



# City of San Jose Police and Fire Department Retirement Plan Health Care Trust

As of December 31, 2023

Quarterly Review

1. Economic and Market Update
2. Executive Summary
  - Aggregate Plan Overview
  - Fourth Quarter Manager Summary
  - Watch List
  - Market Environment – 4Q23 Overview
3. 4Q23 Review
4. Glossary and Notes

# **Economic and Market Update**

Data as of January 31, 2024

### Commentary

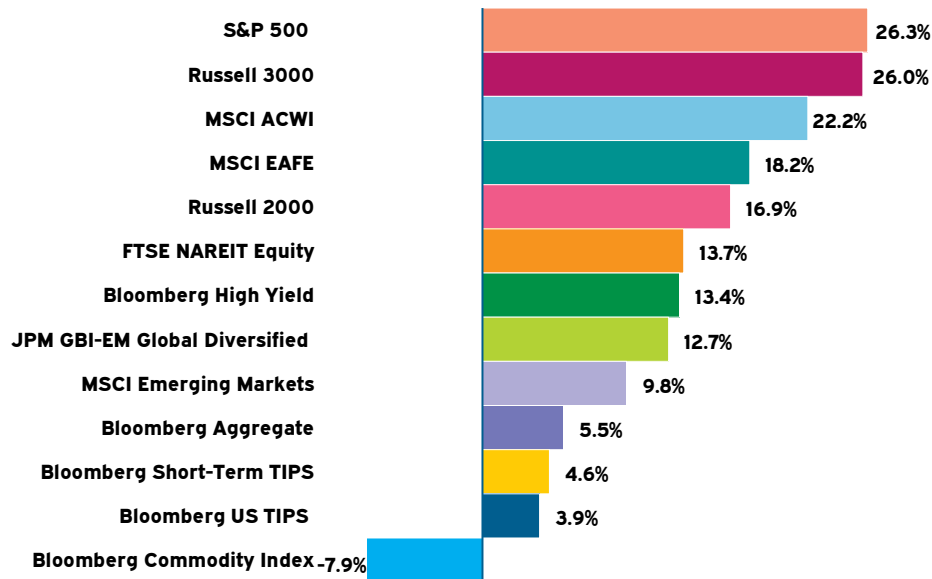
→ Markets were mixed in January after posting strong returns in 2023.

- Major central banks have largely paused interest rate hikes with expectations for many to cut rates this year. During the month there were signs though that many central banks, including the US, might not cut rates as soon as expected given strong economic data.
- In general inflation pressures have receded in most countries, but some uncertainty remains. Headline inflation fell in January in the US, but core inflation remained unchanged and elevated. China moved further into deflationary territory (-0.8%) in January.
- US equity markets (Russell 3000 index) rose 1.1% in January after a very strong 2023 (26.0%). There were mixed results across sectors, but technology continued to do well.
- Non-US developed equity markets gained 0.6% in January but 2.6% in local terms as the US dollar reversed course and strengthened during the month. The appreciation of the dollar was largely driven by strong economic data and related expectations that the Fed may delay policy rate cuts this year.
- Emerging market equity returns were also negatively influenced by the strong US dollar, but the biggest headwind in January was China (-10.6%). Emerging market equities had the weakest results for the month, down 4.6%.
- Bonds experienced selling pressure over the month, but ultimately finished the month nearly unchanged. The broad US bond market (Bloomberg Aggregate) declined (0.3%) in January.

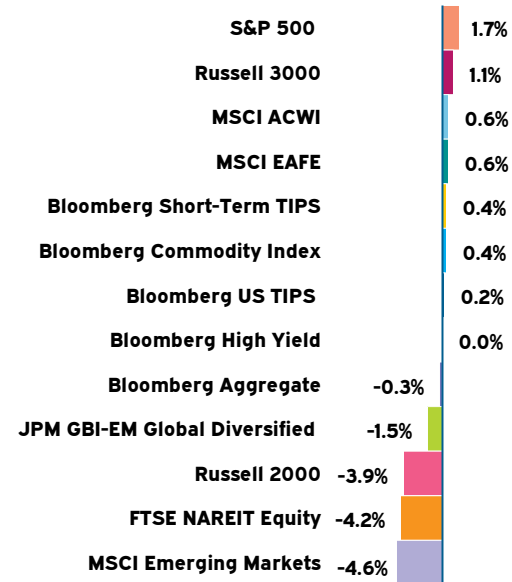
→ Looking to the rest of this year, the paths of inflation and monetary policy, China's economic disorder and slowing economic growth, the many looming elections, and the wars in Ukraine and Israel, will be key.

### Index Returns<sup>1</sup>

2023



January



→ After a strong market performance in 2023, the start of 2024 saw US large cap growth stocks continue their rally causing the S&P 500 to lead the way. Emerging market equity was the worst performer, dragged down by the continued sell-off of Chinese stocks.

→ Better than expected economic news in the US weighed on bond markets for the month with the broad US bond market (Bloomberg Aggregate) down slightly.

<sup>1</sup> Source: Bloomberg. Data is as of January 31, 2024.

Domestic Equity Returns<sup>1</sup>

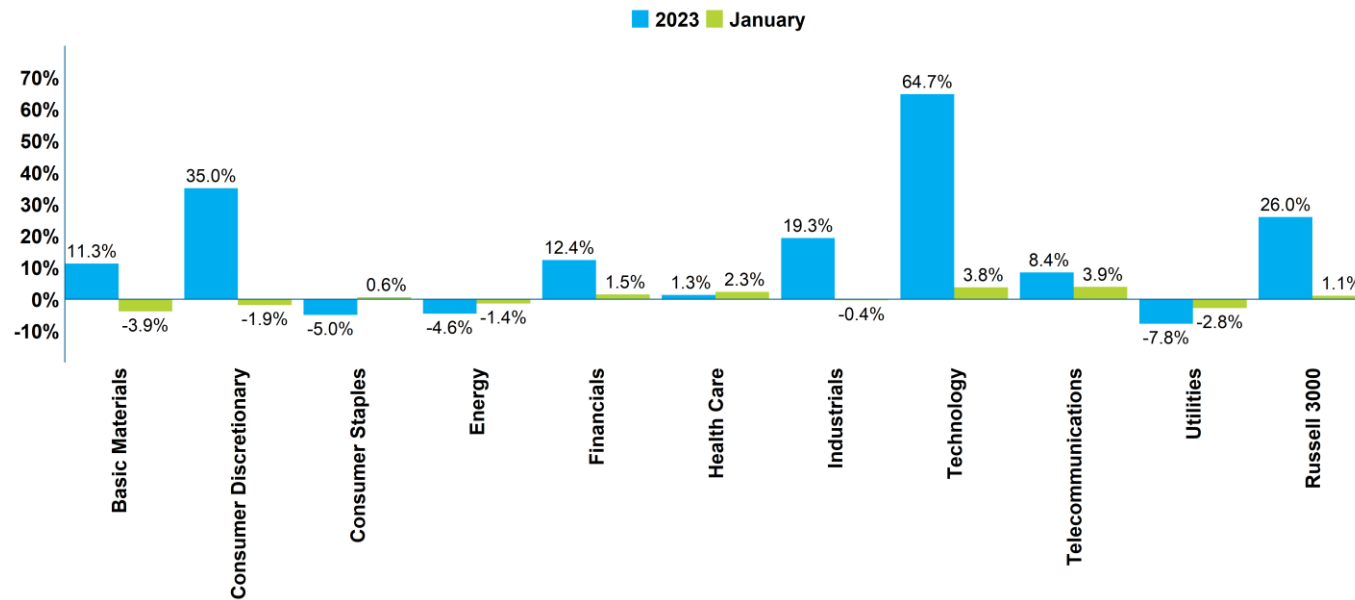
Domestic Equity	January (%)	Q4 2023 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	1.7	11.7	20.8	11.0	14.3	12.6
Russell 3000	1.1	12.1	19.1	9.1	13.5	12.0
Russell 1000	1.4	12.0	20.2	9.8	14.0	12.3
Russell 1000 Growth	2.5	14.2	35.0	10.0	18.0	15.5
Russell 1000 Value	0.1	9.5	6.1	9.2	9.3	8.8
Russell MidCap	-1.4	12.8	6.7	5.5	10.1	9.5
Russell MidCap Growth	-0.5	14.5	15.1	1.2	11.2	10.7
Russell MidCap Value	-1.8	12.1	2.4	7.8	8.6	8.2
Russell 2000	-3.9	14.0	2.4	-0.8	6.8	7.0
Russell 2000 Growth	-3.2	12.7	4.5	-6.0	6.2	7.0
Russell 2000 Value	-4.5	15.3	-0.1	4.5	6.7	6.7

**US Equities: The Russell 3000 increased 1.1% in January with a one-year return of 19.1%.**

- US equities built on their large gains from last year in January. Strong corporate earnings, economic data suggesting a soft landing might be achievable, and hopes for significant interest rate cuts (for most of the month) all drove results.
- Large cap stocks accounted for all the US equity market gains in January. NVIDIA, Microsoft, and Meta Platforms made up nearly 90% of the increase in the Russell 1000 index. Growth stocks outperformed value stocks across the market cap spectrum.
- While US equities advanced as a group, small and mid-cap stocks both declined in January. Banks contributed to this dynamic after a surprise loss at New York Community Bancorp rekindled fears regarding the banking system.

<sup>1</sup> Source: Bloomberg. Data is as of January 31, 2024.

### Russell 3000 Sector Returns<sup>1</sup>



→ In January, telecommunications (3.9%), technology stocks (3.8%), and health care (2.3%) outperformed other sectors. Traditionally defensive sector utilities (-2.8%) trailed along with basic materials (-3.9%) and energy stocks (-1.4%).

→ In 2023, technology (64.7%) and consumer discretionary (35.0%) sectors had the best results, helped respectively by artificial intelligence optimism and a healthy US consumer.

<sup>1</sup> Source: Bloomberg. Data is as of January 31, 2024.

### Foreign Equity Returns<sup>1</sup>

Foreign Equity	January (%)	Q4 2023 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	-1.0	9.8	5.9	1.1	5.3	4.2
MSCI EAFE	0.6	10.4	10.0	4.6	6.9	4.8
MSCI EAFE (Local Currency)	2.6	5.0	12.1	9.7	8.9	7.2
MSCI EAFE Small Cap	-1.6	11.1	3.6	-1.1	4.6	4.8
MSCI Emerging Markets	-4.6	7.9	-2.9	-7.5	1.0	2.9
MSCI Emerging Markets (Local Currency)	-3.5	5.6	-0.5	-4.9	3.2	5.3
MSCI China	-10.6	-4.2	-29.0	-23.2	-6.9	0.4

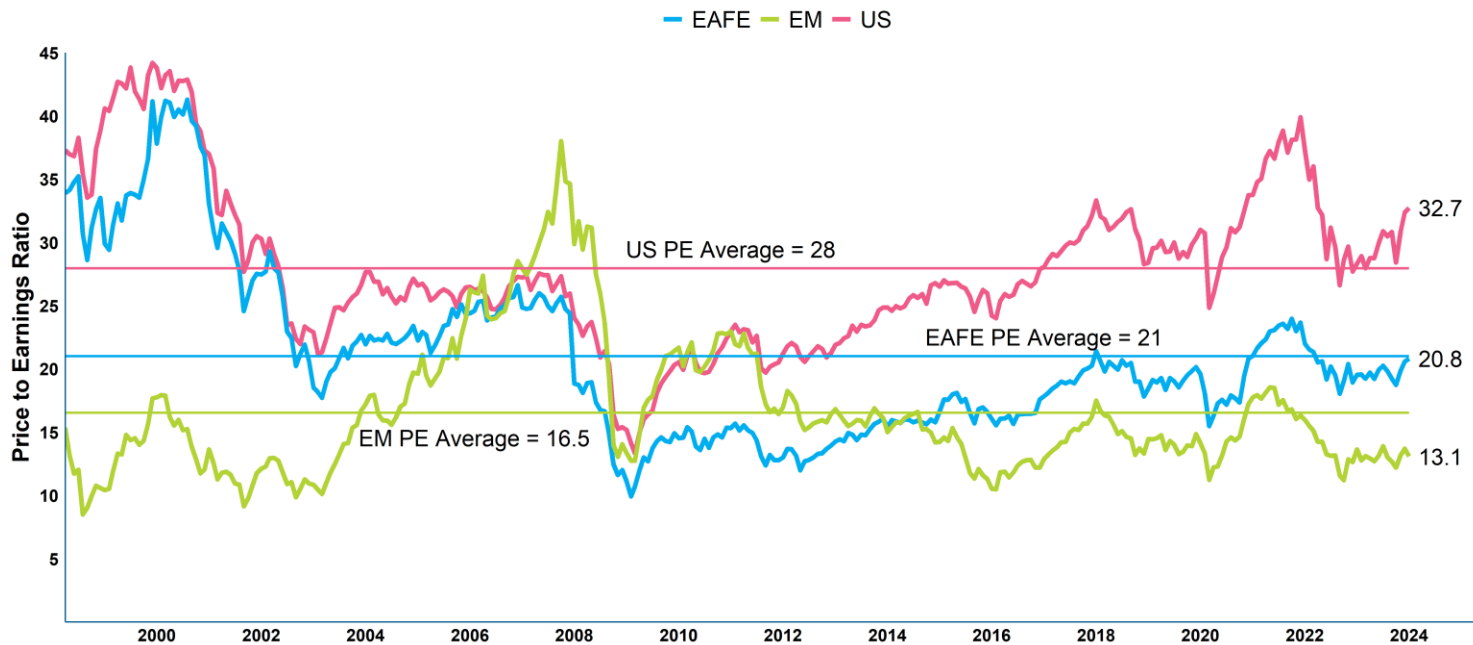
**Foreign Equity: Developed international equities (MSCI EAFE) gained 0.6% in January and had a one-year return of 10.0%. Emerging market equities (MSCI EM) fell -4.6% in January, and -2.9% for the trailing year.**

- International developed equities saw slight gains for the month, while emerging market equities saw large losses for the same period; both were hampered by the US dollar reversing its sell-off from the end of last year. Outside of emerging markets, growth outperformed value for the month.
- Eurozone equities performed well, benefiting from ECB policy expectations, developments in the tech sector, and promising manufacturing data. U.K. equities stalled, as an unexpected increase in inflation pushed out the expected timing of rate cuts. Japan continues to see the highest returns globally over optimism on structural changes, January being no exception.
- EM equities continue to be bogged down by China (-10.6%) despite news of further stimulus by the PBOC.

<sup>1</sup> Source: Bloomberg. Data is as of January 31, 2024.



**Equity Cyclically Adjusted P/E Ratios<sup>1</sup>**



→ In January, the US equity price-to-earnings ratio increased further above its 21st century average.

→ International market valuations were mixed in January and remain below the US. In the case of developed markets, valuations increased slightly to just below their long-term average, while emerging market valuations declined, remaining well below their average.

<sup>1</sup> US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of January 2023. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end respectively.

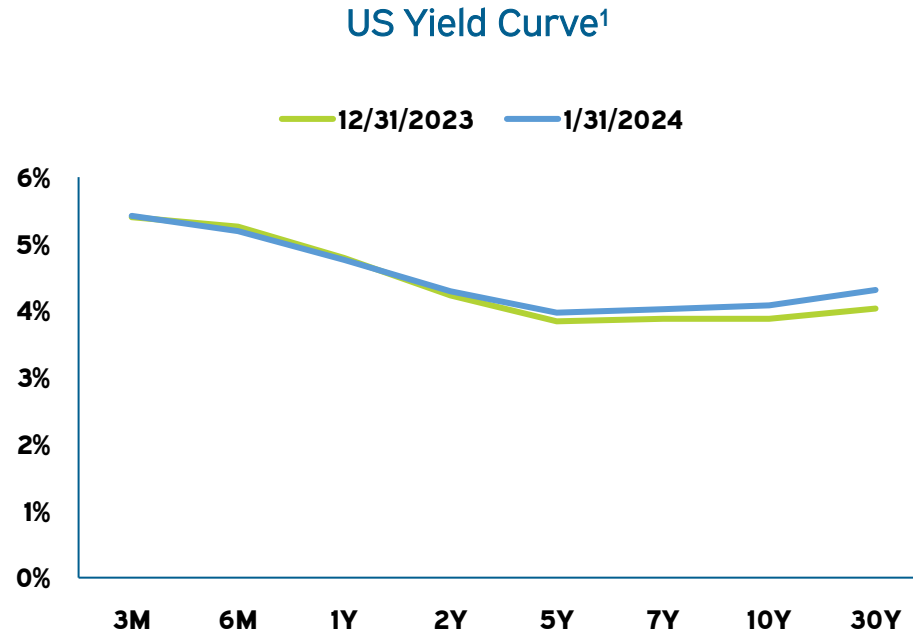
**Fixed Income Returns<sup>1</sup>**

Fixed Income	January (%)	Q4 2023 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-0.2	6.8	2.7	-2.8	1.1	1.9	4.9	6.0
Bloomberg Aggregate	-0.3	6.8	2.1	-3.2	0.8	1.6	4.6	6.2
Bloomberg US TIPS	0.2	4.7	2.2	-1.0	2.9	2.2	4.2	6.9
Bloomberg Short-term TIPS	0.4	2.6	4.3	2.3	3.3	2.0	4.4	2.6
Bloomberg High Yield	0.0	7.2	9.3	1.9	4.4	4.5	7.8	3.7
JPM GBI-EM Global Diversified (USD)	-1.5	8.1	6.4	-3.3	-0.2	0.4	6.3	5.0

**Fixed Income: The Bloomberg Universal index fell -0.2% in January but gained 2.7% on a one-year basis.**

- Strong economic data in January and comments toward the end of the month by Federal Reserve Chair Jerome Powell hinting that rate cuts were not imminent drove rates up over the month, weighing on bonds.
- The broad US bond market (Bloomberg Aggregate) declined 0.3% for the month. The broader TIPS index rose 0.2%, while the less interest-rate-sensitive short-term TIPS index rose 0.4%.
- High yield bonds ended the month unchanged, while emerging market debt declined by 1.5%. Both asset classes produced double-digit gains last year.

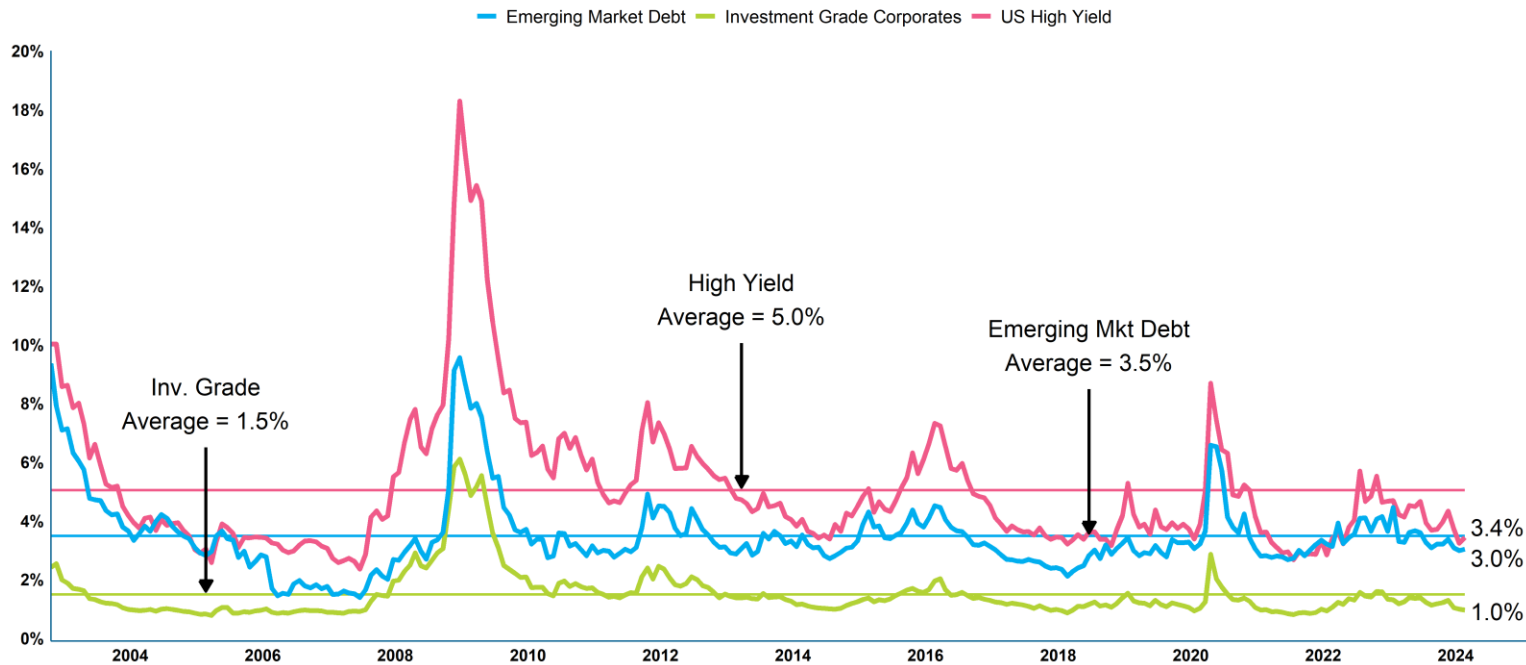
<sup>1</sup> Source: Bloomberg. JPM GBI-EM data is from InvestorForce. Data is as of January 31, 2024. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration respectively.



- Both short-term and longer-term maturities ended the month largely unchanged, however, yields were volatile over the month on surprisingly strong economic data and shifts in monetary policy expectations.
- For the month, two-year Treasury yields ended at 4.2% (around 1% below the peak from October) while 10-year Treasury yields ended at 3.9%.
- The yield curve remained inverted at month-end despite a recent flattening trend. The yield spread between the two-year and ten-year Treasury was -0.3% at the end of January.

<sup>1</sup> Source: Bloomberg. Data is as of January 31, 2024.

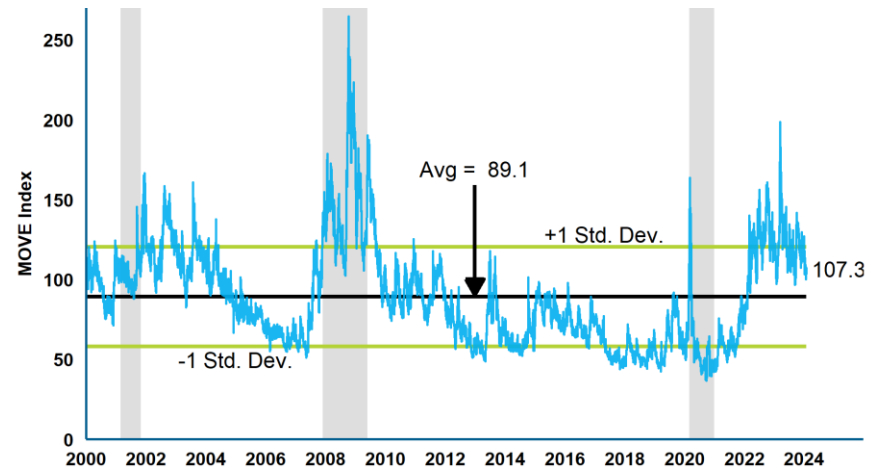
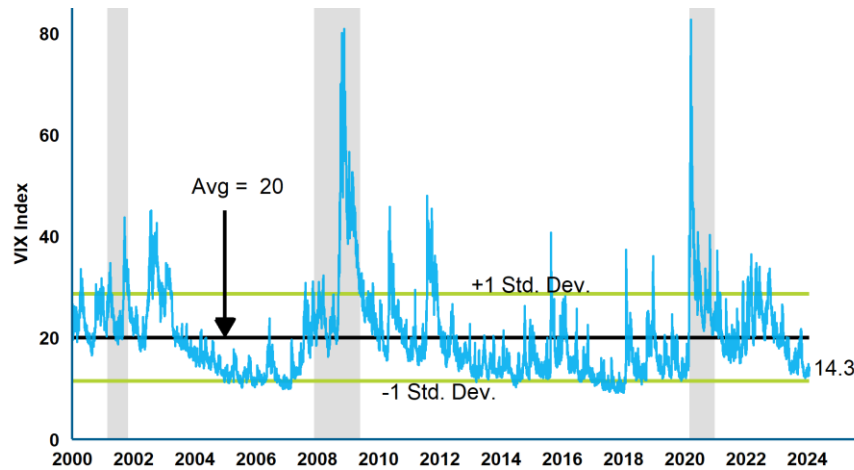
**Credit Spreads vs. US Treasury Bonds<sup>1</sup>**



- Credit spreads widened slightly for high yield in January (3.2% to 3.4%) while spreads for investment grade corporate and emerging market bonds remained the same.
- Expectations of peaking policy rates and the corresponding increase in risk appetite has recently benefited credit, with spreads (the added yield above a comparable maturity Treasury) narrowing.
- All spreads remain below their respective long run averages, particularly within high yield.

<sup>1</sup> Sources: Bloomberg. Data is as of January 31, 2024. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

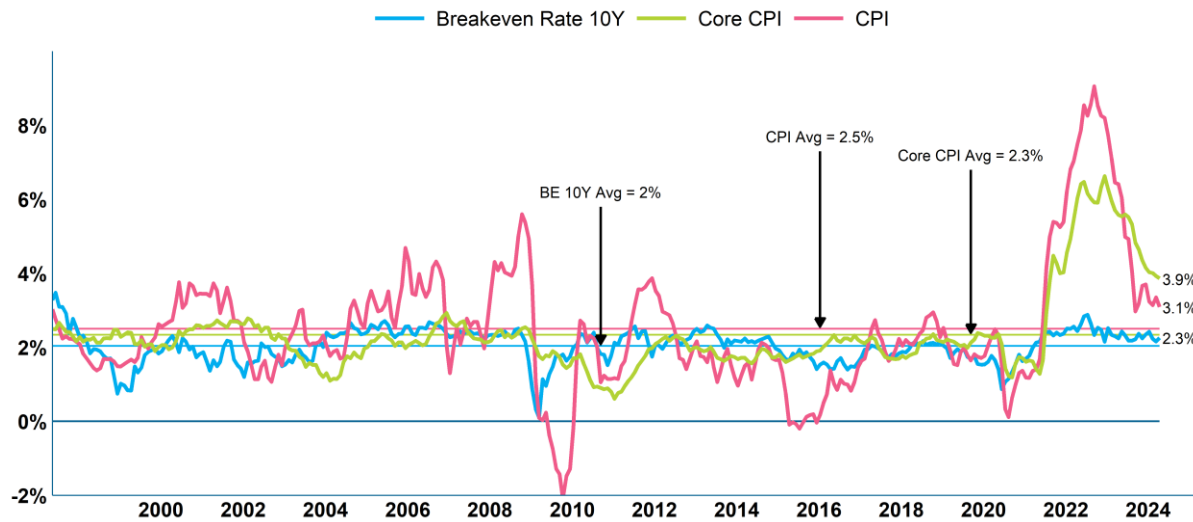
**Equity and Fixed Income Volatility<sup>1</sup>**



- Volatility in equities (VIX) remains close to one standard deviation below the long-term average as the focus shifted late last year to peaking policy rates and the potential for a soft landing.
- Volatility in the bond market (MOVE) came down over the month (114.6 to 107.3) but remains elevated and well above its long-run average (89.1). The bond market remained on edge for most of 2023, driven largely by uncertainty about the ultimate path of monetary policy, as well as continued (and surprising) strength in economic data.

<sup>1</sup> Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of January 2024. The average line indicated is the average of the VIX and MOVE values between January 2000 and January 2024.

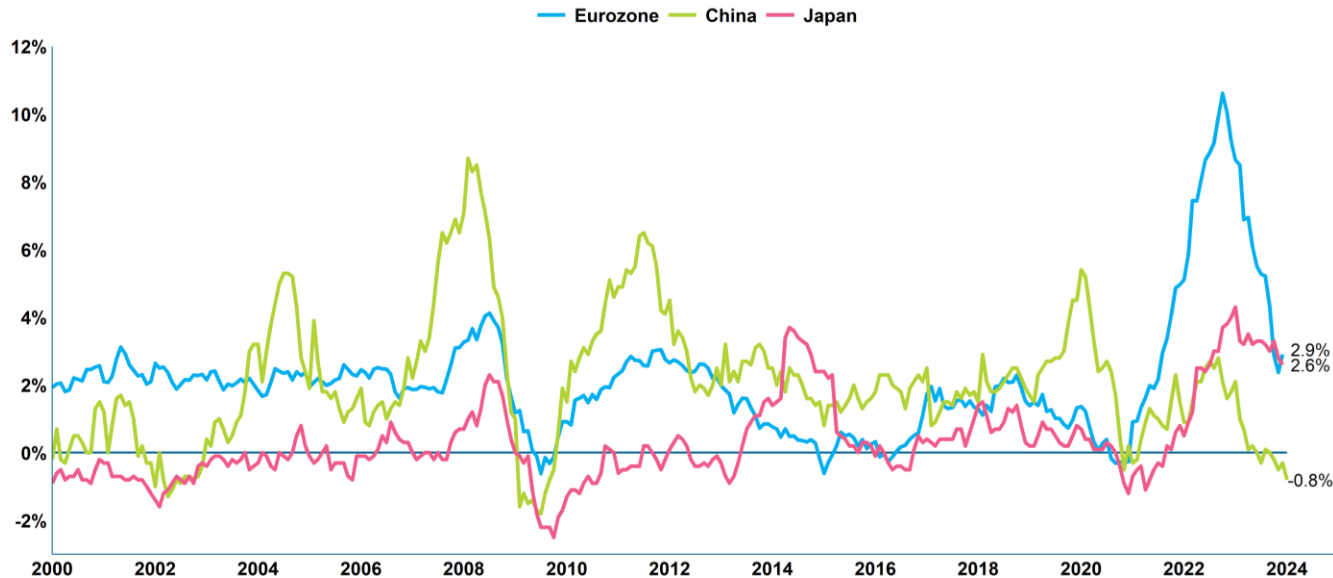
**US Ten-Year Breakeven Inflation and CPI<sup>1</sup>**



- Year-over-year headline inflation declined in January (3.4% to 3.1%) but not by as much as expected (expectations were for a 2.9% reading). Month-over-month inflation came in at 0.3%, the same as last month and slightly above expectations of 0.2%. Shelter continues to keep inflation elevated, increasing 6.0% from a year prior. Food rose 2.6% over the same period, while downward pressure on energy prices continued, falling 4.6%.
- Core inflation - excluding food and energy - remained unchanged at 3.9% year-over-year (expectations were for a decline to 3.7%), with shelter costs again driving the total core index increase.
- Inflation expectations (breakevens) have remained relatively stable despite the recent significant volatility in inflation.

<sup>1</sup> Source: FRED. Data is as January 2024. The CPI and 10 Year Breakeven average lines denote the average values from February 1997 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

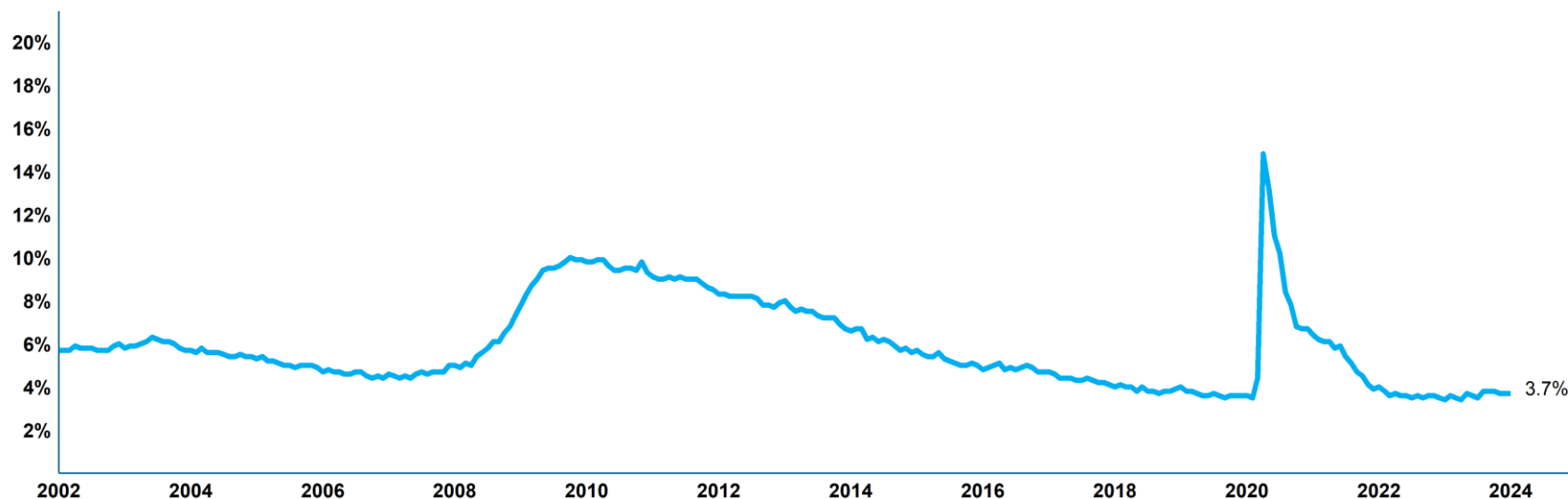
**Global Inflation (CPI Trailing Twelve Months)<sup>1</sup>**



- Outside the US, inflation is also falling across major economies with China slipping further into deflation.
- In the eurozone, inflation experienced a dramatic decline last year. In January inflation rose slightly (2.8% to 2.9%) remaining below the 3.1% year-over-year level in the US.
- Inflation in Japan has slowly declined from the early 2023 peak, but it remains near levels not seen in almost a decade, largely driven by higher food prices.

<sup>1</sup> Source: FRED for United States CPI and Eurozone CPI. Source: Bloomberg for Japan CPI, China CPI, and Eurozone CPI. Data is as January 31, 2024, except Japan which is as of December 31, 2023.

### US Unemployment<sup>1</sup>



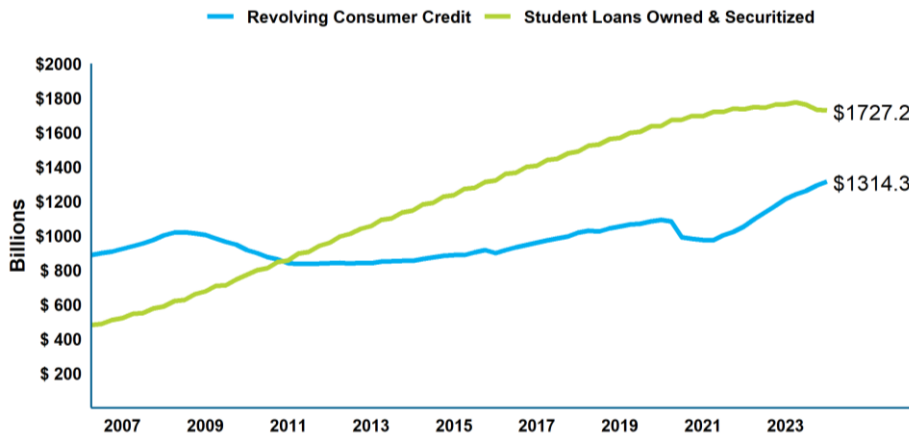
- Overall, the US labor market remains healthy with the unemployment rate relatively low, wage growth now positive in real terms, and initial claims for unemployment staying subdued.
- In January, the number of jobs added in the US were stronger than expected (353,000 versus 185,000) with the unemployment rate remaining at 3.7%. Payrolls from November and December of last year were also revised upward. Business and professional, health care, and retail sales jobs rose the most in January.
- The labor force participation remained relatively stable at 62.5%, well off the lows of the pandemic (60.1%) but not back to pre-pandemic levels (63.3%).
- The pace of hourly wage growth has declined from its peak of close to 6.0% but is above the 3.1% level of inflation. Wage growth rose at 4.5% year-on-year in January, an increase from the 4.1% level in December and above expectations of 4.1%.

<sup>1</sup> Source: FRED. Data is as January 31, 2024.

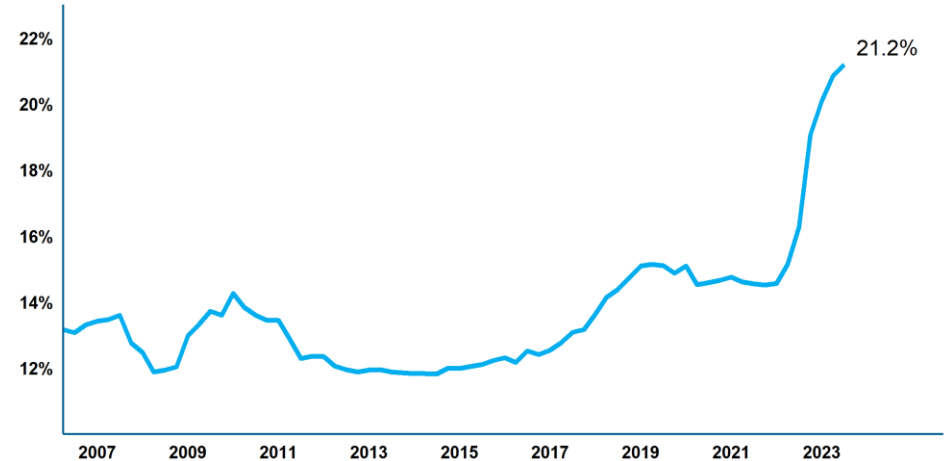


### US Consumer Under Stress?<sup>1</sup>

#### Revolving Consumer Credit & Student Loans (\$B)



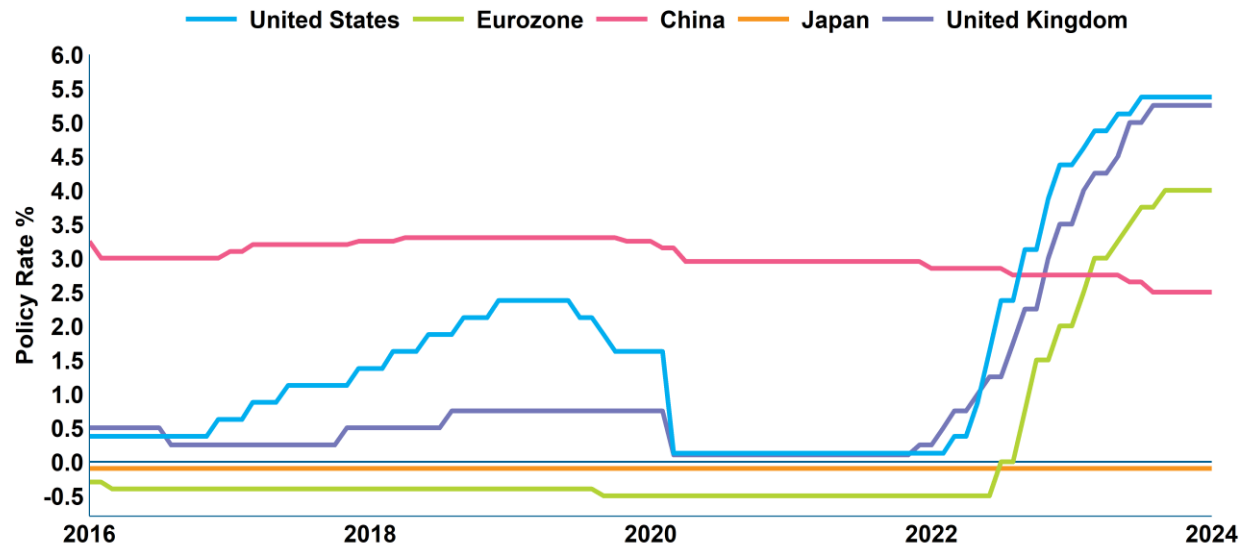
#### Consumer Credit Card Interest Rates (%)



- Despite the strong labor market and higher wages, pressures have started to build on the US consumer. This is an important consideration as consumer spending has been a key driver of economic growth.
- Revolving consumer credit surged to new highs in 2023 even as credit card interest rates hit levels not seen before (the prior peak was around 19% in the 1980s). Recently we have also seen payment delinquencies on credit cards start to increase.
- The return of student loan repayments after a three-year pandemic-related reprieve could add to pressures on consumers' budgets. This might be partially mitigated by recently initiated repayment and forgiveness programs.
- As we look ahead, the strength of the US consumer will remain key as this sector makes up most of the domestic economy (GDP).

<sup>1</sup> Source: FRED. Data is as of December 31, 2023. Consumer Credit Card Rate data is as of September 30, 2023. Revolving Consumer Credit data is seasonally adjusted to remove distortions during the holiday season.

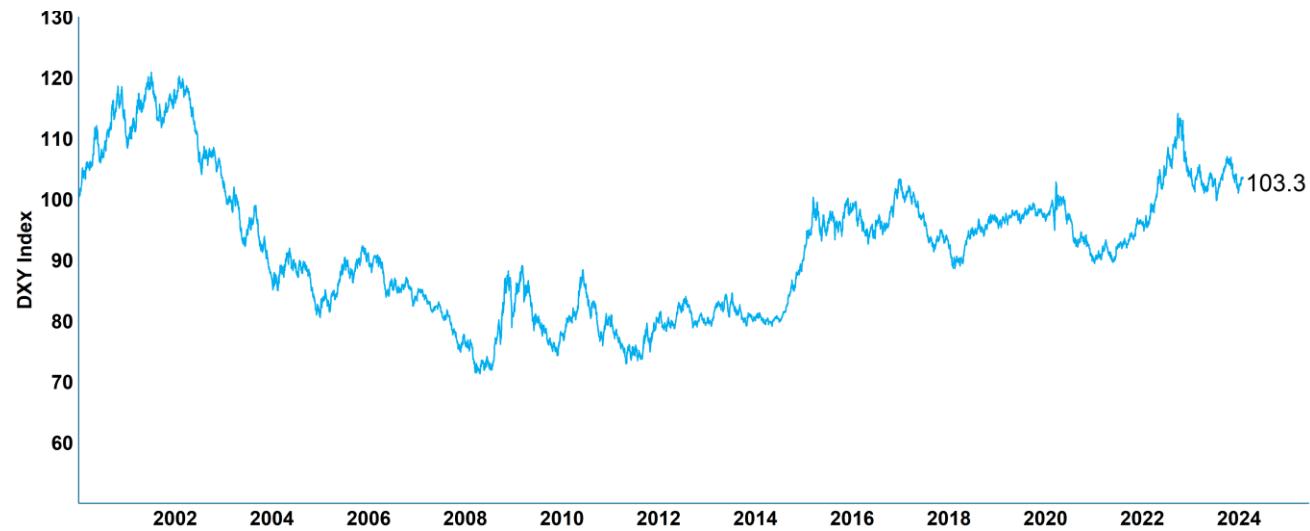
### Policy Rates<sup>1</sup>



- The Fed has been on hold since July 2023 when it raised rates to a range of 5.25%-5.50%. Markets are now pricing in around four rate cuts this year down from close to seven late last year as economic data has come in above expectations. There remains a gap between the amount of rate cuts the Fed is predicting compared to the market's expectations, but it has significantly narrowed.
- The European and UK central banks also recently paused their rate increases on slowing inflation with cuts likely to follow there too. In Japan, the BoJ has further relaxed its yield curve control on the 10-year bond, and expectations for further policy normalization are rising.
- The central bank in China has maintained interest rates at record low levels and continues to inject liquidity into the banking system, as weaker than expected economic data appears to indicate a widespread slowdown.

<sup>1</sup> Source: Bloomberg. Data is as of January 2024.

### US Dollar vs. Broad Currencies<sup>1</sup>



- Overall, the dollar finished last year only slightly below where it started but it was a volatile year for the US currency as expectations related to monetary policy evolved.
- Strong economic data in the US may delay policy rate cuts this year which could contribute to upward pressure on the dollar as other countries pivot to rate cuts.

<sup>1</sup> Source: Bloomberg. Data as of January 31, 2024.

## Summary

### Key Trends:

- The impact of inflation still above policy targets will remain important, with bond market volatility likely to stay high.
- Global monetary policies could diverge going forward. The risk of policy errors remains elevated as central banks try to further reduce inflation toward targets while not tipping their economies into recession. In the case of the US the resolution of the disparity between market expectations for the path of interest rates versus the Fed's dot plot will be key.
- Global growth is expected to slow this year, with some economies forecasted to tip into recession. However, optimism has been building that certain economies could experience soft landings. Inflation, monetary policy, and geopolitical issues will remain key in 2024.
- US consumers could feel pressure as certain components of inflation (e.g., shelter), remain high, borrowing costs are elevated, and the job market may weaken.
- A focus for US equities going forward, will be whether earnings can remain resilient if growth continues to slow. Also, the future paths of the large technology companies that have driven market gains will be important.
- Equity valuations remain lower in emerging and developed markets, but risks remain, including China's economic uncertainty and on-going weakness in the real estate sector which could spill over into key trading partners' economies. Japan's recent hint at potentially tightening monetary policy along with changes in corporate governance in the country could influence relative results.

**Executive Summary**  
As of December 31, 2023

The value of the City of San Jose Police and Fire Department Retirement Plan Health Care Trust's assets was \$328.4 million on December 31, 2023, compared to \$308.7 million at the end of the prior quarter. The Trust had net cash outflows of \$2.6 million and investment gains of \$22.4 million in the 3-month period.

→ The Health Care Trust's net of fees performance was +7.3%, compared to the Policy Benchmark return of 7.5% over the quarter. Over the trailing one-year period, the Trust returned +11.0%, outperforming the Policy Benchmark return of +10.8%.

- Growth returned 10.8% for the quarter and +20.3% over the trailing one-year period compared to the Public Equity Benchmark of +10.8% and +20.5% over the same periods, respectively.
- Low Beta returned +1.3% for the quarter and +5.1% over the trailing one-year period, compared to the 90-Day US Treasury Bill returns of +1.4% and +5.0% over the same periods, respectively.
- Other assets returned +2.7% for the quarter and -1.9% over the trailing one-year period, compared to the Other Benchmark returns of 3.1% and -2.8% over the same periods, respectively.

→ The Health Care Trust had no manager changes during the quarter.

Investment Manager	Asset Class	Changes/ Announcements	Meketa Recommendation <sup>1</sup>	Comments
BlackRock Core Property	Core Real Estate	---	---	---
Clarion Lion Properties	Core Real Estate	---	---	---
TA Realty Core Property	Core Real Estate	---	---	---
Clarion Lion Industrial Trust	Core Real Estate	---	---	---
BlackRock Commodities	Commodities	---	---	---

<sup>1</sup> The Meketa Investment Group recommendations are based on organizational or resource changes at each manager.

Watch List<sup>1,2</sup>

Investment Manager	Asset Class	Watch List Status	Comments
--------------------	-------------	-------------------	----------

---

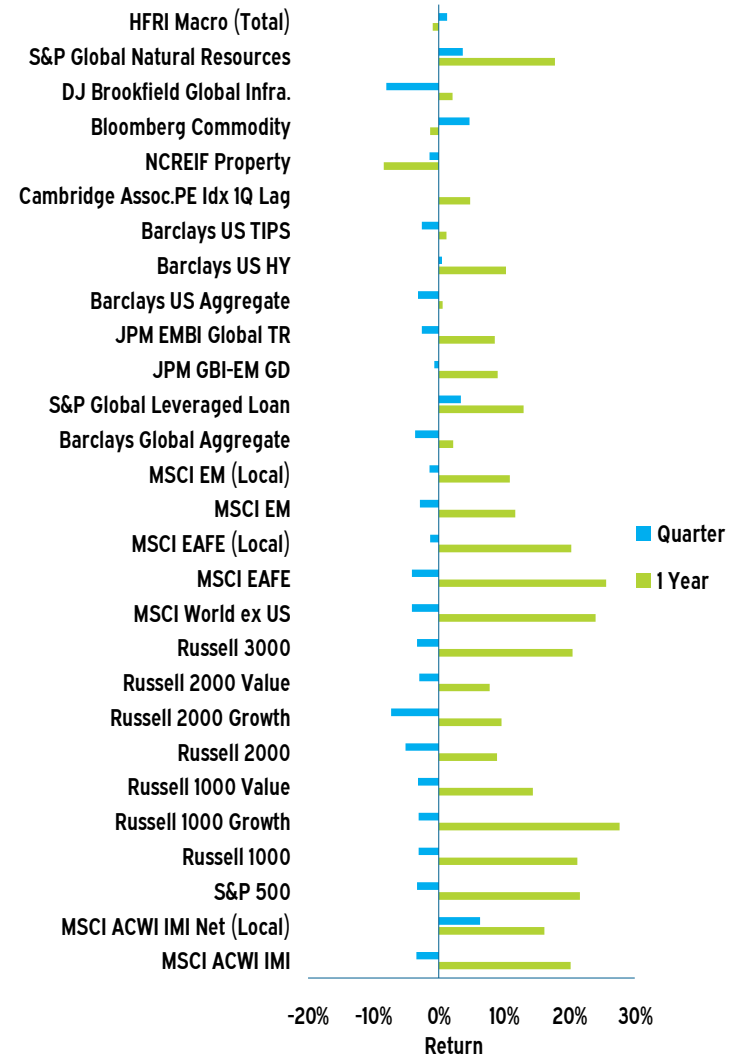
<sup>1</sup> Watch List excludes Private Markets and Passive Funds.

<sup>2</sup> Placement on the Watch List includes qualitative reasons and manager underperformance versus the appropriate benchmark over a three and or five-year period as outlined in the Investment Policy Statement.



### Market Environment – 4Q23 Overview

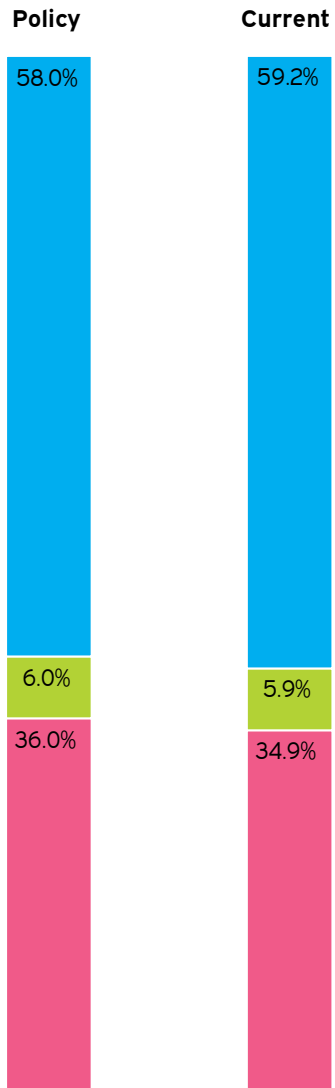
Benchmark	Scope	4Q23 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
<b>Global Equity</b>						
MSCI ACWI IMI	World	11.1	21.6	5.5	11.5	7.8
MSCI ACWI IMI Net (Local) <sup>1</sup>	World (Local Currency)	6.3	16.2	11.9	8.5	9.7
<b>Domestic Equity</b>						
S&P 500	Large Core	11.7	26.3	10.0	15.7	12.0
Russell 1000	Large Core	12.0	26.5	9.0	15.5	11.8
Russell 1000 Growth	Large Growth	14.2	42.7	8.9	19.5	14.9
Russell 1000 Value	Large Value	9.5	11.5	8.9	10.9	8.4
Russell 2000	Small Core	14.0	16.9	2.2	10.0	7.2
Russell 2000 Growth	Small Growth	12.8	18.7	-3.5	9.2	7.2
Russell 2000 Value	Small Value	15.3	14.7	7.9	10.0	6.8
Russell 3000	All Cap Core	12.1	26.0	8.5	15.2	11.5
<b>International Equity</b>						
MSCI World ex US	World ex-US	10.5	17.9	4.4	8.5	4.3
MSCI EAFE	International Developed	10.4	18.2	4.0	8.2	4.3
MSCI EAFE (Local)	International Developed (Local Currency)	5.0	16.2	8.6	9.5	6.6
MSCI EM	Emerging Markets	7.9	9.8	-5.1	3.7	2.7
MSCI EM (Local)	Emerging Markets (Local Currency)	5.6	9.9	-2.5	5.4	5.2
<b>Global Fixed Income</b>						
Barclays Global Aggregate	Global Core Bonds	8.1	5.7	-5.5	-0.3	0.4
S&P Global Leveraged Loan	Bank Loans	2.9	13.3	5.8	5.5	3.9
JPM GBI-EM GD	Emerging Markets Bonds (Local Currency)	4.8	10.0	0.2	4.1	5.4
JPM EMBI Global TR	Emerging Market Bonds	9.3	10.5	-3.1	1.9	3.1
<b>Domestic Fixed Income</b>						
Barclays US Aggregate	Core Bonds	6.8	5.5	-3.3	1.1	1.8
Barclays US HY	High Yield	7.2	13.4	2.0	5.4	4.6
Barclays US TIPS	Inflation	4.7	3.9	-1.0	3.2	2.4
<b>Other</b>						
Cambridge Associates PE Index 1Qtr Lag	Private Equity	0.0	4.8	24.8	22.1	18.1
NCREIF Property	Real Estate	-3.0	-7.9	4.6	4.3	6.8
Bloomberg Commodity	Commodities	-4.6	-7.9	10.8	7.2	-1.1
DJ Brookfield Global Infrastructure	Infrastructure	12.2	4.6	5.4	7.0	5.3
S&P Global Natural Resources	Natural Resources	3.6	4.1	12.9	11.2	5.2
HFRI Macro	Hedge Funds	-0.8	-0.3	5.4	5.6	3.1



<sup>1</sup> Return is as of 9/30/2023.

## 4Q23 Review

Total Fund | As of December 31, 2023



Allocation vs. Targets and Policy			
	Current Balance (\$)	Current Allocation (%)	Policy (%)
<span style="color: #00AEEF;">■</span> Growth	\$194,547,166	59.2	58.0
Public Equity	\$194,547,166	59.2	58.0
<span style="color: #92D050;">■</span> Low Beta	\$19,343,435	5.9	6.0
Short-Term IG Bonds	\$16,693,885	5.1	6.0
Cash	\$2,649,550	0.8	0.0
<span style="color: #E91E63;">■</span> Other	\$114,519,434	34.9	36.0
Core Real Estate	\$38,676,253	11.8	12.0
Commodities	\$14,313,769	4.4	5.0
Investment Grade Bonds	\$45,454,421	13.8	14.0
Long-Term Government Bonds	\$16,074,992	4.9	5.0
<b>Total</b>	<b>\$328,410,035</b>	<b>100.0</b>	<b>100.0</b>

Policy Targets represent approved asset allocation from April of 2022.

Asset Class Net Performance Summary										
	Market Value \$	% of Portfolio	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Health Care Trust</b>	<b>328,410,035</b>	<b>100.0</b>	<b>7.3</b>	<b>4.2</b>	<b>11.0</b>	<b>3.1</b>	<b>7.4</b>	<b>4.7</b>	<b>5.1</b>	<b>Jul-12</b>
<i>Policy Benchmark</i>			7.5	4.3	10.8	3.4	7.4	5.4	5.9	
<i>InvMetrics Health &amp; Welfare \$250mm - \$1B Median</i>			7.6	4.5	11.8	3.3	8.0	6.1	7.2	
<i>InvMetrics Health &amp; Welfare \$250mm - \$1B Rank</i>			55	62	61	52	63	88	91	
<b>Growth</b>	<b>194,547,166</b>	<b>59.2</b>	<b>10.8</b>	<b>6.9</b>	<b>20.3</b>	<b>4.2</b>	<b>10.7</b>	<b>7.7</b>	<b>9.6</b>	<b>Aug-12</b>
<i>Public Equity Benchmark</i>			10.8	7.2	20.5	4.2	10.8	7.6	9.4	
<b>Public Equity</b>	<b>194,547,166</b>	<b>59.2</b>	<b>10.8</b>	<b>6.9</b>	<b>20.3</b>	<b>4.2</b>	<b>10.7</b>	<b>7.7</b>	<b>9.6</b>	<b>Aug-12</b>
<i>Public Equity Benchmark</i>			10.8	7.2	20.5	4.2	10.8	7.6	9.4	
<b>US Equity</b>	<b>102,869,481</b>	<b>31.3</b>	<b>12.1</b>	<b>8.4</b>	<b>26.0</b>	<b>8.6</b>	<b>15.2</b>	<b>--</b>	<b>11.9</b>	<b>Jul-18</b>
<i>Russell 3000 Index</i>			12.1	8.4	26.0	8.5	15.2	--	11.9	
<b>International Equity</b>	<b>53,303,855</b>	<b>16.2</b>	<b>10.4</b>	<b>5.8</b>	<b>18.0</b>	<b>4.2</b>	<b>8.4</b>	<b>--</b>	<b>5.6</b>	<b>Jul-18</b>
<i>MSCI EAFE (Net)</i>			10.4	5.9	18.2	4.0	8.2	--	5.1	
<b>Emerging Markets Equity</b>	<b>38,373,829</b>	<b>11.7</b>	<b>7.7</b>	<b>4.3</b>	<b>9.2</b>	<b>-5.5</b>	<b>3.4</b>	<b>--</b>	<b>1.6</b>	<b>Jul-18</b>
<i>MSCI Emerging Markets (Net)</i>			7.9	4.7	9.8	-5.1	3.7	--	1.7	
<b>Low Beta</b>	<b>19,343,435</b>	<b>5.9</b>	<b>1.3</b>	<b>2.7</b>	<b>5.1</b>	<b>2.3</b>	<b>2.0</b>	<b>1.2</b>	<b>1.1</b>	<b>Jul-12</b>
<i>90 Day U.S. Treasury Bill</i>			1.4	2.7	5.0	2.2	1.9	1.2	1.1	
<b>Short-Term IG Bonds</b>	<b>16,693,885</b>	<b>5.1</b>	<b>1.4</b>	<b>2.7</b>	<b>5.2</b>	<b>2.3</b>	<b>2.0</b>	<b>--</b>	<b>2.0</b>	<b>Nov-18</b>
<i>90 Day U.S. Treasury Bill</i>			1.4	2.7	5.0	2.2	1.9	--	1.9	

Fiscal Year begins July 1.  
Please see the final page of the performance report for composition of the Policy Benchmark and Public Equity Benchmark.

Total Fund | As of December 31, 2023

	Market Value \$	% of Portfolio	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Cash</b>	<b>2,649,550</b>	<b>0.8</b>	<b>0.9</b>	<b>2.2</b>	<b>4.4</b>	<b>1.9</b>	<b>1.7</b>	<b>1.1</b>	<b>0.9</b>	<b>Jul-12</b>
<i>90 Day U.S. Treasury Bill</i>			1.4	2.7	5.0	2.2	1.9	1.2	1.1	
<b>Other</b>	<b>114,519,434</b>	<b>34.9</b>	<b>2.7</b>	<b>0.1</b>	<b>-1.9</b>	<b>3.0</b>	<b>5.7</b>	<b>3.1</b>	<b>2.4</b>	<b>Aug-12</b>
<i>Other Benchmark</i>			3.1	-0.3	-2.8	3.2	5.0	3.2	3.2	
<b>Investment Grade Bonds</b>	<b>45,454,421</b>	<b>13.8</b>	<b>6.8</b>	<b>3.3</b>	<b>5.4</b>	--	--	--	<b>-3.0</b>	<b>May-21</b>
<i>Blmbg. U.S. Aggregate Index</i>			6.8	3.4	5.5	--	--	--	-2.8	
<b>Long-Term Government Bonds</b>	<b>16,074,992</b>	<b>4.9</b>	<b>12.5</b>	<b>-0.8</b>	<b>3.4</b>	--	--	--	<b>-8.8</b>	<b>May-21</b>
<i>Blmbg. U.S. Treasury: Long</i>			12.7	-0.6	3.1	--	--	--	-8.7	
<b>Core Real Estate</b>	<b>38,676,253</b>	<b>11.8</b>	<b>-1.8</b>	<b>-2.8</b>	<b>-10.1</b>	<b>8.7</b>	<b>9.2</b>	<b>8.3</b>	<b>7.5</b>	<b>Aug-12</b>
<i>Core Real Estate Benchmark</i>			-2.1	-4.9	-12.9	5.8	7.5	7.6	6.9	
<b>Commodities</b>	<b>14,313,769</b>	<b>4.4</b>	<b>-4.7</b>	<b>0.0</b>	<b>-3.5</b>	<b>8.9</b>	<b>8.5</b>	<b>1.7</b>	<b>0.1</b>	<b>Oct-12</b>
<i>Bloomberg Commodity Index Total Return</i>			-4.6	-0.1	-7.9	10.8	7.2	-1.1	-2.4	

Trailing Net Performance										
	Market Value \$	% of Portfolio	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
<b>Health Care Trust</b>	<b>328,410,035</b>	<b>100.0</b>	<b>7.3</b>	<b>4.2</b>	<b>11.0</b>	<b>3.1</b>	<b>7.4</b>	<b>4.7</b>	<b>5.1</b>	<b>Jul-12</b>
<i>Policy Benchmark</i>			7.5	4.3	10.8	3.4	7.4	5.4	5.9	
<i>InvMetrics Health &amp; Welfare \$250mm - \$1B Median</i>			7.6	4.5	11.8	3.3	8.0	6.1	7.2	
<i>InvMetrics Health &amp; Welfare \$250mm - \$1B Rank</i>			55	62	61	52	63	88	91	
<b>Growth</b>	<b>194,547,166</b>	<b>59.2</b>	<b>10.8</b>	<b>6.9</b>	<b>20.3</b>	<b>4.2</b>	<b>10.7</b>	<b>7.7</b>	<b>9.6</b>	<b>Aug-12</b>
<i>Public Equity Benchmark</i>			10.8	7.2	20.5	4.2	10.8	7.6	9.4	
<b>Public Equity</b>	<b>194,547,166</b>	<b>59.2</b>	<b>10.8</b>	<b>6.9</b>	<b>20.3</b>	<b>4.2</b>	<b>10.7</b>	<b>7.7</b>	<b>9.6</b>	<b>Aug-12</b>
<i>Public Equity Benchmark</i>			10.8	7.2	20.5	4.2	10.8	7.6	9.4	
<b>US Equity</b>	<b>102,869,481</b>	<b>31.3</b>	<b>12.1</b>	<b>8.4</b>	<b>26.0</b>	<b>8.6</b>	<b>15.2</b>	<b>--</b>	<b>11.9</b>	<b>Jul-18</b>
<i>Russell 3000 Index</i>			12.1	8.4	26.0	8.5	15.2	--	11.9	
Northern Trust Russell 3000	102,869,481	31.3	12.1	8.4	26.0	8.6	15.2	--	11.9	Jul-18
<i>Russell 3000 Index</i>			12.1	8.4	26.0	8.5	15.2	--	11.9	
<b>International Equity</b>	<b>53,303,855</b>	<b>16.2</b>	<b>10.4</b>	<b>5.8</b>	<b>18.0</b>	<b>4.2</b>	<b>8.4</b>	<b>--</b>	<b>5.6</b>	<b>Jul-18</b>
<i>MSCI EAFE (Net)</i>			10.4	5.9	18.2	4.0	8.2	--	5.1	
Northern Trust MSCI EAFE	53,303,855	16.2	10.4	5.8	18.0	4.2	8.4	--	5.5	Jul-18
<i>MSCI EAFE (Net)</i>			10.4	5.9	18.2	4.0	8.2	--	5.1	
<b>Emerging Markets Equity</b>	<b>38,373,829</b>	<b>11.7</b>	<b>7.7</b>	<b>4.3</b>	<b>9.2</b>	<b>-5.5</b>	<b>3.4</b>	<b>--</b>	<b>1.6</b>	<b>Jul-18</b>
<i>MSCI Emerging Markets (Net)</i>			7.9	4.7	9.8	-5.1	3.7	--	1.7	
Northern Trust MSCI EM	38,373,829	11.7	7.7	4.3	9.2	-5.5	3.4	--	1.5	Jul-18
<i>MSCI Emerging Markets (Net)</i>			7.9	4.7	9.8	-5.1	3.7	--	1.7	

Total Fund | As of December 31, 2023

	Market Value \$	% of Portfolio	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
<b>Low Beta</b>	<b>19,343,435</b>	<b>5.9</b>	<b>1.3</b>	<b>2.7</b>	<b>5.1</b>	<b>2.3</b>	<b>2.0</b>	<b>1.2</b>	<b>1.1</b>	<b>Jul-12</b>
<i>90 Day U.S. Treasury Bill</i>			1.4	2.7	5.0	2.2	1.9	1.2	1.1	
<b>Short-Term IG Bonds</b>	<b>16,693,885</b>	<b>5.1</b>	<b>1.4</b>	<b>2.7</b>	<b>5.2</b>	<b>2.3</b>	<b>2.0</b>	<b>--</b>	<b>2.0</b>	<b>Nov-18</b>
<i>90 Day U.S. Treasury Bill</i>			1.4	2.7	5.0	2.2	1.9	--	1.9	
BlackRock 3-Month T-Bill	16,693,885	5.1	1.4	2.7	5.2	2.3	2.0	--	2.0	Nov-18
<i>90 Day U.S. Treasury Bill</i>			1.4	2.7	5.0	2.2	1.9	--	1.9	
<b>Cash</b>	<b>2,649,550</b>	<b>0.8</b>	<b>0.9</b>	<b>2.2</b>	<b>4.4</b>	<b>1.9</b>	<b>1.7</b>	<b>1.1</b>	<b>0.9</b>	<b>Jul-12</b>
<i>90 Day U.S. Treasury Bill</i>			1.4	2.7	5.0	2.2	1.9	1.2	1.1	
<b>Other</b>	<b>114,519,434</b>	<b>34.9</b>	<b>2.7</b>	<b>0.1</b>	<b>-1.9</b>	<b>3.0</b>	<b>5.7</b>	<b>3.1</b>	<b>2.4</b>	<b>Aug-12</b>
<i>Other Benchmark</i>			3.1	0.0	-1.0	2.4	4.4	2.9	3.0	
<b>Investment Grade Bonds</b>	<b>45,454,421</b>	<b>13.8</b>	<b>6.8</b>	<b>3.3</b>	<b>5.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-3.0</b>	<b>May-21</b>
<i>Blmbg. U.S. Aggregate Index</i>			6.8	3.4	5.5	--	--	--	-2.8	
Northern Trust Core Bonds	45,454,421	13.8	6.8	3.3	5.4	--	--	--	-3.0	May-21
<i>Blmbg. U.S. Aggregate Index</i>			6.8	3.4	5.5	--	--	--	-2.8	
<b>Long-Term Government Bonds</b>	<b>16,074,992</b>	<b>4.9</b>	<b>12.5</b>	<b>-0.8</b>	<b>3.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-8.8</b>	<b>May-21</b>
<i>Blmbg. U.S. Treasury: Long</i>			12.7	-0.6	3.1	--	--	--	-8.7	
BlackRock Long Treasury	16,074,992	4.9	12.5	-0.8	3.4	--	--	--	-8.8	May-21
<i>Blmbg. U.S. Treasury: Long</i>			12.7	-0.6	3.1	--	--	--	-8.7	

Total Fund | As of December 31, 2023

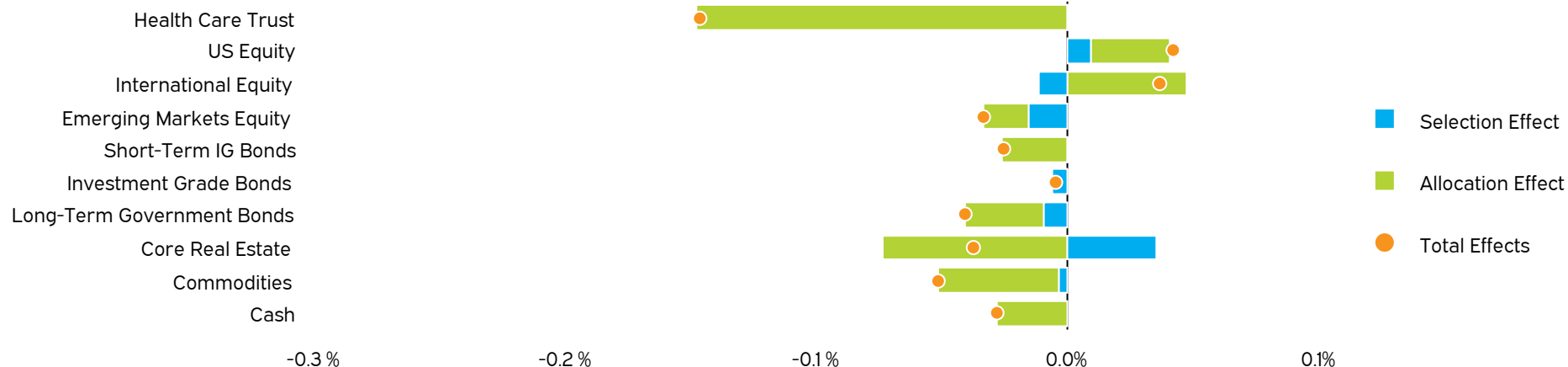
	Market Value \$	% of Portfolio	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
<b>Core Real Estate</b>	<b>38,676,253</b>	<b>11.8</b>	<b>-1.8</b>	<b>-2.8</b>	<b>-10.1</b>	<b>8.7</b>	<b>9.2</b>	<b>8.3</b>	<b>7.5</b>	<b>Aug-12</b>
<i>Core Real Estate Benchmark</i>			-2.1	-4.9	-12.9	5.8	7.5	7.6	6.9	
BlackRock Core Property Fund	4,047,817	1.2	-3.9	-8.2	-15.4	7.1	--	--	5.8	Feb-19
<i>Core Real Estate Benchmark 2</i>			-2.1	-4.9	-12.9	5.8	--	--	4.4	
Clarion Lion Properties Fund	10,861,552	3.3	-1.3	-7.3	-17.0	6.0	--	--	4.8	Mar-19
<i>Core Real Estate Benchmark 2</i>			-2.1	-4.9	-12.9	5.8	--	--	4.5	
TA Realty Core Property Fund	20,479,609	6.2	-2.1	1.7	-4.6	--	--	--	8.3	Oct-21
<i>Core Real Estate Benchmark 3</i>			-2.1	-4.9	-12.9	--	--	--	2.4	
Clarion Lion Industrial Trust	3,287,274	1.0	0.6	-0.3	-2.6	--	--	--	12.9	Oct-21
<i>Core Real Estate Benchmark 3</i>			-2.1	-4.9	-12.9	--	--	--	2.4	
<b>Commodities</b>	<b>14,313,769</b>	<b>4.4</b>	<b>-4.7</b>	<b>0.0</b>	<b>-3.5</b>	<b>8.9</b>	<b>8.5</b>	<b>1.7</b>	<b>0.1</b>	<b>Oct-12</b>
<i>Bloomberg Commodity Index Total Return</i>			-4.6	-0.1	-7.9	10.8	7.2	-1.1	-2.4	
BlackRock Commodities Index	14,313,769	4.4	-4.7	0.0	--	--	--	--	0.1	Apr-23
<i>Bloomberg Commodity Index Total Return</i>			-4.6	-0.1	--	--	--	--	-2.7	

Core Real Estate values are one-quarter lagged.



Cash Flow Summary						
QTD Ending December 31, 2023						
	Beginning Market Value	Contributions	Distributions	Net Cash Flow	Net Investment Change	Ending Market Value
BlackRock 3-Month T-Bill	16,466,189	-	-	-	227,696	16,693,885
BlackRock Commodities Index	16,784,631	-	-1,700,000	-1,700,000	-770,862	14,313,769
BlackRock Core Property Fund	4,236,160	-	-22,795	-22,795	-165,547	4,047,817
BlackRock Long Treasury	13,665,357	700,000	-	700,000	1,709,635	16,074,992
Cash	2,600,845	4,021,627	-3,994,379	27,248	21,457	2,649,550
Clarion Lion Industrial Trust	3,280,847	-	-12,616	-12,616	19,043	3,287,274
Clarion Lion Properties Fund	11,077,945	-	-77,916	-77,916	-138,477	10,861,552
Northern Trust Core Bonds	41,905,018	700,000	-	700,000	2,849,403	45,454,421
Northern Trust MSCI EAFE	48,306,479	-	-3,623	-3,623	5,001,000	53,303,855
Northern Trust MSCI EM	35,625,018	-	-8,461	-8,461	2,757,272	38,373,829
Northern Trust Russell 3000	93,582,307	-	-2,005,849	-2,005,849	11,293,023	102,869,481
TA Realty Core Property Fund	21,120,856	13,003	-219,867	-206,865	-434,382	20,479,609
<b>Total</b>	<b>308,651,652</b>	<b>5,434,629</b>	<b>-8,045,507</b>	<b>-2,610,877</b>	<b>22,369,260</b>	<b>328,410,035</b>

### Attribution Summary Chart 3 Months Ending December 31, 2023

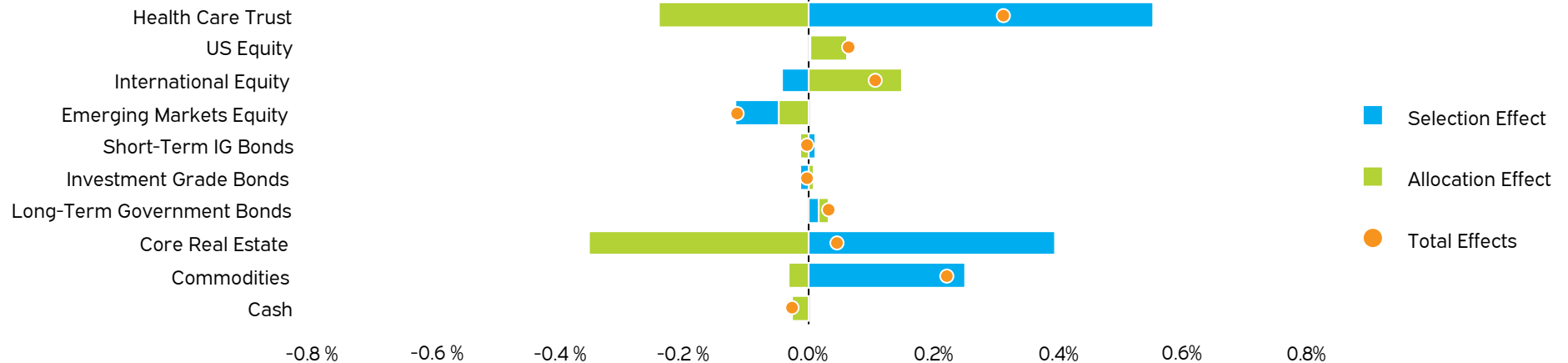


### Attribution Summary 3 Months Ending December 31, 2023

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effect
US Equity	12.1	12.1	0.0	0.0	0.0	0.0
International Equity	10.4	10.4	-0.1	0.0	0.0	0.0
Emerging Markets Equity	7.7	7.9	-0.1	0.0	0.0	0.0
Short-Term IG Bonds	1.4	1.4	0.0	0.0	0.0	0.0
Investment Grade Bonds	6.8	6.8	0.0	0.0	0.0	0.0
Long-Term Government Bonds	12.5	12.7	-0.2	0.0	0.0	0.0
Core Real Estate	-1.8	-2.1	0.3	0.0	-0.1	0.0
Commodities	-4.7	-4.6	-0.1	0.0	0.0	-0.1
Cash	0.9	1.4	-0.5	0.0	0.0	0.0
<b>Health Care Trust</b>	<b>7.3</b>	<b>7.4</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.1</b>

Difference in attribution returns and returns in performance summary may occur as a result of the different calculation methodologies that are applied by Paris. Selection effect for each asset class includes prorated residual effects of total portfolio timing and trading.

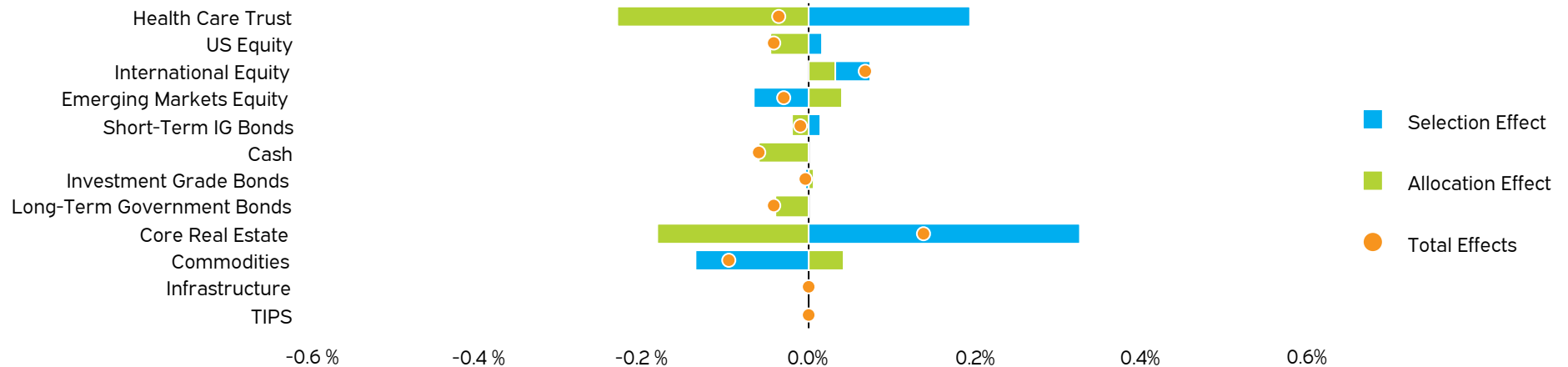
**Attribution Summary Chart**  
1 Year Ending December 31, 2023



**Attribution Summary**  
1 Year Ending December 31, 2023

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effect
US Equity	26.0	26.0	0.0	0.0	0.1	0.1
International Equity	18.0	18.2	-0.3	0.0	0.1	0.1
Emerging Markets Equity	9.2	9.8	-0.6	-0.1	0.0	-0.1
Short-Term IG Bonds	5.2	5.0	0.2	0.0	0.0	0.0
Investment Grade Bonds	5.4	5.5	-0.1	0.0	0.0	0.0
Long-Term Government Bonds	3.4	3.1	0.3	0.0	0.0	0.0
Core Real Estate	-10.1	-12.9	2.8	0.4	-0.4	0.0
Commodities	-3.5	-7.9	4.5	0.3	0.0	0.2
Cash	4.4	5.0	-0.6	0.0	0.0	0.0
<b>Health Care Trust</b>	<b>11.0</b>	<b>10.7</b>	<b>0.3</b>	<b>0.6</b>	<b>-0.2</b>	<b>0.3</b>

Attribution Summary Chart  
3 Years Ending December 31, 2023

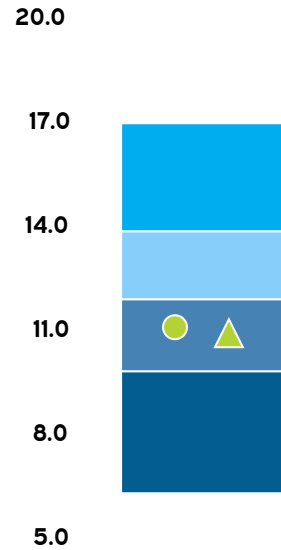


Attribution Summary  
3 Years Ending December 31, 2023

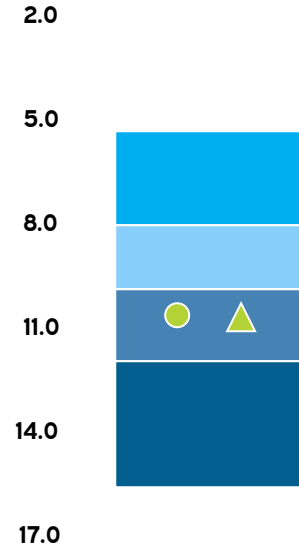
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effect
US Equity	8.6	8.5	0.0	0.0	0.0	0.0
International Equity	4.2	4.0	0.2	0.0	0.0	0.1
Emerging Markets Equity	-5.5	-5.1	-0.4	-0.1	0.0	0.0
Short-Term IG Bonds	2.3	2.2	0.2	0.0	0.0	0.0
Cash	1.9	2.2	-0.2	0.0	-0.1	-0.1
Investment Grade Bonds	-2.7	-3.3	0.7	0.0	0.0	0.0
Long-Term Government Bonds	-7.9	-11.4	3.6	0.0	0.0	0.0
Core Real Estate	8.7	5.8	2.9	0.3	-0.2	0.1
Commodities	8.9	10.8	-1.9	-0.1	0.0	-0.1
Infrastructure	0.0	3.9	-3.9	0.0	0.0	0.0
TIPS	0.0	0.9	-0.9	0.0	0.0	0.0
<b>Health Care Trust</b>	<b>3.1</b>	<b>3.2</b>	<b>0.0</b>	<b>0.2</b>	<b>-0.2</b>	<b>0.0</b>

Total Fund | One Year As of December 31, 2023

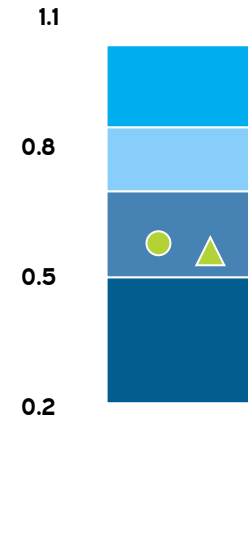
### Annualized Return (%) Trailing 1 Year



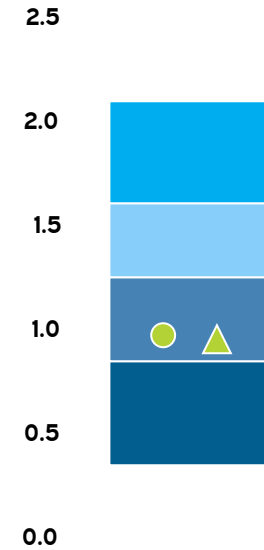
### Annualized St. Dev. Trailing 1 Year



### Sharpe Ratio Trailing 1 Year



### Sortino Ratio Trailing 1 Year



Health Care Trust 11.0 (61)  
Policy Benchmark 10.8 (63)

5th Percentile 16.9  
1st Quartile 13.8  
Median 11.8  
3rd Quartile 9.7  
95th Percentile 6.2

Health Care Trust 10.7 (59)  
Policy Benchmark 10.8 (60)

5th Percentile 5.4  
1st Quartile 8.1  
Median 9.9  
3rd Quartile 12.0  
95th Percentile 15.7

Health Care Trust 0.6 (67)  
Policy Benchmark 0.6 (69)

5th Percentile 1.0  
1st Quartile 0.8  
Median 0.7  
3rd Quartile 0.5  
95th Percentile 0.2

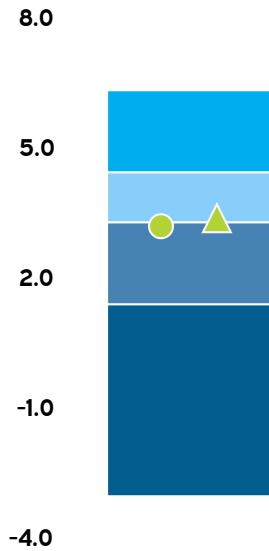
Health Care Trust 1.0 (69)  
Policy Benchmark 0.9 (70)

5th Percentile 2.1  
1st Quartile 1.6  
Median 1.2  
3rd Quartile 0.8  
95th Percentile 0.3

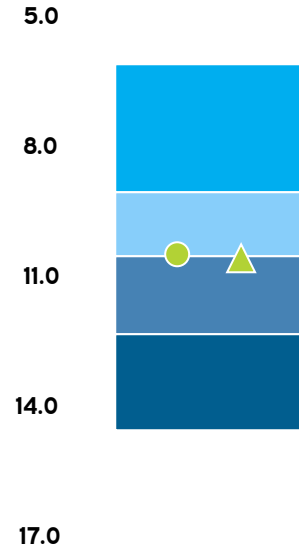
Data are compared to the InvMetrics Health & Welfare \$250M - \$1B universe. Parentheses contain percentile rankings.

Total Fund | Three Years As of December 31, 2023

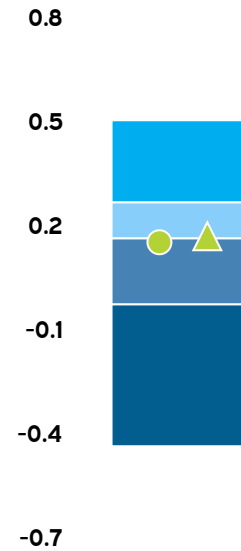
### Annualized Return (%) Trailing 3 Years



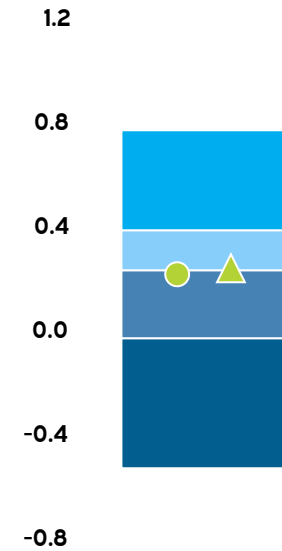
### Annualized St. Dev. Trailing 3 Years



### Sharpe Ratio Trailing 3 Years



### Sortino Ratio Trailing 3 Years



Health Care Trust 3.1 (52)  
Policy Benchmark 3.4 (49)

5th Percentile 6.3  
1st Quartile 4.4  
Median 3.3  
3rd Quartile 1.4  
95th Percentile -3.1

Health Care Trust 10.5 (48)  
Policy Benchmark 10.6 (51)

5th Percentile 6.2  
1st Quartile 9.1  
Median 10.6  
3rd Quartile 12.4  
95th Percentile 14.6

Health Care Trust 0.1 (53)  
Policy Benchmark 0.2 (49)

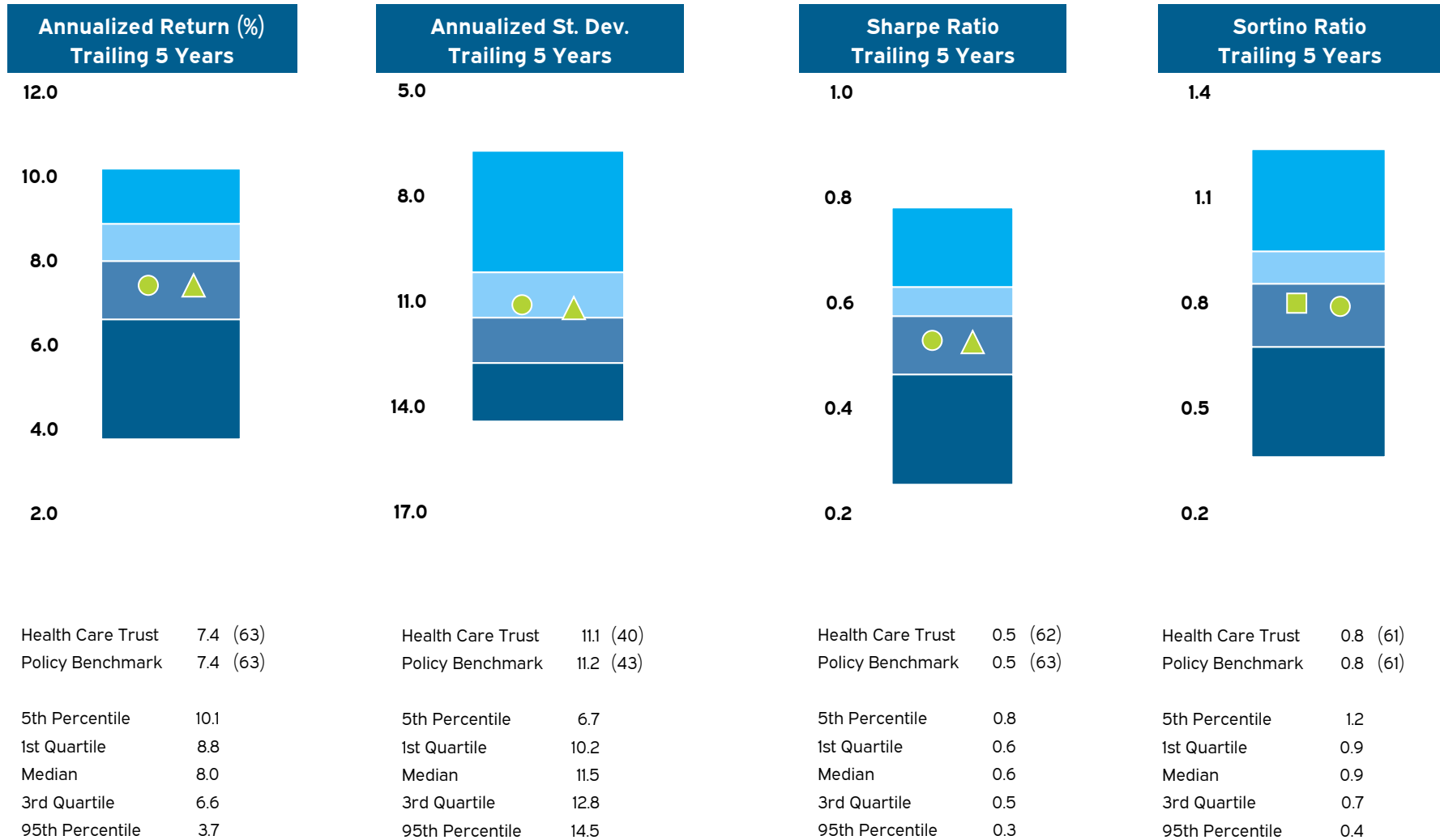
5th Percentile 0.5  
1st Quartile 0.3  
Median 0.2  
3rd Quartile 0.0  
95th Percentile -0.4

Health Care Trust 0.2 (52)  
Policy Benchmark 0.2 (48)

5th Percentile 0.8  
1st Quartile 0.4  
Median 0.2  
3rd Quartile 0.0  
95th Percentile -0.5

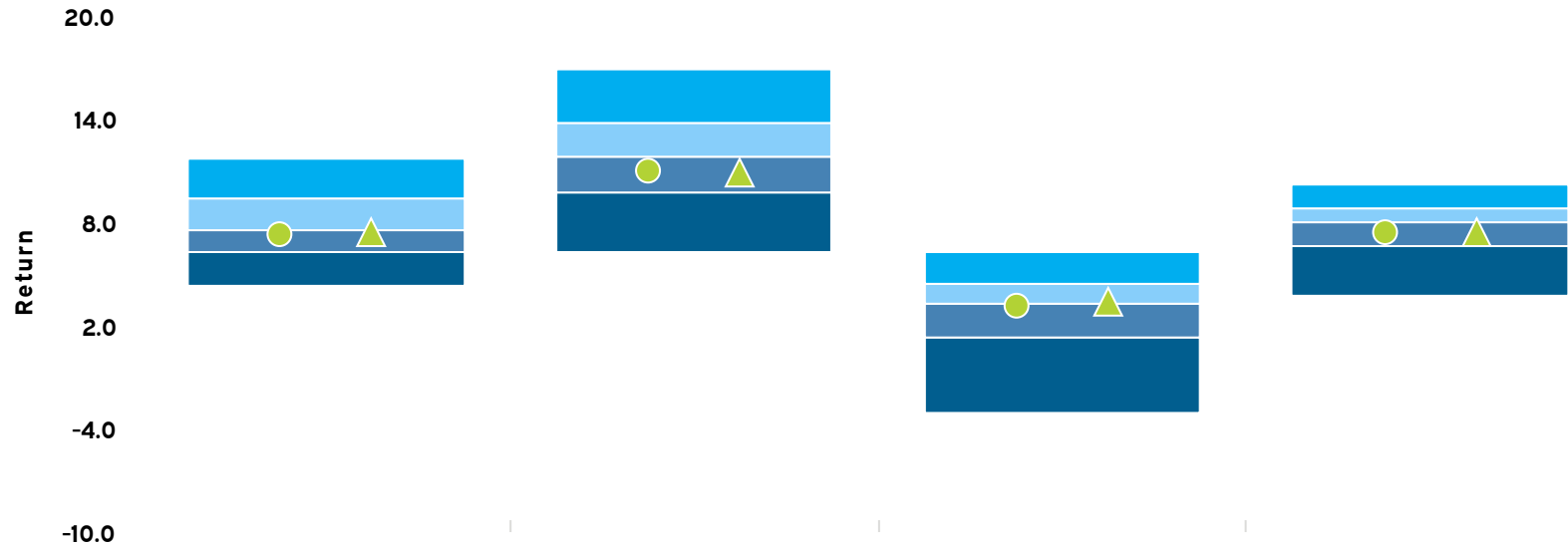
Data are compared to the InvMetrics Health & Welfare \$250M - \$1B universe. Parentheses contain percentile rankings.

Total Fund | Five Years As of December 31, 2023



Data are compared to the InvMetrics Health & Welfare \$250M - \$1B universe. Parentheses contain percentile rankings.

### InvMetrics Health & Welfare \$250M - \$1B Net Return Comparison Ending December 31, 2023

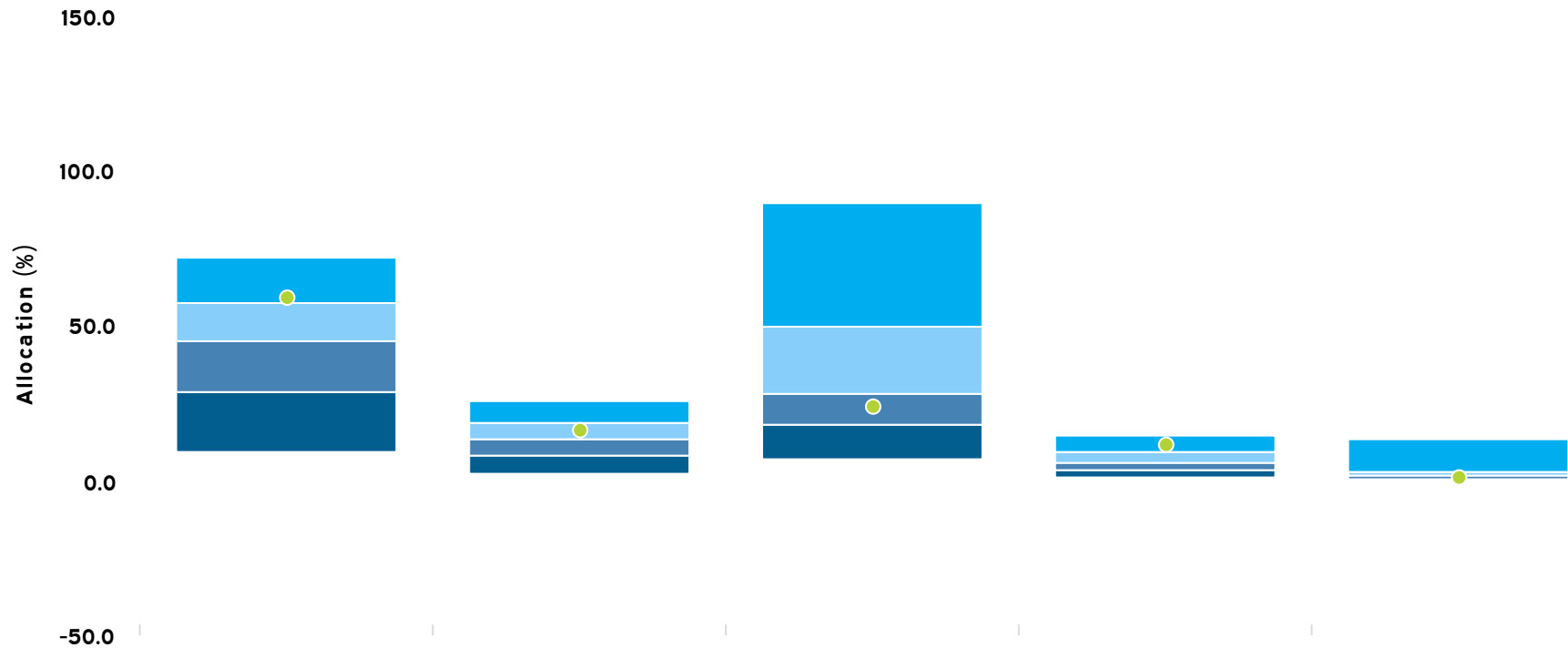


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
● Health Care Trust	7.3 (55)	11.0 (61)	3.1 (52)	7.4 (63)
▲ Policy Benchmark	7.5 (53)	10.8 (63)	3.4 (49)	7.4 (63)
5th Percentile	11.7	16.9	6.3	10.1
1st Quartile	9.4	13.8	4.4	8.8
Median	7.6	11.8	3.3	8.0
3rd Quartile	6.3	9.7	1.4	6.6
95th Percentile	4.3	6.2	-3.1	3.7
Population	494	445	379	359

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.



**Total Plan Allocation vs. InvMetrics Health & Welfare \$250M - \$1B Net  
As of December 31, 2023**



	Total Equity	Global ex-US Equity	Total Fixed Income	Total Real Estate	Cash & Equivalents
● Health Care Trust	59.2 (22)	16.2 (36)	23.8 (62)	11.8 (15)	0.8 (67)
5th Percentile	72.1	25.8	89.5	14.4	13.3
1st Quartile	57.2	18.6	49.8	9.1	3.0
Median	45.0	13.2	27.9	5.8	1.4
3rd Quartile	28.3	8.0	17.9	3.5	0.6
95th Percentile	9.1	2.4	7.1	0.8	0.1

Parentheses contain percentile rankings.

**Benchmark History**

**Health Care Trust**

5/1/2022	Present	30% Russell 3000 / 16% MSCI EAFE / 12% MSCI Emerging Markets / 6% ICE BofA 91 Days T-Bills TR / 14% Bloomberg US Aggregate TR / 5% Bloomberg US Treasury Long TR / 12% Core Real Estate Benchmark / 5% Bloomberg Commodity Index TR USD
6/1/2021	4/30/2022	30% Russell 3000 / 14% MSCI EAFE / 15% MSCI Emerging Markets / 5% ICE BofA 91 Days T-Bills TR / 14% Bloomberg US Aggregate TR / 5% Bloomberg US Treasury Long TR / 12% Core Real Estate Benchmark / 5% Bloomberg Commodity Index TR USD
7/1/2019	5/31/2021	28% Russell 3000 / 13% MSCI EAFE / 15% MSCI Emerging Markets / 29% ICE BofA 91 Days T-Bills TR / 10% Core Real Estate Benchmark / 5% Bloomberg Commodity Index TR USD
10/1/2018	6/30/2019	28% Russell 3000 / 13% MSCI EAFE / 15% MSCI Emerging Markets / 29% ICE BofA 91 Days T-Bills TR / 10% MSCI US REIT / 5% Bloomberg Commodity Index TR USD
7/1/2018	9/30/2018	57% MSCI ACWI IMI (Net) / 30% Bloomberg US Aggregate TR / 8% MSCI US REIT Gross / 5% Bloomberg Commodity Index TR USD
2/1/2017	6/30/2018	43% MSCI ACWI IMI (Net) / 15% Bloomberg US Aggregate TR / 10% MSCI US REIT Gross / 9% Bloomberg Commodity Index TR USD / 3% DJ Brookfield Global Infrastructure Net TR USD / 20% 60% MSCI World & 40% Citigroup WGBI
9/1/2014	1/31/2017	43% MSCI ACWI IMI (Net) / 15% Bloomberg US Aggregate TR / 10% MSCI US REIT Gross / 9% Custom Commodity Risk Parity Index / 3% CPI + 5% (Unadjusted) / 20% 60% MSCI World & 40% Citigroup WGBI

**Growth**

5/1/2022	Present	51.7% Russell 3000 / 27.61% MSCI EAFE / 20.7% MSCI Emerging Markets
10/1/2018	4/30/2022	50% Russell 3000 / 23.21% MSCI EAFE / 26.79% MSCI Emerging Markets
8/1/2012	9/30/2018	MSCI ACWI IMI Net USD

**Public Equity**

5/1/2022	Present	51.7% Russell 3000 / 27.61% MSCI EAFE / 20.7% MSCI Emerging Markets
10/1/2018	4/30/2022	50% Russell 3000 / 23.21% MSCI EAFE / 26.79% MSCI Emerging Markets
8/1/2012	9/30/2018	MSCI ACWI IMI Net USD

**US Equity**

7/1/2018	Present	Russell 3000
----------	---------	--------------

**International Equity**

7/1/2018	Present	MSCI EAFE
----------	---------	-----------

**Emerging Markets Equity**

7/1/2018	Present	MSCI Emerging Markets
----------	---------	-----------------------

Short-Term IG Bonds		
11/1/2018	Present	ICE BofA 91 Days T-Bills TR
Cash		
7/1/2012	Present	ICE BofA 91 Days T-Bills TR
Other		
6/1/2021	Present	38.89% BBgBarc US Aggregate TR / 13.89% BBgBarc US Treasury Long TR / 33.33% Core Real Estate Benchmark / 13.89% Bloomberg Commodity Index TR USD
7/1/2019	5/31/2021	66.67% Core Real Estate Benchmark / 33.33% Bloomberg Commodity Index TR USD
10/1/2018	6/30/2019	66.67% MSCI US REIT / 33.33% Bloomberg Commodity Index TR USD
8/1/2012	9/30/2018	35.09% 60% MSCI World & 40% Citigroup WGBI / 26.32% BBgBarc US Aggregate TR / 17.54% MSCI US REIT / 15.79% Bloomberg Commodity Index TR USD / 5.26% DJ Brookfield Global Infrastructure Net TR USD
Core Real Estate		
6/1/2021	Present	NCREIF ODCE Value-Weighted
7/1/2019	5/31/2021	NCREIF ODCE Equal-Weighted
8/1/2012	6/30/2019	MSCI US REIT Gross
Commodities		
10/1/2012	Present	Bloomberg Commodity Index TR USD
Infrastructure		
1/1/2014	Present	DJ Brookfield Global Infrastructure Net TR USD
Investment Grade Bonds		
8/1/2012	Present	BBgBarc Global Aggregate TR
TIPS		
7/1/2018	Present	100% BBgBarc US Treasury TIPS 0-5 Yr TR

## **Glossary and Notes**

**Credit Risk:** Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security.)

**Duration:** Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

**Information Ratio:** This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

**Jensen's Alpha:** A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk.  $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} * (\text{market return} - \text{Risk Free Rate})]$ .

**Market Capitalization:** For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

**Market Weighted:** Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

**Maturity:** The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

**Prepayment Risk:** The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

**Price-Book Value (P/B) Ratio:** The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

**Price-Earnings (P/E) Ratio:** A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

**Quality Rating:** The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

**Sharpe Ratio:** A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

**STIF Account:** Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

**Standard Deviation:** A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

**Style:** The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

**Tracking Error:** A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.

**Yield to Maturity:** The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

**Yield to Worst:** The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

**NCREIF Property Index (NPI):** Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

**NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE):** Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: Investment Terminology, International Foundation of Employee Benefit Plans, 1999.

The Handbook of Fixed Income Securities, Fabozzi, Frank J., 1991

The Russell Indices®, TM, SM are trademarks/service marks of the Frank Russell Company.

Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.