

Investment Performance Review  
Period Ending September 30, 2021

## Port Houston OPEB Plan

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## **3rd Quarter 2021 Market Environment**



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## **The Economy**

- Growth in the US likely slowed during the 3<sup>rd</sup> quarter as the recovery continues to mature.
- Inflation remains well above the Federal Reserve Bank's (the Fed) average target of 2.0%. The annual rate of inflation dropped slightly to 5.3% in August, down from 5.4% in July.
- The demand for labor in the US remains strong as evidenced by the drop in the unemployment rate in September to 4.8%, down from 5.2% in August. Unemployment benefits granted under the March 2020 CARES Act expired in early September. Wage growth remains strong as employers remain challenged to fill job openings.
- Despite leaving interest rates unchanged at their most recent meeting, the Fed stated that it would begin tapering its asset purchases and being the process of evaluating when interest rates would start to rise.

## **Equity (Domestic and International)**

- Volatility increased in during the 3<sup>rd</sup> quarter as US markets climbed to new all-time highs in early September only to pull back towards the end of the period. A variety of factors contributed to the increase in volatility including concerns related to the Delta variant, supply chain shortages, higher US interest rates, rising inflation, and fiscal policies in Washington. Despite these concerns, growth led value in both large and mid-cap companies and large companies outperformed relative to smaller peers.
- Developed international equity markets outperformed their domestic counterparts during the 3<sup>rd</sup> quarter. Emerging markets dropped sharply on concerns related to increased regulatory oversight in China and the potential default of Evergrande, the largest Chinese property developer.

## **Fixed Income**

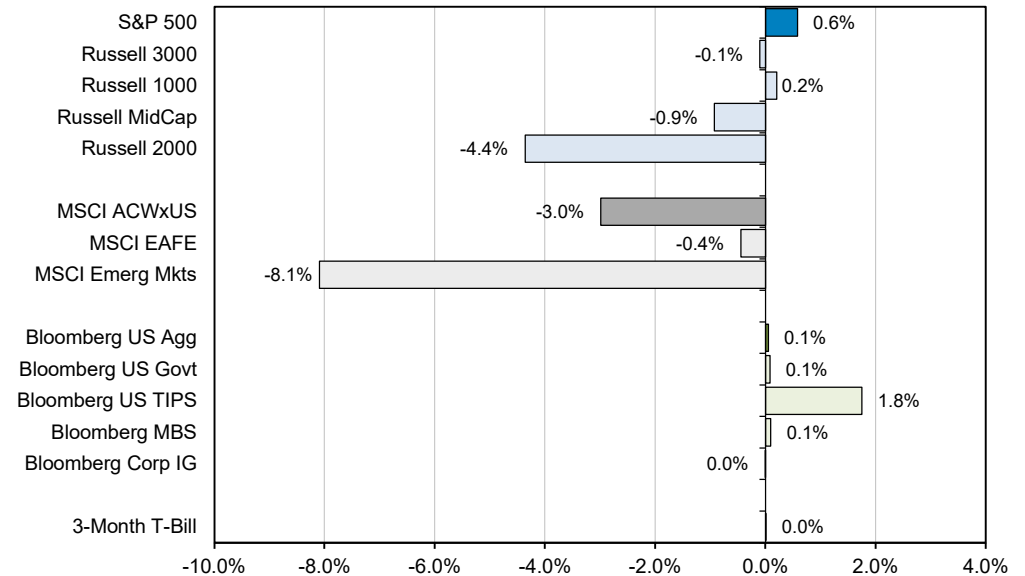
- Despite the continued concerns related to rising inflation and potential changes in Fed policies, US interest rates were essentially unchanged during the quarter. The US 10-Year Treasury bond rose only 2 basis points (0.02%) for the quarter to close at a yield of 1.48%.
- Performance across most US bond market sectors was muted during the quarter and was driven largely by the Fed's messaging concerning the potential for beginning the process of raising interest rates in late-2022.
- Lower quality corporate bonds outperformed higher quality sectors during the quarter. The combination of larger relative coupons and shorter maturity profiles acted as tailwinds for lower quality during the period.

## **Market Themes**

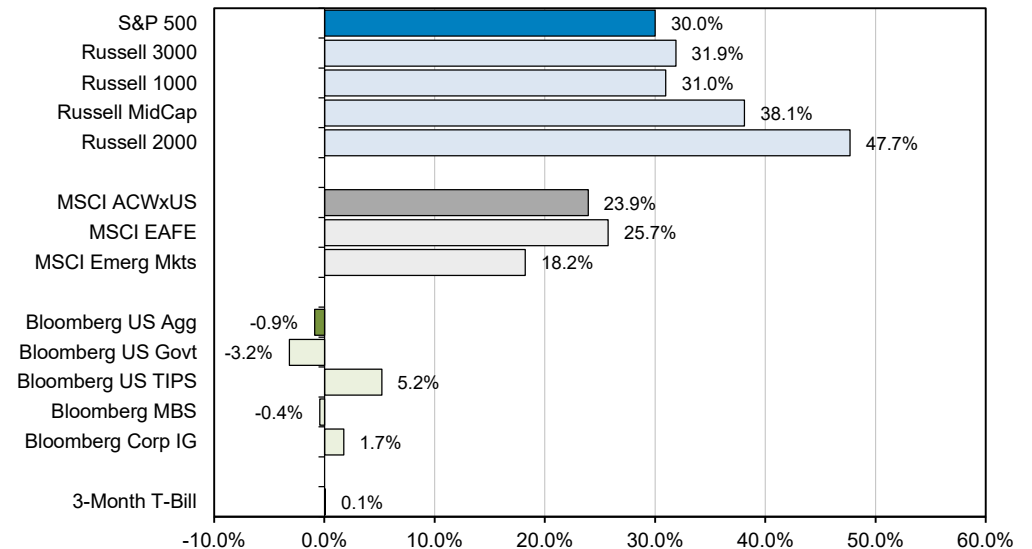
- While global central bank monetary policy remains accommodative, both the Fed and the Bank of England hinted that rate increases would most likely be warranted in the near future. Historically, rising interest rates have served as a headwind to equity markets, particularly for expansion-oriented growth companies.
- The combination of supply chain disruptions and labor shortages is creating increased pressure on corporate margins. While earnings were generally better than expected during the period, the longer these challenges persist, the higher the likelihood that earnings will be negatively affected moving forward.
- Measures of inflation in both the US and Europe remain well above their respective targets. Persistent increases in food and energy prices have the potential to act as a headwind to consumers in coming periods as wages have not kept pace with rising prices.

- US equity markets experienced disparate returns during the 3rd quarter of 2021. The primary factors that drove the market performance during the period were concerns related to rising inflation and potential changes in the Fed's monetary policy. Despite rising US interest rates, growth-oriented companies maintained their market leadership relative to value. For the period, large cap companies returned 0.6%, compared to -0.9% for mid-caps and -4.4% for small company stocks.
- Similar to domestic markets, broad international equity markets also posted disappointing returns for the 3rd quarter. While concerns related to the spread of COVID began to wane, the key drivers of performance were rising inflation, rising interest rates, and the potential default of Evergrande in China. During the period, the MSCI EAFE Index posted a return of -0.4% while the MSCI Emerging Markets Index returned a weak -8.1%.
- For the quarter, bond market returns were muted as interest rates across the yield curve remained largely unchanged. While the Bloomberg (BB) US Aggregate Index returned 0.1%, the outlier was US TIPS which returned 1.8% on concerns about potential rising inflation.
- Returns over the trailing 1-year were strong across all broad US equity markets. The continuation of supportive monetary policy from the Fed and the reopening of local economies as the pandemic receded were the primary performance drivers during the period. Domestic small cap stocks posted highest return for the trailing 1-year period, returning 47.7%. US large cap performance was also stellar with a return of 30.0% over the trailing 1-year period.
- International markets also performed well but lagged relative to their domestic counterparts. Over the trailing 1-year period, the MSCI EAFE Index returned 25.7% while the MSCI Emerging Markets Index returned a lower 18.2%. The combination of rising inflation and developed market interest rates were the primary headwinds during the period.
- Bond market returns over the trailing 1-year period were muted with the Bloomberg US Aggregate Index returning -0.9%. US TIPS continued to lead the way as investors remain concerned about the potential for rising inflation. The TIPS Index returned 5.2% for the period while investment grade corporate bonds returned 1.7%.

### Quarter Performance

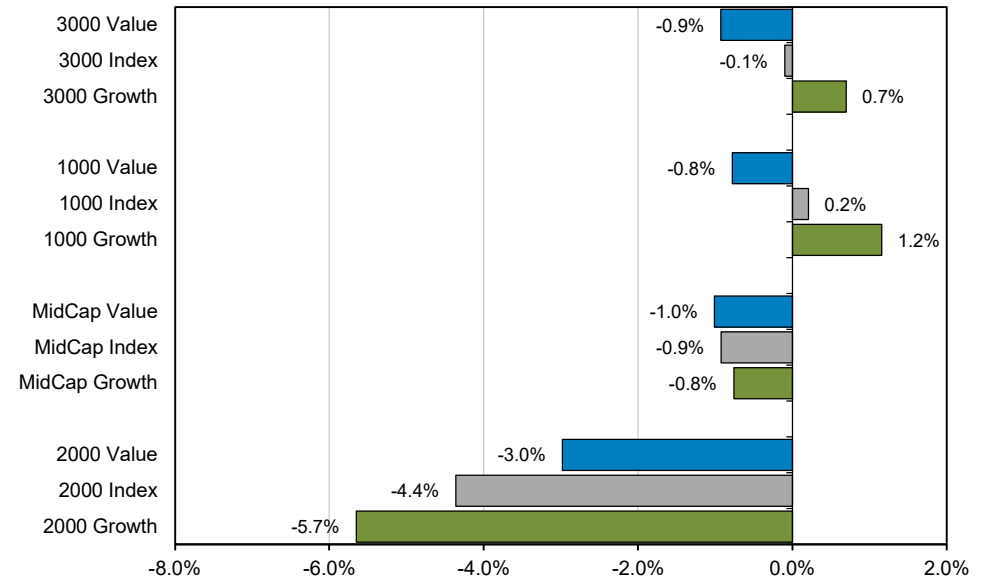


### 1-Year Performance

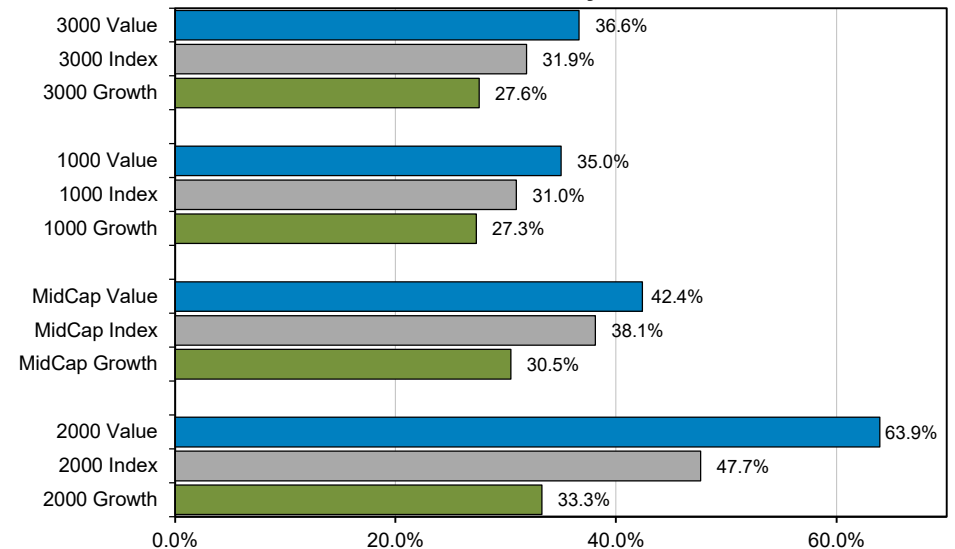


- The market's upward momentum waned during the quarter as most US equity benchmarks posted their first losing quarter since the drawdown at the onset of the pandemic. Large cap stocks continued to lead the equity markets, followed by mid and small cap issues. The Russell 1000 Index returned 0.2% versus returns of -0.9% for the Russell Mid Cap Index and -4.4% for the Russell 2000 Index.
- Except for small cap benchmarks, Growth continued to outpace value for the second consecutive quarter. The Russell 1000 Growth Index was the best performing style index for the quarter, posting a return of 1.2% and Mid cap growth performance was negative, returning -0.8%. However, in small cap stocks, value outpaced growth for the second consecutive quarter with the Russell 2000 Value Index returning -3.0% versus a weaker -5.7% for the Russell 2000 Growth Index.
- Performance across all market capitalizations and styles was very strong over the trailing 1-year period led by higher beta small cap stocks.
- Despite the recent relative outperformance by growth, value stocks outperformed across all market capitalizations over the trailing 1-year period. As the strong economic recovery continued, small cap value stocks posted outsized performance with the Russell 2000 Value Index returning 63.9%. The dispersion between value and growth was also most pronounced for small cap benchmarks (30.6%).

Quarter Performance - Russell Style Series



1-Year Performance - Russell Style Series

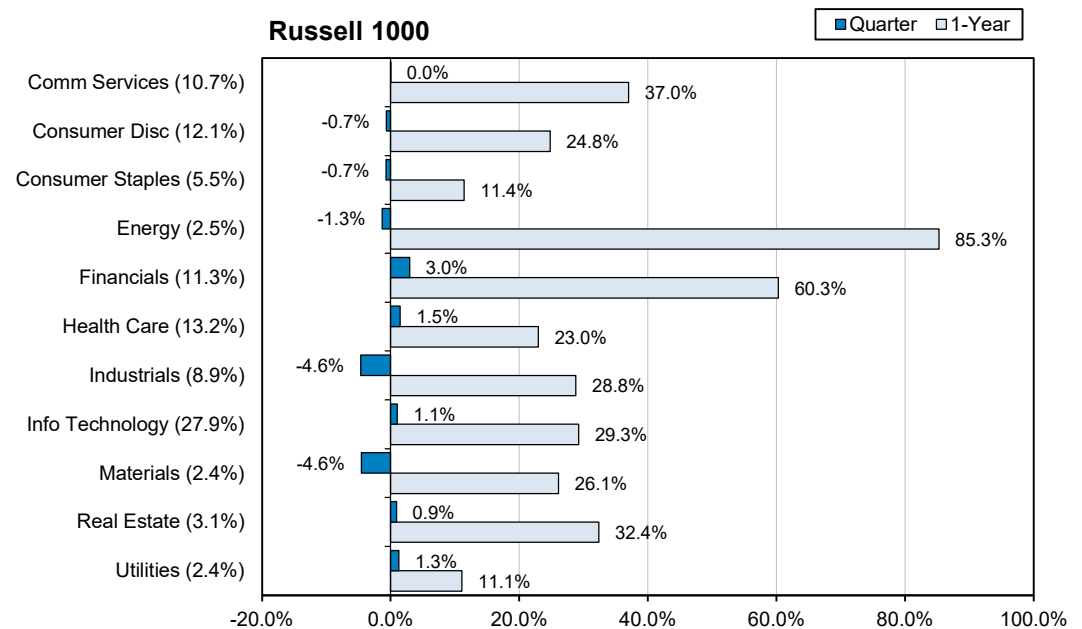


Source: Investment Metrics



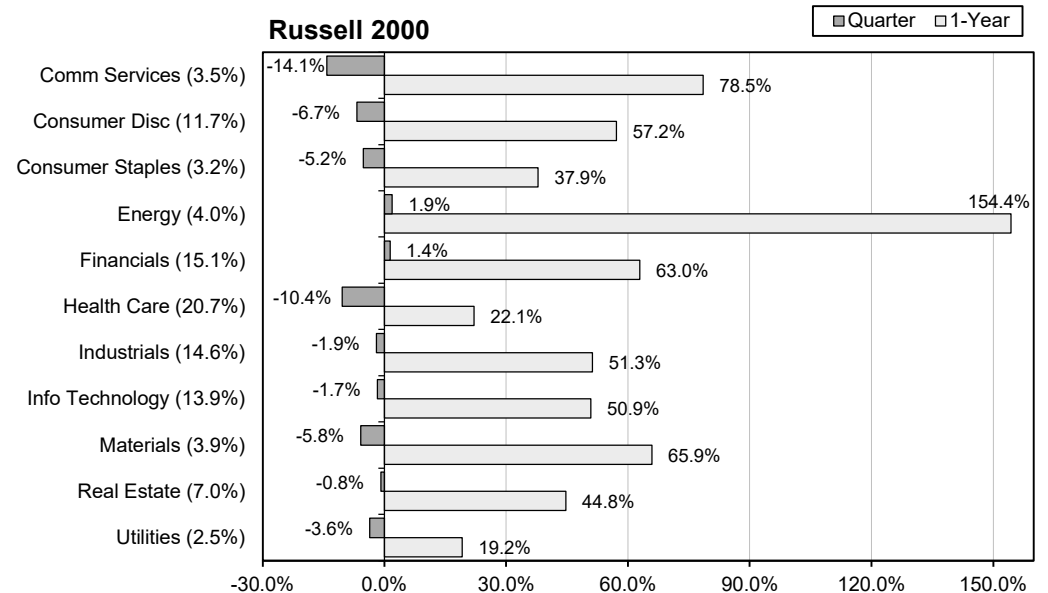
- Sector performance was mixed and muted during the 3rd quarter with only five of the eleven large cap economic sectors realizing positive returns. Five sectors outpaced the return of the broad index during the period.
- Financials were the best performing sector during the quarter returning 3.0%. Rising interest rates and a steepening yield curve should boost banks' profits in the coming quarters. Health Care also performed well, led by the companies developing treatments for COVID-19. The Industrials and Materials sectors were negative during the period, with both sectors returning -4.6%. Supply chain disruptions and concerns about shrinking corporate margins acted as headwinds for performance in these sectors. and concerns about shrinking corporate margins acted as headwinds.
- For the full year, all eleven sectors produced positive returns. Sector performance for the period was led by Energy which jumped 85.3% as oil prices recovered from their pandemic lows. Four of the eleven sectors outperformed the broad large cap benchmark: Energy (85.3%), Financials (60.3%), Communication Services (37.0%), and Real Estate (32.4%). Although they still produced double-digit returns, the weakest economic sectors in the Russell 1000 for the trailing year were Utilities (11.1%) and Consumer Staples (11.4%).

**Russell 1000**



- Small cap sector performance had a more challenging quarter with only two of the eleven small cap sectors posted positive performance. Energy (1.9%) and Financials (1.4%) benefited from rising energy prices and higher interest rates. Six of the Russell 2000 Index sectors managed to outpace the core benchmark for the quarter. Dispersion between the benchmark's sectors was wide during the period with Energy (1.9%) and Communication Services (-14.1%) defining the broad 16.0% band.
- For full 1-year period, seven of the eleven sectors outperformed the broad benchmark: Energy (154.4%), Communication Services (78.5%), Materials (65.9%), Financials (63.0%), Consumer Discretionary (57.2%), Industrials (51.3%), and Info Technology (50.9%). The combination of continued economic growth, accommodative monetary policies, rising energy prices, and increased inflationary pressures were the primary catalysts for the exceptional trailing 1-year performance.

**Russell 2000**



Source: Morningstar Direct  
 As a result of the GICS classification changes on 9/28/2018 and certain associated reporting limitations, sector performance represents backward looking performance for the prior year of each sector's current constituency, post creation of the Communication Services sector.



**The Market Environment**  
**Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000**  
As of September 30, 2021

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	5.40%	3.5%	23.0%	Information Technology
Microsoft Corp	5.17%	4.3%	35.3%	Information Technology
Amazon.com Inc	3.47%	-4.5%	4.3%	Consumer Discretionary
Facebook Inc Class A	1.98%	-2.4%	29.6%	Communication Services
Alphabet Inc Class A	1.96%	9.5%	82.4%	Communication Services
Alphabet Inc Class C	1.82%	6.3%	81.4%	Communication Services
Tesla Inc	1.50%	14.1%	80.8%	Consumer Discretionary
Berkshire Hathaway Inc Class B	1.23%	-1.8%	28.2%	Financials
NVIDIA Corp	1.21%	3.6%	53.3%	Information Technology
JPMorgan Chase & Co	1.18%	5.8%	74.8%	Financials

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Upstart Holdings Inc Ordinary Shares	0.03%	153.4%	N/A	Financials
Moderna Inc	0.32%	63.8%	444.0%	Health Care
Albertsons Companies Inc Class A	0.01%	59.1%	129.8%	Consumer Staples
Atlassian Corporation PLC A	0.13%	52.4%	115.3%	Information Technology
Paylocity Holding Corp	0.03%	47.0%	73.7%	Information Technology
Bill.com Holdings Inc Ordinary Shares	0.05%	45.7%	166.1%	Information Technology
Repligen Corp	0.04%	44.8%	95.9%	Health Care
Acceleron Pharma Inc	0.02%	37.1%	52.9%	Health Care
Paycom Software Inc	0.06%	36.4%	59.3%	Information Technology
Datadog Inc Class A	0.08%	35.8%	38.4%	Information Technology

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
GoHealth Inc Ordinary Shares - Class A	0.00%	-55.1%	-61.4%	Financials
Skillz Inc Ordinary Shares - Class A	0.01%	-54.8%	N/A	Communication Services
Boston Beer Co Inc Class A	0.01%	-50.1%	-42.3%	Consumer Staples
StoneCo Ltd Class A	0.02%	-48.2%	-34.4%	Information Technology
TuSimple Hldgs Inc Ord Shrs - Class A	0.00%	-47.9%	N/A	Industrials
NovoCure Ltd	0.03%	-47.6%	4.4%	Health Care
Vroom Inc Ordinary Shares	0.01%	-47.3%	-57.4%	Consumer Discretionary
Virgin Galactic Holdings Inc Shs A	0.01%	-45.0%	31.6%	Industrials
ChargePoint Hldgs Inc Ord Shrs - A	0.01%	-42.5%	N/A	Industrials
Signify Health Inc Ord Shrs - Class A	0.00%	-41.3%	N/A	Health Care

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
AMC Entmt Holdings Inc Class A	0.67%	-32.9%	708.1%	Communication Services
Intellia Therapeutics Inc	0.32%	-17.1%	574.8%	Health Care
Crocs Inc	0.30%	23.1%	235.8%	Consumer Discretionary
Lattice Semiconductor Corp	0.30%	15.1%	123.2%	Information Technology
Ovintiv Inc	0.29%	4.6%	310.2%	Energy
Tetra Tech Inc	0.27%	22.6%	57.3%	Industrials
Scientific Games Corp Ordinary Shares	0.27%	7.3%	138.0%	Consumer Discretionary
Rexnord Corp	0.27%	28.7%	117.1%	Industrials
Biohaven Pharm. Holding Co Ltd	0.26%	43.1%	113.7%	Health Care
Asana Inc Ordinary Shares - Class A	0.26%	67.4%	260.6%	Information Technology

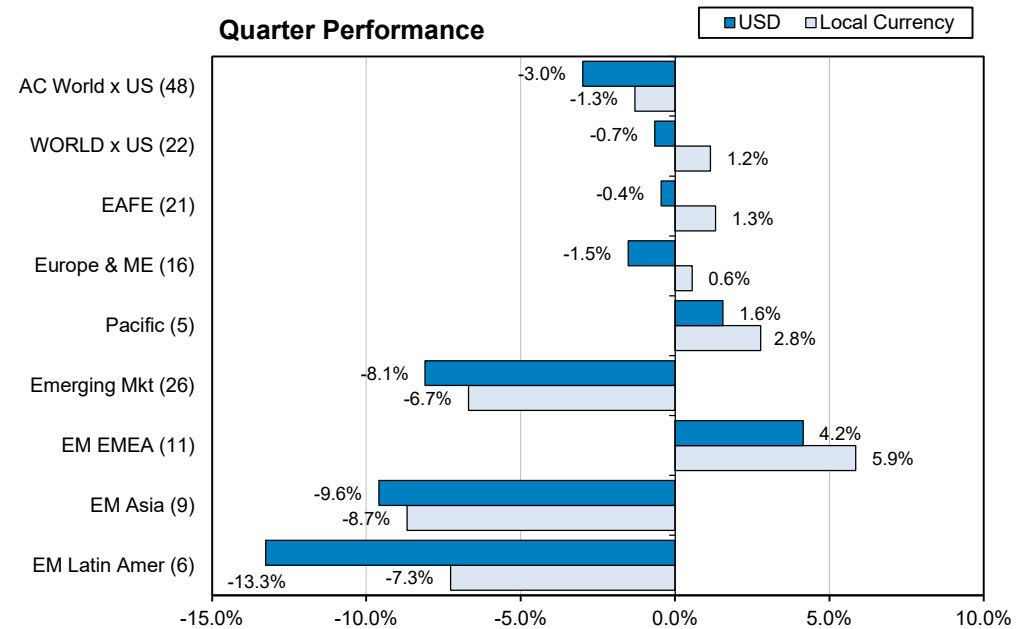
Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
State Auto Financial Corp	0.03%	198.2%	276.9%	Financials
Fulcrum Therapeutics Inc	0.03%	169.2%	255.7%	Health Care
IVERIC bio Inc	0.06%	157.4%	187.9%	Health Care
Kadmon Holdings Inc	0.05%	125.1%	122.2%	Health Care
GreenSky Inc Class A	0.03%	101.4%	151.8%	Information Technology
Dynavax Technologies Corp	0.07%	95.0%	344.7%	Health Care
Grid Dynamics Hldgs Inc Ord Shrs A	0.04%	94.4%	278.0%	Information Technology
Peabody Energy Corp	0.04%	86.5%	543.0%	Energy
Trillium Therapeutics Inc	0.06%	81.2%	24.2%	Health Care
Cytokinetics Inc	0.10%	80.6%	65.1%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
GT Biopharma Inc	0.00%	-100.0%	N/A	Health Care
Forte Biosciences Inc Ordinary Shares	0.00%	-91.2%	-93.9%	Health Care
Eargo Inc Ordinary Shares	0.00%	-83.1%	N/A	Health Care
Sesen Bio Inc	0.01%	-82.8%	-43.3%	Health Care
Ardelyx Inc	0.00%	-82.6%	-74.9%	Health Care
MedAvail Holdings Inc Ordinary Shares	0.00%	-76.2%	N/A	Consumer Staples
Seres Therapeutics Inc	0.02%	-70.8%	-75.4%	Health Care
Ontrak Inc	0.00%	-69.1%	-83.3%	Health Care
InnovAge Holding Corp	0.00%	-69.0%	N/A	Health Care
Ashford Hospitality Trust Inc	0.01%	-67.7%	-10.8%	Real Estate

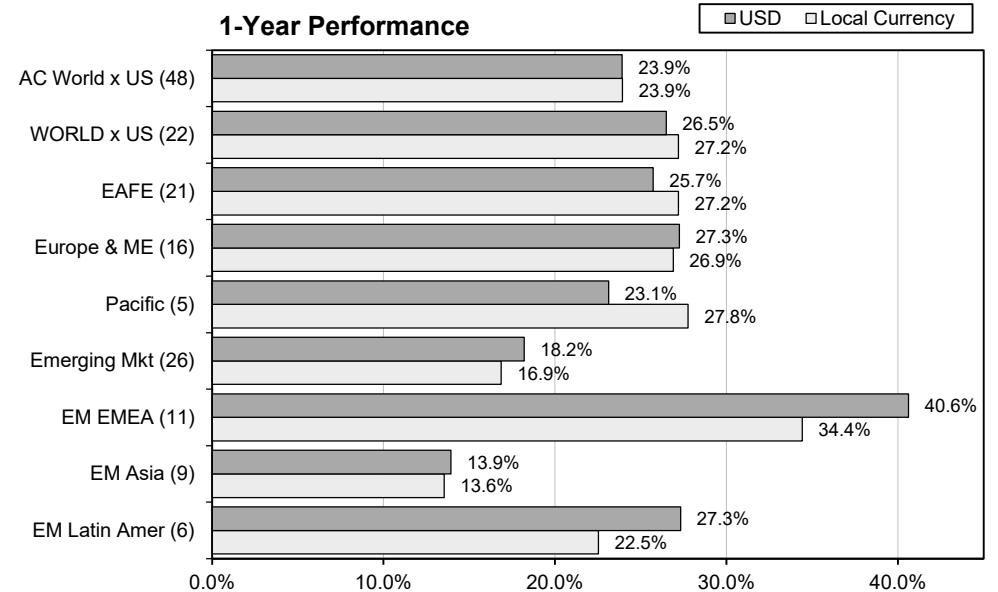
Source: Morningstar Direct



- Although some regional benchmarks posted positive performance for the quarter, the US dollar (USD) performance for the broad international equity benchmarks were negative. For the period, developed markets outperformed emerging markets in both USD and local currency. The MSCI EAFE Index returned -0.4% in USD and 1.3% in local currency terms for the period while the MSCI Emerging Markets Index posted a weak -8.1% return in USD and -6.7% in local currency terms.



- The trailing 1-year results for international developed and emerging markets were positive across all regions and currencies. The MSCI EAFE Index returned 25.7% in USD and 27.2% in local currency terms, while the MSCI Emerging Markets Index returned 18.2% in USD and 16.9% in local currency terms. Performance within the emerging markets regions was led by the EMEA region which returned 40.6% in USD and 34.4% in local terms.



Source: MSCI Global Index Monitor (Returns are Net)





**The Market Environment**  
**US Dollar International Index Attribution & Country Detail**  
As of September 30, 2021

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Communication Services	4.8%	-4.1%	16.2%
Consumer Discretionary	12.7%	-3.6%	31.7%
Consumer Staples	10.2%	-3.4%	9.0%
Energy	3.5%	8.7%	62.1%
Financials	17.2%	1.8%	44.5%
Health Care	12.7%	0.5%	9.7%
Industrials	15.8%	1.3%	28.1%
Information Technology	9.6%	5.0%	36.2%
Materials	7.3%	-5.7%	25.2%
Real Estate	2.9%	-3.1%	20.2%
Utilities	3.3%	-4.6%	4.4%
<b>Total</b>	<b>100.0%</b>	<b>-0.4%</b>	<b>25.7%</b>

MSCI - ACWixUS	Sector Weight	Quarter Return	1-Year Return
Communication Services	6.3%	-9.9%	9.0%
Consumer Discretionary	12.7%	-11.5%	9.9%
Consumer Staples	8.5%	-3.4%	10.0%
Energy	4.9%	6.7%	55.0%
Financials	19.3%	1.1%	42.5%
Health Care	9.5%	-1.9%	10.1%
Industrials	12.2%	0.2%	27.9%
Information Technology	13.2%	-1.0%	36.7%
Materials	8.0%	-5.5%	27.1%
Real Estate	2.5%	-5.7%	12.7%
Utilities	3.0%	-1.9%	10.5%
<b>Total</b>	<b>100.0%</b>	<b>-3.0%</b>	<b>23.9%</b>

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Communication Services	10.3%	-15.1%	1.9%
Consumer Discretionary	14.7%	-22.9%	-16.9%
Consumer Staples	5.9%	-4.4%	13.4%
Energy	5.9%	9.1%	44.5%
Financials	19.5%	1.0%	35.0%
Health Care	5.0%	-13.0%	12.9%
Industrials	4.9%	-6.5%	31.9%
Information Technology	20.9%	-5.9%	37.3%
Materials	8.7%	-4.8%	46.1%
Real Estate	2.1%	-14.2%	-9.4%
Utilities	2.3%	7.4%	35.2%
<b>Total</b>	<b>100.0%</b>	<b>-8.1%</b>	<b>18.2%</b>

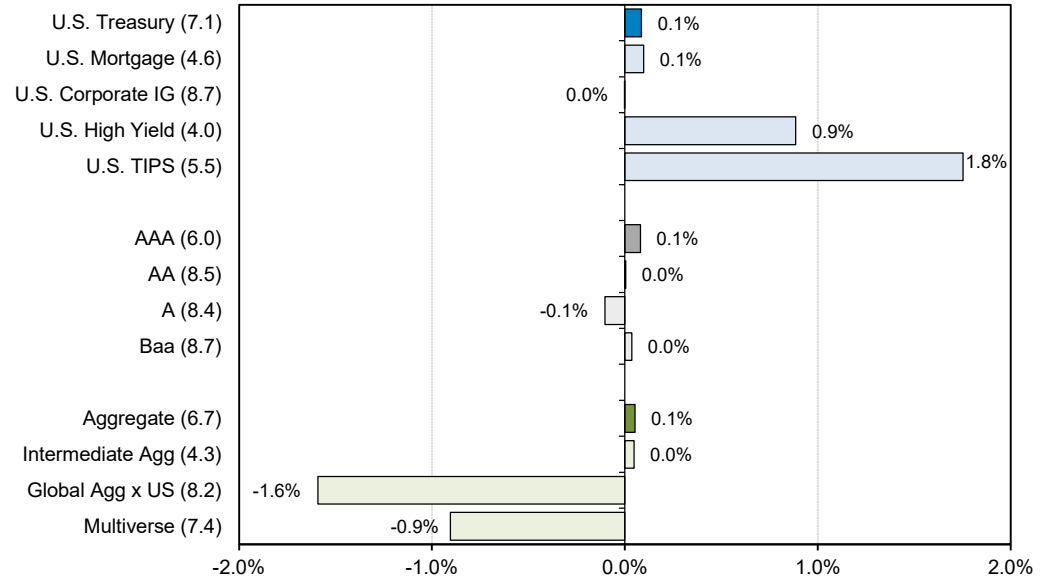
Country	MSCI-EAFE Weight	MSCI-ACWixUS Weight	Quarter Return	1-Year Return
Japan	24.2%	15.3%	4.6%	22.1%
United Kingdom	14.4%	9.1%	-0.3%	31.2%
France	11.2%	7.1%	-2.0%	34.3%
Switzerland	9.5%	6.0%	-3.3%	14.5%
Germany	9.1%	5.8%	-4.3%	16.5%
Australia	6.9%	4.4%	-3.0%	31.7%
Netherlands	4.8%	3.1%	3.4%	46.0%
Sweden	3.7%	2.3%	-2.2%	31.4%
Hong Kong	3.0%	1.9%	-9.4%	15.0%
Denmark	2.6%	1.7%	2.6%	28.3%
Italy	2.5%	1.6%	-1.1%	33.4%
Spain	2.4%	1.5%	-3.3%	31.4%
Singapore	1.2%	0.7%	0.0%	30.0%
Finland	1.0%	0.7%	-3.1%	16.6%
Belgium	0.9%	0.6%	-5.6%	18.8%
Ireland	0.7%	0.5%	0.0%	21.8%
Norway	0.7%	0.4%	5.2%	45.4%
Israel	0.6%	0.4%	2.8%	28.4%
New Zealand	0.2%	0.2%	1.8%	-2.3%
Austria	0.2%	0.1%	10.4%	98.2%
Portugal	0.2%	0.1%	3.6%	19.5%
<b>Total EAFE Countries</b>	<b>100.0%</b>	<b>63.3%</b>	<b>-0.4%</b>	<b>25.7%</b>
Canada		7.1%	-2.5%	33.9%
<b>Total Developed Countries</b>		<b>70.4%</b>	<b>-0.7%</b>	<b>26.5%</b>
China		10.1%	-18.2%	-7.3%
Taiwan		4.4%	-2.1%	43.3%
Korea		3.7%	-13.2%	27.8%
India		3.6%	12.6%	53.1%
Brazil		1.3%	-20.2%	21.0%
Russia		1.2%	9.5%	59.4%
Saudi Arabia		1.0%	8.2%	47.7%
South Africa		0.9%	-5.8%	27.2%
Mexico		0.6%	1.4%	51.1%
Thailand		0.5%	-3.6%	20.1%
Indonesia		0.4%	9.4%	26.4%
Malaysia		0.4%	0.2%	1.4%
United Arab Emirates		0.2%	6.4%	50.6%
Poland		0.2%	1.2%	29.5%
Qatar		0.2%	7.3%	15.0%
Philippines		0.2%	-3.6%	13.3%
Kuwait		0.2%	9.0%	27.8%
Chile		0.1%	-7.8%	18.7%
Hungary		0.1%	7.7%	72.8%
Turkey		0.1%	1.9%	5.2%
Argentina		0.1%	22.1%	47.2%
Colombia		0.1%	10.2%	31.7%
Peru		0.1%	-11.0%	-5.8%
Greece		0.1%	2.0%	30.4%
Czech Republic		0.0%	14.2%	85.2%
Egypt		0.0%	4.3%	-13.7%
<b>Total Emerging Countries</b>		<b>29.5%</b>	<b>-8.1%</b>	<b>18.2%</b>
<b>Total ACWixUS Countries</b>		<b>100.0%</b>	<b>-3.0%</b>	<b>23.9%</b>

Source: Morningstar Direct, MSCI Global Index Monitor (Returns are Net in USD)  
As a result of the GICS classification changes on 9/28/2018 and certain associated reporting limitations, sector performance represents backward looking performance for the prior year of each sector's current constituency, post creation of the Communication Services sector.

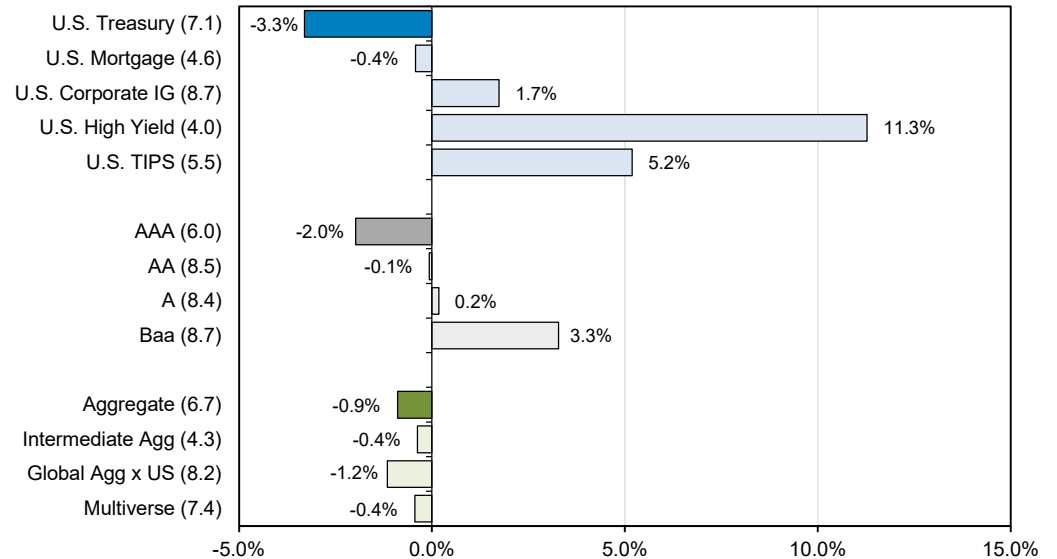


- Fixed income market yields were broadly unchanged during the 3rd quarter. The Bloomberg US Aggregate Bond Index returned a muted 0.1% for the period.
- Digging deeper into bond market sectors, while the US Corporate Investment Grade Index return was largely unchanged (0.0%), lower quality High Yield benchmark delivered positive a positive return of 0.9%. High yield issues benefited from the asset category's overall shorter maturity profile and higher coupon rate.
- The outlier during the quarter was US TIPS issues, which returned 1.8%. Expectations for inflation to persist above the Fed's stated average target of 2.0% was the catalyst for the solid performance.
- Outside of domestic markets, the Bloomberg Global Aggregate ex US Index posted a -1.6% return for the quarter. A significant contributor to the global bond's index performance was UK issues. Interest rates in the UK moved higher during the period as the Bank of England began to message the potential for rate increases in the near future.
- Over the trailing 1-year period, returns of higher quality government and mortgage-backed bonds were disappointing. US Treasury bonds declined by -3.3% and the mortgage-backed benchmark returned a less negative -0.4%.
- In contrast, corporate bonds delivered solid performance, led by lower quality high yield bonds. The Bloomberg US Corporate IG Index returned 1.7% while the Blomberg US High Yield Bond Index returned a strong 11.3%.
- US TIPS continued to perform well for the trailing 1-year period with the index returning 5.2%. Persistent concerns about rising inflation acted as a tailwind for TIPS issues.

**Quarter Performance**



**1-Year Performance**

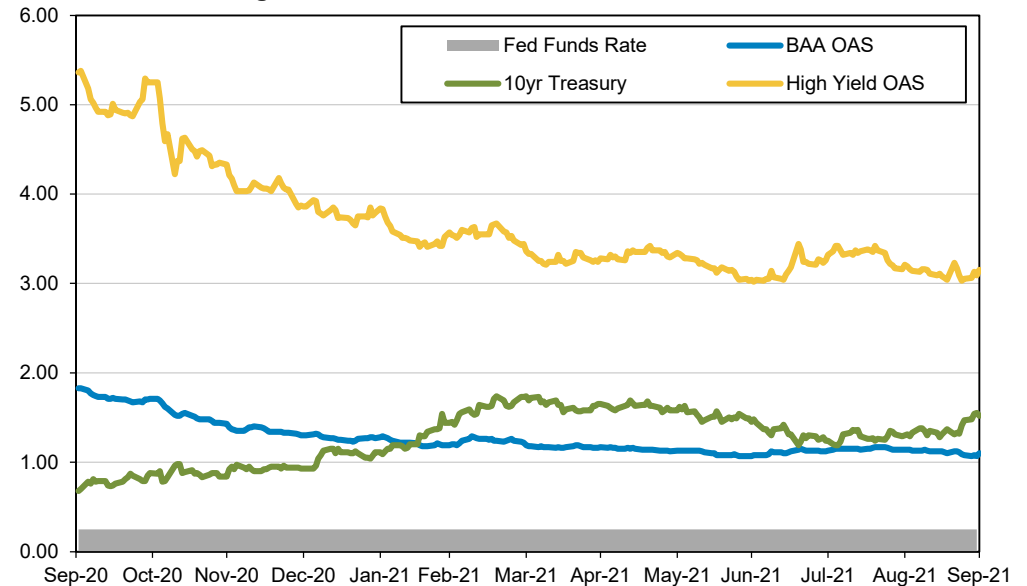


Source: Bloomberg

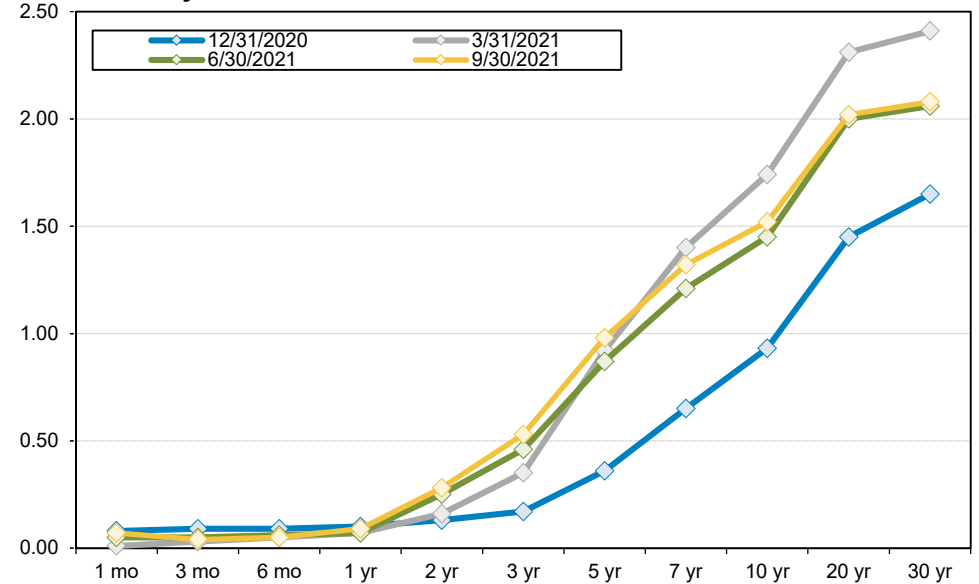


- The gray band across the graph represents the range of the Fed Funds Rate. Over the past year, the Fed's target rate range has remained unchanged at 0.00% to 0.25%. During its September meeting, the Federal Open Market Committee (FOMC) reiterated its commitment to keeping interest rates near zero while signaling that it would begin tapering its asset purchase program. Importantly, the Fed also indicated it would begin considering raising US interest rates in the near future.
- The yield on the US 10-year Treasury (green line) continued to rise during the year as the economy recovered. After reaching a high of 1.74% during the 1st quarter of 2021, interest rates have largely moved in a range-bound, sideways pattern.
- The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium investors require to purchase and hold non-Treasury investment grade issues. As the pace of the economic recovery quickened, spreads narrowed, indicating that investors remain comfortable owning credit as the probability of corporate defaults remains low. While nearly triple the BAA OAS, the High Yield OAS shows a similar willingness by investors to hold non-Treasury debt.
- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four quarters. Beginning in the 4th quarter of 2020, longer-term interest rates began to move higher as investors anticipated improving economic conditions. Interest rates peaked in the 1st quarter as economic growth surprised to the upside. Since then, longer-term US interest rates have remained relatively steady.

**1-Year Trailing Market Rates**



**Treasury Yield Curve**



Source: US Department of Treasury, FRED (Federal Reserve of St. Louis)



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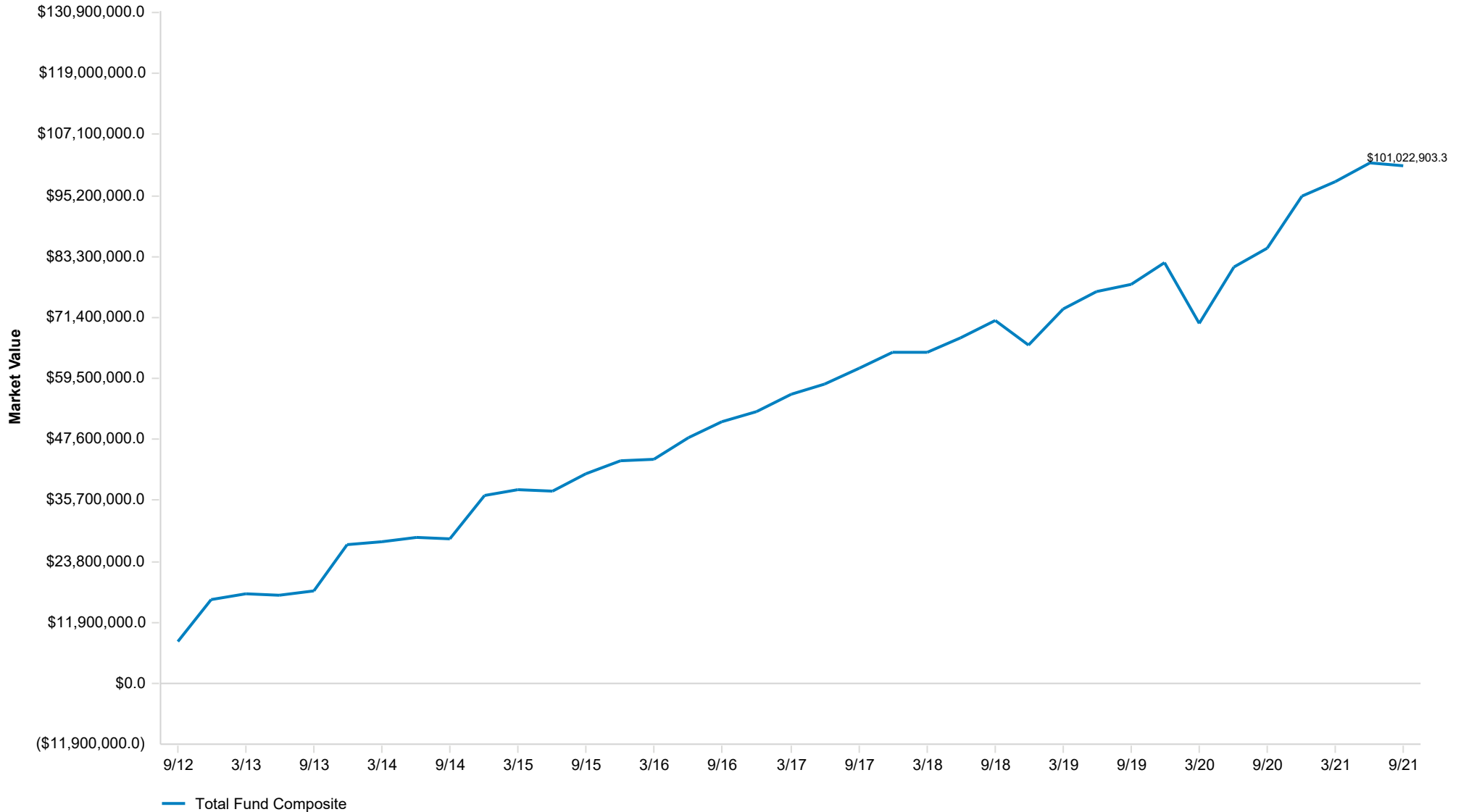


20.1%



**Schedule of Investable Assets**  
**Total Fund Composite**  
 October 1, 2012 To September 30, 2021

**Schedule of Investable Assets**



**Schedule of Investable Assets**

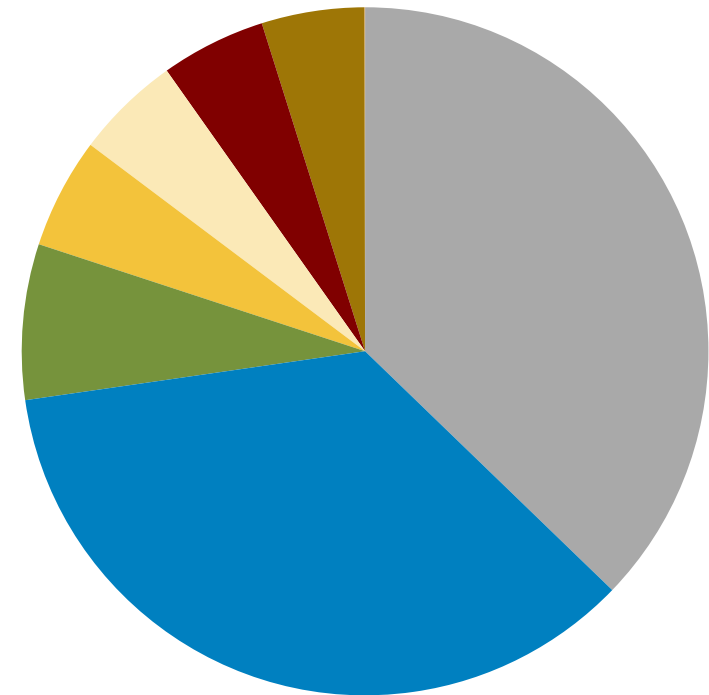
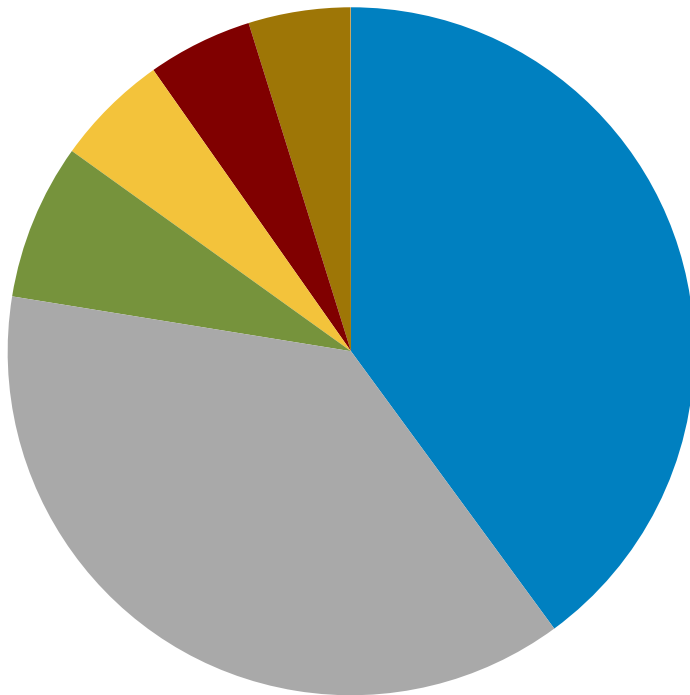
Periods Ending	Beginning Market Value \$	Net Cash Flow \$	Gain/Loss \$	Ending Market Value \$	%Return
Oct-2012 To Sep-2021	8,192,495	54,350,667	38,479,741	101,022,903	7.83



**Asset Allocation By Manager  
Total Fund  
As of September 30, 2021**

June 30, 2021 : \$101,501,475

September 30, 2021 : \$101,022,903



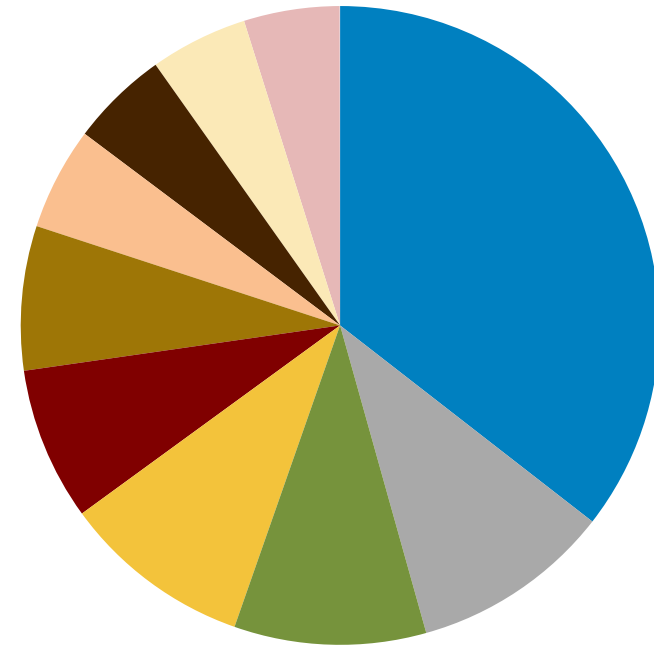
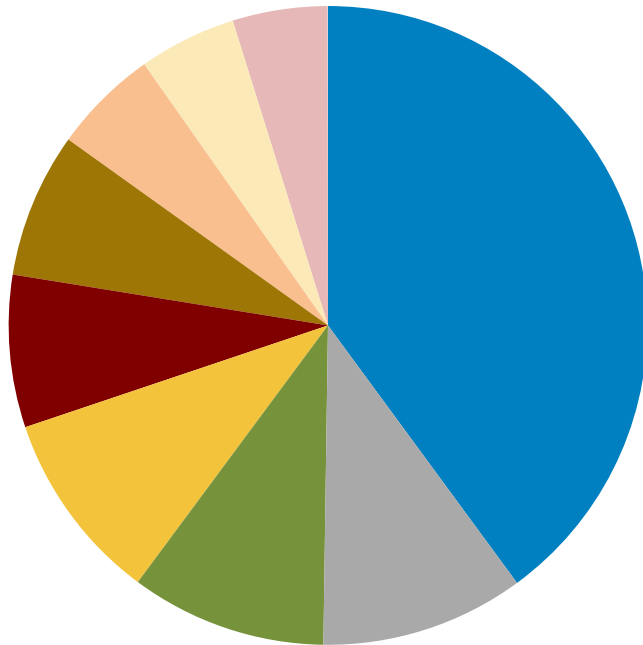
Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Core Plus Fixed Income	40,524,427	39.9	Domestic Equity	37,594,431	37.2
Domestic Equity	38,190,567	37.6	Core Plus Fixed Income	35,879,900	35.5
International Equity	7,453,851	7.3	International Equity	7,380,972	7.3
Real Estate	5,423,791	5.3	Real Estate	5,258,724	5.2
GTAA	5,009,937	4.9	Bank Loans	5,000,000	4.9
High Yield Fixed Income	4,870,591	4.8	GTAA	4,994,715	4.9
Cash	28,312	0.0	High Yield Fixed Income	4,884,591	4.8
Bank Loans	-	0.0	Cash	29,570	0.0



**Asset Allocation By Manager  
Total Fund  
As of September 30, 2021**

June 30, 2021 : \$101,501,475

September 30, 2021 : \$101,022,903



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
■ MacKay Shields Core Plus	40,524,427	39.9	■ MacKay Shields Core Plus	35,879,900	35.5
■ Vanguard Index Fund Institutional (VINIX)	10,465,686	10.3	■ Vanguard Index Fund Institutional (VINIX)	10,237,577	10.1
■ Fiduciary Management	10,068,174	9.9	■ Fiduciary Management	9,815,587	9.7
■ Barrow Hanley MeWhinney & Strauss	9,829,521	9.7	■ Barrow Hanley MeWhinney & Strauss	9,712,606	9.6
■ Stephens Mid Cap Growth	7,827,186	7.7	■ Stephens Mid Cap Growth	7,828,662	7.7
■ Causeway International (CIVIX)	7,453,851	7.3	■ Causeway International (CIVIX)	7,380,972	7.3
■ Cohen & Steers (CSRIX)	5,423,791	5.3	■ Cohen & Steers (CSRIX)	5,258,724	5.2
■ BlackRock Multi-Asset Income (BKMIX)	5,009,937	4.9	■ Pacific Funds Floating Rate (PLFRX)	5,000,000	4.9
■ Loomis Sayles High Yield (LSHIX)	4,870,591	4.8	■ BlackRock Multi-Asset Income (BKMIX)	4,994,715	4.9
■ Cash	28,312	0.0	■ Loomis Sayles High Yield (LSHIX)	4,884,591	4.8
■ Pacific Funds Floating Rate (PLFRX)	-	0.0	■ Cash	29,570	0.0





**Asset Allocation & Performance**  
**Total Fund Composite (Gross of Fees)**  
As of September 30, 2021

Asset Allocation & Performance	Allocation		Performance(%)						
	Market Value \$	%	QTR	1 YR	3 YR	5 YR	7 YR	Inception	Inception Date
<b>Total Fund Composite (Gross of Fees)</b>	<b>101,022,903</b>	<b>100.0</b>	<b>-0.26</b>	<b>20.05</b>	<b>8.50</b>	<b>8.31</b>	<b>7.03</b>	<b>7.83</b>	<b>10/01/2012</b>
Policy Index			-0.29	19.62	8.16	7.58	6.63	7.55	
OPEB Actuarial Assumption			1.54	6.30	6.44	6.58	6.70	6.79	
<b>Total Fund Composite (Net of Fees)</b>			<b>-0.29</b>	<b>19.69</b>	<b>8.13</b>	<b>7.92</b>	<b>6.61</b>	<b>7.35</b>	
Fiduciary Management	9,815,587	9.7	-2.36	24.92	10.67	12.58	10.82	12.53	10/01/2012
Russell 1000 Value Index			-0.78	35.01	10.07	10.94	9.32	11.73	
S&P 500 Index			0.58	30.00	15.99	16.90	14.01	15.22	
Vanguard Index Fund Institutional (VINIX)	10,237,577	10.1	0.57	29.97	15.97	N/A	N/A	16.46	05/01/2017
S&P 500 Index			0.58	30.00	15.99	16.90	14.01	16.48	
Stephens Mid Cap Growth	7,828,662	7.7	0.22	29.96	19.13	22.20	17.11	17.70	01/01/2013
Russell Midcap Growth Index			-0.76	30.45	19.14	19.27	15.39	16.86	
Barrow Hanley MeWhinney & Strauss	9,712,606	9.6	-3.61	53.57	10.90	14.50	12.62	14.53	10/01/2012
Russell 2000 Value Index			-2.98	63.92	8.58	11.03	10.19	11.24	
Causeway International (CIVIX)	7,380,972	7.3	-0.96	37.72	5.30	7.32	3.95	4.08	10/01/2013
MSCI EAFE (Net) Index			-0.45	25.73	7.62	8.81	5.80	5.61	
MSCI EAFE Value Index (Net)			-0.97	30.66	3.04	5.96	2.74	3.10	
Cohen & Steers (CSRIX)	5,258,724	5.2	0.94	32.78	13.91	9.51	11.06	10.79	01/01/2013
FTSE NAREIT All Equity REITs			0.23	31.54	11.73	8.41	10.04	9.86	
BlackRock Multi-Asset Income (BKMIX)	4,994,715	4.9	-0.30	12.01	N/A	N/A	N/A	17.14	04/01/2020
50% S&P 500/50% Barclays Agg			0.35	13.80	11.05	10.04	8.80	20.96	
MacKay Shields Core Plus	35,879,900	35.5	0.54	1.48	6.65	4.13	3.99	3.85	07/01/2014
Blmbg. U.S. Aggregate Index			0.05	-0.90	5.35	2.94	3.26	3.17	
Loomis Sayles High Yield (LSHIX)	4,884,591	4.8	0.31	15.16	4.64	5.47	4.33	5.88	01/01/2013
ICE BofAML High Yield Master II			0.94	11.46	6.62	6.35	5.76	5.87	
Pacific Funds Floating Rate (PLFRX)	5,000,000	4.9	N/A	N/A	N/A	N/A	N/A	N/A	10/01/2021
Credit Suisse Leveraged Loan Index			1.13	8.46	4.09	4.64	4.25	N/A	
Cash	29,570	0.0							

Total Fund Composite (Gross of Fees) includes net performance for mutual funds within the portfolio: Vanguard Index Institutional (VINIX), Causeway International (CIVIX), Cohen & Steers (CSRIX), and Loomis Sayles High Yield (LSHIX). Gross of fees performance is approximately 0.14% higher on an annual basis if these fees were included.



**Asset Allocation & Performance**  
**Total Fund Composite (Gross of Fees)**  
As of September 30, 2021

**Asset Allocation & Performance**

	Allocation		Performance(%)					
	Market Value \$	%	YTD	2020	2019	2018	2017	2016
<b>Total Fund Composite (Gross of Fees)</b>	<b>101,022,903</b>	<b>100.0</b>	<b>6.29</b>	<b>12.03</b>	<b>17.38</b>	<b>-5.28</b>	<b>10.92</b>	<b>10.54</b>
Policy Index			7.13	9.04	17.62	-4.68	9.35	9.47
OPEB Actuarial Assumption			4.69	6.40	6.50	6.75	6.75	7.00
Fiduciary Management	9,815,587	9.7	7.90	11.13	24.39	-2.89	18.86	14.92
Russell 1000 Value Index			16.14	2.80	26.54	-8.27	13.66	17.34
S&P 500 Index			15.92	18.40	31.49	-4.38	21.83	11.96
Vanguard Index Fund Institutional (VINIX)	10,237,577	10.1	15.89	18.39	31.46	-4.42	N/A	N/A
S&P 500 Index			15.92	18.40	31.49	-4.38	21.83	11.96
Stephens Mid Cap Growth	7,828,662	7.7	7.51	42.17	32.97	3.31	29.36	7.86
Russell Midcap Growth Index			9.61	35.59	35.47	-4.75	25.27	7.33
Barrow Hanley MeWhinney & Strauss	9,712,606	9.6	8.83	29.97	26.81	-17.80	18.51	27.59
Russell 2000 Value Index			22.92	4.63	22.39	-12.86	7.84	31.74
Causeway International (CIVIX)	7,380,972	7.3	8.16	5.40	20.10	-18.62	27.18	0.48
MSCI EAFE (Net) Index			8.35	7.82	22.01	-13.79	25.03	1.00
MSCI EAFE Value Index (Net)			9.61	-2.63	16.09	-14.78	21.44	5.02
Cohen & Steers (CSRIX)	5,258,724	5.2	22.21	-2.62	33.01	-3.99	7.43	5.89
FTSE NAREIT All Equity REITs			21.63	-5.12	28.66	-4.04	8.67	8.63
BlackRock Multi-Asset Income (BKMIX)	4,994,715	4.9	5.16	N/A	N/A	N/A	N/A	N/A
50% S&P 500/50% Barclays Agg			6.96	13.66	19.89	-1.90	12.37	7.38
MacKay Shields Core Plus	35,879,900	35.5	-0.26	9.90	9.48	-0.32	4.75	3.99
Blmbg. U.S. Aggregate Index			-1.56	7.51	8.72	0.01	3.54	2.65
Loomis Sayles High Yield (LSHIX)	4,884,591	4.8	6.84	3.42	10.51	-3.54	8.42	18.92
ICE BofAML High Yield Master II			4.67	6.17	14.41	-2.27	7.48	17.49
Pacific Funds Floating Rate (PLFRX)	5,000,000	4.9	N/A	N/A	N/A	N/A	N/A	N/A
Credit Suisse Leveraged Loan Index			4.65	2.78	8.17	1.14	4.25	9.88
Cash	29,570	0.0						

Total Fund Composite (Gross of Fees) includes net performance for mutual funds within the portfolio: Vanguard Index Institutional (VINIX), Causeway International (CIVIX), Cohen & Steers (CSRIX), and Loomis Sayles High Yield (LSHIX).  
Gross of fees performance would be approximately 0.14% higher on an annual basis if these fees were included.



Fiduciary's objective is to buy durable business at value prices in order to achieve top in class investment results over a three to five year time horizon. Fiduciary considers themselves long-term investors, not traders. They will typically hold between 20-30 companies in their portfolio with an average turnover of 35%. The research process is geared toward finding six new investment ideas for the portfolio in a given year. All investment ideas are generated by a research team consisting of six individuals, rather than relying on the portfolio manager. As of September 30, 2021, Fiduciary had a market value of \$9,815,587.

Fiduciary Management		Russell 1000 Value Index	
	Weight %		Weight %
Berkshire Hathaway Inc	6.8	Berkshire Hathaway Inc	2.6
Sony Group Corporation	4.9	JPMorgan Chase & Co	2.5
Masco Corp	4.8	Johnson & Johnson	2.2
Comcast Corp	4.7	Unitedhealth Group Inc	1.7
Dollar General Corporation	4.6	Procter & Gamble Co (The)	1.7
Quest Diagnostics Inc	4.6	Bank of America Corp	1.6
Schwab (Charles) Corp	4.4	Walt Disney Co (The)	1.5
JPMorgan Chase & Co	4.0	Comcast Corp	1.3
Unitedhealth Group Inc	3.7	Exxon Mobil Corp	1.3
Booking Holdings Inc	3.5	Pfizer Inc	1.2

## Equity Assets Exposures by Sector

	Fiduciary Management	Russell 1000 Value Index
Cash	3.56	0.00
Communication Services	13.04	8.29
Consumer Discretionary	17.65	5.62
Consumer Staples	3.40	7.14
Energy	1.71	5.11
Financials	24.35	21.43
Health Care	16.38	17.35
Industrials	14.49	11.61
Information Technology	2.83	10.23
Materials	2.58	3.64
Real Estate	0.00	4.71
Utilities	0.00	4.89

## Equity Characteristics

	Fiduciary Management	Russell 1000 Value Index
Wtd. Avg. Mkt. Cap (\$)	207,481,430,195	155,432,369,912
Price/Earnings ratio	15.6	18.2
Price/Book ratio	2.8	2.6
Current Yield	1.5	2.0
Number of Stocks	32	848



**Fund Information**

Fund Name :	Vanguard Institutional Index Fund: Vanguard Institutional Index Fund; Institutional Shares	Portfolio Assets :	\$282,631 Million
Fund Family :	Vanguard Group Inc	Portfolio Manager :	Butler/Louie
Ticker :	VINIX	PM Tenure :	2000--2017
Inception Date :	07/31/1990	Fund Style :	IM S&P 500 Index (MF)
Fund Assets :	\$126,548 Million	Style Benchmark :	S&P 500 Index
Portfolio Turnover :	4%		

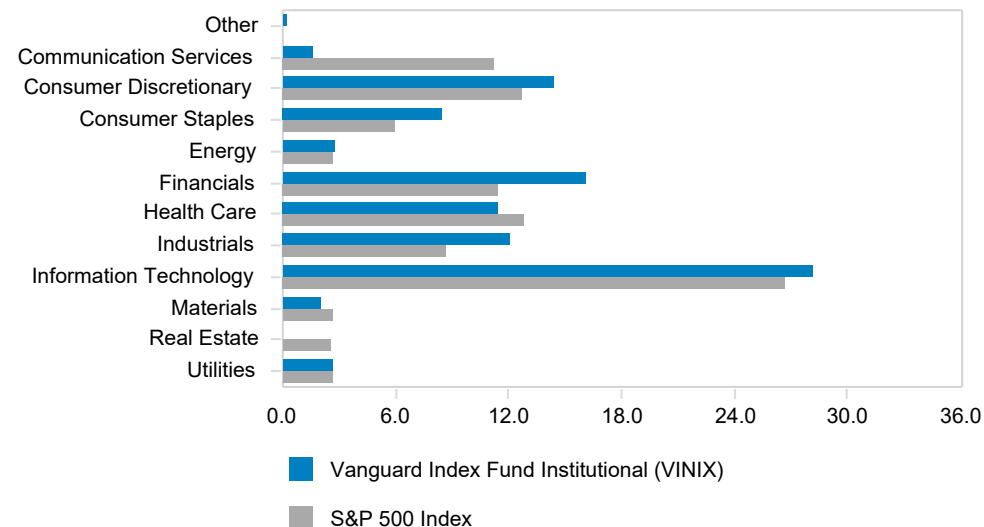
**Portfolio Characteristics As of 04/30/2021**

	Portfolio	Benchmark
Total Securities	508	505
Avg. Market Cap (\$)	496,447,814,988	30,626,723,600
Price/Earnings (P/E)	35.45	28.09
Price/Book (P/B)	10.38	4.56
Dividend Yield	1.82	1.41
Annual EPS	8.82	8.84
5 Yr EPS	16.78	19.41
3 Yr EPS Growth	15.78	N/A
Beta (3 Years, Monthly)	1.00	1.00

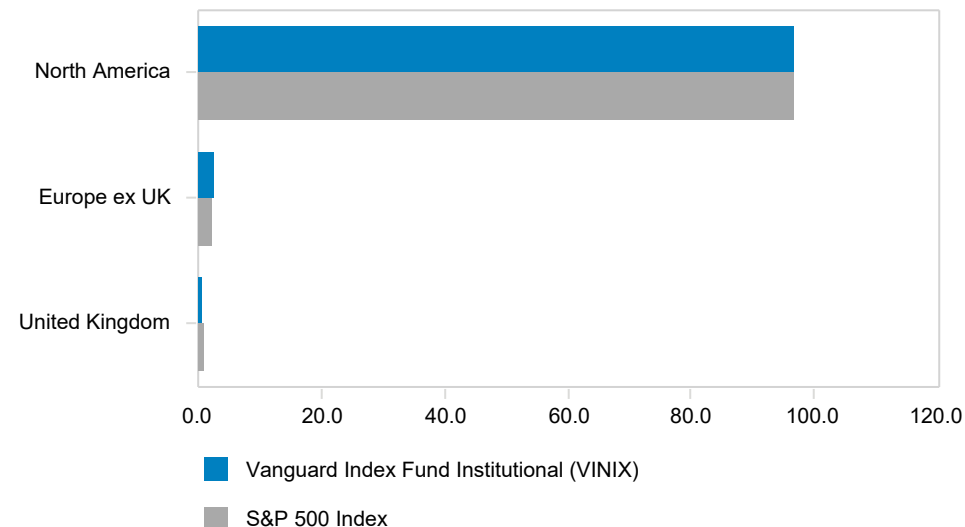
**Top Ten Securities As of 04/30/2021**

Apple Inc ORD	5.9 %
Microsoft Corp ORD	5.4 %
Amazon.com Inc ORD	4.2 %
Facebook Inc ORD	2.2 %
Alphabet Inc ORD 1	2.0 %
Alphabet Inc ORD 2	2.0 %
Tesla Inc ORD	1.5 %
Berkshire Hathaway Inc ORD	1.5 %
JPMorgan Chase & Co ORD	1.3 %
Johnson & Johnson ORD	1.2 %

**Sector Weights As of 04/30/2021**



**Region Weights As of 04/30/2021**



Statistics provided by Lipper. Most recent available data shown.



## Stephens Mid Cap Growth

As of September 30, 2021

The Stephens Mid Cap Growth portfolio is a diversified portfolio that seeks long term growth of capital by investing primarily in common stock of U.S. companies with market capitalizations of between \$1.5 billion to \$12.5 billion. They select mid cap growth companies that are established growth companies that have achieved above average growth. The combination of core growth and catalyst growth stocks positions the portfolio for varying market conditions. As of September 30, 2021, Stephens had a market value of \$7,828,662.

Stephens Mid Cap Growth		Russell Midcap Growth Index	
	Weight %		Weight %
Cadence Design Systems Inc	2.4	DexCom Inc	1.3
Icon PLC	2.2	IDEXX Laboratories Inc	1.3
IDEXX Laboratories Inc	2.1	Chipotle Mexican Grill Inc	1.3
DexCom Inc	2.0	DocuSign Inc.	1.2
Copart Inc	1.8	CrowdStrike Holdings Inc	1.2
Microchip Technology Inc	1.8	lululemon athletica inc	1.1
SVB Financial Group	1.7	Palo Alto Networks Inc	1.1
Resmed Inc	1.7	Match Group Inc	1.1
Match Group Inc	1.7	Agilent Technologies Inc	1.1
Tradeweb Markets Inc	1.7	Cadence Design Systems Inc	1.0

### Equity Assets Exposures by Sector

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Cash	1.36	0.00
Communication Services	10.60	4.92
Consumer Discretionary	14.41	16.31
Consumer Staples	1.89	1.82
Energy	1.30	1.57
Financials	6.89	5.04
Health Care	21.03	17.82
Industrials	11.58	14.40
Information Technology	30.93	34.32
Materials	0.00	1.75
Real Estate	0.00	1.91
Utilities	0.00	0.14

### Equity Characteristics

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Wtd. Avg. Mkt. Cap (\$)	26,974,962,862	27,136,857,447
Price/Earnings ratio	41.0	35.4
Price/Book ratio	7.4	10.1
Current Yield	0.3	0.5
Number of Stocks	100	392



The strategy is designed to exploit inefficiencies in the small cap sector of the market by carefully employing high value-added proprietary research in a universe of small capitalization, low-expectation stocks. This process is directed toward the discovery of companies in which the value of the underlying business is significantly greater than the market price. The portfolio's goal is to consistently generate superior returns while assuming below average levels of risk. As of September 30, 2021, Barrow, Hanley, MeWhinney & Strauss had a market value of \$9,712,606.

Barrow Hanley MeWhinney & Strauss		Russell 2000 Value Index	
	Weight %		Weight %
Darling Ingredients Inc	4.0	AMC Entertainment	1.4
Adient Plc	3.9	Ovintiv Inc	0.6
Texas Capital Bancshares Inc	3.7	Macy's Inc	0.5
WillScot Mobile Mini Holdings Corp	3.7	STAG Industrial Inc	0.4
MGIC Investment Corp	3.6	Tenet Healthcare Corp	0.4
OFG Bancorp	3.4	Chesapeake Energy Corp	0.4
Brooks Automation Inc	3.4	Avis Budget Group Inc	0.4
Air Transport Services Group Inc	3.3	EMCOR Group Inc.	0.4
Umpqua Holdings Corp	3.2	Range Resources Corp.	0.4
Diodes Inc	3.0	Valley National Bancorp	0.4

## Equity Assets Exposures by Sector

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Cash	3.51	0.00
Communication Services	0.00	4.25
Consumer Discretionary	10.87	8.00
Consumer Staples	5.72	2.77
Energy	0.00	7.05
Financials	16.49	26.22
Health Care	2.19	11.24
Industrials	32.62	14.76
Information Technology	22.86	5.41
Materials	5.74	4.61
Real Estate	0.00	11.12
Utilities	0.00	4.58

## Equity Characteristics

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Wtd. Avg. Mkt. Cap (\$)	3,607,142,805	2,889,337,121
Price/Earnings ratio	18.6	12.9
Price/Book ratio	2.1	1.8
Current Yield	0.7	1.7
Number of Stocks	43	1,429



**Fund Information**

Fund Name : Causeway Capital Management Trust: Causeway International Value Fund; Institutional Class Shares  
 Fund Family : Causeway Capital Management LLC  
 Ticker : CIVIX  
 Inception Date : 10/26/2001  
 Fund Assets : \$5,636 Million  
 Portfolio Turnover : 57%

Portfolio Assets : \$6,023 Million  
 Portfolio Manager : Team Managed  
 PM Tenure :  
 Fund Style : IM International Large Cap Core Equity (MF)  
 Style Benchmark : MSCI EAFE (Net) Index

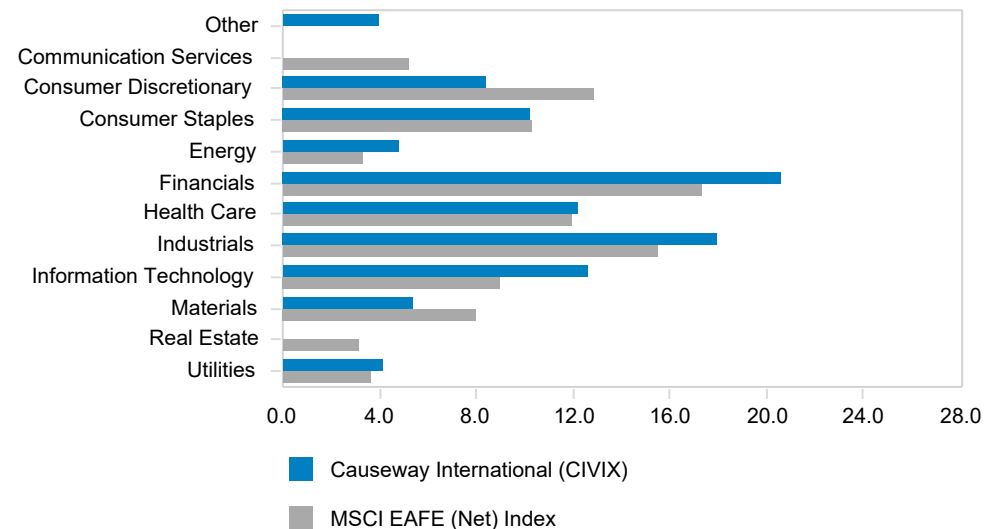
**Portfolio Characteristics As of 03/31/2021**

	Portfolio	Benchmark
Total Securities	61	876
Avg. Market Cap (\$)	88,262,258,756	12,927,746,848
Price/Earnings (P/E)	26.21	22.71
Price/Book (P/B)	3.30	2.59
Dividend Yield	3.23	2.37
Annual EPS	-14.01	120.29
5 Yr EPS	1.27	3.49
3 Yr EPS Growth	-6.29	N/A
Beta (5 Years, Monthly)	1.35	1.00

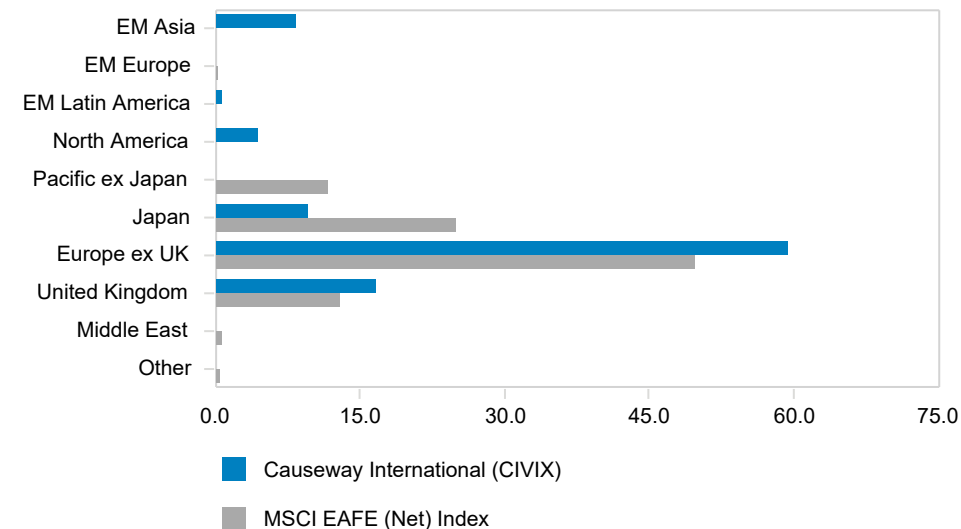
**Top Ten Securities As of 03/31/2021**

Samsung Electronics Co Ltd ORD	3.7 %
Rolls-Royce Holdings PLC ORD	3.4 %
Novartis AG ORD	3.2 %
UniCredit SpA ORD	3.1 %
SANOFI ORD	3.0 %
BASF SE ORD	2.9 %
Total SE ORD	2.8 %
Siemens AG ORD	2.7 %
Amadeus IT Group SA ORD	2.7 %
Takeda Pharmaceutical Co Ltd ORD	2.7 %

**Sector Weights As of 03/31/2021**



**Region Weights As of 03/31/2021**



Statistics provided by Lipper. Most recent available data shown.



**Fund Information**

Fund Name : Cohen & Steers Institutional Realty Shares, Inc  
 Fund Family : Cohen & Steers Capital Management Inc  
 Ticker : CSRIX  
 Inception Date : 02/14/2000  
 Fund Assets : \$5,426 Million  
 Portfolio Turnover : 66%

Portfolio Assets : \$5,426 Million  
 Portfolio Manager : Team Managed  
 PM Tenure :  
 Fund Style : IM Real Estate Sector (MF)  
 Style Benchmark : FTSE NAREIT All Equity REITs

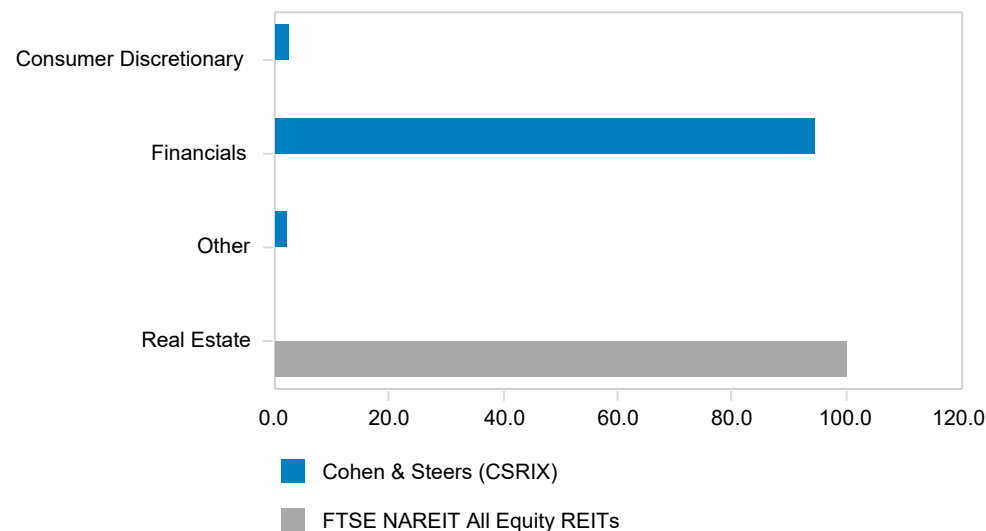
**Portfolio Characteristics As of 03/31/2021**

	Portfolio	Benchmark
Total Securities	39	157
Avg. Market Cap (\$)	30,610,027,939	3,434,119,650
Price/Earnings (P/E)	49.02	43.70
Price/Book (P/B)	5.68	2.77
Dividend Yield	3.04	3.12
Annual EPS	-9.70	2.08
5 Yr EPS	3.69	4.51
3 Yr EPS Growth	-0.48	N/A
Beta (5 Years, Monthly)	0.98	1.00

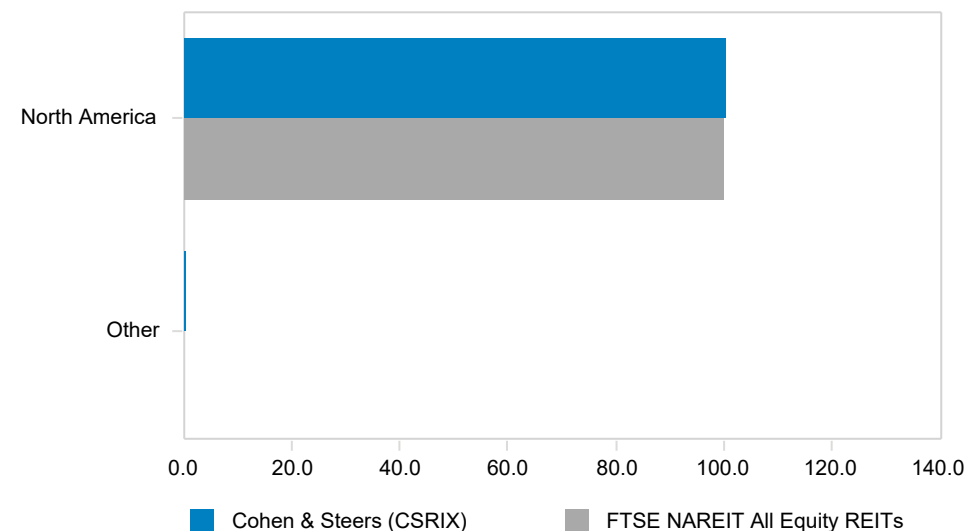
**Top Ten Securities As of 03/31/2021**

Public Storage ORD	7.1 %
American Tower Corp ORD	6.6 %
Simon Property Group Inc ORD	5.6 %
Healthpeak Properties Inc ORD	5.3 %
Duke Realty Corp ORD	4.9 %
UDR Inc ORD	4.2 %
Weyerhaeuser Co ORD	4.1 %
SBA Communications Corp ORD	4.0 %
Extra Space Storage Inc ORD	3.6 %
Essex Property Trust Inc ORD	3.4 %

**Sector Weights As of 03/31/2021**



**Region Weights As of 03/31/2021**

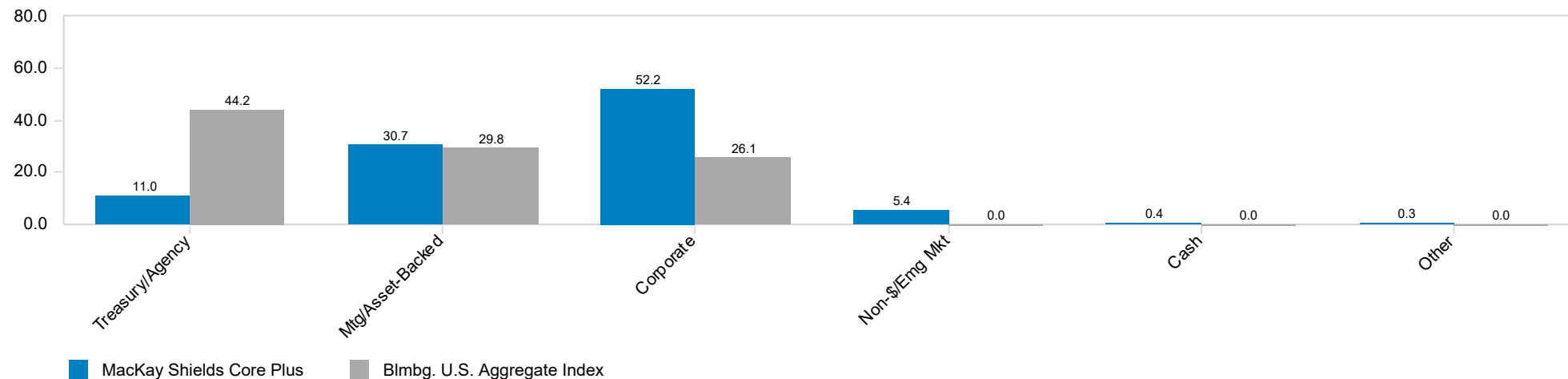




MacKay Shields Core Plus seeks to outperform the benchmark by eliminating or reducing uncompensated risk while opportunistically allocating investments across a range of core and off-benchmark sectors. The fund typically invests in the same sectors represented by the Barclays U.S. Aggregate Bond Index, as well as high yield, emerging market debt, and non-US Dollar exposure. Their philosophy is centered on their pursuit of consistent, superior rates of return with low volatility. Their goal for the product is to provide enhanced returns over a full market cycle with lower-than market risk. As of September 30, 2021,

MacKay Shields had a market value of \$35,879,900.

**Sector Distribution (%)**



**Portfolio Characteristics**

	Portfolio	Benchmark
Avg. Maturity	8.59	8.63
Avg. Quality	A	AA1/AA2
Coupon Rate (%)	3.31	2.48
Modified Duration	N/A	N/A
Yield To Maturity (%)	2.22	1.57
Holdings Count	235	12,226



**Fund Information**

Fund Name :	Loomis Sayles Funds I: Loomis Sayles Institutional High Income Fund; Institutional Class	Portfolio Assets :	\$388 Million
Fund Family :	Loomis Sayles & Company LP	Portfolio Manager :	Matthew Eagan/Elaine Stokes
Ticker :	LSHIX	PM Tenure :	2007--2007
Inception Date :	06/05/1996	Fund Style :	IM U.S. High Yield Bonds (MF)
Fund Assets :	\$388 Million	Style Benchmark :	FTSE High Yield Market Index
Portfolio Turnover :	25%		

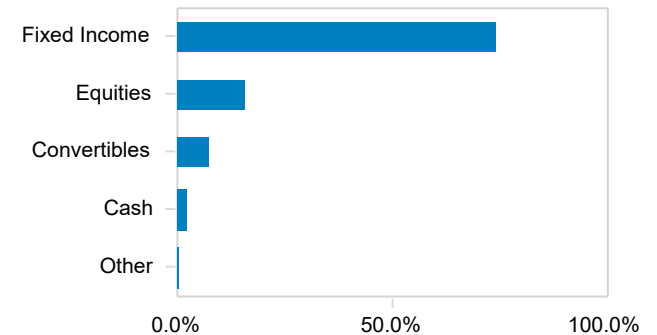
**Fund Characteristics As of 03/31/2021**

Avg. Coupon	4.73 %
Nominal Maturity	N/A
Effective Maturity	5.07 Years
Duration	3.77 Years
SEC 30 Day Yield	5.5
Avg. Credit Quality	BB

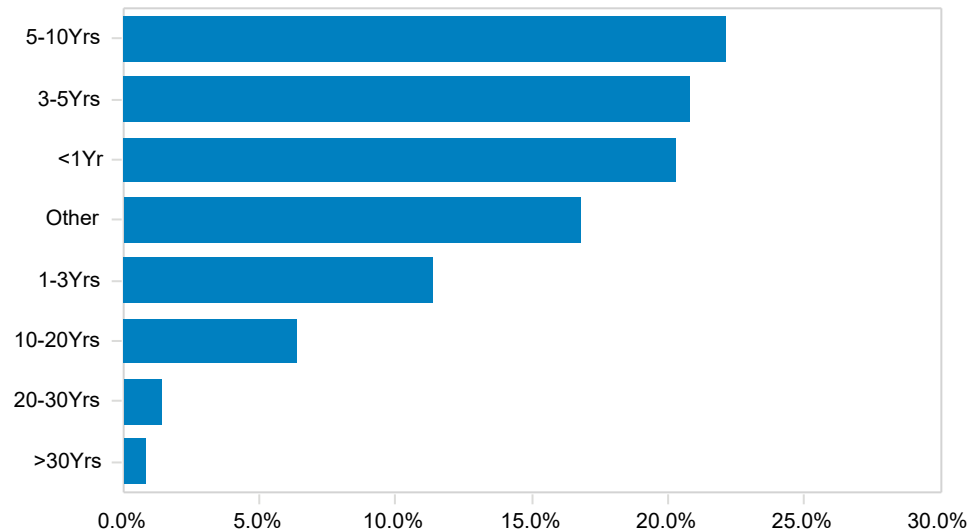
**Top Ten Securities As of 03/31/2021**

Corporate Notes/Bonds	70.5 %
Common Stock	15.8 %
Convertible Securities	7.3 %
Fgn. Currency Denominated Bonds	2.6 %
Asset Backed Securities	1.3 %
Preferred Stock-Non Convertible	0.2 %

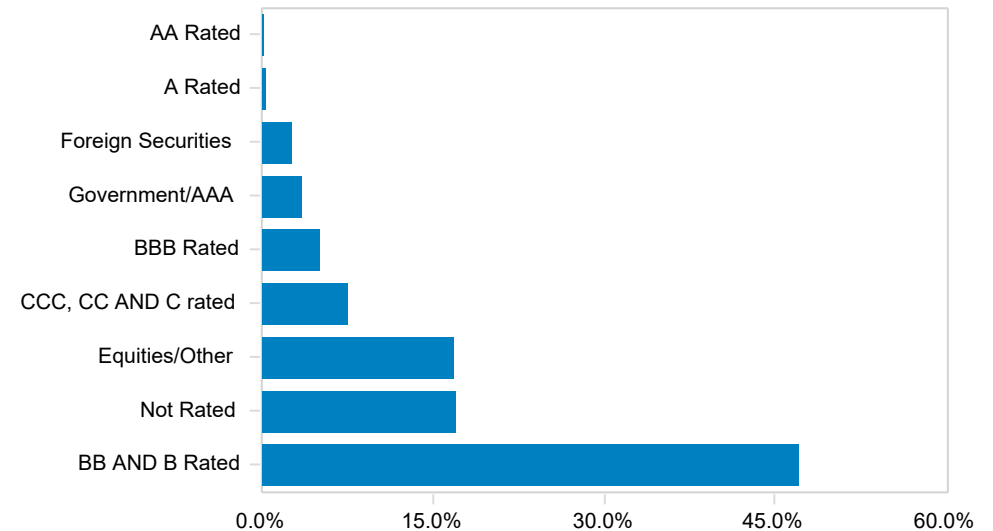
**Asset Allocation As of 03/31/2021**



**Maturity Distribution As of 03/31/2021**



**Sector/Quality Allocation As of 03/31/2021**



Statistics provided by Lipper. Most recent available data shown.



**Fund Information**

Fund Name :	Pacific Funds Series Trust: Pacific Funds Floating Rate Income; Class I Shares	Portfolio Assets :	\$2,246 Million
Fund Family :	Pacific Life Insurance Company	Portfolio Manager :	Marzouk/Leasure
Ticker :	PLFRX	PM Tenure :	2011--2011
Inception Date :	06/30/2011	Fund Style :	IM U.S. Bank Loans (MF)
Fund Assets :	\$1,109 Million	Style Benchmark :	S&P/LSTA Leveraged Loan Index
Portfolio Turnover :	116%		

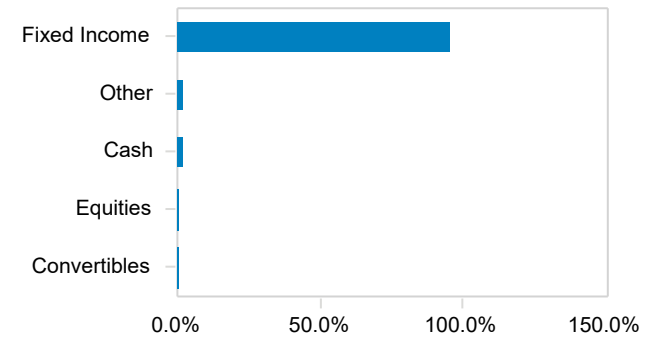
**Fund Characteristics As of 03/31/2021**

Avg. Coupon	N/A
Nominal Maturity	N/A
Effective Maturity	4.11 Years
Duration	0.29 Years
SEC 30 Day Yield	N/A
Avg. Credit Quality	B

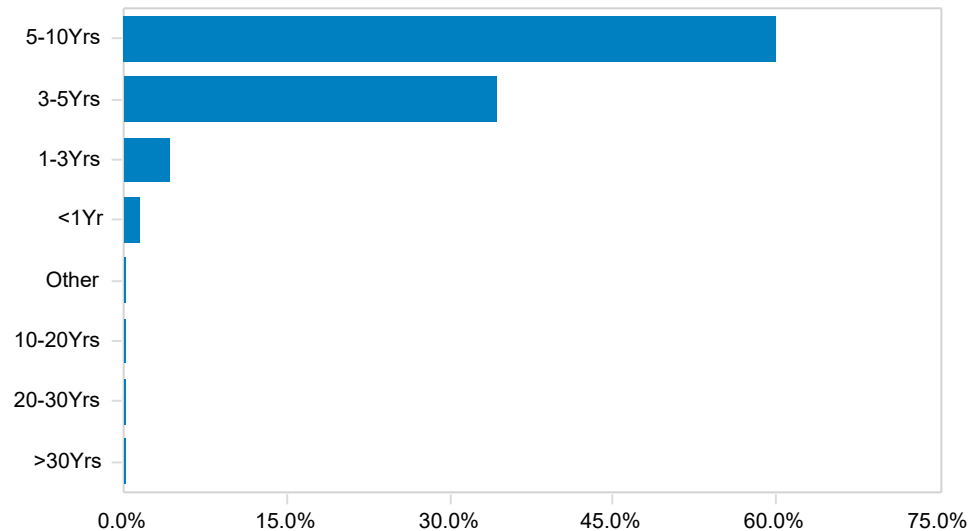
**Top Ten Securities As of 03/31/2021**

Corporate Notes/Bonds	95.6 %
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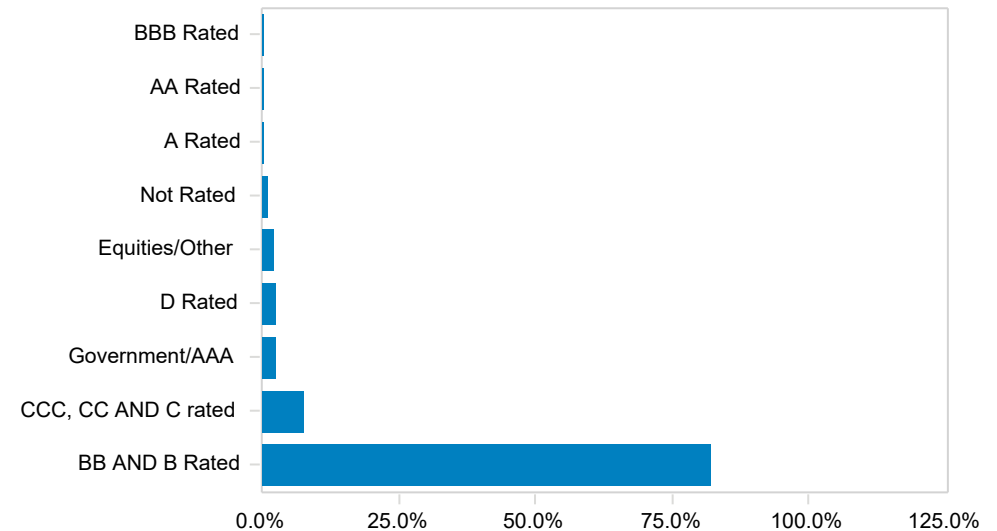
**Asset Allocation As of 03/31/2021**



**Maturity Distribution As of 06/30/2019**



**Sector/Quality Allocation As of 03/31/2021**



Statistics provided by Lipper. Most recent available data shown.



**Port of Houston OPEB  
Manager Status Summary  
As of September 30, 2021**

Manager	Mandate	Status	Notes
Fiduciary Management	Large Cap Value Equity	On Alert	2Q2021: Performance and Process Changes
Vanguard Index Fund (VINIX)	Large Cap Core Equity	In Compliance	
Stephens Mid Cap Growth	Mid Cap Growth Equity	In Compliance	
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	In Compliance	
Causeway International (CIVIX)	International Equity	In Compliance	
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	In Compliance	
BlackRock Multi-Asset (BKMIX)	GTAA	In Compliance	
Mackay Shields Core Plus	Core Plus Fixed Income	In Compliance	
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	In Compliance	

**In Compliance-** The portfolio is acting in full compliance with its guidelines and it is performing according to expectations.

**On Alert-** Concerns exist with the portfolio's performance, a change in investment characteristics, management style, ownership structure, staff or other related events.

**On Notice-** A continued and serious problem with any of the issues mentioned above. If the situation is not resolved to the Trustee's satisfaction, a replacement will be replaced and hired.



**Port of Houston Authority**  
**OPEB Fee Analysis**  
As of September 30, 2021

	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
<b>Total Fund Composite</b>	<b>0.49</b>	<b>101,022,903</b>	<b>491,859</b>	
Equity Composite	0.54	50,234,127	269,103	
Domestic Equity	0.44	37,594,431	166,924	
Fiduciary Management	0.55	9,815,587	53,986	0.55 % of Assets
Vanguard Index Fund Institutional (VINIX)	0.04	10,237,577	4,095	0.04 % of Assets
Stephens Mid Cap Growth	0.77	7,828,662	60,281	0.77 % of Assets
Barrow Hanley MeWhinney & Strauss	0.50	9,712,606	48,563	0.50 % of Assets
International Equity	0.85	7,380,972	62,738	
Causeway International (CIVIX)	0.85	7,380,972	62,738	0.85 % of Assets
Real Estate	0.75	5,258,724	39,440	
Cohen & Steers (CSRIX)	0.75	5,258,724	39,440	0.75 % of Assets
GTAA Composite	0.52	4,994,715	25,973	
BlackRock Multi-Asset Income (BKMIX)	0.52	4,994,715	25,973	0.52 % of Assets
Fixed Income Composite	0.44	50,788,777	222,756	
Core Plus Fixed Income	0.35	35,879,900	125,580	
MacKay Shields Core Plus	0.35	35,879,900	125,580	0.35 % of Assets
High Yield Fixed Income	0.69	4,884,591	33,704	
Loomis Sayles High Yield (LSHIX)	0.69	4,884,591	33,704	0.69 % of Assets
Bank Loans	0.75	5,000,000	37,500	
Pacific Funds Floating Rate (PLFRX)	0.75	5,000,000	37,500	0.75 % of Assets



**Port of Houston OPEB  
Fee Summary  
As of September 30, 2021**

Structure	Mandate	Expense Ratio	Category Average	Difference	Annual Savings
Fiduciary Management	Large Cap Value Equity	0.55%	0.99%	0.44%	\$43,189
Vanguard Index Fund (VINIX)	Large Cap Core Equity	0.04%	0.99%	0.95%	\$97,257
Stephens Mid Cap Growth	Mid Cap Growth Equity	0.77%	1.26%	0.49%	\$38,360
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	0.50%	1.27%	0.77%	\$74,787
Causeway International (CIVIX)	International Equity	0.85%	1.21%	0.36%	\$26,571
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	0.75%	1.24%	0.49%	\$25,768
BlackRock Multi-Asset (BKMIX)	GTAA	0.52%	0.97%	0.45%	\$22,476
Mackay Shields Core Plus	Core Plus Fixed Income	0.35%	0.84%	0.49%	\$175,812
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	0.69%	1.04%	0.35%	\$17,096
Pacific Life (PLFRX)	Bank Loans	0.75%	0.90%	0.15%	
<b>Total Management Fees</b>		<b>0.49%</b>	<b>1.01%</b>	<b>0.52%</b>	<b>\$521,316</b>

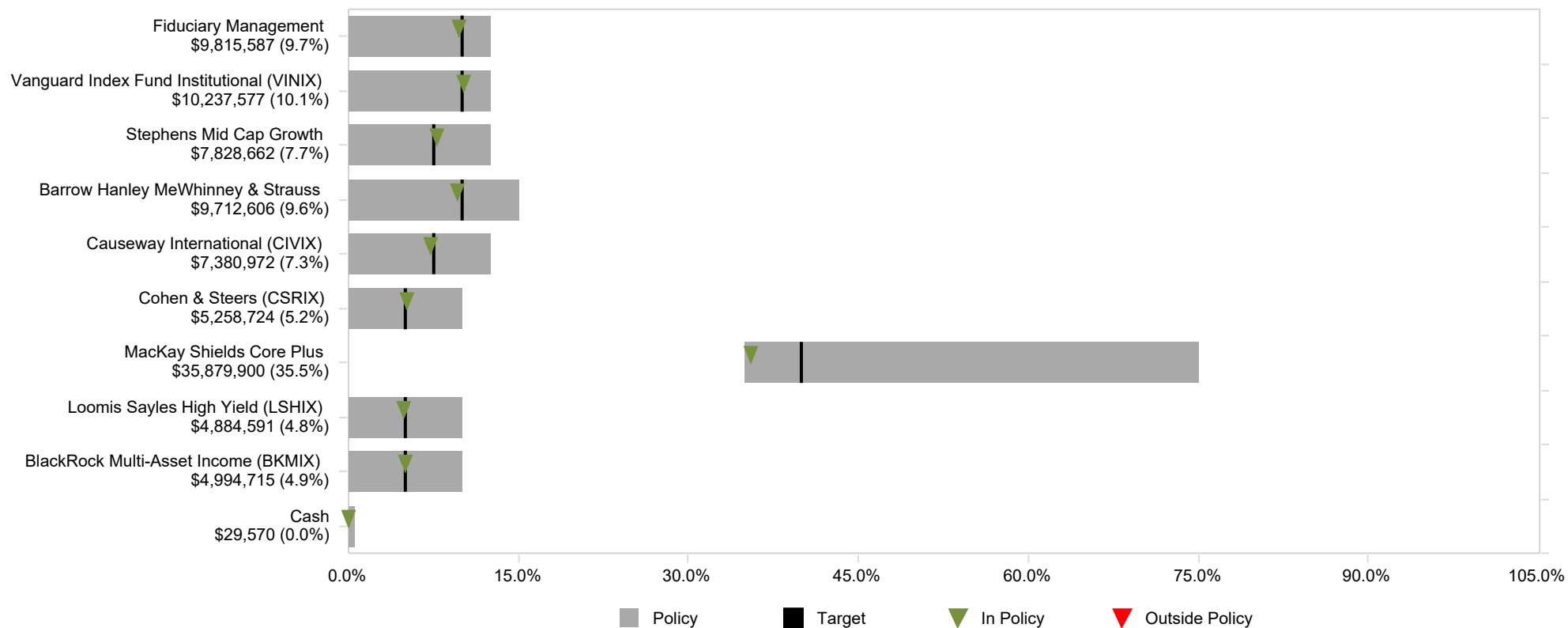
Source: Morningstar and Investment Managers



**Asset Allocation Compliance**

	Asset Allocation \$	Current Allocation (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
<b>Total Fund Composite</b>	<b>101,022,903</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>		
Fiduciary Management	9,815,587	9.7	10.0	-0.3	0.0	12.5
Vanguard Index Fund Institutional (VINIX)	10,237,577	10.1	10.0	0.1	0.0	12.5
Stephens Mid Cap Growth	7,828,662	7.7	7.5	0.2	0.0	12.5
Barrow Hanley MeWhinney & Strauss	9,712,606	9.6	10.0	-0.4	0.0	15.0
Causeway International (CIVIX)	7,380,972	7.3	7.5	-0.2	0.0	12.5
Cohen & Steers (CSRIX)	5,258,724	5.2	5.0	0.2	0.0	10.0
Mackay Shields Core Plus	35,879,900	35.5	40.0	-4.5	35.0	75.0
Loomis Sayles High Yield (LSHIX)	4,884,591	4.8	5.0	-0.2	0.0	10.0
BlackRock Multi-Asset Income (BKMIX)	4,994,715	4.9	5.0	-0.1	0.0	10.0
Cash	29,570	0.0	0.0	0.0	0.0	0.5

**Executive Summary**



<b>Historical Hybrid Composition</b>	
<b>Allocation Mandate</b>	<b>Weight (%)</b>
<b>Jan-1979</b>	
S&P 500 Index	47.50
Russell Midcap Index	12.50
Blmbg. U.S. Aggregate Index	40.00
<b>Dec-2012</b>	
S&P 500 Index	15.00
Russell Midcap Index	12.50
Russell 2000 Index	10.00
MSCI EAFE Index	12.50
Blmbg. U.S. Aggregate Index	35.00
ICE BofAML High Yield Master II	5.00
FTSE NAREIT All Equity REITs	5.00
Alerian MLP Index	5.00
<b>Aug-2015</b>	
S&P 500 Index	15.00
Russell Midcap Index	7.50
Russell 2000 Index	10.00
MSCI EAFE Index	7.50
Blmbg. U.S. Aggregate Index	40.00
ICE BofAML High Yield Master II	5.00
FTSE NAREIT All Equity REITs	5.00
Alerian MLP Index	10.00
<b>Jan-2021</b>	
S&P 500 Index	22.50
Russell Midcap Index	7.50
Russell 2000 Index	10.00
MSCI EAFE Index	7.50
Blmbg. U.S. Aggregate Index	42.50
ICE BofAML High Yield Master II	5.00
FTSE NAREIT All Equity REITs	5.00





<b>Active Return</b>	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
<b>Alpha</b>	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
<b>Beta</b>	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
<b>Consistency</b>	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
<b>Distributed to Paid In (DPI)</b>	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
<b>Down Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
<b>Downside Risk</b>	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
<b>Excess Return</b>	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
<b>Excess Risk</b>	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
<b>Information Ratio</b>	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
<b>Public Market Equivalent (PME)</b>	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
<b>R-Squared</b>	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
<b>Return</b>	- Compounded rate of return for the period.
<b>Sharpe Ratio</b>	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
<b>Standard Deviation</b>	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
<b>Total Value to Paid In (TVPI)</b>	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
<b>Tracking Error</b>	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
<b>Treynor Ratio</b>	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
<b>Up Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.



AndCo compiled this report for the sole use of the client for which it was prepared. AndCo is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. AndCo uses the results from this evaluation to make observations and recommendations to the client.

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