



# Memorandum

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## Finance Department

**TO:** Mayor and Councilmembers  
**THROUGH:** Deanna J. Santana, City Manager  
**FROM:** Luz Cofresí-Howe, Finance Director  
**SUBJECT:** Investment Portfolio Status Report – Quarter Ended March 31, 2025  
**DATE:** May 15, 2025

Signed by:  
 Matt Cano on behalf of  
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Signed by:  
 Luz Cofresí-Howe  
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### OVERVIEW

In compliance with the State of California Government Code section 53646 (b)(1) and the City Investment Policy, the City of Milpitas Investment Report for the period ended March 31, 2025 is submitted for City Council review. The City Investment Policy requires the report be submitted to the City Council within 45 days of the end of each quarter. The investment portfolios are in compliance with the City Investment Policy.

### CITY GENERAL INVESTMENT PORTFOLIO

As shown in the table below, the City General Portfolio investment program is comprised of a portfolio of securities professionally managed by City investment advisor Chandler Asset Management LLC (Chandler), moneys invested in Local Agency Investment Fund (“LAIF,” an investment pool managed by the California State Treasurer), bond funds, and cash. Chandler actively manages a securities portfolio designed to meet the City Investment Policy objectives of safety, liquidity, and optimized return over time.

Investments and Cash	Par Value	Book Value	Market Value	Yield to Maturity
Investments				
Portfolio of Securities	289,959,150.58	288,757,994.35	288,712,714.38	3.88%
LAIF	65,390,952.58	65,390,952.58	65,390,952.58	4.31%
<b>Total Investments</b>	<b>355,350,103.16</b>	<b>354,148,946.93</b>	<b>354,103,666.96</b>	<b>3.96%</b>
Cash				
Bond Funds (Restricted)	6,219.24	6,219.24	6,219.24	0.00%
Cash	19,229,932.61	19,229,932.61	19,229,932.61	0.00%
<b>Total Cash</b>	<b>19,236,151.85</b>	<b>19,236,151.85</b>	<b>19,236,151.85</b>	<b>0.00%</b>
Accrued Interest			1,647,422.13	
<b>Total Cash and Investments</b>	<b>374,586,255.01</b>	<b>373,385,098.78</b>	<b>374,987,240.94</b>	<b>3.86%</b>

The attached Chandler quarterly investment report provides an update on the current economic conditions, a summary of compliance with California Government Code and the City Investment Policy, and a number of metrics to understand the current state of the City General Investment Portfolio investments in comparison to the previous quarter. Further, it includes a detail of the City General Investment Portfolio holdings as of March 31, including par, cost, book, and market values, yields, average maturity and duration, and unrealized gain/loss position. The attachment also includes transactions for the past quarter. As part of the overall General Investment Portfolio, the City funded an additional enhanced cash portfolio to provide the opportunity to earn a higher yield than offered at LAIF with its most liquid funds. This portfolio continues to perform as designed.

TO: Mayor and Councilmembers  
SUBJECT: Investment Portfolio Status Report – Quarter Ended March 31, 2025  
DATE: May 15, 2025  
PAGE: 2 | 3

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Recent economic data suggest slower growth in 2025 and greater market uncertainty as the effects of fiscal policy unfold. Inflationary trends have subsided, but some components remain sticky, and core levels remain above the Fed's target. The labor market reflects improved balance between supply and demand for workers. While job creation has been robust, continuing jobless claims remain elevated. Given the economic outlook, gradual normalization of monetary policy and a steepening yield curve is expected.

As broadly anticipated, the Federal Open Market Committee (FOMC) left the Federal Funds Rate unchanged at the range of 4.25%-4.50% at the March meeting. Fed Chair Powell emphasized increased uncertainty around the economic outlook and the need for “greater clarity” before making changes to interest rate policy. He also acknowledged possible transitory inflationary impacts from tariffs. The summary of economic projections (SEP) indicated lower GDP growth, higher inflation, and higher unemployment estimates than December projections, along with roughly two 25-basis point rate cuts this year. The FOMC also announced a slowdown in the pace of balance sheet reduction.

#### Total Investments and Cash

The City's investments are well diversified by sector, issuer, and maturity. When including LAIF and cash, the City's investments total \$374,987,241 (including accrued interest) and have an average maturity of 2.07 years. The interest income the City's investments (including LAIF and cash) are expected to earn for the coming year as of March 31, otherwise known as the *purchase yield to maturity* of the portfolio, equaled 3.86%, which compares favorably to the purchase yield of 3.83% on December 31. The *market yield*, which can infer the reinvestment rate on the portfolio, was 4.08%.

#### General Investment Securities Portfolio

The investment strategy of the City professionally managed General Investment Securities is designed to enhance total return over long-term periods but focuses on achieving higher interest income through the investment of City funds in longer-duration securities. Interest income is generated by the yield of securities captured in the portfolio, and fair value appreciation is closely tied to forces such as supply and demand, market rates, and the general health of the economy. All investments are purchased with the intent to hold to maturity, but may be sold if fair value, credit quality, or liquidity may be enhanced safely. This quarter, the City's investment manager maintained the portfolio duration (a risk measure similar to average maturity) at 2.59 years, slightly longer than the duration of the City's performance measuring benchmark. As of March 31, the City's core portfolio of securities totaled \$ 253,603,280 including accrued interest. Its yield to maturity as of March 31 was 3.84% (vs. 3.64% three months prior) and its market yield was 4.16%. The portfolio maintained an average maturity of 3.07 years. Returns for the professionally managed portfolio are detailed in the attachment. The City's additional Liquidity Account totaled \$ 36,756,856 including accrued interest. Its yield to maturity was 4.11%, and its market yield was also 4.11%. The yields for the Liquidity account are higher due to its strategy of investing in shorter-term securities to capture a temporary anomaly in the relationship between shorter-term and longer-term securities, known as an “inversion of the yield curve,” where shorter-term investments are offering higher yields than

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PAGE: 3 | 3

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longer-term investments. This inversion has been diminishing since late fall and is anticipated to end gradually in 2025. This is due to the expectation that the Federal Reserve is anticipated to continue to lower the Fed Funds Target Rate, producing lower short-term market rates. As yields evolve, City staff, with the City's investment advisor guidance, will reallocate funds to optimize for liquidity and return.

### Cash

As of March 31, 2025, the City is holding approximately \$19.2 million in cash. This amount includes \$ 6,219 in bond-related funds, which are held with US Bank, the City' fiscal agent. The remaining amount as well as revenues such as tax receipts will adequately cover the anticipated cash flow needs for the next six months. Cash flow requirements are continually monitored and are considered paramount in the selection of maturity dates of securities.

### OTHER INVESTMENT PORTFOLIOS

In 2022, the City established a Section 115 trust, which is a tax-exempt, irrevocable trust to set aside funds for paying post-retirement employee benefits, and a defined contribution plan for its part-time, seasonal and temporary employees under the Public Agency Retirement System (PARS) which requires these employees to contribute 6% and the City to contribute 1.5% of the employees pay plus administration costs. These two (2) investment portfolios are managed by PFM Asset Management; detailed information on both investments also is attached.

### **SUMMARY**

The City investment program continues to be well diversified and optimized for return. City staff continues to position funds so that all anticipated cash needs are easily met, and the City's reserves are more than adequate to meet unanticipated cash needs. Earnings have been competitive, and City investment portfolios continue to achieve their investment objectives and comply with the respective City Investment Policy.



## INVESTMENT REPORT

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City of Milpitas | As of March 31, 2025

**CHANDLER ASSET MANAGEMENT** | [chandlerasset.com](http://chandlerasset.com)

**Chandler Team:**

For questions about your account, please call (800) 317-4747,  
or contact [clientservice@chandlerasset.com](mailto:clientservice@chandlerasset.com)

## TABLE OF CONTENTS

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City of Milpitas | As of March 31, 2025



### COMPLIANCE WITH CITY INVESTMENT POLICY

### CONSOLIDATED INVESTMENT PROGRAM INFORMATION

### CHANDLER ASSET MANAGEMENT MANAGED PORTFOLIO

### GLOSSARY

### DISCLOSURES



## COMPLIANCE WITH CITY INVESTMENT POLICY

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## OBJECTIVES

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City of Milpitas | As of March 31, 2025



### Investment Objectives

The investment objectives for the City of Milpitas, in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs, and a market rate of return consistent with the investment program.

### Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

### Strategy

In order to achieve this objective, the portfolio invests in high-quality fixed income securities that comply with the investment policy and all regulations governing the funds.

# STATEMENT OF COMPLIANCE



City of Milpitas | Account #10762 | As of March 31, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
<b>AGENCY MORTGAGE SECURITIES (CMOS)</b>				
Max % (MV)	100.0	2.8	Compliant	
Max % Issuer (MV; Agencies & Agency CMOs)	30.0	3.1	Compliant	
Max Maturity (Years)	5.0	4.5	Compliant	
<b>ASSET-BACKED SECURITIES (ABS)</b>				
Max % (MV; Non Agency ABS & MBS)	20.0	11.9	Compliant	
Max % Issuer (MV)	5.0	1.0	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
<b>BANKERS' ACCEPTANCES</b>				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	180	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1)	0.0	0.0	Compliant	
<b>COLLATERALIZED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)</b>				
Max Maturity (Years)	5.0	0.0	Compliant	
<b>COMMERCIAL PAPER</b>				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	270	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1)	0.0	0.0	Compliant	
<b>CORPORATE MEDIUM TERM NOTES</b>				
Max % (MV)	30.0	24.8	Compliant	
Max % Issuer (MV)	5.0	1.2	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
<b>FDIC INSURED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)</b>				
Max Maturity (Years)	5	0.0	Compliant	

# STATEMENT OF COMPLIANCE



City of Milpitas | Account #10762 | As of March 31, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
<b>FEDERAL AGENCIES</b>				
Max % (MV)	100.0	4.7	Compliant	
Max % Issuer (MV; Agencies & Agency CMOs)	30.0	3.1	Compliant	
Max Callables (MV)	20.0	0.0	Compliant	
Max Maturity (Years)	5	3	Compliant	
<b>LOCAL AGENCY INVESTMENT FUND (LAIF)</b>				
Max Concentration (MV)	75.0	0.0	Compliant	
<b>MONEY MARKET MUTUAL FUNDS</b>				
Max % (MV)	20.0	0.4	Compliant	
Max % Issuer (MV)	10.0	0.4	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
<b>MORTGAGE-BACKED SECURITIES (NON-AGENCY)</b>				
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
<b>MUNICIPAL SECURITIES (CA, LOCAL AGENCY)</b>				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
<b>MUNICIPAL SECURITIES (CA, OTHER STATES)</b>				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
<b>NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD)</b>				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	

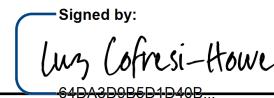
## STATEMENT OF COMPLIANCE



City of Milpitas | Account #10762 | As of March 31, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1 if > FDIC Limit)	0.0	0.0	Compliant	
<b>REPURCHASE AGREEMENTS</b>				
Max Maturity (Years)	1.0	0.0	Compliant	
<b>SRI PROHIBITED INVESTMENTS</b>				
Prohibited Investment - Fossil Fuels	0.0	0.0	Compliant	
Prohibited Investments - Energy	0.0	0.0	Compliant	
<b>SUPRANATIONAL OBLIGATIONS</b>				
Max % (MV)	30.0	6.5	Compliant	
Max % Issuer (MV)	10.0	3.9	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
<b>U.S. TREASURIES</b>				
Max % (MV)	100.0	48.9	Compliant	
Max Maturity (Years)	5	4	Compliant	

To the best of my knowledge, this report accurately reflects all City and Successor Agency investments and is in conformity with all State laws and the City's investment policy. A copy of the policy is available at the office of the City Clerk. This investment program herein shown provides sufficient cash flow liquidity to meet next six months' estimated expenditures.

Signed by:  
  
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Luz Cofresí-Howe, Director of Finance



## CONSOLIDATED INVESTMENT PROGRAM INFORMATION

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## PORTFOLIO CHARACTERISTICS



City of Milpitas Cons | Account #10771 | As of March 31, 2025

	3/31/2025 Portfolio	12/31/2024 Portfolio	9/30/2024 Portfolio	6/30/2024 Portfolio	3/31/2024 Portfolio
Average Maturity (yrs)	2.07	2.23	2.19	1.90	1.95
Average Modified Duration	1.75	1.89	1.87	1.63	1.73
Average Purchase Yield	3.86%	3.83%	3.71%	3.51%	3.27%
Average Market Yield	4.08%	4.38%	4.04%	4.57%	4.63%
Average Quality**	AA+	AA	AA	AA	AA
Total Market Value	374,987,241	344,912,863	346,824,297	380,853,314	356,576,942

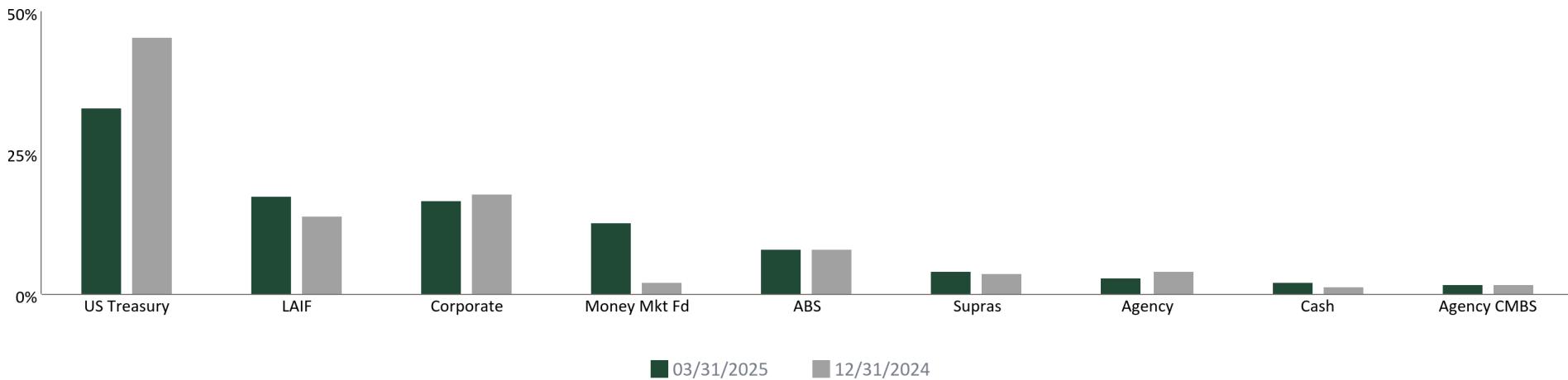
\*Benchmark: NO BENCHMARK REQUIRED

\*\*The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

## SECTOR DISTRIBUTION



City of Milpitas Cons | Account #10771 | As of March 31, 2025

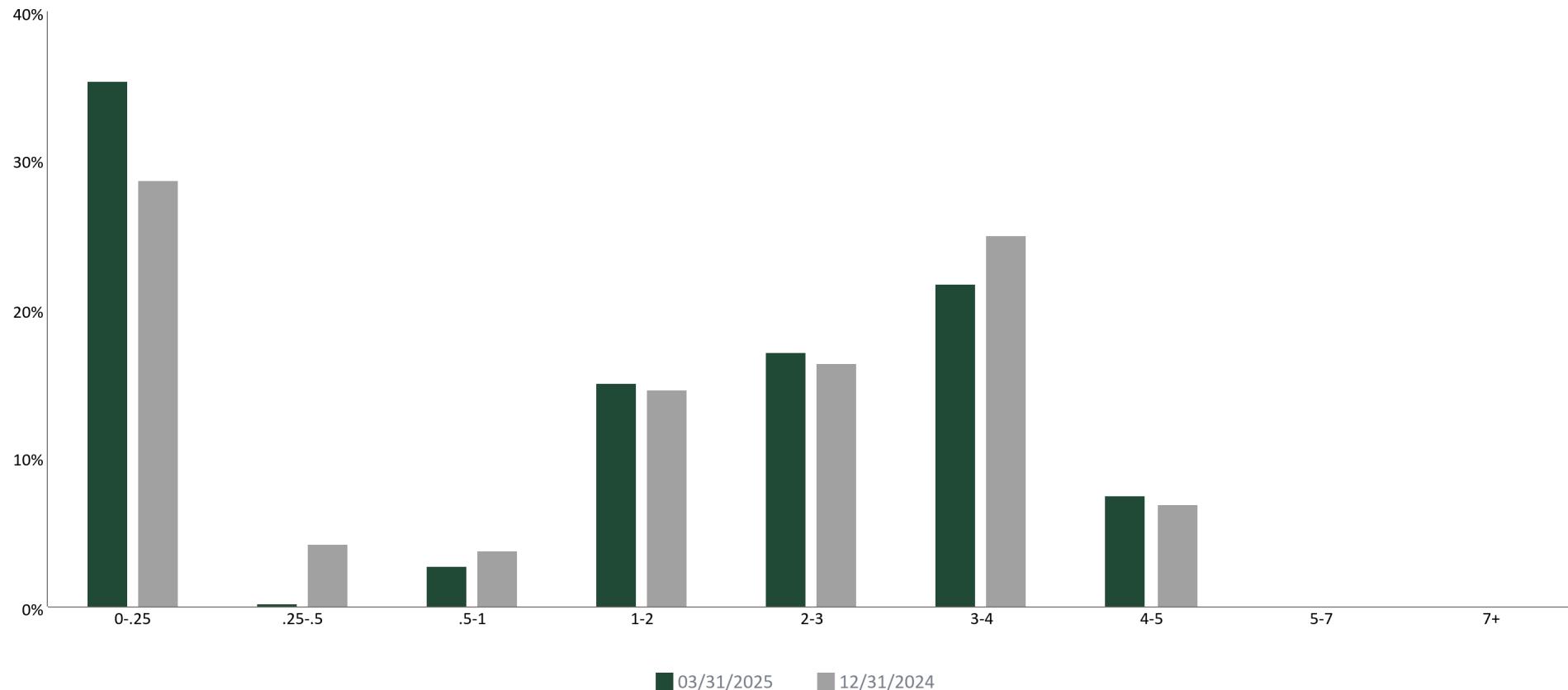


	3/31/2025	12/31/2024	09/30/2024	06/30/2024	03/31/2024
ABS	30,100,214	27,985,260	28,190,410	26,139,706	23,888,300
Agency	11,964,782	15,384,945	36,612,004	36,612,004	37,363,831
Agency CMBS/CMO	6,946,884	6,824,083	5,230,377	2,879,181	2,938,793
Cash	8,871,767	4,969,413	4,144,992	19,024,029	8,280,036
Corporate	62,532,852	61,686,354	61,281,438	58,753,115	58,904,951
LAIF	65,390,953	47,865,558	49,224,973	67,470,434	64,744,926
Money Market Fund	48,007,898	8,416,318	8,420,072	17,907,806	20,125,598
Supranational	16,286,769	13,570,284	11,444,174	11,060,956	11,099,257
US Treasury	123,237,700	156,457,717	146,167,051	139,430,055	128,090,366
<b>Grand Total</b>	<b>373,339,819</b>	<b>343,159,932</b>	<b>345,381,258</b>	<b>379,277,285</b>	<b>355,436,058</b>

## DURATION DISTRIBUTION



City of Milpitas Cons | Account #10771 | As of March 31, 2025



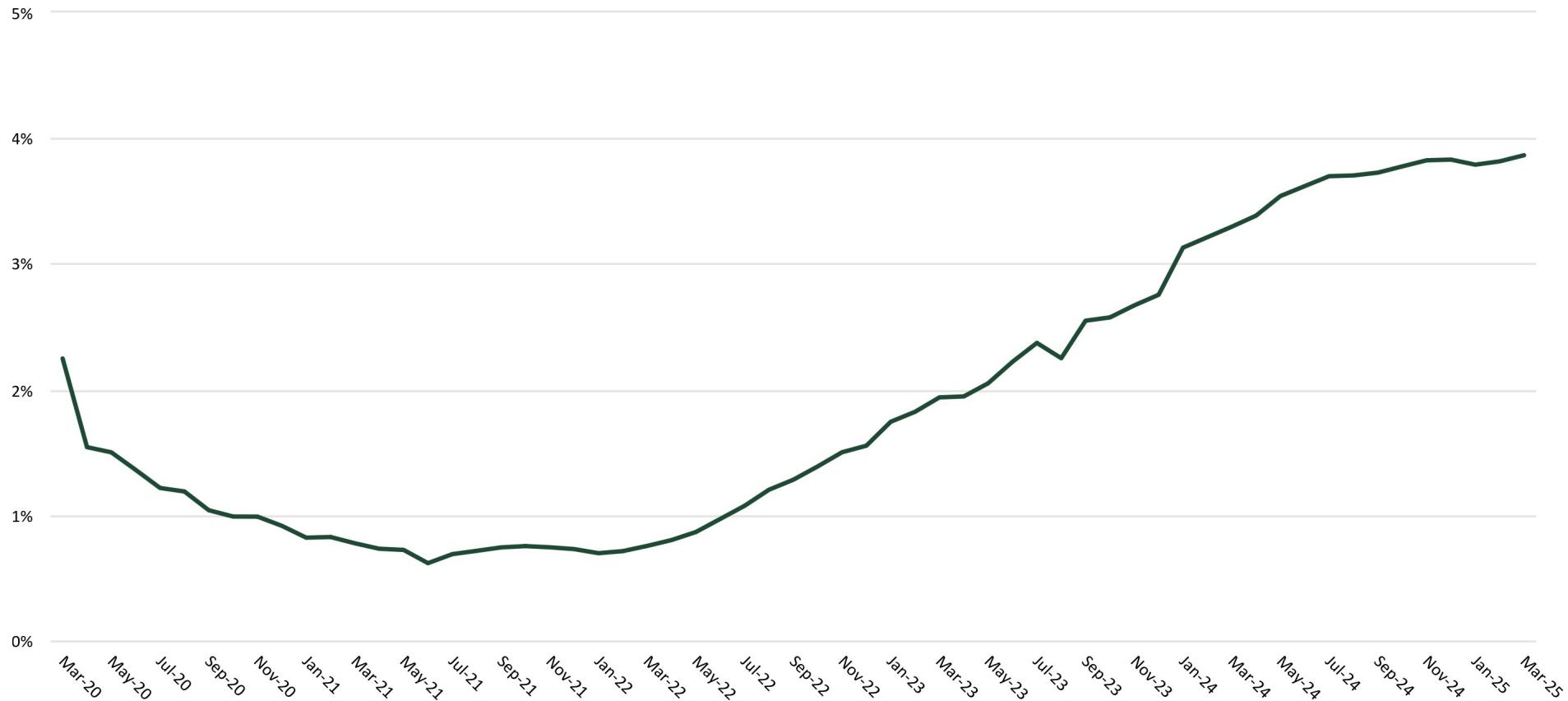
Date	0-25	.25-.5	.5-1	1-2	2-3	3-4	4-5	5-7	7+
03/31/2025	35.3%	0.2%	2.9%	15.1%	17.1%	21.8%	7.5%	0.0%	0.0%
12/31/2024	28.7%	4.3%	3.8%	14.7%	16.5%	25.0%	6.9%	0.0%	0.0%

## HISTORICAL AVERAGE PURCHASE YIELD



City of Milpitas Cons | Account #10771 | As of March 31, 2025

Purchase Yield as of 03/31/25 = 3.86%





## CHANDLER ASSET MANAGEMENT MANAGED PORTFOLIO

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## PORTFOLIO CHARACTERISTICS

City of Milpitas | Account #10762 | As of March 31, 2025



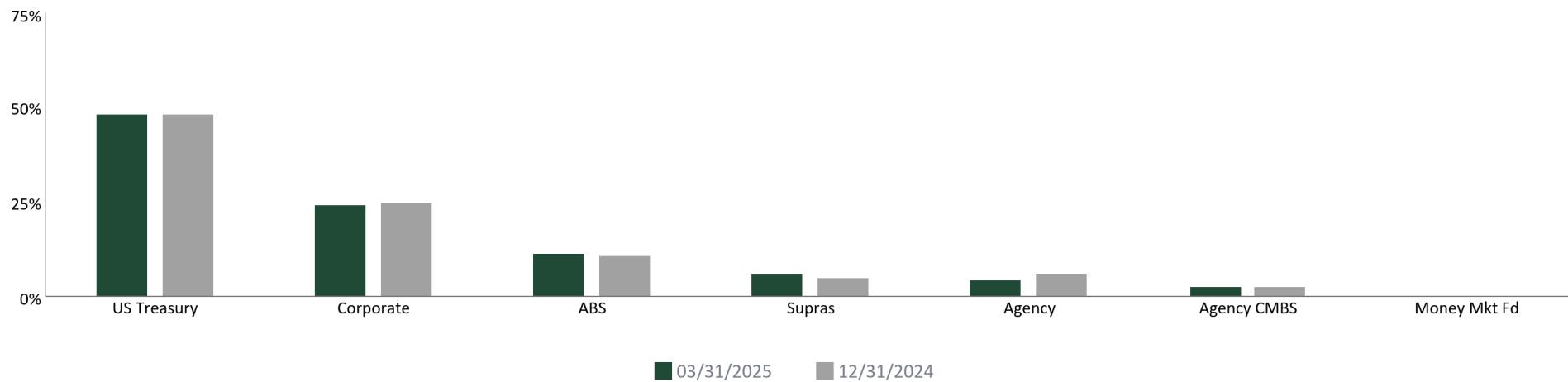
	3/31/2025 Portfolio	12/31/2024 Portfolio	9/30/2024 Portfolio	6/30/2024 Portfolio	3/31/2024 Portfolio
Average Maturity (yrs)	3.07	3.08	3.03	2.99	2.89
Average Modified Duration	2.59	2.60	2.58	2.55	2.56
Average Purchase Yield	3.84%	3.64%	3.39%	3.12%	2.76%
Average Market Yield	4.16%	4.48%	3.89%	4.82%	4.77%
Average Quality**	AA+	AA	AA	AA	AA
Total Market Value	253,603,280	248,443,746	250,317,231	241,977,048	239,828,495

\*\*The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

## SECTOR DISTRIBUTION



City of Milpitas | Account #10762 | As of March 31, 2025



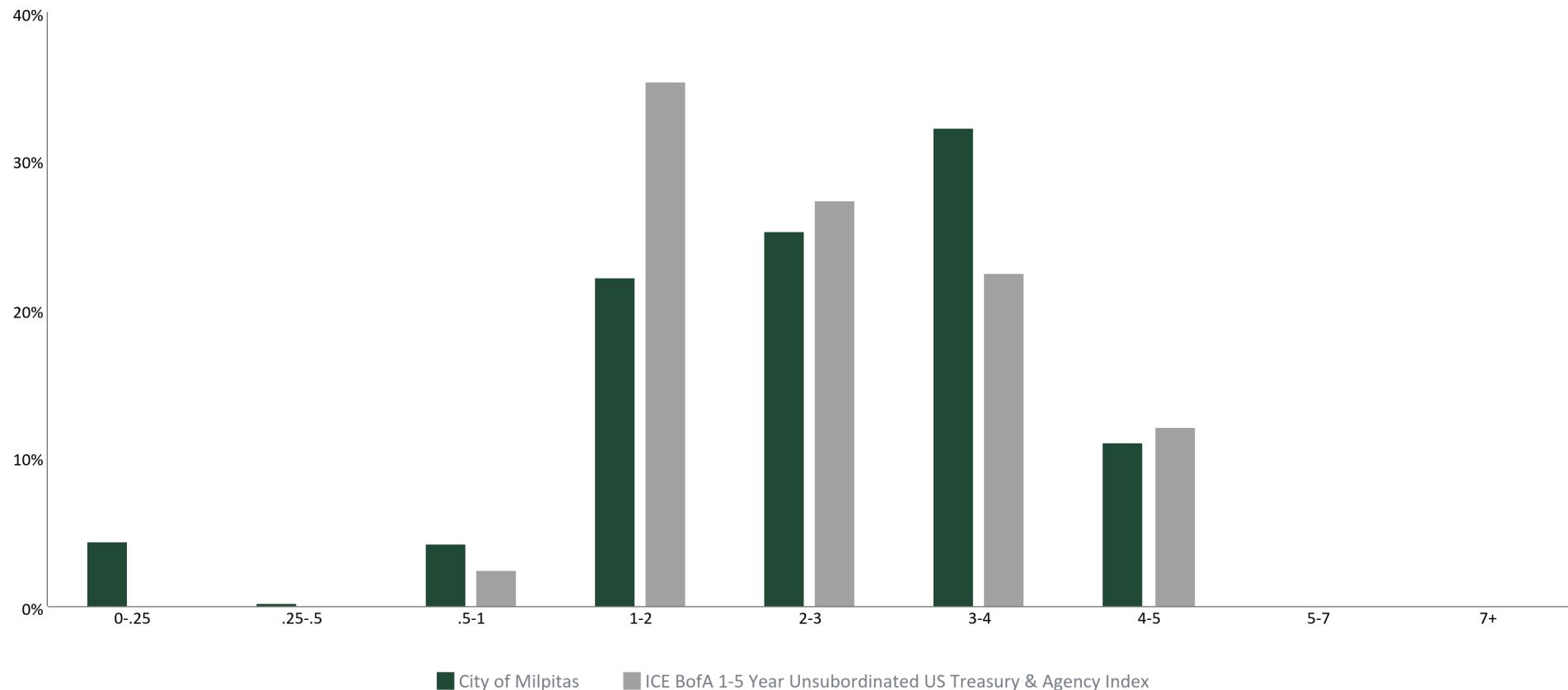
	3/31/2025	12/31/2024	09/30/2024	06/30/2024	03/31/2024
ABS	30,100,214	27,985,260	28,190,410	26,139,706	23,888,300
Agency	11,964,782	15,384,945	31,277,771	36,612,004	37,363,831
Agency CMBS/CMO	6,946,884	6,824,083	5,230,377	2,879,181	2,938,793
Cash	2,537	3,754	4,325	321,053	-
Corporate	62,532,852	61,686,354	61,281,438	58,753,115	58,904,951
Money Market Fund	884,119	930,177	798,568	478,236	881,297
Supranational	16,286,769	13,570,284	11,444,174	11,060,956	11,099,257
US Treasury	123,237,700	120,305,957	110,647,129	104,156,768	103,261,582
<b>Grand Total</b>	<b>251,955,858</b>	<b>246,690,814</b>	<b>248,874,192</b>	<b>240,401,019</b>	<b>238,687,611</b>

## DURATION DISTRIBUTION



City of Milpitas | Account #10762 | As of March 31, 2025

Portfolio Compared to the Benchmark



	0-.25	.25-.5	.5-1	1-2	2-3	3-4	4-5	5-7	7+
Portfolio	4.4%	0.3%	4.3%	22.3%	25.3%	32.3%	11.1%	0.0%	0.0%
ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index	0.0%	0.0%	2.6%	35.4%	27.3%	22.5%	12.1%	0.0%	0.0%

## ISSUERS



City of Milpitas | Account #10762 | As of March 31, 2025

Issuer	Investment Type	% Portfolio
Government of The United States	US Treasury	48.91%
International Bank for Recon and Dev	Supras	3.93%
Federal Home Loan Banks	Agency	3.11%
FHLMC	Agency CMBS	2.76%
Inter-American Development Bank	Supras	2.00%
Chase Issuance Trust	ABS	1.65%
John Deere Owner Trust	ABS	1.60%
BMW Vehicle Owner Trust	ABS	1.32%
Merck & Co., Inc.	Corporate	1.22%
The Toronto-Dominion Bank	Corporate	1.15%
UnitedHealth Group Incorporated	Corporate	1.10%
GM Financial Automobile Leasing Trus	ABS	1.09%
Toyota Motor Corporation	Corporate	1.07%
Honda Auto Receivables Owner Trust	ABS	1.05%
Deere & Company	Corporate	1.02%
Bank of America Corporation	Corporate	1.01%
Bank of Montreal	Corporate	1.00%
Honeywell International Inc.	Corporate	0.99%
Toyota Lease Owner Trust	ABS	0.96%
Northwestern Mutual Global Funding	Corporate	0.96%
Caterpillar Inc.	Corporate	0.92%
Morgan Stanley	Corporate	0.91%
The Charles Schwab Corporation	Corporate	0.88%
Tennessee Valley Authority	Agency	0.86%
Berkshire Hathaway Inc.	Corporate	0.85%
American Express Credit Master Trust	ABS	0.84%
Guardian Life Global Funding	Corporate	0.83%
Wells Fargo & Company	Corporate	0.82%
Royal Bank of Canada	Corporate	0.81%
Walmart Inc.	Corporate	0.81%

**ISSUERS**

City of Milpitas | Account #10762 | As of March 31, 2025

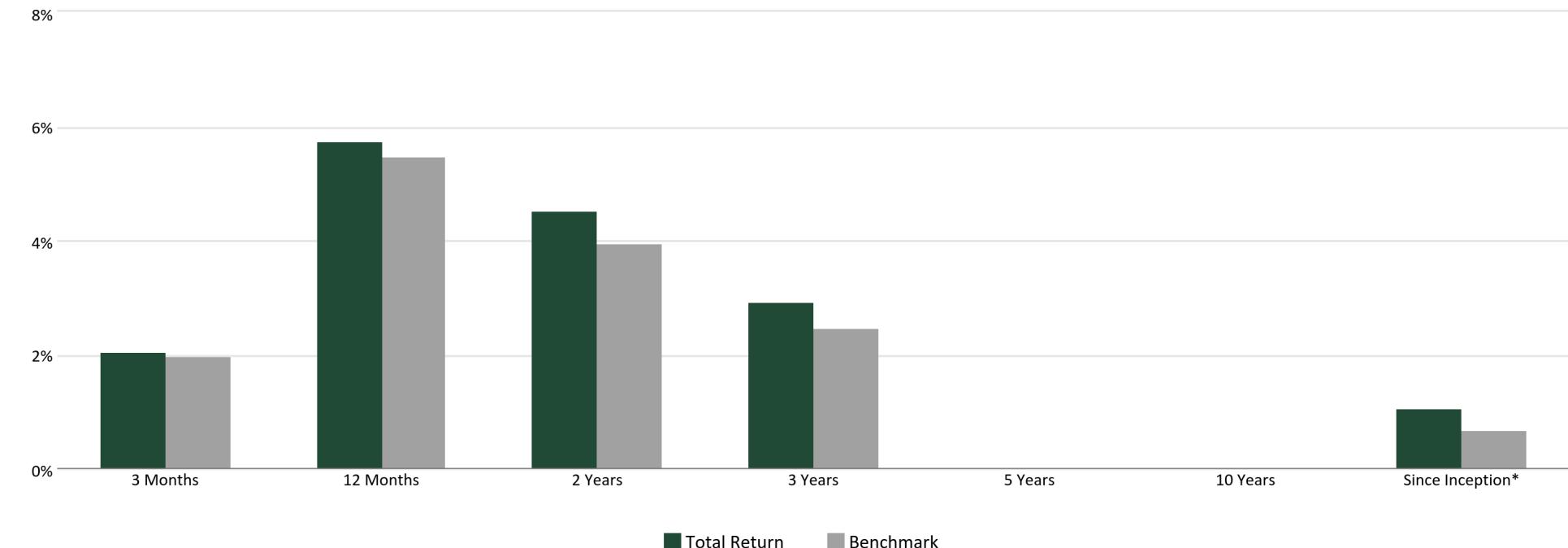
Issuer	Investment Type	% Portfolio
JPMorgan Chase & Co.	Corporate	0.80%
FNMA	Agency	0.78%
Comcast Corporation	Corporate	0.77%
Metropolitan Life Global Funding I	Corporate	0.73%
Realty Income Corporation	Corporate	0.70%
Massachusetts Mutual Life Insurance	Corporate	0.70%
Hyundai Auto Receivables Trust	ABS	0.61%
American Express Company	Corporate	0.61%
The Home Depot, Inc.	Corporate	0.60%
Amazon.com, Inc.	Corporate	0.59%
WF Card Issuance Trust	ABS	0.54%
International Finance Corporation	Supras	0.53%
Apple Inc.	Corporate	0.53%
Cisco Systems, Inc.	Corporate	0.52%
Mercedes-Benz Auto Receivables Trust	ABS	0.50%
AbbVie Inc.	Corporate	0.50%
Bank of America Credit Card Trust	ABS	0.49%
Toyota Auto Receivables Owner Trust	ABS	0.49%
Met Tower Global Funding	Corporate	0.45%
U.S. Bancorp	Corporate	0.40%
Dominion Energy, Inc.	Corporate	0.39%
Dreyfus Government Cash Management Fund	Money Mkt Fd	0.35%
GM Financial Securitized Term	ABS	0.30%
Hyundai Auto Lease Securitization Tr	ABS	0.26%
Mercedes-Benz Auto Lease Trust	ABS	0.25%
Honda Motor Co., Ltd.	Corporate	0.22%
Cash	Cash	0.00%
<b>TOTAL</b>		<b>100.00%</b>

## INVESTMENT PERFORMANCE



City of Milpitas | Account #10762 | As of March 31, 2025

Total Rate of Return : Inception | 06/01/2020



## TOTAL RATE OF RETURN

	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
City of Milpitas	2.08%	5.74%	4.53%	2.94%			1.07%
Benchmark	2.00%	5.50%	3.96%	2.49%			0.69%

\*Periods over 1 year are annualized.

Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury &amp; Agency Index

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

## PORTFOLIO CHARACTERISTICS

City of Milpitas Liquidity Account | Account #10770 | As of March 31, 2025



	Benchmark*	3/31/2025 Portfolio	12/31/2024 Portfolio
Average Maturity (yrs)	0.16	0.00	0.16
Average Modified Duration	0.16	0.00	0.16
Average Purchase Yield		4.11%	4.39%
Average Market Yield	4.28%	4.11%	4.29%
Average Quality**	AA+	AAA	AAA
Total Market Value		36,756,856	36,379,309

\*Benchmark: ICE BofA 3-Month US Treasury Bill Index

\*\*The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.



## GLOSSARY

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## GLOSSARY OF INVESTMENT TERMS

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**Accrued Int.** The interest that has accumulated on a bond since the last interest payment up to, but not including, the settlement date.

**Acq/Disp Yield.** Yield to Maturity on the purchase/sale date.

**Agencies.** Shorthand market terminology for any obligation issued by a government-sponsored entity (GSE), or a federally related institution. Obligations of GSEs are not guaranteed by the full faith and credit of the US government. There are eight GSEs, five of which are currently active in the new issue market. The five include:

**FFCB.** The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

**FHLB.** The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

**FHLMC.** Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, more commonly referred to as "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

**FNMA.** Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.

*Federally related institutions are arms of the federal government. Most do not issue securities directly into the market. Those, which do issue directly, include the following:*

**GNMA.** The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

**PEFCO.** The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the United States government.

**TVA.** The Tennessee Valley Authority provides flood control and power and also promotes development in portions of the Tennessee, Ohio and Mississippi River valleys. TVA currently issues discount notes and bonds.

**Amortized Cost.** Measure of the cost of a security whereby the cost value will change over time as the discount or premium paid for the security is gradually incorporated into the principal value as interest payments are received.

**Amount.** The principal amount of the transaction (i.e. units or par value x price).

**Asset-backed Securities (ABS) .** Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

**Average Life.** In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

**Banker's Acceptance.** A money market instrument created to facilitate international trade transactions. This instrument is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

**Benchmark.** A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

## GLOSSARY OF INVESTMENT TERMS

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**Bond.** A bond is essentially a loan made by an investor to a division of the government, a government agency, or a corporation. The bond is a promissory note to repay the loan in full at the end of a fixed time period. The date on which the principal must be repaid is called the maturity date, or maturity. In addition, the issuer of the bond, that is, the agency or corporation receiving the loan proceeds and issuing the promissory note, agrees to make regular payments of interest at a rate initially stated on the bond. Interest from bonds is taxable based on the type of bond. Corporate bonds are fully taxable, municipal bonds issued by state or local government agencies are free from federal income tax and usually free from taxes of the issuing jurisdiction, and Treasury bonds are subject to federal taxes but not state and local taxes. Bonds are rated according to many factors, including cost, degree of risk, and rate of income.

**Book Value.** The value at which an asset is carried on a balance sheet. To calculate, take the cost of an asset +/- net accretion/amortization.

**Book Yield.** The YTM that equates the current amortized value of the security to its periodic future cash flows.

**Certificate of Deposit (CD).** A CD is a note issued by a bank for a savings deposit that an individual agrees to leave invested in the bank for a certain term. At the end of this term, on the maturity date, the principal may either be paid to the individual or rolled over into another CD. Interest rates on CDs between banks are competitive. Monies deposited into a CD are insured by the bank, thus they are a low-risk investment and a good way of maintaining principal. Maturities may be as short as a few weeks or as long as several years. Most banks set heavy penalties for premature withdrawal of monies from a CD. Large denomination CDs may be marketable.

**Collateralized Mortgage Obligations (CMO).** Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

**Commercial Paper.** The short-term unsecured debt of corporations.

**Consolidated Accounts.** Includes the main portfolio (City of Milpitas, 10762), reporting portfolio which includes internally managed securities (City of Milpitas Reporting Account, 10769), and the consolidated portfolio which report on both the internally and externally managed portfolios (City of Milpitas Consolidated, 10771).

**Cost Value.** The value at which the securities were purchased, excluding purchased interest.

**Cost Yield.** The annual income from an investment divided by the purchase cost.

**Coupon.** The rate of interest paid on a bond.

**CUSIP (Committee on Uniform Securities Identification Procedures).** A unique identification number assigned to all securities.

**Duration.** The weighted average time to maturity of a bond where the weights are the present values of future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See Modified Duration)

**Fitch.** The Fitch rating for the security.

**Gain/Loss.** The realized gain or loss on the security compared to the original purchase or amortized cost. For the amortization method, gain/loss is calculated by taking the principal amount on the sale less the amortized book value on the date of the sale. If the original cost method is used, the gain/loss is calculated by taking the principal amount on the sale less the original cost.

## GLOSSARY OF INVESTMENT TERMS

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**Interest Pur/Sold.** – The accrued interest purchased or sold on the transaction. When a bond is purchased or sold between coupon payment dates, the accrued interest up to the settlement date of the transaction is included in the net proceeds.

**Local Agency Investment Fund (LAIF).** An investment alternative for California's local governments and special districts.

**Market Value.** Market value is the current value of an investment between willing buyers and sellers.

**Maturity.** The final date upon which the principal of a security becomes due and payable.

**Medium Term Notes (Corporate).** Unsecured, investment-grade senior debt securities of major corporations which are sold either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**Mkt Price.** The current fair value market price.

**Mkt YTM.** The internal rate of return that equates the periodic future cash flows (interest payments and redemption value) to the market price, assuming that all cash flows are invested at the YTM rate.

**Modified Duration.** The percent change in price of a bond with no embedded options for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

**Money Market.** The exchange environment in which short term debt instruments (T-bills, discount notes, commercial paper and banker's acceptances) are issued and traded.

**Moody.** The Moody's rating for the security.

**Mortgage Pass-through Securities.** A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

**Money Market Mutual Fund.** A mutual fund that purchases money market securities. The funds goal is to maintain the net asset value of each share at or close to \$1.

**Mutual Fund.** An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

**Net Asset Value (NAV).** NAV is the price of a share in a mutual fund or investment company. This price is calculated once or twice daily. Net asset value is the amount by which the assets' value exceeds the company's liabilities. It is calculated by adding up the market value of all securities owned by the company, subtracting the company's liabilities, and dividing this value by the number of shares of the company outstanding. Thus, the NAV indicates the current buying or selling price of a share in an investment company.

**Quality.** The credit quality of a bond. The highest rated bonds are rated AAA, followed by AA and then A. Local governments in California are not allowed to purchase securities rated lower than single A.

**Quantity.** Par value of bonds or units, such as equity or mutual fund shares.

## GLOSSARY OF INVESTMENT TERMS

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**Par Value/Units.** The face value or number of units held in the portfolio.

**Percentage of Portfolio (% of Port.).** The % of the portfolio that the security represents based on market value, including accrued interest.

**Purchase Date.** The settlement date on which the security was purchased.

**Price.** The price at which the transaction was executed, expressed as dollars per \$100 dollars of par value.

**Security Description.** The issuer name, coupon (periodic interest payment rate) and maturity.

**Settlement Date.** The date on which an executed security trade must be settled. That is, the date on which a buyer must pay for the securities and the seller must deliver them.

**S&P.** The Standard and Poor's rating for the security.

**Total Amount.** The principal amount (i.e. units or par value x price) plus accrued interest purchased or sold.

**Total Rate of Return.** A measure of a portfolio's performance over time. It is the internal rate of return that equates the beginning value of the portfolio with the ending value and includes interest earnings and realized and unrealized gains and losses on the portfolio.

**Transaction Type.** Purchase, sale, interest/paydown (principal), dividend, withdrawal, or contribution.

**Treasury Bills.** All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury Bills (T-bills). The Treasury currently issues three-month and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth cash flows.

**Treasury Notes.** All securities issued with initial maturities of two to ten years are called Treasury Notes (T-notes) and pay interest semi-annually.

**Treasury Bonds.** All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

**U.S. Treasury Obligations (Treasuries).** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Yield to Maturity (YTM).** The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

**Yield to Maturity (at market).** The discount rate that equates the present value of the promised cash flow (interest payments and redemption value) to the market price, assuming that all cash flows are invested at the YTM rate.

**Yield to Maturity (at purchase).** The YTM that equates to the purchase price of the security.



## DISCLOSURES

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## IMPORTANT DISCLOSURES

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City of Milpitas | As of March 31, 2025

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Information contained herein is confidential. Prices are provided by ICE Data Services Inc ("IDS"), an independent pricing source. In the event IDS does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

**BENCHMARK DISCLOSURES**

City of Milpitas | As of March 31, 2025

Benchmark	Disclosure
ICE BofA 1-5 Yr US Treasury & Agency Index	The ICE BofA 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.
ICE BofA 1-3 Yr US Treasury & Agency Index	The ICE BofA 1-3 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.
ICE BofA 3-Month US Treasury Bill Index	The ICE BofA US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date.

# City of Milpitas Section 115 Pension Trust



## Economic Overview

In the fourth quarter, U.S. real gross domestic product (GDP) grew at a seasonally adjusted annualized rate of 2.4%, a deceleration from the 3.1% growth in Q3. While the headline figure came in below expectations due to weak gross private domestic investment, consumer spending continued to be robust. Outside the U.S., some developed countries saw similar strength in growth such as Japan, which grew 2.2%; while Europe continued to struggle with the Eurozone, growing 0.9% in the fourth quarter.

The U.S. unemployment rate rose to 4.2% in March remaining in the remarkably stable range between 4.0% and 4.2% that we have seen for in the last six months. The latest initial jobless claims ticked higher to 2.2k in March as layoffs generally remain low, pointing to a relatively stable labor market despite a cooling outlook. The number of job openings slipped to 7.6M in February, while the number of unemployed persons per job opening remained at 0.9.

Inflation remained sticky in the first quarter. Headline inflation (CPI) grew at a year-over-year (YoY) rate of 2.8% in February, down slightly from the 2.9% reading in December. Core CPI, which excludes volatile food and energy, slowed to 3.1% on an annual basis, the lowest rate since April 2021. This cooling rate does not capture the full impact of the new tariffs, which are expected to drive up prices in a transitory manner.

The Federal Reserve (Fed) held rates flat in the first quarter. The latest Fed projections continue to forecast two quarter-percentage-point rate reductions by the end of 2025. Outside of the U.S., the European Central Bank (ECB) cut rates twice in the first quarter and signaled further easing ahead, emphasizing it will be data dependent as the US trade policy and increased defense spending adds to uncertainty on the path of inflation. The Bank of Japan (BOJ) raised rates by 50 basis points at its January meeting as inflation continued to heat up. The BOJ also signaled that interest rates will continue to rise, with the goal of normalizing the country's monetary policy after years of ultra-low rates.

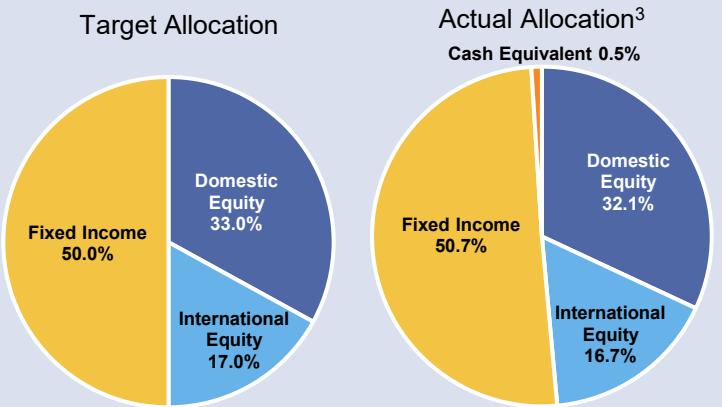
**Domestic Equity:** The S&P 500 Index (S&P) posted a -4.3% return for the first quarter of 2025. During the quarter, S&P performance was negative for two out of three months, posting a quarter high of 2.9% in January, and a low of -5.6% in March. Within the S&P, performance was mixed across the 11 GICS sectors. In a reversal from the previous quarter the worst performing sector was Consumer Discretionary (-13.8%), followed by IT (-12.7%), and Communication Services (-6.2%). The best performing sectors were Energy (10.2%), Healthcare (6.5%), and Consumer Staples (5.2%). Negative returns were seen across all capitalizations with large-caps, as represented by the Russell 1000 Index, returning -4.5% during the quarter while the Russell Midcap and Russell 2000 indices returned -3.4% and -9.5%, respectively.

**International Equity:** Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, outperformed their U.S. counterparts, returning 5.2% for the quarter. Developed ex-U.S. Markets, as represented by the MSCI EAFE Index, outperformed emerging markets (EM), represented by the MSCI Emerging Market Index, returning 6.9% versus 2.9% for the quarter. Non-U.S. equities valuations fell slightly but remain close to their long-term average across international equity markets. As of March 31, 2025, MSCI EAFE's forward P/E stood at 15.1 versus a 5-year average of 16.1. MSCI EM ended the quarter with a forward P/E ratio of 12.4, which is slightly below its 5-year average of 13.3.

**Fixed Income:** The U.S. bond market represented by the Bloomberg U.S. Aggregate (Aggregate) Index saw positive returns in the first quarter, returning 2.8%. The Bloomberg U.S. Treasury Index closed the quarter returning 2.9%. During the period, the FOMC held rates steady, continuing to project two cuts for 2025. Rates fell across the curve in the first quarter. The 10-year fell to 4.2%, while the 2-year ended at 3.9%.

Portfolio Performance (Period Ending March 31, 2025)					
	1 Quarter	Year to Date	1 Year	3 Year	Since Inception <sup>1</sup>
<b>Pension Trust</b>	0.70%	0.70%	6.13%	3.76%	2.11%
<b>Benchmark<sup>2</sup></b>	0.71%	0.71%	6.00%	3.91%	2.06%

City of Milpitas Portfolio Growth 2025 Q1 Account Reconciliation	
<b>Beginning Market Value</b>	\$38,010,190
<b>Net Flows</b>	\$755
<b>Earnings</b>	\$265,767
<b>Ending Market Value</b>	<b>\$38,276,712</b>



<sup>1</sup>Inception date of July 1, 2021

<sup>2</sup>Blended Benchmark – September 2021: 33% Russell 3000 Index + 17% MSCI AC World ex USA (Net) + 50% Bloomberg Aggregate

<sup>3</sup>The asset allocation ranges are: Domestic Equity: 13%-53%; International Equity: 0%-37%; Fixed Income 30%-70%.



## City of Milpitas Section 115 Pension Trust Fund

### Investment Performance Review For the Quarter Ended March 31, 2025

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Client Management Team

Andrew Brown, CFA, Sr. Investment Strategist/Portfolio Manager

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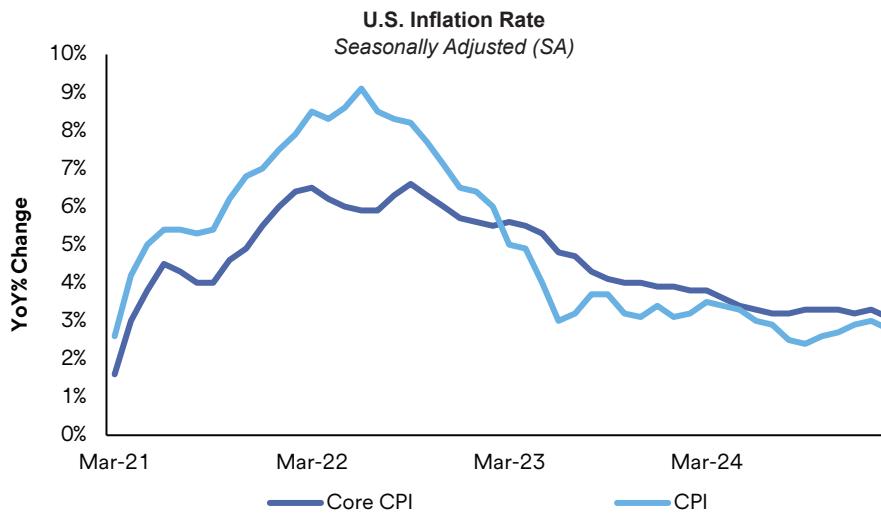
## **Financial Markets & Investment Strategy Review**

Index or Average Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
<b>DOMESTIC EQUITY</b>							
S&P 500 (TR)	-4.27%	-4.27%	8.25%	9.06%	18.58%	13.24%	12.49%
Russell 3000	-4.72%	-4.72%	7.22%	8.21%	18.17%	12.48%	11.79%
Russell 1000 Growth	-9.97%	-9.97%	7.76%	10.09%	20.07%	16.07%	15.11%
Russell 1000	-4.49%	-4.49%	7.82%	8.65%	18.45%	12.94%	12.17%
Russell 1000 Value	2.14%	2.14%	7.18%	6.64%	16.14%	9.18%	8.79%
Russell Midcap	-3.40%	-3.40%	2.59%	4.61%	16.27%	9.17%	8.82%
Russell Midcap Growth	-7.12%	-7.12%	3.57%	6.16%	14.86%	10.55%	10.13%
Russell Midcap Value	-2.11%	-2.11%	2.27%	3.78%	16.69%	7.78%	7.61%
Russell 2000 Growth	-11.12%	-11.12%	-4.86%	0.78%	10.77%	5.03%	6.14%
Russell 2000	-9.48%	-9.48%	-4.01%	0.52%	13.26%	5.41%	6.29%
Russell 2000 Value	-7.74%	-7.74%	-3.12%	0.05%	15.30%	5.31%	6.07%
<b>INTERNATIONAL EQUITY</b>							
MSCI EAFE	6.86%	6.86%	4.88%	6.05%	11.76%	5.32%	5.39%
MSCI AC World	-1.32%	-1.32%	7.15%	6.91%	15.17%	9.14%	8.83%
MSCI AC World ex USA	5.23%	5.23%	6.09%	4.48%	10.91%	4.46%	4.97%
MSCI AC World ex USA Small Cap	0.64%	0.64%	1.87%	0.99%	11.83%	3.22%	5.32%
MSCI EM (Emerging Markets)	2.93%	2.93%	8.09%	1.44%	7.94%	1.59%	3.70%
<b>ALTERNATIVES</b>							
FTSE Nareit/Equity REITs - INV	0.91%	0.91%	9.94%	-0.61%	11.33%	7.21%	5.33%
MSCI U.S. REIT Index (Net)	0.76%	0.76%	8.98%	-1.77%	10.04%	5.97%	4.01%
S&P Global Infrastructure Index	4.60%	4.60%	18.80%	6.09%	13.81%	7.37%	6.48%
Bloomberg Commodity Index	8.88%	8.88%	12.28%	-0.77%	14.51%	5.44%	2.77%
<b>FIXED INCOME</b>							
Bloomberg U.S. Aggregate	2.78%	2.78%	4.88%	0.52%	-0.40%	1.58%	1.46%
Bloomberg U.S. Government/Credit	2.70%	2.70%	4.66%	0.45%	-0.34%	1.73%	1.58%
Bloomberg U.S. Intermediate Government/Credit	2.42%	2.42%	5.65%	2.18%	0.86%	2.18%	1.81%
Bloomberg U.S. Treasury (1-3 Y)	1.62%	1.62%	5.42%	2.84%	1.14%	1.96%	1.49%
ICE BofA U.S. High Yield	0.94%	0.94%	7.60%	4.83%	7.21%	4.80%	4.91%
Bloomberg Global Aggregate ex-USD	2.53%	2.53%	1.46%	-3.47%	-2.35%	-2.17%	-0.18%
<b>CASH EQUIVALENT</b>							
Bloomberg 3 Month T-Bill	1.04%	1.04%	5.02%	4.31%	2.60%	2.49%	1.90%

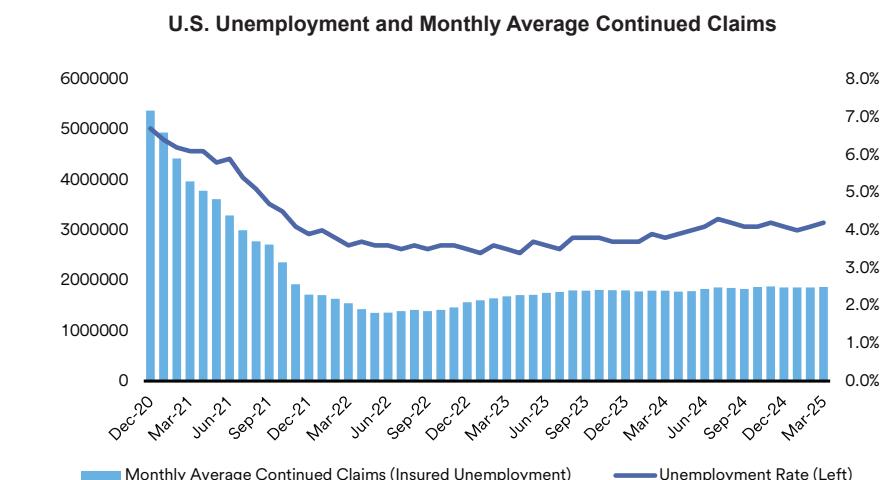
Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

## THE ECONOMY

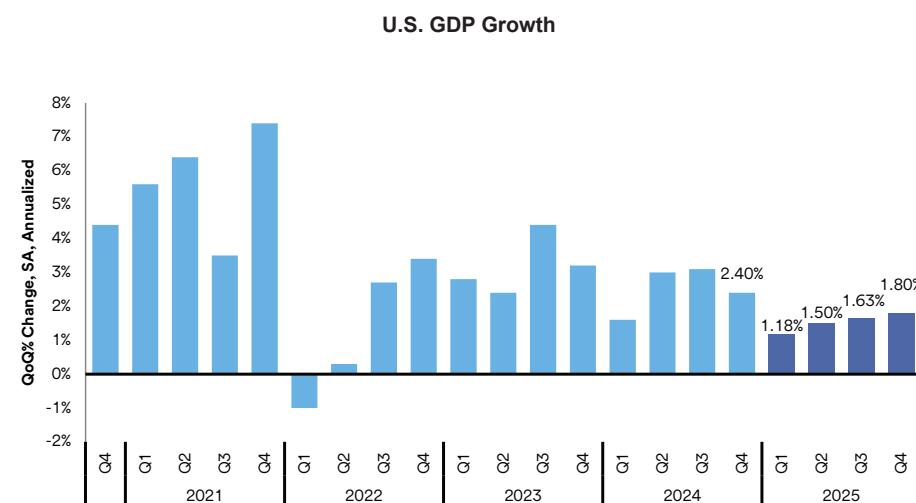
- In the fourth quarter, U.S. real gross domestic product (GDP) grew at seasonally adjusted annualized rate of 2.4%, a deceleration from the 3.1% growth in Q3. While the headline figure came in below expectations due to weak gross private domestic investment, consumer spending continued to be robust. Outside the U.S., some developed countries saw similar strength in growth such as Japan, which grew 2.2%; while Europe continued to struggle with the Eurozone, growing 0.9% in the fourth quarter.
- The U.S. unemployment rate rose to 4.2% in March remaining in the remarkably stable range between 4.0% and 4.2% that we have seen for in the last six months. The latest initial jobless claims ticked higher to 2.2k in March as layoffs generally remain low, pointing to a relatively stable labor market despite a cooling outlook. The number of job openings slipped to 7.6M in February, while the number of unemployed persons per job opening remained at 0.9.
- Inflation remained sticky in the first quarter. Headline inflation (CPI) grew at a year-over-year (YoY) rate of 2.8% in February, down slightly from the 2.9% reading in December. Core CPI, which excludes volatile food and energy, slowed to 3.1% on an annual basis, the lowest rate since April 2021. This cooling rate does not capture the full impact of the new tariffs, which are expected to drive up prices in a transitory manner.



Source: Bureau of Labor Statistics.



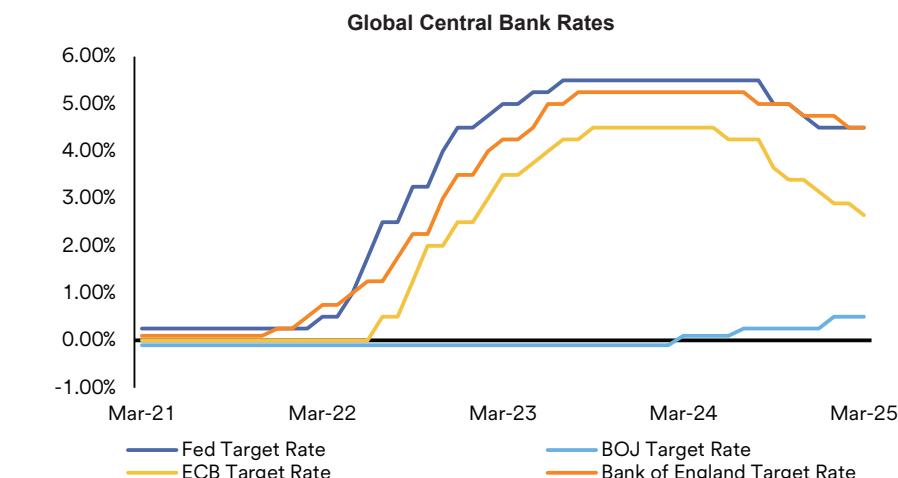
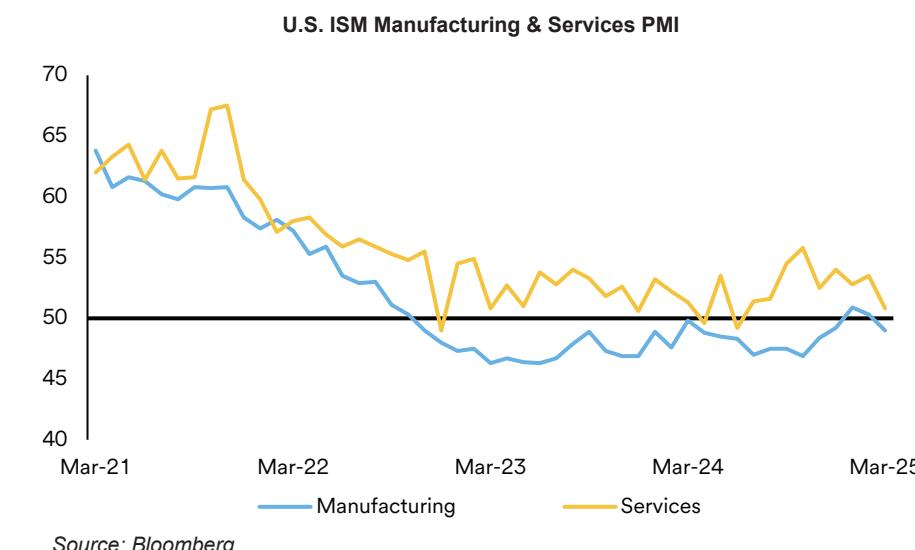
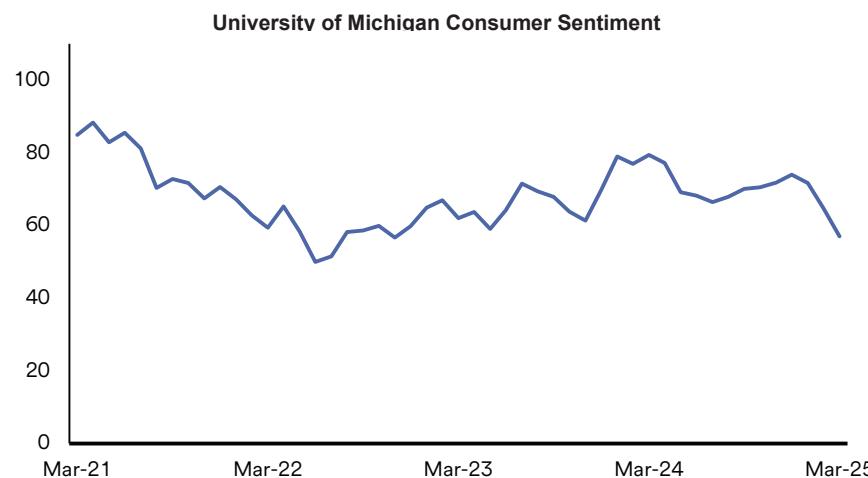
Source: Bloomberg.



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

## WHAT WE'RE WATCHING

- The Federal Reserve (Fed) held rates flat in the first quarter. The latest Fed projections continue to forecast two quarter-percentage-point rate reductions by the end of 2025. Outside of the U.S., the European Central Bank (ECB) cut rates twice in the first quarter and signaled further easing ahead, emphasizing it will be data dependent as the US trade policy and increased defense spending adds to uncertainty on the path of inflation. The Bank of Japan (BOJ) raised rates by 50 basis points at its January meeting as inflation continued to heat up. The BOJ also signaled that interest rates will continue to rise, with the goal of normalizing the country's monetary policy after years of ultra-low rates.
- U.S. consumer sentiment, as measured by the University of Michigan survey of consumers, fell sharply in the first quarter, down to 57.0 in March, the lowest level since November 2022 as consumers worries over the potential impacts of tariffs weighed on outlook.
- On April 2, 2025, President Trump announced a 10% tariff on all imports into the United States effective April 5 and steeper tariffs on over 60 countries, effective April 9, in addition to the already announced tariffs. While these levies could be removed or lowered substantially as the administration negotiates with its trading partners, they could adversely impact economic growth prospects should they remain in place for an extended period.

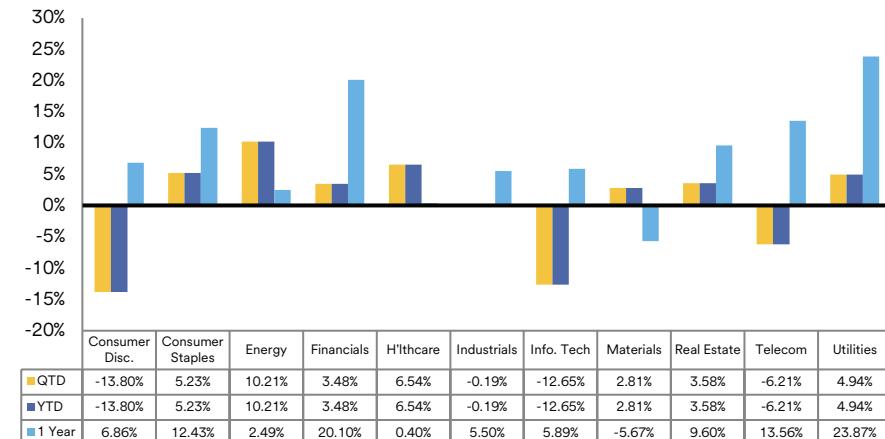


## DOMESTIC EQUITY

- The S&P 500 Index (S&P) posted a -4.3% return for the first quarter of 2025. During the quarter, S&P performance was negative for two out of three months, posting a quarter high of 2.9% in January, and a low of -5.6% in March.
- Within the S&P, performance was mixed across the 11 GICS sectors. In a reversal from the previous quarter the worst performing sector was Consumer Discretionary (-13.8%), followed by IT (-12.7%), and Communication Services (-6.2%). The best performing sectors were Energy (10.2%), Healthcare (6.5%), and Consumer Staples (5.2%).
- Negative returns were seen across all capitalizations with large-caps, as represented by the Russell 1000 Index, returning -4.5% during the quarter while the Russell Midcap and Russell 2000 indices returned -3.4% and -9.5%, respectively.
- According to FactSet Earnings Insight as of March 28, 2025, the expected YoY earnings growth rate for S&P 500 for Q1 2025 was 7.3%, after downward revisions from the beginning of the year. At the sector level, Materials (7.1% to -9.8%) and Consumer Discretionary (11.5% to 1.6%) saw the biggest downward revisions in YoY earnings growth estimates from December 31 to March 28th. There were no sectors that saw upward revisions during this period though Utilities remained near flat with a downward revision of just -0.4%.
- As of the end of the quarter, forward 12-month P/E ratio for the S&P 500 is 22.4, which is below the 5-year average of 23.2. By comparison, the Russell 2000, which represents small-cap stocks, had a forward P/E ratio of 17.1, just slightly below its 5-year average of 17.8.

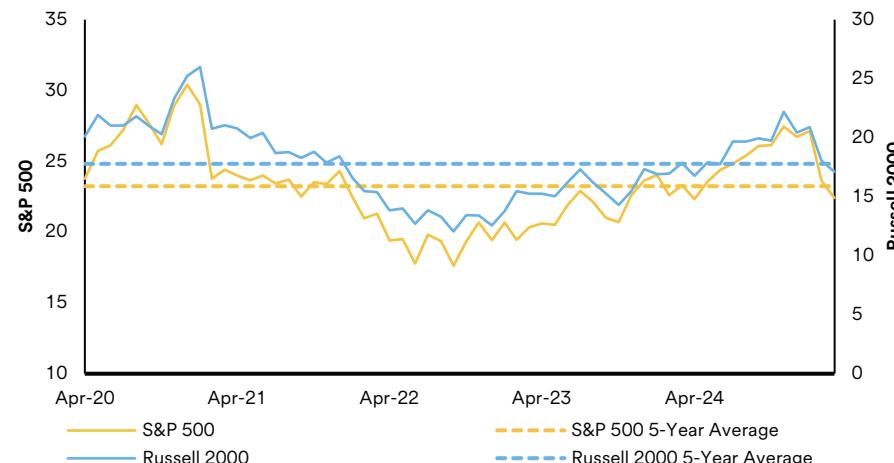
### S&P 500 Index Performance by Sector

Periods Ended March 31, 2025



Source: Bloomberg.

### P/E Ratios of Major Stock Indices\*

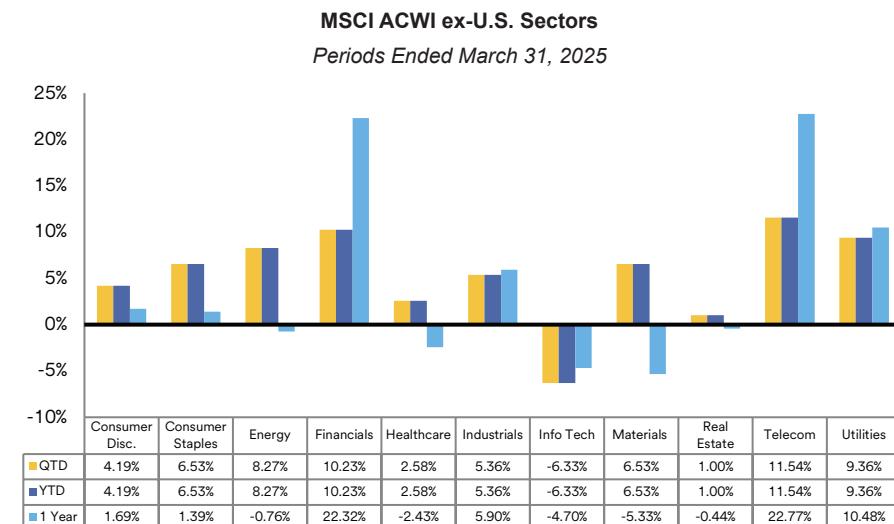


Source: Bloomberg.

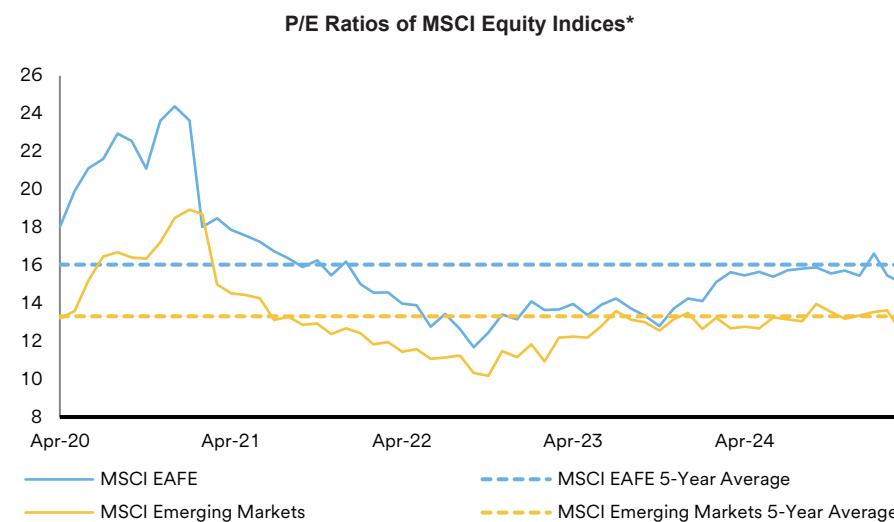
\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

## INTERNATIONAL EQUITY

- ▶ Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, outperformed their U.S. counterparts, returning 5.2% for the quarter.
- ▶ Ten of the 11 sectors posted positive returns for the quarter. The top performing sectors were Communication Services (11.5%) and Financials (10.2%) and Utilities (9.4%). The worst performers for the quarter were Healthcare (2.6%), Real Estate (1.0%), and IT (-6.3%), the only sector that saw negative returns.
- ▶ Developed ex-U.S. Markets, as represented by the MSCI EAFE Index, outperformed emerging markets (EM), represented by the MSCI Emerging Market Index, returning 6.9% versus 2.9% for the quarter.
- ▶ Of the five largest-weighted countries in the MSCI EAFE index MSCI France (10.3%), MSCI Germany (15.6%), MSCI Switzerland (11.4%), all saw double digit returns. The MSCI United Kingdom (9.7%) also outperformed the MSCI EAFE index while MSCI Japan (0.3%) was the only notable underperformer.
- ▶ Of the five largest-weighted countries in emerging markets, MSCI Taiwan (-12.6%) and MSCI India (-3.0%) dragged on performance, underperforming the MSCI Emerging Markets Index, while MSCI China (15.0%), MSCI Korea (4.9%), and MSCI Brazil (14.1%) all outperformed.
- ▶ Growth stocks underperformed value stocks for the quarter as represented by the broad benchmark. MSCI AC World ex-USA Growth returned 2.0% while MSCI AC World ex-USA Value returned 8.6%. Within EM, growth underperformed value as well, returning 1.7% versus 4.4%.
- ▶ Small-caps, as represented by MSCI ACWI ex-U.S. Small Cap Index, also saw positive returns during the quarter, posting a return of 0.6%.
- ▶ Non-U.S. equities valuations fell slightly but remain close to their long-term average across international equity markets. As of March 31, 2025, MSCI EAFE's forward P/E stood at 15.1 versus a 5-year average of 16.1. MSCI EM ended the quarter with a forward P/E ratio of 12.4, which is slightly below its 5-year average of 13.3.



Source: Bloomberg.

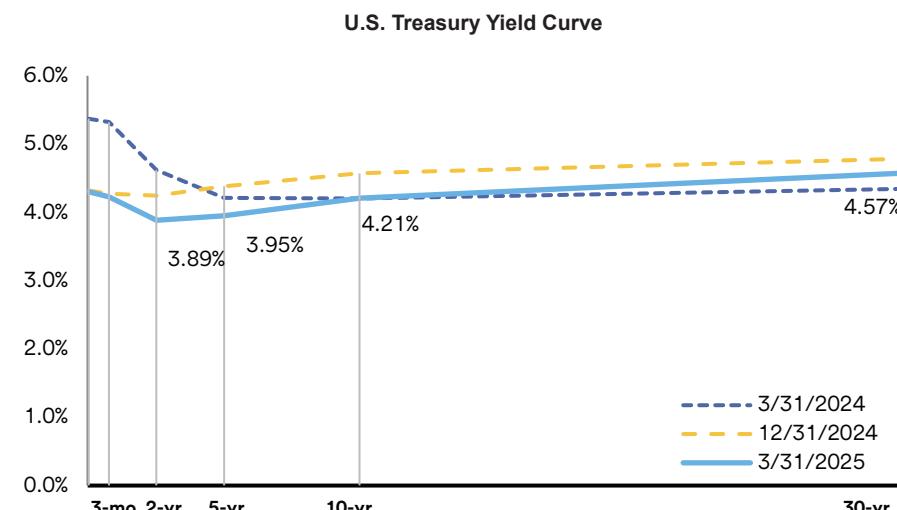


Source: Bloomberg.

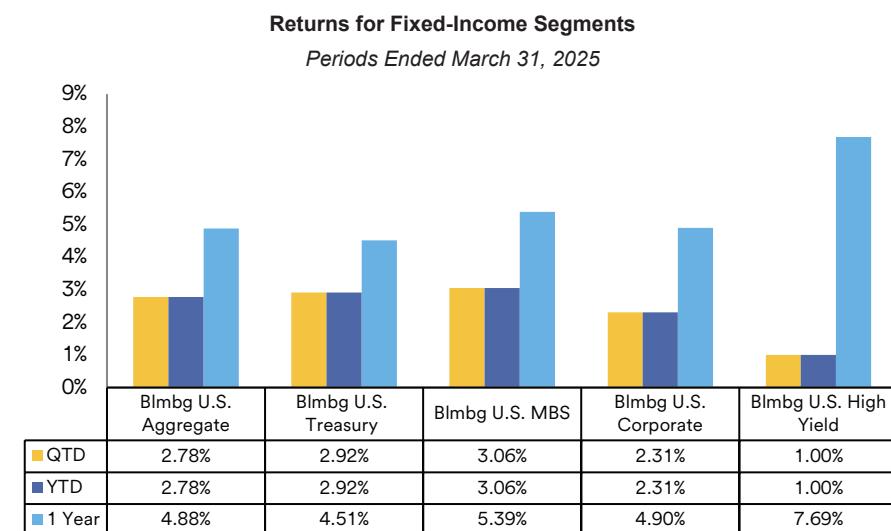
\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

## FIXED INCOME

- The U.S. bond market represented by the Bloomberg U.S. Aggregate (Aggregate) Index saw positive returns in the first quarter, returning 2.8%.
- The Bloomberg U.S. Treasury Index closed the quarter returning 2.9%. During the period, the FOMC held rates steady, continuing to project two cuts for 2025. Rates fell across the curve in the first quarter. The 10-year fell to 4.2%, while the 2-year ended at 3.9%.
- Corporate credit had mixed results for the quarter on the rising rates. The investment-grade (IG) Bloomberg U.S. Corporate (IG Corp) Index returned a 2.4% while High Yield bonds, as represented by the Bloomberg U.S. Corporate High Yield (HY) Index, returned 1.0%. Spreads widened slightly across quality spectrum.
- The fixed-rate mortgage market, as measured by the Bloomberg U.S. Mortgage-Backed Securities (MBS) Index returned 3.1%. On the commercial side, the Bloomberg U.S. Agency CMBS Index returned 2.9% while the non-agency CMBS index posted a return of 2.3%.



Source: Bloomberg.



Source: Bloomberg.

## ALTERNATIVES

► REITs, as measured by the FTSE NAREIT Equity REITs Index, returned 0.9% in the quarter, compared to a -6.2% return in the prior quarter. Three of the nine major sectors saw negative returns. This performance comes as the Fed continued its a more cautious approach to monetary policy easing through the first quarter. Private real estate, as measured by the NCREIF Property Index, gained 0.9% in the fourth quarter of 2024, resulting in a 0.6% return for the year. Q4 marked the second quarter of positive total return in two years as property value declines leveled off across most sectors. Seniors Housing was the top performer, returning 2.1% while office properties continued to fare poorly, returned -0.6%.

► Listed infrastructure, as measured by the S&P Global Infrastructure Index, returned 4.6% in the quarter, compared to a -2.5% decrease in the prior quarter. Performance was mostly positive across the major sectors as interest rates fell. In 2024, 50 private infrastructure funds raised \$77.8 billion, a subdued pace against the backdrop of high inflation, elevated interest rates, and uncertain economic and geopolitical environment. Most of the capital went to funds larger than \$1 billion seeking to capitalize on secular trends around digitalization, decarbonization, and deglobalization. Infrastructure dry powder has fallen from the previous year and stands at \$366.5 billion as of Q2 2024. According to PitchBook, infrastructure funds posted a return of 4.1% in Q3 2024. The asset class has generated an annualized return of 10.8% for the five years ended Q3 2024.

► In 2024, 153 private debt funds raised \$196.1 billion. Short of the previous year's total after a slow start to the year and disappointing fourth quarter. Private debt dry powder remains above the long-term average at \$566.8 billion as of Q2 2024; although over 50% has been outstanding for more than three years. According to PitchBook, private debt funds posted a return of 1.7% in Q3 2024. The asset class has generated an annualized return of 8.4% for the five years ended Q3 2024.

► In 2024, 551 private equity funds raised \$492.3 billion – while slower than 2023 this is a solid pace considering a challenging environment. The bulk of the capital raised went to experienced managers raising capital for funds larger than \$1 billion. Global private equity dry powder, which accounts for the bulk of private capital dry powder, remains high at \$1.7 trillion as of Q2 2024. Recent private equity performance has been muted due to higher borrowing costs and a slowdown in deal activity. According to PitchBook, private equity funds posted a return of 2.8% in Q3 2024. The asset class has generated an annualized return of 17.0% for the five years ended Q3 2024.

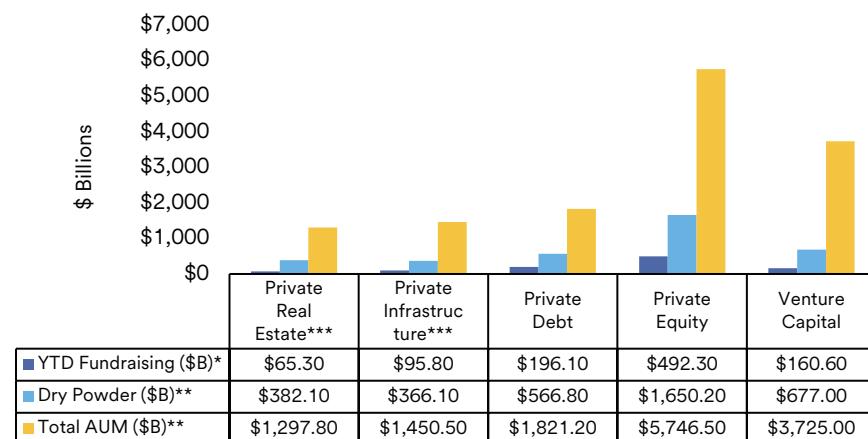
## Returns for Private Capital Assets



Source: NCREIF, PitchBook.

As of September 30, 2024, the most recent period for which all index data is available.

## Private Capital Fundraising & Dry Powder



Sources: Pitchbook.

\* Total capital raised in 2024 as of December 31, 2024 - most recent period for which ALL fundraising data is available.

\*\* Cumulative dry powder and total AUM as of June 30, 2024.

\*\*\* Excluding open-end, evergreen fund vehicles.

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

<h3>Monetary Policy (Global):</h3>  <ul style="list-style-type: none"> <li>Recent uncertainty had led Fed to continue to pause on rate cuts so far this year. Market expects first rate cut in June. Path and magnitude of rate cuts for 2025 remains uncertain.</li> <li>European Central Bank has continued to ease this year while the Bank of Japan has delivered rate hikes – both diverging from the Fed.</li> </ul>	<h3>Economic Growth (Global):</h3>  <ul style="list-style-type: none"> <li>U.S. GDP is expected to grow slower than in 2024. Recession probability is rising, and we are closely watching economic activity indicators.</li> <li>Economic growth outside the U.S. remains modest with some improvement in Eurozone expected due to increased fiscal spending. Tariffs pose growth and inflation risks.</li> </ul>	<h3>Inflation (U.S.):</h3>  <ul style="list-style-type: none"> <li>While inflation has fallen since its peak in 2022, progress towards 2% target remains slow.</li> <li>The Fed has acknowledged higher inflation and slower growth in their recent projections. Proposed tariff policies may put pressure on input costs and goods while demand side pullback could ease some pressure.</li> </ul>
<h3>Financial Conditions (U.S.):</h3>  <ul style="list-style-type: none"> <li>Even after the recent bout of volatility, risk, and credit conditions still point to the stability of financial conditions.</li> <li>While our base case is not for a dramatic shift in conditions, the uncertainty associated with tariff policies could lead to pullback in financial conditions in the near-term.</li> </ul>	<h3>Consumer Spending (U.S.):</h3>  <ul style="list-style-type: none"> <li>Broad consumer metrics are supportive of economic strength. A growing divergence among consumers exists as lower-income cohorts continue to feel more strain due to the higher overall level of prices.</li> <li>An unexpected material deterioration of labor market conditions is the biggest risk to consumer spending.</li> </ul>	<h3>Labor Markets (U.S.):</h3>  <ul style="list-style-type: none"> <li>The labor market remains well-positioned, but continued tariff uncertainty could lead to an increase in unemployment rate. Federal layoffs make up a smaller proportion of overall labor force but sustained slowdown in pace of hiring as negative impact on economic growth expectations.</li> </ul>
<h3>Corporate Fundamentals:</h3>  <ul style="list-style-type: none"> <li>Earnings growth expectations are positive across global equities, but tariff impact need to closely monitored for any impact on profit margins.</li> <li>In the U.S., any tax cuts/deregulation initiatives are positives while near term headwinds from tariff uncertainty could impact both earnings growth expectations and profit margins negatively.</li> </ul>	<h3>Valuations:</h3>  <ul style="list-style-type: none"> <li>U.S. equity experienced increased volatility in Q1, and credit markets widened from historical lows – both still remain expensive relative to history and are susceptible to increased economic uncertainty.</li> <li>International equities look attractive but continued economic and geopolitical uncertainty is leading to increased volatility.</li> </ul>	<h3>Political/Policy Risks:</h3>  <ul style="list-style-type: none"> <li>Geopolitical risks continue to remain elevated. Prospects of peace deal in Middle East and Russia/Ukraine are positives, while reciprocity in global tariffs and strained relationships with major trading partners for the U.S. due to ongoing tariffs cause economic and political uncertainty.</li> </ul>

 Current outlook

 Outlook one quarter ago
Stance Unfavorable  
to Risk Assets

Negative

Slightly Negative

Neutral

Slightly Positive

Positive

Stance Favorable  
to Risk Assets

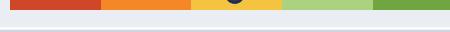
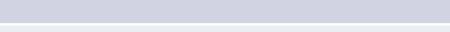
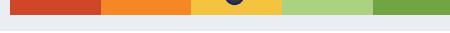
Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (March 31, 2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness, or suitability.

## Long-Term Strategic Approach to Private Capital/Alternatives

Sub-Asset Class	Long-Term Strategic View	Recent Trends
Private Equity	Provide attractive returns with lower correlations to public market equities due to their ability to invest in early-stage growth companies or ability to turnaround a struggling firm.	<ul style="list-style-type: none"> <li>Higher interest rates, wide bid-ask spreads, a lack of deal transparency, and economic uncertainty have been headwinds for this group over the past couple of quarters leading to a decline in activity across the board.</li> <li>Buyout transactions volume increased in Q2 2024; although, transactions have been low YTD 2025 given increased uncertainty, thereby extending this period of lower-than-average distributions.</li> <li>The current environment is favoring strategies such as secondaries and coinvesting while venture capital and growth investing strategies have seen a pull-back.</li> <li>Dry powder for new opportunities remains at historic highs, while valuations had not appreciated to the same degree as public market companies in 2024.</li> </ul>
Private Debt	Provides higher returns than the public market debt due to the ability to customize terms and floating rate structure of most notes.	<ul style="list-style-type: none"> <li>Less leveraged buyout transactions, lowering leverage levels for private companies, and increased competition from banks and private lenders for deal flow has led to spread compression in deals being completed.</li> <li>Higher interest rates are creating attractive credit opportunities in higher risk/return areas of the market.</li> <li>Dislocated real estate market has created new opportunities for alternative lenders.</li> </ul>
Real Assets Real Estate Infrastructure	Provides exposure to inflation sensitive assets that typically generate returns from a combination of capital appreciation and income generation.	<ul style="list-style-type: none"> <li>Real Estate: High interest rates and tight lending standards have been a drag on the real estate market; although, property value declines are leveling off and transaction activity is increasing, suggesting new opportunities on the horizon.</li> <li>Real estate performance is bifurcated and depends on individual property fundamentals. Office generally continues to struggle while sectors with secular demand tailwinds like residential and industrial continue to do well. However, rising commercial real estate distress levels are an area of concern.</li> <li>Infrastructure: The artificial intelligence boom is continuing to drive demand for data centers and improved power generation &amp; transmission capabilities while decarbonization trend is driving demand for clean energy infrastructure.</li> </ul>
Diversifying Hedge Funds	Expected to lower the volatility and correlation within portfolios while providing access to esoteric strategies.	<ul style="list-style-type: none"> <li>FY 2024, equity hedge and event-driven strategies generated strong returns amid strong equity markets and increased market volatility.</li> <li>Relative value outperforming other strategies YTD 2025 given public equity market correction in February.</li> <li>Higher interest rates have contributed to performance of credit strategies.</li> </ul>

*The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc. at the time of distribution (March 31, 2025) and are subject to change.*

## Investment Strategy Overview

Asset Class	Our Q2 2025 Investment Outlook	Comments
U.S. Equities		<ul style="list-style-type: none"> <li>Risks to growth narrative has unnerved the markets leading to pick up to volatility. Tariffs and their possible impact on business and consumer confidence, corporate profit margins, inflation and economic growth has led to increased uncertainty leading us to remain neutral across U.S. equities. We also expect rate cut related volatility to remain as Fed remains data dependent amidst this increased uncertainty.</li> <li>Market performance has broadened beyond the Mag-7 names in Q1. Earnings growth for large caps are also expected to broaden outside of Mag-7, but current macro environment leads to increased uncertainty.</li> <li>Small-caps continued to lag large-caps during the recent sell-off reversing the gains since election. Macro uncertainty and high level of rates are headwinds while attractive valuations and improving earnings expectations are tailwinds.</li> </ul>
		
		
Non-U.S. Equities		<ul style="list-style-type: none"> <li>International equities have outperformed U.S. equities in Q1 and continue to trade at a discount to U.S. equities. Improved sentiment is driven by increased fiscal spending efforts in Europe and continued stimulus in China, but tariff overhang remains for these export-oriented economies.</li> <li>Across Europe and China, we believe that there are structural/geopolitical issues that need to be addressed for long-term sustained outperformance.</li> </ul>
		
		
Fixed Income		<ul style="list-style-type: none"> <li>The Fed continues to be in pause mode as they assess uncertainty amidst widened range of outcomes combined with lower growth and higher unemployment rate as seen in the recent Fed projections. Yields look attractive across the fixed income sectors which leads us to closer to neutral. We maintain duration close to the benchmark duration across the portfolios.</li> <li>Credit markets remain attractive due to strong corporate fundamentals. We remain positive on investment grade but are staying closer to targets on high yield given tighter spreads and rising uncertainty. We continue to closely watch for signs for any distress in the corporate credit space.</li> </ul>
		
		
		
Diversifying Assets		<ul style="list-style-type: none"> <li>During the recent risk-asset sell-off in Q1 in the U.S., listed REITs and listed infrastructure held up well pointing to their characteristics of lower correlation. While the underlying fundamentals within listed real estate and listed infrastructure are healthy, we remain neutral due to ongoing uncertainty regarding economic growth.</li> </ul>
		

 Current outlook

 Outlook one quarter ago

Negative	Slightly Negative	Neutral	Slightly Positive	Positive
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The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (March 31, 2025) and are subject to change.

## SOURCES

### Factset

<https://www.bea.gov/sites/default/files/2024-12/gdp3q24-3rd-fax.pdf>

<https://www.bls.gov/news.release/pdf/empstat.pdf>

<https://www.bls.gov/news.release/pdf/cpi.pdf>

<https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/>

<http://www.sca.isr.umich.edu/>

### NCREIF

### PitchBook

## DISCLOSURES

*Indices shown are not available for investment. The index data reference herein is the property of the index provider and/or its licensors. The index provider assumes no liability in connection with its use and does not sponsor, endorse or recommend the products or services contained herein. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.*

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## **Plan Performance Summary**

**City of Milpitas Section 115 Pension Trust Fund****As of March 31, 2025****Asset Allocation & Performance**

	Allocation			Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	2 Years	3 Years	Since Inception	Inception Date
<b>Total Fund</b>	<b>38,276,712</b>	<b>100.00</b>	<b>0.70</b>	<b>0.70</b>	<b>6.13</b>	<b>9.56</b>	<b>3.76</b>	<b>2.11</b>	<b>07/01/2021</b>
<i>Blended Benchmark</i>			0.71	0.71	6.00	9.12	3.91	2.06	
<b>Domestic Equity</b>	<b>12,286,510</b>	<b>32.10</b>							
Schwab US Large-Cap ETF	11,668,905	30.49	-4.54	-4.54	7.90	18.58	8.73	-1.17	11/01/2024
<i>Russell 1000 Index</i>			-4.49	-4.49	7.82	18.33	8.65	-1.17	
Undisc Managers Behavioral Val R6	377,797	0.99	-3.81	-3.81	-0.23	9.99	5.12	-3.04	11/01/2024
<i>Russell 2000 Value Index</i>			-7.74	-7.74	-3.12	7.26	0.05	-7.27	
Columbia Small Cap Growth Inst3	239,808	0.63	-12.29	-12.29	-3.85	11.55	2.09	-9.22	11/01/2024
<i>Russell 2000 Growth Index</i>			-11.12	-11.12	-4.86	7.00	0.78	-8.39	
<b>International Equity</b>	<b>6,400,042</b>	<b>16.72</b>							
Vanguard Total International Stock ETF	4,175,915	10.91	5.51	5.51	6.41	9.66	4.68	1.77	07/01/2021
Harding Loevner International Equity	453,864	1.19	5.75	5.75	5.34	6.90	3.34	0.08	07/01/2021
<i>MSCI AC World ex USA (Net)</i>			5.23	5.23	6.09	9.61	4.48	1.70	
Goldman Sachs GQG Ptnrs Intl Opportunities	606,546	1.58	8.23	8.23	0.82	15.73	8.64	15.26	09/01/2023
<i>MSCI AC World ex USA (Net)</i>			5.23	5.23	6.09	9.61	4.48	11.04	
Vanguard FTSE Developed Markets ETF	831,121	2.17	6.81	6.81	4.70	9.68	5.32	5.28	03/01/2022
<i>MSCI EAFE (net)</i>			6.86	6.86	4.88	9.98	6.05	6.10	
Hartford Schroders Emerging Markets Equity	332,597	0.87	2.65	2.65	6.79	6.92	0.78	-4.78	07/01/2021
<i>MSCI EM (net)</i>			2.93	2.93	8.09	8.12	1.44	-3.33	

Returns are net of mutual fund fees and are expressed as percentages.

**City of Milpitas Section 115 Pension Trust Fund****As of March 31, 2025****Asset Allocation & Performance**

	Allocation			Year To Date	Performance(%)				
	Market Value (\$)	%	1 Quarter		1 Year	2 Years	3 Years	Since Inception	Inception Date
<b>Fixed Income</b>	<b>19,397,950</b>	<b>50.68</b>							
Baird Core Plus	5,141,552	13.43	2.60	2.60	5.39	4.47	1.44	-0.54	07/01/2021
DoubleLine Core Fixed Income	2,081,650	5.44	2.66	2.66	5.96	4.27	1.07	-0.50	07/01/2021
PGIM Total Return Bond	4,280,754	11.18	2.78	2.78	5.75	5.18	1.29	-0.69	07/01/2021
Voya Intermediate Bond	2,324,912	6.07	2.74	2.74	5.86	4.73	1.22	-0.74	07/01/2021
<i>Blmbg. U.S. Aggregate</i>			2.78	2.78	4.88	3.28	0.52	-1.19	
iShares Core US Aggregate Bond ETF	3,783,591	9.88	2.76	2.76	4.96	3.27	0.53	2.96	02/01/2023
<i>Blmbg. U.S. Aggregate</i>			2.78	2.78	4.88	3.28	0.52	2.97	
iShares Intermediate-Term Corporate Bond ETF	969,099	2.53	2.77	2.77	6.51	5.78	2.44	-0.14	07/01/2021
<i>ICE BofA U.S. Corporate 5-10 Year Index</i>			2.74	2.74	6.47	5.76	2.39	-0.23	
NYLI MacKay High Yield Corp Bond Fund	816,392	2.13	1.18	1.18	6.61	8.08	4.95	3.40	07/01/2021
<i>ICE BofA US High Yield Index</i>			0.94	0.94	7.60	9.31	4.84	3.01	
<b>Cash Equivalent</b>	<b>192,210</b>	<b>0.50</b>							
Allspring Government Money Market Fund	192,210	0.50	1.05	1.05	4.88	5.06	4.21	3.36	07/01/2021
<i>ICE BofA 3 Month U.S. T-Bill</i>			1.02	1.02	4.97	5.11	4.23	3.39	

Returns are net of mutual fund fees and are expressed as percentages.

**City of Milpitas Section 115 Pension Trust Fund****As of March 31, 2025****Comparative Performance**

	<b>Year To Date</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total Fund</b>	<b>0.70</b>	<b>9.68</b>	<b>13.46</b>	<b>-16.34</b>	<b>N/A</b>	<b>N/A</b>
<i>Blended Benchmark</i>	0.71	9.11	13.79	-15.28	N/A	N/A
<b>Domestic Equity</b>						
Schwab US Large-Cap ETF	-4.54	24.91	26.87	-19.45	26.75	20.90
<i>Russell 1000 Index</i>	-4.49	24.51	26.53	-19.13	26.45	20.96
Undisc Managers Behavioral Val R6	-3.81	10.35	14.57	-1.10	34.50	3.62
<i>Russell 2000 Value Index</i>	-7.74	8.05	14.65	-14.48	28.27	4.63
Columbia Small Cap Growth Inst3	-12.29	24.45	26.39	-36.51	-2.54	70.41
<i>Russell 2000 Growth Index</i>	-11.12	15.15	18.66	-26.36	2.83	34.63
<b>International Equity</b>						
Vanguard Total International Stock ETF	5.51	5.20	15.56	-15.99	8.69	11.32
Harding Loevner International Equity	5.75	1.22	15.06	-20.23	8.51	20.33
Goldman Sachs GQG Ptnrs Intl Opportunities	8.23	5.99	21.25	-11.10	12.49	15.77
<i>MSCI AC World ex USA (Net)</i>	5.23	5.53	15.62	-16.00	7.82	10.65
Vanguard FTSE Developed Markets ETF	6.81	3.07	17.77	-15.35	11.49	10.29
<i>MSCI EAFE (net)</i>	6.86	3.82	18.24	-14.45	11.26	7.82
Hartford Schroders Emerging Markets Equity	2.65	7.56	8.79	-22.28	-5.10	23.57
<i>MSCI EM (net)</i>	2.93	7.50	9.83	-20.09	-2.54	18.31
<b>Fixed Income</b>						
Baird Core Plus	2.60	2.54	6.89	-12.87	-1.02	8.80
DoubleLine Core Fixed Income	2.66	3.04	6.43	-12.76	-0.34	5.60
PGIM Total Return Bond	2.78	3.03	7.78	-14.86	-1.15	8.10
Voya Intermediate Bond	2.74	2.93	7.07	-14.16	-0.99	8.22
iShares Core US Aggregate Bond ETF	2.76	1.37	5.59	-13.06	-1.67	7.42
<i>Blmbg. U.S. Aggregate</i>	2.78	1.25	5.53	-13.01	-1.55	7.51
iShares Intermediate-Term Corporate Bond ETF	2.77	3.67	9.17	-14.06	-1.65	9.62
<i>ICE BofA U.S. Corporate 5-10 Year Index</i>	2.74	3.68	8.83	-14.10	-1.40	9.95
NYLI Mackay High Yield Corp Bond Fund	1.18	7.14	11.97	-7.81	5.35	5.28
<i>ICE BofA US High Yield Index</i>	0.94	8.20	13.46	-11.22	5.36	6.17
<b>Cash Equivalent</b>						
Allspring Government Money Market Fund	1.05	5.15	4.98	1.47	0.01	0.34

Returns are net of mutual fund fees.

Returns are expressed as percentages.

**City of Milpitas Section 115 Pension Trust Fund****As of March 31, 2025****Account Reconciliation**

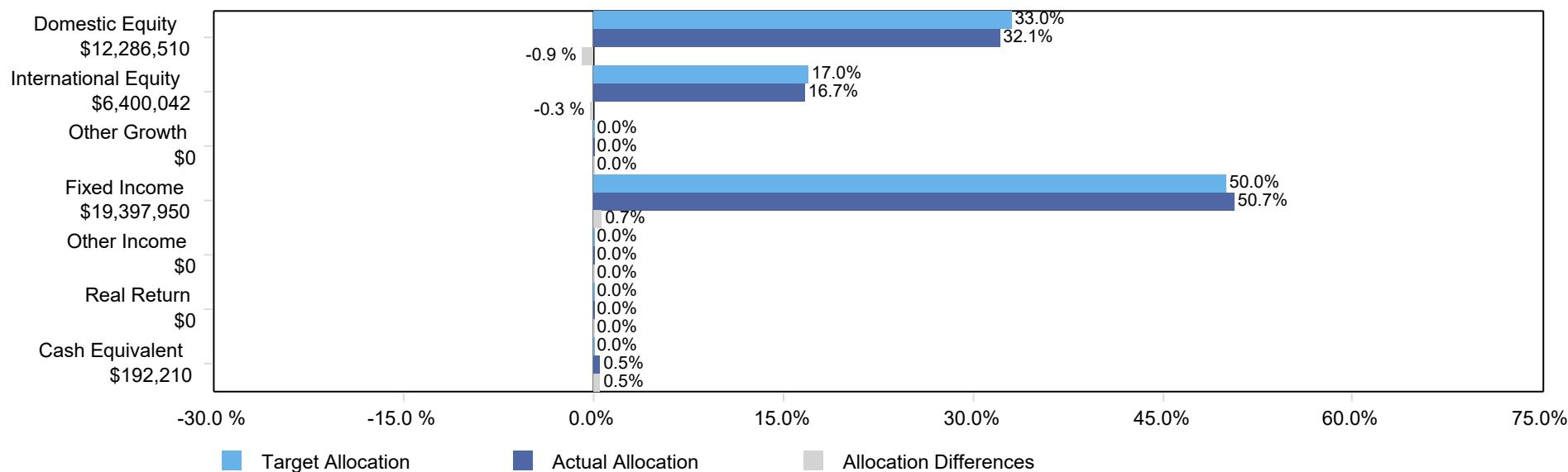
QTR	Market Value As of 01/01/2025	Net Flows	Return On Investment	Market Value As of 03/31/2025
Total Fund	38,010,190	755	265,767	38,276,712

YTD	Market Value As of 01/01/2025	Net Flows	Return On Investment	Market Value As of 03/31/2025
Total Fund	38,010,190	755	265,767	38,276,712

1 Year	Market Value As of 04/01/2024	Net Flows	Return On Investment	Market Value As of 03/31/2025
Total Fund	36,064,029	2,580	2,210,102	38,276,712

**City of Milpitas Section 115 Pension Trust Fund****As of March 31, 2025****Asset Allocation Compliance**

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
<b>Total Fund</b>	<b>100.0</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>	<b>0.0</b>
Domestic Equity	32.1	33.0	13.0	53.0	-0.9
International Equity	16.7	17.0	0.0	37.0	-0.3
Other Growth	0.0	0.0	0.0	15.0	0.0
Fixed Income	50.7	50.0	30.0	70.0	0.7
Other Income	0.0	0.0	0.0	15.0	0.0
Real Return	0.0	0.0	0.0	15.0	0.0
Cash Equivalent	0.5	0.0	0.0	20.0	0.5



**City of Milpitas Section 115 Pension Trust Fund****As of March 31, 2025****Historical Hybrid Composition - Blended Benchmark**

<b>Allocation Mandate</b>	<b>Weight (%)</b>
<b>Jul-2021</b>	
Russell 3000 Index	11.0
MSCI AC World ex USA (Net)	5.7
Blmbg. U.S. Aggregate	16.7
ICE BofA 3 Month U.S. T-Bill	66.7
<b>Aug-2021</b>	
Russell 3000 Index	22.0
MSCI AC World ex USA (Net)	11.3
Blmbg. U.S. Aggregate	33.3
ICE BofA 3 Month U.S. T-Bill	33.3
<b>Sep-2021</b>	
Russell 3000 Index	33.0
MSCI AC World ex USA (Net)	17.0
Blmbg. U.S. Aggregate	50.0

Total weight may not add up to 100% due to rounding

## **Investment Manager Review**

## Investment Manager Overview – Domestic Equity

As of March 31, 2025

### ● Schwab U.S. Large-Cap ETF

- **Management:** Christopher Bliss (since 2017), Jeremy Brown (since 2018), Ferian Juwono (since 2010), and Agnes Zau (since 2022) are all co-portfolio managers and responsible for day-to-day management of the fund.
- **Objective:** The Fund's goal is to track as closely as possible, before fees and expenses, the total return of the Dow Jones U.S. Large-Cap Total Stock Market Index.
- **Strategy:** The Fund employs a “passive management” – or indexing – investment approach designed to track the performance of the Dow Jones U.S. Large-Cap Total Stock Market Index. The index is a subset of the Dow Jones U.S Total Stock Market Index and includes the largest companies ranked 1-750 by market capitalization.

### ● Columbia Small Cap Growth Fund

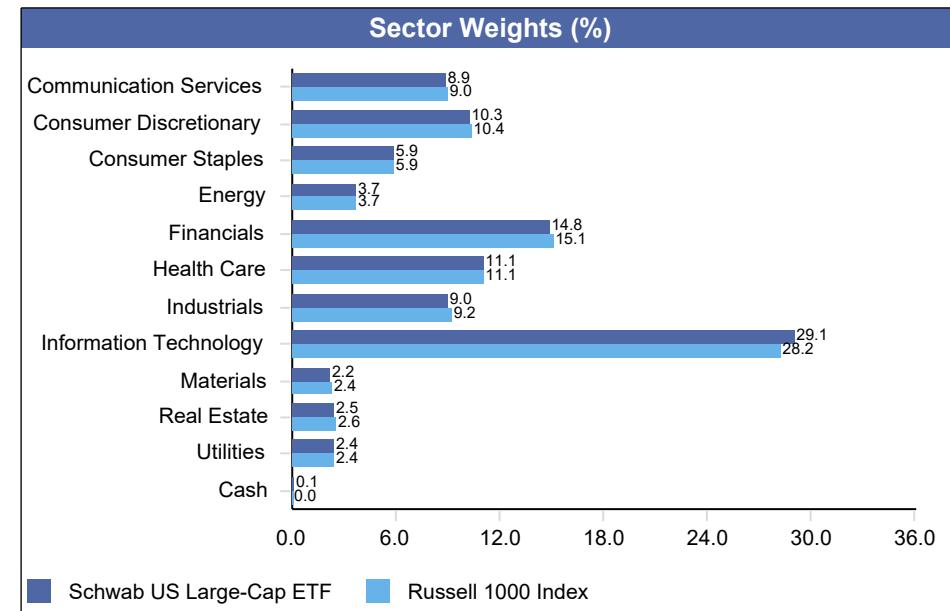
- **Management:** Daniel Cole, CFA (since 2015), Wayne Collette, CFA (since 2006), and Dana Kelley, CFA (since 2022).
- **Objective:** The Columbia Small Cap Growth Team seeks out innovators and niche dominators with elite business models that have the potential to become America's next great growth companies. The team looks for companies that can substantially increase revenues in five years or less, grow cash flow per share faster than revenues, build strong balance sheets, and consistently earn greater than their cost of capital. Every company for consideration undergoes a repeatable 7-step fundamental analysis and intrinsic valuation exercise where they target an average entry price of 70% or less of fair value. Generally holds 65-100 stocks.
- **Strategy:** The portfolio is categorized into 3 buckets of profit life cycle: Power Compounds (60-80% of portfolio), Emerging Compounds (20-30% of portfolio), and Special Situations (0-15% of portfolio). Profit stage diversification allows the strategy to perform across a variety of market environments.

### ● Undiscovered Managers Behavioral Value Fund

- **Management:** The fund is distributed by JPMorgan Asset Management and subadvised by Fuller & Thaler Asset Management. David Potter, CFA (since 2005) is the lead PM and Ryam Lee, CFA (since 2019) is an associate PM.
- **Objective:** Fundamental strategy combining psychological theories with conventional finance to capitalize on predictable investor misbehavior. Fuller & Thaler Asset Management as a firm is a pioneer in applying behavioral finance to portfolio management. The investment team typically identifies opportunities or events as insider buying or share repurchases during a period of weakness for a stock, analyze the market's actions through a behavioral finance lens, and perform fundamental analysis. Portfolio typically holds 75-100 stocks and can exhibit differences in sector weights vs benchmark.
- **Strategy:** Key differentiator of this fund is simplicity of process. Portfolio managers can be expected to be very opportunistic in periods of stress or extreme market overreaction. Buy and sell decisions are both event-driven.

**Portfolio Characteristics****As of March 31, 2025****Schwab US Large-Cap ETF vs. Russell 1000 Index**

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	841,772	818,427
Median Mkt. Cap (\$M)	22,239	14,052
Price/Earnings ratio	25.08	24.85
Price/Book ratio	4.70	4.62
5 Yr. EPS Growth Rate (%)	19.44	19.01
Current Yield (%)	1.37	1.38
Number of Stocks	749	1,007

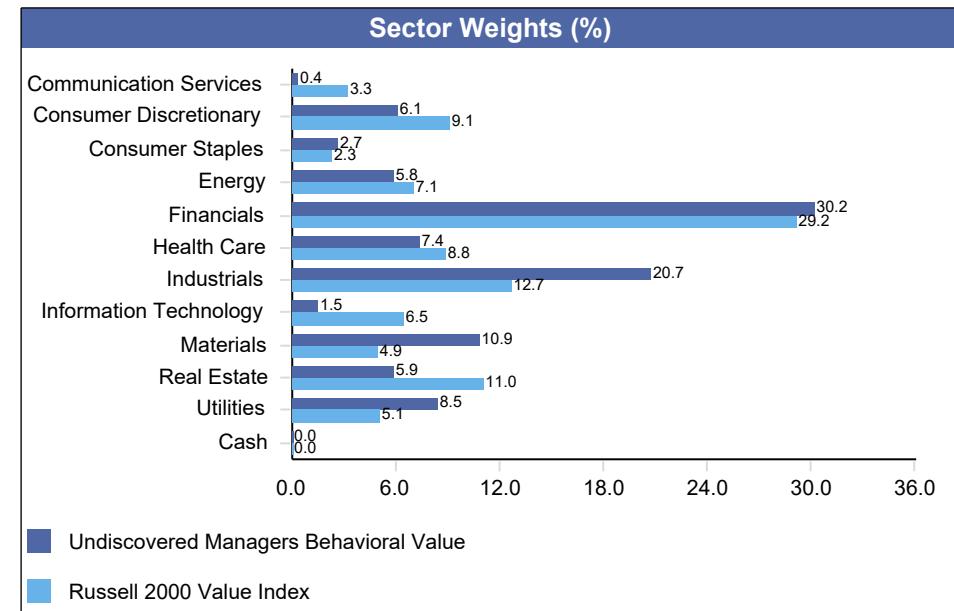


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Apple Inc	6.59	6.36	0.23	-11.20
Microsoft Corp	5.51	5.42	0.09	-10.76
NVIDIA Corporation	5.24	4.93	0.31	-19.29
Amazon.com Inc	3.55	3.47	0.08	-13.28
Meta Platforms Inc	2.49	2.45	0.04	-1.48
Berkshire Hathaway Inc	1.93	1.89	0.04	17.49
Alphabet Inc	1.78	1.77	0.01	-18.21
Broadcom Inc	1.55	1.50	0.05	-27.56
Alphabet Inc	1.46	1.47	-0.01	-17.87
Tesla Inc	1.43	1.40	0.03	-35.83
% of Portfolio	31.53	30.66	0.87	

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
CVS Health Corp	0.17	0.17	0.00	52.79
Celsius Holdings Inc	0.01	0.01	0.00	35.23
Okta Inc	0.03	0.03	0.00	33.53
Philip Morris International Inc	0.49	0.48	0.01	33.06
Newmont Corporation	0.11	0.11	0.00	30.48
BJ's Wholesale Club Holdings Inc	0.03	0.03	0.00	27.70
AT&T Inc	0.40	0.39	0.01	25.79
Consolidated Edison Inc.	0.08	0.07	0.01	25.04
Royal Gold Inc	0.02	0.02	0.00	24.43
AMERISOURCEBERGEN CORP	0.09	0.09	0.00	24.05
% of Portfolio	1.43	1.40	0.03	

**Portfolio Characteristics****As of December 31, 2024****Undiscovered Managers Behavioral Value vs. Russell 2000 Value Index**

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	6,969	2,831
Median Mkt. Cap (\$M)	3,889	787
Price/Earnings ratio	14.75	14.39
Price/Book ratio	1.65	1.60
5 Yr. EPS Growth Rate (%)	7.91	6.44
Current Yield (%)	2.53	2.13
Number of Stocks	103	1,434



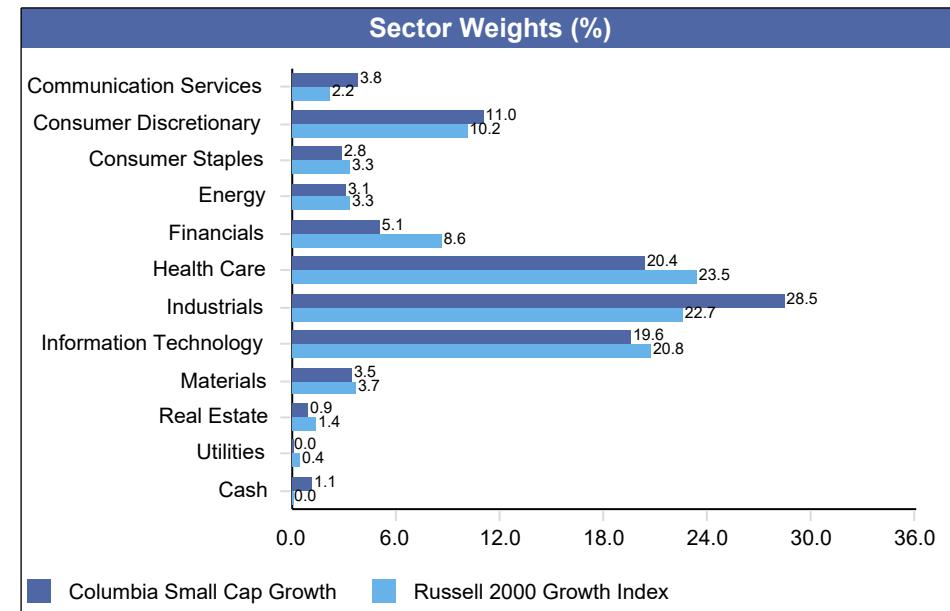
Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
KeyCorp	3.87	0.00	3.87	3.44
Citizens Financial Group Inc	3.47	0.00	3.47	7.60
Old National Bancorp	3.26	0.52	2.74	17.02
Healthpeak Properties Inc	2.88	0.00	2.88	-10.16
Devon Energy Corp	2.83	0.00	2.83	-15.79
F.N.B. Corp	2.60	0.00	2.60	5.50
Graphic Packaging Holding Co	2.57	0.00	2.57	-7.90
Berry Global Group Inc	2.45	0.00	2.45	4.10
AGCO Corp	2.10	0.00	2.10	-4.18
Kemper Corp	2.04	0.00	2.04	8.95
% of Portfolio	28.07	0.52	27.55	

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
JBT Marel Corporation	0.82	0.43	0.39	29.13
Primo Brands Corp	1.11	0.33	0.78	26.23
Integra LifeSciences Holdings Corp	0.77	0.12	0.65	24.82
Marriott Vacations Worldwide Corp	1.07	0.00	1.07	23.28
Advance Auto Parts Inc.	1.29	0.00	1.29	22.10
CVB Financial Corp	0.43	0.22	0.21	21.27
NCR Atleos Corp	0.68	0.00	0.68	18.89
Brookline Bancorp Inc	0.47	0.08	0.39	18.22
Beacon Roofing Supply Inc	0.47	0.03	0.44	17.53
Range Resources Corp.	1.57	0.00	1.57	17.23
% of Portfolio	8.68	1.21	7.47	

**Portfolio Characteristics****As of December 31, 2024**

## Columbia Small Cap Growth vs. Russell 2000 Growth Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	8,065	4,306
Median Mkt. Cap (\$M)	5,461	1,153
Price/Earnings ratio	33.99	24.01
Price/Book ratio	4.79	4.22
5 Yr. EPS Growth Rate (%)	15.41	18.75
Current Yield (%)	0.33	0.57
Number of Stocks	94	1,117



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
RBC Bearings Inc	2.97	0.00	2.97	-0.08
FTAI Aviation Ltd	2.81	1.06	1.75	8.59
XPO Inc	2.81	0.00	2.81	21.99
Glaukos Corp	2.80	0.53	2.27	15.09
Astera Labs Inc	2.68	0.00	2.68	152.82
Carpenter Technology Corp	2.60	0.59	2.01	6.48
Saia Inc	2.57	0.00	2.57	4.22
Bio-Techne Corp	2.55	0.00	2.55	-9.79
Kratos Defense & Security Solns. Inc	2.51	0.13	2.38	13.22
ICU Medical Inc	2.11	0.00	2.11	-14.84
% of Portfolio	26.41	2.31	24.10	

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Rocket Lab USA Inc	0.96	0.64	0.32	161.77
Astera Labs Inc	2.68	0.00	2.68	152.82
Credo Technology Group Holding Ltd	1.82	0.69	1.13	118.21
Brinker International Inc.	0.68	0.38	0.30	72.86
Dutch Bros Inc	0.97	0.00	0.97	63.53
Chart Industries Inc	0.75	0.60	0.15	53.73
InterDigital Inc	1.32	0.36	0.96	37.20
Semtech Corp	1.67	0.33	1.34	35.46
Sun Country Airlines Holdings Inc	1.25	0.02	1.23	30.06
Aehr Test Systems	0.53	0.03	0.50	29.42
% of Portfolio	12.63	3.05	9.58	

## Investment Manager Overview – International Equity

As of March 31, 2025

### ● Vanguard Total International Stock Index

- **Management:** The Fund is co-managed by Michael Perre, Christine Franquin, and Jeffrey Miller. Mr. Perre has advised the Fund since 2008, Ms. Franquin has advised the fund since 2017, and Mr. Miller has advised the fund since February 2025. They have been in the investment industry since 1990, 2000, and 2007, respectively.
- **Objective:** The Fund seeks to track the performance of a benchmark index that measures the investment return of stocks across all market capitalizations issued by companies domiciled in both emerging markets and developed markets outside the United States.
- **Strategy:** The Fund employs a “passive management” – or indexing – investment approach that seeks to track the investment performance of the FTSE Global All Cap ex U.S. Index, an unmanaged benchmark representing stocks from global developed and emerging markets, excluding the United States, across the market capitalization spectrum.

### ● Harding Loevner International Equity

- **Management:** The fund is co-managed by Ferrill Roll and Andrew West, each managing 50% of the portfolio. The two have been with Harding Loevner since 1996 and 2006, respectively. The portfolio managers are supported by a group of 29 global sector and region analysts.
- **Objective:** The fund managers seek outperformance relative to MSCI ACWI ex US by investing in high quality growing businesses that are trading at reasonable valuations.
- **Strategy:** The investment team pairs quantitative and qualitative analysis to create a portfolio comprised of four parts: competitive advantage, quality management, financial strength, and sustainable growth. The two portfolio managers rely heavily on the global analysts’ buy/hold/sell recommendation that is determined through deep fundamental analysis on companies.

### ● Goldman Sachs GQG Partners International Opportunities

- **Management:** The fund is managed by a team of four portfolio managers led by Rajiv Jain, GQG Partners’ Chairman and Chief Investment Officer. Rajiv has been managing the fund since its inception in 2016. Brian Kersmanc, Sudarshan Murthy, and Siddarth Jain have been co-portfolio managers since 2019, 2022, and 2024, respectively.
- **Objective:** The Fund seeks long-term capital appreciation.
- **Strategy:** The Fund seeks a focused portfolio of international companies that have sustainable long-term growth prospects at a reasonable price. The strategy employs a bottom-up fundamental process for identifying and investing in stocks with a high probability of compounding capital over the next five years. Each potential holding is rigorously evaluated through a fundamental approach based on the strength of the business, growth potential, revenue drivers, and valuations.

## Investment Manager Overview – International Equity

As of March 31, 2025

### ● Vanguard FTSE Developed Markets ETF

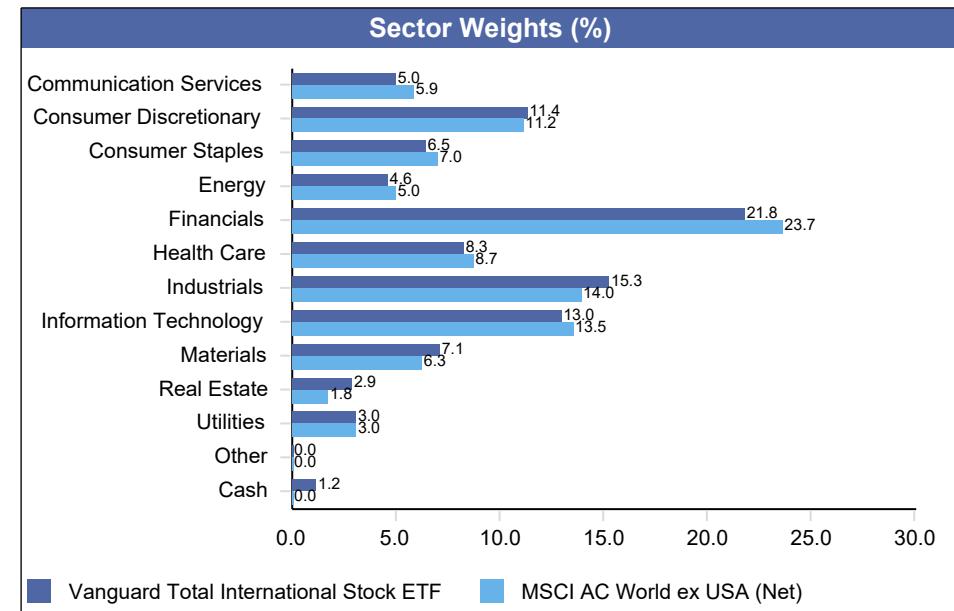
- **Management:** The Fund is co-managed by Christine Franquin, Michael Perre, and Nicole Brubaker. Ms. Franquin has advised the fund since 2013, Mr. Perre has advised the fund since 2017, and Ms. Brubaker has advised the fund since 2025. They have been in the investment management industry since 2000, 1990, and 2018, respectively.
- **Objective:** The Fund seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in Canada and the major markets of Europe and the Pacific region.
- **Strategy:** The Fund employs a “passive management” – or indexing – investment approach that seeks to track the investment performance of the FTSE Developed All Cap ex US Index, a market-capitalization-weighted index made up of stocks of large-, mid-, and small-cap companies located in Canada and the major markets of Europe and the Pacific region.

### ● Schroders Emerging Markets Equity

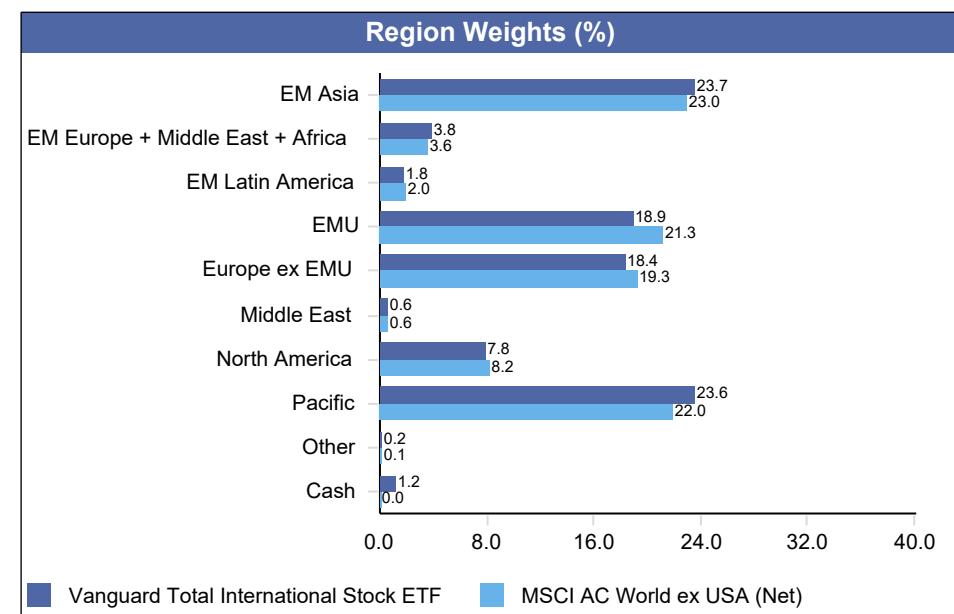
- **Management:** The fund is managed by a team of six portfolio managers led by Tom Wilson, Schroders' Head of Emerging Markets Equity. He has worked at Schroders since 2001 and has been involved with emerging markets equities at Schroders since 2004.
- **Objective:** The Fund seeks capital appreciation.
- **Strategy:** The Fund employs an actively managed approach that combines fundamental, bottom-up stock research with a quantitative country allocation process. Country rankings are prepared through evaluation of valuation, growth, currency, momentum, and interest rates. Stock level research targets a core universe of the most liquid stocks in the emerging markets universe, utilizing a relative value approach for stocks across the growth/value spectrum without any systematic style bias. Comprehensive risk controls are employed to keep factor exposures in check and constrain strategy-level tracking error to moderate levels.

**Portfolio Characteristics****As of December 31, 2024****Vanguard Total International Stock ETF vs. MSCI AC World ex USA (Net)**

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	90,104	107,606
Median Mkt. Cap (\$M)	1,781	9,818
Price/Earnings ratio	15.45	15.83
Price/Book ratio	2.46	2.53
5 Yr. EPS Growth Rate (%)	12.03	12.03
Current Yield (%)	2.99	2.98
Number of Stocks	8,392	2,058

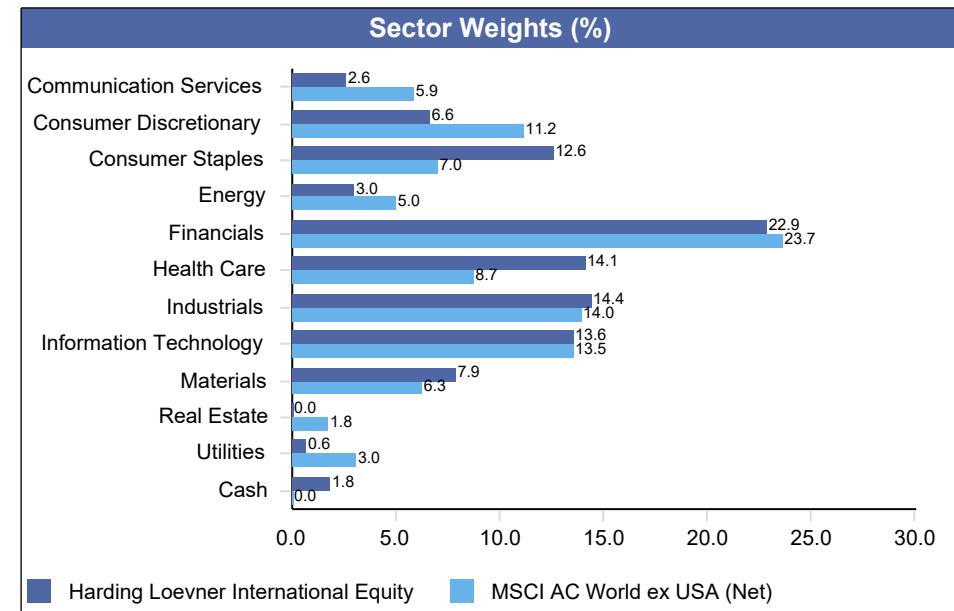


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co	2.57	3.12	-0.55	8.84
CASH	1.17	0.00	1.17	N/A
Tencent Holdings LTD	1.09	1.35	-0.26	-6.21
ASML Holding NV	0.90	1.09	-0.19	-15.35
SAP SE	0.88	0.99	-0.11	7.26
Novo Nordisk A/S	0.88	1.08	-0.20	-26.42
Toyota Motor Corp	0.76	0.79	-0.03	12.62
Nestle SA, Cham Und Vevey	0.70	0.84	-0.14	-17.96
Astrazeneca PLC	0.64	0.79	-0.15	-15.66
Novartis AG	0.64	0.75	-0.11	-15.01
% of Portfolio	10.23	10.80	-0.57	

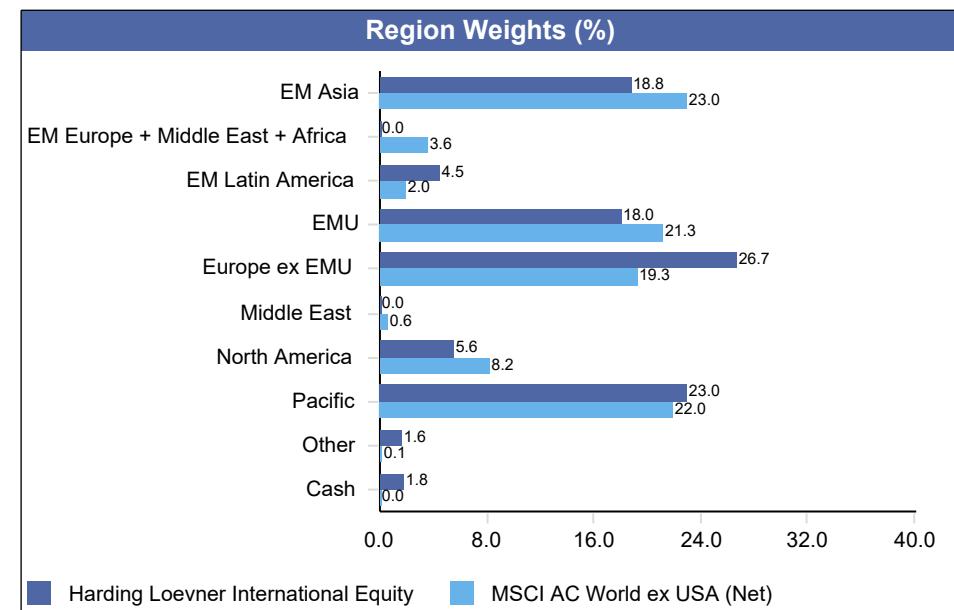


**Portfolio Characteristics****As of December 31, 2024****Harding Loevner International Equity vs. MSCI AC World ex USA (Net)**

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	119,184	107,606
Median Mkt. Cap (\$M)	42,626	9,818
Price/Earnings ratio	17.69	15.83
Price/Book ratio	2.77	2.53
5 Yr. EPS Growth Rate (%)	9.92	12.03
Current Yield (%)	2.67	2.98
Number of Stocks	61	2,058



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co ADR	3.93	3.12	0.81	14.08
DBS Group Holdings Ltd	3.87	0.25	3.62	9.33
HDFC Bank Limited	3.32	0.45	2.87	2.08
Chugai Pharmaceutical Co Ltd	3.12	0.12	3.00	-8.10
Allianz SE	3.08	0.46	2.62	-6.93
Manulife Financial Corp	3.08	0.21	2.87	4.70
Haleon plc	2.98	0.14	2.84	-10.32
Shell Plc	2.97	0.74	2.23	-3.65
Schneider Electric S E	2.89	0.53	2.36	-5.37
Sony Group Corporation	2.83	0.52	2.31	10.40
% of Portfolio	32.07	6.54	25.53	

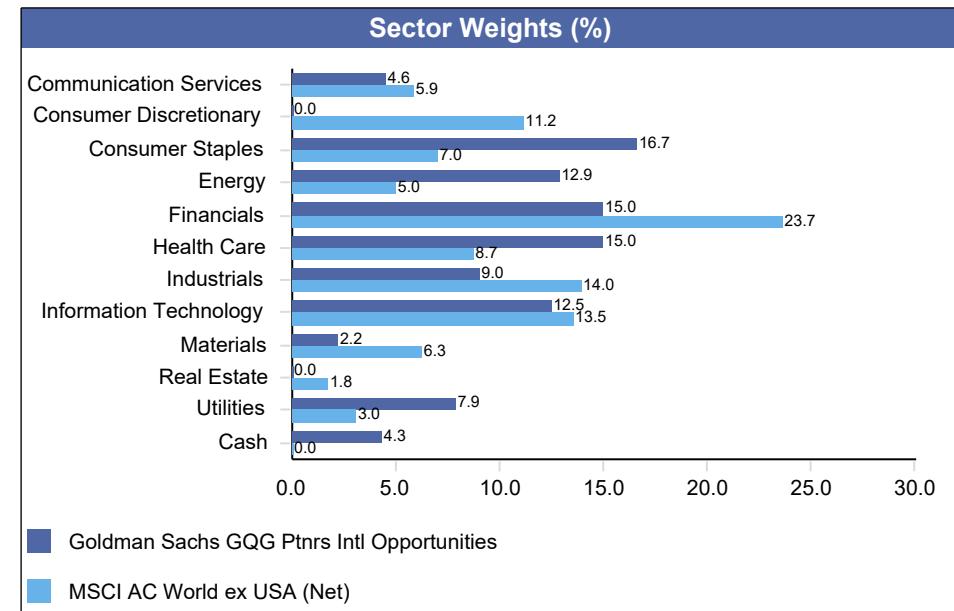


## Portfolio Characteristics

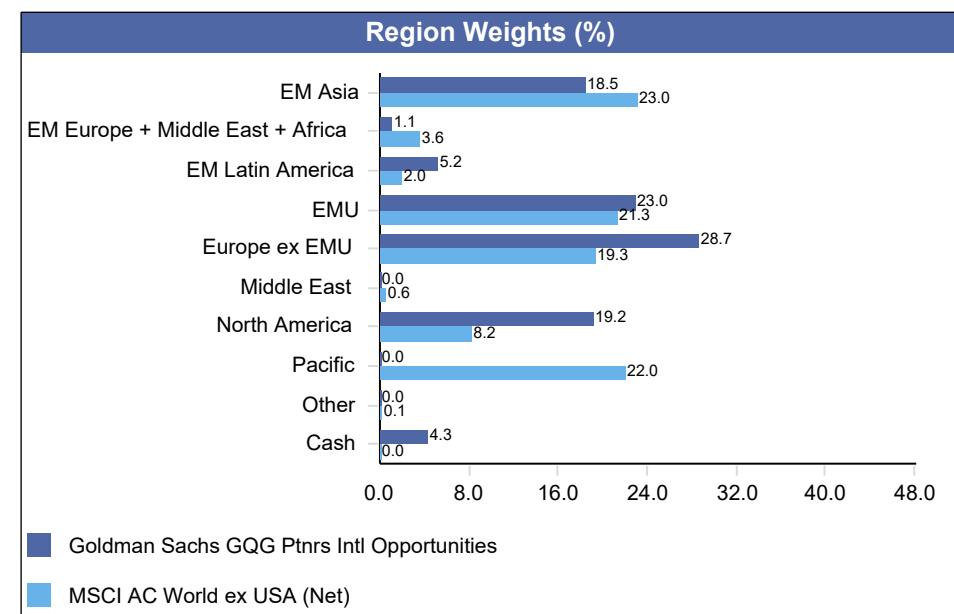
As of December 31, 2024

## Goldman Sachs GQG Ptnrs Intl Opportunities vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	248,389	107,606
Median Mkt. Cap (\$M)	80,248	9,818
Price/Earnings ratio	18.05	15.83
Price/Book ratio	2.75	2.53
5 Yr. EPS Growth Rate (%)	17.54	12.03
Current Yield (%)	3.73	2.98
Number of Stocks	66	2,058



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
SAP SE	5.62	0.99	4.63	7.26
Philip Morris International Inc	5.53	0.00	5.53	0.23
Novo Nordisk A/S	5.43	1.08	4.35	-26.42
Astrazeneca PLC	4.59	0.79	3.80	-15.66
CASH	4.32	0.00	4.32	N/A
TotalEnergies SE	3.46	0.46	3.00	-15.35
Enbridge Inc	3.39	0.36	3.03	5.92
Taiwan Semicon Manu Co	3.33	3.12	0.21	8.84
Novartis AG	2.92	0.75	2.17	-15.01
Procter & Gamble Co (The)	2.37	0.00	2.37	-2.64
% of Portfolio	40.96	7.55	33.41	

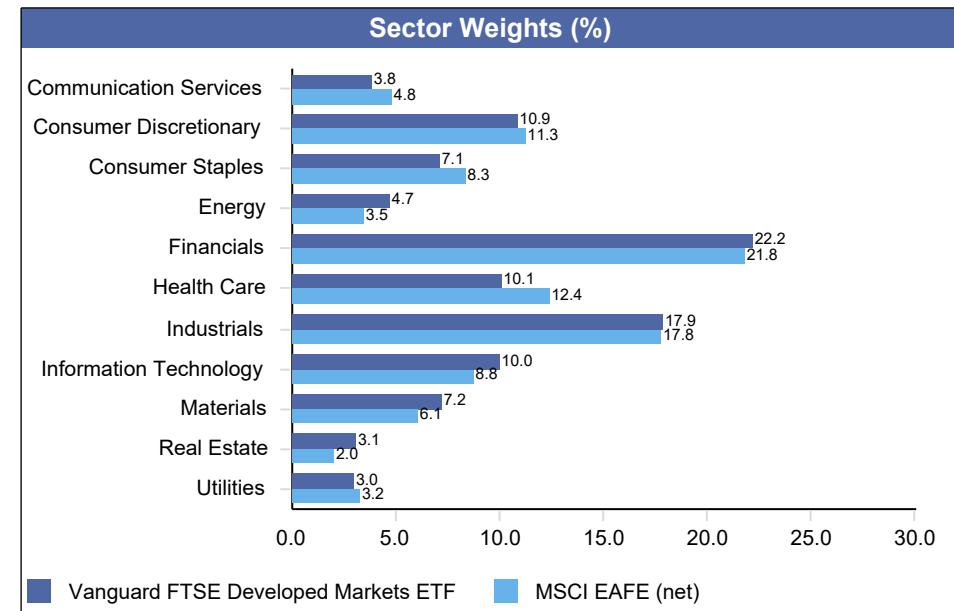


## Portfolio Characteristics

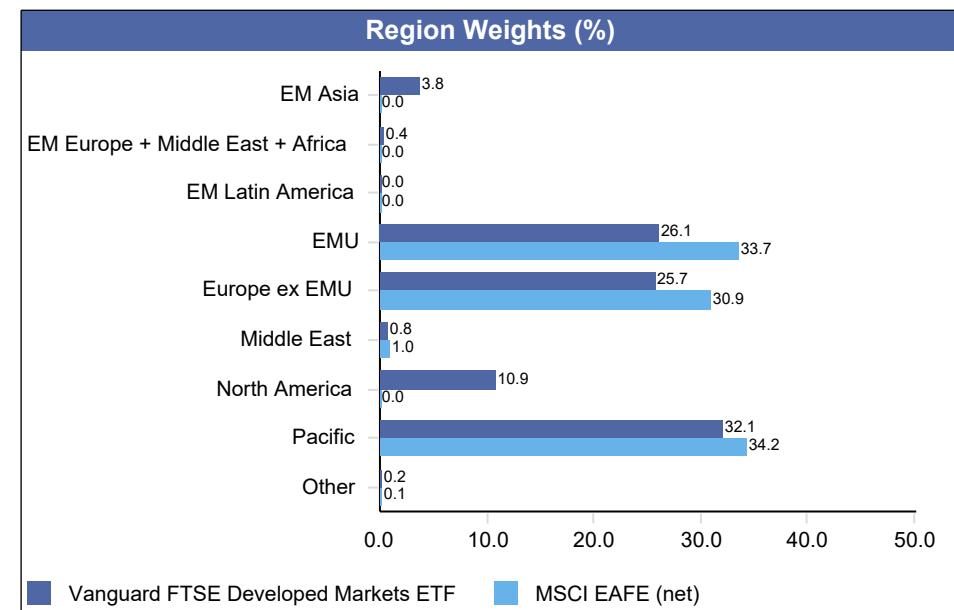
As of December 31, 2024

## Vanguard FTSE Developed Markets ETF vs. MSCI EAFE (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	71,396	85,872
Median Mkt. Cap (\$M)	1,637	14,529
Price/Earnings ratio	15.72	16.43
Price/Book ratio	2.36	2.48
5 Yr. EPS Growth Rate (%)	10.33	10.58
Current Yield (%)	3.09	3.13
Beta (5 Years, Monthly)	1.05	1.00
Number of Stocks	3,904	722

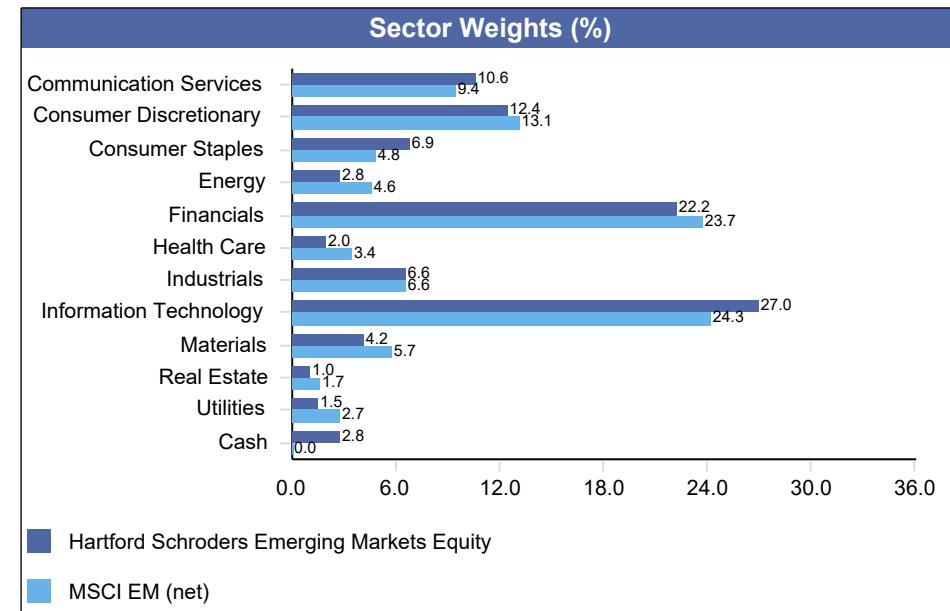


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
ASML Holding NV	1.27	1.75	-0.48	-15.35
SAP SE	1.23	1.59	-0.36	7.26
Novo Nordisk A/S	1.23	1.73	-0.50	-26.42
Toyota Motor Corp	1.06	1.28	-0.22	12.62
Nestle SA, Cham Und Vevey	0.97	1.35	-0.38	-17.96
Astrazeneca PLC	0.90	1.26	-0.36	-15.66
Novartis AG	0.90	1.20	-0.30	-15.01
Roche Holding AG	0.89	1.23	-0.34	-12.11
Shell Plc	0.88	1.20	-0.32	-3.65
HSBC Holdings PLC	0.82	1.11	-0.29	10.75
% of Portfolio	10.15	13.70	-3.55	

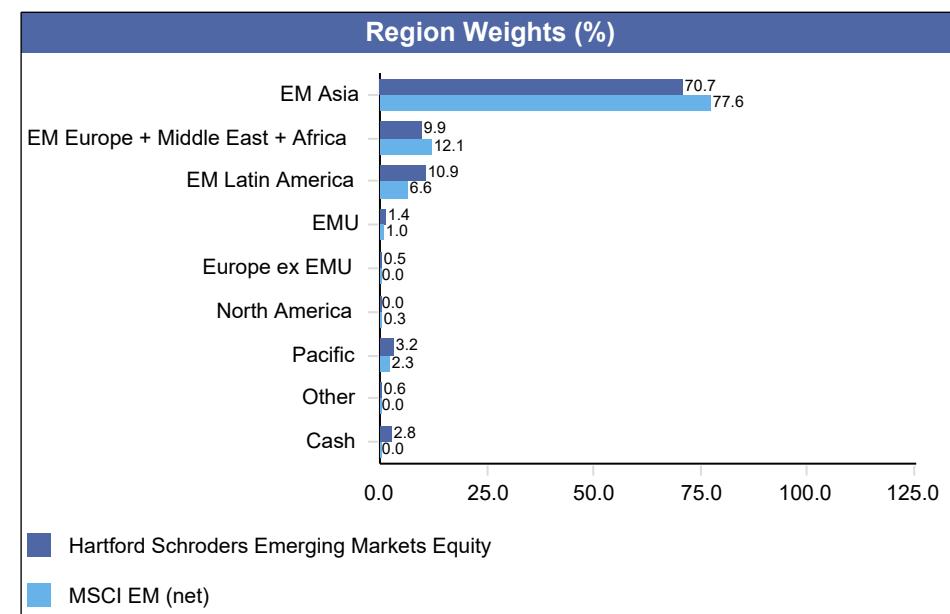


**Portfolio Characteristics****As of December 31, 2024****Hartford Schroders Emerging Markets Equity vs. MSCI EM (net)**

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	182,210	165,630
Median Mkt. Cap (\$M)	20,218	7,597
Price/Earnings ratio	15.67	14.04
Price/Book ratio	2.86	2.79
5 Yr. EPS Growth Rate (%)	20.65	16.70
Current Yield (%)	2.66	2.68
Number of Stocks	111	1,252



Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co	12.24	10.54	1.70	8.84
Tencent Holdings LTD	6.44	4.55	1.89	-6.21
Samsung Electronics Co Ltd	3.14	2.25	0.89	-23.16
CASH	2.79	0.00	2.79	N/A
Meituan	2.29	1.26	1.03	-11.81
HDFC Bank Limited	2.01	1.52	0.49	0.19
Mediatek Incorporation	1.84	0.86	0.98	16.25
Trip com Group Ltd	1.75	0.56	1.19	15.53
Tata Consultancy Services Ltd	1.69	0.56	1.13	-5.87
ICICI Bank Ltd	1.68	1.02	0.66	-1.45
% of Portfolio	35.87	23.12	12.75	



## Investment Manager Overview – Fixed Income

As of March 31, 2025

### ◆ Baird Core Plus

- **Management:** The Fund has been managed by a team of generalist portfolio managers including 4 since its inception in 2000. The most senior trio of the management team has been working together for over 30 years.
- **Objective:** The Fund seeks to maximize long-term total return and achieve an annual return that exceeds its benchmark.
- **Strategy:** The Fund normally invests at least 80% of assets in the following types of U.S. dollar-denominated debt securities: U.S. government, U.S. government agencies, asset-backed and mortgage-backed obligations of U.S. issuers and corporate debt of U.S. and foreign issuers. It invests primarily in investment-grade debt securities but can invest up to 20% of net assets in non-investment grade securities.

### ◆ DoubleLine Core Fixed

- **Management:** Jeff Gundlach, CEO/CIO of DoubleLine Capital has been managing the Fund since 2010. Jeff Sherman, Deputy CIO, has co-managed the Fund since 2016.
- **Objective:** The Fund seeks to maximize current income and total return.
- **Strategy:** The Fund may invest in fixed income securities of any credit quality including up to a third of its net assets in junk bonds, bank loans and assignments rated below investment grade or unrated but determined by the Adviser to be of comparable quality, and credit default swaps of companies in the high yield universe. The Fund may also invest a portion of its net assets in fixed income instruments issued or guaranteed by companies, financial institutions and government entities in emerging market countries. The Fund may pursue its investment objective and obtain exposures to some or all of the asset classes described above by investing in other investment companies, including, ETFs and investment companies sponsored or managed by the Adviser and its affiliates. In managing the Fund's investments, under normal market conditions, the portfolio manager intends to seek to construct an investment portfolio with a weighted average effective duration of no less than two years and no more than eight years.

### ◆ PGIM Total Return

- **Management:** Senior portfolio managers Rich Piccirillo (since 2012) and Greg Peters (co-CIO, 2014) lead the management of the Fund joined by Chief Investment Strategist Robert Tipp (2002) portfolio managers Tyler Thorn (2023) and Matt Angelucci (2023). Michael Collins moved to an advisory role as of 1q24. PGIM Fixed Income is the primary public fixed-income asset management unit of PGIM, a wholly-owned subsidiary of Prudential Financial, Inc.
- **Objective:** The Fund seeks total return by investing in a diversified portfolio of bonds from multiple fixed income sectors.
- **Strategy:** The Fund allocates assets among different debt securities, including (but not limited to) US Government securities, mortgage-related and asset-backed securities, corporate debt securities and foreign securities. The Fund may invest up to 30% of its investable assets in high risk, below investment-grade securities. The Fund may invest up to 30% of its investable assets in foreign debt securities. The Fund has the flexibility to allocate its investments across different sectors of the fixed-income securities markets at varying duration. Up to 25% may be expressed through various derivative strategies.

## Investment Manager Overview – Fixed Income

As of March 31, 2025

### • Voya Intermediate Bond - Core Plus

- **Management:** Eric Stein is the CIO of Fixed Income. Others involved in management of this portfolio include Sean Banai, CFA (Head of Portfolio Management), Dave Goodson (Head of Securitized Fixed Income), Randy Parrish, CFA (Head of Public Credit) and Raj Jadav (Portfolio Manager).
- **Objective:** The strategy seeks to maximize total return through income and capital appreciation
- **Strategy:** The strategy may invest in fixed income securities of any credit quality including up to 20% of its net assets in junk bonds and assignments rated below investment grade or unrated but determined by the manager to be of comparable quality. Duration is managed within plus or minus 1.0 years to the Bloomberg U.S. Aggregate Index. Interest rate derivatives may be used for hedging purposes.

### • iShares Core U.S Aggregate Bond ETF

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

### • iShares Intermediate Corporate Bond

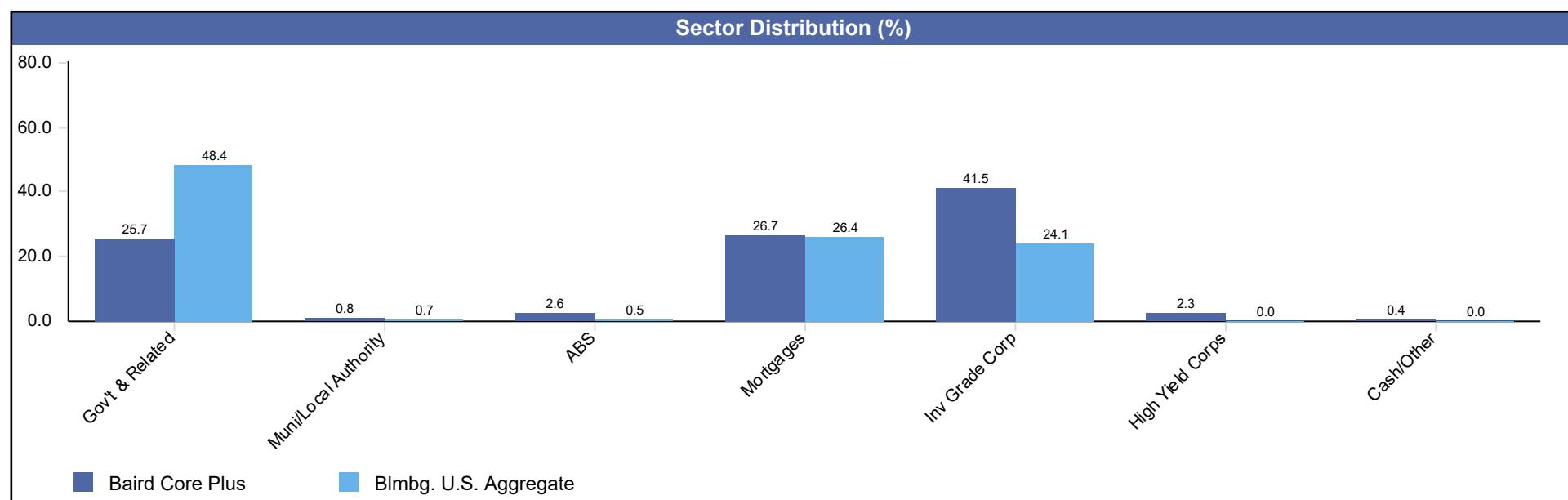
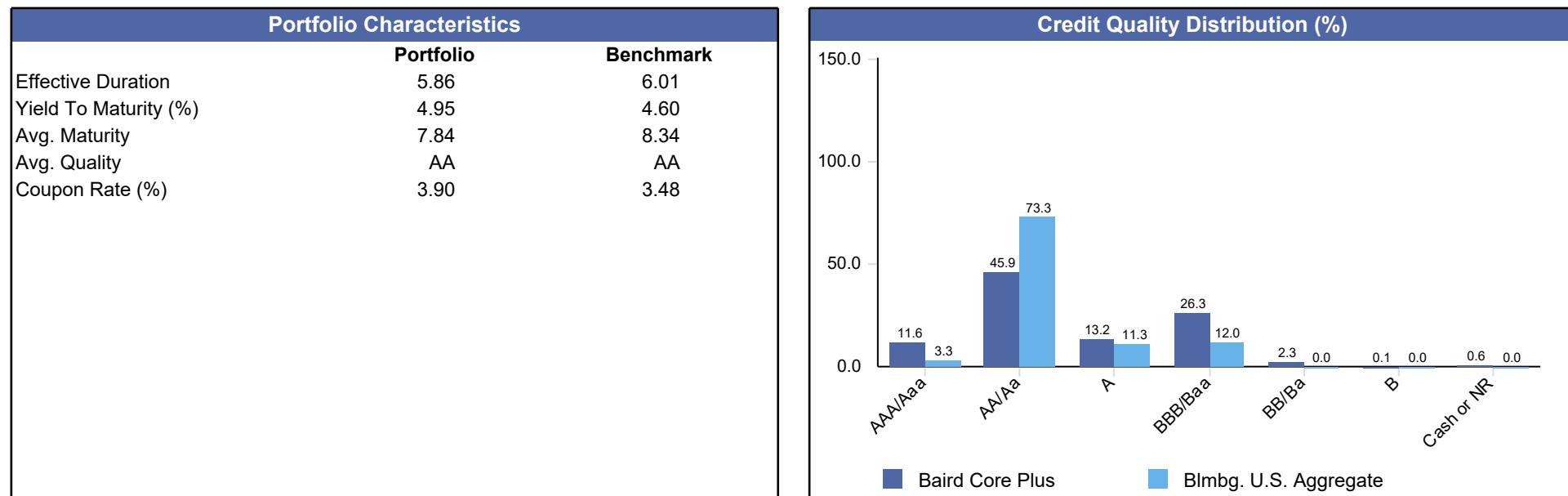
- **Management:** The Fund is managed by James Mauro and Karen Uyehara of BlackRock Fund Advisors
- **Objective:** The Fund seeks to replicate performance and characteristics of ICE BofA 5-10 Yr Corporate Index
- **Strategy:** The Fund seeks to track the investment results of the ICE BofA 5-10 Year US Corporate Index which measures the performance of investment-grade corporate bonds of both U.S. and non-U.S. issuers that are U.S. dollar denominated and publicly issued in the U.S. domestic market and have a remaining maturity of greater than or equal to five years and less than ten years

### • NYLI MacKay Shields High Yield Corporate

- **Management:** Andrew Susser is the lead portfolio manager (since 2013). Dohyun Cha, Won Choi and Nate Hudson were added as co-PMs in February 2024. They are supported by about a dozen analysts and traders.
- **Objective:** To outperform the high yield market over the long term through superior credit selection, while mitigating downside risks.
- **Strategy:** A bottom-up, value-oriented approach to investing in the high yield market. The team sets a minimum of 1.5x asset coverage on the universe of corporate bonds then breaks down the remainder into four risk groups with differing spread levels needed for potential inclusion. The result is a diversified portfolio that may include some exposure to loans or investment grade credits.

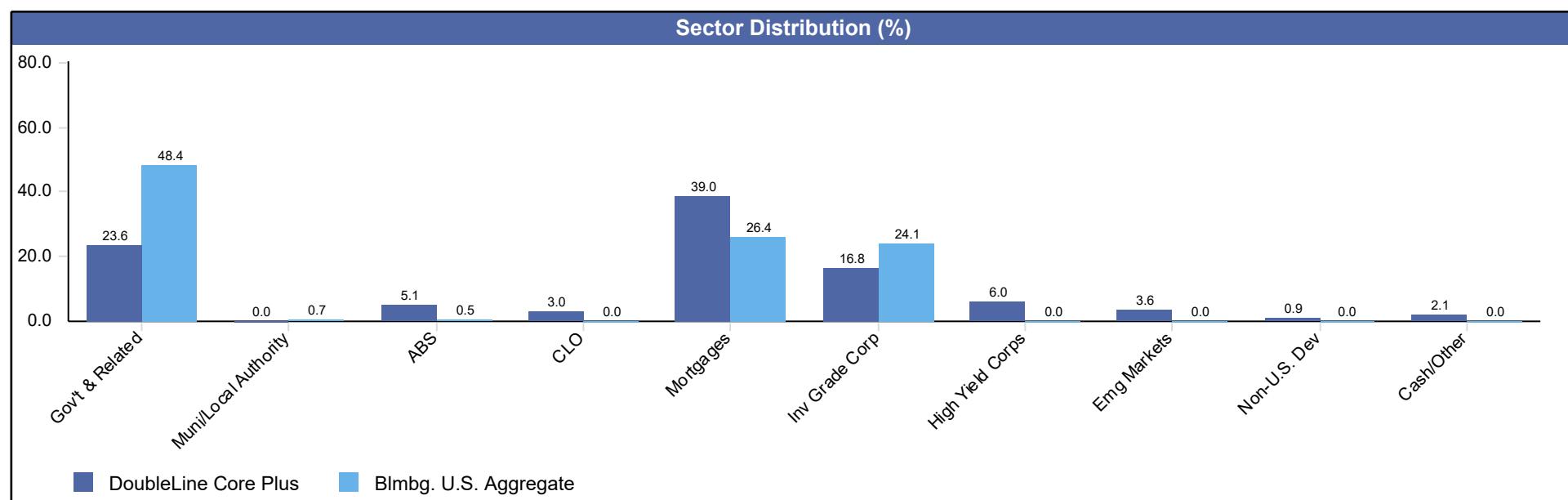
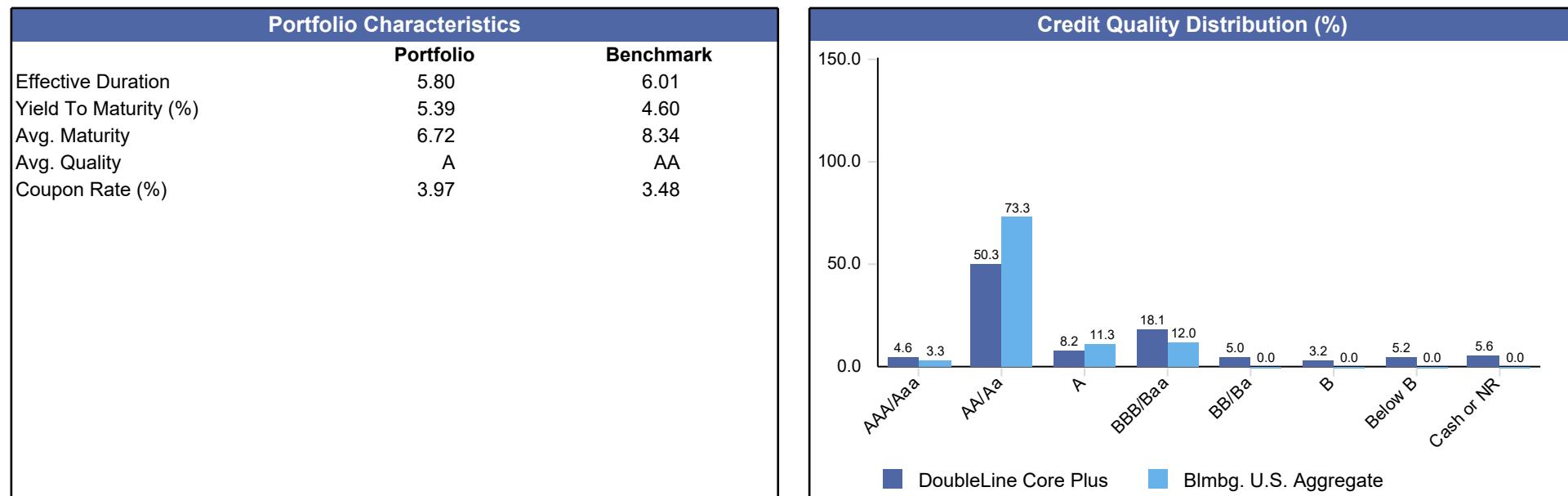
**Portfolio Characteristics****As of March 31, 2025**

Baird Core Plus vs. Blmbg. U.S. Aggregate



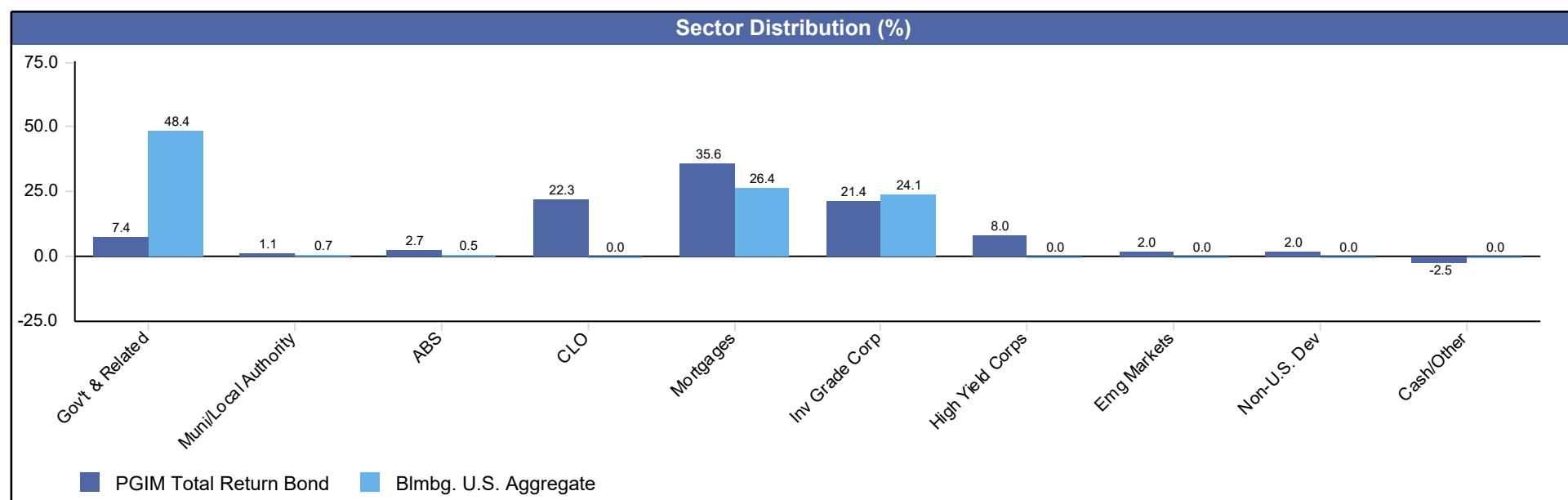
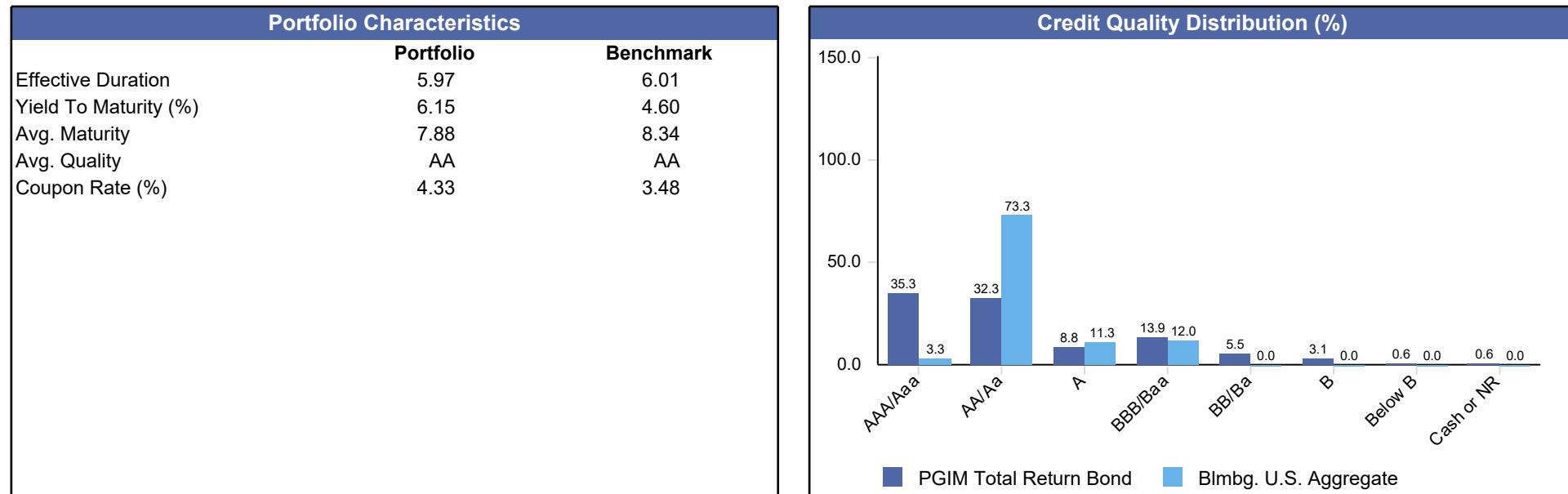
**Portfolio Characteristics****As of March 31, 2025**

DoubleLine Core Plus vs. Blmbg. U.S. Aggregate



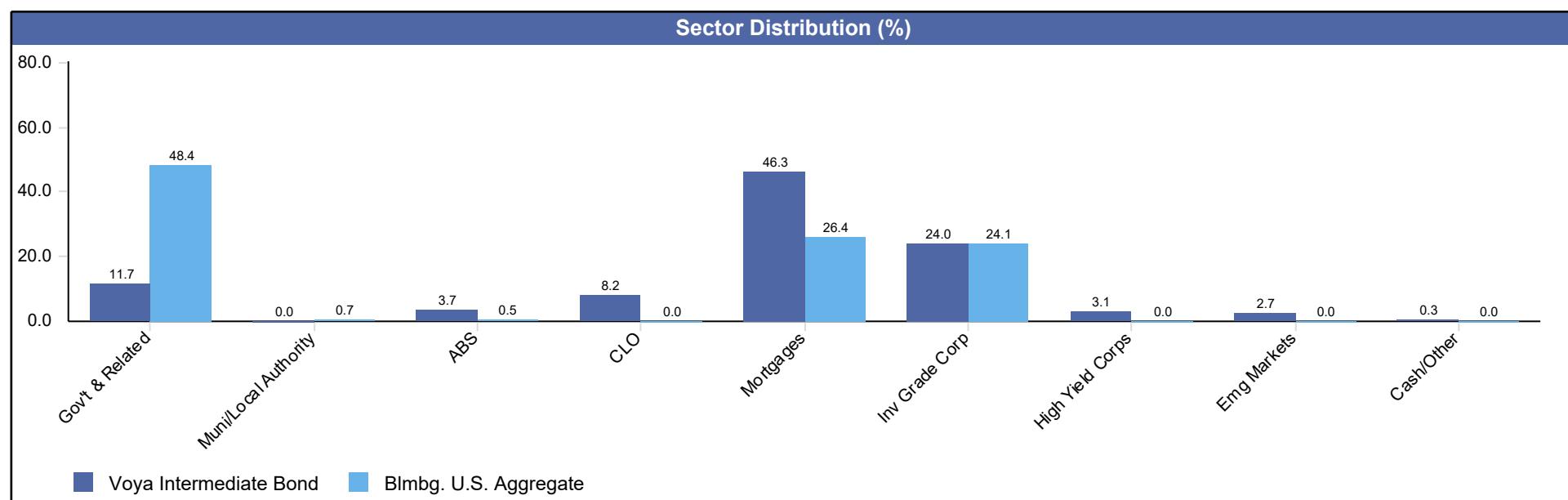
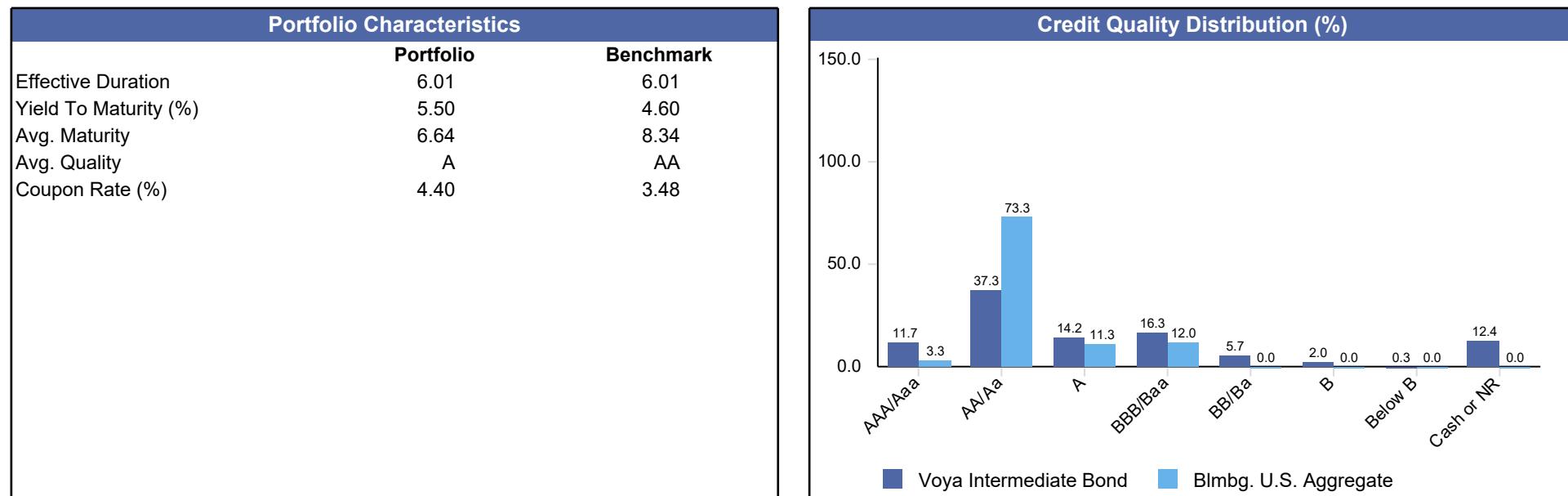
**Portfolio Characteristics****As of March 31, 2025**

PGIM Total Return Bond vs. Blmbg. U.S. Aggregate



**Portfolio Characteristics****As of March 31, 2025**

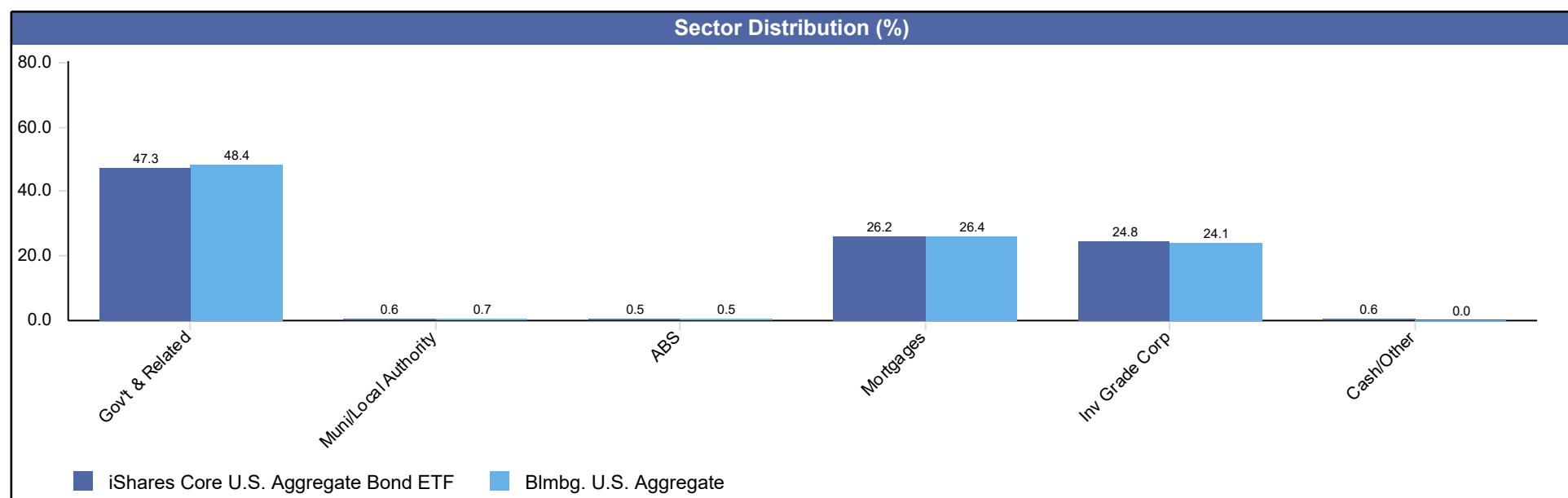
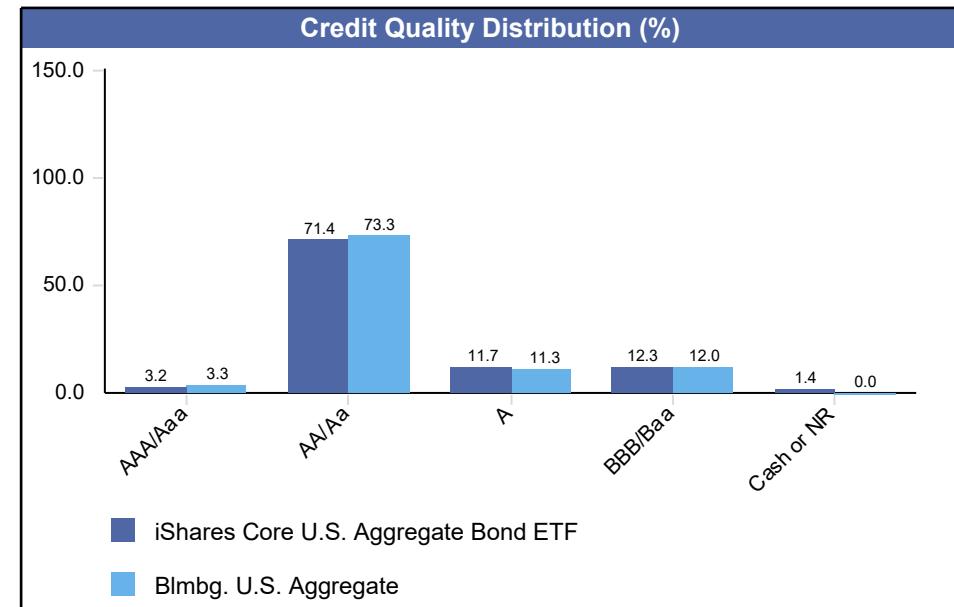
Voya Intermediate Bond vs. Blmbg. U.S. Aggregate



**Portfolio Characteristics****As of March 31, 2025**

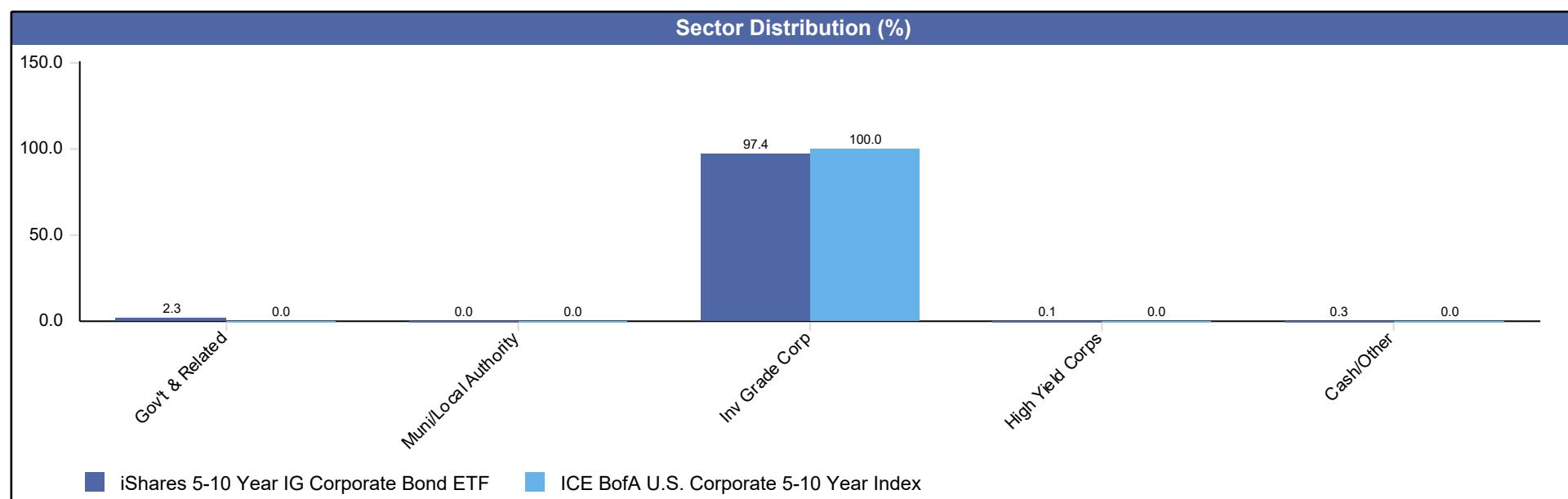
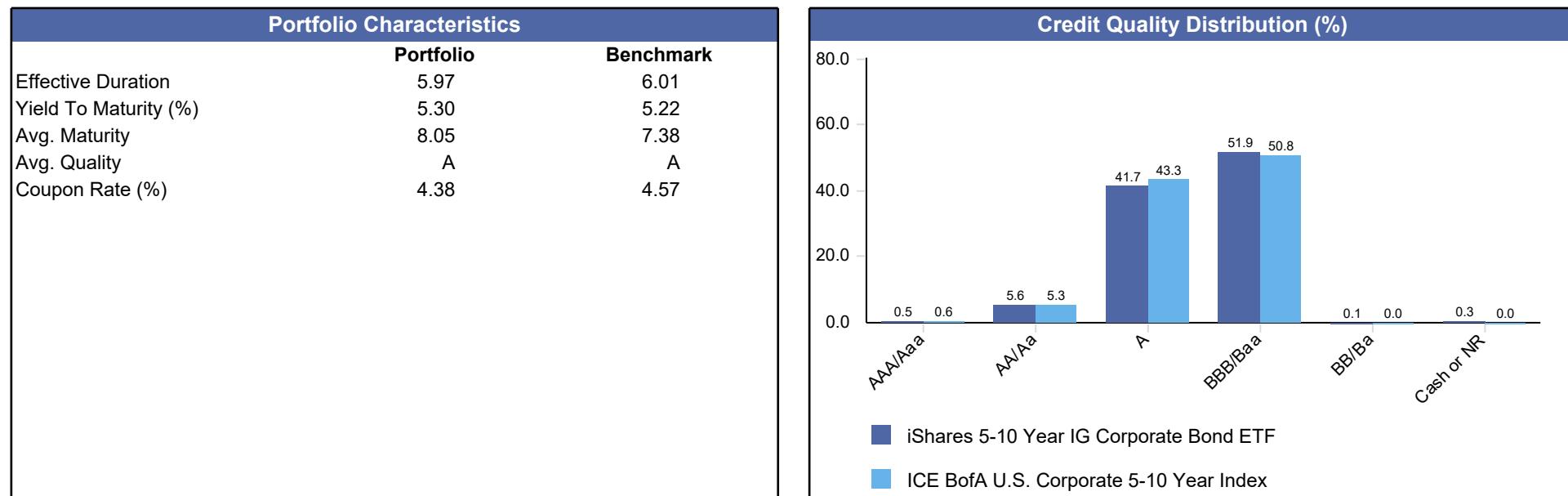
iShares Core U.S. Aggregate Bond ETF vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.00	6.01
Yield To Maturity (%)	4.63	4.60
Avg. Maturity	8.29	8.34
Avg. Quality	AA	AA
Coupon Rate (%)	3.54	3.48



**Portfolio Characteristics****As of March 31, 2025**

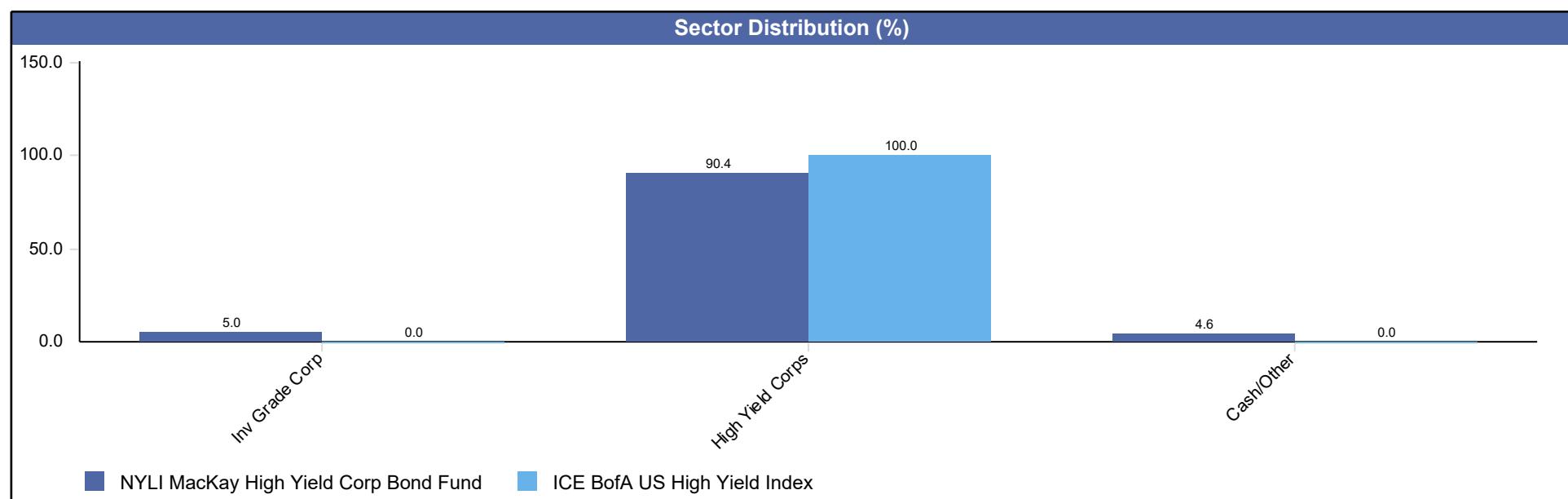
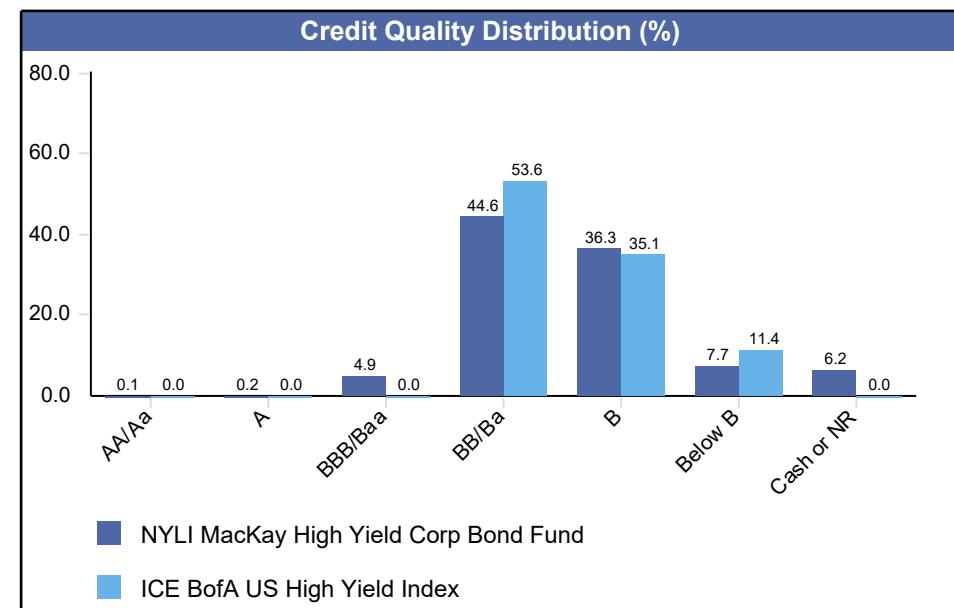
iShares 5-10 Year IG Corporate Bond ETF vs. ICE BofA U.S. Corporate 5-10 Year Index



**Portfolio Characteristics****As of March 31, 2025**

## NYLI MacKay High Yield Corp Bond Fund vs. ICE BofA US High Yield Index

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	2.86	3.19
Yield To Maturity (%)	7.50	7.88
Avg. Maturity	4.39	4.68
Avg. Quality	BB	B
Coupon Rate (%)	6.28	6.53



## IMPORTANT DISCLOSURES

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

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

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## PARS/Milpitas 415(M)- Managed

### **Investment Performance Review For the Quarter Ended March 31, 2025**

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Client Management Team

Andrew Brown, CFA, Sr. Investment Strategist/Portfolio Manager

PFM Asset Management  
A division of U.S. Bancorp Asset Management, Inc.

1 California Street  
Suite 1000  
San Francisco, CA 94111

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43rd Floor  
Philadelphia, PA 19103

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# About PFM Asset Management\*

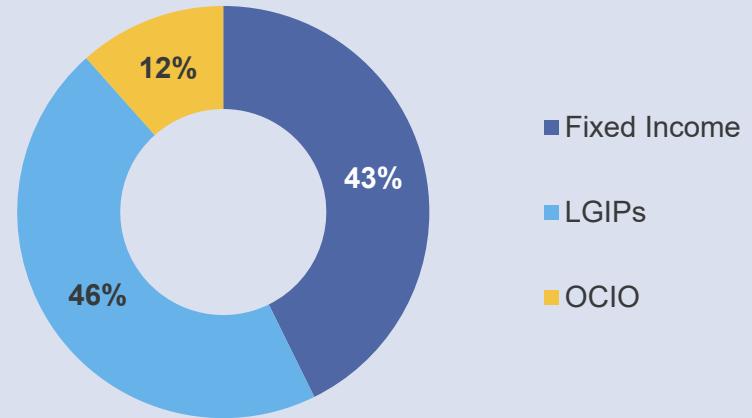
## Our Investment Solutions

- Fixed Income:** High-quality, short- and intermediate-term portfolios for operating funds, reserves, working capital, self-insurance funds and bond proceeds
- Local Government Investment Pools (LGIPs):** services for programs with options ranging from fully liquid cash management to a fixed-rate, fixed-term investment
- Outsourced Chief Investment Officer (OCIO):** Multi-asset class portfolios for institutional investors
- Specialized Solutions:** Arbitrage rebate, escrow restructuring, bond proceeds investments, structured investments

40+ years of experience in the public sector

\$174b in public sector assets under management\*\*

### Assets by Investment Solution<sup>1</sup>



<sup>1</sup>Illustrates public sector assets under management by investment solution as of 12/31/2024. Total may not add up to 100% due to rounding.

\*A division of U.S. Bancorp Asset Management, Inc.

\*\*As of 12/31/2024. Public sector includes Government, Pool and TERM. Total assets under management for U.S. Bancorp Asset Management, Inc. was \$393.9 billion.

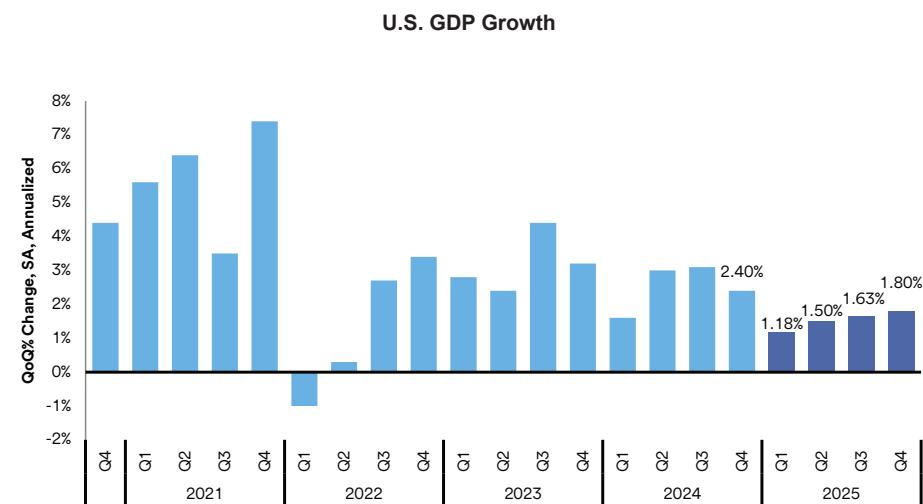
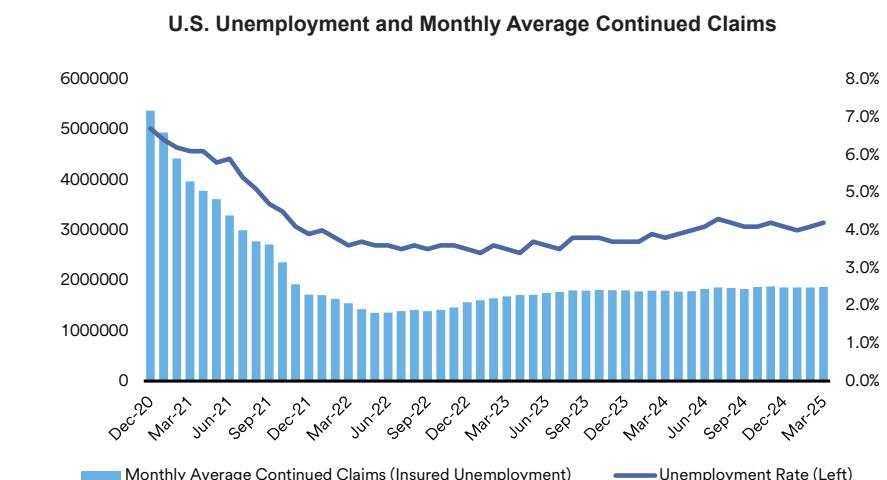
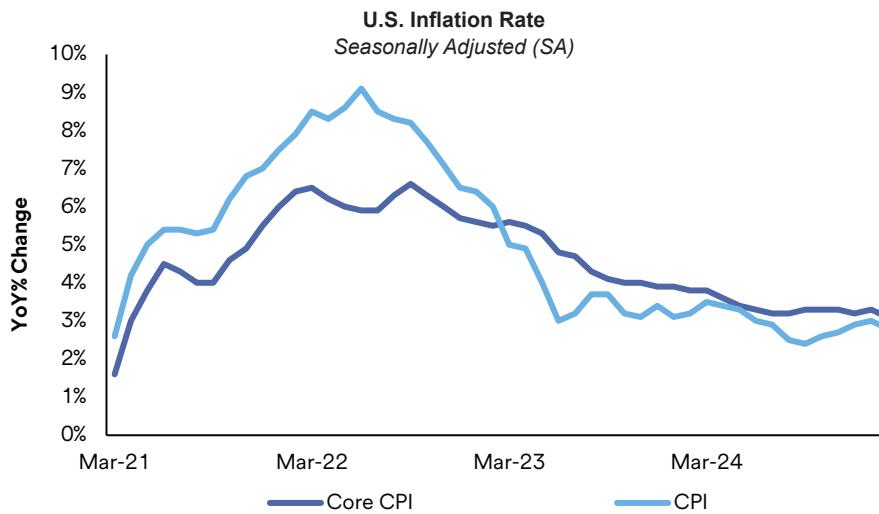
## **Financial Markets & Investment Strategy Review**

Index or Average Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
<b>DOMESTIC EQUITY</b>							
S&P 500 (TR)	-4.27%	-4.27%	8.25%	9.06%	18.58%	13.24%	12.49%
Russell 3000	-4.72%	-4.72%	7.22%	8.21%	18.17%	12.48%	11.79%
Russell 1000 Growth	-9.97%	-9.97%	7.76%	10.09%	20.07%	16.07%	15.11%
Russell 1000	-4.49%	-4.49%	7.82%	8.65%	18.45%	12.94%	12.17%
Russell 1000 Value	2.14%	2.14%	7.18%	6.64%	16.14%	9.18%	8.79%
Russell Midcap	-3.40%	-3.40%	2.59%	4.61%	16.27%	9.17%	8.82%
Russell Midcap Growth	-7.12%	-7.12%	3.57%	6.16%	14.86%	10.55%	10.13%
Russell Midcap Value	-2.11%	-2.11%	2.27%	3.78%	16.69%	7.78%	7.61%
Russell 2000 Growth	-11.12%	-11.12%	-4.86%	0.78%	10.77%	5.03%	6.14%
Russell 2000	-9.48%	-9.48%	-4.01%	0.52%	13.26%	5.41%	6.29%
Russell 2000 Value	-7.74%	-7.74%	-3.12%	0.05%	15.30%	5.31%	6.07%
<b>INTERNATIONAL EQUITY</b>							
MSCI EAFE	6.86%	6.86%	4.88%	6.05%	11.76%	5.32%	5.39%
MSCI AC World	-1.32%	-1.32%	7.15%	6.91%	15.17%	9.14%	8.83%
MSCI AC World ex USA	5.23%	5.23%	6.09%	4.48%	10.91%	4.46%	4.97%
MSCI AC World ex USA Small Cap	0.64%	0.64%	1.87%	0.99%	11.83%	3.22%	5.32%
MSCI EM (Emerging Markets)	2.93%	2.93%	8.09%	1.44%	7.94%	1.59%	3.70%
<b>ALTERNATIVES</b>							
FTSE Nareit/Equity REITs - INV	0.91%	0.91%	9.94%	-0.61%	11.33%	7.21%	5.33%
MSCI U.S. REIT Index (Net)	0.76%	0.76%	8.98%	-1.77%	10.04%	5.97%	4.01%
S&P Global Infrastructure Index	4.60%	4.60%	18.80%	6.09%	13.81%	7.37%	6.48%
Bloomberg Commodity Index	8.88%	8.88%	12.28%	-0.77%	14.51%	5.44%	2.77%
<b>FIXED INCOME</b>							
Bloomberg U.S. Aggregate	2.78%	2.78%	4.88%	0.52%	-0.40%	1.58%	1.46%
Bloomberg U.S. Government/Credit	2.70%	2.70%	4.66%	0.45%	-0.34%	1.73%	1.58%
Bloomberg U.S. Intermediate Government/Credit	2.42%	2.42%	5.65%	2.18%	0.86%	2.18%	1.81%
Bloomberg U.S. Treasury (1-3 Y)	1.62%	1.62%	5.42%	2.84%	1.14%	1.96%	1.49%
ICE BofA U.S. High Yield	0.94%	0.94%	7.60%	4.83%	7.21%	4.80%	4.91%
Bloomberg Global Aggregate ex-USD	2.53%	2.53%	1.46%	-3.47%	-2.35%	-2.17%	-0.18%
<b>CASH EQUIVALENT</b>							
Bloomberg 3 Month T-Bill	1.04%	1.04%	5.02%	4.31%	2.60%	2.49%	1.90%

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

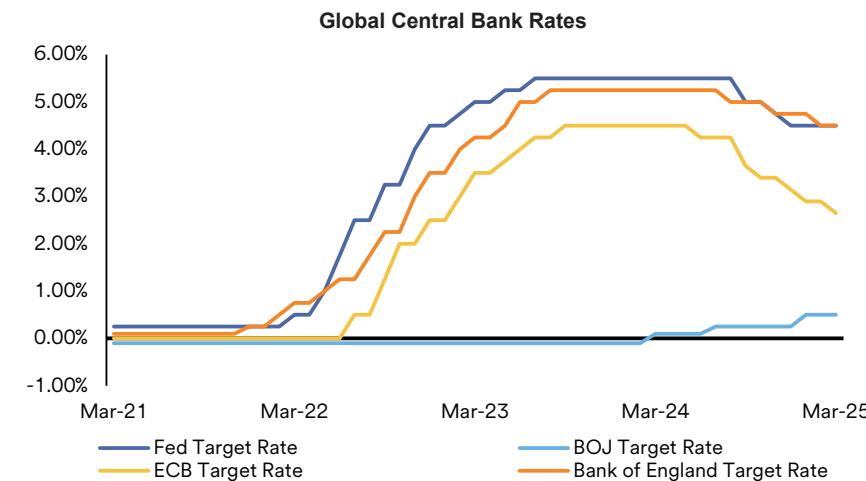
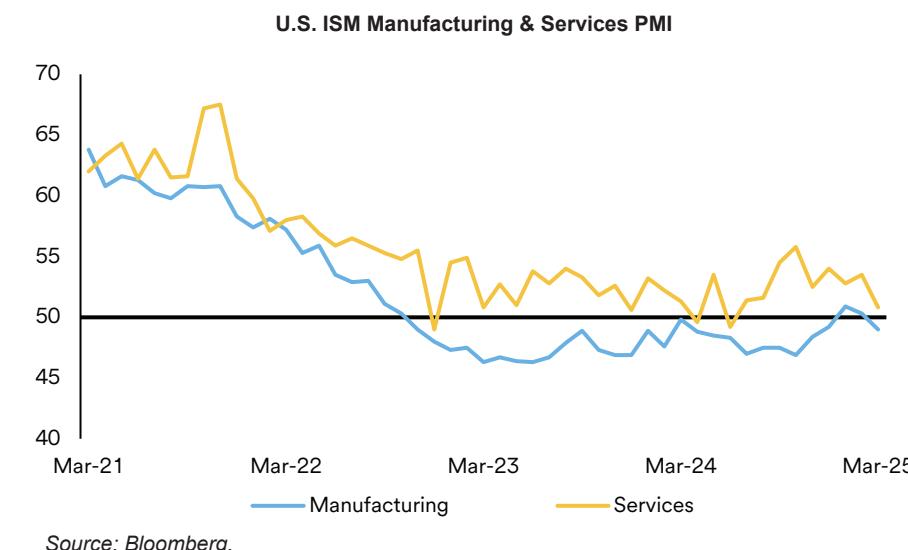
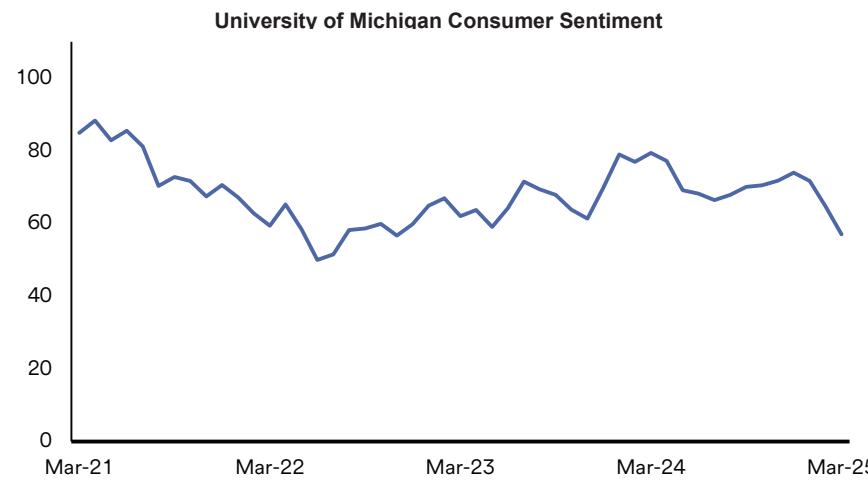
## THE ECONOMY

- ▶ In the fourth quarter, U.S. real gross domestic product (GDP) grew at seasonally adjusted annualized rate of 2.4%, a deceleration from the 3.1% growth in Q3. While the headline figure came in below expectations due to weak gross private domestic investment, consumer spending continued to be robust. Outside the U.S., some developed countries saw similar strength in growth such as Japan, which grew 2.2%; while Europe continued to struggle with the Eurozone, growing 0.9% in the fourth quarter.
- ▶ The U.S. unemployment rate rose to 4.2% in March remaining in the remarkably stable range between 4.0% and 4.2% that we have seen for in the last six months. The latest initial jobless claims ticked higher to 2.2k in March as layoffs generally remain low, pointing to a relatively stable labor market despite a cooling outlook. The number of job openings slipped to 7.6M in February, while the number of unemployed persons per job opening remained at 0.9.
- ▶ Inflation remained sticky in the first quarter. Headline inflation (CPI) grew at a year-over-year (YoY) rate of 2.8% in February, down slightly from the 2.9% reading in December. Core CPI, which excludes volatile food and energy, slowed to 3.1% on an annual basis, the lowest rate since April 2021. This cooling rate does not capture the full impact of the new tariffs, which are expected to drive up prices in a transitory manner.



## WHAT WE'RE WATCHING

- The Federal Reserve (Fed) held rates flat in the first quarter. The latest Fed projections continue to forecast two quarter-percentage-point rate reductions by the end of 2025. Outside of the U.S., the European Central Bank (ECB) cut rates twice in the first quarter and signaled further easing ahead, emphasizing it will be data dependent as the US trade policy and increased defense spending adds to uncertainty on the path of inflation. The Bank of Japan (BOJ) raised rates by 50 basis points at its January meeting as inflation continued to heat up. The BOJ also signaled that interest rates will continue to rise, with the goal of normalizing the country's monetary policy after years of ultra-low rates.
- U.S. consumer sentiment, as measured by the University of Michigan survey of consumers, fell sharply in the first quarter, down to 57.0 in March, the lowest level since November 2022 as consumers worries over the potential impacts of tariffs weighed on outlook.
- On April 2, 2025, President Trump announced a 10% tariff on all imports into the United States effective April 5 and steeper tariffs on over 60 countries, effective April 9, in addition to the already announced tariffs. While these levies could be removed or lowered substantially as the administration negotiates with its trading partners, they could adversely impact economic growth prospects should they remain in place for an extended period.

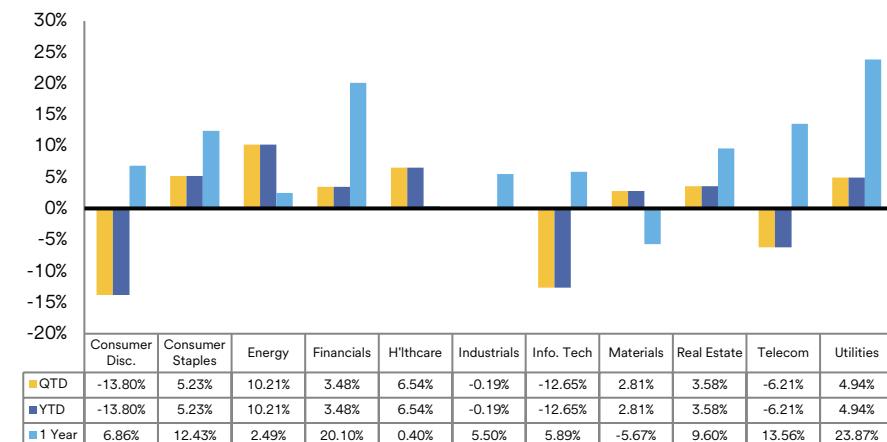


## DOMESTIC EQUITY

- The S&P 500 Index (S&P) posted a -4.3% return for the first quarter of 2025. During the quarter, S&P performance was negative for two out of three months, posting a quarter high of 2.9% in January, and a low of -5.6% in March.
- Within the S&P, performance was mixed across the 11 GICS sectors. In a reversal from the previous quarter the worst performing sector was Consumer Discretionary (-13.8%), followed by IT (-12.7%), and Communication Services (-6.2%). The best performing sectors were Energy (10.2%), Healthcare (6.5%), and Consumer Staples (5.2%).
- Negative returns were seen across all capitalizations with large-caps, as represented by the Russell 1000 Index, returning -4.5% during the quarter while the Russell Midcap and Russell 2000 indices returned -3.4% and -9.5%, respectively.
- According to FactSet Earnings Insight as of March 28, 2025, the expected YoY earnings growth rate for S&P 500 for Q1 2025 was 7.3%, after downward revisions from the beginning of the year. At the sector level, Materials (7.1% to -9.8%) and Consumer Discretionary (11.5% to 1.6%) saw the biggest downward revisions in YoY earnings growth estimates from December 31 to March 28th. There were no sectors that saw upward revisions during this period though Utilities remained near flat with a downward revision of just -0.4%.
- As of the end of the quarter, forward 12-month P/E ratio for the S&P 500 is 22.4, which is below the 5-year average of 23.2. By comparison, the Russell 2000, which represents small-cap stocks, had a forward P/E ratio of 17.1, just slightly below its 5-year average of 17.8.

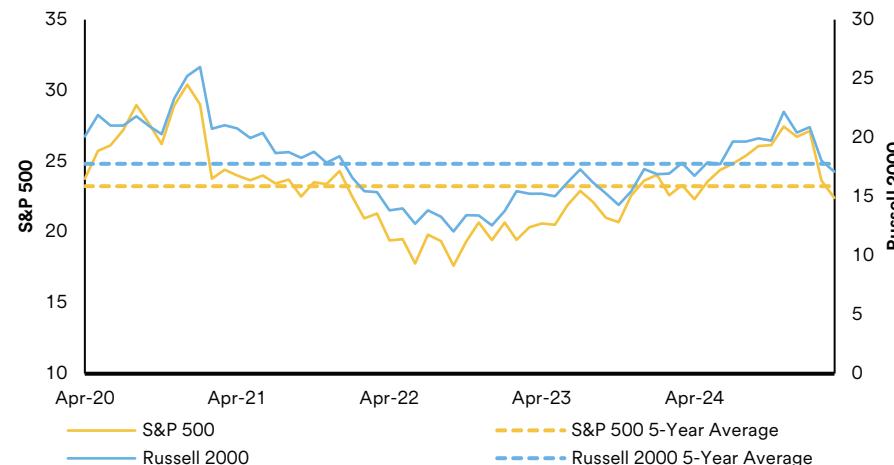
### S&P 500 Index Performance by Sector

Periods Ended March 31, 2025



Source: Bloomberg.

### P/E Ratios of Major Stock Indices\*

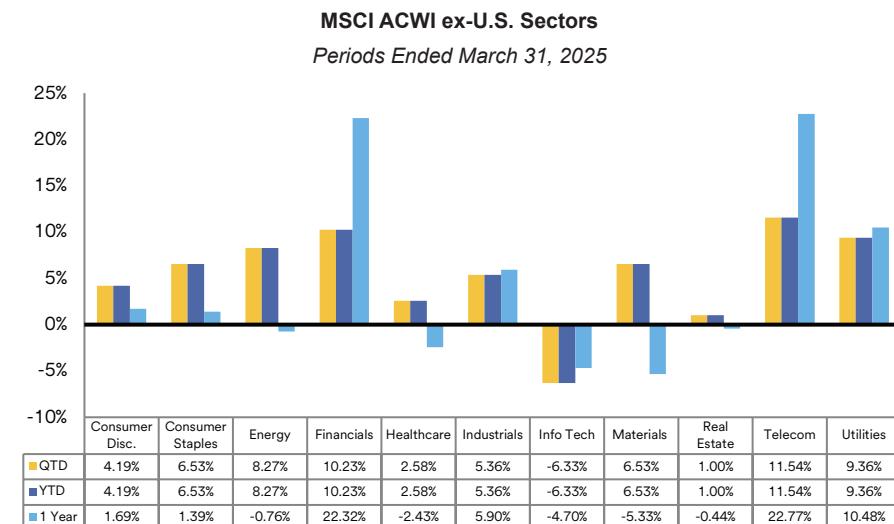


Source: Bloomberg.

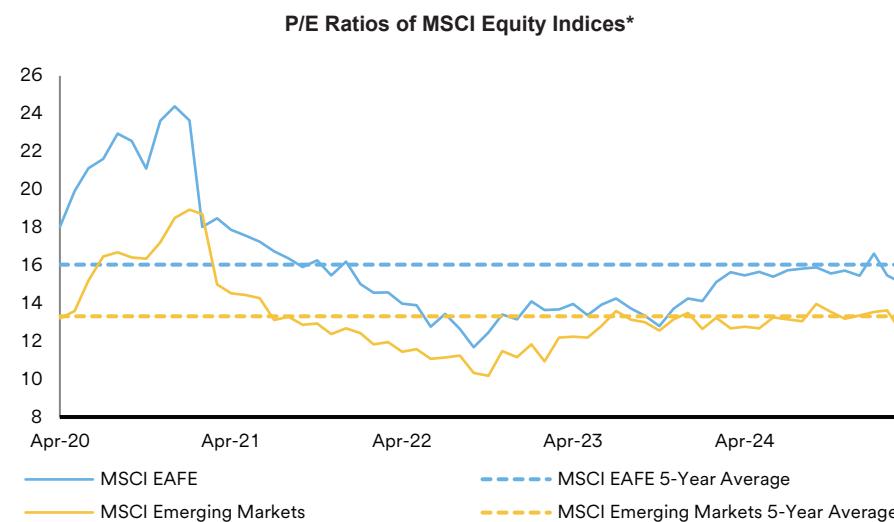
\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

## INTERNATIONAL EQUITY

- ▶ Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, outperformed their U.S. counterparts, returning 5.2% for the quarter.
- ▶ Ten of the 11 sectors posted positive returns for the quarter. The top performing sectors were Communication Services (11.5%) and Financials (10.2%) and Utilities (9.4%). The worst performers for the quarter were Healthcare (2.6%), Real Estate (1.0%), and IT (-6.3%), the only sector that saw negative returns.
- ▶ Developed ex-U.S. Markets, as represented by the MSCI EAFE Index, outperformed emerging markets (EM), represented by the MSCI Emerging Market Index, returning 6.9% versus 2.9% for the quarter.
- ▶ Of the five largest-weighted countries in the MSCI EAFE index MSCI France (10.3%), MSCI Germany (15.6%), MSCI Switzerland (11.4%), all saw double digit returns. The MSCI United Kingdom (9.7%) also outperformed the MSCI EAFE index while MSCI Japan (0.3%) was the only notable underperformer.
- ▶ Of the five largest-weighted countries in emerging markets, MSCI Taiwan (-12.6%) and MSCI India (-3.0%) dragged on performance, underperforming the MSCI Emerging Markets Index, while MSCI China (15.0%), MSCI Korea (4.9%), and MSCI Brazil (14.1%) all outperformed.
- ▶ Growth stocks underperformed value stocks for the quarter as represented by the broad benchmark. MSCI AC World ex-USA Growth returned 2.0% while MSCI AC World ex-USA Value returned 8.6%. Within EM, growth underperformed value as well, returning 1.7% versus 4.4%.
- ▶ Small-caps, as represented by MSCI ACWI ex-U.S. Small Cap Index, also saw positive returns during the quarter, posting a return of 0.6%.
- ▶ Non-U.S. equities valuations fell slightly but remain close to their long-term average across international equity markets. As of March 31, 2025, MSCI EAFE's forward P/E stood at 15.1 versus a 5-year average of 16.1. MSCI EM ended the quarter with a forward P/E ratio of 12.4, which is slightly below its 5-year average of 13.3.



Source: Bloomberg.

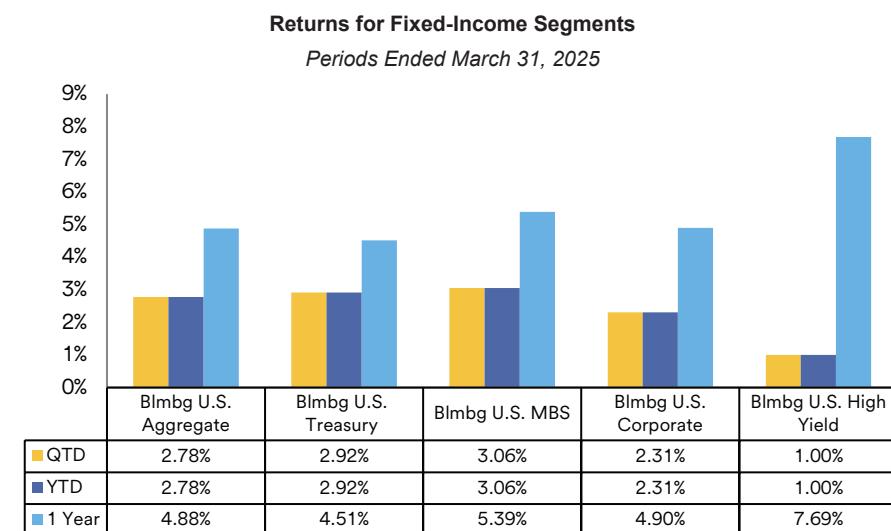
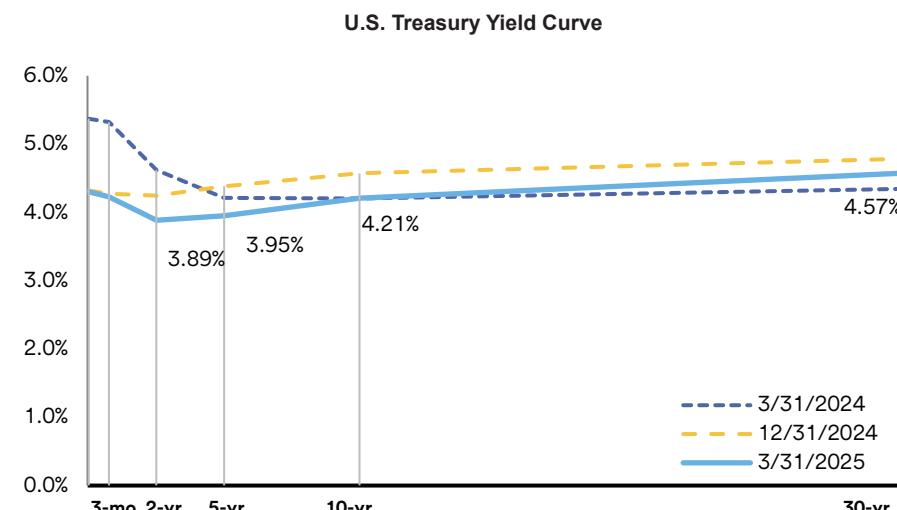


Source: Bloomberg.

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

## FIXED INCOME

- The U.S. bond market represented by the Bloomberg U.S. Aggregate (Aggregate) Index saw positive returns in the first quarter, returning 2.8%.
- The Bloomberg U.S. Treasury Index closed the quarter returning 2.9%. During the period, the FOMC held rates steady, continuing to project two cuts for 2025. Rates fell across the curve in the first quarter. The 10-year fell to 4.2%, while the 2-year ended at 3.9%.
- Corporate credit had mixed results for the quarter on the rising rates. The investment-grade (IG) Bloomberg U.S. Corporate (IG Corp) Index returned a 2.4% while High Yield bonds, as represented by the Bloomberg U.S. Corporate High Yield (HY) Index, returned 1.0%. Spreads widened slightly across quality spectrum.
- The fixed-rate mortgage market, as measured by the Bloomberg U.S. Mortgage-Backed Securities (MBS) Index returned 3.1%. On the commercial side, the Bloomberg U.S. Agency CMBS Index returned 2.9% while the non-agency CMBS index posted a return of 2.3%.



## ALTERNATIVES

► REITs, as measured by the FTSE NAREIT Equity REITs Index, returned 0.9% in the quarter, compared to a -6.2% return in the prior quarter. Three of the nine major sectors saw negative returns. This performance comes as the Fed continued its a more cautious approach to monetary policy easing through the first quarter. Private real estate, as measured by the NCREIF Property Index, gained 0.9% in the fourth quarter of 2024, resulting in a 0.6% return for the year. Q4 marked the second quarter of positive total return in two years as property value declines leveled off across most sectors. Seniors Housing was the top performer, returning 2.1% while office properties continued to fare poorly, returned -0.6%.

► Listed infrastructure, as measured by the S&P Global Infrastructure Index, returned 4.6% in the quarter, compared to a -2.5% decrease in the prior quarter. Performance was mostly positive across the major sectors as interest rates fell. In 2024, 50 private infrastructure funds raised \$77.8 billion, a subdued pace against the backdrop of high inflation, elevated interest rates, and uncertain economic and geopolitical environment. Most of the capital went to funds larger than \$1 billion seeking to capitalize on secular trends around digitalization, decarbonization, and deglobalization. Infrastructure dry powder has fallen from the previous year and stands at \$366.5 billion as of Q2 2024. According to PitchBook, infrastructure funds posted a return of 4.1% in Q3 2024. The asset class has generated an annualized return of 10.8% for the five years ended Q3 2024.

► In 2024, 153 private debt funds raised \$196.1 billion. Short of the previous year's total after a slow start to the year and disappointing fourth quarter. Private debt dry powder remains above the long-term average at \$566.8 billion as of Q2 2024; although over 50% has been outstanding for more than three years. According to PitchBook, private debt funds posted a return of 1.7% in Q3 2024. The asset class has generated an annualized return of 8.4% for the five years ended Q3 2024.

► In 2024, 551 private equity funds raised \$492.3 billion – while slower than 2023 this is a solid pace considering a challenging environment. The bulk of the capital raised went to experienced managers raising capital for funds larger than \$1 billion. Global private equity dry powder, which accounts for the bulk of private capital dry powder, remains high at \$1.7 trillion as of Q2 2024. Recent private equity performance has been muted due to higher borrowing costs and a slowdown in deal activity. According to PitchBook, private equity funds posted a return of 2.8% in Q3 2024. The asset class has generated an annualized return of 17.0% for the five years ended Q3 2024.

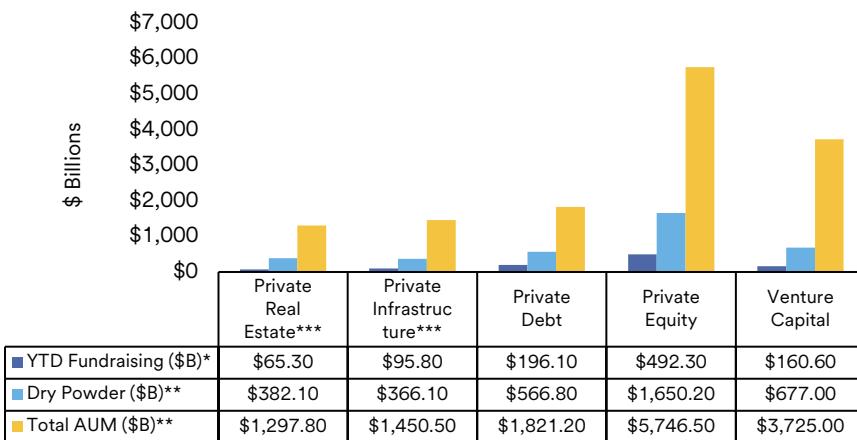
## Returns for Private Capital Assets



Source: NCREIF, PitchBook.

As of September 30, 2024, the most recent period for which all index data is available.

## Private Capital Fundraising & Dry Powder



Sources: Pitchbook.

\* Total capital raised in 2024 as of December 31, 2024 - most recent period for which ALL fundraising data is available.

\*\* Cumulative dry powder and total AUM as of June 30, 2024.

\*\*\* Excluding open-end, evergreen fund vehicles.

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

<h3>Monetary Policy (Global):</h3>  <ul style="list-style-type: none"> <li>Recent uncertainty had led Fed to continue to pause on rate cuts so far this year. Market expects first rate cut in June. Path and magnitude of rate cuts for 2025 remains uncertain.</li> <li>European Central Bank has continued to ease this year while the Bank of Japan has delivered rate hikes – both diverging from the Fed.</li> </ul>	<h3>Economic Growth (Global):</h3>  <ul style="list-style-type: none"> <li>U.S. GDP is expected to grow slower than in 2024. Recession probability is rising, and we are closely watching economic activity indicators.</li> <li>Economic growth outside the U.S. remains modest with some improvement in Eurozone expected due to increased fiscal spending. Tariffs pose growth and inflation risks.</li> </ul>	<h3>Inflation (U.S.):</h3>  <ul style="list-style-type: none"> <li>While inflation has fallen since its peak in 2022, progress towards 2% target remains slow.</li> <li>The Fed has acknowledged higher inflation and slower growth in their recent projections. Proposed tariff policies may put pressure on input costs and goods while demand side pullback could ease some pressure.</li> </ul>
<h3>Financial Conditions (U.S.):</h3>  <ul style="list-style-type: none"> <li>Even after the recent bout of volatility, risk, and credit conditions still point to the stability of financial conditions.</li> <li>While our base case is not for a dramatic shift in conditions, the uncertainty associated with tariff policies could lead to pullback in financial conditions in the near-term.</li> </ul>	<h3>Consumer Spending (U.S.):</h3>  <ul style="list-style-type: none"> <li>Broad consumer metrics are supportive of economic strength. A growing divergence among consumers exists as lower-income cohorts continue to feel more strain due to the higher overall level of prices.</li> <li>An unexpected material deterioration of labor market conditions is the biggest risk to consumer spending.</li> </ul>	<h3>Labor Markets (U.S.):</h3>  <ul style="list-style-type: none"> <li>The labor market remains well-positioned, but continued tariff uncertainty could lead to an increase in unemployment rate. Federal layoffs make up a smaller proportion of overall labor force but sustained slowdown in pace of hiring as negative impact on economic growth expectations.</li> </ul>
<h3>Corporate Fundamentals:</h3>  <ul style="list-style-type: none"> <li>Earnings growth expectations are positive across global equities, but tariff impact need to closely monitored for any impact on profit margins.</li> <li>In the U.S., any tax cuts/deregulation initiatives are positives while near term headwinds from tariff uncertainty could impact both earnings growth expectations and profit margins negatively.</li> </ul>	<h3>Valuations:</h3>  <ul style="list-style-type: none"> <li>U.S. equity experienced increased volatility in Q1, and credit markets widened from historical lows – both still remain expensive relative to history and are susceptible to increased economic uncertainty.</li> <li>International equities look attractive but continued economic and geopolitical uncertainty is leading to increased volatility.</li> </ul>	<h3>Political/Policy Risks:</h3>  <ul style="list-style-type: none"> <li>Geopolitical risks continue to remain elevated. Prospects of peace deal in Middle East and Russia/Ukraine are positives, while reciprocity in global tariffs and strained relationships with major trading partners for the U.S. due to ongoing tariffs cause economic and political uncertainty.</li> </ul>

 Current outlook

 Outlook one quarter ago
Stance Unfavorable  
to Risk Assets

Negative

Slightly  
Negative

Neutral

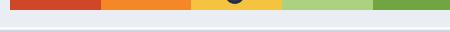
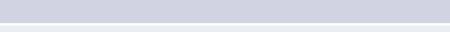
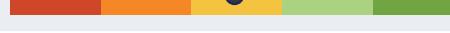
Slightly  
Positive

Positive

Stance Favorable  
to Risk Assets

Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (March 31, 2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness, or suitability.

## Investment Strategy Overview

Asset Class	Our Q2 2025 Investment Outlook	Comments
U.S. Equities		<ul style="list-style-type: none"> <li>Risks to growth narrative has unnerved the markets leading to pick up to volatility. Tariffs and their possible impact on business and consumer confidence, corporate profit margins, inflation and economic growth has led to increased uncertainty leading us to remain neutral across U.S. equities. We also expect rate cut related volatility to remain as Fed remains data dependent amidst this increased uncertainty.</li> <li>Market performance has broadened beyond the Mag-7 names in Q1. Earnings growth for large caps are also expected to broaden outside of Mag-7, but current macro environment leads to increased uncertainty.</li> <li>Small-caps continued to lag large-caps during the recent sell-off reversing the gains since election. Macro uncertainty and high level of rates are headwinds while attractive valuations and improving earnings expectations are tailwinds.</li> </ul>
		
		
Non-U.S. Equities		<ul style="list-style-type: none"> <li>International equities have outperformed U.S. equities in Q1 and continue to trade at a discount to U.S. equities. Improved sentiment is driven by increased fiscal spending efforts in Europe and continued stimulus in China, but tariff overhang remains for these export-oriented economies.</li> <li>Across Europe and China, we believe that there are structural/geopolitical issues that need to be addressed for long-term sustained outperformance.</li> </ul>
		
		
Fixed Income		<ul style="list-style-type: none"> <li>The Fed continues to be in pause mode as they assess uncertainty amidst widened range of outcomes combined with lower growth and higher unemployment rate as seen in the recent Fed projections. Yields look attractive across the fixed income sectors which leads us to closer to neutral. We maintain duration close to the benchmark duration across the portfolios.</li> <li>Credit markets remain attractive due to strong corporate fundamentals. We remain positive on investment grade but are staying closer to targets on high yield given tighter spreads and rising uncertainty. We continue to closely watch for signs for any distress in the corporate credit space.</li> </ul>
		
		
		
Diversifying Assets		<ul style="list-style-type: none"> <li>During the recent risk-asset sell-off in Q1 in the U.S., listed REITs and listed infrastructure held up well pointing to their characteristics of lower correlation. While the underlying fundamentals within listed real estate and listed infrastructure are healthy, we remain neutral due to ongoing uncertainty regarding economic growth.</li> </ul>
		

 Current outlook

 Outlook one quarter ago


The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (March 31, 2025) and are subject to change.

## SOURCES

### Factset

<https://www.bea.gov/sites/default/files/2024-12/gdp3q24-3rd-fax.pdf>

<https://www.bls.gov/news.release/pdf/empstat.pdf>

<https://www.bls.gov/news.release/pdf/cpi.pdf>

<https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/>

<http://www.sca.isr.umich.edu/>

### NCREIF

### PitchBook

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## Plan Performance Summary

**PARS/Milpitas 415(M)- Managed**  
**Asset Allocation & Performance**

**As of March 31, 2025**

	Allocation				Performance(%)							
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date	
<b>Total Portfolio</b>	<b>343,124</b>	<b>100.00</b>	<b>-0.26</b>	<b>-0.26</b>	<b>5.48</b>	<b>4.51</b>	<b>10.15</b>	<b>6.77</b>	<b>6.59</b>	<b>5.92</b>	<b>02/01/1997</b>	
<b>Domestic Equity</b>	<b>149,289</b>	<b>43.51</b>	<b>-4.74</b>	<b>-4.74</b>	<b>5.54</b>	<b>7.09</b>	<b>17.62</b>	<b>11.13</b>	<b>10.78</b>	<b>9.48</b>	<b>06/01/2004</b>	
<i>Russell 3000 Index</i>			-4.72	-4.72	7.22	8.22	18.18	12.49	11.80	10.05		
Columbia Contrarian Core Inst3	31,231	9.10	-4.71	-4.71	6.50	9.35	18.77	13.36	12.24	13.21	02/01/2024	
<i>S&amp;P 500</i>			-4.27	-4.27	8.25	9.06	18.59	13.25	12.50	14.99		
Putnam Core Equity Fund Y	13,778	4.02	-4.79	-4.79	7.96	10.32	20.91	13.67	12.59	-2.47	10/01/2024	
Schwab US Large-Cap ETF	96,953	28.26	-4.54	-4.54	7.90	8.73	18.43	13.03	12.26	-1.86	10/01/2024	
<i>S&amp;P 500</i>			-4.27	-4.27	8.25	9.06	18.59	13.25	12.50	-1.97		
Undisc Managers Behavioral Val R6	4,472	1.30	-3.81	-3.81	-0.23	5.12	23.15	8.85	9.15	7.19	02/01/2024	
<i>Russell 2000 Value Index</i>			-7.74	-7.74	-3.12	0.05	15.31	5.32	6.07	3.79		
<i>Russell 2000 Index</i>			-9.48	-9.48	-4.01	0.52	13.27	5.41	6.30	4.31		
Columbia Small Cap Growth Inst3	1,445	0.42	-12.29	-12.29	-3.85	2.09	12.35	10.09	10.96	-8.78	10/01/2024	
<i>Russell 2000 Growth Index</i>			-11.12	-11.12	-4.86	0.78	10.78	5.04	6.14	-9.60		
<i>Russell 2000 Index</i>			-9.48	-9.48	-4.01	0.52	13.27	5.41	6.30	-9.18		
Emerald Growth Institutional	1,410	0.41	-12.38	-12.38	-1.13	1.84	12.38	6.73	7.42	7.07	02/01/2024	
<i>Russell 2000 Growth Index</i>			-11.12	-11.12	-4.86	0.78	10.78	5.04	6.14	4.90		
<i>Russell 2000 Index</i>			-9.48	-9.48	-4.01	0.52	13.27	5.41	6.30	4.31		
<b>International Equity</b>	<b>37,350</b>	<b>10.89</b>	<b>6.34</b>	<b>6.34</b>	<b>6.21</b>	<b>4.27</b>	<b>11.00</b>	<b>4.24</b>	<b>5.05</b>	<b>5.38</b>	<b>06/01/2004</b>	
<i>MSCI AC World ex USA (Net)</i>			5.23	5.23	6.09	4.48	10.92	4.47	4.98	5.90		
MFS International Growth R6	5,544	1.62	4.28	4.28	8.65	6.60	11.68	7.52	7.88	12.56	02/01/2024	
<i>MSCI AC World ex USA (Net)</i>			5.23	5.23	6.09	4.48	10.92	4.47	4.98	10.35		
Fidelity International Index	14,799	4.31	7.95	7.95	5.83	6.78	12.21	5.54	5.63	6.12	07/01/2024	
<i>MSCI EAFE (net)</i>			6.86	6.86	4.88	6.05	11.77	5.33	5.40	5.32		
Goldman Sachs GQG Ptnrs Intl Opportunities	5,361	1.56	8.23	8.23	0.82	8.64	13.27	9.68	N/A	-1.90	07/01/2024	
<i>MSCI AC World ex USA (Net)</i>			5.23	5.23	6.09	4.48	10.92	4.47	4.98	5.08		
Hartford Schroders Emerging Mkts Eq	11,646	3.39	2.71	2.71	6.97	0.97	7.56	1.58	N/A	13.45	02/01/2024	
<i>MSCI EM (net)</i>			2.93	2.93	8.09	1.44	7.94	1.59	3.71	13.60		

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

**PARS/Milpitas 415(M)- Managed****As of March 31, 2025****Asset Allocation & Performance**

	Allocation				Performance(%)							
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date	
<b>Other Growth</b>	<b>21,297</b>	<b>6.21</b>	<b>4.72</b>	<b>4.72</b>	<b>9.94</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>12.13</b>	<b>02/01/2024</b>	
Cohen & Steers Inst Realty Shares	10,457	3.05	3.16	3.16	10.13	-0.38	10.83	8.45	6.50	11.99	06/01/2024	
<i>MSCI US REIT Index</i>			1.07	1.07	10.26	-0.55	11.32	7.23	5.28	13.35		
Lazard Global Listed Infrastructure Inst	5,461	1.59	6.48	6.48	9.95	6.97	11.15	8.56	8.37	4.35	10/01/2024	
<i>MSCI World Core Infrastructure Index (Net)</i>			7.58	7.58	13.92	1.96	9.32	7.12	6.55	0.80		
NYLI CBRE Global Infrastructure	5,378	1.57	6.08	6.08	14.20	2.70	9.63	7.41	6.95	10.10	06/01/2024	
<i>MSCI World Core Infrastructure Index (Net)</i>			7.58	7.58	13.92	1.96	9.32	7.12	6.55	12.92		
<b>Fixed Income</b>	<b>127,577</b>	<b>37.18</b>	<b>2.73</b>	<b>2.73</b>	<b>5.45</b>	<b>1.37</b>	<b>1.18</b>	<b>1.95</b>	<b>1.85</b>	<b>3.38</b>	<b>06/01/2004</b>	
<i>Blmbg. U.S. Aggregate</i>			2.78	2.78	4.88	0.52	-0.40	1.58	1.46	3.26		
Baird Aggregate Bond Inst	32,805	9.56	2.84	2.84	5.22	1.03	0.37	1.97	1.86	5.72	03/01/2024	
iShares Core US Aggregate Bond ETF	23,939	6.98	2.76	2.76	4.96	0.53	-0.40	1.55	1.42	5.38	03/01/2024	
<i>Blmbg. U.S. Aggregate</i>			2.78	2.78	4.88	0.52	-0.40	1.58	1.46	5.39		
Dodge & Cox Income	32,425	9.45	2.87	2.87	5.53	2.13	1.98	2.75	2.63	4.51	02/01/2024	
PGIM Total Return Bond R6	31,643	9.22	2.78	2.78	5.75	1.29	1.34	2.17	2.31	4.81	02/01/2024	
<i>Blmbg. U.S. Aggregate</i>			2.78	2.78	4.88	0.52	-0.40	1.58	1.46	3.72		
NYLI MacKay High Yield Corp Bond Fund	6,765	1.97	1.18	1.18	6.61	4.95	7.25	4.79	5.14	7.37	03/01/2024	
<i>ICE BofA US High Yield Index</i>			0.94	0.94	7.60	4.84	7.21	4.80	4.92	8.17		
<b>Cash Equivalent</b>	<b>7,612</b>	<b>2.22</b>	<b>1.06</b>	<b>1.06</b>	<b>4.93</b>	<b>4.08</b>	<b>2.44</b>	<b>2.28</b>	<b>1.73</b>	<b>1.14</b>	<b>01/01/2008</b>	
<i>ICE BofA 3 Month U.S. T-Bill</i>			1.02	1.02	4.97	4.23	2.56	2.45	1.87	1.24		
First American Government Obligation - X	7,612	2.22	1.06	1.06	4.93	4.26	2.56	2.38	N/A	4.98	02/01/2024	
<i>ICE BofA 3 Month U.S. T-Bill</i>			1.02	1.02	4.97	4.23	2.56	2.45	1.87	5.02		

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

**PARS/Milpitas 415(M)- Managed****As of March 31, 2025****Calendar Year Comparative Performance**

	Performance(%)									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Portfolio</b>	<b>11.06</b>	<b>15.44</b>	<b>-15.34</b>	<b>11.81</b>	<b>14.09</b>	<b>20.16</b>	<b>-5.30</b>	<b>15.63</b>	<b>6.63</b>	<b>0.28</b>
<b>Domestic Equity</b>	<b>21.64</b>	<b>24.70</b>	<b>-19.11</b>	<b>23.61</b>	<b>18.95</b>	<b>29.37</b>	<b>-6.23</b>	<b>21.74</b>	<b>11.33</b>	<b>1.37</b>
Russell 3000 Index	23.81	25.96	-19.21	25.66	20.89	31.02	-5.24	21.13	12.74	0.48
Columbia Contrarian Core Inst3	23.51	32.21	-18.45	24.45	22.44	33.08	-8.81	21.89	8.77	3.25
Putnam Core Equity Fund Y	26.47	27.99	-15.87	30.75	17.66	32.50	-7.91	24.01	13.58	-2.89
Schwab US Large-Cap ETF	24.91	26.87	-19.45	26.75	20.90	31.40	-4.53	21.92	11.77	1.02
S&P 500	25.02	26.29	-18.11	28.71	18.40	31.49	-4.38	21.83	11.96	1.38
Undisc Managers Behavioral Val R6	10.35	14.57	-1.10	34.50	3.62	23.34	-15.20	13.53	20.97	3.52
Russell 2000 Value Index	8.05	14.65	-14.48	28.27	4.63	22.39	-12.86	7.84	31.74	-7.47
Russell 2000 Index	11.54	16.93	-20.44	14.82	19.96	25.53	-11.01	14.65	21.31	-4.41
Columbia Small Cap Growth Inst3	24.45	26.39	-36.51	-2.54	70.41	41.18	-1.92	28.94	13.00	4.19
Emerald Growth Institutional	19.41	19.06	-24.50	4.04	38.85	28.70	-11.57	28.11	10.89	1.24
Russell 2000 Growth Index	15.15	18.66	-26.36	2.83	34.63	28.48	-9.31	22.17	11.32	-1.38
Russell 2000 Index	11.54	16.93	-20.44	14.82	19.96	25.53	-11.01	14.65	21.31	-4.41
<b>International Equity</b>	<b>4.34</b>	<b>14.11</b>	<b>-15.93</b>	<b>4.96</b>	<b>14.46</b>	<b>23.67</b>	<b>-15.49</b>	<b>30.18</b>	<b>3.16</b>	<b>-4.95</b>
MSCI AC World ex USA (Net)	5.53	15.62	-16.00	7.82	10.65	21.51	-14.20	27.19	4.50	-5.66
MFS International Growth R6	9.24	14.96	-15.02	9.65	15.82	27.31	-8.79	32.58	2.79	0.40
MSCI AC World ex USA (Net)	5.53	15.62	-16.00	7.82	10.65	21.51	-14.20	27.19	4.50	-5.66
Fidelity International Index	3.71	18.31	-14.24	11.45	8.17	22.00	-13.52	25.38	1.34	-0.73
MSCI EAFE (net)	3.82	18.24	-14.45	11.26	7.82	22.01	-13.79	25.03	1.00	-0.81
Goldman Sachs GQG Ptnrs Intl Opportunities	5.99	21.25	-11.10	12.49	15.77	27.64	-6.04	31.76	N/A	N/A
MSCI AC World ex USA (Net)	5.53	15.62	-16.00	7.82	10.65	21.51	-14.20	27.19	4.50	-5.66
Hartford Schroders Emerging Mkts Eq	7.75	9.00	-22.14	-4.93	23.78	22.32	-15.42	N/A	N/A	N/A
MSCI EM (net)	7.50	9.83	-20.09	-2.54	18.31	18.42	-14.57	37.28	11.19	-14.92
<b>Other Growth</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Cohen & Steers Inst Realty Shares	6.24	12.72	-24.73	42.47	-2.57	33.01	-3.99	7.45	5.91	5.23
MSCI US REIT Index	8.75	13.74	-24.51	43.06	-7.57	25.84	-4.57	5.07	8.60	2.52
Lazard Global Listed Infrastructure Inst	6.71	10.89	-1.30	19.87	-4.48	22.26	-3.73	20.80	9.30	9.30
NYLI CBRE Global Infrastructure	7.68	3.96	-6.08	15.22	1.17	28.46	-6.56	20.48	10.13	-4.89
MSCI World Core Infrastructure Index (Net)	5.73	4.01	-7.93	17.13	-0.80	26.64	-2.66	19.25	10.96	-9.89

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

**PARS/Milpitas 415(M)- Managed****As of March 31, 2025****Calendar Year Comparative Performance**

	Performance(%)									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Fixed Income</b>	<b>2.22</b>	<b>6.87</b>	<b>-12.32</b>	<b>-0.78</b>	<b>7.22</b>	<b>8.29</b>	<b>-0.28</b>	<b>4.42</b>	<b>3.18</b>	<b>0.27</b>
<i>Blmbg. U.S. Aggregate</i>	1.25	5.53	-13.01	-1.55	7.51	8.72	0.01	3.54	2.65	0.55
Baird Aggregate Bond Inst	1.85	6.43	-13.35	-1.46	8.63	9.48	-0.30	4.20	3.52	0.55
iShares Core US Aggregate Bond ETF	1.37	5.59	-13.06	-1.67	7.42	8.68	-0.05	3.53	2.56	0.48
<i>Blmbg. U.S. Aggregate</i>	1.25	5.53	-13.01	-1.55	7.51	8.72	0.01	3.54	2.65	0.55
Dodge & Cox Income	2.26	7.70	-10.87	-0.91	9.45	9.73	-0.31	4.36	5.61	-0.59
PGIM Total Return Bond R6	3.03	7.78	-14.86	-1.15	8.10	11.14	-0.63	6.71	4.83	0.09
<i>Blmbg. U.S. Aggregate</i>	1.25	5.53	-13.01	-1.55	7.51	8.72	0.01	3.54	2.65	0.55
NYLI MacKay High Yield Corp Bond Fund	7.14	11.97	-7.81	5.35	5.28	13.03	-1.34	6.79	15.99	-1.44
<i>ICE BofA US High Yield Index</i>	8.20	13.46	-11.22	5.36	6.17	14.41	-2.27	7.48	17.49	-4.64
<b>Cash Equivalent</b>	<b>4.73</b>	<b>4.98</b>	<b>1.48</b>	<b>0.02</b>	<b>0.35</b>	<b>2.06</b>	<b>1.70</b>	<b>0.75</b>	<b>0.27</b>	<b>0.04</b>
<i>ICE BofA 3 Month U.S. T-Bill</i>	5.25	5.02	1.46	0.05	0.67	2.28	1.87	0.86	0.33	0.05
First American Government Obligation - X	5.19	5.00	1.54	0.03	0.40	2.12	1.74	0.79	N/A	N/A
<i>ICE BofA 3 Month U.S. T-Bill</i>	5.25	5.02	1.46	0.05	0.67	2.28	1.87	0.86	0.33	0.05

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

**PARS/Milpitas 415(M)- Managed****As of March 31, 2025****Account Reconciliation**

QTR	Market Value As of 01/01/2025	Net Flows	Return On Investment	Market Value As of 03/31/2025
Total Portfolio	354,742	(10,742)	(876)	343,124

YTD	Market Value As of 01/01/2025	Net Flows	Return On Investment	Market Value As of 03/31/2025
Total Portfolio	354,742	(10,742)	(876)	343,124

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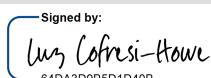
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Luz Cofresi-Howe

lcofresi-howe@milpitas.gov

Finance Director



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Luz Cofresi-Howe  
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Matt Cano on behalf of

mcano@milpitas.gov

on behalf of

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