

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 Regular - Trust Investment Committee***

Administrative Headquarters  
14011 City Center Drive  
Chino Hills, CA 91709

Wednesday, February 15, 2023

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/4716531477943434589>

**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: 611-370-532**
- 3. Select the # key: 971-765-707**

## **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/4716531477943434589>**

**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 - November 16, 2022 - Meeting

### OLD BUSINESS - None

### NEW BUSINESS

2. CAPITAL MARKETS UPDATE 4TH QUARTER 2022

Purpose is for the Committee to review the 4th Quarter Investment Report.

### ADJOURNMENT

The meeting will be adjourned to a Regular Meeting of the Chino Valley Independent Fire District's Section 115 Trust Investment Committee to be held on Wednesday, May 17, 2023, at 10:00 a.m. at the District Headquarters Office located at 14011 City Center Drive, Chino Hills, CA, 91709.

I, Angela Robles, 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 Wednesday, February 8, 2023.

*Angela Robles*

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Angela Robles, Clerk of the Board

**CHINO VALLEY INDEPENDENT FIRE DISTRICT**

**NO STAFF REPORT**

Minutes - November 16, 2022 - Meeting

**ATTACHMENTS:**

Minutes - November 16, 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, November 16, 2022  
10:00 a.m. Committee Meeting

**MINUTES**

**ROLL CALL**

Fire Chief Dave Williams, Committee Chair  
Finance Director Mark Shaker, Committee Vice Chair  
Senior IT Support Analyst Chis Roberts, Committee Member  
Committee Member Jason Farnsworth  
Senior Managing Consultant Matt Smith, PFM Asset Management, LLC

**FLAG SALUTE**

Committee Chair Dave Williams

**CHANGES TO THE AGENDA**

No changes to the agenda.

**PUBLIC COMMUNICATIONS**

None.

**MINUTES**

1. **Minutes – August 17, 2022 Meeting**

Committee Chair Williams requested any public comment on this agenda item.

There was no public comment.

Committee Chair Williams requested any Committee comment on this agenda item.

There was no Committee comment.

Committee Chair Williams announced for the record that Committee Vice Chair Mark Shaker will sign the minutes in absence of Committee Secretary Anthony Arroyo.

**Moved by Committee Vice Chair Shaker seconded by Committee Member Farnsworth, carried by a 4-0 voice vote to approve this item as presented.**

**AYES: BOARD MEMBERS: Williams, Shaker, Farnsworth and Roberts.**

**NOES: BOARD MEMBERS: None.**  
**ABSTAIN: BOARD MEMBERS: None.**  
**ABSENT: BOARD MEMBERS: Arroyo.**

OLD BUSINESS

None.

NEW BUSINESS

2. CAPITAL MARKETS UPDATE – 3RD QUARTER 2022

Purpose is to review the 3rd Quarter Investment Report.

Committee Vice Chair Shaker reported that representative Senior Managing Consultant Matt Smith, PFM Asset Management, LLC was in attendance to present an overview of the reports and answer questions.

Committee Chair Williams requested public comment on this agenda item.

There was no public comment.

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

There was no comment from the Committee.

**Moved by Committee Vice Chair Shaker, seconded by Committee Member Roberts carried by a 4-0 voice vote to approve this item as presented.**

**AYES: BOARD MEMBERS: Williams, Shaker, Farnsworth and Roberts.**  
**NOES: BOARD MEMBERS: None.**  
**ABSTAIN: BOARD MEMBERS: None.**  
**ABSENT: BOARD MEMBERS: Arroyo.**

ADJOURNMENT

Committee Chair Williams adjourned the meeting at 11:36 a.m. to the next Regular Section 115 Trust Meeting scheduled for Wednesday, February 15, 2023, at 10:00 a.m. at the District Headquarters Office located at 14011 City Center Drive, Chino Hills, CA 91709.

APPROVED AND ADOPTED THIS 15th DAY OF FEBRUARY 2023.

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Dave Williams, Committee Chair

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Anthony Arroyo, Committee Secretary

**CHINO VALLEY INDEPENDENT FIRE DISTRICT  
STAFF REPORT**

**DATE: FEBRUARY 15, 2023**

**TO: SECTION 115 TRUST INVESTMENT COMMITTEE**

**FROM: DAVE WILLIAMS, FIRE CHIEF**

**SUBJECT: CAPITAL MARKETS UPDATE 4TH QUARTER 2022**

**PURPOSE:**

Purpose is for the Committee to review the 4th Quarter Investment Report.

**ATTACHMENTS:**

2022 4TH QUARTER REPORT



# Chino Valley Fire District

## **Investment Performance Review For the Quarter Ended December 31, 2022**

Client Management Team

PFM Asset Management LLC

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

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**

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
<b>DOMESTIC EQUITY</b>							
S&P 500	7.56%	-18.11%	-18.11%	7.66%	9.42%	11.48%	12.56%
Russell 3000 Index	7.18%	-19.21%	-19.21%	7.07%	8.79%	11.04%	12.13%
Russell 1000 Value Index	12.42%	-7.54%	-7.54%	5.96%	6.67%	9.12%	10.29%
Russell 1000 Growth Index	2.20%	-29.14%	-29.14%	7.79%	10.96%	12.95%	14.10%
Russell Midcap Index	9.18%	-17.32%	-17.32%	5.88%	7.10%	9.61%	10.96%
Russell 2500 Index	7.43%	-18.37%	-18.37%	5.00%	5.89%	9.00%	10.03%
Russell 2000 Value Index	8.42%	-14.48%	-14.48%	4.70%	4.13%	8.23%	8.48%
Russell 2000 Index	6.23%	-20.44%	-20.44%	3.10%	4.13%	7.90%	9.01%
Russell 2000 Growth Index	4.13%	-26.36%	-26.36%	0.65%	3.51%	7.09%	9.20%
<b>INTERNATIONAL EQUITY</b>							
MSCI EAFE (Net)	17.34%	-14.45%	-14.45%	0.87%	1.54%	4.53%	4.67%
MSCI AC World Index (Net)	9.76%	-18.36%	-18.36%	4.00%	5.23%	8.10%	7.98%
MSCI AC World ex USA (Net)	14.28%	-16.00%	-16.00%	0.07%	0.88%	4.80%	3.80%
MSCI AC World ex USA Small Cap (Net)	13.31%	-19.97%	-19.97%	1.07%	0.67%	5.08%	5.24%
MSCI EM (Net)	9.70%	-20.09%	-20.09%	-2.69%	-1.40%	5.17%	1.44%
<b>ALTERNATIVES</b>							
FTSE NAREIT Equity REIT Index	5.24%	-24.37%	-24.37%	-0.11%	3.68%	4.58%	6.53%
FTSE EPRA/NAREIT Developed Index	7.11%	-24.39%	-24.39%	-4.06%	0.70%	2.77%	3.90%
Bloomberg Commodity Index Total Return	2.22%	16.09%	16.09%	12.65%	6.44%	6.49%	-1.29%
<b>FIXED INCOME</b>							
Blmbg. Barc. U.S. Aggregate	1.87%	-13.01%	-13.01%	-2.71%	0.02%	0.89%	1.06%
Blmbg. Barc. U.S. Government/Credit	1.80%	-13.58%	-13.58%	-2.57%	0.21%	1.14%	1.16%
Blmbg. Barc. Intermed. U.S. Government/Credit	1.54%	-8.24%	-8.24%	-1.26%	0.73%	1.12%	1.12%
Blmbg. Barc. U.S. Treasury: 1-3 Year	0.73%	-3.82%	-3.82%	-0.46%	0.74%	0.71%	0.65%
Blmbg. Barc. U.S. Corp: High Yield	4.17%	-11.19%	-11.19%	0.05%	2.31%	5.05%	4.03%
Credit Suisse Leveraged Loan index	2.33%	-1.06%	-1.06%	2.34%	3.24%	4.31%	3.78%
ICE BofAML Global High Yield Constrained (USD)	6.95%	-13.26%	-13.26%	-1.74%	0.84%	4.03%	3.14%
Blmbg. Barc. Global Aggregate Ex USD	6.81%	-18.70%	-18.70%	-5.95%	-3.07%	-0.59%	-1.64%
JPM EMBI Global Diversified	8.11%	-17.78%	-17.78%	-5.28%	-1.31%	1.85%	1.59%
<b>CASH EQUIVALENT</b>							
90 Day U.S. Treasury Bill	0.84%	1.46%	1.46%	0.72%	1.26%	1.06%	0.75%

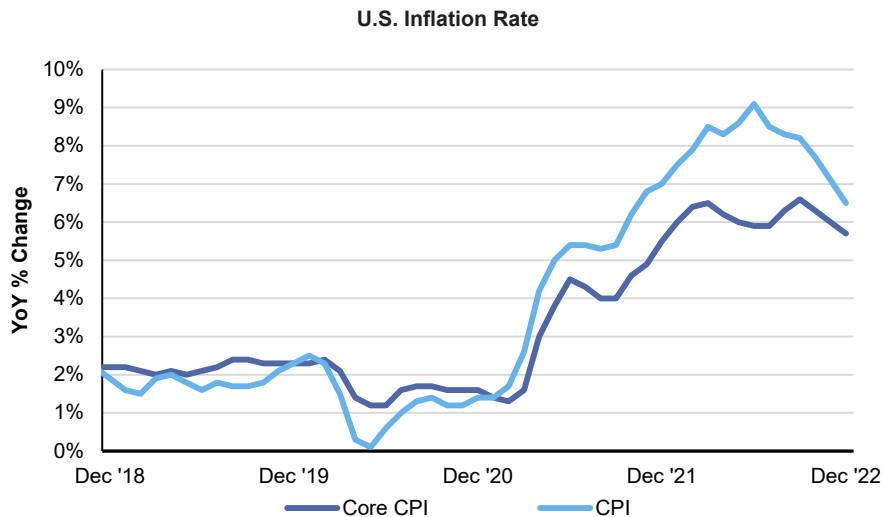
Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

## THE ECONOMY

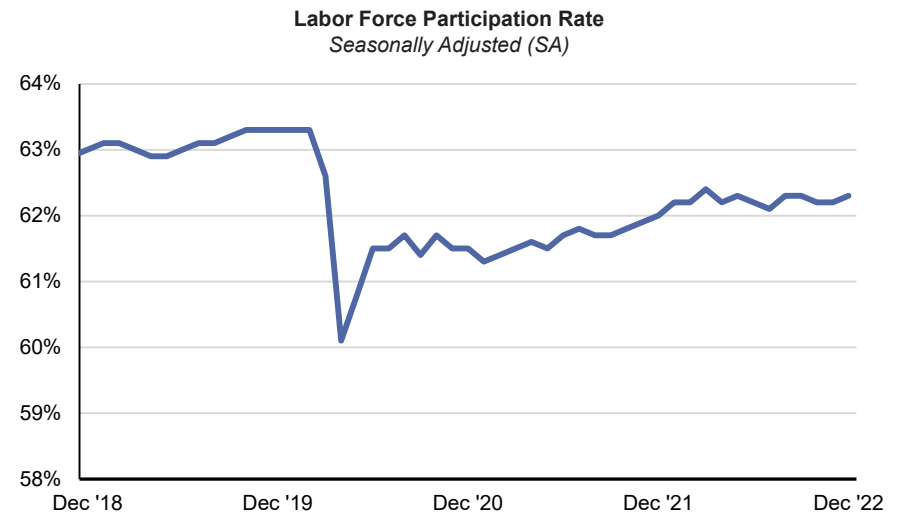
- ▶ In line with slowing growth expectations, U.S. gross domestic product (GDP) for the fourth quarter of 2022 is projected to grow at an annual rate of 1.9%, according to the World Bank. 2023 is expected to grow by 1.7%, while 2024 growth is projected to be 2.7%.
- ▶ The labor market has remained relatively strong through the fourth quarter. The U.S. economy added 742,000 jobs during the quarter though the pace appears to be moderating.
- ▶ Unemployment rose slightly at the beginning of the quarter but ended the year back at a pre-pandemic low of 3.5%. The participation rate dipped in October but edged back up to 62.3% by year-end, prompting some hopes that rising participation may relieve the labor supply issue.
- ▶ Inflation cooled in the fourth quarter, continuing the trend of the third quarter, and ending the year with an annual inflation rate of 6.5%. While markets are optimistic about the continued cooling of inflation, the rate is still significantly over the Federal Reserve's (Fed) 2% long-term inflation target.



Source: World Bank. Dark blue bars indicate actual numbers; light blue bars indicate forecasted estimates.



Source: Bureau of Labor Statistics.

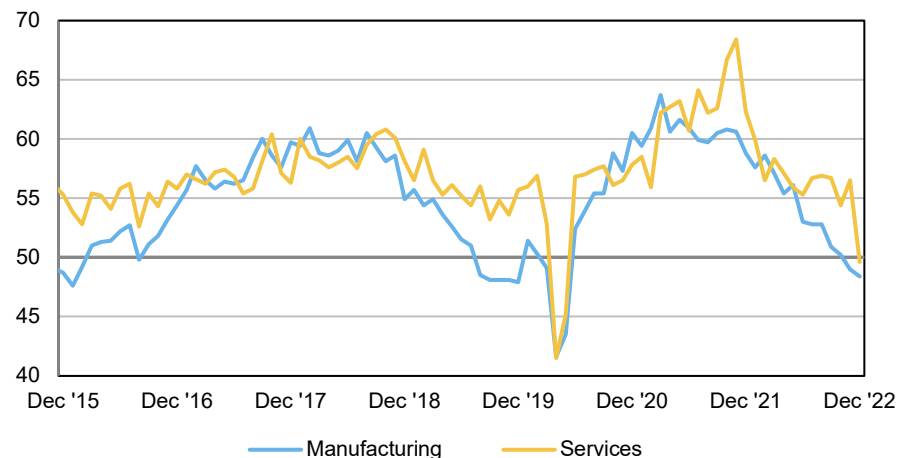


Source: Bureau of Labor Statistics.

## WHAT WE'RE WATCHING

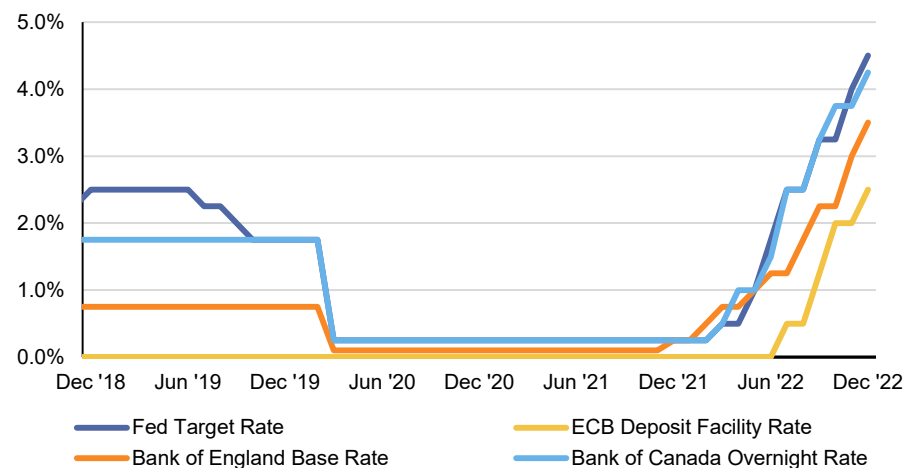
- ▶ Continued disruptions from Russia's ongoing war in Ukraine remain a headwind for the global economy, but some improvements have been seen. The FAO Food Price Index fell again in December, marking the ninth consecutive monthly decline, after hitting a record high and standing 1.0% below its pre-war value.
- ▶ The prospect of a low growth/mild recession continues to gain momentum as purchasing managers reported gloomy numbers across the economy. ISM Manufacturing PMI fell into contractionary territory during the fourth quarter, ending the year 48.4. ISM Services PMI also pointed to the first contraction in the services sector since May 2020 amid weakening demand, ending the year with a reading of 49.6.
- ▶ In China, the disruptions to supply chains caused by strict COVID-lockdown policies have come to an end. In the near term, however, we expect growth may be hampered in new ways as people struggle with infections and the government works to increase vaccination rates. The World Bank's most recent forecast expects China's economy to grow by 4.3% in 2023.
- ▶ Central banks in the U.S. and around the world continue to struggle with controlling inflation, balancing contractionary monetary policy with slowing economic growth. The Federal Open Market Committee's latest dot plot has the officials' targeted range for the Fed Funds rate now standing at 5.00-5.25% at the end of 2023. The European Central Bank (ECB) has a similar, if not more aggressive, message for 2023, with ECB president Christine Lagarde saying, "We're not slowing down. We're in for the long game" concerning interest rates.

ISM Manufacturing & Services PMI



Source: Bloomberg.

Global Central Bank Rates



Source: Bloomberg.

## DOMESTIC EQUITY

► Over the quarter, the market saw positive gains in October and November. Still, it ended with a negative December, with the S&P 500 Index (S&P) posting a positive return of 7.56% for the quarter, which was the first and only positive quarter of the year. The ending return for 2022 was -18.11%.

► Within S&P, nine of 11 sectors ended with positive returns for the quarter. Year-to-date, Energy (65.43%) and Utilities (1.56%) were the only two positive sectors, while Communication Services (-39.89%), Consumer Discretionary (-37.03%), and Information Technology (-28.19%) were the biggest detractors.

► Value stocks, as represented by the Russell 1000 Value Index, returned 12.42% and outpaced growth stocks, as represented by the Russell 1000 Growth Index, which returned 2.20% for the quarter. Over the trailing 12 months, the value index has outperformed the growth index by over 21 percentage points (-7.54% vs. -29.14%).

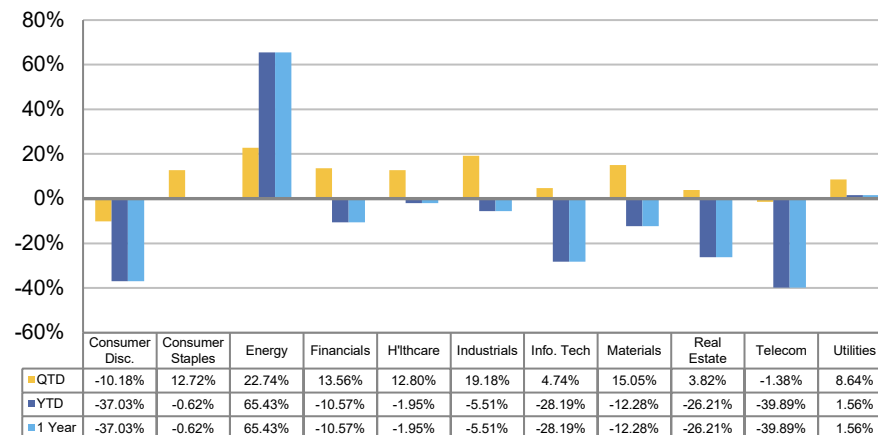
► Small-caps, as represented by the Russell 2000 Index, returned 6.23% during the quarter and lagged mid- and large-caps. The Russell Midcap and Russell 1000 Indices returned 9.18% and 7.23%, respectively.

► From a valuation perspective, large- and small-caps looked favorable. The S&P 500 Forward P/E ratio was 17.22, which is below its 5-year average of 19.29. By comparison, the Russell 2000, which represents small-cap stocks, had a Forward P/E ratio of 11.54, below its 5-year average of 16.08.

► According to FactSet Earnings Insight (as of January 6, 2023), the expected earnings growth rate for S&P for the quarter is -4.1%. If -4.1% is the actual growth rate for the quarter, it will mark the first year-over-year decline in earnings for the S&P since the third quarter of 2020 (-5.7%). The Energy sector is expected to be the biggest contributor to earnings for the fourth quarter. If Energy were excluded, the expected earnings decline of -4.1% would worsen to -8.5%.

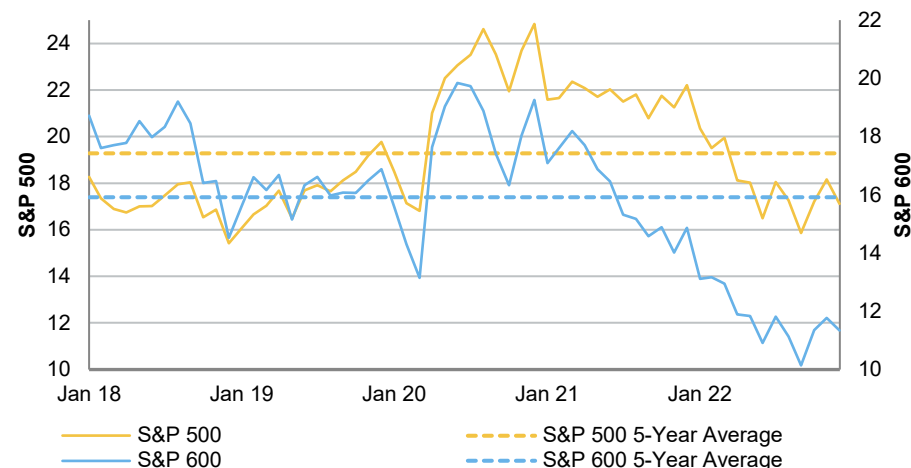
S&P 500 Index Performance by Sector

Periods Ended December 31, 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.

## NON-U.S. EQUITY

▶ Markets outside of the U.S., as measured by the MSCI ACWI ex-U.S. Index, significantly outperformed their U.S. counterparts, returning 14.29% for the quarter, partially helped by a weakening U.S. dollar.

▶ All 11 sectors posted strong positive returns for the quarter. In 2022, Energy was the best-performing sector returning 8.08%, while Information technology was the worst-performer, returning -34.47% for the year.

▶ Emerging markets (EM), as represented by MSCI Emerging Market Index, underperformed Developed ex-U.S. Markets, represented by the MSCI EAFE Index, returning 9.70% versus 17.34% for the quarter.

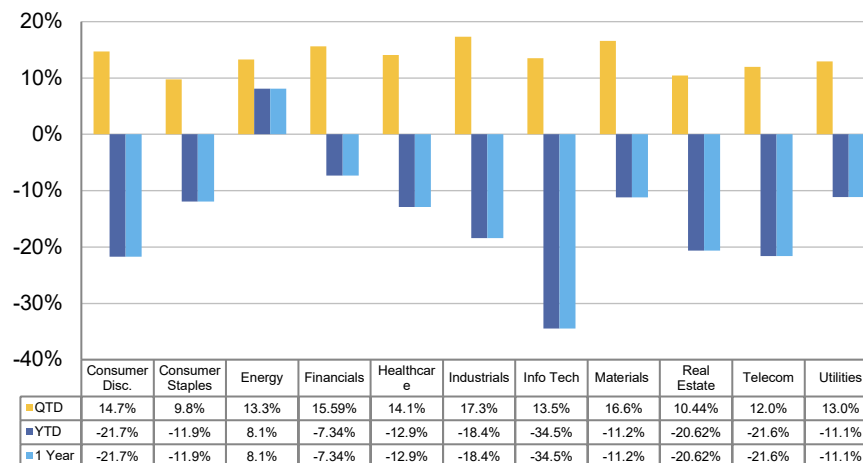
▶ MSCI Europe (19.42%) and MSCI EM Europe (43.24%) outperformed the MSCI EAFE and MSCI EM indices, respectively. Higher than expected corporate earnings in Europe and hopes of the ECB's slowdown in rate hikes boosted investor sentiment. EM Latin America (5.95%) lagged the index as the presidential election in Brazil and subsequent social unrest led to increased volatility across the region.

▶ Value stocks outperformed growth stocks for the quarter as represented by the broad benchmark, a reversal from the third quarter of 2022, which was the only quarter of growth outperformance for the year. MSCI AC World ex-USA Value returned 15.70%, while MSCI AC World ex-USA Growth returned 12.89% for the quarter.

▶ Capitalization-wise, small-caps, as represented by MSCI ACWI ex-U.S. Small Cap Index, underperformed within the international equity markets, returning 13.31% for the quarter.

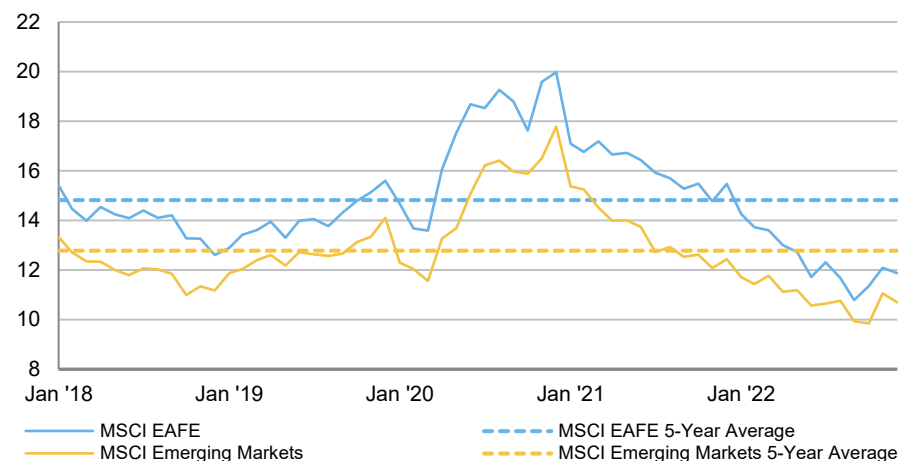
▶ Valuations have substantially cheapened across international equity markets. MSCI EAFE ended the year with a Forward P/E ratio of 11.87, much lower than its 5-year average of 14.82. Similarly, MSCI EM's Forward P/E stood at 10.71 versus a 5-year average of 12.78.

MSCI ACWI ex-U.S. Sectors  
Periods Ended December 31, 2022



Source: Bloomberg.

P/E Ratios of MSCI Equity Indices\*



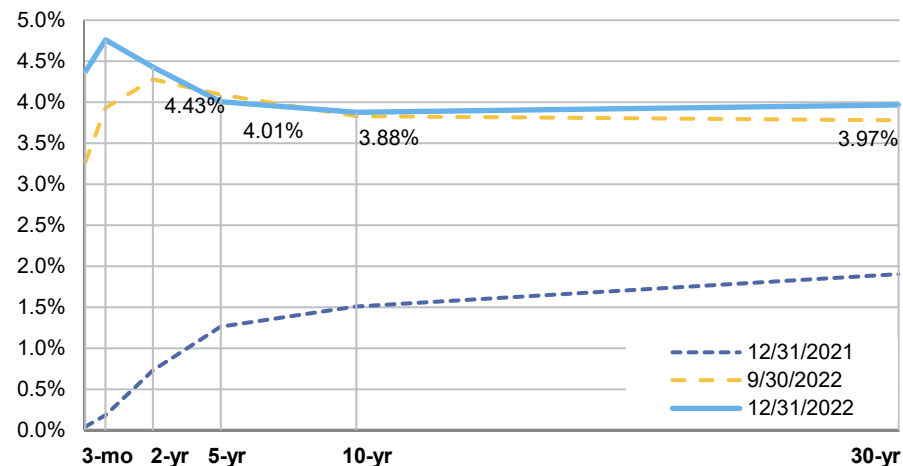
Source: Bloomberg.

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

## FIXED INCOME

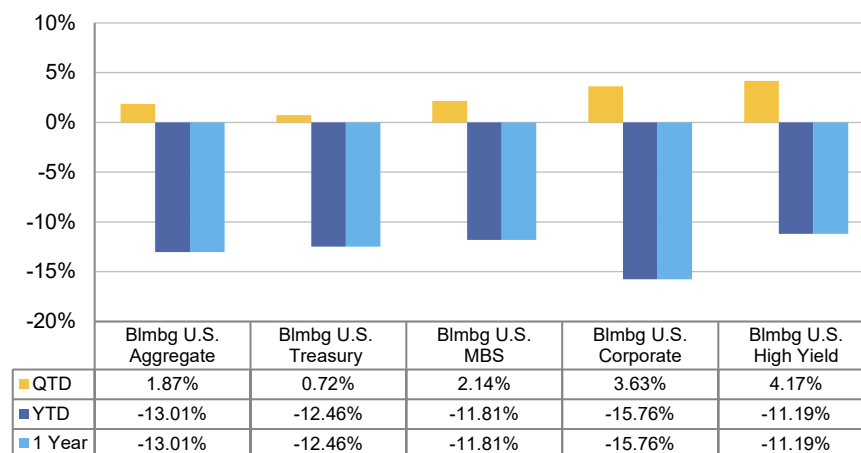
- In the fourth quarter, the U.S. bond market, represented by the Bloomberg U.S. Aggregate (Aggregate) Index, had its first period, up 1.87%. For the year, the Aggregate lost 13.01%, marking its worst annual performance since its inception in 1976.
- The Treasury market had a modest gain in the fourth quarter, up 0.72%, while the Bloomberg U.S. Treasury Index lost 12.46% in total return for the year.
- The front end of the yield curve out to the 2-year mark increased due to continued Fed Funds rate hikes, but the back end rose meaningfully in October with the 10-year briefly at the 4.1% mark. But throughout December, it declined, remained below 4% and ended at 3.88%.
- Corporate credit was strong in the fourth quarter, with higher yields and the longer end of the curve being range bound. The investment-grade (IG) Bloomberg U.S. Corporate (IG Corp) Index gained 3.63%, while high-yield bonds, as represented by the Bloomberg U.S. Corporate High Yield (HY) Index, were up 4.17%. HY was led by BB and B-rated quality. Floating rate leveraged loans gained 2.33% as measured by the Credit Suisse Leveraged Loan Index. For the year, loans fared best by a wide margin (-1.06%) versus -11.19% for broad HY and -15.76% for IG Corp.
- The fixed-rate mortgage market, as measured by the Bloomberg U.S. Mortgage-Backed Securities (MBS) Index, gained some traction in the fourth quarter, up 2.14%. On the commercial side, the Bloomberg U.S. Agency CMBS Index rose 1.29%. Both had double-digit losses in 2022, -11.81% and -11.29%, respectively.

U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments  
Periods Ended December 31, 2022



Source: Bloomberg.



## ALTERNATIVES

► REITs, as measured by the FTSE NAREIT Equity REITs Index, gained 5.24% in the fourth quarter of 2022, compared to a 9.94% decline in the prior quarter. Most major sectors posted positive returns during the fourth quarter, a reversal from the losses seen in prior quarters. The best performers were the Retail and Diversified sectors, which posted returns of 17.48% and 12.81%, respectively. The worst performers during the quarter were the Apartments and Self-Storage sectors, which had previously exhibited stronger performance relative to other real estate sectors. These sectors posted returns of -7.19% and -6.73%, respectively.

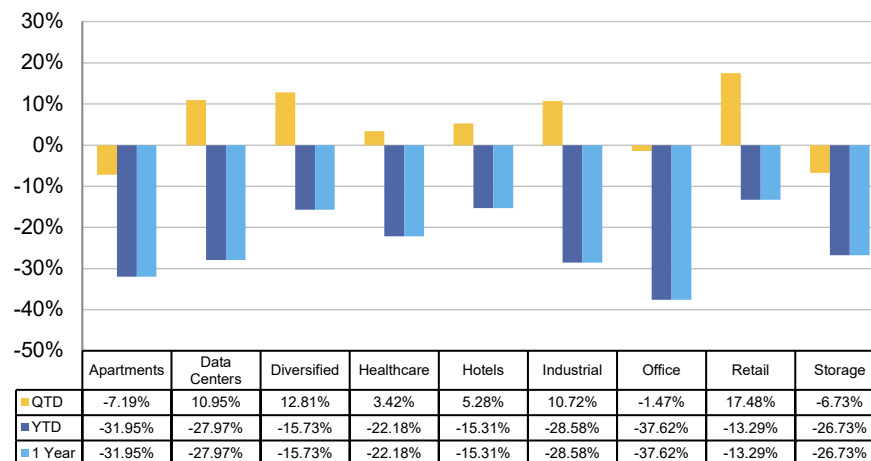
► Commodity futures, represented by the Bloomberg Commodity Total Return Index, gained 2.22% in the fourth quarter of 2022. The U.S. Dollar Index (DXY) declined 7.67% over the same period and fell from its record highs. Gold spot price finished the quarter at \$1,824.02 per ounce, an 9.84% gain over the period. The West Texas Intermediate (WTI) Crude Oil spot price increased 0.97% from \$79.49 to \$80.26 per barrel during the fourth quarter as prices were buoyed by supply concerns despite macroeconomic uncertainty.

► Hedge fund returns were mostly positive in the fourth quarter of 2022, with the HFRI Fund Weighted Composite Index returning 2.21%. During the same period, the HFRI Macro (Total) Index returned -1.04%. The HFRI Equity Hedge (Total) Index and the HFRI Fund of Funds Index returned 3.98% and 2.43%, respectively.

► Private Equity has been a strong performer relative to public equities; however, recent performance has weakened as a result of a slowing economy and market volatility. In the third quarter of 2022, private capital fundraising was led by private equity funds, which closed on \$115.80 billion. According to Cambridge Associates, U.S. private equity posted a return of -4.96% in the second quarter of 2022. However, the asset class has generated a return of 20.56% for the 5 years ended Q2 2022.

### FTSE NAREIT Sectors

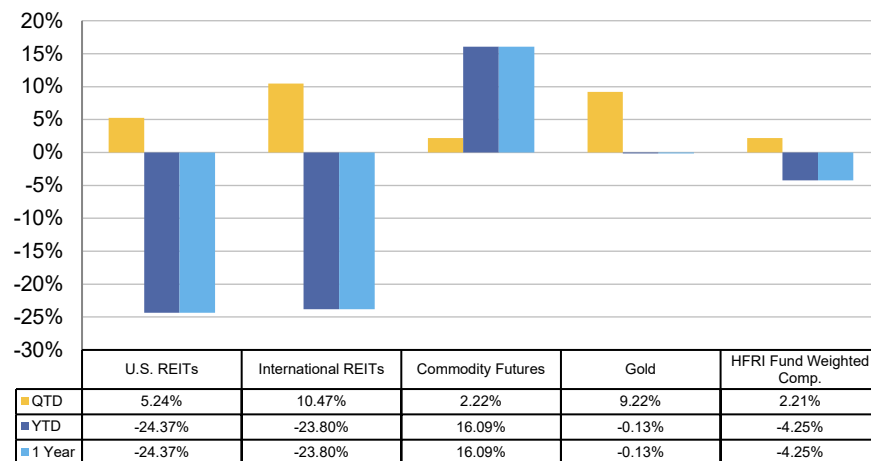
Periods Ended December 31, 2022



Source: Bloomberg.

### Returns for Liquid and Semi-Liquid Alternative Assets

Periods Ended December 31, 2022



Sources: Bloomberg and Hedge Fund Research, Inc.



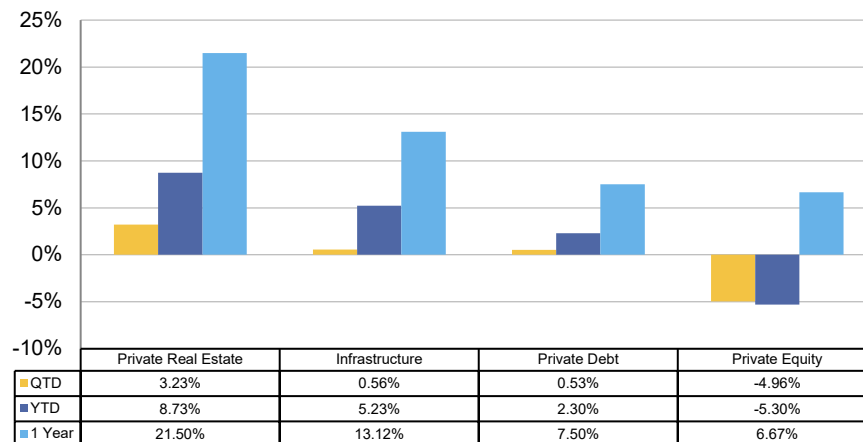
## ALTERNATIVES (continued)

► Private debt has performed well relative to public fixed income and remains attractive despite the uncertain macroeconomic environment. Fundraising has started to slow, with the third quarter amounting to \$47 billion, but the deal flow has been strong over the past year. According to Cliffwater Direct Lending Index, U.S. middle market loans, a proxy for private debt, posted a return of 1.82% in the third quarter of 2022. The asset class has also generated a return of 8.28% for the 5 years ended Q3 2022.

► Private Real Estate, as measured by the NCREIF Property Index, gained 0.57% in the third quarter of 2022, resulting in a 16.10% return over the twelve-month period ended September 2022. Hotel properties were the top performers, with a total return of 2.69% in the third quarter, comprised of 2.27% in income return and 0.41% in appreciation return. Office properties were again the worst performers with a total return of -0.66%, comprised of 1.04% in income return and -1.70% in appreciation return.

► Infrastructure funds raising dropped 71.78% for the third quarter. Over half of the infrastructure capital raised went to riskier value-added and opportunistic funds as opposed to core infrastructure strategies. Despite macroeconomic headwinds, the asset class remains attractive due to its ability to provide moderate but consistent returns during periods of volatility, inflation and recession. According to PitchBook, infrastructure funds posted a return of 0.56% in the second quarter of 2022. The asset class has generated a return of 10.15% for the 5 years ended Q2 2022.

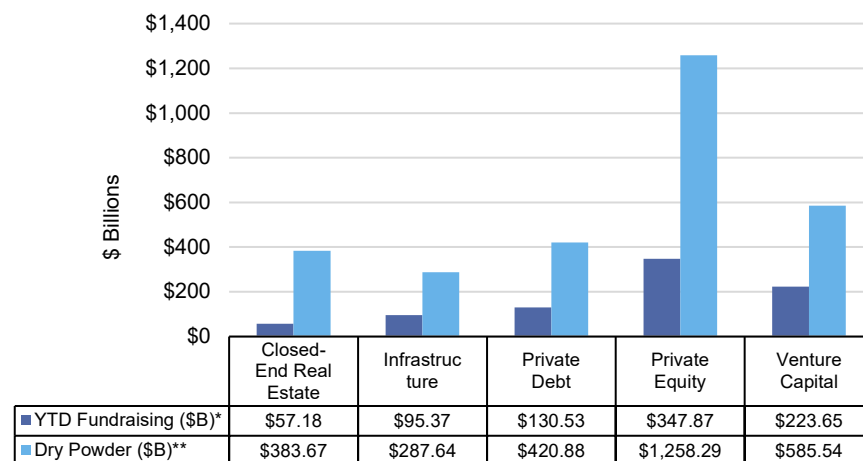
### Returns for Private Capital Assets



Source: NCREIF, PitchBook, Cliffwater, Cambridge Associates.

\*Data as of Q2 2022 — most recent period for which all performance data is available.

### Private Capital Fundraising & Dry Powder



Sources: Pitchbook.

\* Total capital raised in 2022 as of September 30, 2022.

\*\* Cumulative dry powder as of September 30, 2022.










### Investment Strategy Overview

Asset Class	Our Q1 2023 Investment Outlook	Comments
<b>U.S. Equities</b>		
Large-Caps		<ul style="list-style-type: none"> <li>Higher interest rates have depressed equity valuation even as profit estimates have held up. As the Fed ends rate hike cycle, U.S. equities could stabilize.</li> <li>Slowing economic growth and tightening financial conditions could impact 2023 profit estimates. We are closely watching earnings expectations for any sustained deterioration.</li> <li>Valuations for small- and mid-caps look relatively attractive supported by earnings growth.</li> </ul>
Mid-Caps		
Small-Caps		
<b>Non-U.S. Equities</b>		
Developed Markets		<ul style="list-style-type: none"> <li>International equities continue to trade at a discount to U.S. equities. Risks to the downside are reflected in these valuations, making it an attractive entry point.</li> <li>China's pivot away from COVID-zero and economic reopening is positive in the near term, but we remain cautious as China continues to face multiple headwinds.</li> <li>International small-caps provide exposure to local revenue streams and have been shown to add alpha over core benchmark over long-term. In the near-term, higher exposure to negative earnings is a headwind.</li> </ul>
Emerging Markets		
International Small-Caps		
<b>Fixed Income</b>		
Long-Duration, Interest Rate-Sensitive Sectors		<ul style="list-style-type: none"> <li>Moderating inflation and slowing economic growth will likely lead to the Fed ending rate hike cycle over next several meetings.</li> <li>Interest rates may have peaked, providing an attractive entry point to reduce fixed income underweight.</li> <li>Corporate spreads have widened over the course of 2022, but credit markets remain attractive due to strong corporate fundamentals. We continue to seek diversified credit exposure and are closely watching signs for any distress in the corporate credit space.</li> </ul>
Credit-Sensitive Sectors		
<b>Alternatives</b>		
Real Estate		<ul style="list-style-type: none"> <li>Reasonable valuations and income potential are positives for publicly traded real estate while private real estate NAVs are likely overstated.</li> <li>Private equity and debt strategies can complement multi-asset 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>Commodities have given up the gains of earlier in the year. In 2023 commodities will be impacted by supply demand dynamics as the global economy continues to slow but offset by improving growth in China.</li> </ul>
Private Equity		
Private Debt		
Commodities		

● Current outlook ○ Outlook one quarter ago



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

<b>Monetary Policy:</b>  <ul style="list-style-type: none"> <li>The Fed has stated its intention to focus on bringing down inflation at the cost of economic growth.</li> <li>Uncertainty around the rate hike path is weighing on risk assets while we believe we are closer to end of rate hike cycle.</li> <li>Globally, inflation continues to drive most central banks towards hiking rates.</li> </ul>	<b>Economic Growth:</b>  <ul style="list-style-type: none"> <li>Risk of recession in the next 12-18 months is rising as hawkish monetary policy impacts economic activity.</li> <li>Relatively stable consumer and strong corporate balance sheets along with tight labor markets could lead to a shallow recession.</li> </ul>	<b>Inflation:</b>  <ul style="list-style-type: none"> <li>Inflation is moderating and is expected to continue to come down.</li> <li>Any upside surprise driven by services inflation will be negative and will lead to continuing aggressive monetary policy.</li> </ul>
<b>COVID-19 Containment:</b>  <ul style="list-style-type: none"> <li>Rapidly rising caseloads in China poses a threat to overall COVID-19 containment across the globe.</li> <li>While we are transitioning from pandemic to endemic, pockets of vulnerability expected to impact economic activity.</li> </ul>	<b>Consumer Spending (U.S.):</b>  <ul style="list-style-type: none"> <li>Consumer sentiment recently recovered modestly from an all-time low.</li> <li>Consumers continue to face pressure from elevated inflation and declining saving rate. Moderating inflation and low unemployment rate may keep consumers spending.</li> </ul>	<b>Labor Markets:</b>  <ul style="list-style-type: none"> <li>Labor markets remain relatively strong but may soften as economy continues to slow.</li> <li>Labor force participation rate remain lower than pre-pandemic and is a risk leading to continuing high wage growth which may feed inflation.</li> </ul>
<b>Corporate Fundamentals:</b>  <ul style="list-style-type: none"> <li>Earnings growth expectations have slowed. 2023 profit estimates may be at risk as global economy continues to slow.</li> <li>Impact of rising input costs and stronger dollar has put downward pressure on profit margins but overall profit margin levels are still high.</li> </ul>	<b>Valuations:</b>  <ul style="list-style-type: none"> <li>Equities, especially international equities, look attractive after the sell-off in 2022.</li> <li>Credit markets look attractive after spread widening in 2022, but pockets of vulnerabilities will appear as financial conditions tighten further.</li> </ul>	<b>Political Risks:</b>  <ul style="list-style-type: none"> <li>Political risks remain elevated with the ongoing war in Ukraine. In the near-term, the threat of continued war with some spillover effects is negative to risk assets.</li> <li>Tensions between the U.S. and China are rising again.</li> </ul>

● Current outlook    ○ Outlook one quarter ago

Stance Unfavorable  
to Risk Assets

Negative

Slightly  
Negative

Neutral

Slightly  
Positive

Positive

Stance Favorable  
to Risk Assets

Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (12/31/2022) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness, or suitability.

## **Plan Performance Summary**

**Section 115 Trust**  
**Asset Allocation & Performance**

**As of December 31, 2022**

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	2022	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>CVFD - Section 115 Trust - Total Fund</b>	<b>7,790,464</b>	<b>100.00</b>	<b>6.17</b>	<b>-16.95</b>	<b>-16.95</b>	<b>1.69</b>	<b>3.56</b>	<b>4.60</b>	<b>05/01/2017</b>
<i>Policy Benchmark</i>			<i>6.62</i>	<i>-15.77</i>	<i>-15.77</i>	<i>1.27</i>	<i>3.34</i>	<i>4.32</i>	<i>05/01/2017</i>
<b>Domestic Equity</b>	<b>2,951,264</b>	<b>37.88</b>	<b>7.62</b>	<b>-19.50</b>	<b>-19.50</b>	<b>7.47</b>	<b>8.93</b>	<b>10.21</b>	<b>05/01/2017</b>
<i>Russell 3000 Index</i>			<i>7.18</i>	<i>-19.21</i>	<i>-19.21</i>	<i>7.07</i>	<i>8.79</i>	<i>10.12</i>	<i>05/01/2017</i>
PFM Multi-Manager Domestic Equity Fund	2,951,264	37.88	7.62	-18.97	-18.97	7.10	N/A	7.72	09/01/2018
<i>Russell 3000 Index</i>			<i>7.18</i>	<i>-19.21</i>	<i>-19.21</i>	<i>7.07</i>	<i>8.79</i>	<i>7.72</i>	<i>09/01/2018</i>
Vanguard Total Stock Market ETF - 61.2%			7.16	-19.50	-19.50	6.97	8.72	7.20	02/01/2020
<i>Russell 3000 Index</i>			<i>7.18</i>	<i>-19.21</i>	<i>-19.21</i>	<i>7.07</i>	<i>8.79</i>	<i>7.32</i>	<i>02/01/2020</i>
Vaughan Nelson Select - 11.7% (^)			6.59	-16.10	-16.10	12.14	N/A	11.60	06/01/2018
Nuance All Cap Value - 9.9% (^)			12.46	-6.92	-6.92	5.17	N/A	8.94	06/01/2018
<i>Russell 3000 Index</i>			<i>7.18</i>	<i>-19.21</i>	<i>-19.21</i>	<i>7.07</i>	<i>8.79</i>	<i>7.72</i>	<i>09/01/2018</i>
Aristotle Atlantic Core Equity - 6.9%(^)			7.17	-21.43	-21.43	N/A	N/A	-16.57	11/01/2021
<i>Russell 3000 Index</i>			<i>7.18</i>	<i>-19.21</i>	<i>-19.21</i>	<i>7.07</i>	<i>8.79</i>	<i>-15.03</i>	<i>11/01/2021</i>
Champlain Mid Cap Core - 4.1% (^)			7.21	-26.11	-26.11	6.12	N/A	8.48	06/01/2018
<i>S&amp;P MidCap 400</i>			<i>10.78</i>	<i>-13.06</i>	<i>-13.06</i>	<i>7.23</i>	<i>6.71</i>	<i>5.73</i>	<i>09/01/2018</i>
Jacobs Levy Small Cap - 5.6% (^)			10.93	-15.95	-15.95	11.37	N/A	10.21	05/01/2019
<i>S&amp;P SmallCap 600</i>			<i>9.19</i>	<i>-16.10</i>	<i>-16.10</i>	<i>5.80</i>	<i>5.88</i>	<i>6.37</i>	<i>05/01/2019</i>
<b>International Equity</b>	<b>1,655,415</b>	<b>21.25</b>	<b>13.93</b>	<b>-21.87</b>	<b>-21.87</b>	<b>-0.13</b>	<b>0.90</b>	<b>3.33</b>	<b>05/01/2017</b>
<i>MSCI AC World ex USA (Net)</i>			<i>14.28</i>	<i>-16.00</i>	<i>-16.00</i>	<i>0.07</i>	<i>0.88</i>	<i>3.37</i>	<i>05/01/2017</i>
PFM Multi-Manager International Equity Fund	1,655,415	21.25	13.96	-20.79	-20.79	-0.49	N/A	1.25	09/01/2018
<i>MSCI AC World ex USA (Net)</i>			<i>14.28</i>	<i>-16.00</i>	<i>-16.00</i>	<i>0.07</i>	<i>0.88</i>	<i>1.86</i>	<i>09/01/2018</i>
iShares Core MSCI Total Int'l Stock ETF - 35.4%			14.92	-16.35	-16.35	0.30	0.99	1.28	02/01/2020
<i>MSCI AC World ex USA (Net)</i>			<i>14.28</i>	<i>-16.00</i>	<i>-16.00</i>	<i>0.07</i>	<i>0.88</i>	<i>1.01</i>	<i>02/01/2020</i>
WCM Focused Growth International - 9.0% (^)			11.92	-28.53	-28.53	3.56	N/A	4.95	12/01/2019
<i>MSCI AC World ex USA (Net)</i>			<i>14.28</i>	<i>-16.00</i>	<i>-16.00</i>	<i>0.07</i>	<i>0.88</i>	<i>1.46</i>	<i>12/01/2019</i>
Ninety One Int'l Dynamic Equity - 10.2% (^)			13.64	-19.77	-19.77	N/A	N/A	-15.43	12/01/2021
<i>MSCI AC World ex USA (Net)</i>			<i>14.28</i>	<i>-16.00</i>	<i>-16.00</i>	<i>0.07</i>	<i>0.88</i>	<i>-11.63</i>	<i>12/01/2021</i>
Acadian Non-U.S. Equity - 19.8% (^)			15.21	-13.34	-13.34	2.90	N/A	2.90	01/01/2020
<i>MSCI EAFE (net)</i>			<i>17.34</i>	<i>-14.45</i>	<i>-14.45</i>	<i>0.87</i>	<i>1.54</i>	<i>0.87</i>	<i>01/01/2020</i>
Aristotle International Equity - 14.7% (^)			13.82	-20.87	-20.87	0.45	N/A	2.78	06/01/2018
<i>MSCI EAFE (net)</i>			<i>17.34</i>	<i>-14.45</i>	<i>-14.45</i>	<i>0.87</i>	<i>1.54</i>	<i>2.32</i>	<i>09/01/2018</i>
Kayne Anderson International Small Cap - 1.0% (^)			16.80	-31.47	-31.47	N/A	N/A	-18.61	05/01/2021
<i>MSCI AC World ex USA Small Cap (Net)</i>			<i>13.31</i>	<i>-19.97</i>	<i>-19.97</i>	<i>1.07</i>	<i>0.67</i>	<i>-11.31</i>	<i>05/01/2021</i>
Schroders Global Emerging Markets - 9.7% (^)			11.77	-21.44	-21.44	-1.87	N/A	-1.87	01/01/2020
<i>MSCI EM (net)</i>			<i>9.70</i>	<i>-20.09</i>	<i>-20.09</i>	<i>-2.69</i>	<i>-1.40</i>	<i>-2.69</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

As of December 31, 2022

## Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	2022	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Fixed Income</b>	<b>2,713,854</b>	<b>34.84</b>	<b>1.59</b>	<b>-13.12</b>	<b>-13.12</b>	<b>-2.51</b>	<b>0.12</b>	<b>0.51</b>	<b>05/01/2017</b>
<i>Blmbg. U.S. Aggregate</i>			1.87	-13.01	-13.01	-2.71	0.02	0.36	05/01/2017
PFM Multi-Manager Fixed-Income Fund	2,713,854	34.84	1.58	-13.06	-13.06	-2.40	N/A	0.38	09/01/2018
<i>Blmbg. U.S. Aggregate</i>			1.87	-13.01	-13.01	-2.71	0.02	0.25	09/01/2018
PGIM Core Fixed - 35.1% (^)			2.00	-13.96	-13.96	-2.58	N/A	0.54	06/01/2018
TIAA Core Fixed - 34.9% (^)			1.02	-14.14	-14.14	-2.52	N/A	0.58	06/01/2018
<i>Blmbg. U.S. Aggregate</i>			1.87	-13.01	-13.01	-2.71	0.02	0.25	09/01/2018
iShares Core U.S. Aggregate Bond ETF - 1.2%			1.69	-13.06	-13.06	-2.80	-0.05	-7.51	05/01/2021
<i>Blmbg. U.S. Aggregate</i>			1.87	-13.01	-13.01	-2.71	0.02	-7.42	05/01/2021
PineBridge IG Credit - 6.2% (^)			3.29	-16.05	-16.05	-1.46	N/A	2.15	06/01/2018
<i>Blmbg. U.S. Credit Index</i>			3.44	-15.26	-15.26	-2.86	0.42	0.90	09/01/2018
Brown Bros. Harriman Structured - 10.6% (^)			0.61	-4.20	-4.20	0.45	N/A	1.71	06/01/2018
<i>ICE BofAML Asset-Bckd Fxd &amp; Fltng Rate AA-BBB Idx</i>			0.54	-6.37	-6.37	-0.32	1.28	1.05	09/01/2018
SPDR Blackstone Senior Loan ETF - 6.9%			2.17	-4.54	-4.54	0.95	2.33	-4.65	02/01/2022
<i>Credit Suisse Leveraged Loan Index</i>			2.33	-1.06	-1.06	2.34	3.24	-1.41	02/01/2022
Brandywine Global High Yield - 2.4%			4.18	-9.38	-9.38	2.89	4.97	0.84	10/01/2020
<i>Blmbg. Ba to B U.S. High Yield</i>			4.56	-10.59	-10.59	0.30	2.66	-0.45	10/01/2020
MainStay MacKay High Yield Corp Bond Fund - 2.5%			3.95	-7.81	-7.81	0.74	2.66	-3.54	06/01/2021
<i>ICE BofAML High Yield Master II</i>			3.98	-11.25	-11.25	-0.25	2.11	-5.53	06/01/2021
<b>Cash Equivalent</b>	<b>469,932</b>	<b>6.03</b>	<b>0.85</b>	<b>1.47</b>	<b>1.47</b>	<b>0.61</b>	<b>1.12</b>	<b>1.09</b>	<b>05/01/2017</b>
Allspring Government Money Market Fund	469,932	6.03	0.85	1.47	1.47	0.61	1.11	1.08	05/01/2017

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.

## Comparative Performance

	2022	2021	2020	2019	2018	2017
<b>CVFD - Section 115 Trust - Total Fund</b>	<b>-16.95</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>	<i>-15.77</i>	<i>8.88</i>	<i>13.23</i>	<i>18.17</i>	<i>-3.97</i>	<i>N/A</i>
<b>Domestic Equity</b>	<b>-19.50</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>	<i>-19.21</i>	<i>25.66</i>	<i>20.89</i>	<i>31.02</i>	<i>-5.24</i>	<i>21.13</i>
PFM Multi-Manager Domestic Equity Fund	-18.97	26.28	20.05	29.70	N/A	N/A
<i>Russell 3000 Index</i>	<i>-19.21</i>	<i>25.66</i>	<i>20.89</i>	<i>31.02</i>	<i>-5.24</i>	<i>21.13</i>
Vanguard Total Stock Market ETF - 61.2%	-19.50	25.72	20.95	30.80	-5.13	21.16
Vaughan Nelson Select - 11.7% (^)	-15.79	41.05	20.01	29.17	N/A	N/A
Nuance All Cap Value - 9.9% (^)	-6.46	15.15	9.69	31.33	N/A	N/A
Aristotle Atlantic Core Equity - 6.9% (^)	-21.43	N/A	N/A	N/A	N/A	N/A
<i>Russell 3000 Index</i>	<i>-19.21</i>	<i>25.66</i>	<i>20.89</i>	<i>31.02</i>	<i>-5.24</i>	<i>21.13</i>
Champlain Mid Cap Core - 4.1% (^)	-25.67	25.95	30.51	27.82	N/A	N/A
<i>S&amp;P MidCap 400</i>	<i>-13.06</i>	<i>24.76</i>	<i>13.66</i>	<i>26.20</i>	<i>-11.08</i>	<i>16.24</i>
Jacobs Levy Small Cap - 5.6% (^)	-15.58	39.61	18.81	N/A	N/A	N/A
<i>S&amp;P SmallCap 600</i>	<i>-16.10</i>	<i>26.82</i>	<i>11.29</i>	<i>22.78</i>	<i>-8.48</i>	<i>13.23</i>
<b>International Equity</b>	<b>-21.87</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>	<i>-16.00</i>	<i>7.82</i>	<i>10.65</i>	<i>21.51</i>	<i>-14.20</i>	<i>27.19</i>
PFM Multi-Manager International Equity Fund	-20.79	9.38	13.74	21.23	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	<i>-16.00</i>	<i>7.82</i>	<i>10.65</i>	<i>21.51</i>	<i>-14.20</i>	<i>27.19</i>
iShares Core MSCI Total Int'l Stock ETF - 35.4%	-16.35	8.52	11.14	21.85	-14.55	28.08
WCM Focused Growth International - 9.0% (^)	-28.14	18.78	32.21	N/A	N/A	N/A
Ninety One Int'l Dynamic Equity - 10.2% (^)	-19.77	N/A	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA (Net)</i>	<i>-16.00</i>	<i>7.82</i>	<i>10.65</i>	<i>21.51</i>	<i>-14.20</i>	<i>27.19</i>
Acadian Non-U.S. Equity - 19.8% (^)	-12.91	14.31	11.10	N/A	N/A	N/A
Aristotle International Equity - 14.7% (^)	-20.52	17.21	10.14	25.45	N/A	N/A
<i>MSCI EAFE (net)</i>	<i>-14.45</i>	<i>11.26</i>	<i>7.82</i>	<i>22.01</i>	<i>-13.79</i>	<i>25.03</i>
Kayne Anderson International Small Cap - 1.0% (^)	-31.47	N/A	N/A	N/A	N/A	N/A
<i>MSCI AC World ex USA Small Cap (Net)</i>	<i>-19.97</i>	<i>12.93</i>	<i>14.24</i>	<i>22.42</i>	<i>-18.20</i>	<i>31.65</i>
Schroders Global Emerging Markets - 9.7% (^)	-21.44	-4.65	26.16	N/A	N/A	N/A
<i>MSCI EM (net)</i>	<i>-20.09</i>	<i>-2.54</i>	<i>18.31</i>	<i>18.42</i>	<i>-14.57</i>	<i>37.28</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.

## Comparative Performance

	2022	2021	2020	2019	2018	2017
<b>Fixed Income</b>	<b>-13.12</b>	<b>-0.96</b>	<b>7.68</b>	<b>9.56</b>	<b>-0.89</b>	<b>N/A</b>
<i>Blmbg. U.S. Aggregate</i>	-13.01	-1.55	7.51	8.72	0.01	3.54
PFM Multi-Manager Fixed-Income Fund	-13.06	-0.85	7.86	9.56	N/A	N/A
<i>Blmbg. U.S. Aggregate</i>	-13.01	-1.55	7.51	8.72	0.01	3.54
PGIM Core Fixed - 35.1% (^)	-13.76	-0.98	9.01	9.65	N/A	N/A
TIAA Core Fixed - 34.9% (^)	-13.92	-0.91	9.44	9.59	N/A	N/A
iShares Core U.S. Aggregate Bond ETF - 1.2%	-13.06	-1.67	7.42	8.68	-0.05	3.53
<i>Blmbg. U.S. Aggregate</i>	-13.01	-1.55	7.51	8.72	0.01	3.54
PineBridge IG Credit - 6.2% (^)	-15.83	0.02	14.54	15.48	N/A	N/A
<i>Blmbg. U.S. Credit Index</i>	-15.26	-1.08	9.35	13.80	-2.11	6.18
Brown Bros. Harriman Structured - 10.6% (^)	-3.87	3.01	3.42	5.07	N/A	N/A
<i>ICE BofAML Asset-Bckd Fxd &amp; Flting Rate AA-BBB Idx</i>	-6.37	1.75	3.94	4.31	3.16	4.53
SPDR Blackstone Senior Loan ETF - 6.9%	-4.54	4.91	2.73	9.33	-0.25	3.61
<i>Credit Suisse Leveraged Loan Index</i>	-1.06	5.40	2.78	8.17	1.14	4.25
Brandywine Global High Yield - 2.4%	-9.38	5.50	13.92	15.56	1.27	10.48
<i>Blmbg. Ba to B U.S. High Yield</i>	-10.59	4.71	7.78	15.18	-1.86	6.92
MainStay MacKay High Yield Corp Bond Fund - 2.5%	-7.81	5.35	5.28	13.03	-1.34	6.79
<i>ICE BofAML High Yield Master II</i>	-11.25	5.35	6.17	14.41	-2.27	7.48
<b>Cash Equivalent</b>						
Allspring Government Money Market Fund	1.47	0.01	0.34	2.06	1.69	0.73

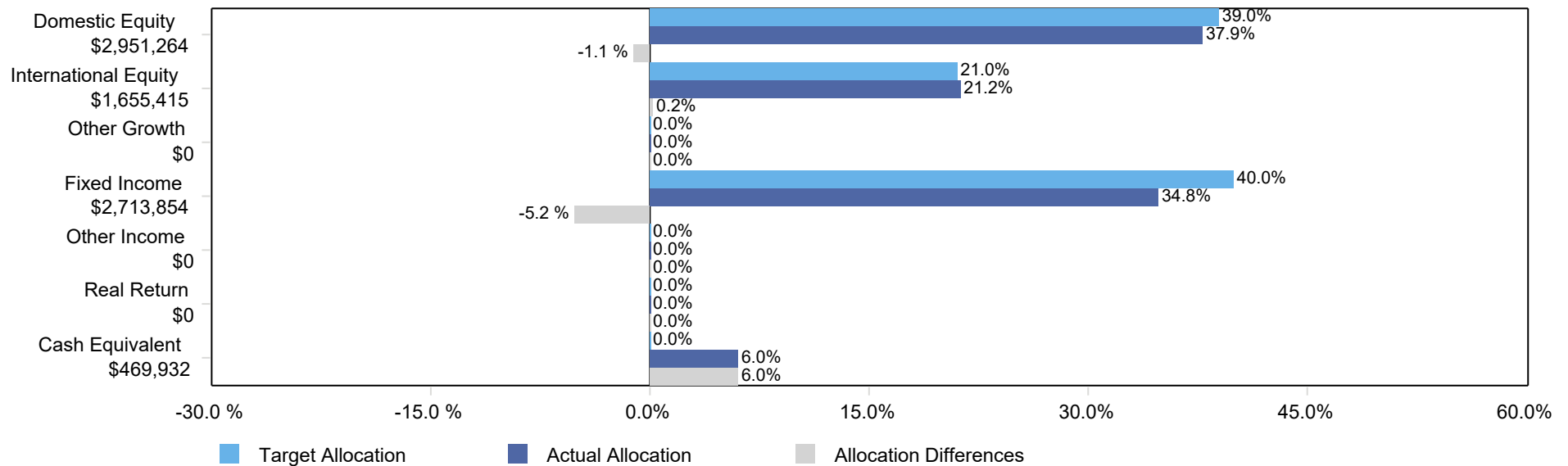
Returns are net of mutual fund fees and are expressed as percentages. Asset class level returns may vary from individual underlying manager returns due to cash flows.

(^\*) 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.



## 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	37.9	39.0	19.0	59.0	-1.1
International Equity	21.2	21.0	1.0	41.0	0.2
Other Growth	0.0	0.0	0.0	20.0	0.0
Fixed Income	34.8	40.0	20.0	60.0	-5.2
Other Income	0.0	0.0	0.0	20.0	0.0
Real Return	0.0	0.0	0.0	20.0	0.0
Cash Equivalent	6.0	0.0	0.0	20.0	6.0



## Account Reconciliation

## QTR

	Market Value As of 10/01/2022	Net Flows	Return On Investment	Market Value As of 12/31/2022
CVFD - Section 115 Trust - Total Fund	7,339,697	(2,149)	452,916	7,790,464

## YTD

	Market Value As of 01/01/2022	Net Flows	Return On Investment	Market Value As of 12/31/2022
CVFD - Section 115 Trust - Total Fund	8,426,309	878,097	(1,513,942)	7,790,464

## 1 Year

	Market Value As of 01/01/2022	Net Flows	Return On Investment	Market Value As of 12/31/2022
CVFD - Section 115 Trust - Total Fund	8,426,309	878,097	(1,513,942)	7,790,464

**Historical Hybrid Composition - Policy Benchmark**

Allocation Mandate	Weight (%)
<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**

#### ◆ 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. As of 2022, Jack Meurer 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**

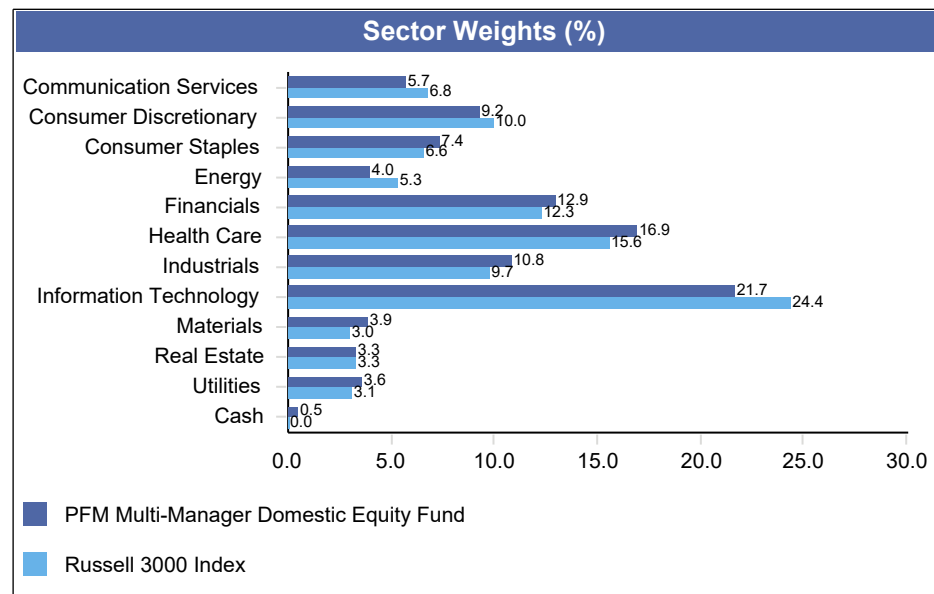
- **Management:** Dr. Bruce I. Jacobs and Mr. Kenneth N. Levy co-founded Jacobs Levy in 1986. The two individuals own 100% of the firm and are the portfolio managers responsible for the day-to-day management of firm assets. The two individuals are backed by a team of over 50 investment professionals.
- **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 December 31, 2022

### PFM Multi-Manager Domestic Equity vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	284,679	354,764
Median Mkt. Cap (\$M)	903	1,954
Price/Earnings ratio	18.56	18.12
Price/Book ratio	3.49	3.64
5 Yr. EPS Growth Rate (%)	17.06	17.90
Current Yield (%)	1.61	1.72
Number of Stocks	3,970	2,960



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Microsoft Corp	4.00	4.76	-0.76	3.26
Apple Inc	3.65	5.18	-1.53	-5.83
Amazon.com Inc	2.05	1.98	0.07	-25.66
Alphabet Inc	1.89	1.41	0.48	-7.76
Johnson & Johnson	1.12	1.23	-0.11	8.83
Berkshire Hathaway Inc	1.11	1.48	-0.37	15.68
NextEra Energy Inc	1.08	0.44	0.64	7.15
Danaher Corp	0.86	0.46	0.40	2.86
NVIDIA Corporation	0.85	0.93	-0.08	20.42
JPMorgan Chase & Co	0.84	1.04	-0.20	29.49
% of Portfolio	17.45	18.91	-1.46	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Cabaletta Bio Inc	0.00	0.00	0.00	1,322.86
Nine Energy Service Inc	0.00	0.00	0.00	450.38
GlycoMimetics Inc	0.00	0.00	0.00	449.21
Madrigal Pharmaceuticals Inc	0.01	0.01	0.00	346.61
PDS Biotechnology Corp	0.00	0.00	0.00	344.44
Summit Therapeutics PLC	0.00	0.00	0.00	257.14
AppTech Payments Corp	0.00	0.00	0.00	245.98
Viking Therapeutics Inc	0.00	0.00	0.00	245.59
Immunovant Inc	0.00	0.00	0.00	218.10
Merrimack Pharmaceuticals Inc	0.00	0.00	0.00	205.60
% of Portfolio	0.01	0.01	0.00	

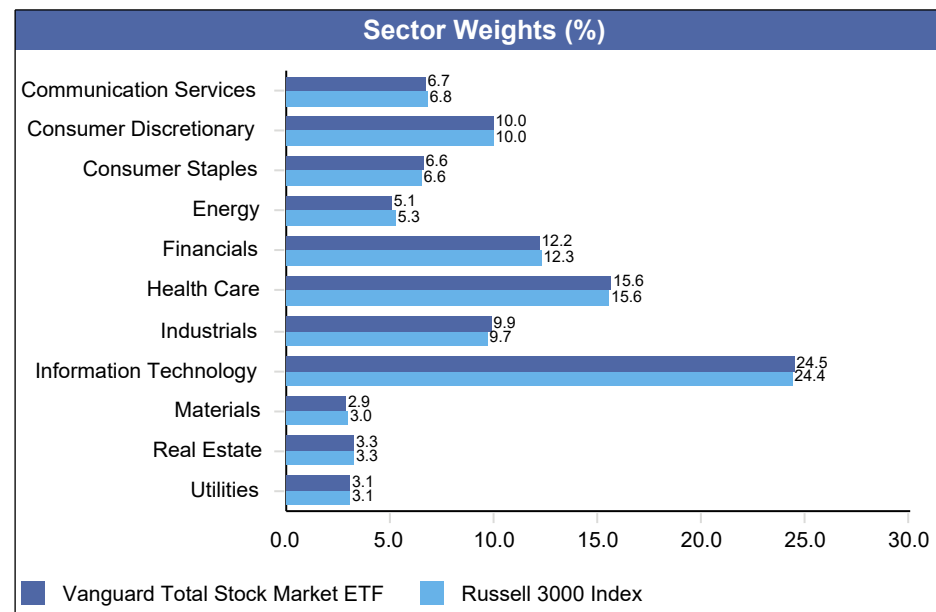
The fund characteristics and top holdings shown above are based on a look-through of any underlying mutual funds or ETFs held within the Fund. ETF holdings are available daily, while mutual fund holdings are only published on a monthly or quarterly basis. As a result, holdings used for the look-through 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 December 31, 2022

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

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	354,061	354,764
Median Mkt. Cap (\$M)	896	1,954
Price/Earnings ratio	18.18	18.12
Price/Book ratio	3.65	3.64
5 Yr. EPS Growth Rate (%)	17.83	17.90
Current Yield (%)	1.72	1.72
Number of Stocks	3,957	2,960



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Apple Inc	5.22	5.18	0.04	-5.83
Microsoft Corp	4.75	4.76	-0.01	3.26
Amazon.com Inc	1.94	1.98	-0.04	-25.66
Alphabet Inc	1.40	1.41	-0.01	-7.76
Berkshire Hathaway Inc	1.38	1.48	-0.10	15.68
Unitedhealth Group Inc	1.32	1.31	0.01	5.30
Johnson & Johnson	1.23	1.23	0.00	8.83
Alphabet Inc	1.22	1.25	-0.03	-7.72
Exxon Mobil Corp	1.21	1.20	0.01	27.35
JPMorgan Chase & Co	1.05	1.04	0.01	29.49
% of Portfolio	20.72	20.84	-0.12	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Caballero Bio Inc	0.00	0.00	0.00	1,322.86
Nine Energy Service Inc	0.00	0.00	0.00	450.38
GlycoMimetics Inc	0.00	0.00	0.00	449.21
Madrigal Pharmaceuticals Inc	0.01	0.01	0.00	346.61
PDS Biotechnology Corp	0.00	0.00	0.00	344.44
Summit Therapeutics PLC	0.00	0.00	0.00	257.14
AppTech Payments Corp	0.00	0.00	0.00	245.98
Viking Therapeutics Inc	0.00	0.00	0.00	245.59
Immunovant Inc	0.00	0.00	0.00	218.10
Merrimack Pharmaceuticals Inc	0.00	0.00	0.00	205.60
% of Portfolio	0.01	0.01	0.00	

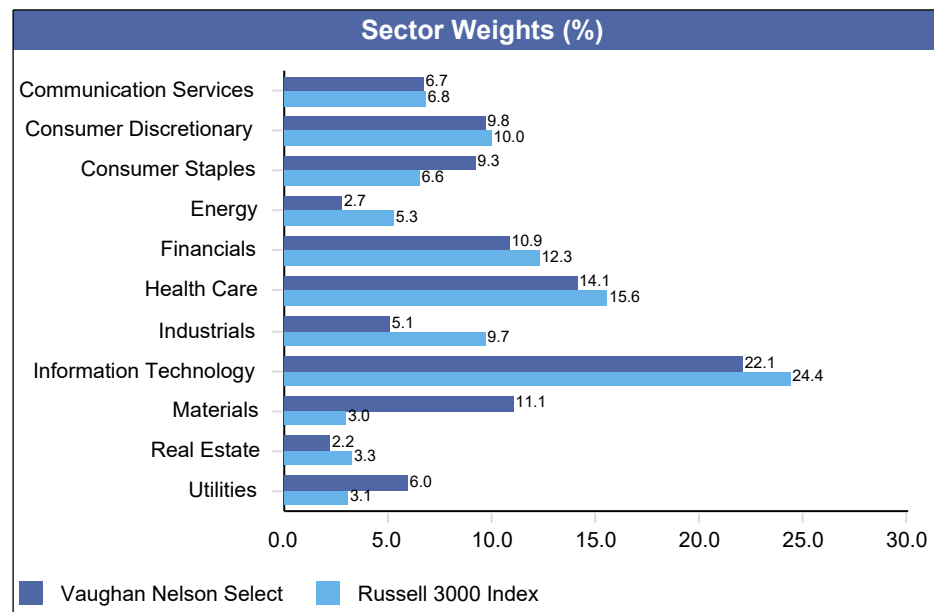


## Portfolio Characteristics

As of December 31, 2022

Vaughan Nelson Select vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	247,417	354,764
Median Mkt. Cap (\$M)	57,302	1,954
Price/Earnings ratio	26.82	18.12
Price/Book ratio	4.68	3.64
5 Yr. EPS Growth Rate (%)	18.70	17.90
Current Yield (%)	1.26	1.72
Number of Stocks	30	2,960

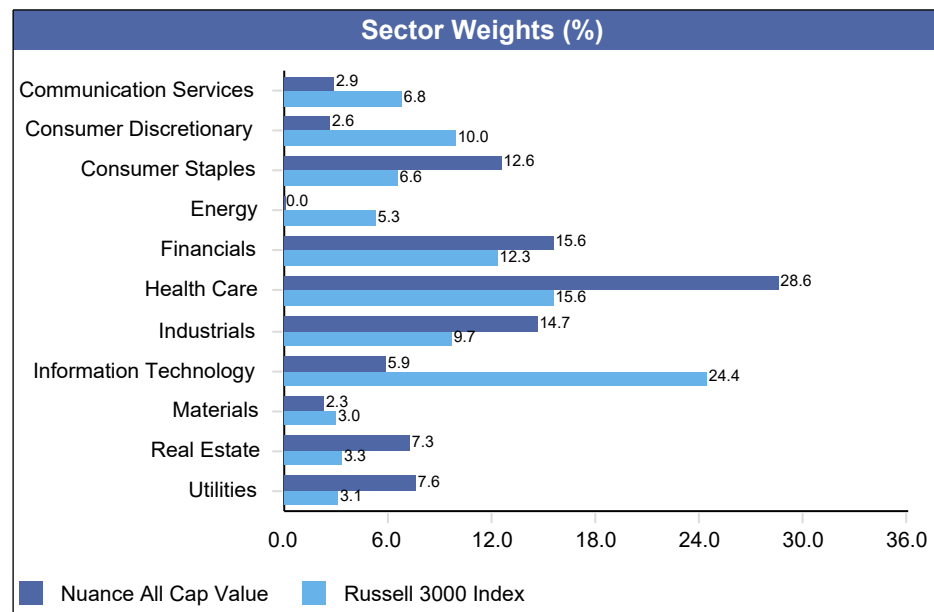


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
NextEra Energy Inc	6.00	0.44	5.56	7.15
Wheaton Precious Metals Corp	5.63	0.00	5.63	21.26
Dollar General Corporation	5.55	0.15	5.40	3.12
Sherwin-Williams Co (The)	5.46	0.15	5.31	16.21
Danaher Corp	5.13	0.46	4.67	2.86
Intercontinental Exchange Inc	5.03	0.15	4.88	13.96
Microsoft Corp	4.97	4.76	0.21	3.26
McCormick & Co Inc	4.66	0.06	4.60	17.43
Motorola Solutions Inc	4.61	0.11	4.50	15.45
Clorox Co (The)	4.60	0.05	4.55	10.22
% of Portfolio	51.64	6.33	45.31	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Kosmos Energy Ltd	2.74	0.01	2.73	23.02
Wheaton Precious Metals Corp	5.63	0.00	5.63	21.26
NVIDIA Corporation	1.71	0.93	0.78	20.42
Verisign Inc	2.48	0.05	2.43	18.27
McCormick & Co Inc	4.66	0.06	4.60	17.43
Chemed Corp	2.37	0.02	2.35	17.01
Sherwin-Williams Co (The)	5.46	0.15	5.31	16.21
Berkshire Hathaway Inc	2.27	1.48	0.79	15.68
Motorola Solutions Inc	4.61	0.11	4.50	15.45
Intercontinental Exchange Inc	5.03	0.15	4.88	13.96
% of Portfolio	36.96	2.96	34.00	

## Nuance All Cap Value vs. Russell 3000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	74,639	354,764
Median Mkt. Cap (\$M)	9,269	1,954
Price/Earnings ratio	20.95	18.12
Price/Book ratio	2.63	3.64
5 Yr. EPS Growth Rate (%)	4.81	17.90
Current Yield (%)	2.13	1.72
Number of Stocks	51	2,960



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
DENTSPLY SIRONA Inc	5.17	0.02	5.15	12.75
Smith & Nephew PLC	4.97	0.00	4.97	15.81
Northern Trust Corp	4.79	0.05	4.74	4.31
3M Co	4.47	0.18	4.29	9.80
Universal Health Services Inc.	4.46	0.02	4.44	60.02
Henkel AG & Co KGAA	4.36	0.00	4.36	12.59
Travelers Companies Inc (The)	4.23	0.12	4.11	22.99
Baxter International Inc	4.11	0.07	4.04	-4.84
Kimberly-Clark Corp	4.00	0.12	3.88	21.65
ICU Medical Inc	3.97	0.01	3.96	4.57
% of Portfolio	44.53	0.59	43.94	

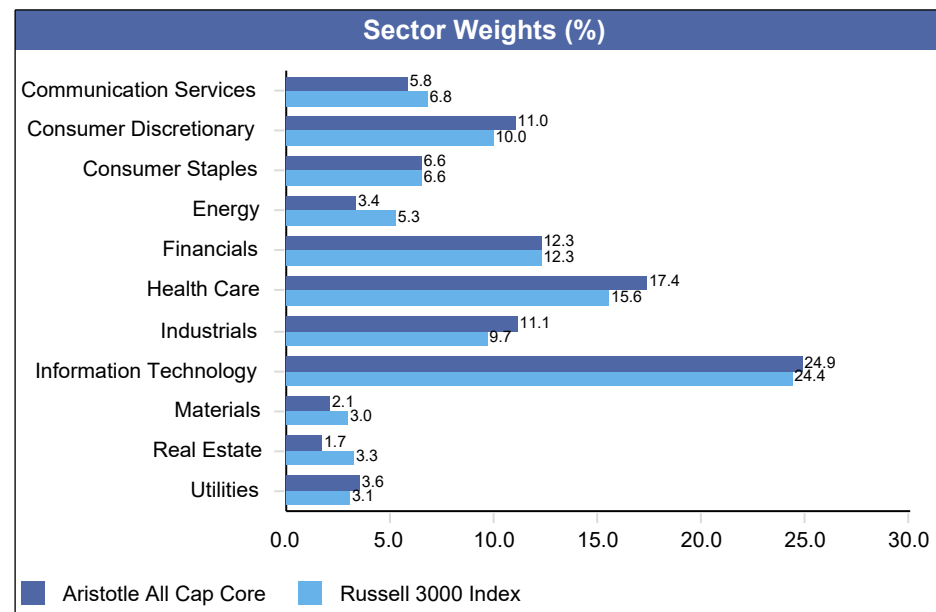
Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Universal Health Services Inc.	4.46	0.02	4.44	60.02
SJW Group	2.60	0.01	2.59	41.68
Aerojet Rocketdyne Holdings Inc	2.63	0.01	2.62	39.86
Everest Re Group Ltd	0.24	0.03	0.21	26.86
Knorr-Bremse Aktiengesellschaft	2.56	0.00	2.56	25.29
Merit Medical Systems Inc	0.81	0.01	0.80	24.97
Globus Medical Inc	0.80	0.02	0.78	24.68
Hartford Financial Svcs Grp Inc.	0.54	0.06	0.48	23.11
Travelers Companies Inc (The)	4.23	0.12	4.11	22.99
Zimmer Biomet Holdings Inc	3.45	0.07	3.38	22.18
% of Portfolio	22.32	0.35	21.97	

## Portfolio Characteristics

As of December 31, 2022

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

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	422,958	354,764
Median Mkt. Cap (\$M)	65,586	1,954
Price/Earnings ratio	19.50	18.12
Price/Book ratio	4.20	3.64
5 Yr. EPS Growth Rate (%)	19.87	17.90
Current Yield (%)	1.26	1.72
Number of Stocks	52	2,960



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Microsoft Corp	7.16	4.76	2.40	3.26
Apple Inc	6.02	5.18	0.84	-5.83
Alphabet Inc	4.74	1.41	3.33	-7.76
Cigna Corp	3.09	0.26	2.83	19.82
Broadcom Inc	2.99	0.59	2.40	26.98
Norfolk Southern Corp	2.92	0.15	2.77	18.18
Amazon.com Inc	2.87	1.98	0.89	-25.66
AMETEK Inc	2.86	0.09	2.77	23.39
JPMorgan Chase & Co	2.80	1.04	1.76	29.49
Chubb Ltd	2.79	0.24	2.55	21.76
% of Portfolio	38.24	15.70	22.54	

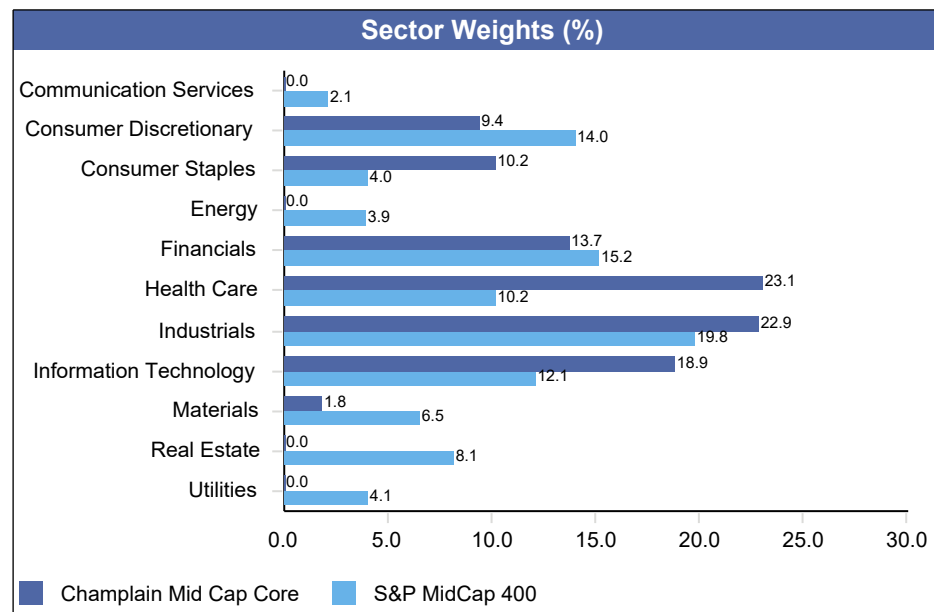
Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Halliburton Co	1.08	0.09	0.99	60.38
Spirit Aerosystems Holdings Inc	0.84	0.01	0.83	35.04
Phillips 66	1.57	0.13	1.44	30.10
JPMorgan Chase & Co	2.80	1.04	1.76	29.49
Honeywell International Inc	1.97	0.38	1.59	28.98
Broadcom Inc	2.99	0.59	2.40	26.98
Teleflex Inc	1.07	0.03	1.04	24.11
Ameriprise Financial Inc	2.57	0.09	2.48	24.08
AMETEK Inc	2.86	0.09	2.77	23.39
Chubb Ltd	2.79	0.24	2.55	21.76
% of Portfolio	20.54	2.69	17.85	

## Portfolio Characteristics

As of December 31, 2022

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

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	18,403	6,615
Median Mkt. Cap (\$M)	13,842	5,217
Price/Earnings ratio	28.31	12.97
Price/Book ratio	3.97	2.51
5 Yr. EPS Growth Rate (%)	12.89	18.75
Current Yield (%)	0.82	1.80
Number of Stocks	64	401

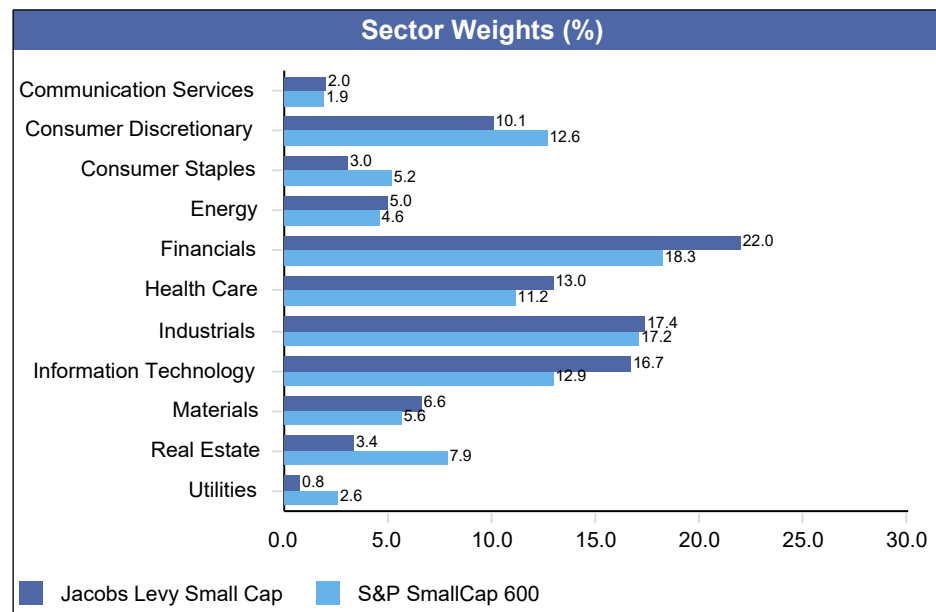


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Everest Re Group Ltd	3.71	0.00	3.71	26.86
AMETEK Inc	3.56	0.00	3.56	23.39
Fortive Corp	3.44	0.00	3.44	10.32
Toro Co (The)	2.90	0.57	2.33	31.71
Workday Inc	2.90	0.00	2.90	9.93
Tradeweb Markets Inc	2.72	0.00	2.72	15.23
Rockwell Automation Inc.	2.70	0.00	2.70	20.27
Waters Corp	2.59	0.00	2.59	27.10
Nordson Corp	2.39	0.00	2.39	12.30
Advance Auto Parts Inc.	2.33	0.00	2.33	-4.97
% of Portfolio	29.24	0.57	28.67	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
DexCom Inc	2.03	0.00	2.03	40.60
Planet Fitness Inc	1.57	0.00	1.57	36.66
Integra LifeSciences Holdings Corp	1.51	0.20	1.31	32.37
Toro Co (The)	2.90	0.57	2.33	31.71
Bath & Body Works Inc	1.23	0.00	1.23	29.93
Waters Corp	2.59	0.00	2.59	27.10
Everest Re Group Ltd	3.71	0.00	3.71	26.86
Cooper Cos Inc (The)	1.64	0.00	1.64	25.30
IDEXX Laboratories Inc	0.89	0.00	0.89	25.22
Nutanix Inc	1.43	0.00	1.43	25.06
% of Portfolio	19.50	0.77	18.73	

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

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	1,719	2,269
Median Mkt. Cap (\$M)	1,041	1,348
Price/Earnings ratio	9.25	11.51
Price/Book ratio	1.93	2.02
5 Yr. EPS Growth Rate (%)	23.95	16.80
Current Yield (%)	1.26	1.74
Number of Stocks	192	601



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Encore Wire Corp	1.51	0.29	1.22	19.08
American Equity Invst. Life Hldg Co	1.41	0.36	1.05	23.47
Comfort Systems USA Inc.	1.41	0.47	0.94	18.38
Blucora Inc	1.39	0.14	1.25	32.01
Boise Cascade Co	1.33	0.31	1.02	17.28
O I Glass Inc	1.29	0.29	1.00	27.95
Banner Corp	1.28	0.25	1.03	7.61
First BanCorp (Puerto Rico)	1.27	0.27	1.00	-6.28
Extreme Networks Inc	1.27	0.28	0.99	40.09
Rambus Inc	1.26	0.44	0.82	40.91
% of Portfolio	13.42	3.10	10.32	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Powell Industries Inc	0.16	0.04	0.12	68.58
Wabash National Corp	1.07	0.12	0.95	45.94
Patterson-UTI Energy Inc	0.95	0.42	0.53	44.82
Sylvamo Corp	0.44	0.18	0.26	43.33
Agilysys Inc	0.69	0.18	0.51	42.98
Par Pacific Holdings Inc	1.13	0.15	0.98	41.68
Rambus Inc	1.26	0.44	0.82	40.91
Extreme Networks Inc	1.27	0.28	0.99	40.09
MasterCraft Boat Holdings Inc	0.26	0.00	0.26	37.24
Vector Group Ltd	1.09	0.18	0.91	37.07
% of Portfolio	8.32	1.99	6.33	

◆ **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 Taliaferro, 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

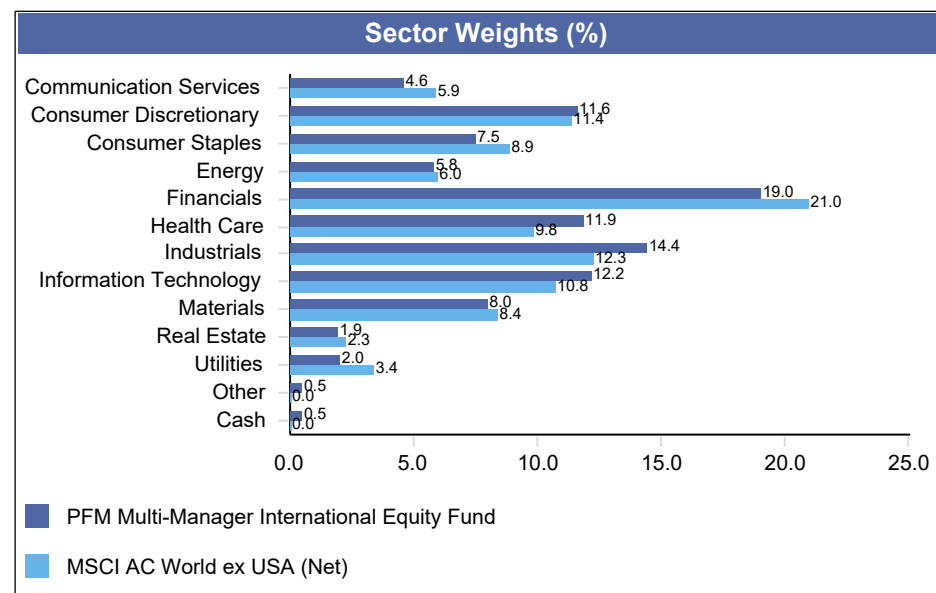
- **Management:** The fund is managed by a team of five portfolio managers led by Tom Wilson, Schroders' Head of Emerging Markets Equity. He has worked at Schroders since 2001 and has been involved with emerging markets equities at Schroders since 2004.
- **Objective:** The Fund seeks capital appreciation.
- **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, currency, 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

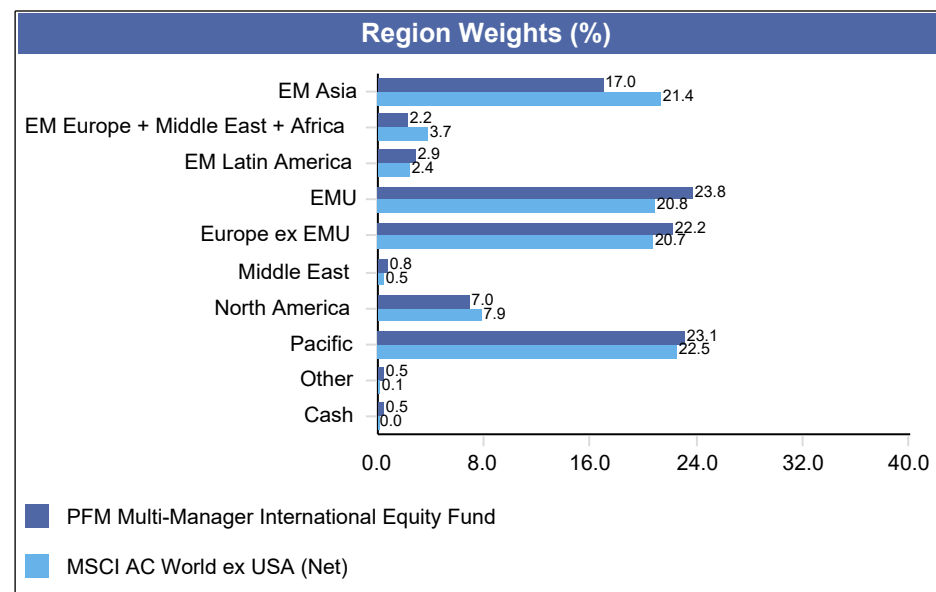
As of December 31, 2022

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

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	68,554	77,574
Median Mkt. Cap (\$M)	2,558	8,612
Price/Earnings ratio	12.52	12.19
Price/Book ratio	2.53	2.42
5 Yr. EPS Growth Rate (%)	13.62	12.16
Current Yield (%)	3.07	3.38
Number of Stocks	4,603	2,261



Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Novo Nordisk A/S	1.60	1.00	0.60	34.18
LVMH Moët Hennessy Louis Vuitton	1.32	0.90	0.42	22.07
AIA Group Ltd	1.29	0.60	0.69	33.38
Novartis AG	1.16	0.88	0.28	17.40
Taiwan Semiconductor Manufacturing Co	1.15	1.61	-0.46	10.55
DBS Group Holdings Ltd	1.05	0.21	0.84	9.81
Samsung Electronics Co Ltd	0.93	0.94	-0.01	18.27
Accenture PLC	0.93	0.00	0.93	4.17
Roche Holding AG	0.92	0.99	-0.07	-4.73
Sony Group Corporation	0.90	0.43	0.47	18.50
% of Portfolio	11.25	7.56	3.69	

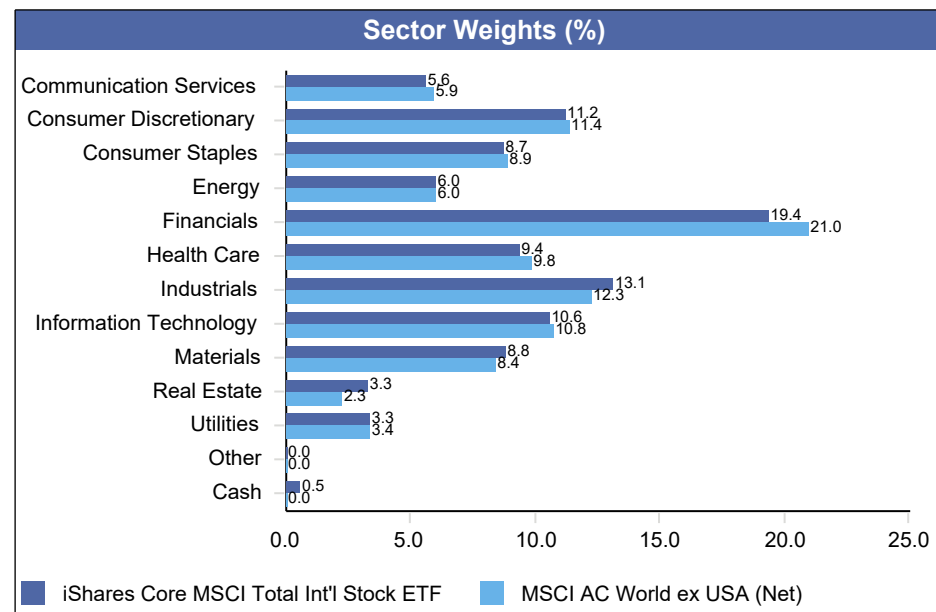


The fund characteristics and top holdings shown above are based on a look-through of any underlying mutual funds or ETFs held within the Fund. ETF holdings are available daily, while mutual fund holdings are only published on a monthly or quarterly basis. As a result, holdings used for the look-through 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.

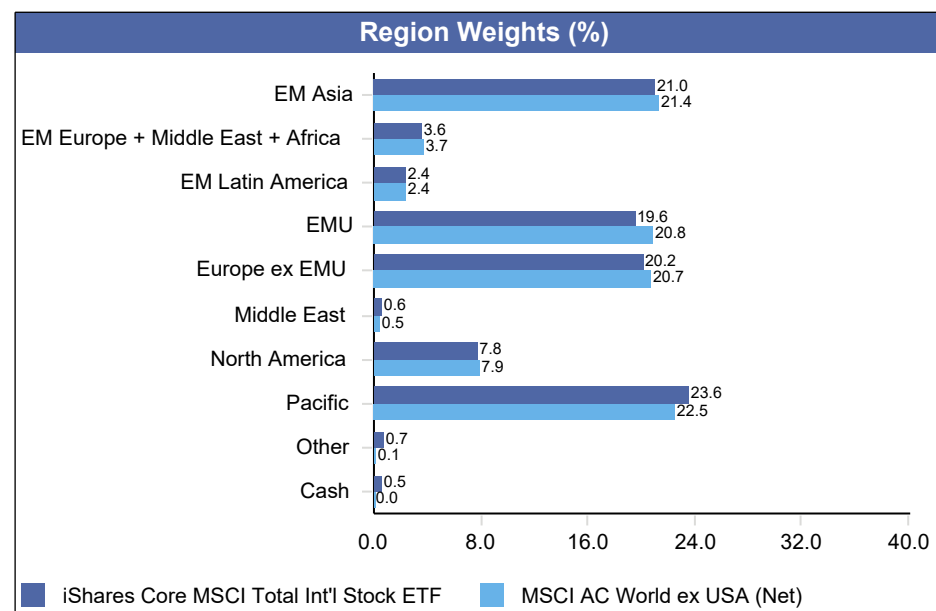


iShares Core MSCI Total Int'l Stock ETF vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	65,945	77,574
Median Mkt. Cap (\$M)	2,758	8,612
Price/Earnings ratio	11.92	12.19
Price/Book ratio	2.38	2.42
5 Yr. EPS Growth Rate (%)	12.17	12.16
Current Yield (%)	3.41	3.38
Number of Stocks	4,320	2,261

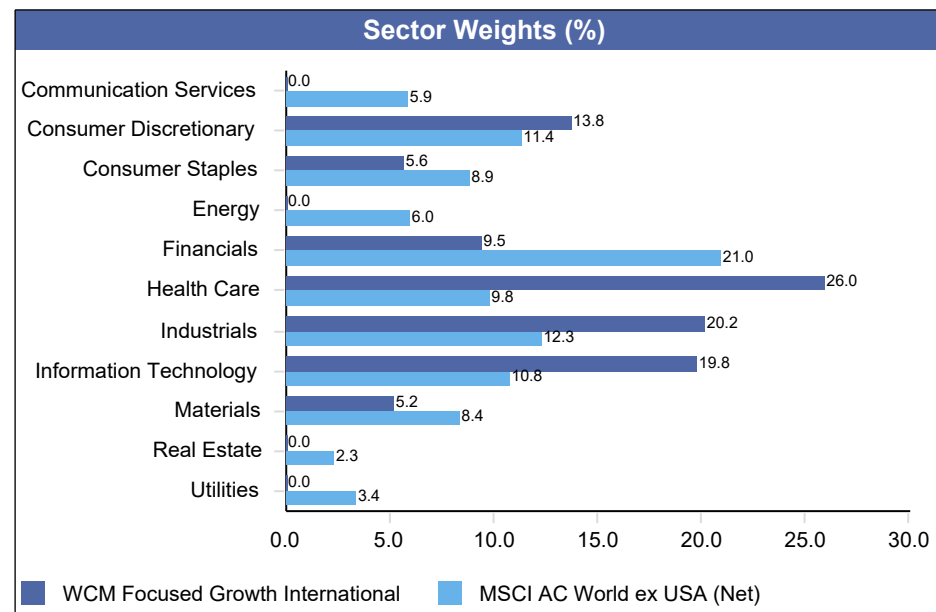


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co	1.36	1.61	-0.25	10.55
Nestle SA, Cham Und Vevey	1.20	1.43	-0.23	6.14
Tencent Holdings LTD	1.02	1.20	-0.18	26.10
Novo Nordisk A/S	0.85	1.00	-0.15	34.18
Roche Holding AG	0.84	0.99	-0.15	-4.73
ASML Holding NV	0.83	0.98	-0.15	26.84
Astrazeneca PLC	0.79	0.94	-0.15	21.78
Samsung Electronics Co Ltd	0.79	0.94	-0.15	18.27
Shell Plc	0.78	0.91	-0.13	12.81
LVMH Moet Hennessy Louis Vui	0.76	0.90	-0.14	22.07
% of Portfolio	9.22	10.90	-1.68	

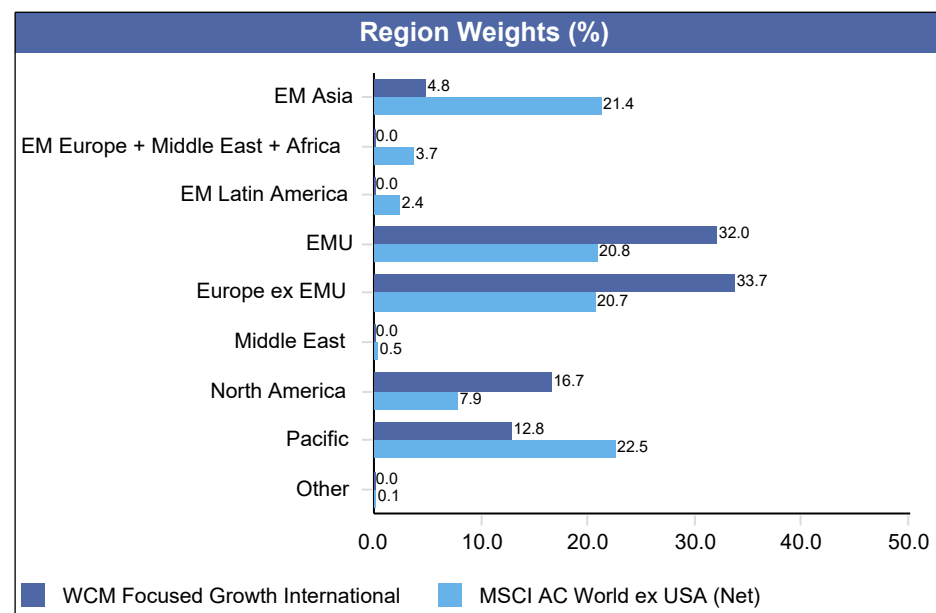


WCM Focused Growth International vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	96,628	77,574
Median Mkt. Cap (\$M)	41,434	8,612
Price/Earnings ratio	31.61	12.19
Price/Book ratio	4.79	2.42
5 Yr. EPS Growth Rate (%)	17.19	12.16
Current Yield (%)	1.08	3.38
Number of Stocks	38	2,261

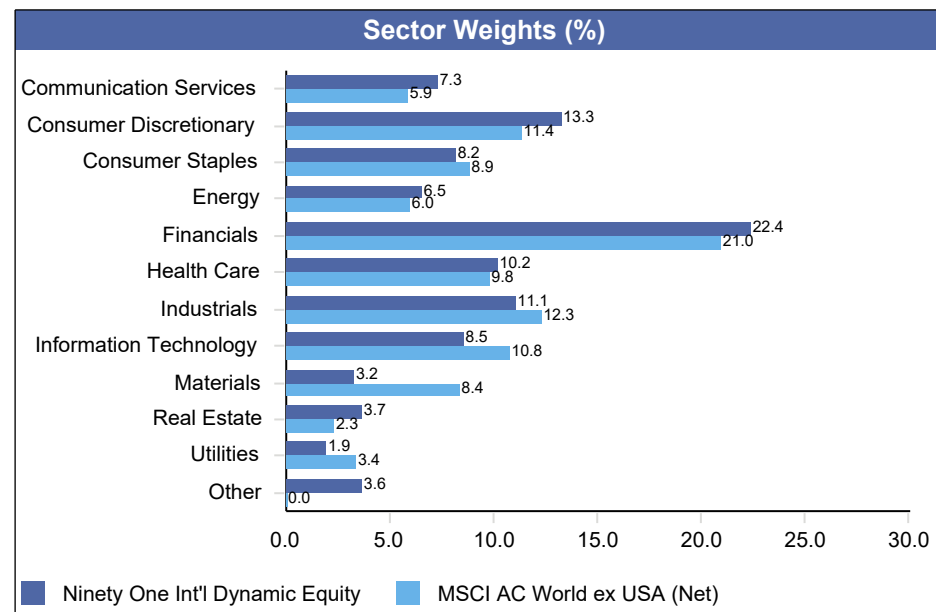


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Novo Nordisk A/S	4.78	1.00	3.78	34.18
Canadian Pacific Railway Ltd	4.40	0.31	4.09	12.00
Aon plc	4.06	0.00	4.06	12.27
Ferrari NV	3.67	0.12	3.55	13.67
Experian Plc	3.55	0.14	3.41	14.12
Astrazeneca PLC	3.45	0.94	2.51	21.78
Schneider Electric SA	3.30	0.34	2.96	21.67
CSL Ltd	3.29	0.42	2.87	6.27
Alcon Inc	3.27	0.15	3.12	15.27
Nestle SA, Cham Und Vevey	3.20	1.43	1.77	6.14
% of Portfolio	36.97	4.85	32.12	

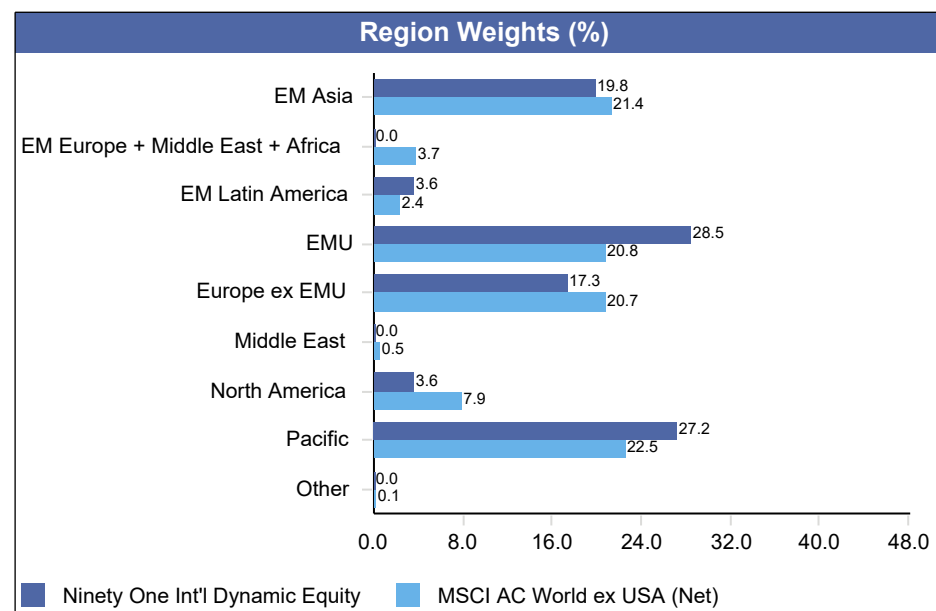


Ninety One Int'l Dynamic Equity vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	81,482	77,574
Median Mkt. Cap (\$M)	46,426	8,612
Price/Earnings ratio	15.50	12.19
Price/Book ratio	2.53	2.42
5 Yr. EPS Growth Rate (%)	11.75	12.16
Current Yield (%)	2.33	3.38
Number of Stocks	49	2,261

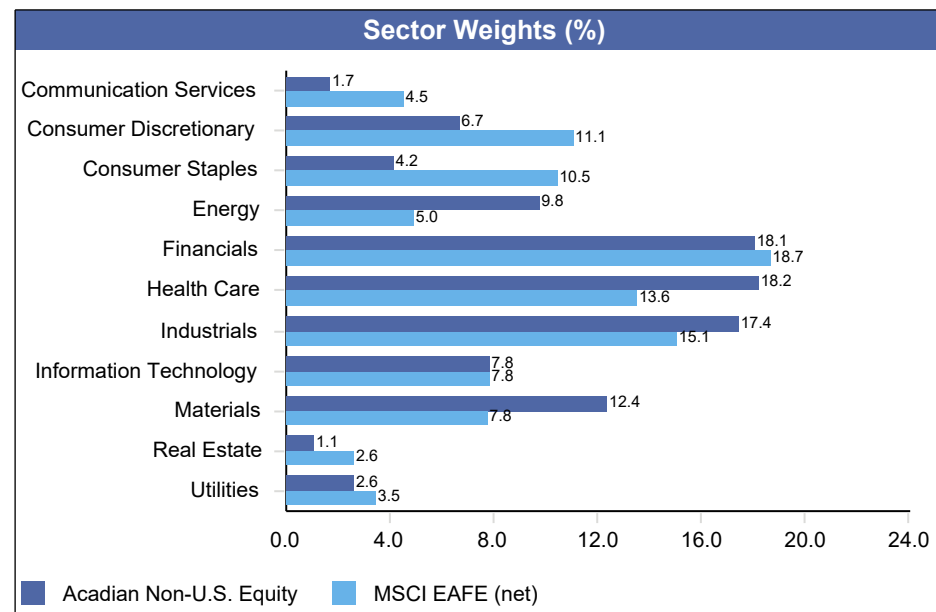


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
iShares Trust - MSCI India ETF	3.64	0.00	3.64	2.35
Bank Of Ireland Group Plc	3.05	0.05	3.00	47.08
LVMH Moet Hennessy Louis Vuitton	3.03	0.90	2.13	22.07
Novo Nordisk A/S	2.91	1.00	1.91	34.18
HDFC Bank Ltd	2.89	0.00	2.89	17.10
Deutsche Telekom AG	2.80	0.29	2.51	15.97
Taiwan Semiconductor Co ADR	2.80	1.61	1.19	9.28
Chiba Bank Ltd	2.76	0.02	2.74	35.42
Ping An Insurance Group	2.74	0.19	2.55	32.52
Astrazeneca PLC	2.64	0.94	1.70	21.78
% of Portfolio	29.26	5.00	24.26	

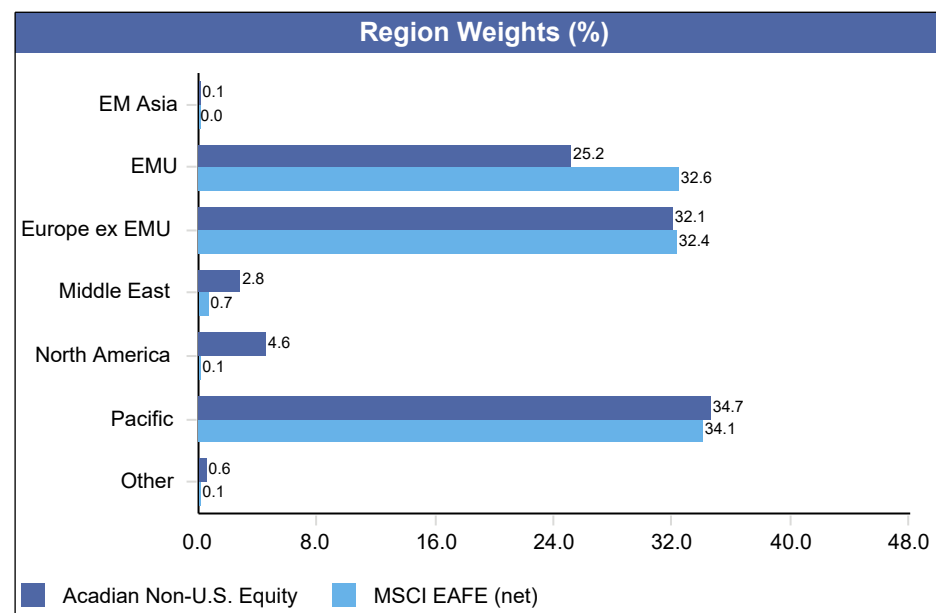


Acadian Non-U.S. Equity vs. MSCI EAFE (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	48,720	76,649
Median Mkt. Cap (\$M)	939	11,967
Price/Earnings ratio	8.92	12.91
Price/Book ratio	2.39	2.44
5 Yr. EPS Growth Rate (%)	15.11	10.54
Current Yield (%)	4.47	3.45
Number of Stocks	407	796

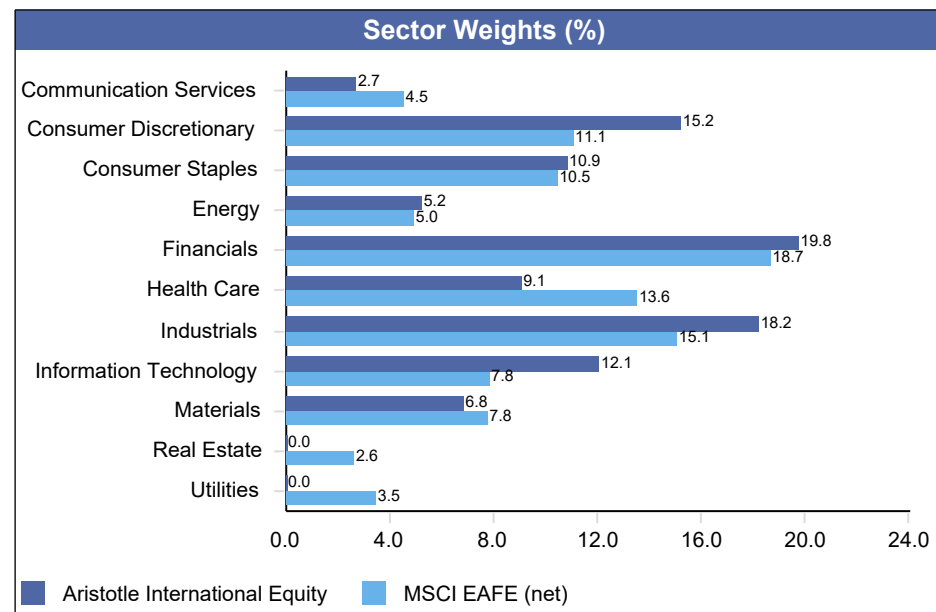


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Roche Holding AG	3.11	1.55	1.56	-4.73
Novo Nordisk A/S	2.90	1.57	1.33	34.18
Novartis AG	2.78	1.37	1.41	17.40
BHP Group Ltd	2.15	1.10	1.05	24.69
DBS Group Holdings Ltd	1.80	0.32	1.48	9.81
RELX PLC	1.73	0.37	1.36	12.17
Sampo PLC	1.70	0.18	1.52	21.43
Imperial Brands PLC	1.70	0.16	1.54	23.35
ANZ Group Holdings Limited	1.65	0.34	1.31	12.55
GSK plc	1.61	0.49	1.12	20.56
% of Portfolio	21.13	7.45	13.68	

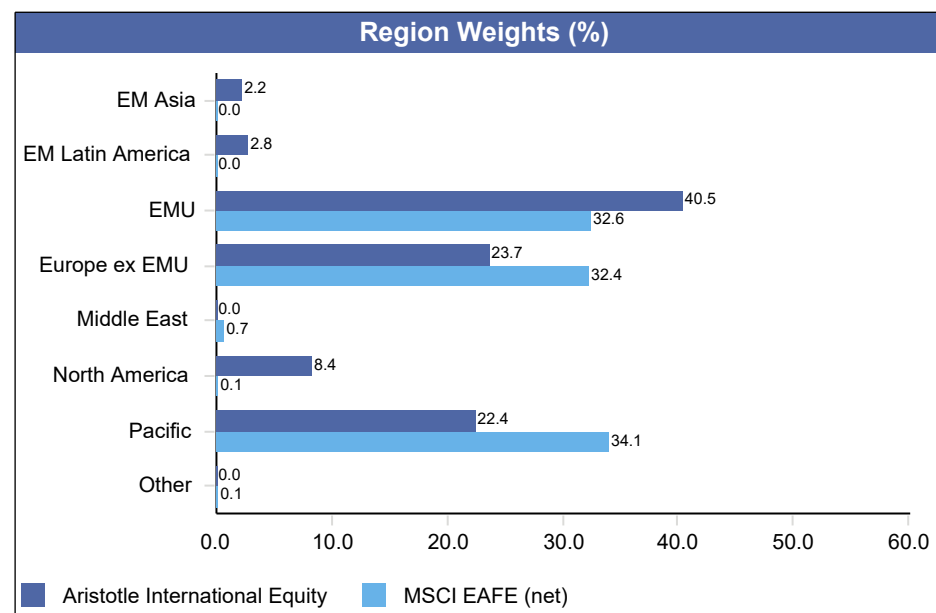


Aristotle International Equity vs. MSCI EAFE (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	60,919	76,649
Median Mkt. Cap (\$M)	30,353	11,967
Price/Earnings ratio	16.46	12.91
Price/Book ratio	2.26	2.44
5 Yr. EPS Growth Rate (%)	14.91	10.54
Current Yield (%)	2.36	3.45
Number of Stocks	40	796

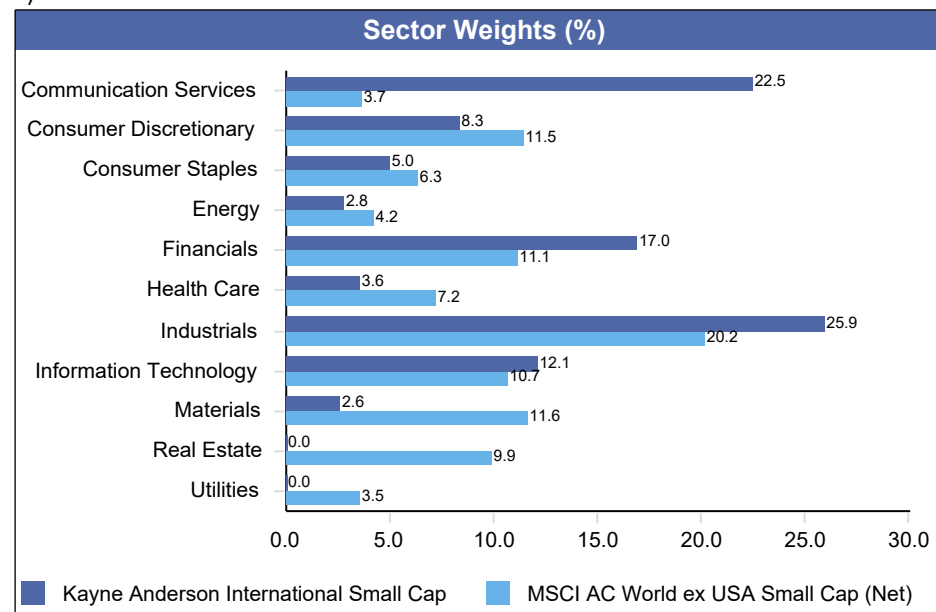


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Accenture PLC	4.58	0.00	4.58	4.17
Muenchener Rueck-Geslft Aktgslht	3.71	0.32	3.39	33.69
Sony Group Corporation	3.64	0.67	2.97	18.50
Ashtead Group PLC	3.62	0.18	3.44	24.70
LVMH Moet Hennessy Louis Vui	3.30	1.41	1.89	22.07
Pan Pacific International Holdings	3.20	0.05	3.15	5.25
Dassault Systemes SA	3.16	0.17	2.99	2.02
DBS Group Holdings Ltd	3.15	0.32	2.83	9.81
Haleon plc	3.07	0.14	2.93	26.54
TotalEnergies SE	3.06	1.09	1.97	34.52
% of Portfolio	34.49	4.35	30.14	

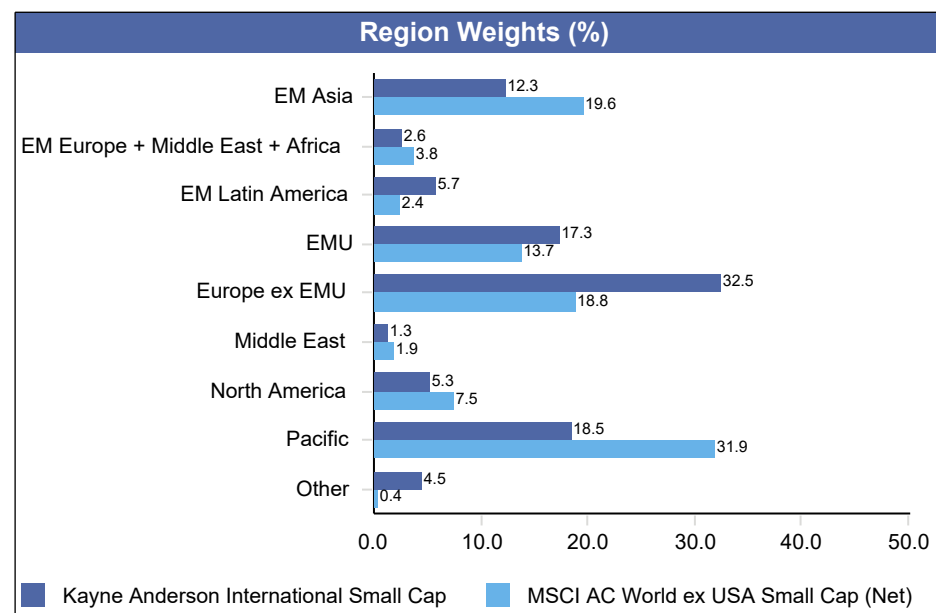


Kayne Anderson International Small Cap vs. MSCI AC World ex USA Small Cap (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	2,152	2,274
Median Mkt. Cap (\$M)	984	993
Price/Earnings ratio	18.64	10.59
Price/Book ratio	3.62	2.16
5 Yr. EPS Growth Rate (%)	9.31	11.66
Current Yield (%)	2.73	3.23
Number of Stocks	46	4,331

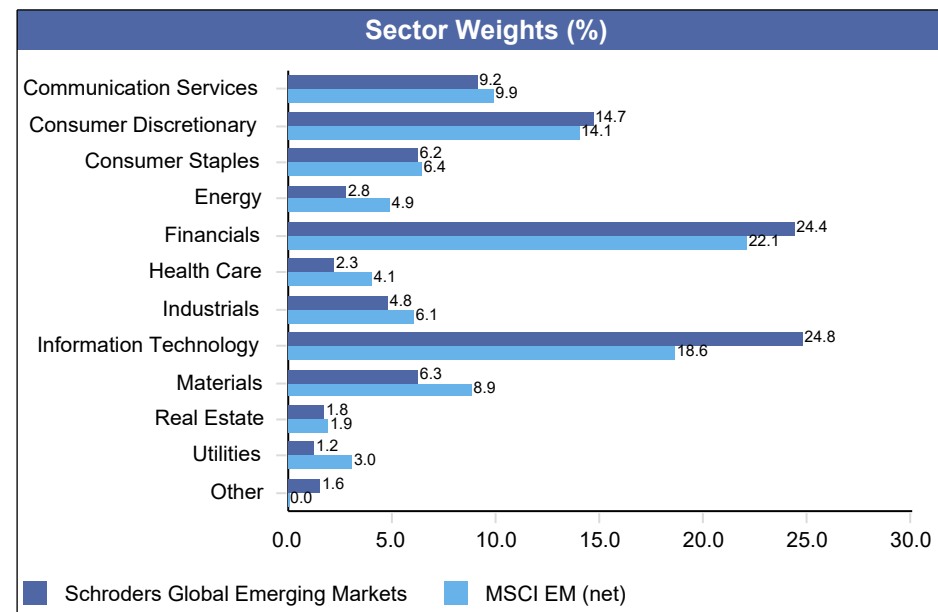


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Rightmove PLC	4.68	0.14	4.54	14.49
Baltic Classifieds Group PLC	4.49	0.00	4.49	11.36
Auto Trader Group plc	4.37	0.00	4.37	8.08
Haitian International Holdings Ltd	3.74	0.00	3.74	40.89
AJ Bell PLC	3.61	0.04	3.57	43.64
Haw Par Corp Ltd	3.59	0.00	3.59	-0.01
Alten, Boulogne-Billancourt	3.54	0.10	3.44	11.81
IntegraFin Holdings Limited	3.52	0.03	3.49	52.00
MarkLines Co Ltd	3.50	0.00	3.50	21.14
Bouvet ASA	3.33	0.00	3.33	22.26
% of Portfolio	38.37	0.31	38.06	

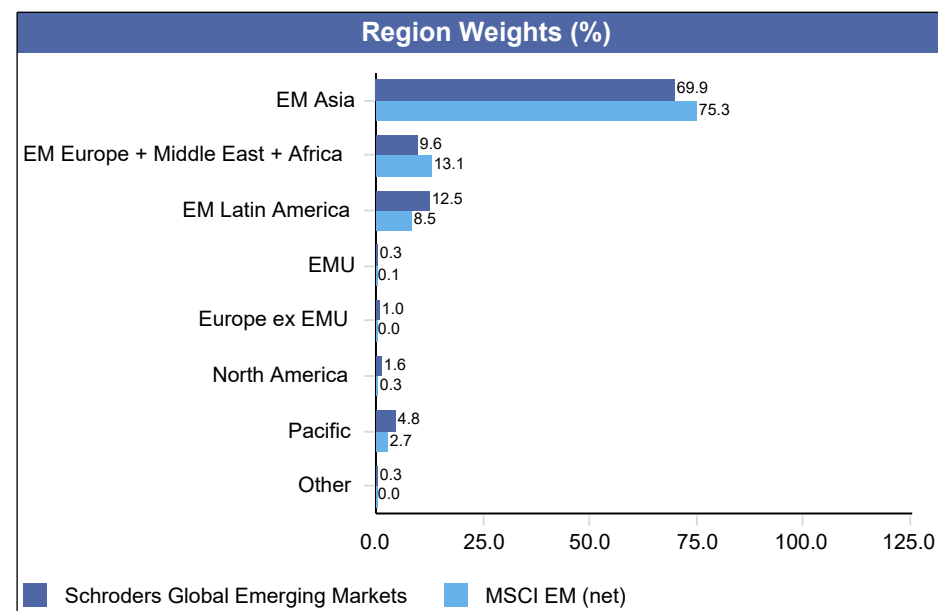


Schroders Global Emerging Markets vs. MSCI EM (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	100,824	86,972
Median Mkt. Cap (\$M)	13,652	6,193
Price/Earnings ratio	11.48	10.90
Price/Book ratio	2.52	2.61
5 Yr. EPS Growth Rate (%)	12.27	15.46
Current Yield (%)	2.59	3.26
Number of Stocks	113	1,377



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co	6.93	5.69	1.24	10.55
Samsung Electronics Co Ltd	6.87	3.31	3.56	18.27
Tencent Holdings LTD	5.59	4.24	1.35	26.10
Icici Bank Ltd	2.73	0.88	1.85	4.39
H D F C Bank Ltd	2.73	0.00	2.73	17.10
JD.com Inc	2.61	0.96	1.65	11.51
AIA Group Ltd	2.52	0.00	2.52	33.38
Vale SA	2.27	1.02	1.25	27.84
Infosys Ltd	2.22	0.97	1.25	7.28
Alibaba Group Holding Ltd	2.21	2.59	-0.38	11.28
% of Portfolio	36.68	19.66	17.02	



◆ **PGIM - Core Fixed Income**

- **Management:** Michael Collins, CFA (since 2009), Richard Piccirillo (2012) and co-CIO 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.



◆ **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**

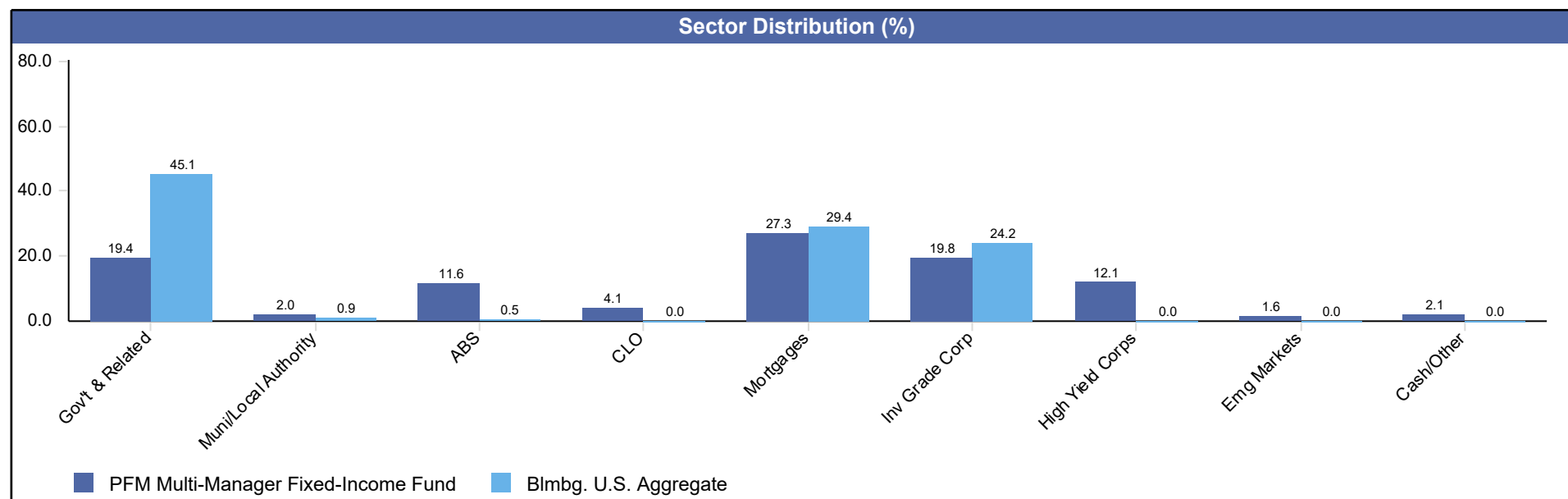
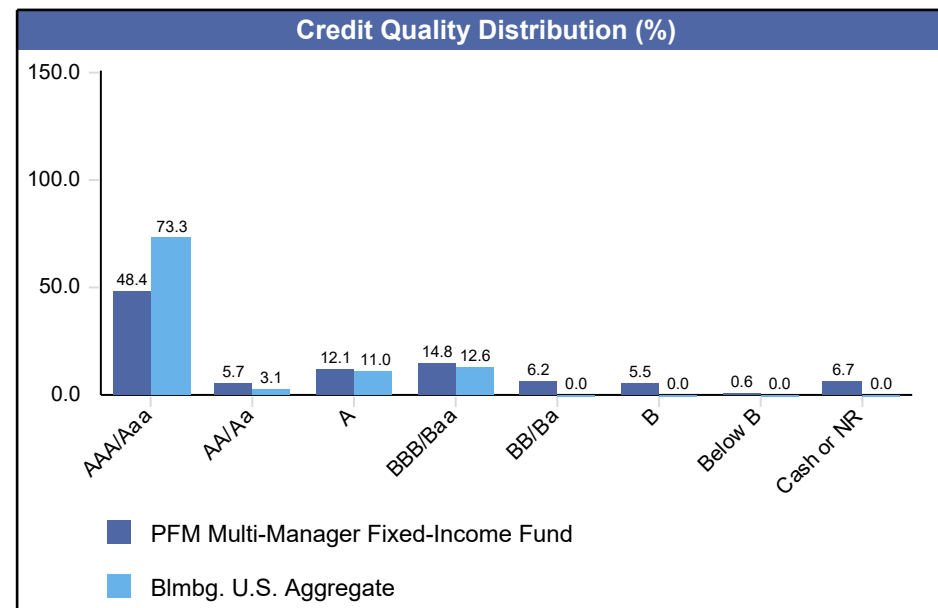
- **Management:** Bill Zox, CFA and John McClain, CFA have led the fund since it's inception in 2014.
- **Objective:** Seeks high current income with the opportunity for capital appreciation.
- **Strategy:** The fund generally holds over 80% of its assets in corporate debt rated below investment grade. 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.

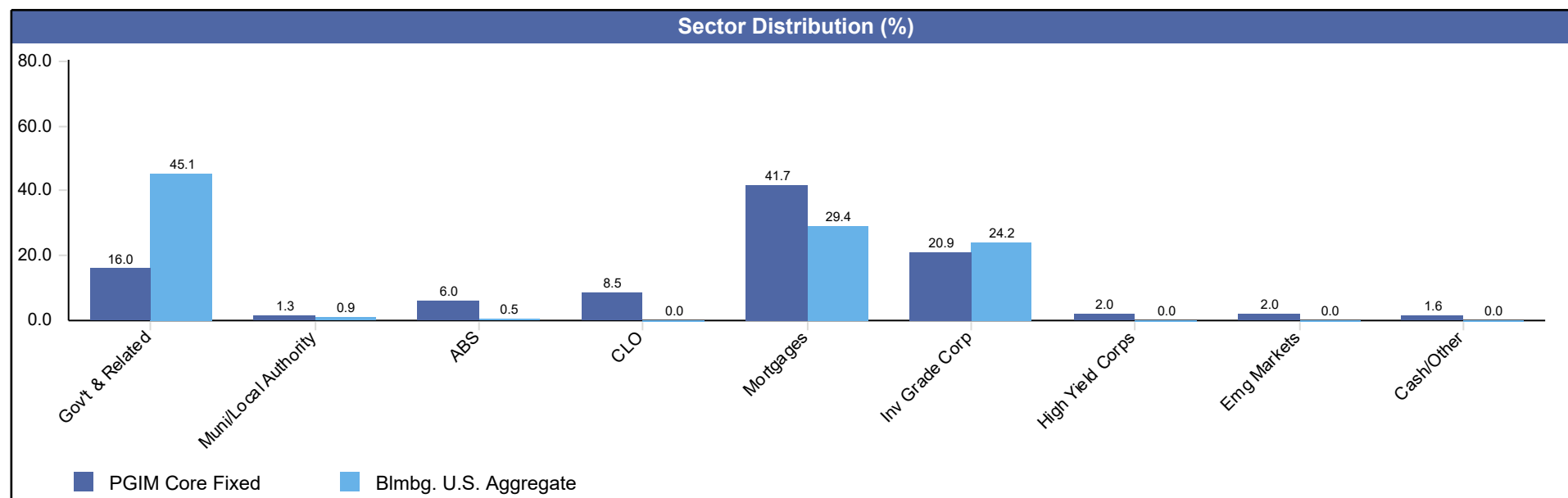
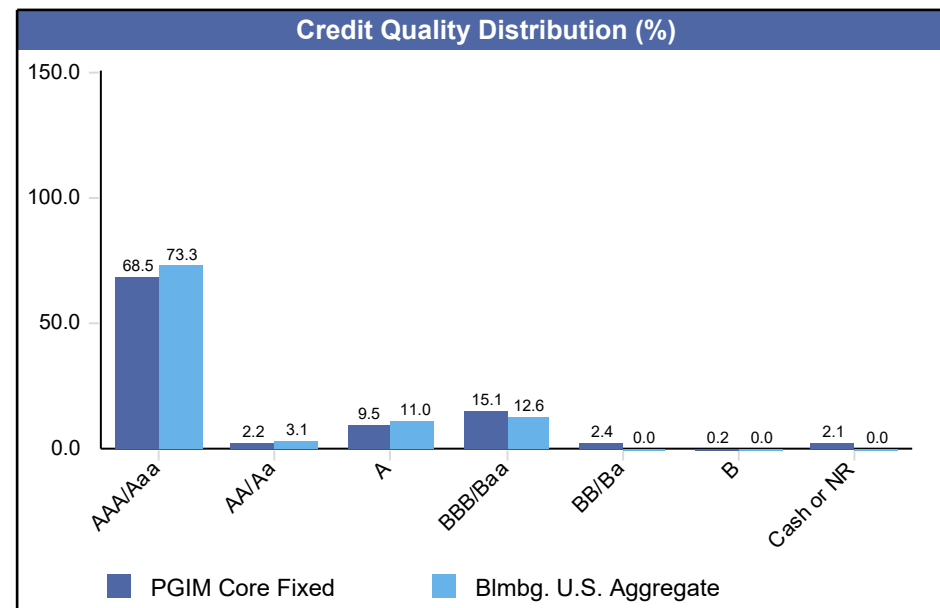
PFM Multi-Manager Fixed-Income Fund vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	5.23	6.17
Yield To Maturity (%)	6.08	4.67
Avg. Maturity	7.80	8.44
Avg. Quality	AA	AA
Coupon Rate (%)	3.70	2.69



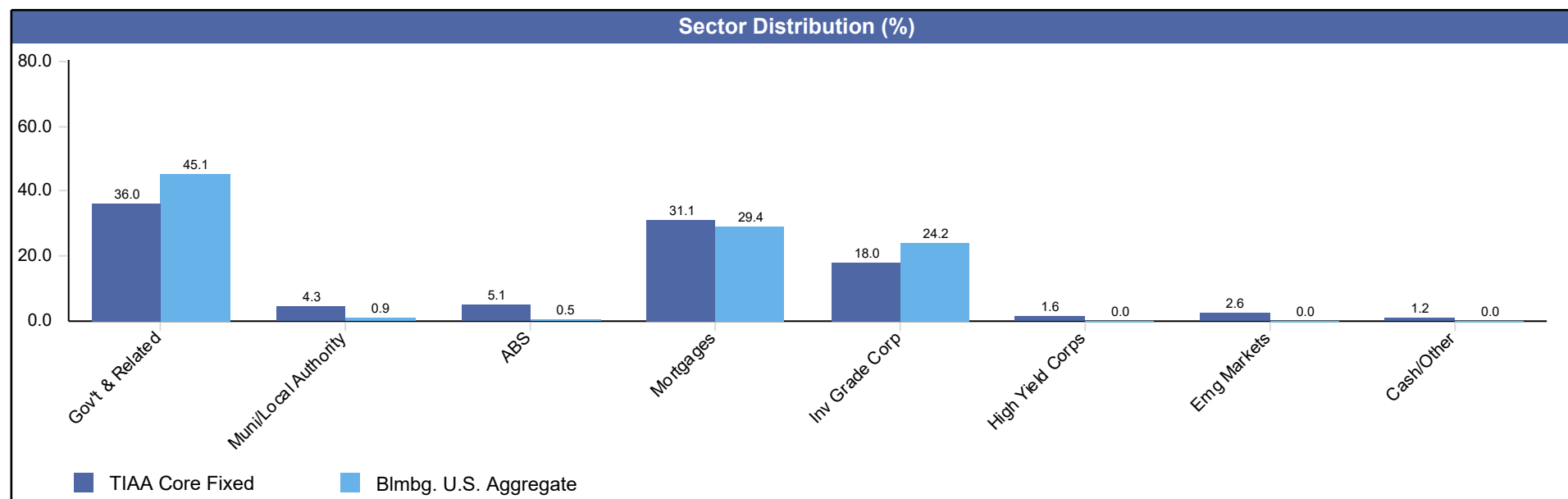
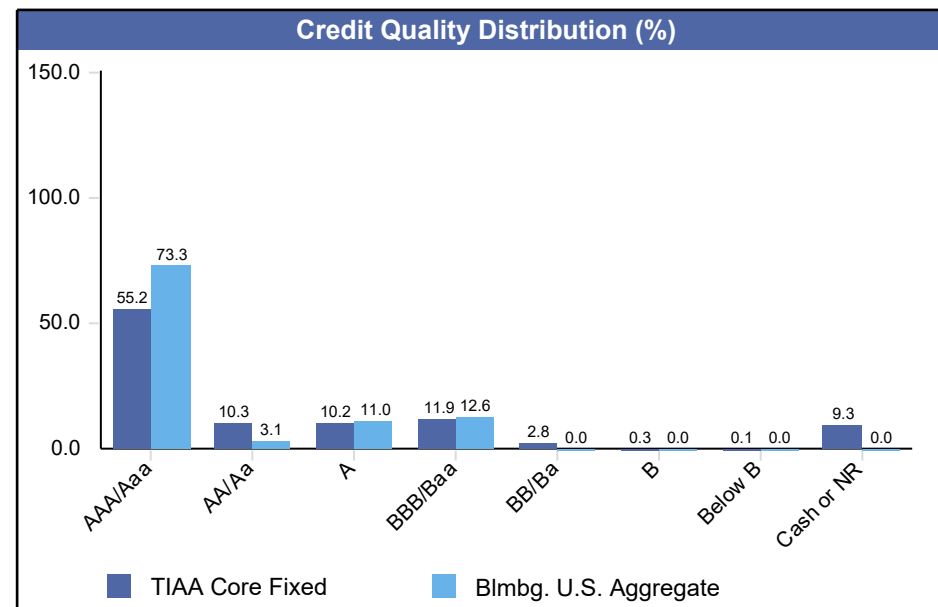
PGIM Core Fixed vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.31	6.17
Yield To Maturity (%)	5.31	4.67
Avg. Maturity	8.22	8.44
Avg. Quality	AA	AA
Coupon Rate (%)	3.59	2.69



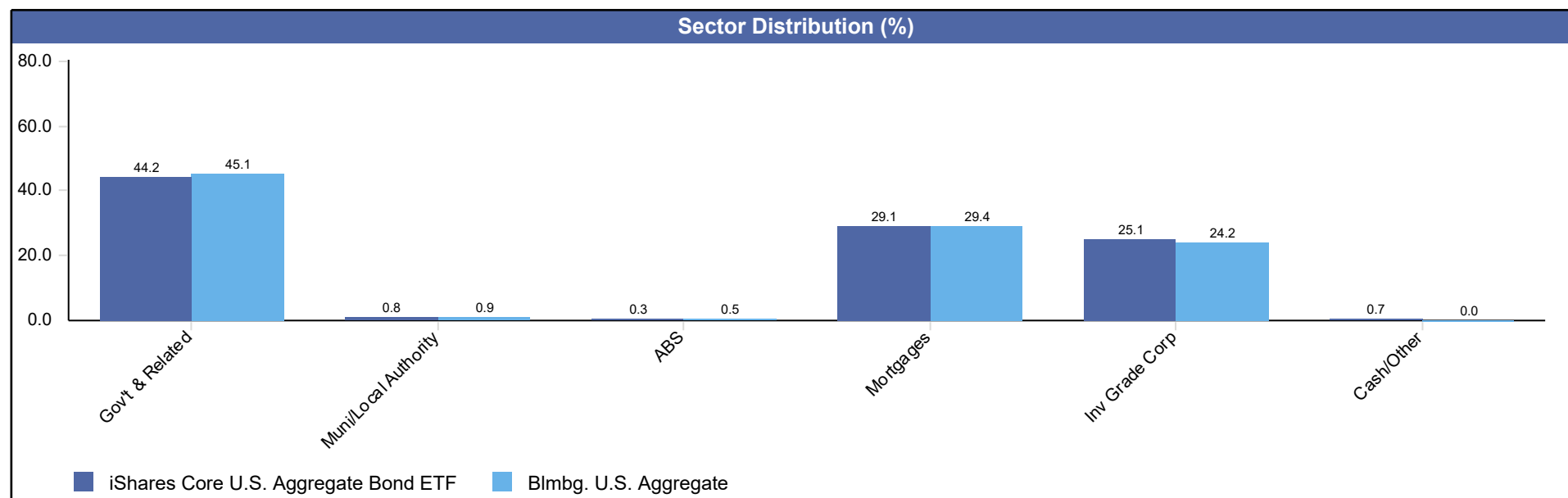
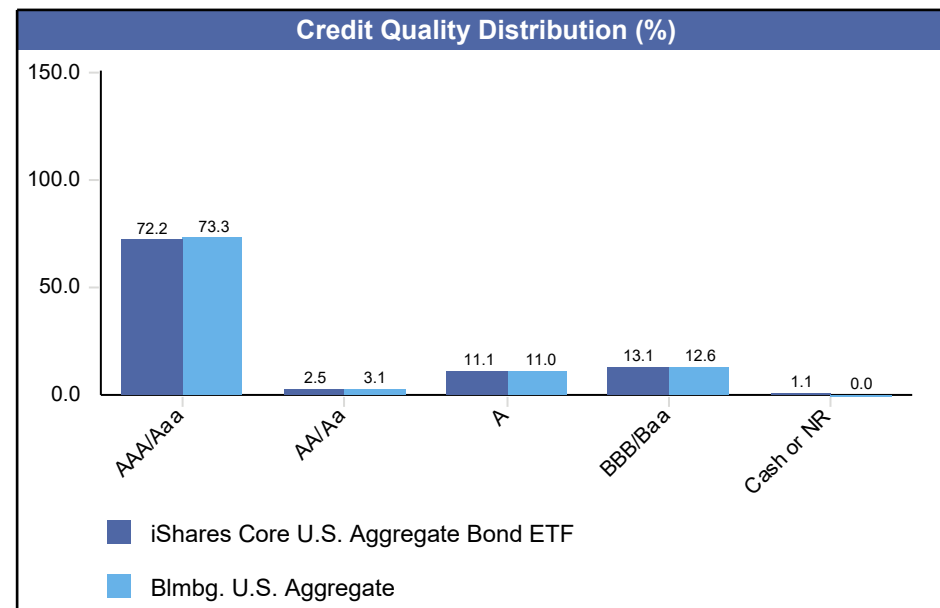
TIAA Core Fixed vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.21	6.17
Yield To Maturity (%)	5.85	4.67
Avg. Maturity	9.34	8.44
Avg. Quality	AA	AA
Coupon Rate (%)	2.72	2.69



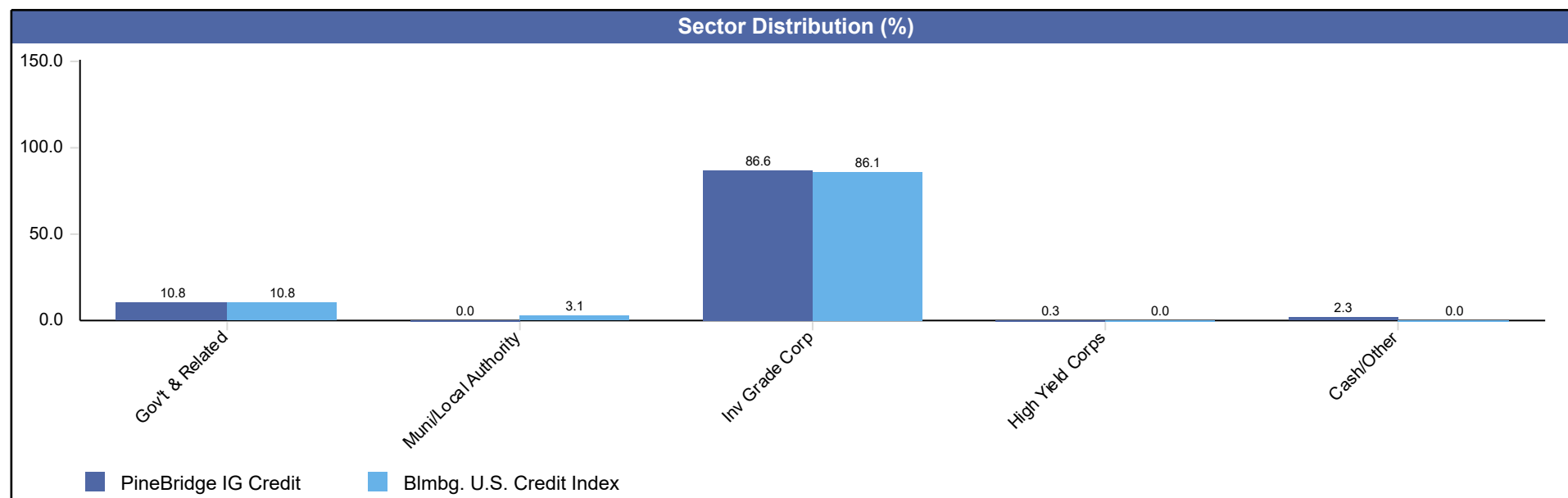
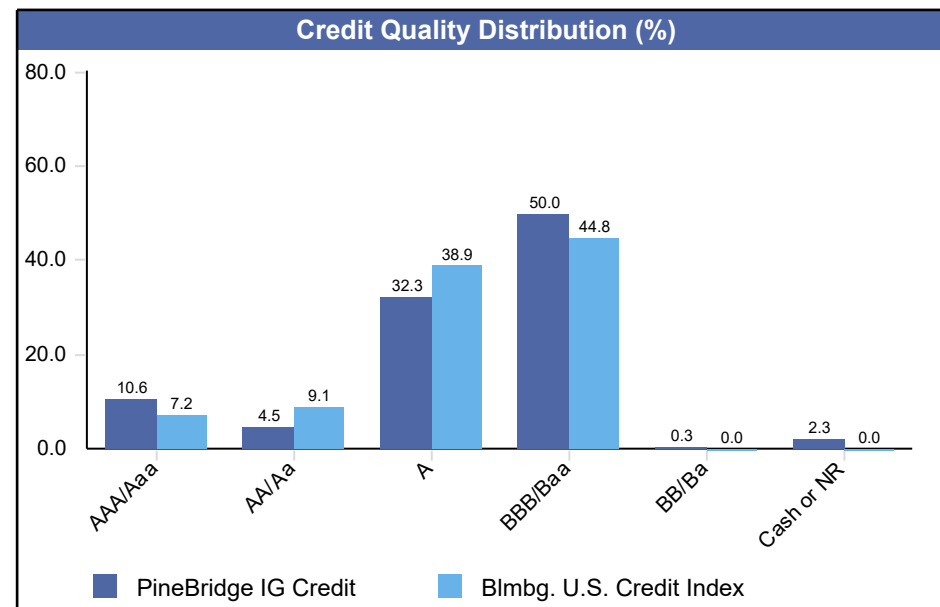
iShares Core U.S. Aggregate Bond ETF vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.20	6.17
Yield To Maturity (%)	4.62	4.67
Avg. Maturity	8.71	8.44
Avg. Quality	AA	AA
Coupon Rate (%)	2.72	2.69



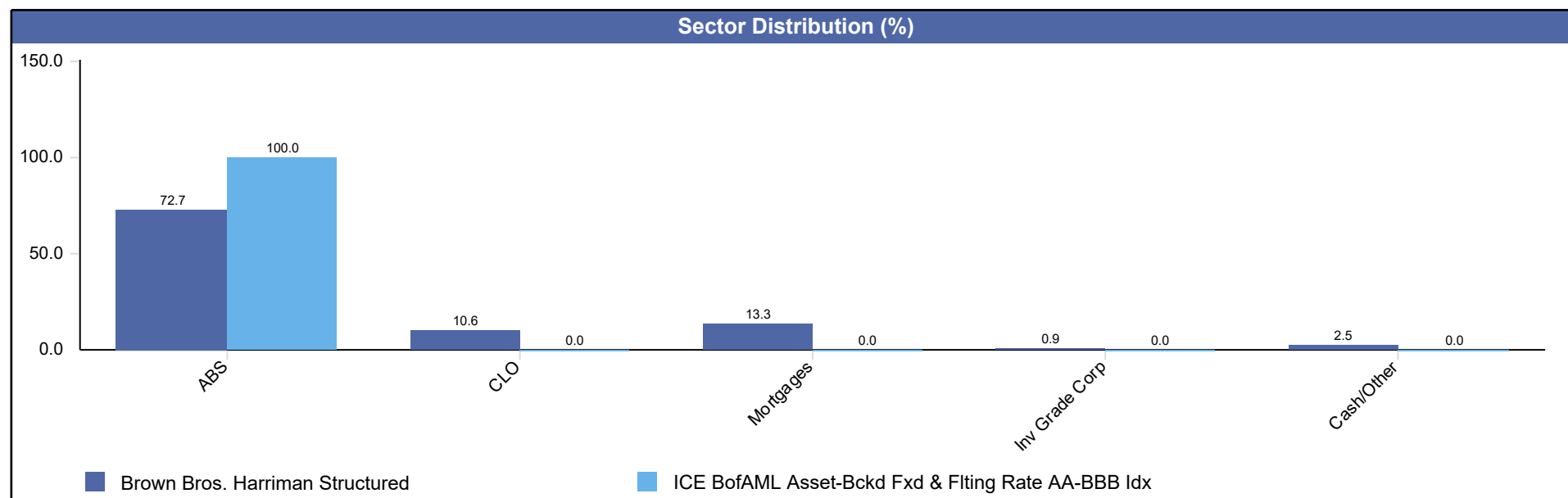
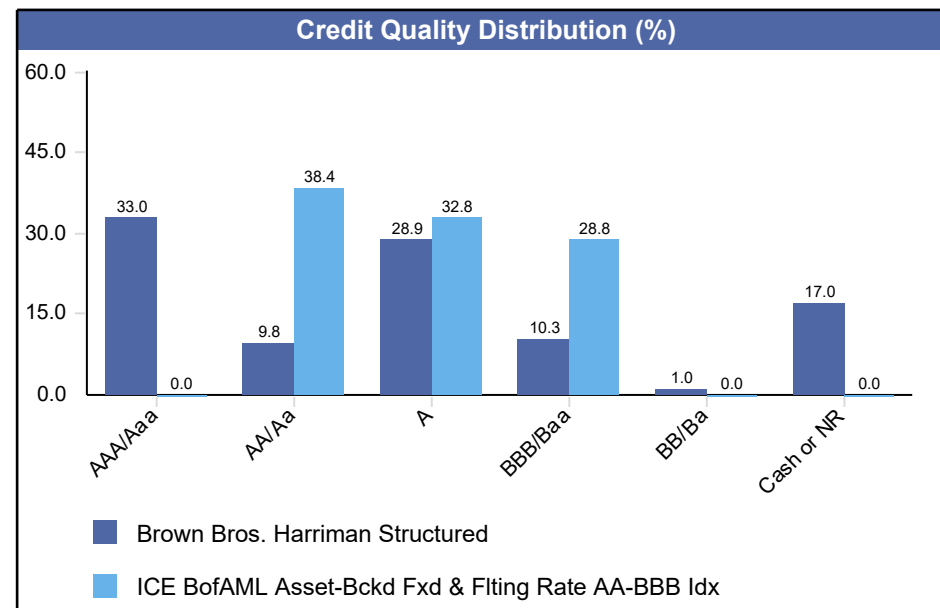
PineBridge IG Credit vs. Blmbg. U.S. Credit Index

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.79	6.92
Yield To Maturity (%)	5.48	5.34
Avg. Maturity	10.51	10.72
Avg. Quality	A	A
Coupon Rate (%)	3.64	3.62



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

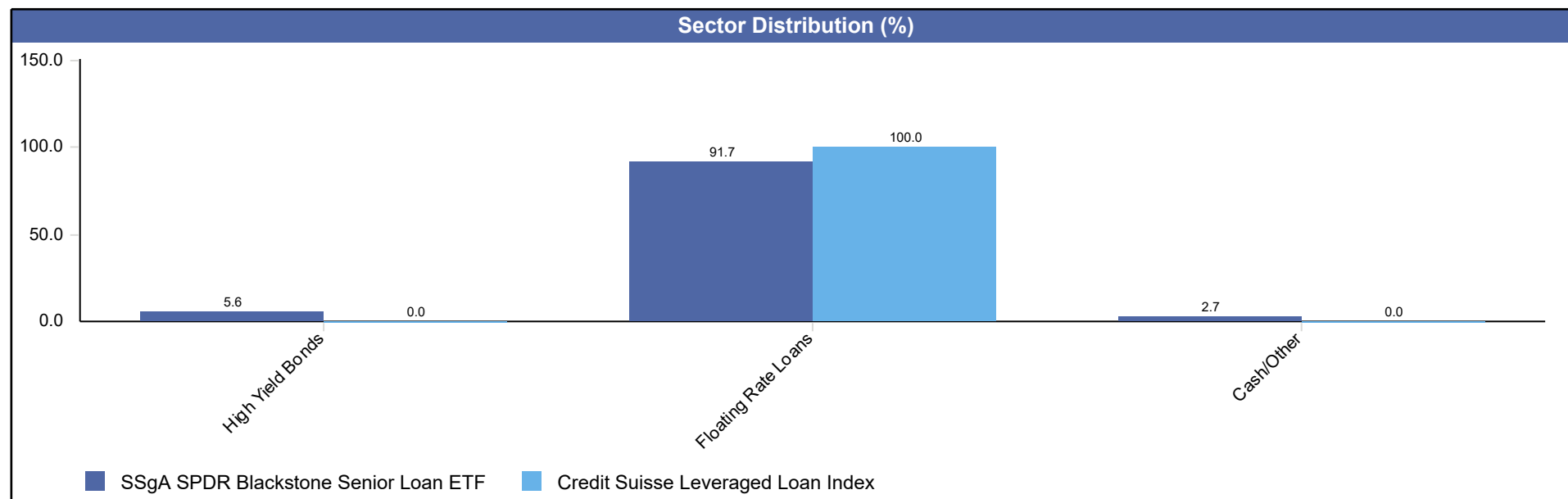
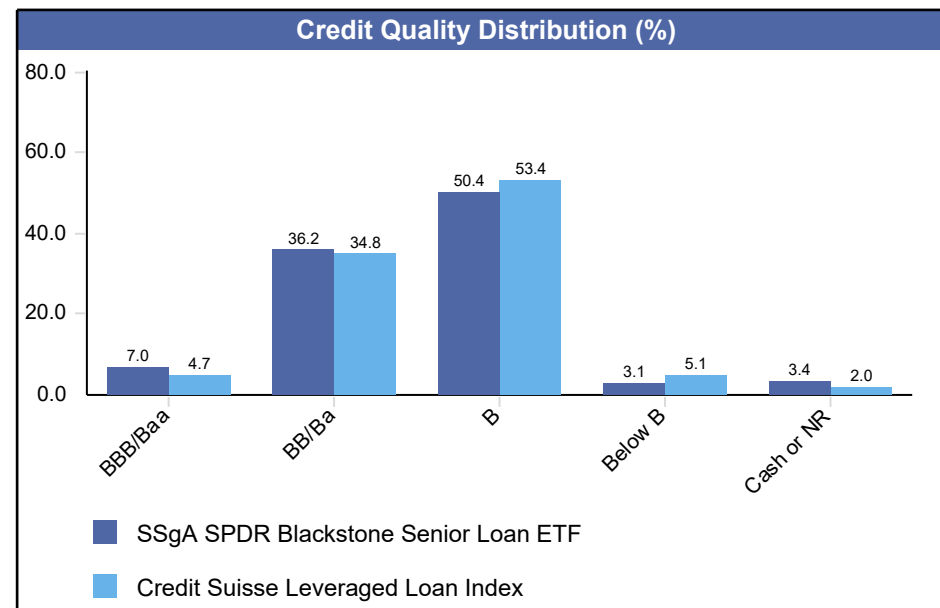
Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	2.03	2.68
Yield To Maturity (%)	7.35	6.91
Avg. Maturity	2.98	3.99
Avg. Quality	A	A
Coupon Rate (%)	4.36	3.29





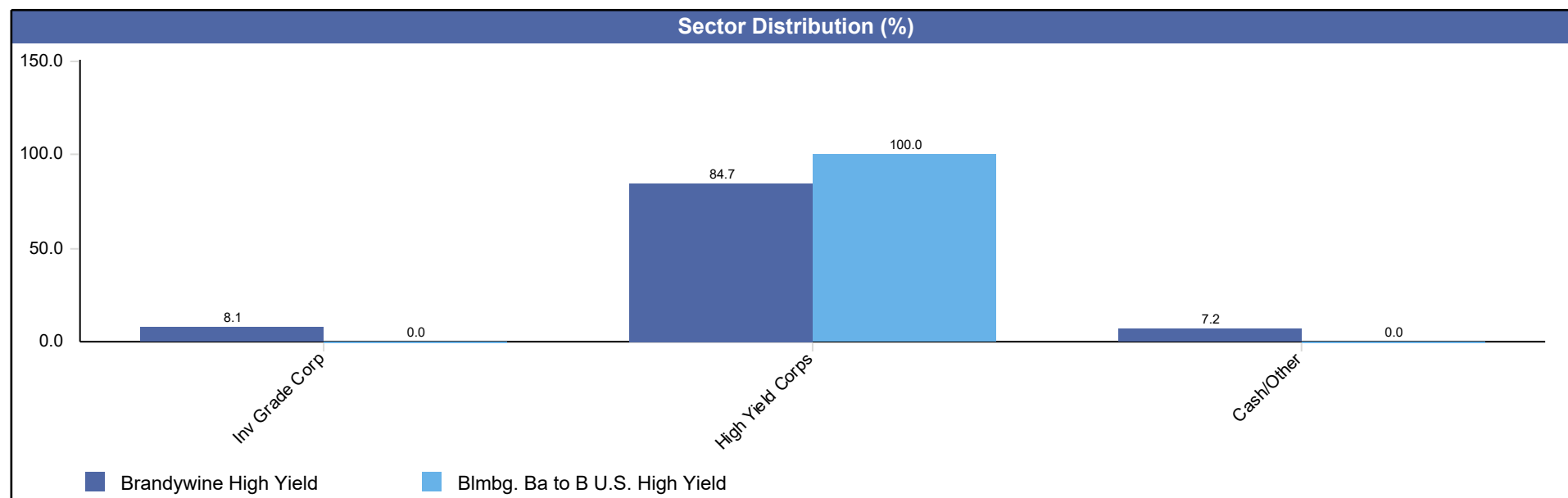
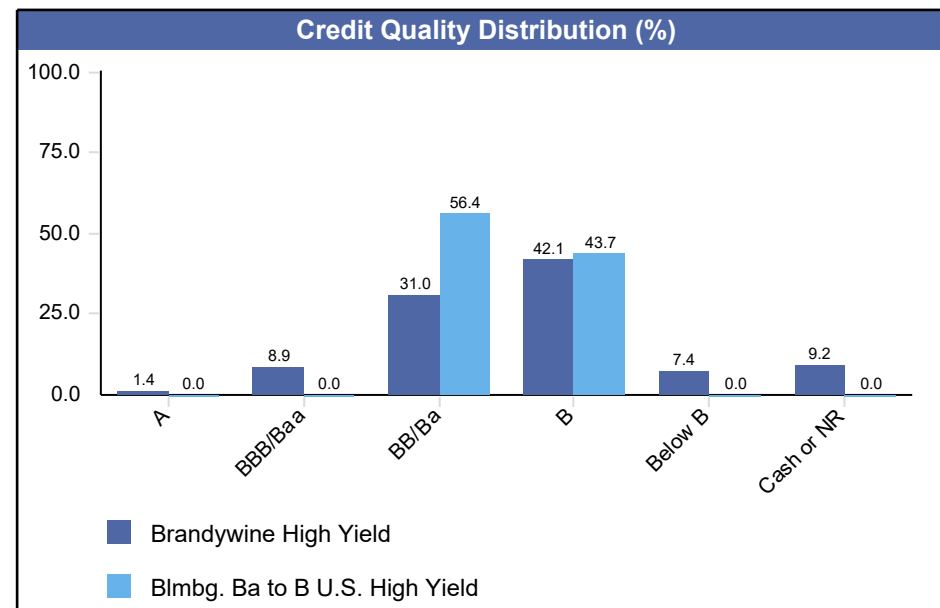
SSgA SPDR Blackstone Senior Loan ETF vs. Credit Suisse Leveraged Loan Index

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	0.20	0.25
Yield To Maturity (%)	8.56	10.68
Avg. Maturity	4.37	4.39
Avg. Quality	B	B
Coupon Rate (%)	7.15	8.14



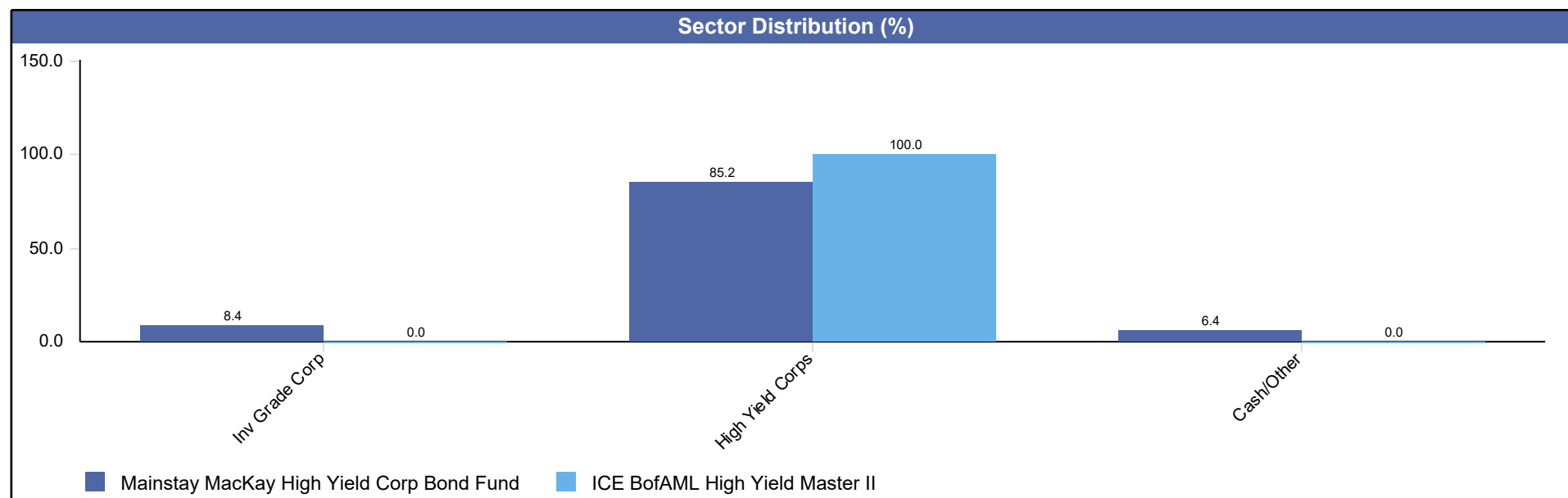
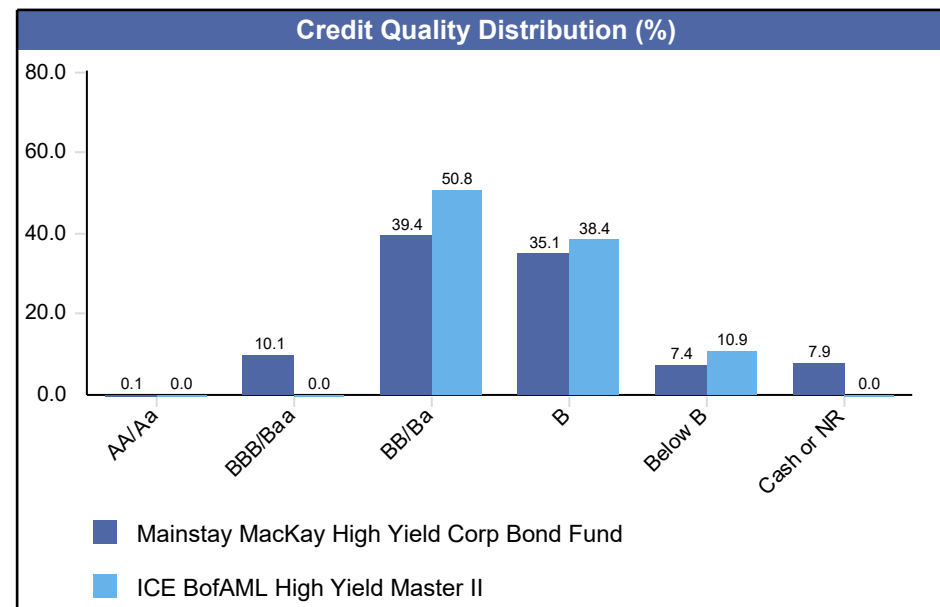
Brandywine High Yield vs. Blmbg. Ba to B U.S. High Yield

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	3.57	3.96
Yield To Maturity (%)	8.75	8.07
Yield To Worst	8.73	8.07
Avg. Maturity	5.50	5.60
Avg. Quality	B	BB
Coupon Rate (%)	5.95	5.51



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

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	3.62	4.02
Yield To Maturity (%)	7.60	8.97
Avg. Maturity	5.09	5.48
Avg. Quality	BB	B
Coupon Rate (%)	5.64	5.77



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## **Portfolio Update**

## EVENT

- **The SPDR Blackstone Senior Loan ETF (the “ETF”) has been removed from the PFM Multi-Manager Fixed Income Fund**

## SUMMARY

As the investment advisor for the Fund, PFM Asset Management LLC (“PFMAM”) recently removed the ETF that was added early last year. The removal of the ETF comes as investment grade fixed income valuations look more attractive given current yield levels. Furthermore, nearing the end of Fed rate hikes decreases the need for floating rate loan exposure. Given some economic data signaling a weaker outlook, the removal of this ETF will also serve to increase credit quality in the Fixed Income Fund.

Proceeds from the liquidation will be allocated primarily to the iShares Core US Aggregate ETF currently held in the Fund.

We appreciate your continued confidence in the PFM Multi-Manager Series Trust. Should you have any specific questions or wish to discuss this topic in more detail, please contact your client manager directly.

*Investors should carefully consider the investment objectives, risks, charges and expenses before investing. A copy of the Fund's prospectus may be obtained by calling 1-833-736-6678 or is available on the Fund's website at [mmst.pfmam.com](http://mmst.pfmam.com). Please carefully read the summary prospectus or prospectus before investing.*

## SUMMARY

- **PFMAM's Multi-Asset Class Investment Committee (the "Committee") voted to remove the tactical cash allocation from client portfolios by increasing fixed income to its strategic target.**

## ASSESSMENT

Multi-asset class client portfolios spent the majority of 2022 underweight fixed income in the face of aggressive rate hikes from the Federal Reserve's Open Market Committee (the "Fed"). The Fed has been battling a surge in inflation in the wake of the Covid-19 pandemic, further disrupted by global energy and other commodity supply realignment in the wake of Russia's invasion in Ukraine.

As we enter 2023, the Committee believes we're experiencing the tail end of the Fed rate hikes. It appears that inflationary levels have peaked based on several measures, although remain historically high. Following multiple rate hikes, the US Treasury yield curve has become inverted, leading to the belief that long-term rates likely peaked during their October 2022 highs. Client portfolios held a tactical cash allocation in 2022, resulting in an underweight to longer duration (interest rate sensitive) fixed income, which fares poorly when rates are rising. Given the expectation of more limited Fed rate hikes and a lower likelihood of long-term rates rising higher, the Committee views this as an opportunity to increase fixed income exposure back to policy targets. In addition, yields on investment grade broad market indices are at levels last seen during the global financial crisis.

## PORTFOLIO IMPLICATIONS

Following these changes, multi-asset class client portfolios will be at target weights for equity and fixed income. After one of the worst periods for a balanced portfolio given broad selloffs in both equity and fixed income, the Committee finds it prudent to reduce the defensive stance and move back to policy targets. 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 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.

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## SUMMARY

- **PFMAM's Multi-Asset Class Investment Committee (the "Committee") has voted to remove tactical exposures to public real estate (REITs), preferred shares and commodities (for those clients with an allocation to these strategies).**
- **REITs and preferred shares have proven to be highly correlated to equities this cycle vs. historically and commodities will likely perform poorly as the economy continues to slow and possibly enters a recession.**
- **As proceeds from these sales become available, US and international equities will be brought back to strategic targets and both fixed income and cash will be increased slightly. Fixed income will remain underweight vs. strategic targets.**

## ASSESSMENT

The Federal Reserve (Fed) and other major central banks (ECB, BoE and others) have aggressively raised rates in 2022 to deal with unacceptably high inflation. As a result, economic growth has moderated and capital markets have suffered significant drawdowns. While the US economy grew in the third quarter, it was largely due to exports and government spending while private sector activity nearly stalled. Various indicators, such as LEI (Leading Economic Index) and the yield curve, are suggesting the probability of a recession continues to increase. Meanwhile, the EuroZone has managed to weather the storm so far, but is expected to enter a recession in the fourth quarter of 2022.

While inflation domestically remains elevated, it is moderating. Inflation first began in the housing and goods sectors (i.e. new/used cars) before impacting the services sector. Recently, house price appreciation has moderated significantly while goods inflation has largely diminished and inventories are increasing. Inflation remains unacceptably high in the services sector, partly driven by the housing component of the inflation indices or the so-called OER (Owner's Equivalent Rent). CPI (Consumer Price Index) and PCE (Personal Consumption Expenditures) reflected rising inflation with a lag vs. what we were seeing in the economy and capital markets. As a result, we expect these indices will also show moderating inflation with a lag; as such, we expect CPI and PCE to show moderating inflation towards the end of the year and into 2023.

In addition to slowing economic growth and moderating inflation, we are beginning to see signs of financial instability. While we expect the Fed to continue to raise rates for the rest of 2022, slowing economic growth, moderating inflation and rising financial instability could cause the Fed to become less hawkish. The ECB (European Central Bank) already has become more balanced at its last meeting where it raised rates but softened its tone. Less hawkish central banks should provide some support to equity markets. Based on our expectations and Fed guidance, we expect central banks, including the Fed, to become more balanced. We expect continued rate increases for the rest of 2022 and first quarter of 2023 and think the fed funds rate will likely rise to 4.75% - 5% range by the end of the first quarter next year. REITs and preferred shares have suffered as rates have increased more than expected. We believe that both will continue to face headwinds as rates rise further. As a result, the Committee has decided to remove these tactical exposures from client portfolios. In addition, slowing economic growth is likely to continue to pressure commodity prices.



The Committee had previously reduced commodity exposure and, at its most recent meeting, decided to completely remove commodities from client portfolios.

The sales of REITs, preferred shares and commodities will be used to bring US equities back to strategic targets and slightly increase both fixed income and cash. For international equities, we are moving towards strategic targets using a measured approach as we continue to monitor developments in those markets.

US equities have become more attractively priced due to significant declines in stock prices; however, corporate fundamentals, such as profit growth, have held up better than expected. In addition, investor positioning and sentiment are very low. While US equities are expected to exhibit above average volatility over the next several months, the Committee assesses the current risk-reward as favorable for longer term investors as market uncertainty is starting to decline. As a result, the Committee decided to bring US equities back to long-term strategic targets. Within US equities, the Committee currently favors mid- and small-cap stocks. These segments of the market have lower valuations and better growth prospects. International equities, meanwhile, have suffered similar significant drawdowns due to rising rates, but have also faced the headwind of a strong US dollar. In local FX (foreign exchange), international equities have performed better. Many investors and economists believe the US dollar is likely overvalued. As the Fed becomes less hawkish and more balanced, the US dollar should reverse the recent gains. A weakening dollar will turn a headwind into a tailwind for international equities. In addition, unlike US equities which are trading at historical average valuations, international equities are trading at a discount and at similar levels to past crisis periods such as the great financial crisis and EuroZone debt crisis.

While equities will be brought back to strategic targets, multi-asset class client portfolios will continue to be underweight fixed income. While we expect central banks to moderate rate hikes over the next several meetings, we feel interest rates need to come down for fixed income investments to perform well. We believe this is unlikely to happen until the second half of 2023. As such, we prefer to have a modest cash position while we wait for a better point to increase fixed income closer to strategic targets.

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.

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