Metropolitan Government of Nashville and Davidson County

December 31, 2025

Performance Report

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2. Performance Report as of December 31, 2025
3. Private Market Performance Report as of September 30, 2025
4. Economic and Market Update
5. Disclaimer, Glossary, and Notes

Executive Summary

→ **Asset Growth**

- **During the quarter, the Plan returned 2.1%, net of fees, matching the benchmark.**
- Investment gains were $70 million in the quarter.
- Assets ended the year at $4.656 billion.

→ **Asset Allocation**

- **All asset classes ended the quarter within policy ranges.**
- **Overweights**: domestic equity (+3%), international equity (+1%), cash (+2%).
- **Underweights**: private equity (-2%), real estate (-3%), private debt (-1%).

Commitments Approved in 2025 Meetings

Fund	Commitment ($, million)	Asset Class	Date of Meeting when Approved
Updata Partners VIII	40	PE	Q4 2025
Axiom Asia Opportunity Fund 2	20	PE	Q4 2025
Accel Leaders Fund V	10	PE	Q3 2025
Stonelake Opportunity Partners VIII	40	RE	Q2 2025
Hygieia One Credit Fund	25	PD	Q2 2025
AKKR-NV SMA	50	PD	Q2 2025
Reverence Capital Partners IV	30	PE	Q2 2025
EIG Direct Lending SMA	100	RA	Q1 2025
Founders Fund Growth III	10	PE	Q1 2025
StepStone VC Global Partners	30	PE	Q1 2025

Net Performance

	1 YR	3 YR	5 YR	10 YR
Metro Nashville (net)	11.3%	8.4%	7.3%	8.5%
Policy Benchmark	13.0%	11.5%	6.3%	7.9%
Excess Return	-1.7%	-3.1%	1.0%	0.6%
Peer Ranking	88th	95th	50th	34th

→ **Longer term results remain strong (absolute, relative and peer rankings).**

→ **Relative to peers, lower US Equity and International Equity exposure has weighed on recent trailing performance.**

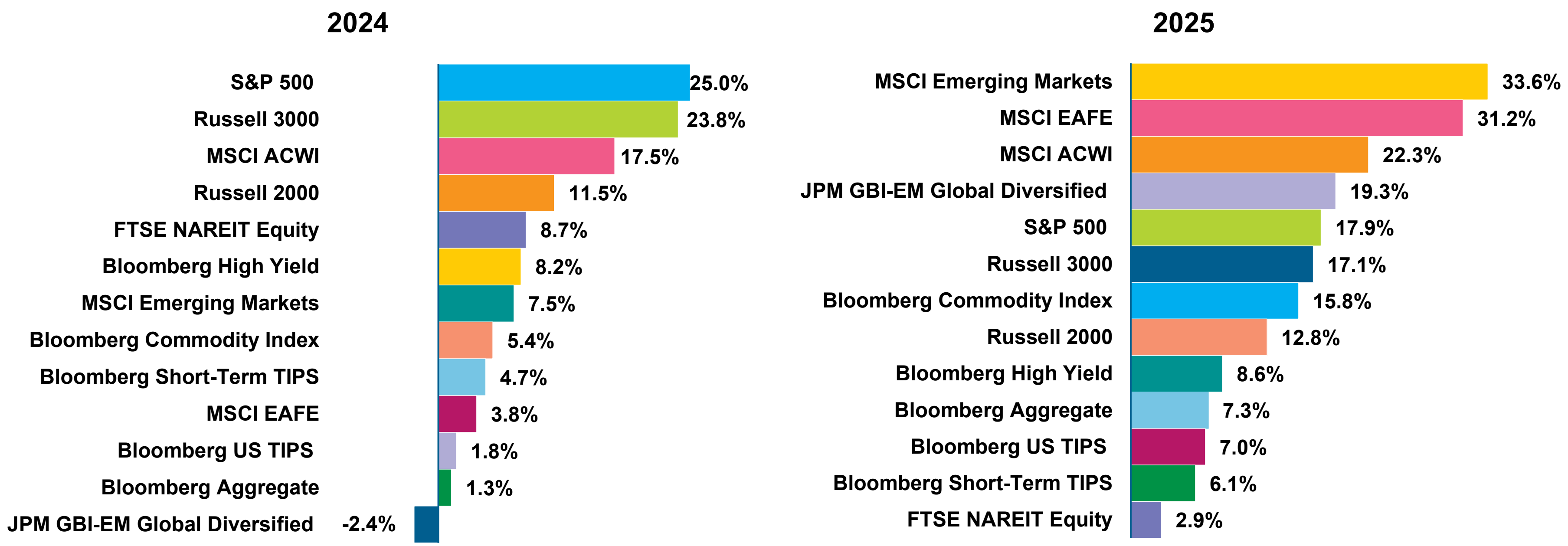
→ **Positive notables during the quarter**

- Arrowstreet EM (6.2% vs. 4.8% benchmark return).
- RBC EM (6.9% vs. 4.8% benchmark return).
- 4 of the 5 PIMCO public fixed income strategies outperformed benchmarks.

→ **Negative notables during the quarter**

- William Blair International Growth (2.1% vs. 5.1% benchmark return).

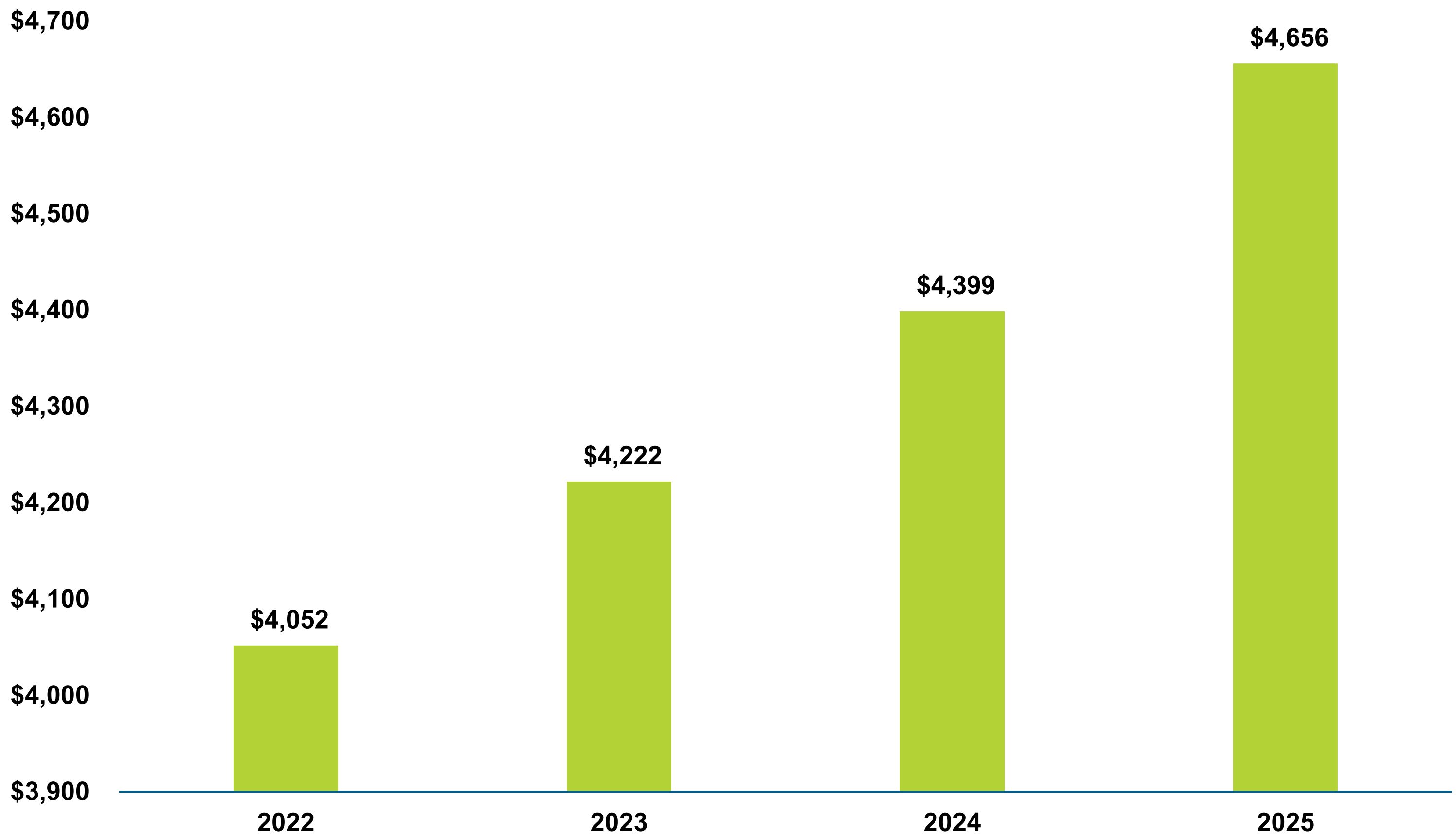
Index Returns: 2024 vs. 2025[1]



- In 2025, all asset classes rose, with international equities leading the way. Key drivers of the strong performance last year include resilient earnings, AI optimism, a weaker US dollar, and expectations for lower interest rates.
- Compared to 2024 we saw significant improvement in international investments (both equities and bonds), driven by weaker dollar crating a tail-wind for foreign currency denominated investments.

[1] Source: Bloomberg. Data is as of December 31, 2025.

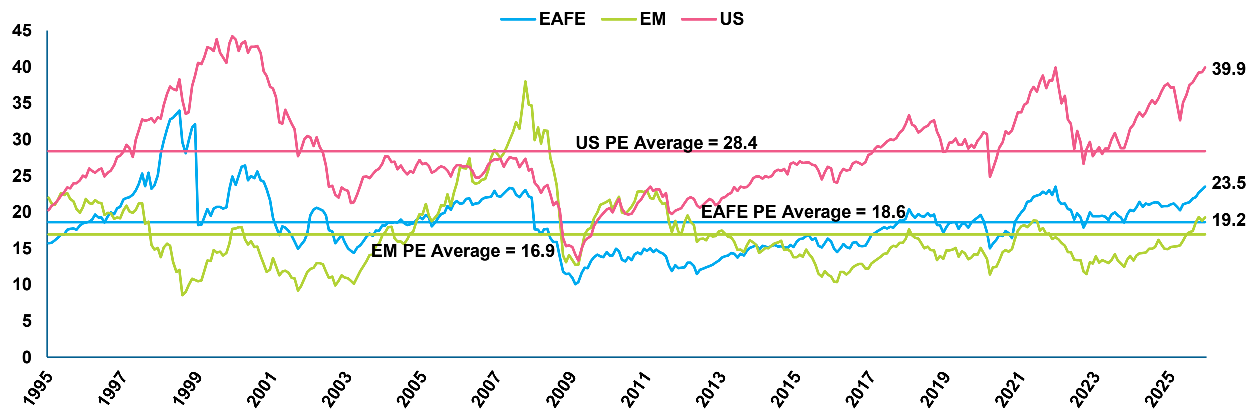
Metro Nashville Growth Last Three Years ($ millions)



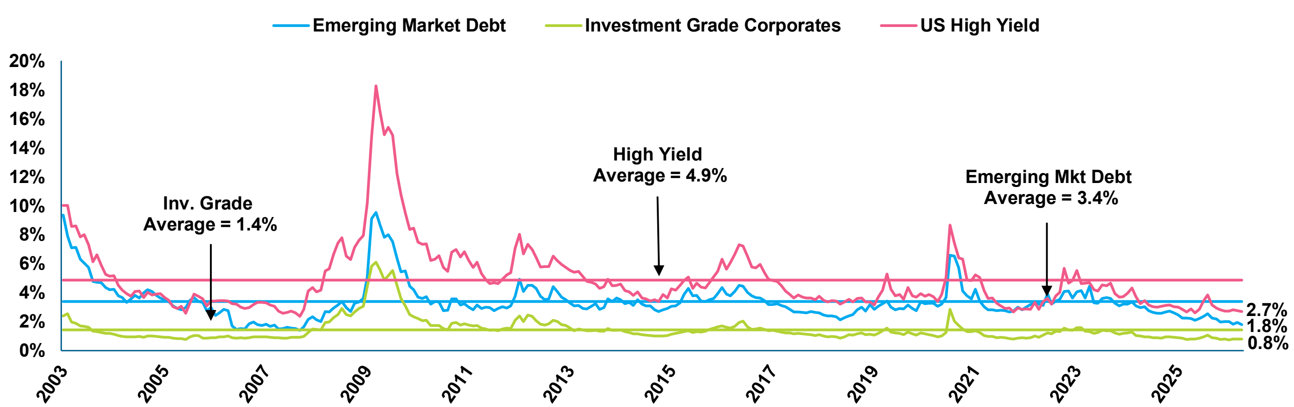
→ Metro's total plan value has grown by $600+ million the past three years.

Markets Are Expensive:

Equity Cyclically Adjusted P/E Ratios are High

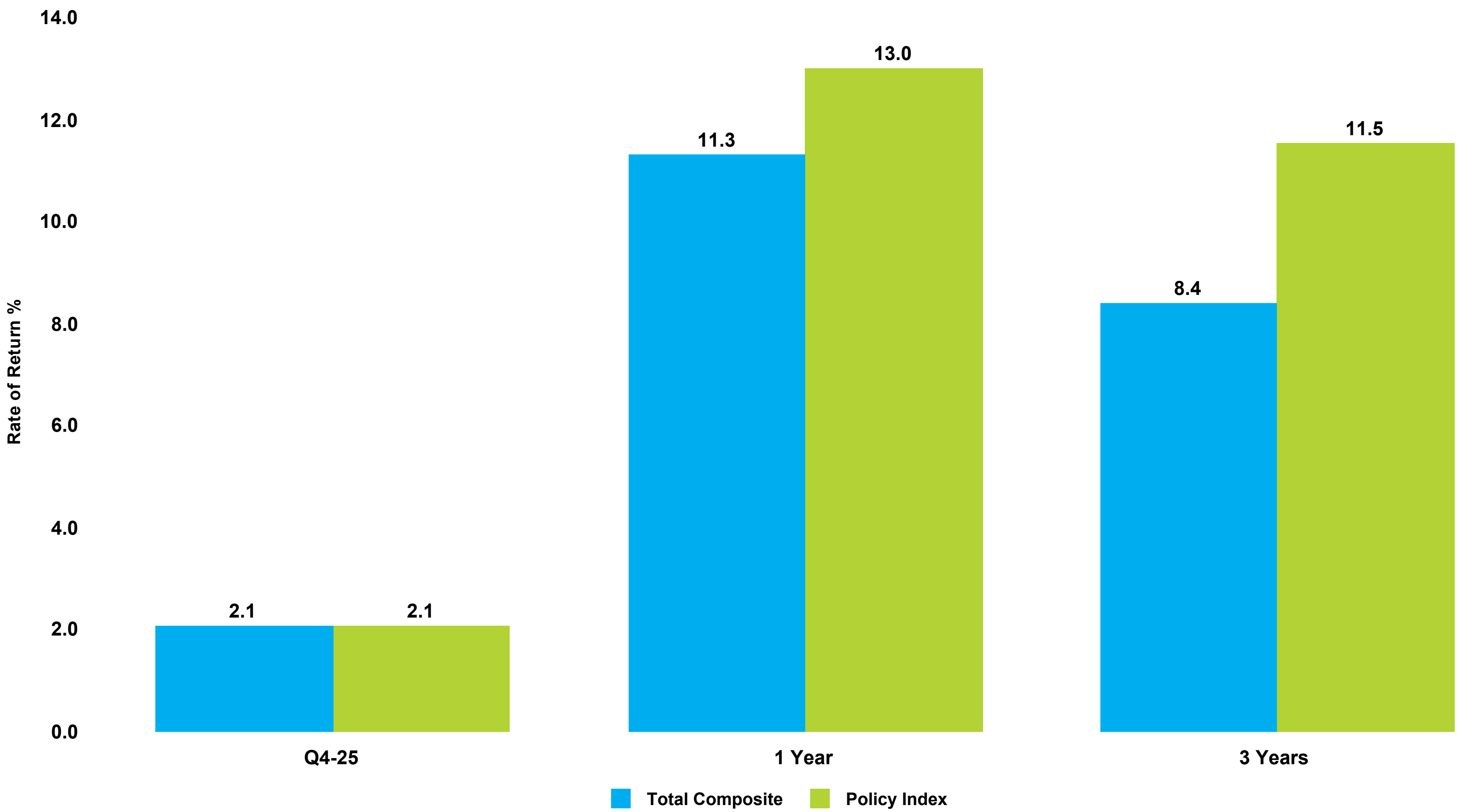


Credit Spreads vs. US Treasury Bonds are Tight



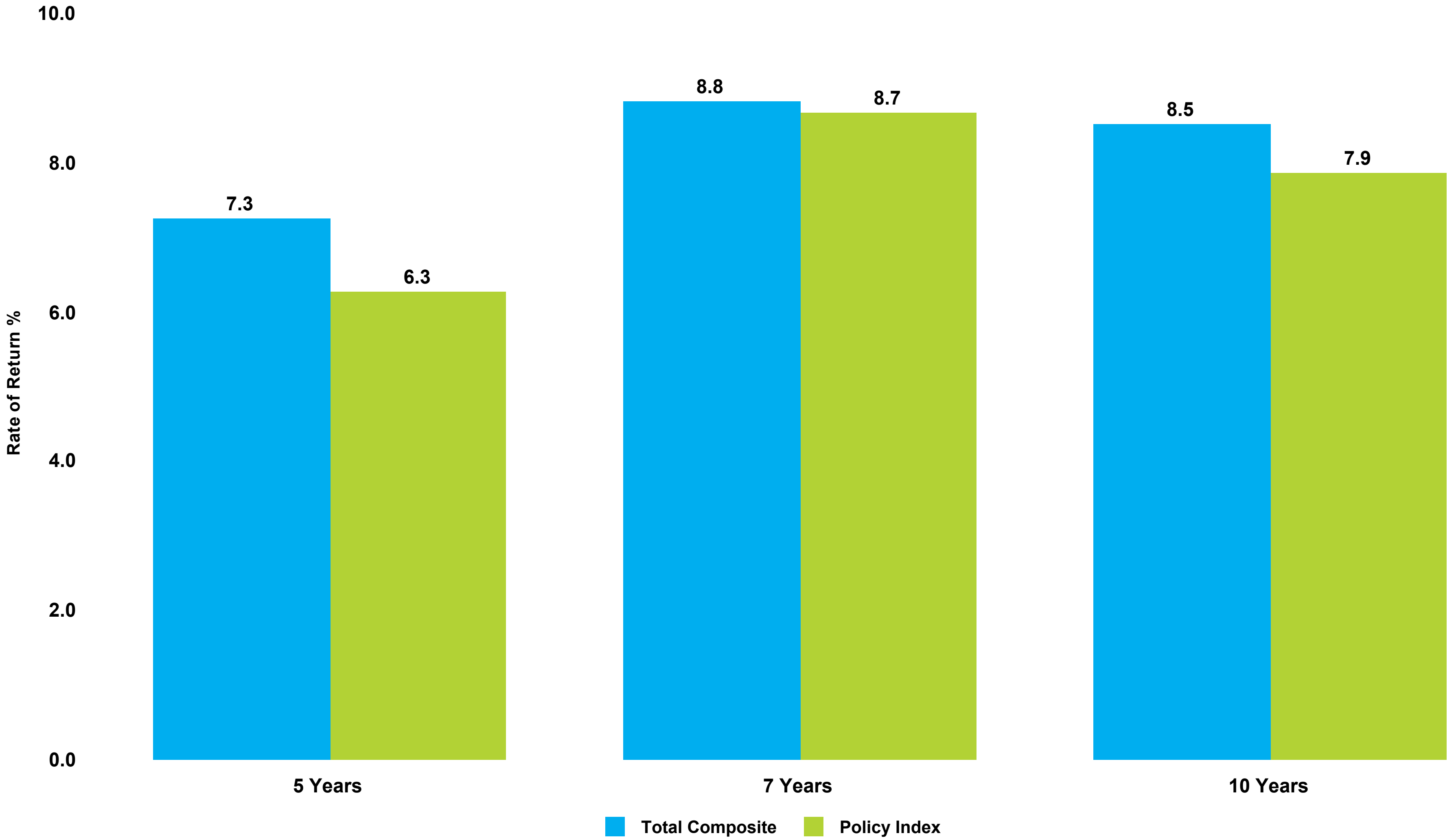
Performance Report as of December 31, 2025

Net Return Summary



All returns in report are net of fees unless explicity noted otherwise.

Net Return Summary



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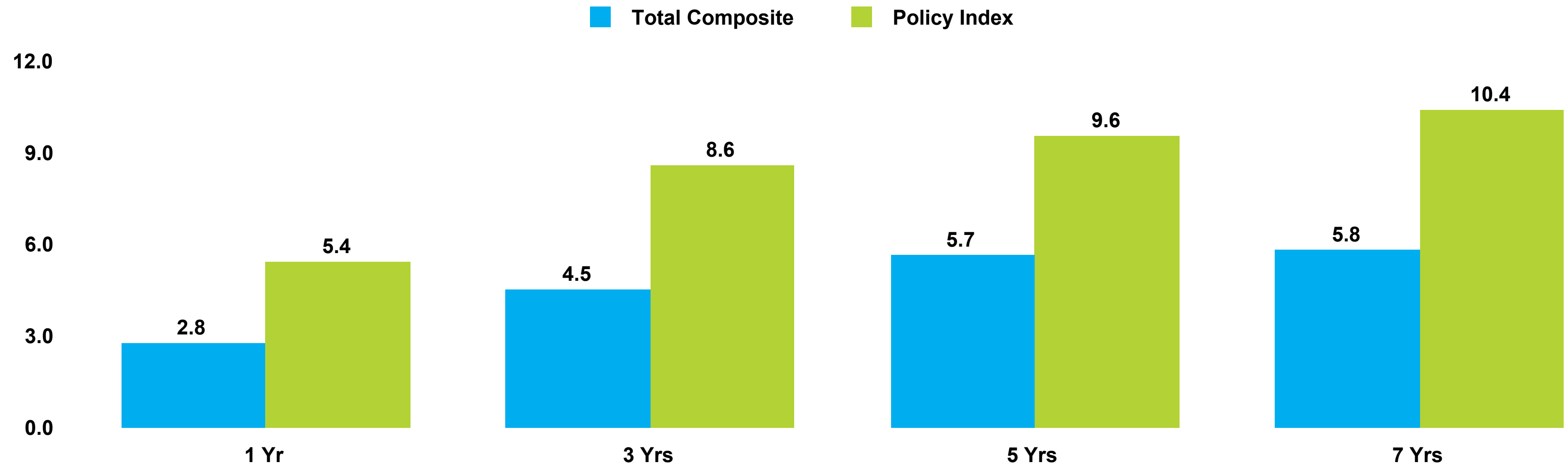
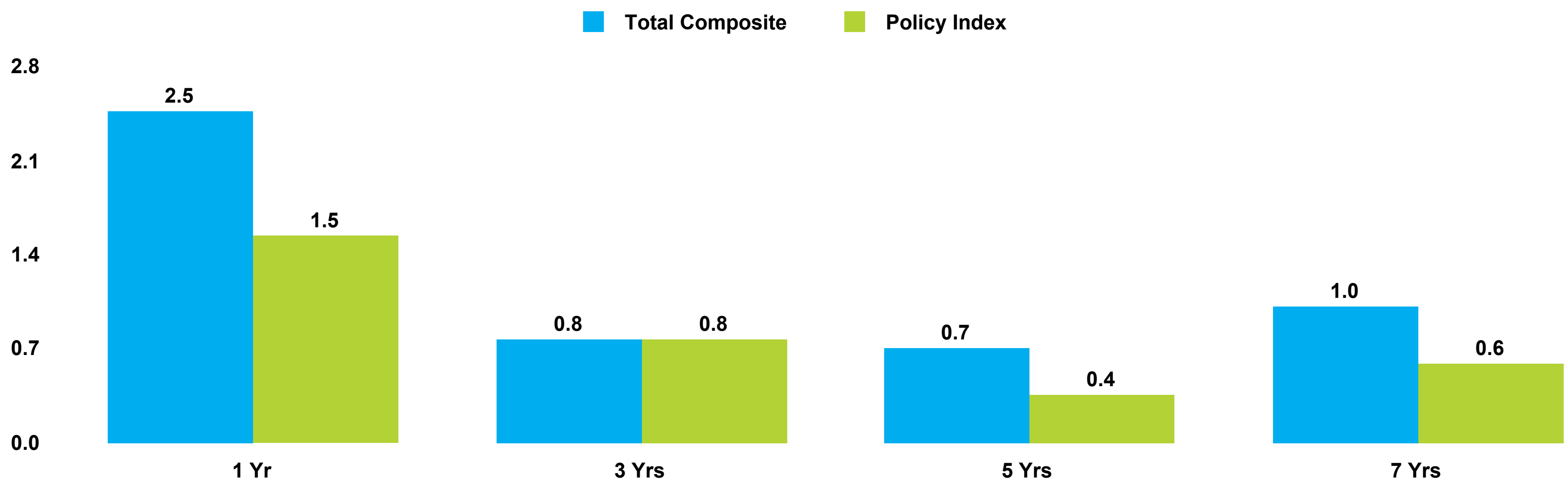
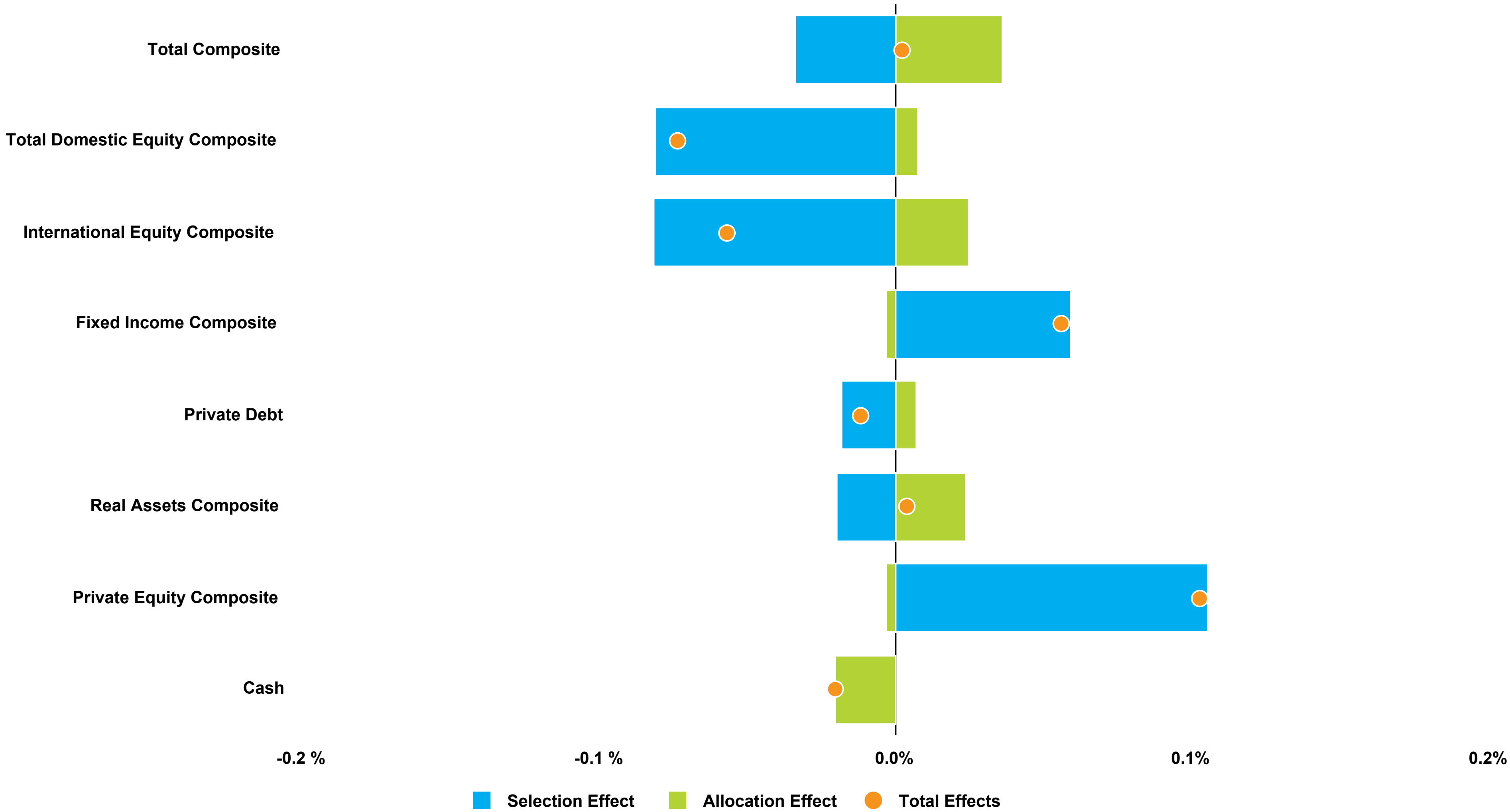
Annualized Standard Deviation



Sharpe Ratio

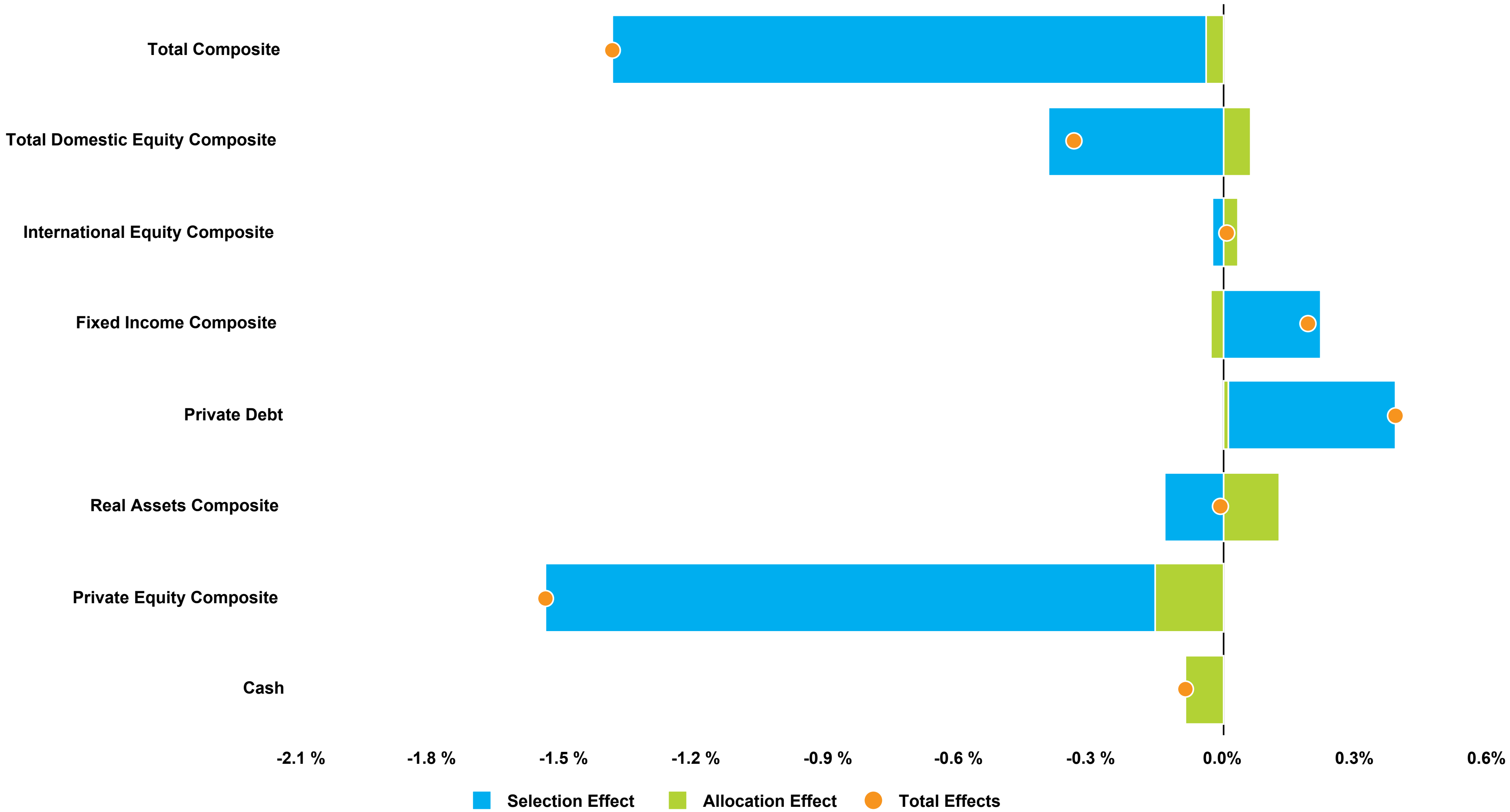


Attribution Effects
Quarter To Date



The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.

Attribution Effects
Fiscal Year to Date



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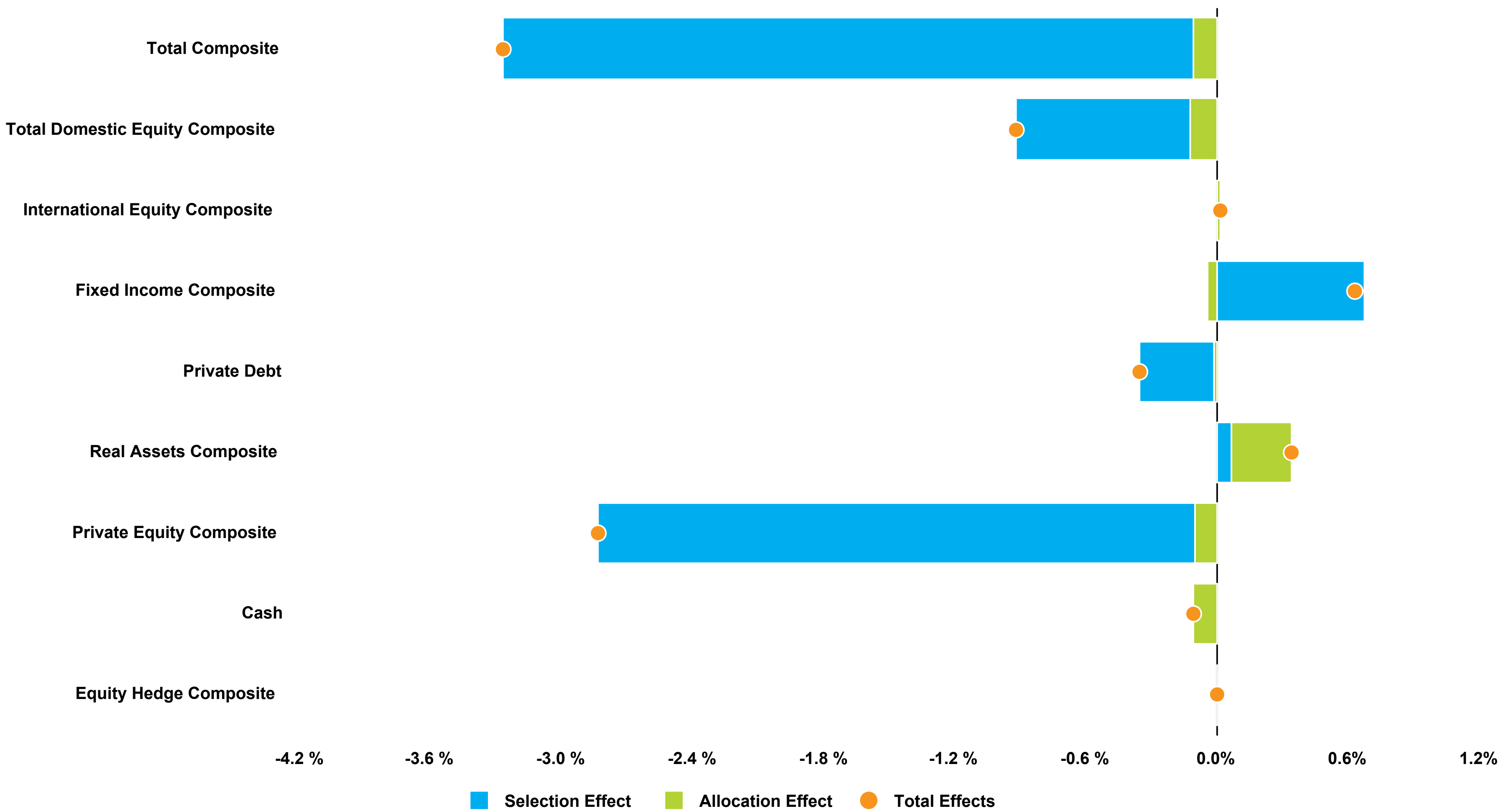
Attribution Effects
3 Years Ending December 31, 2025



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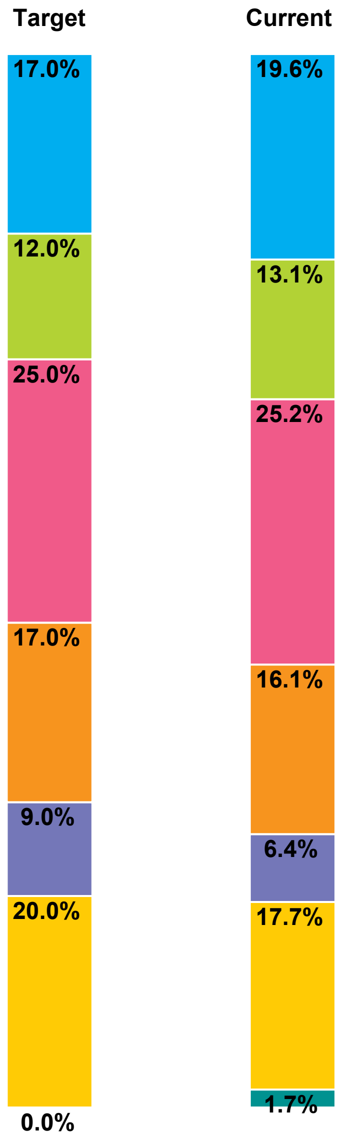
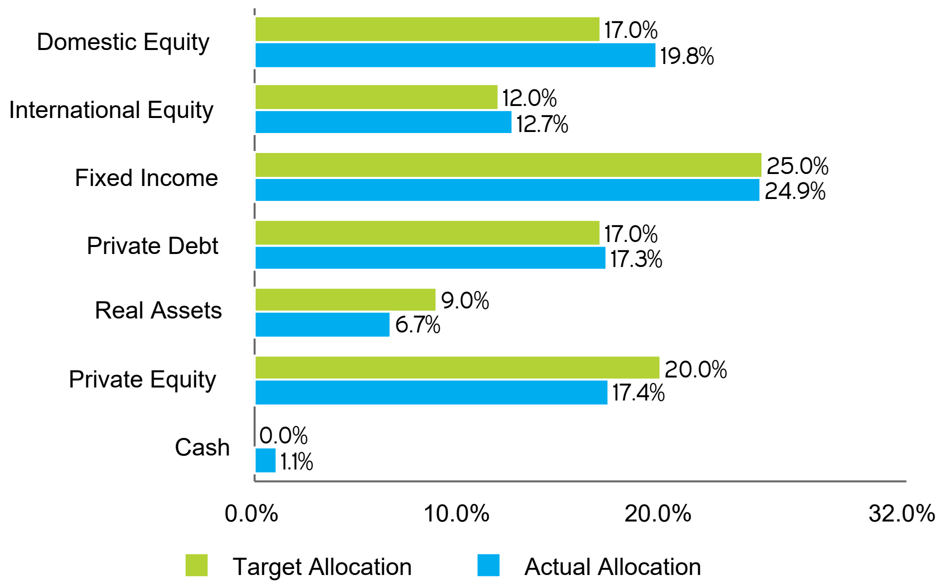
Asset Allocation vs. Policy | As of December 31, 2025



Allocation vs. Policy	Balance ($)	Current Allocation (%)	Policy (%)	Within IPS Range?
Domestic Equity	$911,757,756	20	17	Yes
International Equity	$611,832,398	13	12	Yes
Fixed Income	$1,175,212,520	25	25	Yes
Private Debt	$751,801,962	16	17	Yes
Real Assets	$299,234,343	6	9	Yes
Private Equity	$826,148,020	18	20	Yes
Cash	$79,362,083	2	0	Yes
Total Composite	**$4,656,021,871**	**100**	**100**	

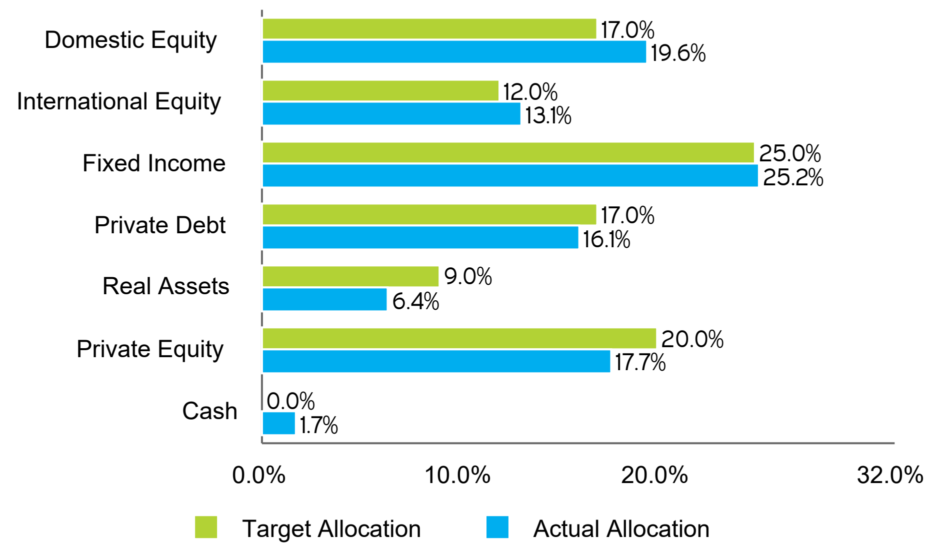
The Total Composite market value includes the Equity Hedge Composite.

Actual vs. Target Allocation (%) As of December 31, 2024



	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
Domestic Equity	20	17	3	12 - 22	Yes
International Equity	13	12	1	7 - 17	Yes
Fixed Income	25	25	0	17 - 33	Yes
Private Debt	17	17	0	12 - 20	Yes
Real Assets	7	9	-2	5 - 12	Yes
Private Equity	17	20	-3	15 - 23	Yes
Cash	1	0	1	0 - 5	Yes
Total Composite	**100**	**100**	**0**		

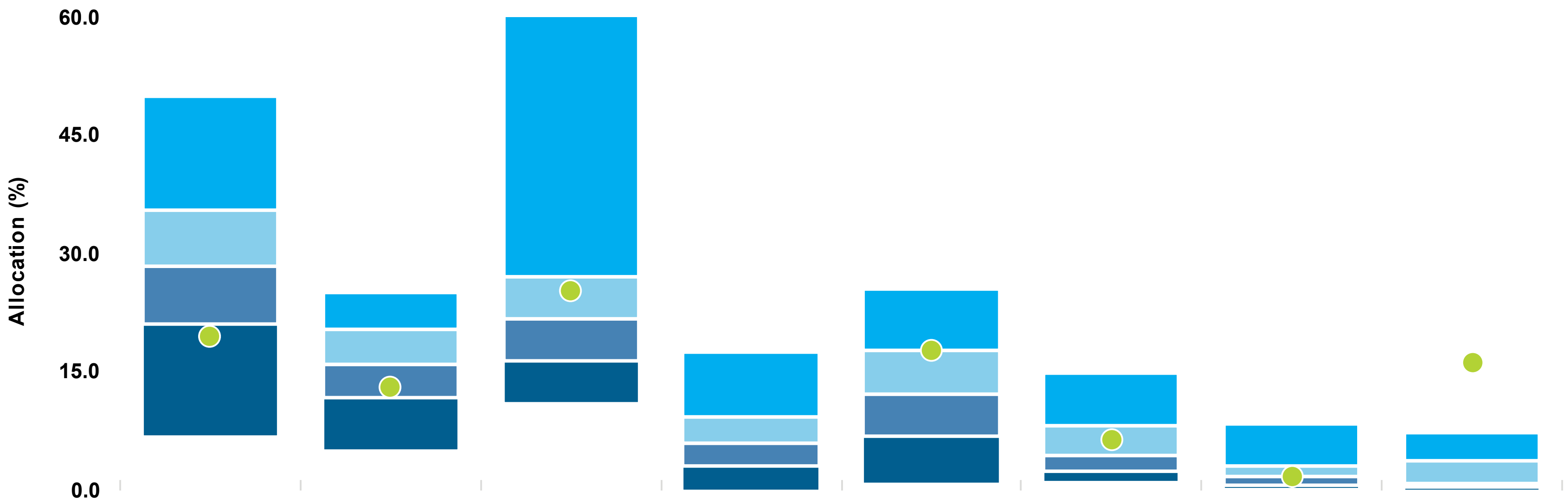
Actual vs. Target Allocation (%) As of December 31, 2025



	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
Domestic Equity	20	17	3	12 - 22	Yes
International Equity	13	12	1	7 - 17	Yes
Fixed Income	25	25	0	17 - 33	Yes
Private Debt	16	17	-1	12 - 20	Yes
Real Assets	6	9	-3	5 - 12	Yes
Private Equity	18	20	-2	15 - 23	Yes
Cash	2	0	2	0 - 5	Yes
Total Composite	**100**	**100**	**0**		

Total Composite Asset Allocations | As of December 31, 2025

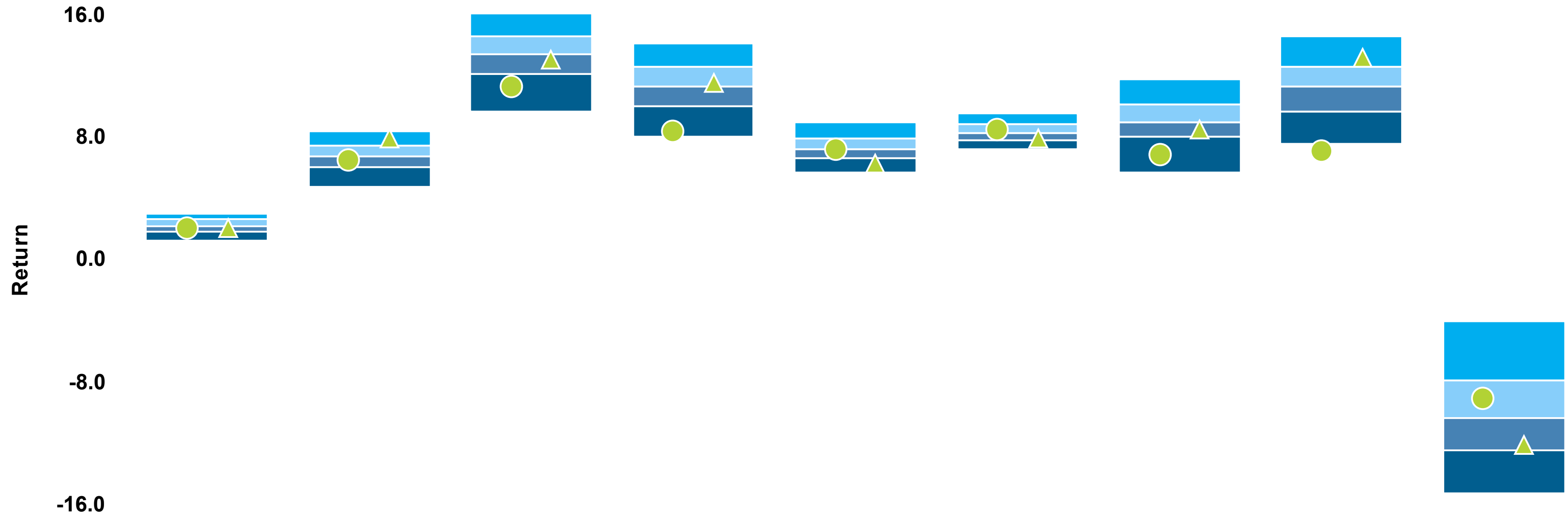
Asset Allocation vs. All Public Plans > $1B-Total Fund



	US Equity	Global ex-US Equity	US Fixed	Hedge Funds	Private Equity	Real Assets/Commod	Cash & Equivalents	Other
Total Composite	19.6 (81)	13.1 (70)	25.2 (35)	-	17.7 (26)	6.4 (35)	1.7 (50)	16.1 (1)
5th Percentile	50.1	25.1	60.4	17.6	25.6	14.8	8.5	7.3
1st Quartile	35.5	20.4	27.1	9.3	17.8	8.3	3.1	3.7
Median	28.4	16.1	21.8	5.9	12.1	4.4	1.7	0.9
3rd Quartile	21.2	11.7	16.5	3.1	7.0	2.4	0.8	0.4
95th Percentile	6.9	5.2	11.0	0.0	0.9	1.0	0.2	0.1
Population	162	161	174	54	106	76	150	19

Other represents Private Debt allocation.
Parentheses contain percentile rankings.

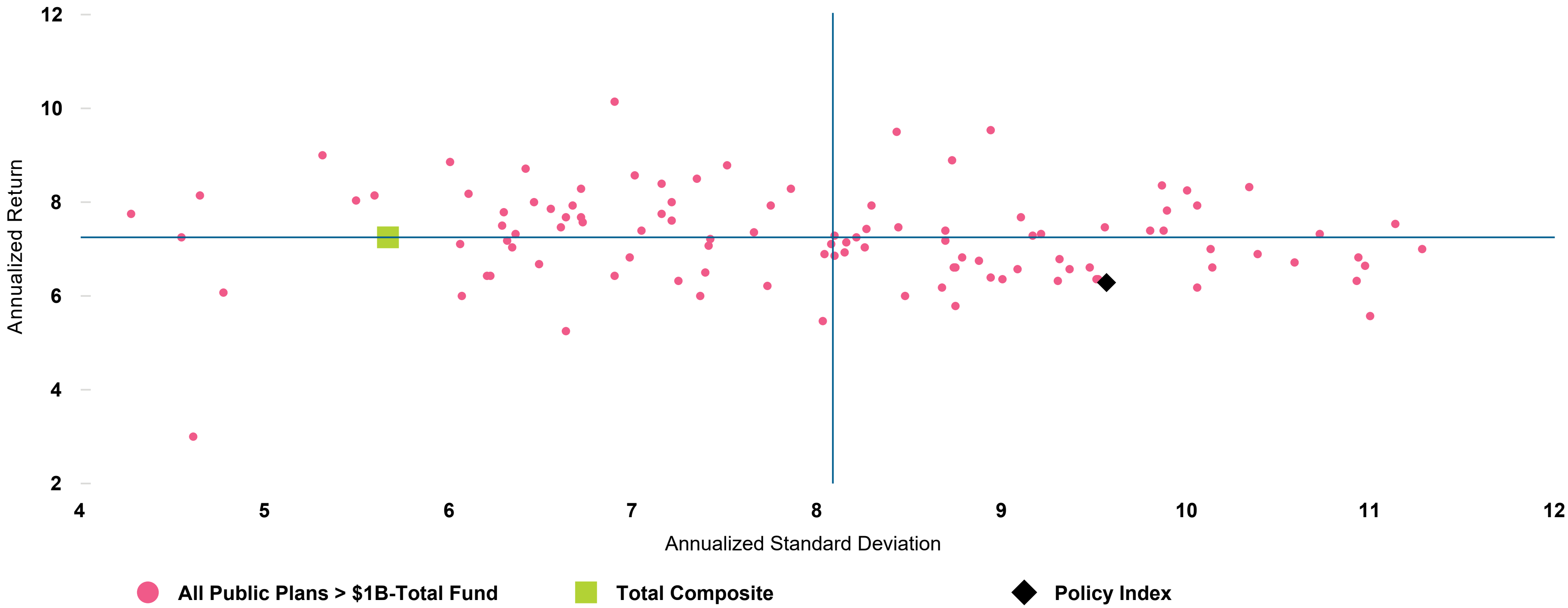
Net Performance vs. All Public Plans > $1B-Total Fund



	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2024 (%)	2023 (%)	2022 (%)
● Total Composite	2.1 (65)	6.5 (64)	11.3 (88)	8.4 (95)	7.3 (50)	8.5 (34)	6.9 (92)	7.0 (97)	-9.1 (36)
▲ Policy Index	2.1 (65)	7.9 (12)	13.0 (62)	11.5 (46)	6.3 (88)	7.9 (73)	8.5 (66)	13.2 (16)	-12.1 (72)
5th Percentile	2.9	8.4	17.3	14.2	8.9	9.6	11.7	14.6	-4.0
1st Quartile	2.6	7.4	14.6	12.6	7.9	8.8	10.1	12.5	-8.0
Median	2.2	6.8	13.4	11.3	7.2	8.3	9.0	11.3	-10.3
3rd Quartile	1.9	6.1	12.2	10.1	6.6	7.8	8.0	9.6	-12.4
95th Percentile	1.2	4.8	9.7	8.0	5.7	7.2	5.7	7.6	-15.3
Population	115	115	115	115	112	106	194	204	193

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Annualized Return vs. Annualized Standard Deviation
5 Years Ending December 31, 2025



	5 Years Return	5 Years Standard Deviation	5 Years Sharpe Ratio	5 Years Information Ratio
Total Composite	7.3 (50)	5.7 (8)	0.7 (21)	0.1 (74)
All Public Plans > $1B-Total Fund Median	7.2	8.1	0.5	0.2
Policy Index	6.3	9.6	0.4	-

Total Plan (Net Returns)

	Market Value ($)	% of Portfolio	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Composite	**4,656,021,871**	**100.0**	**2.1 (65)**	**6.5 (64)**	**11.3 (88)**	**8.4 (95)**	**7.3 (50)**	**8.5 (34)**	**8.4 (7)**	**Jun-91**
Policy Index			*2.1 (65)*	*7.9 (12)*	*13.0 (62)*	*11.5 (46)*	*6.3 (88)*	*7.9 (73)*	*--*	
Over/Under			0.0	-1.4	-1.7	-3.1	1.0	0.7	--	
Domestic Equity	**911,757,756**	**19.6**	**2.0 (48)**	**8.7 (46)**	**10.9 (69)**	**17.3 (54)**	**8.7 (73)**	**13.8 (24)**	**9.5 (44)**	**Apr-01**
Russell 3000 Index			*2.4 (43)*	*10.8 (31)*	*17.1 (33)*	*22.2 (26)*	*13.1 (26)*	*14.3 (19)*	*9.5 (44)*	
Over/Under			-0.4	-2.1	-6.3	-5.0	-4.4	-0.5	0.0	
International Equity	**611,832,398**	**13.1**	**4.4 (41)**	**12.1 (29)**	**32.7 (37)**	**17.3 (44)**	**6.7 (58)**	**7.6 (77)**	**7.6 (50)**	**Jul-93**
International Equity Policy Index			*5.1 (28)*	*12.3 (28)*	*32.4 (40)*	*17.3 (43)*	*7.9 (46)*	*8.4 (57)*	*6.2 (100)*	
Over/Under			-0.7	-0.2	0.3	-0.1	-1.3	-0.8	1.5	
Fixed Income	**1,175,212,520**	**25.2**	**1.3 (25)**	**4.0 (16)**	**8.1 (17)**	**7.3 (21)**	**2.4 (33)**	**4.3 (19)**	**5.7 (17)**	**Aug-91**
Blmbg. U.S. Aggregate Index			*1.1 (55)*	*3.2 (50)*	*7.3 (40)*	*4.7 (75)*	*-0.4 (87)*	*2.0 (82)*	*4.9 (45)*	
Over/Under			0.2	0.8	0.8	2.6	2.8	2.3	0.8	
Private Debt	**751,801,962**	**16.1**	**1.2**	**6.0**	**9.1**	**8.3**	**9.6**	**7.3**	**12.5**	**Jan-09**
Private Debt Policy Index			*1.3*	*3.8*	*8.5*	*10.0*	*4.5*	*6.4*	*4.8*	
Over/Under			-0.1	2.2	0.6	-1.8	5.1	0.9	7.6	
Real Assets	**299,234,343**	**6.4**	**0.8**	**0.4**	**-0.2**	**-0.5**	**5.4**	**3.9**	**5.4**	**Jul-01**
NCREIF Property Index			*1.2*	*2.4*	*4.9*	*-1.0*	*3.8*	*4.8*	*7.2*	
Over/Under			-0.3	-1.9	-5.1	0.5	1.6	-0.9	-1.8	
Private Equity	**826,148,020**	**17.7**	**2.8**	**6.9**	**8.9**	**1.2**	**7.5**	**12.6**	**11.2**	**Oct-01**
Russell 2000 Index			*2.2*	*14.9*	*12.8*	*13.7*	*6.1*	*9.6*	*9.2*	
Over/Under			0.6	-8.0	-3.9	-12.6	1.4	3.0	2.0	
Cash	**79,362,083**	**1.7**	**1.0**	**2.1**	**4.4**	**3.9**	**2.8**	**1.5**	**4.2**	**Jul-09**
FTSE 3 Month T-Bill			*1.0*	*2.1*	*4.4*	*5.0*	*3.3*	*2.2*	*1.4*	
Over/Under			0.0	0.0	0.0	-1.1	-0.5	-0.7	2.8	

The Total Composite market value does not include accounts with small residual values such as Flippin Bruce Porter, Transition Account, and PIMCO Distressed. There are also some accounts that BNY and Meketa categorize into different composites. This accounts for differences in aggregate totals between this report and the custodian. For example, BNY categorizes the Energy Cap Mezz Opportunities Fund A under Real Estate Energy, however Meketa categorizes it under Private Debt.

Total Plan (Net of Fees) | As of December 31, 2025

Trailing Net Performance

	Market Value ($)	% of Portfolio	QTD (%)		FYTD (%)		1 Yr (%)		3 Yrs (%)		5 Yrs (%)		10 Yrs (%)		Inception (%)		Inception Date
Total Composite	**4,656,021,871**	**100.0**	**2.1**	**(65)**	**6.5**	**(64)**	**11.3**	**(88)**	**8.4**	**(95)**	**7.3**	**(50)**	**8.5**	**(34)**	**8.4**	**(7)**	**Jun-91**
Policy Index			*2.1*	*(65)*	*7.9*	*(12)*	*13.0*	*(62)*	*11.5*	*(46)*	*6.3*	*(88)*	*7.9*	*(73)*	*--*		
Over/Under			0.0		-1.4		-1.7		-3.1		1.0		0.7		--		
Domestic Equity	**911,757,756**	**19.6**	**2.0**	**(48)**	**8.7**	**(46)**	**10.9**	**(69)**	**17.3**	**(54)**	**8.7**	**(73)**	**13.8**	**(24)**	**9.5**	**(44)**	**Apr-01**
Russell 3000 Index			*2.4*	*(43)*	*10.8*	*(31)*	*17.1*	*(33)*	*22.2*	*(26)*	*13.1*	*(26)*	*14.3*	*(19)*	*9.5*	*(44)*	
Over/Under			-0.4		-2.1		-6.3		-5.0		-4.4		-0.5		0.0		
BlackRock Large Cap ETF	164,406,608	3.5	2.7	(44)	11.0	(28)	17.1	(35)	22.4	(34)	14.1	(24)	14.5	(28)	14.1	(38)	Aug-10
S&P 500 Index			*2.7*	*(44)*	*11.0*	*(28)*	*17.9*	*(30)*	*23.0*	*(30)*	*14.4*	*(21)*	*14.8*	*(23)*	*14.7*	*(27)*	
Over/Under			0.0		0.0		-0.7		-0.6		-0.3		-0.4		-0.6		
PIMCO Managed Volatility	463,536,251	10.0	2.7	(43)	12.7	(15)	14.6	(57)	21.8	(36)	12.0	(56)	16.9	(6)	14.7	(14)	Jan-15
S&P 500 Index			*2.7*	*(44)*	*11.0*	*(28)*	*17.9*	*(30)*	*23.0*	*(30)*	*14.4*	*(21)*	*14.8*	*(23)*	*13.5*	*(24)*	
Over/Under			0.1		1.7		-3.3		-1.2		-2.5		2.1		1.2		
Champlain Mid Cap Core	198,342,937	4.3	-0.1	(50)	-0.9	(81)	1.9	(82)	7.9	(91)	3.0	(87)	11.0	(42)	11.8	(53)	Dec-09
Russell Midcap Index			*0.2*	*(48)*	*5.5*	*(40)*	*10.6*	*(31)*	*14.4*	*(37)*	*8.7*	*(45)*	*11.0*	*(41)*	*12.3*	*(35)*	
Over/Under			-0.3		-6.3		-8.7		-6.4		-5.7		0.0		-0.5		
William Blair SMID	85,450,869	1.8	1.9	(49)	7.6	(51)	0.8	(81)	10.0	(70)	2.3	(88)	10.3	(52)	11.8	(28)	Dec-12
Russell 2500 Growth Index			*0.3*	*(65)*	*11.1*	*(29)*	*10.3*	*(37)*	*14.3*	*(29)*	*3.0*	*(85)*	*10.6*	*(44)*	*11.5*	*(33)*	
Over/Under			1.5		-3.5		-9.5		-4.3		-0.7		-0.3		0.3		

The Domestic Equity Composite market value also includes the small values of PIMCO Eqs Dividend and Aronson & Partners.

Total Plan (Net of Fees) | As of December 31, 2025

	Market Value ($)	% of Portfolio	QTD (%)		FYTD (%)		1 Yr (%)		3 Yrs (%)		5 Yrs (%)		10 Yrs (%)		Inception (%)		Inception Date
International Equity	**611,832,398**	**13.1**	**4.4**	**(37)**	**12.1**	**(27)**	**32.7**	**(35)**	**17.3**	**(38)**	**6.7**	**(54)**	**7.6**	**(75)**	**7.6**	**(55)**	**Jul-93**
International Equity Policy Index			*5.1*	*(25)*	*12.3*	*(26)*	*32.4*	*(38)*	*17.3*	*(38)*	*7.9*	*(47)*	*8.4*	*(52)*	*6.2*	*(100)*	
Over/Under			-0.7		-0.2		0.3		-0.1		-1.3		-0.8		1.5		
Arrowstreet EAFE Fund	261,022,819	5.6	3.3	(71)	10.7	(42)	38.3	(12)	--		--		--		21.1	(12)	Apr-23
MSCI EAFE (Net)			*4.9*	*(45)*	*9.9*	*(48)*	*31.2*	*(56)*	*--*		*--*		*--*		*15.5*	*(64)*	
Over/Under			-1.6		0.8		7.1		--		--		--		5.6		
Arrowstreet EM	116,785,614	2.5	6.2	(19)	19.0	(16)	40.3	(14)	--		--		--		20.5	(17)	Apr-23
MSCI Emerging Markets Index			*4.8*	*(47)*	*16.3*	*(43)*	*34.4*	*(47)*	*--*		*--*		*--*		*17.0*	*(39)*	
Over/Under			1.4		2.8		5.9		--		--		--		3.5		
William Blair International Growth	64,242,906	1.4	2.1	(34)	4.6	(53)	19.2	(28)	--		--		--		10.3	(67)	Jul-23
MSCI AC World ex USA Index			*5.1*	*(10)*	*12.5*	*(13)*	*33.1*	*(5)*	*--*		*--*		*--*		*17.4*	*(28)*	
Over/Under			-3.0		-7.9		-13.9		--		--		--		-7.2		
BNY MSCI EAFE	78,717,033	1.7	4.9	(44)	10.0	(47)	--		--		--		--		12.5	(53)	Jun-25
MSCI EAFE (Net)			*4.9*	*(45)*	*9.9*	*(48)*	*--*		*--*		*--*		*--*		*12.3*	*(53)*	
Over/Under			0.1		0.1		--		--		--		--		0.2		
RBC EM	90,597,232	1.9	6.9		16.1		--		--		--		--		22.3		Jun-25
MSCI Emerging Markets Index			*4.8*		*16.3*		*--*		*--*		*--*		*--*		*23.4*		
Over/Under			2.1		-0.2		--		--		--		--		-1.1		

The International Equity Composite market value also includes the small values of Epoch Global Equity Shareholder Yield, GMO Emerging Domestic Opportunities, Grantham, Mayo Van Otterloo & Co., and Lazard Freres International Value.

Total Plan (Net of Fees) | As of December 31, 2025

	Market Value ($)	% of Portfolio	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Fixed Income	**1,175,212,520**	**25.2**	**1.3 (25)**	**4.0 (16)**	**8.1 (17)**	**7.3 (21)**	**2.4 (33)**	**4.3 (19)**	**5.7 (17)**	**Aug-91**
Blmbg. U.S. Aggregate Index			*1.1 (55)*	*3.2 (50)*	*7.3 (40)*	*4.7 (75)*	*-0.4 (87)*	*2.0 (82)*	*4.9 (45)*	
Over/Under			0.2	0.8	0.8	2.6	2.8	2.3	0.8	
PIMCO Core Plus Total Return	279,666,798	6.0	1.6 (3)	4.3 (2)	9.2 (3)	6.2 (16)	1.2 (12)	2.8 (62)	4.1 (49)	Oct-06
Blmbg. U.S. Aggregate Index			*1.1 (49)*	*3.2 (73)*	*7.3 (80)*	*4.7 (95)*	*-0.4 (91)*	*2.0 (99)*	*3.2 (100)*	
Over/Under			0.5	1.1	1.9	1.6	1.5	0.7	0.9	
PIMCO Corporate Credit	351,315,576	7.5	1.3 (4)	3.9 (3)	9.1 (1)	7.5 (1)	1.5 (1)	4.7 (1)	5.7 (1)	Jun-09
PIMCO Corporate Credit Policy Index			*1.1 (46)*	*3.6 (8)*	*8.1 (6)*	*7.0 (1)*	*1.2 (2)*	*4.0 (1)*	*4.9 (2)*	
Over/Under			0.3	0.3	1.0	0.5	0.3	0.7	0.8	
PIMCO Unconstrained Bond	328,008,335	7.0	2.1 (9)	4.4 (13)	8.1 (58)	7.3 (48)	3.1 (45)	4.0 (37)	3.4 (39)	Sep-13
ICE BofA USD 3-Mo Dep Offer Rate Constant Maturity			*1.1 (65)*	*2.2 (72)*	*4.4 (97)*	*5.0 (87)*	*3.3 (40)*	*2.4 (80)*	*2.0 (83)*	
Over/Under			1.0	2.2	3.7	2.3	-0.2	1.6	1.4	
PIMCO Private Income Fund	103,279,568	2.2	2.1 (18)	4.3 (23)	8.4 (49)	7.4 (62)	8.0 (1)	--	7.4 (1)	Apr-19
ICE BofA U.S. High Yield Index			*1.3 (45)*	*3.8 (43)*	*8.5 (47)*	*10.0 (5)*	*4.5 (9)*	*--*	*5.2 (9)*	
Over/Under			0.8	0.5	-0.1	-2.6	3.5	--	2.2	
PIMCO Tactical Opportunities Fund	112,942,242	2.4	-2.0 (100)	2.1 (88)	2.6 (100)	8.9 (23)	7.1 (1)	--	8.7 (1)	Jun-20
ICE BofA U.S. High Yield Index			*1.3 (45)*	*3.8 (43)*	*8.5 (47)*	*10.0 (5)*	*4.5 (9)*	*--*	*6.2 (5)*	
Over/Under			-3.4	-1.7	-5.9	-1.1	2.6	--	2.4	

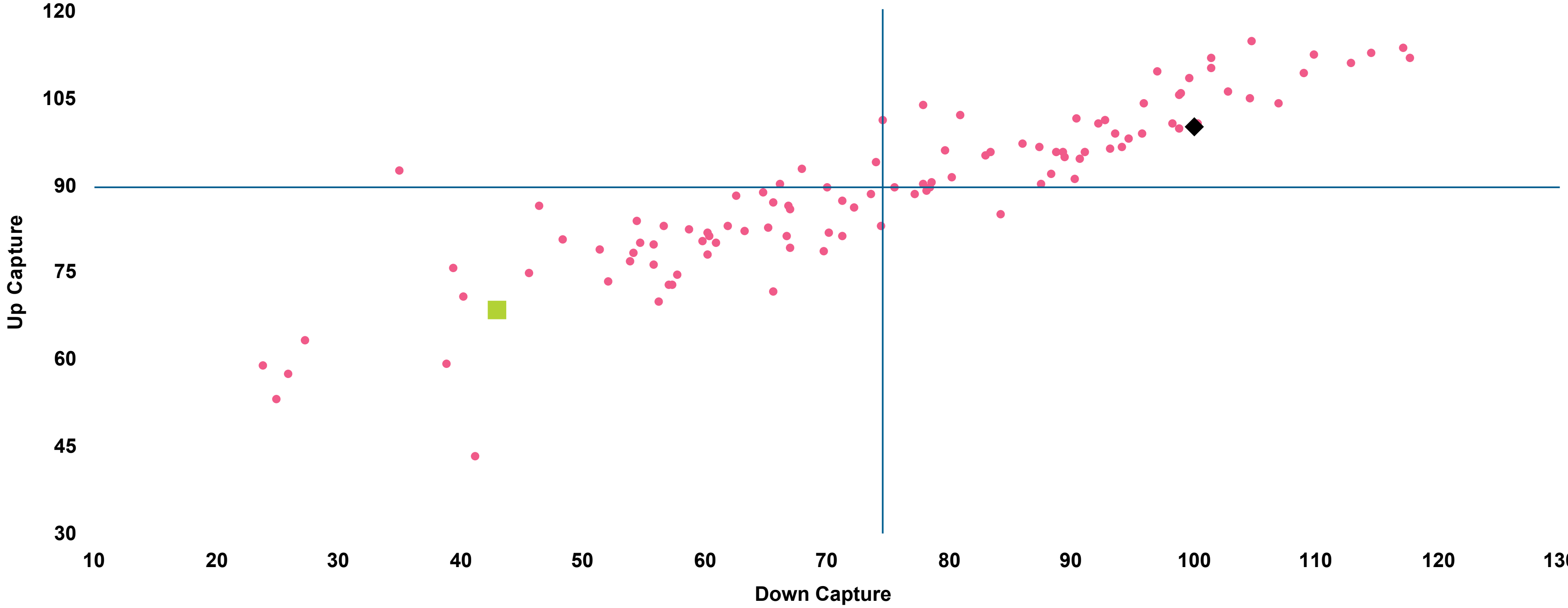
Total Plan (Net of Fees) | As of December 31, 2025

	Market Value ($)	% of Portfolio	QTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Debt	**751,801,962**	**16.1**	**1.2**	**6.0**	**9.1**	**8.3**	**9.6**	**7.3**	**12.5**	**Jan-09**
Private Debt Policy Index			*1.3*	*3.8*	*8.5*	*10.0*	*4.5*	*6.4*	*4.8*	
Over/Under			-0.1	2.2	0.6	-1.8	5.1	0.9	7.6	
Real Assets	**299,234,343**	**6.4**	**0.8**	**0.4**	**-0.2**	**-0.5**	**5.4**	**3.9**	**5.4**	**Jul-01**
NCREIF Property Index			*1.2*	*2.4*	*4.9*	*-1.0*	*3.8*	*4.8*	*7.2*	
Over/Under			-0.3	-1.9	-5.1	0.5	1.6	-0.9	-1.8	
Private Equity	**826,148,020**	**17.7**	**2.8**	**6.9**	**8.9**	**1.2**	**7.5**	**12.6**	**11.2**	**Oct-01**
Russell 2000 Index			*2.2*	*14.9*	*12.8*	*13.7*	*6.1*	*9.6*	*9.2*	
Over/Under			0.6	-8.0	-3.9	-12.6	1.4	3.0	2.0	
Cash	**79,362,083**	**1.7**	**1.0**	**2.1**	**4.4**	**3.9**	**2.8**	**1.5**	**4.2**	**Jul-09**
FTSE 3 Month T-Bill			*1.0*	*2.1*	*4.4*	*5.0*	*3.3*	*2.2*	*1.4*	
Over/Under			0.0	0.0	0.0	-1.1	-0.5	-0.7	2.8	
Cash Account	78,910,168	1.7	1.0	2.1	4.4	4.4	2.7	1.4	3.7	Jul-09
FTSE 3 Month T-Bill			*1.0*	*2.1*	*4.4*	*5.0*	*3.3*	*2.2*	*1.4*	
Over/Under			0.0	0.0	0.0	-0.6	-0.6	-0.9	2.4	
Miscellaneous Cash	451,915	0.0	0.3	1.4	3.0	3.6	6.2	2.9	3.2	May-12

Total Plan Risk Return Statistics | As of December 31, 2025

Risk Return Statistics	3 Years		5 Yrs	
	Total Composite	Policy Index	Total Composite	Policy Index
Return Summary Statistics				
Maximum Return	4.0	6.4	5.8	6.4
Minimum Return	-1.7	-3.4	-4.3	-6.0
Return	8.4	11.5	7.3	6.3
Excess Return	3.5	6.6	4.1	3.4
Excess Performance	-3.1	0.0	1.0	0.0
Risk Summary Statistics				
Beta	0.5	1.0	0.5	1.0
Up Capture	60.3	100.0	68.5	100.0
Down Capture	42.2	100.0	43.0	100.0
Risk/Return Summary Statistics				
Standard Deviation	4.5	8.6	5.7	9.6
Sortino Ratio	1.3	1.3	1.2	0.5
Alpha	2.5	0.0	3.9	0.0
Sharpe Ratio	0.8	0.8	0.7	0.4
Excess Risk	4.5	8.6	5.7	9.5
Tracking Error	4.5	0.0	5.6	0.0
Information Ratio	-0.7	-	0.1	-
Correlation Statistics				
R-Squared	0.9	1.0	0.7	1.0
Actual Correlation	1.0	1.0	0.9	1.0

Downside Capture vs. Upside Capture
5 Years Ending December 31, 2025



	5 Years Return	5 Years Up Capture	5 Years Down Capture
Total Composite	7.3	68.5	43.0
Policy Index	6.3	100.0	100.0

Benchmark History

June 2023	
Russell 2000 Index	20.0%
Russell 3000 Index	17.0%
Blmbg. US Aggregate Index	25.0%
ICEBofa High Yield Master II	17.0%
NCREIF Property Index	9.0%
MSCI AC World ex USA (Net)	12.0%

April 2021	
Russell 2000 Index	12.0%
Russell 3000 Index	25.0%
Blmbg. US Aggregate Index	20.0%
ICEBofa High Yield Master II	18.0%
NCREIF Property Index	12.0%
MSCI AC World ex USA (Net)	13.0%

April 2018	
Russell 2000 Index	12.0%
Russell 3000 Index	17.0%
Blmbg. US Aggregate Index	21.0%
ICEBofa High Yield Master II	15.0%
HFRI Equity Hedge (Total) Index	7.0%
NCREIF Property Index	12.0%
MSCI AC World ex USA (Net)	16.0%

June 2017	
Russell 2000 Index	12.0%
Russell 3000 Index	20.0%
Blmbg. US Aggregate Index	21.0%
ICEBofa High Yield Master II	15.0%
NCREIF Property Index	12.0%
MSCI AC World ex USA (Net)	13.0%

Private Market Performance Summary
as of September 30, 2025

Total Private Market Performance[1]

As of September 30, 2025

Asset Class	Committed ($ MM)	Contributed ($ MM)	Unfunded ($ MM)	Distributed ($ MM)	Remaining Value ($ MM)	TVPI (X)	Net IRR (%)	PME[2] (%)
Private Equity	1,509.5	1,129.8	402.9	1,305.9	821.6	1.89	13.9%	9.5%
Private Debt	1,882.6	1,643.5	350.4	1,549.3	742.4	1.39	9.2%	6.0%
Real Estate and Real Assets	1,257.2	889.1	389.4	828.2	288.9	1.26	5.2%	7.8%
Total	**4,649.3**	**3,662.4**	**1,142.7**	**3,683.4**	**1,852.9**	**1.51**	**9.6%**	

[1] Commitments will typically appear in the quarter following approval by the Committee.
[2] Public Market Equivalent benchmarks are: MSCI ACWI IMI Index for Private Equity, Merrill Lynch High Yield Index for Private Debt, and NCREIF NPI for Real Estate/Real Assets.

Economic and Market Update

Commentary

Despite considerable policy and trade uncertainty, most major markets posted positive returns in the fourth quarter and for the year, with non-US equities leading the way.

→ In the fourth quarter US equities (Russell 3000) returned 2.4% bringing the full year results to 17.1%. Value outperformed growth for the quarter as market sentiment turned cautious given valuations in the AI related tech sector.

→ Non-US equities outperformed US stocks in the fourth quarter and for the year, supported by attractive valuations, a rotation out of US tech stocks, a weaker US dollar, and defense and infrastructure spending.

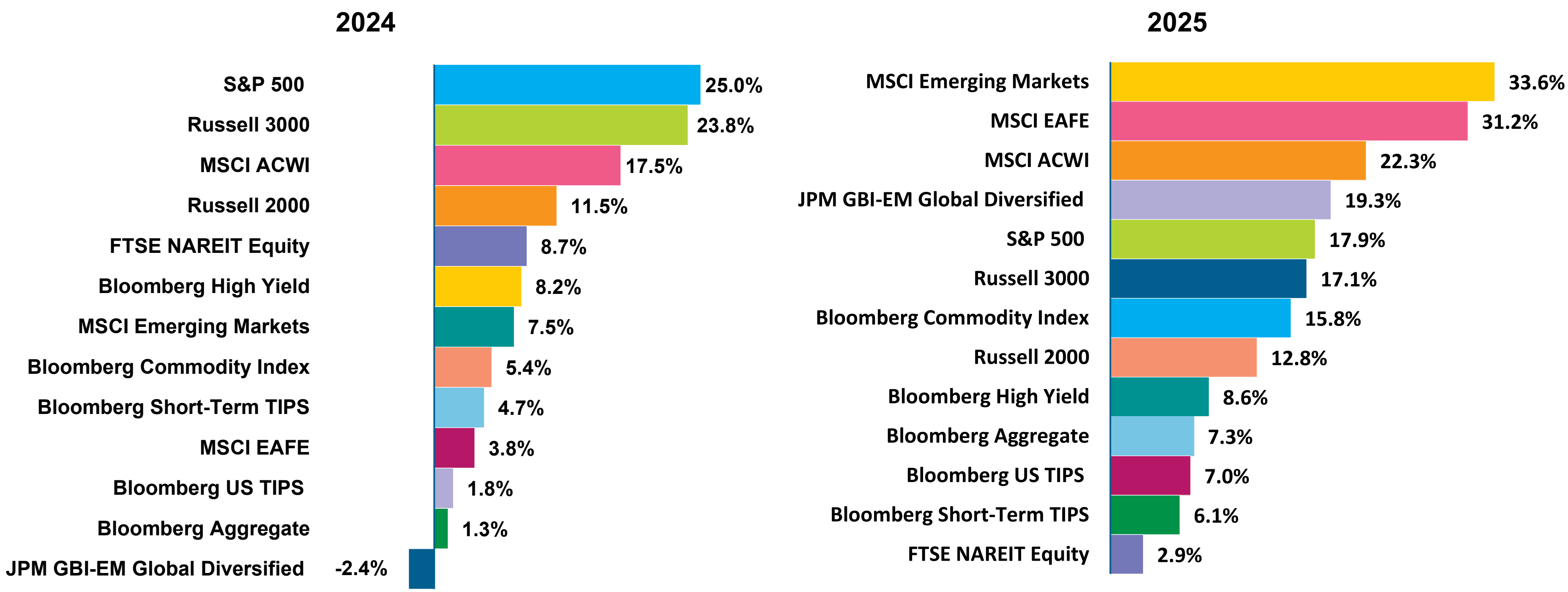
- Non-US developed stocks (MSCI EAFE) rose 4.9% in the fourth quarter and 31.2% in 2025.
- Emerging markets (MSCI Emerging Markets) gained 4.7% for the quarter and led the way in 2025 returning 33.6%. Although Chinese stocks declined in the fourth quarter (MSCI China: -7.8%), the broad emerging market group rallied, supported by strong returns in South Korea and Taiwan.

→ Most major bond markets finished the fourth quarter in positive territory with strong overall results for the year, particularly for riskier bonds. In the fourth quarter the broad US bond market (Bloomberg Aggregate) returned 1.1%, while cooling inflation led to lower returns for TIPS (+0.1%) and short-term TIPS (+0.4%). High yield and emerging market debt led the way, returning 1.3% and 1.6%, respectively.

→ The government reopened in mid-November but the longest shutdown on record likely had a meaningful short-term impact on the economy, while delayed and, in some cases, skipped economic data releases increased uncertainty for policymakers and financial markets.

→ Key questions going forward include how the Fed will manage interest rates given competing pressures on its dual mandate of inflation and employment, will the impact of tariffs on inflation grow, can earnings growth remain resilient in the US, will the significant investment in the AI infrastructure buildout pay off, and how will China's economy and relations with the US track.

Index Returns: 2024 vs. 2025[1]



→ In 2025, all asset classes rose, with international equities leading the way. Key drivers of the strong performance last year include resilient earnings, AI optimism, a weaker US dollar, and expectations for lower interest rates.

→ Compared to 2024 we saw significant improvement in international investments (both equities and bonds), driven by weaker dollar crating a tail-wind for foreign currency denominated investments.

[1] Source: Bloomberg. Data is as of December 31, 2025.

Domestic Equity Returns[1]

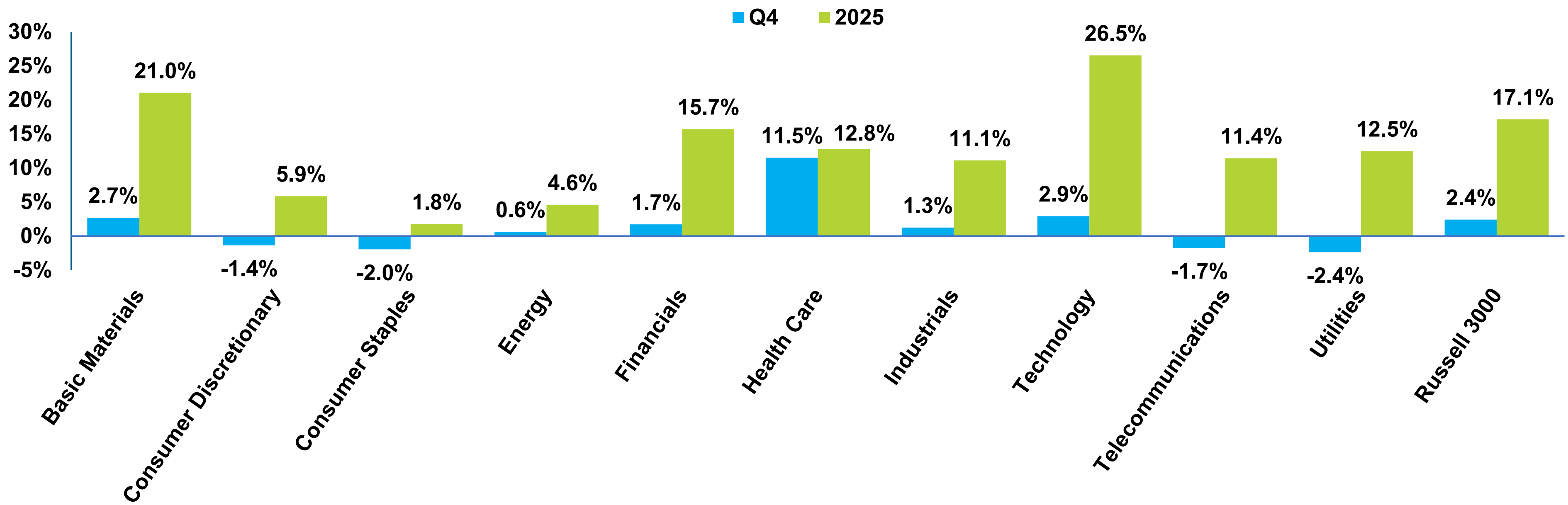
Domestic Equity	December (%)	Q4 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	0.1	2.7	17.9	23.0	14.4	14.8
Russell 3000	0.0	2.4	17.1	22.2	13.1	14.3
Russell 1000	0.0	2.4	17.4	22.7	13.6	14.6
Russell 1000 Growth	-0.6	1.1	18.6	31.1	15.3	18.1
Russell 1000 Value	0.7	3.8	15.9	13.9	11.3	10.5
Russell MidCap	-0.3	0.2	10.6	14.3	8.7	11.0
Russell MidCap Growth	-1.3	-3.7	8.7	18.6	6.6	12.5
Russell MidCap Value	0.1	1.4	11.0	12.3	9.8	9.8
Russell 2000	-0.6	2.2	12.8	13.7	6.1	9.6
Russell 2000 Growth	-1.3	1.2	13.0	15.6	3.2	9.6
Russell 2000 Value	0.2	3.3	12.6	11.7	8.9	9.3

US Equities: The Russell 3000 index returned 2.4% in the fourth quarter and 17.1% in 2025.

- → The gains in Q4 were driven mainly by a double-digit rebound in health care stocks. For the full calendar year, roughly half the 17.1% return came from the “Magnificent 7” stocks. Besides enthusiasm for the AI trade, the Fed starting to cut interest rates, an overall resilient economy, and strong earnings all helped US equity markets have another double-digit return year.
- → Growth stocks trailed value for the quarter given concerns over valuations for AI-related companies and a shift in sentiment toward more “reasonably” priced economically sensitive areas.
- → Large (Russell 1000) and small (Russell 2000) cap stocks had similar returns for the quarter, but large cap outperformed by close to 5.0% for the full year. The 2025 outperformance was mostly driven by the “Magnificent 7” stocks. Large cap banks also contributed to this divergence in performance. While small cap stocks rose nearly 13% for the full year, unprofitable stocks rose nearly twice as much as profitable stocks.

[1] Source: Bloomberg. Data is as of December 31, 2025.

Russell 3000 Sector Returns[1]



- For the quarter, sector results were mixed with seven sectors increasing and four declining.
- Health care stocks (+11.5%) significantly outperformed other sectors in the fourth quarter. Eli Lilly rose over 40% during the quarter as investors expressed enthusiasm for its lead in the GLP-1 market. The technology and materials sectors both returned over 2.0%, given AI momentum and strength in metals/mining, respectively. More defensive sectors like utilities and consumer staples trailed in Q4.
- For the full year, technology led the way, driven by the "Magnificent 7" stocks, plus Broadcom. Materials also rose over 20% in 2025, given easing trade tensions and stronger demand for industrial and energy transition metals.

[1] Source: Bloomberg. Data is as of December 31, 2025.

Foreign Equity Returns[1]

Foreign Equity	December (%)	Q4 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	3.0	5.1	32.4	17.3	7.9	8.4
MSCI EAFE	3.0	4.9	31.2	17.2	8.9	8.2
MSCI EAFE (Local Currency)	2.1	6.1	20.6	15.9	11.5	8.6
MSCI EAFE Small Cap	2.3	2.7	31.8	14.9	5.6	7.5
MSCI Emerging Markets	3.0	4.7	33.6	16.4	4.2	8.4
MSCI Emerging Markets (Local Currency)	2.6	5.6	31.3	17.7	6.6	9.5
MSCI EM ex China	4.7	10.2	34.6	18.7	8.2	9.9
MSCI China	-1.2	-7.4	31.2	11.6	-3.2	5.5

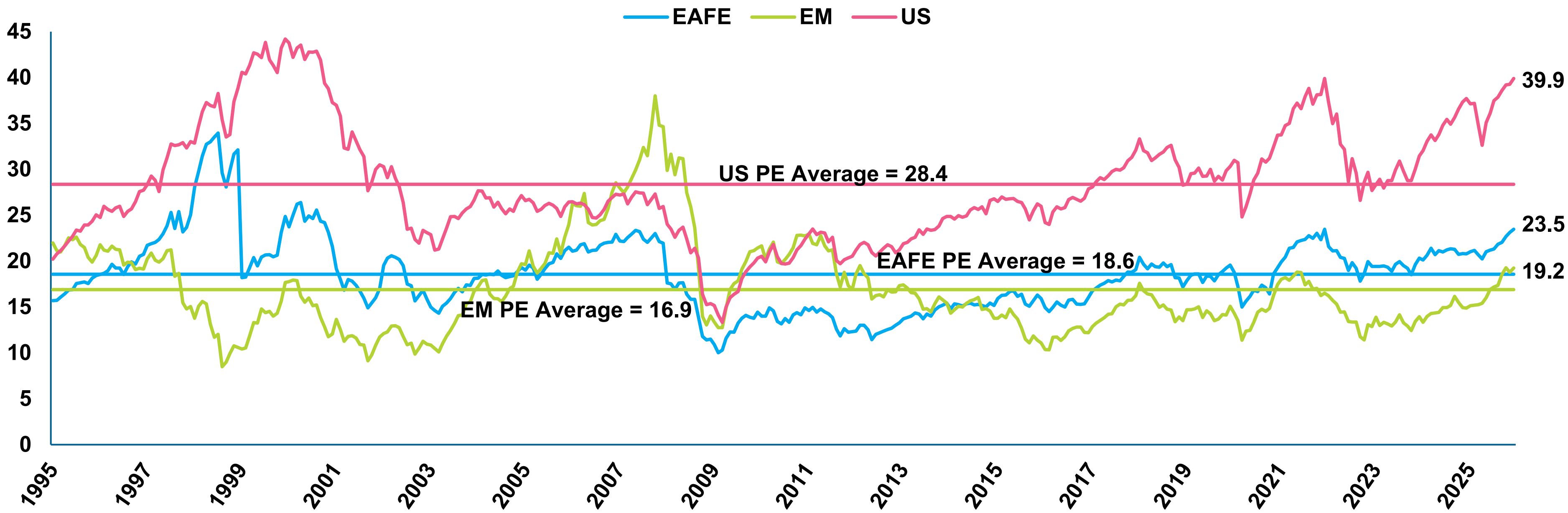
Foreign Equity: Developed international equities (MSCI EAFE) returned 4.9% in the fourth quarter and 31.2% in 2025. Emerging markets equities rose 4.7% in the fourth quarter, returning 33.6% for the full year.

→ Developed markets posted solid gains in the fourth quarter, outperforming US equities. Eurozone performance was broad-based with financials, health care, and utilities leading. The UK saw similarly strong performance led by financials. Japanese equities rose significantly, with AI investment generating enthusiasm, yen weakness boosting exporters, and the newly elected government announcing stimulus measures.

→ Emerging market stocks had strong fourth quarter performance, also benefitting from AI themes and central bank easing. Korea and Taiwan saw solid gains, driven by record-high profits in the tech sector, particularly among semiconductor companies. India rose modestly, benefitting from easing inflation and strong exports, despite steep US tariffs. China fell over the quarter amid lackluster economic data, weak domestic consumption, and slowing US exports.

[1] Source: Bloomberg. Data is as of December 31, 2025.

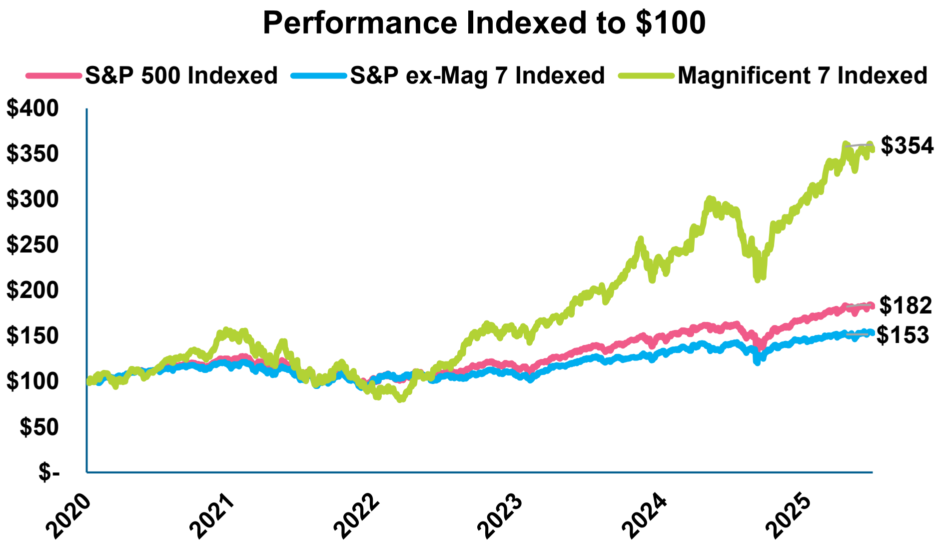
Equity Cyclically Adjusted P/E Ratios[1]

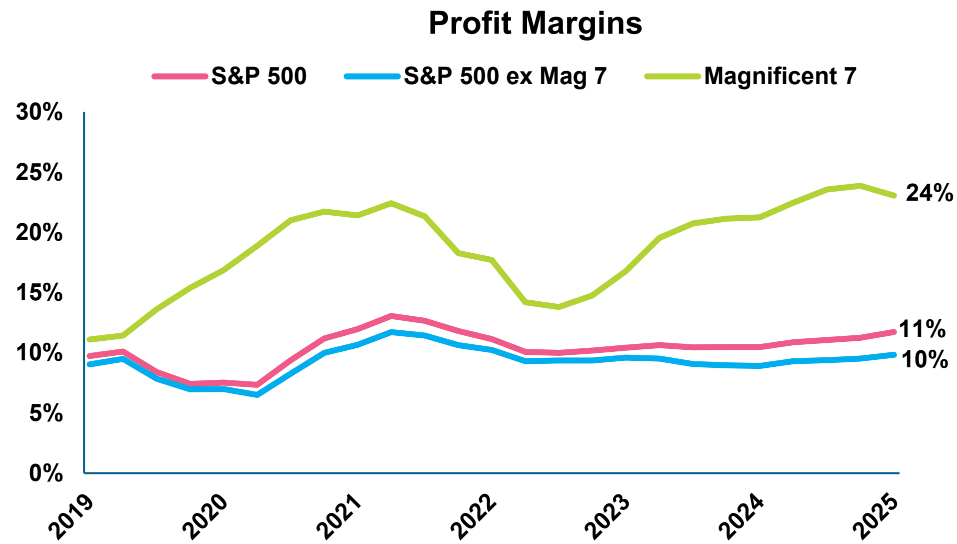


- Cyclically adjusted US stock valuations finished the year just shy of 40, a level slightly above the post-pandemic peak. AI-related optimism has been a key driver pushing valuations higher since the April lows.
- Given strong results this year in non-US developed stocks, valuations moved further above their long-run P/E ratio (23.5 versus 18.6).
- As emerging market stocks led the way in 2025, their valuations are now also trading at levels above their long-run average (19.2 versus 16.9).

[1] US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of December 2025. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end, respectively.

Performance and Profit Margins: S&P 500 and "Magnificent 7"[1]





- Despite an over 25% decline to start last year, the so-called "Magnificent 7" AI-related technology stocks continued to drive market results, gaining close to 25% for 2025. Since 2020, these stocks increased roughly 3.5x while the other members of the S&P 500 increased about 1.5x.
- The relatively strong performance of the "Magnificent 7" has led to them currently comprising roughly a third of the entire S&P 500 index by market-capitalization, making their performance going forward key to overall market results.
- Profit margins have been relatively strong for these companies, with the latest readings more than double the broad market (24% versus 11%).

[1] Source: Bloomberg. Data is as of December 31, 2025, for index prices and September 30, 2025, for profit margins.

Fixed Income Returns[1]

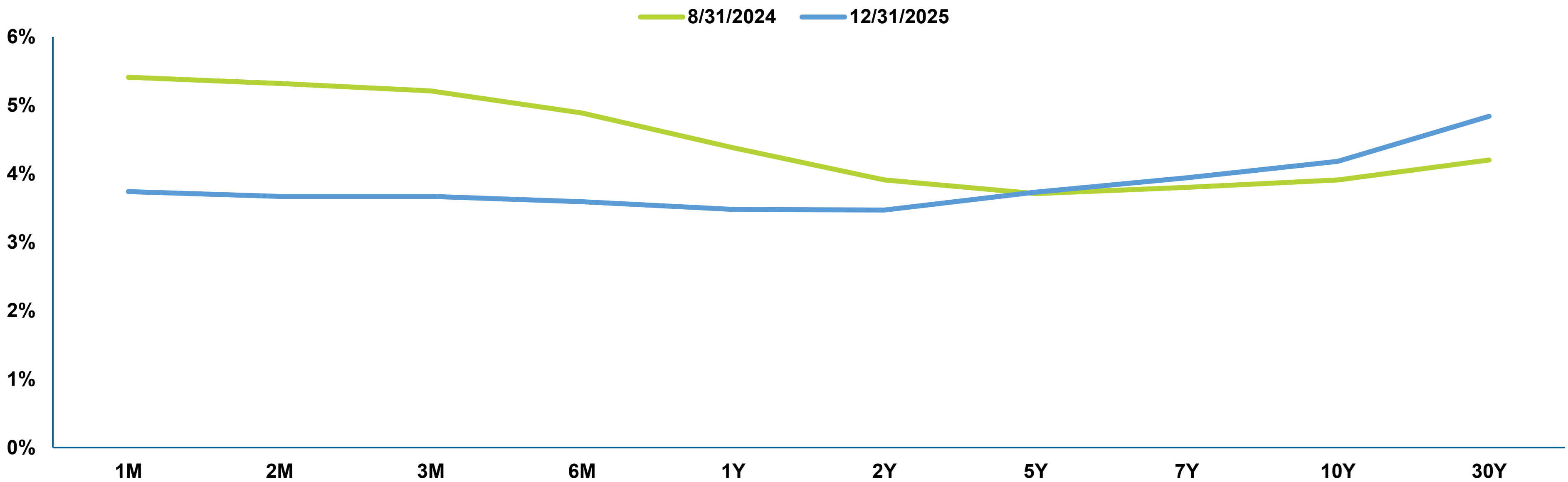
Fixed Income	December (%)	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-0.1	1.2	7.6	5.2	0.1	2.4	4.5	5.8
Bloomberg Aggregate	-0.1	1.1	7.3	4.7	-0.4	2.0	4.3	6.0
Bloomberg US TIPS	-0.4	0.1	7.0	4.2	1.1	3.1	4.0	6.5
Bloomberg Short-term TIPS	0.1	0.4	6.1	5.1	3.5	3.2	3.6	2.4
Bloomberg US Long Treasury	-1.1	0.1	5.6	0.6	-7.2	0.0	4.8	14.5
Bloomberg High Yield	0.6	1.3	8.6	10.0	4.5	6.5	6.5	3.0
JPM GBI-EM Global Diversified (USD)	2.2	1.6	19.3	9.5	1.1	3.9	--	--

Fixed Income: The Bloomberg Universal index rose 1.2% in the fourth quarter, returning 7.6% in 2025.

- In the fourth quarter falling short-term interest rates and relatively stable credit spreads led to overall gains in the bond market.
- The broad US bond market (Bloomberg Aggregate) rose 1.1% with longer-dated US Treasuries essentially flat. Shorter and longer-dated TIPS gained 0.4% and 0.1%, respectively, as inflation concerns eased modestly.
- As overall risk appetite remained strong, riskier bonds led the way with emerging market debt and US high yield returning 1.6% and 1.3%, respectively. In 2025 emerging market bonds returned an impressive 19.3% given relatively high yields, an earlier start to central bank easing, and generally contained inflation.

[1] Source: Bloomberg. Data is as of December 31, 2025. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration, respectively. JPM GBI-EM data is from J.P. Morgan. Current yield and duration data is not available.

US Yield Curve[1]

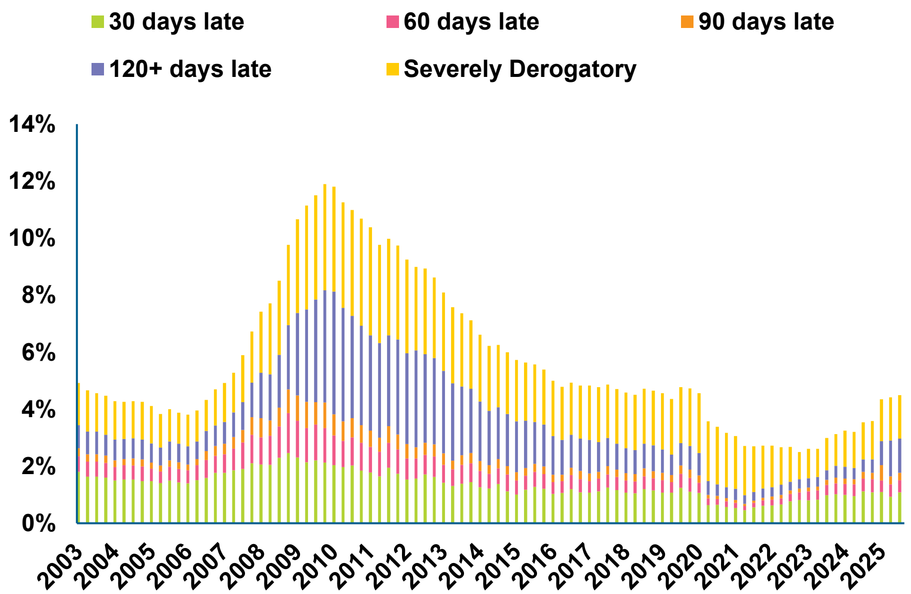


- → In the fourth quarter interest rates for shorter maturities fell, while rates for longer-dated maturities stayed stable or rose. These dynamics were driven by expectations for additional interest rate cuts by the Fed and rising term premium, lingering inflation, and fiscal uncertainty.
- → The policy-sensitive 2-year nominal Treasury yield fell from 3.61% to 3.48%. The 10-year nominal Treasury yield rose from 4.15% to 4.17%, while the 30-year nominal Treasury yield moved from 4.73% to 4.84%.
- → Given these dynamics the yield curve steepened further in the fourth quarter. The spread between a two-year and ten-year Treasury increased from 54 basis points to 70 basis points.

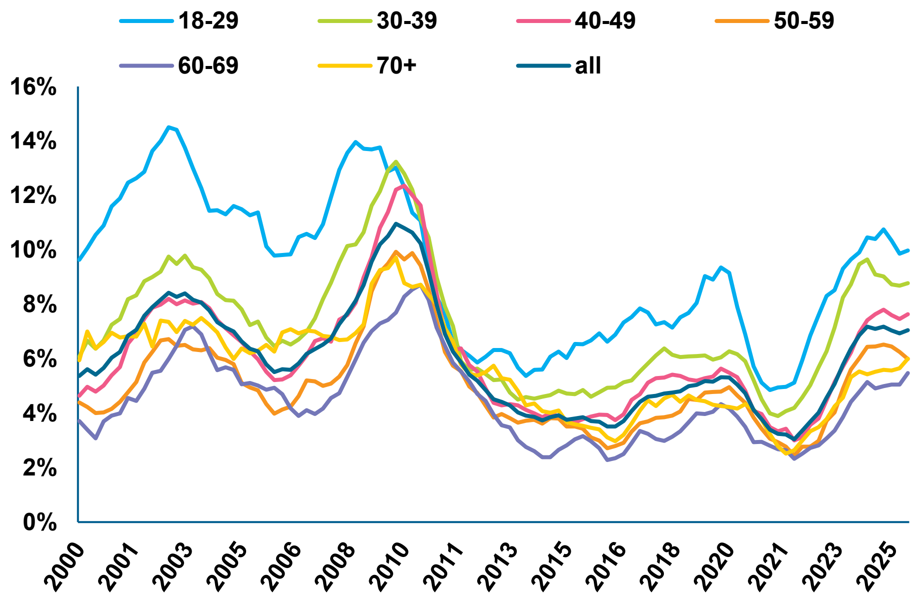
[1] Source: Bloomberg. Data is as of December 31, 2025. The August 2024 Treasury yields are shown as a reference before the first interest rate cut.

Stress is Building Among US Consumers

Percent of Total Outstanding Credit Card Balance by Delinquency Status[1]



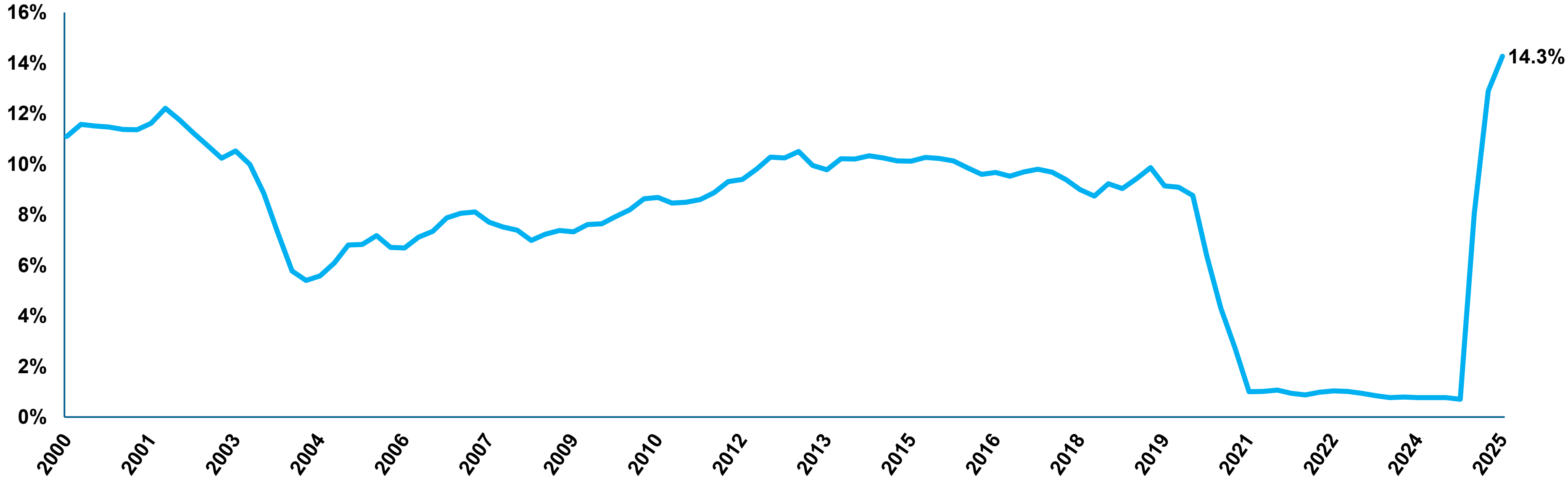
Transition into Serious Delinquency for Credit Cards by Age[1]



- Signs of stress on the US consumer have started to emerge, given persistently higher prices and interest rates.
- After falling to historic lows during the pandemic, loan delinquencies have increased.
- Parts of the credit card market, especially for younger cohorts, have begun to show stress as most borrowers are subject to variable and higher borrowing costs. Total delinquencies are below pre-pandemic levels though.

[1] Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. See also FRED. Data is as of September 30, 2025.

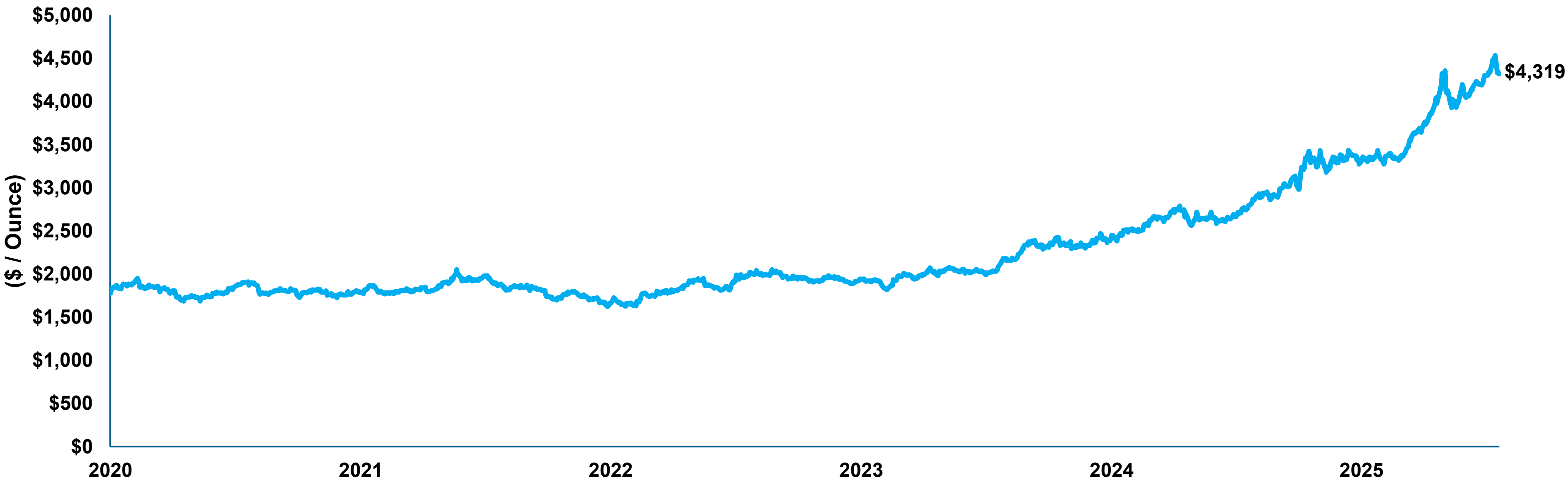
Transition Into Serious Delinquency (90+ Days) for Student Loans[1]



- The restarting of student loan payments and reporting for those in default could add further pressures to consumers.
- During the pandemic, student loan repayments were suspended with an estimated 43 million borrowers deferring payments.
- Pressures have been growing in the student loan market. Roughly nine million borrowers missed at least one loan payment last year and approximately 14.3% of student debt has moved into seriously delinquent status.

[1] Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. See also FRED. Data is as of September 30, 2025. Percent of student loan holders transitioning in serious default (90-days or more) based on four quarter moving average. Delays in reporting may cause fluctuations.

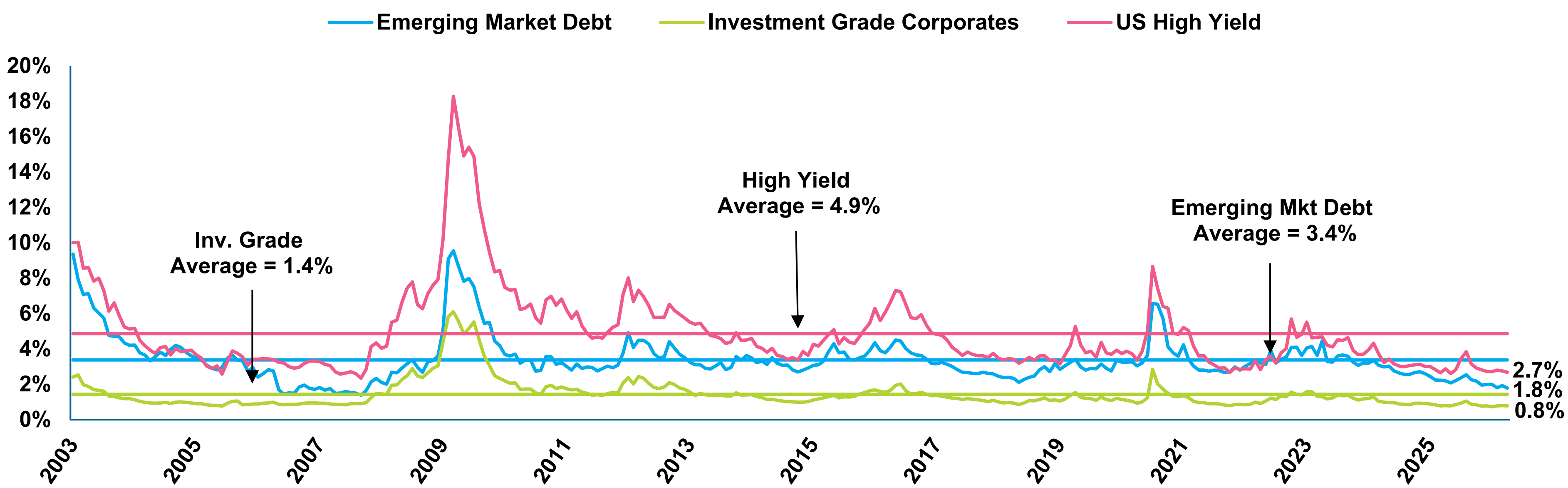
Gold[1]



- In a year where risk assets did particularly well, gold, which is usually perceived as a safe haven, did even better, gaining close to 65%.
- Key drivers of gold's strong year include central bank demand, a weaker US dollar, inflation concerns, central banks purchasing bullion, and expectations for lower rates.
- In 2025, the price of gold rose from just over $2,600 an ounce to over $4,300 an ounce.

[1] Source: Bloomberg as of December 31, 2025. Gold Spot Price is quoted as US Dollars per Troy Ounce.

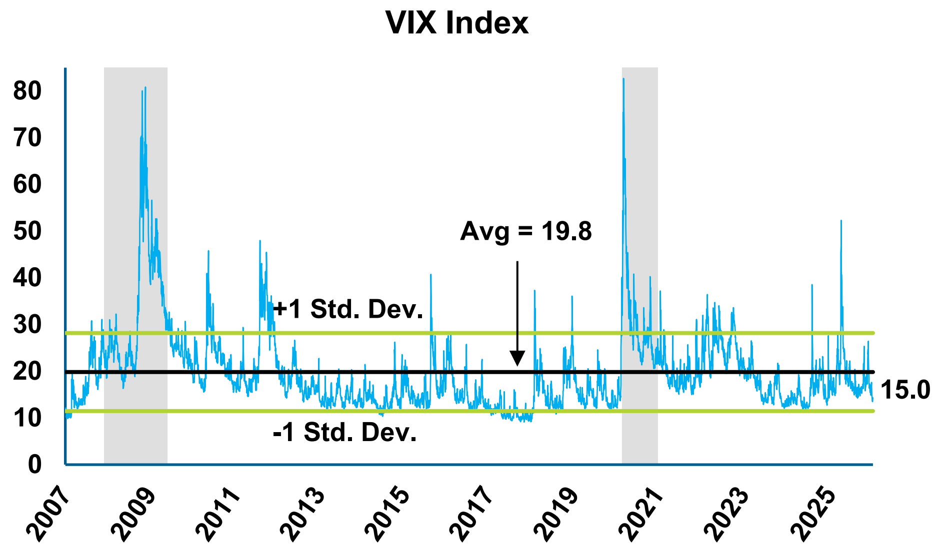
Credit Spreads vs. US Treasury Bonds[1]

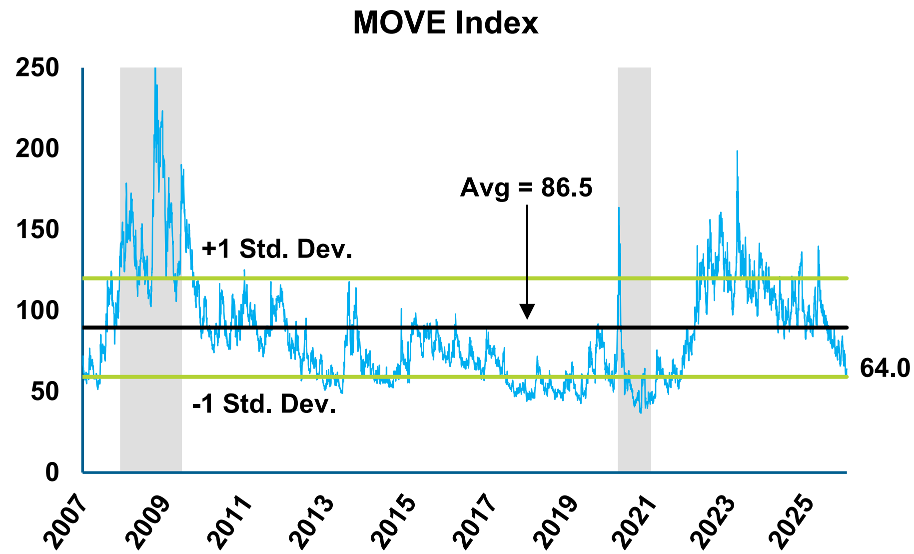


- Credit spreads (the difference in yield from a comparable maturity Treasury) remained relatively stable over the quarter at historically tight levels. A resilient US economy, strong corporate balance sheets/low default rates, and investor demand for yield have all contributed to tight spreads.
- Investment grade spreads remained below 1.0% in December.
- High yield spreads stayed at 2.7% for the quarter, while emerging market spreads tightened from 2.0% to 1.8%.
- All yield spreads remained well below their respective long-run averages, especially high yield (2.7% versus 4.9%).

[1] Source: Bloomberg. Data is as of December 31, 2025. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

Equity and Fixed Income Volatility[1]

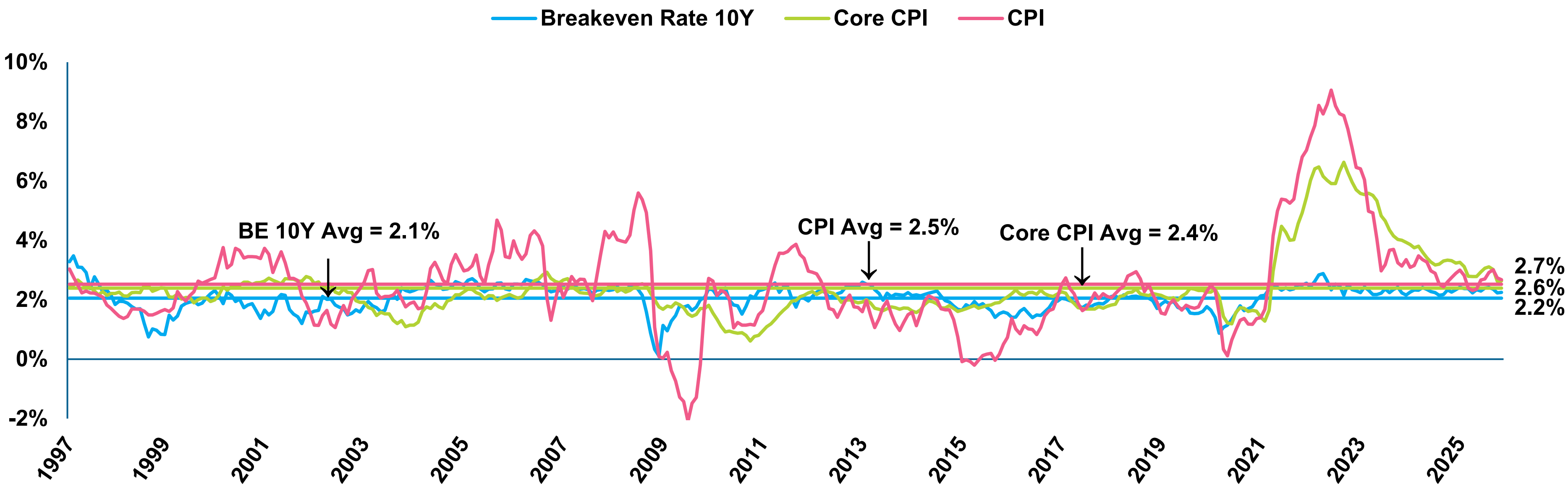




- Equity and bond market volatility eased in the fourth quarter to levels well below their long-run averages but there were several spikes in volatility during the quarter.
- Equity market volatility (VIX) finished the quarter at 15.0 versus a long-term average of 19.8. There were spikes above the 25 level in October and November in the wake of geopolitical tensions, questions about the path of interest rates given Fed messaging, and mixed economic data.
- Despite several spikes, bond market volatility (MOVE) ended the quarter at 64.0, below a long-term average of 86.5. Interest-rate uncertainty declining as inflation moderated and the Fed's policy path became clearer drove bond market volatility lower over the quarter.

[1] Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of December 31, 2025. The average line indicated is the average of the VIX and MOVE values between January 2007 and December 2025.

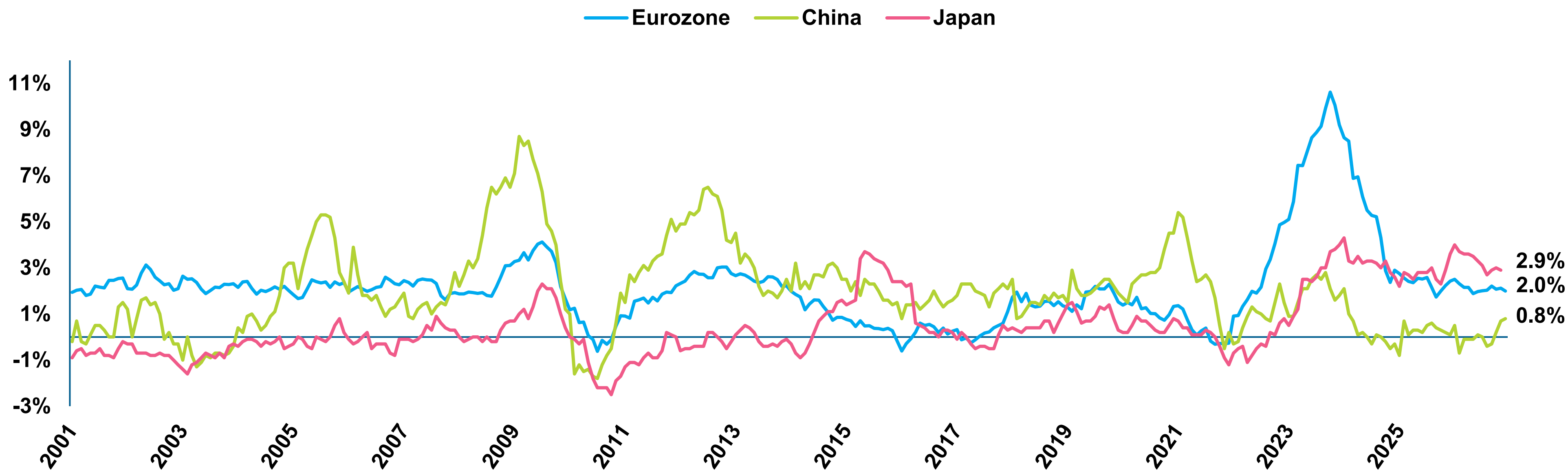
US Inflation[1]



- In the final quarter of 2025, year-on-year headline inflation fell 0.3% to 2.7% (matching expectations). This was driven by a drop in services, as prices for goods, food, and energy remained stable. The month-on-month rate was 0.3% (like September). This was the only monthly reading during the quarter given the government shutdown.
- Core inflation year-on-year fell from 3.0% to 2.6% (below expectations of 2.7%) in Q4 largely due to a decline in services, particularly shelter. The monthly growth rate came in at 0.2% in December (the same as September) slightly below expectations. This was also the only monthly reading during the quarter.
- Long-term inflation expectations fell slightly over the quarter (2.4% to 2.2%) and remain well anchored close to their long-run average of 2.1%.

[1] Source: FRED. Data is as of December 31, 2025. This represents the latest inflation data. The October report was canceled given the government shutdown.

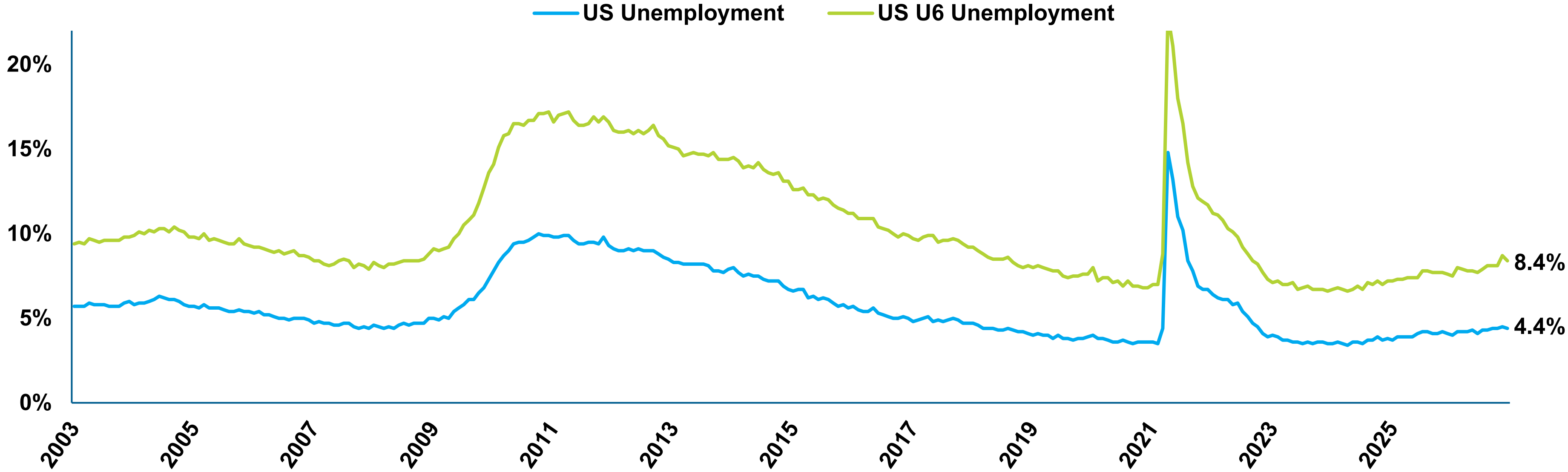
Global Inflation (CPI Trailing Twelve Months)[1]



- With inflation at its 2.0% target, the ECB has held policy rates steady at 2.0% with disinflationary pressures expected to continue in 2026.
- In December the Bank of Japan raised interest rates to their highest level in three decades from 0.5% to 0.75%. Inflation in Japan fell slightly (3.0% to 2.9%) but remains above target. Despite the slight drop, inflation levels continue to be roughly 1% above the Bank of Japan's target level.
- China's annual inflation rate moved into positive territory in the fourth quarter. It finished the year at 0.8%, the highest level since early 2023, largely driven by higher food prices particularly fresh vegetables (+18.2% yoy). Despite the positive reading, inflation in China remains stubbornly low even after significant stimulus.

[1] Source: Bloomberg. Data is as of December 2025 except Japan which is of November.

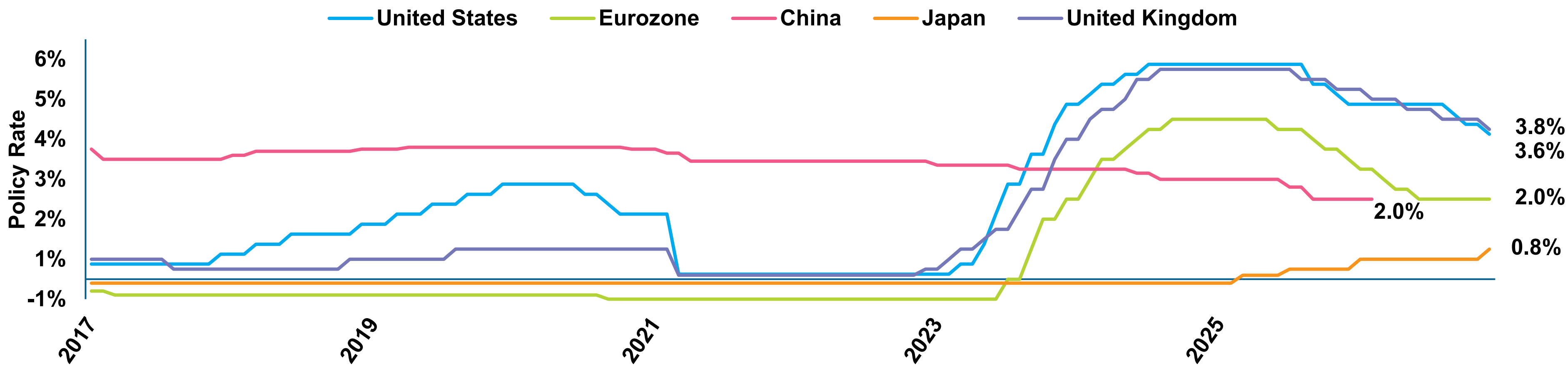
US Unemployment[1]



- → In December, the US added 50,000 new jobs and the unemployment rate declined slightly from 4.6% to 4.4% (the same level as the end of Q3). Over the quarter the US shed 67,000 jobs, driven by the loss of government jobs in October related to the shutdown.
- → Food services, health care, and social assistance sectors added the most jobs in December while the retail sector lost jobs. These steady job gains plus fewer people re-entering the labor force and slowing layoffs drove the decline in the unemployment rate.
- → In other labor data, job openings continued to decline and hiring slowed, but layoffs have recently fallen and wages continued to grow above the rate of inflation.

[1] Source: FRED. Data is as of December 31, 2025.

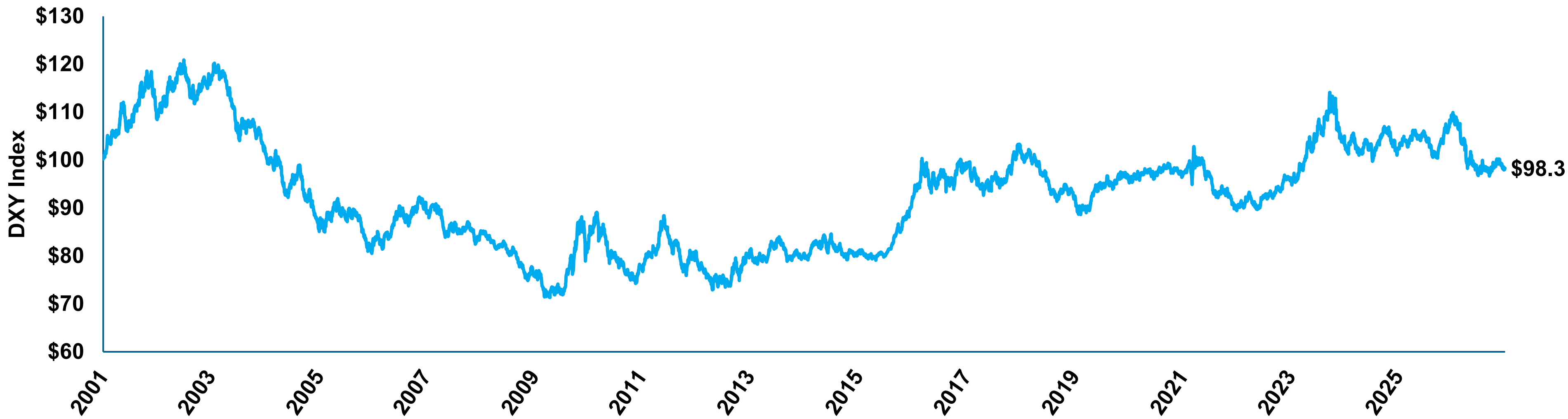
Global Policy Rates[1]



- It appears that we are moving into an environment in which the Fed may continue to cut interest rates while other central banks are on hold or are moving rates higher.
- The Fed cut interest rates again in December to a range of 3.5% to 3.75% with market expectations for roughly two more cuts over the next 12 months. Based on comments after the recent meeting it appears the Fed will move cautiously, given inflation remaining elevated despite signs of weakness in the labor market.
- The ECB has held rates steady since last summer. In 2026, there are no expectations of further cuts by the ECB, but markets are pricing in nearly two cuts from the BOE.
- After cutting rates in May of last year, China's central bank has held rates steady, although disinflationary pressures continue to be a concern.
- The BOJ increased rates by 0.25% at their last meeting with markets expecting nearly two more hikes this year, given inflation levels remaining above their 2% target.

[1] Source: Bloomberg. Data is as of December 31, 2025, except China which is as of February 28, 2025. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

US Dollar vs. Broad Currencies[1]



- → The US dollar weakened by over 9% in 2025 on lower rate expectations, slowing growth, and fiscal deficit concerns.
- → After a decline in the first half of the year, the dollar largely stayed range bound for the second half of 2025 as expectations for aggressive Fed rate cuts eased, yields in the US remained relatively high, and demand for safe-haven assets rose.

[1] Source: Bloomberg. Data as of December 31, 2025.

Key Trends

- According to the International Monetary Fund's (IMF) October's World Economic Outlook, the global economy will decelerate from 3.2% in 2025 to 3.1% in 2026. The US is expected to modestly accelerate economic growth in 2026 to 2.1% from 2.0% in 2025. The euro area will slow slightly from 1.2% in 2025 to 1.1% in 2026. China's economy is expected to slow from 4.8% in 2025 to 4.2% in 2026.
- Despite the decline in tariff rhetoric since earlier in 2025, questions remain about how tariffs will ultimately impact inflation. Overall, higher tariff levels and continued uncertainty could weigh on growth while increasing prices. Inflation levels and potential developments with tariffs combined with a weakening labor market will complicate the Fed's rate cutting path.
- Some signs of US consumer stress have started to emerge, with weakness in the jobs market and sentiment deteriorating. Consumers are particularly concerned about losing their jobs and the potential for higher prices. Overall, risk to economic growth and to inflation from tariffs, as well as elevated borrowing costs, could put further pressure on consumers and lead to an even weaker job market. The resumption of collecting and reporting delinquent student loans could be a further headwind to consumption.
- US equities continue to reach new highs. Relatively strong earnings, AI optimism, and rate cuts from the Fed all helped drive stocks higher last year. How earnings track from here, particularly for the large AI-related companies that make up a significant portion of the market, will be key going forward. Many questions remain about the return on investment for companies making significant investments in building AI infrastructure. We could see this year a divergence in results within the "Magnificent 7" as well as a rotation into other more economically sensitive sectors.
- Trade tensions between the US and China will remain an important focus as well as the overall health of China's economy. President Trump and President Xi met in late October last year and agreed to suspend trade sanctions for a year. However, it is not clear if China and the US will indeed de-escalate strategic high tech and rare earth tensions despite the official truce. How China manages its slowing economy, and deflationary pressures will also be important. Rising geopolitical tensions related to other countries like Venezuela, Denmark/Greenland, and Iran could also add to volatility this year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sources: Investment Terminology, International Foundation of Employee Benefit Plans, 1999.
The Handbook of Fixed Income Securities, Fabozzi, Frank J., 1991

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

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

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