



# Town of Leesburg OPEB Trust

## Investment Performance Review For the Quarter Ended December 31, 2025

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# **Financial Markets & Investment Strategy Review**

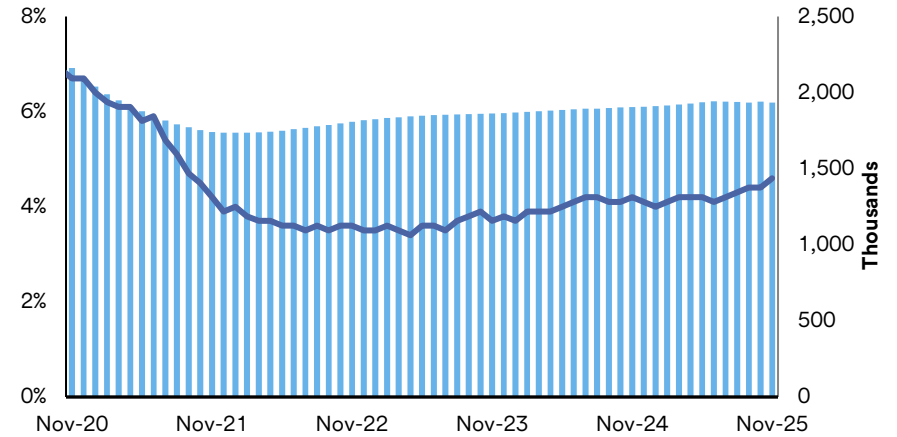
Index or Average Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
<b>DOMESTIC EQUITY</b>							
S&P 500 (TR)	2.66%	17.88%	17.88%	22.98%	14.42%	17.28%	14.81%
Russell 3000	2.40%	17.15%	17.15%	22.22%	13.14%	16.63%	14.27%
Russell 1000 Growth	1.12%	18.56%	18.56%	31.12%	15.31%	21.23%	18.11%
Russell 1000	2.41%	17.37%	17.37%	22.72%	13.58%	17.01%	14.58%
Russell 1000 Value	3.81%	15.91%	15.91%	13.88%	11.32%	12.09%	10.52%
Russell Midcap	0.16%	10.60%	10.60%	14.34%	8.67%	12.74%	11.00%
Russell Midcap Growth	-3.70%	8.66%	8.66%	18.62%	6.64%	14.19%	12.48%
Russell Midcap Value	1.42%	11.05%	11.05%	12.26%	9.82%	11.40%	9.77%
Russell 2000 Growth	1.22%	13.01%	13.01%	15.57%	3.18%	10.58%	9.57%
Russell 2000	2.19%	12.81%	12.81%	13.72%	6.09%	10.59%	9.61%
Russell 2000 Value	3.26%	12.59%	12.59%	11.72%	8.87%	10.08%	9.26%
<b>INTERNATIONAL EQUITY</b>							
MSCI EAFE	4.86%	31.22%	31.22%	17.21%	8.92%	10.53%	8.18%
MSCI AC World	3.29%	22.34%	22.34%	20.63%	11.19%	13.98%	11.71%
MSCI AC World ex USA	5.05%	32.39%	32.39%	17.32%	7.90%	10.14%	8.41%
MSCI AC World ex USA Small Cap	2.96%	29.26%	29.26%	15.59%	6.90%	10.03%	8.12%
MSCI EM (Emerging Markets)	4.73%	33.57%	33.57%	16.38%	4.19%	8.05%	8.41%
<b>ALTERNATIVES</b>							
FTSE Nareit/Equity REITs - INV	-1.56%	2.88%	2.88%	8.35%	6.62%	6.92%	5.69%
MSCI U.S. REIT INDEX	-1.69%	2.95%	2.95%	8.38%	6.58%	6.93%	5.70%
MSCI World Core Infrastructure	0.32%	15.85%	15.85%	8.40%	6.56%	8.10%	8.31%
<b>FIXED INCOME</b>							
Bloomberg U.S. Aggregate	1.10%	7.30%	7.30%	4.66%	-0.36%	1.99%	2.01%
Bloomberg U.S. Government/Credit	0.90%	6.88%	6.88%	4.56%	-0.59%	2.14%	2.16%
Bloomberg U.S. Intermediate Government/Credit	1.20%	6.97%	6.97%	5.05%	0.96%	2.54%	2.29%
Bloomberg U.S. Treasury (1-3 Y)	1.14%	5.17%	5.17%	4.49%	1.75%	2.21%	1.83%
ICE BofA U.S. High Yield	1.35%	8.50%	8.50%	10.02%	4.49%	6.09%	6.44%
Bloomberg Global Aggregate	0.24%	8.17%	8.17%	3.98%	-2.14%	0.65%	1.26%
<b>CASH EQUIVALENT</b>							
Bloomberg 3 Month T-Bill	0.99%	4.23%	4.23%	4.89%	3.22%	2.72%	2.21%

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**

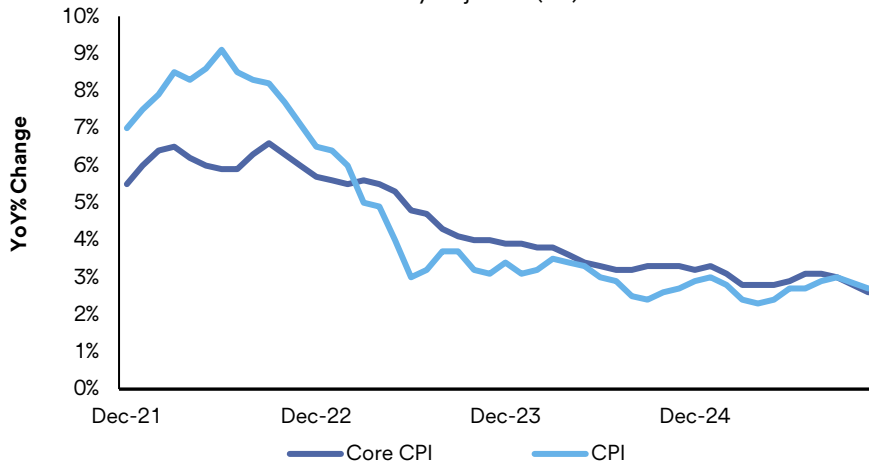
- In the third quarter, U.S. real gross domestic product (GDP) accelerated sharply at a seasonally adjusted annualized rate of 4.3%, marking the strongest growth in more than two years. This rebound in growth was driven by strong consumer spending and an increase in net exports. The continued growth points to the persistent resilience of the economy.
- The U.S. unemployment rate ticked up over the quarter, rising to 4.6% in November. The latest initial jobless claims ended the quarter at 199,000 (for the week ending December 27), the lowest level since January, with the continuing jobless claims also falling to approximately 1.9 million as we continue to see no meaningful increase in layoffs through 2025. The other side of the “low-hire, low-fire” environment can be seen as the pace of hiring, which slowed to 64,000 new jobs created in November after a decline of 105,000 in October, led by a drop in payrolls due to resignation offers across the federal government.
- Inflation appears to be cooling in the fourth quarter. Headline inflation (CPI) grew at a year-over-year rate of 2.7% in November, the lowest rate since July. This reading comes with a caveat however, as the government shutdown at the start of the quarter has led to a missed October reading as well as no monthly data released for November.

**U.S. Unemployment and Monthly Average Continued Claims**



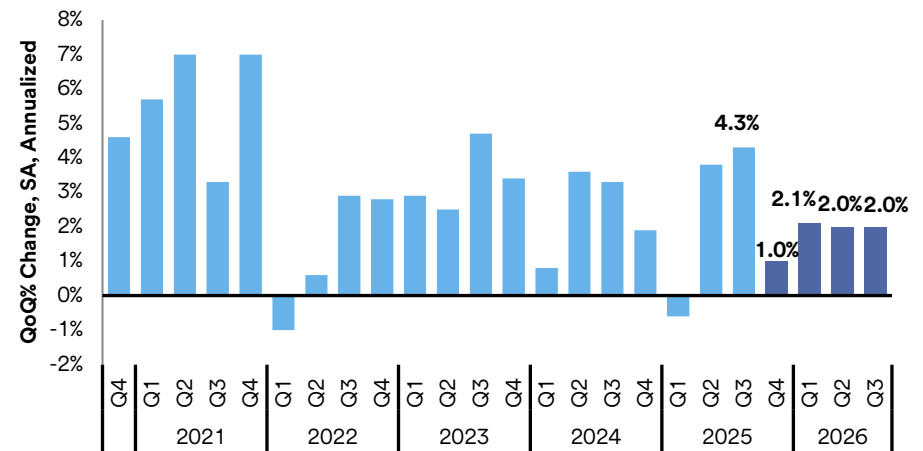
Source: Bloomberg.

**U.S. Inflation Rate**  
Seasonally Adjusted (SA)



Source: Bureau of Labor Statistics.

**U.S. GDP Growth**

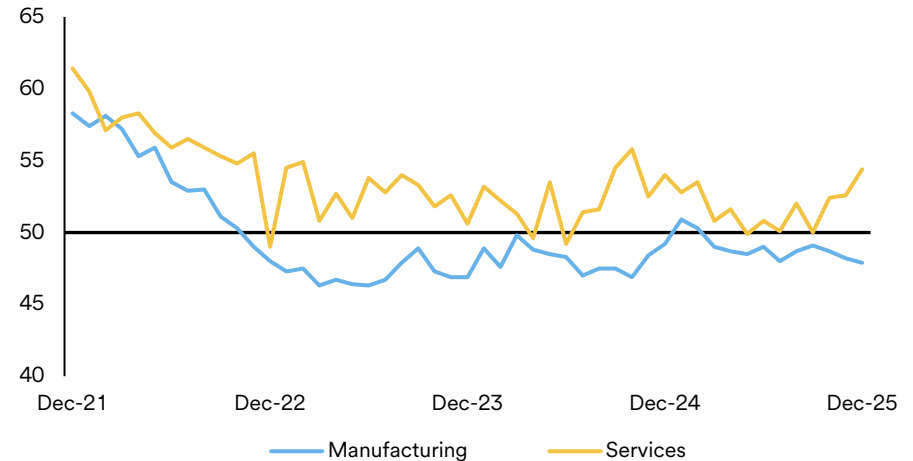


Source: Bloomberg. Light blue bars indicate actual numbers; dark blue bars indicate forecasted estimates.

**WHAT WE'RE WATCHING**

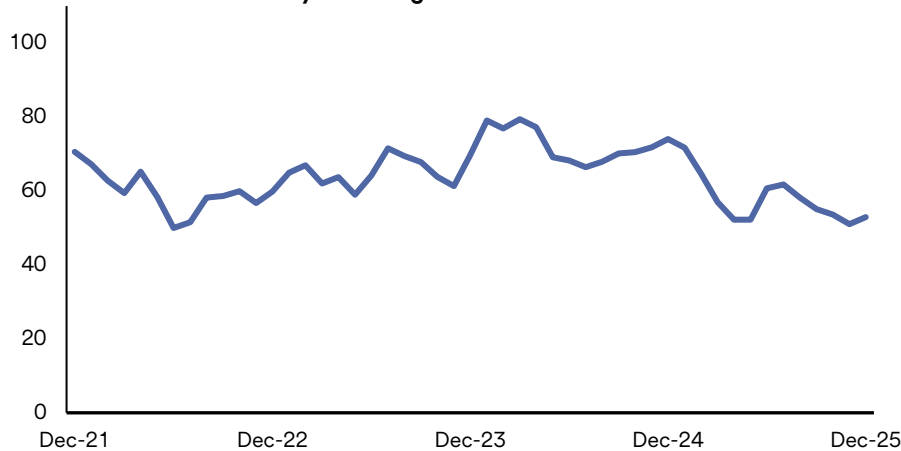
- The Federal Reserve (Fed) cut rates twice in the fourth quarter, bringing the new range to 3.50%-3.75% as labor data continued to soften. Looking forward, the summary of economic growth projections point to growing optimism, with an increase in projected economic growth along with a decrease in projected inflation for 2026. The dot plot for 2026 reflects an expectation of one cut in 2026, though the timing of such a move is uncertain. Outside of the U.S., the European Central Bank (ECB), which preceded the U.S. with cuts earlier in the year, held rates flat in the fourth quarter.
- U.S. consumer sentiment, as measured by the University of Michigan survey of consumers, continued to fall during the fourth quarter, and the reading was down nearly 30% year over year as affordability concerns remain. This consumer fatigue translated into a slower than expected gain in retail sales as consumers were more selective about purchases.
- U.S. military action in Venezuela adds to the ongoing geopolitical risks, prompting increased uncertainty as the possible implications for the market are weighed. Venezuela's oil reserves, and their relationship to China, its primary oil buyer, are of particular interest. In the short term the impact on energy prices is expected to be relatively minimal, while the longer-term impacts depend on the future of Venezuela's energy infrastructure and who controls it.

**U.S. ISM Manufacturing & Services PMI**



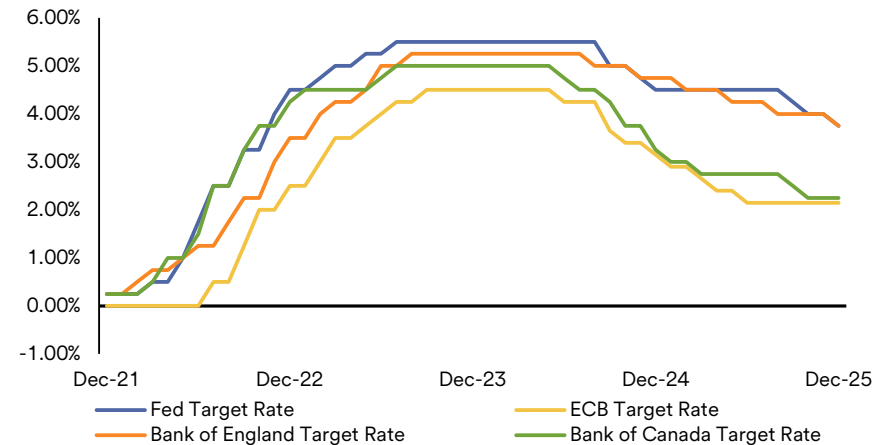
Source: Bloomberg.

**University of Michigan Consumer Sentiment**



Source: Bloomberg.

**Global Central Bank Rates**



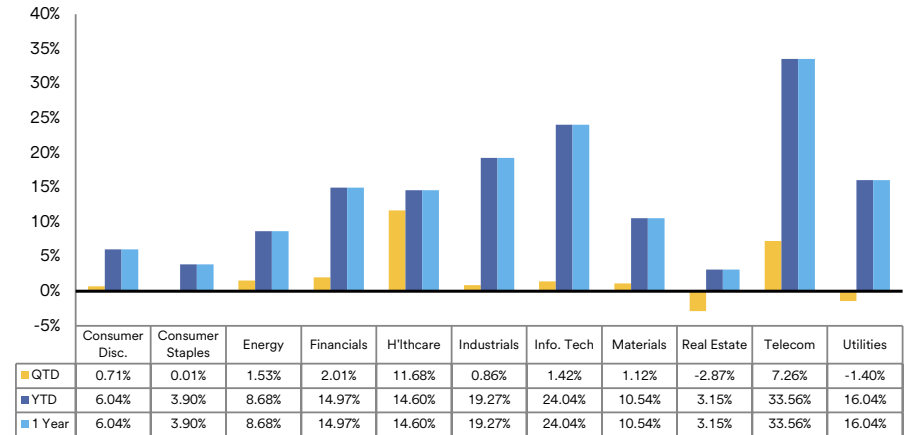
Source: Bloomberg.

**DOMESTIC EQUITY**

- The S&P 500 Index (S&P) posted a 2.7% return in the fourth quarter (of 2025). That equates to a return of 17.9% for the year.
- Within the S&P 500, the performance varied greatly across sectors, with nine of the 11 seeing positive returns. The best performing sectors were Healthcare (11.7%), Communication Services (7.3%), and Financials (2.0%). Utilities saw a loss of (-1.4%) while Real Estate performed the worst, with a negative return (-2.9%).
- Positive returns were seen across all capitalizations with large caps, as represented by the Russell 1000 Index, returning 2.4% during the quarter while mid and small caps, as represented by the Russell Midcap and Russell 2000 indices returned 0.2% and 2.2% respectively. Value stocks outperformed growth stocks across all capitalizations.
- According to FactSet Earnings Insight as of December 22, 2025, analysts are projecting earnings growth of 8.3% in Q4 2025, up from an initial estimate of 7.2% in September. This is below the five- and 10-year average earnings growth rates, but remains relatively strong, and would mark the tenth consecutive quarter of year-over-year earnings growth for the index. The index has once again been supported by the technology space. For calendar year 2025, analysts are projecting year-over-year earnings growth of 12.3%.
- At quarter end, the 12-month adjusted positive forward price-to-earnings (P/E) ratio (includes only positive earnings results for consistency) for the S&P 500 is 27.5, which is above the five year average of 23.3. The Russell 2000 Index, which represents small cap stocks, had an adjusted positive forward P/E ratio of 21.4, also above its five year average of 17.7.

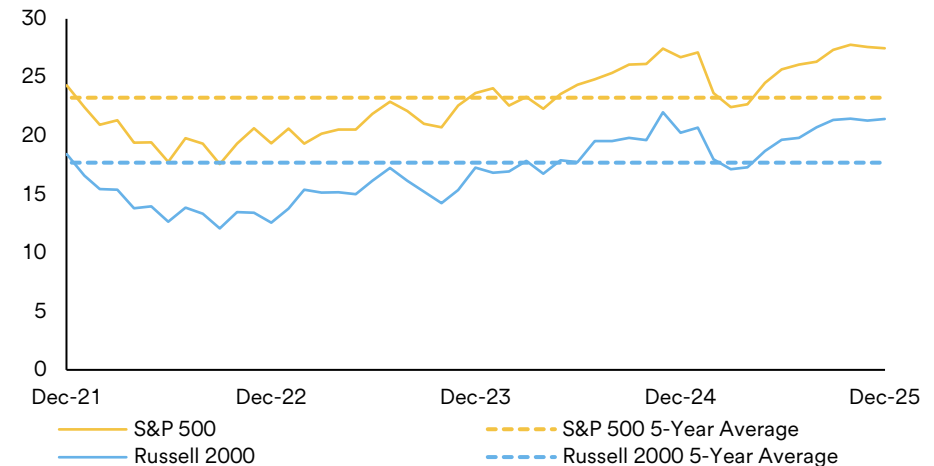
**S&P 500 Index Performance by Sector**

Periods Ended December 31, 2025



Source: Bloomberg.

**P/E Ratios of Major Stock Indices\***



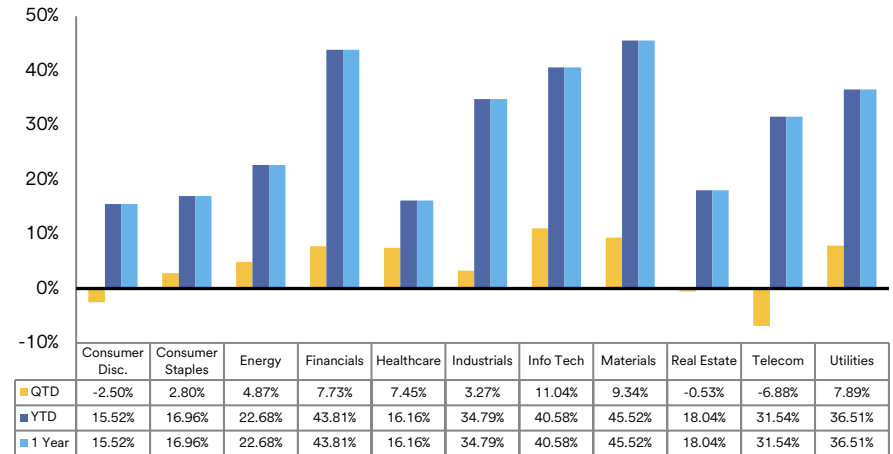
Source: Bloomberg.

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

**INTERNATIONAL EQUITY**

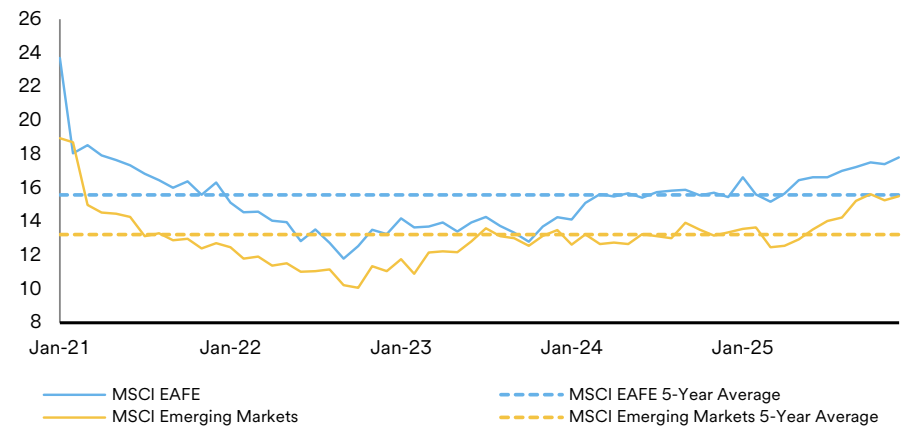
- Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, outperformed domestic equities in the fourth quarter returning 5.1% for the quarter, with a year-to-date return of 32.4%, its highest return since 2009.
- Seven of the 11 sectors posted positive returns for the quarter. The top performing sectors were Information Technology (11.0%), Materials (9.3%), and Utilities (7.9%). The worst performers for the quarter were Real Estate (-0.5%), Consumer Discretionary (-2.5%), and Communication Services (-6.9%).
- Developed ex-U.S. markets, as represented by the MSCI EAFE Index, outperformed emerging markets (EM), as represented by the MSCI Emerging Market Index, returning 4.9% versus 4.7% for the quarter. While the U.S. Dollar (USD) strengthened somewhat during the quarter, the continued softness positively impacted returns from all international indices, as they are stated in USD.
- Of the five largest-weighted countries in the MSCI EAFE Index, the MSCI Switzerland (9.8%) and MSCI United Kingdom (7.0%) indices outperformed the overall EAFE index. The MSCI France (3.4%), MSCI Japan (3.2%), and MSCI Germany (2.6%) indices underperformed.
- Of the five largest-weighted countries in EM, MSCI Korea (27.3%), MSCI Taiwan (10.4%), and MSCI Brazil (8.3%) outperformed the MSCI Emerging Markets index, while MSCI India (4.8%) performed in line and MSCI China (-7.4%) underperformed with notable negative returns. Both Korea and Taiwan continued their streak of double-digit returns supported by semiconductor names positively impacted by the artificial intelligence (AI) theme.
- Value stocks outperformed growth stocks for the quarter as represented by the broad benchmarks. The MSCI AC World ex-USA Growth Index returned 2.6%, while the MSCI AC World ex-USA Value Index returned 7.6%. Within EM, value stocks (MSCI EM Value) returned 5.8% versus 3.1% for growth. Small caps, as represented by the MSCI ACWI ex-U.S. Small Cap Index posted a return of 3.0%.
- Non-U.S. equity valuations increased in both emerging and developed markets. Both sit slightly above long-term averages. As of quarter-end, the MSCI EAFE's Adjusted Positive Forward P/E stood at 17.8 versus a five year average of 15.6. MSCI EM ended the quarter with an Adjusted Positive Forward P/E ratio of 15.5, above its five year average of 13.2.

**MSCI ACWI ex-U.S. Sectors**  
Periods Ended December 31, 2025



Source: Bloomberg.

**P/E Ratios of MSCI Equity Indices\***



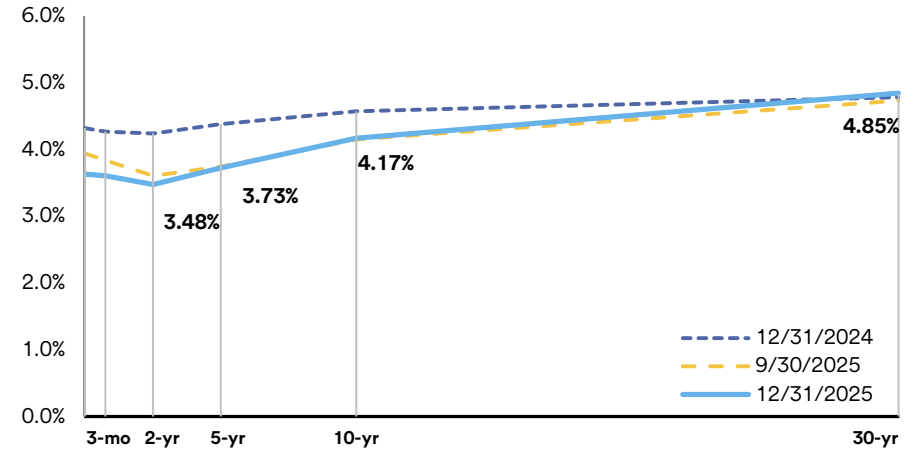
Source: Bloomberg.

\*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, represented by the Bloomberg U.S. Aggregate Index, returned 1.1% during the fourth quarter.
- The Bloomberg U.S. Treasury Index closed the quarter returning 0.9%. As the Fed cut rates first in October and then again in December, the yield curve steepened slightly with rates falling in the short to intermediate spectrum while long term yields rose. 30-year Treasury yields rose to 4.8%, while the 2-year ended at 3.5%. Cash markets continued to provide higher yields than the 2-year Treasuries.
- Corporate credit saw positive returns across the quality spectrum for the quarter. The Investment-Grade Bloomberg U.S. Corporate (IG Corp) Index returned 0.9% while High Yield bonds, as represented by the ICE BofA High Yield (HY) Index, returned 1.4%. Spreads remained relatively flat for High Yield corporates while they widened slightly for investment-grade corporates over the quarter. Both remain below their respective 10-year averages. Tailwinds of high profit margins, continued debt issuance, and ongoing mergers and acquisitions (M&A) activity points to positive corporate sentiment.

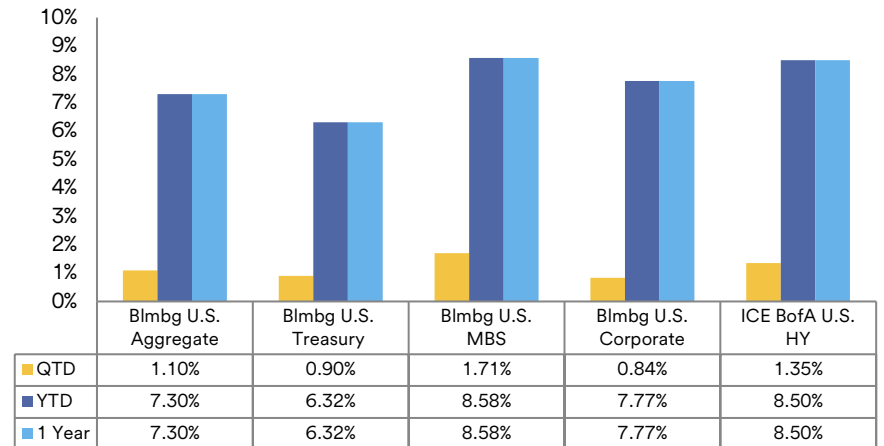
**U.S. Treasury Yield Curve**



Source: Bloomberg.

**Returns for Fixed-Income Segments**

Periods Ended December 31, 2025

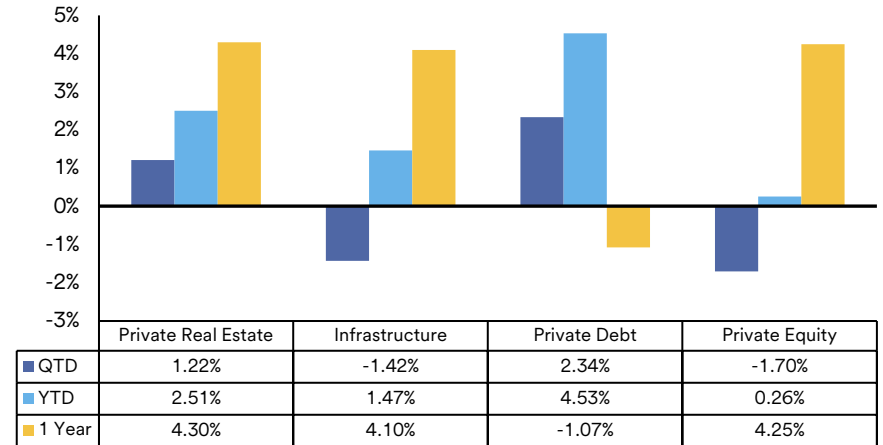


Source: Bloomberg.

**ALTERNATIVES**

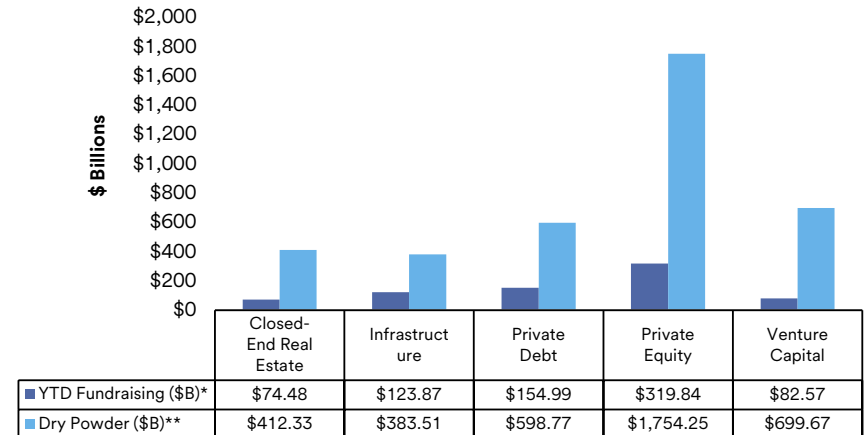
- Real estate investment trusts (REITs), as measured by the MSCI U.S. REITs Index, returned -1.7% in the fourth quarter leading to a year-to-date return of 3.0%. Private real estate, as measured by the NCREIF Property Index, gained 1.2% in the second quarter of 2025, marking the third consecutive quarter of positive total returns as property value declines leveled off across most sectors. The “Other” category, which includes a wide variety of non-categorized property types including data centers was the top performer, returning 2.3%, while Hotels returned a marginally positive 0.1%.
- Listed infrastructure, as measured by the MSCI World Core Infrastructure Index, returned 0.3% in the fourth quarter, down from a 4.9% return in the prior quarter. According to PitchBook, Private infrastructure funds posted a return of -1.4% in Q2 2025. Over the longer term, they generated an annualized return of 9.9% for the five years ended Q2 2025. By the end of Q3 2025, 57 private infrastructure funds raised \$123.9 billion, beating the funds raised during all of 2024 with one quarter remaining. Most of the capital went to funds larger than \$5 billion which seek to capitalize on rising AI demand. Infrastructure dry powder has fallen from the previous year and stands at \$383.5 billion as of March 31, 2025.
- By the end of Q3 2025, 125 private debt funds raised \$155.0 billion, with fundraising now on pace for another strong year by historical standards. Private debt dry powder remains above the long-term average at \$598.8 billion as of March 31, 2025. According to Cliffwater, the performance of private debt funds continues to be strong but is softening, posting a return of 2.3% in Q2 2025. The asset class has generated an annualized return of 11.1% for the five years ended Q2 2025.
- As of Q3 2025, 411 private equity funds raised \$319.8 billion –as the slower pace of fundraising continues due to constrained distributions hindering fundraising efforts. The bulk of the capital raised continues to flow to experienced managers raising capital for funds larger than \$1 billion. Global private equity dry powder, which accounts for the bulk of private capital dry powder, remains high at \$1.8 trillion as of March 31, 2025. Exit tailwinds of lower borrowing costs and greater market clarity should aid fundraising efforts into 2026. PitchBook, private equity funds posted a return of -1.7% in Q2 2025. The asset class has generated an annualized return of 17.6% for the five years ended Q2 2025.

**Returns for Private Capital Assets**



Source: NCREIF, PitchBook, Cliffwater, Cambridge Associate.  
As of June 30, 2025, the most recent period for which all index data is available.

**Private Capital Fundraising & Dry Powder**



Sources: Pitchbook.  
\* Total capital raised in 2025 as of September 30, 2025 - most recent period for which ALL fundraising data is available.  
\*\* Cumulative dry powder and total AUM as of March 31, 2025.  
\*\*\* Excluding open-end, evergreen fund vehicles.

**Factors to Consider Over the Next 6-12 Months**

<p><b>Monetary Policy (Global):</b></p>  <ul style="list-style-type: none"> <li>• The Fed cut rates by 50 bps in Q4 but noted continuing challenges in achieving its dual mandate.</li> <li>• Markets view policy risks as skewed towards additional easing, assuming a more dovish Chair takes office in mid-2026 as expected.</li> <li>• Major central banks have an accommodative policy in place with the BOJ being the notable exception.</li> </ul>	<p><b>Economic Growth (Global):</b></p>  <ul style="list-style-type: none"> <li>• Benefits from the tax and reconciliation bill and increases in anticipated AI capex are expected to support U.S. growth in 2026.</li> <li>• The effects of U.S. government shutdown expected to be temporary and fully recouped in Q1 2026.</li> <li>• Strong consumer spending and steadier trade dynamics continue to support global growth.</li> </ul>	<p><b>Inflation (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• While headline inflation moved lower in Q4, significant gaps in data collection due to the U.S. government shutdown likely biased the data lower and warrants attention.</li> <li>• Lower shelter inflation continues to support disinflation going forward although goods prices continue to experience tariff passthroughs.</li> </ul>
<p><b>Financial Conditions (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Financial conditions eased as corporate earnings exceeded expectations and tariff concerns abated resulting in equities reaching new all-time highs and credit spreads tightening to historical lows.</li> <li>• Financial conditions expected to remain tailwind as monetary policy eases, but any fiscal uncertainty and geopolitical risks could reintroduce tighter financial conditions over the next 6-12 months.</li> </ul>	<p><b>Consumer Spending (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Consumer activity remained resilient through the holiday shopping season, highlighting the disconnect between slowing sentiment and activity.</li> <li>• Consumer spending is dominated by higher-income cohorts pointing to K-shaped economy.</li> <li>• A significant correction in the equity market or a material slowdown in the labor market are the largest threats to consumer spending.</li> </ul>	<p><b>Labor Markets (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Labor market conditions continued to cool with net new job creation close to zero. Initial jobless claims and layoff rates remain low, easing some concerns over labor weakness.</li> <li>• The unemployment rate continued to tick higher, while job openings declined and the quits rate remains subdued, signaling reduced worker leverage even as real wage growth remains positive.</li> </ul>
<p><b>Corporate Fundamentals:</b></p>  <ul style="list-style-type: none"> <li>• Earnings growth expectations are positive across global equities with double digit growth expected across U.S. and international equity benchmarks.</li> <li>• In the U.S., M&amp;A and capital spending pickup, tax changes and rate cuts are positives while any tariff related cost pressures need to be monitored.</li> </ul>	<p><b>Valuations:</b></p>  <ul style="list-style-type: none"> <li>• U.S. equities and credit markets trade at valuations that are expensive relative to their history.</li> <li>• Resilient growth, strong earnings growth and higher profit margins are supportive of the current valuations while inflation and AI related exuberance are not fully reflected in the current valuations.</li> </ul>	<p><b>Political/Policy Risks:</b></p>  <ul style="list-style-type: none"> <li>• Some of the policy and trade related uncertainty was resolved in 2025.</li> <li>• The possibility of another U.S. government shutdown, legal challenges to tariffs and ongoing geopolitical uncertainty are negatives.</li> </ul>



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, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (December 31, 2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness, or suitability.

**Long-Term Strategic Approach to Private Capital/Alternatives**

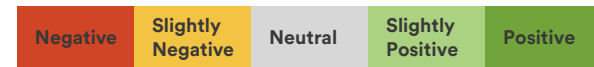
Sub-Asset Class	Long-Term Strategic View	Recent Trends (as of 2025 Q4)
<p><b>Private Equity</b></p>	<p>Provide attractive returns with lower correlations to public market equities due to their ability to invest in early-stage growth companies or ability to turnaround a struggling firm.</p>	<ul style="list-style-type: none"> <li>• Decrease in interest rates and broadening of public markets are expected to benefit Private Equity with increased activity in exits through IPO's and M&amp;A</li> <li>• Buyout returns continue to improve, as well as increase in transactions YTD 2025, should provide an improved investment and exit environment</li> <li>• Venture capital deal volume is still below trend, while most deals are focused on artificial intelligence and defense with higher valuations</li> <li>• Current environment favors secondaries and co-investments overgrowth strategies, although IPO deals and valuations have increased pointing to potential turnaround in VC markets</li> </ul>
<p><b>Private Debt</b></p>	<p>Provides higher returns than the public market debt due to the ability to customize terms and floating rate structure of most notes.</p>	<ul style="list-style-type: none"> <li>• Increased demand for private debt despite less leveraged buyout transactions, lower leverage levels for private companies has led to spread compression</li> <li>• Several high profiles defaults put a spotlight on credit quality, weaker underwriting standards, however these cases were considered idiosyncratic and so far, do not seem to have affected overall market</li> <li>• Interest rates continue to provide attractive credit opportunities in areas such as asset backed, consumer sector and real estate backed debt</li> </ul>
<p><b>Real Assets</b> Real Estate Infrastructure</p>	<p>Provides exposure to inflation sensitive assets that typically generate returns from a combination of capital appreciation and income generation.</p>	<ul style="list-style-type: none"> <li>• Real Estate: Returns improved in YTD 2025 and transactions volume increased, particularly in industrial and retail sectors, potentially leading to further recovery. Property value declines are leveling off, suggesting new opportunities</li> <li>• Infrastructure: Returns improved in YTD 2025, with increased adoption of AI driving demand for data centers, power generation and transmission capabilities while decarbonization trend is driving demand for global clean energy infrastructure</li> </ul>
<p><b>Diversifying</b> Hedge Funds</p>	<p>Expected to lower the volatility and correlation within portfolios while providing access to esoteric strategies.</p>	<ul style="list-style-type: none"> <li>• Hedge funds generated positive returns YTD 2025 particularly across market neutral, relative value and long/short equity strategies</li> <li>• Overall performance across strategies is lower than historical, while correlations to 60/40 stock bond portfolios have increased</li> <li>• Hedge funds continue to provide relative stability to dampen overall portfolio volatility</li> </ul>

*The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc. at the time of distribution (December 31, 2025) and are subject to change.*

**Investment Strategy Overview**

Asset Class	Our Q1 2026 Investment Outlook	Comments
<b>U.S. Equities</b>		<ul style="list-style-type: none"> <li>US large caps returned double-digit returns in 2025 supported by supportive fiscal and monetary policy, strong earnings growth and continued support for AI related stocks.</li> <li>Looking ahead, resilient economic growth is expected to broaden market performance away from the top technology names (Mag-7) and towards smaller and mid cap names. Value stocks have been outperforming growth stocks recently led by economic growth tailwinds and capex expensing rules that provides favorable outlook for cyclical industries.</li> <li>Small caps have recovered in the latter half of 2025 as Fed rate cuts, higher liquidity and improving earnings became tailwinds. While we hold a positive view on small caps, we expect to remain neutral until we see some recovery across employment and manufacturing indicators.</li> </ul>
Large-Caps		
Small-Caps		
<b>Non-U.S. Equities</b>		<ul style="list-style-type: none"> <li>International equities posted strong returns in 2025. Valuations are attractive relative to US equities but multiples look expensive relative to recent history. Earnings growth of ~13% expected in 2026.</li> <li>Across Europe and China, we believe that there are structural/geopolitical issues that need to be addressed for long-term sustained outperformance.</li> <li>Accommodative monetary policy, fiscal stimulus in certain regions and weaker USD are tailwinds but tariff driven uncertainty remains.</li> </ul>
Developed Markets		
Emerging Markets		
<b>Fixed Income</b>		<ul style="list-style-type: none"> <li>Fed cut rates by 75bps in 2025 and has provided guidance for one more rate cut in 2026.</li> <li>Yield curve has steepened over 2025 while 10 year yields have stayed above 4.0%. We expect long term rates to be range-bound due to inflation expectations but are watching for any meaningful increase in yields that could lead to a risk-off sentiment.</li> <li>We remain duration neutral at this time. Absolute yield levels look attractive even as credit spreads are closer to historical lows. We are neutral to credit sectors at this time given the tighter spreads even as corporate fundamentals remain strong.</li> </ul>
Core Bonds		
Investment Grade Credit		
High Yield Credit		
<b>Diversifying Assets</b>		<ul style="list-style-type: none"> <li>REIT performance has been sensitive to the long-term yields and have underperformed broader equities in 2025. Looking ahead, continued economic growth and the recent rate cuts are expected to be tailwinds.</li> <li>Along with diversified source of return, improving AI sentiment bodes well for data center buildout and utilities are long-term drivers for listed infrastructure.</li> </ul>
Listed Real Estate		
Listed Global Infrastructure		

● Current outlook    ○ Outlook one quarter ago



The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (December 31, 2025) and are subject to change.

## SOURCES

Factset

<https://www.bea.gov/sites/default/files/2024-12/gdp3q24-3rd-fax.pdf>

<https://www.bls.gov/news.release/pdf/empsit.pdf>

<https://www.bls.gov/news.release/pdf/cpi.pdf>

<http://www.sca.isr.umich.edu/>

NCREIF

PitchBook

Cliffwater

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## **Plan Performance Summary**

Asset Allocation & Performance

	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	2025	1 Year	2 Years	3 Years	5 Years	7 Years	Since Inception	Inception Date
<b>Total Fund - OPEB Trust</b>	<b>22,142,678</b>	<b>100.00</b>	<b>2.18</b>	<b>15.84</b>	<b>15.84</b>	<b>13.48</b>	<b>13.78</b>	<b>6.34</b>	<b>9.72</b>	<b>8.20</b>	<b>08/01/2016</b>
<i>Blended Benchmark</i>			<i>2.44</i>	<i>16.25</i>	<i>16.25</i>	<i>13.40</i>	<i>14.07</i>	<i>6.69</i>	<i>9.55</i>	<i>8.12</i>	
<b>Domestic Equity</b>	<b>8,743,535</b>	<b>39.49</b>	<b>2.35</b>	<b>17.05</b>	<b>17.05</b>	<b>20.49</b>	<b>20.90</b>	<b>12.58</b>	<b>16.52</b>	<b>14.19</b>	<b>09/01/2016</b>
<i>Russell 3000 Index</i>			<i>2.40</i>	<i>17.15</i>	<i>17.15</i>	<i>20.43</i>	<i>22.25</i>	<i>13.15</i>	<i>16.64</i>	<i>14.43</i>	
Fidelity Total Market Index Fund	8,743,535	39.49	2.35	17.05	17.05	20.42	22.29	13.09	16.57	18.93	06/01/2024
<i>Russell 3000 Index</i>			<i>2.40</i>	<i>17.15</i>	<i>17.15</i>	<i>20.43</i>	<i>22.25</i>	<i>13.15</i>	<i>16.64</i>	<i>18.98</i>	
<b>International Equity</b>	<b>4,736,539</b>	<b>21.39</b>	<b>4.44</b>	<b>32.63</b>	<b>32.63</b>	<b>18.02</b>	<b>17.46</b>	<b>5.79</b>	<b>10.12</b>	<b>8.56</b>	<b>09/01/2016</b>
<i>MSCI AC World ex USA (Net)</i>			<i>5.05</i>	<i>32.39</i>	<i>32.39</i>	<i>18.20</i>	<i>17.33</i>	<i>7.91</i>	<i>10.15</i>	<i>8.53</i>	
iShares Core MSCI Total International Stock ETF	4,736,539	21.39	4.44	32.63	32.63	18.10	17.26	7.92	10.27	18.79	06/01/2024
<i>MSCI AC World ex USA (Net)</i>			<i>5.05</i>	<i>32.39</i>	<i>32.39</i>	<i>18.20</i>	<i>17.33</i>	<i>7.91</i>	<i>10.15</i>	<i>19.20</i>	
<b>Fixed Income</b>	<b>8,482,869</b>	<b>38.31</b>	<b>1.07</b>	<b>7.52</b>	<b>7.52</b>	<b>4.86</b>	<b>5.42</b>	<b>-0.01</b>	<b>2.37</b>	<b>1.89</b>	<b>09/01/2016</b>
<i>Blmbg. U.S. Aggregate</i>			<i>1.10</i>	<i>7.30</i>	<i>7.30</i>	<i>4.23</i>	<i>4.66</i>	<i>-0.36</i>	<i>1.99</i>	<i>1.53</i>	
Baird Core Plus	2,001,097	9.04	1.10	7.47	7.47	4.97	5.61	0.32	2.85	2.29	08/01/2016
<i>Blmbg. U.S. Aggregate</i>			<i>1.10</i>	<i>7.30</i>	<i>7.30</i>	<i>4.23</i>	<i>4.66</i>	<i>-0.36</i>	<i>1.99</i>	<i>1.51</i>	
PGIM Total Return Bond	1,383,834	6.25	1.14	7.79	7.79	5.38	6.17	0.15	2.76	2.33	09/01/2017
<i>Blmbg. U.S. Aggregate</i>			<i>1.10</i>	<i>7.30</i>	<i>7.30</i>	<i>4.23</i>	<i>4.66</i>	<i>-0.36</i>	<i>1.99</i>	<i>1.66</i>	
Voya Intermediate Bond	1,989,274	8.98	1.07	7.62	7.62	5.25	5.85	0.16	2.65	1.46	01/01/2020
<i>Blmbg. U.S. Aggregate</i>			<i>1.10</i>	<i>7.30</i>	<i>7.30</i>	<i>4.23</i>	<i>4.66</i>	<i>-0.36</i>	<i>1.99</i>	<i>0.91</i>	
iShares Core US Aggregate Bond ETF	3,108,665	14.04	1.00	7.19	7.19	4.24	4.69	-0.38	1.96	0.39	04/01/2020
<i>Blmbg. U.S. Aggregate</i>			<i>1.10</i>	<i>7.30</i>	<i>7.30</i>	<i>4.23</i>	<i>4.66</i>	<i>-0.36</i>	<i>1.99</i>	<i>0.40</i>	
<b>Cash Equivalent</b>	<b>179,735</b>	<b>0.81</b>	<b>0.97</b>	<b>4.19</b>	<b>4.19</b>	<b>4.67</b>	<b>4.77</b>	<b>3.15</b>	<b>2.59</b>	<b>2.22</b>	<b>09/01/2016</b>
First American Gov't Obligation - Z	179,735	0.81	0.97	4.19	4.19	4.67	4.77	3.14	2.59	2.20	08/01/2016
<i>ICE BofA 3 Month U.S. T-Bill</i>			<i>0.97</i>	<i>4.18</i>	<i>4.18</i>	<i>4.71</i>	<i>4.81</i>	<i>3.17</i>	<i>2.68</i>	<i>2.30</i>	

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

	2024	2023	2022	2021	2020
<b>Total Fund - OPEB Trust</b>	<b>11.17</b>	<b>14.36</b>	<b>-17.17</b>	<b>11.49</b>	<b>16.94</b>
<i>Blended Benchmark</i>	10.63	15.43	-15.77	10.58	14.14
<b>Domestic Equity</b>	<b>24.03</b>	<b>21.73</b>	<b>-18.60</b>	<b>25.73</b>	<b>24.25</b>
<i>Russell 3000 Index</i>	23.81	25.96	-19.21	25.66	20.89
Fidelity Total Market Index Fund	23.88	26.12	-19.51	25.65	20.78
<i>Russell 3000 Index</i>	23.81	25.96	-19.21	25.66	20.89
<b>International Equity</b>	<b>5.01</b>	<b>16.35</b>	<b>-23.73</b>	<b>7.23</b>	<b>22.21</b>
<i>MSCI AC World ex USA (Net)</i>	5.53	15.62	-16.00	7.82	10.65
iShares Core MSCI Total International Stock ETF	5.15	15.62	-16.35	8.52	11.14
<i>MSCI AC World ex USA (Net)</i>	5.53	15.62	-16.00	7.82	10.65
<b>Fixed Income</b>	<b>2.26</b>	<b>6.57</b>	<b>-13.57</b>	<b>-1.32</b>	<b>7.33</b>
<i>Blmbg. U.S. Aggregate</i>	1.25	5.53	-13.01	-1.55	7.51
Baird Core Plus	2.54	6.89	-12.87	-1.02	8.80
PGIM Total Return Bond	3.03	7.78	-14.86	-1.15	8.10
Voya Intermediate Bond	2.93	7.07	-14.16	-0.99	8.22
iShares Core US Aggregate Bond ETF	1.37	5.59	-13.06	-1.67	7.42
<i>Blmbg. U.S. Aggregate</i>	1.25	5.53	-13.01	-1.55	7.51
<b>Cash Equivalent</b>	<b>5.15</b>	<b>4.98</b>	<b>1.49</b>	<b>0.02</b>	<b>0.39</b>
First American Gov't Obligation - Z	5.15	4.98	1.48	0.02	0.37

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

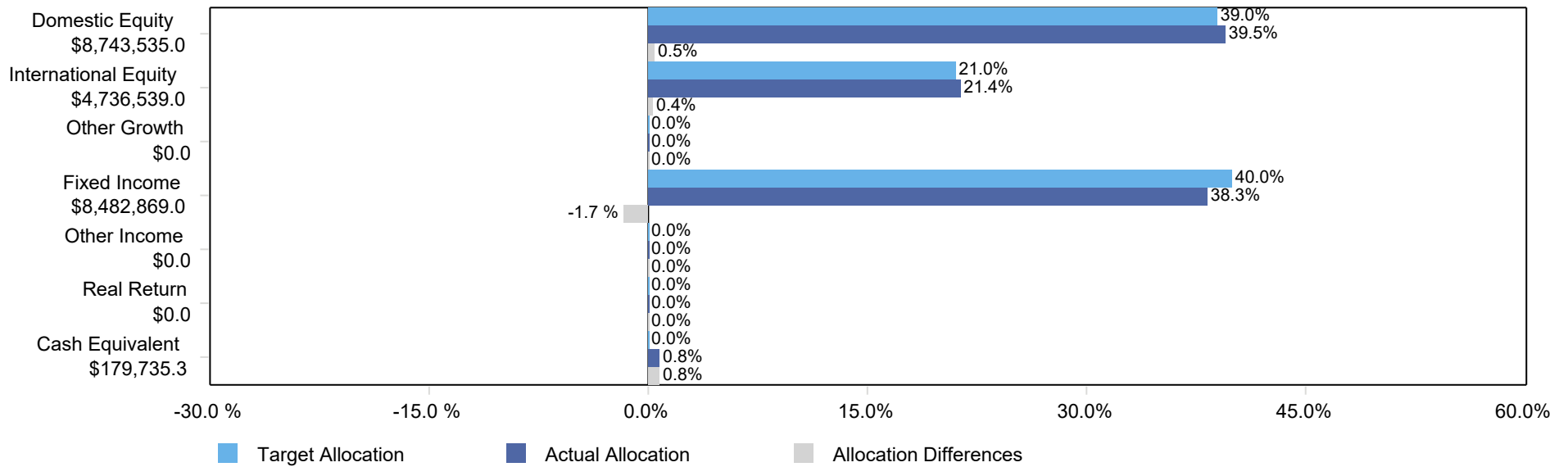
<b>QTR</b>				
	<b>Market Value As of 10/01/2025</b>	<b>Net Flows</b>	<b>Return On Investment</b>	<b>Market Value As of 12/31/2025</b>
Total Fund - OPEB Trust	21,687,888	(17,963)	472,753	22,142,678

<b>YTD</b>				
	<b>Market Value As of 01/01/2025</b>	<b>Net Flows</b>	<b>Return On Investment</b>	<b>Market Value As of 12/31/2025</b>
Total Fund - OPEB Trust	19,176,252	(66,099)	3,032,525	22,142,678

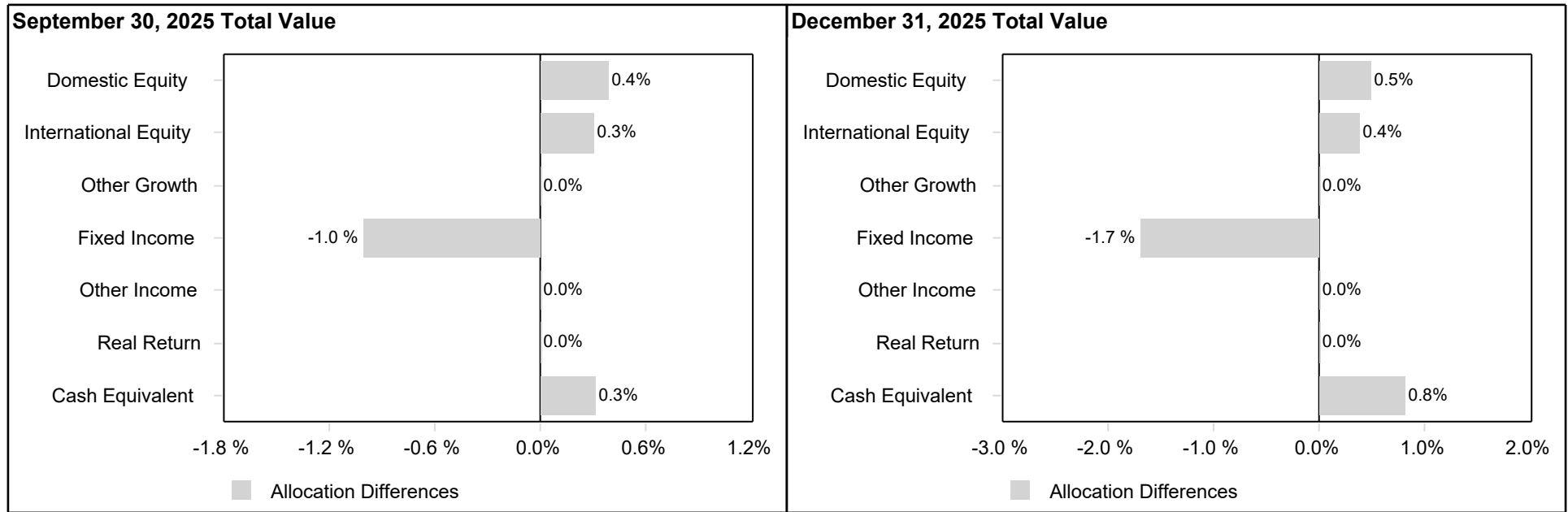
<b>1 Year</b>				
	<b>Market Value As of 01/01/2025</b>	<b>Net Flows</b>	<b>Return On Investment</b>	<b>Market Value As of 12/31/2025</b>
Total Fund - OPEB Trust	19,176,252	(66,099)	3,032,525	22,142,678

Asset Allocation Compliance - Total Fund - OPEB Trust

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
<b>Total Fund - OPEB Trust</b>	<b>100.0</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>	<b>0.0</b>
Domestic Equity	39.5	39.0	19.0	59.0	0.5
International Equity	21.4	21.0	1.0	41.0	0.4
Other Growth	0.0	0.0	0.0	20.0	0.0
Fixed Income	38.3	40.0	20.0	60.0	-1.7
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	0.8	0.0	0.0	20.0	0.8



Asset Allocation vs. Target Allocation



September 30, 2025 Total Value				December 31, 2025 Total Value			
	Market Value (\$000)	Allocation (%)	Target (%)		Market Value (\$000)	Allocation (%)	Target (%)
Domestic Equity	8,542.55	39.39	39.00	Domestic Equity	8,743.54	39.49	39.00
International Equity	4,621.26	21.31	21.00	International Equity	4,736.54	21.39	21.00
Other Growth	-	-	0.00	Other Growth	-	-	0.00
Fixed Income	8,455.97	38.99	40.00	Fixed Income	8,482.87	38.31	40.00
Other Income	-	-	0.00	Other Income	-	-	0.00
Real Return	-	-	0.00	Real Return	-	-	0.00
Cash Equivalent	68.10	0.31	0.00	Cash Equivalent	179.74	0.81	0.00
<b>Total Fund</b>	<b>21,687.89</b>	<b>100.00</b>	<b>100.00</b>	<b>Total Fund</b>	<b>22,142.68</b>	<b>100.00</b>	<b>100.00</b>

Historical Hybrid Composition - Blended Benchmark

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

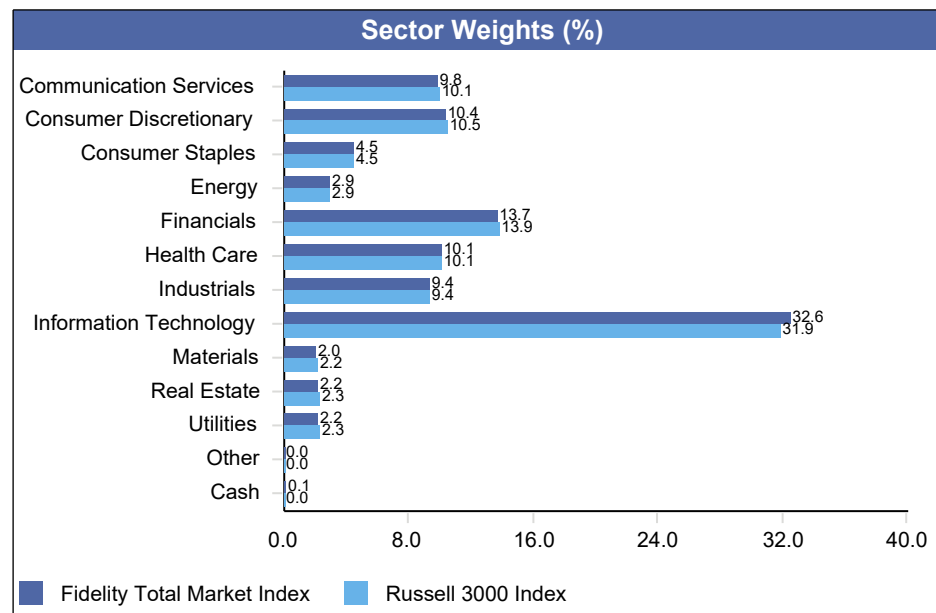
## Fee Schedule

	Fee Schedule	Market Value As of 12/31/2025 (\$)	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
<b>Domestic Equity</b>		<b>8,743,535</b>	<b>1,312</b>	<b>0.02</b>
Fidelity Total Market Index Fund	0.02 % of Assets	8,743,535	1,312	0.02
<b>International Equity</b>		<b>4,736,539</b>	<b>3,316</b>	<b>0.07</b>
iShares Core MSCI Total International Stock ETF	0.07 % of Assets	4,736,539	3,316	0.07
<b>Fixed Income</b>		<b>8,482,869</b>	<b>18,102</b>	<b>0.21</b>
Baird Core Plus	0.30 % of Assets	2,001,097	6,003	0.30
PGIM Total Return Bond	0.39 % of Assets	1,383,834	5,397	0.39
Voya Intermediate Bond	0.29 % of Assets	1,989,274	5,769	0.29
iShares Core US Aggregate Bond ETF	0.03 % of Assets	3,108,665	933	0.03
<b>Cash Equivalent</b>		<b>179,735</b>	<b>324</b>	<b>0.18</b>
First American Gov't Obligation - Z	0.18 % of Assets	179,735	324	0.18
<b>Total Fund - OPEB Trust</b>		<b>22,142,678</b>	<b>23,052</b>	<b>0.10</b>

## **Investment Manager Review**

Fidelity Total Market Index vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	1,247,610	1,241,454
Median Mkt. Cap (\$M)	1,192	2,333
Price/Earnings ratio	27.41	27.39
Price/Book ratio	4.86	4.84
5 Yr. EPS Growth Rate (%)	25.36	25.15
Current Yield (%)	1.17	1.18
Number of Stocks	3,739	2,966

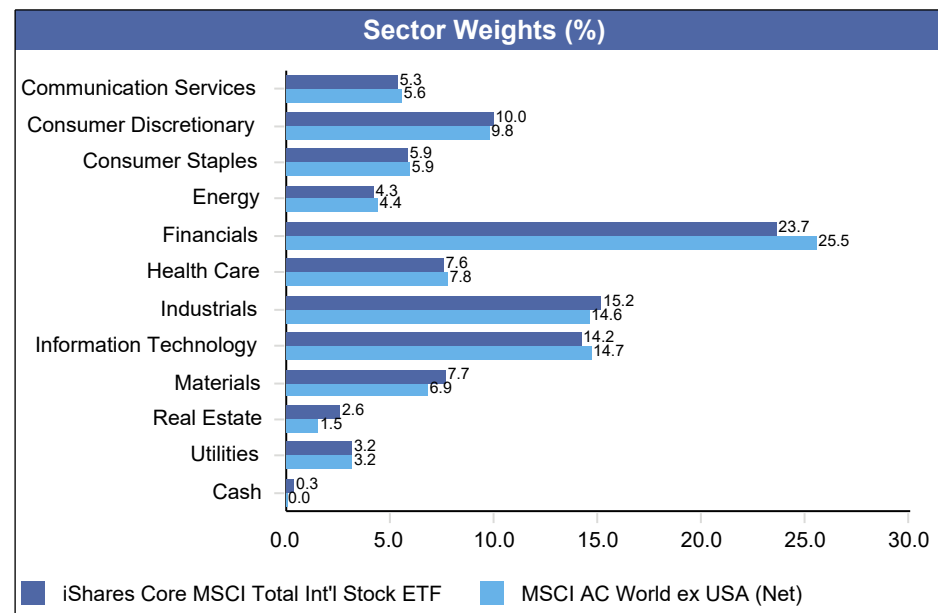


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
NVIDIA Corporation	6.86	6.66	0.20	-0.04
Apple Inc	6.08	6.04	0.04	6.87
Microsoft Corp	5.44	5.47	-0.03	-6.45
Amazon.com Inc	3.40	3.38	0.02	5.12
Alphabet Inc	2.76	2.77	-0.01	28.84
Broadcom Inc	2.47	2.44	0.03	5.11
Alphabet Inc	2.21	2.27	-0.06	28.93
Meta Platforms Inc	2.18	2.20	-0.02	-10.04
Tesla Inc	1.91	1.94	-0.03	1.12
Berkshire Hathaway Inc	1.39	1.41	-0.02	-0.02
% of Portfolio	34.70	34.58	0.12	

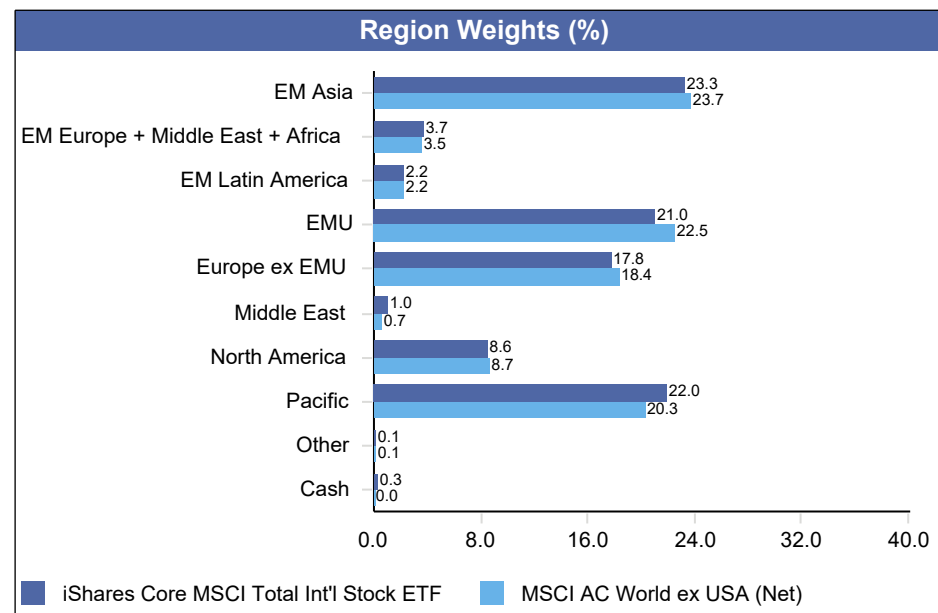
Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Spruce Biosciences Inc	0.00	0.00	0.00	873.30
Galecto Inc	0.00	0.00	0.00	518.55
Praxis Precision Medicines Inc	0.01	0.01	0.00	456.11
Terns Pharmaceuticals Inc	0.01	0.01	0.00	437.95
Velo3D Inc	0.00	0.00	0.00	347.56
Alto Neuroscience Inc	0.00	0.00	0.00	342.79
NovaBay Pharmaceuticals Inc	0.00	0.00	0.00	340.63
Omeros Corp	0.00	0.00	0.00	318.90
Capricor Therapeutics Inc	0.00	0.00	0.00	300.27
Hycroft Mining Holding Corp	0.00	0.00	0.00	283.39
% of Portfolio	0.02	0.02	0.00	

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

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	133,120	154,072
Median Mkt. Cap (\$M)	4,213	13,185
Price/Earnings ratio	16.94	17.03
Price/Book ratio	2.66	2.72
5 Yr. EPS Growth Rate (%)	19.15	19.36
Current Yield (%)	2.67	2.66
Number of Stocks	4,213	1,973

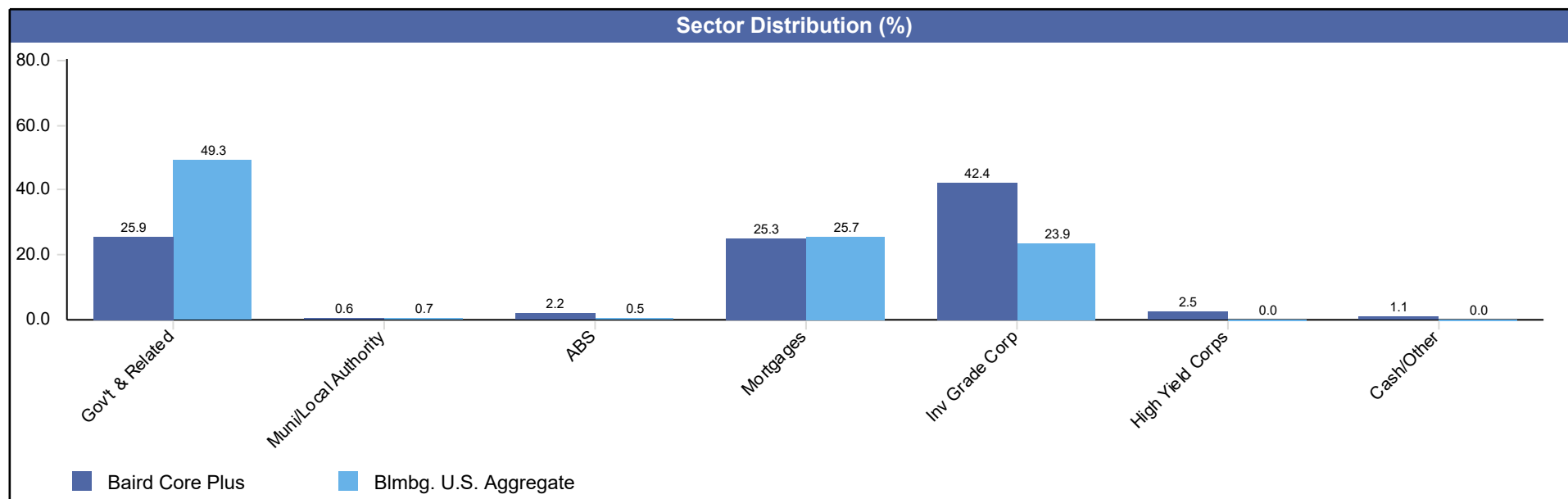
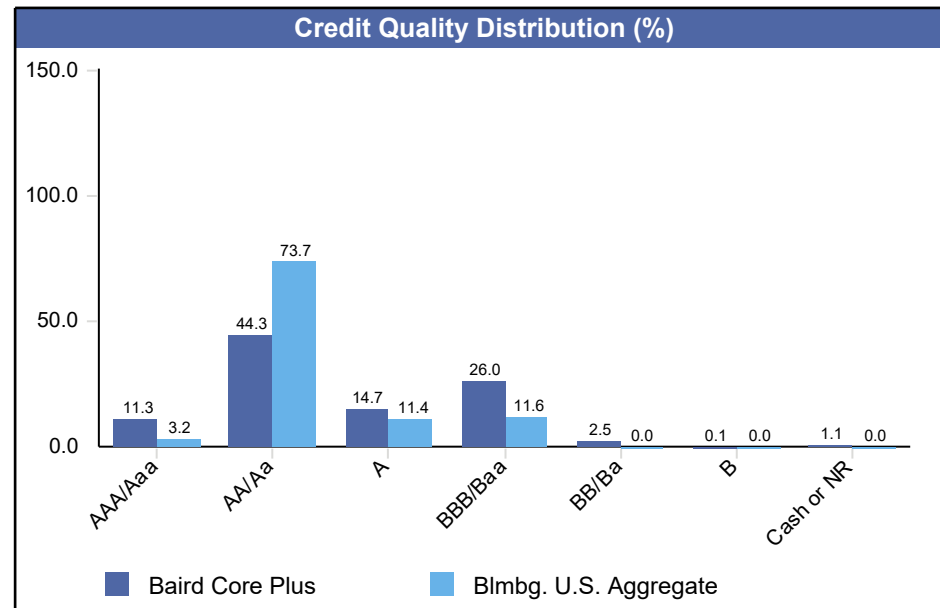


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co	3.14	3.64	-0.50	15.60
Tencent Holdings LTD	1.27	1.48	-0.21	-9.69
ASML Holding NV	1.08	1.26	-0.18	11.41
Samsung Electronics Co Ltd	1.02	1.18	-0.16	39.19
Alibaba Group Holding Ltd	0.81	0.94	-0.13	-19.35
Roche Holding AG	0.75	0.87	-0.12	26.82
Astrazeneca PLC	0.74	0.86	-0.12	23.21
HSBC Holdings PLC	0.70	0.81	-0.11	13.01
Novartis AG	0.68	0.79	-0.11	9.94
Nestle SA, Cham Und Vevey	0.66	0.77	-0.11	8.22
% of Portfolio	10.85	12.60	-1.75	



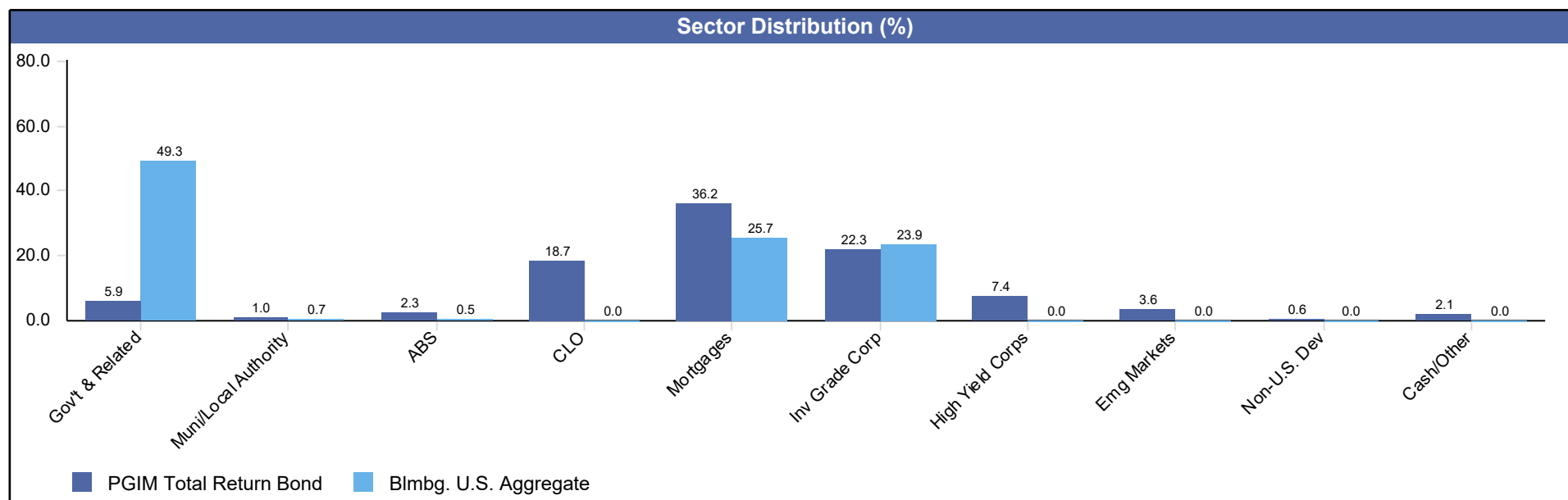
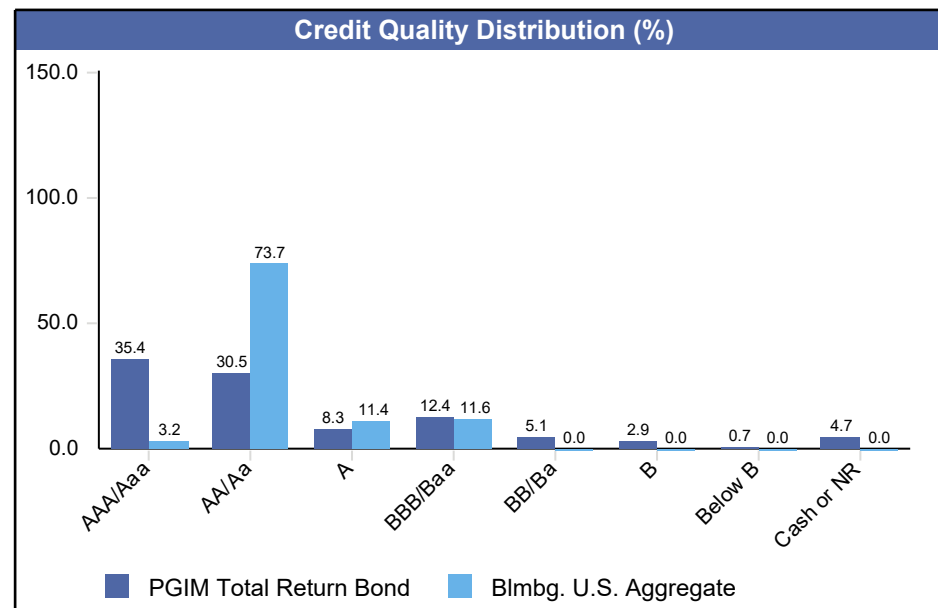
Baird Core Plus vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	5.76	5.98
Yield To Maturity (%)	4.60	4.48
Avg. Maturity	7.60	8.20
Avg. Quality	A	AA
Coupon Rate (%)	3.97	3.65



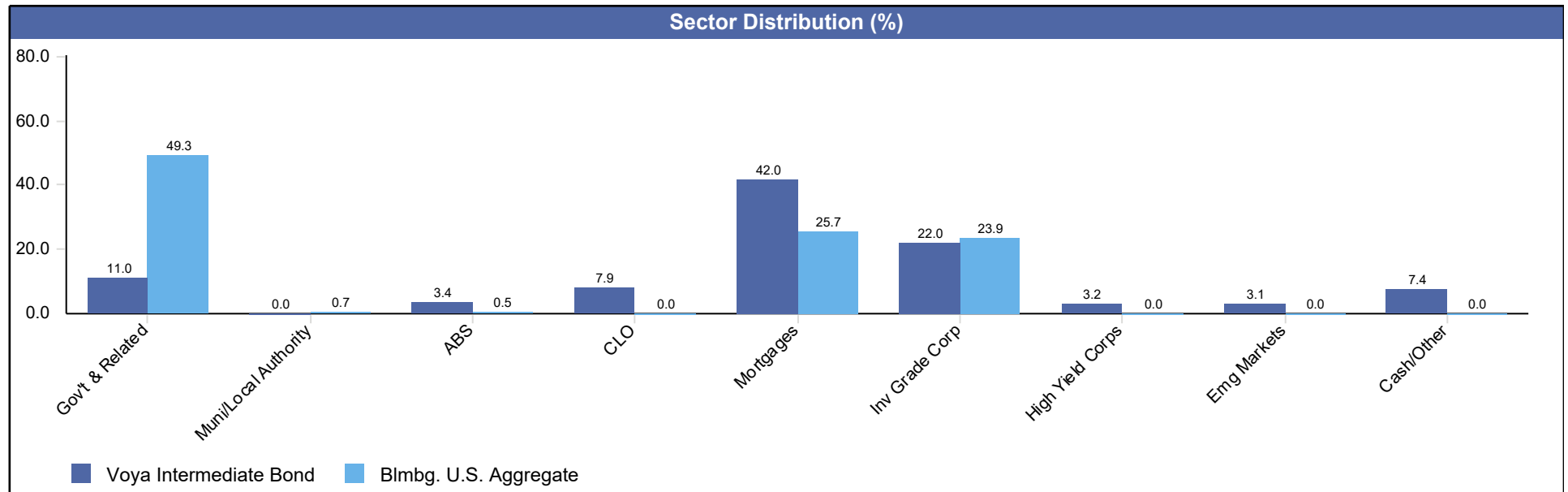
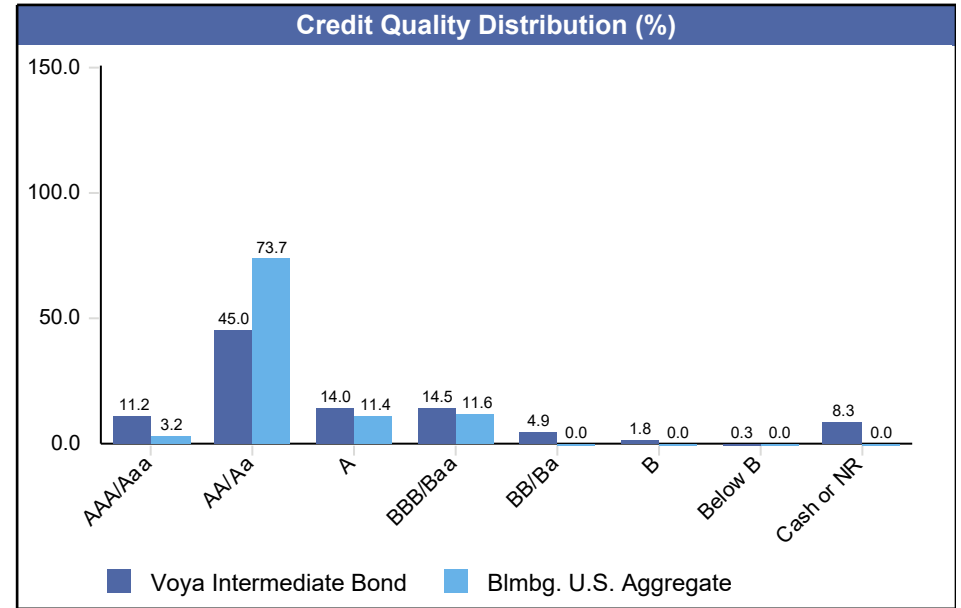
PGIM Total Return Bond vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.03	5.98
Yield To Maturity (%)	5.68	4.48
Avg. Maturity	6.51	8.20
Avg. Quality	AA	AA
Coupon Rate (%)	3.65	3.65



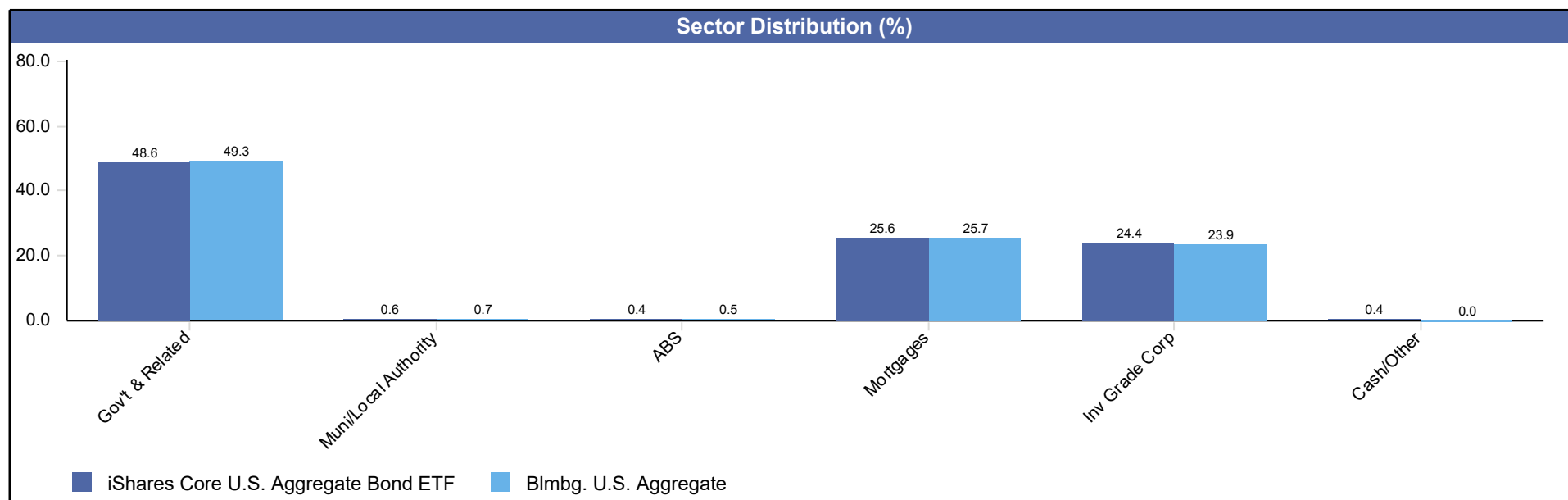
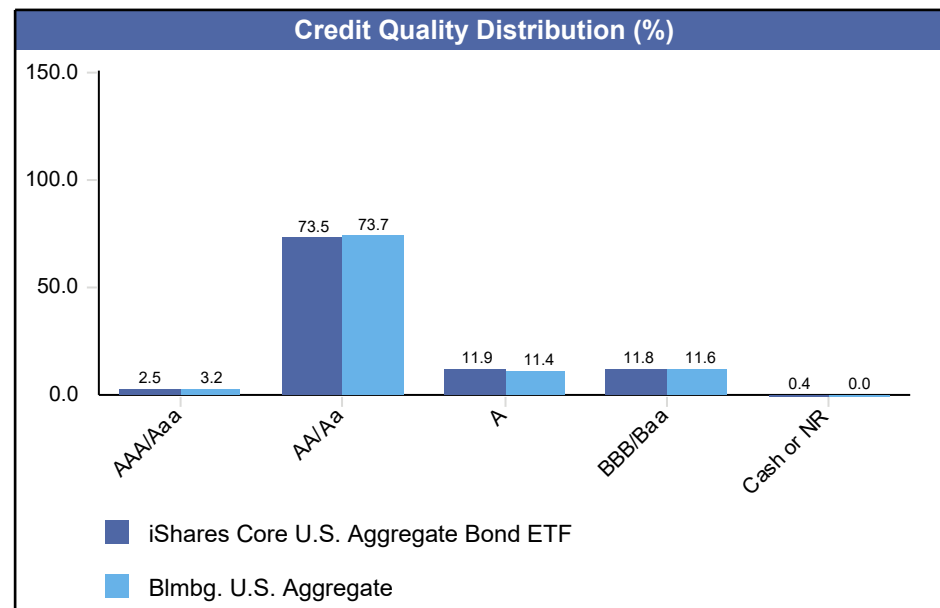
Voya Intermediate Bond vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	5.97	5.98
Yield To Maturity (%)	5.30	4.48
Avg. Maturity	5.82	8.20
Avg. Quality	A	AA
Coupon Rate (%)	4.71	3.65



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

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	5.98	5.98
Yield To Maturity (%)	4.40	4.48
Avg. Maturity	8.05	8.20
Avg. Quality	AA	AA
Coupon Rate (%)	3.66	3.65



## IMPORTANT DISCLOSURES

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