasury Money Market          | 0.20 % of Assets | 140,316                                     | 2.46           | 281                             | 0.20                           |
| <b>Total Fund</b>                             |                  | <b>5,714,264</b>                            | <b>100.00</b>  | <b>3,525</b>                    | <b>0.06</b>                    |

Historical Asset Allocation by Segment



Historical Statistics

| 1 Year            |        |                    |              |       |      |                |                   |                   |                     |                  |
|-------------------|--------|--------------------|--------------|-------|------|----------------|-------------------|-------------------|---------------------|------------------|
|                   | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | Tracking Error | Information Ratio | Up Market Capture | Down Market Capture | Maximum Drawdown |
| Total Fund        | 11.87  | 11.44              | 0.65         | -0.37 | 1.03 | 0.55           | 0.06              | 102.30            | 104.27              | -5.48            |
| Blended Benchmark | 11.88  | 11.06              | 0.67         | 0.00  | 1.00 | 0.00           | N/A               | 100.00            | 100.00              | -5.48            |

| 3 Years           |        |                    |              |       |      |                |                   |                   |                     |                  |
|-------------------|--------|--------------------|--------------|-------|------|----------------|-------------------|-------------------|---------------------|------------------|
|                   | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | Tracking Error | Information Ratio | Up Market Capture | Down Market Capture | Maximum Drawdown |
| Total Fund        | 1.91   | 11.59              | 0.08         | -0.54 | 0.95 | 1.57           | -0.45             | 95.48             | 99.04               | -20.36           |
| Blended Benchmark | 2.57   | 12.10              | 0.13         | 0.00  | 1.00 | 0.00           | N/A               | 100.00            | 100.00              | -21.02           |

| Since Inception   |        |                    |              |       |      |                |                   |                   |                     |                  |                |
|-------------------|--------|--------------------|--------------|-------|------|----------------|-------------------|-------------------|---------------------|------------------|----------------|
|                   | Return | Standard Deviation | Sharpe Ratio | Alpha | Beta | Tracking Error | Information Ratio | Up Market Capture | Down Market Capture | Maximum Drawdown | Inception Date |
| Total Fund        | 3.66   | 12.13              | 0.23         | -0.37 | 0.96 | 1.40           | -0.42             | 95.97             | 98.51               | -20.36           | 10/01/2019     |
| Blended Benchmark | 4.21   | 12.62              | 0.27         | 0.00  | 1.00 | 0.00           | N/A               | 100.00            | 100.00              | -21.02           | 10/01/2019     |

## IMPORTANT DISCLOSURES

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