

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

Date June 2025

DEFERRED COMPENSATION PLAN ASSETS

At quarter-end, assets in the Sacramento County 457(b) Plan totaled \$1,769.0 million, increasing \$139.2 million (8.54%) from \$1,629.8 million at the previous quarter-end.

Fidelity Contrafund held the highest percentage of non-target date assets (13.0%), followed by Vanguard Institutional Index (8.6%).

Assets in the Vanguard Target Retirement series totaled \$892.0 million (50.4%) at quarter end; this was an increase of \$61.2 million from \$830.8 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. Additionally, Fidelity Overseas K was removed from the County's watchlist this quarter. 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- and 5-year time periods and 50% of the peer group for the 3- and 5-year time periods. Andrew 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 have 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 second quartile over the past 1- and 10-year periods, in the bottom quartile over the past 3- years, and in the third quartile over the past 5- 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. Carson's internal investment committee 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 recent change to the PM team closely. 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 recent 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- and 5-year periods and below its benchmark for the 3-, 5-, and 10-year periods. 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 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-, 3-, and 5- years and in the second quartile over the past 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, although this has been a benefit to the strategy YTD in 2025, as the fund ranks in the top quartile of peers. 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 both its peers and benchmark for the 3- and 5-year periods. Additionally, the fund scores a 2 Morningstar rating. 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 growth 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.

Fidelity Overseas was removed from the County's watchlist this quarter.

Sources: JPMorgan, Parnassus as of 6/30/2025.

Investment Menu Review – June 2025

Sacramento County 457(b) Plan

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Q2 2025 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

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.

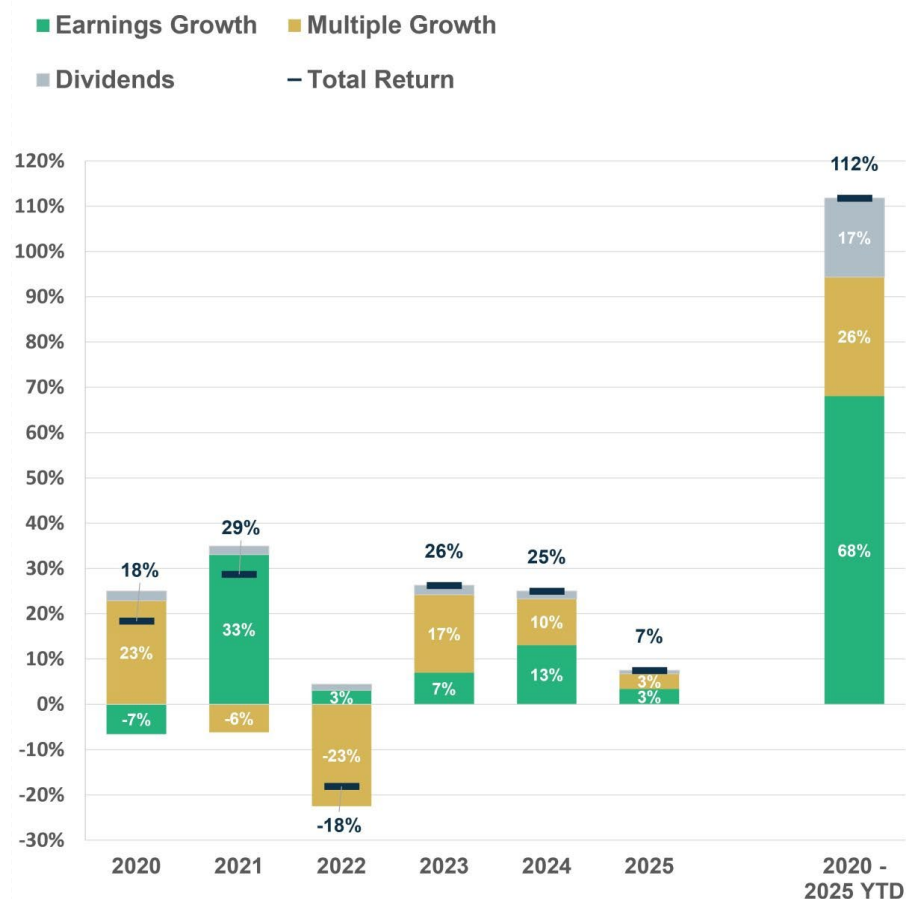
Uncharted Waters

Markets have had an interesting path over the first half of 2025. The ‘Animal Spirits’ our research team was looking for to start the year turned into more of ‘Animal House’, characterized by volatility, uncertainty, and the need for a young Kevin Bacon to yell “Everyone remain calm!”. Despite the topsy-turvy markets, we ended the quarter with all-time highs for the S&P 500, a strong bond market, and international equities going gangbusters. We now enter uncharted waters where policy and economic uncertainty lurk like a marine fog, stubborn and thick. The sun peeks out here and there to lift spirits and show that with a steady hand on the helm, more prosperous seas lie ahead.

Markets remained volatile in Q2 with a number of major inflection points within the quarter, including Liberation Day (April 2nd), postponement of most Liberation Day tariffs (April 8th), the China “deal” (May 12th), Moody’s downgrade of US debt (May 16th), and Middle East tensions (June 13 – 25). Corporate earnings continued to be the main driver of market performance, as they have been for much of the past 5 years, and we ended the quarter in positive territory despite significant uncertainty and volatility.

Profit growth mostly drove returns over the last 5.5 years

S&P 500 Total Return Drivers



Data source: Carson Investment Research, Factset 07/03/2025

Next 12-month data used for earnings and multiples.

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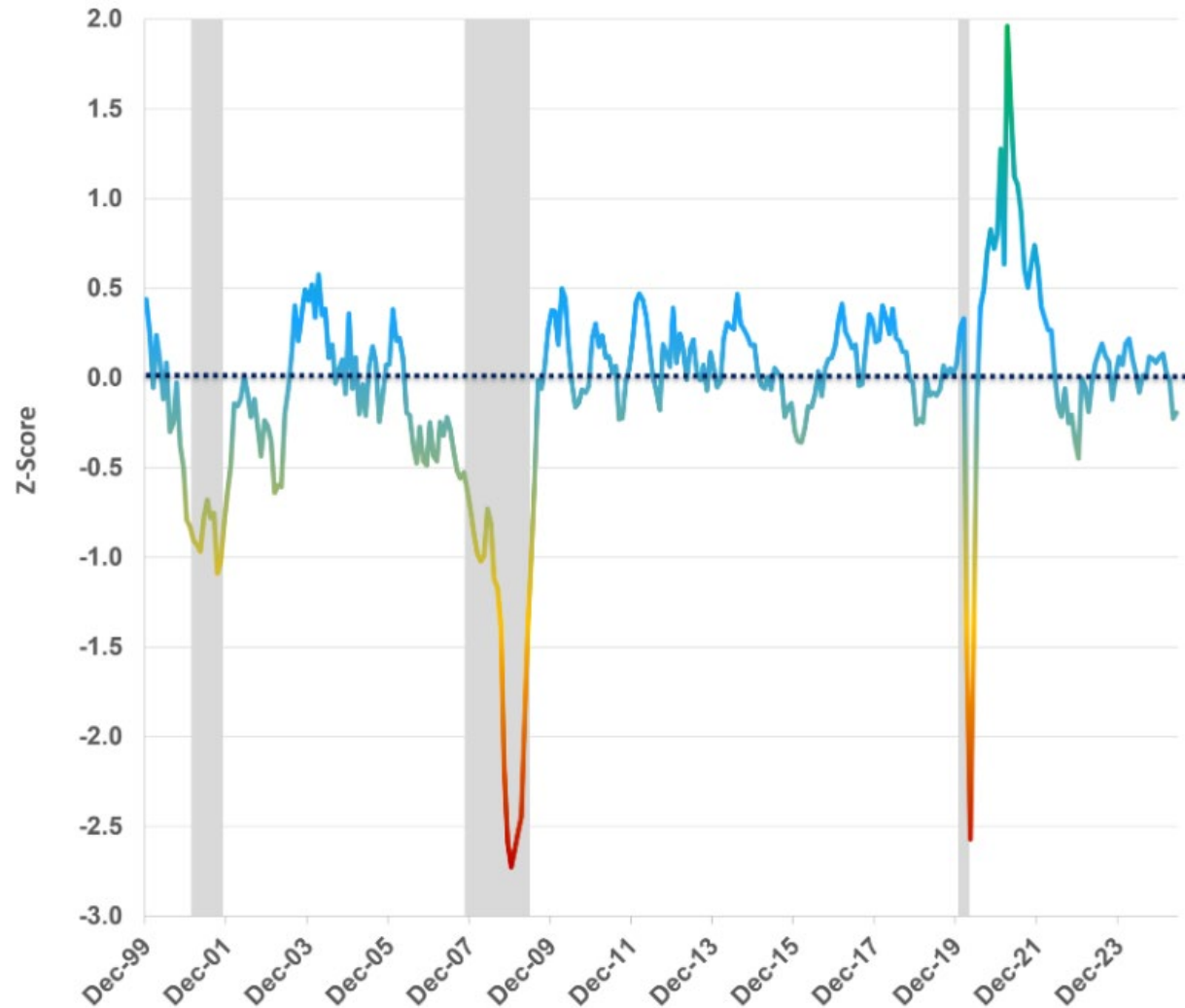


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Economic Outlook

Carson's proprietary Leading Economic Index (LEI) is telling us that economic momentum is slowing and the economy is growing below trend. At the same time, the current level of the LEI is still above levels we would normally associate with a recession, or even just prior to it. The LEI was basically flat from May to June, and the current landscape feels much like mid-2022, where recession fears were elevated, but the economy managed to avoid contraction.

Carson Proprietary Leading Economic Index - USA



Data source: Carson Investment Research 06/30/2025

Shaded areas indicate U.S. recessions

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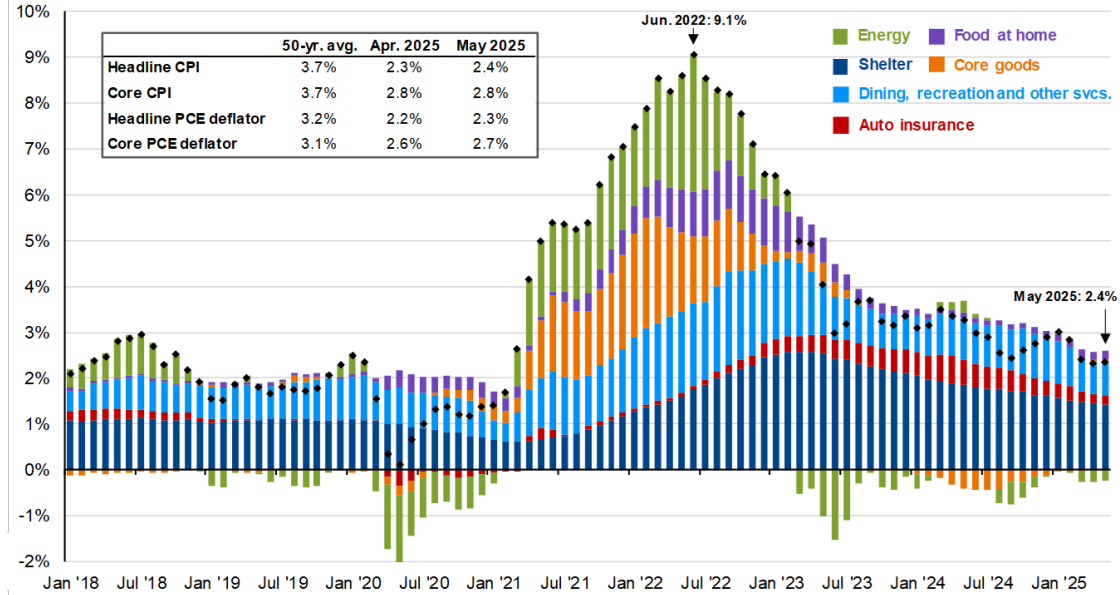


Inflation and the Fed

Inflation continues to be a hot button topic as the impact of tariffs and geopolitical concerns in the energy markets have buoyed inflation expectations, although the true impact of these situations may not be felt in the data for another quarter or two. There is also a concern that the housing market, which has been relatively benign in 2025, could heat back up if mortgage rates were to drop meaningfully in the future.

The FOMC's long run policy rate projection is consistent at 3.00%, with the markets pricing in even higher rates than the FOMC projections well into the future. Markets are currently predicting two rate cuts in 2025 but the expectation for significant cuts in 2026 is growing, especially if the current administration is able to appoint a new Fed chair that is more in-line with their agenda following the end of Powell's term in mid-2026.

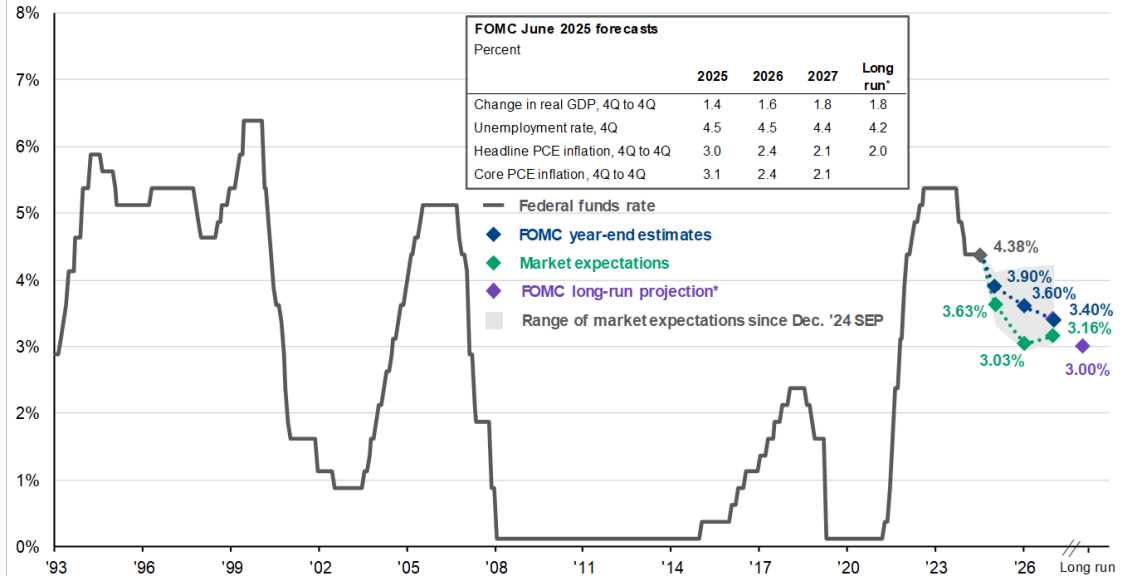
Contributors to headline CPI inflation
Contribution to y/y % change in CPI, non-seasonally adjusted



Source: BLS, FactSet, J.P. Morgan Asset Management. *Guide to the Markets – U.S.* Data are as of June 30, 2025.

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 June 30, 2025.

Asset Class Returns

| 2010-2024 | | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | YTD |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Ann. | Vol. | | | | | | | | | | | | | | | | |
| Large Cap | Sm all Cap | REITs | REITs | REITs | Sm all Cap | REITs | REITs | Sm all Cap | EM Equity | Cash | Large Cap | Sm all Cap | REITs | Com dty. | Large Cap | Large Cap | DM Equity |
| 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% | 19.9% |
| Sm all Cap | EM Equity | Sm all 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 | Sm all Cap | EM Equity |
| 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% | 15.6% |
| REITs | REITs | EM Equity | High Yield | EM Equity | DM Equity | Fixed Income | Fixed Income | Large Cap | Large Cap | REITs | Sm all Cap | Large Cap | Com dty. | High Yield | Sm all Cap | Asset Alloc. | 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% | 7.0% |
| Asset Alloc. | DM Equity | Com dty. | Large Cap | DM Equity | Asset Alloc. | Asset Alloc. | Cash | Com dty. | Sm all Cap | High Yield | DM Equity | Asset Alloc. | Sm all Cap | Fixed Income | Asset Alloc. | High Yield | 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% | 6.8% |
| High Yield | Com dty. | Large Cap | Cash | Sm all Cap | High Yield | Sm all Cap | DM Equity | EM Equity | Asset Alloc. | Large Cap | Asset Alloc. | DM Equity | Asset Alloc. | Asset Alloc. | High Yield | EM Equity | Large Cap |
| 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% | 6.2% |
| 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 | Com dty. | Com dty. |
| 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% | 5.5% |
| EM Equity | Asset Alloc. | Asset Alloc. | Sm all Cap | Asset Alloc. | Cash | High Yield | High Yield | Asset Alloc. | REITs | Sm all Cap | High Yield | High Yield | High Yield | Large Cap | EM Equity | Cash | Fixed Income |
| 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% | 4.0% |
| Fixed Income | High Yield | DM Equity | DM Equity | Fixed Income | Fixed Income | EM Equity | Sm all Cap | Fixed Income | Fixed Income | Com dty. | Fixed Income | Cash | Cash | EM Equity | Fixed Income | REITs | Cash |
| 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% | 2.1% |
| Cash | Fixed Income | Fixed Income | Com dty. | Cash | EM Equity | DM Equity | EM Equity | DM Equity | Com dty. | DM Equity | Com dty. | Com dty. | Fixed Income | Sm all Cap | Cash | DM Equity | REITs |
| 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% | 1.8% |
| Com dty. | Cash | Cash | EM Equity | Com dty. | Com dty. | Com dty. | Com dty. | Cash | Cash | EM Equity | Cash | REITs | EM Equity | REITs | Com dty. | Fixed Income | Sm all Cap |
| -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% | -1.8% |

Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

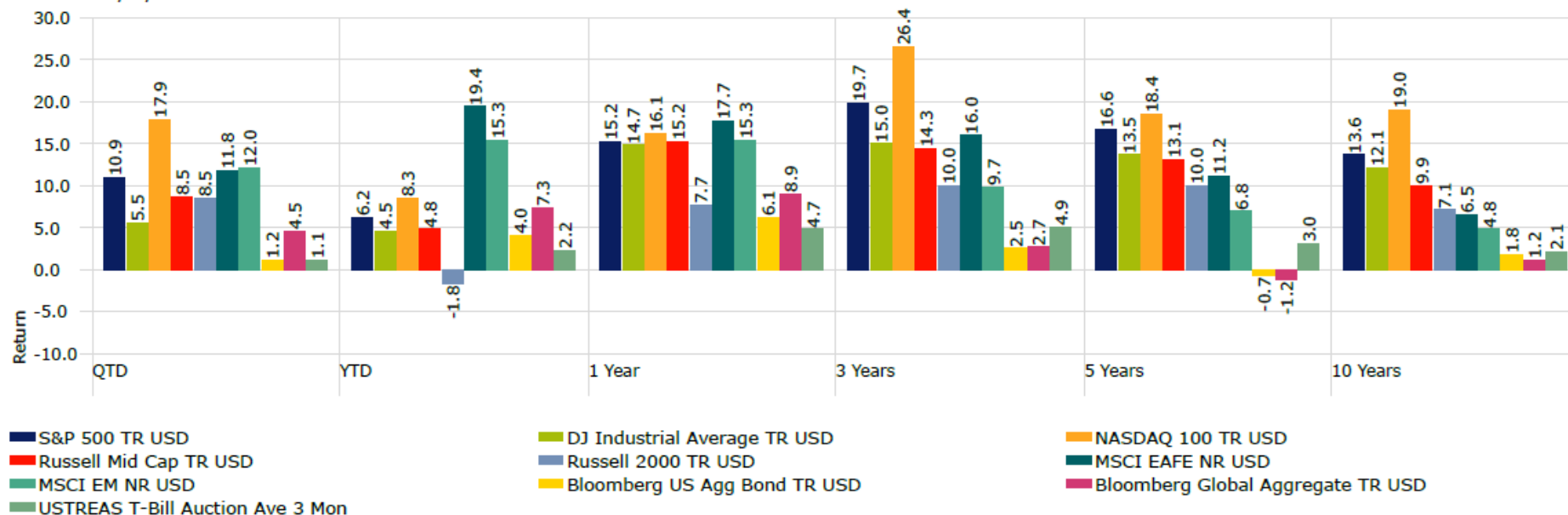
Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg U.S. Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio assumes 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 June 30, 2025.

Markets at a Glance

Returns

As of Date: 6/30/2025



Trailing Returns

As of Date: 6/30/2025 Data Point: Return

| | QTD | YTD | 1 Year | 3 Years | 5 Years | 10 Years |
|-----------------------------------|-------|-------|--------|---------|---------|----------|
| S&P 500 TR USD | 10.94 | 6.20 | 15.16 | 19.71 | 16.64 | 13.65 |
| DJ Industrial Average TR USD | 5.46 | 4.55 | 14.72 | 14.99 | 13.52 | 12.06 |
| NASDAQ 100 TR USD | 17.86 | 8.35 | 16.10 | 26.44 | 18.36 | 18.97 |
| Russell Mid Cap TR USD | 8.53 | 4.84 | 15.21 | 14.33 | 13.11 | 9.89 |
| Russell 2000 TR USD | 8.50 | -1.79 | 7.68 | 10.00 | 10.04 | 7.12 |
| MSCI EAFE NR USD | 11.78 | 19.45 | 17.73 | 15.97 | 11.16 | 6.51 |
| MSCI EM NR USD | 11.99 | 15.27 | 15.29 | 9.70 | 6.81 | 4.81 |
| Bloomberg US Agg Bond TR USD | 1.21 | 4.02 | 6.08 | 2.55 | -0.73 | 1.76 |
| Bloomberg Global Aggregate TR USD | 4.52 | 7.27 | 8.91 | 2.75 | -1.16 | 1.17 |
| USTREAS T-Bill Auction Ave 3 Mon | 1.10 | 2.20 | 4.72 | 4.89 | 3.01 | 2.08 |

Source: Morningstar Direct June 30, 2025. 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:

U.S. markets bounced back strongly after a tough first week of Q2, ending the quarter in positive territory across the board. The initial shock of 'Liberation Day' tariffs set the tone for a volatile quarter. While much of the sweeping initial reciprocal tariffs were subsequently walked back, investor uncertainty about the remaining tariffs or the risk of further tariffs being added led to heightened volatility and decreased investor sentiment. Despite the headline risk, markets ended the quarter on a positive note and were at or near all-time highs by the end of June on the back of strong corporate earnings.

International Equities:

Foreign markets performed very well over the first half of the year, driven in part by restrictive U.S. trade policies that caused a rotation into new markets. The U.S. Dollar had its worst first half of the year since 1973, which was a tailwind to investors of international equities. Significant geopolitical concerns (Ukraine/Russia and Israel/Iran) dampened the backdrop for foreign markets, but these concerns were largely outweighed by strong equity market performance.

Fixed Income:

Bond markets have had an up and down year, with higher interest rates acting as a ballast to performance for investors despite concerns over inflation and long-term growth prospects. The Fed continued to hold rates heightened and steady on the short end of the curve as a reaction against potential tariff-related inflation and appears to be bracing for a stagflationary environment. Longer-term rates crept higher at times during the quarter due to recessionary fears lowering growth expectations, especially in the U.S.



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Additional risks are associated with international investing, such as currency fluctuations, political and economic stability, and differences in accounting standards.

The return and principal value of bonds fluctuate with changes in market conditions. If bonds are not held to maturity, they may be worth more or less than their original value.

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 | % | 3/31/2025 | Net Increases/Decreases | 6/30/2025 | % |
|--|--------------|------------------------|-------------------------|------------------------|--------------|
| US Large Cap | 23.9% | \$388,973,745 | \$52,303,340 | \$441,277,085 | 24.9% |
| Parnassus Core Equity Institutional | 1.6% | \$25,859,720 | \$2,307,362 | \$28,167,082 | 1.6% |
| Vanguard Institutional Index Instl PI | 8.1% | \$131,500,108 | \$20,946,163 | \$152,446,271 | 8.6% |
| Fidelity Contrafund Commingled PI A | 12.3% | \$199,849,431 | \$29,258,961 | \$229,108,391 | 13.0% |
| JPMorgan Equity Income R6 | 1.9% | \$31,764,486 | (\$209,145) | \$31,555,341 | 1.8% |
| US Mid Cap | 2.2% | \$36,448,651 | \$4,501,906 | \$40,950,557 | 2.3% |
| Vanguard Extended Market Index Instl | 2.2% | \$36,448,651 | \$4,501,906 | \$40,950,557 | 2.3% |
| US Small Cap | 0.9% | \$14,401,136 | \$259,944 | \$14,661,080 | 0.8% |
| JPMorgan Small Cap Equity R6 | 0.9% | \$14,401,136 | \$259,944 | \$14,661,080 | 0.8% |
| Foreign | 3.5% | \$56,771,124 | \$6,027,699 | \$62,798,823 | 3.5% |
| Vanguard Total Intl Stock Index Instl | 2.2% | \$35,158,447 | \$3,400,782 | \$38,559,228 | 2.2% |
| Fidelity Overseas K | 1.3% | \$21,612,677 | \$2,626,917 | \$24,239,594 | 1.4% |
| Fixed Income | 6.2% | \$100,317,733 | (\$2,296,834) | \$98,020,899 | 5.5% |
| Vanguard Total Bond Market Index I | 1.3% | \$21,486,204 | (\$5,046,400) | \$16,439,804 | 0.9% |
| Baird Core Plus Bond Inst | 2.3% | \$38,243,849 | \$4,835,430 | \$43,079,279 | 2.4% |
| Galliard Stable Value Fund E | 2.5% | \$40,587,680 | (\$2,085,863) | \$38,501,816 | 2.2% |
| Specialty Options | 12.4% | \$202,097,862 | \$17,259,580 | \$219,357,442 | 12.4% |
| Fidelity Inv MM Fds Government Instl | 4.2% | \$68,336,648 | (\$1,011,419) | \$67,325,229 | 3.8% |
| Self Directed Account | 8.2% | \$133,761,213 | \$18,271,000 | \$152,032,213 | 8.6% |
| Target Date Funds | 51.0% | \$830,810,468 | \$61,176,534 | \$891,987,003 | 50.4% |
| Vanguard Target Retirement Income Trust Plus | 4.3% | \$69,841,400 | \$1,588,922 | \$71,430,322 | 4.0% |
| Vanguard Target Retirement 2020 Trust Plus | 4.6% | \$74,228,180 | \$1,522,838 | \$75,751,018 | 4.3% |
| Vanguard Target Retirement 2025 Trust Plus | 6.5% | \$105,313,467 | \$1,576,125 | \$106,889,593 | 6.0% |
| Vanguard Target Retirement 2030 Trust Plus | 7.6% | \$124,475,745 | \$8,453,991 | \$132,929,736 | 7.5% |
| Vanguard Target Retirement 2035 Trust Plus | 8.2% | \$133,905,607 | \$10,881,706 | \$144,787,314 | 8.2% |
| Vanguard Target Retirement 2040 Trust Plus | 7.0% | \$114,449,087 | \$11,559,768 | \$126,008,854 | 7.1% |
| Vanguard Target Retirement 2045 Trust Plus | 4.9% | \$80,593,067 | \$8,661,810 | \$89,254,876 | 5.0% |
| Vanguard Target Retirement 2050 Trust Plus | 3.4% | \$56,130,744 | \$6,388,817 | \$62,519,561 | 3.5% |
| Vanguard Target Retirement 2055 Trust Plus | 2.4% | \$38,791,010 | \$4,212,081 | \$43,003,091 | 2.4% |
| Vanguard Target Retirement 2060 Trust Plus | 1.4% | \$22,260,794 | \$4,129,260 | \$26,390,054 | 1.5% |
| Vanguard Target Retirement 2065 Trust Plus | 0.5% | \$8,729,821 | \$1,731,118 | \$10,460,939 | 0.6% |
| Vanguard Target Retirement 2070 Trust Plus | 0.1% | \$2,091,546 | \$470,100 | \$2,561,646 | 0.1% |
| Total | 100% | \$1,629,820,719 | \$139,232,169 | \$1,769,052,888 | 100% |

8.54%

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 | 5 | 17.11 | 20.88 | 28.11 | 17.89 | 16.10 | |
| +/- Benchmark | | | 6.17 | 5.72 | 8.40 | 1.25 | 2.45 | |
| Peer Group Percentile | | | 54 | 16 | 13 | 14 | 16 | |
| Large Value | | | | | | | | |
| JPMorgan Equity Income R6 | Russell 1000 Value TR USD | 3 | 3.44 | 13.74 | 10.73 | 13.42 | 10.16 | W |
| +/- Benchmark | | | -0.34 | 0.04 | -2.03 | -0.51 | 0.98 | |
| Peer Group Percentile | | | 60 | 35 | 77 | 64 | 28 | |
| Large Blend | | | | | | | | |
| Parnassus Core Equity Institutional | S&P 500 TR USD | 4 | 9.87 | 13.58 | 17.63 | 15.54 | 13.16 | W |
| +/- Benchmark | | | -1.07 | -1.59 | -2.08 | -1.10 | -0.48 | |
| Peer Group Percentile | | | 62 | 52 | 60 | 52 | 25 | |
| Small Blend | | | | | | | | |
| JPMorgan Small Cap Equity R6 | Russell 2000 TR USD | 2 | 4.80 | 6.11 | 8.41 | 9.32 | 8.13 | W |
| +/- Benchmark | | | -3.70 | -1.58 | -1.59 | -0.71 | 1.00 | |
| Peer Group Percentile | | | 78 | 52 | 71 | 88 | 26 | |
| Foreign Large Blend | | | | | | | | |
| Fidelity Overseas K | MSCI EAFE (Net MA) | 4 | 12.98 | 17.26 | 17.20 | 10.76 | 8.12 | |
| +/- Benchmark | | | 1.03 | -0.80 | 0.95 | -0.65 | 1.38 | |
| Peer Group Percentile | | | 51 | 36 | 18 | 13 | 23 | |

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 | 1.42 | 6.57 | 3.76 | 0.23 | 2.53 | |
| +/- Benchmark | | | 0.02 | 0.06 | 0.48 | 0.38 | 0.42 | |
| Peer Group Percentile | | | 46 | 38 | 31 | 44 | 21 | |
| Stable Value | | | | | | | | |
| Galliard Stable Return Fund E | 50% FTSE 3-Mo T-Bill + 50% ICE BofA 1-3Y Trsy | 4 | 0.76 | 3.10 | 2.78 | 2.41 | 2.17 | |
| +/- Benchmark | | | -0.38 | -2.18 | -1.30 | 0.29 | 0.36 | |
| Peer Group Percentile | | | | | | | | |

Sources: JPMorgan, Parnassus, TCW, as of 6/30/2025.

Index Fund Performance

| Index Fund | Prospectus Benchmark | Return | | | | | Action |
|---------------------------------------|--|--------|--------|---------|---------|----------|--------|
| | | QTR | 1 Year | 3 Years | 5 Years | 10 Years | |
| Large Blend | | | | | | | |
| Vanguard Institutional Index Instl PI | S&P 500 TR USD | 10.94 | 15.14 | 19.69 | 16.62 | 13.63 | |
| +/- Benchmark | | -0.01 | -0.03 | -0.02 | -0.02 | -0.01 | |
| Peer Group Percentile | | 40 | 27 | 22 | 19 | 8 | |
| Mid Blend | | | | | | | |
| Vanguard Extended Market Index Instl | S&P Completion TR USD | 12.17 | 15.60 | 15.26 | 11.64 | 9.18 | |
| +/- Benchmark | | 0.01 | 0.03 | 0.19 | 0.14 | 0.14 | |
| Peer Group Percentile | | 11 | 15 | 16 | 75 | 39 | |
| Foreign Large Blend | | | | | | | |
| Vanguard Total Intl Stock Index I | FTSE Global All Cap ex US (USA) NR USD | 12.11 | 18.33 | 13.84 | 10.31 | 6.31 | |
| +/- Benchmark | | -0.32 | 0.47 | -0.14 | -0.09 | -0.03 | |
| Peer Group Percentile | | 39 | 50 | 75 | 62 | 52 | |
| Intermediate-Term Bond | | | | | | | |
| Vanguard Total Bond Market Index I | Bloomberg US Agg Float Adj TR USD | 1.30 | 6.05 | 2.61 | -0.73 | 1.77 | |
| +/- Benchmark | | 0.08 | -0.01 | 0.00 | -0.02 | -0.03 | |
| Peer Group Percentile | | 37 | 47 | 52 | 57 | 43 | |

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 Information | Fund |
|----------------------------|----------|
| Fund Assets | \$16.32B |
| Avg Credit Quality (S&P) | AAA |
| # of Wrap Providers | 9 |
| Blended Yield (after fees) | 3.03% |
| Effective Duration | 3.02 Yrs |
| Market-to-Book | 97.0% |

Expenses

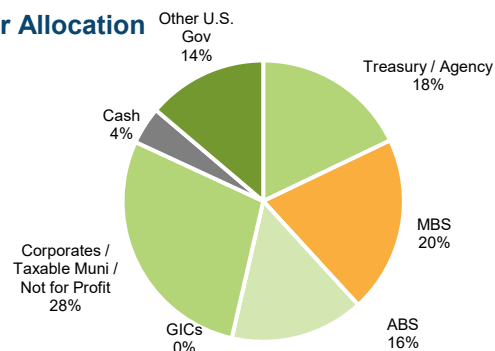
| | |
|----------------------|-------|
| Total Fund Expenses* | 0.32% |
|----------------------|-------|

*fees as of 6/30/2025

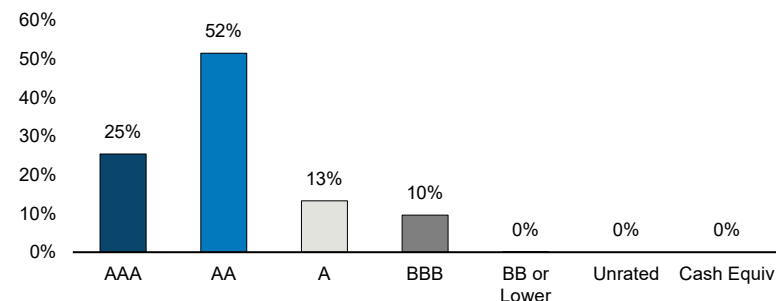
| Annualized Performance | | 2Q25 | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|--|-------|-------|--------|--------|--------|---------|
| Galliard Stable Value Fund E (after fees) | | 0.76% | 1.50% | 3.10% | 2.78% | 2.41% | 2.17% |
| Benchmark** | | 1.14% | 2.50% | 5.28% | 4.09% | 2.13% | 1.81% |
| FTSE 3-Month T-Bill | | 1.09% | 2.21% | 4.88% | 4.75% | 2.88% | 2.01% |

| 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 | | 2.89% | 3.35% | 6.45% | 7.04% | 1.36% | 2.29% | 1.67% | 2.11% | 2.07% | 0.73% |

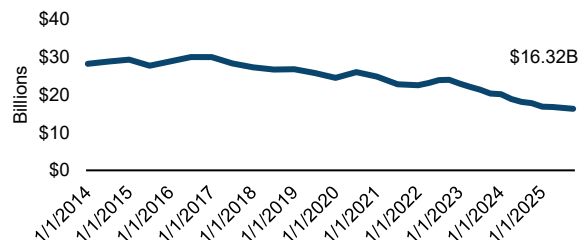
Sector Allocation



Credit Quality



Fund Assets



Issuer

| Issuer | % of Fund | S&P Rating |
|------------------------------------|-----------|------------|
| American General Life Ins. Co. | 14.1% | A+ |
| Prudential Ins. Co. of America | 14.0% | AA- |
| Royal Bank of Canada | 13.6% | AA- |
| Metropolitan Tower Life Ins. Co. | 12.9% | AA- |
| Nationwide Life Ins. Co. | 9.8% | A+ |
| Pacific Life Ins. Co. | 9.8% | AA- |
| TransAmerica Life Ins. Co. | 9.1% | A+ |
| Massachusetts Mutual Life Ins. Co. | 8.6% | AA+ |
| State Street Bank and Trust Co. | 5.4% | AA- |

Source: NWCM, Galliard, as of 6/30/2025

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

Target Date Performance

| Portfolio/Benchmark | Q2 2025 | YTD | 1 year | 3 years | 5 years | 10 years | Since inception | Inception date |
|---|---------------|---------------|---------------|---------------|---------------|--------------|-----------------|------------------|
| Vanguard Target Retirement Income Trust Plus | 4.58% | 5.98% | 9.68% | 7.37% | 4.52% | 4.77% | 5.05% | 6/22/2007 |
| Target Retirement Income Composite Index | 4.61% | 5.87% | 9.60% | 7.50% | 4.65% | 4.92% | -- | -- |
| <i>excess return</i> | -0.03% | 0.11% | 0.07% | -0.13% | -0.14% | -0.15% | | |
| Vanguard Target Retirement 2020 Trust Plus | 5.15% | 6.33% | 10.30% | 8.72% | 6.22% | 6.14% | 7.17% | 6/22/2007 |
| Target Retirement 2020 Composite Index | 5.19% | 6.20% | 10.22% | 8.86% | 6.38% | 6.32% | -- | -- |
| <i>excess return</i> | -0.04% | 0.13% | 0.08% | -0.14% | -0.16% | -0.18% | | |
| Vanguard Target Retirement 2025 Trust Plus | 6.65% | 7.37% | 11.78% | 10.48% | 7.57% | 6.99% | 8.01% | 6/28/2007 |
| Target Retirement 2025 Composite Index | 6.71% | 7.18% | 11.69% | 10.66% | 7.76% | 7.18% | -- | -- |
| <i>excess return</i> | -0.06% | 0.19% | 0.10% | -0.18% | -0.19% | -0.20% | | |
| Vanguard Target Retirement 2030 Trust Plus | 7.67% | 7.94% | 12.67% | 11.69% | 8.66% | 7.61% | 8.70% | 6/28/2007 |
| Target Retirement 2030 Composite Index | 7.74% | 7.73% | 12.58% | 11.90% | 8.86% | 7.82% | -- | -- |
| <i>excess return</i> | -0.07% | 0.21% | 0.09% | -0.21% | -0.21% | -0.20% | | |
| Vanguard Target Retirement 2035 Trust Plus | 8.40% | 8.45% | 13.42% | 12.78% | 9.75% | 8.24% | 9.37% | 6/28/2007 |
| Target Retirement 2035 Composite Index | 8.47% | 8.22% | 13.32% | 12.97% | 9.94% | 8.43% | -- | -- |
| <i>excess return</i> | -0.07% | 0.24% | 0.11% | -0.19% | -0.20% | -0.19% | | |
| Vanguard Target Retirement 2040 Trust Plus | 9.10% | 8.93% | 14.16% | 13.84% | 10.80% | 8.82% | 9.93% | 6/28/2007 |
| Target Retirement 2040 Composite Index | 9.18% | 8.68% | 14.02% | 14.03% | 11.01% | 9.03% | -- | -- |
| <i>excess return</i> | -0.08% | 0.26% | 0.13% | -0.18% | -0.21% | -0.20% | | |
| Vanguard Target Retirement 2045 Trust Plus | 9.78% | 9.38% | 14.83% | 14.88% | 11.86% | 9.34% | 10.31% | 6/28/2007 |
| Target Retirement 2045 Composite Index | 9.87% | 9.11% | 14.71% | 15.08% | 12.08% | 9.56% | -- | -- |
| <i>excess return</i> | -0.09% | 0.26% | 0.12% | -0.20% | -0.22% | -0.22% | | |
| Vanguard Target Retirement 2050 Trust Plus | 10.59% | 10.00% | 15.65% | 15.67% | 12.32% | 9.57% | 10.48% | 6/28/2007 |
| Target Retirement 2050 Composite Index | 10.76% | 9.78% | 15.60% | 15.89% | 12.56% | 9.80% | -- | -- |
| <i>excess return</i> | -0.16% | 0.23% | 0.05% | -0.22% | -0.24% | -0.23% | | |
| Vanguard Target Retirement 2055 Trust Plus | 10.59% | 10.00% | 15.62% | 15.67% | 12.32% | 9.56% | 10.63% | 10/5/2010 |
| Target Retirement 2055 Composite Index | 10.76% | 9.78% | 15.60% | 15.89% | 12.56% | 9.80% | -- | -- |
| <i>excess return</i> | -0.17% | 0.22% | 0.03% | -0.23% | -0.24% | -0.24% | | |
| Vanguard Target Retirement 2060 Trust Plus | 10.59% | 10.03% | 15.65% | 15.68% | 12.33% | 9.58% | 10.08% | 3/1/2012 |
| Target Retirement 2060 Composite Index | 10.76% | 9.78% | 15.60% | 15.89% | 12.56% | 9.80% | -- | -- |
| <i>excess return</i> | -0.17% | 0.25% | 0.06% | -0.22% | -0.24% | -0.22% | | |
| Vanguard Target Retirement 2065 Trust Plus | 10.58% | 10.00% | 15.61% | 15.67% | 12.32% | -- | 10.56% | 7/21/2017 |
| Target Retirement 2065 Composite | 10.76% | 9.78% | 15.60% | 15.89% | 12.56% | 9.80% | -- | -- |
| <i>excess return</i> | -0.18% | 0.22% | 0.02% | -0.22% | -0.24% | | | |
| Vanguard Target Retirement 2070 Trust Plus | 10.55% | 10.01% | 15.64% | 15.70% | -- | -- | 9.63% | |
| Target Retirement 2070 Composite Index | 10.76% | 9.78% | 15.60% | 15.89% | 12.56% | 9.80% | -- | -- |
| <i>excess return</i> | -0.20% | 0.23% | 0.04% | -0.19% | | | | |

Sources: Vanguard and Morningstar, as of June 30, 2025.