



San Jose Police and Fire Department Retirement Plan Health Care Trust

As of September 30, 2025

Quarterly Review

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Economic and Market Update

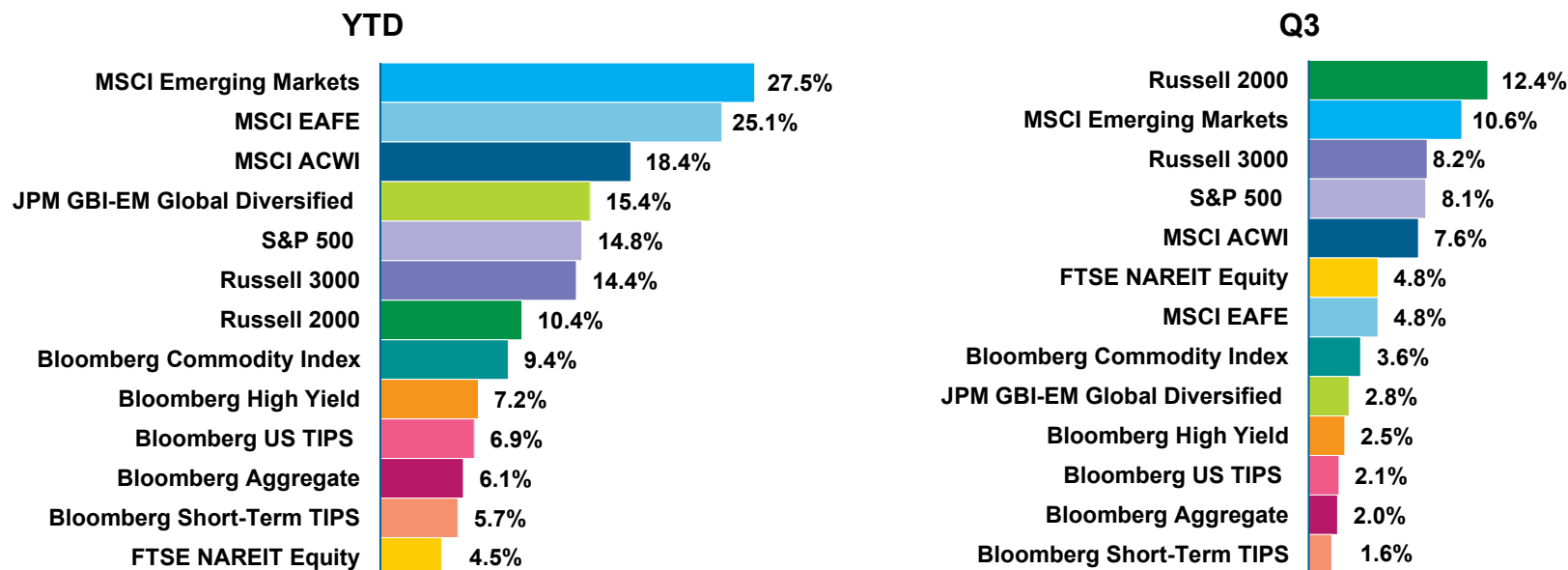
Data as of September 30, 2025

Commentary

In the third quarter, most stock and bond markets delivered positive returns, benefiting from renewed interest rate cuts from the Federal Reserve, continued strong artificial intelligence demand and investment, and overall solid corporate earnings.

- US stocks enjoyed a broad rally in the third quarter with the Russell 3000 gaining 8.2%. Large cap stocks trailed small cap stocks in a reversal of the prior trend with mixed results across market capitalizations for growth and value.
- Non-US developed market stocks lagged US stocks in the third quarter (MSCI EAFE +4.8%) with value outperforming growth.
- Emerging market stocks beat developed market stocks in the third quarter with the MSCI emerging market index gaining +10.6% and up a leading 27.5% year-to-date; Chinese stocks drove the emerging market index higher with the MSCI China index returning 20.7% in the quarter and 41.6% year-to-date.
- In general, bond markets performed well in the third quarter supported by softer labor data and largely dovish central banks, with high yield bonds and long-dated Treasuries both returning 2.5% for the quarter, slightly outperforming the broad US bond market (+2.0%) and TIPS (+2.1%).
- Chair Powell's comments from Jackson Hole buoyed market expectations for more rate cuts this year. In addition to continued public pressure on Chair Powell, the Administration also signaled that it would investigate Federal Open Market Committee (FOMC) member Lisa Cook adding to market concerns about future Fed independence.
- Key questions going forward include how the Fed will manage interest rates given competing pressures on its dual mandate of inflation and employment, will tariff pressures eventually show up in inflation, can earnings growth remain resilient in the US, will the recent rotation into small cap stocks continue, and how will China's economy and relations with the US track.

Index Returns¹



- There were broad gains across asset classes in the third quarter given the Fed's rate cut in September with more expected, resilient corporate earnings, and ongoing AI enthusiasm. Small cap US stocks led the way particularly benefiting from lower rate expectations as well as a resilient US economy and lower valuations relative to large cap technology companies.
- For the year-to-date through September, international markets experienced the best results with +40% gains in China helping emerging market stocks and a weakening US dollar particularly benefiting developed international stocks (MSCI EAFE).

¹ Source: Bloomberg. Data is as of September 30, 2025.

Domestic Equity Returns¹

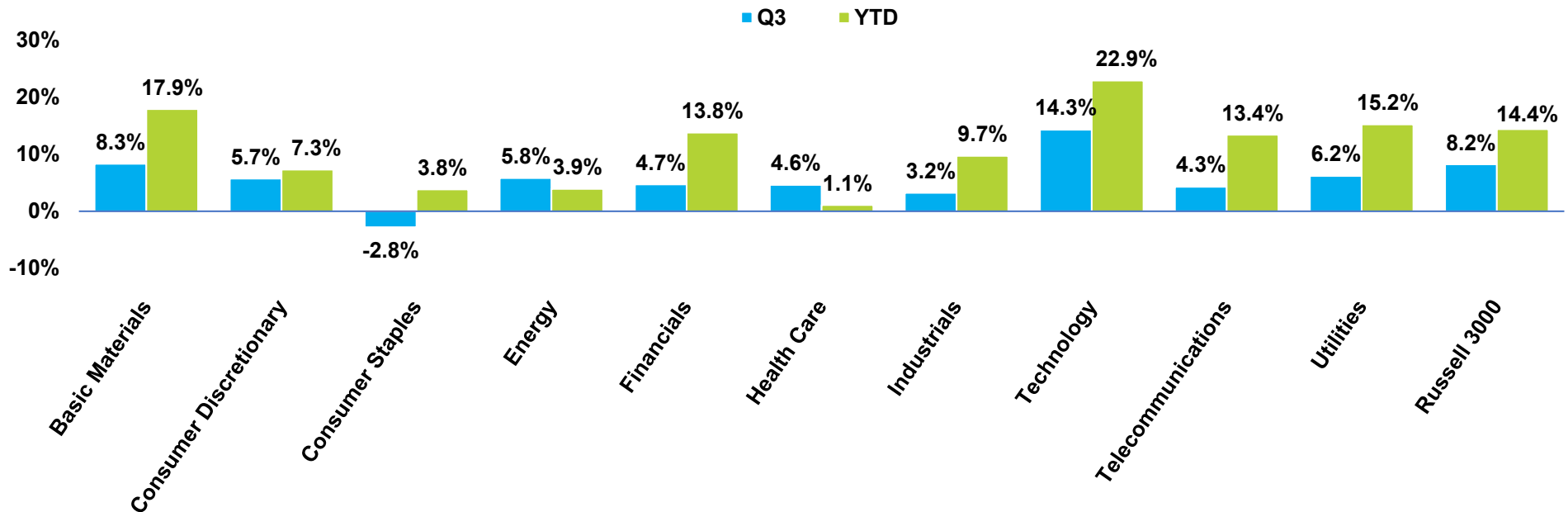
Domestic Equity	September (%)	Q3 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	3.6	8.1	14.8	17.6	24.9	16.4	15.3
Russell 3000	3.5	8.2	14.4	17.4	24.1	15.7	14.7
Russell 1000	3.5	8.0	14.6	17.7	24.6	16.0	15.0
Russell 1000 Growth	5.3	10.5	17.2	25.5	31.6	17.6	18.8
Russell 1000 Value	1.5	5.3	11.7	9.4	16.9	13.9	10.7
Russell MidCap	0.9	5.3	10.4	11.1	17.7	12.6	11.4
Russell MidCap Growth	-0.3	2.8	12.8	22.0	22.8	11.2	13.4
Russell MidCap Value	1.3	6.2	9.5	7.6	15.5	13.6	10.0
Russell 2000	3.1	12.4	10.4	10.8	15.2	11.5	9.8
Russell 2000 Growth	4.2	12.2	11.7	13.6	16.7	8.4	9.9
Russell 2000 Value	2.0	12.6	9.0	7.9	13.5	14.6	9.2

US Equities: The Russell 3000 index returned 8.2% in the third quarter and 14.4% year-to-date.

- US stocks increased sharply during the third quarter as the Federal Reserve lowered interest rates, corporate earnings largely came in above expectations, and economic growth surprised to the upside. The enthusiasm surrounding AI helped push the indices higher, as well.
- Small cap stocks, represented by the Russell 2000 Index, outperformed both mid and large cap stocks during the quarter. The small cap index's higher weighting to biopharma stocks contributed to the outperformance as well as the overall strength of the economy and expectations for lower rates given their generally higher leverage.
- Value stocks outperformed growth stocks during the quarter (except in the large cap space). The outperformance of large technology and consumer discretionary stocks drove this dynamic.

¹ Source: Bloomberg. Data is as of September 30, 2025.

Russell 3000 Sector Returns¹



- During the third quarter, technology stocks led all sectors, with Apple and NVIDIA being the largest contributors in the Russell 3000 Index, as AI enthusiasm continued.
- The traditionally defensive consumer staples sector was the only area to decline in the risk-on environment of the third quarter. Many of these companies, like Philip Morris, Costco, and Coca-Cola, continue to be challenged by tariffs and consumers' changing preferences given higher expected prices.
- For the year through September, all sectors posted gains with technology, again, leading the way and defensive sectors, like healthcare and consumer staples, producing the smallest gains.

¹ Source: Bloomberg. Data is as of September 30, 2025.

Foreign Equity Returns¹

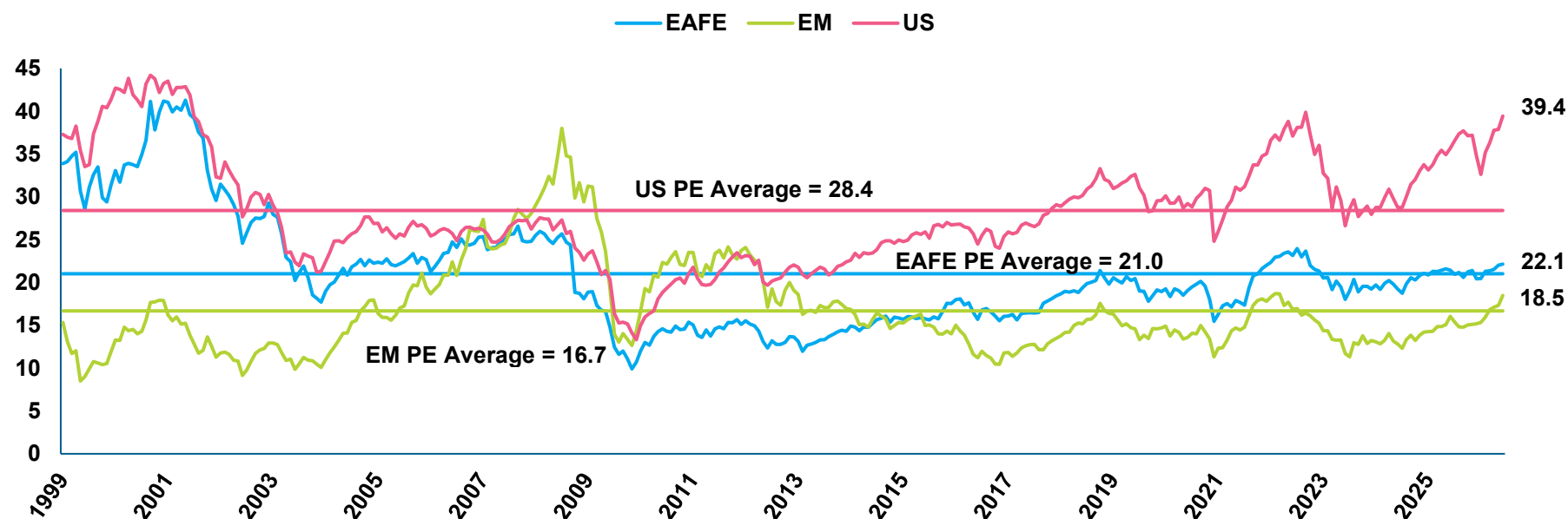
Foreign Equity	September (%)	Q3 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	3.6	6.9	26.0	16.4	20.7	10.2	8.2
MSCI EAFE	1.9	4.8	25.1	15.0	21.7	11.1	8.2
MSCI EAFE (Local Currency)	1.8	5.4	13.6	12.9	16.9	12.5	8.6
MSCI EAFE Small Cap	1.6	6.2	28.4	17.7	19.6	8.5	7.9
MSCI Emerging Markets	7.2	10.6	27.5	17.3	18.2	7.0	8.0
MSCI Emerging Markets (Local Currency)	7.1	12.2	24.3	18.8	18.1	8.6	9.1
MSCI EM ex China	6.0	6.6	22.1	12.2	17.9	11.1	8.8
MSCI China	9.8	20.7	41.6	30.8	19.4	0.4	6.8

Foreign Equity: Developed international equities (MSCI EAFE) returned 6.9% in the third quarter and 26.0% year-to-date, and the emerging markets index rose 10.6% in the third quarter and 27.5% year-to-date.

- Developed markets posted solid gains in the third quarter, driven by easing monetary policy, strong corporate earnings, and AI-related enthusiasm. Eurozone equities, while positive, were the laggards of the quarter, with losses in Germany and political instability in France somewhat balanced by strong performance by financials and stable inflation. The UK saw solid performance supported by strong bank earnings and resilient consumer demand despite rising debt. Japan was a top performer, benefiting from a weaker yen, strong tech exports, and favorable political shifts.
- Emerging markets outperformed developed peers in the third quarter, aided by easing trade tensions and strong tech performance. China led the way with a significant 20.7% return for the quarter, benefitting from domestic chipmaker support, accelerating AI spending, and optimism surrounding policies to reduce unproductive competition. Tech enthusiasm benefited other Asian markets, particularly Taiwan and Korea. Brazil lagged, due largely to political uncertainty. India saw losses, with the recent imposition of very punitive tariffs by the US weighing heavily on performance.

¹ Source: Bloomberg. Data is as of September 30, 2025.

Equity Cyclically Adjusted P/E Ratios¹



- US stock valuations increased in the third quarter, finishing September with a cyclically adjusted P/E ratio of 39.4. This level is well above their long-run average of 28.4.
- Given strong results this year in non-US developed stocks, valuations have moved slightly above their long-run P/E ratio (22.1 versus 21.0).
- As emerging market stocks lead the way in 2025 their valuations are now also trading at levels above their long-run average (18.5 versus 16.7).

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

Fixed Income Returns¹

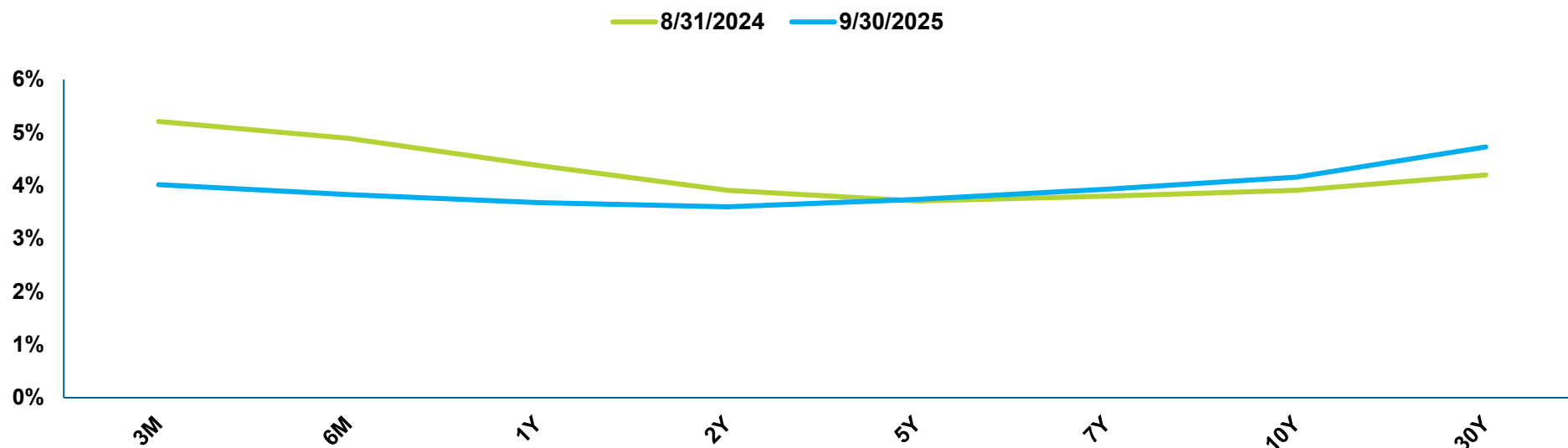
Fixed Income	September (%)	Q3 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	1.1	2.1	6.3	3.4	5.6	0.1	2.3	4.6	5.9
Bloomberg Aggregate	1.1	2.0	6.1	2.9	4.9	-0.4	1.8	4.4	6.1
Bloomberg US TIPS	0.4	2.1	6.9	3.8	4.9	1.4	3.0	4.1	6.6
Bloomberg Short-term TIPS	0.0	1.6	5.7	5.5	5.4	3.7	3.1	3.8	2.4
Bloomberg US Long Treasury	3.1	2.5	5.6	-3.5	0.4	-7.8	-0.1	4.7	14.7
Bloomberg High Yield	0.8	2.5	7.2	7.4	11.1	5.5	6.2	6.7	3.1
JPM GBI-EM Global Diversified (USD)	1.4	2.8	15.4	7.4	11.3	2.3	3.5	--	--

Fixed Income: The Bloomberg Universal index rose 2.1% in the third quarter, returning 6.3% year-to-date.

- The US yield curve shifted lower on expected monetary policy easing in the coming quarters and strong risk appetite by investors provided positive performance for credit indexes.
- In this environment, the broad US bond market (Bloomberg Aggregate) returned 2.0% with longer dated US Treasuries performing slightly better (2.5%). Longer and short-dated TIPS gained 2.1% and 1.6%, respectively, as inflation risks remained elevated.
- Positive risk sentiment supported emerging market debt (+2.8%) and high yield (+2.5%). Year-to-date performance in emerging markets solidly exceeded other fixed income indices, and the broad US stock market.

¹ Source: Bloomberg. Data is as of September 30, 2025. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration, respectively. JPM GBI-EM data is from J.P. Morgan. Current yield and duration data is not available.

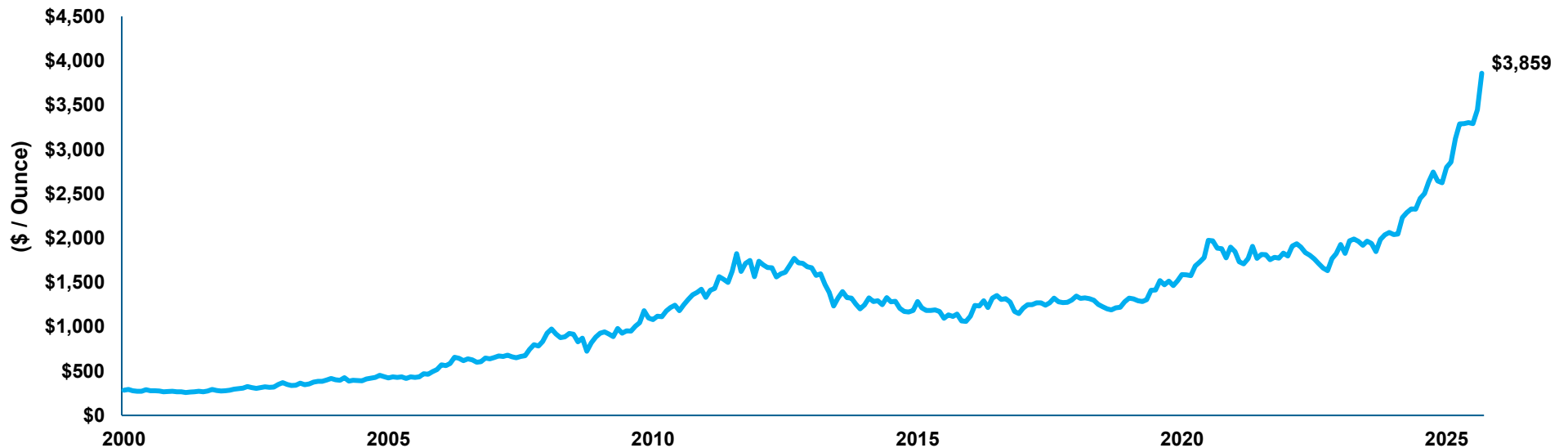
US Yield Curve¹



- A rate cut by the Fed, with more expected weakness in the labor market, and no signs yet of tariffs significantly influencing inflation drove rates lower across the yield curve in the third quarter.
- The policy sensitive 2-year nominal Treasury yield was volatile during the quarter but overall fell from 3.72% to 3.61% given the anticipation of additional interest rate cuts by the Fed.
- The 10-year nominal Treasury yield was also volatile and declined from 4.23% to 4.15% for the quarter, while the 30-year nominal Treasury yield fell slightly from 4.78% to 4.73%.

¹ Source: Bloomberg. Data is as of September 30, 2025. The August 2024 Treasury yields are shown as a reference before the first interest rate cut.

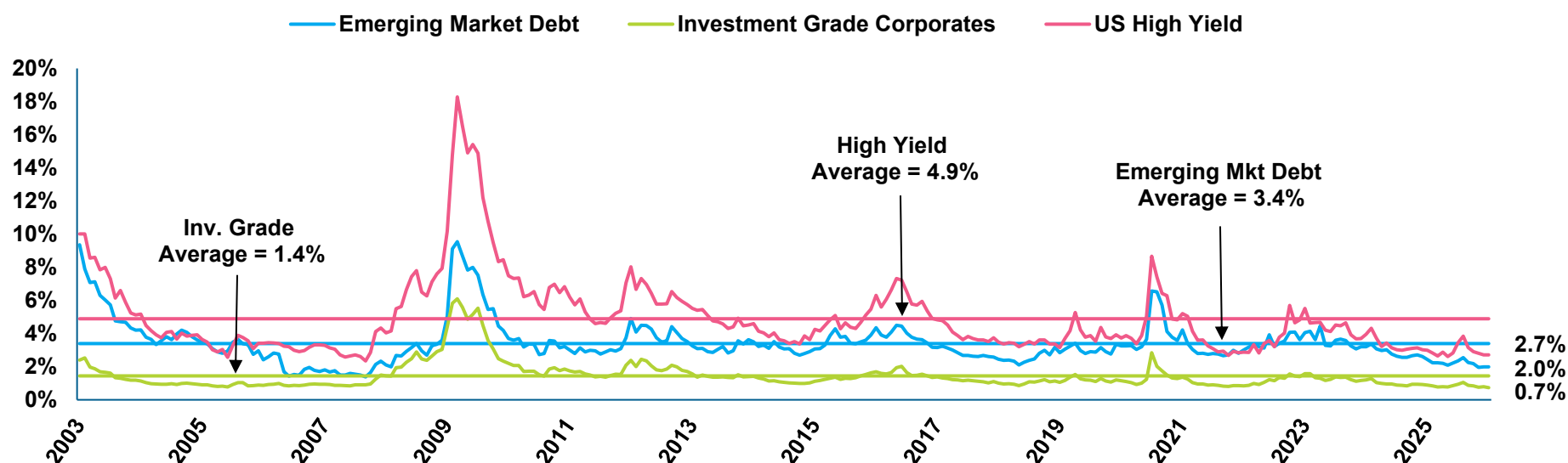
Gold¹



- In a period where risk assets have done particularly well, gold, which is usually perceived as a safe haven, has done even better, gaining over 47% year-to-date through September.
- Key drivers of gold's strong year include central bank demand, a weak US dollar, inflation concerns, and expectations for lower rates.

¹ Source: Bloomberg as of September 30, 2025. Gold Spot Price is quoted as US Dollars per Troy Ounce.

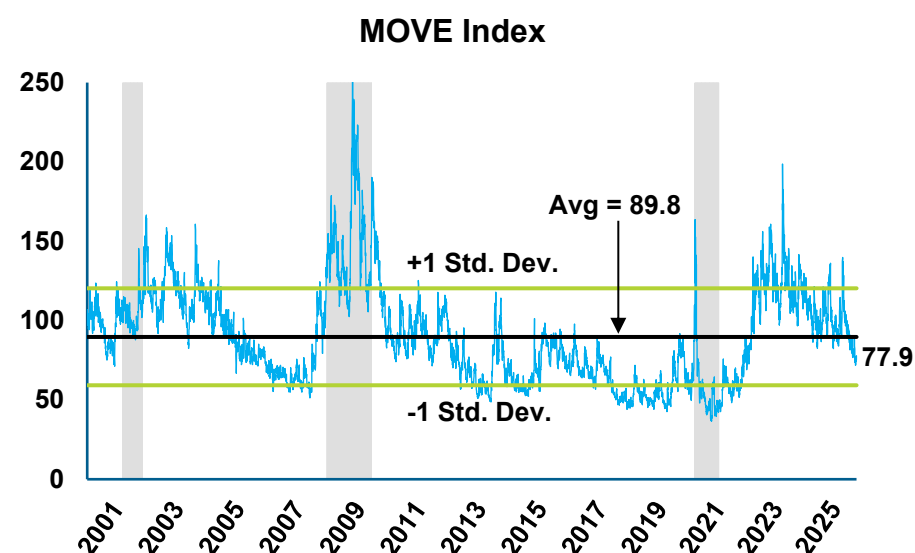
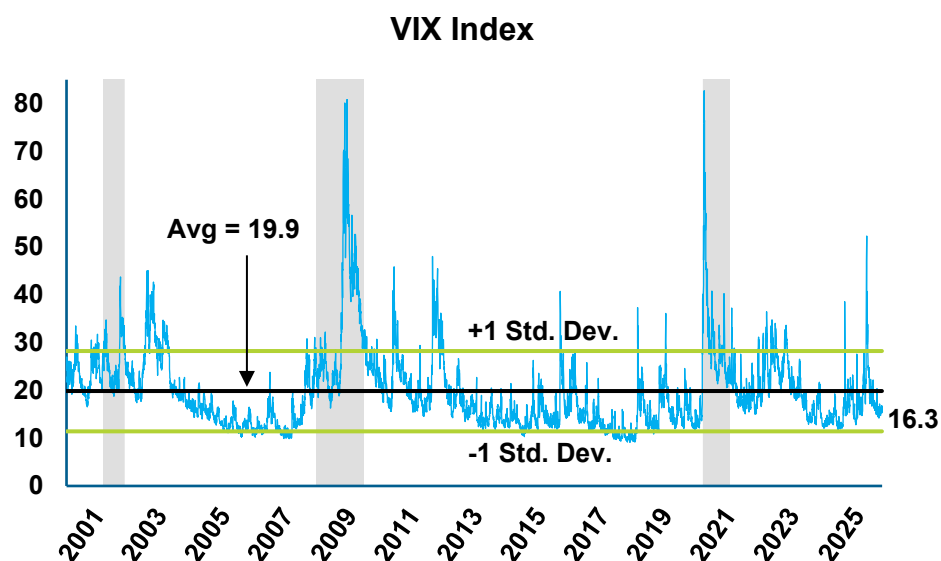
Credit Spreads vs. US Treasury Bonds¹



- During the third quarter, despite already being historically tight, credit spreads continued to grind lower given the resilient US economy, strong corporate balance sheets/low default rates, and investor demand for yield.
- Investment grade spreads (the difference in yield from a comparable Treasury) moved further below 1.0% during the quarter (0.8% to 0.7%).
- High yield spreads fell from 2.9% to 2.7% in the third quarter, while emerging market spreads dropped from 2.2% to 2.0%.
- All yield spreads remained below their respective long-run averages, especially high yield (2.7% versus 4.9%).

¹ Source: Bloomberg. Data is as of September 30, 2025. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

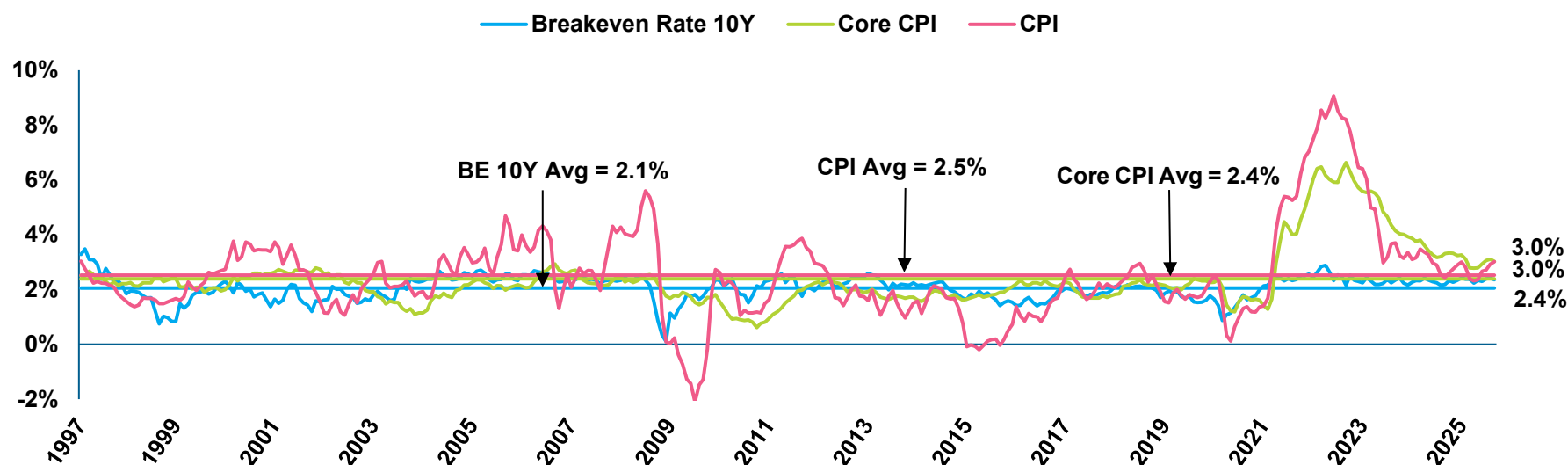
Equity and Fixed Income Volatility¹



- Volatility spiked in April after the “Liberation Day” tariff announcement but has since declined to below long-run averages.
- Resilient earnings data, despite tariffs and expectations for the Fed to continue to cut rates, has kept equity market volatility (VIX) relatively low.
- Despite fiscal policy uncertainty and debt concerns, the MOVE index has largely declined as confidence has increased in the Fed cutting rates.

¹ Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of September 30, 2025. The average line indicated is the average of the VIX and MOVE values between January 2005 and September 2025.

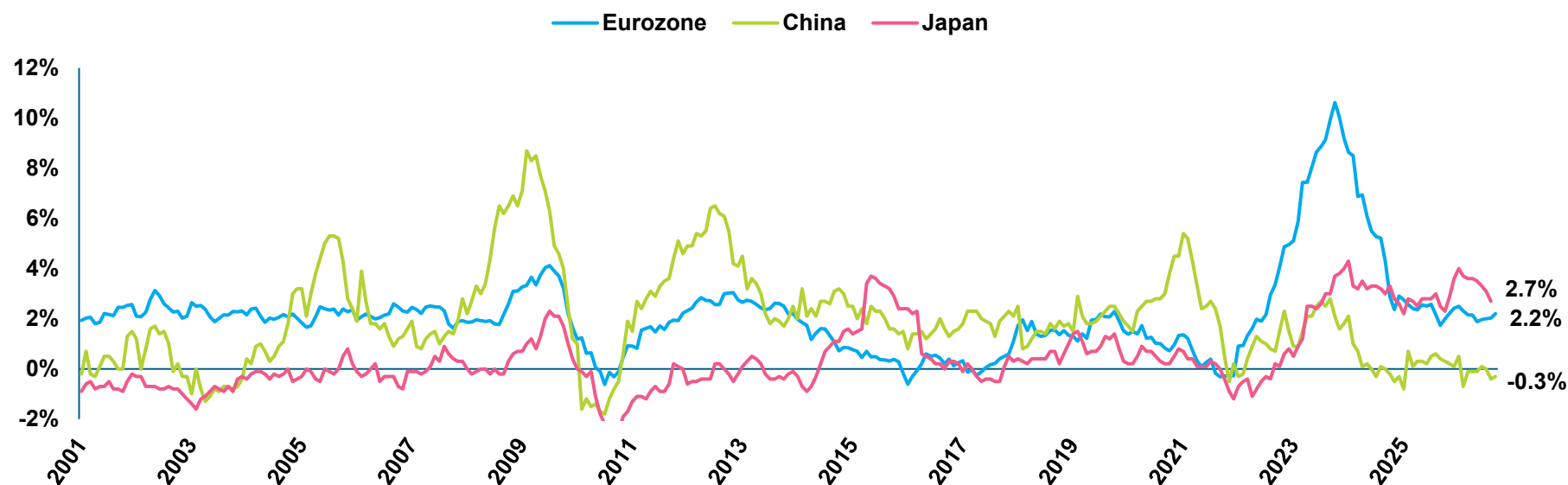
US Inflation¹



- Inflation remains elevated but came in slightly below expectations in September. Headline inflation rose 0.3% for the month, down from 0.4% in August and expectations of a 0.4% reading in September. Year-on-year inflation rose from 2.9% to 3.0% below expectations though for a 3.1% rise. Gasoline, increasing 4.1% for the month, was the biggest driver of the monthly rise for the broad inflation reading.
- The month-on-month reading of core inflation fell from 0.3% to 0.2% and declined from 3.1% to 3.0% year-on-year (both slightly below expectations). Notably the month-on-month reading of shelter, a key driver of elevated inflation levels, fell from 0.4% to 0.2%. There were some small but not broad-based signs of tariff impacts in areas like apparel.
- Longer-dated inflation expectations (breakevens) remained in a tight range over the quarter finishing at 2.4%, while shorter-dated inflation swap pricing and survey-based measures suggest continued upside risk to prices.

¹ Source: FRED. Data is as of September 30, 2025.

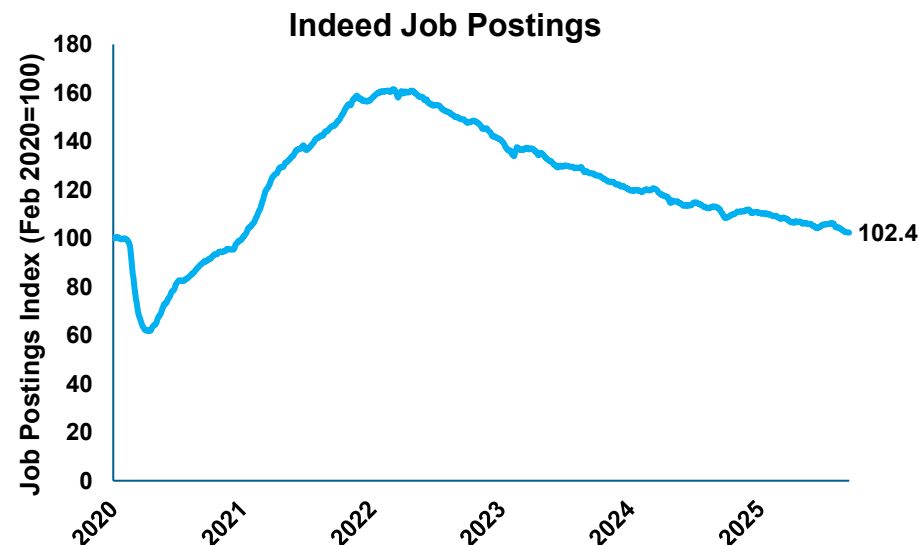
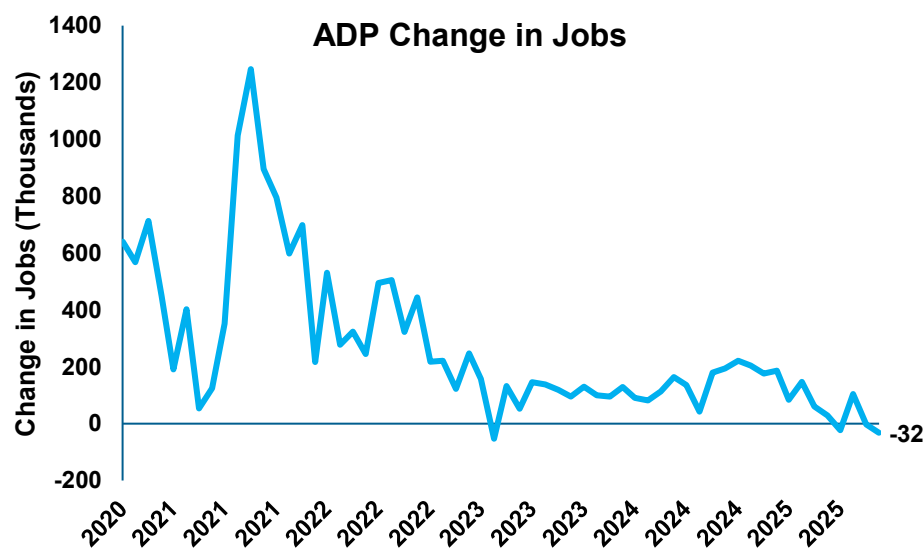
Global Inflation (CPI Trailing Twelve Months)¹



- Inflation in the eurozone reaccelerated slightly over the quarter from 2.0% to 2.2%, a level just above the ECB's 2.0% target, driven by a rise in service costs; the ECB held rates steady at 2.0% in early September with markets largely expecting no additional rate cuts given rising prices.
- In Japan, inflation declined from 3.3% at the end of June to 2.7% at the end of August given a decline in electricity prices due to government subsidies and a drop in gas prices. Despite the recent decline, inflation remains above the 2.0% target, making it likely the Bank of Japan will hold rates steady for now.
- In China, despite considerable policy stimulus, deflation returned in two of the three months during the quarter. A sharp fall in food prices was a key cause of the deflationary pressures.

¹ Source: Bloomberg. Data is as of September 2025, except Japan which is as of August 2025.

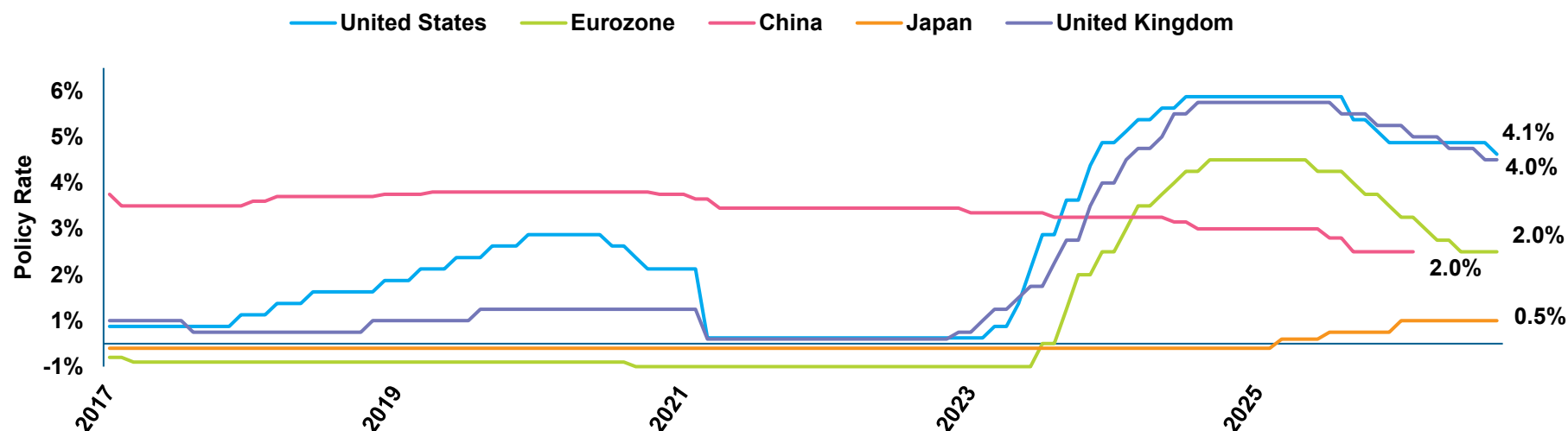
US Unemployment¹



- Like inflation, the government shutdown means that current official employment data is also not available, however other private indicators support growing concerns regarding a softening labor market in the US.
- Government layoffs, a declining number of jobs created (ADP), and a falling number of job postings (Indeed) are also pointing to a deteriorating jobs market.

¹ Source: ADP and Indeed. Data is as of September 30, 2025.

Global Policy Rates¹



- The Fed started cutting interest rates again, but other central banks have generally paused. Futures markets are predicting the Fed to cut rates two more times to ~3.6% by year-end and three more times in 2026 as unemployment revisions indicate a weaker than previously thought labor market.
- The ECB held rates steady in the third quarter after four cuts earlier in the year, while the Bank of England cut rates in August and held them steady in September. After cutting rates in May of last year, China's central bank has held rates steady, although disinflationary pressures continue to be a concern.
- Japan kept rates at current levels in the face of uncertain inflationary and trade pressures but voted to slow its purchase of Japanese sovereign debt in a continuing retreat from quantitative easing.

¹ Source: Bloomberg. Data is as of September 30, 2025, except China which is as of February 28, 2025. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

US Dollar vs. Broad Currencies¹



- The US dollar hit near-historic highs in January of 2025 but since then its value has declined by ~11%.
- The US dollar stabilized in the third quarter on the easing of trade war concerns.
- Typically, higher interest rates support the US dollar but recent concerns over changing US administration policies and slowing growth have weighed on the value of the US dollar.

¹ Source: Bloomberg. Data as of September 30, 2025.

Key Trends

- According to the International Monetary Fund's (IMF) October's World Economic Outlook, the global economy will decelerate from 3.2% in 2025 to 3.1% in 2026. The US is expected to modestly accelerate economic growth in 2026 to 2.1% from 2.0% in 2025. The euro area will slow slightly from 1.2% in 2025 to 1.1% in 2026. China's economy is expected to slow from 4.8% in 2025 to just 4.2% in 2026.
- Despite the recent pause in negotiations related to tariffs, many questions remain including how they will ultimately impact inflation. Overall, higher tariff levels and continued uncertainty could weigh on growth while increasing prices. Inflation levels and potential developments with tariffs combined with a weakening labor market will complicate the Fed's rate cutting path. A lengthy government shutdown and a lack of official economic reports could create further complications for the Fed and others to assess the health of the economy.
- Some signs of stress have started to emerge on the US consumer, with growing weakness in the jobs market and sentiment weakening since the start of the year. Consumers are particularly concerned about losing their jobs and the potential for higher prices. Overall, risk to economic growth and to inflation from tariffs, as well as elevated borrowing costs, could put further pressure on consumers and lead to an even weaker job market. The recent resumption of collecting and reporting delinquent student loans could be a further headwind to consumption.
- US equities have fully recovered from substantial losses experienced during the first week of April and have reached new highs. A relatively strong second quarter earnings season, renewed AI optimism, and prospects of future rate cuts from the Fed all helped drive stocks higher. How earnings track from here, particularly for the large AI related companies that make up a significant portion of indexes, will be key going forward.
- Trade tensions between the US and China will remain an important focus as well as the overall health of China's economy. With the recent flare up in rhetoric, China has deepened its restrictions on exporting rare earth and critical minerals required in the manufacturing of many high-tech items. In response the US threatened across the board tariffs up to 100 % on Chinese goods. Upcoming negotiations between the two sides will be important to watch. How China manages its slowing economy, and deflationary pressures will also be important.

Executive Summary

As of September 30, 2025

Aggregate Plan Overview

The value of the City of San Jose Police and Fire Department Retirement Plan Health Care Trust's assets was \$437.9 million on September 30, 2025, compared to \$390.0 million at the end of the prior quarter. The Trust had net cash inflows of \$25.1 million and investment gains of \$22.7 million in the 3-month period.

- The Health Care Trust's net of fees performance was +5.4%, compared to the Policy Benchmark return of +5.3% over the quarter. Over the trailing one-year period, the Trust returned +11.2%, outperforming the Policy Benchmark return of +11.1%.
- Growth returned +7.9% for the quarter and +17.1% over the trailing one-year period, compared to the Public Equity Benchmark of +7.8% and +17.1% over the same periods, respectively.
 - Low Beta returned +1.1% for the quarter and +4.4% over the trailing one-year period, compared to the 90-Day US Treasury Bill returns of +1.1% and +4.4% over the same periods, respectively.
 - Other assets returned +2.0% for the quarter and +2.9% over the trailing one-year period, compared to the Other Benchmark returns +1.9% and +2.8% over the same periods, respectively.
 - Year-to-date the Health Care Trust was ranked 1st in the InvMetrics Health and Welfare peer universe.

Third Quarter Manager Summary

Second Quarter Manager Summary

Investment Manager	Asset Class	Changes/ Announcements	Meketa Recommendation ¹	Comments
BlackRock Core Property	Core Real Estate	---	Hold	Watch List
Clarion Lion Properties	Core Real Estate	--- ²	Hold	Watch List
TA Realty Core Property	Core Real Estate	--- ²	---	---
Kayne Anderson Core Property	Core Real Estate	---	---	---
BlackRock Commodities	Commodities	--- ²	---	---

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

² Firm hasn't yet responded to quarterly update questionnaire or information is not yet on file for this quarter.

Watch List

Watch List^{1,2}

Investment Manager	Asset Class	Watch List Status	Comments
Blackrock Core Property Fund	Core Real Estate	Monitoring	Underperformance
Clarion Lion Properties	Core Real Estate	Monitoring	Underperformance

Blackrock Core Property Fund

→ Over the three-year period, Blackrock Core Property Fund (-9.1%) underperformed the Core Real Estate Benchmark 2 by 290 basis points. Over the five-year period, Blackrock Core Property Fund (+1.6%) underperformed the Core Real Estate Benchmark 2 by 90 basis points. Since inception in February 2019, Blackrock has underperformed the benchmark by 10 basis points per year, on average.

Clarion Lion Properties Fund

→ Over the three-year period, Clarion Lion Properties Fund (-7.6%) underperformed Core Real Estate Benchmark 2 by 140 basis points. Over the five-year period, Clarion Lion Properties Fund (+2.4%) underperformed Core Real Estate Benchmark 2 by 10 basis points. Since inception in March 2019, Clarion has outperformed the benchmark by 20 basis points per year, on average.

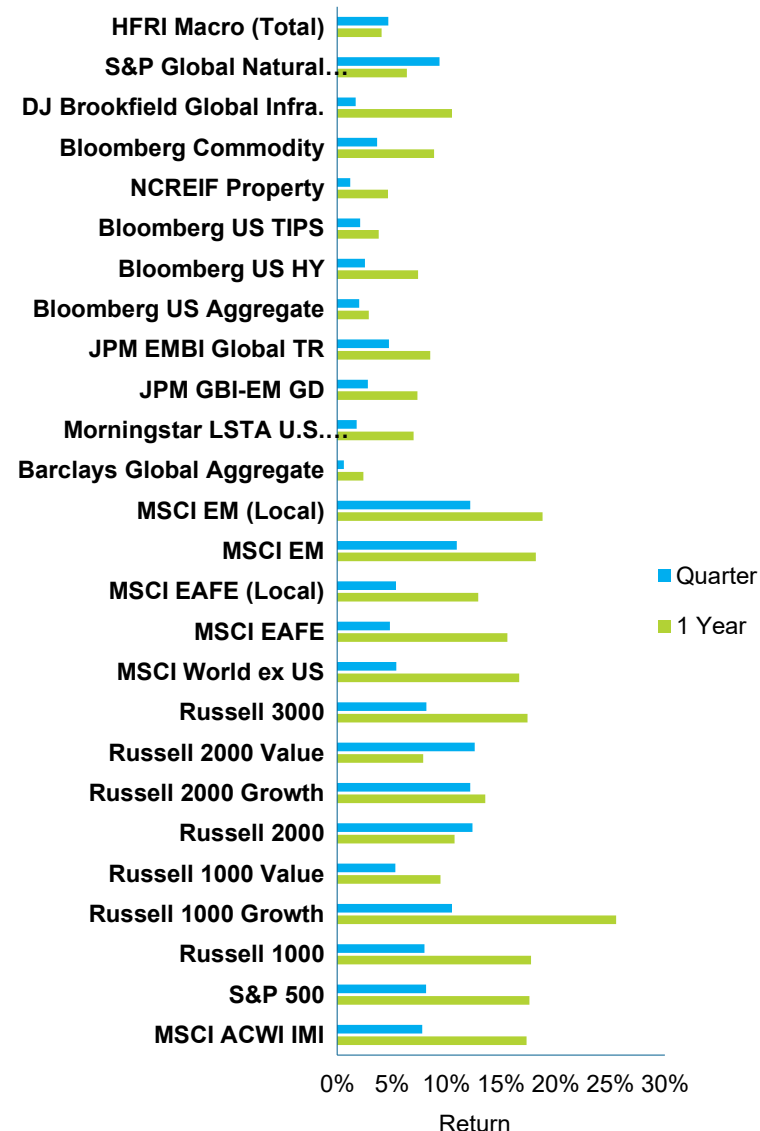
¹ Watch List excludes Private Markets and Passive Funds.

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

Market Environment – 3Q25 Overview

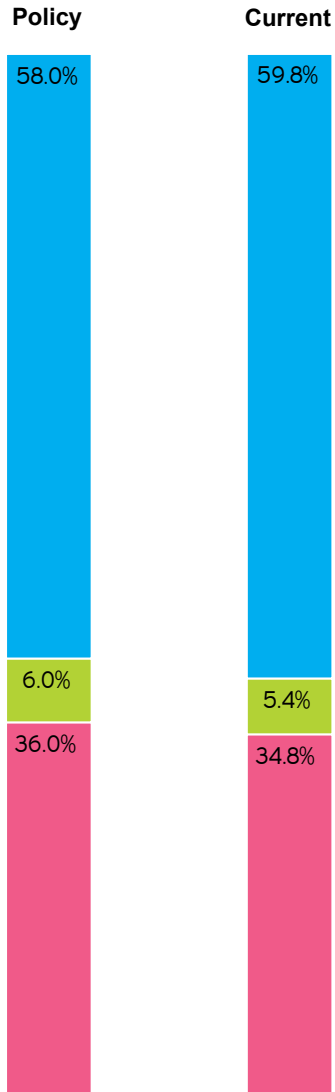
Market Environment – 3Q25 Overview

Benchmark	Scope	3Q25 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Global Equity						
MSCI ACWI IMI	World	7.8	17.3	23.1	13.8	12.2
Domestic Equity						
S&P 500	Large Core	8.1	17.6	24.9	16.5	15.3
Russell 1000	Large Core	8.0	17.7	24.6	16.0	15.0
Russell 1000 Growth	Large Growth	10.5	25.5	31.6	17.6	18.8
Russell 1000 Value	Large Value	5.3	9.4	17.0	13.9	10.7
Russell 2000	Small Core	12.4	10.8	15.2	11.6	9.8
Russell 2000 Growth	Small Growth	12.2	13.6	16.7	8.4	9.9
Russell 2000 Value	Small Value	12.6	7.9	13.6	14.6	9.2
Russell 3000	All Cap Core	8.2	17.4	24.1	15.7	14.7
International Equity						
MSCI World ex US	World ex-US	5.4	16.7	22.3	12.2	9.0
MSCI EAFE	International Developed	4.8	15.6	22.3	11.7	8.7
MSCI EAFE (Local)	International Developed (Local Currency)	5.4	12.9	16.9	12.5	8.6
MSCI EM	Emerging Markets	10.9	18.2	18.8	7.5	8.4
MSCI EM (Local)	Emerging Markets (Local Currency)	12.2	18.8	18.1	8.6	9.1
Global Fixed Income						
Barclays Global Aggregate	Global Core Bonds	0.6	2.4	5.4	-1.6	1.1
Morningstar LSTA U.S. Leveraged Loan	Bank Loans	1.8	7.0	9.9	7.0	5.5
JPM GBI-EM GD	Emerging Markets Bonds (Local Currency)	2.8	7.4	11.3	2.3	3.5
JPM EMBI Global TR	Emerging Market Bonds	4.8	8.5	12.3	2.3	4.2
Domestic Fixed Income						
Bloomberg US Aggregate	Core Bonds	2.0	2.9	4.9	-0.4	1.8
Bloomberg US HY	High Yield	2.5	7.4	11.1	5.5	6.2
Bloomberg US TIPS	Inflation	2.1	3.8	4.9	1.4	3.0
Other						
NCREIF Property	Real Estate	1.2	4.6	-2.6	3.8	5.0
Bloomberg Commodity	Commodities	3.6	8.9	2.8	11.5	4.0
DJ Brookfield Global Infrastructure	Infrastructure	1.7	10.5	12.8	9.5	7.4
S&P Global Natural Resources	Natural Resources	9.4	6.4	10.0	13.6	9.7
HFRI Macro	Hedge Funds	4.7	4.1	2.4	6.0	3.5



3Q25 Review

Total Fund | As of September 30, 2025



Allocation vs. Targets and Policy			
	Balance (\$)	Current Allocation (%)	Policy (%)
Growth	\$261,935,630	59.8	58.0
Public Equity	\$261,935,630	59.8	58.0
Low Beta	\$23,510,516	5.4	6.0
Short-Term IG Bonds	\$16,249,013	3.7	6.0
Cash	\$7,261,503	1.7	0.0
Other	\$152,417,109	34.8	36.0
Core Real Estate	\$48,425,996	11.1	12.0
Commodities	\$21,858,656	5.0	5.0
Investment Grade Bonds	\$60,436,742	13.8	14.0
Long-Term Government Bonds	\$21,695,715	5.0	5.0
Total	\$437,863,255	100.0	100.0

Policy Targets represent approved asset allocation from April of 2022.

Total Fund | As of September 30, 2025

Asset Class Net Performance Summary										
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Health Care Trust	437,863,255	100.0	5.4	13.9	11.2	13.4	8.1	6.9	6.1	Jul-12
Policy Benchmark			5.3	13.6	11.1	13.1	8.2	7.6	6.8	
InvMetrics Health & Welfare Median			3.3	8.1	7.2	9.5	4.7	5.2	4.8	
InvMetrics Health & Welfare Rank			3	1	6	11	10	15	20	
Growth	261,935,630	59.8	7.9	20.1	17.1	22.5	12.6	11.5	10.9	Aug-12
Public Equity Benchmark			7.8	20.0	17.1	22.4	12.7	11.4	10.8	
Public Equity	261,935,630	59.8	7.9	20.1	17.1	22.5	12.6	11.5	10.9	Aug-12
Public Equity Benchmark			7.8	20.0	17.1	22.4	12.7	11.4	10.8	
US Equity	135,613,397	31.0	8.2	14.4	17.4	24.1	15.7	--	14.2	Jul-18
Russell 3000 Index			8.2	14.4	17.4	24.1	15.7	--	14.3	
International Equity	69,382,424	15.8	4.6	25.2	14.6	21.9	11.2	--	8.0	Jul-18
MSCI EAFE (Net)			4.8	25.1	15.0	21.7	11.2	--	7.6	
Emerging Markets Equity	56,939,809	13.0	11.0	27.5	17.9	18.1	6.6	--	5.7	Jul-18
MSCI Emerging Markets (Net)			10.6	27.5	17.3	18.2	7.0	--	5.8	
Low Beta	23,510,516	5.4	1.1	3.2	4.4	4.9	3.1	2.1	1.6	Jul-12
90 Day U.S. Treasury Bill			1.1	3.2	4.4	4.8	3.0	2.1	1.6	
Short-Term IG Bonds	16,249,013	3.7	1.1	3.2	4.5	5.0	3.1	--	2.7	Nov-18
90 Day U.S. Treasury Bill			1.1	3.2	4.4	4.8	3.0	--	2.6	
Cash	7,261,503	1.7	1.0	3.1	4.3	4.6	2.9	1.9	1.5	Jul-12
90 Day U.S. Treasury Bill			1.1	3.2	4.4	4.8	3.0	2.1	1.6	

Fiscal Year begins July 1.

Please see the final page of the performance report for composition of the Policy Benchmark and Public Equity Benchmark.

Total Fund | As of September 30, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Other	152,417,109	34.8	2.0	5.6	2.9	1.2	3.3	3.5	2.3	Aug-12
<i>Other Benchmark</i>			1.9	5.4	2.8	0.4	3.3	3.5	3.0	
Investment Grade Bonds	60,436,742	13.8	2.0	6.1	2.8	4.9	--	--	-0.2	May-21
<i>Blmbg. U.S. Aggregate Index</i>			2.0	6.1	2.9	4.9	--	--	-0.1	
Long-Term Government Bonds	21,695,715	5.0	2.5	5.7	-3.4	0.5	--	--	-5.6	May-21
<i>Blmbg. U.S. Treasury: Long</i>			2.5	5.6	-3.5	0.4	--	--	-5.6	
Core Real Estate	48,425,996	11.1	1.0	3.7	3.8	-4.5	4.3	5.5	6.1	Aug-12
<i>Core Real Estate Benchmark</i>			0.8	2.6	2.7	-6.2	2.5	4.7	5.5	
Commodities	21,858,656	5.0	3.7	9.4	9.0	6.3	10.5	5.7	1.2	Oct-12
<i>Bloomberg Commodity Index Total Return</i>			3.6	9.4	8.9	2.8	11.5	4.0	-1.0	

Total Fund | As of September 30, 2025

	Trailing Net Performance									
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
Health Care Trust	437,863,255	100.0	5.4	13.9	11.2	13.4	8.1	6.9	6.1	Jul-12
Policy Benchmark			5.3	13.6	11.1	13.1	8.2	7.6	6.8	
InvMetrics Health & Welfare Median			3.3	8.1	7.2	9.5	4.7	5.2	4.8	
InvMetrics Health & Welfare Rank			3	1	6	11	10	15	20	
Growth	261,935,630	59.8	7.9	20.1	17.1	22.5	12.6	11.5	10.9	Aug-12
Public Equity Benchmark			7.8	20.0	17.1	22.4	12.7	11.4	10.8	
Public Equity	261,935,630	59.8	7.9	20.1	17.1	22.5	12.6	11.5	10.9	Aug-12
Public Equity Benchmark			7.8	20.0	17.1	22.4	12.7	11.4	10.8	
US Equity	135,613,397	31.0	8.2	14.4	17.4	24.1	15.7	--	14.2	Jul-18
Russell 3000 Index			8.2	14.4	17.4	24.1	15.7	--	14.3	
Northern Trust Russell 3000	135,613,397	31.0	8.2	14.4	17.4	24.1	15.7	--	14.2	Jul-18
Russell 3000 Index			8.2	14.4	17.4	24.1	15.7	--	14.3	
International Equity	69,382,424	15.8	4.6	25.2	14.6	21.9	11.2	--	8.0	Jul-18
MSCI EAFE (Net)			4.8	25.1	15.0	21.7	11.2	--	7.6	
Northern Trust MSCI EAFE	69,382,424	15.8	4.6	25.2	14.5	21.9	11.2	--	8.0	Jul-18
MSCI EAFE (Net)			4.8	25.1	15.0	21.7	11.2	--	7.6	
Emerging Markets Equity	56,939,809	13.0	11.0	27.5	17.9	18.1	6.6	--	5.7	Jul-18
MSCI Emerging Markets (Net)			10.6	27.5	17.3	18.2	7.0	--	5.8	
Northern Trust MSCI EM	56,939,809	13.0	11.0	27.5	17.9	18.1	6.6	--	5.6	Jul-18
MSCI Emerging Markets (Net)			10.6	27.5	17.3	18.2	7.0	--	5.8	

Total Fund | As of September 30, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
Low Beta	23,510,516	5.4	1.1	3.2	4.4	4.9	3.1	2.1	1.6	Jul-12
90 Day U.S. Treasury Bill			1.1	3.2	4.4	4.8	3.0	2.1	1.6	
Short-Term IG Bonds	16,249,013	3.7	1.1	3.2	4.5	5.0	3.1	--	2.7	Nov-18
90 Day U.S. Treasury Bill			1.1	3.2	4.4	4.8	3.0	--	2.6	
BlackRock 3-Month T-Bill	16,249,013	3.7	1.1	3.2	4.5	5.0	3.1	--	2.7	Nov-18
90 Day U.S. Treasury Bill			1.1	3.2	4.4	4.8	3.0	--	2.6	
Cash	7,261,503	1.7	1.0	3.1	4.3	4.6	2.9	1.9	1.5	Jul-12
90 Day U.S. Treasury Bill			1.1	3.2	4.4	4.8	3.0	2.1	1.6	
Other	152,417,109	34.8	2.0	5.6	2.9	1.2	3.3	3.5	2.3	Aug-12
Other Benchmark			1.9	5.4	2.8	0.4	3.3	3.5	3.0	
Investment Grade Bonds	60,436,742	13.8	2.0	6.1	2.8	4.9	--	--	-0.2	May-21
Blmbg. U.S. Aggregate Index			2.0	6.1	2.9	4.9	--	--	-0.1	
Northern Trust Core Bonds	60,436,742	13.8	2.0	6.1	2.8	4.9	--	--	-0.2	May-21
Blmbg. U.S. Aggregate Index			2.0	6.1	2.9	4.9	--	--	-0.1	
Long-Term Government Bonds	21,695,715	5.0	2.5	5.7	-3.4	0.5	--	--	-5.6	May-21
Blmbg. U.S. Treasury: Long			2.5	5.6	-3.5	0.4	--	--	-5.6	
BlackRock Long Treasury	21,695,715	5.0	2.5	5.7	-3.4	0.5	--	--	-5.6	May-21
Blmbg. U.S. Treasury: Long			2.5	5.6	-3.5	0.4	--	--	-5.6	

Total Fund | As of September 30, 2025

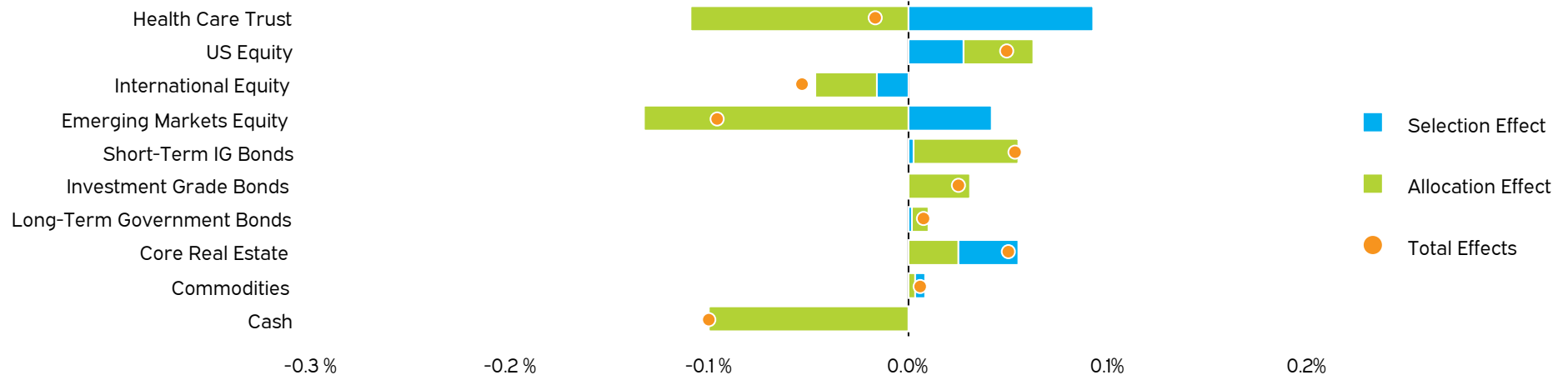
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	Inception Date
Core Real Estate	48,425,996	11.1	1.0	3.7	3.8	-4.5	4.3	5.5	6.1	Aug-12
Core Real Estate Benchmark			0.8	2.6	2.7	-6.2	2.5	4.7	5.5	
BlackRock Core Property Fund	3,045,031	0.7	1.1	2.2	0.9	-9.1	1.6	--	2.2	Feb-19
Core Real Estate Benchmark 2			0.8	2.6	2.7	-6.2	2.5	--	2.3	
Clarion Lion Properties Fund	9,770,670	2.2	1.5	4.0	4.1	-7.6	2.4	--	2.6	Mar-19
Core Real Estate Benchmark 2			0.8	2.6	2.7	-6.2	2.5	--	2.4	
TA Realty Core Property Fund	26,538,585	6.1	0.6	3.9	4.3	-1.9	--	--	4.0	Oct-21
Core Real Estate Benchmark 3			0.8	2.6	2.7	-6.2	--	--	-0.1	
Kayne Anderson Core	9,071,710	2.1	1.7	3.3	--	--	--	--	3.3	Jan-25
Core Real Estate Benchmark 4			0.8	1.7	--	--	--	--	1.7	
Commodities	21,858,656	5.0	3.7	9.4	9.0	6.3	10.5	5.7	1.2	Oct-12
Bloomberg Commodity Index Total Return			3.6	9.4	8.9	2.8	11.5	4.0	-1.0	
BlackRock Commodities Index	21,858,656	5.0	3.7	9.4	9.0	--	--	--	5.8	Mar-23
Bloomberg Commodity Index Total Return			3.6	9.4	8.9	--	--	--	4.5	

Core Real Estate values are one-quarter lagged.

Cash Flow Summary QTD Ending September 30, 2025						
	Beginning Market Value (\$)	Contributions (\$)	Distributions (\$)	Net Cash Flow (\$)	Net Investment Change (\$)	Ending Market Value (\$)
Growth	231,353,591	18,000,000	-7,000,000	11,000,000	19,582,039	261,935,630
Public Equity	231,353,591	18,000,000	-7,000,000	11,000,000	19,582,039	261,935,630
US Equity	119,837,718	12,000,000	-7,000,000	5,000,000	10,775,679	135,613,397
Northern Trust Russell 3000	119,837,718	12,000,000	-7,000,000	5,000,000	10,775,679	135,613,397
International Equity	63,194,567	3,000,000	-	3,000,000	3,187,857	69,382,424
Northern Trust MSCI EAFE	63,194,567	3,000,000	-	3,000,000	3,187,857	69,382,424
Emerging Markets Equity	48,321,306	3,000,000	-	3,000,000	5,618,502	56,939,809
Northern Trust MSCI EM	48,321,306	3,000,000	-	3,000,000	5,618,502	56,939,809
Low Beta	20,322,808	38,729,939	-35,837,986	2,891,953	295,755	23,510,516
Short-Term IG Bonds	16,070,924	-	-	-	178,089	16,249,013
BlackRock 3-Month T-Bill	16,070,924	-	-	-	178,089	16,249,013
Cash	4,251,884	38,729,939	-35,837,986	2,891,953	117,666	7,261,503
Cash	4,251,884	38,729,939	-35,837,986	2,891,953	117,666	7,261,503
Other	138,357,310	11,700,000	-462,488	11,237,512	2,822,287	152,417,109
Investment Grade Bonds	52,338,328	7,000,000	-	7,000,000	1,098,414	60,436,742
Northern Trust Core Bonds	52,338,328	7,000,000	-	7,000,000	1,098,414	60,436,742
Long-Term Government Bonds	18,697,155	2,500,000	-	2,500,000	498,560	21,695,715
BlackRock Long Treasury	18,697,155	2,500,000	-	2,500,000	498,560	21,695,715
Core Real Estate	48,396,401	-	-462,488	-462,488	492,083	48,425,996
BlackRock Core Property Fund	3,025,809	-	-13,083	-13,083	32,304	3,045,031
Clarion Lion Properties Fund	9,697,951	-	-69,512	-69,512	142,231	9,770,670
TA Realty Core Property Fund	26,640,647	-	-268,067	-268,067	166,005	26,538,585
Clarion Lion Industrial Trust	-	-	-	-	-	-
Kayne Anderson Core	9,031,994	-	-111,827	-111,827	151,543	9,071,710
Commodities	18,925,426	2,200,000	-	2,200,000	733,230	21,858,656
BlackRock Commodities Index	18,925,426	2,200,000	-	2,200,000	733,230	21,858,656
Health Care Trust	390,033,710	68,429,939	-43,300,474	25,129,465	22,700,081	437,863,255

Total Fund | As of September 30, 2025

Attribution Summary Chart
3 Months Ending September 30, 2025



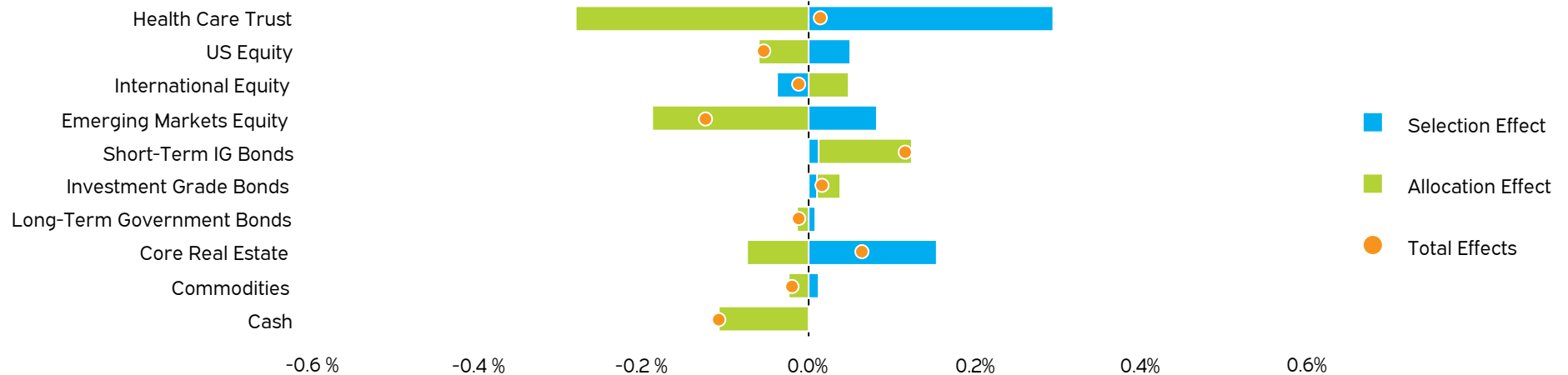
Attribution Summary
3 Months Ending September 30, 2025

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effect
US Equity	8.2	8.2	0.0	0.0	0.0	0.0
International Equity	4.6	4.8	-0.1	0.0	0.0	-0.1
Emerging Markets Equity	11.0	10.6	0.3	0.0	-0.1	-0.1
Short-Term IG Bonds	1.1	1.1	0.0	0.0	0.1	0.1
Investment Grade Bonds	2.0	2.0	0.0	0.0	0.0	0.0
Long-Term Government Bonds	2.5	2.5	0.0	0.0	0.0	0.0
Core Real Estate	1.0	0.8	0.2	0.0	0.0	0.0
Commodities	3.7	3.6	0.1	0.0	0.0	0.0
Cash	1.0	1.1	-0.1	0.0	-0.1	-0.1
Health Care Trust	5.4	5.4	0.0	0.1	-0.1	0.0

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

Total Fund | As of September 30, 2025

Attribution Summary Chart
1 Year Ending September 30, 2025

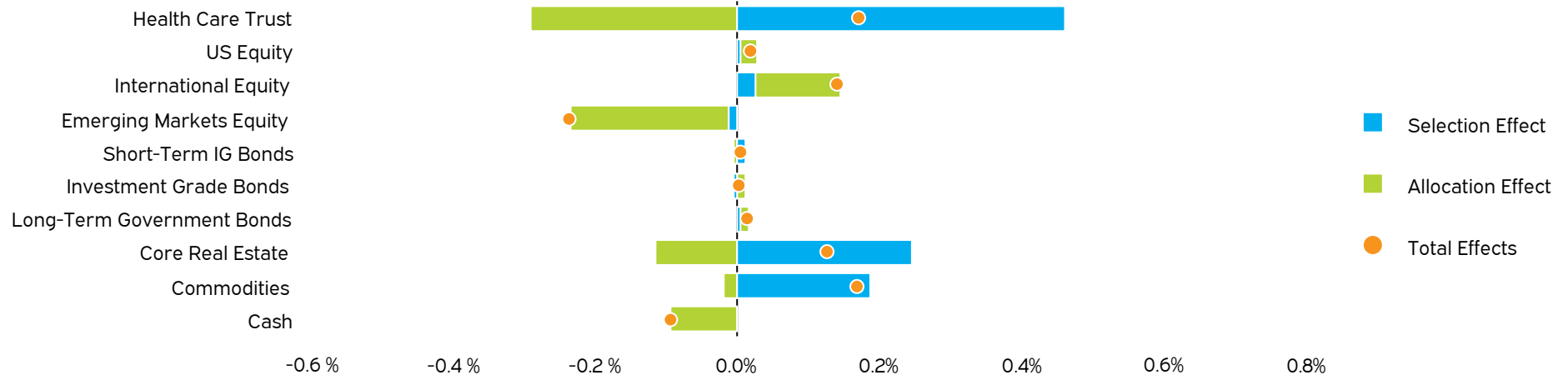


Attribution Summary
1 Year Ending September 30, 2025

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effect
US Equity	17.4	17.4	0.0	0.1	-0.1	-0.1
International Equity	14.6	15.0	-0.4	0.0	0.0	0.0
Emerging Markets Equity	17.9	17.3	0.6	0.1	-0.2	-0.1
Short-Term IG Bonds	4.5	4.4	0.1	0.0	0.1	0.1
Investment Grade Bonds	2.8	2.9	-0.1	0.0	0.0	0.0
Long-Term Government Bonds	-3.4	-3.5	0.0	0.0	0.0	0.0
Core Real Estate	3.8	2.7	1.1	0.2	-0.1	0.1
Commodities	9.0	8.9	0.1	0.0	0.0	0.0
Cash	4.3	4.4	-0.1	0.0	-0.1	-0.1
Health Care Trust	11.2	11.2	0.0	0.3	-0.3	0.0

Total Fund | As of September 30, 2025

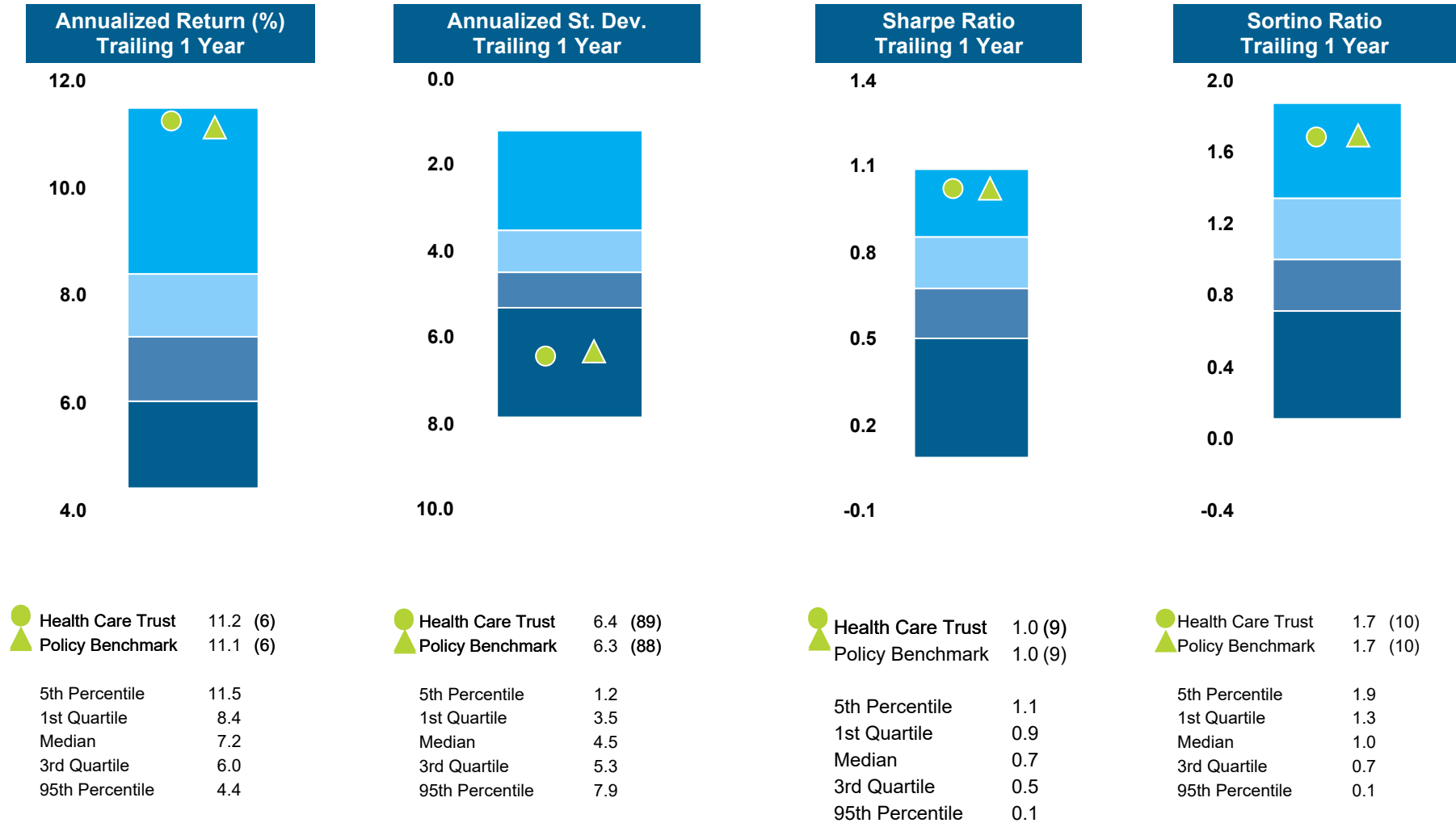
Attribution Summary Chart
3 Years Ending September 30, 2025



Attribution Summary
3 Years Ending September 30, 2025

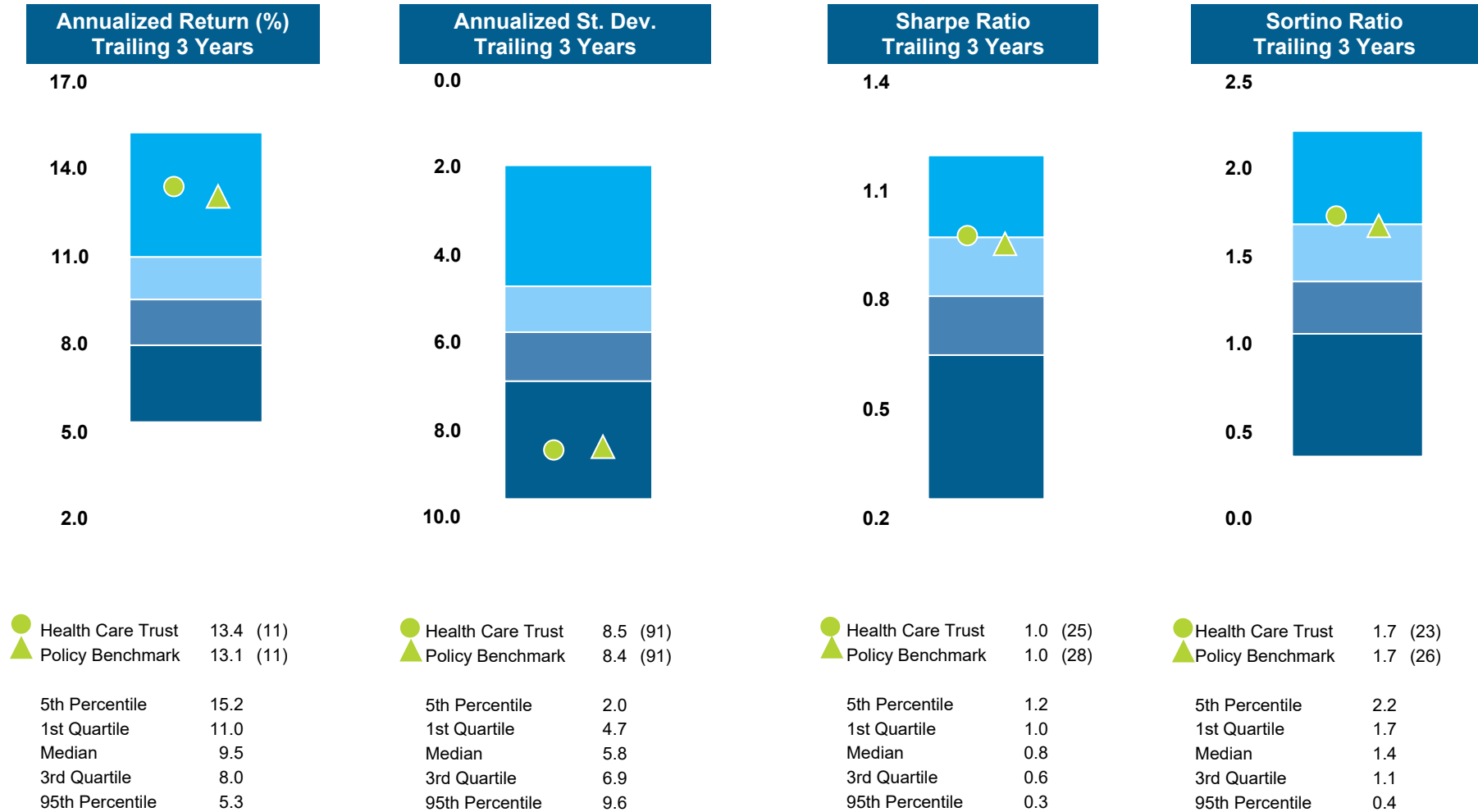
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effect
US Equity	24.1	24.1	0.0	0.0	0.0	0.0
International Equity	21.9	21.7	0.2	0.0	0.1	0.1
Emerging Markets Equity	18.1	18.2	-0.1	0.0	-0.2	-0.2
Short-Term IG Bonds	5.0	4.8	0.2	0.0	0.0	0.0
Investment Grade Bonds	4.9	4.9	-0.1	0.0	0.0	0.0
Long-Term Government Bonds	0.5	0.4	0.1	0.0	0.0	0.0
Core Real Estate	-4.5	-6.2	1.7	0.2	-0.1	0.1
Commodities	6.3	2.8	3.5	0.2	0.0	0.2
Cash	4.6	4.8	-0.2	0.0	-0.1	-0.1
Health Care Trust	13.4	13.2	0.2	0.5	-0.3	0.2

Total Fund | One Year As of September 30, 2025



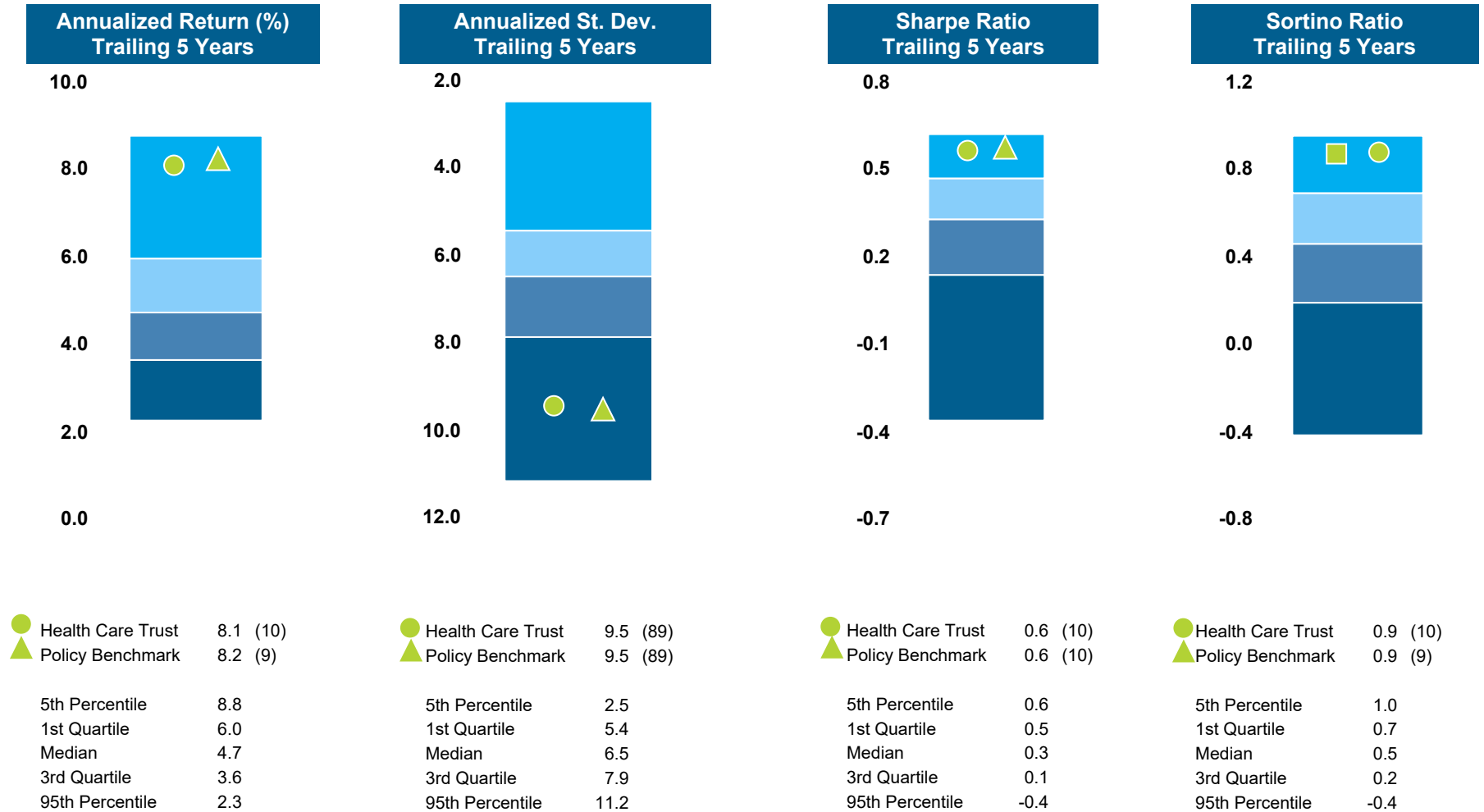
Data are compared to the InvMetrics Health & Welfare Net universe. Parentheses contain percentile rankings.

Total Fund | Three Years As of September 30, 2025



Data are compared to the InvMetrics Health & Welfare Net universe. Parentheses contain percentile rankings.

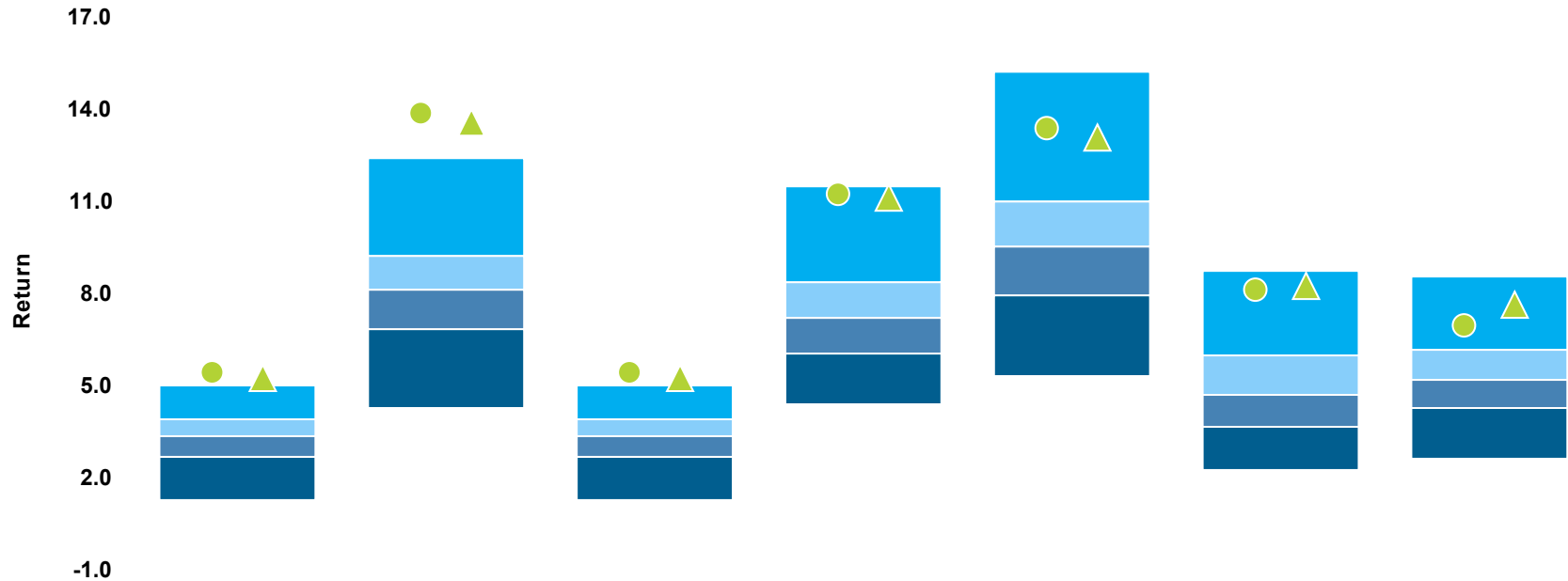
Total Fund | Five Years As of September 30, 2025



Data are compared to the InvMetrics Health & Welfare Net universe. Parentheses contain percentile rankings.

Total Fund | As of September 30, 2025

InvMetrics Health & Welfare Return Comparison Ending September 30, 2025

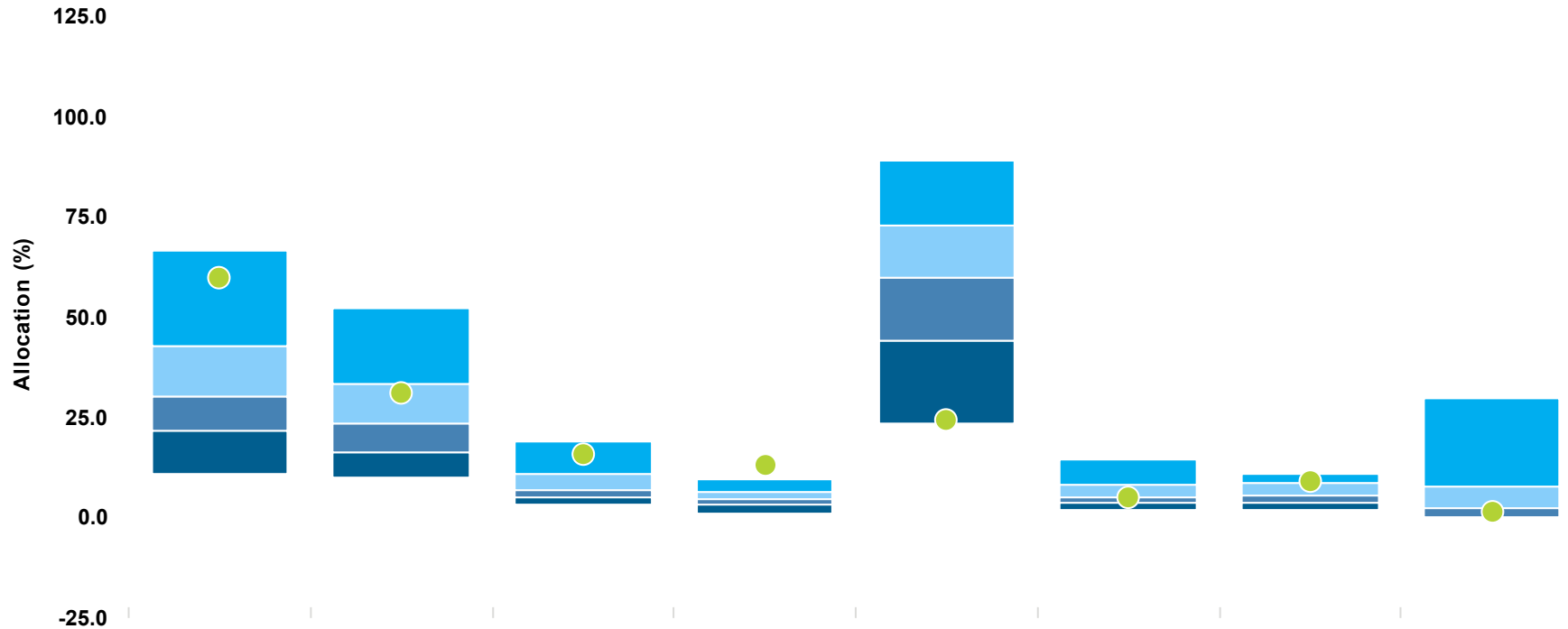


	QTD (%)	YTD (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
● Health Care Trust	5.4 (3)	13.9 (1)	5.4 (3)	11.2 (6)	13.4 (11)	8.1 (10)	6.9 (15)
▲ Policy Benchmark	5.3 (4)	13.6 (2)	5.3 (4)	11.1 (6)	13.1 (11)	8.2 (9)	7.6 (10)
5th Percentile	5.0	12.4	5.0	11.5	15.2	8.8	8.5
1st Quartile	3.9	9.2	3.9	8.4	11.0	6.0	6.2
Median	3.3	8.1	3.3	7.2	9.5	4.7	5.2
3rd Quartile	2.7	6.8	2.7	6.0	8.0	3.6	4.3
95th Percentile	1.3	4.3	1.3	4.4	5.3	2.3	2.6
Population	304	292	304	292	277	271	233

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Total Fund | As of September 30, 2025

Total Plan Allocation vs. InvMetrics Health & Welfare As of September 30, 2025



	Total Equity	US Equity	Dev'd ex-US Equity	Emg Mkt Equity	Total Fixed Income	Real Assets/Commod	Total Real Estate	Cash & Equivalents
● Health Care Trust	59.8 (13)	31.0 (29)	15.8 (12)	13.0 (1)	24.5 (94)	5.0 (57)	9.0 (18)	1.7 (57)
5th Percentile	66.5	52.3	18.9	9.8	89.2	14.5	10.9	29.7
1st Quartile	42.9	33.2	10.9	6.3	72.8	8.1	8.6	7.8
Median	30.3	23.4	6.8	4.6	59.7	5.2	5.5	2.3
3rd Quartile	21.9	16.5	5.2	3.2	44.1	3.9	3.9	0.3
95th Percentile	11.1	9.9	3.1	1.1	23.5	2.1	1.9	0.0

Parentheses contain percentile rankings.

Benchmark History

Health Care Trust

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

Growth

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

Public Equity

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

US Equity

7/1/2018	Present	Russell 3000
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International Equity

7/1/2018	Present	MSCI EAFE
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Emerging Markets Equity

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

Glossary and Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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.