



# Sacramento Regional Transit District Agenda

**COMBINED MEETING OF THE RETIREMENT BOARDS FOR THE EMPLOYEES AND  
RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT  
WEDNESDAY, JUNE 12, 2024 AT 1:00 P.M.  
REGIONAL TRANSIT AUDITORIUM  
1400 29<sup>TH</sup> STREET, SACRAMENTO, CALIFORNIA  
(29th Street. Light Rail Station/Bus Routes 38, 67, 68)**

**Website Address: [www.sacrt.com](http://www.sacrt.com)**

**MEETING NOTE:** *This is a joint and concurrent meeting of the five independent Retirement Boards for the pension plans for the employees and retirees of the Sacramento Regional Transit District. This single, combined agenda designates which items will be subject to action by which board(s). Members of each board may be present for the other boards' discussions and actions, except during individual closed sessions.*

**ROLL CALL**

ATU Retirement Board: Directors: Li, Kennedy, McGee Lee, Scott  
Alternates: Valenton, Smith

IBEW Retirement Board: Directors: Li, Kennedy, Bibbs, Pickering  
Alternates: Valenton, D. Thompson

AEA Retirement Board: Directors: Li, Kennedy, Devorak, McGoldrick  
Alternates: Valenton, Santhanakrishnan

AFSCME Retirement Board: Directors: Li, Kennedy, Guimond, L. Thompson  
Alternates: Valenton, Elder

MCEG Retirement Board: Directors: Li, Kennedy, Bobek, Hinz  
Alternates: Valenton, Flores

**PUBLIC ADDRESSES BOARD ON MATTERS ON CONSENT AND MATTERS NOT ON THE AGENDA**  
At this time the public may address the Retirement Board(s) on subject matters pertaining to Retirement Board business listed on the Consent Calendar, any Closed Sessions or items not listed on the agenda. Remarks may be limited to 3 minutes subject to the discretion of the Common Chair. Members of the public wishing to address one or more of the Boards may submit a "Public Comment Speaker Card" to the Assistant Secretary. While the Retirement Boards encourage your comments, State law prevents the Boards from discussing items that are not set forth on this meeting agenda. The Boards and staff take your comments very seriously and, if appropriate, will follow up on them.

**CONSENT CALENDAR**

		<u>ATU</u>	<u>IBEW</u>	<u>AEA</u>	<u>AFSCME</u>	<u>MCEG</u>
1. Motion:	Approving the Minutes for the March 13, 2024 Quarterly Retirement Board Meeting (ATU). (Gobel)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Motion:	Approving the Minutes for the March 13, 2024 Quarterly Retirement Board Meeting (IBEW). (Gobel)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Motion:	Approving the Minutes for the March 13, 2024 Quarterly Retirement Board Meeting (AEA). (Gobel)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## AGENDA FOR 6/12/2024 MEETING OF THE RETIREMENT BOARDS FOR THE EMPLOYEES AND RETIREES OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT

- |                 |   |                                     |                                     |                                     |                                     |                                     |
|-----------------|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 4. Motion:      | Approving the Minutes for the March 13, 2024 Quarterly Retirement Board Meeting (AFSCME). (Gobel)                                       | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| 5. Motion:      | Approving the Minutes for the March 13, 2024 Quarterly Retirement Board Meeting (MCEG). (Gobel)   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 6. Motion:      | Receive and File Administrative Reports for the Quarter Ended March 31, 2024 for the ATU Pension Plan (ATU). (Johnson)                  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 7. Motion:      | Receive and File Administrative Reports for the Quarter Ended March 31, 2024 for the IBEW Pension Plan (IBEW). (Johnson)                | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| 8. Motion:      | Receive and File Administrative Reports for the Quarter Ended March 31, 2024 for the Salaried Pension Plan (AEA/AFSCME/MCEG). (Johnson) | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 9. Information: | Update on Roles and Responsibilities Related to Pension Administration (ALL). (Gobel)   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

### **NEW BUSINESS**

- |                  |   | <u>ATU</u>                          | <u>IBEW</u>                         | <u>AEA</u>                          | <u>AFSCME</u>                       | <u>MCEG</u>                         |
|------------------|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 10. Information: | Investment Performance Review of the Real Estate Asset Class by Morgan Stanley for the ATU, IBEW and Salaried Employee Retirement Funds for the Quarter Ended March 31, 2024 (ALL). (Johnson) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 11. Motion:      | Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2024 (ALL). (Johnson)                                | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 12. Motion:      | Receive and File Asset/Liability Study and Amend Statement of Investment Objectives and Policy Guidelines (ALL). (Johnson)  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

### **REPORTS, IDEAS AND COMMUNICATIONS**

- |                  |  | <u>ATU</u>                          | <u>IBEW</u>                         | <u>AEA</u>                          | <u>AFSCME</u>                       | <u>MCEG</u>                         |
|------------------|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 13. Information: | Conference Report Out - CALAPRS Training (ALL). (Gobel)                              | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 14. Information: | Senior Manager, Pension & Retirement Services Quarterly Verbal Update (ALL). (Gobel) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

### **ADJOURN**

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#### NOTICE TO THE PUBLIC

It is the policy of the Boards of Directors of the Sacramento Regional Transit District Retirement Plans to encourage participation in the meetings of the Boards of Directors. At each open meeting, members of the public shall be provided with an opportunity to directly address the Board on items of interest to the public that are within the subject matter jurisdiction of the Boards.

This agenda may be amended up to 72 hours prior to the meeting. An agenda, in final form, is posted to SacRT's website at [www.sacrt.com](http://www.sacrt.com) and at the front of the Sacramento Regional Transit District's administration building on 1400 29<sup>th</sup> Street. Persons requiring accessible formats of the agenda or assisted listening devices/sign language interpreters should contact the Retirement Services Administrator at (916) 556-0296 (voice) or (916) 483-4327 (TDD) at least 72 business hours in advance of the Board meeting.

Any staff reports or other documentation submitted for items on the agenda are available online at [www.sacrt.com](http://www.sacrt.com), on file with the Retirement Services Administrator and the Clerk to the Board of Directors of the Sacramento Regional Transit District, and available for public inspection at 1400 29<sup>th</sup> Street, Sacramento, CA. Persons with questions regarding those materials should contact the Retirement Services Administrator (916) 556-0296.

**Sacramento Regional Transit District  
Quarterly Retirement Board Meeting (IBEW)  
Wednesday, March 13, 2024  
Meeting Minutes**

This meeting was held as a common meeting of the Sacramento Regional Transit District Retirement Boards (AEA, AFSCME, ATU, IBEW, MCEG).

The Retirement Board was brought to order at 1:00 p.m. A quorum was present and comprised as follows: Director Kennedy, Alternate Valenton, Director Bibbs, and Director Pickering. Alternate David Thompson also attended the meeting but could not and did not vote on any items before the Retirement Board. Director Li was absent.

Director Kennedy presided over this meeting as Common Chair of the Retirement Boards.

**PUBLIC COMMENT**

John Gobel, Senior Manager of Pension and Retirement Services asked if there were any comments from the public regarding items on the consent calendar or matters not on the agenda. There were none.

**CONSENT CALENDAR**

- 2. Motion: Approving the Minutes for the February 21, 2024 Special Retirement Board Meeting (IBEW). (Gobel)
- 7. Motion: Receive and File Administrative Reports for the Quarter Ended December 31, 2023, for the IBEW Pension Plan (IBEW). Johnson
- 10. Motion: Receive and File the Fiscal Year 2023 State Controller's Report for the IBEW Pension Plan (IBEW). (Johnson)
- 12. Motion: Receive and File the Financial Statements with Independent Auditor's Report for the Twelve-Month Period Ended June 30, 2023 (ALL). (Johnson)
- 13. Information: Update on Roles and Responsibilities Related to Pension Administration (ALL). (Gobel)
- 14. Motion: Authorize Execution of Amendment to Extend Term of the Contract with Cheiron Inc. for Actuarial Services for the Retirement Boards (ALL). (Gobel)

Director Kennedy moved to adopt Agenda Items 2, 7, 10, 12, 13, and 14. The motion was seconded by Alternate Valenton. Agenda Items 2, 7, 10, 12, 13, and 14 were carried unanimously by roll call vote: Ayes – Bibbs, Pickering, Kennedy, and Valenton; Noes – None.

## March 13, 2024 Meeting Minutes – Continued

### NEW BUSINESS

15. Information: Investment Performance Review by Boston Partners for the ATU, IBEW and Salaried Retirement Funds for the Domestic Large Cap Equity Class for the Quarter Ended December 31, 2023 (ALL). (Johnson)

Jason Johnson, Vice President, Finance/CFO, authored the staff report on Boston Partners, one of the Retirement Plans' Domestic Large Cap Equity managers, and Mr. Gobel introduced relationship managers Tim Strakosch and Bill Supple, as well as portfolio manager John Forelli. As indicated in written materials distributed to the Retirement Boards, the firm manages approximately \$63.5 million for the Retirement Plans and benchmarks that portfolio to the Russell 1000 Value Index. For the measurement period ended December 31, 2023, Boston Partners reported the following annualized returns: 1-Year of 12.66%, 3-Year of 12.46%, 5-Year of 12.31%, and 10-Year of 9.01%. Those returns were all net of fees.

During the discussion of the longstanding relationship with the Retirement Plans, Mr. Strakosch noted that Boston Partners was founded in 1995 and indicated that returns for the Large Cap Value strategy had exceeded the benchmark for all reporting periods of one year or more. Mr. Supple explained that the portfolio had produced a total return of nearly \$80 million for the Retirement Plans on an initial investment of \$25 million (in 2005).

During the discussion of the portfolio, Mr. Forelli described the key criteria for stock selection by Boston Partners: attractive valuations, strong fundamentals, and improving business momentum. Mr. Forelli explained that the portfolio was fairly concentrated (with 26% of assets allocated to the top 10 holdings and the portfolio invested in a total of 88 companies) with a normal holding period of two to three years for selected stocks. Mr. Forelli also explained that, relative to the benchmark, the portfolio was overweight to communication services, energy, financials, and industrials.

In response to a question from Uvan Tseng of Callan regarding portfolio manager David Pyle, Mr. Forelli confirmed that Mr. Pyle will be retiring from his work with the Large Cap Value strategy in September 2024, but continue to work on special projects and mentor investment professionals at Boston Partners. In response to a comment from ATU Director McGee Lee regarding his experience with organized labor, Mr. Supple indicated that he had worked his way through college as a member of the local meat cutter's union in Boston and as a member of the ushers union at Fenway Park.

16. Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended December 31, 2023 (ALL). (Johnson)

## March 13, 2024 Meeting Minutes – Continued

Mr. Gobel introduced the Retirement Boards' investment consultants, Anne Heaphy and Uvan Tseng from Callan, who provided a market update for the Retirement Boards and reviewed total fund performance for the Retirement Plans.

During the capital market update, Mr. Tseng referenced his preliminary discussion of the quarter ended December 31, 2023 during the January meeting of the Retirement Boards and indicated that performance data had since been finalized. In contrast to the negative returns experienced during the quarter ended September 30<sup>th</sup>, Mr. Tseng referenced the risk-on rally that began in October (after the Fed declined to raise interest rates) and continued to gather steam through year-end (in anticipation of future rate cuts). While discussing potential interest rate changes in 2024, however, Mr. Tseng also referenced the strong GDP data for the quarter and the persistently low unemployment rate.

During the performance review, Mr. Tseng noted that returns for the quarter ended December 31, 2023 were positive for most indices (the NCREIF Property Index and the Bloomberg Commodity Index being the exceptions) and explained that positive returns during the fourth quarter had allowed fixed income managers to avoid a third consecutive year of negative returns. Mr. Tseng also reported that the Retirement Plans held approximately \$392 million in assets as of December 31<sup>st</sup> – which was a high-water mark -- and achieved total returns of 8.16% for the quarter and 12.70% for the calendar year.

In concluding his comments on performance, Mr. Tseng reminded the Retirement Boards that TCW/MetWest had been placed on the watch list for qualitative reasons and indicated that Boston Partners was being placed on the watch list for a qualitative reason as well – the pending retirement of portfolio manager David Pyle. Mr. Tseng also reminded the Retirement Boards of the value tilt among the Plans' investment managers, which explained why the total fund return trailed the policy target during the latest quarter.

Director Kennedy moved to approve Agenda Item 16. The motion was seconded by Alternate Valenton. The motion carried unanimously by roll call vote: Ayes – Bibbs, Pickering, Kennedy, and Valenton; Noes – None.

- 17. Motion: Accept Actuarial Valuation and Approve Actuarially Determined Contribution Rates for Fiscal Year 2024-25. (ATU) (Gobel)
- 18. Motion: Accept Actuarial Valuation and Approve Actuarially Determined Contribution Rates for Fiscal Year 2024-25. (IBEW) (Gobel)
- 19. Motion: Accept Actuarial Valuation and Approve Actuarially Determined Contribution Rates for Fiscal Year 2024-25. (AEA/AFSCME/MCEG) (Gobel)

Mr. Gobel introduced the Retirement Plans' consulting actuaries, Graham Schmidt and Anne Harper of Cheiron, and reminded the Retirement Boards that Mr. Schmidt had shared preliminary results of the actuarial valuation reports (AVRs) at the Retirement Boards' special meeting on February 21, 2024. As with last year's presentation,

## March 13, 2024 Meeting Minutes – Continued

Mr. Gobel indicated that Cheiron would address the July 1, 2023 AVRs for the three Retirement Plans (the ATU Plan, the IBEW Plan, and the Salaried Plan) as part of a single discussion. Thereafter, Mr. Gobel explained that all five Retirement Boards would be asked to adopt the AVR and accept the recommended contribution rates for their particular membership group.

Mr. Schmidt began the discussion by explaining that the final results of the AVRs had not changed from the preliminary results presented last month, and Cheiron's presentation would highlight some areas of the AVRs not reviewed during the prior meeting. Thereafter, Ms. Harper walked the Retirement Boards through the AVR for the ATU Plan.

For the ATU Plan, Ms. Harper reviewed the following information presented in the report: the active participant count increased by 2%, covered payroll increased by 12%, and the blended employer contribution rate (which is expressed as a percentage of eligible payroll) decreased by 1% to 25.86%, mainly due to the increase in payroll. Finally, Ms. Harper reported that discrete contribution rates (employer and, if applicable, employee) for the ATU Plan's noncontributing Legacy members, contributing Legacy members, and PEPRA members were detailed in Table V-3 of the AVR.

- In response to a question from ATU Director Scott about the stochastic projection of the employer actuarial cost through the July 1, 2032 valuation date, Ms. Harper likened the amortization of different layers of UAL to a fixed year mortgage: when a significant component or layer of UAL is paid off according to schedule, there is a corresponding decrease in the employer actuarial cost.
- In response to a question from ATU Director Scott as to whether Cheiron audits the employee census data provided by SacRT, Mr. Schmidt responded that Cheiron does not audit SacRT's source records but does perform a comparative review against data reported for preceding years and resolves any discrepancies with Retirement Services staff. Mr. Gobel confirmed that census information for employees who are eligible to participate in the Plan is provided by SacRT to Cheiron for the AVR report. Mr. Gobel also noted that SacRT's external auditors request source records for a sampling of employees to determine if persons are properly covered by and enrolled in one of the Retirement Plans sponsored by SacRT.

For the IBEW Plan, Mr. Schmidt reviewed the following information presented in the report: the stochastic projection of the employer actuarial cost for the July 1, 2032 valuation date was similar as reported for the ATU Plan; the active participant count increased 4.4% and covered payroll increased over 10%, which, together, resulted in a reduced blended employer contribution rate of 29.67%. Finally, Mr. Schmidt reported that discrete contribution rates (employer and, if applicable, employee) for the IBEW Plan's Legacy members and PEPRA members were detailed in Table V-3 of the AVR, and that the PEPRA member contribution rate had not changed from last year.

For the Salaried Plan, Mr. Schmidt reviewed the following information presented in the report: the active participant count increased by 3.5% and covered payroll increased

## **March 13, 2024 Meeting Minutes – Continued**

about 5%, resulting in a blended employer contribution rate of 37.21%, which was a decrease of approximately 0.1% from the previous year's rate. Mr. Schmidt also reported that discrete contribution rates (employer and, if applicable, employee) for the Salaried Plan's Legacy members and PEPRA members were detailed in Table V-3 of the AVR, and that the PEPRA member contribution rate had not changed from last year.

Director Kennedy moved to approve Agenda Item 18. The motion was seconded by Alternate Valenton. The motion carried unanimously by roll call vote: Ayes – Bibbs, Pickering, Kennedy, and Valenton; Noes – None.

### **REPORTS, IDEAS AND COMMUNICATION**

20. Information: Senior Manager, Pension & Retirement Services Quarterly Verbal Update (ALL). (Gobel)

Mr. Gobel referenced the banking error discussed with the Retirement Boards at the last meeting, which had led to a temporary reversal of direct deposits in February 2024. In line with the commitment made during his last verbal update, Mr. Gobel indicated that staff had prepared and mailed letters and enclosures for 1,050 individual retirees, all of which were postmarked by February 23<sup>rd</sup>.

Mr. Gobel noted that Retirement Board members had received Form 700 on February 29<sup>th</sup> and encouraged Board members to return their completed forms on or before Friday, March 29<sup>th</sup> – despite the official deadline of April 1<sup>st</sup>. Mr. Gobel also noted that Shayna van Hoften, of Hanson Bridgett, LLP, Legal Counsel for the Retirement Boards, is available to assist any Board member who has questions regarding completion of Form 700.

Mr. Gobel reminded the Retirement Boards that the fiduciary liability insurance policy for the Retirement Plans would be renewing in May. As in prior years, Mr. Gobel also explained that Retirement Board members would receive information regarding the opportunity to make payment for the \$25 waiver of recourse premium.

### **ADJOURN**

With no further business to discuss and no public comment on matters not on the agenda, the Retirement Board meeting was adjourned at 2:28 p.m.

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Constance Bibbs, Board Chair

ATTEST:

Henry Li, Secretary

**March 13, 2024 Meeting Minutes – Continued**

By: \_\_\_\_\_  
John Gobel, Assistant Secretary





# RETIREMENT BOARD STAFF REPORT

**DATE:** June 12, 2024 Agenda Item: 7  
**TO:** Sacramento Regional Transit Retirement Board – IBEW  
**FROM:** Jason Johnson, VP, Finance/CFO  
**SUBJ:** RECEIVE AND FILE ADMINISTRATIVE REPORTS FOR THE QUARTER ENDED MARCH 31, 2024 FOR THE IBEW PENSION PLAN (IBEW). (JOHNSON)

## **RECOMMENDATION**

Motion to Approve

## **RESULT OF RECOMMENDED ACTION**

Motion: Receive and File Administrative Reports for the Quarter Ended March 31, 2024 for the IBEW Pension Plan (IBEW). (Johnson)

## **FISCAL IMPACT**

None.

## **DISCUSSION**

Table 1 below shows the employer and employee contribution rates for the Sacramento Regional Transit District IBEW Retirement Plan, by tier, as of the date indicated.

Table 1

**Employer Contribution Rates  
As of March 31, 2024**

	<b>IBEW</b>
	Contribution Rate
Classic	35.62%
PEPRA*	27.34%

\*PEPRA employee rates: 7.00%

## Unaudited Financial Statements

Attached hereto are unaudited financial statements for the quarter and the year-to-date ended March 31, 2024. The financial statements are presented on an accrual basis and consist of a Statement of Fiduciary Net Position (balance sheet) (Attachment 1), a Statement of Changes in Fiduciary Net Position (income statement) for the quarter ended March 31, 2024 (Attachment 2), and a year-to-date Statement of Changes in Fiduciary Net Position (Attachment 3).

The Statement of Fiduciary Net Position includes a summary of fund assets showing the amounts in the following categories: investments, prepaid assets, and other receivables. This statement also provides amounts due from/to the District and Total Fund Equity (net position).

The Statement of Changes in Fiduciary Net Position includes activities in the following categories: investment gains/losses, dividends, interest income, unrealized gains/losses, benefit contributions/payouts, and investment management and administrative expenses.

## Asset Rebalancing

Pursuant to Section IV, Asset Rebalancing Policy of the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (Statement of Investment Objectives and Policy Guidelines), the Retirement Boards have delegated authority to manage pension plan assets in accordance with the approved rebalancing policy to the District's VP, Finance/CFO or designee. The VP, Finance/CFO is required to report asset rebalancing activity to the Boards at their quarterly meetings.

Rebalancing can occur for one or more of the following reasons:

1. The Pension Plan ended the month with an accounts receivable or payable balance due to the District. A payable or receivable is the net amount of the monthly required contribution (required contribution is the percentage of covered payroll determined by the annual actuarial valuation) less the Plan's actual expenses.
2. The Pension Plan hires or removes a Fund Manager, in which case securities must be moved to a new fund manager.
3. The Pension Plan investment mix is under or over the minimum or maximum asset allocation as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 4 is the IBEW Plan's Schedule of Cash Activities for the three months ended March 31, 2024. The schedule of cash activities includes a summary of Plan activities showing the amounts in the following categories: District's pension contributions to the Plan, payments to retirees, and the Pension Plan's cash expenditures paid. This schedule also lists the rebalancing activity that occurred for the three months ended March 31, 2024. The District reimbursed \$53,714.54 to the IBEW Plan as the result of the net cash activity between the pension plan expenses and the required pension contributions.

Attached hereto as Attachment 5 is the IBEW Plan's Asset Allocation as of March 31, 2024. This statement shows the IBEW Plan's asset allocation as compared to targeted allocation percentages as defined in the Statement of Investment Objectives and Policy Guidelines.

Attached hereto as Attachment 6 is a reconciliation between the Callan Performance Report and the ATU, IBEW and Salaried Pension Plans' unaudited financial statements. The reports differ in that the unaudited financial statements reflect both investment activities and the pension fund's inflows and outflows. Callan's report only reflects the investment activities. The "Net Difference" amounts shown are the results of Callan and Northern Trust Company using different valuations for the same securities and/or litigation settlements received by the Plans.

Included also as Attachment 7 is a reconciliation between the Callan Performance Report and the Schedule of Cash Activities for payments made from/to the District. Callan's report classifies gains from trades and litigation income as "net new investments." Finance staff classifies gains from trades and litigation income in the Pension Plan's unaudited Statement of Changes in Fiduciary Net Position (Attachment 2) as "Other Income," which is combined in the category of "Interest, Dividend, & Other Inc".

Attached hereto as Attachment 8 is a schedule reflecting Fund Managers' quarterly investment returns and their investment fees. Additionally, the schedule reflects annual rates of return on investment net of investment fees for the one-year and three-year periods ended March 31, 2024 as compared to their benchmarks.

## Sacramento Regional Transit District Retirement Plan - IBEW Statement of Fiduciary Net Position

Accrual Basis

As of March 31, 2024

	Mar 31, 24
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
100000 · Long-Term Investments	82,281,482.32
<b>Total Checking/Savings</b>	82,281,482.32
<b>Accounts Receivable</b>	
1110104 · Other Rec - Due from RT	3,079.47
1110108 · Distributions Receivable	29,514.70
<b>Total Accounts Receivable</b>	32,594.17
<b>Other Current Assets</b>	
1110120 · Prepays	1,306.74
<b>Total Other Current Assets</b>	1,306.74
<b>Total Current Assets</b>	82,315,383.23
<b>TOTAL ASSETS</b>	<b>82,315,383.23</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
3110102 · Administrative Expense Payable	24,592.98
3110122 · TCW	13,077.64
3110124 · Boston Partners	17,046.71
3110125 · Callan	2,222.43
3110128 · Atlanta Capital	13,638.78
3110129 · SSgA - S&P Index	691.79
3110130 · SSgA - EAFE	390.05
3110132 · Pyrford	12,655.98
3110133 · Northern Trust	4,812.48
3110134 · Clarion	9,168.71
<b>Total Accounts Payable</b>	98,297.55
<b>Total Current Liabilities</b>	98,297.55
<b>Total Liabilities</b>	98,297.55
<b>Equity</b>	
3340100 · Retained Earning	45,066,750.96
3340101 · Retained Earnings	29,393,318.88
Net Income	7,757,015.84
<b>Total Equity</b>	82,217,085.68
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>82,315,383.23</b>

## Sacramento Regional Transit District Retirement Plan - IBEW Statement of Changes in Fiduciary Net Position

Accrual Basis

January through March 2024

	<u>Jan - Mar 24</u>	<u>% of Income</u>
<b>Income</b>		
RT Required Contribution		
6630101 · Employer Contributions	1,391,914.51	27.1%
6630110 · Employee Contributions	177,162.36	3.5%
<b>Total RT Required Contribution</b>	<b>1,569,076.87</b>	<b>30.6%</b>
<b>Total Investment Earnings</b>		
Interest, Dividend, & Other Inc		
6830101 · Dividend	105,612.31	2.1%
6830102 · Interest	191,888.50	3.7%
6830103 · Other Income	2,760.27	0.1%
6830104 · Dividend - Distributions	29,514.70	0.6%
<b>Total Interest, Dividend, &amp; Other Inc</b>	<b>329,775.78</b>	<b>6.4%</b>
Investment Income		
6530900 · Gains/(Losses) - All	281,841.43	5.5%
6530915 · Increase(Decrease) in FV	2,951,851.69	57.5%
<b>Total Investment Income</b>	<b>3,233,693.12</b>	<b>63.0%</b>
<b>Total Total Investment Earnings</b>	<b>3,563,468.90</b>	<b>69.4%</b>
<b>Total Income</b>	<b>5,132,545.77</b>	<b>100.0%</b>
<b>Cost of Goods Sold</b>		
8531201 · IBEW - Retirement Benefits Paid	1,426,195.78	27.8%
8531203 · EE Contribution Refunds	0.00	0.0%
8532004 · Invest Exp - TCW	13,077.64	0.3%
8532013 · Invest Exp - Boston Partners	17,046.71	0.3%
8532020 · Invest Exp - Callan	6,668.49	0.1%
8532024 · Invest Exp - Atlanta Capital	13,638.78	0.3%
8532025 · Invest Exp - S&P Index - SSgA	691.79	0.0%
8532026 · Invest Exp - EAFE - SSgA	390.05	0.0%
8532027 · Invest Exp - AQR	9,332.47	0.2%
8532028 · Invest Exp - Pyrford	12,655.98	0.2%
8532029 · Invest Exp - Northern Trust	4,812.48	0.1%
8532030 · Invest Exp - Clarion	9,168.71	0.2%
8532031 · Invest Exp - Morgan Stanley	9,615.70	0.2%
<b>Total COGS</b>	<b>1,523,294.58</b>	<b>29.7%</b>
<b>Gross Profit</b>	<b>3,609,251.19</b>	<b>70.3%</b>
<b>Expense</b>		
8533002 · Admin Exp - Actuary	8,184.98	0.2%
8533007 · Admin Exp - CALPRS Dues/Courses	166.67	0.0%
8533008 · Admin Exp - Accounting Software	700.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	3,620.07	0.1%
8533021 · Admin Exp - Legal Services	16,800.00	0.3%
8533029 · Admin Exp - Administrator	23,179.28	0.5%
8533030 · Admin Exp - Audit	9,019.66	0.2%
8533050 · Miscellaneous	38.81	0.0%
<b>Total Expense</b>	<b>61,709.47</b>	<b>1.2%</b>
<b>Net Income</b>	<b>3,547,541.72</b>	<b>69.1%</b>

## Sacramento Regional Transit District Retirement Plan - IBEW Statement of Changes in Fiduciary Net Position

Accrual Basis

July 2023 through March 2024

	<u>Jul '23 - Mar 24</u>	<u>% of Income</u>
<b>Income</b>		
RT Required Contribution		
6630101 · Employer Contributions	3,997,529.62	32.1%
6630110 · Employee Contributions	515,156.51	4.1%
<b>Total RT Required Contribution</b>	<b>4,512,686.13</b>	<b>36.3%</b>
<b>Total Investment Earnings</b>		
Interest, Dividend, & Other Inc		
6830101 · Dividend	411,287.43	3.3%
6830102 · Interest	540,692.33	4.3%
6830103 · Other Income	2,760.27	0.0%
6830104 · Dividend - Distributions	91,655.05	0.7%
<b>Total Interest, Dividend, &amp; Other Inc</b>	<b>1,046,395.08</b>	<b>8.4%</b>
Investment Income		
6530900 · Gains/(Losses) - All	733,225.03	5.9%
6530915 · Increase(Decrease) in FV	6,155,137.26	49.4%
<b>Total Investment Income</b>	<b>6,888,362.29</b>	<b>55.3%</b>
<b>Total Total Investment Earnings</b>	<b>7,934,757.37</b>	<b>63.7%</b>
<b>Total Income</b>	<b>12,447,443.50</b>	<b>100.0%</b>
<b>Cost of Goods Sold</b>		
8531201 · IBEW - Retirement Benefits Paid	4,236,238.69	34.0%
8531203 · EE Contribution Refunds	269.47	0.0%
8532004 · Invest Exp - TCW	37,414.07	0.3%
8532013 · Invest Exp - Boston Partners	49,384.85	0.4%
8532020 · Invest Exp - Callan	20,802.03	0.2%
8532024 · Invest Exp - Atlanta Capital	39,599.69	0.3%
8532025 · Invest Exp - S&P Index - SSgA	1,939.52	0.0%
8532026 · Invest Exp - EAFE - SSgA	1,101.99	0.0%
8532027 · Invest Exp - AQR	26,456.56	0.2%
8532028 · Invest Exp - Pyrford	36,638.40	0.3%
8532029 · Invest Exp - Northern Trust	14,435.69	0.1%
8532030 · Invest Exp - Clarion	28,393.06	0.2%
8532031 · Invest Exp - Morgan Stanley	29,172.03	0.2%
<b>Total COGS</b>	<b>4,521,846.05</b>	<b>36.3%</b>
<b>Gross Profit</b>	<b>7,925,597.45</b>	<b>63.7%</b>
<b>Expense</b>		
8533002 · Admin Exp - Actuary	23,939.53	0.2%
8533007 · Admin Exp - CALPRS Dues/Courses	4,463.73	0.0%
8533008 · Admin Exp - Accounting Software	700.00	0.0%
8533014 · Admin Exp - Fiduciary Insurance	10,860.21	0.1%
8533021 · Admin Exp - Legal Services	48,799.98	0.4%
8533025 · Admin Exp - Information Service	321.49	0.0%
8533029 · Admin Exp - Administrator	70,390.86	0.6%
8533030 · Admin Exp - Audit	9,019.66	0.1%
8533050 · Miscellaneous	86.15	0.0%
<b>Total Expense</b>	<b>168,581.61</b>	<b>1.4%</b>
<b>Net Income</b>	<b>7,757,015.84</b>	<b>62.3%</b>

**Sacramento Regional Transit District**  
**Retirement Fund - IBEW**  
**Schedule of Cash Activities**  
**For the Three Months Period Ended March 31, 2024**

	January 2024	February 2024	March 2024	Quarter Totals
Beginning Balance:				
Due (from)/to District - December 31, 2023	(27,297.52)	(82,429.96)	28,715.44	(27,297.52)
Monthly Activity:				
<u>Deposits</u>				
District Pension Contributions @ 27.34% - 35.62%	528,215.21	420,921.33	442,777.97	1,391,914.51
Employee Pension Contributions	65,510.16	55,095.42	56,556.78	177,162.36
Total Deposits	<u>593,725.37</u>	<u>476,016.75</u>	<u>499,334.75</u>	<u>1,569,076.87</u>
<u>Expenses</u>				
Payout to Retirees	(467,338.00)	(482,862.64)	(475,995.14)	(1,426,195.78)
Payout to Retirees Subtotal	<u>(467,338.00)</u>	<u>(482,862.64)</u>	<u>(475,995.14)</u>	<u>(1,426,195.78)</u>
Fund Investment Management Expenses:				
Atlanta Capital	(13,320.99)	-	-	(13,320.99)
Boston Partners	(16,198.83)	-	-	(16,198.83)
SSgA S&P 500 Index	-	-	(621.47)	(621.47)
SSgA EAFE MSCI	-	-	(356.10)	(356.10)
TCW	(13,172.72)	-	-	(13,172.72)
Pyrford	(11,948.90)	-	-	(11,948.90)
Northern Trust	-	(4,812.35)	-	(4,812.35)
Callan	(2,356.05)	(2,222.92)	(2,223.14)	(6,802.11)
Fund Invest. Mgmt Exp. Subtotal	<u>(56,997.49)</u>	<u>(7,035.27)</u>	<u>(3,200.71)</u>	<u>(67,233.47)</u>
Administrative Expenses				
Legal Services	(5,333.33)	(5,333.33)	(5,600.00)	(16,266.66)
Pension Administration	(8,631.05)	(6,910.31)	(7,637.92)	(23,179.28)
Actuarial Services	(2,186.66)	(2,561.66)	(3,811.66)	(8,559.98)
CALAPRS Dues	(166.67)	-	-	(166.67)
Accounting Software	(700.00)	-	-	(700.00)
Miscellaneous	2,760.27	(28.97)	(9.84)	2,721.46
Administrative Exp. Subtotal	<u>(14,257.44)</u>	<u>(14,834.27)</u>	<u>(17,059.42)</u>	<u>(46,151.13)</u>
Total Expenses	<u>(538,592.93)</u>	<u>(504,732.18)</u>	<u>(496,255.27)</u>	<u>(1,539,580.38)</u>
Monthly Net Owed from/(to) District	55,132.44	(28,715.43)	3,079.48	29,496.49
Payment from/(to) the District	<u>-</u>	<u>82,429.97</u>	<u>(28,715.43)</u>	<u>53,714.54</u>
Ending Balance:				
Due (from)/to the District (=Beginning balance + monthly balance-payment to District)	<u>(82,429.96)</u>	<u>28,715.44</u>	<u>(3,079.47)</u>	<u>(3,079.47)</u>

**RT Combined Pension Plans - ATU, IBEW and Salaried  
Asset Allocation \*  
As of March 31, 2024**

Asset Class	Net Asset Market Value 3/31/2024	Actual Asset Allocation	Target Asset Allocation	% Variance	\$ Variance	Target Market Value
<b>FUND MANAGERS:</b>						
<b>Domestic Equity:</b>						
Large Cap Value - Boston Partners - Z8	\$ 71,484,935	17.42%	16.00%	1.42%	\$ 5,830,469	
Large Cap Growth - SSgA S&P 500 Index - XH	71,607,195	17.45%	16.00%	1.45%	5,952,730	
<b>Total Large Cap Domestic Equity</b>	<b>143,092,130</b>	<b>34.87%</b>	<b>32.00%</b>	<b>2.87%</b>	<b>11,783,199</b>	<b>\$ 131,308,931</b>
<b>Small Cap - Atlanta Capital - XB</b>	<b>34,014,427</b>	<b>8.29%</b>	<b>8.00%</b>	<b>0.29%</b>	<b>1,187,194</b>	<b>32,827,233</b>
<b>International Equity:</b>						
Large Cap Growth:						
Pyrford - ZD	38,560,680	9.40%	9.50%	(0.10)%	(421,659)	
Large Cap Core:						
SSgA MSCI EAFE - XG	20,013,298	4.88%				
Total Core	20,013,298	4.88%	4.50%	0.38%	1,547,980	
Small Cap:						
AQR - ZB	23,271,306	5.67%	5.00%	0.67%	2,754,285	
Emerging Markets						
DFA - ZA	24,218,933	5.90%	6.00%	(0.10)%	(401,492)	
<b>Total International Equity</b>	<b>106,064,216</b>	<b>25.85%</b>	<b>25.00%</b>	<b>0.85%</b>	<b>3,479,114</b>	<b>102,585,102</b>
<b>Fixed Income:*</b>						
<b>TCW- XD</b>	<b>94,863,452</b>	<b>23.12%</b>	<b>25.00%</b>	<b>(1.88)%</b>	<b>(7,721,650)</b>	<b>102,585,102</b>
<b>Real Estate:*</b>						
Clarion - Lion	15,616,216	3.81%	5.00%	(1.19)%	(4,900,804)	
Morgan Stanley	16,689,968	4.07%	5.00%	(0.93)%	(3,827,053)	
<b>Total Real Estate</b>	<b>32,306,184</b>	<b>7.87%</b>	<b>10.00%</b>	<b>(2.13)%</b>	<b>(8,727,857)</b>	<b>41,034,041</b>
<b>Total Combined Net Asset</b>	<b>\$ 410,340,409</b>	<b>100.00%</b>	<b>100.00%</b>	<b>(0.00)%</b>	<b>\$ -</b>	<b>\$ 410,340,409</b>

Asset Allocation Policy Ranges*:	Minimum	Target	Maximum
<b>Domestic Equity</b>	<b>35%</b>	<b>40%</b>	<b>45%</b>
Large Cap	28%	32%	36%
Small Cap	5%	8%	11%
<b>International Equity</b>	<b>20%</b>	<b>25%</b>	<b>30%</b>
Large Cap Developed Markets	10%	14%	18%
Small Cap Developed Markets	3%	5%	7%
Emerging Markets	4%	6%	8%
<b>Domestic Fixed Income</b>	<b>20.0%</b>	<b>25.0%</b>	<b>30.0%</b>
<b>Real Estate</b>	<b>6.0%</b>	<b>10.0%</b>	<b>14.0%</b>

\* Per the Statement of Investment Objectives and Policy Guidelines as of 6/21/2023.



**Reconciliation between Callan Report  
and  
Consolidated Pension Fund Balance Sheet  
As of March 31, 2024**

<b>Per Both Pension Fund Balance Sheets:</b>	
ATU Allocated Custodial Assets	181,991,027
ATU Accrued Clarion Distributions Receivable	68,129 **
IBEW Allocated Custodial Assets	82,281,482
IBEW Accrued Clarion Distributions Receivable	29,515 **
Salaried Allocated Custodial Assets	146,067,900
Salaried Accrued Clarion Distributions Receivable	45,320 **
	<u>410,483,372</u>
<b>Total Consolidated Net Asset</b>	<u>410,483,372</u>
<b>Per Callan Report:</b>	
Total Investments	<u>410,483,416</u>
<b>Net Difference</b>	<u>(44) *</u>

\* The "Net Difference" amounts shown are the results of Callan and Northern Trust using different valuations for the same securities.

\*\*Callan includes Clarion distributions receivable in total investments and Northern Trust recognizes the balance the following quarter when cash is received.

**Reconciliation between Callan Report  
and  
Consolidated Pension Fund Investment Income  
For the Quarter Ended March 31, 2024**

<b>Per Both Pension Fund Income Statements:</b>	
ATU - Investment Earnings	7,555,122
ATU - Management Fees	(65,156)
IBEW - Investment Earnings	3,560,709
IBEW - Management Fees	(28,503)
Salaried - Investment Earnings	6,761,175
Salaried - Management Fees	(46,087)
<b>Total Investment Income</b>	<u>17,737,260</u>
<b>Per Callan Report:</b>	
Investment Returns	<u>17,728,615</u>
<b>Net Difference</b>	<u>8,645 ***</u>

\*\*\* The "Net Difference" amounts shown are the results of Callan and Northern Trust using different valuations for the same securities.

**Reconciliation between Callan Report  
and  
Consolidated Schedule of Cash Activities  
For the Quarter Ended March 31, 2024**

	<u>January</u>	<u>February</u>	<u>March</u>	<u>Total</u>
<b>Payments from/(to) the District</b>				
S&P 500 Index - ATU	-	-	(97,149)	(97,149)
S&P 500 Index - IBEW	-	-	(28,715)	(28,715)
S&P 500 Index - Salaried	-	-	45,776	45,776
TCW - ATU	-	(133,031)	-	(133,031)
TCW - IBEW	-	82,430	-	82,430
TCW - Salaried	-	266,112	-	266,112
<b>Total Payments from/(to) the District</b>	<u>-</u>	<u>215,511</u>	<u>(80,089)</u>	<u>135,422</u>
<b>Transfers In/(Out) of Investment Funds</b>				
S&P 500 Index	-	-	(80,089)	(80,089)
TCW	-	215,511	-	215,511
<b>Total Transfers In/(Out) of Investment Funds</b>	<u>-</u>	<u>215,511</u>	<u>(80,089)</u>	<u>135,422</u>
<b>Variance between Payments and Transfers</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Per Callan Report:</b>				
Net New Investment/(Withdrawals)				<u>135,422</u>
<b>Net Difference</b>				<u><u>0</u></u>

**Consolidated Schedule of Cash Activities  
For the 12-Months March 31, 2024**

	<u>2Q23</u>	<u>3Q23</u>	<u>4Q23</u>	<u>1Q24</u>	<u>Total</u>
<b>Payments from/(to) the District</b>					
Boston Partners - ATU	(138,723)	(397,584)	(2,171,665)	-	(2,707,972)
Boston Partners - IBEW	(26,873)	(86,767)	(874,568)	-	(988,208)
Boston Partners - Salaried	74,143	(10,297)	(1,484,612)	-	(1,420,766)
S&P 500 Index - ATU	(39,250)	-	(1,021,455)	(97,149)	(1,157,854)
S&P 500 Index - IBEW	-	-	(422,688)	(28,715)	(451,403)
S&P 500 Index - Salaried	39,250	-	(778,480)	45,776	(693,454)
Atlanta Capital - ATU	(370,247)	-	(807,532)	-	(1,177,779)
Atlanta Capital - IBEW	(163,013)	-	(381,787)	-	(544,800)
Atlanta Capital - Salaried	45,070	-	(810,681)	-	(765,611)
Pyrford - ATU	(24,897)	-	-	-	(24,897)
Pyrford - Salaried	24,897	-	-	-	24,897
EAFE - ATU	(12,037)	-	-	-	(12,037)
EAFE - Salaried	12,037	-	-	-	12,037
AQR - ATU	(13,459)	-	-	-	(13,459)
AQR - Salaried	13,459	-	-	-	13,459
DFA - ATU	(14,625)	-	-	-	(14,625)
DFA - Salaried	14,625	-	-	-	14,625
TCW - ATU	(57,719)	-	3,314,252	(133,031)	3,123,502
TCW - IBEW	-	-	1,578,453	82,430	1,660,883
TCW - Salaried	57,719	-	3,107,295	266,112	3,431,126
Clarion - ATU	(12,332)	-	-	-	(12,332)
Clarion - Salaried	12,332	-	-	-	12,332
Morgan Stanley - ATU	(11,989)	-	-	-	(11,989)
Morgan Stanley - Salaried	11,989	-	-	-	11,989
<b>Total Payments from/(to) the District</b>	<u>(579,644)</u>	<u>(494,648)</u>	<u>(753,467)</u>	<u>135,422</u>	<u>(1,692,336)</u>

**Sacramento Regional Transit District  
ATU, IBEW and Salaried Retirement Plans  
Schedule of Fund Investment Returns and Expenses  
03/31/24**

	1 Year		1 Year			3 Years		3 Years		
	1 Year	%	Net of Fees Returns	Bench-Mark Returns	Favorable/(Unfavor) Basis Pts	3 Years	%	Net of Fees Returns	Bench-Mark Returns	Favorable/(Unfavor) Basis Pts
<b>Boston Partners</b>										
Investment Returns	16,393,336	100.00%				22,294,069	100.00%			
Investment Expense	(325,417)	1.99%				(973,099)	4.36%			
Net Gain/(Loss)	16,067,919	98.01%	28.31%	20.27%	804.00	21,320,970	95.64%	11.50%	8.11%	339.00
<b>S&amp;P 500</b>										
Investment Returns	16,742,138	100.00%				21,705,420	100.00%			
Investment Expense	(12,649)	0.08%				(36,689)	0.17%			
Net Gain/(Loss)	16,729,489	99.92%	29.84%	29.88%	(4.00)	21,668,731	99.83%	11.44%	11.49%	(5.00)
<b>Atlanta Capital</b>										
Investment Returns	4,285,486	100.00%				6,895,467	100.00%			
Investment Expense	(262,674)	6.13%				(770,021)	11.17%			
Net Gain/(Loss)	4,022,812	93.87%	13.48%	19.71%	(623.00)	6,125,446	88.83%	6.63%	(0.10)%	673.00
<b>Pyrford</b>										
Investment Returns	3,225,855	100.00%				5,219,761	100.00%			
Investment Expense	(243,241)	7.54%				(699,397)	13.40%			
Net Gain/(Loss)	2,982,614	92.46%	8.41%	15.32%	(691.00)	4,520,364	86.60%	4.32%	4.78%	(46.00)
<b>EAFE</b>										
Investment Returns	2,714,480	100.00%				2,778,887	100.00%			
Investment Expense	(7,254)	0.27%				(20,791)	0.75%			
Net Gain/(Loss)	2,707,226	99.73%	15.58%	15.32%	26.00	2,758,096	99.25%	5.01%	4.78%	23.00
<b>AQR</b>										
Investment Returns	3,867,418	100.00%				3,416,224	100.00%			
Investment Expense	(172,760)	4.47%				(504,314)	14.76%			
Net Gain/(Loss)	3,694,658	95.53%	19.44%	10.45%	899.00	2,911,910	85.24%	5.23%	(1.36)%	659.00
<b>DFA</b>										
Investment Returns	2,584,718	100.00%				(161,896)	100.00%			
Investment Expense	(87,299)	3.38%				(285,859)	-176.57%			
Net Gain/(Loss)	2,497,419	96.62%	11.95%	8.15%	380.00	(447,755)	276.57%	(0.22)%	(5.05)%	483.00
<b>TCW</b>										
Investment Returns	1,743,441	100.00%				(6,151,804)	100.00%			
Investment Expense	(244,372)	14.02%				(712,961)	-11.59%			
Net Gain/(Loss)	1,499,069	85.98%	1.46%	1.70%	(24.00)	(6,864,765)	111.59%	(2.56)%	(2.46)%	(10.00)
<b>Clarion</b>										
Investment Returns	(2,636,599)	100.00%				631,861	100.00%			
Investment Expense	(187,646)	-7.12%				(574,519)	90.92%			
Net Gain/(Loss)	(2,824,245)	107.12%	(14.57)%	(11.29)%	(328.00)	57,342	190.92%	1.49%	3.37%	(188.00)
<b>Morgan Stanley</b>										
Investment Returns	(1,044,194)	100.00%				N/A	0.00%			
Investment Expense	(189,207)	-18.12%				N/A	0.00%			
Net Gain/(Loss)	(1,233,401)	118.12%	(6.35)%	(11.29)%	494.00	-	-	N/A	N/A	N/A
<b>Total Fund</b>										
Investment Returns	47,876,079	100.00%				55,996,128	100.00%			
Investment Expense	(1,732,519)	3.62%				(4,003,131)	7.15%			
Net Gain/(Loss)	46,143,560	96.38%	12.82%	13.08%	(26.00)	51,992,997	92.85%	4.92%	3.83%	109.00



# RETIREMENT BOARD STAFF REPORT

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**DATE:** June 12, 2024 Agenda Item: 09  
**TO:** Sacramento Regional Transit Retirement Board – ALL  
**FROM:** John Gobel, Senior Manager, Pension and Retirement Services  
**SUBJ:** UPDATE ON ROLES AND RESPONSIBILITIES RELATED TO PENSION ADMINISTRATION - QUARTER ENDED MARCH 31, 2024 (ALL). (Gobel)

## **RECOMMENDATION**

No Recommendation - Information Only

## **RESULT OF RECOMMENDED ACTION**

No recommended action.

## **FISCAL IMPACT**

There is no fiscal impact associated with this action.

## **DISCUSSION**

Every quarter, three reports are distributed to apprise the Retirement Boards of functions performed by Staff and Legal Counsel in support of the pension plans. The reports prepared for the quarter ended March 31, 2024 are attached for review and identified below:

Attachment A – Pension Administration Staff Roles and Responsibilities

Attachment B – RT Staff Costs Attributable and Charged to RT Pension Plans

Attachment C – Summary of Legal Services Provided for the Quarter

For the quarter ended March 31<sup>st</sup> (which considers new pension payments effected between January 10<sup>th</sup> and March 25<sup>th</sup>), staff processed pensions for 14 new retirees and the average waiting period for initial payment was 50 days. That activity represents a significant improvement from the prior quarter -- when staff processed a total of 6 new retirements with an average waiting period of 54 days – which was negatively affected by an unexpected vacancy in a Retirement Services Analyst I position. It is also comparable to the activity reported to the Retirement Boards in June 2023, when staff processed a total of 16 new retirements and the average waiting period was 50 days.

For the current quarter ending June 30<sup>th</sup> (which is still in progress and presently considers new pension payments effected between April 10<sup>th</sup> and May 25<sup>th</sup>), staff has processed pensions for 7 new retirees with an average waiting period of 49 days.

Within the last quarterly update, the Retirement Boards received an update on the recruitment in progress for a new Retirement Services Analyst I. That recruitment concluded with the April 1<sup>st</sup> hiring of Margaret Dugger, who worked for many years with another, larger retirement system in Sacramento. The attached matrix of Staff Roles and Responsibilities will be updated in the coming months as improvements are made with respect to cross-functionality within the Retirement Services team.

## Pension Administration Staff Roles and Responsibilities

### Pension Plan Member Relations:

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Respond to Employee and Retiree Inquiries	Retirement Services Analyst (I & II), Administrative Assistant II	Manager - Pension & Retirement
Conduct Educational Sessions	Manager - Pension & Retirement	Retirement Services Analyst II
Create Pension Estimates	Retirement Services Analyst II	Retirement Services Analyst I
Process Disability Retirements	Retirement Services Analyst II	Manager - Pension & Retirement
Process Employee and Retiree Deaths	Retirement Services Analyst I	Retirement Services Analyst II
Administer Active and Term Vested Retirement Process	Retirement Services Analysts (I & II)	Manager - Pension & Retirement
Prepare 48-Month Salary Calculations	Retirement Services Analysts (I & II)	Manager - Pension & Retirement
Verify Retiree Wages: gross pay, net wages, no pre-tax deductions, taxes	Retirement Service Analysts (I & II), Payroll Analyst	Payroll Manager
Facilitate Employees' Required Contributions (per contracts and/or PEPRA)	Retirement Services Analysts (I & II)	Manager - Pension & Retirement
Convert Employees to Retirees in SAP	Retirement Services Analysts (I & II)	Retirement Services Analysts (I & II)
Process Lump-Sum Distribution or "Refund" of Employee Contributions for Terminated PEPRA Members	Retirement Services Analyst I	Manager - Pension & Retirement
Retrieve Undeliverable Retiree Mail and Facilitate Required Changes of Address	Administrative Assistant II	Retirement Services Analyst I
Conduct Lost Participant Searches and Related Processes for Returned Checks/stubs	Retirement Services Analyst I	Administrative Assistant II
Retiree Medical – Initial Enrollment	HR Analyst II	HR Department
Print, Stuff and Mail Pay Stubs	Payroll Analyst	Payroll Manager
Manage Stale and Lost Check Replacement	Payroll Analyst	Payroll Manager
Issue Copies of Retiree Pay Stubs and 1099-R Forms	Payroll Analyst	Payroll Manager

### Plan Documents:

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Negotiate Benefits, Provisions	VP, Employee Development and Engagement	Senior Manager, Labor Relations
Incorporate Negotiated Benefits/Provisions into Plan Documents	Chief Counsel, RT	External Counsel
Interpret Plan Provisions	Manager – Pension & Retirement,	External Counsel

	Hanson Bridgett	
Provide Guidance to Staff Regarding New Plan Provisions & Regulations	Manager – Pension & Retirement	Chief Counsel, RT

**Contracting & Contract Administration:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Contract Management, including Oversight of RFP Processes	Manager – Pension & Retirement	VP - Finance
Legal Services (Hanson Bridgett) Contract Procurement	Manager – Pension & Retirement	VP - Finance
Actuarial Services (Cheiron) Contract Procurement	Manager – Pension & Retirement	VP - Finance
Investment Manager Services (Callan) Contract Procurement	Accountant II	VP - Finance
Ensure Adherence to Contract Provisions	Manager – Pension & Retirement	VP - Finance
Process Retirement Board Vendor Invoices	Retirement Services Analyst II	Manager - Pension & Retirement
Pay Invoices	Manager – Pension & Retirement	VP - Finance
Collect Form 700 Statements of Economic Interests from Retirement Board Vendors	Retirement Services Analyst I	Manager - Pension & Retirement

**Retirement Board Meetings:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Manage Retirement Board Meeting Content and Process	Manager - Pension & Retirement	VP – Finance
Draft Staff Reports and Resolutions, Compile Attachments	Staff Presenting Issue to Board	Manager – Pension & Retirement, VP - Finance
Post Retirement Board Agenda Materials	Retirement Services Analyst I	Administrative Assistant II
Moderate Retirement Board Meetings	Manager - Pension & Retirement	VP - Finance

**Retirement Board Administration:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Train Staff/Board Members	Manager – Pension & Retirement	Staff/Vendor with Subject Matter Expertise
Prepare and Process Travel Arrangements for Retirement Board Members for Training	Retirement Services Analyst I	Administrative Assistant II
Facilitate Annual Fiduciary Liability Insurance Renewal	Manager – Pension & Retirement	VP – Finance
Renew Fiduciary Liability Coverage & Communicate Waiver of Recourse Info. to Retirement Board Members	Manager - Pension & Retirement	VP – Finance
Develop and Administer Retirement Board Policies	Manager – Pension & Retirement	VP - Finance

Respond to Public Records Act Requests	Manager – Pension & Retirement	Retirement Service Analysts (I & II)
--	--------------------------------	--------------------------------------

**Coordinate Actuarial Activities:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Valuation Study and Establish Contribution Rates (annual)	Manager – Pension & Retirement	VP - Finance
Experience Study (every 3-5 years)	Manager – Pension & Retirement	VP - Finance

**Asset Management:**

<b>Task</b>	<b>Primary Responsibility</b>	<b>Back Up Responsibility</b>
Asset Rebalancing	Accountant II	VP - Finance
Account Reconciliations	Accountant II	VP - Finance
Cash Transfers	Accountant II	VP - Finance
Fund Accounting	Accountant II	VP - Finance
Investment Management	Accountant II	VP - Finance
Financial Statement Preparation	Accountant II	VP - Finance
Annual Audit	Accountant II	VP – Finance
State Controller’s Office Reporting	Accountant II	Manager – Pension & Ret. VP – Finance
U.S. Census Bureau Reporting	Accountant II	Manager – Pension & Ret., VP - Finance
Work with Investment advisors (Callan), Custodian (Northern Trust), Fund Managers, Auditors, and Actuary (Cheiron)	Accountant II	Manager – Pension & Ret., VP - Finance
Review Monthly Asset Rebalancing	Accountant II	VP – Finance
Review/Update of Statement of Investment Objectives and Policy Guidelines management (at least annually)	Accountant II	VP – Finance



**Pension Administration Costs**  
**For the Time Period: January 1, 2024 to March 31, 2024**

Sum of Value TranCurr WBS Element	Source object name	Per	Total	
SAXXXX.PENATU	Accounting &Treasury / Cruz Mendoza, Jessic	007	768.86	
		009	1,149.04	
		008	853.95	
	Accounting &Treasury / Gobel, John	007	3,042.29	
		009	3,467.70	
		008	1,830.52	
	Accounting &Treasury / Mathew, Jessica	007	4,713.69	
		009	3,342.57	
		008	3,594.09	
	<b>SAXXXX.PENATU Total</b>			<b>22,762.71</b>
	SAXXXX.PENIBEW	Accounting &Treasury / Cruz Mendoza, Jessic	007	173.06
			009	320.61
008			119.16	
Accounting &Treasury / Gobel, John		007	760.56	
		009	760.56	
		008	322.27	
Accounting &Treasury / Mathew, Jessica		007	1,419.78	
		009	1,573.94	
		008	868.10	
<b>SAXXXX.PENIBEW Total</b>			<b>6,318.04</b>	
SAXXXX.PENSALA		Accounting &Treasury / Cruz Mendoza, Jessic	007	329.12
			009	581.62
	008		785.88	
	Accounting &Treasury / Gobel, John	007	1,585.60	
		009	876.59	
		008	1,469.57	
	Accounting &Treasury / Mathew, Jessica	007	2,652.99	
		009	2,677.32	
		008	1,760.53	
	<b>SAXXXX.PENSALA Total</b>			<b>12,719.22</b>
	SAXXXX.PENSION	Board Support / Smith, Tabetha	007	88.50
			009	132.75
Accounting &Treasury / Cruz Mendoza, Jessic		007	1,350.42	
		009	1,648.30	
		008	1,290.84	
Accounting &Treasury / Gobel, John		007	8,714.32	
		009	6,703.31	
		008	9,436.22	
Accounting &Treasury / Limon, Brenda		007	59.12	
		009	354.69	
		008	369.47	
Accounting &Treasury / Mathew, Jessica		007	2,085.07	
		009	2,701.65	
		008	2,401.46	
Accounting &Treasury / Mouton, Wendy		007	3,077.48	
		009	769.37	
Accounting &Treasury / Volk, Lynda		007	3,458.03	
		009	2,638.36	
		008	3,304.35	
<b>SAXXXX.PENSION Total</b>			<b>50,583.71</b>	
<b>Grand Total</b>			<b>92,383.68</b>	

**HANSON BRIDGETT LLP &  
SACRAMENTO REGIONAL TRANSIT DISTRICT RETIREMENT BOARDS**

**LEGAL SERVICES SUMMARY**

Set forth below is a broad summary report of significant legal matters addressed by Hanson Bridgett LLP for the Sacramento Regional Transit District (SacRT) Retirement Boards during the Quarter ended December 31, 2023.

1. Weekly client conference calls and as-needed client and internal conferences on pending matters, upcoming Board meetings and follow-up from prior Board meetings.
2. Prepare for and participate in quarterly and special Board Meetings, including review and markup of agenda materials.
3. Provide counsel on issues including, but not limited to:
  - a. Investment consultant contract extension;
  - b. Spousal consent waivers and revocations;
  - c. Overpayment corrections policy;
  - d. Financial audit reports; and
  - e. Tax issues for out-of-state retirees.

Respectfully Submitted,

/s/ Shayna M. van Hoften



# RETIREMENT BOARD STAFF REPORT

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**DATE:** June 12, 2024 Agenda Item: 10

**TO:** Sacramento Regional Transit Retirement Boards – ALL

**FROM:** Jason Johnson, VP, Finance/CFO

**SUBJ:** Investment Performance Review of the Real Estate Asset Class by Morgan Stanley for the ATU, IBEW and Salaried Employee Retirement Funds for the Quarter Ended March 31, 2024 (ALL). (Johnson)

## **RECOMMENDATION**

No Recommendation – For Information Only.

## **RESULT OF RECOMMENDED ACTION**

Information Only

## **FISCAL IMPACT**

None.

## **DISCUSSION**

Retirement funds are invested consistent with the Statement of Investment Objectives and Policy Guidelines (Policy) adopted by each Retirement Board (Board). Under the Policy, the Boards meet at least once every eighteen (18) months with each investment manager to review the performance of the manager's investment, the manager's adherence to the Policy, and any material changes to the manager's organization. The Policy also establishes the Retirement Funds' asset allocation policy and the asset classes in which the Plans funds are invested. The asset classes established by the Policy are (1) Domestic Large Capitalization Equity, (2) Domestic Small Capitalization Equity, (3) International Large Capitalization Equity, (4) International Small Capitalization Equity, (5) International Emerging Markets, (6) Domestic Fixed-Income, and (7) Real Estate.

Morgan Stanley is one of the Retirement Boards' Real Estate fund managers. Morgan Stanley's Prime Property Fund is a core real estate fund that acquires and owns high quality, income producing commercial real estate in the U.S. The fund is diversified across property types (including industrial, retail, multi-family, and office) and geographic regions. The fund targets properties with high occupancy levels to provide a stable income component. Morgan Stanley will be presenting performance results for the quarter ended March 31, 2024, shown in Attachment 1, and answering any questions.



# Discussion Materials

Morgan Stanley Real Estate Investing  
Prime Property Fund

As of March 31, 2024, unless otherwise noted



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**ERISA plan investment committee or plan sponsor only:**

Morgan Stanley believes that you, as a fiduciary of the Plan, hold or have under management or control total assets of at least \$50,000,000 and are capable of evaluating investment risk independently, both in general and with regard to particular transactions and investment strategies.

# Important Notices

**General.** The information contained herein refers to research, but does not constitute an equity research report and is not from Morgan Stanley Equity Research. Unless otherwise indicated, the views expressed are those of the research and strategy team of Morgan Stanley Real Estate Investing (“MSREI”) and may differ from those of Morgan Stanley Equity Research and other Morgan Stanley affiliates (including others within MSREI). These views may also differ from investment strategies implemented by MSREI now or in the future. The information (including facts, opinions, estimates or projections) contained herein is based on financial, economic, market and other conditions prevailing as of the date hereof. As such, it remains subject to change at any time. By providing such information, MSREI assumes no obligation to provide any update or supplement to such information following the date hereof. Although reasonable care has been taken to ensure that the information (including facts, opinions, estimates or projections) contained herein is accurate, complete and fair, no warranty, express or implied, is made as to the accuracy, completeness or fairness of such information. Certain economic and market information contained herein may have been obtained from third parties sources. While MSREI believes that such sources are reliable, neither MSREI nor any other Morgan Stanley affiliate has independently verified such information or assumes any responsibility or liability for the accuracy, completeness or fairness of such information or any omission of information.

**Confidentiality.** The information contained herein is highly confidential. By accepting these materials, you agree that such materials (including any data, analysis, conclusions or other information contained herein and all oral information, if any, provided by MSREI in connection herewith) may not be photocopied, reproduced or otherwise shared or distributed to any other persons, in whole or in part, without the prior consent of MSREI. Notwithstanding the foregoing, such materials and information may be provided to (a) your legal, tax, financial and other advisors who agree to maintain these materials in confidence and (b) a government official to the extent necessary to comply with a judicial or governmental order. Notwithstanding the foregoing, prospective investors and their employees, representatives and/or advisors may disclose to any person, without limitation, the U.S. federal income tax treatment of the transactions and relationships contemplated herein and copies of related tax opinions or other materials concerning the tax structure thereof.

**Past Performance.** Past performance is not indicative of future results. Any projected or target returns contained herein are being provided for informational purposes only. Investments in real estate may result in the loss of principal. There can be no assurance that any projected or target returns, or any returns at all, will be achieved.

**Not Investment Advice.** The materials have been prepared solely for information purposes and do not constitute an offer or a recommendation to buy or sell any particular security or to adopt any specific investment strategy. The materials contained herein have not been based on a consideration of any individual client circumstances and is not investment advice, nor should it be construed in any way as tax, accounting, legal or regulatory advice. To that end, investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

**Forward-Looking Statements.** These materials contain projections and other forward-looking statements. Any statements that are not historical facts are forward-looking statements that involve risks and are inherently uncertain. Sentences or phrases that use such words as “believe,” “anticipate,” “plan,” “may,” “hope,” “can,” “will,” “expect,” “should,” “goal,” “objective,” “projected” and similar expressions also identify forward-looking statements, but their absence does not mean that a statement is not forward-looking. Projections and other forward-looking statements, including statements regarding MSREI’s assessment of the market, are by their nature uncertain insofar as actual realized returns or other projected results can change quickly based on, among other things, unexpected market movements, changes in interest rates, legislative or regulatory developments, errors in strategy execution, acts of God and other asset-level developments. There can be no assurance that projections and other forward-looking information will not change based on subsequent developments and without further notice, and no assurance can be given as to outcome. You should not place undue reliance on forward-looking statements, including forecasts and projections, and statements regarding the assessment of the market, which speak only as of the date referenced herein.

**Targeted Purpose and Audience.** These materials have been prepared for a specific purpose and a specific target audience. These materials have been designed for use on a one-on-one basis; if you are not the intended recipient and/or plan on using these materials for other than the intended purpose, then these disclosures may not be adequate for your purposes. These materials do not purport to be all-inclusive or to contain all the information necessary to make an investigation or decision regarding MSREI, the Fund or the Adviser. Please discuss any questions you may have with an appropriate MSREI representative.

**Not an Offer; Qualified by Offering Memorandum.** These materials and the information, which is not impartial, contained herein have been prepared solely for informational and educational purposes and do not constitute an offer, or a solicitation of an offer, to buy or sell any security, instrument or other interest in any current or future fund or investment vehicle, whether sponsored by MSREI or any other Morgan Stanley affiliate or otherwise. Any such offer or solicitation shall be made only pursuant to a final confidential private placement memorandum (the “Offering Memorandum”) for such fund or investment vehicle, which will describe other important information about the sponsor and such fund or investment vehicle. In deciding whether to invest in a fund or investment vehicle, prospective investors should carefully review the Offering Memorandum for such fund or investment vehicle, including the sections regarding the risks and conflicts of interest associated with such an investment and the material terms of the relevant constituent documents. Prospective investors should rely solely on the Offering Memorandum in making an investment decision, and should not rely on any other materials, including these materials, or any oral information, if any, provided by MSREI in connection therewith.

## Important Notices (Cont'd)

**Limitations on Use; Distribution of These Materials in Certain Jurisdictions.** Offers and sales of interests in any fund referred to herein may not be registered under the laws of any jurisdiction. The distribution of these materials (or any Offering Memorandum to which they refer) in certain jurisdictions may be restricted by law and persons into whose possession these materials or any such Offering Memorandum come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction.

**Investment Risk.** Investments in private funds are speculative and include a high degree of risk. Investors could lose their entire investment. Private funds are highly illiquid, and are only suitable for long-term investors willing to forgo liquidity and put capital at risk for an indefinite period of time. Private funds often engage in speculative investment practices that may increase the risk of investment loss. Private funds may involve complex tax structures and there may be delays in distributing important tax information. Private funds typically have significantly higher fees and expenses than other investment vehicles. Investing in private funds is not for everyone as it entails risks that are different from those of more traditional investments. Anyone considering an investment in a private fund should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of investment and the lack of liquidity) characteristic of such investments.

**Consultation of Advisors.** These materials do not constitute legal, tax, financial or other advice. The legal, tax and other consequences of any proposed transaction may differ for each recipient as a result of, among other things, the particular financial situation of, and the laws and regulations applicable to, each recipient. You should consult your own legal counsel, accountants and other advisors regarding the information contained herein and the transactions described hereby.

**Availability of Adviser's Form ADV.** Morgan Stanley Real Estate Advisor, Inc., the Adviser to the Fund, and various other Morgan Stanley affiliates that are registered with the U.S. Securities & Exchange Commission ("SEC") have filed with the SEC, and are required to update periodically, Form ADV. Form ADV Part 2A and 2B contain essential information about a given investment advisory firm, including information about firm management, clients, fee arrangements and the handling of conflicts of interest, and the SEC requires that it be sent to all prospective clients who might enter into an advisory agreement prior to execution. Upon request, the Adviser will furnish a copy of its Form ADV without charge to you. Please contact Morgan Stanley Real Estate Investor Services at (212) 761-7160 or email [msreinvestor@morganstanley.com](mailto:msreinvestor@morganstanley.com) for a copy.

**SFDR.** The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any losses in MSREI funds will be borne solely by investors in MSREI funds and not by Morgan Stanley and its affiliates. Therefore, Morgan Stanley's losses in MSREI funds will be limited to losses attributable to the ownership interests in MSREI funds held by Morgan Stanley and its affiliates in their capacity as investors in MSREI funds. Interests in MSREI funds are not insured by the FDIC and are not deposits, obligations of, or endorsed or guaranteed in any way, by Morgan Stanley. Investors should read the applicable Offering Memorandum (if available) before investing in MSREI fund. Morgan Stanley is the sponsor of MSREI funds for purposes of the Section 619 of the Dodd-Frank Act ("The Volcker Rule"). A description of the role and services of Morgan Stanley is provided in the Memorandum.

**Distribution in the European Economic Area.** The Fund may not have been approved, notified or registered in accordance with the Alternative Investment Fund Managers Directive (Directive(2011/61/EU) (the "AIFMD") for marketing to professional investors in certain member states of the EEA (each an "EEA Member State"). In such cases, approval may be sought or such notification or registration may be made in the future. Alternatively, the Fund may not be relying on such registration for marketing, and these materials may have been transmitted to an investor in an EEA Member State at such investor's own initiative.

*For more information contact: Scott Brown, c/o Morgan Stanley, 1585 Broadway, 33<sup>rd</sup> Floor, New York, NY 10036.*

# Risk Considerations

There are significant risk factors associated with an investment in PRIME. An investment in PRIME will involve significant risks due to, among other things, the nature of the Fund's investments and potential conflicts of interest. There can be no assurance that PRIME will realize its rate of return objectives or return any investor capital. Investors should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of investment and the lack of liquidity). The value of an investment in the Fund may fluctuate. Past results do not guarantee future performance.

These risk factors include the following:

- Conflicts of interests between the Fund, its investors, the Adviser and other affiliates of Morgan Stanley
- Tax considerations and regulatory matters
- Lack of liquidity of investments
- No or restricted transferability of, or market for, interests in the Fund
- Competition
- Leverage
- Market risk; minority investments in companies
- Interest rate risks
- Risks of real estate investments, which may include the following: dependency on specialized management skills, lack of diversification, fluctuations in the value of underlying properties; defaults by borrowers or tenants; market saturation; changes in general and local economic conditions; decreases in market rates for rents; increases in competition, property taxes, capital expenditures or operating expenses; and other economic, political or regulatory occurrences affecting the real estate industry

*See Tab F - Risk Considerations for additional risk factors in connection with making an investment in PRIME*



SECTION 1

---

# Morgan Stanley – MSREI Overview

# Morgan Stanley Investment Management (“MSIM”) Overview

**1975**  
ESTABLISHED

**25**  
COUNTRIES

**54**  
OFFICES

**\$1.4Tn**  
TOTAL AUM <sup>1</sup>

**1,400+**  
INVESTMENT  
PROFESSIONALS

**4,587**  
EMPLOYEES

## Leadership Across Investment Capabilities \$1.4 Trillion Total AUM <sup>1</sup>

### HIGH-CONVICTION EQUITIES

A broad range of actively managed equity strategies with global reach and local expertise

### FIXED INCOME & LIQUIDITY

Active fixed income and liquidity offerings that invest across the world’s fixed income markets

### ALTERNATIVE INVESTMENTS

Private equity, private credit, real estate, infrastructure, multi-asset and hedge fund solutions

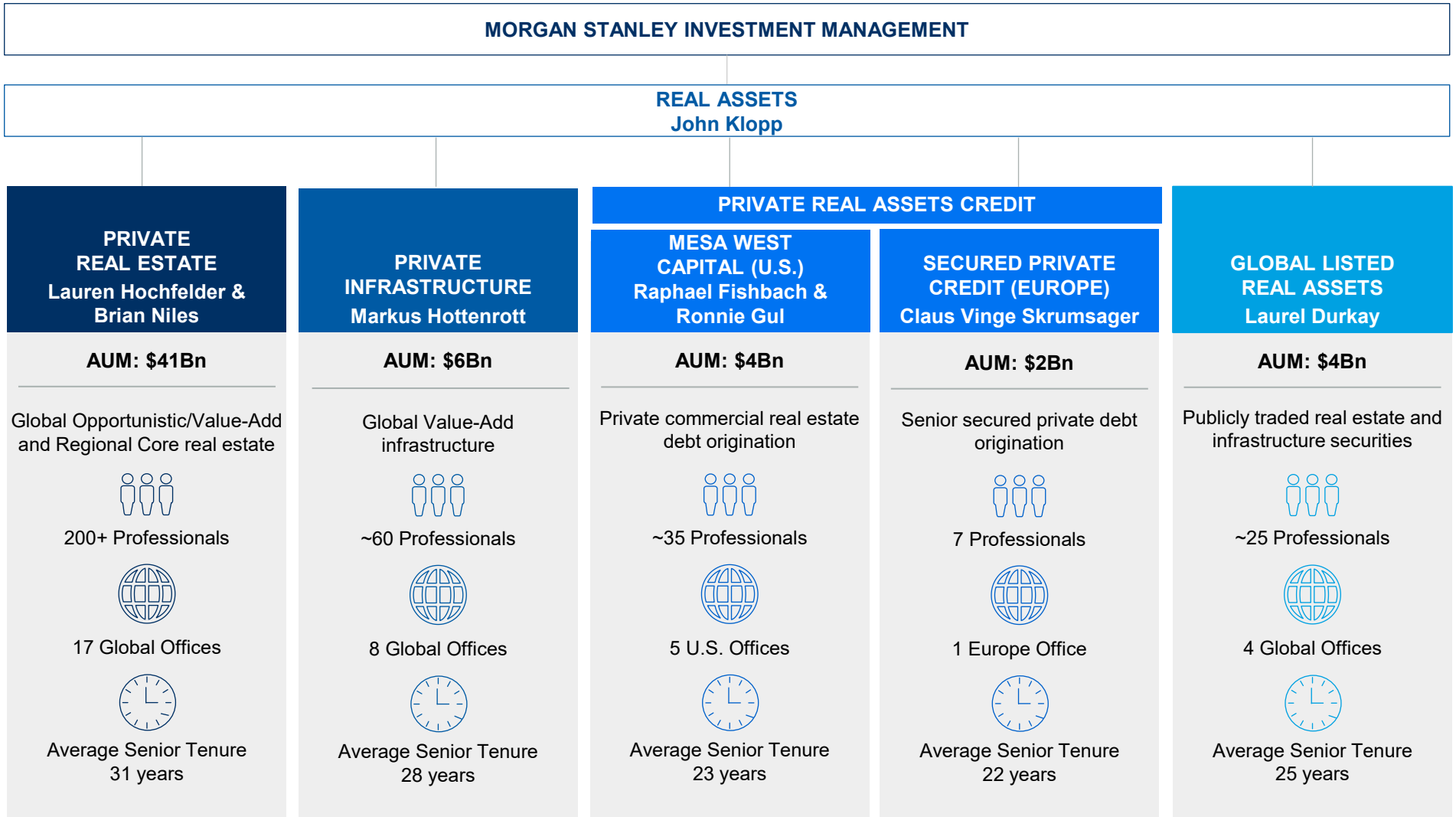
### CUSTOMIZED SOLUTIONS

Individually customized strategies that give clients greater control over their investments and taxes

1. As of December 31, 2023. Assets undermanagement (AUM) includes all discretionary and non-discretionary assets of Morgan Stanley Investment Management (MSIM) and all advisory affiliates. MSIM Fund of Fund assets represent assets under management and assets under supervision. MSIM direct private investing assets represents the basis on which the firm earns management fees, not the market value of the assets owned.

# MSIM's Real Assets Platform

Scope and Scale – \$56Bn in Total AUM

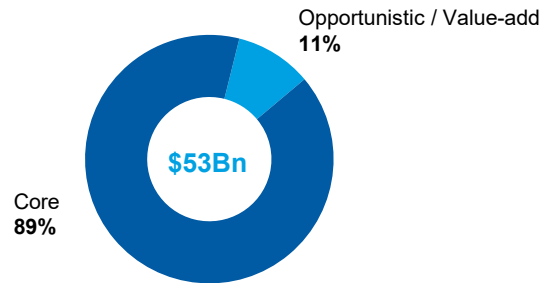


**Notes**  
 AUM figures within each business line may not sum to total AUM due to rounding. Data as of December 31, 2023. Direct private investing assets represents the basis on which the firm earns management fees, not the market value of the assets owned. Number of professionals excludes Morgan Stanley and Morgan Stanley Investment Management professionals who support Real Assets. Average tenure reflects the average years of industry experience of the senior management teams

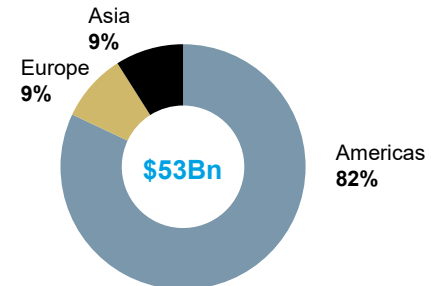
# MSREI Overview

*Morgan Stanley Real Estate Investing (“MSREI”) is the global private real estate investment management arm of Morgan Stanley and currently manages \$53Bn of global real estate on behalf of its clients <sup>1</sup>*

RE AUM By Strategy



RE AUM By Region



- MSREI is comprised of 200+ professionals in 17 offices across 12 countries offering decades of experience investing internationally



1. As of December 31, 2023. Real estate assets under management (“RE AUM”) represents gross fair market value of the real estate assets managed by MSREI on behalf of the Firm and its clients, presented at direct ownership interest. RE AUM for certain minority interests represents the respective fund’s equity investment in the entity. Global equity assets under management (fee generating accounts) as of December 31, 2023 was \$41Bn (unaudited). Totals subject to rounding.

# PRIME Family of Core Open-End Funds

As of March 31, 2024

**MSREI offers three open-end core real estate strategies that share consistent investment approaches and what MSREI believes are best practices across different geographies**

The PRIME brand aims to exemplify quality and consistency of approach in managing and servicing investor interests over the long-term

The PRIME Funds aim to replicate best practices, governance and operations while seeking to deliver first-class reporting, transparency and risk management

Investors benefit from their aggregate investment across PRIME funds in determining relative fee tier across PRIME Asia and PRIME Europe <sup>(1)</sup>

PRIME	PRIME Asia	PRIME Europe
<ul style="list-style-type: none"> <li>Established in 1973</li> <li>PRIME is one of the largest diversified open-end funds in the U.S. with a proven track record of outperformance <sup>(2)</sup></li> <li>Focuses on Class A multifamily communities, warehouse distribution holdings, high quality office assets, storage facilities, student housing residences and top tier super regional malls in targeted primary markets within the U.S.</li> <li>Gross Asset Value of \$41.2B across 536 investments</li> <li>Target leverage 15%-25%</li> </ul>	<ul style="list-style-type: none"> <li>Established in 2015</li> <li>PRIME Asia seeks to take advantage of what MSREI believes to be the growing economic relevance and long-term growth potential of the Asian markets</li> <li>Focuses on institutional grade real estate diversified by property type and location primarily across six major Asian markets</li> <li>Gross Asset Value of \$3.5B across 83 investments</li> <li>Target leverage 25%-35%</li> </ul>	<ul style="list-style-type: none"> <li>Established in 2019</li> <li>PRIME Europe seeks to offer scale, diversification, liquidity and strong risk-adjusted returns by assembling an institutional-grade real estate portfolio in targeted markets across Europe</li> <li>Focuses on Core Western Europe and targets sectors with positive fundamental outlooks</li> <li>Gross Asset Value of €1.1B across 30 investments</li> <li>Target leverage 25%-35%</li> </ul>

## Note

- Due to regulatory constraints, all investors in PRIME pay the same fee. Please refer to the LPAs of PRIME Asia and PRIME Europe for additional details on fees and aggregation.
- PRIME has outperformed the NCREIF Fund Index—Open-End Diversified Core Equity (“NFI-ODCE”) benchmark on a gross and net basis over the last 1, 3, 5, 7, 10-years and since inception. Please also refer to page 15 for PRIME’s gross and net performance compared to the NFI-ODCE.

SECTION 2

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# Executive Summary

# Premier Assets



801 17<sup>th</sup> Street, Washington, DC



AMLI Marina Del Rey, Marina Del Rey, CA



200 Cambridgepark Drive, Cambridge, MA



Yugo Tucson Campus—University of Arizona, Tucson, AZ



586 Gulf Avenue, Staten Island, NY



AMLI Riverfront Green, Denver, CO



Hialeah Northeast, Miami, FL



5800 Bristol Parkway, Culver City, CA



Fashion Valley Mall, San Diego, CA

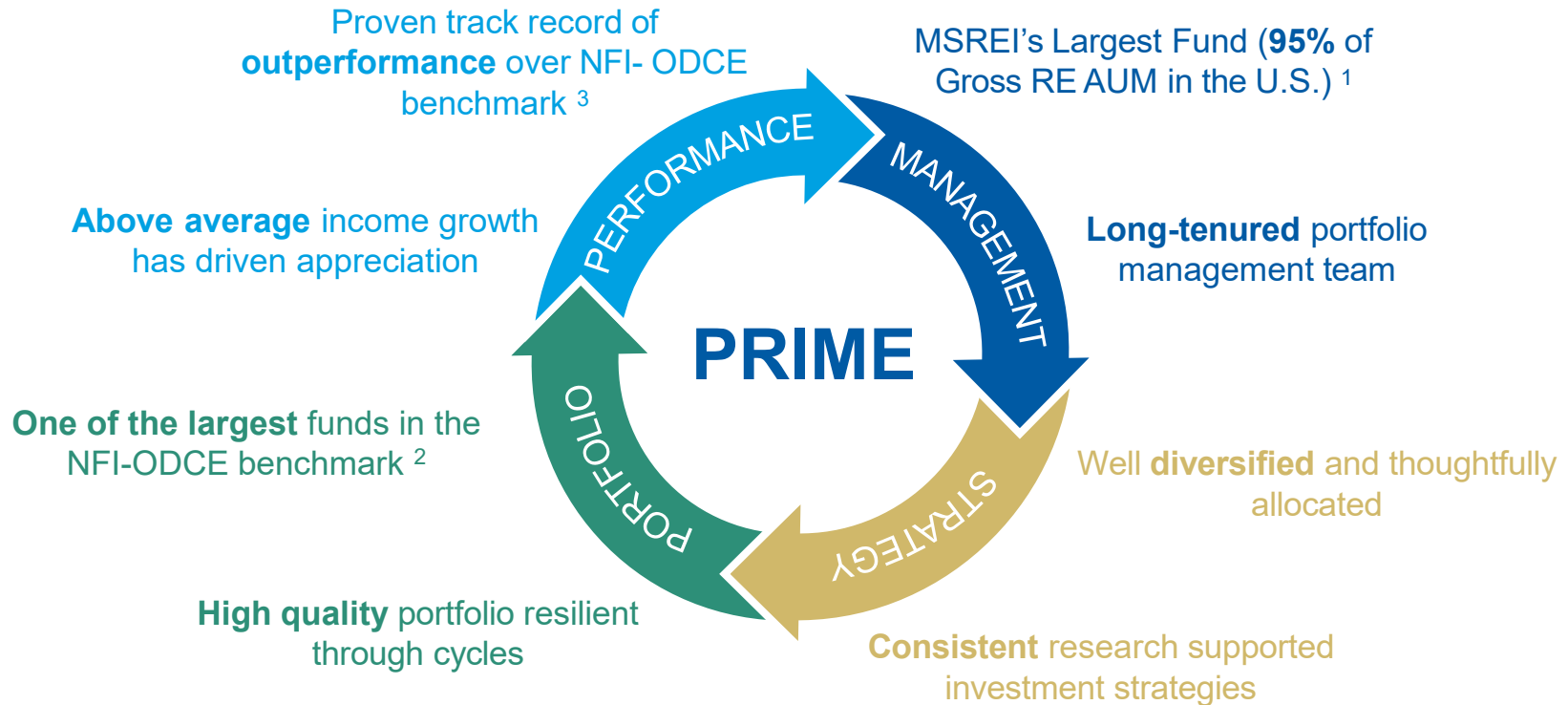


3 Sorbello Road, Pedricktown, NJ

Pictured representative investments serve as examples only of how the MSREI team has pursued investments that are consistent with the investment strategy of PRIME. They were not selected on the basis of their performance. These examples are not intended to be complete or representative of all of the real estate investments made by PRIME. Historical performance is not an indication of future results.

# A Market Leading Core Offering

## Celebrating 50 Years



*Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.*

1. Gross real estate assets represents the gross fair market value of the real estate assets managed by MSREI on behalf of the firm and its clients, presented at direct ownership interest. Gross real estate assets for certain minority interests represents MSREI's equity investment in the entity. Ownership interest, as of December 31, 2023.

2. Based on Net Asset Value as of March 31, 2024.

3. Based on gross and net returns as of March 31, 2024. Please refer to page 15 for PRIME's gross and net performance compared to the NFI-ODCE.



# Fund Profile

As of March 31, 2024

<p><b>\$41.2Bn</b></p> <p><b>GROSS REAL ESTATE ASSETS <sup>1</sup></b></p>	<p><b>\$31.0Bn</b></p> <p><b>NET ASSET VALUE</b></p>	<p><b>471</b></p> <p><b>INVESTORS</b></p>	<p><b>536</b></p> <p><b>NUMBER OF ASSETS</b></p>	<p><b>50</b></p> <p><b>YEARS OF OPERATION</b></p>
<p><b>25.4%</b></p> <p><b>CONSOLIDATED LEVERAGE</b></p>	<p><b>91.8% / 94.0%</b></p> <p><b>LEASED <sup>2 3</sup></b></p>	<p><b>4.0%</b></p> <p><b>TRAILING 12-MONTH DIVIDEND</b></p>	<p><b>-</b></p> <p><b>INCOMING QUEUE</b></p>	<p><b>\$5.1Bn</b></p> <p><b>REDEMPTION QUEUE</b></p>

*Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.*

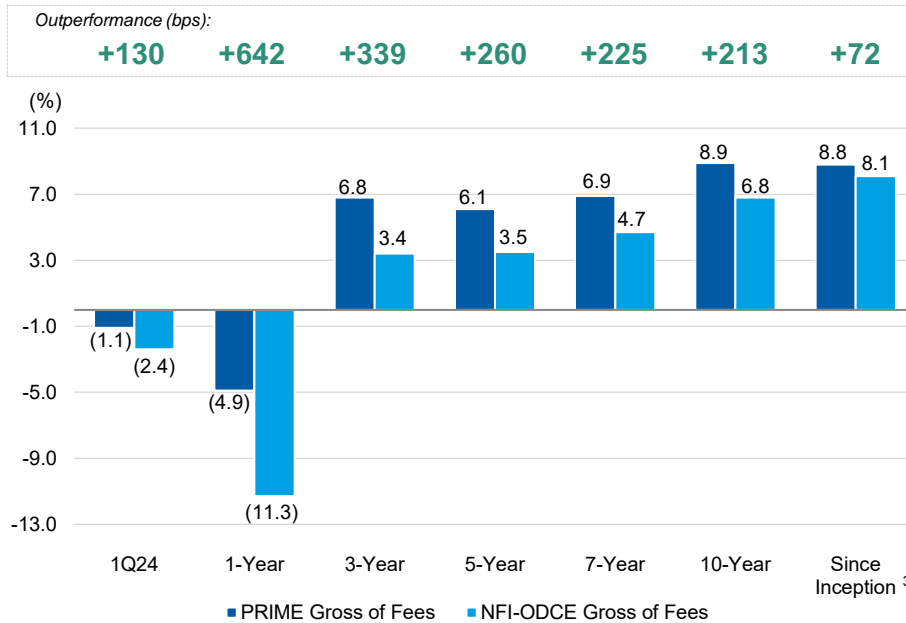
1. Gross real estate assets represent the market value of PRIME real estate investments, including PRIME's share of joint venture assets, before debt.
2. Leased status is value weighted (i.e., calculated using the asset values gross of debt) and adjusted for ownership share. As of March 31, 2024.
3. Reflects leased percentage of all operating assets and leased percentage excluding assets in initial lease-up and one office building that recently completed its redevelopment but is still in lease-up. One Post Office Square exited the value-add allocation during the fourth quarter after reaching the 70% leased status but is still progressing through lease-up after completing the redevelopment.

# Fund Performance

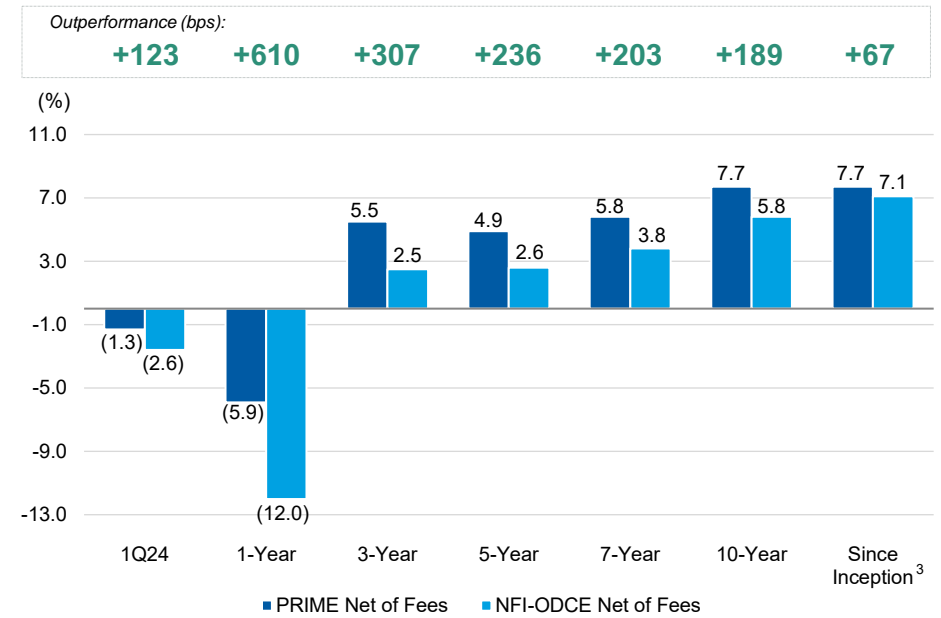
As of March 31, 2024

## PRIME Leveraged Total Return vs. NFI-ODCE Total Return <sup>1 2</sup>

Gross of Fees



Net of Fees



**PRIME's net performance has outperformed NFI-ODCE gross performance over 1, 3, 5, 7 and 10-year periods.**

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. Annualized return comparison. Returns are presented before (i.e., gross of) investment advisory fees—specifically they do not reflect a deduction for asset management fees, unless otherwise noted. Annual net returns are provided in the Performance Notes.
2. The NFI-ODCE is a fund-level, capitalization-weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (i.e., returns reflect each fund's actual asset ownership positions and financing strategy). NFI-ODCE performance information is presented gross of fees. See the Performance Notes for important information about the characteristics of the NFI-ODCE and other comparative indices in relation to PRIME and other factors relevant to such comparisons.
3. The Fund's inception was August 20, 1973; however, to provide a more meaningful basis for comparison, returns for the Fund and the NFI-ODCE are shown for the period starting in the first quarter of 1978, inclusive, which represents all available return information for the NFI-ODCE since its inception.

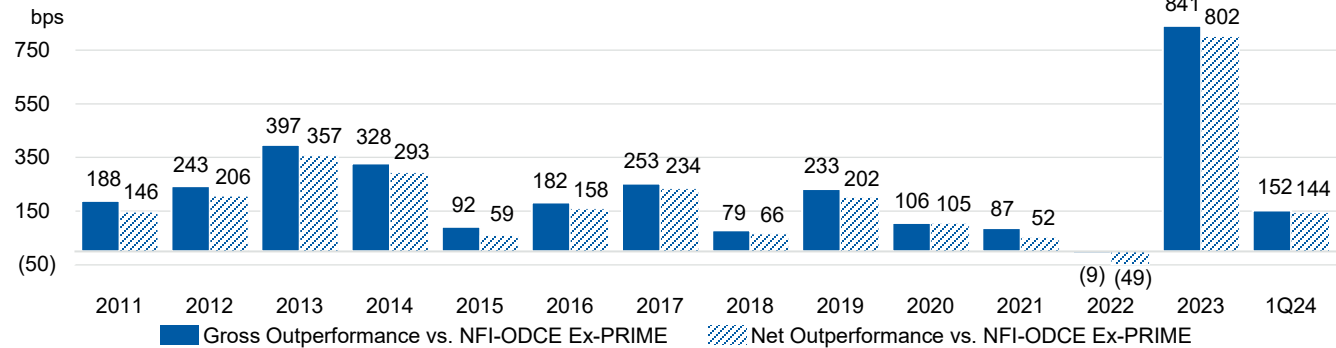
# Fund Relative Performance

As of March 31, 2024

PRIME has outperformed twelve out of the last thirteen calendar years, only marginally underperforming in 2022

## PRIME vs. NFI-ODCE Ex-PRIME Performance Comparison (Gross and Net)<sup>1 2</sup>

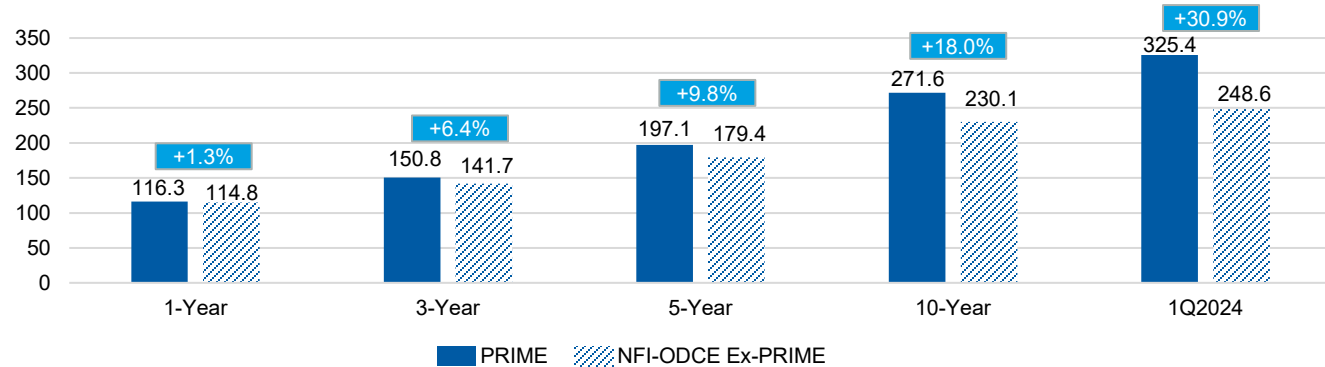
Calendar Years, 2011–2023



An investment in the NFI-ODCE index would have been worth 30.9% more, on a net basis, than an investment in NFI-ODCE index excluding PRIME<sup>3</sup>

## Cumulative Net Return Differential of PRIME vs. NFI-ODCE (Ex PRIME)<sup>3 4</sup>

Net Value of an Initial \$100MM Investment Since December 31, 2010



Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

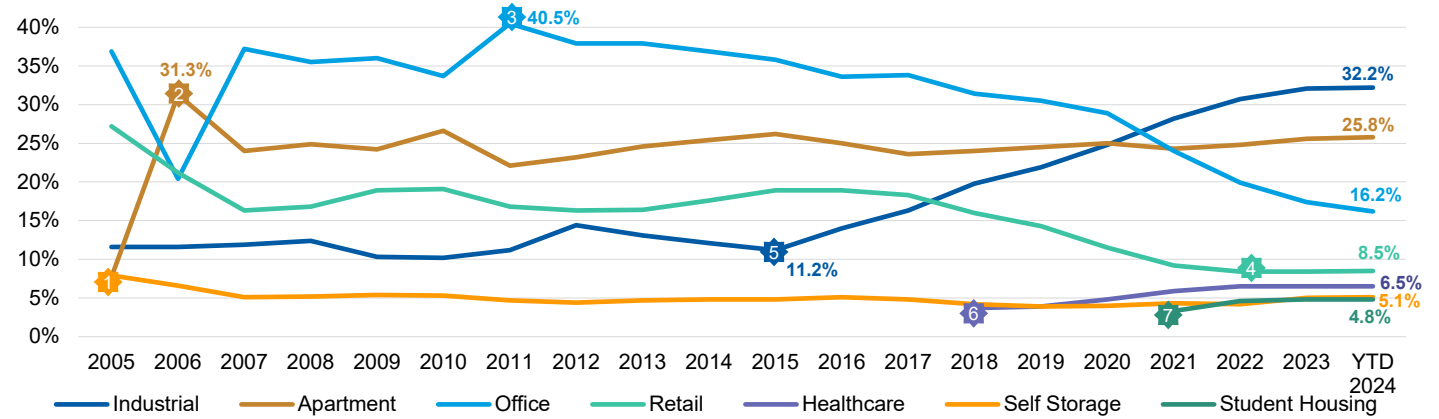
- NFI-ODCE Ex-PRIME quarterly returns are calculated by removing PRIME's gross and net total return and weighted average equity from the NFI-ODCE's return numerator and denominator, respectively, and recalculating the return. NFI-ODCE Ex-PRIME calendar year returns are calculated by geometrically linking the quarterly returns. This calculation has been prepared by the Adviser strictly for illustrative purposes.
- See the Performance Notes for important information about the characteristics of the NFI-ODCE and other comparative indices in relation to PRIME and other factors relevant to such comparisons. See page 15 for PRIME's net returns for the periods presented.
- Calculated using an initial \$100M investment compounded quarterly, using net leveraged returns for PRIME and the NFI-ODCE Ex-PRIME indexes.
- Calculated using leveraged after fee returns, compounded quarterly. Assumes reinvestment of all dividends and no redemptions paid over that time.

# Allocation and Selection Benefits

As of March 31, 2024

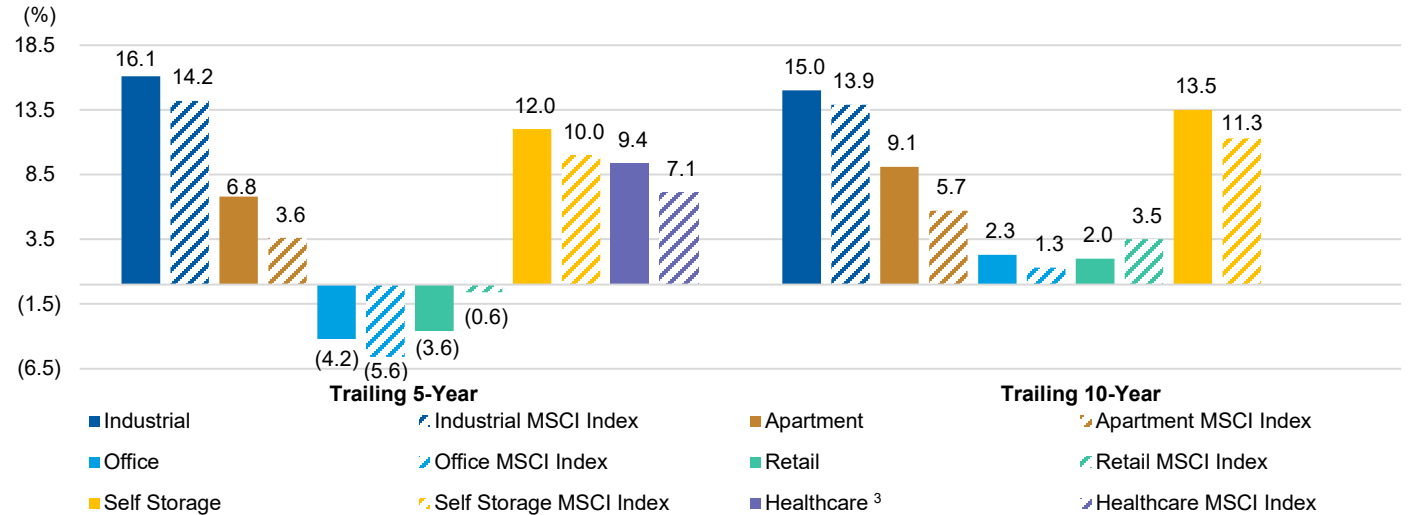
- 1 Early recognition of self storage
- 2 Privatization of AMLI
- 3 Reduction in office
- 4 Long-term underweight to retail
- 5 Began increasing industrial allocation, eventually more than doubling
- 6 Established healthcare allocation
- 7 Added student housing

Strategically Allocated <sup>1</sup>



Sector outperformance is due in part to the quality and profile of our holdings which generally command higher rents and have maintained a higher leased status

Sector Total Returns – PRIME and MSCI/PREA U.S. ACOE Quarterly Property Fund Index (“MSCI Index”) <sup>2</sup>



Past performance is not indicative of future results. See the Performance Notes for important information about performance returns. Diversification does not eliminate the risk of future loss.

1. Based on the appraised value of PRIME's assets, including PRIME's share of joint ventures, at ownership share.

2. PRIME's gross of fee returns reflect unleveraged property-level returns as calculated by MSCI and exclude portfolio-level expenses and any impact from joint venture structuring or preferred returns for either partner.

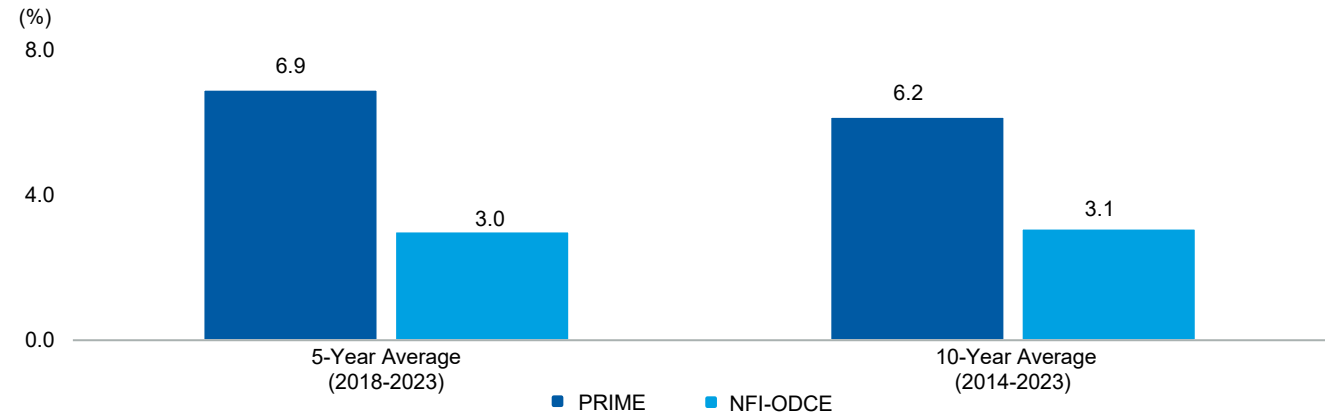
3. Trailing 10-year returns are not available as PRIME established the healthcare sector in 2018.

# Additional Drivers of Return

History of strong relative income growth driven by quality of holdings

## Above Benchmark NOI Growth <sup>1 2</sup>

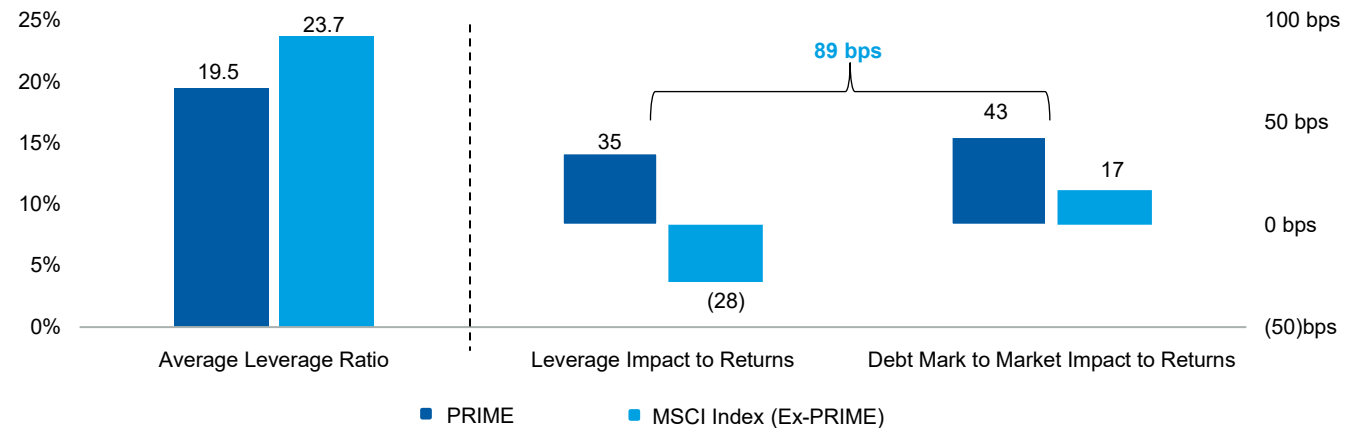
PRIME versus NFI-ODCE NOI Growth



PRIME's balance sheet has been an asset – both lower leverage and the composition of PRIME's borrowings

## Leverage

MSCI Index (Ex-PRIME) Data, 5-Year Analysis Ending 1Q24



Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. NFI-ODCE year over year net operating growth looks at growth rates based on same store data, as defined by NCREIF. Same Store is defined as any asset that has been categorized as operating for eight consecutive quarters.
2. For PRIME, to provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month and excludes net operating income from AMLI operating company and Safeguard Self Storage operating company.

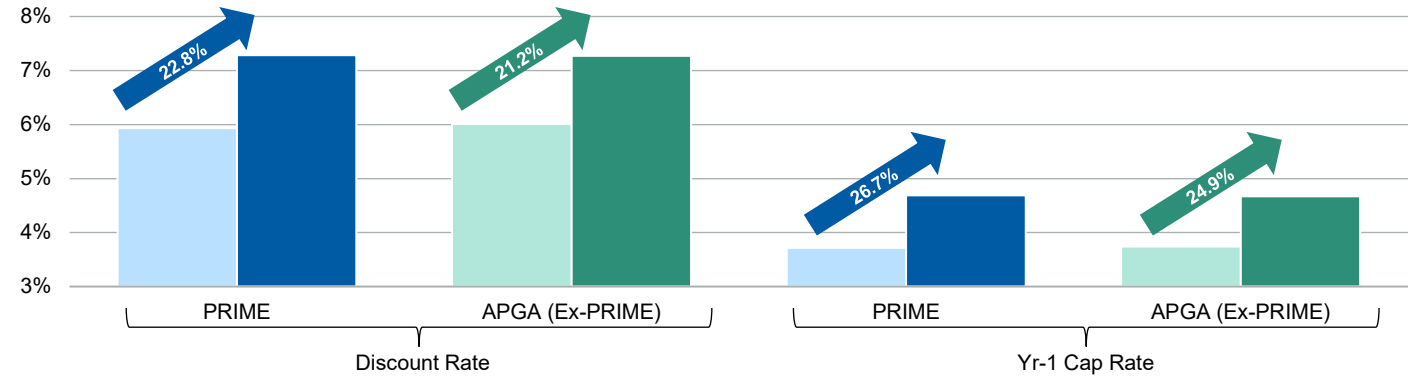
# Valuation Trends <sup>1</sup>

## As of March 31, 2024

PRIME's valuation metrics have expanded more than the Altus Peer Group Average ("APGA") since 1Q22

### Capital Market Driven Repricing <sup>2</sup>

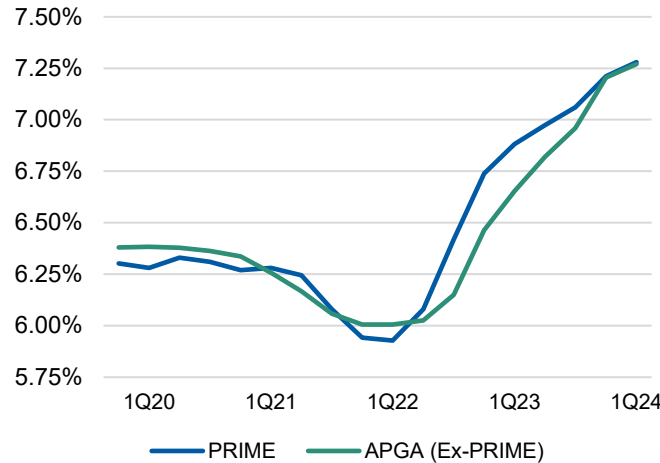
1Q22 versus 1Q24 Appraisal Metrics for PRIME and APGA (Ex-PRIME)



PRIME was early to recognize the changing market environment in 2022

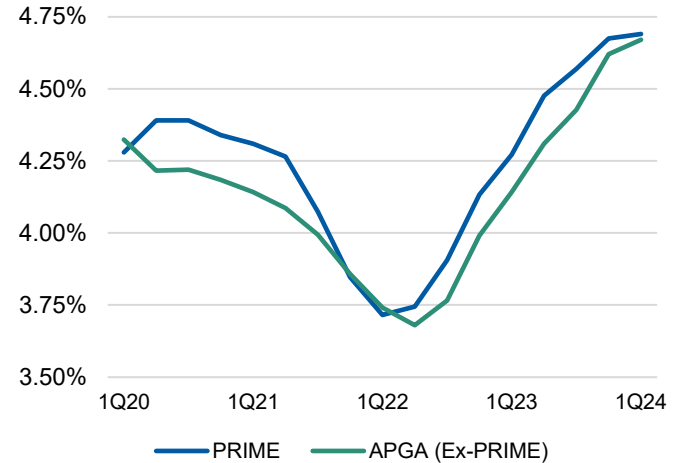
### Historical Discount Rates <sup>2</sup>

PRIME versus APGA (Ex-PRIME)



### Historical Cap Rates <sup>2</sup>

PRIME versus APGA (Ex-PRIME)



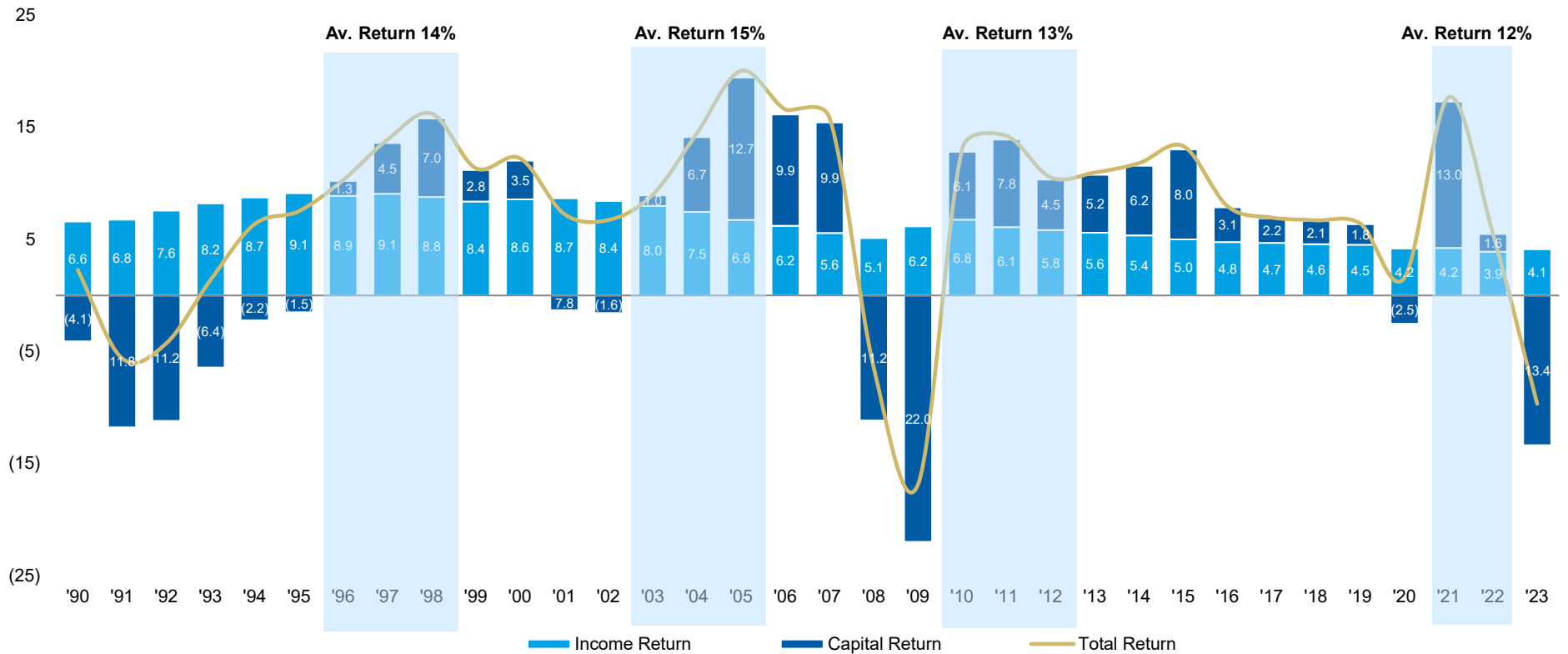
Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

- Altus Peer Group Average ("APGA") represents information for those assets in the NFI-ODCE benchmark for which Altus Group performs appraisals. This data does not include all NFI-ODCE benchmark participants. Altus Peer Group Average Ex-PRIME ("APGA (Ex-PRIME)") excludes the impact of PRIME in this dataset.
- PRIME information excludes office, retail, and self storage assets in initial lease-up. One Post Office Square came out of the value-add allocation during the fourth quarter of 2024 after reaching the 70% leased status but is still progressing through lease-up after completing redevelopment. Please refer to page 56 for the presented metrics including assets in initial lease-up.

# Real Estate Returns Historically Attractive After Periods of Re-Pricing

## Private Real Estate Has Historically Outperformed After Periods of Re-Pricing

NPI, Annual Unlevered Returns, %



Source: NCREIF, MSREI Strategy, data through January 2024

The opinions expressed herein are those of the MSREI team as of the date of the presentation and are subject to change at any time due to changes in market or economic conditions. Readers should be aware that forward-looking statements, and statements regarding MSREI's assessment of the market are by their nature inherently uncertain insofar as actual realized returns or other projected results can change quickly based on, among other things, unexpected market movements, changes in interest rates, legislative or regulatory developments, acts of God, and other developments. All forecasts are subject to change at any time and may not come to pass due to changes in market or economic conditions.

# We Believe Market Timing has Become More Compelling

- U.S. real estate screens as “cheap” relative to other asset classes
- Over the last two quarters, equities increased +22%, bonds +6%, REITs +14%, while private real estate values fell -9%
- The resilience and strength of the macro-economy is continuing to drive above-average, property-level income growth
- U.S. real estate has repriced substantially while replacement costs have continued to escalate resulting in an attractive entry basis for investors
- Challenging capital markets and higher interest rates have dramatically slowed new supply across all sectors enhancing the outlook for existing core holdings over the intermediate term
- We anticipate continued strong bifurcation in performance based upon quality with investors having limited access to high quality holdings in scale today

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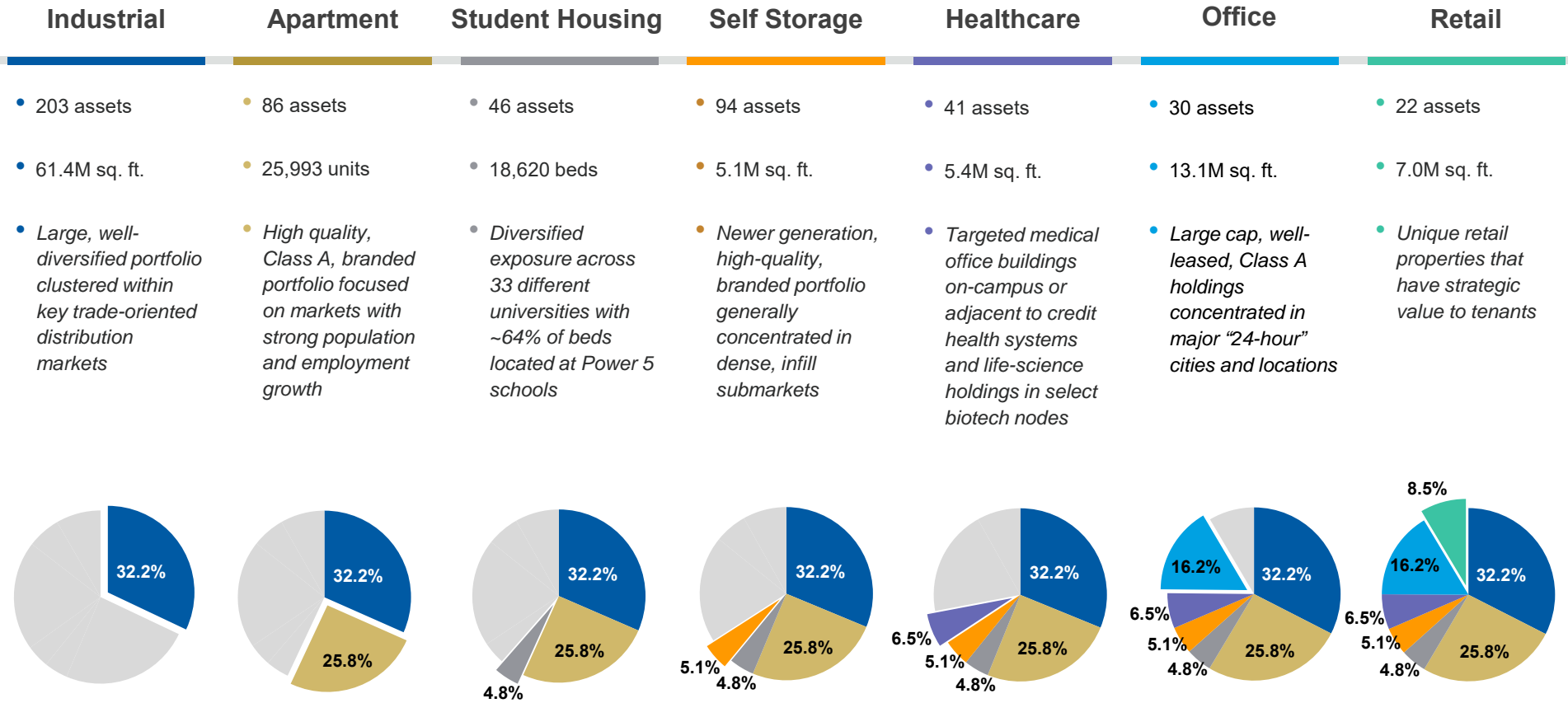
SECTION 3

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# Portfolio Overview

# PRIME Portfolio Construction<sup>1</sup>

As of March 31, 2024



1. Not depicted above is 1% of GAV allocated to "Other". For PRIME, Other includes land held for potential development and two hotels. For NFI-ODCE, Other includes hotel and other assets.

# Sector Diversification

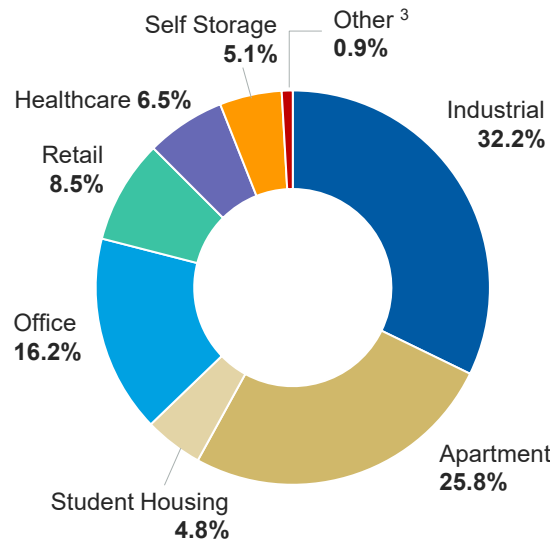
As of March 31, 2024

Broad property type diversification can reduce overall portfolio volatility

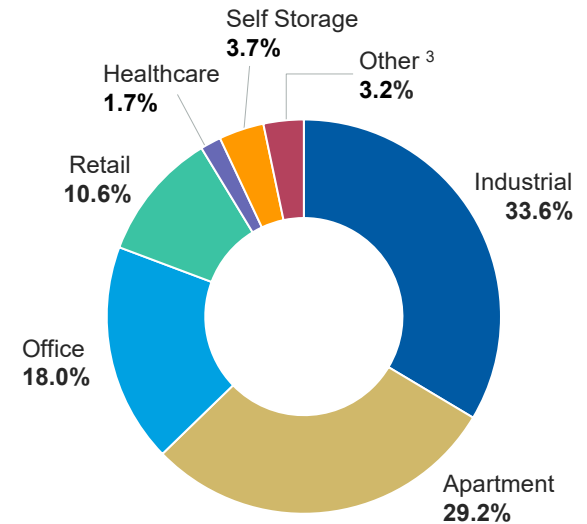
PRIME's near-term sector diversification targets are <sup>2</sup>

- Industrial 25%–35%
- Apartment 20%–30%
- Office 10%–20%
- Retail 5%–15%
- Healthcare 5%–10%
- Self Storage 5%–10%
- Student Housing 5%–10%

**PRIME Diversification – Property Sector <sup>1</sup>**



**NFI-ODCE Diversification – Property Sector <sup>1</sup>**



Past performance is not indicative of future results. See the Performance Notes for important information about performance returns. Diversification does not eliminate the risk of future loss.

1. NFI-ODCE diversification data is presented on a gross asset value basis. The Fund's property sector targets, as set forth in its investment guidelines, are set on a gross asset value basis.

2. These are targets only. The Fund's investment guidelines include no specific limitations or requirements with regard to property type or geographic diversification. The Adviser retains discretion to vary from these targets when it deems it appropriate. There can be no assurance that these targets will be met at any time.

3. For PRIME, "other" includes land held for potential development and two hotels. For NFI-ODCE, Other includes hotel and other assets.

# Highlighted Investments<sup>1</sup>

As of March 31, 2024



## One Post Office Square, Boston, MA

- 100% Ownership
- 70% Leased<sup>2</sup>



## AMLI Marina del Rey, Marina del Rey, CA

- 95% Ownership
- 95% Leased



## Fashion Valley Mall, San Diego, CA

- 50% Ownership
- 93% Leased



## AMLI concentration in Midtown Miami, Miami, FL<sup>4</sup>

- 96% Ownership
- 96% Leased



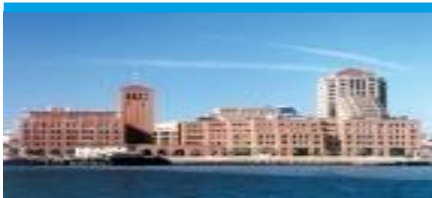
## Staten Island Industrial, Staten Island, NY<sup>3</sup>

- 100% Ownership
- 100% Leased



## Cambridgepark Drive, West Cambridge, MA<sup>5</sup>

- 100% Ownership
- 74% Leased



## Hills Plaza, San Francisco, CA

- 100% Ownership
- 88% Leased



## Dadeland Mall, Miami, FL

- 50% Ownership
- 94% Leased

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2. Office asset recently completed expansion and redevelopment.

3. Represents the combined value and leased percentage for 526, 546, 566 and 586 Gulf Avenue, Staten Island, NY.

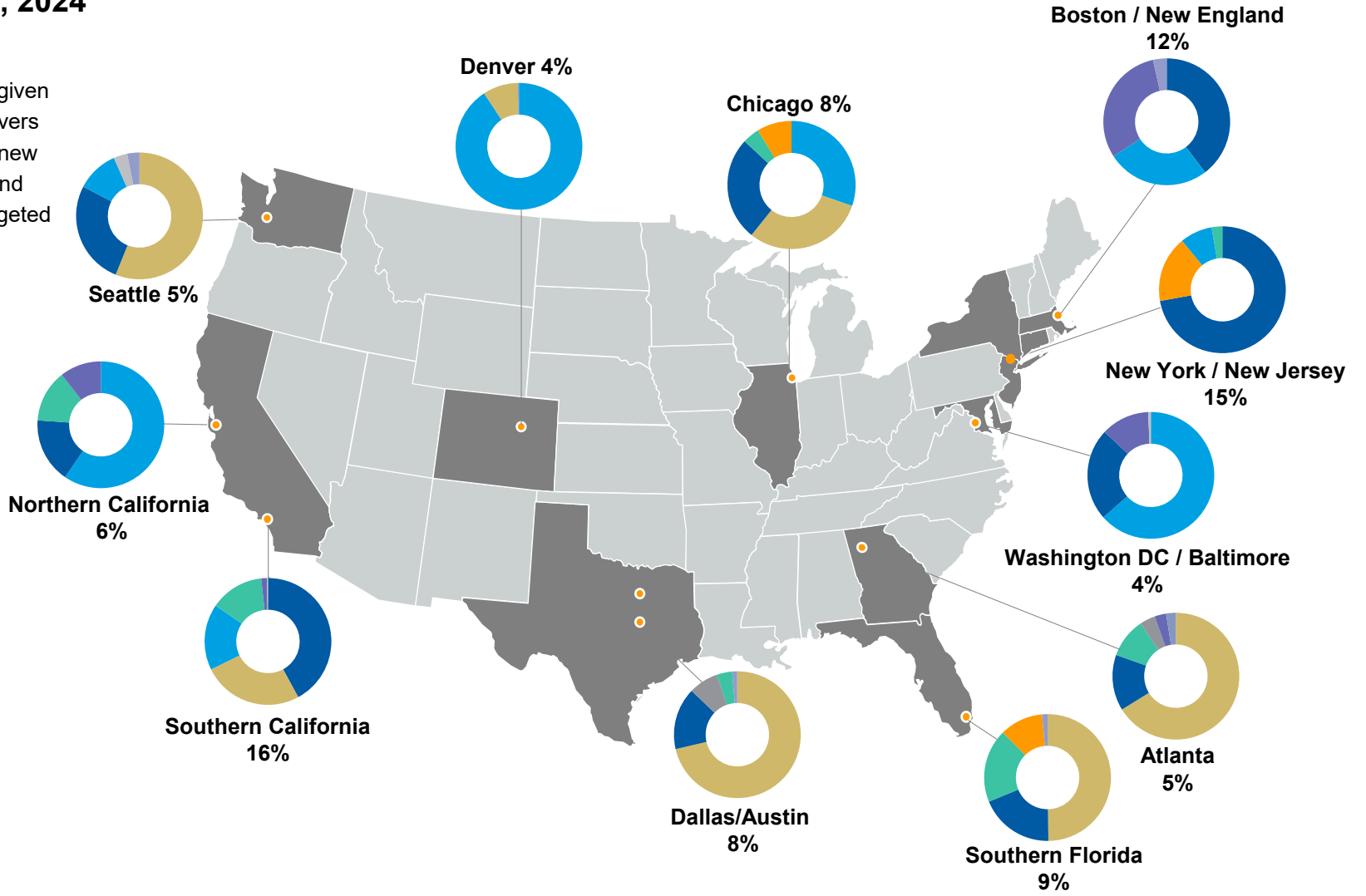
4. Includes three neighboring AMLI assets: Midtown Miami, Midtown 29, and M7 land for the development. Leased percentage represents the weighted average of AMLI Midtown Miami and AMLI Midtown 29. Ownership represents the weighted average ownership of Midtown Miami, Midtown 29, and M7, by appraised value at ownership share.

5. Represents the combined value and weighted leased percentage across 200, 150 and 100 Cambridgepark Drive, West Cambridge, MA by appraised value at ownership share.

# Top PRIME Markets

As of March 31, 2024

Primary market focus given diversified demand drivers and higher barriers to new supply with strategic and selective exposure targeted within each market



# Lease Status

As of March 31, 2024

The industrial lease status excluding three assets in initial lease-up is 98.5%

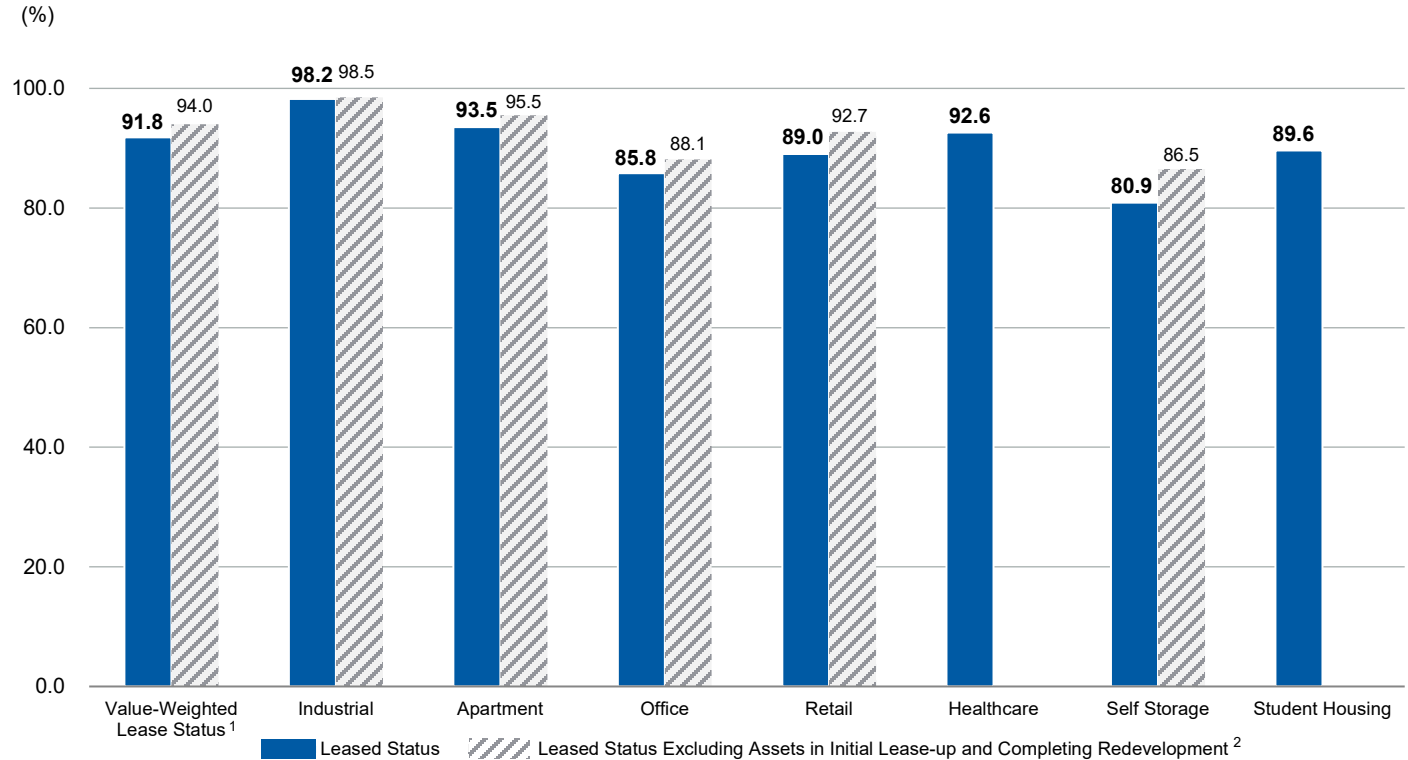
The apartment lease status excluding three assets in initial lease-up is 95.5%

The office lease status excluding one asset in initial lease-up and one asset recently completing redevelopment is 88.1% <sup>2</sup>

The retail lease status excluding one asset in initial lease-up is 92.7%

The self storage lease status excluding five assets in initial lease-up is 86.5%

Portfolio Lease Status



1. Total Leased Status is value weighted (i.e., calculated using the asset values gross of debt) and adjusted for ownership share.

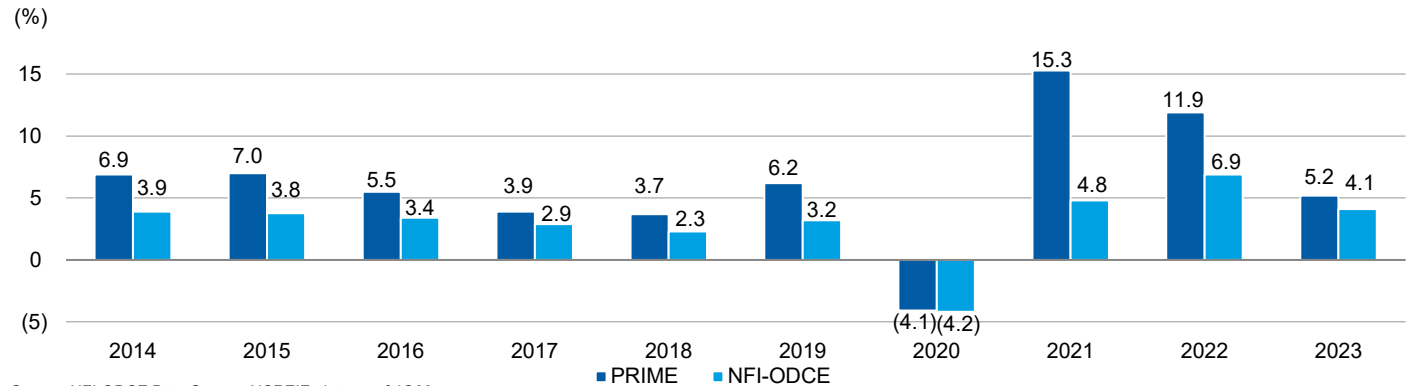
2. As of March 31, 2024, the leased status of the office sector including 10 West and One Post Office Square, which are in lease-up and completing redevelopment, respectively, was 85.8% and excluding these assets was 88.1%. One Post Office Square came out of the value-add allocation during the fourth quarter of 2023 after reaching the 70% leased status but is still progressing through lease-up after completing redevelopment.

# Comparable Property Level Net Operating Income

## As of March 31, 2024

PRIME's five and ten-year same-store average Comparable Property Level Net Operating Income growth is 6.9% and 6.2% versus the NFI-ODCE at 3.0% and 3.1%, respectively <sup>2</sup>

### PRIME vs. NFI-ODCE Net Operating Income Growth <sup>1</sup>



Source: NFI-ODCE Data Source: NCREIF, data as of 4Q23

Comparable Property Level Net Operating Income growth for the three months ended March 31, 2024 was 5.4% <sup>3</sup>

### PRIME Net Operating Income

Same-Store Analysis – For the three months ended March 31,

#### Comparable Property Net Operating Income (\$ in MM)

	2024	2023	Inc. / (Dec) 03/31/2024 <sup>4</sup>
Industrial	\$119.1	\$106.9	11.4%
Apartment	98.6	96.7	2.0%
Office	98.2	97.3	0.9%
Retail	42.5	41.2	3.2%
Healthcare	32.6	28.0	16.4%
Self Storage	20.6	20.5	0.5%
Student Housing	21.9	21.8	0.5%
Other	(1.6)	(2.6)	38.5%
<b>Total Property Level Net Operating Income<sup>4</sup></b>	<b>\$431.9</b>	<b>\$409.8</b>	<b>5.4%</b>

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. NFI-ODCE year over year net operating growth looks at growth rates based on same store data, as defined by NCREIF. Same Store is defined as any asset that has been categorized as operating for eight consecutive quarters.

2. Simple average based on calendar years 2014 through 2023.

3. Comparable total net operating income growth, including operating companies, for the three months ended March 31, 2024, was 6.4%.

4. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month and excludes net operating income from AMLI operating company \$0.4M for the three months ended March 31, 2024 and \$(3.5)M for the three months ended March 31, 2023 and Safeguard Self Storage operating company \$(0.7)M for the three months ended March 31, 2024 and \$(0.8)M for the three months ended March 31, 2023.

## Representative Industrial Assets



20333 S Normandie Avenue, Los Angeles, CA



Turnpike Distribution Center, Medley, FL



10201 NW 112th Street, Miami, FL



3 Montgomery Way, Robbinsville, NJ



Airport West Distribution Center, Atlanta, GA



3 South Middlesex Avenue, Monroe, NJ



5900 Skylab Road, Huntington Beach, CA



4501 West Valley Highway East, Sumner, WA



10501 Seymour Avenue, Franklin Park, IL

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# PRIME Industrial

As of March 31, 2024

Key Metrics	
Assets:	203
Square Feet:	61.4 Million
GAV:	\$13.3 Billion
Allocation:	32.2%
Leased:	98.2% / 98.5%
2024 NOI Growth: <sup>1</sup>	11.4%

~80% of assets are located within a one-hour drive to the center of gravity (optimal population location) in each major metro

## Strategy – To focus on clustering holdings in key trade-oriented distribution markets

### Differentiator – Scale and quality, assembled a portfolio that is difficult to replicate

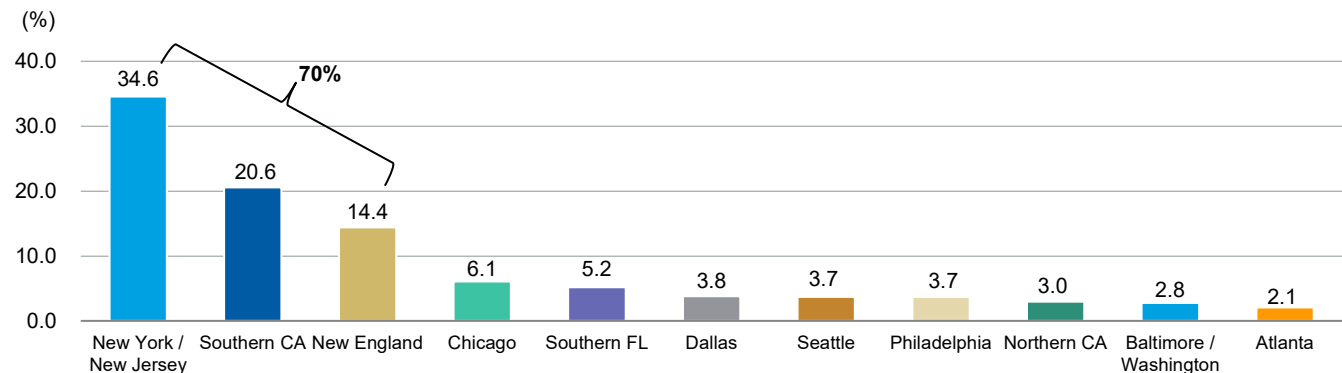
Portfolio Overview

- PRIME was early in more than doubling its industrial allocation from 11% in 2015 to 22% in 2019 with a further increase to 32.2% today, while maintaining a disciplined focus on targeted industrial markets
  - PRIME’s industrial portfolio experienced average annual NOI Growth of 10.9% from 2018 through 2023
  - Market rents across PRIME’s industrial portfolio increased more than 75% from the end of 2020
  - Average market rents are almost 50% higher than current contract rents, per the third-party appraisers
  - Over 50% of our industrial leases roll over the next five years

<sup>30</sup>

- Primary distribution markets have achieved higher rent growth vs secondary markets over the past ten years

### PRIME Market Concentrations <sup>2</sup>



Past performance is not indicative of future results. See the Performance Notes for important information about performance returns and the characteristics of the MSCI Index.

1. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month.

2. Appraised value at ownership basis.

# Representative Apartment Assets



**AMLi River North**, Chicago, IL



**AMLi Quadrangle**, Dallas, TX



**AMLi Park Broadway**, Long Beach, CA



**AMLi Arc**, Seattle, WA



**AMLi Lex on Orange**, Glendale, CA



**AMLi on Aldrich**, Austin, TX



**AMLi RidgeGate**, Lone Tree, CO



**AMLi Joya**, Miami, FL



**AMLi 3464**, Atlanta, GA

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# PRIME Apartment

As of March 31, 2024

Key Metrics	
Assets:	86
Units:	25,993
GAV:	\$10.7 Billion
Allocation:	25.8%
Leased: <sup>1</sup>	93.5% / 95.5%
2024 NOI Growth: <sup>2</sup>	2.0%

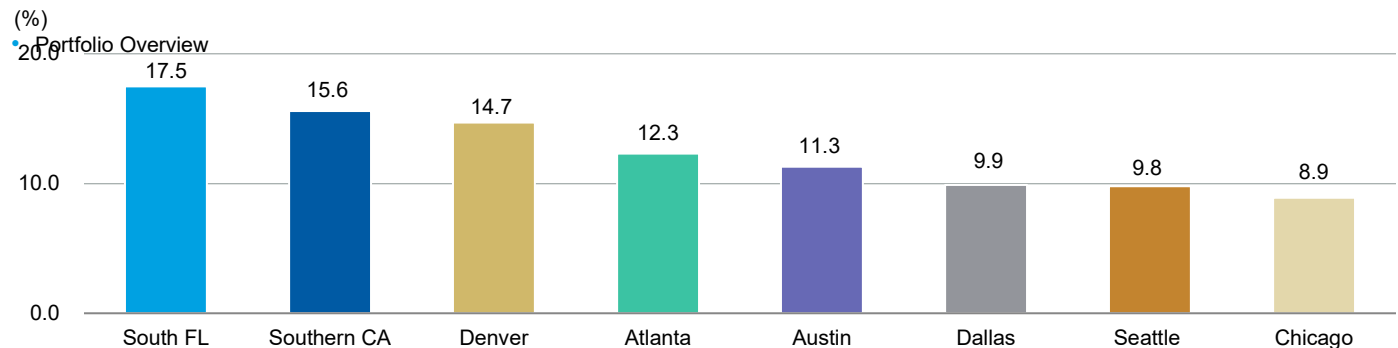
Over 25,000 units across only eight markets offering scale, synergies, deep market knowledge, and brand awareness in each market

**Strategy – To focus on markets with strong population and employment growth as well as supply-constrained infill submarkets**

**Differentiator – AMLI Residential drives efficiency/value creation across select markets**

- The captive AMLI Residential platform
  - Develops an increasingly important brand recognition through targeted market concentration combined with online presence
  - Is heavily invested in technology allowing for revenue maximization and cost controls
  - Has established culture of providing outstanding service and management to its customers
- AMLI’s development platform provides the opportunity for PRIME to effectively create new product in select markets built with long-term ownership in mind

### PRIME Market Concentrations <sup>3</sup>



Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. As of March 31, 2024, the leased status including assets in lease up was 93.5% and excluding assets in lease up was 95.5%.

2. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month and excludes net operating income from AMLI operating company \$0.4M for the three months ended March 31, 2024 and \$(3.5)M for the three months ended March 31, 2023.

3. Appraised value at ownership basis.

## Representative Office Assets



**100 Congress Avenue, Austin, TX**



**One Post Office Square, Boston, MA**



**1601 Wewatta, Denver, CO**



**Wilshire Beverly Center, Beverly Hills, CA**



**Rowes Wharf, Boston, MA**



**Hills Plaza, San Francisco, CA**

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# PRIME Office

As of March 31, 2024

Key Metrics	
<b>Assets:</b>	<b>30</b>
<b>Square Feet:</b>	<b>13.1 Million</b>
<b>GAV:</b>	<b>\$6.7 Billion</b>
<b>Allocation:</b>	<b>16.2%</b>
<b>Leased:</b> <sup>1</sup>	<b>85.8% / 86.6%</b>
<b>2024 NOI Growth:</b> <sup>2</sup>	<b>0.9%</b>

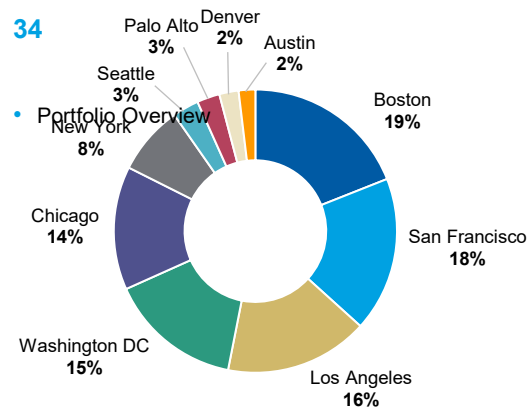
Average office asset value at ownership share of \$222 million <sup>5</sup>

**Strategy – To target large, high-quality assets that are more resilient to market cycles and generally attract better credit-quality tenants committing to longer-term leases**

**Differentiator – 26 of PRIME’s 30 office buildings are unencumbered by debt <sup>3</sup>**

- PRIME's office portfolio is currently valued, on average, 40% below its peak values since the end of 2019, inclusive of capital expenditures <sup>4</sup>
  - Basis per square foot has been marked down to reflect headwinds, and is well below replacement cost in various markets; portfolio average of \$532PSF
- Weighted average remaining lease term of 5.5 years
- PRIME has leased approximately 3.2 million square feet of office since the beginning of 2022, including over 2.0 million square feet in 2023

## PRIME Market Concentrations <sup>5</sup>



## PRIME Office Depreciation by MSA Since Peak (4Q19 pre-COVID) <sup>4</sup>

MSA	Net Appreciation / (Depreciation) %
New York, NY	(55)%
Boston, MA	(44)%
Seattle, WA	(42)%
Los Angeles, CA	(39)%
Chicago, IL	(38)%
Washington, DC	(37)%
Denver, CO	(37)%
San Francisco, CA	(36)%
Palo Alto, CA	(36)%
Austin, TX	(33)%
<b>Total</b>	<b>(40)%</b>

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. As of March 31, 2024, the leased status including 10 West and One Post Office Square, which are in lease-up and completing redevelopment, respectively, was 85.8% and excluding these assets was 88.1%. One Post Office Square came out of the value-add allocation during the fourth quarter of 2023 after reaching the 70% leased status but is still progressing through lease-up after completing redevelopment.  
 2. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month.  
 3. Rows Wharf is considered unencumbered by debt though there is a \$4.0MM (2% LTV) loan from the Boston Redevelopment Authority.  
 4. Calculated at PRIME's 1Q24 ownership excluding assets that have been converted to life-science, assets that were developed or redeveloped, assets acquired and disposed since December 31, 2019, and the impact of any ownership percentage changes.  
 5. Appraised value at ownership basis, before debt.

## Representative Retail Assets



Fashion Valley Mall, San Diego, CA



Christiana Mall, Newark, DE



Dadeland Mall, Miami, FL



Wynn Shops, Las Vegas, NV



100 Stockton Street, San Francisco, CA



103 Prince Street, New York, NY

Pictured representative investments serve as examples only of how the MSREI team has pursued investments that are consistent with the investment strategy of PRIME. They were not selected on the basis of their performance. These examples are not intended to be complete or representative of all of the real estate investments made by PRIME. Historical performance is not an indication of future results.

# PRIME Retail

As of March 31, 2024

Key Metrics	
Assets:	22
Square Feet:	7.0 Million
GAV:	\$3.5 Billion
Allocation:	8.5%
Leased: <sup>1</sup>	89.0% / 92.7%
2024 NOI Growth: <sup>2</sup>	3.2%

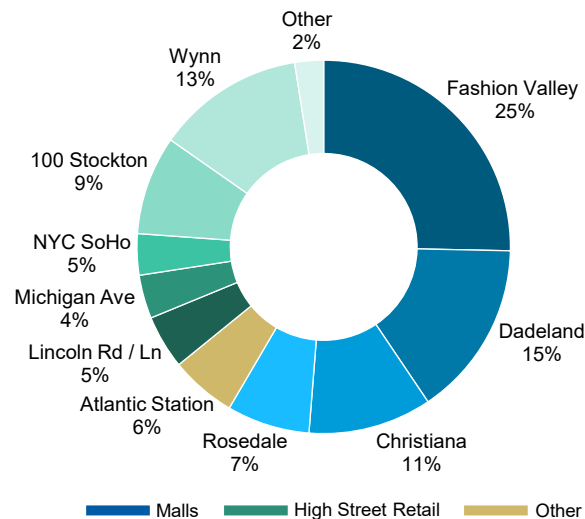
The retail portfolio is currently valued on average 32% below near-term peak valuations inclusive of capital expenditures

**Strategy – To focus on irreplaceable retail assets that have strategic value to tenants while understanding the need of an evolving customer experience**

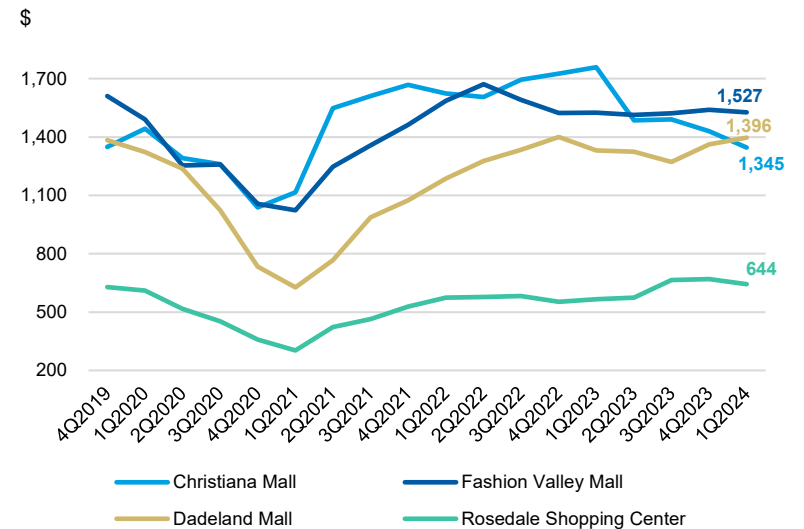
**Differentiator – More than half of the retail allocation is in three, market dominant, fortress super-regional malls**

- PRIME has consistently been underweighted to the NFI-ODCE's allocation to retail over the past ten years
- MSREI believes higher quality, well-located holdings will likely continue to outperform as retailers reorient locations and footprints

## PRIME Retail Profile



## PRIME Historical TTM Sales <sup>3</sup>



Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. As of March 31, 2024, the leased status including assets in lease up was 89.0% and excluding assets in lease up was 92.7%.
2. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month.
3. Represents sales for in-line tenants with less than 11,000 square.

## Representative Healthcare Assets



7000 Marina Boulevard, Brisbane, CA



828 Winter Street, Waltham, MA



150 Cambridgepark Drive, Cambridge, MA



150 N Robertson Boulevard, Beverly Hills, CA



1720 El Camino, Burlingame, CA



601 7th Street South, St. Petersburg, FL

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# PRIME Healthcare

As of March 31, 2024

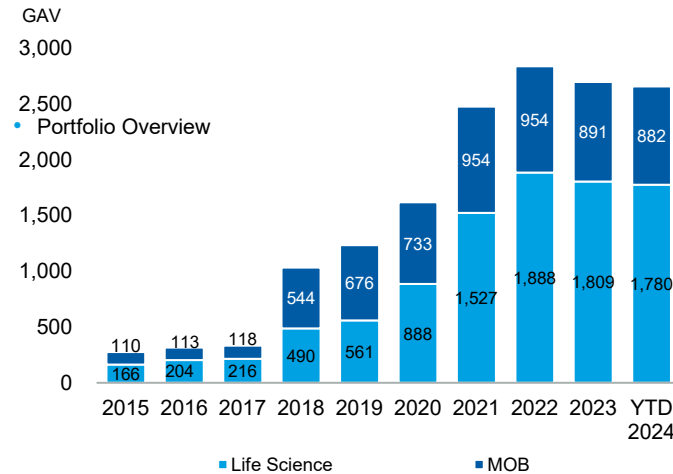
Key Metrics	
Assets:	41
Square Feet:	5.4 Million
GAV:	\$2.7 Billion
Allocation:	6.5%
Leased:	92.6%
2024 NOI Growth: <sup>1</sup>	16.4%

**Strategy – To own assets directly advantaged from demand tailwinds of an aging population and trend in increased healthcare spending**

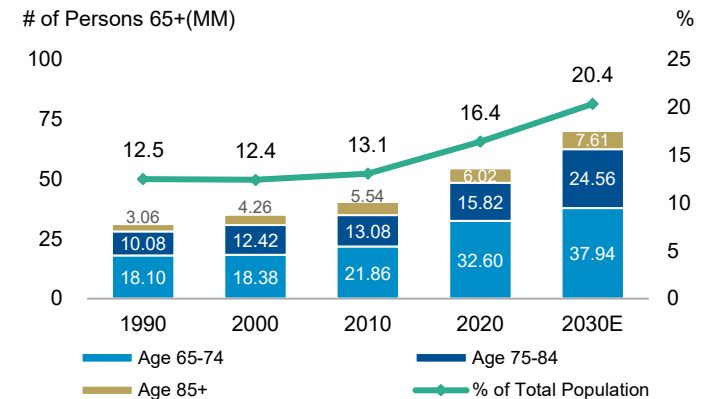
**Differentiator – Have been investing in healthcare for almost a decade**

- We believe the sector has defensive attributes given non-cyclical demand and limitations on speculative supply
- Targeted holdings are medical office properties that are on-campus or campus-adjacent to credit health systems and life-science buildings in a select number of the U.S. biotech nodes
- The \$2.7Bn portfolio is comprised of 67% life science holdings and 33% medical office properties
- PRIME currently owns 32 medical office properties across the U.S. and nine life science buildings in the Boston, San Francisco, and Washington D.C. areas

## Historical Exposure



## Population Growth: 65+ Cohort to Grow by 12MM People Through 2030



Source: U.S. Census Bureau, Moody's Analytics, MSREI Strategy, as of March 2024

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month.

# Representative Self Storage Assets



Hialeah Northeast, Miami, FL



Coconut Creek, Coconut Creek, FL



615 5<sup>TH</sup> Avenue, Larchmont, NY



Ebbetts Field, Brooklyn, NY



Lansdowne, Upper Darby, PA



Hawthorne, Hawthorne, NJ

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# PRIME Self Storage

As of March 31, 2024

Key Metrics	
Assets:	94
Square Feet:	5.1 Million
GAV:	\$2.1 Billion
Allocation:	5.1%
Leased: <sup>1</sup>	80.9% / 86.5%
2024 NOI Growth: <sup>2</sup>	0.5%

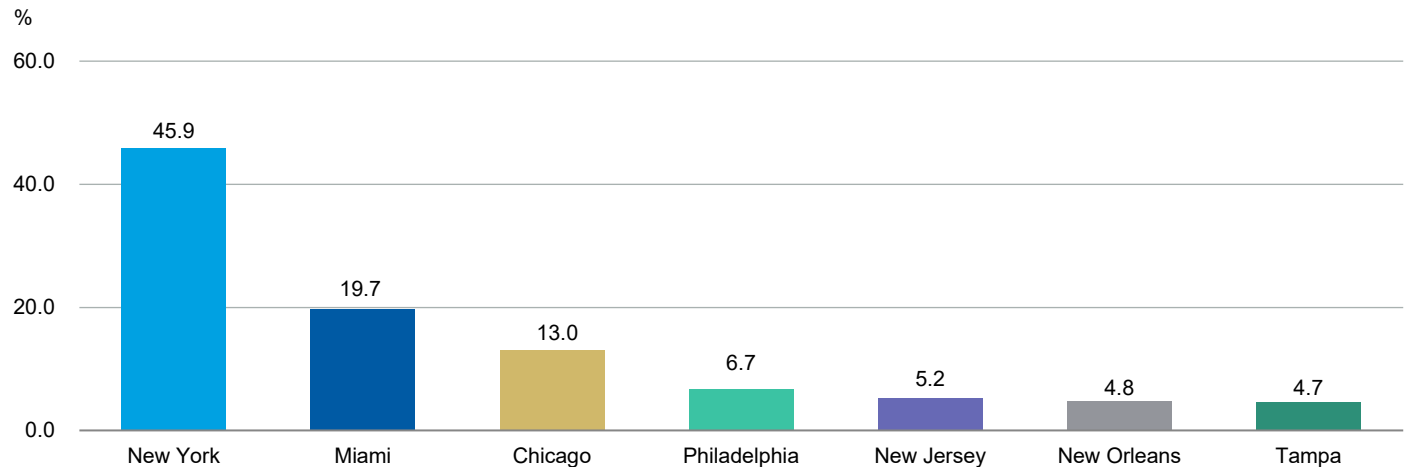
Early in recognizing the institutional acceptance of self storage as a niche asset class with the Safeguard acquisition in 2005

**Strategy – To concentrate holdings in infill sub-markets with limited supply and strong demographics**

**Differentiator – Safeguard Self Storage is a proven operator of high-quality holdings offering scale and market knowledge in targeted markets**

- All assets are managed under the Safeguard brand with strong concentrations in greater New York, South Florida and Chicago
- Target high density locations with below-average space per capita metrics
- Safeguard’s development platform provides the opportunity for PRIME to create new product at attractive margins in select markets

### Safeguard Market Concentrations <sup>3</sup>



Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. As of March 31, 2024, the leased status including assets in lease up was 80.9% and excluding assets in lease up was 86.5%.

2. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month and excludes net operating income from and Safeguard Self Storage operating company \$(0.7)M for the three months ended March 31, 2024 and \$(0.8)M for the three months ended March 31, 2023.

3. Appraised value at ownership basis.

# Representative Student Housing Assets



Yugo Columbia District Flats – University of Missouri, Columbia, MO



Yugo Tucson Campus – University of Arizona, Tucson, AZ



Yugo Madison Lux – University of Wisconsin, Madison, WI



Yugo Tallahassee Catalyst – Florida State University, Tallahassee, FL



Yugo Minneapolis 412 Lofts – University of Minnesota, Minneapolis, MN



Yugo Atlanta Summerhill – Georgia State University, Atlanta, GA



Yugo Eugene Skybox – University of Oregon, Eugene, OR



Yugo Cincinnati Deacon – University of Cincinnati, Cincinnati, OH



Yugo Seattle Lothlorien – University of Washington, Seattle, WA

Pictured representative investments serve as examples only of how the MSREI team has pursued investments that are consistent with the investment strategy of PRIME. They were not selected on the basis of their performance. These examples are not intended to be complete or representative of all of the real estate investments made by PRIME. Historical performance is not an indication of future results.

# PRIME Student Housing

As of March 31, 2024

Key Metrics	
Assets:	46
Beds:	18,621
GAV:	\$2.0 Billion
Allocation:	4.8%
Leased:	89.6%
2024 NOI Growth: <sup>1</sup>	0.5%

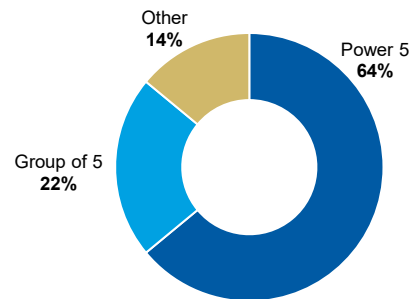
**Strategy – To take advantage of supportive secular trends and growing institutional interest in the asset class**

**Differentiator – A large, diverse portfolio managed by a single operator for increased efficiency and expertise**

- GSA is a global investor in and operator of student housing with circa \$6 billion in AUM and active in nine countries with assets in 65+ of the world's leading educational cities
- The properties are operated under GSA's global brand Yugo that seeks to offer differentiated living experiences that are environmentally and socially conscious, emotionally supportive and safe
- Geographically, the portfolio footprint spans the country: 6,647 (36%) beds are in the Southeast and Mideast, 4,156 (22%) are in the Pacific and Southwest, 4,488 (24%) beds are in the Midwest, 3,119 (17%) beds are in the Mountain region and 210 (1%) beds are in the Northeast region
- The portfolio's university mix represents an attractive, diversified group of large, growing universities.

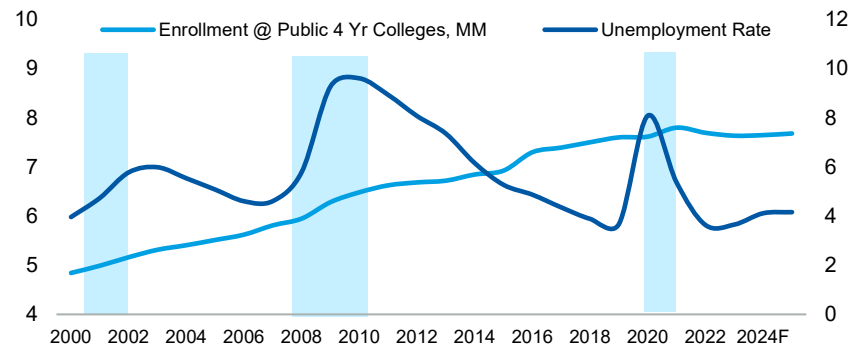
## Portfolio University Mix <sup>2 3</sup>

Percentage of Beds



## Recession Resistant Asset Class

Undergraduate College Enrollment (MM) vs Unemployment Rate (%)



Source: US Census Bureau, Moody's Analytics, National Center for Education Statistics, MSREI Strategy, as of March 2024

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. To provide a more meaningful basis for comparison, net operating income includes income before debt service and, for a given calendar month, includes only income generated by real estate investments held by the Fund for at least 13 months prior to the end of that month.
2. Power 5 schools are universities that compete athletically in the ACC, Big Ten, Big 12, Pac-12, or SEC conferences. These are the largest athletic conferences in the country.
3. Group of 5 schools are universities that compete athletically in the American Athletic Conference, Conference USA, Mid-American Conference, Mountain West Conference, and Sun Belt Conference.

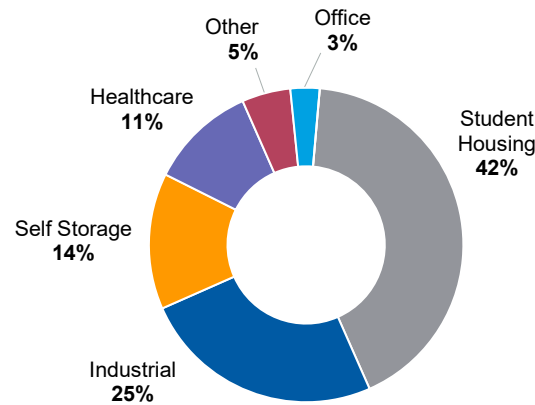
# PRIME Acquisitions and Dispositions<sup>1 2</sup>

As of March 31, 2024

Over the past two years, PRIME has acquired \$925.5 million. Based on purchase price at ownership, 42% of the total acquisition volume was in the student housing sector, 25% in industrial, 14% in self storage, 11% in healthcare

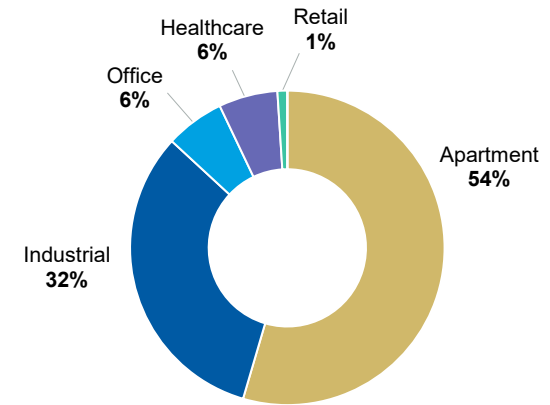
## Acquisition Activity By Sector

Trailing 24 Months



## Disposition Activity By Sector

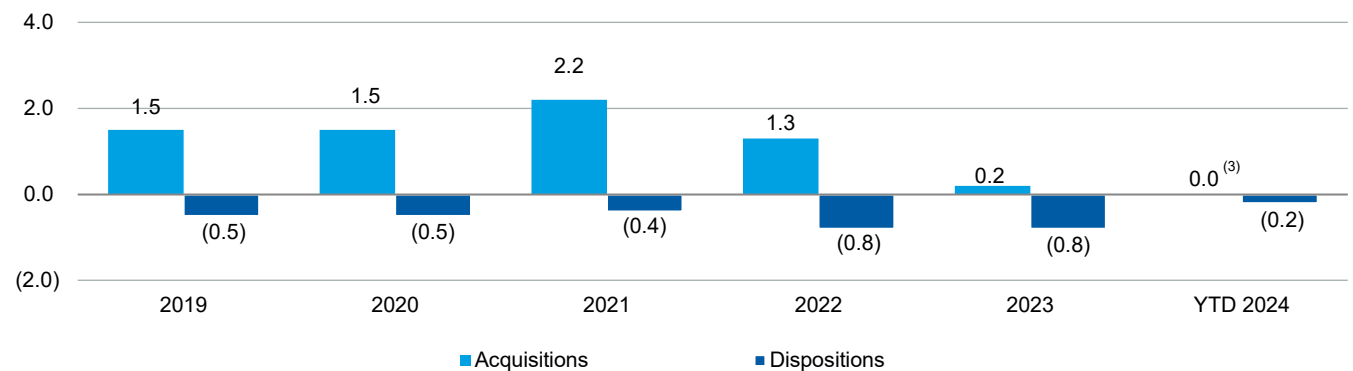
Trailing 24 Months



Over the past two years, PRIME has sold over \$1.2 billion across various sectors at a slight premium to appraised value

## Transaction Activity

\$Bn



Past performance is not indicative of future results.

1. Based on PRIME's share of purchase price/sales price at ownership.

2. Year-to-Date acquisitions totaled \$1.6 million or 0.0%.

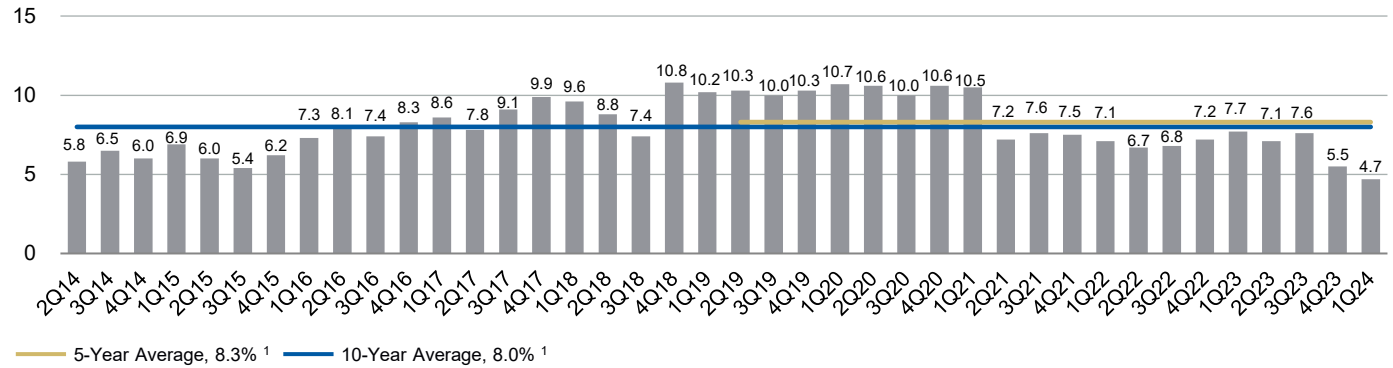
# PRIME Value Add

As of March 31, 2024

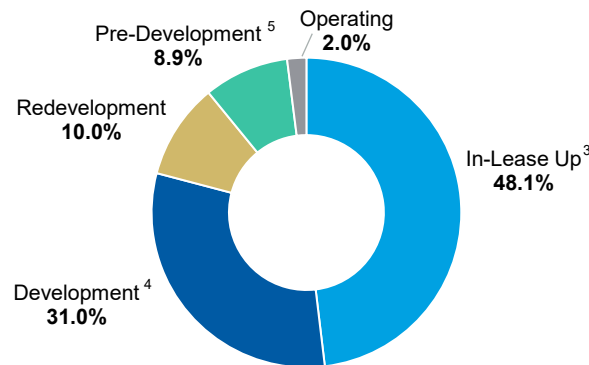
PRIME's Investment Guidelines allow a portion of the Fund's assets (generally less than 15% of gross assets) to be invested in properties with reasonable asset enhancement opportunities

## Value Add

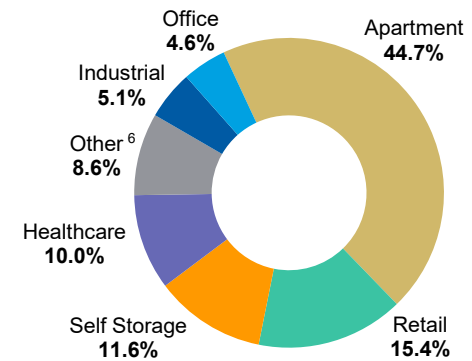
As % of Gross Asset Value



## Value Add by Type<sup>2</sup>



## Value Add by Sector<sup>2</sup>



1. Simple average provided.  
 2. Appraised value at ownership basis.  
 3. In Lease-Up is defined as assets that have not achieved 70% leased status and have not received final certificate of occupancy (CO).  
 4. Development is defined as assets that are under construction.  
 5. Pre-Development is defined as assets that are land held for future development.  
 6. Other primarily includes land held for potential development.

# Debt Profile

As of March 31, 2024

**15% - 25%**  
TARGET RANGE

**25.4%**  
CONSOLIDATED LEVERAGE

**4.4%**  
WEIGHTED AVERAGE COST OF DEBT

**6.3 Yrs**  
WEIGHTED AVERAGE DEBT REMAINING TERM

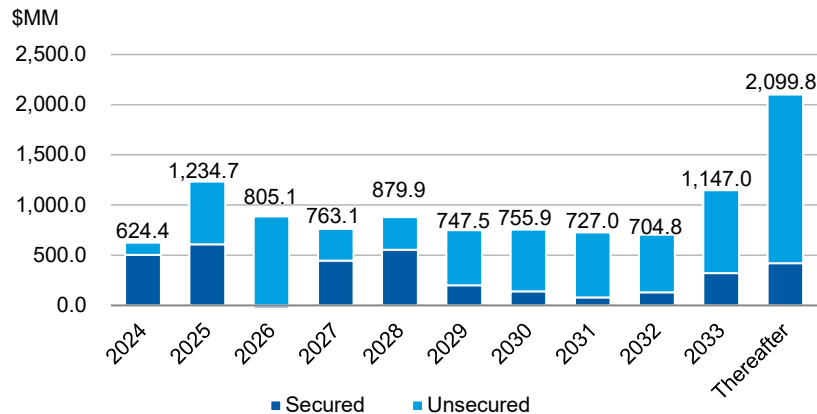
**66.2%**  
UNSECURED DEBT

**84.0%**  
FIXED RATE DEBT

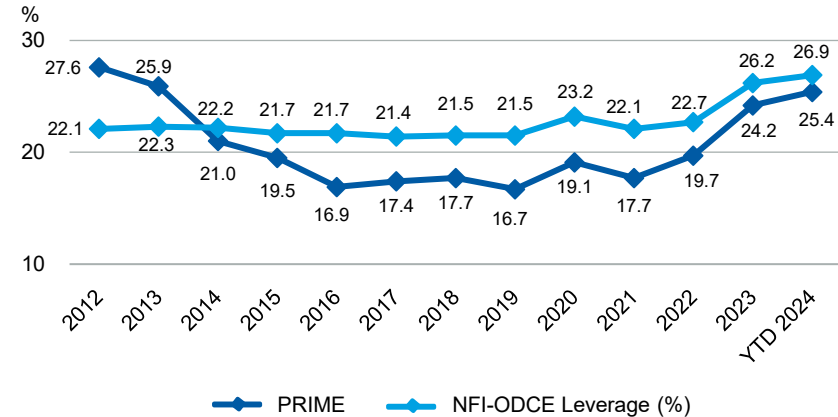
**0.3%**  
CASH TO NET ASSETS

**BBB+**  
FUND RATING (STANDARD & POOR'S)<sup>4</sup>

Debt Maturity Schedule<sup>1,2</sup>



PRIME vs. NFI-ODCE Historical Leverage<sup>1,3</sup>



1. Includes all wholly-owned debt and PRIME's proportionate share of joint venture debt.  
 2. Maturity schedule reflects wholly owned and joint venture debt at ownership share. Excludes the Fund's \$750 million line of credit which had \$340 million outstanding as of March 31, 2024. Excludes the AMLI line of credit if \$10 million, which had a zero outstanding balance as of March 31, 2024. Information is as of March 31, 2024 and is subject to change at any time.  
 3. Financing, on a portfolio-wide basis, will be targeted at 15% to 25% on a consolidated basis (i.e., counting, for these purposes, off-balance sheet leverage used by joint ventures, on a pro rata basis to the Fund). In no event, however, will the Fund's consolidated leverage exceed 50% of the gross value of the Fund's assets at the time the debt is incurred, unless the Board determines otherwise.  
 4. In April 2024, S&P revised the outlook for PRIME from A- with a negative outlook to BBB+ with a negative outlook citing i) the elevated redemption queue and ii) potential for elevated consolidated leverage levels.



# Morgan Stanley and MSIM's Commitment to Sustainability

2009	2013	2015	2017	2018	2019	2020	2021	2022
Established cross-firm <b>Global Sustainability Office (GSO)</b>	<b>Institute for Sustainable Investing</b> established	Issued inaugural <b>Green Bond</b> to support firmwide climate strategy & solutions	Named the first <b>Chief Sustainability Officer</b> on Wall Street	Committed to mobilizing \$250Bn toward <b>low-carbon solutions</b> by 2030	Announced award-winning <b>Plastic Waste Resolution</b> <sup>1</sup>	1st Wall Street bank committed to <b>net zero financed emissions</b> by 2050	Committed to mobilize <b>\$1Tn in sustainable finance by 2030</b> , including \$750Bn in low-carbon solutions	Established <b>EMEA Sustainability Office</b>

## Morgan Stanley

## Morgan Stanley Investment Management (MSIM)

### Firmwide Commitments

- **Net zero financed emissions** by 2050 <sup>2</sup>
  - Joined the Steering Committee of the **Partnership for Carbon Accounting Financials (PCAF)** and the steering group of the **Net-Zero Banking Alliance (NZBA)**
- **Carbon-neutral operations** by 2022. This goal was achieved in 2022 <sup>3</sup>
- **\$1Tn in sustainable finance by 2030**, including \$750Bn in low-carbon solutions
- **50Mn metric tons of plastic waste** avoided by 2030
- Increase number of **women officers** globally by **25%** and **Black and Hispanic officers** in the U.S. by **50%** <sup>4</sup>

### Leadership

- Founded in 2009, under the **Chief Sustainability Officer's** leadership, the centralized **Global Sustainability Office** works with the Firm's three business units, Institutional Securities, Wealth Management and Investment Management, to implement sustainable business strategies

### Strategic Partners and Affiliations



### ESG Integration across Asset Classes

- Committed to ESG integration as a tool to deliver **strong returns and manage risk**, guided by MSIM's **Sustainable Investing Policy**

### Active Ownership

- As active managers and long-term investors, we believe there is an opportunity to steward the capital we manage
- Investment teams endeavor to engage in constructive dialogue with companies, which may encompass meetings and discussions on a particular issue or multiyear engagements/stewardship on a range of E, S or G topics

### ESG Investing Solutions

- ESG investing expertise is delivered through flexible solutions designed to help clients achieve their sustainable investing and impact goals
- **\$40Bn+ in assets under management** with Sustainability Features <sup>5</sup>

### Leadership

- **A collaborative structure to integrate sustainability**, e.g., via the MSIM ESG Committee, Investment Management Sustainability Team and Sustainable Investing Team Leads

1. ESG Investing Awards 2022 Winners & Finalists, <https://www.esginvesting.co.uk/awards/shortlistedfinalists>

2. Net-zero reflects a state in which the amount of greenhouse gas ("GHG") emissions being released into the atmosphere is matched by the amount of greenhouse gases being removed from the atmosphere via natural "sinks." Financed emissions are the absolute greenhouse gas emissions attributed to banks through their loans and investments.

3. For details, please refer to Morgan Stanley's [2022 ESG Report](#).

4. Officers includes Managing Directors, Executive Directors and Vice Presidents.

5. This AUM figure includes funds and mandates with at least one of the following sustainability features: 1. Impact objectives, 2. Sustainability theme objectives, 3. Tilts based on sustainability factors, 4. Low-Carbon or Net-Zero commitments. Parametric AUM is not currently included in this figure. For more information, see pg. 91 of Morgan Stanley's [2022 ESG Report](#).

# PRIME Sustainability

## As of March 31, 2024

PRIME has implemented a **comprehensive sustainability strategy**, aimed at monitoring resources consumed by its real estate assets, thereby creating the potential for the Fund to reduce its direct environmental impact, manage risks and enhance financial performance of its assets

The aspiration of achieving net-zero and interim steps (including energy reduction and on-site solar targets) toward that aspiration are non-binding and subject to change at any time at the discretion of the Adviser. There is no guarantee that the Fund will achieve this aim

### ACHIEVEMENTS

#### GRESB<sup>1</sup>

- **2023 score: 80 | 3 Green Star rating**
- One-point decrease from 2022 score due to:
  - Higher energy and GHG usage resulting from increased occupancy and changes in tenancy, particularly in our industrial and apartment portfolios
  - Shift in asset allocation towards industrial and away from office



#### UN PRI<sup>1</sup>

- MSIM has been a signatory of the UN PRI since 2013
- **Direct-Real Estate Module 2023 score:**
  - 4 / 5 stars | 74 / 100
  - Above median score of 62 / 100



#### Select Other Achievements

- Held **inaugural ESG Real Estate Summit** gathering key stakeholders to collaborate and share ESG insights and best practices
- AMLI recognized as an **ENERGY STAR Partner of the Year** in 2024
- AMLI selected as a **LEED Homes Award recipient** within the Outstanding Developer category in 2023

### CERTIFICATIONS

#### 34% of the Fund is LEED certified<sup>2</sup>

- **Office**
  - 94% is LEED certified
- **Apartment**
  - 58% is LEED certified
  - AMLI requires all new developments attempt a minimum of **LEED Silver**



#### 30% of the Fund has an ENERGY STAR certification<sup>2</sup>

- **Office**
  - 75% has an ENERGY STAR certification, weighted-average score 81
- **Apartment**
  - 66% has an ENERGY STAR certification, weighted-average score 87

#### Healthy Building Certifications

- **67%** of the Fund's **office portfolio** has obtained the **WELL Health-Safety Rating<sup>2</sup>**
- **GSA** committed to pursue **Fitwel certifications** across portfolio, where financially and operationally feasible



### TARGETS

#### The Fund aspires to achieve net-zero emissions by 2050<sup>3,4,5</sup>

- **30% same-store Scope 1 and 2 GHGe reduction by 2030** (Base: 2019).<sup>4,5</sup> Achieving this aspiration would include:
  - **15% energy use reduction** by 2030 (Base: 2019)
  - **20% of overall buildings seek to install on-site solar** by 2030

#### Progress towards Targets:

- **As of year-end 2022**, energy and Scope 1 and 2 GHGe were reduced by **8% and 17%**, respectively since 2019<sup>4</sup>
- **As of March 31, 2024**, **13%** of PRIME's existing assets have solar panels installed

#### Historic Energy and GHGe Reduction

- Energy and Scope 1 and 2 GHGe were reduced by **20% and 17%** as of **year-end 2020** (Base: 2017) for PRIME's same-store directly managed portfolio<sup>6</sup>

1. Past Performance not indicative of future results. Scores and certifications described herein are based on methodology and criteria created by the respective organizations, which are not fully known to Morgan Stanley. GRESB results reflect 2021 and 2022 Asset-level ESG Performance Data as reported in the 2023 GRESB response. Participation in the GRESB Real Estate Assessment, a not-for-profit organization for which MSIM is an investor member, includes an annual participation fee payable by the Fund. PRI results shown are from 2023 reporting. Scores and certifications described herein are based on methodology and criteria created by the respective organizations, which are not fully known to Morgan Stanley. The content of this section is for informational purposes only and is not intended to predict the performance of Prime Property Fund or any investment thereof. Participation in the PRI assessment, a not-for-profit organization for which MSIM is a signatory, includes an annual membership fee payable by MSIM. Such membership fees are not payments for a rating. For MSIM's 2023 Transparency and Assessment Reports, please follow the corresponding link - [https://www.morganstanley.com/im/publication/resources/msim\\_pri\\_transparencyreport\\_en.pdf](https://www.morganstanley.com/im/publication/resources/msim_pri_transparencyreport_en.pdf)

2. Based on gross asset value, at ownership as of March 31, 2024.

3. Implementation of efforts to achieve this goal remains subject to the Adviser's duties to the Fund, including the Adviser's obligation to endeavor to maximize the return on investment for the Fund.

4. Same-store definition includes assets that are within PRIME's operational control, owned and stabilized as of year-end 2019. Divestments will be removed from the baseline and future reporting years. Where tenants are in control of their own meter and pay utility bills directly, those emissions are considered scope 3 and are not relevant to PRIME's 2030 scope 1 and scope 2 GHGe reduction aspiration. Newly acquired standing assets and new developments will be incorporated into the energy and GHGe boundary upon availability of 24 full months of data from date of acquisition or stabilization. Associated energy consumption and scope 1 and scope 2 GHGe is applied back to the baseline in order to maintain consistency over time. Energy use is the primary source of GHGe for the Fund. Included in GHGe are carbon dioxide, methane and nitrous oxide. PFCs and SF6 are associated with electrical equipment, semiconductor manufacturing and aluminum and not applicable to PRIME. HFC refrigerants are not tracked at this time.

5. This is an aspirational goal that the Adviser pursues as part of its responsible investment strategy for the Fund and is not a binding commitment. There is no guarantee that the Fund will achieve this aim.

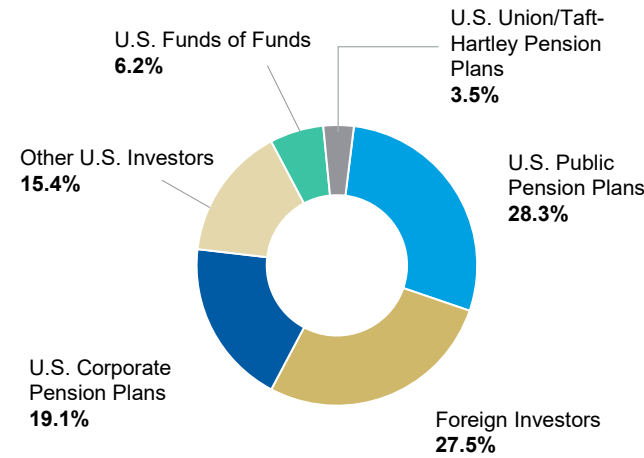
6. Assets within PRIME's operational control. Where tenants are in control of their own meter and pay utility bills directly, those emissions are considered scope 3 and not included in PRIME's scope 1 and 2 GHGe reduction targets. Energy use is the primary source of GHG emissions for the Fund.

# Investor Profile & Capital Flows

As of March 31, 2024

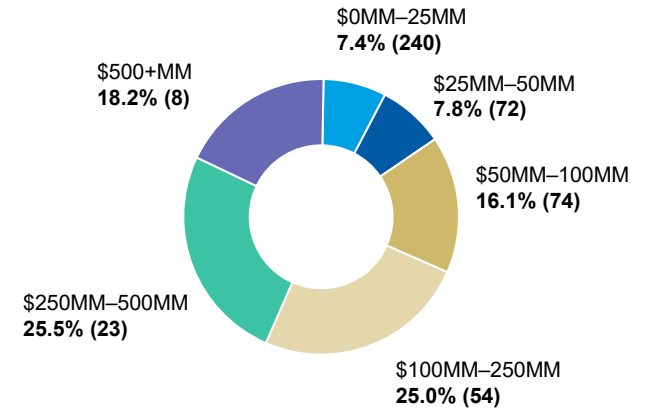
## Investor Type—Measured in \$

\$31.0B Net Asset Value



## Number of Investors—Measured by Size

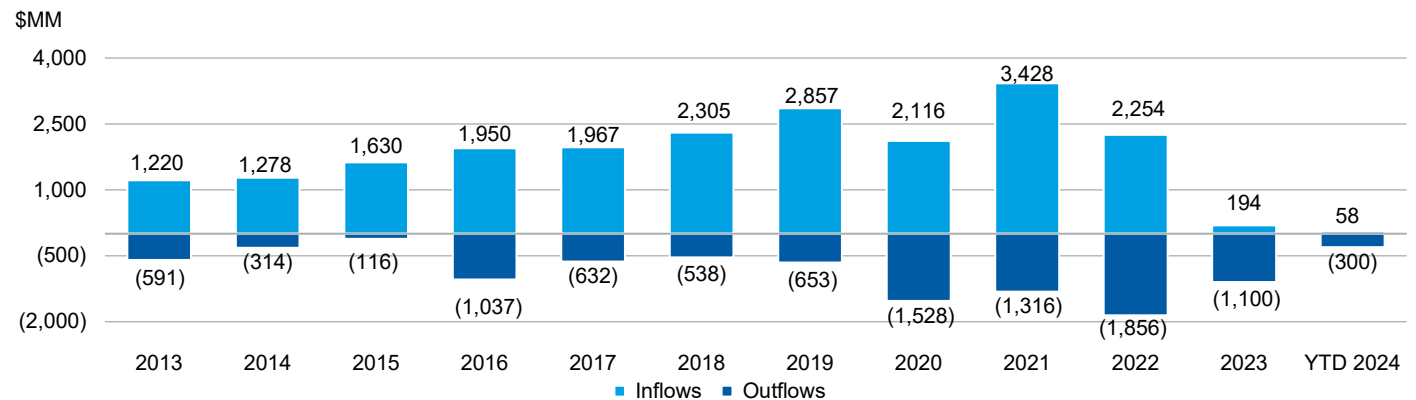
\$31.0B Net Asset Value



As of March 31, 2024, PRIME has a redemption queue of \$5.1 billion

- PRIME has paid out \$3.1 billion in redemptions since the redemption queue was established in 2Q22

## Inflows and Outflows <sup>1</sup>

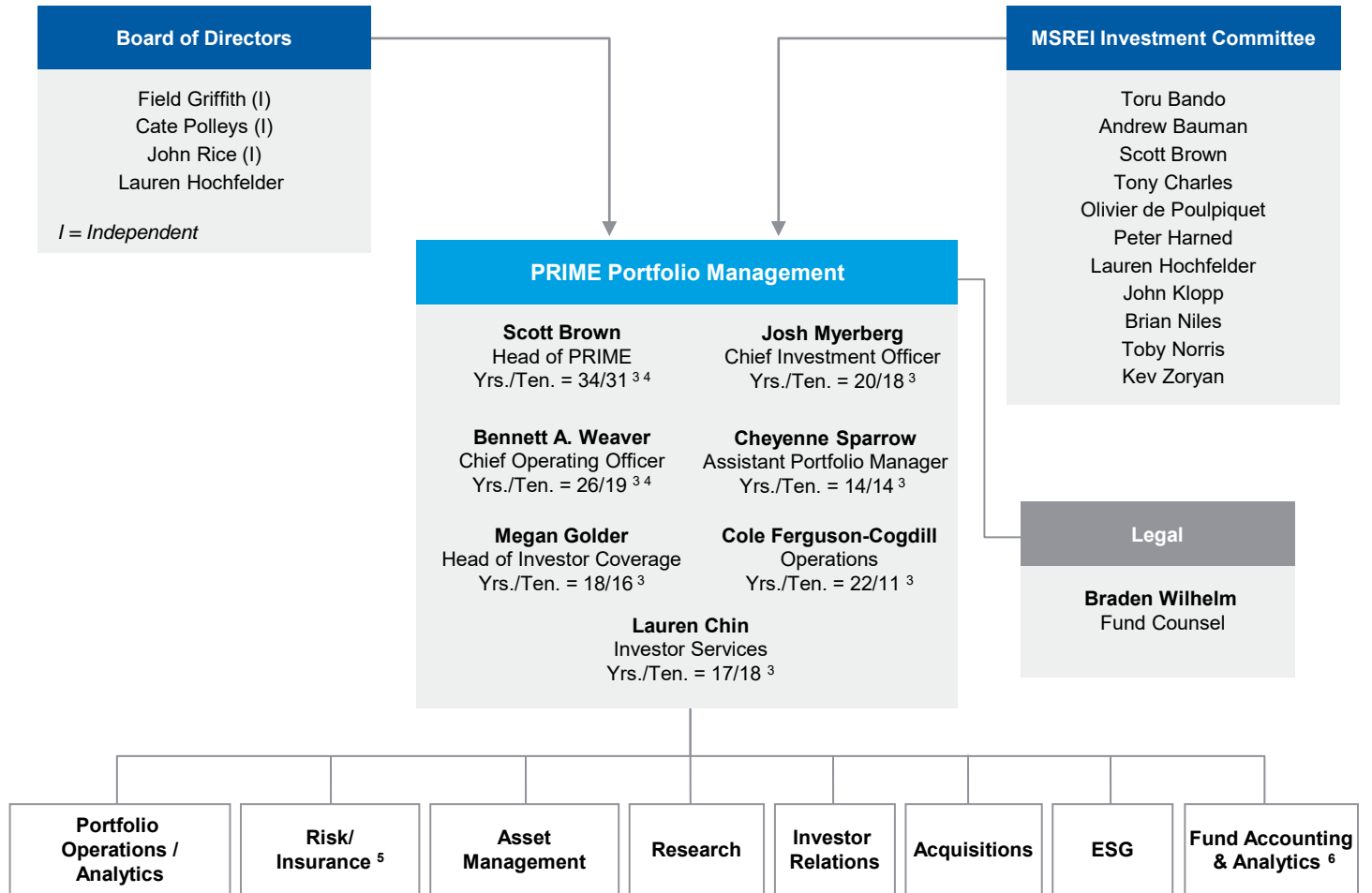


1. Excludes dividends paid and reinvested. PRIME had a redemption queue from September 2008 to September 2010 and from June 2020 to December 2020. A new redemption queue was instituted on June 30, 2022.

# PRIME Resources

As of March 31, 2024<sup>1 2</sup>

The officers within the portfolio management team have an average tenure with the platform of over 18 years



1. This chart and the data provided herein with respect to professionals that are assigned to work on matters related to PRIME are subject to change from time to time based on MSREI senior management's sole discretion regarding the needs of the MSREI business.  
 2. Resources are shared across all MSREI clients.  
 3. Yrs./Ten. = Years of real estate experience/Tenure at Morgan Stanley.  
 4. Includes years employed by Lend Lease Real Estate and its predecessor, Equitable Real Estate, prior to the acquisition of certain portions of Lend Lease Real Estate's advisory business by Morgan Stanley Real Estate Investing.  
 5. Risk Management is a shared resource across the MSIM platform. As of 1 January 2018, the MSREI Insurance Group has been outsourced. Acrisure LLC hired the four team members and entered into a long-term agreement with Morgan Stanley to provide insurance services. Under this agreement, the former MS employees will dedicate substantially all of their time to the Morgan Stanley Private Funds.  
 6. Fund accounting and analytics are provided by State Street Bank and Trust Company personnel; 16 professionals currently are assigned to provide fund control and analytics services relating to PRIME as of December 31, 2023.

## Key Takeaways

Our professionals remain highly engaged and aligned in maximizing the performance of the Fund

- PRIME has further established itself as a leader amongst open-end fund peers in terms of performance, transparency and best practices
- PRIME has materially re-priced over the past eight quarters
  - Strong same-store NOI growth and strategic sector weightings over the past two years has buffered the impact
  - Appraisal metrics are generally wide of the Altus Peer Group Average despite the higher quality of our portfolio <sup>1</sup>
- We believe risk continues to be well-managed
  - Leverage has been and continues to be well below that of the NFI-ODCE benchmark
  - Value-add exposure has dropped to 4.7%
  - Our overall lease status remains strong at 91.8%, 94.0% excluding assets in initial lease-up and recently completed redevelopments <sup>2</sup>
- Although redemption requests are elevated, a vast majority are partial requests
  - PRIME has paid out \$3.1 billion in redemptions and \$2.8 billion in dividends since the redemption queue was established in 2Q22
- The U.S. economic outlook has materially improved, inflation is decelerating, likelihood of U.S. recession has substantially declined, equity markets continue to rally, public real estate market are well off lows
  - Private real estate historically outperforms after periods of re-pricing

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1. APGA represents information for those assets in the NFI-ODCE benchmark for which Altus Group performs appraisals. This data does not include all NFI-ODCE benchmark participants and may differ from information presented by the NFI-ODCE.

2. One Post Office Square came out of the value-add allocation during the fourth quarter of 2023 after reaching the 70% leased status but is still progressing through lease-up after completing redevelopment.

# Performance Notes

*Past performance is not indicative of future results. There can be no assurance that the Fund will achieve comparable, or any, returns. Losses, including a total loss of invested amounts, can result from investment in the Fund.*

Unless otherwise noted, performance returns for the Fund contained herein:

- Are annualized (i.e., for periods of one year or greater, the performance returns represent average annual returns). Returns for periods less than one year are unannualized.
- Are time-weighted returns calculated using a “modified Dietz method.” In the absence of daily portfolio valuations, the modified Dietz method weights individual cash flows by the amount of time that those cash flows are held by (or absent from) the portfolio. The Adviser believes the modified Dietz method is a more appropriate way to measure the return on a portfolio than a simple geometric return method because the modified Dietz method identifies and accounts for the timing of all random cash flows while a simple geometric return does not.
- The modified Dietz method formula for calculating a time weighted return is as follows:
  - $$R_p = \frac{EFV - BFV - CF}{BFV + WCF}$$
  - $R_p$  = Return for the measurement period
  - EFV = Ending fair value of the investment
  - BFV = Beginning fair value of the investment
  - CF = Net cash flows for the period (add if net distribution)
  - WCF = Sum of weighted cash flows for the period
- Are presented before (i.e., gross of) investment advisory fees—specifically, they do not reflect a deduction for asset management fees. Actual returns to an investor would be lower.
- Are presented on a levered basis.
- Are presented based on finalized interim unaudited financial results (or, if available, finalized audited financial statements) available as of the stated time in the return presentation. Such results as of the end of the applicable fiscal year are generally audited by a reputable outside firm within 90 days of the Fund’s fiscal year end.
- Include interest income from short-term investments.
- Include income which is based on accrual accounting.
- Include increases or decreases in net asset value arising from the Fund’s marking of its debt to market in accordance with Accounting Standards Codification 825-10-25

## Performance Notes (Cont'd)

The Fund's annual total returns for calendar years 1974-2023 are as follows:

YEAR	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
<b>Gross</b>	10.18%	7.64%	10.20%	11.27%	14.05%	14.92%	12.58%	17.25%	8.70%	18.13%
<b>Net</b>	9.15%	6.54%	9.05%	10.44%	13.27%	14.08%	11.59%	16.30%	7.34%	17.52%
YEAR	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
<b>Gross</b>	14.10%	9.74%	8.44%	9.40%	8.51%	9.60%	0.36%	(7.24%)	(3.52%)	2.12%
<b>Net</b>	13.11%	8.63%	7.30%	8.25%	7.38%	8.46%	(0.70%)	(8.23%)	(4.57%)	1.06%
YEAR	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Gross</b>	6.73%	(0.38%)	10.61%	14.34%	18.75%	13.40%	13.27%	3.54%	5.27%	11.04%
<b>Net</b>	5.68%	(1.36%)	9.54%	13.23%	17.59%	12.26%	12.20%	2.59%	4.30%	10.02%
YEAR	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Gross</b>	18.53%	20.70%	18.47%	16.53%	(3.69%)	(32.61%)	16.23%	17.72%	13.16%	17.54%
<b>Net</b>	17.56%	19.81%	17.03%	15.23%	(4.75%)	(33.22%)	15.09%	16.28%	11.68%	16.15%
YEAR	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Gross</b>	15.46%	15.84%	10.42%	9.88%	9.05%	7.38%	2.10%	22.91%	7.39%	(4.75)%
<b>Net</b>	14.11%	14.50%	9.20%	8.75%	7.95%	6.16%	1.25%	21.46%	6.13%	(5.80)%

The Fund's inception date was August 20, 1973. Performance information for the Fund for the period in which it was advised by Lend Lease Real Estate Investments, Inc. or its predecessors (the period prior to December 2003) is included because it has been concluded that, given the substantial overlap of personnel and other factors, reporting such information would be helpful. On June 30, 2004, the Fund became the successor in interest of an open-end institutional real estate fund organized in 1973 as a statutory insurance company separate account (known as "Separate Account No. 8 – Prime Property Fund") sponsored and maintained by The Equitable Life Assurance Society of the United States.

## Performance Notes (Cont'd)

The sum of the income return and appreciation return components may not equal the gross return because of the time weighting (i.e., chain linking) of component monthly returns and/or quarterly returns.

Income return may or may not approximate distributed income to the investor, depending on the cash distribution policy or elections made by the investor.

As stated above, performance returns for the Fund contained herein are reported on an annualized, not cumulative, return basis. The cumulative, compounded effect of advisory fees on total returns can be significant.

### Comparable Indices and Benchmarks – Generally

For purposes of evaluating the Fund's performance, the information contained herein includes certain comparisons to certain real estate and non-real estate indices and benchmarks. It is not possible to invest directly into an index or benchmark. Certain factors and the limited data available for such indices and benchmarks may make direct comparisons difficult, and such indices and benchmarks may have characteristics that are not be fully applicable to the Fund and may be more or less volatile than the Fund. For example, indices (or particular funds contained therein) may have dissimilar asset concentrations, appraisal standards or policies on the reinvestment of dividends or other proceeds when compared to the Fund.

Characteristics of certain indices and benchmarks commonly used in comparisons with the Fund are described below; however, the descriptions are not exhaustive. Thorough familiarity with the characteristics for each index and benchmark is advisable before one can fully understand such comparisons.

### NCREIF Fund Index – Open-End Diversified Core Equity

The NCREIF Fund Index – Open-End Diversified Core Equity ("NFI-ODCE") is a fund-level, capitalization-weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (i.e., returns reflect each fund's actual asset ownership positions and financing strategy). NFI-ODCE performance information is presented gross of fees. NFI-ODCE information is available beginning in the first quarter of 1978, inclusive.

### The MSCI/PREA U.S. ACOE Quarterly Property Fund Index ("MSCI Index")

The MSCI/PREA U.S. ACOE Quarterly Property Fund Index ("MSCI Index") is time-weighted return index peer group benchmark used by PRIME and includes all investments owned by the peer group including real estate, cash and other investments (mezzanine loans receivable, notes receivable, forward commitments, etc.). The MSCI Index is gross of fees and excludes the impact of leverage.

### NCREIF Property Index

The NCREIF Property Index ("NPI") is a property-level, time-weighted return index and includes property investments at 100% ownership and does not account for leverage (i.e., returns do not reflect each fund's actual asset ownership position (if not 100%) or financing strategy). NPI performance information is presented gross of fees.

The Fund has a core-oriented investment strategy, while the NPI includes investments with a non-core orientation. The NPI performance returns exclude development, agricultural and other non-income producing properties. Also, the NCREIF Property Index is a broader index and includes assets with enhanced or more opportunistic-type strategies. The Fund's exposure to these types of assets is limited to 15% of gross assets, and the Fund's exposure to these types of assets was 4.7% of gross assets as of March 31, 2024.

### Other Indices

Comparisons to the performance returns of other indices (e.g., NAREIT Equity REIT Index, S&P 500, Barclays Capital U.S. Government/Credit Bond Index) are subject to similar considerations concerning component product mixes, weighting, etc. In particular, when comparing the performance of asset classes, readers should keep in mind that there are differences that make direct comparisons difficult. For example, due to the appraisal methods for valuing real estate, there may be inherent issues when comparing real estate to other asset classes; stocks are more volatile than bonds; and U.S. government bonds and fixed income investments are guaranteed by the issuer as to the timely payment of principal and interest and pay a fixed rate of interest.



SECTION 4

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# Additional Information

# Valuation

PRIME works closely with the Fund's independent appraisers to ensure they have the most current property and capital market information possible

## PRIME HAS A RIGOROUS AND THOROUGH APPRAISAL PROCESS

- **Every asset independently appraised quarterly**
- Nationally recognized appraisal firm is engaged to manage the process with the third-party appraisal firms that provide appraisals
- Individual appraisal assignments are rotated every three years
- Third-party appraisal firms are engaged by PRIME's independently controlled Board of Directors
- All valuation recommendations are formally reviewed by the Adviser's internal valuation committee

# Fund Valuation Summary

## As of March 31, 2024

PRIME's overall average appraised discount rate has not been at this level since 2014

PRIME's current industrial market rents are on average almost 50% higher than current contract rents

The average apartment cap rate has expanded 117 bps from 3.5% to 4.6% since March 31, 2022

Appraisers are projecting strong income growth over the next three years

- The average cap rate is projected to increase from 4.5% in Year 1 to 5.5% in Year 3

Office values have declined 40% from recent peak values

Retail values have declined 32% from recent peak values <sup>1</sup>

### Appraisal Summary <sup>2</sup>

As of March 31, 2022

	Year 1 Cap Rate(%)	Year 2 Cap Rate(%)	Year 3 Cap Rate(%)	Avg Terminal Cap Rate(%)	Avg Discount Rate(%)
Industrial	3.11	3.40	3.67	4.47	5.51
Apartment	3.45	3.68	3.86	4.05	5.51
Office	4.51	4.89	5.36	5.45	6.31
Retail	3.96	4.72	5.37	5.37	6.89
Healthcare	3.92	4.83	5.25	5.48	6.51
Self Storage	4.18	4.43	4.63	5.10	6.20
Student Housing	4.56	4.77	5.05	5.18	6.47
<b>Total Portfolio</b>	<b>3.72%</b>	<b>4.08%</b>	<b>4.41%</b>	<b>4.77%</b>	<b>5.93%</b>

### Appraisal Summary <sup>2 3</sup>

As of March 31, 2024

	Year 1 Cap Rate(%)	Year 2 Cap Rate(%)	Year 3 Cap Rate(%)	Avg Terminal Cap Rate(%)	Avg Discount Rate(%)
Industrial	3.81	4.24	4.76	5.52	7.24
Apartment	4.62	4.83	5.06	5.21	6.83
Office	5.82	5.49	6.92	6.49	8.01
Retail	4.61	5.35	6.20	6.02	7.81
Healthcare	4.69	5.61	5.94	5.88	7.31
Self Storage	4.39	4.91	5.31	5.66	7.31
Student Housing	4.70	5.19	5.41	5.67	6.89
<b>Total Portfolio</b>	<b>4.55%</b>	<b>4.87%</b>	<b>5.46%</b>	<b>5.69%</b>	<b>7.31%</b>
<b>Difference</b>	<b>83 bps</b>	<b>79 bps</b>	<b>105 bps</b>	<b>92 bps</b>	<b>138 bps</b>

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

1. Represents recent peak values from year-end 2018.
2. Appraisal reports for the Fund's real estate assets are prepared by independent third-party appraisers based on a 100% fee interest in each asset regardless of the Fund's actual ownership interest. Appraisal assumptions by sector represent a weighted average based on the Fund's ownership interest of the individual asset appraisals. Total appraisal assumptions represent a weighted average of the appraisal assumptions for each property sector. Assets are not appraised in the quarter they are acquired. Cap rates provided above represent the assumptions used by the Fund's independent third-party appraisers and may differ from the Adviser's internal projections and underwriting assumptions.
3. Includes assets in initial lease-up. For Appraisal metrics excluding office, retail, and self storage assets in initial lease-up, please see page 57.

# Fund Valuation Summary

## As of March 31, 2024

### PRIME and Altus Peer Group Average (“APGA”) - Appraisal Comparison <sup>1</sup>

#### Overall Fund

- The overall discount rate has expanded 135 bps since 1Q22 versus the APGA Ex-PRIME’s expansion of 127 bps

#### Industrial

- PRIME’s appraisal metrics are comparable to APGA Ex-PRIME despite PRIME being better leased, achieving higher rents, and having a longer WALT

#### Apartment

- PRIME’s apartment appraisal metrics had been wider than APGA Ex-PRIME, but APGA Ex-PRIME moved materially in 4Q23, expanding further in 1Q24
- Vast majority of discount rate movement for PRIME occurred in 2022 while the index took another four quarters to move an equivalent amount
- PRIME’s average apartment contract rents are more than 6% higher than the APGA

#### Office

- PRIME has a slightly lower discount rate and exit cap than APGA Ex-PRIME but a much higher average cap rate
- PRIME’s office occupancy remains well above the APGA Ex-PRIME and average contract rents are more than 20% higher than APGA Ex-PRIME

#### Retail

- Retail metrics are very difficult to compare given profile of holdings

#### Healthcare

- PRIME MOB cap rate has expanded considerably more than the APGA Ex-PRIME
- PRIME’s Life Science was valued more conservatively than APGA Ex-PRIME at market peak

#### Self Storage

- PRIME’s self storage portfolio is valued at a higher discount rate and cap rate compared to APGA Ex-PRIME

#### Student Housing

- PRIME’s student housing Year 2 appraisal cap rate is 5.2%

Metric	1Q24			1Q24 vs 1Q22	
	PRIME	APGA (Ex-PRIME)	PRIME vs APGA (Ex-PRIME)	PRIME	APGA (Ex-PRIME)
<b>Fund Level</b>					
Discount Rate	7.28%	7.27%	0.01%	1.35%	1.27%
Exit Cap	5.69%	5.88%	(0.19)%	0.92%	1.02%
Yr. 1 Cap	4.71%	4.67%	0.04%	0.99%	0.93%
<b>Industrial</b>					
Discount Rate	7.24%	7.14%	0.10%	1.73%	1.66%
Exit Cap	5.52%	5.66%	(0.14)%	1.05%	1.26%
Yr. 1 Cap	3.81%	3.85%	(0.04)%	0.69%	0.73%
<b>Apartment</b>					
Discount Rate	6.83%	6.85%	(0.02)%	1.32%	1.16%
Exit Cap	5.21%	5.44%	(0.23)%	1.16%	1.06%
Yr. 1 Cap	4.62%	4.72%	(0.10)%	1.17%	1.15%
<b>Office <sup>(2)</sup></b>					
Discount Rate	7.99%	8.22%	(0.22)%	1.68%	1.68%
Exit Cap	6.64%	6.90%	(0.26)%	1.19%	1.34%
Yr. 1 Cap	6.65%	5.74%	0.90%	2.13%	1.62%
<b>Retail <sup>(2)</sup></b>					
Discount Rate	7.74%	7.41%	0.33%	0.86%	0.63%
Exit Cap	6.05%	6.29%	(0.24)%	0.67%	0.56%
Yr. 1 Cap	5.19%	5.49%	(0.31)%	1.22%	0.71%
<b>Healthcare MOB</b>					
Discount Rate	7.16%	7.24%	(0.08)%	0.98%	1.37%
Exit Cap	6.06%	6.17%	(0.11)%	0.48%	1.02%
Yr. 1 Cap	5.66%	4.91%	0.75%	0.97%	0.57%
<b>Life Science / Lab</b>					
Discount Rate	7.38%	7.08%	0.30%	0.67%	1.33%
Exit Cap	5.80%	5.91%	(0.11)%	0.38%	1.08%
Yr. 1 Cap	4.06%	4.27%	(0.21)%	0.60%	0.86%
<b>Self Storage <sup>(2)</sup></b>					
Discount Rate	7.25%	7.09%	0.16%	1.05%	0.83%
Exit Cap	5.66%	5.44%	0.22%	0.56%	0.72%
Yr. 1 Cap	4.77%	4.52%	0.26%	0.59%	0.56%
<b>Student Housing</b>					
Discount Rate	6.89%	6.94%	(0.05)%	0.42%	0.74%
Exit Cap	5.67%	5.56%	0.11%	0.49%	0.49%
Yr. 1 Cap	4.70%	5.13%	(0.43)%	0.14%	0.89%

Past performance is not indicative of future results. See the Performance Notes for important information about performance returns.

- Altus Peer Group Average<sup>2</sup> represents information for those assets in the NFI-ODCE benchmark for which Altus Group performs appraisals. This data does not include all NFI-ODCE benchmark participants.
- PRIME data excludes office, retail and self storage assets in initial lease-up. One Post Office Square came out of the value-add allocation during the fourth quarter of 2024 after reaching the 70% leased status but is still progressing through lease-up after completing redevelopment. For the presented metrics including assets initial lease-up, please see page 56.

## PRIME Fee Structure

Asset Management Fee: 84 basis points per annum of the NAV (as of the beginning of each calendar quarter) payable quarterly in arrears.

Incentive Fee: Incentive Fee for each calendar year is capped at 35 basis points per annum. Accrues on a monthly basis over a calendar year. Monthly accrual will equal the product of  $X*Y*Z*1/12$ , where:

- $X = 5.0\%$ ;
- $Y = \text{NAV (as of the beginning of that month)}$ ; and
- $Z = \text{"Comparable Property NOI Growth" for that month (expressed as a percentage)}$  <sup>1</sup>

Incentive Fee is payable at or promptly after the end of each calendar year and equal to the aggregate amount of the Incentive Fee (including any negative amounts) accrued for each month of the calendar year.

1. "Comparable Property NOI Growth" for a given calendar month is the growth, expressed as a percentage, of (i) the aggregate income after operating expenses have been deducted, but before deducting income taxes, financing expenses, fund expenses and capital expenditures (the "NOI") generated by Included Investments that month, over (ii) the aggregate NOI generated by the same Included Investments during the same calendar month in the preceding year. For these purposes, "Included Investments" means each real estate asset held directly or indirectly by the Fund for at least 13 months prior to the end of that month (for the avoidance of doubt, including any real estate for which there was any expansion, redevelopment or similar change during the prior 13 months); provided that if any such real estate asset is a development asset (i.e., either undeveloped land or a previously developed real estate asset that is subject to a development or redevelopment project where the budgeted costs of such project exceed 50% of the value of such asset immediately prior to undertaking such project), such real estate asset will only be considered held once its development has been completed (i.e., a certificate of occupancy or equivalent document has been obtained); and provided further that "Included Investments" shall not include AMLI Operating Company, Safeguard Operating Company or any other future Investment deemed to be an operating company

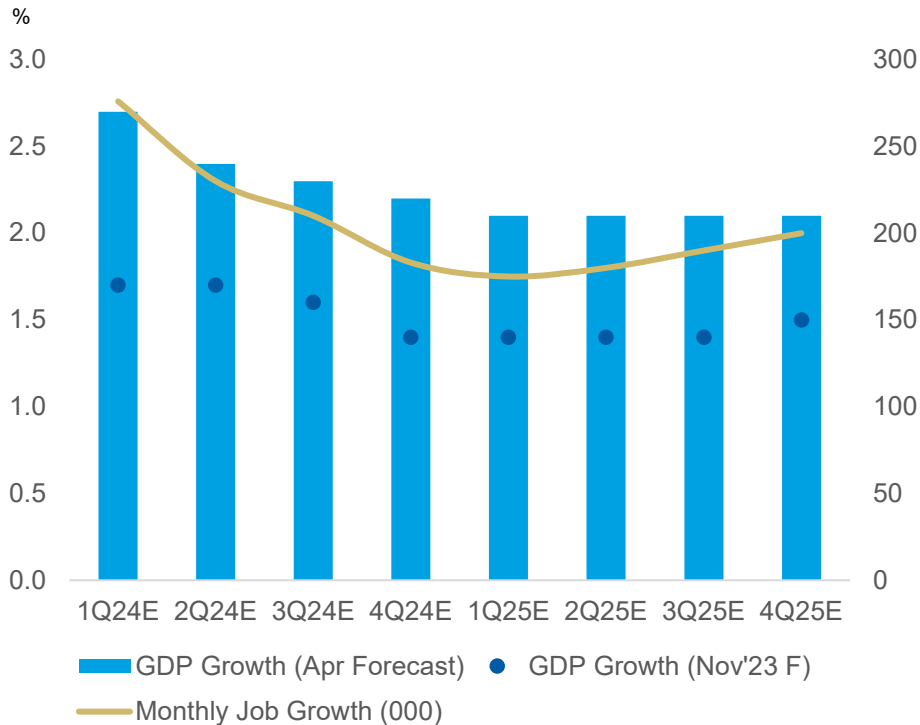
# Economy Stronger Than Expected

## Should Support Real Estate Fundamentals

### MACRO BACKDROP

- Increased conviction in soft / no landing
- Moderation in growth and labor market in 2H'24 expected to support orderly reduction in interest rates
- Geopolitical risks remain elevated and election year uncertainty may create uncertainty

#### GDP Growth has Exceeded Expectations



#### Recent Economic News Supports Macro Strength

- **April 5:** Stronger than expected March jobs (+303K)
- **April 10:** Hotter than expected March inflation (core 3.8%)
- **April 10:** Weaker than expected demand for 10YT (\$39B)
- **April 11:** Producer prices weaker than expected (+2.1%)
- **April 15:** Stronger than expected March retail sales report
- **April 16:** Industrial production rises fast than expected
- **April 19:** Reported companies earnings beat (79%)

Source: Morgan Stanley Research, MSREI Strategy, as of April 2024

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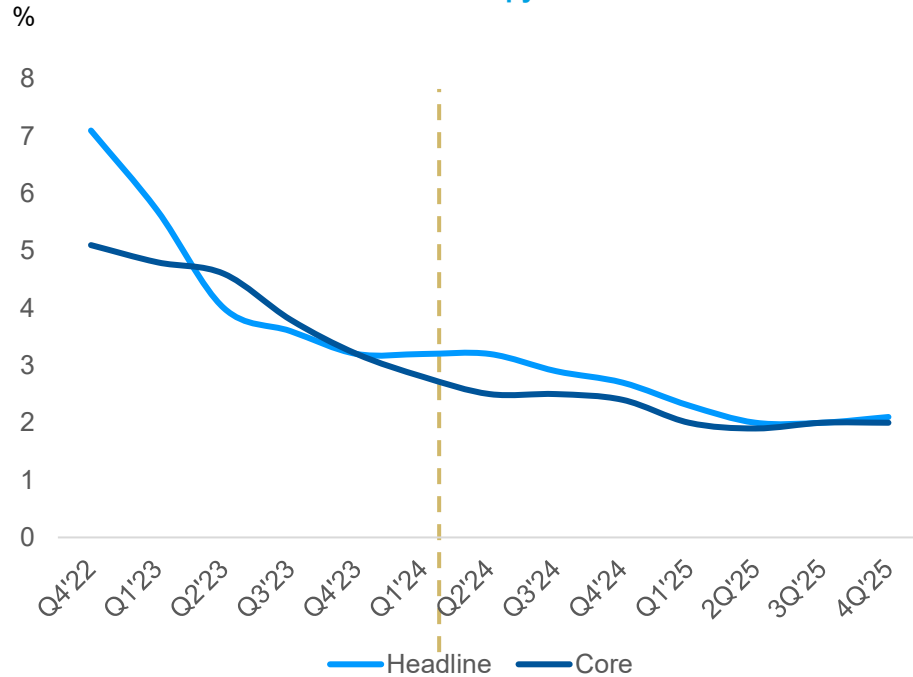
# Inflation Last Mile Proving Challenging

## Interest Rates Expected to Remain Higher for Longer

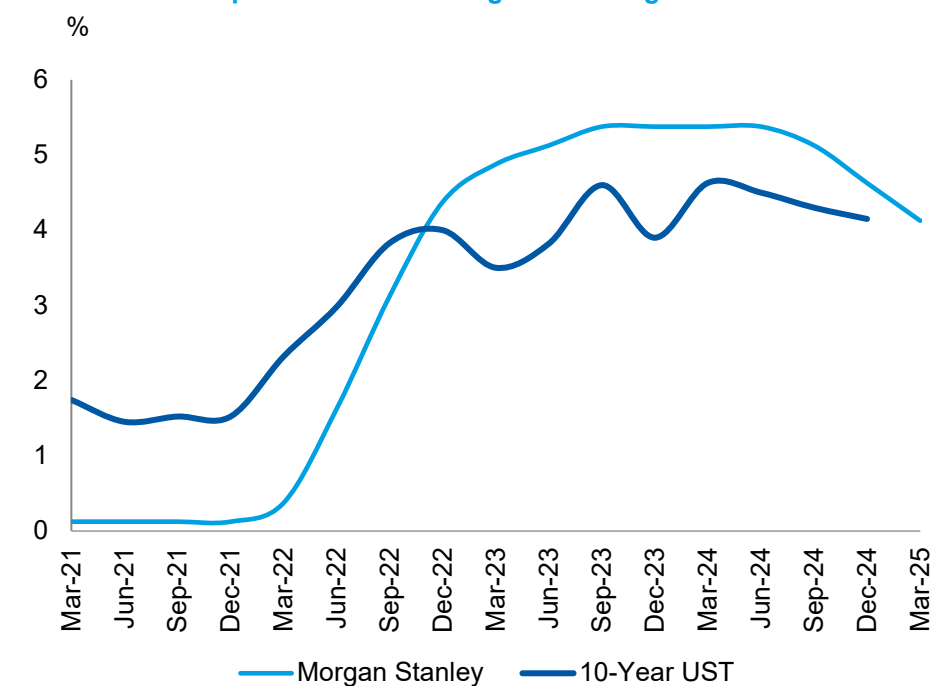
### INTEREST RATE ENVIRONMENT

- Upside surprises in inflation driven by hot economic data and surging commodities
- Long-term bond rates have been volatile. Expected to remain elevated and oscillate around 4-4.5% percent for most of 2024
- Fed has signaled that it may take “longer than expected” to gain the confidence needed to lower rates

**Inflation Downward Path Remains Bumpy**



**Interest Rates Expected to Remain Higher for Longer**



Source: Morgan Stanley Research, MSREI Strategy, as of April 2024

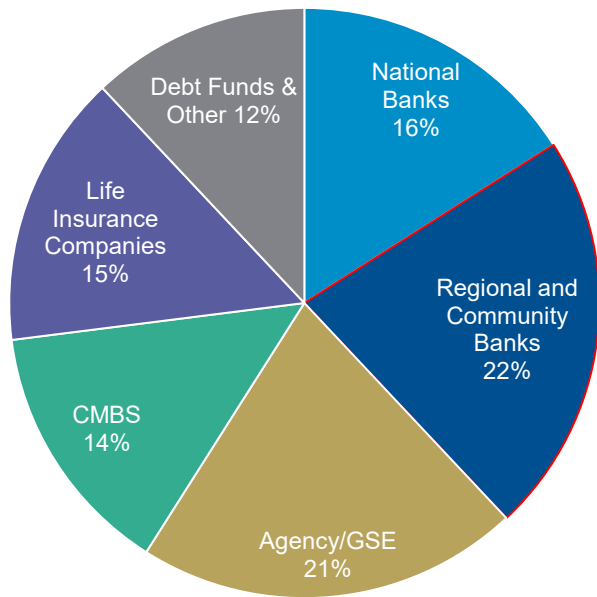
Source: Morgan Stanley Research, MSREI Strategy, as of April 2024

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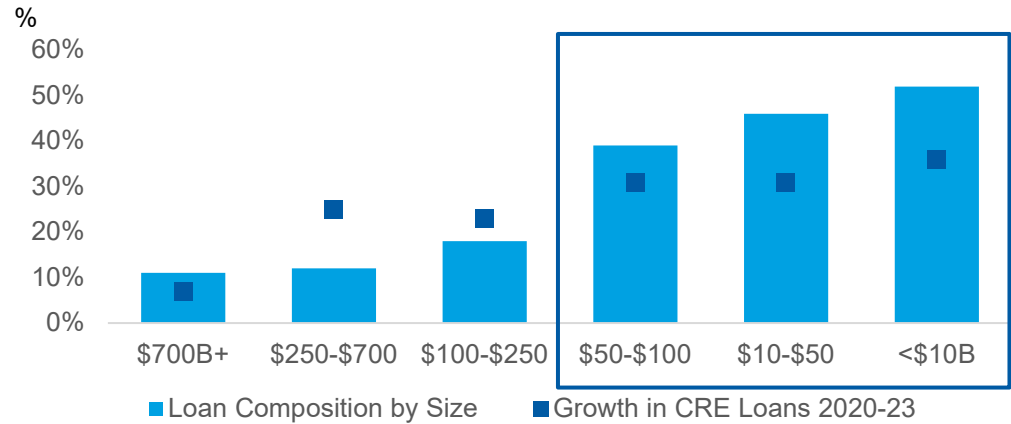
# Regional Banks Remain in the Headlines

Expected to Pose Idiosyncratic not Systemic Risk to Banking and Real Estate Sectors

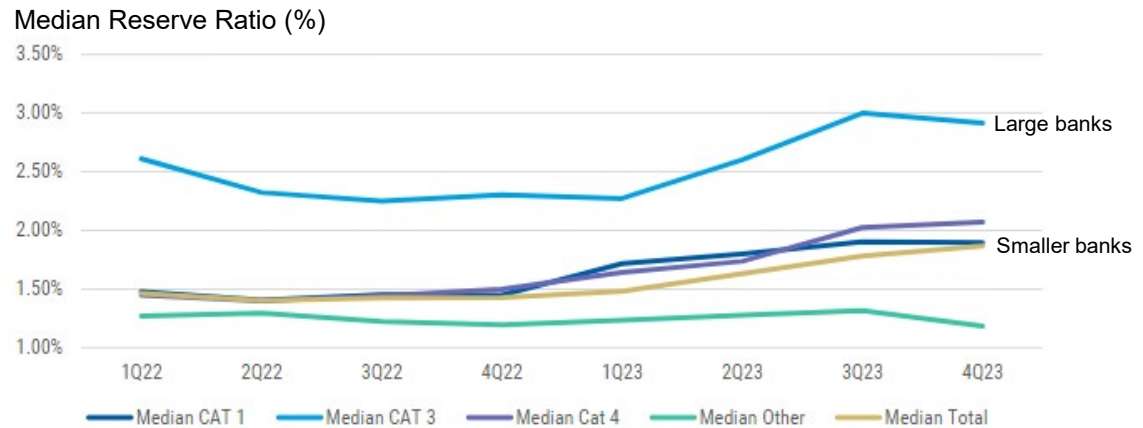
## U.S. Banks Hold 40% of CRE Debt (\$4.5T)



## Smaller Regional Banks Significantly Grew CRE Exposure



## Bank CRE Reserve Ratios Continue to Increase



Source: Morgan Stanley Research, MSREI Strategy, as of April 2024

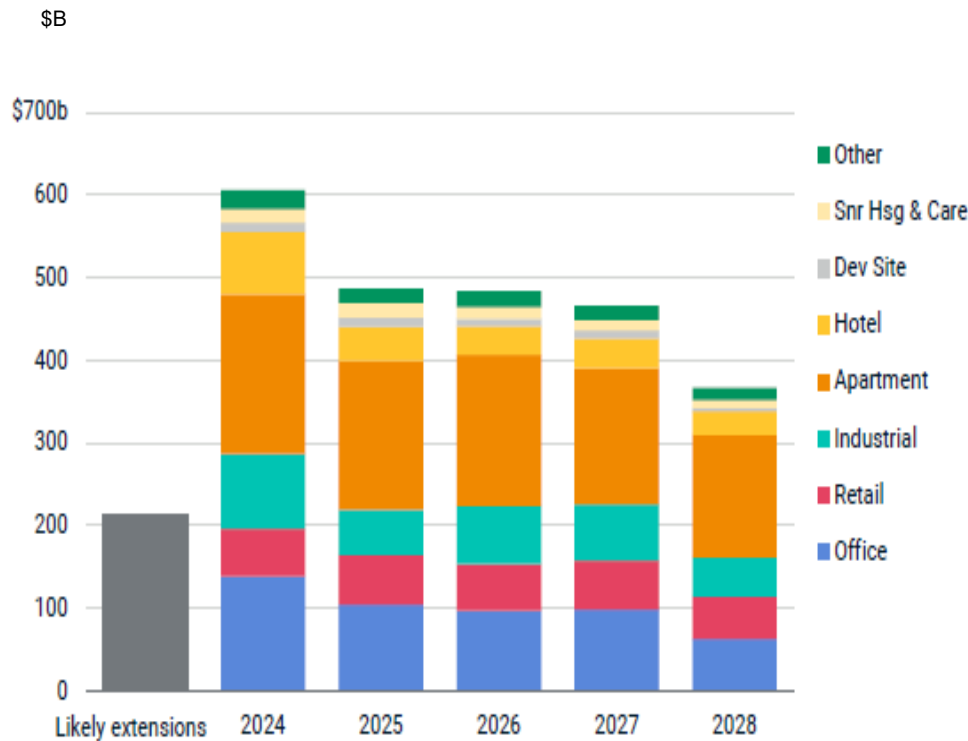
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# Loan Maturity Wall

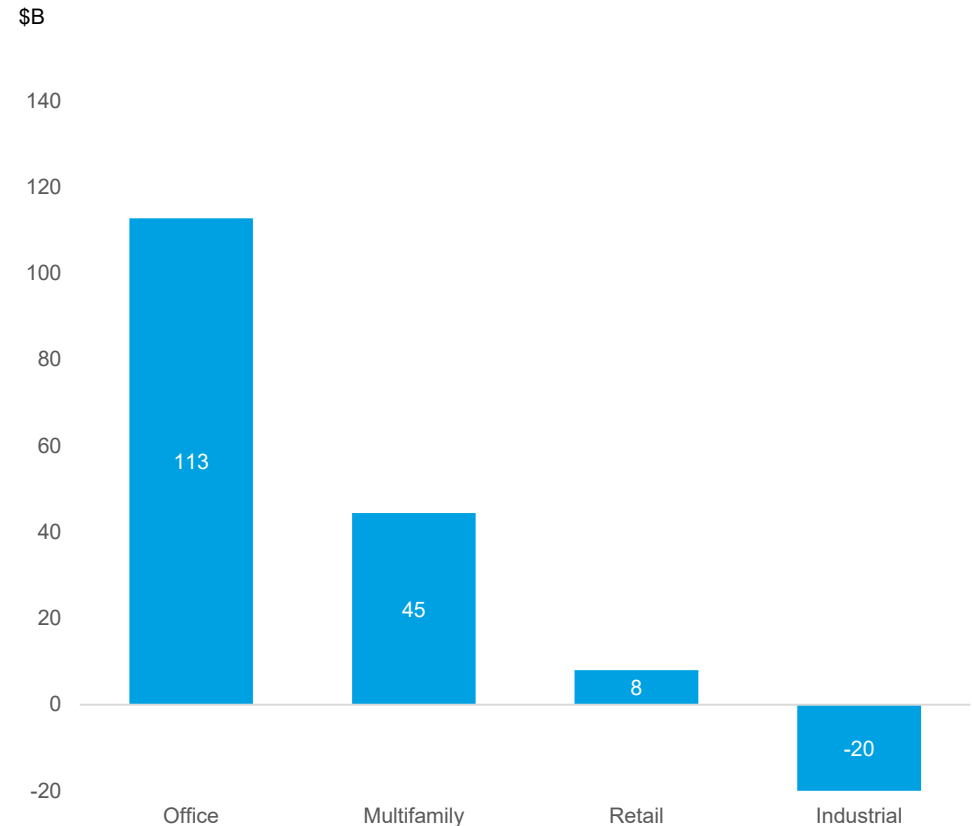
## Pending Maturities Expected to Resolve in Orderly Manner for Majority of the Market

Loan Maturity Wall may Create Some Idiosyncratic Distress



Source: Real Capital Analytics, MSREI Strategy, data as of April 2024

Debt Funding Gap Provides Opportunity for Alternative Lenders



Source: CBRE, MSREI Strategy, data as of December 2023

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# Real Estate Pricing Attractive vs Other Asset Classes

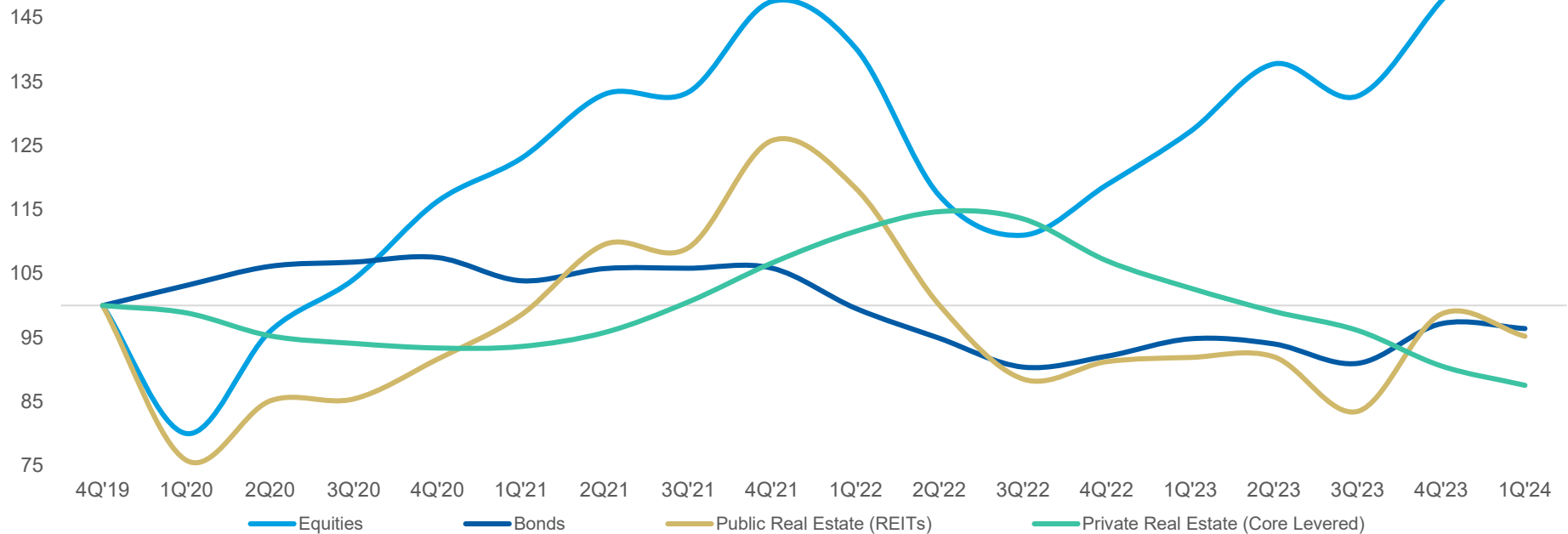
## Denominator Effect has Reversed

### CAPITAL MARKETS PRICING

- Given the sharp appreciation in equities since September 2022 (+32%), coinciding with the decline in private real estate values (-20%), investor allocations to real estate should now be back in balance
- REIT discount to NAV has improved from -23% (October) to -4% (today) suggesting convergence between public and private

### Private Real Estate vs Other Asset Class Performance

Appreciation Index, Q4'19=100



Source: NCREIF, NAREIT, MSREI Strategy, as of April 2024

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# Real Estate Values have Adjusted Meaningfully

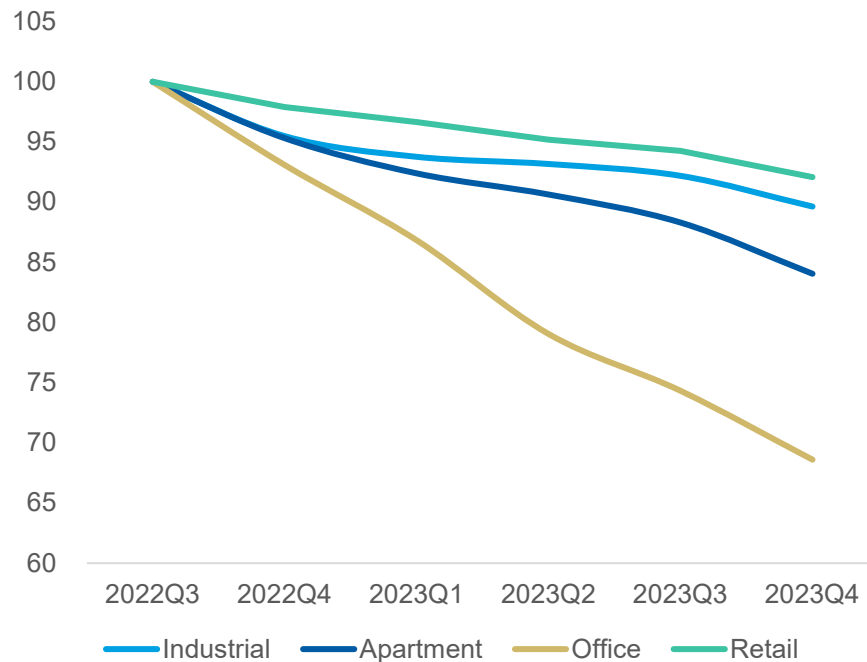
## Preferred Real Estate Sectors/Markets are Fairly Priced

### REAL ESTATE CAPITAL MARKETS

- Value declines of 20% represent attractive entry point, particularly in relation to public real estate pricing and replacement cost
- Transaction activity has stabilized and is expected to increase in 2H'24 due to expectation for lower rates
- Limited distress / forced selling to-date, but stress building, particularly in lower quality office and pockets of over-built multifamily

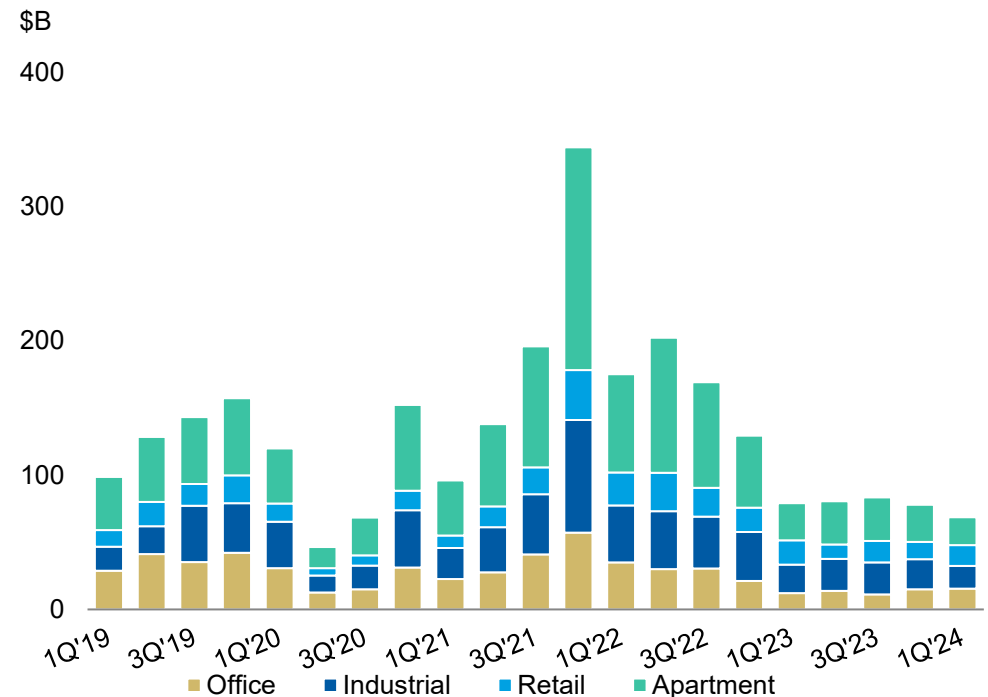
#### Real Estate has Re-Priced

NPI (Unlevered) Index, Sept 2022 = 100



Source: NCREIF, MSREI Strategy, data through Year End 2023

#### Transaction Activity has Stabilized



Source: Real Capital Analytics, MSREI Strategy, as of April 2024

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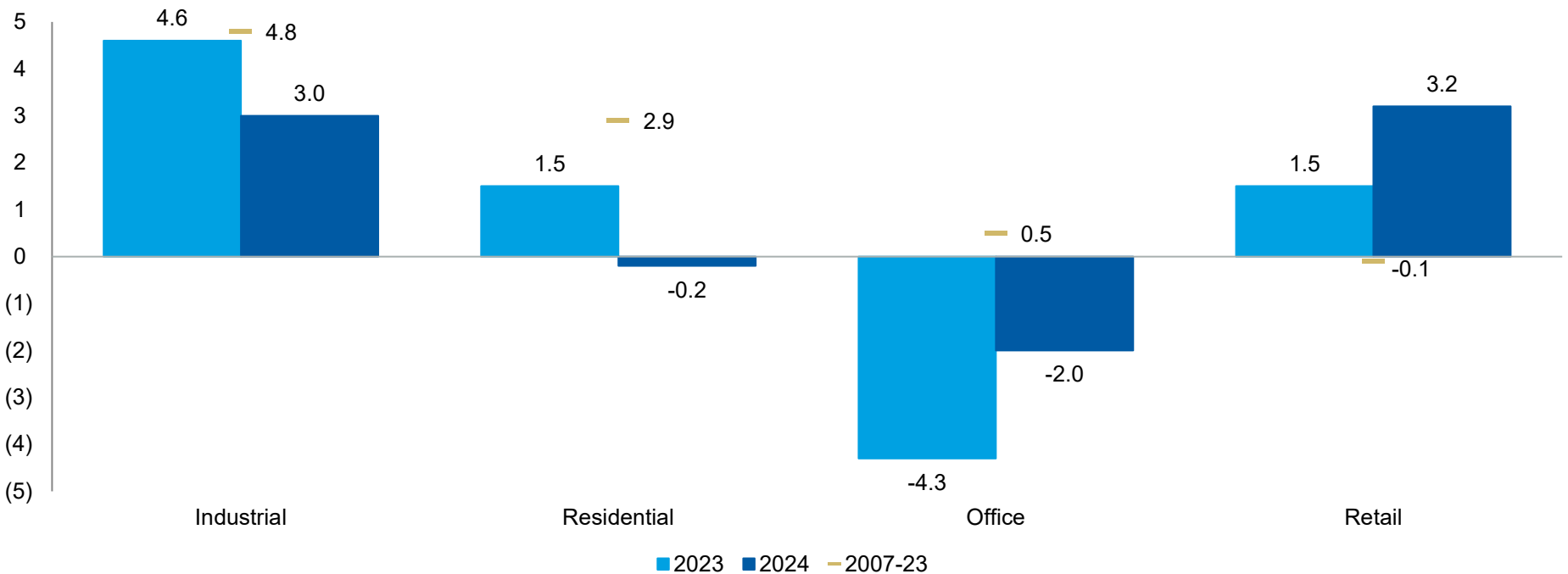
# Fundamentals Broadly Slowing in Line with Macro Environment

## Normalizing to Historical Averages

- Real estate fundamentals remain relatively strong, outside of the office sector
- However, unevenness evident across sectors and submarkets due to slowing demand and pockets of oversupply
- Occupiers will consolidate requirements to best assets and locations
- Moderating demand mitigated by low existing vacancy and reduced supply levels
- Lack of new construction due to lack of financing and higher costs should support fundamentals in the medium term

### Fundamentals Slowing in Industrial and Residential, Strengthening in Retail and Remaining Challenging in Office

Rent Growth (%)



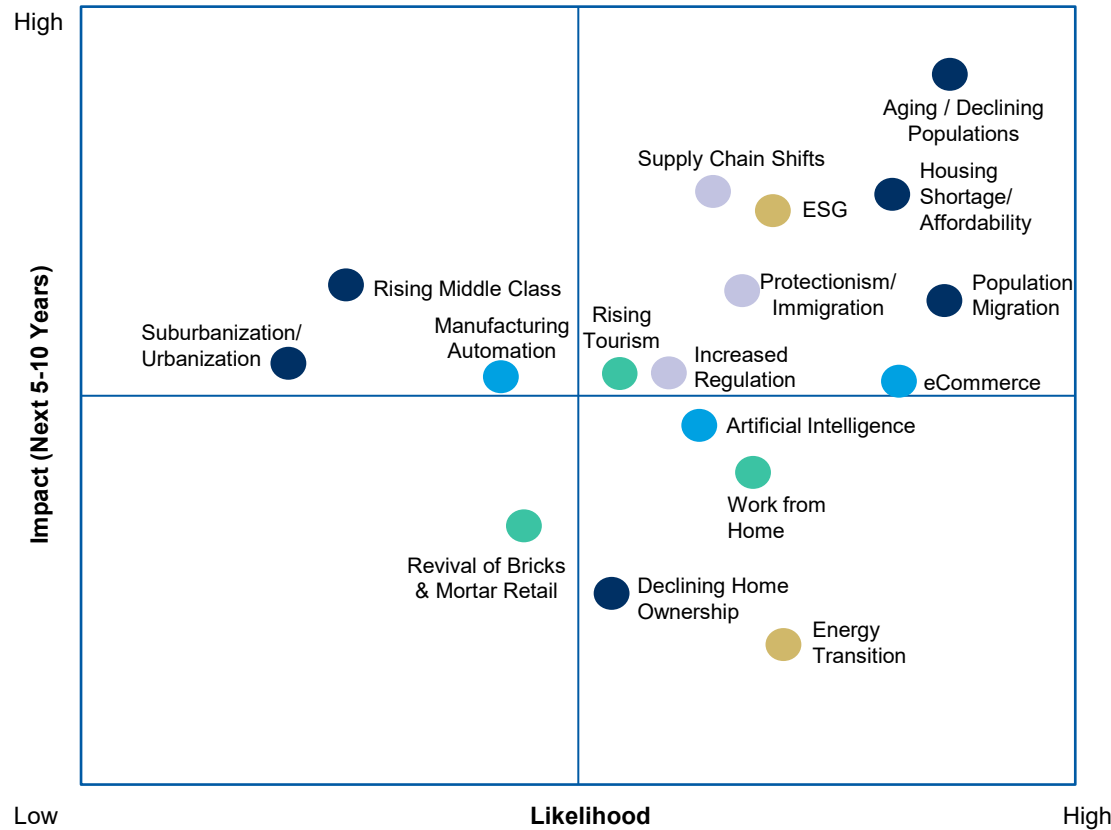
Source: Greenstreet, PMA, MSREI Strategy, January 2024

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# Next Gen Structural Trends

## Need to Invest in Sectors with Strongest Structural Tailwinds to Offset Cyclical Slowdown

### Trends and Disruptors



### Potential Sector Impacts

	RESI	OFFICE	RETAIL	IND.	ALTS
Demographics and aging	+	-	-	-	+
Data and automation	○	-	-	+	+
Mobility and Travel	+	-	+	+	+
Natural Resources	-	-	○	+	○
Slowdown in globalization	-	○	-	+	+

+ positive    ○ neutral    - negative

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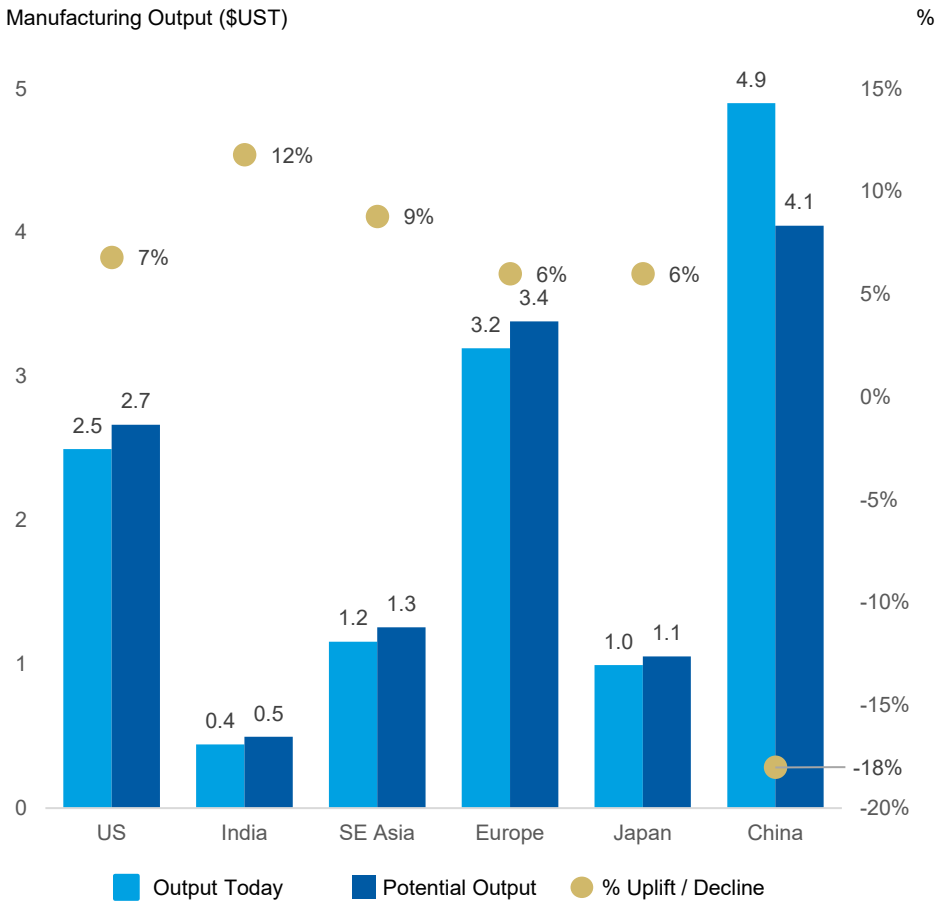
**Trend**

**Global Supply Chain Shifting Materially**

**Implication**

**Incremental Demand Boost On Top of eCommerce**

**Decoupling Could Create \$850B in Relocated Manufacturing**



Source: MS Research, MSREI Strategy, as of March 2024

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**Supply Chain Reconfiguration: Support for Industrial**

	Considerations	Beneficiaries
<b>Onshoring</b>	<ul style="list-style-type: none"> <li>Increase in traditional, advanced and biomanufacturing</li> <li>Semi conductors, batteries</li> <li>Power availability critical</li> <li>Light industrial</li> </ul>	<ul style="list-style-type: none"> <li>United States (South and Southeast, Texas, Columbus)</li> <li>UK, France, Nordics, Germany and Ireland</li> <li>Japan</li> </ul>
<b>Near-shoring</b>	<ul style="list-style-type: none"> <li>Shift of manufacturing of sensitive, value-add products to cost competitive, neighboring markets</li> <li>Automotive a primary industry driver</li> </ul>	<ul style="list-style-type: none"> <li>U.S. markets tied to Mexico (Texas in particular)</li> <li>European markets tied to CEE</li> <li>India, Vietnam, SE Asia</li> </ul>
<b>Friend-shoring</b>	<ul style="list-style-type: none"> <li>Geopolitics' impact on trade</li> <li>Occupiers diversifying to mitigate risks of labor shortages and climate</li> <li>Shifting manufacturing (e.g., China to India) alters shipping routes and port demand</li> </ul>	<ul style="list-style-type: none"> <li>U.S. "5 Corner Strategy"</li> <li>Southern Europe</li> <li>India, Vietnam, SE Asia</li> </ul>

**Trend**

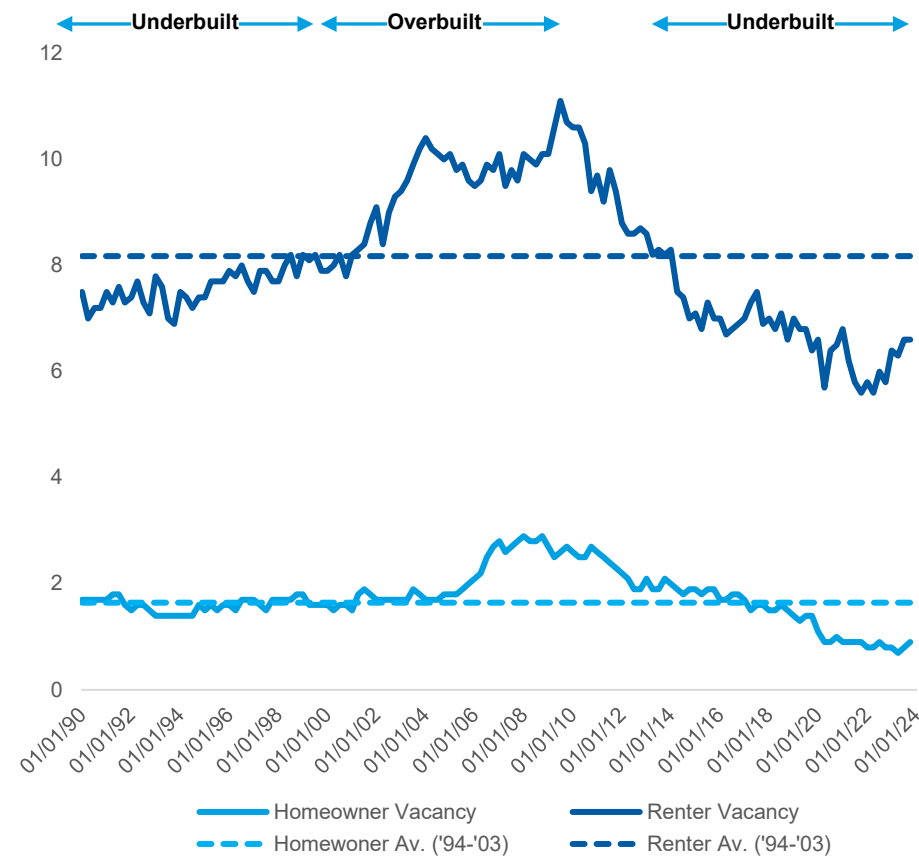
**Implication**

**Housing Shortage will Support Residential Over Long Term**

**Supply and Demographic Shifts Driving Bifurcation**

**Housing Supply has Not Kept Up with Demand**

United States Quarterly Vacancy Rate vs Average (%)

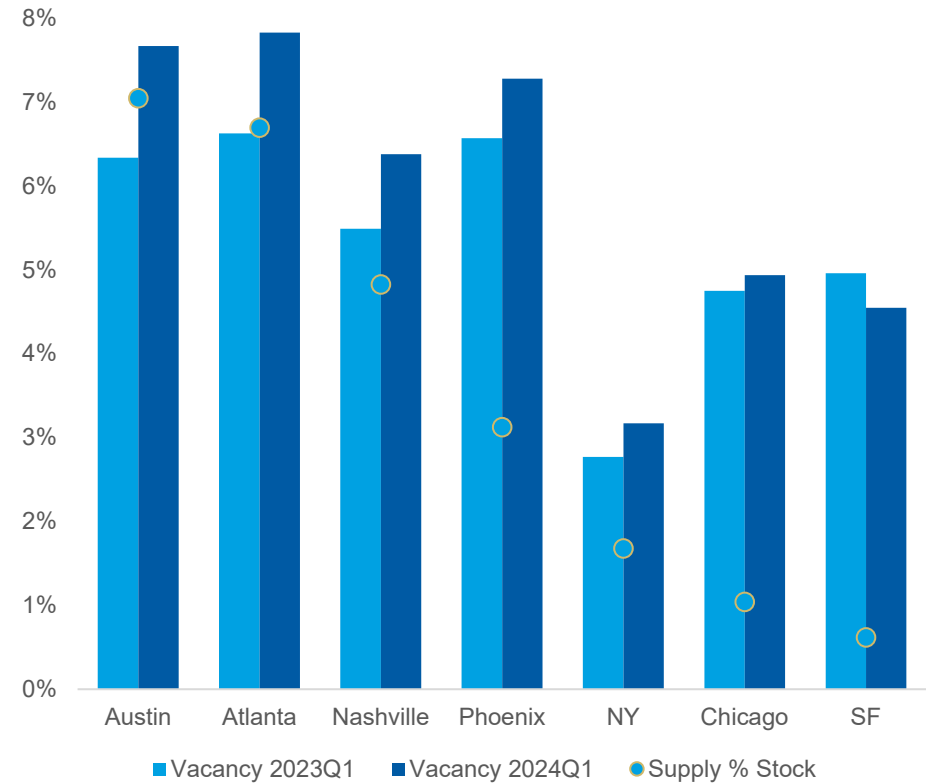


Source: Census Bureau, MSREI Strategy, as of March 2024

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**Divergence in Market Fundamentals**

Vacancy and Supply as % of Stock



Source: Costar, MSREI Strategy, as of April 2024

**Trend**

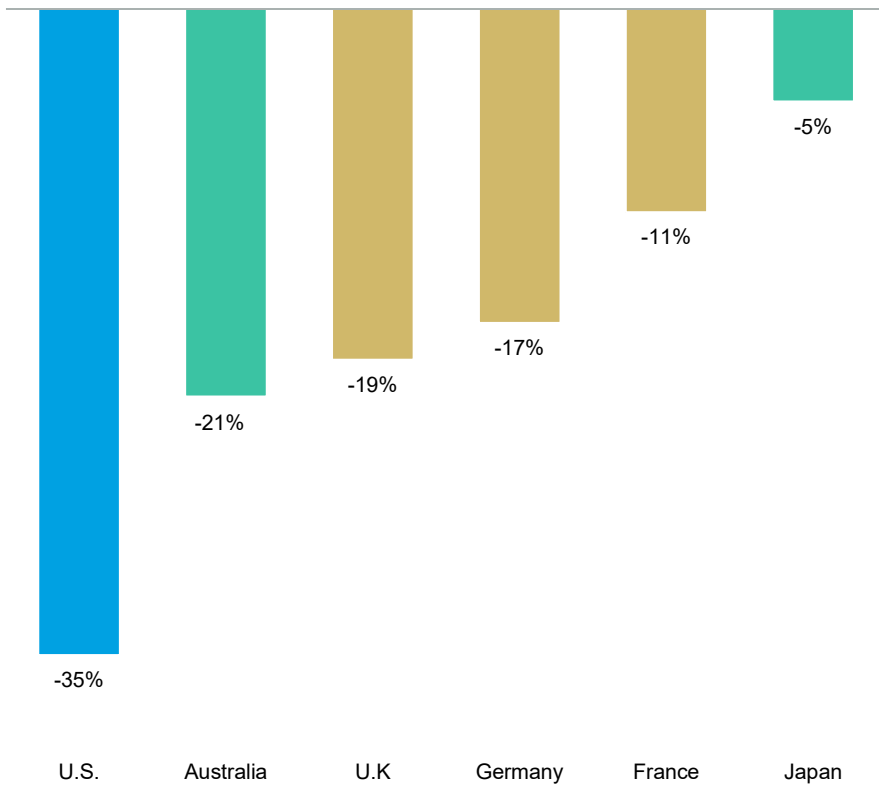
**Implication**

Negative Office Perceptions will Continue to Pressure Values

Bifurcation of Performance – “Have vs. Have Nots”

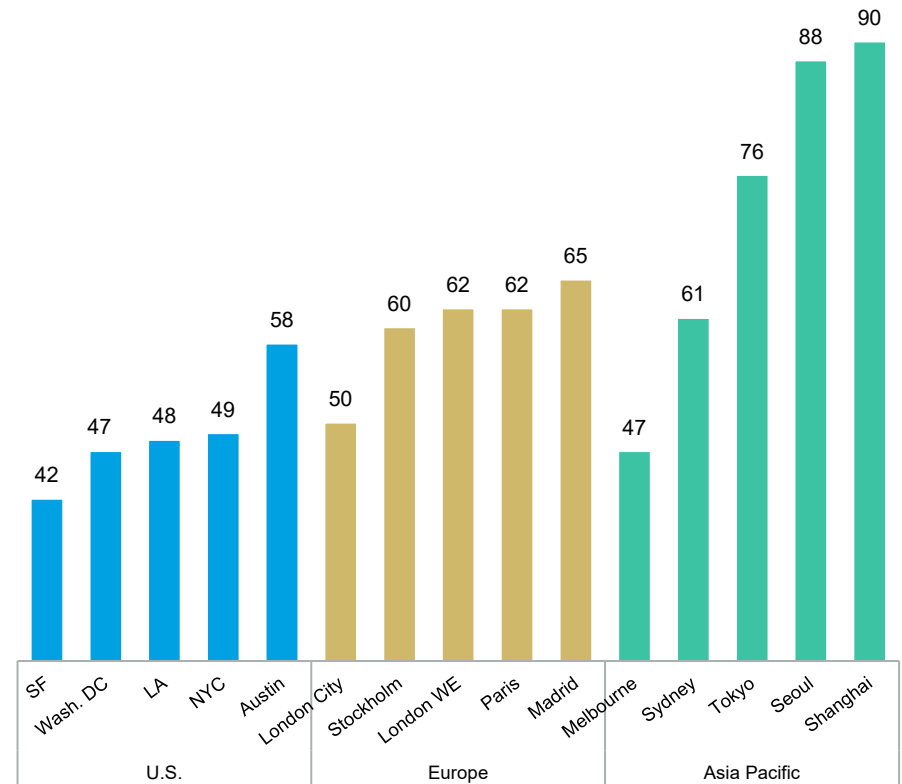
**Office Values have Declined Meaningfully**

Office Price Depreciation % 2022 Q1 to Current



**Within Office, Regional Differences in Utilization**

Latest Office Utilization as % of Pre-COVID



Source: MSCI, NCREIF, MSREI Strategy, as of March 2024

Source: Kastle, Savills, PCA, NLI Research Institute, Shiftee, Remit Consulting, Locatee, PMA, as of November 2023

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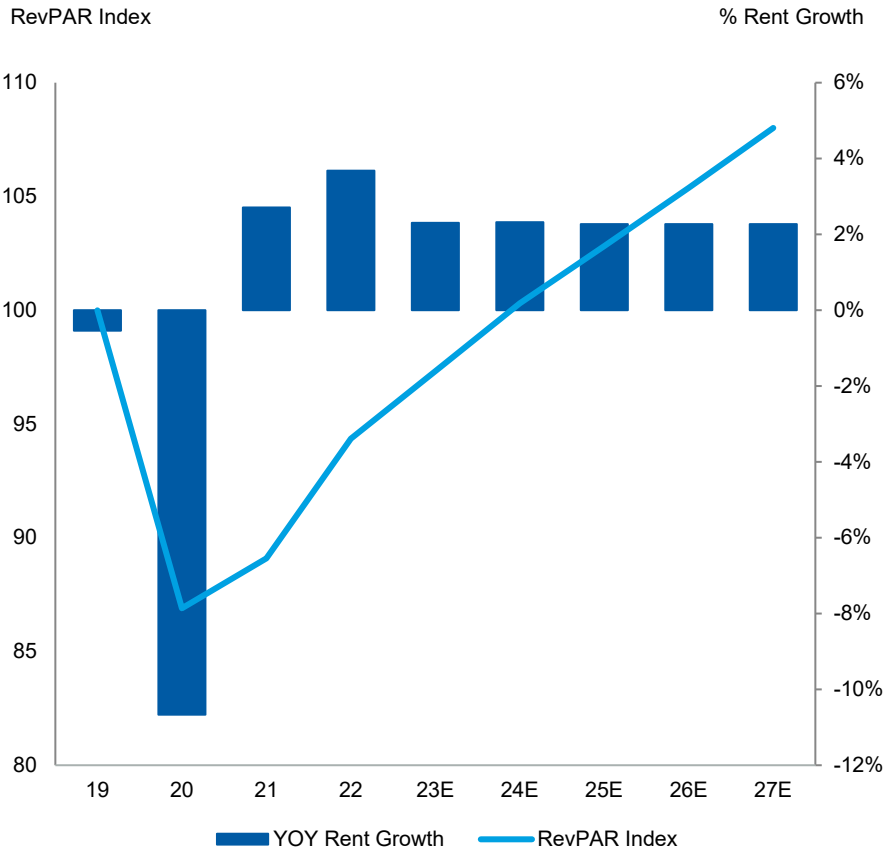
**Trend**

**Revival of Bricks and Mortar**

**Implication**

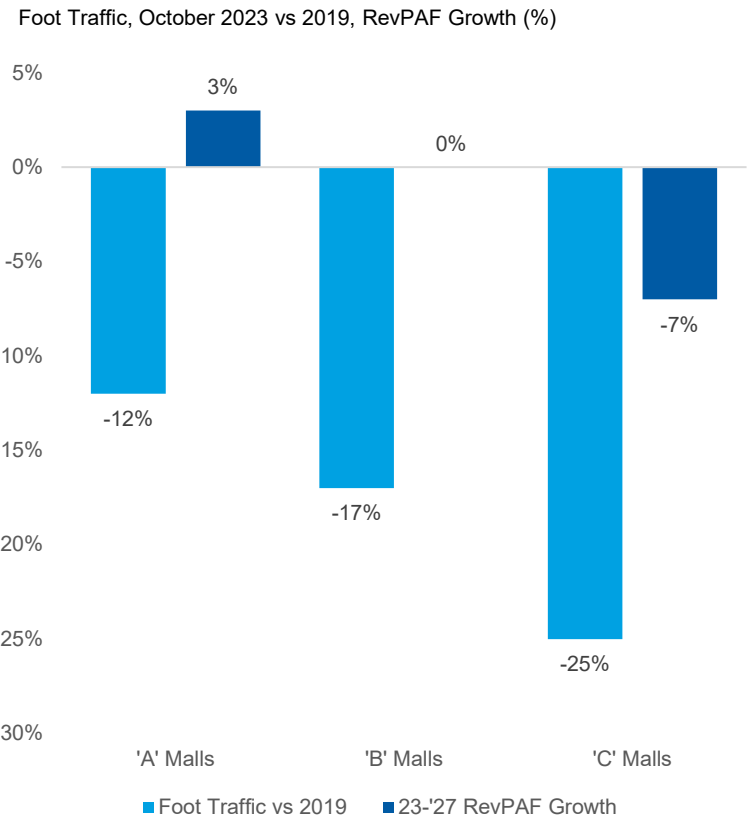
**Class A Retail Fundamentals Expected to Remain Robust**

**Rent Growth Expected to Remain Stable**



Source: Greenstreet, MSREI Strategy, data as of March 2024

**High Quality Malls Expected to Outperform**



Source: Placer, Greenstreet, MSREI Strategy, data as of March 2024

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**Trend**

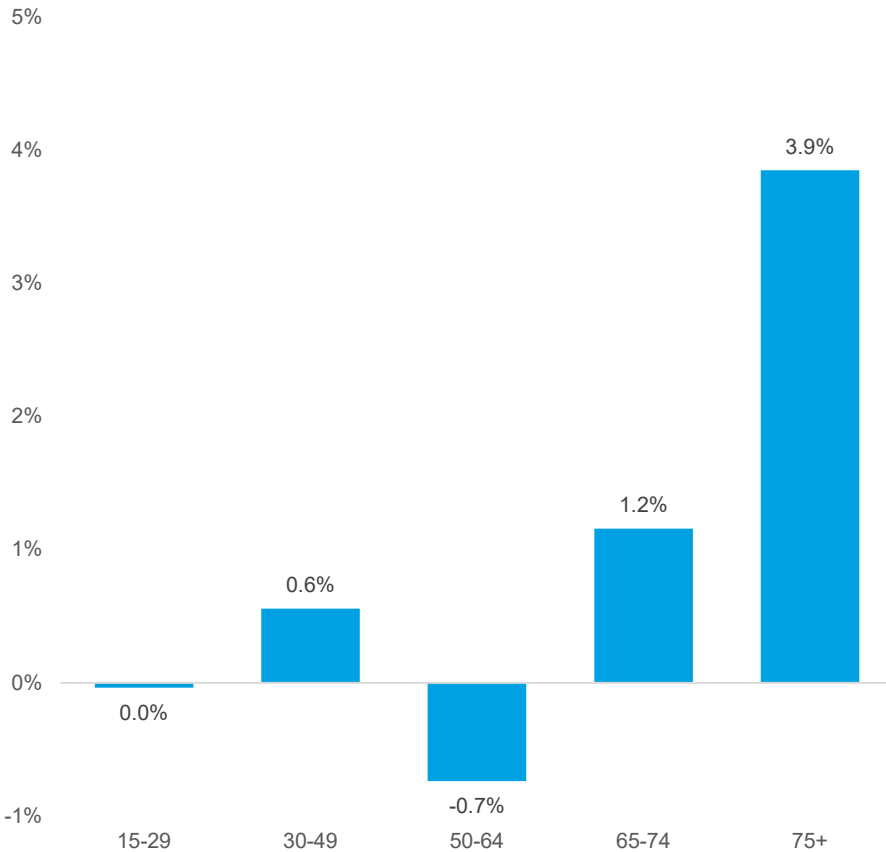
**Implication**

Aging Populations

Should Support Demand for Healthcare Real Estate

**Baby Boomers Are Growing Share of Population**

Growth Rate (2024-30) by Age Cohort

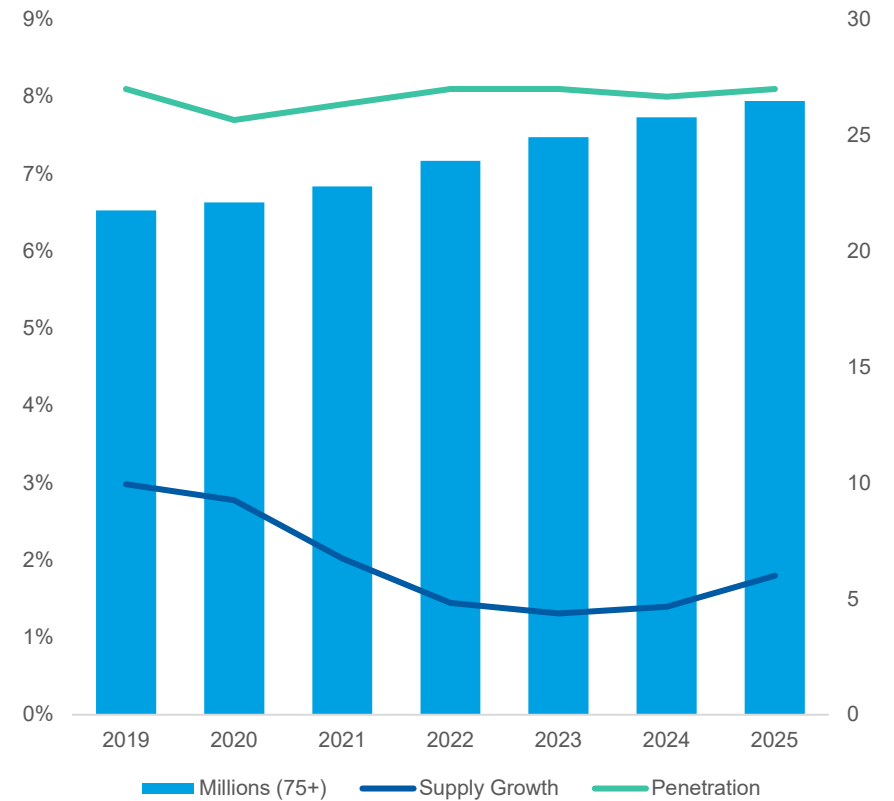


Source: Oxford Economics, MSREI Strategy, as of April 2024

**U.S. Senior Living Fundamentals Should Remain Robust**

Penetration Rate (Units x occupancy/80-year-old population), supply growth

Population 75+ (MM)



Source: Greenstreet, MSREI Strategy, as of February 2024

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# Looking Ahead

## Cyclical

- Resilient macro environment
- Slowing, bumpy inflation towards central bank targets
- Elevated and volatile interest rate environment
- Values bottoming but not expected to bounce
- Capital markets slowed, but are expected to increase
- Real estate fundamentals normalizing and diverging



## Structural

- De-globalization / protectionism and supply chain shifts
- Aging / declining populations
- Housing shortages and affordability challenges
- Work-from-home / hybrid work
- Heightened regulatory risk
- ESG and climate change

## Investing Implications

- Adopt selective investment strategy given occupier focus on quality and diverging fundamentals across sectors and markets
- Overweight logistics and residential
- Target alternative asset classes that have strong tailwinds
- Focus on asset management to drive NOI growth

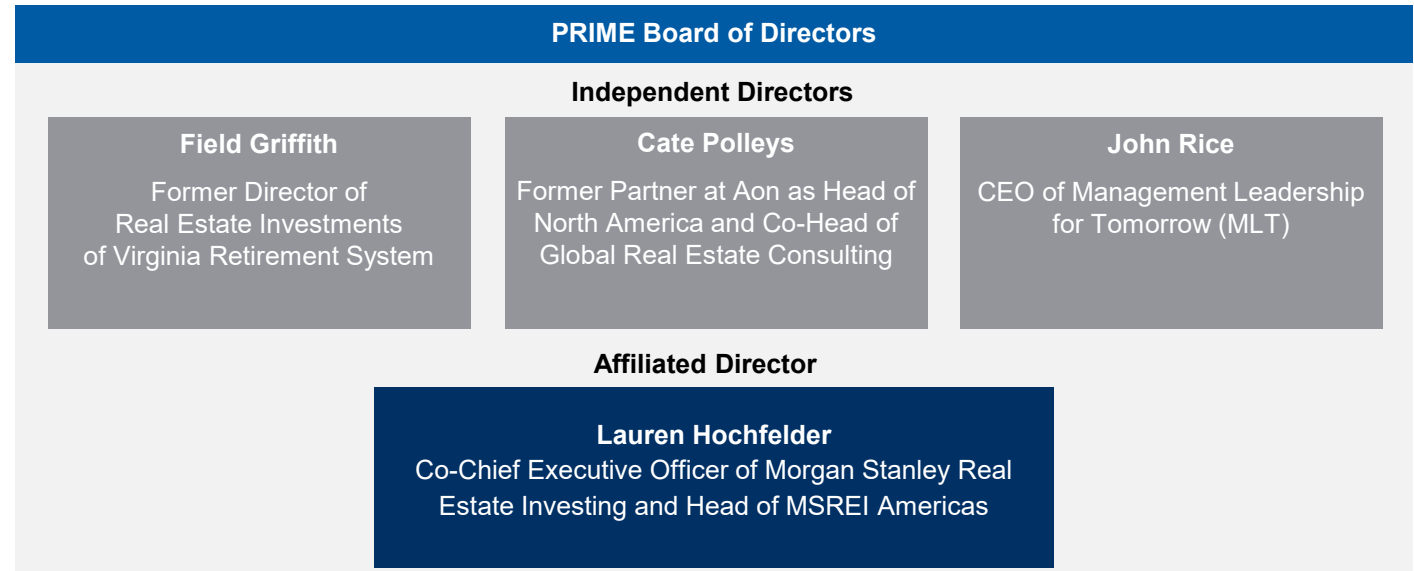
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# Governance

Morgan Stanley Real Estate Advisor, Inc. is the investment adviser (the “Adviser”) to PRIME

PRIME’s board of directors meets each quarter to review the investment performance of the Fund and monitor the Adviser’s performance of its management responsibilities

## PRIME Investment Adviser—Morgan Stanley Real Estate Advisor, Inc.



### Key Duties of Directors

- Review quarterly investment performance of PRIME
- Monitor overall performance of the Adviser
- Remove/replace Adviser
- Review/approve investment guidelines and dividend policy
- Approve incurrence of any debt causing consolidated debt to exceed 50% of gross value of assets
- Engage/change independent appraisers and auditors
- Review/approve asset valuation policy
- Resolve certain conflicts of interest; approve certain affiliated transactions (Independent Directors)

## Key Executives

### Scott A. Brown

Global Head of Prime

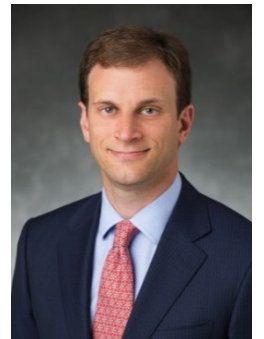
Scott Brown is a Managing Director of Morgan Stanley, Head of Prime Property Fund in the U.S. and Global Head of Prime. With over 34 years of real estate experience, he is responsible for the portfolio construction and performance of PRIME as well as the direction and execution of the Fund's strategy. He also serves as a member on various investment committees across the platform. Scott began working with PRIME in 1993 as part of Equitable Real Estate and then Lend Lease while becoming fully dedicated to PRIME in 2002. He transitioned to Morgan Stanley in 2003 and took a leadership position in PRIME in 2007. He is a member of the Pension Real Estate Association and Urban Land Institute. He received an MBA from Indiana University and a BS in Finance from the University of Illinois.



### Josh Myerberg

Chief Investment Officer

Josh Myerberg is a Managing Director of Morgan Stanley and Chief Investment Officer for Prime Property Fund. Prior to joining the Prime executive team, he was responsible for sourcing, underwriting and executing transactions on the West Coast on behalf of Morgan Stanley's real estate funds. During his tenure at Morgan Stanley, Josh has been involved in the acquisition and asset management of a wide range of assets, property types and investment structures for PRIME. Josh joined Morgan Stanley in 2006 after previously working for Banc of America Securities' Real Estate Investment Banking group and First Union Securities. Josh is on the Board of NAREIM and an active member of ULI. Josh received his MBA from the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill and a BA in economics from Washington & Lee University.



## Key Executives (Cont'd)

### **Bennett A. Weaver**

Chief Operating Officer

Bennett Weaver is a Managing Director of Morgan Stanley and the Chief Operating Officer of Prime Property Fund. Prior to joining Morgan Stanley in July 2004, Bennett worked for Lend Lease and has over 25 years of real estate experience. He departed Morgan Stanley in February 2012 in the lift out of the portfolio accounting & finance team to State Street and rejoined Morgan Stanley in October 2013. Bennett began his career in assurance services at Ernst & Young focusing primarily on real estate clients. Bennett is a Certified Public Accountant. He is an active member of the Accounting Committee at NCREIF. Bennett received an MBA from the University of Georgia, and a BS in Accounting from Oglethorpe University.



### **Cheyenne Sparrow**

Assistant Portfolio Manager

Cheyenne is a Managing Director in Morgan Stanley's Real Estate Investing group and Assistant Portfolio Manager of Prime Property Fund. Prior to joining the PRIME portfolio management team, Cheyenne worked on the U.S. debt capital markets team, responsible for structuring the capital stack and securing financing on behalf of MSREI funds and individual transactions. She also worked on Morgan Stanley's acquisition and integration of Mesa West Capital, a third-party real estate credit platform. Among various other MSREI strategic initiatives, she has been involved in fund management, capital raising, fund restructuring, and platform management. Prior to joining Morgan Stanley, Cheyenne worked in the Portfolio Analytics Group at BlackRock, focusing on institutional multi-sector fixed income accounts and fixed income retail mutual funds. Cheyenne received a BSE with distinction from The Wharton School at the University of Pennsylvania.

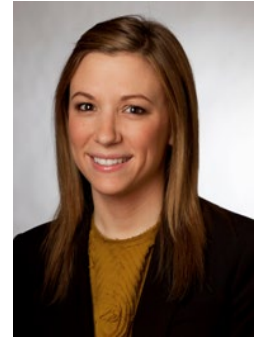


## Key Executives (Cont'd)

### **Megan Golder**

Head of Investor Coverage

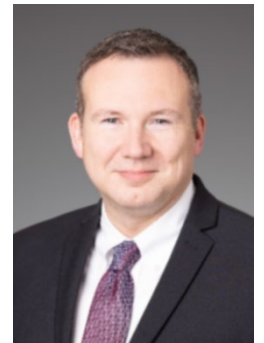
Megan Golder is an Executive Director in Morgan Stanley Real Estate Investing. She joined Morgan Stanley in 2007 and is Head of Investor Coverage for Prime Property Fund. In this role, Megan is responsible for client and consultant relationships as well as fund marketing. Megan previously spent three years at Ernst & Young, LLP within the Assurance Advisory Business Services group working primarily on real estate clients. Megan is a member of the Pension Real Estate Association. Megan received a Masters of Accountancy and a BBA in Accounting from the University of Georgia.



### **Cole Ferguson-Cogdill**

Executive Director

Cole Ferguson-Cogdill is an Executive Director of Morgan Stanley focused on portfolio operations and reporting for Prime Property Fund. Cole has over 22 years of real estate experience and previously worked for Morgan Stanley from March 2004 to February 2012 as part of PRIME's portfolio accounting & finance team. He departed Morgan Stanley in February 2012 in the lift out of the portfolio accounting & finance team to State Street. In 2014, he departed State Street to lead the accounting and financial reporting team for a nationally recognized vertically integrated apartment developer, owner and operator. He rejoined Morgan Stanley in November 2020. Cole began his career in assurance services at PricewaterhouseCoopers focusing primarily on real estate and financial services clients. Cole is a Certified Public Accountant. He received a Masters of Accounting and a BS in Accounting from The Ohio State University.



## Key Executives (Cont'd)

### John R. Klopp

Head of Global Real Assets, Morgan Stanley Investment Management

John R. Klopp is a Managing Director of Morgan Stanley, Head of Global Real Assets and a member of the management committee at Morgan Stanley Investment Management. John joined Morgan Stanley in 2010 and served as Co-Chief Executive Officer, Co-Chief Investment Officer and Head of the Americas for MSREI until early 2016. He has 45 years of investing experience. Prior to joining Morgan Stanley, John was the Chief Executive Officer of Capital Trust, Inc., a publicly traded real estate finance and investment management company that he co-founded. From 1989 to 1997, John was the founder and Managing Partner of Victor Capital Group, L.P. John had previously served as Managing Director and Co-Head of Chemical Realty Corporation, the real estate merchant banking arm of Chemical Bank. John serves as the Chair of Columbia Business School's Real Estate Advisory Committee and is an active member of various real estate organizations including the Pension Real Estate Association. He received a B.A. in Economics from Tufts University and an M.B.A in Finance and Real Estate from The Wharton School of the University of Pennsylvania.



### Lauren Hochfelder

Co-Chief Executive Officer of MSREI and Head of MSREI Americas

Lauren Hochfelder is a Managing Director of Morgan Stanley, Co-Chief Executive Officer of Morgan Stanley Real Estate Investing ("MSREI") and Head of MSREI Americas. Prior to her role as Co-Chief Executive Officer of MSREI, Lauren served as Deputy Chief Investment Officer of MSREI from 2019 until early 2022 and was named Head of MSREI Americas in 2016. Lauren joined MSREI in 2000 and has been focused on investing on behalf of MSREI's global value-add / opportunistic and regional core funds since then. She has 23 years of investing experience. Lauren graduated magna cum laude and with distinction from Yale University with a B.A. in Ethics, Politics & Economics.





## Key Executives (Cont'd)

### **Brian Niles**

Co-Chief Executive Officer of MSREI, Co-Head of NHREF and Head of MSREI Europe

Brian Niles is a Managing Director of Morgan Stanley, Co-Chief Executive Officer of MSREI, Co-Head of North Haven Real Estate Funds (“NHREF”) and Head of MSREI Europe. Brian joined Morgan Stanley in 2006 and was named Head of MSREI Europe in 2011, Co-Head of NHREF in 2019 and Co-Chief Executive Officer of MSREI in 2022. Brian has been an active real estate investing professional for 27 years across multiple geographies and asset classes. Prior to joining Morgan Stanley in 2006, Brian spent nine years with Goldman Sachs working primarily in the Real Estate Principal Investment Area. Brian received a BSc from Cornell University.



### **Tony Charles**

Head of Global Research and Strategy

Tony Charles is a Managing Director and Global Head of Research and Strategy for Morgan Stanley Real Estate Investing. Tony works with the global investment teams to integrate market research into investment decisions and strategy. He is responsible for conducting research on the global real estate markets to identify new products and investment opportunities designed to meet clients' investment goals. With his research team, he develops quarterly global macroeconomic, property sector, and capital markets updates. He serves on fund investment and valuation committees. Prior to joining Morgan Stanley, Tony ran the Research and Strategy function for GE Capital's real estate business and was senior strategy manager in the financial services practice at Accenture. Tony received a Bachelor of Commerce from the University of Melbourne and a Graduate Diploma in Applied Finance from the Securities Institute of Australia.



## Key Executives (Cont'd)

### **Claiborne Johnston**

Head of North America Real Assets Client Coverage

Claiborne Johnston is a Managing Director of Morgan Stanley and Head of North America Real Assets client coverage responsible for real estate, private infrastructure and listed real asset securities. Claiborne has over 22 years of experience with Morgan Stanley Real Assets. Claiborne began his career with Morgan Stanley focused on private equity capital markets, investment banking and investment management activities including the coverage of global capital sources for the firm's investment banking and investment management services. Claiborne also had global responsibility for the supervision and coordination of the firm's real estate activities with Wealth Management. Prior to re-joining the firm in 2016, Claiborne spent four years with Invesco Real Estate. Claiborne received an MBA from Columbia University and BA from James Madison University. He currently is involved in a number of industry groups such as INREV, AFIRE, ULI, PREA and the institute for Fiduciary Education.



### **Gareth Dittmer**

Head of Europe Real Assets Client Coverage

Gareth serves as a Managing Director for Morgan Stanley Real Estate Investing (MSREI) based in London. He has more than 24 years of institutional private markets experience across a range of global and regional real estate investing strategies, risk profiles and fund structures. In his current role, he oversees the capital markets activities across Europe and is involved with key institutional investor relationships, fund formation and capital raising. Prior to joining Morgan Stanley in 2012, Gareth served as a European Director in a leading London based private equity real estate fund manager. Gareth is an active member of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV), the Asian association for Investors in Non-listed Real Estate Vehicles (ANREV) and the US association for international real estate investors (AFIRE).



# Risk Considerations

There are significant risk factors associated with an investment in PRIME. An investment in PRIME will involve significant risks due to, among other things, the nature of the Fund's investments and potential conflicts of interest. There can be no assurance that the Fund will realize its rate of return objectives or return any investor capital. Investors should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of investment and the lack of liquidity). The value of an investment in a fund may fluctuate. Past results do not guarantee future performance. These risk factors include the following:

- **Recent Legislative Developments:** There have been significant efforts to enhance governmental scrutiny and/or increase the regulation of the private equity industry. On July 21, 2010, then President Obama signed into law the Dodd-Frank Act. A key feature of the Dodd-Frank Act is the potential extension of prudential regulation by the Federal Reserve to U.S. nonbank financial companies that were not previously subject to such regulation but that are determined to pose risk to the U.S. financial system. The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with certain private equity and hedge funds and other provisions that affect the private equity industry, either directly or indirectly. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on Morgan Stanley or otherwise impede PRIME or Morgan Stanley's real estate investing business activities.
- There can be no assurance that PRIME's return objectives will be realized or that there will be any return of capital.
- Investors should carefully review and evaluate the more detailed description of risk factors and conflicts of interest in the Offering Memorandum.
- General economic factors and many other conditions affecting performance (including interest rates, capital flows and employment levels) are beyond PRIME's control.
- Shareholders have no assurance of liquidity. Real estate is relatively illiquid, and redemption queues can develop. There is no guarantee that PRIME will have sufficient cash to fund redemptions, and PRIME is under no obligation to make cash available through sale of assets, borrowings, or otherwise. Also, the right to transfer shares in PRIME is subject to restrictions.
- Earthquakes, floods, other natural disasters, terrorism, war, etc., could cause significant damage to PRIME's properties and may not be adequately insurable.
- PRIME must comply with complex legal and tax rules (particularly, but not limited to, maintaining qualification as a tax advantaged REIT and as an ERISA-exempt "operating company"). There can be no assurance that it will be successful or that ensuring such compliance may not be economically disadvantageous at times. Failure to comply would have a material adverse impact on returns realized by PRIME's shareholders. For example, if PRIME fails to qualify or remain qualified as a REIT, PRIME's dividends will not be deductible by it, and its income will be subject to taxation at regular corporate rates.

## Risk Considerations (Cont'd)

- To the extent PRIME makes loans, it has special risks as lender (e.g., lender liability, usury, partner fiduciary issues for partner loans, etc.).
- The Adviser has various conflicts of interest, including that it and its affiliates represent other advisory and/or investment banking clients; they may provide services to PRIME or represent counterparties in transactions with PRIME, subject in some but not all cases to the need for board approval. These conflicts could adversely impact performance.
- PRIME has significant assets in joint ventures, which can keep PRIME from implementing decisions in its sole judgment, and can increase the risk of disputes and litigation with the joint venture partner.
- PRIME relies heavily on its Adviser, which can choose to vary materially from the stated investment guidelines and allocation targets. Shareholders have only limited voting rights, with no control over daily investment decisions.
- Tenant financial condition deterioration could impact performance.
- Mortgage debts and other leverage incurred by PRIME can exacerbate certain risks and, upon default, result in loss of property and cross-defaults.
- Competition for desirable real estate assets is intense.
- Unstabilized properties, if acquired, carry extra risk, as does development of properties. Underwriting of acquisitions and other transactions can be an imprecise process. Litigation can also result from property level transactions or events.
- Real estate valuations are inherently uncertain given the uniqueness of real property, the need to project rental income with such projections being inherently unreliable, and the absence of frequent trading. Real property can be subject to property and transfer taxes. The Fund makes no assurances regarding the price at which an asset may be sold and cautions investors that sales may occur at prices materially lower or higher than the latest appraised value for such asset.
- Owners/operators of real property can be subjected to significant environmental liabilities over extended periods, which may not be insurable.
- The Adviser of PRIME may face challenges as it oversees the management of AMLI and Safeguard and their businesses in conjunction with PRIME's existing investments.
- The rental growth rates in markets where PRIME currently owns many of its apartment assets have historically lagged the rental growth rates of other major U.S. markets.
- There is no guarantee that the PRIME management team, the management team of its operating companies, PRIME's property managers, joint venture partners or other partners in PRIME's operations will remain in place.
- Additional risk factors and conflicts of interest are set forth in PRIME's Offering Memorandum.



# RETIREMENT BOARD STAFF REPORT

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**DATE:** June 12, 2024 Agenda Item: 11  
**TO:** Sacramento Regional Transit Retirement Boards – ALL  
**FROM:** Jason Johnson, VP, Finance/CFO  
**SUBJ:** RECEIVE AND FILE INVESTMENT PERFORMANCE RESULTS FOR THE ATU, IBEW AND SALARIED EMPLOYEE RETIREMENT PLANS FOR THE QUARTER ENDED MARCH 31, 2024 (ALL). (JOHNSON)

## **RECOMMENDATION**

Motion to Approve

## **RESULT OF RECOMMENDED ACTION**

Motion: Receive and File Investment Performance Results for the ATU, IBEW and Salaried Employee Retirement Plans for the Quarter Ended March 31, 2024 (ALL). (Johnson)

## **FISCAL IMPACT**

None.

## **DISCUSSION**

Pension funds are invested consistent with the Statement of Investment Objectives and Policy Guidelines adopted by each Retirement Board. Attached are the two investment performance reports prepared by the Boards' pension investment consultants. The first report is the First Quarter 2024 Market Update (Attachment 1) and the second is the Investment Measurement Service Quarterly Review as of March 31, 2024 (Attachment 2). These reports provide a detailed analysis of the performance of each of the investment managers retained by the Retirement Boards to manage the Retirement Funds for the quarter ended March 31, 2024. The second report compares the performance of each investment manager with benchmark indices, other fund managers of similarly invested portfolios and other indices.

### **Investment Compliance Monitoring**

In accordance with the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (Investment Policy), Northern Trust Company performs daily investment compliance monitoring on the Plans' three (3) actively managed funds. As of March 31, 2024, there was a compliance breach reported; however, the report was investigated and it was determined that the breach report was due to restructuring of a company held by the Plans' fixed income manager (Intelsat, held by TCW) as part of a corporate action. Northern Trust's compliance monitoring settings were set to flag equity common stock as a compliance breach. The Intelsat investments were originally

purchased as Corporate Bonds so this incident is not a violation of the investment policy. The current equity common stock will continue to be monitored until TCW disposes of the security. The final attached report includes the monitoring summary (Attachment 3).

The table below provides an overview of the quarter performance, quarter ending March 31, 2024 – gross of investment management fees:

Investment Manager - Description - Benchmark	Benchmark Index	ATU, IBEW & Salaried Fund	Investment Gains/ (Losses)	Pension Fund Contributions/ (Withdrawals)
Boston Partners (large cap value) Russell 1000 Value	8.99%	<b>12.45%</b>	\$7,915,324	-
S&P 500 Index (large cap value) S&P 500	10.56%	10.55%	\$6,838,182	\$(80,089)
Atlanta Capital (small cap) Russell 2000	5.18%	2.38%	\$792,170	-
Pyrford (international equities) MSCI EAFE	5.78%	1.73%	\$655,940	-
MSCI EAFE Index (international equities) MSCI EAFE	5.78%	<b>5.88%</b>	\$1,111,206	-
AQR (small cap international equities) MSCI EAFE SC	2.40%	<b>6.53%</b>	\$1,472,063	-
Dimensional Fund Advisors (emerging markets) MSCI EM	2.37%	<b>2.48%</b>	\$564,310	-
TCW (fixed income) Bloomberg Agg.	(.78)%	(.95)%	\$(907,724)	\$215,511
Clarion Lion Properties (real estate) NCREIF NFI-ODCE	(2.37)%	(2.73)%	\$(485,412)	-
Morgan Stanley Prime Property Fund (real estate)	(2.37)%	<b>(1.42)%</b>	\$(227,444)	-
Total Plan	4.39%	<b>4.52%</b>	\$17,728,615	\$135,422

**Bold** – fund exceeding respective benchmark

The table below provides an overview of the year to date performance, as of March 31, 2024 – gross of investment management fees:

Investment Manager - Description - Benchmark	Benchmark Index	ATU, IBEW & Salaried Fund	Investment Gains/(Loss)	Pension Fund Contributions/ (Withdrawals)
Boston Partners (large cap value) Russell 1000 Value	20.27%	<b>28.97%</b>	\$16,393,336	\$(5,116,946)
S&P 500 Index (large cap value) S&P 500	29.88%	<b>29.90%</b>	\$16,742,138	\$(2,302,711)
Atlanta Capital (small cap) Russell 2000	19.71%	14.38%	\$4,285,486	\$(2,488,190)
Pyrford (international equities) MSCI EAFE	15.32%	9.13%	\$3,225,855	-
MSCI EAFE Index (international equities) MSCI EAFE	15.32%	<b>15.69%</b>	\$2,714,480	-
AQR (small cap international equities) MSCI EAFE SC	10.45%	<b>20.45%</b>	\$3,867,418	-
Dimensional Fund Advisors (emerging markets) MSCI EM	8.15%	<b>12.39%</b>	\$2,584,718	-
TCW (fixed income) Bloomberg Agg.	1.70%	1.67%	\$1,743,441	\$8,215,511
Clarion Lion Properties (real estate) NCREIF NFI-ODCE	(11.29)%	(13.61)%	\$(2,636,599)	-
Morgan Stanley Prime Property Fund (real estate)	(11.29)%	<b>(5.56)%</b>	\$(1,044,194)	-
Total Plan	13.08%	<b>13.31%</b>	\$47,876,079	\$(1,692,336)

**Bold** – fund exceeding respective benchmark

# Callan



June 12, 2024

**Sacramento Regional  
Transit District**

1Q24 Market Update

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**Anne Heaphy**

Senior Vice President  
Fund Sponsor Consulting

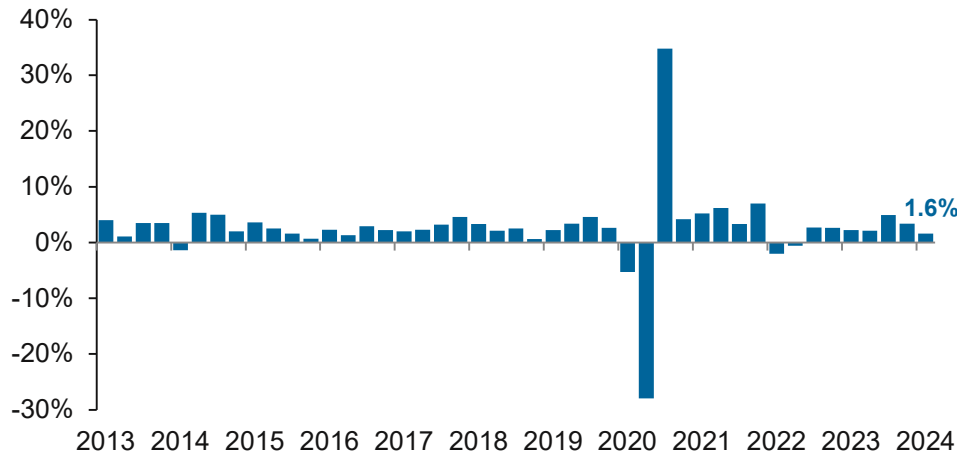
**Uvan Tseng, CFA**

Senior Vice President  
Fund Sponsor Consulting

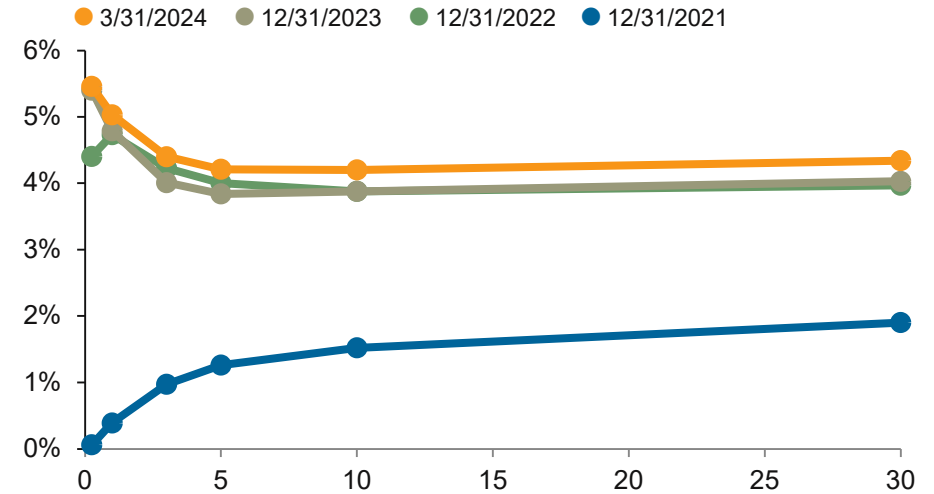
Important Disclosures regarding the use of this document are included at the end of this document. These disclosures are an integral part of this document and should be considered by the user.

# Economic Commentary

## Quarterly Real GDP Growth



## U.S. Treasury Yield Curves



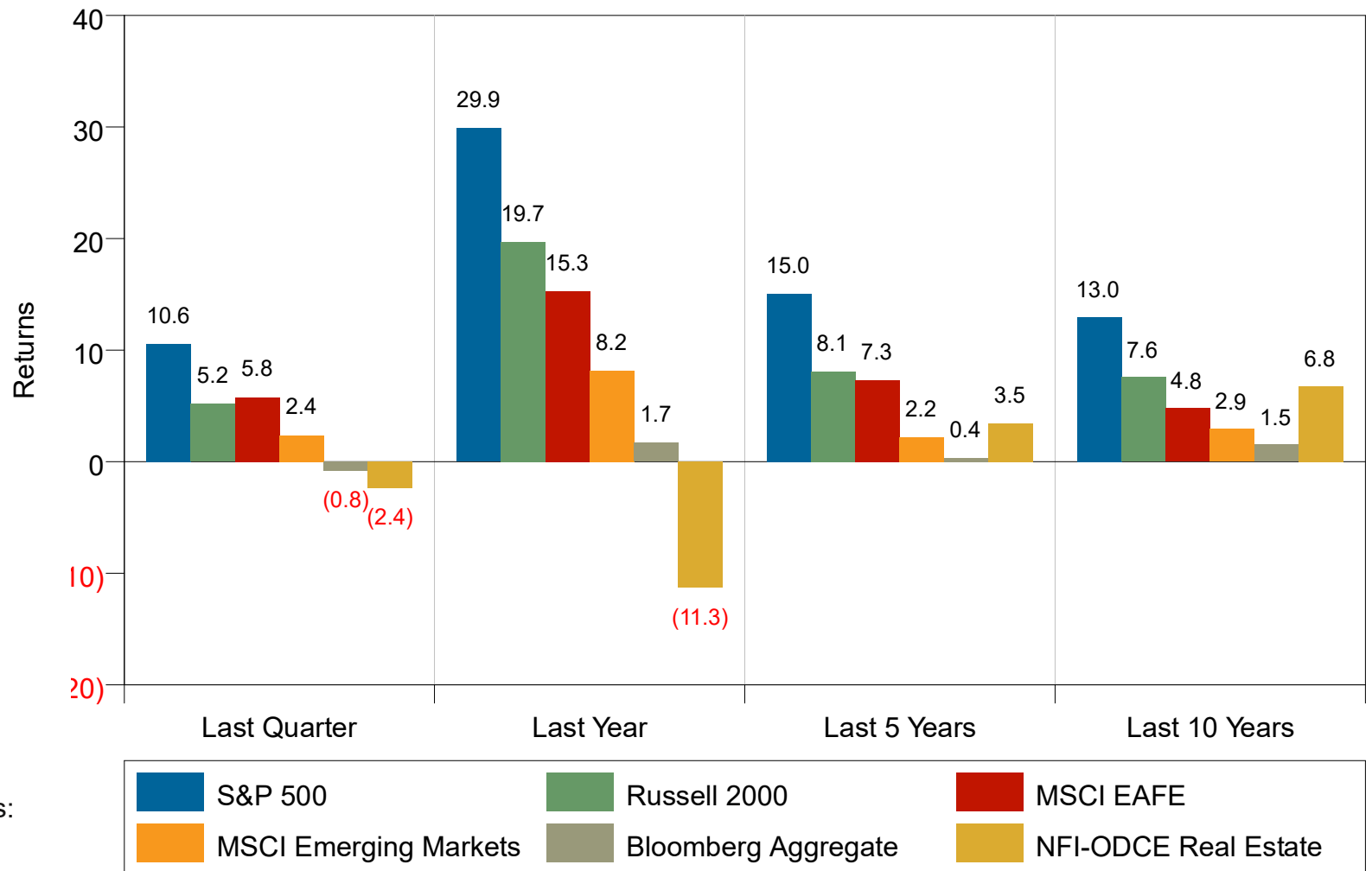
- GDP rose 1.6% in 1Q according to the “advance” estimate. A drop from the 4Q reading of 3.4%.
- Headline CPI increased 3.5% year-over-year in March, while core CPI (ex food and energy) increased 3.8% over the same period.
- The unemployment rate was 3.8% in February, a 0.1 percentage point change from December.
- The Fed held short-term rates steady at the January and March FOMC meetings, with a current target range of 5.25-5.50%.

Sources: Bloomberg, Bureau of Labor Statistics, Callan



# Asset Class Performance

Asset Class Performance  
for Periods Ended March 31, 2024



YTD as of 06/11/2024:

S&P 500:

Russell 2000:

MSCI EAFE:

MSCI Emerging Markets:

Bloomberg Aggregate:

# Equity Markets Climb in 1Q, Bonds Falter

Stocks have recovered losses of 2022; bonds still have ground to make up

## S&P 500 climbed 10.6% in 1Q24

- Stocks continued their momentum from the end of last year when the index surged 11.7% in 4Q23.
- The S&P 500 has fully recovered after falling 18.1% in 2022.

## Fixed income faltered in 1Q24

- The Bloomberg Aggregate fell 0.8% amid rising rates in 1Q24.
- Interest rates have been volatile as the markets assess when and how swiftly the Fed will begin easing.
- CPI-U declined during 2023 but remains stalled at 3.5% in 1Q (year-over-year); the inflation index is 13% higher than it was at the start of 2022.
- Grinding out the last bit of stubborn inflation to get to the Fed's broad 2% goal may take longer than expected.

## Economy defies recession fears

- GDP growth is expected to come in at 3% in 1Q, after a 2.5% increase for the year. Strong labor markets and persistent inflation are delaying any move by the Fed to cut rates.

## Returns for Periods ended 3/31/24

	Quarter	1 Year	1/1/22 - Current	5 Years	10 Years	25 Years
<b>U.S. Equity</b>						
Russell 3000	10.02	29.29	5.15	14.34	12.33	8.01
S&P 500	10.56	29.88	6.13	15.05	12.96	7.78
Russell 2000	5.18	19.71	-0.96	8.10	7.58	8.37
<b>Global ex-U.S. Equity</b>						
MSCI World ex USA	5.59	15.29	2.94	7.48	4.81	4.78
MSCI Emerging Markets	2.37	8.15	-4.65	2.22	2.95	--
MSCI ACWI ex USA Small Cap	2.11	12.80	-2.48	6.24	4.74	7.20
<b>Fixed Income</b>						
Bloomberg Aggregate	-0.78	1.70	-4.06	0.36	1.54	3.84
90-day T-Bill	1.29	5.24	3.45	2.02	1.38	1.91
Bloomberg Long Gov/Credit	-2.41	-1.15	-11.36	-0.62	2.32	5.25
Bloomberg Global Agg ex-US	-3.21	-0.71	-7.85	-2.49	-1.38	2.34
<b>Real Estate</b>						
NCREIF Property*	-3.02	-7.94	1.37	4.33	6.80	8.03
FTSE Nareit Equity	-0.20	10.54	-6.56	4.15	6.61	9.48
<b>Alternatives</b>						
HFRI Fund Weighted	4.52	11.68	3.62	6.92	4.93	6.35
Cambridge Private Equity*	-0.42	4.17	2.69	14.59	14.27	13.87
Bloomberg Commodity	2.19	-0.56	4.01	6.38	-1.56	2.70
Gold Spot Price	8.04	12.70	9.40	11.51	5.72	8.64
<b>CPI-U</b>	1.82	3.48	5.18	4.20	2.83	2.58

\*Cambridge PE data as of 9/30/23; NCREIF Property data as of 12/31/23.

Returns greater than one year are annualized. Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices

# U.S. Equity Performance: 1Q24

The market exhibited a strong start to 2024

## U.S. equity markets off to an exceptional start

- The S&P 500 posted a YTD gain of 11%, its best first quarter performance since 2019. Performance was buoyed by continued optimism around a “soft landing” scenario, strong corporate earnings, and the Fed’s projected interest rate cuts in mid-2024.

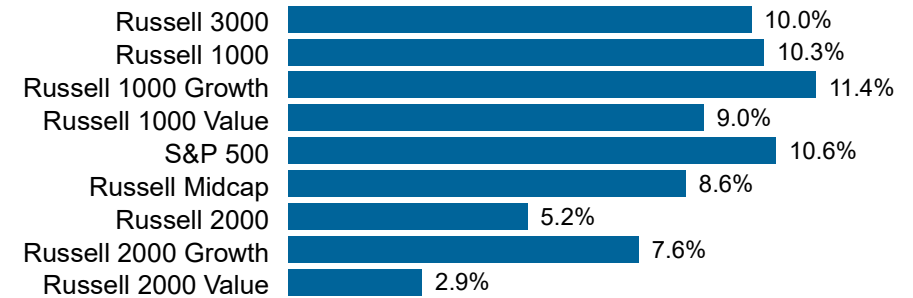
## Sector Performance

- Almost all of the 11 S&P 500 sectors posted gains in 1Q24. Real estate was the only sector that posted negative returns, which were challenged by the interest rate environment and continued negative sentiment around office real estate.
- The best-performing sector was Communication Services, which generated a nearly 16% return during the quarter. Energy, Financials, Information Technology, and Industrials also posted double-digit returns.

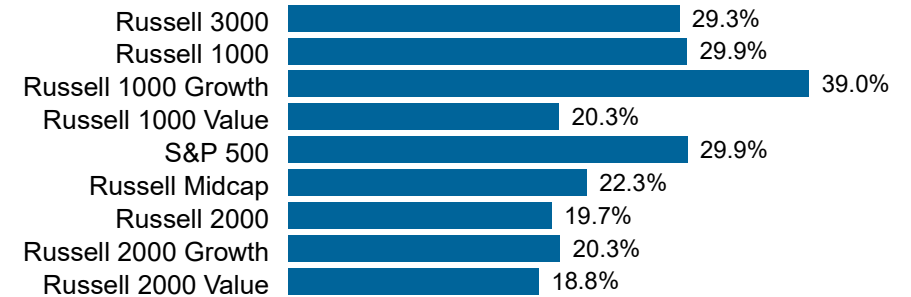
## Growth vs. Value

- Growth outpaced value across the market cap spectrum once again, and large cap stocks continued to outperform small cap stocks.

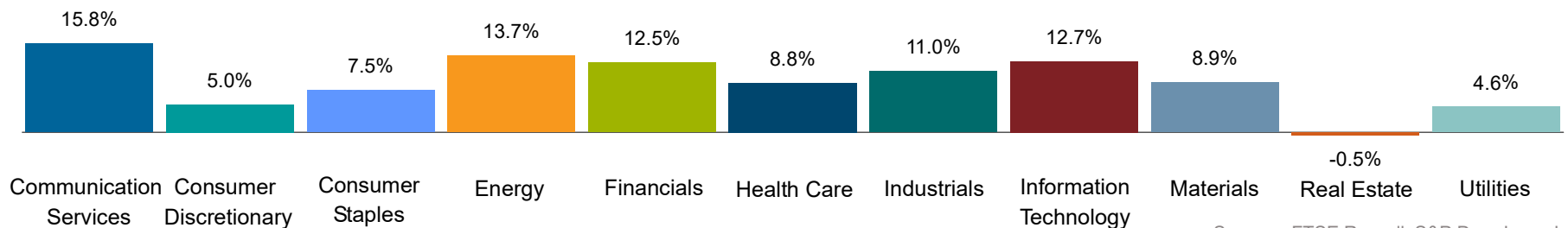
## U.S. Equity: Quarter Ended 3/31/24



## U.S. Equity: One Year Ended 3/31/24



Industry Sector Quarterly Performance (S&P 500) as of 3/31/24



Sources: FTSE Russell, S&P Dow Jones Indices

# Global/Global ex-U.S. Equity Performance: 1Q24

Continued optimism lifts all markets, except China

## Broad market

- Broad markets delivered strong returns on the decreasing expected probability of a recession in the U.S. and continued optimism around artificial intelligence.
- Small caps once again trailed large caps in a higher interest rate environment, which tends to more negatively impact smaller companies with more significant borrowing needs.
- Japan performed well yet again, beating the S&P 500 in 1Q24, driven by continued stock buybacks, economic resiliency, and a weakening yen, which helped exports.

## Emerging markets

- Emerging markets underperformed developed markets as China struggled with increased regulatory scrutiny and a continued economic slowdown.
- Exporting countries such as Peru and Colombia benefited from growing commodity prices. Turkey also performed well with a return to orthodox monetary policies after experimenting with counterintuitive methodologies.

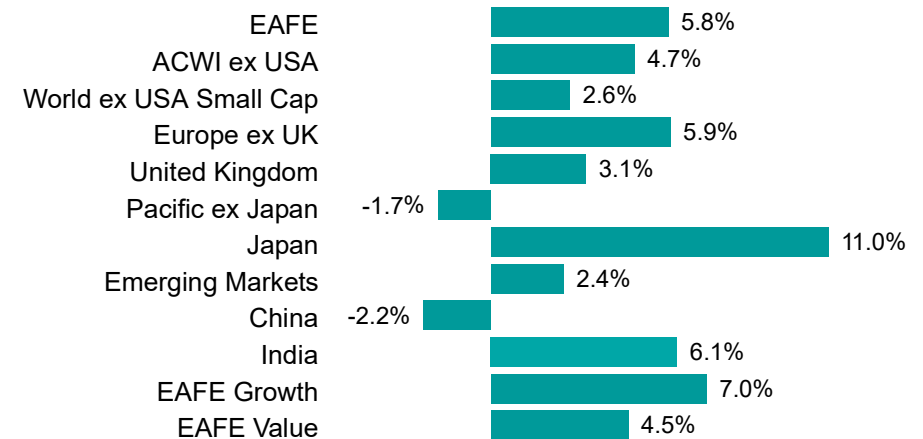
## Growth vs. value

- Energy's volatility continued; after struggling in 4Q23, energy rebounded and helped deliver stronger performance in the commodity-heavy value space.

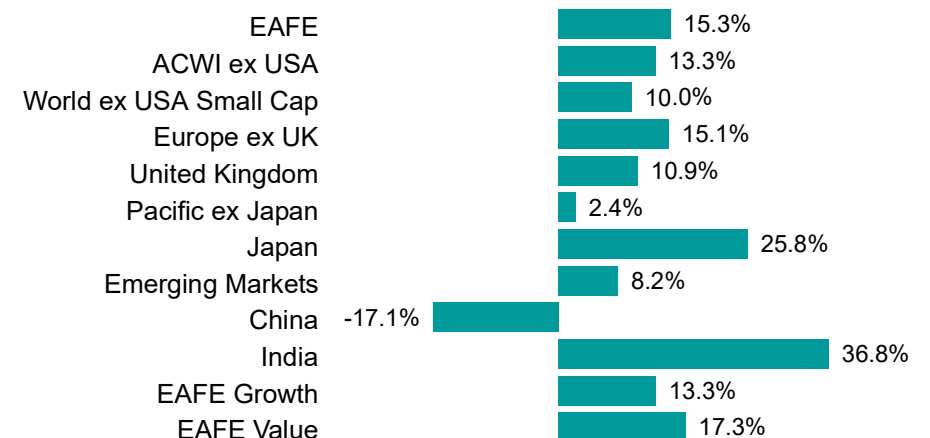
## U.S. dollar strength

- The U.S. dollar gained in 1Q as investors recalibrated their interest rate expectations, with conventional wisdom now indicating that the U.S. may only enact one rate cut in 2024.

## Global Equity Returns: Quarter Ended 3/31/24



## Global Equity Returns: One Year Ended 3/31/24



Source: MSCI

# U.S. Fixed Income Performance: 1Q24

U.S. Treasury rates rose while risk appetite drove credit spreads tighter

## Macro environment

- Markets' enthusiasm for multiple rate cuts starting in early 2024 was tempered by stronger-than-expected economic data.
- 10-year U.S. Treasury yield rose from 3.88% as of year-end to close the quarter at 4.21%.
- The yield curve remained inverted but less so than one year ago (2-year/10-year 42 bps vs. 57 one year ago).

## Performance and drivers

- The Aggregate fell 0.8% as rates rose.
- Investment grade corporates outperformed like-duration Treasuries, while mortgages underperformed.
- Lower quality also outperformed, with high yield corporates and leveraged loans posting the highest returns.

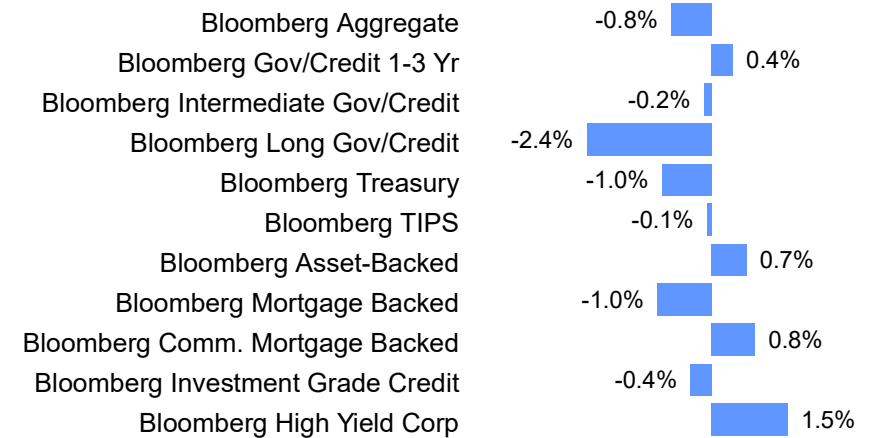
## Valuations

- Investment grade and high yield corporate spreads are now tighter than one standard deviation from the trailing 10-year average.

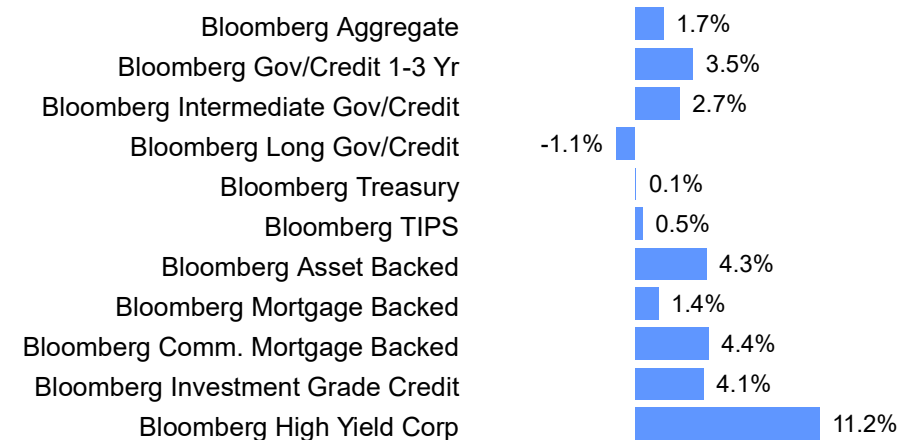
## Record corporate bond issuance

- Highest first quarter of new issuance on record, with \$529 bn in investment grade corporates, surpassing 2020's \$479 bn.
- High yield quarterly issuance was just as significant with a volume of \$85 bn, a level not seen since 2021.
- Both were met with strong investor demand.

## U.S. Fixed Income Returns: Quarter Ended 3/31/24



## U.S. Fixed Income Returns: One Year Ended 3/31/24



Sources: Bloomberg, Callan, S&P Dow Jones Indices

# U.S. Private Real Estate Performance: 1Q24

## Appreciation returns negative once again

### Valuations reflect higher interest rates

- Income returns were positive across sectors and regions.
- All property sectors and regions experienced negative appreciation.
- Valuations are reflective of higher interest rates, which have put upward pressure on capitalization rate and discount rate assumptions.
- Return dispersion by manager within the ODCE Index was due to the composition of underlying portfolios.

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
NCREIF ODCE	-2.6%	-12.0%	2.5%	2.6%	5.8%
Income	0.8%	2.9%	2.8%	2.9%	3.3%
Appreciation	-3.4%	-14.6%	-0.3%	-0.4%	2.5%
NCREIF Property Index	-1.0%	-7.2%	3.6%	3.8%	6.4%
Income	1.2%	4.5%	4.2%	4.2%	4.5%
Appreciation	-2.1%	-11.2%	-0.5%	-0.5%	1.8%

Returns are geometrically linked

### NCREIF Property Index Quarterly Returns by Region and Property Type



Source: NCREIF; ODCE return is net

Callan

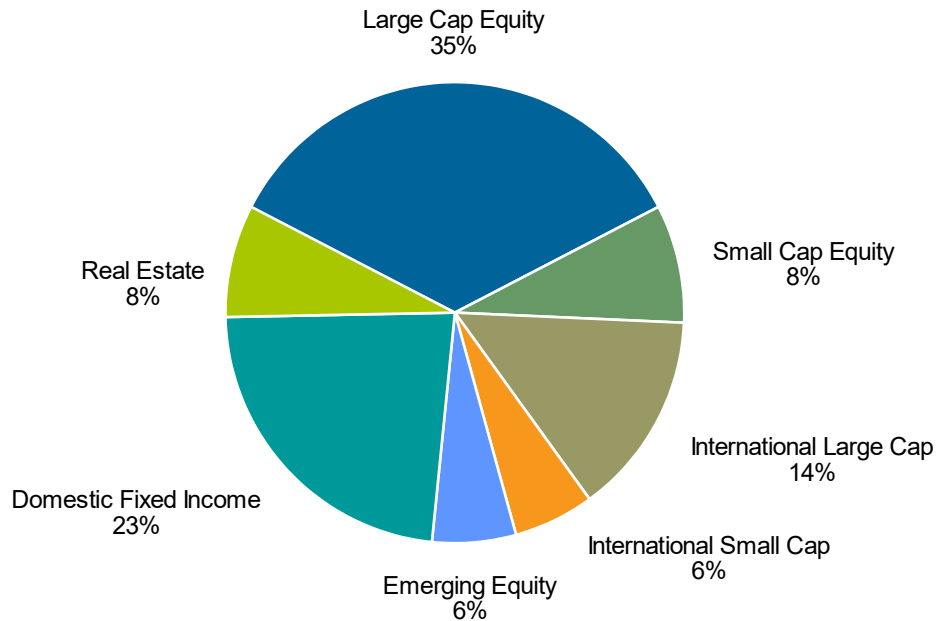
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**Total Fund Overview**

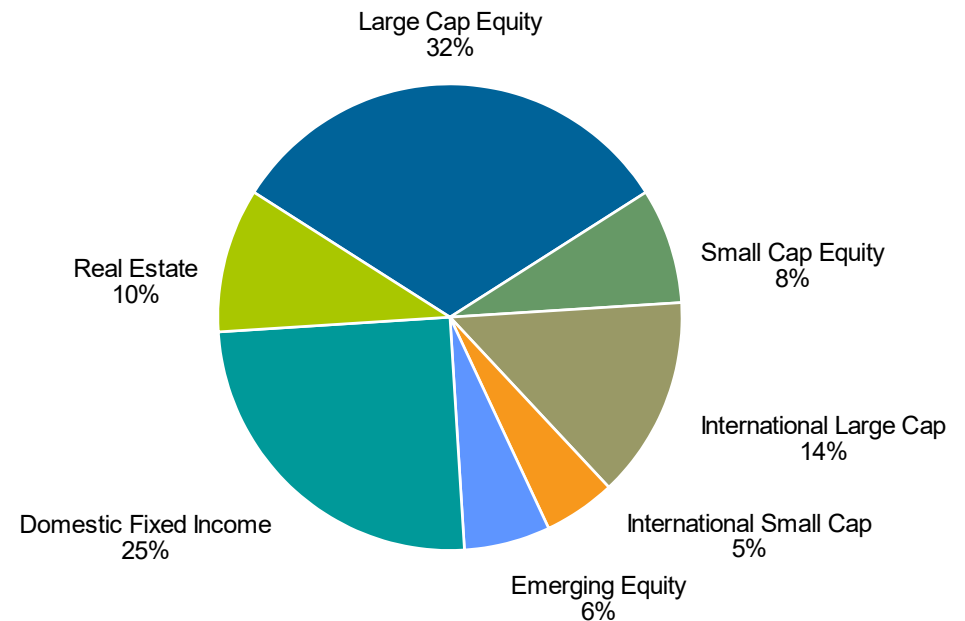
# RT Asset Allocation

As of March 31, 2024

**Actual Asset Allocation**



**Target Asset Allocation**



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	143,092	34.9%	32.0%	2.9%	11,737
Small Cap Equity	34,014	8.3%	8.0%	0.3%	1,176
International Large Cap	58,574	14.3%	14.0%	0.3%	1,106
International Small Cap	23,271	5.7%	5.0%	0.7%	2,747
Emerging Equity	24,219	5.9%	6.0%	(0.1%)	(410)
Domestic Fixed Income	94,863	23.1%	25.0%	(1.9%)	(7,757)
Real Estate	32,449	7.9%	10.0%	(2.1%)	(8,599)
Total	410,483	100.0%	100.0%		



## Total Fund – Performance Attribution

### Relative Attribution Effects for Quarter ended March 31, 2024

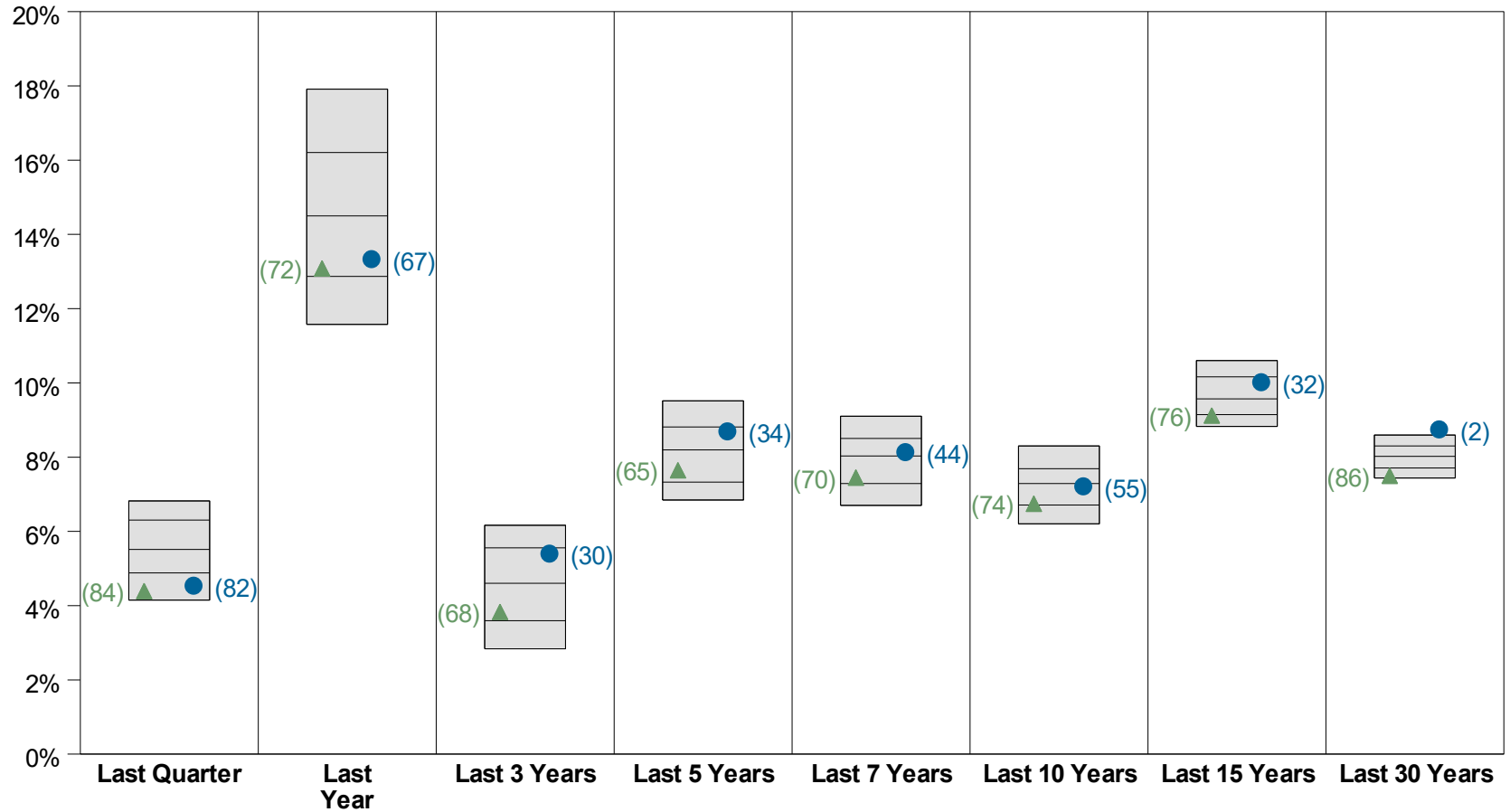
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	11.49%	10.56%	0.31%	0.07%	0.38%
Small Cap Equity	8%	8%	2.38%	5.18%	(0.24%)	(0.00%)	(0.24%)
International Large Cap	14%	14%	3.11%	5.78%	(0.38%)	0.00%	(0.38%)
International Small Cap	6%	5%	6.53%	2.40%	0.23%	(0.01%)	0.22%
Emerging Equity	6%	6%	2.48%	2.37%	0.00%	(0.01%)	(0.00%)
Domestic Fixed Income	24%	25%	(0.95%)	(0.78%)	(0.04%)	0.05%	0.01%
Real Estate	8%	10%	(2.06%)	(2.37%)	0.03%	0.11%	0.14%
<b>Total</b>			<b>4.52%</b>	<b>4.39%</b>	<b>+ (0.09%)</b>	<b>+ 0.22%</b>	<b>0.12%</b>

### One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	29.39%	29.88%	(0.12%)	0.15%	0.04%
Small Cap Equity	9%	8%	14.38%	19.71%	(0.45%)	(0.03%)	(0.49%)
International Large Cap	14%	14%	11.29%	15.32%	(0.58%)	(0.01%)	(0.59%)
International Small Cap	5%	5%	20.45%	10.45%	0.54%	(0.02%)	0.52%
Emerging Equity	6%	6%	12.39%	8.15%	0.26%	(0.01%)	0.24%
Domestic Fixed Income	23%	25%	1.67%	1.70%	(0.00%)	0.13%	0.13%
Real Estate	9%	10%	(9.66%)	(11.29%)	0.21%	0.18%	0.39%
<b>Total</b>			<b>13.31%</b>	<b>13.08%</b>	<b>+ (0.16%)</b>	<b>+ 0.38%</b>	<b>0.23%</b>

# Total Fund – Performance as of March 31, 2024

## Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



10th Percentile	6.82	17.91	6.17	9.52	9.10	8.30	10.60	8.60
25th Percentile	6.31	16.21	5.56	8.81	8.51	7.69	10.16	8.30
Median	5.51	14.50	4.60	8.19	8.03	7.29	9.57	8.02
75th Percentile	4.88	12.87	3.60	7.33	7.29	6.71	9.15	7.71
90th Percentile	4.15	11.57	2.84	6.85	6.70	6.20	8.83	7.44
<b>Total Fund</b> ●	4.52	13.31	5.38	8.67	8.11	7.19	10.00	8.73
Target ▲	4.39	13.08	3.83	7.65	7.45	6.75	9.12	7.50

## Total Fund – Manager Asset Allocation

	March 31, 2024		Net New Inv.	Inv. Return	December 31, 2023	
	Market Value	Weight			Market Value	Weight
<b>Domestic Equity</b>	<b>\$177,106,557</b>	<b>43.15%</b>	<b>\$(80,089)</b>	<b>\$15,545,676</b>	<b>\$161,640,970</b>	<b>41.17%</b>
<b>Large Cap</b>	<b>\$143,092,130</b>	<b>34.86%</b>	<b>\$(80,089)</b>	<b>\$14,753,506</b>	<b>\$128,418,713</b>	<b>32.71%</b>
Boston Partners	71,484,935	17.41%	0	7,915,324	63,569,611	16.19%
SSgA S&P 500	71,607,195	17.44%	(80,089)	6,838,182	64,849,102	16.52%
<b>Small Cap</b>	<b>\$34,014,427</b>	<b>8.29%</b>	<b>\$0</b>	<b>\$792,170</b>	<b>\$33,222,257</b>	<b>8.46%</b>
Atlanta Capital	34,014,427	8.29%	0	792,170	33,222,257	8.46%
<b>International Equity</b>	<b>\$106,064,216</b>	<b>25.84%</b>	<b>\$0</b>	<b>\$3,803,520</b>	<b>\$102,260,696</b>	<b>26.05%</b>
<b>International Large Cap</b>	<b>\$58,573,978</b>	<b>14.27%</b>	<b>\$0</b>	<b>\$1,767,147</b>	<b>\$56,806,831</b>	<b>14.47%</b>
SSgA EAFE	20,013,298	4.88%	0	1,111,206	18,902,092	4.81%
Pyrford	38,560,680	9.39%	0	655,940	37,904,739	9.65%
<b>International Small Cap</b>	<b>\$23,271,306</b>	<b>5.67%</b>	<b>\$0</b>	<b>\$1,472,063</b>	<b>\$21,799,242</b>	<b>5.55%</b>
AQR	23,271,306	5.67%	0	1,472,063	21,799,242	5.55%
<b>Emerging Equity</b>	<b>\$24,218,933</b>	<b>5.90%</b>	<b>\$0</b>	<b>\$564,310</b>	<b>\$23,654,623</b>	<b>6.02%</b>
DFA Emerging Markets	24,218,933	5.90%	0	564,310	23,654,623	6.02%
<b>Fixed Income</b>	<b>\$94,863,452</b>	<b>23.11%</b>	<b>\$215,511</b>	<b>\$(907,724)</b>	<b>\$95,555,665</b>	<b>24.34%</b>
TCW	94,863,452	23.11%	215,511	(907,724)	95,555,665	24.34%
<b>Real Estate</b>	<b>\$32,449,191</b>	<b>7.91%</b>	<b>\$0</b>	<b>\$(712,857)</b>	<b>\$33,162,048</b>	<b>8.45%</b>
Clarion Lion Fund	15,759,223	3.84%	0	(485,412)	16,244,635	4.14%
Morgan Stanley	16,689,968	4.07%	0	(227,444)	16,917,412	4.31%
<b>Total Fund</b>	<b>\$410,483,416</b>	<b>100.0%</b>	<b>\$135,422</b>	<b>\$17,728,615</b>	<b>\$392,619,379</b>	<b>100.0%</b>

## Total Fund – Returns as of March 31, 2024

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Domestic Equity</b>	<b>9.62%</b>	<b>26.19%</b>	<b>10.95%</b>	<b>13.90%</b>	<b>12.93%</b>
Domestic Equity Benchmark**	9.49%	27.93%	9.18%	13.75%	12.90%
<b>Large Cap Equity</b>	<b>11.49%</b>	<b>29.39%</b>	<b>11.82%</b>	<b>14.51%</b>	<b>13.13%</b>
Boston Partners	12.45%	28.97%	12.08%	13.65%	11.93%
Russell 1000 Value Index	8.99%	20.27%	8.11%	10.32%	9.16%
SSgA S&P 500	10.55%	29.90%	11.49%	15.05%	14.09%
S&P 500 Index	10.56%	29.88%	11.49%	15.05%	14.09%
<b>Small Cap Equity</b>	<b>2.38%</b>	<b>14.38%</b>	<b>7.41%</b>	<b>11.42%</b>	<b>11.99%</b>
Atlanta Capital	2.38%	14.38%	7.41%	11.42%	11.99%
Russell 2000 Index	5.18%	19.71%	(0.10%)	8.10%	7.73%
<b>International Equity</b>	<b>3.70%</b>	<b>13.43%</b>	<b>4.02%</b>	<b>7.26%</b>	<b>6.52%</b>
International Benchmark***	4.31%	12.67%	1.23%	5.74%	5.78%
<b>International Large Cap</b>	<b>3.11%</b>	<b>11.29%</b>	<b>5.02%</b>	<b>7.19%</b>	<b>6.41%</b>
SSgA EAFE	5.88%	15.69%	5.12%	7.70%	7.07%
Pyrford	1.73%	9.13%	4.97%	6.83%	-
MSCI EAFE Index	5.78%	15.32%	4.78%	7.33%	6.70%
<b>International Small Cap</b>	<b>6.53%</b>	<b>20.45%</b>	<b>6.13%</b>	<b>9.27%</b>	<b>7.74%</b>
AQR	6.53%	20.45%	6.13%	9.27%	7.74%
MSCI EAFE Small Cap Index	2.40%	10.45%	(1.36%)	4.94%	5.18%
<b>Emerging Markets Equity</b>	<b>2.48%</b>	<b>12.39%</b>	<b>0.17%</b>	<b>5.39%</b>	<b>5.48%</b>
DFA Emerging Markets	2.48%	12.39%	0.17%	5.39%	5.48%
MSCI Emerging Markets Index	2.37%	8.15%	(5.05%)	2.22%	3.72%
<b>Domestic Fixed Income</b>	<b>(0.95%)</b>	<b>1.67%</b>	<b>(2.32%)</b>	<b>1.08%</b>	<b>1.75%</b>
TCW	(0.95%)	1.67%	(2.32%)	1.08%	1.75%
Bloomberg Aggregate Index	(0.78%)	1.70%	(2.46%)	0.36%	1.06%
<b>Real Estate</b>	<b>(2.06%)</b>	<b>(9.66%)</b>	<b>4.70%</b>	-	-
Clarion Lion Fund	(2.73%)	(13.61%)	2.61%	-	-
Morgan Stanley	(1.42%)	(5.56%)	-	-	-
NCREIF NFI-ODCE Value Weight	(2.37%)	(11.29%)	3.37%	3.46%	4.70%
<b>Total Plan</b>	<b>4.52%</b>	<b>13.31%</b>	<b>5.38%</b>	<b>8.67%</b>	<b>8.11%</b>
Target*	4.39%	13.08%	3.83%	7.65%	7.45%

# Total Fund – Calendar Year Returns

	12/2023- 3/2024	2023	2022	2021	2020
<b>Domestic Equity</b>	<b>9.62%</b>	<b>20.03%</b>	<b>(10.71%)</b>	<b>28.28%</b>	<b>11.16%</b>
Domestic Equity Benchmark**	9.49%	24.55%	(18.54%)	25.93%	18.94%
<b>Large Cap Equity</b>	<b>11.49%</b>	<b>19.32%</b>	<b>(10.60%)</b>	<b>30.18%</b>	<b>11.03%</b>
Boston Partners	12.45%	13.26%	(3.17%)	31.78%	2.99%
Russell 1000 Value Index	8.99%	11.46%	(7.54%)	25.16%	2.80%
SSgA S&P 500	10.55%	26.29%	(18.10%)	28.70%	18.36%
S&P 500 Index	10.56%	26.29%	(18.11%)	28.71%	18.40%
<b>Small Cap Equity</b>	<b>2.38%</b>	<b>22.65%</b>	<b>(11.15%)</b>	<b>21.00%</b>	<b>11.67%</b>
Atlanta Capital	2.38%	22.65%	(11.15%)	21.00%	11.67%
Russell 2000 Index	5.18%	16.93%	(20.44%)	14.82%	19.96%
<b>International Equity</b>	<b>3.70%</b>	<b>16.93%</b>	<b>(11.12%)</b>	<b>9.38%</b>	<b>8.48%</b>
International Benchmark***	4.31%	15.23%	(17.10%)	7.67%	11.39%
<b>International Large Cap</b>	<b>3.11%</b>	<b>16.16%</b>	<b>(9.11%)</b>	<b>9.34%</b>	<b>5.71%</b>
SSgA EAFE	5.88%	18.60%	(14.08%)	11.52%	8.27%
Pyrford	1.73%	14.97%	(6.49%)	8.22%	4.09%
MSCI EAFE Index	5.78%	18.24%	(14.45%)	11.26%	7.82%
<b>International Small Cap</b>	<b>6.53%</b>	<b>20.15%</b>	<b>(10.51%)</b>	<b>13.52%</b>	<b>7.35%</b>
AQR	6.53%	20.15%	(10.51%)	13.52%	7.35%
MSCI EAFE Small Cap Index	2.40%	13.16%	(21.39%)	10.10%	12.34%
<b>Emerging Markets Equity</b>	<b>2.48%</b>	<b>15.91%</b>	<b>(16.06%)</b>	<b>6.25%</b>	<b>14.40%</b>
DFA Emerging Markets	2.48%	15.91%	(16.06%)	6.25%	14.40%
MSCI Emerging Markets Index	2.37%	9.83%	(20.09%)	(2.54%)	18.31%
<b>Domestic Fixed Income</b>	<b>(0.95%)</b>	<b>6.24%</b>	<b>(13.48%)</b>	<b>(0.46%)</b>	<b>9.85%</b>
TCW	(0.95%)	6.24%	(13.48%)	(0.46%)	9.85%
Bloomberg Aggregate Index	(0.78%)	5.53%	(13.01%)	(1.54%)	7.51%
<b>Real Estate</b>	<b>(2.06%)</b>	<b>(10.65%)</b>	<b>8.39%</b>	-	-
Clarion Lion Fund	(2.73%)	(15.71%)	9.69%	-	-
Morgan Stanley	(1.42%)	(5.19%)	7.02%	-	-
NCREIF NFI-ODCE Value Weight	(2.37%)	(12.02%)	7.47%	22.17%	1.19%
<b>Total Plan</b>	<b>4.52%</b>	<b>12.70%</b>	<b>(9.79%)</b>	<b>15.71%</b>	<b>11.42%</b>
Target*	4.39%	13.45%	(14.03%)	12.81%	13.82%

## Watch List

Manager/ Mandate	Date Added to Watch	Reason	Recommended Action
<b>Boston Partners Large Cap Value</b>	Q1 2024	<ul style="list-style-type: none"> <li>➤ Boston Partners announced that David Pyle, a portfolio manager for over 15 years on the Large Cap Value strategy, will step away from his portfolio manager duties in September 2024; though he will remain at Boston Partners for some time. The team consists of four members: David Pyle, Mark Donovan, Josh White, and David Cohen. Pyle and Donovan (who founded Boston Partners) represent the more veteran, seasoned portfolio managers on the strategy. Boston Partners has incrementally promoted White and Cohen into portfolio management roles over the last decade to plan for these eventual transitions. Pyle’s responsibilities will be primarily assumed by White and Cohen.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Callan is not overly concerned given the tenure of the team and the long-standing succession plan. However, the Boards and Callan will continue to closely monitor the strategy as they move through this transition.</li> </ul>
<b>TCW Fixed Income</b>	Q3 2023	<ul style="list-style-type: none"> <li>➤ TCW/MetWest announced upcoming senior fixed income leadership transitions. Laird Landmann and Steve Kane, both of whom are Generalist Portfolio Managers and are part of the original team that came to TCW from MetWest in 2010, will be retiring at the end of 2023 (Landmann) and 2024 (Kane). Ruben Hovhannisyan, Associate Generalist Portfolio Manager, and Jerry Cudzil, Global Head of Credit Trading, will now join Co-CIO Bryan Whalen as Generalists, along with Landmann and Kane until they step away. Whalen joined TCW in 2010 from MetWest alongside Landmann, Kane, and Tad Rivelle who retired in 2021. Cudzil has been with TCW since 2012, and Hovhannisyan since 2007. TCW’s performance has also been mixed with peer group rankings well below median for numerous time periods.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Callan does not have immediate concerns with the team changes given the tenure and experience of Whalen, Hovhannisyan, and Cudzil along with the deep teams of specialists that support them. However, the Boards and Callan will continue to closely monitor the strategy as they move through this transition. We are also closely monitoring performance.</li> </ul>

Callan

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**Callan Research & Events Updates**

# Introducing CODE: Callan On-Demand Education

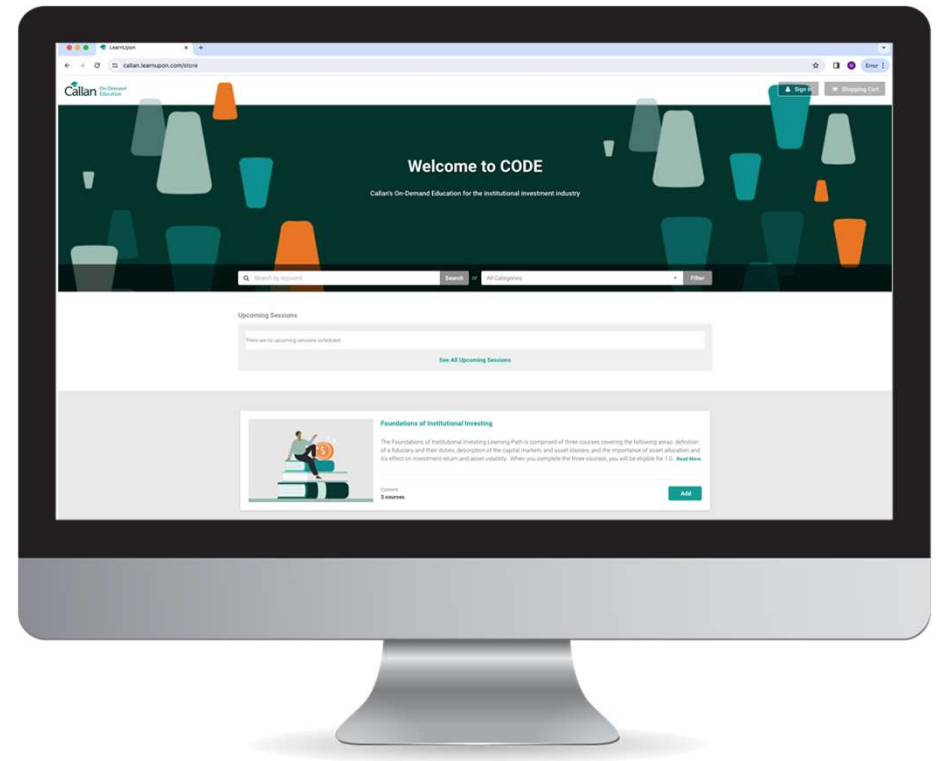


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## 3 Reasons to Take CODE Courses

- 1 Become a better fiduciary
- 2 Showcase your skills and knowledge
- 3 Learn from Callan's investment experts



# Callan Institute Events

Upcoming conferences, workshops, and webinars

## Callan College

### Intro to Investments—Learn the Fundamentals

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with basic investment theory, terminology, and practices.

- June 18-19, 2024 – In-Person Session in Chicago
- September 24-26, 2024 – Virtual Session via Zoom

### Intro to Alternatives

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with alternative investments like private equity, hedge funds, and real estate, and how they can play a key role in any portfolio. You will learn about the importance of allocations to alternatives and how to consider integrating, evaluating, and monitoring them.

- August 21-22, 2024 – Virtual Session via Zoom

Please visit our website at [callan.com/events-education](https://callan.com/events-education) as we add dates to our 2024 calendar!

## Mark Your Calendar

### 2024 Regional Workshops

- June 25, 2024 – Atlanta
- June 27, 2024 – San Francisco
- October 22, 2024 – Denver
- October 23, 2024 – Chicago

*Watch your email for further details and an invitation.*

## Webinars & Research Café Sessions

### Webinar: Market Intelligence

April 26, 2024 – Virtual Session via Zoom

### Webinar: Fee Study Results (National Conference)

May 16, 2024 – Virtual Session via Zoom

## Published Research Highlights: 1Q24

**STAR Report Executive Summary: Year-End 2023**



**A Primer on Investable Types of Rental Housing**



**The Callan Periodic Table Collection: Year-End 2023**



**Callan 2024-2033 Capital Markets Assumptions**



### Recent Blog Posts

**SEC Releases Final Climate Disclosure Rule**

Kristin Bradbury

**A Strong Finish to 2023 Bodes Well for Hedge Funds in 2024**

Joe McGuane

**The Magnificent Seven and Large Cap Portfolios**

Nicole Wubbena

### Additional Reading

*Alternatives Focus* quarterly newsletter

Active vs. Passive quarterly charts

*Capital Markets Review* quarterly newsletter

Monthly Updates to the Periodic Table

*Market Pulse Flipbook* quarterly markets update

*Real Estate Indicators* market outlook

# Important Disclosures

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# Callan

March 31, 2024



## **Sacramento Regional Transit District Retirement Plans**

**Investment Measurement Service  
Quarterly Review**

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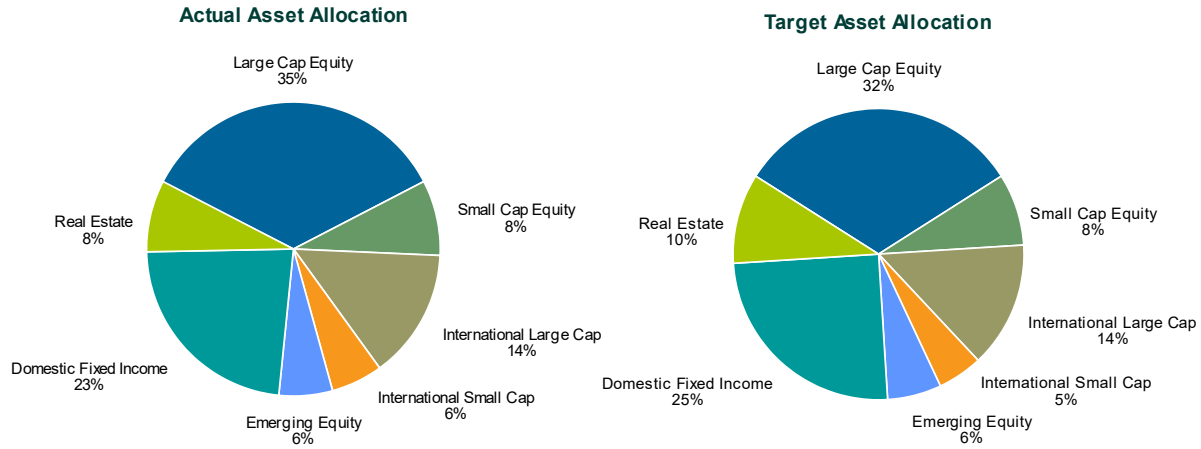
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**Sacramento Regional Transit District**  
Executive Summary for Period Ending March 31, 2024

**Asset Allocation**



**Performance**

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Total Plan</b>	<b>4.52%</b>	<b>13.31%</b>	<b>5.38%</b>	<b>8.67%</b>	<b>8.11%</b>
Target*	4.39%	13.08%	3.83%	7.65%	7.45%

**Recent Developments**

N/A

**Organizational Issues**

N/A

**Manager Performance**

Manager	Peer Group Ranking		
	Last Year	Last 3 Years	Last 7 Years
Boston Partners	7	12	15
Atlanta Capital	83	15	20
Pyrford	92	43	[83]
AQR	7	8	23
DFA	32	13	29
TCW	96	87	75
Clarion	74	73	[70]
Morgan Stanley	4	[1]	[6]

*Brackets indicate performance linked with manager's composite*

**Watch List**

TCW is on the watch list to monitor the performance, portfolio manager transitions, and senior leadership retirements. Boston Partners is on the watch list to monitor portfolio manager transitions.

\* Current Quarter Target = 32.0% S&P 500, 25.0% Bloomberg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Value Weighted, 8.0% Russell 2000 Index, 6.0% MSCI Emerging Markets, and 5.0% MSCI EAFE Small Cap.





**U.S. EQUITIES**

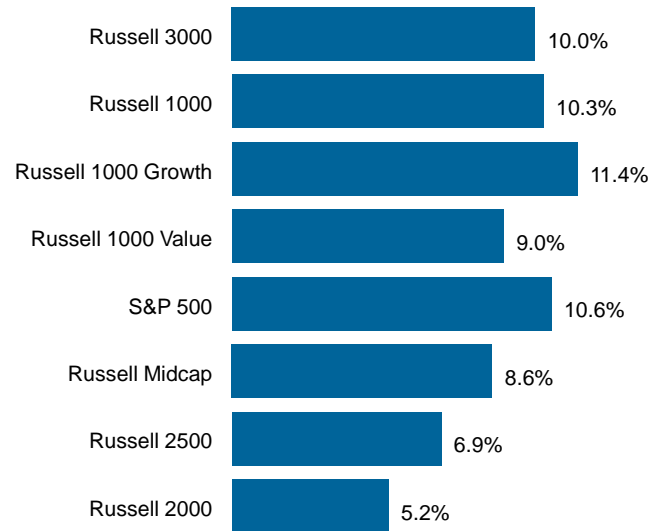
**Best first quarter in 5 years**

- The U.S. equity markets were off to an exceptional start with the S&P 500 posting a YTD gain of 11%, its best first quarter since 2019. Performance was buoyed by continued optimism around a “soft landing” scenario, strong corporate earnings, and the Fed’s projected interest rate cuts in mid-2024.
- Almost all of the 11 S&P 500 sectors posted gains in 1Q24. Real estate was the only sector that posted losses, challenged by the interest rate environment and continued negative sentiment around office real estate.
- The best-performing sector was Communication Services, which generated a nearly 16% return during the quarter. Energy, Financials, Information Technology, and Industrials also posted double-digit returns.

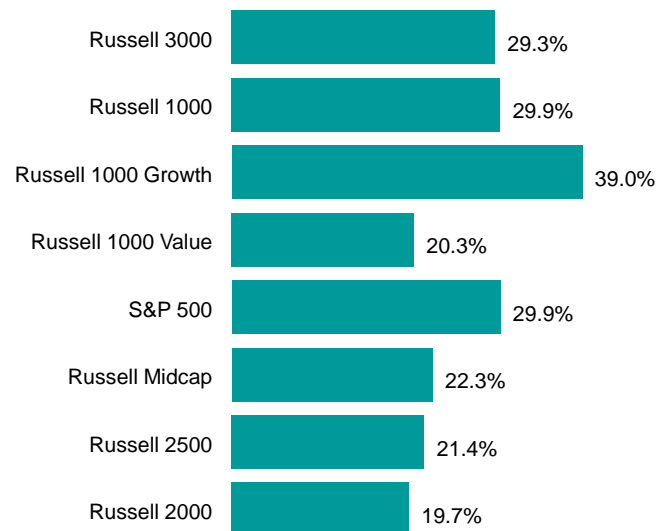
**Large cap stocks dominate again**

- Growth outpaced value across the market cap spectrum once again, and large cap stocks continued to outperform small cap stocks.
- The “Magnificent Seven” in aggregate continues to outpace the other constituents of the S&P 500 in terms of earnings growth and total returns.
- However, signs point to the broadening of returns within the index including: 1) The narrowing of dispersion in the premium gap of returns/earnings growth; as of 3/31/24, the premium gap of returns/earnings growth between the “Magnificent Seven” and the other 493 stocks in the index was 10%. In recent periods, the gap has been >25%; 2) Only two stocks of the “Magnificent Seven” (Meta and NVIDIA) were among the top 10 performers within the index for the quarter.
- Returns within the “Magnificent Seven” cohort also show signs of disaggregation. Three stocks—Tesla, Apple, and Alphabet—exhibited negative to single-digit returns vs. other constituents, which generated low to high double-digit returns in 1Q24. In 2023, the entire cohort demonstrated positive double- and triple-digit returns.

**U.S. Equity: Quarterly Returns**

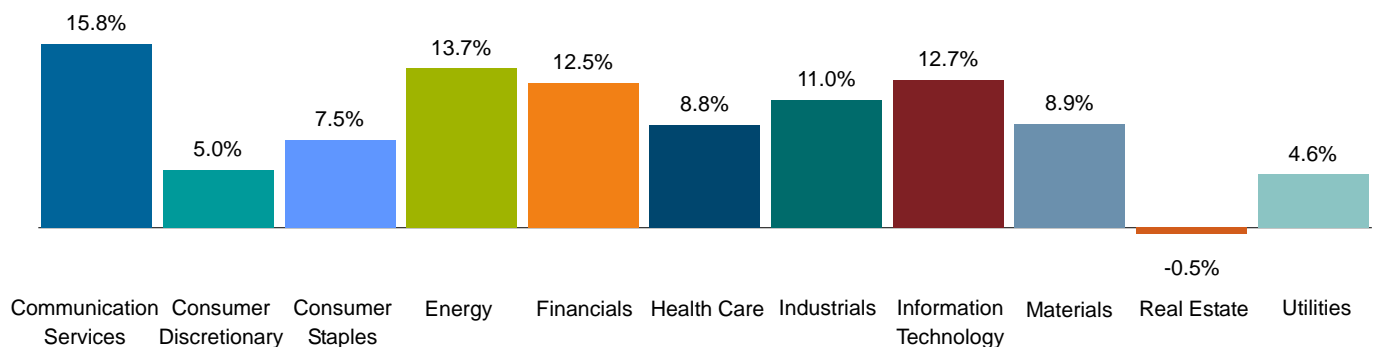


**U.S. Equity: One-Year Returns**



Sources: FTSE Russell, S&P Dow Jones Indices

**S&P Sector Returns, Quarter Ended 3/31/24**



Source: S&P Dow Jones Indices

**GLOBAL EQUITIES**

**Another strong quarter for Japan**

- Broad markets delivered strong returns on the decreasing expected probability of a recession in the U.S. and continued optimism around artificial intelligence.
- Small caps once again trailed large caps in a higher interest rate environment, which tends to more negatively impact smaller companies with more significant borrowing needs.
- Japan performed well yet again, beating the S&P 500 in 1Q24, driven by continued stock buybacks, economic resiliency, and a weakening yen, which helped exports.

**Emerging markets struggle but exporters thrive**

- Emerging markets underperformed developed markets as China struggled with increased regulatory scrutiny and a continued economic slowdown.
- Exporting countries such as Peru and Colombia benefited from increasing commodity prices. Turkey also performed well with a return to orthodox monetary policies after experimenting with counterintuitive methodologies.

**Value benefits from rising commodity prices**

- Energy’s volatility continued; after struggling in 4Q23, energy rebounded and helped deliver stronger performance in the commodity-heavy value space.

**U.S. dollar gains as rate cut expectations fall**

- The U.S. dollar rose in 1Q as investors recalibrated their interest rate expectations, with conventional wisdom now indicating that the U.S. may only enact one rate cut in 2024.

**Positive tailwinds**

- End of deflation
- Most prolonged stint of consumption gains since mid-1990s
- Increase in exports (positive impact to GDP)
- Reforms support the Japanese equity market through increased M&A and improved corporate governance

**Slow growth in China**

- Sluggish growth continues, with weak home sales and deflationary pressures.

**Market valuation in China**

- With Chinese markets now down 60% from a high-water mark in early 2021, Chinese equities are at decade-low allocations in global portfolios.

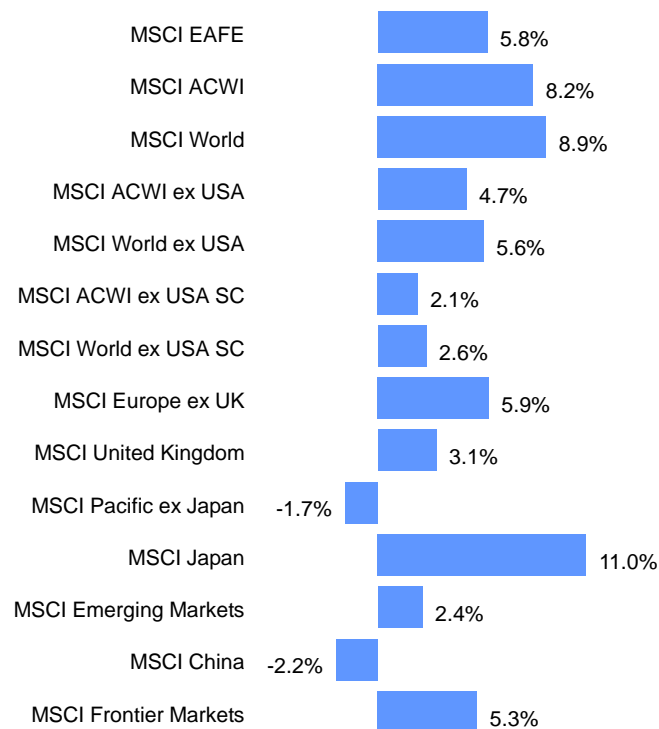
**Fast growth in India**

- Highest real GDP growth and one of the only major countries with accelerating GDP growth.

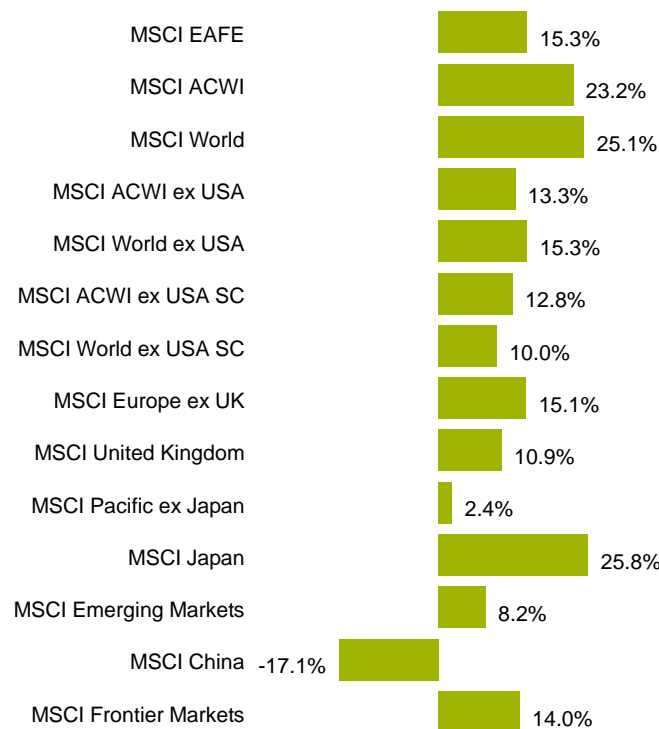
**Market valuation in India**

- The MSCI India Index traded at 22.1 times forward earnings — above its 10-year average of 18.9 times.

**Global Equity: Quarterly Returns**



**Global Equity: One-Year Returns**



Source: MSCI

**U.S. FIXED INCOME**

**Big increase in 10-year Treasury yield**

- Markets’ enthusiasm for multiple rate cuts starting in early 2024 was tempered by stronger-than-expected economic data.
- 10-year U.S. Treasury yield rose from 3.88% as of year-end to close the quarter at 4.21%.
- The yield curve remained inverted but less so than one year ago (2-year/10-year 42 bps vs. 57 one year ago).

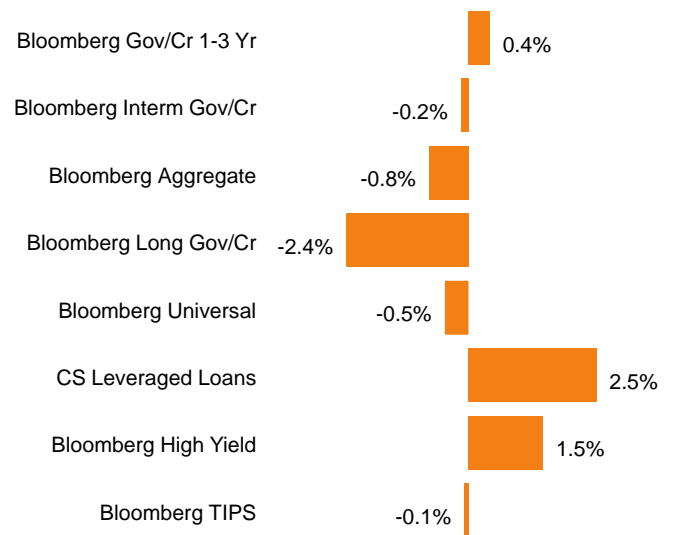
**Aggregate falls as rates climb**

- The Bloomberg US Aggregate Bond Index fell 0.8% as rates rose.
- Investment grade corporates outperformed like-duration Treasuries, while mortgages underperformed.
- Lower quality also outperformed, with high yield corporates and leveraged loans posting the highest returns.
- Investment grade and high yield corporate spreads are now tighter than one standard deviation from the trailing 10-year average.

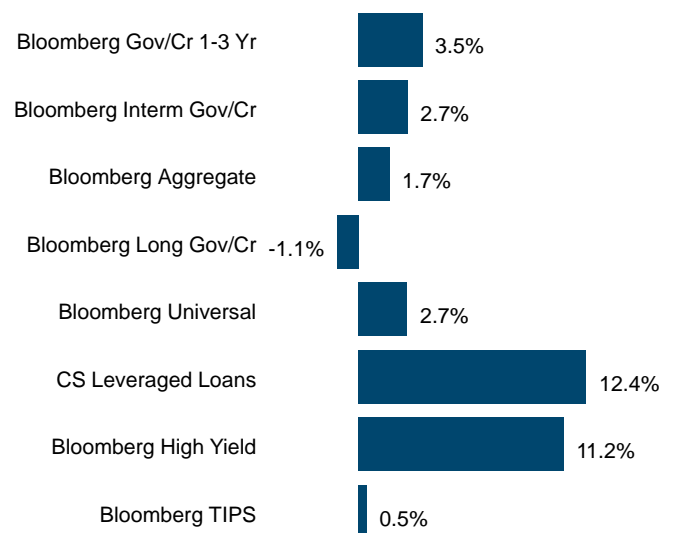
**Record corporate bond issuance**

- Highest first quarter of new issuance on record, with \$529 billion in investment grade corporates, surpassing 2020’s \$479 billion.
- High yield quarterly issuance was just as significant with a volume of \$85 billion, a level not seen since 2021.
- Both were met with strong investor demand.
- Corporate bond spreads continued to tighten across all qualities amid strong investor demand. Investment grade credit OAS declined 8 bps to 85 bps, while high yield corporates fell 24 bps, crossing the 300 bp level for the first time since January 2022.
- Investment grade credit spreads are now in the lowest 13<sup>th</sup> percentile over the last 20 years, while high yield bonds are in the 8<sup>th</sup> percentile. Bank loans are relatively more attractive, with spreads in the 42<sup>nd</sup> percentile since June 2008.
- However, all-in yields continue to provide high levels of income, with investment grade credit in the 77<sup>th</sup> percentile over the last 20 years, while high yield is in the 58<sup>th</sup> percentile. Bank loan yields, which are benefitting from the inverted yield curve, are in the 81<sup>st</sup> percentile since June 2008.

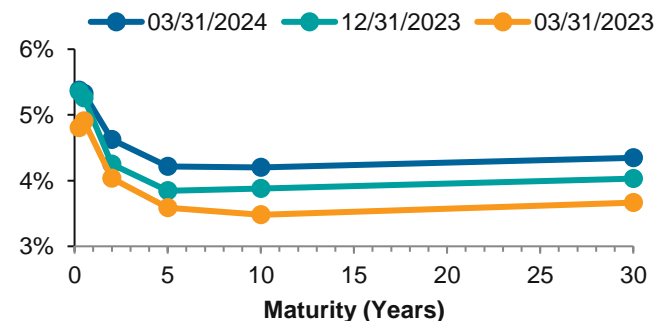
**U.S. Fixed Income: Quarterly Returns**



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



**U.S. Treasury Yield Curves**



Sources: Bloomberg, Credit Suisse

**MUNICIPAL BONDS**

**Municipal bonds posted fairly flat returns in 1Q**

- Yields rose, but less than for U.S. Treasuries.
- 10-year AAA municipal bond yield closed at 2.52%, up from 2.27% as of year-end.
- 10-year U.S. Treasury yield rose to 4.20% from 3.88%.
- Strong demand easily absorbed robust issuance.

**BBBs performed best for quarter and year**

- AAA: -0.8%
- AA: -0.6%
- A: +0.1%
- BBB: +0.6%
- High Yield: +1.5%

**Valuations vs. U.S. Treasuries remained rich**

- 10-year AAA Muni/10-year U.S. Treasury yield ratio 60%
- Well below 10-year median of 86%

**GLOBAL FIXED INCOME**

**Central banks close to rate cuts**

- Central banks largely kept rates on hold but are getting closer to rate cuts as inflation moderates.
- Switzerland was the first to raise rates with a 25 bps increase.
- Japan was the last to exit negative interest rate policy, raising rates from -0.1% to a range of 0.0%-0.1%.

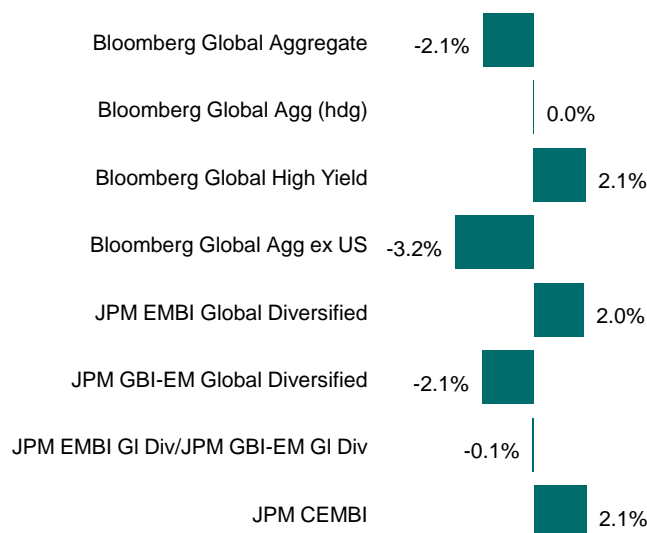
**U.S. dollar strengthened**

- Major currencies weakened relative to the dollar, a reversal of fortune from 4Q23.
- Hedged investors saw better returns.

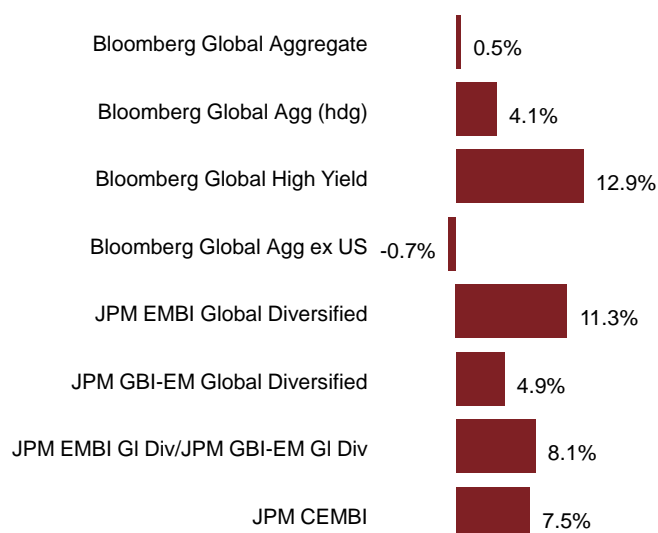
**Emerging markets were mixed**

- Hard currency EM debt performed relatively well, especially high yield. The JPM EMBI Global Diversified Index rose 2.0%, with the high yield component up 4.9%.
- Local currencies generally lost ground to the U.S. dollar, hurting returns for the JPM GBI-EM Global Diversified Index.

**Global Fixed Income: Quarterly Returns**

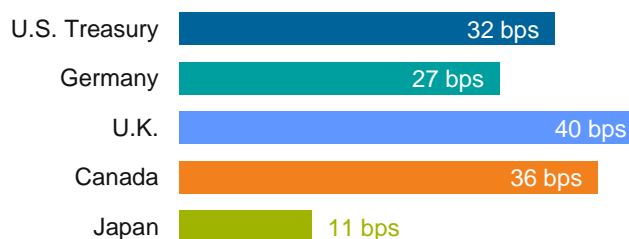


**Global Fixed Income: One-Year Returns**



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

**4Q23 to 1Q24**

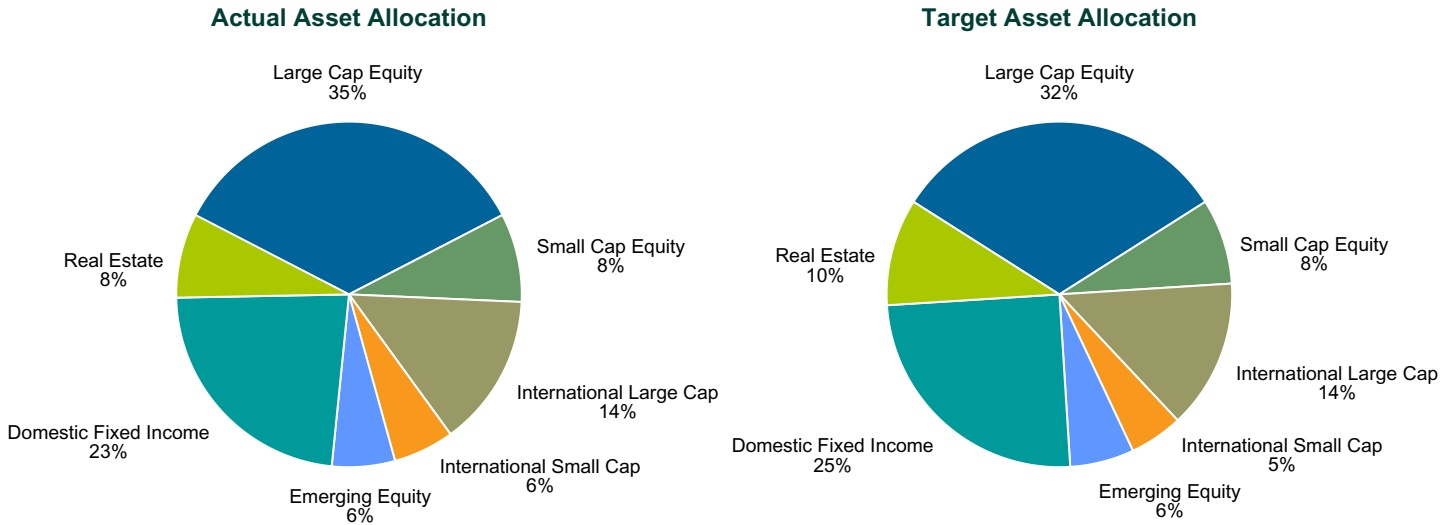


Sources: Bloomberg, JP Morgan



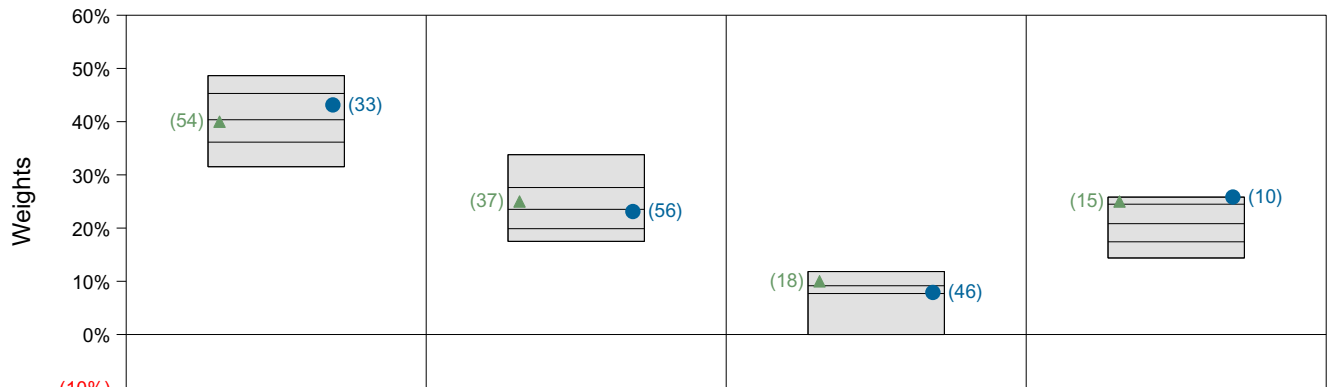
# Actual vs Target Asset Allocation As of March 31, 2024

The top left chart shows the Fund's asset allocation as of March 31, 2024. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the Callan Public Fund Spons- Mid (100M-1B).



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Large Cap Equity	143,092	34.9%	32.0%	2.9%	11,737
Small Cap Equity	34,014	8.3%	8.0%	0.3%	1,176
International Large Cap	58,574	14.3%	14.0%	0.3%	1,106
International Small Cap	23,271	5.7%	5.0%	0.7%	2,747
Emerging Equity	24,219	5.9%	6.0%	(0.1%)	(410)
Domestic Fixed Income	94,863	23.1%	25.0%	(1.9%)	(7,757)
Real Estate	32,449	7.9%	10.0%	(2.1%)	(8,599)
<b>Total</b>	<b>410,483</b>	<b>100.0%</b>	<b>100.0%</b>		

## Asset Class Weights vs Callan Public Fund Spons- Mid (100M-1B)



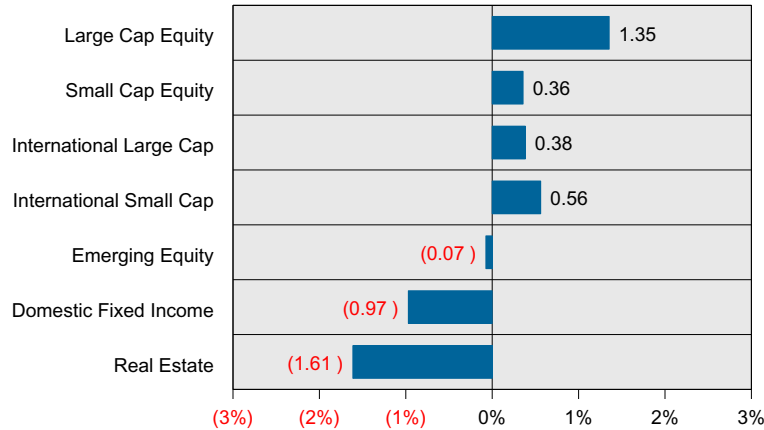
	Domestic Broad Eq	Domestic Fixed Income	Real Estate	Intl Equity
10th Percentile	48.65	33.79	11.83	25.82
25th Percentile	45.30	27.62	9.17	24.49
Median	40.36	23.52	7.70	20.83
75th Percentile	36.15	19.89	0.00	17.43
90th Percentile	31.53	17.50	0.00	14.38
<b>Fund</b> ●	43.15	23.11	7.91	25.84
<b>Target</b> ▲	40.00	25.00	10.00	25.00
% Group Invested	100.00%	100.00%	66.67%	96.97%

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

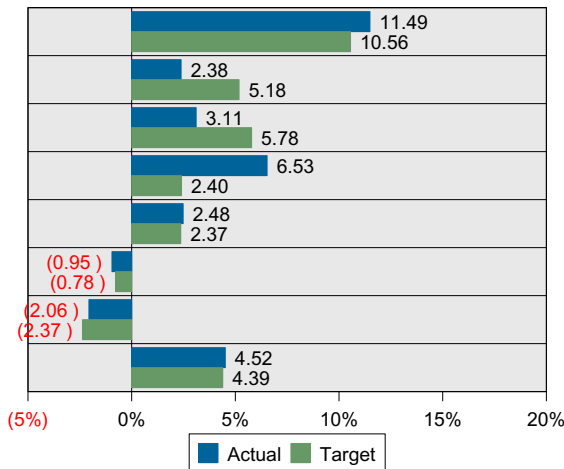
## Quarterly Total Fund Relative Attribution - March 31, 2024

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

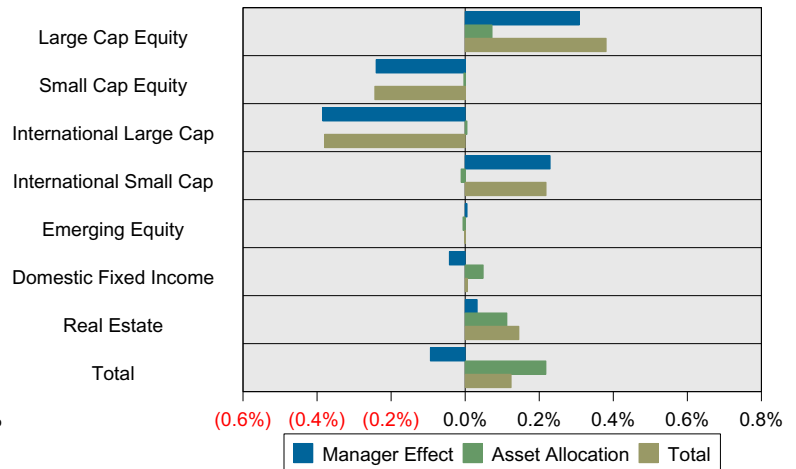
### Asset Class Under or Overweighting



### Actual vs Target Returns



### Relative Attribution by Asset Class



### Relative Attribution Effects for Quarter ended March 31, 2024

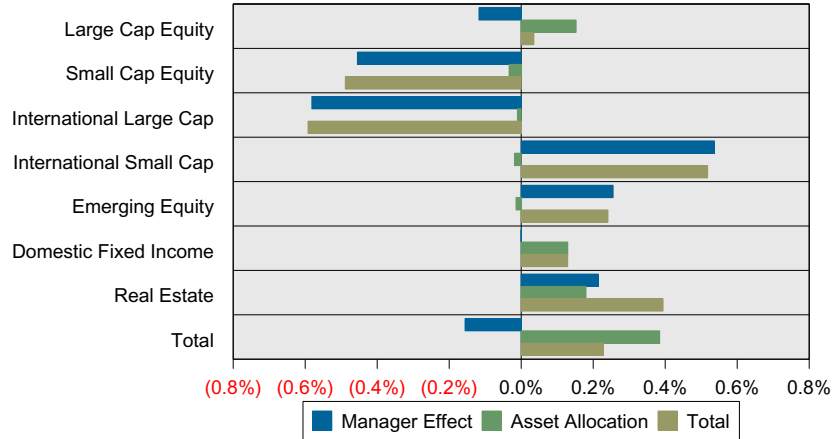
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	11.49%	10.56%	0.31%	0.07%	0.38%
Small Cap Equity	8%	8%	2.38%	5.18%	(0.24)%	(0.00)%	(0.24)%
International Large Cap	14%	14%	3.11%	5.78%	(0.38)%	(0.00)%	(0.38)%
International Small Cap	6%	5%	6.53%	2.40%	0.23%	(0.01)%	0.22%
Emerging Equity	6%	6%	2.48%	2.37%	0.00%	(0.01)%	(0.00)%
Domestic Fixed Income	24%	25%	(0.95)%	(0.78)%	(0.04)%	0.05%	0.01%
Real Estate	8%	10%	(2.06)%	(2.37)%	0.03%	0.11%	0.14%
<b>Total</b>			<b>4.52%</b>	<b>4.39%</b>	<b>(0.09)%</b>	<b>0.22%</b>	<b>0.12%</b>

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

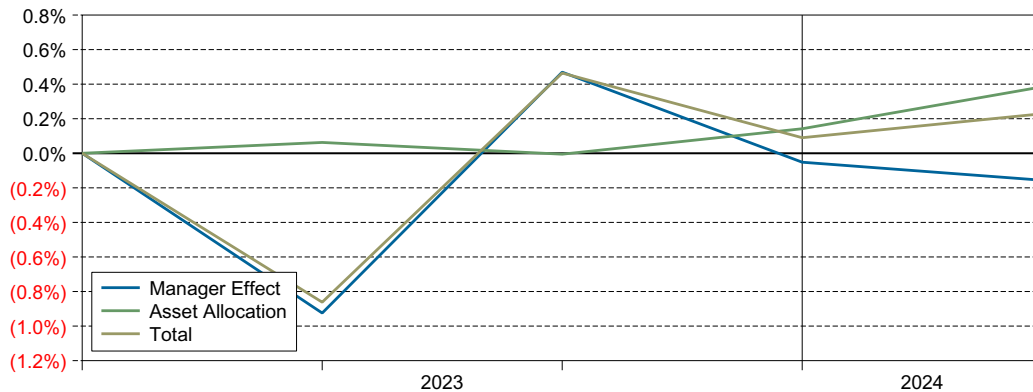
## Cumulative Total Fund Relative Attribution - March 31, 2024

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

### One Year Relative Attribution Effects



### Cumulative Relative Attribution Effects



### One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	33%	32%	29.39%	29.88%	(0.12%)	0.15%	0.04%
Small Cap Equity	9%	8%	14.38%	19.71%	(0.45%)	(0.03%)	(0.49%)
International Large Cap	14%	14%	11.29%	15.32%	(0.58%)	(0.01%)	(0.59%)
International Small Cap	5%	5%	20.45%	10.45%	0.54%	(0.02%)	0.52%
Emerging Equity	6%	6%	12.39%	8.15%	0.26%	(0.01%)	0.24%
Domestic Fixed Income	23%	25%	1.67%	1.70%	(0.00%)	0.13%	0.13%
Real Estate	9%	10%	(9.66%)	(11.29%)	0.21%	0.18%	0.39%
<b>Total</b>			<b>13.31%</b>	<b>= 13.08%</b>	<b>+ (0.16%)</b>	<b>+ 0.38%</b>	<b>0.23%</b>

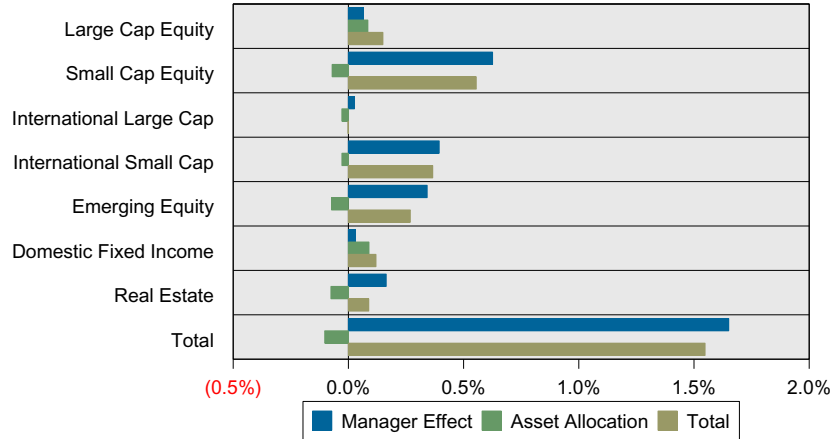
\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.



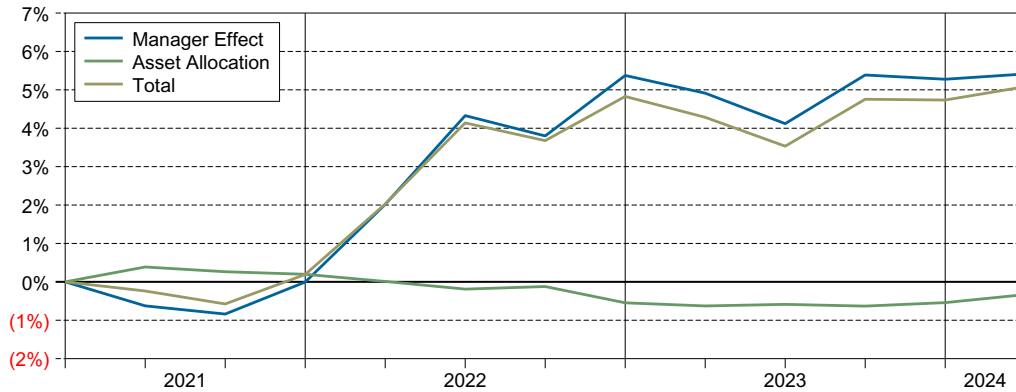
## Cumulative Total Fund Relative Attribution - March 31, 2024

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

### Three Year Annualized Relative Attribution Effects



### Cumulative Relative Attribution Effects



### Three Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	34%	32%	11.82%	11.49%	0.07%	0.08%	0.15%
Small Cap Equity	9%	8%	7.41%	(0.10%)	0.63%	(0.07%)	0.56%
International Large Cap	14%	14%	5.02%	4.78%	0.03%	(0.03%)	(0.00%)
International Small Cap	5%	5%	6.13%	(1.36%)	0.39%	(0.03%)	0.37%
Emerging Equity	6%	6%	0.17%	(5.05%)	0.34%	(0.07%)	0.27%
Domestic Fixed Income	23%	26%	(2.32%)	(2.46%)	0.03%	0.09%	0.12%
Real Estate	9%	9%	4.70%	3.37%	0.16%	(0.08%)	0.09%
<b>Total</b>			<b>5.38%</b>	<b>3.83%</b>	<b>+ 1.65%</b>	<b>+ (0.10%)</b>	<b>1.55%</b>

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

# Total Fund

## Period Ended March 31, 2024

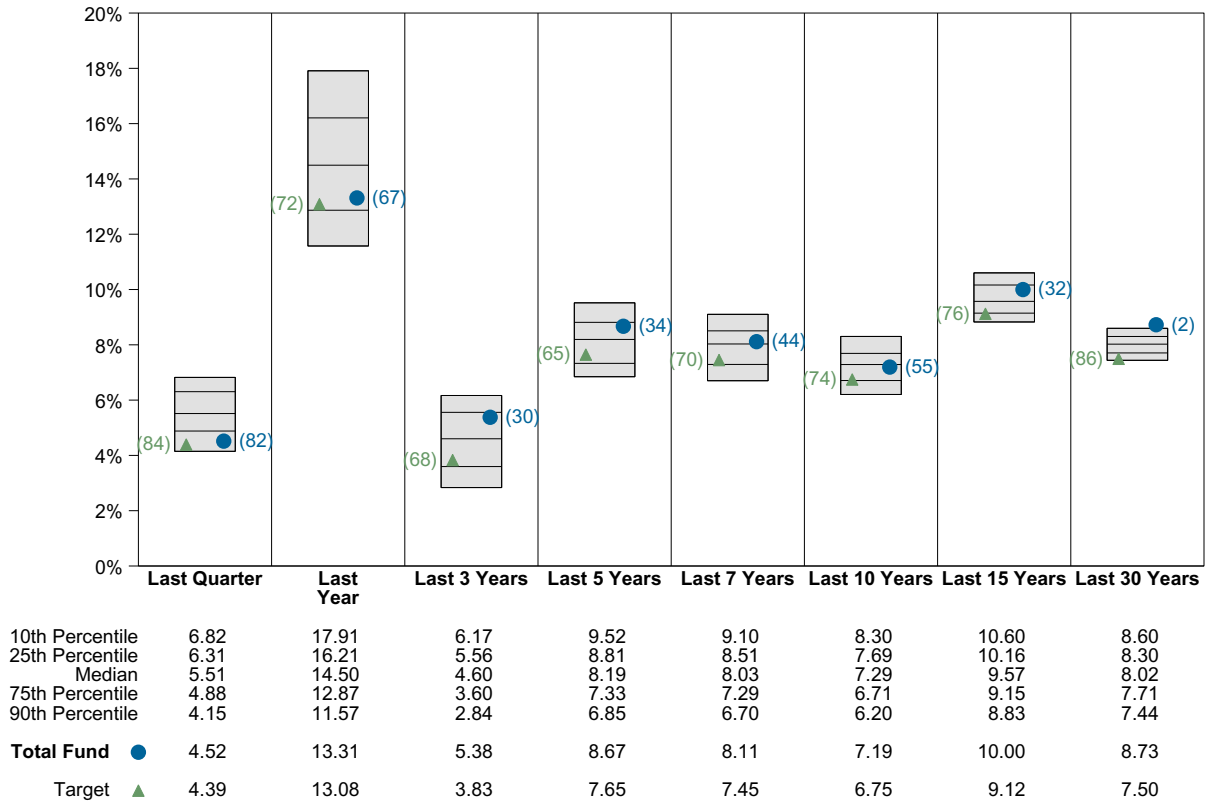
### Investment Philosophy

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Bloomberg Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Value Weight Gross, 8.0% Russell 2000 Index, 6.0% MSCI Emerging Markets and 5.0% MSCI EAFE Small.

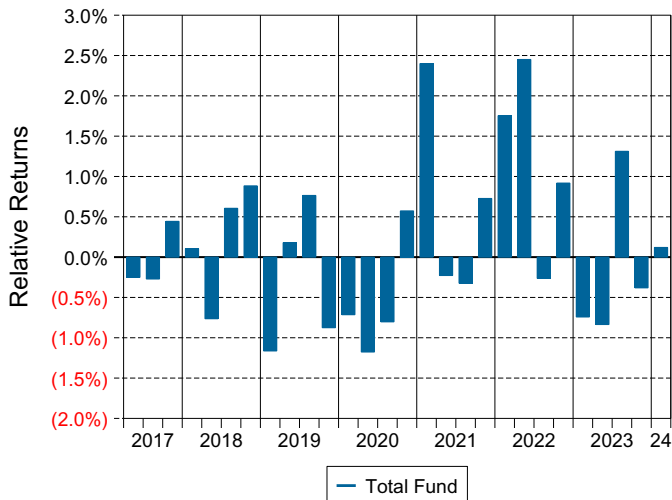
### Quarterly Summary and Highlights

- Total Fund's portfolio posted a 4.52% return for the quarter placing it in the 82 percentile of the Callan Public Fund Spons- Mid (100M-1B) group for the quarter and in the 67 percentile for the last year.
- Total Fund's portfolio outperformed the Target by 0.12% for the quarter and outperformed the Target for the year by 0.23%.

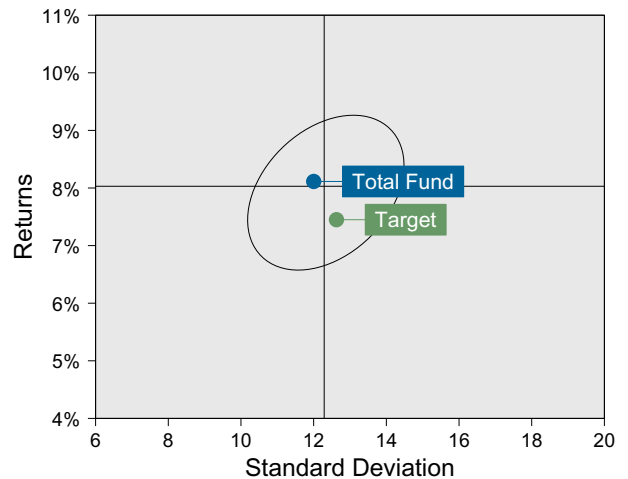
### Performance vs Callan Public Fund Spons- Mid (100M-1B) (Gross)



### Relative Return vs Target



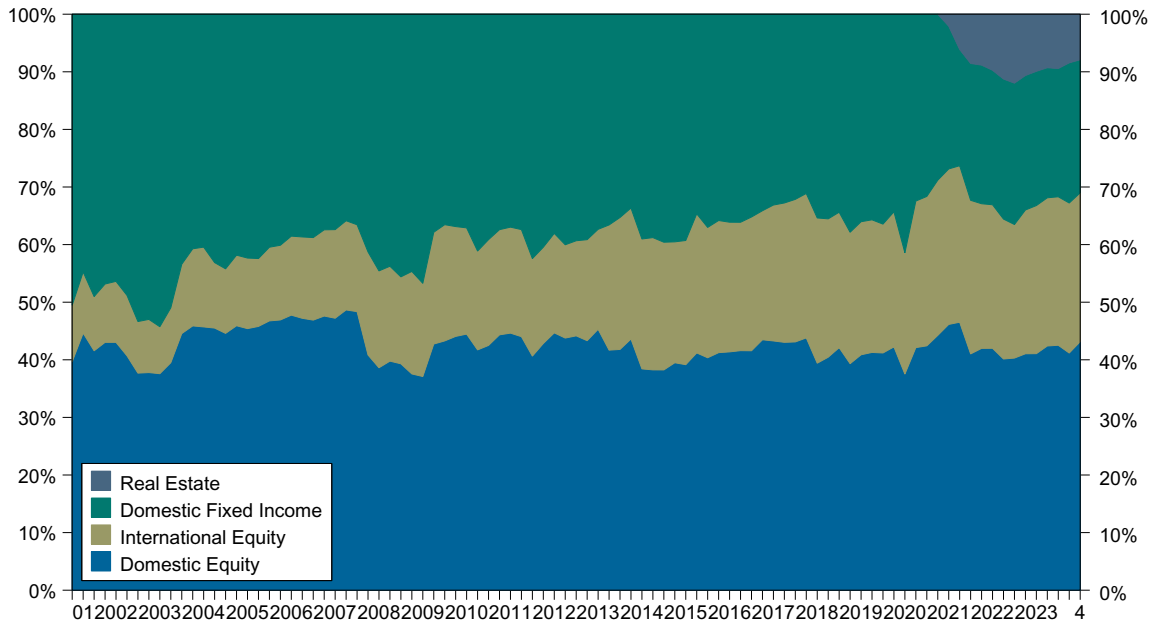
### Callan Public Fund Spons- Mid (100M-1B) (Gross) Annualized Seven Year Risk vs Return



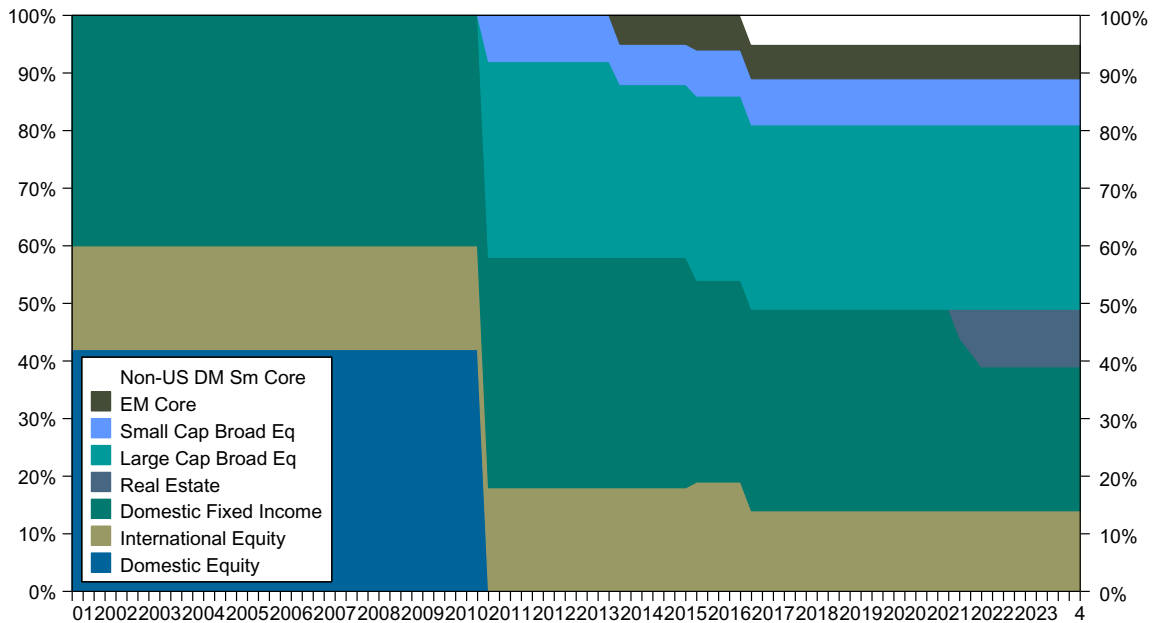
## Actual vs Target Historical Asset Allocation

The Historical asset allocation for a fund is by far the largest factor explaining its performance. The charts below show the fund's historical actual asset allocation, and the fund's historical target asset allocation.

### Actual Historical Asset Allocation



### Target Historical Asset Allocation



\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

## Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of March 31, 2024, with the distribution as of December 31, 2023. 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 Managers

	March 31, 2024		Net New Inv.	Inv. Return	December 31, 2023	
	Market Value	Weight			Market Value	Weight
<b>Domestic Equity</b>	<b>\$177,106,557</b>	<b>43.15%</b>	<b>\$(80,089)</b>	<b>\$15,545,676</b>	<b>\$161,640,970</b>	<b>41.17%</b>
<b>Large Cap</b>	<b>\$143,092,130</b>	<b>34.86%</b>	<b>\$(80,089)</b>	<b>\$14,753,506</b>	<b>\$128,418,713</b>	<b>32.71%</b>
Boston Partners	71,484,935	17.41%	0	7,915,324	63,569,611	16.19%
SSgA S&P 500	71,607,195	17.44%	(80,089)	6,838,182	64,849,102	16.52%
<b>Small Cap</b>	<b>\$34,014,427</b>	<b>8.29%</b>	<b>\$0</b>	<b>\$792,170</b>	<b>\$33,222,257</b>	<b>8.46%</b>
Atlanta Capital	34,014,427	8.29%	0	792,170	33,222,257	8.46%
<b>International Equity</b>	<b>\$106,064,216</b>	<b>25.84%</b>	<b>\$0</b>	<b>\$3,803,520</b>	<b>\$102,260,696</b>	<b>26.05%</b>
<b>International Large Cap</b>	<b>\$58,573,978</b>	<b>14.27%</b>	<b>\$0</b>	<b>\$1,767,147</b>	<b>\$56,806,831</b>	<b>14.47%</b>
SSgA EAFE	20,013,298	4.88%	0	1,111,206	18,902,092	4.81%
Pyrford	38,560,680	9.39%	0	655,940	37,904,739	9.65%
<b>International Small Cap</b>	<b>\$23,271,306</b>	<b>5.67%</b>	<b>\$0</b>	<b>\$1,472,063</b>	<b>\$21,799,242</b>	<b>5.55%</b>
AQR	23,271,306	5.67%	0	1,472,063	21,799,242	5.55%
<b>Emerging Equity</b>	<b>\$24,218,933</b>	<b>5.90%</b>	<b>\$0</b>	<b>\$564,310</b>	<b>\$23,654,623</b>	<b>6.02%</b>
DFA Emerging Markets	24,218,933	5.90%	0	564,310	23,654,623	6.02%
<b>Fixed Income</b>	<b>\$94,863,452</b>	<b>23.11%</b>	<b>\$215,511</b>	<b>\$(907,724)</b>	<b>\$95,555,665</b>	<b>24.34%</b>
TCW	94,863,452	23.11%	215,511	(907,724)	95,555,665	24.34%
<b>Real Estate</b>	<b>\$32,449,191</b>	<b>7.91%</b>	<b>\$0</b>	<b>\$(712,857)</b>	<b>\$33,162,048</b>	<b>8.45%</b>
Clarion Lion Fund	15,759,223	3.84%	0	(485,412)	16,244,635	4.14%
Morgan Stanley	16,689,968	4.07%	0	(227,444)	16,917,412	4.31%
<b>Total Fund</b>	<b>\$410,483,416</b>	<b>100.0%</b>	<b>\$135,422</b>	<b>\$17,728,615</b>	<b>\$392,619,379</b>	<b>100.0%</b>

## Sacramento Regional Transit District Asset Growth

Ending March 31, 2024 (\$ Thousands)	Ending Market Value	=	Beginning Market Value	+	Net New Investment	+	Investment Return
<b>Total Plan</b>							
1/4 Year Ended 3/2024	410,483.4		392,619.4		135.4		17,728.6
1/4 Year Ended 12/2023	392,619.4		363,810.4		(753.5)		29,562.5
1/4 Year Ended 9/2023	363,810.4		372,143.2		(494.6)		(7,838.2)
1/4 Year Ended 6/2023	372,143.2		364,299.7		(579.6)		8,423.2
1/4 Year Ended 3/2023	364,299.7		351,308.1		(747.2)		13,738.8
1/4 Year Ended 12/2022	351,308.1		327,300.8		(985.8)		24,993.1
1/4 Year Ended 9/2022	327,300.8		347,657.9		(997.6)		(19,359.4)
1/4 Year Ended 6/2022	347,657.9		382,375.5		(994.6)		(33,723.0)
1/4 Year Ended 3/2022	382,375.5		393,985.6		(384.8)		(11,225.3)
1/4 Year Ended 12/2021	393,985.6		375,389.0		(1,982.1)		20,578.8
1/4 Year Ended 9/2021	375,389.0		379,228.3		(1,967.9)		(1,871.4)
1/4 Year Ended 6/2021	379,228.3		362,366.9		(522.5)		17,384.0
1/4 Year Ended 3/2021	362,366.9		346,973.1		(2,096.5)		17,490.2
1/4 Year Ended 12/2020	346,973.1		311,751.8		(339.6)		35,560.9
1/4 Year Ended 9/2020	311,751.8		299,942.5		(1,344.8)		13,154.1
1/4 Year Ended 6/2020	299,942.5		268,251.1		(1,217.2)		32,908.6
1/4 Year Ended 3/2020	268,251.1		315,424.7		(567.1)		(46,606.5)
1/4 Year Ended 12/2019	315,424.7		301,283.6		(1,479.0)		15,620.2
1/4 Year Ended 9/2019	301,283.6		298,139.2		(1,322.2)		4,466.6
1/4 Year Ended 6/2019	298,139.2		289,020.0		(1,111.4)		10,230.6

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2024. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended March 31, 2024

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Domestic Equity</b>	<b>9.62%</b>	<b>26.19%</b>	<b>10.95%</b>	<b>13.90%</b>	<b>12.93%</b>
Domestic Equity Benchmark**	9.49%	27.93%	9.18%	13.75%	12.90%
<b>Large Cap Equity</b>	<b>11.49%</b>	<b>29.39%</b>	<b>11.82%</b>	<b>14.51%</b>	<b>13.13%</b>
Boston Partners	12.45%	28.97%	12.08%	13.65%	11.93%
Russell 1000 Value Index	8.99%	20.27%	8.11%	10.32%	9.16%
SSgA S&P 500	10.55%	29.90%	11.49%	15.05%	14.09%
S&P 500 Index	10.56%	29.88%	11.49%	15.05%	14.09%
<b>Small Cap Equity</b>	<b>2.38%</b>	<b>14.38%</b>	<b>7.41%</b>	<b>11.42%</b>	<b>11.99%</b>
Atlanta Capital	2.38%	14.38%	7.41%	11.42%	11.99%
Russell 2000 Index	5.18%	19.71%	(0.10%)	8.10%	7.73%
<b>International Equity</b>	<b>3.70%</b>	<b>13.43%</b>	<b>4.02%</b>	<b>7.26%</b>	<b>6.52%</b>
International Benchmark***	4.31%	12.67%	1.23%	5.74%	5.78%
<b>International Large Cap</b>	<b>3.11%</b>	<b>11.29%</b>	<b>5.02%</b>	<b>7.19%</b>	<b>6.41%</b>
SSgA EAFE	5.88%	15.69%	5.12%	7.70%	7.07%
Pyrford	1.73%	9.13%	4.97%	6.83%	-
MSCI EAFE Index	5.78%	15.32%	4.78%	7.33%	6.70%
<b>International Small Cap</b>	<b>6.53%</b>	<b>20.45%</b>	<b>6.13%</b>	<b>9.27%</b>	<b>7.74%</b>
AQR	6.53%	20.45%	6.13%	9.27%	7.74%
MSCI EAFE Small Cap Index	2.40%	10.45%	(1.36%)	4.94%	5.18%
<b>Emerging Markets Equity</b>	<b>2.48%</b>	<b>12.39%</b>	<b>0.17%</b>	<b>5.39%</b>	<b>5.48%</b>
DFA Emerging Markets	2.48%	12.39%	0.17%	5.39%	5.48%
MSCI Emerging Markets Index	2.37%	8.15%	(5.05%)	2.22%	3.72%
<b>Domestic Fixed Income</b>	<b>(0.95%)</b>	<b>1.67%</b>	<b>(2.32%)</b>	<b>1.08%</b>	<b>1.75%</b>
TCW	(0.95%)	1.67%	(2.32%)	1.08%	1.75%
Bloomberg Aggregate Index	(0.78%)	1.70%	(2.46%)	0.36%	1.06%
<b>Real Estate</b>	<b>(2.06%)</b>	<b>(9.66%)</b>	<b>4.70%</b>	-	-
Clarion Lion Fund	(2.73%)	(13.61%)	2.61%	-	-
Morgan Stanley	(1.42%)	(5.56%)	-	-	-
NCREIF NFI-ODCE Value Weight	(2.37%)	(11.29%)	3.37%	3.46%	4.70%
<b>Total Plan</b>	<b>4.52%</b>	<b>13.31%</b>	<b>5.38%</b>	<b>8.67%</b>	<b>8.11%</b>
Target*	4.39%	13.08%	3.83%	7.65%	7.45%

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

\*\* Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

\*\*\* International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2024. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

### Returns for Periods Ended March 31, 2024

	Last 10 Years	Last 15 Years	Last 20 Years	Last 30 Years
<b>Domestic Equity</b>	<b>11.83%</b>	<b>15.36%</b>	<b>10.41%</b>	-
Domestic Equity Benchmark**	11.97%	15.18%	9.86%	10.56%
Russell 1000 Value Index	9.01%	13.10%	8.29%	9.72%
S&P 500 Index	12.96%	15.63%	10.15%	10.66%
Russell 2000 Index	7.58%	12.89%	8.05%	8.84%
<b>International Equity</b>	<b>4.89%</b>	<b>7.97%</b>	<b>5.69%</b>	-
MSCI EAFE Index	4.80%	8.41%	5.66%	5.29%
<b>Domestic Fixed Income</b>	<b>2.09%</b>	<b>4.52%</b>	<b>4.17%</b>	-
TCW	2.09%	4.52%	4.17%	-
Bloomberg Aggregate Index	1.54%	2.62%	2.99%	4.49%
<b>Total Plan</b>	<b>7.19%</b>	<b>10.00%</b>	<b>7.43%</b>	<b>8.73%</b>
Target*	6.75%	9.12%	6.65%	7.50%

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

\*\* Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	12/2023- 3/2024	2023	2022	2021	2020
<b>Domestic Equity</b>	<b>9.62%</b>	<b>20.03%</b>	<b>(10.71%)</b>	<b>28.28%</b>	<b>11.16%</b>
Domestic Equity Benchmark**	9.49%	24.55%	(18.54%)	25.93%	18.94%
<b>Large Cap Equity</b>	<b>11.49%</b>	<b>19.32%</b>	<b>(10.60%)</b>	<b>30.18%</b>	<b>11.03%</b>
Boston Partners	12.45%	13.26%	(3.17%)	31.78%	2.99%
Russell 1000 Value Index	8.99%	11.46%	(7.54%)	25.16%	2.80%
SSgA S&P 500	10.55%	26.29%	(18.10%)	28.70%	18.36%
S&P 500 Index	10.56%	26.29%	(18.11%)	28.71%	18.40%
<b>Small Cap Equity</b>	<b>2.38%</b>	<b>22.65%</b>	<b>(11.15%)</b>	<b>21.00%</b>	<b>11.67%</b>
Atlanta Capital	2.38%	22.65%	(11.15%)	21.00%	11.67%
Russell 2000 Index	5.18%	16.93%	(20.44%)	14.82%	19.96%
<b>International Equity</b>	<b>3.70%</b>	<b>16.93%</b>	<b>(11.12%)</b>	<b>9.38%</b>	<b>8.48%</b>
International Benchmark***	4.31%	15.23%	(17.10%)	7.67%	11.39%
<b>International Large Cap</b>	<b>3.11%</b>	<b>16.16%</b>	<b>(9.11%)</b>	<b>9.34%</b>	<b>5.71%</b>
SSgA EAFE	5.88%	18.60%	(14.08%)	11.52%	8.27%
Pyrford	1.73%	14.97%	(6.49%)	8.22%	4.09%
MSCI EAFE Index	5.78%	18.24%	(14.45%)	11.26%	7.82%
<b>International Small Cap</b>	<b>6.53%</b>	<b>20.15%</b>	<b>(10.51%)</b>	<b>13.52%</b>	<b>7.35%</b>
AQR	6.53%	20.15%	(10.51%)	13.52%	7.35%
MSCI EAFE Small Cap Index	2.40%	13.16%	(21.39%)	10.10%	12.34%
<b>Emerging Markets Equity</b>	<b>2.48%</b>	<b>15.91%</b>	<b>(16.06%)</b>	<b>6.25%</b>	<b>14.40%</b>
DFA Emerging Markets	2.48%	15.91%	(16.06%)	6.25%	14.40%
MSCI Emerging Markets Index	2.37%	9.83%	(20.09%)	(2.54%)	18.31%
<b>Domestic Fixed Income</b>	<b>(0.95%)</b>	<b>6.24%</b>	<b>(13.48%)</b>	<b>(0.46%)</b>	<b>9.85%</b>
TCW	(0.95%)	6.24%	(13.48%)	(0.46%)	9.85%
Bloomberg Aggregate Index	(0.78%)	5.53%	(13.01%)	(1.54%)	7.51%
<b>Real Estate</b>	<b>(2.06%)</b>	<b>(10.65%)</b>	<b>8.39%</b>	-	-
Clarion Lion Fund	(2.73%)	(15.71%)	9.69%	-	-
Morgan Stanley	(1.42%)	(5.19%)	7.02%	-	-
NCREIF NFI-ODCE Value Weight	(2.37%)	(12.02%)	7.47%	22.17%	1.19%
<b>Total Plan</b>	<b>4.52%</b>	<b>12.70%</b>	<b>(9.79%)</b>	<b>15.71%</b>	<b>11.42%</b>
Target*	4.39%	13.45%	(14.03%)	12.81%	13.82%

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

Returns are for annualized calendar years.

\*\* Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

\*\*\* International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.



## Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	2019	2018	2017	2016	2015
<b>Domestic Equity</b>	<b>27.71%</b>	<b>(4.64%)</b>	<b>19.78%</b>	<b>14.58%</b>	<b>0.06%</b>
Domestic Equity Benchmark**	30.32%	(5.69%)	20.41%	13.85%	0.26%
Boston Partners	23.91%	(8.27%)	20.32%	14.71%	(3.75%)
Russell 1000 Value Index	26.54%	(8.27%)	13.66%	17.34%	(3.83%)
S&P 500 Index	31.49%	(4.38%)	21.83%	11.96%	1.38%
Russell 2000 Index	25.52%	(11.01%)	14.65%	21.31%	(4.41%)
<b>International Equity</b>	<b>20.83%</b>	<b>(13.93%)</b>	<b>28.25%</b>	<b>2.55%</b>	<b>(4.17%)</b>
MSCI EAFE Index	22.01%	(13.79%)	25.03%	1.00%	(0.81%)
<b>Domestic Fixed Income</b>	<b>9.41%</b>	<b>0.75%</b>	<b>3.89%</b>	<b>2.87%</b>	<b>0.51%</b>
TCW	9.41%	0.75%	3.89%	2.87%	0.51%
Bloomberg Aggregate Index	8.72%	0.01%	3.54%	2.65%	0.55%
<b>Total Plan</b>	<b>19.25%</b>	<b>(5.05%)</b>	<b>16.14%</b>	<b>7.65%</b>	<b>(0.97%)</b>
Target*	20.58%	(5.82%)	16.39%	7.40%	(0.71%)

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

Returns are for annualized calendar years.

\*\* Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

## Investment Manager Returns

The table below details the rates of return for the Fund's investment managers over various time periods ended March 31, 2024. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended March 31, 2024					
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Net of Fee Returns</b>					
<b>Domestic Equity</b>	<b>9.52%</b>	<b>25.70%</b>	<b>10.53%</b>	<b>13.48%</b>	<b>12.51%</b>
Domestic Equity Benchmark**	9.49%	27.93%	9.18%	13.75%	12.90%
<b>Large Cap Equity</b>	<b>11.42%</b>	<b>29.02%</b>	<b>11.50%</b>	<b>14.20%</b>	<b>12.83%</b>
Boston Partners	12.32%	28.31%	11.50%	13.09%	11.37%
Russell 1000 Value Index	8.99%	20.27%	8.11%	10.32%	9.16%
SSgA S&P 500	10.53%	29.84%	11.44%	14.99%	14.03%
S&P 500 Index	10.56%	29.88%	11.49%	15.05%	14.09%
<b>Small Cap Equity</b>	<b>2.19%</b>	<b>13.48%</b>	<b>6.63%</b>	<b>10.59%</b>	<b>11.14%</b>
Atlanta Capital	2.19%	13.48%	6.63%	10.59%	11.14%
Russell 2000 Index	5.18%	19.71%	(0.10%)	8.10%	7.73%
<b>International Equity</b>	<b>3.56%</b>	<b>12.83%</b>	<b>3.49%</b>	<b>6.67%</b>	<b>5.92%</b>
International Equity Benchmark***	4.31%	12.67%	1.23%	5.74%	5.78%
<b>International Large Cap</b>	<b>2.99%</b>	<b>10.76%</b>	<b>4.55%</b>	<b>6.70%</b>	<b>5.91%</b>
SSgA EAFE	5.85%	15.58%	5.01%	7.60%	6.96%
Pyrford	1.57%	8.41%	4.32%	6.16%	-
MSCI EAFE Index	5.78%	15.32%	4.78%	7.33%	6.70%
<b>International Small Cap</b>	<b>6.32%</b>	<b>19.44%</b>	<b>5.23%</b>	<b>8.35%</b>	<b>6.80%</b>
AQR	6.32%	19.44%	5.23%	8.35%	6.80%
MSCI EAFE Small Cap Index	2.40%	10.45%	(1.36%)	4.94%	5.18%
<b>Emerging Markets Equity</b>	<b>2.39%</b>	<b>11.95%</b>	<b>(0.22%)</b>	<b>4.94%</b>	<b>5.00%</b>
DFA Emerging Markets	2.39%	11.95%	(0.22%)	4.94%	5.00%
MSCI Emerging Markets Index	2.37%	8.15%	(5.05%)	2.22%	3.72%
<b>Domestic Fixed Income</b>	<b>(1.02%)</b>	<b>1.46%</b>	<b>(2.56%)</b>	<b>0.82%</b>	<b>1.48%</b>
TCW	(1.02%)	1.46%	(2.56%)	0.82%	1.48%
Bloomberg Aggregate Index	(0.78%)	1.70%	(2.46%)	0.36%	1.06%
<b>Real Estate</b>	<b>(2.29%)</b>	<b>(10.54%)</b>	<b>3.69%</b>	-	-
Clarion Lion Fund	(2.99%)	(14.57%)	1.49%	-	-
Morgan Stanley	(1.62%)	(6.35%)	-	-	-
NCREIF NFI-ODCE Value Weight	(2.37%)	(11.29%)	3.37%	3.46%	4.70%
<b>Total Plan Target*</b>	<b>4.40%</b>	<b>12.82%</b>	<b>4.92%</b>	<b>8.22%</b>	<b>7.67%</b>
Target*	4.39%	13.08%	3.83%	7.65%	7.45%

\* Current Quarter Target = 32.0% S&P 500 Index, 25.0% Blmbg:Aggregate, 14.0% MSCI EAFE, 10.0% NCREIF NFI-ODCE Val Wt Gr, 8.0% Russell 2000 Index, 6.0% MSCI EM and 5.0% MSCI EAFE Small.

\*\* Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

\*\*\* International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.



# Domestic Equity

## Period Ended March 31, 2024

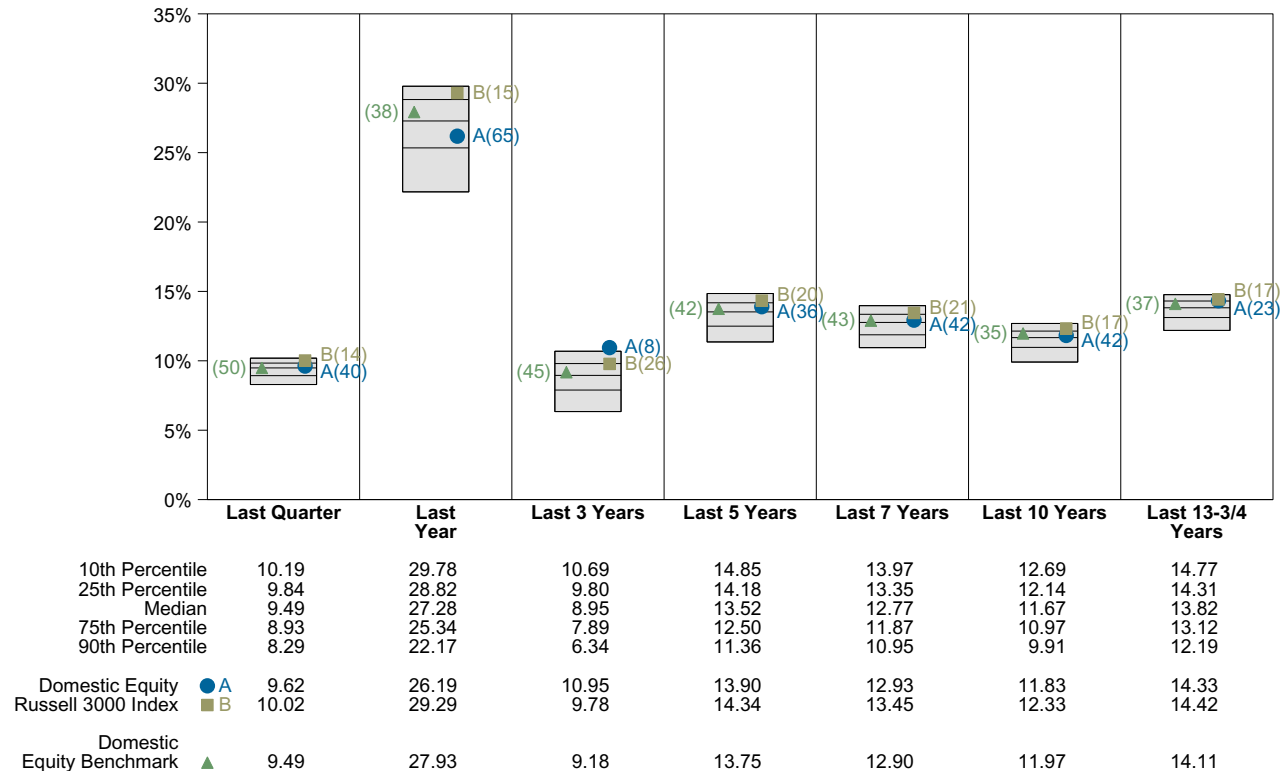
### Investment Philosophy

Domestic Equity Benchmark = 80.95% S&P500 + 19.05% Russell 2000 until 6/30/2010, 80.95% S&P500 + 19.05% Russell 2500 until 6/30/2013, 81.08% S&P500 + 18.92% Russell 2000 until 4/30/2015, and 80% S&P500 + 20% Russell 2000 thereafter.

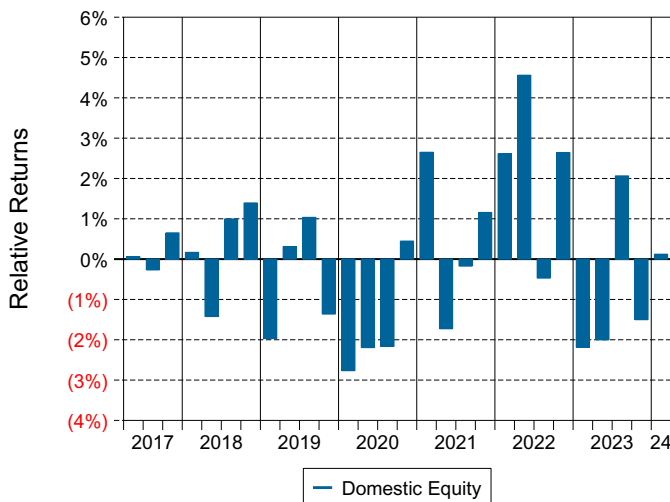
### Quarterly Summary and Highlights

- Domestic Equity's portfolio posted a 9.62% return for the quarter placing it in the 40 percentile of the Fund Sponsor - Domestic Equity group for the quarter and in the 65 percentile for the last year.
- Domestic Equity's portfolio outperformed the Domestic Equity Benchmark by 0.13% for the quarter and underperformed the Domestic Equity Benchmark for the year by 1.74%.

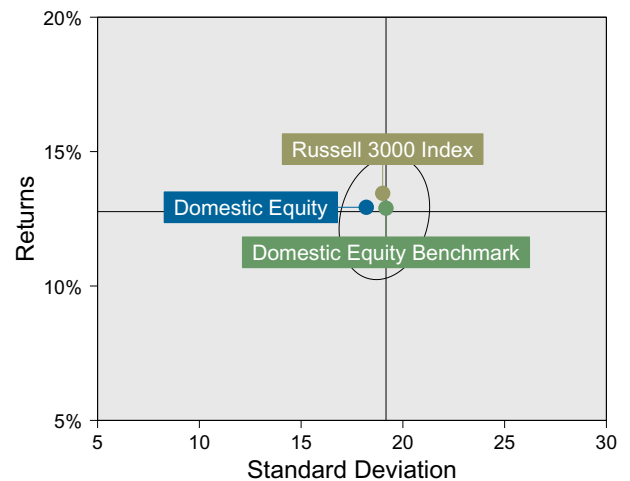
### Performance vs Fund Sponsor - Domestic Equity (Gross)



### Relative Returns vs Domestic Equity Benchmark



### Fund Sponsor - Domestic Equity (Gross) Annualized Seven Year Risk vs Return

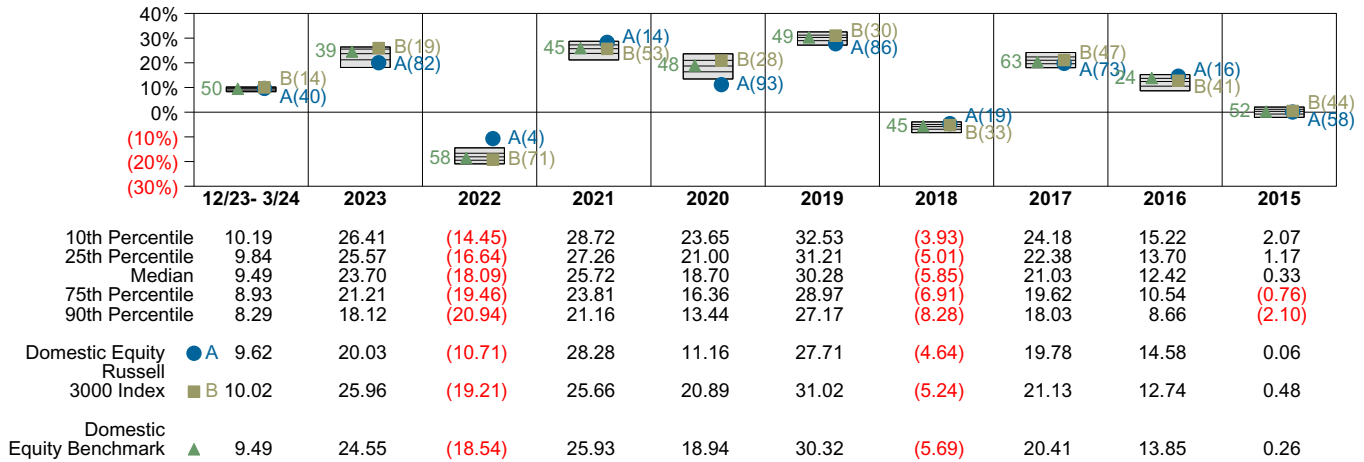


# Domestic Equity Return Analysis Summary

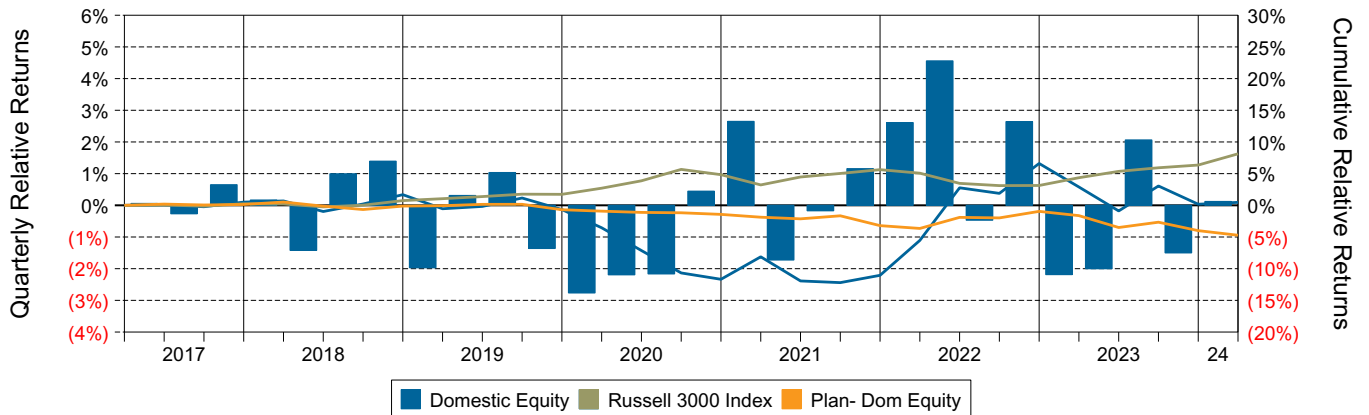
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

### Performance vs Fund Sponsor - Domestic Equity (Gross)

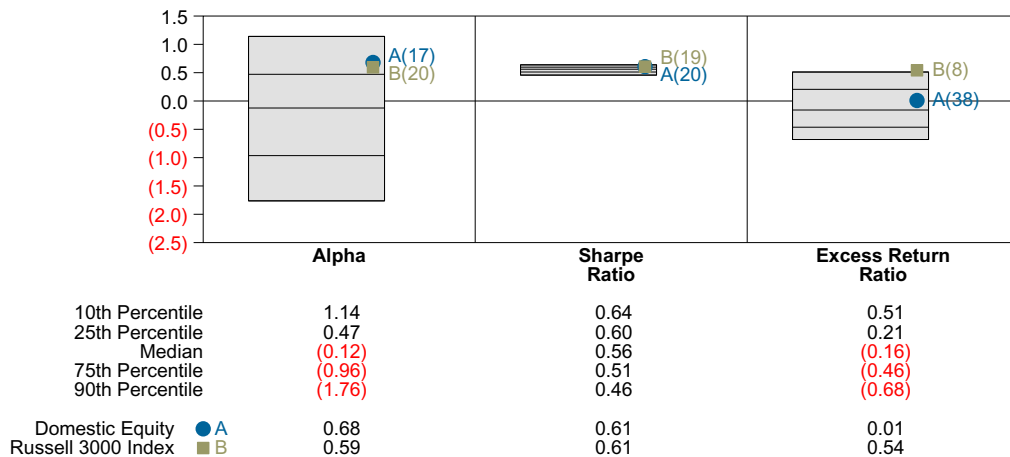


### Cumulative and Quarterly Relative Returns vs Domestic Equity Benchmark



### Risk Adjusted Return Measures vs Domestic Equity Benchmark

#### Rankings Against Fund Sponsor - Domestic Equity (Gross) Seven Years Ended March 31, 2024



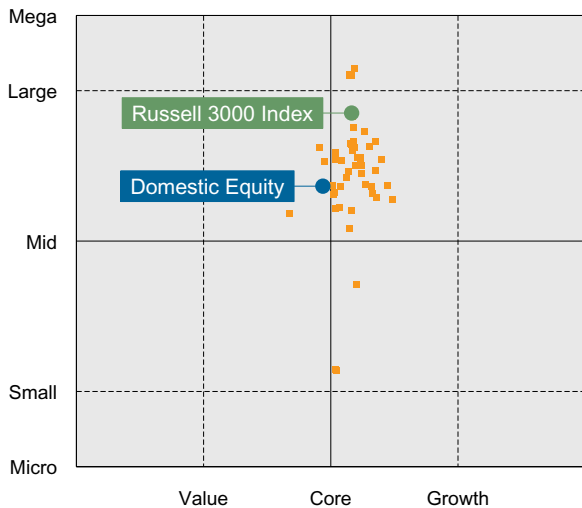
# Current Holdings Based Style Analysis

## Domestic Equity

### As of March 31, 2024

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

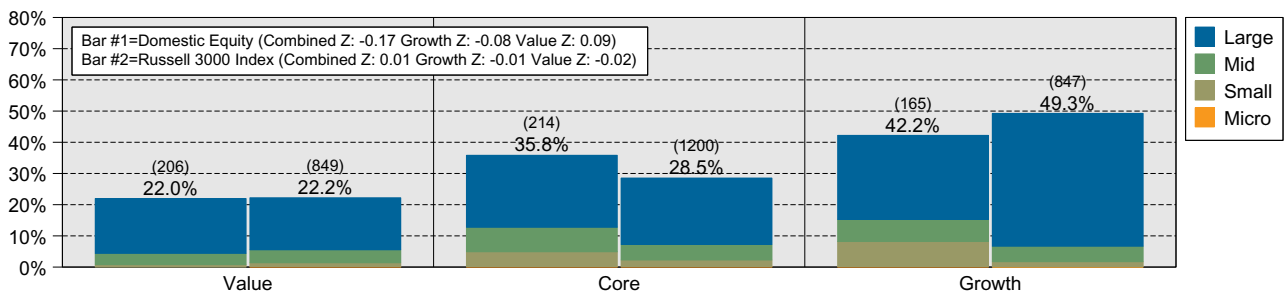
**Style Map vs Plan- Dom Equity Holdings as of March 31, 2024**



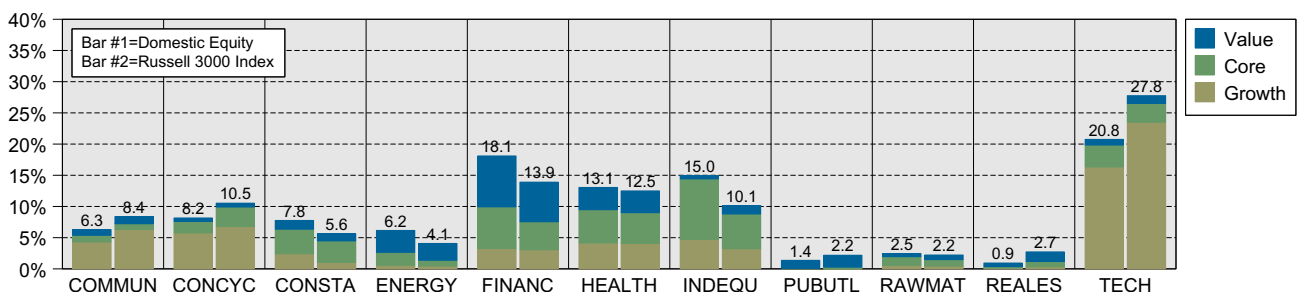
**Style Exposure Matrix Holdings as of March 31, 2024**

	Value	Core	Growth	Total
Large	17.6% (93)	23.1% (100)	26.9% (83)	67.6% (276)
	16.7% (92)	21.3% (100)	42.6% (97)	80.5% (289)
Mid	3.6% (106)	7.8% (95)	7.1% (55)	18.5% (256)
	4.2% (152)	5.0% (205)	5.0% (223)	14.1% (580)
Small	0.8% (7)	4.7% (18)	8.0% (26)	13.5% (51)
	1.2% (277)	2.1% (504)	1.6% (379)	4.9% (1160)
Micro	0.0% (0)	0.2% (1)	0.2% (1)	0.4% (2)
	0.2% (328)	0.2% (391)	0.1% (148)	0.5% (867)
Total	22.0% (206)	35.8% (214)	42.2% (165)	100.0% (585)
	22.2% (849)	28.5% (1200)	49.3% (847)	100.0% (2896)

**Combined Z-Score Style Distribution Holdings as of March 31, 2024**



**Sector Weights Distribution Holdings as of March 31, 2024**



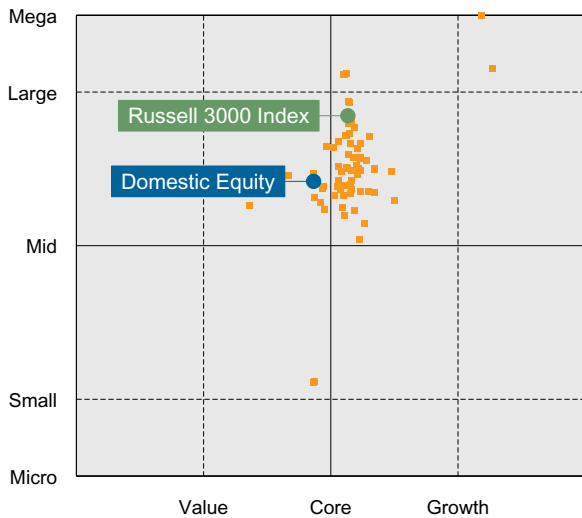
# Historical Holdings Based Style Analysis

## Domestic Equity

### For Five Years Ended March 31, 2024

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

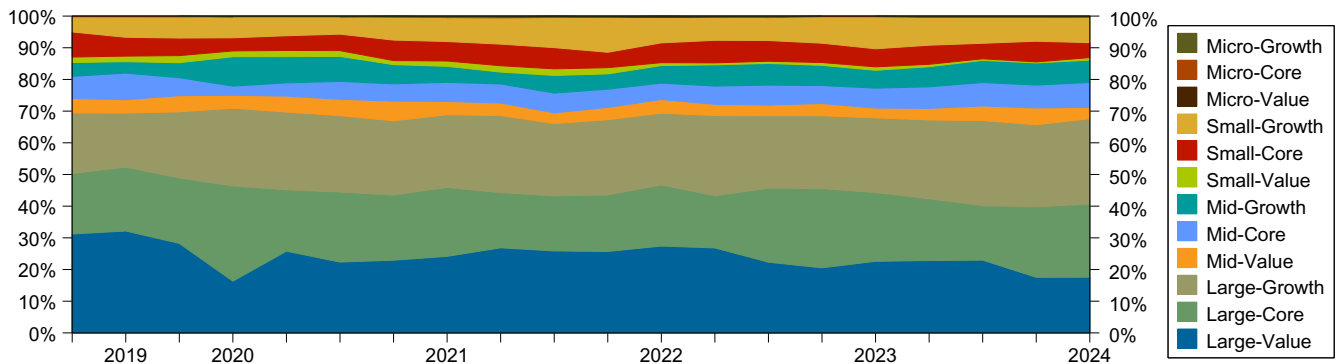
**Average Style Map vs Plan- Dom Equity Holdings for Five Years Ended March 31, 2024**



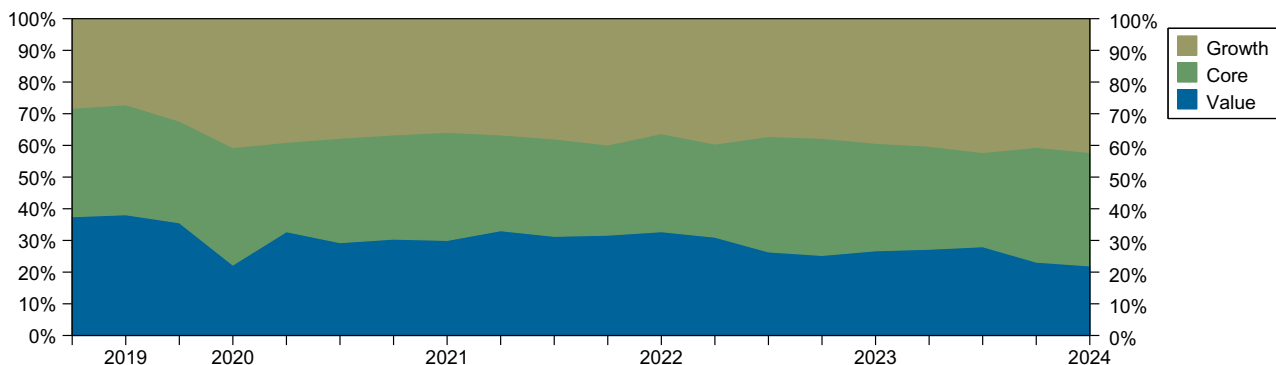
**Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2024**

	24.1% (96)	20.7% (96)	23.5% (87)	68.3% (279)
Large	19.7% (97)	20.6% (96)	37.8% (104)	78.2% (297)
Mid	4.3% (104)	6.1% (84)	6.1% (57)	16.4% (245)
Small	4.6% (164)	5.2% (208)	5.6% (223)	15.3% (595)
Micro	1.3% (10)	5.9% (21)	7.7% (24)	14.9% (55)
	1.5% (302)	2.3% (505)	2.0% (383)	5.8% (1190)
Micro	0.0% (0)	0.2% (1)	0.1% (1)	0.3% (2)
	0.2% (313)	0.3% (416)	0.1% (164)	0.7% (893)
<b>Total</b>	<b>29.7% (210)</b>	<b>32.9% (202)</b>	<b>37.4% (169)</b>	<b>100.0% (581)</b>
	<b>26.1% (876)</b>	<b>28.4% (1225)</b>	<b>45.5% (874)</b>	<b>100.0% (2975)</b>
	Value	Core	Growth	Total

### Domestic Equity Historical Cap/Style Exposures



### Domestic Equity Historical Style Only Exposures

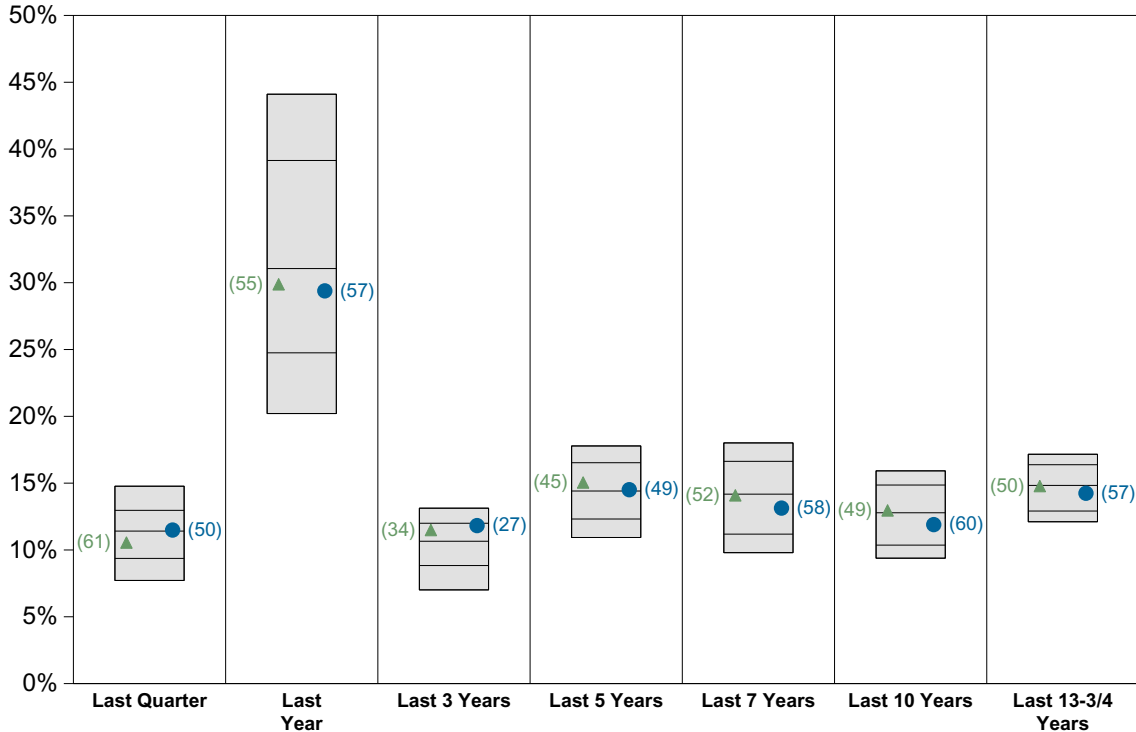


# Large Cap Period Ended March 31, 2024

## Quarterly Summary and Highlights

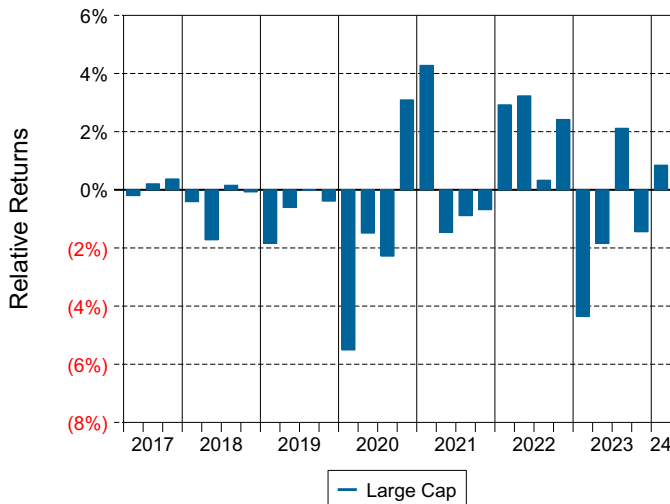
- Large Cap's portfolio posted a 11.49% return for the quarter placing it in the 50 percentile of the Callan Large Capitalization group for the quarter and in the 57 percentile for the last year.
- Large Cap's portfolio outperformed the S&P 500 Index by 0.93% for the quarter and underperformed the S&P 500 Index for the year by 0.49%.

## Performance vs Callan Large Capitalization (Gross)

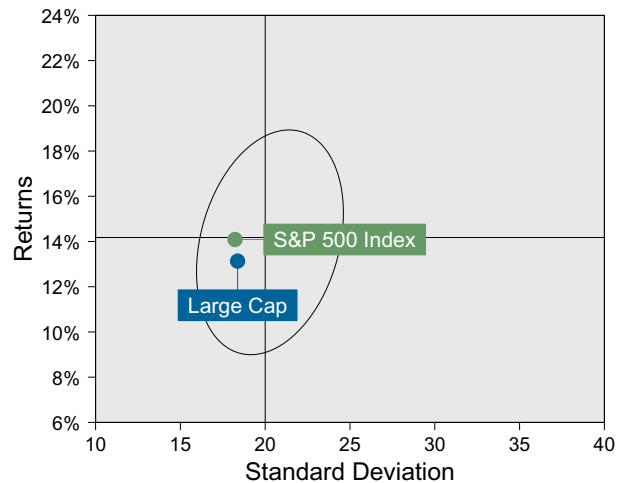


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 13-3/4 Years
10th Percentile	14.77	44.10	13.13	17.78	18.01	15.92	17.16
25th Percentile	12.97	39.15	12.00	16.53	16.63	14.86	16.38
Median	11.41	31.06	10.65	14.41	14.18	12.78	14.83
75th Percentile	9.37	24.75	8.83	12.32	11.19	10.36	12.91
90th Percentile	7.72	20.21	7.01	10.93	9.80	9.38	12.11
<b>Large Cap</b> ●	11.49	29.39	11.82	14.51	13.13	11.90	14.24
S&P 500 Index ▲	10.56	29.88	11.49	15.05	14.09	12.96	14.78

Relative Return vs S&P 500 Index



Callan Large Capitalization (Gross)  
Annualized Seven Year Risk vs Return



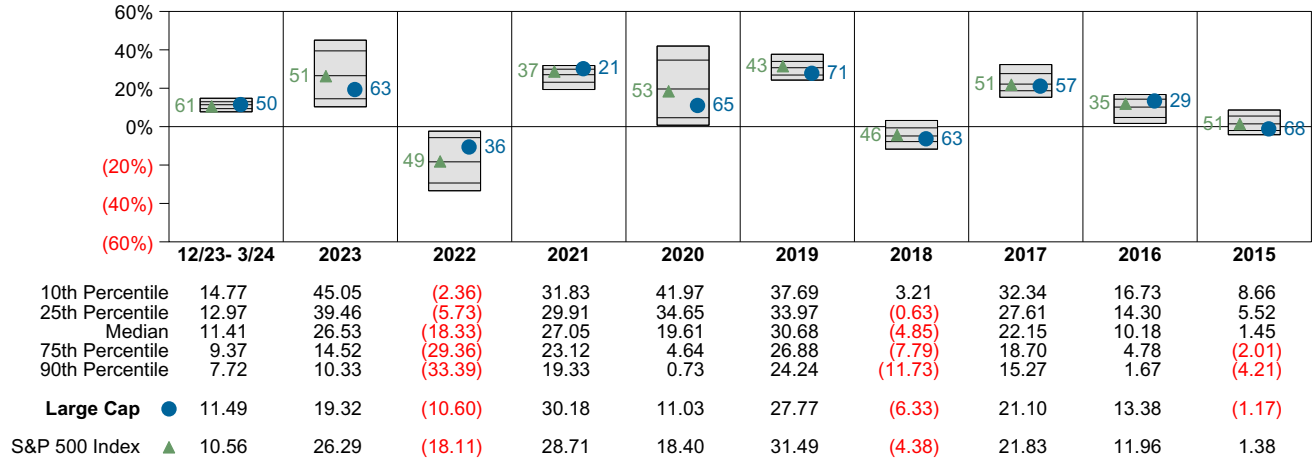


# Large Cap Return Analysis Summary

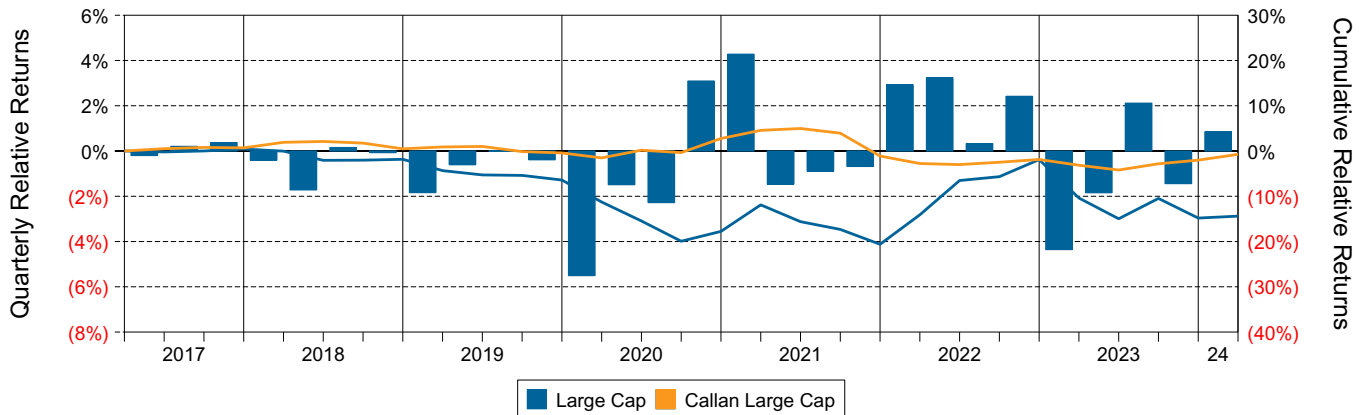
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

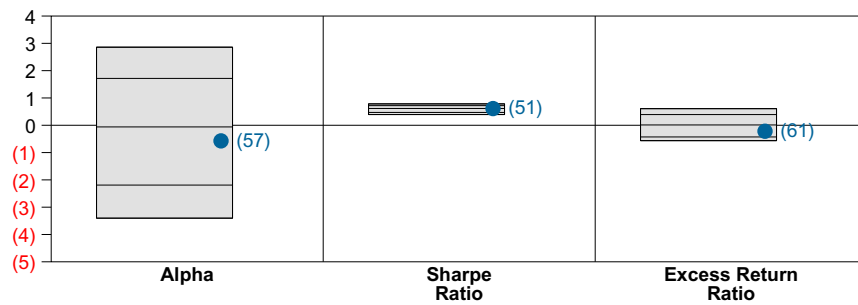
### Performance vs Callan Large Capitalization (Gross)



### Cumulative and Quarterly Relative Returns vs S&P 500 Index



### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against Callan Large Capitalization (Gross) Seven Years Ended March 31, 2024



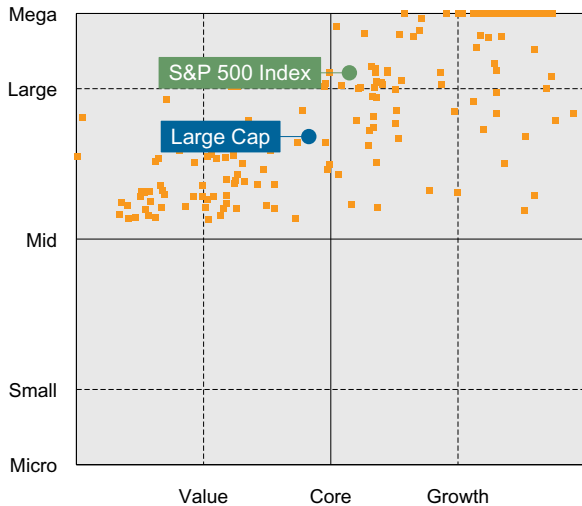
	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.86	0.78	0.61
25th Percentile	1.72	0.72	0.39
Median	(0.06)	0.61	0.01
75th Percentile	(2.19)	0.47	(0.43)
90th Percentile	(3.40)	0.39	(0.56)
<b>Large Cap</b>	● (0.57)	0.61	(0.22)

## Current Holdings Based Style Analysis

### Large Cap As of March 31, 2024

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

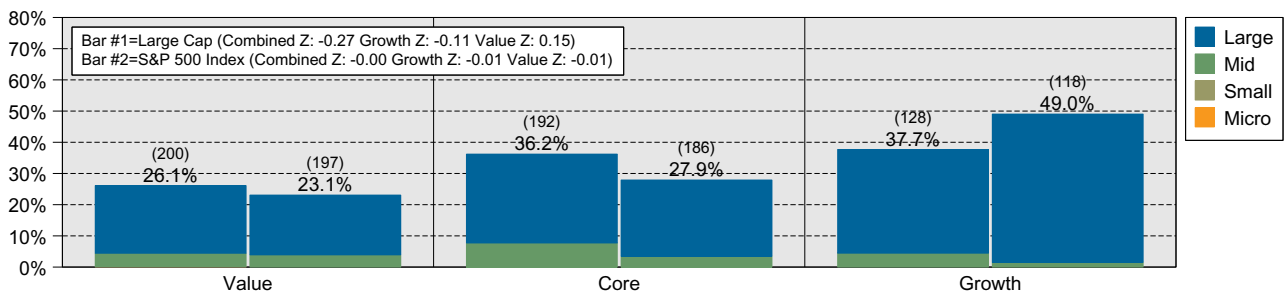
**Style Map vs Callan Large Cap Holdings as of March 31, 2024**



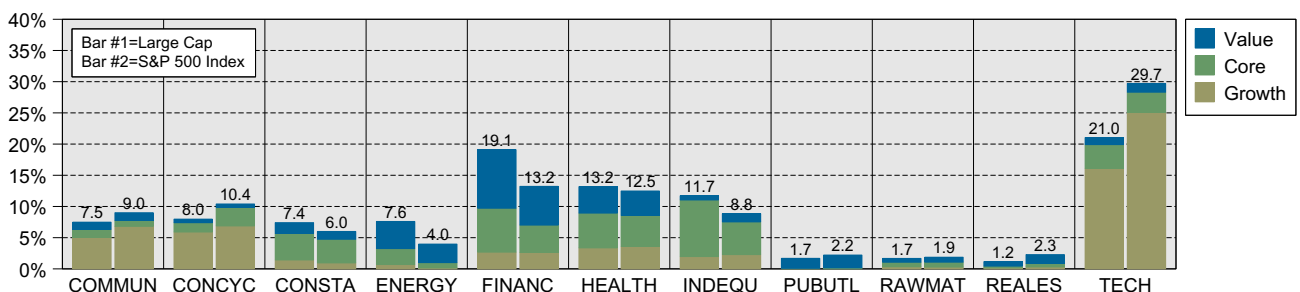
**Style Exposure Matrix Holdings as of March 31, 2024**

	Value	Core	Growth	Total
Large	21.7% (93)	28.5% (100)	33.2% (83)	83.4% (276)
	19.1% (92)	24.4% (100)	47.5% (80)	91.0% (272)
Mid	4.2% (105)	7.7% (92)	4.5% (45)	16.4% (242)
	3.9% (105)	3.5% (86)	1.6% (38)	9.0% (229)
Small	0.2% (2)	0.0% (0)	0.0% (0)	0.2% (2)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	26.1% (200)	36.2% (192)	37.7% (128)	100.0% (520)
	23.1% (197)	27.9% (186)	49.0% (118)	100.0% (501)

**Combined Z-Score Style Distribution Holdings as of March 31, 2024**



**Sector Weights Distribution Holdings as of March 31, 2024**



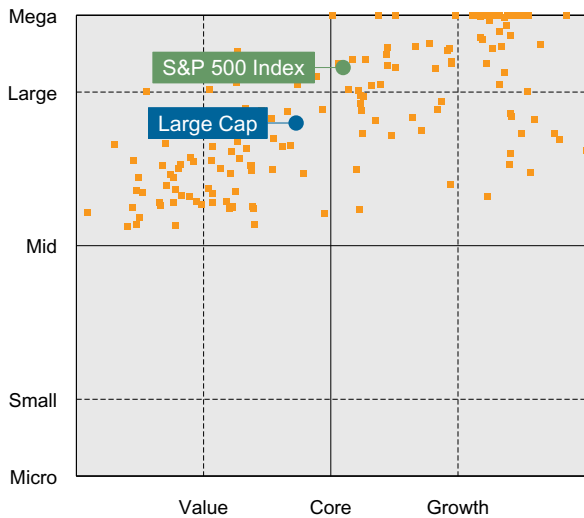
# Historical Holdings Based Style Analysis

## Large Cap

### For Five Years Ended March 31, 2024

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

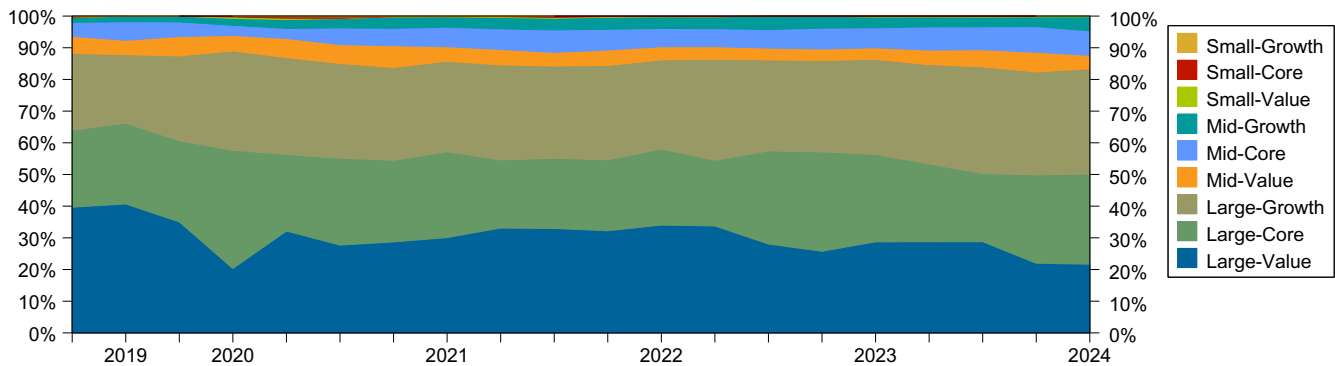
**Average Style Map vs Callan Large Cap Holdings for Five Years Ended March 31, 2024**



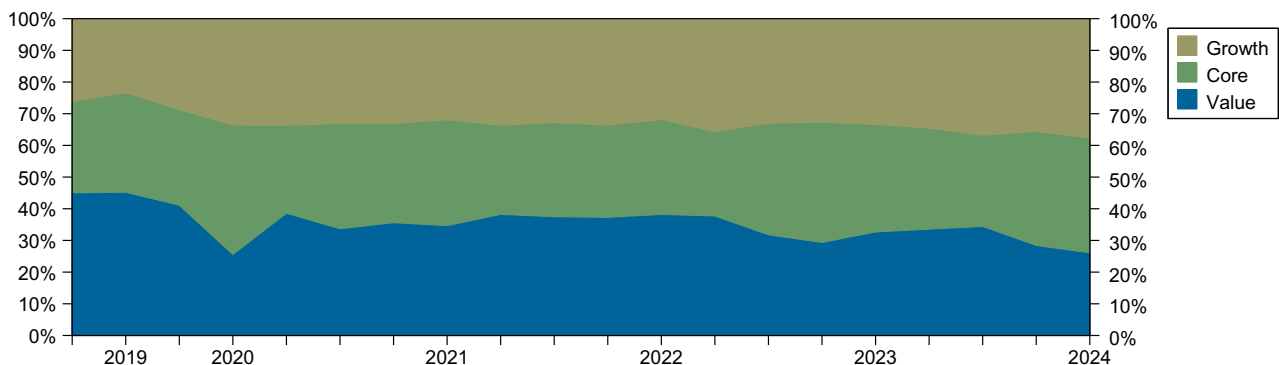
**Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2024**

Large	30.2% (97)	25.9% (96)	29.5% (88)	<b>85.6% (281)</b>
	23.3% (96)	24.3% (94)	42.7% (86)	<b>90.3% (276)</b>
Mid	4.9% (103)	5.9% (81)	3.2% (49)	<b>14.0% (233)</b>
	4.1% (101)	3.3% (76)	2.2% (45)	<b>9.6% (222)</b>
Small	0.2% (4)	0.1% (2)	0.0% (1)	<b>0.3% (7)</b>
	0.0% (4)	0.0% (2)	0.0% (1)	<b>0.1% (7)</b>
Micro	0.0% (0)	0.0% (0)	0.0% (0)	<b>0.0% (0)</b>
	0.0% (0)	0.0% (0)	0.0% (0)	<b>0.0% (0)</b>
Total	<b>35.3% (204)</b>	<b>32.0% (179)</b>	<b>32.7% (138)</b>	<b>100.0% (521)</b>
	<b>27.4% (201)</b>	<b>27.7% (172)</b>	<b>44.9% (132)</b>	<b>100.0% (505)</b>
	Value	Core	Growth	Total

**Large Cap Historical Cap/Style Exposures**



**Large Cap Historical Style Only Exposures**



# SSgA S&P 500

## Period Ended March 31, 2024

### Investment Philosophy

Returns prior to 6/30/2012 are linked to a composite history.

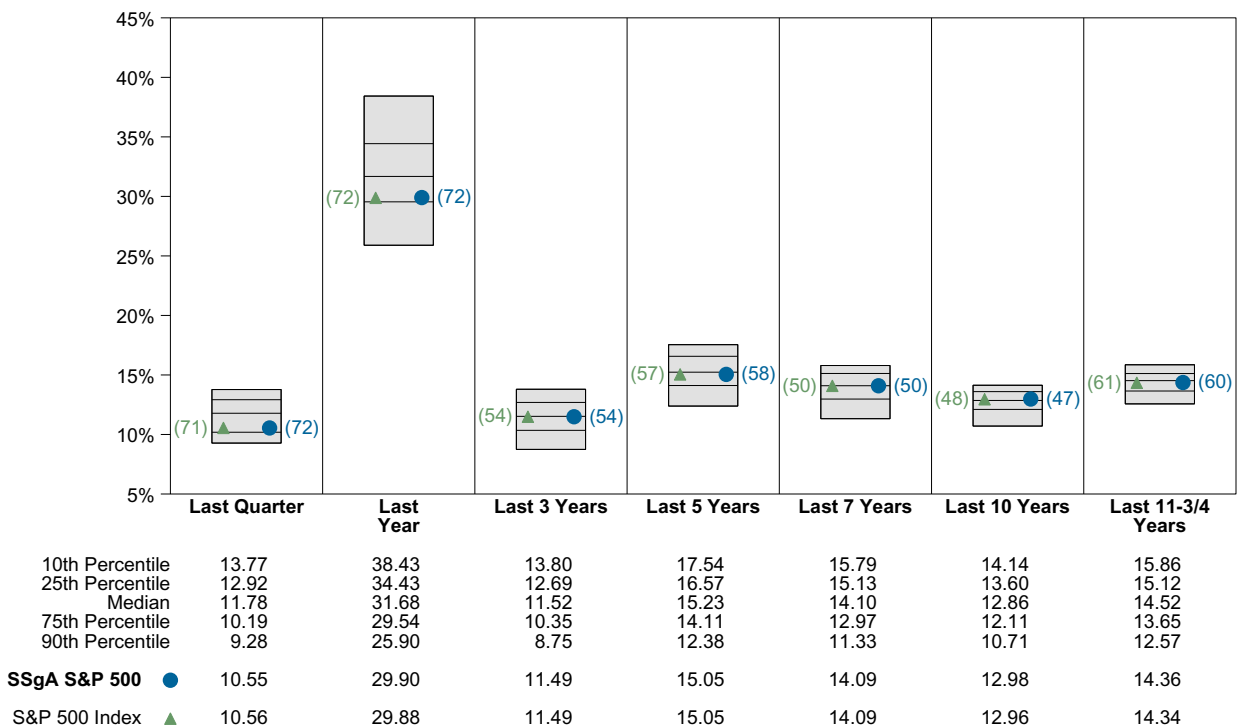
### Quarterly Summary and Highlights

- SSgA S&P 500's portfolio posted a 10.55% return for the quarter placing it in the 72 percentile of the Callan Large Cap Core group for the quarter and in the 72 percentile for the last year.
- SSgA S&P 500's portfolio underperformed the S&P 500 Index by 0.01% for the quarter and outperformed the S&P 500 Index for the year by 0.02%.

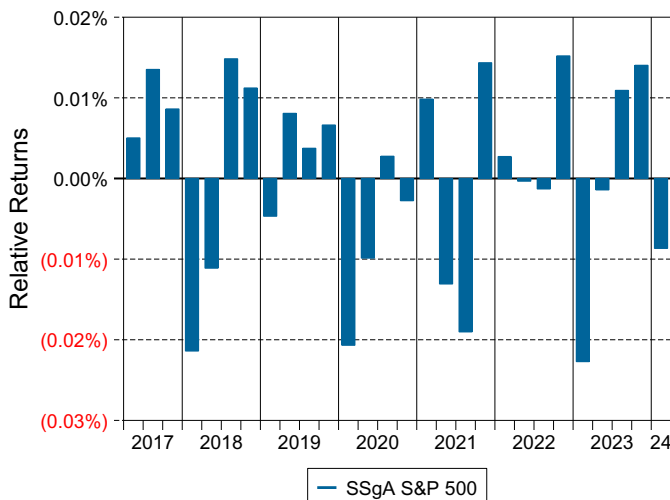
### Quarterly Asset Growth

Beginning Market Value	\$64,849,102
Net New Investment	\$-80,089
Investment Gains/(Losses)	\$6,838,182
Ending Market Value	\$71,607,195

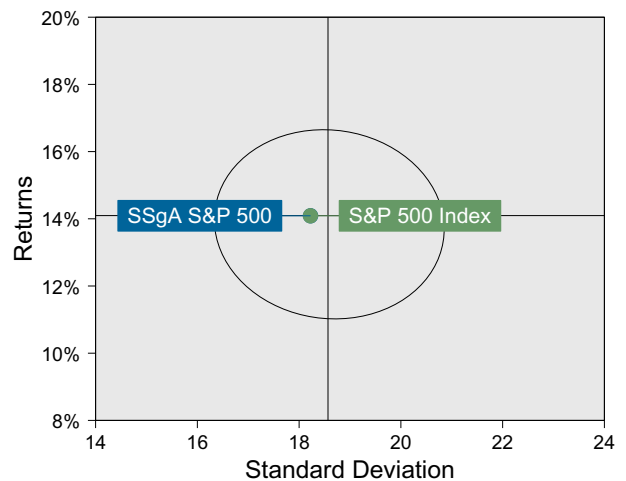
### Performance vs Callan Large Cap Core (Gross)



### Relative Return vs S&P 500 Index



### Callan Large Cap Core (Gross) Annualized Seven Year Risk vs Return

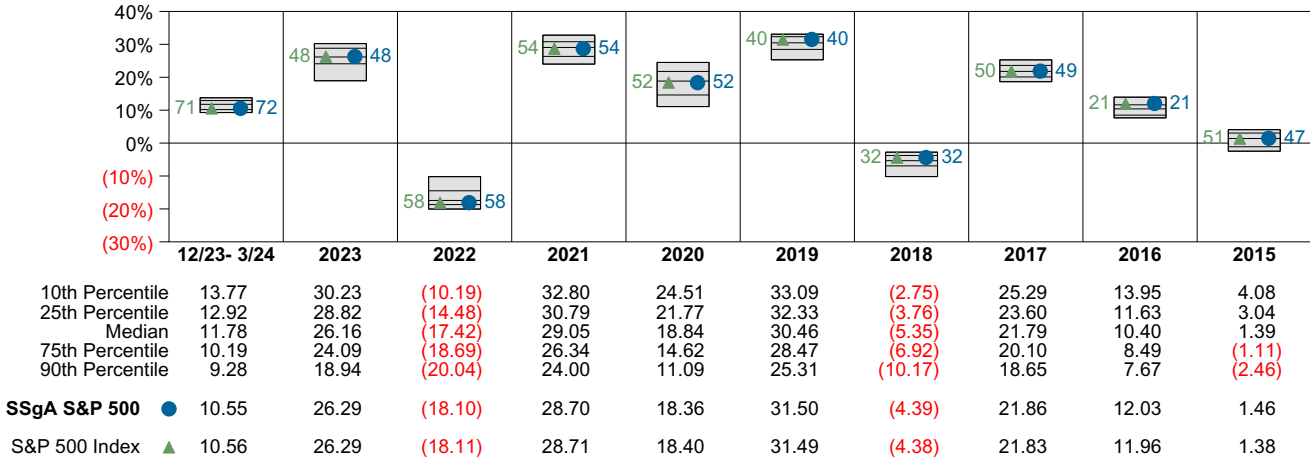


# SSgA S&P 500 Return Analysis Summary

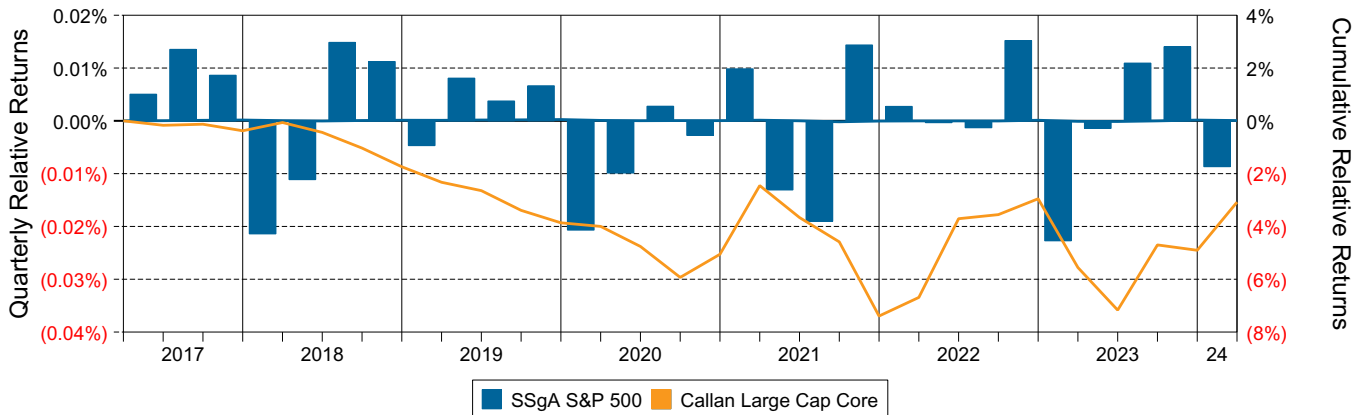
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

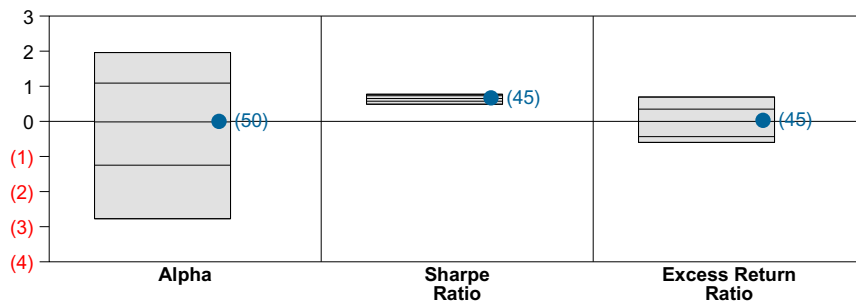
### Performance vs Callan Large Cap Core (Gross)



### Cumulative and Quarterly Relative Returns vs S&P 500 Index



### Risk Adjusted Return Measures vs S&P 500 Index Rankings Against Callan Large Cap Core (Gross) Seven Years Ended March 31, 2024



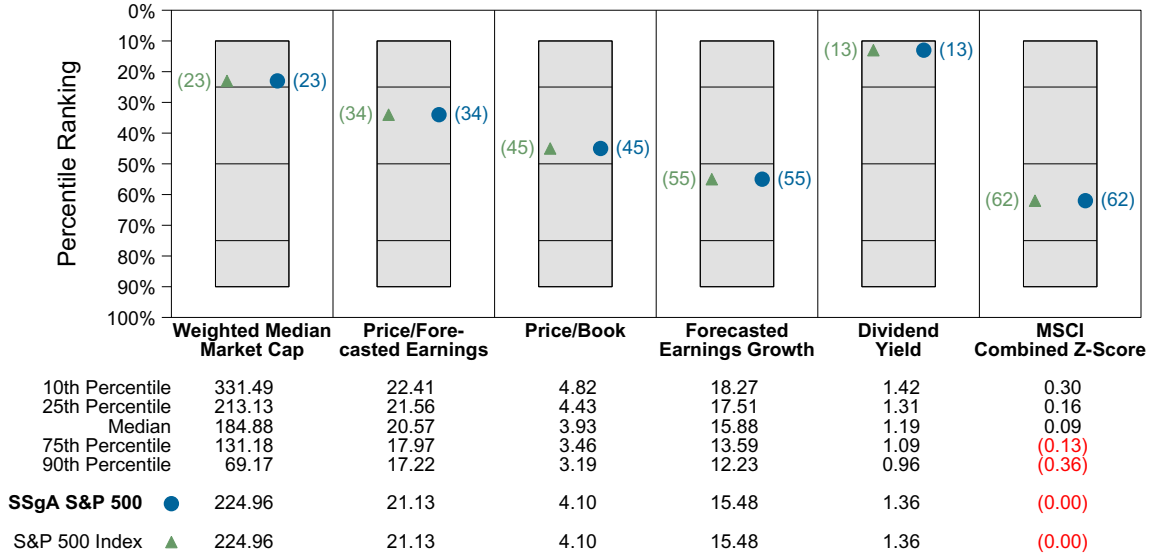
10th Percentile	1.96	0.77	0.69
25th Percentile	1.09	0.73	0.35
Median	(0.02)	0.65	(0.00)
75th Percentile	(1.25)	0.57	(0.43)
90th Percentile	(2.77)	0.49	(0.60)
<b>SSgA S&amp;P 500</b>	● (0.00)	0.67	0.03

# SSgA S&P 500 Equity Characteristics Analysis Summary

## Portfolio Characteristics

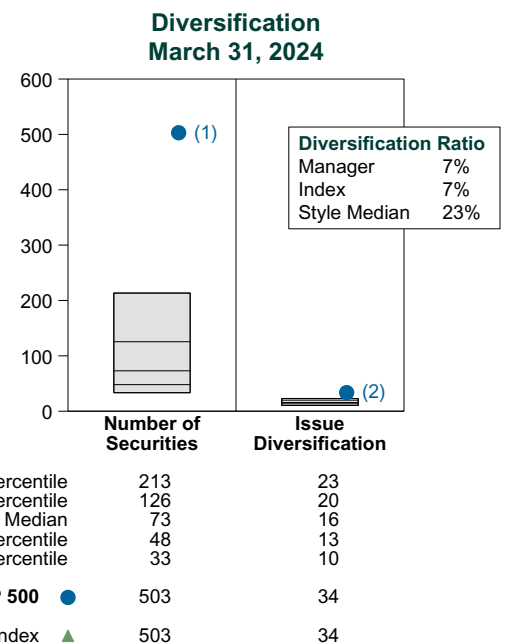
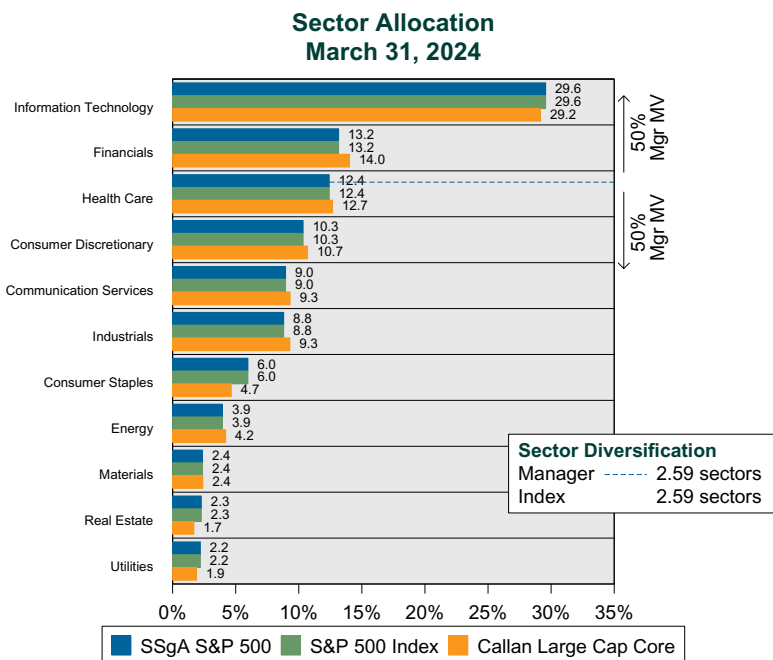
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Core as of March 31, 2024



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



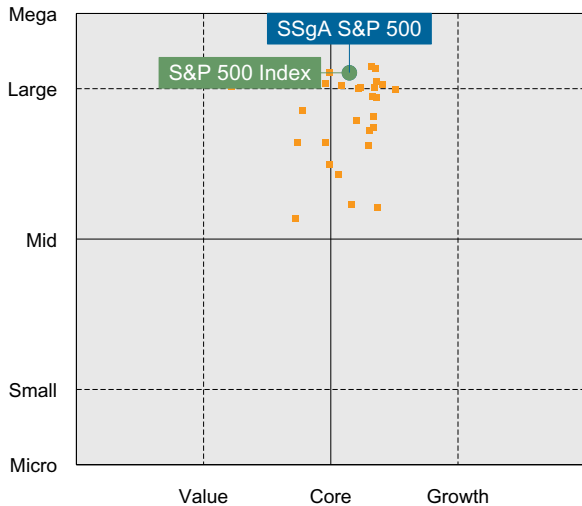
# Current Holdings Based Style Analysis

## SSgA S&P 500

### As of March 31, 2024

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

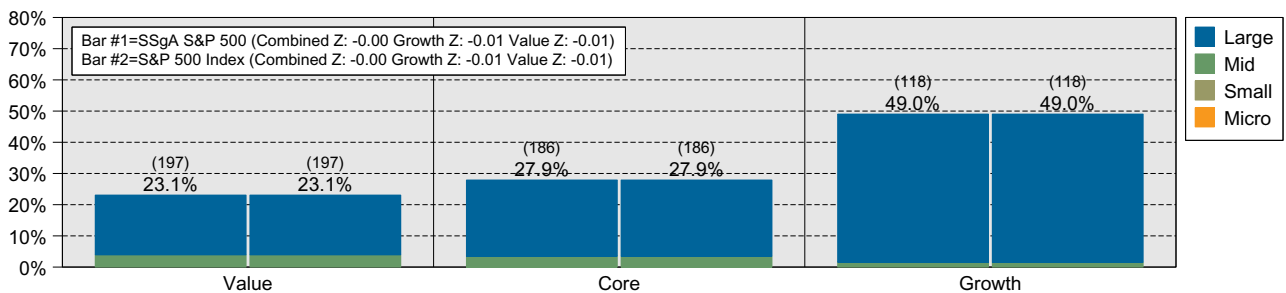
**Style Map vs Callan Large Cap Core Holdings as of March 31, 2024**



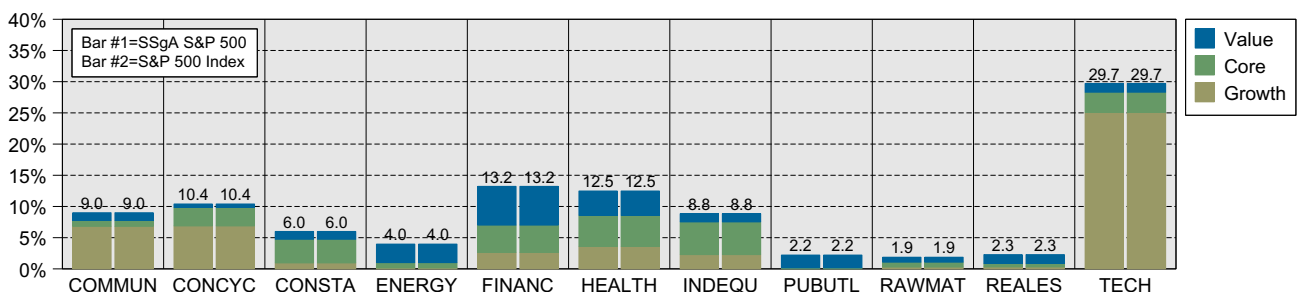
**Style Exposure Matrix Holdings as of March 31, 2024**

	Value	Core	Growth	Total
Large	19.1% (92)	24.4% (100)	47.5% (80)	91.0% (272)
Mid	3.9% (105)	3.5% (86)	1.6% (38)	9.0% (229)
Small	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
<b>Total</b>	<b>23.1% (197)</b>	<b>27.9% (186)</b>	<b>49.0% (118)</b>	<b>100.0% (501)</b>

**Combined Z-Score Style Distribution Holdings as of March 31, 2024**



**Sector Weights Distribution Holdings as of March 31, 2024**



# Boston Partners Period Ended March 31, 2024

## Investment Philosophy

Boston Partners was funded 6/27/05. The first full quarter for this portfolio is 3rd quarter 2005.

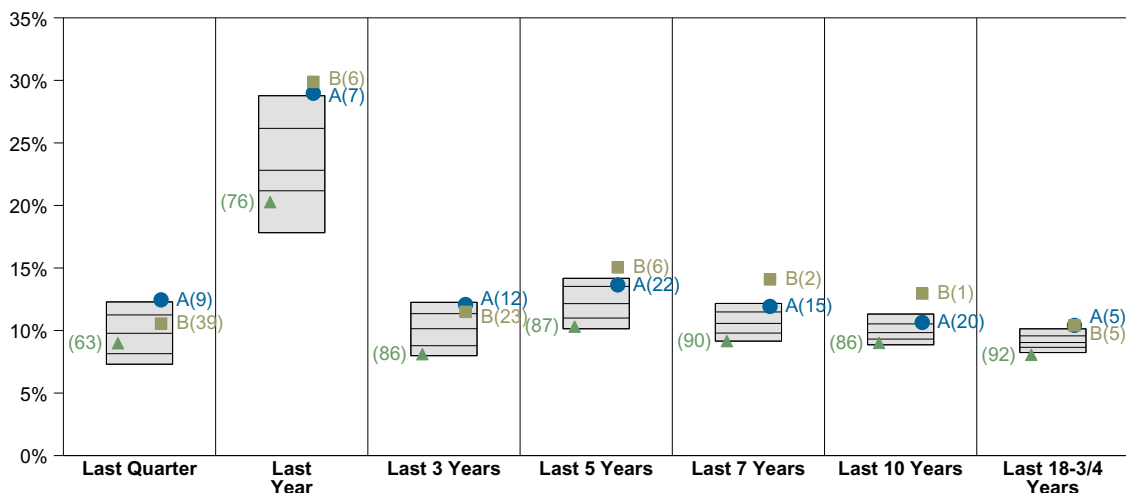
## Quarterly Summary and Highlights

- Boston Partners's portfolio posted a 12.45% return for the quarter placing it in the 9 percentile of the Callan Large Cap Value group for the quarter and in the 7 percentile for the last year.
- Boston Partners's portfolio outperformed the Russell 1000 Value Index by 3.47% for the quarter and outperformed the Russell 1000 Value Index for the year by 8.70%.

## Quarterly Asset Growth

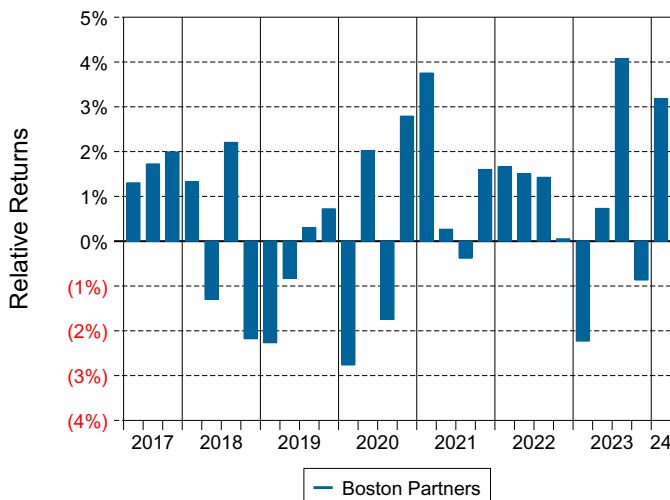
Beginning Market Value	\$63,569,611
Net New Investment	\$0
Investment Gains/(Losses)	\$7,915,324
Ending Market Value	\$71,484,935

## Performance vs Callan Large Cap Value (Gross)

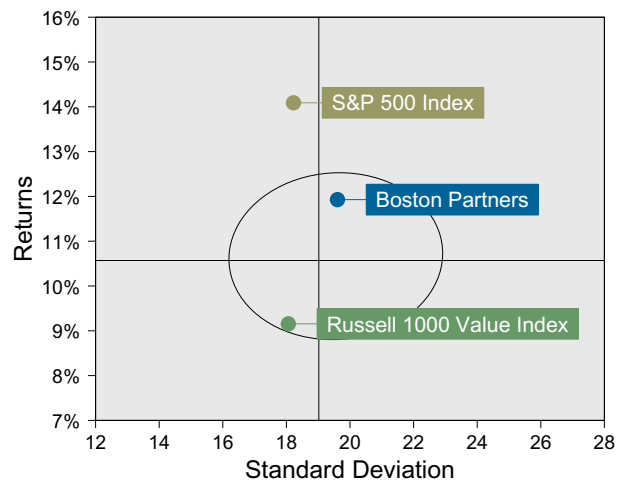


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 18-3/4 Years
10th Percentile	12.29	28.77	12.26	14.17	12.16	11.32	10.14
25th Percentile	11.25	26.16	11.35	13.53	11.49	10.53	9.57
Median	9.78	22.81	10.14	12.15	10.57	9.83	9.04
75th Percentile	8.15	21.17	8.79	11.00	9.80	9.32	8.66
90th Percentile	7.30	17.82	7.99	10.14	9.15	8.86	8.24
Boston Partners	● A 12.45	28.97	12.08	13.65	11.93	10.65	10.41
S&P 500 Index	■ B 10.56	29.88	11.49	15.05	14.09	12.96	10.40
Russell 1000 Value Index	▲ 8.99	20.27	8.11	10.32	9.16	9.01	8.06

## Relative Return vs Russell 1000 Value Index



## Callan Large Cap Value (Gross) Annualized Seven Year Risk vs Return



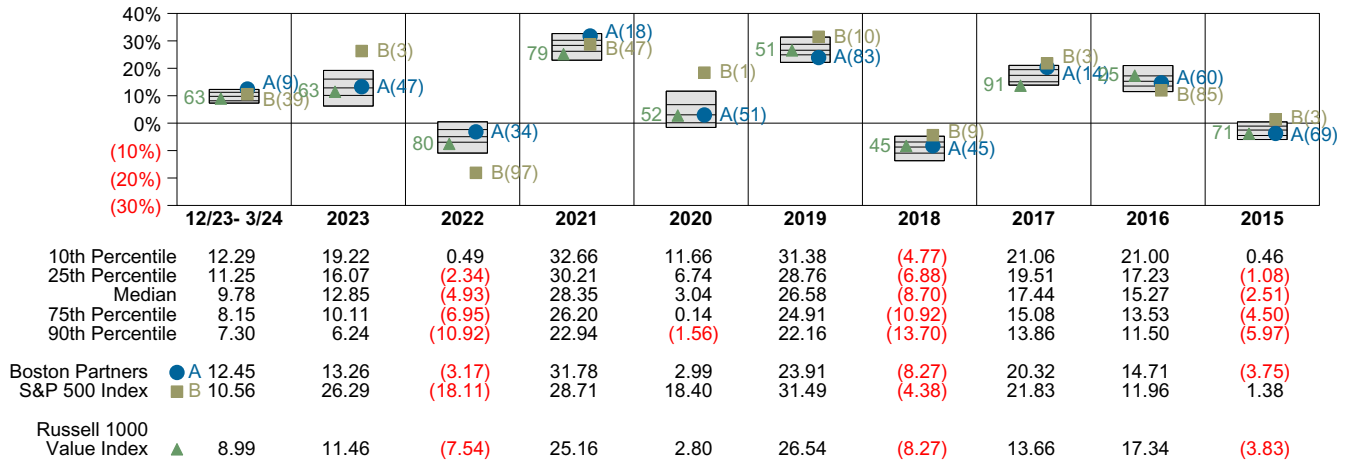


# Boston Partners Return Analysis Summary

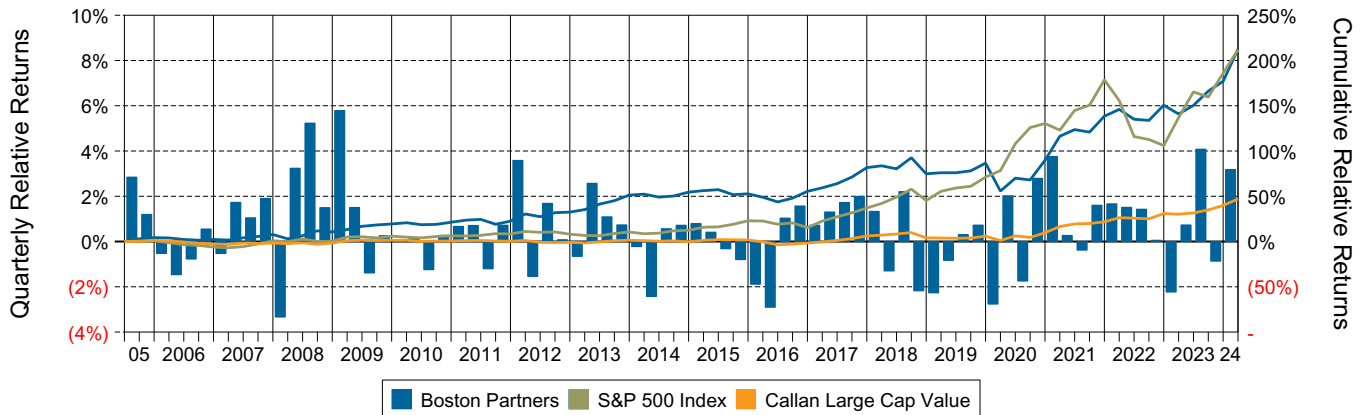
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

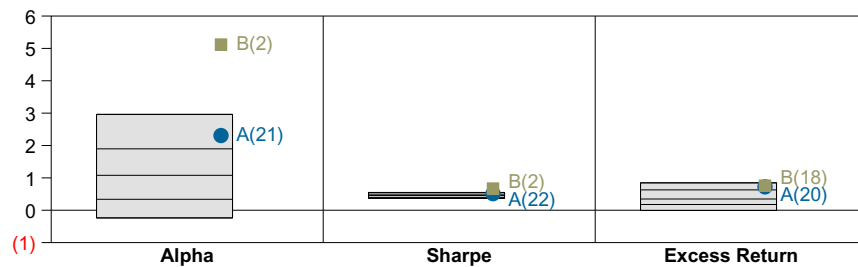
### Performance vs Callan Large Cap Value (Gross)



### Cumulative and Quarterly Relative Returns vs Russell 1000 Value Index



### Risk Adjusted Return Measures vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended March 31, 2024



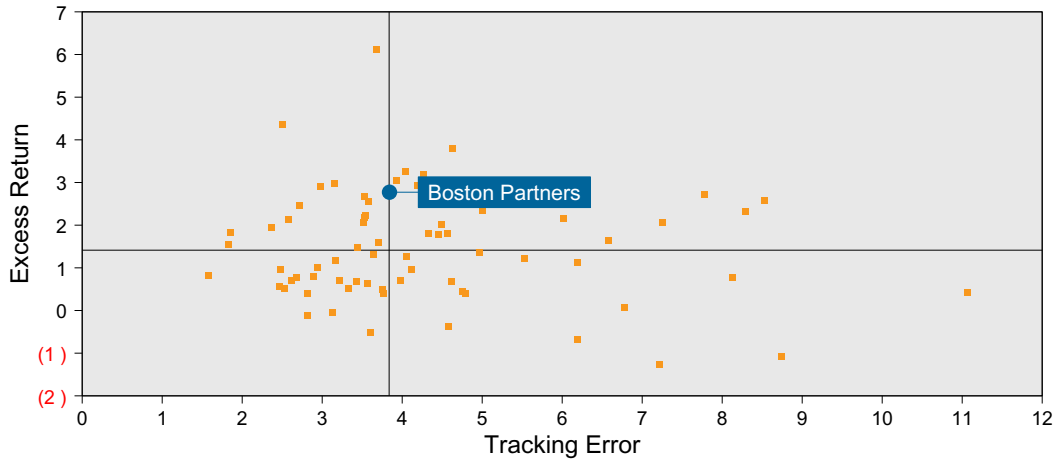
	Alpha	Sharpe Ratio	Excess Return Ratio
10th Percentile	2.96	0.55	0.85
25th Percentile	1.90	0.50	0.63
Median	1.08	0.45	0.35
75th Percentile	0.34	0.40	0.18
90th Percentile	(0.24)	0.37	(0.01)
Boston Partners	● A 2.31	0.51	0.72
S&P 500 Index	■ B 5.12	0.67	0.76

# Boston Partners Risk Analysis Summary

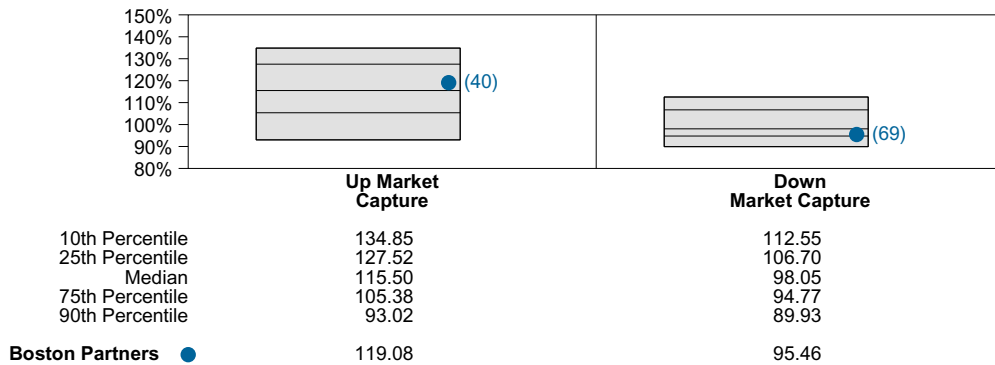
## Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

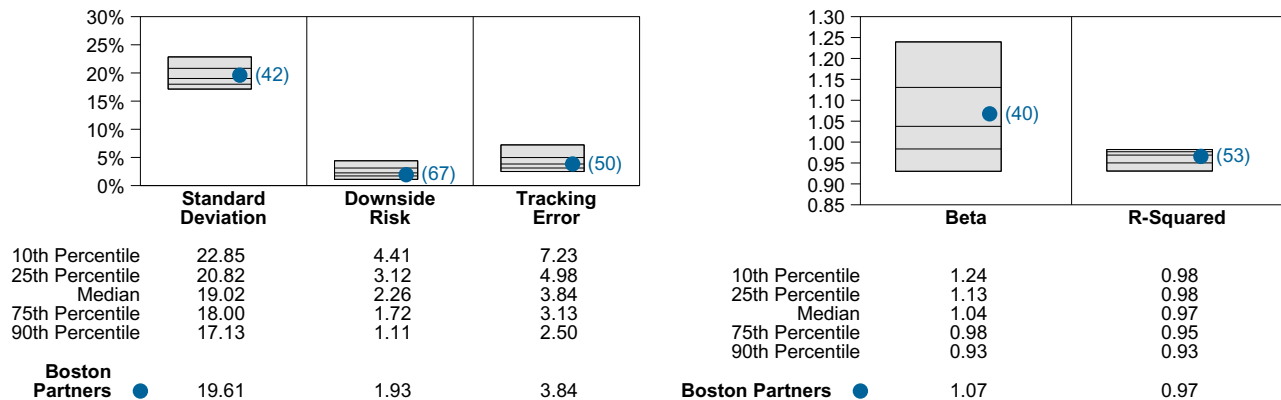
### Risk Analysis vs Callan Large Cap Value (Gross) Seven Years Ended March 31, 2024



### Market Capture vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended March 31, 2024



### Risk Statistics Rankings vs Russell 1000 Value Index Rankings Against Callan Large Cap Value (Gross) Seven Years Ended March 31, 2024

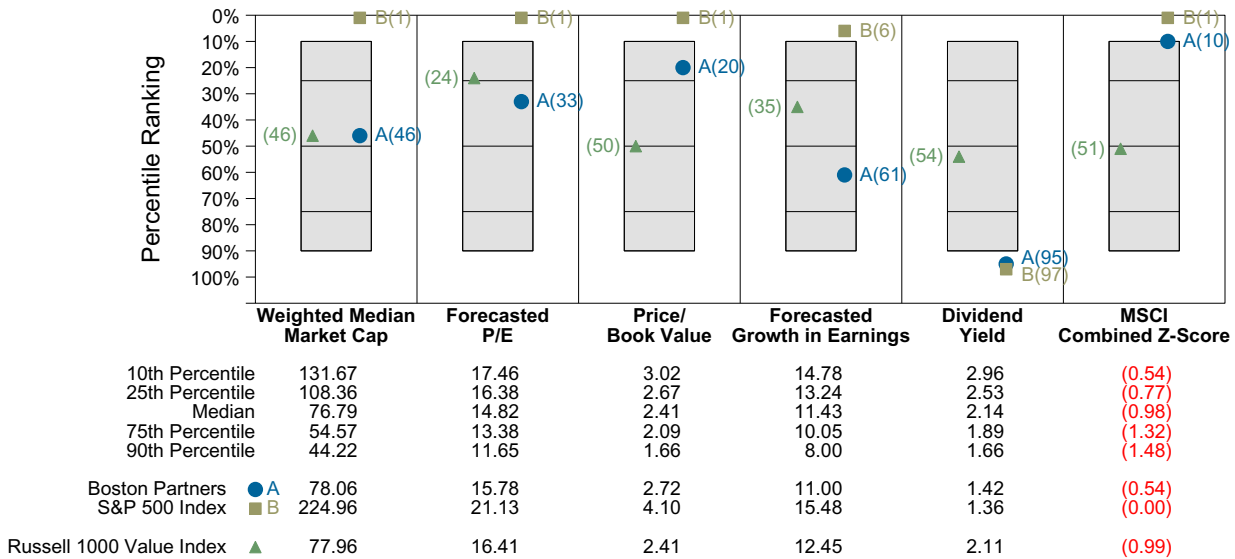


# Boston Partners Equity Characteristics Analysis Summary

## Portfolio Characteristics

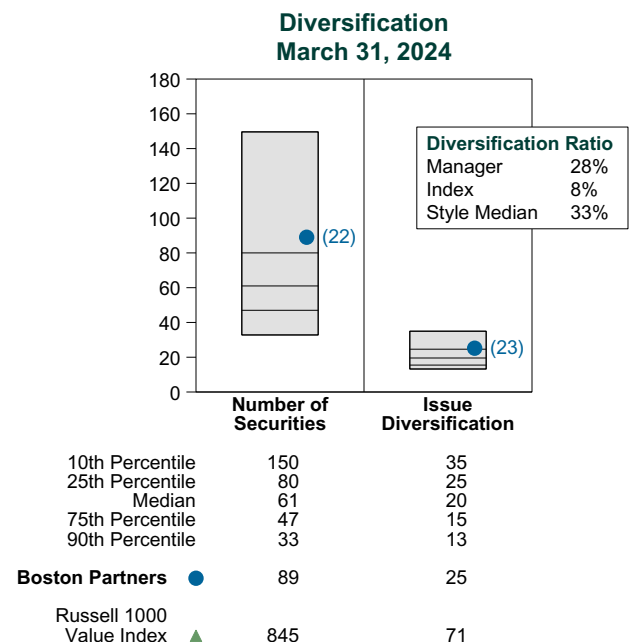
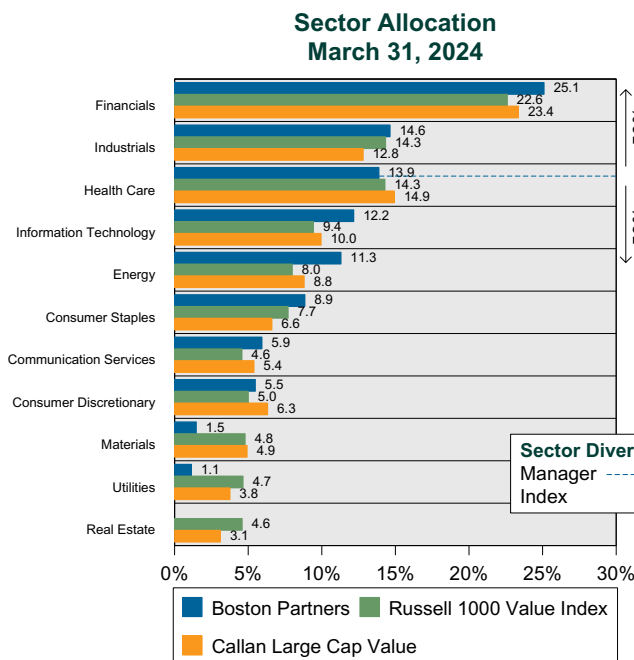
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against Callan Large Cap Value as of March 31, 2024



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



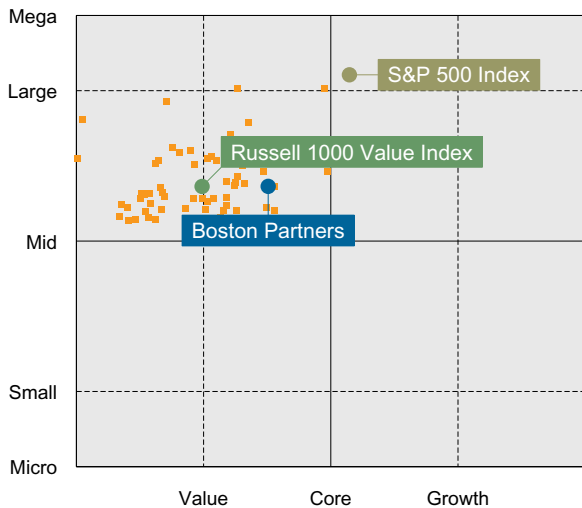
# Current Holdings Based Style Analysis

## Boston Partners

### As of March 31, 2024

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

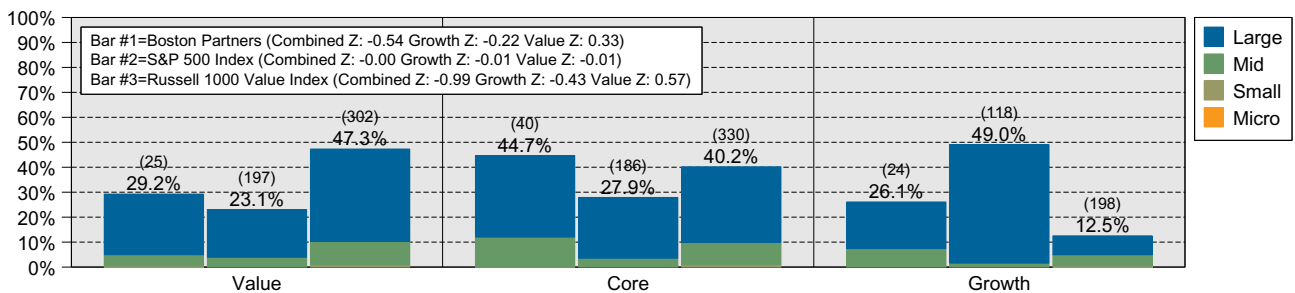
**Style Map vs Callan Large Cap Value Holdings as of March 31, 2024**



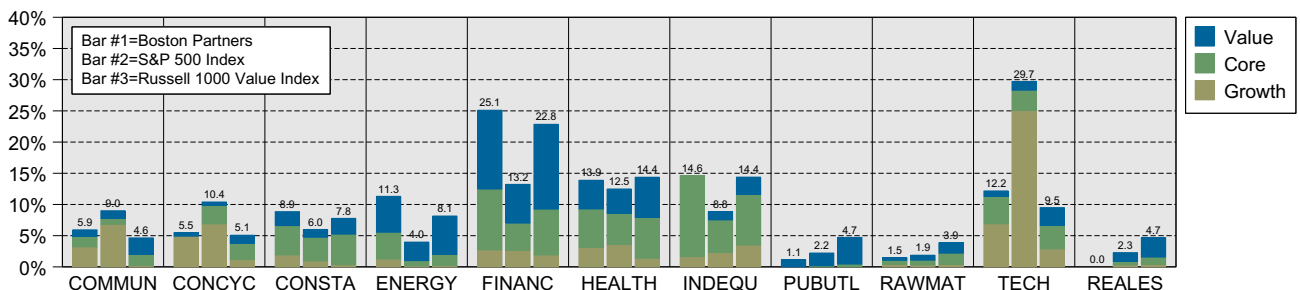
**Style Exposure Matrix Holdings as of March 31, 2024**

	Value	Core	Growth	Total
Large	24.3% (18)	32.6% (24)	18.7% (13)	75.6% (55)
	19.1% (92)	24.4% (100)	47.5% (80)	91.0% (272)
	36.9% (91)	30.4% (86)	7.6% (42)	74.8% (219)
Mid	4.5% (6)	12.0% (16)	7.4% (11)	24.0% (33)
	3.9% (105)	3.5% (86)	1.6% (38)	9.0% (229)
	9.4% (151)	8.9% (174)	4.5% (122)	22.8% (447)
Small	0.4% (1)	0.0% (0)	0.0% (0)	0.4% (1)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.9% (60)	1.0% (70)	0.4% (34)	2.3% (164)
Micro	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	29.2% (25)	44.7% (40)	26.1% (24)	100.0% (89)
	23.1% (197)	27.9% (186)	49.0% (118)	100.0% (501)
	47.3% (302)	40.2% (330)	12.5% (198)	100.0% (830)

**Combined Z-Score Style Distribution Holdings as of March 31, 2024**



**Sector Weights Distribution Holdings as of March 31, 2024**



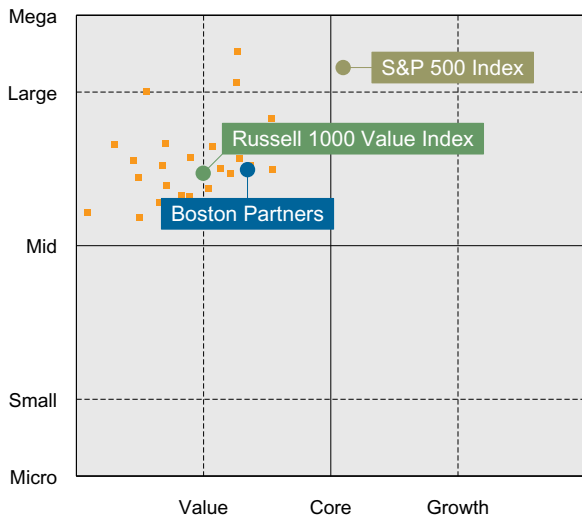
# Historical Holdings Based Style Analysis

## Boston Partners

### For Five Years Ended March 31, 2024

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

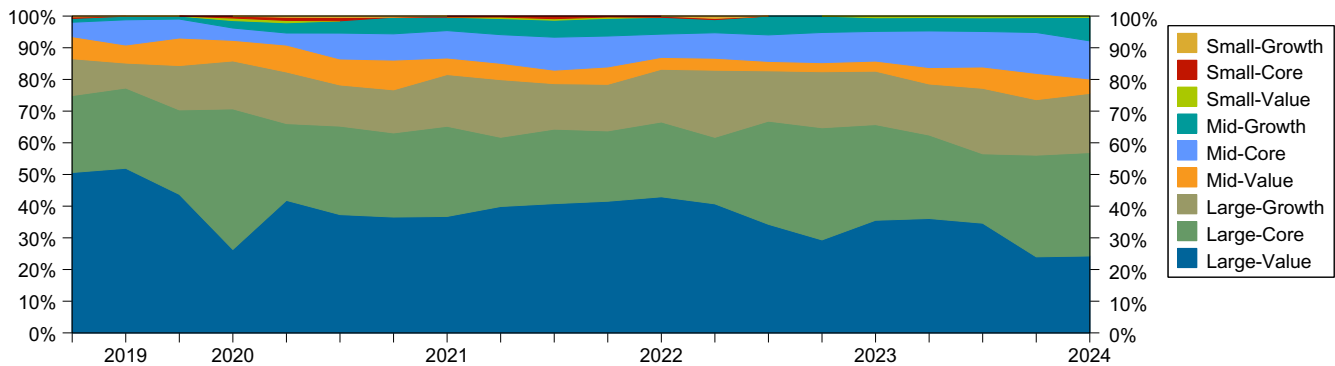
**Average Style Map vs Callan Large Cap Value Holdings for Five Years Ended March 31, 2024**



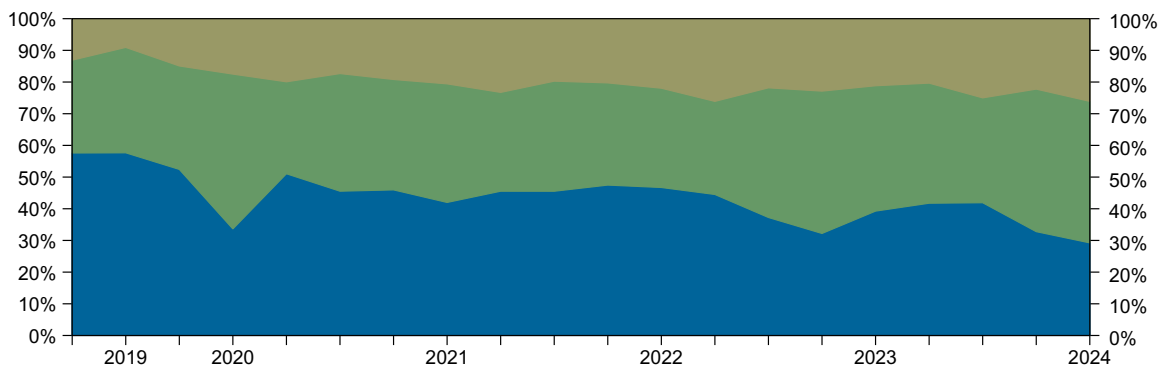
**Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2024**

	Value	Core	Growth	Total
Large	37.5% (23)	27.6% (22)	15.8% (12)	80.8% (57)
	23.3% (96)	24.3% (94)	42.7% (86)	90.3% (276)
Mid	39.9% (96)	27.9% (85)	8.1% (42)	75.9% (223)
	5.8% (8)	8.5% (13)	4.2% (6)	18.5% (27)
Small	4.1% (101)	3.3% (76)	2.2% (45)	9.6% (222)
	9.6% (158)	8.4% (178)	3.8% (111)	21.8% (447)
Micro	0.3% (1)	0.3% (1)	0.1% (0)	0.7% (2)
	0.0% (4)	0.0% (2)	0.0% (1)	0.1% (7)
Total	1.0% (56)	1.0% (63)	0.4% (33)	2.3% (152)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Total	43.5% (32)	36.4% (36)	20.1% (18)	100.0% (86)
	27.4% (201)	27.7% (172)	44.9% (132)	100.0% (505)
Total	50.4% (310)	37.3% (326)	12.3% (186)	100.0% (822)

**Boston Partners Historical Cap/Style Exposures**



**Boston Partners Historical Style Only Exposures**



# Atlanta Capital Period Ended March 31, 2024

## Investment Philosophy

Returns prior to 6/30/2010 are linked to a composite history.

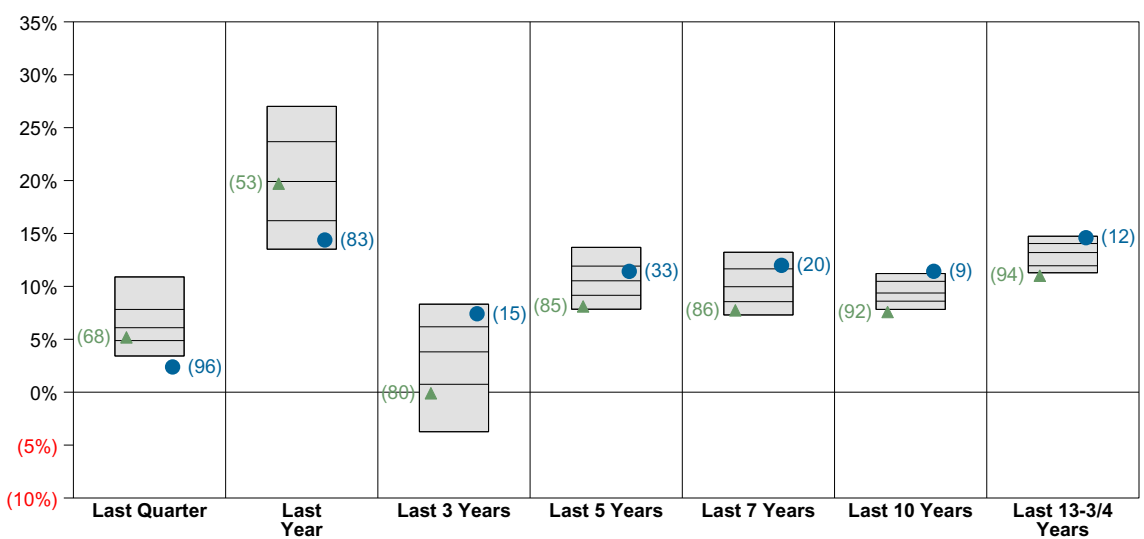
### Quarterly Summary and Highlights

- Atlanta Capital's portfolio posted a 2.38% return for the quarter placing it in the 96 percentile of the Callan Small Capitalization group for the quarter and in the 83 percentile for the last year.
- Atlanta Capital's portfolio underperformed the Russell 2000 Index by 2.80% for the quarter and underperformed the Russell 2000 Index for the year by 5.33%.

### Quarterly Asset Growth

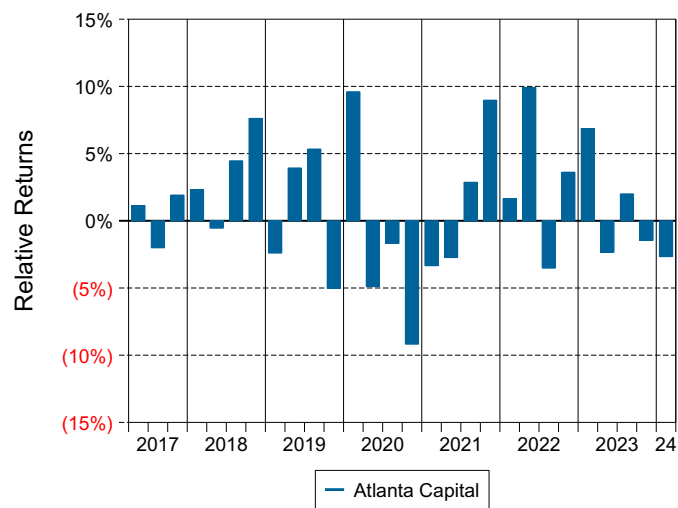
Beginning Market Value	\$33,222,257
Net New Investment	\$0
Investment Gains/(Losses)	\$792,170
Ending Market Value	\$34,014,427

### Performance vs Callan Small Capitalization (Gross)

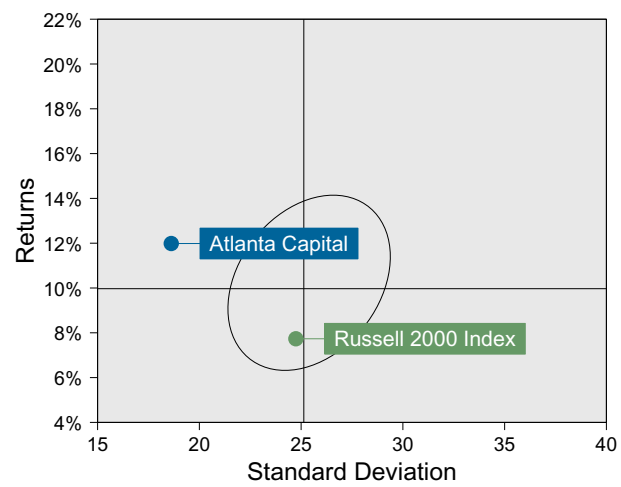


10th Percentile	10.89	27.01	8.32	13.69	13.22	11.21	14.74
25th Percentile	7.82	23.68	6.18	11.92	11.66	10.48	14.05
Median	6.09	19.91	3.81	10.53	9.97	9.37	13.19
75th Percentile	4.88	16.21	0.75	9.16	8.56	8.60	11.95
90th Percentile	3.42	13.51	(3.74)	7.84	7.30	7.82	11.29
<b>Atlanta Capital</b> ●	2.38	14.38	7.41	11.42	11.99	11.42	14.60
Russell 2000 Index ▲	5.18	19.71	(0.10)	8.10	7.73	7.58	11.01

### Relative Return vs Russell 2000 Index



### Callan Small Capitalization (Gross) Annualized Seven Year Risk vs Return

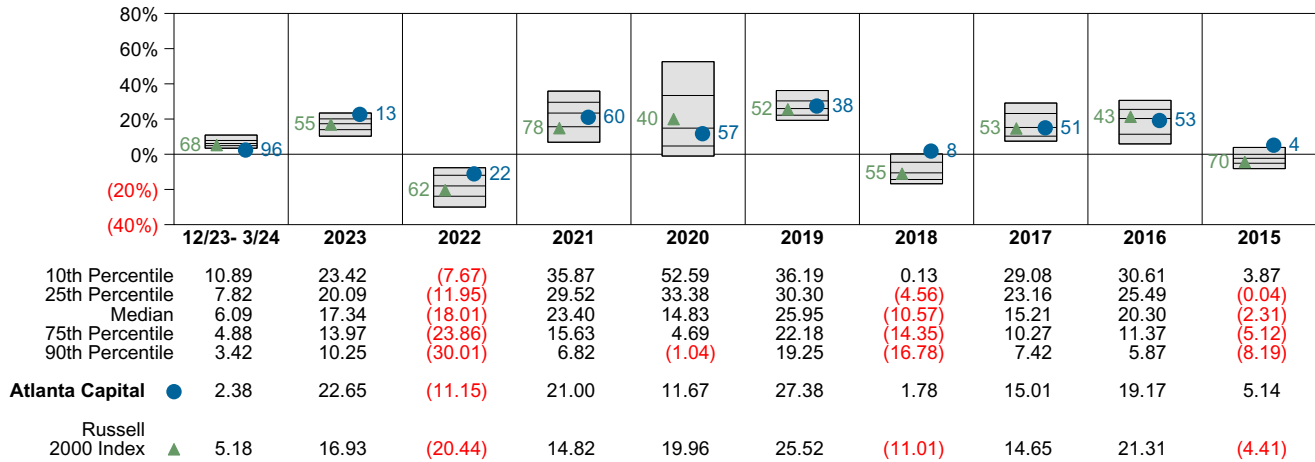


# Atlanta Capital Return Analysis Summary

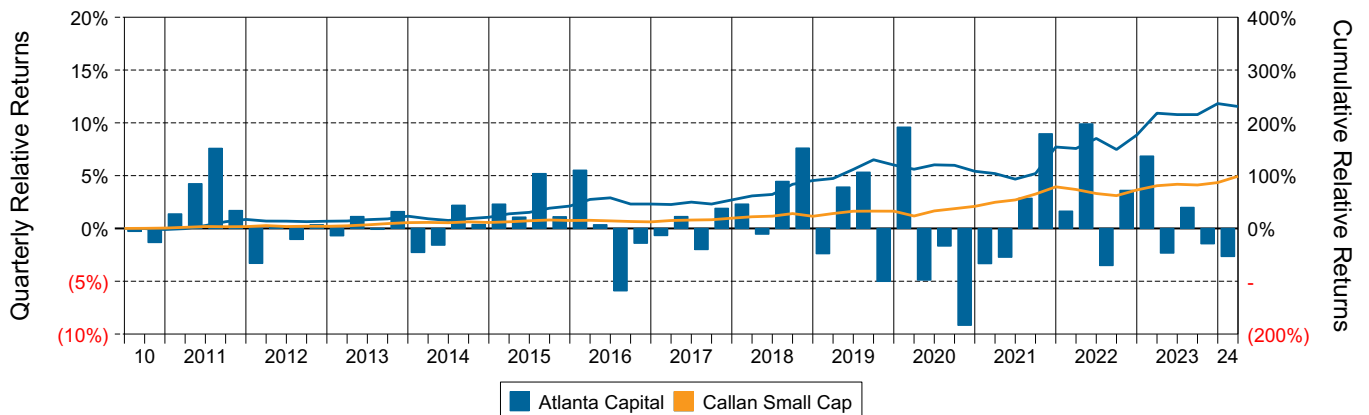
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

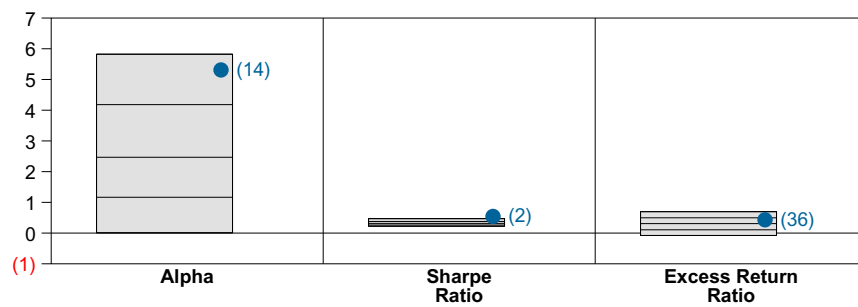
### Performance vs Callan Small Capitalization (Gross)



### Cumulative and Quarterly Relative Returns vs Russell 2000 Index



### Risk Adjusted Return Measures vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended March 31, 2024



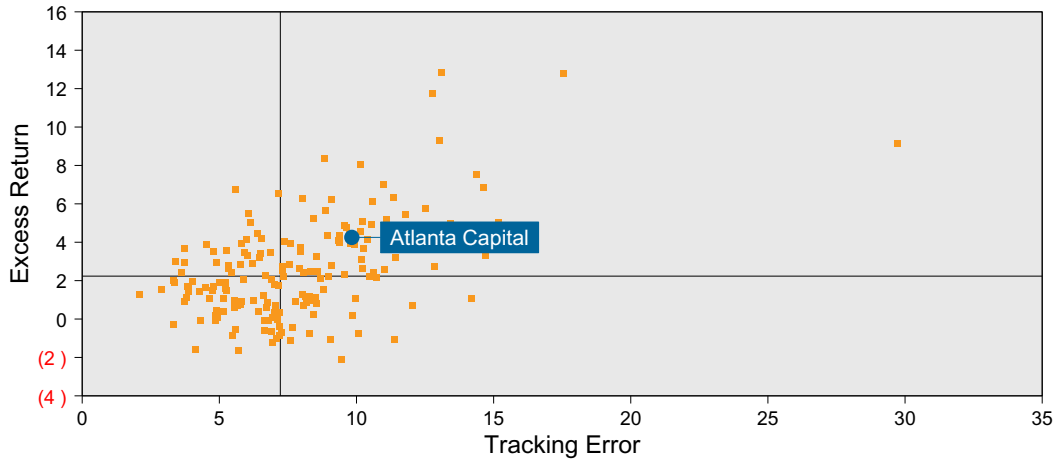
10th Percentile	5.82	0.47	0.70
25th Percentile	4.18	0.38	0.50
Median	2.47	0.32	0.31
75th Percentile	1.17	0.26	0.11
90th Percentile	0.01	0.22	(0.08)
<b>Atlanta Capital</b>	● 5.31	0.54	0.43

# Atlanta Capital Risk Analysis Summary

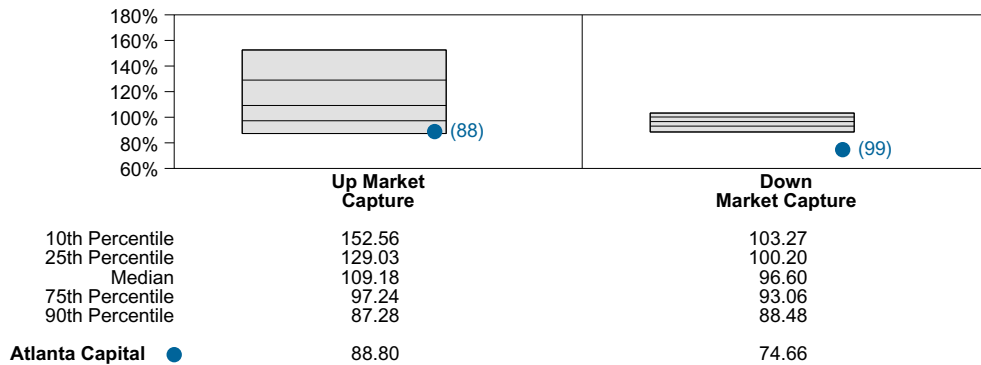
## Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

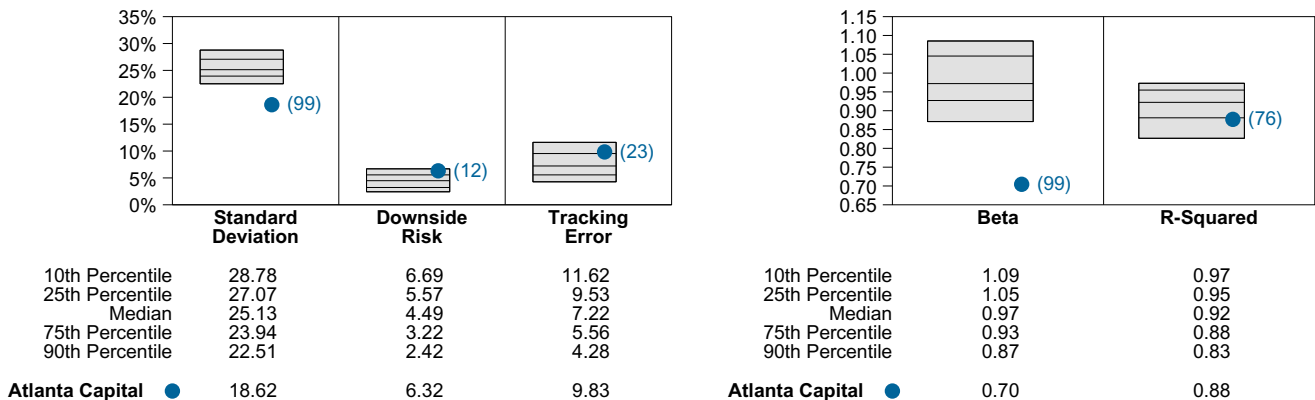
### Risk Analysis vs Callan Small Capitalization (Gross) Seven Years Ended March 31, 2024



### Market Capture vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended March 31, 2024



### Risk Statistics Rankings vs Russell 2000 Index Rankings Against Callan Small Capitalization (Gross) Seven Years Ended March 31, 2024



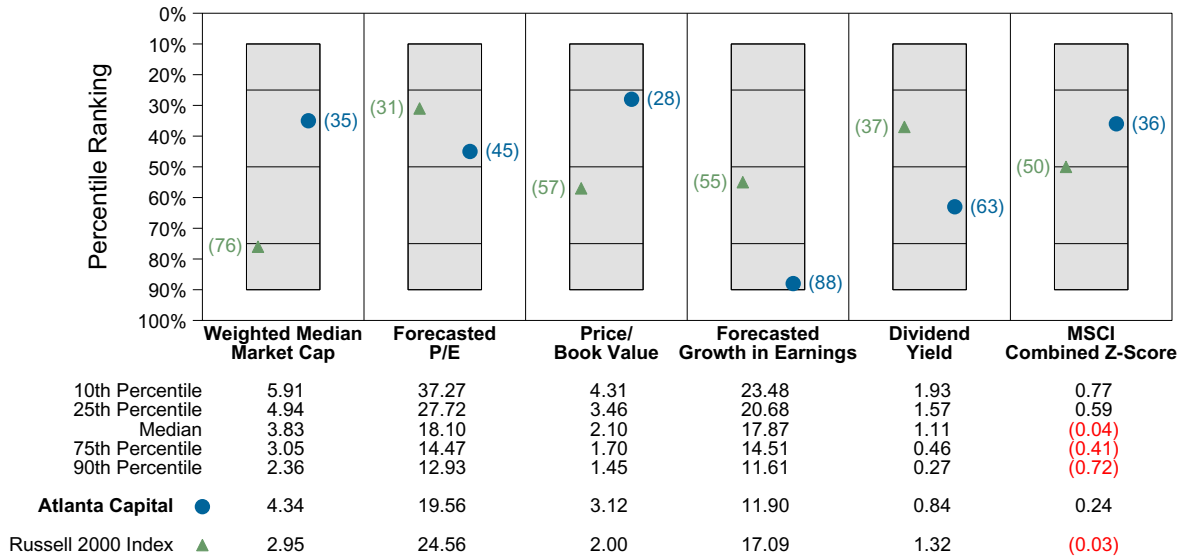


# Atlanta Capital Equity Characteristics Analysis Summary

## Portfolio Characteristics

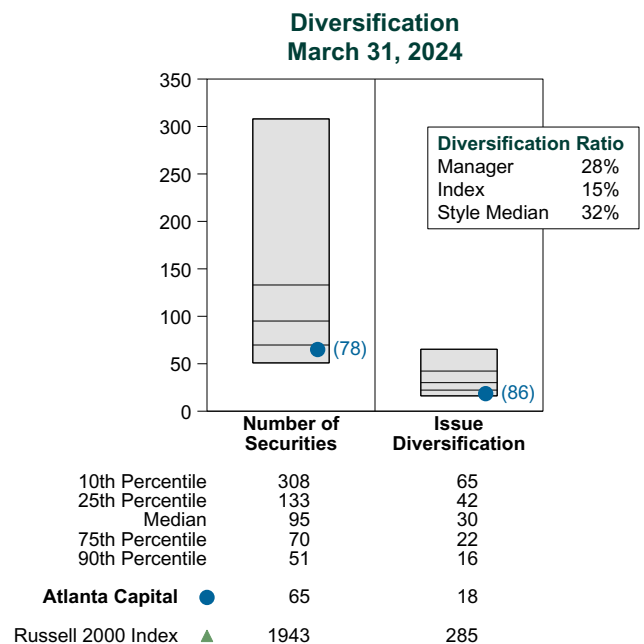
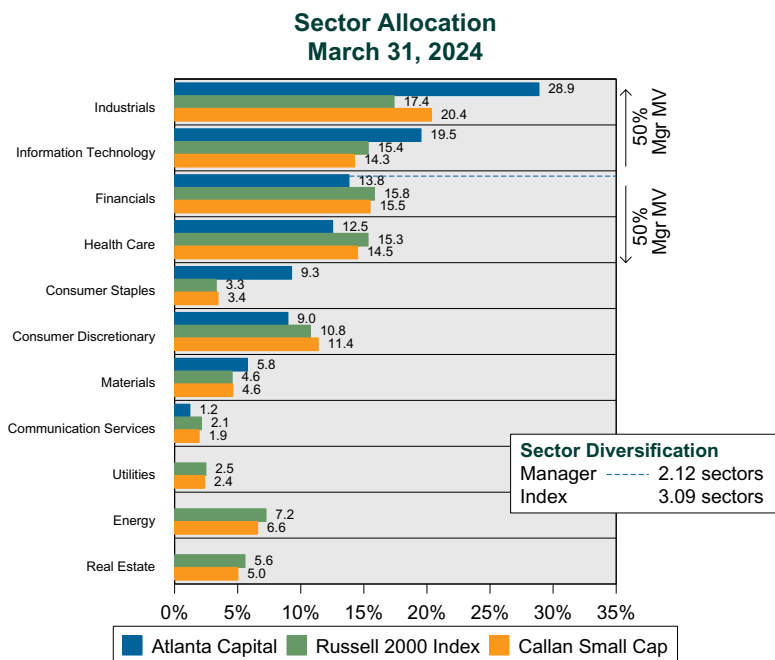
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against Callan Small Capitalization as of March 31, 2024



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



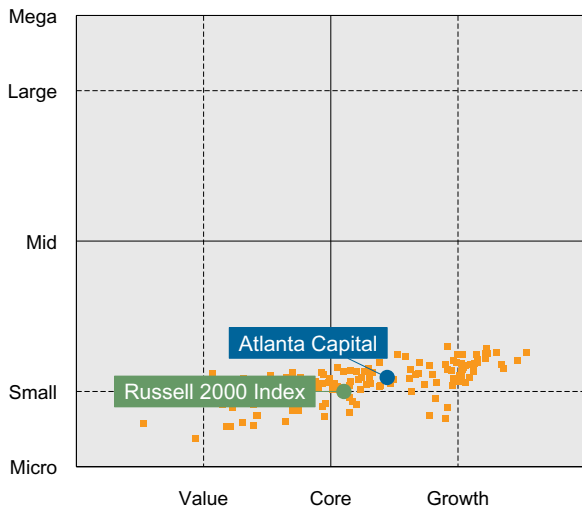
# Current Holdings Based Style Analysis

## Atlanta Capital

### As of March 31, 2024

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

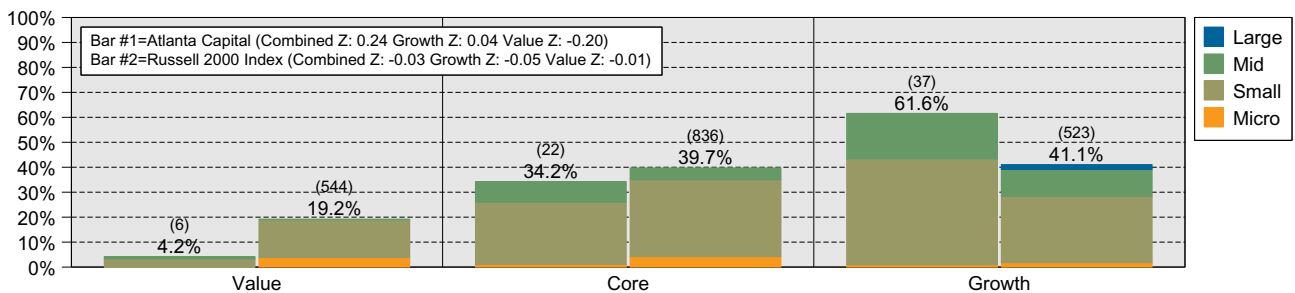
**Style Map vs Callan Small Cap Holdings as of March 31, 2024**



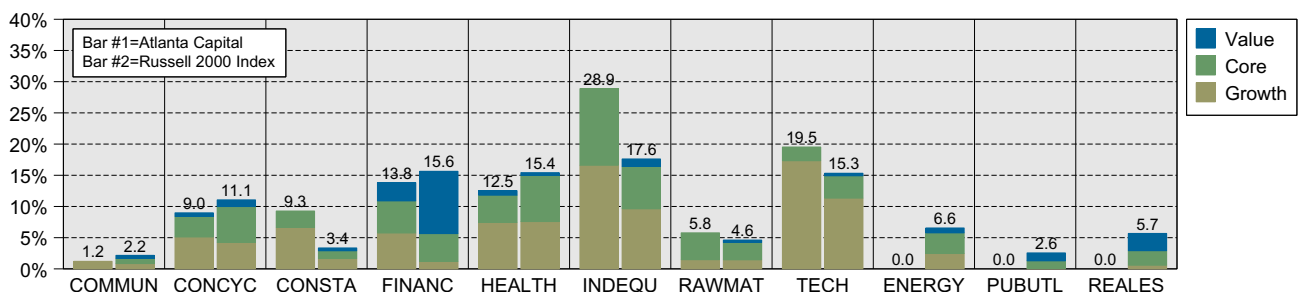
**Style Exposure Matrix Holdings as of March 31, 2024**

	Value	Core	Growth	Total
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	0.9% (1)	8.3% (3)	18.3% (10)	27.5% (14)
Small	3.3% (5)	24.9% (18)	42.4% (26)	70.5% (49)
Micro	0.0% (0)	1.1% (1)	0.9% (1)	2.0% (2)
<b>Total</b>	<b>4.2% (6)</b>	<b>34.2% (22)</b>	<b>61.6% (37)</b>	<b>100.0% (65)</b>
	19.2% (544)	39.7% (836)	41.1% (523)	100.0% (1903)

**Combined Z-Score Style Distribution Holdings as of March 31, 2024**



**Sector Weights Distribution Holdings as of March 31, 2024**



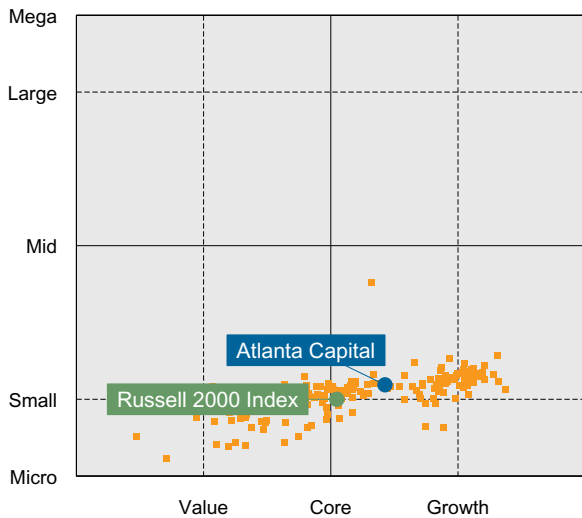
# Historical Holdings Based Style Analysis

## Atlanta Capital

### For Five Years Ended March 31, 2024

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The next two style exposure charts illustrate the actual quarterly cap/style and style only segment exposures of the portfolio through history.

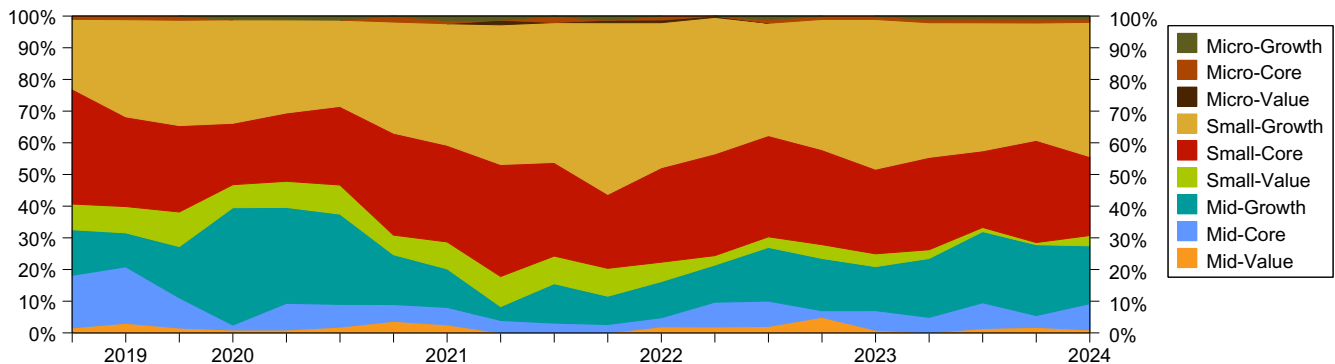
**Average Style Map vs Callan Small Cap Holdings for Five Years Ended March 31, 2024**



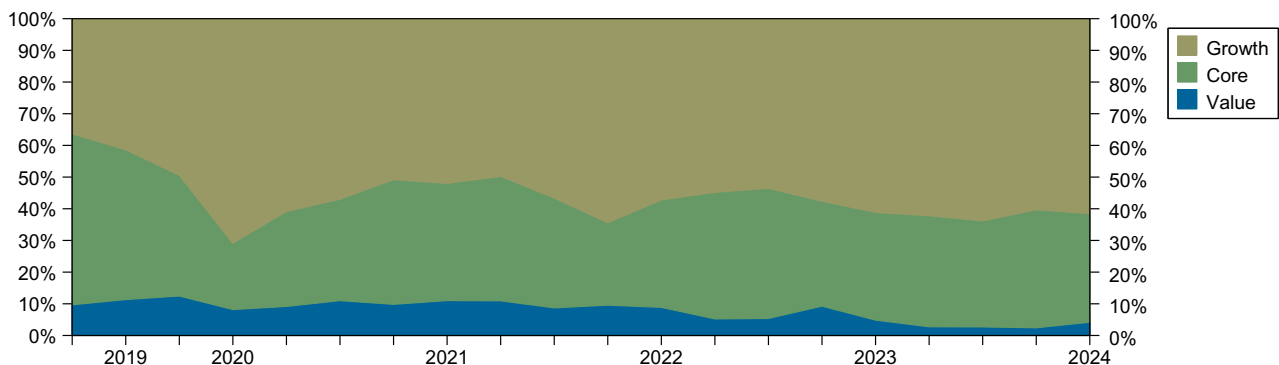
**Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2024**

	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Large	0.0% (0)	0.0% (0)	0.1% (0)	0.1% (0)
Mid	1.6% (1)	6.7% (3)	17.1% (8)	25.4% (12)
Small	17.5% (244)	30.0% (438)	27.6% (341)	75.1% (1023)
Micro	4.0% (312)	4.9% (415)	2.3% (164)	11.2% (891)
<b>Total</b>	<b>22.6% (561)</b>	<b>38.7% (871)</b>	<b>38.6% (540)</b>	<b>100.0% (1972)</b>
	Value	Core	Growth	Total

**Atlanta Capital Historical Cap/Style Exposures**



**Atlanta Capital Historical Style Only Exposures**





# International Equity Period Ended March 31, 2024

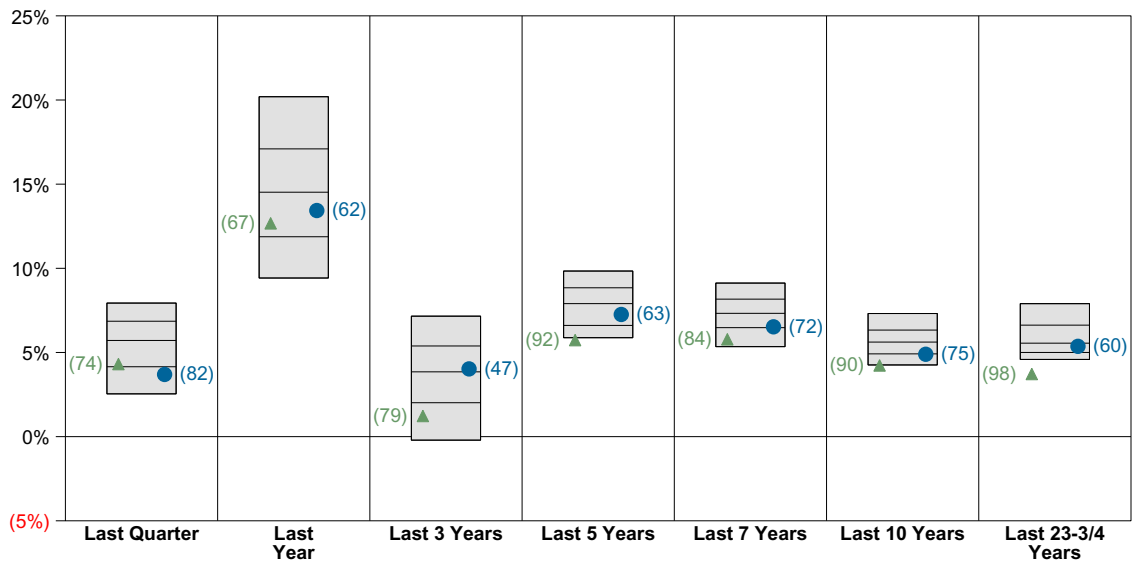
## Investment Philosophy

International Benchmark = MSCI EAFE until 6/30/2013, 78.26% MSCI EAFE + 21.74% MSCI EM until 4/30/2015, 76% MSCI EAFE + 24% MSCI EM until 7/31/2016, and 56% MSCI EAFE + 24% MSCI EM + 20% MSCI EAFE Small Cap thereafter.

## Quarterly Summary and Highlights

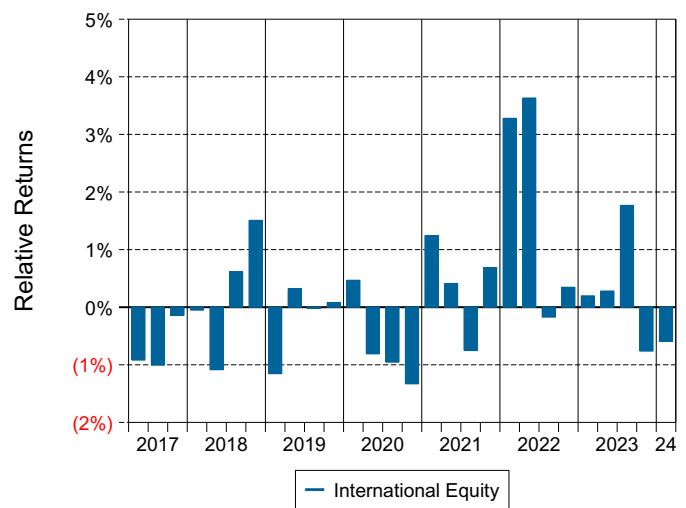
- International Equity's portfolio posted a 3.70% return for the quarter placing it in the 82 percentile of the Callan Non-US Equity group for the quarter and in the 62 percentile for the last year.
- International Equity's portfolio underperformed the International Benchmark by 0.62% for the quarter and outperformed the International Benchmark for the year by 0.76%.

## Performance vs Callan Non-US Equity (Gross)

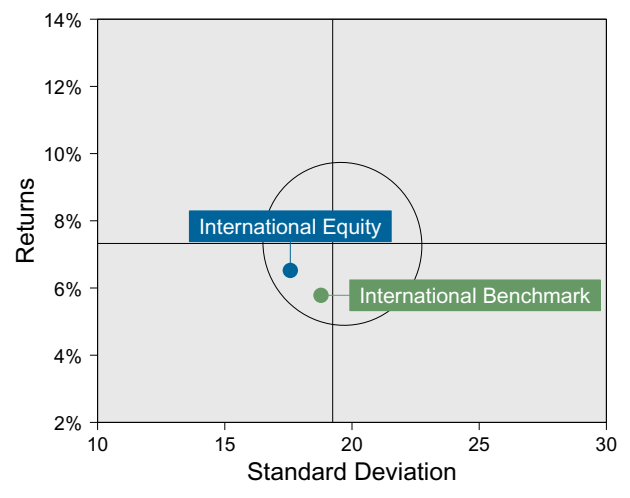


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 23-3/4 Years
10th Percentile	7.94	20.19	7.16	9.84	9.12	7.31	7.90
25th Percentile	6.86	17.10	5.39	8.84	8.17	6.33	6.62
Median	5.71	14.52	3.85	7.90	7.33	5.62	5.55
75th Percentile	4.15	11.88	2.01	6.61	6.48	4.92	5.00
90th Percentile	2.54	9.42	(0.21)	5.88	5.35	4.26	4.59
<b>International Equity</b> ●	3.70	13.43	4.02	7.26	6.52	4.89	5.36
International Benchmark ▲	4.31	12.67	1.23	5.74	5.78	4.23	3.72

Relative Return vs International Benchmark



Callan Non-US Equity (Gross)  
Annualized Seven Year Risk vs Return

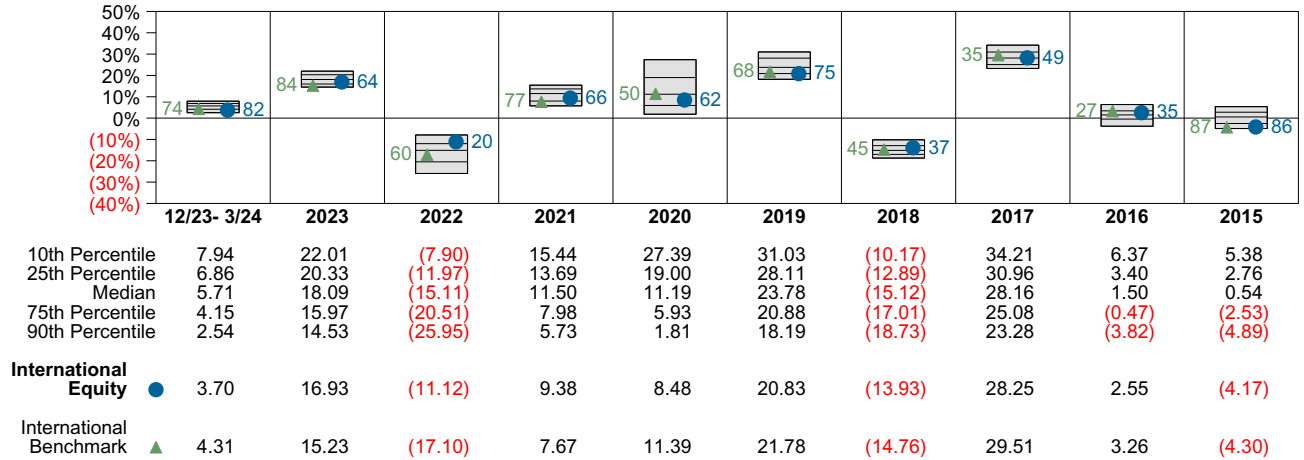


# International Equity Return Analysis Summary

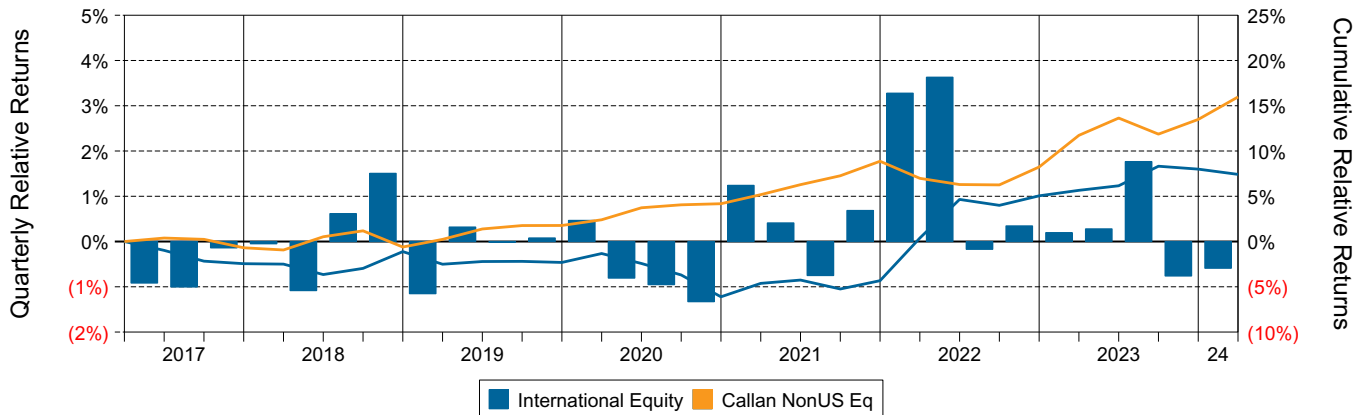
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

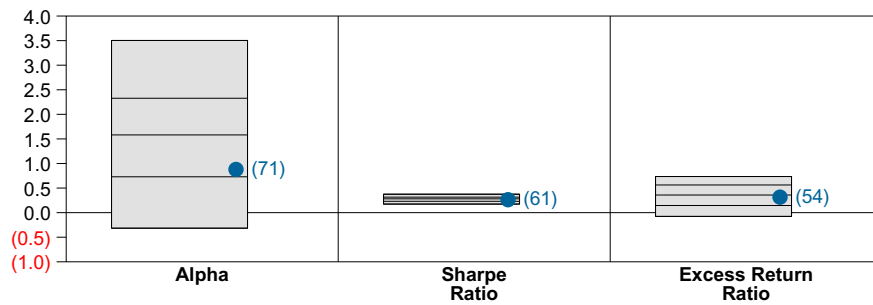
### Performance vs Callan Non-US Equity (Gross)



### Cumulative and Quarterly Relative Returns vs International Benchmark



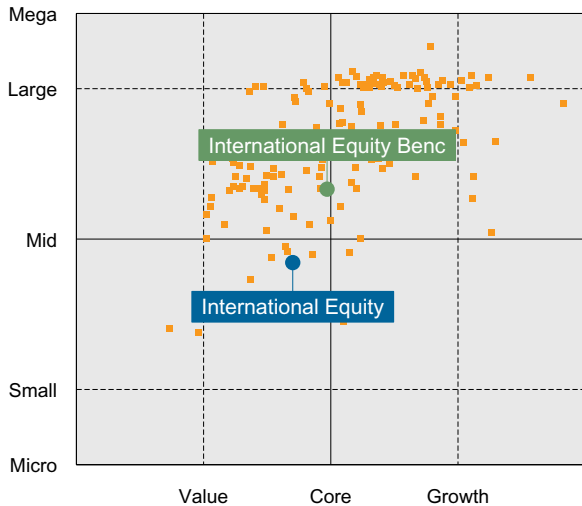
### Risk Adjusted Return Measures vs International Benchmark Rankings Against Callan Non-US Equity (Gross) Seven Years Ended March 31, 2024



# Current Holdings Based Style Analysis International Equity As of March 31, 2024

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

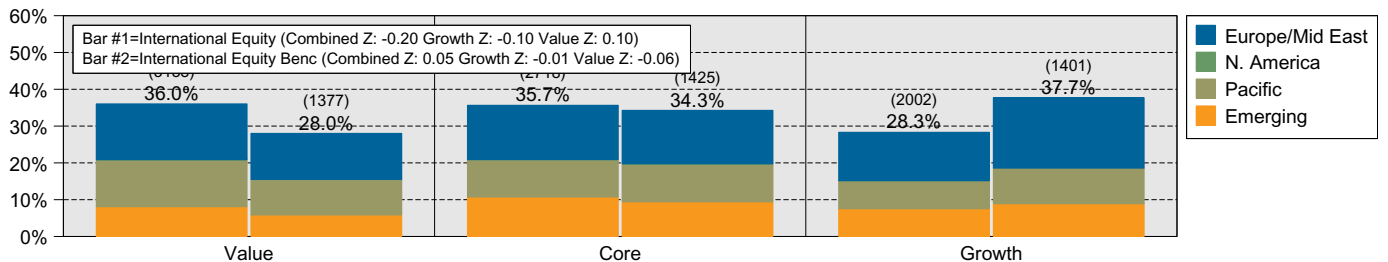
**Style Map vs Callan NonUS Eq Holdings as of March 31, 2024**



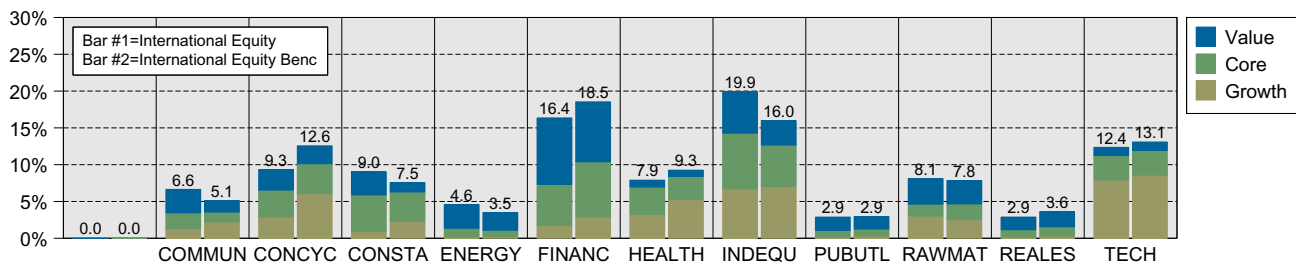
**Style Exposure Matrix Holdings as of March 31, 2024**

	Value	Core	Growth	Total
Europe/ Mid East	15.2% (238)	14.8% (206)	13.1% (171)	43.1% (615)
N. America	12.5% (466)	14.5% (497)	19.1% (441)	46.2% (1404)
Pacific	0.0% (1)	0.0% (16)	0.0% (3)	0.0% (20)
Emerging	0.0% (0)	0.0% (3)	0.0% (0)	0.0% (3)
<b>Total</b>	<b>36.0% (3138)</b>	<b>35.7% (2718)</b>	<b>28.3% (2002)</b>	<b>100.0% (7858)</b>
	28.0% (1377)	34.3% (1425)	37.7% (1401)	100.0% (4203)

**Combined Z-Score Style Distribution Holdings as of March 31, 2024**



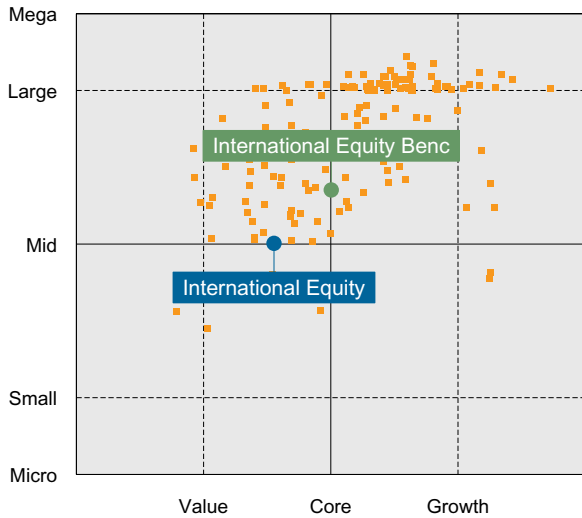
**Sector Weights Distribution Holdings as of March 31, 2024**



# Historical Holdings Based Style Analysis International Equity For Five Years Ended March 31, 2024

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

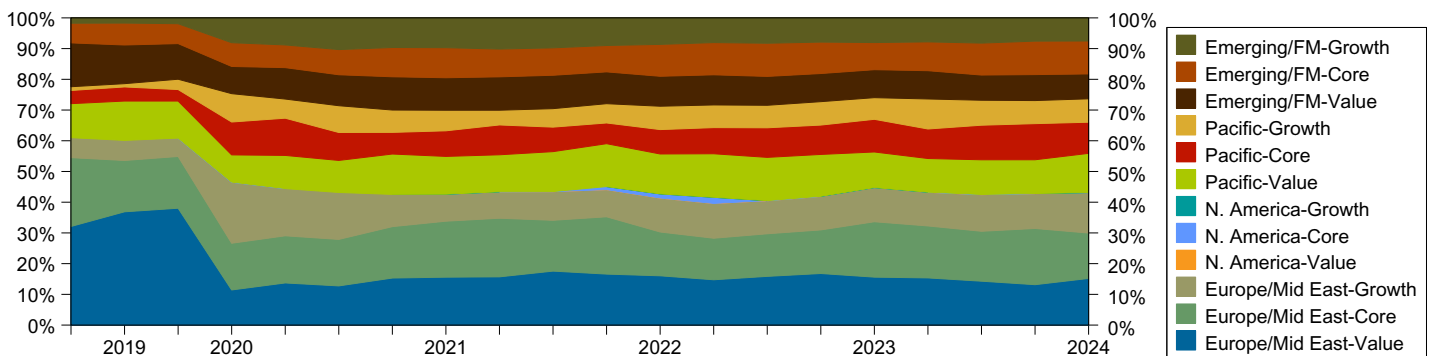
**Average Style Map vs Callan NonUS Eq Holdings for Five Years Ended March 31, 2024**



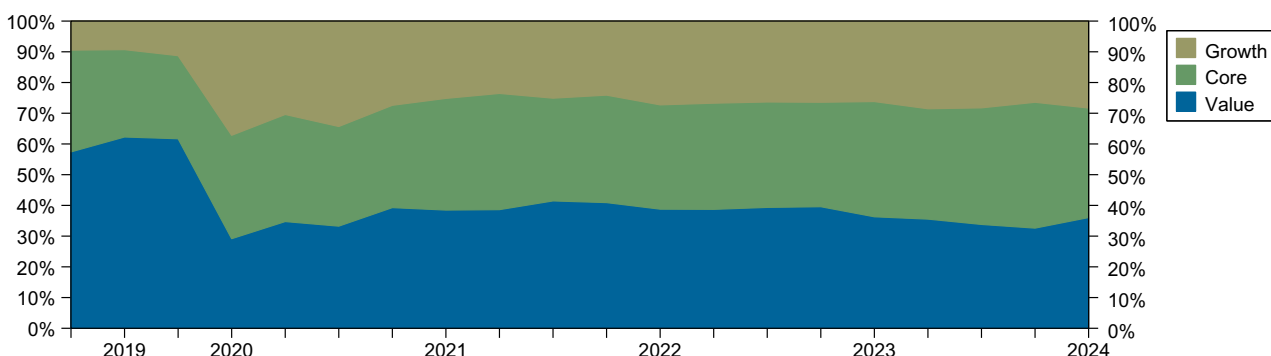
**Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2024**

	Value	Core	Growth	Total
Europe/ Mid East	18.1% (237) 13.3% (468)	16.6% (198) 14.5% (522)	10.9% (191) 18.7% (493)	45.6% (626) 46.5% (1483)
N. America	0.0% (1) 0.0% (1)	0.2% (6) 0.0% (4)	0.0% (0) 0.0% (1)	0.2% (7) 0.0% (6)
Pacific	12.1% (274) 9.2% (548)	8.7% (216) 9.6% (556)	6.5% (176) 10.8% (532)	27.4% (666) 29.6% (1636)
Emerging/ FM	10.1% (2280) 6.2% (454)	9.1% (1909) 7.7% (424)	7.6% (1338) 9.9% (442)	26.8% (5527) 23.9% (1320)
<b>Total</b>	<b>40.4% (2792)</b> <b>28.7% (1471)</b>	<b>34.5% (2329)</b> <b>31.9% (1506)</b>	<b>25.1% (1705)</b> <b>39.4% (1468)</b>	<b>100.0% (6826)</b> <b>100.0% (4445)</b>

**International Equity Historical Region/Style Exposures**



**International Equity Historical Style Only Exposures**





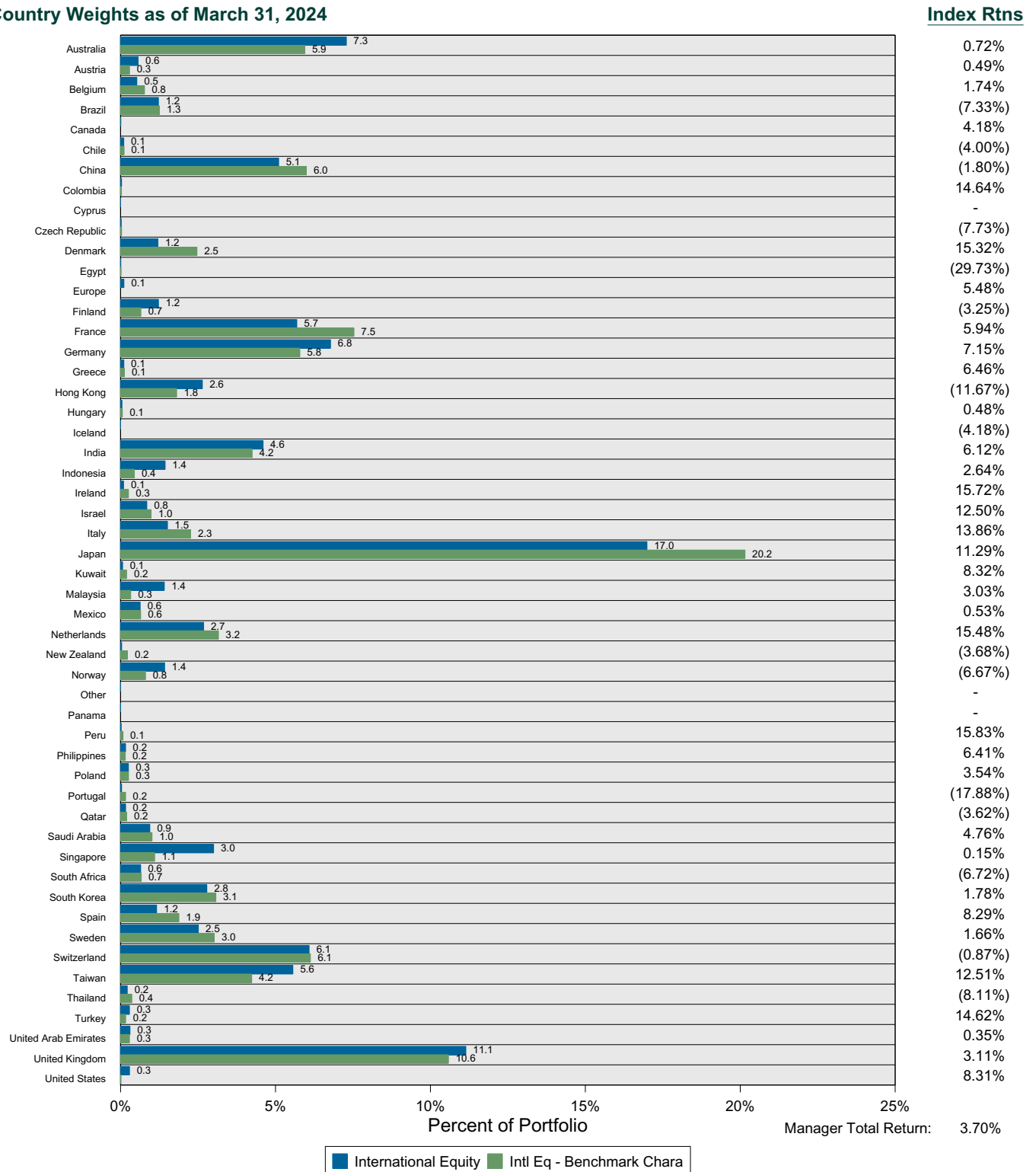
# Country Allocation

## International Equity VS Intl Eq - Benchmark Characteristics

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2024. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

Country Weights as of March 31, 2024



# SSgA EAFE Period Ended March 31, 2024

## Investment Philosophy

Returns prior to 6/30/2012 are linked to a composite history.

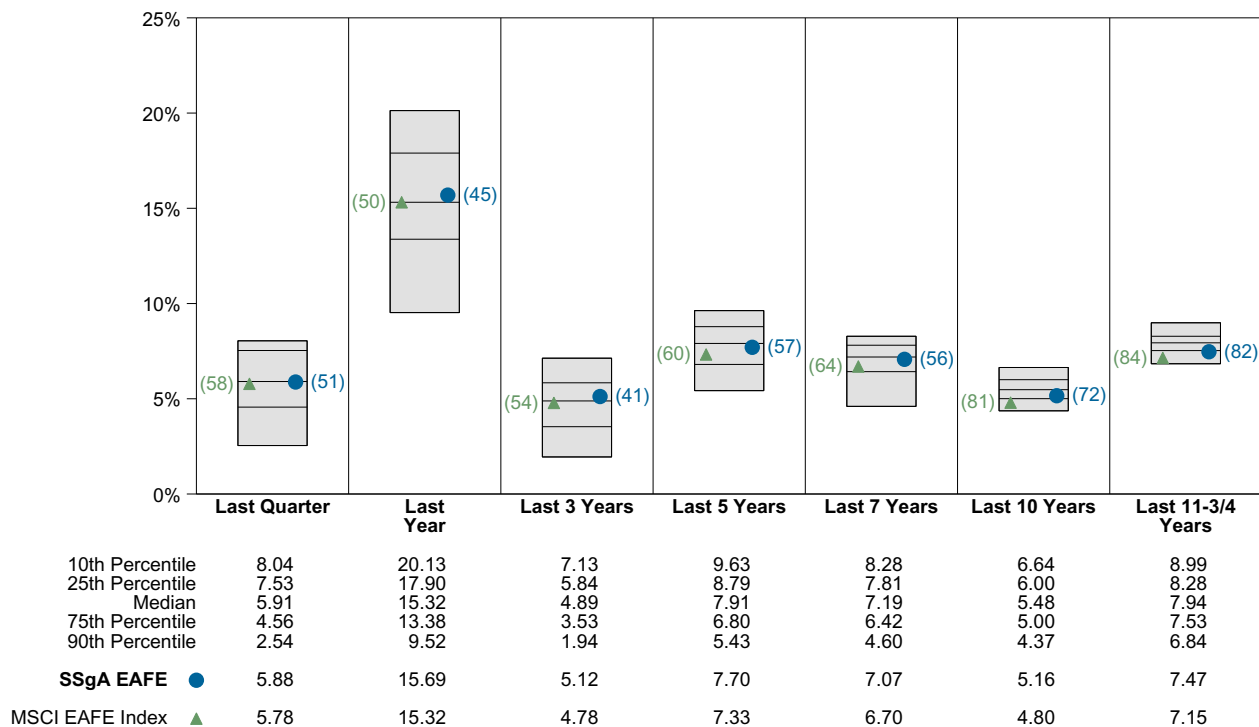
## Quarterly Summary and Highlights

- SSgA EAFE's portfolio posted a 5.88% return for the quarter placing it in the 51 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 45 percentile for the last year.
- SSgA EAFE's portfolio outperformed the MSCI EAFE Index by 0.09% for the quarter and outperformed the MSCI EAFE Index for the year by 0.38%.

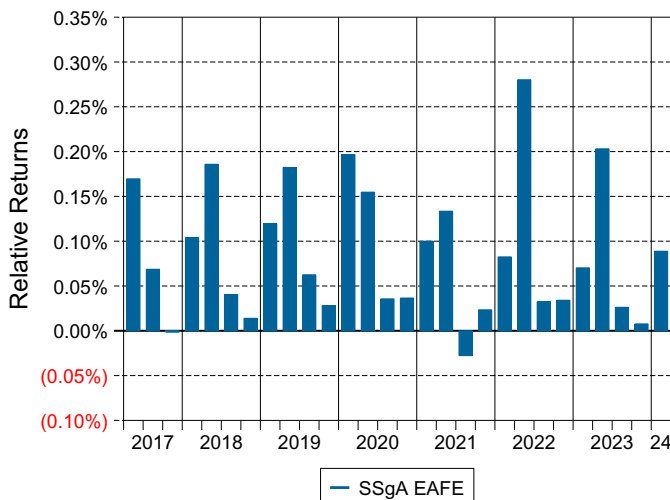
## Quarterly Asset Growth

Beginning Market Value	\$18,902,092
Net New Investment	\$0
Investment Gains/(Losses)	\$1,111,206
Ending Market Value	\$20,013,298

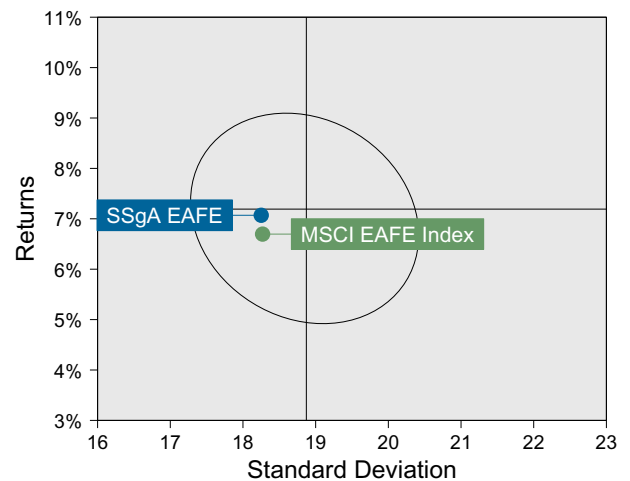
## Performance vs Callan Non-US Developed Core Equity (Gross)



## Relative Return vs MSCI EAFE Index



## Callan Non-US Developed Core Equity (Gross) Annualized Seven Year Risk vs Return

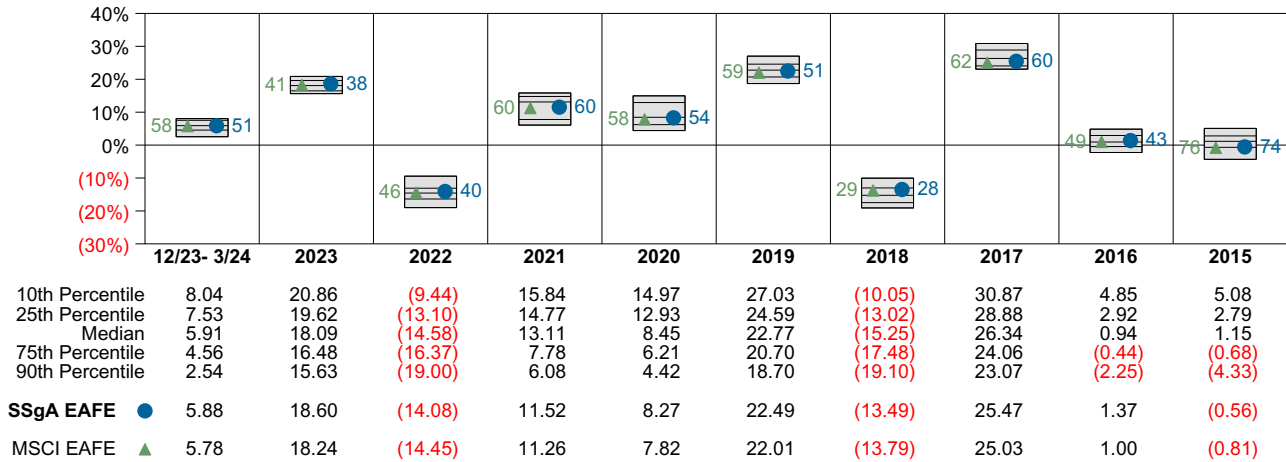


# SSgA EAFE Return Analysis Summary

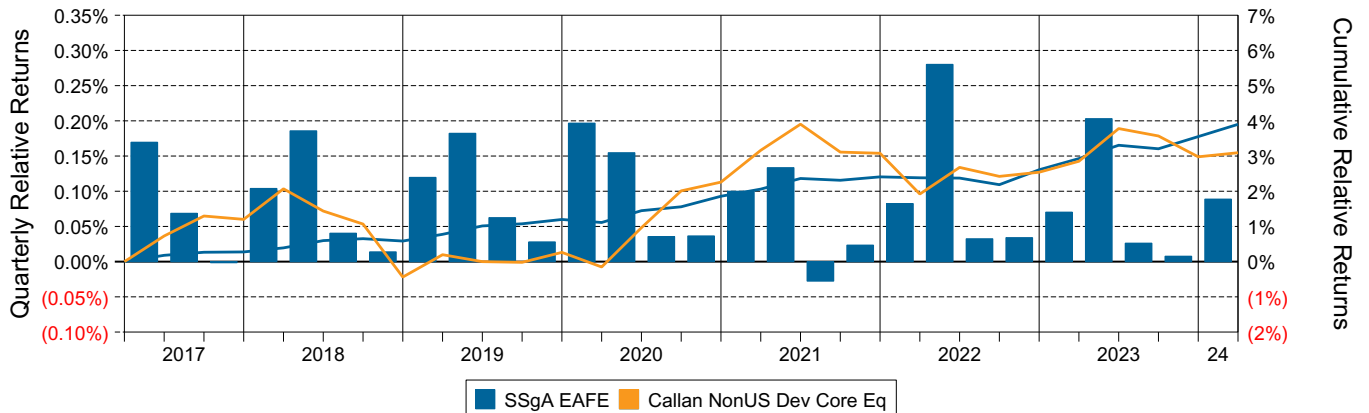
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

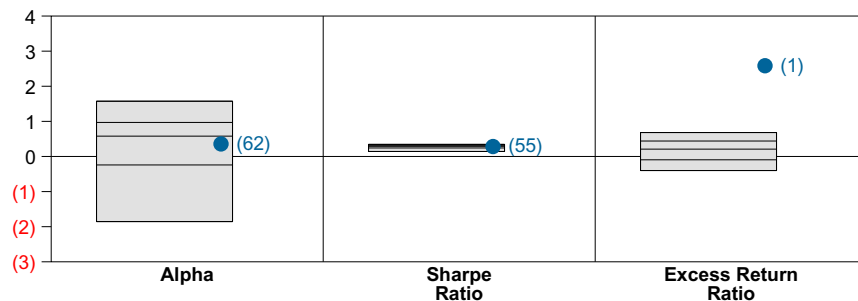
### Performance vs Callan Non-US Developed Core Equity (Gross)



### Cumulative and Quarterly Relative Returns vs MSCI EAFE



### Risk Adjusted Return Measures vs MSCI EAFE Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended March 31, 2024

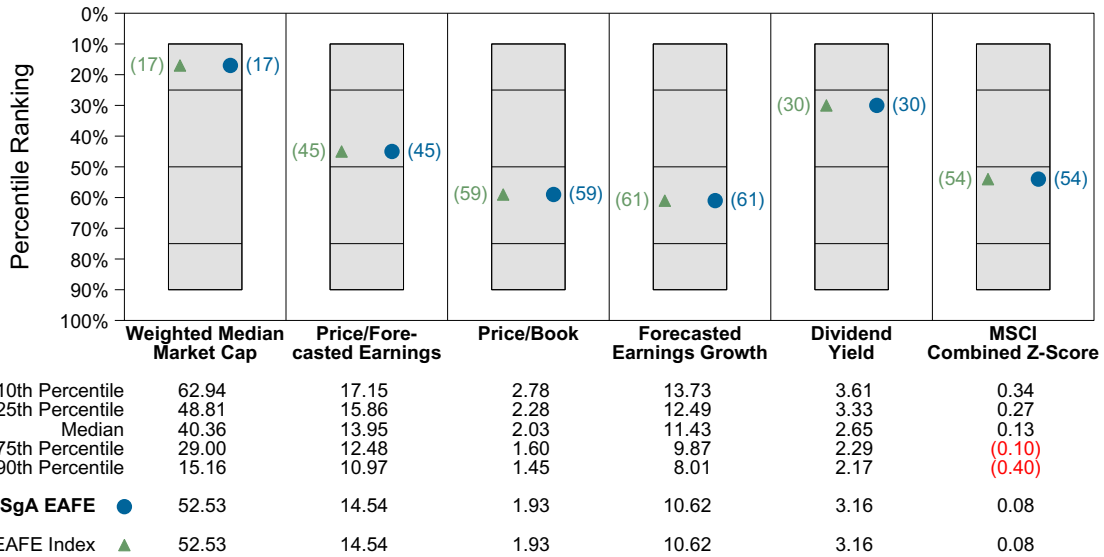


# SSgA EAFE Equity Characteristics Analysis Summary

## Portfolio Characteristics

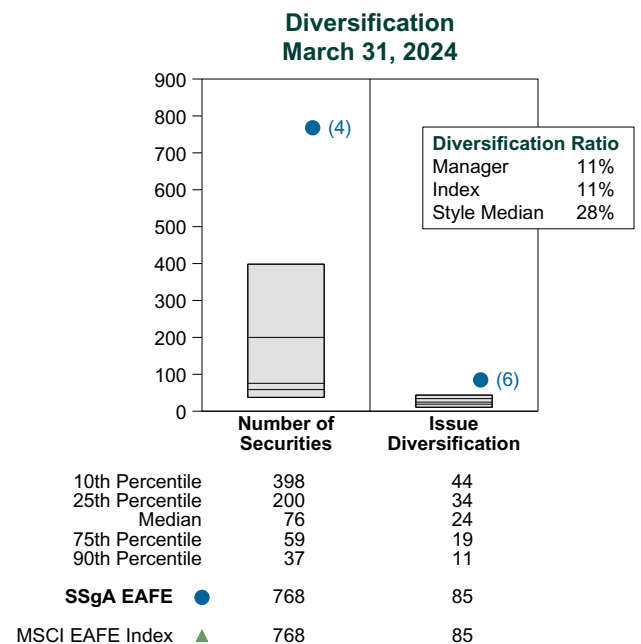
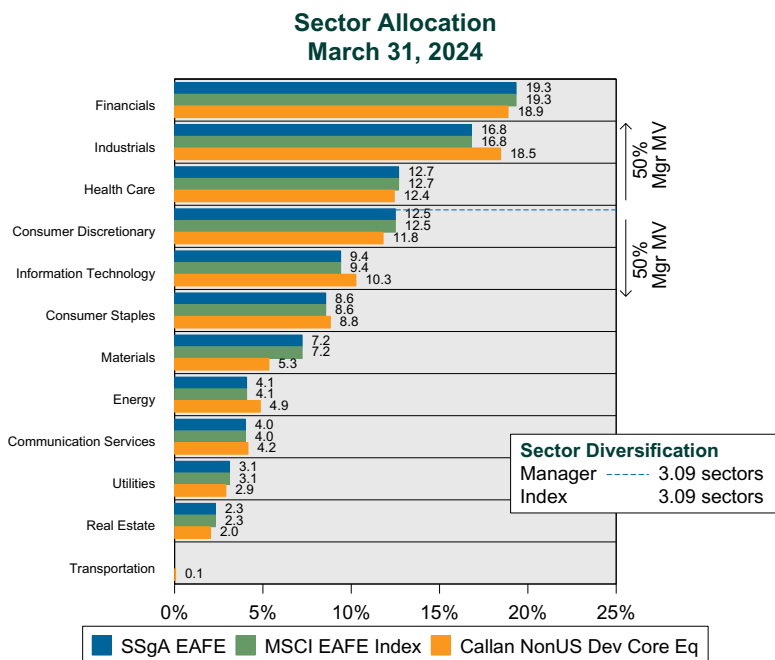
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of March 31, 2024



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



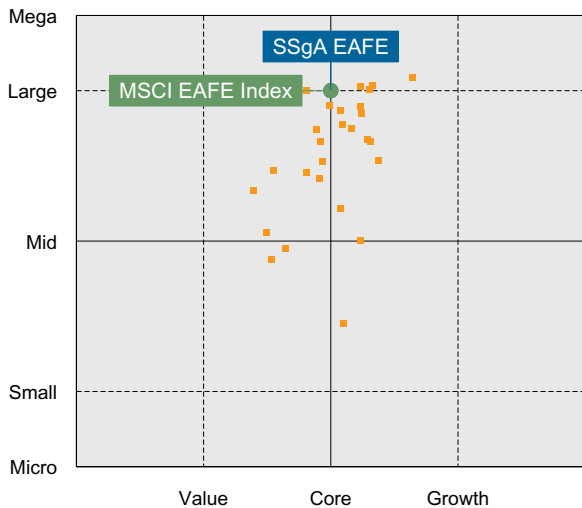
# Current Holdings Based Style Analysis

## SSgA EAFE

### As of March 31, 2024

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

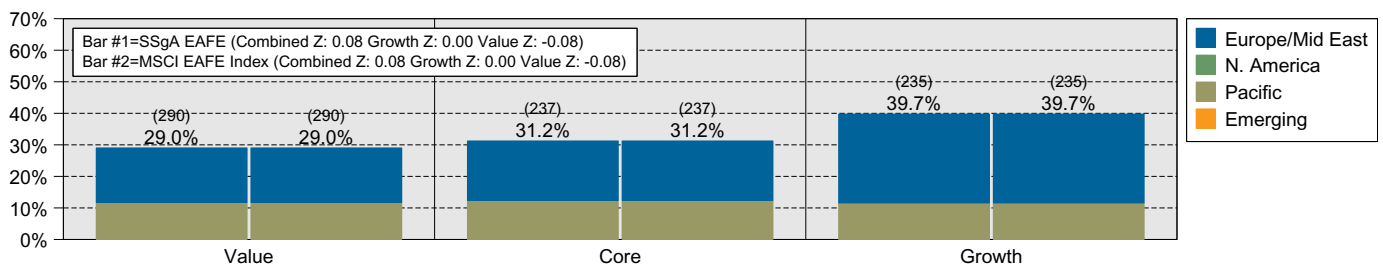
**Style Map vs Callan NonUS Dev Core Eq Holdings as of March 31, 2024**



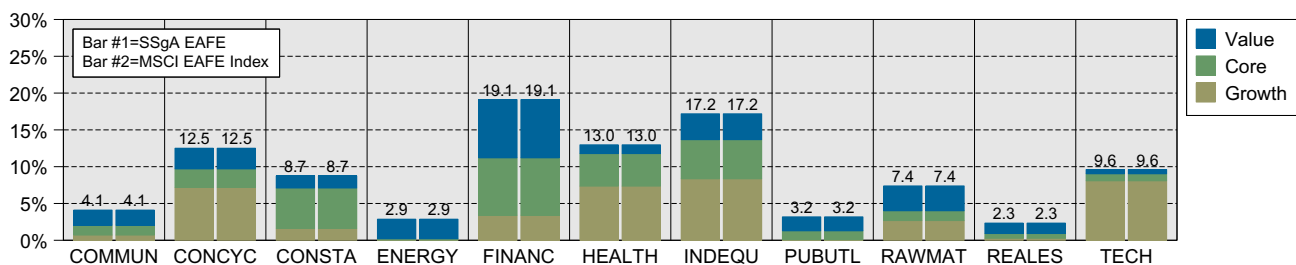
**Style Exposure Matrix Holdings as of March 31, 2024**

	Value	Core	Growth	Total
Europe/ Mid East	17.3% (156)	18.8% (135)	28.2% (138)	64.3% (429)
N. America	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Pacific	11.7% (134)	12.4% (102)	11.6% (97)	35.7% (333)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
<b>Total</b>	<b>29.0% (290)</b>	<b>31.2% (237)</b>	<b>39.7% (235)</b>	<b>100.0% (762)</b>

**Combined Z-Score Style Distribution Holdings as of March 31, 2024**



**Sector Weights Distribution Holdings as of March 31, 2024**



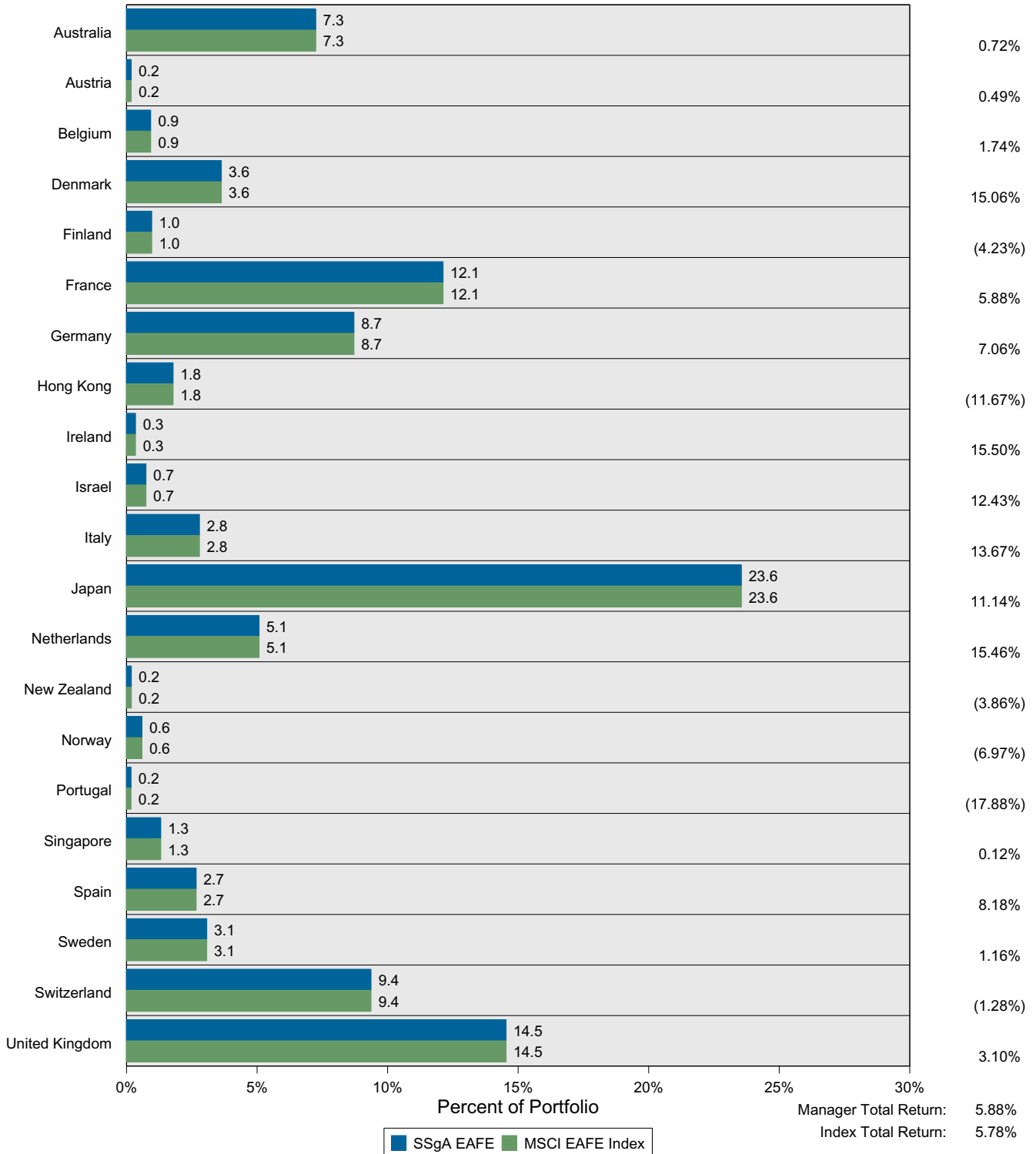
## Country Allocation SSgA EAFE VS MSCI EAFE Index

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2024. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

### Country Weights as of March 31, 2024

### Index Rtns



## SSgA EAFE Top 10 Portfolio Holdings Characteristics as of March 31, 2024

### 10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Novo-Nordisk A S Almindelig Aktie	Health Care	\$492,524	2.5%	24.24%	438.34	35.58	1.07%	19.15%
Asml Holding N V Asml Rev Stk Spl	Information Technology	\$459,446	2.3%	28.18%	385.04	41.98	0.68%	19.60%
Nestle S A Shs Nom New	Consumer Staples	\$335,711	1.7%	(8.24)%	283.84	18.82	3.13%	6.10%
Toyota Motor Corp	Consumer Discretionary	\$314,265	1.6%	36.36%	408.78	11.08	1.71%	29.00%
Lvmh Moet Hennessy Lou Vuitt Ord	Consumer Discretionary	\$294,061	1.5%	11.11%	451.47	25.20	1.56%	7.03%
Astrazeneca Plc Ord	Health Care	\$247,316	1.2%	1.37%	209.11	16.04	2.15%	10.30%
Sap Se Shs	Information Technology	\$240,711	1.2%	26.43%	239.51	34.25	1.22%	22.20%
Novartis	Health Care	\$235,166	1.2%	(0.19)%	212.43	13.43	3.78%	8.20%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$211,915	1.1%	(8.59)%	179.17	12.45	4.18%	3.45%
Hsbc Holdings (Gb)	Financials	\$177,180	0.9%	2.50%	148.23	6.37	5.37%	(1.86)%

### 10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Rheinmetall Ag Ord	Industrials	\$28,989	0.1%	76.47%	24.46	22.57	1.10%	37.90%
Mitsubishi Heavy Industries Shs	Industrials	\$36,280	0.2%	64.69%	32.29	19.10	1.10%	30.56%
Fuji Electric Co Ltd Shs	Industrials	\$10,165	0.1%	57.32%	10.11	19.54	1.17%	12.00%
Screen Hldgs Co Ltd Shs New	Information Technology	\$12,680	0.1%	56.32%	13.40	26.00	1.01%	16.40%
Disco Corp	Information Technology	\$41,165	0.2%	52.79%	40.95	51.31	0.45%	14.40%
Leonardo Spa Shs	Industrials	\$12,035	0.1%	52.40%	14.54	15.23	1.20%	15.98%
Kongsberg Gruppen Asa Shs	Industrials	\$7,188	0.0%	50.76%	12.15	29.07	1.60%	15.80%
Saab Ab Shs B	Industrials	\$8,433	0.0%	47.63%	11.88	29.12	0.67%	25.60%
Tokyo Electron	Information Technology	\$145,847	0.7%	46.77%	123.31	40.72	0.93%	21.44%
Obayashi Corp Ord	Industrials	\$9,452	0.0%	46.25%	8.88	18.57	3.86%	2.40%

### 10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Grifols Sa Barcelona Acciones Por De	Health Care	\$3,177	0.0%	(47.25)%	3.84	8.53	6.33%	2.43%
Koninklijke Dsm NV Shs	Materials	\$25,039	0.1%	(43.93)%	0.29	-	6.35%	(6.68)%
Ocado Group Plc W/I	Consumer Staples	\$3,944	0.0%	(40.54)%	4.76	(12.29)	0.00%	23.60%
Sembcorp Marine Ltd Shs	Industrials	\$3,071	0.0%	(34.56)%	3.99	19.67	0.00%	(60.02)%
Edp Renovaveis	Utilities	\$4,923	0.0%	(33.79)%	13.87	22.43	2.11%	18.05%
Teleperformance Shs	Industrials	\$6,570	0.0%	(33.31)%	6.17	5.85	4.27%	8.12%
St James S Place Cap Plc New Ord	Financials	\$3,807	0.0%	(32.67)%	3.22	6.71	512.83%	(1.50)%
Nibe Industrier Ab Markaryd Shs B	Industrials	\$8,811	0.0%	(30.05)%	8.76	24.48	1.24%	(3.90)%
Worldline	Financials	\$3,527	0.0%	(28.37)%	3.51	5.52	0.00%	11.29%
Z Hldgs Corp Shs	Communication Services	\$8,096	0.0%	(26.70)%	19.56	22.07	1.44%	6.91%

# Pyrford

## Period Ended March 31, 2024

### Investment Philosophy

Returns prior to 6/30/2017 are linked to a composite history.

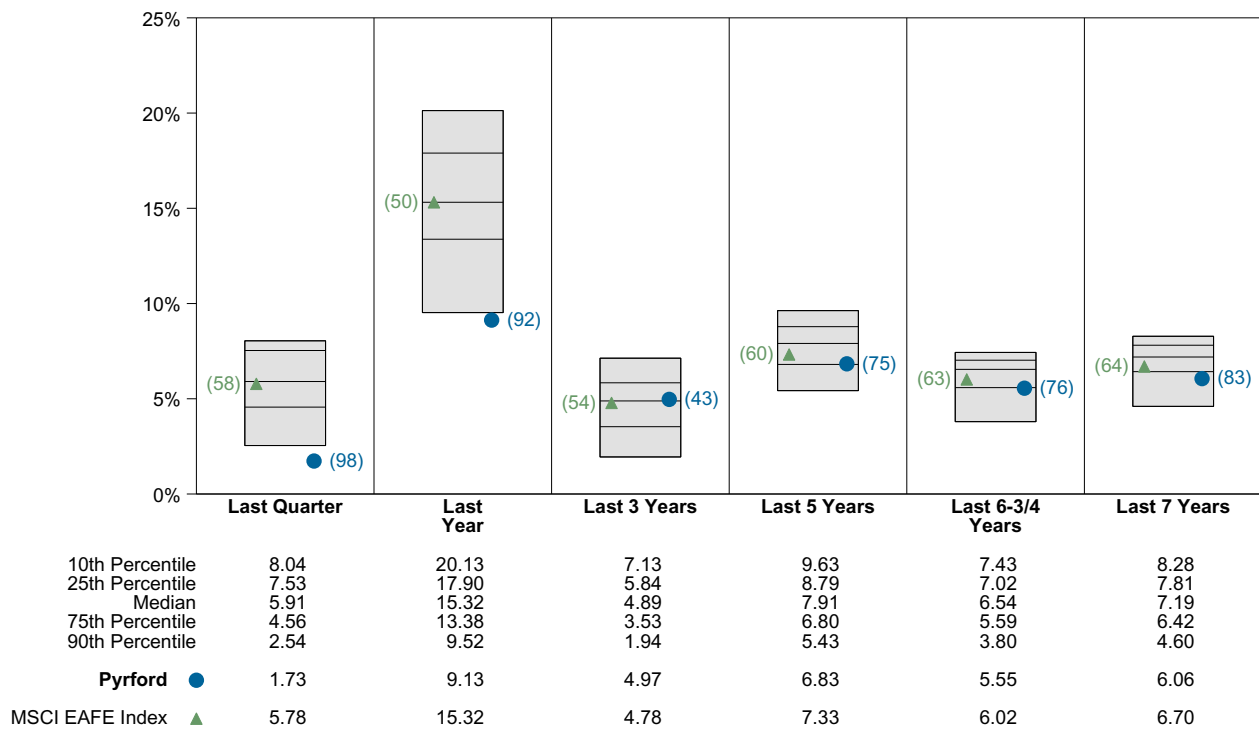
### Quarterly Summary and Highlights

- Pyrford's portfolio posted a 1.73% return for the quarter placing it in the 98 percentile of the Callan Non-US Developed Core Equity group for the quarter and in the 92 percentile for the last year.
- Pyrford's portfolio underperformed the MSCI EAFE Index by 4.05% for the quarter and underperformed the MSCI EAFE Index for the year by 6.19%.

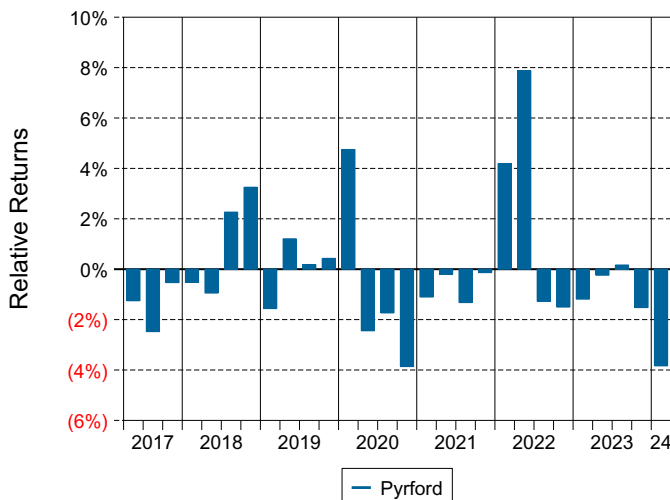
### Quarterly Asset Growth

Beginning Market Value	\$37,904,739
Net New Investment	\$0
Investment Gains/(Losses)	\$655,940
Ending Market Value	\$38,560,680

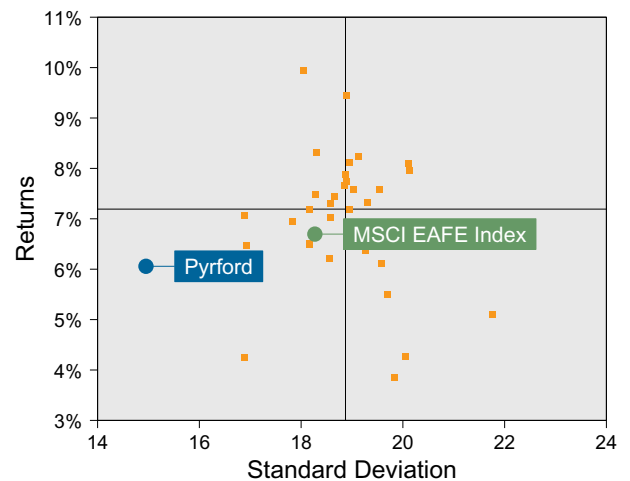
### Performance vs Callan Non-US Developed Core Equity (Gross)



### Relative Return vs MSCI EAFE Index



### Callan Non-US Developed Core Equity (Gross) Annualized Seven Year Risk vs Return



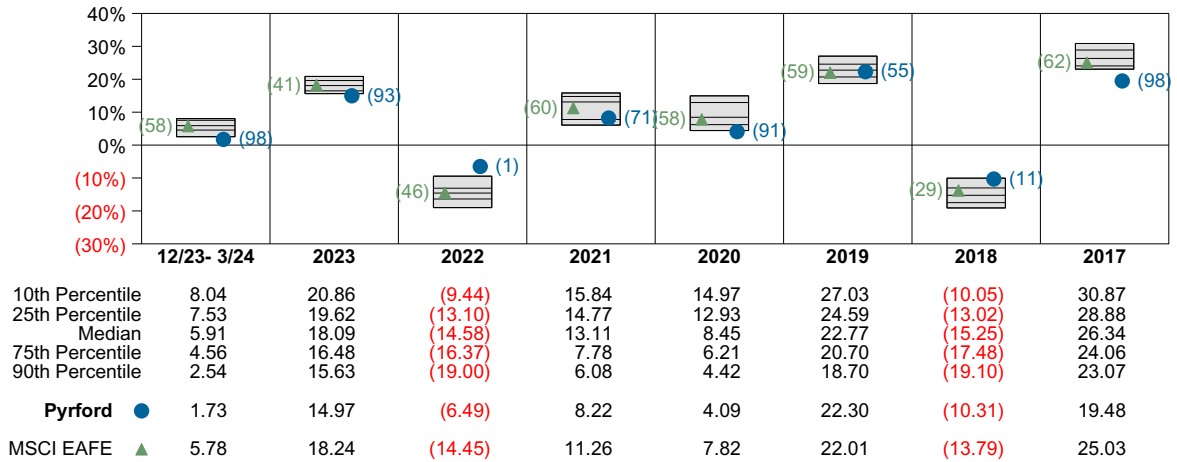


# Pyrford Return Analysis Summary

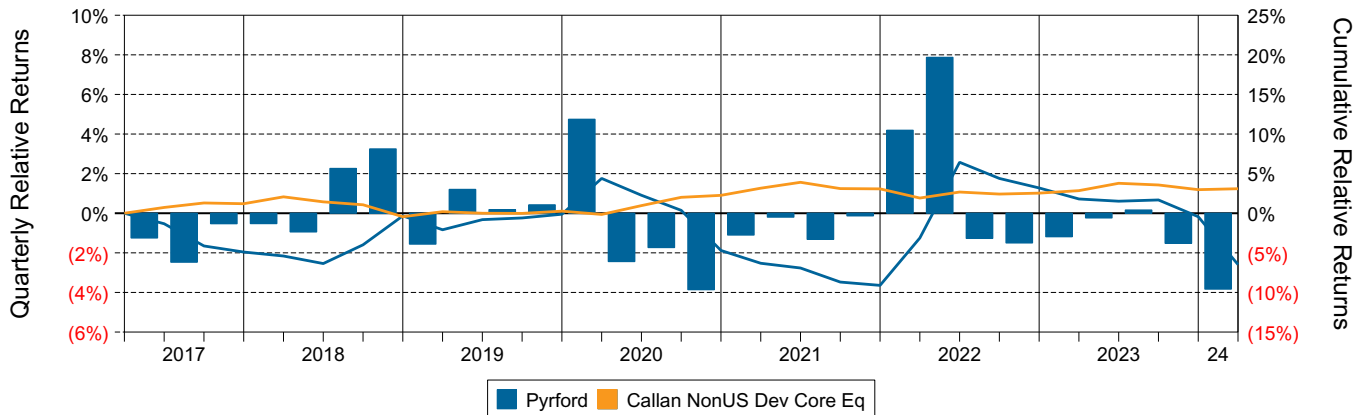
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

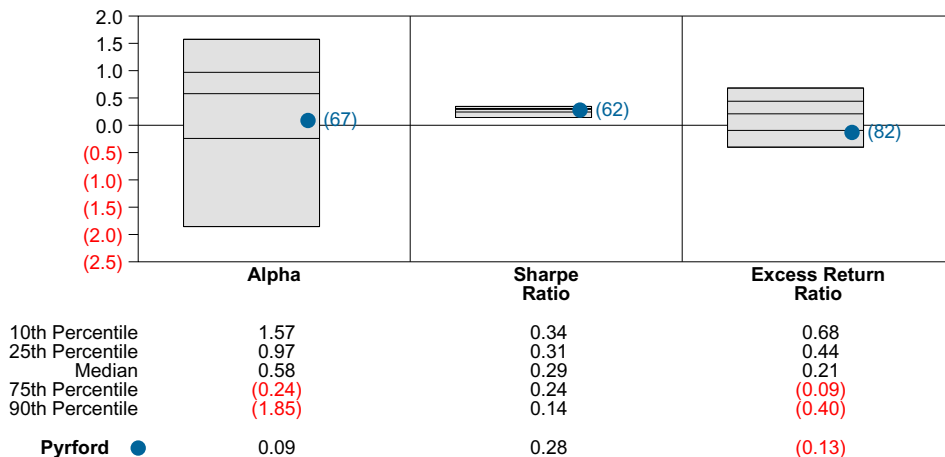
### Performance vs Callan Non-US Developed Core Equity (Gross)



### Cumulative and Quarterly Relative Returns vs MSCI EAFE



### Risk Adjusted Return Measures vs MSCI EAFE Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended March 31, 2024

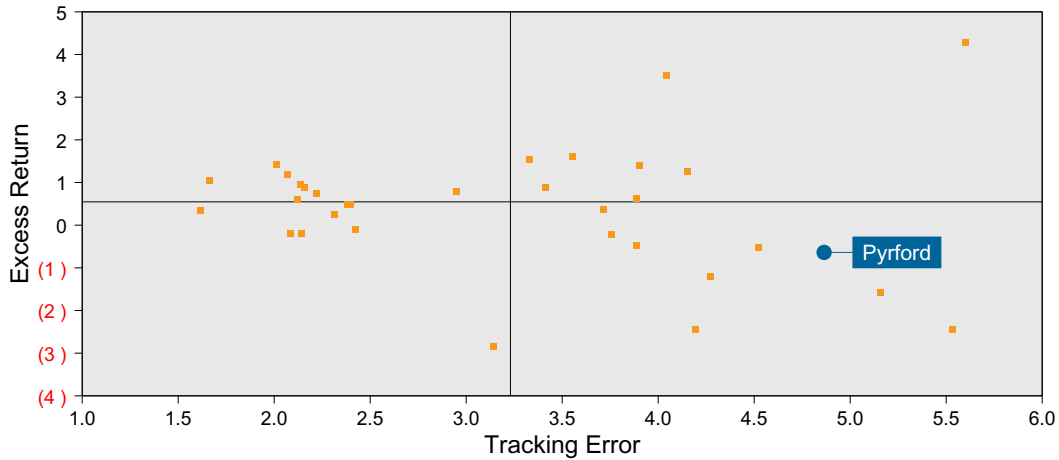


# Pyrford Risk Analysis Summary

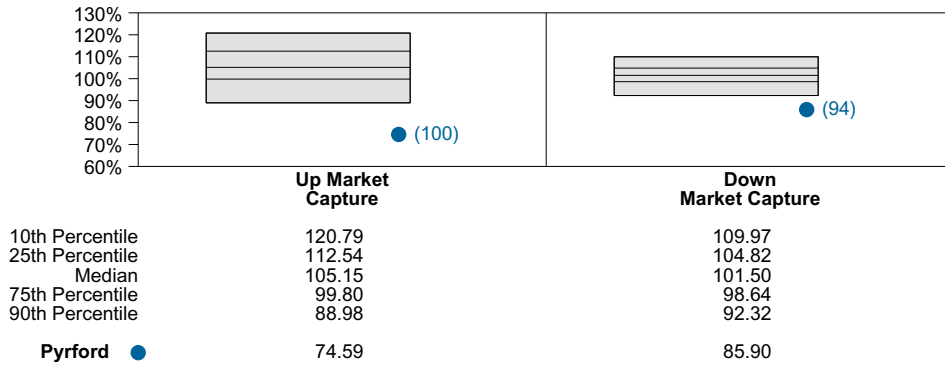
## Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

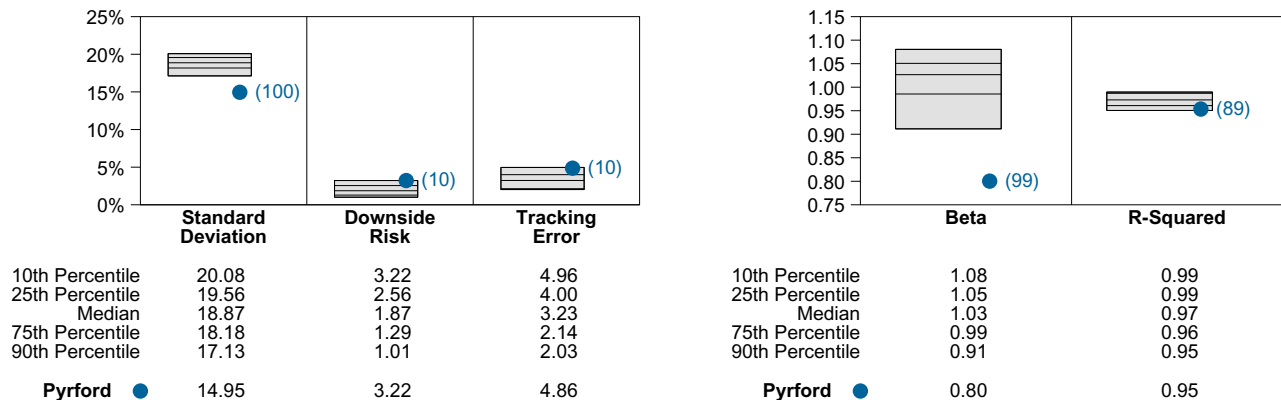
### Risk Analysis vs Callan Non-US Developed Core Equity (Gross) Seven Years Ended March 31, 2024



### Market Capture vs MSCI EAFE (Net) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended March 31, 2024



### Risk Statistics Rankings vs MSCI EAFE (Net) Rankings Against Callan Non-US Developed Core Equity (Gross) Seven Years Ended March 31, 2024

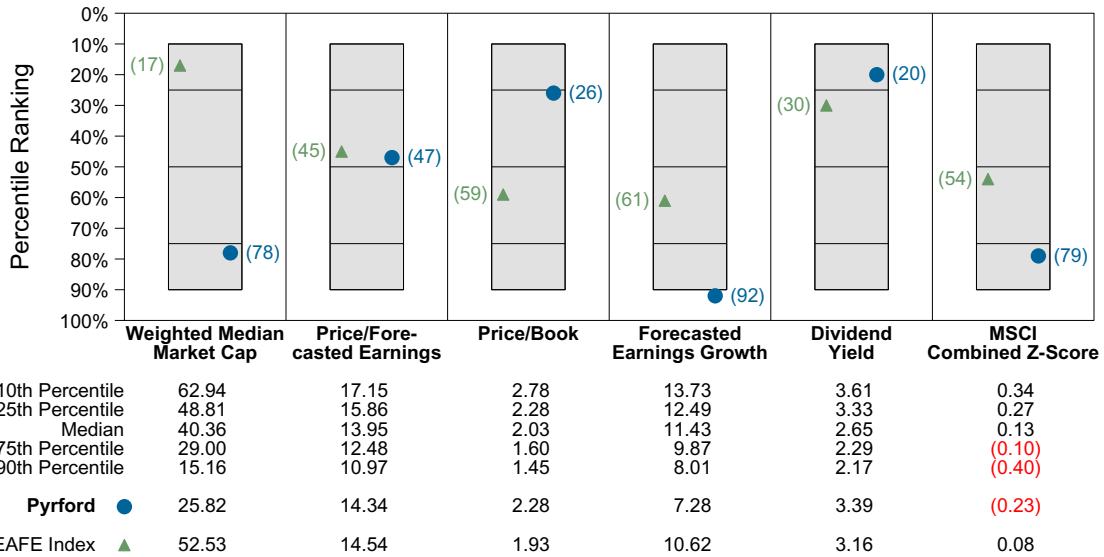


# Pyrford Equity Characteristics Analysis Summary

## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

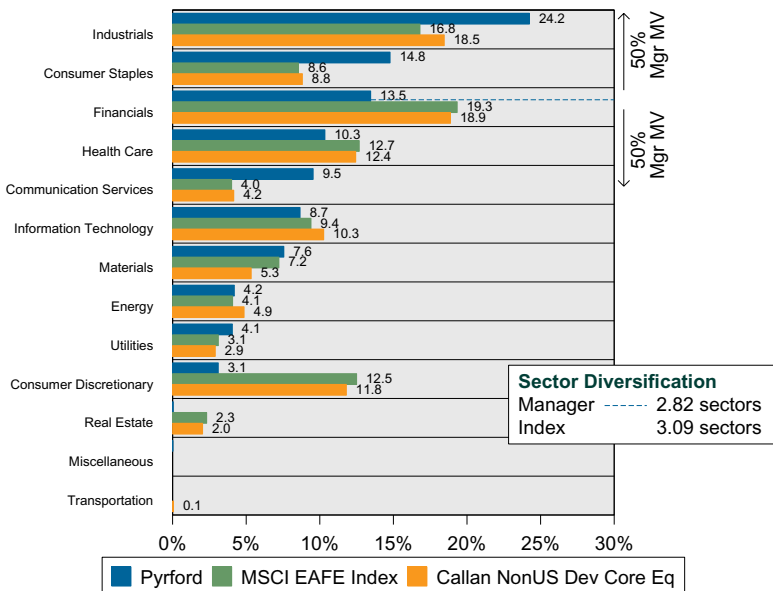
## Portfolio Characteristics Percentile Rankings Rankings Against Callan Non-US Developed Core Equity as of March 31, 2024



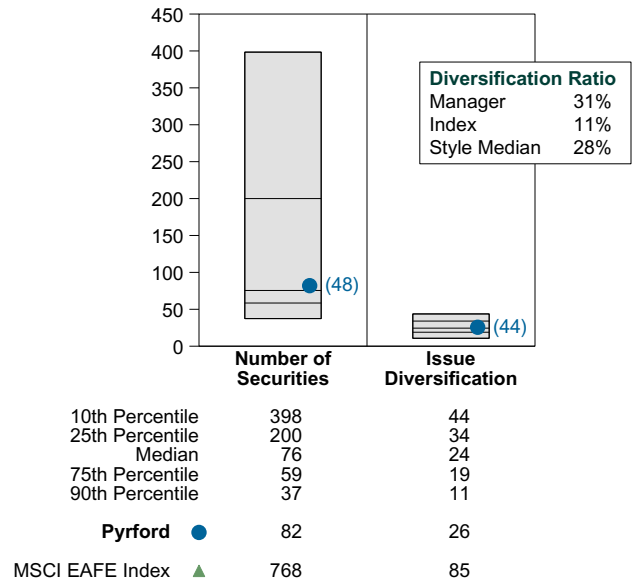
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.

### Sector Allocation March 31, 2024



### Diversification March 31, 2024



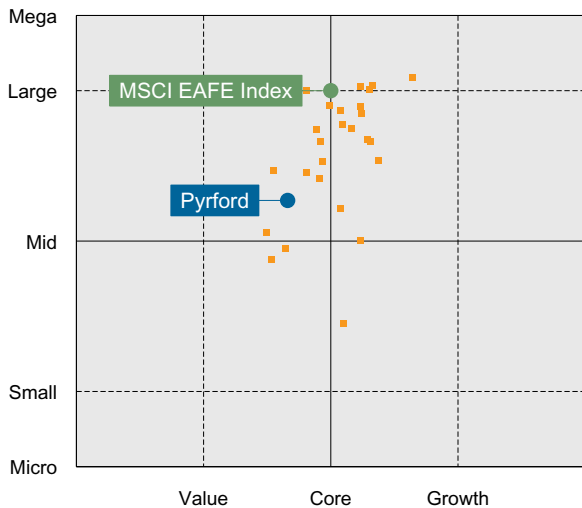
# Current Holdings Based Style Analysis

## Pyrford

### As of March 31, 2024

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

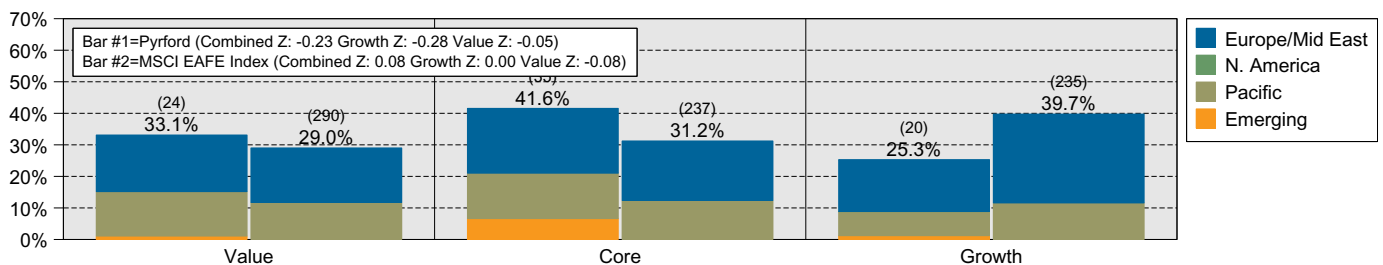
**Style Map vs Callan NonUS Dev Core Eq Holdings as of March 31, 2024**



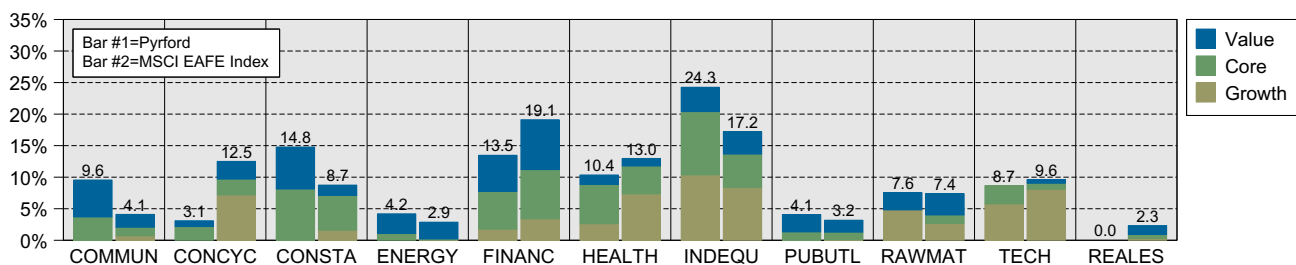
**Style Exposure Matrix Holdings as of March 31, 2024**

	Value	Core	Growth	Total
Europe/ Mid East	17.9% (14)	20.5% (17)	16.5% (13)	54.9% (44)
N. America	17.3% (156)	18.8% (135)	28.2% (138)	64.3% (429)
Pacific	0.0% (0)	0.0% (0)	0.0% (1)	0.0% (1)
Emerging	14.1% (9)	14.4% (11)	7.6% (5)	36.1% (25)
<b>Total</b>	<b>33.1% (24)</b>	<b>41.6% (35)</b>	<b>25.3% (20)</b>	<b>100.0% (79)</b>
	29.0% (290)	31.2% (237)	39.7% (235)	100.0% (762)

**Combined Z-Score Style Distribution Holdings as of March 31, 2024**



**Sector Weights Distribution Holdings as of March 31, 2024**



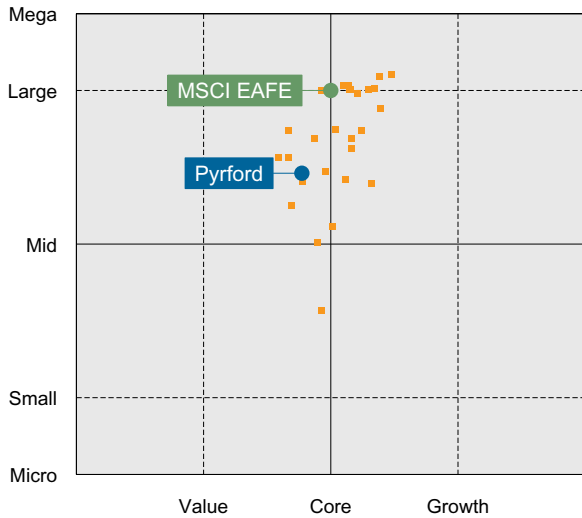
# Historical Holdings Based Style Analysis

## Pyrford

### For Five Years Ended March 31, 2024

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

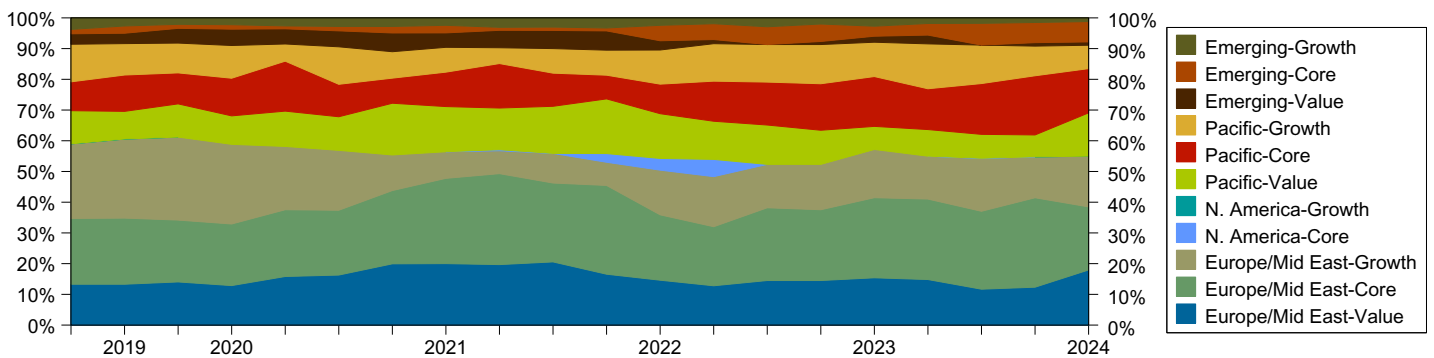
**Average Style Map vs Callan NonUS Dev Core Eq Holdings for Five Years Ended March 31, 2024**



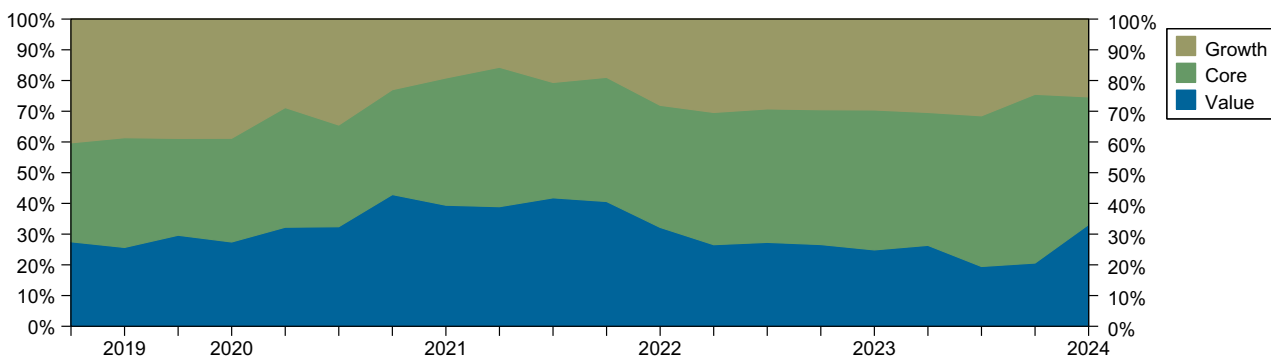
**Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2024**

	Value	Core	Growth	Total
Europe/ Mid East	15.5% (10) 18.5% (147)	23.8% (16) 18.5% (127)	16.2% (13) 26.3% (165)	55.6% (39) 63.3% (439)
N. America	0.0% (0) 0.0% (0)	0.6% (0) 0.0% (0)	0.0% (0) 0.0% (0)	0.6% (0) 0.0% (0)
Pacific	11.8% (7) 11.7% (143)	12.7% (8) 11.3% (123)	10.1% (7) 13.7% (135)	34.7% (22) 36.7% (401)
Emerging	3.4% (2) 0.0% (0)	3.3% (3) 0.0% (0)	2.4% (3) 0.0% (0)	9.1% (8) 0.0% (0)
<b>Total</b>	<b>30.8% (19)</b> <b>30.2% (290)</b>	<b>40.4% (27)</b> <b>29.8% (250)</b>	<b>28.8% (23)</b> <b>40.0% (300)</b>	<b>100.0% (69)</b> <b>100.0% (840)</b>

### Pyrford Historical Region/Style Exposures



### Pyrford Historical Style Only Exposures



# Country Allocation

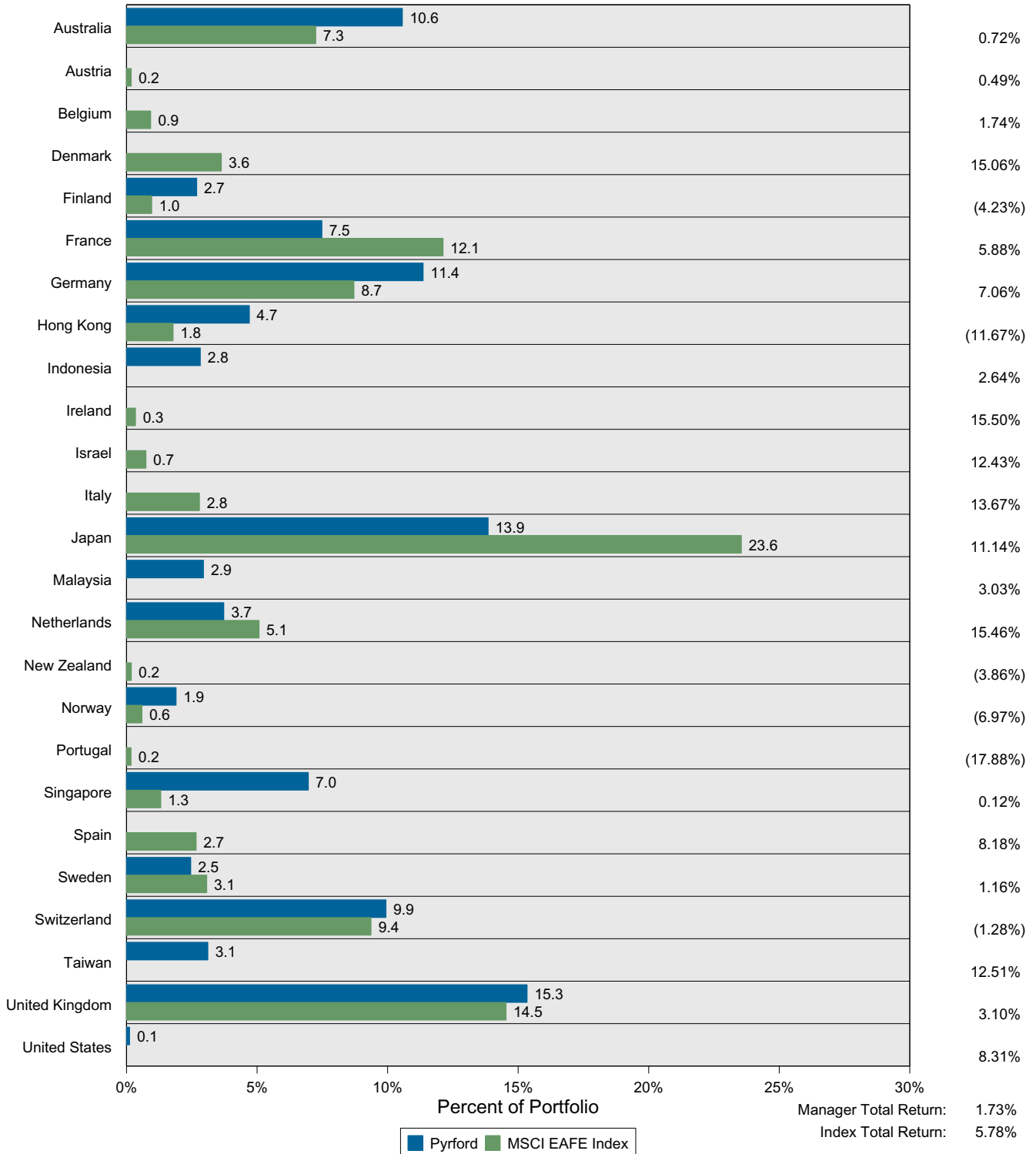
## Pyrford VS MSCI EAFE Index

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2024. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

Country Weights as of March 31, 2024

Index Rtns



## Pyrford Top 10 Portfolio Holdings Characteristics as of March 31, 2024

### 10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Japan Tobacco Inc Ord	Consumer Staples	\$1,026,690	2.7%	3.77%	53.57	14.66	4.78%	7.04%
United Overseas Bk Ltd Shs	Financials	\$941,541	2.4%	0.69%	36.61	8.31	5.80%	1.65%
Nestle S A Shs Nom New	Consumer Staples	\$916,606	2.4%	(8.24)%	283.84	18.82	3.13%	6.10%
Brambles Ltd Npv	Industrials	\$873,054	2.3%	14.33%	14.66	17.86	2.78%	11.68%
Mitsubishi Elec Corp Shs	Industrials	\$867,295	2.2%	18.45%	35.64	18.36	1.99%	7.30%
Kddi	Communication Services	\$830,859	2.2%	(5.47)%	68.19	12.85	3.12%	7.82%
Air Liquide Sa	Materials	\$823,403	2.1%	7.05%	109.27	27.02	1.66%	10.60%
Sap Se Shs	Information Technology	\$803,111	2.1%	26.43%	239.51	34.25	1.22%	22.20%
Roche Hldgs Ag Basel Div Rts Ctf	Health Care	\$779,991	2.0%	(8.59)%	179.17	12.45	4.18%	3.45%
Unilever Plc Shs	Consumer Staples	\$773,959	2.0%	4.62%	125.67	16.81	3.73%	5.80%

### 10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Rubis Ord Shs	Utilities	\$387,972	1.0%	42.26%	3.66	9.47	5.86%	15.36%
Idaho Strategic Resources	Materials	\$18,204	0.0%	33.63%	0.11	95.06	0.00%	-
Asm Pacific Technology Ltd Ord	Information Technology	\$303,061	0.8%	31.78%	5.21	23.86	0.88%	5.59%
Taiwan Semicond Manufac Co L Shs	Information Technology	\$452,198	1.2%	26.55%	631.29	19.14	1.67%	11.74%
Sap Se Shs	Information Technology	\$803,111	2.1%	26.43%	239.51	34.25	1.22%	22.20%
Bureau Veritas Registre Inte Shs	Industrials	\$572,225	1.5%	20.89%	13.86	20.58	2.93%	8.20%
Mitsubishi Elec Corp Shs	Industrials	\$867,295	2.2%	18.45%	35.64	18.36	1.99%	7.30%
Qbe Insurance Group Ltd Shs	Financials	\$545,314	1.4%	18.38%	17.71	9.78	3.38%	13.55%
Gsk Plc Ord	Health Care	\$584,465	1.5%	17.87%	89.46	10.52	3.40%	8.09%
Toyota Tsusho Corp Shs	Industrials	\$201,298	0.5%	16.49%	24.01	10.39	2.44%	9.20%

### 10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Aia Group Ltd Com Par Usd 1	Financials	\$536,507	1.4%	(22.95)%	75.83	12.30	3.13%	(4.53)%
Infineon Technologies Ag Namens Akt	Information Technology	\$272,925	0.7%	(17.74)%	44.32	13.36	1.11%	4.24%
Reckitt Benckiser Group Plc	Consumer Staples	\$436,637	1.1%	(17.51)%	40.38	13.78	426.62%	3.26%
Nabtesco Corp Tokyo Shs	Industrials	\$568,871	1.5%	(17.13)%	2.05	23.20	3.13%	27.80%
Nihon Kohden Corp Shs	Health Care	\$565,669	1.5%	(15.78)%	2.33	20.62	1.52%	8.26%
Fielmann	Consumer Discretionary	\$237,669	0.6%	(14.75)%	3.86	21.69	1.76%	21.95%
Pt Telekomunikasi Indo Perse Shs Ser	Communication Services	\$481,189	1.2%	(14.69)%	21.68	11.58	4.80%	4.34%
Royal Philips NV Shs	Health Care	\$244,498	0.6%	(13.73)%	18.36	13.46	4.38%	18.00%
Woolworths Ltd	Consumer Staples	\$713,045	1.8%	(13.52)%	26.44	22.04	3.17%	7.41%
Deutsche Post Ag Bonn Namen Akt	Industrials	\$584,314	1.5%	(12.99)%	53.41	12.45	4.63%	5.35%

# AQR

## Period Ended March 31, 2024

### Investment Philosophy

Returns prior to 9/30/2016 are linked to a composite history.

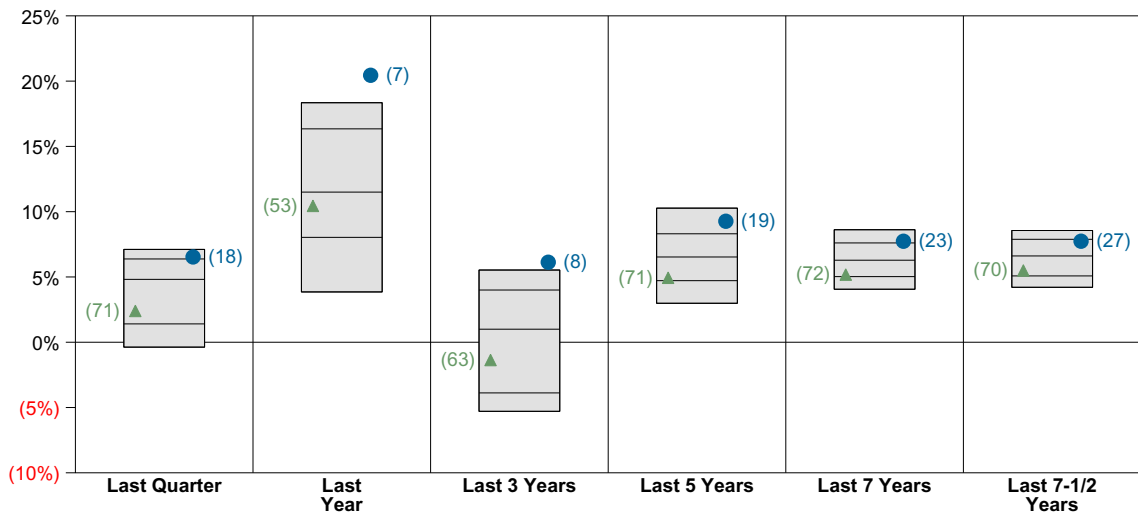
### Quarterly Summary and Highlights

- AQR's portfolio posted a 6.53% return for the quarter placing it in the 18 percentile of the Callan International Small Cap group for the quarter and in the 7 percentile for the last year.
- AQR's portfolio outperformed the MSCI EAFE Small Cap Index by 4.13% for the quarter and outperformed the MSCI EAFE Small Cap Index for the year by 10.00%.

### Quarterly Asset Growth

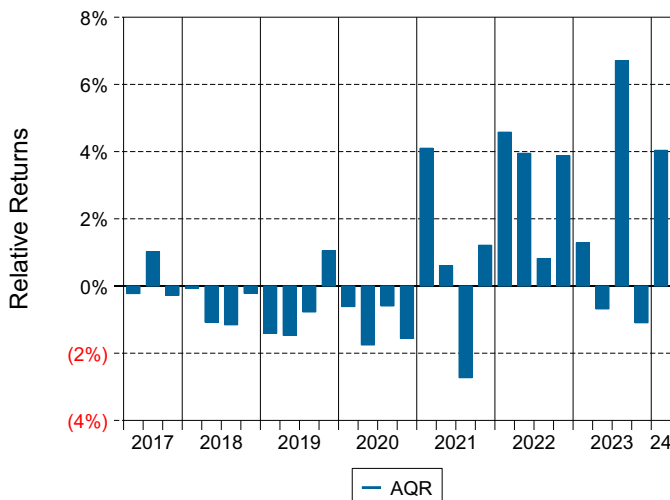
Beginning Market Value	\$21,799,242
Net New Investment	\$0
Investment Gains/(Losses)	\$1,472,063
Ending Market Value	\$23,271,306

### Performance vs Callan International Small Cap (Gross)

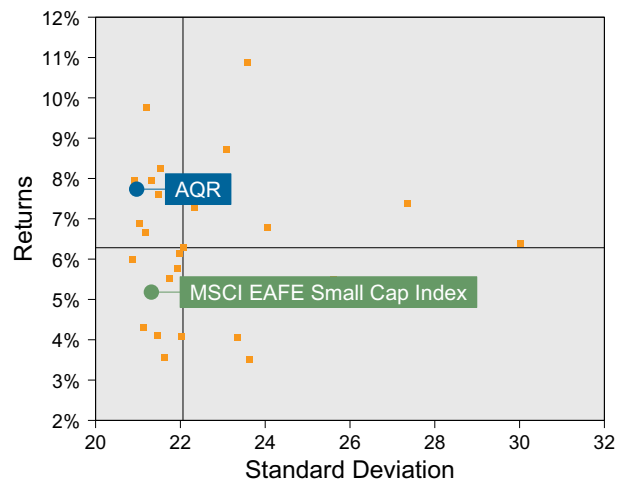


10th Percentile	7.11	18.35	5.53	10.27	8.62	8.56
25th Percentile	6.38	16.34	4.00	8.31	7.61	7.88
Median	4.82	11.50	1.00	6.53	6.28	6.61
75th Percentile	1.41	8.03	(3.88)	4.72	5.03	5.08
90th Percentile	(0.38)	3.85	(5.29)	2.98	4.06	4.21
<b>AQR</b> ●	6.53	20.45	6.13	9.27	7.74	7.74
MSCI EAFE Small Cap Index ▲	2.40	10.45	(1.36)	4.94	5.18	5.50

### Relative Returns vs MSCI EAFE Small Cap Index



### Callan International Small Cap (Gross) Annualized Seven Year Risk vs Return



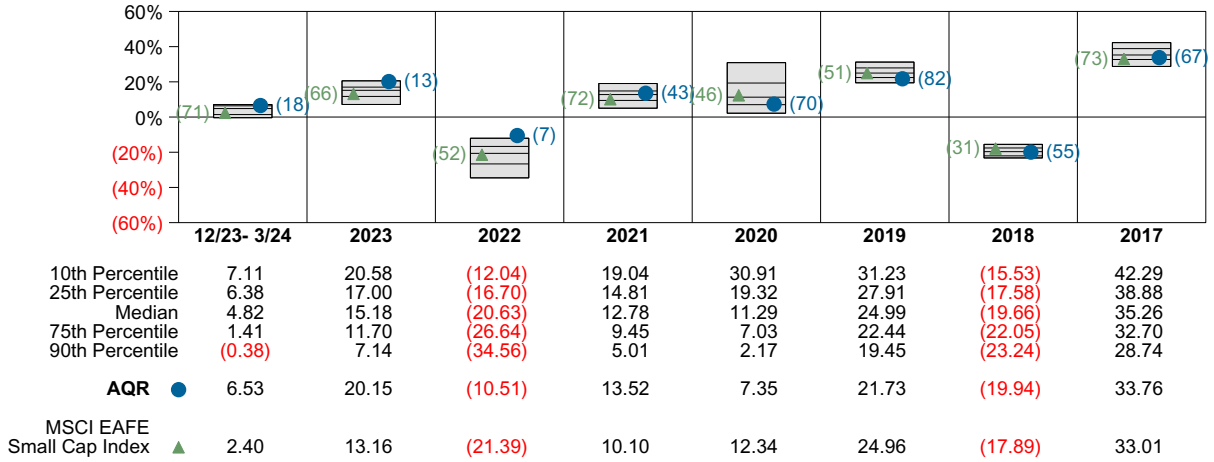


# AQR Return Analysis Summary

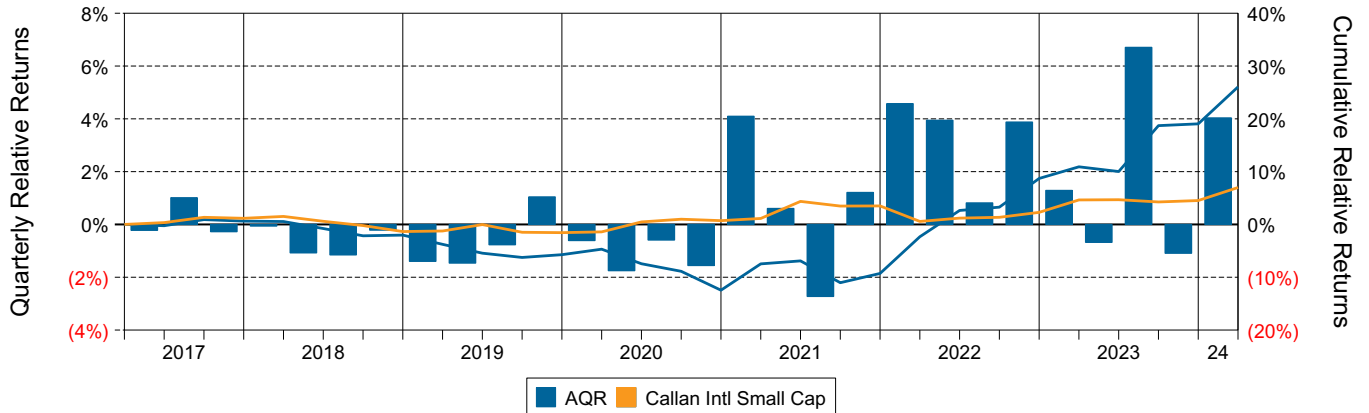
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

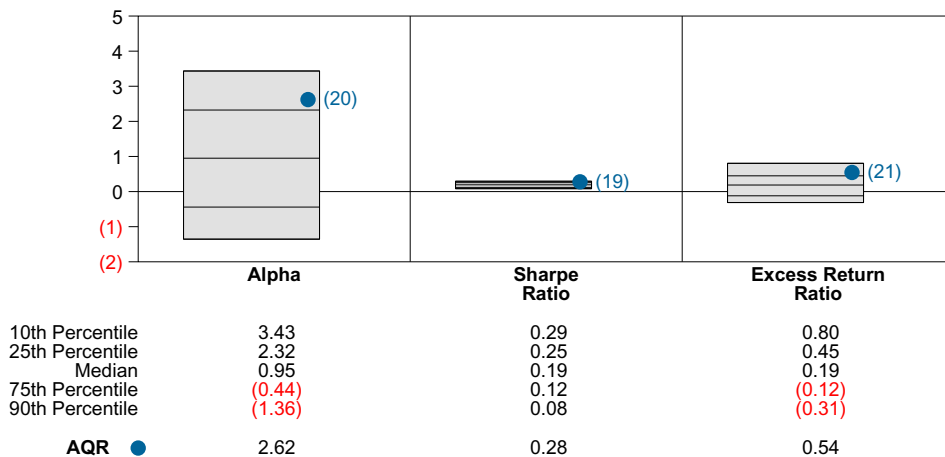
### Performance vs Callan International Small Cap (Gross)



### Cumulative and Quarterly Relative Returns vs MSCI EAFE Small Cap Index



### Risk Adjusted Return Measures vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended March 31, 2024



# AQR Risk Analysis Summary

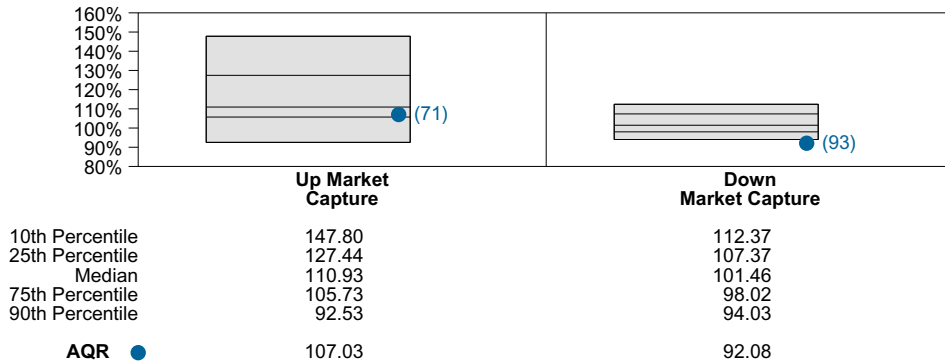
## Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

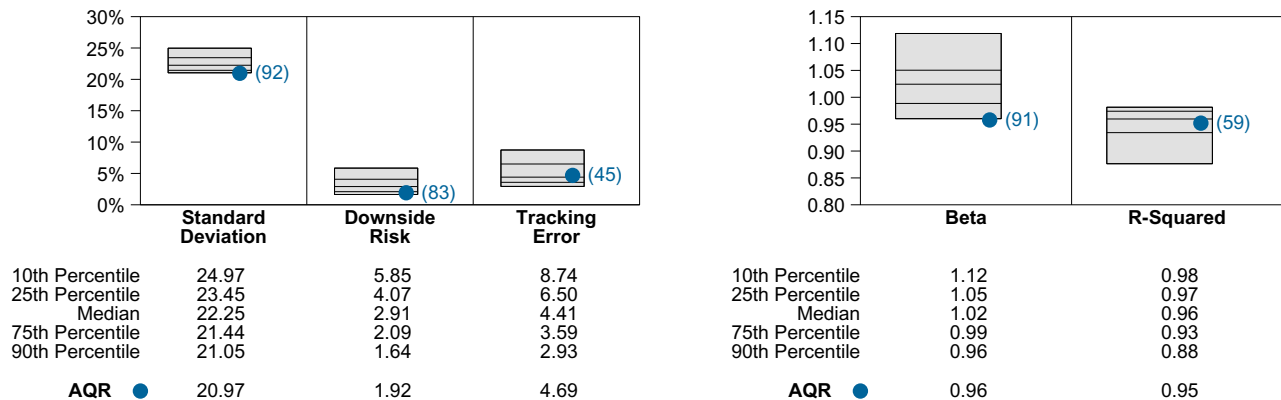
### Risk Analysis vs Callan International Small Cap (Gross) Seven Years Ended March 31, 2024



### Market Capture vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended March 31, 2024



### Risk Statistics Rankings vs MSCI EAFE Small Cap Index Rankings Against Callan International Small Cap (Gross) Seven Years Ended March 31, 2024

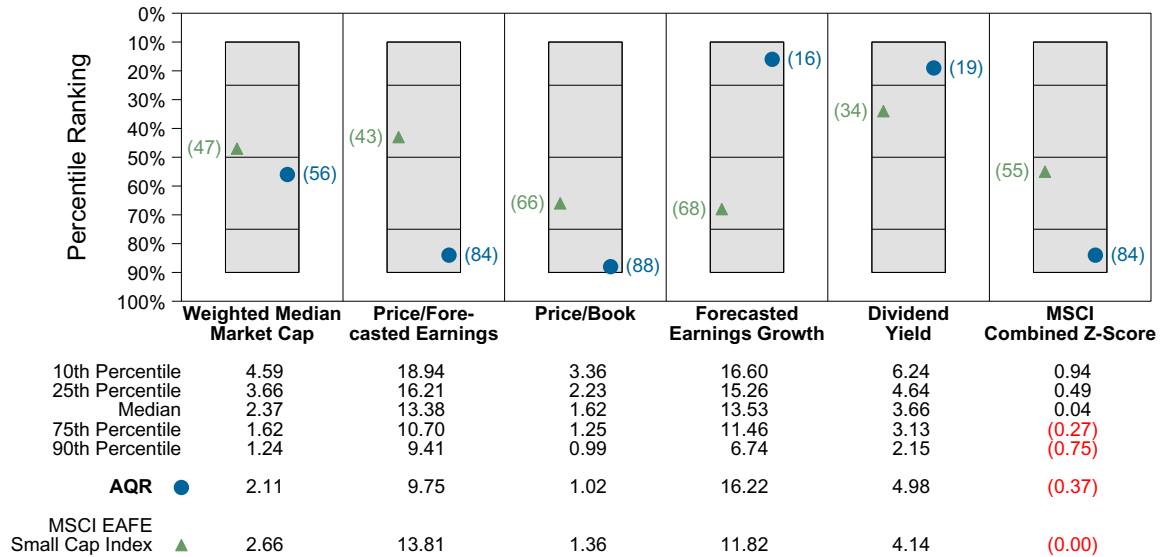


# AQR Equity Characteristics Analysis Summary

## Portfolio Characteristics

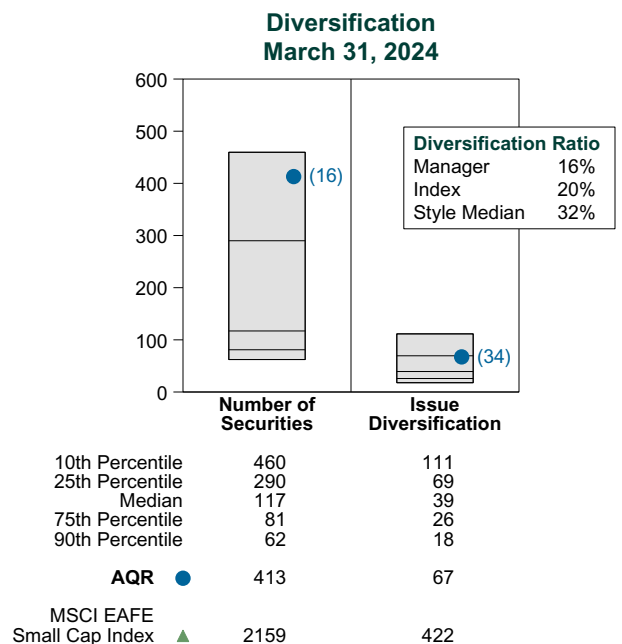
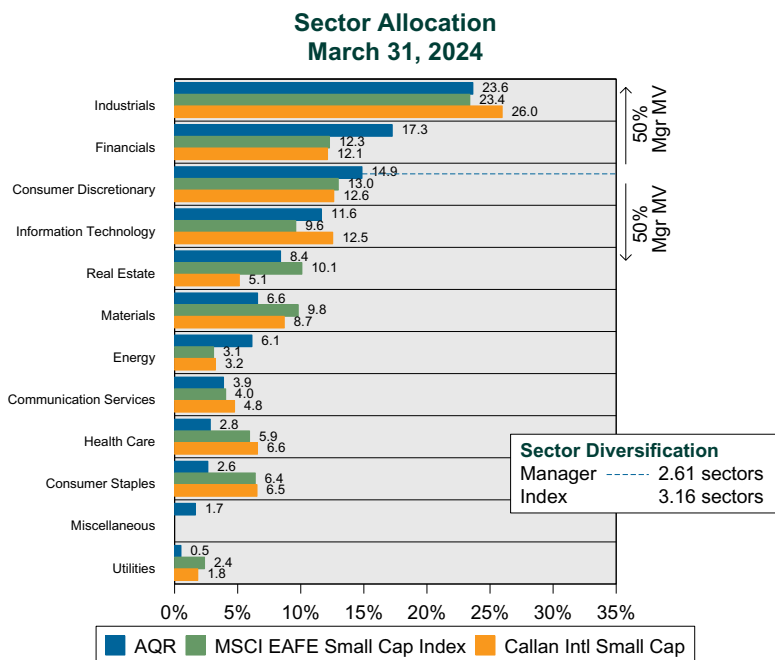
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against Callan International Small Cap as of March 31, 2024



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



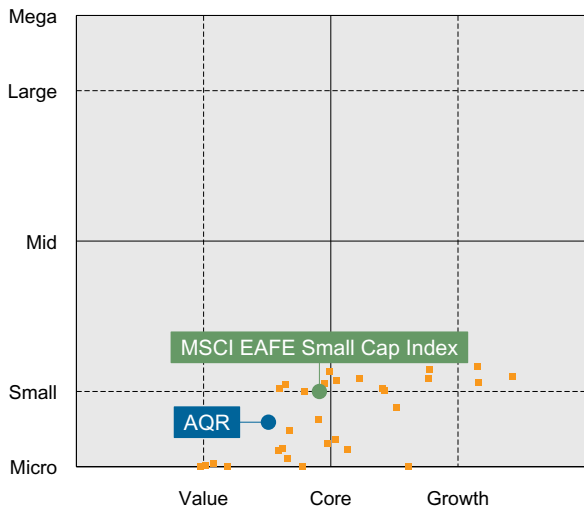
# Current Holdings Based Style Analysis

## AQR

### As of March 31, 2024

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

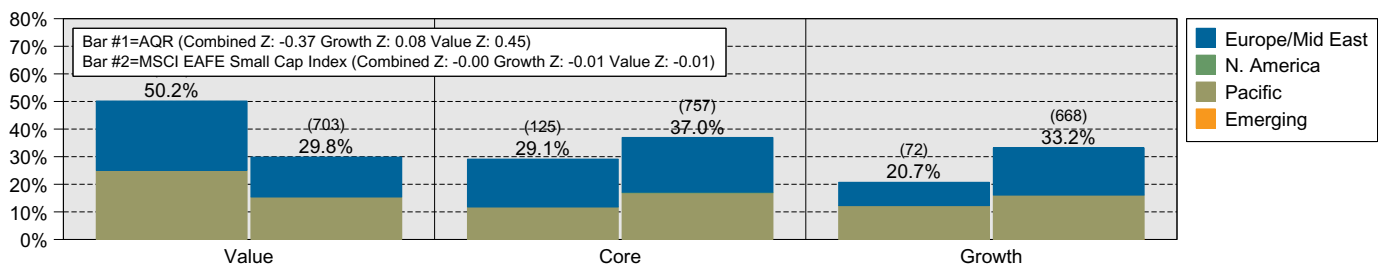
**Style Map vs Callan Intl Small Cap Holdings as of March 31, 2024**



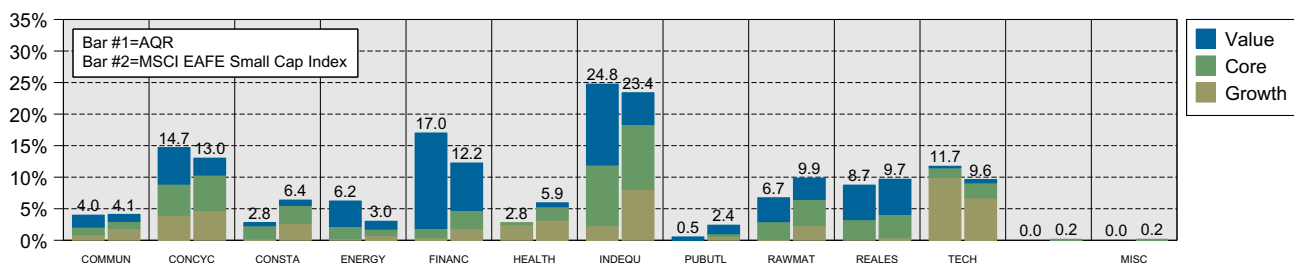
**Style Exposure Matrix Holdings as of March 31, 2024**

	Value	Core	Growth	Total
Europe/ Mid East	25.0% (80)	17.3% (69)	8.4% (31)	50.8% (180)
N. America	14.4% (311)	19.9% (360)	17.1% (303)	51.4% (974)
Pacific	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Emerging	0.0% (0)	0.2% (5)	0.0% (0)	0.2% (5)
<b>Total</b>	<b>25.1% (110)</b>	<b>11.8% (56)</b>	<b>12.3% (41)</b>	<b>49.2% (207)</b>
	15.4% (392)	16.9% (392)	16.0% (364)	48.2% (1148)
Emerging	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
	0.0% (0)	0.0% (0)	0.1% (1)	0.1% (1)
<b>Total</b>	<b>50.2% (190)</b>	<b>29.1% (125)</b>	<b>20.7% (72)</b>	<b>100.0% (387)</b>
	29.8% (703)	37.0% (757)	33.2% (668)	100.0% (2128)

**Combined Z-Score Style Distribution Holdings as of March 31, 2024**



**Sector Weights Distribution Holdings as of March 31, 2024**



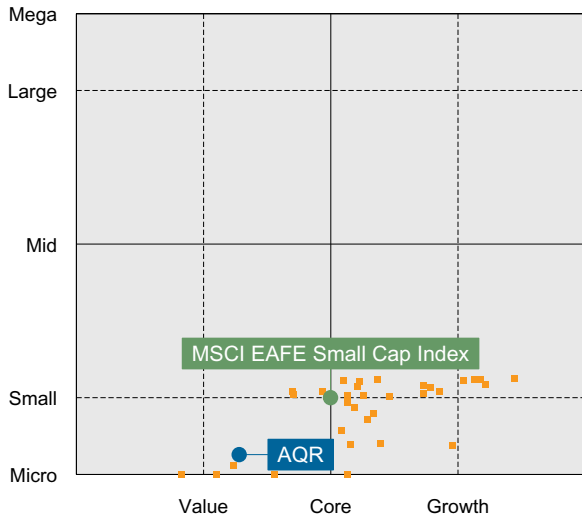
# Historical Holdings Based Style Analysis

## AQR

### For Five Years Ended March 31, 2024

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

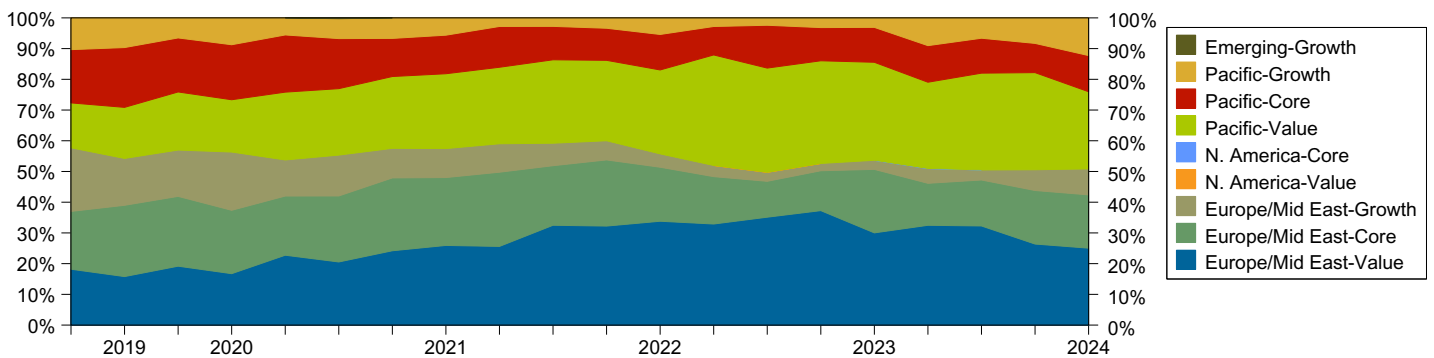
**Average Style Map vs Callan Intl Small Cap Holdings for Five Years Ended March 31, 2024**



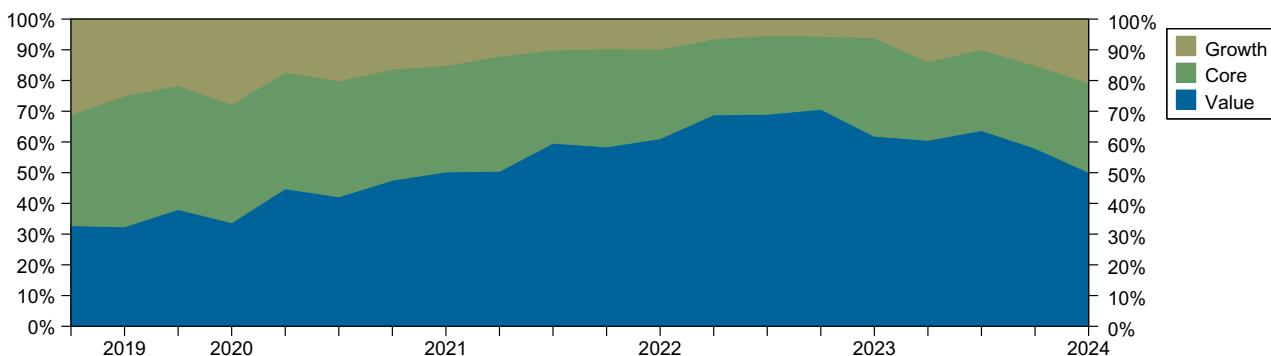
**Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2024**

	Value	Core	Growth	Total
Europe/ Mid East	26.9% (93) 14.3% (321)	18.9% (74) 20.9% (395)	8.8% (32) 19.7% (328)	54.7% (199) 55.0% (1044)
N. America	0.0% (0) 0.0% (1)	0.0% (0) 0.1% (3)	0.0% (0) 0.0% (0)	0.0% (0) 0.1% (4)
Pacific	25.8% (120) 13.3% (405)	13.4% (73) 16.2% (431)	6.1% (31) 15.4% (397)	45.3% (224) 44.9% (1233)
Emerging	0.0% (0) 0.0% (0)	0.0% (0) 0.0% (1)	0.0% (0) 0.0% (1)	0.0% (0) 0.1% (2)
<b>Total</b>	<b>52.7% (213)</b> 27.7% (727)	<b>32.4% (147)</b> 37.2% (830)	<b>14.9% (63)</b> 35.1% (726)	<b>100.0% (423)</b> 100.0% (2283)

### AQR Historical Region/Style Exposures



### AQR Historical Style Only Exposures



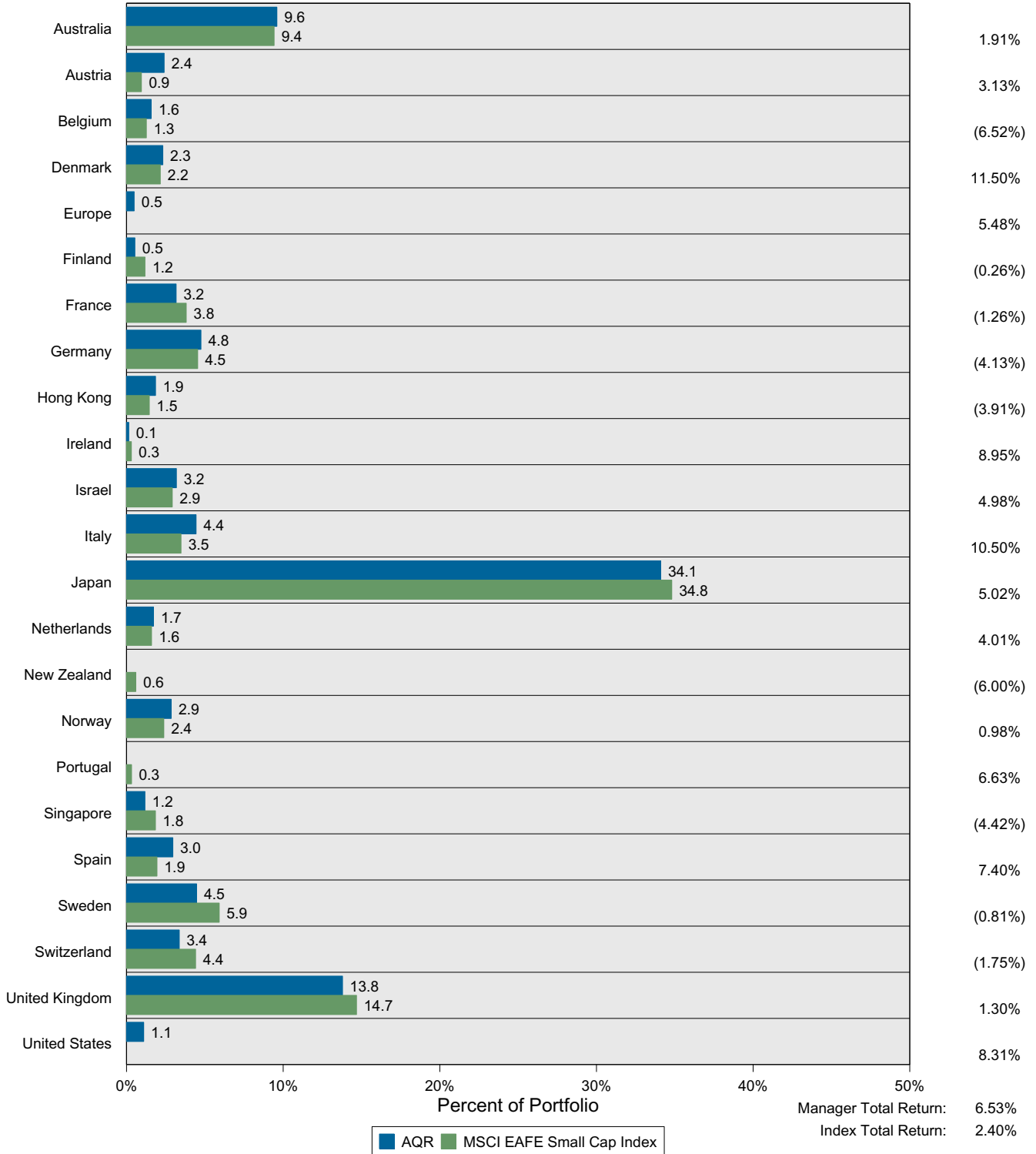
# Country Allocation AQR VS MSCI EAFE Small Cap Index

## Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2024. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

Country Weights as of March 31, 2024

Index Rtns



## AQR Top 10 Portfolio Holdings Characteristics as of March 31, 2024

### 10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Sojitz Corp Shs New	Industrials	\$335,025	1.4%	18.66%	5.93	8.27	3.39%	21.15%
Kandenko Co	Industrials	\$300,031	1.3%	19.47%	2.37	13.30	2.00%	7.83%
Unipol Gruppo Finanziario Sp Shs	Financials	\$296,879	1.3%	47.08%	6.02	6.53	4.89%	23.23%
Towa Corporation Ord	Information Technology	\$271,884	1.2%	39.96%	1.77	29.94	0.37%	44.37%
Raiffeisen Bk Intl Ag Wien Shs	Financials	\$261,345	1.1%	(3.34)%	6.56	3.42	6.77%	27.30%
Data3	Information Technology	\$260,588	1.1%	(4.81)%	0.84	27.70	2.96%	15.46%
Banco De Sabadell Sa Shs	Financials	\$250,633	1.1%	27.81%	8.55	6.21	3.82%	14.68%
Hanwa Co Ltd Shs	Industrials	\$238,766	1.0%	12.18%	1.66	6.46	2.87%	37.46%
Cettire	Consumer Discretionary	\$228,336	1.0%	33.53%	1.01	42.62	0.00%	-
Temple & Webster Gp.	Consumer Discretionary	\$222,117	1.0%	43.85%	1.05	178.32	0.00%	53.00%

### 10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Micronics Japan Co Ltd Tokyo Shs	Information Technology	\$144,009	0.6%	126.95%	2.36	38.22	0.37%	3.43%
Morphosys Ag Shs	Health Care	\$23,628	0.1%	88.03%	2.73	(18.88)	0.00%	75.93%
Zealand Pharma Dead - 09/12/05	Health Care	\$34,645	0.1%	78.43%	6.18	(128.16)	0.00%	-
Iveco Group Nv	Industrials	\$26,505	0.1%	66.05%	4.04	8.63	1.59%	30.45%
Spirent	Information Technology	\$12,639	0.1%	60.74%	1.46	28.11	3.13%	0.63%
Megaport	Information Technology	\$173,619	0.7%	55.79%	1.56	93.14	0.00%	-
Socionext	Information Technology	\$42,886	0.2%	55.15%	5.00	29.84	1.08%	-
Asics Corp Shs	Consumer Discretionary	\$44,024	0.2%	54.11%	9.16	32.97	0.89%	81.54%
Alumina Ltd Shs	Materials	\$19,319	0.1%	51.41%	2.69	25.73	0.00%	17.00%
Unipol Gruppo Finanziario Sp Shs	Financials	\$296,879	1.3%	47.08%	6.02	6.53	4.89%	23.23%

### 10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Ferrexpo Plc London Shs	Materials	\$25,628	0.1%	(52.06)%	0.33	3.87	6.00%	11.69%
Close Brothers Group Inc Shs	Financials	\$44,037	0.2%	(47.81)%	0.80	5.23	16.10%	5.56%
Nexity Shs	Real Estate	\$7,915	0.0%	(45.02)%	0.57	20.43	26.38%	18.35%
Storskogen Group	Industrials	\$30,596	0.1%	(42.33)%	0.81	6.79	1.89%	51.61%
Arcadium Lithium Cdi Deferred	Materials	\$16,742	0.1%	(40.87)%	1.79	20.11	0.00%	-
Capita Plc Shs	Industrials	\$27,446	0.1%	(40.54)%	0.28	4.25	0.00%	46.20%
Resurs Holding Ab Common Stock Sek.0	Financials	\$11,429	0.0%	(38.79)%	0.29	5.80	12.77%	(9.19)%
Aixtron Ag Aachen Akt	Information Technology	\$6,373	0.0%	(37.48)%	3.02	17.82	1.62%	9.75%
Orient Res. Gp.	Energy	\$7,536	0.0%	(34.29)%	1.86	3.43	0.00%	55.78%
X-Fab Silicon Foundries	Information Technology	\$37,898	0.2%	(32.63)%	0.99	7.44	0.00%	-

# DFA Emerging Markets Period Ended March 31, 2024

## Investment Philosophy

Returns prior to 6/30/2013 are linked to a composite history.

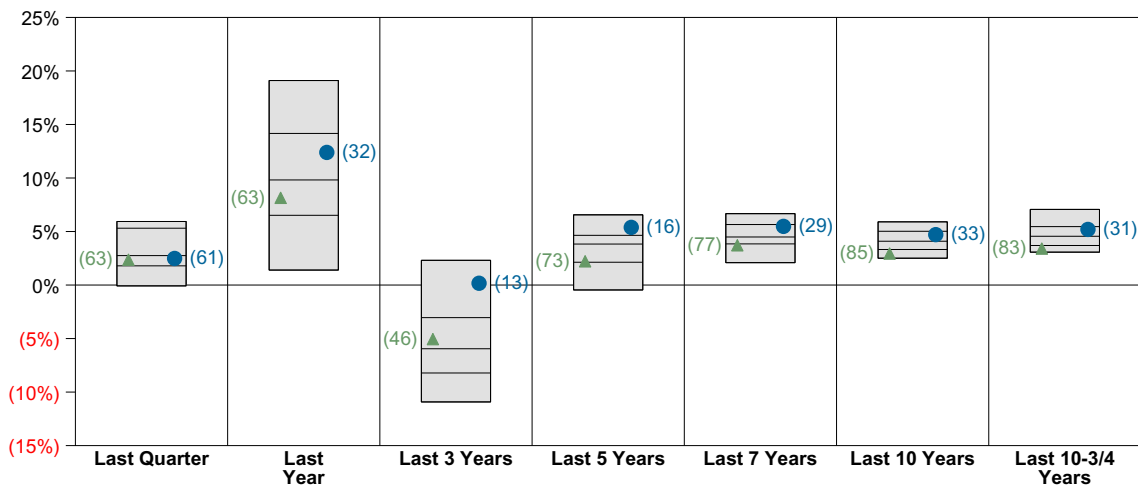
## Quarterly Summary and Highlights

- DFA Emerging Markets's portfolio posted a 2.48% return for the quarter placing it in the 61 percentile of the Callan Emerging Markets Equity Mut Funds group for the quarter and in the 32 percentile for the last year.
- DFA Emerging Markets's portfolio outperformed the MSCI Emerging Markets Index by 0.11% for the quarter and outperformed the MSCI Emerging Markets Index for the year by 4.24%.

## Quarterly Asset Growth

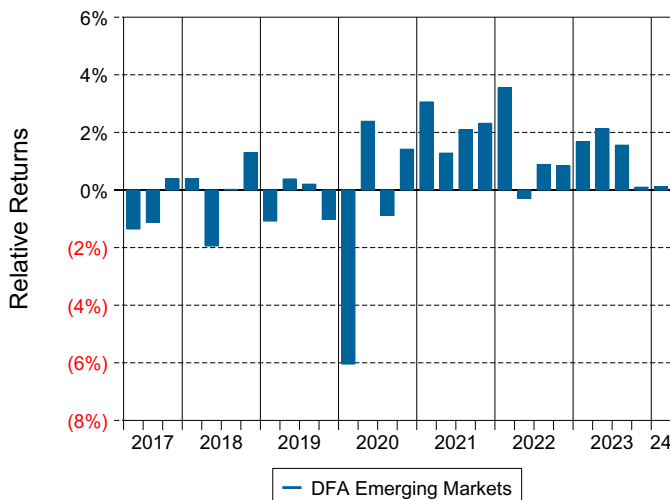
Beginning Market Value	\$23,654,623
Net New Investment	\$0
Investment Gains/(Losses)	\$564,310
Ending Market Value	\$24,218,933

## Performance vs Callan Emerging Markets Equity Mut Funds (Gross)

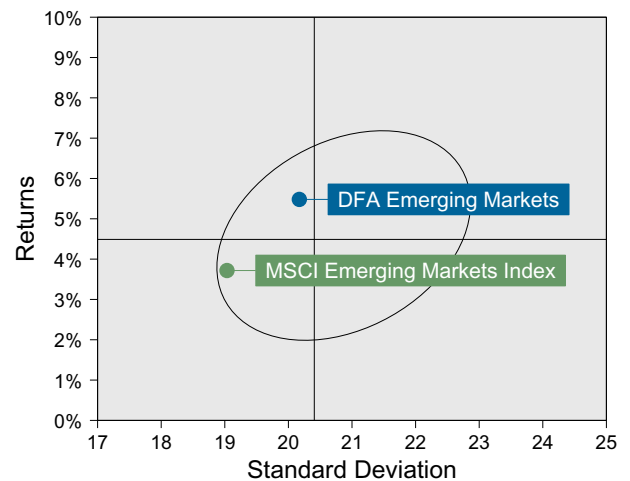


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 10-3/4 Years
10th Percentile	5.94	19.11	2.31	6.56	6.67	5.90	7.06
25th Percentile	5.31	14.16	(3.04)	4.64	5.65	5.02	5.46
Median	2.75	9.82	(5.95)	3.83	4.49	4.09	4.56
75th Percentile	1.79	6.52	(8.22)	2.13	3.84	3.32	3.69
90th Percentile	(0.08)	1.40	(10.92)	(0.46)	2.09	2.51	3.07
<b>DFA Emerging Markets</b>	● 2.48	12.39	0.17	5.39	5.48	4.71	5.19
<b>MSCI Emerging Markets Index</b>	▲ 2.37	8.15	(5.05)	2.22	3.72	2.95	3.41

## Relative Returns vs MSCI Emerging Markets Index



## Callan Emerging Markets Equity Mut Funds (Gross) Annualized Seven Year Risk vs Return



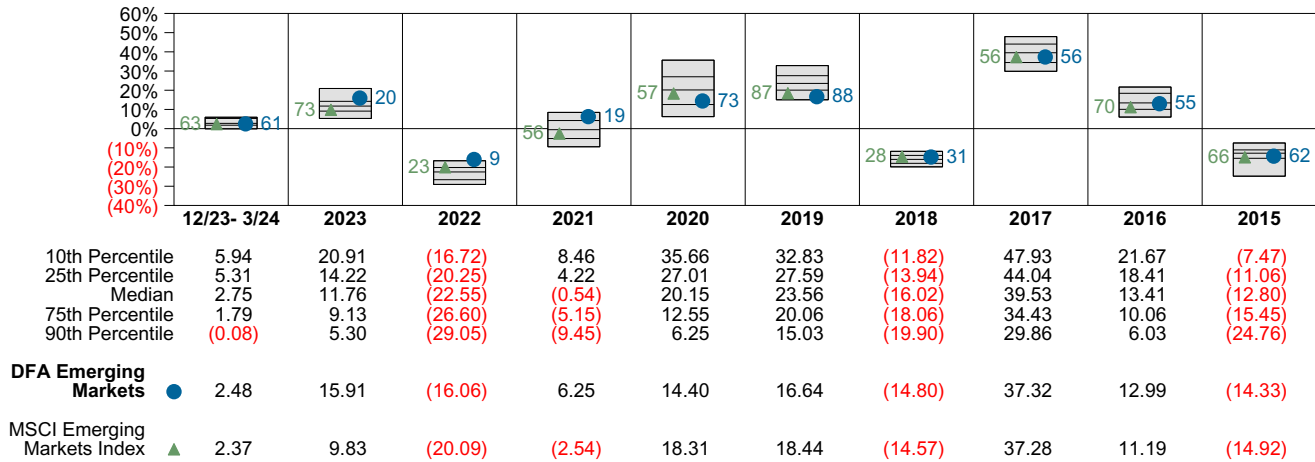


# DFA Emerging Markets Return Analysis Summary

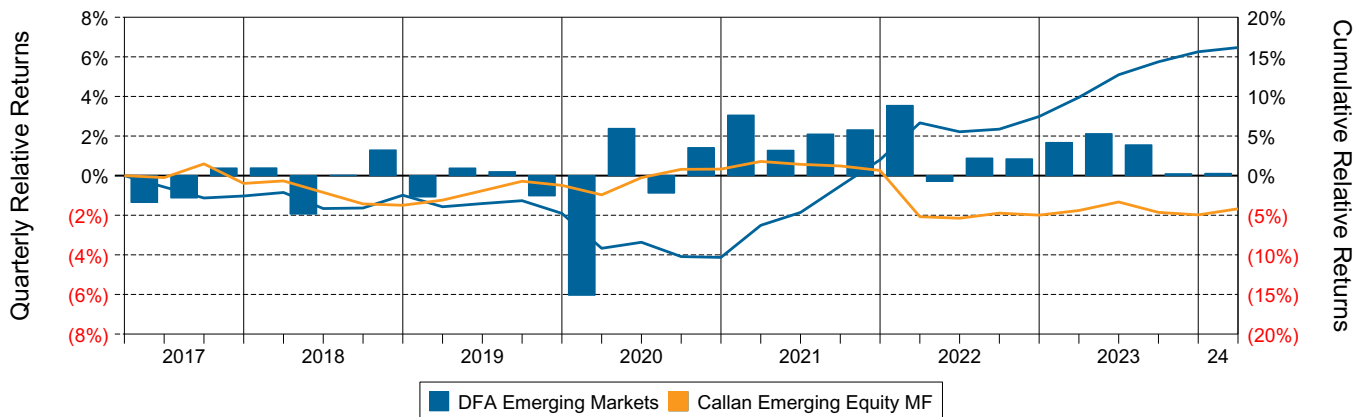
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

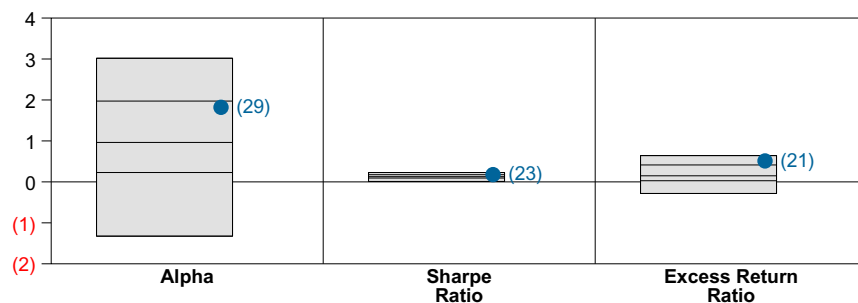
### Performance vs Callan Emerging Markets Equity Mut Funds (Gross)



### Cumulative and Quarterly Relative Returns vs MSCI Emerging Markets Index



### Risk Adjusted Return Measures vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended March 31, 2024

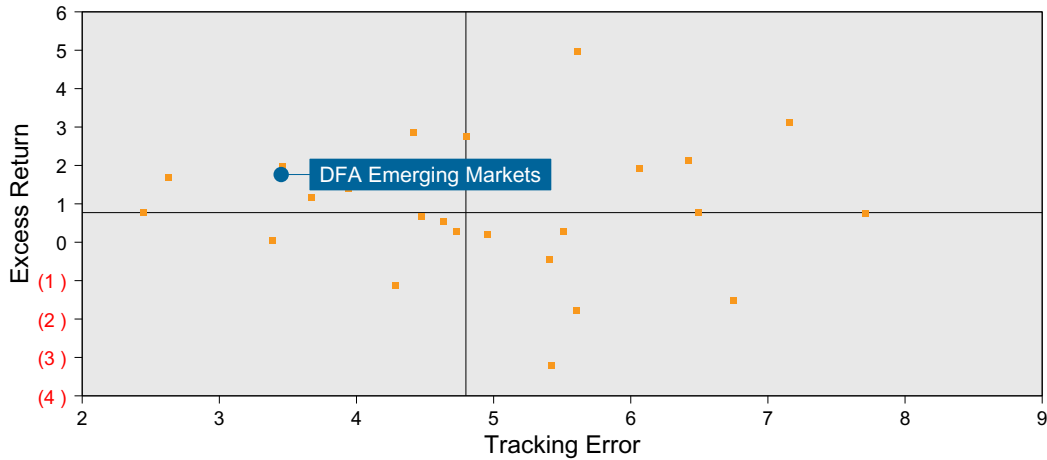


# DFA Emerging Markets Risk Analysis Summary

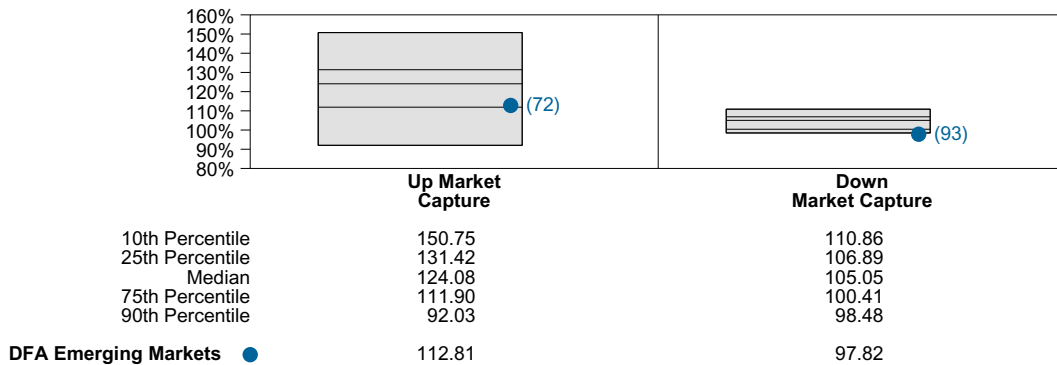
## Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows Up and Down Market Capture. The last two charts show the ranking of the manager's risk statistics versus the peer group.

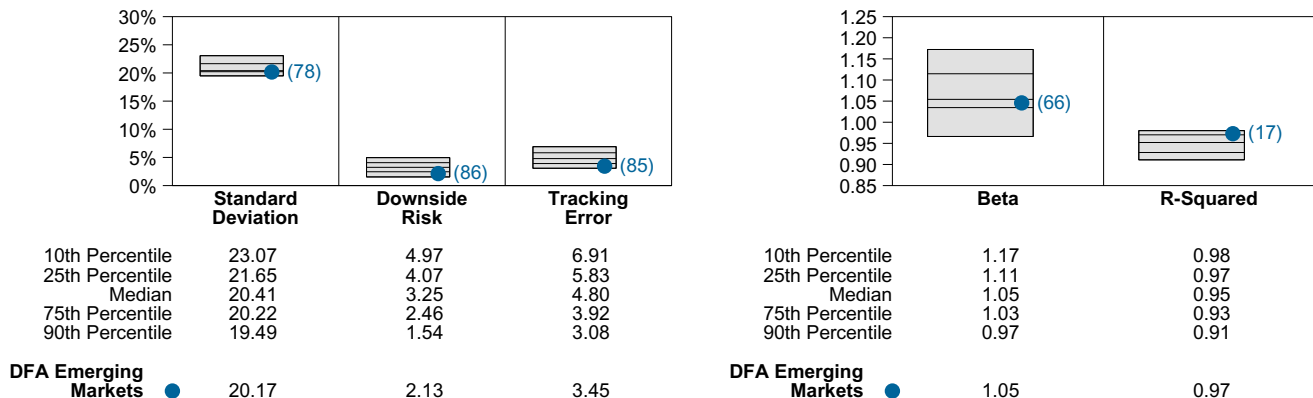
### Risk Analysis vs Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended March 31, 2024



### Market Capture vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended March 31, 2024



### Risk Statistics Rankings vs MSCI Emerging Markets Index Rankings Against Callan Emerging Markets Equity Mut Funds (Gross) Seven Years Ended March 31, 2024

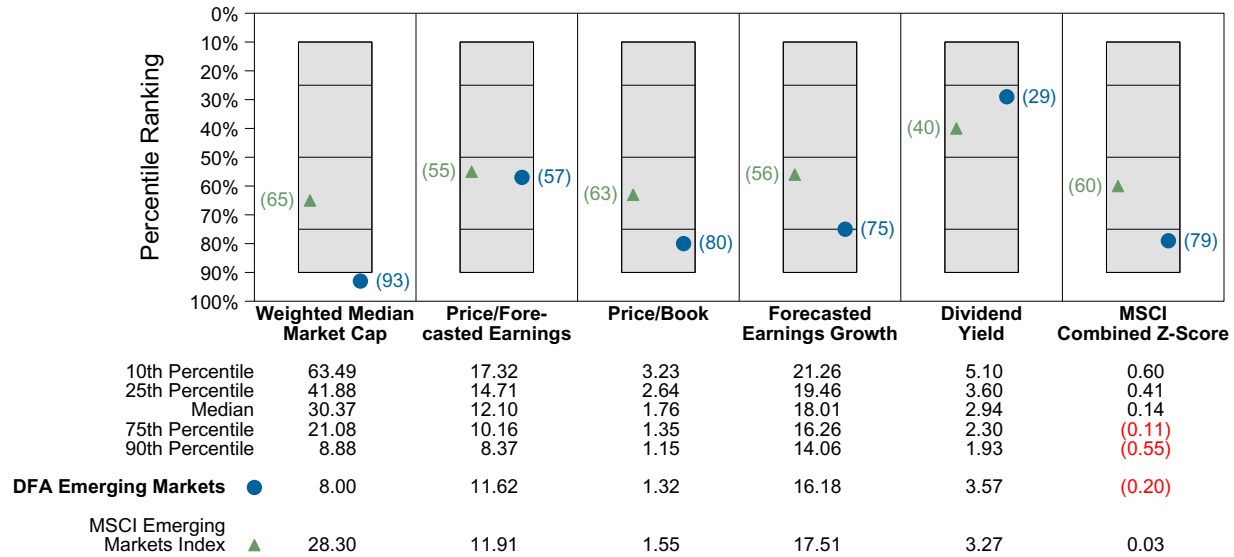


# DFA Emerging Markets Equity Characteristics Analysis Summary

## Portfolio Characteristics

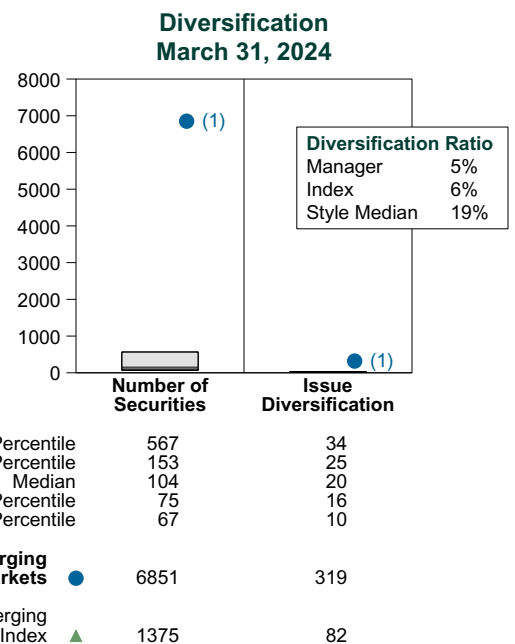
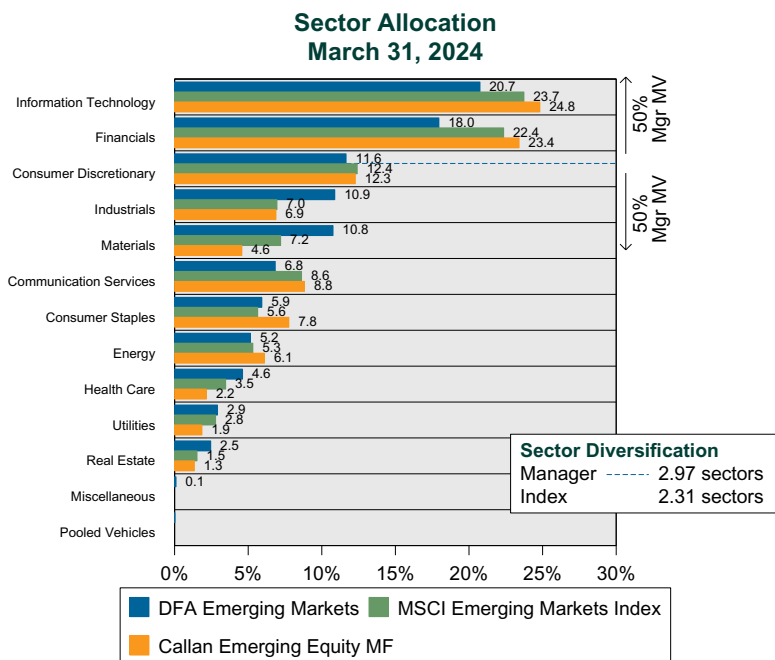
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Portfolio Characteristics Percentile Rankings Rankings Against Callan Emerging Markets Equity Mut Funds as of March 31, 2024



## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that account for half of the portfolio's market value.



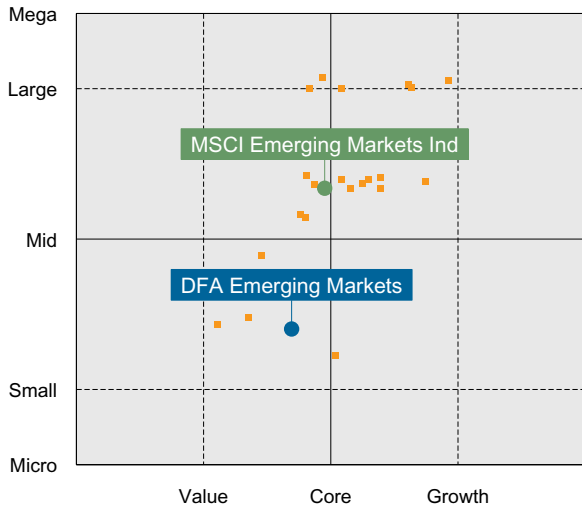
# Current Holdings Based Style Analysis

## DFA Emerging Markets

### As of March 31, 2024

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various regional and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

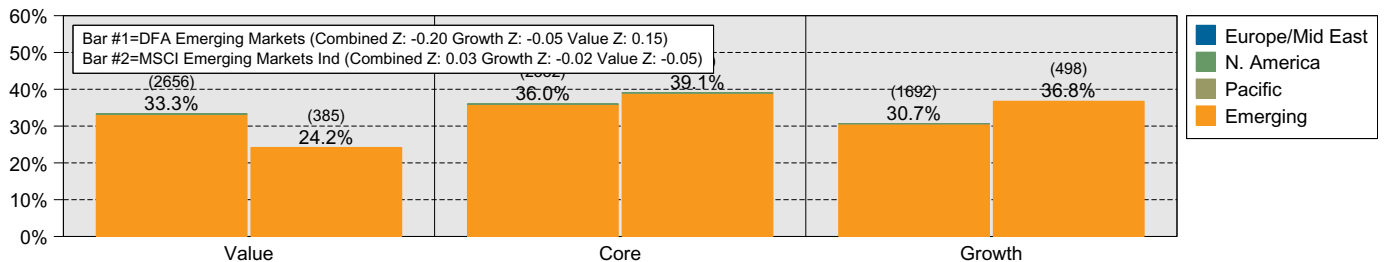
**Style Map vs Callan Emerging Equity MF Holdings as of March 31, 2024**



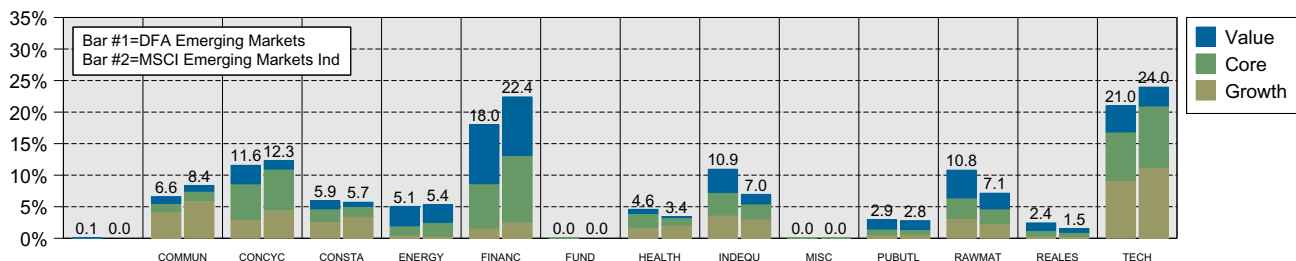
**Style Exposure Matrix Holdings as of March 31, 2024**

	Value	Core	Growth	Total
Europe/ Mid East	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
N. America	0.0% (1)	0.1% (16)	0.0% (2)	0.1% (19)
Pacific	0.0% (22)	0.1% (35)	0.1% (21)	0.2% (78)
Emerging	33.2% (2633)	35.9% (2301)	30.6% (1669)	99.7% (6603)
	24.2% (385)	38.9% (427)	36.8% (498)	99.9% (1310)
<b>Total</b>	<b>33.3% (2656)</b>	<b>36.0% (2352)</b>	<b>30.7% (1692)</b>	<b>100.0% (6700)</b>
	24.2% (385)	39.1% (431)	36.8% (498)	100.0% (1314)

**Combined Z-Score Style Distribution Holdings as of March 31, 2024**



**Sector Weights Distribution Holdings as of March 31, 2024**



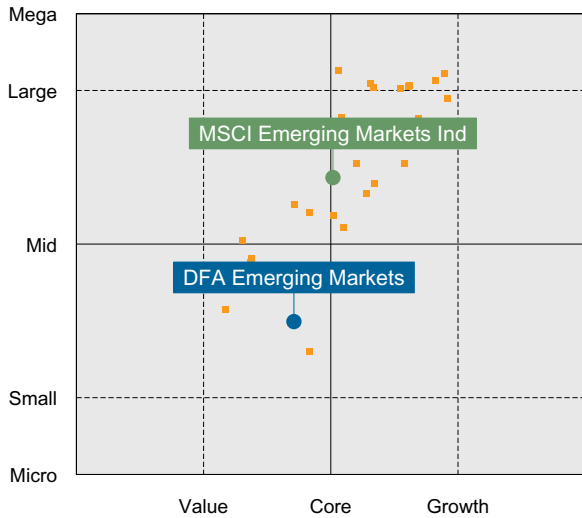
# Historical Holdings Based Style Analysis

## DFA Emerging Markets

### For Five Years Ended March 31, 2024

This page analyzes the historical investment style of a portfolio utilizing a detailed holdings-based style analysis to determine average actual exposures to various region and style segments of the international/global equity market. The market is segmented quarterly by region and style. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the average historical market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the average historical portfolio and index weights and stock counts (in parentheses) in each region/style segment of the market. The next two style exposure charts illustrate the actual quarterly region/style and style only segment exposures of the portfolio through history.

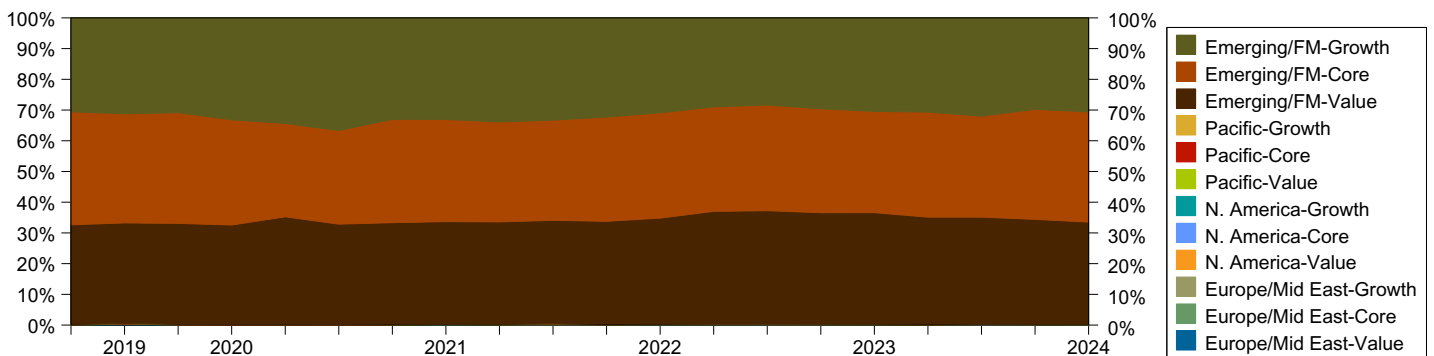
**Average Style Map vs Callan Emerging Equity MF Holdings for Five Years Ended March 31, 2024**



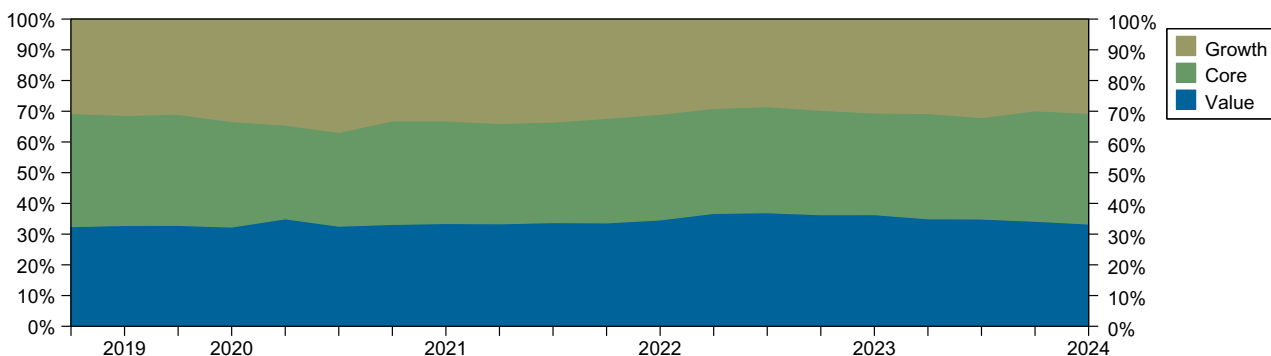
**Average Style Exposure Matrix Holdings for Five Years Ended March 31, 2024**

Europe/ Mid East	0.0% (0)	0.0% (1)	0.0% (0)	0.0% (1)
	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
N. America	0.0% (1)	0.0% (7)	0.0% (0)	0.1% (8)
	0.0% (0)	0.1% (1)	0.0% (1)	0.1% (2)
Pacific	0.0% (17)	0.1% (26)	0.1% (17)	0.2% (60)
	0.0% (0)	0.0% (1)	0.0% (0)	0.0% (1)
Emerging/ FM	34.1% (2279)	33.9% (1907)	31.7% (1338)	99.7% (5524)
	26.1% (453)	32.3% (423)	41.5% (441)	99.9% (1317)
<b>Total</b>	<b>34.2% (2297)</b>	<b>34.0% (1941)</b>	<b>31.8% (1355)</b>	<b>100.0% (5593)</b>
	<b>26.1% (453)</b>	<b>32.4% (425)</b>	<b>41.5% (442)</b>	<b>100.0% (1320)</b>
	Value	Core	Growth	Total

### DFA Emerging Markets Historical Region/Style Exposures



### DFA Emerging Markets Historical Style Only Exposures



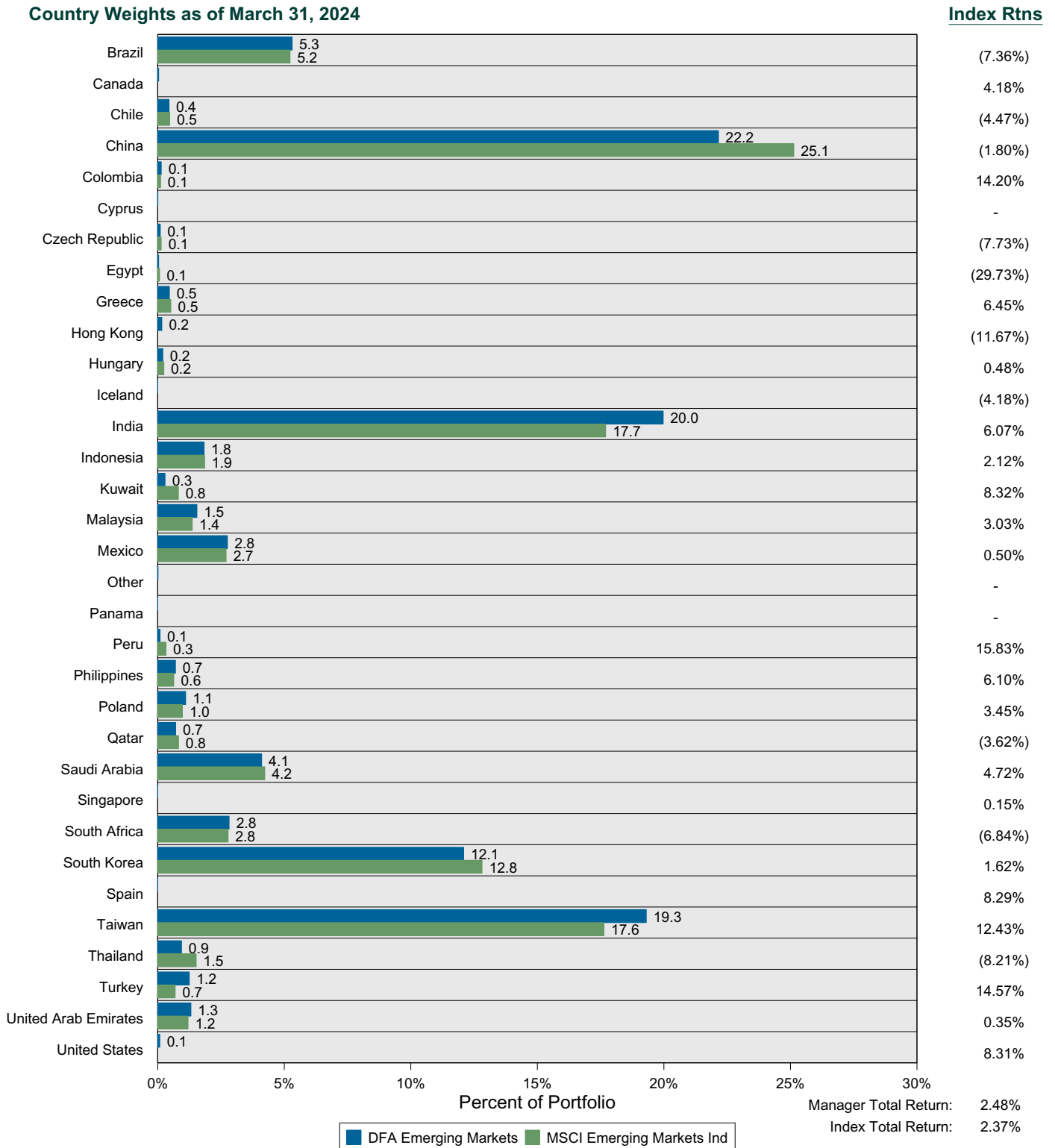
# Country Allocation

## DFA Emerging Markets VS MSCI Emerging Markets Index

### Country Allocation

The chart below contrasts the portfolio's country allocation with that of the index as of March 31, 2024. This chart is useful because large deviations in country allocation relative to the index are often good predictors of tracking error in the subsequent quarter. To the extent that the portfolio allocation is similar to the index, the portfolio should experience more "index-like" performance. In order to illustrate the performance effect on the portfolio and index of these country allocations, the individual index country returns are also shown.

Country Weights as of March 31, 2024



## DFA Emerging Markets Top 10 Portfolio Holdings Characteristics as of March 31, 2024

### 10 Largest Holdings

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Taiwan Semicond Manufac Co L Shs	Information Technology	\$956,261	3.9%	26.55%	631.29	19.14	1.67%	11.74%
Samsung Electronics Co Ltd Ord	Information Technology	\$601,740	2.5%	0.88%	365.39	16.40	1.75%	54.00%
Tencent Holdings Limited Shs Par Hkd	Communication Services	\$596,800	2.5%	1.48%	367.29	14.15	0.79%	20.87%
Taiwan Semiconductor Mfg Co Ltd Spon	Information Technology	\$375,339	1.5%	26.06%	631.29	19.14	1.67%	11.74%
Alibaba Group Holding Ltd	Consumer Discretionary	\$227,402	0.9%	(8.87)%	182.88	8.03	1.34%	1.47%
Reliance Industries Ltd Shs Demateri	Energy	\$162,990	0.7%	14.70%	241.07	24.06	0.30%	17.60%
China Construction Bank Shs H	Financials	\$154,209	0.6%	(0.45)%	144.99	3.17	9.95%	2.30%
Petroleo Brasileiro Sa Petro Pfd Shs	Energy	\$150,041	0.6%	(2.57)%	41.81	4.44	19.61%	47.65%
Infosys Technologies	Information Technology	\$130,817	0.5%	(3.13)%	74.35	22.37	2.37%	12.18%
Petroleo Brasileiro Sa Petro Ord New	Energy	\$111,826	0.5%	(4.64)%	56.92	4.60	19.12%	47.67%

### 10 Best Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Zhej.Wanfeng Auto Wheel 'a'	Consumer Discretionary	\$2,764	0.0%	235.52%	4.96	32.05	0.59%	24.59%
Digital Aria	Health Care	\$1,160	0.0%	194.94%	0.78	(10040.00)	0.00%	-
Techwing	Information Technology	\$4,151	0.0%	192.38%	0.96	21.13	0.39%	20.57%
Enchem	Materials	\$1,337	0.0%	173.15%	3.10	(72.28)	0.00%	-
New Era Eltn.Co.	Information Technology	\$1,207	0.0%	164.66%	0.26	196.43	0.00%	-
Shinsung Delta Tech	Industrials	\$5,086	0.0%	152.97%	2.13	559.65	0.11%	(2.61)%
Angels Tech.Co.Ltd.	Industrials	\$6	0.0%	152.28%	0.12	(29.00)	0.00%	-
Shihlin Electr. & Eng	Industrials	\$7,967	0.0%	136.30%	4.75	37.38	0.69%	9.74%
Egis Technology	Information Technology	\$904	0.0%	118.67%	0.63	607.86	0.00%	(49.76)%
Bajaj Tempo	Industrials	\$1,796	0.0%	115.60%	1.14	43.50	0.14%	(25.53)%

### 10 Worst Performers

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Abdullah Saad Moati Stationaries	Consumer Discretionary	\$570	0.0%	(89.98)%	0.16	149.25	1.64%	12.29%
Yu Neh Huat	Real Estate	\$452	0.0%	(87.89)%	0.06	(28.00)	0.00%	-
Ssangyong Motor Co Shs	Consumer Discretionary	\$694	0.0%	(77.27)%	0.90	(133.61)	0.00%	-
Sunshine 100 China Hdg.	Real Estate	\$0	0.0%	(72.64)%	0.01	(0.05)	0.00%	-
Cosmopolitan Intl Holdings L Shs	Real Estate	\$7	0.0%	(72.44)%	0.14	(2.68)	0.00%	-
Gome Elctrcl Applns Hldgs L Shs	Consumer Discretionary	\$154	0.0%	(72.17)%	0.11	(0.18)	0.00%	-
China Fordoo Holdings	Consumer Discretionary	\$22	0.0%	(67.12)%	0.10	(12.33)	0.00%	-
Pt M Cash	Financials	\$8	0.0%	(65.17)%	0.09	33.33	0.00%	(46.14)%
Central China Management	Real Estate	\$84	0.0%	(64.66)%	0.05	1.17	71.43%	-
China Motion Telecom	Real Estate	\$4	0.0%	(64.41)%	0.06	1.00	0.00%	-





# TCW

## Period Ended March 31, 2024

### Investment Philosophy

The first full quarter for this portfolio is 3rd quarter 2001

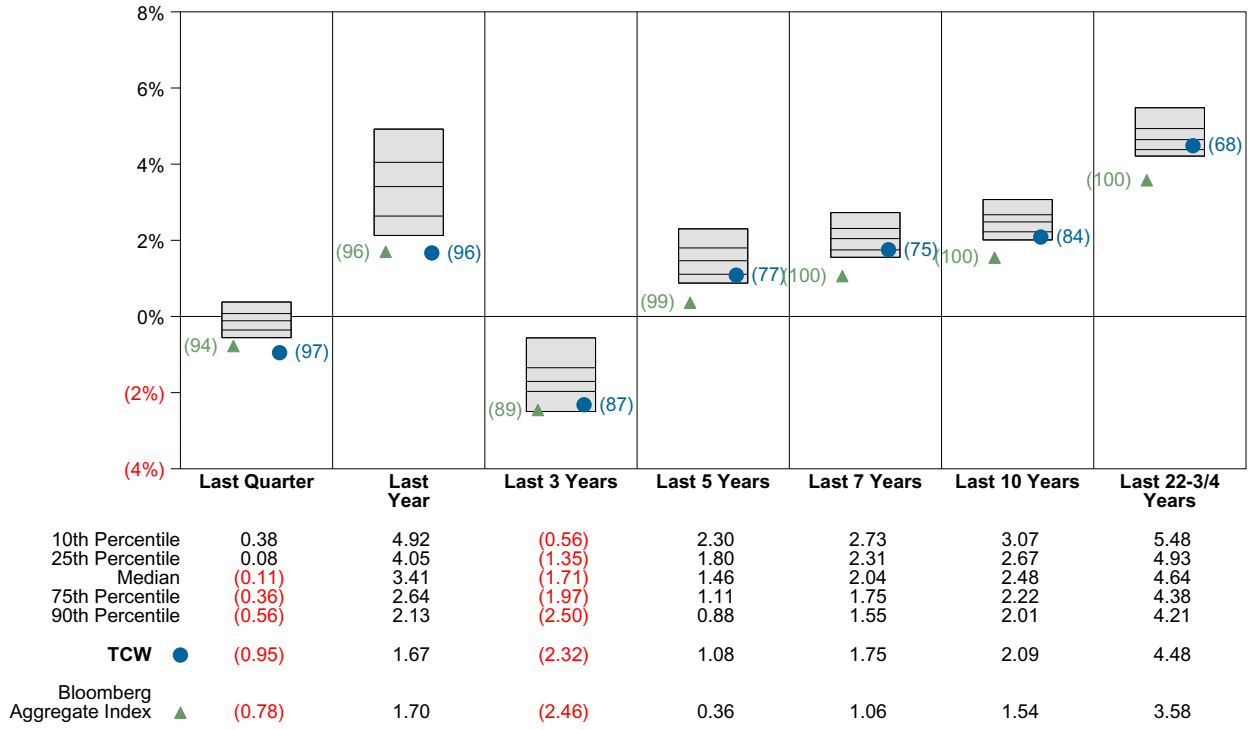
### Quarterly Summary and Highlights

- TCW's portfolio posted a (0.95)% return for the quarter placing it in the 97 percentile of the Callan Core Plus Fixed Income group for the quarter and in the 96 percentile for the last year.
- TCW's portfolio underperformed the Bloomberg Aggregate Index by 0.18% for the quarter and underperformed the Bloomberg Aggregate Index for the year by 0.03%.

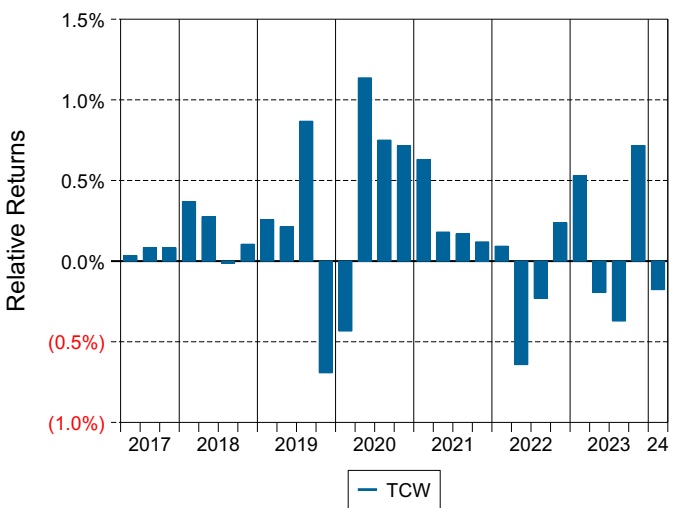
### Quarterly Asset Growth

Beginning Market Value	\$95,555,665
Net New Investment	\$215,511
Investment Gains/(Losses)	\$-907,724
Ending Market Value	\$94,863,452

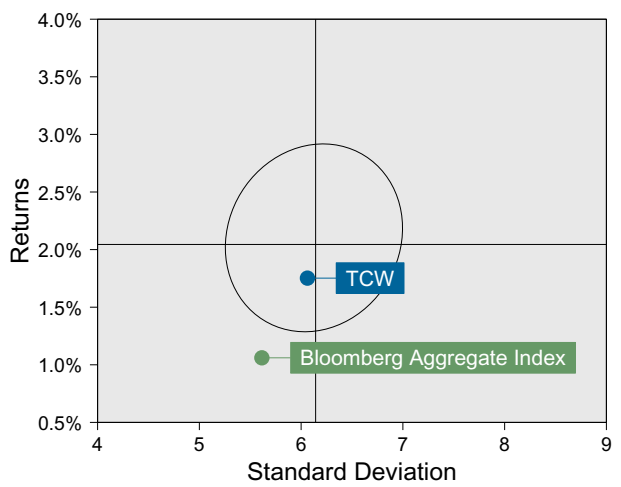
### Performance vs Callan Core Plus Fixed Income (Gross)



### Relative Returns vs Bloomberg Aggregate Index



### Callan Core Plus Fixed Income (Gross) Annualized Seven Year Risk vs Return

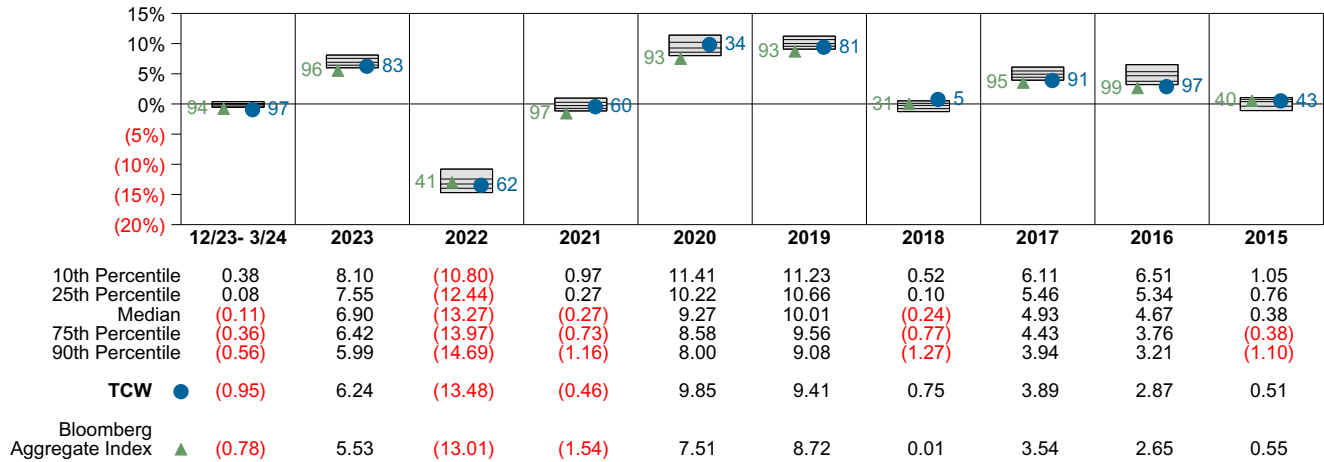


# TCW Return Analysis Summary

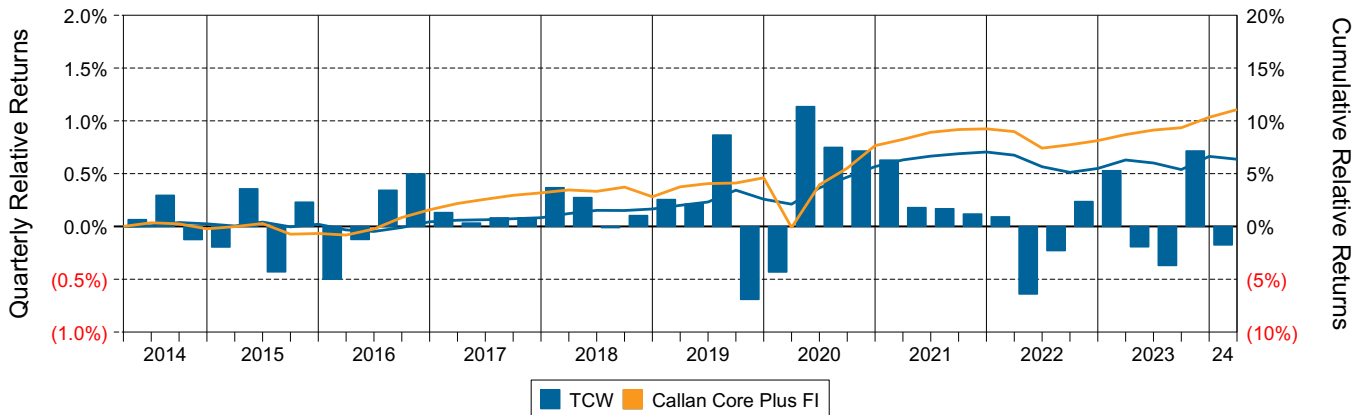
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last chart illustrates the manager's ranking relative to their style using various risk-adjusted return measures.

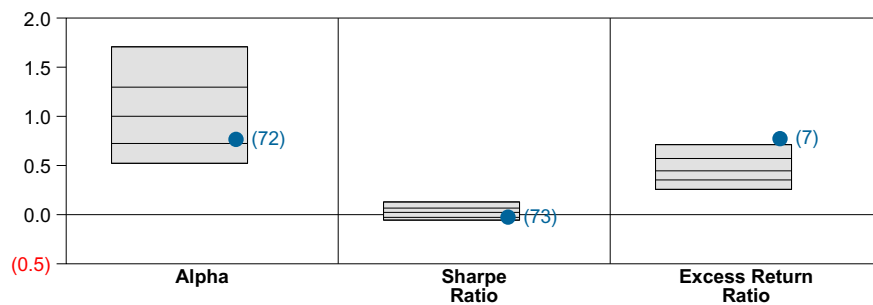
### Performance vs Callan Core Plus Fixed Income (Gross)



### Cumulative and Quarterly Relative Returns vs Bloomberg Aggregate Index



### Risk Adjusted Return Measures vs Bloomberg Aggregate Index Rankings Against Callan Core Plus Fixed Income (Gross) Seven Years Ended March 31, 2024



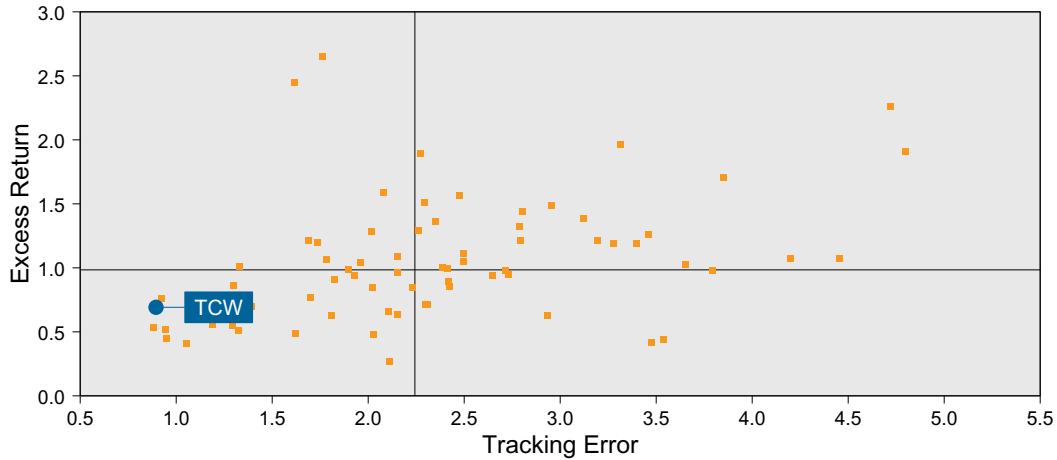
10th Percentile	1.71	0.13	0.71
25th Percentile	1.30	0.07	0.57
Median	1.00	0.02	0.45
75th Percentile	0.72	(0.03)	0.35
90th Percentile	0.52	(0.06)	0.26
<b>TCW</b>	<b>0.77</b>	<b>(0.02)</b>	<b>0.77</b>

# TCW Risk Analysis Summary

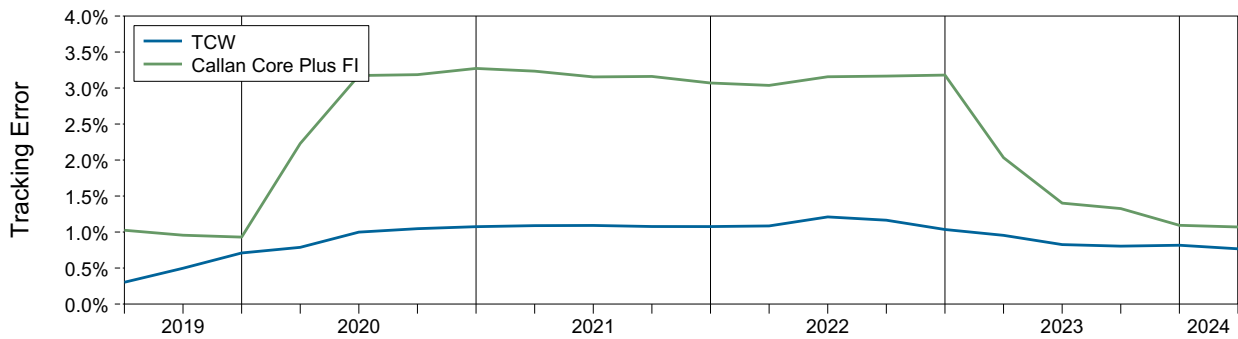
## Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

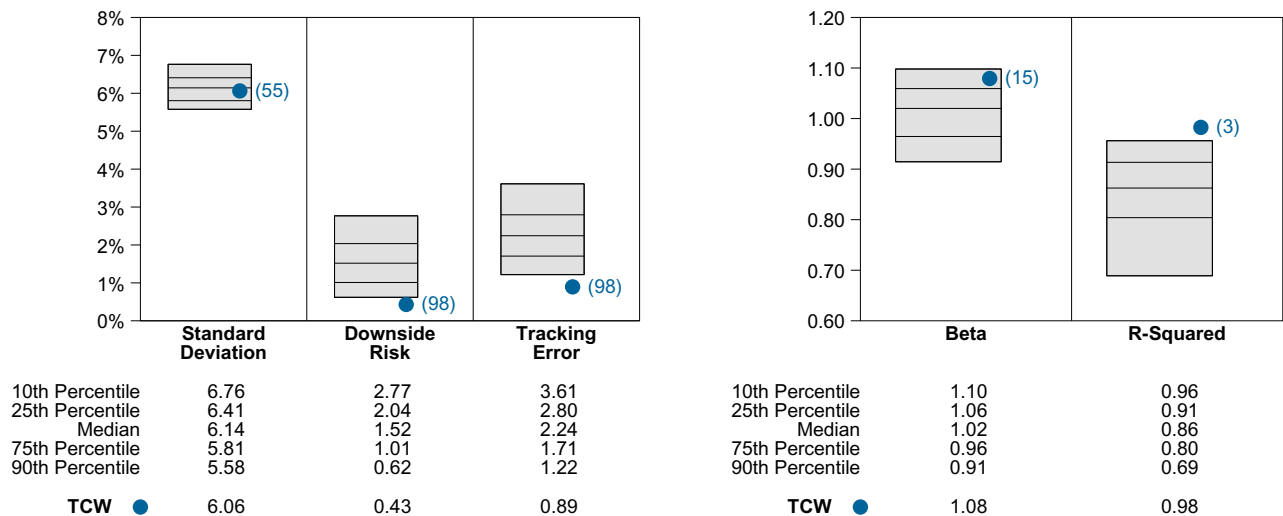
### Risk Analysis vs Callan Core Plus Fixed Income (Gross) Seven Years Ended March 31, 2024



### Rolling 12 Quarter Tracking Error vs Bloomberg Aggregate Index



### Risk Statistics Rankings vs Bloomberg Aggregate Index Rankings Against Callan Core Plus Fixed Income (Gross) Seven Years Ended March 31, 2024

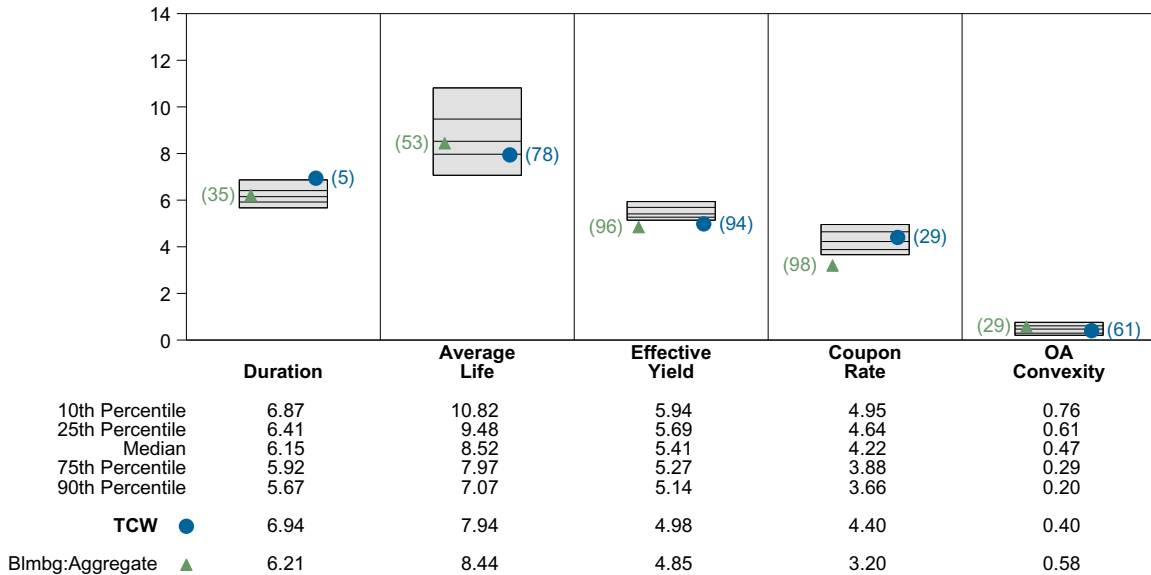


# TCW Bond Characteristics Analysis Summary

## Portfolio Characteristics

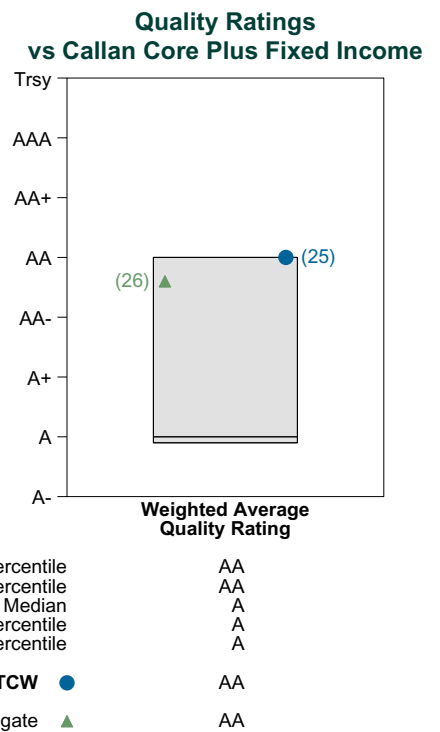
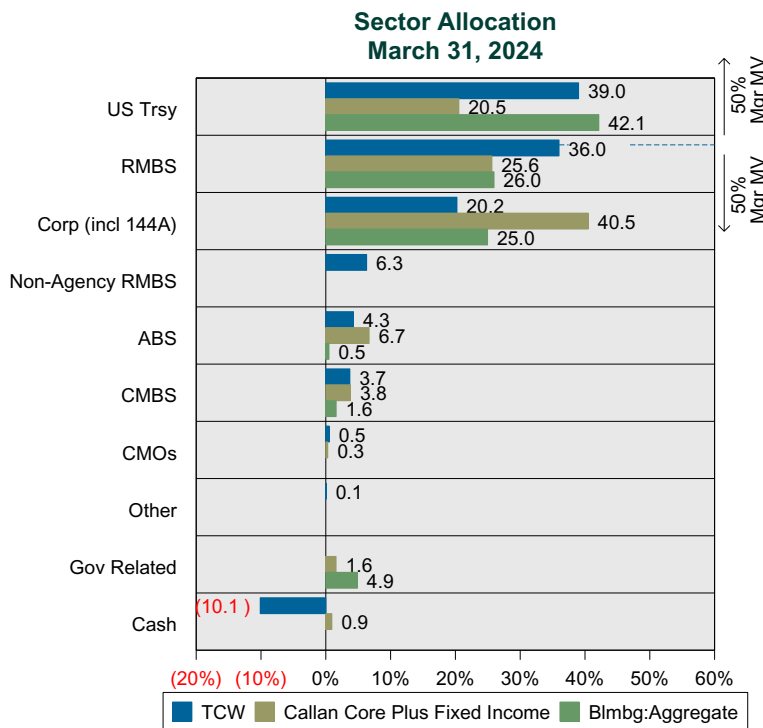
This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

## Fixed Income Portfolio Characteristics Rankings Against Callan Core Plus Fixed Income as of March 31, 2024



## Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.

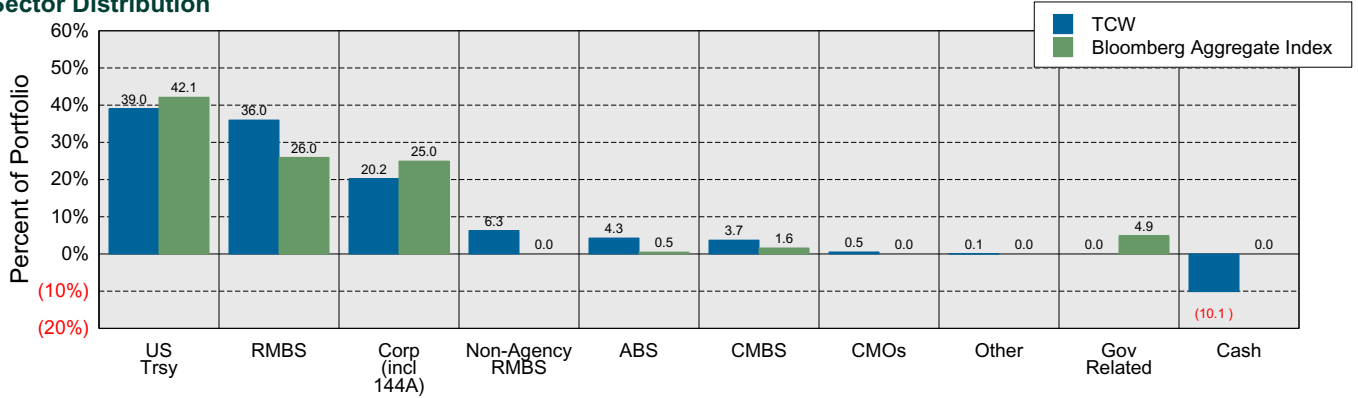


# TCW Portfolio Characteristics Summary As of March 31, 2024

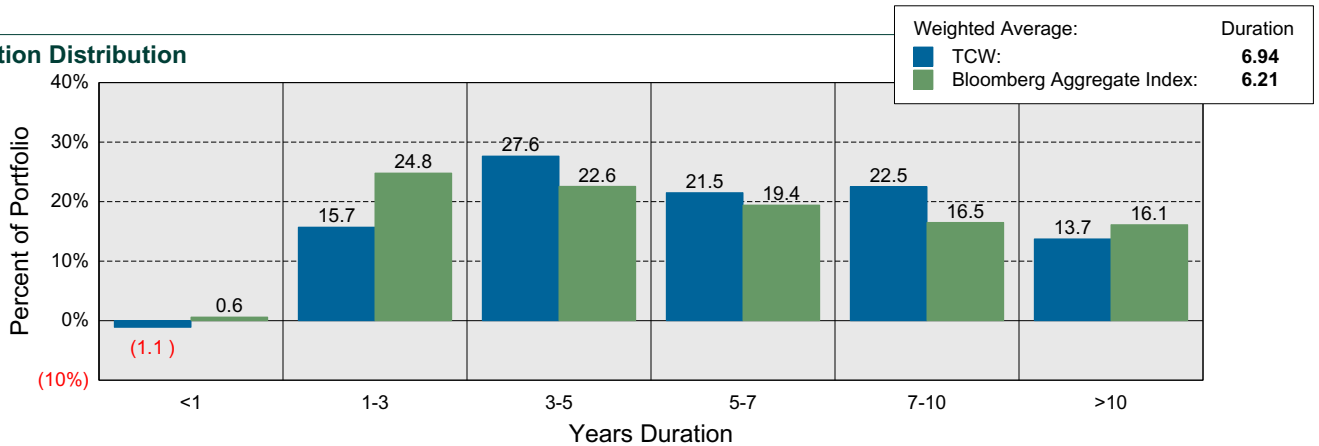
## Portfolio Structure Comparison

The charts below compare the structure of the portfolio to that of the index from the three perspectives that have the greatest influence on return. The first chart compares the two portfolios across sectors. The second chart compares the duration distribution. The last chart compares the distribution across quality ratings.

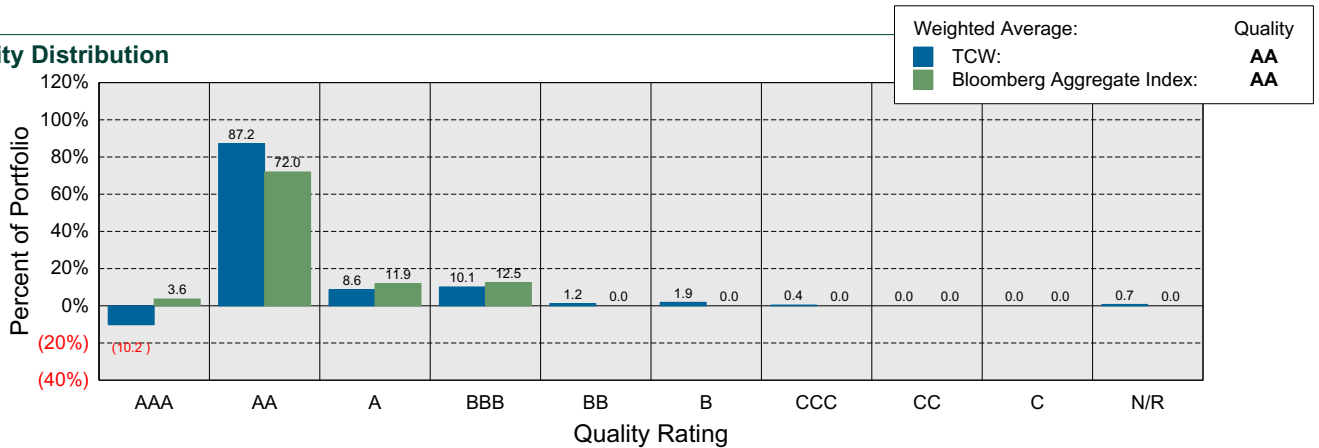
### Sector Distribution



### Duration Distribution



### Quality Distribution





# Real Estate Period Ended March 31, 2024

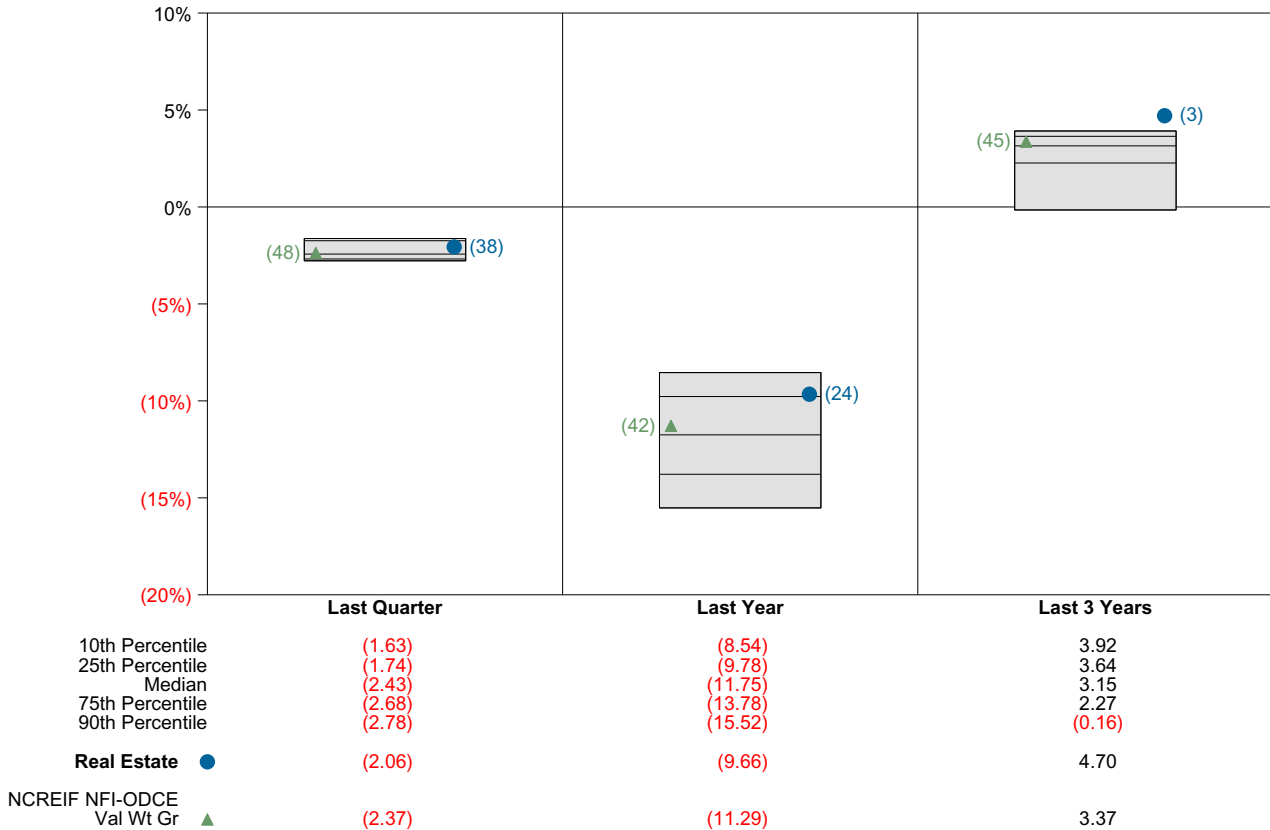
## Quarterly Summary and Highlights

- Real Estate's portfolio posted a (2.06)% return for the quarter placing it in the 38 percentile of the Callan Real Estate ODCE group for the quarter and in the 24 percentile for the last year.
- Real Estate's portfolio outperformed the NCREIF NFI-ODCE Val Wt Gr by 0.31% for the quarter and outperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 1.63%.

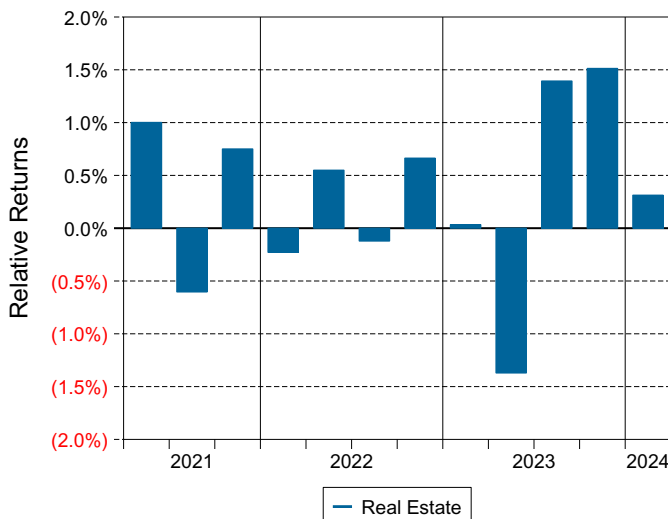
## Quarterly Asset Growth

Beginning Market Value	\$33,162,048
Net New Investment	\$0
Investment Gains/(Losses)	\$-712,857
Ending Market Value	\$32,449,191

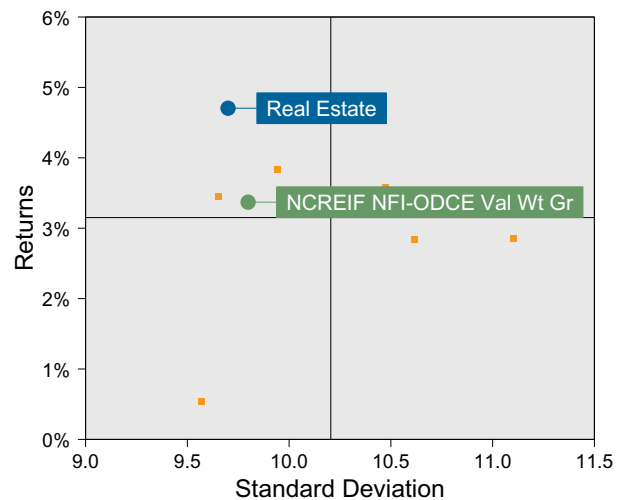
## Performance vs Callan Real Estate ODCE (Gross)



## Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



## Callan Real Estate ODCE (Gross) Annualized Three Year Risk vs Return

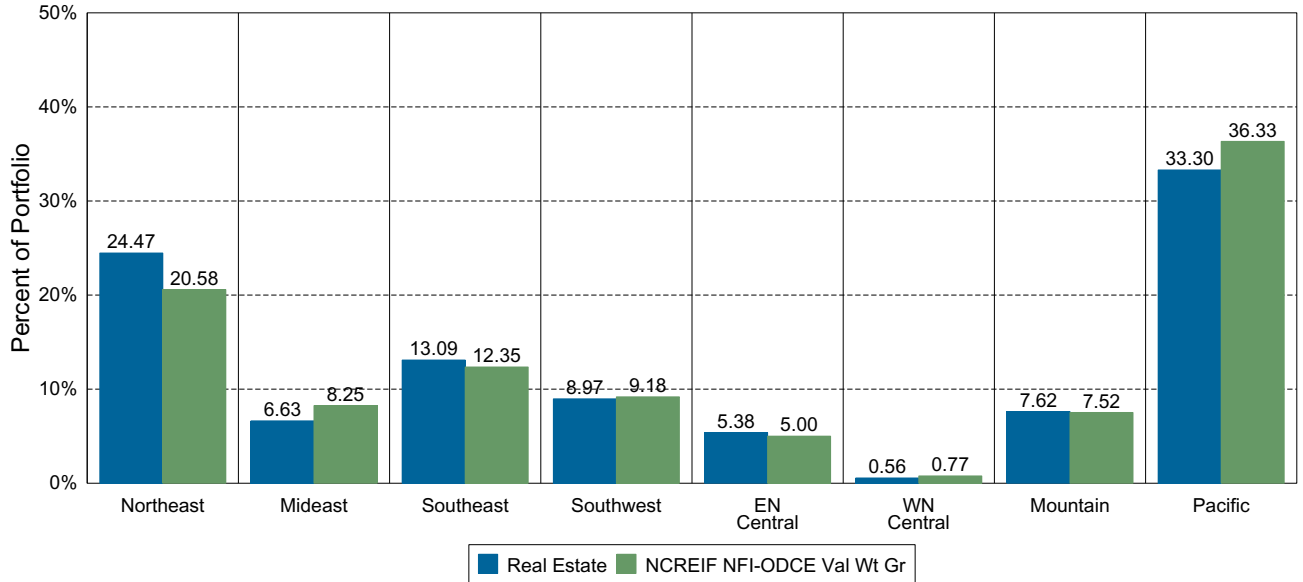


# Real Estate Diversification Analysis as of March 31, 2024

## Diversification Analysis

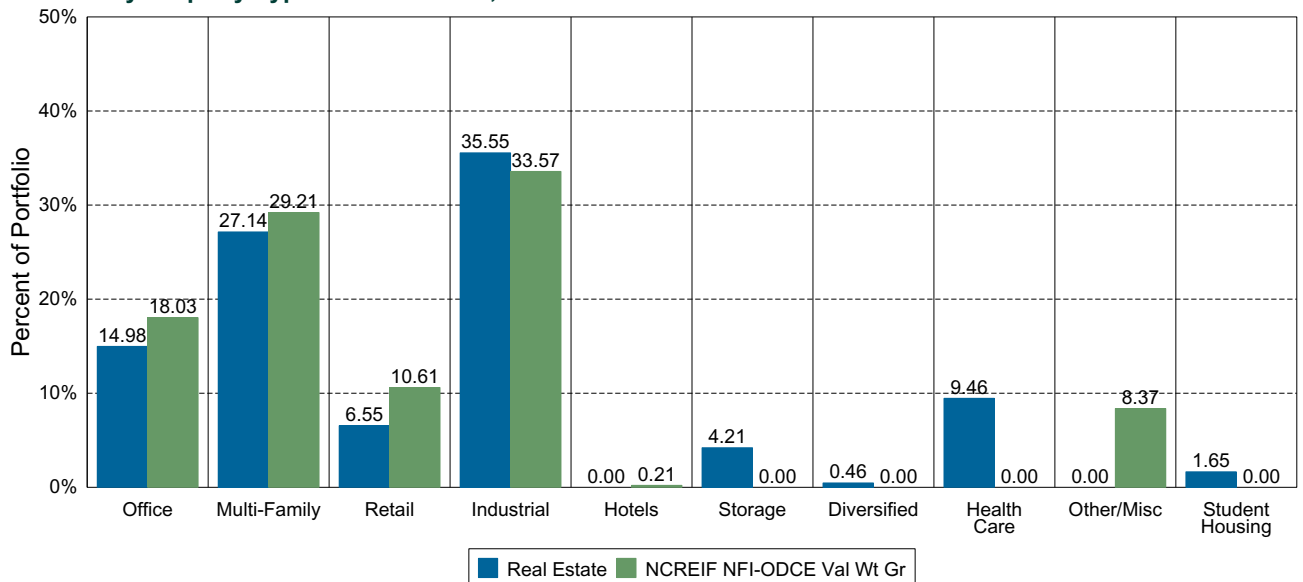
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

### Diversification by Geographic Region as of March 31, 2024



<b>Real Estate</b>	<b>24.47%</b>	<b>6.63%</b>	<b>13.09%</b>	<b>8.97%</b>	<b>5.38%</b>	<b>0.56%</b>	<b>7.62%</b>	<b>33.30%</b>
<b>NCREIF NFI-ODCE Val Wt Gr</b>	<b>20.58%</b>	<b>8.25%</b>	<b>12.35%</b>	<b>9.18%</b>	<b>5.00%</b>	<b>0.77%</b>	<b>7.52%</b>	<b>36.33%</b>

### Diversification by Property Type as of March 31, 2024



<b>Real Estate</b>	<b>14.98%</b>	<b>27.14%</b>	<b>6.55%</b>	<b>35.55%</b>	<b>0.00%</b>	<b>4.21%</b>	<b>0.46%</b>	<b>9.46%</b>	<b>0.00%</b>	<b>1.65%</b>
<b>NCREIF NFI-ODCE Val Wt Gr</b>	<b>18.03%</b>	<b>29.21%</b>	<b>10.61%</b>	<b>33.57%</b>	<b>0.21%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>8.37%</b>	<b>0.00%</b>



# Clarion Lion Fund Period Ended March 31, 2024

## Investment Philosophy

Returns prior to 3/31/2021 are linked to the fund's history.

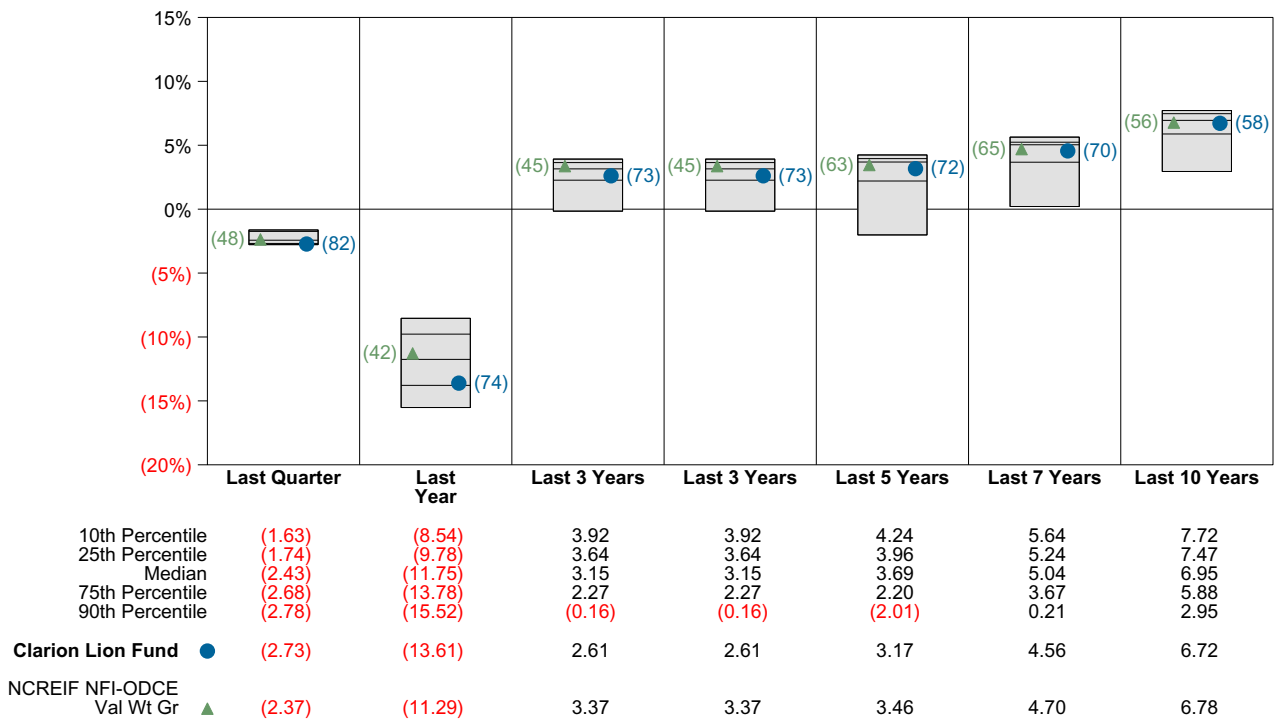
### Quarterly Summary and Highlights

- Clarion Lion Fund's portfolio posted a (2.73)% return for the quarter placing it in the 82 percentile of the Callan Real Estate ODCE group for the quarter and in the 74 percentile for the last year.
- Clarion Lion Fund's portfolio underperformed the NCREIF NFI-ODCE Val Wt Gr by 0.36% for the quarter and underperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 2.33%.

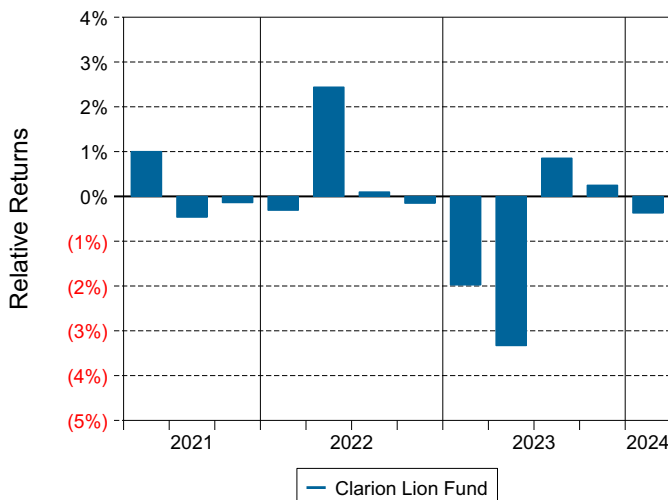
### Quarterly Asset Growth

Beginning Market Value	\$16,244,635
Net New Investment	\$0
Investment Gains/(Losses)	\$-485,412
Ending Market Value	\$15,759,223

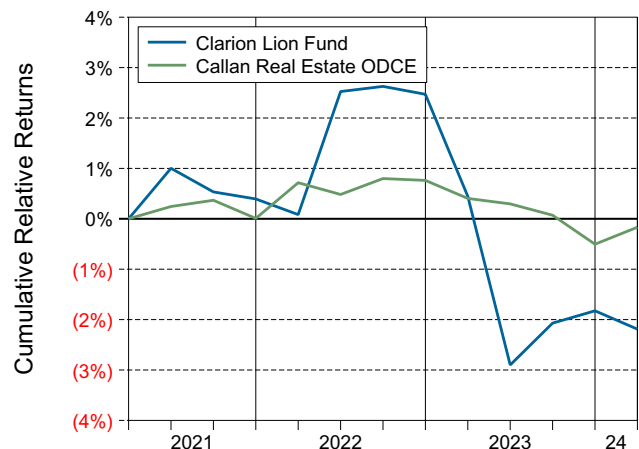
### Performance vs Callan Real Estate ODCE (Gross)



### Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



### Cumulative Returns vs NCREIF NFI-ODCE Val Wt Gr



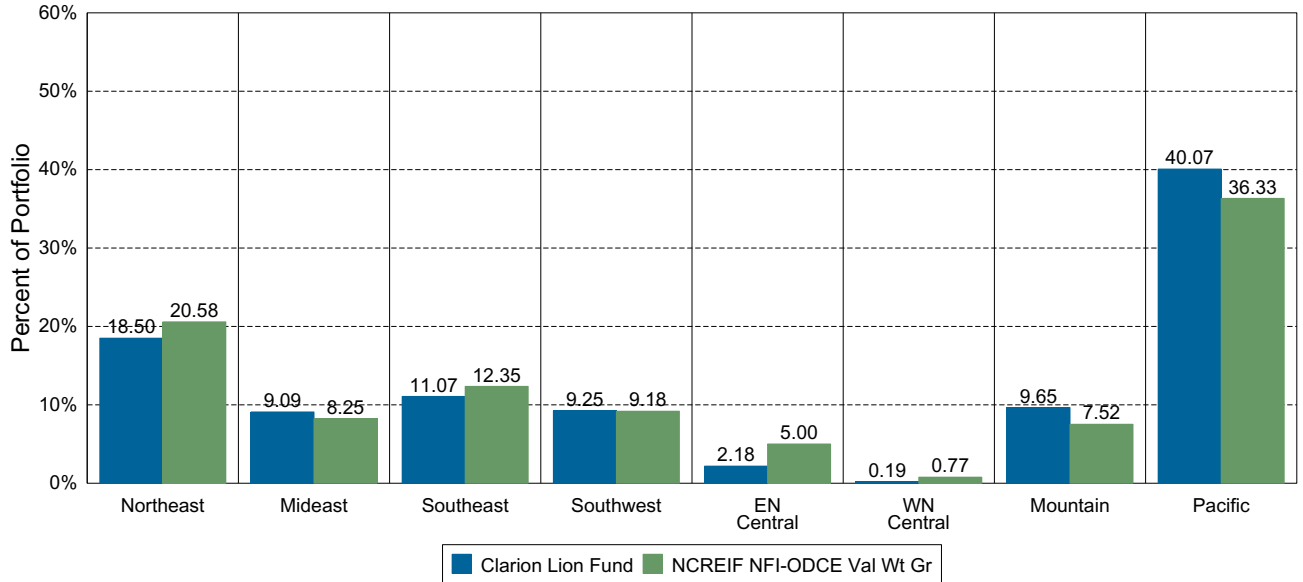
# Clarion Lion Fund

## Diversification Analysis as of March 31, 2024

### Diversification Analysis

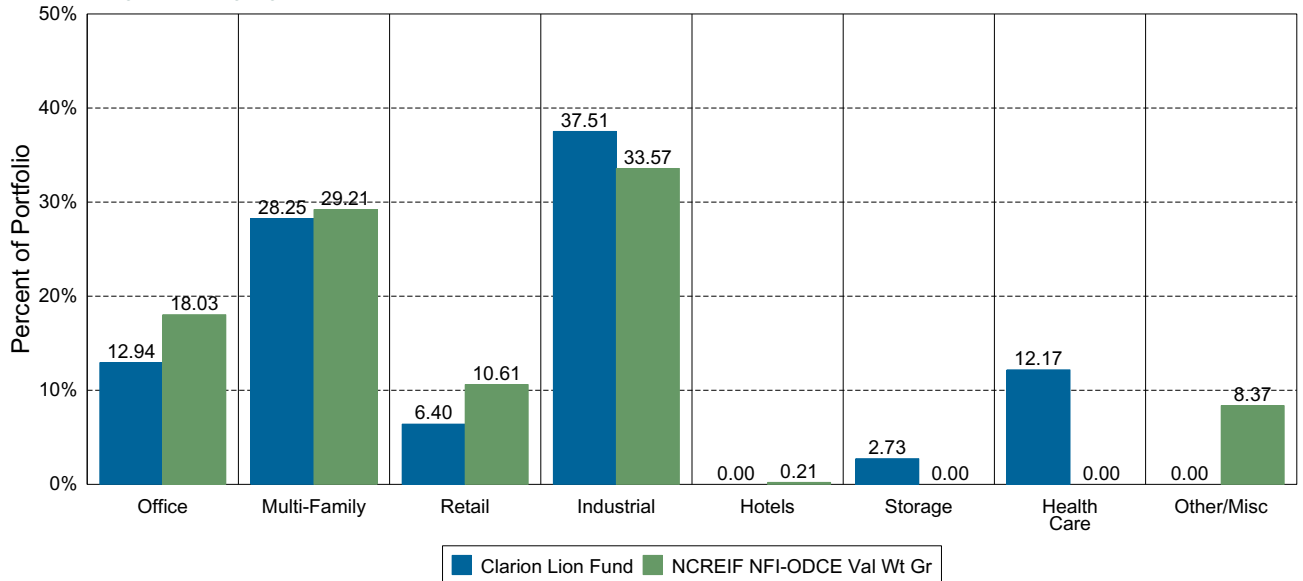
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

### Diversification by Geographic Region as of March 31, 2024



<b>Clarion Lion Fund</b>	<b>18.50%</b>	<b>9.09%</b>	<b>11.07%</b>	<b>9.25%</b>	<b>2.18%</b>	<b>0.19%</b>	<b>9.65%</b>	<b>40.07%</b>
<b>NCREIF NFI-ODCE Val Wt Gr</b>	<b>20.58%</b>	<b>8.25%</b>	<b>12.35%</b>	<b>9.18%</b>	<b>5.00%</b>	<b>0.77%</b>	<b>7.52%</b>	<b>36.33%</b>

### Diversification by Property Type as of March 31, 2024



<b>Clarion Lion Fund</b>	<b>12.94%</b>	<b>28.25%</b>	<b>6.40%</b>	<b>37.51%</b>	<b>0.00%</b>	<b>2.73%</b>	<b>12.17%</b>	<b>0.00%</b>
<b>NCREIF NFI-ODCE Val Wt Gr</b>	<b>18.03%</b>	<b>29.21%</b>	<b>10.61%</b>	<b>33.57%</b>	<b>0.21%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>8.37%</b>

# Morgan Stanley Period Ended March 31, 2024

## Investment Philosophy

Returns prior to 6/30/2021 are linked to the fund's history.

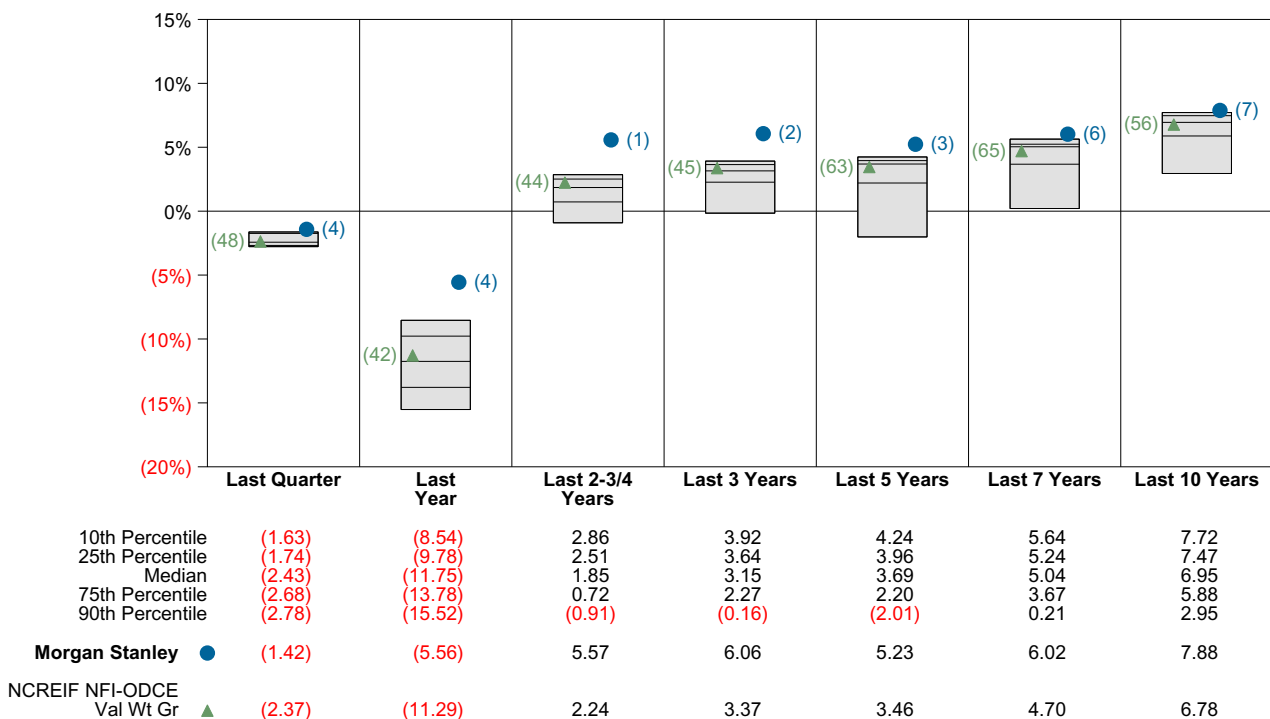
### Quarterly Summary and Highlights

- Morgan Stanley's portfolio posted a (1.42)% return for the quarter placing it in the 4 percentile of the Callan Real Estate ODCE group for the quarter and in the 4 percentile for the last year.
- Morgan Stanley's portfolio outperformed the NCREIF NFI-ODCE Val Wt Gr by 0.95% for the quarter and outperformed the NCREIF NFI-ODCE Val Wt Gr for the year by 5.73%.

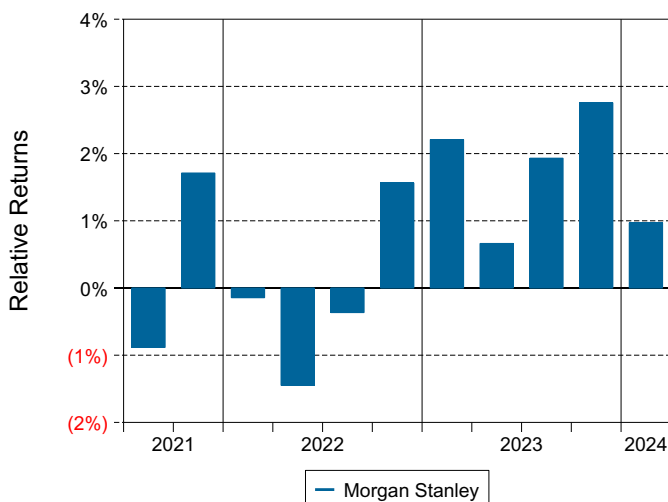
### Quarterly Asset Growth

Beginning Market Value	\$16,917,412
Net New Investment	\$0
Investment Gains/(Losses)	\$-227,444
Ending Market Value	\$16,689,968

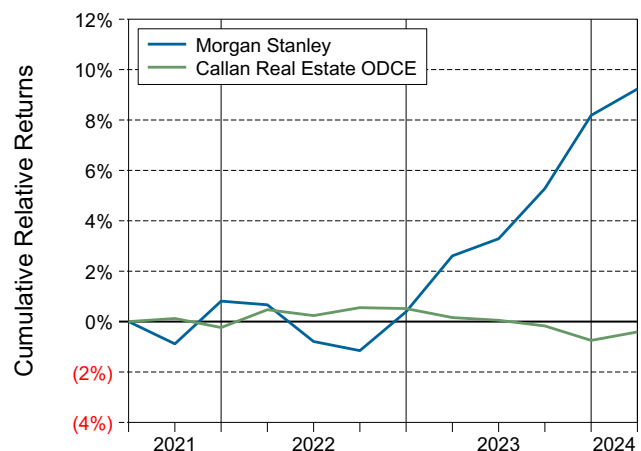
### Performance vs Callan Real Estate ODCE (Gross)



### Relative Returns vs NCREIF NFI-ODCE Val Wt Gr



### Cumulative Returns vs NCREIF NFI-ODCE Val Wt Gr

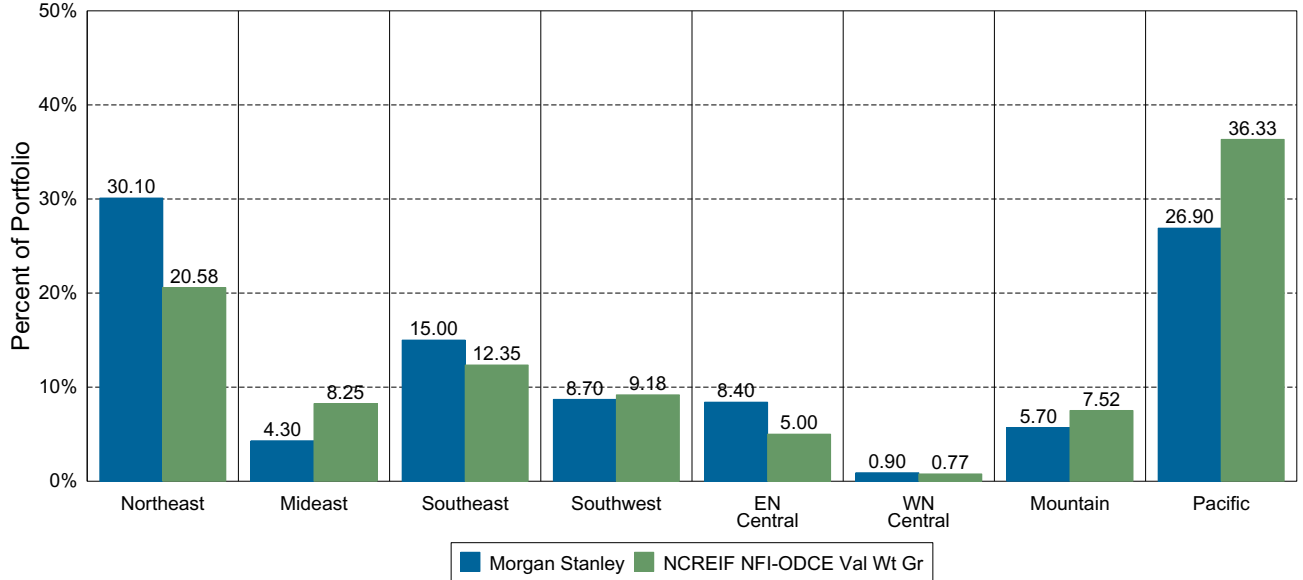


# Morgan Stanley Diversification Analysis as of March 31, 2024

## Diversification Analysis

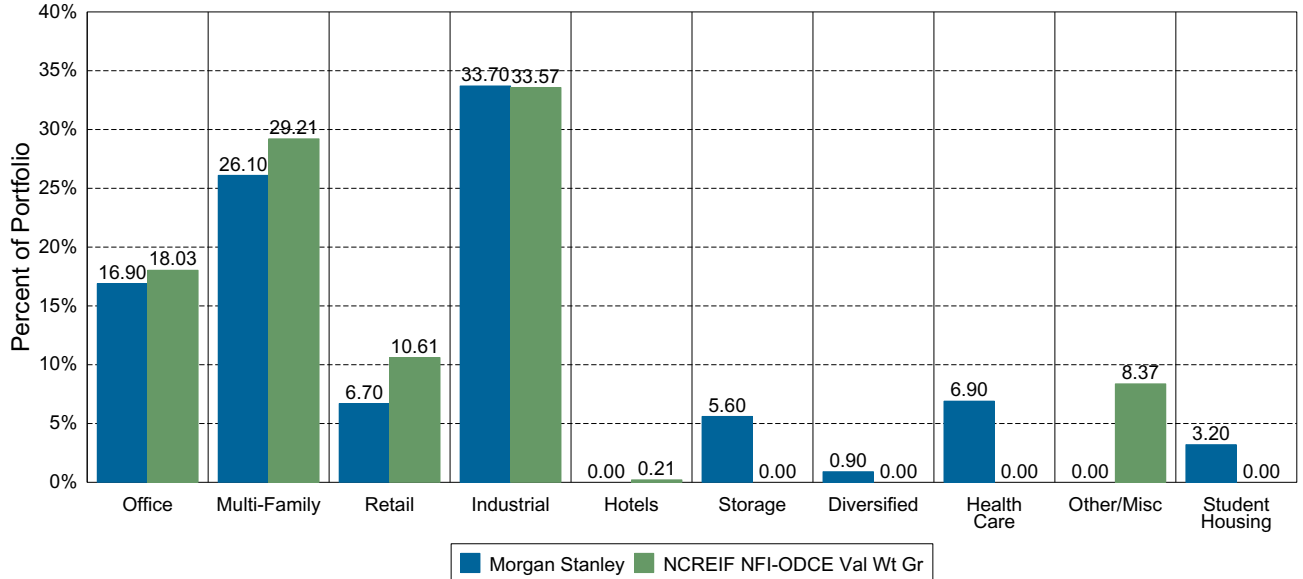
The following charts provide information on the diversification of the portfolio with regards to both Geographic Region and Property Type. Similar information is provided on the relevant market index for comparison.

### Diversification by Geographic Region as of March 31, 2024



<b>Morgan Stanley</b>	<b>30.10%</b>	<b>4.30%</b>	<b>15.00%</b>	<b>8.70%</b>	<b>8.40%</b>	<b>0.90%</b>	<b>5.70%</b>	<b>26.90%</b>
NCREIF NFI-ODCE Val Wt Gr	20.58%	8.25%	12.35%	9.18%	5.00%	0.77%	7.52%	36.33%

### Diversification by Property Type as of March 31, 2024



<b>Morgan Stanley</b>	<b>16.90%</b>	<b>26.10%</b>	<b>6.70%</b>	<b>33.70%</b>	<b>0.00%</b>	<b>5.60%</b>	<b>0.90%</b>	<b>6.90%</b>	<b>0.00%</b>	<b>3.20%</b>
NCREIF NFI-ODCE Val Wt Gr	18.03%	29.21%	10.61%	33.57%	0.21%	0.00%	0.00%	0.00%	8.37%	0.00%



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## 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.

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## 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.





## Quarterly Highlights

The Callan Institute provides research to update clients on the latest industry trends, carefully structured educational programs to enhance the knowledge of industry professionals, and events to enhance dialogue among investing professionals. Visit [www.callan.com/research-library](http://www.callan.com/research-library) to see all of our publications, and [www.callan.com/blog](http://www.callan.com/blog) to view our blog. For more information contact Barb Gerraty at 415-274-3093 / [institute@callan.com](mailto:institute@callan.com).

## New Research from Callan's Experts

[2024-2033 Capital Markets Assumptions](#) | View our interactive webpage and charticle outlining our 10-year assumptions. Our white paper and associated webinar also detail the process involved in creating our assumptions and the reasoning behind them.

[Callan Periodic Table of Investment Returns: Year-end 2023](#) | The Periodic Table of Investment Returns depicts annual returns for key asset classes, ranked from best to worst performance for each calendar year.

[Rental Housing Primer: 1Q24 RAR](#) | Callan's Aaron Quach provides analysis of the key subsectors within the rental housing sector.

[STAR Report Executive Summary: Year-End 2023](#) | The Style, Trend, Analysis & Research (STAR) report provides in-depth analysis of asset flows across public strategies and discussion of alternatives.

### Webinar Replays

[Research Café: ESG Interview Series](#) | This session features Tom Shingler, Callan ESG practice leader, interviewing Chris Fidler, from the Codes & Standards team at the CFA Institute.

### Blog Highlights

[SEC Releases Final Climate Disclosure Rule](#) | The objective for these rules is to aid investors in making relatable comparisons of companies by providing transparency into the potential in ancillary effects of climate-related risks.

[A Strong Finish to 2023 Bodes Well for Hedge Funds in 2024](#) | Hedge funds finished off 2023 on a strong note with the HFRI Fund Weighted Composite ending 8.1% higher and the Callan Institutional Hedge Fund Peer Group gaining 7.5%.

[The Magnificent Seven and Large Cap Portfolios](#) | The Seven's presence, both in weight and attribution, affected just about every investment managers' large cap portfolio.

### Quarterly Updates

[Private Equity Update, 4Q23](#) | A high-level summary of private equity activity in the quarter through all the investment stages

[Active vs. Passive Charts, 4Q23](#) | A comparison of active managers alongside relevant benchmarks over the long term

[Market Pulse, 4Q23](#) | A quarterly market reference guide covering trends in the U.S. economy, developments for institutional investors, and the latest data on the capital markets

[Capital Markets Review, 4Q23](#) | Analysis and a broad overview of the economy and public and private markets activity each quarter across a wide range of asset classes

[Hedge Fund Update, 4Q23](#) | Commentary on developments for hedge funds and multi-asset class (MAC) strategies

[Real Assets Update, 4Q23](#) | A summary of market activity for real assets and private real estate during the quarter

[Private Credit Update, 4Q23](#) | A review of performance and fundraising activity for private credit during the quarter

[Callan Target Date Index™, 4Q23](#) | Tracks the performance and asset allocation of available target date mutual funds and CITs

[Callan DC Index™, 4Q23](#) | Provides underlying fund performance, asset allocation, and cash flows of more than 100 large defined contribution plans representing approximately \$400 billion in assets.

## Events

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A complete list of all upcoming events can be found on our website: [callan.com/events-education](https://callan.com/events-education).

Please mark your calendar and look forward to upcoming invitations:

### June Regional Workshops

June 25, 2024 – Atlanta

June 27, 2024 – San Francisco

For more information about events, please contact Barb Gerraty: 415-274-3093 / [gerraty@callan.com](mailto:gerraty@callan.com)

## Education: By the Numbers

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50+

Unique pieces of research the Institute generates each year

525

Attendees (on average) of the Institute's annual National Conference

4,845

Total attendees of the "Callan College" since 1994

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## Education

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Founded in 1994, the "Callan College" offers educational sessions for industry professionals involved in the investment decision-making process.

### Introduction to Investments

June 11-12, 2024 – Chicago

This program familiarizes institutional investor trustees and staff and asset management advisers with basic investment theory, terminology, and practices. This course is designed for individuals with less than two years of experience with asset-management oversight and/or support responsibilities.

### Alternative Investments

Aug. 21-22, 2024 – Virtual

Alternative investments like private equity, hedge funds, and real estate can play a key role in any portfolio. In our "Callan College" on Alternatives, you will learn about the importance of allocations to alternatives, and how to consider integrating, evaluating, and monitoring them.

Our virtual sessions are held over two to three days with virtual modules of 2.5-3 hours, while in-person sessions run either a full day or one-and-a-half days. Virtual tuition is \$950 per person and includes instruction and digital materials. In-person tuition is \$2,350 per person and includes instruction, all materials, breakfast and lunch on each day, and dinner on the first evening with the instructors.

Additional information including registration can be found at: [callan.com/events-education](https://callan.com/events-education)



“Research is the foundation of all we do at Callan, and sharing our best thinking with the investment community is our way of helping to foster dialogue to raise the bar across the industry.”

Greg Allen, CEO and Chief Research Officer



## List of Callan’s Investment Manager Clients

Confidential – For Callan Client Use Only

Callan takes its fiduciary and disclosure responsibilities to clients very seriously. We recognize that there are numerous potential conflicts of interest encountered in the investment consulting industry, and that it is our responsibility to manage those conflicts effectively and in the best interest of our clients. At Callan, we employ a robust process to identify, manage, monitor, and disclose potential conflicts on an ongoing basis.

The list below is an important component of our conflicts management and disclosure process. It identifies those investment managers that pay Callan fees for educational, consulting, software, database, or reporting products and services. We update the list quarterly because we believe that our fund sponsor clients should know the investment managers that do business with Callan, particularly those investment manager clients that the fund sponsor clients may be using or considering using. Please note that if an investment manager receives a product or service on a complimentary basis (e.g., attending an educational event), they are not included in the list below. Callan is committed to ensuring that we do not consider an investment manager’s business relationship with Callan, or lack thereof, in performing evaluations for or making suggestions or recommendations to its other clients. Please refer to Callan’s ADV Part 2A for a more detailed description of the services and products that Callan makes available to investment manager clients through our Institutional Consulting Group, Independent Adviser Group, and Fund Sponsor Consulting Group. Due to the complex corporate and organizational ownership structures of many investment management firms, parent and affiliate firm relationships are not indicated on our list.

Fund sponsor clients may request a copy of the most currently available list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by particular fund manager clients. Per company policy, information requests regarding fees are handled exclusively by Callan’s Compliance department.

Manager Name
abrdn
Acadian Asset Management LLC
Adams Street Partners, LLC
Aegon Asset Management
AllianceBernstein
Allspring Global Investments, LLC
Altrinsic Global Advisors, LLC
American Century Investments
Amundi US, Inc.
Antares Capital LP
Apollo Global Management, Inc.
AQR Capital Management
Ares Management LLC
ARGA Investment Management, LP
Ariel Investments, LLC
Aristotle Capital Management, LLC
Artemis Real Estate Partners
Atlanta Capital Management Co., LLC

Manager Name
Audax Private Debt
AXA Investment Managers
Baillie Gifford International, LLC
Baird Advisors
Barings LLC
Baron Capital Management, Inc.
Barrow, Hanley, Mewhinney & Strauss, LLC
Belle Haven Investment L.P.
BentallGreenOak
Beutel, Goodman & Company Ltd.
Black Creek Investment Management Inc.
BlackRock
Blackstone Group (The)
Blue Owl Capital, Inc.
BNY Mellon Asset Management
Boston Partners
Brandes Investment Partners, L.P.
Brandywine Global Investment Management, LLC

**Manager Name**

Brookfield Asset Management Inc.

Brown Brothers Harriman &amp; Company

Brown Investment Advisory &amp; Trust Company

Capital Group

CastleArk Management, LLC

Cercano Management LLC

CIBC Asset Management Inc.

CIM Group, LP

Clarion Partners

ClearBridge Investments, LLC

Cohen &amp; Steers Capital Management, Inc.

Columbia Threadneedle Investments NA

Comvest Partners

CQS

Crescent Capital Group LP

Dana Investment Advisors, Inc.

D.E. Shaw Investment Management, LLC

DePrince, Race &amp; Zollo, Inc.

Diamond Hill Capital Management, Inc.

Dimensional Fund Advisors L.P.

Doubleline

DWS

EARNEST Partners, LLC

Fayez Sarofim &amp; Company

Federated Hermes, Inc.

Fidelity Institutional Asset Management

Fiera Capital Corporation

First Eagle Investment Management, LLC

First Hawaiian Bank Wealth Management Division

Fisher Investments

Franklin Templeton

Fred Alger Management, LLC

GAMCO Investors, Inc.

GlobeFlex Capital, L.P.

Goldman Sachs

Golub Capital

GW&amp;K Investment Management

Harbor Capital Group Trust

Hardman Johnston Global Advisors LLC

Haven Global Partners, LLC

**Manager Name**

Heitman LLC

Hotchkis &amp; Wiley Capital Management, LLC

HPS Investment Partners, LLC

IFM Investors

Impax Asset Management LLC

Income Research + Management

Insight Investment

Intercontinental Real Estate Corporation

Invesco

J.P. Morgan

Janus

Jennison Associates LLC

Jensen Investment Management

Jobs Peak Advisors

Kayne Anderson Rudnick Investment Management, LLC

King Street Capital Management, L.P.

Kohlberg Kravis Roberts &amp; Co. L.P. (KKR)

Lazard Asset Management

LGIM America

Lincoln National Corporation

Longview Partners

Loomis, Sayles &amp; Company, L.P.

Lord, Abbett &amp; Company

Los Angeles Capital Management

LSV Asset Management

MacKay Shields LLC

Macquarie Asset Management

Manulife Investment Management

Marathon Asset Management, L.P.

Mawer Investment Management Ltd.

MetLife Investment Management

MFS Investment Management

Mondrian Investment Partners Limited

Montag &amp; Caldwell, LLC

Morgan Stanley Investment Management

MUFG Bank, Ltd.

Natixis Investment Managers

Neuberger Berman

Newton Investment Management

Northern Trust Asset Management

**Manager Name**

Nuveen

Oaktree Capital Management, L.P.

Orbis Investment Management Limited

P/E Investments

Pacific Investment Management Company

Parametric Portfolio Associates LLC

Parnassus Investments

Partners Group (USA) Inc.

Pathway Capital Management, LP

Peregrine Capital Management, LLC

PGIM DC Solutions

PGIM Fixed Income

PGIM Quantitative Solutions LLC

Pictet Asset Management

PineBridge Investments

Polen Capital Management, LLC

PPM America, Inc.

Pretium Partners, LLC

Principal Asset Management

Pzena Investment Management, LLC

Raymond James Investment Management

RBC Global Asset Management

Regions Financial Corporation

S&amp;P Dow Jones Indices

Sands Capital Management

Schroder Investment Management North America Inc.

**Manager Name**

Segall Bryant &amp; Hamill

SLC Management

Sprucegrove Investment Management Ltd.

Star Mountain Capital, LLC

State Street Global Advisors

Strategic Global Advisors, LLC

T. Rowe Price Associates, Inc.

TA Realty

TD Global Investment Solutions

The TCW Group, Inc.

Thompson, Siegel &amp; Walmsley LLC

TPG Angelo Gordon

UBS Asset Management

VanEck

Versus Capital Group

Victory Capital Management Inc.

Virtus Investment Partners, Inc.

Vontobel Asset Management

Voya

Walter Scott &amp; Partners Limited

WCM Investment Management

Wellington Management Company LLP

Western Asset Management Company LLC

Westfield Capital Management Company, LP

William Blair &amp; Company LLC

Xponance, Inc.

## Important Disclosures

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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.

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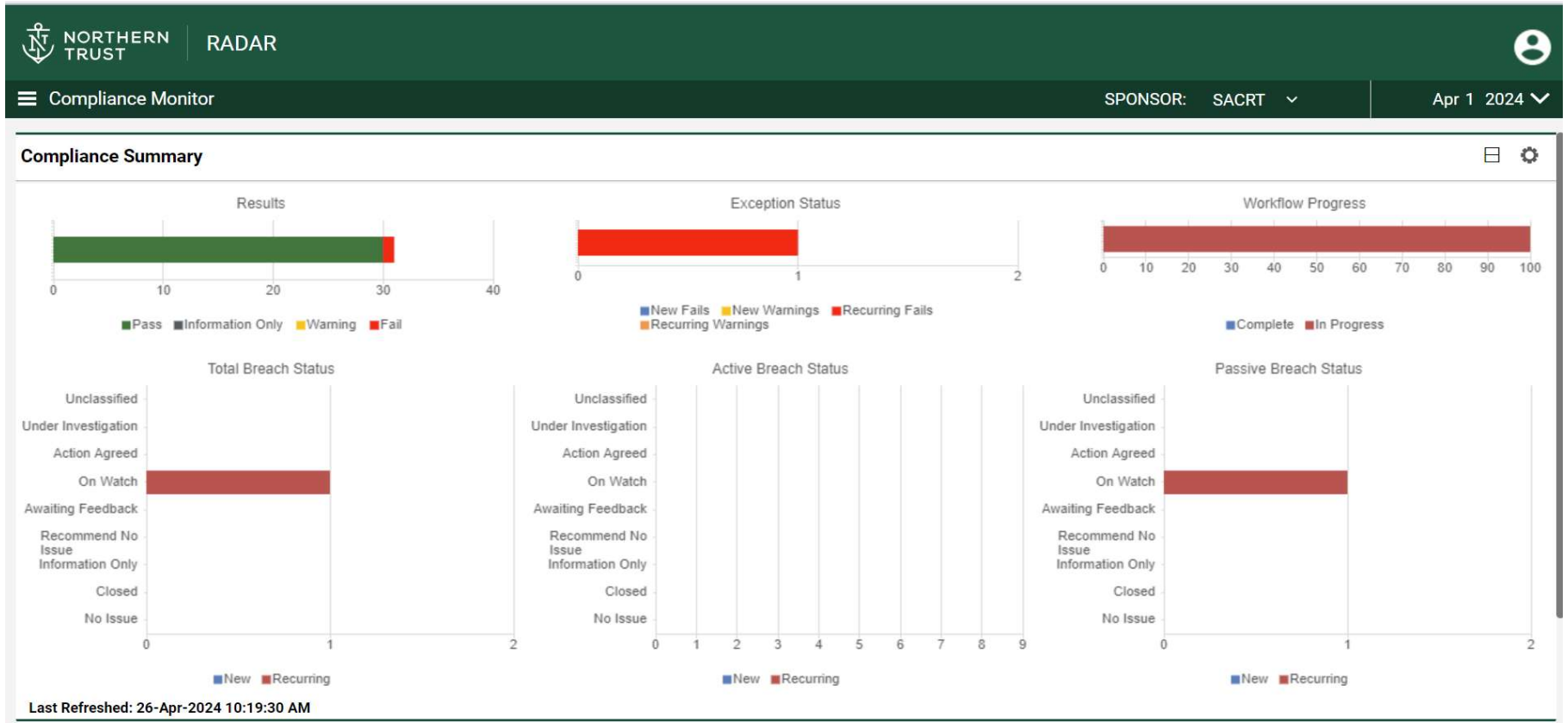
Unless Callan has been specifically engaged to do so, Callan does not conduct background checks or in-depth due diligence of the operations of any investment manager search candidate or investment vehicle, as may be typically performed in an operational due diligence evaluation assignment and in no event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

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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.





The compliance breach was caused by a restructuring of Intelsat, a global provider of satellite communications services (original holdings Intelsat Jackson CUSIPs 45824TAY1 and 45824TBA2 and current holding CUSIP L5217E120); which is part of TCW's portfolio holdings. As a result of the restructuring, there will be an equity line item in the portfolio for some period as TCW seeks an opportunistic disposition to maximize the realized value. In time, execution on Intelsat's business plan should improve the liquidity and value of Intelsat common shares, leading to a full liquidation from the portfolio. Northern Trust's compliance monitoring settings were set to flag equity common stock as a compliance breach. The Intelsat investments were originally purchased as Corporate Bonds so this incident is not a violation of the investment policy. The current equity common stock will continue to be monitored until TCW disposes of the securities.

Type Filters Applied:All,Fail,Information Only,Warning Breach Status Filters Applied:All,Active,Passive

Breach ID	Rule Processing Frequency	Account / Consolidation Name	Rule Name	Rule Category	Result Type	Valuation Date	Run Date	Age	Link	Active Passive Marker	Breach Cause	Breach Status	Workflow Status	Commentary	Linked Commentary
SACR03.R1.590	DAILY	SACRT - METWEST	PA44271 - SACRT SACR03 Permitted Investments	Permitted Assets	Fail	1-Apr-2024	1-Apr-2024	678	Linked	Passive	Corporate Action	On Watch	Under Investigation		

## Compliance Results

Breach Result Numerator: 57,082.50 Denominator: 94,077,047.43

<b>Account ID</b> SACR03	<b>Account Name</b> SACRT - METWEST	<b>Total Market Value</b> 57,082.50	<b>Securities Triggered</b> 1	<b>% Results</b> 0.06
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<b>Reference Date:</b> 01-Apr-2024	<b>Sponsor:</b> SACRT	<b>Compliance Breach Result:</b> Fail - Permitted Assets	<b>Valuation Date:</b> 01-Apr-2024
<b>Rule Name:</b> PA44271 - SACRT SACR03 Permitted Investments	<b>Rule Run Date:</b> 01-Apr-2024	<b>Rule Narrative:</b> Flags Prohibited Investments only. Please refer to IMA Language for more details.	<b>Breach Id:</b> SACR03.R1.590
<b>Benchmark:</b>	<b>Active/Passive:</b> Passive	<b>Breach Status:</b> On Watch	<b>Breach Cause:</b> Corporate Action
<b>Commentary:</b>	<b>Linked Commentary:</b>		

Asset Category/Name	Country of Risk	Security Identifier	Id Type	Shares/Par Value	Market Value Base	Security Weight %
Equities						
Common Stock						
Common Stock						
INTELSAT S.A.	Luxembourg	LU2445093128	ISIN	2,124.00	57,082.50	0.06



# RETIREMENT BOARD STAFF REPORT

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**DATE:** June 12, 2024 Agenda Item: 12  
**TO:** Sacramento Regional Transit Retirement Boards – ALL  
**FROM:** Jason Johnson, VP, Finance/CFO  
**SUBJ:** Receive and File Asset/Liability Study and Amend Statement of Investment Objectives and Policy Guidelines (ALL). (Johnson)

## **RECOMMENDATION**

Motion to Approve

## **RESULT OF RECOMMENDED ACTION**

Motion: Receive and File Asset/Liability Study and Amend Statement of Investment Objectives and Policy Guidelines (ALL). (Johnson)

## **FISCAL IMPACT**

None.

## **DISCUSSION**

The Retirement Boards entered into a five-year agreement for investment performance advisory and evaluation services with Callan Inc. ("Callan") in October 2018, and the contract option for an additional two years was exercised in December 2023. The contract's scope of services for includes performance of Asset/Liability studies as requested.

In 2019, Callan prepared an Asset/Liability Study for the ATU, IBEW and Salaried Employees Retirement Plans in order to provide an in-depth look at the then-current investment strategy, as well as the liability associated with the Retirement Plans. Since that time, pursuant to the Boards' Statement of Investment Objectives and Policy Guidelines (Investment Policy), Callan has prepared annual Asset Allocation Studies for the Retirement Boards, which are usually presented to the Boards at their June quarterly meetings for the Boards' review and approval. During the presentation of the annual studies, Callan reviews the Retirement Plans' investment portfolio and the Investment Policy, including the impact of any design or operational changes reported during the year, and current capital market conditions. Callan also references the most recent Asset/Liability Study and notes that the Retirement Boards typically conduct a new study every three to five years.

As reported by Callan in the study prepared five years ago, the goal of the Asset/Liability Study is to establish a long-term strategic asset allocation target for the Retirement Plans that aligns with the Investment Policy of the Retirement Boards, and reflects the liabilities and demographics reported for the Retirement Plans in the Actuarial Valuation Reports. Given that it has been five years since the last Asset/Liability study was completed, staff instructed Callan to complete an updated study.

The Asset/Liability Study presents the risk and potential return for multiple asset class mixes under the current asset allocation target policy and provides an opportunity for the Retirement Boards to consider potential changes to the asset allocation.

The attached Asset/Liability Study reflects changes made since the last Asset/Liability Study in 2019, including:

- The Retirement Boards established a 10% target allocation for the Real Estate asset class, funded by reducing investments in the Fixed Income asset class by 10%. The restated Statement of Investment Objectives and Policy Guidelines was adopted at the March 11, 2020 Retirement Board Meeting.
- At their May 2021 meeting, the Retirement Boards accepted the actuarial experience study and adopted the recommended economic and demographic assumptions, which included a reduction of the 7.25% discount rate to 6.75% to be phased in over three years.

Staff recommends that the Boards receive and file the Asset/Liability Study completed by Callan (Attachment #1) and provide direction to Staff and Callan regarding the asset allocation target policy as described therein.

Callan



June 12, 2024

**Sacramento Regional  
Transit District**

2024 Asset Liability Study

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**Gary Chang, CFA**  
Capital Markets Research

**Anne Heaphy**  
Fund Sponsor Consulting

**Uvan Tseng, CFA**  
Fund Sponsor Consulting

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# Agenda and Objectives

## *Agenda*

- Asset Liability Study Overview
- Asset Allocation and Capital Market Assumptions
- Current Conditions, Financial Position, and Liability Model
- Review Asset Liability Results
  - Current Policy
  - Alternative Mixes
- Select an Appropriate Asset Allocation

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## Overview of Callan's Asset-Liability Process



## Goals of the Asset-Liability Study

- The goal of this asset-liability project is to establish a long-term strategic asset allocation target
- An appropriate asset allocation will depend on SacRT's investment objectives
  - Minimize costs over the long run (long-term goal)
    - *How much return generation is necessary to lower contributions and/or improve funded status?*
  - Minimize funded status volatility (short-term goal)
    - *How much risk reduction to reduce contribution/funded status volatility?*
- Asset allocation will vary by the unique circumstances
  - *No “one-size-fits-all” solution exists*
- The asset-liability study will help SacRT quantify the impact that different strategies might have on relevant metrics

### Factors to consider:

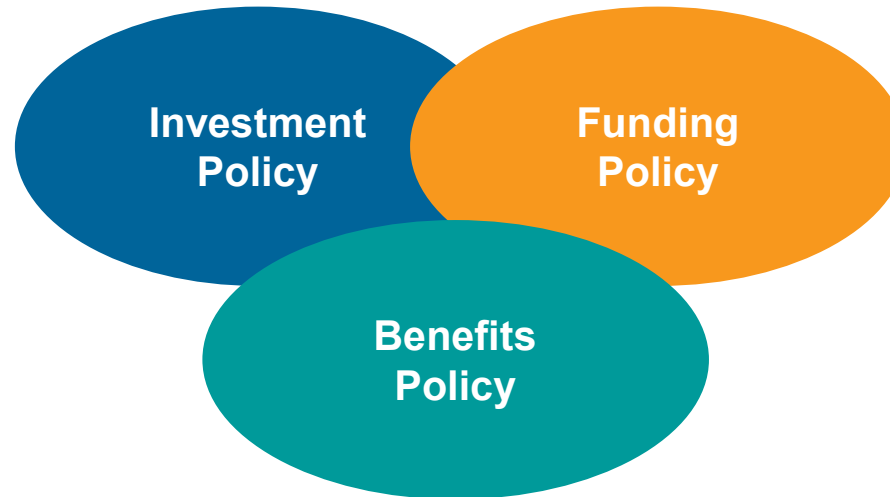
- Liability characteristics
- Funded status
- Contribution policy
- Time horizon
- Liquidity needs
- Risk Tolerance

# Where Does Asset Allocation Fit In?

Evaluate the interaction of three key policies to identify an appropriate investment policy

## Investment Policy

- 65% Public Equity
- 25% Fixed Income
- 10% Real Estate



## Funding Policy

- Normal Cost plus Amortization of unfunded liability
- Largest layer of unfunded liability (established in 2019) has 9 years of amortization remaining
- Effective 7/1/20, changes in UAL amortized over new 20-year bases
- 2024 employer contributions = \$27 million (31% of payroll)

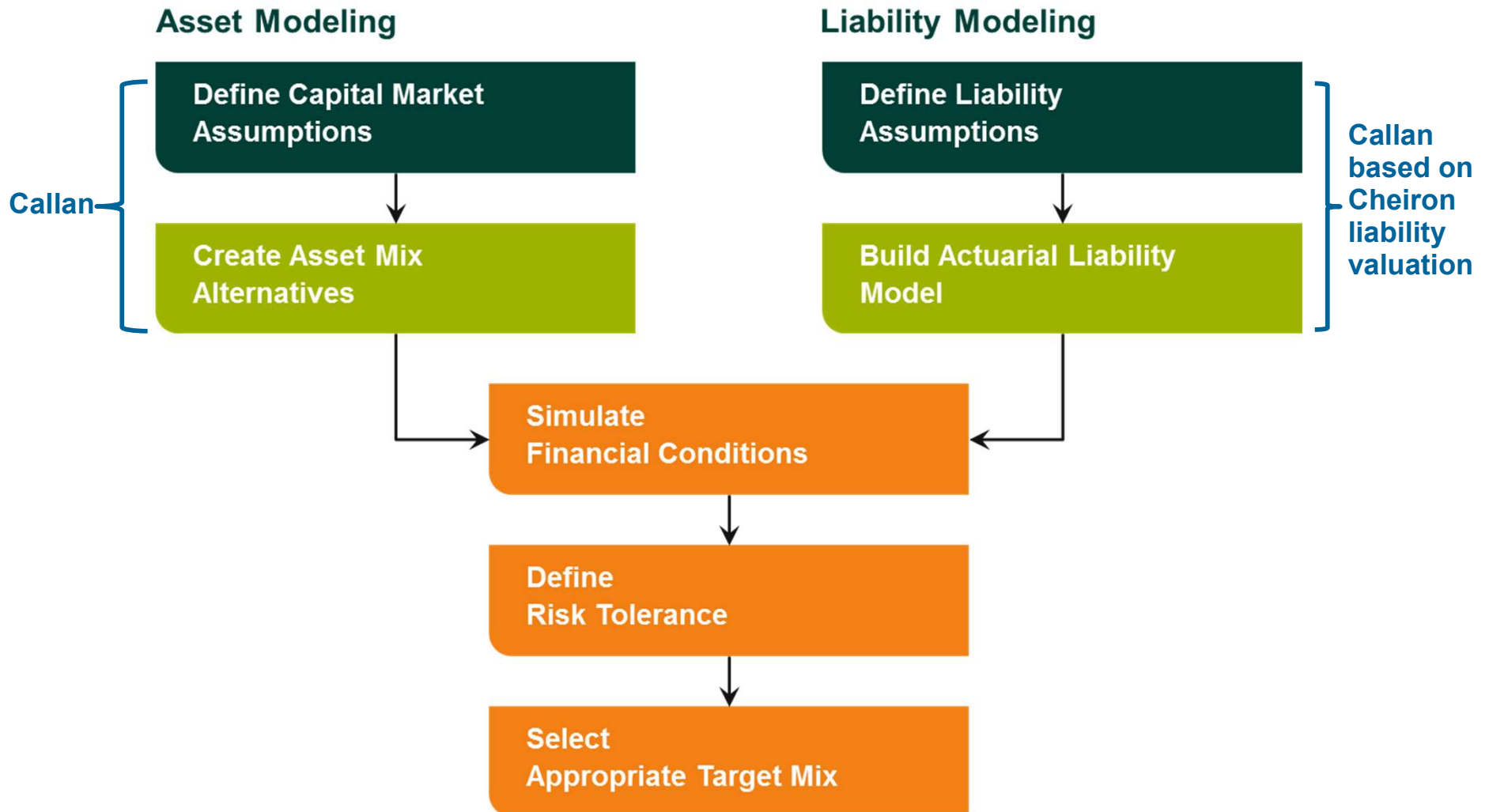
## Benefits Policy

- ~\$30 million per year
- ~8% of the market value of assets

Discount Rate: 6.75%

$$\text{Contributions} + \text{Investment Earnings} = \text{Benefits Paid} + \text{Expenses}$$

# Callan Asset-Liability Modeling Process



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## **Asset Allocation and Capital Market Assumptions**

# Callan's Long-Term Capital Market Assumptions (2024-2033)

Asset Class	Index	Projected Return*	Projected Risk
<b>Equities</b>			
Broad US Equity	Russell 3000	7.65%	17.40%
Large Cap US Equity	S&P 500	7.50%	17.00%
Small/Mid Cap US Equity	Russell 2500	7.70%	22.00%
Global ex-US Equity	MSCI ACWI ex USA	7.65%	21.40%
Developed ex-US Equity	MSCI World ex USA	7.50%	20.15%
Emerging Market Equity	MSCI Emerging Markets	7.70%	25.60%
<b>Fixed Income</b>			
Short Duration Gov't/Credit	Bloomberg Barclays 1-3 Yr G/C	4.25%	2.40%
Core US Fixed	Bloomberg Barclays Aggregate	5.25%	4.25%
Long Gov't/Credit	Bloomberg Barclays Long G/C	6.00%	11.70%
TIPS	Bloomberg Barclays TIPS	5.05%	5.40%
High Yield	Bloomberg Barclays High Yield	6.85%	11.75%
Global ex-US Fixed	Bloomberg Barclays Gbl Agg xUSD	3.15%	9.80%
EMD	EMBI Global Diversified	6.35%	10.65%
<b>Alternatives</b>			
Core Real Estate	NCREIF ODCE	6.00%	14.00%
Private Infrastructure	MSCI Glb Infra/FTSE Dev Core 50/50	6.35%	15.20%
Private Equity	Cambridge Private Equity	8.75%	27.60%
Private Credit	N/A	7.40%	15.70%
Hedge Funds	Callan Hedge FoF Database	6.05%	8.20%
Commodities	Bloomberg Commodity	3.90%	18.05%
<b>Cash Equivalents</b>	90-Day T-Bill	3.00%	0.90%
<b>Inflation</b>	CPI-U	2.50%	1.60%

\* 10-Year annualized return

Asset classes in **blue** are part of the Plan's current target investment allocation

Most capital market expectations represent passive exposure (beta only); however, return expectations for private investments reflect active management because no effective market proxies exist

All return expectations are net of fees

# Sacramento Regional Transit Asset Allocation

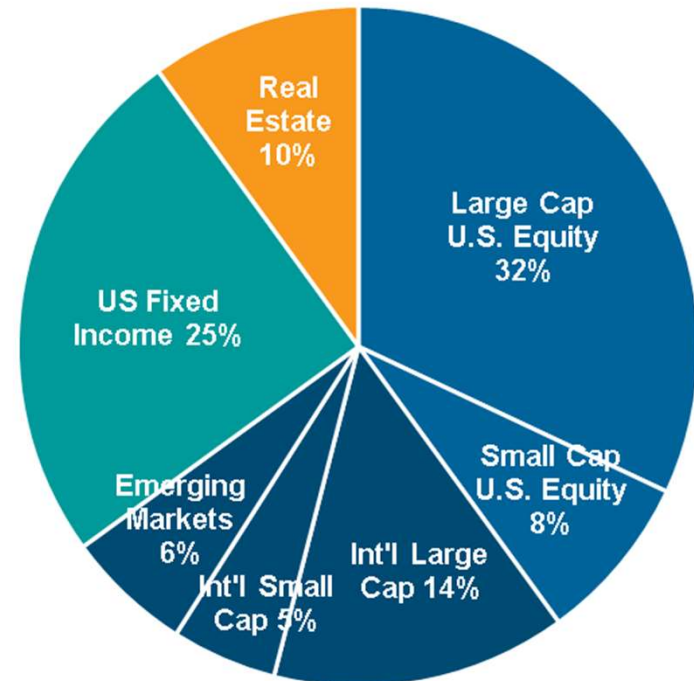
## Target Asset Allocation

Diversified Structure with investments in Private Real Estate

**65% Public Equity**

**25% Fixed Income**

**10% Real Estate**



**Expected Return\* = 7.4%**

**Expected Risk = 12.4%**

\*10 year geometric return

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## **Current Conditions, Financial Position, and Liability Model**

# Summary of Financial Position and Actuarial Assumptions

## Combined Plans (ATU, IBEW, Salaried)

Data is based on the 7/1/2023 actuarial valuation report from Cheiron

### Demographics:

- Plan is open to new entrants
- 2,401 members: 1,044 active members, 1,357 inactive members (retirees, beneficiaries, inactive vested)

### Key actuarial assumptions:

- 6.75% investment return assumption
- 2.5% price inflation

2023 Funded Ratio is 72% (on a Market Value of Assets basis)

July 1, 2023 Actuarial Valuation	ATU, IBEW, Salaried Combined Plans
Actuarial Liability (AL)	\$518 million
Market Value of Assets (MVA)	\$372 million
Actuarial Value of Assets (AVA)	\$379 million
Market Funded Status (MVA/AL)	72%
Actuarial Funded Status (AVA/AL)	73%
Employer Contribution (\$)	\$27 million
Employer Contribution (%)	31%
Normal Cost (\$)	\$13 million

Key Assumptions	Actuarial Assumption	Callan 10-year Expectation
Investment Return	6.75%	7.4%*
Price Inflation	2.5%	2.5%

\*Based on Callan's 10-year capital market assumptions applied to the Fund's target asset allocation

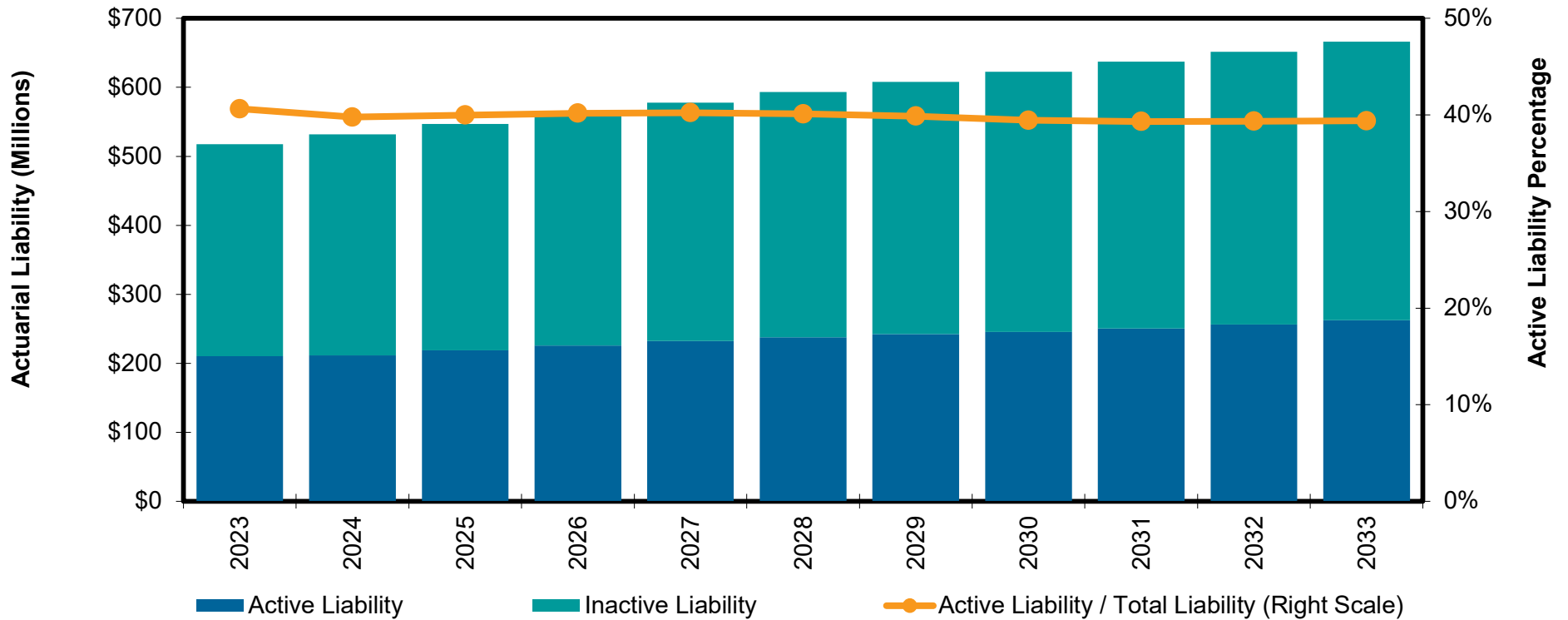


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## **Asset Liability Results – Current Policy Target**

# Plan Liabilities

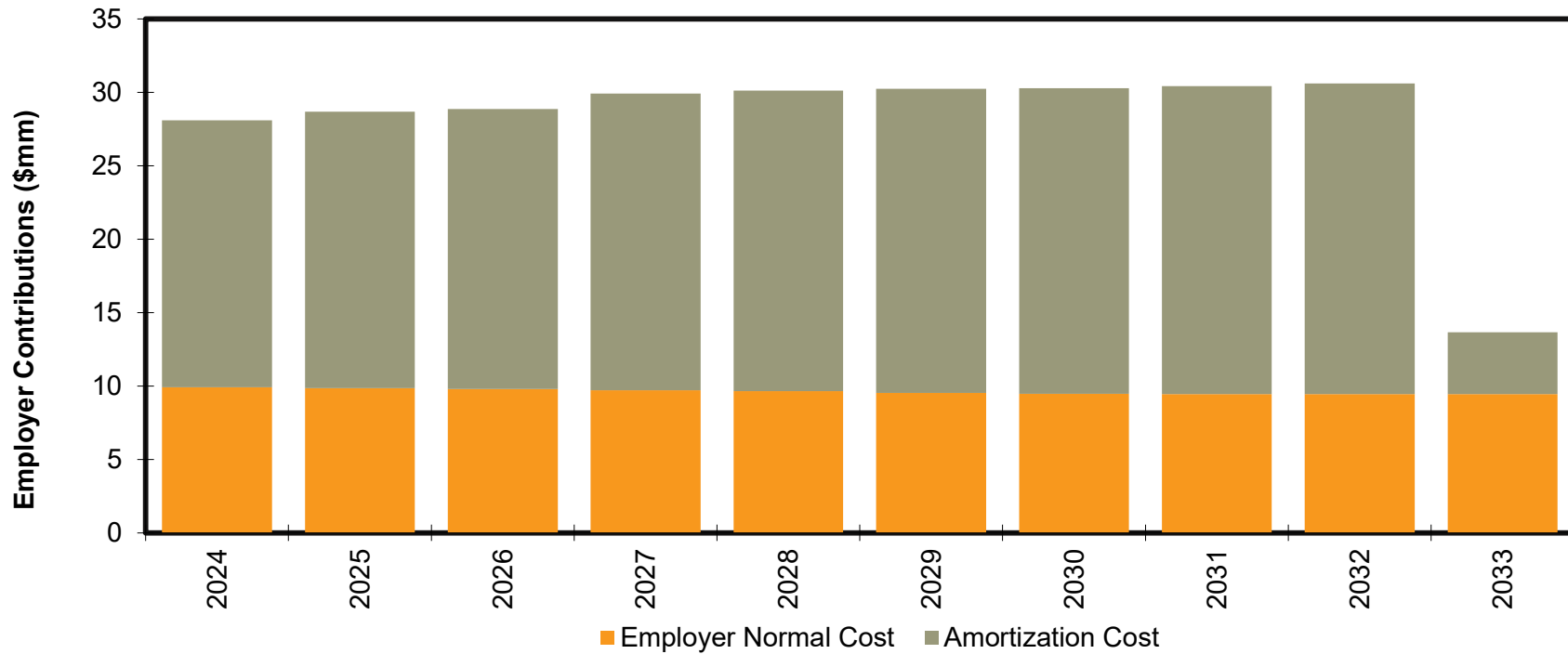
## Baseline Projection



- The active liability stays relatively steady and represents ~40% of the total liability over the projection period
- The overall liability is expected to grow between 2-3% annually
  - Liability grows annually with normal cost (2-3%) and interest (6.75%)
  - Liability decreases annually as benefits are paid (6-7%)

# Contributions and Normal Cost

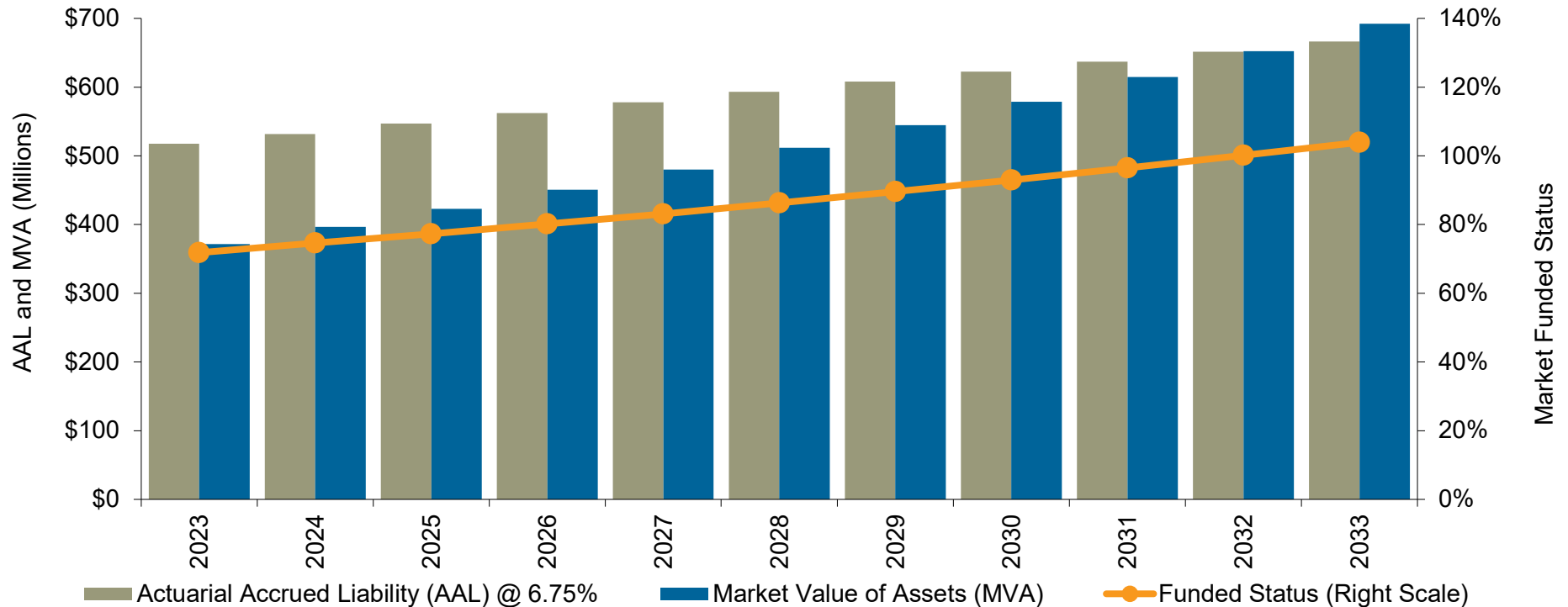
## Baseline Projection



- Employer Normal Cost steady at \$10 million per year
- Amortization payment falls off in 2033 as the largest layer becomes fully amortized and the plan is expected to be fully funded

# Market Assets, Liabilities, and Funded Status

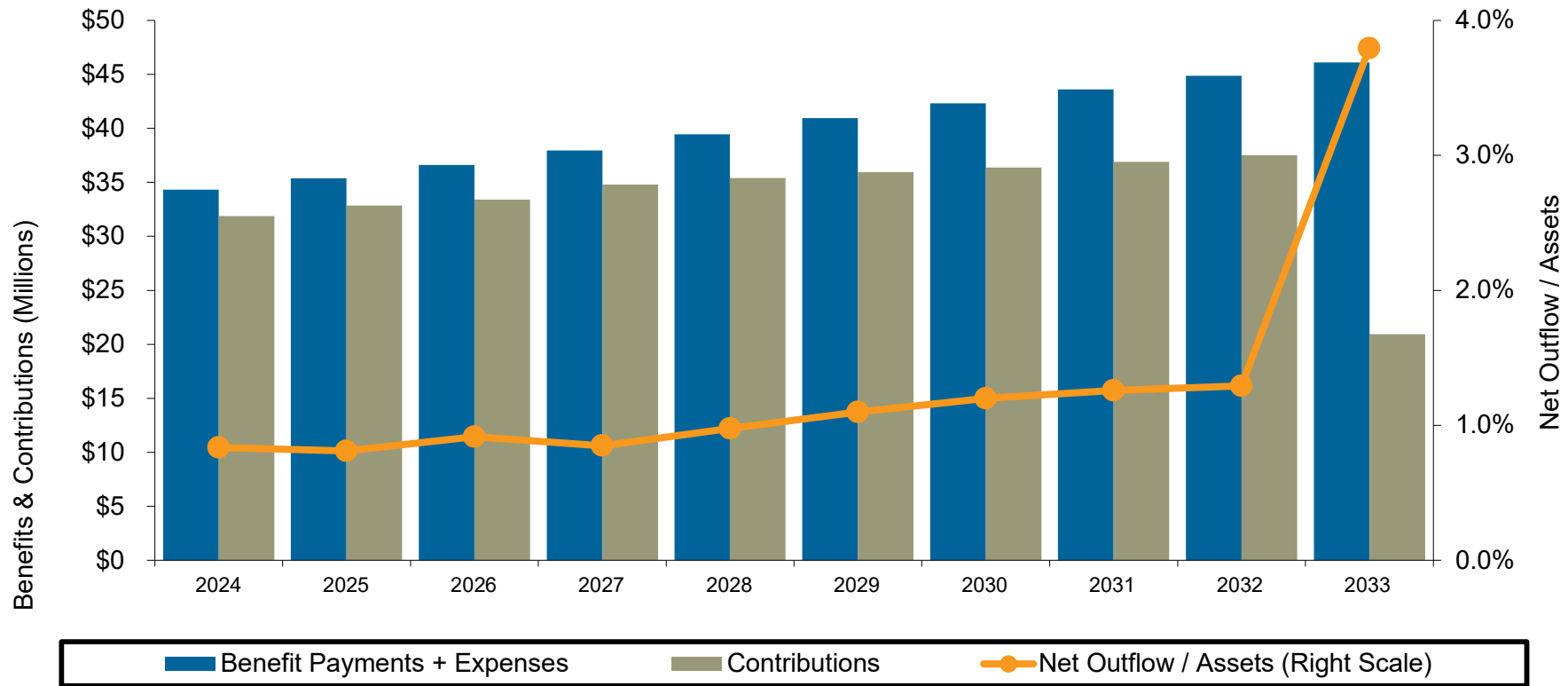
Baseline Projection: 7.4% Return and 2.5% Inflation



- Growth in assets outpaces liability growth leading to improvement in the funded status over the next 10 years
  - Change in assets considers both investment returns (7.4%) and net cash outflows (contributions net of benefit payments and expenses)
- Projected funding depends on adherence to the contribution policy

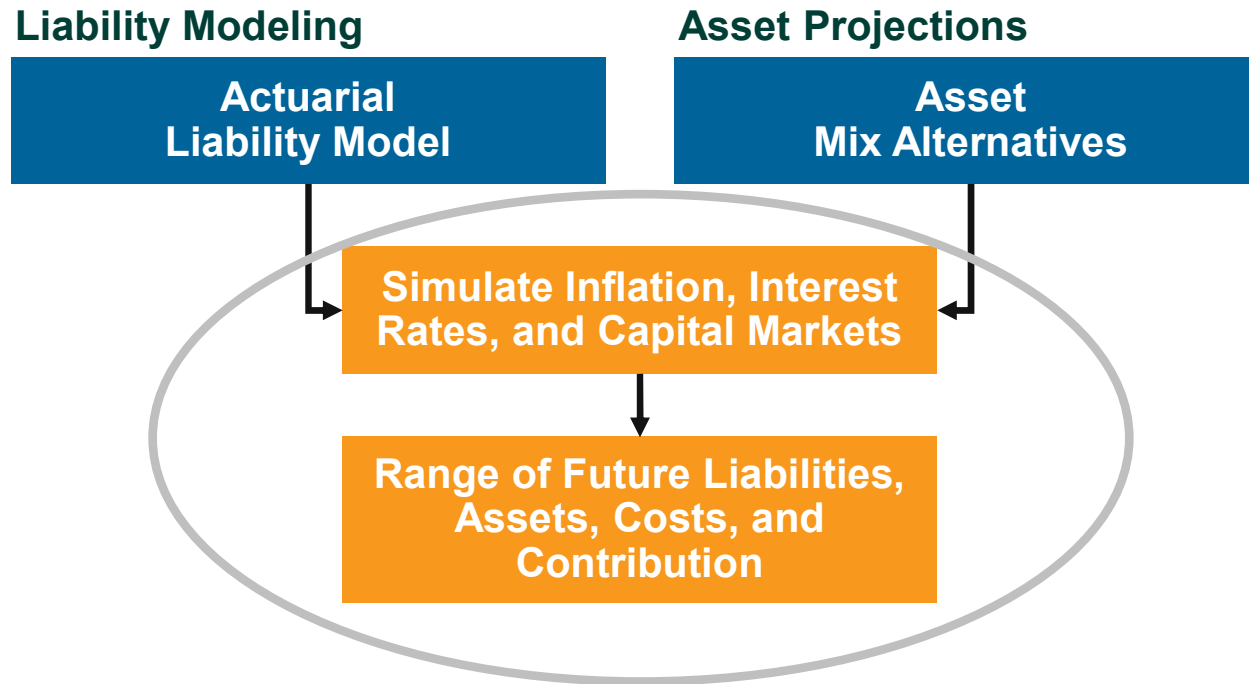
# Cash Flows and Liquidity

## Baseline Projection



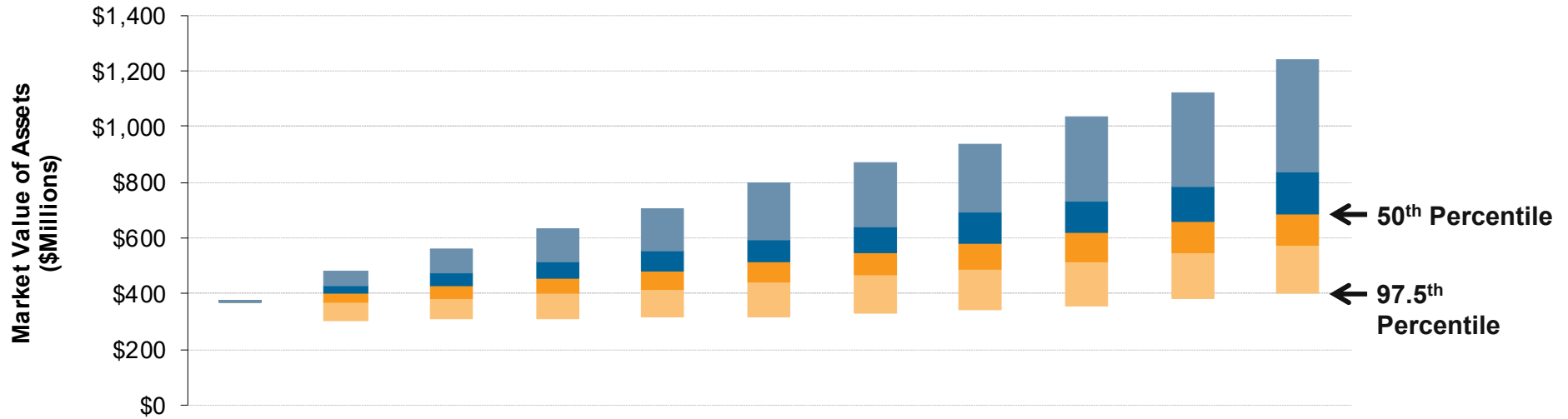
- Net Outflow = Benefit Payments + Expenses – Employer Contributions – Employee Contributions
- Plan has low and manageable net outflows on the range of 1-4% per year
  - Amortization payments on the 2019 unfunded liability cease in 2033 which causes contributions to decrease and net outflow to increase slightly
- The projection assumes the current contribution policy is maintained

## Simulate Financial Condition



- Generate 2,000 simulations per year, per asset mix to capture possible future economic scenarios and their effect on the Plan
- The simulation results are then ranked from highest to lowest to develop probability distributions

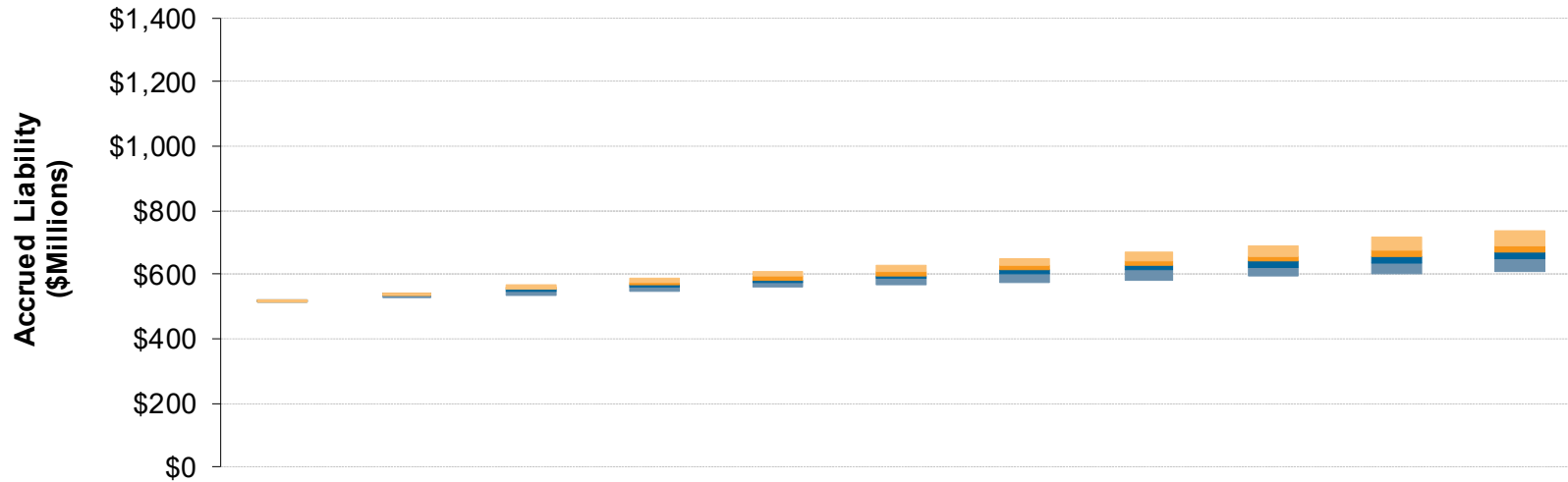
## Market Value of Assets – Target Mix



Percentile	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Ann. Growth
2.5th	\$372	\$480	\$558	\$632	\$707	\$800	\$871	\$940	\$1,034	\$1,122	\$1,242	12.8%
25th	372	431	472	512	554	595	643	694	734	784	836	8.4%
<b>50th</b>	<b>372</b>	<b>401</b>	<b>428</b>	<b>453</b>	<b>483</b>	<b>515</b>	<b>546</b>	<b>580</b>	<b>617</b>	<b>657</b>	<b>690</b>	<b>6.4%</b>
75th	372	371	384	402	419	443	470	490	516	546	573	4.4%
<b>97.5th</b>	<b>372</b>	<b>305</b>	<b>307</b>	<b>310</b>	<b>317</b>	<b>317</b>	<b>332</b>	<b>341</b>	<b>358</b>	<b>385</b>	<b>401</b>	<b>0.8%</b>
Range	0	176	251	322	390	483	539	599	676	737	841	

- Plan assets are expected to grow to just under \$700 million in the median outcome (6.4% annualized growth)
- The expected (median) outcome is the 50<sup>th</sup> percentile
  - There is a 50% chance that asset values will be above the value shown and a 50% chance they will be below the value shown
- A worse-case scenario is the 97.5<sup>th</sup> percentile
  - There is a 1-in-40 chance (2.5% probability) that the 7/1/2033 market value of assets will be \$401 million or less

# Actuarial Accrued Liability

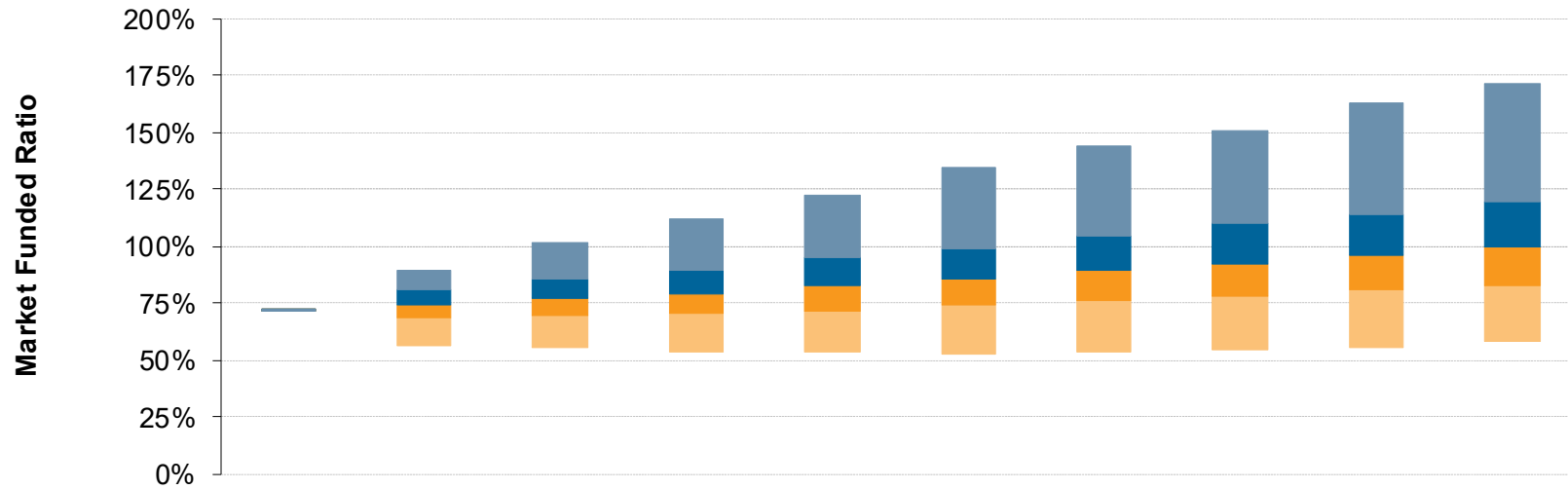


Percentile	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Ann. Growth
<b>97.5th</b>	\$518	\$542	\$567	\$590	\$611	\$632	\$653	\$673	\$693	\$714	\$734	3.6%
<b>75th</b>	518	537	557	576	593	610	626	642	659	675	690	2.9%
<b>50th</b>	518	535	552	569	584	599	613	627	641	655	669	2.6%
<b>25th</b>	518	532	547	561	575	588	600	613	625	636	647	2.3%
<b>2.5th</b>	518	528	538	548	559	568	577	585	595	603	612	1.7%
<b>Range</b>	0	14	29	42	53	64	76	88	98	111	122	

- Plan liabilities are much less volatile than Plan assets
  - Volatility in the liability is due to volatility in inflation which flows through to member compensation
- Liabilities are expected (50<sup>th</sup> percentile) to increase over the next 10 years to ~\$670 million (2.6% annualized growth)
- Liabilities increase with ongoing benefit accrual and interest cost and are reduced by benefit payments



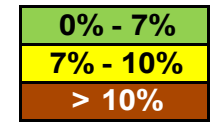
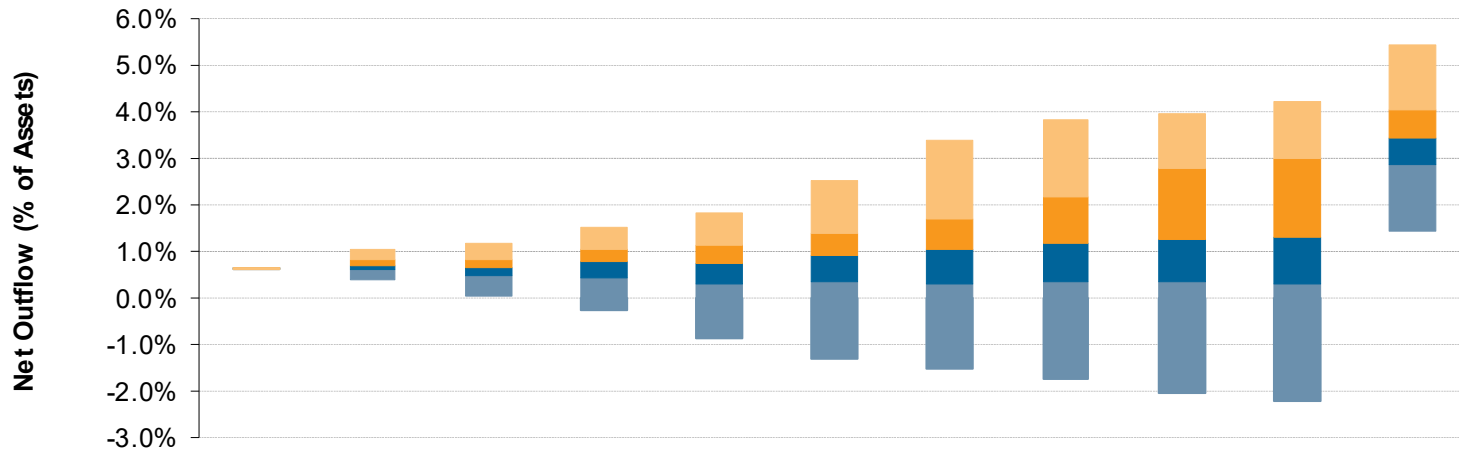
# Market Funded Ratio



Percentile	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
2.5th	72%	90%	102%	112%	123%	135%	144%	151%	163%	172%	188%
25th	72%	81%	85%	90%	95%	99%	105%	110%	115%	120%	125%
50th	72%	75%	77%	80%	82%	86%	89%	93%	96%	100%	103%
75th	72%	69%	69%	71%	71%	74%	77%	78%	81%	83%	85%
97.5th	72%	57%	56%	54%	54%	53%	54%	55%	56%	58%	60%

- Market Funded Ratio = Market Value of Assets / Accrued Liability
- Funded ratio expected to improve from 72% to 103% in ten years
- In a worse-case scenario, funded ratio could be 60% in ten years
- Asset volatility is the key contributor to the wide range of outcomes

# Net Outflow (NOF) as a Percentage of Assets – Target Mix



- NOF/Assets < 7% typically manageable liquidity needs
- 7% < NOF/Assets < 10% warrants monitoring and could impact asset allocation
- NOF/Assets > 10% has high liquidity needs and may preclude investment in illiquid assets

Percentile	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
97.5th	0.6%	1.1%	1.2%	1.5%	1.8%	2.5%	3.4%	3.8%	4.0%	4.2%	5.4%
75th	0.6%	0.8%	0.8%	1.0%	1.1%	1.4%	1.7%	2.2%	2.8%	3.0%	4.0%
50th	0.6%	0.7%	0.6%	0.8%	0.8%	0.9%	1.1%	1.2%	1.3%	1.3%	3.4%
25th	0.6%	0.6%	0.5%	0.5%	0.3%	0.3%	0.3%	0.4%	0.3%	0.3%	2.9%
2.5th	0.6%	0.4%	0.0%	-0.3%	-0.9%	-1.3%	-1.5%	-1.7%	-2.0%	-2.2%	1.4%

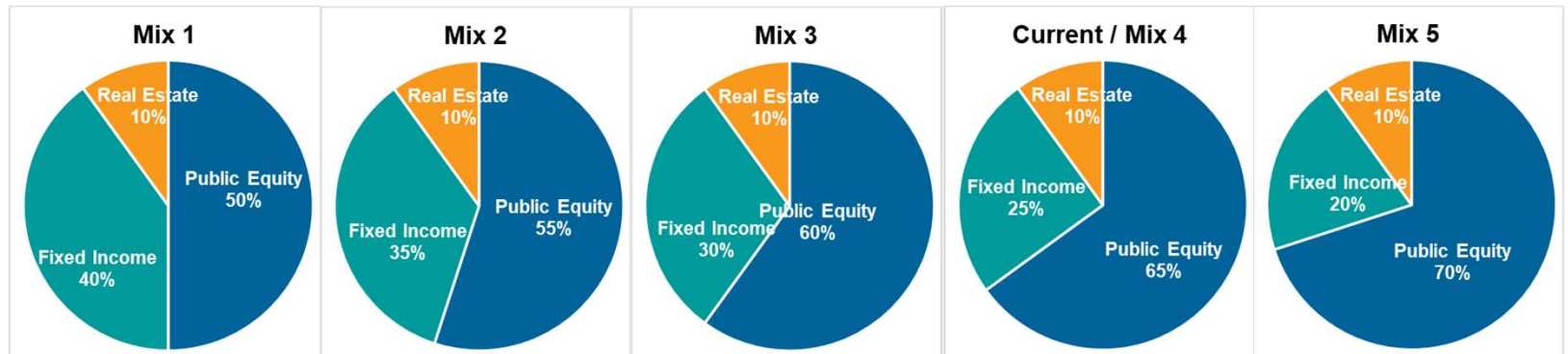
- Net Outflow = Benefit Payments + Expenses – Employer Contributions – Employee Contributions
  - NOF/assets is fairly stable in the median case but can reach up to 5% per year in a worse-case (97.5<sup>th</sup> percentile) outcome in 2033
- Net outflow is expected to increase in 2033 as the contributions related to the amortization of the 2019 unfunded liability cease
- Plan has manageable liquidity needs assuming the contribution policy is maintained

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## **Asset Liability Results – Alternative Mixes**

## Range of Alternative Asset Mixes

Asset Class	Mix 1	Mix 2	Mix 3	Current Target (Mix 4)	Mix 5
<b>Public Equity</b>	<b>50%</b>	<b>55%</b>	<b>60%</b>	<b>65%</b>	<b>70%</b>
US Large Cap	24%	26%	29%	32%	33%
US Small Cap	5%	6%	6%	8%	8%
Int'l Large Cap	11%	12%	13%	14%	15%
Int'l Small Cap	4%	4%	4%	5%	5%
Emerging Markets	6%	7%	8%	6%	9%
<b>Fixed Income</b>	<b>40%</b>	<b>35%</b>	<b>30%</b>	<b>25%</b>	<b>20%</b>
US Fixed Income	40%	35%	30%	25%	20%
<b>Alternatives</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
Real Estate*	10%	10%	10%	10%	10%
<b>Expected Return</b>	<b>7.1%</b>	<b>7.2%</b>	<b>7.3%</b>	<b>7.4%</b>	<b>7.5%</b>
<b>Expected Risk</b>	<b>9.9%</b>	<b>10.8%</b>	<b>11.6%</b>	<b>12.4%</b>	<b>13.4%</b>

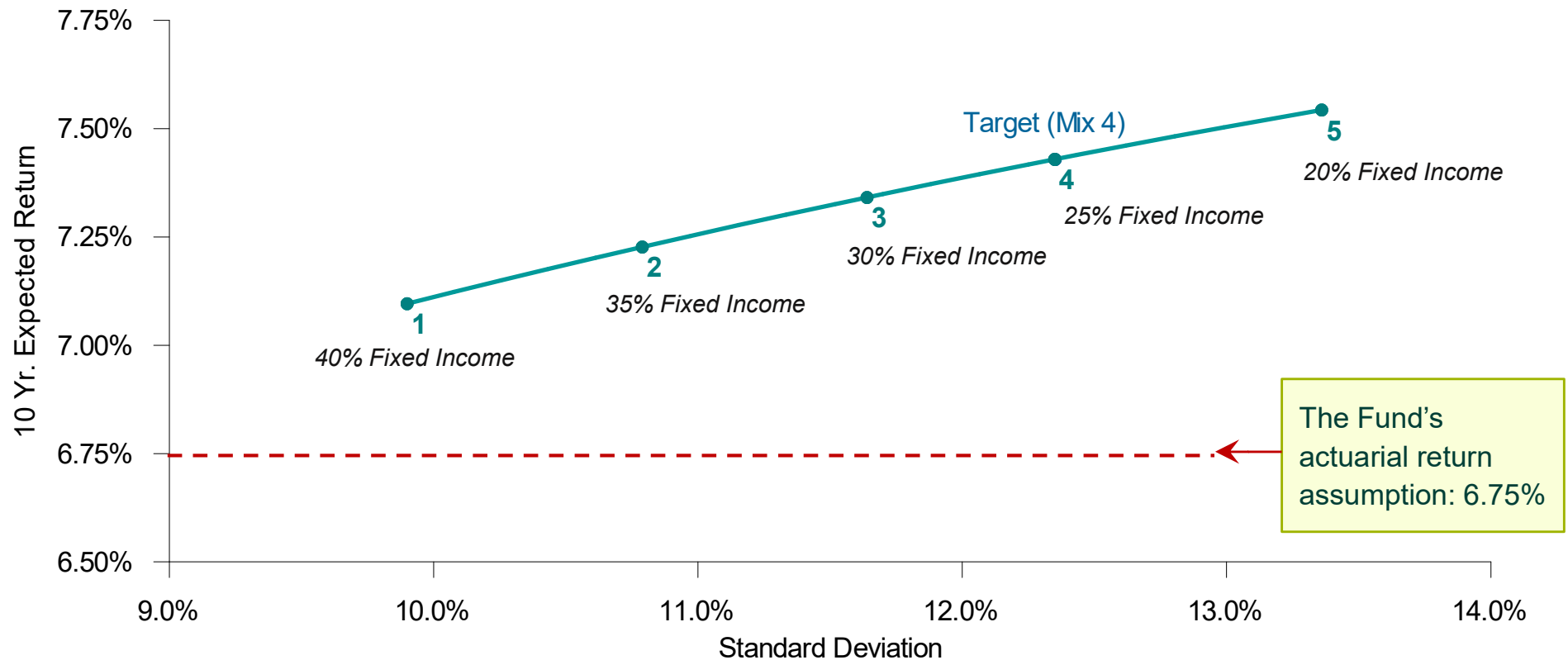


- The optimal mixes are constructed with decreasing allocations to fixed income (from 40% to 20%)
- As fixed income decreases, the expected return increases and annual portfolio risk reaches over 13%

\* Mixes constrained to a maximum of 10% in Real Estate

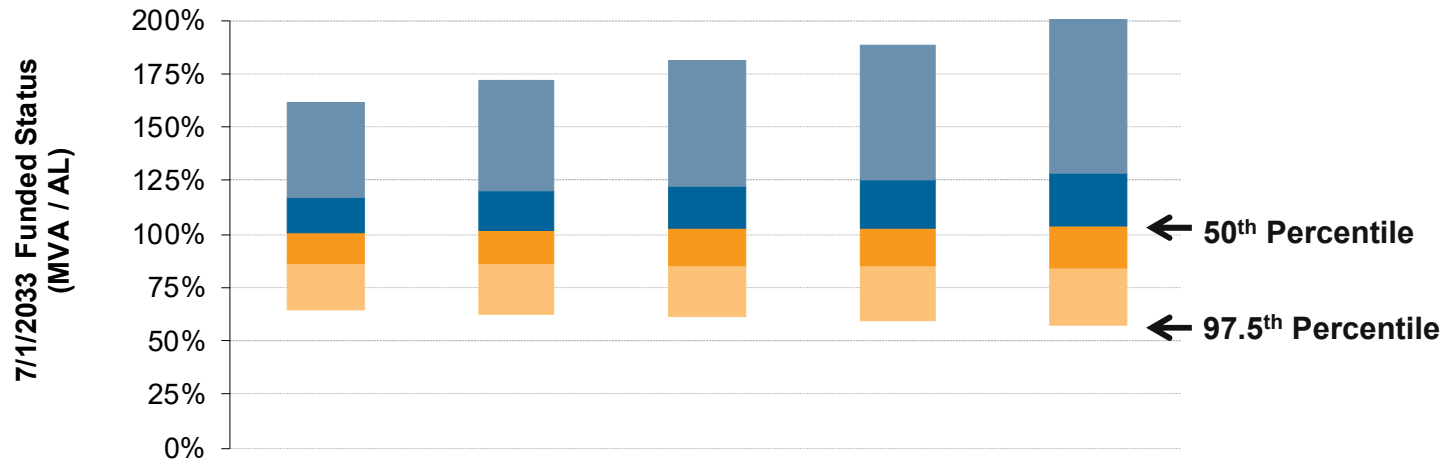
# Efficient Frontier

Current Asset Classes Only



- Efficient frontier represents mixes which optimally trade off between expected return and expected risk
- The current target lies on the efficient frontier

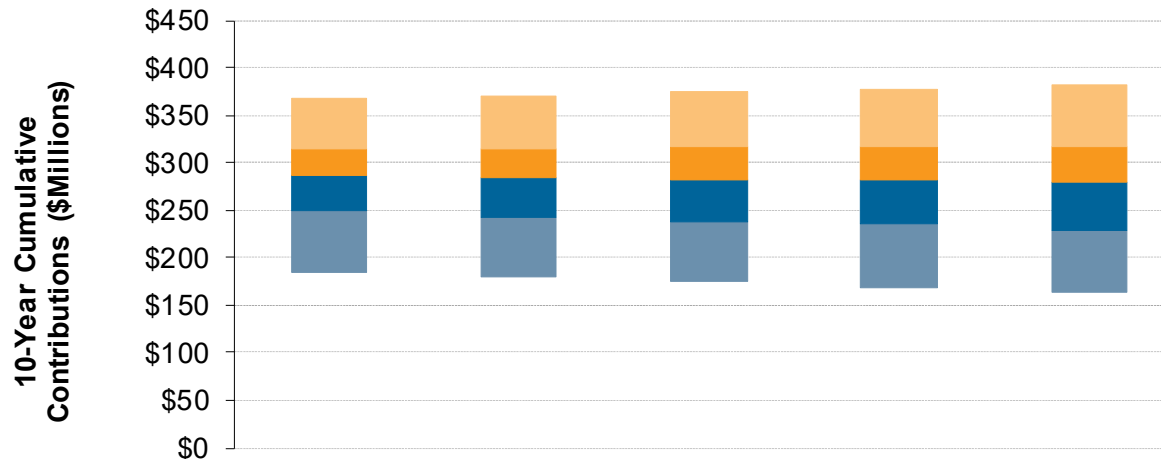
## Market Funded Ratio in 2033 (10 Years)



Percentile	Mix 1	Mix 2	Mix 3	Target / Mix 4	Mix 5
2.5th	161%	172%	180%	188%	202%
25th	117%	120%	123%	125%	128%
50th	100%	101%	102%	103%	104%
75th	86%	86%	86%	85%	85%
97.5th	65%	63%	62%	60%	58%
Expected Return	7.1%	7.2%	7.3%	7.4%	7.5%
Standard Deviation	9.9%	10.8%	11.6%	12.4%	13.4%
Prob. Full Funding	51%	52%	54%	55%	55%

- Funded status is expected to improve over the next 10 years for all asset mixes
  - 7/1/2023 starting funded status of 72%
  - Between 51% and 55% probability of full funding in 10 years across mixes
- More aggressive mixes are expected (50<sup>th</sup> percentile) to have a higher funded ratio but will have a lower funded status in a worse-case scenario (97.5<sup>th</sup> percentile)

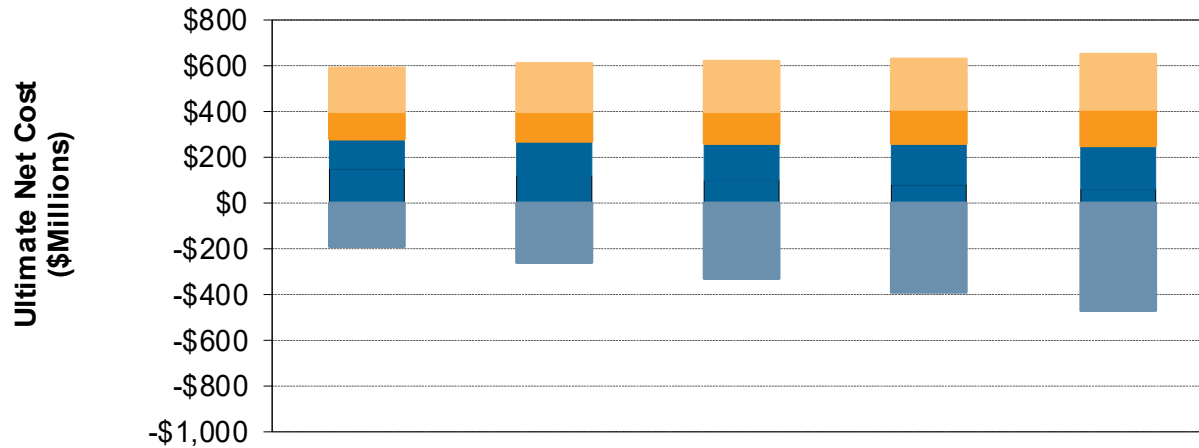
## Cumulative Employer Contributions (7/1/23 – 7/1/33)



Percentile	Mix 1	Mix 2	Mix 3	Target / Mix 4	Mix 5
97.5th	\$367	\$370	\$374	\$377	\$382
75th	\$314	\$315	\$316	\$316	\$317
50th	\$286	\$284	\$283	\$281	\$279
25th	\$250	\$243	\$238	\$235	\$228
2.5th	\$186	\$180	\$174	\$169	\$164
Expected Return	7.1%	7.2%	7.3%	7.4%	7.5%
Standard Deviation	9.9%	10.8%	11.6%	12.4%	13.4%

- The chart illustrates total employer contributions over the next 10 years
  - Expected contributions are approximately \$280 million (\$28 million/year) across all mixes
- More aggressive mixes have slightly lower expected contributions (50<sup>th</sup> percentile), and slightly higher worse-case contributions (97.5<sup>th</sup> percentile)

# Ultimate Net Cost (UNC)

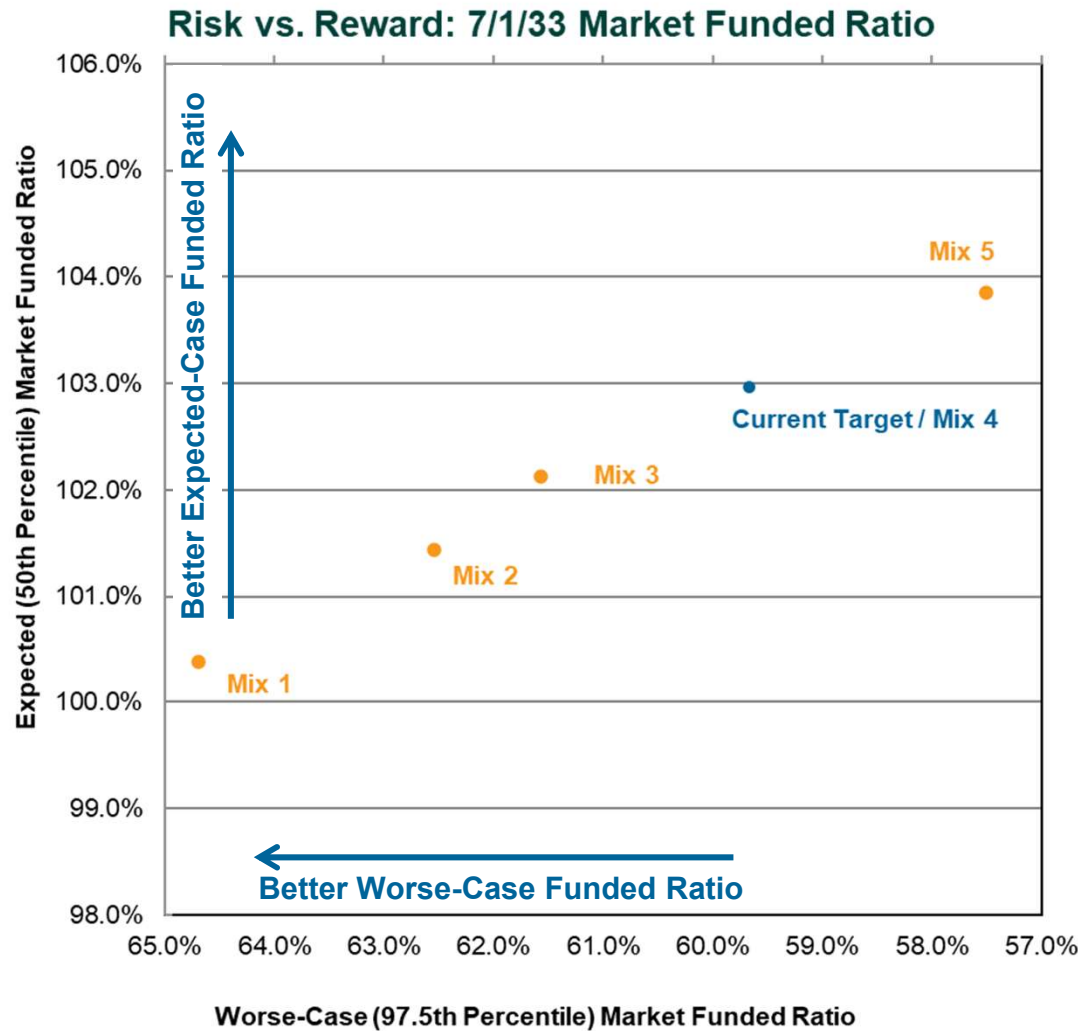


Percentile	Mix 1	Mix 2	Mix 3	Target / Mix 4	Mix 5
97.5th	\$588	\$603	\$617	\$628	\$644
75th	397	399	401	403	406
50th	281	270	262	254	247
25th	146	122	101	82	53
2.5th	-196	-263	-329	-387	-477
Expected Return	7.1%	7.2%	7.3%	7.4%	7.5%
Standard Deviation	9.9%	10.8%	11.6%	12.4%	13.4%

- UNC = 10-Year Cumulative Contributions + 7/1/2033 Unfunded Actuarial Liability
  - UNC captures what is expected to be paid over 10 years plus what is owed at the end of the 10 year period
  - Negative numbers indicate the plan is in a surplus position at 7/1/2033
- More aggressive mixes lower UNC in the expected case but result in a greater UNC in a worse-case scenario



# Risk vs. Reward in Market Funded Status at July 1, 2033

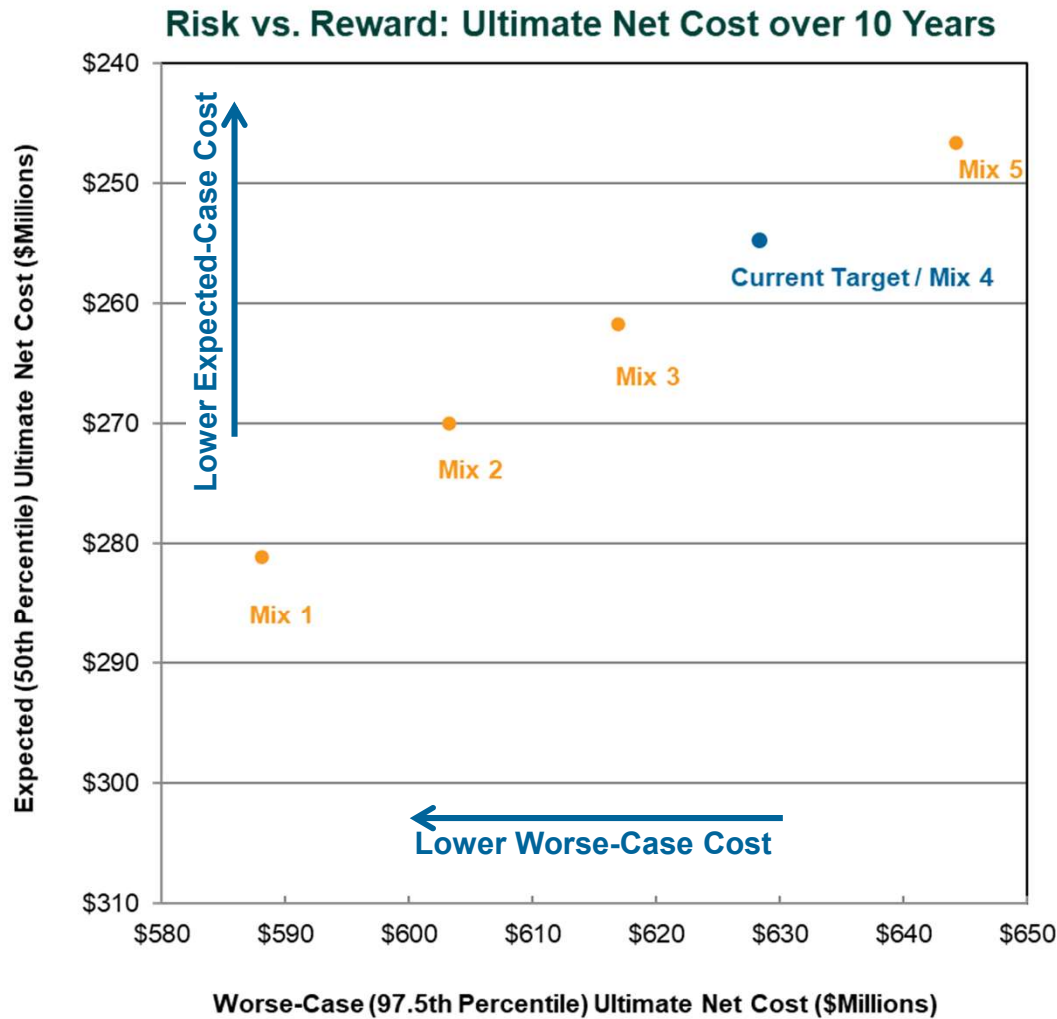


Upper left is the desired location

- Would mean higher funded ratio in both the expected and worse-case scenarios

The results of the mixes represent a tradeoff between expected case funded ratio and worse-case funded ratio

# Risk vs. Reward in Ultimate Net Cost



Upper left is the desired location

- Would mean lower cost in both the expected and worse-case scenarios

As with funded status, the results of the mixes represent a tradeoff between expected case UNC and worse-case UNC

## Summary of Key Metrics

	Mix 1	Mix 2	Mix 3	Mix 4 (Target)	Mix 5
<b>Asset Allocation</b>					
Fixed Income	40%	35%	30%	25%	20%
Public Equity	50%	55%	60%	65%	70%
Real Estate	10%	10%	10%	10%	10%
<b>Asset-Only Metrics</b>					
10 Year Geometric Return	7.1%	7.2%	7.3%	7.4%	7.5%
Standard Deviation	9.9%	10.8%	11.6%	12.4%	13.4%
<b>Asset-Liability Metrics</b>					
<b>Market Funded Ratio after 10 Years</b>					
Median (50th %ile)	100%	101%	102%	103%	104%
Worse-Case (97.5th %ile)	65%	63%	62%	60%	58%
Probability > 100%	51%	52%	54%	55%	55%
<b>Cumulative Contributions over 10 years (\$M)</b>					
Median (50th %ile)	\$286	\$284	\$283	\$281	\$279
Worse-Case (97.5th %ile)	\$367	\$370	\$374	\$377	\$382
<b>Ultimate Net Cost</b>					
Median (50th %ile)	\$281	\$270	\$262	\$255	\$247
Worse-Case (97.5th %ile)	\$588	\$603	\$617	\$628	\$644

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## Summary and Observations

The liability and demographic profile suggest SacRT has a long time horizon

- Plan is open and accruing benefits

Liquidity needs are manageable

- Net outflows have been under 2% over the past several years and are expected to remain low
- 10% allocation to Real Estate in the current target

SacRT is ~72% Funded and is expected to be 103% Funded at the end of 10 years under the Current Target

- 7/1/23 Deficit is \$145 million; Largest unfunded layer has 9 years of amortization remaining, which is a large driver in expected improvement in funded status
- 10-Year Employer Contributions of ~\$280 million are expected

The current target (25% Fixed Income) is diversified across stocks, bonds, and real estate and is reasonable to retain going forward

- Risk/return stance should be sufficient to meet the long-term goals and funding needs of the Plan
- 10-year expected return exceeds the discount rate of 6.75%

A modest increase in Fixed Income to 30% is an alternative that could be considered

- A modest increase of 5% in Fixed Income is expected to have a 10-year return of 7.3% at a lower risk level than the policy target
- Small increase in expected cost, and lower worse-case cost than the current target

At this time there appears to be little need to expand into additional asset classes

- While new asset classes such as private equity may increase portfolio efficiency resulting in higher expected returns at the same level of risk, they can also increase complexity, reduce the liquidity of the portfolio, and require a long-term commitment, resulting in higher fees and increased staff oversight
- Given the policy target is sufficient in achieving the long-term goals of the plan, no new asset classes are recommended at this time

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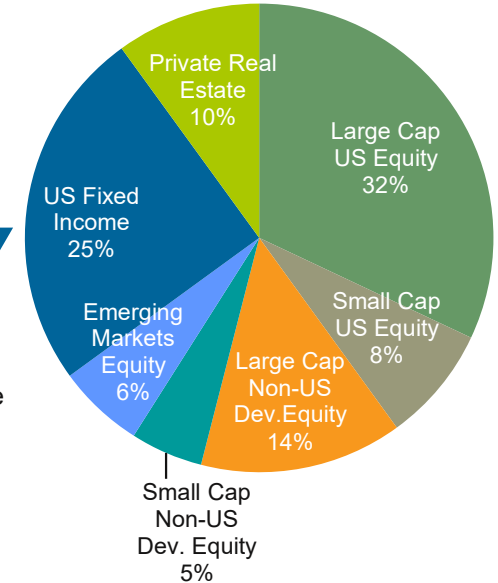
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## Appendix

# What RT Has Accomplished Since the 2014 Asset/Liability Study

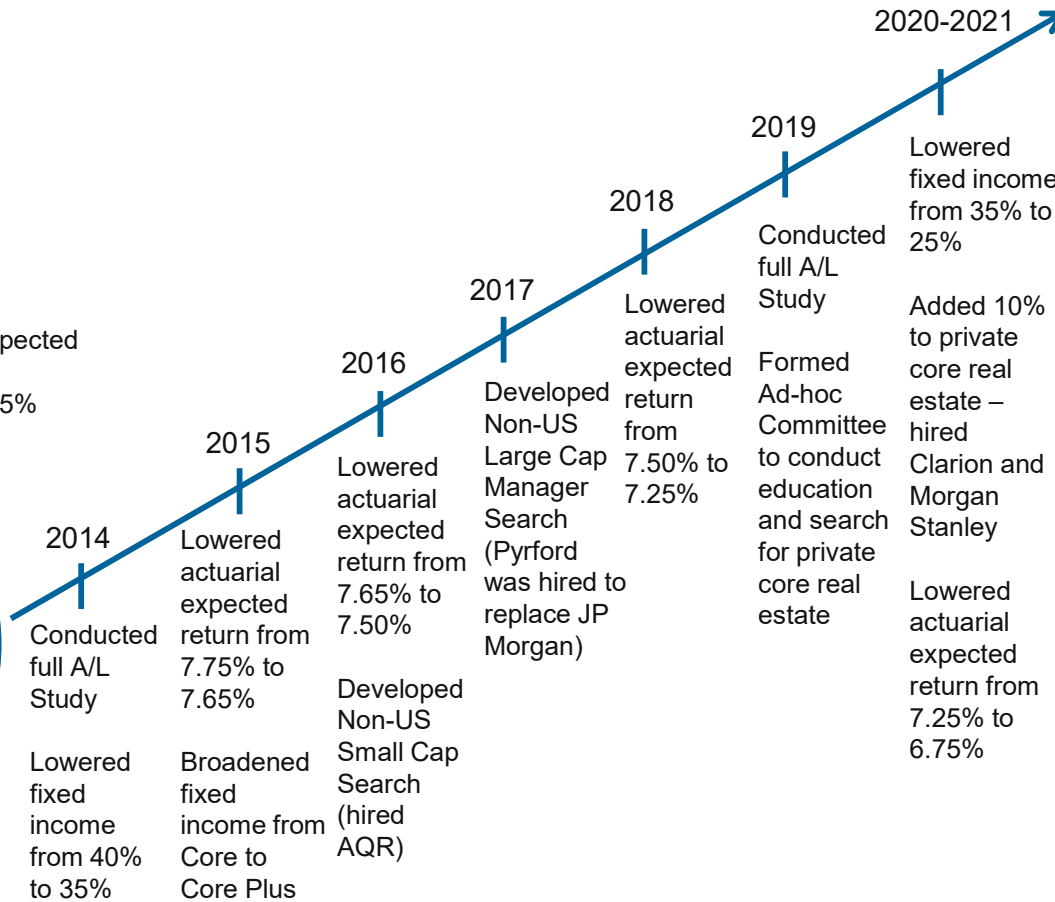
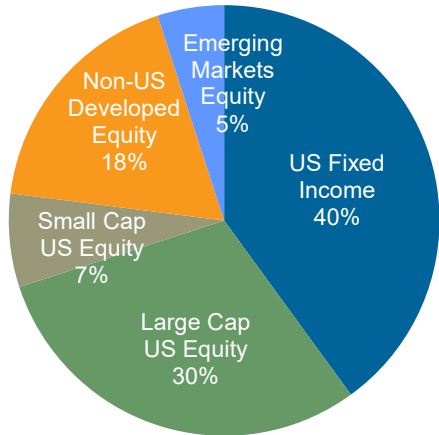
## 2024 Policy Target

Actuarial Expected Return: 6.75%  
 Expected Geometric Return: 7.4%  
 Expected Standard Deviation: 12.4%



## 2014 Policy Target

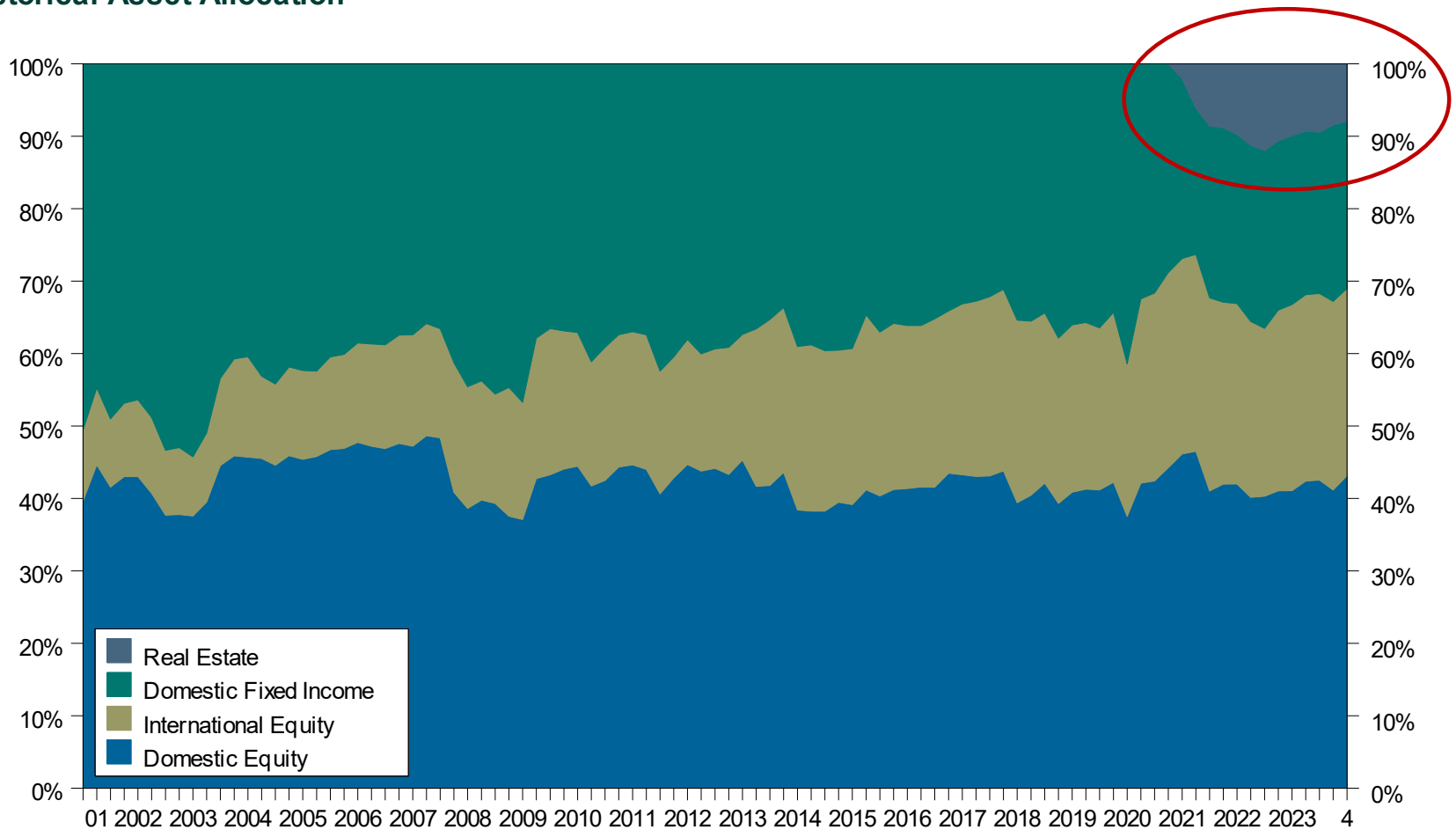
Actuarial Expected Return: 7.75% Expected  
 Geometric Return: 6.3%  
 Expected Standard Deviation: 11.5%



## 2021 Asset Allocation Changes Improved Diversification

- The Plan added exposure to Core Real Estate after the last Asset Liability study to improve diversification and increase risk-adjusted returns

### Actual Historical Asset Allocation



## Alternative Asset Mixes

### Add Private Equity

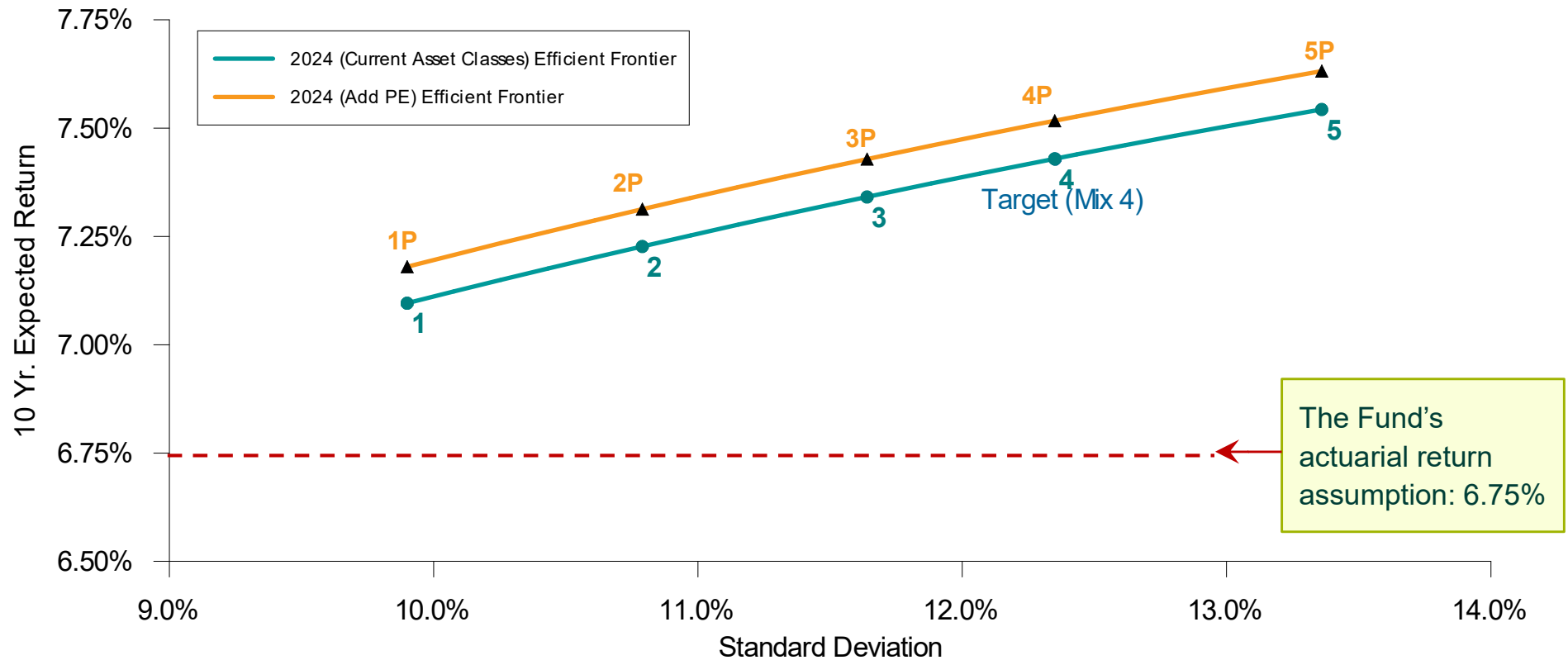
Asset Class	Mix 1P	Mix 2P	Mix 3P	Mix 4P	Mix 5P
<b>Public Equity</b>	<b>42%</b>	<b>47%</b>	<b>52%</b>	<b>56%</b>	<b>62%</b>
US Large Cap	19%	21%	24%	25%	28%
US Small Cap	5%	6%	6%	7%	7%
Int'l Large Cap	8%	9%	9%	10%	11%
Int'l Small Cap	2%	3%	3%	4%	4%
Emerging Markets	8%	9%	10%	11%	11%
<b>Fixed Income</b>	<b>44%</b>	<b>38%</b>	<b>33%</b>	<b>29%</b>	<b>23%</b>
US Fixed Income	44%	38%	33%	29%	23%
<b>Alternatives</b>	<b>14%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
Real Estate	9%	10%	10%	10%	10%
Private Equity	5%	5%	5%	5%	5%
<b>Expected Return</b>	<b>7.2%</b>	<b>7.3%</b>	<b>7.4%</b>	<b>7.5%</b>	<b>7.6%</b>
<b>Expected Risk</b>	<b>9.9%</b>	<b>10.8%</b>	<b>11.7%</b>	<b>12.4%</b>	<b>13.4%</b>

- Mixes above optimized to have the same level of risk as Mixes 1 – 5 presented earlier
- The resulting impact on total portfolio return is an increase of 8-9 bps (at the same level of risk)

Real Estate is constrained to 10% and Private Equity is constrained to 5% of the portfolios



# Impact of Adding Private Equity



- Adding Private Equity (Mixes 1P through 5P) improves portfolio efficiency modestly
  - 5% additional private equity results in an improvement in expected return of 8 – 9 bps at the same level of risk

# Private Equity Investment Challenges

<b>Illiquidity</b>	Capital locked up for 10-15+ years Secondary market a liquidity option, but assets are sold at a discount
<b>Implementation</b>	Manager selection critical as mistakes are long-lasting and cannot be easily liquidated
<b>Fees</b>	Management Fee (1.25%-2.5%) + Carried Interest (20% of profits) + Additional Partnership Expenses
<b>Performance Calculation &amp; Benchmarking</b>	Reliance on internal rate of return (IRR) and multiples of invested capital (e.g., total value / paid-in capital, or TVPI), rather than time-weighted returns (TWR) used for public equity Data often lagged, creating a timing issue for reporting No perfect benchmark exists; investors use a variety of methodologies (e.g., Russell 3000 + 2%). Performance data is only available in a small number of private equity databases, making peer group rankings difficult.
<b>J-Curve Effect</b>	Negative returns in the fund's early years as the portfolio is invested and developed These are eventually offset by potentially outsized investment gains in the latter years
<b>Program Complexity</b>	Investors cannot rebalance a private equity portfolio to move it closer to target Requires annual commitment pacing to ensure investors meet and maintain private equity targets

# 2024 Correlations

	Lg Cap	Sm/Mid	Dev ex-US	Emerge	Sht Dur	Core Fix	Long G/C	TIPS	Hi Yield	GlobxFix	EMD	Core RE	Pvt Infra	Pvt Eq	Pvt Cred	Hedge Fd	Comm	Cash Eq	Inflation
1 Large Cap U.S. Equity	1.00																		
2 Small/Mid Cap U.S. Equity	0.87	1.00																	
3 Developed ex-U.S. Equity	0.70	0.81	1.00																
4 Emerging Market Equity	0.81	0.88	0.92	1.00															
5 Short Duration Gov't/Credit	0.05	0.01	0.04	-0.01	1.00														
6 Core U.S. Fixed	0.09	0.03	0.06	0.00	0.78	1.00													
7 Long Government/Credit	0.23	0.19	0.21	0.19	0.69	0.88	1.00												
8 TIPS	-0.02	-0.05	-0.04	-0.07	0.55	0.70	0.58	1.00											
9 High Yield	0.74	0.74	0.71	0.74	0.13	0.15	0.26	0.06	1.00										
10 Global ex-U.S. Fixed	0.12	0.11	0.14	0.10	0.50	0.50	0.52	0.40	0.16	1.00									
11 EM Sovereign Debt	0.59	0.60	0.61	0.65	0.17	0.23	0.32	0.11	0.62	0.17	1.00								
12 Core Real Estate	0.33	0.33	0.33	0.33	0.17	0.22	0.22	0.12	0.30	0.14	0.22	1.00							
13 Private Infrastructure	0.47	0.47	0.45	0.47	0.14	0.18	0.24	0.08	0.34	0.18	0.32	0.65	1.00						
14 Private Equity	0.79	0.77	0.76	0.76	-0.04	-0.04	0.11	-0.12	0.55	0.07	0.44	0.46	0.52	1.00					
15 Private Credit	0.67	0.67	0.64	0.68	0.04	0.06	0.17	-0.05	0.55	0.11	0.47	0.26	0.27	0.65	1.00				
16 Hedge Funds	0.60	0.50	0.50	0.50	0.28	0.39	0.42	0.23	0.50	0.24	0.47	0.24	0.31	0.34	0.47	1.00			
17 Commodities	0.20	0.20	0.20	0.20	-0.04	-0.05	-0.03	0.00	0.18	0.05	0.15	0.16	0.15	0.16	0.14	0.17	1.00		
18 Cash Equivalents	-0.02	-0.07	-0.08	-0.08	0.27	0.16	0.09	0.14	-0.03	0.10	-0.02	0.02	-0.04	-0.04	-0.04	0.00	-0.02	1.00	
19 Inflation	0.00	0.02	0.00	0.02	-0.20	-0.22	-0.27	0.25	-0.03	-0.12	-0.04	0.20	0.10	0.04	-0.04	-0.01	0.35	0.02	1.00

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# **Sacramento Regional Transit District**

## **Statement of Investment Objectives and Policy Guidelines For the Sacramento Regional Transit District Retirement Plans**

**Restated Effective June ~~21, 2023~~12, 2024**

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Sacramento Regional Transit District  
Statement Of Investment Objectives and Policy Guidelines  
For the Sacramento Regional Transit District Retirement Plans

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**I. Purpose**

The Sacramento Regional Transit District (SacRT) sponsors three tax-qualified retirement plans for the benefit of its eligible employees: (1) the Sacramento Regional Transit District Retirement Plan for members of ATU, Local 256 ("ATU"), (2) the Sacramento Regional Transit District Retirement Plan for members of IBEW Local 1245 ("IBEW"), and (3) the Sacramento Regional Transit District Retirement Plan for Salaried Employees who are members of the Administrative Employees' Association ("AEA"), the Management and Confidential Employees Group ("MCEG"), and the American Federation of State, County and Municipal Employees ("AFSCME") (each a "Plan" and, collectively, the "Sacramento Regional Transit District Retirement Plans" or the "Plans").

There are five Retirement Boards (each a "Board" and, collectively, the "Boards"), one for the ATU Plan, another for the IBEW Plan, and three for the MCEG/AEA/AFSCME ~~Plan~~Plans. Each Board must operate and administer its respective Plan in accordance with such Plan's terms and applicable law.

Each Board is responsible for, among other things, investing assets under its respective Plan. Effective March 15, 2010, all the Boards directed that the assets under the three Plans be commingled for investment purposes.

This Statement of Investment Objectives and Policy Guidelines does the following:

- Governs the investment of the three Plans' commingled assets.
- Sets forth the investment policies and objectives that the Boards judge to be appropriate and prudent, in consideration of the needs of the Plans' participants;
- Establishes the criteria that the ~~registered~~ investment ~~adviser(s)~~managers retained by the Plans are expected to meet and against which they are to be measured;
- Communicates the investment policies and objectives and performance criteria to the investment ~~manager(s)~~managers; and
- ~~Serves as a review document to guide~~Guides the Boards' ongoing supervision of the investment of Plans' assets.

## II. Responsibilities of the Boards

As trustees of the Plans' assets, the Boards have a fiduciary duty to prudently establish an asset allocation policy, investment objectives and investment restrictions, and to monitor the performance of the Plans' investment managers and review the liabilities of SacRT to fund retirement benefits. The Boards are responsible for developing a sound and consistent investment strategy, in compliance with all applicable laws and regulations, which the investment managers can use in formulating investment decisions. This Statement of Investment Objectives and Policy Guidelines will be revised as needed to ensure that it reflects the Boards' philosophy regarding investment of the Plans' assets. The Boards have authority to select ~~qualified~~ investment managers meeting the criteria set forth herein, to monitor their performance on a regular basis, and to take appropriate action to replace an investment manager for failure to adhere to the provisions set forth herein.

### Review of Statement of Investment Objectives and Policy Guidelines

This Statement of Investment Objectives and Policy Guidelines will be reviewed on an annual basis in conjunction with the annual asset allocation study conducted by the Boards' investment consultant. This review will focus on the continued feasibility of achieving, and the appropriateness of, the Plans' asset allocation policy, the Plans' investment objectives, these Investment Policies and Guidelines, and the Plans' investment restrictions. It is not expected that this Statement will change frequently; in particular, short-term changes in the financial markets should not require an adjustment to this Statement of Investment Objectives and Policy Guidelines.

### Review of Investment Managers

The Boards will meet ~~at least every eighteen (18) months~~periodically with each investment manager, and quarterly with its investment consultant (with or without the presence of the investment managers) to review the performance of its investment managers. The quarterly performance reviews will focus on:

- The investment manager's adherence to this Statement of Investment Objectives and Policy Guidelines;
- Comparison of the investment manager's results against ~~fund~~other [pooled investment funds and] strategies using similar investment styles;



Sacramento Regional Transit District  
Statement Of Investment Objectives and Policy Guidelines  
For the Sacramento Regional Transit District Retirement Plans

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- Comparison of the investment manager’s performance as measured against ~~the~~an applicable ~~index~~benchmark;
- Material changes in the investment manager’s organization, such as philosophical and personnel changes, acquisitions ~~or losses of major accounts, etc., pending litigation or investigations by regulatory authorities, and security breaches.~~

**III. Asset Allocation Policy**

On an annual basis, the Boards' investment consultant will complete an asset allocation study, and the Boards will review and approve the study. An asset allocation study is an evaluation of the Plans' investment goals, objectives, and risk tolerance (risk versus return). Upon completion of the study, the Boards will determine if changes are needed to the Plans' asset allocation policy.

The Boards have determined that the long-range asset allocation policy for the Plans is as follows:

<b><u>Asset Class</u></b>	<b><u>Minimum</u></b>	<b><u>Target</u></b>	<b><u>Maximum</u></b>
<b>Domestic Equity</b>	<b>35%</b>	<b>40%</b>	<b>45%</b>
Large Capitalization Equity	28%	32%	36%
Small Capitalization Equity	5%	8%	11%
<b>International Equity</b>	<b>20%</b>	<b>25%</b>	<b>30%</b>
Developed Large Cap Equity	10%	14%	18%
Developed Small Cap Equity	3%	5%	7%
Emerging Markets Equity	4%	6%	8%
<b>Domestic Fixed-Income</b>	<b>20%</b>	<b>25%</b>	<b>30%</b>
<b>Real Estate</b>	<b>6%</b>	<b>10%</b>	<b>14%</b>

The asset allocation policy is to be pursued on a long-term strategic basis and will be revised if significant changes occur within the economic and/or capital market environment, or in the underlying liability assumptions. Capital market assumptions and projections are reviewed annually. If significant changes in projections occur, the Boards' intent is that the target asset mix should then be reviewed.

The Asset Allocation Policy is intended to provide a means for controlling the overall risk of the portfolio without unduly constraining the discretionary, tactical decision-making process of the investment ~~manager(s)~~managers.

#### **IV. Asset Rebalancing Policy**

The Boards established the aforementioned asset allocation policy to maintain the Plans' long-term strategic asset allocation. The Boards recognize that market forces or other events may periodically move the asset allocations outside of their target ranges. Thus, the purpose of the asset rebalancing policy is to allocate cash flows and/or move assets among funds or asset classes in such a manner as to move each asset class toward its target allocation.

When it is necessary to move assets from one asset class to another or one fund to another fund within an asset class, monies should first be taken from the highest percent funded investment managers and reallocated to the underfunded investment managers, with the goal of rebalancing the asset allocation percentages as close to the targets as possible.

The Boards also recognize that the pension plan rebalancing process requires timely implementation to be effective. Therefore, the Boards delegate authority to the VP, Finance/CFO or designee to manage pension plan assets in accordance with the approved rebalancing policy. The VP, Finance/CFO or designee shall report to the Boards on asset rebalancing at the quarterly performance review meetings.

#### **V. Pension Plan Cost Reimbursements**

It is understood that the Plans are required to pay benefits and reasonable administrative expenses. In an effort to minimize transactional banking and investment fees, all Plan expenses are ~~initially generally~~ paid ~~for~~ by SacRT first and ~~subsequently~~ reimbursed by the Plans thereafter. Reimbursement for monthly Pension Plan Costs include benefit payments to retirees; compensation to ~~fund~~investment managers, fund custodian, investment consultant, Plan legal counsel, and for actuarial services; expenses for fiduciary insurance, audit services, pension staff labor, and all other administrative expenses incurred by the Plans during the normal course of business.

Distributions for reimbursements of these costs that are equal to or less than 0.5% of total Plan assets will be transferred from the Domestic Equity or Domestic Fixed Income asset classes, specifically the ~~fund~~investment manager with the highest

percent of funding over the target percentage, established in section III Asset Allocation Policy. Utilizing only the Domestic Equity and Domestic Fixed Income asset classes to fund reimbursements will reduce the cash flow burden on SacRT, given that Domestic Equity and Domestic Fixed Income fundinvestment managers are able to liquidate holdings more quickly than non-Domesticother investment managers, and will ensure timely and regular cash flow out of the Plans to reimburse expenses being incurred.

For any distribution greater than 0.5% of Plan assets, staff will consider Domestic and International Equity and Domestic Fixed Income asset class weights when making a transfer to reimburse SacRT.

## **VI. Investment Manager Search and Due Diligence Process**

To implement the asset allocation policy, the Boards shall select and monitor appropriate money management professionals to invest the Plans' assets. This selection process shall include the establishment of specific search criteria; analysis and due diligence review of potential investment managers; and interviews when appropriate. Investment Managers must meet the following minimum criteria:

- Registered Investment Advisor as defined in the 1940 Investment Advisors Act or be a bank or insurance company affiliate;
- Historical quarterly performance that complies with the parameters established in each search and consistent with the investment strategy under consideration; and
- Demonstrated financial and professional staff stability based on requisite historical company information.

At the direction of the Boards, the investment consultant will perform fundinvestment manager searches to replace or augment the Plans'Plans' existing fundinvestment managers.

## **VII. Investment Manager Discretion, Requirements, and Co-Fiduciary Status**

It is not the intention of the Boards to be involved in day-to-day investment decisions. Investment of the Plans' assets will continue to be subject to the discretion of the professional investment managers in a manner consistent with the investment

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objectives set forth herein. Furthermore, investment managers shall acknowledge their co-fiduciary status as part of their contract with SacRT- [Retirement Boards](#).

Each investment manager selected is expected to operate within the Prudent Person Rule, Article XVI Section 17 of the California Constitution, and other governing state and federal laws, regulations, and rulings that relate to the investment process. The assets of the Plans shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility, to ensure the security of principal and maximum yield on all pension fund investments through a mix of well diversified, high quality, fixed income and equity securities.

The investment program will be managed by one or more designated [investment](#) managers. The investment managers shall be given full discretion to manage the assets under their supervision, subject to the investment guidelines set forth herein. It is the responsibility of the investment managers, the investment consultant, and staff to notify the Boards of any changes necessary to the investment guidelines that would be consistent with the Boards' obligation to the beneficiaries of the Plans.

Brokerage commissions may be directed by the Boards to offset administrative costs of the Plans as long as such direction is in the best interest of the Plans' beneficiaries. The investment managers will secure best execution, and commissions paid shall be reasonable in relation to the value of the brokerage and other services received by the Plans.

## **VIII. Investment Objectives, Policies, Guidelines, and Restrictions**

### **Evaluation Time Periods**

It is the Boards' policy to review investment manager performance on a quarterly basis. The investment objectives for the total fund and for each investment manager are based on a time horizon of a minimum of three years, unless otherwise specified for a particular [investment](#) manager as determined by the Board.

While it is the Boards' intention to maintain long standing relationships with their [investment](#) managers, the Boards reserve the right at any time to terminate a relationship with any [investment](#) manager for any reason including, but not limited to, changes to the Asset Allocation Policy and [investment](#) manager structure.

Set out below are the overall investment objectives, policies, guidelines, and restrictions for each plan.

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All Asset Class Objectives

The net of fee objectives of the overall portfolio are to:

- Achieve a rate of return which exceeds that of a target-weighted composite index based on the target asset allocation adopted in Section III; and
- Achieve a rate of return that meets or exceeds the Plans' actuarial discount rate as set in the annual actuarial valuation.

All Asset Policies, Guidelines and Restrictions

It is the responsibility of each investment manager to adhere to the guidelines stated below and elsewhere within this document and to report any violations immediately to both the Board and to the investment consultant.

- Tobacco Policy - Investments shall not be made in any security issued by a company in the Tobacco Sub-Industry as defined by the Global Industry Classification Standards (GICS). This restriction shall be subject to the prudent investor rule as set forth in Article XVI Section 17 of the California Constitution. All passive funds and commingled vehicles are excluded from this policy.

Domestic Equity Investments

Objectives:

- For the Total Domestic Equity Component, achieve a net of fee return which exceeds the Custom Domestic Equity Benchmark<sup>1</sup> and ranks in the top half of a broad comparative universe of domestic equity managers, gross of fees<sup>2</sup>;
- For Large Cap Value Equity Managers, achieve net of fee returns that exceed the Russell 1000 Value Index and ranks in the top half of a comparative universe of large cap value managers, gross of fees;

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<sup>1</sup> The Custom Domestic Equity Benchmark currently consists of 80% S&P 500 Index and 20% Russell 2000 Index

<sup>2</sup> Because the comparative database is constructed with manager returns before management fees, objectives pertaining to the peer universes should be analyzed before investment manager fees to ensure an appropriate comparison.

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- For Large Cap Core Equity Index Fund achieve gross of fee returns which match the S&P 500 Index, with minimal tracking error versus the Index; and
- For Small Cap Equity Managers, achieve net of fee returns that exceed the Russell 2000 Index and rank in the top half of the comparative universe of small capitalization equity managers on a gross of fee basis.

Policies, Guidelines, and Restrictions:

- All Investment Managers - Unless specifically authorized by the Boards, Domestic Equity managers shall not engage in investment transactions involving stock options, short sales, purchases on margin, letter stocks, private placement securities, or commodities;
- All Investment Managers - The Domestic Equity managers are permitted to effect transactions in S&P 500 Stock Index (Large Cap Value and Core), ETF Index Futures (Large Cap Core) and Russell 2000 Index Futures (Small Cap). The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;
- All Investment Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
- All Investment Managers - Each investment manager is expected to remain fully invested. The cash and cash equivalent holdings shall not exceed 10% of the market value in each active portfolio and should be 0% in passive index portfolios. Cash is expected to be securitized within the passive index portfolios.
- Active Investment Managers - Domestic equity securities shall be diversified by industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares;

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- Active Investment Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase (industry groups as defined in the Russell 2000 index for the Small Cap fund);
- Active Investment Managers - The use of international equity securities which trade on U.S.-based exchanges, including American Depository Receipts (ADRs), are acceptable as domestic equity investments but shall not constitute more than 5% of each plan's portfolio (at cost) for actively managed portfolios. For purposes of this restriction, the term "international equity security" is defined in Appendix A.
- Passive Investment Managers - Securities shall be diversified by industry and in number in accordance with their stated indices;

### International Equity Investments

#### Objectives:

- For the Total International Equity Component, achieve a net of fee return which exceeds the Custom International Equity Benchmark<sup>3</sup> and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees<sup>4</sup>;
- For the Total Developed Markets Large Capitalization International Equity Component (Active and Passive), achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Index and ranks in the top half of a broad comparative universe of non-U.S. equity managers, gross of fees;
- For the Total Developed Markets Small Capitalization International Equity Component, achieve a net-of-fee return which exceeds the Morgan Stanley Capital International (MSCI) EAFE Small Cap Index and ranks in the top

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<sup>3</sup> The Custom International Equity Benchmark currently consists of 56% MSCI EAFE Index, 20% MSCI EAFE Small Cap Index and 24% MSCI Emerging Markets Index.

<sup>4</sup> Because the comparative database is constructed with manager returns before management fees, objectives pertaining to the peer universes should be analyzed before investment manager fees to ensure an appropriate comparison.

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half of a broad comparative universe of non-U.S. small cap equity managers, gross of fees;

- For the Emerging Markets Equity Component, achieve a net of fee return which exceeds the Morgan Stanley Capital International (MSCI) Emerging Market Index and ranks in the top half of a broad comparative universe of emerging markets equity managers, gross of fees.

Policies, Guidelines, and Restrictions:

- All Investment Managers - International Equity securities shall be diversified by country, industry and in number so that investment in the securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or 5% of the company's total outstanding shares. Passive International Securities shall be diversified by country, industry and in number in accordance with the MSCI EAFE Index;
- All Investment Managers - Unless specifically authorized by the Boards, International Equity investment managers shall not engage in investment transactions involving stock option, short sales, purchases on margin, letter stocks, private placement securities, or commodities;
- All Investment Managers - International Equity investment managers are expected to remain fully invested. The cash holdings shall not exceed 10% of the market value in the active developed and emerging market funds, and should be minimal in the passive funds;
- All Investment Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
- Active Developed and Emerging Markets Investment Managers - The international equity portion of the Plans' portfolio shall be comprised of ADRs of non-U.S. companies, common stocks of non-U.S. companies, preferred stocks of non-U.S. companies, foreign convertible securities including debentures convertible to common stocks, and cash equivalents. Refer to Appendix A for definition of the term "non-U.S.";



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- Active Developed and Emerging Markets Investment Managers - No more than 25% of the market value on a purchase cost basis of the total common stock portfolio shall be invested in any single industry at the time of purchase;
- Active Developed and Emerging Markets Investment Managers - Defensive currency hedging is permitted;
- Active Developed Investment Managers - No more than 15% of the fund market value will be invested in emerging market countries;
- Emerging Markets Investment Managers - Up to ten percent (10%) of the manager's portfolio (at cost) may be invested in countries not included in the MSCI Emerging Markets Index as defined in Appendix A; and
- Passive Investment Managers – The International Equity index investment manager is permitted to effect transactions in MSCI EAFE Stock and ETF Index Futures. The purpose of holding futures is to obtain low cost temporary equity market exposure. Futures are not to be used to provide leveraged equity market exposure. As such, cash balances must be maintained by the investment manager at a level which eliminates the leverage implicit in the futures. Futures transactions must be completed on a major U.S. exchange which guarantees contract compliance;

#### Domestic Fixed-Income Investments

##### Objectives:

- For the Total Domestic Fixed-Income Component, achieve a net of fee return which exceeds the Bloomberg U.S. Aggregate Bond Index and ranks in the top half of a broad comparative universe of domestic fixed-income managers, gross of fees; and
- For Core Plus Bond Fixed-Income Investment Managers, achieve net of fee returns greater than the Bloomberg U.S. Aggregate Bond Index and rank in the top half of a comparative universe of domestic core plus bond fixed-income managers, gross of fees.

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Policies, Guidelines, and Restrictions:

- The fixed-income portion of the Plans shall be invested in marketable, fixed-income securities;
- The fixed income portion of the Plans shall be limited in duration to between 75% and 125% of the Bloomberg U.S. Aggregate Bond Index;

The investment managers shall maintain a minimum overall portfolio quality rating of “A” equivalent or better at all times (based on a market-weighted portfolio average). Minimum Quality (at purchase) must be at least 80% Baa or above.

- The applicable rating for the portfolio will be equal to the middle rating of the three Nationally Recognized Statistical Rating Organizations (NRSRO), namely Moody’s Investors Service Inc. (Moody’s), Standard and Poor’s Financial Services LLC. (S&P), and Fitch Ratings (Fitch). In situations in which ratings are provided by only two agencies, the lower of the two ratings will apply;
- The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund’s governing documents;
- The following instruments are acceptable at purchase:
  - Cash
  - U.S. Treasury Bills
  - Agency Discount Notes
  - Certificates of Deposit (CDs) and Bankers’ Acceptances (BAs)
  - Commercial Paper – Minimum Quality of A2/P2 (All CP under 4(2), 3(c)7 and other exemptive provisions is authorized.)
  - Asset-Backed Commercial Paper – Minimum Quality of A2/P2
  - Money Market Funds and Bank Short-Term Investment Funds (STIF)
  - Repurchase Agreements (Repo)
  - U.S. Government and Agency Securities
  
  - Credit Securities/Corporate Debt (both U.S. and Foreign issuers)

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- Debentures
- Medium-Term Notes
- Capital Securities
- Trust Preferred Securities
- Yankee Bonds
- Eurodollar Securities
- Floating Rate Notes and Perpetual Floaters
- Structured Notes (with fixed income characteristics)
- Municipal Bonds
- Preferred Stock
- Private Placements
  - Bank Loans
  - 144(a) Securities
- EETCs
  
- Securitized Investments
  - Agency and Non-Agency Mortgage-Backed Securities (MBS)
  - Asset-Backed Securities (ABS)
    - 144(a) Securities
  - Commercial Mortgage-Backed Securities (CMBS)
  
- Emerging Markets Securities
  
- International Fixed Income Securities (including non-dollar denominated securities)
  
- Other
  - Fixed Income Commingled and Mutual Funds
  - Futures and Options (for duration/yield curve management or hedging purposes only)
  - Swap Agreements (for duration/yield curve management or hedging purposes only)
  - Reverse Repurchase Agreements (Reverse Repo)

Any fixed-income security not specifically authorized above is prohibited unless prior approval is received from the Boards.

## Real Estate

### Objectives:

- For the Total Domestic Core Real Estate Component, achieve a positive real return through a combination of income and appreciation. The Total Domestic Real Estate Component will be evaluated against the NFI-ODCE Value Weighted Index (Gross) and be compared to a broad comparative universe of domestic core real estate managers, gross of fees;
- For the Domestic Core Real Estate investment managers, achieve a positive real return greater than the NFI-ODCE Value Weighted Index (Gross) through a combination of income and appreciation and rank in the top half of a broad comparative universe of domestic core real estate managers, gross of fees.

### Policies, Guidelines, and Restrictions:

- All Investment Managers - The real estate investment managers will invest predominantly in income producing properties diversified by both geographical region and property type.
- All Investment Managers - The investment guidelines for any assets invested in mutual funds or other interests in collective and commingled funds will be determined by the respective fund's governing documents.
- All Investment Managers – The real estate investment managers will invest primarily in properties located in the United States. Investments will be diversified by region (West, East, South, and Midwest).
- All Investment Managers – The real estate investment managers will invest primarily in the four main property types (office, apartment, industrial, and retail).
- All Investment Managers - The maximum amount of leverage permissible will be 50% of the real estate fund's gross asset value under normal market conditions.
- All Investment Fund Managers – The real estate investment managers will predominantly invest in developed, well-leased properties, but may invest up

to 15% of the fund's gross asset value in properties requiring significant enhancement or development.

**IX. Investment Manager “Watch List” or Termination “Guidelines”**

The Boards may maintain a "Watch List" for investment managers that are not meeting prescribed objectives. If the Boards place aan investment manager on the "Watch List", the performance of the investment manager will be monitored by the Boards and the investment consultant on a quarterly and annual basis for a minimum of two years, unless the investment manager is terminated sooner. Notwithstanding the "Watch List" guidelines described herein, the Boards can choose to terminate aan investment manager at any time based on the recommendation and/or consultation of the investment consultant, staff, or as deemed necessary by the Boards.

There are various factors that should be taken into account when considering placing aan investment manager on a "Watch List" or terminating aan investment manager. These can be separated into two broad categories - qualitative and quantitative factors. These factors include: personnel changes or other organizational issues, legal issues, violation of policy or investment guidelines, style deviations, underperformance relative to investment objectives, and asset allocation changes.

**X. Proxy Voting Policy**

The investment managers shall vote proxies in their discretion, unless otherwise instructed by the Boards. Investment managers shall maintain a proxy voting log for periodic review by the Boards. The Boards strongly believe that proxies must be voted in the best interest of the shareholders. The investment managers will vote in accordance with their fiduciary responsibilities and subject to their investment contract with the SacRT Pension Plans. In determining the Boards' vote, the investment manager should not subordinate the economic interests ~~of SacRT or~~ the Plans, or any other entity or interested party.

The investment managers shall provide a written copy of their proxy voting guidelines to the Boards. In addition, investment managers shall provide a report of all proxy votes when requested by the Boards.

## XI. Investment Manager Reporting Requirements

Investment managers are expected to ~~communicate with~~provide regular updates to the ~~Boards in writing at the end of each quarter or more frequently if requested~~Investment Consultant. Quarterly reporting requirements include performance reports, a summary of the portfolio holdings, issue quality, and relative weightings at quarter end. Additionally, ~~oral~~ presentations shall be made to the Boards ~~on a~~at regular ~~basis~~.

~~Written quarterly reports should include:~~

- ~~• Current investment strategy;~~  
—
- ~~• Recent investment performance;~~  
—
- ~~• Demonstration of compliance with these guidelines;~~  
—
- ~~• List of holdings in the portfolio, including at cost~~intervals to be determined by Staff and at market values;  
—
- ~~• Personnel changes;~~  
—
- ~~• New/Lost accounts; and~~  
—
- ~~• Pending litigation.~~

the Investment Consultant. The Boards are interested in fostering healthy working relationships with ~~its~~their investment managers through a discipline of effective two-way communication. The information outlined above is intended to provide the Boards with an effective means of understanding their investment managers' specific management styles and strategies, and to effectively evaluate the results.

## XII. Investment Consultant Responsibilities

The Boards' investment consultant will have the responsibilities set forth in its agreement with the SacRT Retirement Boards and will also be expected to take the actions set forth below or otherwise stated in this policy.

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The investment consultant is responsible for providing to the Boards timely and accurate quarterly performance measurement reports for each individual investment manager and for the Plans. The investment consultant shall present the performance reports to the Boards at its quarterly meetings.

When requested by the Boards, the investment consultant shall provide analysis to assist in the overall evaluation of the Plans' investment managers. In addition to preparing the quarterly performance measurement reports, the consultant will also provide written capital market updates (and other such research as generated by the consultant for use of all clients), perform investment manager searches at the direction of the Boards, perform the annual asset allocation study, and complete special projects when requested.

The consultant will assist in the monitoring of each investment manager's compliance with these guidelines. See Section VIII Manager "Watch List" or Termination "Guidelines".

## **APPENDIX A** **Definitions**

**Bloomberg U.S. Aggregate Bond Index** - is a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least \$250 million par amount outstanding and with at least one year to final maturity. The Aggregate Index is comprised of the Government/Credit, the Mortgage-Backed Securities, and the Asset-Backed Securities indices. The Government/Credit Bond Index is an index that tracks the performance of U.S. Government and corporate bonds rated investment grade or better, with maturities of at least one year. The Mortgage-Backed Securities Index is a composite of 15- and 30-year fixed rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA). The U.S. Asset-Backed Securities includes pass-through, controlled-amortization and bullet-structured securities, which have a minimum average life of one year.

**Commingled Fund** – is a fund consisting of assets from multiple institutional investors that are blended together. Investors in commingled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment, diversification and professional money management. A commingled fund is sometimes called a "pooled fund."

**Emerging Markets** – a financial market of a developing country, usually a small market with a short operating history. The Plans define emerging markets by the countries contained in the MSCI Emerging Markets Index.

**Fitch Ratings** - An international credit rating agency based out of New York City and London. The company's ratings are used as a guide to investors as to which investments are most likely going to yield a return. It is based on factors such as how small an economic shift would be necessary to affect the standing of the bond, and how much, and what kind of debt is held by the company. The Fitch scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D).

**International Equity Security (Non-U.S.)** - refers to an issue of an entity, which is not organized under the laws of the United States and does not have its principal place of business within the United States.



**Market Cycles** - Market cycles are defined to include both a rising and declining leg. Generally, a rising leg will be defined as a period of at least two consecutive quarters of rising total returns. A declining leg shall be defined as a period of two consecutive quarters of declining total returns.

**Moody's Investors Rating Service** - provide a universe of rating for corporate and municipal bonds as well as commercial paper. Moody's uses nine symbols to rate bonds: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C. These symbols are used to designate least investment risk/highest investment quality (Aaa) to greatest investment risk/lowest investment quality (C). Moody's offers three designations, all judged to be investment grade, to indicate credit quality for commercial paper: Prime-1 (P-1), Prime-2 (P-2), and Prime-3 (P-3). Prime-1 issuers have the highest ability for the payment of short-term debt obligations.

**Morgan Stanley Capital International (MSCI) EAFE Index** - is comprised of stocks traded in the developed markets of Europe, Asia, and the Far East. The index is capitalization weighted.

**Morgan Stanley Capital International (MSCI) Emerging Markets Index** – is comprised of stocks traded in the emerging markets of the world that are open to foreign investment. The index is capitalization weighted.

**Morgan Stanley Capital International (MSCI) EAFE Small Cap Index** – is an equity index which captures small cap representation across developed markets in countries around the world, excluding the U.S. and Canada.

**Russell 2000 Index** – is comprised of the 2000 smallest stocks in the Russell 3000 Index.

**NCREIF Fund Index** – Open End Diversified Core Equity (NFI-ODCE) Index – is an index comprised of investment returns of core, open-end diversified real estate funds.

**The Russell 3000 Index** is comprised of the largest 3000 U.S. companies by market capitalization.

**Standard & Poor's 500 Index** - is a composite of 500 U.S. common stocks. The index is capitalization-weighted with each stock weighted by its proportion of the total

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market value of all 500 issues. Thus, larger companies have a greater effect on the index.

**Standard & Poor's Rating Service** - Similarly to Moody's, Standard & Poor's also provides a rating system for the assessment of corporate and municipal debt instruments. The Standard & Poor's scale is as follows: AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. These symbols are used to designate least investment risk/highest investment quality (AAA) to greatest investment risk/lowest investment quality (D). Standard & Poor's also rates commercial paper as follows: A-1, A-2, A-3, B, C, and D. A-1 issuers have the highest ability for the payment of short-term debt obligations.