pfm asset management

Town of Leesburg OPEB Trust

Investment Performance Review
For the Quarter Ended September 30, 2024

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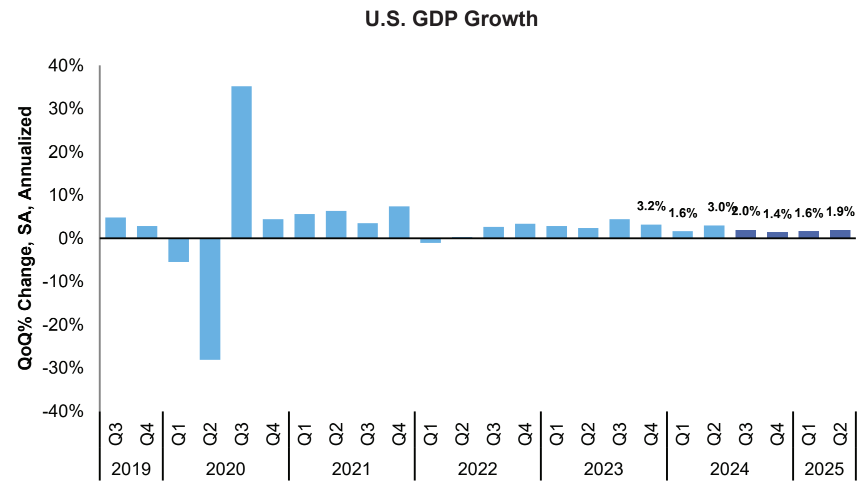
Financial Markets & Investment Strategy Positioning

	QTD	Year to Date	One Year	Three Years	Five Years	Seven Years	Ten Years
DOMESTIC EQUITY							
S&P 500 (TR)	5.89%	22.08%	36.19%	11.88%	15.91%	14.44%	13.33%
Russell 3000	6.23%	20.63%	35.04%	10.26%	15.20%	13.69%	12.78%
Russell 1000 Growth	3.19%	24.55%	42.00%	11.99%	19.66%	18.14%	16.46%
Russell 1000	6.08%	21.18%	35.52%	10.80%	15.58%	14.13%	13.06%
Russell 1000 Value	9.43%	16.68%	27.64%	9.00%	10.65%	9.50%	9.20%
Russell Midcap	9.21%	14.63%	29.20%	5.74%	11.25%	10.44%	10.16%
Russell Midcap Growth	6.54%	12.91%	29.21%	2.31%	11.43%	11.84%	11.26%
Russell Midcap Value	10.08%	15.08%	28.89%	7.37%	10.29%	8.79%	8.90%
Russell 2000 Growth	8.41%	13.22%	27.54%	-0.35%	8.78%	7.57%	8.92%
Russell 2000	9.27%	11.17%	26.65%	1.84%	9.35%	7.34%	8.75%
Russell 2000 Value	10.15%	9.22%	25.77%	3.76%	9.25%	6.58%	8.19%
INTERNATIONAL EQUITY							
MSCI EAFE	7.26%	12.99%	24.66%	5.47%	8.17%	5.97%	5.69%
MSCI AC World	6.61%	18.66%	31.62%	8.07%	12.14%	10.20%	9.35%
MSCI AC World ex-USA	8.06%	14.21%	25.24%	4.13%	7.56%	5.42%	5.20%
MSCI AC World ex-USA Small Cap	8.90%	11.93%	23.15%	1.39%	8.18%	5.18%	6.05%
MSCI EM (Emerging Markets)	8.72%	16.86%	25.94%	0.40%	5.73%	3.64%	4.01%
ALTERNATIVES							
FTSE Nareit/Equity REITs - INV	16.09%	15.93%	34.58%	5.06%	5.43%	6.95%	7.80%
MSCI US REIT INDEX	16.12%	15.84%	34.23%	4.97%	5.45%	6.94%	7.74%
FTSE Global Core Infrastructure 50/50 Index	13.59%	16.20%	28.68%	6.69%	5.22%	6.16%	6.33%
Bloomberg Commodity Index	0.68%	5.86%	0.95%	3.65%	7.76%	4.85%	0.03%
FIXED INCOME							
Bloomberg U.S. Aggregate	5.20%	4.45%	11.52%	-1.38%	0.33%	1.47%	1.84%
Bloomberg U.S. Government/Credit	5.10%	4.39%	11.27%	-1.50%	0.41%	1.63%	1.99%
Bloomberg U.S. Intermediate Government/Credit	4.17%	4.68%	9.41%	0.17%	1.25%	1.89%	1.96%
Bloomberg U.S. Treasury (1-3 Y)	2.91%	4.13%	6.76%	1.26%	1.48%	1.67%	1.40%
ICE BofA U.S. High Yield	5.31%	8.05%	15.62%	3.07%	4.53%	4.55%	4.94%
Bloomberg Global Aggregate ex-USD	8.52%	2.81%	12.23%	-4.40%	-1.85%	-0.80%	-0.50%
CASH EQUIVALENT							
Bloomberg 3 Month T-Bill	1.38%	4.06%	5.48%	3.56%	2.36%	2.25%	1.67%

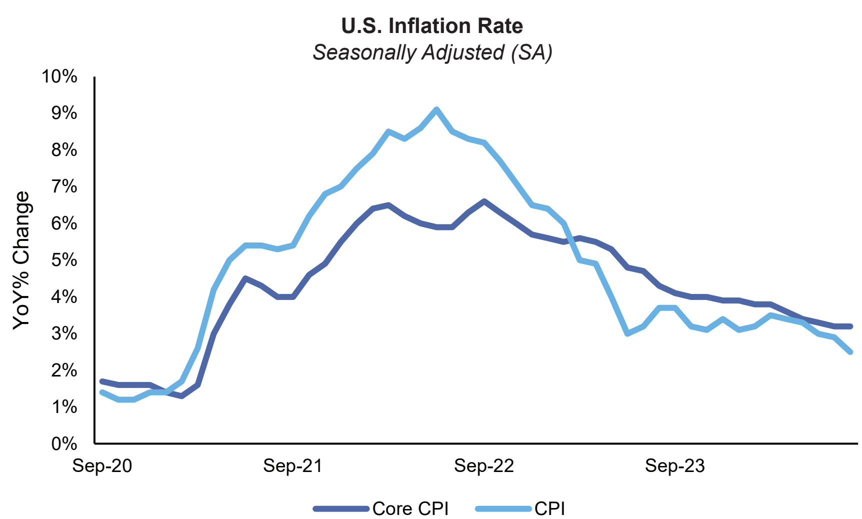
Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

THE ECONOMY

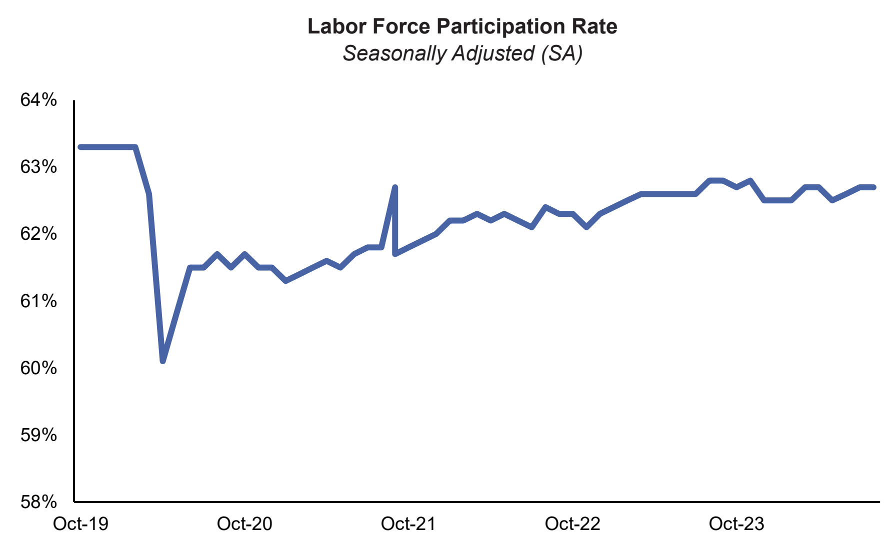
- In the second quarter, U.S. gross domestic product (GDP) grew at an annualized rate of 3.0%, nearly double the 1.6% recorded in the first quarter of 2024, pointing to a still resilient economy. Within this reading, we saw domestic demand remain strong at 2.8% growth. The U.S. economy once again outperformed many other developed markets including the United Kingdom, which grew 1.8%; Japan, which grew 2.9%; and the Euro Area, which grew a meager 1.1% in the second quarter.
- The U.S. unemployment rate ended the quarter at 4.1%, in line with the end of second quarter, but still relatively higher than the 3.7% low at the beginning of the year. While the labor market appears to be cooling overall, there are several signs pointing to continued health as jobless claims remain firmly below their long-term averages and layoff rates continue to hold very low.
- Inflation continued to moderate in the second quarter. Headline inflation (CPI) grew at a year-over-year rate of 2.5% in August, down from the 3.0% growth in June. Core CPI, which excludes volatile food and energy, eased to a three year low of 3.2%. Both mark the lowest readings in more than three years and point to the progress made toward the Federal Reserve's (Fed) inflation target of 2%.



Source: Bloomberg. Light blue bars indicate actual numbers; dark blue bars indicate forecasted estimates.



Source: Bureau of Labor Statistics.



Source: Bureau of Labor Statistics.

WHAT WE'RE WATCHING

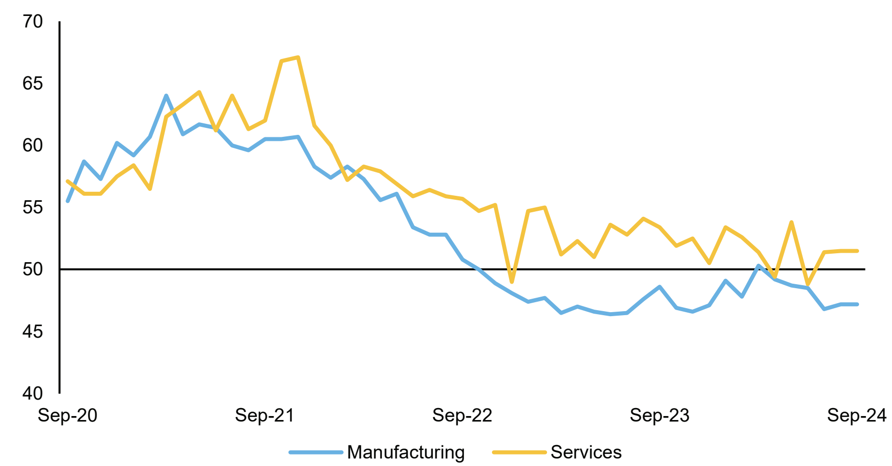
► The Fed cut the overnight rate by 50 basis points (bps) (0.50%) to a new target range of 4.75% to 5.00% at its September 18 meeting, marking the first rate cut in more than four years. Looking forward, the Fed's updated "dot plot" points to an additional 50 bps of rate cuts by the end of 2024 and 100 bps of cuts in 2025. Outside of the U.S., other major central banks also made rate changes during the quarter, with the European Central Bank (ECB) cutting rates and the Bank of Japan (BOJ) hiking rates for the second time this year.

► U.S. manufacturing activity dipped back into contraction during the second quarter, with the ISM U.S. Manufacturing PMI reading at 47.2 in September, signaling weak demand. The services sector crept up into expansion territory, with the Services PMI rising to 51.5 in September.

► Consumer confidence, as measured by the University of Michigan's Consumer Sentiment survey, rose in September after a dip earlier in the quarter, and ended at 70.1, up from the 68.2 reading at the end of the first quarter.

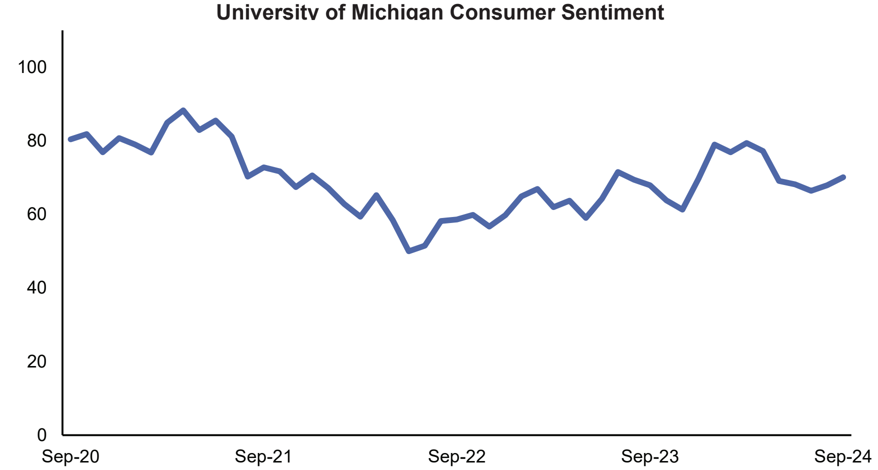
► In response to the weakness across the economy, China's central bank unveiled several new monetary and fiscal policies to restore consumer confidence and boost growth. They include lowering bank reserve requirements, cutting its key policy rate, and pledging support to relieve local government debt, among other measures.

U.S. ISM Manufacturing & Services PMI



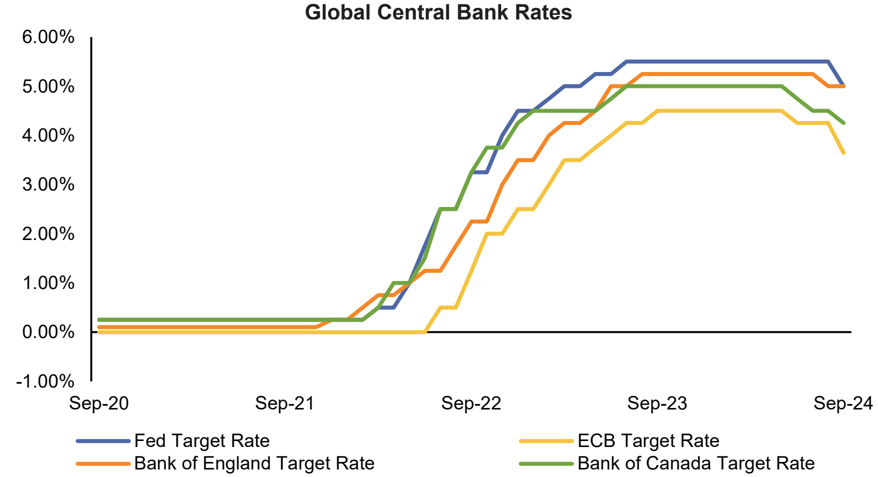
Source: Bloomberg.

University of Michigan Consumer Sentiment



Source: Bloomberg.

Global Central Bank Rates



Source: Bloomberg.

DOMESTIC EQUITY

▶ The S&P 500 Index (S&P) posted a 5.9% return for the third quarter of 2024. As of September 30, 2024, the trailing one-year return for the index was 36.2%.

▶ During the quarter, equity performance broadened beyond mega-cap stocks as the S&P 500 equal-weighted index outperformed its capitalization-weighted counterpart. Across market cap segments, value indices outperformed growth indices for the quarter.

▶ Within S&P 500, only one of 11 GICS sectors posted negative returns over the quarter. The worst performing sectors were Energy (-2.3%), Information Technology (1.6%), and Communication Services (1.7%). The best performing sectors were Utilities (19.4%), Real Estate (17.2%), and Industrials (11.6%).

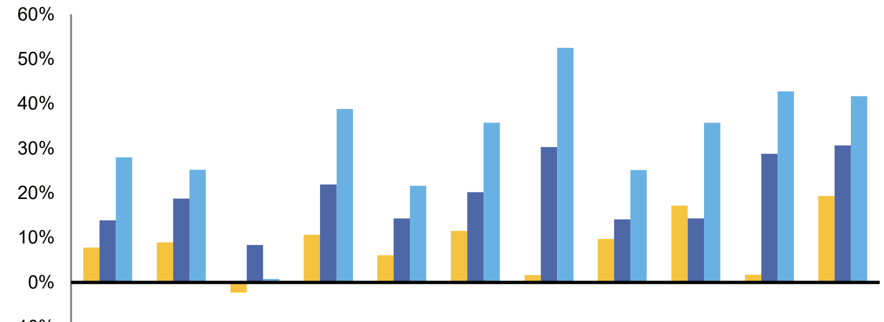
▶ Small-caps, as represented by the Russell 2000 Index, returned 9.3% during the quarter, and outperformed both mid-caps and large-caps. The Russell Midcap and Russell 1000 indices returned 9.2% and 6.1%, respectively.

▶ According to FactSet Earnings Insight (as of September 27, 2024), the expected year-over-year earnings growth rate for the S&P 500 for Q3 2024 was 4.6%, down from the June 30 estimate of 7.8%. At the sector level, Energy (-0.6% to -18.3%) and Materials (7.6% to -1.9%) saw the biggest downward revisions in YoY earnings growth estimates from June 30 to September 27. Conversely, the only sectors revised upward during this period were Information Technology (15.2% to 15.6%) and Communication Services (10.0% to 10.4%).

▶ As of the end of the quarter, the S&P 500 forward P/E (price-to-earnings) ratio was 26.0, above its five-year average of 22.7. By comparison, the Russell 2000 had a forward P/E ratio of 19.9, above its five-year average of 17.8.

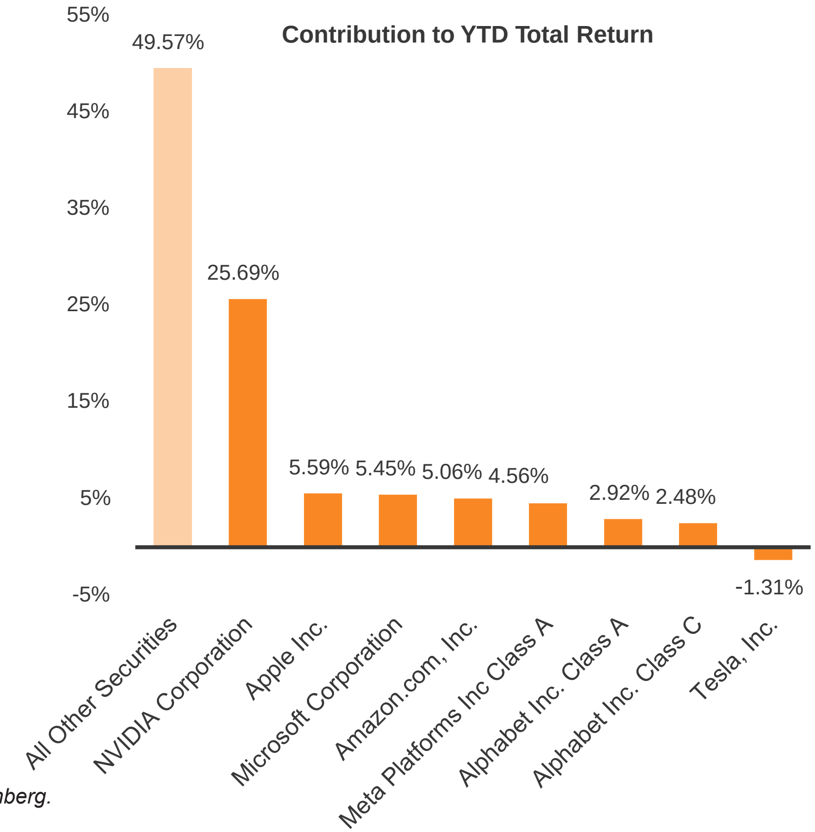
S&P 500 Index Performance by Sector

Periods Ended September 30, 2024



	Consumer Disc.	Consumer Staples	Energy	Financials	H'lthcare	Industrials	Info. Tech	Materials	Real Estate	Telecom	Utilities
QTD	7.80%	8.96%	-2.32%	10.66%	6.07%	11.55%	1.61%	9.70%	17.17%	1.68%	19.37%
YTD	13.91%	18.74%	8.36%	21.90%	14.35%	20.20%	30.31%	14.14%	14.31%	28.81%	30.63%
1 Year	27.97%	25.25%	0.79%	38.82%	21.62%	35.71%	52.50%	25.12%	35.71%	42.78%	41.68%

Source: Bloomberg.



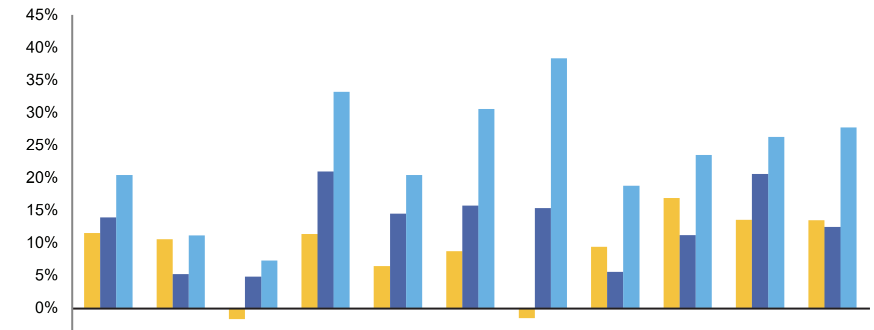
Source: Bloomberg.

NON-U.S. EQUITY

- Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, significantly outperformed their U.S. counterparts, returning 8.06% for the quarter. The weaker dollar was a tailwind to these returns.
- Nine of the 11 sectors posted positive returns for the quarter, with Real Estate (16.90%) leading the way, followed by Communication Services (13.55%) and Utilities (13.41%). Energy (-1.73%) and Information Technology (-1.58%) were the worst performers for the quarter.
- Developed ex-U.S. Markets, as represented by the MSCI EAFE Index, underperformed emerging markets (EM), represented by the MSCI Emerging Market Index, returning 7.26% versus 8.72% for the quarter.
- MSCI Australia (11.32%) outperformed the MSCI EAFE Index on the back of cooling inflation. Of the five largest-weighted countries in the index, MSCI Japan (5.80%) was the worst performer. The surprise July rate hike and subsequent yen's appreciation reduced the prospects of higher profits for Japanese exporters.
- Within EM, EM Asia (9.47%) was the largest contributor to overall returns during the quarter, benefitting from MSCI China's strong return of 23.49%. Chinese equities experienced a sharp rally in September, powered by the injection of additional stimulus. MSCI Korea on the other hand, declined 5.94% during the quarter as the technology sell-off impacted index heavyweights - Samsung and SK Hynix.
- Value stocks outperformed growth stocks for the quarter, as represented by the broad benchmark. MSCI AC World ex-USA Value returned 9.26%, while MSCI AC World ex-USA Growth returned 6.92%. Within EM, growth outperformed value, returning 9.26% versus 8.12%.
- Small-caps, as represented by MSCI ACWI ex-U.S. Small Cap Index, outperformed within the international equity markets, returning 8.90% for the quarter.
- Valuations of non-U.S. equities have moved closer to their long-term average across international equity markets. As of September 30, MSCI EAFE's forward P/E stood at 15.77 versus a five-year average of 16.06. MSCI EM ended the quarter with a forward P/E ratio of 14.02, slightly higher than its five-year average of 13.32.

MSCI ACWI ex-U.S. Sectors

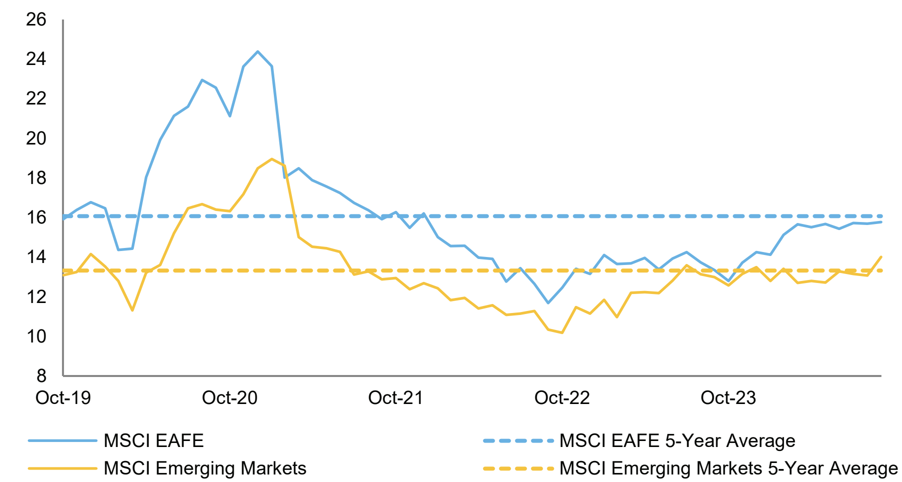
Periods Ended September 30, 2024



	Consumer Disc.	Consumer Staples	Energy	Financials	Healthcare	Industrials	Info Tech	Materials	Real Estate	Telecom	Utilities
QTD	11.52%	10.52%	-1.73%	11.35%	6.40%	8.70%	-1.58%	9.36%	16.90%	13.55%	13.41%
YTD	13.87%	5.19%	4.78%	20.94%	14.49%	15.71%	15.32%	5.55%	11.16%	20.60%	12.46%
1 Year	20.37%	11.12%	7.24%	33.18%	20.40%	30.53%	38.32%	18.77%	23.50%	26.25%	27.70%

Source: Bloomberg.

P/E Ratios of MSCI Equity Indices*



Source: Bloomberg.

**P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.*

FIXED INCOME

► The U.S. bond market, as represented by the Bloomberg U.S. Aggregate (Aggregate) Index, had a strong third quarter, and ended 5.20% higher. The trailing one-year period return is 11.54%.

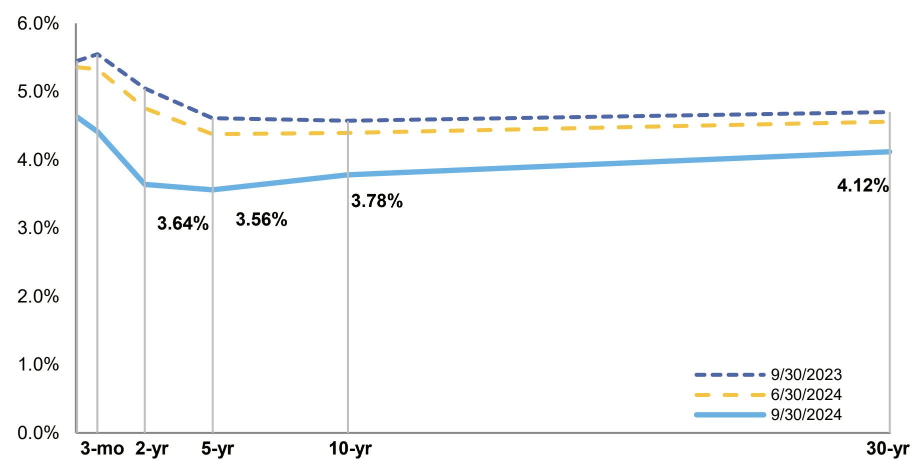
► The Bloomberg U.S. Treasury Index closed the quarter with a gain of 4.74%. During the period, the Federal Open Market Committee (FOMC) initiated its first rate cut of the cycle, lowering the Fed funds Rate by 50 bps. This was more than many market participants had anticipated. Treasury rates beyond the one-year range generally fell during the period. The yield curve steepened during the quarter and dis-inverted for the first time in over two years as the Fed funds rate is targeted at 5.0%. Meanwhile, the 10-year fell to 3.78%, and the 2-year ended at 3.64%.

► Corporate credit had mixed results for the quarter on the falling rates but spots of widening spreads. The investment grade Bloomberg U.S. Corporate (IG Corp) Index gained 5.84% while high yield bonds, as represented by the Bloomberg U.S. Corporate High Yield (HY) Index, gained 1.09%. Spreads tightened in the “CCC” category, but “BB” performed the worst in the high yield category.

► The fixed-rate mortgage market, as measured by the Bloomberg U.S. Mortgage-Backed Securities (MBS) Index, gained 5.53%. On the commercial side, returns were positive, with the Bloomberg U.S. Agency CMBS Index up 4.74%, while the non-agency CMBS index gained 4.55%.

► Emerging market USD sovereign bonds, as represented by the JP Morgan EMBI Global Diversified index, gained 6.15% and were supported by sovereign names. Latin America saw the strongest returns for the quarter.

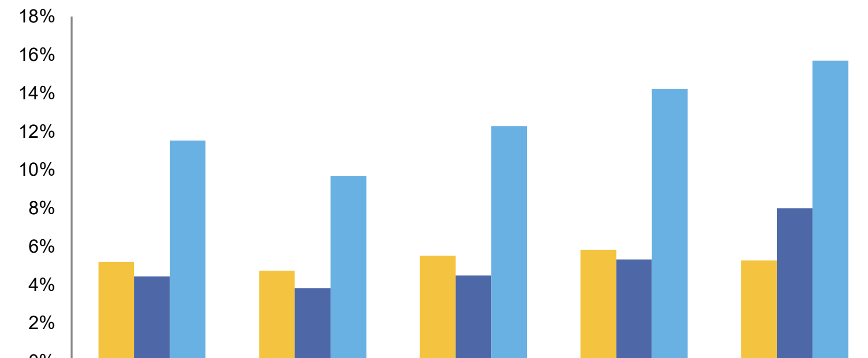
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended September 30, 2024



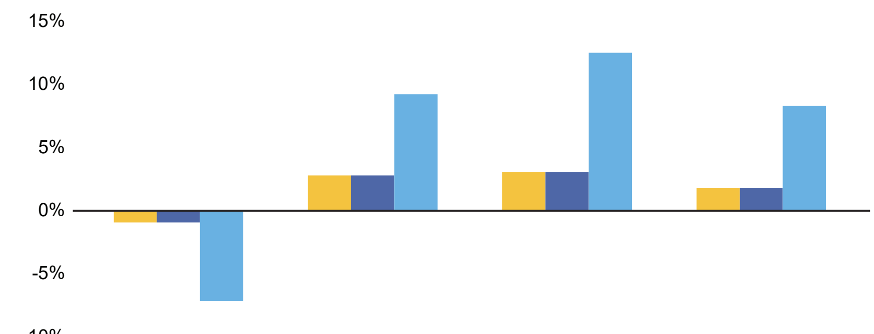
	Blmbg U.S. Aggregate	Blmbg U.S. Treasury	Blmbg U.S. MBS	Blmbg U.S. Corporate	Blmbg U.S. High Yield
QTD	5.20%	4.74%	5.53%	5.84%	5.28%
YTD	4.45%	3.84%	4.50%	5.32%	8.00%
1 Year	11.54%	9.69%	12.28%	14.24%	15.70%

Source: Bloomberg.

ALTERNATIVES

- Public REITs, as measured by the FTSE NAREIT Equity REITs Index, returned 16.09% in the third quarter of 2024, compared to a 0.06% return in the prior quarter. All major sectors saw positive returns. The strong performance can be attributed to expectations of monetary policy easing and falling real interest rates. Private real estate, as measured by the NCREIF Property Index, fell -0.22% in the second quarter of 2024. Weak performance has been driven by property value declines stemming from weak demand and oversupply, primarily within the Office and Apartment sectors. However, value declines are leveling off, and the income component of total returns continues to be positive.
- Listed infrastructure, as measured by the S&P Global Infrastructure Index, gained 13.43% in the third quarter of 2024, compared to a 2.67% increase in the prior quarter. Performance was mostly positive across the major sectors. In the first half of 2024, 25 infrastructure funds raised $42.24 billion, a modest figure despite the broad slowdown seen in private markets fundraising. The asset class has received increased attention in recent years due to its potential to generate resilient, inflation-sensitive returns. Artificial intelligence and its prospective applications across industries have also contributed to the positive sentiment, especially for data center and utilities. According to PitchBook, infrastructure funds posted a return of 2.77% in Q1 2024. The asset class has generated an annualized return of 10.08% for the five years ended Q1 2024.
- In the first half of 2024, 59 private debt funds raised $90.77 billion and rebounded from a slow start to the year. The asset class has performed well relative to public fixed income over the long-term. However, competition between private debt managers and a resurgence of the broadly syndicated loan market against the backdrop of a declining rate environment may keep future asset class returns in check. According to the Cliffwater Direct Lending Index, U.S. middle market loans, a proxy for private debt, posted a return of 3.02% in Q1 2024. The asset class has also generated an annualized return of 9.15% for the five years ended Q1 2024.
- In the first half of 2024, 250 private equity funds raised $295.64 billion, a strong pace despite a challenging macroeconomic environment. Private equity performance has been muted due to high borrowing costs, limited debt availability, and reduced deal flow. Recent trailing performance has lagged public equity indices; however, longer term performance relative to public equities remains strong. According to Cambridge Associates, U.S. private equity posted a return of 1.75% in Q1 2024. The asset class has generated an annualized return of 17.01% for the five years ended Q1 2024.

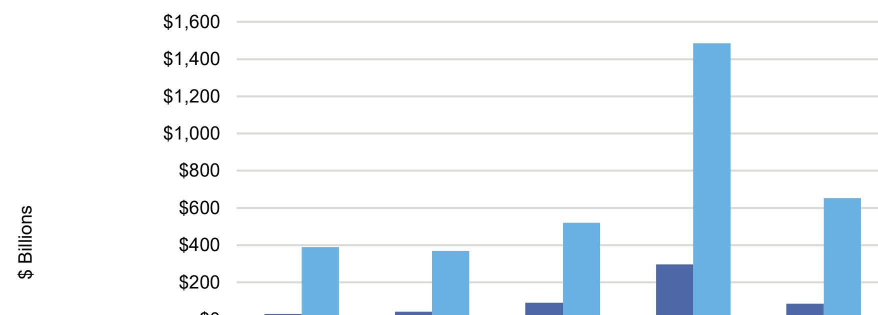
Returns for Private Capital Assets



	Private Real Estate	Infrastructure	Private Debt	Private Equity
QTD	-0.98%	2.77%	3.02%	1.75%
YTD	-0.98%	2.77%	3.02%	1.75%
1 Year	-7.20%	9.19%	12.49%	8.29%

Source: NCREIF, PitchBook, Cliffwater, Cambridge Associates.
As of March 31, 2024, the most recent period for which all index data is available.

Private Capital Fundraising & Dry Powder

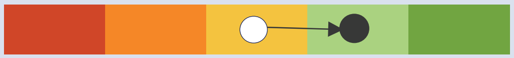


	Private Real Estate***	Private Infrastructure***	Private Debt	Private Equity	Venture Capital
YTD Fundraising ($B)*	$29.55	$42.24	$90.77	$295.64	$84.39
Dry Powder ($B)**	$389.73	$369.11	$520.24	$1,485.13	$652.15

Sources: Pitchbook.
** Total capital raised in 2024 as of June 30, 2024 - most recent period for which ALL fundraising data is available.*
*** Cumulative dry powder as of December 31, 2023, unless specified otherwise.*
**** Excluding open-end, evergreen fund vehicles.*

Factors to Consider Over the Next 6-12 Months

Monetary Policy (Global):



- The Fed has begun its easing cycle with a 50 basis point (bp) cut with expectation of an additional 50 bps in rate cuts by year end.
- The global easing cycle is underway with nearly all major central banks (excluding BoJ) completing multiple rate cuts.

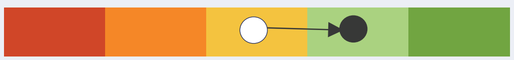
Economic Growth (Global):

- U.S. economic growth remains strong reflecting a consumer who continues to spend at elevated levels.
- Economic growth outside the U.S. remains mixed. China recent stimulus measures are aimed to boost growth, which is conducive to global growth.

Inflation (U.S.):

- Inflation continues its trend lower but has been buoyed by stubborn housing costs. We expect this inflation to further trend lower.
- The broad-based inflation cooling helped fuel the Fed's decision to cut by 50 bps but policy makers note they are not declaring victory on price stability.

Financial Conditions (U.S.):



- The continuation of stable market measures, such as narrow corporate yield spreads, record equity index levels and low volatility, reflect economic confidence.
- We remain focused on the cooling labor market and effects this might have on the consumer as potential catalysts for a broader slow down.

Consumer Spending (U.S.):

- The consumer continues to spend and support economic strength. Upward revisions to the personal savings rate paint the consumer in better light.
- Moderation in the pace of overall spending is expected given slowing wage growth and labor market conditions.

Labor Markets:

- The labor market continues to moderate from extremely strong levels seen in prior quarters. The recent downward revisions to nonfarm payrolls further emphasized the cooling.
- Other labor metrics remain well positioned such as the layoffs and discharge rate pointing towards moderation rather than deterioration.

Corporate Fundamentals:

- Fed rate cuts are a positive for economic growth and corporate earnings, but any tax/tariff changes need to be closely monitored for any impact on profit margins.
- Higher cash levels especially across S&P 500 companies along with broad based earnings growth are positive.

Valuations:

- U.S. equity and credit markets have experienced a run up in valuations. Any negative shock relating to economic growth could lead to sell-off.
- International equities look attractive, but continued economic and geopolitical uncertainty is leading to increased volatility.

Political Risks:

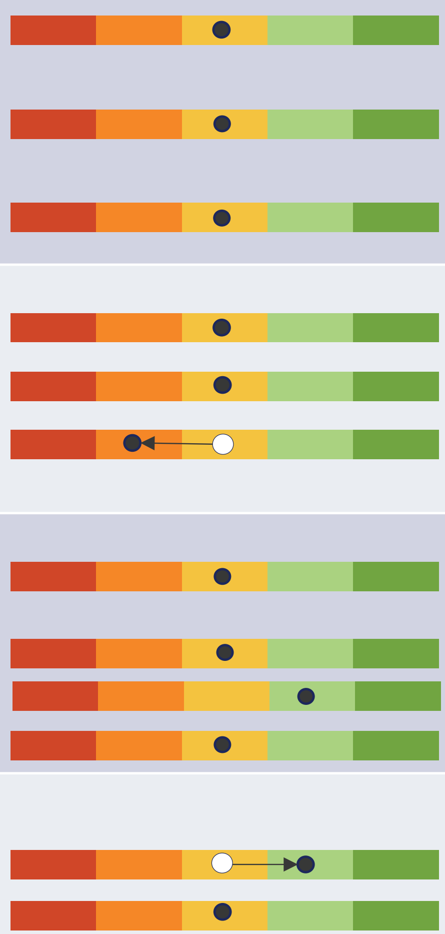
- Geopolitical risks continue to remain elevated. Broadening of middle east conflict, U.S. and China trade and tariff tensions, China's moves in South China Sea and Taiwan Strait further add to risks.
- Policy uncertainty related to US elections outcome is also expected to increase short term volatility.

● **Current outlook** ○ **Outlook one quarter ago**

Stance Unfavorable to Risk Assets	Negative	Slightly Negative	Neutral	Slightly Positive	Positive	**Stance Favorable to Risk Assets**

Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (September 30, 2024) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management cannot guarantee its accuracy, completeness, or suitability.

Investment Strategy Overview

Asset Class	Our Q4 2024 Investment Outlook	Comments
U.S. Equities		• Moderate economic growth coupled with Fed easing should result in continued positive performance for US equities. We are concerned about the high valuations, but believe that soft landing economic scenario and earnings growth strength will provide tailwinds. • Equity markets experienced a period of volatility during Q3 which we expect to continue amidst slowing growth, geopolitical tensions and election related uncertainty. • Small-caps have lagged large caps since the sell off in first week of August pointing to lack of fundamental support to rally in July, but we expect fundamentals to improve as rate cuts take hold. Worries from the Banking Crisis on regional banks seems to be in our rearview mirror.
Large-Caps		
Small-Caps		
Non-U.S. Equities		• International equities continue to trade at a discount to U.S. and have been recently helped by ECB rate cuts and weakening dollar. BoJ continues to tighten while other central banks are embarking on rate cuts. • EM equity performance is reliant on Indian and Chinese equities, which constitute roughly 45% of the MSCI Emerging Market Index. Indian equities are trading at expensive valuations, and we don't expect a sustained recovery in Chinese equities due to stimulus unless there are structural/geopolitical changes addressing debt overhang and geopolitical stability.
Developed Markets		
Emerging Markets		
Fixed Income		• Slowing inflation and softening labor markets led to Fed cutting by 50 bps at their September meeting. Further rate cuts are expected which is positive for fixed income investors. • About $6.3 trillion is sitting in money market funds which could flow into fixed income as the rates becomes more attractive. • Credit markets remain attractive due to strong corporate fundamentals. We remain positive on investment grade but are staying closer to targets on high yield given tighter spreads. We continue to closely watch for signs for any distress in the corporate credit space.
Core Bonds		
Investment Grade Credit		
High Yield Credit		
Diversifying Assets		• Continued economic growth, falling rates, strengthening fundamentals along with attractive valuations relative to equities are tailwinds to listed real estate performance leading us to overweight the exposure. • Transition to renewable energy and increase in AI led data center infrastructure spend are tailwinds for listed infrastructure. Utilities which make up about ~50% of the universe have been performing well recently due to lower rates.
Listed Real Estate		
Listed Global Infrastructure		

Current outlook **Outlook one quarter ago**

Negative	Slightly Negative	Neutral	Slightly Positive	Positive

The view expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (September 30, 2024) and are subject to change.

Long-Term Strategic Approach to Private Capital/Alternatives

Sub-Asset Class	Long-Term Strategic View	Recent Trends
Private Equity	Provide attractive returns with lower correlations to public market equities due to their ability to invest in early-stage growth companies or ability to turnaround a struggling firm.	• Higher interest rates, lower valuations, a lack of deal transparency, and economic uncertainty have been headwinds for this group over the past couple quarters leading to a decline in activity across the board. • The current environment is favoring strategies such as secondaries and co-investing while venture capital and growth investing strategies have seen a pull back. • Dry powder for new opportunities remains at historic highs, while trailing short-term performance is lagging public markets.
Private Debt	Provides higher returns than the public market debt due to the ability to customize terms and floating rate structure of most notes.	• Less leveraged buyouts being completed has resulted in lower lending deal flow, but lower bank lending has created more opportunities for private lenders. • Higher interest rates are creating attractive credit opportunities in higher risk/ return areas of the market. • Pessimism and higher interest rates benefitting providers of new real estate-backed debt.
Real Assets Real Estate Infrastructure	Provides exposure to inflation sensitive assets that typically generate returns from a combination of capital appreciation and income generation.	• High interest rates and tight lending standards have been a drag on the real estate market pressuring both cap rates and valuations. • Real estate performance is bifurcated – with office and commercial struggling while residential & industrial assets have done well. • The Artificial Intelligence boom is driving demand for improved energy infrastructure while decarbonization trend is driving demand for clean energy infrastructure.
Diversifying Assets Hedge Funds	Expected to lower the volatility and correlation within portfolios while providing access to esoteric strategies.	• YTD 2024, macro and equity hedge strategies have generated strong returns amid economic uncertainty and strong public equity performance. • Higher interest rates have contributed to performance of credit strategies. • Extreme concentration within the equity markets hasn’t been a substantial headwind to performance as seen with active public market equity managers.

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Plan Performance Summary

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value ($)	%	1 Quarter	Year To Date	1 Year	2 Years	3 Years	5 Years	Since Inception	Inception Date
Total Fund - OPEB Trust	**19,503,661**	**100.00**	**6.09**	**12.98**	**23.91**	**17.34**	**3.79**	**8.09**	**7.77**	**08/01/2016**
Blended Benchmark			*6.20*	*12.67*	*23.36*	*17.75*	*4.44*	*7.83*	*7.67*	
Domestic Equity	**7,785,676**	**39.92**	**6.16**	**20.75**	**35.38**	**26.07**	**9.49**	**15.23**	**13.93**	**09/01/2016**
Russell 3000 Index			*6.23*	*20.63*	*35.19*	*27.61*	*10.29*	*15.26*	*14.21*	
Fidelity Total Market Index Fund	7,785,676	39.92	6.16	20.61	35.27	27.68	10.15	15.17	9.45	06/01/2024
Russell 3000 Index			*6.23*	*20.63*	*35.19*	*27.61*	*10.29*	*15.26*	*9.52*	
International Equity	**4,137,804**	**21.22**	**7.90**	**13.54**	**25.14**	**23.05**	**1.24**	**7.50**	**7.20**	**09/01/2016**
MSCI AC World ex USA (Net)			*8.06*	*14.21*	*25.35*	*22.85*	*4.14*	*7.59*	*7.20*	
iShares Core MSCI Total International Stock ETF	4,137,804	21.22	7.90	13.69	25.09	22.90	3.90	7.69	7.06	06/01/2024
MSCI AC World ex USA (Net)			*8.06*	*14.21*	*25.35*	*22.85*	*4.14*	*7.59*	*7.96*	
Fixed Income	**7,531,038**	**38.61**	**5.25**	**5.24**	**12.63**	**6.96**	**-1.06**	**0.63**	**1.64**	**09/01/2016**
Blmbg. U.S. Aggregate			*5.20*	*4.45*	*11.57*	*5.97*	*-1.39*	*0.33*	*1.28*	
Baird Core Plus	1,630,055	8.36	5.22	5.35	12.85	7.44	-0.67	1.21	2.09	08/01/2016
Blmbg. U.S. Aggregate			*5.20*	*4.45*	*11.57*	*5.97*	*-1.39*	*0.33*	*1.25*	
PGIM Total Return Bond	1,215,061	6.23	5.21	5.85	13.43	8.03	-0.87	0.82	2.06	09/01/2017
Blmbg. U.S. Aggregate			*5.20*	*4.45*	*11.57*	*5.97*	*-1.39*	*0.33*	*1.39*	
Voya Intermediate Bond	1,599,281	8.20	5.25	5.87	13.40	7.34	-0.94	0.88	0.88	01/01/2020
Blmbg. U.S. Aggregate			*5.20*	*4.45*	*11.57*	*5.97*	*-1.39*	*0.33*	*0.31*	
iShares Core US Aggregate Bond ETF	2,824,218	14.48	5.21	4.56	11.55	5.96	-1.39	0.31	-0.36	04/01/2020
Blmbg. U.S. Aggregate			*5.20*	*4.45*	*11.57*	*5.97*	*-1.39*	*0.33*	*-0.36*	
iShares Intermediate-Term Corporate Bond ETF	262,422	1.35	5.92	6.50	15.12	9.73	-0.22	1.76	1.76	10/01/2019
ICE BofA U.S. Corporate 5-10 Year Index			*5.89*	*6.50*	*15.08*	*9.70*	*-0.28*	*1.80*	*1.80*	
Cash Equivalent	**49,144**	**0.25**	**1.30**	**3.94**	**5.32**	**4.91**	**3.46**	**2.23**	**1.90**	**09/01/2016**
First American Gov't Obligation - Z	49,144	0.25	1.30	3.94	5.32	4.91	3.46	2.22	1.88	08/01/2016
ICE BofA 3 Month U.S. T-Bill			*1.37*	*4.03*	*5.46*	*4.96*	*3.49*	*2.32*	*1.99*	

Returns are net of mutual fund fees. Returns are expressed as percentages.
Asset class level returns may vary from individual underlying manager returns due to cash flows.

Comparative Performance

	2023	2022	2021	2020	2019
Total Fund - OPEB Trust	**14.36**	**-17.17**	**11.49**	**16.94**	**20.40**
Blended Benchmark	*15.43*	*-15.77*	*10.58*	*14.14*	*20.02*
Domestic Equity	**21.73**	**-18.60**	**25.73**	**24.25**	**29.78**
Russell 3000 Index	*25.96*	*-19.21*	*25.66*	*20.89*	*31.02*
Fidelity Total Market Index Fund	26.12	-19.51	25.65	20.78	30.92
Russell 3000 Index	*25.96*	*-19.21*	*25.66*	*20.89*	*31.02*
International Equity	**16.35**	**-23.73**	**7.23**	**22.21**	**21.25**
MSCI AC World ex USA (Net)	*15.62*	*-16.00*	*7.82*	*10.65*	*21.51*
iShares Core MSCI Total International Stock ETF	15.62	-16.35	8.52	11.14	21.85
MSCI AC World ex USA (Net)	*15.62*	*-16.00*	*7.82*	*10.65*	*21.51*
Fixed Income	**6.57**	**-13.57**	**-1.32**	**7.33**	**9.84**
Blmbg. U.S. Aggregate	*5.53*	*-13.01*	*-1.55*	*7.51*	*8.72*
Baird Core Plus	6.89	-12.87	-1.02	8.80	10.11
PGIM Total Return Bond	7.78	-14.86	-1.15	8.10	11.14
Voya Intermediate Bond	7.07	-14.16	-0.99	8.22	10.06
iShares Core US Aggregate Bond ETF	5.59	-13.06	-1.67	7.42	8.68
Blmbg. U.S. Aggregate	*5.53*	*-13.01*	*-1.55*	*7.51*	*8.72*
iShares Intermediate-Term Corporate Bond ETF	9.17	-14.06	-1.65	9.62	14.37
ICE BofA U.S. Corporate 5-10 Year Index	*8.83*	*-14.10*	*-1.40*	*9.95*	*14.31*
Cash Equivalent	**4.98**	**1.49**	**0.02**	**0.39**	**2.07**
First American Gov't Obligation - Z	4.96	1.51	0.02	0.37	2.08

Returns are net of mutual fund fees. Returns are expressed as percentages.
Asset class level returns may vary from individual underlying manager returns due to cash flows.

Account Reconciliation

QTR

	Market Value As of 07/01/2024	Net Flows	Return On Investment	Market Value As of 09/30/2024
Total Fund - OPEB Trust	18,399,322	(15,024)	1,119,363	19,503,661

YTD

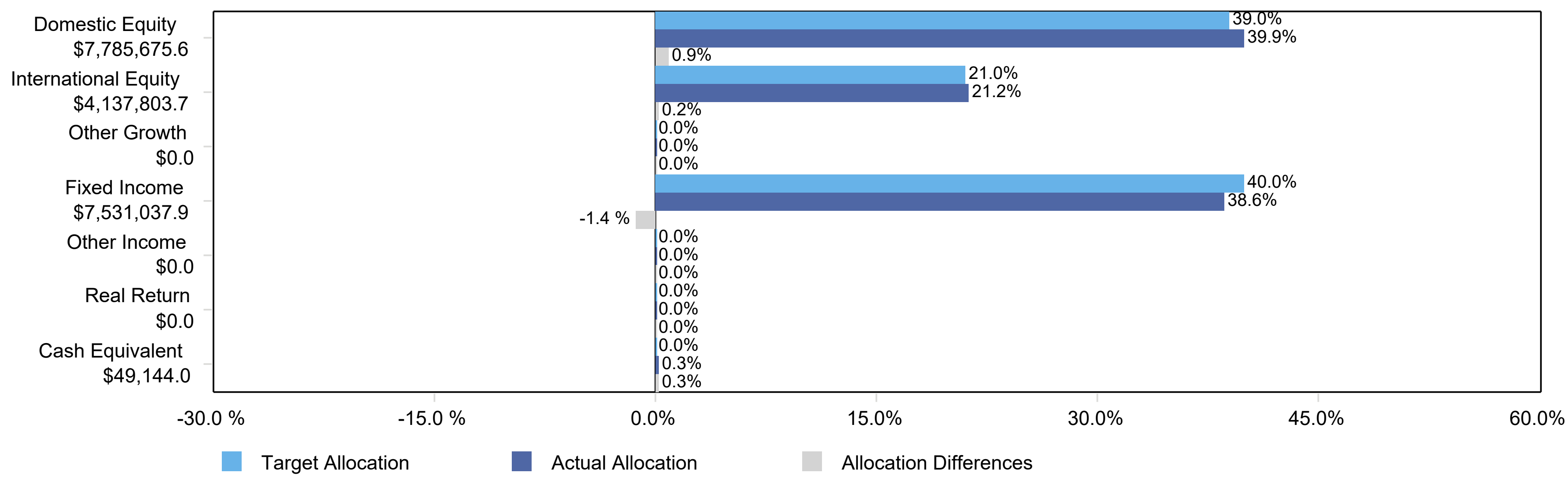
	Market Value As of 01/01/2024	Net Flows	Return On Investment	Market Value As of 09/30/2024
Total Fund - OPEB Trust	17,304,071	(43,154)	2,242,745	19,503,661

1 Year

	Market Value As of 10/01/2023	Net Flows	Return On Investment	Market Value As of 09/30/2024
Total Fund - OPEB Trust	15,790,270	(56,223)	3,769,614	19,503,661

Asset Allocation Compliance - Total Fund - OPEB Trust

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
Total Fund - OPEB Trust	**100.0**	**100.0**	**N/A**	**N/A**	**0.0**
Domestic Equity	39.9	39.0	19.0	59.0	0.9
International Equity	21.2	21.0	1.0	41.0	0.2
Other Growth	0.0	0.0	0.0	20.0	0.0
Fixed Income	38.6	40.0	20.0	60.0	-1.4
Other Income	0.0	0.0	0.0	20.0	0.0
Real Return	0.0	0.0	0.0	20.0	0.0
Cash Equivalent	0.3	0.0	0.0	20.0	0.3



Historical Hybrid Composition - Blended Benchmark

Allocation Mandate	Weight (%)
Aug-2016	
Russell 3000 Index	39.0
MSCI AC World ex USA (Net)	21.0
Blmbg. U.S. Aggregate	40.0

Fee Schedule

	Fee Schedule	Market Value As of 09/30/2024 ($)	Estimated Annual Fee ($)	Estimated Annual Fee (%)
Domestic Equity		**7,785,676**	**1,168**	**0.02**
Fidelity Total Market Index Fund	0.02 % of Assets	7,785,676	1,168	0.02
International Equity		**4,137,804**	**2,896**	**0.07**
iShares Core MSCI Total International Stock ETF	0.07 % of Assets	4,137,804	2,896	0.07
Fixed Income		**7,531,038**	**15,219**	**0.20**
Baird Core Plus	0.30 % of Assets	1,630,055	4,890	0.30
PGIM Total Return Bond	0.39 % of Assets	1,215,061	4,739	0.39
Voya Intermediate Bond	0.29 % of Assets	1,599,281	4,638	0.29
iShares Core US Aggregate Bond ETF	0.03 % of Assets	2,824,218	847	0.03
iShares Intermediate-Term Corporate Bond ETF	0.04 % of Assets	262,422	105	0.04
Cash Equivalent		**49,144**	**88**	**0.18**
First American Gov't Obligation - Z	0.18 % of Assets	49,144	88	0.18
Total Fund - OPEB Trust		**19,503,661**	**19,372**	**0.10**

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Investment Manager Review

Fidelity Total Market Index

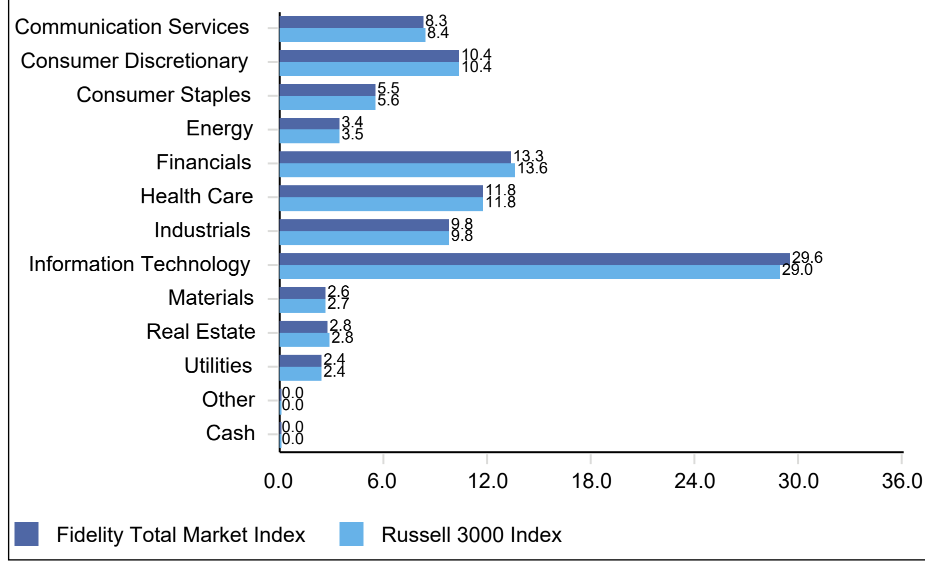
- **Management:** The fund is managed by Geode Capital Management. Geode Capital Management has been the manager on the fund since August 2003.
- **Objective:** The Fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
- **Strategy:** The Fund employs a “passive management” – or indexing – investment approach designed to track the performance of the Dow Jones U.S. Total Stock Market Index. The Fund tracks an unmanaged market capitalization-weighted index of over 4,000 U.S. equity securities.

Fidelity Total Market Index vs. Russell 3000 Index

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	866,149	851,765
Median Mkt. Cap ($M)	1,106	2,253
Price/Earnings ratio	26.96	26.86
Price/Book ratio	4.74	4.70
5 Yr. EPS Growth Rate (%)	18.60	18.41
Current Yield (%)	1.30	1.31
Number of Stocks	3,801	2,987

Sector Weights (%)



Top Ten Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Apple Inc	6.37	6.11	0.26	10.75
Microsoft Corp	5.75	5.77	-0.02	-3.55
NVIDIA Corporation	5.37	5.12	0.25	-1.69
Amazon.com Inc	3.13	3.12	0.01	-3.58
Meta Platforms Inc	2.25	2.26	-0.01	13.64
Alphabet Inc	1.75	1.76	-0.01	-8.83
Berkshire Hathaway Inc	1.52	1.52	0.00	13.14
Alphabet Inc	1.44	1.49	-0.05	-8.73
Broadcom Inc	1.44	1.41	0.03	7.78
Tesla Inc	1.31	1.31	0.00	32.22
% of Portfolio	30.33	29.87	0.46	

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Laser Photonics Corporation	0.00	0.00	0.00	749.48
Instil Bio Inc	0.00	0.00	0.00	554.23
Lumen Technologies Inc	0.01	0.01	0.00	545.46
CommScope Holding Co Inc	0.00	0.00	0.00	396.75
Personalis Inc	0.00	0.00	0.00	359.83
Neonode Inc	0.00	0.00	0.00	339.61
Serve Robotics Inc	0.00	0.00	0.00	307.69
Nutex Health Inc	0.00	0.00	0.00	264.77
Alpha Teknova Inc	0.00	0.00	0.00	253.29
Capricor Therapeutics Inc	0.00	0.00	0.00	218.87
% of Portfolio	0.01	0.01	0.00	

iShares Core MSCI Total International Stock

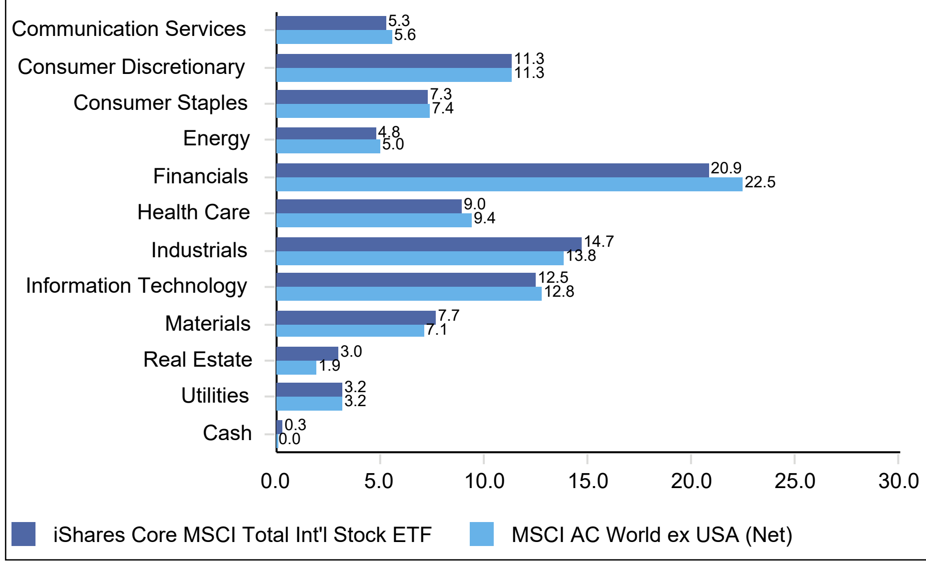
- **Management:** BlackRock Fund Advisors is the investment adviser for the fund. The three portfolio managers responsible for managing the fund include Jennifer Hsui, Greg Savage, and Paul Whitehead.
- **Objective:** The strategy seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
- **Strategy:** The strategy employs an index replication strategy designed to track the performance of the MSCI All Country World ex-US IMI Index. The strategy uses a representative sampling approach. Representative sampling gives the Fund characteristics similar to the underlying index.

iShares Core MSCI Total Int'l Stock ETF vs. MSCI AC World ex USA (Net)

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	94,480	110,144
Median Mkt. Cap ($M)	3,500	10,377
Price/Earnings ratio	15.48	15.60
Price/Book ratio	2.60	2.66
5 Yr. EPS Growth Rate (%)	10.83	10.67
Current Yield (%)	2.90	2.90
Number of Stocks	4,400	2,094

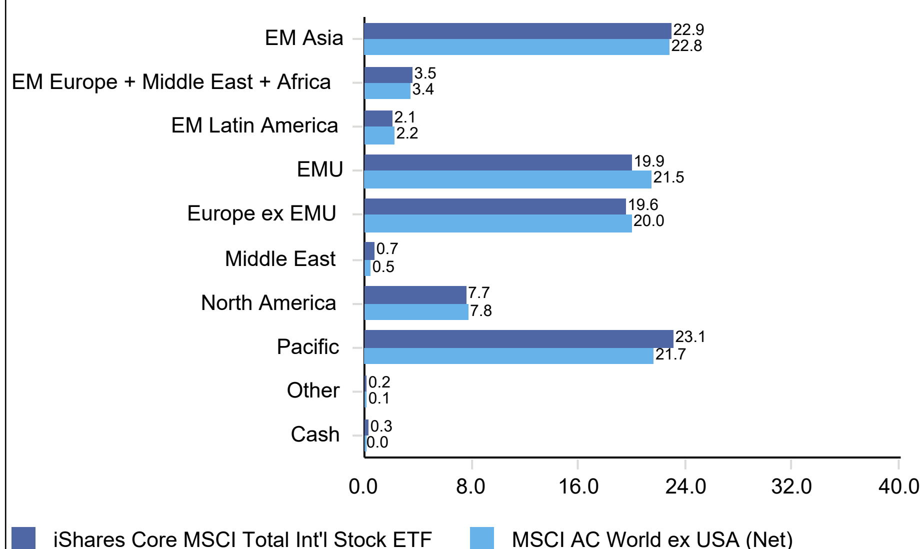
Sector Weights (%)



Top Ten Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co	2.28	2.66	-0.38	1.99
Novo Nordisk A/S	1.16	1.36	-0.20	-18.19
Tencent Holdings LTD	1.14	1.34	-0.20	20.00
ASML Holding NV	1.01	1.19	-0.18	-19.32
Nestle SA, Cham Und Vevey	0.81	0.94	-0.13	-1.33
Astrazeneca PLC	0.73	0.86	-0.13	0.13
SAP SE	0.73	0.85	-0.12	12.31
Novartis AG	0.69	0.81	-0.12	7.61
Roche Holding AG	0.69	0.81	-0.12	15.53
Samsung Electronics Co Ltd	0.68	0.80	-0.12	-20.57
% of Portfolio	9.92	11.62	-1.70	

Region Weights (%)



Baird Core Plus

- **Management:** The Fund has been managed by a team of generalist portfolio managers including 4 since its inception in 2000. The most senior trio of the management team has been working together for over 30 years.
- **Objective:** The Fund seeks to maximize long-term total return and achieve an annual return that exceeds its benchmark.
- **Strategy:** The Fund normally invests at least 80% of assets in the following types of U.S. dollar-denominated debt securities: U.S. government, U.S. government agencies, asset-backed and mortgage-backed obligations of U.S. issuers and corporate debt of U.S. and foreign issuers. It invests primarily in investment-grade debt securities but can invest up to 20% of net assets in non-investment grade securities.

PGIM Total Return

- **Management:** Senior portfolio managers Rich Piccirillo (since 2012) and Greg Peters (co-CIO, 2014) lead the management of the Fund joined by Chief Investment Strategist Robert Tipp (2002) portfolio managers Tyler Thorn (2023) and Matt Angelucci (2023). Michael Collins moved to an advisory role in 1q24. PGIM Fixed Income is the primary public fixed-income asset management unit of PGIM, a wholly-owned subsidiary of Prudential Financial, Inc.
- **Objective:** The Fund seeks total return by investing in a diversified portfolio of bonds from multiple fixed income sectors.
- **Strategy:** The Fund allocates assets among different debt securities, including (but not limited to) US Government securities, mortgage-related and asset-backed securities, corporate debt securities and foreign securities. The Fund may invest up to 30% of its investable assets in high risk, below investment-grade securities having a rating of not lower than CCC. The Fund may invest up to 30% of its investable assets in foreign debt securities. The Fund has the flexibility to allocate its investments across different sectors of the fixed-income securities markets at varying duration. Up to 25% may be expressed through various derivative strategies.

Voya Intermediate Bond - Core Plus

- **Management:** Eric Stein is the CIO of Fixed Income. Others involved in management of this portfolio include Sean Banai, CFA (Head of Portfolio Management), Dave Goodson (Head of Securitized Fixed Income), Randy Parrish, CFA (Head of Public Credit) and Raj Jadav (Portfolio Manager).
- **Objective:** The strategy seeks to maximize total return through income and capital appreciation
- **Strategy:** The strategy may invest in fixed income securities of any credit quality including up to 20% of its net assets in junk bonds and assignments rated below investment grade or unrated but determined by the manager to be of comparable quality. Duration is managed within plus or minus 1.0 years to the Bloomberg U.S. Aggregate Index. Interest rate derivatives may be used for hedging purposes.

iShares Core U.S Aggregate Bond ETF

- **Management:** James Mauro and Karen Uyehara (the “Portfolio Managers”) are primarily responsible for the day-to-day management of the Fund. Mr. Mauro and Ms. Uyehara have been co-managing the Fund since 2011 and 2021, respectively.
- **Objective:** The Fund seeks to track the investment results of the Bloomberg U.S. Aggregate Bond Index.
- **Strategy:** BlackRock Fund Advisors (“BFA”) uses a “passive” or indexing approach to try to achieve the Fund’s investment objective. Unlike many investment companies, the Fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

iShares Intermediate Corporate Bond ETF

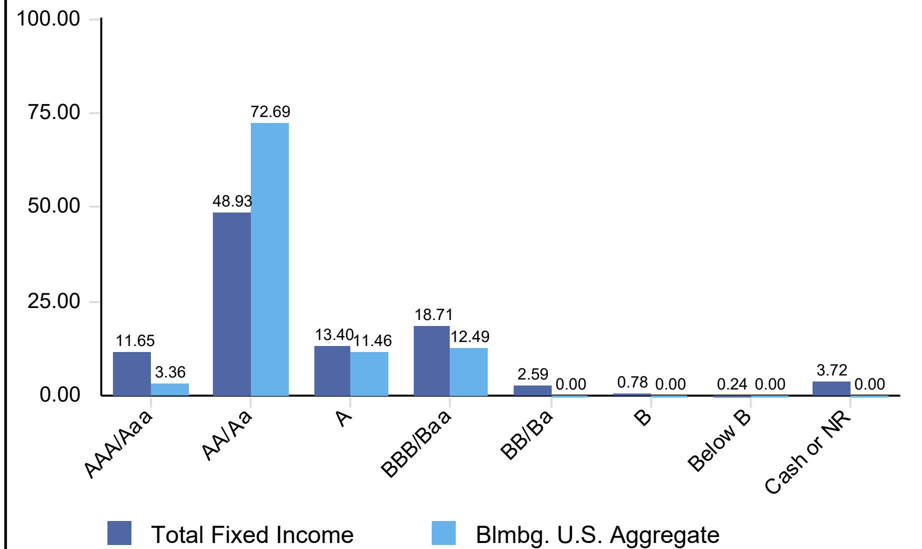
- **Management:** The Fund is managed by James Mauro and Karen Uyehara of BlackRock Fund Advisors
- **Objective:** The Fund seeks to replicate performance and characteristics of ICE BofA 5-10 Yr Corporate Index
- **Strategy:** The Fund seeks to track the investment results of the ICE BofA 5-10 Year US Corporate Index which measures the performance of investment-grade corporate bonds of both U.S. and non-U.S. issuers that are U.S. dollar denominated and publicly issued in the U.S. domestic market and have a remaining maturity of greater than or equal to five years and less than ten years

Total Fixed Income vs. Blmbg. U.S. Aggregate

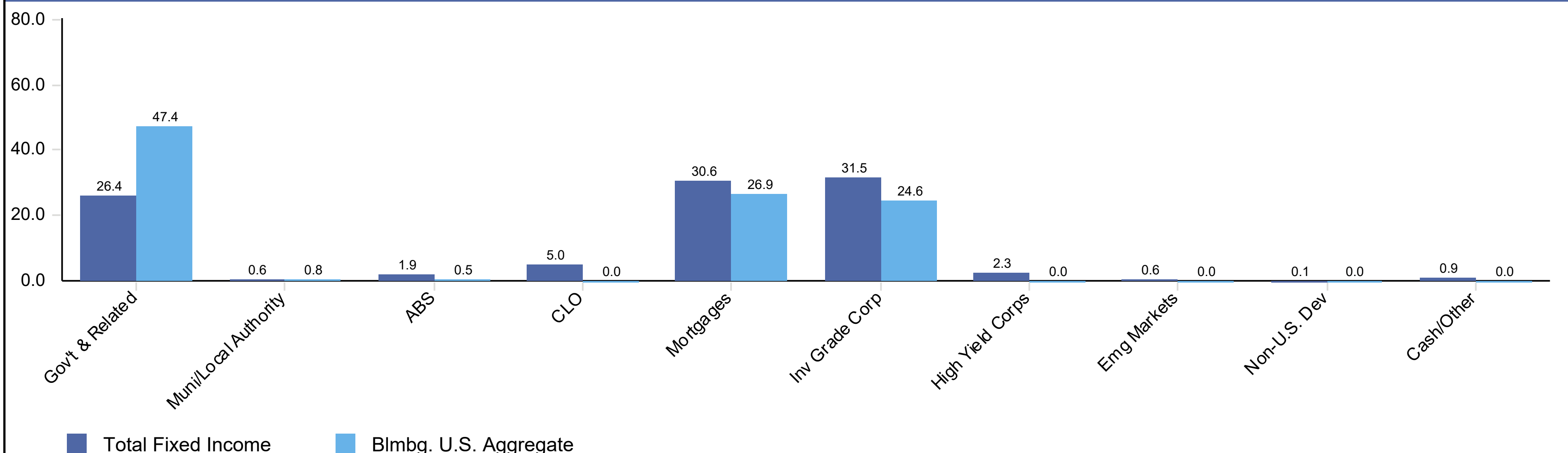
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	6.16	6.20
Yield To Maturity (%)	4.77	4.23
Avg. Maturity	7.80	8.36
Avg. Quality	AA	AA
Coupon Rate (%)	3.88	3.37

Credit Quality Distribution (%)



Sector Distribution (%)



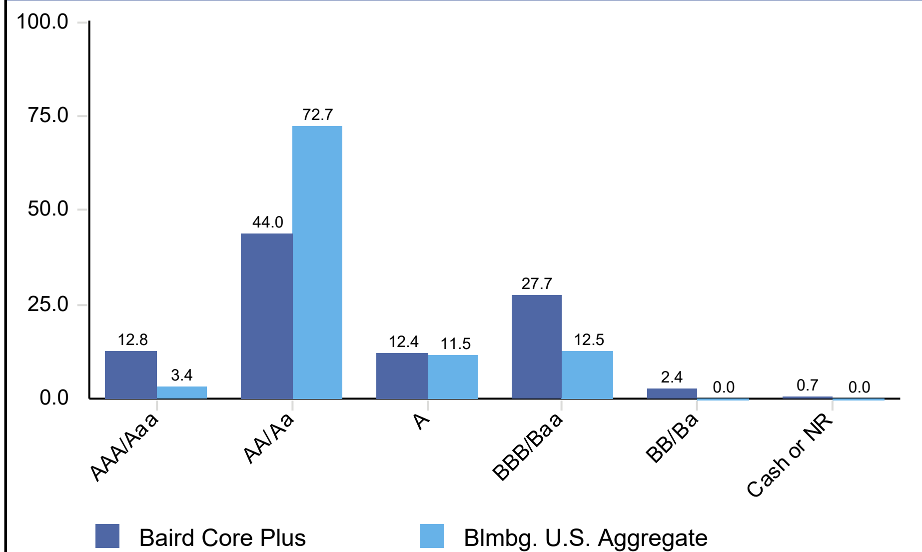
Portfolio characteristics are based on a weighted average of the underlying fixed income manager line-up based on their target allocations (21.75% Baird Core Plus, 16.25% PGIM Total Return, 21% Voya Intermediate Bond, 37.25% iShares Core US Agg ETF, and 3.75% iShares Intermediate- Term Corp). Individual manager characteristics were provided by each manager and aggregated by PFMAM to arrive at a combined set of characteristics. Average credit quality is calculated by PFMAM using market weights of the rated portion of underlying manager portfolios. Distribution or SEC yield may be substituted for yield to maturity where applicable. High Yield Corp allocation is inclusive of bank loans.

Baird Core Plus vs. Blmbg. U.S. Aggregate

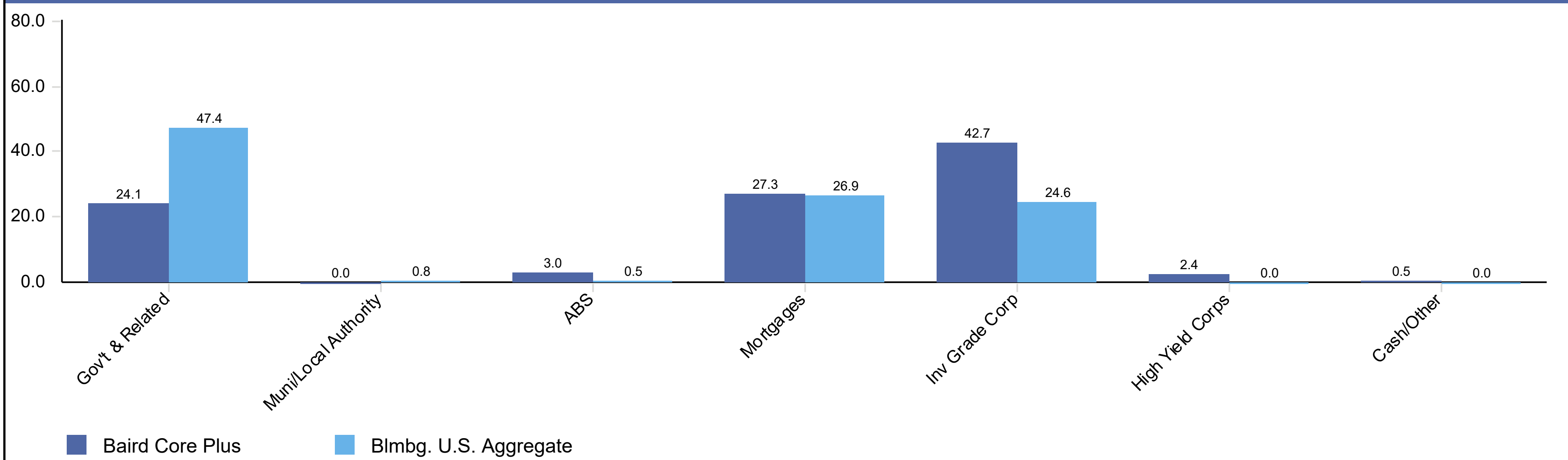
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	5.96	6.20
Yield To Maturity (%)	4.61	4.23
Avg. Maturity	7.90	8.36
Avg. Quality	AA	AA
Coupon Rate (%)	3.84	3.37

Credit Quality Distribution (%)



Sector Distribution (%)

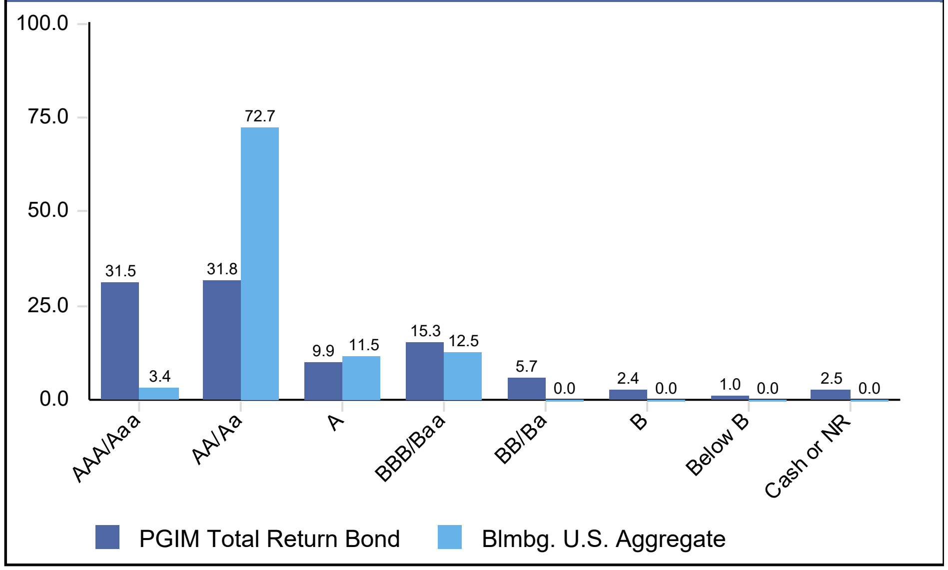


PGIM Total Return Bond vs. Blmbg. U.S. Aggregate

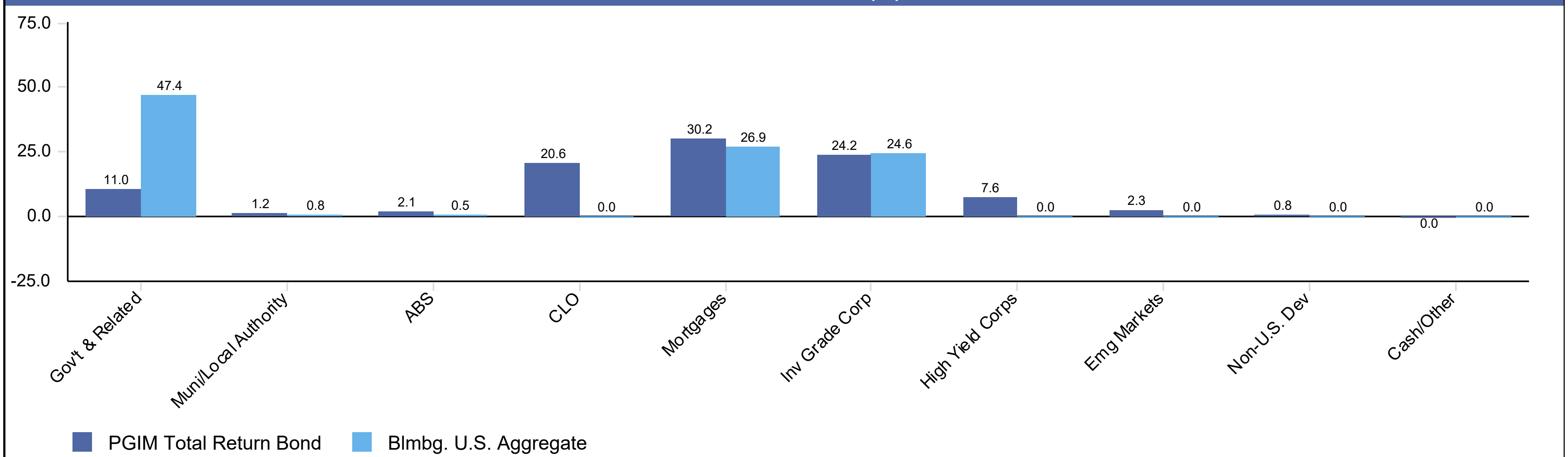
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	6.35	6.20
Yield To Maturity (%)	5.69	4.23
Avg. Maturity	7.35	8.36
Avg. Quality	AA	AA
Coupon Rate (%)	4.39	3.37

Credit Quality Distribution (%)



Sector Distribution (%)

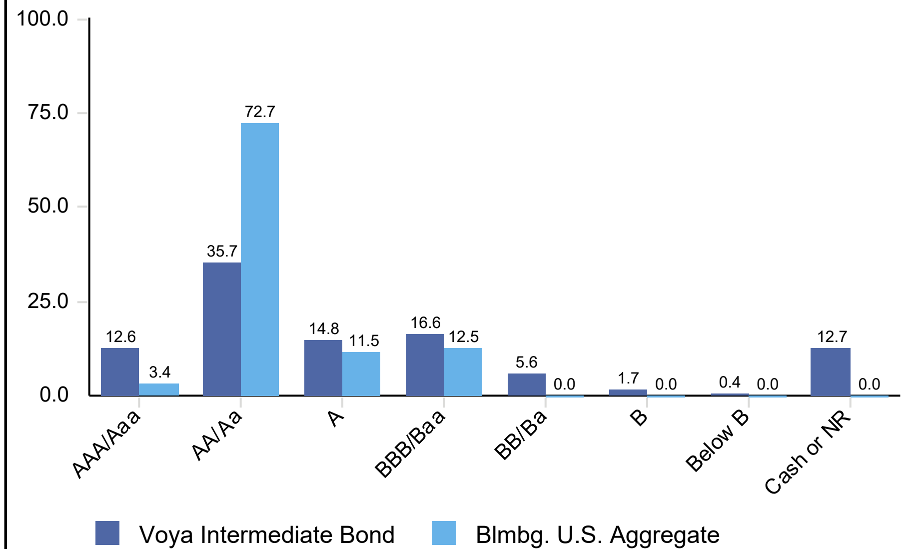


Voya Intermediate Bond vs. Blmbg. U.S. Aggregate

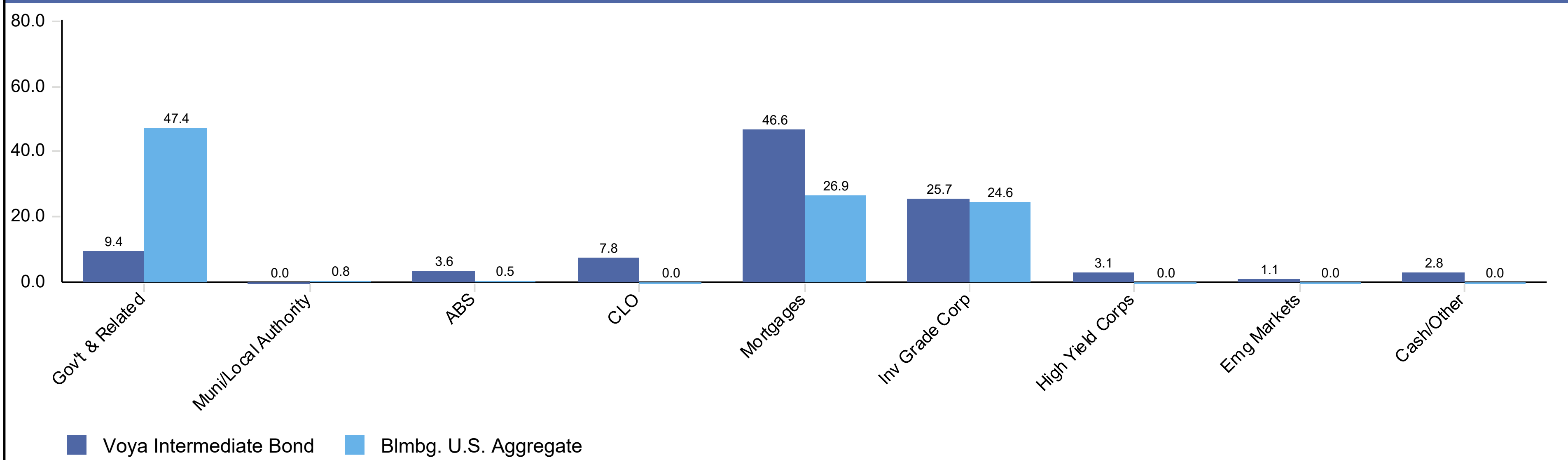
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	6.19	6.20
Yield To Maturity (%)	5.14	4.23
Avg. Maturity	7.01	8.36
Avg. Quality	A	AA
Coupon Rate (%)	4.29	3.37

Credit Quality Distribution (%)



Sector Distribution (%)

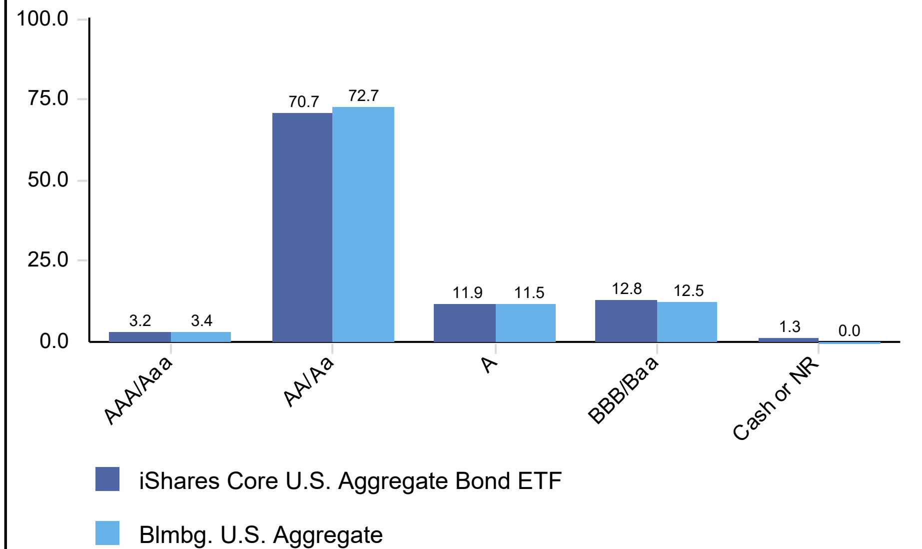


iShares Core U.S. Aggregate Bond ETF vs. Blmbg. U.S. Aggregate

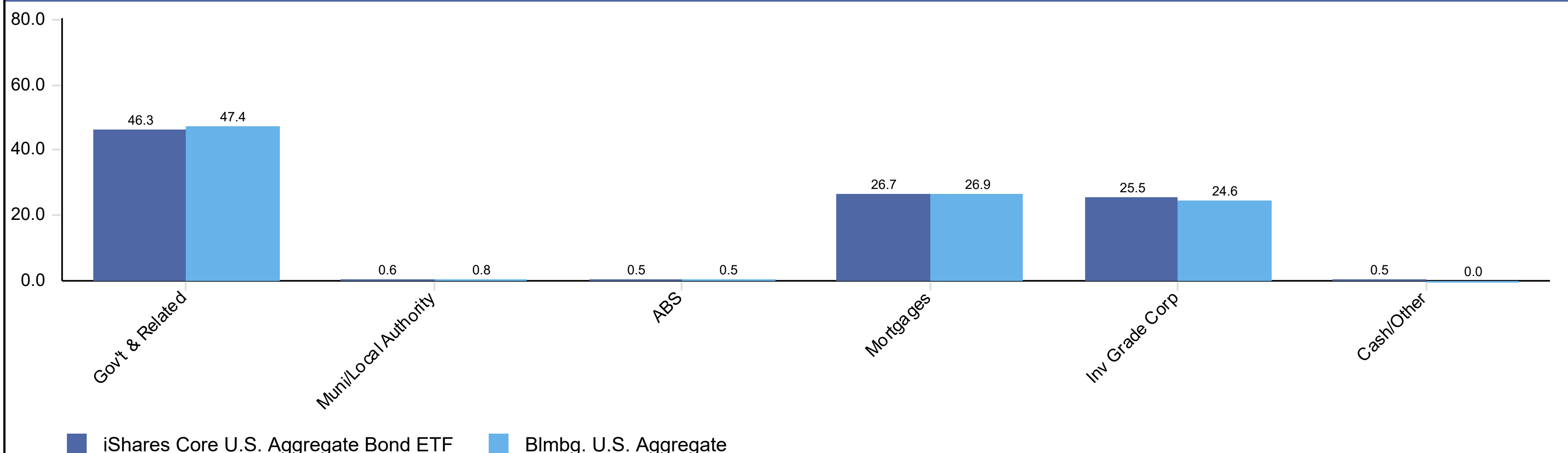
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	6.19	6.20
Yield To Maturity (%)	4.25	4.23
Avg. Maturity	8.37	8.36
Avg. Quality	AA	AA
Coupon Rate (%)	3.41	3.37

Credit Quality Distribution (%)



Sector Distribution (%)

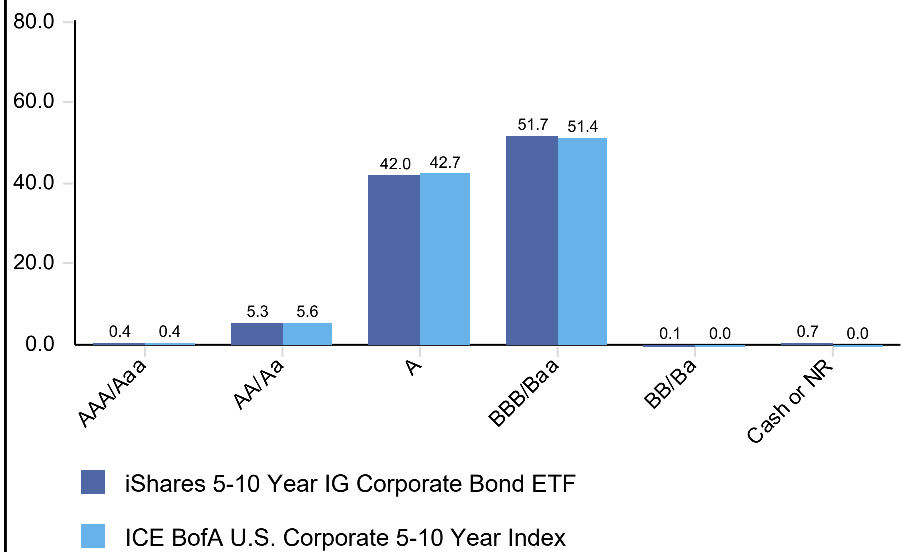


iShares 5-10 Year IG Corporate Bond ETF vs. ICE BofA U.S. Corporate 5-10 Year Index

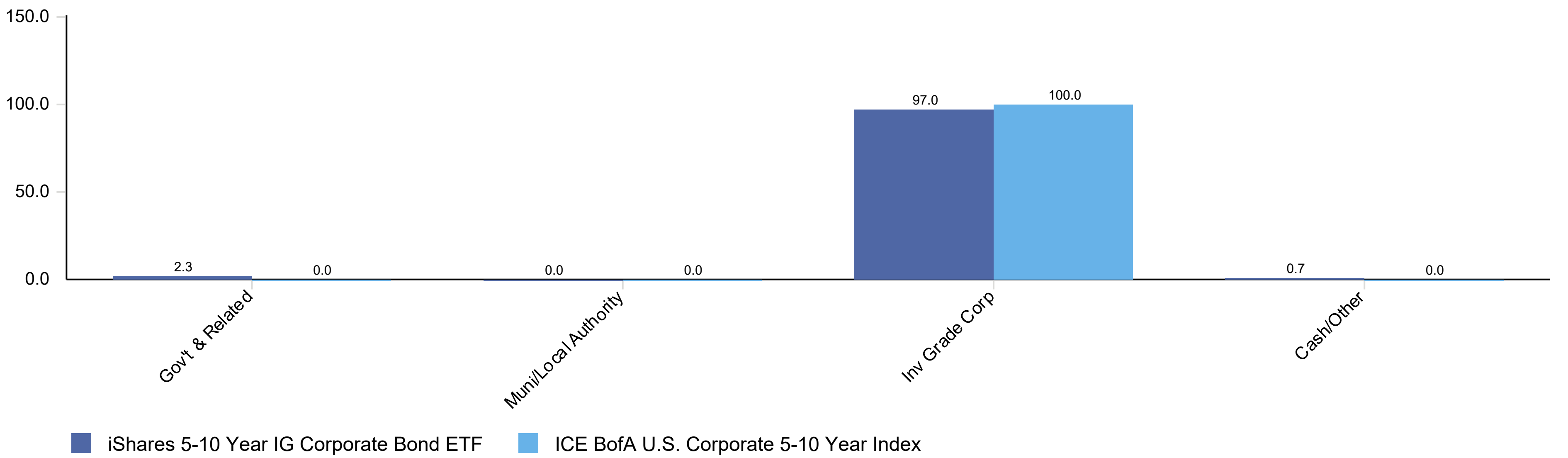
Portfolio Characteristics

	Portfolio	Benchmark
Effective Duration	6.04	5.98
Yield To Maturity (%)	4.77	4.75
Avg. Maturity	7.93	7.28
Avg. Quality	BBB	A
Coupon Rate (%)	4.20	4.34

Credit Quality Distribution (%)



Sector Distribution (%)



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