



**MEETING AGENDA  
INVESTMENT COMMITTEE OF THE  
EL CAMINO HOSPITAL BOARD OF DIRECTORS**

**Monday, May 11, 2026 – 5:30 pm**

El Camino Health | 2500 Grant Road Mountain View, CA 94040 | Sobrato Board Room 1

THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION PORTION OF THE MEETING LIVE AT THE ADDRESS ABOVE OR VIA TELECONFERENCE AT: **1-669-900-9128, MEETING CODE: 967 9294 9763 #. No participant code.**  
**Just press #**

To watch the meeting, please visit: [Investment Committee Meeting Link](#)

Please note that the livestream is for meeting viewing only and there is a slight delay; to provide public comment, please use the phone number listed above.

**NOTE:** In the event that there are technical problems or disruptions that prevent remote public participation, the Chair has the discretion to continue the meeting without remote public participation options, provided that no Board member is participating in the meeting via teleconference.

A copy of the agenda for the Regular Committee Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at **(650) 988-3218** prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

	<b>AGENDA ITEM</b>	<b>PRESENTED BY</b>	<b>ACTION</b>	<b>ESTIMATED TIMES</b>
1.	<b>CALL TO ORDER / ROLL CALL</b>	Brooks Nelson, Chair	Information	<b>5:30 pm</b>
2.	<b>POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Brooks Nelson, Chair	Information	<b>5:30 pm</b>
3.	<b>PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons to address the Committee on any matter within the subject matter jurisdiction of the Committee that is not on this agenda. Speakers are limited to three (3) minutes each.</i> b. Written Correspondence <i>Comments may be submitted by mail to the Investment Committee of the El Camino Hospital Board of Directors at 2500 Grant Avenue, Mountain View, CA 94040. Written comments will be distributed to the Committee as quickly as possible. Please note it may take up to 24 hours for documents to be posted on the agenda.</i>	Brooks Nelson, Chair	Information	<b>5:30 pm</b>
4.	<b>CONSENT CALENDAR</b> a. <a href="#">Approve Minutes of the Open Session of the Investment Committee Meeting (02/09/2026)</a> b. <a href="#">Approve Minutes of the Open Session of the Joint Finance and Investment Committee Meeting (03/23/2026)</a> c. <a href="#">Receive progress against FY2026 IC goals</a> d. <a href="#">Receive FY2026 IC Pacing Plan</a>	Brooks Nelson, Chair	<b>Motion Required</b>	<b>5:30 – 5:35</b>
5.	<b><a href="#">CFO REPORT OUT</a></b>	Raju Iyer, CFO	Information	<b>5:35 – 5:45</b>

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	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
6.	<b><u>INVESTMENT ADVISOR UPDATE</u></b> <ul style="list-style-type: none"> <li>Performance Report through 03/31/2026</li> <li>Surplus Cash and Cash Balance Portfolio Performance</li> </ul>	Laura Wirick, Managing Principal Consultant, Meketa Larry Witt, Managing Principal Consultant, Meketa	Information	5:45 – 6:00
7.	<b>ASSET ALLOCATION &amp; INVESTMENT POLICY STATEMENT (IPS) UPDATE</b> <ul style="list-style-type: none"> <li><a href="#">Asset Allocation Analysis</a></li> <li><a href="#">IPS Review and Approval</a></li> </ul>	Raju Iyer, CFO Laura Wirick, Managing Principal Consultant, Meketa Larry Witt, Managing Principal Consultant, Meketa	<b>Possible Motion</b>	6:00 – 6:15
8.	<b><u>EDUCATION TOPIC: FIXED INCOME MARKETS</u></b>	Raju Iyer, CFO Laura Wirick, Managing Principal Consultant, Meketa Larry Witt, Managing Principal Consultant, Meketa	Information	6:15 – 6:30
9.	<b>RECESS TO CLOSED SESSION</b>	Brooks Nelson, Chair	<b>Motion Required</b>	6:30 – 6:31
10.	<b>APPROVE MINUTES OF THE CLOSED SESSION OF THE INVESTMENT COMMITTEE</b> <ol style="list-style-type: none"> <li>02/09/2026</li> <li>03/23/2026 – Joint Finance and Investment Committee Meeting</li> </ol> <i>Report involving Gov't Code Section 54957.2 for closed session minutes</i>	Brooks Nelson, Chair	<b>Motion Required</b>	6:31 – 6:35
11.	<b>PORTFOLIO UPDATES</b> <ul style="list-style-type: none"> <li>Portfolio Transitions Update</li> <li>Private Markets Pacing Study</li> <li>Private Markets IM Selection Process</li> </ul> <i>Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets.</i>	Raju Iyer, CFO Pierre Zamorano, Veloz Partners (on behalf of ECH Treasury Team)	Information	6:35 – 6:45
12.	<b>RECONVENE TO OPEN SESSION</b>	Brooks Nelson, Chair	<b>Motion Required</b>	6:45 – 6:46
13.	<b>CLOSED SESSION REPORT OUT</b> To report any required disclosures regarding permissible actions taken during Closed Session.	Gabe Fernandez, Governance Services Coordinator	Information	6:46 – 6:47
14.	<b>RECOMMEND FOR BOARD APPROVAL FY2027 COMMITTEE PLANNING ITEMS</b> <ol style="list-style-type: none"> <li><a href="#">FY2027 Committee Meeting Dates</a></li> <li><a href="#">FY2027 Pacing Plan</a></li> <li><a href="#">FY2027 Committee Goals</a></li> </ol>	Brooks Nelson, Chair Raju Iyer, CFO	<b>Motion Required</b>	6:47 – 6:55
15.	<b>CLOSING COMMENTS</b>	Brooks Nelson, Chair	Information	6:55 – 7:00
16.	<b>ADJOURNMENT</b>	Brooks Nelson, Chair	<b>Motion Required</b>	7:00 pm



**Minutes of the Open Session of the  
Investment Committee of the  
El Camino Hospital Board of Directors  
Monday, February 9, 2026  
El Camino Hospital, 2500 Grant Road, Mountain View, California**

**Members Present**

**Brooks Nelson**, Chair  
**Nicola Boone** (at 5:43 pm)  
**John Conover**  
**Robin Driscoll**  
**Ken Frier**

**Members Absent**

**Peter Fung**, MD, MBA  
**John Zoglin**

**Staff Present**

**Raju Iyer**, CFO  
**Dan Woods**, CEO  
**Michael Walsh**, Controller  
**Tracy Fowler**, Director,  
Governance Services \*\*  
**Gabe Fernandez**, Governance  
Services Coordinator

\*\*via teleconference

**Guest(s) Presenters**

**Pierre Zamorano**, Managing Partner,  
Veloz Partners  
**Laura Wirick**, Managing Principal  
Consultant, Meketa  
**Larry Witt**, Managing Principal  
Consultant, Meketa  
**Ryan Farrell**, Investment Analyst,  
Meketa\*\*  
**Jamie Hoffman**, Vice President / Senior  
Private Markets Analyst, Meketa\*\*  
**Ethan Samson**, Managing Principal  
Consultant, Meketa \*\*

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER	The open session meeting of the Investment Committee of the El Camino Hospital Board of Directors (the "Committee") was called to order at 5:30 p.m. by Chair Nelson. A verbal roll call was taken. Committee Members Nelson, Conover, Driscoll, and Frier were present at the roll call, constituting a quorum. Ms. Boone joined the meeting at 5:43 p.m. Directors Fung and Zoglin were absent.	<b>Meeting called to order at 5:30 p.m.</b>
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Nelson asked if any Committee members had a conflict of interest regarding any of the agenda items. No conflicts were noted.	
3. PUBLIC COMMUNICATION	No public comments or written correspondence were received.	
4. CONSENT CALENDAR	<p>Chair Nelson asked if any Committee members wished to remove any items from the consent calendar for discussion.</p> <p><b>Motion:</b> To approve the consent calendar: (a) Minutes of the Open Session of the Investment Committee Meeting on (11/10/2025), and for information; (b) Receive Progress against FY2026 IC Goals, (c) FY2026 Pacing Plan</p> <p><b>Movant:</b> Conover <b>Second:</b> Driscoll <b>Ayes:</b> Conover, Driscoll, Frier, Nelson <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Boone, Fung, Zoglin <b>Recused:</b> None</p>	<b>Consent Calendar Approved</b>

Agenda Item	Comments/Discussion	Approvals/Action
<p><b>5. CFO REPORT OUT</b></p>	<p>Raju Iyer, Chief Financial Officer, provided the CFO Report Out, presenting El Camino Hospital’s financial performance for the first six months of the fiscal year. He reported that the hospital exceeded budgeted expectations, achieving a strong operating EBITDA margin, driven by strong growth in outpatient visits and procedures and effective management of operating expenses. Mr. Iyer also noted that while inpatient volume was slightly below budget due to a higher proportion of patients in observation status, the hospital maintained strong occupancy rates. The hospital’s cash position improved, with days cash on hand increasing compared to the prior year.</p>	
<p><b>6. INVESTMENT ADVISOR UPDATE</b></p>	<p>Ms. Wirick and Mr. Witt provided the Investment Advisor Update, covering a Performance Report through 12/31/2025 and a Global Equity Review.</p> <p>Ms. Wirick and Mr. Witt shared overall market conditions, noting positive returns for both domestic and international equities during the year and fourth quarter. They continued to discuss asset allocation compliance and portfolio statistics, with attention given to areas of underperformance, particularly in small-cap equities. The Committee also considered macroeconomic factors, including sector performance and the U.S. unemployment rate, as part of their assessment of portfolio results.</p> <p>The Committee reviewed the current Investment Policy Statement (IPS), focusing on targets for domestic, international, and global equity allocations. Potential updates to the IPS were discussed, including the addition of a benchmark review to the agenda for the next update. An analysis comparing the portfolio to various benchmarks was presented. The Meketa team also shared repositioning efforts to achieve annual fee savings.</p> <p>An analysis of underperforming managers was reviewed, citing concerns regarding recent outcomes. The Committee discussed the removal of certain managers from the cash balance portfolio and potential future deployment of cash. The Committee continued to discuss benchmarking and portfolio management strategies, including consideration of alternative benchmarks and concerns about concentration in certain areas.</p>	<p><b>Action:</b></p> <p><i>The Committee agreed to add an IPS review and update to a future agenda and to adjust the investment policy as appropriate.</i></p>
<p><b>7. RECESS TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To recess to closed session at 6:25 p.m.</p> <p><b>Movant:</b> Conover  <b>Second:</b> Frier  <b>Ayes:</b> Boone, Conover, Driscoll, Frier, Nelson  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fung, Zoglin  <b>Recused:</b> None</p>	<p><b>Recessed to Closed Session at 6:25 p.m.</b></p>
<p><b>8. AGENDA ITEM 11: CLOSED SESSION REPORT OUT</b></p>	<p>Mr. Fernandez reported that during the closed session, the Investment Committee approved the closed session minutes of the November 10<sup>th</sup> Regular Meeting.</p>	<p><b>Reconvened at 6:37 p.m.</b></p>

Agenda Item	Comments/Discussion	Approvals/Action
<b>9. AGENDA ITEM 12:                      FY 2027                      COMMITTEE                      PLANNING:                      PRELIMINARY                      REVIEW</b>	The Committee conducted a preliminary review of the FY 2027 Committee Planning Items. No items were raised. Chair Nelson shared that these items would be brought back to the next meeting for Committee approval.	
<b>10. AGENDA ITEM 13:                      CLOSING                      COMMENTS</b>	The Committee did not have any closing comments.	
<b>11. AGENDA ITEM 14:                      ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 6:38 p.m. <b>Movant:</b> Conover <b>Second:</b> Driscoll <b>Ayes:</b> Boone, Conover, Driscoll, Frier, Nelson <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Fung, Zoglin <b>Recused:</b> None	<b><i>Meeting                      adjourned at                      6:38 p.m.</i></b>

**Attest as to the approval of the foregoing minutes by the Investment Committee of the Board of Directors of El Camino Hospital:**

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**Gabriel Fernandez**  
 Coordinator, Governance Services

Prepared by: Gabriel Fernandez, Coordinator, Governance Services  
 Reviewed by: Raju Iyer, Chief Financial Officer; Tracy Fowler, Director, Governance Services



**Minutes of the Open Session of the  
Joint Finance and Investment Committees Meeting  
Monday, March 23, 2026  
El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040**

**FC Members Present**

**Don Watters, Chair**  
**Wayne Doiguchi**  
**Peter Fung, MD**  
**Christina Lai** (arrived at 4:04)  
**Cynthia Stewart**

**FC Members Absent**

**Bill Hooper**

**IC Members Present**

**Brooks Nelson, Chair**  
**Nicola Boone** (arrived at 4:07)  
**John Conover**  
**Robin Driscoll**  
**Ken Frier**  
**Peter Fung, MD**  
**John Zoglin**

**IC Members Absent**

None

**Staff Present**

**Raju Iyer**, Chief Financial Officer  
**Dan Woods**, Chief Executive Officer \*\*  
**Theresa Fuentes**, Chief Legal Officer  
**Mark Klein**, Chief Communications & Marketing Officer \*\*  
**Tracy Lewis Taylor**, Chief Operating Officer  
**Michael Walsh**, Controller  
**Victor Cabrera**, Senior Director, Decision Support & Business Analytics  
**Pierre Zamorano**, Veloz Partners \*\*  
**Larry Witt**, Meketa \*\*  
**Jamie Hoffman**, Meketa \*\*  
**Anne Yang**, Executive Director, Governance Services\*\*  
**Gabriel Fernandez**, Coordinator, Governance Services

\*\*via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
<b>1. AGENDA ITEM 1: CALL TO ORDER/ ROLL CALL</b>	The joint meeting of the Finance and Investment Committees of El Camino Hospital (the "Committees") was called to order at 4:03 p.m. by Finance Committee Chair Don Watters. A verbal roll call was taken. Mr. Hooper and Ms. Lai were absent from the Finance Committee at the time of roll call. Ms. Boone was absent from the Investment Committee at the time of roll call. A quorum for both Committees was present.	<b><i>The meeting was called to order at 4:03 p.m.</i></b>
<b>2. AGENDA ITEM 2: POTENTIAL CONFLICT OF INTEREST</b>	Chair Watters asked whether any Committee member had a conflict of interest regarding any item on the agenda. No conflicts were disclosed.	
<b>3. AGENDA ITEM 3: PUBLIC COMMUNICATION</b>	Chair Watters called for public comment on matters not listed on the agenda. No public comments were made, and no written correspondence was received.	
<b>4. AGENDA ITEM 4: RECESS TO CLOSED SESSION</b>	<b>Motion:</b> To recess to closed session at 4:06 p.m. <b>Movant:</b> Doiguchi <b>Second:</b> Stewart <b>Ayes:</b> Doiguchi, Fung, Lai, Stewart, Watters, Nelson, Conover, Driscoll, Frier, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Boone, Hooper <b>Recused:</b> None	<b><i>Recessed to closed session at 4:06 p.m.</i></b>

<p><b>5. AGENDA ITEM 7: RECONVENE OPEN SESSION/ REPORT OUT</b></p>	<p>Mr. Fernandez reported that the Finance and Investment Committees did not take any reportable actions during the closed session</p>	<p><b><i>Reconvened to Open Session at 5:06 pm</i></b></p>
<p><b>6. AGENDA ITEM 8: INVESTMENT UPDATE</b></p>	<p>Mr. Iyer and Mr. Witt provided the Investment Update to the Committees. Mr. Witt provided an executive summary of the current investment portfolios, noting that the total surplus portfolio is valued at just under 2 billion, and the cash balance plan is approximately 450 million. Mr. Witt reviewed target asset allocations and recommended that the Committees consider policy updates to ensure alignment with current market conditions and organizational objectives. He discussed recent portfolio management actions, including reallocating excess cash and terminating underperforming managers, with proceeds distributed among other strategies.</p> <p>Mr. Witt also addressed the comparative performance of large and smaller investment firms, noting that recent results have favored smaller and lower-middle-market firms, particularly in the current interest rate environment.</p> <p>The Committees discussed the ongoing evaluation of asset allocation policies and the importance of adapting investment strategies to respond to market developments.</p>	
<p><b>7. AGENDA ITEM 9: COMMITTEE ANNOUNCEMENTS</b></p>	<p>There were no additional comments from the Committees.</p>	
<p><b>8. AGENDA ITEM 10: ADJOURNMENT</b></p>	<p><b>Motion:</b> To adjourn at 5:19 pm.  <b>Movant:</b> Fung  <b>Second:</b> Stewart  <b>Ayes:</b> Boone, Doiguchi, Fung, Lai, Stewart, Watters, Nelson, Conover, Driscoll, Frier, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Hooper  <b>Recused:</b> None</p>	<p><b><i>Meeting adjourned at 5:19 pm.</i></b></p>

**Attest as to the approval of the foregoing minutes by the Finance Committee of El Camino Hospital:**

\_\_\_\_\_  
**Gabriel Fernandez**  
 Coordinator, Governance Services

Prepared by: Gabriel Fernandez, Coordinator, Governance Services  
 Reviewed by: Raju Iyer, Chief Financial Officer; Theresa Fuentes, Chief Legal Officer



## FY2026 COMMITTEE GOALS

### Investment Committee

#### PURPOSE

The purpose of the Investment Committee is to develop and recommend to the El Camino Hospital (ECH) Board of Directors (“Board”) the investment policies governing the Hospital’s assets, maintain current knowledge of the management and investment funds of the Hospital, and provide oversight of the allocation of the investment assets.

**STAFF:** Raju Iyer, Chief Financial Officer (Executive Sponsor)

The CFO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the Executive Team or hospital staff may participate in the meetings upon the recommendation of the CFO and at the discretion of the Committee Chair. The CEO is an ex-officio member of this Committee.

GOALS	TIMELINE	METRICS	STATUS
1. Review performance Surplus Cash and Cash Balance Portfolios & Recommendations of Adjustments to Managers / Allocations	Each Quarter	Committee review / approval of recommendations by management / consultant (if needed)	In progress
2. Implementation of Updated Investment Policy	FY2026 Q1-Q4	August 2025 – May 2026: Alternative Investments	In progress
3. Review 403(b) Performance	FY2026 Q2	November 2025	Completed
4. Enterprise Risk Management Update	FY2026 Q3	May 2026	In progress
5. Investment Policy Review	FY2026 Q4	May 2026: Committee approval of updated policy (if needed)	In progress
6. Education Topics	FY2026 Q2 & Q4	November 2025: AI Impact on Investment Strategies	Completed
		May 2026: Portfolio Transitions Update – Private Markets	In progress



## FY2026 Investment Committee Pacing Plan

AGENDA ITEM	Q1			Q2			Q3			Q4		
	JUL	8/11	SEP	OCT	11/10	DEC	2/9	3/23	MAR	APR	5/11	JUN
<b>STANDING AGENDA ITEMS</b>												
Standing Consent Agenda Items		✓			✓		✓				✓	
Minutes		✓			✓		✓				✓	
CFO Report Out		✓			✓		✓				✓	
<b>APPROVAL ITEMS</b>												
Next FY Committee Goals, Dates, Plan							✓				✓	
Next FY Org. Goals											✓	
Progress Against Committee Goals					✓		✓				✓	
Review/Approval of Updated Investment Policy											✓	
<b>DISCUSSION ITEMS</b>												
Capital Markets Review & Portfolio Performance		✓			✓		✓				✓	
Tactical Asset Allocation Positioning & Market Outlook		✓			✓		✓				✓	
Long-Range Financial Forecast								✓				
Asset Allocation & Enterprise Risk Framework							✓					
403 (b) Investment Performance					✓							
<b>Education Topic:</b> <ul style="list-style-type: none"> <li>• AI Impact Investment Strategies</li> <li>• Crypto Currencies Impact on Investment Portfolios</li> <li>• Fixed Income Markets</li> </ul>					✓						✓	

# MEMORANDUM

Investment Committee | CFO Report

**TO:** Investment Committee Members  
**FROM:** Raju Iyer, CFO  
**DATE:** May 11, 2026  
**RE:** YTD Financial Performance – FY2026 Period 9 (July 2025 – March 2026)

## Purpose

This memorandum provides the Investment Committee with a summary of the organization's year-to-date (YTD) financial performance through Period 9 (March 31, 2026) of Fiscal Year 2026. The attached presentation contains detailed financial schedules, KPI trend data, and rating agency benchmarks for committee review.

## YTD FY2026 Financial Highlights (July 2025 – March 2026)

### Operating EBIDA

- Actual: \$211.4M (15.3% margin) vs. Budget: \$188.6M (13.9% margin) — \$22.8M / 12.1% favorable to budget.
- \$8.4M / 4.1% favorable to prior year.

### Operating Margin

- Actual: \$135.8M (9.8% margin) vs. Budget: \$110.1M (8.1% margin) — \$25.7M favorable to budget.
- \$9.8M / 7.5% favorable to the same period in the prior year.

### Operating Expense

- \$1.3M / 1.0% unfavorable to budget in aggregate.
- When adjusted for volume, Operating Expense per CMI Adjusted Discharge is \$20,595 — 5.2% favorable to budget, reflecting effective cost management relative to patient acuity.

### Net Margin

- YTD net margin is \$66.6M / 32.1% above the same period last year.

## Key Operating Drivers

### Favorable Factors:

- Volume: Hospital activity 3.7% favorable to budget, driving positive revenue and labor variance.
- Labor Productivity: Continued favorability in productivity metrics and premium time (overtime/agency) management.
- Pharmaceuticals: Favorable results driven by utilization shifts, cost savings initiatives, and improved contracting.

### Unfavorable Factors:

- Payor Mix: Gradual shift toward Governmental payors (Medicare/Medicaid) is exerting pressure on net revenue realization.

## Summary Assessment

Overall, YTD FY2026 financial performance remains strong. The organization is tracking meaningfully ahead of budget on both Operating EBIDA and Operating Margin, driven by volume growth across key service lines and disciplined expense management. The single-month softness

in Period 9 is primarily attributable to a timing difference in IGT receipts and does not reflect an underlying operational concern. The Investment Committee is encouraged to review the attached presentation for detailed schedules, monthly KPI trends, and comparisons to Moody's, S&P, and Fitch rating agency medians.

List of Attachments:

- Summary of Financial Operations FY2026 – Period 9 (7/1/2025 – 3/31/2026)



## Summary of Financial Operations

*Fiscal Year 2026 – Period 9  
7/1/2025 to 03/31/2026*

# Financial Overview: YTD FY2026 (as of 3/31/2026)

## Consolidated Financial Performance

- Operating EBIDA is \$211.4M / 15.3% compared to the budget of \$188.6M / 13.9% and \$8.4M / 4.1% above prior year.
- Operating margin is \$135.8M / 9.8% compared to the budget of \$110.1M / 8.1% and \$9.8M / 7.5% above prior year.
- Operating expense is \$1.3M / 1.0% unfavorable to budget.
  - When adjusted for volume levels, Operating Expense per CMI Adjusted Discharge is \$20,595 which is 5.2% favorable to budget.
    - **Note: Excludes depreciation and interest expense**
- Key operating drivers:
  - Year-over-year operating margin is \$9.8M / 7.5% above the same period last year:
  - Favorable:
    - Continued strength in Interventional Services (12.3% fav to prior year), Outpatient Surgical Services (8.5% fav to prior year), and Outpatient Endoscopy Services (11.0% fav to prior year).
    - Expense management – Continued favorability in Labor Productivity and Premium Time.
  - Unfavorable
    - Gradual shift to Governmental Payors
- Year-over-year net margin is \$66.6M / 32.1% higher than the same period last year.

# Operational / Financial Results: YTD FY2026 (as of 03/31/2026)

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Year over Year change	YoY % Change	Moody's	S&P	Fitch	Performance to Rating Agency Medians
									'Aa3'	'AA'	'AA'	
Activity / Volume	ADC	307	311	(5)	(1.5%)	313	(6)	(2.0%)	---	---	---	---
	Adjusted Discharges	35,203	33,901	1,301	3.8%	33,346	1,857	5.6%	---	---	---	---
	OP Visits / OP Procedural Cases	127,184	116,606	10,578	9.1%	114,730	12,454	10.9%	---	---	---	---
	Percent Government (%)	59.2%	58.7%	0.5%	0.9%	59.4%	(0.2%)	(0.4%)	---	---	---	---
	Gross Charges (\$)	6,171,541	5,888,430	283,111	4.8%	5,461,945	709,595	13.0%	---	---	---	---
Operations	Cost Per CMI AD	20,595	21,724	(1,128)	(5.2%)	19,856	740	3.7%	---	---	---	---
	Net Days in A/R	49.3	54.0	(4.7)	(8.6%)	51.8	(2.4)	(4.7%)	47.5	47.4	47.8	
Financial Performance	Net Patient Revenue (\$)	1,332,398	1,303,076	29,323	2.3%	1,221,236	111,162	9.1%	3,267,406	6,024,914	---	
	Total Operating Revenue (\$)	1,381,826	1,358,537	23,288	1.7%	1,272,932	108,894	8.6%	3,856,206	6,278,235	3,315,675	
	<b>Operating Margin (\$)</b>	<b>135,811</b>	<b>110,136</b>	<b>25,676</b>	<b>23.3%</b>	<b>126,023</b>	<b>9,788</b>	<b>7.8%</b>	<b>77,124</b>	<b>219,738</b>	<b>112,733</b>	
	<b>Operating EBIDA (\$)</b>	<b>211,428</b>	<b>188,598</b>	<b>22,830</b>	<b>12.1%</b>	<b>203,036</b>	<b>8,391</b>	<b>4.1%</b>	<b>223,660</b>	<b>508,537</b>	<b>281,832</b>	
	Net Income (\$)	274,398	155,771	118,628	76.2%	207,780	66,618	32.1%	212,091	489,702	185,678	
	<b>Operating Margin (%)</b>	<b>9.8%</b>	<b>8.1%</b>	<b>1.7%</b>	<b>21.2%</b>	<b>9.9%</b>	<b>(0.1%)</b>	<b>(0.7%)</b>	<b>2.0%</b>	<b>3.5%</b>	<b>3.4%</b>	
	<b>Operating EBIDA (%)</b>	<b>15.3%</b>	<b>13.9%</b>	<b>1.4%</b>	<b>10.2%</b>	<b>16.0%</b>	<b>(0.6%)</b>	<b>(4.1%)</b>	<b>5.8%</b>	<b>8.1%</b>	<b>8.5%</b>	
	DCOH (days)	348	275	73	26.6%	281	67	23.7%	258	315	311	

**Moody's Medians:** Not-for-profit and public healthcare annual report; August 2025. Dollar amounts have been adjusted to reflect monthly averages.

**S&P Medians:** U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; August 2025. Dollar amounts have been adjusted to reflect monthly averages.

**Fitch Ratings:** U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios; July 2025. Dollar amounts have been adjusted to reflect monthly averages.

**Notes:** DCOH total includes cash, short-term and long-term investments.

OP Visits / Procedural Cases includes Covid Vaccinations / Testing.

Unfavorable Variance < 3.49%
Unfavorable Variance 3.50% - 6.49%
Unfavorable Variance > 6.50%

# FY2026 YTD P9: Factors driving favorable Operating EBIDA

(Dollars in Millions)

\$211M (actual) vs. \$189M (budget) = \$22M / 12% favorable to budget



- ❑ **Revenue:**
  - ❑ Rate: Higher OP activity vs budgeted resulted in 1.5% lower Revenue per Adjusted Discharge
  - ❑ Volume: Driven by 3.7% favorability to budget in hospital activity.
- ❑ **Labor:**
  - ❑ Rate: Rate per Adjusted Discharge 3.1% favorable to budget
  - ❑ Volume: Driven by 3.7% favorability to budget in hospital activity.
- ❑ **Pharmaceuticals:** Continued utilization shifts, cost savings initiatives, and improved contracting has produced favorable results.
- ❑ **Other:** Purchased Services, ECHMN and Repairs and Maintenance, Plant Operations and Facilities

# Operational / Financial Results: Period 9 – March 2026 (as of 03/31/2026)

(\$ thousands)		Current Year	Budget	Variance to Budget	Performance to Budget	Prior Year	Year over Year change	YoY % Change	Moody's	S&P	Fitch	Performance to Rating Agency Medians
									'Aa3'	'AA'	'AA'	
<b>Activity / Volume</b>	ADC	312	317	(5)	(1.6%)	314	(2)	(0.7%)	---	---	---	---
	Adjusted Discharges	4,294	3,866	428	11.1%	3,792	502	13.2%	---	---	---	---
	OP Visits / OP Procedural Cases	15,280	13,217	2,063	15.6%	13,742	1,538	11.2%	---	---	---	---
	Percent Government (%)	59.3%	59.2%	0.1%	0.2%	59.9%	(0.6%)	(1.1%)	---	---	---	---
	Gross Charges (\$)	757,871	690,866	67,006	9.7%	639,119	118,753	18.6%	---	---	---	---
<b>Operations</b>	Cost Per CMI AD	19,930	21,724	(1,793)	(8.3%)	21,868	(1,938)	(8.9%)	---	---	---	---
	Net Days in A/R	49.3	54.0	(4.7)	(8.6%)	51.8	(2.4)	(4.7%)	47.5	49.7	47.8	
<b>Financial Performance</b>	Net Patient Revenue (\$)	152,008	146,722	5,285	3.6%	140,266	11,741	8.4%	363,045	669,435	---	
	Total Operating Revenue (\$)	157,746	156,672	1,074	0.7%	146,041	11,705	8.0%	428,467	697,582	368,408	
	<b>Operating Margin (\$)</b>	<b>12,208</b>	<b>13,147</b>	<b>(940)</b>	<b>(7.1%)</b>	<b>12,078</b>	<b>130</b>	<b>1.1%</b>	<b>8,569</b>	<b>24,415</b>	<b>12,526</b>	
	<b>Operating EBIDA (\$)</b>	<b>20,226</b>	<b>21,511</b>	<b>(1,286)</b>	<b>(6.0%)</b>	<b>21,289</b>	<b>(1,064)</b>	<b>(5.0%)</b>	<b>24,851</b>	<b>56,504</b>	<b>31,315</b>	
	Net Income (\$)	(21,154)	18,685	(39,839)	(213.2%)	(9,120)	(12,034)	132.0%	23,566	54,411	20,631	
	<b>Operating Margin (%)</b>	<b>7.7%</b>	<b>8.4%</b>	<b>(0.7%)</b>	<b>(7.8%)</b>	<b>8.3%</b>	<b>(0.5%)</b>	<b>(6.4%)</b>	<b>2.0%</b>	<b>3.5%</b>	<b>3.4%</b>	
	<b>Operating EBIDA (%)</b>	<b>12.8%</b>	<b>13.7%</b>	<b>(0.9%)</b>	<b>(6.6%)</b>	<b>14.6%</b>	<b>(1.8%)</b>	<b>(12.0%)</b>	<b>5.8%</b>	<b>8.1%</b>	<b>8.5%</b>	
	DCOH (days)	348	275	73	26.6%	281	67	23.7%	258	315	311	

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**Notes:** DCOH total includes cash, short-term and long-term investments.

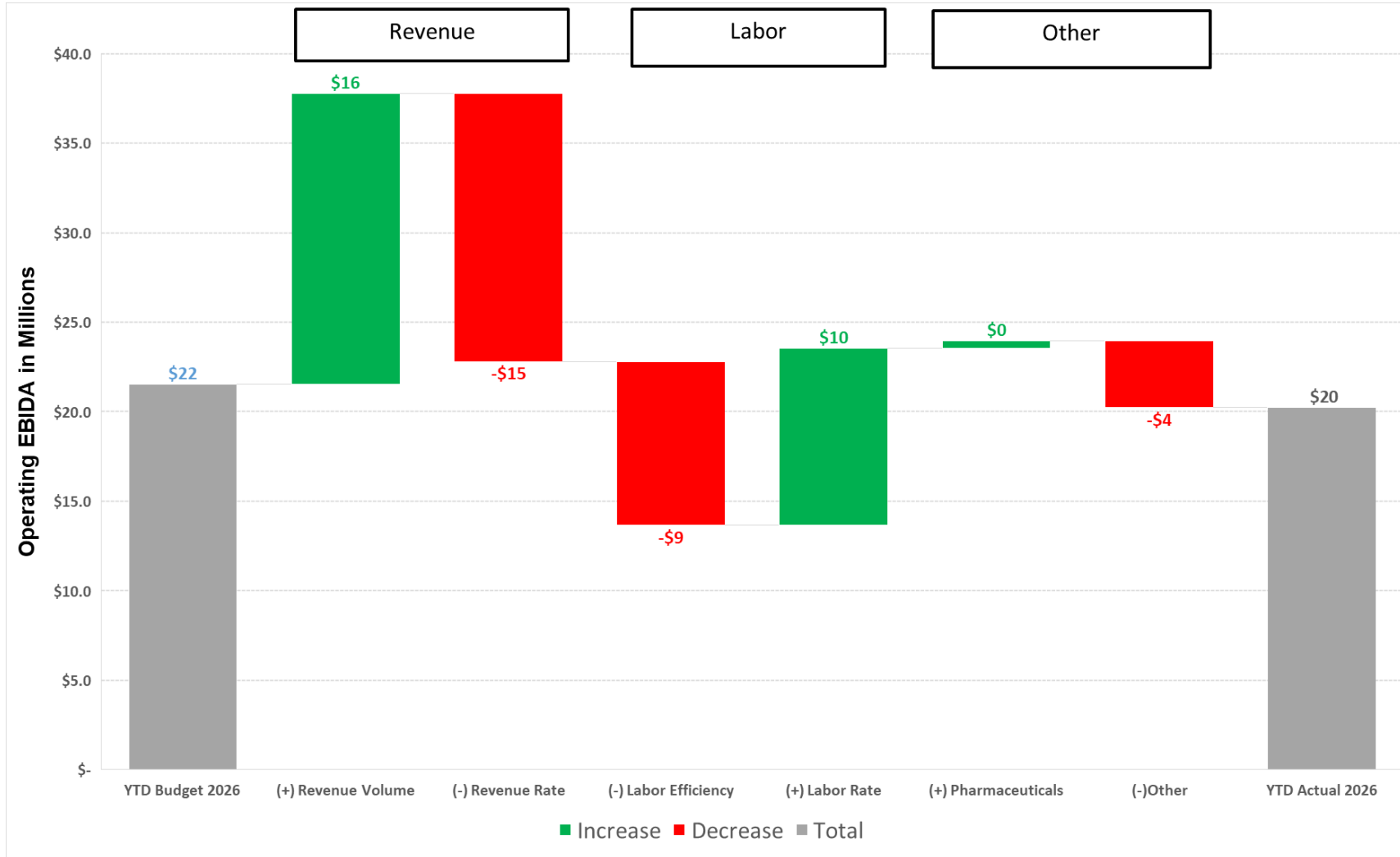
OP Visits / Procedural Cases includes Covid Vaccinations / Testing.

Unfavorable Variance < 3.49%
Unfavorable Variance 3.50% - 6.49%
Unfavorable Variance > 6.50%

# FY2026 P9: Factors driving unfavorable Operating EBIDA

(Dollars in Millions)

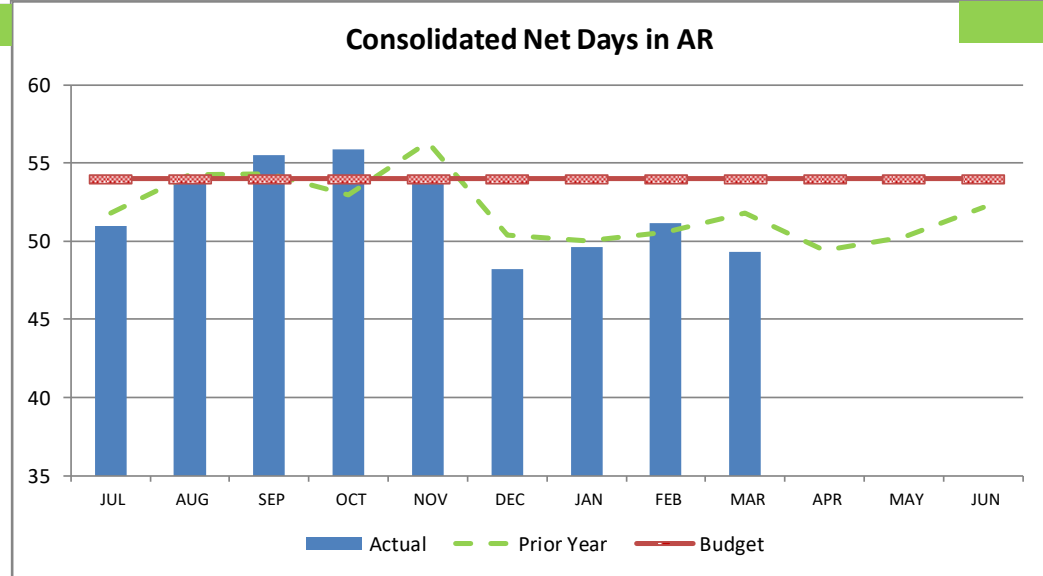
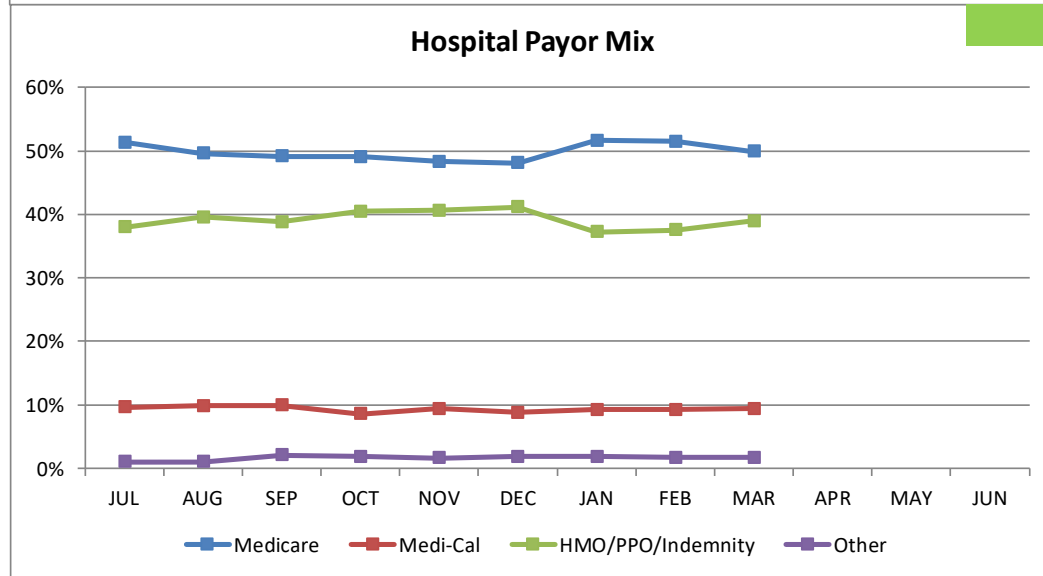
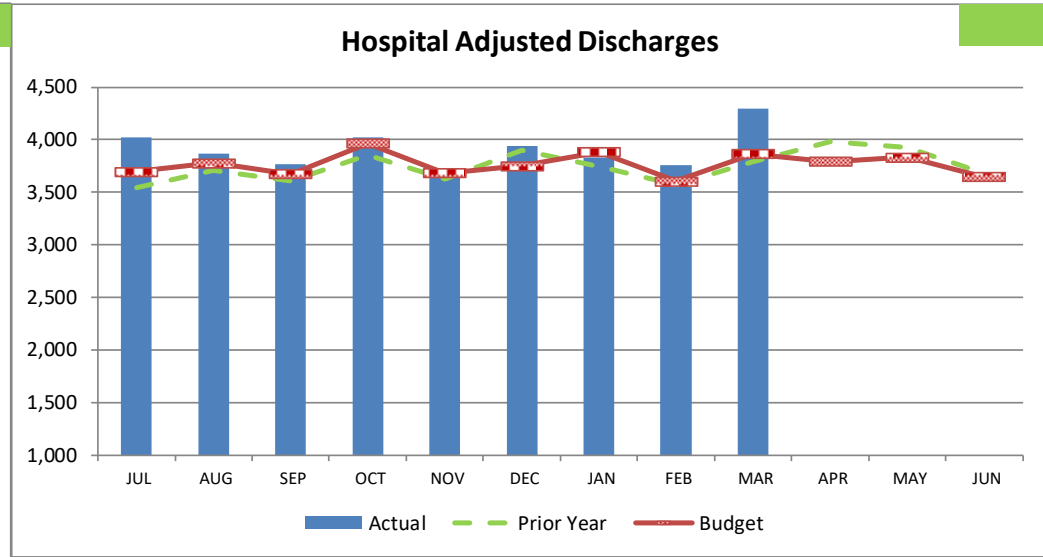
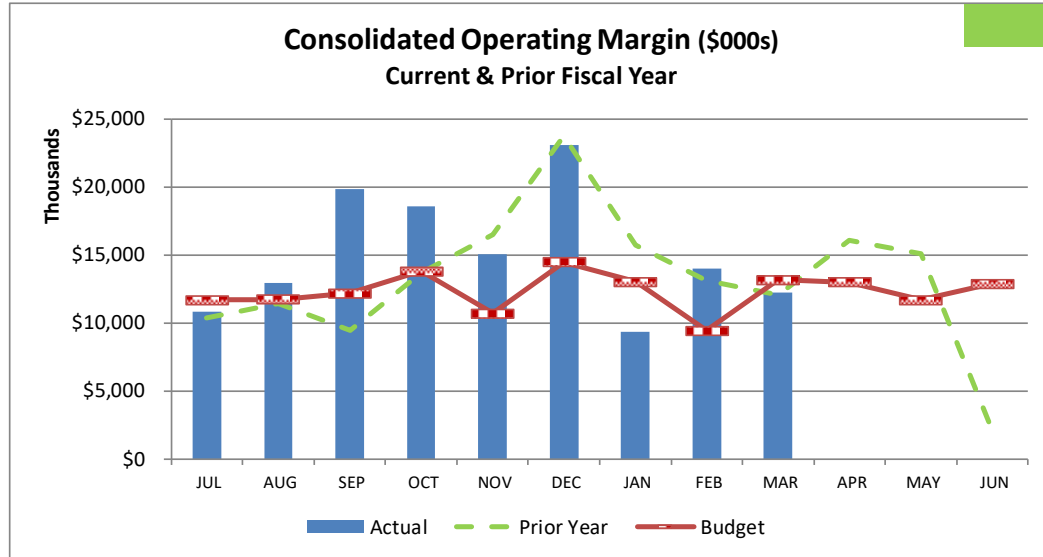
\$20M (actual) vs. \$22M (budget) = -\$2M / -6% favorable to budget



- ❑ **Revenue:**
  - ❑ Rate: OP activity significantly favorable in Mar.
  - ❑ Rate: \$4M IGT budgeted in March, but not received
  - ❑ Volume impact: Mar hospital activity 10% higher than budget
  
- ❑ **Labor:**
  - ❑ Rate: Rate per Adjusted Discharge 12% favorable to budget
  - ❑ Volume: Mar hospital activity 10% higher than budget

# APPENDIX

# YTD FY2026 Financial KPIs – Monthly Trends





# El Camino Health (Open Session)

May 11, 2026

Meeting Materials



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- 1. Executive Summary**
- 2. Economic & Market Update**
- 3. Performance as of March 31, 2026**
  - Total Surplus (Reserve Cash)
  - Cash Balance Pension Plan
- 4. Asset Allocation Analysis**
  - Total Surplus (Reserve Cash)
  - Cash Balance Pension Plan
- 5. Investment Policy Statement Including Suggestions (Red-Lined)**
  - Total Surplus (Reserve Cash)
  - Cash Balance Pension Plan
  - Fixed Income Market Information
- 6. Appendices**
  - Annual Asset Study (Capital Markets Expectations)
  - Disclaimer, Glossary, and Notes

## **Executive Summary**



## Executive Summary

- The global market narrative of 2026 can be divided into two distinct periods during Q1: market activity prior to US Military action in Iran on February 28th, and market activity after that point in time. Prior to the end of February, the late-2025 rotation into non-US equities continued to gain momentum. However, the conflict in Iran, which has led to significantly higher energy prices, halted that momentum (though it recovered in early April). While international equities are still outperforming domestic equities on a year-to-date basis, domestic stocks fared better than international equities in March.
- The MSCI EAFE, a proxy for developed international equities, gained 10.1% for the calendar year-to-date 2026 period through February 27th, and the MSCI Emerging Markets index was up 14.8%, whereas the S&P 500 was only up 0.7% through the same period.
- During March, developed ex-US equities and emerging market equities lagged US equities. The MSCI EAFE was down -10.3% in March and the MSCI Emerging Markets index returned -13.1% during the period, bringing Q1 returns for each index to -1.2% and -0.2%, respectively. The Russell 3000 returned -5.0% in March, bringing Q1 returns to -4.0%.
- Fixed income markets also faced headwinds in the aftermath of the conflict in Iran. The Bloomberg Aggregate gained 1.7% through the end of February; however, the index gave up most of the gains in March, finishing Q1 with a +0.1% return.
- The Total Surplus (Reserve Cash) portfolio had a market value of \$1.9 billion as of March 31, 2026.
  - The portfolio returned -0.6% during Q1, protecting assets compared to the benchmark return of -0.9% during the period. The fund gained +9.7% over the trailing one-year period, compared to the benchmark return of +12.2%. While absolute returns have been above long-term expectations, the portfolio has underperformed its benchmark over the trailing one+ year period due to holding more cash than policy targets and active managers struggling to keep up with rising indexes. On a peer-relative basis compared to Healthcare peer funds, the Total Surplus portfolio ranked above median for most trailing time periods.
- The Cash Balance Pension Plan was valued at \$437.4 million as of March 31, 2026.
  - The Cash Balance Pension Plan returned -2.1% vs. the benchmark return of -1.0% during the first quarter. The Plan gained +11.6% over the trailing one-year period, compared to the benchmark return of +13.6% during the period.



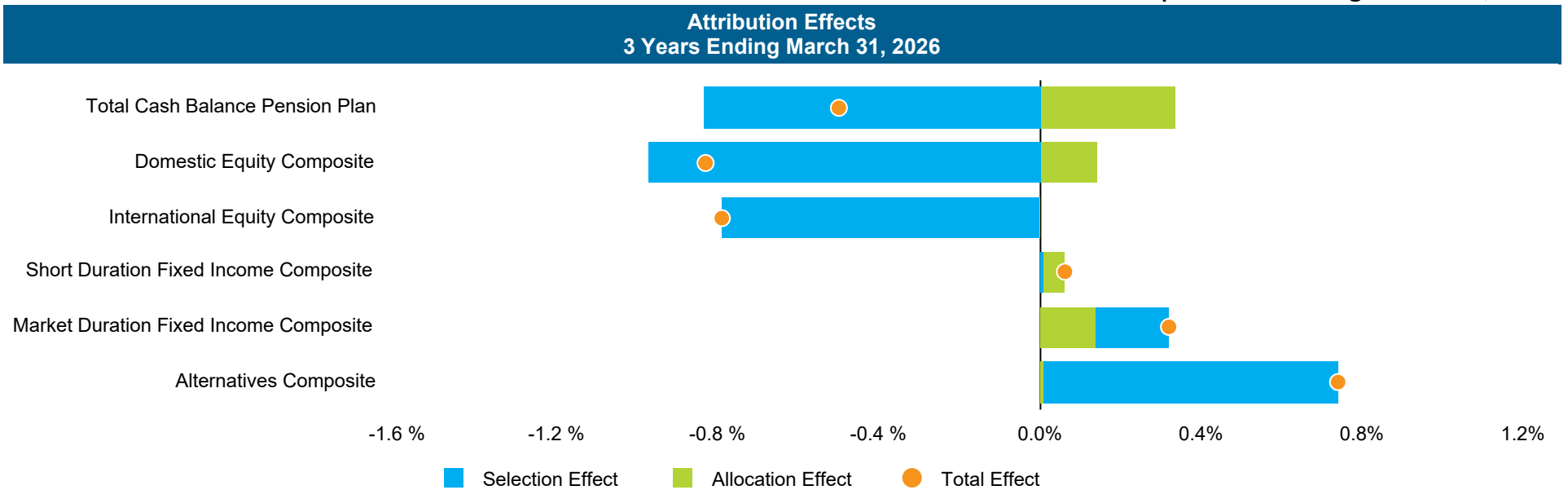
### **Executive Summary (continued)**

- At today's quarterly Investment Committee meeting, Meketa Investment Group will review the market environment and provide updates on portfolio performance.
- During open session, we will also analyze asset allocation for both the Total Surplus (Reserve Cash) portfolio and the Cash Balance Pension Plan, and suggest updates to the portfolios' Investment Policy Statements.
- During closed session, we will provide an update on recent portfolio movements and transitions, and discuss private markets program pacing.
- The appendix to these materials include Meketa's Annual Asset Study (Capital Markets Expectations) and information on the fixed income market.
- As always, we look forward to discussions and feedback from the Investment Committee that El Camino Staff and Meketa can continue to use to implement portfolio strategy.



## Cash Balance Pension Plan

### Total Fund Attribution | 3 Years Ending March 31, 2026



**Attribution Summary  
3 Years Ending March 31, 2026**

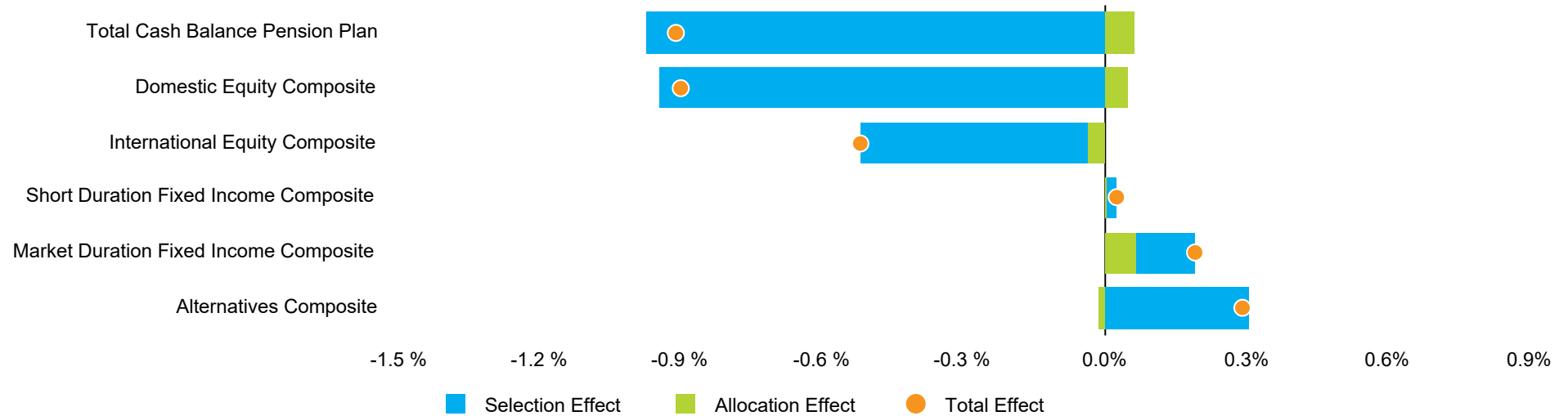
	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Total Effect (%)
Domestic Equity Composite	14.6	17.4	-2.8	-1.0	0.1	-0.8
International Equity Composite	10.4	14.5	-4.1	-0.8	0.0	-0.8
Short Duration Fixed Income Composite	4.6	4.3	0.3	0.0	0.1	0.1
Market Duration Fixed Income Composite	4.4	3.6	0.8	0.2	0.1	0.3
Alternatives Composite	9.4	5.6	3.8	0.7	0.0	0.7
Total Cash Balance Pension Plan	10.0	10.5	-0.5	-0.8	0.3	-0.5



## Cash Balance Pension Plan

### Total Fund Attribution | 5 Years Ending March 31, 2026

#### Attribution Effects 5 Years Ending March 31, 2026



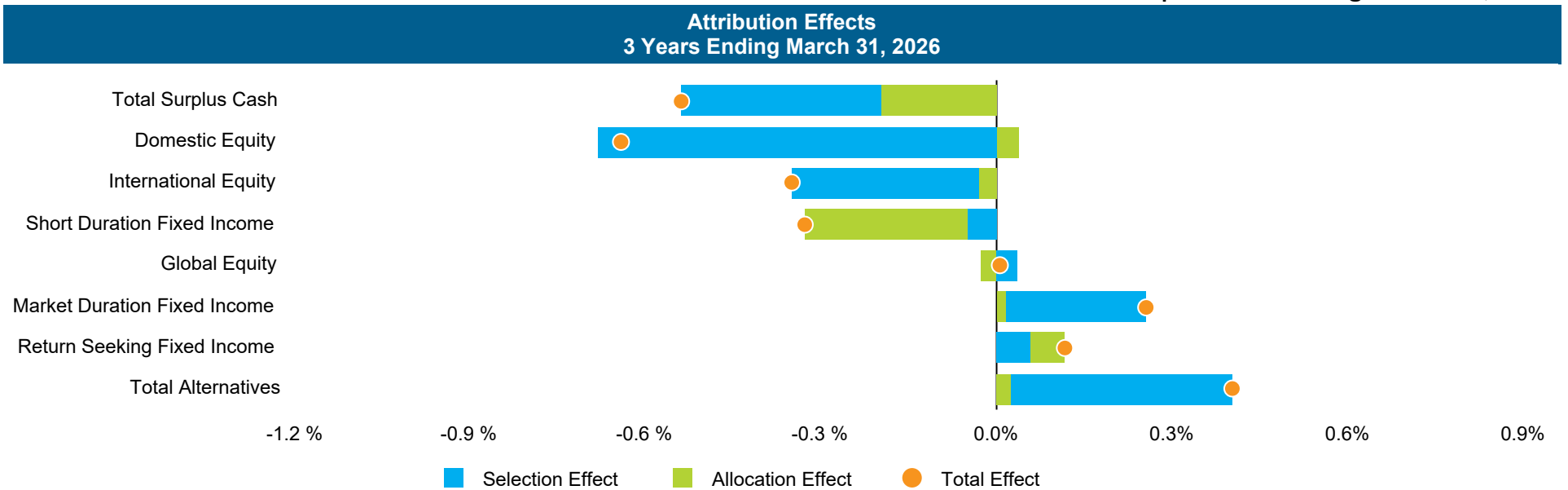
#### Attribution Summary 5 Years Ending March 31, 2026

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Total Effect (%)
Domestic Equity Composite	7.7	10.5	-2.8	-0.9	0.0	-0.9
International Equity Composite	4.6	7.0	-2.5	-0.5	0.0	-0.5
Short Duration Fixed Income Composite	2.8	2.0	0.8	0.0	0.0	0.0
Market Duration Fixed Income Composite	0.9	0.3	0.5	0.1	0.1	0.2
Alternatives Composite	6.2	4.5	1.7	0.3	0.0	0.3
Total Cash Balance Pension Plan	5.0	5.9	-0.9	-1.0	0.1	-0.9



## Total Surplus (Reserve Cash)

### Total Fund Attribution | 3 Years Ending March 31, 2026



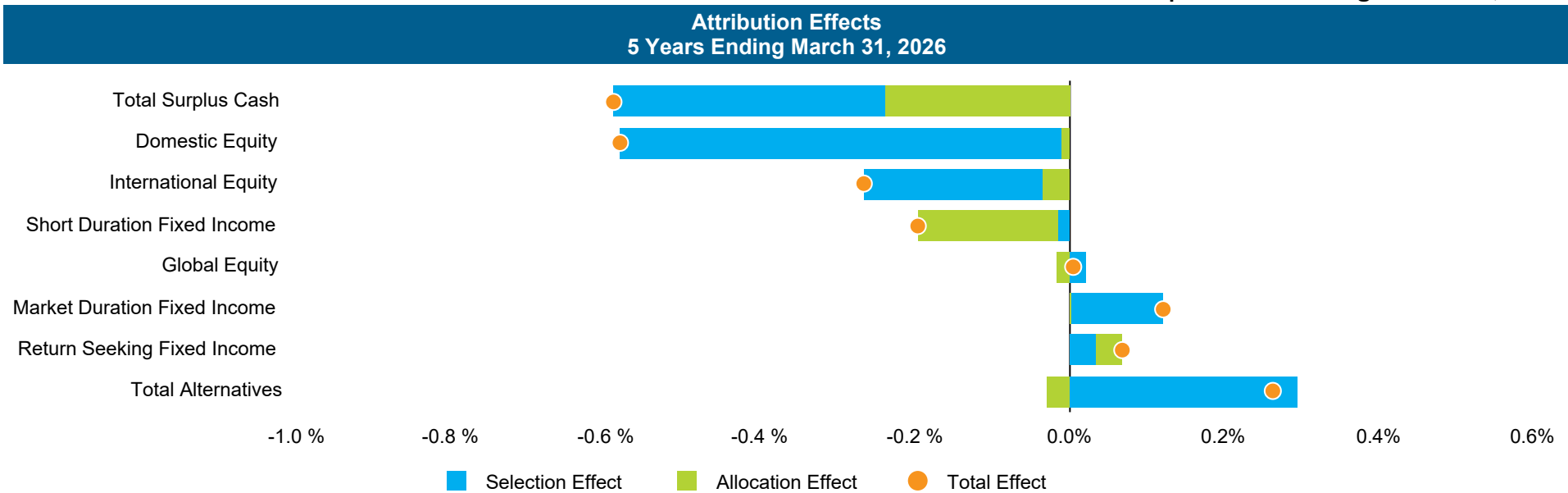
**Attribution Summary  
3 Years Ending March 31, 2026**

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Total Effect (%)
Domestic Equity	14.3	17.2	-3.0	-0.7	0.0	-0.6
International Equity	12.4	14.5	-2.1	-0.3	0.0	-0.4
Short Duration Fixed Income	4.2	4.3	-0.2	0.0	-0.3	-0.3
Global Equity	14.8	14.0	0.8	0.0	0.0	0.0
Market Duration Fixed Income	4.6	3.6	1.0	0.2	0.0	0.3
Return Seeking Fixed Income	5.5	4.8	0.8	0.1	0.1	0.1
Total Alternatives	8.1	5.6	2.5	0.4	0.0	0.4
Total Surplus Cash	8.9	9.4	-0.5	-0.3	-0.2	-0.5



## Total Surplus (Reserve Cash)

### Total Fund Attribution | 5 Years Ending March 31, 2026



**Attribution Summary  
5 Years Ending March 31, 2026**

	Wtd. Actual Return (%)	Wtd. Index Return (%)	Excess Return (%)	Selection Effect (%)	Allocation Effect (%)	Total Effect (%)
Domestic Equity	7.8	10.2	-2.4	-0.6	0.0	-0.6
International Equity	5.6	7.0	-1.5	-0.2	0.0	-0.3
Short Duration Fixed Income	2.0	2.0	0.0	0.0	-0.2	-0.2
Global Equity	8.6	8.2	0.5	0.0	0.0	0.0
Market Duration Fixed Income	0.8	0.3	0.5	0.1	0.0	0.1
Return Seeking Fixed Income	3.3	2.8	0.4	0.0	0.0	0.1
Total Alternatives	6.3	4.5	1.8	0.3	0.0	0.3
Total Surplus Cash	4.5	5.1	-0.6	-0.4	-0.2	-0.6

## **Economic and Market Update** Data as of March 31, 2026

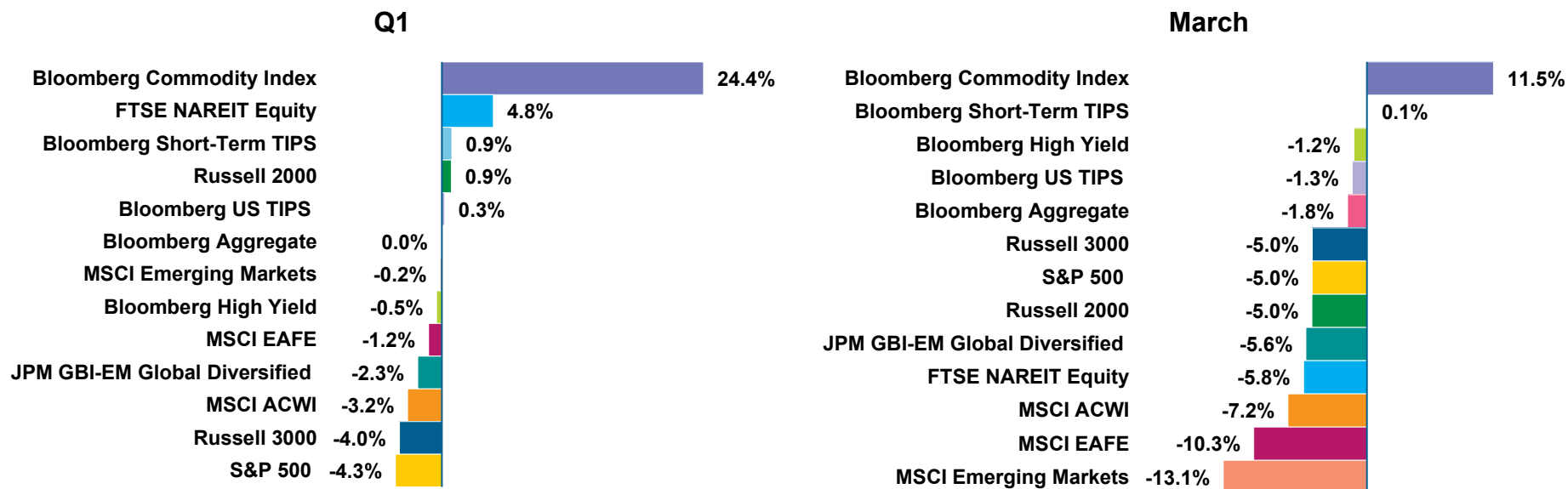
## Commentary

**Despite a solid start in January, equities globally declined in the first quarter amid tensions in the Middle East and US technology weakness, while higher energy prices fueled inflation concerns in the bond markets.**

- US equities (Russell 3000) declined 4.0% in the first quarter. Small-cap and value stocks outperformed large-cap and growth, as skepticism around AI-driven valuations and shifting rate expectations supported a rotation toward more cyclical and defensive areas of the market.
- Non-US equities declined less than US stocks in the first quarter, supported by more attractive relative valuations and a rotation away from US technology leadership. Performance was also aided by strength in parts of Asia tied to AI-related hardware demand. Later in the quarter, the Middle East conflict particularly weighed on countries dependent on oil from the region, especially oil that typically passes through the Strait of Hormuz.
  - Non-US developed stocks (MSCI EAFE) fell 1.2% in the first quarter.
  - Emerging markets (MSCI Emerging Markets) slightly declined (0.2%) in the first quarter. South Korea and Taiwan were among the top performing countries, while China fell on weakness in internet and software stocks.
- Major bond markets were broadly flat for the first quarter of 2026. The US bond market (Bloomberg Aggregate) finished the quarter largely unchanged. TIPS (Bloomberg US TIPS) were up slightly driven by increased inflation concerns, while longer-duration Treasuries posted modestly negative returns amid upward pressure on yields.
- Looking ahead, markets will be focused on how geopolitical risks, elevated energy prices, and trade uncertainty feed into inflation expectations and influence the path of monetary policy, growth, and earnings outlooks.



Index Returns<sup>1</sup>



- In the first quarter of 2026, commodities led performance, significantly outperforming as geopolitical tensions drove oil prices higher. US REITs also had a strong quarter as investors rotated out of large-cap tech into defensive, income-generating assets, with data centers and healthcare properties driving results.
- In contrast, risk assets broadly lagged, with US equities declining, led by large-cap stocks, while international equities also posted negative returns amid continued concerns around technology valuations and energy related worries from the conflict in the Middle East.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026.



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

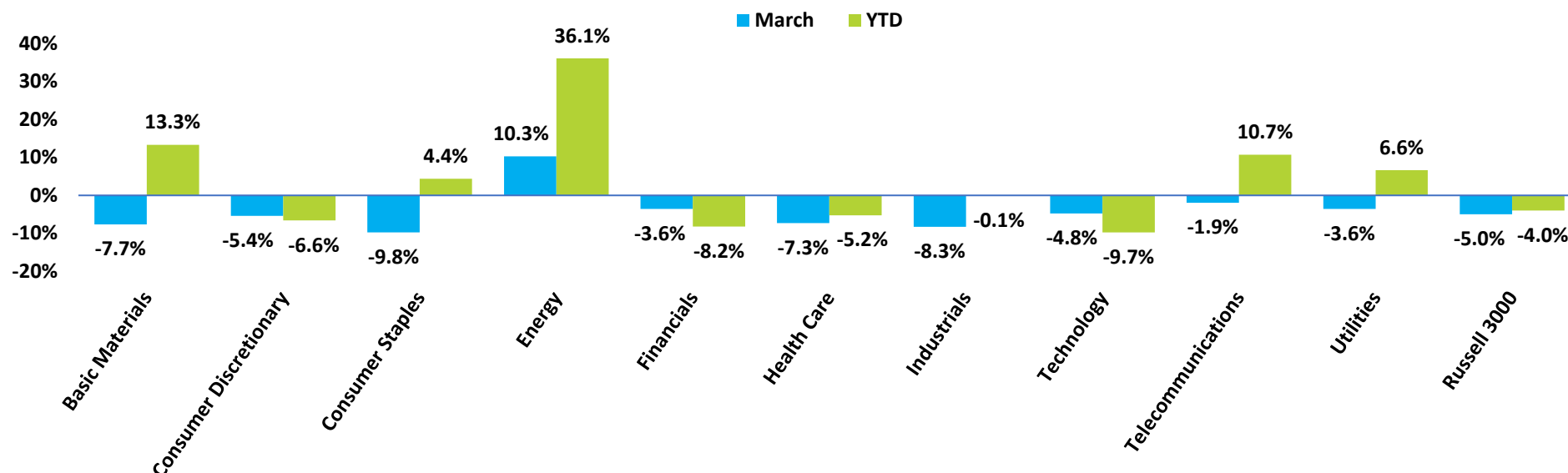
Domestic Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	-5.0	-4.3	17.8	18.3	12.1	14.2
Russell 3000	-5.0	-4.0	18.1	17.8	10.9	13.7
Russell 1000	-5.0	-4.2	17.7	18.1	11.3	14.0
Russell 1000 Growth	-5.2	-9.8	18.8	21.2	12.8	16.8
Russell 1000 Value	-4.8	2.1	15.9	14.3	9.4	10.6
Russell MidCap	-5.3	1.3	16.0	13.3	7.3	10.9
Russell MidCap Growth	-6.3	-6.3	9.6	12.7	5.4	11.7
Russell MidCap Value	-5.1	3.7	17.6	13.1	7.9	9.7
Russell 2000	-5.0	0.9	25.7	13.0	3.8	9.9
Russell 2000 Growth	-6.3	-2.8	23.6	12.3	1.6	9.8
Russell 2000 Value	-3.6	5.0	28.1	13.8	5.8	9.6

#### US Equities: The Russell 3000 index fell 4.0% in the first quarter of 2026.

- The rotation from growth to value that began late last year remained firmly in place throughout the first quarter of 2026, despite broad declines in US equities. The style divergence was evident across market capitalizations, with the Russell 1000 Value Index gaining 2.1% versus a 9.8% decline for the Russell 1000 Growth Index. In small caps, the Russell 2000 Value Index rose 5.0% compared to a 2.8% decline for the Russell 2000 Growth Index, reflecting continued investor preference for lower-valuation, more cyclically exposed segments of the market.
- All the “Magnificent Seven” constituents posted negative returns in the first quarter: Microsoft (-23.5%), Meta (-13.0%), Amazon (-9.4%), Alphabet (-8.1%), Apple (-7.3%), Tesla (-6.7%), and Nvidia (-6.5%). This acted as a meaningful headwind to broad market performance given their significant weight in the index.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026.

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



**Sector performance was mixed in the first quarter, with leadership concentrated in energy and other inflation-sensitive areas alongside defensive sectors.**

- Energy was the clear standout, gaining 36.1% during the quarter, driven by elevated geopolitical risk and rising energy prices. Basic materials (+13.3%) benefited from higher commodity prices and telecommunications (+10.7%) was helped by wireless carriers posting strong earnings.
- Technology was the weakest-performing sector, declining 9.7% for the quarter, as continued concerns around AI-related valuations and the sustainability of elevated capital spending weighed on returns. Financials (-8.2%) and consumer discretionary (-6.6%) also lagged.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026.

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

Foreign Equity	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	-10.8	-0.7	24.9	14.5	7.0	8.4
MSCI EAFE	-10.3	-1.2	21.3	13.6	7.9	8.4
MSCI EAFE (Local Currency)	-8.0	0.1	17.4	13.2	9.9	9.3
MSCI EAFE Small Cap	-10.9	-1.3	25.6	12.6	4.4	7.4
MSCI Emerging Markets	-13.1	-0.2	29.6	14.8	3.7	7.8
MSCI Emerging Markets (Local Currency)	-10.5	2.1	30.6	17.1	6.2	9.5
MSCI EM ex China	-14.8	3.2	41.3	18.5	8.1	9.2
MSCI China	-7.7	-8.9	3.8	6.5	-4.9	5.1

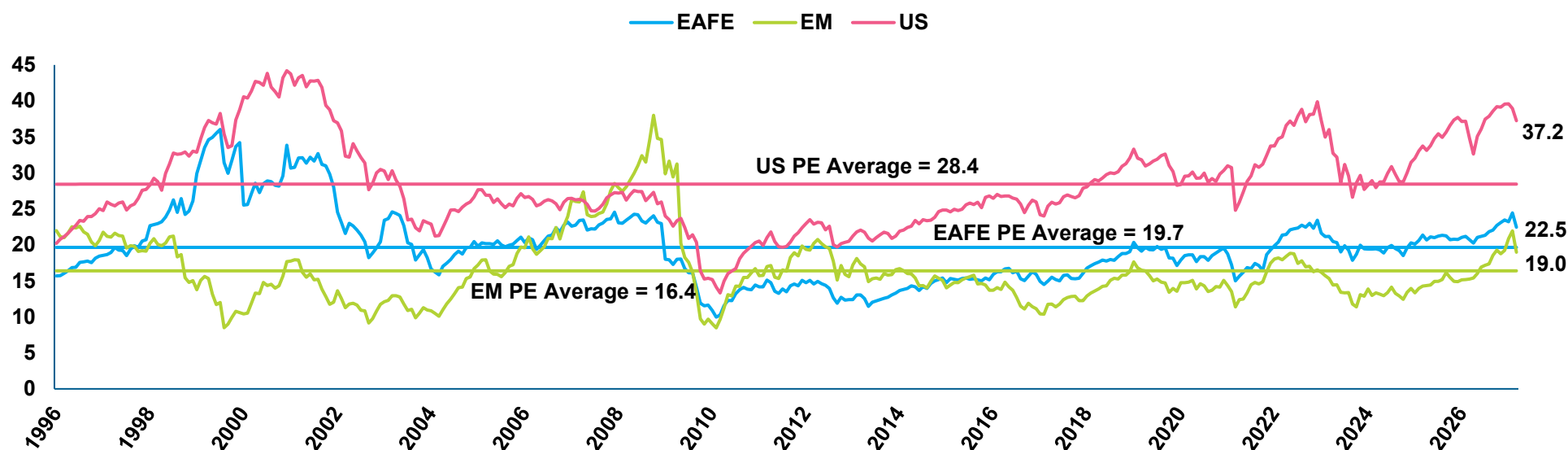
**Foreign equities declined in the first quarter of 2026, but by less than US equities. Developed markets (MSCI EAFE: -1.2%) modestly underperformed emerging markets (MSCI Emerging Markets: -0.2%), with performance dispersion across regions remaining elevated.**

- Within developed markets, results were mixed. European and UK equities benefited at times from relative value appeal and exposure to energy and defensive sectors. Japan was supported by expectations of political stability after the February national elections and continued AI-related hardware demand, though broader risk-off sentiment and concerns related to energy prices weighed on returns by quarter-end.
- Emerging markets modestly outperformed developed peers during the quarter, driven by strength in select Asian markets tied to continued semiconductor and hardware demand. China was a notable laggard (-8.9%), as broad-based weakness in tech and consumer stocks and ongoing uncertainty around growth and policy support pressured returns in the first quarter.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026.



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

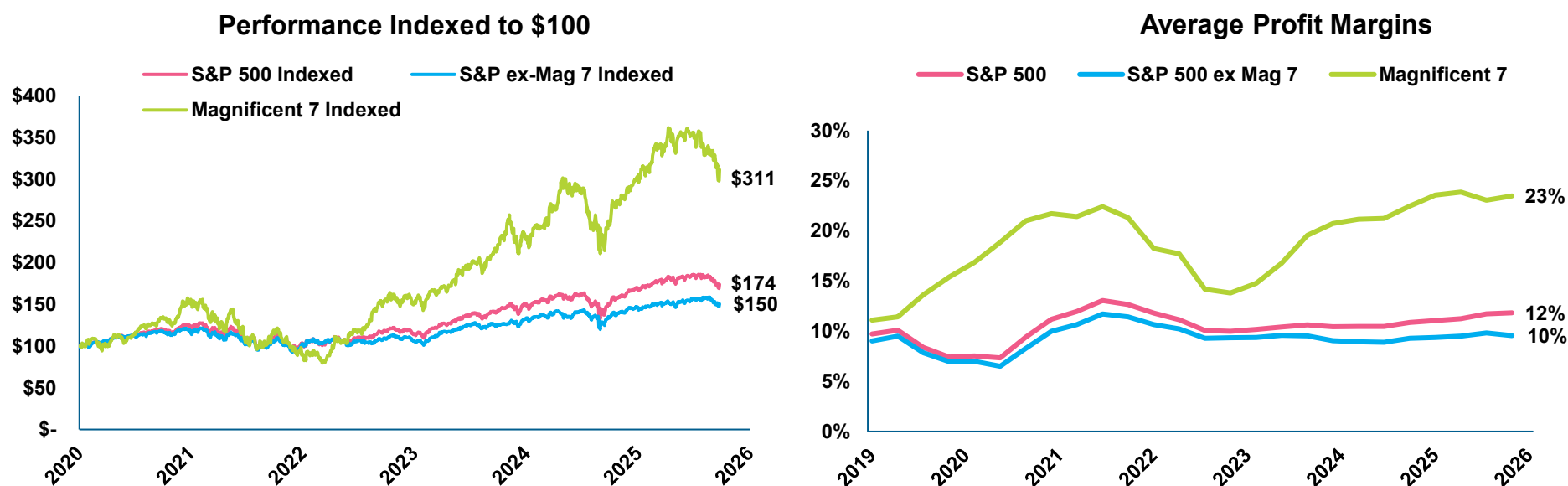


- Cyclically adjusted US equity valuations pulled back from their recent peak driven by weakness in AI-related growth stocks and the conflict in the Middle East. Valuations nevertheless remain well above long-run averages.
- Non-US developed markets (EAFE) pulled back modestly in the first quarter, but valuations remain above their long-run average (22.5 versus 19.7).
- Emerging market valuations also declined slightly in the first quarter but remain above the long-run average (19.0 versus 16.4) though.

<sup>1</sup> US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of March 2026. 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”<sup>1</sup>



- AI-oriented mega-cap stocks continued to play an outsized role in US equity performance during the first quarter of 2026, this time depressing overall results given their declines and weight in the index.
- Leadership broadened meaningfully over the quarter as investor concerns around valuations, capital intensity, and disruption risks weighed on high-multiple AI leaders. This contributed to the relative underperformance of the “Magnificent 7” versus the broader market.
- Despite the recent stock price weakness, the average profit margins (23%) for the “Magnificent 7” are more than double those of the S&P 500 ex Mag 7 (10%).

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026, for index prices and profit margins.

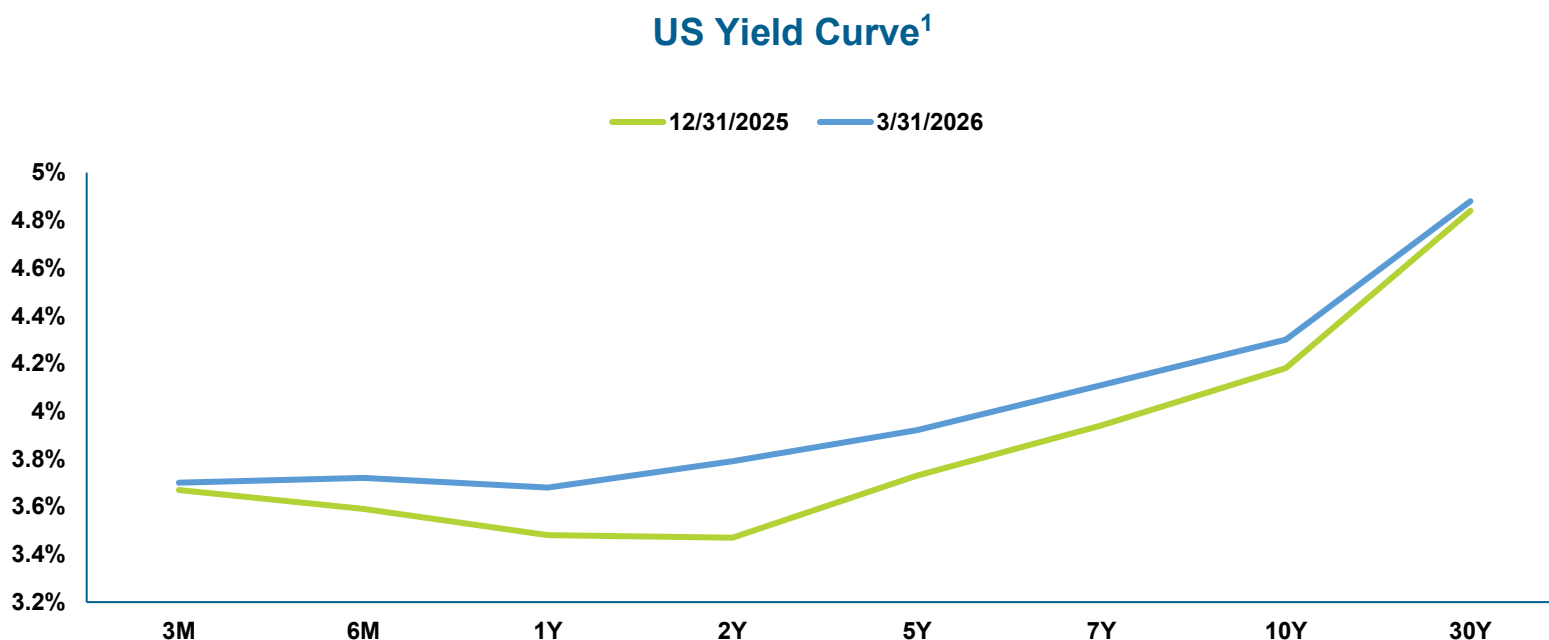
## Fixed Income Returns<sup>1</sup>

Fixed Income	March (%)	Q1 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-1.8	-0.1	4.6	4.2	0.7	2.1	4.8	5.8
Bloomberg Aggregate	-1.8	0.0	4.3	3.6	0.3	1.7	4.6	6.0
Bloomberg US TIPS	-1.3	0.3	3.0	3.2	1.5	2.7	4.3	6.6
Bloomberg Short-term TIPS	0.1	0.9	3.9	4.7	3.5	3.1	3.8	2.4
Bloomberg US Long Treasury	-4.0	-0.4	0.5	-1.5	-4.6	-0.8	4.9	14.4
Bloomberg High Yield	-1.2	-0.5	7.0	8.6	4.2	6.1	7.4	3.4
JPM GBI-EM Global Diversified (USD)	-5.6	-2.3	11.8	6.9	2.1	2.6	--	--

### Fixed Income: The Bloomberg Universal index fell 0.1% in the first quarter of 2026.

- Fixed income returns were mixed during the first quarter of 2026. The Mideast conflict reignited inflation fears, and fixed income markets repriced future rate cut expectations for the year. The broad US bond market (Bloomberg Aggregate) finished the quarter flat, while longer-duration assets and riskier credit segments lagged.
- Long-term Treasuries were pressured late in the quarter as yields moved higher, resulting in modest losses for the Bloomberg US Long Treasury Index (-0.4%). Inflation-protected securities delivered positive results, with short-term TIPS returning +0.9% while the broader TIPS index rose 0.3%.
- During the quarter credit-oriented sectors lagged as weaker risk sentiment and rate volatility weighed on returns. High yield bonds declined modestly (-0.5%), while emerging market debt underperformed more meaningfully (-2.3%), reflecting sensitivity to global risk conditions.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026. 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.



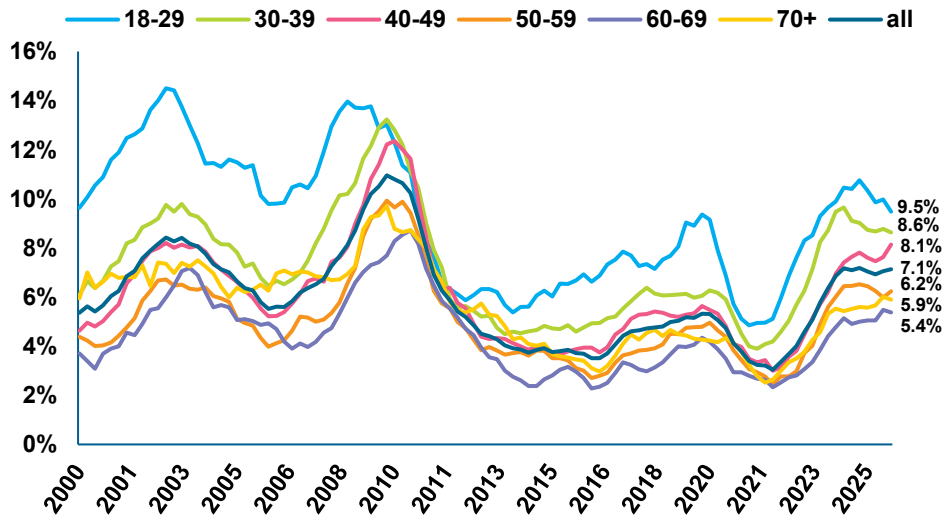
- Treasury yields moved higher across the entire curve during the first quarter of 2026 as the war in the Middle East increased inflation concerns and lowered the number of expected interest rate cuts from the Federal Reserve.
- The policy-sensitive 2-year nominal Treasury yield increased from 3.47% to 3.79%. The 10-year nominal Treasury yield rose from 4.18% to 4.30%, while the 30-year nominal Treasury yield increased from 4.84% to 4.91%.
- As the front end of the yield curve rose more sharply than longer-dated yields, the spread between the two-year and ten-year Treasury declined from 70 basis points to 53 basis points.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026.

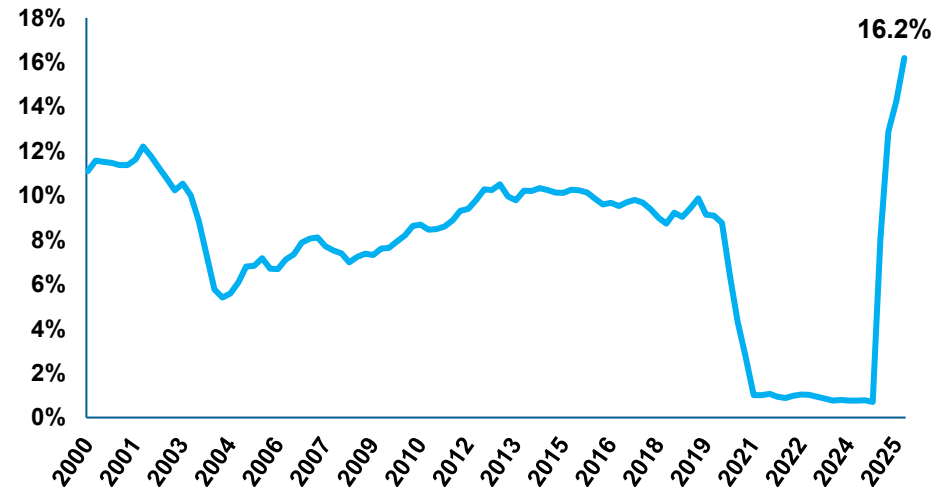


### Stress is Building Among Some US Consumers<sup>1</sup>

Transition into Serious Delinquency for Credit Cards by Age



Transition Into Serious Delinquency (90+ Days) for Student Loans<sup>2</sup>



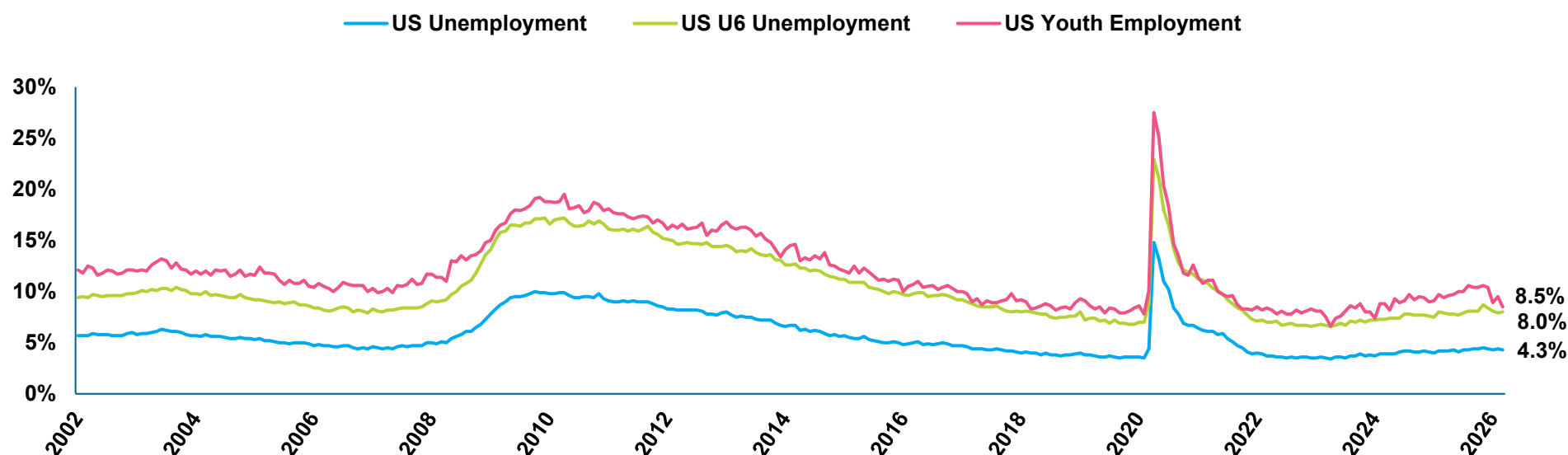
- US consumer conditions are increasingly K-shaped, with higher-income households remaining resilient while younger and more rate-sensitive borrowers show rising stress amid persistently high prices and interest rates.
- Delinquencies have risen from pandemic lows, driven by this more financially stretched group; while overall levels are close to pre-pandemic numbers, dispersion across households is widening.
- Student loan repayments have re-emerged as a key pressure point, with millions of borrowers missing payments and over 16% of balances now seriously delinquent, weighing on consumption for younger cohorts.

<sup>1</sup> Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. See also FRED. Data is as of December 31, 2025.

<sup>2</sup> Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. 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. Data is as of December 31, 2025.



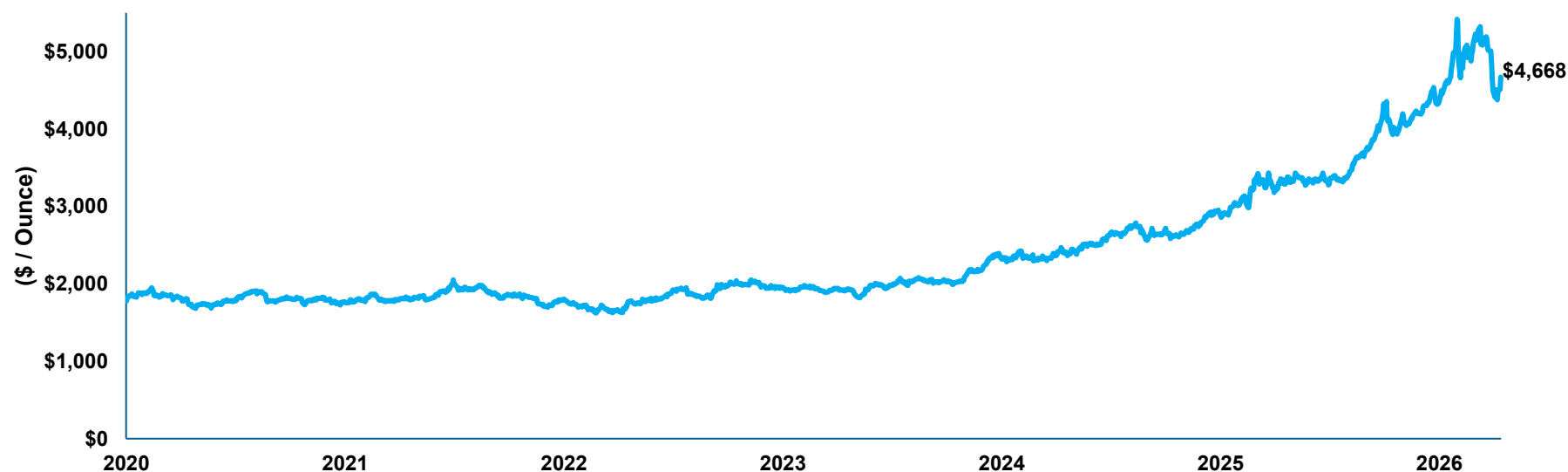
## US Unemployment<sup>1</sup>



- The unemployment rate finished the quarter slightly lower than where it started (4.3% versus 4.4%). More than 200,000 jobs were added during the quarter with gains in January (160k) and March (178k) and losses in February (-133k). The gains were largely driven by the health care sector.
- Broader measures of labor markets (U6) have improved somewhat since late last year but remain above pre-pandemic levels. Youth unemployment improved somewhat in the first quarter to 8.5%.
- Despite some recent signs of weakness, the labor market remains broadly stable, with low initial unemployment claims, the number of job openings stabilizing, the rate of people quitting jobs slowing, and although hiring has slowed, layoffs remain low.

<sup>1</sup> Source: FRED and BLS. Data is as of March 31, 2026. Original February job loss was -92,000 but subsequently revised lower.

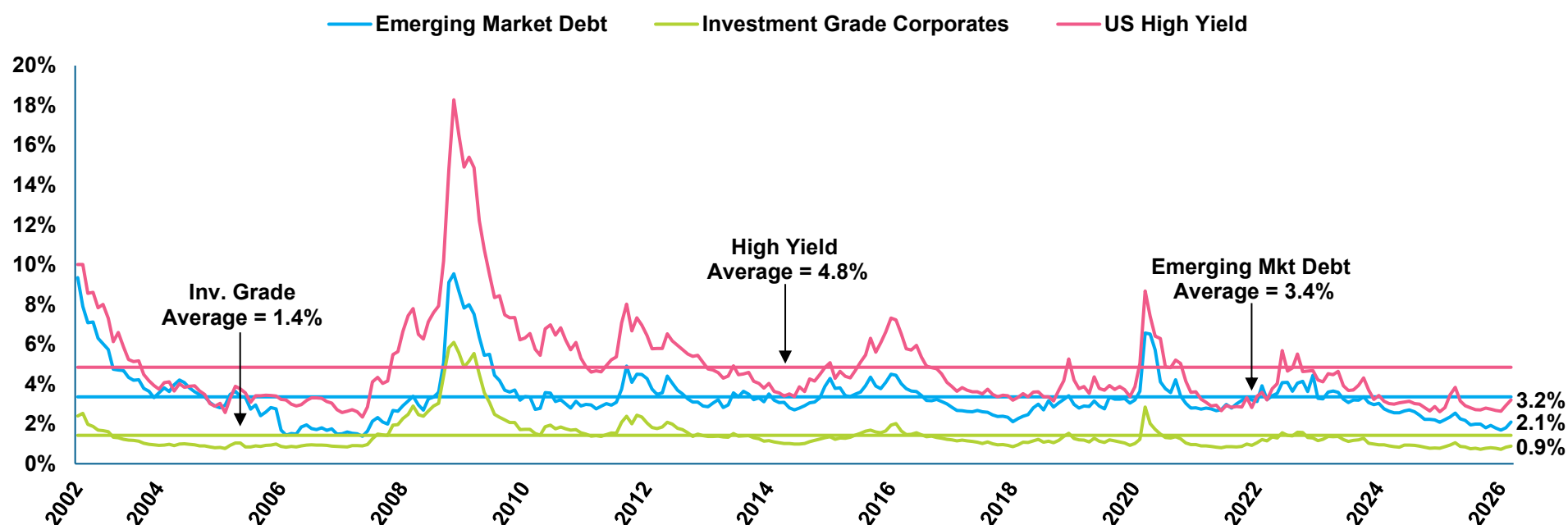
### Gold<sup>1</sup>



- Gold gained over the first quarter of 2026. The rally reached an all-time high in January of over \$5,300 an ounce before falling to \$4,668 at quarter end. US dollar strength, the conflict in the Middle East, and some central bank liquidations contributed to the price decline.
- At the start of the Middle East conflict the price of gold rose. However, as the energy shock roiled non-US markets many central banks sold or stepped back purchases of gold bullion to raise US dollars and stabilize their currencies. The global energy shock rekindled inflation fears and raised market expectations for central bank rate hikes in the coming months.
- Longer-term support remains anchored by persistent inflation concerns, deteriorating fiscal trajectories in major economies, and despite recent dynamics, central bank de-dollarization.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026. Gold Spot Price is quoted as US Dollars per Troy Ounce.

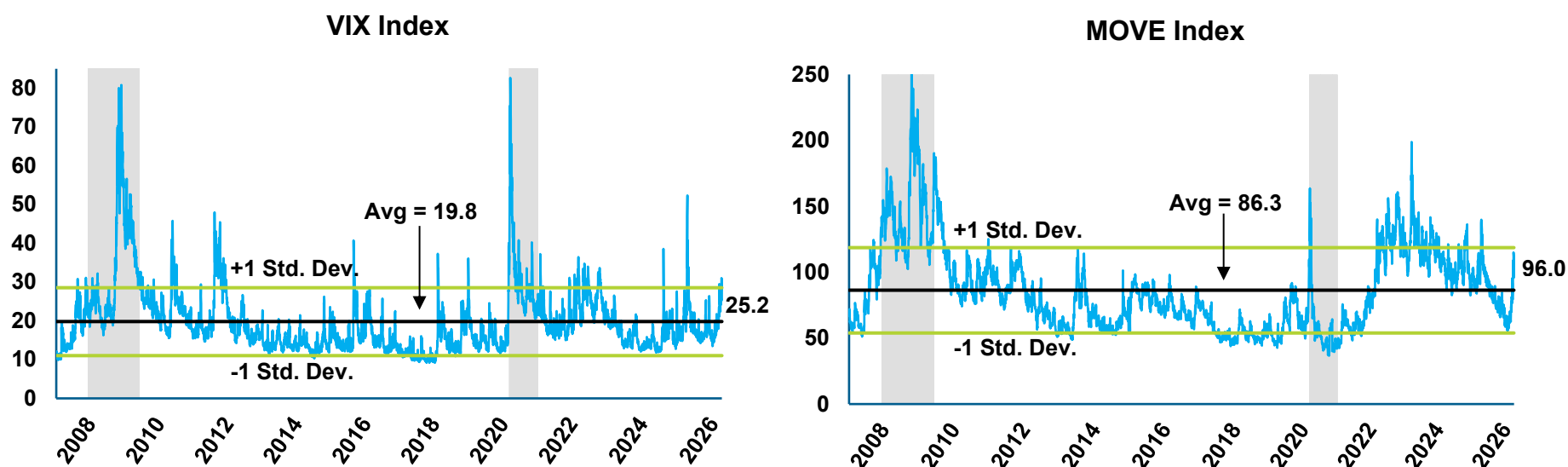
## Credit Spreads vs. US Treasury Bonds<sup>1</sup>



- Credit spreads (the difference in yield from a comparable-maturity Treasury) rose during the first quarter as the Middle East conflict and the resulting energy shock drove a risk-off rotation.
- Investment grade spreads moved slightly higher for the quarter (0.8% to 0.9%).
- High yield spreads rose the most in the first quarter (2.7% to 3.2%), while emerging market spreads ticked up more modestly (1.8% to 2.1%).
- All yield spreads remain well below their respective long-run averages, particularly high yield (3.2% vs. 4.8%).

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

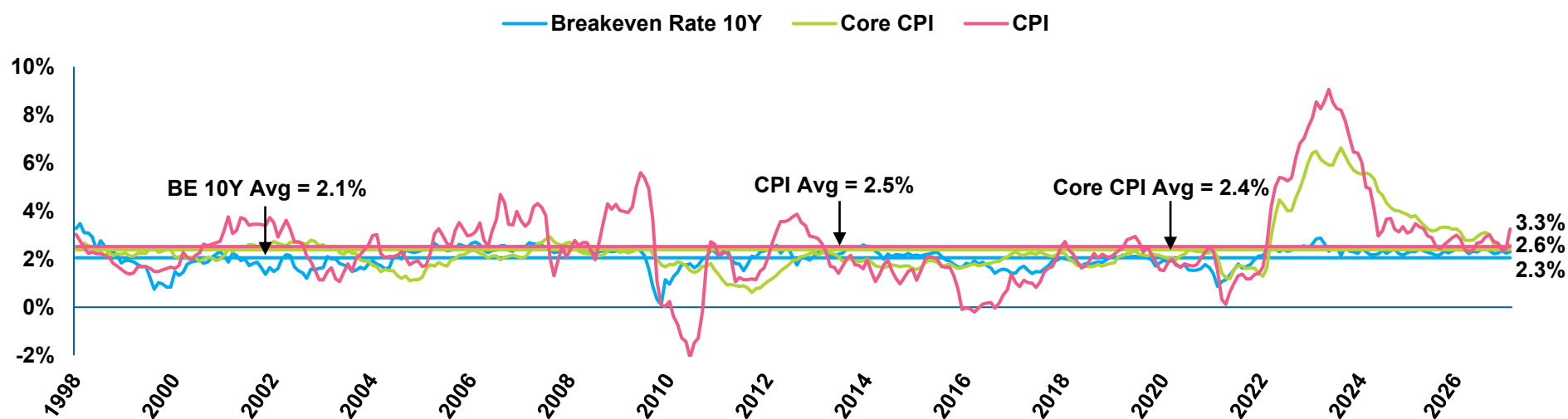
## Equity and Fixed Income Volatility<sup>1</sup>



- Volatility rose significantly across both equity and fixed income markets in the first quarter, largely due to uncertainty related to the conflict in the Middle East.
- Equity market volatility (VIX) rose in the first quarter (15.0 to 25.2), peaking at over 30 during March. Despite the rise this quarter, the volatility levels were lower than the VIX readings after the US tariff announcements last year.
- Bond market volatility (MOVE) also spiked in the first quarter (64.0 to 96.0) reaching levels around 115 before declining at quarter-end. Heightened uncertainty around geopolitical risks on inflation and the related Federal Reserve policy path drove fixed income volatility levels higher.

<sup>1</sup> Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of March 31, 2026. The average line indicated is the average of the VIX and MOVE values between January 2007 and March 2026.

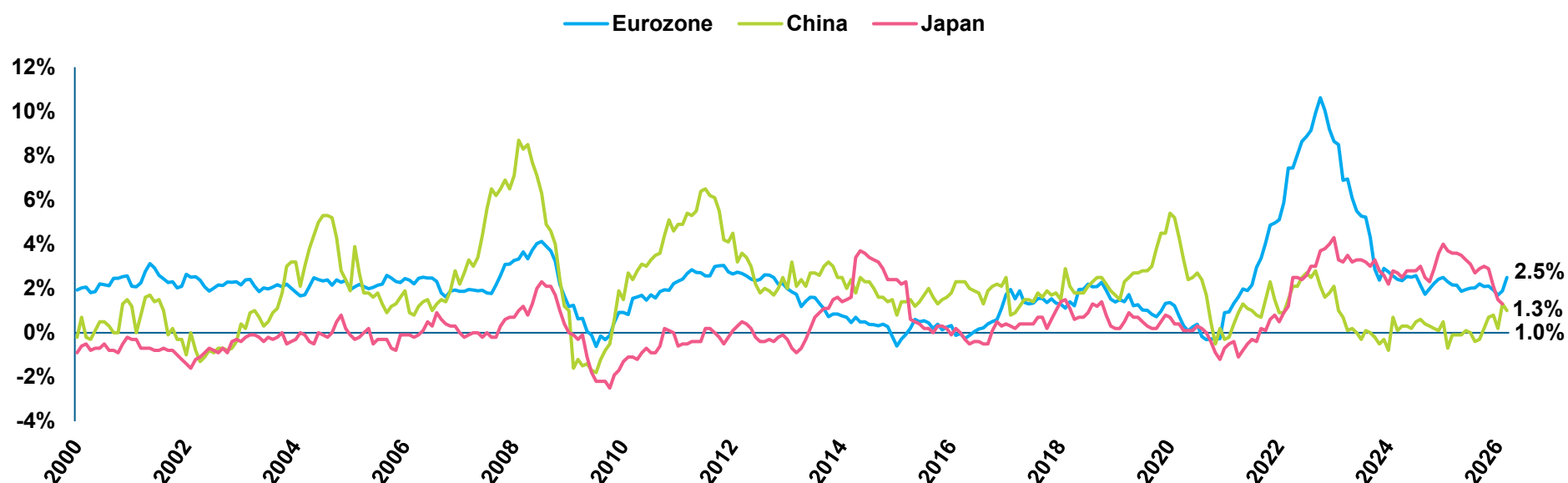
## US Inflation<sup>1</sup>



- In the first quarter of 2026, year-on-year headline inflation rose from the end of 2025 level of 2.4% in January to 3.3% in March. This was largely driven by an increase in the energy index (+10.9%) with gasoline prices up 21.2%, the largest monthly gain since 1967. The month-on-month rate jumped from +0.2% to +0.9%.
- Year-on-year core inflation remained unchanged in the first quarter at 2.6% with the monthly pace falling slightly (0.3% to 0.2%). Shelter remained the largest contributor, though notably rent posted the smallest monthly increase since 2021.
- Despite a rise in March, long-term inflation expectations (breakevens) rose only modestly over the quarter (2.2% to 2.3%).

<sup>1</sup> Source: FRED. Data is as of March 31, 2026.

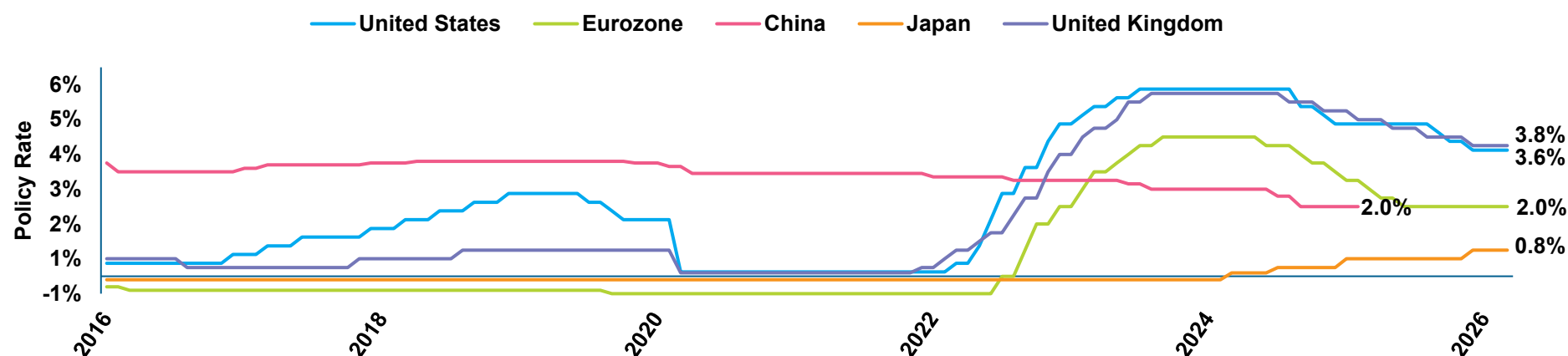
## Global Inflation (CPI Trailing Twelve Months)<sup>1</sup>



- Eurozone inflation rose during the first quarter of 2026, largely driven by a spike in energy costs. It ended the period at 2.5% year-on-year (above the ECB's 2% target), up from 2.0% at the end of 2025. While inflation pressures remain uneven across components, the elevated headline level continues to complicate the policy outlook.
- Japan's inflation declined over the quarter from 2.1% at the end of 2025 to 1.3% (a four-year low). Government energy subsidies kept electricity and gas prices contained, alongside a deceleration in food price inflation as rice price gains slowed markedly.
- China's inflation rose modestly during the first quarter of 2026, increasing from 0.8% at year-end to 1.0%, though overall price pressures remain subdued and well below levels seen in developed markets.

<sup>1</sup> Source: Bloomberg. Data is as of March 2026 except Japan which is as of February.

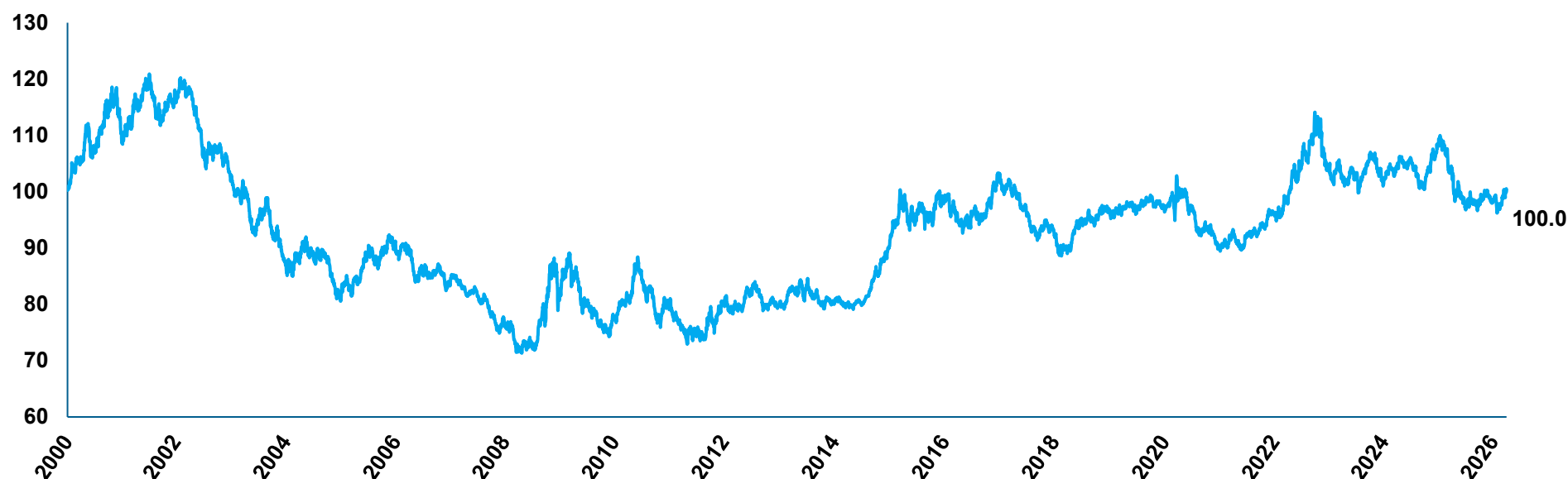
### Global Policy Rates<sup>1</sup>



- Global monetary policy was increasingly divergent during the first quarter of 2026, as tensions in the Middle East created inflation fears, driving expectations for some central banks to start increasing policy rates.
- The Federal Reserve held policy rates steady throughout the first quarter as inflation remained above target and labor market conditions cooled gradually. In Q1, markets materially reduced expectations for rate cuts in 2026 given the Iran conflict, with a slight chance of a rate increase priced in late in the quarter.
- The European Central Bank and Bank of England are expected to increase policy rates 1-2 times this year given the impact of higher oil prices on inflation and both areas being net importers of oil.
- China's central bank is expected to keep supporting economic growth with accommodative monetary policy and other easing measures.
- The Bank of Japan continued its gradual normalization away from ultra-easy monetary policy. While rates remain low by global standards, markets continue to anticipate additional incremental rate increases later in 2026.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026, 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<sup>1</sup>

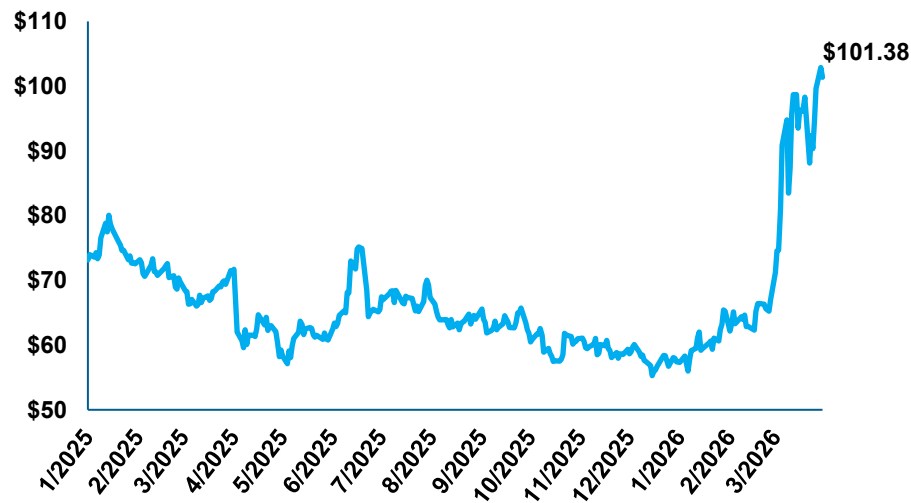


- The US dollar was volatile over the quarter but rose modestly with the DXY rising from 98.3 at the end of 2025 to 100.0 by quarter-end.
- The dollar weakened early in Q1 given softer US inflation data and related expectations for aggressive Fed rate cuts, then strengthened sharply as the Middle East conflict drove safe-haven demand and the energy-shock inflation threat pushed the Fed back to a holding pattern on potential interest rate cuts.
- Overall, the dollar remains sensitive to changes in interest rate expectations and geopolitical developments, with policy divergence across regions continuing to play a central role in currency markets.

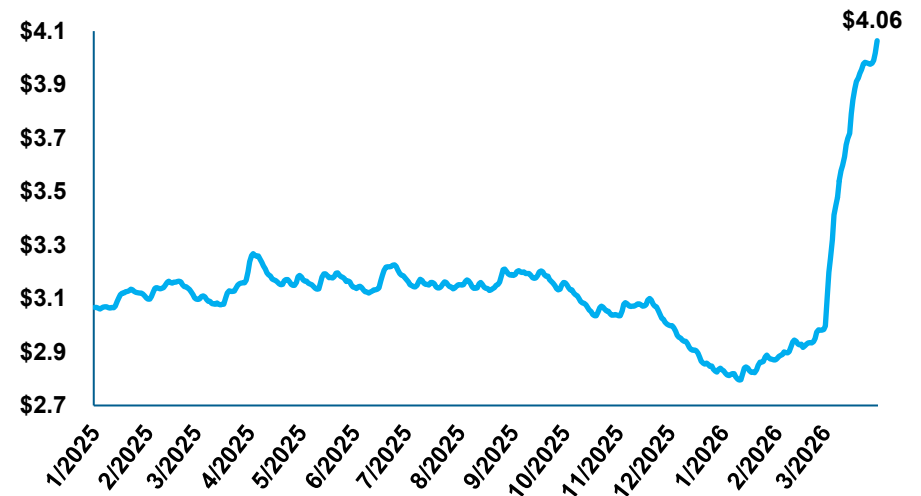
<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026.

Gas and Oil<sup>1</sup>

WTI Crude



Avg. Retail Gas Price

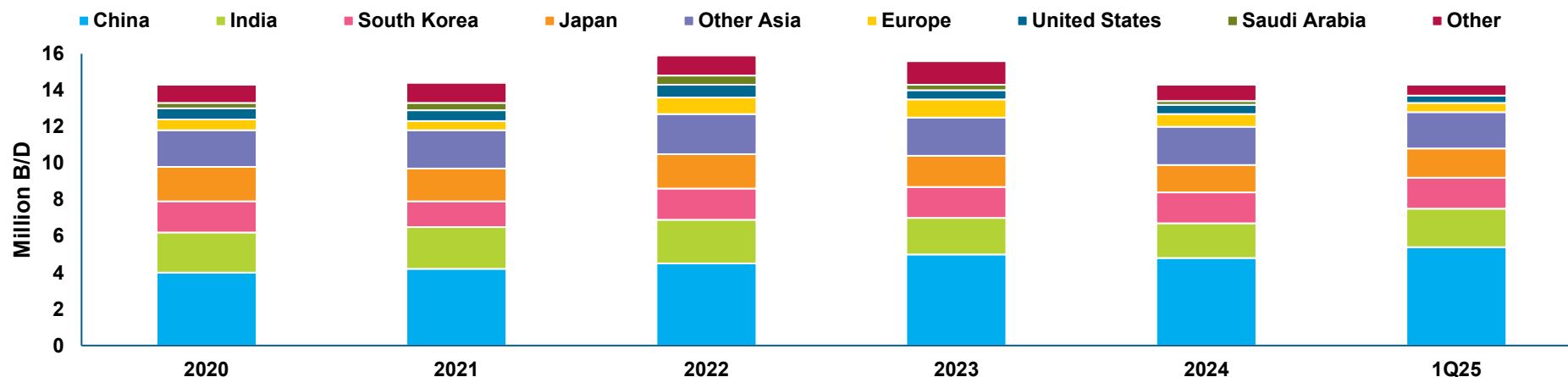


- Energy prices rose sharply during the first quarter of 2026 following a significant escalation in the Middle East conflict, marking one of the largest geopolitical shocks to global energy markets in history. Concerns around supply disruption risk pushed WTI crude oil from approximately \$58 at year-end to \$101.38 by quarter-end.
- The surge in crude prices translated quickly to consumers, with average US retail gasoline prices rising from \$2.81 at the end of 2025 to \$4.06 by the end of the first quarter, increasing inflation pressures and weighing on household purchasing power.

<sup>1</sup> Source: Bloomberg. Data is as of March 31, 2026.

## Volume of Crude Oil<sup>1</sup>

### Volume of Crude Oil Transported Through The Strait of Hormuz, By Destination



- Major economies are impacted differently from the conflict depending on their reliance on regional oil and whether they are net importers or exporters. The Strait of Hormuz is the critical chokepoint with Saudi Arabia, Iraq, and the UAE depending on it to export their oil, meaning a closure disrupts supply on both sides of the equation.
- China purchases around 90% of Iran's oil, while Japan, South Korea, and India are heavily dependent on broader Gulf supply.
- US crude production near record highs provides a meaningful buffer against Middle Eastern disruption, though global prices will ultimately reflect the scale and duration of any supply shortfall.
- As we move forward, the length of the conflict and the path of energy prices will be the defining variables for both inflation and growth globally with central banks caught in the difficult position of responding to a shock they cannot control.

<sup>1</sup> Source: Apollo Academy. Data is as of March 31, 2025.

## Key Trends

- Global growth expectations entering 2026 remained relatively resilient, with the IMF projecting global GDP growth of 3.3% for the year, masking growing divergence across regions. The US outlook remains comparatively stronger, while growth in the euro area and China is expected to moderate amid structural and policy headwinds.
- As the first quarter progressed, the global macro backdrop became more fragile, with geopolitical escalation in the Middle East introducing a significant energy price shock that threatens to weigh on growth while simultaneously re-accelerating inflation pressures. This dynamic has complicated the outlook for monetary policy globally.
- US consumer conditions showed early signs of strain entering 2026. Despite a strong January jobs report, hiring was narrowly concentrated, prior gains were revised lower, and confidence weakened — particularly among lower-income households facing persistent pressure from elevated prices and borrowing costs. February's unexpected loss of 133,000 payroll jobs confirmed that the labor market's apparent resilience might have been more fragile than the headline numbers suggested. However, the economy added 178,000 jobs in March, offsetting the previous month's job losses.
- US equity market leadership continued to broaden during Q1. Elevated valuations and increased dispersion shifted investor focus toward earnings durability, cash generation, and return on capital rather than momentum-driven growth. The underperformance of AI-linked mega-caps reinforced this trend.
- Global trade tensions remained outwardly contained during the quarter following the late-2025 tariff suspension, but underlying frictions persisted. Strategic competition in semiconductors and rare-earths, China's slowing growth and low inflation, and heightened geopolitical risk continue to pose downside risks to the global outlook.
- The late-February US-Israel strikes on Iran represent the most significant new risk to the global macro-outlook. Oil's sharp move higher, despite recent declines, is tightening financial conditions, threatening to reignite inflation just as some central banks were preparing to ease. This puts the Fed in an increasingly difficult position between a softening labor market and resurging energy prices.

## **Performance as of March 31, 2026**

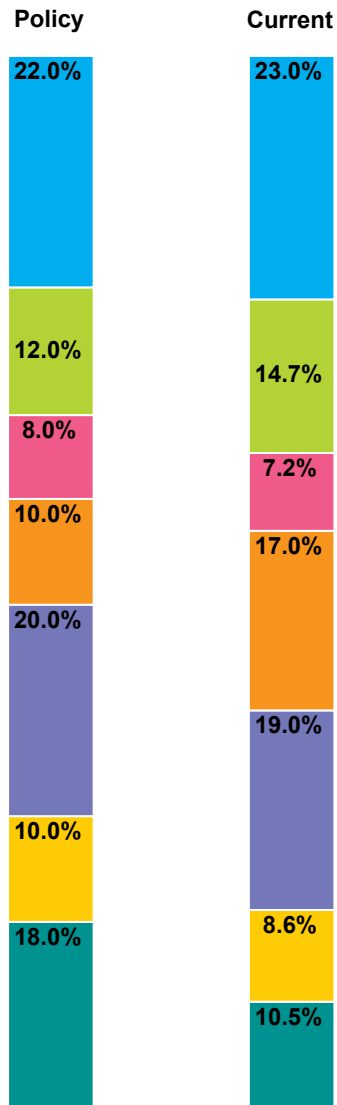


## Total Surplus (Reserve Cash)



## Total Surplus (Reserve Cash)

### Asset Allocation Compliance | As of March 31, 2026



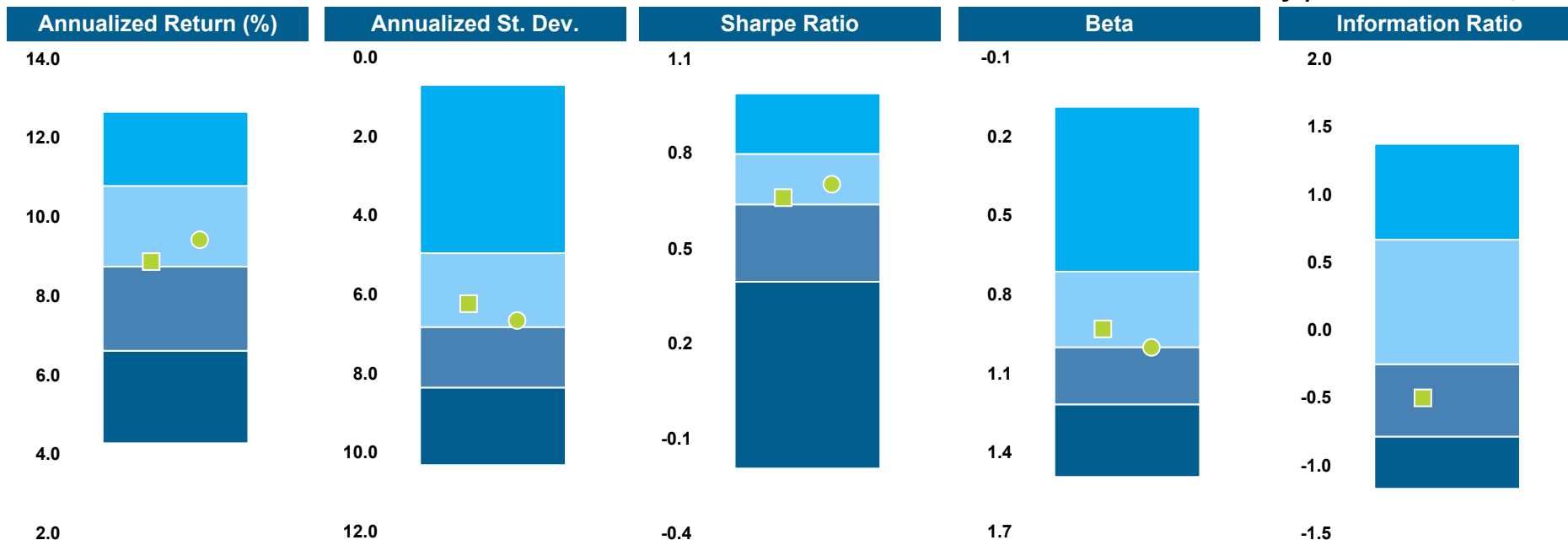
Asset Allocation Vs. Policy Targets						
	Balance (\$)	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
Domestic Equity	434,552,830	23.0	22.0	1.0	17.0 - 27.0	Yes
International Equity	277,183,602	14.7	12.0	2.7	7.0 - 17.0	Yes
Global Equity	136,297,377	7.2	8.0	-0.8	3.0 - 13.0	Yes
Short Duration Fixed Income Composite	321,050,855	17.0	10.0	7.0	5.0 - 15.0	No <sup>1</sup>
Market Duration Fixed Income Composite	358,247,927	19.0	20.0	-1.0	10.0 - 25.0	Yes
Return Seeking Fixed Income	163,042,386	8.6	10.0	-1.4	5.0 - 15.0	Yes
Total Alternatives Composite	197,666,240	10.5	18.0	-7.5	15.0 - 25.0	No <sup>1</sup>
<b>Total Surplus Cash</b>	<b>1,888,041,218</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>		
District/ Reserves	110,432,996	--	N/A	--	N/A	
<b>Total Surplus Cash w/ District Reserves</b>	<b>1,998,474,214</b>					

1. Rebalance to bring back to range in process



## Total Surplus (Reserve Cash)

### 3-Year Statistics Summary | As of March 31, 2026



	Annualized Return (%)	Annualized St. Dev.	Sharpe Ratio	Beta	Information Ratio
Total Surplus Cash	8.9 (49)	6.2 (40)	0.7 (48)	0.9 (44)	-0.5 (56)
Surplus Cash Total Benchmark	9.5 (44)	6.6 (45)	0.7 (43)	1.0 (50)	-
5th Percentile	12.7	0.7	1.0	0.1	1.4
1st Quartile	10.8	4.9	0.8	0.7	0.7
Median	8.8	6.8	0.6	1.0	-0.3
3rd Quartile	6.6	8.3	0.4	1.2	-0.8
95th Percentile	4.3	10.3	-0.2	1.5	-1.2
Population	230	230	230	230	230



## Total Surplus (Reserve Cash)

MPT Stats By Group | As of March 31, 2026

	Risk Return Statistics			
	Total Surplus Cash	3 Yrs Surplus Cash Total Benchmark	Total Surplus Cash	5 Yrs Surplus Cash Total Benchmark
<b>RETURN SUMMARY STATISTICS</b>				
Maximum Return	4.7	5.5	4.7	5.5
Minimum Return	-3.9	-3.7	-4.7	-5.5
Return	8.9	9.5	4.5	5.1
Excess Return	4.1	4.6	1.4	2.0
Excess Performance	-0.6	0.0	-0.5	0.0
<b>RISK SUMMARY STATISTICS</b>				
Beta	0.9	1.0	0.9	1.0
Upside Risk	5.7	6.1	5.8	6.1
Downside Risk	3.6	3.7	5.0	5.2
<b>RISK/RETURN SUMMARY STATISTICS</b>				
Standard Deviation	6.2	6.6	7.5	7.9
Sortino Ratio	1.0	1.1	0.3	0.3
Alpha	0.1	0.0	-0.3	0.0
Sharpe Ratio	0.7	0.7	0.2	0.3
Excess Risk	6.2	6.6	7.4	7.8
Tracking Error	1.1	0.0	1.2	0.0
Information Ratio	-0.5	-	-0.5	-
<b>CORRELATION STATISTICS</b>				
R-Squared	1.0	1.0	1.0	1.0
Actual Correlation	1.0	1.0	1.0	1.0



## Total Surplus (Reserve Cash)

### Trailing Net Performance | As of March 31, 2026

Trailing Performance Summary									
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Surplus Cash</b>	<b>1,888,041,218</b>	<b>100.0</b>	<b>-0.6</b>	<b>9.7</b>	<b>8.9</b>	<b>4.5</b>	<b>6.4</b>	<b>5.9</b>	<b>Nov-12</b>
<i>Surplus Cash Total Benchmark</i>			<i>-0.9</i>	<i>12.2</i>	<i>9.4</i>	<i>5.1</i>	<i>6.5</i>	<i>5.9</i>	
<b>Total Surplus Cash X Concern</b>	<b>1,873,682,600</b>	<b>99.2</b>	<b>-0.6</b>	<b>9.7</b>	<b>8.9</b>	<b>4.6</b>	<b>6.5</b>	<b>5.9</b>	<b>Nov-12</b>
<b>Total Surplus Cash X Privates</b>	<b>1,858,660,864</b>	<b>98.4</b>	<b>-0.6</b>	<b>9.9</b>	<b>9.1</b>	<b>4.6</b>	<b>6.5</b>	<b>5.8</b>	<b>Nov-12</b>
<i>Surplus Cash Total Benchmark X Privates</i>			<i>-0.7</i>	<i>12.2</i>	<i>9.5</i>	<i>5.0</i>	<i>6.6</i>	<i>6.0</i>	
<b>Total Equity</b>	<b>848,033,810</b>	<b>44.9</b>	<b>-2.5</b>	<b>18.9</b>	<b>15.3</b>	<b>8.0</b>	<b>11.4</b>	<b>11.0</b>	<b>Nov-12</b>
<i>Total Equity Benchmark - Surplus</i>			<i>-2.1</i>	<i>21.6</i>	<i>16.3</i>	<i>9.1</i>	<i>11.5</i>	<i>11.1</i>	
<b>Domestic Equity</b>	<b>434,552,830</b>	<b>23.0</b>	<b>-3.9</b>	<b>12.8</b>	<b>14.3</b>	<b>7.8</b>	<b>12.5</b>	<b>12.6</b>	<b>Nov-12</b>
<i>Domestic Equity Benchmark - Surplus</i>			<i>-3.1</i>	<i>19.3</i>	<i>17.2</i>	<i>10.2</i>	<i>13.3</i>	<i>13.3</i>	
<b>Large Cap Equity</b>	<b>364,271,478</b>	<b>19.3</b>	<b>-4.3</b>	<b>14.3</b>	<b>16.5</b>	<b>9.1</b>	<b>13.4</b>	<b>13.4</b>	<b>Nov-12</b>
<i>Large Cap Equity Benchmark</i>			<i>-4.1</i>	<i>17.7</i>	<i>18.1</i>	<i>11.7</i>	<i>14.0</i>	<i>14.0</i>	
<b>Small Cap Equity</b>	<b>70,281,352</b>	<b>3.7</b>	<b>-0.7</b>	<b>7.6</b>	<b>5.2</b>	<b>2.4</b>	<b>8.7</b>	<b>9.0</b>	<b>Nov-12</b>
<i>Small Cap Equity Benchmark</i>			<i>1.0</i>	<i>25.9</i>	<i>13.1</i>	<i>3.8</i>	<i>9.8</i>	<i>10.1</i>	
<b>International Equity</b>	<b>277,183,602</b>	<b>14.7</b>	<b>-2.1</b>	<b>21.5</b>	<b>12.4</b>	<b>5.6</b>	<b>7.9</b>	<b>6.8</b>	<b>Nov-12</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-0.7</i>	<i>24.9</i>	<i>14.5</i>	<i>7.0</i>	<i>8.4</i>	<i>6.9</i>	
<b>Global Equity</b>	<b>136,297,377</b>	<b>7.2</b>	<b>0.2</b>	<b>15.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>17.4</b>	<b>Sep-23</b>
<i>MSCI AC World Index (Net)</i>			<i>-3.2</i>	<i>20.0</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>16.4</i>	
<b>Total Fixed Income Composite</b>	<b>842,341,168</b>	<b>44.6</b>	<b>0.2</b>	<b>4.5</b>	<b>4.5</b>	<b>1.1</b>	<b>2.4</b>	<b>2.3</b>	<b>Nov-12</b>
<i>Total Fixed Income Benchmark - Surplus</i>			<i>0.0</i>	<i>4.3</i>	<i>3.8</i>	<i>0.8</i>	<i>1.8</i>	<i>1.8</i>	
<b>Short Duration Fixed Income Composite</b>	<b>321,050,855</b>	<b>17.0</b>	<b>0.6</b>	<b>3.7</b>	<b>4.2</b>	<b>2.0</b>	<b>2.0</b>	<b>1.7</b>	<b>Nov-12</b>
<i>Short Duration Fixed Income Benchmark - Surplus</i>			<i>0.3</i>	<i>4.0</i>	<i>4.3</i>	<i>2.0</i>	<i>2.0</i>	<i>1.7</i>	
<b>Market Duration Fixed Income Composite</b>	<b>358,247,927</b>	<b>19.0</b>	<b>0.1</b>	<b>4.9</b>	<b>4.6</b>	<b>0.8</b>	<b>2.6</b>	<b>2.5</b>	<b>Nov-12</b>
<i>Blmbg. U.S. Aggregate Index</i>			<i>0.0</i>	<i>4.3</i>	<i>3.6</i>	<i>0.3</i>	<i>1.7</i>	<i>1.8</i>	



## Total Surplus (Reserve Cash)

## Trailing Net Performance | As of March 31, 2026

	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Return Seeking Fixed Income</b>	<b>163,042,386</b>	<b>8.6</b>	<b>0.0</b>	<b>4.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>7.2</b>	<b>Dec-23</b>
<i>Return Seeking Fixed Income Benchmark</i>			<i>-0.6</i>	<i>5.3</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>6.2</i>	
<b>Cash Composite</b>	<b>149,291,378</b>	<b>7.9</b>	<b>0.8</b>	<b>2.5</b>	<b>2.6</b>	<b>1.7</b>	<b>1.1</b>	<b>0.8</b>	<b>Nov-12</b>
<i>90 Day U.S. Treasury Bill</i>			<i>0.8</i>	<i>4.0</i>	<i>4.7</i>	<i>3.3</i>	<i>2.3</i>	<i>1.7</i>	
<b>Total Alternatives Composite</b>	<b>197,666,240</b>	<b>10.5</b>	<b>4.8</b>	<b>10.1</b>	<b>8.1</b>	<b>6.3</b>	<b>5.1</b>	<b>4.6</b>	<b>May-13</b>
<i>Total Alternatives Benchmark</i>			<i>0.5</i>	<i>8.9</i>	<i>5.5</i>	<i>4.5</i>	<i>5.1</i>	<i>5.1</i>	
<b>Hedge Fund Composite</b>	<b>145,822,610</b>	<b>7.7</b>	<b>2.9</b>	<b>10.0</b>	<b>9.4</b>	<b>6.5</b>	<b>5.2</b>	<b>4.1</b>	<b>May-13</b>
<i>HFRI Fund of Funds Composite Index</i>			<i>0.7</i>	<i>11.7</i>	<i>8.5</i>	<i>4.9</i>	<i>5.3</i>	<i>4.4</i>	
<b>Private Assets Composite</b>	<b>51,843,630</b>	<b>2.7</b>	<b>11.0</b>	<b>8.1</b>	<b>1.2</b>	<b>5.6</b>	<b>--</b>	<b>6.6</b>	<b>Oct-20</b>
<b>Private Debt Composite</b>	<b>12,588,330</b>	<b>0.7</b>	<b>1.6</b>	<b>3.6</b>	<b>3.5</b>	<b>8.7</b>	<b>--</b>	<b>12.3</b>	<b>Dec-20</b>
<b>Private Real Estate Composite</b>	<b>16,792,024</b>	<b>0.9</b>	<b>-1.6</b>	<b>-8.4</b>	<b>-6.8</b>	<b>0.3</b>	<b>2.0</b>	<b>4.5</b>	<b>Sep-13</b>
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>3.6</i>	<i>-0.4</i>	<i>3.4</i>	<i>4.6</i>	<i>6.2</i>	



## Total Surplus (Reserve Cash)

### Trailing Net Performance | As of March 31, 2026

Trailing Performance Summary									
	Market Value (\$)	% of Portfolio	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Surplus Cash</b>	<b>1,888,041,218</b>	<b>100.0</b>	<b>-0.6</b>	<b>9.7</b>	<b>8.9</b>	<b>4.5</b>	<b>6.4</b>	<b>5.9</b>	<b>Nov-12</b>
<i>Surplus Cash Total Benchmark</i>			<i>-0.8</i>	<i>12.3</i>	<i>9.5</i>	<i>5.1</i>	<i>6.5</i>	<i>6.0</i>	
<b>Total Surplus Cash X Concern</b>	<b>1,873,682,600</b>	<b>99.2</b>	<b>-0.6</b>	<b>9.7</b>	<b>8.9</b>	<b>4.6</b>	<b>6.5</b>	<b>5.9</b>	<b>Nov-12</b>
<b>Total Surplus Cash X Privates</b>	<b>1,858,660,864</b>	<b>98.4</b>	<b>-0.6</b>	<b>9.9</b>	<b>9.1</b>	<b>4.6</b>	<b>6.5</b>	<b>5.8</b>	<b>Nov-12</b>
<i>Surplus Cash Total Benchmark x Privates</i>			<i>-0.7</i>	<i>12.3</i>	<i>9.5</i>	<i>5.0</i>	<i>6.6</i>	<i>6.0</i>	
<b>Total Equity</b>	<b>848,033,810</b>	<b>44.9</b>	<b>-2.5</b>	<b>18.9</b>	<b>15.3</b>	<b>8.0</b>	<b>11.4</b>	<b>11.0</b>	<b>Nov-12</b>
<i>Total Equity Benchmark - Surplus</i>			<i>-2.1</i>	<i>21.6</i>	<i>16.3</i>	<i>9.1</i>	<i>11.5</i>	<i>11.1</i>	
<b>Domestic Equity</b>	<b>434,552,830</b>	<b>23.0</b>	<b>-3.9</b>	<b>12.8</b>	<b>14.3</b>	<b>7.8</b>	<b>12.5</b>	<b>12.6</b>	<b>Nov-12</b>
<i>Domestic Equity Benchmark - Surplus</i>			<i>-3.1</i>	<i>19.3</i>	<i>17.2</i>	<i>10.2</i>	<i>13.3</i>	<i>13.3</i>	
<b>Large Cap Equity</b>	<b>364,271,478</b>	<b>19.3</b>	<b>-4.3</b>	<b>14.3</b>	<b>16.5</b>	<b>9.1</b>	<b>13.4</b>	<b>13.4</b>	<b>Nov-12</b>
<i>Large Cap Equity Benchmark</i>			<i>-4.1</i>	<i>17.7</i>	<i>18.1</i>	<i>11.7</i>	<i>14.0</i>	<i>14.0</i>	
Vanguard Institutional Index Fund (VIXIX)	252,426,836	13.4	-4.3	17.8	18.3	12.0	14.1	14.1	Nov-12
<i>S&amp;P 500 Index</i>			<i>-4.3</i>	<i>17.8</i>	<i>18.3</i>	<i>12.1</i>	<i>14.2</i>	<i>14.1</i>	
SSIM S&P 500 Index Securities Lending Common Trust Fund	111,844,642	5.9	-4.1	--	--	--	--	--	Dec-25
<i>S&amp;P 500 Index</i>			<i>-4.3</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-4.3</i>	
<b>Small Cap Equity</b>	<b>70,281,352</b>	<b>3.7</b>	<b>-0.7</b>	<b>7.6</b>	<b>5.2</b>	<b>2.4</b>	<b>8.7</b>	<b>9.0</b>	<b>Nov-12</b>
<i>Small Cap Equity Benchmark</i>			<i>1.0</i>	<i>25.9</i>	<i>13.1</i>	<i>3.8</i>	<i>9.8</i>	<i>10.1</i>	
Conestoga Small-Cap Fund I (CCALX)	26,861,350	1.4	-5.7	-4.6	-0.1	-1.8	--	8.6	Jul-16
<i>Russell 2000 Growth Index</i>			<i>-2.8</i>	<i>23.6</i>	<i>12.3</i>	<i>1.6</i>	<i>--</i>	<i>9.7</i>	
Vaughan Nelson Small Cap Value	43,420,002	2.3	--	--	--	--	--	--	Apr-26
<i>Russell 2000 Value Index</i>			<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	
<b>International Equity</b>	<b>277,183,602</b>	<b>14.7</b>	<b>-2.1</b>	<b>21.5</b>	<b>12.4</b>	<b>5.6</b>	<b>7.9</b>	<b>6.8</b>	<b>Nov-12</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-0.7</i>	<i>24.9</i>	<i>14.5</i>	<i>7.0</i>	<i>8.4</i>	<i>6.9</i>	
Causeway International Value (CIVIX)	100,191,360	5.3	-4.5	20.6	15.4	10.8	--	8.2	May-18
<i>MSCI EAFE (Net)</i>			<i>-1.2</i>	<i>21.3</i>	<i>13.6</i>	<i>7.9</i>	<i>--</i>	<i>7.0</i>	
<i>MSCI AC World ex USA Value (Net)</i>			<i>2.1</i>	<i>31.1</i>	<i>19.0</i>	<i>10.8</i>	<i>--</i>	<i>7.3</i>	
RBC Emerging Market Equity	90,108,115	4.8	-0.2	29.8	--	--	--	17.9	Nov-23
<i>MSCI Emerging Markets Index</i>			<i>-0.1</i>	<i>30.3</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>22.4</i>	
SSIM MSCI EAFE Index NL CTF	86,884,127	4.6	-1.2	--	--	--	--	-1.2	Jan-26
<i>MSCI EAFE (Net)</i>			<i>-1.2</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-1.2</i>	

Value of total fund assets excludes the District Barrow Hanley account, which had a balance of \$110,432,996 on 03/31/2026.



## Total Surplus (Reserve Cash)

## Trailing Net Performance | As of March 31, 2026

	Market Value (\$)	% of Portfolio	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Global Equity</b>	<b>136,297,377</b>	<b>7.2</b>	<b>0.2</b>	<b>15.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>17.4</b>	<b>Sep-23</b>
<i>MSCI AC World IMI Index (Net)</i>			<i>-2.7</i>	<i>20.6</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>16.1</i>	
Arrowstreet Global Equity ACWI Trust Fund	136,297,377	7.2	0.2	27.4	--	--	--	21.6	Sep-23
<i>MSCI AC World IMI Index (Net)</i>			<i>-2.7</i>	<i>20.6</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>16.1</i>	
<b>Total Fixed Income Composite</b>	<b>842,341,168</b>	<b>44.6</b>	<b>0.2</b>	<b>4.5</b>	<b>4.5</b>	<b>1.1</b>	<b>2.4</b>	<b>2.3</b>	<b>Nov-12</b>
<i>Total Fixed Income Benchmark - Surplus</i>			<i>0.0</i>	<i>4.3</i>	<i>3.8</i>	<i>0.8</i>	<i>1.8</i>	<i>1.8</i>	
<b>Short Duration Fixed Income Composite</b>	<b>321,050,855</b>	<b>17.0</b>	<b>0.6</b>	<b>3.7</b>	<b>4.2</b>	<b>2.0</b>	<b>2.0</b>	<b>1.7</b>	<b>Nov-12</b>
<i>Short Duration Fixed Income Benchmark - Surplus</i>			<i>0.3</i>	<i>4.0</i>	<i>4.3</i>	<i>2.0</i>	<i>2.0</i>	<i>1.7</i>	
Barrow Hanley Short Fixed	171,759,477	9.1	0.4	4.5	4.9	2.4	2.3	4.2	Apr-91
<i>Bloomberg U.S. Gov/Credit 1-3 Year Index</i>			<i>0.3</i>	<i>4.0</i>	<i>4.3</i>	<i>2.0</i>	<i>2.0</i>	<i>3.7</i>	
<b>Cash Composite</b>	<b>149,291,378</b>	<b>7.9</b>	<b>0.8</b>	<b>2.5</b>	<b>2.6</b>	<b>1.7</b>	<b>1.1</b>	<b>0.8</b>	<b>Nov-12</b>
<i>90 Day U.S. Treasury Bill</i>			<i>0.8</i>	<i>4.0</i>	<i>4.7</i>	<i>3.3</i>	<i>2.3</i>	<i>1.7</i>	
<b>Market Duration Fixed Income Composite</b>	<b>358,247,927</b>	<b>19.0</b>	<b>0.1</b>	<b>4.9</b>	<b>4.6</b>	<b>0.8</b>	<b>2.6</b>	<b>2.5</b>	<b>Nov-12</b>
<i>Blmbg. U.S. Aggregate Index</i>			<i>0.0</i>	<i>4.3</i>	<i>3.6</i>	<i>0.3</i>	<i>1.7</i>	<i>1.8</i>	
Dodge & Cox Fixed	174,306,709	9.2	0.2	5.2	5.2	1.5	3.2	3.0	Nov-12
<i>Blmbg. U.S. Aggregate Index</i>			<i>0.0</i>	<i>4.3</i>	<i>3.6</i>	<i>0.3</i>	<i>1.7</i>	<i>1.8</i>	
IR+M Aggregate Bond	169,666,200	9.0	0.0	4.5	--	--	--	5.6	Dec-23
<i>Blmbg. U.S. Aggregate Index</i>			<i>0.0</i>	<i>4.3</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>5.3</i>	
Met West Total Return Bond Plan - CONCERN (MWTSX)	14,275,018	0.8	0.1	4.7	3.8	0.1	1.9	2.0	Feb-16
<i>Blmbg. U.S. Aggregate Index</i>			<i>0.0</i>	<i>4.3</i>	<i>3.6</i>	<i>0.3</i>	<i>1.7</i>	<i>1.8</i>	
<b>Return Seeking Fixed Income</b>	<b>163,042,386</b>	<b>8.6</b>	<b>0.0</b>	<b>4.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>7.2</b>	<b>Dec-23</b>
<i>Return Seeking Fixed Income Benchmark</i>			<i>-0.6</i>	<i>5.3</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>6.2</i>	
Brandywine Global Multi-Sector Income	59,159,788	3.1	-0.1	6.5	--	--	--	7.2	Nov-23
<i>Blmbg. Global Aggregate Index (Hedged)</i>			<i>-0.2</i>	<i>3.5</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>6.2</i>	
Loomis Credit Asset Fund	58,817,046	3.1	-0.7	5.1	--	--	--	7.0	Dec-23
<i>50% BBG Corp/25% BBG US HY 2% Issuer Cap/25% Morningstar LSTA LLI</i>			<i>-0.5</i>	<i>5.4</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>6.8</i>	
Arena High Yield Short Duration	45,065,552	2.4	0.8	2.8	--	--	--	5.7	Feb-24
<i>ICE BofA 0-5 Year U.S. High Yield Constrained</i>			<i>-0.3</i>	<i>6.4</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>7.3</i>	



## Total Surplus (Reserve Cash)

## Trailing Net Performance | As of March 31, 2026

	Market Value (\$)	% of Portfolio	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Alternatives Composite</b>	<b>197,666,240</b>	<b>10.5</b>	<b>4.8</b>	<b>10.1</b>	<b>8.1</b>	<b>6.3</b>	<b>5.1</b>	<b>4.6</b>	<b>May-13</b>
<i>Total Alternatives Benchmark</i>			<i>0.9</i>	<i>9.4</i>	<i>5.6</i>	<i>4.5</i>	<i>5.1</i>	<i>5.1</i>	
<b>Hedge Fund Composite</b>	<b>145,822,610</b>	<b>7.7</b>	<b>2.9</b>	<b>10.0</b>	<b>9.4</b>	<b>6.5</b>	<b>5.2</b>	<b>4.1</b>	<b>May-13</b>
<i>HFRI Fund of Funds Composite Index</i>			<i>0.7</i>	<i>11.7</i>	<i>8.5</i>	<i>4.9</i>	<i>5.3</i>	<i>4.4</i>	
<b>Credit HF Composite</b>	<b>13,427,263</b>	<b>0.7</b>	<b>0.7</b>	<b>7.1</b>	<b>8.4</b>	<b>6.2</b>	<b>5.2</b>	<b>4.1</b>	<b>May-13</b>
<i>HFRI Event-Driven (Total) Index</i>			<i>-0.5</i>	<i>11.2</i>	<i>9.7</i>	<i>5.9</i>	<i>7.0</i>	<i>5.7</i>	
DK Distressed Opportunities International, Ltd.	723,569	0.0	1.8	-0.1	3.5	2.8	5.6	5.0	May-13
Waterfall Eden Fund, Ltd.	12,682,663	0.7	0.6	8.8	9.6	7.4	--	6.5	Oct-19
<i>HFRI ED: Distressed/Restructuring Index</i>			<i>2.6</i>	<i>12.2</i>	<i>10.5</i>	<i>6.7</i>	<i>--</i>	<i>8.3</i>	
York Credit Opportunities Unit Trust	21,032	0.0							
<b>Equity HF Composite</b>	<b>1,588,347</b>	<b>0.1</b>	<b>0.8</b>	<b>8.5</b>	<b>8.6</b>	<b>4.5</b>	<b>5.3</b>	<b>4.2</b>	<b>May-13</b>
<i>HFRI Equity Hedge (Total) Index</i>			<i>-0.5</i>	<i>18.2</i>	<i>12.2</i>	<i>6.4</i>	<i>8.2</i>	<i>6.9</i>	
Palestra Capital Offshore	917,244	0.0							
Luxor Capital Partners Offshore, Ltd.	671,103	0.0							
<b>Macro HF Composite</b>	<b>18,832,399</b>	<b>1.0</b>	<b>5.2</b>	<b>16.8</b>	<b>5.9</b>	<b>4.8</b>	<b>3.8</b>	<b>3.4</b>	<b>May-13</b>
<i>HFRI Macro (Total) Index</i>			<i>4.8</i>	<i>12.1</i>	<i>6.5</i>	<i>5.9</i>	<i>4.2</i>	<i>3.5</i>	
BP Transtrend Diversified Fund LLC	18,832,399	1.0	5.2	16.8	7.9	9.2	6.0	6.3	May-13
<i>SG Trend Index</i>			<i>7.1</i>	<i>15.0</i>	<i>5.2</i>	<i>7.6</i>	<i>4.0</i>	<i>4.4</i>	
<b>Relative Value HF Composite</b>	<b>111,974,601</b>	<b>5.9</b>	<b>2.9</b>	<b>8.1</b>	<b>9.6</b>	<b>7.4</b>	<b>5.0</b>	<b>3.7</b>	<b>May-13</b>
<i>HFRI RV: Multi-Strategy Index</i>			<i>1.2</i>	<i>7.3</i>	<i>6.7</i>	<i>4.8</i>	<i>5.0</i>	<i>4.4</i>	
Renaissance RIDGE	20,462,870	1.1	7.5	-3.3	7.9	8.1	--	1.7	Nov-17
<i>HFRI EH: Equity Market Neutral Index</i>			<i>1.2</i>	<i>10.2</i>	<i>9.3</i>	<i>6.9</i>	<i>--</i>	<i>4.6</i>	
<i>HFRI RV: Multi-Strategy Index</i>			<i>1.2</i>	<i>7.3</i>	<i>6.7</i>	<i>4.8</i>	<i>--</i>	<i>4.8</i>	
Carlson Black Diamond Arbitrage Ltd.	335,190	0.0	2.5	14.4	19.0	11.7	--	9.1	Sep-18
<i>HFRI ED: Merger Arbitrage Index</i>			<i>1.2</i>	<i>10.7</i>	<i>7.9</i>	<i>6.1</i>	<i>--</i>	<i>6.2</i>	
<i>HFRI RV: Multi-Strategy Index</i>			<i>1.2</i>	<i>7.3</i>	<i>6.7</i>	<i>4.8</i>	<i>--</i>	<i>5.0</i>	
Man Liquid Alpha	19,352,180	1.0	4.7	16.1	11.0	11.1	--	6.5	Jul-19
<i>SG Multi Alternative Risk Premia Index</i>			<i>4.0</i>	<i>8.4</i>	<i>9.0</i>	<i>7.3</i>	<i>--</i>	<i>3.6</i>	

DK Distressed Ops value is as of 02/28/2026. Performance for Luxor, York Credit Ops, and Palestra is not meaningful as accounts are in closeout. Waterfall Eden Fund performance reported with a one-month lag.



## Total Surplus (Reserve Cash)

### Trailing Net Performance | As of March 31, 2026

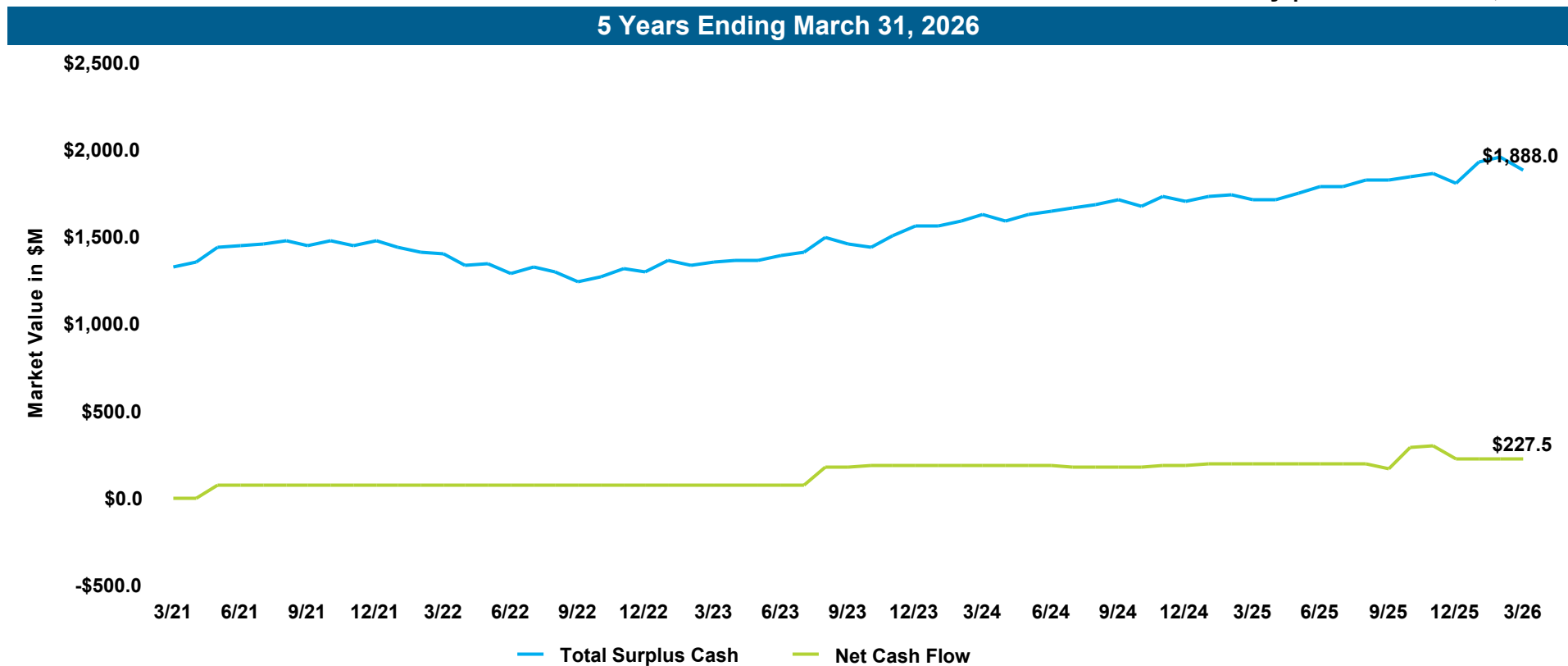
	Market Value (\$)	% of Portfolio	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Wolverine	28,441,603	1.5	1.8	10.6	10.5	9.0	--	10.4	Mar-20
<i>HFRI RV: Fixed Income-Convertible Arbitrage Index</i>			1.8	9.2	8.9	6.1	--	7.5	
Voya Mortgage Fund	19,751,221	1.0	2.5	13.2	13.0	5.3	--	5.3	Dec-20
<i>HFRI RV: Fixed Income-Asset Backed</i>			1.4	7.1	8.5	6.2	--	6.7	
Capstone Global (Offshore) Ltd.	23,631,537	1.3	-0.5	6.1	7.6	5.4	--	5.3	Dec-20
<i>HFRI Relative Value:Volatility Index</i>			4.0	6.4	4.4	3.9	--	4.3	
<b>Private Assets Composite</b>	<b>51,843,630</b>	<b>2.7</b>	<b>11.0</b>	<b>8.1</b>	<b>1.2</b>	<b>5.6</b>	<b>--</b>	<b>6.6</b>	<b>Oct-20</b>
<b>Private Debt Composite</b>	<b>12,588,330</b>	<b>0.7</b>	<b>1.6</b>	<b>3.6</b>	<b>3.5</b>	<b>8.7</b>	<b>--</b>	<b>12.3</b>	<b>Dec-20</b>
Oaktree Opportunities Fund XI, L.P.	12,588,330	0.7	1.6	3.6	3.5	8.7	--	12.1	Nov-20
<b>Private Real Estate Composite</b>	<b>16,792,024</b>	<b>0.9</b>	<b>-1.6</b>	<b>-8.4</b>	<b>-6.8</b>	<b>0.3</b>	<b>2.0</b>	<b>4.5</b>	<b>Sep-13</b>
<i>NCREIF Property Index</i>			1.2	4.8	0.0	3.7	4.7	6.3	
Oaktree Real Estate Opportunities Fund VI, L.P.	1,846,803	0.1	-4.6	-23.6	-17.2	-13.0	-6.3	-2.6	Sep-13
Walton Street Real Estate Fund VII, L.P.	527,395	0.0	-4.2	-23.3	-22.3	-12.1	-6.2	-1.3	Nov-13
Walton Street Real Estate Fund VIII, L.P.	4,000,882	0.2	-1.0	-11.1	-2.7	2.2	--	5.7	Jun-17
AG Realty Value Fund X, LP	10,416,944	0.6	-1.1	-3.1	-3.9	5.4	--	3.5	Jun-19
<i>NCREIF Property Index</i>			1.2	4.8	0.0	3.7	--	3.9	
<b>Private Equity</b>	<b>22,463,276</b>	<b>1.2</b>	<b>36.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>36.4</b>	<b>Dec-25</b>
Lightspeed Venture Partners Opportunity Fund III	5,478,253	0.3	41.8	--	--	--	--	41.8	Dec-25
Lightspeed Select Fund VI	3,948,800	0.2	53.7	--	--	--	--	53.7	Dec-25
Lightspeed Venture Partners XV-A	712,006	0.0	-5.0	--	--	--	--	-5.0	Dec-25
Lightspeed Venture Partners XV-B	1,696,079	0.1	40.9	--	--	--	--	40.9	Dec-25
Hollyport Secondary Opportunities IX	10,628,138	0.6	29.3	--	--	--	--	29.3	Nov-25

Private assets composite and accounts are reported with a one-quarter lag unless otherwise noted.



## Total Surplus (Reserve Cash)

### Asset Growth Summary | As of March 31, 2026



	2021	2022	2023	2024	2025	YTD
<b>Total Surplus Cash</b>						
Beginning Market Value	1,303,861,228	1,483,499,922	1,304,843,726	1,561,507,020	1,703,989,603	1,806,817,160
Net Cash Flow	75,005,449	197,667	114,621,824	1,224,883	36,406,980	41,248
Net Investment Change	104,633,245	-178,853,863	142,041,470	141,147,397	64,302,586	80,582,033
Ending Market Value	1,483,499,922	1,304,843,726	1,561,507,020	1,703,989,603	1,806,817,160	1,888,041,218
Net Change	179,638,694	-178,656,196	256,663,294	142,482,582	102,827,557	81,224,058



## Financial Reconciliation | Quarter To Date Ending Mar 31, 2026

Cash Flow Summary Quarter Ending Mar 31, 2026						
	Beginning Market Value (\$)	Contributions (\$)	Distributions (\$)	Net Cash Flow (\$)	Net Investment Change (\$)	Ending Market Value (\$)
Vanguard Institutional Index Fund (VIXIX)	\$263,878,864	0	0	0	-\$11,452,028	\$252,426,836
SSIM S&P 500 Index Securities Lending Common Trust Fund	0	\$117,000,000	0	\$117,000,000	-\$5,067,697	\$111,844,642
Conestoga Small-Cap Fund I (CCALX)	\$28,474,301	\$2,277	0	\$2,277	-\$1,615,228	\$26,861,350
Vaughan Nelson Small Cap Value	0	\$43,000,000	0	\$43,000,000	\$420,002	\$43,420,002
Causeway International Value (CIVIX)	\$104,877,371	0	0	0	-\$4,686,010	\$100,191,360
RBC Emerging Market Equity	\$90,320,079	0	0	0	-\$211,964	\$90,108,115
SSIM MSCI EAFE Index NL CTF	\$88,000,000	0	0	0	-\$1,050,859	\$86,884,127
Arrowstreet Global Equity ACWI Trust Fund	\$136,072,730	0	0	0	\$224,647	\$136,297,377
Barrow Hanley Short Fixed	\$171,078,355	0	0	0	\$681,122	\$171,759,477
Dodge & Cox Fixed	\$174,505,178	0	-\$600,000	-\$600,150	\$401,681	\$174,306,709
Cash Composite	\$303,251,500	\$162,309,996	-\$317,656,839	-\$154,593,391	\$633,269	\$149,291,378
Met West Total Return Bond Plan - CONCERN (MWTSX)	\$14,255,485	0	0	0	\$19,533	\$14,275,018
IR+M Aggregate Bond	\$169,655,605	0	0	0	\$10,596	\$169,666,200
Loomis Credit Asset Fund	\$59,147,686	0	0	0	-\$330,640	\$58,817,046
Brandywine Global Multi-Sector Income	\$59,156,002	0	0	0	\$3,786	\$59,159,788
Arena High Yield Short Duration	\$44,687,668	0	0	0	\$377,885	\$45,065,552
DK Distressed Opportunities International, Ltd.	\$4,297,755	0	-\$3,624,717	-\$3,624,717	\$50,531	\$723,569
York Credit Opportunities Unit Trust	\$41,116	0	0	0	-\$20,085	\$21,032
Waterfall Eden Fund, Ltd. <sup>1</sup>	\$18,906,354	0	-\$6,300,598	-\$6,300,598	\$76,907	\$12,682,663
Luxor Capital Partners Offshore, Ltd.	\$659,026	0	0	0	\$12,077	\$671,103
Palestra Capital Offshore	\$917,244	0	0	0	0	\$917,244
BP Transtrend Diversified Fund LLC	\$17,908,977	0	0	0	\$923,422	\$18,832,399
Renaissance RIDGE	\$19,031,409	0	0	0	\$1,431,460	\$20,462,870
Carlson Black Diamond Arbitrage Ltd.	\$326,906	0	0	0	\$8,284	\$335,190
Man Liquid Alpha	\$18,477,952	\$6,129	0	\$6,129	\$868,099	\$19,352,180
Wolverine	\$27,931,592	0	0	0	\$510,011	\$28,441,603
Voya Mortgage Fund	\$19,269,941	0	0	0	\$481,280	\$19,751,221
Capstone Global (Offshore) Ltd.	\$23,742,404	0	0	0	-\$110,867	\$23,631,537
Oaktree Opportunities Fund XI, L.P.	\$12,390,934	0	0	0	\$197,396	\$12,588,330
Oaktree Real Estate Opportunities Fund VI, L.P.	\$1,936,428	0	0	0	-\$89,625	\$1,846,803
Walton Street Real Estate Fund VII, L.P.	\$550,243	0	0	0	-\$22,848	\$527,395

1. Full redemption is in process.



## El Camino Hospital

### Financial Reconciliation | Quarter To Date Ending Mar 31, 2026

	Beginning Market Value (\$)	Contributions (\$)	Distributions (\$)	Net Cash Flow (\$)	Net Investment Change (\$)	Ending Market Value (\$)
Walton Street Real Estate Fund VIII, L.P.	\$4,042,876	0	0	0	-\$41,994	\$4,000,882
AG Realty Value Fund X, LP	\$10,535,180	0	0	0	-\$118,236	\$10,416,944
Lightspeed Venture Partners Opportunity Fund III	\$2,775,000	\$1,125,000	0	\$1,125,000	\$1,578,253	\$5,478,253
Lightspeed Select Fund VI	\$2,137,500	\$600,000	0	\$600,000	\$1,211,300	\$3,948,800
Lightspeed Venture Partners XV-A	\$573,750	\$168,750	0	\$168,750	-\$30,494	\$712,006
Lightspeed Venture Partners XV-B	\$1,003,750	\$261,250	0	\$261,250	\$431,079	\$1,696,079
Hollyport Secondary Opportunities IX	\$5,294,186	\$3,750,000	0	\$3,750,000	\$1,583,952	\$10,628,138
<b>Total</b>	<b>\$1,900,111,346</b>	<b>\$328,223,402</b>	<b>-\$328,182,154</b>	<b>\$794,550</b>	<b>-\$12,712,003</b>	<b>\$1,888,041,218</b>



## Total Surplus (Reserve Cash)

Total Fund | As of March 31, 2026

Private Markets Investments Overview											
Investment Name	Vintage Year	Commitment (\$)	Unfunded Commitment (\$)	Cumulative Contributions (\$)	Cumulative Distributions (\$)	Valuation (\$)	Total Value (\$)	Net Benefit (\$)	DPI (%)	TVPI (%)	IRR (%)
Oaktree Real Estate Opportunities Fund VI, L.P.	2013	14,000,000	-1,068,312 <sup>1</sup>	15,068,312	15,764,279	1,846,803	17,611,082	2,542,770	1.05	1.17	3.80
Walton Street Real Estate Fund VII, L.P.	2013	14,000,000	2,036,404	11,963,596	15,221,502	527,395	15,748,897	3,742,929	1.27	1.31	7.64
Walton Street Real Estate Fund VIII, L.P.	2015	13,000,000	2,444,173	10,555,827	10,361,582	4,000,882	14,362,464	3,731,522	0.97	1.35	7.37
AG Realty Value Fund X, LP	2019	20,000,000	3,963,733	16,036,267	10,151,692	10,416,944	20,568,636	4,532,369	0.63	1.28	7.07
Oaktree Opportunities Fund XI, L.P.	2020	20,000,000	10,030,558	9,969,442	9,383,801	12,588,330	21,972,131	3,838,328	0.94	2.20	6.06
Lightspeed Select Fund VI	2025	7,500,000	4,762,500	2,737,500	-	3,948,800	3,948,800	1,211,300	-	1.44	56.23
Lightspeed Venture Partners XV-A	2025	2,250,000	1,507,500	742,500	-	712,006	712,006	-30,494	-	0.96	-5.88
Lightspeed Venture Partners XV-B	2025	2,750,000	1,485,000	1,265,000	-	1,696,079	1,696,079	431,079	-	1.34	50.59
Lightspeed Venture Partners Opportunity Fund III	2025	7,500,000	6,375,000	1,125,000	-	5,478,253	5,478,253	1,578,253	-	4.87	53.43
Hollyport Secondary Opportunities IX	2025	30,000,000	24,000,000	6,000,000	-	10,628,138	10,628,138	1,583,952	-	1.77	33.25
<b>Total</b>		<b>131,000,000</b>	<b>55,536,556<sup>2</sup></b>	<b>75,463,444</b>	<b>60,882,856</b>	<b>51,843,630</b>	<b>112,726,486</b>	<b>23,162,008</b>	<b>0.81</b>	<b>1.49</b>	<b>7.20</b>

1. Negative number indicates capital returned is greater than capital contributed.

2. Total unfunded commitments include investments that are in investment period and harvesting period.

Private assets valuations are lagged by one quarter.

AG Realty Value Fund X and Oaktree Opportunities Fund XI are within the investment period.

Oaktree Real Estate Opportunities Fund VI, Walton Street Real Estate Fund VII, and Walton Street Real Estate Fund VIII are within the harvesting period.



## Total Surplus (Reserve Cash)

## Liquidity Schedule | As of March 31, 2026

Liquidity Schedule							
Investments	Market Value	Daily (\$)	Weekly (\$)	Monthly (\$)	Quarterly (\$)	Illiquid (\$)	Notes
Total Surplus Cash	1,888,041,218						
Total Equity	848,033,810						
Domestic Equity	434,552,830						
Large Cap Equity	364,271,478						
Vanguard Institutional Index Fund (VIXX)	252,426,836	252,426,836					Daily, No Lock-Up
SSIM S&P 500 Index Securities Lending Common Trust Fund	111,844,642	111,844,642					Daily, No Lock-Up
Small Cap Equity	70,281,352						
Conestoga Small-Cap Fund I (CCALX)	26,861,350	26,861,350					Daily, No Lock-Up
Vaughan Nelson Small Cap Value	43,420,002	43,420,002					Daily, No Lock-Up
International Equity	277,183,602						
Causeway International Value (CIVIX)	100,191,360	100,191,360					Daily, No Lock-Up
RBC Emerging Market Equity	90,108,115	90,108,115					Daily, No Lock-Up
SSIM MSCI EAFE Index NL CTF	86,884,127	86,884,127					Daily, No Lock-Up
Global Equity	136,297,377						
Arrowstreet Global Equity ACWI Trust Fund	136,297,377			136,297,377			Bi-Monthly, No Lock-Up
Total Fixed Income Composite	842,341,168						
Total Concern	163,468,411						
Short Duration Fixed Income Composite	321,050,855						
Barrow Hanley Short Fixed	171,759,477	171,759,477					Daily, No Lock-Up
Cash Composite	149,291,378	149,291,378					Daily, No Lock-Up
Market Duration Fixed Income Composite	358,247,927						
Dodge & Cox Fixed	174,306,709	174,306,709					Daily, No Lock-Up
Met West Total Return Bond Plan - CONCERN (MWTSX)	14,275,018	14,275,018					Daily, No Lock-Up
IR+M Aggregate Bond	169,666,200	169,666,200					Daily, No Lock-Up
Return Seeking Fixed Income	163,042,386						
Loomis Credit Asset Fund	58,817,046	58,817,046					Daily, No Lock-Up
Brandywine Global Multi-Sector Income	59,159,788	59,159,788					Daily, No Lock-Up
Arena High Yield Short Duration	45,065,552			45,065,552			Monthly, No Lock-Up
Total Alternatives Composite	197,666,240						
Hedge Fund Composite	145,822,610						
Credit HF Composite	13,427,263						
DK Distressed Opportunities International, Ltd. <sup>1</sup>	723,569				723,569		90 Day Notice, No Lock-Up
York Credit Opportunities Unit Trust	21,032					21,032	Redemption in progress
Waterfall Eden Fund, Ltd. <sup>1</sup>	12,682,663				12,682,663		90 Day Notice, 1 year soft lock
Equity HF Composite	1,588,347						
Luxor Capital Partners Offshore, Ltd.	671,103					671,103	Redemption in progress
Palestra Capital Offshore <sup>1</sup>	917,244				917,244		60 Day Notice, 12 month soft lock

1. Full redemption in progress.



## Total Surplus (Reserve Cash)

### Liquidity Schedule | As of March 31, 2026

Investments	Market Value	Daily (\$)	Weekly (\$)	Monthly (\$)	Quarterly (\$)	Illiquid (\$)	Notes
Macro HF Composite	18,832,399						
BP Transtrend Diversified Fund LLC	18,832,399			18,832,399			5 Day Notice, No Lock-Up
Relative Value HF Composite	111,974,601						
Renaissance RIDGE <sup>1</sup>	20,462,870			20,462,870			45 Day Notice, No Lock-Up
Carlson Black Diamond Arbitrage Ltd.	335,190			335,190			45 Day Notice, No Lock-Up
Man Liquid Alpha	19,352,180		19,352,180				7 Day Notice, No Lock-Up
Wolverine	28,441,603				28,441,603		60 Day Notice; 1 year soft lock
Voya Mortgage Fund	19,751,221				19,751,221		65 Day Notice; 1 year soft lock
Capstone Global (Offshore) Ltd.	23,631,537				23,631,537		60 Day Notice; 1 year soft lock
Private Assets Composite	51,843,630						
Private Debt Composite	12,588,330						
Oaktree Opportunities Fund XI, L.P. <sup>2</sup>	12,588,330					12,588,330	Illiquid
Private Real Estate Composite	16,792,024						
Oaktree Real Estate Opportunities Fund VI, L.P. <sup>3</sup>	1,846,803					1,846,803	Illiquid
Walton Street Real Estate Fund VII, L.P. <sup>3</sup>	527,395					527,395	Illiquid
Walton Street Real Estate Fund VIII, L.P. <sup>3</sup>	4,000,882					4,000,882	Illiquid
AG Realty Value Fund X, LP <sup>2</sup>	10,416,944					10,416,944	Illiquid
Private Equity	22,463,276						
Lightspeed Venture Partners Opportunity Fund III <sup>4</sup>	5,478,253					5,478,253	Illiquid
Lightspeed Select Fund VI <sup>4</sup>	3,948,800					3,948,800	Illiquid
Lightspeed Venture Partners XV-A <sup>4</sup>	712,006					712,006	Illiquid
Lightspeed Venture Partners XV-B <sup>4</sup>	1,696,079					1,696,079	Illiquid
Hollyport Secondary Opportunities IX <sup>4</sup>	10,628,138					10,628,138	Illiquid

1. Full redemption in progress.

2. In investment period, distributing cash.

3. In harvesting period, running-off.

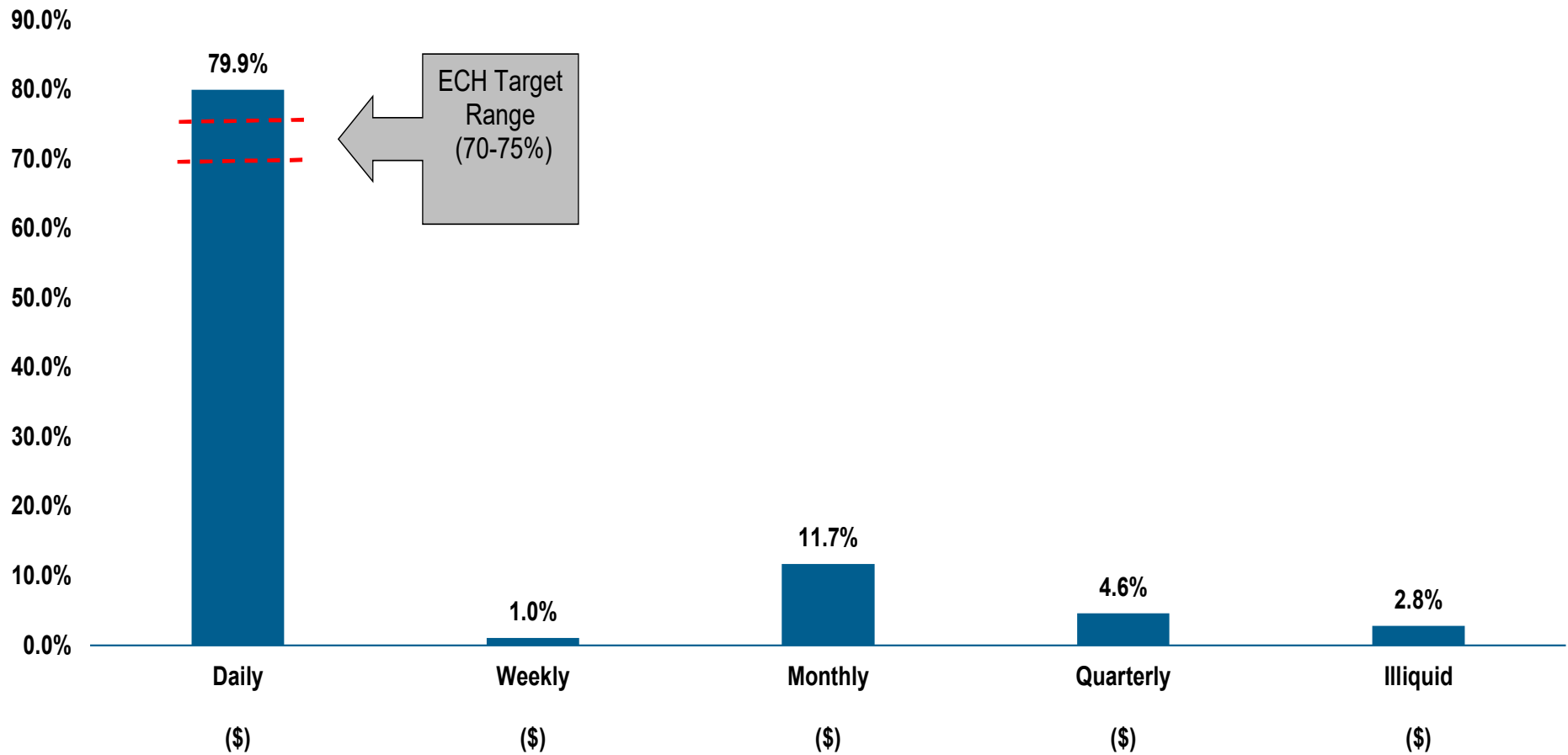
4. In investment period, calling capital.



## Total Surplus (Reserve Cash)

Liquidity Schedule | As of March 31, 2026

Total Surplus (Reserve Cash) - Liquidity Schedule

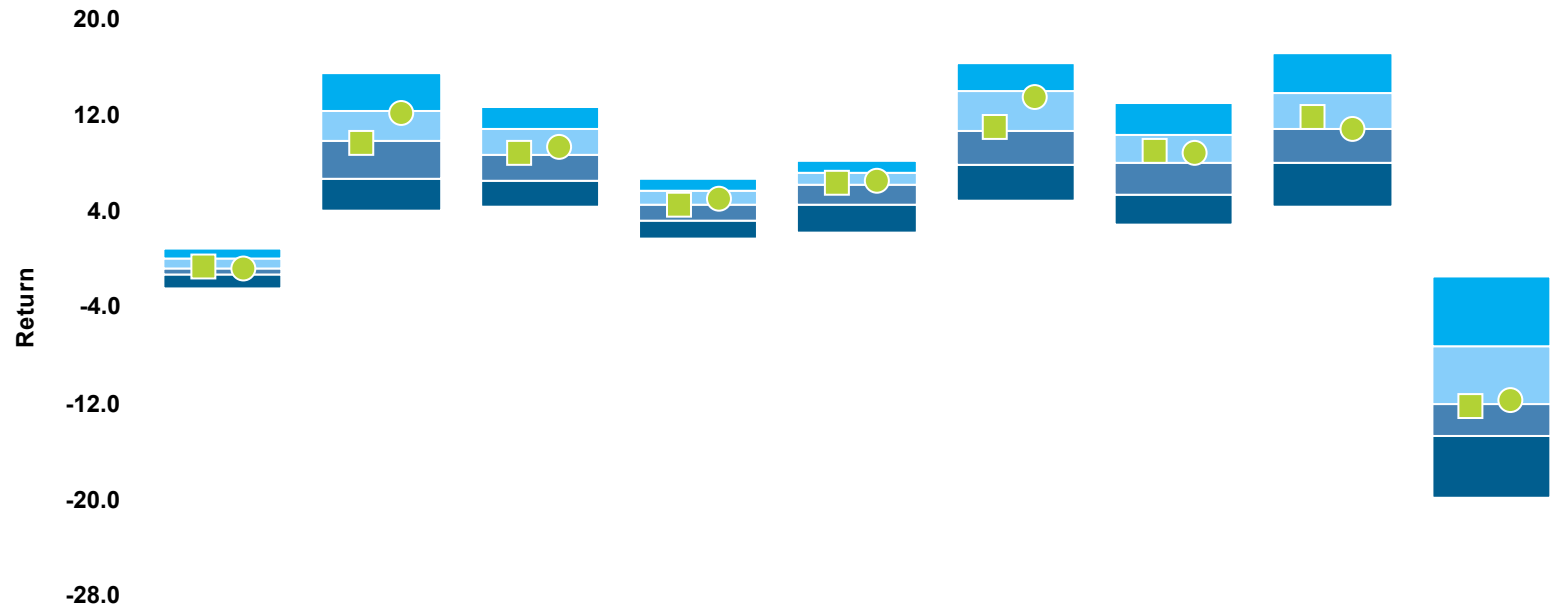




## Total Surplus (Reserve Cash)

### Plan Sponsor Peer Group Analysis | As of March 31, 2026

#### Total Surplus (Reserve Cash) vs InvestmentMetrics All Health Care Peer Group



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2025 (%)	2024 (%)	2023 (%)	2022 (%)
■ Total Surplus Cash	-0.6 (44)	9.7 (52)	8.9 (49)	4.5 (52)	6.4 (47)	11.0 (48)	9.0 (40)	11.8 (43)	-12.2 (52)
● Surplus Cash Total Benchmark	-0.8 (54)	12.3 (27)	9.5 (44)	5.1 (41)	6.5 (44)	13.5 (28)	8.9 (40)	10.9 (50)	-11.7 (48)
5th Percentile	0.8	15.5	12.7	6.7	8.1	16.4	13.1	17.1	-1.4
1st Quartile	0.0	12.4	10.8	5.7	7.2	14.0	10.3	13.9	-7.3
Median	-0.7	9.9	8.8	4.6	6.1	10.7	8.1	10.9	-12.0
3rd Quartile	-1.3	6.7	6.6	3.2	4.5	7.9	5.4	8.0	-14.7
95th Percentile	-2.4	4.0	4.3	1.7	2.2	4.9	2.8	4.4	-19.8
Population	245	240	230	202	161	421	441	494	536

Parenteses contain percentile rankings.  
Calculation based on monthly periodicity.



## Total Surplus (Reserve Cash)

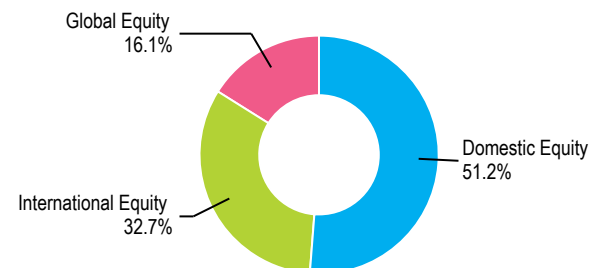
Total Equity | As of March 31, 2026

### Return Summary

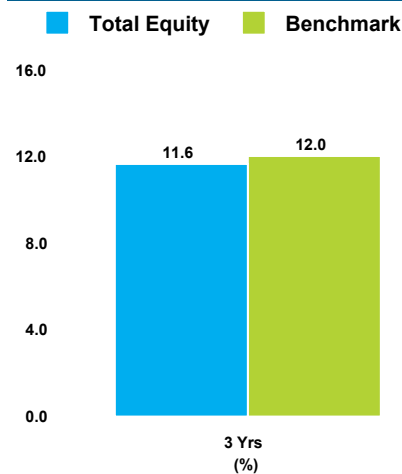


	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Equity	-2.5	18.9	15.3	8.0	11.4
Benchmark	-2.1	21.6	16.3	9.1	11.5
Excess Return	-0.3	-2.7	-1.0	-1.2	-0.1

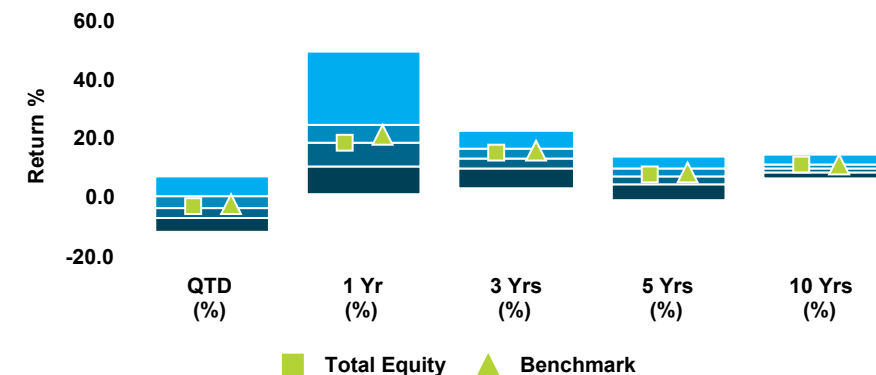
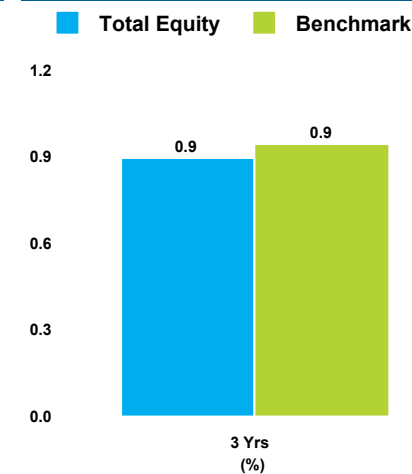
### Current Allocation



### Annualized Standard Deviation



### Sharpe Ratio

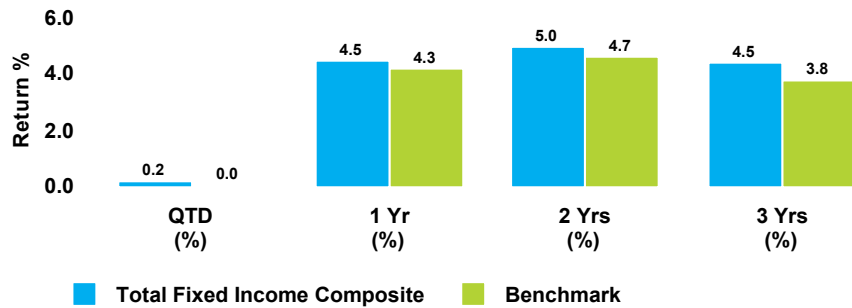




## Total Surplus (Reserve Cash)

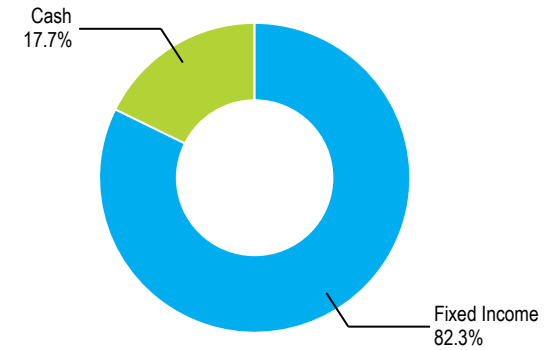
### Total Fixed Income Composite | As of March 31, 2026

#### Return Summary

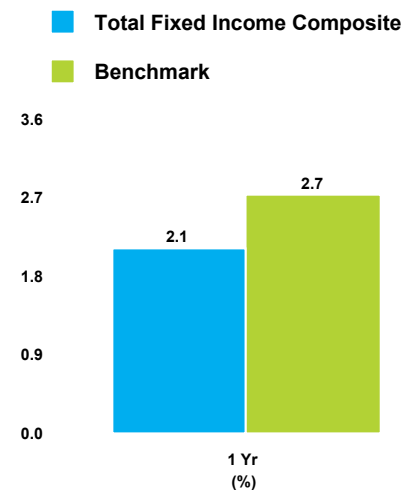


	QTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)
Total Fixed Income Composite	0.2	4.5	5.0	4.5
<i>Benchmark</i>	<i>0.0</i>	<i>4.3</i>	<i>4.7</i>	<i>3.8</i>
Excess Return	0.2	0.3	0.3	0.6

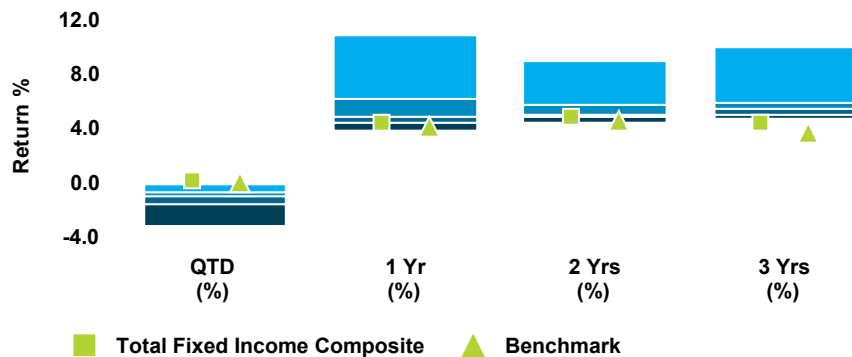
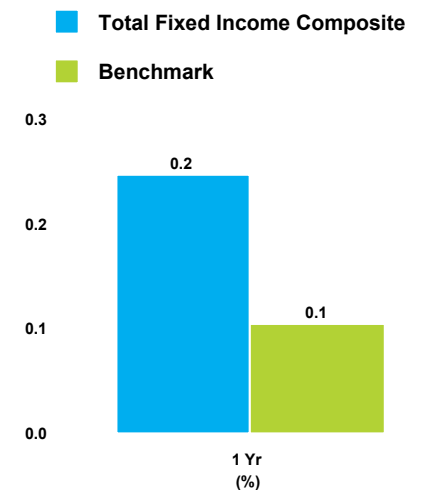
#### Current Allocation



#### Annualized Standard Deviation



#### Sharpe Ratio





## Total Surplus (Reserve Cash)

### Benchmark History | As of March 31, 2026

Benchmark History		
From Date	To Date	Benchmark
<b>Total Surplus Cash</b>		
11/01/2023	Present	22.0% Domestic Equity Benchmark - Surplus, 12.0% MSCI AC World ex USA (Net), 8.0% MSCI AC World Index (Net), 20.0% Blmbg. U.S. Aggregate Index, 10.0% Short Duration Fixed Income Benchmark - Surplus, 18.0% Total Alternatives Benchmark, 10.0% Return Seeking Fixed Income Benchmark
09/01/2023	10/31/2023	22.0% Domestic Equity Benchmark - Surplus, 12.0% MSCI AC World ex USA (Net), 8.0% MSCI AC World Index (Net), 30.0% Blmbg. U.S. Aggregate Index, 10.0% Short Duration Fixed Income Benchmark - Surplus, 18.0% Total Alternatives Benchmark
03/01/2015	08/31/2023	25.0% Domestic Equity Benchmark - Surplus, 15.0% MSCI AC World ex USA (Net), 30.0% Blmbg. U.S. Aggregate Index, 10.0% Short Duration Fixed Income Benchmark - Surplus, 20.0% Total Alternatives Benchmark
04/01/2014	02/28/2015	20.0% Domestic Equity Benchmark - Surplus, 10.0% MSCI AC World ex USA (Net), 40.0% Blmbg. U.S. Aggregate Index, 10.0% Short Duration Fixed Income Benchmark - Surplus, 20.0% Total Alternatives Benchmark
08/01/2013	03/31/2014	20.0% Domestic Equity Benchmark - Surplus, 10.0% MSCI AC World ex USA (Net), 40.0% Blmbg. U.S. Aggregate Index, 20.0% Short Duration Fixed Income Benchmark - Surplus, 10.0% Total Alternatives Benchmark
07/01/2013	07/31/2013	20.0% Domestic Equity Benchmark - Surplus, 10.0% MSCI AC World ex USA (Net), 40.0% Blmbg. U.S. Aggregate Index, 21.0% Short Duration Fixed Income Benchmark - Surplus, 9.0% Total Alternatives Benchmark
05/01/2013	06/30/2013	20.0% Domestic Equity Benchmark - Surplus, 10.0% MSCI AC World ex USA (Net), 40.0% Blmbg. U.S. Aggregate Index, 22.0% Short Duration Fixed Income Benchmark - Surplus, 8.0% Total Alternatives Benchmark
11/01/2012	04/30/2013	20.0% Domestic Equity Benchmark - Surplus, 10.0% MSCI AC World ex USA (Net), 40.0% Blmbg. U.S. Aggregate Index, 30.0% Short Duration Fixed Income Benchmark - Surplus
01/01/2007	10/31/2012	15.0% Total Equity Benchmark - Surplus, 85.0% Total Fixed Income Benchmark - Surplus
08/01/2000	12/31/2006	98.0% Total Fixed Income Benchmark - Surplus, 2.0% Total Equity Benchmark - Surplus
01/01/1976	07/31/2000	100.0% Total Fixed Income Benchmark - Surplus



## Total Surplus (Reserve Cash)

### Benchmark History | As of March 31, 2026

#### Benchmark History

From Date	To Date	Benchmark
<b>Total Equity</b>		
03/01/2015	Present	50.0% Large Cap Equity Benchmark, 12.5% Small Cap Equity Benchmark, 37.5% MSCI AC World ex USA (Net)
11/01/2012	02/28/2015	50.0% Large Cap Equity Benchmark, 16.7% Small Cap Equity Benchmark, 33.3% MSCI AC World ex USA (Net)
10/01/1990	10/31/2012	100.0% Large Cap Equity Benchmark
<b>Domestic Equity</b>		
03/01/2015	Present	80.0% Large Cap Equity Benchmark, 20.0% Small Cap Equity Benchmark
11/01/2012	02/28/2015	75.0% Large Cap Equity Benchmark, 25.0% Small Cap Equity Benchmark
10/01/1990	10/31/2012	100.0% Large Cap Equity Benchmark
<b>Large Cap Equity</b>		
03/01/2015	Present	25.0% Russell 1000 Value Index, 25.0% Russell 1000 Growth Index, 50.0% S&P 500 Index
11/01/2012	02/28/2015	25.0% Russell 1000 Value Index, 25.0% Russell 1000 Growth Index, 50.0% S&P 500 Index
10/01/1990	10/31/2012	100.0% Russell 1000 Value Index
<b>Small Cap Equity</b>		
01/01/1979	Present	50.0% Russell 2000 Growth Index, 50.0% Russell 2000 Value Index
<b>International Equity</b>		
11/01/2012	Present	MSCI AC World ex USA (Net)
<b>Global Equity</b>		
08/01/2023	Present	MSCI AC World IMI Index (Net)
<b>Total Fixed Income Composite</b>		
03/01/2015	Present	75.0% Blmbg. U.S. Aggregate Index, 25.0% Short Duration Fixed Income Benchmark - Surplus
04/01/2014	02/28/2015	80.0% Blmbg. U.S. Aggregate Index, 20.0% Short Duration Fixed Income Benchmark - Surplus
08/01/2013	03/31/2014	66.7% Blmbg. U.S. Aggregate Index, 33.3% Short Duration Fixed Income Benchmark - Surplus
07/01/2013	07/31/2013	65.6% Blmbg. U.S. Aggregate Index, 34.4% Short Duration Fixed Income Benchmark - Surplus
05/01/2013	06/30/2013	64.5% Blmbg. U.S. Aggregate Index, 35.5% Short Duration Fixed Income Benchmark - Surplus
11/01/2012	04/30/2013	57.1% Blmbg. U.S. Aggregate Index, 42.9% Short Duration Fixed Income Benchmark - Surplus
01/01/2007	10/31/2012	60.0% Short Duration Fixed Income Benchmark - Surplus, 40.0% Blmbg. U.S. Aggregate Index
05/01/2001	12/31/2006	100.0% Short Duration Fixed Income Benchmark - Surplus
01/01/1976	04/30/2001	100.0% Bloomberg U.S. Government 1-3 Year Index
<b>Short Duration Fixed Income Composite</b>		
11/01/2012	Present	100.0% Bloomberg U.S. Gov/Credit 1-3 Year Index



## Total Surplus (Reserve Cash)

### Benchmark History | As of March 31, 2026

From Date	To Date	Benchmark
01/01/2007	10/31/2012	66.7% Blmbg. U.S. Intermediate Aggregate Index, 33.3% Bloomberg U.S. Government 1-3 Year Index
05/01/2001	12/31/2006	84.7% Blmbg. U.S. Intermediate Aggregate Index, 15.3% Bloomberg U.S. Government 1-3 Year Index
04/01/1991	04/30/2001	100.0% Bloomberg U.S. Government 1-3 Year Index
<b>Market Duration Fixed Income Composite</b>		
12/01/2006	Present	Blmbg. U.S. Aggregate Index
<b>Return Seeking Fixed Income</b>		
07/01/2009	Present	36.0% Blmbg. Global Aggregate Index, 18.0% Blmbg. U.S. Corporate Float Adjusted, 9.0% Blmbg. U.S. High Yield - 2% Issuer Cap, 9.0% Morningstar LSTA U.S. Leveraged Loan, 28.0% ICE BofA 0-5 Year U.S. High Yield Constrained
<b>Total Alternatives Composite</b>		
01/01/2013	Present	66.7% HFRI Fund of Funds Composite Index, 33.3% NCREIF Property Index
01/01/1990	12/31/2012	100.0% HFRI Fund of Funds Composite Index



## **Direct Hedge Fund Portfolio**



El Camino Hospital

Voya Mortgage Fund| As of March 31, 2026

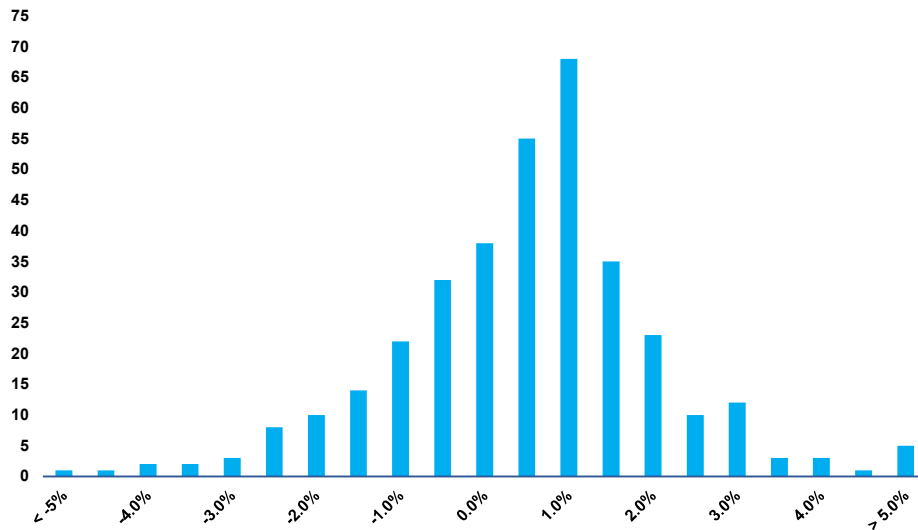
**Account Information**

Mandate:	Hedge Fund, Risk Mitigating
Market Value:	\$19.7 M
Portfolio Manager:	Peter Guan
Location:	New York, NY
Inception Date:	11/1/2020
Account Type:	Commingled
# of Investments:	Not Provided
Fee Schedule:	1.5% management fee; 20% performance fee
Liquidity Constraints:	Quarterly with 65 days' notice

**Portfolio Performance Summary**

	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	Since 12/2020 (%)
Voya Mortgage Fund	2.5	13.2	13.0	5.3	5.3
HFRI RV: Fixed Income-Asset Backed	1.1	6.8	8.4	6.1	6.1

**Return Distribution**



Asset Class Net Exposure (%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
CMOs	90	92	96	99
Mortgage Pools	430	440	431	419
Mortgage Related	5	5	5	5
MSR Investments	14	15	18	18
Net TBA	-1	0	0	0
Repo	-409	-285	-457	-454
Derivatives	7	4	4	7
Treasuries	-36	-169	-1	-5
Net Cash	-2	-1	3	10

Agency vs. Non-Agency (%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
Agency IO	72	76	80	82
Agency Principal Pay	432	442	433	422
Agency Principal Pay (Credit Risk)	5	5	5	5
Non-Agency IO	16	14	13	14
Non-Agency Principal Pay	0	0	0	0



Waterfall Eden Fund, Ltd. | As of March 31, 2026

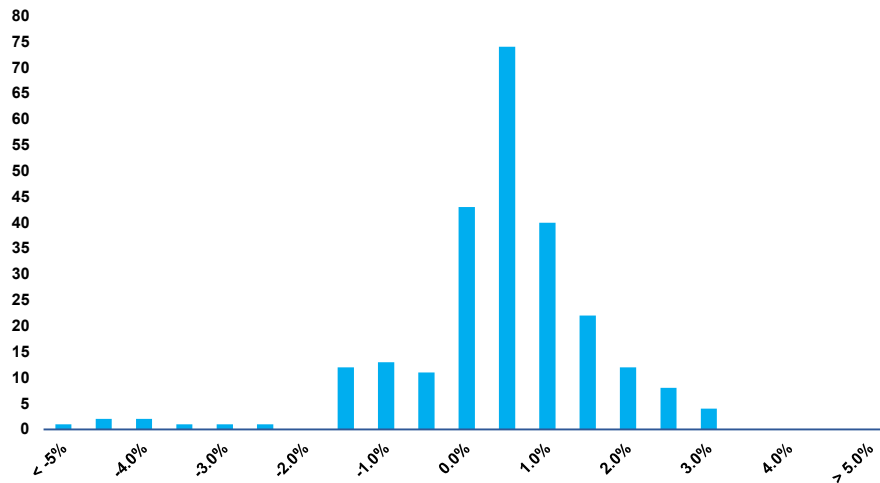
**Account Information**

Mandate:	Hedge Fund, Return Seeking
Market Value:	\$12.7 M
Portfolio Manager:	Team
Location:	New York, NY
Inception Date:	10/1/2019
Account Type:	Commingled
# of Investments:	Not Provided
Fee Schedule:	1.7% management fee; 20% performance fee
Liquidity Constraints:	Quarterly with 90 days' notice

**Portfolio Performance Summary**

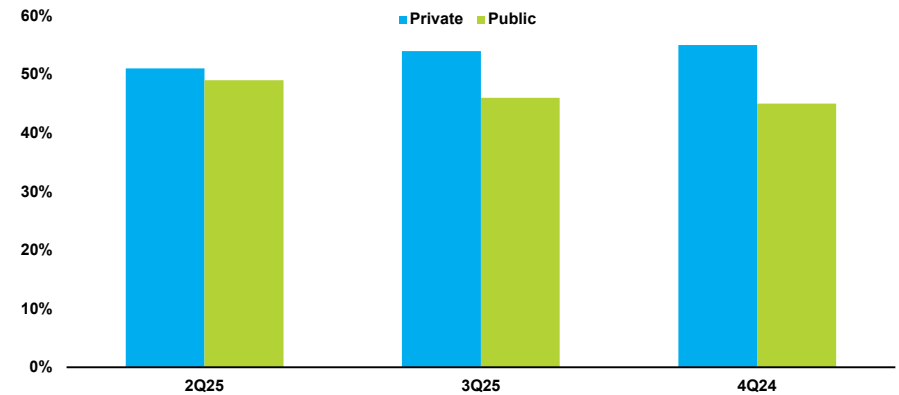
	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	Since 10/2019 (%)
Waterfall Eden Fund, Ltd.	0.6	8.8	9.6	7.4	6.5
HFRI ED: Distressed/Restructuring Index	2.8	12.5	10.5	6.7	8.3

**Return Distribution**



Sector Allocation	3/31/26	12/31/2025	9/30/2025	6/30/2025
CMBS	N/a	22	22	21
RMBS	N/a	3	0	4
Corporates	N/a	6	5	5
Public – Others	N/a	14	16	19
Privates – Others	N/a	21	20	19
CRE Loans	N/a	12	11	12
Business Loans	N/a	8	3	8
Consumer	N/a	14	5	13

**Private vs. Public Exposure History<sup>1</sup>**



<sup>1</sup> Q1 2026 exposure data not available.



Renaissance Ridge| As of March 31, 2026

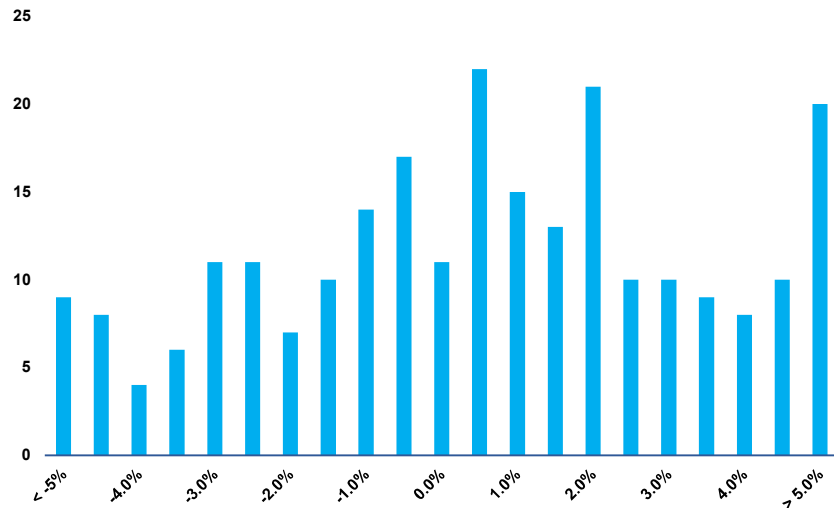
**Account Information**

Mandate:	Hedge Fund, Return Seeking
Market Value:	\$20.5 M
Portfolio Manager:	Team
Location:	New York, NY
Inception Date:	10/30/2017
Account Type:	Commingled
# of Investments:	10,139
Fee Schedule:	1.0% management fee; 10% performance fee
Liquidity Constraints:	Monthly with 30 days' notice

**Portfolio Performance Summary**

	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	Since 11/2017 (%)
Renaissance RIDGE	7.5	-3.3	7.9	8.1	1.7
HFRI EH: Equity Market Neutral Index	1.3	10.3	9.3	6.9	4.6
HFRI RV: Multi-Strategy Index	0.2	6.2	6.4	4.6	4.6

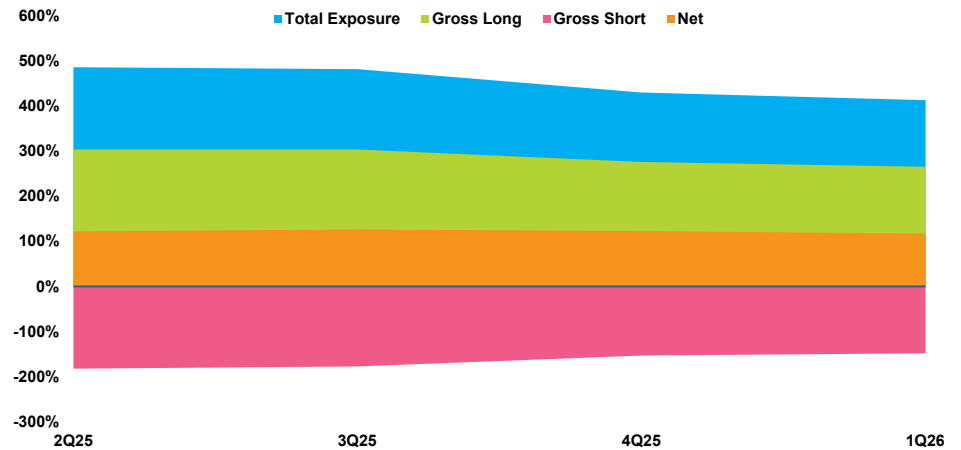
**Return Distribution**



Geographic Exposure Net (%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
North America	61	65	65	57
Non-US	56	58	62	64

Sector Net Exposure (%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
Comm. Services	10	12	16	14
Consumer	14	15	18	16
Energy	-2	-3	-2	-1
Financials	11	11	9	10
Health Care	21	21	25	23
Industrials	14	11	8	7
Materials	16	15	15	12
Real Estate	7	9	10	8
Staples	19	20	23	28
Technology	3	6	1	1
Utilities	4	4	3	3

**Exposure History**





Capstone Volatility| As of March 31, 2026

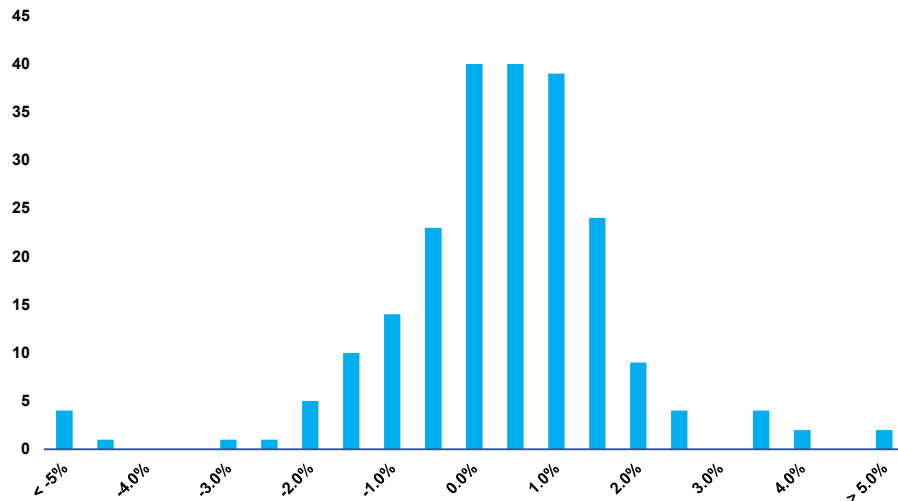
**Account Information**

Mandate:	Hedge Fund, Return Seeking
Market Value:	\$23.6 M
Portfolio Manager:	Team
Location:	New York, NY
Inception Date:	11/01/2020
Account Type:	Commingled
# of Investments:	Not Provided
Fee Schedule:	1.5% management fee; 20% performance fee
Liquidity Constraints:	Quarterly with 90 days' notice

**Portfolio Performance Summary**

	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	Since 12/2020 (%)
Capstone Volatility Fund	-0.5	6.1	7.6	5.4	5.3
HFRI Relative Value:Volatility Index	4.0	6.3	4.4	3.9	4.3

**Return Distribution**



**Equity Geographic Net Exposure (%)**

	3/31/26	12/31/2025	9/30/2025	6/30/2025
North America	NA	-16	-33	-20
Emerging Markets	NA	-3	-3	-1
Asia	NA	-10	-7	-6
Europe	NA	-3	19	17

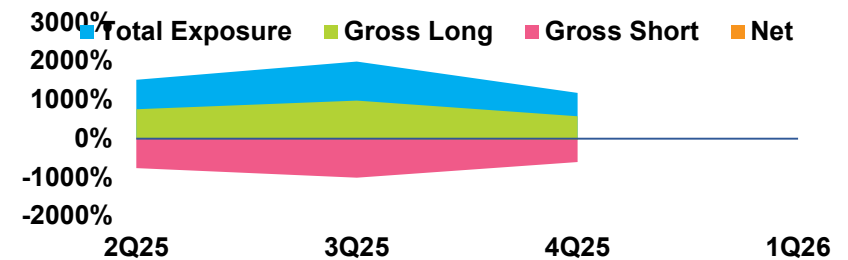
**Equity Market Cap Net Exposure (%)**

	3/31/26	12/31/2025	9/30/2025	6/30/2025
Mega Cap	NA	-25	-19	-5
Large Cap	NA	-14	-13	-14
Mid Cap	NA	-9	-6	-3
Small Cap	NA	-1.1	-2	-4
Indices	NA	-16	16	16

**Equity Sector Net Exposure (%)**

	3/31/26	12/31/2025	9/30/2025	6/30/2025
Comm. Services	NA	3	-2	0
Consumer	NA	-4	-2	-2
Energy	NA	-4	-3	-3
Financials	NA	1	2	5
Health Care	NA	-12	-7	-6
Industrials	NA	1	-2	1
Materials	NA	-5	-3	-3
Real Estate	NA	-3	-3	-3
Staples	NA	0	-1	0
Technology	NA	-25	-8	-16
Utilities	NA	-2	-2	-1
Index Hedge	NA	17	17	17

**Equity Exposure History<sup>1</sup>**



<sup>1</sup> 3/31/2026 exposure data not available.

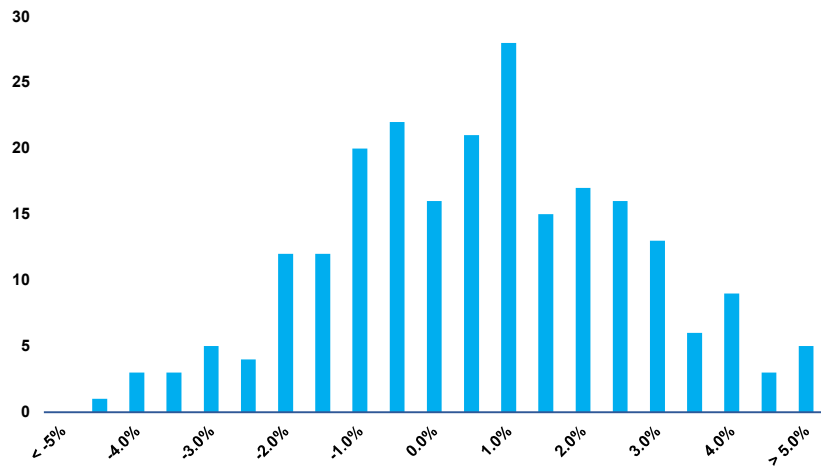


Man Alternative Risk Premia SP| As of March 31, 2026

Account Information	
Mandate:	Hedge Fund, Return Seeking
Market Value:	\$19.3 M
Portfolio Manager:	Richard Barclay
Location:	London, United Kingdom
Inception Date:	6/10/2019
Account Type:	Commingled
# of Investments:	Not Provided
Fee Schedule:	1.00% Management Fee
Liquidity Constraints:	Weekly with 3 days' notice

Portfolio Performance Summary					
	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	Since 6/2020 (%)
Man Alternative Risk Premia SP Fund	4.7	16.1	11.0	11.1	6.5
SG Multi Alternative Risk Premia Index	4.0	8.4	9.0	7.3	3.6

Return Distribution



Strategy Net Exposure(%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
Equity Market Neutral	35	36	35	36
Trend	20	20	20	20
Equities Size	8	8	8	8
Equities Low Beta	7	6	7	6
Volatility	6	6	6	6
Macro	8	8	8	8
Currencies	8	8	8	8
Fixed Income	9	8	9	8

Security Type Net Exposure (%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
Bonds and Rates	-33	-14	-5	33
Commodities	9	3	6	5
Currencies	0	0	0	0
Equity	4	27	30	24

Top 5 Equity Exposure (%)

Broad Market Indices	-4
Health Care	2
Information Technology	3
Industrials	2
Communication Services	2

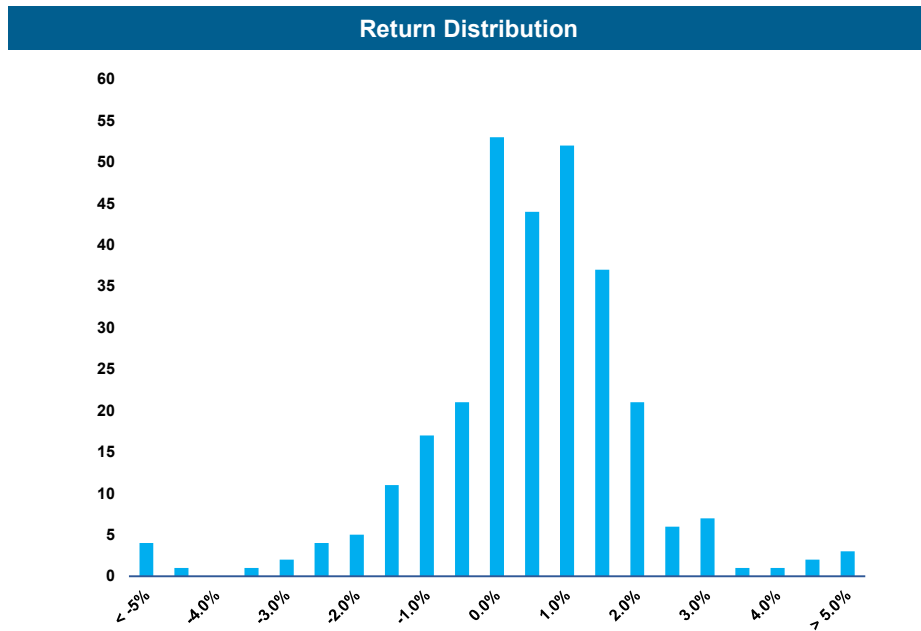
Top 5 Fixed Income Exposure (%)

Germany	-28
France	13
Canada	9
Australia	-17
United States	-14



Account Information	
Mandate:	Hedge Fund, Return Seeking
Market Value:	\$28.4 M
Portfolio Manager:	Christopher Gust
Location:	Chicago, IL
Inception Date:	3/01/2020
Account Type:	Commingled
# of Investments:	13,155
Fee Schedule:	1.54% management fee; 20% performance fee
Liquidity Constraints:	Quarterly with 60 days' notice

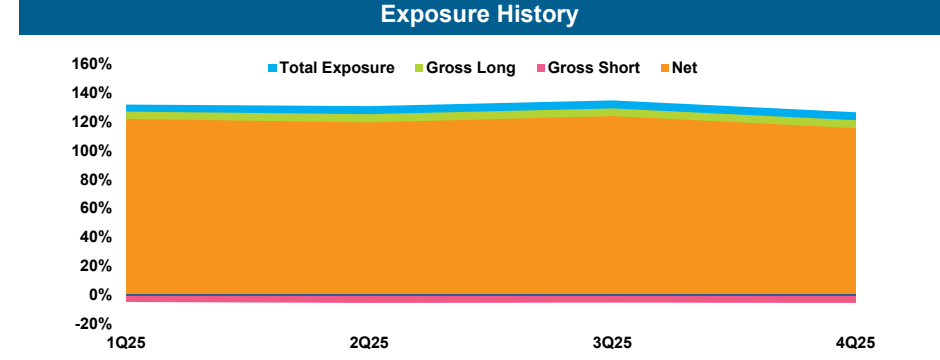
Portfolio Performance Summary					
	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	Since 3/2020 (%)
Wolverine	1.8	10.6	10.5	9.0	10.4
HFRI RV: FI-Convertible Arbitrage Index	1.5	8.8	8.8	6.1	7.4



Top 3 Credit Positions (%)				
Strategy Inc				
Live Nation Entertainment Inc				
Alibaba Group Holding Ltd				

Security Type Net Exposure (%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
Equity	4	5	6	6
Credit	-4	-4	-4	-4
Rate	-1	-1	-1	-1
Rate Slope	-1	-1	-1	-1
Volatility	0	0	0	0
Commodity	0	0	0	0
Forex	0	0	0	0

Credit Sector Net Exposure (%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
Comm. Services	10	9	6	6
Consumer	21	25	22	21
Energy	6	7	8	8
Financials	9	10	9	7
Health Care	13	17	17	19
Industrials	12	13	13	11
Materials	1	2	2	3
Real Estate	5	5	5	4
Staples	4	5	6	6
Technology	29	35	29	28
Utilities	4	4	5	5
Index Hedge	0	0	0	0



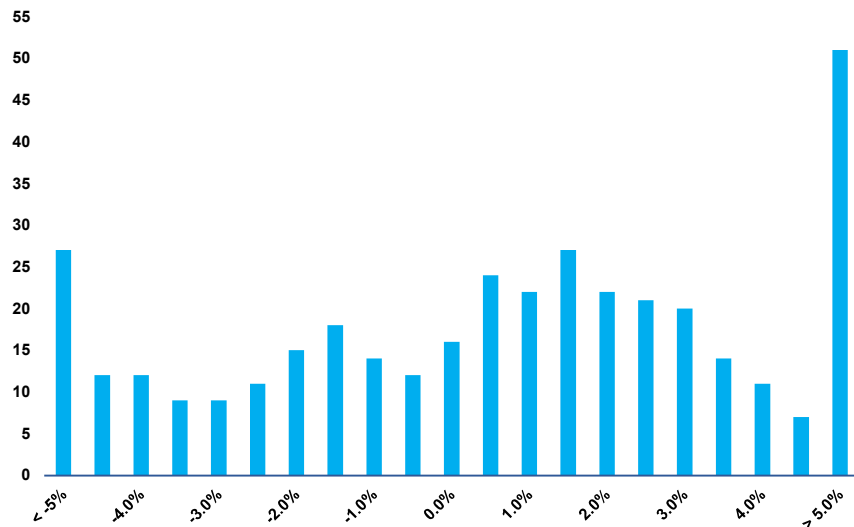


**Boston Partners Transtrend Diversified Fund| As of March 31, 2026**

Account Information	
Mandate:	Hedge Fund, Return Seeking
Market Value:	\$18.8 M
Portfolio Manager:	Team
Location:	Rotterdam, Netherlands
Inception Date:	4/1/2013
Account Type:	Commingled
# of Investments:	Not provided
Fee Schedule:	1.0% management fee; 16% performance fee
Liquidity Constraints:	Monthly

Portfolio Performance Summary					
	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	Since 5/2013 (%)
Boston Partners Transtrend Diversified Fund	5.2	16.8	7.9	9.2	6.3
SG Trend Index	7.1	15.0	5.2	7.6	4.0

**Return Distribution**

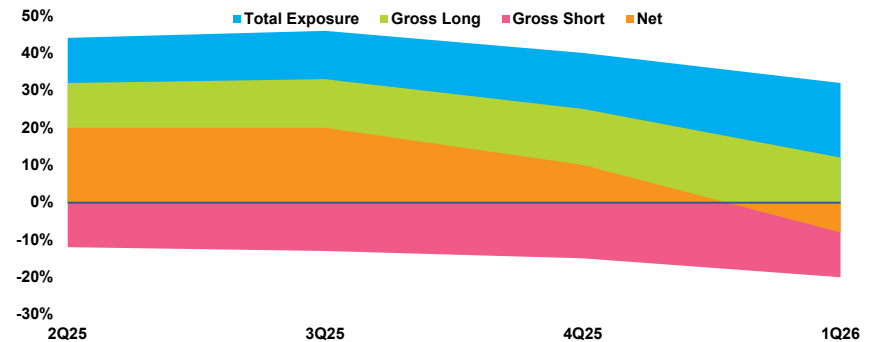


Equity Geographic Net Exposure (%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
North America	5	0	8	10
Emerging Markets	1	1	1	1
Asia	5	5	4	1
Europe	4	3	5	5

Equity Market Cap Net Exposure (%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
Mega Cap	-11	-5	3	7
Large Cap	-1	0	0	0
Mid Cap	0	0	0	-1
Small Cap	0	0	0	0
Indices	4	15	17	13

Equity Sector Net Exposure (%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
Comm. Services	-1	0	0	0
Consumer	-4	-1	-1	-1
Energy	0	0	1	0
Financials	-1	2	1	3
Health Care	-2	0	0	0
Industrials	-2	0	1	1
Materials	1	3	4	2
Real Estate	0	0	0	0
Staples	-1	-3	0	1
Technology	-6	-2	-1	3
Utilities	1	1	1	1
Index Hedge	5	10	14	11

**Equity Exposure History**





DK Distressed Opportunities International, Ltd. | As of March 31, 2026

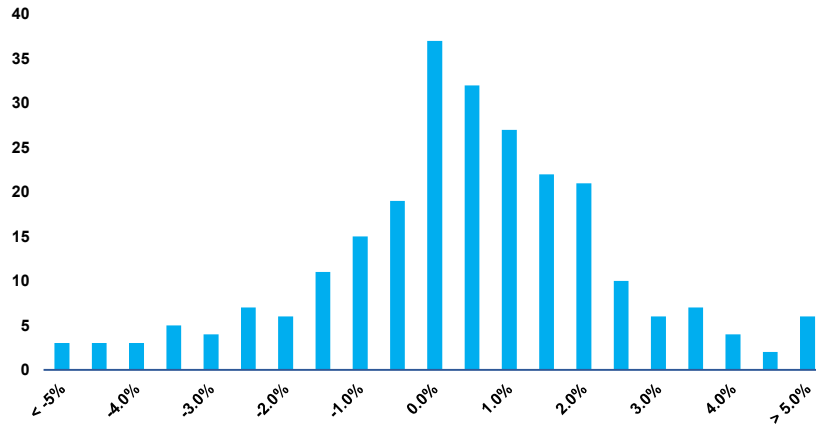
**Account Information**

Mandate:	Hedge Fund, Event Driven
Market Value:	\$0.7 M
Portfolio Manager:	Team
Location:	New York, NY
Inception Date:	4/1/2013
Account Type:	Commingled
# of Investments:	Not provided
Fee Schedule <sup>1</sup> :	
Liquidity Constraints:	90 days' notice with no lock-up

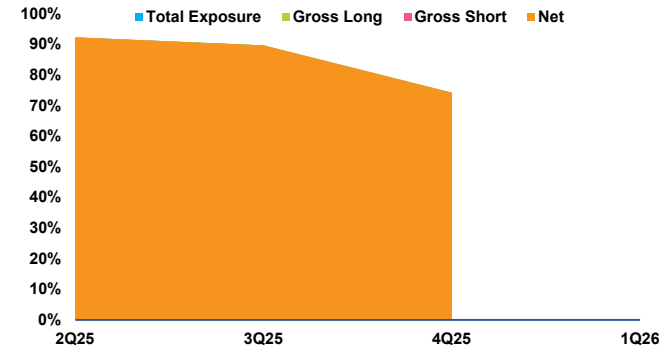
**Portfolio Performance Summary**

	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	Since 5/2013 (%)
DK Distressed Opportunities International, Ltd.	1.8	-0.1	3.5	2.8	5.0

**Return Distribution**



**Exposure History<sup>2</sup>**



Geographic Exposure Net (%)	3/31/2026	12/31/2025	9/30/2025	6/30/2025
North America	NA	39	45	49
Europe	NA	26	27	26
Asia Pacific / Middle East	NA	8	18	17
Other	NA	0	0	0

**Top 5 Notional Positions (%)<sup>3</sup>**

Travelport	13
The AA	11
JBF RAK	6
Eviva S.p.A	6
Signal Energy	5

<sup>1</sup> Fund is in wind down.

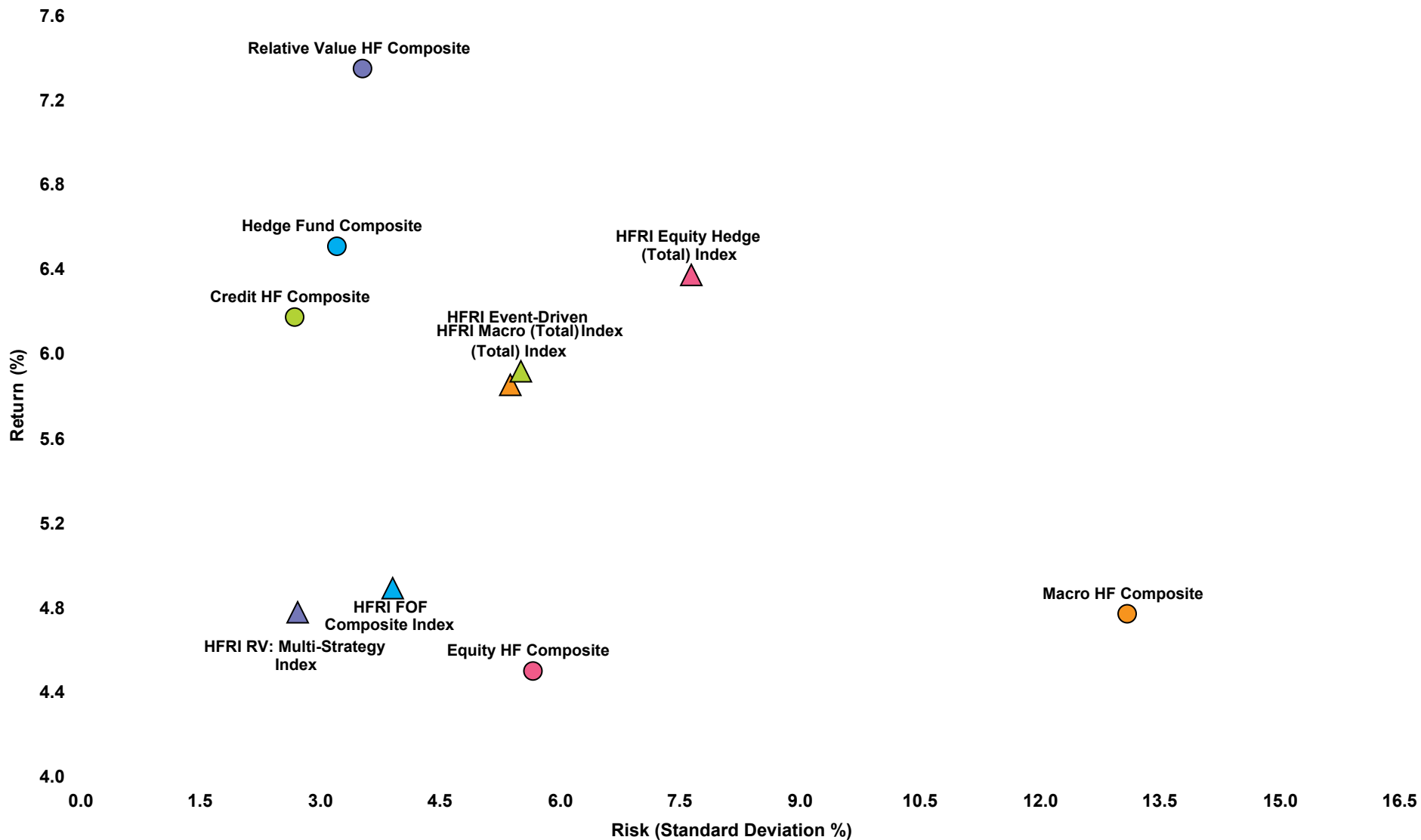
<sup>2</sup> Q1 exposure data not available.

<sup>3</sup> Top 5 notional position data as of 12/31/25.



## Total Surplus (Reserve Cash)

Risk and Return | 5 Years Ending March 31, 2026



Calculation based on monthly periodicity.



## Total Surplus (Reserve Cash)

### Multi Time Period Statistics | As of March 31, 2026

	Since Inception Return	Since Inception Standard Deviation	Since Inception Maximum Drawdown	Since Inception Best Quarter	Since Inception Worst Quarter	Since Inception Sharpe Ratio	Since Inception Sortino Ratio	Inception Date
Hedge Fund Composite	4.1	4.3	-9.8	6.1	-9.5	0.6	0.8	May-2013
<i>HFRI Fund of Funds Composite Index</i>	<i>4.4</i>	<i>4.7</i>	<i>-9.0</i>	<i>8.1</i>	<i>-8.8</i>	<i>0.6</i>	<i>0.8</i>	
Equity HF Composite	4.2	6.2	-14.3	9.4	-8.2	0.4	0.6	May-2013
<i>HFRI Equity Hedge (Total) Index</i>	<i>6.9</i>	<i>8.2</i>	<i>-14.7</i>	<i>16.1</i>	<i>-14.6</i>	<i>0.6</i>	<i>1.0</i>	
Credit HF Composite	4.1	6.0	-23.2	7.0	-17.5	0.4	0.5	May-2013
<i>HFRI Event-Driven (Total) Index</i>	<i>5.7</i>	<i>6.5</i>	<i>-14.9</i>	<i>14.1</i>	<i>-14.9</i>	<i>0.6</i>	<i>0.9</i>	
Macro HF Composite	3.4	9.7	-28.7	21.4	-14.8	0.2	0.3	May-2013
<i>HFRI Macro (Total) Index</i>	<i>3.5</i>	<i>4.8</i>	<i>-6.8</i>	<i>8.9</i>	<i>-4.0</i>	<i>0.4</i>	<i>0.6</i>	
Relative Value HF Composite	3.7	4.5	-13.8	6.3	-8.7	0.5	0.6	May-2013
<i>HFRI RV: Multi-Strategy Index</i>	<i>4.4</i>	<i>3.2</i>	<i>-6.6</i>	<i>5.7</i>	<i>-6.1</i>	<i>0.8</i>	<i>1.1</i>	

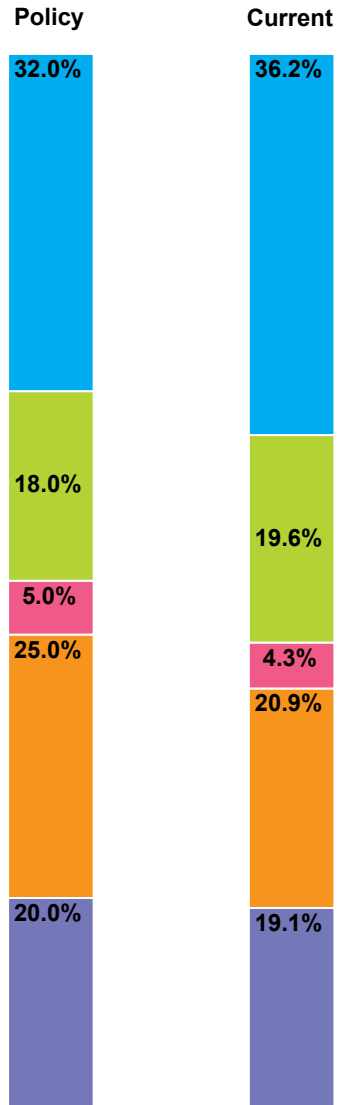


## **Cash Balance Pension Plan**



## Cash Balance Pension Plan

### Asset Allocation Compliance | As of March 31, 2026



Allocation vs. Targets						
	Balance (\$)	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
Domestic Equity Composite	158,261,869	36.2	32.0	4.2	27.0 - 37.0	Yes
International Equity Composite	85,912,496	19.6	18.0	1.6	15.0 - 21.0	Yes
Short Duration Fixed Income Composite	18,611,309	4.3	5.0	-0.7	0.0 - 8.0	Yes
Market Duration Fixed Income Composite	91,199,966	20.9	25.0	-4.1	20.0 - 30.0	Yes
Total Alternatives Composite	83,422,425	19.1	20.0	-0.9	17.0 - 23.0	Yes
<b>Total Cash Balance Pension Plan</b>	<b>437,408,065</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>		



## Cash Balance Pension Plan

### MPT Stats By Group | As of March 31, 2026

Risk Return Statistics				
	3 Yrs		5 Yrs	
	Total Cash Balance Pension Plan	Cash Balance Plan Total Benchmark	Total Cash Balance Pension Plan	Cash Balance Plan Total Benchmark
<b>RETURN SUMMARY STATISTICS</b>				
Maximum Return	6.2	6.0	6.2	6.0
Minimum Return	-4.9	-4.2	-5.9	-6.1
Return	10.0	10.5	5.0	5.9
Excess Return	5.2	5.7	2.1	2.9
Excess Performance	-0.5	0.0	-0.9	0.0
<b>RISK SUMMARY STATISTICS</b>				
Beta	1.1	1.0	1.1	1.0
Upside Risk	7.1	6.8	7.3	6.9
Downside Risk	4.7	4.1	6.3	5.9
<b>RISK/RETURN SUMMARY STATISTICS</b>				
Standard Deviation	8.0	7.3	9.5	8.9
Sortino Ratio	1.0	1.2	0.3	0.5
Alpha	-1.2	0.0	-1.2	0.0
Sharpe Ratio	0.7	0.8	0.2	0.3
Excess Risk	7.9	7.3	9.4	8.8
Tracking Error	1.2	0.0	1.4	0.0
Information Ratio	-0.4	-	-0.6	-
<b>CORRELATION STATISTICS</b>				
R-Squared	1.0	1.0	1.0	1.0
Actual Correlation	1.0	1.0	1.0	1.0



## Cash Balance Pension Plan

## Trailing Net Performance | As of March 31, 2026

Trailing Performance Summary									
	Market Value (\$)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Cash Balance Pension Plan</b>	<b>437,408,065</b>	<b>100.0</b>	<b>-2.1</b>	<b>11.6</b>	<b>10.0</b>	<b>5.0</b>	<b>7.6</b>	<b>7.4</b>	<b>Nov-12</b>
<i>Cash Balance Plan Total Benchmark</i>			<i>-1.0</i>	<i>13.6</i>	<i>10.5</i>	<i>5.9</i>	<i>7.5</i>	<i>7.2</i>	
<b>Total Cash Balance Pension Plan Ex Private Structures</b>	<b>432,932,757</b>	<b>99.0</b>	<b>-2.1</b>	<b>11.9</b>	<b>10.4</b>	<b>5.1</b>	<b>7.8</b>	<b>7.5</b>	<b>Nov-12</b>
<i>Cash Balance Plan Total Ex Privates Benchmark</i>			<i>-1.1</i>	<i>14.3</i>	<i>11.2</i>	<i>6.0</i>	<i>7.6</i>	<i>7.2</i>	
<b>Total Equity Composite</b>	<b>244,174,365</b>	<b>55.8</b>	<b>-4.0</b>	<b>14.8</b>	<b>13.1</b>	<b>6.6</b>	<b>10.9</b>	<b>10.5</b>	<b>Nov-12</b>
<i>Total Equity Benchmark</i>			<i>-2.3</i>	<i>21.3</i>	<i>16.5</i>	<i>9.4</i>	<i>11.7</i>	<i>11.2</i>	
<b>Domestic Equity Composite</b>	<b>158,261,869</b>	<b>36.2</b>	<b>-4.5</b>	<b>13.3</b>	<b>14.6</b>	<b>7.7</b>	<b>12.7</b>	<b>12.7</b>	<b>Nov-12</b>
<i>Domestic Equity Benchmark</i>			<i>-3.3</i>	<i>19.0</i>	<i>17.4</i>	<i>10.5</i>	<i>13.4</i>	<i>13.5</i>	
<b>Large Cap Equity Composite</b>	<b>136,237,129</b>	<b>31.1</b>	<b>-5.0</b>	<b>14.5</b>	<b>16.6</b>	<b>8.9</b>	<b>13.5</b>	<b>13.5</b>	<b>Nov-12</b>
<i>Large Cap Equity Benchmark</i>			<i>-4.1</i>	<i>17.7</i>	<i>18.1</i>	<i>11.7</i>	<i>14.0</i>	<i>14.0</i>	
<b>Small Cap Equity Composite</b>	<b>22,024,740</b>	<b>5.0</b>	<b>-1.1</b>	<b>6.0</b>	<b>4.6</b>	<b>2.0</b>	<b>8.4</b>	<b>8.7</b>	<b>Nov-12</b>
<i>Small Cap Equity Benchmark</i>			<i>1.0</i>	<i>25.9</i>	<i>13.1</i>	<i>3.8</i>	<i>9.8</i>	<i>10.1</i>	
<b>International Equity Composite</b>	<b>85,912,496</b>	<b>19.6</b>	<b>-3.0</b>	<b>17.6</b>	<b>10.4</b>	<b>4.6</b>	<b>7.5</b>	<b>6.4</b>	<b>Nov-12</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-0.7</i>	<i>24.9</i>	<i>14.5</i>	<i>7.0</i>	<i>8.4</i>	<i>6.9</i>	
<b>Total Fixed Income Composite</b>	<b>109,811,276</b>	<b>25.1</b>	<b>0.1</b>	<b>4.8</b>	<b>4.4</b>	<b>0.9</b>	<b>2.4</b>	<b>2.3</b>	<b>Nov-12</b>
<i>Total Fixed Income Benchmark</i>			<i>0.0</i>	<i>4.3</i>	<i>3.8</i>	<i>0.6</i>	<i>1.8</i>	<i>1.8</i>	
<b>Short Duration Fixed Income Composite</b>	<b>18,611,309</b>	<b>4.3</b>	<b>0.6</b>	<b>4.1</b>	<b>4.6</b>	<b>2.8</b>	<b>2.5</b>	<b>2.0</b>	<b>Nov-12</b>
<i>Short Duration Fixed Income Benchmark</i>			<i>0.3</i>	<i>4.0</i>	<i>4.3</i>	<i>2.0</i>	<i>2.0</i>	<i>1.7</i>	
<b>Cash Composite</b>	<b>9,092,583</b>	<b>2.1</b>	<b>0.9</b>	<b>4.3</b>	<b>4.8</b>	<b>3.3</b>	<b>2.5</b>	<b>2.3</b>	<b>Nov-12</b>
<i>90 Day U.S. Treasury Bill</i>			<i>0.8</i>	<i>4.0</i>	<i>4.7</i>	<i>3.3</i>	<i>2.3</i>	<i>1.7</i>	
<b>Market Duration Fixed Income Composite</b>	<b>91,199,966</b>	<b>20.9</b>	<b>0.1</b>	<b>5.0</b>	<b>4.4</b>	<b>0.9</b>	<b>2.5</b>	<b>2.5</b>	<b>Nov-12</b>
<i>Blmbg. U.S. Aggregate Index</i>			<i>0.0</i>	<i>4.3</i>	<i>3.6</i>	<i>0.3</i>	<i>1.7</i>	<i>1.8</i>	
<b>Total Alternatives Composite</b>	<b>83,422,425</b>	<b>19.1</b>	<b>0.6</b>	<b>12.0</b>	<b>9.4</b>	<b>6.2</b>	<b>6.1</b>	<b>6.8</b>	<b>Nov-12</b>
<i>Total Alternatives Benchmark</i>			<i>0.5</i>	<i>8.9</i>	<i>5.5</i>	<i>4.5</i>	<i>5.1</i>	<i>5.3</i>	
<b>Hedge Fund of Fund Composite</b>	<b>78,947,117</b>	<b>18.0</b>	<b>0.7</b>	<b>13.9</b>	<b>11.5</b>	<b>7.1</b>	<b>6.9</b>	<b>6.8</b>	<b>Nov-12</b>
<i>HFRI Fund of Funds Composite Index</i>			<i>0.7</i>	<i>11.7</i>	<i>8.5</i>	<i>4.9</i>	<i>5.3</i>	<i>4.7</i>	
<b>Real Estate Composite</b>	<b>4,475,308</b>	<b>1.0</b>	<b>-1.8</b>	<b>-11.4</b>	<b>-9.1</b>	<b>-3.7</b>	<b>0.0</b>	<b>3.2</b>	<b>Jan-13</b>
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>3.6</i>	<i>-0.4</i>	<i>3.4</i>	<i>4.6</i>	<i>6.3</i>	



## Cash Balance Pension Plan

## Trailing Net Performance | As of March 31, 2026

Trailing Performance Summary									
	Market Value (\$)	% of Portfolio	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Cash Balance Pension Plan</b>	<b>437,408,065</b>	<b>100.0</b>	<b>-2.1</b>	<b>11.6</b>	<b>10.0</b>	<b>5.0</b>	<b>7.6</b>	<b>7.4</b>	<b>Nov-12</b>
<i>Cash Balance Plan Total Benchmark</i>			<i>-0.9</i>	<i>13.7</i>	<i>10.5</i>	<i>5.9</i>	<i>7.5</i>	<i>7.2</i>	
<b>Total Cash Balance Pension Plan Ex Private Structures</b>	<b>432,932,757</b>	<b>99.0</b>	<b>-2.1</b>	<b>11.9</b>	<b>10.4</b>	<b>5.1</b>	<b>7.8</b>	<b>7.5</b>	<b>Nov-12</b>
<i>Cash Balance Plan Total Ex Privates Benchmark</i>			<i>-1.1</i>	<i>14.3</i>	<i>11.2</i>	<i>6.0</i>	<i>7.6</i>	<i>7.2</i>	
<b>Total Equity Composite</b>	<b>244,174,365</b>	<b>55.8</b>	<b>-4.0</b>	<b>14.8</b>	<b>13.1</b>	<b>6.6</b>	<b>10.9</b>	<b>10.5</b>	<b>Nov-12</b>
<i>Total Equity Benchmark</i>			<i>-2.3</i>	<i>21.3</i>	<i>16.5</i>	<i>9.4</i>	<i>11.7</i>	<i>11.2</i>	
<b>Domestic Equity Composite</b>	<b>158,261,869</b>	<b>36.2</b>	<b>-4.5</b>	<b>13.3</b>	<b>14.6</b>	<b>7.7</b>	<b>12.7</b>	<b>12.7</b>	<b>Nov-12</b>
<i>Domestic Equity Benchmark</i>			<i>-3.3</i>	<i>19.0</i>	<i>17.4</i>	<i>10.5</i>	<i>13.4</i>	<i>13.5</i>	
<b>Large Cap Equity Composite</b>	<b>136,237,129</b>	<b>31.1</b>	<b>-5.0</b>	<b>14.5</b>	<b>16.6</b>	<b>8.9</b>	<b>13.5</b>	<b>13.5</b>	<b>Nov-12</b>
<i>Large Cap Equity Benchmark</i>			<i>-4.1</i>	<i>17.7</i>	<i>18.1</i>	<i>11.7</i>	<i>14.0</i>	<i>14.0</i>	
Vanguard Institutional Index Fund (VIIIX)	66,252,792	15.1	-4.3	17.8	18.3	12.0	14.1	14.1	Nov-12
<i>S&amp;P 500 Index</i>			<i>-4.3</i>	<i>17.8</i>	<i>18.3</i>	<i>12.1</i>	<i>14.2</i>	<i>14.1</i>	
Barrow Hanley Large Cap Value	46,030,717	10.5	-1.1	12.1	14.1	10.5	11.6	12.0	Nov-12
<i>Russell 1000 Value Index</i>			<i>2.1</i>	<i>15.9</i>	<i>14.3</i>	<i>9.4</i>	<i>10.6</i>	<i>11.1</i>	
Touchstone Sands Capital Inst. Growth Fund (CISGX)	23,953,620	5.5	-13.4	10.7	17.2	0.2	12.4	12.2	Nov-12
<i>Russell 1000 Growth Index</i>			<i>-9.8</i>	<i>18.8</i>	<i>21.2</i>	<i>12.8</i>	<i>16.8</i>	<i>16.5</i>	
<b>Small Cap Equity Composite</b>	<b>22,024,740</b>	<b>5.0</b>	<b>-1.1</b>	<b>6.0</b>	<b>4.6</b>	<b>2.0</b>	<b>8.4</b>	<b>8.7</b>	<b>Nov-12</b>
<i>Small Cap Equity Benchmark</i>			<i>1.0</i>	<i>25.9</i>	<i>13.1</i>	<i>3.8</i>	<i>9.8</i>	<i>10.1</i>	
Wellington Small Cap Value	13,950,632	3.2	1.7	13.2	7.9	4.8	6.3	8.1	Nov-12
<i>Russell 2000 Value Index</i>			<i>5.0</i>	<i>28.1</i>	<i>13.8</i>	<i>5.8</i>	<i>9.6</i>	<i>9.7</i>	
Conestoga Small-Cap Fund I (CCALX)	8,074,108	1.8	-5.7	-4.6	-0.1	-1.8	--	8.6	Jul-16
<i>Russell 2000 Growth Index</i>			<i>-2.8</i>	<i>23.6</i>	<i>12.3</i>	<i>1.6</i>	<i>--</i>	<i>9.7</i>	
<b>International Equity Composite</b>	<b>85,912,496</b>	<b>19.6</b>	<b>-3.0</b>	<b>17.6</b>	<b>10.4</b>	<b>4.6</b>	<b>7.5</b>	<b>6.4</b>	<b>Nov-12</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-0.7</i>	<i>24.9</i>	<i>14.5</i>	<i>7.0</i>	<i>8.4</i>	<i>6.9</i>	
Causeway International Value (CIVIX)	41,883,895	9.6	-4.5	20.6	15.4	10.8	--	8.2	May-18
<i>MSCI EAFE (Net)</i>			<i>-1.2</i>	<i>21.3</i>	<i>13.6</i>	<i>7.9</i>	<i>--</i>	<i>7.0</i>	
<i>MSCI AC World ex USA Value (Net)</i>			<i>2.1</i>	<i>31.1</i>	<i>19.0</i>	<i>10.8</i>	<i>--</i>	<i>7.3</i>	



## Cash Balance Pension Plan

## Trailing Net Performance | As of March 31, 2026

	Market Value (\$)	% of Portfolio	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
BNY Mellon International Stock Fund (DISRX)	21,233,722	4.9	-4.4	3.5	2.1	1.0	6.8	5.8	Nov-12
<i>MSCI AC World ex USA (Net)</i>			-0.7	24.9	14.5	7.0	8.4	6.9	
<i>MSCI AC World ex USA Growth (Net)</i>			-3.6	18.8	10.1	3.3	7.6	6.8	
Harding Loevner Inst. Emerging Markets I (HLMEX)	22,794,879	5.2	1.1	27.9	11.1	-0.6	--	4.4	Nov-16
<i>MSCI Emerging Markets (Net)</i>			-0.2	29.6	14.8	3.7	--	7.2	
<b>Total Fixed Income Composite</b>	<b>109,811,276</b>	<b>25.1</b>	<b>0.1</b>	<b>4.8</b>	<b>4.4</b>	<b>0.9</b>	<b>2.4</b>	<b>2.3</b>	<b>Nov-12</b>
<i>Total Fixed Income Benchmark</i>			0.0	4.3	3.8	0.6	1.8	1.8	
<b>Short Duration Fixed Income Composite</b>	<b>18,611,309</b>	<b>4.3</b>	<b>0.6</b>	<b>4.1</b>	<b>4.6</b>	<b>2.8</b>	<b>2.5</b>	<b>2.0</b>	<b>Nov-12</b>
<i>Short Duration Fixed Income Benchmark</i>			0.3	4.0	4.3	2.0	2.0	1.7	
Barrow Hanley Short Fixed	9,518,726	2.2	0.4	3.9	4.4	2.1	2.1	1.8	Nov-12
<i>Bloomberg U.S. Gov/Credit 1-3 Year Index</i>			0.3	4.0	4.3	2.0	2.0	1.7	
<b>Cash Composite</b>	<b>9,092,583</b>	<b>2.1</b>	<b>0.9</b>	<b>4.3</b>	<b>4.8</b>	<b>3.3</b>	<b>2.5</b>	<b>2.3</b>	<b>Nov-12</b>
<i>90 Day U.S. Treasury Bill</i>			0.8	4.0	4.7	3.3	2.3	1.7	
<b>Market Duration Fixed Income Composite</b>	<b>91,199,966</b>	<b>20.9</b>	<b>0.1</b>	<b>5.0</b>	<b>4.4</b>	<b>0.9</b>	<b>2.5</b>	<b>2.5</b>	<b>Nov-12</b>
<i>Blmbg. U.S. Aggregate Index</i>			0.0	4.3	3.6	0.3	1.7	1.8	
Dodge & Cox Income Fund (DODIX)	47,241,143	10.8	0.0	5.3	5.0	1.6	3.1	2.9	Nov-12
<i>Blmbg. U.S. Aggregate Index</i>			0.0	4.3	3.6	0.3	1.7	1.8	
Met West Total Return Fund I (MWT SX)	43,958,823	10.0	0.1	4.7	3.8	0.1	1.9	2.2	Nov-12
<i>Blmbg. U.S. Aggregate Index</i>			0.0	4.3	3.6	0.3	1.7	1.8	
<b>Total Alternatives Composite</b>	<b>83,422,425</b>	<b>19.1</b>	<b>0.6</b>	<b>12.0</b>	<b>9.4</b>	<b>6.2</b>	<b>6.1</b>	<b>6.8</b>	<b>Nov-12</b>
<i>Total Alternatives Benchmark</i>			0.9	9.4	5.6	4.5	5.1	5.3	
<b>Hedge Fund of Fund Composite</b>	<b>78,947,117</b>	<b>18.0</b>	<b>0.7</b>	<b>13.9</b>	<b>11.5</b>	<b>7.1</b>	<b>6.9</b>	<b>6.8</b>	<b>Nov-12</b>
<i>HFRI Fund of Funds Composite Index</i>			0.7	11.7	8.5	4.9	5.3	4.7	
Lighthouse Diversified	39,478,332	9.0	2.4	10.7	9.5	7.8	5.7	5.8	Nov-12
<i>HFRI Fund of Funds Composite Index</i>			0.7	11.7	8.5	4.9	5.3	4.7	
Pointer Offshore LTD	39,468,785	9.0	1.4	23.1	15.5	7.6	8.6	8.1	Nov-12
<i>HFRI Fund of Funds Composite Index</i>			0.7	11.7	8.5	4.9	5.3	4.7	

Lighthouse Diversified Fund market value is lagged to 2/28/2026, based on the latest available custodial data.



## Cash Balance Pension Plan

## Trailing Net Performance | As of March 31, 2026

	Market Value (\$)	% of Portfolio	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Real Estate Composite</b>	<b>4,475,308</b>	<b>1.0</b>	<b>-1.8</b>	<b>-11.4</b>	<b>-9.1</b>	<b>-3.7</b>	<b>0.0</b>	<b>3.2</b>	<b>Jan-13</b>
<i>NCREIF Property Index</i>			<i>1.2</i>	<i>4.8</i>	<i>0.0</i>	<i>3.7</i>	<i>4.7</i>	<i>6.4</i>	
Oaktree Real Estate Opportunities Fund VI, L.P	1,083,209	0.2	-4.7	-24.0	-18.5	-14.0	-6.6	-2.1	Feb-13
Walton Street Real Estate Fund VII, L.P.	314,497	0.1	-4.2	-23.3	-19.9	-10.5	-5.3	-0.4	Jul-13
Walton Street Real Estate Fund VIII, L.P.	3,077,602	0.7	-0.4	-4.6	-1.7	2.8	--	5.8	May-17



Lighthouse Diversified Fund, Ltd Class A| As of March 31, 2026

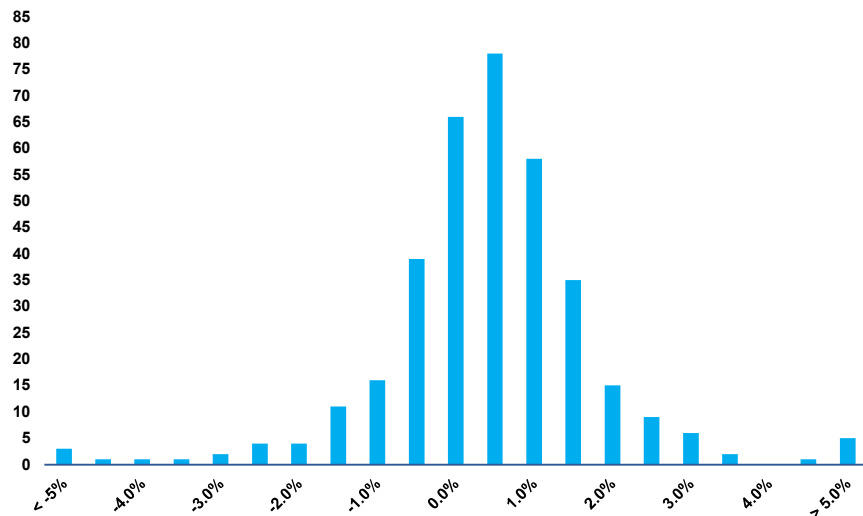
**Account Information**

Mandate:	Hedge Fund, Return Seeking
Market Value:	\$39.4 M
Portfolio Manager:	Team
Location:	Palm Beach Gardens, Florida
Inception Date:	10/1/2012
Account Type:	Commingled
# of Investments:	Not Provided
Fee Schedule:	1.5% Management Fee
Liquidity Constraints:	Monthly with 90 days' notice

**Portfolio Performance Summary**

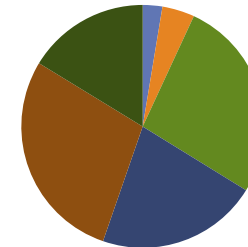
	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	Since 11/2012 (%)
Lighthouse Diversified Fund	2.4	10.7	9.5	7.8	5.8
HFRI Fund of Funds Composite Index	0.7	11.7	8.5	4.9	4.7

**Return Distribution**



**Portfolio Composition<sup>1</sup>**

■ Credit     
 ■ Fixed Income     
 ■ International Equity     
 ■ Quantitative/Macro  
■ Relative Value     
 ■ US Equity     
 ■ Cash & Other



**Geographic Exposure Net (%)**

	3/31/2026	12/31/2025	9/30/2025	6/30/2025
North America	NA	55	55	57
Europe	NA	18	17	18
Developed Asia	NA	19	19	17
Emerging Markets	NA	5	5	6
Other	NA	4	4	3

**Security Type Net Exposure (%)**

	3/31/2026	12/31/2025	9/30/2025	6/30/2025
Credit	NA	15	14	11
Commodity	NA	2	3	2
Equity	NA	29	22	21
FX	NA	6	3	7
Sovereign & Rates	NA	5	5	3
Other	NA	0	0	0

**Top 5 Equity Long (%)<sup>2</sup>**

CyberArk Software	2
Norfolk Southern Corporation	2
Verona Pharma plc	2
Rotech Healthcare Inc.	1
Merus N.V.	1

<sup>1</sup> Portfolio Composition as of 12/31/25.

<sup>2</sup> Top 5 notional position data as of 9/30/25.



Pointer Offshore III, LTD| As of March 31, 2026

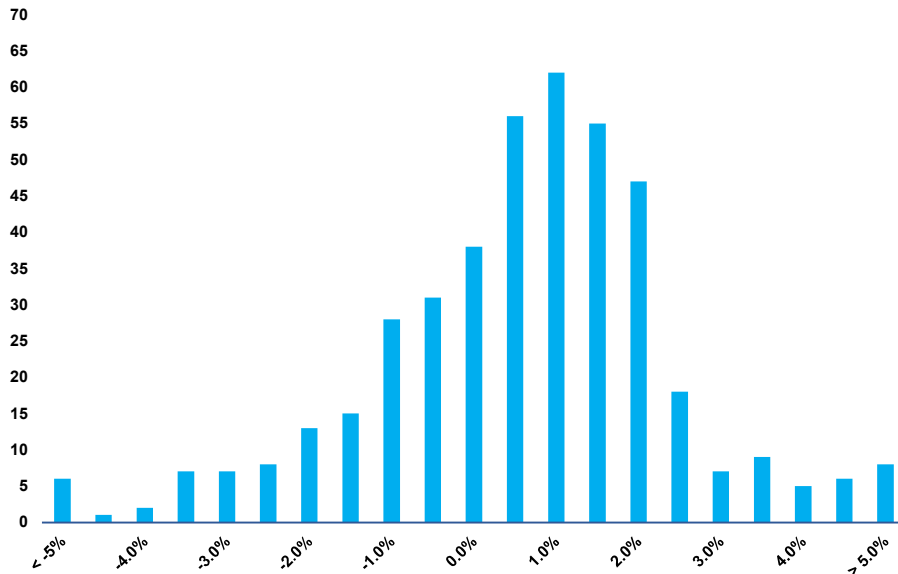
**Account Information**

Mandate:	Hedge Fund, Return Seeking
Market Value:	\$39.4 M
Portfolio Manager:	Team
Location:	Chattanooga, Tennessee
Inception Date:	1/1/2013
Account Type:	Commingled
# of Investments:	29
Fee Schedule:	1% Management Fee; 1% annual fee
Liquidity Constraints:	Semi-annual with 90 days' notice

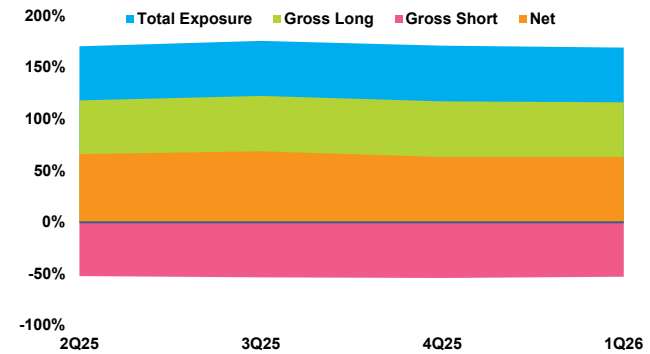
**Portfolio Performance Summary**

	QTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	Since 11/2012 (%)
Pointer Offshore III, LTD	1.4	23.1	15.5	7.6	8.1
HFRI Fund of Funds Composite Index	0.7	11.7	8.5	4.9	4.7

**Return Distribution**



**Exposure History**



**Geographic Exposure Net (%)**

	3/31/2026	12/31/2025	9/30/2025	6/30/2025
North America	26	26	26	25
Europe	4	3	6	6
Asia	17	16	19	18
Emerging Markets	11	13	12	13
Other	9	7	5	4

**Security Type Net Exposure (%)**

	3/31/2026	12/31/2025	9/30/2025	6/30/2025
Global Equity	47	48	48	45
Healthcare Equity	13	12	12	12
Opportunistic Equity/Credit	3	3	3	0
Special Situations	14	14	13	15
Domestic Equity	8	8	7	6
Asia Equity	14	16	17	19

**Top 5 Notional Positions (%)**

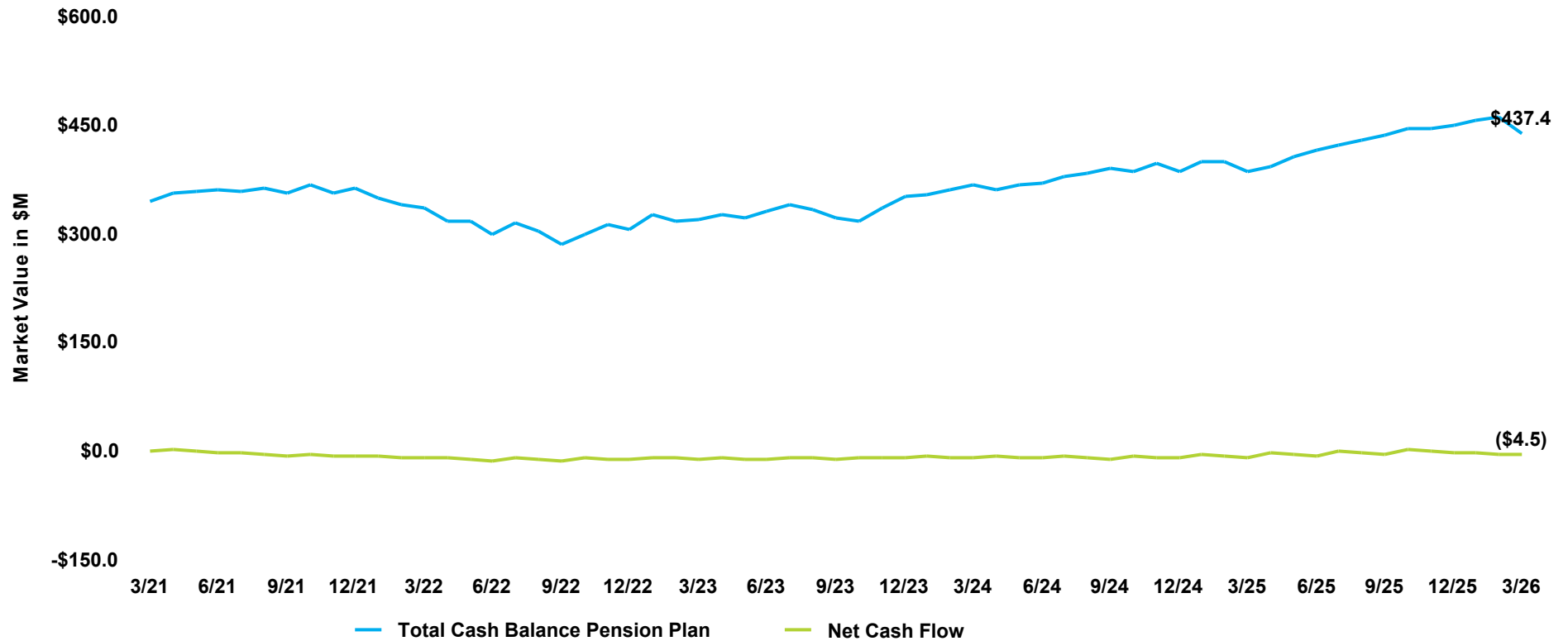
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Not Provided
Not Provided
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## Cash Balance Plan

### Asset Growth Summary | As of March 31, 2026

#### 5 Years Ending March 31, 2026



	2021	2022	2023	2024	2025	YTD
Beginning Market Value	336,670,516	363,545,097	306,271,592	350,697,272	386,660,166	449,474,356
Net Cash Flow	-6,273,155	-4,168,515	1,126,675	480,725	8,349,137	-3,581,554
Net Investment Change	33,147,735	-53,104,990	43,299,005	35,450,215	54,068,299	-8,568,780
Ending Market Value	363,545,097	306,271,592	350,697,272	386,660,166	449,474,356	437,408,065
Net Change	26,874,581	-57,273,504	44,425,680	35,962,894	62,814,190	-12,066,291



## Financial Reconciliation | Quarter To Date Ending Mar 31, 2026

Cash Flow Summary Quarter Ending Mar 31, 2026							
	Beginning Market Value (\$)	Contributions (\$)	Distributions (\$)	Net Cash Flow (\$)	Net Investment Change (\$)	Ending Market Value (\$)	
Vanguard Institutional Index Fund (VIIX)	\$69,258,530	0	0	0	-\$3,005,738	\$66,252,792	
Barrow Hanley Large Cap Value	\$46,506,480	0	0	0	-\$475,763	\$46,030,717	
Touchstone Sands Capital Inst. Growth Fund (CISGX)	\$27,644,966	0	0	0	-\$3,691,345	\$23,953,620	
Wellington Small Cap Value	\$13,686,551	0	0	0	\$264,080	\$13,950,632	
Conestoga Small-Cap Fund I (CCALX)	\$8,558,936	0	0	0	-\$484,828	\$8,074,108	
Causeway International Value (CIVIX)	\$43,842,830	0	0	0	-\$1,958,935	\$41,883,895	
BNY Mellon International Stock Fund (DISRX)	\$22,202,621	0	0	0	-\$968,899	\$21,233,722	
Harding Loevner Inst. Emerging Markets I (HLMEX)	\$22,544,386	0	0	0	\$250,493	\$22,794,879	
Barrow Hanley Short Fixed	\$13,088,020	0	-\$3,617,286	-\$3,617,286	\$47,992	\$9,518,726	
Cash Account	\$8,748,389	\$56,311	0	\$138,976	0	\$8,887,365	
Disbursement Account	\$204,910	\$3,617,286	-\$3,619,007	-\$344	\$653	\$205,218	
Dodge & Cox Income Fund (DODIX)	\$47,224,217	0	0	0	\$16,927	\$47,241,143	
Met West Total Return Fund I (MWTSX)	\$43,923,059	0	0	0	\$35,764	\$43,958,823	
Lighthouse Diversified	\$38,556,592	0	0	0	\$921,739	\$39,478,332	
Pointer Offshore LTD	\$38,908,776	0	0	0	\$560,009	\$39,468,785	
Oaktree Real Estate Opportunities Fund VI, L.P	\$1,136,984	0	0	0	-\$53,775	\$1,083,209	
Walton Street Real Estate Fund VII, L.P.	\$328,206	0	0	0	-\$13,709	\$314,497	
Walton Street Real Estate Fund VIII, L.P.	\$3,109,905	0	-\$18,858	-\$18,858	-\$13,445	\$3,077,602	
<b>Total</b>	<b>\$449,474,356</b>	<b>\$3,673,597</b>	<b>-\$7,255,151</b>	<b>-\$3,497,511</b>	<b>-\$8,568,780</b>	<b>\$437,408,065</b>	



## Cash Balance Pension Plan

## Liquidity Schedule | As of March 31, 2026

Liquidity Schedule						
Investments	Market Value	Daily (\$)	Monthly (\$)	Semi-Annually	Illiquid (\$)	Notes
<b>Total Cash Balance Pension Plan</b>	<b>437,408,065</b>	<b>353,985,640</b>	<b>39,478,332</b>	<b>39,468,785</b>	<b>4,475,308</b>	
<b>Total Equity Composite</b>	<b>244,174,365</b>					
<b>Domestic Equity Composite</b>	<b>158,261,869</b>					
<b>Large Cap Equity Composite</b>	<b>136,237,129</b>					
Vanguard Institutional Index Fund (VIIIX)	66,252,792	66,252,792				Daily, No Lock-Up
Barrow Hanley Large Cap Value	46,030,717	46,030,717				Daily, No Lock-Up
Touchstone Sands Capital Inst. Growth Fund (CISGX) <sup>1</sup>	23,953,620	23,953,620				Daily, No Lock-Up
<b>Small Cap Equity Composite</b>	<b>22,024,740</b>					
Wellington Small Cap Value	13,950,632	13,950,632				Daily, No Lock-Up
Conestoga Small-Cap Fund I (CCALX) <sup>2</sup>	8,074,108	8,074,108				Daily, No Lock-Up
<b>International Equity Composite</b>	<b>85,912,496</b>					
Causeway International Value (CIVIX)	41,883,895	41,883,895				Daily, No Lock-Up
BNY Mellon International Stock Fund (DISRX)	21,233,722	21,233,722				Daily, No Lock-Up
Harding Loevner Inst. Emerging Markets I (HLMEX) <sup>1</sup>	22,794,879	22,794,879				Daily, No Lock-Up
<b>Total Fixed Income Composite</b>	<b>109,811,276</b>					
<b>Short Duration Fixed Income Composite</b>	<b>18,611,309</b>					
Barrow Hanley Short Fixed	9,518,726	9,518,726				Daily, No Lock-Up
<b>Cash Composite</b>	<b>9,092,583</b>					
Cash Account	8,887,365	8,887,365				Daily, No Lock-Up
Disbursement Account	205,218	205,218				Daily, No Lock-Up
<b>Market Duration Fixed Income Composite</b>	<b>91,199,966</b>					
Dodge & Cox Income Fund (DODIX)	47,241,143	47,241,143				Daily, No Lock-Up
Met West Total Return Fund I (MWTSX)	43,958,823	43,958,823				Daily, No Lock-Up
<b>Total Alternatives Composite</b>	<b>83,422,425</b>					
<b>Hedge Fund of Fund Composite</b>	<b>78,947,117</b>					
Lighthouse Diversified	39,478,332		39,478,332			90 Day Notice, No Lock-Up
Pointer Offshore LTD <sup>3</sup>	39,468,785			39,468,785		Notice by Mar 15/Sep 15
<b>Real Estate Composite</b>	<b>4,475,308</b>					
Oaktree Real Estate Opportunities Fund VI, L.P. <sup>4</sup>	1,083,209				1,083,209	Illiquid
Walton Street Real Estate Fund VII, L.P. <sup>4</sup>	314,497				314,497	Illiquid
Walton Street Real Estate Fund VIII, L.P. <sup>4</sup>	3,077,602				3,077,602	Illiquid

1. Redemption in Q2.

2. Fully redeemed in April.

3. Full redemption in progress.

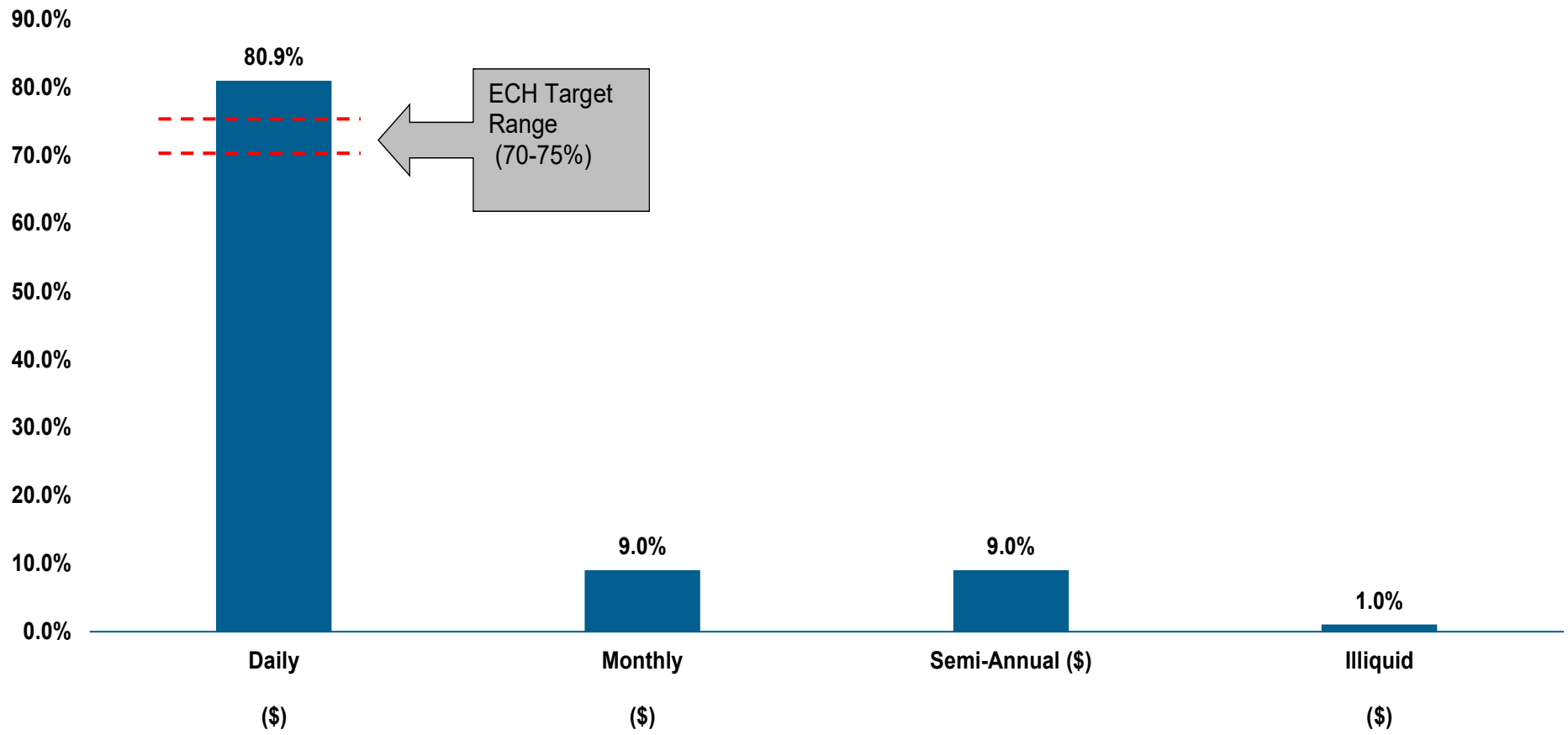
4. In harvest period, running-off.



# Cash Balance Plan

Liquidity Schedule | As of March 31, 2026

## Cash Balance Plan - Liquidity Schedule

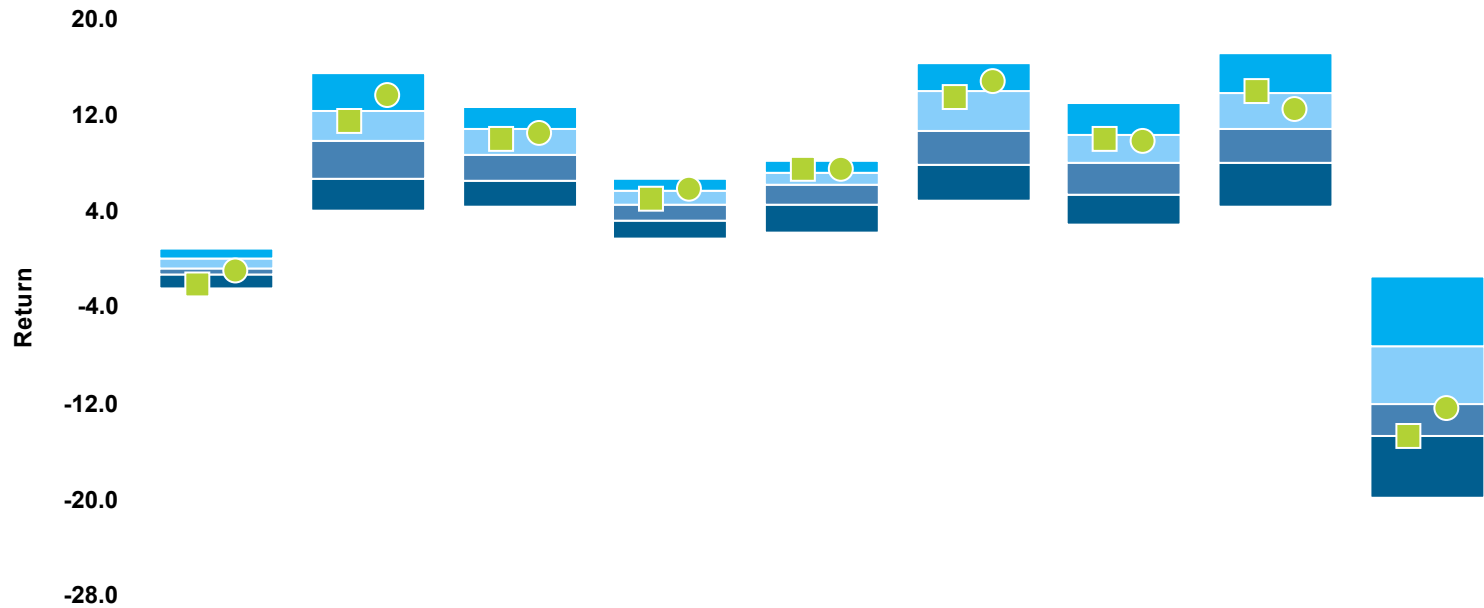




## Cash Balance Pension Plan

### Plan Sponsor Peer Group Analysis | As of March 31, 2026

#### Total Cash Balance Plan vs InvestmentMetrics All Health Care Peer Group



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2025 (%)	2024 (%)	2023 (%)	2022 (%)
■ Total Cash Balance Pension Plan	-2.1 (93)	11.6 (35)	10.0 (38)	5.0 (43)	7.6 (16)	13.5 (28)	10.0 (29)	14.0 (24)	-14.8 (76)
● Cash Balance Plan Total Benchmark	-0.9 (62)	13.7 (15)	10.5 (32)	5.9 (21)	7.5 (18)	14.9 (15)	9.8 (32)	12.5 (37)	-12.5 (54)
5th Percentile	0.8	15.5	12.7	6.7	8.1	16.4	13.1	17.1	-1.4
1st Quartile	0.0	12.4	10.8	5.7	7.2	14.0	10.3	13.9	-7.3
Median	-0.7	9.9	8.8	4.6	6.1	10.7	8.1	10.9	-12.0
3rd Quartile	-1.3	6.7	6.6	3.2	4.5	7.9	5.4	8.0	-14.7
95th Percentile	-2.4	4.0	4.3	1.7	2.2	4.9	2.8	4.4	-19.8
Population	245	240	230	202	161	421	441	494	536

Parenteses contain percentile rankings.  
Calculation based on monthly periodicity.



## Cash Balance Pension Plan

Total Fund | As of March 31, 2026

Private Markets Investments Overview											
Investment Name	Vintage Year	Commitment	Unfunded Commitment	Cumulative Contributions	Cumulative Distributions	Valuation	Total Value	Net Benefit	DPI	TVPI	IRR
Oaktree Real Estate Opportunities Fund VI, L.P	2013	8,400,000	-2,572,987	10,972,987	11,696,124	1,083,209	12,779,333	1,806,346	1.07	1.16	4.22
Walton Street Real Estate Fund VII, L.P.	2013	8,400,000	1,093,155	7,306,845	9,414,808	314,497	9,729,305	2,397,038	1.28	1.33	7.89
Walton Street Real Estate Fund VIII, L.P.	2015	10,000,000	1,880,134	8,119,866	8,054,612	3,077,602	11,132,214	2,954,567	0.98	1.36	7.50
<b>Total</b>		<b>26,800,000</b>	<b>400,302</b>	<b>26,399,698</b>	<b>29,165,544</b>	<b>4,475,308</b>	<b>33,640,852</b>	<b>7,157,951</b>	<b>1.10</b>	<b>1.27</b>	<b>6.24</b>

Private assets valuations are lagged by one quarter

Oaktree Real Estate Opportunities Fund VI, Walton Street Real Estate Fund VII, and Walton Street Real Estate Fund VIII are within the harvesting period.



## Cash Balance Pension Plan

### Benchmark History | As of March 31, 2026

Benchmark History		
From Date	To Date	Benchmark
<b>Total Cash Balance Pension Plan</b>		
07/01/2017	Present	32.0% Domestic Equity Benchmark, 18.0% MSCI AC World ex USA (Net), 5.0% Short Duration Fixed Income Benchmark, 25.0% Blmbg. U.S. Aggregate Index, 20.0% Total Alternatives Benchmark
01/01/2013	06/30/2017	50.0% Total Equity Benchmark, 35.0% Total Fixed Income Benchmark, 15.0% Total Alternatives Benchmark
11/01/2012	12/31/2012	50.0% Total Equity Benchmark, 45.0% Total Fixed Income Benchmark, 5.0% Total Alternatives Benchmark
01/01/1979	10/31/2012	60.0% Russell 1000 Value Index, 40.0% Blmbg. U.S. Aggregate Index



## Cash Balance Pension Plan

## Benchmark History | As of March 31, 2026

## Benchmark History

From Date	To Date	Benchmark
<b>Total Equity Composite</b>		
11/01/2012	Present	54.0% Large Cap Equity Benchmark, 10.0% Small Cap Equity Benchmark, 36.0% MSCI AC World ex USA (Net)
10/01/1990	10/31/2012	100.0% Large Cap Equity Benchmark
<b>Domestic Equity Composite</b>		
11/01/2012	Present	84.4% Large Cap Equity Benchmark, 15.6% Small Cap Equity Benchmark
10/01/1990	10/31/2012	100.0% Large Cap Equity Benchmark
<b>Large Cap Equity Composite</b>		
11/01/2012	Present	25.0% Russell 1000 Value Index, 25.0% Russell 1000 Growth Index, 50.0% S&P 500 Index
10/01/1990	10/31/2012	100.0% Russell 1000 Value Index
<b>Small Cap Equity Composite</b>		
01/01/1979	Present	50.0% Russell 2000 Growth Index, 50.0% Russell 2000 Value Index
<b>International Equity Composite</b>		
11/01/2012	Present	MSCI AC World ex USA (Net)
<b>Total Fixed Income Composite</b>		
07/01/2017	Present	83.3% Blmbg. U.S. Aggregate Index, 16.7% Short Duration Fixed Income Benchmark
01/01/2013	06/30/2017	71.4% Blmbg. U.S. Aggregate Index, 28.6% Short Duration Fixed Income Benchmark
11/01/2012	12/31/2012	55.6% Blmbg. U.S. Aggregate Index, 44.4% Short Duration Fixed Income Benchmark
10/01/1990	10/31/2012	100.0% Blmbg. U.S. Aggregate Index
<b>Cash Composite</b>		
08/01/2011	Present	90 Day U.S. Treasury Bill
<b>Short Duration Fixed Income Composite</b>		
11/01/2012	Present	100.0% Bloomberg U.S. Gov/Credit 1-3 Year Index
10/01/1990	10/31/2012	100.0% 90 Day U.S. Treasury Bill
<b>Market Duration Fixed Income Composite</b>		
10/01/1990	Present	Blmbg. U.S. Aggregate Index
<b>Total Alternatives Composite</b>		
01/01/2013	Present	66.7% HFRI Fund of Funds Composite Index, 33.3% NCREIF Property Index
01/01/1990	12/31/2012	100.0% HFRI Fund of Funds Composite Index

## **Asset Allocation Analysis**



## **Introduction**

- Asset allocation is an important determinant of portfolio returns, as investors seek to strike the right balance of growth and risk for their specific situations. Typically, institutional investment committees conduct an in-depth asset allocation analysis every three to five years, with annual reviews when capital market expectations are updated.
- When Meketa was engaged by El Camino Health in late 2024, we were asked to operate under the existing asset allocation and Investment Policy Statement.
- Meketa and El Camino Staff thought it prudent to conduct a strategic asset allocation review now in response to Investment Committee feedback, and in order to suggest edits to the Investment Policy Statement.



## Executive Summary

- This document presents the current asset allocations as of March 31, 2026, the Investment Policy Statement (IPS) targets, and two alternative asset allocation options each for the Total Surplus (Cash Reserve) and Cash Balance Pension Plans.
- We recommend organizing asset classes into three functional categories going forward: Growth, Real Assets/Inflation Hedging, and Risk Mitigating. We present two alternative policy portfolios for the Board to consider.
  - Option A would be expected to increase return at the current level of risk (standard deviation).
  - Option B would be expected to increase both return and risk, while maintaining the current level of risk-adjusted return (Sharpe Ratio). As we have shared with the Investment Committee during the recent Enterprise Risk Assessment, we believe that the portfolios can withstand additional risk and illiquidity in order to enhance long- term growth.
- We provide various approaches to assessing risk in order to provide a “mosaic” of the risks faced by the portfolios, and to highlight the tradeoffs inherent to different portfolios.
- **Meketa Investment Group and El Camino Staff recommend that the Investment Committee adopt Option B for both portfolios, which increases allocations to Growth and Real Assets/Inflation Hedging.**
- The capital markets expectations used in this analysis are contained in the Appendix (Meketa Annual Asset Study).



## **Asset Allocation Overview**

## Asset Allocation

### ***What is Asset Allocation?***

→ Asset allocation refers to the distribution of assets across a number of asset classes that exhibit different correlations with each other. Each asset class exhibits a unique combination of risk and reward. The expected and realized long-term returns vary by asset class, as does the interim volatility of those returns. Some asset classes, like equities, exhibit high degrees of volatility, but also offer high returns over time. Other asset classes, like cash, experience very little volatility, but offer limited return potential.

### ***Why is Asset Allocation important?***

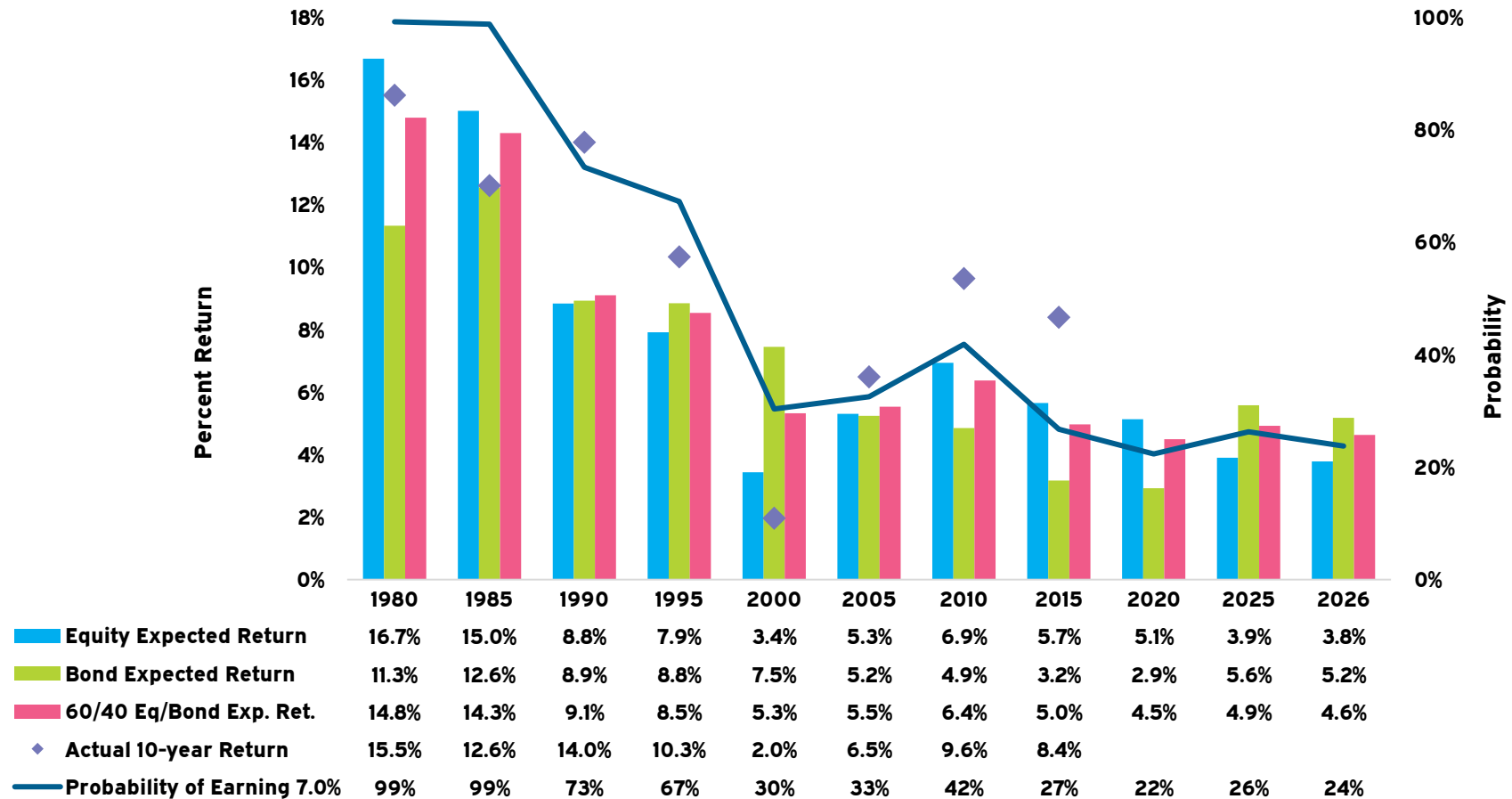
→ The distribution of assets across various asset classes exerts a major influence on the return behavior of the aggregate pool over short and long time periods.

### ***How does Asset Allocation affect aggregate performance?***

→ In addition to exhibiting unique characteristics, each asset class interacts differently with other asset classes. Because of low correlations, the likelihood that any two asset classes will move together in the same direction is limited, with the movement of one asset class often offsetting another's. Combining asset classes allows investors to control more fully the aggregate risk and return of their portfolios, and to benefit from the reduction in volatility that stems from diversification.



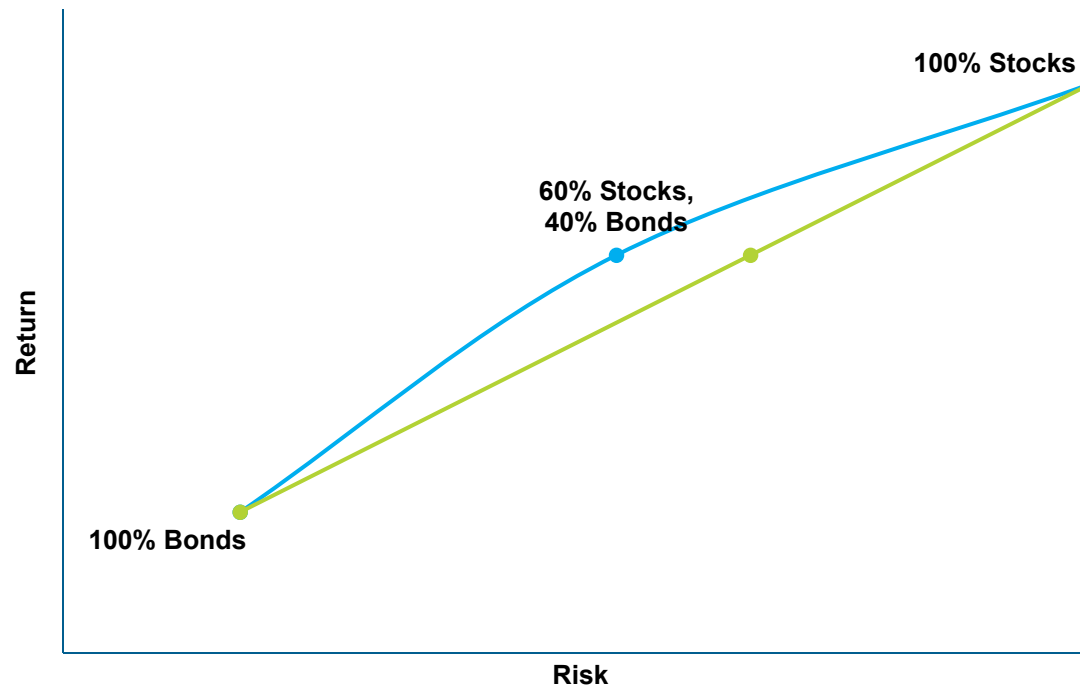
Secular Changes in Investment Returns<sup>1</sup>



→ The chart above illustrates that a portfolio comprising of 60% domestic stocks and 40% investment grade bonds has produced diminishing expected returns as well as actual returns over the past 30 years.

<sup>1</sup> Expected return assumptions for 1) Bonds equals the yield of the ten-year Treasury plus 100 basis points, and 2) Equities equals the dividend yield plus the earnings yield of the S&P 500 index (using the inflation-adjusted trailing 10-year earnings). Note that these short-hand models do not reflect Meketa’s capital markets expectations. Probability calculation is for the subsequent ten years.

### The Efficient Frontier



- Combining uncorrelated assets produces an “efficient frontier.” Different combinations of assets (e.g., 60% stocks and 40% bonds) will lie along this efficient frontier.
- By combining assets that are not highly correlated with each other, the portfolios can produce a higher return for a given level of risk than it could by investing in perfectly correlated assets.
  - Alternatively, it can experience lower risk for a given level of return.



## **Total Surplus (Reserve Cash) Portfolio Proposed Policy Options**



### Asset Allocation Policy Options<sup>1</sup>

Asset Group	3/31/26 Surplus	Surplus IPS Targets	Surplus Option A	Surplus Option B
<b>Growth/Equity</b>	63.1%	65.5%	50.0%	60.0%
<b>US Equity</b>	0.0%	22.0%	0.0%	0.0%
<b>US Large Cap</b>	19.3%	0.0%	0.0%	0.0%
<b>US Small Cap</b>	3.7%	0.0%	0.0%	0.0%
<b>Developed Market Equity (non-US)</b>	9.7%	0.0%	0.0%	0.0%
<b>Emerging Market Equity</b>	4.8%	0.0%	0.0%	0.0%
<b>Global Equity</b>	7.2%	8.0%	35.0%	44.0%
<b>Foreign ex US Equity</b>	0.0%	12.0%	0.0%	0.0%
<b>Private Equity</b>	1.2%	0.0%	4.0%	6.0%
<b>High Yield Bonds</b>	2.4%	0.0%	0.0%	0.0%
<b>Multi-Sector Credit</b>	6.2%	10.0%	8.0%	7.0%
<b>Private Debt</b>	0.9%	4.5%	3.0%	3.0%
<b>Hedge Funds</b>	7.7%	9.0%	0.0%	0.0%
<b>Real Assets/Inflation Hedging</b>	0.9%	4.5%	15.0%	17.0%
<b>Real Estate</b>	0.9%	4.5%	3.0%	4.0%
<b>Natural Resources</b>	0.0%	0.0%	2.0%	2.0%
<b>Commodities</b>	0.0%	0.0%	3.0%	3.0%
<b>Infrastructure</b>	0.0%	0.0%	2.0%	3.0%
<b>Short-term TIPS</b>	0.0%	0.0%	5.0%	5.0%
<b>Risk Mitigating</b>	36.0%	30.0%	35.0%	23.0%
<b>Cash Equivalents</b>	7.9%	0.0%	0.0%	0.0%
<b>Short-term Investment Grade Bonds</b>	9.1%	10.0%	0.0%	0.0%
<b>Investment Grade Bonds</b>	19.0%	20.0%	25.0%	13.0%
<b>Long-term Government Bonds</b>	0.0%	0.0%	5.0%	5.0%
<b>RMS Aggregate</b>	0.0%	0.0%	5.0%	5.0%
<b>Expected Return (20 year)</b>	<b>6.73%</b>	<b>6.96%</b>	<b>7.04%</b>	<b>7.49%</b>
<b>Standard Deviation</b>	<b>9.28%</b>	<b>9.53%</b>	<b>9.28%</b>	<b>11.16%</b>
<b>Sharpe Ratio</b>	<b>0.39</b>	<b>0.40</b>	<b>0.42</b>	<b>0.39</b>
<b>Max Illiquid</b>	10.70%	18.00%	19.00%	23.00%

<sup>1</sup> Expected return and standard deviation are based upon Meketa Investment Group's Annual Capital Markets Expectations. Throughout this document, returns for periods longer than one year are annualized.



### **Diversification**

- The primary motive for diversifying a portfolio is to reduce risk.
- Diversification is the sole “free lunch” available to investors. That is, it represents the only way to reduce risk without reducing expected returns.
- Therefore, investments should be allocated across multiple classes of assets, based in part on the expected correlation of their returns.
- Within each asset type, investments should be distributed across strategies and risk factors to further reduce volatility.

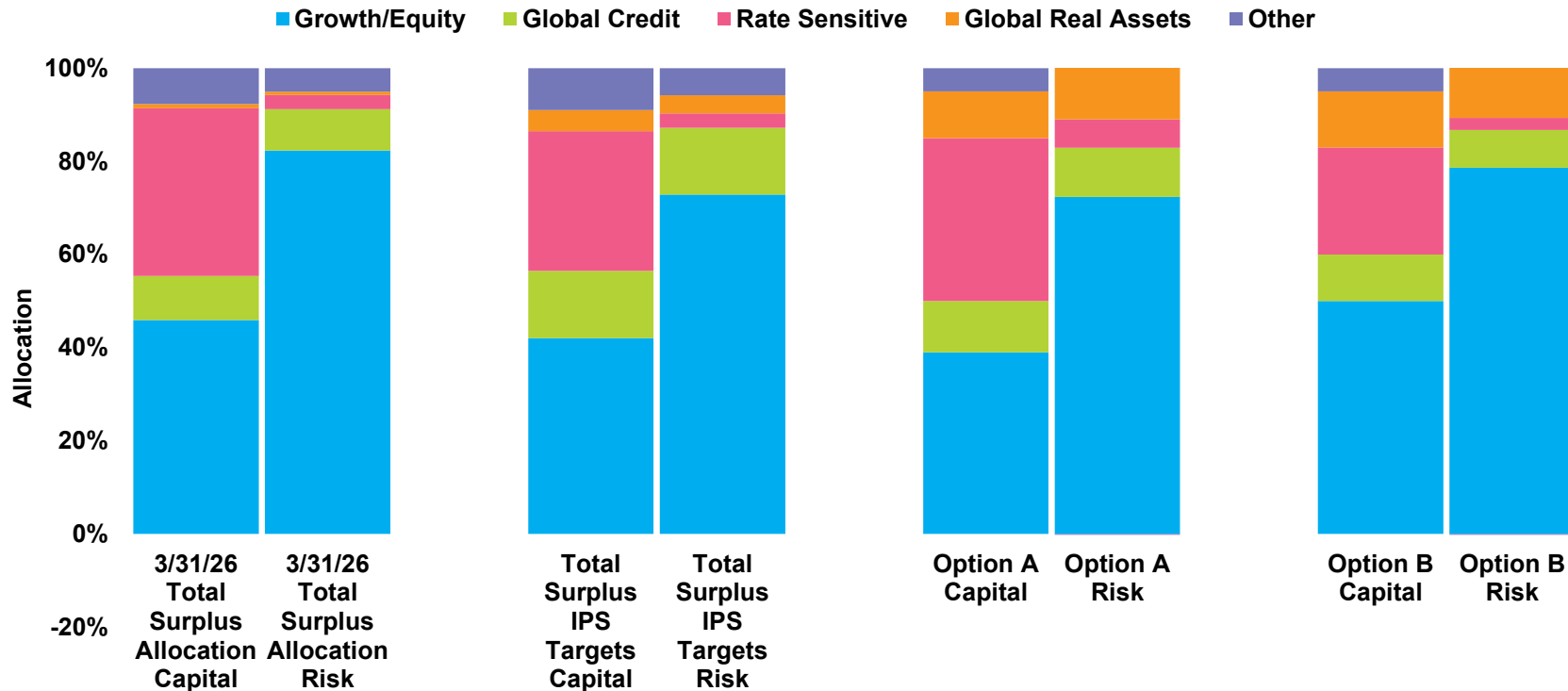
### Types of Risk Analysis Addressed

- Risk budgeting<sup>1</sup>
  - Attributes overall portfolio risks to specific asset classes
  - Highlights the source and scale of portfolio-level risk
- MPT-based risk analytics
  - Includes worst-case return expectations
  - Relies on assumptions underlying Modern Portfolio Theory (“MPT”)
- Scenario analysis
  - Stress tests policy portfolios using actual historical examples
  - Stress tests policy portfolios under specific hypothetical scenarios

<sup>1</sup> Risk budgeting seeks to decompose the aggregate risk of a portfolio into different sources (in this case, by asset class), with risk defined as standard deviation.



### Risk Budgeting Analysis<sup>1</sup> (Capital Allocation vs. Risk Allocation)

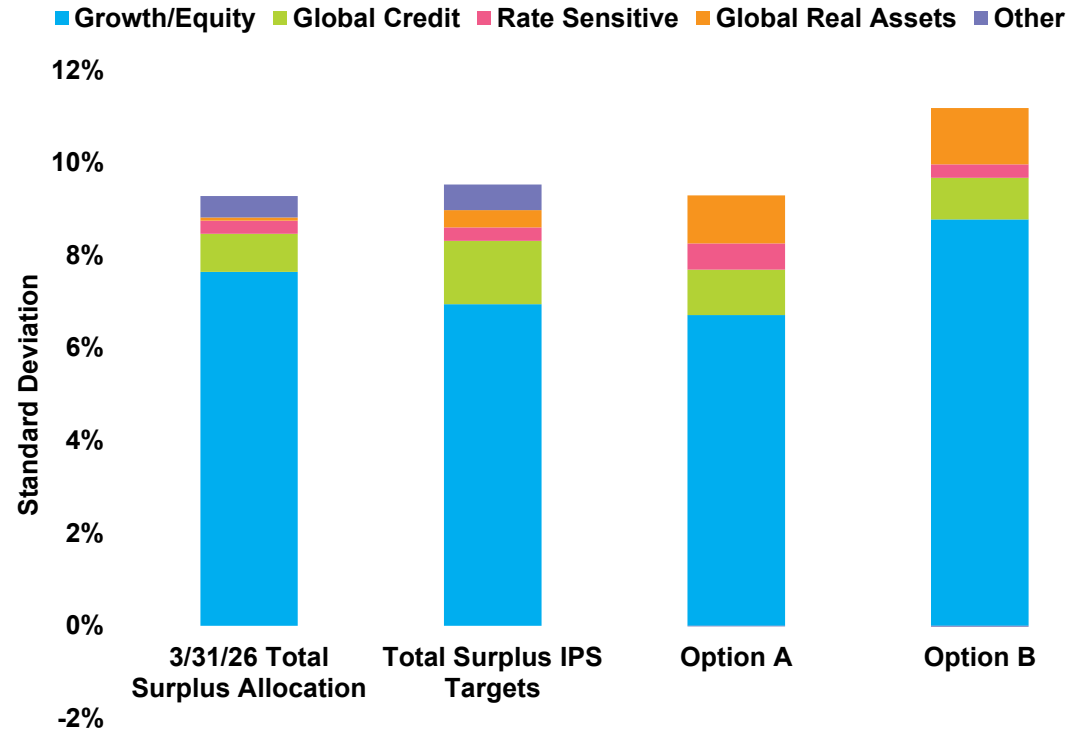


→ Assets with low relative volatility, such as rate sensitive fixed income, contribute less to risk than their asset weighting implies.

<sup>1</sup> Other includes Hedge Funds. Risk allocation is calculated by multiplying the weight of the asset class by its standard deviation and its correlation with the total portfolio and then dividing this by the standard deviation of the total portfolio.



### Risk Budgeting Analysis<sup>1</sup> (Absolute Contribution to Risk)



→ In each policy option, equity risk dominates the risk profile of the portfolio.

<sup>1</sup> Contribution to risk is calculated by multiplying the weight of the asset class by its standard deviation and its correlation with the total portfolio.



### Risk Analysis

Scenario	3/31/26 Total Surplus Allocation (%)	Total Surplus IPS Targets (%)	Option A (%)	Option B (%)
<b>Worst Case Returns (1)</b>				
One Year	-12.74%	-12.98%	-12.42%	-15.44%
Three Years (annualized)	-4.99%	-5.06%	-4.68%	-6.43%
Five Years (annualized)	-2.47%	-2.48%	-2.16%	-3.47%
Ten Years (annualized)	0.13%	0.19%	0.45%	-0.39%
Twenty Years (annualized)	2.02%	2.12%	2.33%	1.85%
<b>Probability of Experiencing Negative Returns</b>				
One Year	22.63%	22.44%	21.55%	24.26%
Three Years	9.67%	9.48%	8.63%	11.33%
Five Years	4.65%	4.52%	3.91%	5.93%
Ten Years	0.88%	0.83%	0.64%	1.36%
Twenty Years	0.04%	0.04%	0.02%	0.09%
<b>Probability of Achieving at least a 7% Return</b>				
One Year	48.77%	49.76%	50.11%	51.65%
Three Years	47.86%	49.58%	50.19%	52.86%
Five Years	47.24%	49.46%	50.24%	53.69%
Ten Years	46.10%	49.23%	50.34%	55.21%
Twenty Years	44.50%	48.91%	50.48%	57.35%
6 Months	-190	-194	-187	-233
12 Months	-229	-234	-223	-285
<b>Sharpe Ratio</b>	<b>0.39</b>	<b>0.40</b>	<b>0.42</b>	<b>0.39</b>

<sup>1</sup> "Worst Case Returns" refers to the 99th percentile return.



### Historical Negative Scenario Analysis<sup>1</sup> (Cumulative Return)

Scenario	3/31/26 Total Surplus Allocation (%)	Total Surplus IPS Targets (%)	Option A (%)	Option B (%)
Post-COVID Rate Hikes (Jan 2022 - Oct 2023)	-8.75%	-8.37%	-8.99%	-8.28%
COVID-19 Market Shock (Feb 2020 - Mar 2020)	-17.89%	-17.93%	-14.54%	-17.47%
BREXIT (Jun 2016)	-2.67%	-2.37%	-1.60%	-2.26%
Taper Tantrum (May - Aug 2013)	-0.55%	-0.27%	-1.37%	-0.78%
Eurozone Debt Crisis (July 2011 - Sept 2011)	-7.97%	-7.68%	-5.33%	-7.40%
Global Financial Crisis (Oct 2007 - Mar 2009)	-23.05%	-23.79%	-18.96%	-25.03%
Popping of the TMT Bubble (Apr 2000 - Sep 2002)	-11.94%	-10.24%	-4.86%	-12.79%
LTCM (Jul - Aug 1998)	-7.78%	-7.04%	-4.91%	-6.43%
Asian Financial Crisis (Aug 97 - Jan 98)	0.91%	3.01%	2.12%	1.73%
Rate spike (1994 Calendar Year)	1.66%	2.04%	2.43%	3.45%
Early 1990s Recession (Jun - Oct 1990)	-6.08%	-5.72%	-2.42%	-3.78%
Crash of 1987 (Sep - Nov 1987)	-11.31%	-11.16%	-6.68%	-8.84%
Strong dollar (Jan 1981 - Sep 1982)	7.34%	7.53%	7.32%	3.08%
Volcker Recession (Jan - Mar 1980)	-4.63%	-4.67%	-4.81%	-4.28%
Stagflation (Jan 1973 - Sep 1974)	-18.07%	-18.37%	-5.42%	-10.26%

- Option A would have performed the best in environments of declining equity markets, due to its more conservative positioning.
- Option B would have fared best during periods of rising rates, and would have protected more than the current allocations/targets in the case of stagflation.

<sup>1</sup> In periods where the ideal benchmark was not yet available we used the next closest benchmark(s) as a proxy.



### Historical Positive Scenario Analysis<sup>1</sup> (Cumulative Return)

Scenario	3/31/26 Total Surplus Allocation (%)	Total Surplus IPS Targets (%)	Option A (%)	Option B (%)
Covid Recovery (Apr 2020 - Dec 2021)	42.15%	42.86%	40.60%	49.62%
Global Financial Crisis Recovery (Mar 2009 - Nov 2009)	34.35%	33.79%	30.42%	34.50%
Real Estate and Buyout Boom (Oct 2004 - Sept 2007)	44.14%	43.04%	42.94%	51.30%
Best of Great Moderation (Apr 2003 - Feb 2004)	27.09%	25.80%	22.50%	26.50%
Peak of the TMT Bubble (Oct 1998 - Mar 2000)	33.98%	31.01%	30.82%	39.78%
Short Rate Decrease Cycle (Jan 1995 - Dec 1995)	19.18%	21.29%	17.93%	18.11%
Recession Recovery (Nov 1990 - March 1992)	28.40%	26.00%	14.91%	13.69%
Plummeting Dollar (Jan 1986 - Aug 1987)	50.54%	44.11%	47.91%	56.27%
Long Rate Decrease Cycle (June 1984 - August 1986)	76.75%	71.56%	77.03%	81.50%
Volcker Recovery (Aug 1982 - Apr 1983)	32.63%	32.61%	27.42%	28.24%
Bretton Wood Recovery (Oct 1974 - Jun 1975)	27.38%	26.72%	20.96%	24.20%

→ Policy B would have been the best option for capturing most of the upside in strongly positive markets.

<sup>1</sup> In periods where the ideal benchmark was not yet available we used the next closest benchmark(s) as a proxy.



### Stress Testing: Impact of Negative Market Movements (Expected Return under Negative Conditions)<sup>1</sup>

Scenario	3/31/26 Total Surplus Allocation (%)	Total Surplus IPS Targets (%)	Option A (%)	Option B (%)
10-year Treasury Bond rates rise 100 bps	2.76%	2.35%	1.98%	3.21%
10-year Treasury Bond rates rise 200 bps	-2.61%	-2.75%	-3.08%	-2.21%
10-year Treasury Bond rates rise 300 bps	-2.82%	-2.89%	-5.28%	-4.12%
Baa Spreads widen by 50 bps, High Yield by 200 bps	0.44%	0.35%	1.07%	0.61%
Baa Spreads widen by 300 bps, High Yield by 1000 bps	-17.91%	-17.99%	-15.91%	-19.18%
Trade Weighted Dollar gains 10%	-3.60%	-3.07%	-3.36%	-4.22%
Trade Weighted Dollar gains 20%	-1.07%	-0.60%	-0.68%	-1.65%
U.S. Equities decline 10%	-4.54%	-4.67%	-3.36%	-4.49%
U.S. Equities decline 25%	-13.16%	-13.70%	-11.37%	-14.07%
U.S. Equities decline 40%	-21.31%	-21.54%	-19.08%	-23.05%
Bull Steepener	2.27%	2.33%	2.31%	1.76%

- Each policy portfolio has a different sensitivity to four major risk factors: interest rates, credit spreads, currency fluctuations, and equity values.
- The portfolio's primary risk factors would continue to be an equity market decline and a widening of credit spreads, no matter the policy.

<sup>1</sup> Assumes that assets not directly exposed to the factor are affected nonetheless.



### Stress Testing: Impact of Positive Market Movements (Expected Return under Positive Conditions)<sup>1</sup>

Scenario	3/31/26 Total Surplus Allocation (%)	Total Surplus IPS Targets (%)	Option A (%)	Option B (%)
10-year Treasury Bond rates drop 100 bps	1.89%	2.30%	2.31%	1.95%
10-year Treasury Bond rates drop 200 bps	9.48%	9.21%	9.72%	10.08%
10-year Treasury Bond rates drop 300 bps	12.15%	12.22%	13.12%	13.19%
Baa Spreads narrow by 30bps, High Yield by 100 bps	5.63%	5.70%	5.00%	5.98%
Baa Spreads narrow by 100bps, High Yield by 300 bps	12.65%	12.14%	11.37%	12.63%
Trade Weighted Dollar drops 10%	6.54%	6.19%	6.64%	7.47%
Trade Weighted Dollar drops 20%	18.81%	16.36%	18.34%	20.74%
U.S. Equities rise 10%	5.32%	5.42%	4.69%	5.45%
U.S. Equities rise 30%	14.12%	14.60%	11.66%	13.71%
Bear Steepener	4.18%	3.51%	2.79%	3.85%

→ The portfolio with the least downside risk is likewise the portfolio that participates least in upside scenarios.

<sup>1</sup> Assumes that assets not directly exposed to the factor are affected nonetheless.



### Inflation Stress Testing: Negative Scenarios (Expected Return under Negative Inflationary Conditions)<sup>1</sup>

Scenario	3/31/26 Total Surplus Allocation (%)	Total Surplus IPS Targets (%)	Option A (%)	Option B (%)
Inflation slightly higher than expected	-0.26%	-0.24%	-0.24%	-0.18%
Inflation meaningfully higher than expected	-5.00%	-4.76%	-4.25%	-4.57%
Low Growth and Low Inflation	-7.10%	-6.75%	-6.01%	-6.76%
Low Growth and High Inflation	-10.74%	-9.97%	-9.10%	-10.16%
Brief, moderate inflation spike	-3.35%	-3.08%	-2.39%	-2.59%
Extended, moderate inflation spike	-5.99%	-5.69%	-4.45%	-5.19%
Brief, extreme inflation spike	-7.69%	-7.37%	-5.79%	-6.85%
Extended, extreme inflation spike	-9.94%	-9.62%	-7.57%	-9.15%

→ Option B would have performed better than the current allocation/targets in the scenarios where inflation does the most harm.

<sup>1</sup> See the Appendix for further details.



### Inflation Stress Testing: Positive Scenarios (Expected Return under Positive Inflationary Conditions)<sup>1</sup>

Scenario	3/31/26 Total Surplus Allocation (%)	Total Surplus IPS Targets (%)	Option A (%)	Option B (%)
High Growth and Low Inflation	9.74%	9.62%	8.29%	10.07%
High Growth and Moderate Inflation	7.37%	7.59%	6.31%	7.88%
High Growth and High Inflation	4.96%	5.48%	4.29%	5.56%

→ Option B would be most well-structured for handling bouts of positive inflation.

<sup>1</sup> See the Appendix for further details.



### Deglobalization Scenario Analysis (Expected Return under Deglobalization Conditions)

Scenario	3/31/26 Total Surplus Allocation (%)	Total Surplus IPS Targets (%)	Option A (%)	Option B (%)
Rising Globalization	6.12	6.30	6.57	6.93
Stalled Globalization	6.18	6.38	6.51	6.73
Moderate Deglobalization	5.99	6.17	6.29	6.57
Extreme Deglobalization	6.24	6.45	6.85	6.68

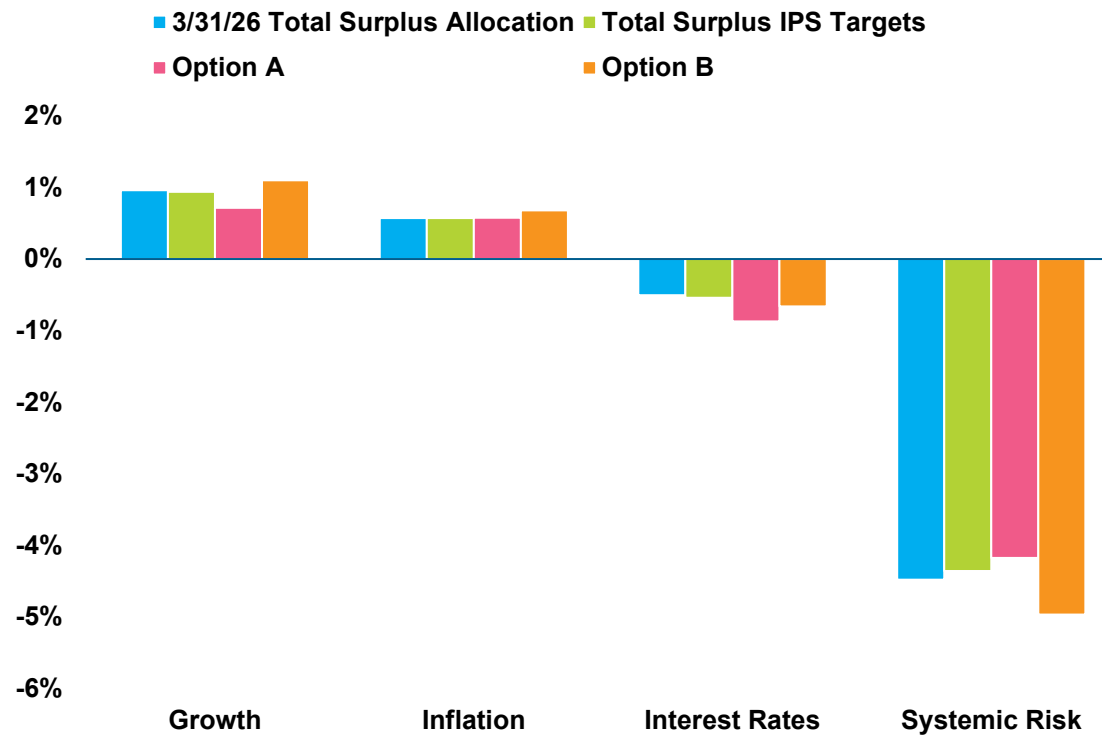
→ Each policy portfolio has a different sensitivity to the deglobalization scenarios, with Option B expected to have the highest returns in each.

## Economic Regime Management

- The Economic Regime Management (“ERM”) approach focuses on understanding the dynamics of the most important macro level forces that drive returns across asset classes.
- We find the most important factors to be:
  - Interest Rate Surprise – Unexpected changes in the 10 year interest rate (related to Duration).
  - Inflation Surprise – Unexpected changes in the CPI growth rate.
  - Growth Surprise – Unexpected changes in the Real GDP growth rate.
  - Systemic Risk – “System-wide” risk that propagates through all asset classes (e.g., 2008).
- We focus on surprises because expectations matter.
  - What was considered “low” inflation in the 1970s would be considered “high” today.
- These factors explain the majority of volatility across asset classes.
  - Understanding these dynamics explain the “why” not just the “what.”



### Portfolio Sensitivity Comparison



- The chart above shows the resulting change in portfolio return given a one standard deviation event in the respective risk factor.
- There is more concentration in Growth and Systematic Risk because these sources of risk tend to pay better (have higher expected returns) than the other risk factors.



### **Summary and Recommendations**

- Meketa Investment Group and Staff recommend that the Investment Committee adopt both portfolios' Option B, which increase Growth and Real Assets/Inflation Hedging Assets.
- These options are expected to have the same risk adjusted returns as the current allocations, with additional overall return.
  - The two Option Bs are expected to enhance the portfolios' resilience to possible future market scenarios including inflation, stagflation, and deglobalization.



## Appendices

### Notes and Disclaimers

- <sup>1</sup> The returns shown in the Policy Options and Risk Analysis sections rely on estimates of expected return, standard deviation, and correlation developed by Meketa Investment Group. To the extent that actual return patterns to the asset classes differ from our expectations, the results in the table will be incorrect. However, our inputs represent our best unbiased estimates of these simple parameters.
- <sup>2</sup> The returns shown in the Policy Options and Risk Analysis sections use a lognormal distribution, which may or may not be an accurate representation of each asset classes' future return distribution. To the extent that it is not accurate in whole or in part, the probabilities listed in the table will be incorrect. As an example, if some asset classes' actual distributions are even more right-skewed than the lognormal distribution (i.e., more frequent low returns and less frequent high returns), then the probability of the portfolio hitting a given annual return will be lower than that stated in the table.
- <sup>3</sup> The standard deviation bars in the chart in the Risk Analysis section do not indicate the likelihood of a 1, 2, or 3 standard deviation event—they simply indicate the return we expect if such an event occurs. Since the likelihood of such an event is the same across allocations regardless of the underlying distribution, a relative comparison across policy choices remains valid.



## Cash Balance Pension Plan

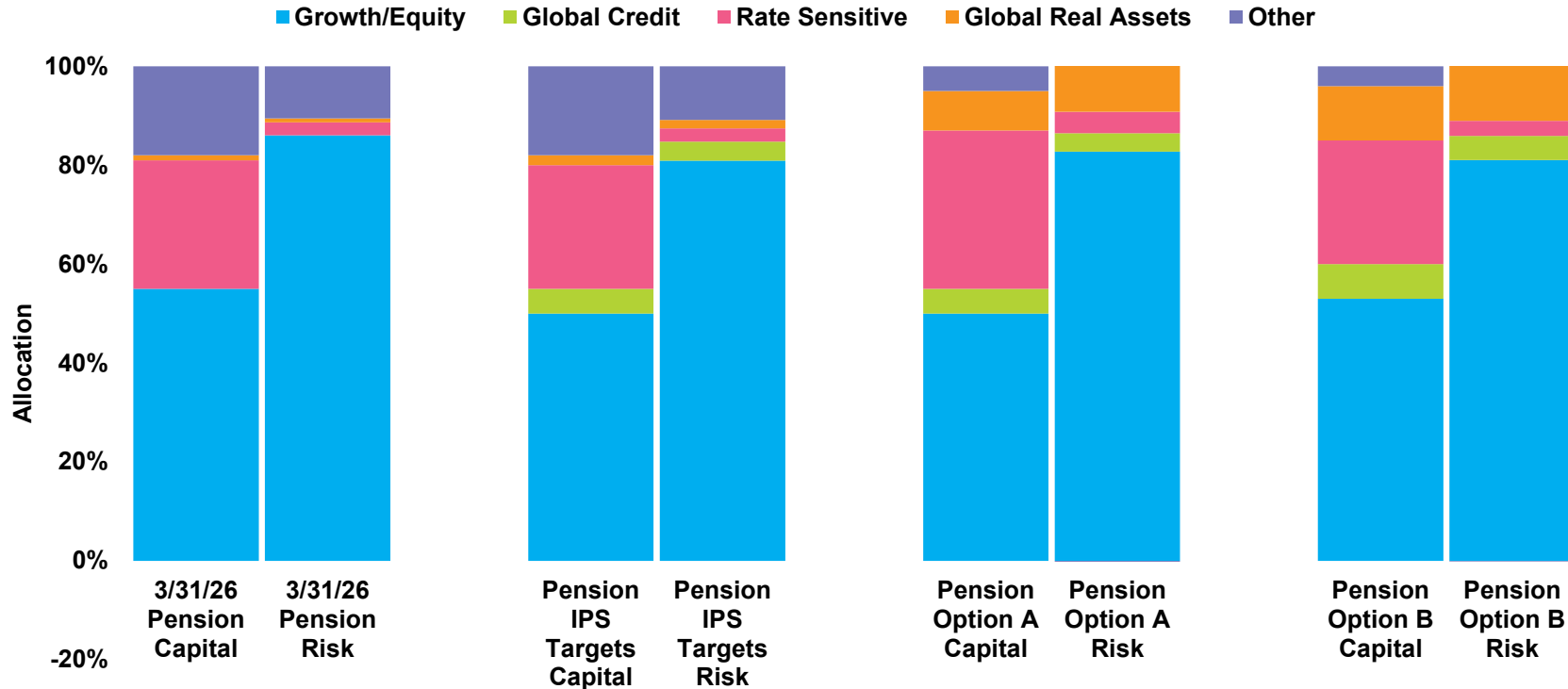
Asset Allocation Policy Options<sup>1</sup>

Asset Group	3/31/26 Pension	Pension IPS Targets	Pension Option A	Pension Option B
<b>Growth</b>	<b>73%</b>	<b>73%</b>	<b>55%</b>	<b>60%</b>
US Equity	0.0%	32.0%	0.0%	0.0%
US Large Cap	31.0%	0.0%	0.0%	0.0%
US Small Cap	5.0%	0.0%	0.0%	0.0%
Developed Market Equity (non-US)	14.0%	0.0%	0.0%	0.0%
Emerging Market Equity	5.0%	0.0%	0.0%	0.0%
Global Equity	0.0%	0.0%	47.0%	49.0%
Foreign ex US Equity	0.0%	18.0%	0.0%	0.0%
Private Equity	0.0%	0.0%	3.0%	4.0%
Multi-Sector Credit	0.0%	5.0%	5.0%	7.0%
Hedge Funds	18.0%	18.0%	0.0%	0.0%
<b>Real Assets/Inflation Hedging</b>	<b>1%</b>	<b>2%</b>	<b>13%</b>	<b>17%</b>
Real Estate	1.0%	2.0%	2.0%	3.0%
Natural Resources	0.0%	0.0%	2.0%	2.0%
Commodities	0.0%	0.0%	2.0%	4.0%
Infrastructure	0.0%	0.0%	2.0%	2.0%
Short-term TIPS	0.0%	0.0%	5.0%	6.0%
<b>Risk Mitigating</b>	<b>26%</b>	<b>25%</b>	<b>32%</b>	<b>23%</b>
Cash Equivalents	2.0%	0.0%	0.0%	0.0%
Short-term Investment Grade Bonds	4.0%	5.0%	3.0%	0.0%
Investment Grade Bonds	20.0%	20.0%	20.0%	13.0%
Long-term Government Bonds	0.0%	0.0%	4.0%	6.0%
Risk Mitigating Hedge Funds	0.0%	0.0%	5.0%	4.0%
<b>Expected Return (20 years)</b>	<b>7.0%</b>	<b>7.0%</b>	<b>7.1%</b>	<b>7.4%</b>
<b>Standard Deviation</b>	<b>10.5%</b>	<b>10.3%</b>	<b>10.4%</b>	<b>11.3%</b>
<b>Sharpe Ratio</b>	<b>0.38</b>	<b>0.38</b>	<b>0.39</b>	<b>0.38</b>
<b>Max Illiquid</b>	<b>19%</b>	<b>20%</b>	<b>14%</b>	<b>15%</b>

<sup>1</sup> Expected return and standard deviation are based upon Meketa Investment Group's Annual Capital Markets Expectations. Throughout this document, returns for periods longer than one year are annualized.



### Risk Budgeting Analysis<sup>1</sup> (Capital Allocation vs. Risk Allocation)

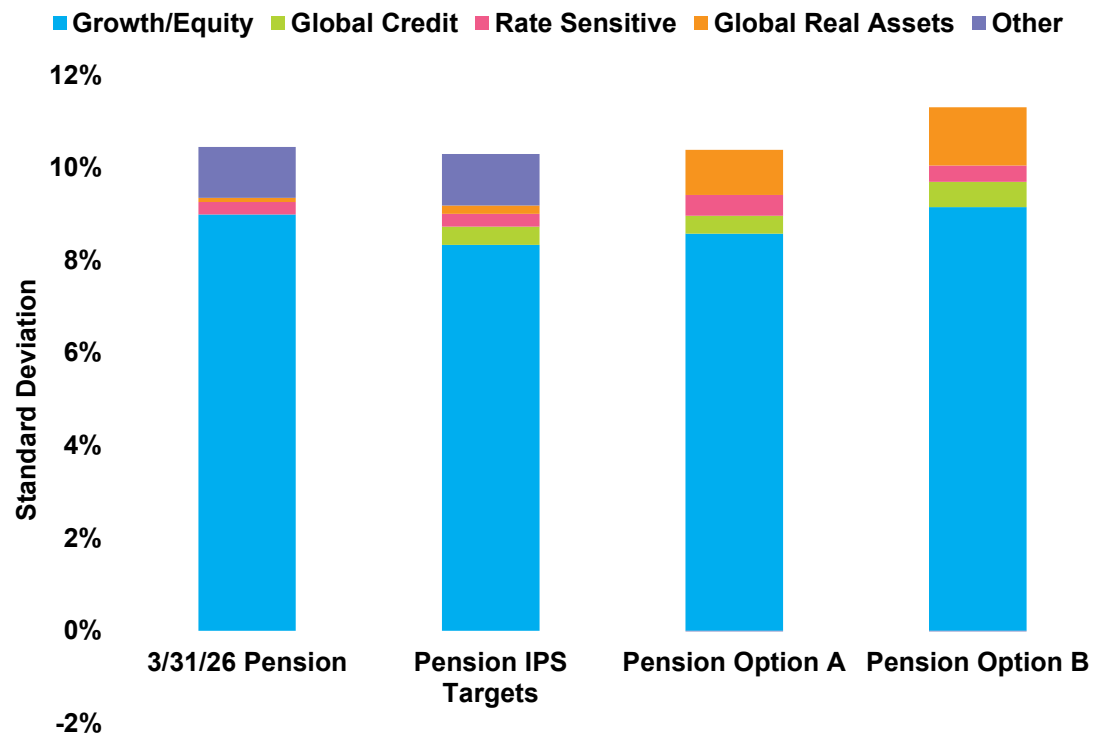


→ Assets with low relative volatility, such as rate sensitive fixed income, contribute less to risk than their asset weighting implies.

<sup>1</sup> Other includes Hedge Funds. Risk allocation is calculated by multiplying the weight of the asset class by its standard deviation and its correlation with the total portfolio and then dividing this by the standard deviation of the total portfolio.



### Risk Budgeting Analysis<sup>1</sup> (Absolute Contribution to Risk)



→ In each policy option, equity risk dominates the risk profile of the portfolio.

<sup>1</sup> Contribution to risk is calculated by multiplying the weight of the asset class by its standard deviation and its correlation with the total portfolio.



## MPT-Based Risk Analysis

Scenario	3/31/26 Pension (%)	Pension IPS Targets (%)	Pension Option A (%)	Pension Option B (%)
<b>Worst Case Returns (1)</b>				
One Year	-14.61%	-14.37%	-14.35%	-15.79%
Three Years (annualized)	-6.06%	-5.93%	-5.86%	-6.70%
Five Years (annualized)	-3.26%	-3.17%	-3.08%	-3.70%
Ten Years (annualized)	-0.36%	-0.30%	-0.20%	-0.59%
Twenty Years (annualized)	1.74%	1.77%	1.89%	1.67%
<b>Probability of Experiencing Negative Returns</b>				
One Year	24.25%	24.07%	23.74%	24.86%
Three Years	11.33%	11.14%	10.79%	11.98%
Five Years	5.92%	5.77%	5.50%	6.45%
Ten Years	1.36%	1.30%	1.19%	1.59%
Twenty Years	0.09%	0.08%	0.07%	0.12%
<b>Probability of Achieving at least a 7% Return</b>				
One Year	50.02%	49.87%	50.43%	51.21%
Three Years	50.04%	49.77%	50.74%	52.10%
Five Years	50.05%	49.70%	50.96%	52.71%
Ten Years	50.07%	49.57%	51.35%	53.83%
Twenty Years	50.10%	49.40%	51.91%	55.41%

<sup>1</sup> "Worst Case Returns" refers to the 99th percentile return.



### Historical Negative Scenario Analysis<sup>1</sup> (Cumulative Return)

Scenario	3/31/26 Pension (%)	Pension IPS Targets (%)	Pension Option A (%)	Pension Option B (%)
Post-COVID Rate Hikes(Jan	-10.37%	-10.09%	-10.06%	-9.89%
COVID-19 Market Shock (Feb	-20.48%	-20.03%	-17.51%	-18.85%
BREXIT (Jun 2016)	-3.28%	-3.01%	-2.58%	-2.73%
Taper Tantrum (May - Aug	-0.28%	-0.35%	-1.39%	-1.36%
Eurozone Debt Crisis (July	-9.62%	-9.15%	-7.47%	-7.98%
Global Financial Crisis (Oct	-27.80%	-26.89%	-23.22%	-26.41%
Popping of the TMT Bubble	-17.15%	-15.01%	-11.92%	-14.46%
LTCM (Jul - Aug 1998)	-10.24%	-9.26%	-6.58%	-7.29%
Asian Financial Crisis (Aug 97	0.49%	2.68%	0.88%	0.80%
Rate spike (1994 Calendar	1.37%	1.51%	2.19%	2.92%
Early 1990s Recession (Jun -	-7.53%	-7.10%	-3.77%	-4.17%
Crash of 1987 (Sep - Nov	-15.08%	-14.39%	-9.34%	-9.96%
Strong dollar (Jan 1981 - Sep	3.48%	4.52%	4.80%	1.84%
Volcker Recession (Jan - Mar	-5.31%	-5.28%	-4.99%	-4.94%
Stagflation (Jan 1973 - Sep	-23.69%	-22.54%	-12.34%	-9.37%

→ Option A would have performed the best in most environments of declining equity markets, due to its more conservative positioning. Option B would have fared best in a rate spike or stagflation environment.

<sup>1</sup> In periods where the ideal benchmark was not yet available we used the next closest benchmark(s) as a proxy.



### Historical Positive Scenario Analysis<sup>1</sup> (Cumulative Return)

Scenario	3/31/26 Pension (%)	Pension IPS Targets (%)	Pension Option A (%)	Pension Option B (%)
Covid Recovery (Apr 2020 - Dec 2021)	50.95%	49.11%	45.81%	50.23%
Global Financial Crisis Recovery (Mar 2009 - Nov 2009)	37.20%	36.26%	34.67%	36.58%
Real Estate and Buyout Boom (Oct 2004 - Sept 2007)	48.66%	46.08%	48.63%	51.85%
Best of Great Moderation (Apr 2003 - Feb 2004)	31.75%	29.39%	26.83%	28.67%
Peak of the TMT Bubble (Oct 1998 - Mar 2000)	40.94%	37.59%	34.15%	37.42%
Short Rate Decrease Cycle (Jan 1995 - Dec 1995)	22.61%	24.28%	18.21%	18.57%
Recession Recovery (Nov 1990 - March 1992)	32.09%	31.03%	14.06%	13.85%
Plummeting Dollar (Jan 1986 - Aug 1987)	57.13%	48.20%	59.67%	61.42%
Long Rate Decrease Cycle (June 1984 - August 1986)	82.29%	74.74%	88.23%	88.36%
Volcker Recovery (Aug 1982 - Apr 1983)	37.69%	37.05%	30.45%	30.57%
Bretton Wood Recovery (Oct 1974 - Jun 1975)	32.49%	31.29%	25.37%	25.89%

→ The current portfolio would have been the best option for capturing most of the upside in strongly positive markets.

<sup>1</sup> In periods where the ideal benchmark was not yet available we used the next closest benchmark(s) as a proxy.



### Stress Testing: Impact of Negative Market Movements (Expected Return under Negative Conditions)<sup>1</sup>

Scenario	3/31/26 Pension (%)	Pension IPS Targets (%)	Pension Option A (%)	Pension Option B (%)
10-year Treasury Bond rates rise 100 bps	3.41%	2.77%	2.79%	3.33%
10-year Treasury Bond rates rise 200 bps	-2.68%	-2.95%	-2.80%	-2.50%
10-year Treasury Bond rates rise 300 bps	-2.49%	-2.58%	-4.34%	-4.19%
Baa Spreads widen by 50 bps, High Yield by 200 bps	0.18%	0.18%	0.88%	0.57%
Baa Spreads widen by 300 bps, High Yield by 1000 bps	-20.27%	-19.71%	-18.41%	-20.34%
Trade Weighted Dollar gains 10%	-4.19%	-3.49%	-4.35%	-4.73%
Trade Weighted Dollar gains 20%	-1.20%	-1.01%	-1.51%	-2.32%
U.S. Equities decline 10%	-5.58%	-5.55%	-4.32%	-4.70%
U.S. Equities decline 25%	-15.39%	-15.35%	-13.20%	-14.63%
U.S. Equities decline 40%	-24.90%	-24.17%	-22.18%	-24.60%
Bull Steepener	2.28%	2.55%	2.05%	1.84%

- Each policy portfolio has a different sensitivity to four major risk factors: interest rates, credit spreads, currency fluctuations, and equity values.
- The Fund's primary risk factors would continue to be an equity market decline and a widening of credit spreads, no matter the policy.

<sup>1</sup> Assumes that assets not directly exposed to the factor are affected nonetheless.



### Stress Testing: Impact of Positive Market Movements (Expected Return under Positive Conditions)<sup>1</sup>

Scenario	3/31/26 Pension (%)	Pension IPS Targets (%)	Pension Option A (%)	Pension Option B (%)
10-year Treasury Bond rates drop 100 bps	2.23%	2.67%	2.04%	1.97%
10-year Treasury Bond rates drop 200 bps	10.70%	10.16%	10.77%	11.04%
10-year Treasury Bond rates drop 300 bps	13.61%	13.54%	14.16%	14.45%
Baa Spreads narrow by 30bps, High Yield by 100 bps	6.47%	6.28%	5.56%	5.97%
Baa Spreads narrow by 100bps, High Yield by 300 bps	13.24%	12.83%	12.51%	13.30%
Trade Weighted Dollar drops 10%	7.02%	6.76%	7.37%	7.87%
Trade Weighted Dollar drops 20%	21.36%	18.04%	21.72%	22.33%
U.S. Equities rise 10%	6.16%	6.24%	5.20%	5.55%
U.S. Equities rise 30%	16.70%	17.25%	13.86%	14.56%
Bear Steepener	4.77%	4.19%	3.82%	4.12%

→ The current IPS target portfolio is expected to participate least in the majority of upside scenarios.

<sup>1</sup> Assumes that assets not directly exposed to the factor are affected nonetheless.



### Inflation Stress Testing: Negative Scenarios (Expected Return under Negative Inflationary Conditions)<sup>1</sup>

Scenario	3/31/26 Pension (%)	Pension IPS Targets (%)	Pension Option A (%)	Pension Option B (%)
Inflation slightly higher than expected	-0.33%	-0.27%	-0.27%	-0.22%
Inflation meaningfully higher than expected	-5.84%	-5.42%	-5.11%	-5.19%
Low Growth and Low Inflation	-7.99%	-7.66%	-7.17%	-7.49%
Low Growth and High Inflation	-12.07%	-11.35%	-10.98%	-11.31%
Brief, moderate inflation spike	-3.90%	-3.67%	-2.81%	-2.75%
Extended, moderate inflation spike	-7.31%	-6.88%	-5.30%	-5.54%
Brief, extreme inflation spike	-9.50%	-8.95%	-6.90%	-7.32%
Extended, extreme inflation spike	-12.44%	-11.73%	-9.05%	-9.79%

→ Option A and B would be expected to protect best when inflation is high and growth is low.

<sup>1</sup> See the Appendix for further details.



### Inflation Stress Testing: Positive Scenarios (Expected Return under Positive Inflationary Conditions)<sup>1</sup>

Scenario	3/31/26 Pension (%)	Pension IPS Targets (%)	Pension Option A (%)	Pension Option B (%)
High Growth and Low Inflation	11.59%	11.20%	9.95%	10.85%
High Growth and Moderate Inflation	8.99%	8.90%	7.47%	8.37%
High Growth and High Inflation	6.23%	6.46%	4.94%	5.80%

→ The current portfolio is expected to perform best in high growth/high inflation scenarios.

<sup>1</sup> See the Appendix for further details.



### Deglobalization Scenario Analysis (Expected Return under Deglobalization Conditions)

Scenario	3/31/26 Pension (%)	Pension IPS Targets (%)	Pension Option A (%)	Pension Option B (%)
Rising Globalization	6.16	6.11	6.51	6.73
Stalled Globalization	6.06	6.08	6.40	6.56
Moderate Deglobalization	5.88	5.88	6.21	6.41
Extreme Deglobalization	6.00	6.11	6.57	6.64

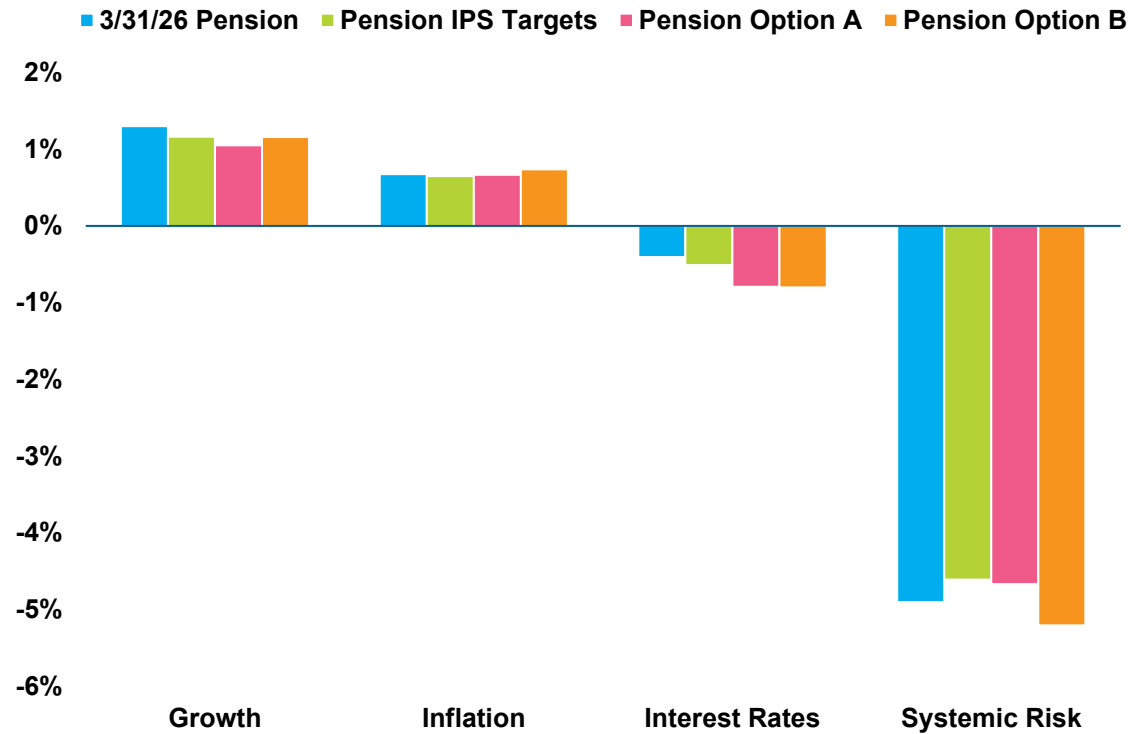
→ Option B is expected to be best positioned for deglobalization scenarios.

## Economic Regime Management

- The Economic Regime Management (“ERM”) approach focuses on understanding the dynamics of the most important macro level forces that drive returns across asset classes.
- We find the most important factors to be:
  - Interest Rate Surprise – Unexpected changes in the 10 year interest rate (related to Duration).
  - Inflation Surprise – Unexpected changes in the CPI growth rate.
  - Growth Surprise – Unexpected changes in the Real GDP growth rate.
  - Systemic Risk – “System-wide” risk that propagates through all asset classes (e.g., 2008).
- We focus on surprises because expectations matter.
  - What was considered “low” inflation in the 1970s would be considered “high” today.
- These factors explain the majority of volatility across asset classes.
  - Understanding these dynamics explain the “why” not just the “what.”



### Portfolio Sensitivity Comparison



- The chart above shows the resulting change in portfolio return given a one standard deviation event in the respective risk factor.
- There is more concentration in Growth and Systematic Risk because these sources of risk tend to pay better (have higher expected returns) than the other risk factors.

## **Investment Policy Statement Including Suggestions (Red-Lined)**



### Executive Summary

- The EI Camino Health Investment Policy Statements (IPS) for the Total Surplus and Cash Balance Pension Plans are well-crafted and contain the important sections and topics necessary for required fiduciary governance. It is best practice for Investment Committees to review IPS documents annually.
- Meketa has reviewed the Investment Policy Statements for both EI Camino Health portfolios and red-lined them with suggested edits, including:
  - Updated asset allocation targets and ranges, which can be considered based on the asset allocation analysis also contained in these meeting materials.
  - Adding private natural resources and infrastructure to possible alternative investments allowed.
  - Removing restrictions on maximum lock-up and liquidity terms, as these vary and it is best practice to consider them individually by investment.
  - Some minor clarifications, such as removing language stating that the Investment Consultant has the ability to move funds within portfolios (as we do not), and noting that specific security restrictions apply only to separate accounts.
- We look forward to incorporating any additional feedback from the Investment Committee.



Origination 06/1998 Owner Carlos Bohorquez, Chief Financial Officer  
 Last Approved 05/2020 Area Finance  
 Effective 05/2020 Last Revised 12/2022  
 Next Review 12/2023 Document Procedure

## Surplus Cash – Reserve Fund Investment Policy

### I. COVERAGE:

El Camino Hospital Surplus Cash – Reserve Fund

### II. Policy Summary:

It is the policy of the El Camino Hospital Board of Directors that cash funds of El Camino Hospital, El Camino Hospital Foundation, CONCERN: EAP, and other affiliates be prudently invested with a focus on preserving the liquidity and principal necessary to meet known and reasonably unforeseen operational and capital needs. Funds will be invested in a diversified portfolio that balances the need for liquidity with a long-term investment focus in order to improve investment returns and the organization's financial strength.

### III. POLICY:

#### 1. Objectives and Purpose

- a. The policy will be to invest the Surplus Cash – Reserve Fund assets in a diversified investment portfolio that targets capital appreciation without assuming undue risk to principal. The primary objectives of the overall Surplus Cash – Reserve Fund pool shall be (1) preservation of capital, (2) capital growth, (3) maintenance of liquidity, and (4) avoidance of inappropriate concentration of investments.
- b. The assets subject to this Investment Policy include the commingled funds of the Hospital, Foundation, CONCERN, and the El Camino Hospital Foundation Gift Annuity Fund.

The El Camino Hospital Foundation Gift Annuity Fund is also managed according to the following restrictions: investments shall be managed in a diversified and prudent manner and in compliance with and subject to the criteria set forth under California Insurance Code Section (CICS) 1192.9, including Section 11521.2 to 11521.3.

#### 2. Delegation of Responsibility

- a. Within the financial activities of the organization, it is necessary to provide a prudent framework for the regular supervision of the management of invested funds. The Board of Directors ("the Board") has the overall fiduciary responsibility for the

Surplus Cash – Reserve Fund assets. The Board shall appoint an Investment Committee (“the Committee”) that bears primary responsibility as detailed in section 2.d. below for oversight of El Camino Hospital management (“Management”), the independent Investment Consultant, and the overall Surplus Cash – Reserve Fund investment program. The Board shall delegate the specific management of the Surplus Cash – Reserve Fund pool's investments to Management as detailed in section 2.e. below.

- b. Management shall be defined as the Chief Executive Officer, the Chief Financial Officer, Controller, and Director of Treasury.
- c. Those authorized to execute transactions include the Chief Executive Officer, Chief Financial Officer, and Controller, and investment advisor(s) approved by Management.
- d. **Responsibilities of the Investment Committee**
  - 1. Establish and recommend revisions to the investment policy, as appropriate.
  - 2. Review compliance with policy.
  - 3. Approve allocations across investment styles and provide feedback on Management's implementation of investment managers that are consistent with this investment policy.
  - 4. Assure that implementation of each investment program is consistent with its overall investment objectives and risk tolerances.
  - 5. Monitor performance of investment managers through reports provided by the Investment Consultant.
- e. **Responsibilities of Management**
  - 1. Select, contract with, and when appropriate, terminate investment managers who manage the investment programs' assets.
  - 2. Evaluate the investment performance objectives of each of the investment programs' investment managers.
  - 3. Select, contract with, and when appropriate, terminate custodian banks/ brokers that are responsible for the custody of the investment programs' assets.
  - 4. Select, contract with, and when appropriate, terminate an investment consultant.
  - 5. Provide each investment manager with specific investment objectives and guidelines consistent with overall objectives.
  - 6. Determine and implement allocations across investment styles and investment managers that are consistent with this investment policy.
  - 7. Oversee the operational investment activities of the funds subject to this investment policy and other operating procedures and policies of El Camino Hospital.
  - 8. Work with the independent, external Investment Consultant in developing and/or reviewing investment recommendations for presentation to the Committee and Board.

**Commented [LW1]:** Meketa does not currently have Power of Attorney to undertake transactions.

9. Work with independent investment consultant to review Surplus Cash – Reserve Fund investment policy and asset allocation on an annual basis. Any recommended changes shall be presented to the Investment Committee for review prior to review / approval by the Board of Directors.
10. Management shall work with investment consultant to ensure that during the selection of new investment managers ESG / DEI is included in the evaluation criteria.

**f. Responsibilities of the independent Investment Consultant**

1. Review the Surplus Cash – Reserve Fund pool's investment policies and objectives and suggest appropriate changes.
2. Monitor long-term capital market trends and recommend appropriate asset allocation strategies to Management and the Committee.
3. Provide Management and the Committee with ongoing asset allocation, investment manager allocation recommendations, and total portfolio context.
4. Provide assistance concerning the allocation of new contributions as well as periodic asset allocation rebalancing.
5. On an annual basis [for separately managed accounts](#), provide to the Surplus Cash – Reserve Fund pool's Investment Managers a list of securities that are prohibited by the Surplus Cash – Reserve Fund pool's investment policy under section 10.b.
6. Recommend which investment management firms should receive increased or decreased allocations and, when warranted, recommend firms that should be dismissed.
7. Research and recommend investment management firms and custodian(s) appropriate to implement the Surplus Cash – Reserve Fund pool's investment policies and objectives.
8. Measure, evaluate, and report each investment manager's performance on a quarterly basis.
9. Monitor adherence of each investment manager to its stated investment philosophy and style.
10. Monitor each investment manager's adherence to the guidelines and investment policies contained in this Investment Policy and specific manager guidelines, if applicable.
11. Maintain contact with and report to Management and the Committee on changes within each investment manager's organization including but not limited to investment professional turnover and ownership changes.
12. Communicate promptly with the Management and the Committee regarding significant changes in the Investment Consultant's ownership, organizational structure, and professional staffing.
13. Communicate promptly to the Committee any financial arrangements between the Investment Consultant and money management firms.

**g. Responsibilities of the Custodian Bank as directed by Management**

1. Provide complete and accurate accounting records and prompt monthly reports to reflect all transactions, cash flows, and assets held.
2. Disburse and receive cash flows and investments as directed by investment managers to the extent of their authority or by authorized Management.
3. Issue monthly reports of holdings and transactions priced in accordance with industry standards.
4. Provide monthly reports showing individual asset holdings with sufficient descriptive detail to include units, unit price cost, market value, CUSIP number (where available) and any other information requested by the direction of Management. Principal cash transactions, including dividends, interest and principal payments received, deposits and withdrawals, securities purchased, sold, and matured, and fee payments will also be listed.
5. Expeditiously transfer funds into and out of specified accounts.
6. Promptly forward all proxy materials received to the appropriate investment manager or Management.

#### **h. Responsibilities of the Investment Managers**

1. Manage the portfolio's assets with full discretion, in accordance with the investment objectives and guidelines stated in this Investment Policy and specific investment manager guidelines.
2. Communicate promptly with Management and the Investment Consultant regarding all significant matters such as:
  - major changes in the investment manager's investment outlook and strategy,
  - shifts in portfolio construction (asset mix, sector emphasis, etc.)
  - changes in the investment manager's ownership, organizational structure, or professional staffing (additions and departures), and
  - other changes of a substantive nature.
3. Comply with all laws and regulations that involve the Surplus Cash – Reserve Fund pool as they pertain to the investment manager's duties, functions, and responsibilities as a fiduciary.
4. Vote the proxies on the securities held in the investment manager's portfolio in accordance with the manager's fiduciary duties and professional judgment.
5. Provide Management and the Investment Consultant with monthly performance and organizational updates and other information as requested.
6. Provide periodic presentations to the Investment Committee as requested.

**3. Reporting and Evaluation Process:**

- a. Management and the Investment Consultant will be responsible for reporting the status of investments to the Committee on a regular basis.
- b. Annual reports by Management should include a complete listing of securities held [in separately managed accounts](#) and must be verified (audited) by the District's auditors.
- c. On a quarterly basis, the Committee will evaluate investment performance. The following will be reviewed:
  1. The Surplus Cash – Reserve Fund pool's asset allocation relative to the target asset allocation.
  2. The total fund, segment and investment manager returns relative to the stated investment objectives.
  3. Other items pertaining to Surplus Cash – Reserve Fund pool.
  4. Management will provide minutes of each meeting to the Committee.

**4. Review and/or Modification of Policy:**

- a. The Committee as assisted by Management and the Investment Consultant will be responsible for reviewing and modifying investment guidelines as conditions warrant, subject to approval by the Board of Directors.
- b. A copy of this policy will be rendered to the Board of Directors annually.

**5. Return and Risk Parameters:**

- a. The Committee has established the following return and risk parameters that will guide the investment of the Surplus Cash – Reserve Fund assets.
  1. The Committee will review the risk tolerance of the Surplus Cash – Reserve Fund pool's assets within the context of El Camino's long-term financial plan.
  2. The Surplus Cash – Reserve Fund pool will be actively invested to achieve growth of capital through appreciation of securities held and through the accumulation and reinvestment of dividend and interest income.
  3. The Surplus Cash – Reserve Fund pool will be strategically allocated among asset classes and investment styles in order to enhance investment returns and diversify correlating risk factors. This strategic allocation must [aim at all times to be within investment policy allocation ranges. The Investment Committee should be notified at least quarterly of deviations outside of target ranges.](#)
  4. The Surplus Cash – Reserve Fund pool is to be sufficiently diversified in order to reduce volatility.
  5. Diversification of assets may be achieved by:
    - allocating assets to multiple asset classes,
    - allocating assets among various investment styles, and
    - retaining multiple investment management firms with complementary investment philosophies, styles, and approaches.
  6. The time horizon for evaluating total fund investment performance shall

be long-term. The time frame for evaluating the performance of investment managers generally will be rolling five-year periods.

**6. Target Asset Allocation**

a. The Target Asset Allocation represents the Surplus Cash – Reserve Fund pool's normal risk/reward orientation. This orientation has been determined by the Surplus Cash – Reserve Fund pool's ability to assume risk and the Committee's risk preferences.

b. The Target Asset Allocation and individual asset class allocation ranges are outlined in the following table:

<b>Asset Group/Class</b>	<b>Target (%)</b>	<b>Range (%)</b>
<b>Growth</b>	<b>60</b>	<b>40 – 60</b>
Global Equity	44	34 – 54
Private Equity	6	0- 12
Credit	10	5 - 15
<b>Real Assets/Inflation Hedging</b>	<b>17</b>	<b>12 - 22</b>
Private Real Assets	9	0 – 14
Commodities	3	0 - 6
Treasuring Inflation-Protected Securities (TIPS)	5	0-10
<b>Risk Mitigating</b>	<b>23</b>	<b>18 – 28</b>
Investment Grade Bonds	18	8 – 28
Risk-Mitigating Hedge Funds	5	0 - 10

b.

<b>ASSET CLASS</b>	<b>ASSET ALLOCATION</b>	
	<b>Target</b>	<b>Range</b>
Domestic Equities	22%	17% to 27%
International Equities	12%	7% to 17%
Global Equities	8%	3% to 13%
Alternatives	18%	15% to 25%
Short Term Fixed Income	10%	5% to 15%
Market Duration Fixed Income	20%	10% to 25%
Return Seeking Fixed Income	10%	5% to 15%
Total Fund	100%	—

c. The Plan's allocations may be allowed to be outside of the Rebalancing Ranges specified above until the Plan is rebalanced, which will take place at least quarterly, if necessary, and in the following circumstances on a temporary basis:

1. The Plan is in the process of implementing new investments within asset classes specified above to which asset classes the Plan does not currently have exposure.
2. The Plan experiences significant inflows or outflows over a short time frame or is expected to experience significant inflows or outflows over a

specified time frame.

- d. Investments within "Alternatives" may include the following investments:
1. Open-ended and closed-ended real estate investment and infrastructure vehicles and core, value-added and opportunistic real estate and infrastructure investments.
  2. ~~Hedge fund of funds and diversified pools of direct hedge fund strategies, that are of institutional quality and are managed by highly skilled investment professionals with robust risk management and operational due diligence processes in place. The following contractual terms are required for hedge fund of funds investments:~~
    - A. ~~Maximum lockup – 2 years~~
    - B. ~~Minimum liquidity/redemption period – annually after initial lock-up~~
    - C. ~~Frequency of valuation – monthly~~
    - D.2. ~~No more than 15% of hedge fund pool can be allocated to a single direct hedge fund at time of purchase~~
  3. Private equity, and private debt, and private natural resources investment strategies. Permissible vehicles include fund of funds and direct investments in open-ended and closed-ended funds, including secondary market opportunities. Permissible strategies may include buyout, growth, venture, secondaries, direct lending, mezzanine, opportunistic, special situations, and distressed.

#### 7. Rebalancing Procedure

- a. Surplus Cash – Reserve Fund pool assets will be monitored by Management to keep the asset allocation in line with the target asset allocations outlined in Section 6.
- b. The Investment Consultant will provide rebalancing recommendations to Management and the Committee on a quarterly basis, at minimum.
- c. In circumstances specified under section D.6.c. where Management and the Investment Consultant believe it to be necessary for the Plan's allocations to be temporarily outside of the Rebalancing Ranges, Management will provide a written recommendation to the Investment Sub-Committee detailing the requested deviation from the Rebalancing Ranges and the reasons for the deviation.

#### 8. Investment Manager Selection

- a. As stated under Delegation of Responsibilities, Management appoints investment managers who will manage, acquire or dispose of the Surplus Cash – Reserve Fund assets. In selecting an investment manager, Management will use appropriate methods to exercise due diligence and to evaluate the appropriateness and merits of the investment manager. Management has delegated to the Investment Consultant the task of researching and recommending investment managers.
- b. In investigating potential managers, the Investment Consultant must, at a minimum, use the following procedures:
  1. Identify a range of possible investment manager candidates.

2. Obtain relevant information about the investment manager's experience, qualifications and investment approach.
3. Evaluate experience, qualifications and investment approach. Included in this evaluation will be an analysis of past performance, risk characteristics, and investment management fees.
4. Document the selection process.

#### 9. Investment Objectives

Investment objectives are necessary to properly measure and evaluate the success of the Surplus Cash – Reserve Fund pool's investment program.

Total return for the Surplus Cash – Reserve Fund pool's assets and the investment managers, is defined as interest and/or dividends plus (or minus) realized and unrealized capital gains (or losses) minus investment management fees.

a. The investment objectives of the Total Surplus Cash – Reserve Fund Pool are as follows:

1. Outperform the Composite Benchmark over rolling five-year periods.
  - A. The Composite Benchmark shall be composed of relevant indices combined in a proportion reflective of the underlying target asset allocation.
2. Outperform the median of a composite fund manager universe over five-year periods.

b. The investment objectives of the Investment Managers are as follows:

1. Outperform a passive, style-specific index over rolling five-year periods.
2. Outperform the median of a style-specific peer group over rolling five-year periods if available.
3. Assume a level of risk no greater than is appropriate for the investment manager's specific investment mandate.

#### 10. Investment Restrictions

a. This section details the investment restrictions for separate account investment managers. In the case of pooled investment vehicles (mutual funds, commingled funds and limited partnerships), the investment guidelines and restrictions defined and detailed by the vehicle will apply. Management and the Investment Consultant are responsible for the review of such guidelines and restrictions prior to investment.

b. The purchase of the securities of companies described below is prohibited; however, as specified in section 10.a., this prohibition is waived in the case of pooled investment vehicles. For the purposes of this section, Investment Managers are expected to rely upon a list of companies engaged in such activities as provided by the Investment Consultant, who will provide such a list on a best efforts basis. In instances where companies that engage in the activities below are inadvertently purchased or held by an Investment Manager, the Investment Manager will divest of the security within 90 days of being made aware of the violation unless the Investment Manager receives a written exception to this section of the investment policy from the Investment Committee.

1. Companies whose major product is tobacco (greater than 50% of

company revenues).

2. Companies who engage in the manufacture of firearms that are illegal for sale to or possession by civilians in the state of California.

**c. Equity Manager Guidelines**

1. The domestic and international equity segments may be diversified across a spectrum of market capitalizations by allowing investments in small-, medium-, and large-capitalization stocks.
2. Unless specified otherwise in writing, equity holdings should be readily marketable and diversified by issuer, industry, and sector.
3. An individual security position may not exceed 10% of an equity manager's portfolio market value.
4. Investments in money market instruments and bonds, as a surrogate for cash reserves, are allowed subject to a maximum of 10% of total allocation.
5. Investments in options, futures and other derivatives are allowed only for hedging purposes or as a substitute for actual securities in cases where the derivative instrument is a more efficient means of gaining exposure to the underlying securities. Derivatives may not be used in a speculative manner or to leverage the portfolios.

**d. Fixed Income Manager Guidelines**

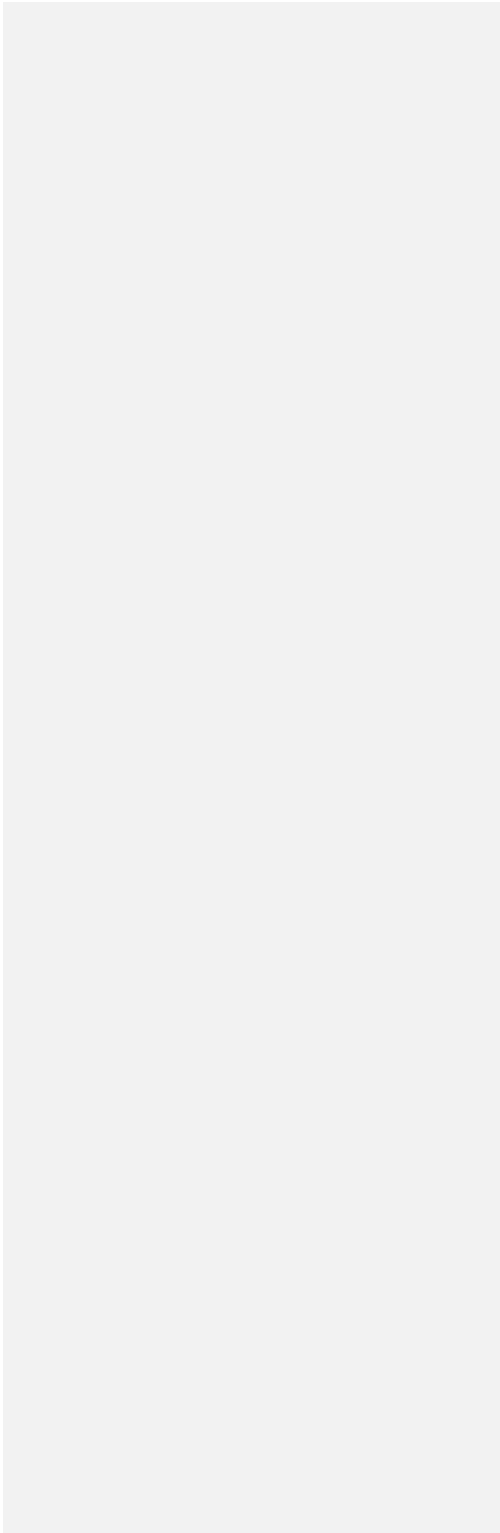
1. Fixed income holdings should be readily marketable and diversified by issuer, sector, coupon and quality.
2. No more than 5% of the Investment Manager's bond portfolio at the time of purchase shall be invested in the securities of any one issuer. There shall, however, be no such limit on U.S. Government securities, U.S. Agency securities, or government sponsored entities, U.S. Agency mortgage backed securities, or other sovereign issues rated "AAA" or "Aaa".
3. For managers benchmarked against the Barclays Capital U.S. Aggregate Bond Index, the average credit quality of the fixed income portfolio shall be "A-" or higher. Up to 15% of the portfolio's market value at the time of purchase may be invested in high yield debt. For split-rated securities, the higher rating will be used in determining compliance with these guidelines.
4. For managers benchmarked against the Barclays Capital U.S. Aggregate Bond Index, emerging markets debt shall be limited to no more than 15% of the portfolio's market value at the time of purchase.
5. For managers benchmarked against the Barclays Capital U.S. Aggregate Bond Index, exposure to non-U.S. dollar assets shall be limited to no more than 20% of the portfolio's market value at the time of purchase.
6. The portfolio's weighted average effective duration determines a bond portfolio's sensitivity to interest rate changes. A manager's market value weighted effective duration, adjusted for expected life and call provision, cannot be more than +/- 30% of the benchmark's effective duration.
7. Permissible Holdings include the following:

- A. Debt securities issued or guaranteed by the United States or U.S. government sponsored entities (including U.S. Government sponsored Agency mortgage backed securities, and inflation linked bonds).
  - B. Non-agency and commercial mortgage-backed securities, including collateralized mortgage obligations and whole loans.
  - C. Corporate bonds, debentures and other forms of corporate debt obligations, including equipment trust certificates, Eurobonds, Insurance Surplus Notes, and Capital Securities.
  - D. Municipal securities (up to 20% of the portfolio).
  - E. Asset-backed securities.
  - F. Indexed notes, floaters, and other variable rate obligations.
  - G. 144A securities without registration rights (up to 20% of the portfolio).
  - H. Bank collective funds.
    - I. Certificates of deposit ("CD's") and other money market instruments from banks also issuing bankers acceptances and with current commercial paper ratings of at least A 1 (by Standard & Poor's) or P 1 (by Moody's Investors Service).
  - J. Mutual funds or commingled pools.
  - K. U.S. dollar-denominated sovereign, supranational, provincial, and municipal securities issued by foreign entities.
  - L. Non-U.S. dollar-denominated sovereign securities.
  - M. Hedging with futures contracts and options on futures contracts are permitted to offset price risks (which include interest rates, currency fluctuations and the general price level of certain financial markets) incidental to the portfolio's principal mandate. Transactions in futures contracts and options on futures contracts are restricted to those contracts that are substitutes for assets that the portfolio could own, and that are economically appropriate to the reduction of risks in the conduct/management of the portfolio. In no way will futures or options on futures be used to leverage the portfolio.
8. Exceptions to these restrictions may only be made upon prior approval of the Committee.

*NOTE: Printed copies of this document are uncontrolled. In the case of a conflict between printed and electronic versions of this document, the electronic version prevails.*

### Approval Signatures

Step Description	Approver	Date
ePolicy Committee	Jeanne Hanley: Projects Coordinator	05/2020
Finance Committee	Michael Walsh: Controller [JH]	05/2020



# COVERAGE:

All El Camino Hospital staff

# PURPOSE:

To provide a prudent framework for the management and oversight of the assets of the Cash Balance pension plan (the "Plan"). The overall goal of the Plan's investment program is to achieve the highest possible investment return, and the resulting positive impact on asset values, funded status, contributions and benefits, without exceeding a prudent level of risk. The structure of the Plan's investment program was developed after evaluating the implications of increased investment return versus increased variability of return for a number of potential asset allocations with varying commitments to equity, fixed income, alternative and cash equivalent investments.

# STATEMENT:

The El Camino Hospital Cash Balance Plan ("Plan") seeks to provide post-retirement benefits to the covered employees of El Camino Hospital ("Sponsor"). The Plan's overall goal is to pay benefits as promised by the Plan in such a way that the cost (defined as contributions) and risk (defined as Funded Status volatility) are manageable for the Sponsor. The purpose of this Investment Policy Statement ("Statement") is to establish guidelines for the Plan's investment portfolio ("Portfolio"). The Statement also incorporates standards that will be used to monitor the progress of the Portfolio's investment program and to evaluate the contributions of the manager(s) hired on behalf of the Plan and its beneficiaries.

# PROCEDURE:

## Objectives and Purpose

**Feedback:** A Purpose section already exist; this area can be included to the top. Perhaps combining this to the top and create an updated Purpose.

- a. The policy will be to invest Plan assets in a diversified investment portfolio that targets capital appreciation without assuming undue risk to principal. The primary objectives of the retirement Plan shall be:
  1. The preservation of capital in real terms with a focus on meeting future benefit payments.
  2. Obtaining the maximum return within reasonable and acceptable levels of risk.

## Delegation of Responsibility

- a. Within the financial activities of the organization, it is necessary to provide a prudent framework for the regular supervision of the management of invested funds. A hospital board Investment Committee (the "Committee") has been established to review and monitor investment performance of the Cash Balance Plan. The Committee bears primary responsibility as detailed in section 2.e. below for oversight of the independent Investment Consultant and the overall Plan investment program. In addition, a Retirement Plan Administrative Committee (the "RPAC") administers the Hospital's pension plan including employee communication and education, eligibility, and distributions.
- b. The members of the Investment Committee are appointed by the hospital board of directors. The RPAC shall be composed of the Chief Financial Officer, Controller, Chief Human Resources Officer, Director Total Rewards, and others appointed by the Chief Executive Officer.
- c. Management ("Management") shall be defined as the Chief Executive Officer, Chief Financial

- Officer and Controller. The Plan Administrator ("Plan Administrator") shall be defined as any one of the following: Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, Controller or Director Total Rewards.
- d. Those authorized to execute investment and financial transactions include the Chief Executive Officer, Chief Financial Officer, and Controller, ~~and investment advisor(s) approved by the Committee.~~
- e. **Responsibilities of the board Investment Committee**
1. Establish and recommend revisions to the investment policy, as appropriate.
  2. Review compliance with policy.
  3. Determine allocations across investment styles and provide feedback on Management's implementation of investment managers that are consistent with this investment policy.
  4. Assure that implementation of each investment program is consistent with its overall investment objectives and risk tolerances.
  5. Monitor and evaluate the performance of investment managers through reports provided by the Investment Consultant no less frequently than annually.
- f. **Responsibilities of Investment Management**
1. Select, contract with, and when appropriate, terminate investment managers who manage the investment programs' assets.
  2. Select, contract with, and when appropriate, terminate custodian banks/brokers that are responsible for the custody of the Plan's assets.
  3. Select, contract with, and when appropriate, terminate an investment consultant.
  4. Evaluate on a regular basis the investment performance objectives of each of the investment programs' investment managers.
  5. Provide each investment manager with specific investment objectives and guidelines consistent with overall objectives.
  6. Implement allocations across investment styles and investment managers that are consistent with this investment policy.
  7. Oversee the operational investment activities of the funds subject to this investment policy.
  8. Work with the independent, external Investment Consultant in developing and/or reviewing investment recommendations for presentation to the Committee and Board.
  9. Review the projected cash flow requirements of the Plan at least annually.
- g. **Responsibilities of the Retirement Plan Administrative Committee**
1. Review compliance testing. Receive annual compliance update from plan consultants. Engage and select legal advisers and consultants.
  2. Oversee processes used to determine employee eligibility, vesting, and benefits. Receive annual contribution report.
  3. Review annual budget regarding plan administrative and benefit costs. Review 403(b) fee policy annually. Recommend changes to policy. Ensure Hospital complies with Fee Disclosure regulations to participants.
  4. Purchase and maintain appropriate fidelity bond. Ensure that RPAC members sign fiduciary acknowledgment and conflict of interest forms annually.
  5. Review annual budgets including projected funding. Ensure that annual funding notices are sent to participants.
  6. Retain, evaluate, and remove record-keepers, non-investment advisers and consultants.
  7. Approve non-material plan changes related to administrative and regulatory changes. Review draft resolutions. Ensure implementation of plan document changes.
  8. Review human resources and administrative policies on retirement annually. Update and recommend policy changes based on input from investment committee, plan consultants, and regulatory changes.
  9. Each management member of the RPAC will be authorized to act as a plan administrator to effectively administrate the plan. Such authority will be documented in writing by at least two members of the RPAC.
- h. **Responsibilities of the independent Investment Consultant**
1. Review the Plan's investment policies and objectives and suggest appropriate changes.
  2. Monitor long-term capital market trends and recommend appropriate asset allocation strategies to the Committee.

3. Provide Management and the Committee with ongoing asset allocation, investment manager allocation recommendations, and total portfolio context.
  4. Provide assistance concerning the allocation of new contributions as well as periodic asset allocation rebalancing.
  5. On an annual basis, [for separately managed accounts](#), provide to the Plan's Investment Managers a list of securities that are prohibited by the Plan's investment policy under section 10.b.
  6. Recommend which investment management firms should receive increased or decreased allocations and, when warranted, recommend firms that should be dismissed.
  7. Research and recommend investment management firms and custodian(s) appropriate to implement the Plan's investment policies and objectives.
  8. Measure, evaluate, and report each investment manager's performance on a quarterly basis.
  9. Monitor adherence of each investment manager to its stated investment philosophy and style.
  10. Monitor each investment manager's adherence to the guidelines and investment policies contained in this Investment Policy and specific manager guidelines, if applicable.
  11. Maintain contact with and report to Management and the Committee on changes within each investment manager's organization including but not limited to investment professional turnover and ownership changes.
  12. Communicate promptly with Management and the Committee regarding significant changes in the Investment Consultant's ownership, organizational structure, and professional staffing.
  13. Communicate promptly to the Committee any financial arrangements between the Investment Consultant and money management firms.
- i. Responsibilities of the Custodian Bank as directed by a Plan Administrator**
1. Provide complete and accurate accounting records and prompt monthly reports to reflect all transactions, cash flows, and assets held.
  2. Disburse and receive cash flows and investments as directed by investment managers to the extent of their authority or authorized by a Plan Administrator.
  3. Issue monthly reports of holdings and transactions priced in accordance with industry standards.
  4. Provide monthly reports showing individual asset holdings with sufficient descriptive detail to include units, unit price cost, market value, CUSIP number (where available) and any other information requested by the direction of a Plan Administrator . Principal cash transactions, including dividends, interest and principal payments received, deposits and withdrawals, securities purchased, sold, and matured, and fee payments will also be listed.
  5. Expediently transfer funds into and out of specified accounts.
  6. Promptly forward all proxy materials received to the appropriate investment manager or a Plan Administrator.
- j. Responsibilities of the Investment Managers**
1. Manage the portfolio's assets with full discretion, in accordance with the investment objectives and guidelines stated in this Investment Policy and specific investment manager guidelines.
  2. Communicate promptly with Management and the Investment Consultant regarding all significant matters such as:
    - major changes in the investment manager's investment outlook and strategy,
    - shifts in portfolio construction (asset mix, sector emphasis, etc.),
    - changes in the investment manager's ownership, organizational structure, or professional staffing (additions and departures), and
    - other changes of a substantive nature.
  3. Comply with all laws and regulations that involve the Plan as they pertain to the investment manager's duties, functions, and responsibilities as a fiduciary.
  4. Vote the proxies on the securities held in the investment manager's portfolio in accordance with the manager's fiduciary duties and professional judgment.
  5. Provide Management and the Investment Consultant with monthly performance and organizational updates and other information as requested.

6. Provide periodic presentations to the Committee and RPAC as requested.

## Reporting and Evaluation Process:

- a. The achievement of investment objectives will be reviewed by the Committee annually and recommended to the Board of Directors for approval. This review will focus on the continued feasibility of achieving the objectives and the continued appropriateness of the investment policy.
- b. The Investment Consultant will be responsible for reporting the status of investments to the Committee and Management no less frequently than annually.
- c. On a quarterly basis, the Investment Consultant will provide a summary of the Plan's investment performance to the Committee and CFO. The following will be reviewed:
  1. The Plan's asset allocation relative to the target asset allocation.
  2. The total fund, segment and investment manager returns relative to the stated investment objectives.
  3. Other items pertaining to the Plan.
- d. All major liability assumptions regarding workforce, benefit levels and actuarial assumptions will be subject to, at a minimum, an annual review by the RPAC. This review will focus on an analysis of major differences between the Plan's assumptions and actual experience.
- e. Management will report the Plan's projected cash flow requirements to the Committee on an annual basis.

## Review and/or Modification of Policy:

The Committee as assisted by Management and the Investment Consultant will be responsible for reviewing and modifying investment guidelines as conditions warrant, subject to approval by the Board of Directors.

## Return and Risk Parameters:

The Committee has established the following return and risk parameters that will guide the investment of the Plan assets.

- a. The Committee will review the risk tolerance and asset allocation of the Plan within the context of the expected cash flow needs and benefit obligations of the Plan.
- b. The Plan will be actively invested to achieve growth of capital through appreciation of securities held and through the accumulation and reinvestment of dividend and interest income.
- c. The Plan will be strategically allocated among asset classes and investment styles in order to enhance investment returns and diversify correlating risk factors. This strategic allocation must aim at all times to be within investment policy allocation ranges. The Investment Committee should be notified at least quarterly of deviations outside of target ranges.
- d. The Plan is to be sufficiently diversified in order to reduce volatility.
- e. Diversification of assets may be achieved by:
  - allocating assets to multiple asset classes,
  - allocating assets among various investment styles, and
  - retaining multiple investment management firms with complementary investment philosophies, styles, and approaches.
- f. The time horizon for evaluating total fund investment performance shall be long-term, which is understood generally to be ten-year periods. The time frame for evaluating the performance of investment managers generally will be rolling five-year periods.

## Target Asset Allocation

- a. The Target Asset Allocation represents the Plan's normal risk/reward orientation. This orientation has been determined by the Plan's ability to assume risk, the Plan's expected cash needs and the Committee's risk preferences.
- b. The Target Asset Allocation and individual asset class allocation ranges are outlined in the

following table:

ASSET CLASS	ASSET ALLOCATION	
	Neutral	Rebalancing Range
Domestic Equities	32%	27% to 37%
International Equities	18%	15% to 21%
Alternatives	20%	17% to 23%
Broad Fixed Income	25%	20% to 30%
Cash	5%	0% to 8%
Total Fund	100%	—

Asset Group/Class	Target (%)	Range (%)
<b>Growth</b>	<b>60</b>	<b>40 – 60</b>
Global Equity	49	39 – 59
Private Equity	4	0 - 8
Credit	7	2 - 12
<b>Real Assets/Inflation Hedging</b>	<b>17</b>	<b>12 - 22</b>
Private Real Assets	7	0 – 12
Commodities	2	0 - 4
Treasury Inflation-Protected Securities (TIPS)	6	0 - 12
<b>Risk Mitigating</b>	<b>23</b>	<b>18 – 28</b>
Investment Grade Bonds	19	8 – 28
Risk-Mitigating Hedge Funds	4	0 - 8

- c. The Plan's allocations may be allowed to be outside of the Rebalancing Ranges specified above until the plan is rebalanced, which will take place at least quarterly, if necessary, and in the following circumstances on a temporary basis:
1. The Plan is in the process of implementing new investments within asset classes specified above to which asset classes the Plan does not currently have exposure.
  2. The Plan experiences significant inflows or outflows over a short time frame or is expected to experience significant inflows or outflows over a specified time frame.
- d. Investments within "Alternatives" may include the following investments:
1. Open-ended and closed-ended real estate and infrastructure investment vehicles and core, value-added and opportunistic real estate and infrastructure investments.
  2. ~~Hedge fund of funds strategies~~ and diversified pools of direct hedge fund strategies that are of institutional quality and are managed by highly skilled investment professionals with robust risk management and operational due diligence processes in place. The following contractual terms are required for hedge fund of funds investments:
    - A. ~~Maximum lockup—2 years~~
    - B. ~~Minimum liquidity/redemption period—annually after initial lock-up~~
    - C. ~~Frequency of valuation—monthly~~
  3. Private equity, ~~and private debt,~~ and private natural resources investment strategies. Permissible vehicles include fund of funds and direct investments in open-ended and closed-ended funds, including secondary market opportunities. Permissible strategies may include buyout, growth, venture, secondaries, direct lending, mezzanine,

opportunistic, special situations, and distressed.

## Rebalancing Procedure

- a. Plan assets will be monitored by Management to keep the asset allocation in line with the target asset allocations outlined in Section 6.
- b. The Investment Consultant will provide rebalancing recommendations to Management and the Committee on a quarterly basis, at minimum.
- c. In circumstances specified under section D.6.c. where Management and the Investment Consultant believe it to be necessary for the Plan's allocations to be temporarily outside of the Rebalancing Ranges, Management will provide a written recommendation to the Investment Committee detailing the requested deviation from the Rebalancing Ranges and the reasons for the deviation.

## Investment Manager Selection

- a. As stated under Delegation of Responsibilities, Management appoints investment managers who will manage, acquire or dispose of the Plan assets. In selecting an investment manager, Management will use appropriate methods to exercise due diligence and to evaluate the appropriateness and merits of the investment manager. The Committee has delegated to the Investment Consultant the task of researching and recommending investment managers.
- b. In investigating potential managers, the Investment Consultant must, at a minimum, use the following procedures:
  1. Identify a range of possible investment manager candidates.
  2. Obtain relevant information about the investment manager's experience, qualifications and investment approach.
  3. Evaluate experience, qualifications and investment approach. Included in this evaluation will be an analysis of past performance, risk characteristics, and investment management fees.
  4. Document the selection process.

## Investment Objectives

Investment objectives are necessary to properly measure and evaluate the success of the Plan's investment program.

Total return for the Plan's assets and the investment managers, is defined as interest and/or dividends plus (or minus) realized and unrealized capital gains (or losses) minus investment management fees.

- a. The investment objectives of the Total Plan are as follows:
  1. Outperform the Composite Benchmark over rolling five-year periods.
    - A. The Composite Benchmark shall be composed of relevant indices combined in a proportion reflective of the underlying target asset allocation.
  2. Outperform the median of a composite fund manager universe over five-year periods.
- b. The investment objectives of the Investment Managers are as follows:
  1. Outperform a passive, style-specific index over rolling five-year periods.
  2. Outperform the median of a style-specific peer group over rolling five-year periods if available.
  3. Assume a level of risk no greater than is appropriate for the investment manager's specific investment mandate.

## Investment Restrictions

- a. This section details the investment restrictions for separate account investment managers. In the case of pooled investment vehicles (mutual funds, commingled funds and limited partnerships), the investment guidelines and restrictions defined and detailed by the vehicle will apply. Management and the Investment Consultant are responsible for the review of such guidelines and restrictions prior to investment.

- b. The purchase of the securities of companies described below is prohibited; however, as specified in section 10.a. this prohibition is waived in the case of pooled investment vehicles. For the purposes of this section, Investment Managers are expected to rely upon a list of companies engaged in such activities as provided by the Investment Consultant, who will provide such a list on a best efforts basis. In instances where companies that engage in the activities below are inadvertently purchased or held by an Investment Manager, the Investment Manager will divest of the security within 90 days of being made aware of the violation unless the Investment Manager receives a written exception to this section of the investment policy from the Investment Committee.
1. Companies whose major product is tobacco (greater than 50% of company revenues).
  2. Companies who engage in the manufacture of firearms that are illegal for sale to or possession by civilians in the state of California.
- c. **Equity Manager Guidelines**
1. The domestic and international equity segments may be diversified across a spectrum of market capitalizations by allowing investments in small-, medium-, and large-capitalization stocks.
  2. Unless specified otherwise in writing, equity holdings should be readily marketable and diversified by issuer, industry, and sector.
  3. An individual security position may not exceed 10% of an equity manager's portfolio market value.
  4. Investments in money market instruments and bonds, as a surrogate for cash reserves, are allowed subject to a maximum of 10% of total allocation.
  5. Investments in options, futures and other derivatives are allowed only for hedging purposes or as a substitute for actual securities in cases where the derivative instrument is a more efficient means of gaining exposure to the underlying securities. Derivatives may not be used in a speculative manner or to leverage the portfolios.
- d. **Fixed Income Manager Guidelines**
1. Fixed income holdings should be readily marketable and diversified by issuer, sector, coupon and quality.
  2. No more than 5% of the Investment Manager's bond portfolio at the time of purchase shall be invested in the securities of any one issuer. There shall, however, be no such limit on U.S. Government securities, U.S. Agency securities, or government sponsored entities, U.S. Agency mortgage backed securities, or other sovereign issues rated "AAA" or "Aaa".
  3. For managers benchmarked against the Barclays Capital U.S. Aggregate Bond Index, up to 20% of the portfolio's market value at the time of purchase may be invested in high yield debt. For split-rated securities, the higher rating will be used in determining compliance with these guidelines.
  4. For managers benchmarked against the Barclays Capital U.S. Aggregate Bond Index, emerging markets debt shall be limited to no more than 15% of the portfolio's market value at the time of purchase.
  5. For managers benchmarked against the Barclays Capital U.S. Aggregate Bond Index, exposure to non-U.S. dollar assets shall be limited to no more than 20% of the portfolio's market value at the time of purchase.
  6. The portfolio's weighted average effective duration determines a bond portfolio's sensitivity to interest rate changes. A manager's market value weighted effective duration, adjusted for expected life and call provision, cannot be more than +/- 30% of the benchmark's effective duration.
  7. Permissible Holdings include the following:
    - A. Debt securities issued or guaranteed by the United States or U.S. government sponsored entities (including U.S. Government sponsored Agency mortgage backed securities, and inflation linked bonds).
    - B. Non-agency and commercial mortgage-backed securities, including collateralized mortgage obligations and whole loans.
    - C. Corporate bonds, debentures and other forms of corporate debt obligations, including equipment trust certificates, Eurobonds, Insurance Surplus Notes, and Capital Securities.

- D. Municipal securities (up to 20% of the portfolio).
  - E. Asset-backed securities.
  - F. Indexed notes, floaters, and other variable rate obligations.
  - G. 144A securities without registration rights (up to 20% of the portfolio).
  - H. Bank collective funds.
  - I. Certificates of deposit ("CD's") and other money market instruments from banks also issuing bankers acceptances and with current commercial paper ratings of at least A 1 (by Standard & Poor's) or P 1 (by Moody's Investors Service).
  - J. Mutual funds or commingled pools.
  - K. U.S. dollar-denominated sovereign, supranational, provincial, and municipal securities issued by foreign entities.
  - L. Non-U.S. dollar-denominated sovereign securities.
  - M. On a temporary basis, securities received in exchange offers or other similar situations (subject to approval by the Committee after notification by the investment manager of the receipt of such securities).
  - N. Hedging with futures contracts and options on futures contracts are permitted to offset price risks (which include interest rates, currency fluctuations and the general price level of certain financial markets) incidental to the portfolio's principal mandate. Transactions in futures contracts and options on futures contracts are restricted to those contracts that are substitutes for assets that the portfolio could own, and that are economically appropriate to the reduction of risks in the conduct/management of the portfolio. In no way will futures or options on futures be used to leverage the portfolio.
- e. Exceptions to these restrictions may only be made upon prior approval of the Committee.



## **Fixed Income Market Information**

## Introduction

- Below investment grade credit plays a critical role in institutional portfolios, offering higher yields and diversification benefits compared to traditional investment grade fixed income. These securities, which include high yield bonds and bank loans, are issued by companies with lower credit ratings and higher risk profiles. While they carry a greater risk of default, they also provide opportunities for enhanced returns and portfolio efficiency when managed effectively.
- This document is designed to provide a comprehensive overview of below investment grade credit, including its key components, characteristics, and role in portfolio construction. We will explore the largest segments of the below investment grade universe, high yield bonds and bank loans, as well as structured credit instruments like collateralized loan obligations (CLOs). Additionally, we will examine the mechanics of credit ratings, the typical capital structure of below investment grade companies, and the risk-return dynamics of these securities.
- For investors seeking a more flexible and diversified approach to below investment grade credit, Multi-Asset Credit (MAC) strategies offer a compelling solution. These strategies allow skilled managers to allocate across a broad range of credit-focused asset classes, dynamically adjusting exposures to optimize risk-adjusted returns. This document will delve into the structure, benefits, and considerations of MAC strategies, highlighting their ability to enhance portfolio resilience and capitalize on evolving credit market opportunities.



### Current Market Environment

- The US economy remains relatively resilient (growth estimates remain around 2.2% this year) driven by still relatively healthy consumer and AI spending. There is a K-shaped dynamic, with upper earning cohorts making up most of the spending. Corporate health also remains very strong (286 companies have reported so far for the S&P, with the average estimate beat at around 22%) and defaults low. The key risk right now is through the energy channel. If energy prices remain elevated for a longer period, it could impact inflation, rates, and then growth and earnings. This would likely weigh on below investment grade credit. These dynamics support the neutral views below.

#### High Yield Bonds – Neutral view

- Current spreads compensate for base-case credit risk but leave limited margin for late-cycle deterioration.
- Return outcomes remain sensitive to growth and refinancing conditions.
- The refinancing wave concentrated among lower-rated issuers raises default risk if rates remain high, creating some downside risks.

#### Bank Loans – Neutral view

- Floating-rate structure helps mitigate rate risk, but spreads largely reflect elevated credit and late-cycle risks.
- Returns are sensitive to economic slowing through defaults and recoveries, creating balanced upside and downside.

**Current Market Environment (continued)**

- The path of the Fed is important. If rates stay higher, that could be an issue given the refinancing wall. Bank loans are less sensitive to this dynamic, but not on credit quality deterioration.
- Fed chair change: This is likely not highly material for below investment grade bonds, given how the Fed is structured (i.e., Warsh is just one vote). We believe markets care about it more through the lens of policy continuity and independence. We have also been talking about the risk that Warsh could be less transparent in his policy communication, which could create some volatility/risks.
- Issues in the Middle East and generally related to tariffs influence energy prices, supply chains, and ultimately risk appetite which could weigh on riskier bonds.
- If energy prices stay high and ultimately lead to higher inflation and slower growth that reduces consumption, this dynamic possibly leads to higher rates given inflation, and ultimately weighs on earnings, defaults, and liquidity.
- Mid-terms: We believe that non-investment grade credit is not particularly sensitive to midterm election outcomes directly. The more relevant channel is fiscal policy trajectory and whether it affects the rate environment.

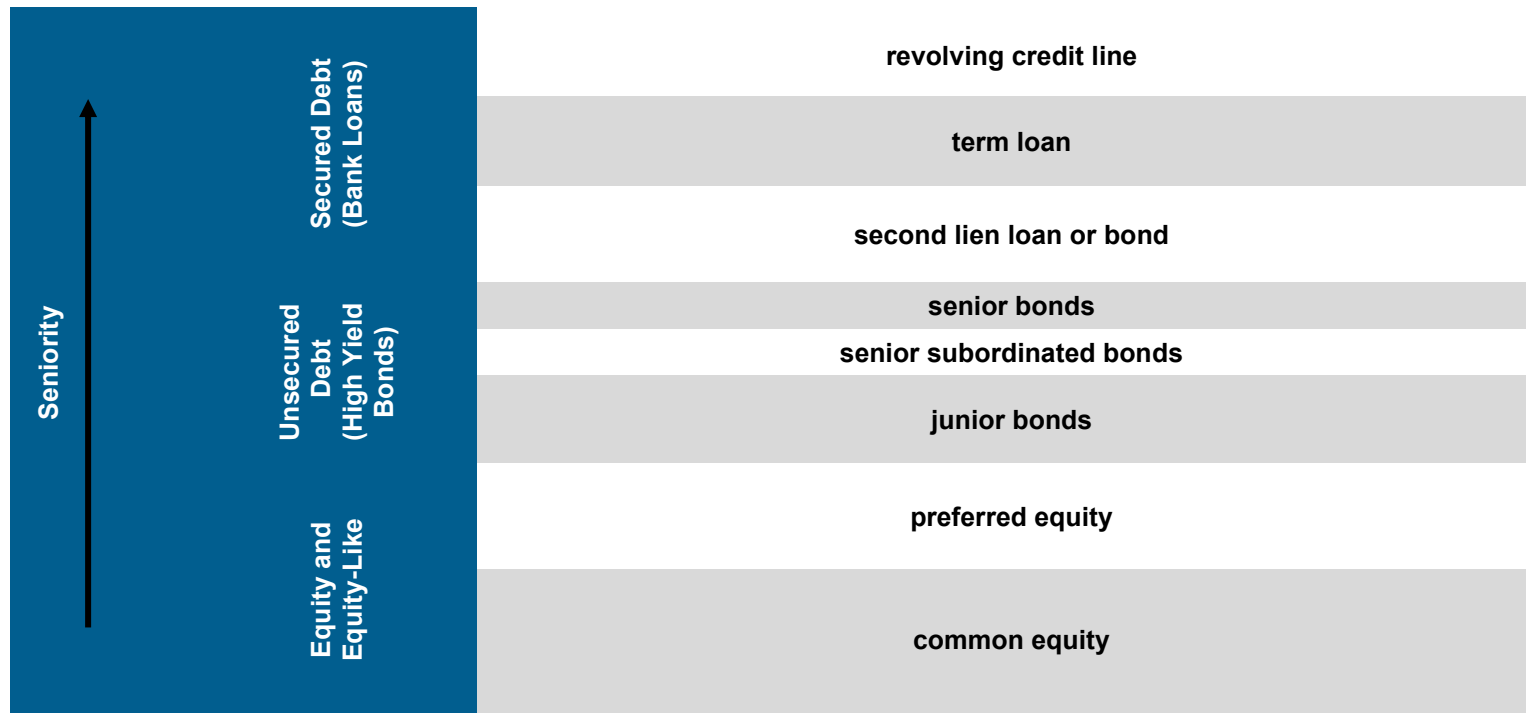
### What is Below Investment Grade Credit?

- Below investment grade credit refers to bonds or loans that carry a higher risk of default compared to investment grade bonds.
- As these securities carry a higher risk of default, they typically offer higher yields than investment grade bonds to compensate investors for this increased risk.
  - These bonds tend to be issued by companies with weaker financial positions or by those undergoing restructuring or significant changes. They can also be issued by smaller firms that do not have the financial strength or credit history to receive an investment-grade rating.
- Our review will focus on the largest segments of the below investment grade universe:
  - **High-Yield Bonds:** These are bonds issued by corporations or governments that have a credit rating below BBB- by Standard & Poor's or Baa3 by Moody's.
  - **Bank Loans:** Below investment grade corporate loans are typically issued to borrowers with a higher risk profile.
    - We have also included additional detail on Collateralized Loan Obligations (CLOs), which are securitized vehicles that pool together primarily senior secured, below-investment-grade corporate loans.

## What are Credit Ratings?

- Credit ratings are assessments of the creditworthiness of a borrower, expressed as letter grades, designed to provide investors and lenders with insights into the likelihood that the borrower will be able to meet its financial obligations, such as paying back a loan or bond.
- Credit ratings are important because they influence the interest rates borrowers will pay on their debt, with lower-rated entities facing higher costs due to the increased risk of default.
- Investment Grade: These ratings indicate a relatively low risk of default and include:
  - AAA: Highest quality, lowest risk. (e.g. Microsoft, Johnson & Johnson)
  - AA: Very high quality, low risk (e.g. Apple, Walmart)
  - A: High quality, somewhat higher risk than AA (e.g. Target, Bank of America)
  - BBB: Good quality, moderate risk (e.g. AT&T, FedEx)
- Below Investment Grade (or Non-Investment Grade): These ratings indicate a higher risk of default:
  - BB: Lower quality, higher risk than investment grade (e.g. Best Buy, Goodyear)
  - B: Highly speculative, significant risk (e.g. Rite Aid, Office Depot)
  - CCC, CC, C: Substantial risk, close to default (e.g. Dish, Frontier)

## What is the Typical Capital Structure of a Below Investment Grade Company?



→ Many companies' issue equity, bonds, and loans as part of their capital structure. For example:

- A company might issue bank loans to finance immediate needs (such as an acquisition) and high-yield bonds for longer-term financing.
- Companies with a large amount of debt often diversify their funding sources by tapping into both bond and loan markets.

### What are High Yield Bonds?

- High yield bonds are fixed-rate bonds issued by corporations that are rated below investment grade.
- These bonds offer a higher yield because they entail higher risk of default.
- The high yield bond asset class covers a wide range of bonds, from just below investment grade issues to much riskier securities that have lost their credit ratings entirely.
  - Non-investment grade ratings include BB+ / Ba1 or lower.<sup>1</sup>
- The US high yield bond market has nearly 2,000 issues worth ~\$1.4 trillion market value.<sup>2</sup>
  - This represents ~20% of all US corporate bonds tracked by Bloomberg.

<sup>1</sup> The major bond rating agencies (Moody's, S&P, and Fitch) provide letter grades of credit worthiness that indicate how likely it is that debt issues will be repaid.

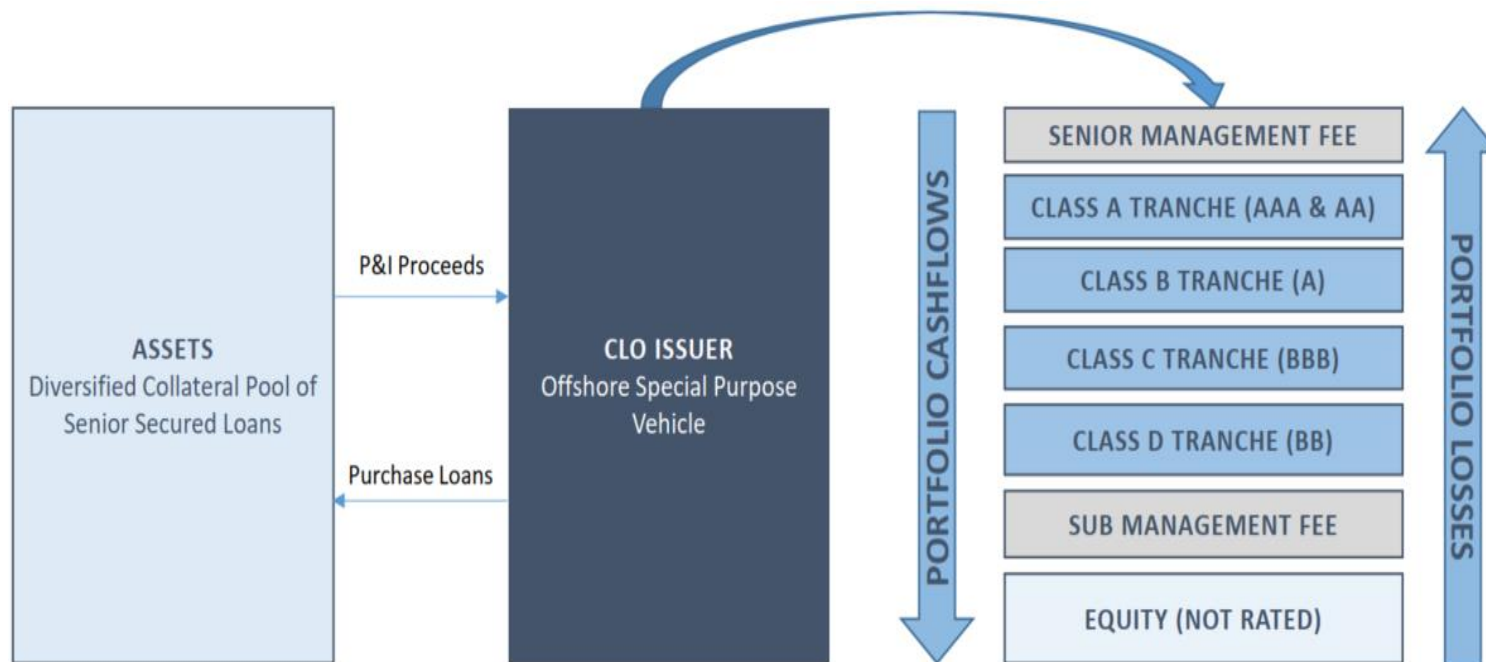
<sup>2</sup> Source: Loomis Sayles, Pitchbook LCD, Intercontinental Exchange Inc. (ICE) and Prequin, as of 06/30/2025.

### What are Bank Loans?

- Bank loans are senior secured, floating-rate loans made to corporations with below investment grade ratings.
  - Since bank loans usually (a) are secured by company assets, (b) possess additional maintenance covenants, and (c) have a more senior position. They are theoretically considered less risky than high yield bonds given their seniority in the capital stack, however the overall quality of the loan market is meaningfully less than high yield bonds.
- The most common reason a company issues loans are to finance an acquisition, corporate project, or leveraged buyout, or to refinance existing bank loans.
- Similar to high yield bonds, investment banks underwrite and syndicate bank loans, working with investment managers on pricing, structure, and covenants. Bank loans typically have three tranches: (1) the revolving credit line, (2) term loans, and (3) second lien loans or bonds. The revolving credit line is typically retained by banks.
- Bank loan managers invest primarily in institutional bank loan tranches.

### What are CLOs?

- Collateralized Loan Obligations (CLOs) are securitized vehicles that pool together primarily senior secured, below-investment-grade corporate loans and finance them by issuing multiple tranches of debt and equity with different risk and return profiles. CLOs are backed by a broadly diversified pool of roughly 200-400 individual loans.
- Cash flows are distributed through a priority “waterfall,” where senior (e.g., AAA/AA) tranches are paid first and lower-rated tranches and equity receive higher potential returns but absorb losses first, with the loan portfolio actively managed over a reinvestment period.



### How are CLOs used in context of Multi-Asset Credit?

- **Role in multi-asset credit portfolios:** CLO debt tranches are used to access the bank loan market through a diversified, securitized structure, allowing portfolio managers to dial credit risk up or down across the capital stack (AAA through BB) while maintaining exposure to floating-rate credit. This makes CLOs a flexible complement to single-name loans and high yield within MAC mandates.
- **Relative yield vs. single-name loans:** Higher-quality CLO debt tranches can often offer yields comparable to or higher than single-name below-investment-grade loans, despite benefiting from structural credit enhancement, subordination, and broad diversification across hundreds of issuers. This creates a yield-per-unit-of-risk advantage relative to owning individual leveraged loans outright.
- **Risk efficiency and downside mitigation:** Compared with single-name loans, CLO debt tranches benefit from portfolio diversification, coverage tests, and payment waterfalls, which can dampen the impact of idiosyncratic defaults. For multi-asset credit managers, this can improve drawdown behavior while preserving income, particularly in higher-quality tranches.
- **Cycle-driven relative value opportunities:** In periods of market stress, CLO debt tranches can experience greater technical dislocation than the underlying loan market due to dealer balance sheet constraints, rating sensitivity, or forced selling. Multi-asset credit managers can exploit these gaps by rotating into mispriced CLO tranches when spreads widen beyond fundamentals, rather than adding single-name loan exposure where pricing may adjust more slowly.



### CLO Default and Loss History <sup>1</sup>

US CLO Defaults and Losses (1994 – 2024)					
	Total Tranches	Defaulted Tranches	Default Rate (%)	Loss Rate (%)	
<b>AAA</b>	8055	0	0.0	0.0	
<b>AA</b>	5809	1	0.0	0.0	
<b>A</b>	4967	5	0.1	0.0	
<b>BBB</b>	4977	13	0.3	0.1	
<b>BB</b>	3829	51	1.3	0.6	
<b>B</b>	1145	16	1.4	0.8	
<b>Total</b>	<b>28782</b>	<b>86</b>	<b>0.3</b>	<b>0.1</b>	

<sup>1</sup> Data as of December 31, 2024, for Global CLOs. Source: S&P Global. Default, Transition, and Recovery: 2024 Annual Global Leveraged Loan CLO Default and Rating Transition Study.



### Bank Loans vs. High Yield Bonds

	Bank Loans	High Yield Bonds
Coupon	Floating Rate	Fixed Rate
Ranking	Senior	Senior Subordinated
Security <sup>1</sup>	Secured	Secured / Unsecured
Covenants	Maintenance and Incurrence	Incurrence
Call Protection <sup>2</sup>	Callable (Worse)	Callable after Initial Non-Callable period (Better)
Coupon <sup>3</sup>	4.3% over SOFR (4.3%)	3.4% over Treasuries (4.4%)
Yield	8.3%	7.8%

- Compared to high yield bonds, bank loans have a more senior position in the capital structure, are secured by company assets and cash flows, and have maintenance covenants. As a result, bank loans are considered less risky than high yield bonds.
- Historically, bank loans have had an average default rate of 3%-5% with a recovery rate of 60-70%, whereas high yield bonds have also averaged a 2%-4% default rate but with a lower recovery rate of 40%.
- Most bank loans carry a floating interest rate based on SOFR plus a spread. The spread is based on the riskiness of the loan. Spreads typically are 2.5% over SOFR on average.

<sup>1</sup> Occasionally companies will issue unsecured bank loans or secured high yield bonds.

<sup>2</sup> Typically, bank loans are callable for the life of the loan. High yield bonds generally have a maturity of 8 to 10 years and are non-callable for the first 3 to 5 years.

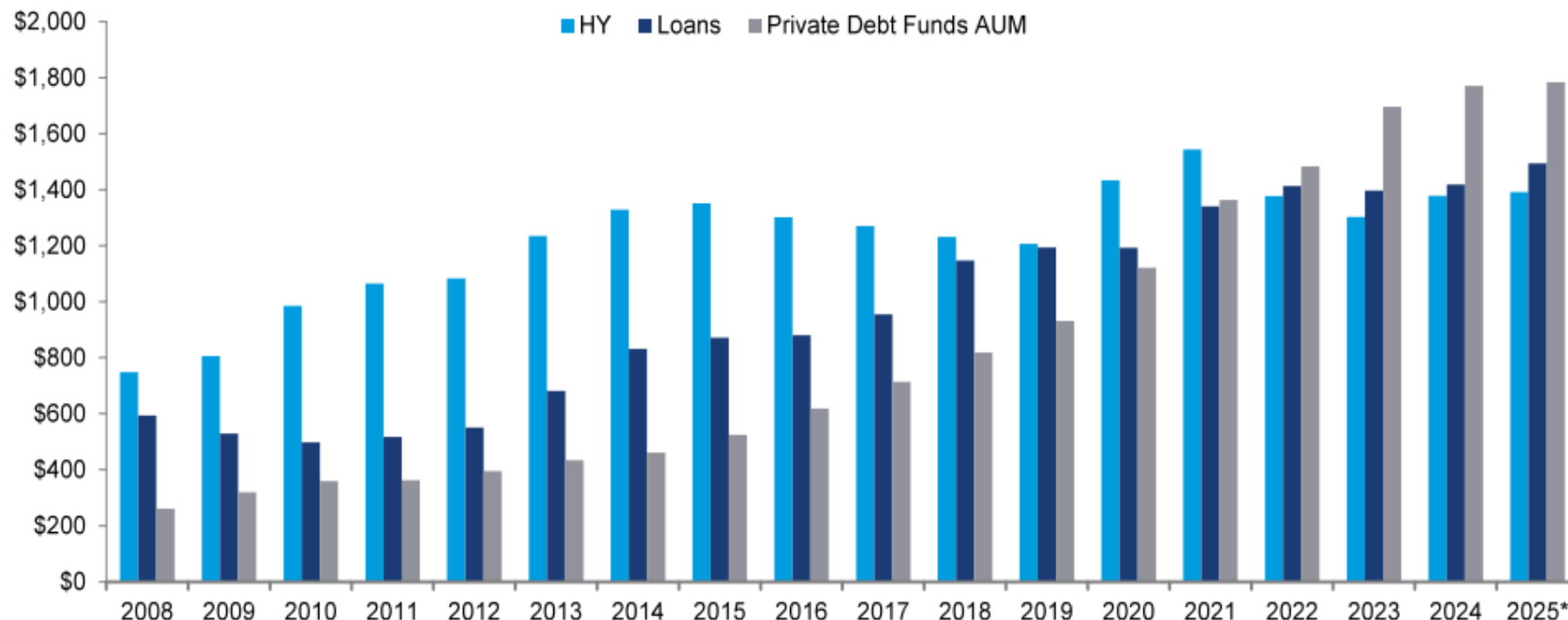
<sup>3</sup> Rates quoted are based on broad market rates as of May 31, 2025. Spreads for both loans and bonds vary widely depending on credit rating. For example, CCC HY OAS was 859bps and CCC Loans STM was 1222bps.

<sup>4</sup> Secured Overnight Financing Rate (SOFR) replaced LIBOR starting in December 2021.



### Below Investment Grade Debt Market Size<sup>1</sup>

US LEVERAGED FINANCE MARKET OUTSTANDING (\$BN)



\*Source: Loomis Sayles, Pitchbook LCD, Intercontinental Exchange Inc. (ICE) and Preqin, as of 6/30/2025.

**The chart presented above is shown for illustrative purposes only.** Some or all of the information on this chart may be dated, and, therefore, should not be the basis to purchase or sell any securities. The information is not intended to represent any actual portfolio. Information obtained from outside sources is believed to be correct, but Loomis Sayles cannot guarantee its accuracy. This material cannot be copied, reproduced or redistributed without authorization.

<sup>1</sup> Source Loomis Sayles.



### Risk & Returns

- High-yield bonds and bank loans are generally considered less risky than US equities.
- This is primarily because they rank higher in the capital structure, offering investors a better chance of recovering part of their investment in the event of a default.
  - Additionally, their substantial income component can help stabilize performance.
- In terms of returns, high-yield bonds and bank loans have historically fallen between those of investment-grade bonds and US equities, reflecting their intermediate risk level.

#### Annualized Return and Volatility Since 1992<sup>1</sup>

	Investment Grade Bonds (%)	Bank Loans (%)	High Yield Bonds (%)	Long Credit (%)	US Equity (%)
Ann. Return	4.6	5.6	7.3	6.2	10.6
Ann. Standard Deviation	4.1	5.2	8.1	9.6	14.9

<sup>1</sup> Source: Investment Metrics, as of December 31, 2025. Indexes: Bloomberg US Aggregate, S&P UBS Leveraged Loan Index, Bloomberg US Corporate High Yield Bond, Bloomberg US Long Credit, Russell 3000. Period is January 1, 1992, to May 31, 2025.



### Return Behavior in Various Environments

- High yield bonds and bank loans tend to perform well when the economic outlook is positive and lag during recessionary periods.
- Historically, returns have been below investment grade bonds but above US equity during most market downturns in the past 35 years.

### Historical Downturn Scenarios<sup>1</sup>

Scenario	Investment Grade Bonds (%)	Bank Loans (%)	High Yield Bonds (%)	US Equities (%)
Post-COVID Rate Hikes (Jan 2022-Oct 2023)	-15.4	8.8	-7.1	-11.6
COVID-19 Market Shock (Feb 2020-Mar 2020)	-0.9	-20.3	-20.8	-35.0
Global Financial Crisis (Oct 2007 - Mar 2009)	8.5	-23.7	-22.8	-45.8
Popping of the TMT Bubble (Apr 2000 - Sep 2002)	28.6	6.3	-6.3	-43.1
Early 1990s Recession (Jun - Oct 1990)	3.8	-6.1	-12.9	-16.3

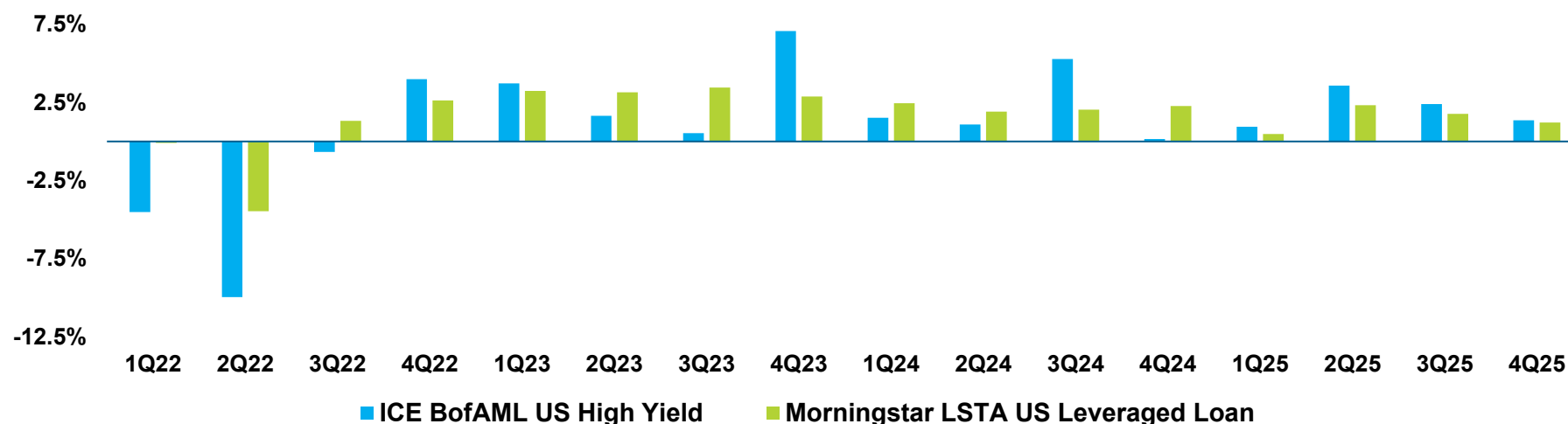
<sup>1</sup> Source: Bloomberg and Meketa calculation. Returns are cumulative for the time period over which the scenario occurred.



### Introduction to Multi-Asset Credit (MAC)

→ The MAC approach to investing in higher yielding assets allows managers to be more opportunistic in quickly evolving credit markets. We have seen significant performance differences in bank loans versus high yield bonds in different periods over the last few years, where shifting between the asset classes has generated meaningful alpha, rather than a static allocation to both.

### High Yield vs Bank Loan Returns

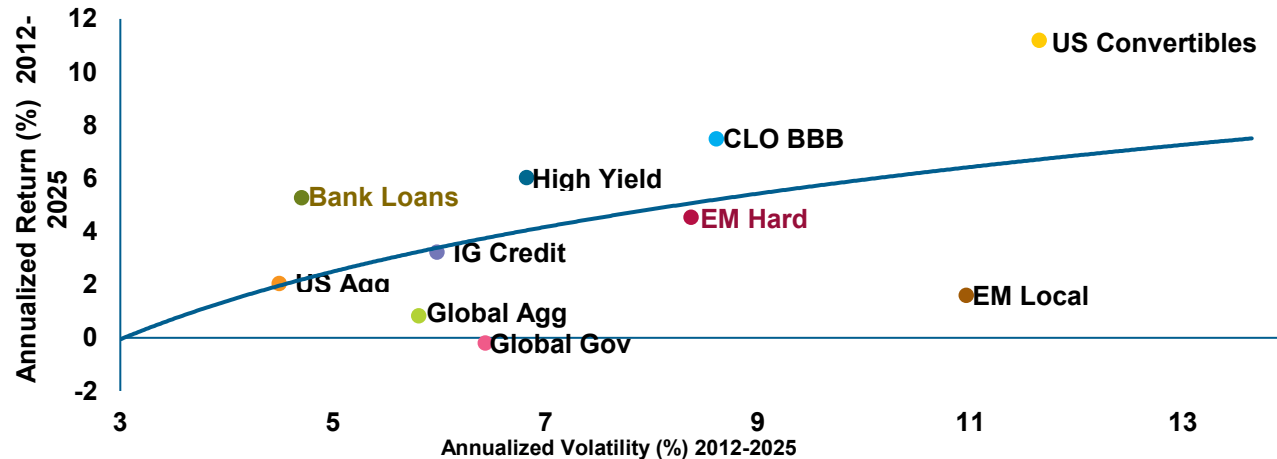


→ High yield managers without dedicated bank loan credit analysts and traders can be at a disadvantage in credit markets where issuers are issuing both bonds and loans to raise capital.



**Introduction to Multi-Asset Credit (MAC) (con't)**

- Investors and their managers with strong credit research teams can be indifferent to where the capital is raised and therefore can take advantage of the evolving primary markets. In some cases, the managers can influence the amount issued and the terms of the new issues. High yield managers without these capabilities can be left out of those discussions and often are forced to be price takers to whatever ultimately gets priced in the high yield bond market while there may be more compelling parts of the deal that move to more attractive bank loans issues or private lending.
- Based on historical data<sup>1</sup> and the evolution of credit markets, combining credit sectors within a single actively managed mandate can provide both diversification benefits and a more attractive risk profile. A credit manager will seek to produce alpha through relative value trades across asset types at an individual issuer level and through sector rotation based on inputs from the macro environment given the different characteristics and technical factors across credit sectors.



<sup>1</sup> Calculations based on monthly index return data from January 2012 to December 2024. This does not reflect any actual portfolio and is hypothetical and for illustrative purposes only. Sources: BBG US Aggregate Index, BBG Global Aggregate Index, BBG Global Treasury Index, BBG US Credit Index, JPM EMBI GD Index, JPM GBI-EM GD Index, CS Leveraged Loan Index, ICE BofAML US Convertibles, ICE BofAML US High Yield.

### Introduction to Multi-Asset Credit (MAC) (con't)

Multi-asset credit (MAC) strategies are designed to provide flexibility for managers to allocate across a broad range of credit-focused asset classes. MAC strategies primarily invest in high yield bonds and bank loans, but depending on the manager and the strategy's guidelines, they may also invest the following to varying degrees:

- Structured Credit, including:
  - Collateralized Loan Obligations (CLOs): Securities backed by pools of corporate bank loans.
  - Asset-Backed Securities (ABS): Bonds backed by pools of assets (auto loans or credit card receivables).
  - Commercial and Residential Mortgage-Backed Securities (CMBS & RMBS): Bonds backed by real estate loans.
- Emerging Market Debt (EMD)
  - Bonds issued by governments or corporations in emerging markets (USD or local currency).
- Convertible Bonds
  - Hybrid securities that combine features of debt and equity, allowing bondholders to convert into equity.
- Preferred Securities
  - Hybrid instruments that have characteristics of both debt and equity, often issued by financial institutions.
- Distressed Debt
  - Debt issued by companies in financial distress or bankruptcy.
- Private Credit
  - Direct lending or private loans to companies, often with higher yields due to illiquidity and complexity.
- Global Credit
  - Broad exposure to credit markets across global economies, including investment grade and below investment grade securities.

## Meketa's MAC Categories

- **Core Multi-Asset Credit** represents the most constrained and transparent implementation. Portfolios are typically anchored in public below-investment-grade credit, with allocations concentrated in high yield bonds and bank loans and limited exposure beyond these sectors. Beyond the core sectors, investors will typically see securitized credit exposure through CLOs. Flexibility is primarily expressed through security selection and shifts between fixed-rate and floating-rate exposure rather than broad sector rotation, resulting in lower tracking error and a relatively stable risk profile.
- **Core Diversified Multi-Asset Credit** widens the investable universe while maintaining a public-market focus. In addition to high yield and loans, portfolios may include securitized credit, emerging markets debt, and convertibles, allowing managers to reallocate across sectors with differing risk and correlation profiles. Flexibility is meaningfully higher than core strategies, though benchmarks remain centered on below-investment-grade credit and liquidity is generally preserved.
- **Opportunistic Multi-Asset Credit** expands flexibility through higher conviction positioning and a willingness to allocate across the capital structure. Portfolios often include stressed and distressed credits, special situations, and lower-quality issuers, frequently informed by managers' private market experience. Asset allocation is more dynamic and global, spanning US and European markets, but comes with reduced liquidity, greater concentration risk, and a heavier reliance on manager skill to navigate dislocations.
- **Investment Grade Diversified (Multi-Sector) Credit** offers the broadest public credit exposure and the highest liquidity. Portfolios span investment grade, high yield, loans, and securitized sectors, with active duration management typically constrained within defined bands. Flexibility is driven by sector rotation and duration positioning, but interest rate sensitivity becomes a more prominent risk consideration, particularly for investors with existing investment grade allocations.
- **Public-Private Crossover Multi-Asset Credit** integrates public credit with partial allocations to private lending. By allocating a meaningful share to private credit (20-40%) without full lockups, these strategies increase yield potential and dampen reported volatility, while still retaining some liquidity. Flexibility lies in capital structure and sourcing, though higher fees, operational complexity, and limited redemption terms require careful portfolio-level evaluation.

### Summary & Considerations

- Meketa recommends most institutional investors hold a strategic allocation of their fixed income investments in below investment grade securities, primarily high yield bonds and bank loans.
  - Due to their modest correlation with other asset classes and attractive historical returns, the inclusion of below investment grade securities in a traditional stock-bond portfolio may allow investors to construct more efficient portfolios.
- Meketa recommends investors consider employing Multi-Asset Credit strategies that allow for skilled managers to include exposure to primarily high yield bonds and bank loans, with additional flexibility to invest in other credit asset classes to be determined based on client preference.
  - This approach is similar to traditional high yield, but has more flexibility, allowing managers to choose from different types of below investment grade assets.
  - Some of the considerations in determining an appropriate MAC strategy for a client portfolio are the (1) level of credit risk, (2) liquidity, (3) inclusion of rate sensitive assets, (4) geographic exposure and (5) flexibility in guidelines.

## Appendices



## **Annual Asset Study (Capital Markets Expectations)**



## Executive Summary

- Changes in our capital markets expectations (CMEs) are driven by shifts in the capital markets, including factors such as interest rates, credit spreads, cap rates, and equity prices.
  - Capital markets are dynamic, and regular updates help to ensure that assumptions accurately reflect the current market environment.
- The return assumption decreased for ~80% of the asset classes over the 10-year horizon, and it decreased for nearly 90% of the asset classes over the 20-year horizon.
- Our 10-year CMEs continue to be lower than our 20-year CMEs for every major asset class, largely due to the market projecting a higher “risk-free” rate in the future than today.
  - Our lower return assumptions over the 10-year horizon implies that many investors might be well served by moderating their return expectations for the next ten years.



Meketa Investment Group

2026 Capital Markets Expectations

### Expected Return and Changes for Major Asset Classes

Asset Class	2026 10-year Expected Return (%)	Δ From 2025 (%)	2026 20-year Expected Return (%)	Δ From 2025 (%)
Cash Equivalents	2.8	0.0	3.1	0.0
Investment Grade Bonds	4.2	-0.7	4.9	-0.4
Long-term Government Bonds	4.5	-0.5	5.1	-0.6
TIPS	3.8	-0.5	4.7	-0.3
High Yield Bonds	5.4	-0.9	6.6	-0.5
Bank Loans	5.6	-0.7	6.4	-0.4
Emerging Market Debt	5.7	-0.6	6.4	-0.4
Private Debt	7.8	-0.9	8.2	-0.9
US Equity	6.3	-0.1	8.0	-0.4
Developed Non-US Equity	6.2	-1.0	7.9	-0.8
Emerging Non-US Equity	6.2	-0.9	8.0	-0.7
Global Equity	6.3	-0.3	8.0	-0.5
Private Equity	9.0	-0.8	10.2	-1.0
Real Estate	7.1	+0.2	8.3	-0.2
Infrastructure	7.5	+0.3	9.0	-0.2
Commodities	5.0	-0.5	5.4	-0.5
Hedge Funds	3.8	-0.4	5.7	-0.3
Inflation	2.3	0.0	2.7	0.0



### Setting Capital Market Expectations

- CMEs are the inputs needed to determine the long-term risk and returns expectations for a portfolio.
  - They serve as the starting point for determining asset allocation.
- Investors generally set them once a year.
  - Our results are published in January and based on data as of December 31 for public markets and September 30 for private markets.
- Setting CMEs involves crafting long-term forecasts for:
  - Returns
  - Standard Deviation
  - Correlations (i.e., covariance)
- We do not assume any “alpha.”
- For asset classes where there is no passive option (e.g., private markets) we include an assumption for estimated fees.
- Our process relies on both quantitative and qualitative methodologies.



## Building 10-Year Forecasts

→ Our first step is to develop 10-year forecasts based on fundamental models.

- Each model is based on the most important factors that drive returns for that asset class:

Asset Class Category	Major Factors
Equities	Dividend Yield, Earnings Growth, Valuation
Bonds	Yield to Worst, Default Rate, Recovery Rate
Commodities	Collateral Yield, Roll Yield, Inflation
Infrastructure	Public IS Valuation, Income, Growth, Leverage
Natural Resources	Price per Acre, Income, Public Market Valuation
Real Estate	Cap Rate, Yield, Growth, Leverage
Private Equity	EBITDA Multiple, Leverage, Public VC Valuation
Hedge Funds and Other	Leverage, Alternative Betas

→ The common components are income, growth, and valuation.

- Leverage and currency impact are also key factors for many strategies.



### 10-Year Model Example: Bonds

→ The short version for investment grade bond models is:

$$E(R) = \text{Current YTW (yield to worst)}$$

→ Our models assume that there is a reversion to the mean for spreads (though not yields).

→ For TIPS, we add the real yield of the TIPS index to the breakeven inflation rate.

→ As with equities, we make currency adjustments when necessary for foreign bonds.

→ For bonds with credit risk, Meketa Investment Group estimates default rates and loss rates in order to project an expected return:

$$E(R) = YTW - (\text{Annual Default Rate} \times \text{Loss Rate})$$



### 10-Year Model Example: Equities

→ We use a fundamental model for equities that combines income and capital appreciation.

$$E(R) = \text{Dividend Yield} + \text{Expected Earnings Growth} + \text{Valuation Effect} + \text{Currency Effect}$$

→ Meketa evaluates historical data to develop expectations for dividend yield, earnings growth, the multiple effect, and currency effect.

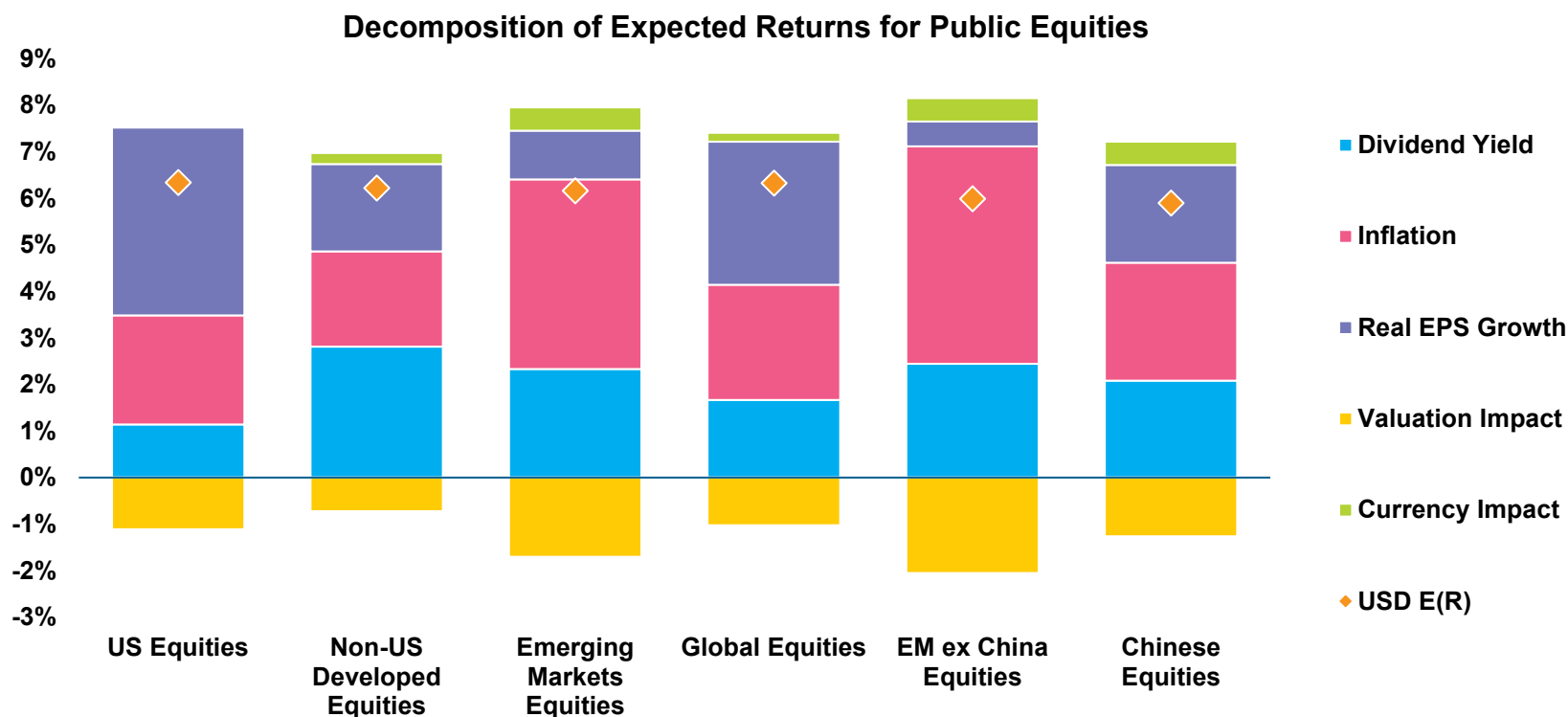
- Earnings growth is a function of real GDP growth, inflation, and exposure to foreign revenue sources.
- We assume that long-term earnings growth is linked to economic growth.
- However, many factors can cause differences between economic growth and EPS growth.

→ Our models assume that there is a reversion toward mean pricing over this time frame.



### Building Blocks Example: Equities

- Earnings growth (composed of real EPS growth and inflation) is typically the main driver of expected return.
- Valuations can serve as a headwind or tailwind, depending on current market conditions.
- Currency movements can also be additive or detractive to expected returns for non-US equities.



Source: Meketa analysis of MSCI and Bloomberg data.



### Moving from 10-Year to 20-Year Forecasts

- Our next step is to combine our 10-year forecasts with projections for years 11-20 for each asset class.
- We use a risk premium approach to forecast 10-year returns in ten years (i.e., years 11-20).
  - We start with an assumption (market informed, specifically the projected 10-year forward rate) for what the risk-free rate will be in ten years.
  - We then add a risk premium for each asset class.
  - We use historical risk premia as a guide, but many asset classes will differ from this, especially if they have a shorter history.
  - We seek consistency with finance theory (i.e., riskier assets will have a higher risk premia assumption).
- Essentially, we assume mean-reversion over the first ten years (where appropriate), and consistency with CAPM thereafter.
- The final step is to make any qualitative adjustments.
  - The Investment Policy Committee reviews the output and may make adjustments.



## The Other Inputs: Standard Deviation and Correlation

### Standard Deviation:

- We review the trailing twenty-year standard deviation, as well as skewness.
- Historical standard deviation serves as the base for our assumptions.
- If there is a negative skew, we increased the volatility assumption based on the size of the historical skewness.
- We also adjust for private market asset classes with “smoothed” return streams.

### Correlation:

- We use trailing twenty-year correlations as our guide.
- Again, we make adjustments for “smoothed” return streams.
- Most of our adjustments are conservative in nature (i.e., they increase the standard deviation and correlation).
  - Bitcoin is the current exception, where we have decreased volatility relative to its full history.
- Note that we also offer CMEs that do not de-smooth private market return streams.

<sup>1</sup> Note that we round our standard deviation assumptions to whole numbers.



### What is Driving the Changes from Last Year?

- Interest rates declined, decreasing yields and hence expected returns for higher quality bonds.
- Credit spreads tightened slightly, further lowering yields for riskier fixed income assets.
- Lower yields benefitted several asset classes that rely on leverage, particularly real estate and infrastructure.
- Equity market valuations moved higher, especially outside the US, thus reducing their forward-looking returns.
- Relative valuations for private equity, which are quite lagged, are acting as a headwind in that asset class.
- Lower anticipated long-term interest rates serve to decrease our 20-year projections.
  - The bridge from 10 to 20 years is made via a risk premium being added to a (lower) future risk-free rate.
  - The market projection for the 10-year risk-free rate declined from 5.42% to 5.30%.



### Lower Yields

- Short-term interest rates declined as the Fed cut its target rate, and the yield on the 10-year Treasury decreased.
- Tighter credit spreads amplified the yield reduction in credit markets.

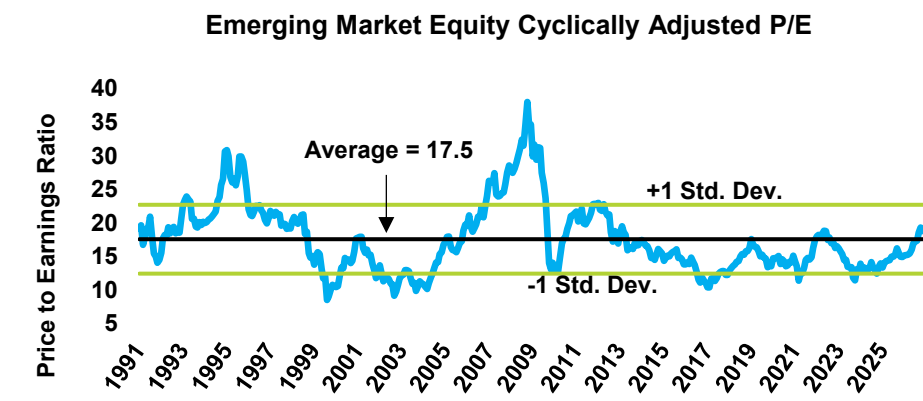
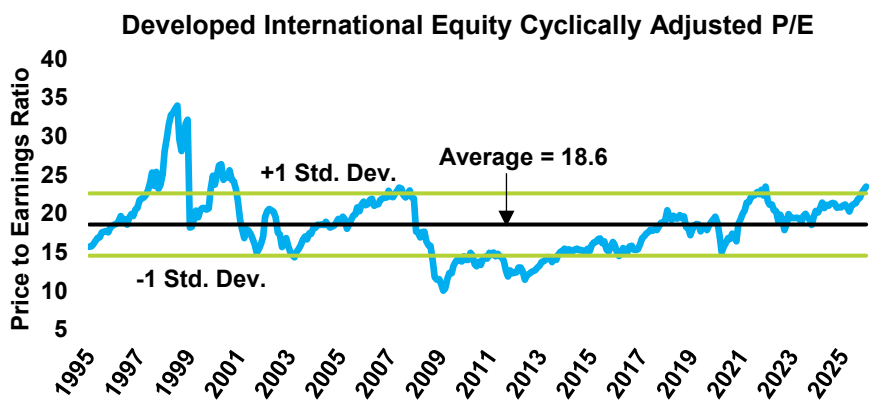
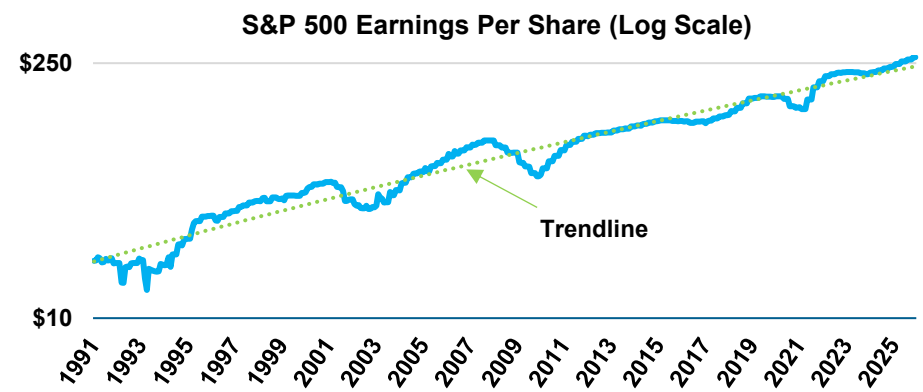
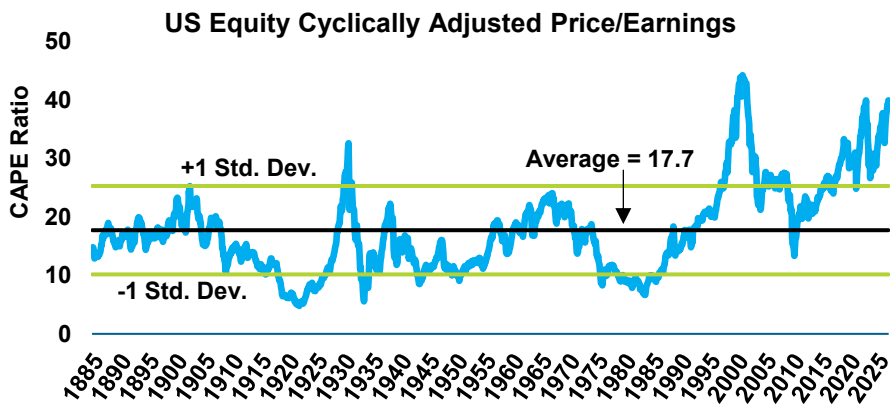
Index	Yield to Worst 12/31/25 (%)	Yield to Worst 12/31/24 (%)
Fed Funds Effective Rate	3.50 – 3.75	4.25 – 4.50
10-year Treasury	4.18	4.58
Bloomberg Aggregate	4.32	4.91
Bloomberg Corporate	4.81	5.33
Bloomberg Securitized	4.61	5.25
Bloomberg Global Aggregate	3.52	3.68
Bloomberg US Corporate High Yield	6.53	7.49

Source: Bloomberg. Data is as of December 31, 2024 and December 31, 2025.



### Higher Equity Valuations

- Large gains for US, developed non-US, and emerging market stocks led to higher valuations.
  - As a result, EAFE and EM equity valuations have moved above their long-term average.
  - The gains in US equities continue to be supported by strong earnings growth.

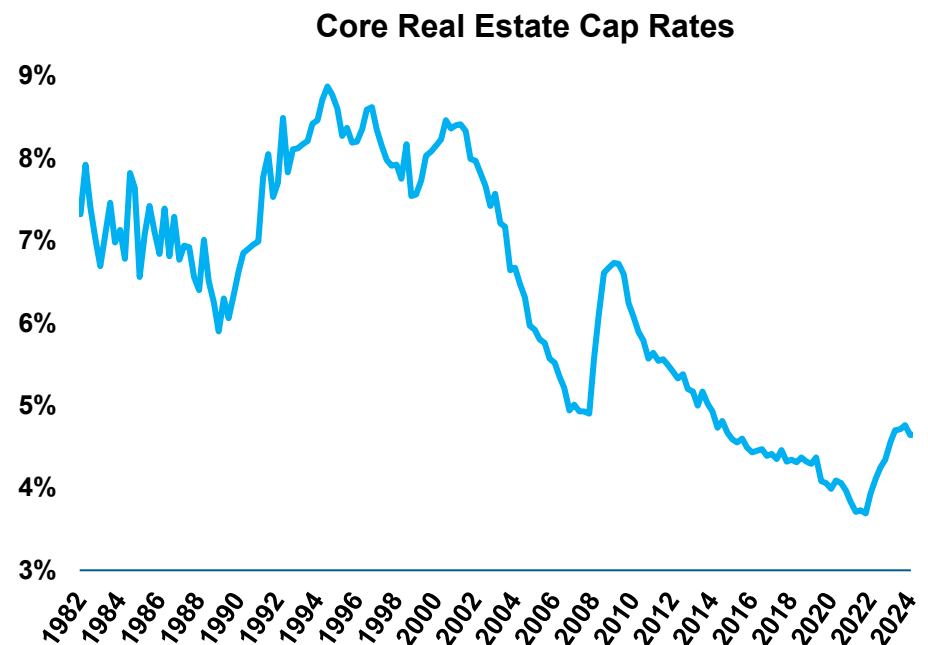
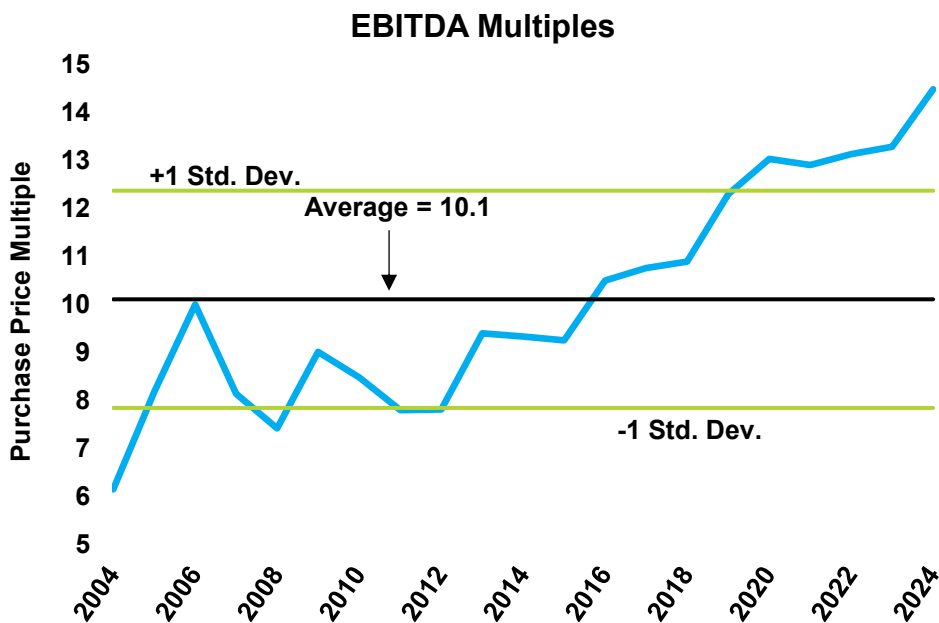


Sources: Robert Shiller, Yale University, Bloomberg, and Meketa Investment Group for the S&P 500 Index; MSCI and Bloomberg for MSCI indices. Earnings figures for cyclically adjusted P/E represent the average of monthly "as reported" earnings over the previous ten years. EPS figures for S&P 500 earnings represents trailing 12-month "as reported" earnings per share. Data is as of December 31, 2025.



### Private Equity and Real Estate Prices Rebounding

- EBITDA multiples for buyouts have risen substantially over the past ten years.
  - Preliminary data for 2025 show a slight downtick in multiples, but that is based on a very small fraction of the anticipated number of deals (~15% of the number of deals from 2024).
- Cap rates for core real estate appeared to level off in 2025.
  - Still, cap rates remain below the trough experienced during the Global Financial Crisis (GFC).



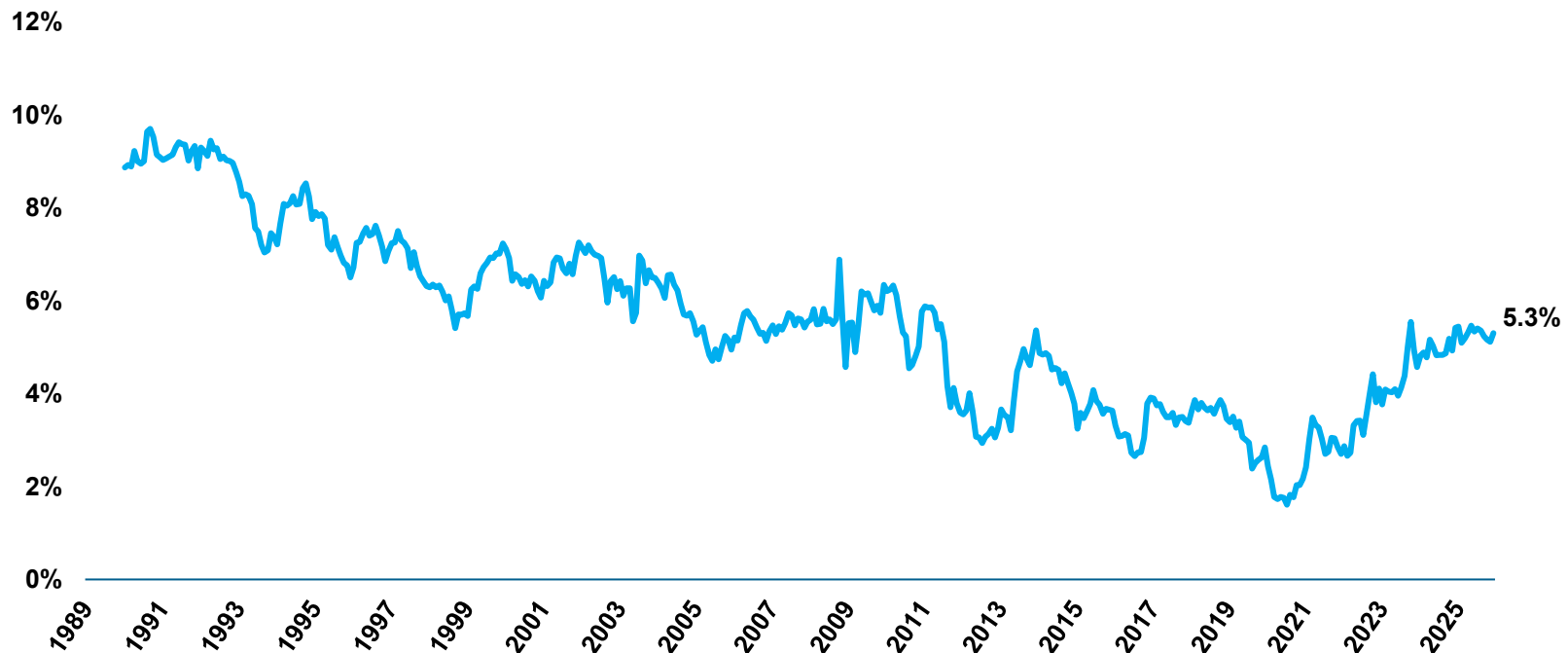
Sources: Preqin Median EBITDA Multiples Paid in All LBOs, data pulled as of 1/8/2025; NCREIF NPI value-weighted cap rates, as of September 30, 2025.



### Slightly Lower Projected Rates in the Future

- As interest rates have declined, so have the market's predictions for future interest rates.
  - The market is forecasting that the 10-year Treasury yield in ten years will be 5.30%, versus a prediction of 5.42% twelve months ago.
- Lower future interest rates for “risk-free” assets implies lower expected returns for any forecasting model that includes a risk premium approach.

Market Projection for the 10-Year Treasury Yield in Ten Years



Source: FRED. Represents the Fitted Instantaneous Forward Rate 10 Years Hence, as of December 31, 2025.



**Meketa Investment Group**  
**2026 Capital Markets Expectations**

**Expected Return and Risk Data**

Asset Class	10-year Expected Return (%)	20-year Expected Return (%)	Standard Deviation (%)	Years 11-20 Risk Premium <sup>1</sup> (%)
Cash Equivalents	2.8	3.1	1.0	-2.0
Investment Grade Bonds	4.2	4.9	4.0	0.4
Long-term Government Bonds	4.5	5.1	12.0	0.5
TIPS	3.8	4.7	7.0	0.4
High Yield Bonds	5.4	6.6	11.0	2.5
Bank Loans	5.6	6.4	10.0	2.0
Emerging Market Debt	5.7	6.4	11.0	1.8
Private Debt	7.8	8.2	15.0	3.3
US Equity	6.3	8.0	17.0	4.5
Developed Non-US Equity	6.2	7.9	18.0	4.4
Emerging Non-US Equity	6.2	8.0	21.0	4.5
Global Equity	6.3	8.0	17.0	4.5
Private Equity	9.0	10.2	26.0	6.3
Real Estate	7.1	8.3	16.0	4.3
Infrastructure	7.5	9.0	19.0	5.2
Commodities	5.0	5.4	17.0	0.5
Hedge Funds	3.8	5.7	7.0	2.3
Inflation	2.3	2.7	NA	NA

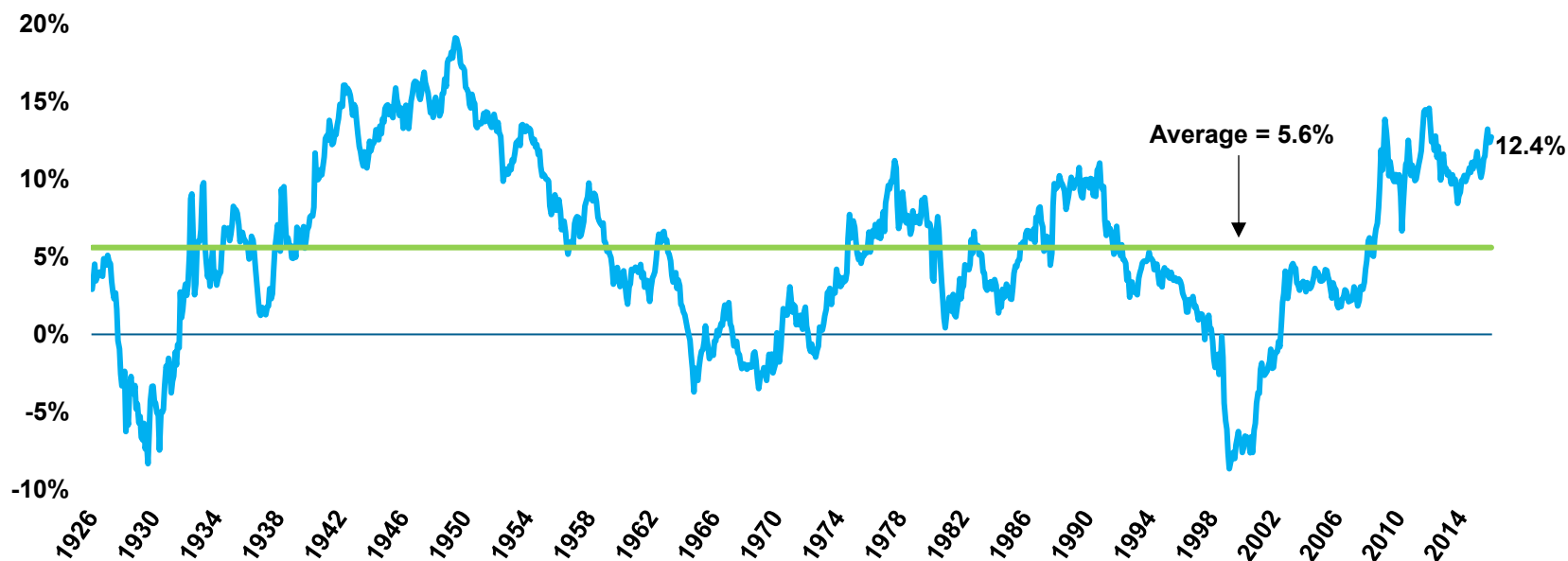
<sup>1</sup> Risk premia are calculated relative to the market's projection for the yield on the 10-year Treasury in ten years..



## What is the Equity Risk Premium Implied by the CMEs?

- We assume a long-term risk premium of 4.5% for US equities over 10-year Treasuries in our model.
  - However, our 10-year assumptions imply an equity risk premium of ~2.1%.
  - This averages out to a 20-year implied equity risk premium of ~3.3%.
- Historically, the risk premium for the S&P 500 over the yield for the 10-year Treasury has averaged 5.6%, though the range has varied considerably.

US Equity Risk Premium over 10-year Treasury<sup>1</sup>



<sup>1</sup> Represents the ten-year risk premium for the S&P 500 index over the 10-year Treasury yield at the start of the period. Data is through December 31, 2025.



### How do These CMEs Compare to Prior Years' Assumptions?

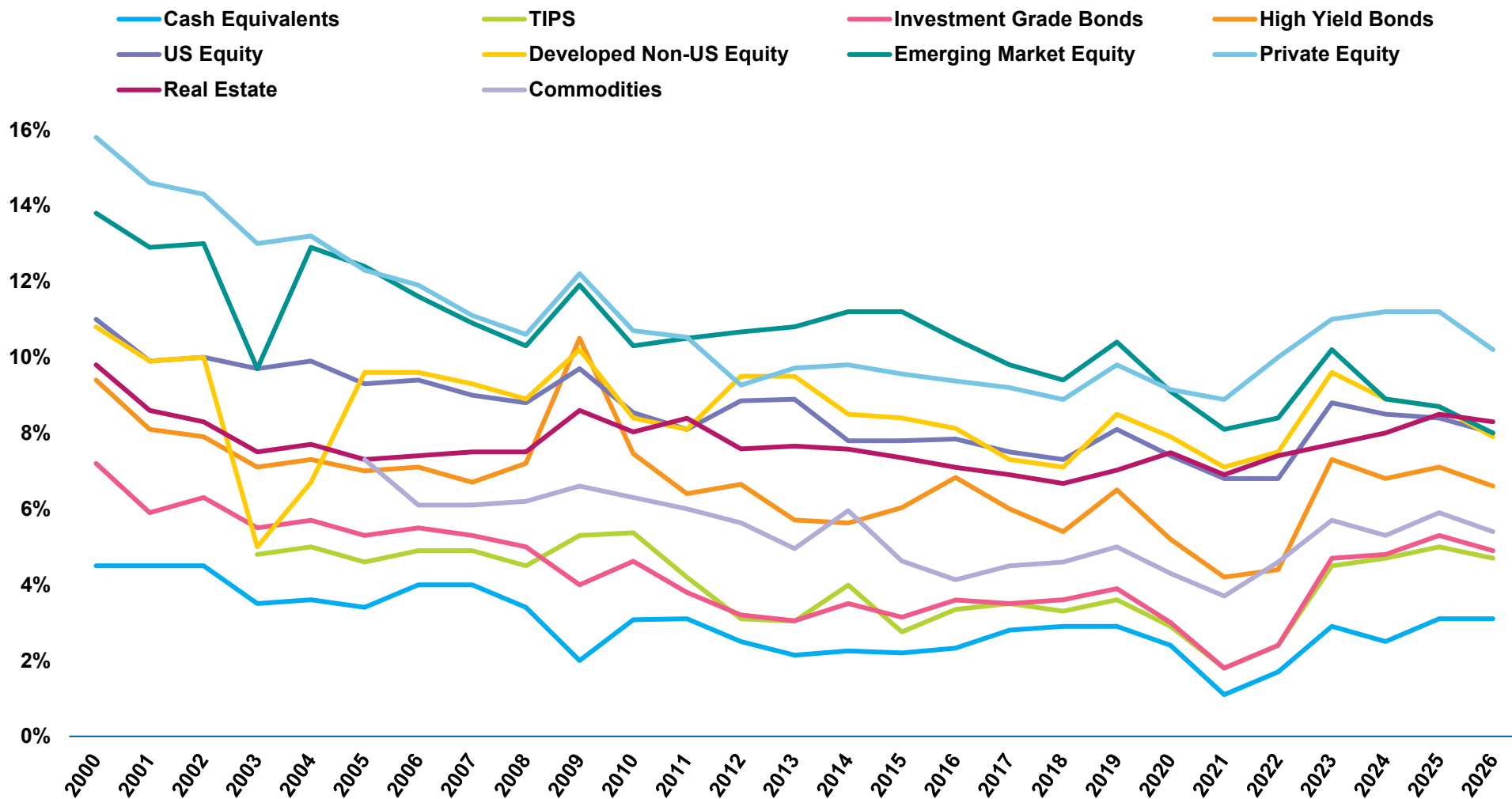
- To help evaluate this, we created a weighted average of expected returns for the asset classes that comprise a typical institutional portfolio.<sup>1</sup>
- The value of the expected return for the portfolio is not a precise expected return (i.e., it has not been run via MPT), but the magnitude of the change is what is relevant.
- In short, the 20-year expected return for a typical portfolio is ~50 basis points lower than last January.

Year	Weighted Average Expected Return (%)	Change from Prior Year (%)
2026	7.6	-0.5
2025	8.1	+0.1
2024	8.0	-0.2
2023	8.2	+1.7
2022	6.5	+0.4
2021	6.1	-0.7
2020	6.8	-0.6
2019	7.4	+0.7

<sup>1</sup> The weights are as follows: 10% investment grade bonds, 3% LT government bonds, 4% TIPS, 3% high yield, 2% bank loans, 3% EM debt, 3% private debt, 25% US equity, 12% EAFE equity, 8% EM equity, 10% private equity, 10% real estate, 2% natural resources, 3% infrastructure, 2% hedge funds.



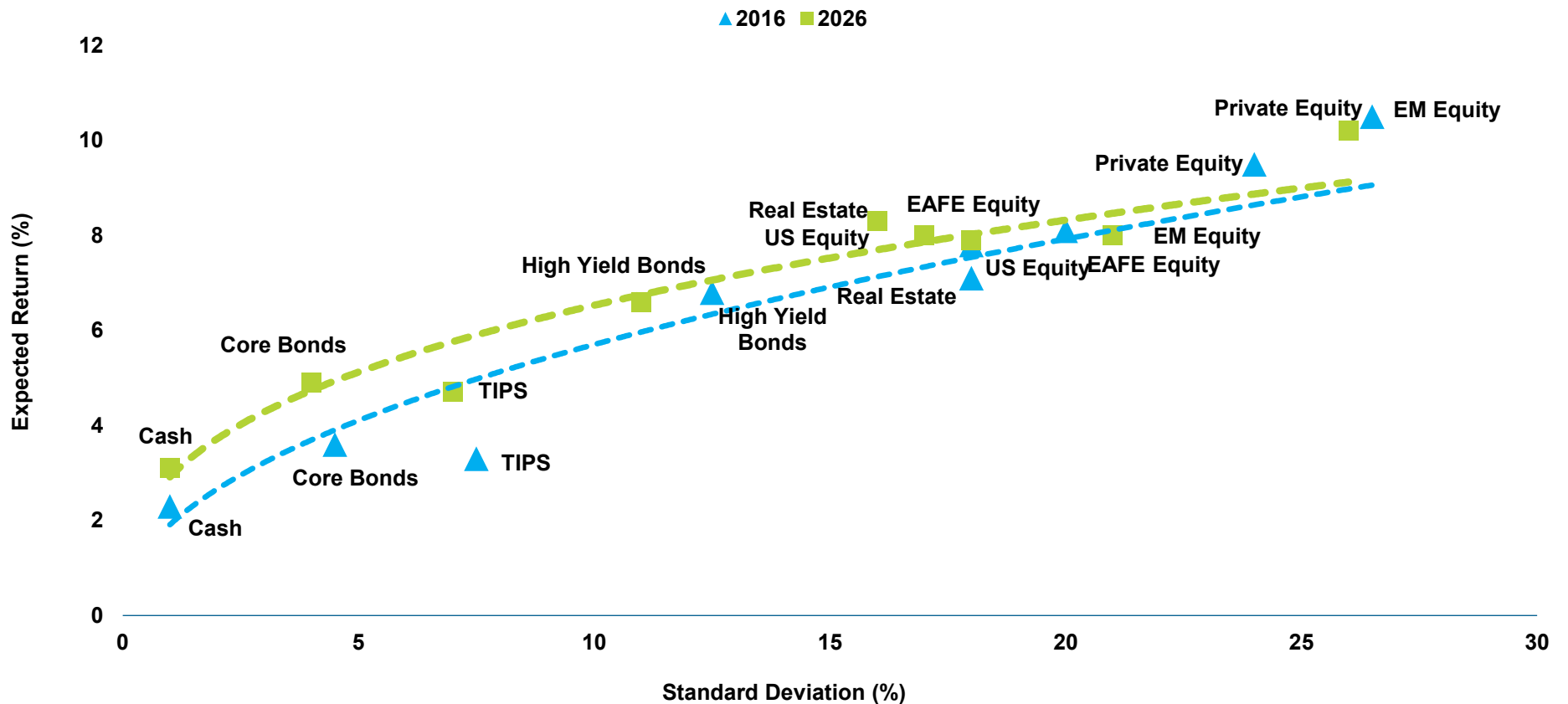
Our 20-Year CMEs Since 2000





### The Big Picture: Higher Return for Similar Risk<sup>1</sup>

- The relationship between long-term return expectations and the level of risk accepted is not static.
- The higher interest rates compared to a decade ago mean that many investors have greater flexibility in how they structure a portfolio to achieve their target returns.

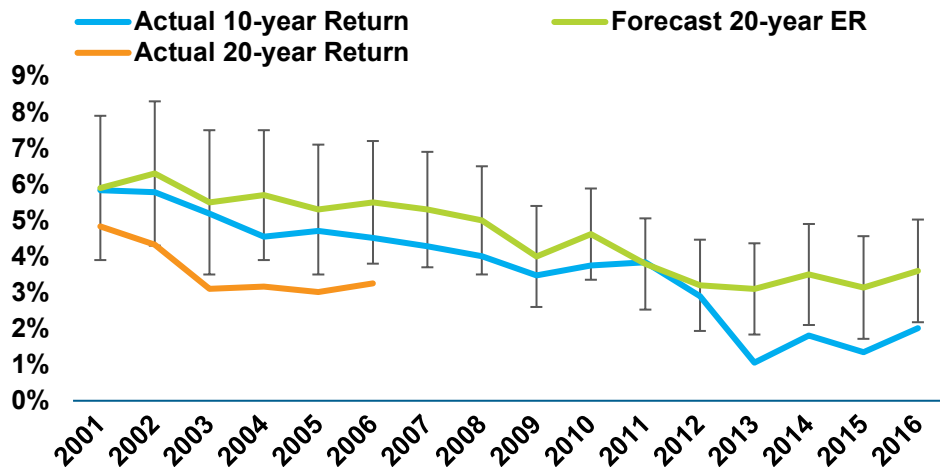


<sup>1</sup> Expected return and standard deviation are based upon Meketa Investment Group's 2016 and 2026 20-year capital market expectations.

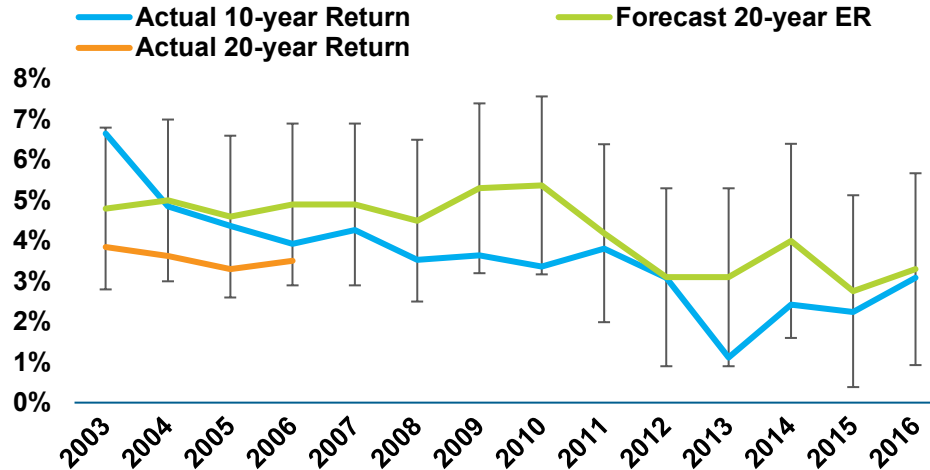


### Our Track Record

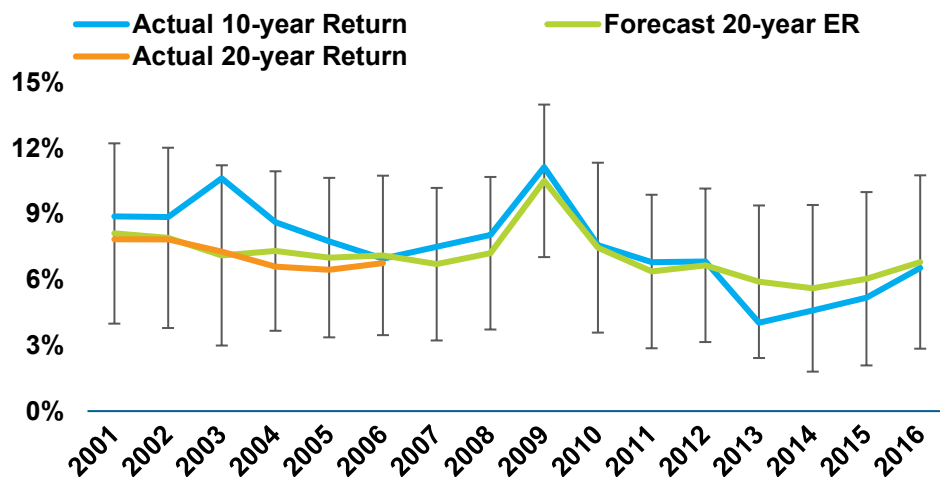
Investment Grade Bonds



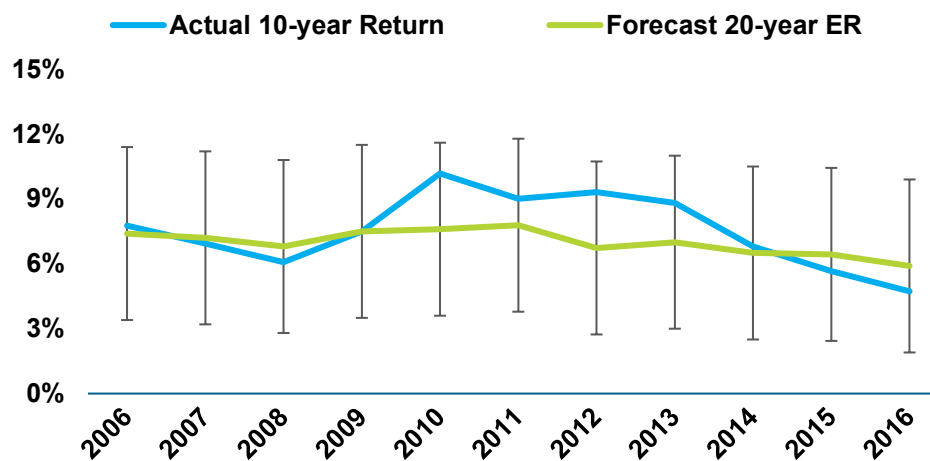
TIPS



High Yield Bonds



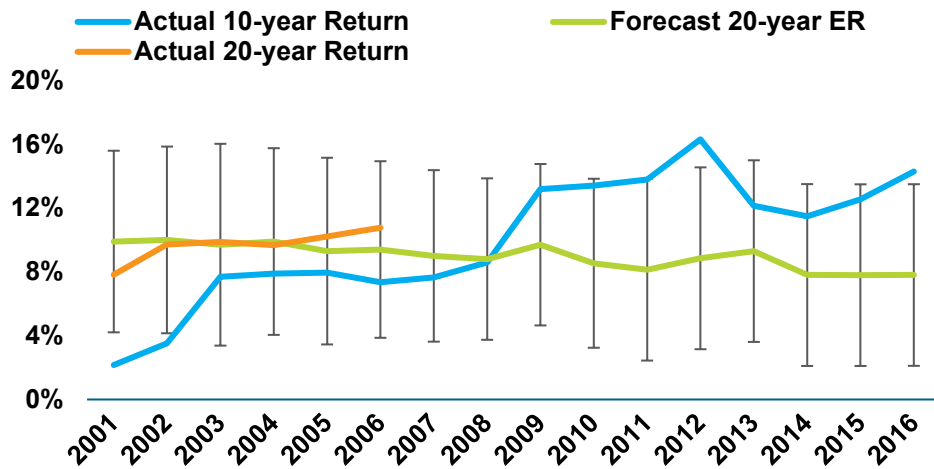
Core Real Estate



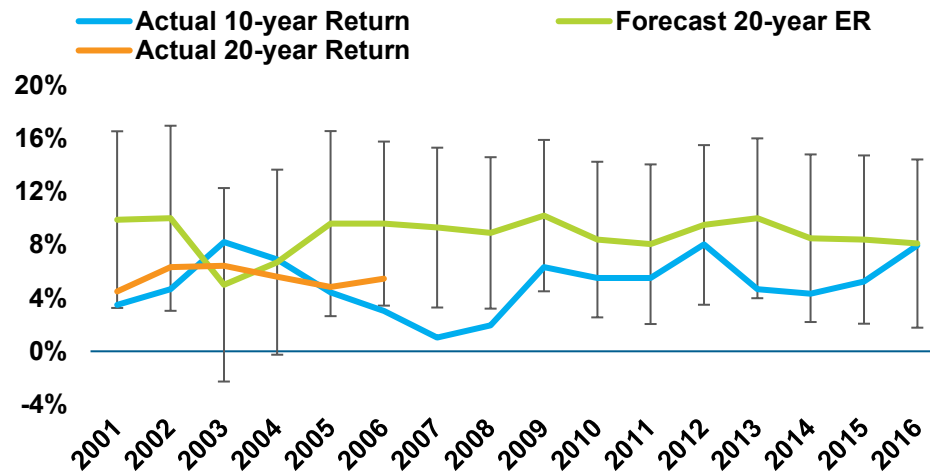


Our Track Record (continued)

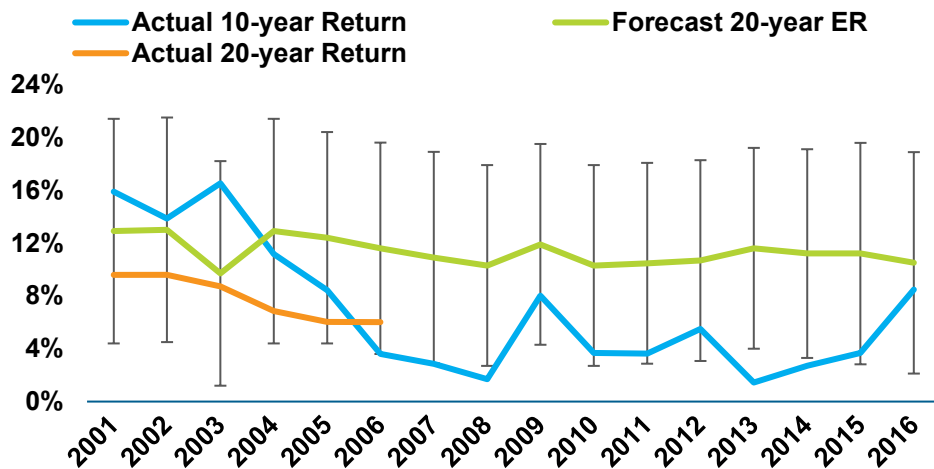
US Equity



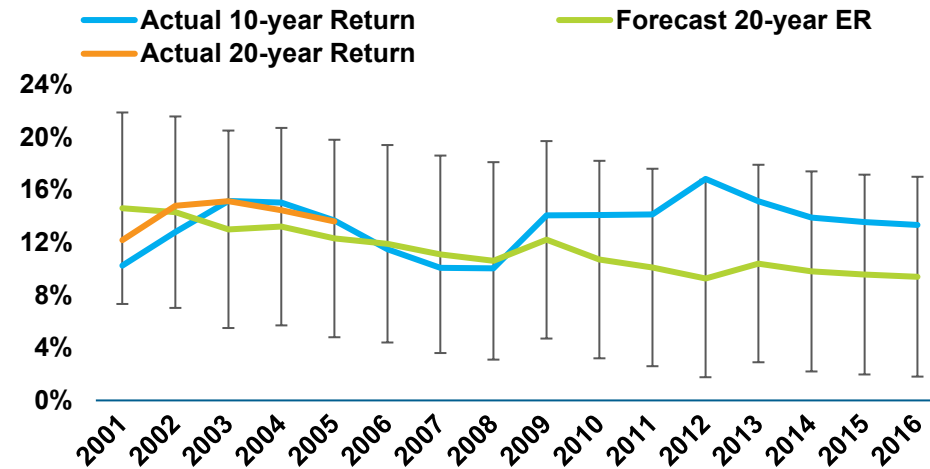
EAFE Equity



Emerging Markets Equity



Private Equity





### How do Meketa's CMEs Compare to Peers?

- Our CMEs are typically in the same ballpark as our peers.
- While we expect to be above or below the median for various asset classes, we tend not to be systematically above or below for the entire group.
- We generally cite the survey conducted each year by Horizon Actuarial Services for making peer comparisons, as it is the most comprehensive survey of CMEs of which we are aware.
  - However, this survey is usually not published until July or August.
- It is important to distinguish between intermediate-term assumptions (e.g., 7-10 years) and long-term assumptions (e.g., 20-30 years) when making these comparisons.
  - The average long-term return assumptions tend to be higher than the intermediate-term assumptions across the peer group, typically by 10 to 50 basis points.
  - In 2025, the difference tended to be larger for riskier asset classes.



## Meketa Investment Group

### 2026 Capital Markets Expectations

#### 2025 Peer Survey

- Annually, Horizon Actuarial Services, LLC publishes a survey of capital market assumptions that they collect from various investment advisors.<sup>1</sup>
- The Horizon survey is a useful tool to determine whether a consultant's expectations for returns (and risk) are reasonable.

Asset Class	Horizon 10-Year	Meketa 10-Year	Horizon 20-Year	Meketa 20-Year
	Average (%)		Average (%)	
Cash Equivalents	3.6	2.8	3.6	3.1
TIPS	4.4	4.3	4.4	5.0
US Core Bonds	5.0	4.9	5.1	5.3
US High Yield Bonds	6.0	6.3	6.3	7.1
Emerging Market Debt	6.0	6.3	6.3	6.8
Private Debt	7.9	8.7	8.1	9.1
US Equity (large cap)	6.4	6.4	7.0	8.4
Developed Non-US Equity	7.0	7.2	7.4	8.7
Emerging Non-US Equity	7.4	7.1	7.9	8.7
Private Equity	9.1	9.8	9.6	11.2
Real Estate	6.2	6.9	6.4	8.5
Infrastructure	7.2	7.2	7.5	9.2
Commodities	4.7	5.5	4.8	5.9
Hedge Funds	5.9	4.2	6.2	6.0
Inflation	2.4	2.3	2.4	2.7

<sup>1</sup> The 10-year horizon included all 41 respondents to the survey, and the 20-year horizon included 27 respondents. Figures are based on Meketa's 2025 CMEs. The survey is typically published in August.



## **Disclaimer, Glossary, and Notes**



## Disclaimer, Glossary, and Notes

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## Disclaimer, Glossary, and Notes

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

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

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

**Jensen's Alpha:** A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk. 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.



## Disclaimer, Glossary, and Notes

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

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

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

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

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

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

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



## Disclaimer, Glossary, and Notes

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

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

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

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

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

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

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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.



**DRAFT**

**Investment Committee  
Proposed FY2027 Meeting Dates**

<b>RECOMMENDED IC DATES</b>	<b>CORRESPONDING HOSPITAL BOARD DATE</b>
<b>Monday, August 10, 2026</b>	Wednesday, August 12, 2026
<b>Monday, November 9, 2026</b>	Wednesday, November 18, 2026
<b>Monday, February 8, 2027</b>	Wednesday, February 10, 2027
<b>Monday, May 10, 2027</b>	Wednesday, May 12, 2027



## FY2027 Investment Committee Pacing Plan

AGENDA ITEM	Q1			Q2			Q3			Q4		
	JUL	8/10	SEP	OCT	11/9	DEC	JAN	2/8	MAR	APR	5/10	JUN
<b>STANDING AGENDA ITEMS</b>												
Standing Consent Agenda Items		✓			✓			✓			✓	
Minutes		✓			✓			✓			✓	
CFO Report Out		✓			✓			✓			✓	
<b>APPROVAL ITEMS</b>												
Next FY Committee Goals, Dates, Plan								✓			✓	
Next FY Org. Goals											✓	
Progress Against Committee Goals					✓			✓			✓	
Review/Approval of Updated Investment Policy											✓	
<b>DISCUSSION ITEMS</b>												
Capital Markets Review & Portfolio Performance		✓			✓			✓			✓	
Tactical Asset Allocation Positioning & Market Outlook		✓			✓			✓			✓	
Long-Range Financial Forecast								✓				
Asset Allocation & Enterprise Risk Framework								✓				
403 (b) Investment Performance					✓							
Education Topic: • TBD					✓						✓	



**DRAFT**  
**FY2027 COMMITTEE GOALS**  
 Investment Committee

**PURPOSE**

The purpose of the Investment Committee is to develop and recommend to the El Camino Hospital (ECH) Board of Directors (“Board”) the investment policies governing the Hospital’s assets, maintain current knowledge of the management and investment funds of the Hospital, and provide oversight of the allocation of the investment assets.

**STAFF:** Raju Iyer, Chief Financial Officer (Executive Sponsor)

The CFO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration. Additional members of the Executive Team or hospital staff may participate in the meetings upon the recommendation of the CFO and at the discretion of the Committee Chair. The CEO is an ex-officio member of this Committee.

GOALS	TIMELINE	METRICS	STATUS
1. Review performance Surplus Cash and Cash Balance Portfolios & Recommendations of Adjustments to Managers / Allocations	Each Quarter	Committee review / approval of recommendations by management / consultant (if needed)	
2. Implementation of Updated Investment Policy	FY2027 Q1-Q4	August 2026 – May 2027: Alternative Investments	
3. Review 403(b) Performance	FY2027 Q2	November 2026	
4. Enterprise Risk Management Update	FY2027 Q3	May 2027	
5. Investment Policy Review	FY2027 Q4	May 2026: Committee approval of updated policy (if needed)	
6. Education Topics	FY2027 Q2 & Q4	November 2026: Legislative Forecast May 2027: TBD	