

Investment Performance Review
Period Ending June 30, 2023

Port Houston OPEB Plan



2nd Quarter 2023 Market Environment



The Economy

- Though the Atlanta Fed GDPNow model forecasted weak GDP growth in 2023 as the impact from higher interest rates continued to spread through the broader economy, the first quarter GDP final revision of 2% was markedly higher than the 1.3% first reported.
- The US Federal Reserve Bank (the Fed) continued to increase interest rates during the quarter with an additional 0.25% increase in the Fed Funds rate in May, followed by a pause in June. The Fed continues to prioritize fighting high inflation with the press release from the June meeting detailing the extent that additional policy firming (i.e., rate increases) will consider the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments.
- June brought some weakness in the US labor market as nonfarm payrolls increased by 209,000, below the expected 240,000 new jobs. This represented the slowest month for job creation since December 2020. Initial jobless also rose for the week ending July 1st.
- The global banking sector came under duress in the first quarter of 2023, triggered by the second and third-largest regional bank failures in US history. Fears of deterioration in the banking sector have waned, likely helped by aggressive intervention from the FDIC and Federal Reserve.

Equity (Domestic and International)

- US equities moved broadly higher during the second quarter led by growth-oriented sectors. The S&P 500 Benchmark rose 8.7% for the quarter, its best-performing quarter since Q4-2021. Large-cap growth was the best-performing domestic segment of the equity market during the period while small-cap value, while positive, was the weakest relative performer for the quarter.
- International stocks experienced modest returns during the quarter. Local currency (LCL) performance outpaced US Dollar (USD) performance in most regions though both benchmarks were positive as the USD traded higher during the quarter.
- Global GDP growth continues to face challenges despite falling energy prices. European growth remained under pressure amid hawkish central bank policies. While China has fully reopened after almost three years of COVID-19 restrictions, there have been challenges associated with the region re-integrating with the global economy.

Fixed Income

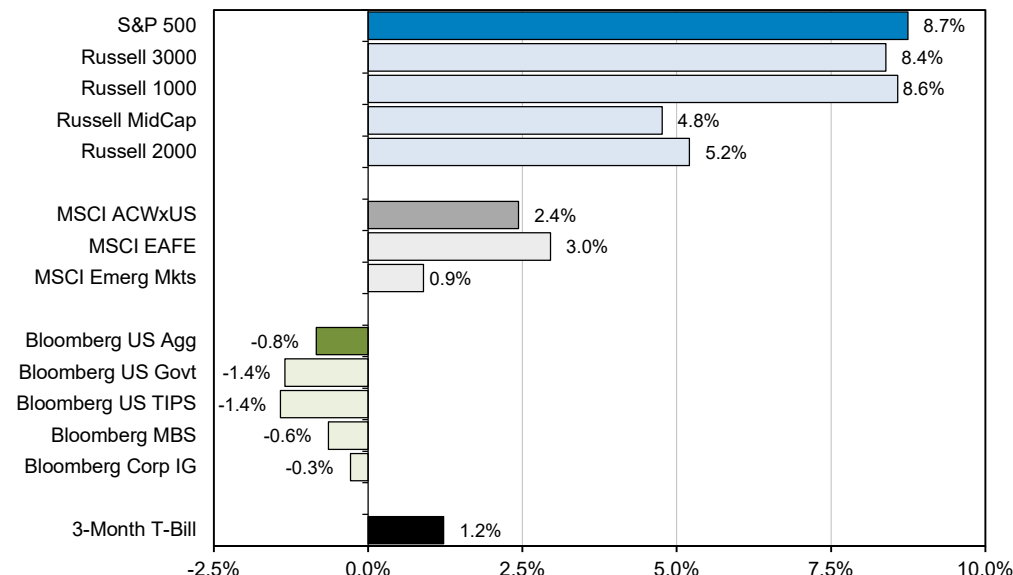
- While inflation continues to decline, the Fed maintained their inflation-fighting policy stance, increasing interest rates by 0.25% in May but opting to pause in June. The additional rate hike in May along with the possibility that additional rate hikes could occur in this tightening cycle, drove intermediate and long-term rates slightly higher during the quarter.
- US Government securities were the worst-performing sector during the quarter. US Treasuries lagged the corporate and securitized sectors as yields at longer maturities rose slightly and credit conditions were considered more favorable than the previous quarter.
- Corporate bonds with lower credit ratings held up better than higher quality issues, aided by narrowing credit spreads as well as their higher coupons. High-yield bonds were the best-performing segment of the domestic bond market, echoing the equity market's positive sentiment during the quarter.
- Global bonds underperformed US issues during the quarter and the trailing one-year period.

Market Themes

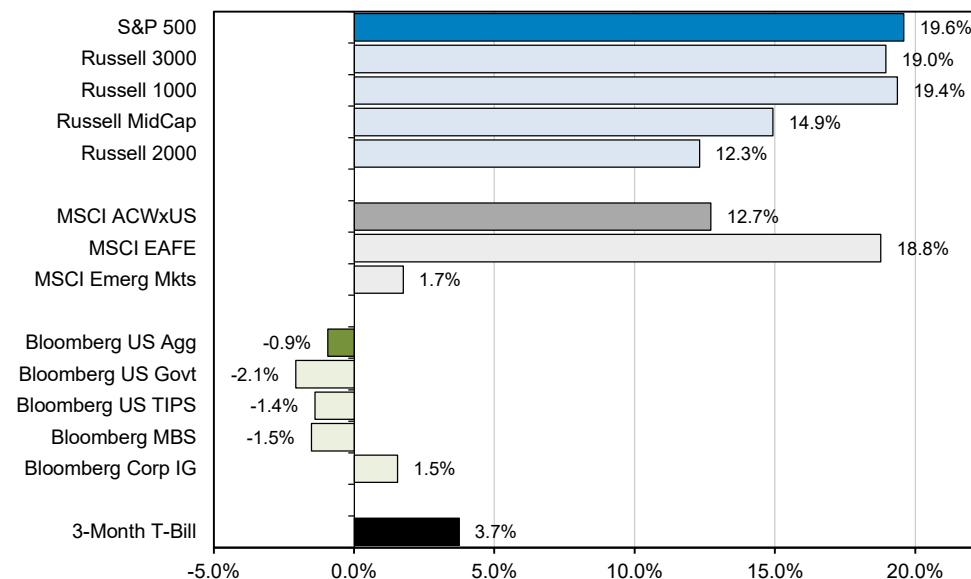
- Central banks remained vigilant in their fight against inflation with the Fed, the Bank of England, and the European Central foreshadowing the potential for further tightening with additional rate hikes in the coming months. GDP contraction in the Eurozone for the previous two quarters has been met with recovering asset prices in the most recent quarter as investors remain hopeful of future growth.
- The conflict in Ukraine continues without expectations of any resolution in the near future. Energy costs have subsided in recent months attributed to a mild winter in the Eurozone region and an increase in fossil fuel production in the US.
- Short-term interest rates rose across most developed markets as central banks continued to tighten policy stances. Despite previous concerns about the potential for slowing economic growth, lower-quality corporate bonds outpaced higher-quality government bonds as credit spreads narrowed.
- Both US and international equity markets continued to recover from the disappointing year that was 2022 on expectations that inflation would continue to moderate and central banks would slow the pace of their monetary tightening cycles. Growth has significantly outpaced value in the previous two quarters.

- Domestic equity markets started 2023 with solid results, led mostly by the large-cap names. The poor performance posted by domestic equities in the first half of 2022 has rolled off and now each index has turned positive on a trailing one-year basis. Factors contributing to the quarter's results include strong economic data in the face of higher benchmark rates and the expectation that the Fed would slow the pace of future interest rate increases. For the period, the S&P 500 large-cap benchmark returned 8.7% versus 4.8% for mid-cap and 5.2% for small-cap benchmarks.
- International developed and emerging market equities also delivered positive results, albeit lagging behind their domestic counterparts. Europe continues to face geopolitical risks related to the conflict in Ukraine and rising interest rates, though inflation has eased somewhat due to higher rates and more manageable energy prices. Performance in the emerging market index was led by the Latin America region whose regional index posted a strong 14.0% return in USD terms. The developed market MSCI EAFE Index returned 3.0% for the quarter and the MSCI Emerging Markets Index rose by 0.9%.
- The domestic bond market ebbed during the quarter due to higher rates from the Federal Reserve's decision to hike policy rates an additional 0.25%. The Bloomberg (BB) US Aggregate Index returned -0.8% for the period while investment-grade corporate bonds were down less with a return of -0.3%.
- During the one-year trailing period, US equity markets were positive as the weak performance from the first half of 2022 rolled off. The S&P 500 Index returned 19.6% for the year. The weakest relative performance for the year was the Russell 2000 Index, which still climbed 12.3% over the last 12-months.
- International markets also rolled off their poor performance in 2022. Over the trailing one-year period, the MSCI EAFE Index returned 18.8% while the MSCI Emerging Markets Index added a much more modest 1.7%. Concerns relating to the conflict in Ukraine continued to emanate throughout the region and globally. Elevated inflation and slowing global economic growth continue to be an additional headwind for global markets.
- Bond markets softened further, posting negative returns over the previous 1-year period for most indices. The primary driver of results during the first half of 2023 continues to be higher interest rates, which directly impact bond prices and index performance. Investment-grade corporate bonds were the only sector to post positive performance over the previous 12-months, adding 1.5%. The US Government sector suffered the most for the period, posting a return of -2.1%.

Quarter Performance



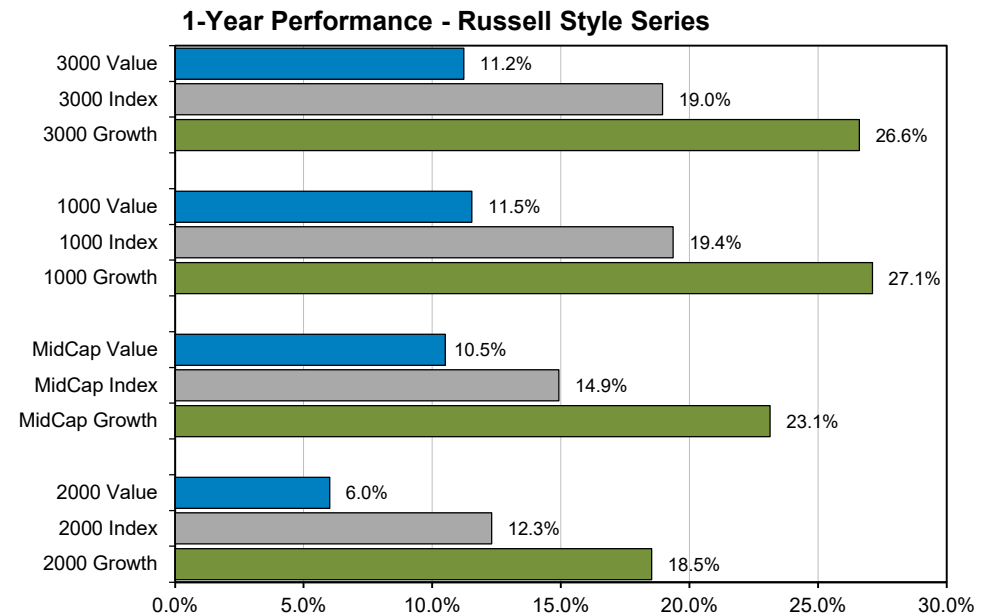
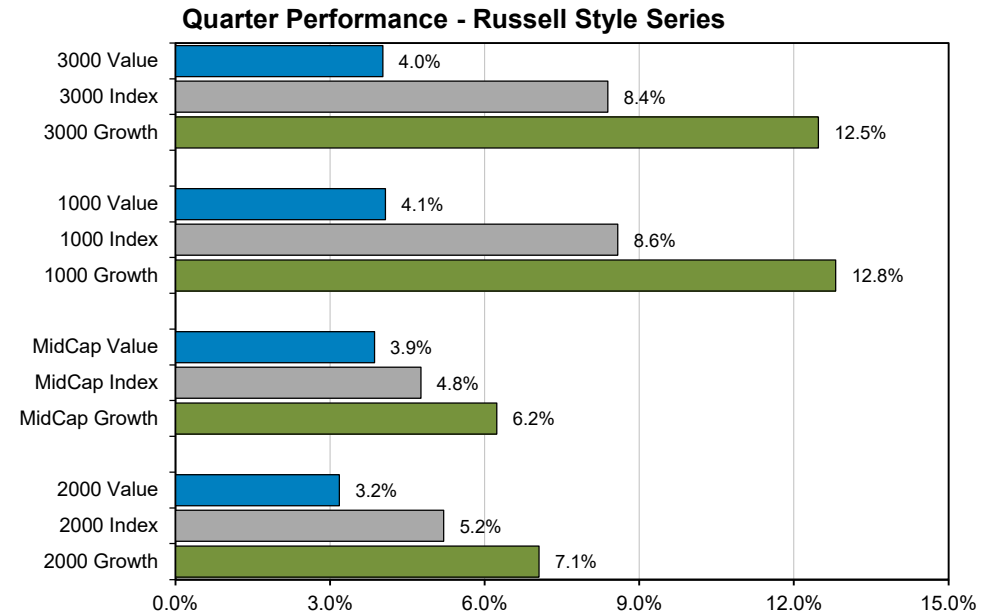
1-Year Performance



Source: Investment Metrics



- Core domestic equity benchmarks posted positive results for the second quarter in a row. However, concerns regarding the regional banking sector and the financial sector's large weight in the value benchmarks weighed heavily on the broad value indices' performance in the first half of 2023. Large-cap stocks once again led results for the capitalization-based benchmarks, besting both the mid-cap and small-cap indices for the quarter. Growth benchmarks posted the strongest results as economic data continues to show favorable conditions for growth stocks. The Russell 1000 Growth Index topped the quarter, returning 12.8% followed by the Russell 2000 Growth Index and the Russell Midcap Growth Index, which rose by 7.1% and 6.2%, respectively.
- As previously stated, Growth stocks at all capitalization ranges outperformed their value counterparts by a wide margin for the quarter. This continued the 2023 theme of growth-based benchmark outperformance. Among the value benchmarks Large cap, mid-cap and small-cap value each posted positive performance for the quarter with the Russell 1000 Value Index leading the way at 4.1%.
- The second quarter's continued positive performance in tandem with the poor performance from the first half of 2022 rolling off the various benchmark returns turned the Russell indices positive on a trailing 12-month basis. Within large-cap stocks, the Russell 1000 Growth Index returned a strong 27.1%, leading the way among style and market capitalization classifications. The worst-performing index was the Russell 2000 Value, which posted a modest 6.0% return for the trailing 12-months.
- Growth rebounded from disappointing results in early 2022 and led value-based benchmarks in all market capitalization ranges during the trailing year. The Russell 2000 Growth Index returned 18.5%, outpacing the Russell 2000 Value index return of 6.0% by a span of 12.5%. The Russell 1000 Growth and Russell Midcap Growth benchmarks gained 27.1% and 23.1%, respectively, while their corresponding value index counterparts returned solid, but lagging, performance of 11.5% and 10.5%, respectively.

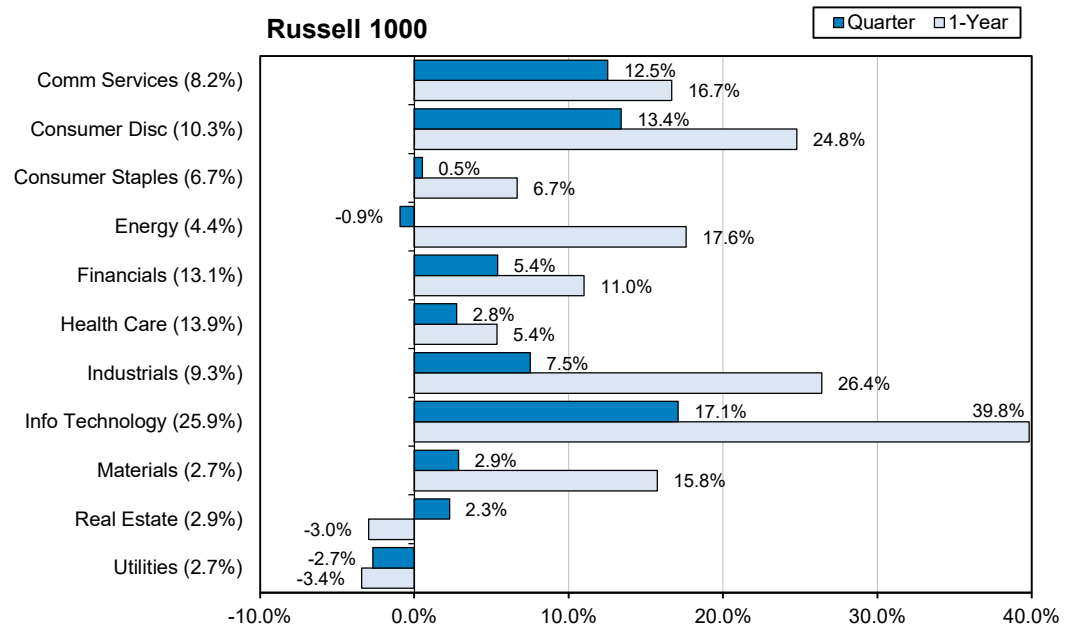


Source: Investment Metrics



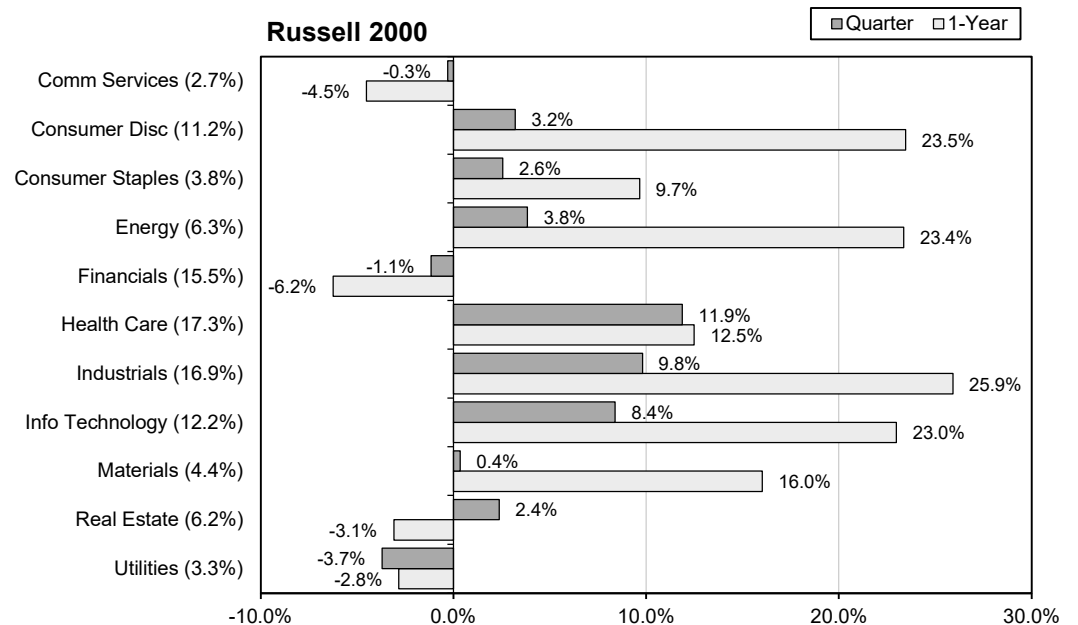
- Large Cap sector performance was mostly positive for the second quarter. Nine of 11 economic sectors posted positive absolute performance for the quarter, but just three managed to outpace the return of the Russell 1000 index.
- After a challenging 2022, the information technology sector continued its dominating rebound, amassing an impressive 17.1% return for the quarter. The other two sectors that outpaced the headline index's return for the quarter were communication services (12.5%) and consumer discretionary (13.4%). Energy (-0.9%), and utilities (-2.7%) were the two sectors that lost ground for the quarter.
- For the full year, four economic sectors exceeded the return of the broad large-cap benchmark and seven of the eleven sectors posted positive performance. The weakest economic sector in the Russell 1000 for the year was utilities, which declined by -3.4% and was heavily impacted by rising energy costs and a market rotation away from defensive names.

Russell 1000



- Eight small-cap economic sectors posted positive results during the quarter while just three exceeded the 5.2% return of the Russell 2000 Index. The health care (11.9%), industrials (9.8%), and information technology (8.4%) sectors led the way, outpacing the broad benchmark for the quarter while the utilities (-3.7%), financials (-1.1%), and communication services (-0.3%) sectors posted negative returns.
- Like large cap sector performance over the trailing year, seven small cap sectors were positive. Industrials posted the strongest sector results (25.9%) but the consumer discretionary, energy, and information technology sectors each also returned in excess of 20% for the last 12-months. Five of the 11 economic sectors fell short of core small-cap benchmark's return of 12.3% over the trailing year. The worst-performing sector for the year was financials with a return of -6.2%. The communication services (-4.5%), real estate (-3.1%), and utilities (-2.8%) sectors also posted negative results for the year.

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 June 30, 2023

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	7.0%	17.8%	42.7%	Information Technology
Microsoft Corp	6.2%	18.4%	33.9%	Information Technology
Amazon.com Inc	2.9%	26.2%	22.7%	Consumer Discretionary
NVIDIA Corp	2.4%	52.3%	179.3%	Information Technology
Tesla Inc	1.8%	26.2%	16.6%	Consumer Discretionary
Alphabet Inc Class A	1.7%	15.4%	9.9%	Communication Services
Meta Platforms Inc Class A	1.5%	35.4%	78.0%	Communication Services
Berkshire Hathaway Inc Class B	1.5%	10.4%	24.9%	Financials
Alphabet Inc Class C	1.5%	16.3%	10.6%	Communication Services
UnitedHealth Group Inc	1.1%	2.1%	-5.1%	Health Care

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
XP Inc Class A	0.0%	97.6%	30.6%	Financials
Wayfair Inc Class A	0.0%	89.3%	49.2%	Consumer Discretionary
Carnival Corp	0.0%	85.5%	117.7%	Consumer Discretionary
XPO Inc	0.0%	85.0%	95.0%	Industrials
Palantir Technologies Inc	0.1%	81.4%	69.0%	Information Technology
MongoDB Inc Class A	0.1%	76.3%	58.4%	Information Technology
Vertiv Holdings Co Class A	0.0%	73.1%	201.6%	Industrials
Nu Holdings Ltd Ordinary Shares	0.0%	65.8%	111.0%	Financials
AppLovin Corp Ordinary Shares -	0.0%	63.4%	-25.3%	Information Technology
Norwegian Cruise Line Holdings Ltd	0.0%	61.9%	95.8%	Consumer Discretionary

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Victoria's Secret & Co	0.0%	-49.0%	-37.7%	Consumer Discretionary
Advance Auto Parts Inc	0.0%	-41.5%	-58.1%	Consumer Discretionary
Tandem Diabetes Care Inc	0.0%	-39.6%	-58.5%	Health Care
First Horizon Corp	0.0%	-35.8%	-46.6%	Financials
Ubiquiti Inc	0.0%	-35.1%	-28.5%	Information Technology
Catalent Inc	0.0%	-34.0%	-59.6%	Health Care
Concentrix Corp Ordinary Shares	0.0%	-33.4%	-39.9%	Industrials
MarketAxess Holdings Inc	0.0%	-33.0%	3.1%	Financials
Mercury Systems Inc	0.0%	-32.3%	-46.2%	Industrials
Peloton Interactive Inc	0.0%	-32.2%	-16.2%	Consumer Discretionary

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Super Micro Computer Inc	0.5%	133.9%	517.7%	Information Technology
SPS Commerce Inc	0.3%	26.1%	69.9%	Information Technology
Rambus Inc	0.3%	25.2%	198.6%	Information Technology
Chart Industries Inc	0.3%	27.4%	-4.5%	Industrials
Novanta Inc	0.3%	15.7%	51.8%	Information Technology
Chord Energy Corp Ordinary Shares	0.3%	16.9%	38.0%	Energy
Light & Wonder Inc Ordinary Shares	0.3%	14.5%	46.3%	Consumer Discretionary
ChampionX Corp	0.3%	14.8%	57.8%	Energy
Atkore Inc	0.3%	11.0%	87.9%	Industrials
Commercial Metals Co	0.3%	8.0%	61.2%	Materials

Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
CXApp Inc Ordinary Shares - Class A	0.0%	503.3%	9.2%	Information Technology
Immunogen Inc	0.2%	391.4%	319.3%	Health Care
Applied Digital Corp	0.0%	317.4%	790.5%	Information Technology
Presto Automation Inc	0.0%	230.4%	N/A	Information Technology
EyePoint Pharmaceuticals Inc	0.0%	195.9%	10.5%	Health Care
CARISMA Therapeutics Inc	0.0%	182.9%	N/A	Health Care
P3 Health Partners Inc Class A	0.0%	182.1%	-19.6%	Health Care
Nano X Imaging Ltd Ordinary Shares	0.0%	168.5%	37.1%	Health Care
Carvana Co Class A	0.1%	164.8%	14.8%	Consumer Discretionary
Bit Digital Inc Ordinary Shares	0.0%	163.6%	209.9%	Information Technology

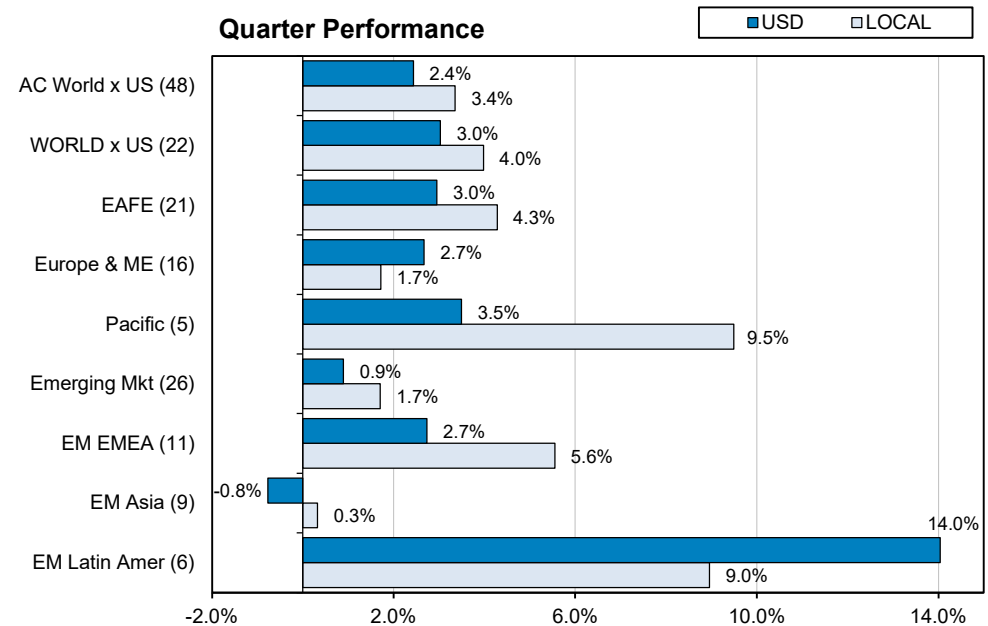
Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Babylon Holdings Ltd Ordinary Shares	0.0%	-98.6%	-99.7%	Health Care
ViewRay Inc	0.0%	-89.8%	-86.7%	Health Care
Rain Oncology Inc	0.0%	-86.3%	-78.4%	Health Care
FibroGen Inc	0.0%	-85.5%	-74.4%	Health Care
HomeStreet Inc	0.0%	-66.6%	-82.0%	Financials
BioXcel Therapeutics Inc	0.0%	-64.3%	-49.5%	Health Care
Orchestra BioMed Holdings Inc	0.0%	-64.2%	N/A	Health Care
PolyMet Mining Corp	0.0%	-63.2%	-68.6%	Materials
Enviva Inc	0.0%	-62.4%	-80.1%	Energy
NanoString Technologies Inc	0.0%	-59.1%	-68.1%	Health Care

Source: Morningstar Direct

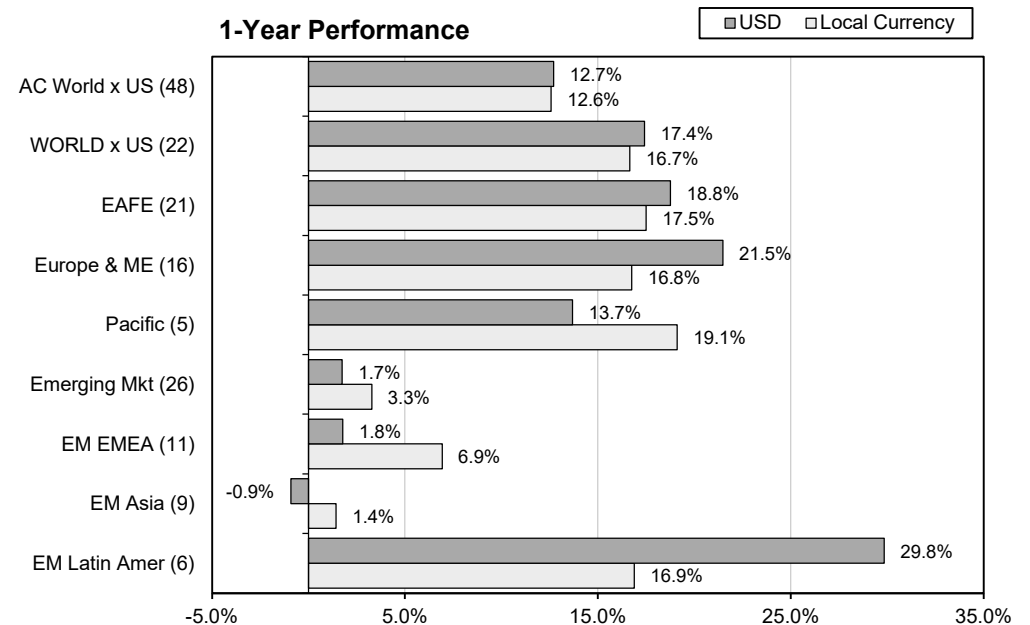


- Many of the international developed and emerging market benchmarks posted positive performance in both USD and LCL terms for the second quarter. While the strengthening of the USD chilled non-US index performance in USD during the quarter, the developed market MSCI EAFE Index still returned a solid 3.0% in USD and 4.3% in LCL terms for the period. The MSCI Emerging Markets Index rose by 0.9% in USD and 1.7% in LCL terms.
- Latin America (LATAM) dramatically outpaced other emerging markets for the quarter with the regional index earning a solid 14.0% in USD and 9.0% in LCL terms. Performance in the region was driven by strong demand for commodity exports from growing worldwide production along with a USD performance boost due to local currency strength in the region.
- The largest weighted country in the emerging market index (China, 8.2%) lagged during the quarters. Investors have struggled to accurately forecast the pace of China's recovery after its grand economic reopening from COVID-19 lockdowns, which led to a flurry of spending that has since cooled.
- Much like domestic markets, trailing one-year results for international developed and emerging markets rolled off their poor performance from early 2022 which resulted in strong results for the trailing year. Much of the strong USD performance in late 2022 has been reversed in 2023 with the MSCI EAFE Index returning 18.8% in USD for the year and 17.5% in LCL terms.
- Annual returns across emerging markets were more bifurcated. Latin American results led the way with returns of 29.8% in USD and 16.9% in LC terms. Performance in the EM Asia regional benchmark detracted from emerging market index with the EM Asia Index posting returns of -0.9% in USD and 1.4% in LCL terms. As a result, the broad MSCI Emerging Markets Index returned a muted 1.7% in USD and 3.3% in LCL terms for the year.

Quarter Performance



1-Year Performance



Source: MSCI Global Index Monitor (Returns are Net)



The Market Environment
US Dollar International Index Attribution & Country Detail
As of June 30, 2023

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Communication Services	4.1%	-2.6%	2.2%
Consumer Discretionary	12.6%	5.0%	30.6%
Consumer Staples	10.1%	-0.6%	9.9%
Energy	4.2%	0.1%	14.3%
Financials	18.3%	4.6%	20.2%
Health Care	13.2%	2.0%	9.8%
Industrials	16.2%	6.2%	29.6%
Information Technology	8.2%	5.9%	32.7%
Materials	7.4%	-1.7%	16.4%
Real Estate	2.3%	-2.0%	-7.4%
Utilities	3.5%	4.0%	16.5%
Total	100.0%	3.0%	18.8%

MSCI - ACWixUS	Sector Weight	Quarter Return	1-Year Return
Communication Services	5.5%	-4.6%	-0.7%
Consumer Discretionary	12.1%	1.5%	12.6%
Consumer Staples	8.6%	-0.4%	9.0%
Energy	5.4%	3.4%	9.4%
Financials	20.6%	4.9%	13.2%
Health Care	9.6%	1.5%	7.4%
Industrials	13.2%	5.4%	24.9%
Information Technology	11.9%	6.1%	24.1%
Materials	7.9%	-2.7%	10.7%
Real Estate	2.0%	-2.5%	-9.5%
Utilities	3.2%	3.7%	7.8%
Total	100.0%	2.4%	12.7%

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Communication Services	9.8%	-6.8%	-3.6%
Consumer Discretionary	13.2%	-6.3%	-15.3%
Consumer Staples	6.4%	0.3%	4.4%
Energy	5.0%	12.1%	13.5%
Financials	21.9%	5.7%	6.4%
Health Care	3.8%	-2.5%	-9.6%
Industrials	6.3%	1.8%	5.3%
Information Technology	21.2%	5.1%	14.1%
Materials	8.1%	-4.2%	1.8%
Real Estate	1.8%	-4.9%	-17.7%
Utilities	2.6%	4.2%	-6.7%
Total	100.0%	0.9%	1.7%

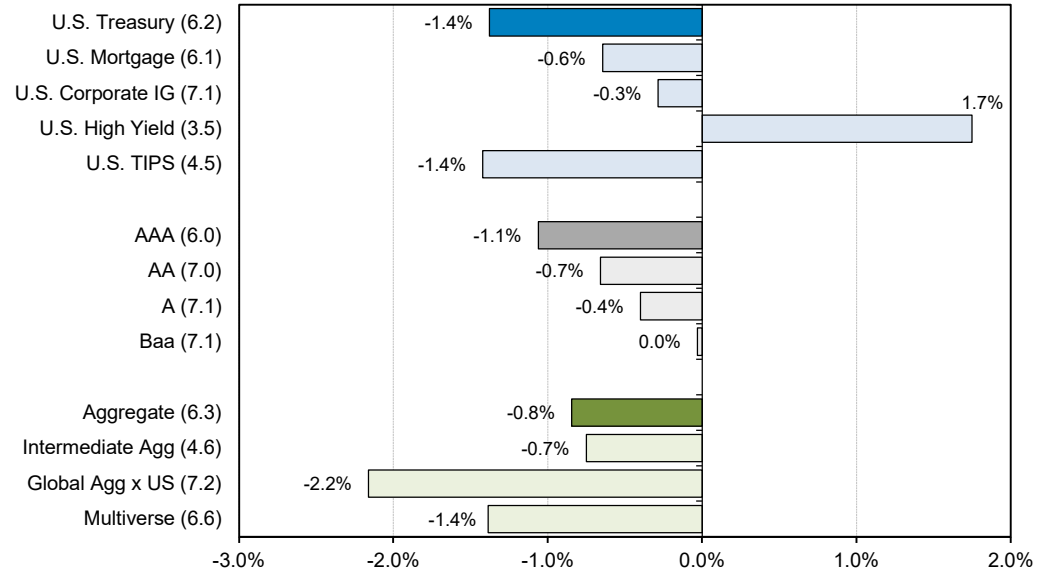
Country	MSCI-EAFE Weight	MSCI-ACWixUS Weight	Quarter Return	1-Year Return
Japan	22.4%	14.5%	6.4%	18.1%
United Kingdom	14.7%	9.5%	2.2%	13.2%
France	12.4%	8.0%	3.2%	31.7%
Switzerland	10.1%	6.5%	4.0%	13.3%
Germany	8.6%	5.6%	2.8%	28.4%
Australia	7.3%	4.7%	0.3%	11.2%
Netherlands	4.6%	3.0%	4.1%	31.2%
Sweden	3.3%	2.1%	-1.2%	16.6%
Denmark	3.1%	2.0%	1.7%	31.9%
Spain	2.6%	1.7%	5.6%	29.0%
Italy	2.5%	1.6%	8.2%	43.4%
Hong Kong	2.5%	1.6%	-5.1%	-9.0%
Singapore	1.4%	0.9%	-5.6%	10.0%
Belgium	0.9%	0.6%	-6.1%	6.1%
Finland	0.9%	0.6%	-8.1%	-1.2%
Ireland	0.8%	0.5%	4.3%	45.3%
Norway	0.6%	0.4%	-1.0%	-9.0%
Israel	0.6%	0.4%	-4.0%	-4.7%
Portugal	0.2%	0.1%	-1.1%	6.7%
New Zealand	0.2%	0.1%	-6.0%	15.5%
Austria	0.2%	0.1%	4.4%	18.9%
Total EAFE Countries	100.0%	64.6%	3.0%	18.8%
Canada		7.6%	3.7%	7.0%
Total Developed Countries		72.2%	3.0%	17.4%
China		8.2%	-9.7%	-16.8%
Taiwan		4.3%	4.5%	12.5%
India		4.1%	12.2%	14.2%
Korea		3.4%	4.4%	13.0%
Brazil		1.5%	20.7%	29.8%
Saudi Arabia		1.2%	6.3%	-1.7%
South Africa		0.9%	-4.9%	-1.9%
Mexico		0.8%	5.6%	35.1%
Indonesia		0.6%	2.8%	13.2%
Thailand		0.5%	-8.2%	1.7%
Malaysia		0.4%	-8.4%	-6.4%
United Arab Emirates		0.4%	5.8%	-6.1%
Qatar		0.3%	-2.4%	-15.4%
Poland		0.2%	24.5%	36.4%
Kuwait		0.2%	-0.9%	-4.7%
Philippines		0.2%	-1.3%	5.8%
Chile		0.2%	2.4%	18.1%
Turkey		0.2%	-10.7%	53.3%
Greece		0.1%	23.9%	71.3%
Peru		0.1%	6.5%	34.0%
Hungary		0.1%	24.8%	48.8%
Czech Republic		0.0%	-5.1%	8.7%
Colombia		0.0%	11.7%	-5.7%
Egypt		0.0%	3.9%	27.0%
Total Emerging Countries		27.8%	0.9%	1.7%
Total ACWixUS Countries		100.0%	2.4%	12.7%

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.

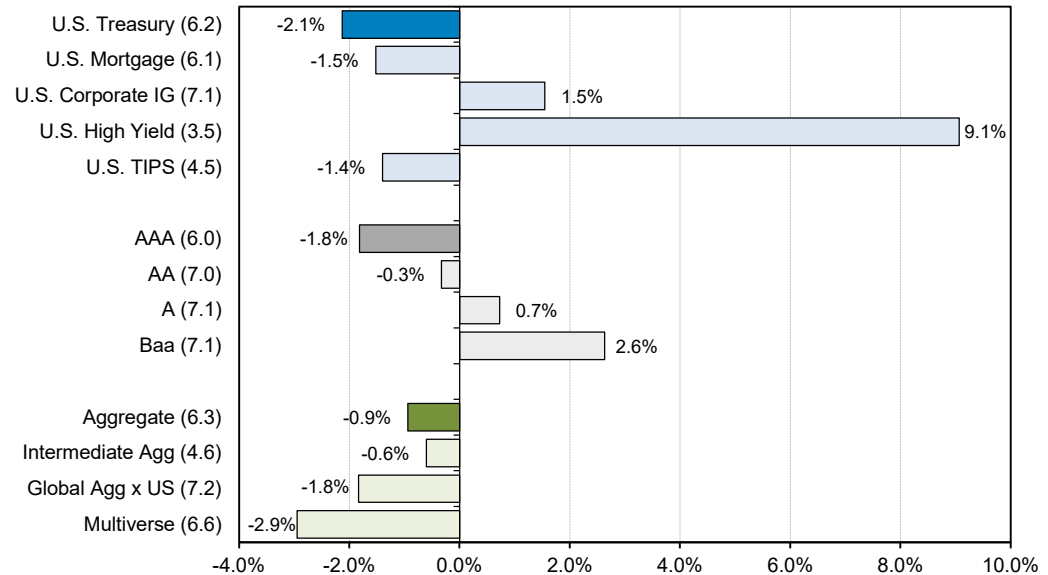


- Fixed income markets started 2023 strong but performance stalled during the second quarter. Yields remain elevated on the back of the Federal Reserve's decision to hike policy rates an additional 0.25% in May. After a challenging 2022 in fixed-income markets brought on by the largest and most rapid increase in interest rates since the early 1980s, higher yields and an expected slower pace of rate increase led investors to expect better outcomes in 2023. That expectation was at least temporarily frustrated during the second quarter, as the quarter's 0.25% rate hike and increased expectations for future rate hikes weighed on the asset class and many of the major domestic fixed-income indices posted negative absolute returns.
- The Bloomberg US Aggregate Bond Index, the bellwether US investment grade benchmark, returned a mild negative result, returning -0.8% for the quarter. Performance across the investment grade index's segments soured during the period with the Bloomberg US Corporate Investment Grade Index returning -0.3% and the US Mortgage Index sliding -0.6%.
- Outside of the aggregate index's sub-components, high-yield bonds continued to rise with a return of 1.7% as credit spreads narrowed during the quarter. US TIPS lost -1.4% for the quarter. The Bloomberg Global Aggregate ex-US Index lagged most domestic fixed-income indexes and the multiverse benchmark, posting a loss of -2.2% for the quarter.
- Over the trailing one-year period, the Bloomberg US Aggregate Bond Index declined by -0.9%. The benchmark's sub-components fell in a narrow band above and below the broad index's return. US TIPS, which are excluded from the aggregate index, dropped by -1.4% for the year. High-yield corporate bonds, which have a much shorter duration, have outpaced their investment grade counterparts with the Bloomberg US High Yield Index returning a strong 9.1% for the last year.
- Performance for non-US bonds was also negative for the year with the Bloomberg Global Aggregate ex-US Index falling by -1.8%. The combination of rising interest rates, elevated inflation, and geopolitical risks were a hindrance for non-US index performance.

Quarter Performance



1-Year Performance

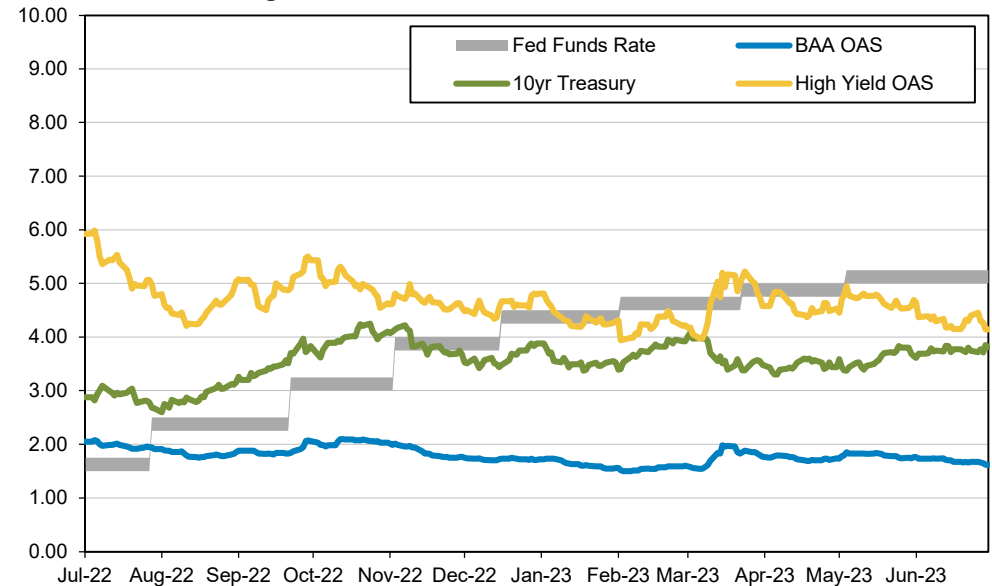


Source: Bloomberg

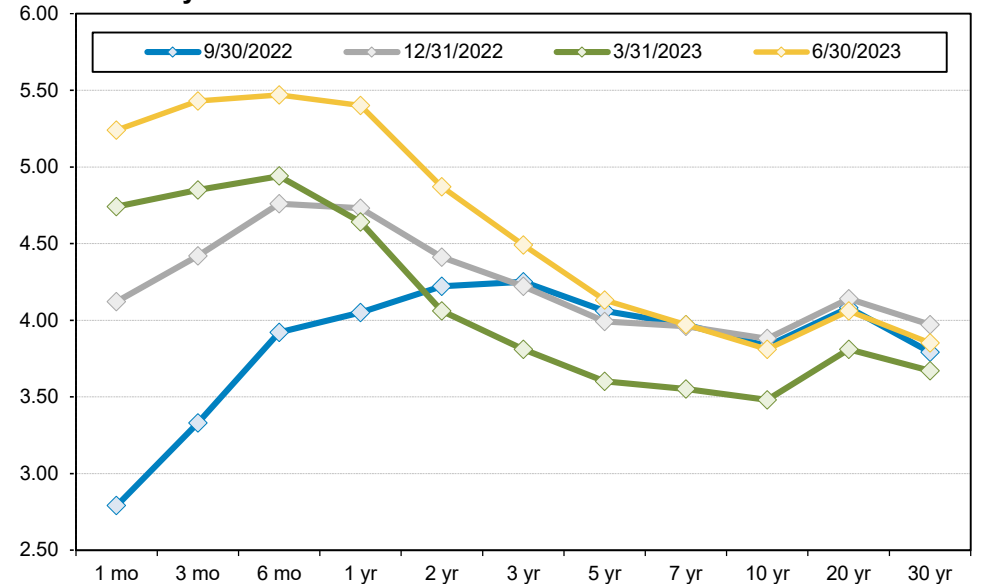


- The gray band across the graph illustrates the range of the current Fed Funds target rate. During the second quarter, the Federal Open Market Committee (FOMC) raised the lower end of its target rate range from 4.75% to 5.00% at their May meeting. While the FOMC pushed pause on a rate increase at their June meeting, several speeches and public comments since that meeting have made it clear that additional rate hikes should not be ruled out. The FOMC is continuing its policy of removing liquidity from the market by allowing bonds held on its balance sheet to mature without reinvesting those proceeds. Despite the potential for further rate increases, market participants appear to believe the Fed may be nearing the end of its rate hiking cycle.
- The yield on the US 10-year Treasury (green line) rose a modest 0.33% partially due to increases in the policy rate and renewed prospects for future growth. The closing yield on the 10-Year Treasury was 3.81% as of June 30, 2023, down just 7 basis points from its 3.88% yield at year-end. The benchmark's rate peaked in October 2022, cresting at just over 4.00% before pulling back to its current level.
- The blue line illustrates changes in the BAA OAS (Option Adjusted Spread) for BAA-rated corporate bonds. This measure quantifies the additional yield premium that investors require to purchase and hold non-US Treasury investment grade issues with the lowest investment grade rating. For the full year, the spread has narrowed from 2.05% to 1.62%, signaling a lower premium for credit risk than was the case a year prior. High Yield OAS spreads have narrowed from 5.92% in July 2022 to 4.14% as of the end of Q2. High-yield spreads reached their highs in July 2022 before trading lower the remainder of the year and have continued to tighten in 2023. A spike in both the BAA OAS and High Yield spreads is visible in March following a short-lived crisis of confidence in the banking sector, which was addressed quickly by the FDIC and supported further by the Fed's aggressive short-term par loan program. Both spread measures traded lower on the news of the Government's intervention, and as fears of possible contagion waned, credit spreads returned to their levels prior to February.
- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four quarters. Short-term rates continued to rise during the second quarter as the Fed increased interest rates to continue combatting inflation. Despite these short-term rate increases, at the end of the quarter, both intermediate and longer-term yields were slightly lower than they were at the end of 2022. The yield curve has further inverted (short-term rates higher than long-term rates) between two- and 10-year maturities. Historically, a persistent inversion of these two key rates has been a precursor of an economic recession within six- to 24 months.

1-Year Trailing Market Rates



Treasury Yield Curve



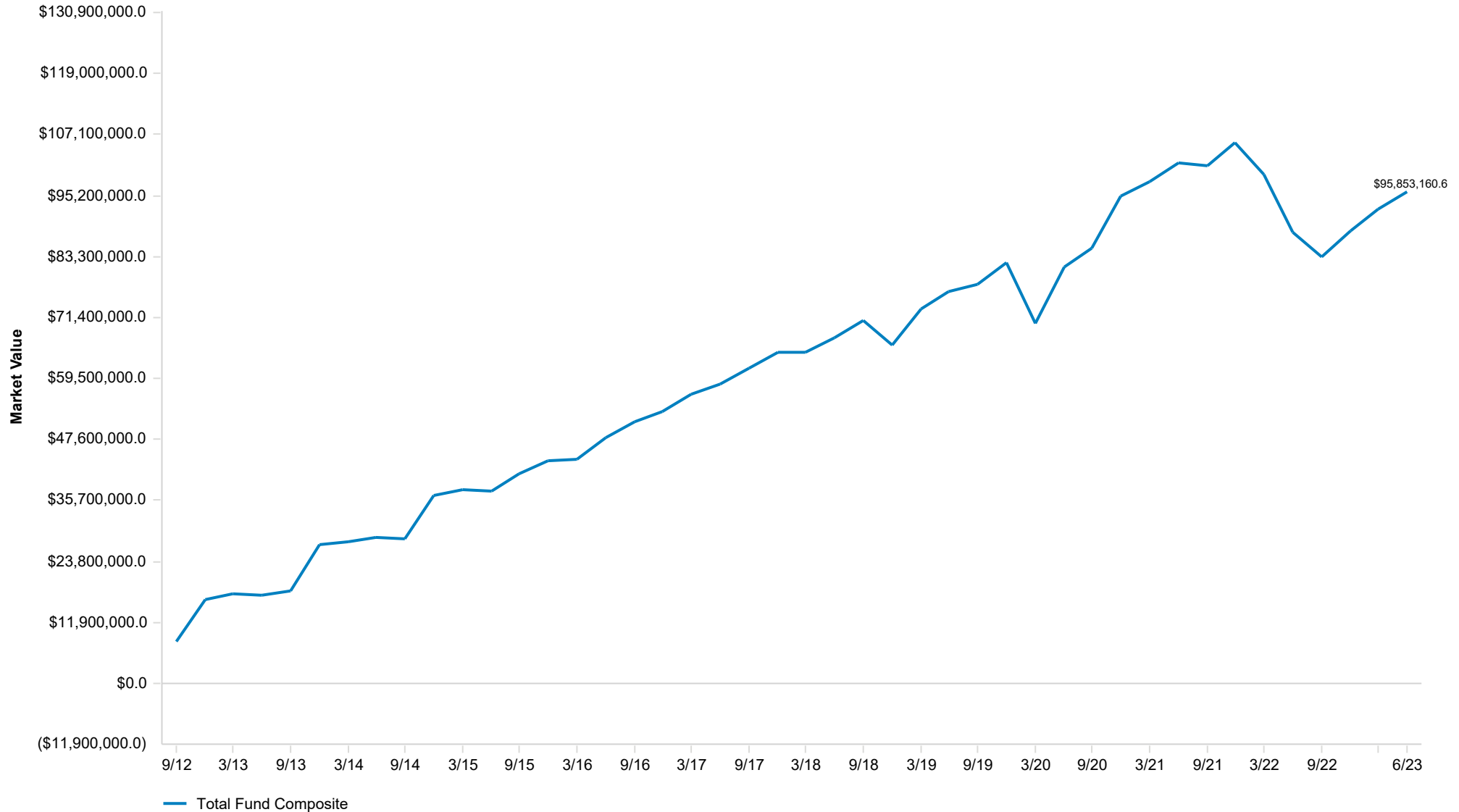
Source: US Department of Treasury, FRED (Federal Reserve of St. Louis)

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11.9%

Schedule of Investable Assets



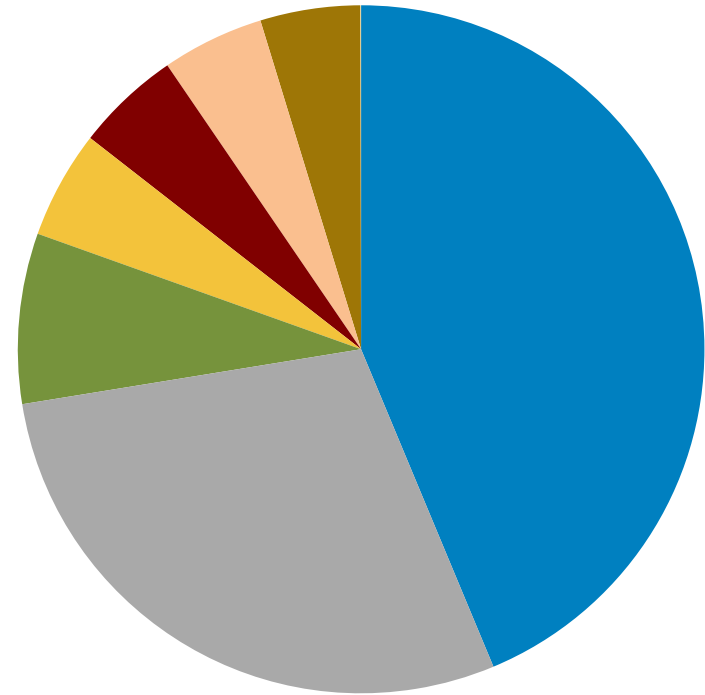
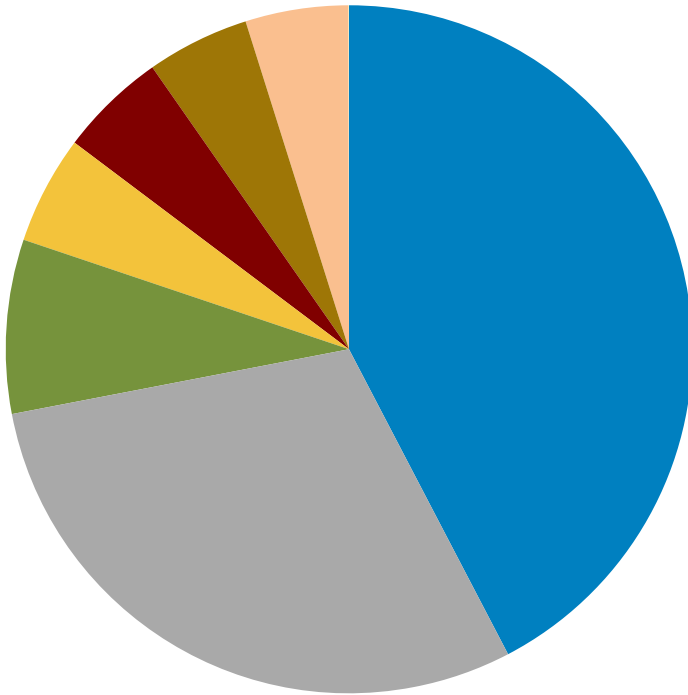
Schedule of Investable Assets

Periods Ending	Beginning Market Value \$	Net Cash Flow \$	Gain/Loss \$	Ending Market Value \$	%Return
Oct-2012 To Jun-2023	8,192,495	50,602,519	37,058,147	95,853,161	6.40



Mar-2023 : \$92,439,947

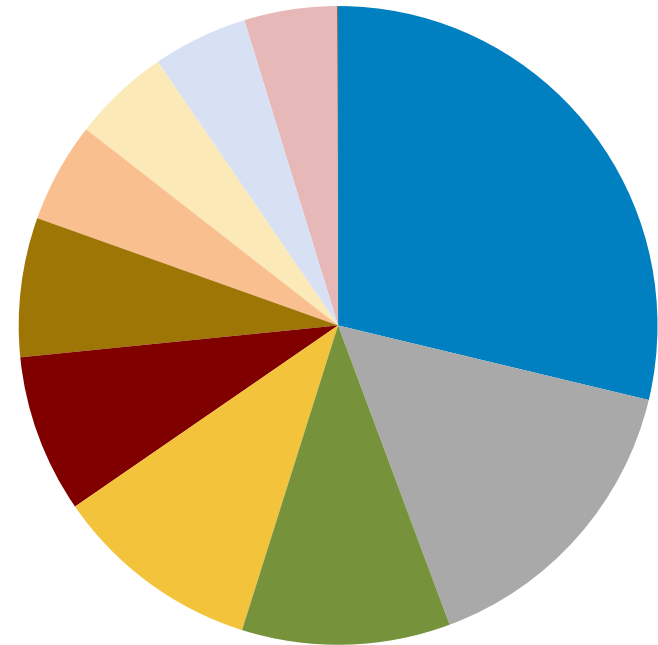
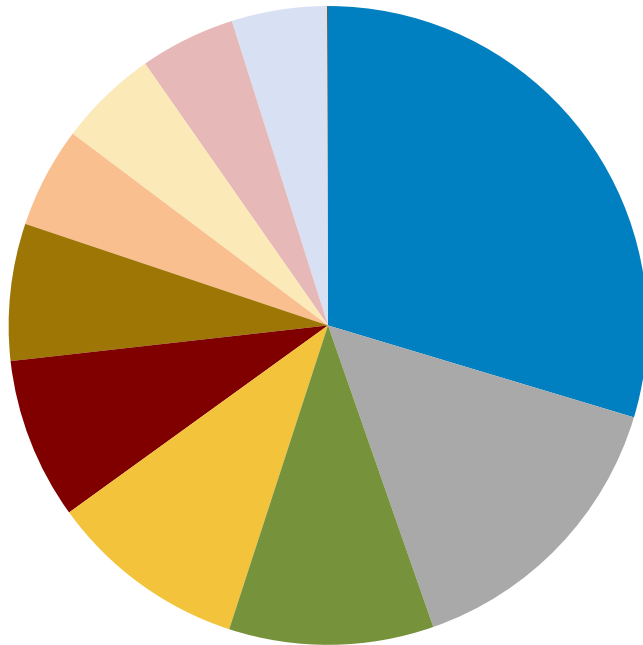
Jun-2023 : \$95,853,161



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Domestic Equity	39,138,523	42.3	Domestic Equity	41,890,005	43.7
Core Plus Fixed Income	27,403,371	29.6	Core Plus Fixed Income	27,554,936	28.7
International Equity	7,554,198	8.2	International Equity	7,672,399	8.0
Bank Loans	4,713,710	5.1	Bank Loans	4,865,264	5.1
GTAA	4,654,120	5.0	GTAA	4,720,435	4.9
High Yield Fixed Income	4,470,699	4.8	Real Estate	4,604,424	4.8
Real Estate	4,464,715	4.8	High Yield Fixed Income	4,503,876	4.7
Cash	40,612	0.0	Cash	41,822	0.0

Mar-2023 : \$92,439,947

Jun-2023 : \$95,853,161



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
MacKay Shields Core Plus	27,403,371	29.6	MacKay Shields Core Plus	27,554,936	28.7
Vanguard Index Fund Institutional (VINIX)	13,875,280	15.0	Vanguard Index Fund Institutional (VINIX)	14,929,268	15.6
Fiduciary Management	9,570,326	10.4	Fiduciary Management	10,103,760	10.5
Barrow Hanley MeWhinney & Strauss	9,282,491	10.0	Barrow Hanley MeWhinney & Strauss	10,102,268	10.5
Causeway International (CIVIX)	7,554,198	8.2	Causeway International (CIVIX)	7,672,399	8.0
Stephens Mid Cap Growth	6,410,426	6.9	Stephens Mid Cap Growth	6,754,710	7.0
Aristotle Floating Rate (PLFRX)	4,713,710	5.1	Aristotle Floating Rate (PLFRX)	4,865,264	5.1
BlackRock Multi-Asset Income (BKMIX)	4,654,120	5.0	BlackRock Multi-Asset Income (BKMIX)	4,720,435	4.9
Loomis Sayles High Yield (LSHIX)	4,470,699	4.8	Cohen & Steers (CSRIX)	4,604,424	4.8
Cohen & Steers (CSRIX)	4,464,715	4.8	Loomis Sayles High Yield (LSHIX)	4,503,876	4.7
Cash	40,612	0.0	Cash	41,822	0.0

Port Houston OPEB
Asset Allocation & Performance
As of June 30, 2023

Asset Allocation & Performance									
	Allocation		Performance(%)						
	Market Value \$	%	QTR	1 YR	3 YR	5 YR	7 YR	Inception	Inception Date
Total Fund Composite (Gross of Fees)	95,853,161	100.0	4.24	11.86	7.01	5.38	6.22	6.40	10/01/2012
Policy Index			2.88	8.08	4.78	4.25	4.95	5.75	
OPEB Actuarial Assumption			1.54	6.30	6.30	6.41	6.52	6.71	
Total Fund Composite (Net of Fees)	95,853,161	100.0	4.16	11.55	6.69	5.04	5.86	5.95	10/01/2012
Fiduciary Management	10,103,760	10.5	5.72	16.12	12.49	8.33	10.19	10.95	10/01/2012
Russell 1000 Value Index			4.07	11.54	14.30	8.11	8.94	10.20	
S&P 500 Index			8.74	19.59	14.60	12.31	13.38	13.23	
Vanguard Index Fund Institutional (VINIX)	14,929,268	15.6	8.73	19.55	14.57	12.28		12.63	05/01/2017
S&P 500 Index			8.74	19.59	14.60	12.31	13.38	12.65	
Stephens Mid Cap Growth	6,754,710	7.0	5.59	21.54	7.55	10.67	14.85	13.36	01/01/2013
Russell Midcap Growth Index			6.23	23.13	7.63	9.71	11.96	12.41	
Barrow Hanley MeWhinney & Strauss	10,102,268	10.5	9.04	25.74	22.24	10.04	13.57	13.34	10/01/2012
Russell 2000 Value Index			3.18	6.01	15.43	3.54	7.70	8.43	
Causeway International (CIVIX)	7,672,399	8.0	13.48	40.55	19.25	7.58	9.14	5.46	10/01/2013
MSCI EAFE (Net) Index			2.95	18.77	8.93	4.39	6.88	4.37	
MSCI EAFE Value Index (Net)			3.15	17.40	11.34	2.93	6.02	2.99	
Cohen & Steers (CSRIX)	4,604,424	4.8	3.13	-2.36	8.20	6.78	5.55	8.12	01/01/2013
FTSE NAREIT All Equity REITs			1.20	-4.39	6.12	4.78	4.14	7.05	
BlackRock Multi-Asset Income (BKMIX)	4,720,435	4.9	1.42	6.53	3.08			5.73	04/01/2020
50% S&P 500/50% Barclays Agg			3.90	9.18	5.23	6.79	7.04	8.40	
MacKay Shields Core Plus	27,554,936	28.7	0.66	1.55	-2.51	1.82	1.52	1.86	07/01/2014
Bimbg. U.S. Aggregate Index			-0.84	-0.94	-3.97	0.77	0.44	1.20	
Loomis Sayles High Yield (LSHIX)	4,503,876	4.7	0.74	6.49	4.01	1.76	3.54	4.07	01/01/2013
ICE BofA U.S. High Yield Index			1.63	8.87	3.21	3.18	4.41	4.28	
Aristotle Floating Rate (PLFRX)	4,865,264	5.1	3.22	11.33				3.82	10/01/2021
Credit Suisse Leveraged Loan Index			3.12	10.10	6.16	4.02	4.60	3.36	
Cash	41,822	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), Blackrock (BKMIX), Loomis Sayles High Yield (LSHIX), and Aristotle (PLFRX).
Gross of fees performance would be approximately 0.48% higher on an annual basis if these fees were included.



Port Houston OPEB
Asset Allocation & Performance
As of June 30, 2023

Asset Allocation & Performance

	Allocation		Performance(%)					
	Market Value \$	%	YTD	2022	2021	2020	2019	2018
Total Fund Composite (Gross of Fees)	95,853,161	100.0	9.85	-14.08	11.28	12.03	17.38	-5.28
Policy Index			7.50	-15.49	11.63	9.04	17.62	-4.68
OPEB Actuarial Assumption			3.10	6.30	6.30	6.40	6.50	6.75
Total Fund Composite (Net of Fees)	95,853,161	100.0	9.70	-14.34	10.97	11.64	16.96	-5.64
Fiduciary Management	10,103,760	10.5	10.03	-13.08	19.11	11.13	24.39	-2.89
Russell 1000 Value Index			5.12	-7.54	25.16	2.80	26.54	-8.27
S&P 500 Index			16.89	-18.11	28.71	18.40	31.49	-4.38
Vanguard Index Fund Institutional (VINIX)	14,929,268	15.6	16.87	-18.12	28.66	18.39	31.46	-4.42
S&P 500 Index			16.89	-18.11	28.71	18.40	31.49	-4.38
Stephens Mid Cap Growth	6,754,710	7.0	16.68	-27.09	13.36	42.17	32.97	3.31
Russell Midcap Growth Index			15.94	-26.72	12.73	35.59	35.47	-4.75
Barrow Hanley MeWhinney & Strauss	10,102,268	10.5	12.54	-8.84	20.12	29.97	26.81	-17.80
Russell 2000 Value Index			2.50	-14.48	28.27	4.63	22.39	-12.86
Causeway International (CIVIX)	7,672,399	8.0	29.51	-6.75	9.17	5.40	20.10	-18.62
MSCI EAFE (Net) Index			11.67	-14.45	11.26	7.82	22.01	-13.79
MSCI EAFE Value Index (Net)			9.28	-5.58	10.89	-2.63	16.09	-14.78
Cohen & Steers (CSRIX)	4,604,424	4.8	5.63	-24.70	42.38	-2.62	33.01	-3.99
FTSE NAREIT All Equity REITs			2.97	-24.95	41.30	-5.12	28.66	-4.04
BlackRock Multi-Asset Income (BKMIX)	4,720,435	4.9	4.82	-11.53	7.19			
50% S&P 500/50% Barclays Agg			9.32	-15.26	12.80	13.66	19.89	-1.90
MacKay Shields Core Plus	27,554,936	28.7	4.50	-14.12	-0.18	9.90	9.48	-0.32
Bimbg. U.S. Aggregate Index			2.09	-13.01	-1.55	7.51	8.72	0.01
Loomis Sayles High Yield (LSHIX)	4,503,876	4.7	3.04	-11.67	8.25	3.42	10.51	-3.54
ICE BofA U.S. High Yield Index			5.42	-11.22	5.36	6.17	14.41	-2.27
Aristotle Floating Rate (PLFRX)	4,865,264	5.1	6.93	-0.89				
Credit Suisse Leveraged Loan Index			6.33	-1.06	5.40	2.78	8.17	1.14
Cash	41,822	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), Blackrock (BKMIX), Loomis Sayles High Yield (LSHIX), and Aristotle (PLFRX).

Gross of fees performance would be approximately 0.48% 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, rather than relying on the portfolio manager. As of March 31, 2023, Fiduciary had a market value of \$9,570,326.

Fiduciary Management		Russell 1000 Value Index	
	Weight %		Weight %
Ferguson PLC	4.8	Berkshire Hathaway Inc	3.2
Alphabet Inc	4.8	Exxon Mobil Corp	2.2
Berkshire Hathaway Inc	4.7	Johnson & Johnson	2.2
Sony Group Corporation	4.7	JPMorgan Chase & Co	2.2
Unitedhealth Group Inc	4.3	Procter & Gamble Co (The)	1.5
Schwab (Charles) Corp	4.2	Chevron Corp	1.4
Avery Dennison Corp	4.0	Merck & Co Inc	1.2
Masco Corporation	3.9	Walmart Inc	1.2
SAP AG	3.7	Cisco Systems Inc	1.1
Micron Technology Inc.	3.7	Pfizer Inc	1.1

Equity Assets Exposures by Sector

	Fiduciary Management	Russell 1000 Value Index
Cash	4.99	0.00
Communication Services	8.08	5.10
Consumer Discretionary	13.59	5.28
Consumer Staples	9.11	8.36
Energy	1.73	7.93
Financials	18.15	20.08
Health Care	11.94	15.81
Industrials	17.45	13.58
Information Technology	10.96	9.05
Materials	4.01	4.84
Real Estate	0.00	4.81
Utilities	0.00	5.17

Equity Characteristics

	Fiduciary Management	Russell 1000 Value Index
Wtd. Avg. Mkt. Cap (\$)	177,565,195,940	138,040,557,950
Price/Earnings ratio	21.6	16.2
Price/Book ratio	3.3	2.5
Current Yield	1.3	2.4
Number of Stocks	30	844



Fund Information

Fund Name :	Vanguard Institutional Index Fund: Vanguard Institutional Index Fund; Institutional Shares	Portfolio Assets :	\$239,229 Million
Fund Family :	Vanguard	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 :	\$100,805 Million	Style Benchmark :	S&P 500 Index
Portfolio Turnover :	3%		

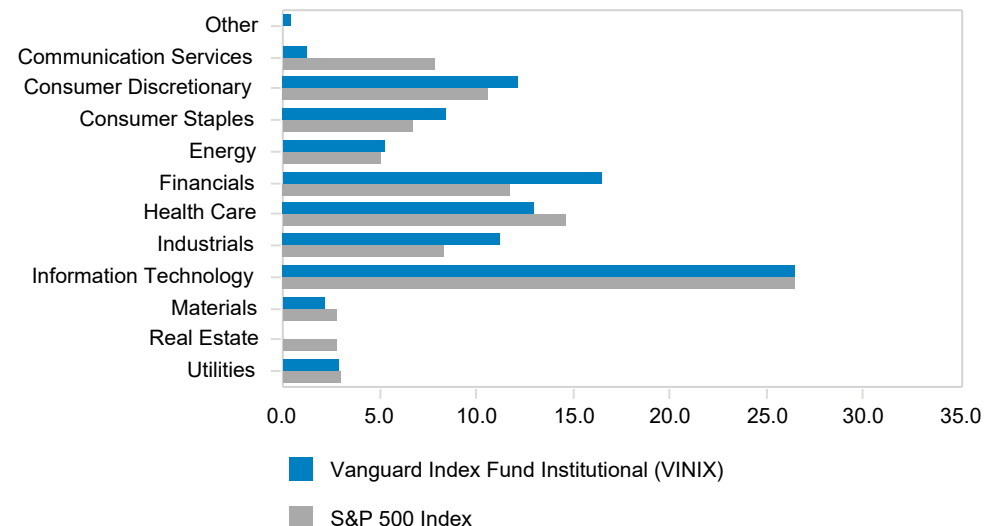
Portfolio Characteristics As of 01/31/2023

	Portfolio	Benchmark
Total Securities	505	503
Avg. Market Cap	430,988,230,319	452,134,517,664
Price/Earnings (P/E)	27.96	20.64
Price/Book (P/B)	8.50	4.00
Dividend Yield	1.97	1.68
Annual EPS	28.21	13.85
5 Yr EPS	18.13	19.68
3 Yr EPS Growth	20.02	N/A
Beta (5 Years, Monthly)	1.00	1.00

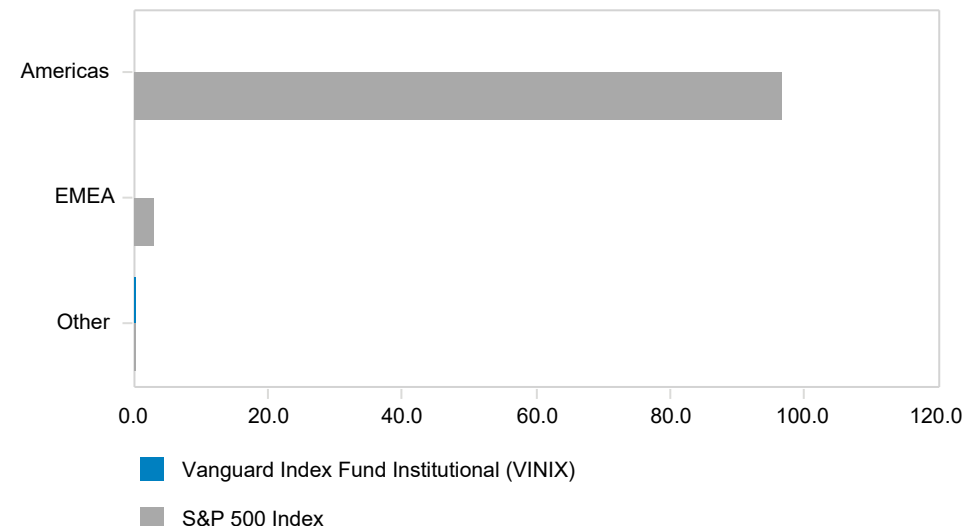
Top Ten Securities As of 01/31/2023

Apple Inc ORD	6.3 %
Microsoft Corp ORD	5.4 %
Amazon.com Inc ORD	2.7 %
Alphabet Inc Class A ORD	1.7 %
Berkshire Hathaway Inc ORD	1.6 %
Alphabet Inc Class C ORD	1.6 %
NVIDIA Corp ORD	1.4 %
Exxon Mobil Corp ORD	1.4 %
UnitedHealth Group Inc ORD	1.4 %
Tesla Inc ORD	1.4 %

Sector Weights As of 01/31/2023



Region Weights As of 01/31/2023



Statistics provided by Lipper. Most recent available data shown.



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 March 31, 2023, Stephens had a market value of \$6,410,426.

Stephens Mid Cap Growth		Russell Midcap Growth Index	
	Weight %		Weight %
Palo Alto Networks Inc	2.5	DexCom Inc	1.7
Cadence Design Systems Inc	2.4	IDEXX Laboratories Inc	1.4
Icon PLC	2.2	Apollo Global Management Inc	1.4
Microchip Technology Inc	2.1	Copart Inc	1.3
DexCom Inc	1.9	Quintiles Transnational	1.3
Fortinet Inc	1.9	Cintas Corp	1.3
Copart Inc	1.9	Rockwell Automation Inc.	1.3
Manhattan Associates Inc	1.8	Cheniere Energy Inc.	1.3
VERISK ANALYTICS INC	1.8	Paychex Inc.	1.2
Take-Two Interactive	1.7	Grainger (W.W.) Inc	1.2

Equity Assets Exposures by Sector

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Cash	1.79	0.00
Communication Services	7.40	4.31
Consumer Discretionary	12.30	12.81
Consumer Staples	3.81	3.09
Energy	4.84	3.63
Financials	6.92	9.79
Health Care	16.69	21.92
Industrials	14.30	19.85
Information Technology	31.97	21.68
Materials	0.00	1.35
Real Estate	0.00	1.18
Utilities	0.00	0.39

Equity Characteristics

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Wtd. Avg. Mkt. Cap (\$)	25,166,103,562	24,900,528,118
Price/Earnings ratio	26.1	28.0
Price/Book ratio	5.4	8.5
Current Yield	0.6	0.7
Number of Stocks	98	334



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 March 31, 2023, Barrow, Hanley, MeWhinney & Strauss had a market value of \$9,282,491.

Barrow Hanley MeWhinney & Strauss		Russell 2000 Value Index	
	Weight %		Weight %
ATI Inc	4.6	Chord Energy Corp	0.5
Coherent Corp	4.0	Commercial Metals Co	0.5
Greenbrier Cos Inc (The)	3.8	Murphy Oil Corp	0.5
Gibraltar Industries Inc	3.6	Asbury Automotive Group Inc	0.4
Enerpac Tool Group Corp	3.6	Meritage Homes Corp	0.4
WillScot Mobile Mini Holdings Corp	3.4	Taylor Morrison Home Corporation	0.4
Texas Capital Bancshares Inc	3.3	SouthState Corporation	0.4
Masonite International Corp	3.2	Essent Group Ltd	0.4
Adient plc	3.2	UFP Industries Inc	0.4
Darling Ingredients Inc	3.2	Terreno Realty Corp	0.4

Equity Assets Exposures by Sector

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Cash	6.50	0.00
Communication Services	0.00	2.86
Consumer Discretionary	8.42	10.37
Consumer Staples	4.37	2.65
Energy	0.00	9.09
Financials	16.21	24.21
Health Care	0.00	10.08
Industrials	35.91	14.66
Information Technology	14.75	6.21
Materials	13.84	4.90
Real Estate	0.00	10.57
Utilities	0.00	4.41

Equity Characteristics

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Wtd. Avg. Mkt. Cap (\$)	2,975,197,237	2,374,458,652
Price/Earnings ratio	14.7	8.9
Price/Book ratio	2.0	1.6
Current Yield	0.9	2.5
Number of Stocks	36	1,458

Fund Information

Fund Name : Causeway Capital Management Trust: Causeway International Value Fund; Institutional Class Shares

Fund Family : Causeway

Ticker : CIVIX

Inception Date : 10/26/2001

Fund Assets : \$6,380 Million

Portfolio Turnover : 58%

Portfolio Assets : \$6,881 Million

Portfolio Manager : Team Managed

PM Tenure :

Fund Style : IM International Large Cap Value Equity (MF)

Style Benchmark : MSCI EAFE (Net) Index

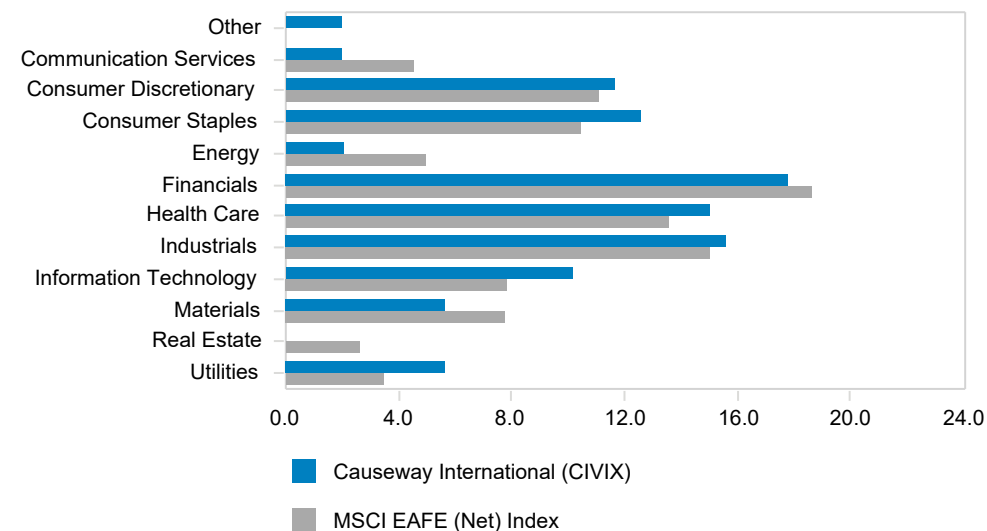
Portfolio Characteristics As of 12/31/2022

	Portfolio	Benchmark
Total Securities	68	796
Avg. Market Cap	69,252,932,719	76,649,371,619
Price/Earnings (P/E)	22.30	12.91
Price/Book (P/B)	3.18	2.44
Dividend Yield	3.61	3.45
Annual EPS	37.22	149.92
5 Yr EPS	6.68	10.54
3 Yr EPS Growth	0.68	N/A
Beta (5 Years, Monthly)	1.23	1.00

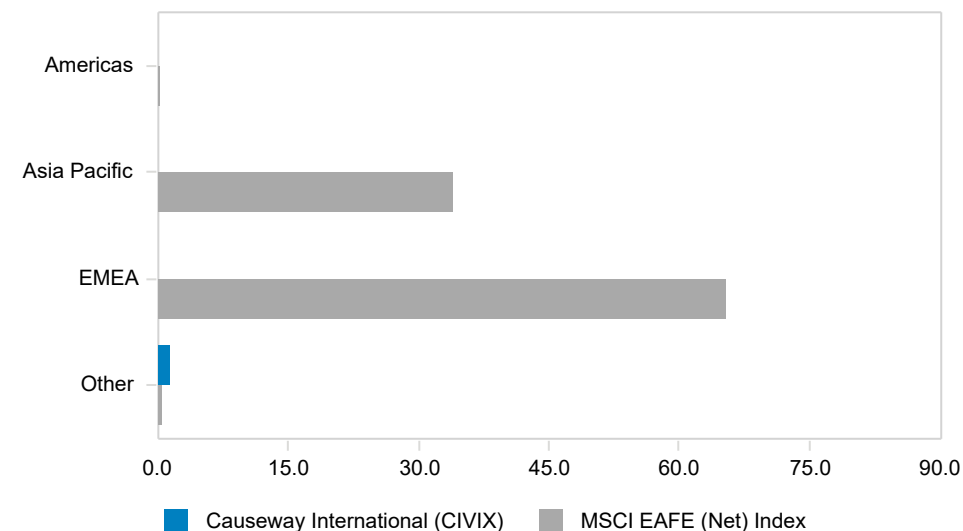
Top Ten Securities As of 12/31/2022

Prudential PLC ORD	3.8 %
UniCredit SpA ORD	3.8 %
Rolls-Royce Holdings PLC ORD	3.7 %
Enel SpA ORD	3.2 %
Reckitt Benckiser Group PLC ORD	3.0 %
Fanuc Corp ORD	2.8 %
SAP SE ORD	2.8 %
Samsung Electronics Co Ltd ORD	2.8 %
Danone SA ORD	2.5 %
Amadeus IT Group SA ORD	2.5 %

Sector Weights As of 12/31/2022



Region Weights As of 12/31/2022



Statistics provided by Lipper. Most recent available data shown.

Fund Information

Fund Name : Cohen & Steers Institutional Realty Shares, Inc
Fund Family : Cohen & Steers
Ticker : CSRIX
Inception Date : 02/14/2000
Fund Assets : \$5,736 Million
Portfolio Turnover : 34%

Portfolio Assets : \$5,736 Million
Portfolio Manager : Cheigh/Yablon/Kirschner
PM Tenure : 2007--2013--2020
Fund Style : IM Real Estate Sector (MF)
Style Benchmark : FTSE NAREIT All Equity REITs

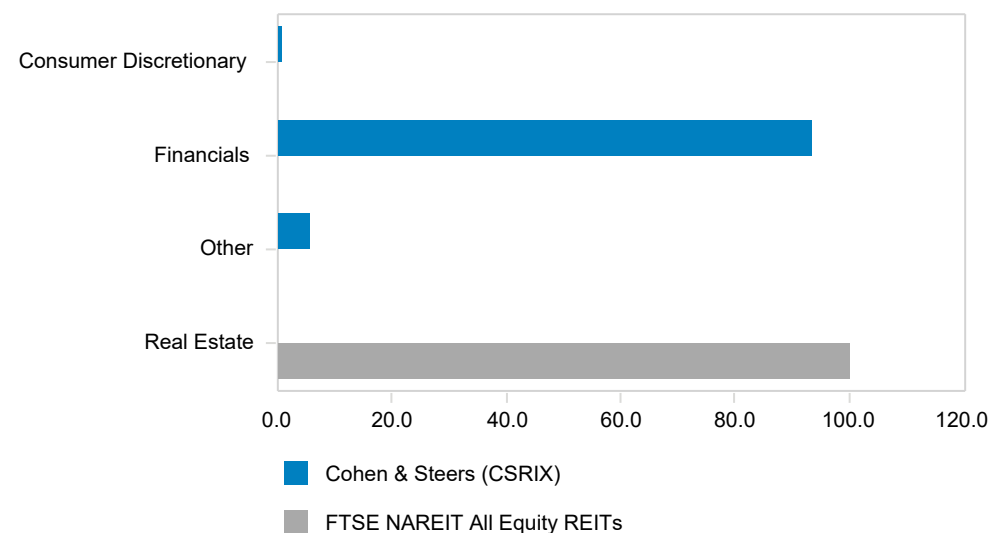
Portfolio Characteristics As of 12/31/2022

	Portfolio	Benchmark
Total Securities	33	147
Avg. Market Cap	39,697,234,380	36,861,465,608
Price/Earnings (P/E)	33.92	24.94
Price/Book (P/B)	4.53	2.49
Dividend Yield	3.56	3.99
Annual EPS	62.95	3.23
5 Yr EPS	5.46	14.19
3 Yr EPS Growth	13.34	N/A
Beta (5 Years, Monthly)	0.98	1.00

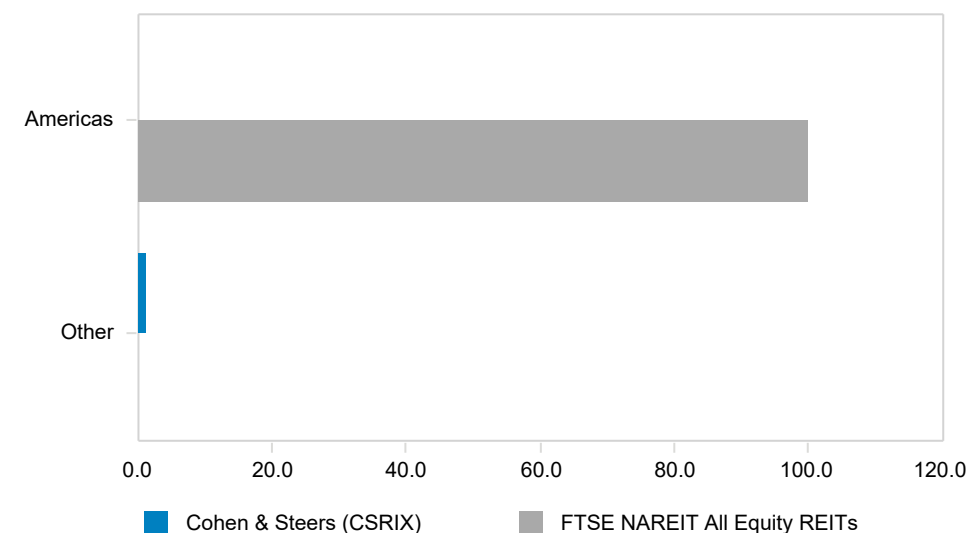
Top Ten Securities As of 12/31/2022

Prologis Inc ORD	10.0 %
Welltower Inc ORD	7.2 %
American Tower Corp ORD	6.9 %
Public Storage ORD	6.9 %
Digital Realty Trust Inc ORD	6.4 %
Simon Property Group Inc ORD	6.2 %
Realty Income Corp ORD	5.3 %
Invitation Homes Inc ORD	4.7 %
Crown Castle Inc ORD	4.0 %
Equinix Inc ORD	3.5 %

Sector Weights As of 12/31/2022



Region Weights As of 12/31/2022



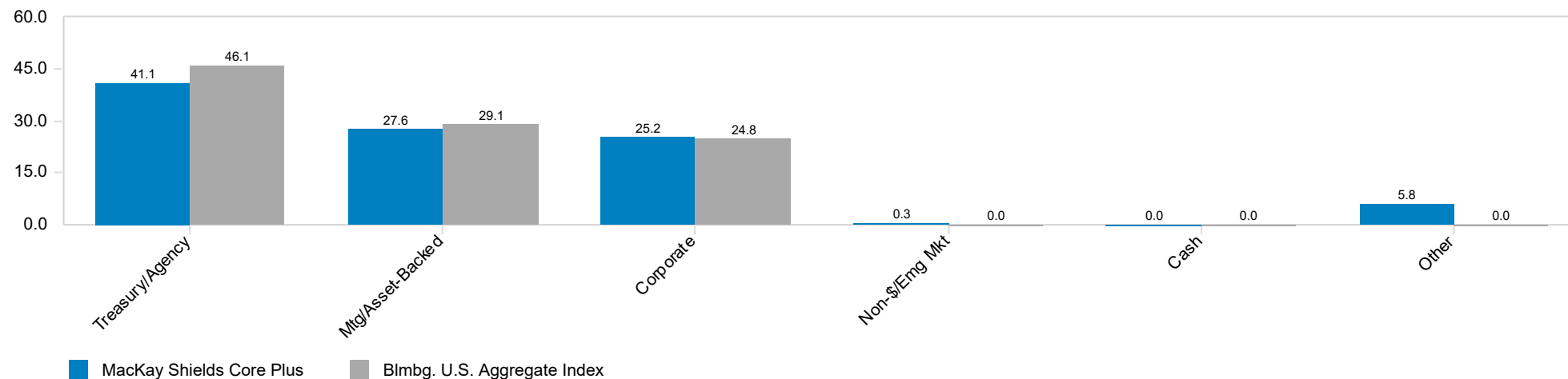
Statistics provided by Lipper. Most recent available data shown.



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 March 31, 2023,

MacKay Shields had a market value of \$27,403,371.

Sector Distribution (%)



Portfolio Characteristics

	Portfolio	Benchmark
Avg. Maturity	9.65	8.60
Avg. Quality	A+	AA1/AA2
Coupon Rate (%)	4.10	2.88
Modified Duration	6.54	N/A
Yield To Maturity (%)	5.92	4.81
Holdings Count	235	N/A

Fund Information

Fund Name :	Loomis Sayles Funds I: Loomis Sayles Institutional High Income Fund; Institutional Class	Portfolio Assets :	\$312 Million
Fund Family :	Loomis Sayles	Portfolio Manager :	Team Managed
Ticker :	LSHIX	PM Tenure :	
Inception Date :	06/05/1996	Fund Style :	IM U.S. High Yield Bonds (MF)
Fund Assets :	\$312 Million	Style Benchmark :	FTSE High Yield Market Index
Portfolio Turnover :	65%		

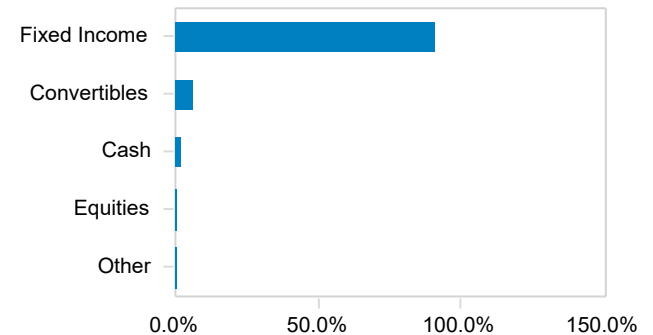
Fund Characteristics As of 03/31/2023

Avg. Coupon	N/A
Nominal Maturity	5.18 Years
Effective Maturity	N/A
Duration	3.57 Years
SEC 30 Day Yield	5.5
Avg. Credit Quality	BB

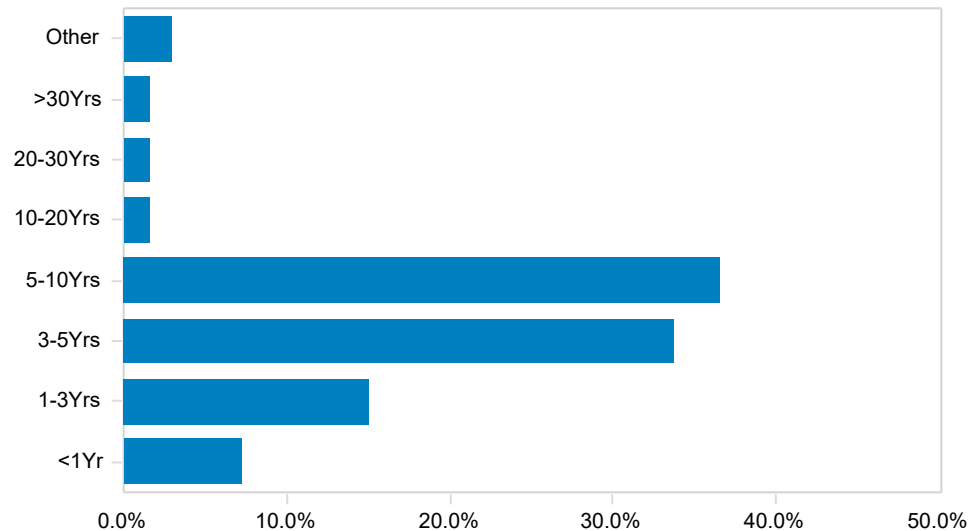
Top Ten Securities As of 12/31/2022

Corporate Notes/Bonds	72.9 %
Fgn. Currency Denominated Bonds	7.8 %
Convertible Securities	6.1 %
Treasury Notes/Bonds	5.0 %
Asset Backed Securities	4.1 %
Preferred Stock-Non Convertible	1.0 %
Common Stock	0.8 %

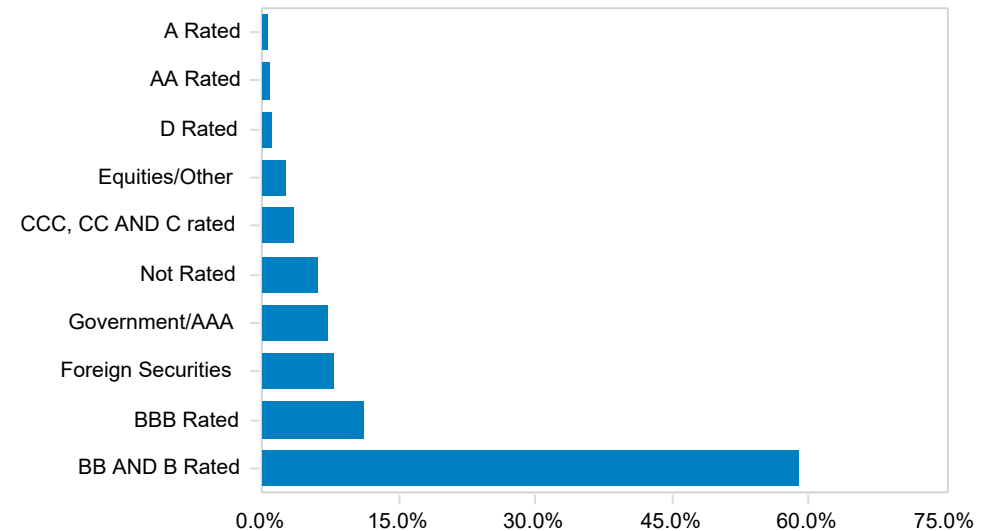
Asset Allocation As of 12/31/2022



Maturity Distribution As of 03/31/2023



Sector/Quality Allocation As of 12/31/2022



Fund Information

Fund Name : Aristotle Funds Series Trust: Aristotle Floating Rate Income Fund; Class I Shares
Fund Family : Aristotle Funds
Ticker : PLFRX
Inception Date : 06/30/2011
Fund Assets : \$1,474 Million
Portfolio Turnover : 66%

Portfolio Assets : \$3,504 Million
Portfolio Manager : Marzouk/Leasure
PM Tenure : 2011--2011
Fund Style : IM U.S. Bank Loans (MF)
Style Benchmark : Morningstar LSTA US Leveraged Loan Index

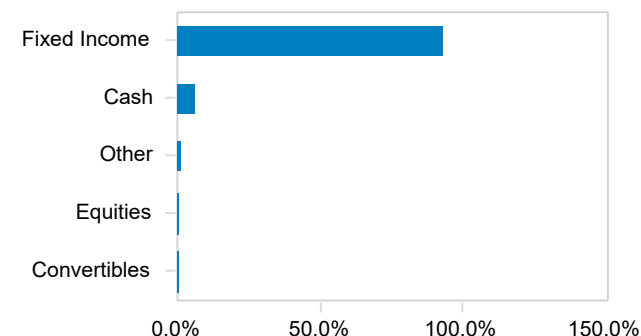
Fund Characteristics As of 09/30/2022

Avg. Coupon : N/A
Nominal Maturity : N/A
Effective Maturity : 4.01 Years
Duration : 0.43 Years
SEC 30 Day Yield : N/A
Avg. Credit Quality : B

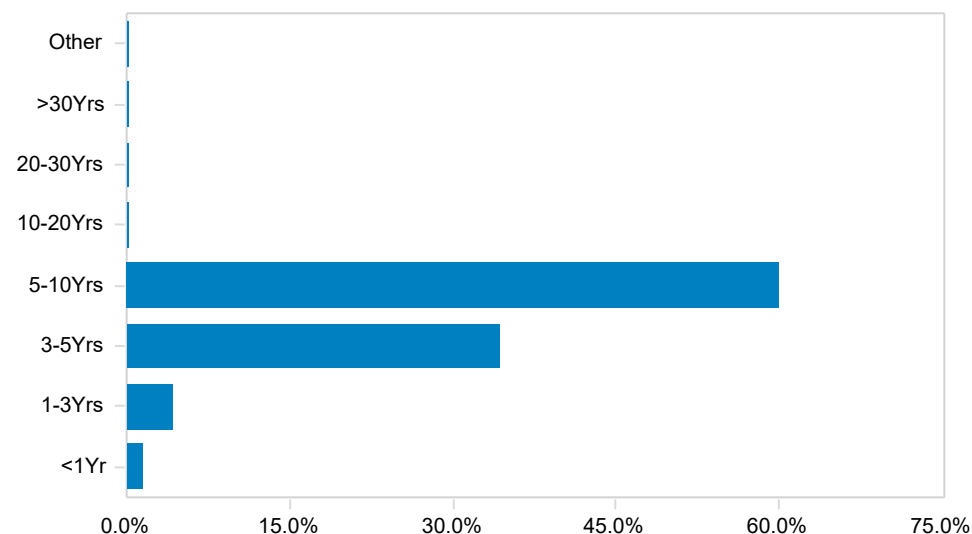
Top Ten Securities As of 09/30/2022

Corporate Notes/Bonds : 92.5 %

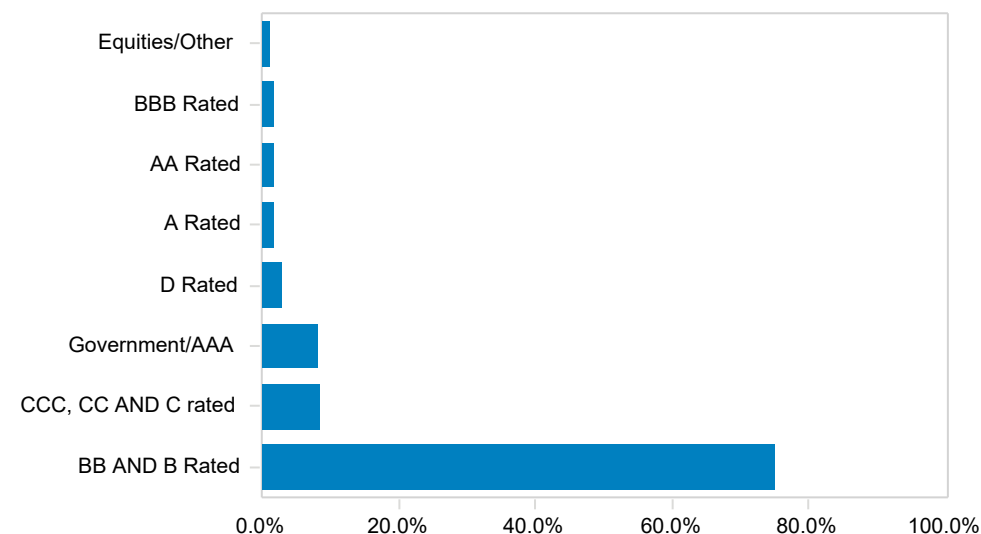
Asset Allocation As of 09/30/2022



Maturity Distribution As of 06/30/2019



Sector/Quality Allocation As of 09/30/2022



Port of Houston OPEB
Manager Status Summary
As of June 30, 2023

Manager	Mandate	Status	Notes
Fiduciary Management	Large Cap Value Equity	In Compliance	Upgraded 1Q2023
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	
Aristotle Floating Rate (PLFRX)	Bank Loans	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 Port Commission's satisfaction, a replacement will be hired.



	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Total Fund Composite	0.47	95,853,161	454,332	
Equity Composite	0.49	54,166,828	265,348	
Domestic Equity	0.39	41,890,005	164,065	
Fiduciary Management	0.55	10,103,760	55,571	0.55 % of Assets
Vanguard Index Fund Institutional (VINIX)	0.04	14,929,268	5,972	0.04 % of Assets
Stephens Mid Cap Growth	0.77	6,754,710	52,011	0.77 % of Assets
Barrow Hanley MeWhinney & Strauss	0.50	10,102,268	50,511	0.50 % of Assets
International Equity	0.87	7,672,399	66,750	
Causeway International (CIVIX)	0.87	7,672,399	66,750	0.87 % of Assets
Real Estate	0.75	4,604,424	34,533	
Cohen & Steers (CSRIX)	0.75	4,604,424	34,533	0.75 % of Assets
GTAA Composite	0.51	4,720,435	24,074	
BlackRock Multi-Asset Income (BKMIX)	0.51	4,720,435	24,074	0.51 % of Assets
Fixed Income Composite	0.45	41,686,333	188,983	
Core Plus Fixed Income	0.35	27,554,936	96,442	
MacKay Shields Core Plus	0.35	27,554,936	96,442	0.35 % of Assets
High Yield Fixed Income	0.71	4,503,876	31,978	
Loomis Sayles High Yield (LSHIX)	0.71	4,503,876	31,978	0.71 % of Assets
Bank Loans	0.75	4,865,264	36,489	
Aristotle Floating Rate (PLFRX)	0.75	4,865,264	36,489	0.75 % of Assets

Fee information on this page is an illustrative estimate of management fees based on current reported portfolio values. Fee estimates do not reflect actual calculation methodologies or applicable carried interest.



Port of Houston OPEB
Fee Summary
As of June 30, 2023

Structure	Mandate	Expense Ratio	Category Average	Difference	Annual Savings
Fiduciary Management	Large Cap Value Equity	0.55%	0.99%	0.44%	\$44,457
Vanguard Index Fund (VINIX)	Large Cap Core Equity	0.04%	0.99%	0.95%	\$141,828
Stephens Mid Cap Growth	Mid Cap Growth Equity	0.77%	1.26%	0.49%	\$33,098
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	0.50%	1.27%	0.77%	\$77,787
Causeway International (CIVIX)	International Equity	0.87%	1.21%	0.34%	\$26,086
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	0.75%	1.24%	0.49%	\$22,562
BlackRock Multi-Asset (BKMIX)	GTAA	0.51%	0.97%	0.46%	\$21,714
Mackay Shields Core Plus	Core Plus Fixed Income	0.35%	0.84%	0.49%	\$135,019
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	0.71%	1.04%	0.33%	\$14,863
Aristotle Floating Rate (PLFRX)	Bank Loans	0.75%	0.90%	0.15%	
Total Management Fees		0.47%	1.02%	0.55%	\$517,414

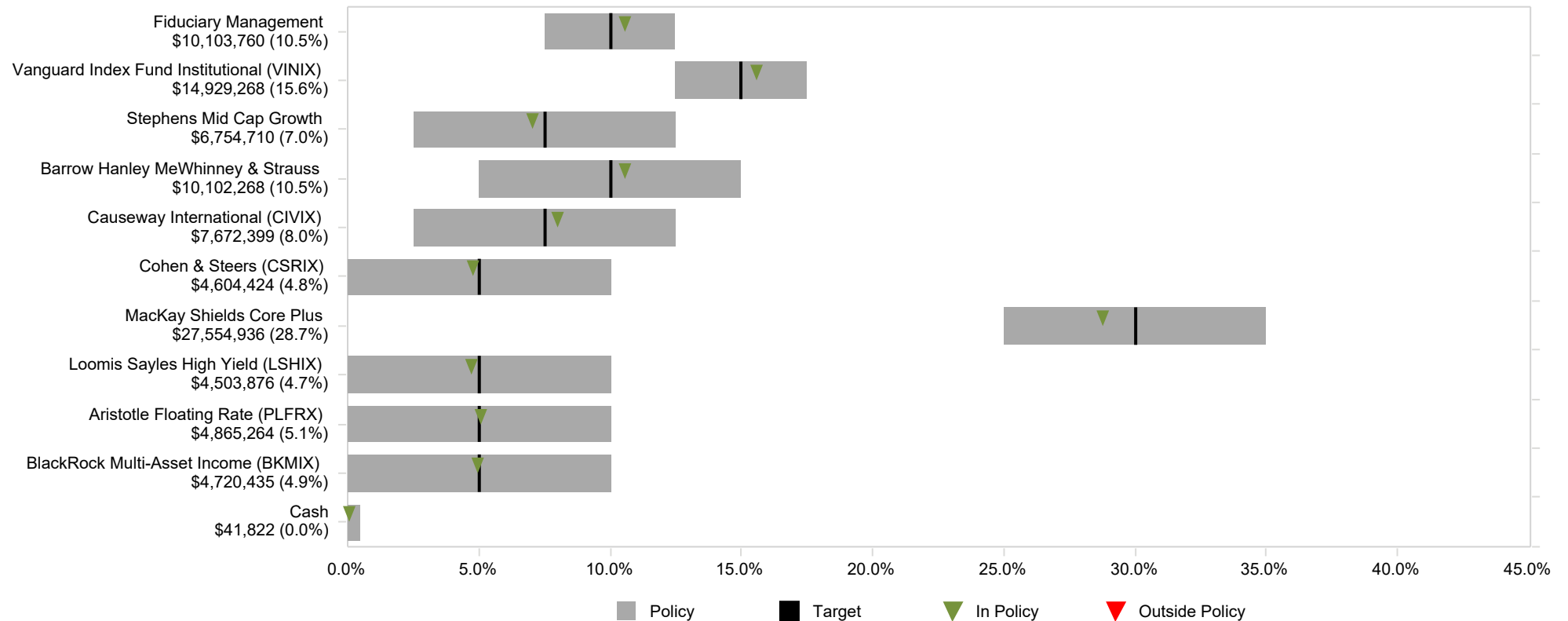
Source: Morningstar and Investment Managers



Asset Allocation Compliance

	Asset Allocation \$	Current Allocation (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund Composite	95,853,161	100.0	100.0	0.0		
Fiduciary Management	10,103,760	10.5	10.0	0.5	7.5	12.5
Vanguard Index Fund Institutional (VINIX)	14,929,268	15.6	15.0	0.6	12.5	17.5
Stephens Mid Cap Growth	6,754,710	7.0	7.5	-0.5	2.5	12.5
Barrow Hanley MeWhinney & Strauss	10,102,268	10.5	10.0	0.5	5.0	15.0
Causeway International (CIVIX)	7,672,399	8.0	7.5	0.5	2.5	12.5
Cohen & Steers (CSRIX)	4,604,424	4.8	5.0	-0.2	0.0	10.0
MacKay Shields Core Plus	27,554,936	28.7	30.0	-1.3	25.0	35.0
Loomis Sayles High Yield (LSHIX)	4,503,876	4.7	5.0	-0.3	0.0	10.0
Aristotle Floating Rate (PLFRX)	4,865,264	5.1	5.0	0.1	0.0	10.0
BlackRock Multi-Asset Income (BKMIX)	4,720,435	4.9	5.0	-0.1	0.0	10.0
Cash	41,822	0.0	0.0	0.0	0.0	0.5

Executive Summary



Historical Hybrid Composition

Allocation Mandate	Weight (%)
Jan-1979	
S&P 500 Index	47.50
Russell Midcap Index	12.50
Blmbg. U.S. Aggregate Index	40.00
Dec-2012	
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 BofA U.S. High Yield Index	5.00
FTSE NAREIT All Equity REITs	5.00
Alerian MLP Index	5.00
Aug-2015	
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 BofA U.S. High Yield Index	5.00
FTSE NAREIT All Equity REITs	5.00
Alerian MLP Index	10.00
Jan-2021	
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 BofA U.S. High Yield Index	5.00
FTSE NAREIT All Equity REITs	5.00



Active Return	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
Alpha	- 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.
Beta	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
Consistency	- 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.
Distributed to Paid In (DPI)	- 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.
Down Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
Downside Risk	- 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.
Excess Return	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
Excess Risk	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
Information Ratio	- 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.
Public Market Equivalent (PME)	- 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.
R-Squared	- 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.
Return	- Compounded rate of return for the period.
Sharpe Ratio	- 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.
Standard Deviation	- 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.
Total Value to Paid In (TVPI)	- 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
Tracking Error	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
Treynor Ratio	- 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.
Up Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

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