

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

Date **March 2024**

## DEFERRED COMPENSATION PLAN ASSETS

At quarter-end, assets in the Sacramento County 457(b) Plan totaled \$1,565.8 million, increasing \$89.7 million (6.08%) from \$1,476.1 million at the previous quarter-end.

Fidelity Contrafund held the highest percentage of non-target date assets (13.0%), followed by Vanguard Institutional Index (7.0%).

Assets in the Vanguard Target Retirement series totaled \$800.7 million (51.1%) at quarter end; this was an increase of \$31.0 million from \$769.7 million at the prior quarter-end.

## PERFORMANCE

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

JPMorgan Equity Income remains on the County's watchlist this quarter. This was due to the fund performing below 50% of its peer group during for the three- and five-year time-period. For the quarter, the fund returned 7.40%, underperforming its benchmark, which returned 8.99%. Air Products & Chemicals Inc was the portfolio's top detractor, with the stock falling on news of project delays for its green energy business. The materials company makes up 1.76% of the fund's portfolio. On the other hand, the pharmaceutical firm, AbbVie Inc, benefited the fund's performance, as price cuts and blockbuster new drugs kept earnings above expectations, despite patents roll-offs. NWCM remains convicted in the fund.

Parnassus Core Equity continues to remain on watch due to underperforming the benchmark (S&P 500 Index) for both the three-, five-, and ten-year time periods. Additionally, it performed below 50% of its peers for the three-year time period. This quarter, it underperformed the benchmark by roughly -0.53% (10.03% versus 10.56%). Top detractors included Charter Communications and Intel. Charter fell on subscriber growth not meeting expectations, as well as investor fears of the company losing access to the government-subsidized Affordable Connectivity Program. Intel, despite strong earnings results, also missed expectations for the quarter. The fund remains in the top half of its peer group in all but the three-year time period and NWCM remains convicted in the fund.

#### NWCM PLAN CONSULTANTS

JPMorgan Small Cap Equity remained on the watchlist this quarter due to performing below 50% of its peer group for the same three- and five-year time period. For the quarter, the fund returned 5.51%, which outperformed the benchmark at 5.84% (Russell 2000). Kinsale Capital Group was the top contributor to performance, due to an overweight position. The insurer bounced back after accelerating premium growth. Additionally, an overweight to Core & Main Inc also benefited. However, overweight positions in QuidelOrtho Corp and Power Integrations Inc were the detractors. Despite underperformance in 2023, the fund maintains a strong long-term record.

Metropolitan West Total Return Bd Plan remains on watch. Stephen Kane (1997), Laird Landmann (1997), Bryan Whalen (2004), Jerry Cudzil (2023), and Ruben Hovhannisyan (2023) are the managers of the strategy. Long time manager and former CIO Tad Rivelle (1997) retired at the end of 2021. In August 2023 it was announced that Landmann will retire at the end of 2023 and Kane will retire at the end of 2024. NWCM is closely monitoring this fund due to recent performance and upcoming changes to management. Because of the ongoing performance and personnel issues, NWCM recommends replacing the fund with Baird Core Plus Bond.

Sources: JPMorgan, Parnassus, TCW, as of 3/31/2024.

Investment Menu Review – March 2024

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**Sacramento County 457(b) Plan**

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# Market Summary Video

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

This new 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 lingo which signals an economic slowdown. However, there is little agreement about the recession we may face.

Inflation climbed to 8.6% in May. In this respect, there are some similarities between the two recessions in the early 1980s and the current economic environment. In 1979, the energy crisis started by Iran’s Cultural Revolution and the subsequent year’s Iran-Iraq conflict led to a doubling of oil prices and long gas lines. Energy demand from the economic restart coupled with supply shocks due to Russia’s invasion are definitely factors today.

Paul Volcker, then Chairman of the Federal Reserve, broke with prior waffling policy and fought back against persistent inflation in July of 1981 by tightening the money supply. The Fed funds rate reached nearly 20%.

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 8.9% (February 1980) and 9.3% (August 1981) following the Fed’s tightening. More recently, during COVID, the initial decline in the stock market was over 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.

# Wrapping Up a Great First Quarter

## Big Q1 Returns Shouldn't Scare Bulls

S&P 500 Performance When Q1 >10% or More

Year	S&P 500 Index Returns			
	Q1	April	Q2	Final 9 Months of Year
1961	12.0%	0.4%	-0.6%	10.0%
1967	12.3%	4.2%	0.5%	7.0%
1975	21.6%	4.7%	14.2%	8.2%
<b>1976</b>	<b>13.9%</b>	<b>-1.1%</b>	<b>1.5%</b>	<b>4.6%</b>
1986	13.1%	-1.4%	5.0%	1.4%
1987	20.5%	-1.1%	4.2%	-15.3%
1991	13.6%	0.0%	-1.1%	11.2%
1998	13.5%	0.9%	2.9%	11.6%
<b>2012</b>	<b>12.0%</b>	<b>-0.7%</b>	<b>-3.3%</b>	<b>1.3%</b>
2013	10.0%	1.8%	2.4%	17.8%
2019	13.1%	3.9%	3.8%	14.0%
2024	10.2%	?	?	?
Average		1.1%	2.7%	6.5%
Median		0.4%	2.4%	8.2%
% Higher		63.6%	72.7%	90.9%
Average Year				
Average		1.5%	2.0%	7.0%
Median		1.3%	2.3%	7.6%
% Higher		71.6%	62.2%	73.0%

Source: Carson Investment Research, FactSet 03/29/2024  
@ryandetrick



Markets rallied broadly in Q1, and they look poised to continue that trend throughout the remainder of the year. When the S&P 500 returns north of 10% in Q1, the remaining 9 months of the year have been higher 91% of the time with a median return of 8.2%.

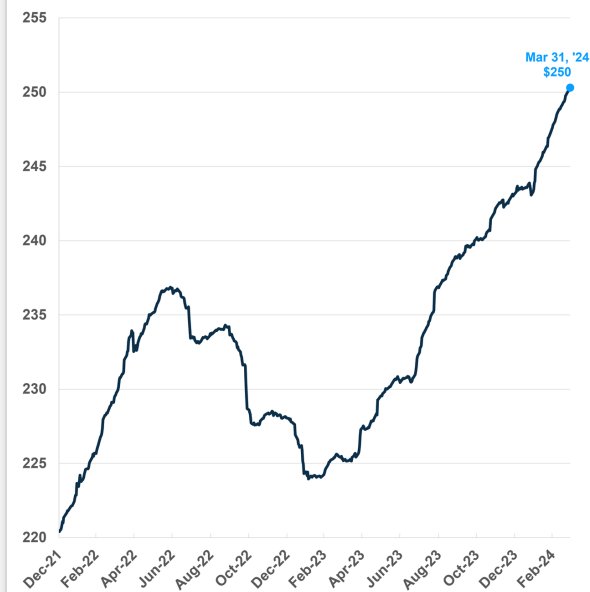


# Economic Strength

Profit margins, forward earnings expectations, and labor productivity all point to continued robust strength in the economy. Combined with low unemployment and healthy wage growth, the fundamentals of the US economy suggest the current market rally has some staying power.

## Forward earnings expectations surge in Q1

S&P 500 Index - Next 12 Month Earnings Per Share



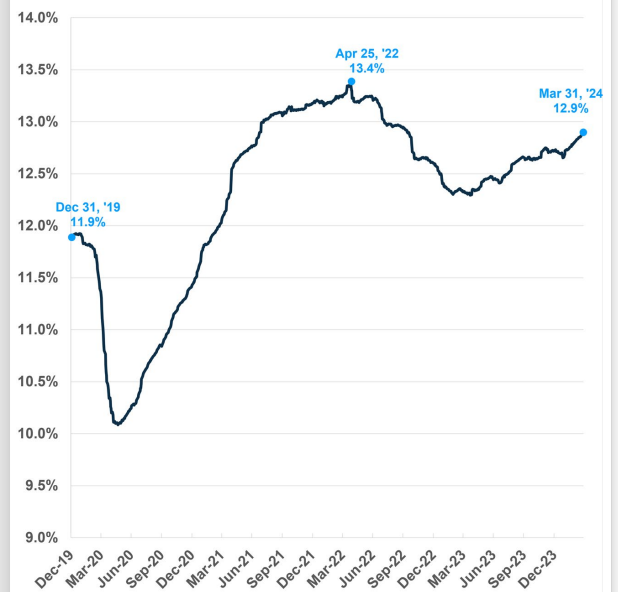
Data source: Carson Investment Research, Factset 03/31/2024

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## Margins continue to move higher

S&P 500 Index - Profit Margin (Forward 12-months)



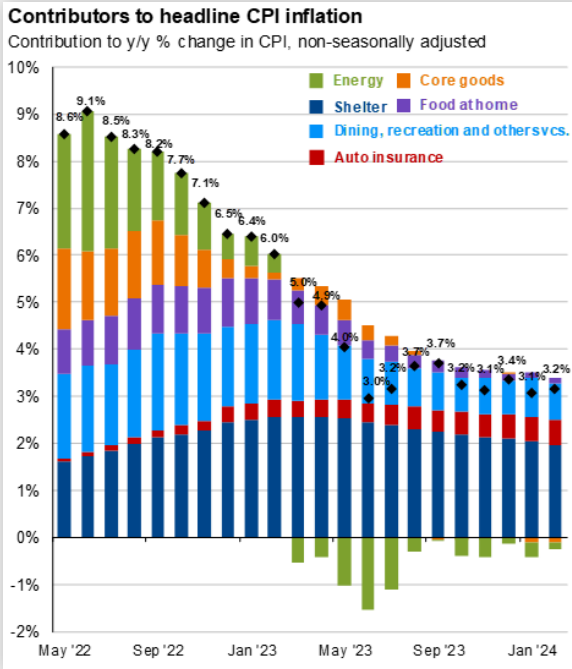
Data source: Carson Investment Research, Factset 03/31/2024

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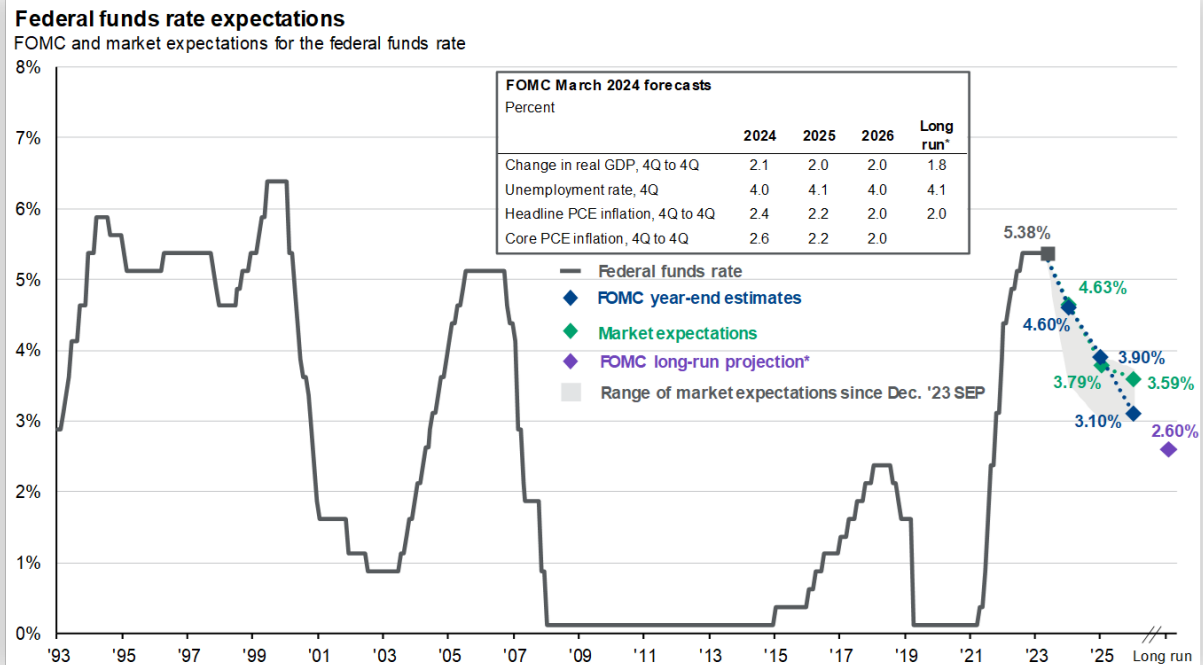
Profit margin estimated as next 12-month earnings divided by sales



# Inflation and the Fed



Source: BLS, FactSet, J.P. Morgan Asset Management. U.S. Data are as of March 31, 2024.

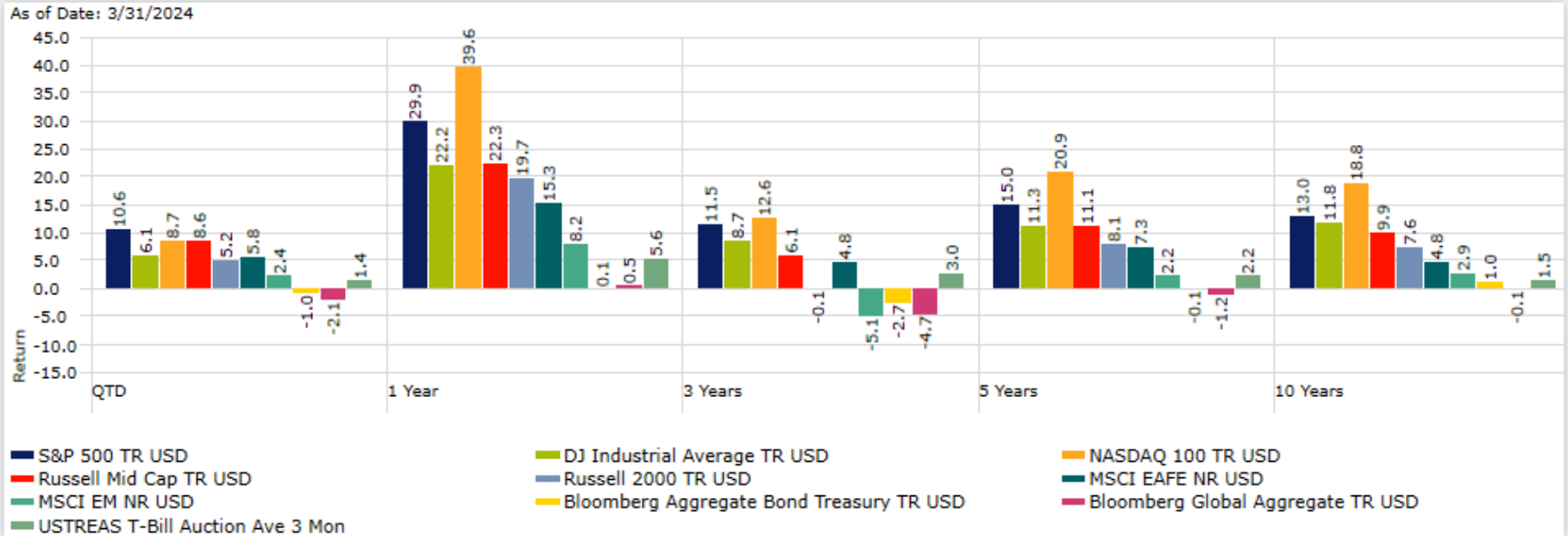


Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Guide to the Markets – U.S. Data are as of March 31, 2024.

Inflation has been slightly stickier to start the year than many investors predicted, and markets have walked back their expectations for how the Fed will cut interest rates in 2024 as a result. Markets are now pricing in 3-4 rate cuts by the end of the year compared to the 6 that were expected when the year began.



# Markets at a Glance



As of Date: 3/31/2024 Data Point: Return

	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 TR USD	10.56	29.88	11.49	15.05	12.96
DJ Industrial Average TR USD	6.14	22.18	8.65	11.31	11.76
NASDAQ 100 TR USD	8.72	39.65	12.63	20.90	18.85
Russell Mid Cap TR USD	8.60	22.35	6.07	11.10	9.95
Russell 2000 TR USD	5.18	19.71	-0.10	8.10	7.58
MSCI EAFE NR USD	5.78	15.32	4.78	7.33	4.80
MSCI EM NR USD	2.37	8.15	-5.05	2.22	2.95
Bloomberg Aggregate Bond Treasury TR USD	-0.96	0.05	-2.73	-0.08	1.03
Bloomberg Global Aggregate TR USD	-2.08	0.49	-4.73	-1.17	-0.07
USTREAS T-Bill Auction Ave 3 Mon	1.36	5.57	2.97	2.16	1.48

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

# Markets at a Glance

## U.S. Equities

US markets continued their run of strong form to start 2024 on the fundamental strength of the economy. Corporate profits continued to rise and in many cases beat expectations. The labor market has continued to show resiliency with an unemployment rate below 4% and consumption remains strong. This has led to not only continued strength in the areas of the market that led in 2023, but also a broadening of performance drivers and diversification. Cyclical sectors like industrials and financials performed well and small market capitalization companies participated in the rally.

## International Equities:

Foreign markets also started off the year on a good note, with positive performance in both the developed and emerging markets. Returns slightly lagged those in the US, however, as continued geopolitical risk in Ukraine/Russia, Israel, and China/Taiwan weighed on investor sentiment. International markets continue to trade at lower price multiples compared to their US counterparts, as they have for much of the past decade, but the perceived better value there has not led to better relative performance.

## Fixed Income:

Bond markets had a difficult start to 2024 as increasing yields have led to negative total returns. Rates ticked up throughout the quarter as market expectations for future Fed rate cuts took a step back amidst stickier than anticipated inflation. Higher starting yields for bonds should lead to better total returns looking forward, but uncertainty around policy in the short term is leading to some market weakness.



# Additional Disclosures

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

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

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

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

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

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

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# Summary of Assets

Asset Class	%	12/31/2023	Net Increases/Decreases	3/31/2024	%
<b>US Large Cap</b>	<b>22.0%</b>	<b>\$325,306,456</b>	<b>\$44,487,026</b>	<b>\$369,793,481</b>	<b>23.6%</b>
Parnassus Core Equity Institutional	1.6%	\$24,184,613	\$1,944,226	\$26,128,839	1.7%
Vanguard Institutional Index I	6.8%	\$99,940,482	\$9,409,782	\$109,350,263	7.0%
Fidelity Contrafund K6	11.7%	\$172,602,763	\$31,277,320	\$203,880,083	13.0%
JPMorgan Equity Income R6	1.9%	\$28,578,598	\$1,855,698	\$30,434,296	1.9%
<b>US Mid Cap</b>	<b>2.8%</b>	<b>\$41,377,512</b>	<b>\$1,625,287</b>	<b>\$43,002,798</b>	<b>2.7%</b>
Vanguard Extended Market Index Instl	2.8%	\$41,377,512	\$1,625,287	\$43,002,798	2.7%
<b>US Small Cap</b>	<b>1.1%</b>	<b>\$15,675,792</b>	<b>(\$174,589)</b>	<b>\$15,501,203</b>	<b>1.0%</b>
JPMorgan Small Cap Equity R6	1.1%	\$15,675,792	(\$174,589)	\$15,501,203	1.0%
<b>Foreign</b>	<b>3.1%</b>	<b>\$45,475,352</b>	<b>\$3,806,168</b>	<b>\$49,281,520</b>	<b>3.1%</b>
Vanguard Total Intl Stock Index Instl	1.6%	\$23,284,471	(\$3,313,606)	\$19,970,865	1.3%
Fidelity Overseas K	1.5%	\$22,190,881.09	\$7,119,774	\$29,310,655	1.9%
<b>Fixed Income</b>	<b>7.1%</b>	<b>\$104,624,164</b>	<b>(\$187,243)</b>	<b>\$104,436,921</b>	<b>6.7%</b>
Vanguard Total Bond Market Index I	2.5%	\$36,272,651	\$3,043,716	\$39,316,367	2.5%
Metropolitan West Total Return Bd Plan	1.4%	\$21,323,635	(\$2,156,453)	\$19,167,182	1.2%
Galliard Stable Value Fund E	3.2%	\$47,027,877	(\$1,074,506)	\$45,953,371	2.9%
<b>Specialty Options</b>	<b>11.8%</b>	<b>\$173,953,571</b>	<b>\$9,123,355</b>	<b>\$183,076,926</b>	<b>11.7%</b>
Fidelity Inv MM Fds Government Instl	4.2%	\$62,550,642	(\$763,718)	\$61,786,925	3.9%
Fidelity Instl MM Fds Government I	0.0%	\$34,419	\$426	\$34,846	0.0%
Self Directed Account	7.5%	\$111,368,510	\$9,886,646	\$121,255,156	7.7%
<b>Target Date Funds</b>	<b>52.1%</b>	<b>\$769,684,610</b>	<b>\$31,047,317</b>	<b>\$800,731,927</b>	<b>51.1%</b>
Vanguard Target Retirement Income Trust Plus	5.2%	\$77,193,773	(\$1,068,883)	\$76,124,890	4.9%
Vanguard Target Retirement 2020 Trust Plus	5.3%	\$78,486,862	(\$889,189)	\$77,597,673	5.0%
Vanguard Target Retirement 2025 Trust Plus	7.7%	\$113,701,148	\$1,761,742	\$115,462,890	7.4%
Vanguard Target Retirement 2030 Trust Plus	8.1%	\$119,605,009	\$3,315,110	\$122,920,119	7.9%
Vanguard Target Retirement 2035 Trust Plus	8.3%	\$121,962,282	\$6,363,807	\$128,326,088	8.2%
Vanguard Target Retirement 2040 Trust Plus	6.7%	\$99,140,603	\$7,178,517	\$106,319,120	6.8%
Vanguard Target Retirement 2045 Trust Plus	4.5%	\$65,851,938	\$5,510,979	\$71,362,917	4.6%
Vanguard Target Retirement 2050 Trust Plus	3.0%	\$44,557,209	\$3,187,054	\$47,744,263	3.0%
Vanguard Target Retirement 2055 Trust Plus	1.9%	\$28,539,484	\$3,198,476	\$31,737,960	2.0%
Vanguard Target Retirement 2060 Trust Plus	1.0%	\$15,447,637	\$1,350,161	\$16,797,798	1.1%
Vanguard Target Retirement 2065 Trust Plus	0.3%	\$4,348,274	\$894,659	\$5,242,933	0.3%
Vanguard Target Retirement 2070 Trust Plus	0.1%	\$850,391	\$244,885	\$1,095,276	0.1%
<b>Total</b>	<b>100%</b>	<b>\$1,476,097,456</b>	<b>\$89,727,321</b>	<b>\$1,565,824,777</b>	<b>100%</b>

6.08%

# 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	
<b>Equity</b>								
<b>Large Growth</b>								
Fidelity Contrafund K6*	S&P 500 TR USD	4	17.73	45.98	12.86	16.97	14.75	
+/- Benchmark			7.18	16.10	1.37	1.92	1.79	
Peer Group Percentile			3	9	6	22	22	
<b>Large Value</b>								
JPMorgan Equity Income R6	Russell 1000 Value TR USD	4	7.40	15.37	8.30	10.54	10.00	W
+/- Benchmark			-1.59	-4.89	0.19	0.23	0.99	
Peer Group Percentile			74	84	63	59	24	
<b>Large Blend</b>								
Parnassus Core Equity Institutional	S&P 500 TR USD	4	10.03	28.03	10.24	15.04	12.84	W
+/- Benchmark			-0.53	-1.85	-1.25	-0.01	-0.12	
Peer Group Percentile			59	56	51	20	13	
<b>Small Blend</b>								
JPMorgan Small Cap Equity R6	Russell 2000 TR USD	3	5.51	15.39	2.62	9.28	8.92	W
+/- Benchmark			0.33	-4.31	2.72	1.17	1.35	
Peer Group Percentile			49	80	59	55	15	
<b>Foreign Large Blend</b>								
Fidelity Overseas K	MSCI EAFE NR USD	4	7.96	18.23	4.83	9.38	7.07	
+/- Benchmark			2.18	2.91	0.05	2.05	2.27	
Peer Group Percentile			30	17	11	19	20	

# Fixed Income Performance & Fund Comments

	Prospectus Benchmark	MS Rating	Return					Action
			QTR	1 Year	3 Years	5 Years	10 Years	
<b>Fixed Income</b>								
<b>Intermediate-Term Bond</b>								
Metropolitan West Total Return Bd Plan	Bloomberg US Agg Bond TR USD	3	-0.84	1.58	-2.95	0.51	1.63	W
+/- Benchmark			-0.07	-0.12	-0.50	0.15	0.09	
Peer Group Percentile			91	82	79	60	54	
<b>Stable Value</b>								
Galliard Stable Return Fund E	50% FTSE 3-Mo T-Bill + 50% ICE BofA 1-3Y Trsy	4	0.71	2.79	2.23	2.23	1.96	
+/- Benchmark			-0.13	-1.45	0.84	0.61	0.73	
Peer Group Percentile								

**JPMorgan Equity Income R6** - JPMorgan Equity Income remains on the County's watchlist this quarter. This was due to the fund performing below 50% of its peer group during for the three- and five-year time-period. For the quarter, the fund returned 7.40%, underperforming its benchmark, which returned 8.99%. Air Products & Chemicals Inc was the portfolio's top detractor, with the stock falling on news of project delays for its green energy business. The materials company makes up 1.76% of the fund's portfolio. On the other hand, the pharmaceutical firm, AbbVie Inc, benefited the fund's performance, as price cuts and blockbuster new drugs kept earnings above expectations, despite patent roll-offs. The fund's management maintain conviction in both stocks. Looking ahead, the team will embrace cyclical, leaning toward a constructive outlook on banks, looking for long-term growth opportunities in underearners despite being cautious on consumer strength, and finding companies that are the strongest beneficiaries of fiscal stimulus. NWCM remains confident in the fund but will continue to monitor performance closely.

**Parnassus Core Equity Institutional** - Parnassus Core Equity continues to remain on watch due to underperforming the benchmark (S&P 500 Index) for both the three-, five-, and ten-year time periods. Additionally, it performed below 50% of its peers for the three-year time period. This quarter, it underperformed the benchmark by roughly -0.53% (10.03% versus 10.56%). Top detractors included Charter Communications and Intel. Charter fell on subscriber growth not meeting expectations, as well as investor fears of the company losing access to the government-subsidized Affordable Connectivity Program. Intel, despite strong earnings results, also missed expectations for the quarter. Meanwhile, the portfolio benefited from an underweight position to Apple, due to declining Chinese iPhone sales, and its investments in Oracle, with a growing cloud services business. The fund's top overweights are financials, materials, and technology, while it's top underweights are consumer discretionary, healthcare, and energy. Management decreased healthcare exposure by selling off Gilead Sciences, while increasing its position in communication services by buying Verizon Communications. The portfolio will neither shift to an overly offensive or defensive stance in the coming quarter. NWCM remains convicted in the fund but will closely monitor the fund.

Sources: JPMorgan, Parnassus, TCW, as of 3/31/2024.

## Fund Comments Continued

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**JPMorgan Small Cap Equity R6** – JPMorgan Small Cap Equity remained on the watchlist this quarter due to performing below 50% of its peer group for the same three- and five-year time period. For the quarter, the fund returned 5.51%, which outperformed the benchmark at 5.84% (Russell 2000). Kinsale Capital Group was the top contributor to performance, due to an overweight position. The insurer bounced back after accelerating premium growth. Additionally, an overweight to Core & Main Inc also benefited. However, overweight positions in QuidelOrtho Corp and Power Integrations Inc were the detractors. The fund's management have not added to their position in either of the detracting firms, though they remain confident in both. Looking ahead, the fund's sector positioning has not changed and remained stable, taking profit from outperformers and adding to their positions. Industrials and consumer staples continue to be the top overweights, with top underweight being healthcare. NWCM remains convicted in the fund.

**Metropolitan West Total Return Bd Plan** – Stephen Kane (1997), Laird Landmann (1997), Bryan Whalen (2004), Jerry Cudzil (2023), and Ruben Hovhannisyan (2023) are the managers of the strategy. Long time manager and former CIO Tad Rivelle (1997) retired at the end of 2021. In August 2023 it was announced that Landmann will retire at the end of 2023 and Kane will retire at the end of 2024. Rivelle, Landmann, and Kane are the co-founders of Metropolitan West Asset Management. Management looks to generate relative performance by rotating sector and risk factor exposures in the portfolio throughout the credit cycle. They rely on their experience and expertise with macro calls to generate the majority of alpha, although security selection and valuation analysis do play a part. Historically the strategy has been slightly overweight to MBS and duration relative to peers. The strategy ranks in the bottom quartile of peers over the past 1- and 3- years and in the third quartile over the past 5- and 10- years. The strategy received significant asset inflows in the wake of Bill Gross's departure from PIMCO in 2014 and has struggled to generate meaningful outperformance on a consistent basis with a larger asset base. In 2023 the strategy ranked in the third quartile of peers where the longer than average effective duration (7.1 years fund vs. 6.1 years peer average) and an overweight to mortgage-backed securities were headwinds to relative performance. These trends have continued YTD in 2024. Because of the ongoing performance and personnel issues, NWCM recommends replacing the fund with Baird Core Plus Bond.

Sources: JPMorgan, Parnassus, TCW, as of 3/31/2024.

# Galliard Stable Value Performance

## Investment Strategy

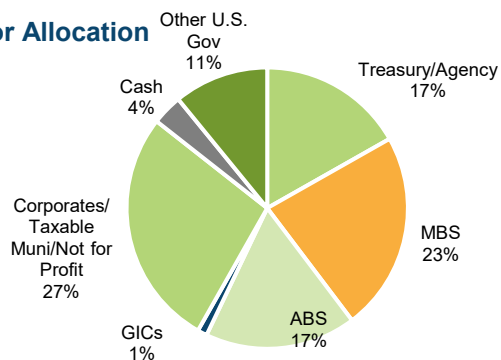
The Fund's underlying fixed income strategy is managed in a conservative style that utilizes a disciplined value investing process to build a high-quality portfolio with broad diversification and an emphasis on risk control. Our core investment philosophy is to build a portfolio of realizable yield through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

Fund Information	Fund
Fund Assets	\$18.9B
Avg Credit Quality (S&P)	AAA
# of Wrap Providers	11
Net Crediting Rate	2.96%
Effective Duration	2.95 Yrs
Market-to-Book	94.8%
<b>Expenses</b>	
Total Fund Expenses*	0.317%

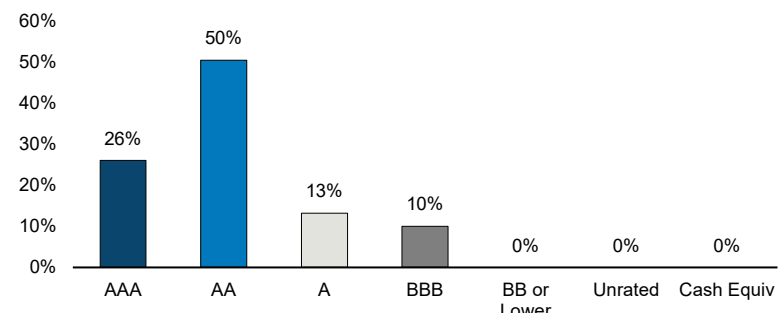
\*fees as of 3/31/2024

Annualized Performance	1Q24	YTD	1 Year	3 Year	5 Year	10 Year				
Galliard Stable Value Fund E (after fees)	0.71%	0.71%	2.79%	2.23%	2.23%	1.96%				
Benchmark**	0.83%	0.83%	4.24%	1.39%	1.62%	1.23%				
FTSE 3-Month T-Bill	1.37%	1.37%	5.52%	2.70%	2.07%	1.39%				
Calendar Year Performance	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Galliard Stable Value Fund E (after fees)	2.70%	1.95%	1.80%	2.18%	2.34%	2.06%	1.74%	1.62%	1.50%	1.35%
Benchmark**	4.76%	-1.10%	-0.25%	1.84%	2.90%	1.72%	0.63%	0.58%	0.28%	0.33%
FTSE 3-Month T-Bill	5.26%	1.50%	0.05%	0.58%	2.25%	1.86%	0.84%	0.27%	0.03%	0.03%
Consumer Price Index	3.56%	6.45%	7.04%	1.36%	2.29%	1.67%	2.11%	2.07%	0.73%	1.76%

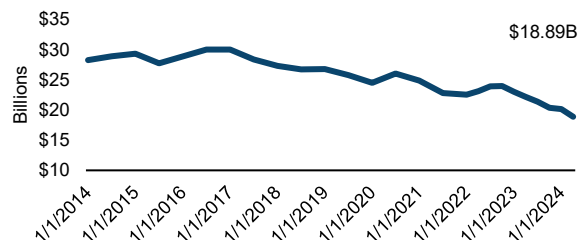
## Sector Allocation



## Credit Quality



## Fund Assets



Issuer	% of Fund	S&P Rating
Transamerica Life Ins. Co.	14.0%	A+
American General Life Ins. Co.	13.9%	A+
Prudential Ins. Co. of America	13.8%	AA-
Royal Bank of Canada	13.4%	AA-
Metropolitan Life Ins. Co.	12.7%	AA-
Pacific Life Ins. Co.	8.6%	AA-
State Street Bank and Trust Co.	7.1%	AA-
Massachusetts Mutual Life Ins. Co.	6.5%	AA+
Nationwide Life Ins. Co.	5.9%	A+
Massachusetts Mutual Life Ins. Co.	0.5%	AA+
Principal Life Ins. Co.	0.4%	A+
Metropolitan Life Ins. Co.	0.1%	AA-

Source: NWCM, Galliard, as of 3/31/2024

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



# Target Date Performance

Portfolio/Benchmark	Q1 2024	YTD	1 year	3 years	5 years	10 years	Since inception	Inception date
<b>Vanguard Target Retirement Income Trust Plus</b>	<b>2.11%</b>	<b>2.11%</b>	<b>8.45%</b>	<b>1.26%</b>	<b>4.18%</b>	<b>4.20%</b>	<b>4.71%</b>	<b>6/22/2007</b>
Target Retirement Income Composite Index	2.15%	2.15%	8.70%	1.44%	4.44%	4.37%	—	—
<i>excess return</i>	-0.04%	-0.04%	-0.25%	-0.18%	-0.25%	-0.17%		
<b>Vanguard Target Retirement 2020 Trust Plus</b>	<b>2.85%</b>	<b>2.85%</b>	<b>10.46%</b>	<b>2.04%</b>	<b>5.66%</b>	<b>5.71%</b>	<b>6.98%</b>	<b>6/22/2007</b>
Target Retirement 2020 Composite Index	2.86%	2.86%	10.70%	2.26%	5.96%	5.91%	—	—
<i>excess return</i>	-0.01%	-0.01%	-0.25%	-0.21%	-0.30%	-0.20%		
<b>Vanguard Target Retirement 2025 Trust Plus</b>	<b>3.86%</b>	<b>3.86%</b>	<b>12.98%</b>	<b>2.79%</b>	<b>6.67%</b>	<b>6.42%</b>	<b>7.77%</b>	<b>6/28/2007</b>
Target Retirement 2025 Composite Index	3.84%	3.84%	13.24%	3.04%	6.99%	6.63%	—	—
<i>excess return</i>	0.02%	0.02%	-0.26%	-0.24%	-0.33%	-0.21%		
<b>Vanguard Target Retirement 2030 Trust Plus</b>	<b>4.56%</b>	<b>4.56%</b>	<b>14.84%</b>	<b>3.45%</b>	<b>7.46%</b>	<b>6.98%</b>	<b>8.45%</b>	<b>6/28/2007</b>
Target Retirement 2030 Composite Index	4.52%	4.52%	15.09%	3.71%	7.80%	7.20%	—	—
<i>excess return</i>	0.03%	0.03%	-0.25%	-0.26%	-0.34%	-0.22%		
<b>Vanguard Target Retirement 2035 Trust Plus</b>	<b>5.20%</b>	<b>5.20%</b>	<b>16.40%</b>	<b>4.12%</b>	<b>8.27%</b>	<b>7.53%</b>	<b>9.11%</b>	<b>6/28/2007</b>
Target Retirement 2035 Composite Index	5.14%	5.14%	16.61%	4.36%	8.59%	7.75%	—	—
<i>excess return</i>	0.06%	0.06%	-0.21%	-0.24%	-0.32%	-0.22%		
<b>Vanguard Target Retirement 2040 Trust Plus</b>	<b>5.83%</b>	<b>5.83%</b>	<b>17.95%</b>	<b>4.78%</b>	<b>9.04%</b>	<b>8.05%</b>	<b>9.66%</b>	<b>6/28/2007</b>
Target Retirement 2040 Composite Index	5.76%	5.76%	18.15%	5.02%	9.37%	8.28%	—	—
<i>excess return</i>	0.07%	0.07%	-0.20%	-0.24%	-0.32%	-0.23%		
<b>Vanguard Target Retirement 2045 Trust Plus</b>	<b>6.42%</b>	<b>6.42%</b>	<b>19.47%</b>	<b>5.42%</b>	<b>9.81%</b>	<b>8.49%</b>	<b>10.01%</b>	<b>6/28/2007</b>
Target Retirement 2045 Composite Index	6.38%	6.38%	19.70%	5.66%	10.14%	8.73%	—	—
<i>excess return</i>	0.04%	0.04%	-0.23%	-0.24%	-0.33%	-0.24%		
<b>Vanguard Target Retirement 2050 Trust Plus</b>	<b>6.87%</b>	<b>6.87%</b>	<b>20.52%</b>	<b>5.78%</b>	<b>10.08%</b>	<b>8.62%</b>	<b>10.12%</b>	<b>6/28/2007</b>
Target Retirement 2050 Composite Index	6.84%	6.84%	20.76%	6.02%	10.41%	8.87%	—	—
<i>excess return</i>	0.04%	0.04%	-0.24%	-0.24%	-0.33%	-0.25%		
<b>Vanguard Target Retirement 2055 Trust Plus</b>	<b>6.88%</b>	<b>6.88%</b>	<b>20.51%</b>	<b>5.78%</b>	<b>10.08%</b>	<b>8.61%</b>	<b>10.28%</b>	<b>10/5/2010</b>
Target Retirement 2055 Composite Index	6.84%	6.84%	20.76%	6.02%	10.41%	8.87%	—	—
<i>excess return</i>	0.05%	0.05%	-0.25%	-0.24%	-0.33%	-0.26%		
<b>Vanguard Target Retirement 2060 Trust Plus</b>	<b>6.87%</b>	<b>6.87%</b>	<b>20.50%</b>	<b>5.78%</b>	<b>10.10%</b>	<b>8.63%</b>	<b>9.66%</b>	<b>3/1/2012</b>
Target Retirement 2060 Composite Index	6.84%	6.84%	20.76%	6.02%	10.41%	8.87%	—	—
<i>excess return</i>	0.03%	0.03%	-0.27%	-0.24%	-0.31%	-0.24%		
<b>Vanguard Target Retirement 2065 Trust Plus</b>	<b>6.87%</b>	<b>6.87%</b>	<b>20.48%</b>	<b>5.78%</b>	<b>10.09%</b>	—	<b>9.89%</b>	<b>7/21/2017</b>
Target Retirement 2065 Composite	6.84%	6.84%	20.76%	6.02%	10.41%	—	—	—
<i>excess return</i>	0.03%	0.03%	-0.28%	-0.24%	-0.32%			
<b>Vanguard Target Retirement 2070 Trust Plus</b>	<b>6.84%</b>	<b>6.84%</b>	<b>20.50%</b>	—	—	—	<b>6.85%</b>	
Target Retirement 2070 Composite Index	6.84%	6.84%	20.76%	6.02%	10.41%	8.76%	—	—
<i>excess return</i>	0.00%	0.00%	-0.27%	—	—	—	—	—

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