

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

Date	<u>September 2025</u>
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## DEFERRED COMPENSATION PLAN ASSETS

At quarter-end, assets in the Sacramento County 457(b) Plan totaled \$1,864.5 million, increasing \$95.5 million (5.40%) from \$1,769.0 million at the previous quarter-end.

Fidelity Contrafund held the highest percentage of non-target date assets (12.9%), followed by Vanguard Institutional Index (8.8%).

Assets in the Vanguard Target Retirement series totaled \$945.1 million (50.7%) at quarter end; this was an increase of \$53.1 million from \$892.0 million at the prior quarter-end.

## FUND ACTION ITEMS

NWCM is recommending the following fund changes to the County:

- **JPMorgan Equity Income to Putnam Large Cap Value**  
JPMorgan Equity Income is currently on the County's watchlist. During the third quarter of 2025, the fund performed below its benchmark for the 3- and 5-year time periods and 50% of the peer group for the 3- and 5-year time periods. NWCM's internal investment committee voted to replace the strategy due to underperformance relative to the strategy's dividend mandate being out of favor.
- **JPMorgan Small Cap Equity to Touchstone Small Company**  
JPMorgan Small Cap Equity is currently on the County's watchlist. During the third quarter of 2025, the fund performed below both its peers and benchmark for the 3-, 5-, and 10-year periods. Additionally, the fund scores a 1 Morningstar rating. NWCM's internal investment committee voted to replace the strategy due to continuing relative performance decline to the point where long term performance is unlikely to turn around quickly.

Please see the US Cap Value Investment Manager Search and US Small Blend Investment Manager Search decks for additional details on the recommended fund changes.

## PERFORMANCE

The Plan's investments are generally meeting performance objectives; however, Parnassus Core Equity, JPMorgan Equity Income R6, and JPMorgan Small Cap Equity R6 remain on watch from previous quarters. Additionally, Fidelity Overseas K was added to the County's watchlist this quarter. All funds on watch are currently due to underperformance.

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

**Parnassus Core Equity** is on the County's watchlist this quarter. It performed below 50% of the peer group for the 3-, 5-, and 10-year periods and below its benchmark for the same periods. Todd Ahlsten (2001), Benjamin Allen (2012), and Andrew Choi (2022) are the managers of the strategy. The team looks for exposure to US large cap equity markets through an ESG lens. The team will first exclude companies that derive significant revenue from alcohol, tobacco, weapons, fossil fuels, or gambling and then screen the universe based on traditional ESG, quality, and valuation metrics. Finally they invest in firms that meet all of their quantitative criteria and also offer durable competitive advantages, relevant products, strong management teams, and ethical business practices. The strategy ranks in the bottom quartile over the past 12 months and in the third quartile over the past 3-, 5-, and 10- years. Recent performance compared to both their Large Cap Blend peers as well as their benchmark index (S&P 500) has struggled slightly due to smaller allocations to mega-cap technology within the portfolio, which has especially been a headwind YTD in 2025 where the fund ranks in the bottom quartile. NWCM's internal investment committee voted to monitor the strategy due to its underperformance.

**JPMorgan Small Cap Equity** performed below both its peers and benchmark for the 3-, 5-, and 10-year periods. Additionally, the fund scores a 1 Morningstar rating. Due to these triggers, it is on the County's watchlist this quarter. Don San Jose (2007) and Daniel Percella (2014) are the managers of the strategy. The team takes a quality and consistency-based approach that looks for companies operating in narrow market niches and can leverage their competitive positioning to growth their ROIC faster than the market. They also look for companies with strong and consistent earnings and free cash flows which leads to steadier businesses. The teams aims for high active share (typically ~95%) and the portfolio pairs well with a passive index strategy as a result. The strategy ranks in the bottom quartile over the past 1-, 3-, and 5- years and in the third quartile over the past 10- years. The strategy's quality focus was a headwind to relative performance during low-quality market

rallies in 2021 and 2023, where the fund trailed its peer average by 800 and 400 bps respectively. Performance YTD in 2025 has been in the bottom quartile, lagging by ~900bps, as markets rallied on the back of momentum and low-quality factors. **NWCM's internal investment committee voted to replace the strategy due to continuing relative performance decline to the point where long term performance is unlikely to turn around quickly.**

**Fidelity Overseas** was added to the Watchlist this quarter. It performed below the benchmark for the 3- and 5-year periods. Vincent Montemaggiore (2012) is the sole manager of the strategy. Due to these triggers, it is on the County's watchlist this quarter. Montemaggiore methodically reviews individual stocks for firms with a unique edge, such as high barriers to entry, a low-cost advantage, or high switching costs. He personally vets every investment and sets the targets for each position. While he favors high recurring revenues and low debt levels, he also stringently avoids major concentrations in his portfolio by actively reviewing his theses for behavioral biases. His quality-first focus does mean the portfolio can look out of step with its Foreign Large Blend peers or benchmark index over the short term, but long-term absolute and risk adjusted performance tends to be strong. The strategy ranks in the second quartile of peers over the past 1- and 10- years and in the top quartile over the past 3-, 5-, and 15- years. NWCM's internal investment committee voted to continue to monitor the strategy due to an experienced manager and a prudent process.

Sources: Fidelity, JPMorgan, Parnassus as of 9/30/2025.

Investment Menu Review – September 2025

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## **Sacramento County 457(b) Plan**

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# Q3 2025 Market Summary



CARSON

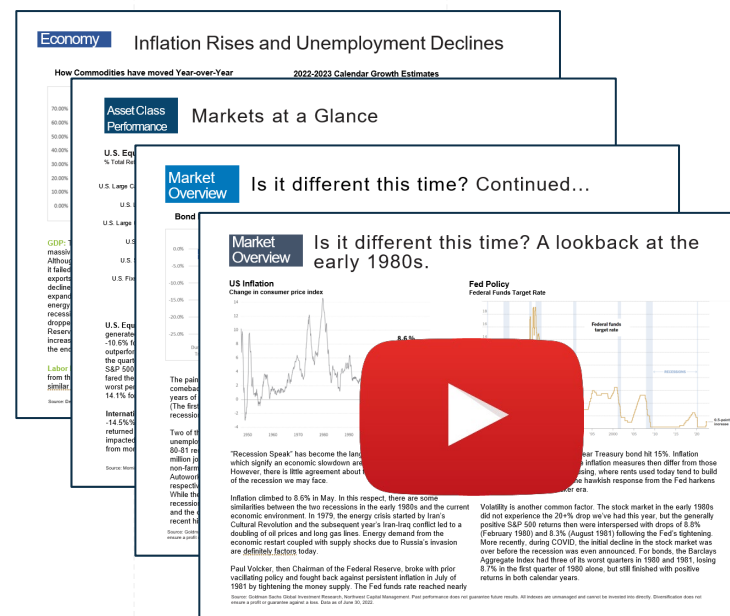
# Market Summary Video

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

This video format has several advantages:

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

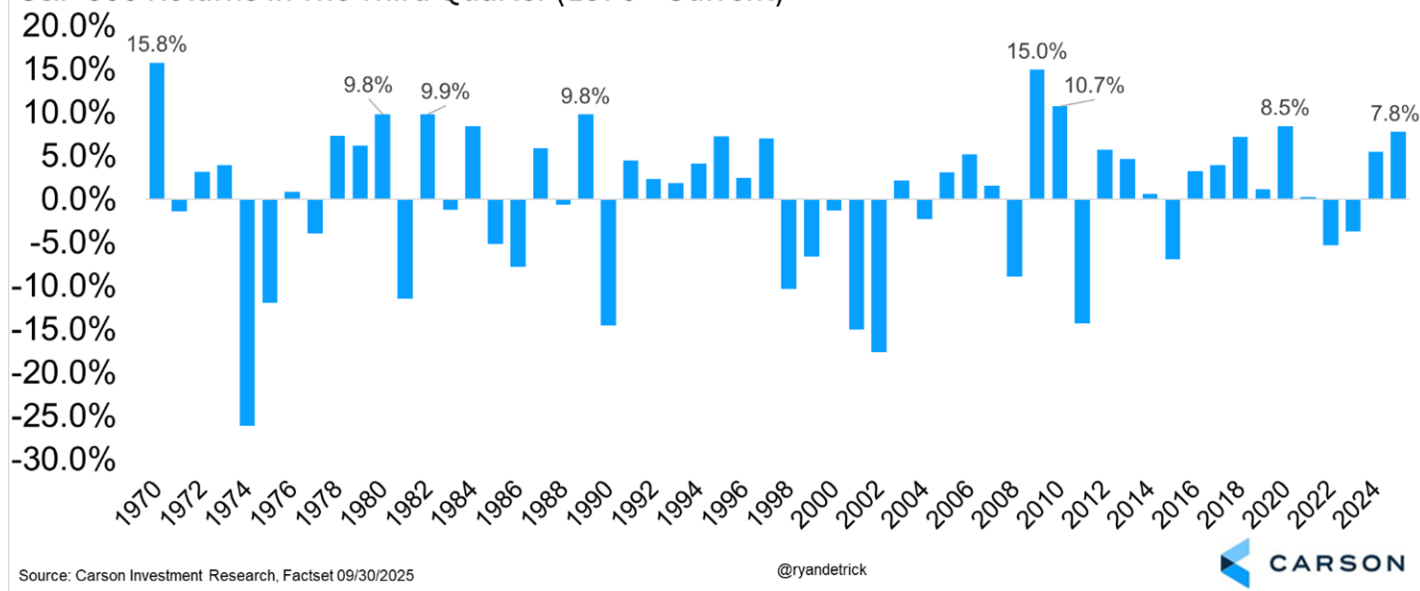
▶ Click [here](#) to watch the market summary video now.



# Bulls on Parade

## One Of The Best Q3 Returns Ever

S&P 500 Returns In The Third Quarter (1970 - Current)



If the story of 2025 heading into the third quarter was one of 'uncharted waters', then Q3 held up its end of the bargain by flipping the script on history. Q3 tends to be the weakest quarter of the year for stock markets, but investors found a lot to like as summer vacations faded into the rearview mirror. Two main catalysts for market resiliency have been steadily rising corporate profits and the expectation the Fed will steadily cut rates over the next 12-18 months towards a more balanced neutral rate.

Over 50% of the S&P 500's returns over the past year have come from earnings growth (the combination of sales growth and margin expansion). This is a much healthier source of returns than multiple expansion, although all functions of return decomposition have been positive over this period (also including dividends).

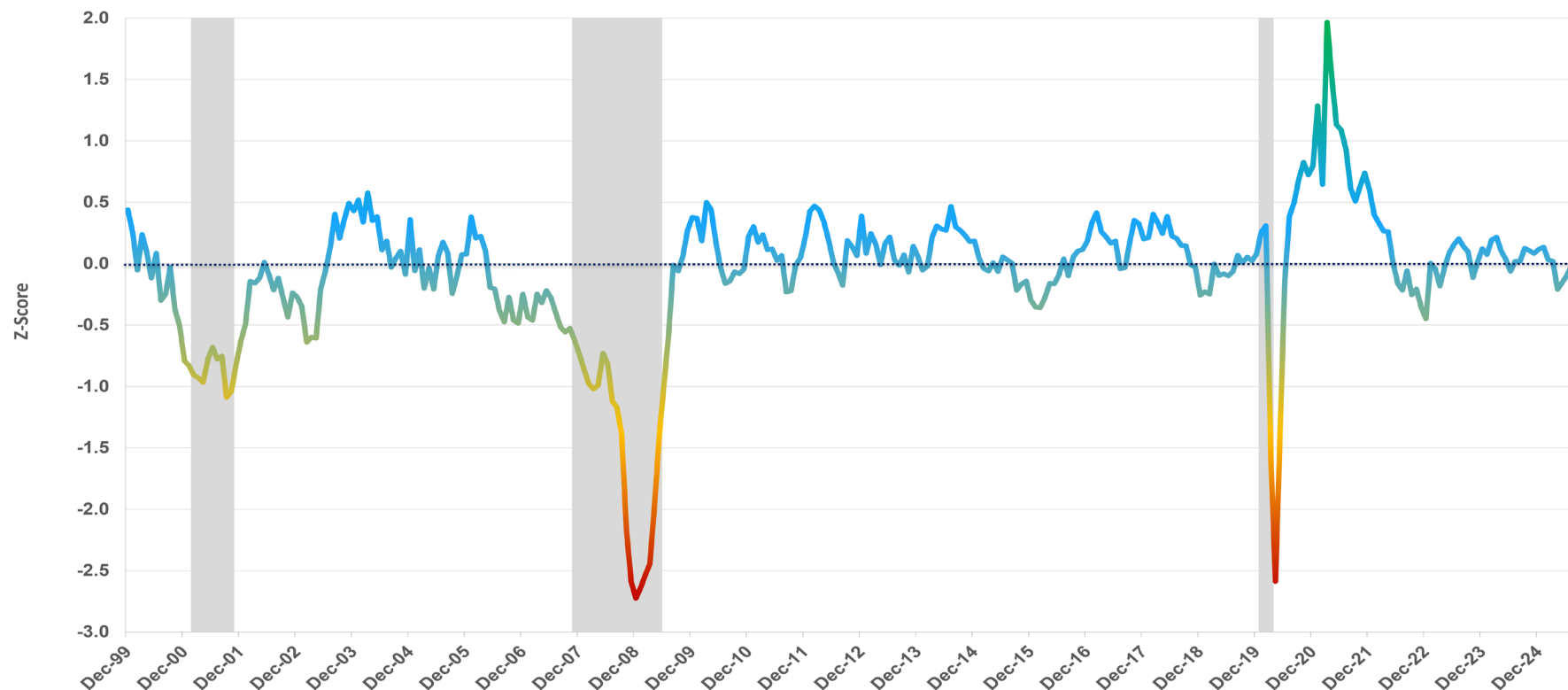
The second area of optimism looks at the Fed, which lowered policy rates for the first time this year based on weakening job market data, and looks likely to cut 1-2 more times in 2025 and potentially 3-4 times in 2026.



# Economic Outlook

Economic activity running along trend, with no sign of deterioration typical of recession

Proprietary Leading Economic Index - USA



Data source: Carson Investment Research 9/30/2025

Shaded areas indicate U.S. recessions

@sonusvarghese



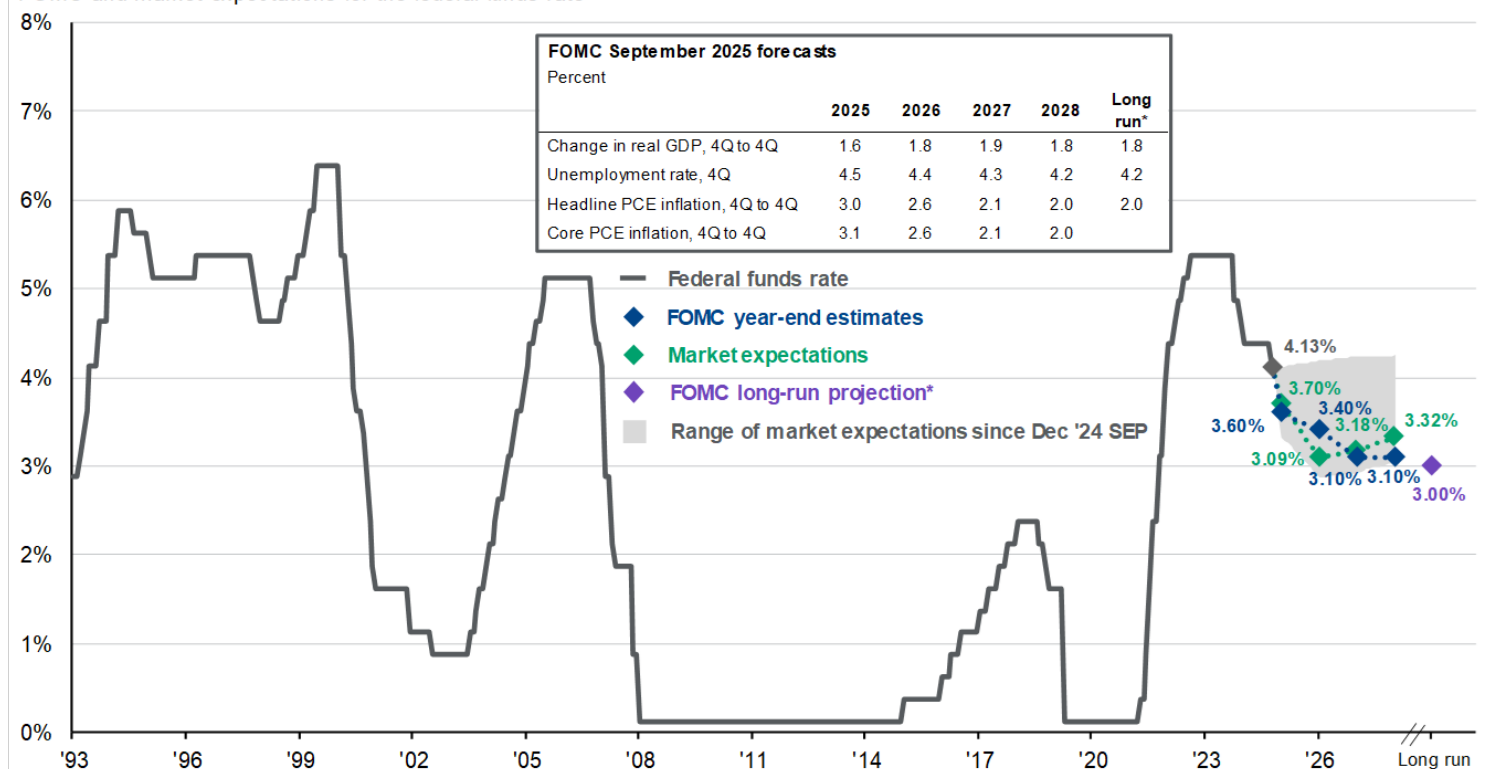
Carson's proprietary Leading Economic Index (LEI) is telling us that economic momentum remains near the long term trend line, showing no strong signs of expansion or contraction. The LEI has rebounded slightly from post-Liberation Day readings that were below the trend line. The current landscape feels much like mid-2022 where recession fears were elevated, but the economy managed to avoid contraction. The full impact of tariffs also remains to be seen, as the initial rounds of price increases have yet to fully move through the economy and the administration has recently begun announcing new future levies.



# The Fed

## Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. *Guide to the Markets* – U.S. Data as of September 30, 2025.

The FOMC's long run policy rate projection is consistent at 3.00%, with the markets pricing in even higher rates than the FOMC projections well into the future. Following the first rate cut in September, markets currently are predicting 1-2 rate cuts for the remainder of 2025 and 3-4 cuts in 2026. Rapidly weakening labor market data pushed the Fed in the direction of easing the policy rate, despite the inflationary risk of stimulating the economy (to say nothing of the currently unclear impact that tariffs are having on inflation). This comes as a change in stance from the FOMC. They had previously been focused on managing inflation with the labor market (unemployment and jobs data) looking relative strong and stable. While unemployment remains low, job creation has been revised severely down throughout the quarter, necessitating a change in stance.



# Asset Class Returns

2010 - 2024		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD
Ann.	Vol.																
Large Cap	Sm all Cap	REITs	REITs	REITs	Sm all Cap	REITs	REITs	Sm all Cap	EM Equity	Cash	Large Cap	Sm all Cap	REITs	Com dty.	Large Cap	Large Cap	EM Equity
13.9%	20.6%	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	25.0%	28.2%
Sm all Cap	EM Equity	Sm all Cap	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	REITs	EM Equity	Large Cap	Cash	DM Equity	Sm all Cap	DM Equity
10.3%	17.9%	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	11.5%	25.7%
REITs	REITs	EM Equity	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	REITs	Sm all Cap	Large Cap	Com dty.	High Yield	Sm all Cap	Asset Alloc.	Large Cap
9.4%	16.8%	19.2%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	-12.7%	16.9%	10.0%	14.8%
Asset Alloc.	DM Equity	Com dty.	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Com dty.	Sm all Cap	High Yield	DM Equity	Asset Alloc.	Sm all Cap	Fixed Income	Asset Alloc.	High Yield	Asset Alloc.
7.2%	16.5%	16.8%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	14.8%	-13.0%	14.1%	9.2%	12.9%
High Yield	Com dty.	Large Cap	Cash	Sm all Cap	High Yield	Sm all Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	Asset Alloc.	Asset Alloc.	High Yield	EM Equity	Sm all Cap
5.9%	16.1%	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	8.1%	10.4%
DM Equity	Large Cap	High Yield	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	High Yield	Asset Alloc.	EM Equity	Fixed Income	DM Equity	DM Equity	REITs	Com dty.	High Yield
5.7%	15.1%	14.8%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	5.4%	9.6%
EM Equity	Asset Alloc.	Asset Alloc.	Sm all Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Sm all Cap	High Yield	High Yield	High Yield	Large Cap	EM Equity	Cash	Com dty.
3.4%	10.4%	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.0%	-18.1%	10.3%	5.3%	9.4%
Fixed Income	High Yield	DM Equity	DM Equity	Fixed Income	Fixed Income	EM Equity	Sm all Cap	Fixed Income	Fixed Income	Com dty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	REITs	Fixed Income
2.4%	9.4%	8.2%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	4.9%	6.1%
Cash	Fixed Income	Fixed Income	Com dty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Com dty.	DM Equity	Com dty.	Com dty.	Fixed Income	Sm all Cap	Cash	DM Equity	REITs
1.2%	4.7%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	4.3%	4.5%
Com dty.	Cash	Cash	EM Equity	Com dty.	Com dty.	Com dty.	Com dty.	Cash	Cash	EM Equity	Cash	REITs	EM Equity	REITs	Com dty.	Fixed Income	Cash
-1.0%	0.9%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	1.3%	3.2%

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

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

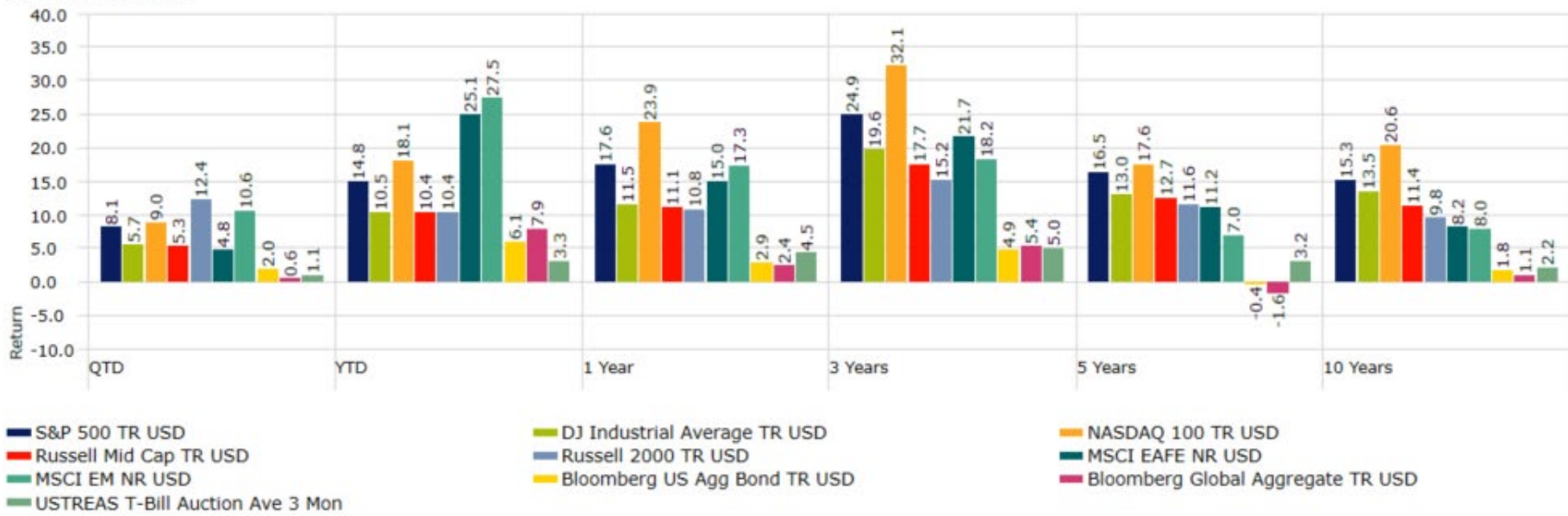
Guide to the Markets – U.S. Data are as of September 30, 2025.



# Markets at a Glance

## Returns

As of Date: 9/30/2025



## Trailing Returns

As of Date: 9/30/2025 Data Point: Return

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 TR USD	8.12	14.83	17.60	24.94	16.47	15.30
DJ Industrial Average TR USD	5.67	10.47	11.50	19.63	12.98	13.50
NASDAQ 100 TR USD	9.01	18.10	23.93	32.10	17.59	20.57
Russell Mid Cap TR USD	5.33	10.42	11.11	17.69	12.66	11.39
Russell 2000 TR USD	12.39	10.39	10.76	15.21	11.56	9.77
MSCI EAFE NR USD	4.77	25.14	14.99	21.70	11.15	8.17
MSCI EM NR USD	10.64	27.53	17.32	18.21	7.02	7.99
Bloomberg US Agg Bond TR USD	2.03	6.13	2.88	4.93	-0.45	1.84
Bloomberg Global Aggregate TR USD	0.60	7.91	2.40	5.45	-1.56	1.15
USTREAS T-Bill Auction Ave 3 Mon	1.06	3.29	4.47	5.02	3.22	2.19

Source: Morningstar Direct September 30, 2025. Past performance does not guarantee future results. All indexes are unmanaged and cannot be invested into directly. Diversification does not ensure a profit or guarantee against a loss.



# Markets at a Glance

## U.S. Equities:

U.S. stocks delivered strong gains in the third quarter across the market capitalization and style spectrum. Growth stocks continued to outpace value, while small-cap names rotated back into favor as investors moved into broader market exposure. The rally was fueled by resilient corporate earnings, optimism around artificial intelligence and technology, and growing expectations of future Federal Reserve rate cuts. That said, valuations—particularly in large-cap tech—have become increasingly stretched.

## International Equities:

International equities also posted positive results, though they generally lagged U.S. performance. The MSCI All World Ex-U.S. index was positive across the board, with emerging markets outperforming developed markets. Strength was concentrated in China, Japan, and select Asian technology companies, and greater optimism around global monetary policy provided a supportive backdrop. Global trade tensions continue to weigh on international markets, but a weakening US dollar has buoyed returns abroad for much of the year.

## Fixed Income:

Fixed income markets produced more modest but still positive returns in the third quarter. Performance was supported by declining yields, tightening spreads, and a favorable income environment. With higher starting yields than in recent years, fixed income continues to serve both as a stabilizer against equity volatility and as a source of attractive income for investors. The bond market continues to be the truth serum of the economy as the crossroads between geopolitical risk, economic risk, fiscal policy, and monetary policy.



# Additional Disclosures

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

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

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

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

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

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

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

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# Summary of Assets

Asset Class	%	6/30/2025	Net Increases/Decreases	9/30/2025	%
<b>US Large Cap</b>	<b>24.9%</b>	<b>\$441,277,085</b>	<b>\$26,864,282</b>	<b>\$468,141,367</b>	<b>25.1%</b>
Parnassus Core Equity Institutional	1.6%	\$28,167,082	\$222,622	\$28,389,704	1.5%
Vanguard Institutional Index Instl PI	8.6%	\$152,446,271	\$12,416,390	\$164,862,661	8.8%
Fidelity Contrafund Commingled PI A	13.0%	\$229,108,391	\$10,697,381	\$239,805,772	12.9%
JPMorgan Equity Income R6	1.8%	\$31,555,341	\$3,527,889	\$35,083,230	1.9%
<b>US Mid Cap</b>	<b>2.3%</b>	<b>\$40,950,557</b>	<b>\$2,013,191</b>	<b>\$42,963,748</b>	<b>2.3%</b>
Vanguard Extended Market Index Instl	2.3%	\$40,950,557	\$2,013,191	\$42,963,748	2.3%
<b>US Small Cap</b>	<b>0.8%</b>	<b>\$14,661,080</b>	<b>(\$1,021,111)</b>	<b>\$13,639,970</b>	<b>0.7%</b>
JPMorgan Small Cap Equity R6	0.8%	\$14,661,080	(\$1,021,111)	\$13,639,970	0.7%
<b>Foreign</b>	<b>3.5%</b>	<b>\$62,798,823</b>	<b>\$3,629,548</b>	<b>\$66,428,371</b>	<b>3.6%</b>
Vanguard Total Intl Stock Index Instl	2.2%	\$38,559,228	\$3,462,743	\$42,021,971	2.3%
Fidelity Overseas K	1.4%	\$24,239,594	\$166,806	\$24,406,400	1.3%
<b>Fixed Income</b>	<b>5.5%</b>	<b>\$98,020,899</b>	<b>\$958,633</b>	<b>\$98,979,532</b>	<b>5.3%</b>
Vanguard Total Bond Market Index I	0.9%	\$16,439,804	(\$195,865)	\$16,243,938	0.9%
Baird Core Plus Bond Inst	2.4%	\$43,079,279	\$1,903,012	\$44,982,290	2.4%
Galliard Stable Value Fund E	2.2%	\$38,501,816	(\$748,513)	\$37,753,303	2.0%
<b>Specialty Options</b>	<b>12.4%</b>	<b>\$219,357,442</b>	<b>\$9,891,049</b>	<b>\$229,248,491</b>	<b>12.3%</b>
Fidelity Inv MM Fds Government Instl	3.8%	\$67,325,229	(\$3,525,148)	\$63,800,081	3.4%
Self Directed Account	8.6%	\$152,032,213	\$13,416,197	\$165,448,410	8.9%
<b>Target Date Funds</b>	<b>50.4%</b>	<b>\$891,987,003</b>	<b>\$53,138,821</b>	<b>\$945,125,824</b>	<b>50.7%</b>
Vanguard Target Retirement Income Trust Plus	4.0%	\$71,430,322	\$397,886	\$71,828,208	3.9%
Vanguard Target Retirement 2020 Trust Plus	4.3%	\$75,751,018	\$1,488,342	\$77,239,360	4.1%
Vanguard Target Retirement 2025 Trust Plus	6.0%	\$106,889,593	\$4,069,716	\$110,959,308	6.0%
Vanguard Target Retirement 2030 Trust Plus	7.5%	\$132,929,736	\$7,941,386	\$140,871,122	7.6%
Vanguard Target Retirement 2035 Trust Plus	8.2%	\$144,787,314	\$8,486,589	\$153,273,902	8.2%
Vanguard Target Retirement 2040 Trust Plus	7.1%	\$126,008,854	\$7,898,342	\$133,907,196	7.2%
Vanguard Target Retirement 2045 Trust Plus	5.0%	\$89,254,876	\$7,014,557	\$96,269,434	5.2%
Vanguard Target Retirement 2050 Trust Plus	3.5%	\$62,519,561	\$5,285,257	\$67,804,818	3.6%
Vanguard Target Retirement 2055 Trust Plus	2.4%	\$43,003,091	\$4,727,482	\$47,730,573	2.6%
Vanguard Target Retirement 2060 Trust Plus	1.5%	\$26,390,054	\$3,305,233	\$29,695,287	1.6%
Vanguard Target Retirement 2065 Trust Plus	0.6%	\$10,460,939	\$1,780,743	\$12,241,682	0.7%
Vanguard Target Retirement 2070 Trust Plus	0.1%	\$2,561,646	\$743,289	\$3,304,935	0.2%
<b>Total</b>	<b>100%</b>	<b>\$1,769,052,888</b>	<b>\$95,474,414</b>	<b>\$1,864,527,302</b>	<b>100%</b>

5.40%

# 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.

violation.			Return					
	Prospectus Benchmark	MS Rating	QTR	1 Year	3 Years	5 Years	10 Years	Action
Equity								
Large Growth								
Fidelity Contrafund Commingled PI A	S&P 500 TR USD	4	6.73	23.53	32.48	16.83	17.42	
+/- Benchmark			-1.40	5.94	7.55	0.37	2.12	
Peer Group Percentile			60	34	16	17	22	
Large Value								
JPMorgan Equity Income R6	Russell 1000 Value TR USD	3	5.43	9.90	14.51	13.11	11.44	W
+/- Benchmark			0.10	0.46	-2.46	-0.76	0.72	
Peer Group Percentile			48	50	81	68	34	
Large Blend								
Parnassus Core Equity Institutional	S&P 500 TR USD	3	2.63	10.42	21.51	13.65	13.91	W
+/- Benchmark			-5.49	-7.18	-3.42	-2.82	-1.39	
Peer Group Percentile			94	80	68	74	52	
Small Blend								
JPMorgan Small Cap Equity R6	Russell 2000 TR USD	1	-0.15	-3.43	9.99	8.19	9.12	W
+/- Benchmark			-12.54	-14.19	-5.22	-3.36	-0.64	
Peer Group Percentile			99	97	96	97	66	
Foreign Large Blend								
Fidelity Overseas K	MSCI EAFE (Net MA)	4	0.13	10.37	21.04	9.04	8.96	W
+/- Benchmark			-4.67	-4.94	-0.96	-2.37	0.56	
Peer Group Percentile			72	50	21	17	29	

# Fixed Income Performance

## Watch List Criteria:

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

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

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

## Removal Criteria:

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

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

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

			Return					
	Prospectus Benchmark	MS Rating	QTR	1 Year	3 Years	5 Years	10 Years	Action
Fixed Income								
Intermediate-Term Bond								
Baird Core Plus Bond Inst	Bloomberg US Universal TR USD	4	2.15	3.46	6.10	0.38	2.67	
+/- Benchmark			0.02	0.05	0.50	0.31	0.41	
Peer Group Percentile			50	45	26	41	27	
Stable Value								
Galliard Stable Return Fund E	50% FTSE 3-Mo T-Bill + 50% ICE BofA 1-3Y Trsy	4	0.79	3.11	2.88	2.46	2.21	
+/- Benchmark			-0.33	-1.13	-1.79	0.12	0.30	
Peer Group Percentile								

Sources: JPMorgan, Parnassus, TCW, as of 9/30/2025.

# Index Fund Performance

		Return					Action	
Prospectus Benchmark		QTR	1 Year	3 Years	5 Years	10 Years		
Index Fund								
Large Blend								
Vanguard Institutional Index Instl Pl	S&P 500 TR USD	8.12	17.57	24.91	16.45	15.29		
+/- Benchmark		0.00	-0.02	-0.03	-0.02	-0.01		
Peer Group Percentile		26	23	22	19	10		
Mid Blend								
Vanguard Extended Market Index Instl	S&P Completion TR USD	8.91	16.47	19.69	11.45	11.35		
+/- Benchmark		0.04	0.04	0.19	0.15	0.14		
Peer Group Percentile		12	9	15	72	23		
Foreign Large Blend								
Vanguard Total Intl Stock Index I	FTSE Global All Cap ex US (USA) NR USD	6.96	17.16	20.82	10.41	8.35		
+/- Benchmark		-0.11	0.74	0.19	-0.07	-0.07		
Peer Group Percentile		14	38	57	53	37		
Intermediate-Term Bond								
Vanguard Total Bond Market Index I	Bloomberg US Agg Float Adj TR USD	1.93	2.89	4.92	-0.47	1.84		
+/- Benchmark		-0.06	-0.01	-0.04	-0.03	-0.04		
Peer Group Percentile		74	52	54	55	47		

# Galliard Stable Value Performance

## Investment Strategy

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

### Fund Information

Fund Information	Fund
Fund Assets	\$15.83B
Avg Credit Quality (S&P)	AA-
# of Wrap Providers	9
Blended Yield (after fees)	3.03%
Effective Duration	3.08 Yrs
Market-to-Book	97.6%

### Expenses

Total Fund Expenses*	0.32%
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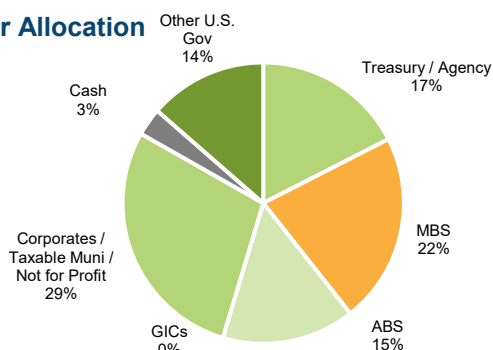
\*fees as of 9/30/2025

Annualized Performance	3Q25	YTD	1 Year	3 Year	5 Year	10 Year
Galliard Stable Value Fund E (after fees)	0.79%	2.30%	3.11%	2.88%	2.46%	2.21%
Benchmark**	1.11%	3.64%	4.24%	4.67%	2.34%	1.91%
FTSE 3-Month T-Bill	1.11%	3.64%	4.61%	4.98%	3.10%	2.12%

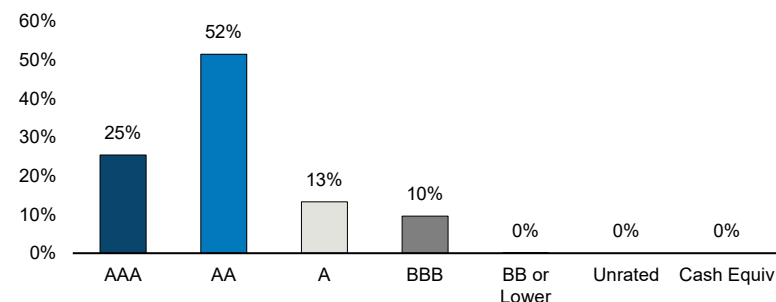
  

Calendar Year Performance	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Galliard Stable Value Fund E (after fees)	3.05%	2.70%	1.95%	1.80%	2.18%	2.34%	2.06%	1.74%	1.62%	1.50%
Benchmark**	4.77%	4.76%	-1.10%	-0.25%	1.84%	2.90%	1.72%	0.63%	0.58%	0.28%
FTSE 3-Month T-Bill	5.45%	5.26%	1.50%	0.05%	0.58%	2.25%	1.86%	0.84%	0.27%	0.03%
Consumer Price Index	2.89%	3.35%	6.45%	7.04%	1.36%	2.29%	1.67%	2.11%	2.07%	0.73%

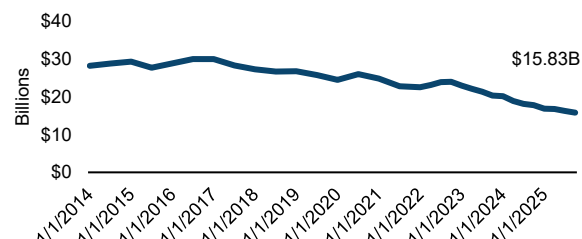
## Sector Allocation



## Credit Quality



## Fund Assets



Issuer	% of Fund	S&P Rating
American General Life Ins. Co.	14.1%	A+
Prudential Ins. Co. of America	14.0%	AA-
Royal Bank of Canada	13.6%	AA-
Metropolitan Tower Life Ins. Co.	13.6%	AA-
Nationwide Life Ins. Co.	9.8%	A+
Pacific Life Ins. Co.	9.8%	AA-
TransAmerica Life Ins. Co.	9.1%	A+
Massachusetts Mutual Life Ins. Co.	8.6%	AA+
State Street Bank and Trust Co.	4.7%	AA-

Source: NWCM, Galliard, as of 9/30/2025

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

# Target Date Performance

Portfolio/Benchmark	Q3 2025	YTD	1 year	3 years	5 years	10 years	Since inception	Inception date
<b>Vanguard Target Retirement Income Trust Plus</b>	<b>3.48%</b>	<b>9.67%</b>	<b>7.96%</b>	<b>10.36%</b>	<b>4.59%</b>	<b>5.35%</b>	<b>5.21%</b>	<b>6/22/2007</b>
Target Retirement Income Composite Index	3.53%	9.61%	7.93%	10.45%	4.72%	5.51%	--	—
excess return	-0.05%	0.06%	0.02%	-0.09%	-0.13%	-0.16%		
<b>Vanguard Target Retirement 2020 Trust Plus</b>	<b>3.80%</b>	<b>10.38%</b>	<b>8.64%</b>	<b>12.04%</b>	<b>6.07%</b>	<b>7.06%</b>	<b>7.32%</b>	<b>6/22/2007</b>
Target Retirement 2020 Composite Index	3.86%	10.29%	8.59%	12.12%	6.23%	7.26%	--	—
excess return	-0.05%	0.08%	0.05%	-0.08%	-0.16%	-0.20%		
<b>Vanguard Target Retirement 2025 Trust Plus</b>	<b>4.68%</b>	<b>12.40%</b>	<b>10.56%</b>	<b>14.36%</b>	<b>7.47%</b>	<b>8.09%</b>	<b>8.21%</b>	<b>6/28/2007</b>
Target Retirement 2025 Composite Index	4.73%	12.26%	10.47%	14.45%	7.65%	8.31%	--	—
excess return	-0.05%	0.14%	0.10%	-0.09%	-0.18%	-0.22%		
<b>Vanguard Target Retirement 2030 Trust Plus</b>	<b>5.31%</b>	<b>13.68%</b>	<b>11.77%</b>	<b>15.97%</b>	<b>8.58%</b>	<b>8.87%</b>	<b>8.93%</b>	<b>6/28/2007</b>
Target Retirement 2030 Composite Index	5.37%	13.52%	11.63%	16.07%	8.77%	9.11%	--	—
excess return	-0.06%	0.16%	0.14%	-0.10%	-0.20%	-0.23%		
<b>Vanguard Target Retirement 2035 Trust Plus</b>	<b>5.78%</b>	<b>14.72%</b>	<b>12.86%</b>	<b>17.34%</b>	<b>9.65%</b>	<b>9.64%</b>	<b>9.63%</b>	<b>6/28/2007</b>
Target Retirement 2035 Composite Index	5.84%	14.54%	12.68%	17.42%	9.83%	9.87%	--	—
excess return	-0.06%	0.19%	0.18%	-0.08%	-0.18%	-0.23%		
<b>Vanguard Target Retirement 2040 Trust Plus</b>	<b>6.25%</b>	<b>15.74%</b>	<b>13.93%</b>	<b>18.72%</b>	<b>10.69%</b>	<b>10.38%</b>	<b>10.22%</b>	<b>6/28/2007</b>
Target Retirement 2040 Composite Index	6.30%	15.53%	13.70%	18.77%	10.88%	10.61%	--	—
excess return	-0.06%	0.21%	0.23%	-0.05%	-0.19%	-0.23%		
<b>Vanguard Target Retirement 2045 Trust Plus</b>	<b>6.72%</b>	<b>16.73%</b>	<b>14.97%</b>	<b>20.06%</b>	<b>11.73%</b>	<b>10.97%</b>	<b>10.63%</b>	<b>6/28/2007</b>
Target Retirement 2045 Composite Index	6.77%	16.50%	14.71%	20.12%	11.93%	11.21%	--	—
excess return	-0.05%	0.23%	0.26%	-0.06%	-0.20%	-0.25%		
<b>Vanguard Target Retirement 2050 Trust Plus</b>	<b>7.18%</b>	<b>17.90%</b>	<b>16.16%</b>	<b>21.11%</b>	<b>12.28%</b>	<b>11.25%</b>	<b>10.83%</b>	<b>6/28/2007</b>
Target Retirement 2050 Composite Index	7.23%	17.71%	15.94%	21.18%	12.50%	11.50%	--	—
excess return	-0.05%	0.19%	0.22%	-0.07%	-0.22%	-0.25%		
<b>Vanguard Target Retirement 2055 Trust Plus</b>	<b>7.18%</b>	<b>17.90%</b>	<b>16.14%</b>	<b>21.10%</b>	<b>12.28%</b>	<b>11.25%</b>	<b>10.99%</b>	<b>10/5/2010</b>
Target Retirement 2055 Composite Index	7.23%	17.72%	15.95%	21.18%	12.50%	11.50%	--	—
excess return	-0.05%	0.18%	0.19%	-0.08%	-0.23%	-0.25%		
<b>Vanguard Target Retirement 2060 Trust Plus</b>	<b>7.18%</b>	<b>17.94%</b>	<b>16.16%</b>	<b>21.12%</b>	<b>12.29%</b>	<b>11.26%</b>	<b>10.45%</b>	<b>3/1/2012</b>
Target Retirement 2060 Composite Index	7.23%	17.72%	15.95%	21.18%	12.50%	11.50%	--	—
excess return	-0.05%	0.22%	0.21%	-0.06%	-0.21%	-0.24%		
<b>Vanguard Target Retirement 2065 Trust Plus</b>	<b>7.18%</b>	<b>17.90%</b>	<b>16.12%</b>	<b>21.11%</b>	<b>12.28%</b>	--	<b>11.15%</b>	<b>7/21/2017</b>
Target Retirement 2065 Composite	7.23%	17.72%	15.95%	21.18%	12.50%	11.50%	--	—
excess return	-0.05%	0.18%	0.17%	-0.08%	-0.22%			
<b>Vanguard Target Retirement 2070 Trust Plus</b>	<b>7.17%</b>	<b>17.90%</b>	<b>16.10%</b>	<b>21.11%</b>	--	--	<b>11.09%</b>	
Target Retirement 2070 Composite Index	7.23%	17.72%	15.95%	21.18%	12.50%	11.50%	--	—
excess return	-0.06%	0.18%	0.15%	-0.07%				

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