

Sacramento County 457(b): Plan Highlights & Key Observations

Date December 2024

DEFERRED COMPENSATION PLAN ASSETS

At quarter-end, assets in the Sacramento County 457(b) Plan totaled \$1,670.6 million, decreasing \$9.6 million (-0.57%) from \$1,680.1 million at the previous quarter-end.

Fidelity Contrafund held the highest percentage of non-target date assets (13.7%), followed by Vanguard Institutional Index (7.7%).

Assets in the Vanguard Target Retirement series totaled \$839.4 million (50.2%) at quarter end; this was a decrease of \$18.7 million from \$858.1 million at the prior quarter-end.

PERFORMANCE

The Plan's investments are generally meeting performance objectives; however, Parnassus Core Equity, JPMorgan Equity Income R6, and JPMorgan Small Cap Equity R6 remain on watch from previous quarters. All funds on watch are currently due to underperformance.

JPMorgan Equity Income is on the County's watchlist this quarter. This is because it performed below its benchmark for the 3-year time period and 50% of the peer group for the 3- and 5-year time periods. Brandon (2019) and David Silberman (2019) are the managers of the strategy following the retirement of Clare Hart (2004) in September 2024. Brandon and Silberman have been groomed to take over the portfolio from Hart since they were promoted to PMs five years ago, and Hart's decision and timing has been clearly telegraphed for several years. The strategy seeks high quality companies with disciplined capital allocations and a consistent dividend yield above 2%. The strategy closed to new investors in 2021 but reopened in January 2024 after portfolio outflows inhibited the management team's ability to generate excess performance in a challenging market environment. The strategy ranks in the third quartile over the past 1-, 3-, and 5- years, and in the second quartile over the past 10- years. Dividend paying stocks have struggled against traditional value stocks over the past 2+ years as rising fixed income interest rates have become a more attractive place to generate yields. The strategy has also historically been underweight the technology sector because of its dividend mandate and currently only has small allocations to Microsoft and Apple of the Magnificent 7 stocks. NWCM voted to continue to monitor the strategy due to strong long-term performance. Near term underperformance can be attributed to the fund's style being out of favor and the difficulty of portfolio flows. We will monitor the change to the PM team closely.

Parnassus Core Equity is on the County's watchlist this quarter. It performed below 50% of the peer group for the 3-, 5-, and 10-year time periods and below its benchmark for the 3-year period. Todd Ahlsten (2001), Benjamin Allen (2012), and Andrew Choi (2022) are the managers of the strategy. The team looks for exposure to US large cap equity markets through an ESG lens. The team will first exclude companies that derive significant revenue from alcohol, tobacco, weapons, fossil fuels, or gambling and then screen the universe based on traditional ESG, quality, and valuation metrics. Finally, they invest in firms that meet all of their quantitative criteria and also offer durable competitive advantages, relevant products, strong management teams, and ethical business practices. The strategy ranks in the third quartile over the past 1- and 3- years and in the second quartile over the past 5- and 10- years. Recent performance compared to both their Large Cap Blend peers as well as their benchmark index (S&P 500) has struggled slightly due to smaller allocations to mega-cap technology within the portfolio. NWCM voted to continue to monitor the strategy due to solid long-term outperformance and a differentiated approach which complements an index fund well for plan participants.

JPMorgan Small Cap Equity performed below its peers for the 3- and 5-year time periods. Additionally, for the 3-, 5-, and 10-year time periods, it performed below its benchmark. Due to these triggers, it is on the County's watchlist this quarter. Don San Jose (2007) and Daniel Percella (2014) are the managers of the strategy. The team takes a quality and consistency-based approach that looks for companies operating in narrow market niches and can leverage their competitive positioning to grow their ROIC faster than the market. They also look for companies with strong and consistent earnings and free cash flows which leads to steadier businesses. The team aims for high active share (typically ~95%) and the portfolio pairs well with a passive index strategy as a result. The strategy ranks in the third quartile of peers over the past 1-, 3-, and 5- years, and in the top quartile over the past 10- years. The strategy's quality focus was a headwind to relative performance during low-quality market rallies in 2021 and 2023, where the fund trailed its peer average by 800 and 400 bps respectively. The strategy ranked in the third quartile in 2024 as security selection and an overweight to industrials were a headwind. NWCM voted to continue to monitor the strategy due to strong long-term performance and a differentiated process that pairs well with a passive index fund.

Vanguard Target Retire Trust. NWCM continues to view the Vanguard Target Retire Trust series as a prudent target date fund series for the plan's participants. The series combines low costs, a moderate glidepath, and market-cap weighted asset class exposure. Because of the plan's scale in the series, they have access to the trust version of the product with each vintage priced at 0.055%, which is below the range of peer average expenses of 0.53% - 0.64%, depending on vintage. NWCM will continue to regularly evaluate the series to ensure its processes, procedures, and quantitative investment results remain in line with expectations.

Galliard Stable Return Fund. NWCM continues to view the Galliard Stable Return Fund as a prudent stable value strategy to serve as the plan's capital preservation investment option. The strategy has performed strongly relative to peers through changing interest rate regimes, has managed its market/book ratio in a more risk-aware manner, and continues to engage high-quality insurance wrap providers to guarantee investor's principal. NWCM will continue to regularly evaluate the fund to ensure its processes, procedures, and quantitative investment results remain in line with expectations.

Sources: JPMorgan, Parnassus as of 12/31/2024.

Investment Menu Review – December 2024

Sacramento County 457(b) Plan

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Q4 2024 Market Summary



CARSON

Market Summary Video

Our quarterly market summary is now pre-recorded and available to view prior to your scheduled committee meetings.

This video format has several advantages:

- Can be watched at your convenience
- More meeting time can be devoted to discussion of plan priorities
- Available for committee members who are unable to attend the meeting
- Archived for future viewing

▶ Click [here](#) to watch the market summary video now.

Economy Inflation Rises and Unemployment Declines
How Commodities have moved Year-over-Year 2022-2023 Calendar Growth Estimates

Asset Class Performance Markets at a Glance
U.S. Equity % Total Ret
U.S. Large Cap

Market Overview Is it different this time? Continued...

Market Overview Is it different this time? A lookback at the early 1980s.

US Inflation Change in consumer price index

Fed Policy Federal Funds Target Rate

"Recession Speak" has become the latest term used to describe the current economic environment. However, there is little agreement about what the recession we may face.

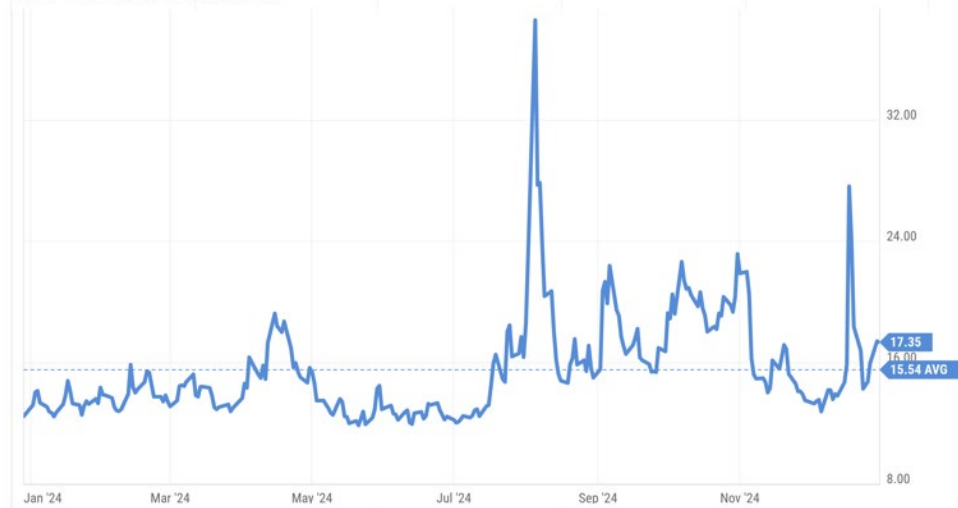
Volatility is another common factor. The stock market in the early 1980s did not experience the 20+% drop we've had this year, but the generally positive S&P 500 returns then were interspersed with drops of 8.8% (February 1980) and 8.3% (August 1981) following the Fed's tightening. More recently, during COVID, the initial decline in the stock market was even before the recession was even announced. For bonds, the Barclays Aggregate Index had three of its worst quarters in 1980 and 1981, losing 8.7% in the first quarter of 1980 alone, but still finished with positive returns in both calendar years.



Animal Spirits

Volatility Increased in the Second Half of the Year Election Uncertainty Led to Larger Intra-day Market Swings

VIX, Calendar Year 2024



Source: Carson Investment Research, YCharts 1/7/2025 Michael Barczak

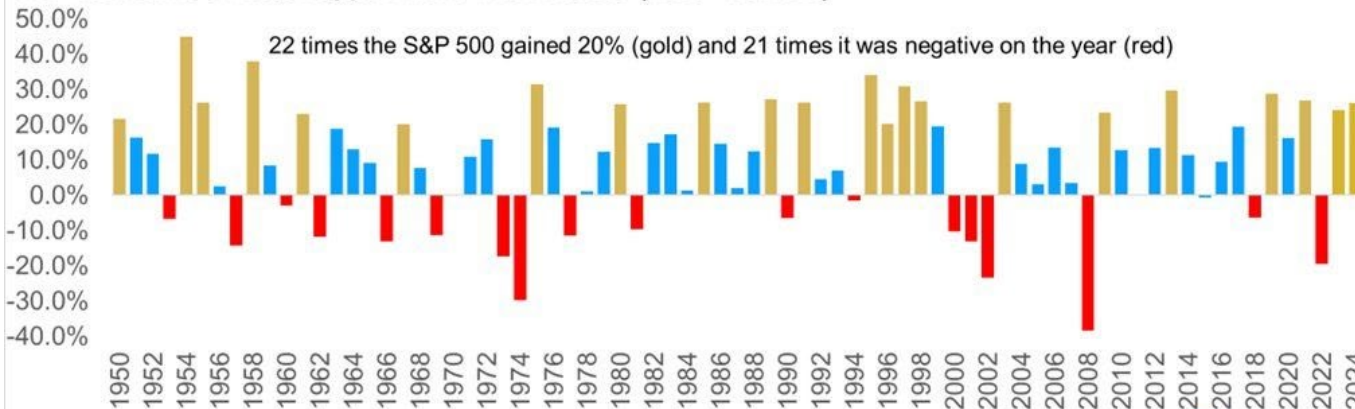


British economist John Maynard Keynes coined the term “animal spirits” to describe the psychological and emotional factors that guide an individual’s financial decisions in times of economic uncertainty, saying “The markets are moved by animal spirits, and not by reason.”

Despite increased volatility due to non-fundamental factors, markets still performed very strongly in 2024 on the back of increased productivity and strong corporate revenues.

Large Gains Tend To Happen More Than You Expect

S&P 500 Gains Of 20% Happen More Than Losses (1950 - Current)



Source: Carson Investment Research, YCharts 12/26/2024 (1950 - Current)

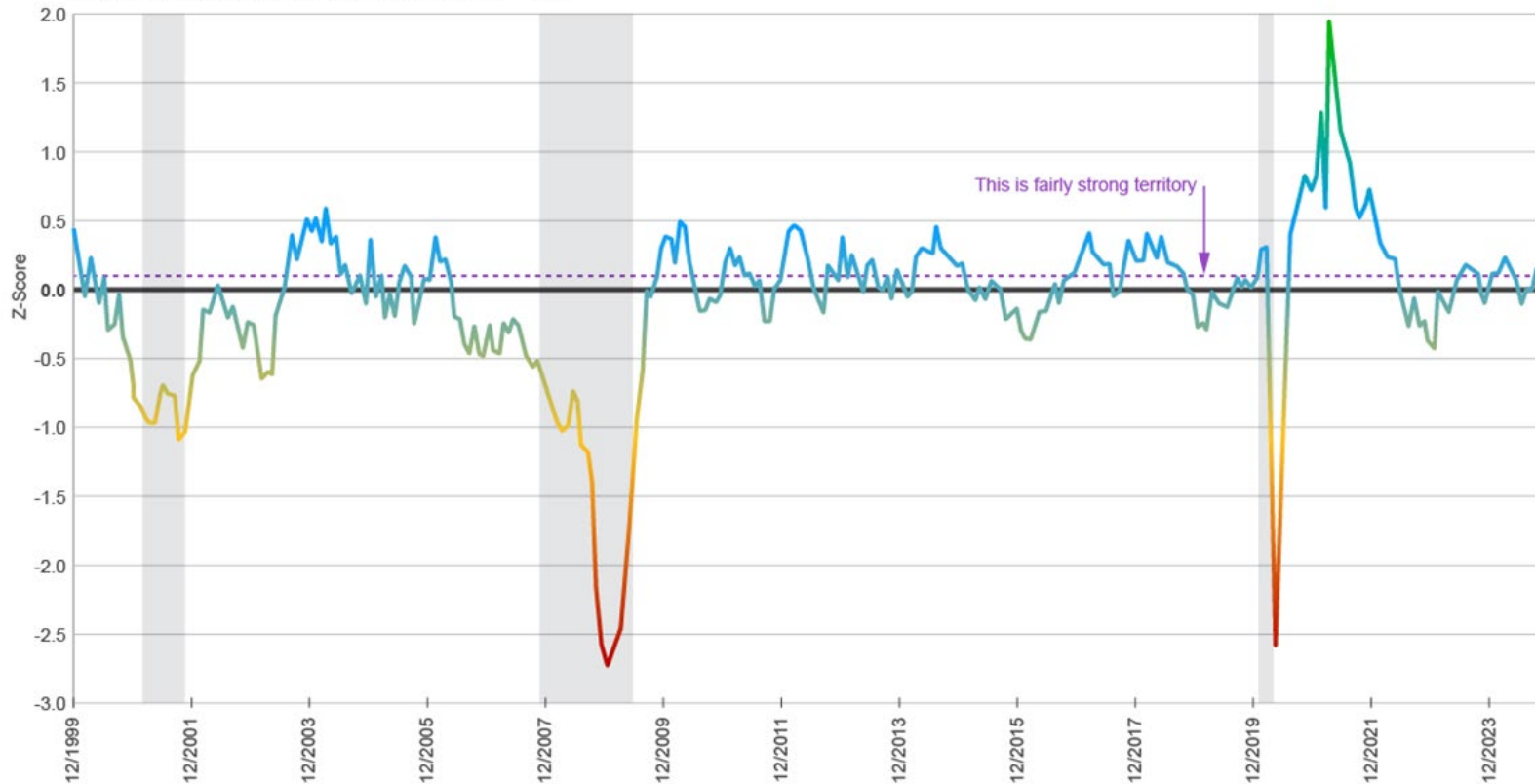
@ryandetrick



Economic Strength

The Economy Is On A Solid Footing

Carson Proprietary Leading Economic Index - USA



Data source: Carson Investment Research | 11/30/2024 | Shaded areas indicate U.S. recessions

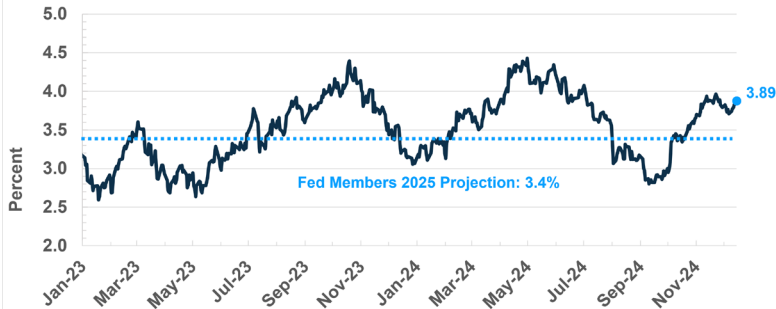
Profit margins, forward earnings expectations, and labor productivity all point to continued robust strength in the economy. Combined with low unemployment and healthy wage growth, the fundamentals of the US economy suggest the current market rally has some staying power. Focus has shifted towards the impact of potential new policies on taxes and tariffs from the incoming administration and how they might impact economic output, but we remain bullish.



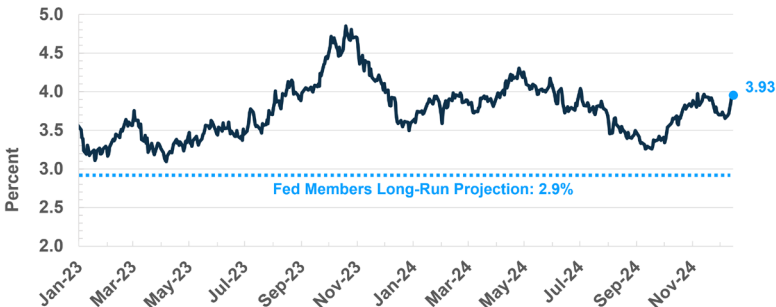
Inflation and the Fed

Markets expecting higher for longer, much longer

Implied Fed Policy Rate for December 2025



Implied Fed Policy Rate for December 2029



Data source: Carson Investment Research, Bloomberg 12/13/2024

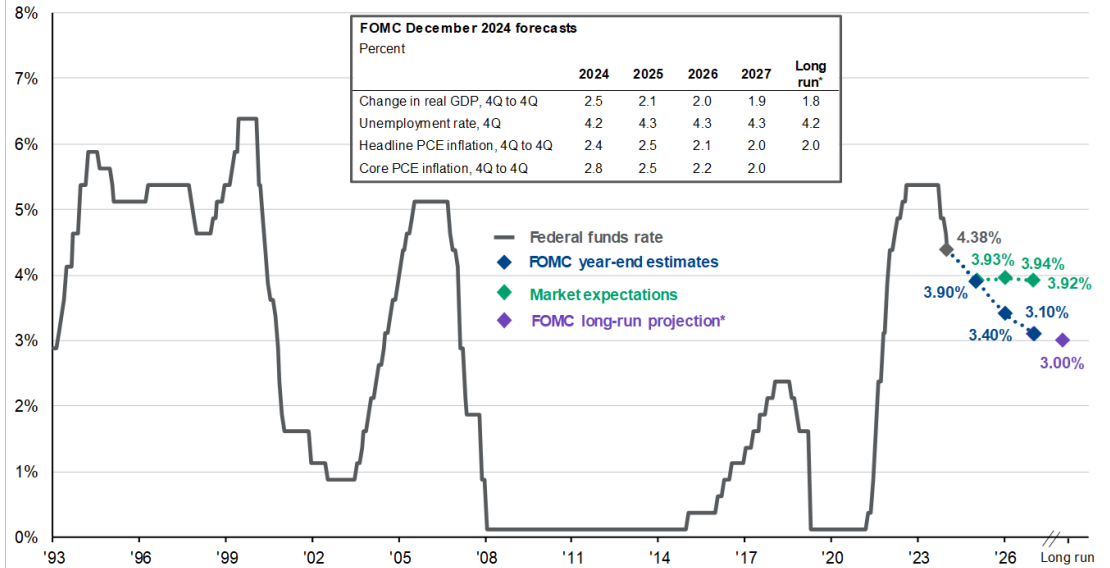
@sonusvarghese

Implied policy rate proxied by SOFR futures



Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data as of December 31, 2024.

Inflation has continued to ease downwards over the past 2 years when evaluated on a year-over-year basis. Despite this encouraging trend, inflation continues to be higher than the Fed's long-term neutral rate and commodities and shelter continue to be highly volatile. The FOMC's long run projection continues to be higher than previous estimates (increased from 2.50% to 3.00% during 2024), with the markets pricing in even higher rates than the FOMC projections well into the future.



Asset Class Returns

| 2010-2024 | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Ann. | Vol. | | | | | | | | | | | | | | | |
| Large Cap | Small Cap | REITs | REITs | REITs | Small Cap | REITs | REITs | Small Cap | EM Equity | Cash | Large Cap | Small Cap | REITs | Comdty. | Large Cap | Large Cap |
| 13.9% | 20.6% | 27.9% | 8.3% | 19.7% | 38.8% | 28.0% | 2.8% | 21.3% | 37.8% | 1.8% | 31.5% | 20.0% | 41.3% | 16.1% | 26.3% | 25.0% |
| Small Cap | EM Equity | Small Cap | Fixed Income | High Yield | Large Cap | Large Cap | Large Cap | High Yield | DM Equity | Fixed Income | REITs | EM Equity | Large Cap | Cash | DM Equity | Small Cap |
| 10.3% | 17.9% | 26.9% | 7.8% | 19.6% | 32.4% | 13.7% | 1.4% | 14.3% | 25.6% | 0.0% | 28.7% | 18.7% | 28.7% | 1.5% | 18.9% | 11.5% |
| REITs | REITs | EM Equity | High Yield | EM Equity | DM Equity | Fixed Income | Fixed Income | Large Cap | Large Cap | REITs | Small Cap | Large Cap | Comdty. | High Yield | Small Cap | Asset Alloc. |
| 9.4% | 16.8% | 19.2% | 3.1% | 18.6% | 23.3% | 6.0% | 0.5% | 12.0% | 21.8% | -4.0% | 25.5% | 18.4% | 27.1% | -12.7% | 16.9% | 10.0% |
| Asset Alloc. | DM Equity | Comdty. | Large Cap | DM Equity | Asset Alloc. | Asset Alloc. | Cash | Comdty. | Small Cap | High Yield | DM Equity | Asset Alloc. | Small Cap | Fixed Income | Asset Alloc. | High Yield |
| 7.2% | 16.5% | 16.8% | 2.1% | 17.9% | 14.9% | 5.2% | 0.0% | 11.8% | 14.6% | -4.1% | 22.7% | 10.6% | 14.8% | -13.0% | 14.1% | 9.2% |
| High Yield | Comdty. | Large Cap | Cash | Small Cap | High Yield | Small Cap | DM Equity | EM Equity | Asset Alloc. | Large Cap | Asset Alloc. | DM Equity | Asset Alloc. | Asset Alloc. | High Yield | EM Equity |
| 5.9% | 16.1% | 15.1% | 0.1% | 16.3% | 7.3% | 4.9% | -0.4% | 11.6% | 14.6% | -4.4% | 19.5% | 8.3% | 13.5% | -13.9% | 14.0% | 8.1% |
| DM Equity | Large Cap | High Yield | Asset Alloc. | Large Cap | REITs | Cash | Asset Alloc. | REITs | High Yield | Asset Alloc. | EM Equity | Fixed Income | DM Equity | DM Equity | REITs | Comdty. |
| 5.7% | 15.1% | 14.8% | -0.7% | 16.0% | 2.9% | 0.0% | -2.0% | 8.6% | 10.4% | -5.8% | 18.9% | 7.5% | 11.8% | -14.0% | 11.4% | 5.4% |
| EM Equity | Asset Alloc. | Asset Alloc. | Small Cap | Asset Alloc. | Cash | High Yield | High Yield | Asset Alloc. | REITs | Small Cap | High Yield | High Yield | High Yield | Large Cap | EM Equity | Cash |
| 3.4% | 10.4% | 13.3% | -4.2% | 12.2% | 0.0% | 0.0% | -2.7% | 8.3% | 8.7% | -11.0% | 12.6% | 7.0% | 1.0% | -18.1% | 10.3% | 5.3% |
| Fixed Income | High Yield | DM Equity | DM Equity | Fixed Income | Fixed Income | EM Equity | Small Cap | Fixed Income | Fixed Income | Comdty. | Fixed Income | Cash | Cash | EM Equity | Fixed Income | REITs |
| 2.4% | 9.4% | 8.2% | -11.7% | 4.2% | -2.0% | -1.8% | -4.4% | 2.6% | 3.5% | -11.2% | 8.7% | 0.5% | 0.0% | -19.7% | 5.5% | 4.9% |
| Cash | Fixed Income | Fixed Income | Comdty. | Cash | EM Equity | DM Equity | EM Equity | DM Equity | Comdty. | DM Equity | Comdty. | Comdty. | Fixed Income | Small Cap | Cash | DM Equity |
| 1.2% | 4.7% | 6.5% | -13.3% | 0.1% | -2.3% | -4.5% | -14.6% | 1.5% | 1.7% | -13.4% | 7.7% | -3.1% | -1.5% | -20.4% | 5.1% | 4.3% |
| Comdty. | Cash | Cash | EM Equity | Comdty. | Comdty. | Comdty. | Comdty. | Cash | Cash | EM Equity | Cash | REITs | EM Equity | REITs | Comdty. | Fixed Income |
| -1.0% | 0.9% | 0.1% | -18.2% | -1.1% | -9.5% | -17.0% | -24.7% | 0.3% | 0.8% | -14.2% | 2.2% | -5.1% | -2.2% | -24.9% | -7.9% | 1.3% |

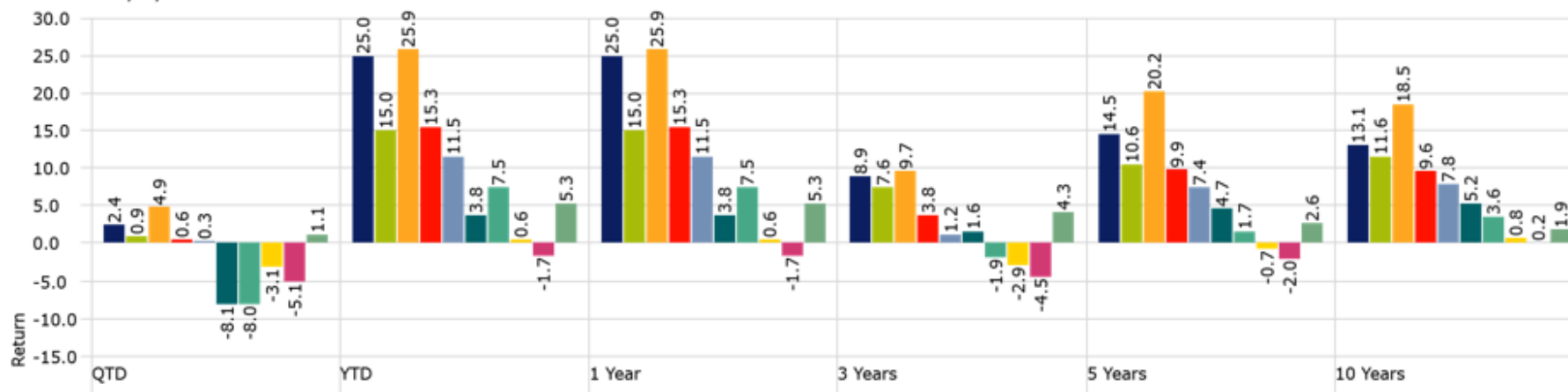
Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.
 Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg U.S. Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg U.S. Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/2009 to 12/31/2024. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns.
 Guide to the Markets – U.S. Data are as of December 31, 2024.



Markets at a Glance

Returns

As of Date: 12/31/2024



- S&P 500 TR USD
- DJ Industrial Average TR USD
- NASDAQ 100 TR USD
- Russell Mid Cap TR USD
- Russell 2000 TR USD
- MSCI EAFE NR USD
- MSCI EM NR USD
- Bloomberg Aggregate Bond Treasury TR USD
- Bloomberg Global Aggregate TR USD
- USTREAS T-Bill Auction Ave 3 Mon

Trailing Returns

As of Date: 12/31/2024 Data Point: Return

| | QTD | YTD | 1 Year | 3 Years | 5 Years | 10 Years |
|--|-------|-------|--------|---------|---------|----------|
| S&P 500 TR USD | 2.41 | 25.02 | 25.02 | 8.94 | 14.53 | 13.10 |
| DJ Industrial Average TR USD | 0.93 | 14.99 | 14.99 | 7.56 | 10.55 | 11.57 |
| NASDAQ 100 TR USD | 4.93 | 25.88 | 25.88 | 9.71 | 20.18 | 18.53 |
| Russell Mid Cap TR USD | 0.62 | 15.34 | 15.34 | 3.79 | 9.92 | 9.63 |
| Russell 2000 TR USD | 0.33 | 11.54 | 11.54 | 1.24 | 7.40 | 7.82 |
| MSCI EAFE NR USD | -8.11 | 3.82 | 3.82 | 1.65 | 4.73 | 5.20 |
| MSCI EM NR USD | -8.01 | 7.50 | 7.50 | -1.92 | 1.70 | 3.64 |
| Bloomberg Aggregate Bond Treasury TR USD | -3.14 | 0.58 | 0.58 | -2.88 | -0.68 | 0.83 |
| Bloomberg Global Aggregate TR USD | -5.10 | -1.69 | -1.69 | -4.52 | -1.96 | 0.15 |
| USTREAS T-Bill Auction Ave 3 Mon | 1.14 | 5.28 | 5.28 | 4.26 | 2.63 | 1.86 |

Source: Morningstar Direct. Past performance does not guarantee future results. All indexes are unmanaged and cannot be invested into directly. Diversification does not ensure a profit or guarantee against a loss.



Markets at a Glance

U.S. Equities:

US markets capped off another strong year led again by large market capitalization stocks and growth-oriented sectors. Size ended up being a driving factor throughout the year as 7 of 11 S&P 500 sectors (and the index as a whole) outperformed on a market cap weighted basis compared to an equal weighted basis. Corporate earnings and profit margins continue to trend upwards, and the consumer and household balance sheets have been resilient in the face of inflation. This has led to both earnings growth and multiple expansion contributing to almost equal portions of the market's gains. Volatility increased over the second half of the year due to election uncertainty and then to concerns about the new administration's potential policies on taxes and tariffs.

International Equities:

Foreign markets also continue to perform well, with positive performance in both the developed and emerging markets. Returns lagged those in the US, however, as continued geopolitical risk in Ukraine/Russia, Israel, and China/Taiwan weighed on investor sentiment. Q4 was especially difficult for international markets as the Dollar strengthened significantly. International markets continue to trade at lower price multiples compared to their US counterparts, as they have for much of the past decade, but the perceived better value there has not led to better relative performance.

Fixed Income:

Bond markets ended the year on a high note following the Fed's continued rate cuts, but volatility remains a feature, not a bug. Rates are likely to remain elevated compared to their levels during much of the past decade as the Fed looks to engineer a soft landing. Higher starting yields for bonds should lead to better total returns looking forward, but uncertainty around policy in the short term is leading to some market weakness. International fixed income struggled in Q4 and posted negative returns for the year as the Dollar strengthened appreciably.



Additional Disclosures

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Due to volatility within the markets mentioned, opinions are subject to change without notice. Information is based on sources believed to be reliable; however, their accuracy or completeness cannot be guaranteed. Past performance does not guarantee future results.

The S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return July 2023

MSCI EAFE – Designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

MSCI Emerging Markets – Designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization.

Bloomberg U.S. Aggregate Bond – The Bloomberg US Agg Total Return Value Unhedged, also known as “Bloomberg U.S. Aggregate Bond Index” formerly known as the “Barclays Capital U.S. Aggregate Bond Index”, and prior to that, “Lehman Aggregate Bond Index,” is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Investors cannot invest directly in indices. The performance of any index is not indicative of the performance of any investment and does not consider the effects of inflation and the fees and expenses associated with investing. Additional risks are associated with international investing, such as currency fluctuations, political and economic stability, and differences in accounting standards.

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Summary of Assets

| Asset Class | % | 9/30/2024 | Net Increases/Decreases | 12/31/2024 | % |
|--|--------------|------------------------|-------------------------|------------------------|--------------|
| US Large Cap | 24.2% | \$406,386,812 | \$8,385,386 | \$414,772,198 | 24.8% |
| Parnassus Core Equity Institutional | 1.6% | \$27,451,693 | \$170,276 | \$27,621,969 | 1.7% |
| Vanguard Institutional Index Instl PI | 7.5% | \$126,429,918 | \$2,268,298 | \$128,698,216 | 7.7% |
| Fidelity Contrafund Commingled PI A | 13.2% | \$221,850,170 | \$6,742,436 | \$228,592,606 | 13.7% |
| JPMorgan Equity Income R6 | 1.8% | \$30,655,031 | (\$795,624) | \$29,859,407 | 1.8% |
| US Mid Cap | 2.6% | \$43,823,339 | \$1,156,526 | \$44,979,865 | 2.7% |
| Vanguard Extended Market Index Instl | 2.6% | \$43,823,339 | \$1,156,526 | \$44,979,865 | 2.7% |
| US Small Cap | 1.0% | \$16,418,778 | (\$505,317) | \$15,913,460 | 1.0% |
| JPMorgan Small Cap Equity R6 | 1.0% | \$16,418,778 | (\$505,317) | \$15,913,460 | 1.0% |
| Foreign | 3.3% | \$55,975,417 | (\$4,123,172) | \$51,852,245 | 3.1% |
| Vanguard Total Intl Stock Index Instl | 1.3% | \$21,632,185 | (\$1,695,350) | \$19,936,834 | 1.2% |
| Fidelity Overseas K | 2.0% | \$34,343,232.28 | (\$2,427,821) | \$31,915,411 | 1.9% |
| Fixed Income | 6.1% | \$101,654,029 | (\$4,312,647) | \$97,341,382 | 5.8% |
| Vanguard Total Bond Market Index I | 1.3% | \$22,280,486 | (\$1,161,304) | \$21,119,182 | 1.3% |
| Baird Core Plus Bond Inst | 2.2% | \$37,082,091 | (\$666,604) | \$36,415,488 | 2.2% |
| Galliard Stable Value Fund E | 2.5% | \$42,291,451 | (\$2,484,740) | \$39,806,712 | 2.4% |
| Specialty Options | 11.8% | \$197,747,182 | \$8,526,787 | \$206,273,969 | 12.3% |
| Fidelity Inv MM Fds Government Instl | 3.6% | \$61,282,808 | \$98,356 | \$61,381,165 | 3.7% |
| Self Directed Account | 8.1% | \$136,464,373 | \$8,428,431 | \$144,892,804.08 | 8.7% |
| Target Date Funds | 51.1% | \$858,143,884 | (\$18,715,195) | \$839,428,690 | 50.2% |
| Vanguard Target Retirement Income Trust Plus | 4.5% | \$75,594,379 | (\$5,169,422) | \$70,424,958 | 4.2% |
| Vanguard Target Retirement 2020 Trust Plus | 4.7% | \$78,303,812 | (\$2,676,404) | \$75,627,408 | 4.5% |
| Vanguard Target Retirement 2025 Trust Plus | 6.9% | \$116,484,981 | (\$5,954,695) | \$110,530,285 | 6.6% |
| Vanguard Target Retirement 2030 Trust Plus | 7.7% | \$128,892,412 | (\$1,930,880) | \$126,961,533 | 7.6% |
| Vanguard Target Retirement 2035 Trust Plus | 8.4% | \$140,619,033 | (\$2,613,970) | \$138,005,063 | 8.3% |
| Vanguard Target Retirement 2040 Trust Plus | 7.0% | \$117,327,697 | (\$2,152,536) | \$115,175,161 | 6.9% |
| Vanguard Target Retirement 2045 Trust Plus | 4.7% | \$79,776,921 | (\$391,477) | \$79,385,444 | 4.8% |
| Vanguard Target Retirement 2050 Trust Plus | 3.2% | \$54,396,523 | (\$120,803) | \$54,275,721 | 3.2% |
| Vanguard Target Retirement 2055 Trust Plus | 2.2% | \$37,175,126 | \$1,057,000 | \$38,232,126 | 2.3% |
| Vanguard Target Retirement 2060 Trust Plus | 1.2% | \$20,522,726 | \$362,508 | \$20,885,234 | 1.3% |
| Vanguard Target Retirement 2065 Trust Plus | 0.4% | \$7,341,055 | \$865,329 | \$8,206,384 | 0.5% |
| Vanguard Target Retirement 2070 Trust Plus | 0.1% | \$1,709,218 | \$10,155 | \$1,719,373 | 0.1% |
| Total | 100% | \$1,680,149,440 | -\$9,587,632 | \$1,670,561,809 | 100% |

-0.57%

Equity Performance

Watch List Criteria:

1. The fund performs below 50% of its peer group for a three-year period.
2. The fund performs below 50% of its peer group for a five-year period.
3. The fund performs below 50% of its peer group for a ten-year period.
4. Performance below the fund's prospectus benchmark for a three-year period.
5. Performance below the fund's prospectus benchmark for a five-year period.
6. Performance below the fund's prospectus benchmark for a ten-year period.
7. A Morningstar rating of 2 or below
8. A fund may also be placed on the watch List if there are extenuating circumstances.

To be placed on the watch List a fund must trip up at least two of the eight conditions.

To be taken off the watch List a fund must only reflect one watch List Criteria violation.

Removal Criteria:

1. The fund performs below 50% of its peer group for a five-year period.
2. The fund performs below 50% of its peer group for a ten-year period.
3. Performance below the fund's prospectus benchmark for a five-year period.
4. Performance below the fund's prospectus benchmark for a ten-year period.
5. A Morningstar rating of 2 or below

To be considered for replacement a fund must violate all five Removal Criteria.

The benchmark which causes the fund to trip less Investment Policy Criteria is used.

| | Prospectus Benchmark | MS Rating | Return | | | | | Action |
|-------------------------------------|---------------------------|-----------|--------|--------|---------|---------|----------|--------|
| | | | QTR | 1 Year | 3 Years | 5 Years | 10 Years | |
| Equity | | | | | | | | |
| Large Growth | | | | | | | | |
| Fidelity Contrafund Commingled PI A | S&P 500 TR USD | 4 | 3.31 | 35.22 | 10.62 | 17.25 | 15.33 | |
| +/- Benchmark | | | 0.90 | 10.20 | 1.67 | 2.72 | 2.23 | |
| Peer Group Percentile | | | 70 | 18 | 9 | 27 | 25 | |
| Large Value | | | | | | | | |
| JPMorgan Equity Income R6 | Russell 1000 Value TR USD | 4 | -1.99 | 12.80 | 5.24 | 8.71 | 9.37 | W |
| +/- Benchmark | | | -0.01 | -1.57 | -0.40 | 0.03 | 0.89 | |
| Peer Group Percentile | | | 58 | 66 | 70 | 61 | 30 | |
| Large Blend | | | | | | | | |
| Parnassus Core Equity Institutional | S&P 500 TR USD | 4 | 0.33 | 18.75 | 6.64 | 13.49 | 12.25 | W |
| +/- Benchmark | | | -2.08 | -6.27 | -2.30 | -1.04 | -0.85 | |
| Peer Group Percentile | | | 73 | 72 | 66 | 50 | 40 | |
| Small Blend | | | | | | | | |
| JPMorgan Small Cap Equity R6 | Russell 3000 TR USD | 3 | -0.86 | 10.30 | 1.34 | 7.53 | 8.90 | W |
| +/- Benchmark | | | -3.49 | -13.51 | -6.67 | -6.33 | -3.64 | |
| Peer Group Percentile | | | 68 | 60 | 73 | 71 | 22 | |
| Foreign Large Blend | | | | | | | | |
| Fidelity Overseas K | MSCI EAFE NR USD | 4 | -8.39 | 5.29 | -1.46 | 5.72 | 7.26 | |
| +/- Benchmark | | | -0.27 | 1.47 | -3.11 | 0.99 | 2.07 | |
| Peer Group Percentile | | | 73 | 45 | 34 | 27 | 20 | |

Fixed Income Performance

Watch List Criteria:

1. The fund performs below 50% of its peer group for a three-year period.
2. The fund performs below 50% of its peer group for a five-year period.
3. The fund performs below 50% of its peer group for a ten-year period.
4. Performance below the fund's prospectus benchmark for a three-year period.
5. Performance below the fund's prospectus benchmark for a five-year period.
6. Performance below the fund's prospectus benchmark for a ten-year period.
7. A Morningstar rating of 2 or below
8. A fund may also be placed on the watch List if there are extenuating circumstances.

To be placed on the watch List a fund must trip up at least two of the eight conditions.

To be taken off the watch List a fund must only reflect one watch List Criteria violation.

Removal Criteria:

1. The fund performs below 50% of its peer group for a five-year period.
2. The fund performs below 50% of its peer group for a ten-year period.
3. Performance below the fund's prospectus benchmark for a five-year period.
4. Performance below the fund's prospectus benchmark for a ten-year period.
5. A Morningstar rating of 2 or below

To be considered for replacement a fund must violate all five Removal Criteria.

The benchmark which causes the fund to trip less Investment Policy Criteria is used.

| | Prospectus Benchmark | MS Rating | Return | | | | | Action |
|-------------------------------|---|-----------|--------|--------|---------|---------|----------|--------|
| | | | QTR | 1 Year | 3 Years | 5 Years | 10 Years | |
| Fixed Income | | | | | | | | |
| Intermediate-Term Bond | | | | | | | | |
| Baird Core Plus Bond Inst | Bloomberg US Universal TR USD | 4 | -2.67 | 2.54 | -1.52 | 0.56 | 2.15 | |
| +/- Benchmark | | | 0.07 | 0.50 | 0.43 | 0.51 | 0.41 | |
| Peer Group Percentile | | | 34 | 38 | 29 | 30 | 20 | |
| Stable Value | | | | | | | | |
| Galliard Stable Return Fund E | 50% FTSE 3-Mo T-Bill + 50% ICE BofA 1-3Y Trsy | 4 | 0.79 | 3.04 | 2.56 | 2.33 | 2.09 | |
| +/- Benchmark | | | 0.20 | -1.73 | -0.21 | 0.36 | 0.50 | |
| Peer Group Percentile | | | | | | | | |

Sources: JPMorgan, Parnassus, TCW, as of 12/31/2024.

Galliard Stable Value Performance

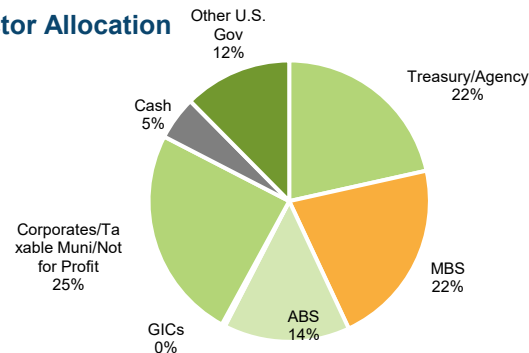
Investment Strategy

The Fund's underlying fixed income strategy is managed in a conservative style that utilizes a disciplined value investing process to build a high-quality portfolio with broad diversification and an emphasis on risk control. Our core investment philosophy is to build a portfolio of realizable yield through bottom-up, fundamental research, utilizing a team-based approach to portfolio management. Galliard's fixed income portfolios emphasize high quality spread sectors, diversification across sectors and issuers to reduce risk, neutral duration positioning, and a laddered portfolio structure for ample natural liquidity. The majority of the Fund's assets will be invested in fixed income portfolios that are wrapped by stable value contracts which allow fund participants to transact at book value. The Fund will hold cash in order to maintain sufficient liquidity and may also invest in traditional GICs. The Fund utilizes high credit quality stable value contract issuers, with an emphasis on diversification.

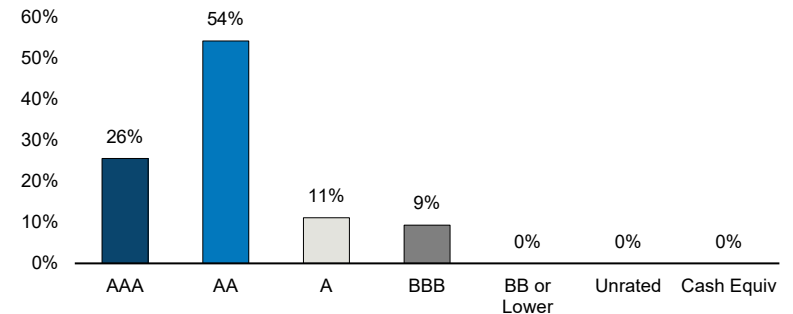
| Fund Information | Fund |
|--------------------------|----------|
| Fund Assets | \$16.87B |
| Avg Credit Quality (S&P) | AA- |
| # of Wrap Providers | 10 |
| Net Crediting Rate | 3.18% |
| Effective Duration | 2.97 Yrs |
| Market-to-Book | 95.1% |
| Expenses | |
| Total Fund Expenses* | 0.32% |
| *fees as of 12/31/2024 | |

| Annualized Performance | | 4Q24 | YTD | 1 Year | 3 Year | 5 Year | 10 Year | | | | |
|---|--|-------|-------|--------|--------|--------|---------|-------|-------|-------|-------|
| Galliard Stable Value Fund E (after fees) | | 0.80% | 3.05% | 3.05% | 2.57% | 2.33% | 2.09% | | | | |
| Benchmark** | | 0.58% | 4.77% | 4.77% | 2.77% | 1.97% | 1.60% | | | | |
| FTSE 3-Month T-Bill | | 1.23% | 5.45% | 5.45% | 4.05% | 2.54% | 1.79% | | | | |
| Calendar Year Performance | | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Galliard Stable Value Fund E (after fees) | | 3.05% | 2.70% | 1.95% | 1.80% | 2.18% | 2.34% | 2.06% | 1.74% | 1.62% | 1.50% |
| Benchmark** | | 4.77% | 4.76% | -1.10% | -0.25% | 1.84% | 2.90% | 1.72% | 0.63% | 0.58% | 0.28% |
| FTSE 3-Month T-Bill | | 5.45% | 5.26% | 1.50% | 0.05% | 0.58% | 2.25% | 1.86% | 0.84% | 0.27% | 0.03% |
| Consumer Price Index | | 2.88% | 3.35% | 6.45% | 7.04% | 1.36% | 2.29% | 1.67% | 2.11% | 2.07% | 0.73% |

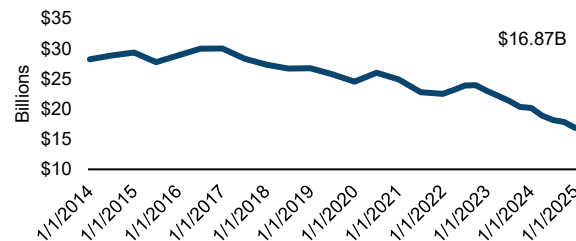
Sector Allocation



Credit Quality



Fund Assets



| Issuer | % of Fund | S&P Rating |
|------------------------------------|-----------|------------|
| American General Life Ins. Co. | 13.9% | A+ |
| Prudential Ins. Co. of America | 13.8% | AA- |
| Royal Bank of Canada | 13.4% | AA- |
| Metropolitan Tower Life Ins. Co. | 12.7% | AA- |
| Nationwide Life Ins. Co. | 9.7% | A+ |
| Pacific Life Ins. Co. | 9.6% | AA- |
| TransAmerica Life Ins. Co. | 9.0% | A+ |
| Massachusetts Mutual Life Ins. Co. | 8.5% | AA+ |
| State Street Bank and Trust Co. | 5.3% | AA- |
| Principal Life Ins. Co. | 0.4% | A+ |

Source: NWCM, Galliard, as of 12/31/2024

**Benchmark: 50% FTSE 3-Mo T-Bill + 50% ICE BofA 1-3 Yr Tsy Index

Target Date Performance

| Portfolio/Benchmark | Q4 2024 | YTD | 1 year | 3 years | 5 years | 10 years | Since inception | Inception date |
|---|---------------|---------------|---------------|--------------|--------------|--------------|-----------------|------------------|
| Vanguard Target Retirement Income Trust Plus | -1.56% | 6.64% | 6.64% | 1.01% | 3.62% | 4.25% | 4.78% | 6/22/2007 |
| Target Retirement Income Composite Index | -1.53% | 6.74% | 6.74% | 1.17% | 3.86% | 4.42% | — | — |
| <i>excess return</i> | -0.03% | -0.10% | -0.10% | -0.16% | -0.24% | -0.17% | | |
| Vanguard Target Retirement 2020 Trust Plus | -1.58% | 7.81% | 7.81% | 1.38% | 4.81% | 5.66% | 6.95% | 6/22/2007 |
| Target Retirement 2020 Composite Index | -1.55% | 7.91% | 7.91% | 1.58% | 5.10% | 5.86% | — | — |
| <i>excess return</i> | -0.03% | -0.10% | -0.10% | -0.20% | -0.29% | -0.20% | | |
| Vanguard Target Retirement 2025 Trust Plus | -1.63% | 9.50% | 9.50% | 1.99% | 5.75% | 6.43% | 7.75% | 6/28/2007 |
| Target Retirement 2025 Composite Index | -1.59% | 9.63% | 9.63% | 2.25% | 6.09% | 6.64% | — | — |
| <i>excess return</i> | -0.04% | -0.13% | -0.13% | -0.26% | -0.33% | -0.21% | | |
| Vanguard Target Retirement 2030 Trust Plus | -1.68% | 10.67% | 10.67% | 2.50% | 6.52% | 7.02% | 8.41% | 6/28/2007 |
| Target Retirement 2030 Composite Index | -1.66% | 10.82% | 10.82% | 2.79% | 6.87% | 7.24% | — | — |
| <i>excess return</i> | -0.02% | -0.15% | -0.15% | -0.28% | -0.35% | -0.22% | | |
| Vanguard Target Retirement 2035 Trust Plus | -1.62% | 11.76% | 11.76% | 3.03% | 7.29% | 7.61% | 9.07% | 6/28/2007 |
| Target Retirement 2035 Composite Index | -1.62% | 11.90% | 11.90% | 3.31% | 7.63% | 7.82% | — | — |
| <i>excess return</i> | 0.00% | -0.15% | -0.15% | -0.27% | -0.34% | -0.21% | | |
| Vanguard Target Retirement 2040 Trust Plus | -1.56% | 12.84% | 12.84% | 3.54% | 8.03% | 8.17% | 9.61% | 6/28/2007 |
| Target Retirement 2040 Composite Index | -1.58% | 12.99% | 12.99% | 3.81% | 8.37% | 8.40% | — | — |
| <i>excess return</i> | 0.02% | -0.14% | -0.14% | -0.28% | -0.33% | -0.23% | | |
| Vanguard Target Retirement 2045 Trust Plus | -1.51% | 13.86% | 13.86% | 4.02% | 8.78% | 8.64% | 9.98% | 6/28/2007 |
| Target Retirement 2045 Composite Index | -1.54% | 14.08% | 14.08% | 4.31% | 9.12% | 8.89% | — | — |
| <i>excess return</i> | 0.03% | -0.22% | -0.22% | -0.29% | -0.34% | -0.24% | | |
| Vanguard Target Retirement 2050 Trust Plus | -1.48% | 14.68% | 14.68% | 4.42% | 9.11% | 8.80% | 10.11% | 6/28/2007 |
| Target Retirement 2050 Composite Index | -1.50% | 14.92% | 14.92% | 4.72% | 9.45% | 9.05% | — | — |
| <i>excess return</i> | 0.03% | -0.24% | -0.24% | -0.29% | -0.34% | -0.25% | | |
| Vanguard Target Retirement 2055 Trust Plus | -1.50% | 14.67% | 14.67% | 4.42% | 9.10% | 8.79% | 10.25% | 10/5/2010 |
| Target Retirement 2055 Composite Index | -1.50% | 14.92% | 14.92% | 4.72% | 9.45% | 9.05% | — | — |
| <i>excess return</i> | 0.01% | -0.25% | -0.25% | -0.30% | -0.35% | -0.26% | | |
| Vanguard Target Retirement 2060 Trust Plus | -1.51% | 14.66% | 14.66% | 4.43% | 9.12% | 8.81% | 9.67% | 3/1/2012 |
| Target Retirement 2060 Composite Index | -1.50% | 14.92% | 14.92% | 4.72% | 9.45% | 9.05% | — | — |
| <i>excess return</i> | 0.00% | -0.27% | -0.27% | -0.29% | -0.33% | -0.25% | | |
| Vanguard Target Retirement 2065 Trust Plus | -1.51% | 14.65% | 14.65% | 4.43% | 9.11% | — | 9.88% | 7/21/2017 |
| Target Retirement 2065 Composite | -1.50% | 14.92% | 14.92% | 4.72% | 9.45% | 9.08% | — | — |
| <i>excess return</i> | -0.01% | -0.28% | -0.28% | -0.28% | -0.34% | | | |
| Vanguard Target Retirement 2070 Trust Plus | -1.53% | 14.61% | 14.61% | — | — | — | 7.65% | — |
| Target Retirement 2070 Composite Index | -1.50% | 14.92% | 14.92% | 4.72% | 9.45% | 9.08% | — | — |
| <i>excess return</i> | -0.03% | -0.31% | -0.31% | | | | | |

Sources: Vanguard and Morningstar, as of December 31, 2024.