

Those persons wishing to speak on any item, whether or not it is included on the agenda, are requested to fill out and submit to the Clerk of the Board a "Request to Speak" form. Thank you.

It is the intention of the Chino Valley Independent Fire District to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Chino Valley Independent Fire District will attempt to accommodate you in every reasonable manner. Please contact the Administration Office (909) 902-5260 at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

Any public record, relating to an open session agenda item, that is distributed within 72 hours prior to the meeting is available for public inspection at the District's Administrative Headquarters, 14011 City Center Drive, Chino Hills, CA 91709.

**CHINO VALLEY INDEPENDENT FIRE DISTRICT**  
***Special Meeting - Standing Committee Meeting***  
***Section 115 Trust Investment Committee***

Administrative Headquarters  
14011 City Center Drive  
Chino Hills, CA 91709

Wednesday, August 17, 2022

10:00 AM

**\*\*TELECONFERENCE MEETING INFORMATION\*\***

**In accordance with AB 361 this meeting will be conducted remotely.**

**In order to participate in this meeting, please follow the following instructions.**

**Current Meeting GoToWebinarURL:**

**<https://attendee.gotowebinar.com/register/8688764798606864>**

**Please be aware that when you join the meeting real-time, your screen name will appear on the GoToWebinar screen.**

**For ADA accommodations, please contact the Clerk of the Board at (909) 315-8805 or by email at [clerk@chofire.org](mailto:clerk@chofire.org) 48 hours prior to the meeting.**

**REAL-TIME AND RECORDED PUBLIC VIEWING OF COMMITTEE MEETINGS**

**The Committee will use the platform GoToWebinar to hold Committee Meetings. Register using the GoToWebinar URL listed on the Committee meeting agenda.**

**Upon entering the meeting, you will be in listen-only mode and muted until called on. For telephone real-time listen-only mode, registration is not required. Please follow the instructions below:**

1. Call: 1 (877) 568-4108
2. Enter attendee number: 318-657-008
3. Select the # key: 356-846-635

## **PUBLIC COMMENTS**

The public will have the option to either submit a public comment by email to be read into the record by the Clerk of the Board at the requested time during the Committee Meeting, or participate real-time at the appropriate requested time during the meeting by registering for the meeting and selecting the “raise hand” feature and the appropriate time.

**PUBLIC COMMENT – To be read by the Clerk of the Board during Committee Meeting:**

- Email your comments to [clerk@chofire.org](mailto:clerk@chofire.org)
- Email subject line should read: “Public Comment – Read by Clerk of the Board.” List date of meeting. The body of the email should include the public comment exactly as it should be read by the Clerk of the Board during the meeting. Specify if the comment is on a topic not on the agenda. If the topic is not on the agenda, please provide a topic description. If the comment is on a specific item on the agenda, please clearly describe the location of the item on the agenda such as New Business and state the number of the agenda item.
- Comments read by the Clerk of the Board must be limited to 300 words.
- Submit emails 1 hour prior to the start time of the Committee Meeting.
- Please note that your name will be read into the record.

**PUBLIC COMMENT – Real-time public participation during Committee Meeting:**

If you wish to provide a real-time public comment, please register at GoToWebinar URL:

<https://attendee.gotowebinar.com/register/8688764798606864>

When registering for a real-time public comment, specify if the comment is on a topic not on the agenda. If the topic is not on the agenda, provide a topic description. If the comment is on a specific item on the agenda, clearly describe the location of the item on the agenda such as New Business and state the number of the agenda item. You may also use the “raise hand” feature at the appropriate time and you will be called upon and unmuted.

- Log on to GoToWebinar with the URL link provided on the Committee agenda 15 minutes prior to the start of the meeting. Upon entering the meeting you will be muted.
- Registered attendees will be unmuted at the time of the public comment.
- Attendees may also need to “unmute” their own devices to be heard.

- When your name is called, begin the public comments by stating your name and address (optional) for the record.
- Comments must be limited to 5 minutes.

## AGENDA

### ROLL CALL

### FLAG SALUTE

### PUBLIC COMMUNICATIONS

This is the time and place for the general public to address the Committee about subjects that do not appear elsewhere on the agenda. The public may address items on the agenda at the time addressed by the Committee.

Due to Committee policy and Brown Act requirements, action may not be taken on any issue not on the agenda. When you address the Committee, please state your name and address (optional) prior to making your remarks. Please limit your comments to 5 minutes.

### MINUTES

1. Minutes - May 18, 2022 Meeting

### OLD BUSINESS - None

### NEW BUSINESS

2. CAPITAL MARKETS UPDATE - 2ND QUARTER 2022  
Purpose is to review the 2nd Quarter Investment Report.
3. DISCUSSION OF FISCAL YEAR END TRUST REPORTING AND AUDIT REQUIREMENTS  
Purpose is for the Committee to discuss the timing for the June 30, 2022 fiscal year end audit of the 115 Retirement Trust, as well as for delivery of the annual report to the District's Board of Directors.
4. CHINO VALLEY FIRE DISTRICT SECTION 115 TRUST ANNUAL REPORT  
Purpose is to review and discuss the Draft 2021-22 Annual Report for the Section 115 Trust.
5. REVIEW OF INVESTMENT POLICY STATEMENT  
Purpose is to conduct a review of the Chino Valley Fire District 115 Trust Investment Policy.

Policy.

ADJOURNMENT

The meeting will be adjourned to a Regular Meeting of the Section 115 Trust Investment Committee to be held on Wednesday, November 16, 2022 at 10:00 a.m. at the District Headquarters Office located at 14011 City Center Drive, Chino Hills, CA, 91709.

I, Sandra Escudero, Acting Clerk of the Board, on behalf of the Board of Directors, do hereby certify that a copy of this agenda has been posted by 6:00 p.m., on Friday, August 12, 2022.



\_\_\_\_\_  
Sandra Escudero, Acting Clerk of the Board

**CHINO VALLEY INDEPENDENT FIRE DISTRICT**

**NO STAFF REPORT**

Minutes - May 18, 2022 Meeting

**ATTACHMENTS:**

Minutes - May 18, 2022 Meeting

**CHINO VALLEY INDEPENDENT FIRE DISTRICT**  
*Special Meeting - Standing Committee Meeting*  
*Section 115 Trust Investment*

Administrative Headquarters  
14011 City Center Drive  
Chino Hills, CA 91709

Wednesday, May 18, 2022  
10:00 a.m. Committee Meeting

**MINUTES**

ROLL CALL

Finance Director Steve Heide, Committee Vice Chair  
Interim Human Resource Director Andrew Tse, Committee Secretary  
Firefighter/ Paramedic Jason Farnsworth, Committee Member  
Incoming Finance Director Mark Shaker  
Director Ellen Clark, PFM Asset Management LLC  
Committee Clerk, Ariana Cisneros

FLAG SALUTE

Committee Vice Chair Steve Heide

CHANGES TO THE AGENDA

No changes to the agenda.

PUBLIC COMMUNICATIONS

None.

MINUTES

1. Minutes – February 23, 2022 Meeting

Committee Vice Chair Heide requested any public comment on this agenda item.

There was no public comment.

Committee Vice Chair Heide requested any Committee comment on this agenda item.

There was no Committee comment.

**Moved by Committee Member Farnsworth seconded by Committee Secretary Tse, carried by a 3-2 voice vote to approve this item as presented.**

**AYES: BOARD MEMBERS: Heide, Tse and Farnsworth.**

**NOES: BOARD MEMBERS: None.**

**ABSTAIN: BOARD MEMBERS: None.**

**ABSENT: BOARD MEMBERS: Williams and Roberts.**

OLD BUSINESS

None.

NEW BUSINESS

2. CAPITAL MARKETS UPDATE – 1ST QUARTER 2022

Purpose is to review and discuss the Capital Markets Update and 1<sup>st</sup> Quarter 2022 Review.

Committee Vice Chair Heide reported that representative Ellen Clark from PFM was in attendance to present an overview of the reports and answer questions.

Committee Vice Chair Heide requested public comment on this agenda item.

There was no public comment.

Committee Vice Chair Heide requested any comment from the Committee on this agenda item.

There was no comment from the Committee.

**Moved by Committee Secretary Tse, seconded by Committee Member Farnsworth, carried by a 3-2 voice vote to approve this item as presented.**

**AYES: BOARD MEMBERS: Heide, Tse and Farnsworth.**

**NOES: BOARD MEMBERS: None.**

**ABSTAIN: BOARD MEMBERS: None.**

**ABSENT: BOARD MEMBERS: Williams and Roberts.**

ADJOURNMENT

Committee Chair Williams adjourned the meeting at 10:37 a.m. to the next Regular Section 115 Meeting scheduled for Wednesday, August 17, 2022, at 10:00 a.m. at the District Headquarters Office located at 14011 City Center Drive, Chino Hills, CA 91709.

APPROVED AND ADOPTED THIS 17<sup>th</sup> DAY OF AUGUST 2022.

---

Andy Tse, Committee Secretary

---

Mark Shaker, Committee Vice Chair

**CHINO VALLEY INDEPENDENT FIRE DISTRICT  
STAFF REPORT**

**DATE: AUGUST 17, 2022**

**TO: SECTION 115 TRUST INVESTMENT COMMITTEE**

**FROM: DAVE WILLIAMS, FIRE CHIEF**

**SUBJECT: CAPITAL MARKETS UPDATE - 2ND QUARTER 2022**

**PURPOSE:**

Purpose is to review the 2nd Quarter Investment Report.

**DISCUSSION:**

A representative from PFM, the 115 Trust's investment advisor, shall review the 2nd Quarter investment report with the Committee.

**RECOMMENDATION:**

It is recommended that the Committee receive and file this report.

**ATTACHMENTS:**

Section 1115 Trust 2nd Quarter 2022





# Chino Valley Fire District

## Investment Performance Review For the Quarter Ended June 30, 2022

---

### Client Management Team

Ellen Clark, Director  
Matt Smith, CFA, Senior Managing Consultant  
Stephanie Rogers, Client Service Analyst

### PFM Asset Management LLC

1 California Street  
10th Floor  
San Francisco, CA 94111  
415-393-7270

1735 Market Street  
43rd Floor  
Philadelphia, PA 19103

---

## **Financial Markets & Investment Strategy Review**

QUARTERLY MARKET SUMMARY

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
<b>DOMESTIC EQUITY</b>							
S&P 500	-16.10%	-19.96%	-10.62%	10.60%	11.31%	11.14%	12.96%
Russell 3000 Index	-16.70%	-21.10%	-13.87%	9.77%	10.60%	10.43%	12.57%
Russell 1000 Value Index	-12.21%	-12.86%	-6.82%	6.87%	7.17%	7.69%	10.50%
Russell 1000 Growth Index	-20.92%	-28.07%	-18.77%	12.58%	14.29%	13.45%	14.80%
Russell Midcap Index	-16.85%	-21.57%	-17.30%	6.59%	7.96%	8.04%	11.29%
Russell 2500 Index	-16.98%	-21.81%	-21.00%	5.91%	7.04%	7.16%	10.49%
Russell 2000 Value Index	-15.28%	-17.31%	-16.28%	6.18%	4.89%	6.40%	9.05%
Russell 2000 Index	-17.20%	-23.43%	-25.20%	4.21%	5.17%	5.91%	9.35%
Russell 2000 Growth Index	-19.25%	-29.45%	-33.43%	1.40%	4.80%	4.96%	9.30%
<b>INTERNATIONAL EQUITY</b>							
MSCI EAFE (Net)	-14.51%	-19.57%	-17.77%	1.07%	2.20%	2.70%	5.40%
MSCI AC World Index (Net)	-15.66%	-20.18%	-15.75%	6.21%	7.00%	6.98%	8.76%
MSCI AC World ex-USA (Net)	-13.73%	-18.42%	-19.42%	1.35%	2.50%	2.92%	4.83%
MSCI AC World ex-USA Small Cap (Net)	-17.55%	-22.92%	-22.45%	2.94%	2.55%	3.71%	6.22%
MSCI EM (Net)	-11.45%	-17.63%	-25.28%	0.57%	2.18%	2.79%	3.06%
<b>ALTERNATIVES</b>							
FTSE NAREIT Equity REIT Index	-17.00%	-20.20%	-6.27%	4.00%	5.30%	6.74%	7.39%
FTSE EPRA/NAREIT Developed Index	-17.22%	-20.33%	-12.71%	-0.17%	2.90%	3.97%	5.59%
Bloomberg Commodity Index Total Return	-5.66%	18.44%	24.27%	14.34%	8.39%	2.79%	-0.82%
<b>FIXED INCOME</b>							
Blmbg. U.S. Aggregate	-4.69%	-10.35%	-10.29%	-0.94%	0.88%	1.42%	1.54%
Blmbg. U.S. Government/Credit	-5.03%	-11.05%	-10.85%	-0.77%	1.05%	1.63%	1.67%
Blmbg. Intermed. U.S. Government/Credit	-2.37%	-6.77%	-7.28%	-0.16%	1.13%	1.39%	1.45%
Blmbg. U.S. Treasury: 1-3 Year	-0.52%	-3.01%	-3.51%	0.18%	0.90%	0.81%	0.77%
Blmbg. U.S. Corp: High Yield	-9.83%	-14.19%	-12.81%	0.21%	2.10%	3.48%	4.47%
Credit Suisse Leveraged Loan Index	-4.35%	-4.45%	-2.68%	2.03%	2.97%	3.31%	3.90%
ICE BofAML Global High Yield Constrained (USD)	-11.38%	-16.72%	-17.65%	-1.86%	0.74%	2.54%	3.77%
Blmbg. Global Aggregate ex-USD	-11.01%	-16.49%	-18.78%	-5.07%	-1.75%	-0.29%	-1.06%
JPM EMBI Global Diversified	-11.43%	-20.31%	-21.22%	-5.22%	-1.19%	1.33%	2.21%
<b>CASH EQUIVALENT</b>							
90 Day U.S. Treasury Bill	0.11%	0.15%	0.17%	0.63%	1.11%	0.87%	0.63%

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

## QUARTERLY MARKET SUMMARY

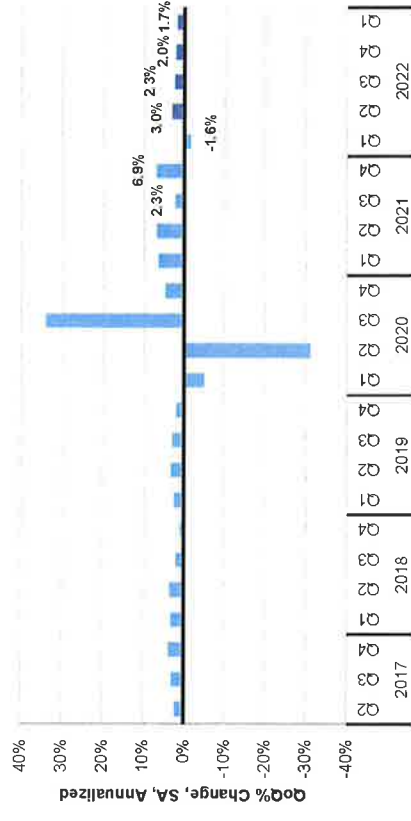
### THE ECONOMY

▶ The quarter ended with inflation continuing to dominate the conversation, as annual inflation hit new 40-year highs in June. On a year-over-year (YoY) basis, total Consumer Price Index (CPI) was up 9.1%, climbing from the already dizzying rate of 8.6% in May, while core CPI, which excludes food and energy, was up 5.9% versus 6.0% in May. One of the main drivers propelling inflation to these highs is rising rental rates, surging by the most in 36 years at 5.8% YoY, highlighting the home affordability problem from a hot real estate market and the remnants of the rent moratoriums over the past two years. The June flash estimate for headline Euro area annual inflation also shows expectations for more record-breaking at 8.6%, as runaway energy prices continue due to the ongoing conflict. In emerging markets (EM), some countries have seen inflation spiral into double-digit territory. Sri Lanka experienced a 54.6% annual inflation rate in June, amid an economic crisis that led to a breakdown in government which saw the president flee the country.

▶ To fight this outsized inflation the Federal Reserve (Fed) has been maintaining an aggressive monetary policy stance, raising rates twice during the quarter. The Fed raised rates in May and June, with hikes of 50 basis points (bps) and 75 bps, respectively, making June's hike the most aggressive hike since 1994. Officials were aware of how tightening financial conditions could heighten the downside risks to economic growth. Nonetheless, combating inflation remained the Fed's top priority, and with the quarter-end inflation coming in at record-breaking levels, we may see the size of July's hike reach as much as 100 bps. The U.S. would not be alone in large rate hikes either. In a surprise move the Bank of Canada raised its benchmark interest rate by 100 bps this July, its biggest in nearly 24 years. The Swiss National Bank also increased its benchmark rate for the first time since 2007 this July, and the European Central bank is set to raise its rates in July for the first time in more than 11 years.

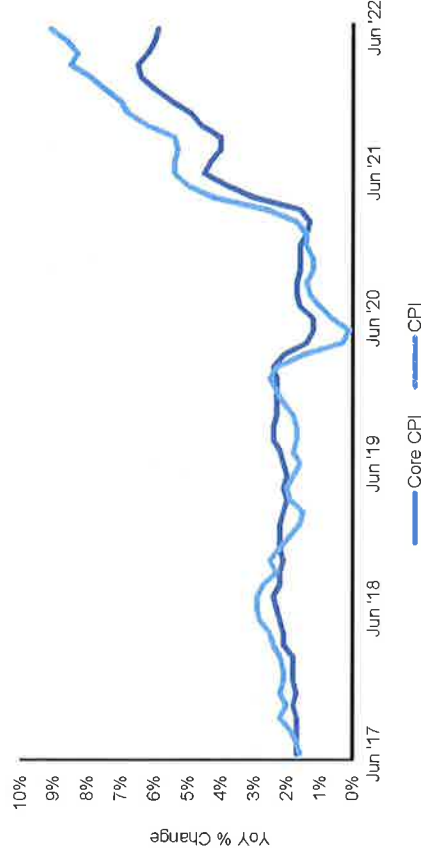
▶ As monetary policy continues to prioritize inflation, slowing economic growth is a growing secondary risk. Second quarter U.S. gross domestic product (GDP) growth was downwardly revised to an annual decrease of 1.6%. In comparison, the International Monetary Fund once again cut its U.S. growth forecast for 2022 from 2.9% to 2.3% and warned that avoiding a recession in the U.S. will be "increasingly challenging." In China, the lingering effects of the pandemic and related COVID-19 lockdowns are still hobbling economic growth, with second quarter GDP growth coming in at only 0.4%, missing expectations that had forecast growth at 1%.

**U.S. Real GDP Growth**  
Seasonally Adjusted (SA)



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

**Monthly Inflation Rate**

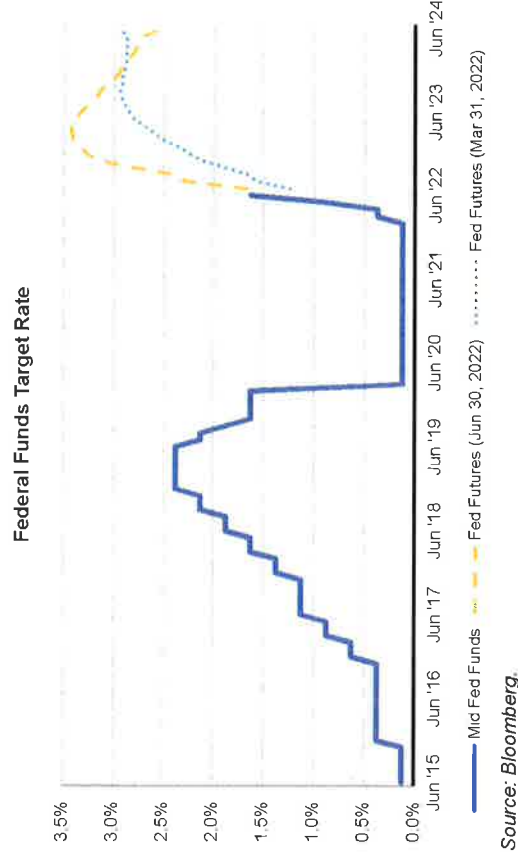
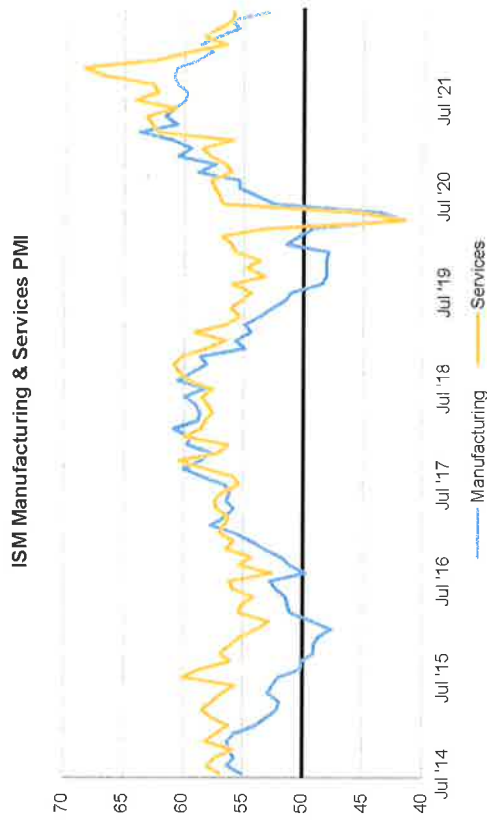


Source: Bureau of Labor Statistics.

## QUARTERLY MARKET SUMMARY

### WHAT WE'RE WATCHING

- ▶ The red-hot housing market has finally begun to cool, as demand slows due to decreasing affordability. The National Association of Realtors' housing affordability index fell to near record lows of 102.5 in May, the lowest level since July 2006. This lack of affordability stems, in large part from the increase in mortgage rates, which ended the quarter with the average 30-year fixed-rate of 5.74%, more than twice the 2021 low of 2.65%, which is a byproduct of the Fed increasing rates to battle inflationary pressures. Global markets such as Canada and New Zealand have seen their real estate markets reacting to increases, with New Zealand's house prices falling 2.3% in the second quarter, the most in 13 years as the NZ Reserve Bank is expected to raise its rate to 2.5%. China's housing market has also seen a dramatic cooling, with a rapidly escalating boycott of mortgage payments as Chinese homebuyers across 22 cities are refusing to pay mortgage payments on stalled construction projects.
- ▶ As both prices and the risk of a recession continue to rise, consumer confidence continues to fall, leading to a drag on economies globally. In the U.S., consumer spending growth slowed in May, rising just 0.2%, down from 0.9% growth in April. This slowdown comes as June consumer confidence readings hit 16-month lows, decreasing to 98.7 from a downwardly-revised 103.2 reading in May. In the EU, the consumer confidence indicator decreased by 1.9 points from the previous month to -24 in June 2022, the lowest since April 2020.
- ▶ Global supply chains are still far from recovered, leading to continued shortages and increased prices across a broad range of industries, from automakers to contrast dyes for medical imaging. China's "zero-COVID" lockdown policy led to numerous lockdowns of important manufacturing centers during the quarter and continue to pose a threat as COVID-19 numbers begin to climb once again in cities like Shanghai. The blocked shipments and closed factories caused by shutdowns are still rippling through the system and weighing on companies' bottom lines. For those manufacturers that are open, global ocean freight schedule reliability continues to pose problems with approximately 36% of cargo being delivered on time, less than half of pre-pandemic levels.



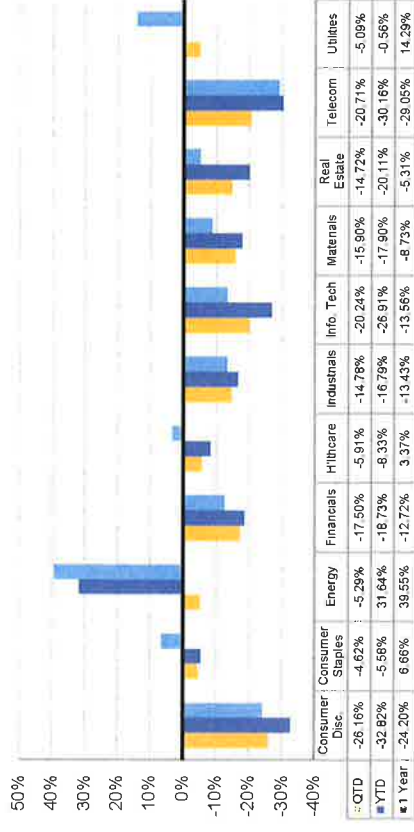


## QUARTERLY MARKET SUMMARY

### DOMESTIC EQUITY

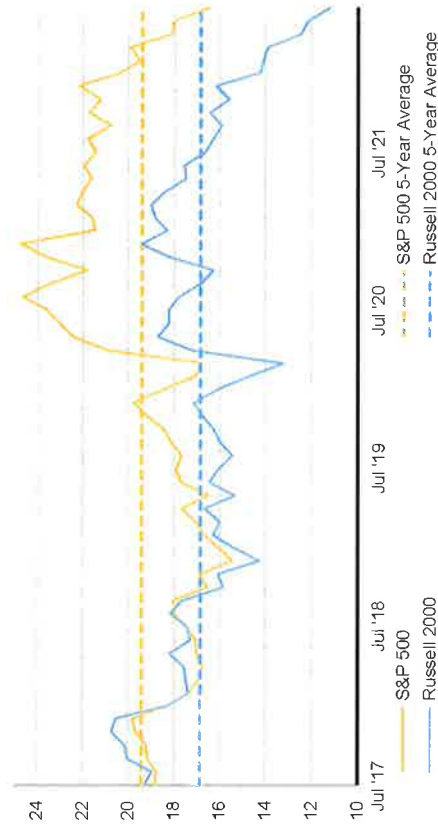
- ▶ The S&P 500 Index (S&P) posted a negative return of -16.10% for the quarter as investors weighed the impact of a hawkish Fed solely focused on bringing down inflation, at the cost of growing probability of a recession. Year-to-date (YTD), the S&P has lost 19.96% through June.
- ▶ In an environment with Russia's war in Ukraine, COVID-related lockdowns in China, global supply chain issues, high gas prices, and concerns over persistently high inflation, the Consumer Confidence Index fell in June to its lowest level in over a year.
- ▶ Within S&P, all 11 sectors ended with negative returns for the quarter. Consumer Discretionary (-26.15%), Communication Services (-20.71%) and Information Technology (-20.24%) were the worst performing sectors, seeing continued volatility and decline from their rich valuations. Defensive sectors and Energy were the best performers over the quarter, with Consumer Staples (-4.62%), Utilities (-5.09%), Energy (-5.29%), and Healthcare (-5.91%) leading the way.
- ▶ Value stocks, as represented by the Russell 1000 Value Index, returned -12.21%, outperforming growth stocks, as represented by the Russell 1000 Growth Index, which returned -20.92%. Over the trailing 12 months, the value index has outperformed the growth index by 1195 bps (-6.82% vs. -18.77%).
- ▶ Small-caps, as represented by the Russell 2000 Index, returned -17.20% during the quarter, lagging mid- and large-caps. The Russell Mid-cap and Russell 1000 indices returned -16.85% and -16.67%, respectively.
- ▶ According to FactSet Earnings Insight, as of July 1, 2022, the expected earnings growth rate for S&P 500 for the quarter is 4.1%. If 4.1% is the actual growth rate for the quarter, it will mark the lowest earnings growth rate reported by the index since Q4 2020 (3.8%). Additionally, according to FactSet Earnings Insight, the Energy sector is expected to be the largest contributor to earnings growth for the S&P 500 for the second quarter. If this sector were excluded, the index would be expected to report a decline in earnings of 3.5% rather than growth in earnings of 4.1%.

S&P 500 Index Performance by Sector  
Periods Ended June 30, 2022



Source: Bloomberg.

P/E Ratios of Major Stock Indices\*



Source: Bloomberg.

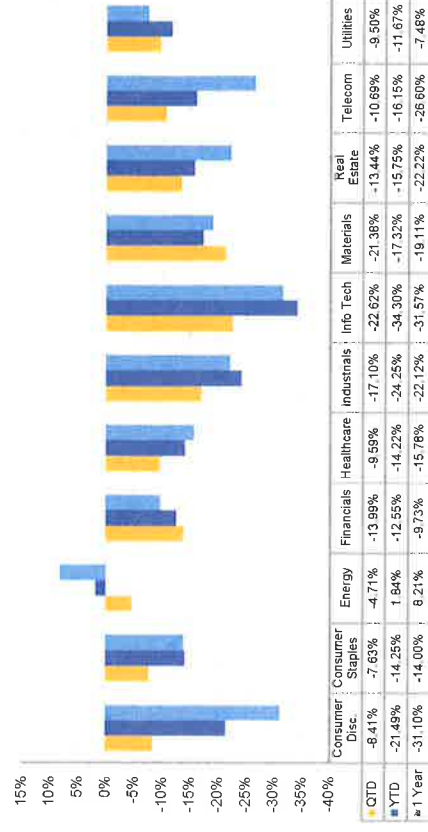
\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

QUARTERLY MARKET SUMMARY

**NON-U.S. EQUITY**

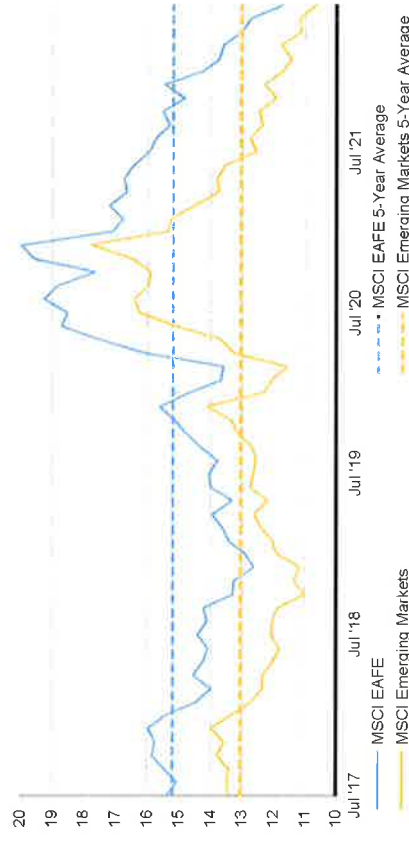
- Equity markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, outperformed their U.S. counterparts, returning -13.73% for the quarter and YTD has returned 18.42%. All 11 sectors posted negative returns for the quarter. Energy was the best-performing sector returning -4.71%, followed by Consumer Staples (-7.63%) and Consumer Discretionary (-8.41%), while Information Technology was the worst-performing sector returning -22.62%.
- EM, as represented by MSCI Emerging Market Index, outperformed Developed ex-U.S. Markets, represented by the MSCI EAFE Index, returning -11.45% versus -14.51% for the quarter. EM Asia (-9.34%) was the top performing region over the quarter, benefitting from China's positive return of 3.40% as the economy reopened and government support led to the recent stabilization of Chinese equities. Despite slowing growth concerns and the runup in inflation, Europe slightly outperformed the MSCI EAFE Index, returning -14.17%. Japan and Australia dragged the index down with quarterly returns of -14.60% and -18.08%, respectively.
- Geopolitical tensions, inflation pressures, the ongoing war between Russia and Ukraine, and associated sanctions remain major headwinds, offset the asset class's attractiveness given relatively cheap valuations.
- Value stocks outperformed growth stocks for the quarter across the International Equity Markets, a continuation of the trend observed towards the end of last year. MSCI AC World ex-USA Value returned -11.72% versus MSCI AC World ex-USA Growth -15.63%.
- Small-caps, as represented by MSCI ACWI ex-U.S. Small Cap Index, underperformed within the international equity markets, returning -17.55%.

MSCI ACWI ex-U.S. Sectors  
Periods Ended June 30, 2022



Source: Bloomberg.

P/E Ratios of MSCI Equity Indices\*



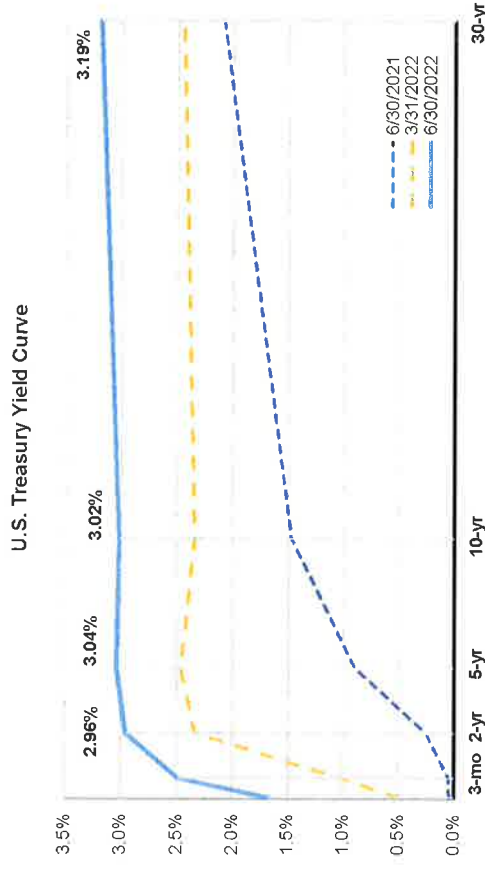
Source: Bloomberg.

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

## QUARTERLY MARKET SUMMARY

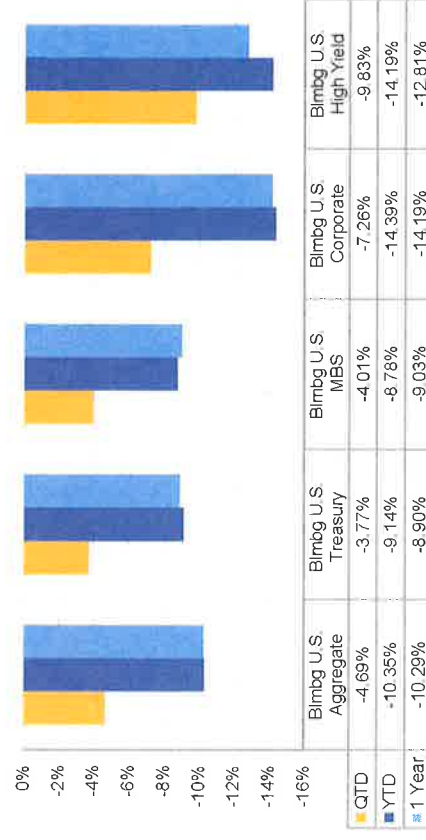
### FIXED INCOME

- ▶ The U.S. bond market represented by the Bloomberg U.S. Aggregate (Aggregate) Index had another sharply negative quarter, this time with a 4.69% loss. YTD the Aggregate has lost 10.35% through June.
- ▶ The treasury market sold off again this quarter as the front end of the curve continued to rise on Fed hikes. The back end also rose most of the quarter before getting more of a bid late in June. Yields on the 2- and 5-year treasuries rose about 60 bps each. Further out the curve, the 10-year was as high as 115 bps higher but settled back with a 68 bps increase for the quarter. Meanwhile, the 30-year increased, settling with a 3.19% yield. The Bloomberg U.S. Treasury Index lost 3.77% in total return for the quarter.
- ▶ Corporate credit was sharply negative as the Bloomberg U.S. Corporate Index lost 7.26%, while high yield bonds, as represented by the Bloomberg U.S. Corporate High Yield (HY) Index, sold off 9.83%. Credit spreads widened in these areas +40 and +244bps, respectively. Within HY, the lowest quality (CCC-rated) was the worst performer.
- ▶ The fixed-rate mortgage market, as measured by the Bloomberg U.S. Mortgage-Backed Securities (MBS) Index, had another weak quarter, down 4.01%. Duration extension was a factor as consumers are being priced out of a hot housing market while mortgage rates increased, indicating a cooling period. On the commercial side, the Bloomberg U.S. Agency CMBS Index fell 2.45%.
- ▶ EM USD sovereign bonds, as represented by the JP Morgan EMBI Global Diversified Index, lost 11.43% as inflation and COVID-19 continue to disturb markets. During the quarter, Asia and Middle East markets performed the strongest while Africa was the biggest detractor.



Source: Bloomberg.

Returns for Fixed-Income Segments  
Periods Ended June 30, 2022



Source: Bloomberg. "Bimbg BC" is Bloomberg Barclays.

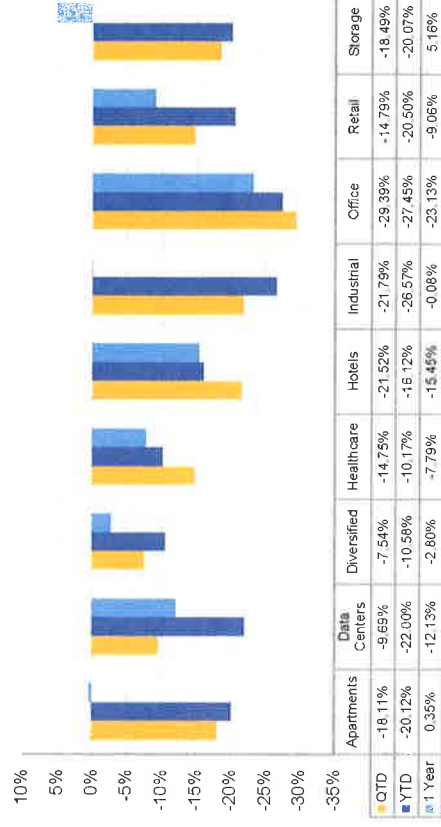


QUARTERLY MARKET SUMMARY

**ALTERNATIVES**

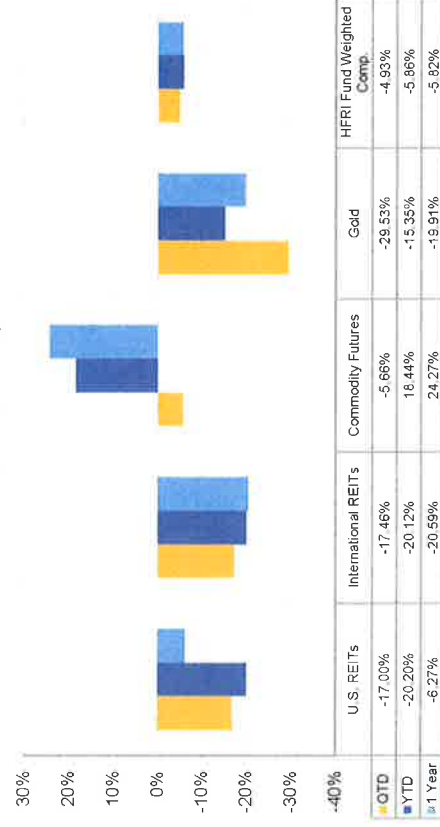
- ▶ REITs, as measured by the FTSE NAREIT Equity REITs Index, fell 17.00% in the second quarter of 2022 and YTD has returned -20.20%. All major sectors posted negative returns during the second quarter. The best performers were the Diversified and Data Center sectors, which posted returns of -7.54% and -9.69%, respectively. The Office sector, which continues to have structural headwinds, fell 29.39% and was the worst performer during the quarter.
- ▶ Private real estate, as measured by the NCREIF Property Index, gained 5.33% in the second quarter of 2022, resulting in a 21.90% return over the last 12-month period. Industrial properties continued to be the top performing sector, with a total return of 10.96% in the second quarter, comprised of 0.84% in income return and 10.13% in appreciation return. Office properties were the worst performers, although the sector still posted a positive total return of 1.60%, comprised of 1.06% in income return and 0.54% in appreciation return.

FTSE NAREIT Sectors  
Periods Ended June 30, 2022



Source: Bloomberg

Returns for Alternative Assets  
Periods Ended June 30, 2022



Sources: Bloomberg and Hedge Fund Research, Inc.

- ▶ Hedge fund returns were mostly negative in the second quarter of 2022, with the HFRI Fund Weighted Composite Index returning -4.93%. During the same period, the HFRI Macro (Total) Index gained 2.14%. The HFRI Equity Hedge (Total) Index and the HFRI Fund of Funds Index returned -8.30% and -3.61%, respectively.
- ▶ In the second quarter of 2022, private capital fundraising was led by private equity funds, which closed on \$94.8 billion, followed by \$44.8 billion raised by real assets funds, \$28.9 billion raised by private debt funds, and \$17.5 billion raised by private real estate funds. Global private equity dry powder, which accounts for the bulk of private capital dry powder, remains near all-time highs at \$1.78 trillion as of February 2022. According to Cambridge Associates, U.S. private equity generated a return of 23.55% for the five years ended Q4 2021. According to Cliffwater Direct Lending Index, U.S. middle market loans, a proxy for private debt, generated a return of 8.63% for the five years ended Q1 2022.
- ▶ Commodity futures, represented by the Bloomberg Commodity Total Return Index, fell 5.66% in the second quarter of 2022. The U.S. Dollar Index (DXY) gained 6.48% over the same period. Gold spot price finished the quarter at \$1,807.27 per ounce, a 6.72% decline over the period. The West Texas Intermediate (WTI) Crude Oil spot price increased 5.47% from \$100.28 to \$105.76 per barrel during the second quarter of 2022.

## QUARTERLY MARKET SUMMARY

### Investment Strategy Overview

Asset Class	Our Q3 2022 Investment Outlook	Comments
<b>U.S. Equities</b>		<ul style="list-style-type: none"> <li>Elevated inflation, tightening Fed and slowing economic data point to increased uncertainty leading us to underweight equities.</li> <li>Pressure on corporate profit margin is a risk if companies cannot pass along higher input material and labor costs. We are closely watching earnings expectations for sustained deterioration.</li> <li>Valuations for small- and mid-caps look relatively attractive supported by earnings growth and domestically oriented revenue exposure.</li> </ul>
<b>Large-Caps</b>		
<b>Mid-Caps</b>		
<b>Small-Caps</b>		
<b>Non-U.S. Equities</b>		<ul style="list-style-type: none"> <li>International equities continue to trade at a discount to U.S. equities, but concerns over the outlook for European economies amidst higher inflation and low rates point to possible stagflation.</li> </ul>
<b>Developed Markets</b>		<ul style="list-style-type: none"> <li>EM equities ex-China trade at a discount to both developed markets and long-term averages and are a possible opportunity as visibility improves.</li> </ul>
<b>Emerging Markets</b>		<ul style="list-style-type: none"> <li>International small caps provide exposure to local revenue streams and add value over the long-term but have higher exposure to negative earnings over the short-term.</li> </ul>
<b>International Small-Caps</b>		
<b>Fixed Income</b>		<ul style="list-style-type: none"> <li>High inflation and slowing economic growth weigh on the Fed rate hike path, leading to higher uncertainty for interest rates in the U.S.</li> </ul>
<b>Long-Duration, Interest Rate-Sensitive Sectors</b>		<ul style="list-style-type: none"> <li>Corporate spreads have widened slightly but credit markets remain attractive relative to interest rate sensitive fixed income due to strong corporate fundamentals.</li> </ul>
<b>Credit-Sensitive Sectors</b>		<ul style="list-style-type: none"> <li>We continue to seek diversified credit exposure and are closely watching signs for any distress in the corporate credit space.</li> </ul>
<b>Alternatives</b>		<ul style="list-style-type: none"> <li>Reasonable valuations and income potential that acts as inflation-hedge are positives for real estate but economic slowdown is a negative.</li> </ul>
<b>Real Estate</b>		<ul style="list-style-type: none"> <li>Private equity and debt strategies can complement multi-asset class portfolios by providing access to attractive opportunities during periods of disruption but will be impacted by rising rates and any distress in credit markets.</li> </ul>
<b>Private Equity</b>		
<b>Private Debt</b>		<ul style="list-style-type: none"> <li>Commodity prices are supported by supply disruptions due to the war between Russia and Ukraine.</li> </ul>
<b>Commodities</b>		

● Current outlook ○ Outlook one quarter ago



## QUARTERLY MARKET SUMMARY

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

**Monetary Policy:**

- The Fed is expected to be more aggressive in raising rates than anticipated, due to higher inflation, while also reducing the balance sheet.
- Uncertainty around the rate hike path is weighing on risk assets.
- Globally, inflation continues to drive most central banks towards hiking rates.

**Economic Growth:**

- Risk of recession in the next 12-18 months is rising as inflation remains elevated impacting growth expectations globally.
- Strong consumer and corporate balance sheets along with tight labor markets are positive for growth while tighter monetary policy impedes continued growth.

**Inflation:**

- High current inflation remains a concern. While we expect inflation to moderate over the next few months, the risk is that inflation becomes embedded in the economy.
- Overly aggressive monetary policy driven by inflation remains a risk to the economy and asset prices.

**COVID-19 Containment:**

- Pockets of vulnerability remain as new strains spread but we believe we are transitioning from pandemic to endemic.
- China's COVID zero policy has global supply chain ramifications and needs to be closely watched.

**Consumer Spending (U.S.):**

- Consumer sentiment is at all-time low.
- Consumer balance sheets are still healthy but the saving rate is falling, as is personal consumption growth.

**Labor Markets:**

- Labor markets remain relatively strong but softening.
- Labor force participation rate is expected to go up as higher inflation weighs on consumers' real disposable income.

**Corporate Fundamentals:**

- Earnings growth expectations have not drastically deteriorated yet, but the impact of rising input costs and higher inflation could erode profit margins.

**Valuations:**

- Equities look attractive across the board after the recent sell-off but elevated downside risks lead to a cautious approach.
- Credit markets look attractive after recent spread widening especially as corporate fundamentals still look strong.

**Political Risks:**

- The war in Ukraine has increased political risk. We expect globalization to continue to slow which further adds to global political risk.
- In the near-term, the threat of continued war with some spillover effects is negative to risk assets.

● Current outlook ○ Outlook one quarter ago

● Stance Unfavorable to Risk Assets



● Stance Favorable to Risk Assets

## **Plan Performance Summary**



Section 115 Trust

Asset Allocation & Performance

As of June 30, 2022

	Allocation		Performance(%)					Inception Date	
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years		Since Inception
<b>CVFD - Section 115 Trust - Total Fund</b>	<b>7,814,063</b>	<b>100.00</b>	<b>-11.39</b>	<b>-16.75</b>	<b>-13.65</b>	<b>3.78</b>	<b>4.94</b>	<b>5.10</b>	<b>05/01/2017</b>
<i>Policy Benchmark</i>			<i>-11.36</i>	<i>-16.26</i>	<i>-13.61</i>	<i>3.01</i>	<i>4.47</i>	<i>4.64</i>	<i>05/01/2017</i>
<b>Domestic Equity</b>	<b>2,564,564</b>	<b>32.82</b>	<b>-16.77</b>	<b>-21.11</b>	<b>-14.14</b>	<b>10.15</b>	<b>10.77</b>	<b>10.82</b>	<b>05/01/2017</b>
<i>Russell 3000 Index</i>			<i>-16.70</i>	<i>-21.10</i>	<i>-13.87</i>	<i>9.77</i>	<i>10.60</i>	<i>10.65</i>	<i>05/01/2017</i>
<b>PFM Multi-Manager Domestic Equity Fund</b>	<b>2,564,564</b>	<b>32.82</b>	<b>-16.33</b>	<b>-20.67</b>	<b>-13.26</b>	<b>9.70</b>	<b>N/A</b>	<b>8.17</b>	<b>09/01/2018</b>
<i>Russell 3000 Index</i>			<i>-16.70</i>	<i>-21.10</i>	<i>-13.87</i>	<i>9.77</i>	<i>10.60</i>	<i>8.10</i>	<i>09/01/2018</i>
<b>Vanguard Total Stock Market ETF - 59.7%</b>			<b>-16.85</b>	<b>-21.38</b>	<b>-14.24</b>	<b>9.62</b>	<b>10.52</b>	<b>7.69</b>	<b>02/01/2020</b>
<i>Russell 3000 Index</i>			<i>-16.70</i>	<i>-21.10</i>	<i>-13.87</i>	<i>9.77</i>	<i>10.60</i>	<i>7.83</i>	<i>02/01/2020</i>
<b>Vaughan Nelson Select - 12.0% (*)</b>			<b>-15.46</b>	<b>-17.56</b>	<b>-3.10</b>	<b>14.61</b>	<b>N/A</b>	<b>12.63</b>	<b>06/01/2018</b>
<b>Nuance All Cap Value - 11.2% (*)</b>			<b>-10.28</b>	<b>-9.42</b>	<b>-6.30</b>	<b>8.17</b>	<b>N/A</b>	<b>9.35</b>	<b>06/01/2018</b>
<i>Russell 3000 Index</i>			<i>-16.70</i>	<i>-21.10</i>	<i>-13.87</i>	<i>9.77</i>	<i>10.60</i>	<i>8.10</i>	<i>09/01/2018</i>
<b>Aristotle Atlantic Core Equity - 7.5% (*)</b>			<b>-17.22</b>	<b>-22.87</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-20.53</b>	<b>11/01/2021</b>
<i>Russell 3000 Index</i>			<i>-16.70</i>	<i>-21.10</i>	<i>-13.87</i>	<i>9.77</i>	<i>10.60</i>	<i>-19.24</i>	<i>11/01/2021</i>
<b>Champlain Mid Cap Core - 4.5% (*)</b>			<b>-19.36</b>	<b>-28.02</b>	<b>-21.14</b>	<b>7.13</b>	<b>N/A</b>	<b>8.87</b>	<b>06/01/2018</b>
<i>S&amp;P MidCap 400</i>			<i>-15.42</i>	<i>-19.54</i>	<i>-14.64</i>	<i>6.87</i>	<i>7.02</i>	<i>4.37</i>	<i>09/01/2018</i>
<b>Jacobs Levy Small Cap - 4.6% (*)</b>			<b>-14.05</b>	<b>-17.84</b>	<b>-11.86</b>	<b>12.74</b>	<b>N/A</b>	<b>11.12</b>	<b>05/01/2019</b>
<i>S&amp;P SmallCap 600</i>			<i>-14.11</i>	<i>-18.94</i>	<i>-16.81</i>	<i>7.30</i>	<i>7.20</i>	<i>6.25</i>	<i>05/01/2019</i>
<b>International Equity</b>	<b>1,133,479</b>	<b>14.51</b>	<b>-14.64</b>	<b>-23.51</b>	<b>-24.00</b>	<b>1.27</b>	<b>2.64</b>	<b>3.23</b>	<b>05/01/2017</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-13.73</i>	<i>-18.42</i>	<i>-19.42</i>	<i>1.35</i>	<i>2.50</i>	<i>3.11</i>	<i>05/01/2017</i>
<b>PFM Multi-Manager International Equity Fund</b>	<b>1,133,479</b>	<b>14.51</b>	<b>-14.08</b>	<b>-22.57</b>	<b>-22.47</b>	<b>0.80</b>	<b>N/A</b>	<b>0.82</b>	<b>09/01/2018</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-13.73</i>	<i>-18.42</i>	<i>-19.42</i>	<i>1.35</i>	<i>2.50</i>	<i>1.33</i>	<i>09/01/2018</i>
<b>iShares Core MSCI Total Intl Stock ETF - 40.3%</b>			<b>-13.17</b>	<b>-18.64</b>	<b>-19.54</b>	<b>1.74</b>	<b>2.70</b>	<b>0.39</b>	<b>02/01/2020</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-13.73</i>	<i>-18.42</i>	<i>-19.42</i>	<i>1.35</i>	<i>2.50</i>	<i>0.01</i>	<i>02/01/2020</i>
<b>WCM Focused Growth International - 7.8% (*)</b>			<b>-17.67</b>	<b>-31.13</b>	<b>-26.83</b>	<b>N/A</b>	<b>N/A</b>	<b>4.43</b>	<b>12/01/2019</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-13.73</i>	<i>-18.42</i>	<i>-19.42</i>	<i>1.35</i>	<i>2.50</i>	<i>0.60</i>	<i>12/01/2019</i>
<b>Ninety One Intl Dynamic Equity - 13.0% (*)</b>			<b>-13.37</b>	<b>-22.37</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-19.31</b>	<b>12/01/2021</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-13.73</i>	<i>-18.42</i>	<i>-19.42</i>	<i>1.35</i>	<i>2.50</i>	<i>-15.05</i>	<i>12/01/2021</i>
<b>Acadian Non-U.S. Equity - 13.3% (*)</b>			<b>-13.92</b>	<b>-18.47</b>	<b>-16.92</b>	<b>N/A</b>	<b>N/A</b>	<b>1.00</b>	<b>01/01/2020</b>
<i>MSCI EAFE (net)</i>			<i>-14.51</i>	<i>-19.57</i>	<i>-17.77</i>	<i>1.07</i>	<i>2.20</i>	<i>-1.42</i>	<i>01/01/2020</i>
<b>Aristotle International Equity - 13.1% (*)</b>			<b>-15.17</b>	<b>-23.97</b>	<b>-17.31</b>	<b>4.39</b>	<b>N/A</b>	<b>4.54</b>	<b>06/01/2018</b>
<i>MSCI EAFE (net)</i>			<i>-14.51</i>	<i>-19.57</i>	<i>-17.77</i>	<i>1.07</i>	<i>2.20</i>	<i>0.99</i>	<i>09/01/2018</i>
<b>Kayne Anderson International Small Cap - 1.0% (*)</b>			<b>-17.59</b>	<b>-31.08</b>	<b>-29.39</b>	<b>N/A</b>	<b>N/A</b>	<b>-25.12</b>	<b>05/01/2021</b>
<i>MSCI AC World ex USA Small Cap (Net)</i>			<i>-17.55</i>	<i>-22.92</i>	<i>-22.45</i>	<i>2.94</i>	<i>2.55</i>	<i>-18.42</i>	<i>05/01/2021</i>
<b>Schroders Global Emerging Markets - 11.0% (*)</b>			<b>-13.50</b>	<b>-20.76</b>	<b>-28.81</b>	<b>N/A</b>	<b>N/A</b>	<b>-1.90</b>	<b>01/01/2020</b>
<i>MSCI EM (net)</i>			<i>-11.45</i>	<i>-17.63</i>	<i>-25.28</i>	<i>0.57</i>	<i>2.18</i>	<i>-2.04</i>	<i>01/01/2020</i>

Returns are net of mutual fund fees and are expressed as percentages. Asset class level returns may vary from individual underlying manager returns due to cash flows.  
 (\*) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Section 115 Trust

Asset Allocation & Performance

As of June 30, 2022

	Allocation		Performance(%)					Inception Date
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	
Other Growth	295,061	3.78	-14.56	-19.18	-10.96	N/A	N/A	-0.74
Cohen & Steers Inst Realty Shares	149,568	1.91	-13.41	-18.56	-4.56	7.45	8.28	5.46
Principal RE Securities Inst Fund	145,492	1.86	-15.71	-20.08	-6.98	5.36	7.30	3.43
MSCI US REIT Index			-16.95	-20.32	-6.41	4.03	5.30	3.83
Fixed Income	2,400,578	30.72	-5.88	-11.16	-11.24	-0.93	0.88	1.00
Bimbg. U.S. Aggregate			-4.69	-10.35	-10.29	-0.94	0.88	0.98
PFM Multi-Manager Fixed-Income Fund	2,400,578	30.72	-5.81	-11.12	-11.14	-0.83	N/A	1.01
Bimbg. U.S. Aggregate			-4.69	-10.35	-10.29	-0.94	0.88	1.07
PGIM Core Fixed - 30.9% (*)			-5.49	-11.50	-11.36	-0.78	N/A	1.30
TIAA Core Fixed - 33.6% (*)			-5.46	-11.13	-11.13	-0.47	N/A	1.50
Bimbg. U.S. Aggregate			-4.69	-10.35	-10.29	-0.94	0.88	1.07
iShares Core U.S. Aggregate Bond ETF - 0.7%			-4.67	-10.26	-10.29	-0.98	0.83	-8.08
Bimbg. U.S. Aggregate			-4.69	-10.35	-10.29	-0.94	0.88	-8.08
iShares MBS ETF - 7.7%			-3.92	-8.73	-9.07	-1.48	0.29	N/A
Bimbg. U.S. Mortgage Backed Securities			-4.01	-8.78	-9.03	-1.44	0.36	N/A
PineBridge IG Credit - 4.2% (*)			-7.19	-14.09	-14.00	0.80	N/A	3.00
Bimbg. U.S. Credit Index			-6.90	-13.81	-13.64	-1.00	1.24	1.47
Brown Bros. Harriman Structured - 9.8% (*)			-1.96	-4.02	-3.30	0.99	N/A	1.97
ICE BofAML Asset-Bckd Fxd & Fltng Rate AA-BBB Idx			-2.08	-5.45	-5.51	0.40	1.80	1.45
SPDR Blackstone Senior Loan ETF - 7.3%			-5.79	-6.42	-5.46	1.51	2.32	-6.53
Credit Suisse Leveraged Loan Index			-4.35	-4.45	-2.68	2.03	2.97	-4.79
Brandywine Global High Yield - 2.9%			-9.51	-13.23	-11.95	2.93	4.76	-1.40
Bimbg. Ba to B U.S. High Yield			-9.40	-13.90	-12.43	0.49	2.35	-2.69
MainStay Mackay High Yield Corp Bond Fund - 2.9%			-7.93	-10.88	-9.73	0.98	2.57	-8.05
ICE BofAML High Yield Master II			-9.99	-14.05	-12.69	-0.05	1.95	-10.66
Other Income	162,559	2.08	-8.69	-15.05	N/A	N/A	N/A	-13.45
iShares Preferred and Income Securities ETF	162,559	2.08	-8.75	-15.08	-12.81	1.06	1.67	-13.48
ICE Exchange-Listed Preferred & Hybrid Securities			-8.56	-14.88	-12.36	1.75	N/A	-13.19
Real Return	456,183	5.84	-4.83	-15.67	21.79	N/A	N/A	22.93
Invesco Opt Yield Diversified Commodity	228,783	2.93	2.19	28.48	38.32	19.65	13.40	2.19
Bloomberg Commodity Index Total Return			-5.66	18.44	24.27	14.34	8.39	-5.66
PIMCO Commodity Real Return Strategy	227,399	2.91	-7.56	14.95	22.96	16.88	10.25	22.79
Bloomberg Commodity Index Total Return			-5.66	18.44	24.27	14.34	8.39	24.30
Cash Equivalent	801,641	10.26	0.14	0.15	0.15	0.48	0.94	0.93
Allspring Government Money Market Fund	801,641	10.26	0.13	0.14	0.15	0.47	0.94	0.93

Returns are net of mutual fund fees and are expressed as percentages. Asset class level returns may vary from individual underlying manager returns due to cash flows.  
 (\*) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

## Section 115 Trust

As of June 30, 2022

### Comparative Performance

	2021	2020	2019	2018	2017
<b>CVFD - Section 115 Trust - Total Fund</b>	<b>11.06</b>	<b>14.02</b>	<b>18.47</b>	<b>-4.42</b>	<b>N/A</b>
<i>Policy Benchmark</i>	8.88	13.23	18.17	-3.97	N/A
<b>Domestic Equity</b>	<b>25.84</b>	<b>22.52</b>	<b>29.72</b>	<b>-4.76</b>	<b>N/A</b>
<i>Russell 3000 Index</i>	25.66	20.89	31.02	-5.24	21.13
PFM Multi-Manager Domestic Equity Fund	26.28	20.05	29.70	N/A	N/A
<i>Russell 3000 Index</i>	25.66	20.89	31.02	-5.24	21.13
Vanguard Total Stock Market ETF - 59.7%	25.72	20.95	30.80	-5.13	21.16
Vaughan Nelson Select - 12.0% (^)	41.05	20.01	29.17	N/A	N/A
Nuance All Cap Value - 11.2% (^)	15.15	9.69	31.33	N/A	N/A
Aristotle Atlantic Core Equity - 7.5% (^)	N/A	N/A	N/A	N/A	N/A
<i>Russell 3000 Index</i>	25.66	20.89	31.02	-5.24	21.13
Champlain Mid Cap Core - 4.5% (^)	25.95	30.51	27.82	N/A	N/A
<i>S&amp;P MidCap 400</i>	24.76	13.66	26.20	-11.08	16.24
Jacobs Levy Small Cap - 4.6% (^)	39.61	18.81	N/A	N/A	N/A
<i>S&amp;P SmallCap 600</i>	26.82	11.29	22.78	-8.48	13.23
<b>International Equity</b>	<b>8.71</b>	<b>17.26</b>	<b>21.44</b>	<b>-13.56</b>	<b>N/A</b>
<i>MSCI AC World ex USA (Net)</i>	7.82	10.65	21.51	-14.20	27.19
PFM Multi-Manager International Equity Fund	9.38	13.74	21.23	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	7.82	10.65	21.51	-14.20	27.19
iShares Core MSCI Total Int'l Stock ETF - 40.3%	8.52	11.14	21.85	-14.55	28.08
WCM Focused Growth International - 7.8% (^)	18.78	32.21	N/A	N/A	N/A
Ninety One Int'l Dynamic Equity - 13.0% (^)	N/A	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	7.82	10.65	21.51	-14.20	27.19
Acadian Non-U.S. Equity - 13.3% (^)	14.31	11.10	N/A	N/A	N/A
Aristotle International Equity - 13.1% (^)	29.24	10.14	25.45	N/A	N/A
<i>MSCI EAFE (net)</i>	11.26	7.82	22.01	-13.79	25.03
Kayne Anderson International Small Cap - 1.0% (^)	N/A	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA Small Cap (Net)</i>	12.93	14.24	22.42	-18.20	31.65
Schroders Global Emerging Markets - 11.0% (^)	-4.65	26.16	N/A	N/A	N/A
<i>MSCI EM (net)</i>	-2.54	18.31	18.44	-14.58	37.28

Returns are net of mutual fund fees and are expressed as percentages. Asset class level returns may vary from individual underlying manager returns due to cash flows.  
 (^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.



## Section 115 Trust

As of June 30, 2022

### Comparative Performance

	2021	2020	2019	2018	2017
<b>Other Growth</b>	<b>22.60</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Cohen & Steers Inst Realty Shares	42.47	-2.57	33.01	-3.99	7.45
Principal RE Securities Inst Fund	39.64	-3.23	31.13	-4.31	9.03
MSCI US REIT Index	43.06	-7.57	25.84	-4.57	5.07
<b>Fixed Income</b>	<b>-0.96</b>	<b>7.68</b>	<b>9.56</b>	<b>-0.89</b>	<b>N/A</b>
Bimbg. U.S. Aggregate	-1.55	7.51	8.72	0.01	3.54
PFM Multi-Manager Fixed-Income Fund	-0.85	7.86	9.56	N/A	N/A
Bimbg. U.S. Aggregate	-1.55	7.51	8.72	0.01	3.54
PGIM Core Fixed - 30.9% (^)	-0.98	9.01	9.65	N/A	N/A
TIAA Core Fixed - 33.6% (^)	-0.91	9.44	9.59	N/A	N/A
iShares Core U.S. Aggregate Bond ETF - 0.7%	-1.67	7.42	8.68	-0.05	3.53
Bimbg. U.S. Aggregate	-1.55	7.51	8.72	0.01	3.54
iShares MBS ETF - 7.7%	-1.27	4.03	6.27	0.81	2.37
Bimbg. U.S. Mortgage Backed Securities	-1.04	3.87	6.35	0.99	2.47
PineBridge IG Credit - 4.2% (^)	0.02	14.54	15.48	N/A	N/A
Bimbg. U.S. Credit Index	-1.08	9.35	13.80	-2.11	6.18
Brown Bros. Harriman Structured - 9.8% (^)	3.01	3.42	5.07	N/A	N/A
ICE BofAML Asset-Bckd Fxd & Fltng Rate AA-BBB Idx	1.75	3.94	4.31	3.16	4.53
SPDR Blackstone Senior Loan ETF - 7.3%	4.91	2.73	9.33	-0.25	3.61
Credit Suisse Leveraged Loan Index	5.40	2.78	8.17	1.14	4.25
Brandywine Global High Yield - 2.9%	5.50	13.92	15.56	1.27	10.48
Bimbg. Ba to B U.S. High Yield	4.71	7.78	15.18	-1.86	6.92
MainStay MacKay High Yield Corp Bond Fund - 2.9%	5.35	5.28	13.03	-1.34	6.79
ICE BofAML High Yield Master II	5.35	6.17	14.41	-2.27	7.48
<b>Other Income</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
iShares Preferred and Income Securities ETF	7.09	7.94	15.62	-4.77	8.33
ICE Exchange-Listed Preferred & Hybrid Securities	7.75	8.58	18.45	N/A	N/A
<b>Real Return</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Invesco Opt Yield Diversified Commodity	41.88	-7.89	11.62	-13.20	5.29
PIMCO Commodity Real Return Strategy	33.48	0.82	12.27	-13.77	2.70
Bloomberg Commodity Index Total Return	27.11	-3.12	7.69	-11.25	1.70
<b>Cash Equivalent</b>					
Allspring Government Money Market Fund	0.01	0.34	2.06	1.69	0.73

Returns are net of mutual fund fees and are expressed as percentages. Asset class level returns may vary from individual underlying manager returns due to cash flows.  
 (^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

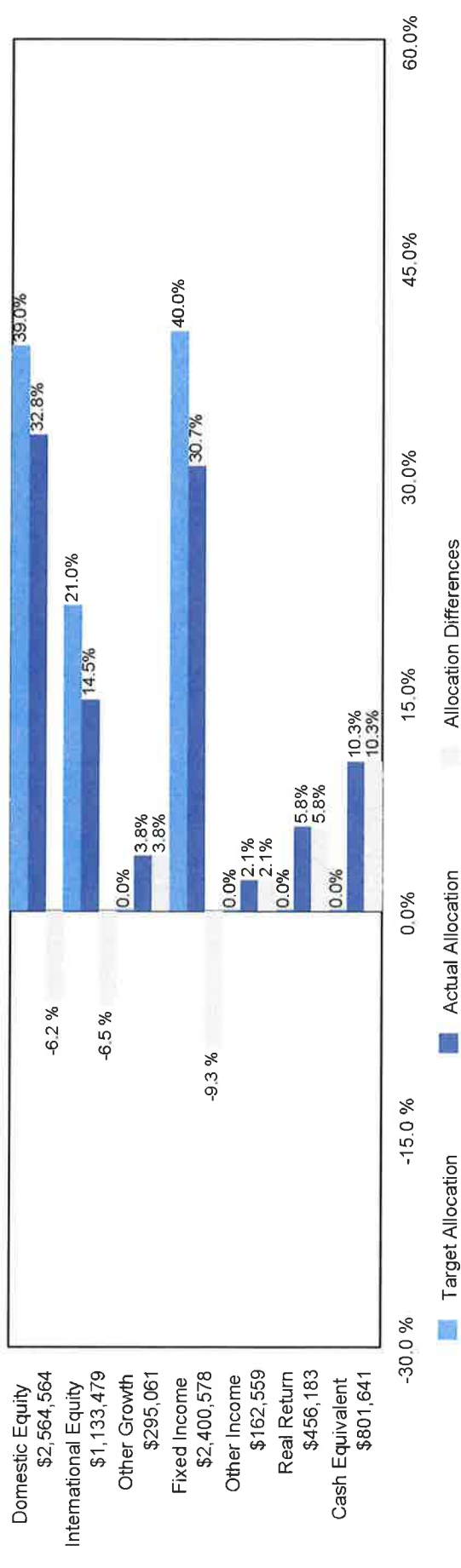


Section 115 Trust

As of June 30, 2022

Asset Allocation Summary

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
<b>CVFD - Section 115 Trust - Total Fund</b>	<b>100.0</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>	<b>0.0</b>
Domestic Equity	32.8	39.0	19.0	59.0	-6.2
International Equity	14.5	21.0	1.0	41.0	-6.5
Other Growth	3.8	0.0	0.0	20.0	3.8
Fixed Income	30.7	40.0	20.0	60.0	-9.3
Other Income	2.1	0.0	0.0	20.0	2.1
Real Return	5.8	0.0	0.0	20.0	5.8
Cash Equivalent	10.3	0.0	0.0	20.0	10.3



**Section 115 Trust** **As of June 30, 2022**  
**Account Reconciliation**

QTR	Market Value As of 04/01/2022	Net Flows	Return On Investment	Market Value As of 06/30/2022
CVFD - Section 115 Trust - Total Fund	8,490,397	311,518	(987,851)	7,814,063

YTD	Market Value As of 01/01/2022	Net Flows	Return On Investment	Market Value As of 06/30/2022
CVFD - Section 115 Trust - Total Fund	8,426,309	882,496	(1,494,742)	7,814,063

1 Year	Market Value As of 07/01/2021	Net Flows	Return On Investment	Market Value As of 06/30/2022
CVFD - Section 115 Trust - Total Fund	8,127,679	877,982	(1,191,597)	7,814,063

**Section 115 Trust**

**As of June 30, 2022**

**Historical Hybrid Composition - Policy Benchmark**

<b>Allocation Mandate</b>	<b>Weight (%)</b>
<b>May-2017</b>	
Russell 3000 Index	33.0
MSCI AC World ex USA (Net)	17.0
Blmbg. U.S. Aggregate	50.0
<b>Sep-2021</b>	
Russell 3000 Index	39.0
MSCI AC World ex USA (Net)	21.0
Blmbg. U.S. Aggregate	40.0

## **Investment Manager Review**

## PFM Multi-Manager Domestic Equity Fund – Sub-Adviser Overview

As of June 30, 2022

### • Vanguard Total Stock Market Index

- **Management:** Gerard C. O'Reilly has managed the Fund since its inception in 1994. Walter Nejman, co-portfolio manager, has managed the Fund since 2016. They have been in the investment management industry since 1992 and 2008, respectively.
- **Objective:** The Fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
- **Strategy:** The Fund employs a “passive management” – or indexing – investment approach designed to track the performance of the CRSP US Total Market Index. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

### • Vaughan Nelson Select

- **Management:** Scott Weber, CFA is the lead portfolio manager and final decision maker. He is the lead PM on the strategy since inception. Chris Wallis, co-portfolio manager, serves as the CIO of the firm.
- **Objective:** The sub-advisor seeks to invest in companies that are trading at a discount to fair value with the potential to generate above-average rates of returns over time.
- **Strategy:** Typical characteristics of an investment in the Select strategy are:
  - Undervalued Growth: companies with attractive ROIC that are trading at an attractive valuation
  - Undervalued Assets: companies where the market is under appreciating the value of underlying assets
  - Undervalued Dividends: companies with attractive dividend yields or return to shareholders

### • Nuance All Cap Value

- **Management:** Scott Moore, CFA, founder of Nuance Investments, Chad Baumler, CFA, and Darren Schryer, CFA, CPA are the Portfolio Managers responsible for the strategy. Scott and Chad are the PMs for the strategy since inception; Darren was promoted to Associate Portfolio Manager.
- **Objective:** The sub-advisor seeks to invest in companies that are trading at a discount to fair value with the potential to generate above-average rates of returns over time.
- **Strategy:** The team follows a disciplined value approach to investing in companies with attractive competitive positioning that could be under-earning their normalized earning potential due to short-term, transitory issues and as a result they may be trading at a greater discount to their fair value.

● **Aristotle Atlantic Core Equity**

- **Management:** The strategy is managed by a team of three Portfolio Managers. Owen Fitzpatrick, CFA, is the lead portfolio manager and is ultimately responsible for all portfolio decisions. Thomas Hynes and Brendan O'Neill share in portfolio management responsibilities and serve as Research Analysts.
- **Objective:** The strategy seeks to maximize long-term capital appreciation relative to the Russell 3000 Index over a full business cycle utilizing a risk-controlled investment approach.
- **Strategy:** The sub-advisor invests in high quality stocks with a focus on long term sustainable growth identified through both bottom-up fundamental analysis and top-down themes approach. This strategy tends to be concentrated in 45-60 companies. The benchmark for this strategy is the Russell 3000 Index.

● **Champlain Mid Cap Core**

- **Management:** The strategy is managed through a team-based approach headed by Scott Brayman. Mr. Brayman is the founding partner and Chief Investment Officer, as well as portfolio manager for the Mid Cap Core strategy. He is the lead PM on the strategy since inception.
- **Objective:** The sub-advisor seeks to invest in companies that are trading at a discount to fair value with the potential to generate above-average rates of returns over time.
- **Strategy:** The sub-advisor invests in common stocks of mid-capitalization companies that they believe have strong-term fundamentals, superior capital appreciation potential and attractive valuations.

● **Jacobs Levy Small Cap Equity**

- **Management:** Dr. Bruce I. Jacobs and Mr. Kenneth N. Levy co-founded Jacobs Levy in 1986. The two individuals own 100% of the firm and are the portfolio managers responsible for the day-to-day management of firm assets. The two individuals are backed by a team of over 50 investment professionals.
- **Objective:** Through a quantitative approach, the strategy seeks outperformance relative to the S&P Small Cap Index.
- **Strategy:** The strategy employs an actively managed approach designed to outperform the S&P 600 over a full market cycle. The team uses a multi factor quantitative approach with over 80 factors, 42 are fundamental factors and 40 are industry factors. Stock selection is determined based on an optimizer run for expected alpha.

## Portfolio Characteristics

As of June 30, 2022

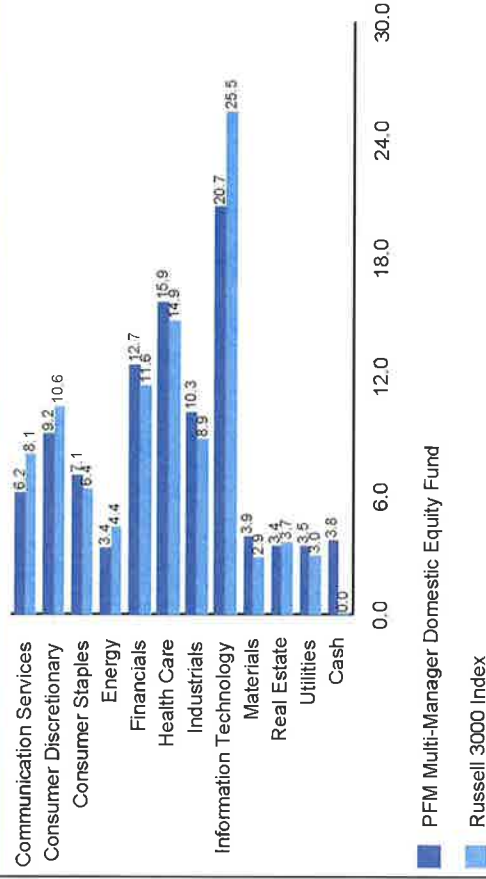
PFM Multi-Manager Domestic Equity vs. Russell 3000 Index

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	316,859	406,574
Median Mkt. Cap (\$M)	874	1,913
Price/Earnings ratio	18.16	17.73
Price/Book ratio	3.42	3.68
5 Yr. EPS Growth Rate (%)	17.74	19.09
Current Yield (%)	1.59	1.66
Number of Stocks	4,080	3,011

### Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	316,859	406,574
Median Mkt. Cap (\$M)	874	1,913
Price/Earnings ratio	18.16	17.73
Price/Book ratio	3.42	3.68
5 Yr. EPS Growth Rate (%)	17.74	19.09
Current Yield (%)	1.59	1.66
Number of Stocks	4,080	3,011

### Sector Weights (%)



### Top Ten Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Microsoft Corp	4.19	5.11	-0.92	-16.49
Apple Inc	3.87	5.56	-1.69	-21.59
Amazon.com Inc	2.25	2.51	-0.26	-34.84
Alphabet Inc	1.88	1.74	0.14	-21.65
Johnson & Johnson	1.37	1.24	0.13	0.79
Berkshire Hathaway Inc	1.33	1.31	0.02	-22.64
NextEra Energy Inc	1.00	0.40	0.60	-8.06
Tesla Inc	0.94	1.52	-0.58	-37.51
Alphabet Inc	0.92	1.60	-0.68	-21.68
NVIDIA Corporation	0.86	0.97	-0.11	-44.43
% of Portfolio	18.61	21.96	-3.35	

### Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Aerolean Technologies Inc	0.00	0.00	0.00	263.89
Redbox Entertainment Inc	0.00	0.00	0.00	213.56
Turning Point Therapeutics Inc	0.01	0.01	0.00	180.26
Catalyst Biosciences Inc	0.00	0.00	0.00	169.70
Biomea Fusion Inc	0.00	0.00	0.00	168.61
Veru Inc	0.00	0.00	0.00	133.95
RCM Technologies Inc	0.00	0.00	0.00	105.28
GTY Technology Holdings Inc	0.00	0.00	0.00	93.81
Compass Therapeutics Inc	0.00	0.00	0.00	93.43
Altimmune Inc	0.00	0.00	0.00	92.12
% of Portfolio	0.01	0.01	0.00	

The fund characteristics and top holdings shown above are based on a look-through of any underlying mutual funds or ETFs held within the Fund. ETF holdings are available daily, while mutual fund holdings are only published on a monthly or quarterly basis. As a result, holdings used for the look-through of third-party mutual funds may be as of the prior month or quarter end depending on the most recent information available at the time this report was published.

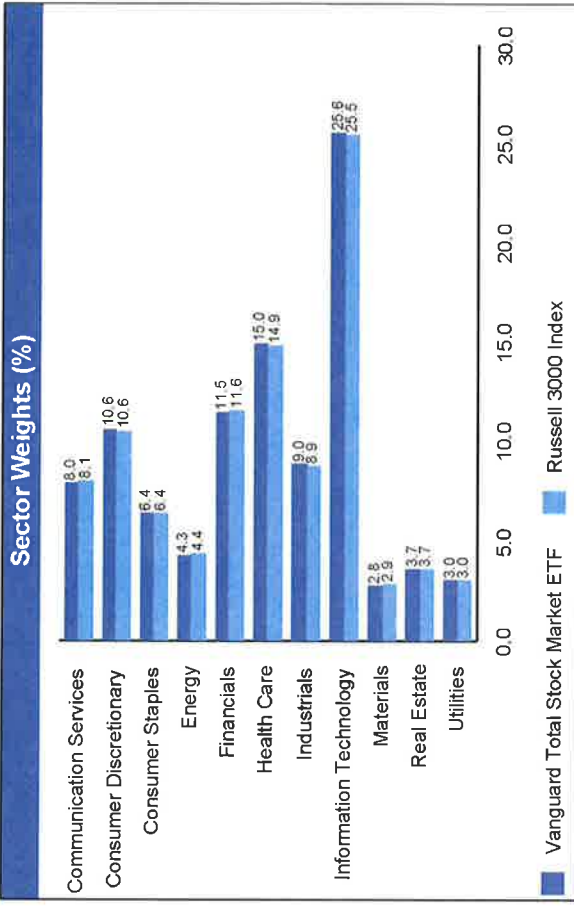
## Portfolio Characteristics

As of June 30, 2022

### Vanguard Total Stock Market ETF vs. Russell 3000 Index

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	407,462	406,574
Median Mkt. Cap (\$M)	871	1,913
Price/Earnings ratio	17.80	17.73
Price/Book ratio	3.69	3.68
5 Yr. EPS Growth Rate (%)	19.02	19.09
Current Yield (%)	1.66	1.66
Number of Stocks	4,067	3,011

### Portfolio Characteristics



### Top Ten Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Apple Inc	5.62	5.56	0.06	-21.59
Microsoft Corp	5.13	5.11	0.02	-16.49
Amazon.com Inc	2.46	2.51	-0.05	-34.84
Alphabet Inc	1.76	1.74	0.02	-21.65
Tesla Inc	1.59	1.52	0.07	-37.51
Alphabet Inc	1.55	1.60	-0.05	-21.68
Unitedhealth Group Inc	1.29	1.28	0.01	1.08
Johnson & Johnson	1.25	1.24	0.01	0.79
Berkshire Hathaway Inc	1.22	1.31	-0.09	-22.64
Meta Platforms Inc	0.99	0.98	0.01	-27.48
% of Portfolio	22.86	22.85	0.01	

### Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Aeroclean Technologies Inc	0.00	0.00	0.00	263.89
Redbox Entertainment Inc	0.00	0.00	0.00	213.56
Turning Point Therapeutics Inc	0.01	0.01	0.00	180.26
Catalyst Biosciences Inc	0.00	0.00	0.00	169.70
Biomea Fusion Inc	0.00	0.00	0.00	168.61
Veru Inc	0.00	0.00	0.00	133.95
RCM Technologies Inc	0.00	0.00	0.00	105.28
GTY Technology Holdings Inc	0.00	0.00	0.00	93.81
Compass Therapeutics Inc	0.00	0.00	0.00	93.43
Altimmune Inc	0.00	0.00	0.00	92.12
% of Portfolio	0.01	0.01	0.00	

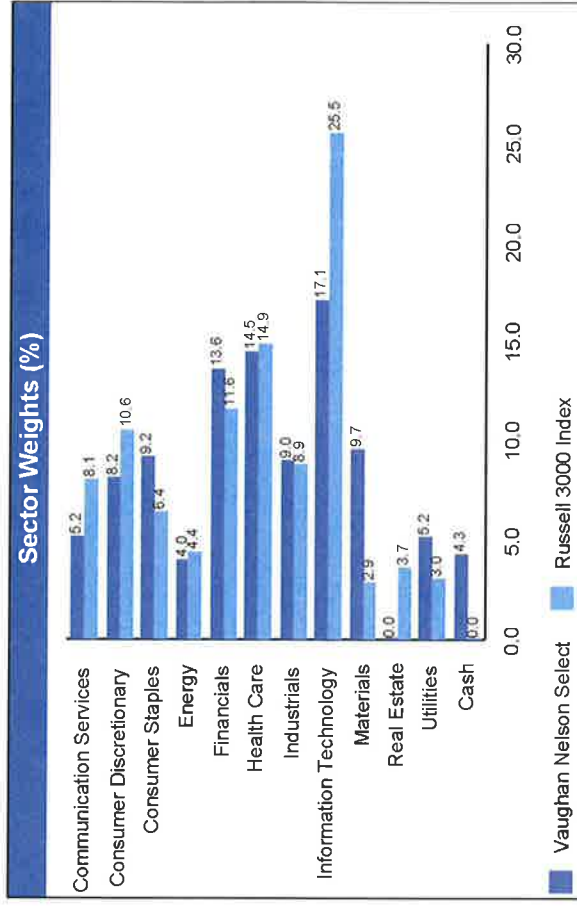


## Portfolio Characteristics

As of June 30, 2022

### Vaughan Nelson Select vs. Russell 3000 Index

Portfolio Characteristics		Benchmark
Wtd. Avg. Mkt. Cap (\$M)	252,439	406,574
Median Mkt. Cap (\$M)	55,714	1,913
Price/Earnings ratio	24.10	17.73
Price/Book ratio	4.68	3.68
5 Yr. EPS Growth Rate (%)	20.88	19.09
Current Yield (%)	1.40	1.66
Number of Stocks	28	3,011



### Top Ten Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Vertex Pharmaceuticals Inc	6.01	0.19	5.82	7.98
Johnson & Johnson	5.24	1.24	4.00	0.79
NextEra Energy Inc	5.19	0.40	4.79	-8.06
Dollar General Corporation	5.18	0.15	5.03	10.51
Berkshire Hathaway Inc	5.04	1.31	3.73	-22.64
Microsoft Corp	4.93	5.11	-0.18	-16.49
Clorox Co (The)	4.83	0.05	4.78	2.21
Union Pacific Corp	4.74	0.36	4.38	-21.48
Intercontinental Exchange Inc	4.46	0.14	4.32	-28.53
McCormick & Co Inc	4.42	0.06	4.36	-16.28
% of Portfolio	50.04	9.01	41.03	

### Ten Best Performers

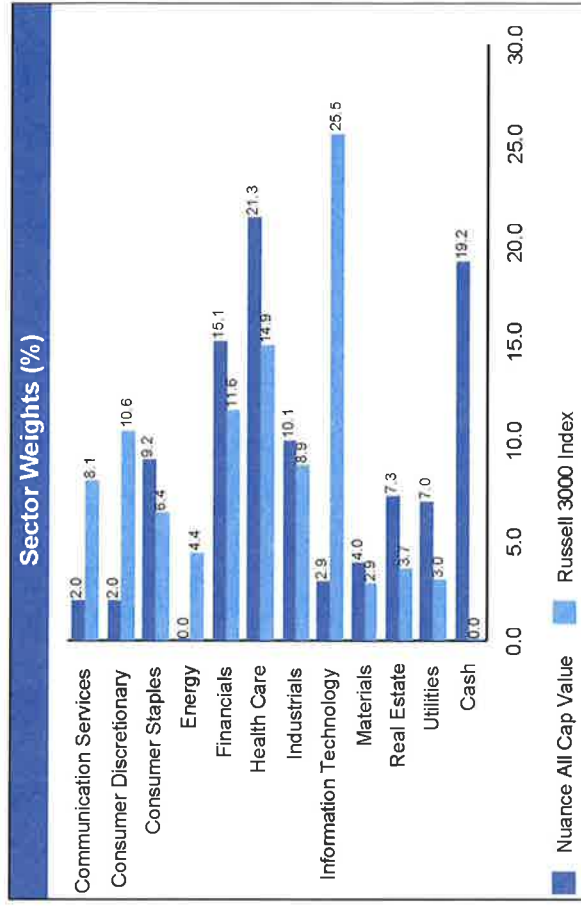
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Dollar General Corporation	5.18	0.15	5.03	10.51
Vertex Pharmaceuticals Inc	6.01	0.19	5.82	7.98
Clorox Co (The)	4.83	0.05	4.78	2.21
Johnson & Johnson	5.24	1.24	4.00	0.79
Cogent Communications Holdings Inc	3.10	0.01	3.09	-7.05
NextEra Energy Inc	5.19	0.40	4.79	-8.06
Henry (Jack) & Associates Inc	4.20	0.03	4.17	-8.40
Sherwin-Williams Co (The)	2.50	0.14	2.36	-10.09
Motorola Solutions Inc	3.62	0.09	3.53	-13.12
Danaher Corp	3.26	0.44	2.82	-13.49
% of Portfolio	43.13	2.74	40.39	

## Portfolio Characteristics

As of June 30, 2022

### Nuance All Cap Value vs. Russell 3000 Index

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	64,106	406,574
Median Mkt. Cap (\$M)	7,778	1,913
Price/Earnings ratio	19.77	17.73
Price/Book ratio	2.15	3.68
5 Yr. EPS Growth Rate (%)	5.25	19.09
Current Yield (%)	1.85	1.66
Number of Stocks	53	3,011



### Top Ten Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
CASH	19.17	0.00	19.17	N/A
Smith & Nephew PLC	3.95	0.00	3.95	-12.48
Baxter International Inc	3.91	0.09	3.82	-16.84
DENTSPLY SIRONA Inc	3.91	0.02	3.89	-27.15
Equity Commonwealth	3.77	0.01	3.76	-2.41
Alleghany Corp	3.76	0.03	3.73	-1.64
3M Co	3.54	0.20	3.34	-12.20
Henkel AG & Co KGAA	3.51	0.00	3.51	-5.62
Travelers Companies Inc (The)	3.40	0.11	3.29	-6.94
Universal Health Services Inc.	3.16	0.02	3.14	-30.41
% of Portfolio	52.08	0.48	51.60	

### Ten Best Performers

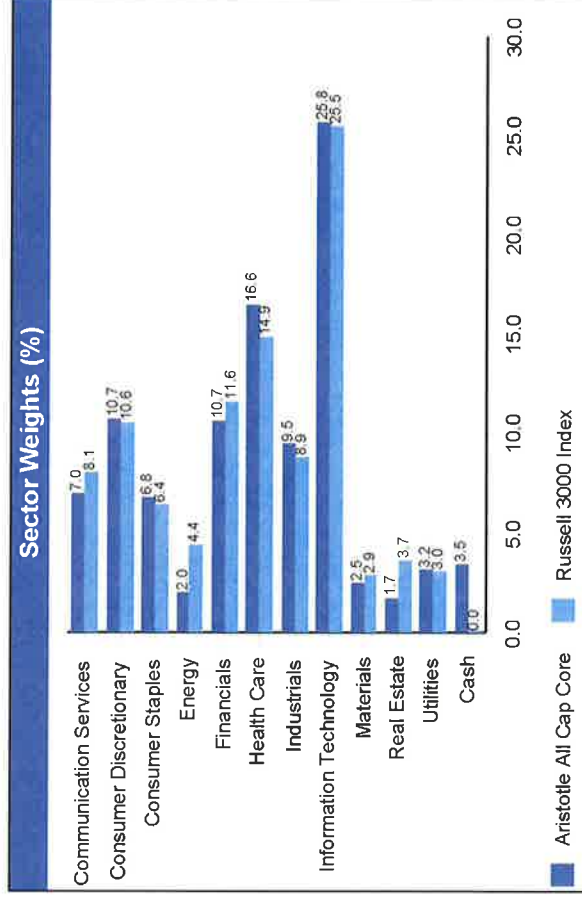
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Calavo Growers Inc	0.23	0.00	0.23	14.46
Mission Produce Inc	0.19	0.00	0.19	12.65
Kimberly-Clark Corp	2.75	0.12	2.63	10.73
Reinsurance Group of America Inc.	0.84	0.02	0.82	7.81
Aerojet Rocketdyne Holdings Inc	1.28	0.01	1.27	3.18
Clorox Co (The)	0.40	0.05	0.35	2.21
Healthcare Realty Trust Inc	2.28	0.01	2.27	0.05
GCP Applied Technologies Inc	2.92	0.00	2.92	-0.45
Alleghany Corp	3.76	0.03	3.73	-1.64
Independent Bank Corp.	0.17	0.01	0.16	-2.14
% of Portfolio	14.82	0.25	14.57	

## Portfolio Characteristics

As of June 30, 2022

### Aristotle All Cap Core vs. Russell 3000 Index

Portfolio Characteristics		Benchmark
Wtd. Avg. Mkt. Cap (\$M)	Portfolio 488,201	406,574
Median Mkt. Cap (\$M)	75,454	1,913
Price/Earnings ratio	20.41	17.73
Price/Book ratio	4.08	3.68
5 Yr. EPS Growth Rate (%)	20.29	19.09
Current Yield (%)	1.31	1.66
Number of Stocks	51	3,011



Top Ten Holdings			
	Portfolio Weight (%)	Benchmark Weight (%)	Quarterly Return (%)
Microsoft Corp	7.35	5.11	-16.49
Apple Inc	7.14	5.56	-21.59
Alphabet Inc	4.77	1.74	-21.65
Amazon.com Inc	3.65	2.51	-34.84
CASH	3.46	0.00	N/A
Norfolk Southern Corp	2.71	0.14	-19.93
Broadcom Inc	2.61	0.52	-22.22
Chubb Ltd	2.51	0.22	-7.69
Cigna Corp	2.48	0.22	10.45
Abbott Laboratories	2.38	0.50	-7.84
% of Portfolio	39.06	16.52	22.54

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Dollar General Corporation	1.39	0.15	1.24	10.51
Cigna Corp	2.48	0.22	2.26	10.45
Bristol-Myers Squibb Co	2.05	0.44	1.61	6.16
PepsiCo Inc	1.09	0.61	0.48	0.26
Chart Industries Inc	1.12	0.02	1.10	-2.56
Catalent Inc	1.59	0.05	1.54	-3.26
Phillips 66	2.00	0.10	1.90	-4.11
Becton Dickinson and Co	2.26	0.19	2.07	-4.71
Estee Lauder Companies Inc.	1.30	0.16	1.14	-6.26
Avery Dennison Corp	1.65	0.04	1.61	-6.55
% of Portfolio	16.93	1.98	14.95	

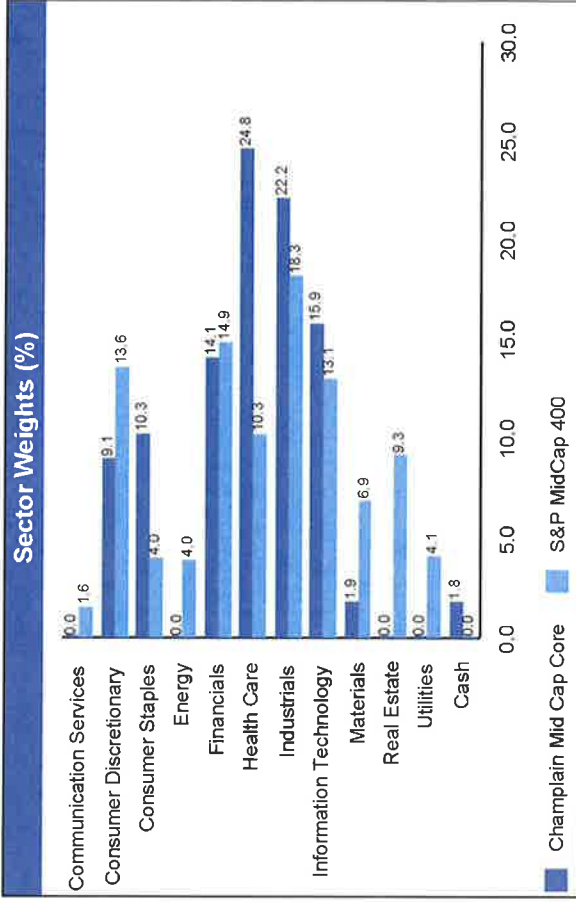
## Portfolio Characteristics

As of June 30, 2022

### Champlain Mid Cap Core vs. S&P MidCap 400

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	17,846	6,151
Median Mkt. Cap (\$M)	14,190	4,799
Price/Earnings ratio	25.31	12.43
Price/Book ratio	4.06	2.43
5 Yr. EPS Growth Rate (%)	12.96	20.18
Current Yield (%)	0.86	1.75
Number of Stocks	63	401

### Portfolio Characteristics



### Top Ten Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Everest Re Group Ltd	3.38	0.00	3.38	-6.44
Waters Corp	3.16	0.00	3.16	6.63
AMETEK Inc	3.07	0.00	3.07	-17.34
Fortive Corp	3.05	0.00	3.05	-10.65
Arthur J. Gallagher & Co.	2.92	0.00	2.92	-6.33
Edwards Lifesciences Corp	2.87	0.00	2.87	-19.22
Advance Auto Parts Inc.	2.77	0.00	2.77	-15.61
Generac Holdings Inc	2.72	0.00	2.72	-29.16
IDEX Corp	2.35	0.00	2.35	-4.96
Steris Plc	2.18	0.00	2.18	-14.56
% of Portfolio	28.47	0.00	28.47	

### Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Lamb Weston Holdings Inc	1.28	0.00	1.28	19.74
Waters Corp	3.16	0.00	3.16	6.63
Clorox Co (The)	1.60	0.00	1.60	2.21
Prosperity Bancshares Inc	1.23	0.33	0.90	-0.84
Ultra Beauty Inc	1.25	0.00	1.25	-3.20
Catalent Inc	1.48	0.00	1.48	-3.26
The J M Smucker Company	1.52	0.00	1.52	-4.82
IDEX Corp	2.35	0.00	2.35	-4.96
Arthur J. Gallagher & Co.	2.92	0.00	2.92	-6.33
Everest Re Group Ltd	3.38	0.00	3.38	-6.44
% of Portfolio	20.17	0.33	19.84	

## Portfolio Characteristics

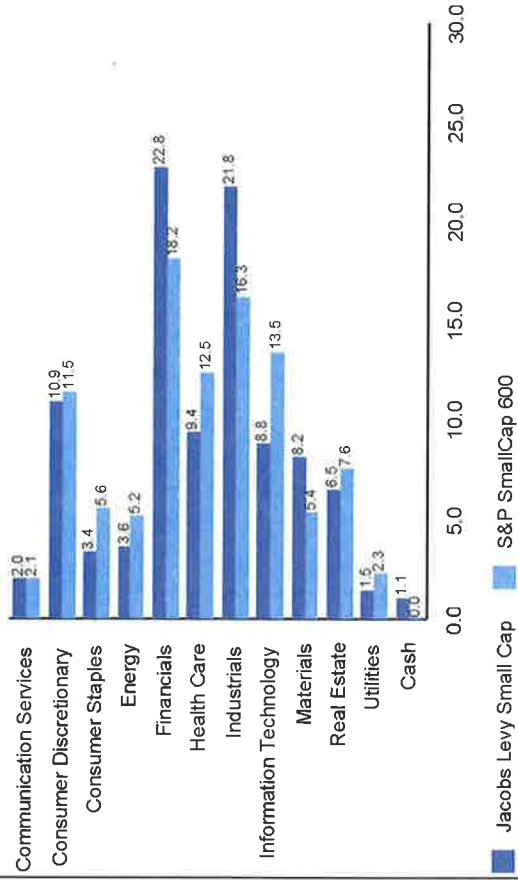
As of June 30, 2022

### Jacobs Levy Small Cap vs. S&P SmallCap 600

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	1,570	2,257
Median Mkt. Cap (\$M)	908	1,305
Price/Earnings ratio	8.82	11.72
Price/Book ratio	1.67	2.07
5 Yr. EPS Growth Rate (%)	17.40	17.05
Current Yield (%)	1.83	1.63
Number of Stocks	198	601

### Portfolio Characteristics

### Sector Weights (%)



### Top Ten Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Northwest Natural Holding Co	1.47	0.21	1.26	3.68
Aerojet Rocketdyne Holdings Inc	1.45	0.35	1.10	3.18
Boise Cascade Co	1.43	0.27	1.16	-11.65
Group 1 Automotive Inc.	1.42	0.33	1.09	1.38
American Equity Invst. Life Hldg Co	1.38	0.33	1.05	-8.37
Encore Wire Corp	1.33	0.24	1.09	-8.88
CSG Systems International Inc.	1.30	0.22	1.08	-5.68
First BanCorp (Puerto Rico)	1.29	0.30	0.99	-0.74
Employers Holdings Inc	1.23	0.14	1.09	5.23
Blucora Inc	1.21	0.10	1.11	-5.57
% of Portfolio	13.51	2.49	11.02	

### Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Donegal Group Inc	0.19	0.00	0.19	28.65
EZCORP Inc	0.37	0.05	0.32	24.34
Delek US Holdings Inc	0.39	0.00	0.39	21.77
Clearwater Paper Corp	0.38	0.07	0.31	19.98
Resources Connection Inc	0.57	0.07	0.50	19.85
Par Pacific Holdings Inc	1.02	0.08	0.94	19.74
PBF Energy Inc	0.63	0.32	0.31	19.08
ATN International Inc	0.23	0.06	0.17	18.55
Radius Health Inc	0.04	0.00	0.04	17.44
Fresh Del Monte Produce Inc.	0.64	0.12	0.52	14.65
% of Portfolio	4.46	0.77	3.69	



• **iShares Core MSCI Total International Stock**

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

• **WCM Focused Growth**

- **Management:** The strategy is managed by Paul R. Black, Peter Hunkel, Michael Trigg, Sanjay Ayer, and Jon Tringale. Paul, Peter, and Michael have been with the fund since its inception in 2011. Sanjay and Jon were promoted to portfolio managers in 2020 and 2022, respectively.
- **Objective:** The strategy seeks to outperform the MSCI ACWI ex U.S. by using bottom-up security selection.
- **Strategy:** A concentrated, high-quality, growth-oriented international equity strategy, based purely on deep bottom-up fundamental research.

• **Ninety-One International Dynamic Equity**

- **Management:** The fund is managed by Ian Vose, lead portfolio manager, and Adam Child, assistant portfolio manager. Mr. Vose joined the firm in 2010 and Mr. Child joined in 2012. They have been in the investment industry for 39 and 14 years, respectively.
- **Objective:** The Strategy seeks long-term capital growth primarily through investments in compelling companies across sectors and geographies, excluding the United States.
- **Strategy:** The strategy utilizes a 4-factor front end screen (strategy, earnings, value, technicals) followed by fundamental analysis to identify companies with sustainable returns of capital and strong business growth drivers. This strategy tends to be concentrated in 50-70 companies. The benchmark for this strategy is the MSCI AC World ex U.S. Index.

• **Acadian Non-U.S. Equity**

- **Management:** The investment team is overseen by CIO, Brendan Bradley, who has been with the firm since 2004. Also leading the investment team are Ryan Talliaferro, Malcolm Baker, Alexandre Voitenok.
- **Objective:** The strategy seeks to provide long term growth by investing in global securities outside of the U.S.
- **Strategy:** Systematic, quantitatively managed strategy with an all-cap approach utilizing value, quality, growth, and technical factors for security selection.

- **Aristotle International Equity**
  - **Management:** The strategy is managed by a team of three Portfolio Managers, Howard Gleicher, CFA, Geoffrey Stewart, CFA, and Sean Thorpe, with all decisions made by unanimous approval. The three PMs are supported by a 12-member global sector analyst team.
  - **Objective:** The strategy's focus is on identifying high quality stocks, selling at attractive valuations, and with some compelling catalyst for future growth.
  - **Strategy:** Aristotle's "value equity" strategies are based on a uniform investment philosophy of investing in high quality businesses trading at discounts to their estimates of intrinsic value. Valuation is looked at through different lens: relative valuation, strategic value for a buyer, discounted cash flows, and attractive company fundamentals relative to peers. Quality, Valuation, and Catalysts are the basis for all of their investment decisions.
- **Virtus Kayne Anderson International Small Cap Equity**
  - **Management:** The fund is co-managed by Craig Thrasher and Hyung Kim. Mr. Kim became co-PM in January 2019 when the prior portfolio manager stepped back. Both are supported by three research analysts who oversee the small cap product. All five members on the team are generalists with dedicated stock coverage.
  - **Objective:** The Fund seeks to invest in international small-cap companies with durable business models and high profitability at attractive prices.
  - **Strategy:** The Fund combines quantitative screens with fundamental analysis to identify high-quality companies with a sustainable competitive advantage. Fundamental analysis includes reviewing industry data, regulatory filings, and comprehensive meetings with company management. The team has a specific focus on capital efficiency, growth profile, capital structure, and business resiliency. The quantitative assessment includes searching for a high sustainable rate on capital, low debt, and high free cash flow. The team conducts valuation analysis, primarily using EV/EBIT multiples, to determine the entry point.
- **Schroders Emerging Markets Equity**
  - **Management:** The fund is managed by a team of five portfolio managers led by Tom Wilson, Schroders' Head of Emerging Markets Equity. He has worked at Schroders since 2001 and has been involved with emerging markets equities at Schroders since 2004.
  - **Objective:** The Fund seeks capital appreciation.
  - **Strategy:** The Fund employs an actively managed approach that combines fundamental, bottom-up stock research with a quantitative country allocation process. Country rankings are prepared through evaluation of valuation, growth, momentum, and interest rates. Stock level research targets a core universe of the most liquid stocks in the emerging markets universe, utilizing a relative value approach for stocks across the growth/value spectrum without any systematic style bias. Comprehensive risk controls are employed to keep factor exposures in check and constrain strategy-level tracking error to moderate levels.

## Portfolio Characteristics

As of June 30, 2022

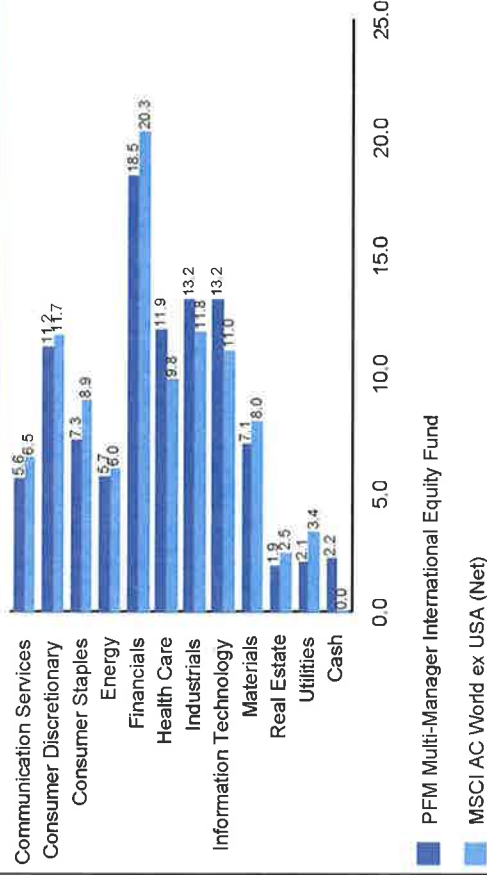
PFM Multi-Manager International Equity vs. MSCI AC World ex USA (net)

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	68,360	76,934
Median Mkt. Cap (\$M)	2,533	8,474
Price/Earnings ratio	12.12	11.90
Price/Book ratio	2.46	2.39
5 Yr. EPS Growth Rate (%)	17.20	14.76
Current Yield (%)	3.21	3.45
Number of Stocks	4,574	2,269

### Portfolio Characteristics

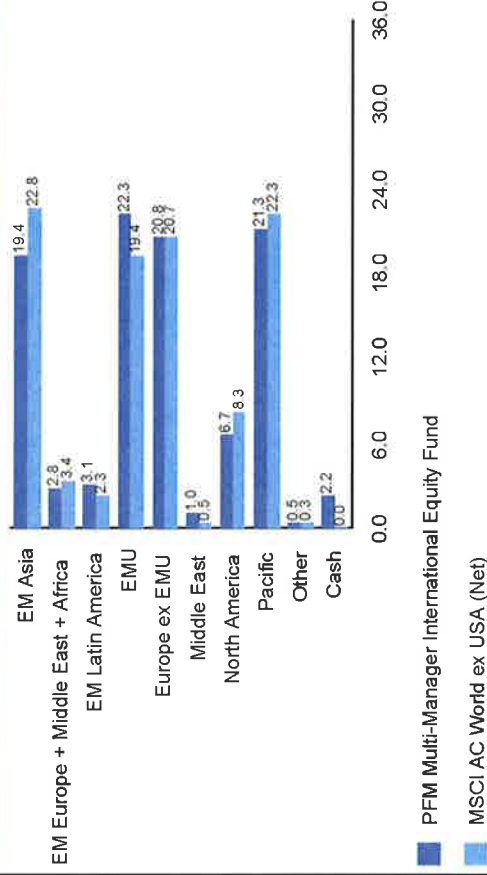
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	68,360	76,934
Median Mkt. Cap (\$M)	2,533	8,474
Price/Earnings ratio	12.12	11.90
Price/Book ratio	2.46	2.39
5 Yr. EPS Growth Rate (%)	17.20	14.76
Current Yield (%)	3.21	3.45
Number of Stocks	4,574	2,269

### Sector Weights (%)



	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
AIA Group Ltd	1.57	0.60	0.97	4.39
Taiwan Semicon Manu Co	1.38	1.80	-0.42	-22.83
Novo Nordisk A/S	1.34	0.85	0.49	-0.92
Tencent Holdings LTD	1.33	1.29	0.04	-5.05
LVMH Moet Hennessy Louis Vui	1.18	0.77	0.41	-14.74
Roche Holding AG	1.12	1.07	0.05	-16.17
Sony Group Corporation	0.97	0.47	0.50	-22.12
Accenture PLC	0.92	0.00	0.92	-17.42
Samsung Electronics Co Ltd	0.90	0.96	-0.06	-22.74
Nestle SA, Cham Und Vevey	0.79	1.50	-0.71	-8.57
% of Portfolio	11.50	9.31	2.19	

### Region Weights (%)



The fund characteristics and top holdings shown above are based on a look-through of any underlying mutual funds or ETFs held within the Fund. ETF holdings are available daily, while mutual fund holdings are only published on a monthly or quarterly basis. As a result, holdings used for the look-through of third-party mutual funds may be as of the prior month or quarter end depending on the most recent information available at the time this report was published.

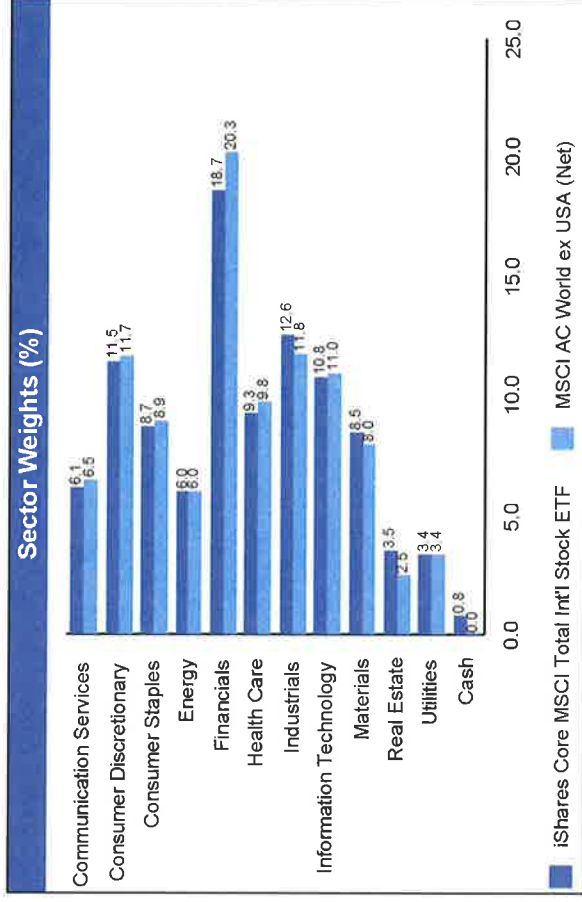


## Portfolio Characteristics

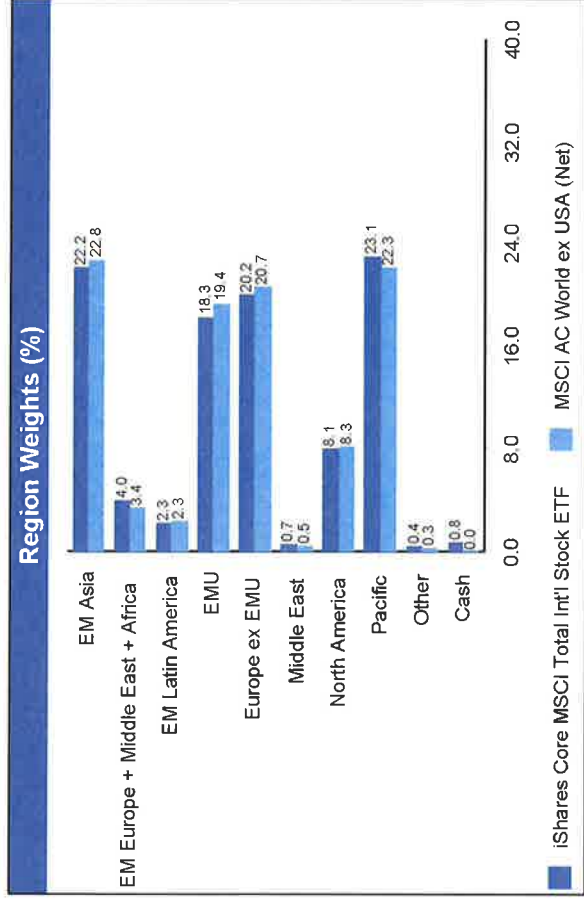
As of June 30, 2022

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

Portfolio Characteristics	
Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	76,934
Median Mkt. Cap (\$M)	8,474
Price/Earnings ratio	11.90
Price/Book ratio	2.39
5 Yr. EPS Growth Rate (%)	14.76
Current Yield (%)	3.45
Number of Stocks	2,269



Top Ten Holdings			
Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co	1.52	-0.28	-22.83
Nestle SA, Cham Und Vevey	1.26	-0.24	-8.57
Tencent Holdings LTD	1.08	-0.21	-5.05
Roche Holding AG	0.89	-0.18	-16.17
Alibaba Group Holding Ltd	0.84	-0.15	-0.38
Samsung Electronics Co Ltd	0.81	-0.15	-22.74
Astrazeneca PLC	0.79	-0.14	-1.47
CASH	0.78	0.78	N/A
Shell Plc	0.76	-0.14	-5.63
ASML Holding NV	0.74	-0.14	-29.20
% of Portfolio	9.47	10.32	-0.85

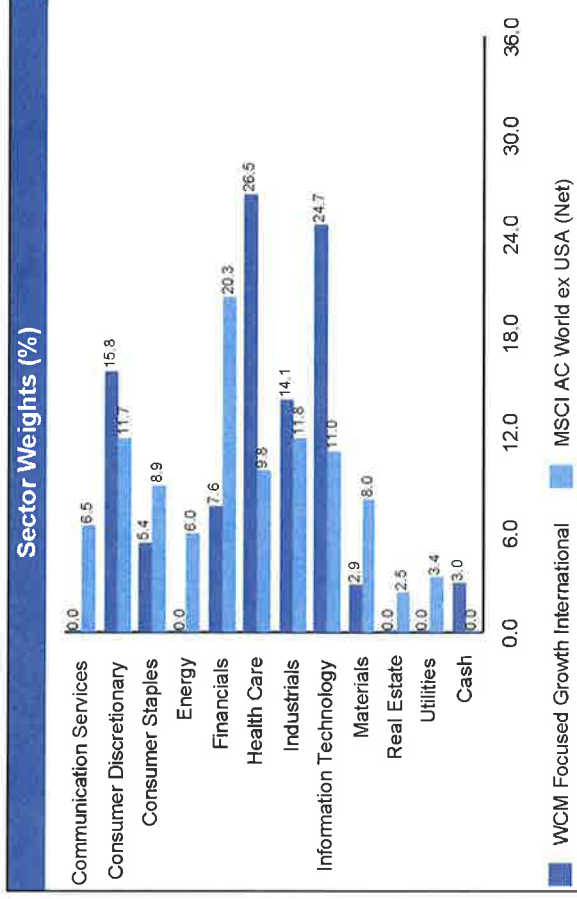


## Portfolio Characteristics

As of June 30, 2022

### WCM Focused Growth International vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		Benchmark
Wtd. Avg. Mkt. Cap (\$M)	87,526	76,934
Median Mkt. Cap (\$M)	35,516	8,474
Price/Earnings ratio	29.05	11.90
Price/Book ratio	4.81	2.39
5 Yr. EPS Growth Rate (%)	17.67	14.76
Current Yield (%)	1.06	3.45
Number of Stocks	38	2,269



Top Ten Holdings			
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)
Canadian Pacific Railway Ltd	4.76	0.30	4.46
AIA Group Ltd	4.00	0.60	3.40
Novo Nordisk A/S	3.88	0.85	3.03
Accenture PLC	3.62	0.00	3.62
Aon plc	3.60	0.00	3.60
LVMH Moet Hennessy Louis Vuitton	3.48	0.77	2.71
ASML Holding NV	3.33	0.88	2.45
Astrazeneca PLC	3.31	0.93	2.38
Alcon Inc	3.30	0.16	3.14
Icon PLC	3.28	0.00	3.28
% of Portfolio	36.56	4.49	32.07

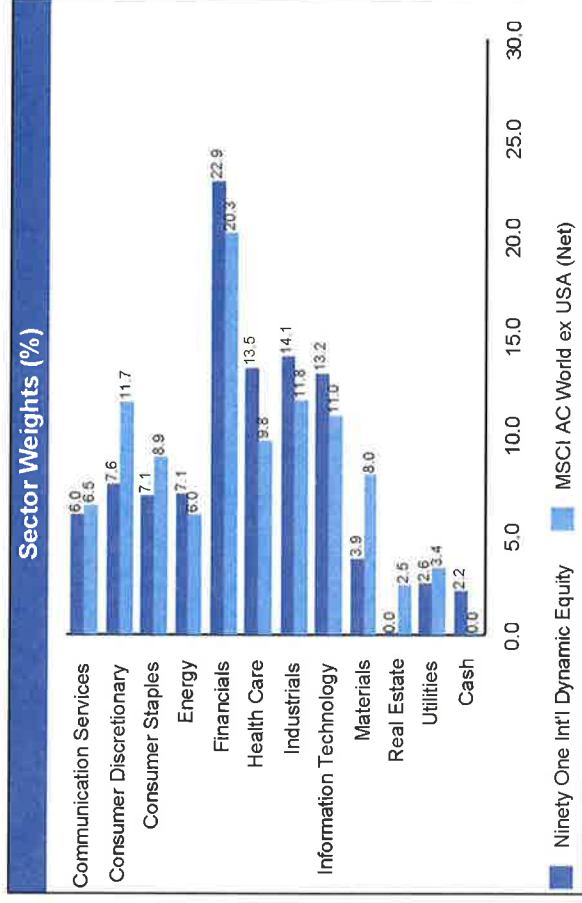


## Portfolio Characteristics

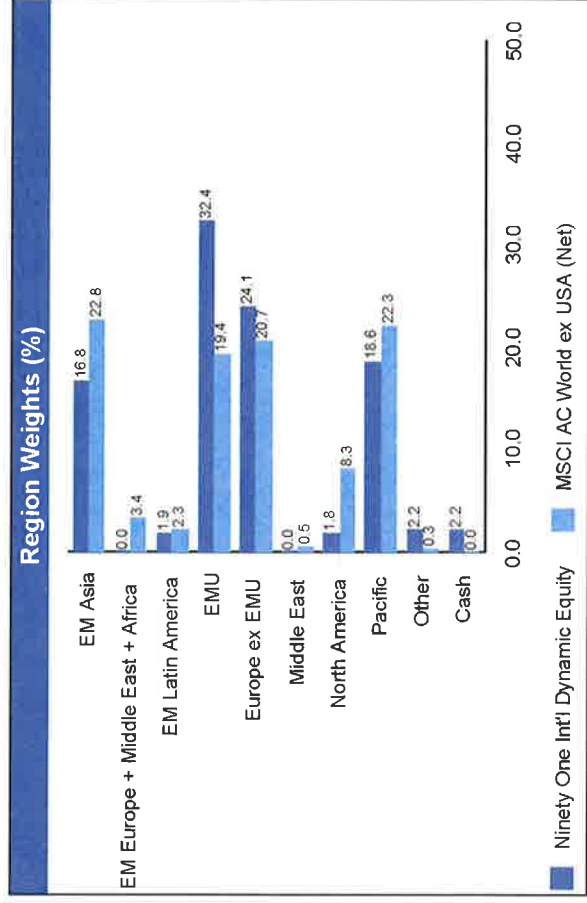
As of June 30, 2022

### Ninety One Int'l Dynamic Equity vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		Benchmark
Wtd. Avg. Mkt. Cap (\$M)	78,655	76,934
Median Mkt. Cap (\$M)	31,839	8,474
Price/Earnings ratio	14.88	11.90
Price/Book ratio	2.58	2.39
5 Yr. EPS Growth Rate (%)	23.15	14.76
Current Yield (%)	2.58	3.45
Number of Stocks	48	2,269



Top Ten Holdings			
Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Santos Ltd	3.29	3.21	-11.97
AIA Group Ltd	3.28	2.68	4.39
Olympus Corp	3.07	2.96	4.16
Thales	3.01	2.95	-1.70
HSBC Holdings PLC	3.00	2.40	-5.77
Qiagen NV	2.92	2.87	-3.67
UBS Group AG	2.91	2.65	-15.94
Novo Nordisk A/S	2.88	2.03	-0.92
Carlsberg A/S	2.69	2.63	2.67
Sanofi	2.67	2.15	1.91
% of Portfolio	29.72	3.19	26.53

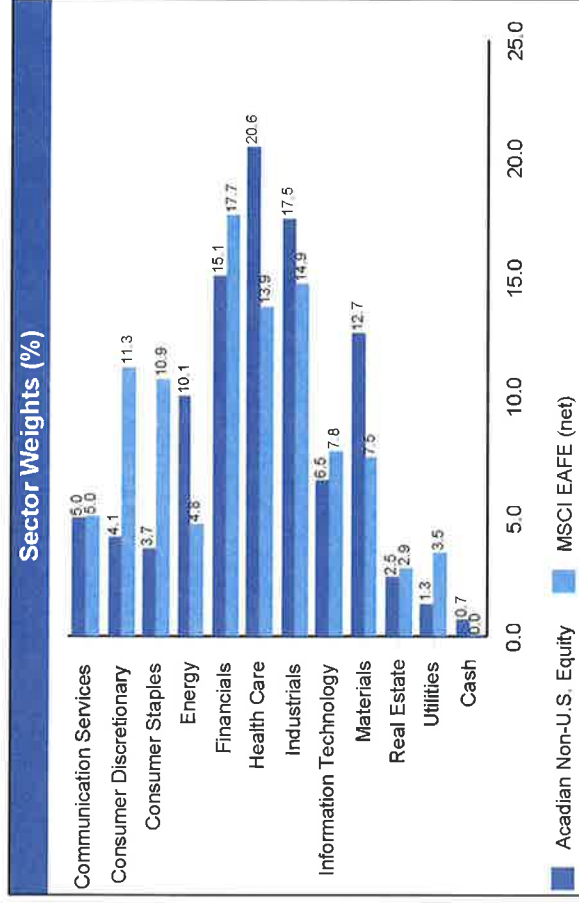


## Portfolio Characteristics

As of June 30, 2022

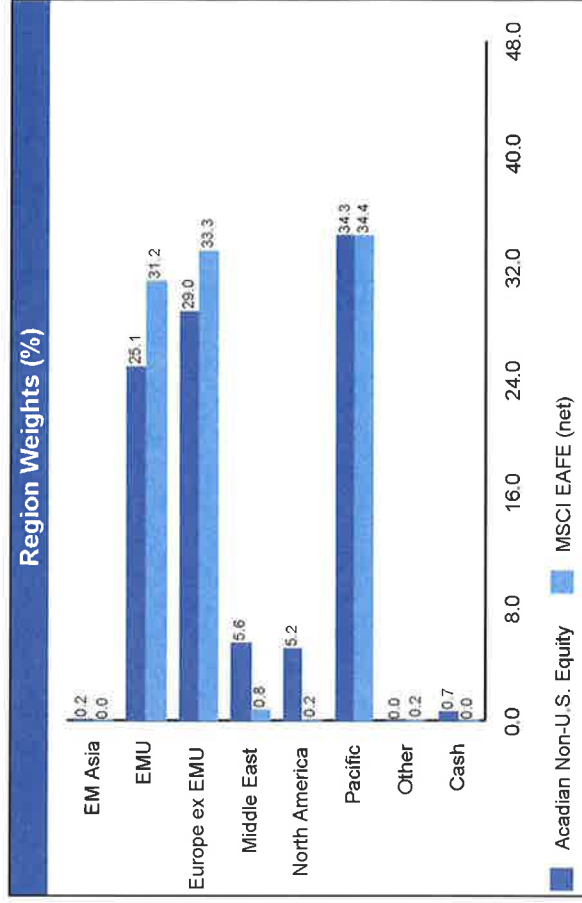
### Acadian Non-U.S. Equity vs. MSCI EAFE (net)

Portfolio Characteristics		Benchmark
Wtd. Avg. Mkt. Cap (\$M)	45,397	69,575
Median Mkt. Cap (\$M)	673	11,663
Price/Earnings ratio	8.61	12.54
Price/Book ratio	2.07	2.42
5 Yr. EPS Growth Rate (%)	22.82	13.52
Current Yield (%)	5.00	3.61
Number of Stocks	296	799



### Top Ten Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Roche Holding AG	3.89	1.72	2.17	-16.17
Novo Nordisk A/S	2.87	1.37	1.50	-0.92
Nippon Telegraph & Telephone	2.25	0.25	2.00	-1.79
BHP Group Ltd	2.20	1.06	1.14	-17.89
Tokio Marine Holdings Inc	2.15	0.27	1.88	-0.93
Wolters Kluwer NV	2.08	0.19	1.89	-8.84
Sompo Holdings Inc	2.07	0.10	1.97	-0.64
GSK plc	2.06	0.80	1.26	0.73
Bayer AG	1.92	0.43	1.49	-11.20
Equinor ASA	1.84	0.25	1.59	-7.23
% of Portfolio	23.33	6.44	16.89	

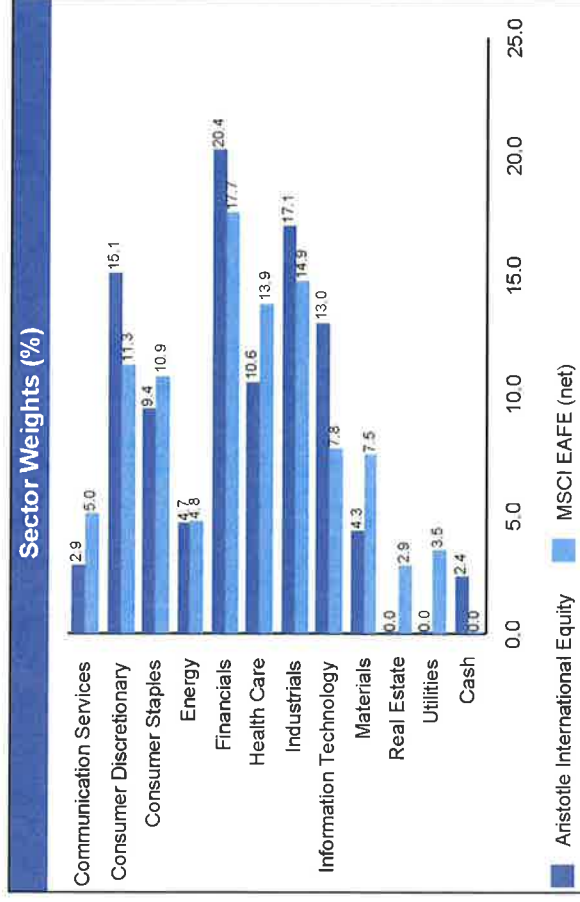


## Portfolio Characteristics

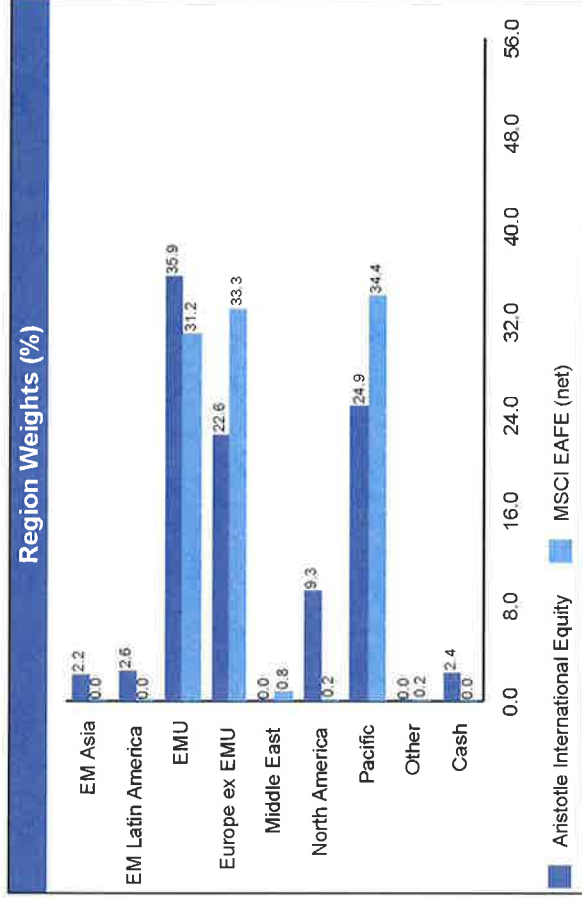
As of June 30, 2022

### Aristotle International Equity vs. MSCI EAFE (net)

Portfolio Characteristics		Benchmark
Wtd. Avg. Mkt. Cap (\$M)	58,387	69,575
Median Mkt. Cap (\$M)	29,236	11,663
Price/Earnings ratio	14.53	12.54
Price/Book ratio	2.42	2.42
5 Yr. EPS Growth Rate (%)	15.12	13.52
Current Yield (%)	2.39	3.61
Number of Stocks	40	799



Top Ten Holdings			
Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Accenture PLC	0.00	4.86	-17.42
Brookfield Asset Management Inc	0.00	4.25	-21.26
Sony Group Corporation	0.76	3.23	-22.12
GSK plc	0.80	2.72	-0.12
Dassault Systemes SA	0.18	3.15	-25.78
Alcon Inc	0.26	2.69	-12.50
Kddi Corp	0.37	2.55	-4.30
LVMH Moet Hennessy Louis Vuitton	1.24	1.63	-14.74
Pan Pacific International Holdings	0.04	2.77	-0.87
AIA Group Ltd	0.96	1.84	4.39
% of Portfolio	4.61	29.69	



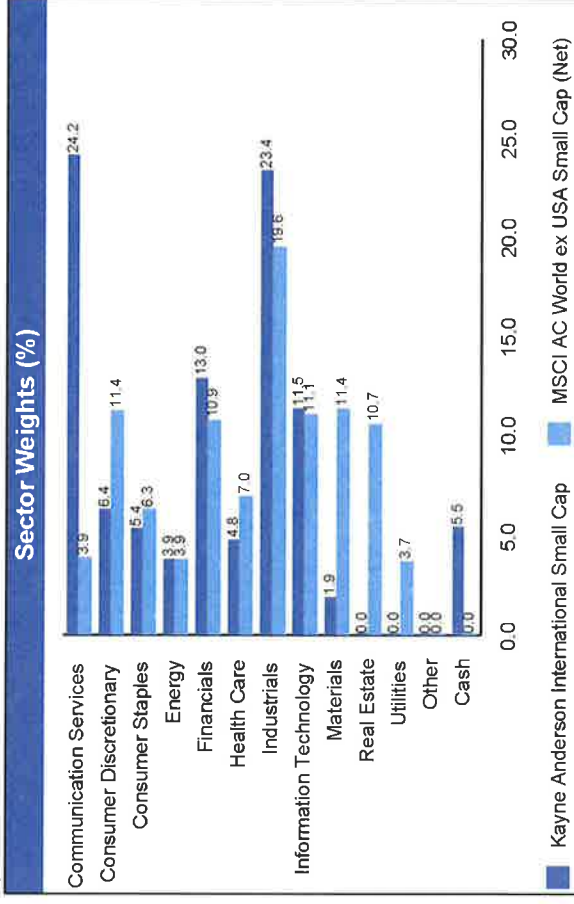


## Portfolio Characteristics

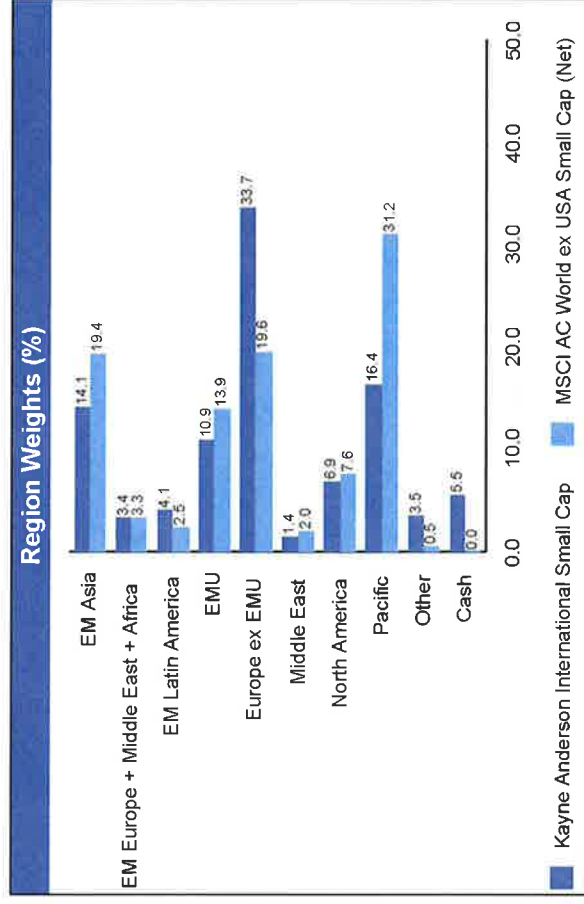
As of June 30, 2022

### Kayne Anderson International Small Cap vs. MSCI AC World ex USA Small Cap (Net)

Portfolio Characteristics	
	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	2,193
Median Mkt. Cap (\$M)	967
Price/Earnings ratio	10.28
Price/Book ratio	2.15
5 Yr. EPS Growth Rate (%)	12.61
Current Yield (%)	3.28
Number of Stocks	4,417



Top Ten Holdings			
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)
CASH	5.51	0.00	5.51
Auto Trader Group plc	5.29	0.00	5.29
Rightmove PLC	5.10	0.16	4.94
Haw Par Corp Ltd	3.84	0.03	3.81
Baltic Classifieds Group PLC	3.46	0.00	3.46
Haitian International Holdings Ltd	3.45	0.00	3.45
Grupa Pracuj S.A	3.40	0.01	3.39
Sarana Menara Nusantara Tbk	3.29	0.00	3.29
Anhui Gujing Distillery Co Ltd	3.18	0.00	3.18
Bouvet ASA	3.16	0.00	3.16
% of Portfolio	39.68	0.20	39.48



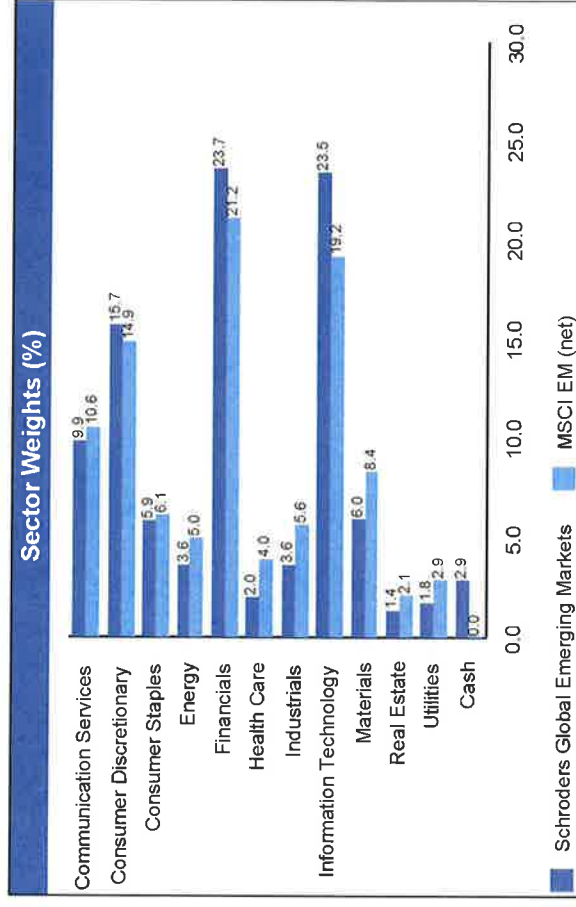


## Portfolio Characteristics

As of June 30, 2022

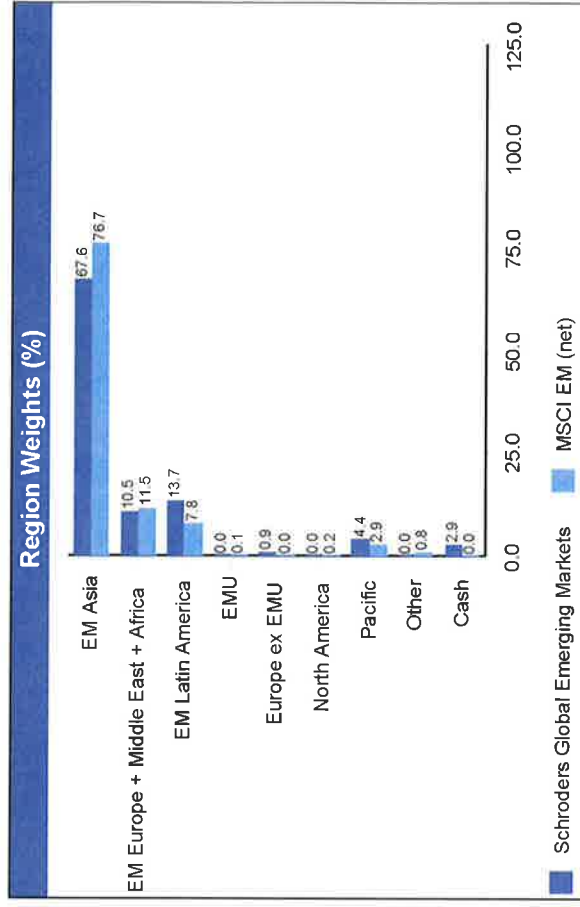
### Schroders Global Emerging Markets vs. MSCI EM (net)

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	103,272	98,629
Median Mkt. Cap (\$M)	12,261	5,922
Price/Earnings ratio	10.98	10.62
Price/Book ratio	2.25	2.48
5 Yr. EPS Growth Rate (%)	16.18	15.90
Current Yield (%)	3.33	3.17
Number of Stocks	111	1,382



### Top Ten Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co	7.02	6.05	0.97	-22.83
Tencent Holdings LTD	5.56	4.33	1.23	-5.05
Samsung Electronics Co Ltd	5.28	3.23	2.05	-22.74
Alibaba Group Holding Ltd	3.47	3.32	0.15	-0.38
CASH	2.89	0.00	2.89	N/A
JD.com Inc	2.89	0.99	1.90	10.49
AIA Group Ltd	2.49	0.00	2.49	4.39
Icici Bank Ltd	2.40	0.71	1.69	-6.34
Infosys Ltd	2.11	0.96	1.15	-24.81
Hon Hai Precision Industry Co Ltd	2.02	0.70	1.32	-1.01
% of Portfolio	36.13	20.29	15.84	



### • Cohen & Steers Institutional Realty Shares

- **Management:** The Fund is managed by Jon Cheigh, Jason Yablon, and Mathew Kirschner (collectively, the “Senior Investment Professionals”). The Senior Investment Professionals have worked together for more than 16 years and have on average 20+ years of experience in the industry. Cohen & Steers has one of the largest and most experienced teams dedicated to the investment management of publicly traded real estate securities.
- **Objective:** The Fund seeks both capital appreciation and current income through investment in real estate securities.
- **Strategy:** The Fund concentrates its investments in the real estate industry. Real estate securities include common stocks, preferred stocks and other equity securities of any market capitalization issued by real estate companies, including real estate investment trusts (REITs) and similar REIT-like entities.

### • Principal Real Estate Securities Institutional Fund

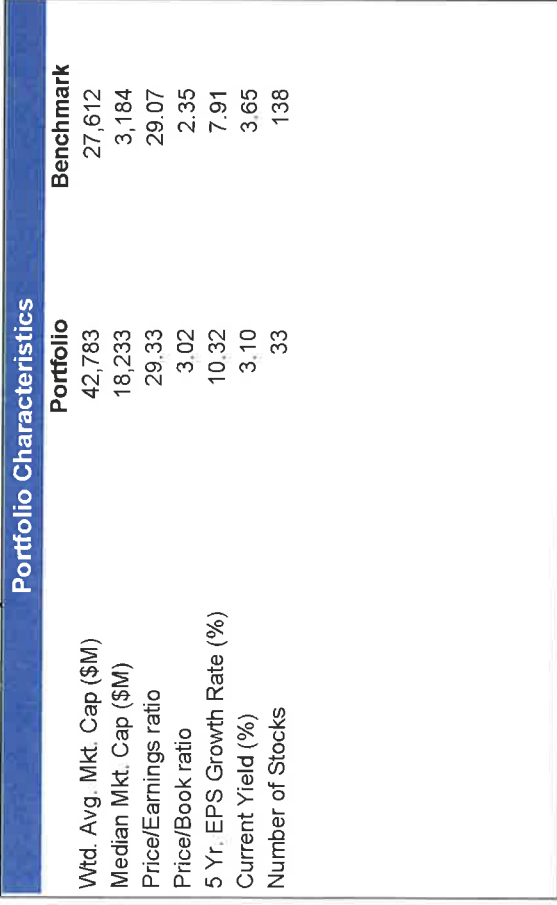
- **Management:** Kelly Rush founded and has managed the US Real Estate Securities strategy since its 1998 inception. Kelly Rush, Anthony Kenkel, and Keith Bokota (collectively, the “Portfolio Managers”) have worked together for more than 13 years and have 24+ years average industry experience.
- **Objective:** The Fund seeks to generate a total return by investing in high quality companies and targets strong, risk-adjusted performance using diversified sources of alpha.
- **Strategy:** The fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of companies principally engaged in the real estate industry at the time of purchase. It invests in equity securities regardless of market capitalization (small, medium or large). The fund concentrates its investments (invest more than 25% of its net assets) in securities in the real estate industry. It is non-diversified.

## Portfolio Characteristics

As of June 30, 2022

### Cohen & Steers Inst Realty Shares vs. MSCI US REIT Index

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	42,783	27,612
Median Mkt. Cap (\$M)	18,233	3,184
Price/Earnings ratio	29.33	29.07
Price/Book ratio	3.02	2.35
5 Yr. EPS Growth Rate (%)	10.32	7.91
Current Yield (%)	3.10	3.65
Number of Stocks	33	138



	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
American Tower Corp	13.67	0.00	13.67	2.92
Public Storage	7.64	4.75	2.89	-19.35
Invitation Homes Inc	6.47	2.08	4.39	-10.90
Welltower Inc	5.75	3.55	2.20	-13.75
Duke Realty Corp	5.63	2.03	3.60	-4.86
Prologis Inc	5.13	8.39	-3.26	-26.64
Simon Property Group Inc.	4.77	3.00	1.77	-26.71
Realty Income Corp.	4.69	3.89	0.80	-0.46
Digital Realty Trust Inc	4.41	3.56	0.85	-7.54
Healthpeak Properties Inc	3.66	1.35	2.31	-23.79
% of Portfolio	61.82	32.60	29.22	

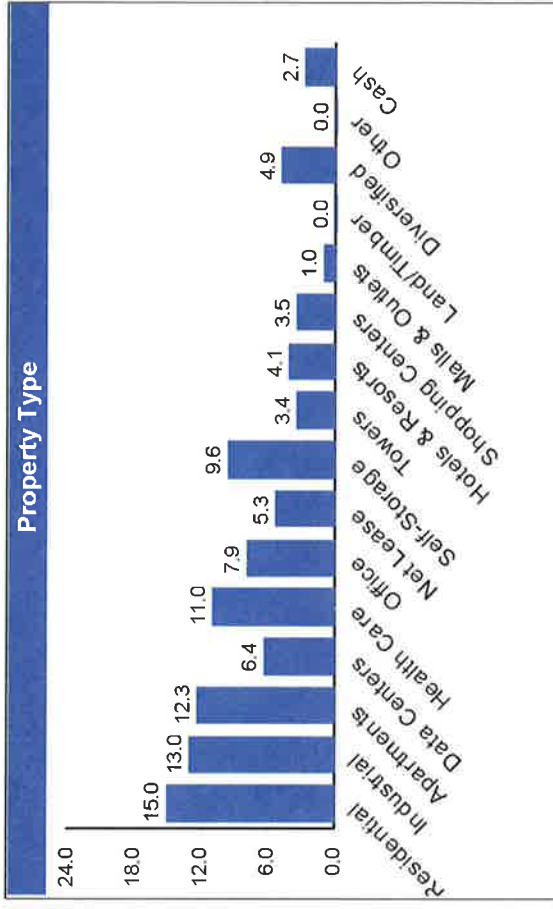
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Americold Realty Trust Inc	2.74	0.78	1.96	8.54
American Tower Corp	13.67	0.00	13.67	2.92
Healthcare Realty Trust Inc	1.10	0.40	0.70	0.05
Realty Income Corp.	4.69	3.89	0.80	-0.46
Duke Realty Corp	5.63	2.03	3.60	-4.86
SBA Communications Corp	2.17	0.00	2.17	-6.78
Digital Realty Trust Inc	4.41	3.56	0.85	-7.54
Crown Castle International Corp	1.84	0.00	1.84	-7.94
Sun Communities Inc.	2.81	1.78	1.03	-8.59
Invitation Homes Inc	6.47	2.08	4.39	-10.90
% of Portfolio	45.53	14.52	31.01	

## Portfolio Characteristics

As of June 30, 2022

### Principal Real Estate Securities Inst Fund vs. MSCI US REIT Index

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	26,713	27,612
Median Mkt. Cap (\$M)	9,164	3,184
Price/Earnings ratio	30.27	29.07
Price/Book ratio	2.27	2.35
5 Yr. EPS Growth Rate (%)	10.40	7.91
Current Yield (%)	3.35	3.65
Number of Stocks	46	138



### Top Ten Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Prologis Inc	6.48	8.39	-1.91	-26.64
Equinix Inc	5.51	5.74	-0.23	-10.98
AvalonBay Communities Inc.	5.30	2.62	2.68	-21.15
Ventas Inc.	4.90	1.98	2.92	-16.00
VICI Properties Inc	4.60	2.76	1.84	5.96
Extra Space Storage Inc	4.52	2.19	2.33	-16.48
Sun Communities Inc.	4.28	1.78	2.50	-8.59
Essex Property Trust Inc.	4.26	1.64	2.62	-23.67
Invitation Homes Inc	4.04	2.08	1.96	-10.90
American Homes 4 Rent	3.63	1.07	2.56	-10.98
% of Portfolio	47.52	30.25	17.27	

### Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
PS Business Parks Inc.	0.64	0.37	0.27	11.97
Agree Realty Corp	1.53	0.50	1.03	9.77
VICI Properties Inc	4.60	2.76	1.84	5.96
American Tower Corp	3.41	0.00	3.41	2.92
Healthcare Realty Trust Inc	0.78	0.40	0.38	0.05
Sabra Health Care REIT Inc	1.42	0.31	1.11	-3.98
Broadstone Net Lease Inc	1.53	0.32	1.21	-4.60
Equity LifeStyle Properties Inc	2.51	1.20	1.31	-7.34
Digital Realty Trust Inc	0.85	3.56	-2.71	-7.54
Sun Communities Inc.	4.28	1.78	2.50	-8.59
% of Portfolio	21.55	11.20	10.35	

● **PGIM - Core Fixed Income**

- **Management:** Michael Collins, CFA (since 2009), Richard Piccirillo (2012) and Gregory Peters (2014) are Senior Portfolio Managers.
- **Objective:** The strategy seeks to outperform the Bloomberg US Aggregate Index over full market cycles.
- **Strategy:** The strategy invests in a broad range of fixed income securities, including U.S. government securities, corporate bonds, taxable municipal securities and mortgage-backed or other asset-backed securities. The strategy may also invest in a limited amount of non-investment grade securities.

The investment process for Core Fixed Income portfolios utilizes both top-down and bottom-up approaches. Sector allocation, duration, yield curve, and “industry bias” decisions are made using top-down research derived from a range of internal sources, including our global macroeconomic research team and heads of the sector investment teams, as well as external sources. Actual subsector and security selections are made by sector specialists after conducting bottom-up fundamental and quantitative research and relative value analysis.

● **TIAA –Core Impact Bond**

- **Management:** Stephen Liberatore, CFA is a Managing Director and Lead Portfolio Manager (2010)
- **Objective:** The strategy seeks a favorable long-term total return through income and capital appreciation while giving special consideration to certain environmental, social, and governance (“ESG”) criteria.
- **Strategy:** The strategy invests in a broad range of fixed income securities, including U.S. government securities, corporate bonds, taxable municipal securities and mortgage-backed or other asset-backed securities. The strategy may also invest in a limited amount of non-investment grade securities. The strategy seeks to add value through duration and yield-curve positioning, sector allocation and security selection. The evaluation process favors companies with leadership in ESG performance relative to their peers.

● **iShares Core U.S Aggregate Bond ETF**

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



## PFM Multi-Manager Fixed-Income Fund – Sub-Adviser Overview

As of June 30, 2022

### • iShares MBS ETF

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

### • PineBridge – Investment Grade Credit

- **Management:** Robert Vanden Assem, CFA, Managing Director and Head of Developed Markets IG Fixed Income (2001) & Dana Burns, Sr. Portfolio Manager (2007)
- **Objective:** The total return strategy seeks strong returns by combining a top-down view with a bottom-up, credit intensive research process.
- **Strategy:** The strategy invests in USD-denominated investment grade credit, focused in the corporate sector. The portfolio is constructed combining views of fundamentals, valuations and market technicals affecting sector and individual securities.

### • Brown Brothers Harriman – Structured Fixed Income

- **Management:** Neil Hohmann, PhD, Head of Structured Products (2006), Andrew Hofer, Head of Taxable Portfolio Management (2006) & Chris Ling (2020)
- **Objective:** To deliver attractive long-term results through capital preservation and taking advantage of differences between valuations and fundamentals through a bottom-up research process.
- **Strategy:** The strategy is an investment grade portfolio focused on asset-backed securities backed by assets other than real estate (also known as non-traditional asset-backed securities). These securities will include a mix of equipment leases, commercial royalty and insurance-linked, and broad consumer related including: credit card, auto loans, student loans and debt refinancing. The structured fixed-income strategy may also invest a limited amount in commercial mortgage-backed securities and municipal debt instruments that are secured by tangible asset collateral or revenue streams. The structured fixed-income strategies are constructed using either a bottom-up investment approach or a quantitative framework to assess valuation and long-term return potential.



● **SPDR Blackstone Senior Loan**

- **Management:** Sub-advised by the liquid credit group of Blackstone.
- **Objective:** To provide current income through investment in senior loans.
- **Strategy:** This actively managed ETF invests mainly in the floating rate loan market with an emphasis on larger sized deals. Fixed rate high yield corporate bonds may also be held in environments in which the team views them favorably. The team focuses on companies with strong private equity sponsorship.

● **BrandywineGLOBAL High Yield**

- **Management:** Bill Zox, CFA and John McClain, CFA have led the fund since it's inception in 2014.
- **Objective:** Seeks high current income with the opportunity for capital appreciation.
- **Strategy:** The fund generally holds over 80% of its assets in corporate debt rated below investment grade. Securities are purchased when they believe the yield and total return potential are attractive relative to asset and interest coverage and comparable securities.

● **Mainstay MacKay Shields High Yield Corporate**

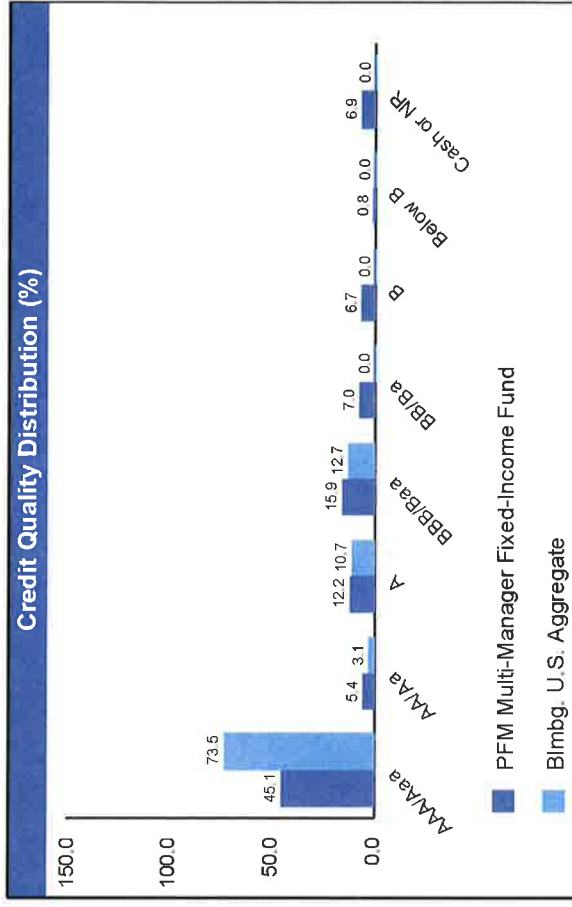
- **Management:** Andrew Susser is the lead portfolio manager (since 2013). He is supported by about a dozen analysts and traders.
- **Objective:** To outperform the high yield market over the long term through superior credit selection, while mitigating downside risks.
- **Strategy:** A bottom-up, value-oriented approach to investing in the high yield market. The team sets a minimum of 1.5x asset coverage on the universe of corporate bonds then breaks down the remainder into four risk groups with differing spread levels needed for potential inclusion. The result is a diversified portfolio that may include some exposure to loans or investment grade credits.

## Portfolio Characteristics

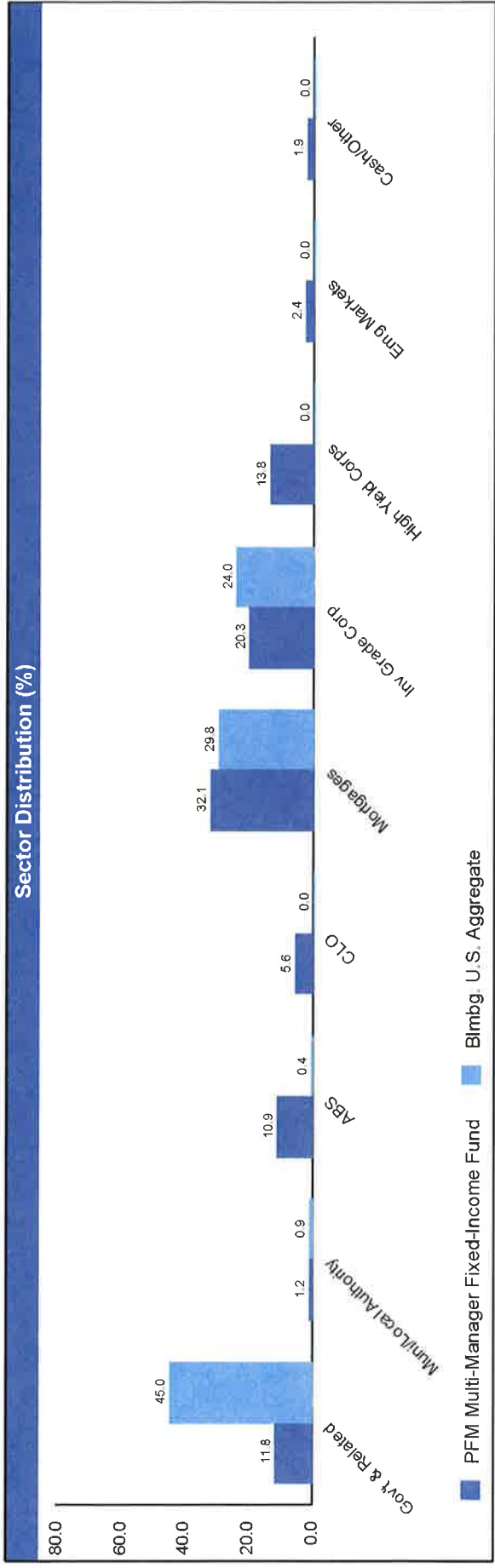
As of June 30, 2022

### PFM Multi-Manager Fixed-Income Fund vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		Benchmark
Effective Duration	5.33	6.44
Yield To Maturity (%)	4.89	3.71
Avg. Maturity	7.40	8.63
Avg. Quality	A	AA
Coupon Rate (%)	3.30	2.49



### Sector Distribution (%)

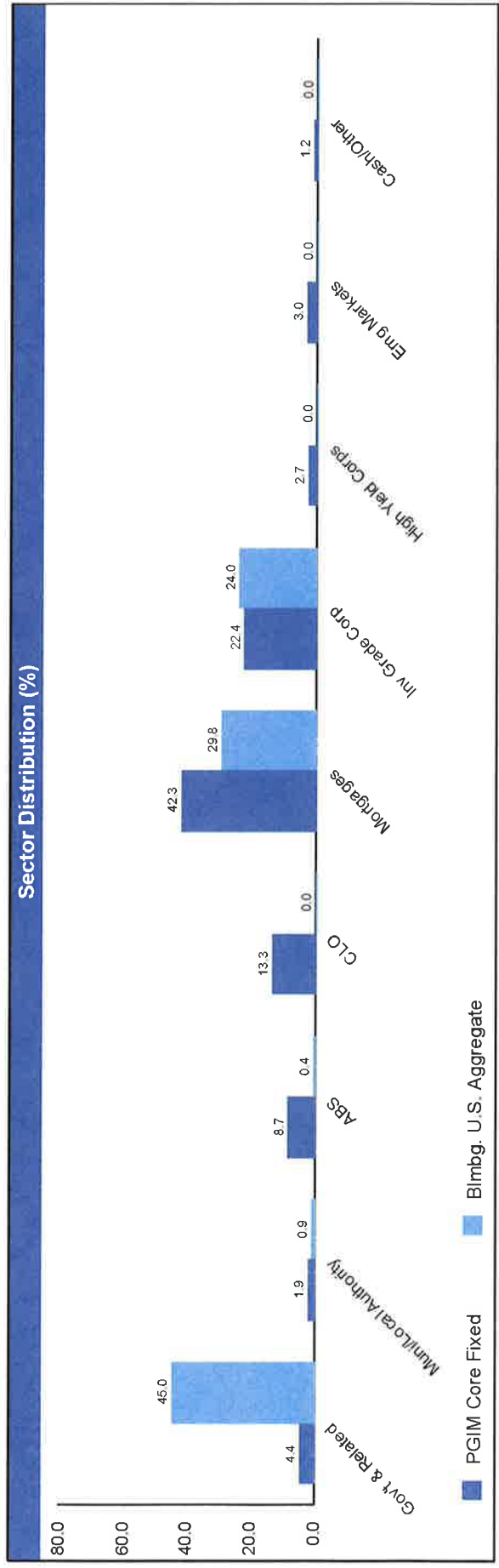
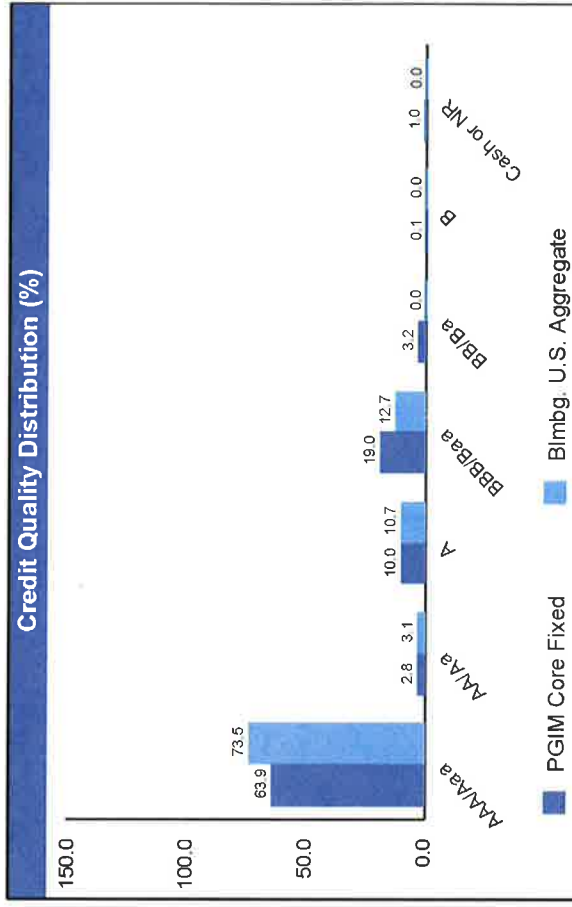


## Portfolio Characteristics

As of June 30, 2022

### PGIM Core Fixed vs. Blimbg. U.S. Aggregate

Portfolio Characteristics		Benchmark	
Effective Duration	6.42	6.44	
Yield To Maturity (%)	4.47	3.71	
Avg. Maturity	7.77	8.63	
Avg. Quality	AA	AA	
Coupon Rate (%)	2.97	2.49	

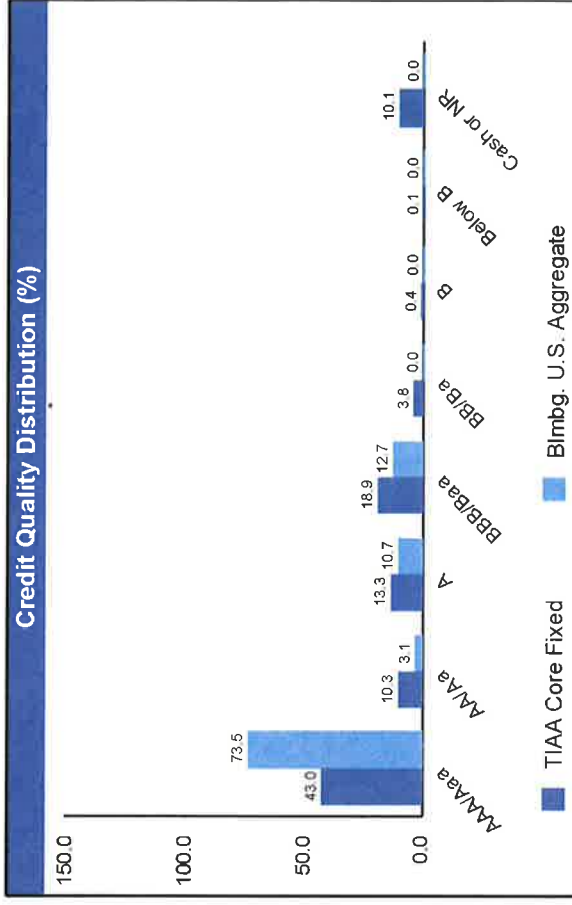


## Portfolio Characteristics

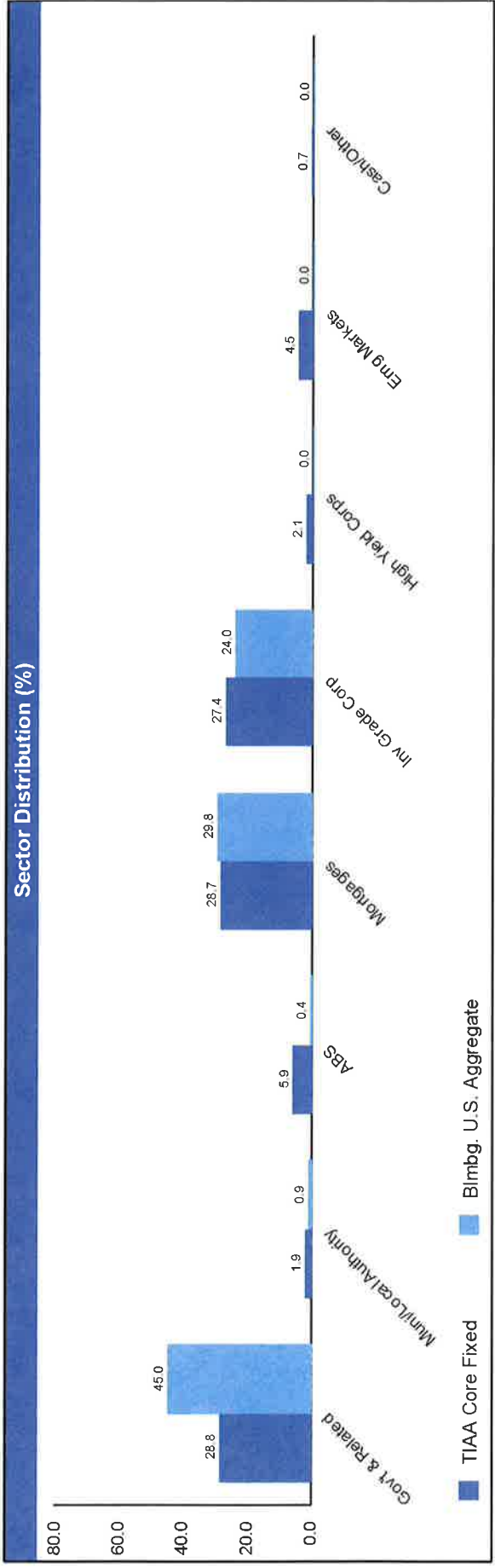
As of June 30, 2022

### TIAA Core Fixed vs. Blimbg. U.S. Aggregate

Portfolio Characteristics		Benchmark	
	Portfolio		Benchmark
Effective Duration	6.22		6.44
Yield To Maturity (%)	4.41		3.71
Avg. Maturity	8.72		8.63
Avg. Quality	AA		AA
Coupon Rate (%)	2.88		2.49



### Sector Distribution (%)

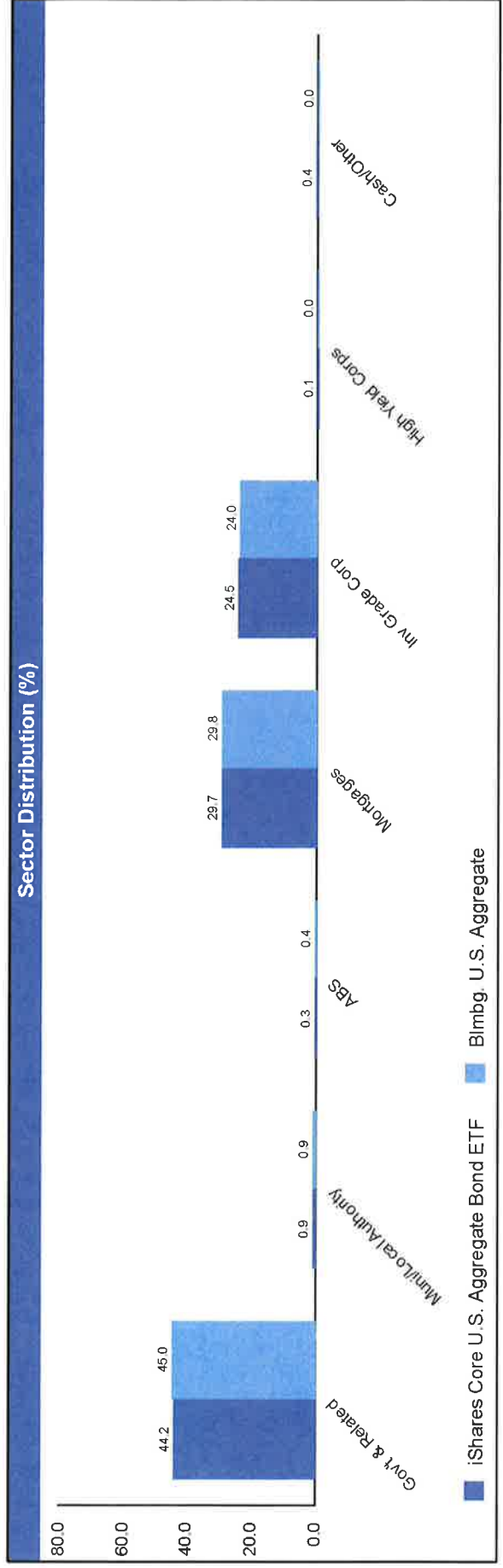
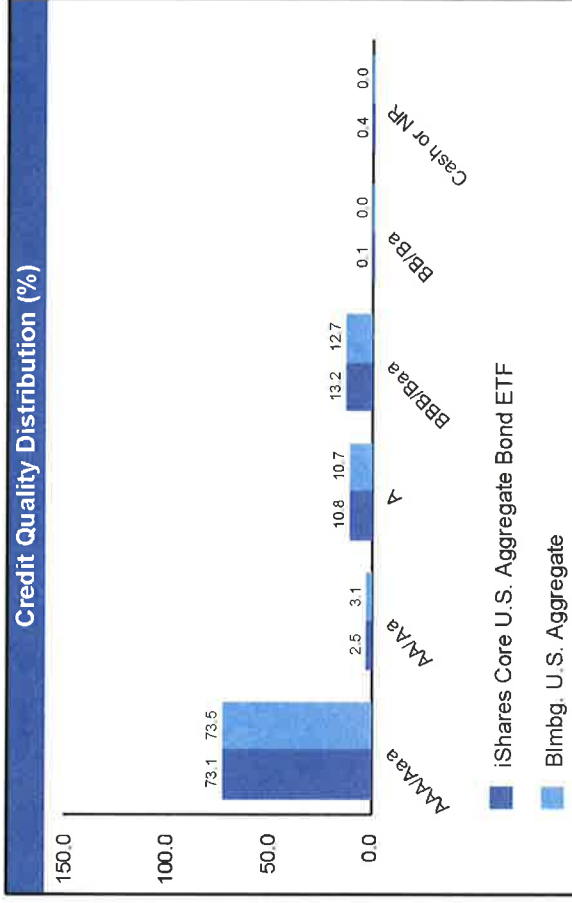


## Portfolio Characteristics

As of June 30, 2022

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

Portfolio Characteristics		Benchmark	
Effective Duration	6.54	6.44	
Yield To Maturity (%)	3.65	3.71	
Avg. Maturity	8.79	8.63	
Avg. Quality	AA	AA	
Coupon Rate (%)	2.54	2.49	

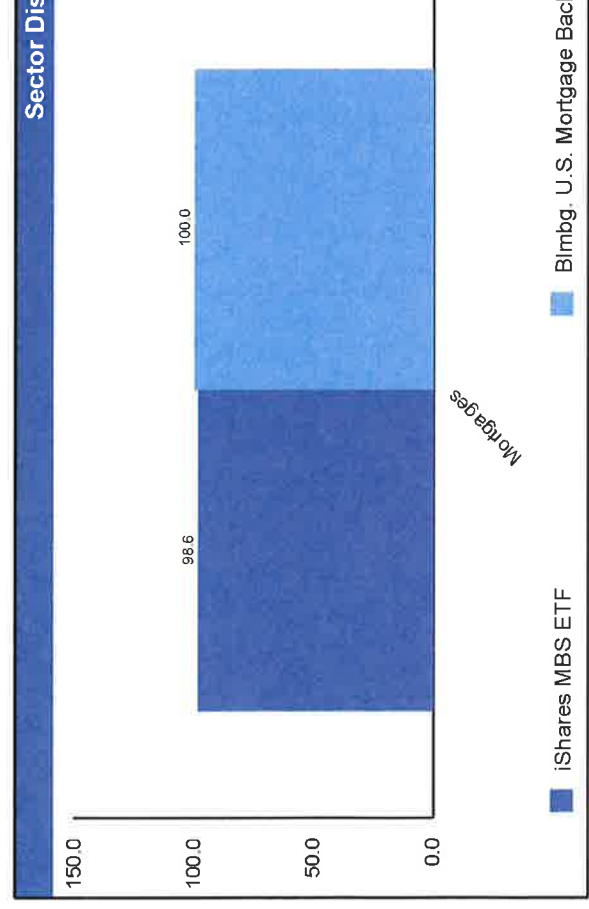
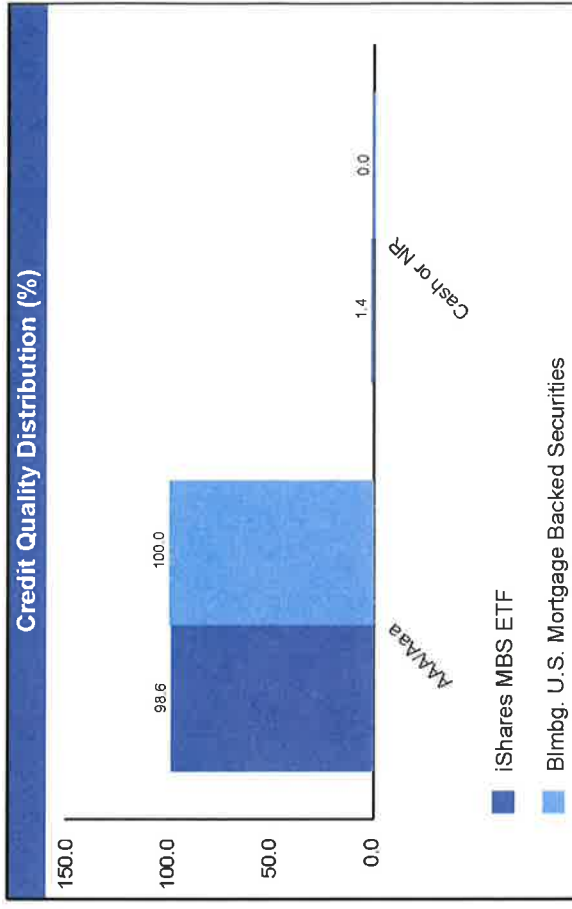


## Portfolio Characteristics

As of June 30, 2022

### iShares MBS ETF vs. Blimbg. U.S. Mortgage Backed Securities

Portfolio Characteristics		Benchmark	
Effective Duration	6.21	Effective Duration	5.86
Yield To Maturity (%)	3.59	Yield To Maturity (%)	3.76
Avg. Maturity	8.11	Avg. Maturity	7.75
Avg. Quality	AAA	Avg. Quality	AAA
Coupon Rate (%)	2.69	Coupon Rate (%)	2.62



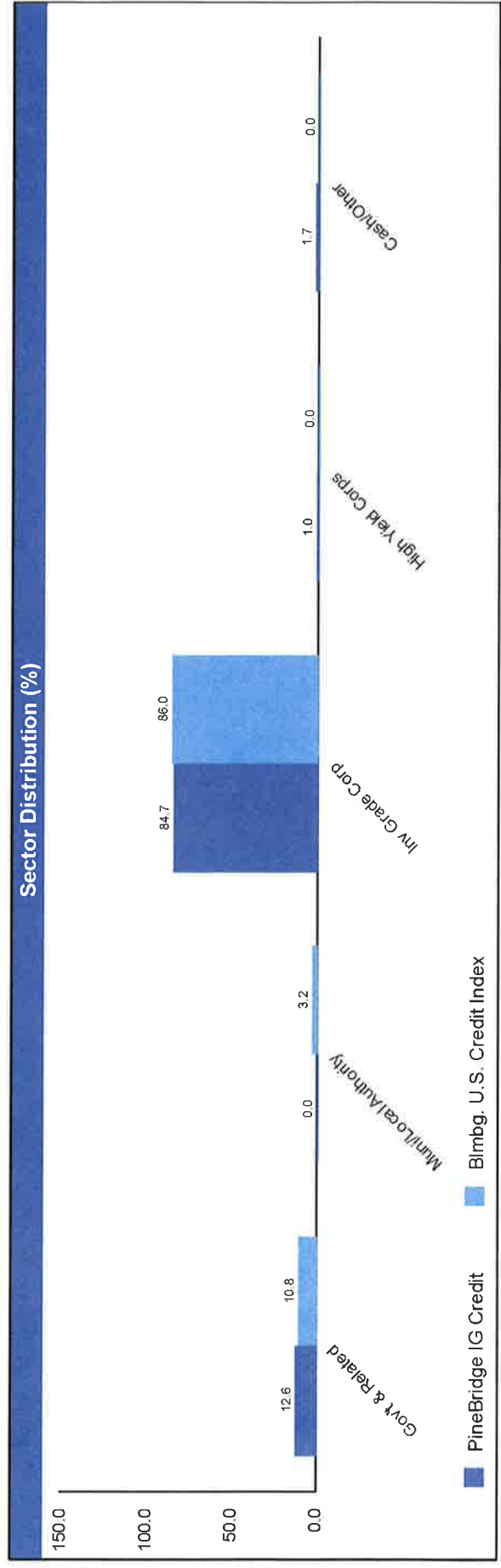
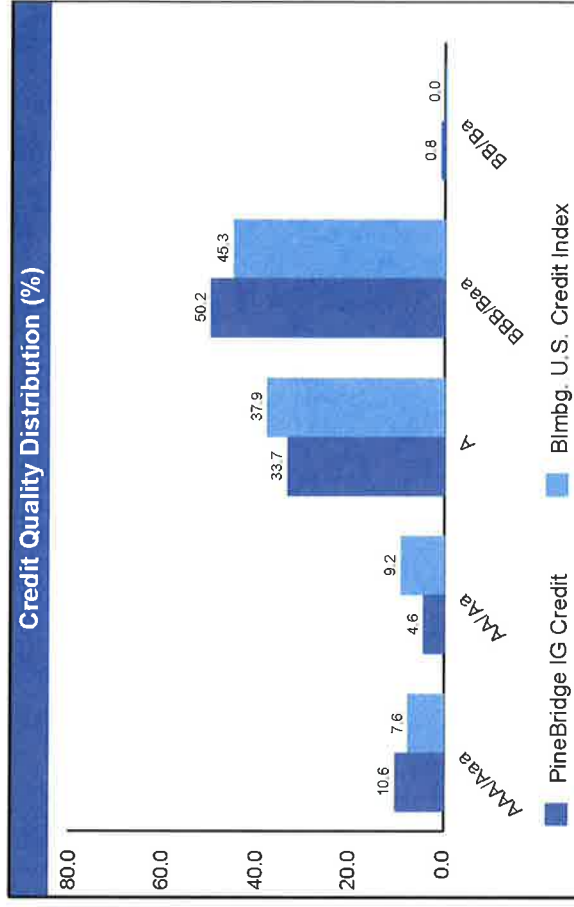


## Portfolio Characteristics

As of June 30, 2022

PineBridge IG Credit vs. Blmbg. U.S. Credit Index

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	7.37	7.35
Yield To Maturity (%)	4.74	4.55
Avg. Maturity	4.74	11.17
Avg. Quality	A	A
Coupon Rate (%)	3.37	3.49

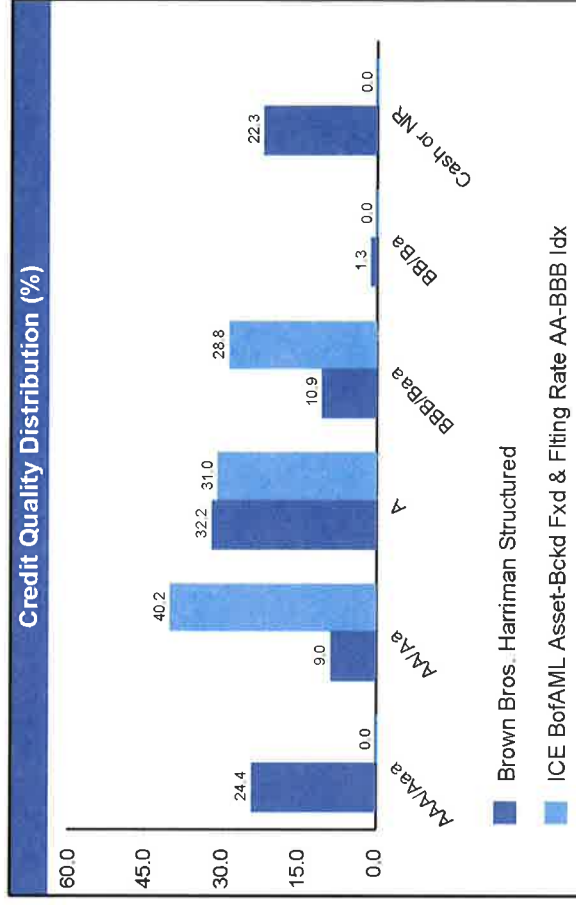


## Portfolio Characteristics

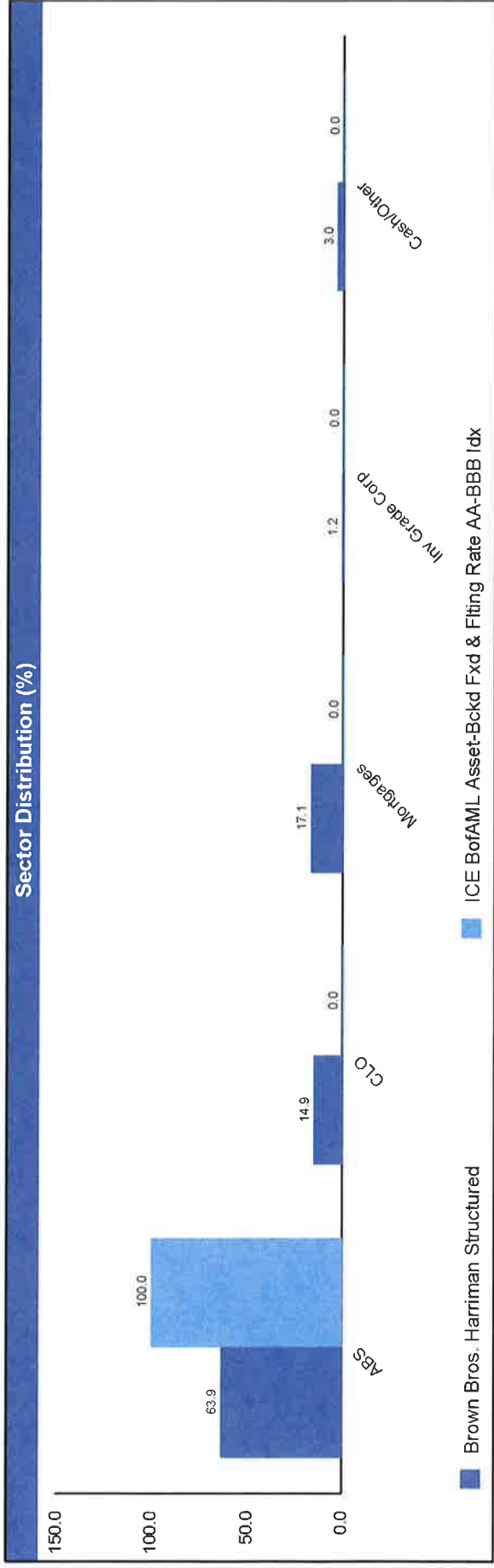
As of June 30, 2022

### Brown Bros. Harriman Structured vs. ICE BofAML Asset-Bckd Fxd & Fltng Rate AA-BBB Idx

Portfolio Characteristics		Benchmark	
Effective Duration	1.76	Yield To Maturity (%)	2.69
Yield To Maturity (%)	5.47	Avg. Maturity	4.05
Avg. Maturity	2.91	Avg. Quality	A
Avg. Quality	A	Coupon Rate (%)	2.45
Coupon Rate (%)	3.22		



### Sector Distribution (%)

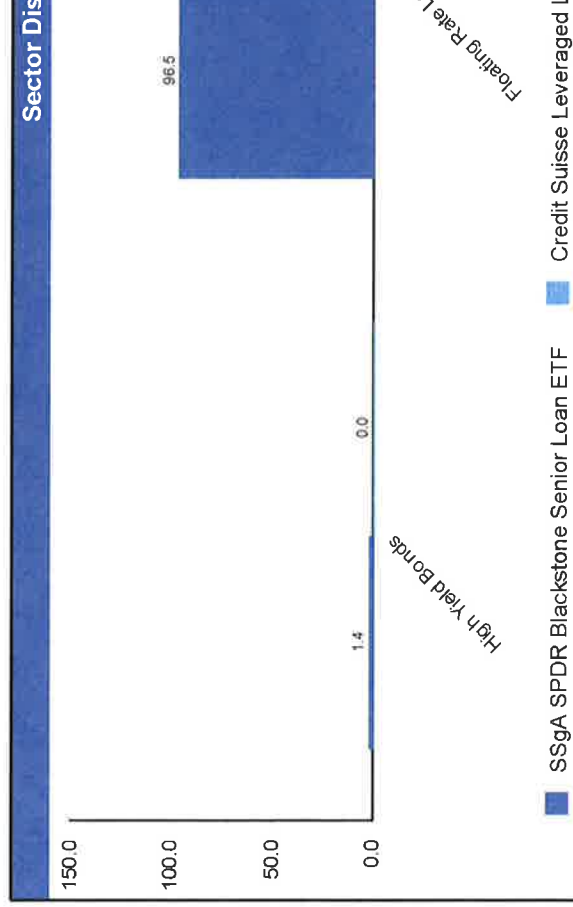
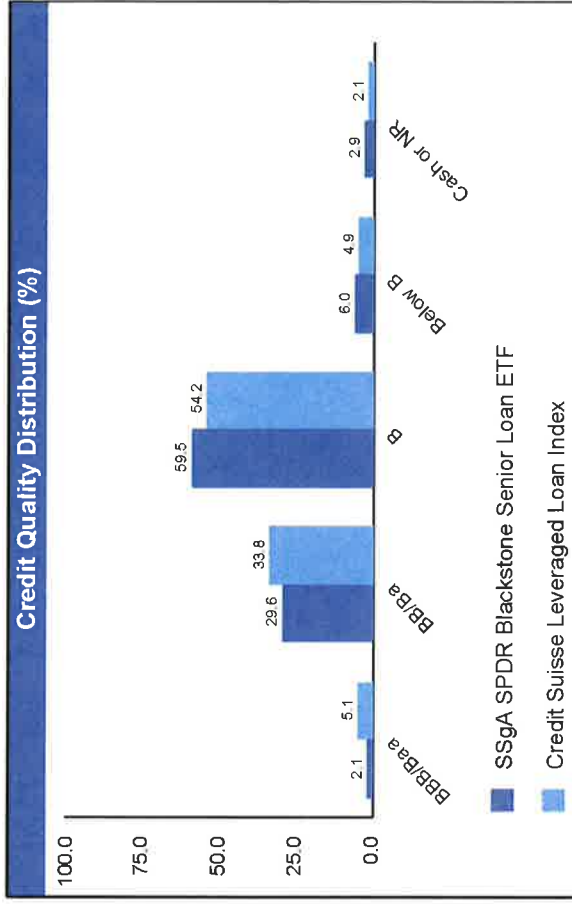


## Portfolio Characteristics

As of June 30, 2022

### SSgA SPDR Blackstone Senior Loan ETF vs. Credit Suisse Leveraged Loan Index

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	-0.11	0.25
Yield To Maturity (%)	7.24	8.20
Avg. Maturity	4.69	4.66
Avg. Quality	B	B
Coupon Rate (%)	4.90	5.07

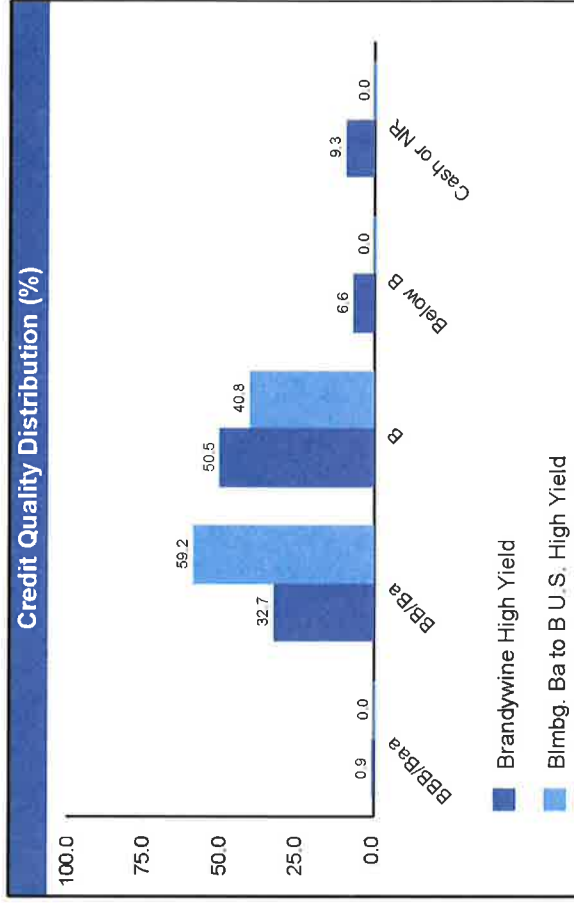


## Portfolio Characteristics

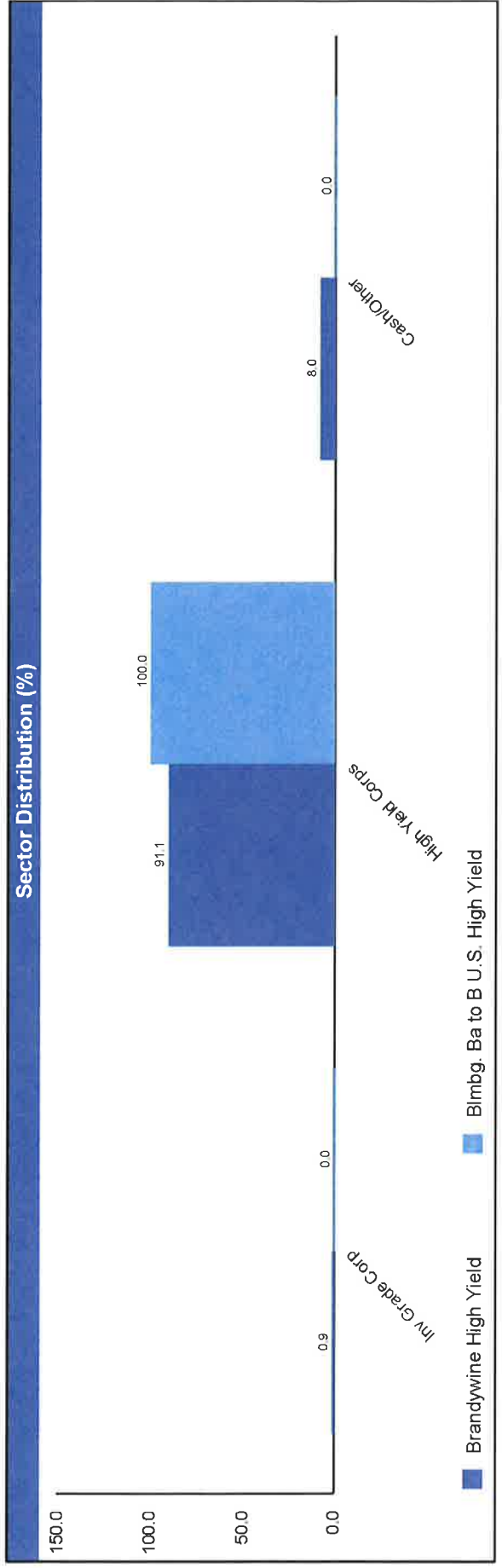
As of June 30, 2022

### Brandywine High Yield vs. Blmbg. Ba to B U.S. High Yield

Portfolio Characteristics		Benchmark
Effective Duration	4.10	4.38
Yield To Maturity (%)	7.22	8.16
Yield To Worst	8.90	8.17
Avg. Maturity	6.04	6.04
Avg. Quality	B	BB
Coupon Rate (%)	5.81	5.41



### Sector Distribution (%)

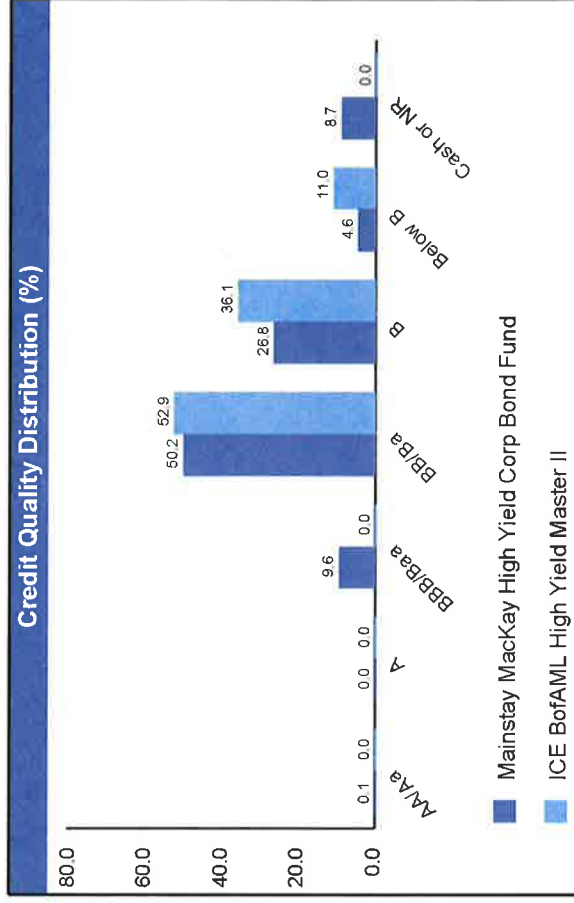


## Portfolio Characteristics

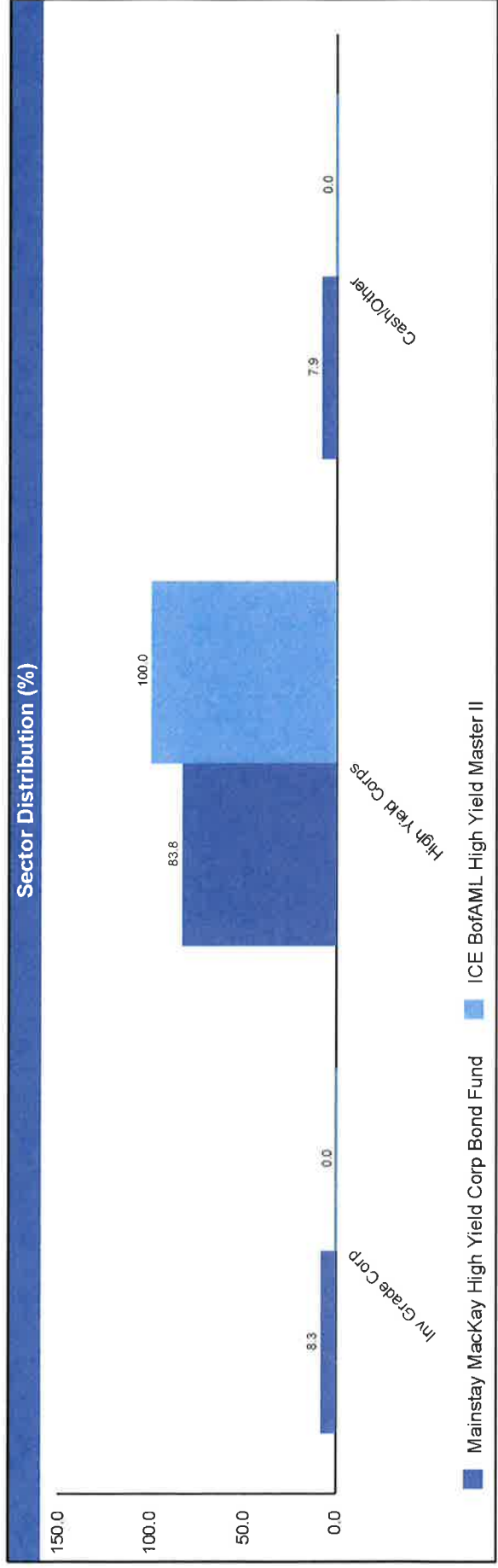
As of June 30, 2022

### Mainstay MacKay High Yield Corp Bond Fund vs. ICE BofAML High Yield Master II

Portfolio Characteristics		Benchmark	
Effective Duration	3.90	4.39	
Yield To Maturity (%)	7.37	8.90	
Avg. Maturity	5.33	5.84	
Avg. Quality	BB	B	
Coupon Rate (%)	5.87	5.72	



### Sector Distribution (%)



- iShares Preferred and Income Securities ETF

- **Management:** BlackRock Fund Advisors: Amy Whitelaw (since 2018), Jennifer Hsui (since 2012), Alan Mason (since 2016) and Greg Savage (since 2008).
- **Objective:** The Fund seeks to track the performance of an index composed of U.S. dollar-denominated preferred and hybrid securities.
- **Strategy:** The Fund employs a “passive management” – or indexing – investment approach that seeks to track the investment performance of the ICE Exchange-Listed Preferred & Hybrid Securities Index. By investing in securities that have both stocks and bonds like features, the Fund seeks to offer income while keeping its risk and return characteristics in-line with the Index.



# Portfolio Characteristics

## As of March 31, 2022

iShares Preferred and Income Securities ETF (PFF)

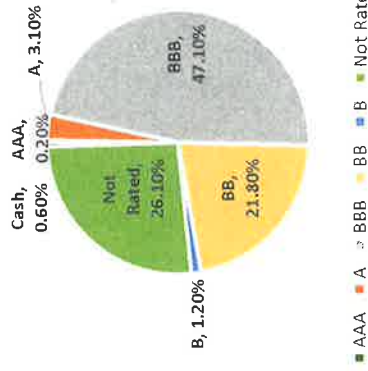
### Portfolio Characteristics

Net Assets (\$ millions)	17,713
Gross Expense Ratio	0.46%
Net Expense Ratio	0.46%
30-Day SEC Yield	4.74%
Number of Holdings	505
Top Sector	Banking
Weight of Top 10 Holdings	24.07%
P/E Ratio	10.72
P/B Ratio	1.41

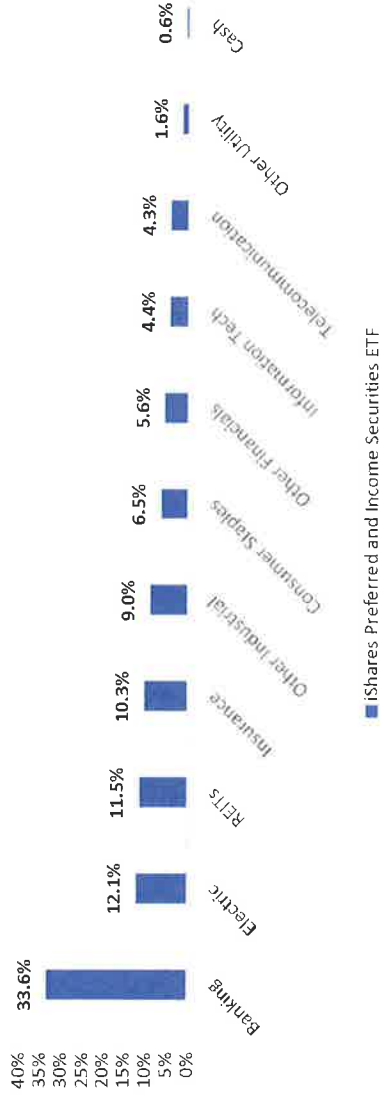
### Top 10 Holdings

Name	Sector	Portfolio (%)
Broadcom Inc	Industrial	3.52%
Bank of America Corp	Financial Institutions	3.07%
Nextera Energy Inc	Utility	2.94%
Danaher Corporation	Industrial	2.72%
AT&T Inc	Industrial	2.16%
Morgan Stanley	Financial Institutions	2.03%
JP Morgan Chase & Co	Financial Institutions	2.02%
Wells Fargo & Company	Financial Institutions	1.94%
Wells Fargo & Company Series L	Financial Institutions	1.90%
Southern Company (The)	Utility	1.77%

### Credit Quality



### Diversification by Sector



## Investment Manager Overview – Commodities

As of June 30, 2022

### • Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF

- **Management:** The Fund is managed by Peter Hubbard, David Hemming, and Theodore Samulowitz (collectively, the “Portfolio Managers”). The Portfolio Managers have worked together for over 5 years and have an average of 22+ years of industry experience. The Portfolio Managers are further supported by 3 dedicated commodity analysts as well as 3 strategists.
- **Objective:** The Fund seeks to provide long-term capital appreciation using an investment strategy designed to exceed the performance of a broad commodity index.
- **Strategy:** The Fund invests in commodity-linked futures and other financial instruments that provide economic exposure to a diverse group of the world's most heavily traded commodities. Investments include futures contracts on 14 heavily traded commodities across the energy, precious metals, industrial metals, and agriculture sectors. The Fund invests its collateral in money market instruments and US Treasury Bills with durations shorter than 1 year.

### • PIMCO Commodity Real Return Strategy Fund

- **Management:** The Fund is managed by Greg Sharenow, Steve Rodosky, and Andrew DeWitt (collectively, the “Lead Portfolio Managers”). The Lead Portfolio Managers have on average 20+ years of experience in the industry. The Lead Portfolio Managers are further supported by 3 additional members of the portfolio management team as well as 5 product strategists.
- **Objective:** The Fund seeks maximum real return, consistent with prudent investment management.
- **Strategy:** The Fund invests in commodity-linked futures and swap contracts that provide exposure to commodities across various sectors including energy, precious metals, industrial metals, livestock, and agriculture. The Fund collateralizes those positions with a portfolio primarily composed of US Treasury Inflation Protected Securities with durations shorter than 5 years.

## Portfolio Characteristics

As of June 30, 2022

### Invesco Optimum Yield Diversified Commodity Strategy No K-1 ETF (PDBC)

#### Portfolio Characteristics

Net Assets (\$ millions)	7,797
Gross Expense Ratio	0.64%
Net Expense Ratio	0.62%
30-Day SEC Yield (Subsidized)	0.68%
30-Day SEC Yield (Unsubsidized)	0.48%
Unique Commodities	14
Top Sector	Energy
Weight of Top 10 Holdings	89.31%

#### Top 10 Commodities Holdings

Heating Oil	Energy
Gasoline	Energy
WTI Crude	Energy
Brent Crude	Energy
Natural Gas	Energy
Gold	Precious Metals
Soybeans	Agriculture
Corn	Agriculture
Wheat	Agriculture
Sugar	Agriculture

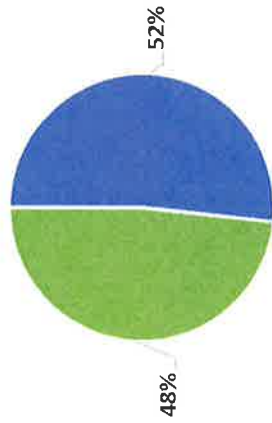
#### Portfolio

17.64%	2.80%	14.84%
15.20%	2.90%	12.30%
12.06%	9.40%	2.66%
11.58%	8.30%	3.28%
6.75%	10.40%	-3.65%
6.25%	13.50%	-7.25%
5.44%	5.40%	0.04%
5.14%	5.20%	-0.06%
4.86%	4.80%	0.06%
4.39%	2.50%	1.89%

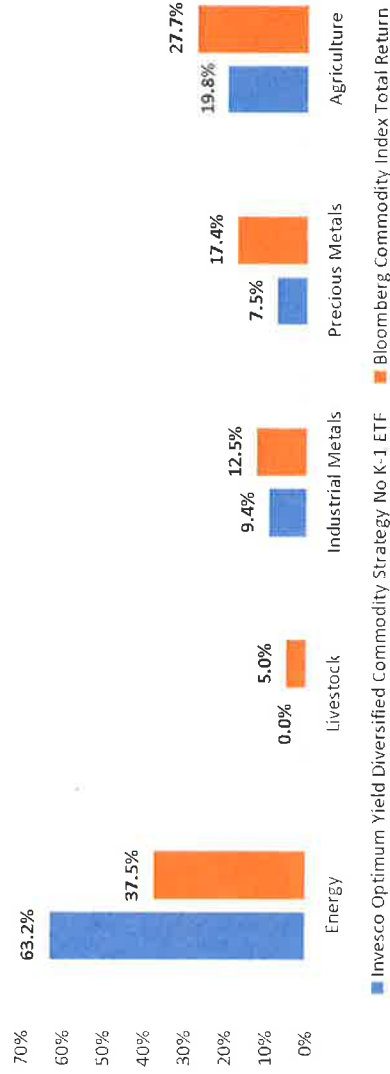
#### Benchmark

Active Weight

#### Collateral Exposure



#### Diversification by Sector vs. Benchmark



## Portfolio Characteristics

PIMCO Commodity Real Return Strategy (PCRIX)

### Portfolio Characteristics

Net Assets (\$ millions)	9,014
Gross Expense Ratio	0.99%
Net Expense Ratio	0.82%
30-Day SEC Yield (Subsidized)	7.62%
30-Day SEC Yield (Unsubsidized)	7.55%
Unique Commodities	26
Top Sector	Energy
Weight of Top 10 Holdings	66.70%
Effective Duration (years)	2.80
Effective Maturity (years)	2.24

### Top 10 Commodities Holdings

Gold	Precious Metals
Natural gas	Energy
WTI crude	Energy
Brent crude	Energy
Soybeans	Agriculture
Corn	Agriculture
Copper	Industrial Metals
Gasoil	Energy
Silver	Precious Metals
Soybean meal	Agriculture

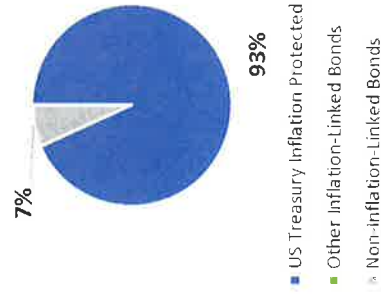
### Portfolio

12.80%	13.50%	Active Weight
10.40%	10.40%	0.00%
10.20%	9.40%	0.80%
7.60%	8.30%	-0.70%
5.80%	5.40%	0.40%
4.60%	5.20%	-0.60%
4.00%	4.10%	-0.10%
3.90%	3.70%	0.20%
3.80%	3.90%	-0.10%
3.60%	3.10%	0.50%

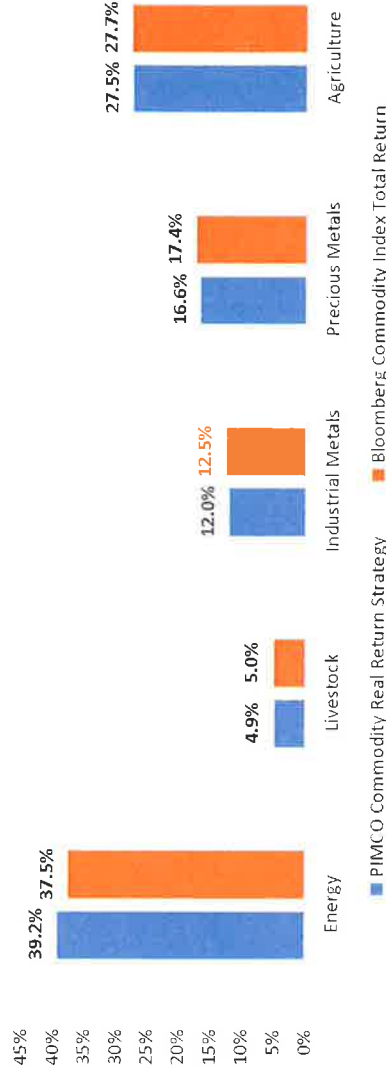
### Benchmark

13.50%	10.40%	13.50%
10.40%	9.40%	10.40%
9.40%	8.30%	9.40%
8.30%	5.40%	8.30%
5.40%	5.20%	5.40%
5.20%	4.10%	5.20%
4.10%	3.70%	4.10%
3.70%	3.90%	3.70%
3.90%	3.10%	3.90%
3.10%		3.10%

### Collateral Exposure



### Diversification by Sector vs. Benchmark



## IMPORTANT DISCLOSURES

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

Investment advisory services are provided by PFM Asset Management LLC ("PFMAM"), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

PFMAM professionals have exercised reasonable professional care in the preparation of this performance report. Information in this report is obtained from sources external to PFMAM and is generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness or suitability. We rely on the client's custodian for security holdings and market values. Transaction dates reported by the custodian may differ from money manager statements. While efforts are made to ensure the data contained herein is accurate and complete, we disclaim all responsibility for any errors that may occur. References to particular issuers are for illustrative purposes only and are not intended to be recommendations or advice regarding such issuers. Fixed income manager and index characteristics are gathered from external sources. When average credit quality is not available, it is estimated by taking the market value weights of individual credit tiers on the portion of the strategy rated by a NRSRO.

It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon certain assumptions and current opinion as of the date of issue and are also subject to change. Some, but not all assumptions are noted in the report. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Opinions and data presented are not necessarily indicative of future events or expected performance.

(<sup>4</sup>) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

For more information regarding PFMAM's services or entities, please visit [www.pfmam.com](http://www.pfmam.com).

© 2022 PFM Asset Management LLC. Further distribution is not permitted without prior written consent.

## Portfolio Update



## SUMMARY

- **PFMAM's Multi-Asset Class Investment Committee (the "Committee") voted to increase commodities exposure while continuing to be defensive by maintaining a cash allocation.**
- **Within domestic equities, the Committee voted to slightly increase exposure to small and mid-caps, given their attractive valuations and their strong relative earnings expectations.**
- **Within international equities, the Committee voted to reduce exposure to certain active managers.**
- **Within fixed income, the Committee voted to opportunistically add to mortgage-backed securities to take advantage of the wider spreads to Treasuries.**

## ASSESSMENT

The war between Russia and Ukraine has had a cascading impact on supply chains globally, especially within the commodity complex. The sanctions against Russia have impacted the global crude oil supply at a time of increased fuel demand resulting from post-covid reopening. At the same time, Europe's heavy reliance on Russia for its natural gas needs has exacerbated the price of natural gas due to the supply going offline. The threat of further sanctions against Russia remains, leading the Committee to believe that the upward pressure on energy prices will persist. Industrial metals' supply has also been impacted by the war, while agricultural commodities have been impacted by disruption to grain and fertilizer supplies. With the risk of a recession increasing, the concern around sustained high demand has impacted the prices recently but the Committee still considers commodities to be attractively priced, especially at a time when the futures curve is in backwardation, adding to portfolio yield. As a result, the Committee voted to further increase the commodities allocation by reducing the tactical cash allocation.

Recent inflation readings in the U.S. have remained elevated so far this year. The earnings expectations for Q2 2022 have been impacted by negative guidance being provided by companies due to increased input costs and higher inflation but the expectations for the full year ahead still look attractive. Small cap and mid cap equities, as measured by S&P SmallCap 600 Index and S&P MidCap 400 Index, are seeing better earnings growth and cheaper valuations compared to large caps, as measured by S&P 500 Index, while also providing lower exposure to non-U.S. revenues and a strong U.S. dollar. As a result, the Committee voted to slightly increase exposure to small and mid-caps within domestic equity.

The U.S. Federal Reserve ("Fed") has stated its hawkish stance and the need to raise rates further to bring down inflation to the 2% target. The latest hike of 75 basis points and the possibility of a similar hike at the next meeting have led market participants to be concerned about an imminent recession. Equity markets have seen increased volatility while credit spreads widened across fixed income markets. This volatility has provided an opportunity within mortgage-backed securities (MBS) with spreads currently at levels higher than they were during the 2020 recession. The Committee believes that the current spread levels look very attractive, especially since mortgage-backed securities are of higher credit quality than investment grade and high yield corporate bonds; as a result, this MBS allocation will act as a hedge against the credit risk in the portfolio during periods of increased stress.

## PORTFOLIO IMPLICATIONS

Following these changes, multi-asset class client portfolios will continue to be underweight equity and fixed income. The Committee finds it prudent to retain the defensive stance at this time given the continued uncertainty and elevated risks to the downside. Amidst this backdrop, the Committee continues to be focused on opportunistically allocating capital to attractive opportunities.

The Committee continues to monitor data for signs of an economic slowdown or peak inflation and will make changes to client portfolios based on economic fundamentals and market outlook.

We appreciate your continued confidence in PFMAM. Should you have any specific questions or wish to discuss this topic in more detail, please contact your client manager directly.

*The information contained in this report is not an offer to purchase or sell any securities. This is for general information purposes only and is not intended to provide specific investment advice or a specific recommendation. PFM Asset Management LLC ("PFMAM") is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM.*

## SUMMARY

- **PFMAM's Multi-Asset Class Investment Committee (the "Committee") has voted to continue de-risking client portfolios due to ongoing uncertainty and increased market volatility.**
- **Amidst higher inflation and rising interest rates, the recent drawdowns in the equity and fixed income markets have led the Committee to further reduce equity and fixed income and move the assets to cash.**

## ASSESSMENT

On February 24<sup>th</sup>, 2022, Russia's invasion of Ukraine marked a significant disruption to commodity supply chains and an upward shift in inflation expectations globally. This came at a time of already high inflation readings in the U.S. on the back of COVID restrictions-led shortages coupled with increased pent-up demand. At its February meeting, the Committee modestly reduced portfolio risk given the higher uncertainty. At that time, the Committee believed that the impact would be modest and short lived since, outside of the commodity sectors, both Russia and Ukraine are relatively small economies and unlikely to trigger a global recession. Since our February de-risking, investor sentiment has continued to deteriorate. Poor investor and consumer sentiment is leading to higher volatility and downward price pressure across all major asset classes, outside of commodities. In addition, with the Federal Reserve being behind the curve in raising interest rates to manage inflation, the risk of an overly aggressive Fed leading to a recession has increased. As a result, the Committee deemed it prudent to further reduce portfolio risk.

Inflation readings in the U.S. have remained high so far this year. For the month of April, CPI (Consumer Price Index) and core CPI (CPI ex food and energy) increased 8.3% (YoY) and 6.2% (YoY), respectively. The recent COVID related lockdowns in China have reaggravated the stabilizing supply chains, continuing supply disruptions. The Committee expects the China disruptions to be short-term and that we are nearing peak-inflation in the U.S. due to higher base effect and stabilizing wage growth – average hourly earnings for all employees on private nonfarm payrolls increased by 0.3% during April, lower than the 0.5% increase in March.

Economic fundamentals in the U.S. remain positive with the unemployment rate at 3.6%, ISM manufacturing PMI (Purchasing Manager's Index) at 55.4 (a reading over 50 refers to expansion) and ISM services PMI at 57.1. According to FactSet earnings insight, expected 2022 earnings growth for S&P 500 Index is currently at 10.1%. All the indicators point to a slowdown in economic activity compared to 2021 but the Committee does not view the economy as entering a phase of contraction.

While the Fed has reacted to the rising inflation, the concern the Fed is behind the curve in tamping down inflation and that the U.S. economy is heading into a recession has weighed heavily on the market performance recently. As of 5/13/2022, equity markets have sold off with the S&P 500 and MSCI ACWI ex USA indices down 15.13% and 15.71%, respectively, since the beginning of the year. The rise in the 10-year Treasury yield from 1.52% to 2.93% has led to -9.71% return for the Bloomberg Aggregate Bond Index. During this time, credit spreads widened slightly across investment grade (Bloomberg US Corporate Bond Index spread rose from 92 basis points over 10-year Treasury to 141 basis points) and high yield markets (Bloomberg US Corporate High Yield Index spread rose from 283 basis points over 10 Year Treasury to 452 basis points).

In addition to de-risking in February, the Committee has now voted to further reduce risk across equity and fixed income due to continued uncertainty and market sell-off. While the economic fundamentals remain positive, the Committee views that we are nearing a bear market (down 20%) in domestic equities and could remain in a prolonged period of increased volatility until there is greater clarity on the effectiveness of monetary policy on reigning in inflation. Risks are elevated and any surprise to the downside can lead to a further sell-off in the markets. Some of the risks impacting global growth are rising inflation within Europe creating a slowdown due to higher commodity prices and disruption to energy supply, production headwinds in China due to zero COVID policy, rising food inflation globally and continued shock to supply chains.

As a part of de-risking, the Committee voted to reduce exposure to domestic and international equities leading to a further underweight to equities. For clients with a dedicated allocation to international small cap, the Committee voted to remove the allocation to help reduce the risk exposure of the asset class. For fixed income, the allocation was reduced further to increase the underweight vs. policy target and for those clients with a dedicated allocation to emerging market debt, it was removed. Each of the moves seek to reduce the overall risk profile of multi-asset class portfolios. The proceeds from the reduction to equity and fixed income will be allocated to cash to provide downside protection.

## PORTFOLIO IMPLICATIONS

The Committee discussed the implications of the Fed's monetary policy stance considering the higher inflation readings, Russia-Ukraine War disruptions, ongoing supply chain issues, and China's COVID shutdowns and believes that the risks to the downside are elevated. As a result, the Committee voted to reduce risk in client portfolios by reducing exposure to risk assets across multi-asset portfolios. This risk reduction will result in lower exposure to equities and fixed income, in general, and removal of international small cap equities and emerging market debt for clients with a dedicated allocation. The shift in allocation from risk assets to cash reflects the Committee's view to be defensive in an increasingly volatile and uncertain market environment.

We appreciate your continued confidence in PFMAM. Should you have any specific questions or wish to discuss this topic in more detail, please contact your client manager directly.

*The information contained in this report is not an offer to purchase or sell any securities. This is for general information purposes only and is not intended to provide specific investment advice or a specific recommendation. PFM Asset Management LLC ("PFMAM") is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM.*

**CHINO VALLEY INDEPENDENT FIRE DISTRICT  
STAFF REPORT**

**DATE: AUGUST 17, 2022**

**TO: SECTION 115 TRUST INVESTMENT COMMITTEE**

**FROM: DAVE WILLIAMS, FIRE CHIEF**

**SUBJECT: DISCUSSION OF FISCAL YEAR END TRUST REPORTING AND AUDIT  
REQUIREMENTS**

**PURPOSE:**

Purpose is for the Committee to discuss the timing for the June 30, 2022 fiscal year end audit of the 115 Retirement Trust, as well as for delivery of the annual report to the District's Board of Directors.

**DISCUSSION:**

The 115 Retirement Trust bylaws require that an annual report of the Trust be made within 90 days of fiscal year end to the District's Board of Directors. The bylaws also require that an annual independent audit of the Trust be conducted. The Trust's fiscal year end is June 30.

The annual audit for the 115 Retirement Trust will be incorporated into the District's annual audit. The fieldwork portion of the audit will be completed in early October, and it is anticipated that the final audit report will be released in either November or December.

**RECOMMENDATION:**

It is recommended that the 115 Trust Committee review and discuss the timing for the June 30, 2022 fiscal year end audit of the 115 Retirement Trust, as well as for the required annual report to the District's Board of Directors.

**CHINO VALLEY INDEPENDENT FIRE DISTRICT  
STAFF REPORT**

**DATE: AUGUST 17, 2022**

**TO: SECTION 115 TRUST INVESTMENT COMMITTEE**

**FROM: DAVE WILLIAMS, FIRE CHIEF**

**SUBJECT: CHINO VALLEY FIRE DISTRICT SECTION 115 TRUST ANNUAL  
REPORT**

**PURPOSE:**

Purpose is to review and discuss the Draft 2021-22 Annual Report for the Section 115 Trust.

**DISCUSSION:**

**115 Trust Annual Report**

The 115 Trust bylaws require that an annual report of the Trust be presented to the District's Board of Directors within 90 days of fiscal year-end. The Trust's fiscal year end coincides with that of the District at June 30. A total of \$5 million was invested in the 115 Trust at the end of April 2017. Additional deposits totaling \$1,417,137, including \$867,137 last fiscal year, have been contributed to the Trust since the initial deposit.

PFM is the Trust Administrator and also serves as the investment advisor. The five-member 115 Trust Investment Committee, comprised of District management and staff, meets quarterly to review Trust performance and discuss Trust management with PFM.

Based on a target mix of 60% equities and 40% bonds, and an assumed annual rate of return on investment of 5.5%, the Trust account balance at June 30, 2022 amounted to about \$7.8 million, compared to about \$8.1 million at June 30, 2021.

As indicated on page 8 of the attached Annual Report, the annual rate of return for FY22 was -13.7%, compared to a policy benchmark of -13.6%. Since inception through June 30 2022, as indicated on page 8, the annualized rate of return amounted to 5.1%, versus a benchmark of 4.6%.

The attached draft annual report will be reviewed with the Finance Committee and a representative from PFM will be in attendance at the September Board Meeting to present to the full Board.



**RECOMMENDATION:**

It is recommended that the Finance Committee review and discuss the Draft Annual Report for the Chino Valley Fire District Section 115 Trust and provide direction to staff.

**ATTACHMENTS:**

Draft FY21-22 Annual Report



# Chino Valley Fire District

Board Presentation  
Section 115 Trust Annual Report  
Fiscal Year 2021-2022

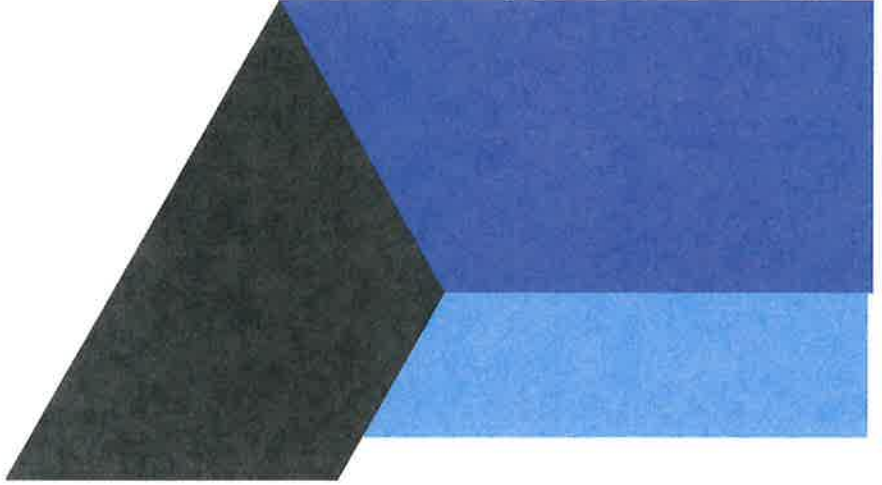
September 14, 2022

415.393.7225

**pfmam.com**

Ellen Clark, Director

*PFM Asset Management LLC*  
*NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE*



# Purpose and Performance Objective of CVFD Section 115 Trust

- ▶ **Purpose:** Provide funding of District retirement benefits provided by CalPERS for eligible employees.
- ▶ **Performance Objective:** Over five years or longer, achieve an average total annual rate of return that is equal to or greater than the Trust's stated total return objective of 5.5%.

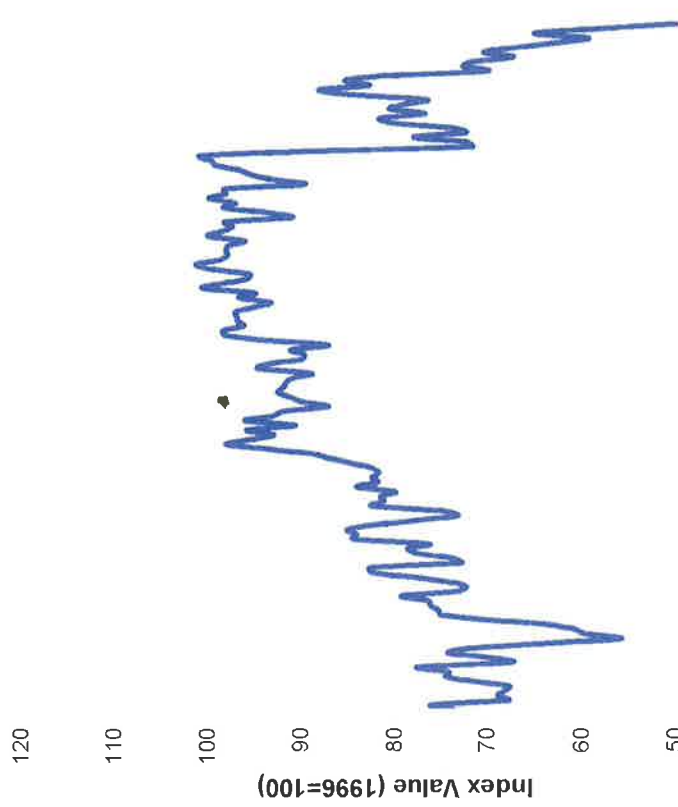
## Target Asset Allocation

PFM 60/40 Model	
<b>Equity</b>	<b>60.0%</b>
Domestic Equity	39.0%
International Developed Equity	15.0%
Emerging Markets Equity	6.0%
<b>Fixed Income</b>	<b>40.0%</b>
Core Fixed Income	20.0%
Investment Grade Corporate	10.0%
Emerging Markets Debt	5.0%
High Yield	5.0%
<b>Intermediate-Term Assump. (5 Years)</b>	
Expected Return	4.7%
Standard Deviation	10.6%
Return / Standard Deviation	0.45
Probability of 5.5% Return	46.7%
<b>Long-Term Assump. (30 Years)</b>	
Expected Return	6.4%
Standard Deviation	10.6%
Return / Standard Deviation	0.61
Probability of 5.5% Return	73.4%

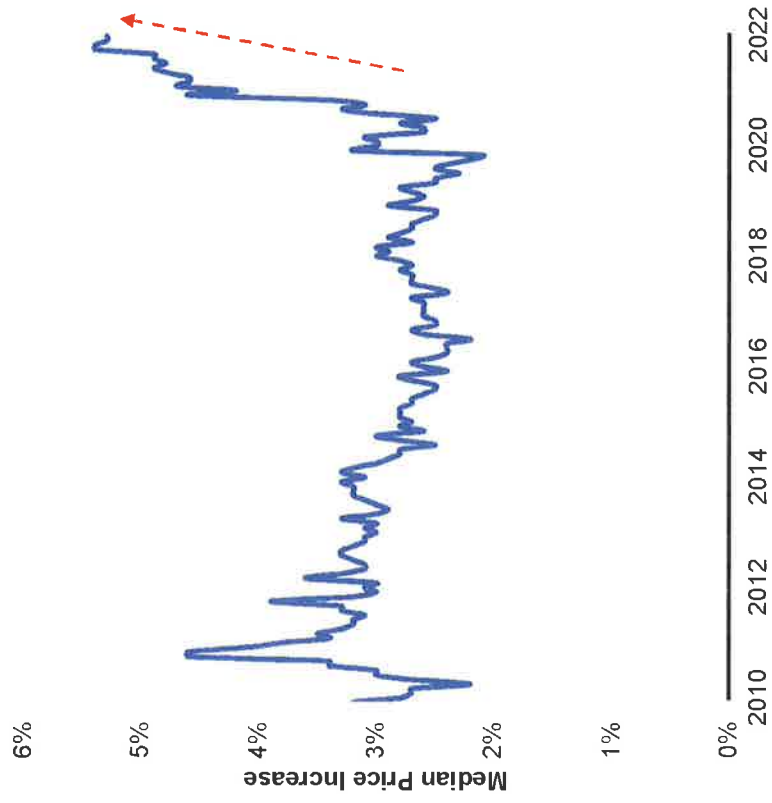


# Inflation Pressures Shake Consumer Confidence

Index of Consumer Sentiment



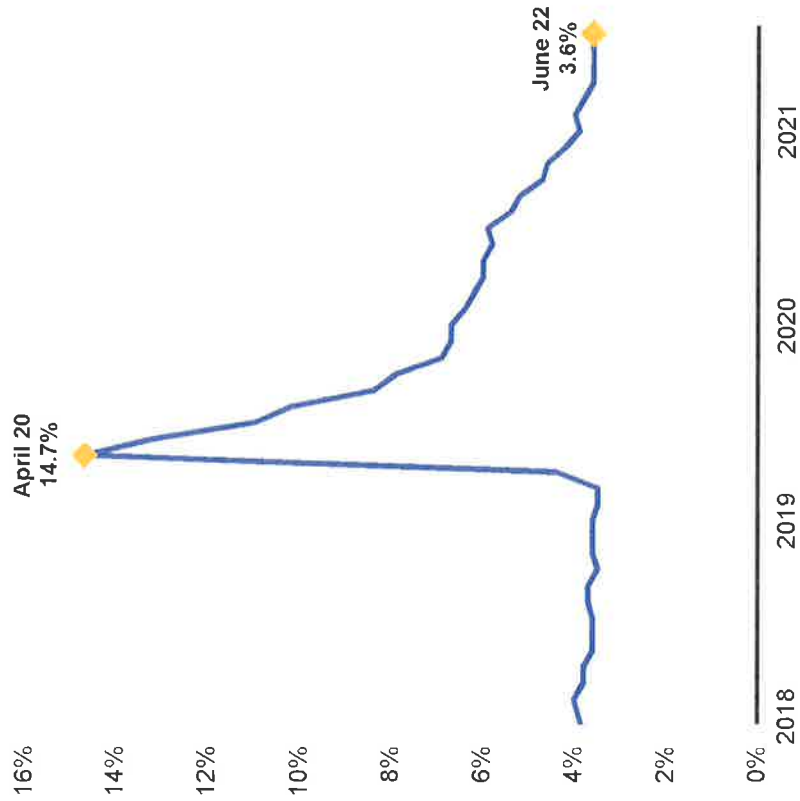
Expected Change in Prices During Next Year



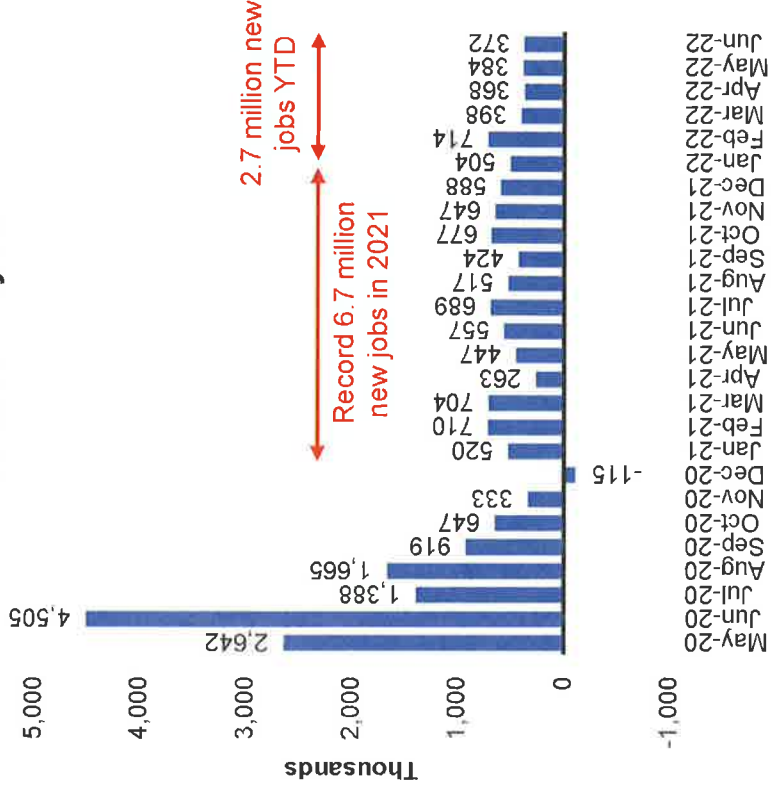
Source: Bloomberg, University of Michigan Consumer Sentiment and underlying index components, as of June 2022.

# A Positive: Unemployment Rate Remains at 3.6% Added 372,000 Jobs in June

### Unemployment Rate

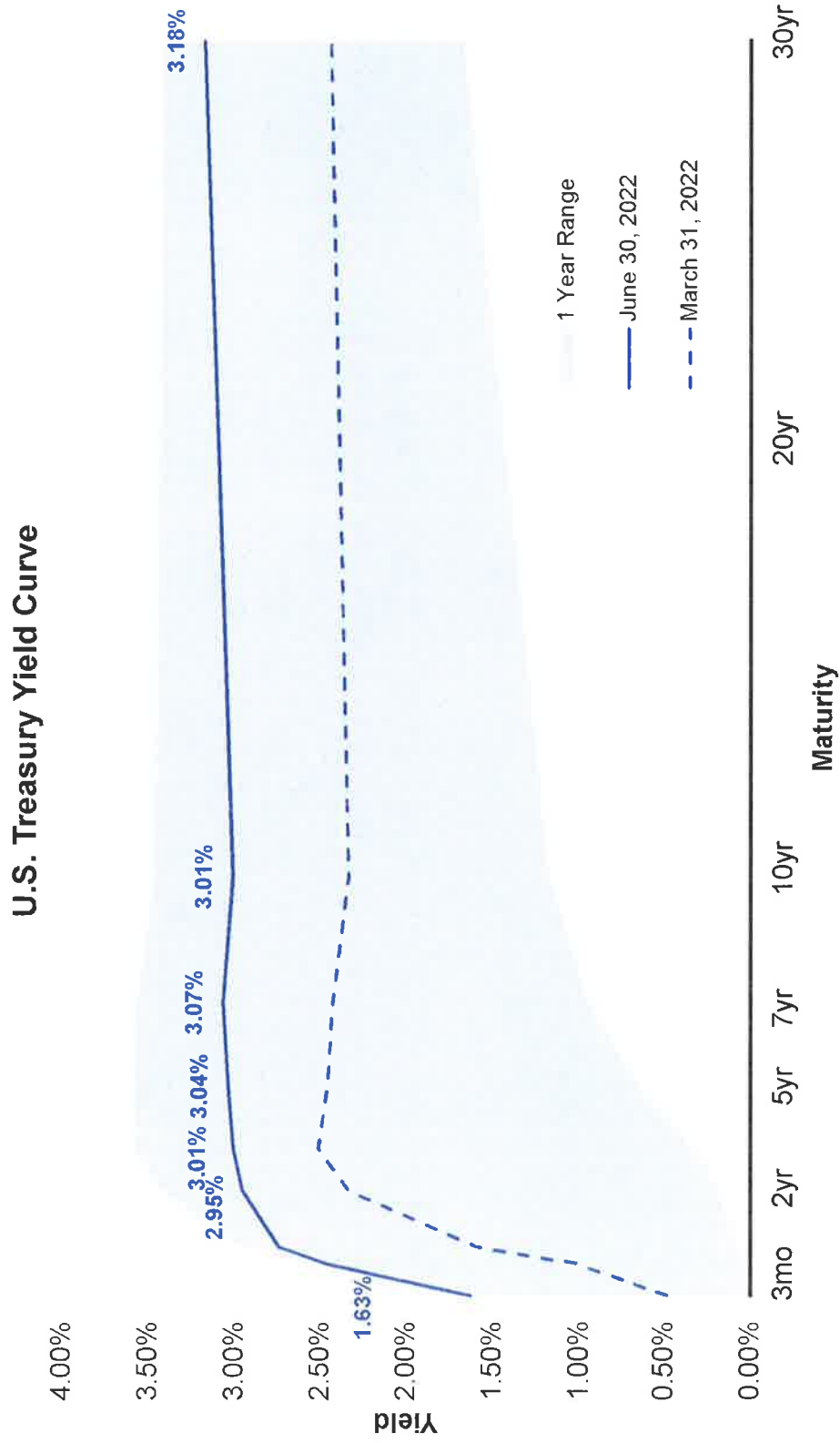


### Monthly Change In Nonfarm Payrolls



Source: Bloomberg, as of June 2022. Data is seasonally adjusted.

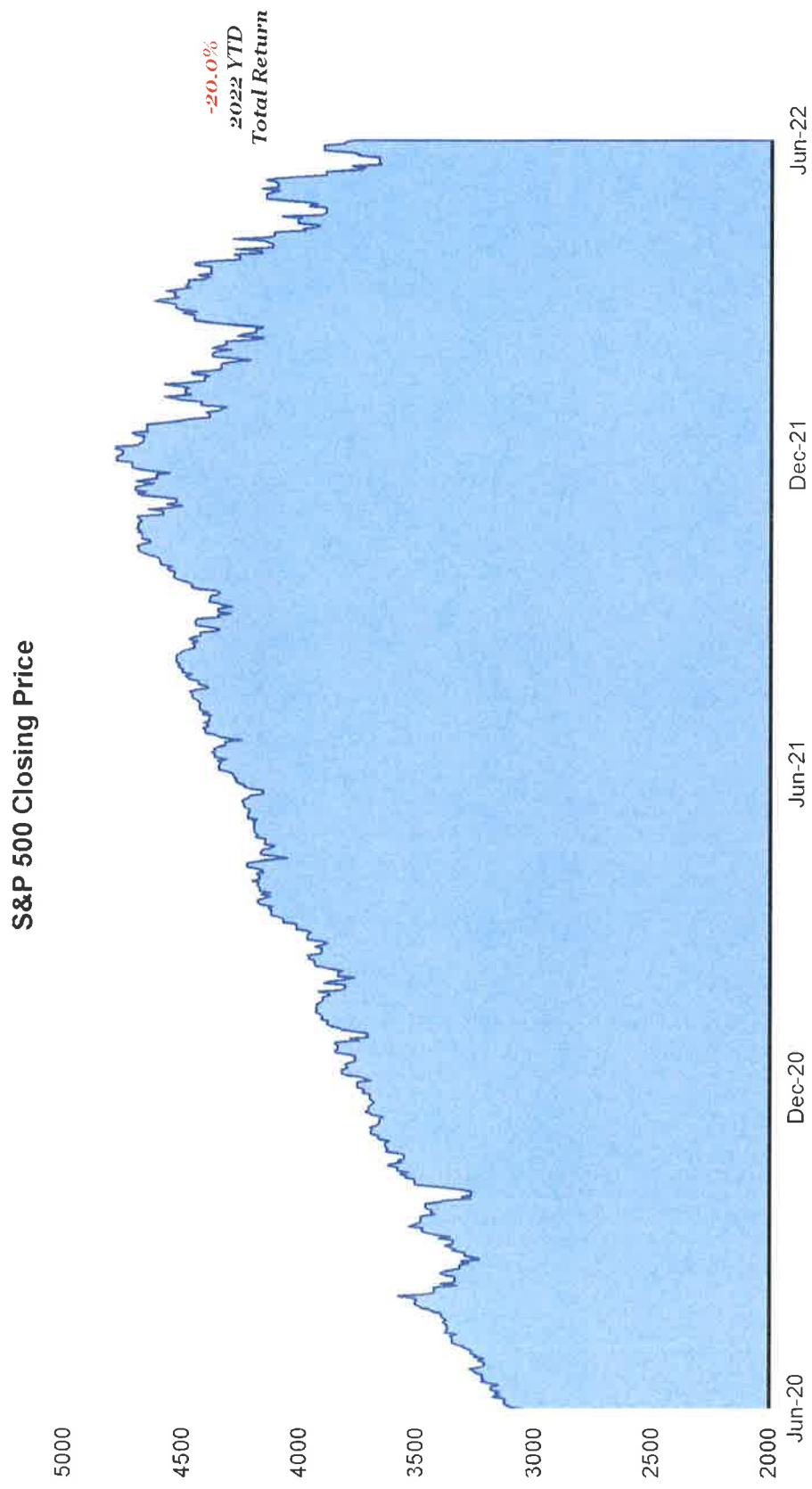
# Treasury Curve: Flat or Inverted?



Source: Bloomberg, as of 6/30/2022.



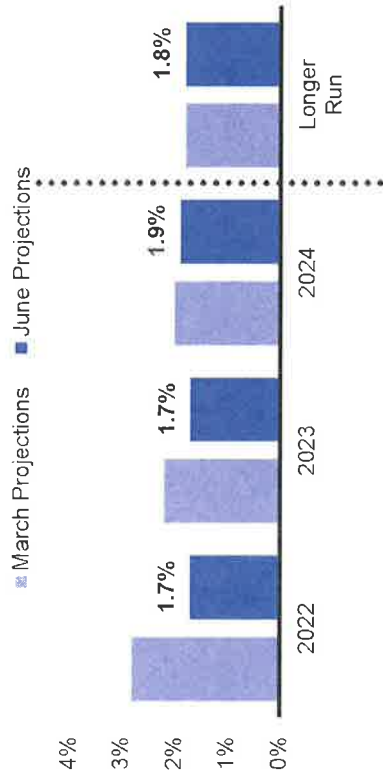
# Stock Market: Where do we go from here?



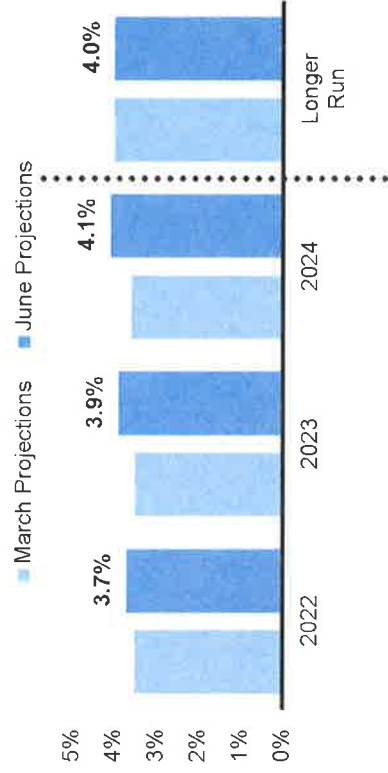
Source: Bloomberg, as of 6/30/2022.

# Fed's Projections More Contractionary Following Aggressive Normalization

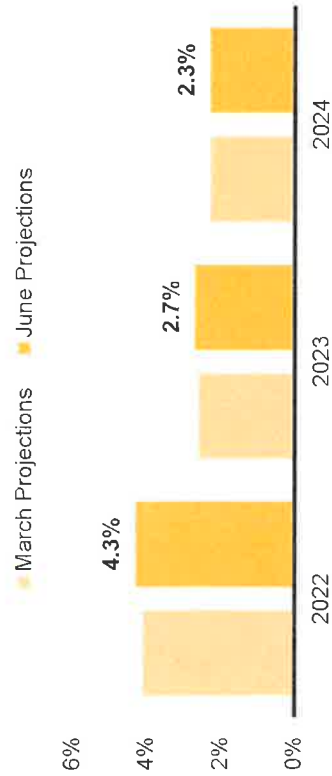
**Change in Real GDP**



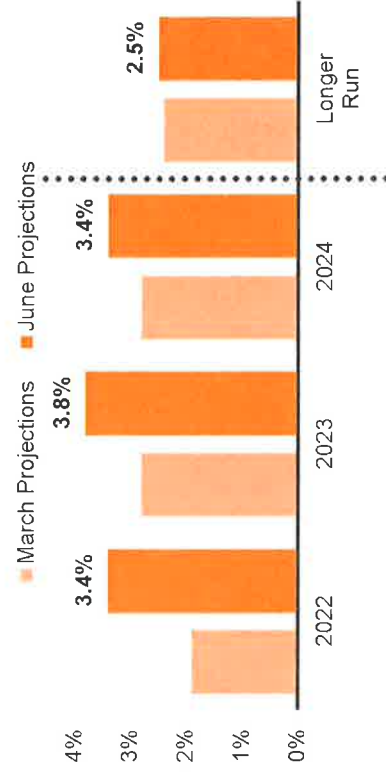
**Unemployment Rate**



**Core PCE Inflation**



**Federal Funds Rate**



Source: Federal Reserve, latest economic projections as of June 2022.



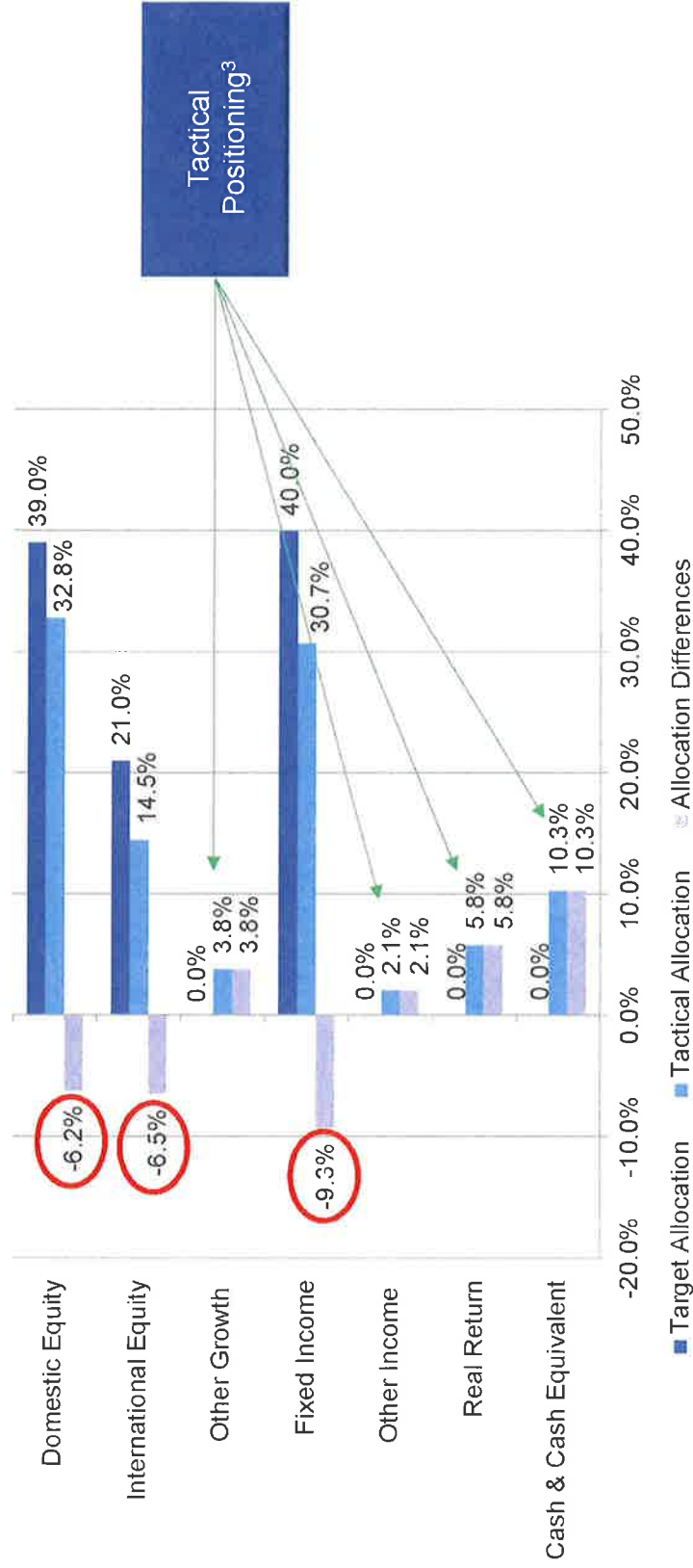
# Equity and Fixed Income Market Indices

Market Index Performance as of 6/30/2022						
DOMESTIC EQUITY	QTD	YTD	1 Year	3 Years	5 Years	
S&P 500	-16.1%	-20.0%	-10.6%	10.6%	11.3%	
Russell 1000 Index	-16.7%	-20.9%	-13.1%	10.1%	11.0%	
Russell 2000 Index	-17.2%	-23.4%	-25.2%	4.2%	5.2%	
Russell 3000 Index	-16.7%	-21.1%	-13.9%	9.8%	10.6%	
INTERNATIONAL EQUITY	QTD	YTD	1 Year	3 Years	5 Years	
MSCI EAFE (net)	-14.5%	-19.6%	-17.8%	1.1%	2.2%	
MSCI AC World ex USA (Net)	-13.7%	-18.4%	-19.4%	1.4%	2.5%	
MSCI EM (net)	-11.5%	-17.6%	-25.3%	0.6%	2.2%	
ALTERNATIVES	QTD	YTD	1 Year	3 Years	5 Years	
FTSE NAREIT Equity REIT Index	-17.0%	-20.2%	-6.3%	4.0%	5.3%	
Bloomberg Commodity Index Total Return	-5.7%	18.4%	24.3%	14.3%	8.4%	
FIXED INCOME	QTD	YTD	1 Year	3 Years	5 Years	
Bimbg. Barc. U.S. Aggregate	-4.7%	-10.3%	-10.3%	-0.9%	0.9%	
Bimbg. Barc. Global Aggregate Ex USD	-11.0%	-16.5%	-18.8%	-5.1%	-1.8%	
Bimbg. Barc. U.S. Corp. High Yield	-9.8%	-14.2%	-12.8%	0.2%	2.1%	

Source: Investment Metrics, as of June 30, 2022

# Portfolio Update as of June 30, 2022

	Quarter	1 Year	3 Year	Since Inception <sup>1</sup>	Assets as of June 30, 2022
<b>Section 115 Performance</b>	<b>-11.4%</b>	<b>-13.7%</b>	<b>3.8%</b>	<b>5.1%</b>	<b>\$7,814,063</b>
<b>Benchmark Performance<sup>2</sup></b>	<b>-11.4%</b>	<b>-13.6%</b>	<b>3.0%</b>	<b>4.6%</b>	



1. PFMAM began managing this portfolio in April 2017.  
 2. Blended benchmark consists of 39% Russell 3000 Index, 21% MSCI AC World Ex USA (net), 49% Bloomberg US Aggregate.  
 3. As of June 30, 2022



# PFMAM Investment Sentiment Overview

Asset Class	Our Q3 2022 Investment Outlook	Comments
<b>U.S. Equities</b> Large-Caps Mid-Caps Small-Caps		<ul style="list-style-type: none"> <li>Elevated inflation, tightening Fed and slowing economic data point to increased uncertainty leading us to underweight equities.</li> <li>Pressure on corporate profit margin is a risk if companies cannot pass along higher input material and labor costs. We are closely watching earnings expectations for sustained deterioration.</li> <li>Valuations for small- and mid-caps look relatively attractive supported by earnings growth and domestically oriented revenue exposure.</li> </ul>
<b>Non-U.S. Equities</b> Developed Markets Emerging Markets International Small-Caps		<ul style="list-style-type: none"> <li>International equities continue to trade at a discount to U.S. equities, but concerns over the outlook for European economies amidst higher inflation and low rates point to possible stagnation.</li> <li>EM equities ex-China trade at a discount to both developed markets and long-term averages and are a possible opportunity as visibility improves.</li> <li>International small caps provide exposure to local revenue streams and add value over the long-term but have higher exposure to negative earnings over the short-term.</li> </ul>
<b>Fixed Income</b> Long-Duration, Interest Rate-Sensitive Sectors Credit-Sensitive Sectors		<ul style="list-style-type: none"> <li>High inflation and slowing economic growth weigh on the Fed rate hike path, leading to higher uncertainty for interest rates in the U.S.</li> <li>Corporate spreads have widened slightly but credit markets remain attractive relative to interest rate sensitive fixed income due to strong corporate fundamentals.</li> <li>We continue to seek diversified credit exposure and are closely watching signs for any distress in the corporate credit space.</li> </ul>
<b>Alternatives</b> Real Estate Private Equity Private Debt Commodities		<ul style="list-style-type: none"> <li>Reasonable valuations and income potential that acts as inflation-hedge are positives for real estate but economic slowdown is a negative.</li> <li>Private equity and debt strategies can complement multi-asset class portfolios by providing access to attractive opportunities during periods of disruption but will be impacted by rising rates and any distress in credit markets.</li> <li>Commodity prices are supported by supply disruptions due to the war between Russia and Ukraine.</li> </ul>



● Current outlook ○ Outlook one quarter ago

1. As of June 30, 2022



# Factors to Consider Over the Next 6-12 Months

## Monetary Policy:



- The Fed is expected to be more aggressive in raising rates than anticipated, due to higher inflation, while also reducing the balance sheet
- Uncertainty around the rate hike path is weighing on risk assets.
- Globally, inflation continues to drive most central banks towards hiking rates.

## Economic Growth:



- Risk of recession in the next 12-18 months is rising as inflation remains elevated impacting growth expectations globally.
- Strong consumer and corporate balance sheets along with tight labor markets are positive for growth while tighter monetary policy impedes continued growth.

## Inflation:



- High current inflation remains a concern. While we expect inflation to moderate over the next few months, the risk is that inflation becomes embedded in the economy.
- Overly aggressive monetary policy driven by inflation remains a risk to the economy and asset prices.

## COVID-19 Containment:



- Pockets of vulnerability remain as new strains spread but we believe we are transitioning from pandemic to endemic.
- China's COVID zero policy has global supply chain ramifications and needs to be closely watched.

## Consumer Spending (U.S.):



- Consumer sentiment is at all-time low.
- Consumer balance sheets are still healthy but the saving rate is falling, as is personal consumption growth.

## Labor Markets:



- Labor markets remain relatively strong but softening.
- Labor force participation rate is expected to go up as higher inflation weighs on consumers' real disposable income.

## Corporate Fundamentals:



- Earnings growth expectations have not drastically deteriorated yet, but the impact of rising input costs and higher inflation could erode profit margins.

## Valuations:



- Equities look attractive across the board after the recent sell-off but elevated downside risks lead to a cautious approach.
- Credit markets look attractive after recent spread widening especially as corporate fundamentals still look strong.

## Political Risks:



- The war in Ukraine has increased political risk. We expect globalization to continue to slow which further adds to global political risk.
- In the near-term, the threat of continued war with some spillover effects is negative to risk assets.



○ Outlook one quarter ago

Stance Unfavorable to Risk Assets

Negative

Slightly Negative

Neutral

Slightly Positive

Positive

Stance Favorable to Risk Assets



1. As of June 30, 2022



# Appendix



# Allocation and Performance

As of June 30, 2022

	Allocation		Performance(%)					Inception Date	
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years		Since Inception
<b>CVFD - Section 115 Trust - Total Fund</b>	<b>7,814,063</b>	<b>100.00</b>	<b>-11.39</b>	<b>-16.75</b>	<b>-13.65</b>	<b>3.78</b>	<b>4.94</b>	<b>5.10</b>	<b>05/01/2017</b>
<i>Policy Benchmark</i>			<i>-11.36</i>	<i>-16.26</i>	<i>-13.61</i>	<i>3.01</i>	<i>4.47</i>	<i>4.64</i>	<i>05/01/2017</i>
<b>Domestic Equity</b>	<b>2,564,564</b>	<b>32.82</b>	<b>-16.77</b>	<b>-21.11</b>	<b>-14.14</b>	<b>10.15</b>	<b>10.77</b>	<b>10.82</b>	<b>05/01/2017</b>
<i>Russell 3000 Index</i>			<i>-16.70</i>	<i>-21.10</i>	<i>-13.87</i>	<i>9.77</i>	<i>10.60</i>	<i>10.65</i>	<i>05/01/2017</i>
<b>PFM Multi-Manager Domestic Equity Fund</b>	<b>2,564,564</b>	<b>32.82</b>	<b>-16.33</b>	<b>-20.67</b>	<b>-13.26</b>	<b>9.70</b>	<b>N/A</b>	<b>8.17</b>	<b>09/01/2018</b>
<i>Russell 3000 Index</i>			<i>-16.70</i>	<i>-21.10</i>	<i>-13.87</i>	<i>9.77</i>	<i>10.60</i>	<i>8.10</i>	<i>09/01/2018</i>
<b>Vanguard Total Stock Market ETF - 59.7%</b>			<b>-16.85</b>	<b>-21.38</b>	<b>-14.24</b>	<b>9.62</b>	<b>10.52</b>	<b>7.69</b>	<b>02/01/2020</b>
<i>Russell 3000 Index</i>			<i>-16.70</i>	<i>-21.10</i>	<i>-13.87</i>	<i>9.77</i>	<i>10.60</i>	<i>7.83</i>	<i>02/01/2020</i>
<b>Vaughan Nelson Select - 12.0% (*)</b>			<b>-15.46</b>	<b>-17.56</b>	<b>-3.10</b>	<b>14.61</b>	<b>N/A</b>	<b>12.63</b>	<b>06/01/2018</b>
<b>Nuance All Cap Value - 11.2% (*)</b>			<b>-10.28</b>	<b>-9.42</b>	<b>-6.30</b>	<b>8.17</b>	<b>N/A</b>	<b>9.35</b>	<b>06/01/2018</b>
<i>Russell 3000 Index</i>			<i>-16.70</i>	<i>-21.10</i>	<i>-13.87</i>	<i>9.77</i>	<i>10.60</i>	<i>8.10</i>	<i>09/01/2018</i>
<b>Aristotle Atlantic Core Equity - 7.5% (*)</b>			<b>-17.22</b>	<b>-22.87</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-20.53</b>	<b>11/01/2021</b>
<i>Russell 3000 Index</i>			<i>-16.70</i>	<i>-21.10</i>	<i>-13.87</i>	<i>9.77</i>	<i>10.60</i>	<i>-19.24</i>	<i>11/01/2021</i>
<b>Champlain Mid Cap Core - 4.5% (*)</b>			<b>-19.36</b>	<b>-28.02</b>	<b>-21.14</b>	<b>7.13</b>	<b>7.02</b>	<b>8.87</b>	<b>06/01/2018</b>
<i>S&amp;P MidCap 400</i>			<i>-15.42</i>	<i>-19.54</i>	<i>-14.64</i>	<i>6.87</i>	<i>7.02</i>	<i>4.37</i>	<i>09/01/2018</i>
<b>Jacobs Levy Small Cap - 4.6% (*)</b>			<b>-14.05</b>	<b>-17.84</b>	<b>-11.86</b>	<b>12.74</b>	<b>N/A</b>	<b>11.12</b>	<b>05/01/2019</b>
<i>S&amp;P SmallCap 600</i>			<i>-14.11</i>	<i>-18.94</i>	<i>-16.81</i>	<i>7.30</i>	<i>7.20</i>	<i>6.25</i>	<i>05/01/2019</i>
<b>International Equity</b>	<b>1,133,479</b>	<b>14.51</b>	<b>-14.64</b>	<b>-23.51</b>	<b>-24.00</b>	<b>1.27</b>	<b>2.64</b>	<b>3.23</b>	<b>05/01/2017</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-13.73</i>	<i>-18.42</i>	<i>-19.42</i>	<i>1.35</i>	<i>2.50</i>	<i>3.11</i>	<i>05/01/2017</i>
<b>PFM Multi-Manager International Equity Fund</b>	<b>1,133,479</b>	<b>14.51</b>	<b>-14.08</b>	<b>-22.57</b>	<b>-22.47</b>	<b>0.80</b>	<b>N/A</b>	<b>0.82</b>	<b>09/01/2018</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-13.73</i>	<i>-18.42</i>	<i>-19.42</i>	<i>1.35</i>	<i>2.50</i>	<i>1.33</i>	<i>09/01/2018</i>
<b>iShares Core MSCI Total Intl Stock ETF - 40.3%</b>			<b>-13.17</b>	<b>-18.64</b>	<b>-19.54</b>	<b>1.74</b>	<b>2.70</b>	<b>0.39</b>	<b>02/01/2020</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-13.73</i>	<i>-18.42</i>	<i>-19.42</i>	<i>1.35</i>	<i>2.50</i>	<i>0.01</i>	<i>02/01/2020</i>
<b>WCM Focused Growth International - 7.8% (*)</b>			<b>-17.67</b>	<b>-31.13</b>	<b>-26.83</b>	<b>N/A</b>	<b>N/A</b>	<b>4.43</b>	<b>12/01/2019</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-13.73</i>	<i>-18.42</i>	<i>-19.42</i>	<i>1.35</i>	<i>2.50</i>	<i>0.60</i>	<i>12/01/2019</i>
<b>Ninety One Intl Dynamic Equity - 13.0% (*)</b>			<b>-13.37</b>	<b>-22.37</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-19.31</b>	<b>12/01/2021</b>
<i>MSCI AC World ex USA (Net)</i>			<i>-13.73</i>	<i>-18.42</i>	<i>-19.42</i>	<i>1.35</i>	<i>2.50</i>	<i>-15.05</i>	<i>12/01/2021</i>
<b>Acadian Non-U.S. Equity - 13.3% (*)</b>			<b>-13.92</b>	<b>-18.47</b>	<b>-16.92</b>	<b>N/A</b>	<b>N/A</b>	<b>1.00</b>	<b>01/01/2020</b>
<i>MSCI EAFE (net)</i>			<i>-14.51</i>	<i>-19.57</i>	<i>-17.77</i>	<i>1.07</i>	<i>2.20</i>	<i>-1.42</i>	<i>01/01/2020</i>
<b>Aristotle International Equity - 13.1% (*)</b>			<b>-15.17</b>	<b>-23.97</b>	<b>-17.31</b>	<b>4.39</b>	<b>N/A</b>	<b>4.54</b>	<b>06/01/2018</b>
<i>MSCI EAFE (net)</i>			<i>-14.51</i>	<i>-19.57</i>	<i>-17.77</i>	<i>1.07</i>	<i>2.20</i>	<i>0.99</i>	<i>09/01/2018</i>
<b>Kayne Anderson International Small Cap - 1.0% (*)</b>			<b>-17.59</b>	<b>-31.08</b>	<b>-29.39</b>	<b>N/A</b>	<b>N/A</b>	<b>-25.12</b>	<b>05/01/2021</b>
<i>MSCI AC World ex USA Small Cap (Net)</i>			<i>-17.55</i>	<i>-22.92</i>	<i>-22.45</i>	<i>2.94</i>	<i>2.55</i>	<i>-18.42</i>	<i>05/01/2021</i>
<b>Schroders Global Emerging Markets - 11.0% (*)</b>			<b>-13.50</b>	<b>-20.76</b>	<b>-28.81</b>	<b>N/A</b>	<b>N/A</b>	<b>-1.90</b>	<b>01/01/2020</b>
<i>MSCI EM (net)</i>			<i>-11.45</i>	<i>-17.63</i>	<i>-25.28</i>	<i>0.57</i>	<i>2.18</i>	<i>-2.04</i>	<i>01/01/2020</i>

# Allocation and Performance

As of June 30, 2022

	Allocation		Performance(%)					Inception Date	
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years		Since Inception
Other Growth	295,061	3.78	-14.56	-19.18	-10.96	N/A	N/A	-0.74	04/01/2021
Cohen & Steers Inst Realty Shares	149,568	1.91	-13.41	-18.56	-4.56	7.45	8.28	5.46	04/01/2021
Principal RE Securities Inst Fund	145,482	1.86	-15.71	-20.08	-6.98	5.36	7.30	3.43	04/01/2021
MSCI US REIT Index			-16.95	-20.32	-6.41	4.03	5.30	3.83	04/01/2021
Fixed Income	2,400,578	30.72	5.88	-11.16	-11.24	-0.93	0.88	1.00	05/01/2017
Bimbg. U.S. Aggregate			-4.69	-10.35	-10.29	-0.94	0.68	0.98	05/01/2017
PFM Multi-Manager Fixed-Income Fund	2,400,578	30.72	-5.81	-11.12	-11.14	-0.83	N/A	1.01	09/01/2018
Bimbg. U.S. Aggregate			-4.69	-10.35	-10.29	-0.94	0.68	1.07	09/01/2018
PGIM Core Fixed - 30.9% (*)			-5.49	-11.50	-11.36	-0.78	N/A	1.30	06/01/2018
TIAA Core Fixed - 33.6% (*)			-5.46	-11.13	-11.13	-0.47	N/A	1.50	06/01/2018
Bimbg. U.S. Aggregate			-4.69	-10.35	-10.29	-0.94	0.68	1.07	09/01/2018
iShares Core U.S. Aggregate Bond ETF - 0.7%			-4.67	-10.26	-10.29	-0.98	0.83	-8.08	05/01/2021
Bimbg. U.S. Aggregate			-4.69	-10.35	-10.29	-0.94	0.68	-8.08	05/01/2021
iShares MBS ETF - 7.7%			-3.92	-8.73	-9.07	-1.48	0.29	N/A	07/01/2022
Bimbg. U.S. Mortgage Backed Securities			-4.01	-8.78	-9.03	-1.44	0.36	N/A	07/01/2022
PineBridge IG Credit - 4.2% (*)			-7.19	-14.09	-14.00	0.80	N/A	3.00	06/01/2018
Bimbg. U.S. Credit Index			-6.90	-13.81	-13.64	-1.00	1.24	1.47	09/01/2018
Brown Bros. Harriman Structured - 9.8% (*)			-1.96	-4.02	-3.30	0.99	N/A	1.97	06/01/2018
ICE BofAML Asset-Bckd Fxd & Fltng Rate A.A-BBB Idx			-2.08	-5.45	-5.46	1.51	1.60	1.45	09/01/2018
SPDR Blackstone Senior Loan ETF - 7.3%			-5.79	-6.42	-5.46	1.51	2.32	-6.53	02/01/2022
Credit Suisse Leveraged Loan Index			-4.35	-4.45	-2.68	2.03	2.97	-4.79	02/01/2022
Brandywine Global High Yield - 2.9%			-9.51	-13.23	-11.95	2.93	4.76	-1.40	10/01/2020
Bimbg. Ba to B U.S. High Yield			-9.40	-13.90	-12.43	0.49	2.35	-2.69	10/01/2020
MainStay Mackay High Yield Corp Bond Fund - 2.9%			-7.93	-10.88	-9.73	0.98	2.57	-8.05	06/01/2021
ICE BofAML High Yield Master II			-9.99	-14.05	-12.69	-0.05	1.95	-10.66	06/01/2021
Other Income	162,559	2.08	-8.69	-15.05	N/A	N/A	N/A	-13.45	09/01/2021
iShares Preferred and Income Securities ETF	162,559	2.08	-8.75	-15.08	-12.81	1.06	1.67	-13.48	09/01/2021
ICE Exchange-Listed Preferred & Hybrid Securities			-8.56	-14.88	-12.36	1.75	N/A	-13.19	09/01/2021
Real Return	456,183	5.84	-4.83	15.67	21.79	N/A	N/A	22.93	06/01/2021
Invesco Opt Yield Diversified Commodity	228,783	2.93	2.19	28.48	38.32	19.65	13.40	2.19	04/01/2022
Bloomberg Commodity Index Total Return			-5.66	18.44	24.27	14.34	8.39	-5.66	04/01/2022
PIMCO Commodity Real Return Strategy	227,399	2.91	-7.56	14.95	22.96	16.88	10.25	22.79	06/01/2021
Bloomberg Commodity Index Total Return			-5.66	18.44	24.27	14.34	8.39	24.30	06/01/2021
Cash Equivalent	801,641	10.26	0.14	0.15	0.15	0.48	0.94	0.93	05/01/2017
Allspring Government Money Market Fund	801,641	10.26	0.13	0.14	0.15	0.47	0.94	0.93	05/01/2017

1. As of June 30, 2022



# Recent Changes/ Current Portfolio

## Recent Portfolio Moves<sup>1</sup>

### May

- Reduced portfolio risk by shifting assets from equity to cash
  - Reduced exposure to domestic and international equity
  - Removed international small cap and emerging market debt allocations
  - Resulted in a 9%<sup>1</sup> cash position at implementation

### June

- Increased exposure to commodities while maintaining a cash allocation
- Slightly increased exposure to small and mid-caps within domestic equities
- Reduced exposure to international active managers: JO Hambro and Harding Loevner
- Opportunistically added mortgage-backed securities exposure within fixed income

### August

- Increased portfolio risk by shifting assets from cash to international equity and fixed income
  - Increased exposure to developed international equities
  - Increased exposure to core and core plus fixed income

1. As of August 11, 2022

# Recent Changes/ Current Portfolio

## Current Portfolio Positioning<sup>1</sup>

- ▶ Underweight domestic equity with overweight to small and mid-cap
- ▶ Underweight international equity
- ▶ Underweight fixed income with focus on credit, structured products, opportunistic mortgage-backed securities exposure and slightly lower duration
- ▶ Tactical allocations to commodities, REITs, preferred securities, and cash

1. As of August 11, 2022

# Current Outlook

## **Domestic Equity - Neutral**

- ▶ Risk of recession remains elevated but potentially peaking inflation may temper Fed interest rate action
- ▶ Expect continued volatility until Fed path is clearer and other headwinds subside

## **International Equity – Slightly Negative**

- ▶ Relatively more attractive valuations compared to domestic equities
- ▶ Developed markets somewhat attractive given strong dollar impact on valuations
- ▶ Geopolitical tensions and higher inflation remains headwinds for emerging markets with food scarcity leading to uncertain outlooks for some economies.

## **Fixed Income - Negative**

- ▶ Outlook is negative for longer duration as Fed continues to raise rates
- ▶ Credit products remain attractive in search for yield, though recession risk may dampen outlook should it continue to increase





# Disclaimer

Investment advisory services are provided by PFM Asset Management LLC (“PFMAM”), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. (“USBAM”). USBAM is a subsidiary of U.S. Bank National Association (“U.S. Bank”). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

For more information regarding PFMAM’s services please visit [www.pfmam.com](http://www.pfmam.com).



**CHINO VALLEY INDEPENDENT FIRE DISTRICT  
STAFF REPORT**

**DATE: AUGUST 17, 2022**

**TO: SECTION 115 TRUST INVESTMENT COMMITTEE**

**FROM: DAVE WILLIAMS, FIRE CHIEF**

**SUBJECT: REVIEW OF INVESTMENT POLICY STATEMENT**

**PURPOSE:**

Purpose is to conduct a review of the Chino Valley Fire District 115 Trust Investment Policy.

**DISCUSSION:**

The current Investment Policy is attached. The policy was last amended in August 2021. The policy was reviewed for changes in August 2022. No changes are proposed to the Investment Policy Statement at this time.

**RECOMMENDATION:**

It is recommended that the 115 Trust Committee review Investment Policy.

**ATTACHMENTS:**

Section 115 Trust Investment Policy

**INVESTMENT POLICY STATEMENT**  
**FOR**  
**CHINO VALLEY FIRE DISTRICT SECTION 115 TRUST**

*Adopted March 29, 2017*  
*Amended November 13, 2019*

*Revised August 30, 2021*

## TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
Purpose .....	1
Investment Authority .....	1
Statement of Investment Objectives .....	2
Investment Guidelines .....	3
Time Horizon	
Liquidity and Diversification	
Asset Allocation	
Rebalancing Philosophy	
Risk Tolerance	
Performance Expectations	
Selection of Investment Managers .....	5
Guidelines for Portfolio Holdings .....	5
Direct Investments by Advisor	
Limitations on Managers' Portfolios	
Portfolio Risk Hedging	
Prohibited Portfolio Investments	
Safekeeping	
Control Procedures .....	8
Review of Investment Objectives	
Review of Investment Performance	
Voting of Proxies	
Adoption of Investment Policy Statement.....	9

The Chino Valley Fire District (the "District") has established the Chino Valley Fire District Section 115 Trust (the "Trust"). This Trust is intended to provide funding of District retirement benefits provided by California Public Employees Retirement System ("CalPERS") for those eligible employees who meet the specified age and service requirements. The Chino Valley Fire District Section 115 Trust Investment Committee hereby adopts this Investment Policy Statement ("Policy Statement") for the following purposes.

### **Purpose**

The main investment objective of the Trust is to achieve long-term growth of Trust assets by maximizing long-term rate of return on investments and minimizing risk of loss to fulfill the District's stated objectives for the Trust.

The purpose of this Policy Statement is to achieve the following:

1. Document investment objectives, performance expectations and investment guidelines for Trust assets.
2. Establish an appropriate investment strategy for managing all Trust assets, including an investment time horizon, risk tolerance ranges and asset allocation to provide sufficient diversification and overall return over the long-term time horizon of the Trust.
3. Establish investment guidelines to control overall risk and liquidity.
4. Establish periodic performance reporting requirements to monitor investment results and confirm that the investment policy is being followed.
5. Comply with fiduciary, prudence, due diligence and legal requirements for Trust assets.

### **Investment Authority**

The District's Board of Directors has established the Chino Valley Fire District Section 115 Trust Investment Committee (the "Committee") to oversee certain policies and procedures related to the operation and administration of the Trust. The Committee will have authority to implement the investment policy and guidelines in the best interest of the Trust to best satisfy the purposes of the Trust. In implementing this Policy Statement, the Committee believes it may delegate certain functions to:

1. An investment advisor ("Advisor") to assist the Committee in the investment process and to maintain compliance with this Policy Statement. The Advisor may assist the Committee in establishing investment policy objectives and guidelines and may also select investments with discretion to purchase, sell, or hold specific securities that will be used to meet the

Fund's investment objectives. The Advisor will: a) adjust asset allocation for the Fund subject to the guidelines and limitations set forth in this Policy Statement; b) select investment managers ("Managers") and strategies consistent with its role as a fiduciary; c) monitor and review Managers and measure and evaluate their performance against their peers based upon the performance of the total funds under their direct management; and d) execute other tasks as deemed appropriate in its role as Advisor for Fund assets. The investment vehicles allowed may include mutual funds, commingled trusts, separate accounts, limited partnerships and other investment vehicles deemed to be appropriate by the Advisor. The Advisor shall never take possession of securities, cash or other assets of the Fund, all of which shall be held by the custodian. The Advisor must be registered with the Securities and Exchange Commission.

2. A custodian selected by the Trust to maintain possession of physical securities and records of street name securities owned by the Trust, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Trust.
3. A trustee appointed by the Trust, such as a bank trust department, if the Trust does not have its own Trustees, to assume fiduciary responsibility for the administration of Trust assets; provided, however, that if the Committee shall have appointed an investment advisor, then any trustee appointed under this paragraph shall have no authority with respect to selection of investments.
4. Specialists such as attorneys, auditors, actuaries and, retirement plan consultants to assist the Committee in meeting its responsibilities and obligations to administer Trust assets prudently.

### **Statement of Investment Objectives**

The investment objectives of the Trust are as follows:

1. To invest assets of the Trust in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of Trust beneficiaries, and (b) assets are to be diversified in order to minimize the impact of large losses from individual investments.
2. To provide for funding and anticipated withdrawals on a continuing basis for payment of benefits and reasonable expenses of operation of the Trust.
3. To enhance the value of Trust assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.
4. Subject to performance expectations over the long-term, to minimize principal fluctuations over the Time Horizon (as defined below).



5. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in this Policy Statement under the section labeled "Performance Expectations".

### Investment Guidelines

Within this section of the Policy Statement, several terms will be used to articulate various investment concepts. The descriptions are meant to be general and may share investments otherwise considered to be in the same asset class. They are:

"Growth Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on capital appreciation. Investments within the Growth Assets category can include income and risk mitigating characteristics, so long as the predominant investment risk and return characteristic is capital appreciation. Examples of such investments or asset classes are: domestic and international equities or equity funds, private or leveraged equity, certain real estate investments, and hedge funds focused on equity risk mitigation or equity-like returns.

"Income Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on income generation. Investments within the Income Assets category can include capital appreciation and risk mitigating characteristics, so long as the primary investment risk and return characteristic is income generation. Examples of such investments or asset classes are: fixed income securities, guaranteed investment contracts, certain real estate investments, and hedge funds focused on interest rate risk mitigation or income investment-like returns.

"Real Return Assets" - a collection of investments and/or asset classes whose primary risk and return characteristics are focused on real returns after inflation. Investments within the Real Return category can include inflation protected securities, commodities, certain real estate investments and hedge funds.

### Time Horizon

The Trust's investment objectives are based on a long-term investment horizon ("Time Horizon") of five years or longer. Interim fluctuations should be viewed with appropriate perspective. The Committee has adopted a long-term investment horizon such that the risks and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.

### Liquidity and Diversification

In general, the Trust may hold some cash, cash equivalent, and/or money market funds for near-term Trust benefits and expenses (the "Trust Distributions"). Remaining assets will be invested in longer-term investments and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

### Asset Allocation

The Committee believes that to achieve the greatest likelihood of meeting the Trust's investment objectives and the best balance between risk and return for optimal diversification, assets will be invested in accordance with the targets for each asset class as follows to achieve an average total annual rate of return that is equal to or greater than the Trust's target rate of return over the long-term, as described in the section titled "Performance Expectations".

<u>Asset Classes</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
<b>Growth Assets</b>		
Domestic Equity	19% - 59%	39%
International Equity	1% - 41%	21%
Other	0% - 20%	0%
<b>Income Assets</b>		
Fixed Income	20% - 60%	40%
Other	0% - 20%	0%
<b>Real Return Assets</b>	0% - 20%	0%
<b>Cash Equivalents</b>	0% - 20%	0%

The Advisor and each Manager will be evaluated against their peers on the performance of the total funds under their direct management.

### Rebalancing Philosophy

The asset allocation range established by this Policy Statement represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside Policy Statement ranges. When allocations breach the specified ranges, the Advisor will rebalance the assets within the specified ranges. The Advisor may also rebalance based on market conditions.

### Risk Tolerance

Subject to investment objectives and performance expectations, the Trust will be managed in a style that seeks to minimize principal fluctuations over the established Time Horizon.

### Performance Expectations

Over the long-term, five years or longer, the performance objective for the Trust will be to achieve an average total annual rate of return that is equal to or greater than the Trust's stated total return objective.

Additionally, it is expected that the annual rate of return on Trust assets will be commensurate with the then prevailing investment environment. Measurement of this return expectation will be judged by reviewing returns in the context of industry standard benchmarks, peer universe comparisons for individual Trust investments and blended benchmark comparisons for the Trust in its entirety.

### **Selection of Investment Managers**

The Advisor shall prudently select appropriate Managers to invest the assets of the Trust. Managers must meet the following criteria:

- The Manager must provide historical quarterly performance data compliant with Global Investment Performance Standards (GIPS<sup>®</sup>), Securities & Exchange Commission (“SEC”), Financial Industry Regulatory Agency (“FINRA”) or industry recognized standards, as appropriate.
- The Manager must provide detailed information on the history of the firm, key personnel, support personnel, key clients, and fee schedule (including most-favored-nation clauses). This information can be a copy of a recent Request for Proposal (“RFP”) completed by the Manager or regulatory disclosure.
- The Manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- The investment professionals making the investment decisions must have a minimum of three (3) years of experience managing similar strategies either at their current firm or at previous firms.
- Where other than common funds such as mutual funds or commingled trusts are utilized, the Manager must confirm receipt, understanding and adherence to this Policy Statement and any investment specific policies by signing a consent form provided to the Manager prior to investment of Trust assets.

### **Guidelines for Portfolio Holdings**

#### **Direct Investments by Advisor**

Every effort shall be made, to the extent practical, prudent and appropriate, to select investments that have investment objectives and policies that are consistent with this Policy Statement (as outlined in the following sub-sections of the “Guidelines for Portfolio Holdings”). However, given the nature of the investments, it is recognized that there may be deviations between this Policy Statement and the objectives of these investments.

## Limitations on Managers' Portfolios

### EQUITIES

No more than the greater of 5% or weighting in the relevant index (Russell 3000 Index for U.S. issues and MSCI ACWI ex-U.S. for non-U.S. issues) of the total equity portfolio valued at market may be invested in the common equity of any one corporation; ownership of the shares of one company shall not exceed 5% of those outstanding; and not more than 40% of equity valued at market may be held in any one sector, as defined by the Global Industry Classification Standard (GICS).

Domestic Equities. Other than the above constraints, there are no quantitative guidelines as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the Manager.

International Equities. The overall non-U.S. equity allocation should include a diverse global mix that is comprised of the equity of companies from multiple countries, regions and sectors.

### FIXED INCOME

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization ("NRSRO").

### OTHER ASSETS (ALTERNATIVES)

Alternatives may consist of non-traditional asset classes such as private equity, real estate and commodities, when deemed appropriate. The total allocation to this category may not exceed 20% of the overall portfolio. Prior to adding an allocation to any of the following asset classes, with the exception of publicly-traded mutual fund vehicles, the Advisor shall receive approval from the District.

Private Equity: Private equity is less liquid than publicly traded equity securities and can provide returns that are greater than what is available in publicly traded markets. The private equity portfolio may include investments in a variety of commingled/partnership and direct investment vehicles including, but not limited to, venture capital, buyout, turnaround, mezzanine, distressed security, and special situation funds. The private equity portfolio is recognized to be long-term in nature and highly illiquid. Due to their higher risk, private equity investments are expected to provide higher returns than publicly traded equity securities. For purposes of asset allocation targets and limitations, these funds will be categorized as "Other" under the Growth Assets category.

Private Debt: Private debt is less liquid than publicly traded debt and can provide returns that are greater than what is available in publicly traded markets. The private debt portfolio may include investments in a variety of commingled/partnership and direct investment vehicles including, but not limited to, direct

lending, distressed debt, multi-asset credit, structured credit, mezzanine debt, real estate debt, and special situations. Due to their higher risk, private debt investments are expected to provide higher long-term returns than publicly traded debt securities. For purposes of asset allocation targets and limitations, these funds will be categorized as “Other” under the Income Assets category.

Real Assets: Real assets are typically physical assets that have intrinsic worth due to their substance and properties. Real assets are primarily used for their lower correlation to traditional assets (i.e. stocks and bonds) and their inflation hedging properties. Categories of real asset investments include, but are not limited to, real estate, infrastructure, land, farmland, timberland, precious metals, and commodities. Real assets include securities and assets with varying levels of liquidity. Private real assets are illiquid and long-term in nature, whereas public real assets are publicly traded and more liquid. The benefit of lower correlation investments is that, when implemented correctly, these investments can potentially improve a portfolio’s expected risk-adjusted return over the long-term. The real assets category can be extended to include other forms of assets that offer similar inflation hedging properties such as pooled vehicles holding: commodities contracts, Treasury Inflation Protected Securities (“TIPS”), index-linked derivative contracts, certain forms of intellectual property, and the equity of companies in businesses thought to hedge inflation. For purposes of asset allocation targets and limitations, real assets may be categorized as “Other” under either the Growth Assets or Income Assets category or in the Real Return Assets category, depending on the nature and risk/return profile of the investment

#### CASH EQUIVALENTS

Cash equivalents shall be held in funds complying with Rule 2(a)-7 of the Investment Company Act of 1940.

#### Portfolio Risk Hedging

Portfolio investments designed to hedge various risks including volatility risk, interest rate risk, etc. are allowed to the extent that the investments are not used for the sole purpose of leveraging Trust assets. One example of a hedge vehicle is an exchange traded fund (“ETF”) which takes short positions.

#### Prohibited Investments

Except for purchase within authorized investments, securities having the following characteristics are not authorized and shall not be purchased: letter stock and other unregistered securities, direct commodities or commodity contracts, or private placements (with the exception of Rule 144A securities). Further, derivatives, options, or futures for the sole purpose of direct portfolio leveraging are prohibited. Direct ownership of real estate, natural resource properties such as oil, gas or timber and the purchase of collectibles is also prohibited.

## Safekeeping

All assets of the Trust shall be held by a custodian approved by the Committee for safekeeping of Trust assets. The custodian shall produce statements on a monthly basis, listing the name and value of all assets held, and the dates and nature of all transactions in accordance with the terms in the Trust Agreement. Investments of the Trust not held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts. Investments and portfolio securities may not be loaned.

## Control Procedures

### Review of Investment Objectives

The Advisor shall review annually and report to the Committee the appropriateness of this Policy Statement for achieving the Trust's stated objectives. It is not expected that this Policy Statement will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in this Policy Statement.

### Review of Investment Performance

The Advisor shall report on a quarterly basis to the Committee to review the investment performance of the Trust. In addition, the Advisor will be responsible for keeping the Committee advised of any material change in investment strategy, Managers, and other pertinent information potentially affecting performance of the Trust.

The Advisor shall compare the investment results on a quarterly basis to appropriate peer universe benchmarks, as well as market indices in both equity and fixed income markets. Examples of benchmarks and indexes that will be used include the Russell 3000 Index for broad U.S. equity strategies; S&P 500 Index for large cap U.S. equities, Russell 2000 Index for small cap U.S. equities, MSCI ACWI ex-U.S. Index for broad based non-U.S. equity strategies; MSCI Europe, Australasia, and Far East (EAFE) Index for developed markets international equities, Bloomberg Barclays Capital Aggregate Bond Index for fixed income securities, and the U.S. 91 Day T-bill for cash equivalents. The Russell 3000 Index will be used to benchmark the U.S. equities portfolio; the MSCI ACWI ex-U.S. Index will be used to benchmark the non-U.S. equities portfolio; the Bloomberg Barclays U.S. Aggregate Bond Index will be used to benchmark the fixed income portfolio. The categories "Other" will be benchmarked against appropriate indices depending on the specific characteristics of the strategies and funds used.

## Voting of Proxies

The Committee recognizes that proxies are a significant and valuable tool in corporate governance. The voting rights of individual stocks held in separate accounts or collective, common, or pooled funds will be exercised by the investment managers in accordance with their own proxy voting policies. The voting rights of funds will be exercised by the Advisor.




**Adoption of Investment Policy Statement**


Any changes and exceptions to this Policy Statement will be made in writing and adopted by the Committee. Once adopted, changes and exceptions will be delivered to each Manager, as appropriate, by the Advisor.

**Approved by the Chino Valley Fire District Section 115 Trust Investment Committee:**

  
\_\_\_\_\_  
Vice Chair

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Date