# Callan

September 30, 2024 The North Carolina Supplemental Retirement Plans Executive Summary

Investment Measurement Service Quarterly Review

# Table of ContentsThe North Carolina Supplemental Retirement PlansSeptember 30, 2024

Capital Markets Summary	1
Asset Allocation	3
Performance Across Investment Options	
Investment Manager Returns	4
Investment Manager Returns	5
Investment Manager Performance Monitoring Summary Report	17
Appendix	22
Definitions	37
Disclosures	44

### **U.S. EQUITIES**

### U.S. market reaches record high after spike in volatility

- The U.S. equity market had a disappointing start to 3Q24 as the S&P 500 Index dropped in July.
- But the market rallied in the last months of 3Q to end the quarter at a record high.
- All sectors within the S&P 500 posted positive returns over the quarter except for the Energy sector. As a result of the Fed's rate cut decision, the bond proxy sectors (Real Estate and Utilities) performed the best.
- During 3Q, value outperformed growth across the market cap spectrum. Small cap stocks outperformed large cap stocks.
- Narrow leadership continues to be an issue for U.S. stocks.
   YTD, the "Magnificent Seven" stock returns accounted for 45% of the returns of the S&P 500 Index.

### Top performers have broadened out

- The "Magnificent Seven" stocks experienced increased volatility and mixed results in 3Q. Four of these stocks underperformed the S&P 500 Index.
- Better earnings growth expectations for the market relative to the "Magnificent Seven" could result in broader market leadership.
- Although the long-term trend may have reversed in the last quarter, a large percentage of S&P 500 Index returns since 2021 are attributable to the "Magnificent Seven."

### Small cap valuations

- Small cap relative valuations are historically low across numerous forward and trailing valuation multiples.
- Small cap continues to trade at large discounts relative to large cap.
- This may be indicative of an attractive entry point for increased allocation.

### U.S. Equity: Quarterly Returns



### U.S. Equity: One-Year Returns



Sources: FTSE Russell, S&P Dow Jones Indices



### S&P Sector Returns, Quarter Ended 9/30/24



### **GLOBAL EQUITIES**

### Global ex-U.S. markets outpace U.S. as technology lags

- Global equity markets rose while central banks began easing monetary policy and cutting interest rates.
- Market gains broadened to include more value stocks and previously underperforming sectors.
- Global ex-U.S. markets outpaced U.S. markets as the technology sector, a large portion of the U.S. market, faced pressure from AI spending scrutiny.
- Emerging markets outperformed developed markets with Asia being the strongest region within emerging markets.

### **Emerging markets**

 China led a sharp rally higher in emerging markets after the Chinese government announced extensive stimulus measures aimed at tackling weakening economic activity, deflation, and its deteriorating property market.

### Growth vs. value

 Generally, value-oriented sectors led markets higher as the technology sector hindered growth concerns. One exception was China, as stimulus announcements boosted beatendown Chinese tech companies.

### U.S. dollar strength

 The U.S. Dollar Index (DXY), declined over 3Q amid a muchanticipated rate cut by the U.S. Federal Reserve.

### Quality growth managers struggle

 While outperforming in 2022, global quality growth managers have struggled since 2023, as high-growth names, often viewed as low-quality, have driven much of the market.

#### High growth rewarded last 18 months

- While high-growth managers were punished in 2022, they performed exceptionally well in 2023 and 2024.
- Still, on a three-year basis, quality growth managers have tended to outperform high-growth managers but still struggle against the ACWI index.

#### China's stimulus: what and why

 On Sept. 24, 2024, China announced a broad economic stimulus package. This is likely due to declining consumer sentiment and investor pressure.

#### Results

- Stock markets initially rallied between 10%-30%, moving into YTD gain territory. Valuations are still at 10-year lows.
- China has the worst pass-through from GDP growth to earnings and investor returns since 2010. While the stimulus may assist with GDP growth, it may not correlate to better stock performance.





### **Global Equity: One-Year Returns**



Source: MSCI



### **U.S. FIXED INCOME**

### Rate cut spurs market rally

- The Fed lowered rates for the first time since 2020, reducing its overnight target by 50 bps; Fed "dot plot" indicates two more cuts by year-end.
- U.S. Treasuries fell across the curve; 10-year Treasury yield declined to 3.81% from 4.36% at the beginning of the quarter.
- The yield curve took a step toward normalization with the 2s/10s ending positive, though rates at the front-end remain elevated vs. intermediate- and long-term.

### Performance and drivers

- The Bloomberg US Aggregate Index gained 5.2%, the second-best quarter in nearly 30 years, led by the rally in rates.
- Investment grade corporates and all securitized sectors outperformed U.S. Treasuries on a duration-adjusted basis.
- High yield corporate excess returns (+1.7%) outpaced investment grade corporates excess returns (+0.8%).

### Valuations

- Despite significant widening in late July, both IG and HY spreads ended tighter over the quarter.
- HY defaults declined to 1.8%, while bank loans rose to 3.1%, widening the gap between them to the highest since 2014.
- New issuance continued to be strong, adding \$424 billion in IG and \$78 billion in HY debt.

### Munis posted gains but underperformed U.S. Treasuries

 Bloomberg Municipal Bond Index (+2.7%) vs Bloomberg US Treasury Index (+4.7%)

### AAA-rated muni yield curve normalized

- 2-year and 10-year AAA rates fell by 77 bps and 23 bps, respectively; spread now +24 bps
- Maximum inversion of -50 bps was April 2024
- Followed path of U.S. Treasury yield curve, which also normalized during the quarter (2-year vs 10-year)

#### Quality was not a major differentiator in 3Q

- AAA: 2.8%
- AA: 2.7%
- A: 2.7%
- BBB: 2.9%

#### Muni valuations vs. U.S. Treasuries remain rich

- 10-year AAA Muni/10-year U.S. Treasury yield ratio rich relative to 10-year median (69% now vs. 85% historical)
- Need for increased infrastructure spending could benefit municipal bond issuance in years to come

### **U.S. Fixed Income: Quarterly Returns**



### U.S. Fixed Income: One-Year Returns



#### **U.S. Treasury Yield Curves**



Sources: Bloomberg, Credit Suisse



### **U.S. FIXED INCOME (continued)**

#### Fed makes first cut, and markets anticipate more

- The Fed cut rates in September with a 50 bps decrease, citing a slowdown in job gains, higher unemployment, and inflation nearing its target of 2%. The move marked the first reduction since March 2020.
- Fed Funds futures now imply three additional rate cuts by year end and seven more over the coming year.
- Yields fell across the curve by no less than 37 bps, and the spread between 2-year and 10-year rates became positive for the first time since July 5, 2022, ending the quarter at +15 bps. However, the front end remains well above intermediate- and long-term rates.

#### Corporate new debt issuance remains robust

- Investment-grade corporate issuers continued the surge of new debt, issuing \$424 billion in 3Q, bringing the total YTD to more than \$1.3 trillion, already more than 7 of the last 10 years. At the current pace, new issuance will surpass \$1.7 trillion by year-end, the second-highest total on record.
- High yield new issuance was also robust, with approximately \$78 billion issued over the quarter. This brings the total issuance YTD to nearly \$250 billion, more than each of the last two calendar years.
- Concerning labor reports in late July initially led to a pullback in the market.
- But spreads narrowed once again with both IG and HY ending the quarter tighter than they began.

### **GLOBAL FIXED INCOME**

### Macro environment

- Developed market rates declined as growth and inflation expectations moved lower.
- Several central banks cut rates over the quarter while the Bank of Japan unexpectedly raised its target to 0.25%, its highest rate since 2008.

### U.S. dollar weakens

- The U.S. dollar weakened relative to major currencies, reversing the trend from the first half of the year and enhancing returns for unhedged investors.
- Within the U.S. Dollar Index (DXY), Japanese yen saw the largest relative gain, rising 12% vs. the U.S dollar.

### Emerging market debt posts strong quarter

- EM central banks broadly continued their easing policies, though Brazil raised its rate and signaled future hikes.
- The rally in EM currencies enhanced returns for EM debt, with the JPM GBI-EM Global Diversified Index gaining 9.0%.

### Global Fixed Income: Quarterly Returns



### **Global Fixed Income: One-Year Returns**



#### Change in 10-Year Global Government Bond Yields

### 2Q24 to 3Q24



Sources: Bloomberg, JP Morgan



### **Investment Fund Balances**

The table below compares the fund's investment fund balances as of September 30, 2024 with that of June 30, 2024. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

### **Asset Distribution Across Investment Funds**

	Septembe	r 30, 2024			June 3	0, 2024
	Market		Net New	Invest.	Market	
	Value	Weight	Invest.	Return	Value	Weight
North Carolina SRP 401k & 457						
Tier II Passive	\$6,413,731,619	35.85%	\$(21,127,581)	\$377,173,819	\$6,057,685,380	35.77%
Fixed Income Passive	99,995,416	0.56%	2,533,722	4,887,452	92,574,242	0.55%
Treasury Inflation Protected	319,558,376	1.79%	(2,764,465)	10,213,649	312,109,192	1.84%
Large Cap Passive	4,731,154,484	26.45%	(24,772,239)	262,883,420	4,493,043,303	26.53%
International Passive	127,996,357	0.72%	568,585	9,400,797	118,026,975	0.70%
SMID Cap Passive	437,676,658	2.45%	(1,305,132)	35,261,637	403,720,153	2.38%
Inflation Responsive Fund	697,350,327	3.90%	4,611,948	54,526,864	638,211,515	3.77%
Tier II Active	\$11,475,571,742	64.15%	\$(35,874,291)	\$634,493,565	\$10,876,952,468	64.23%
Stable Value Fund	2,247,277,038	12.56%	(19,744,254)	17,033,859	2,249,987,433	13.29%
Fixed Income Fund	2,394,580,000	13.39%	(10,545,384)	124,133,651	2,280,991,733	13.47%
Large Cap Core Equity Fund	2,498,986,471	13.97%	(44,746,784)	123,373,737	2,420,359,517	14.29%
International Equity Fund	3,024,626,593	16.91%	26,399,151	272,518,540	2,725,708,903	16.10%
Small/Mid Cap Equity Fund	1,310,101,640	7.32%	12,762,980	97,433,779	1,199,904,882	7.09%
Total Fund	\$17,889,303,361	100.0%	\$(57,001,872)	\$1,011,667,384	\$16,934,637,848	100.0%

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended September 30, 2024. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

					Last		Last		Last	
	Last		Last		3		5		7	
	Quarter		Year		Years		Years		Years	
lier 2: Passive (Net of Fee)										
Fixed Income Passive	5.20%	59	11.55%	91	(1.39%)	57	0.31%	93	1.44%	9
Blmbg Aggregate	5.20%	60	11.57%	91	(1.39%)	57	0.33%	93	1.47%	8
Callan Core Bond MFs	5.23%		12.23%		(1.30%)		0.74%		1.76%	
Treasury Inflation Protected Securities	3.29%	100	8.77%	98	0.96%	8	3.22%	7	-	
Blmbg US TIPS 1-10 Yr	3.50%	92	9.01%	95	1.00%	6	3.26%	7	3.18%	8
Callan TIPS MFs	4.17%		9.75%		(0.68%)		2.63%		2.81%	
Large Cap Passive	5.89%	28	36.34%	36	11.89%	51	15.96%	46	14.49%	2
S&P 500 Index	5.89%	28	36.35%	36	11.91%	51	15.98%	42	14.50%	2
Callan Large Cap Core MFs	4.94%		34.69%		12.02%		15.62%		13.22%	
International Passive	7.95%	42	25.04%	45	3.81%	60	7.43%	67	5.41%	5
International Benchmark (1)	8.18%	33	25.06%	44	3.74%	61	7.34%	72	5.27%	6
Callan Non US Equity MFs	7.58%		24.87%		4.77%		8.19%		5.60%	
SMID Cap Passive	8.76%	51	26.11%	51	3.42%	79	10.36%	48	8.95%	4
Russell 2500 Index	8.75%	52	26.17%	51	3.47%	78	10.43%	46	9.02%	3
Callan SMID Core MFs	8.86%		26.33%		5.15%		10.31%		8.56%	
Inflation Responsive Fund	8.49%	21	16.58%	45	1.33%	86	4.31%	84	4.33%	7
Inflation Responsive Benchmark	8.43%	21	16.16%	60	1.10%	87	4.07%	97	3.93%	. 8
Callan Real Assets MFs	6.45%		16.43%		4.32%		6.18%		5.28%	
lier 2: Active (Net of Fee)										
Stable Value Fund	0.76%	10	3.00%	13	2.42%	9	2.34%	6	2.34%	2
3 Yr US Treas Rolling	0.94%	1	4.31%	1	3.61%	1	2.34%	6	2.34%	2
T-Bill + 1.5%	1.72%	1	6.96%	1	4.99%	1	3.82%	1	3.72%	
Callan Stable Value CT	0.61%	•	2.40%	•	1.98%	•	1.82%		1.84%	
Fixed Income Fund	5.44%	26	13.22%	26	(1.06%)	47	1.05%	45	2.24%	3
Blmbg Aggregate	5.20%	64	11.57%	95	(1.39%)	63	0.33%	91	1.47%	8
Callan Core Plus MFs	5.27%		12.74%		(1.12%)		0.97%		1.93%	
arge Cap Core Equity Fund	5.17%	50	33.67%	54	7.78%	78	14.50%	55	13.32%	5
Russell 1000 Index	6.08%	35	35.68%	47	10.83%	34	15.64%	41	14.18%	4
Callan Lg Cap Broad MF	5.14%		35.19%		9.78%	0.	15.01%		13.61%	-
nternational Equity Fund	9.91%	8	28.10%	18	2.72%	71	7.27%	73	5.49%	5
International Benchmark (1)	8.18%	33	25.06%	44	3.74%	61	7.34%	72	5.27%	6
Callan Non US Equity MFs	7.58%		24.87%		4.77%		8.19%		5.60%	
Small/Mid Cap Equity Fund	8.05%	52	21.71%	82	3.23%	51	10.03%	60	8.43%	7
					3.47%	49			9.02%	
Russell 2500 Index	8.75%	28	26.17%	39	34/%	49	10.43%	53	902%	5

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.



The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended September 30, 2024. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

	Last		Last			
	10		15		Since	
	Years		Years		Inception	n
er 2: Passive (Net of Fee)						
Fixed Income Passive	1.80%	95	-		2.14%	(10/10)
Blmbg Aggregate	1.84%	86	2.60%	89	2.21%	(10/10)
Callan Core Bond MFs	2.06%		3.02%		-	
Treasury Inflation Protected Securities	-		-		3.42%	(7/18)
Blmbg US TIPS 1-10 Yr	2.60%	22	2.88%	68	3.45%	
Callan TIPS MFs	2.40%		3.02%		-	(1,10)
Large Cap Passive	13.35%	22	14.08%	16	15.76%	(4/09)
S&P 500 Index	13.38%	22	14.15%	14	15.83%	(4/09)
Callan Large Cap Core MFs	12.12%	22	13.01%	17	-	(4/03)
International Passiva	E 040/	60	5.48%	70	0.040/	(4)55
International Passive	5.24%			78	8.21%	(4/09)
International Benchmark (1) Callan Non US Equity MFs	5.10% 5.62%	66	5.41% 6.20%	80	8.14%	(4/09)
SMID Cap Passive	9.45%	44	11.56%	24	13.83%	(4/09)
Russell 2500 Index	9.50%	44	11.62%	22	13.89%	(4/09)
Callan SMID Core MFs	9.02%		11.06%		-	
Inflation Responsive Fund	3.67%	65	-		2.77%	(9/11)
Inflation Responsive Benchmark	2.67%	87	3.14%		1.61%	(9/11)
Callan Real Assets MFs	3.85%		-		-	(,
r 2: Active (Net of Fee)						
	0.00%	•	0.40%	•	0.470/	
able Value Fund	2.22%	2	2.43%	3	2.47%	
3 Yr US Treas Rolling	1.96%	23	1.55%	71	1.55%	(7/09)
T-Bill + 1.5%	3.15%	1	2.63%	1	2.61%	(7/09)
Callan Stable Value CT	1.72%		1.76%		-	
	0.000/		0.000/		0 =00/	
xed Income Fund	2.63%	29	3.30%	56	3.70%	(4/09)
Blmbg Aggregate	1.84%	90	2.60%	97	2.87%	(4/09)
Callan Core Plus MFs	2.33%		3.47%		-	
arge Cap Core Equity Fund	-		-		13.32%	(10/17)
Russell 1000 Index	13.10%	45	14.03%	42	14.18%	(10/17)
Callan Lg Cap Broad MF	12.53%		13.50%		-	
	5.00%		0.05%	40	0 700/	
ternational Equity Fund	5.92%	36	6.25%	48	8.73%	(4/09)
International Benchmark (1)	5.10%	66	5.41%	80	8.14%	(4/09)
Callan Non US Equity MFs	5.62%		6.20%		-	
nall/Mid Cap Equity Fund	-		-		8.43%	
Russell 2500 Index	9.50%	49	11.62%	49	9.02%	(10/17)
Callan SMID Broad MFs	9.34%		11.59%		-	

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.



The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended September 30, 2024. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

	d Rankings			eu o	Last	0, 202	Last		Last	
	Last		Last		3		5		7	
	Quarter		Year		Years		Years		Years	
Tier 2: Active (Net of Fee)										
Stable Value Fund	0.76%	10	3.00%	13	2.42%	9	2.34%	6	2.34%	4
3 Yr US Treas Rolling	0.94%	1	4.31%	1	3.61%	1	2.35%	6	2.33%	4
T-Bill + 1.5%	1.72%	1	6.96%	1	4.99%	1	3.82%	1	3.72%	1
Callan Stable Value CT	0.61%		2.40%		1.98%		1.82%		1.84%	
Fixed Income Fund	5.44%	26	13.22%	26	(1.06%)	47	1.05%	45	2.24%	30
BImbg Aggregate	5.20%	64	11.57%	95	(1.39%)	63	0.33%	91	1.47%	87
Callan Core Plus MFs	5.27%		12.74%		(1.12%)		0.97%		1.93%	
TCW Core Plus	5.67%	9	12.68%	56	(1.56%)	74	0.79%	60	1.91%	56
BImbg Aggregate	5.20%	64	11.57%	95	(1.39%)	63	0.33%	91	1.47%	87
Callan Core Plus MFs	5.27%		12.74%		(1.12%)		0.97%		1.93%	
Prudential Core Plus	5.22%	61	13.75%	11	(0.55%)	17	1.35%	32	2.61%	12
BImbg Aggregate	5.20%	64	11.57%	95	(1.39%)	63	0.33%	91	1.47%	87
Callan Core Plus MFs	5.27%		12.74%		(1.12%)		0.97%		1.93%	
Large Cap Core Equity Fund	5.17%	50	33.67%	54	7.78%	78	14.50%	55	13.32%	53
Russell 1000 Index	6.08%	35	35.68%	47	10.83%	34	15.64%	41	14.18%	42
Callan Lg Cap Broad MF	5.14%		35.19%		9.78%		15.01%		13.61%	
Hotchkis & Wiley Large Cap Value	6.18%	79	26.30%	66	10.25%	41	13.04%	22	10.59%	32
Russell 1000 Value Index	9.43%	21	27.76%	48	9.03%	71	10.69%	65	9.53%	62
Callan Lg Cap Value MF	7.30%		27.46%		9.88%		11.77%		9.87%	
Macquarie Large Cap Value	8.66%	33	24.15%	79	7.39%	85	8.59%	91	8.48%	91
Russell 1000 Value Index	9.43%	21	27.76%	48	9.03%	71	10.69%	65	9.53%	62
Callan Lg Cap Value MF	7.30%		27.46%		9.88%		11.77%		9.87%	
Sands Capital Large Cap Growth	(0.44%)	99	40.65%	56	(5.85%)	100	12.45%	97	13.38%	94
Russell 1000 Growth Index	3.19%	36	42.19%	46	12.02%	8	19.74%	9	18.20%	10
Callan Large Cap Grwth MF	2.55%		41.69%		8.89%		16.88%		15.94%	
Loomis SaylesLarge Cap Growth	5.09%	18	40.73%	55	13.27%	3	18.83%	15	16.85%	30
Russell 1000 Growth Index	3.19%	36	42.19%	46	12.02%	8	19.74%	9	18.20%	10
Callan Large Cap Grwth MF	2.55%		41.69%		8.89%		16.88%		15.94%	
BlackRock Russell 1000 Index	6.00%	27	35.80%	43	10.83%	66	15.69%	49	-	
Russell 1000 Index	6.08%	22	35.68%	44	10.83%	66	15.64%	50	14.18%	27
Callan Large Cap Core MFs	4.94%		34.69%		12.02%		15.62%		13.22%	

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended September 30, 2024. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and	Rankings for P	eriods En	ded September	r 30, 2024	
	Last 10		Last 15		Since
	Years		Years		Inception
ier 2: Active (Net of Fee)					
Stable Value Fund	2.22%	2	2.43%	3	<b>2.47%</b> (7/09)
3 Yr US Treas Rolling	1.96%	23	1.55%	71	1.55% (7/09)
T-Bill + 1.5%	3.15%	1	2.63%	1	2.61% (7/09)
Callan Stable Value CT	1.72%		1.76%		-
Fixed Income Fund	2.63%	29	3.30%	56	<b>3.70%</b> (4/09)
Blmbg Aggregate	1.84%	90	2.60%	97	2.87% (4/09)
Callan Core Plus MFs	2.33%		3.47%		-
TCW Core Plus	-		-		2.11% (1/17)
Blmbg Aggregate	1.84%	90	2.60%	97	1.73% (1/17)
Callan Core Plus MFs	2.33%		3.47%	01	-
Prudential Core Plus	-		-		3.01% (1/15)
Blmbg Aggregate	1.84%	90	2.60%	97	<b>1.71%</b> (1/15)
Callan Core Plus MFs	2.33%		3.47%		-
arge Cap Core Equity Fund					<b>13.32%</b> (10/17)
Russell 1000 Index	- 13.10%	45	- 14.03%	42	14.18% (10/17)
Callan Lg Cap Broad MF	12.53%	45	13.50%	42	14.1070 (10/17)
Callan Ly Cap Bload MF	12.55%		13.30%		-
Hotchkis & Wiley Large Cap Value	10.29%	22	12.35%	19	15.01% (4/09)
Russell 1000 Value Index	9.23%	60	11.20%	47	13.15% (4/09)
Callan Lg Cap Value MF	9.44%		11.15%		-
Macquarie Large Cap Value	-		-		8.26% (6/15)
Russell 1000 Value Index	9.23%	60	11.20%	47	9.19% (6/15)
Callan Lg Cap Value MF	9.44%		11.15%		-
Sands Capital Large Cap Growth	12.03%	95	15.15%	42	17.57% (4/09)
Russell 1000 Growth Index	16.52%	5	16.52%	5	18.07% (4/09)
Callan Large Cap Grwth MF	14.77%		14.96%		-
Loomis SaylesLarge Cap Growth	16.66%	5	-		16.74% (8/14)
Russell 1000 Growth Index	16.52%	5	16.52%	5	16.58% (8/14)
Callan Large Cap Grwth MF	14.77%		14.96%		-
BlackRock Russell 1000 Index	-		-		13.97% (11/17)
Russell 1000 Index	13.10%	30	14.03%	17	13.99% (11/17)
Callan Large Cap Core MFs	12.12%		13.01%		

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended September 30, 2024. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

					Last		Last		Last	
	Last		Last		3		5		7 Xaara	
	Quarter		Year		Years		Years		Years	
Tier 2: Active (Net of Fee)										
International Equity Fund	9.91%	8	28.10%	18	2.72%	71	7.27%	73	5.49%	54
International Benchmark (1)	8.18%	33	25.06%	44	3.74%	61	7.34%	72	5.27%	64
Callan Non US Equity MFs	7.58%		24.87%		4.77%		8.19%		5.60%	
Mondrian ACWI ex-US Value	11.47%	2	26.04%	36	7.68%	14	8.31%	47	5.94%	36
MSCI ACWI ex US	8.06%	39	25.35%	41	4.14%	54	7.59%	65	5.44%	57
MSCI ACWI ex US Value	9.26%	11	24.04%	62	7.49%	17	7.79%	62	4.87%	78
Callan Non US Equity MFs	7.58%		24.87%		4.77%		8.19%		5.60%	
Baillie Gifford ACWI ex-US Growth	9.45%	10	31.06%	8	(0.76%)	85	7.00%	77	5.72%	46
MSCI ACWI ex US	8.06%	39	25.35%	41	4.14%	54	7.59%	65	5.44%	57
MSCI ACWI ex US Growth	6.92%	60	26.75%	27	0.81%	78	7.09%	76	5.77%	45
Callan Non US Equity MFs	7.58%		24.87%		4.77%		8.19%		5.60%	
Acadian	7.98%	62	30.31%	8	6.39%	13	-		-	
MSCI ACWI ex US Small Cap	8.90%	39	23.25%	54	1.39%	42	8.21%	40	5.20%	45
Callan Intl Small Cap MFs	8.39%		23.58%		(0.66%)		7.48%		4.86%	
WCM	5.68%	87	23.49%	51	(8.39%)	89	-		-	
MSCI ACWI ex US Small Cap	8.90%	39	23.25%	54	1.39%	42	8.21%	40	5.20%	45
Callan Intl Small Cap MFs	8.39%		23.58%		(0.66%)		7.48%		4.86%	
Small/Mid Cap Equity Fund	8.05%	52	21.71%	82	3.23%	51	10.03%	60	8.43%	70
Russell 2500 Index	8.75%	28	26.17%	39	3.47%	49	10.43%	53	9.02%	54
Callan SMID Broad MFs	8.14%	20	24.89%	00	3.41%	40	10.50%	00	9.26%	04
AB SMID Value	7.83%	63	-		_		_		-	
Russell 2500 Value Index	9.63%	28	26.59%	33	6.06%	62	9.99%	74	7.85%	76
Callan SMID Value MFs	8.59%		23.50%		6.83%		10.50%		8.74%	
Earnest Partners Small/Mid Cap	10.11%	23	22.56%	91	5.25%	49	_		_	
Russell 2500 Index	8.75%	52	26.17%	51	3.47%	78	10.43%	46	9.02%	38
Callan SMID Core MFs	8.86%		26.33%		5.15%		10.31%		8.56%	
Brown Advisory Small/Mid Cap Growth	5.95%	73	16.64%	93	(0.80%)	51	8.48%	60	9.17%	68
Russell 2500 Growth Index	6.99%	56	25.20%	46	(0.75%)		9.75%	55	9.43%	60
Callan SMID Growth MFs	7.01%		24.89%		(0.25%)		10.42%		10.02%	
BlackRock Russell 2500 Index	8.83%	50	26.41%	49	3.44%	79	10.64%	43	-	
Russell 2500 Index	8.75%	52	26.17%	51	3.47%	78	10.43%	46	9.02%	38
Callan SMID Core MFs	8.86%		26.33%		5.15%		10.31%		8.56%	

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended September 30, 2024. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

Returns and R	ankings for P	eriods En	ded September	r 30, 2024	
	Last 10 Years		Last 15 Years		Since Inception
er 2: Active (Net of Fee)					
ternational Equity Fund	5.92%	36	6.25%	48	8.73% (4/09)
International Benchmark	5.10%	<b>50</b> 66	5.41%	<b>40</b> 80	8.14% (4/09)
Callan Non US Equity MFs	5.62%	00	6.20%		-
Mondrian ACWI ex-US Value	5.40%	53	5.59%	76	7.90% (4/09)
MSCI ACWI ex US	5.22%	61	5.49%	78	8.22% (4/09)
MSCI ACWI ex US Value	4.28%	89	4.61%	94	7.70% (4/09)
Callan Non US Equity MFs	5.62%		6.20%		-
Baillie Gifford ACWI ex-US Growth	7.01%	19	7.46%	17	10.17% (4/09)
MSCI ACWI ex US	5.22%	61	5.49%	78	8.22% (4/09)
MSCI ACWI ex US Growth	5.97%	34	6.24%	48	8.62% (4/09)
Callan Non US Equity MFs	5.62%		6.20%		-
Acadian	-		-		6.39% (10/21)
MSCI ACWI ex US Small Cap	6.08%	45	6.82%	63	1.39% (10/21)
Callan Intl Small Cap MFs	5.95%		7.38%		-
WCM	-		-		(8.39%)(10/21)
MSCI ACWI ex US Small Cap	6.08%	45	6.82%	63	1.39% (10/21)
Callan Intl Small Cap MFs	5.95%		7.38%		-
mall/Mid Cap Equity Fund	-		-		<b>8.43%</b> (10/17)
Russell 2500 Index	9.50%	49	11.62%	49	9.02% (10/17)
Callan SMID Broad MFs	9.34%		11.59%		-
Earnest Partners Small/Mid Cap	-		-		5.72% (4/21)
Russell 2500 Index	9.50%	44	11.62%	22	3.73% (4/21)
Callan SMID Core MFs	9.02%		11.06%		-
Brown Advisory Small/Mid Cap Growth	10.91%	22	12.28%	58	14.29% (4/09)
Russell 2500 Growth Index	9.98%	54	12.22%	59	14.40% (4/09)
Callan SMID Growth MFs	10.18%		12.59%		-
BlackRock Russell 2500 Index	-		-		9.02% (11/17)
Russell 2500 Index	9.50%	44	11.62%	22	8.89% (11/17)
Callan SMID Core MFs	9.02%				

# **The North Carolina Supplemental Retirement Plans**

### Fee Matrix

			Custodial		Total Estimated	Total Estimated	Callan Median	
Funds and Sub-Advisors	Assets*	Inv. Mgmt. Fee	Expenses <sup>1</sup>	NC Budget <sup>2</sup>	Expense (%)	Annual Expenses (\$) <sup>3</sup>	Expense ⁴	Difference
North Carolina Stable Value Fund	\$2,247,277,038	0.2574%	0.0062%	0.0000%	0.26%	\$5,923,822	0.40%	-0.14%
Galliard	\$2,247,277,038	0.2574%	0.0000%			\$5,784,491	0.26%	0.00%
North Carolina Fixed Income Passive Fund	\$99,995,416	0.0200%	0.0147%	0.0000%	0.03%	\$34,698	0.06%	-0.03%
Blackrock	\$99,995,416	0.0200%	0.0100%			\$19,999	0.04%	-0.02%
North Carolina Fixed Income Fund	\$2,394,580,000	0.1217%	0.0087%	0.0000%	0.13%	\$3,122,532	0.40%	-0.27%
50% TCW	\$1,199,813,229	0.1333%	0.0000%			\$1,599,351	0.21%	-0.08%
50% Prudential	\$1,194,766,753	0.1100%	0.0100%			\$1,314,243	0.21%	-0.10%
North Carolina Inflation Sensitive Fund	\$697,350,335	0.0900%	0.0112%	0.0000%	0.10%	\$705,719	0.40%	-0.30%
Blackrock	\$697,350,327	0.0900%	0.0100%			\$627,615	0.11%	-0.02%
North Carolina Large Cap Passive Fund	\$4,731,154,484	0.0050%	0.0008%	0.0000%	0.01%	\$274,407	0.15%	-0.14%
Blackrock	\$4,731,154,484	0.0050%	0.0100%			\$236,558	0.02%	-0.02%
North Carolina Large Cap Core Fund	\$2,498,986,471	0.2789%	0.0053%	0.0000%	0.28%	\$7,102,120	0.59%	-0.31%
18.75% Hotchkis & Wiley	\$481,709,764	0.4000%	0.0000%			\$1,926,839	0.38%	0.02%
18.75% Macquarie Large Cap Value	\$492,980,348	0.2558%	0.0000%			\$1,261,044	0.38%	-0.12%
18.75% Sands Capital Management	\$451,647,922	0.4500%	0.0000%			\$2,032,416	0.42%	0.03%
18.75% Loomis Sayles	\$476,753,634	0.3608%	0.0000%			\$1,720,127	0.42%	-0.06%
25% BlackRock Advisors Inc., Large Cap Index*	\$595,894,805	0.0050%	0.0100%			\$29,795	0.02%	-0.02%
North Carolina SMID Cap Passive Fund	\$437,676,658	0.0050%	0.0151%	0.0000%	0.02%		0.17%	-0.15%
Blackrock	\$437,676,658	0.0050%	0.0100%			\$21,884	0.03%	-0.03%
North Carolina SMID Cap Core Fund	\$1,310,101,640	0.3757%	0.0132%	0.0000%	0.39%		0.83%	-0.44%
30% Earnest Partners	\$397,606,791	0.4700%	0.0000%	0.000070	0.0070	\$1,868,752	0.67%	-0.20%
30% Alliance Bernstein	\$389,352,209	0.4200%	0.0000%			\$1,635,279	0.65%	-0.23%
30% Brown Advisory	\$382,570,854	0.3690%	0.0000%			\$1,411,686	0.69%	-0.32%
10% BlackRock Advisors Inc., SMID Index*	\$140,571,314	0.0050%	0.0100%			\$7,029	0.04%	-0.04%
North Carolina International Passive Fund	\$127,996,357	0.0210%	0.0240%	0.0000%	0.05%	·	0.06%	-0.02%
Blackrock	\$127,996,357	0.0210%	0.0200%	0.000076	0.0070	\$26,879	0.06%	-0.02 %
North Carolina International Equity	\$3,024,626,593	0.3689%	0.0309%	0.0000%	0.40%	\$12,092,457	0.80%	-0.40%
43% Baillie Gifford Growth	\$1,294,783,617	0.2615%	0.0000%			\$3,385,859	0.51%	-0.25%
43% Mondrian Investment Partners Value	\$1,318,447,751	0.3833%	0.0000%			\$5,053,610	0.49%	-0.11%
7% Acadian	\$207,639,056	0.6222%	0.0000%			\$1,291,930	0.83%	-0.21%
7% WCM	\$203,535,194	0.7000%	0.0000%			\$1,424,746	0.84%	-0.14%
North Carolina TIPS Fund	\$319,558,376	0.0250%	0.0038%	0.0000%	0.03%	·	0.40%	-0.14%
Blackrock	\$319,558,376	0.0250%	0.0000%	0.000070	0.0070	\$79,890	0.12%	-0.10%
				0.00000	0.400/			
Fotal Individual Manager Assets do not sum to Fund asset class totals	\$17,889,303,369	0.1679%	0.0122%	0.0000%	0.19%	\$34,588,345	0.22%	

\*Individual Manager Assets do not sum to Fund asset class totals due to residual/closing accounts.

<sup>1</sup> Based on annualized monthly fee accruals as of 9/30/2024

<sup>2</sup>The cost of the budget associated with the management of the Supplemental Retirement Plans, borne by each investment option in proportion to the pro-rate share of the applicable assets in that fund.

<sup>3</sup> Manager fee estimates reflect investment management fee only, does not include \$31 per participant record-keeping fee.

<sup>4</sup>The median expenses for White Label composites are compared against their respective Callan Mutual Fund Institutional Universe, while the individual managers are compared to peers with the same vehicle and strategy assets. The total fund median represents asset-w eighted investment management fees for plans greater than \$1 billion in the Callan DC index.

# The North Carolina Supplemental Retirement Plans

# Active Management Scorecard – Rolling 3-Years

Hotchkis & Wiley Large Cap Value Macquarie Large Cap Value Sands Capital Large Cap Growth	3 Years to Above Benchmark	9/30/2024 Above Peer Median	3 Years to Above Benchmark	Above Peer	3 Years to Above	3/31/2024		12/31/2023	
Hotchkis & Wiley Large Cap Value Macquarie Large Cap Value Sands Capital Large Cap Growth					Above				
Macquarie Large Cap Value				Median	Benchmark	Above Peer Median	Above Benchmark	Above Peer Median	5 Year Risk
Sands Capital Large Cap Growth									
Loomis Large Cap Growth									
			Sma	II/Mid Cap					
	3 Years to	9/30/2024	3 Years to	6/30/2024	3 Years to	3/31/2024	3 Years to	12/31/2023	
	Above	Above Peer	Above	Above Peer	Above	Above Peer	Above	Above Peer	
	Benchmark	Median	Benchmark	Median	Benchmark	Median	Benchmark	Median	5 Year Risk
EARNEST Partners SMID Cap Core*									
Alliance Bernstein SMID Value*									
Brown Advisory									
			Interna	tional Equity					
	3 Years to	9/30/2024	3 Years to	6/30/2024		3/31/2024	3 Years to	12/31/2023	
	Above Benchmark	Above Peer Median	Above Benchmark	Above Peer Median	Above Benchmark	Above Peer Median	Above Benchmark	Above Peer Median	5 Year Risk
Baillie Gifford ACWI ex US Growth									
Mondrian ACWI ex US Value									
Acadian*									
WCM*									
			Fixe	ed Income	•				•
	3 Years to	9/30/2024	3 Years to	6/30/2024	3 Years to	3/31/2024	3 Years to	12/31/2023	
	Above Benchmark	Above Peer Median	Above Benchmark	Above Peer Median	Above Benchmark	Above Peer Median	Above Benchmark	Above Peer Median	5 Year Risk
TCW Core Plus*									
Prudential Core Plus									
			Sta	ble Value					
	3 Years to	9/30/2024	3 Years to	6/30/2024	3 Years to	3/31/2024	3 Years to	12/31/2023	
	Above	Above Peer	Above	Above Peer	Above	Above Peer	Above	Above Peer	
	Benchmark	Median	Benchmark	Median	Benchmark	Median	Benchmark	Median	5 Year Risk
Stable Value									

# The North Carolina Supplemental Retirement Plans

# Active Management Scorecard – Rolling 5-Years

			Large	e Cap Equity					
	5 Years to	9/30/2024	5 Years to		5 Years to	0 3/31/2024	5 Years to	12/31/2023	
	Above Benchmark	Above Peer Median	5 Year Risk						
Hotchkis & Wiley Large Cap Value	Benchmark	wedian	Denchmark	wedian	Benchmark	Median	Benchmark	Median	5 Year Risk
Macquarie Large Cap Value*									
Sands Capital Large Cap Growth									
Loomis Large Cap Growth*									
			Sma	II/Mid Cap					
	5 Years to	9/30/2024	5 Years to		5 Years to	0 3/31/2024	5 Years to	12/31/2023	
	Above	Above Peer							
	Benchmark	Median	Benchmark	Median	Benchmark	Median	Benchmark	Median	5 Year Risk
EARNEST Partners SMID Cap Core*	Dononinant								
Alliance Bernstein SMID Value*									
Brown Advisory									
			Interna	tional Equity					
	5 Years to	9/30/2024	5 Years to		5 Years to	0 3/31/2024	5 Years to	12/31/2023	
	Above	Above Peer							
	Benchmark	Median	Benchmark	Median	Benchmark	Median	Benchmark	Median	5 Year Risk
Baillie Gifford ACWI ex US Growth									
Mondrian ACWI ex US Value									
Acadian*									
WCM*									
			Fix	ed Income					
	5 Years to	9/30/2024	5 Years to	6/30/2024	5 Years to	0 3/31/2024	5 Years to	12/31/2023	
	Above	Above Peer							
	Benchmark	Median	Benchmark	Median	Benchmark	Median	Benchmark	Median	5 Year Risk
TCW Core Plus*	Dononindin							modian	
Prudential Core Plus									
			Sta	ble Value					
	5 Years to	9/30/2024	5 Years to		5 Years to	0 3/31/2024	5 Years to	12/31/2023	
	Above	Above Peer							
	Benchmark	Median	Benchmark	Median	Benchmark	Median	Benchmark	Median	5 Year Risk
Stable Value									
*Composite returns used to populate hi	istory: aross retu	urns compared t	o index and ser	arate account r	eer groups				

### Callan Manager Assessment

	Manager Overall		y/			Product Dynamics	Product Overall	<u>STATUS</u>	NOTES
		_	4	Pers	Perc	- 0	_		
LARGE CAP VALUE EQUITY									
Hotchkis & Wiley Large Cap Value	•	•		•	•	•	•	Within Expectations	<ul> <li>Effective 2Q 24, Doug Campbell became PM alongside George Davis and Scott McBride, taking over for Judd Peters who is rotating to a different PM role within the firm.</li> <li>Trailing one-year results lag benchmark and rank below median peers.</li> <li>Trailing five- and seven-year results rank near top quartile of peers.</li> </ul>
Macquarie Large Cap Value	•	•	•	•	•	•	•		<ul> <li>MIM was recently fined nearly \$80 million by the SEC for valuation and cross trading concerns identified by a SEC investigation which concluded in September 2024. MIM now has a new Chief Compliance Officer (Marty Wolin) and going through a number of enhancements and training to address the issues.</li> <li>Bob Vogel, long time portfolio manager, retired from the firm in July 2023. Former PM Ty Nutt retired in July 2019 and transitioned his lead role to Nik Lalvani.</li> <li>Very difficult five year performance results. Recent calendar year 2023 and YTD 2024 underperformance impacting long-term results; client and asset stability has significantly declined over the past three years.</li> <li>Strategy lost two accounts for \$234 million during Q1 2024, five accounts for \$385 million in Q2 2024, and three accounts for \$741 million in Q3 2024.</li> </ul>
LARGE CAP CORE EQUITY									
BlackRock Russell 1000 Index								Within Expectations	• Head of iShares and Index Investments Salim Ramji departed the firm in Q1 2024. BlackRock has not opted to replace the position at this time, however the team remains deep at the PM level.
LARGE CAP GROWTH EQUI	TY								
Loomis Sayles Large Cap Growth	•	•	•	•	•	•	•	Within Expectations	<ul> <li>Strategy had nearly \$5B in outflows during 2022 and over \$1B in outflows in 2023; however, most outflow activity has been attributed to rebalancing and is a small percentage of total strategy AUM. Strategy remains capacity constrained.</li> <li>In 2Q24, a guideline update was issued to allow the fund to invest in any one issuer up to the greater of 8% of the portfolio or 5% above the weighting in the Russell 1000 Growth or the S&amp;P 500 index, as determined at the time of purchase. This update was initiated to allow for greater flexibility around top benchmark holdings that would otherwise be sold in the face of continued price appreciation. The fund also now allows for investments of up to 5% in the Loomis Growth ETF as a way to minimize cash drag.</li> <li>Trailing 1/5/7 year performance continue to slightly lag the benchmark, though the performance dispersion remains within 100 bps, given strong 2022 and 2023 performance.</li> </ul>
Sands Capital Large Cap Growth	•	•	•	•	•	•	•	Cautionary	<ul> <li>Frank Sands Sr. passed away in March 2021; does not impact the day to day management.</li> <li>One of the four PMs on the strategy, Mike Sramek, elected to not to not return from a medical leave that was initiated in July 2022 and officially retired from the firm in December 2022. His tenure at the firm and impact on both Select and Focus Growth strategies necessitates continued due diligence around the impact of his absence on the portfolio management approach going forward.</li> <li>3/5/7 year trailing performance, particularly the 3-year number, remain meaningfully behind the benchmark. Despite strong results in 2023 and 1Q2024, 3Q2024 and YTD 2024 results are behind by 400 and nearly 1000 basis points relative to the Russell 1000 Growth Index. The portfolio's broad exposure to IT services and software has been less favored in a market environment where mega cap Information Technology names, namely the Magnificent 7, have significantly outperformed.</li> <li>Stability of asset base continues to be monitored as the strategy has continued to experience outflows. Outflows in 2023 totaled nearly \$1 billion, particularly within the strategy's endowment and foundation client base, and YTD 2024 outflows have already totaled over \$1 billion.</li> </ul>



### Callan Manager Assessment

	Manager Overall	Product People	Philosophy/ Process	Short Term Performance	Long Term Performance	Product Dynamics	Product	<u>STATUS</u>	NOTES
SMALL CAP GROWTH		(							
Brown Advisory Small/Mid Cap Growth	•	•		•	•	•	•	Cautionary	<ul> <li>Strategy AUM near high watermark (mitigated by slowing net flows and market volatility); total securities near all-time high (but within expected range).</li> <li>Strategy one-year returns lagged index and ranked in bottom quartile of peers; magnitude of underperformance impacting longer term results over three- and five-year time horizons.</li> </ul>
SMALL/MID CAP BROA	D								
BlackRock Russell 2500 Index	•	•	•	•	•	•	•	Within Expectations	• Head of iShares and Index Investments Salim Ramji departed the firm in Q1 2024. BlackRock has not opted to replace the position at this time, however the team remains deep at the PM level.
SMALL/MID CAP VALUE						I			
AB SMID Value	•	•	•	•	•	•	•	Within Expectations	<ul> <li>AB experienced some executive turnover in recent periods. In June 2022, CFO, Ali Dibadj, departed for the CEO role at Janus Henderson. In June 2023, COO/CFO, Kate Burke, accepted the role of President at Allspring. New appointments have been designated to each role (both permanent and interim). Callan will continue to monitor executive team stability in the interim.</li> <li>Lead portfolio manager has been James McGregor since 2009. He is supported by co-PM Erik Turenchalk, four dedicated analysts, and a pooled analyst team at AB.</li> <li>Strategy assets are nearly \$7 billion and may be capacity constrained.</li> <li>Senior Research Analyst Gayle Baldwin resigned from AllianceBernstein effective July 2024. The team has begun a search for her replacement. Interim coverage will be assumed by the rest of the Small and Mid Cap Value research team and from AB's US Large Cap Value team.</li> </ul>
SMALL/MID CAP CORE	EQUIT	Y							· · · · · · · · · · · · · · · · · · ·
Earnest Partners Small/Mid Cap	•	•	•	•	•	•	•	Within Expectations	<ul> <li>Firm founder Paul Viera owns majority of firm.</li> <li>Strategy market capitalization consistently larger than benchmark and peers.</li> <li>Notable style tilt to value as MSCI Z-Score is (-0.41) as of 3Q24.</li> <li>One-year trailing returns lag index and rank in bottom quartile of peers.</li> </ul>
BlackRock SMID Cap Passive	•	•			•	•		Within Expectations	• Head of iShares and Index Investments Salim Ramji departed the firm in Q1 2024. BlackRock has not opted to replace the position at this time, however the team remains deep at the PM level.
ACWI XUS CORE									
BlackRock International Passive	•	•	•	•	•	•	•	Within Expectations	• Head of iShares and Index Investments Salim Ramji departed the firm in Q1 2024. BlackRock has not opted to replace the position at this time, however the team remains deep at the PM level.
ACWI XUS VALUE					1 1				
Mondrian ACWI ex-US Value	•	•			•	•		Within Expectations	Performance is consistent with the defensive value approach.
ACWI XUS GROWTH					· · · · ·			4	
Baillie Gifford ACWI ex- US Growth Reference title footnotes on next :	• bage	•	•		•	•	•	Within Expectations	<ul> <li>The retirement of Portfolio Manager Angus Franklin in Jun 2022, and the portfolio manager rotation of Toby Ross with Steve Vaughan in September 2022 is consistent with other Baillie Gifford PM rotations and was executed well.</li> <li>Performance has been a bit challenged recently but not outside of expectations for the strategy's growth profile.</li> </ul>



### Callan Manager Assessment

	Manager Overall	Product People	Philosophy/ Process	Short Term Performance	Long Term Performance	Product Dynamics	Product Overall	<u>STATUS</u>	NOTES
ACWI XUS SMALL CORE	•	•	•	•	•	•	•	Within Expectations	<ul> <li>The appointment of Fanesca Young as lead portfolio manager of Equities and departure of Portfolio Manager Kurt Livermore in 2Q23 is expected to have little overall impact given the systematic nature of the process and depth of the investment team.</li> <li>The staffing reduction should not impact Acadian's equity strategies. The reduction was part of a refocusing of future organizational priorities.</li> <li>The rebranding of BrightSphere to Acadian Asset Management and the appointment of Kelly Young as the new overall firm CEO greatly lowers our concern of the firm being sold in the near future.</li> <li>Capacity is limited.</li> </ul>
ACWI XUS SMALL GROWT	•	•	•	•	•	•	•	Within Expectations	<ul> <li>Co-CEO Kurt Winrich retired, effective 12/31/2021. Winrich continues to serve as chairman of the Board.</li> <li>In June 2023, WCM acquired Martin Capital, based in Eugene, Oregon, that manages dividend growth strategies and has \$300 million in assets under management. The team will continue to operate independently from other teams under the WCM umbrella. WCM continues to opportunistically bring in investment teams and acquire stakes in firms. Each team and firm brought under the WCM umbrella retains investment autonomy.</li> <li>The strategy has limited capacity. Performance struggled in 2022 as growth fell out of favor and value was very strong.</li> </ul>
CORE BOND BlackRock Fixed Income Passive	•	•	•	•	•	•	•	Within Expectations	• Head of iShares and Index Investments Salim Ramji departed the firm in Q1 2024. BlackRock has not opted to replace the position at this time, however, team remains deep at the PM level.
CORE PLUS BOND Prudential Core Plus	•	•	•	•	•	•	•	Within Expectations	<ul> <li>PGIM provided ample notice of Mike Lillard's retirement and was transparent about John Vibert's transition to CEO.</li> <li>PGIM announced a slew of retirements in April 2024, most of which will take effect in early 2025. These include the retirement of Head of Credit Richard Greenwood.</li> </ul>
TCW Core Plus	•	•	•	•	•	•	•	Within Expectations	<ul> <li>Monitoring the CEO leadership transition which occurred at year-end 2022.</li> <li>Monitoring potential impacts to investment strategy consistency due to changes in senior leadership (departures of Generalists Tad Rivelle '21, Laird Landmann '23, Steve Kane '24, and securitized PM Harrison Choi '23), but the team remains deep and experienced, and we support the recent announcements as a part of a transition to a new generation of leadership.</li> <li>While long-term performance remains below median, third quarter performance rebounded into the top decile due to duration positioning.</li> </ul>

Product Dynamics: reflects noteworthy highlights of the portfolio and strategy including assets and portfolio characteristics.

Short-Term Performance: reflects periods of three years and under with a focus on whether or not the manager is performing within expectations.

Long-Term Performance: reflects periods of five years and longer with a focus on whether or not the manager is performing within expectations.



### Callan Manager Assessment

	Manager Overall	Product People	Philosophy/ Process	Short Term Performance	Long Term Performance	Product Dynamics	Product Overall	<u>STATUS</u>	NOTES
US TIPS									
BlackRock Treasury Inflation Protected	•	•	•	•	•	•	•	Within Expectations	• Head of iShares and Index Investments Salim Ramji departed the firm in Q1 2024. BlackRock has not opted to replace the position at this time, however, team remains deep at the PM level.
STABLE VALUE									
Galliard Stable Value	•	•	•	•	•	•	٠	Within Expectations	<ul> <li>Continuing to monitor parent company's (Allspring) ownership change that occurred in November 2021.</li> <li>Wells was rebranded to Allspring Global Investments and Joseph Sullivan replaced Nico Marais as CEO.</li> <li>Assets have stabilized since late 2020. The Galliard Stable Return Fund's put queue peaked in 2020 and has since decreased to 2017 levels.</li> </ul>

Product Dynamics: reflects noteworthy highlights of the portfolio and strategy including assets and portfolio characteristics.

Short-Term Performance: reflects periods of three years and under with a focus on whether or not the manager is performing within expectations.

Long-Term Performance: reflects periods of five years and longer with a focus on whether or not the manager is performing within expectations.



Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	Ret		5 Year Sharpe Ratio	5 Year Excess Rtn Ratio	5 Year Tracking Error	5 Year Risk
Tier 2: Passive vs. Net of Fee Groups						-				
Fixed Income Passive (i) Callan Core Bond MFs	<b>5.2</b> 59	<b>11.5</b> 91	<b>-1.4</b> 57	<b>0.3</b> 93			<b>-0.3</b> 94	<b>-0.1</b> 95	<b>0.1</b> 100	<b>6.6</b> 74
Blmbg Aggregate	5.2 60	11.6 91	-1.4 57	0.3 93			<b>-0.3</b> 93			6.7 72
Treasury Inflation Protected (i) Callan TIPS MFs	<b>3.3</b> 100	<b>8.8</b> 98	<b>1.0</b> 8	<b>3.2</b> 7			<b>0.2</b> 4	<b>-0.1</b> 14	<b>0.3</b> 96	<b>4.4</b> 95
BImbg US TIPS 1-10 Yr	3.5 92	9.0 95	1.0 6	3.3 7			0.2 3			4.5 95
Large Cap Passive (i) Callan Large Cap Core MFs	<b>5.9</b> 28	<b>36.3</b> 36	<b>11.9</b> 51	<b>16.0</b> 46			<b>0.7</b> 36	<b>-0.8</b> 81	<b>0.0</b> 99	<b>19.4</b> 58
S&P 500 Index	5.9 28	36.4 36	11.9 51	16.0 42			0.7 36	• •		19.4 58
International Passive (i) Callan Non US Equity MFs	<b>7.9</b> 42	<b>25.0</b> 45	<b>3.8</b> 60	<b>7.4</b> 67			<b>0.3</b> 58	<b>0.1</b> 61	<b>0.9</b> 99	<b>20.3</b> 85 20.2 87
International Benchmark	8.2 33	25.1 44	3.7 61	7.3 72						
SMID Cap Passive (i) Callan SMID Core MFs	<b>8.8</b> 51	<b>26.1</b> 51	<b>3.4</b> 79	<b>10.4</b> 48			<b>0.3</b> 57 0.3 55	<b>-1.0</b> 100	<b>0.1</b> 99	<b>25.8</b> 39 25.8 39
Russell 2500 Index	8.7 52	26.2 51	3.5 78	10.4 46					• •	
Inflation Responsive Fund (i) Callan Real Assets MFs	<b>8.5</b> 21	<b>16.6</b> 45	<b>1.3</b> 86	<b>4.3</b> 84			<b>0.2</b> 84	<b>1.6</b> 1	<b>0.1</b> 98	<b>12.4</b> 64
Inflation Responsive Benchmark	8.4 21	16.2 60	1.1 87	4.1 97			0.1 88			12.4 64
Tier 2: Active vs. Net of Fee Groups										
Stable Value Fund Callan Stable Value CT	<b>0.8</b> 10	<b>3.0</b> 13	<b>2.4</b> 9	<b>2.3</b> 6			<b>0.1</b> 6	<b>-1.6</b> 5	<b>0.9</b> 48	<b>0.2</b> 28
T-Bill + 1.5%	1.7 1	7.0 1	5.0 1	3.8 1			1.3 2			1.1 1
Fixed Income Fund Callan Core Plus MFs	<b>5.4</b> 26	<b>13.2</b> 26	<b>-1.1</b> 47	<b>1.0</b> 45			<b>-0.2</b> 46	<b>0.3</b> 37	<b>2.3</b> 62	<b>7.5</b> 35
Blmbg Aggregate	5.2 64	11.6 95	-1.4 63	0.3 91			-0.3 97			6.7 91
TCW Core Plus Callan Core Plus MFs	<b>5.7</b> 9	<b>12.7</b> 56	<b>-1.6</b> 74	<b>0.8</b> 60			<b>-0.2</b> 60	<b>0.4</b> 30	<b>1.1</b> 96	<b>7.2</b> 61
Blmbg Aggregate	5.2 64	11.6 95	-1.4 63	0.3 91			-0.3 97			6.7 91
Returns: Return Consistency:	Sharpe Rat			ess Return R			Tracking		R	sk: below median
above median    third quartile	above m			above media third quartile	n			median d quartile		below median second quartile
fourth quartile	fourth qu			fourth quartile	9		first q			first quartile



Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	Ret	∕ear turn stency	5 Year Sharpe y Ratio	5 Year Excess Rtn Ratio	5 Year Tracking Error	5 Year Risk	
Prudential Core Plus	<b>5.2</b> 61	<b>13.8</b> 11	<b>-0.6</b> 17	<b>1.3</b> 32			<b>-0.1</b> 27	<b>0.3</b> 40	<b>3.7</b> 26	<b>8.0</b> 17	
Callan Core Plus MFs Blmbg Aggregate	5.2 64	11.6 95	-1.4 63	0.3 91			-0.3 97			6.7 91	
Large Cap Core Equity Fund Callan Lg Cap Broad MF	<b>5.2</b> 50	<b>33.7</b> 54	<b>7.8</b> 78	<b>14.5</b> 55			<b>0.6</b> 55	<b>-0.3</b> 64	<b>3.9</b> 81	<b>21.9</b> 41	
Russell 1000 Index	6.1 35	35.7 47	10.8 34	<b>15.6</b> 41			0.7 31			20.1 64	
Hotchkis & Wiley Large Cap Value Callan Lg Cap Value MF Russell 1000 Value Index	<b>6.2</b> 79	<b>26.3</b> 66 27.8 48	<b>10.2</b> 41 9.0 71	<b>13.0</b> 22			<b>0.4</b> 76 0.4 65	<b>0.3</b> 49	<b>9.1</b> 11	<b>27.0</b> 5 20.1 55	
Macquarie Large Cap Value	9.4 21 8.7 33	<b>21.0</b> 48 <b>24.1</b> 79	<b>7.4</b> 85	<b>8.6</b> 91			<b>0.4</b> 65 <b>0.3</b> 96	<b>-0.6</b> 95	<b>3.6</b> 69	<b>20.1</b> 55 <b>20.0</b> 62	
Callan Lg Cap Value MF Russell 1000 Value Index	9.4 21	27.8 48	9.0 71	10.7 65			0.4 65			20.1 55	
Sands Capital Large Cap Growth Callan Large Cap Grwth MF	<b>-0.4</b> 99	<b>40.6</b> 56	<b>-5.9</b> 100	<b>12.4</b> 97			<b>0.3</b> 100	<b>-0.5</b> 32	<b>15.0</b> 1	<b>32.5</b> 1	
Russell 1000 Growth Index	3.2 36	42.2 46	12.0 8	19.7 9			0.8 4			22.7 58	
Loomis SaylesLarge Cap Growth Callan Large Cap Grwth MF	<b>5.1</b> 18	<b>40.7</b> 55	<b>13.3</b> 3	<b>18.8</b> 15			<b>0.7</b> 6	<b>-0.2</b> 16	<b>5.9</b> 32	<b>22.3</b> 68	
Russell 1000 Growth Index	3.2 36	42.2 46	12.0 8	19.7 9			0.8 4			22.7 58	
BlackRock Russell 1000 Index (i) Callan Large Cap Core MFs	<b>6.0</b> 27	<b>35.8</b> 43	<b>10.8</b> 66	<b>15.7</b> 49			<b>0.7</b> 50	<b>0.3</b> 24	<b>0.1</b> 99	<b>20.1</b> 33	
Russell 1000 Index International Equity Fund	6.1 22 9.9 8	35.7 44 <b>28.1</b> 18	10.8 66 <b>2.7</b> 71	15.6 50 <b>7.3</b> 73			0.7 50 0.2 71	<b>-0.0</b> 73	<b>3.4</b> 93	20.1 35 <b>22.0</b> 54	
Callan Non US Equity MFs International Benchmark	8.2 33	25.1 44	3.7 61	7.3 72			0.2 61			20.2 87	
Mondrian ACWI ex-US Value Callan Non US Equity MFs	<b>11.5</b> 2	<b>26.0</b> 36	<b>7.7</b> 14	<b>8.3</b> 47			<b>0.3</b> 42	<b>0.1</b> 46	<b>5.2</b> 55	<b>20.7</b> 72	
MSCI ACWI ex US	8.1 39	25.4 41	4.1 54	7.6 65			0.3 50			20.1 87	
Baillie Gifford ACWI ex-US Growth Callan Non US Equity MFs	<b>9.4</b> 10	<b>31.1</b> 8	<b>-0.8</b> 85	<b>7.0</b> 77			<b>0.2</b> 83	<b>-0.1</b> 73	<b>8.5</b> 16	<b>24.9</b> 16	
MSCI ACWI ex US	8.1 39	25.4 41	4.1 54	<b>7.6</b> 65			0.3 50			20.1 87	
Returns:     Return Consistency:       above median     above median       third quartile     third quartile	Sharpe Ra above r third qu	nedian artile		cess Return R above mediai third quartile	ז			r median Id quartile		sk: below median second quartile	
fourth quartile fourth quartile	fourth q	uartile		fourth quartile	9		📕 first q	uartile		first quartile	



Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	3 Year Return Consistency	5 Year Sharpe Ratio	5 Year Excess Rtn Ratio	5 Year Tracking Error	5 Year Risk	
Acadian Callan Intl Small Cap MFs MSCI ACWI ex US Small Cap	<b>8.0</b> 62 8.9 39	<b>30.3</b> 8 23.3 54	<b>6.4</b> 13	<b>14.0</b> 3 8.2 40		<b>0.5</b> 2	<b>1.3</b> 1	<b>4.4</b> 89	<b>22.7</b> 91 23.7 77	
WCM Callan Inti Small Cap MFs MSCI ACWI ex US Small Cap	<b>5.7</b> 87 8.9 39	<b>23.3</b> 54	-8.4 89	<b>10.4</b> 10 8.2 40		0.2 38 0.3 34 0.2 38	<b>0.2</b> 25	<b>14.0</b> 6	<b>31.6</b> 5 23.7 77	
Small/Mid Cap Equity Fund Callan SMID Broad MFs Russell 2500 Index	8.0 52 8.7 28	<b>21.7</b> 82 26.2 39	<b>3.2</b> 51 <b>3.5</b> 49	<b>10.0</b> 60		0.3 50 0.3 49	<b>-0.2</b> 72	<b>2.2</b> 100	<b>24.8</b> 67 25.8 55	
AB SMID Value Callan SMID Value MFs Russell 2500 Value Index	<b>7.8</b> 63 9.6 28	26.6 33	6.1 62	10.0 74		0.3 76			26.6 51	
Earnest Partners Small/Mid Cap Callan SMID Core MFs Russell 2500 Index	<b>10.1</b> 23 <b>8.7</b> 52	<b>22.6</b> 91 26.2 51	<b>5.3</b> 49 3.5 78	<b>11.8</b> 26		<b>0.4</b> 17 0.3 55	<b>0.2</b> 26	<b>6.7</b> 17	<b>21.7</b> 89 25.8 39	
Brown Advisory Small/Mid Cap Growth Callan SMID Growth MFs Russell 2500 Growth Index	<b>5.9</b> 73 <b>7.0</b> 56	<b>16.6</b> 93 25.2 46	<b>-0.8</b> 51 -0.7 51	<b>8.5</b> 60 9.7 55		<b>0.3</b> 61	<b>-0.3</b> 72	<b>4.1</b> 99	<b>24.1</b> 82 26.5 51	
BlackRock Russell 2500 Index (i) Callan SMID Core MFs Russell 2500 Index	<b>8.8</b> 50 8.7 52	<b>26.4</b> 49 26.2 51	<ul><li><b>3.4</b> 79</li><li><b>3.5</b> 78</li></ul>	<b>10.6</b> 43 10.4 46		<b>0.3</b> 49 0.3 55	<b>0.4</b> 21	<b>0.5</b> 99	<b>26.1</b> 36 25.8 39	
Returns:     Return Consistency:       above median     above median       third quartile     third quartile       fourth quartile     fourth quartile	Sharpe Rat dabove n third qua fourth qua	nedian artile		cess Return R above mediar third quartile fourth quartile	1	Tracking below secon first q	median d quartile		sk: below median second quartile first quartile	



Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	Re	Year turn stenc	5 Year Sharpe y Ratio	5 Year Excess Rtn Ratio	5 Year Tracking Error	5 Year Risk
Tier 2: Active vs. Gross of Fee Groups Stable Value Fund										
Galliard Stable Value Callan Stable Value SA	<b>0.8</b> 40	<b>3.0</b> 40	<b>2.5</b> 45	<b>2.4</b> 41			<b>0.5</b> 41	<b>-1.4</b> 40	<b>1.0</b> 34	<b>0.2</b> 53
T-Bill + 1.5%	1.7 1	7.0 1	5.0 1	3.8 1			1.3 21			1.1 1
Fixed Income Fund										
TCW Core Plus Callan Core Bond Fl	<b>5.7</b> 3	<b>12.8</b> 20	<b>-1.4</b> 91	<b>0.9</b> 49			<b>-0.2</b> 39	<b>0.6</b> 48	<b>1.1</b> 53	<b>7.2</b> 8
Blmbg Aggregate	5.2 75	11.6 93	-1.4 90	0.3 95			-0.3 97			6.7 77
Prudential Core Plus Callan Core Bond Fl	<b>5.2</b> 72	<b>13.8</b> 3	<b>-0.6</b> 6	<b>1.3</b> 10			<b>-0.1</b> 5	<b>0.3</b> 81	<b>3.7</b> 1	<b>8.0</b> 2
Blmbg Aggregate	5.2 75	11.6 93	-1.4 90	0.3 95	6		-0.3 97			6.7 77
Large Cap Core Equity Fund										
Hotchkis & Wiley Large Cap Value Callan Large Cap Value	<b>6.3</b> 82	<b>26.8</b> 67	<b>10.7</b> 46	<b>13.5</b> 23			<b>0.4</b> 82	<b>0.3</b> 59	<b>9.1</b> 7	<b>27.0</b> 6
Russell 1000 Value Index	9.4 16	27.8 54	9.0 74	10.7 86	;		0.4 80			20.1 64
Macquarie Large Cap Value Callan Large Cap Value	<b>8.7</b> 30	<b>24.5</b> 82	<b>7.7</b> 92	<b>8.9</b> 96	,		<b>0.3</b> 93	<b>-0.5</b> 98	<b>3.6</b> 68	<b>20.0</b> 71
Russell 1000 Value Index	9.4 16	27.8 54	9.0 74	10.7 86	;		0.4 80			20.1 64
Sands Capital Large Cap Growth Callan Large Cap Growth	<b>-0.3</b> 96	<b>41.3</b> 46	<b>-5.4</b> 96	<b>12.9</b> 89			<b>0.3</b> 95	<b>-0.5</b> 47	<b>15.0</b> 3	<b>32.5</b> 3
Russell 1000 Growth Index	3.2 42	42.2 43	12.0 17	<b>19.7</b> 9			0.8 9			22.7 55
Loomis SaylesLarge Cap Growth Callan Large Cap Growth	<b>5.2</b> 16	<b>41.2</b> 46	<b>13.7</b> 6	<b>19.3</b> 16	;		<b>0.8</b> 11	<b>-0.1</b> 11	<b>5.9</b> 35	<b>22.3</b> 65
Russell 1000 Growth Index	3.2 42	42.2 43	12.0 17	<b>19.7</b> 9			0.8 9			22.7 55
BlackRock Russell 1000 Index (i) Callan Large Cap Core	<b>6.0</b> 24	<b>35.8</b> 60	<b>10.8</b> 63	<b>15.7</b> 53			<b>0.7</b> 58	<b>0.3</b> 34	<b>0.1</b> 100	<b>20.1</b> 26
Russell 1000 Index	6.1 24	35.7 60	10.8 63	<b>15.6</b> 54			0.7 58			20.1 27
Returns: Return Consistency:	Sharpe Ra		_	cess Return F above media			Tracking			sk: below median
third quartile	third gu			third quartile				nd quartile		second quartile
fourth quartile     fourth quartile	fourth q			fourth quartil			first q	•		first quartile



Investment Manager	Last Quarter Return	Last Year Return	3 Year Return	5 Year Return	Ret	 5 Year Sharpe y Ratio	5 Year Excess Rtn Ratio	5 Year Tracking Error	5 Year Risk
International Fund									
Mondrian ACWI ex-US Value Callan NonUS Eq	<b>11.5</b> 4	<b>26.5</b> 35	<b>8.1</b> 18	<b>8.7</b> 55		<b>0.3</b> 52	<b>0.2</b> 55	<b>5.2</b> 47	<b>20.7</b> 61
MSCI ACWI ex US	8.1 37	<b>25.4</b> 55	4.1 62	7.6 81		0.3 76			20.1 79
Baillie Gifford ACWI ex-US Growth Callan NonUS Eq	<b>9.5</b> 18	<b>31.4</b> 4	<b>-0.5</b> 92	<b>7.3</b> 88		<b>0.2</b> 93	<b>-0.0</b> 87	<b>8.5</b> 12	<b>24.9</b> 9
MSCI ACWI ex US	8.1 37	25.4 55	4.1 62	<b>7.6</b> 81		0.3 76			20.1 79
Acadian Callan Intl Small Cap	<b>8.0</b> 76	<b>30.3</b> 10	<b>6.4</b> 17	<b>14.0</b> 6		<b>0.5</b> 6	<b>1.3</b> 3	<b>4.4</b> 79	<b>22.7</b> 97
MSCI ACWI ex US Small Cap	8.9 58	23.3 64	1.4 46	8.2 48		0.2 45			23.7 71
WCM Callan Intl Small Cap	<b>5.7</b> 90	<b>23.5</b> 62	<b>-8.4</b> 93	<b>10.4</b> 19		<b>0.3</b> 43	<b>0.2</b> 30	<b>14.0</b> 3	<b>31.6</b> 5
MSCI ACWI ex US Small Cap	8.9 58	23.3 64	1.4 46	8.2 48		0.2 45			23.7 71
Small/Mid Cap Equity Fund									
AB SMID Value Callan Small/MidCap Value	<b>7.9</b> 78	<b>27.7</b> 35	<b>6.2</b> 90	<b>11.1</b> 70		<b>0.3</b> 60	<b>0.4</b> 55	<b>3.2</b> 90	<b>28.0</b> 50
Russell 2500 Value Index	9.6 29	26.6 46	6.1 90	10.0 75		0.3 80			26.6 59
Earnest Partners Small/Mid Cap Callan Small/MidCap Core	<b>10.2</b> 17	<b>23.1</b> 73	<b>5.7</b> 55	<b>12.8</b> 29		<b>0.5</b> 14	<b>0.4</b> 37	<b>6.6</b> 34	<b>21.8</b> 80
Russell 2500 Index	8.7 34	26.2 44	3.5 79	10.4 68		0.3 73			25.8 41
Brown Advisory Small/Mid Cap Growth Callan Sm/MidCap Growth	<b>6.0</b> 74	<b>17.1</b> 84	<b>-0.4</b> 51	<b>8.9</b> 71		<b>0.3</b> 69	<b>-0.2</b> 80	<b>4.1</b> 97	<b>24.1</b> 83
Russell 2500 Growth Index	7.0 44	25.2 43	-0.7 54	9.7 48		0.3 64			26.5 54
BlackRock Russell 2500 Index (i) Callan Small/MidCap Core	<b>8.8</b> 33	<b>26.4</b> 41	<b>3.4</b> 79	<b>10.6</b> 68		<b>0.3</b> 72	<b>0.4</b> 31	<b>0.5</b> 100	<b>26.1</b> 30
Russell 2500 Index	8.7 34	26.2 44	3.5 79	10.4 68		0.3 73			25.8 41
Returns:       Return Consistency:         above median       above median         third quartile       third quartile         fourth quartile       fourth quartile	Sharpe Rat above m bit third qua bit thi third qua bit third qua bit third qua bit thi	nedian artile		ess Return F above media third quartile fourth quartile	n	Tracking below secon first q	median d quartile		isk: below median second quartile first quartile



Appendix

### Changes in Investment Fund Balances Period Ended September 30, 2024

### **Allocation Across Investment Options**

The chart below illustrates the allocation of the aggregate fund assets across the various investment options for the quarter ended September 30, 2024.



### **Changes in Fund Values**

The chart below shows the net change in fund values across the various investment options for the quarter ended September 30, 2024. The change in value for each fund is the result of a combination of 3 factors: 1) market movements; 2) contributions or disbursements into or out of the funds by the participants (and any matching done by the company); and 3) transfers between funds by the participants.





The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

	12/2023-									
	9/2024		2023		2022		2021		2020	
Tier 2: Passive (Net of Fee)										
Fixed Income Passive	4.53%	89	5.62%	83	(13.09%)	30	(1.66%)	81	7.48%	90
Blmbg Aggregate	4.45%	92	5.53%	86	(13.01%)	28	(1.54%)	78	7.51%	90
Callan Core Bond MFs	4.93%		5.96%		(13.48%)		(1.17%)		8.65%	
Large Cap Passive	22.07%	45	26.27%	40	(18.15%)	56	28.67%	33	18.43%	35
S&P 500 Index	22.08%	45	26.29%	40	(18.11%)	56	28.71%	33	18.40%	35
Callan Large Cap Core MFs	20.91%		24.67%		(17.10%)		27.20%		14.87%	
International Passive	13.77%	41	15.30%	77	(16.14%)	55	7.68%	69	10.86%	52
International Benchmark (1)	13.90%	40	15.62%	75	(16.58%)	56	7.64%	69	10.65%	53
Callan Non US Equity MFs	13.21%		17.70%		(15.77%)		9.47%		11.12%	
SMID Cap Passive	11.28%	80	17.41%	39	(18.48%)	62	18.22%	84	19.80%	12
Russell 2500 Index	11.30%	79	17.42%	39	(18.37%)	61	18.18%	84	19.99%	12
Callan SMID Core MFs	12.96%		16.33%		(17.22%)		23.76%		10.24%	
Inflation Responsive Fund	8.67%	58	4.06%	54	(12.05%)	84	18.58%	41	2.59%	63
Inflation Responsive Benchmark	8.35%	63	3.75%	58	(12.18%)	84	18.51%	41	2.32%	64
Callan Real Assets MFs	9.36%		4.49%		<b>`(6.13%</b> )		16.83%		3.84%	

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

	12/2023- 9/2024		2023		2022		2021		2020	
Tier 2: Active (Net of Fee)										
Stable Value Fund 3 Yr US Treas Rolling T-Bill + 1.5% Callan Stable Value CT	<b>2.26%</b> 3.17% 5.14% 1.80%	<b>13</b> 1 1	<b>2.72%</b> 4.31% 6.51% 2.36%	<b>9</b> 1 1	<b>1.85%</b> 3.12% 2.96% 1.46%	<b>13</b> 1 1	<b>1.76%</b> 0.47% 1.55% 1.28%	<b>7</b> 97 24	<b>2.41%</b> 0.34% 2.17% 1.77%	<b>2</b> 99 6
Fixed Income Fund Blmbg Aggregate Callan Core Plus MFs	<b>5.43%</b> 4.45% 5.32%	<b>41</b> 91	<b>7.14%</b> 5.53% 6.56%	<b>30</b> 90	<b>(14.40%)</b> (13.01%) (13.91%)	<b>68</b> 30	<b>(0.86%)</b> (1.54%) (0.42%)	<b>65</b> 91	<b>9.55%</b> 7.51% 8.94%	<b>23</b> 81
TCW Core Plus Blmbg Aggregate Callan Core Bond MFs	4.81% 4.45% 4.93%	65 92	6.03% 5.53% 5.96%	44 86	(14.25%) (13.01%) (13.48%)	87 28	(0.77%) (1.54%) (1.17%)	23 78	9.64% 7.51% 8.65%	15 90
Prudential Core Plus Blmbg Aggregate Callan Core Plus MFs	6.05% 4.45% 5.32%	12 91	8.30% 5.53% 6.56%	1 90	(14.61%) (13.01%) (13.91%)	75 30	(0.87%) (1.54%) (0.42%)	65 91	9.55% 7.51% 8.94%	22 81
Large Cap Core Equity Fund Russell 1000 Index Callan Lg Cap Broad MF	<b>17.41%</b> 21.18% 20.36%	<b>66</b> 42	<b>29.29%</b> 26.53% 25.85%	<b>43</b> 48	<b>(21.50%)</b> (19.13%) (18.55%)	<b>61</b> 54	<b>21.13%</b> 26.45% 25.50%	<b>78</b> 39	<b>25.20%</b> 20.96% 18.47%	<b>41</b> 47
Hotchkis & Wiley Large Cap Value Russell 1000 Value Index Callan Lg Cap Value MF	13.65% 16.68% 16.08%	79 40	17.30% 11.46% 11.77%	19 51	(4.81%) (7.54%) (5.35%)	44 74	28.97% 25.16% 26.02%	23 61	3.70% 2.80% 2.65%	38 46
Macquarie Large Cap Value Russell 1000 Value Index Callan Lg Cap Value MF	12.70% 16.68% 16.08%	84 40	3.80% 11.46% 11.77%	96 51	(3.03%) (7.54%) (5.35%)	32 74	23.40% 25.16% 26.02%	80 61	1.60% 2.80% 2.65%	60 46
Sands Capital Large Cap Growth Russell 1000 Growth Index Callan Large Cap Grwth MF	14.63% 24.55% 23.16%	91 36	52.09% 42.68% 40.65%	9 41	(48.65%) (29.14%) (31.70%)	99 29	5.03% 27.60% 22.39%	99 19	73.00% 38.49% 37.35%	1 41
Loomis SaylesLarge Cap Growth Russell 1000 Growth Index Callan Large Cap Grwth MF	23.24% 24.55% 23.16%	49 36	52.01% 42.68% 40.65%	10 41	(27.31%) (29.14%) (31.70%)	19 29	19.06% 27.60% 22.39%	70 19	33.00% 38.49% 37.35%	74 41
International Equity Fund International Benchmark (1) Callan Non US Equity MFs	<b>14.61%</b> 13.90% 13.21%	<b>31</b> 40	<b>19.99%</b> 15.62% 17.70%	<b>17</b> 75	<b>(21.19%)</b> (16.58%) (15.77%)	<b>73</b> 56	<b>3.39%</b> 7.64% 9.47%	<b>89</b> 69	<b>14.25%</b> 10.65% 11.12%	<b>36</b> 53
Mondrian ACWI ex-US Value MSCI ACWI ex US MSCI ACWI ex US Value Callan Non US Equity MFs	16.16% 14.21% 14.40% 13.21%	10 36 33	20.46% 15.62% 17.30% 17.70%	14 75 52	(11.52%) (16.00%) (8.59%) (15.77%)	22 55 11	7.78% 7.82% 10.46% 9.47%	69 69 43	1.91% 10.65% <mark>(0.77%)</mark> 11.12%	87 53 94
Baillie Gifford ACWI ex-US Growth MSCI ACWI ex US MSCI ACWI ex US Growth Callan Non US Equity MFs	14.12% 14.21% 14.06% 13.21%	37 36 38	19.88% 15.62% 14.03% 17.70%	18 75 87	(28.01%) (16.00%) (23.05%) (15.77%)	89 55 79	<mark>(0.30%)</mark> 7.82% 5.09% 9.47%	98 69 84	27.19% 10.65% 22.20% 11.12%	10 53 18
Small/Mid Cap Equity Fund Russell 2500 Index Callan SMID Broad MFs	<b>8.53%</b> 11.30% 12.34%	<b>87</b> 58	<b>14.75%</b> 17.42% 16.85%	<b>63</b> 45	<b>(15.69%)</b> (18.37%) (20.87%)	<b>38</b> 47	<b>19.76%</b> 18.18% 19.19%	<b>48</b> 54	<b>19.23%</b> 19.99% 22.70%	<b>54</b> 54
Brown Advisory Small/Mid Cap Growth Russell 2500 Growth Index Callan SMID Growth MFs	6.50% 11.20% 13.18%	86 62	13.28% 18.93% 18.77%	85 47	(19.99%) (26.21%) (28.43%)	8 39	8.38% 5.04% 10.23%	67 85	33.06% 40.47% 34.19%	62 40

(1) As of 9/30/21, International Benchmark consists of MSCI ACWI ex-US IMI, previously consisted of MSCI ACWI ex-US.

The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods ended September 30, 2024. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

					Last	,	Last		0	
	Last Quarter		Last Year		3 Years		5 Years		Since Inception	
Tier 2: Active (Gross of Fee) Stable Value Fund										
Galliard Stable Value 3 Yr US Treas Rolling T-Bill + 1.5% Callan Stable Value SA	0.76% 0.94% 1.72% 0.72%	40 9 1	2.99% 4.31% 6.96% 2.85%	40 4 1	2.49% 3.61% 4.99% 2.42%	45 3 1	2.43% 2.35% 3.82% 2.35%	41 50 1	2.48% (1/1 1.59% (1/1 2.72% (1/1	11)
Fixed Income Fund										
TCW Core Plus Blmbg Aggregate Callan Core Bond Fl	5.70% 5.20% 5.29%	3 75	12.84% 11.57% 12.34%	20 93	(1.42%) (1.39%) (0.97%)	91 90	0.93% 0.33% 0.91%	49 95	2.26% (1/1 1.73% (1/1 -	
Prudential Core Plus Blmbg Aggregate Callan Core Bond Fl	5.22% 5.20% 5.29%	72 75	13.75% 11.57% 12.34%	3 93	(0.55%) (1.39%) (0.97%)	6 90	1.35% 0.33% 0.91%	10 95	3.12% (1/1 1.71% (1/1 -	
Large Cap Core Equity Fund										
Hotchkis & Wiley Large Cap Value Russell 1000 Value Index Callan Large Cap Value	6.28% 9.43% 7.79%	82 16	26.78% 27.76% 28.20%	67 54	10.69% 9.03% 10.61%	46 74	13.48% 10.69% 12.41%	23 86	15.53% (4/0 13.15% (4/0 -	
Macquarie Large Cap Value Russell 1000 Value Index Callan Large Cap Value	8.73% 9.43% 7.79%	30 16	24.47% 27.76% 28.20%	82 54	7.69% 9.03% 10.61%	92 74	8.89% 10.69% 12.41%	96 86	8.56% (6/1 9.19% (6/1 -	
Sands Capital Large Cap Growth Russell 1000 Growth Index Callan Large Cap Growth	<mark>(0.33%)</mark> 3.19% 2.90%	96 42	41.26% 42.19% 40.79%	46 43	<mark>(5.43%)</mark> 12.02% 9.35%	96 17	12.94% 19.74% 17.29%	89 9	18.13% (4/0 18.07% (4/0 -	
Loomis SaylesLarge Cap Growth Russell 1000 Growth Index Callan Large Cap Growth	5.18% 3.19% 2.90%	16 42	41.21% 42.19% 40.79%	46 43	13.69% 12.02% 9.35%	6 17	19.26% 19.74% 17.29%	16 9	17.17% (8/1 16.58% (8/1 -	
BlackRock Russell 1000 Index Russell 1000 Index Callan Large Cap Core	6.00% 6.08% 5.09%	24 24	35.81% 35.68% 36.59%	60 60	10.83% 10.83% 12.16%	63 63	15.69% 15.64% 16.01%	53 54	13.98% (11/ 13.99% (11/ -	
International Equity Fund										
Mondrian ACWI ex-US Value MSCI ACWI ex US MSCI ACWI ex US Value Callan NonUS Eq	11.47% 8.06% 9.26% 7.32%	4 37 20	26.51% 25.35% 24.04% 25.64%	35 55 71	8.09% 4.14% 7.49% 4.95%	18 62 23	8.72% 7.59% 7.79% 8.93%	55 81 77	8.37% (4/0 8.22% (4/0 7.70% (4/0	)9)
Baillie Gifford ACWI ex-US Growth MSCI ACWI ex US MSCI ACWI ex US Growth Callan NonUS Eq	9.51% 8.06% 6.92% 7.32%	18 37 59	31.38% 25.35% 26.75% 25.64%	4 55 31	<mark>(0.50%)</mark> 4.14% 0.81% 4.95%	92 62 87	7.28% 7.59% 7.09% 8.93%	88 81 89	10.58% (4/0 8.22% (4/0 8.62% (4/0	)9)
Small/Mid Cap Equity Fund										
AB SMID Value Russell 2500 Value Index Callan Small/MidCap Value	7.89% 9.63% 8.96%	78 29	- 26.59% 26.40%	46	- 6.06% 9.04%	90	- 9.99% 12.23%	75	9.31% (2/2 14.49% (2/2 -	
Earnest Partners Small/Mid Cap Russell 2500 Index Callan Small/MidCap Core	10.23% 8.75% 8.13%	17 34	23.11% 26.17% 25.52%	73 44	5.74% 3.47% 6.21%	55 79	- 10.43% 11.84%	68	6.23% (4/2 3.73% (4/2 -	
Brown Advisory Small/Mid Cap Growth Russell 2500 Growth Index Callan Sm/MidCap Growth	6.04% 6.99% 6.89%	74 44	17.10% 25.20% 24.54%	84 43	(0.41%) (0.75%) (0.30%)	51 54	8.91% 9.75% 9.60%	71 48	14.85% (4/0 14.40% (4/0 -	
BlackRock Russell 2500 Index Russell 2500 Index Callan Small/MidCap Core	8.83% 8.75% 8.13%	33 34	26.42% 26.17% 25.52%	41 44	3.45% 3.47% 6.21%	79 79	10.64% 10.43% 11.84%	68 68	9.03% (11/ 8.89% (11/ -	

### **Returns and Rankings for Periods Ended September 30, 2024**



The table below details the rates of return and peer group rankings for the Fund's investment funds over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized.

	12/2023- 9/2024		2023		2022		2021		2020	
Tier 2: Active (Gross of Fee) Stable Value Fund										
Galliard Stable Value	2.26%	41	2.77%	38	1.98%	47	1.91%	42	2.52%	34
3 Yr US Treas Rolling	3.17%	4	4.31%	3	3.12%	4	0.47%	97	0.34%	98
T-Bill + 1.5%	5.14%	1	6.51%	1	2.96%	4	1.55%	87	2.17%	86
Callan Stable Value SA	2.14%		2.71%		1.96%		1.84%		2.39%	
Fixed Income Fund										
TCW Core Plus	4.92%	62	6.19%	49	(14.12%)	96	(0.65%)	21	9.77%	13
Blmbg Aggregate	4.45%	97	5.53%	85	(13.01%)	58	(1.54%)	88	7.51%	93
Callan Core Bond FI	4.99%		6.17%		(12.91%)		(1.03%)		8.71%	
Prudential Core Plus	6.05%	4	8.30%	1	(14.61%)	98	(0.87%)	40	9.55%	19
Blmbg Aggregate	4.45%	97	5.53%	85	(13.01%)	58	(1.54%)	88	7.51%	93
Callan Core Bond FI	4.99%		6.17%		(12.91%)		(1.03%)		8.71%	
Large Cap Core Equity Fund										
Hotchkis & Wiley Large Cap Value	13.97%	82	17.75%	18	(4.39%)	49	29.47%	39	4.09%	38
Russell 1000 Value Index	16.68%	52	11.46%	63	(7.54%)	80	25.16%	79	2.80%	52
Callan Large Cap Value	16.70%		12.85%		(4.93%)		28.35%		3.04%	
Macquarie Large Cap Value	12.93%	89	4.08%	95	(2.75%)	33	23.71%	87	1.88%	62
Russell 1000 Value Index	16.68%	52	11.46%	63	(7.54%)	80	25.16%	79	2.80%	52
Callan Large Cap Value	16.70%		12.85%		(4.93%)		28.35%		3.04%	
Sands Capital Large Cap Growth	15.01%	84	52.73%	3	(48.40%)	97	5.50%	96	73.71%	4
Russell 1000 Growth Index	24.55%	33	42.68%	36	(29.14%)	43	27.60%	25	38.49%	36
Callan Large Cap Growth	23.31%		40.56%		(30.21%)		24.28%		35.61%	
Loomis SaylesLarge Cap Growth	23.56%	43	52.54%	5	(27.00%)	31	19.48%	77	33.48%	66
Russell 1000 Growth Index	24.55%	33	42.68%	36	(29.14%)	43	27.60%	25	38.49%	36
Callan Large Cap Growth	23.31%		40.56%		(30.21%)		24.28%		35.61%	
International Equity Fund										
Mondrian ACWI ex-US Value	16.47%	17	20.91%	19	(11.16%)	21	8.20%	74	2.30%	89
MSCI ACWI ex US	14.21%	45	15.62%	79	(16.00%)	53	7.82%	77	10.65%	52
MSCI ACWI ex US Value	14.40%	45	17.30%	59	(8.59%)	13	10.46%	59	(0.77%)	95
Callan NonUS Eq	14.01%		18.09%		(15.29%)		11.54%		11.47%	
Baillie Gifford ACWI ex-US Growth	14.33%	45	20.17%	27	(27.82%)	92	(0.04%)	98	27.53%	10
MSCI ACWI ex US	14.21%	45	15.62%	79	(16.00%)	53	7.82%	77	10.65%	52
MSCI ACWI ex US Growth	14.06%	50	14.03%	91	(23.05%)	83	5.09%	91	22.20%	16
Callan NonUS Eq	14.01%		18.09%		(15.29%)		11.54%		11.47%	
Small/Mid Cap Equity Fund										
Brown Advisory Small/Mid Cap Growth	6.81%	83	13.73%	81	(19.67%)	6	8.77%	75	33.61%	70
Russell 2500 Growth Index	11.20%	57	18.93%	39	(26.21%)	34	5.04%	86	40.47%	53
Callan Sm/MidCap Growth	11.60%		18.53%		(28.40%)		12.52%		42.51%	

### Galliard Stable Value Period Ended September 30, 2024

### **Investment Philosophy**

Galliard manages stable value portfolios with a focus on principal preservation, liquidity, and income generation. These goals are balanced with a conservative approach to underlying fixed income portfolios and active wrap contract management. Galliard's fixed income team seeks to generate diversified sources of income over treasuries by emphasizing higher quality sectors, while external managers are systematically reviewed and approved as subadvisers to complement the overall structure.

### **Quarterly Summary and Highlights**

- Galliard Stable Value's portfolio posted a 0.76% return for the quarter placing it in the 40 percentile of the Callan Stable Value SA group for the quarter and in the 40 percentile for the last year.
- Galliard Stable Value's portfolio underperformed the 3 Yr Constant Maturity Yield by 0.18% for the quarter and underperformed the 3 Yr Constant Maturity Yield for the year by 1.31%.





**Relative Returns vs** 

**3 Yr Constant Maturity Yield** 

### Callan Stable Value SA (Gross) Annualized Five Year Risk vs Return



### Galliard Stable Value Stable Value Characteristics Analysis Summary

### **Portfolio Characteristics**

This graph compares the stable value fund's portfolio characteristics with the range of characteristics for the portfolios which make up the fund's style group. This analysis illustrates whether the fund's current structure is consistent with other funds employing the same style.

### Portfolio Characteristics Percentile Rankings Rankings Against Callan Stable Value SA as of September 30, 2024



### Wrap Structure and Diversification

The graph below represents the stable value fund's wrap contract structure as of the most recent reporting period. The fund's overall wrap structure may include exposure to constant duration or maturing synthetic GIC contracts, traditional GIC contracts, cash, or other exposures. These contracts allow stable value portfolios to maintain book value accounting practices and a stable net asset value.





### **Galliard Stable Value Stable Value Portfolio Characteristics Summary** As of September 30, 2024

### **Portfolio Structure Comparison**

The charts below compare the structure of the portfolio to that of the index from two perspectives that have the greatest influence on return. The first chart compares the portfolio's duration distribution versus the benchmark, and the second chart compares the distributions across quality ratings.





### Market-to-Book Ratio Over Time

The chart below depicts the historical movement of the stable value portfolio's market-to-book ratio over time. This statistic measures the overall "health" of the underlying portfolio. Portfolios with market-to-book ratios closer to 100% will be better positioned to absorb flows and should offer greater return stability over time. As a backdrop the range (from 10th to 90th percentile) is shown along with a white median line for the Callan Stable Value SA Universe.



### Market-to-Book Ratio

Definitions

### **Equity Market Indicators**

The market indicators included in this report are regarded as measures of equity or fixed income performance results. The returns shown reflect both income and capital appreciation.

**Russell 1000 Growth Index** Measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000 companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years). The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.

**Russell 1000 Value Index** Measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years). The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics

**Russell 2000 Value Index** Measures the performance of the small-cap value segment of the US equity universe. It includes those Russell 2000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years). The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics

**Russell 2500 Growth Index** Measures the performance of the small to mid-cap growth segment of the US equity universe. It includes those Russell 2500 companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years). The Russell 2500 Growth Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap growth market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect growth characteristics.

**Russell MidCap Growth Idx** Measures the performance of the mid-cap growth segment of the US equity universe. It includes those Russell Midcap Index companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth and higher sales per share historical growth (5 years). The Russell Midcap Growth Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap growth market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap growth market.

**S&P 500 Index** Measures performance of top 500 companies in leading industries of U.S. economy. The index covers approximately 80% of available market capitalization.

### **Fixed Income Market Indicators**

**3-month Treasury Bill** Provides a measure of riskless return. The rate of return is the average interest rate available on the beginning of each month for a Treasury Bill maturing in ninety days.

**Bloomberg Aggregate** Represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.



### **International Equity Market Indicators**

**MSCI EAFE (Net)** Is composed of approximately 1000 equity securities representing the stock exchanges of Europe, Australia, New Zealand and the Far East. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

### **Callan Databases**

In order to provide comparative investment results for use in evaluating a fund's performance, Callan gathers rate of return data from investment managers. These data are then grouped by type of assets managed and by the type of investment manager. Except for mutual funds, the results are for tax-exempt fund assets. The databases, excluding mutual funds, represent investment managers who handle over 80% of all tax-exempt fund assets.

### **Equity Funds**

Equity funds concentrate their investments in common stocks and convertible securities. The funds included maintain well-diversified portfolios.

**Core Equity** - Mutual funds whose portfolio holdings and characteristics are similar to that of the broader market as represented by the Standard & Poor's 500 Index, with the objective of adding value over and above the index, typically from sector or issue selection. The core portfolio exhibits similar risk characteristics to the broad market as measured by low residual risk with Beta and R-Squared close to 1.00.

Large Cap Growth - Mutual Funds that invest mainly in large companies that are expected to have above average prospects for long-term growth in earnings and profitability. Future growth prospects take precedence over valuation levels in the stock selection process. Invests in companies with P/E ratios, Price-to-Book values, Return-on-Assets values, Growth-in-Earnings values above the broader market. The companies typically have zero dividends or dividend yields below the broader market. Invests in securities which exhibit greater volatility than the broader market as measured by the securities' Beta and Standard Deviation.

**Large Cap Value** - Mutual funds that invest in predominantly large capitalization companies believed to be currently undervalued in the general market. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Valuation issues take precedence over near-term earnings prospects in the stock selection process. Invests in companies with P/E rations and Price-to-Book values below the broader market. Usually exhibits lower risk than the broader market as measured by the Beta and Standard Deviation.

**Non-U.S. Equity Style Mutual Funds** - Mutual funds that invest their assets only in non-U.S. equity securities but exclude regional and index funds.

**Small Capitalization (Value)** - Mutual funds that invest in small capitalization companies that are believed to be currently undervalued in the general market. Valuation issues take precedence over near-term earnings prospects in the stock selection process. The companies are expected to have a near-term earnings rebound and eventual realization of expected value. Invests in companies with P/E ratios, Return-on-Equity values, and Price-to-Book values below the broader market as well as the small capitalization market segment. The companies typically have dividend yields in the high range for the small capitalization market. Invests in securities with risk/reward profiles in the lower risk range of the small capitalization market.

**Small/Middle Capitalization** - Managers who invest primarily in small to middle capitalization range companies with market capitalization below core equity companies. The market capitalization is about the upper quartile of the Small Cap group and the lower decile of the Mid Cap group. The Small/Mid Cap Broad style invests in securities with greater volatility than the broader market as measured by the risk statistics Beta and Standard Deviation. This style consists of the Small/Mid Cap Growth and the Small/Mid Cap Value Style Groups and other funds classified strictly as Small/Mid Cap Broad.



### **Callan Databases**

In order to provide comparative investment results for use in evaluating a fund's performance, Callan gathers rate of return data from investment managers. These data are then grouped by type of assets managed and by the type of investment manager. Except for mutual funds, the results are for tax-exempt fund assets. The databases, excluding mutual funds, represent investment managers who handle over 80% of all tax-exempt fund assets.

### **Fixed Income Funds**

Fixed Income funds concentrate their investments in bonds, preferred stocks, and money market securities. The funds included maintain well-diversified portfolios.

**Core Bond** - Mutual Funds that construct portfolios to approximate the investment results of the Bloomberg Barclays Capital Government/Credit Bond Index or the Bloomberg Barclays Capital Aggregate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector and/or issue selection.

**Stable Value** - The Stable Value database group is comprised of funds that invest primarily in Guaranteed Investment Contracts (GICs) and Synthetic Investment Contracts (SICs) to provide principal protection, stable book value and a guaranteed rate of return over a contractually specified time period. Common benchmarks for the universe include but not limited to, are the Ryan Labs GIC Master indices and the Hueler Stable Value Index.

### **Risk/Reward Statistics**

The risk statistics used in this report examine performance characteristics of a manager or a portfolio relative to a benchmark (market indicator) which assumes to represent overall movements in the asset class being considered. The main unit of analysis is the excess return, which is the portfolio return minus the return on a risk free asset (3 month T-Bill).

**Alpha** measures a portfolio's return in excess of the market return adjusted for risk. It is a measure of the manager's contribution to performance with reference to security selection. A positive alpha indicates that a portfolio was positively rewarded for the residual risk which was taken for that level of market exposure.

**Beta** measures the sensitivity of rates of portfolio returns to movements in the market index. A portfolio's beta measures the expected change in return per 1% change in the return on the market. If a beta of a portfolio is 1.5, a 1 percent increase in the return on the market will result, on average, in a 1.5 percent increase in the return on the portfolio. The converse would also be true.

**Downside Risk** stems from the desire to differentiate between "good risk" (upside volatility) and "bad risk" (downside volatility). Whereas standard deviation punishes both upside and downside volatility, downside risk measures only the standard deviation of returns below the target. Returns above the target are assigned a deviation of zero. Both the frequency and magnitude of underperformance affect the amount of downside risk.

**Excess Return Ratio** is a measure of risk adjusted relative return. This ratio captures the amount of active management performance (value added relative to an index) per unit of active management risk (tracking error against the index.) It is calculated by dividing the manager's annualized cumulative excess return relative to the index by the standard deviation of the individual quarterly excess returns. The Excess Return Ratio can be interpreted as the manager's active risk/reward tradeoff for diverging from the index when the index is mandated to be the "riskless" market position.

**Information Ratio** measures the manager's market risk-adjusted excess return per unit of residual risk relative to a benchmark. It is computed by dividing alpha by the residual risk over a given time period. Assuming all other factors being equal, managers with lower residual risk achieve higher values in the information ratio. Managers with higher information ratios will add value relative to the benchmark more reliably and consistently.

**R-Squared** indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.

**Relative Standard Deviation** is a simple measure of a manager's risk (volatility) relative to a benchmark. It is calculated by dividing the manager's standard deviation of returns by the benchmark's standard deviation of returns. A relative standard deviation of 1.20, for example, means the manager has exhibited 20% more risk than the benchmark over that time period. A ratio of .80 would imply 20% less risk. This ratio is especially useful when analyzing the risk of investment grade fixed-income products where actual historical durations are not available. By using this relative risk measure over rolling time periods one can illustrate the "implied" historical duration patterns of the portfolio versus the benchmark.

**Residual Portfolio Risk** is the unsystematic risk of a fund, the portion of the total risk unique to the fund (manager) itself and not related to the overall market. This reflects the "bets" which the manager places in that particular asset market. These bets may reflect emphasis in particular sectors, maturities (for bonds), or other issue specific factors which the manager considers a good investment opportunity. Diversification of the portfolio will reduce or eliminate the residual risk of that portfolio.

### **Risk/Reward Statistics**

**Rising Declining Periods** refer to the sub-asset class cycles vis-a-vis the broader asset class. This is determined by evaluating the cumulative relative sub-asset class index performance to that of the broader asset class index. For example, to determine the Growth Style cycle, the S&P 500 Growth Index (sub-asset class) performance is compared to that of the S&P 500 Index (broader asset class).

**Sharpe Ratio** is a commonly used measure of risk-adjusted return. It is calculated by subtracting the "risk-free" return (usually 3 Month Treasury Bill) from the portfolio return and dividing the resulting "excess return" by the portfolio's risk level (standard deviation). The result is a measure of return gained per unit of risk taken.

**Sortino Ratio** is a downside risk-adjusted measure of value-added. It measures excess return over a benchmark divided by downside risk. The natural appeal is that it identifies value-added per unit of truly bad risk. The danger of interpretation, however, lies in these two areas: (1) the statistical significance of the denominator, and (2) its reliance on the persistence of skewness in return distributions.

**Standard Deviation** is a statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically is. The wider the typical range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (ie. has a bell shaped curve distribution) then approximately 2/3 of the returns would occur within plus or minus one standard deviation from the sample mean.

**Total Portfolio Risk** is a measure of the volatility of the quarterly excess returns of an asset. Total risk is composed of two measures of risk: market (non-diversifiable or systematic) risk and residual (diversifiable or unsystematic) risk. The purpose of portfolio diversification is to reduce the residual risk of the portfolio.

**Tracking Error** is a statistical measure of a portfolio's risk relative to an index. It reflects the standard deviation of a portfolio's individual quarterly or monthly returns from the index's returns. Typically, the lower the Tracking Error, the more "index-like" the portfolio.

**Treynor Ratio** represents the portfolio's average excess return over a specified period divided by the beta relative to its benchmark over that same period. This measure reflects the reward over the risk-free rate relative to the systematic risk assumed.

Note: Alpha, Total Risk, and Residual Risk are annualized.

Disclosures

### Important Disclosures

Information contained in this document may include confidential, trade secret and/or proprietary information of Callan and the client. It is incumbent upon the user to maintain such information in strict confidence. Neither this document nor any specific information contained herein is to be used other than by the intended recipient for its intended purpose.

The content of this document is particular to the client and should not be relied upon by any other individual or entity. There can be no assurance that the performance of any account or investment will be comparable to the performance information presented in this document.

Certain information herein has been compiled by Callan from a variety of sources believed to be reliable but for which Callan has not necessarily verified for accuracy or completeness. Information contained herein may not be current. Callan has no obligation to bring current the information contained herein.

Callan's performance, market value, and, if applicable, liability calculations are inherently estimates based on data available at the time each calculation is performed and may later be determined to be incorrect or require subsequent material adjustment due to many variables including, but not limited to, reliance on third party data, differences in calculation methodology, presence of illiquid assets, the timing and magnitude of unrecognized cash flows, and other data/assumptions needed to prepare such estimated calculations. In no event should the performance measurement and reporting services provided by Callan be used in the calculation, deliberation, policy determination, or any other action of the client as it pertains to determining amounts, timing or activity of contribution levels or funding amounts, rebalancing activity, benefit payments, distribution amounts, and/or performance-based fee amounts, unless the client understands and accepts the inherent limitations of Callan's estimated performance, market value, and liability calculations.

Callan's performance measurement service reports estimated returns for a portfolio and compares them against relevant benchmarks and peer groups, as appropriate; such service may also report on historical portfolio holdings, comparing them to holdings of relevant benchmarks and peer groups, as appropriate ("portfolio holdings analysis"). To the extent that Callan's reports include a portfolio holdings analysis, Callan relies entirely on holdings, pricing, characteristics, and risk data provided by third parties including custodian banks, record keepers, pricing services, index providers, and investment managers. Callan reports the performance and holdings data as received and does not attempt to audit or verify the holdings data. Callan is not responsible for the accuracy or completeness of the performance or holdings data received from third parties and such data may not have been verified for accuracy or completeness.

Callan's performance measurement service may report on illiquid asset classes, including, but not limited to, private real estate, private equity, private credit, hedge funds and infrastructure. The final valuation reports, which Callan receives from third parties, for of these types of asset classes may not be available at the time a Callan performance report is issued. As a result, the estimated returns and market values reported for these illiquid asset classes, as well as for any composites including these illiquid asset classes, including any total fund composite prepared, may not reflect final data, and therefore may be subject to revision in future quarters.

The content of this document may consist of statements of opinion, which are made as of the date they are expressed and are not statements of fact. The opinions expressed herein may change based upon changes in economic, market, financial and political conditions and other factors. Callan has no obligation to bring current the opinions expressed herein.

The information contained herein may include forward-looking statements regarding future results. The forward-looking statements herein: (i) are best estimations consistent with the information available as of the date hereof and (ii) involve known and unknown risks and uncertainties. Actual results may vary, perhaps materially, from the future results projected in this document. Undue reliance should not be placed on forward-looking statements.

Callan is not responsible for reviewing the risks of individual securities or the compliance/non-compliance of individual security holdings with a client's investment policy guidelines.

This document should not be construed as legal or tax advice on any matter. You should consult with legal and tax advisers before applying any of this information to your particular situation.

Reference to, or inclusion in this document of, any product, service or entity should not necessarily be construed as recommendation, approval, or endorsement or such product, service or entity by Callan. This document is provided in connection with Callan's consulting services and should not be viewed as an advertisement of Callan, or of the strategies or products discussed or referenced herein.

The issues considered and risks highlighted herein are not comprehensive and other risks may exist that the user of this document may deem material regarding the enclosed information. Please see any applicable full performance report or annual communication for other important disclosures.

Unless Callan has been specifically engaged to do so, Callan does not conduct background checks or in-depth due diligence of the operations of any investment manager search candidate or investment vehicle, as may be typically performed in an operational due diligence evaluation assignment and in no event does Callan conduct due diligence beyond what is described in its report to the client.

Any decision made on the basis of this document is sole responsibility of the client, as the intended recipient, and it is incumbent upon the client to make an independent determination of the suitability and consequences of such a decision.

Callan undertakes no obligation to update the information contained herein except as specifically requested by the client.

Past performance is no guarantee of future results.