



Employees' Retirement System of the City of Norfolk

Performance Update
As of October 31, 2024

Fund Evaluation Report

Agenda

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Economic and Market Update

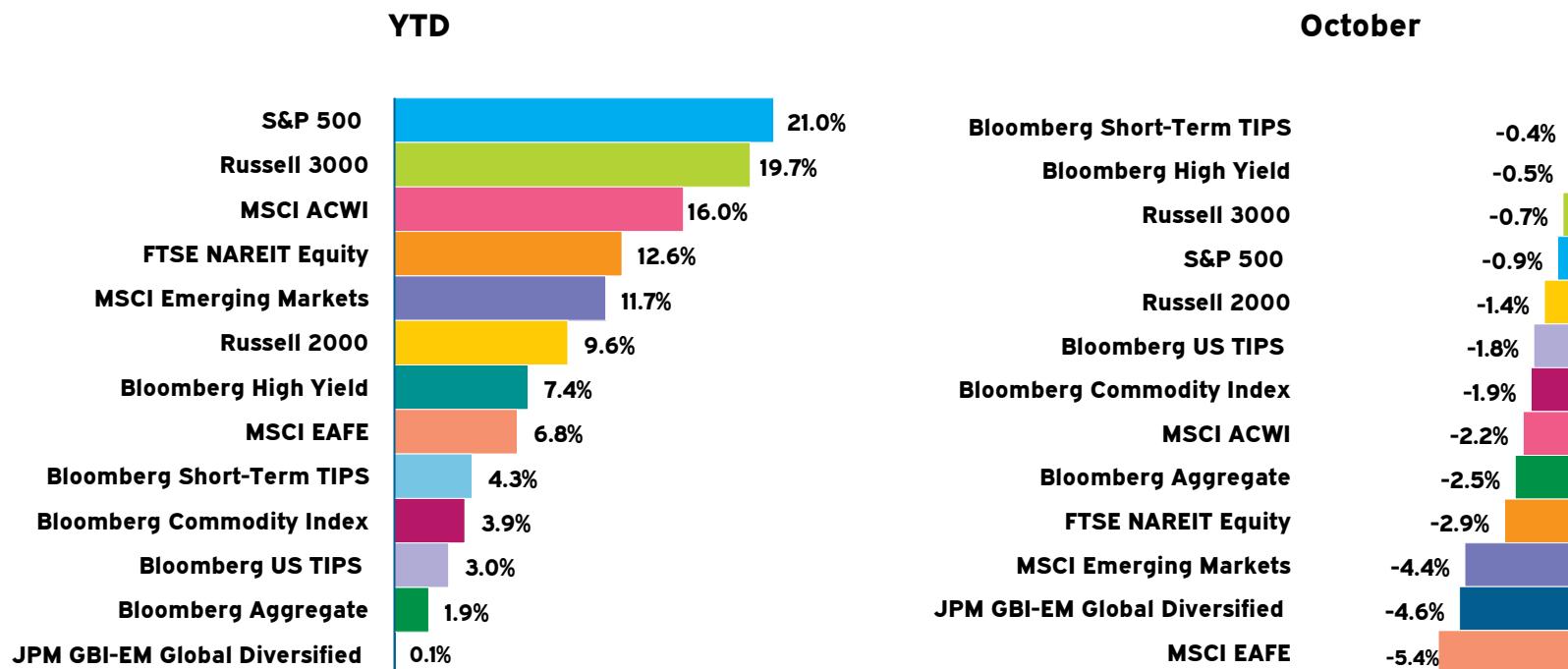
Data as of October 31, 2024

Commentary

October saw markets turn cautious ahead of the looming presidential election with major equity and bond markets declining for the month.

- After month-end, the Federal Reserve cut its policy rate another 0.25% even as unemployment remained low and economic growth was resilient.
- After strong performance in the third quarter, US equities (Russell 3000) fell 0.7% in October.
- Emerging market equities declined 4.4% in October, after rising 8.7% in the third quarter. Despite the decline, they outperformed developed market equities, with the MSCI EAFE index falling 5.4% in October.
- Chinese stocks (MSCI China) sold-off in October, (-5.9%) as investor enthusiasm cooled awaiting more concrete fiscal policy stimulus from policy makers to address the solvency issues for local governments, the real estate sector, and consumers.
- Fixed income markets declined and bond yields rose, as investors considered the policy impacts of a potential second Trump presidency.
- Looking ahead, key factors influencing the global economic outlook include the paths of inflation, labor markets, and monetary policy, China's slowing economy and the impacts of policy stimulus, increased geopolitical tensions, and questions about new policies from the incoming US administration..

Index Returns¹



- After a strong third quarter, major markets sold-off in October due to uncertainty about the looming US presidential election and continued questions about the path of interest rates.
- Year-to-date through October, all major asset classes were positive, led by US equities.

¹ Source: Bloomberg. Data is as of October 31, 2024.

Domestic Equity Returns¹

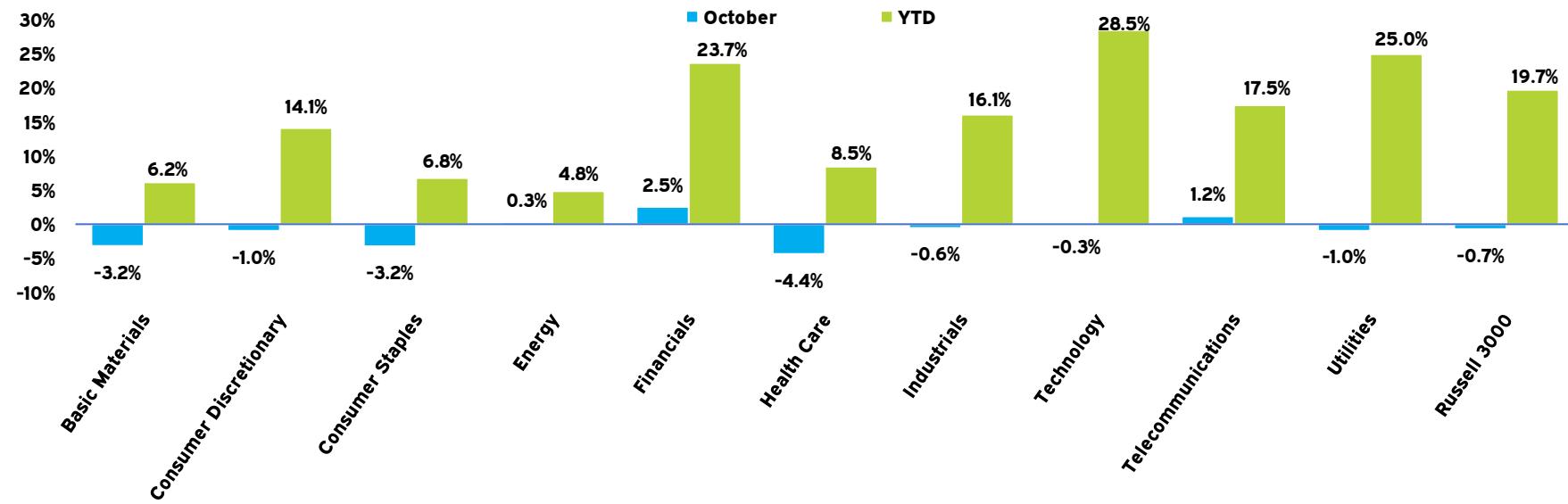
Domestic Equity	October (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	-0.9	21.0	38.0	9.1	15.3	13.0
Russell 3000	-0.7	19.7	37.9	7.6	14.6	12.4
Russell 1000	-0.7	20.3	38.1	8.1	15.0	12.7
Russell 1000 Growth	-0.3	24.1	43.8	8.8	19.0	16.2
Russell 1000 Value	-1.1	15.4	31.0	6.8	10.1	8.9
Russell MidCap	-0.5	14.0	35.4	3.5	10.9	9.8
Russell MidCap Growth	1.7	14.9	38.7	0.6	11.5	11.2
Russell MidCap Value	-1.3	13.6	34.0	5.1	9.9	8.4
Russell 2000	-1.4	9.6	34.1	0.0	8.5	7.9
Russell 2000 Growth	-1.3	11.7	36.5	-2.3	7.9	8.1
Russell 2000 Value	-1.6	7.5	31.8	1.9	8.4	7.3

US Equities: The Russell 3000 fell 0.7% in October, bringing the year-to-date results to +19.7%.

- US stocks fell slightly during October, amid mixed economic signals and, toward the end of month, due to a focus on the looming US presidential election.
- For the month, growth stocks outperformed value stocks across the market cap spectrum, particularly in midcap. In the large cap space, this dynamic was driven mainly by one stock, NVIDIA.
- Large cap stocks (Russell 1000) declined less than small cap stocks (Russell 2000) for the month.

¹ Source: Bloomberg. Data is as of October 31, 2024.

Russell 3000 Sector Returns¹



- All sectors turned negative in October, except Financials and Telecommunications stocks.
- Healthcare stocks led the overall decline among sectors, most notably due to Eli Lilly's decline after reporting disappointing quarterly earnings.
- On a year-to-date basis, Technology continued to lead the way (+28.5%), followed closely by Utilities (+25.0%) largely on growing energy demand for cloud computing data centers. The Fed's rate cuts and generally healthy economy have lifted Financials (+23.7%).

¹ Source: Bloomberg. Data is as of October 31, 2024.

Foreign Equity Returns¹

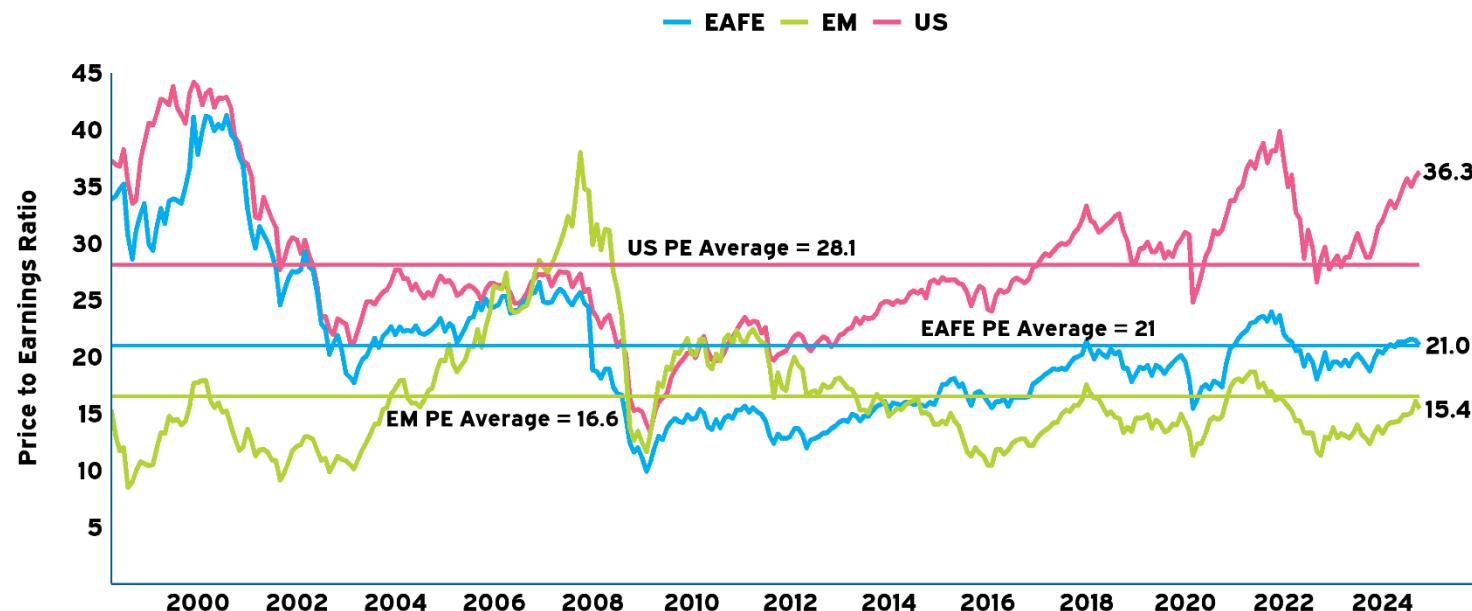
Foreign Equity	October (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	-4.9	8.6	24.3	1.6	5.8	4.8
MSCI EAFE	-5.4	6.8	23.0	2.7	6.2	5.3
MSCI EAFE (Local Currency)	-1.6	10.2	19.7	6.6	8.1	7.2
MSCI EAFE Small Cap	-6.3	4.1	23.0	-3.0	4.1	5.7
MSCI Emerging Markets	-4.4	11.7	25.3	-1.4	3.9	3.4
MSCI Emerging Markets (Local Currency)	-2.9	14.9	25.9	1.6	6.2	6.0
MSCI EM ex. China	-3.9	8.3	27.2	2.1	6.6	4.4
MSCI China	-5.9	21.7	21.8	-8.4	-1.2	2.3

Foreign Equity: Developed international equities (MSCI EAFE) fell 5.4% in October, while emerging market equities (MSCI Emerging Markets) fell 4.4%.

- In October, emerging and developed markets outside the US both suffered from risk-off sentiment ahead of the US election. Additionally, a stronger dollar served as a headwind, particularly for developed markets.
- Developed market equities fell 1.6% in local terms but factoring in the strengthening dollar brought returns to -5.4% for the month (the worst result of the major indexes).
- The rally in Chinese equities cooled as investors reassessed the Chinese government's convictions behind stimulating the sluggish economy.

¹ Source: Bloomberg. Data is as October 31, 2024.

Equity Cyclically Adjusted P/E Ratios¹



- US stocks (36.3) continue to trade well above their long-run PE average of 28.1.
- Non-US developed market valuations fell slightly to their long-term average while emerging market stock valuations also declined but remain close to their long-term average given the strong recent gains.

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 October 2024. 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.

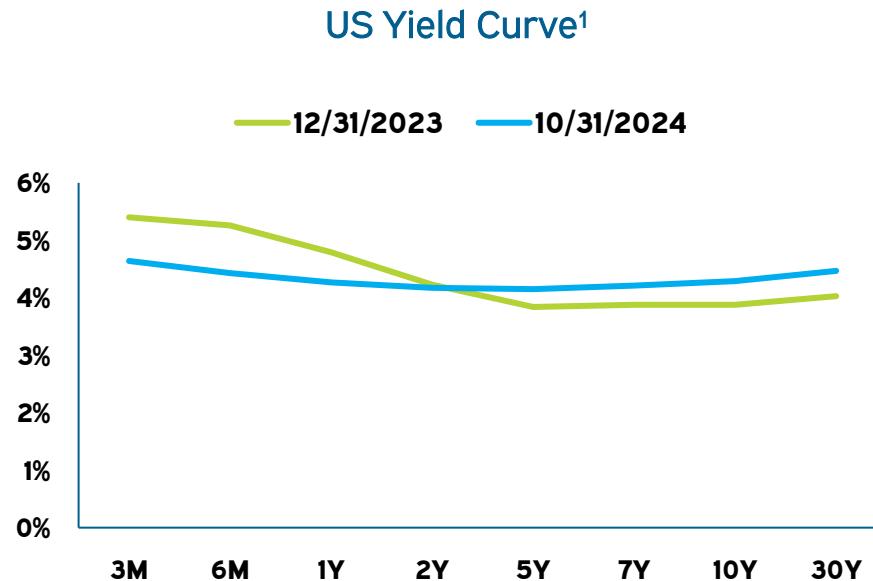
Fixed Income Returns¹

Fixed Income	October (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-2.3	2.5	11.2	-1.8	0.2	1.8	5.0	6.0
Bloomberg Aggregate	-2.5	1.9	10.5	-2.2	-0.2	1.5	4.7	6.2
Bloomberg US TIPS	-1.8	3.0	8.6	-1.5	2.2	2.3	4.4	6.8
Bloomberg Short-term TIPS	-0.4	4.3	6.6	2.2	3.4	2.4	4.3	2.5
Bloomberg US Long Treasury	-5.2	-2.9	15.1	-10.5	-5.1	0.3	4.6	15.1
Bloomberg High Yield	-0.5	7.4	16.5	3.0	4.5	4.9	7.3	3.5
JPM GBI-EM Global Diversified (USD)	-4.6	0.1	8.8	-0.5	0.9	-0.1	--	--

Fixed Income: The Bloomberg Universal index fell 2.3% in October, bringing the year-to-date return to +2.5%.

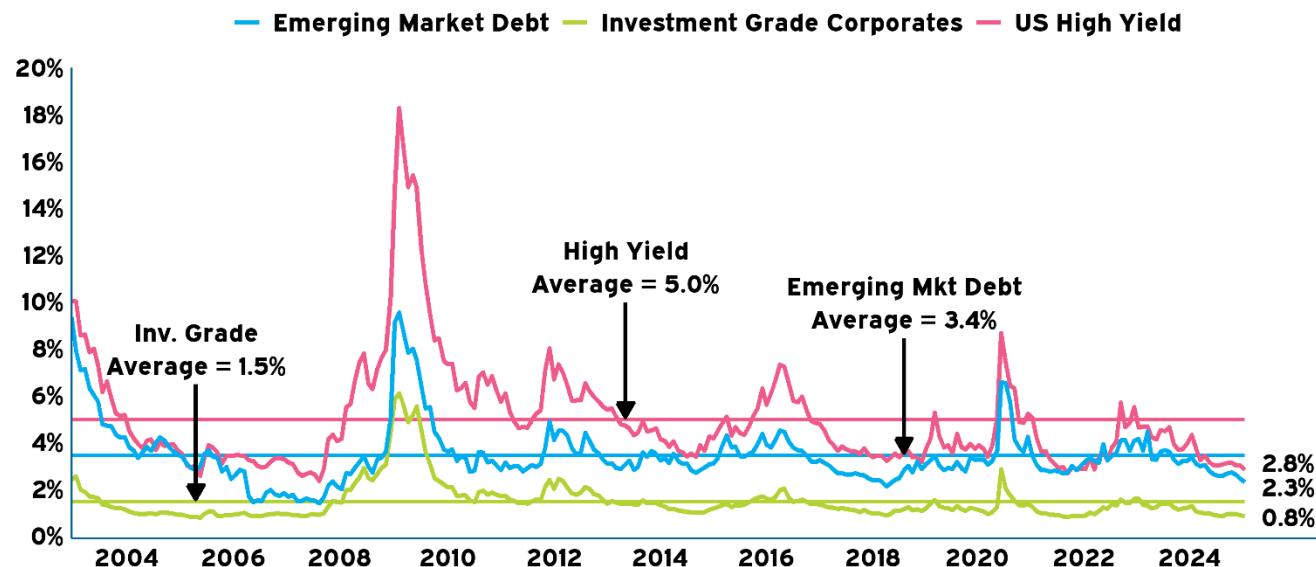
- Fixed income indexes declined during the month, driven by economic data largely beating expectations and markets anticipating the potential policy impacts if Trump was re-elected.
- The broad US bond market (Bloomberg Aggregate) declined 2.5% over the month, with TIPS, particularly short-term TIPS, declining less.
- High yield bonds experienced smaller declines compared to the broad US bond market, while emerging market debt weakened more meaningfully.

¹ Source: Bloomberg. Data is as of October 31, 2024. 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.



- After falling in the third quarter, US Treasury yields rose meaningfully in October across the yield curve. Better-than-expected economic data and growing anticipation of a potential second Trump presidency and related policy actions drove yields higher.
- The more policy sensitive two-year Treasury yield increased from 3.64% to 4.17%, while the ten-year Treasury yield rose from 3.78% to 4.29% over the same period.
- The yield curve from two years to ten years is no longer inverted, given policy rate cuts and resilient growth. This trend could continue as the Fed will likely cut short-term interest rates further.

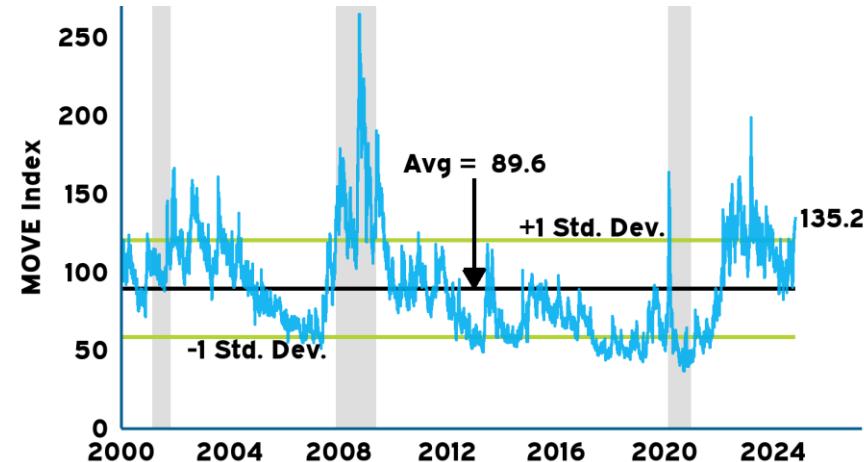
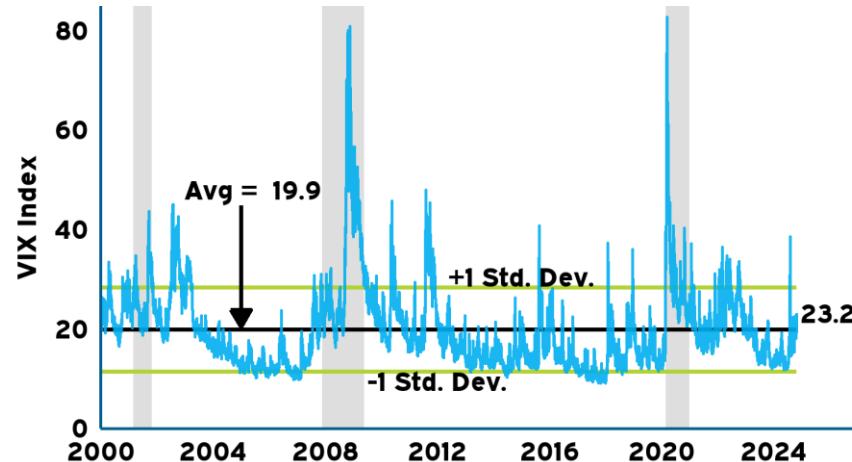
¹ Source: Bloomberg. Data is as of October 31, 2024.

Credit Spreads vs. US Treasury Bonds¹

- Spreads (the yield above a comparable maturity Treasury) resumed their post-pandemic tightening trend with rising Treasury yields narrowing spreads in other fixed income markets.
- All yield spreads remained below their respective long-run averages, particularly high yield.
- Although spreads are relatively tight, yields remain at above-average levels compared to the last two decades, particularly for short-term issues.

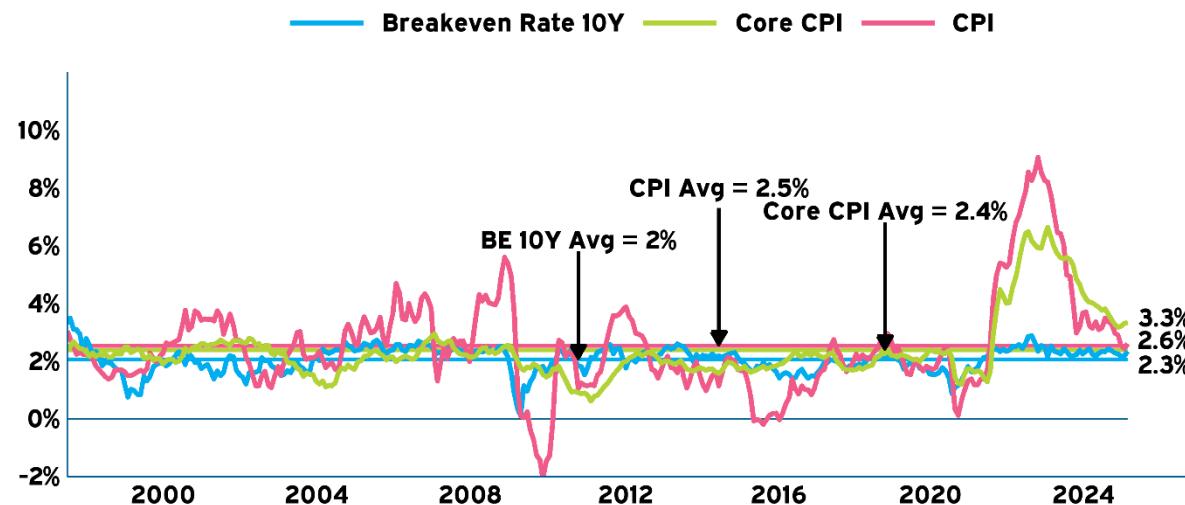
¹ Source: Bloomberg. Data is as October 31, 2024. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

Equity and Fixed Income Volatility¹



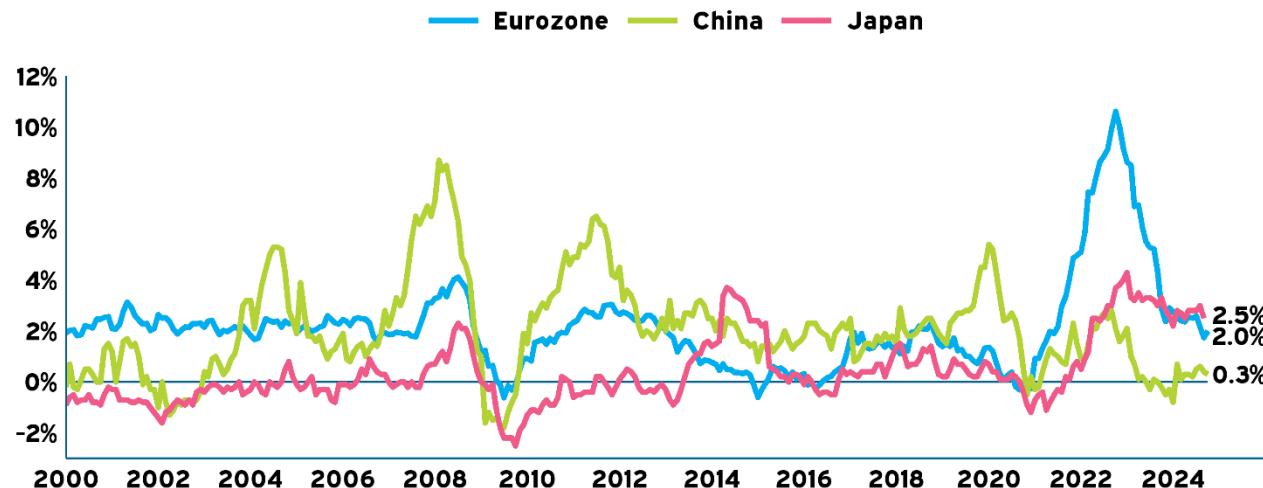
- In October volatility, particularly in bonds, increased ahead of the US presidential election.
- Despite the increase, volatility levels (VIX) in the US stock market finished the month slightly above its long-run average. By contrast, volatility in the bond market (MOVE) ended October over one standard deviation above its long-run average as concern increased about the future path of interest 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 October 2024. The average line indicated is the average of the VIX and MOVE values between January 2000 and October 2024.

US Ten-Year Breakeven Inflation and CPI¹

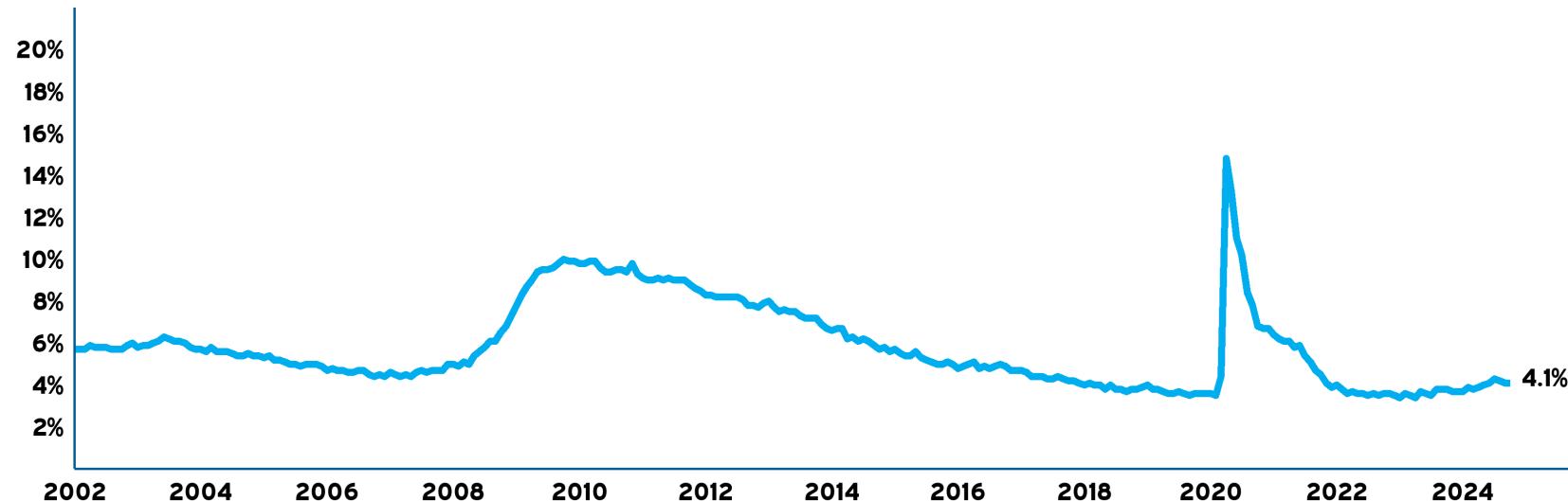
- In October, inflation rose 0.2% month-on-month, with shelter accounting for over half of the gain even as energy prices declined.
- Year-over-year inflation increased from 2.4% to 2.6% (matching expectations) largely driven by base year effects. Shelter (+4.9%), transportation (+8.2%), and medical care (+3.8%) contributed to the annual gain while energy prices (-4.9%) fell over the past year.
- Year-over-year core inflation (excluding food and energy) rose 3.3%, also matching expectations.
- Inflation expectations (breakevens) rose in October on the proposed policies of both presidential candidates, and better-than-expected economic data.

¹ Source: FRED. Data is as of October 2024. The CPI and 10 Year Breakeven average lines denote the average values from February 1997 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

Global Inflation (CPI Trailing Twelve Months)¹

- In the eurozone, inflation rose from 1.7% to 2.0% in October (a level below the US). The increase was driven by the significant fall in energy prices from last year no longer being included in the calculation.
- Inflation in Japan, recently fell (3.0% to 2.5%) due in part to a slowing in the increase of gas and electricity prices. Despite the decline, inflation levels remain elevated from a historical perspective in Japan, supporting the case for additional interest rate increases by the Bank of Japan.
- Inflation in China, came in at 0.3% in October, slightly below expectations of 0.4%. China continues to fight deflationary pressures despite recent stimulus measures.

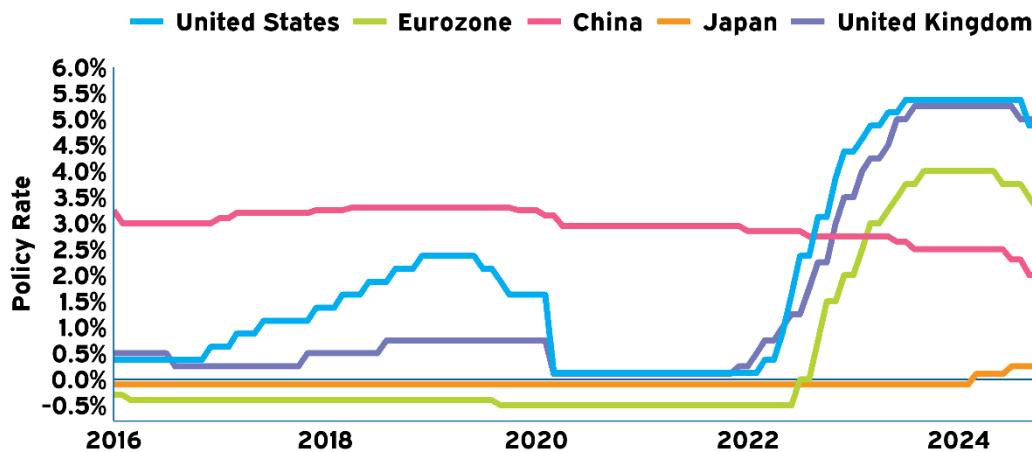
¹ Source: Bloomberg. Data is as October 31, 2024, except Japan which is as of September 30, 2024.

US Unemployment¹

- The unemployment rate stayed steady at 4.1% in October, while the number of people without jobs remained around the 7.0 million level.
- The health care (+52K) and government (+40K) sectors added the most jobs in October while jobs declined in temporary services (-49K) and manufacturing (-46K).
- Initial claims for unemployment remain relatively low and year-over-year wage gains strong (+4.0%).

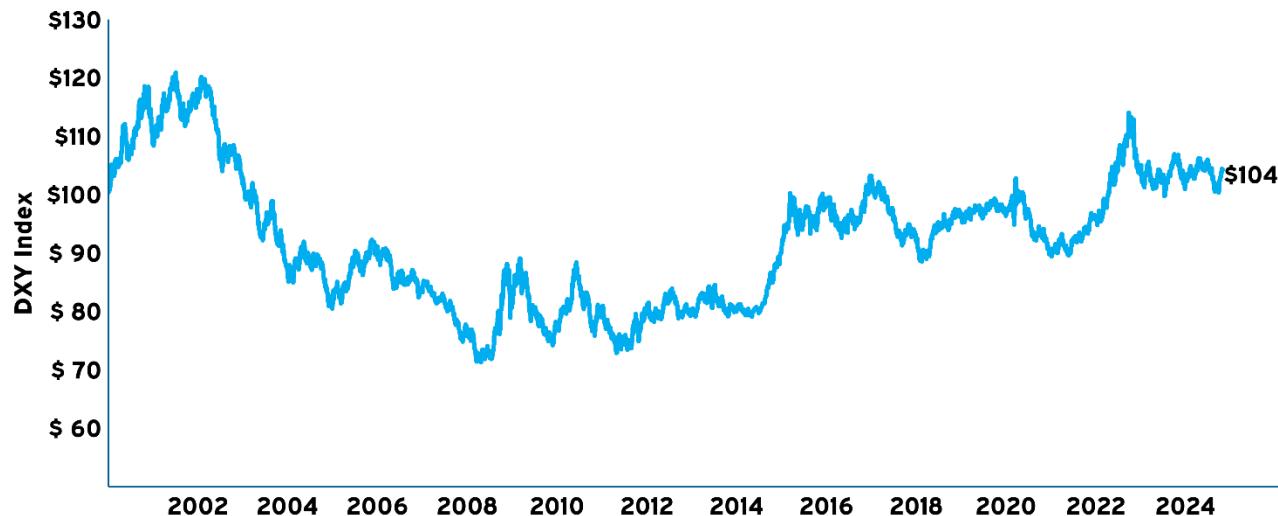
¹ Source: FRED and BLS. Data is as of October 31, 2024.

Policy Rates¹



- In the US, the Fed reduced interest rates after month-end by 0.25% to a range of 4.5% to 4.75% in a move largely expected by investors.
- The Bank of England made a similar 0.25% interest rate cut in November, while the European Central Bank made the same rate cut in October.
- After exiting negative interest rates in 2024 and making several rate increases, rate cutting by other major central banks are complicating prospects for further policy rate hikes in Japan.
- China announced a broad-based unexpected stimulus package that included lower interest rates, a reduction in bank reserve requirements, expanding local government borrowing facilities, and liquidity for stock investors.

¹ Source: Bloomberg. Data is as of October 2024. 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

- In October, the US dollar rallied, a trend that continued strongly in November.
- A rise in interest rates driven by potential inflationary impacts of proposed higher tariffs, lower taxes, and immigration policies from candidate, and now president-elect Trump, drove the dollar's gains.
- Looking ahead, the track of policy rates across major central banks and the policies implemented by the incoming administration in the US will be key for the path of the US dollar from here.

¹ Source: Bloomberg. Data as of October 31, 2024.

Summary

Key Trends:

- According to the International Monetary Fund's (IMF) October report, global growth in 2025 is expected to be similar to 2024 at around 3.2% with most major economies predicted to avoid a recession.
- Many questions remain about what policies will be implemented by the new administration in the US. Although deregulation and tax cuts could support growth, these policies, along with higher tariffs and restrictive immigration, could fan inflation. This will likely lead to additional uncertainty regarding the timing and pace of interest rate cuts in the coming year.
- US consumers could feel pressure as certain components of inflation (e.g., shelter) remain high, borrowing costs stay elevated, and the job market may weaken further.
- A focus for US equities going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will be important.
- We have started to see divergences in monetary policy. Some central banks, such as the Fed, European Central Bank, and the Bank of England, have started to cut interest rates and others, like the Bank of Japan, have increased interest rates. This disparity will likely influence capital flows and currencies.
- China appears to have shifted focus to more policy support for the economy/asset prices with a new suite of fiscal and financial policy stimulus measures. Thus far these efforts have not increased weak consumer spending or helped the lingering trouble in the real estate sector. It is still not clear what the long-term impact of these policies will be on the economy and if policy makers will remain committed to these efforts.

Executive Summary

- In October, US equities and bonds both fell. Markets grew cautious ahead of the presidential election despite another policy rate cut by the Federal Reserve.
- The below table reflects the latest valuation data through October 2024.

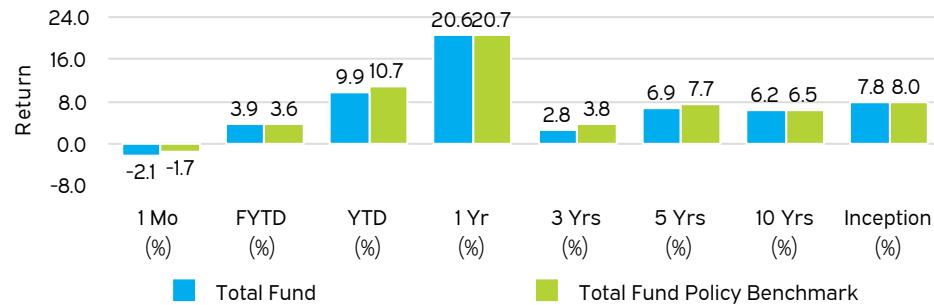
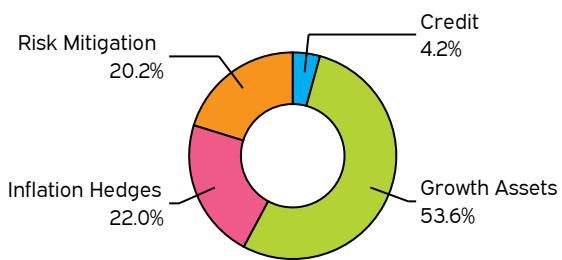
NERS	October 31, 2024	September 30, 2024	August 31, 2024
Total Fund Balance	\$1.38 Billion	\$1.42 Billion	\$1.40 Billion
Funded Status	89%	91%	90%
NERS Assumed Rate of Return	6.75%	6.75%	6.75%
FYTD Rate of Return	3.9%	6.1%	3.9%
12 Months Trailing Rate of Return	20.6%	20.5%	14.4%
Monthly Rate of Return	-2.1%	2.1%	1.9%
Monthly Gains/Losses	-\$29.1 million	\$29.1 million	\$25.7 million
Monthly Net Cash Flow	-\$8.0 million	-\$8.0 million	-\$8.0 million

- The Actuarial Determined Contributions for Fiscal Year 2025 are:
 - NERS: \$34.4 million
 - VRS: 7.84%
- As of October 31, the System was inside of its target asset allocation ranges for all asset classes.

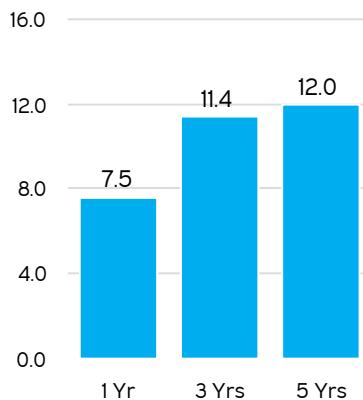
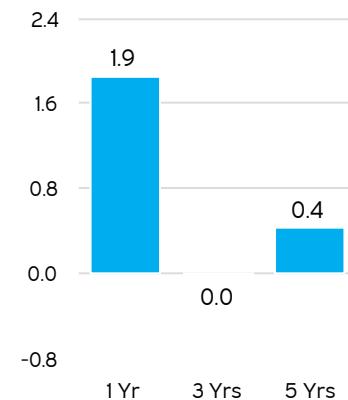
Performance Summary

Portfolio Objective

The Employees' Retirement System of the City of Norfolk is a long-term investor whose objective is to enable the System to provide retirement income for plan participants and beneficiaries. The System's strategy is to generate a return that meets the long-term return objective, while minimizing volatility.

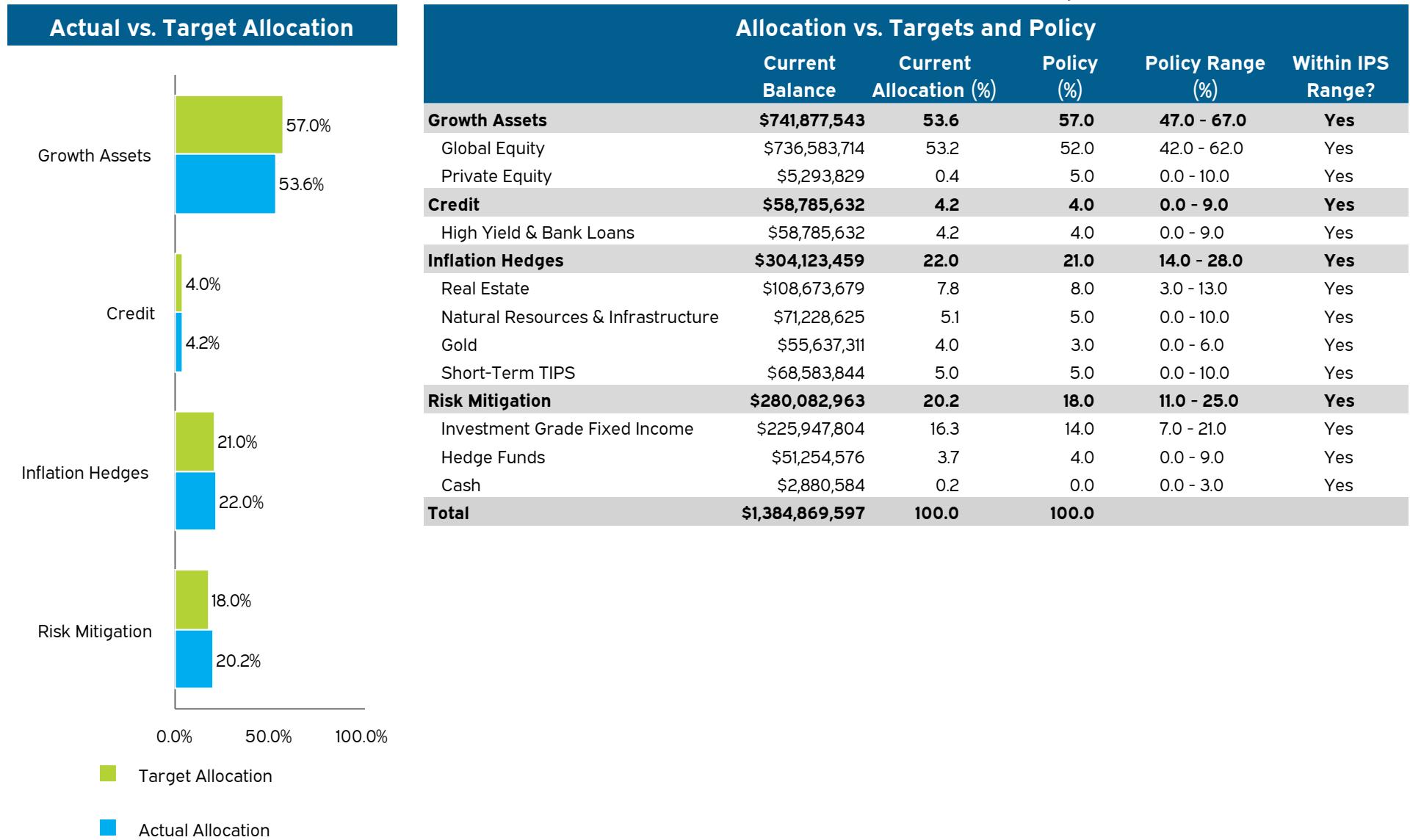
Return Summary

Current Allocation


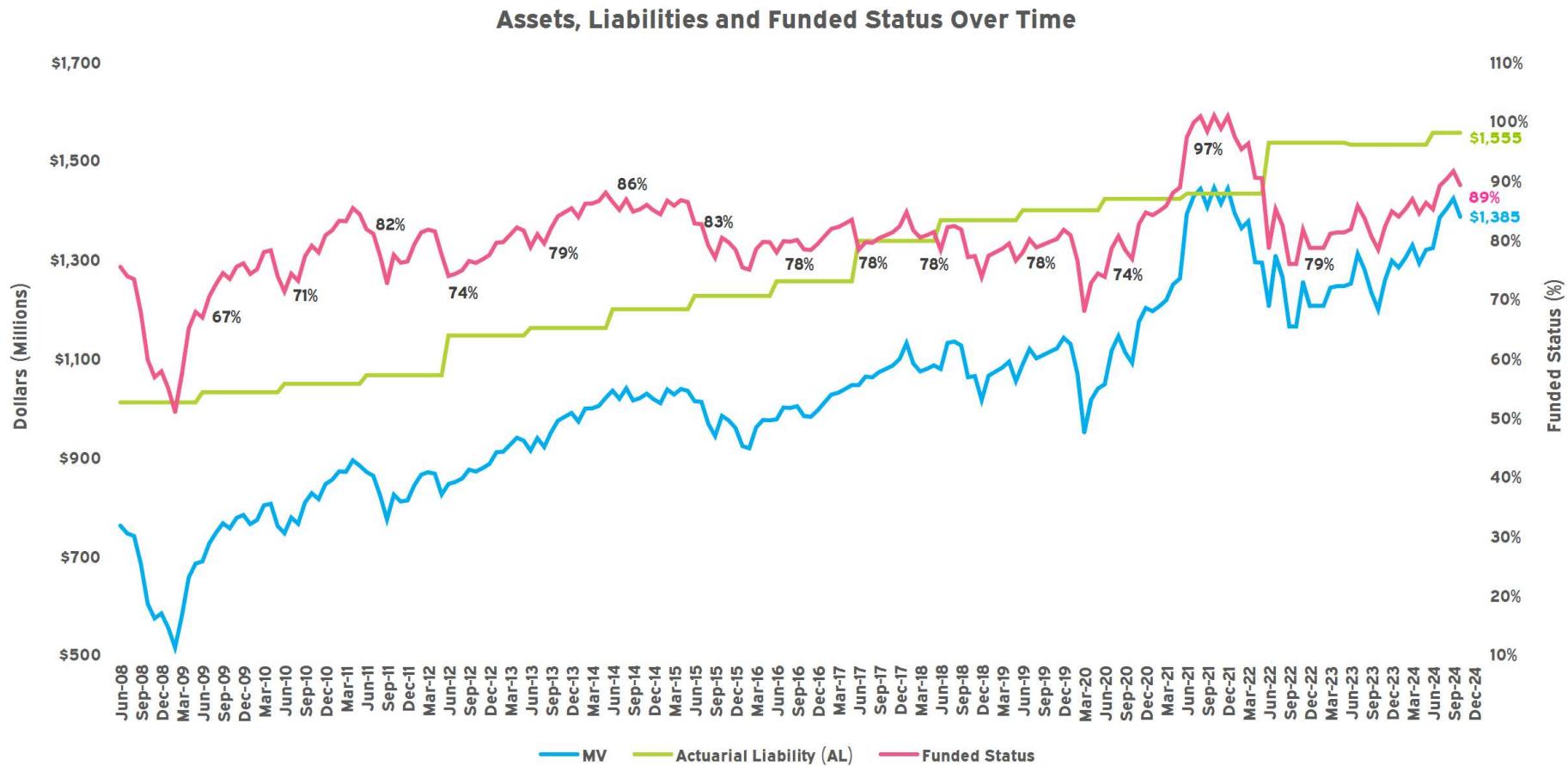
	1 Mo (%)	FYTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Since Inception	Inception Date
Total Fund	-2.1	3.9	9.9	20.6	2.8	6.9	6.2	7.8	10/01/1990
Total Fund Policy Benchmark	-1.7	3.6	10.7	20.7	3.8	7.7	6.5	8.0	

Annualized Standard Deviation

Sharpe Ratio

Summary of Cash Flows

	Last Month	Year-To-Date	One Year
Total Fund			
Beginning Market Value	1,421,972,563	1,295,810,106	1,196,210,008
Net Cash Flow	-8,026,978	-38,064,340	-53,826,149
Net Investment Change	-29,075,988	127,033,197	242,395,104
Ending Market Value	1,384,869,597	1,384,869,597	1,384,869,597

Performance Update | As of October 31, 2024





As of June 30, 2024, Total Plan Actuarial Liability (AL) is \$1.555 billion and the Actuarial Value of assets (AVA) is \$1.324 billion for an Actuarial Funded Ratio (AVA/AL) of 85%. Using the Market Value of Assets (MVA), the Market Funded Ratio (MVA/AL) was approximately 91% in September, 2024 and 89% in October, 2024.

Asset Class Performance Summary													
	Market Value (\$)	% of Portfolio	1 Mo (%)	FYTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date		
Total Fund	1,384,869,597	100.0	-2.1	3.9	9.9	20.6	2.8	6.9	6.2	7.8		Oct-90	
Total Fund Policy Benchmark			-1.7	3.6	10.7	20.7	3.8	7.7	6.5	8.0			
Total Fund Actual Allocation Benchmark			-1.8	3.6	10.1	21.0	--	--	--	--			
Total Fund Public Benchmark			-2.4	3.9	11.5	26.4	3.3	7.3	6.6	8.1			
Growth Assets	741,877,543	53.6	-2.5	4.1	14.6	30.6	--	--	--	15.8		Dec-22	
Growth Assets Custom Benchmark			-1.9	4.5	16.3	31.4	--	--	--	17.3			
Global Equity	736,583,714	53.2	-2.5	4.1	14.6	30.6	4.5	10.7	9.1	9.2		Oct-90	
Global Equity Policy Benchmark			-2.3	4.4	15.1	32.3	4.9	10.7	8.9	9.5			
Private Equity	5,293,829	0.4											
MSCI ACWI + 3% 1Q Lag			1.9	5.6	28.6	20.5	--	--	--	21.4			
Credit	58,785,632	4.2	0.7	4.0	7.6	12.7	--	--	--	10.7		May-23	
Credit Custom Benchmark			0.2	3.8	7.5	13.5	--	--	--	10.8			
High Yield & Bank Loans	58,785,632	4.2	0.7	4.0	7.6	12.7	--	--	--	10.7		May-23	
High Yield & Bank Loans Custom Benchmark			0.2	3.8	7.5	13.5	--	--	--	10.8			
Inflation Hedges	304,123,459	22.0	-0.6	5.6	7.2	9.5	--	--	--	-0.2		Dec-22	
Inflation Hedges Custom Benchmark			-0.8	3.2	4.4	5.8	--	--	--	-0.2			
Real Estate	108,673,679	7.8	-1.2	4.9	1.8	0.2	-2.1	0.5	3.6	5.6		Apr-11	
NCREF ODCE (Net)			0.0	0.0	-3.2	-8.0	-1.0	2.1	5.2	6.8			
Natural Resources & Infrastructure	71,228,625	5.1	-2.8	1.1	3.5	9.2	--	--	--	2.6		Apr-23	
S&P Global LargeMidcap Resources & Commodities NR USD			-3.6	0.8	2.2	8.7	--	--	--	1.3			
Gold	55,637,311	4.0	3.6	19.1	30.0	38.3	--	--	--	18.0		Apr-23	
60% Gold (Spot)/ 40% FTSE Gold Mines			1.9	18.7	30.9	41.0	--	--	--	20.3			
Short-Term TIPS	68,583,844	5.0	-0.4	2.1	4.4	6.7	--	--	--	4.6		Mar-23	
Blmbg. U.S. TIPS 0-5 Year			-0.4	2.0	4.3	6.6	--	--	--	5.2			

Total Fund Public Benchmark consists of 74% MSCI ACWI IMI / 26% Bloomberg US Aggregate. Historical varies. See benchmark history page for additional benchmark detail.

Performance Update | As of October 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	FYTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Risk Mitigation	280,082,963	20.2	-3.3	1.3	0.1	8.0	--	--	--	2.6	Dec-22
<i>Risk Mitigation Custom Benchmark</i>			-2.3	1.3	1.7	8.5	--	--	--	3.0	
Investment Grade Fixed Income	225,947,804	16.3	-3.2	2.8	1.1	12.5	-2.4	-0.2	1.6	5.1	Oct-90
<i>Blmbg. U.S. Aggregate Index</i>			-2.5	2.6	1.9	10.5	-2.2	-0.2	1.5	5.0	
Intermediate-Term Bonds	176,527,328	12.7	-2.6	2.9	2.5	12.0	-1.7	0.2	1.8	5.2	Oct-90
<i>Blmbg. U.S. Aggregate Index</i>			-2.5	2.6	1.9	10.5	-2.2	-0.2	1.5	5.0	
Long-Term Bonds	49,420,476	3.6	-5.2	2.2	-2.8	15.0	--	--	--	-0.8	Mar-23
<i>Blmbg. U.S. Treasury: Long</i>			-5.2	2.2	-2.9	15.1	--	--	--	-0.8	
Hedge Funds	51,254,576	3.7	-3.7	-4.3	-4.5	-6.2	--	--	--	-1.3	Apr-23
<i>Hedge Fund Custom Benchmark</i>			-1.7	-3.0	1.1	1.0	--	--	--	2.1	
Cash	2,880,584	0.2									

	Trailing Net Performance											
	Market Value (\$)	% of Portfolio	1 Mo (%)	FYTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date	
Total Fund	1,384,869,597	100.0	-2.1	3.9	9.9	20.6	2.8	6.9	6.2	7.8	Oct-90	
Total Fund Policy Benchmark			-1.7	3.6	10.7	20.7	3.8	7.7	6.5	8.0		
Total Fund Actual Allocation Benchmark			-1.8	3.6	10.1	21.0	--	--	--	--		
Total Fund Public Benchmark			-2.4	3.9	11.5	26.4	3.3	7.3	6.6	8.1		
Growth Assets	741,877,543	53.6	-2.5	4.1	14.6	30.6	--	--	--	15.8	Dec-22	
Growth Assets Custom Benchmark			-1.9	4.5	16.3	31.4	--	--	--	17.3		
Global Equity	736,583,714	53.2	-2.5	4.1	14.6	30.6	4.5	10.7	9.1	9.2	Oct-90	
Global Equity Policy Benchmark			-2.3	4.4	15.1	32.3	4.9	10.7	8.9	9.5		
SSgA Russell 1000 Growth Index	21,595,184	1.6	-0.3	2.8	24.1	43.8	--	--	--	35.2	Mar-23	
<i>Russell 1000 Growth Index</i>			-0.3	2.8	24.1	43.8	--	--	--	35.1		
SSgA Russell 1000 Value Index	39,924,992	2.9	-1.1	8.2	15.4	30.9	--	--	--	15.3	Mar-23	
<i>Russell 1000 Value Index</i>			-1.1	8.2	15.4	31.0	--	--	--	15.2		
DF Dent Small Cap Growth Fund	15,907,635	1.1	-2.7	9.1	--	--	--	--	--	8.1	Jun-24	
<i>Russell 2000 Growth Index</i>			-1.3	7.0	--	--	--	--	--	6.8		
DFA U.S. Small Cap Value Portfolio	4,960,646	0.4										
SSgA Russell 3000 Index	174,762,405	12.6	-0.7	5.4	19.7	37.8	--	--	--	24.7	Mar-23	
<i>Russell 3000 Index</i>			-0.7	5.4	19.7	37.9	--	--	--	24.6		
SSgA MSCI EAFE	104,700,154	7.6	-5.4	1.4	7.0	23.1	--	--	--	11.5	Mar-23	
<i>MSCI EAFE (Net)</i>			-5.4	1.4	6.8	23.0	--	--	--	11.2		
SSgA Emerging Markets Index	38,659,439	2.8	-4.7	3.0	10.3	23.4	--	--	--	11.5	Mar-23	
<i>MSCI Emerging Markets (Net)</i>			-4.4	3.9	11.7	25.3	--	--	--	12.4		
ABS China Direct	8,972,003	0.6	-5.5	11.1	13.4	12.7	--	--	--	-2.4	Mar-23	
<i>MSCI China (Net)</i>			-5.9	16.2	21.7	21.7	--	--	--	4.6		
ABS EM ex China Direct	22,236,827	1.6	-3.4	-2.1	6.3	22.7	--	--	--	16.6	Mar-23	
<i>MSCI EM ex China</i>			-3.9	-0.1	8.3	27.2	--	--	--	16.2		

DFA U.S. Small Cap Value Portfolio was funded in October, 2024. Performance will be shown after the first full month.

Performance Update | As of October 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	FYTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Kopernik Global All-Cap	29,383,220	2.1	-1.0	6.7	8.1	13.2	--	--	--	11.5	Apr-23
<i>MSCI AC World Index (Net)</i>			-2.2	4.2	16.0	32.8	--	--	--	19.1	
First Eagle Global Equity	115,686,211	8.4	-2.8	7.0	15.2	27.2	--	--	--	14.6	Apr-23
<i>MSCI AC World Index (Net)</i>			-2.2	4.2	16.0	32.8	--	--	--	19.1	
Artisan Global Opportunities	103,170,739	7.4	-1.8	2.4	15.2	35.7	--	--	--	18.6	Apr-23
<i>MSCI AC World Index (Net)</i>			-2.2	4.2	16.0	32.8	--	--	--	19.1	
J. Stern & Co. World Stars Global Equity Fund	56,624,257	4.1	-3.9	-0.5	--	--	--	--	--	13.0	Feb-24
<i>MSCI AC World IMI Index (Net)</i>			-2.3	4.4	--	--	--	--	--	14.8	
Private Equity	5,293,829	0.4									
<i>MSCI ACWI + 3% IQ Lag</i>				1.9	5.6	28.6	20.5	--	--	--	21.4
NexPhase Capital Fund V, L.P.	241,778	0.0									
Vitruvian Investment Partnership V	204,240	0.0									
Lexington Capital Partners X, L.P.	4,029,169	0.3									
Flagship Pioneering Fund VIII, L.P.	238,163	0.0									
KPS Special Situations Fund VI, L.P.	413,850	0.0									
Credit	58,785,632	4.2	0.7	4.0	7.6	12.7	--	--	--	10.7	May-23
<i>Credit Custom Benchmark</i>			0.2	3.8	7.5	13.5	--	--	--	10.8	
High Yield & Bank Loans	58,785,632	4.2	0.7	4.0	7.6	12.7	--	--	--	10.7	May-23
<i>High Yield & Bank Loans Custom Benchmark</i>			0.2	3.8	7.5	13.5	--	--	--	10.8	
Sculptor Credit Opportunities Overseas Fund	26,433,528	1.9	0.9	1.2	4.6	6.6	--	--	--	6.7	May-23
<i>Blmbg. Global High Yield Index</i>			-0.6	5.5	8.9	19.4	--	--	--	12.6	
Brigade High Income Fund	32,352,104	2.3	0.5	6.3	10.0	17.4	--	--	--	13.8	May-23
<i>60% Barclays U.S. Corporate High Yield & 40% CS Lev Loans</i>			0.0	4.0	7.5	14.1	--	--	--	10.8	

Performance Update | As of October 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	FYTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Inflation Hedges	304,123,459	22.0	-0.6	5.6	7.2	9.5	--	--	--	-0.2	Dec-22
<i>Inflation Hedges Custom Benchmark</i>			-0.8	3.2	4.4	5.8	--	--	--	-0.2	
Real Estate	108,673,679	7.8	-1.2	4.9	1.8	0.2	-2.1	0.5	3.6	5.6	Apr-11
<i>NCREF ODCE (Net)</i>			0.0	0.0	-3.2	-8.0	-1.0	2.1	5.2	6.8	
JP Morgan Asset Management Strategic Property Fund	43,953,081	3.2	0.2	0.8	-3.9	-11.1	-3.4	0.7	4.2	6.3	Apr-11
<i>NCREF ODCE (Net)</i>			0.0	0.0	-3.2	-8.0	-1.0	2.1	5.2	6.8	
UBS Trumbull Property Fund	20,468,134	1.5	0.0	-0.2	-3.2	-7.2	-3.5	-1.3	2.2	3.6	Dec-11
<i>NCREF ODCE (Net)</i>			0.0	0.0	-3.2	-8.0	-1.0	2.1	5.2	6.6	
SSgA US REIT	44,252,464	3.2	-3.1	11.9	11.2	35.5	--	--	--	11.6	Mar-23
<i>Dow Jones U.S. Select REI</i>			-3.1	11.9	11.2	35.5	--	--	--	11.6	
Natural Resources & Infrastructure	71,228,625	5.1	-2.8	1.1	3.5	9.2	--	--	--	2.6	Apr-23
<i>S&P Global LargeMid Commodity & Resources (Net)</i>			-3.6	0.8	2.2	8.7	--	--	--	1.3	
SSgA S&P Global LargeMidCap Natural Resources Index	54,566,586	3.9	-3.6	0.8	2.2	8.6	--	--	--	1.3	Apr-23
<i>S&P Global LargeMid Commodity & Resources (Net)</i>			-3.6	0.8	2.2	8.7	--	--	--	1.3	
JP Morgan Infrastructure Investments Fund	16,662,039	1.2	0.0	2.4	7.6	11.1	--	--	--	10.2	Oct-23
<i>DJ Brookfield Listed Public Infrastructure +1%</i>			-1.6	12.8	12.4	27.0	--	--	--	24.1	
Gold	55,637,311	4.0	3.6	19.1	30.0	38.3	--	--	--	18.0	Apr-23
<i>60% Gold (Spot)/ 40% FTSE Gold Mines</i>			1.9	18.7	30.9	41.0	--	--	--	20.3	
First Eagle Institutional Gold Fund, LP	55,637,311	4.0	3.6	19.1	30.0	38.3	--	--	--	18.0	Apr-23
<i>60% Gold (Spot)/ 40% FTSE Gold Mines</i>			1.9	18.7	30.9	41.0	--	--	--	20.3	
Short-Term TIPS	68,583,844	5.0	-0.4	2.1	4.4	6.7	--	--	--	4.6	Mar-23
<i>Blmbg. U.S. TIPS 0-5 Year</i>			-0.4	2.0	4.3	6.6	--	--	--	5.2	
Vanguard Short-Term TIPS Index	68,583,844	5.0	-0.4	2.1	4.4	6.7	--	--	--	4.3	Apr-23
<i>Blmbg. U.S. TIPS 0-5 Year</i>			-0.4	2.0	4.3	6.6	--	--	--	4.2	

Performance Update | As of October 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	FYTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Risk Mitigation	280,082,963	20.2	-3.3	1.3	0.1	8.0	--	--	--	2.6	Dec-22
Risk Mitigation Custom Benchmark			-2.3	1.3	1.7	8.5	--	--	--	3.0	
Investment Grade Fixed Income	225,947,804	16.3	-3.2	2.8	1.1	12.5	-2.4	-0.2	1.6	5.1	Oct-90
Blmbg. U.S. Aggregate Index			-2.5	2.6	1.9	10.5	-2.2	-0.2	1.5	5.0	
Intermediate-Term Bonds	176,527,328	12.7	-2.6	2.9	2.5	12.0	-1.7	0.2	1.8	5.2	Oct-90
Blmbg. U.S. Aggregate Index			-2.5	2.6	1.9	10.5	-2.2	-0.2	1.5	5.0	
SSgA US Aggregate Bond	43,600,542	3.1	-2.5	2.6	2.0	10.6	-2.2	-0.2	1.5	2.7	Jan-09
Blmbg. U.S. Aggregate Index			-2.5	2.6	1.9	10.5	-2.2	-0.2	1.5	2.7	
Wellington Core Bond	102,471,723	7.4	-2.7	2.6	2.8	12.2	--	--	--	3.6	May-23
Blmbg. U.S. Aggregate Index			-2.5	2.6	1.9	10.5	--	--	--	2.5	
Brandywine U.S. Fixed Income	30,455,063	2.2	-2.7	4.3	2.1	14.2	--	--	--	2.9	Jun-23
Blmbg. U.S. Aggregate Index			-2.5	2.6	1.9	10.5	--	--	--	3.4	
Long-Term Bonds	49,420,476	3.6	-5.2	2.2	-2.8	15.0	--	--	--	-0.8	Mar-23
Blmbg. U.S. Treasury: Long			-5.2	2.2	-2.9	15.1	--	--	--	-0.8	
SSgA Long US Treasury Index	49,420,476	3.6	-5.2	2.2	-2.8	15.0	--	--	--	-0.8	Mar-23
Blmbg. U.S. Treasury: Long			-5.2	2.2	-2.9	15.1	--	--	--	-0.8	
Hedge Funds	51,254,576	3.7	-3.7	-4.3	-4.5	-6.2	--	--	--	-1.3	Apr-23
Hedge Fund Custom Benchmark			-1.7	-3.0	1.1	1.0	--	--	--	2.1	
36 South Kohinoor Series (Cayman) Fund	13,549,559	1.0	0.8	0.5	1.8	-2.3	--	--	--	1.6	Apr-23
CBOE Eurekahedge Long Volatility Hedge Fund Index			1.0	3.7	2.2	-2.1	--	--	--	-1.8	
BH-DG Systematic Trading Master Fund	14,981,427	1.1	-9.9	-14.2	-15.4	-16.2	--	--	--	-6.6	Apr-23
SG Trend Index			-4.3	-9.9	-2.1	-7.2	--	--	--	0.8	

Performance Update | As of October 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	FYTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Lombard Odier Bear Convexity	5,723,256	0.4	-1.3	-0.6	1.3	-2.8	--	--	--	-2.3	Apr-23
<i>CBOE Eurekahedge Long Volatility Hedge Fund Index</i>			1.0	3.7	2.2	-2.1	--	--	--	-1.8	
Alpstone Global Macro Fund	17,000,334	1.2	-1.9	0.5	-1.4	0.1	--	--	--	1.2	May-23
<i>HFRI Macro (Total) Index</i>			-1.8	-2.4	2.9	2.8	--	--	--	2.8	
Cash	2,880,584	0.2									
Cash	2,880,584	0.2									

Annual Investment Expense Analysis
As of October 31, 2024

	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
Total Fund		\$1,384,869,597	\$4,522,228	0.33
Growth Assets		\$741,877,543	\$2,208,534	0.30
Global Equity		\$736,583,714	\$2,186,549	0.30
SSgA Russell 1000 Growth Index	0.02 % of Assets	\$21,595,184	\$4,319	0.02
SSgA Russell 1000 Value Index	0.02 % of Assets	\$39,924,992	\$7,985	0.02
DF Dent Small Cap Growth Fund	0.95 % of Assets	\$15,907,635	\$151,123	0.95
DFA U.S. Small Cap Value Portfolio	0.31 % of Assets	\$4,960,646	\$15,378	0.31
SSgA Russell 3000 Index	0.02 % of Assets	\$174,762,405	\$34,952	0.02
SSgA MSCI EAFE	0.04 % of Assets	\$104,700,154	\$41,880	0.04
SSgA Emerging Markets Index	0.08 % of Assets	\$38,659,439	\$30,928	0.08
ABS China Direct	0.65 % of Assets	\$8,972,003	\$58,318	0.65
ABS EM ex China Direct	0.50 % of Assets	\$22,236,827	\$111,184	0.50
Kopernik Global All-Cap	0.75 % of Assets	\$29,383,220	\$220,374	0.75
First Eagle Global Equity	0.55 % of Assets	\$115,686,211	\$636,274	0.55
Artisan Global Opportunities	0.60 % of Assets	\$103,170,739	\$619,024	0.60
J. Stern & Co. World Stars Global Equity Fund	0.45 % of Assets	\$56,624,257	\$254,809	0.45
Private Equity		\$5,293,829	\$21,985	0.42
NexPhase Capital Fund V, L.P.	2.00 % of Assets	\$241,778	\$4,836	2.00
Vitruvian Investment Partnership V	1.90 % of Assets	\$204,240	\$3,881	1.90
Lexington Capital Partners X, L.P.	1.00% on committed capital.	\$4,029,169	-	-
Flagship Pioneering Fund VIII, L.P.	2.00 % of Assets	\$238,163	\$4,763	2.00
Gauge Capital IV, L.P.	2.00 % of Assets	\$166,629	\$3,333	2.00
KPS Special Situations Fund VI, L.P.	1.25 % of Assets	\$413,850	\$5,173	1.25

Performance Update | As of October 31, 2024

	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
Credit		\$58,785,632	\$432,566	0.74
High Yield & Bank Loans		\$58,785,632	\$432,566	0.74
Sculptor Credit Opportunities Overseas Fund	Performance Based 1.00 % and 20.00 %	\$26,433,528	\$264,335	1.00
Brigade High Income Fund	0.52 % of Assets	\$32,352,104	\$168,231	0.52
Inflation Hedges		\$304,123,459	\$1,099,044	0.36
Real Estate		\$108,673,679	\$608,387	0.56
JP Morgan Asset Management Strategic Property Fund	0.91 % of Assets	\$43,953,081	\$399,973	0.91
UBS Trumbull Property Fund	0.96 % of First \$10 M 0.83 % of Next \$15 M 0.81 % of Next \$25 M 0.79 % of Next \$50 M 0.67 % of Next \$150 M 0.60 % of Next \$150 M 0.56 % of Next \$200 M 0.52 % Thereafter	\$20,468,134	\$181,862	0.89
SSgA US REIT	0.06 % of Assets	\$44,252,464	\$26,551	0.06
Natural Resources & Infrastructure		\$71,228,625	\$212,856	0.30
SSgA S&P Global LargeMidCap Natural Resources Index	0.10 % of Assets	\$54,566,586	\$54,567	0.10
JP Morgan Infrastructure Investments Fund	0.95 % of Assets	\$16,662,039	\$158,289	0.95
Gold		\$55,637,311	\$250,368	0.45
First Eagle Institutional Gold Fund, LP	0.45 % of Assets	\$55,637,311	\$250,368	0.45
Short-Term TIPS		\$68,583,844	\$27,434	0.04
Vanguard Short-Term TIPS Index	0.04 % of Assets	\$68,583,844	\$27,434	0.04
Risk Mitigation		\$280,082,963	\$782,084	0.28
Investment Grade Fixed Income		\$225,947,804	\$234,832	0.10
Intermediate-Term Bonds		\$176,527,328	\$220,006	0.12
SSgA US Aggregate Bond	0.02 % of Assets	\$43,600,542	\$8,720	0.02
Wellington Core Bond	0.12 % of Assets	\$102,471,723	\$122,966	0.12
Brandywine U.S. Fixed Income	0.29 % of Assets	\$30,455,063	\$88,320	0.29

Performance Update | As of October 31, 2024

	Fee Schedule	Market Value	Estimated Fee Value	Estimated Fee
Long-Term Bonds		\$49,420,476	\$14,826	0.03
SSgA Long US Treasury Index	0.03 % of Assets	\$49,420,476	\$14,826	0.03
Hedge Funds		\$51,254,576	\$547,252	1.07
36 South Kohinoor Series (Cayman) Fund	Performance Based 1.00 % and 20.00 %	\$13,549,559	\$135,496	1.00
BH-DG Systematic Trading Master Fund	0.93 % of Assets	\$14,981,427	\$139,327	0.93
Lombard Odier Bear Convexity	Performance Based 0.75 % and 27.50 %	\$5,723,256	\$42,924	0.75
Alpstone Global Macro Fund	Performance Based 1.35 % and 20.00 %	\$17,000,334	\$229,505	1.35
Cash		\$2,880,584	-	-
Cash		\$2,880,584	-	-

		Benchmark History
From Date	To Date	Benchmark
Total Fund		
01/01/2024	Present	14.0% Blmbg. U.S. Aggregate Index, 2.0% Blmbg. U.S. Corp: High Yield Index, 4.0% Hedge Fund Custom Benchmark, 8.0% NCREIF Fund Index-Open End Diversified Core Equity (VW) (Net), 52.0% MSCI AC World IMI Index (Net), 5.0% Blmbg. U.S. TIPS 0-5 Year, 5.0% S&P Global LargeMid Commodity & Resources (Net), 2.0% Credit Suisse Leveraged Loan Index, 3.0% 60% Gold (Spot)/ 40% FTSE Gold Mines, 5.0% MSCI ACWI + 3% 1Q Lag
12/01/2022	01/01/2024	14.0% Blmbg. U.S. Aggregate Index, 2.0% Blmbg. U.S. Corp: High Yield Index, 4.0% HFRI Macro (Total) Index, 8.0% NCREIF Fund Index-Open End Diversified Core Equity (VW) (Net), 52.0% MSCI AC World IMI Index (Net), 5.0% Blmbg. U.S. TIPS 0-5 Year, 5.0% S&P Global LargeMid Commodity & Resources (Net), 2.0% Credit Suisse Leveraged Loan Index, 3.0% 60% Gold (Spot)/ 40% FTSE Gold Mines, 5.0% MSCI ACWI + 3% 1Q Lag
05/01/2016	12/01/2022	30.0% Blmbg. U.S. Aggregate Index, 7.5% NCREIF Fund Index-Open End Diversified Core Equity (VW) (Net), 7.5% Alerian MLP Index, 55.0% MSCI AC World IMI Index (Net)
03/01/2016	05/01/2016	33.0% Russell 3000 Index, 30.0% Blmbg. U.S. Aggregate Index, 7.5% NCREIF Fund Index-Open End Diversified Core Equity (VW) (Net), 22.0% MSCI AC World ex USA (Net), 7.5% Alerian MLP Index
02/01/2013	03/01/2016	33.0% Russell 3000 Index, 35.0% Blmbg. U.S. Aggregate Index, 5.0% NCREIF Fund Index-Open End Diversified Core Equity (VW) (Net), 22.0% MSCI AC World ex USA (Net), 5.0% Alerian MLP Index
03/01/2011	02/01/2013	36.0% Russell 3000 Index, 35.0% Blmbg. U.S. Aggregate Index, 5.0% NCREIF Fund Index-Open End Diversified Core Equity (VW) (Net), 24.0% MSCI AC World ex USA (Net)
09/01/2009	03/01/2011	36.0% Russell 3000 Index, 40.0% Blmbg. U.S. Aggregate Index, 24.0% MSCI AC World ex USA (Net)
06/01/2009	09/01/2009	42.0% Russell 3000 Index, 40.0% Blmbg. U.S. Aggregate Index, 18.0% MSCI AC World ex USA (Net)
06/01/2006	06/01/2009	42.0% Russell 3000 Index, 40.0% Blmbg. U.S. Aggregate Index, 18.0% MSCI EAFE (Net)
07/01/2003	06/01/2006	60.0% S&P 500 Index, 40.0% Blmbg. U.S. Aggregate Index
10/01/2002	07/01/2003	55.0% S&P 500 Index, 45.0% Blmbg. U.S. Aggregate Index
10/01/1990	10/01/2002	50.0% S&P 500 Index, 50.0% Blmbg. U.S. Aggregate Index

Total Fund Public benchmark consists of 74% MSCI ACWI IMI / 26% Bloomberg US Aggregate. Historical Varies.

Total Fund Actual Allocation Benchmark reflects the asset classes set forth in the Fund's investment policy statement, weighted for the Fund's actual investments and performance of the indexes referenced above.

		Benchmark History	Benchmark
From Date	To Date		
Growth Assets			
12/01/2022	Present	91.0% MSCI AC World IMI Index (Net), 9.0% MSCI ACWI + 3% 1Q Lag	
Global Equity			
05/01/2016	Present	100.0% MSCI AC World IMI Index (Net)	
09/01/2009	05/01/2016	60.0% Russell 3000 Index, 40.0% MSCI AC World ex USA (Net)	
06/01/2009	09/01/2009	70.0% Russell 3000 Index, 30.0% MSCI AC World ex USA (Net)	
01/01/2006	06/01/2009	70.0% Russell 3000 Index, 30.0% MSCI EAFE (Net)	
10/01/1990	01/01/2006	100.0% S&P 500 Index	
Credit			
12/01/2022	Present	50.0% Blmbg. U.S. Corp: High Yield Index, 50.0% Credit Suisse Leveraged Loan Index	
High Yield & Bank Loans			
12/31/1992	Present	50.0% Blmbg. U.S. Corp: High Yield Index, 50.0% Credit Suisse Leveraged Loan Index	
Inflation Hedges			
12/01/2022	Present	38.0% NCREIF Fund Index-Open End Diversified Core Equity (VW) (Net), 24.0% Blmbg. U.S. TIPS 1-5 Year Index, 24.0% S&P Global LargeMid Commodity & Resources (Net), 14.0% 60% Gold (Spot)/ 40% FTSE Gold Mines	
Risk Mitigation			
01/01/2024	Present	78.0% Blmbg. U.S. Aggregate Index, 22.0% Hedge Fund Custom Benchmark	
12/01/2022	01/01/2024	78.0% Blmbg. U.S. Aggregate Index, 22.0% HFRI Macro (Total) Index	
Hedge Funds			
01/01/2024	Present	33.3% HFRI Macro (Total) Index, 33.3% SG Trend Index, 33.3% CBOE Eurekahedge Long Volatility Hedge Fund Index	
03/01/2023	01/01/2024	100.0% HFRI Macro (Total) Index	

Appendix

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

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. Portfolio Return- [Risk Free Rate+Beta*(market return-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%.

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

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.