



**Metropolitan Government of Nashville and
Davidson County**
September 30, 2025

Performance Report

- 1. Executive Summary**
- 2. Performance Report as of September 30, 2025**
- 3. Private Market Performance Report as of June 30, 2025**
- 4. Economic and Market Update**
- 5. Disclaimer, Glossary, and Notes**

Executive Summary

→ **Asset Growth**

- The Metropolitan Government of Nashville and Davidson County Plan was valued at \$4.6 billion at the end of 3Q25, an investment gain of approximately \$168.9 million over the three-month period.
- **During the quarter, the Plan returned 4.3%, net of fees.**

→ **Asset Allocation**

- **All asset classes ended the quarter within policy ranges.**
- Domestic Equity and International Equity were overweight through Q3 2025 as a result of the solid performance year-to-date.
- Cash remains overweight.
- Real Assets and Private Equity remained modestly underweight compared to policy targets given public market outperformance in 2025.

Recent Approved Commitments:

Fund	Commitment (\$, million)	Asset Class	Date
Accel Leaders V	10	PE	Q1 2025
EIG Direct Lending SMA	100	RA	Q4 2024
StepStone VC Global Partners XII	30	PE	Q4 2024
Founders Fund Growth III	10	PE	Q4 2024
Axiom Asia VII	30	PE	Q3 2024
Centerbridge Capital Partners V	33	PE	Q3 2024
PIMCO COF IV	Additional 10 (commitment increase to 40mm)	PD	Q3 2024
Arcmont European Lending	Additional 25 (commitment increase to 150mm)	PD	Q2 2024
Anchorage Credit Opps Fund IX	30	PD	Q2 2024
SoundMark US Real Estate Credit Income Fund	30	RA	Q2 2024
Accel Growth VII	10	PE	Q1 2024
RedPointe Omega V	10	PE	Q1 2024
Hygieia One	Additional 25 (commitment increase to 125mm)	PD	Q1 2024
Michelson Multifamily II	30	RA	Q1 2024

Net Performance

	1 YR	3 YR	5 YR	10 YR
Metro Nashville (net)	8.3%	8.5%	8.6%	8.5%
Policy Benchmark	9.6%	12.8%	8.1%	8.0%
Excess Return	-1.3%	-4.3%	0.5%	0.5%
Peer Ranking	86 th	97 th	60 th	31 st

- Longer term results remain strong (absolute, relative and peer rankings). Relative to peers, lower US Equity and International Equity exposure has weighed on recent trailing performance.

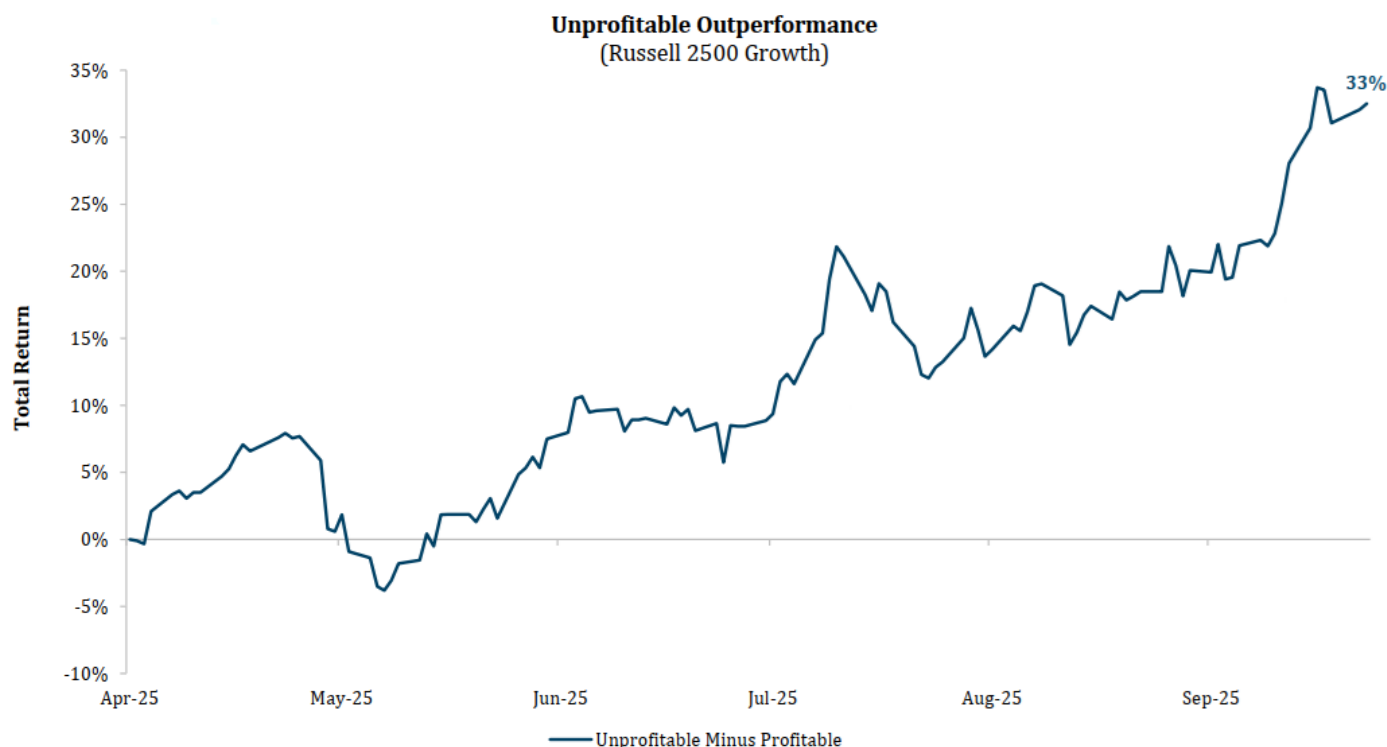
→ Positive notables during the quarter

- There were several bright spots within International Equity, Fixed Income and Private Debt. Within international equities, Arrowstreet EAFE and Arrowstreet EM outperformed their benchmarks by 2.4% and 1.1%, respectively as international equities continue to outperform year-to-date. Three of the five fixed income managers outperformed their respective benchmarks including PIMCO Core Plus Total Return (+0.6%), PIMCO Unconstrained Bond (+1.1%) and PIMCO Tactical Opportunities Fund (+1.8%). Private Debt was also additive during the quarter, outperforming its index by 2.3%.

→ Negative notables during the quarter

- Several asset classes lagged their benchmarks during the quarter including Private Equity, Domestic Equity and Real Assets. Public market concentration continues to challenge active managers, making it difficult to outperform benchmarks. While private equity remains a top-performing asset class over the long term, it often trails public markets during these strong rallies.

Equity Active Manager Headwinds

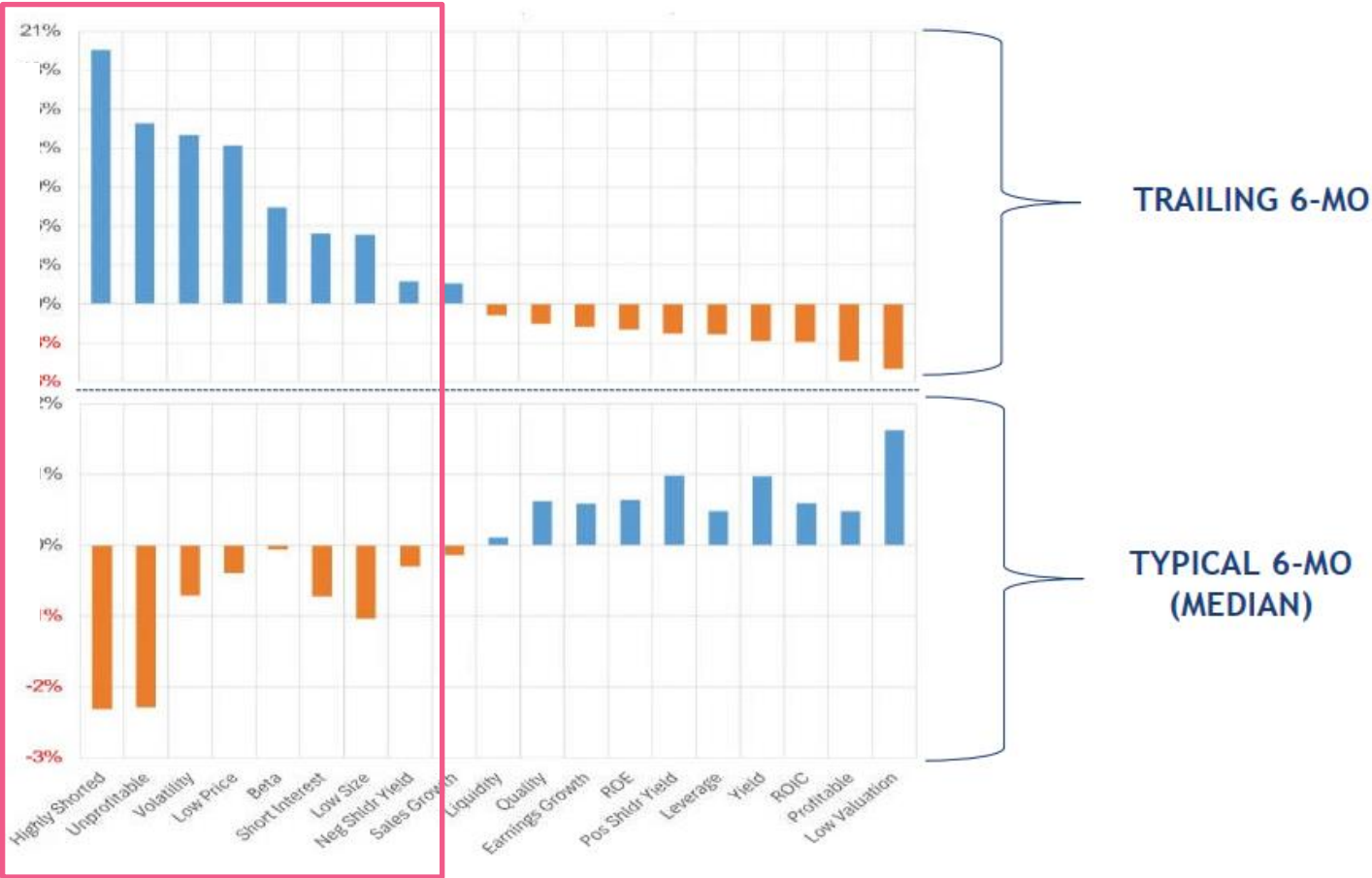


→ Since the market bottom of April 8th, unprofitable companies¹ have significantly outperformed profitable companies. Creating a nice tailwind for index funds, but a significant challenge for active managers that often focus on companies with recurring revenue, strong balance sheets and good management teams.

¹ Source: William Blair.

Equity Active Manager Headwinds

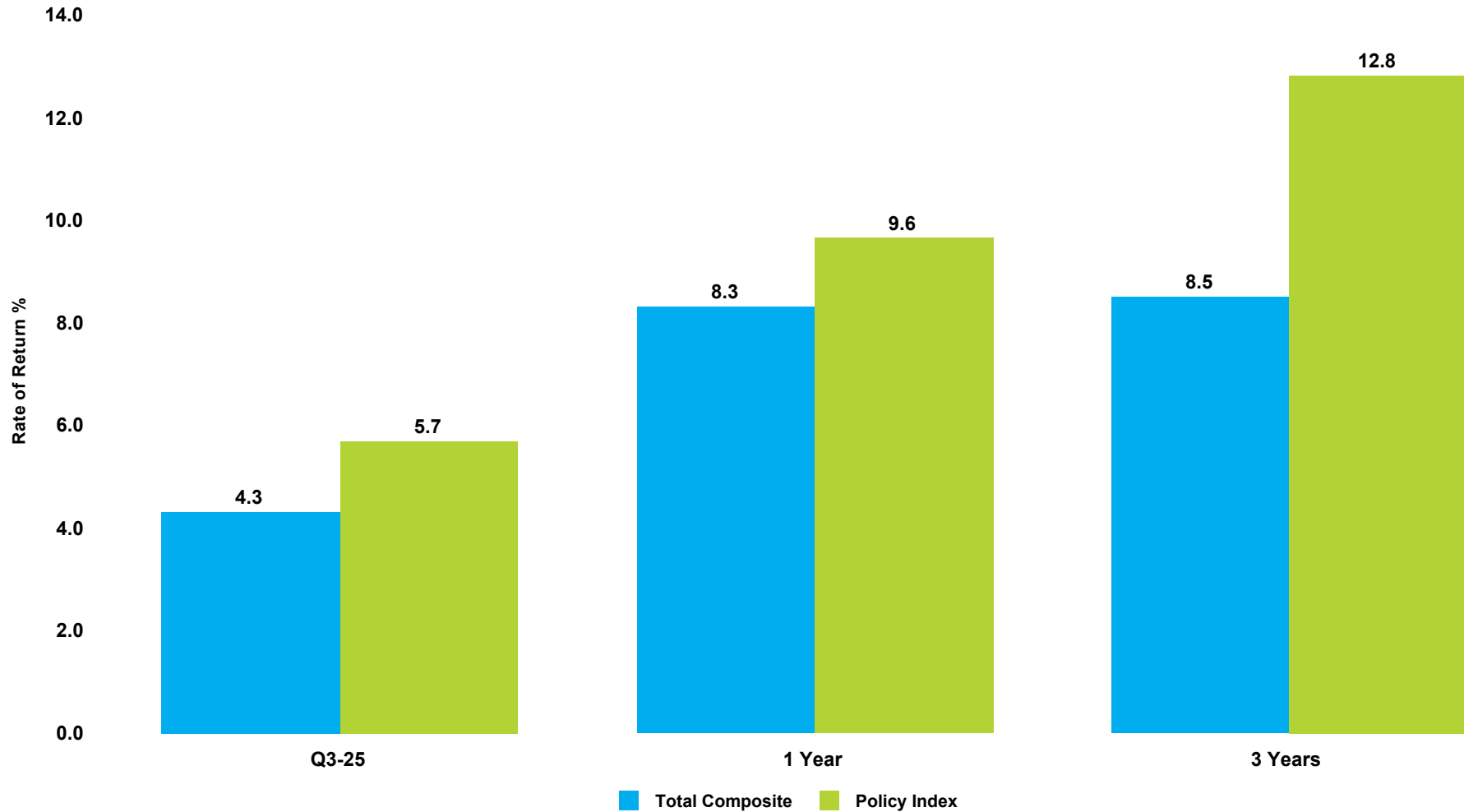
RUSSELL 2000 INDEX FACTOR RETURNS



The kinds of companies that have been leading the market the last 6 months are typically the worst performers (unprofitable companies, high volatility companies, highly shorted companies, smallest companies).

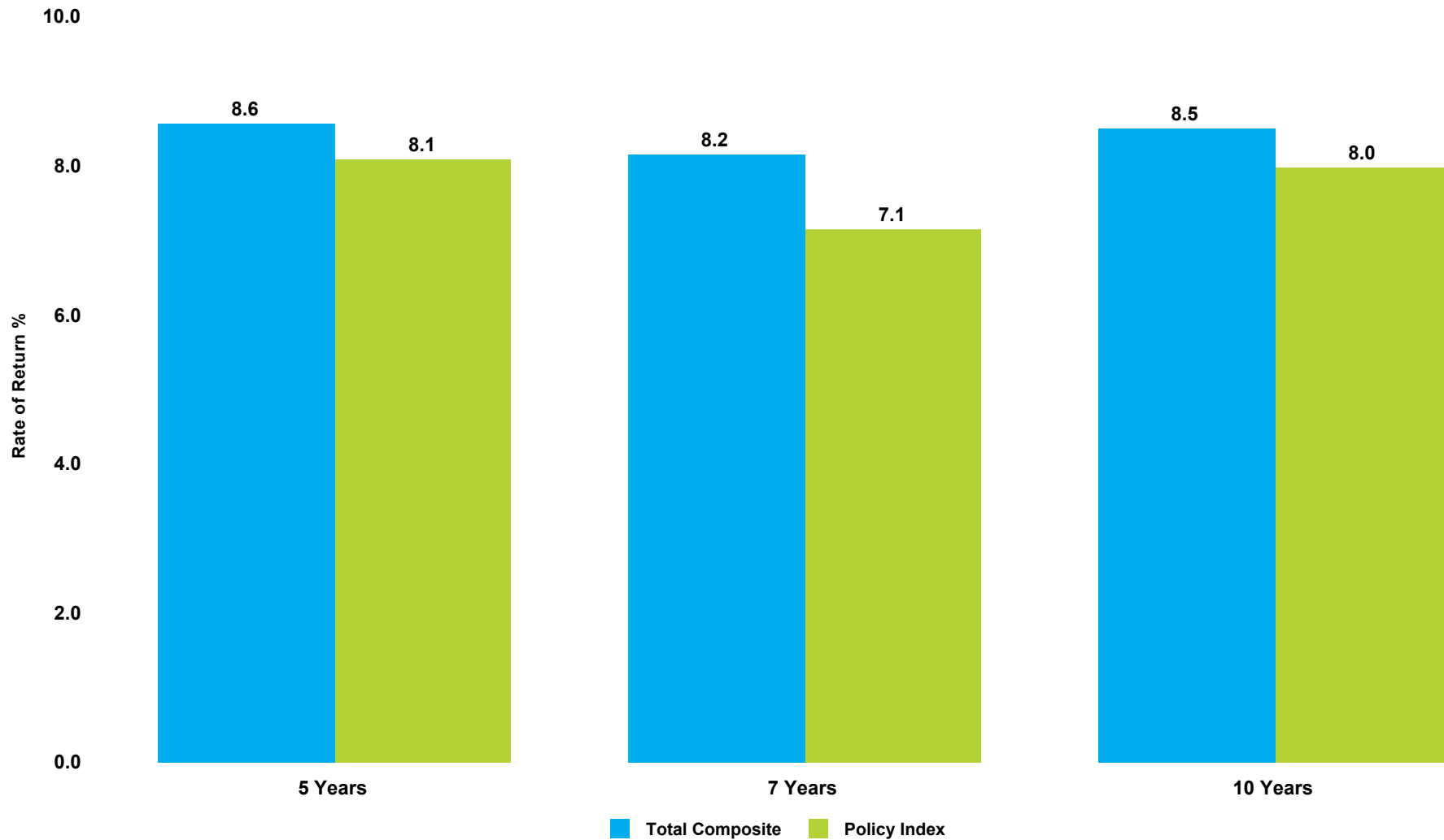
Performance Report as of September 30, 2025

Net Return Summary



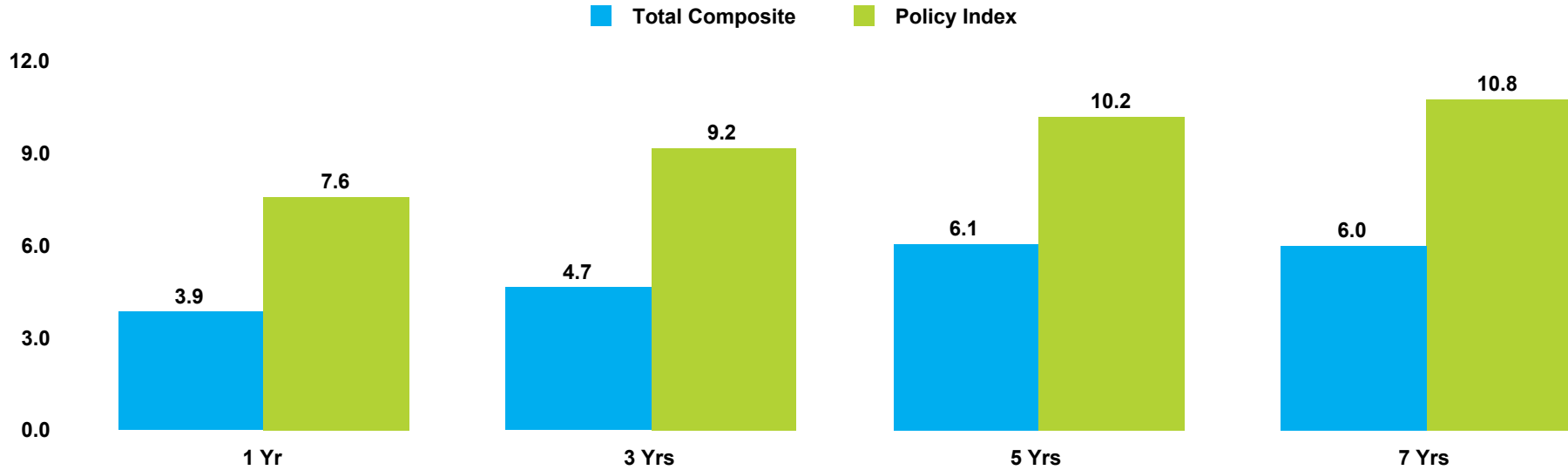
All returns in report are net of fees unless explicitly noted otherwise.

Net Return Summary

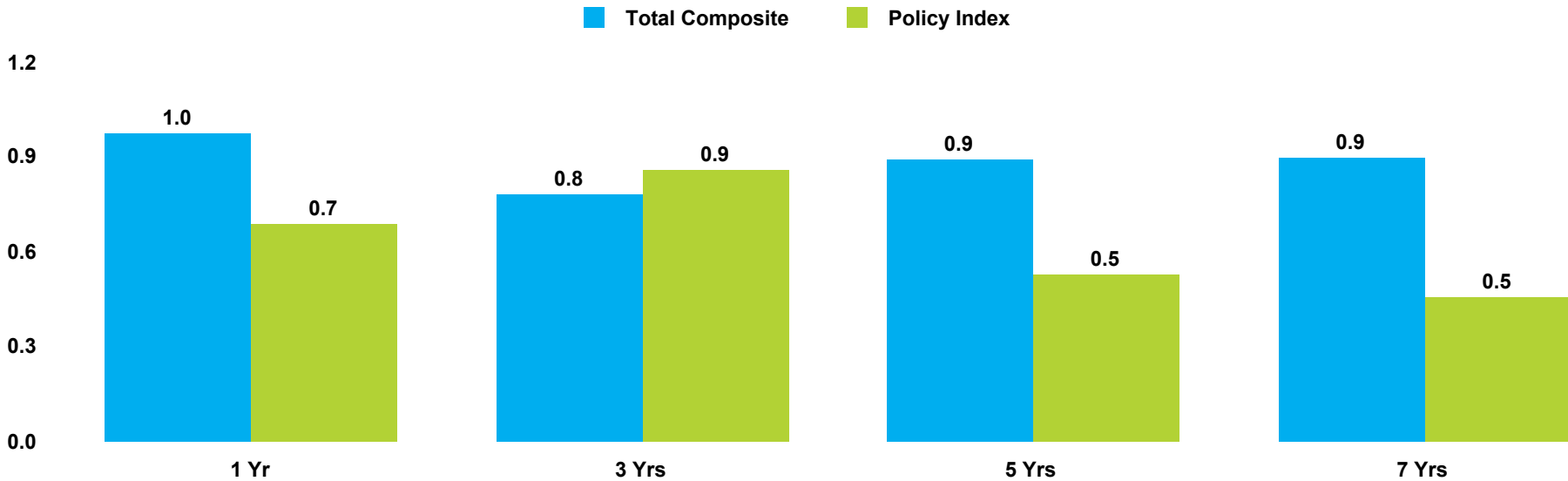


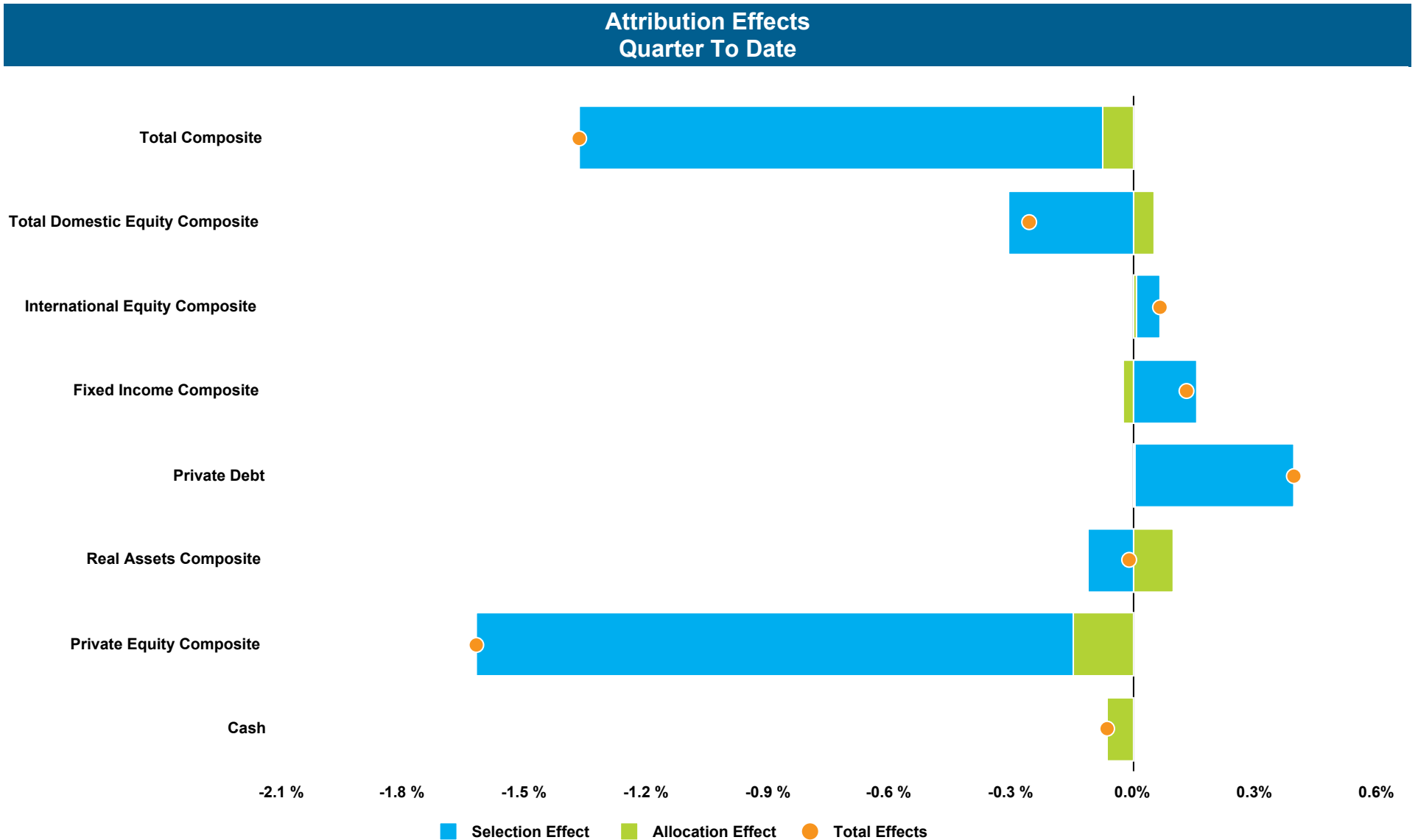
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Annualized Standard Deviation

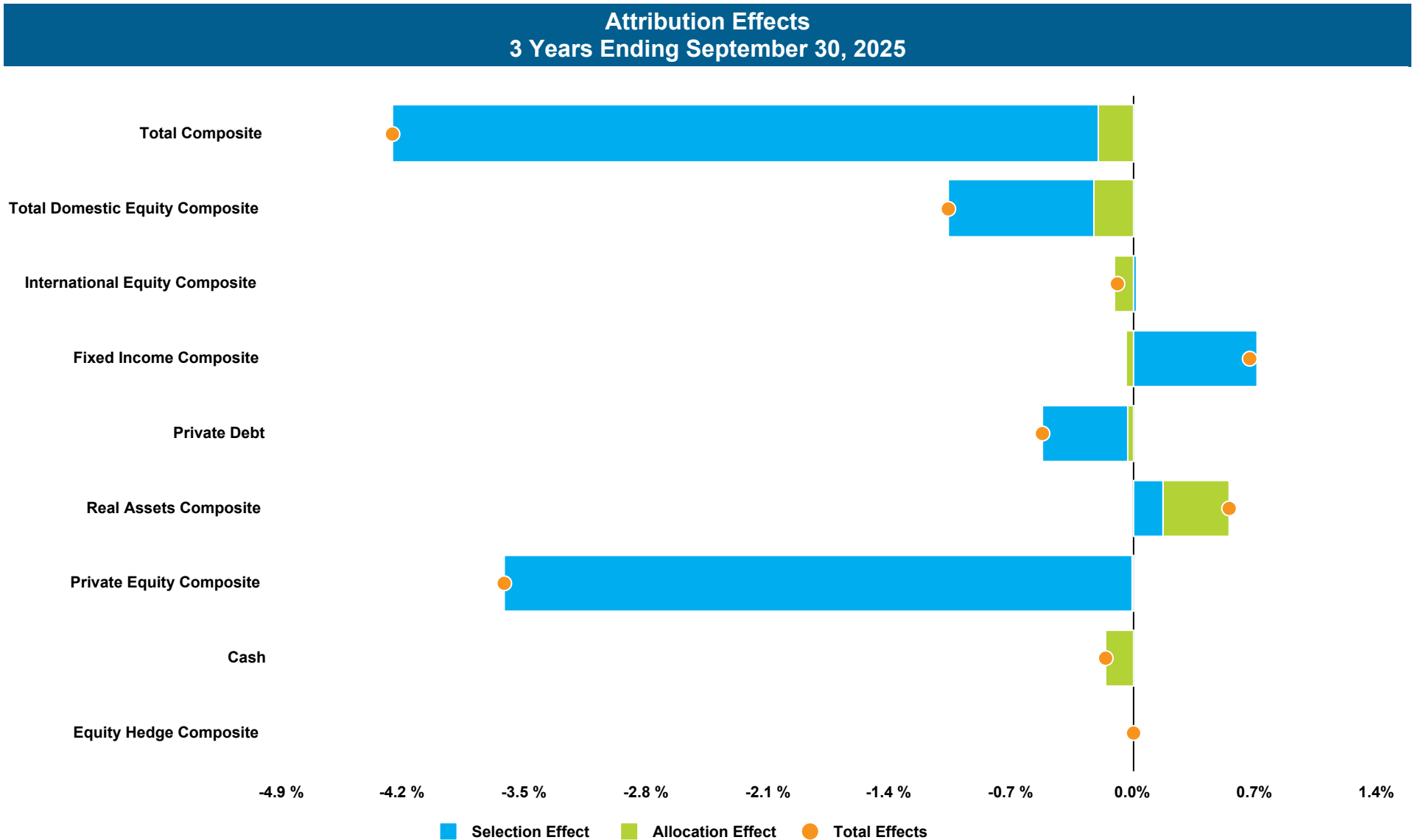


Sharpe Ratio



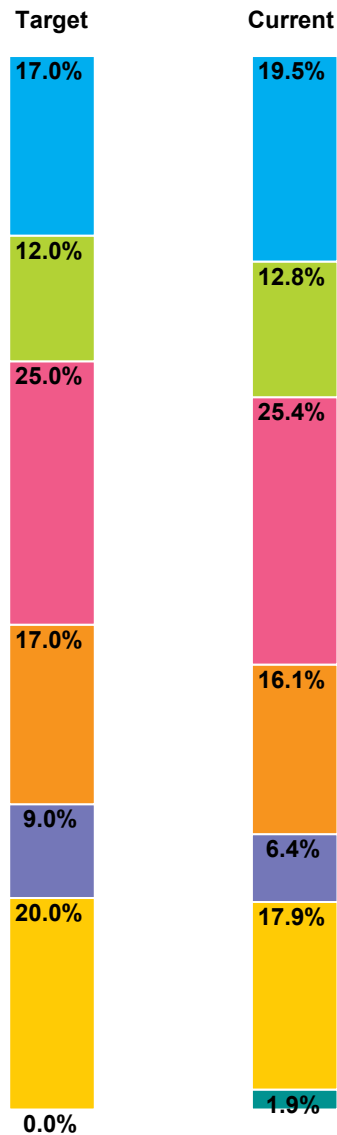


The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.



The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.

Asset Allocation vs. Policy | As of September 30, 2025

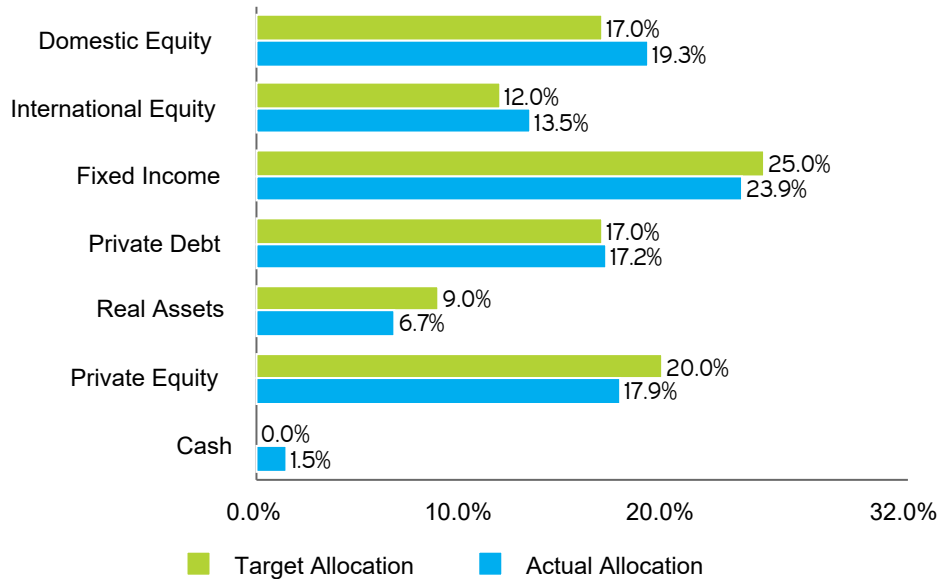


Allocation vs. Policy				
	Balance (\$)	Current Allocation (%)	Policy (%)	Within IPS Range?
Domestic Equity	\$892,984,805	19	17	Yes
International Equity	\$587,569,266	13	12	Yes
Fixed Income	\$1,161,184,455	25	25	Yes
Private Debt	\$738,458,523	16	17	Yes
Real Assets	\$293,002,220	6	9	Yes
Private Equity	\$818,860,634	18	20	Yes
Cash	\$86,908,315	2	0	Yes
Total Composite	\$4,579,960,838	100	100	

The Total Composite market value includes the Equity Hedge Composite.

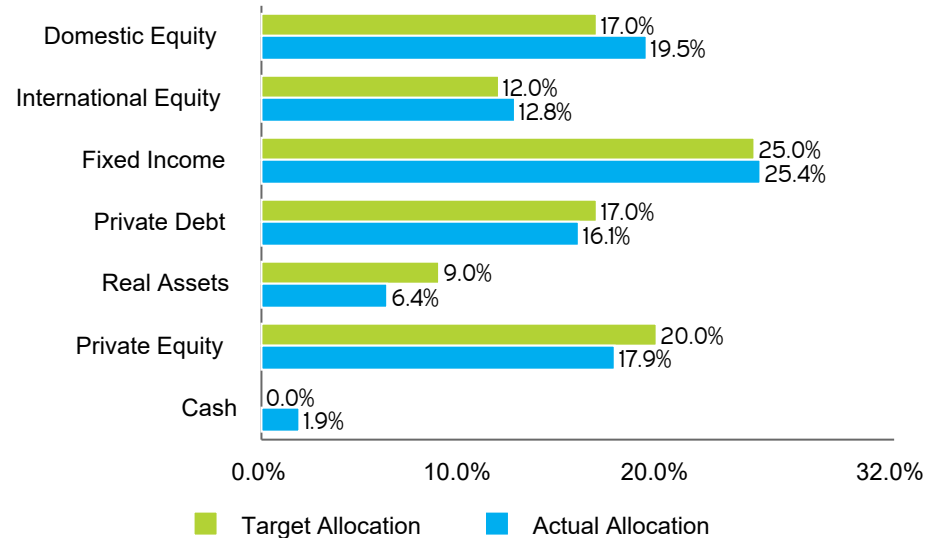
Asset Allocation Compliance | As of September 30, 2025

Actual vs. Target Allocation (%)
As of September 30, 2024



	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
Domestic Equity	19	17	2	12 - 22	Yes
International Equity	13	12	1	7 - 17	Yes
Fixed Income	24	25	-1	17 - 33	Yes
Private Debt	17	17	0	12 - 20	Yes
Real Assets	7	9	-2	5 - 12	Yes
Private Equity	18	20	-2	15 - 23	Yes
Cash	1	0	1	0 - 5	Yes
Total Composite	100	100	0		

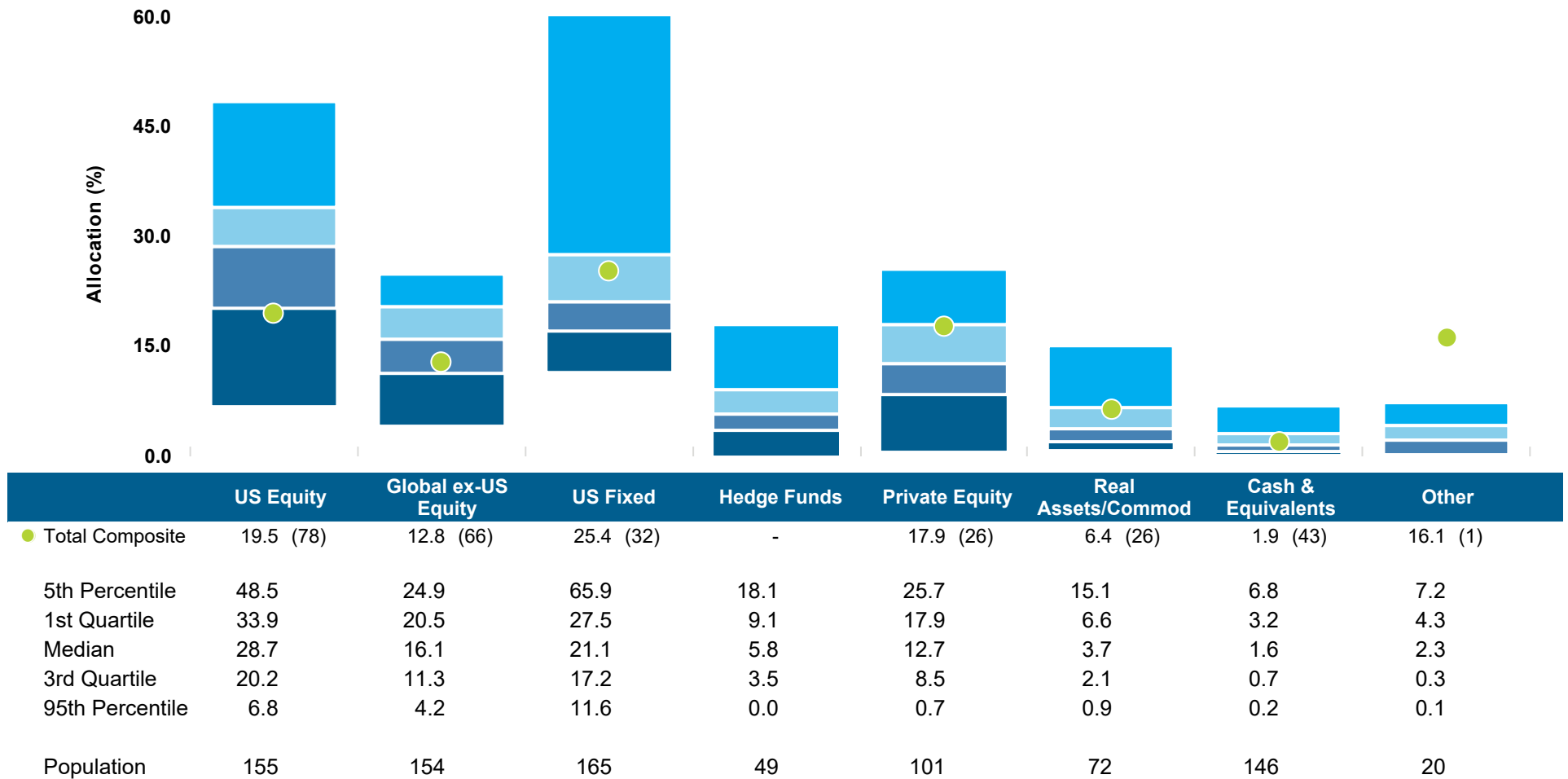
Actual vs. Target Allocation (%)
As of September 30, 2025



	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
Domestic Equity	19	17	2	12 - 22	Yes
International Equity	13	12	1	7 - 17	Yes
Fixed Income	25	25	0	17 - 33	Yes
Private Debt	16	17	-1	12 - 20	Yes
Real Assets	6	9	-3	5 - 12	Yes
Private Equity	18	20	-2	15 - 23	Yes
Cash	2	0	2	0 - 5	Yes
Total Composite	100	100	0		

Total Composite Asset Allocations | As of September 30, 2025

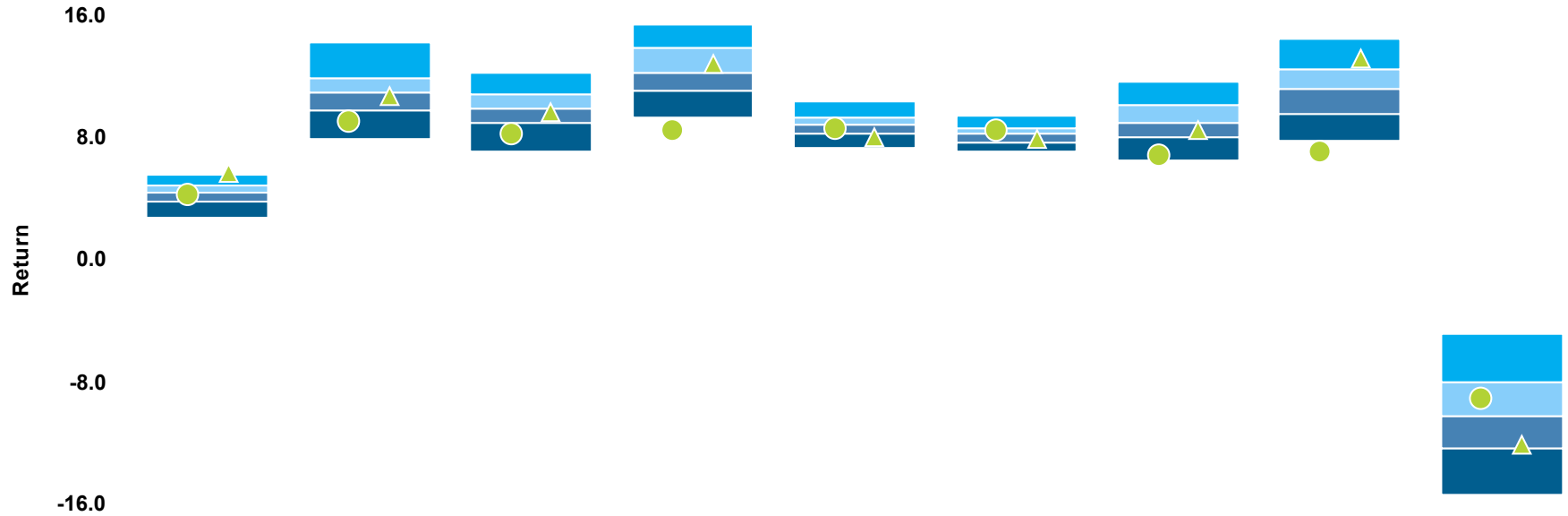
Asset Allocation vs. All Public Plans > \$1B-Total Fund



Other represents Private Debt allocation.
Parentheses contain percentile rankings.

Public Plans Peer Group Returns | As of September 30, 2025

Net Performance vs. All Public Plans > \$1B-Total Fund

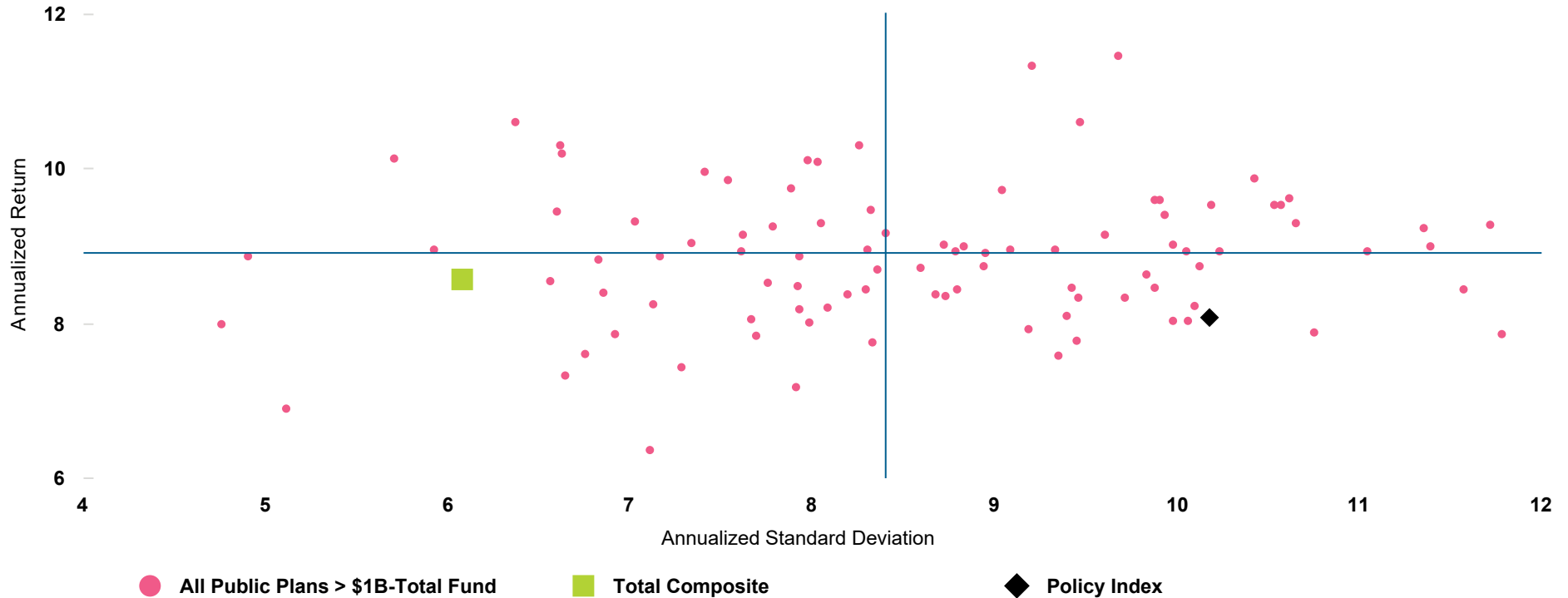


	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2024 (%)	2023 (%)	2022 (%)
● Total Composite	4.3 (52)	9.0 (88)	8.3 (86)	8.5 (97)	8.6 (60)	8.5 (31)	6.9 (92)	7.0 (97)	-9.1 (36)
▲ Policy Index	5.7 (4)	10.7 (53)	9.6 (57)	12.8 (38)	8.1 (80)	8.0 (62)	8.5 (67)	13.2 (14)	-12.1 (73)
5th Percentile	5.5	14.3	12.2	15.4	10.3	9.4	11.6	14.4	-4.8
1st Quartile	4.9	11.9	10.9	13.9	9.4	8.6	10.1	12.5	-8.0
Median	4.3	10.9	9.9	12.3	8.9	8.2	9.0	11.3	-10.3
3rd Quartile	3.8	9.8	8.9	11.1	8.2	7.7	8.1	9.6	-12.3
95th Percentile	2.8	7.9	7.1	9.3	7.3	7.0	6.5	7.8	-15.4
Population	108	104	103	102	99	94	182	194	185

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Total Plan Risk/Return | As of September 30, 2025

Annualized Return vs. Annualized Standard Deviation 5 Years Ending September 30, 2025



	5 Years Return	5 Years Standard Deviation	5 Years Sharpe Ratio	5 Years Information Ratio
Total Composite	8.6 (60)	6.1 (6)	0.9 (13)	0.0 (74)
All Public Plans > \$1B-Total Fund Median	8.9	8.4	0.7	0.2
Policy Index	8.1	10.2	0.5	-

Total Plan (Net of Fees) | As of September 30, 2025

	Total Plan (Net Returns)									
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Composite	4,579,960,838	100.0	4.3 (52)	9.0 (88)	8.3 (86)	8.5 (97)	8.6 (60)	8.5 (31)	8.4 (8)	Jun-91
Policy Index			5.7 (4)	10.7 (53)	9.6 (57)	12.8 (38)	8.1 (80)	8.0 (62)	--	
Over/Under			-1.4	-1.7	-1.3	-4.3	0.5	0.5	--	
Domestic Equity	892,984,805	19.5	6.5 (45)	8.7 (76)	10.4 (64)	18.7 (62)	11.4 (74)	14.1 (27)	9.5 (44)	Apr-01
Russell 3000 Index			8.2 (26)	14.4 (34)	17.4 (31)	24.1 (25)	15.7 (25)	14.7 (19)	9.5 (44)	
Over/Under			-1.6	-5.7	-7.0	-5.4	-4.3	-0.6	0.0	
International Equity	587,569,266	12.8	7.4 (23)	26.9 (35)	18.1 (38)	20.7 (52)	9.3 (61)	7.3 (83)	7.5 (48)	Jul-93
International Equity Policy Index			6.9 (31)	26.0 (44)	16.4 (52)	20.7 (51)	10.3 (50)	8.2 (64)	6.1 (98)	
Over/Under			0.5	0.9	1.7	0.0	-1.0	-0.9	1.5	
Fixed Income	1,161,184,455	25.4	2.6 (22)	6.7 (25)	6.1 (18)	7.7 (21)	2.8 (29)	4.2 (19)	5.7 (17)	Aug-91
Blmbg. U.S. Aggregate Index			2.0 (51)	6.1 (44)	2.9 (75)	4.9 (72)	-0.4 (88)	1.8 (84)	4.9 (44)	
Over/Under			0.6	0.6	3.2	2.8	3.2	2.4	0.8	
Private Debt	738,458,523	16.1	4.7	7.7	9.4	8.5	10.1	7.2	12.6	Jan-09
Private Debt Policy Index			2.4	7.1	7.2	11.0	5.5	6.1	4.8	
Over/Under			2.3	0.7	2.2	-2.4	4.6	1.2	7.7	
Real Assets	293,002,220	6.4	-0.4	-1.0	-2.5	-0.9	5.6	3.8	5.5	Jul-01
NCREIF Property Index			1.2	3.7	4.6	-2.6	3.8	5.0	7.3	
Over/Under			-1.6	-4.7	-7.1	1.7	1.8	-1.2	-1.8	
Private Equity	818,860,634	17.9	4.0	5.9	5.4	-0.7	8.8	12.8	11.2	Oct-01
Russell 2000 Index			12.4	10.4	10.8	15.2	11.6	9.8	9.2	
Over/Under			-8.4	-4.5	-5.4	-15.9	-2.8	3.1	2.0	
Cash	86,908,315	1.9	1.1	3.4	4.6	3.6	2.8	1.4	4.2	Jul-09
FTSE 3 Month T-Bill			1.1	3.3	4.6	5.0	3.1	2.1	1.3	
Over/Under			0.0	0.0	0.0	-1.3	-0.3	-0.7	2.9	

The Total Composite market value does not include accounts with small residual values such as Flippin Bruce Porter, Transition Account, and PIMCO Distressed. There are also some accounts that BNY and Meketa categorize into different composites. This accounts for differences in aggregate totals between this report and the custodian.

Total Plan (Net of Fees) | As of September 30, 2025

Trailing Net Performance										
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Composite	4,579,960,838	100.0	4.3 (52)	9.0 (88)	8.3 (86)	8.5 (97)	8.6 (60)	8.5 (31)	8.4 (8)	Jun-91
Policy Index			5.7 (4)	10.7 (53)	9.6 (57)	12.8 (38)	8.1 (80)	8.0 (62)	--	
Over/Under			-1.4	-1.7	-1.3	-4.3	0.5	0.5	--	
Domestic Equity	892,984,805	19.5	6.5 (45)	8.7 (76)	10.4 (64)	18.7 (62)	11.4 (74)	14.1 (27)	9.5 (44)	Apr-01
Russell 3000 Index			8.2 (26)	14.4 (34)	17.4 (31)	24.1 (25)	15.7 (25)	14.7 (19)	9.5 (44)	
Over/Under			-1.6	-5.7	-7.0	-5.4	-4.3	-0.6	0.0	
BlackRock Large Cap ETF	160,162,332	3.5	8.1 (22)	14.1 (35)	16.9 (33)	24.2 (34)	16.0 (30)	14.9 (28)	14.2 (38)	Aug-10
S&P 500 Index			8.1 (21)	14.8 (29)	17.6 (28)	24.9 (30)	16.5 (24)	15.3 (22)	14.8 (27)	
Over/Under			0.0	-0.7	-0.7	-0.8	-0.4	-0.4	-0.6	
PIMCO Managed Volatility	450,833,152	9.8	9.7 (8)	11.6 (61)	13.0 (53)	22.5 (43)	14.0 (58)	17.2 (9)	14.8 (15)	Jan-15
S&P 500 Index			8.1 (21)	14.8 (29)	17.6 (28)	24.9 (30)	16.5 (24)	15.3 (22)	13.6 (24)	
Over/Under			1.6	-3.2	-4.6	-2.4	-2.5	1.9	1.2	
Champlain Mid Cap Core	198,243,314	4.3	-0.7 (93)	2.1 (88)	3.6 (73)	10.5 (95)	6.5 (89)	11.6 (39)	12.0 (50)	Dec-09
Russell Midcap Index			5.3 (34)	10.4 (28)	11.1 (34)	17.7 (37)	12.7 (40)	11.4 (41)	12.5 (38)	
Over/Under			-6.1	-8.4	-7.5	-7.2	-6.2	0.2	-0.5	
William Blair SMID	83,724,803	1.8	5.6 (54)	-1.1 (87)	0.3 (79)	12.6 (73)	6.0 (92)	10.4 (50)	11.9 (27)	Dec-12
Russell 2500 Growth Index			10.7 (14)	9.9 (26)	12.6 (24)	16.0 (38)	7.8 (84)	10.9 (39)	11.8 (31)	
Over/Under			-5.1	-11.0	-12.3	-3.4	-1.8	-0.5	0.1	

The Domestic Equity Composite market value also includes the small values of PIMCO Eqs Dividend and Aronson & Partners.

Total Plan (Net of Fees) | As of September 30, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
International Equity	587,569,266	12.8	7.4 (21)	26.9 (35)	18.1 (35)	20.7 (48)	9.3 (60)	7.3 (80)	7.5 (54)	Jul-93
<i>International Equity Policy Index</i>			6.9 (30)	26.0 (39)	16.4 (49)	20.7 (48)	10.3 (51)	8.2 (61)	6.1 (98)	
Over/Under			0.5	0.9	1.7	0.0	-1.0	-0.9	1.5	
Arrowstreet EAFE Fund	252,648,469	5.5	7.1 (4)	33.9 (4)	27.2 (2)	--	--	--	21.8 (6)	Apr-23
<i>MSCI EAFE (Net)</i>			4.8 (54)	25.1 (59)	15.0 (70)	--	--	--	14.9 (64)	
Over/Under			2.4	8.7	12.2	--	--	--	6.9	
Arrowstreet EM	109,943,362	2.4	12.1 (27)	32.1 (19)	23.5 (19)	--	--	--	19.8 (19)	Apr-23
<i>MSCI Emerging Markets Index</i>			10.9 (40)	28.2 (42)	18.2 (54)	--	--	--	16.6 (44)	
Over/Under			1.1	3.8	5.3	--	--	--	3.2	
William Blair International Growth	62,878,499	1.4	2.4 (67)	16.8 (32)	9.2 (56)	--	--	--	10.4 (69)	Jul-23
<i>MSCI AC World ex USA Index</i>			7.0 (25)	26.6 (9)	17.1 (28)	--	--	--	16.9 (39)	
Over/Under			-4.6	-9.9	-8.0	--	--	--	-6.5	
BNY MSCI EAFE	75,021,408	1.6	4.8 (51)	--	--	--	--	--	7.2 (56)	Jun-25
<i>MSCI EAFE (Net)</i>			4.8 (54)	--	--	--	--	--	7.1 (63)	
Over/Under			0.1	--	--	--	--	--	0.1	
RBC EM	84,772,764	1.9	8.6	--	--	--	--	--	14.4	Jun-25
<i>MSCI Emerging Markets Index</i>			10.9	--	--	--	--	--	17.8	
Over/Under			-2.3	--	--	--	--	--	-3.4	

The International Equity Composite market value also includes the small values of Epoch Global Equity Shareholder Yield, GMO Emerging Domestic Opportunities, Grantham, Mayo Van Otterloo & Co., and Lazard Freres International Value.

Total Plan (Net of Fees) | As of September 30, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Fixed Income	1,161,184,455	25.4	2.6 (22)	6.7 (25)	6.1 (18)	7.7 (21)	2.8 (29)	4.2 (19)	5.7 (17)	Aug-91
<i>Blmbg. U.S. Aggregate Index</i>			2.0 (51)	6.1 (44)	2.9 (75)	4.9 (72)	-0.4 (88)	1.8 (84)	4.9 (44)	
Over/Under			0.6	0.6	3.2	2.8	3.2	2.4	0.8	
PIMCO Core Plus Total Return	275,170,537	6.0	2.7 (3)	7.5 (8)	4.8 (6)	6.3 (26)	0.5 (49)	2.6 (64)	4.1 (51)	Oct-06
<i>Blmbg. U.S. Aggregate Index</i>			2.0 (80)	6.1 (85)	2.9 (89)	4.9 (96)	-0.4 (97)	1.8 (99)	3.2 (100)	
Over/Under			0.6	1.4	1.9	1.4	0.9	0.8	0.9	
PIMCO Corporate Credit	346,525,712	7.6	2.5 (5)	7.7 (1)	5.3 (1)	8.5 (1)	2.1 (1)	4.6 (1)	5.7 (1)	Jun-09
<i>PIMCO Corporate Credit Policy Index</i>			2.5 (5)	7.0 (4)	4.6 (1)	7.9 (1)	1.7 (1)	3.9 (1)	4.9 (2)	
Over/Under			0.0	0.7	0.7	0.6	0.3	0.7	0.8	
PIMCO Unconstrained Bond	320,984,962	7.0	2.3 (35)	5.9 (76)	6.9 (26)	7.3 (55)	3.2 (53)	3.9 (41)	3.3 (46)	Sep-13
<i>ICE BofA USD 3-Mo Dep Offer Rate Constant Maturity</i>			1.1 (81)	3.3 (97)	4.6 (78)	4.9 (95)	3.1 (58)	2.3 (87)	1.9 (83)	
Over/Under			1.1	2.5	2.3	2.4	0.1	1.6	1.4	
PIMCO Private Income Fund	103,216,707	2.3	2.1 (61)	6.2 (83)	9.1 (6)	6.5 (93)	8.7 (1)	--	7.4 (1)	Apr-19
<i>ICE BofA U.S. High Yield Index</i>			2.4 (38)	7.1 (44)	7.2 (19)	11.0 (17)	5.5 (3)	--	5.2 (8)	
Over/Under			-0.3	-0.9	1.8	-4.4	3.1	--	2.2	
PIMCO Tactical Opportunities Fund	115,286,536	2.5	4.2 (1)	4.8 (93)	7.4 (16)	10.2 (26)	10.2 (1)	--	9.5 (1)	Jun-20
<i>ICE BofA U.S. High Yield Index</i>			2.4 (38)	7.1 (44)	7.2 (19)	11.0 (17)	5.5 (3)	--	6.3 (2)	
Over/Under			1.8	-2.3	0.1	-0.8	4.6	--	3.2	

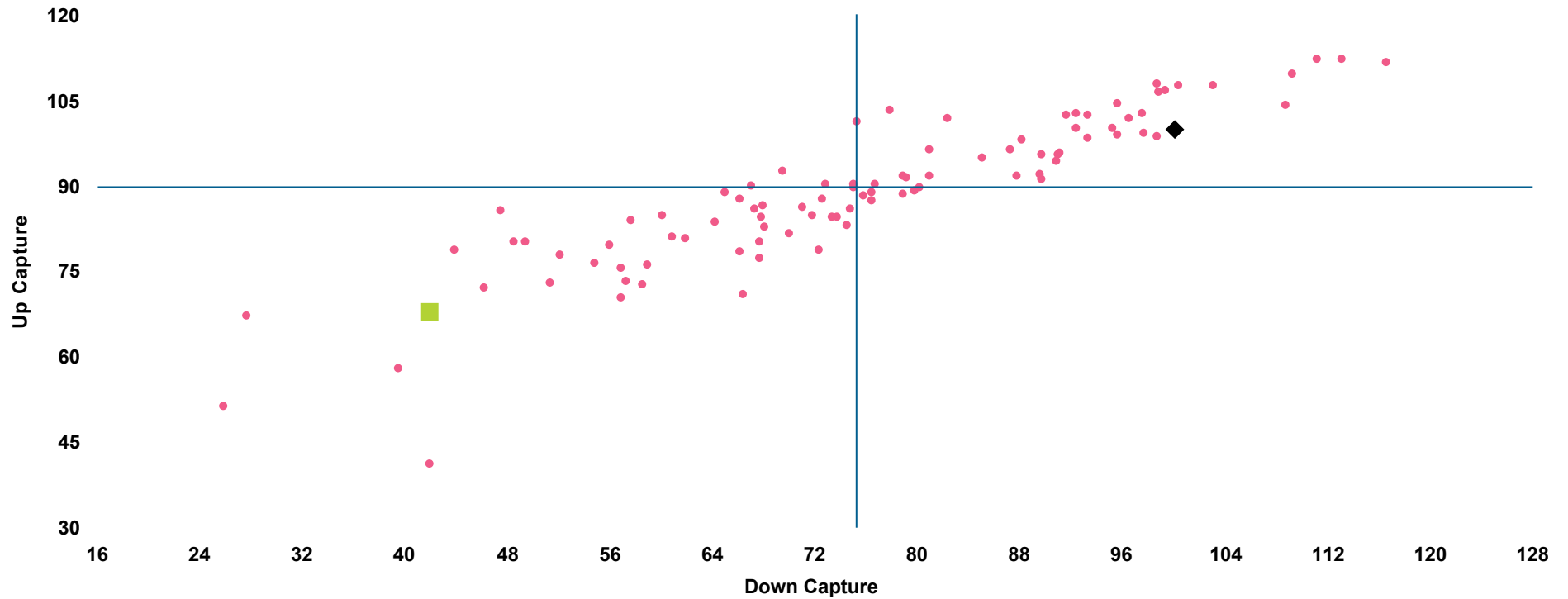
Total Plan (Net of Fees) | As of September 30, 2025

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Debt	738,458,523	16.1	4.7	7.7	9.4	8.5	10.1	7.2	12.6	Jan-09
<i>Private Debt Policy Index</i>			2.4	7.1	7.2	11.0	5.5	6.1	4.8	
Over/Under			2.3	0.7	2.2	-2.4	4.6	1.2	7.7	
Real Assets	293,002,220	6.4	-0.4	-1.0	-2.5	-0.9	5.6	3.8	5.5	Jul-01
<i>NCREIF Property Index</i>			1.2	3.7	4.6	-2.6	3.8	5.0	7.3	
Over/Under			-1.6	-4.7	-7.1	1.7	1.8	-1.2	-1.8	
Private Equity	818,860,634	17.9	4.0	5.9	5.4	-0.7	8.8	12.8	11.2	Oct-01
<i>Russell 2000 Index</i>			12.4	10.4	10.8	15.2	11.6	9.8	9.2	
Over/Under			-8.4	-4.5	-5.4	-15.9	-2.8	3.1	2.0	
Cash	86,908,315	1.9	1.1	3.4	4.6	3.6	2.8	1.4	4.2	Jul-09
<i>FTSE 3 Month T-Bill</i>			1.1	3.3	4.6	5.0	3.1	2.1	1.3	
Over/Under			0.0	0.0	0.0	-1.3	-0.3	-0.7	2.9	
Cash Account	86,676,254	1.9	1.1	3.4	4.6	4.1	2.5	1.3	3.7	Jul-09
<i>FTSE 3 Month T-Bill</i>			1.1	3.3	4.6	5.0	3.1	2.1	1.3	
Over/Under			0.0	0.0	0.0	-0.9	-0.6	-0.9	2.4	
Miscellaneous Cash	232,061	0.0	1.1	2.7	1.4	4.0	8.5	2.8	3.2	May-12

Total Plan Risk Return Statistics | As of September 30, 2025

	Risk Return Statistics			
	3 Years		5 Yrs	
	Total Composite	Policy Index	Total Composite	Policy Index
Return Summary Statistics				
Maximum Return	4.0	6.4	5.8	7.8
Minimum Return	-1.7	-3.4	-4.3	-6.0
Return	8.5	12.8	8.6	8.1
Excess Return	3.6	7.9	5.5	5.4
Excess Performance	-4.3	0.0	0.5	0.0
Risk Summary Statistics				
Beta	0.5	1.0	0.5	1.0
Up Capture	55.8	100.0	67.9	100.0
Down Capture	40.4	100.0	41.9	100.0
Risk/Return Summary Statistics				
Standard Deviation	4.7	9.2	6.1	10.2
Sortino Ratio	1.3	1.5	1.6	0.8
Alpha	2.3	0.0	4.2	0.0
Sharpe Ratio	0.8	0.9	0.9	0.5
Excess Risk	4.7	9.2	6.2	10.2
Tracking Error	5.0	0.0	5.7	0.0
Information Ratio	-0.8	-	0.0	-
Correlation Statistics				
R-Squared	0.9	1.0	0.8	1.0
Actual Correlation	0.9	1.0	0.9	1.0

**Downside Capture vs. Upside Capture
5 Years Ending September 30, 2025**



	5 Years Return	5 Years Up Capture	5 Years Down Capture
Total Composite	8.6	67.9	41.9
Policy Index	8.1	100.0	100.0

Benchmark History

June 2023

Russell 2000 Index	20.0%
Russell 3000 Index	17.0%
Blmbg. US Aggregate Index	25.0%
ICEBofa High Yield Master II	17.0%
NCREIF Property Index	9.0%
MSCI AC World ex USA (Net)	12.0%

April 2021

Russell 2000 Index	12.0%
Russell 3000 Index	25.0%
Blmbg. US Aggregate Index	20.0%
ICEBofa High Yield Master II	18.0%
NCREIF Property Index	12.0%
MSCI AC World ex USA (Net)	13.0%

April 2018

Russell 2000 Index	12.0%
Russell 3000 Index	17.0%
Blmbg. US Aggregate Index	21.0%
ICEBofa High Yield Master II	15.0%
HFRI Equity Hedge (Total) Index	7.0%
NCREIF Property Index	12.0%
MSCI AC World ex USA (Net)	16.0%

June 2017

Russell 2000 Index	12.0%
Russell 3000 Index	20.0%
Blmbg. US Aggregate Index	21.0%
ICEBofa High Yield Master II	15.0%
NCREIF Property Index	12.0%
MSCI AC World ex USA (Net)	13.0%

Private Market Performance Summary as of June 30, 2025

Total Private Market Performance¹

As of June 30, 2025

Asset Class	Committed (\$ MM)	Contributed (\$ MM)	Unfunded (\$ MM)	Distributed (\$ MM)	Remaining Value (\$ MM)	TVPI (X)	Net IRR (%)	PME ² (%)
Private Equity	1,449.6	1,113.8	357.4	1,293.0	799.2	1.88	13.9%	9.3%
Private Debt	1,882.6	1,637.3	345.8	1,498.8	779.2	1.39	9.2%	5.8%
Real Estate and Real Assets	1,247.4	866.2	396.9	799.5	295.1	1.26	5.2%	7.8%
Total	4,579.6	3,617.3	1,100.1	3,591.3	1,873.5	1.51	9.6%	

¹ Commitments will typically appear in the quarter following approval by the Committee

² Public Market Equivalent benchmarks are: MSCI ACWI IMI Index for Private Equity, Merrill Lynch High Yield Index for Private Debt, and NCREIF NPI for Real Estate/Real Assets.

Economic and Market Update

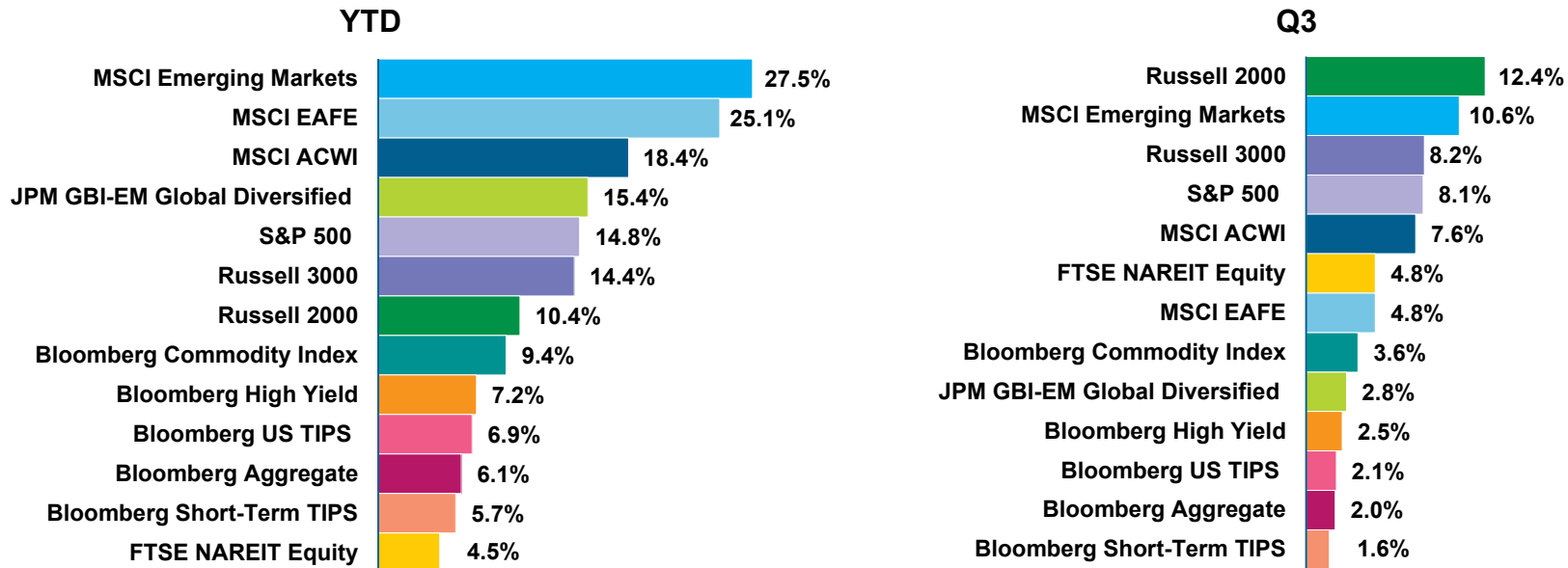
Data as of September 30, 2025

Commentary

In the third quarter, most stock and bond markets delivered positive returns, benefiting from renewed interest rate cuts from the Federal Reserve, continued strong artificial intelligence demand and investment, and overall solid corporate earnings.

- US stocks enjoyed a broad rally in the third quarter with the Russell 3000 gaining 8.2%. Large cap stocks trailed small cap stocks in a reversal of the prior trend with mixed results across market capitalizations for growth and value.
- Non-US developed market stocks lagged US stocks in the third quarter (MSCI EAFE +4.8%) with value outperforming growth.
- Emerging market stocks beat developed market stocks in the third quarter with the MSCI emerging market index gaining +10.6% and up a leading 27.5% year-to-date; Chinese stocks drove the emerging market index higher with the MSCI China index returning 20.7% in the quarter and 41.6% year-to-date.
- In general, bond markets performed well in the third quarter supported by softer labor data and largely dovish central banks, with high yield bonds and long-dated Treasuries both returning 2.5% for the quarter, slightly outperforming the broad US bond market (+2.0%) and TIPS (+2.1%).
- Chair Powell's comments from Jackson Hole buoyed market expectations for more rate cuts this year. In addition to continued public pressure on Chair Powell, the Administration also signaled that it would investigate Federal Open Market Committee (FOMC) member Lisa Cook adding to market concerns about future Fed independence.
- Key questions going forward include how the Fed will manage interest rates given competing pressures on its dual mandate of inflation and employment, will tariff pressures eventually show up in inflation, can earnings growth remain resilient in the US, will the recent rotation into small cap stocks continue, and how will China's economy and relations with the US track.

Index Returns¹



- There were broad gains across asset classes in the third quarter given the Fed's rate cut in September with more expected, resilient corporate earnings, and ongoing AI enthusiasm. Small cap US stocks led the way particularly benefiting from lower rate expectations as well as a resilient US economy and lower valuations relative to large cap technology companies.
- For the year-to-date through September, international markets experienced the best results with +40% gains in China helping emerging market stocks and a weakening US dollar particularly benefiting developed international stocks (MSCI EAFE).

¹ Source: Bloomberg. Data is as of September 30, 2025.

Domestic Equity Returns¹

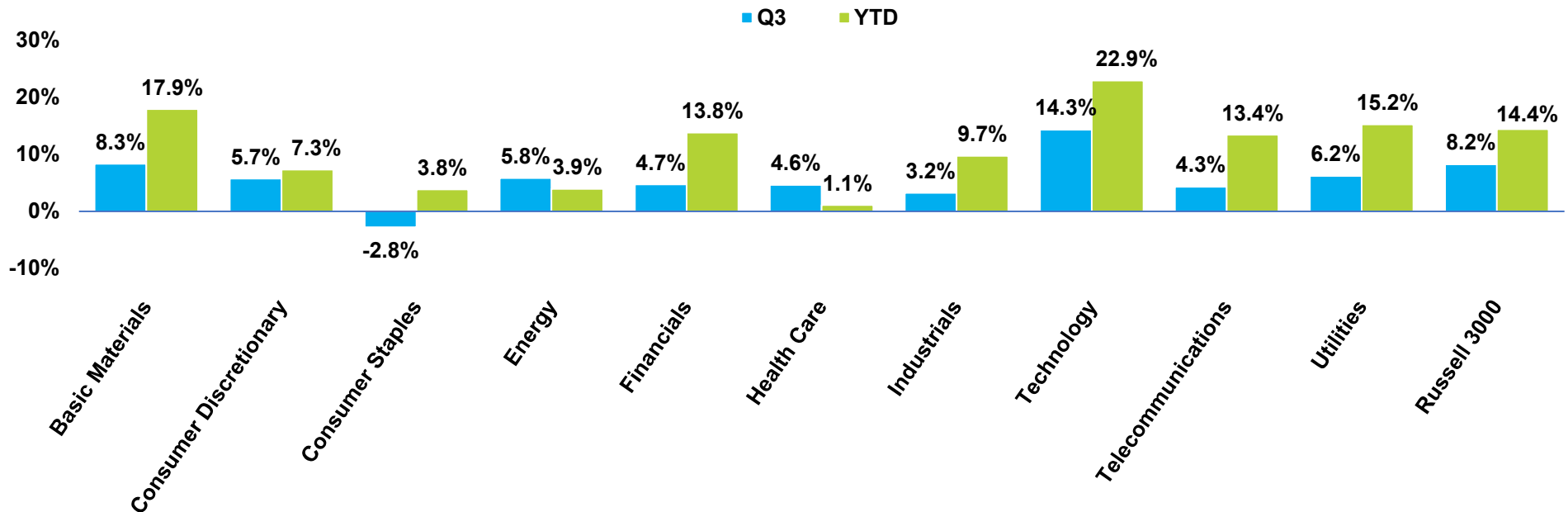
Domestic Equity	September (%)	Q3 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	3.6	8.1	14.8	17.6	24.9	16.4	15.3
Russell 3000	3.5	8.2	14.4	17.4	24.1	15.7	14.7
Russell 1000	3.5	8.0	14.6	17.7	24.6	16.0	15.0
Russell 1000 Growth	5.3	10.5	17.2	25.5	31.6	17.6	18.8
Russell 1000 Value	1.5	5.3	11.7	9.4	16.9	13.9	10.7
Russell MidCap	0.9	5.3	10.4	11.1	17.7	12.6	11.4
Russell MidCap Growth	-0.3	2.8	12.8	22.0	22.8	11.2	13.4
Russell MidCap Value	1.3	6.2	9.5	7.6	15.5	13.6	10.0
Russell 2000	3.1	12.4	10.4	10.8	15.2	11.5	9.8
Russell 2000 Growth	4.2	12.2	11.7	13.6	16.7	8.4	9.9
Russell 2000 Value	2.0	12.6	9.0	7.9	13.5	14.6	9.2

US Equities: The Russell 3000 index returned 8.2% in the third quarter and 14.4% year-to-date.

- US stocks increased sharply during the third quarter as the Federal Reserve lowered interest rates, corporate earnings largely came in above expectations, and economic growth surprised to the upside. The enthusiasm surrounding AI helped push the indices higher, as well.
- Small cap stocks, represented by the Russell 2000 Index, outperformed both mid and large cap stocks during the quarter. The small cap index's higher weighting to biopharma stocks contributed to the outperformance as well as the overall strength of the economy and expectations for lower rates given their generally higher leverage.
- Value stocks outperformed growth stocks during the quarter (except in the large cap space). The outperformance of large technology and consumer discretionary stocks drove this dynamic.

¹ Source: Bloomberg. Data is as of September 30, 2025.

Russell 3000 Sector Returns¹



- During the third quarter, technology stocks led all sectors, with Apple and NVIDIA being the largest contributors in the Russell 3000 Index, as AI enthusiasm continued.
- The traditionally defensive consumer staples sector was the only area to decline in the risk-on environment of the third quarter. Many of these companies, like Philip Morris, Costco, and Coca-Cola, continue to be challenged by tariffs and consumers' changing preferences given higher expected prices.
- For the year through September, all sectors posted gains with technology, again, leading the way and defensive sectors, like healthcare and consumer staples, producing the smallest gains.

¹ Source: Bloomberg. Data is as of September 30, 2025.

Foreign Equity Returns¹

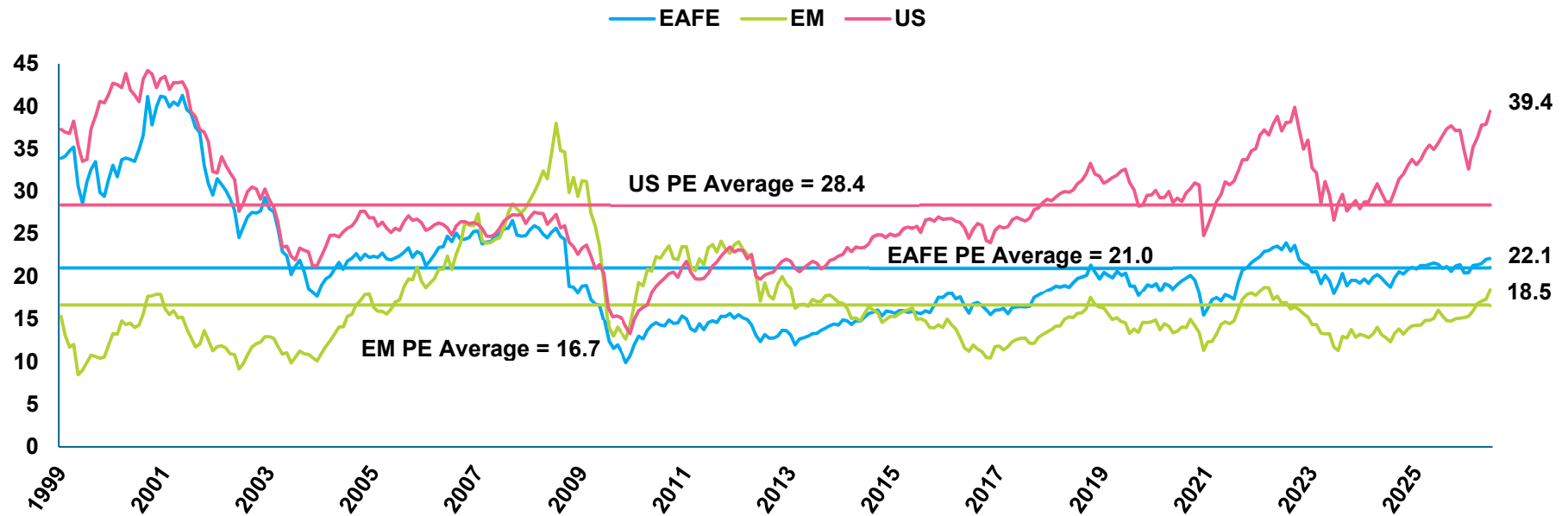
Foreign Equity	September (%)	Q3 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	3.6	6.9	26.0	16.4	20.7	10.2	8.2
MSCI EAFE	1.9	4.8	25.1	15.0	21.7	11.1	8.2
MSCI EAFE (Local Currency)	1.8	5.4	13.6	12.9	16.9	12.5	8.6
MSCI EAFE Small Cap	1.6	6.2	28.4	17.7	19.6	8.5	7.9
MSCI Emerging Markets	7.2	10.6	27.5	17.3	18.2	7.0	8.0
MSCI Emerging Markets (Local Currency)	7.1	12.2	24.3	18.8	18.1	8.6	9.1
MSCI EM ex China	6.0	6.6	22.1	12.2	17.9	11.1	8.8
MSCI China	9.8	20.7	41.6	30.8	19.4	0.4	6.8

Foreign Equity: Developed international equities (MSCI EAFE) returned 6.9% in the third quarter and 26.0% year-to-date, and the emerging markets index rose 10.6% in the third quarter and 27.5% year-to-date.

- Developed markets posted solid gains in the third quarter, driven by easing monetary policy, strong corporate earnings, and AI-related enthusiasm. Eurozone equities, while positive, were the laggards of the quarter, with losses in Germany and political instability in France somewhat balanced by strong performance by financials and stable inflation. The UK saw solid performance supported by strong bank earnings and resilient consumer demand despite rising debt. Japan was a top performer, benefiting from a weaker yen, strong tech exports, and favorable political shifts.
- Emerging markets outperformed developed peers in the third quarter, aided by easing trade tensions and strong tech performance. China led the way with a significant 20.7% return for the quarter, benefitting from domestic chipmaker support, accelerating AI spending, and optimism surrounding policies to reduce unproductive competition. Tech enthusiasm benefited other Asian markets, particularly Taiwan and Korea. Brazil lagged, due largely to political uncertainty. India saw losses, with the recent imposition of very punitive tariffs by the US weighing heavily on performance.

¹ Source: Bloomberg. Data is as of September 30, 2025.

Equity Cyclically Adjusted P/E Ratios¹



- US stock valuations increased in the third quarter, finishing September with a cyclically adjusted P/E ratio of 39.4. This level is well above their long-run average of 28.4.
- Given strong results this year in non-US developed stocks, valuations have moved slightly above their long-run P/E ratio (22.1 versus 21.0).
- As emerging market stocks lead the way in 2025 their valuations are now also trading at levels above their long-run average (18.5 versus 16.7).

¹ US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of September 2025. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end, respectively.

Fixed Income Returns¹

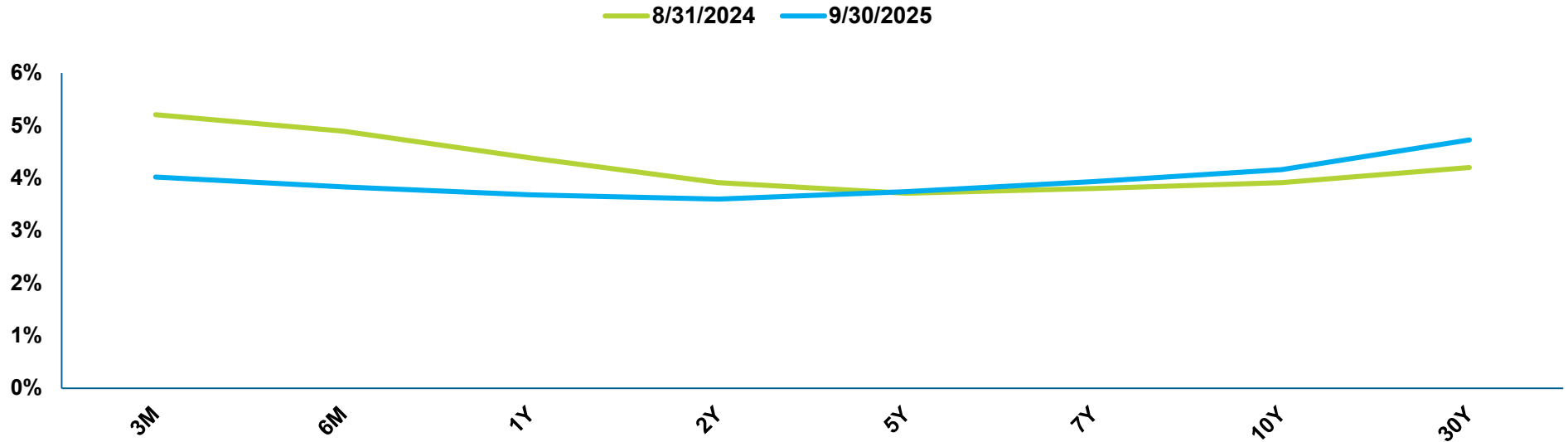
Fixed Income	September (%)	Q3 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	1.1	2.1	6.3	3.4	5.6	0.1	2.3	4.6	5.9
Bloomberg Aggregate	1.1	2.0	6.1	2.9	4.9	-0.4	1.8	4.4	6.1
Bloomberg US TIPS	0.4	2.1	6.9	3.8	4.9	1.4	3.0	4.1	6.6
Bloomberg Short-term TIPS	0.0	1.6	5.7	5.5	5.4	3.7	3.1	3.8	2.4
Bloomberg US Long Treasury	3.1	2.5	5.6	-3.5	0.4	-7.8	-0.1	4.7	14.7
Bloomberg High Yield	0.8	2.5	7.2	7.4	11.1	5.5	6.2	6.7	3.1
JPM GBI-EM Global Diversified (USD)	1.4	2.8	15.4	7.4	11.3	2.3	3.5	--	--

Fixed Income: The Bloomberg Universal index rose 2.1% in the third quarter, returning 6.3% year-to-date.

- The US yield curve shifted lower on expected monetary policy easing in the coming quarters and strong risk appetite by investors provided positive performance for credit indexes.
- In this environment, the broad US bond market (Bloomberg Aggregate) returned 2.0% with longer dated US Treasuries performing slightly better (2.5%). Longer and short-dated TIPS gained 2.1% and 1.6%, respectively, as inflation risks remained elevated.
- Positive risk sentiment supported emerging market debt (+2.8%) and high yield (+2.5%). Year-to-date performance in emerging markets solidly exceeded other fixed income indices, and the broad US stock market.

¹ Source: Bloomberg. Data is as of September 30, 2025. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration, respectively. JPM GBI-EM data is from J.P. Morgan. Current yield and duration data is not available.

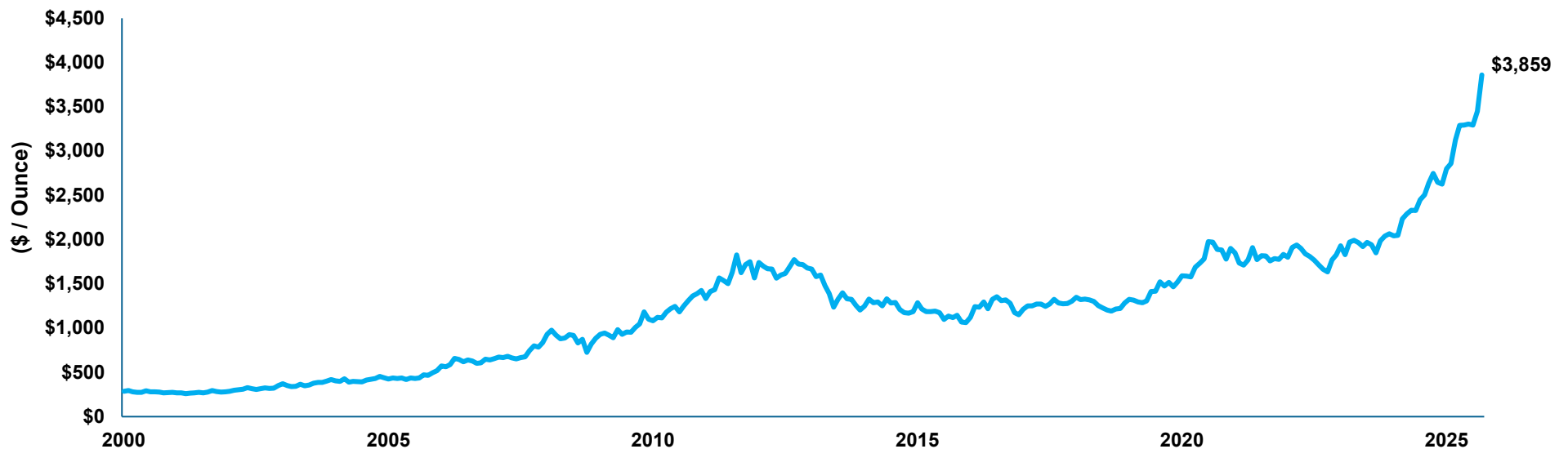
US Yield Curve¹



- A rate cut by the Fed, with more expected weakness in the labor market, and no signs yet of tariffs significantly influencing inflation drove rates lower across the yield curve in the third quarter.
- The policy sensitive 2-year nominal Treasury yield was volatile during the quarter but overall fell from 3.72% to 3.61% given the anticipation of additional interest rate cuts by the Fed.
- The 10-year nominal Treasury yield was also volatile and declined from 4.23% to 4.15% for the quarter, while the 30-year nominal Treasury yield fell slightly from 4.78% to 4.73%.

¹ Source: Bloomberg. Data is as of September 30, 2025. The August 2024 Treasury yields are shown as a reference before the first interest rate cut.

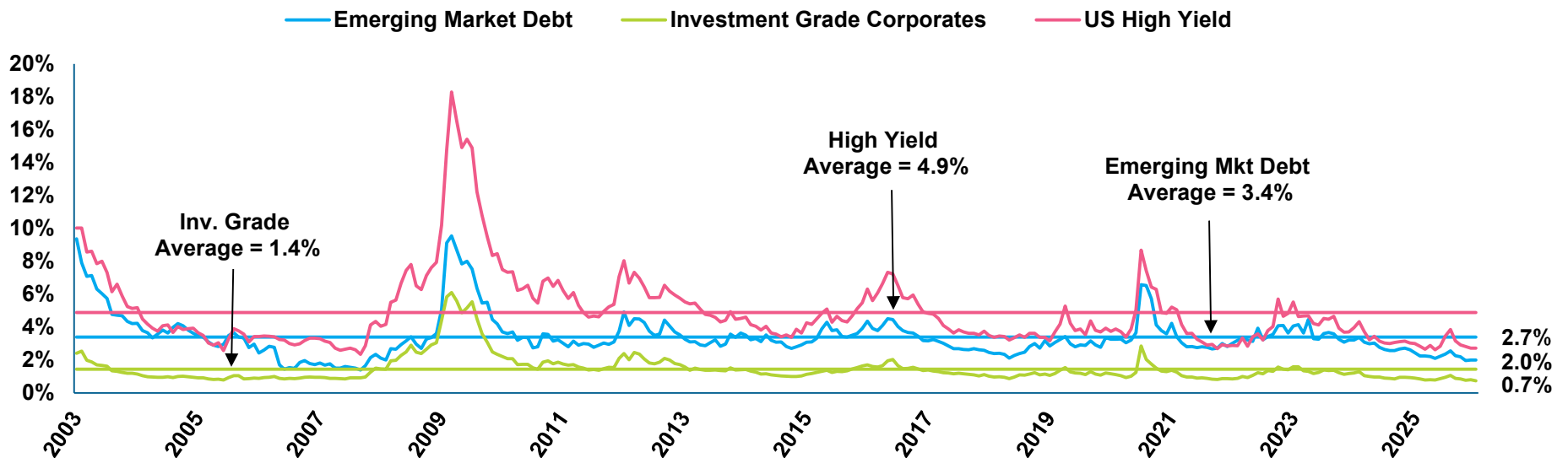
Gold¹



- In a period where risk assets have done particularly well, gold, which is usually perceived as a safe haven, has done even better, gaining over 47% year-to-date through September.
- Key drivers of gold's strong year include central bank demand, a weak US dollar, inflation concerns, and expectations for lower rates.

¹ Source: Bloomberg as of September 30, 2025. Gold Spot Price is quoted as US Dollars per Troy Ounce.

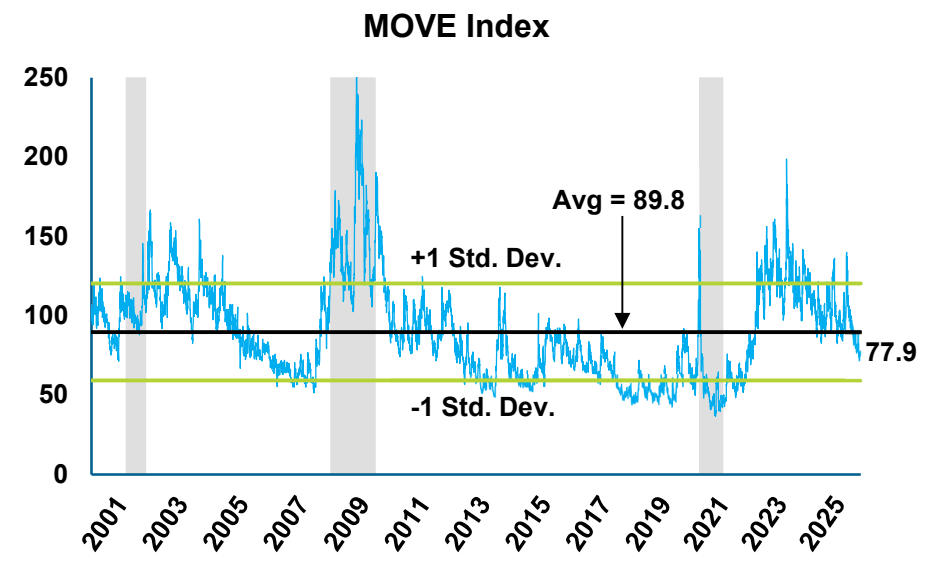
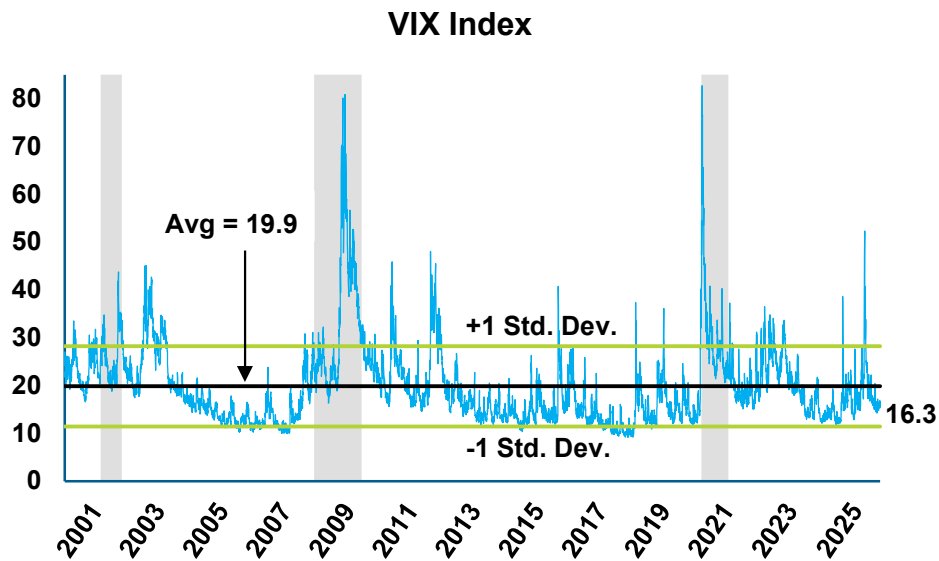
Credit Spreads vs. US Treasury Bonds¹



- During the third quarter, despite already being historically tight, credit spreads continued to grind lower given the resilient US economy, strong corporate balance sheets/low default rates, and investor demand for yield.
- Investment grade spreads (the difference in yield from a comparable Treasury) moved further below 1.0% during the quarter (0.8% to 0.7%).
- High yield spreads fell from 2.9% to 2.7% in the third quarter, while emerging market spreads dropped from 2.2% to 2.0%.
- All yield spreads remained below their respective long-run averages, especially high yield (2.7% versus 4.9%).

¹ Source: Bloomberg. Data is as of September 30, 2025. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

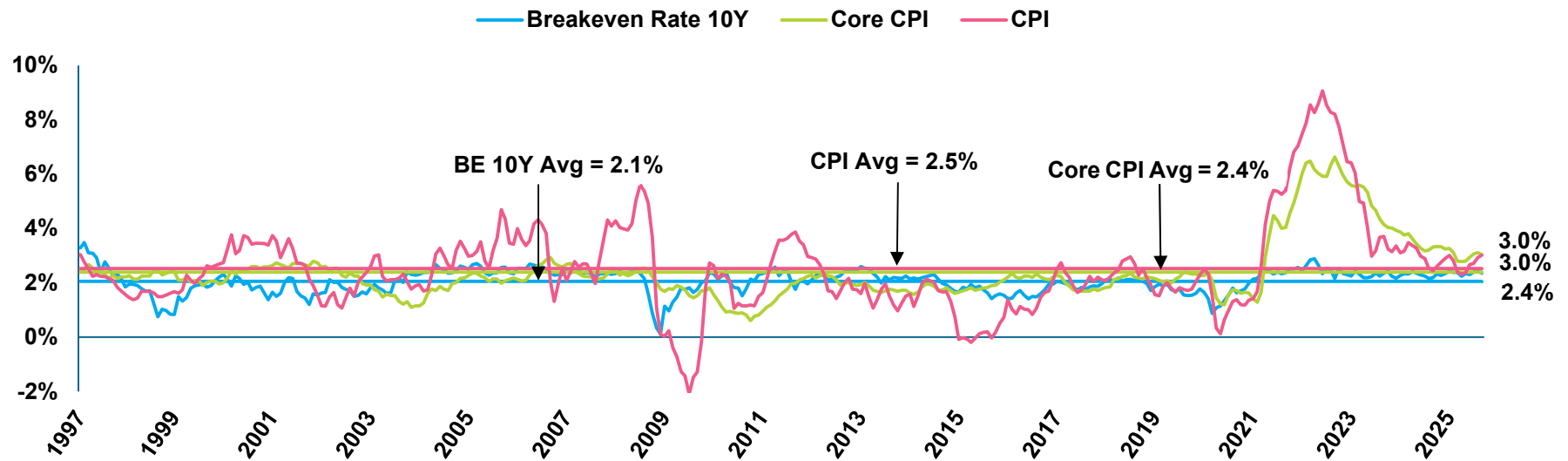
Equity and Fixed Income Volatility¹



- Volatility spiked in April after the “Liberation Day” tariff announcement but has since declined to below long-run averages.
- Resilient earnings data, despite tariffs and expectations for the Fed to continue to cut rates, has kept equity market volatility (VIX) relatively low.
- Despite fiscal policy uncertainty and debt concerns, the MOVE index has largely declined as confidence has increased in the Fed cutting rates.

¹ Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of September 30, 2025. The average line indicated is the average of the VIX and MOVE values between January 2005 and September 2025.

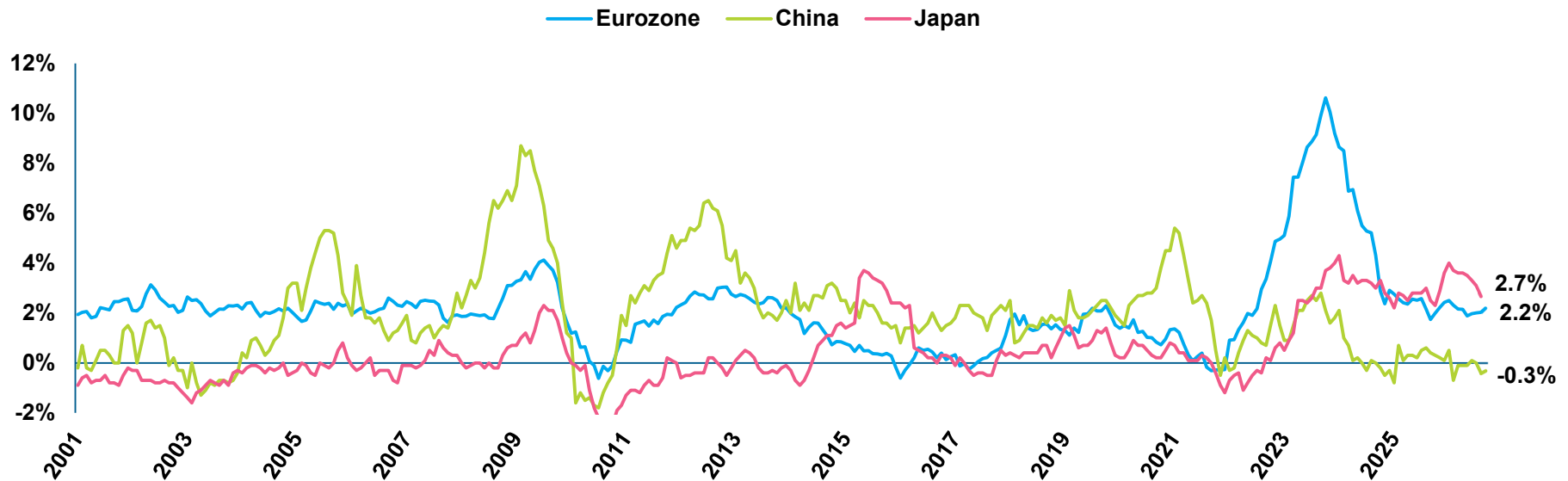
US Inflation¹



- Inflation remains elevated but came in slightly below expectations in September. Headline inflation rose 0.3% for the month, down from 0.4% in August and expectations of a 0.4% reading in September. Year-on-year inflation rose from 2.9% to 3.0% below expectations though for a 3.1% rise. Gasoline, increasing 4.1% for the month, was the biggest driver of the monthly rise for the broad inflation reading.
- The month-on-month reading of core inflation fell from 0.3% to 0.2% and declined from 3.1% to 3.0% year-on-year (both slightly below expectations). Notably the month-on-month reading of shelter, a key driver of elevated inflation levels, fell from 0.4% to 0.2%. There were some small but not broad-based signs of tariff impacts in areas like apparel.
- Longer-dated inflation expectations (breakevens) remained in a tight range over the quarter finishing at 2.4%, while shorter-dated inflation swap pricing and survey-based measures suggest continued upside risk to prices.

¹ Source: FRED. Data is as of September 30, 2025.

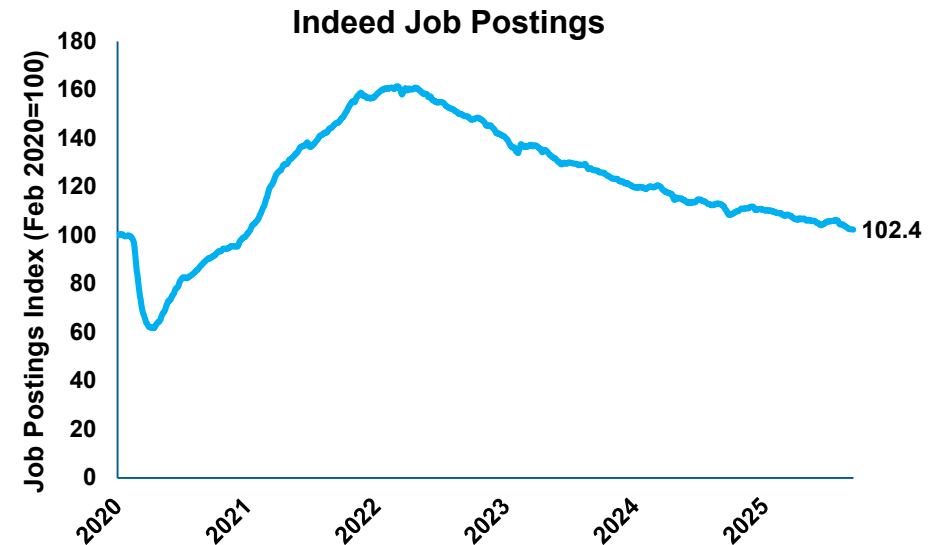
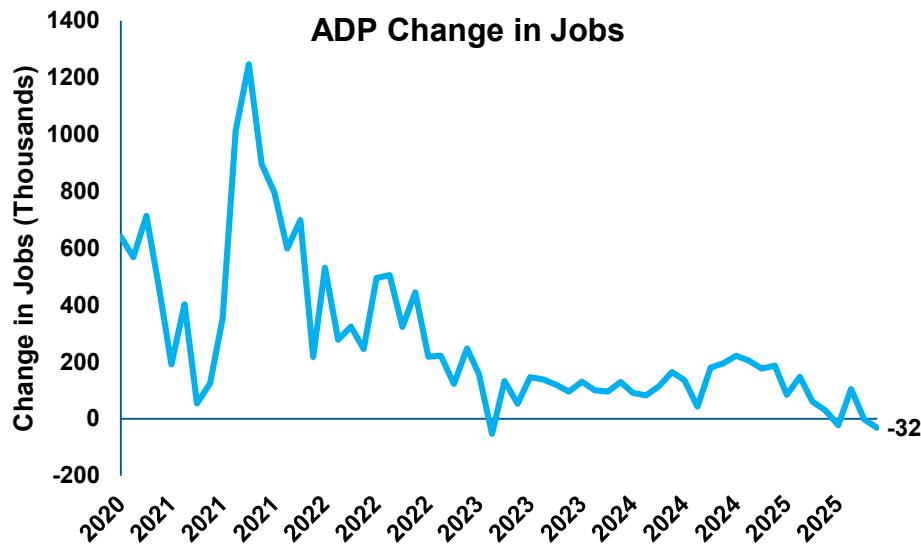
Global Inflation (CPI Trailing Twelve Months)¹



- Inflation in the eurozone reaccelerated slightly over the quarter from 2.0% to 2.2%, a level just above the ECB's 2.0% target, driven by a rise in service costs; the ECB held rates steady at 2.0% in early September with markets largely expecting no additional rate cuts given rising prices.
- In Japan, inflation declined from 3.3% at the end of June to 2.7% at the end of August given a decline in electricity prices due to government subsidies and a drop in gas prices. Despite the recent decline, inflation remains above the 2.0% target, making it likely the Bank of Japan will hold rates steady for now.
- In China, despite considerable policy stimulus, deflation returned in two of the three months during the quarter. A sharp fall in food prices was a key cause of the deflationary pressures.

¹ Source: Bloomberg. Data is as of September 2025, except Japan which is as of August 2025.

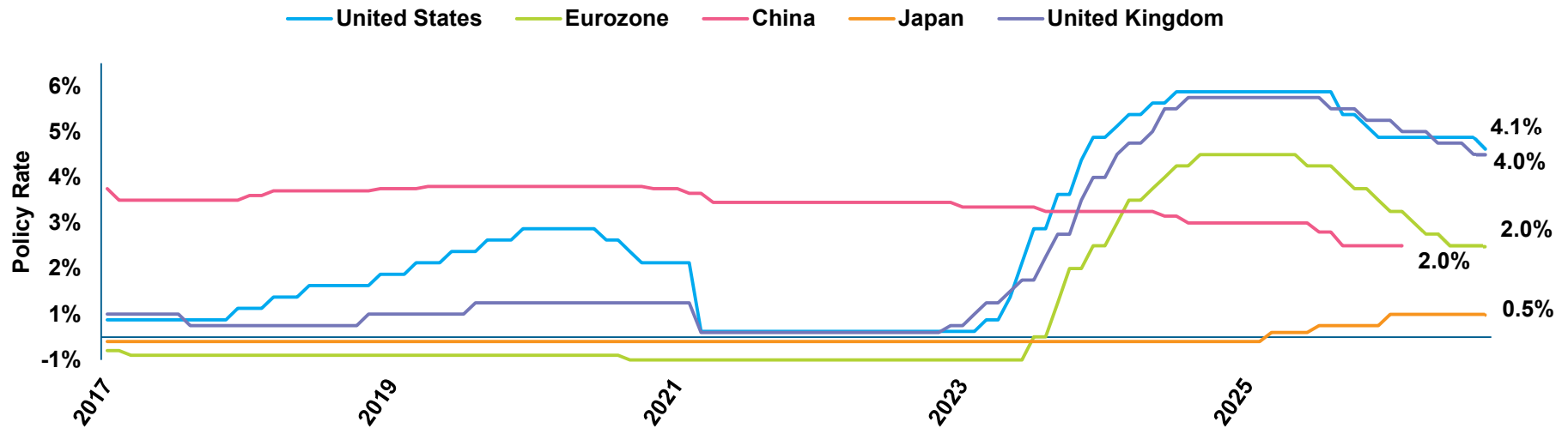
US Unemployment¹



- Like inflation, the government shutdown means that current official employment data is also not available, however other private indicators support growing concerns regarding a softening labor market in the US.
- Government layoffs, a declining number of jobs created (ADP), and a falling number of job postings (Indeed) are also pointing to a deteriorating jobs market.

¹ Source: ADP and Indeed. Data is as of September 30, 2025.

Global Policy Rates¹



- The Fed started cutting interest rates again, but other central banks have generally paused. Futures markets are predicting the Fed to cut rates two more times to ~3.6% by year-end and three more times in 2026 as unemployment revisions indicate a weaker than previously thought labor market.
- The ECB held rates steady in the third quarter after four cuts earlier in the year, while the Bank of England cut rates in August and held them steady in September. After cutting rates in May of last year, China's central bank has held rates steady, although disinflationary pressures continue to be a concern.
- Japan kept rates at current levels in the face of uncertain inflationary and trade pressures but voted to slow its purchase of Japanese sovereign debt in a continuing retreat from quantitative easing.

¹ Source: Bloomberg. Data is as of September 30, 2025, except China which is as of February 28, 2025. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

US Dollar vs. Broad Currencies¹



- The US dollar hit near-historic highs in January of 2025 but since then its value has declined by ~11%.
- The US dollar stabilized in the third quarter on the easing of trade war concerns.
- Typically, higher interest rates support the US dollar but recent concerns over changing US administration policies and slowing growth have weighed on the value of the US dollar.

¹ Source: Bloomberg. Data as of September 30, 2025.

Key Trends

- According to the International Monetary Fund's (IMF) October's World Economic Outlook, the global economy will decelerate from 3.2% in 2025 to 3.1% in 2026. The US is expected to modestly accelerate economic growth in 2026 to 2.1% from 2.0% in 2025. The euro area will slow slightly from 1.2% in 2025 to 1.1% in 2026. China's economy is expected to slow from 4.8% in 2025 to just 4.2% in 2026.
- Despite the recent pause in negotiations related to tariffs, many questions remain including how they will ultimately impact inflation. Overall, higher tariff levels and continued uncertainty could weigh on growth while increasing prices. Inflation levels and potential developments with tariffs combined with a weakening labor market will complicate the Fed's rate cutting path. A lengthy government shutdown and a lack of official economic reports could create further complications for the Fed and others to assess the health of the economy.
- Some signs of stress have started to emerge on the US consumer, with growing weakness in the jobs market and sentiment weakening since the start of the year. Consumers are particularly concerned about losing their jobs and the potential for higher prices. Overall, risk to economic growth and to inflation from tariffs, as well as elevated borrowing costs, could put further pressure on consumers and lead to an even weaker job market. The recent resumption of collecting and reporting delinquent student loans could be a further headwind to consumption.
- US equities have fully recovered from substantial losses experienced during the first week of April and have reached new highs. A relatively strong second quarter earnings season, renewed AI optimism, and prospects of future rate cuts from the Fed all helped drive stocks higher. How earnings track from here, particularly for the large AI related companies that make up a significant portion of indexes, will be key going forward.
- Trade tensions between the US and China will remain an important focus as well as the overall health of China's economy. With the recent flare up in rhetoric, China has deepened its restrictions on exporting rare earth and critical minerals required in the manufacturing of many high-tech items. In response the US threatened across the board tariffs up to 100 % on Chinese goods. Upcoming negotiations between the two sides will be important to watch. How China manages its slowing economy, and deflationary pressures will also be important.

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Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security).

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Jensen's Alpha: A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk. $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} * (\text{market return} - \text{Risk Free Rate})]$.

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.

Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Yield to Worst: The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

NCREIF Property Index (NPI): Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE): Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: [Investment Terminology](#), International Foundation of Employee Benefit Plans, 1999.
[The Handbook of Fixed Income Securities](#), Fabozzi, Frank J., 1991

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.