San Joaquin County Employees Retirement Association

AGENDA

SPECIAL MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
THURSDAY, OCTOBER 10, 2024
AT 8:00 AM

Location: Wine and Roses - Garden Ballroom
2505 Turner Road, Lodi, CA 95242

Persons who require disability-related accommodations should contact SJCERA at (209) 468-9950 or ElainaP@sjcera.org at least forty-eight (48) hours prior to the scheduled meeting time.

1.0 ROLL CALL

2.0 PLEDGE OF ALLEGIANCE

3.0 WELCOME AND INTRODUCTION OF PARTICIPANTS

4.0 OVERVIEW OF SJCERA - ASSET ALLOCATION, RETURN AND RISK, GOALS AND OBJECTIVES

4.01 Presentation by David Sancewich of Meketa Investment Group 03

5.0 KEYNOTE SPEAKER - THE STATE OF THE WORLD IN 2024 AND BEYOND

5.01 Presentation by Jamie Weinstein - Managing Director, Portfolio Manager, PIMCO 29

6.0 PRIVATE MARKET INVESTING

Private Equity, Infrastructure - What's Next and Where are the Markets Today? Have the Private Markets Bottomed out?

6.01 Moderator Paris Ba of SJCERA with panelists: Judy Chambers of Meketa, Tom Casarella of Oaktree, Brooke Coburn of Capital Meridian, and James Berner of Blackrock

7.0 REAL ESTATE

What Lies Ahead in Real Estate and Where are the Opportunities? What is the Future for Vacant Office Buildings? What are some Emerging Market Constraints in Real Estate?

7.01 Moderator Ryan Farrell of Meketa with panelist: Ronnie Gul of Mesa West, Kosta Karmaniolas of Prologis and Kyle Elfers of Principal 57

8.0 MANAGER DEBATE: IN A CLASSIC DEBATE FORMAT

Watch Teams of Managers Debate Various Topics

8.01 Moderator David Sancewich of Meketa and panelists: Rob Kostow of HPS, Brooks Monroe of Invesco, and George Bruce of PE Diversified

9.0 INFLATION AND STAGFLATION

When will it Stop and What does it Mean? The Global Economy has been Faced with Historically High Inflation that has Leveled off, but Slower Economic Growth is now a Reality. What Investment Trends Make Sense Given the Flat/Falling Interest Rates?

9.01 Moderator Paola Nealon of Meketa with panelist: David Aspell of Mt. Lucas, Christopher Miller of Neuberger-Berman, and Matthew Novac of Loomis 78

10.0 OPEN DISCUSSION AND RECAP

Led by David Sancewich of Meketa

10.01 Comments from the Board of Retirement

10.02 Comments from the Public

11.0 ADJOURNMENT

MEKETA | 45 YEARS
CELEBRATING A MILESTONE

San Joaquin County Employees' Retirement Association

October 2024

SJCERA Overview

The Defined Benefit Pension Equation

Essential Equation for Pension Funds:

$$C + I = B + E$$

C = Contributions (by Employers and Employees)

I = Interest (investment return – appreciation/income)

B = Benefits

E = Expenses

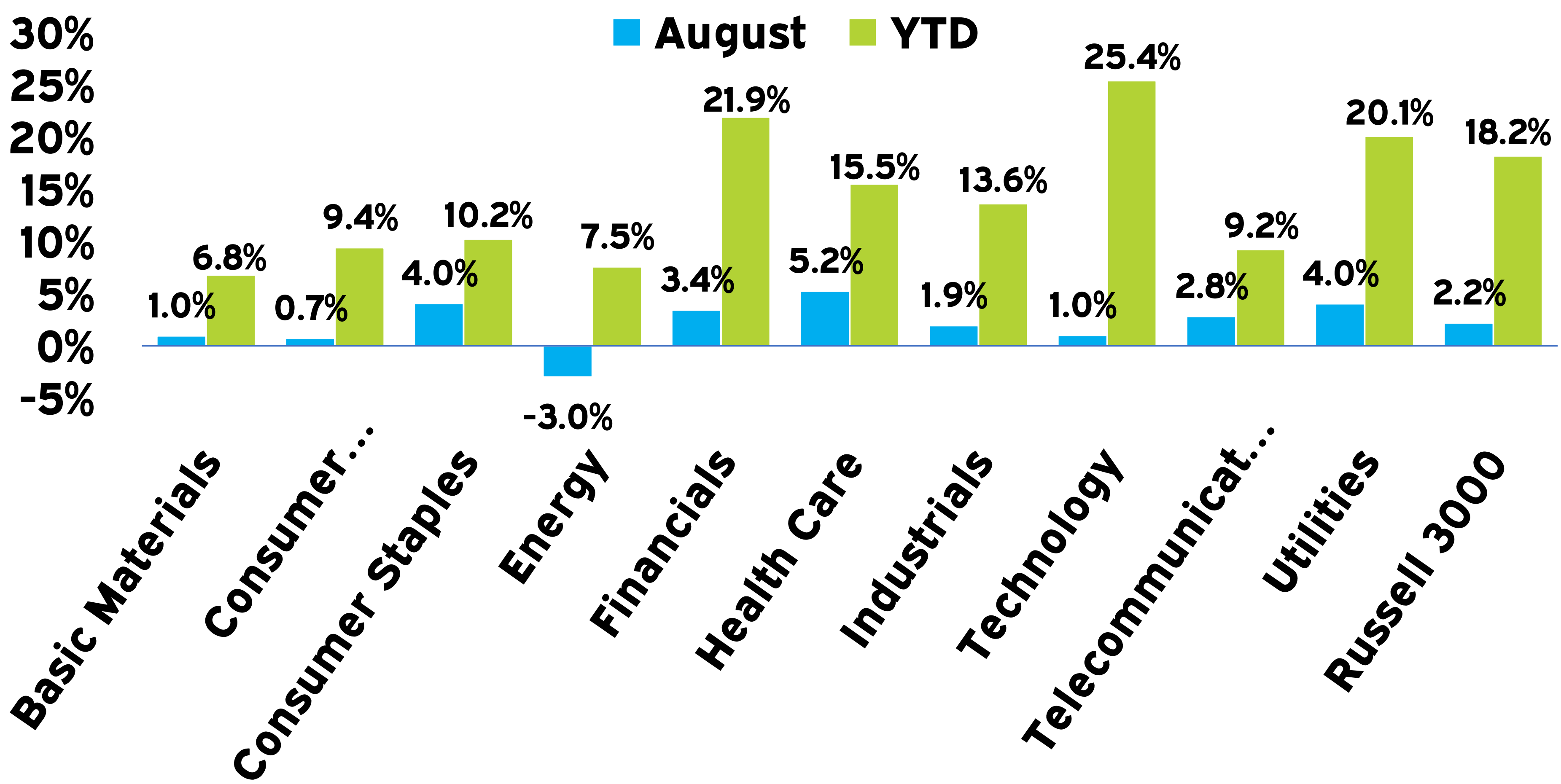
Work Together as Strategic Partners

Capital Markets Review

Domestic Equity (August 2024)

	August (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)
S&P 500	1.4	2.6	18.3	26.2	9.1	15.7
Russell 3000	1.2	3.1	17.0	25.3	7.6	15.0
Russell 1000	1.4	2.8	17.5	25.8	8.0	15.3
R1000 Growth	0.9	-0.8	19.8	30.3	8.7	18.8
R1000 Value	1.8	7.0	14.1	20.0	6.8	11.0
Russell 2000	-2.2	7.8	9.6	18.0	0.3	9.5
R2000 Growth	-1.9	6.2	10.9	17.4	-2.3	8.2
R2000 Value	-2.5	9.4	8.5	18.6	2.7	10.2

Russell 3000 (August 2024)



International Equity (August 2024)

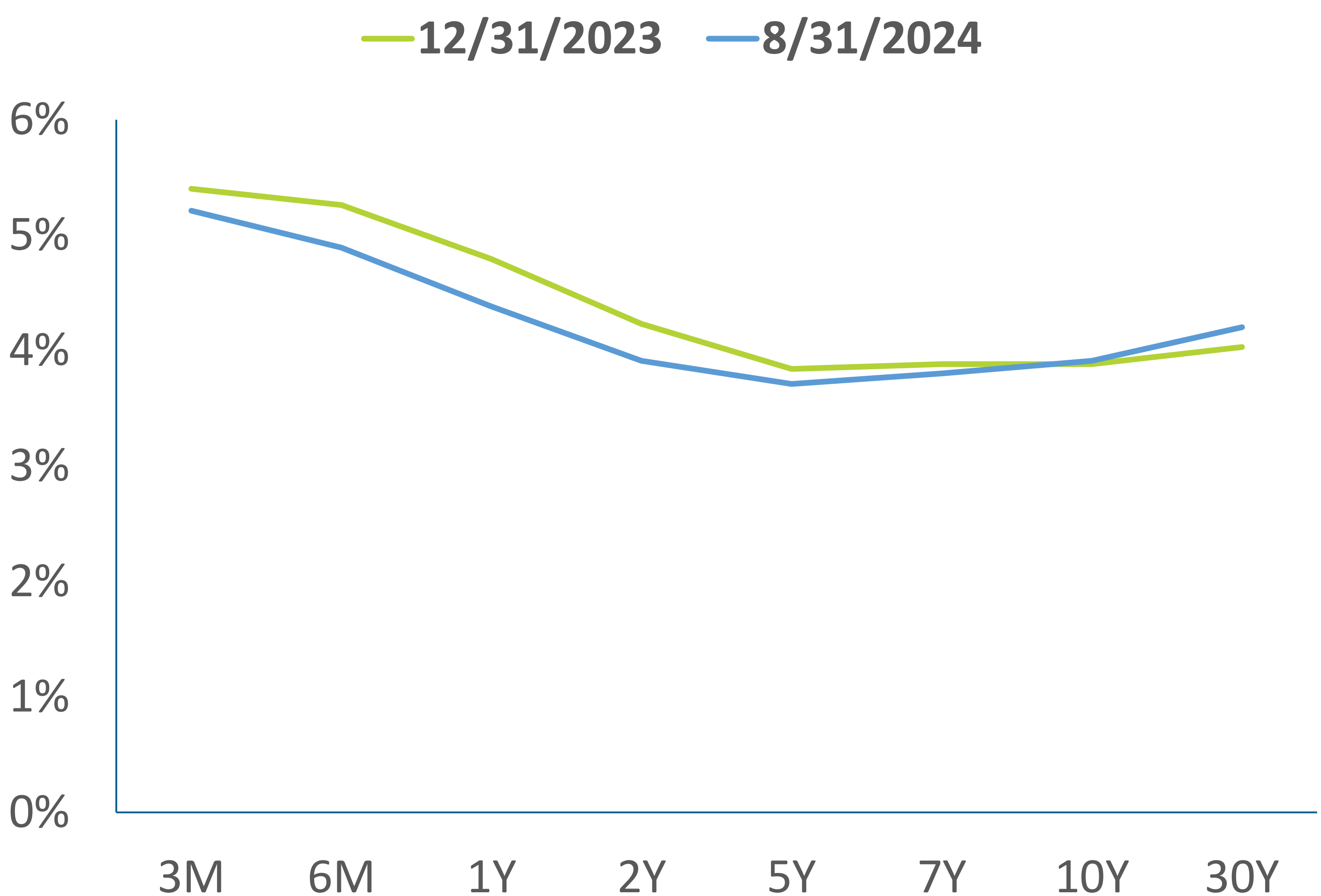
Foreign Equity	August (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)
MSCI ACWI ex. US	3.1	2.5	10.9	18.0	2.3	7.7
MSCI EAFE	3.0	6.0	11.7	19.7	4.2	8.7
MSCI EAFE (Local)	0.2	0.9	12.1	16.6	7.5	9.7
MSCI EAFE Small Cap	1.4	7.2	7.7	15.6	-2.3	6.5
MSCI Emerging Mkt	1.2	1.5	9.1	13.7	-2.3	5.0
MSCI EM (Local)	-0.1	0.5	11.5	14.9	0.6	6.7
MSCI China	-0.4	-1.7	3.0	-4.9	-13.0	-3.5

Fixed Income(August 2024)

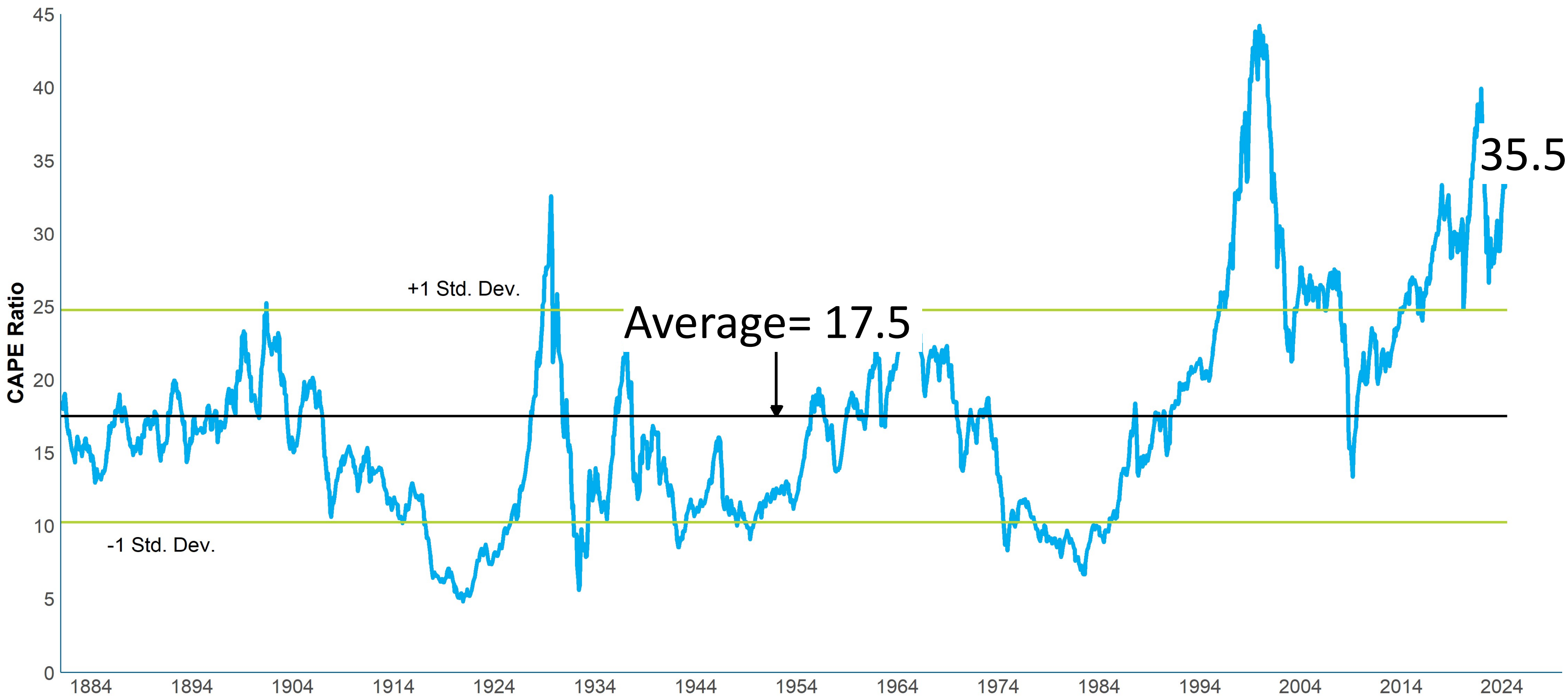
Fixed Income	Aug.	QTD	YTD	1 Y	3 Y	5 Y	Yield	Dur*
BB Universal	1.7	4.0	3.7	7.9	-1.8	0.3	4.7	6.0
BB Aggregate	1.7	4.1	3.3	7.3	-2.1	0.0	4.4	6.2
BB US TIPS	1.1	2.9	3.7	6.2	-1.3	2.0	4.0	6.9
BB HY	1.6	3.6	6.3	12.6	2.5	4.5	7.3	3.5

* Years

US Yield Curve
(As of August 31, 2024)

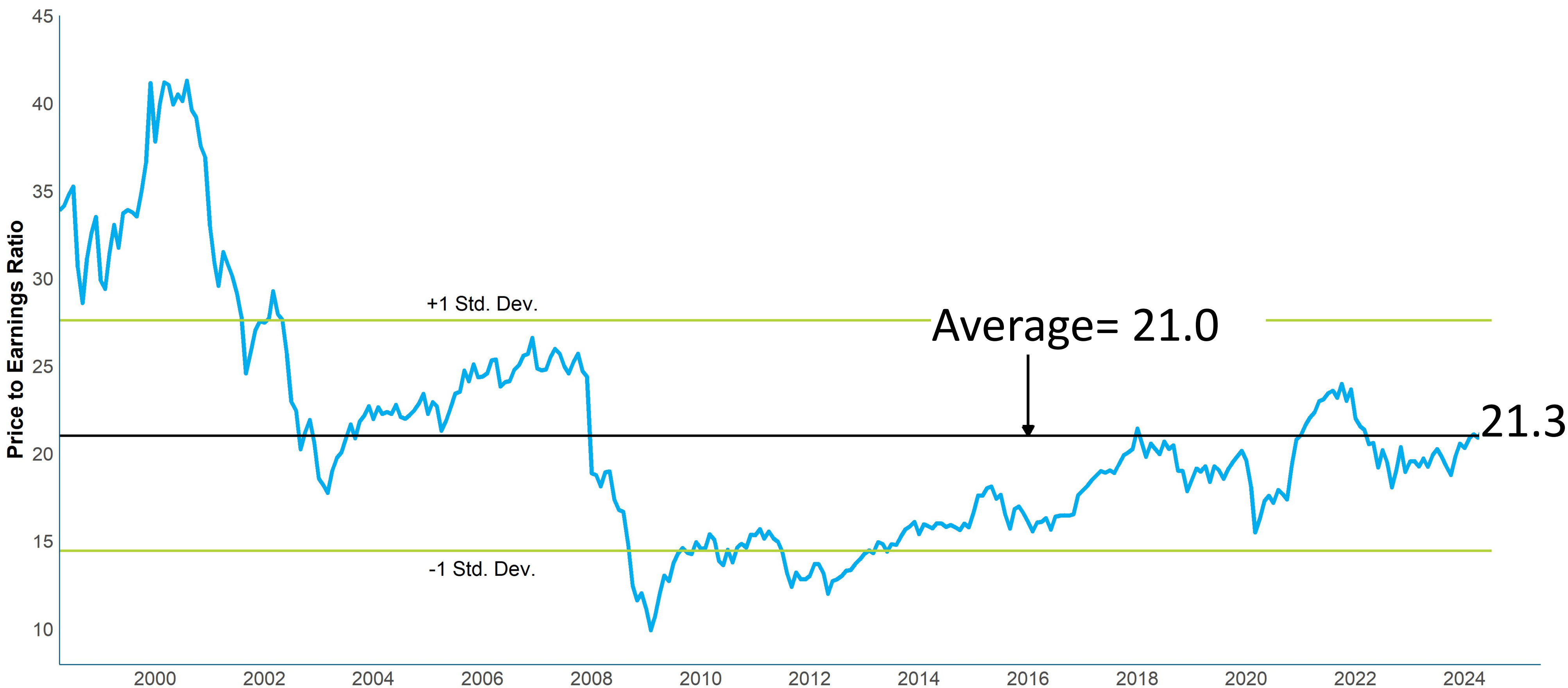


US Equity Cyclically Adjusted P/E[1]
(As of July 31, 2024)



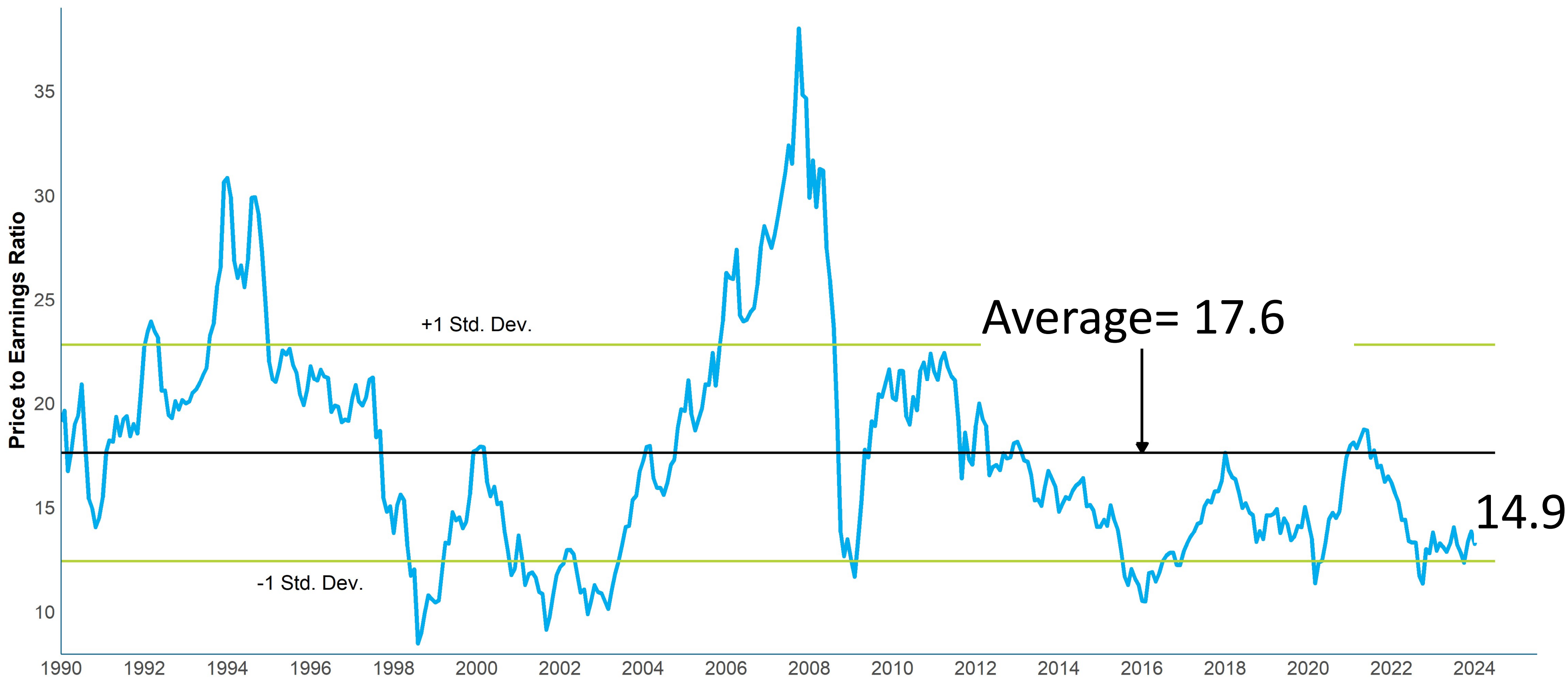
[1] Source: US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group

Developed International Equity Cyclically Adjusted P/E[1]
(As of July 31, 2024)



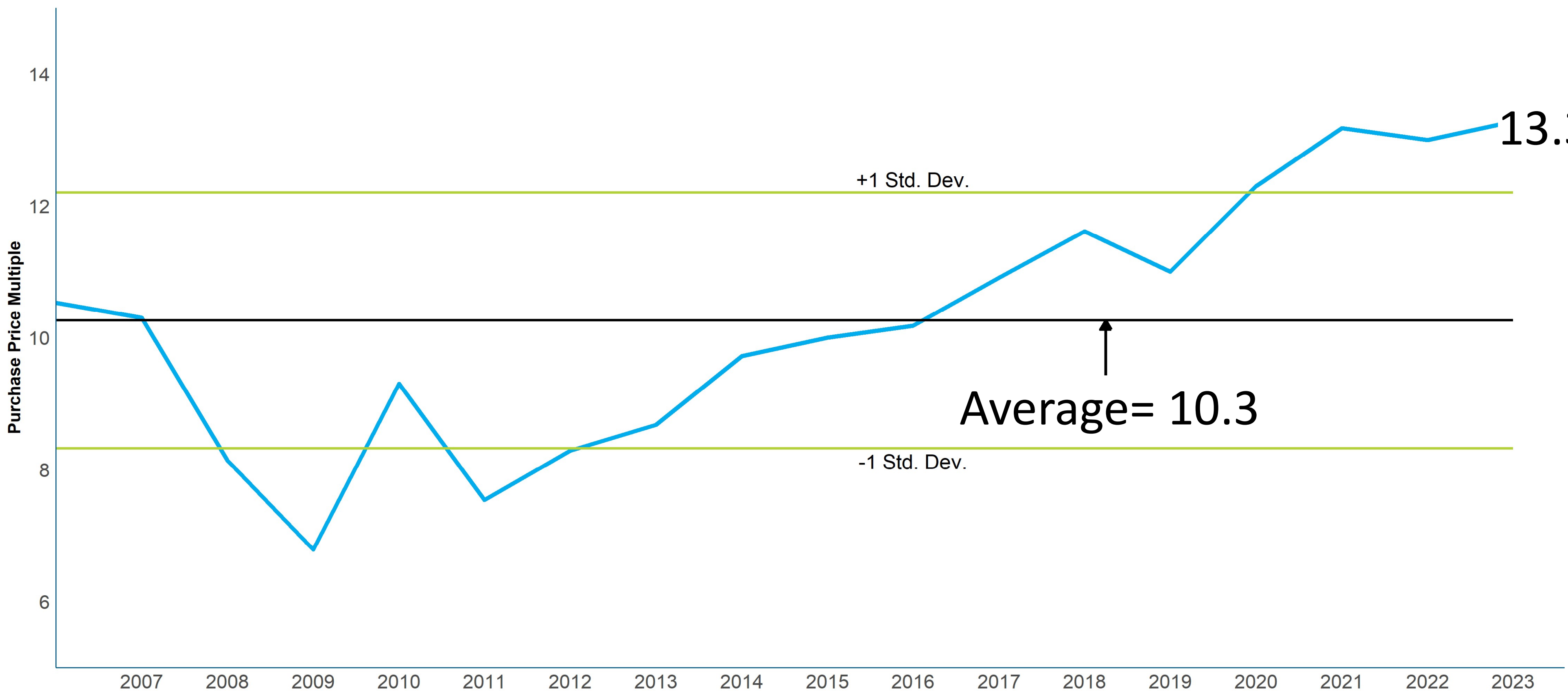
[1] Source: Developed International Equity (MSCI EAFE Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years.

Emerging Market Equity Cyclically Adjusted P/E[1]
(As of July 31, 2024)



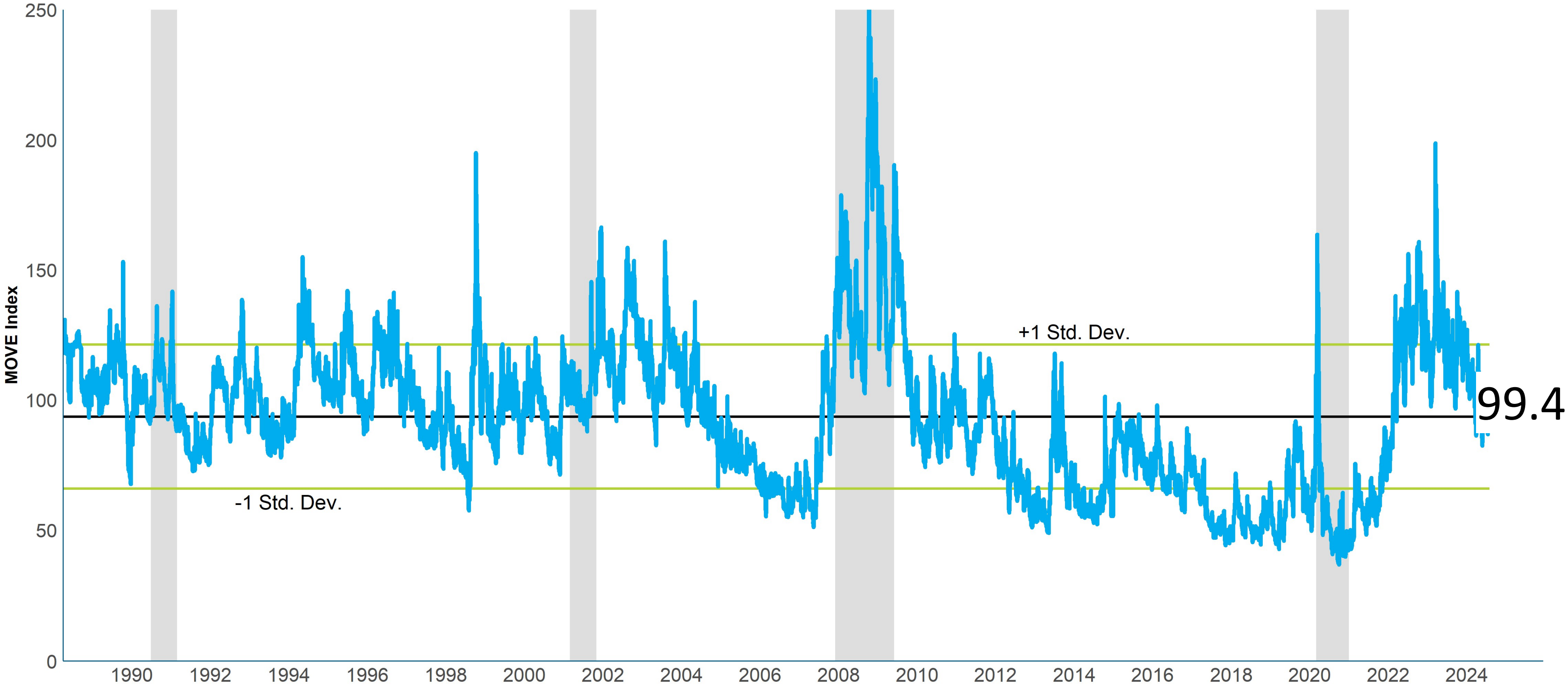
[1] Source: Emerging Market Equity (MSCI Emerging Markets Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years.

Private Equity Multiples
(As of July 31, 2024)



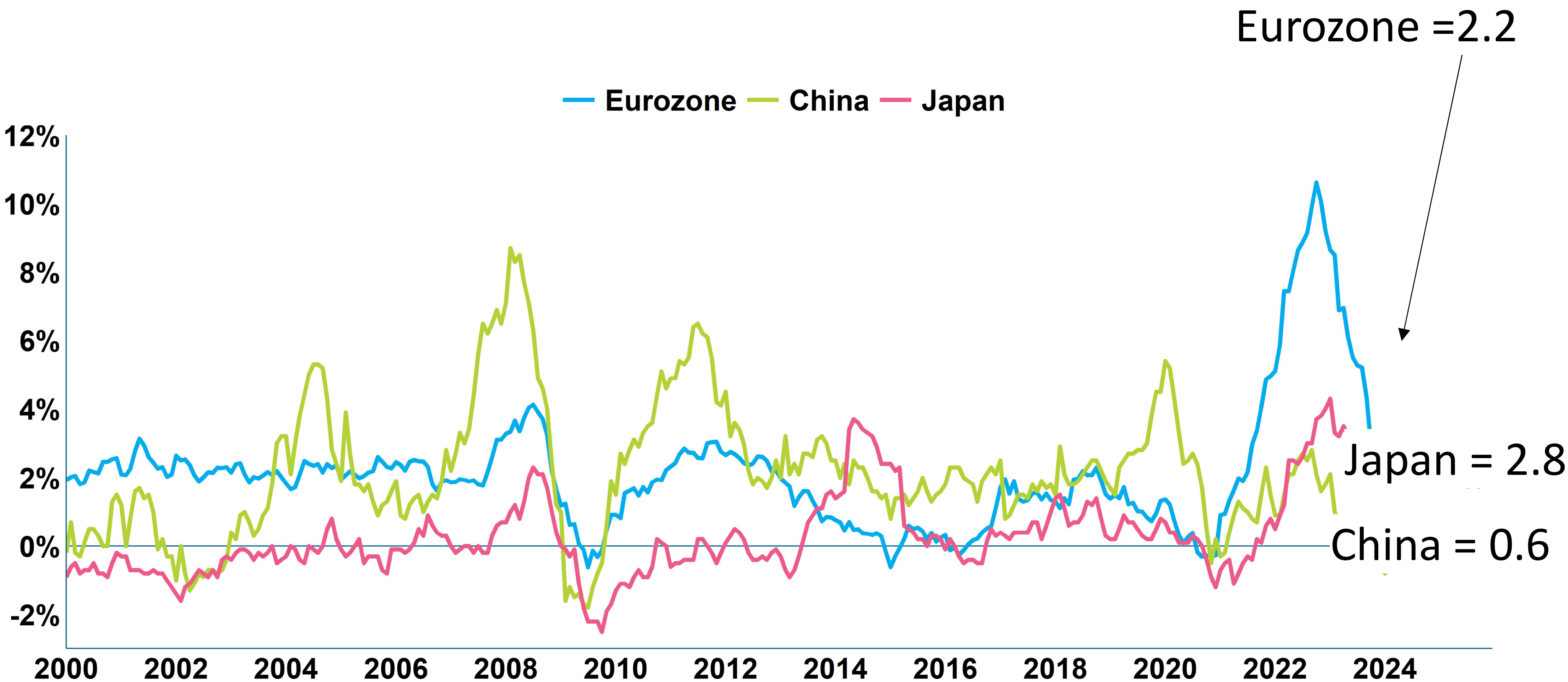
[1] Source: Private Equity Multiples – Source: S&P LCD Average EBITDA Multiples Paid in All LBOs.

Fixed Income Volatility[1]
(As of August 31, 2024)



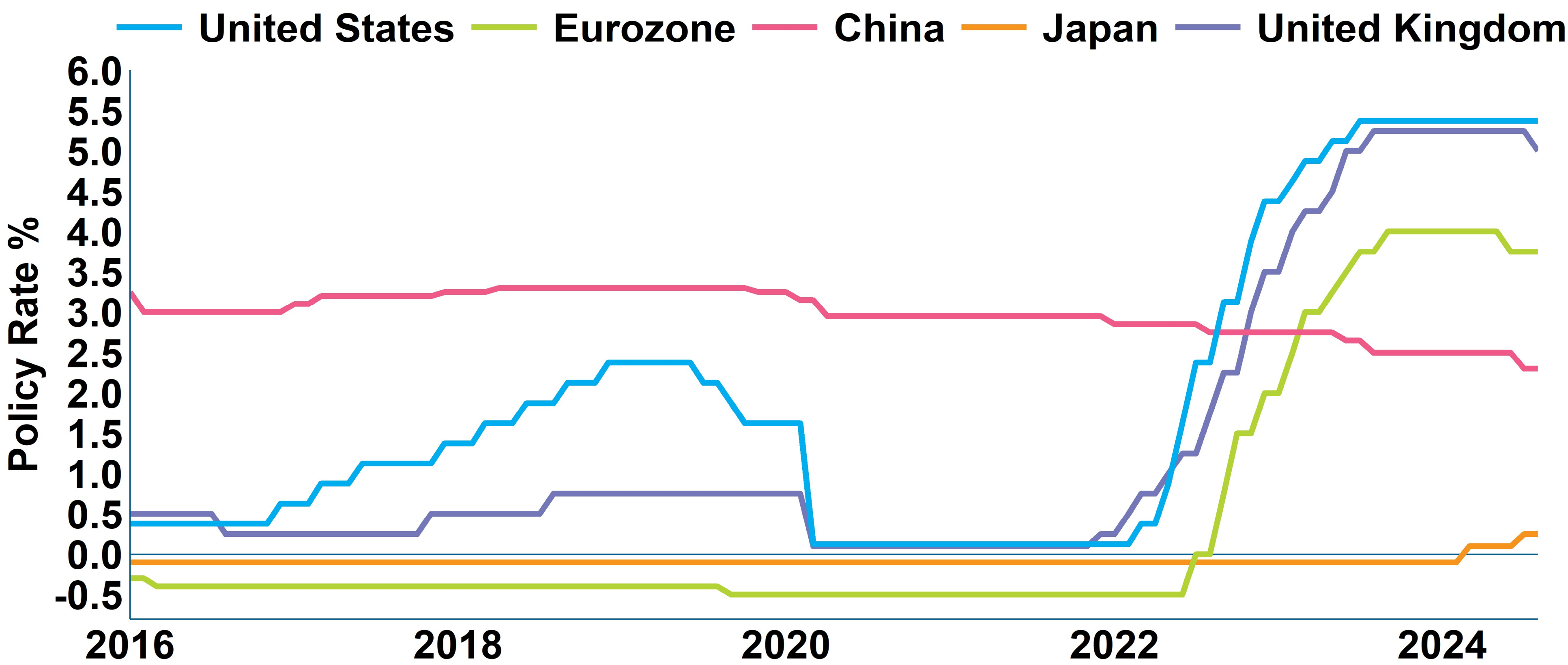
1 Source: Fixed Income Volatility – Source: Bloomberg, and Meketa Investment Group. Fixed Income Volatility proxied by MOVE Index, a Measure of implied option volatility for US Treasury markets

Inflation (CPI Trailing Twelve Months)



United States CPI and Eurozone CPI – Source: FRED. Japan CPI and China CPI - Source: Bloomberg. Data is as August 31, 2023. The most recent data for Japanese and Eurozone inflation is as of July 2023.

Inflation (Policy Response)



Source: Bloomberg. Policy rate data is as of September 15, 2023. China policy rate is defined as the medium-term lending facility 1 year interest rate. Balance sheet as % of GDP is based on quarterly data and is as of June 30, 2023.

Long-Term Outlook – 10/20 -Year Annualized Expected Returns

Asset Class	Horizon 10-Year Average (%)	Meketa 10-Year (%)	Horizon 20-Year Average (%)	Meketa 20-Year (%)
Cash	3.7	2.4	3.4	2.5
TIPS	4.4	4.3	4.3	4.7
US Core Bonds	4.9	4.6	4.9	4.8
US HY Bonds	6.1	6.5	6.4	6.8
EM Debt	6.2	6.3	6.3	6.2
Private Debt	8.3	9.2	8.4	9.2
US Equity (LC)	6.5	6.9	7.0	8.5
Dev. Non-US Equity	7.1	7.7	7.5	8.9
EM Non-US Equity	7.7	7.6	8.2	8.9

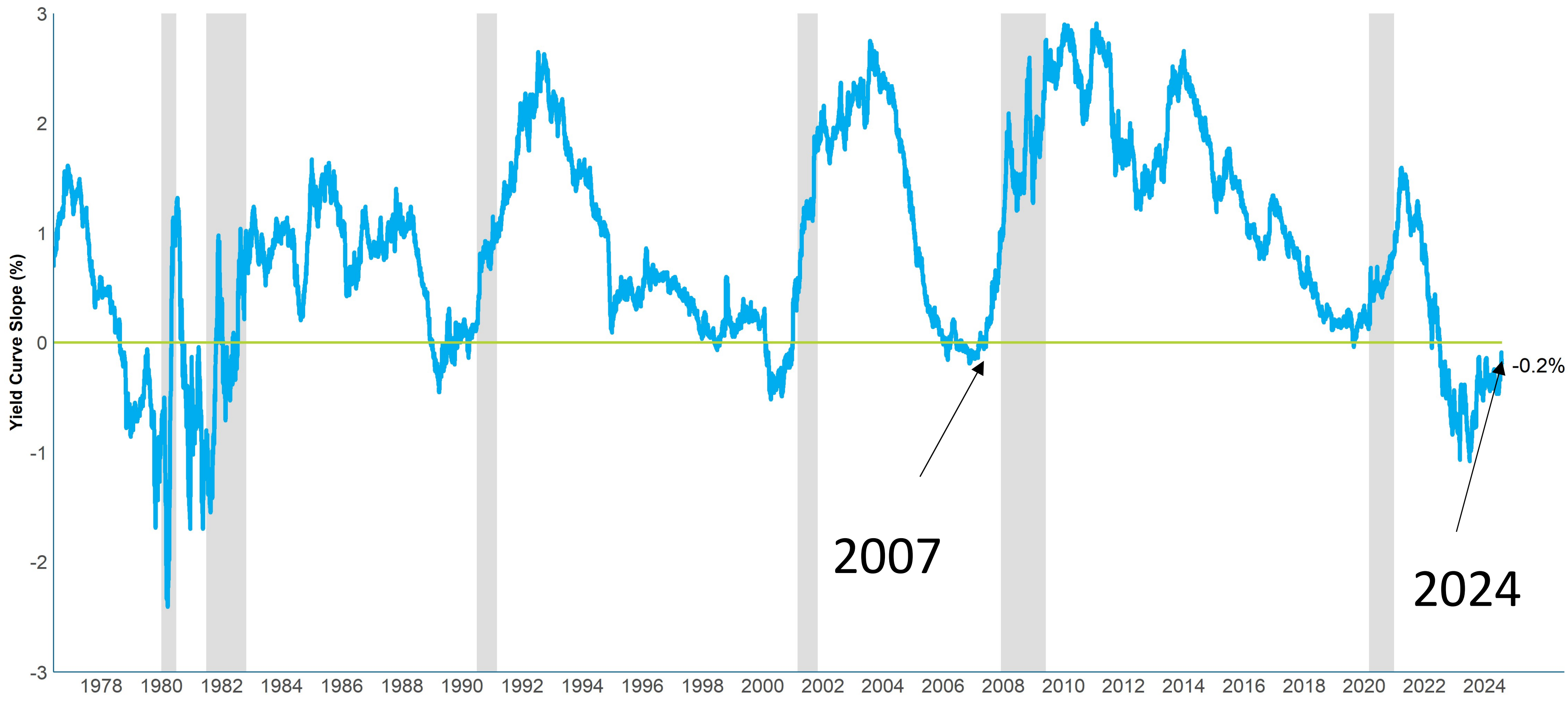
[1] The 10-year horizon included all 42 respondents, and the 20-year horizon included 27 respondents. Figures are based on Meketa's 2023 CMEs.

Long-Term Outlook – 10/20 -Year Annualized Expected Returns (continued)

Asset Class	Horizon 10-Year Average (%)	Meketa 10-Year (%)	Horizon 20-Year Average (%)	Meketa 20-Year (%)
Private Equity	9.1	9.9	9.7	11.2
Real Estate	6.1	6.3	6.2	8.0
Infrastructure	7.3	7.4	7.4	9.0
Commodities	4.9	4.9	5.0	5.3
Hedge Funds	5.9	4.5	6.2	5.8
Inflation	2.4	2.4	2.4	2.8

[1] The 10-year horizon included all 42 respondents, and the 20-year horizon included 27 respondents. Figures are based on Meketa's 2023 CMEs.

Yield Curve Slope (Ten Minus Two)
(As of July 31, 2024)



Yield Curve Slope (Ten Minus Two) – Source: Bloomberg, and Meketa Investment Group. Yield curve slope is calculated as the difference between the 10-Year US Treasury Yield and 2-Year US Treasury Yield.

Asset Allocation

SJCERA Structural Framework

High-Level Class	Mid-Level	Strategy
Broad Growth	Aggressive Growth	PE / Non-Core RA
	Traditional Growth	US Equity
		Non-US Equity
		REITs
	Stabilized Growth	Risk Parity
		Liquid Credit
		Private Credit
		Core Real Assets
Diversifying Strategies	Principal Protection	Core Fixed Income
		Long Duration
		Alt. Risk Premia

SJCERA Structural Framework

Strategic Classes	Current
Broad Growth	80.0
Aggressive Growth	16.0
Traditional Growth	34.0
Stabilized Growth	30.0
Risk Parity	*6.0*
Credit	*15.0*
Core Real Assets	*9.0*
Diversifying Strategies	20.0
Principal Protection	7.0
CRO	13.0
20 Year Stats	**Current**
Expected Rtn	8.4
Average SD	11.5

Investment Performance

2023 Calendar Year Performance (Net of Fees)

	Quarter	1-Year	3-Year	5-Year	10-Years
SJCERA	5.0	9.1	4.8	7.2	5.3
Median Peer*	6.6	11.4	4.5	8.3	6.3
S&P 500	11.7	20.8	11.0	14.3	12.6
MSCI EAFE	10.4	10.0	4.6	6.9	4.8
MSCI EM	7.9	-2.9	-7.5	1.0	2.9
BB Agg	6.8	2.1	-3.2	0.8	1.6
Cash	1.3	5.1	2.2	1.9	1.3

* The Investment Metrics Total Fund Public Universe > $1 Billion, net of fees

August 2024 Performance (Net of Fees)

Preliminary Monthly Flash Report (Net)	YTD	1-Y	3 Y	5 Y	SI Rtn	SI
Total Plan	7.9	11.5	3.9	6.7	7.6	Apr-90
Policy Benchmark	9.7	14.2	4.7	7.5	7.6	
Difference:	-1.9	-2.7	-0.7	-0.8	0.1	
75/25 Portfolio	12.6	19.6	3.7	9.6	7.1	
Difference:	-4.7	-8.1	0.3	-2.9	0.5	

Disclaimer

Disclaimer

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

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INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

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

PIMCO

SJCERA Manager Roundtable

October 10, 2024

Agenda

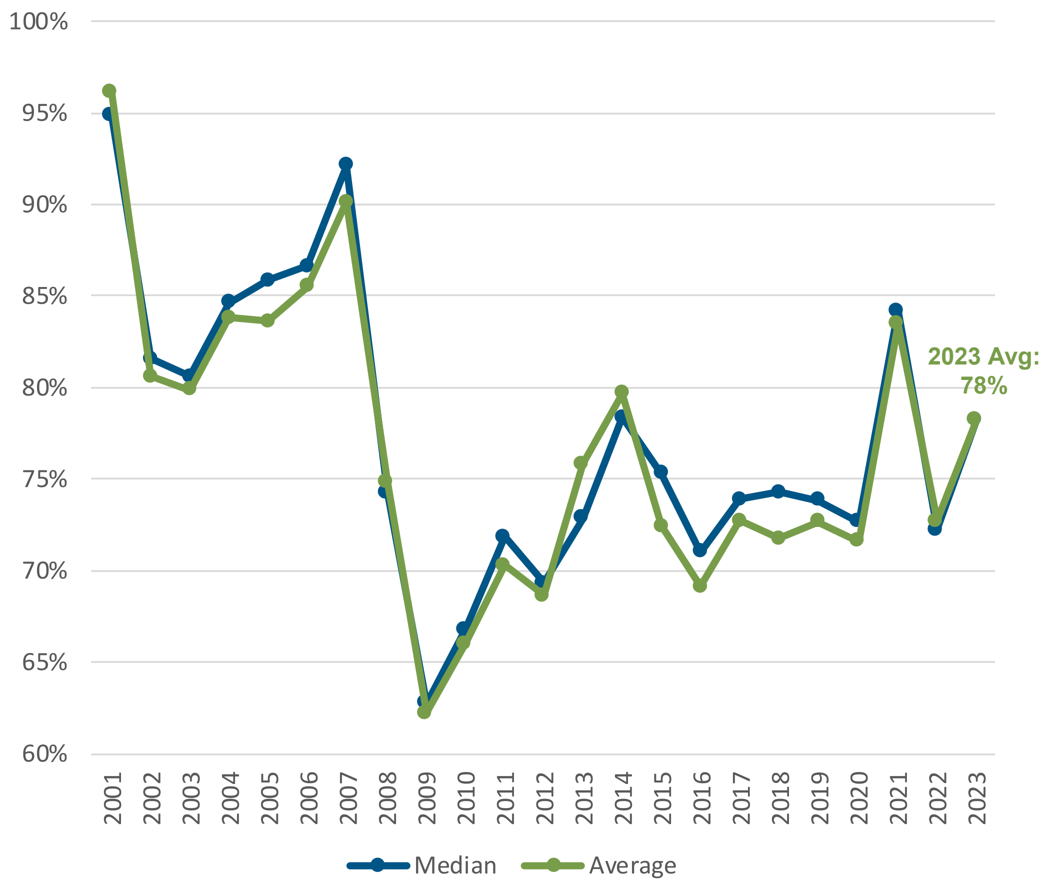
1	The public sector defined benefit landscape
2	Economic outlook
3	Investment implications
4	Summary

The public sector defined benefit landscape

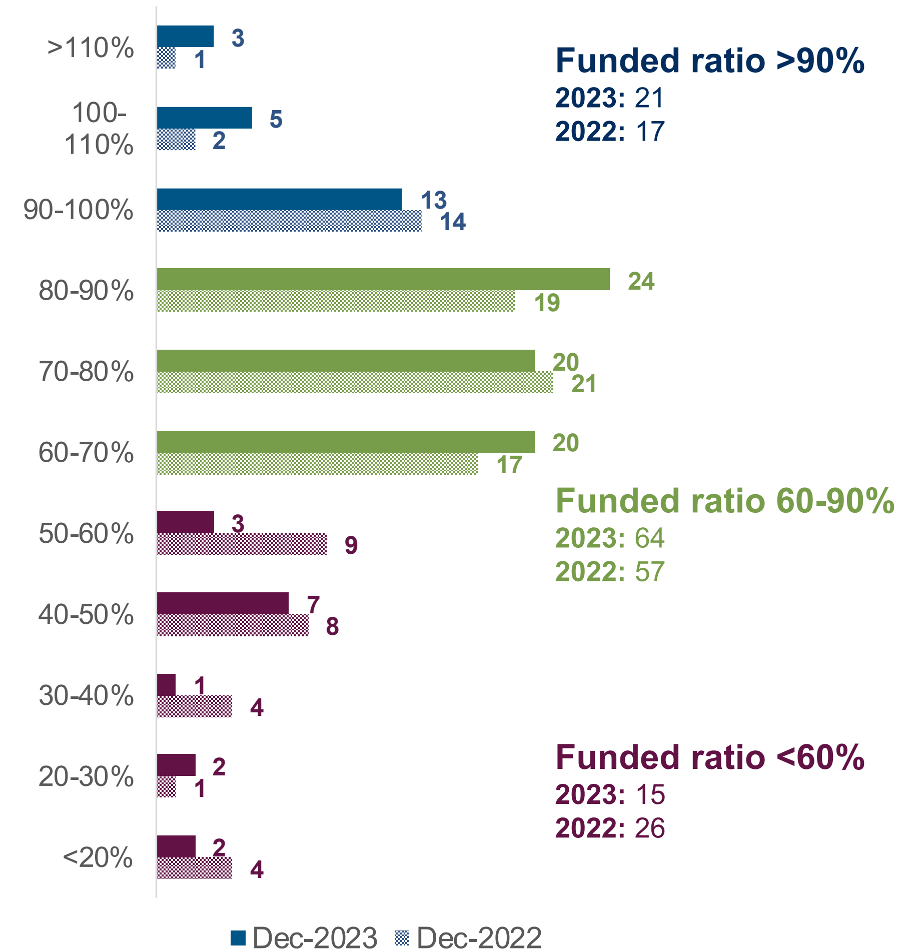
Public Pension Plan Funding – 100 Largest US Public Pension plans

Funded ratios bounced back in 2023 following a drawdown in 2022

Public plan funded ratios over time



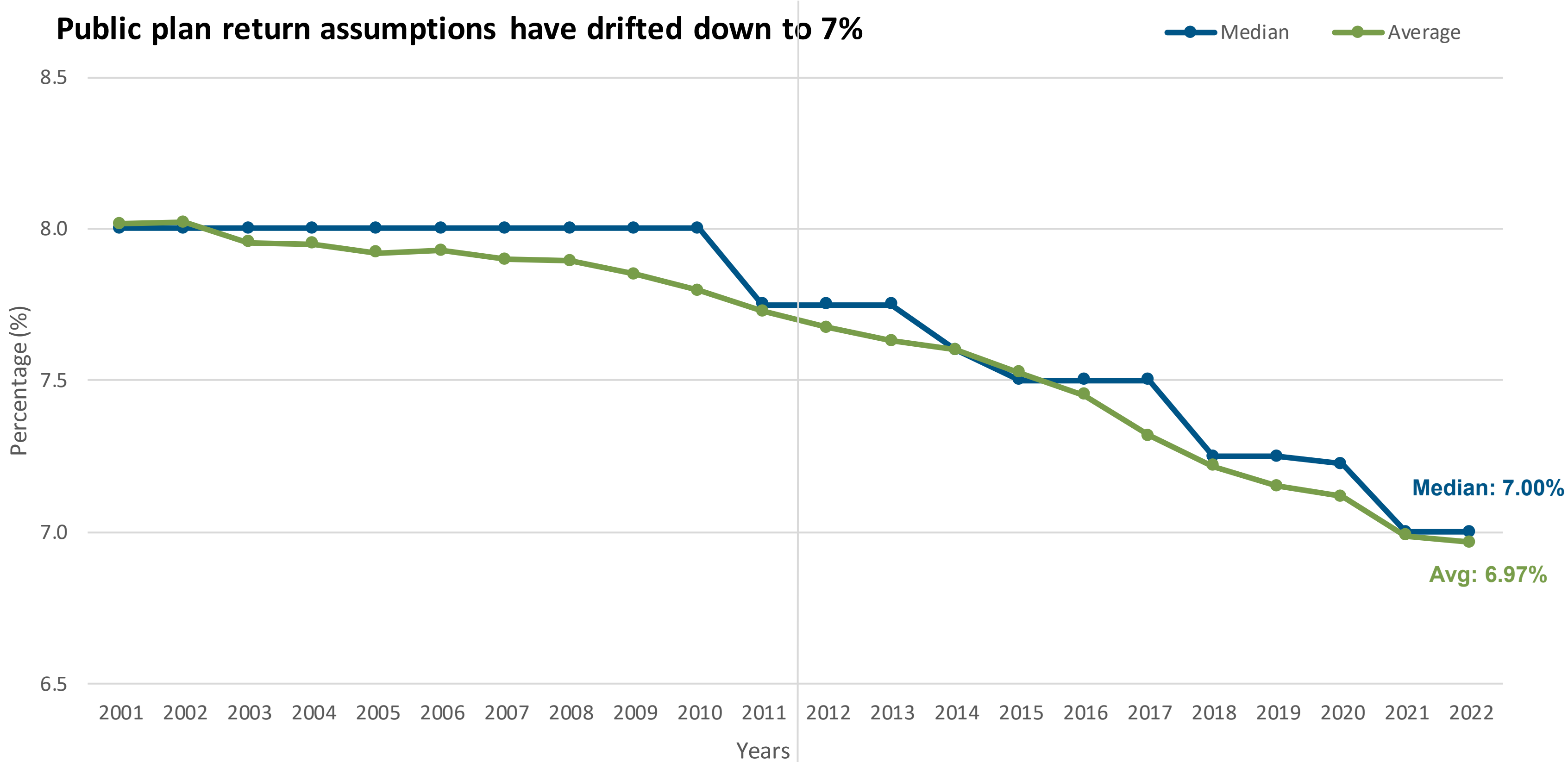
Distribution of plan funded ratios



As of 31 December 2023
SOURCE: Public Plans Data - Center for Retirement Research at Boston College, MissionSquare Research Institute, National Association of State Retirement Administrators and the Government Finance Officers Association, Milliman Public Pension Funding Index.
Data for 2001-2022 is based on Public Plans Data. Data for 2023 is based on the Milliman Public Pension Funding Index. Funded status is estimated as market value of assets divided by present value of liabilities.
Refer to Appendix for additional index and risk information.

As of 31 December 2023
SOURCE: Milliman Public Pension Funding Index.
Refer to Appendix for additional index and risk information.

Estimated return for the average public plan is now close to 7%



SOURCE: Public Plans Data - Center for Retirement Research at Boston College, MissionSquare Research Institute, National Association of State Retirement Administrators and the Government Finance Officers Association

As of 31 December 2023. Source: PIMCO, RVK, **Hypothetical performance for illustrative purposes only. Hypothetical performance is not based on actual results, has certain inherent limitations and should not be relied upon as the sole basis for making an investment decision. Investors should carefully review the appendix for additional, important information about hypothetical performance.**

Global Equity: MSCI ACWI Index, Core Bonds: BBG US Agg Index, Private Equity: Private Equity Model, Private Credit: Private Corporate Credit Model, Hedge Funds: HFRI Fund Weighted Composite Index, Real Estate: Private Value-Add Real Estate Model, Cash: ICE BofAML 3M US T-Bill Index. Model risk factor exposures are based on analysis of historical index data, third party academic research and/or qualitative inputs from senior PIMCO investment professionals.

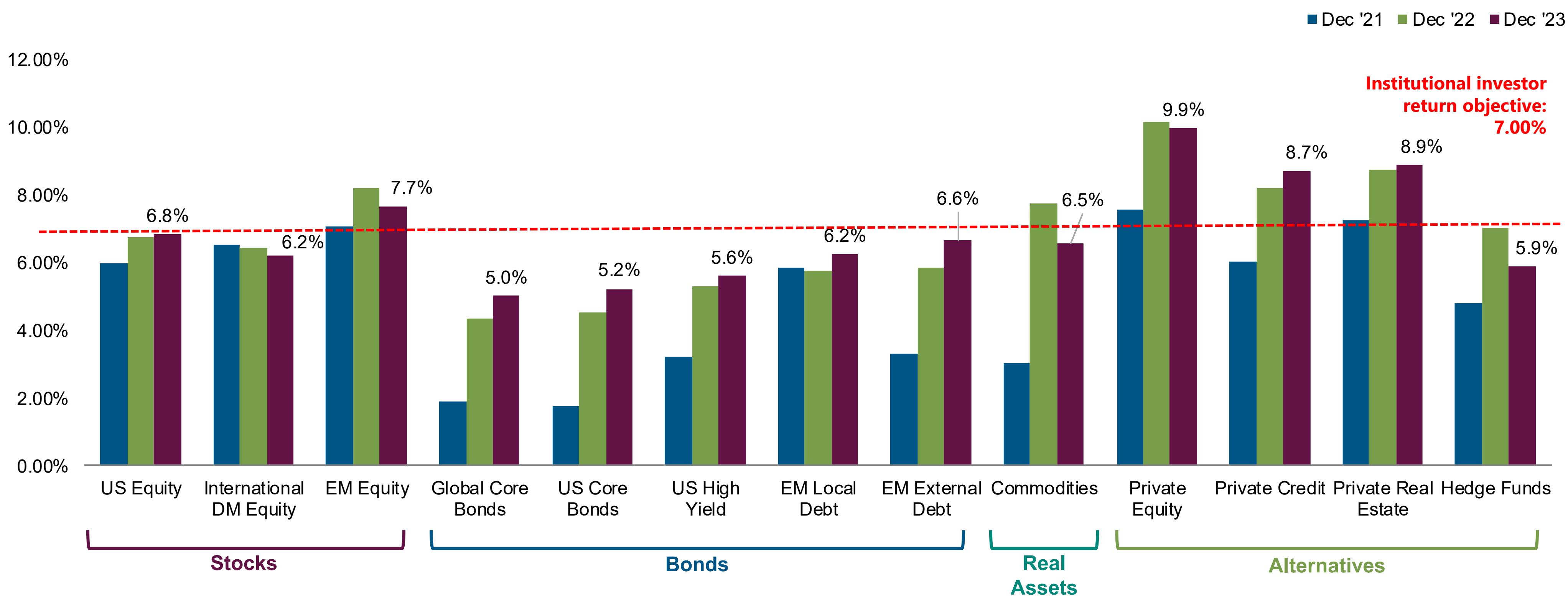
[1]Unless otherwise specified, return estimates are an average annual return over a 5-year horizon. Please refer to the appendix for additional information on estimated returns.

[2]Average public plan asset allocation is based on RVK survey data as of 30 June of each year.

Refer to Appendix for additional hypothetical performance, index, investment strategy, portfolio analysis and risk information.

Multiple asset classes continue to offer projected returns greater than 7%

PIMCO estimated long-term capital market assumptions across key assets vs. institutional return objectives[1]



SOURCE: PIMCO, PIMCO Capital Market Assumptions represent 5-year estimates. **Hypothetical performance for illustrative purposes only. Hypothetical performance is not based on actual results, has certain inherent limitations and should not be relied upon as the sole basis for making an investment decision. Investors should carefully review the appendix for additional, important information about hypothetical performance..**

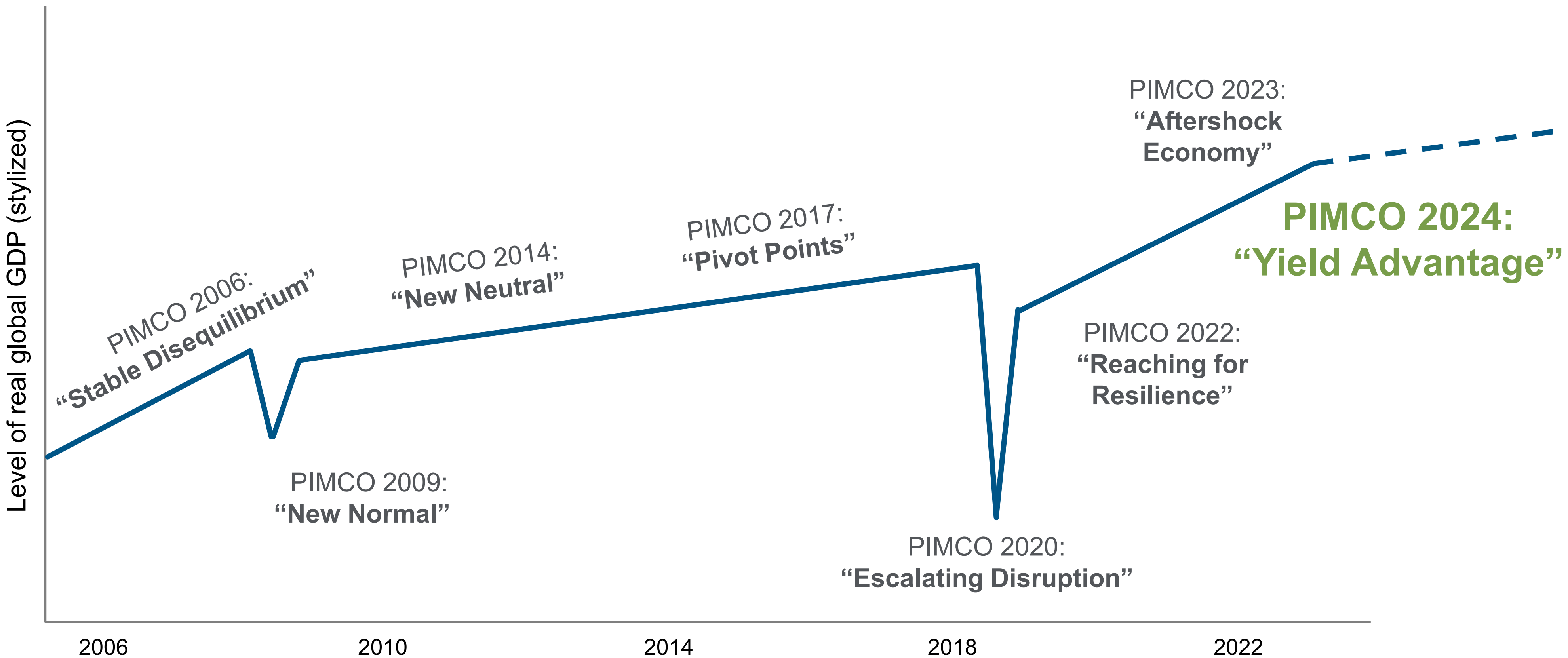
[1] For indices, PIMCO return estimates are based on the product of risk factor exposures and projected risk factor premia. The projections of risk factor premia rely on historical data, valuation metrics and qualitative inputs from senior PIMCO investment professionals.

US Equity: S&P 500 Index, International DM Equity: MSCI World ex US Index, EM Equity: MSCI Emerging Markets Index, Global Core Bonds: Bloomberg Global Aggregate Index (FX-Hedged), US Core Bonds: Bloomberg US Aggregate Index, US High Yield: Bloomberg US High Yield Index, EM Local Debt: JP Morgan GBI-EM Global Diversified Index, EM External Debt: JP Morgan EMBI Global Index, Commodities: Bloomberg Commodity Total Return Index, Private Equity: Private Equity Model, Private Credit: Private Corporate Credit Model, Private Real Estate: Private Value-Add Real Estate Model, Hedge Funds: HFRI Fund Weighted Composite Index. Model risk factor exposures are based on analysis of historical index data, third party academic research and/or qualitative inputs from senior PIMCO investment professionals.

Refer to Appendix for additional hypothetical performance, index, investment strategy, model, portfolio analysis, return assumption and risk information.

Economic outlook

PIMCO's secular outlook:
A compass to navigate global markets over the next five years



As of June 2024. Source: PIMCO

Yield advantage:
Key macro themes and investment opportunities

Key macro themes

- Neutral policy rates to remain low
- Disinflation continues, with balanced macro risks
- Moving to a multipolar world
- Inflation and growth diverging globally

Investment implications

- Global opportunities are abundant
- Generational reset higher in bond yields
- Rise in term premiums poised to continue
- Upside potential in asset-based lending
- Avoid areas of excess

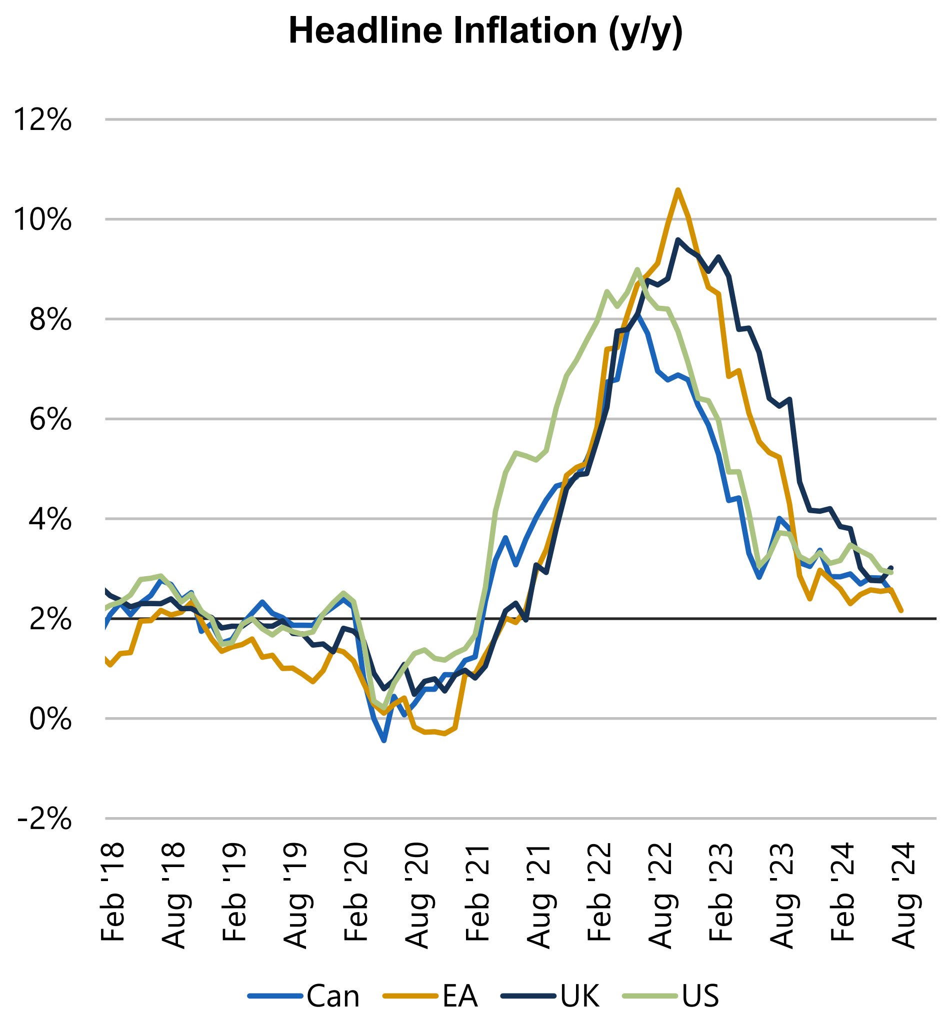
Potential Disrupters

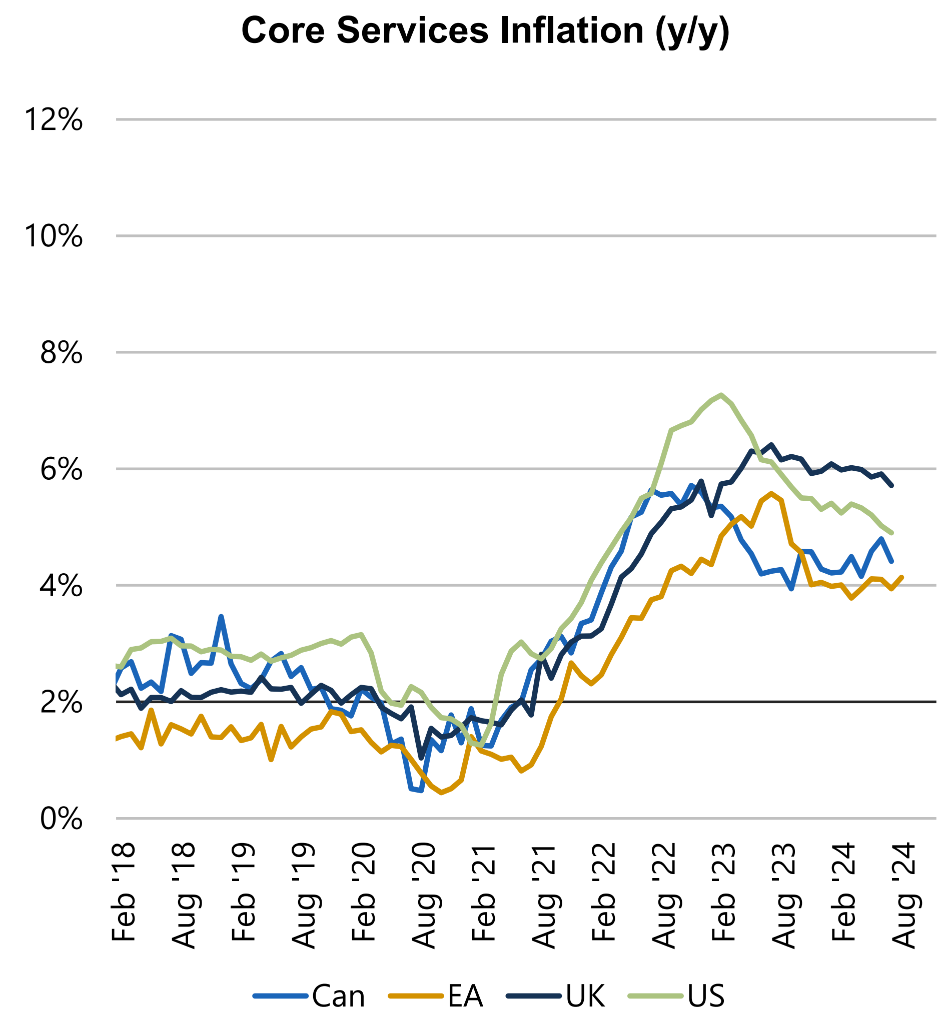
- U.S. debt sustainability
- AI and productivity
- Asset valuations and liquidity risks

Source: PIMCO. As of June 2024.

Developed market inflation is back in the "two-point-something" zone

Super core inflation measures remain elevated but should moderate as labor markets soften

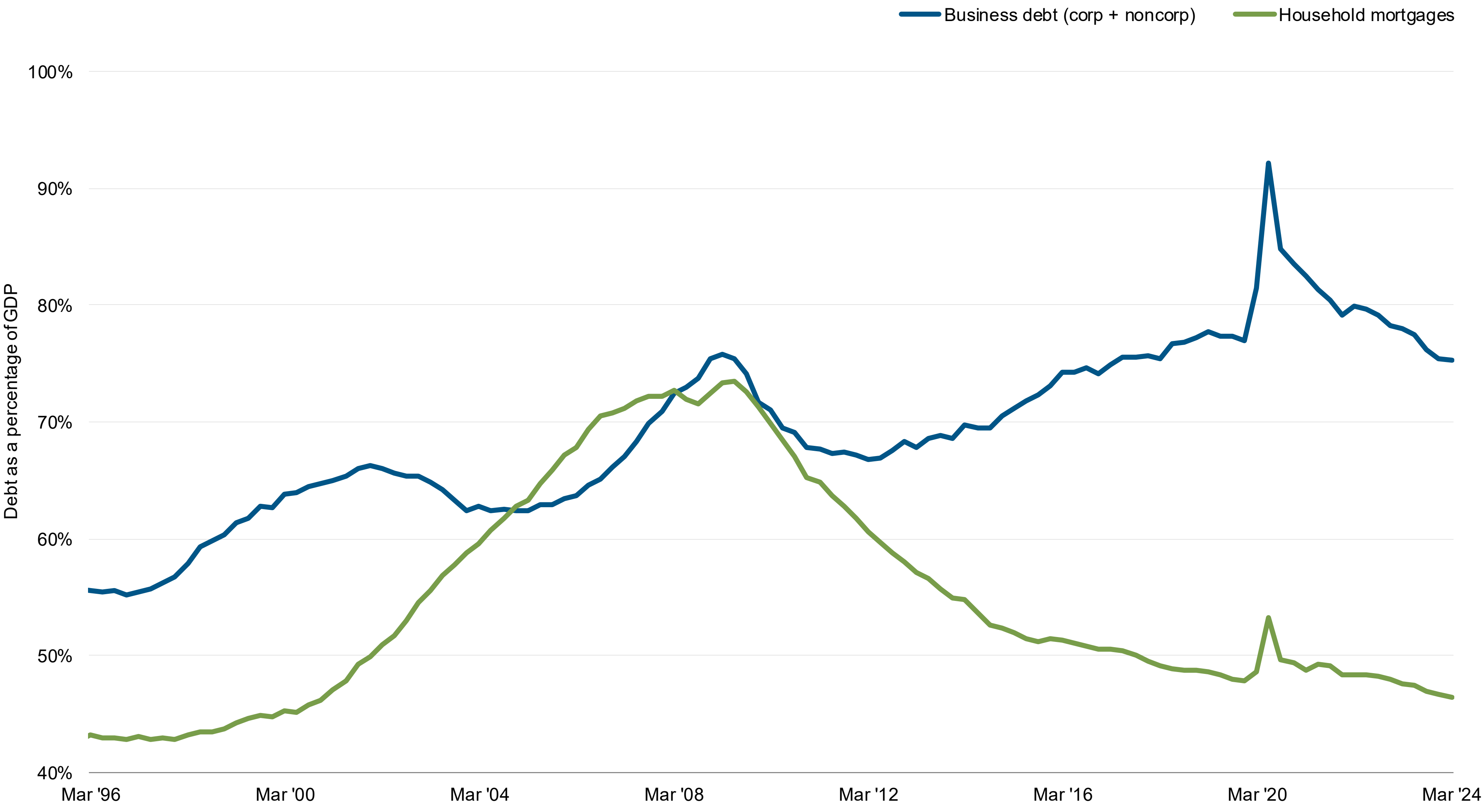




As of August 2024. Source: PIMCO, BLS, BEA, ECB, Eurostat, ONS.
Refer to Appendix for additional correlation and risk information.

Leverage divergence:
U.S. households paid down debt, while non-financial business debt rose

Business debt vs. household mortgage debt (% GDP)



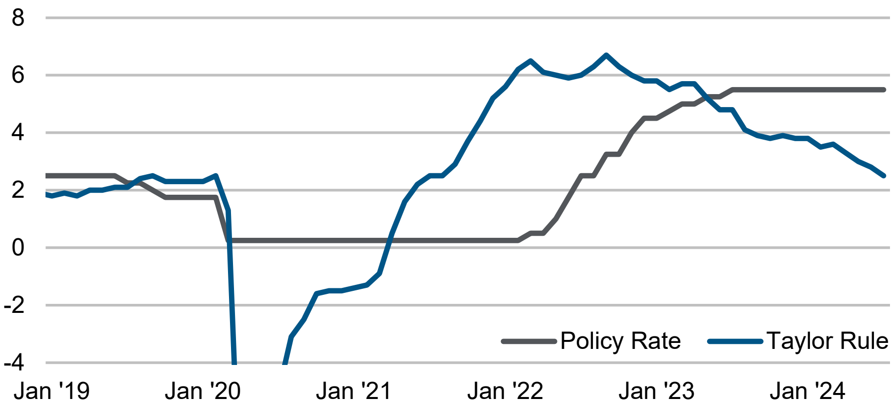
As of 31 March 2024.
Source: Fed Flow of Funds, Haver, PIMCO

PIMCO

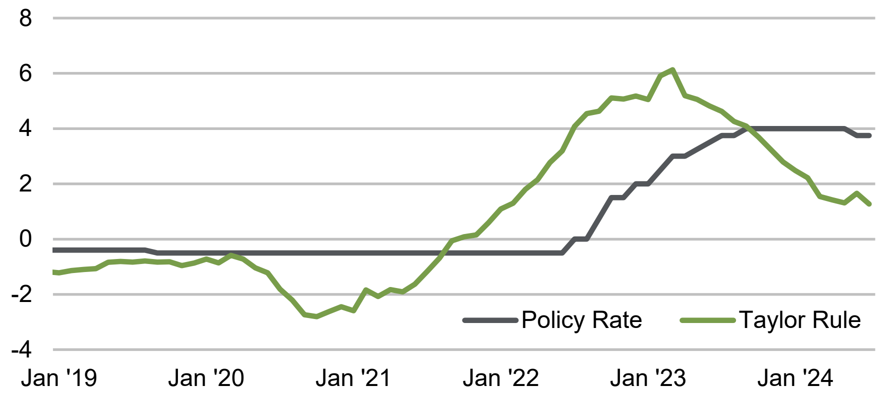
Global central banks have room to cut

Central bank policy rates are above Taylor Rule prescriptions

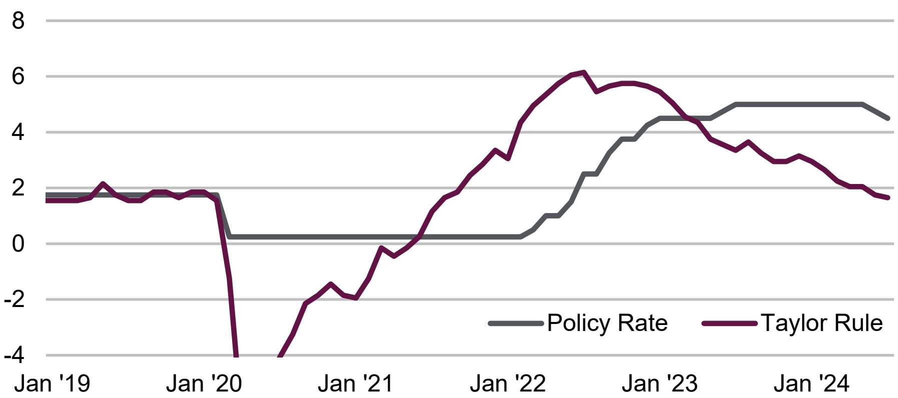
1 US Policy Rate vs Taylor Rule*



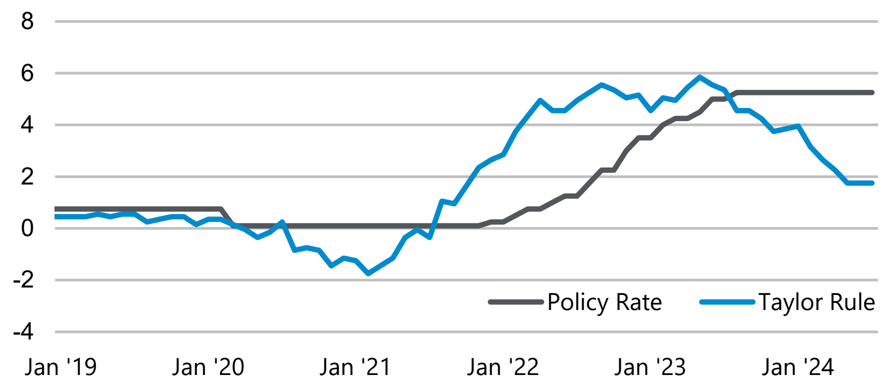
2 EA Policy Rate vs Taylor Rule*



3 CA Policy Rate vs Taylor Rule*



4 UK Policy Rate vs Taylor Rule*

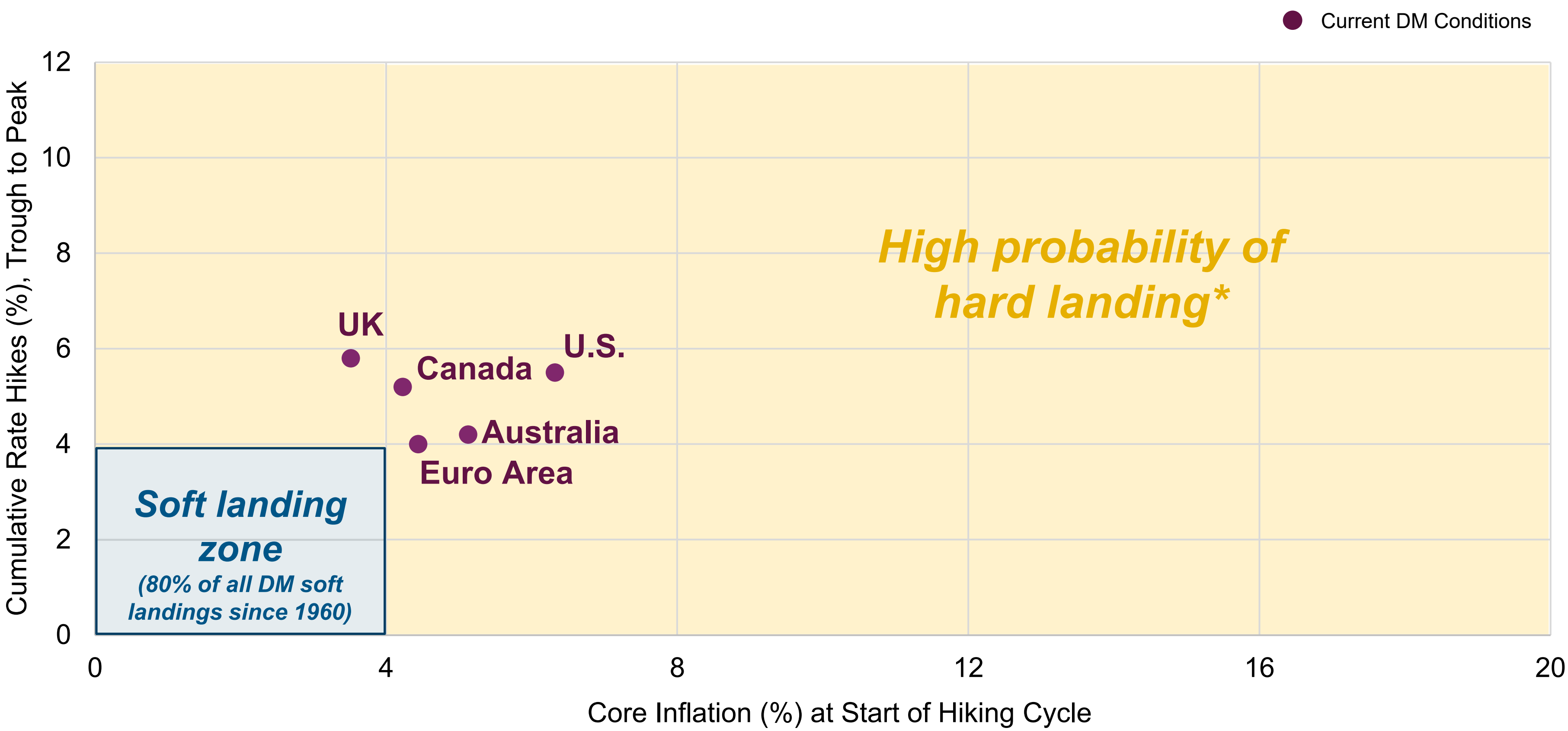


As of August 2024
Source: Haver, PIMCO calculations.
Taylor Rules are based on a 1 coefficient for the inflation term and 0.5(2 Okun's law)=1 for the unemployment gap. The nominal neutral rate is assumed to be the peak of the hiking cycle preceding the pandemic. U* is assumed to be the average unemployment rate at the peak policy rate of the pre-COVID cycle.
Refer to Appendix for additional correlation and risk information.

The hard truth about soft landings: Recessions are difficult to avoid

During periods of elevated inflation and aggressive central bank tightening, soft landings are rare

Developed market (DM) inflation, rate hikes and recession



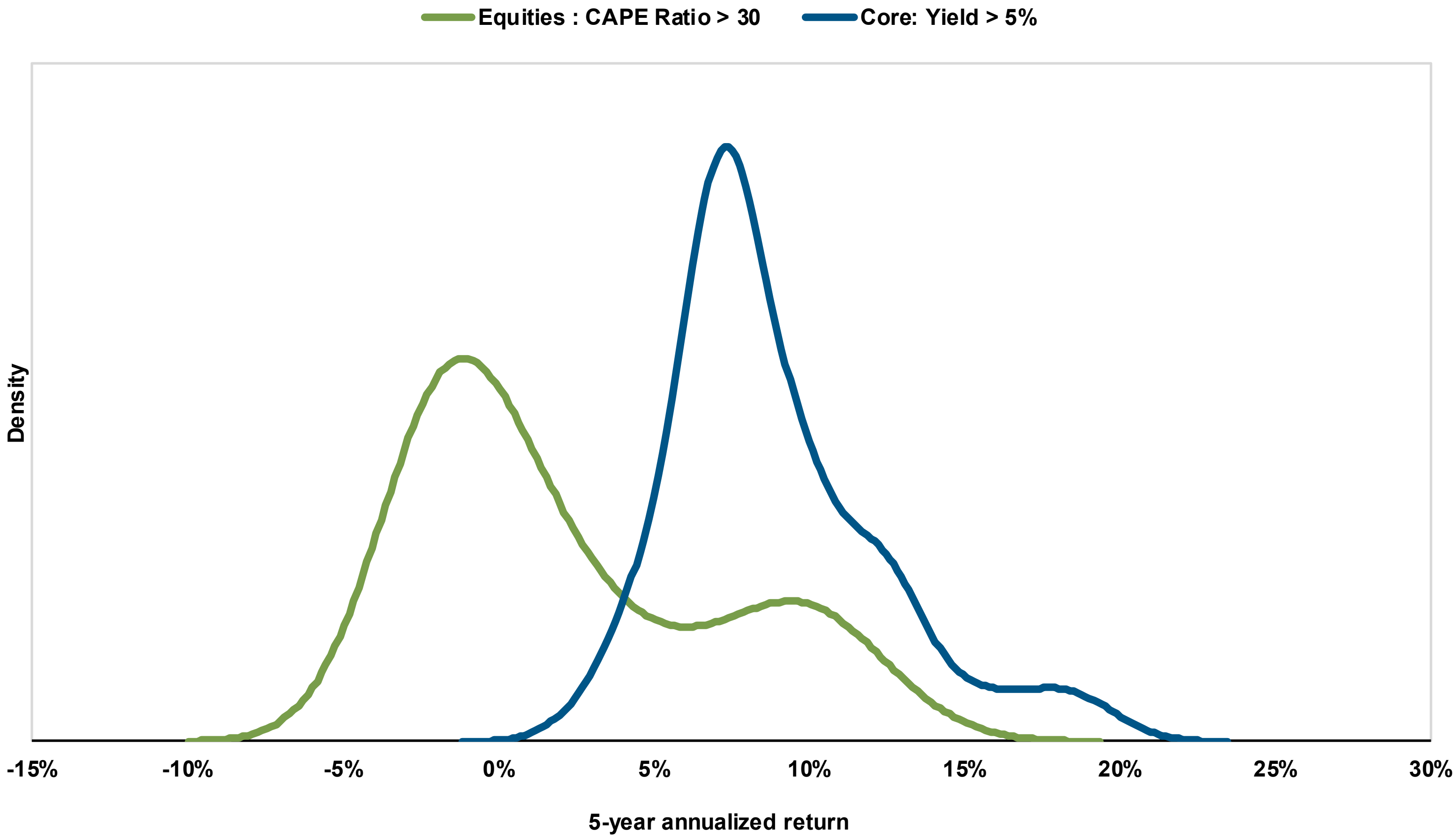
*Hard landing (recession) is defined as having at least 2 quarters of sequential economic contraction, which occurs at some point within 4-years of the start of a rate hiking cycle. Soft landings are everything else.

As of 29 September 2023. Source: Haver, PIMCO Calculations. Countries used in the study for all DM landings since 1960 include: AU, BE, CA, FR, GE, IT, JP, NE, NZ, ES, SW, SE, UK, US. Before the EA was formed we use country specific policy rates. After the EA we use the ECB refi rate.*Sample includes rate hiking cycles of at least 50bps cumulatively over 1-year, 14 developed market countries, from 1960 to today.

Refer to Appendix for additional forecast, outlook and risk information.

Investment implications

Fixed income vs. equities: In these environments, high quality core bonds can deliver returns similar to equities, but with potentially lower volatility

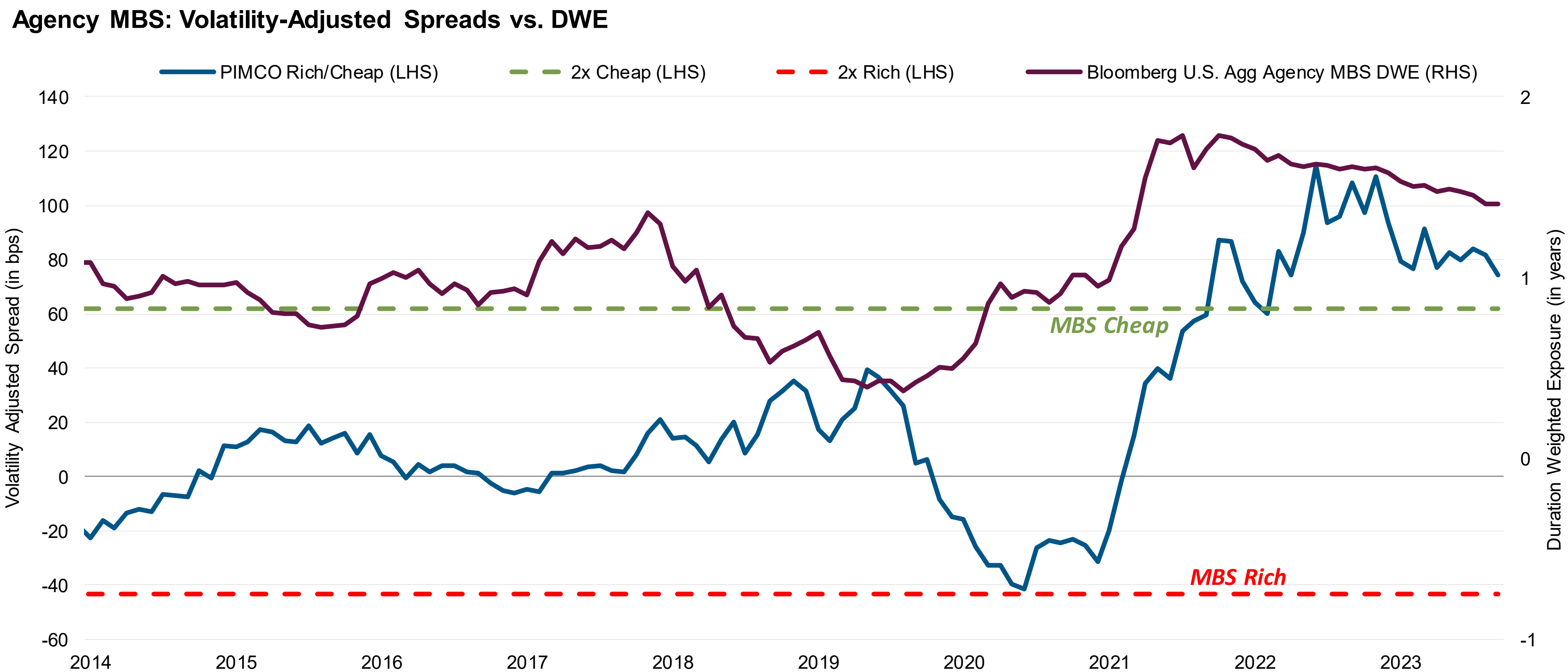


Historically, current starting conditions for Equities and Core (CAPE > 30, Core yield > 5%) have led to better 5-year forward returns for Core

As of 31 August 2024. SOURCE: PIMCO, Bloomberg. **For illustrative purposes only.**
Chart uses data back to January 1973. Core refers to the Bloomberg U.S. Aggregate Index. CAPE refers to cyclically adjusted price-to-earnings ratio for the S&P 500.
There can be no guarantee that the trends mentioned above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate.
Refer to Appendix for additional index, outlook, and risk information.

Agency MBS: Valuations are Historically Cheap

Agency MBS spreads have widened meaningfully and are near historical wides

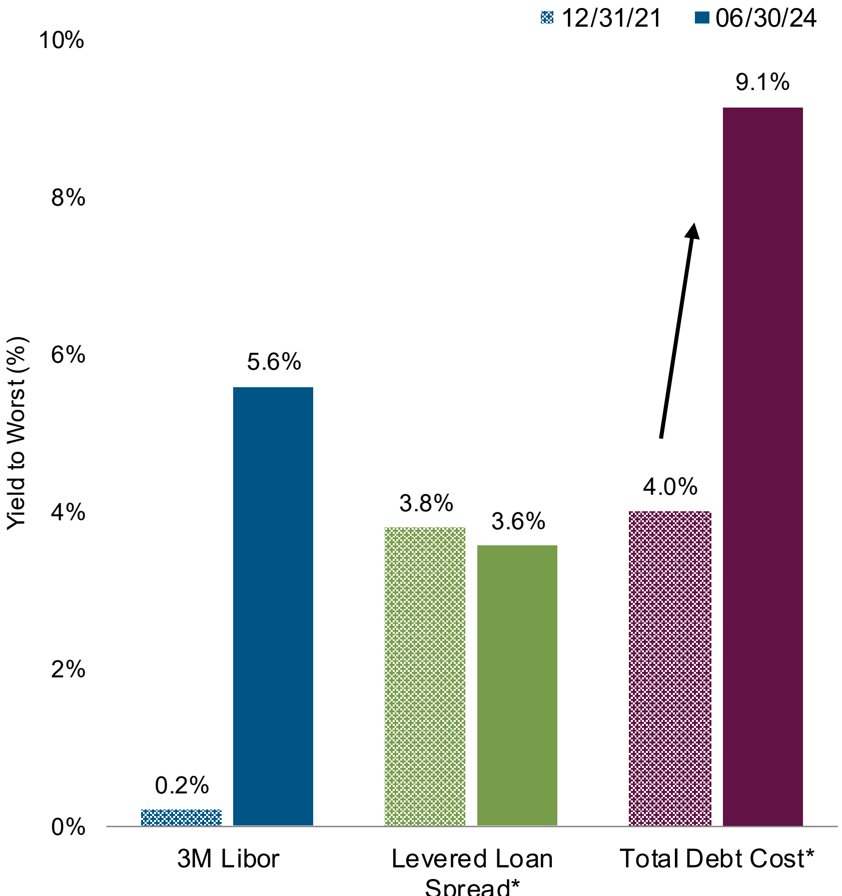


For illustrative purposes only.
As of 31 August 2024. SOURCE: Bloomberg, PIMCO.
"Rich" and "Cheap" defined as 1 standard deviation from average OAS. "2x Rich" and "2x Cheap" defined as 2 standard deviations from average OAS. The terms "cheap" and "rich" as used herein generally refer to a security or asset class that is deemed to be substantially under- or overpriced compared to both its historical average as well as to the investment manager's future expectations. There is no guarantee of future results or that a security's valuation will ensure a profit or protect against a loss.
Duration Weighted Exposure (DWE%) is the percentage weight of each sector's contribution to the overall duration of the fund.
Refer to Appendix for additional index, OAS, portfolio structure and risk information.

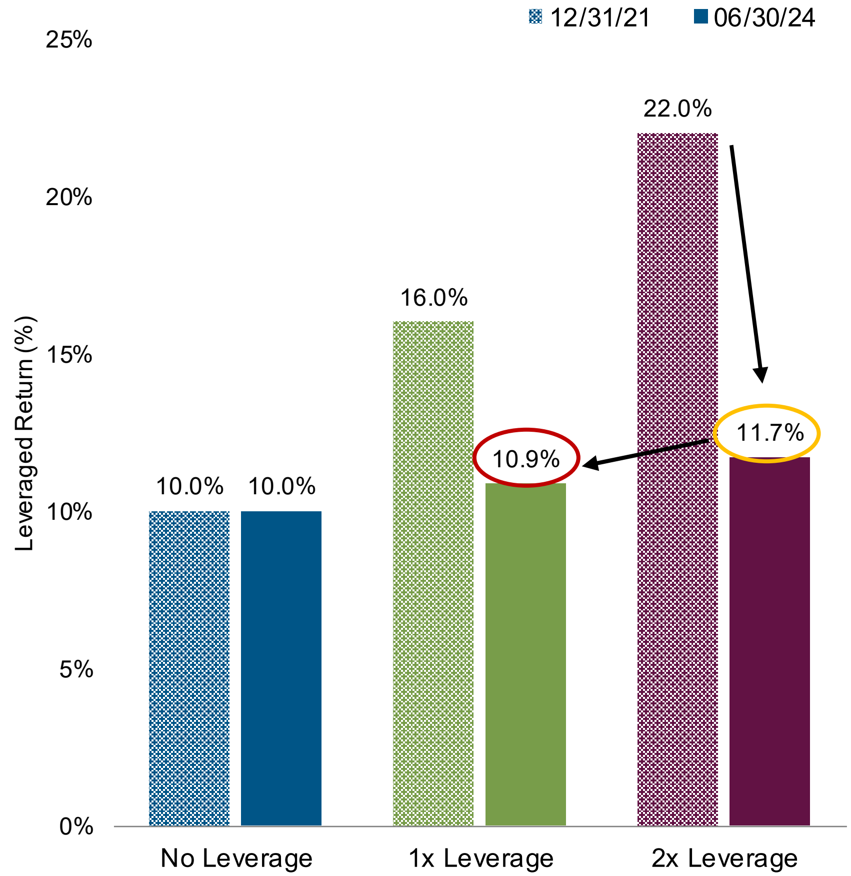
Higher interest rate environment a tailwind for private debt

Increased borrowing costs make buyout deals less attractive but private debt more attractive

Borrowing costs have increased 2x since 2021



Hitting a 15% levered return is challenged by higher cost and reduced availability of leverage

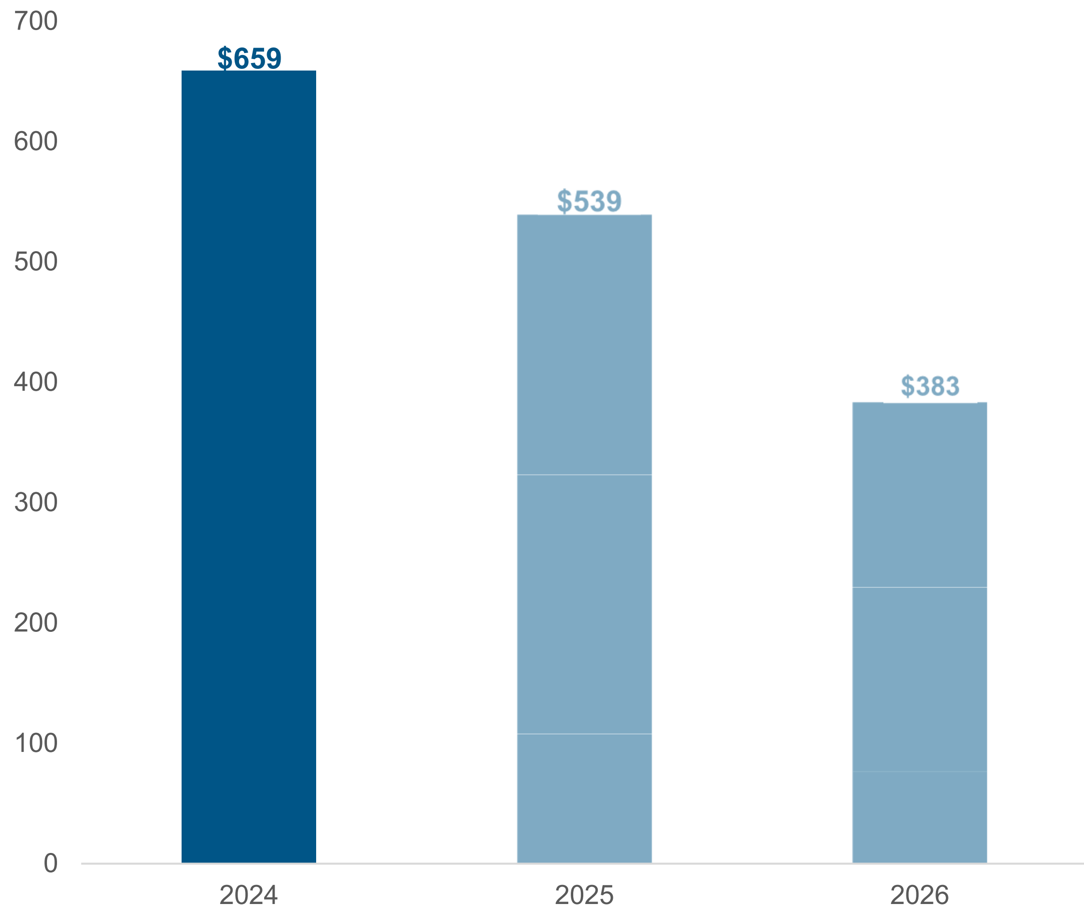


As of 30 June 2024. SOURCE: PIMCO.
*Levered Loan Spread is the Spread of Morningstar LSTA Levered Loan Index. Total Debt Cost is 3M Libor plus Levered Loan Spread.
There can be no guarantee that the trends above will continue. Past performance is not indicative of future results. Statements concerning financial market trends are based on current market conditions, which will fluctuate.
The information herein is for illustrative purposes only and is not a guarantee or indicator of how any PIMCO strategy or product has performed historically or will perform in the future.
Refer to Appendix for additional investment strategy, index, outlook and risk information.

Bank retrenchment – a regime change in the extension of capital

Significantly elevated maturity levels in coming years as banks look to trim exposure could create opportunities for private lenders

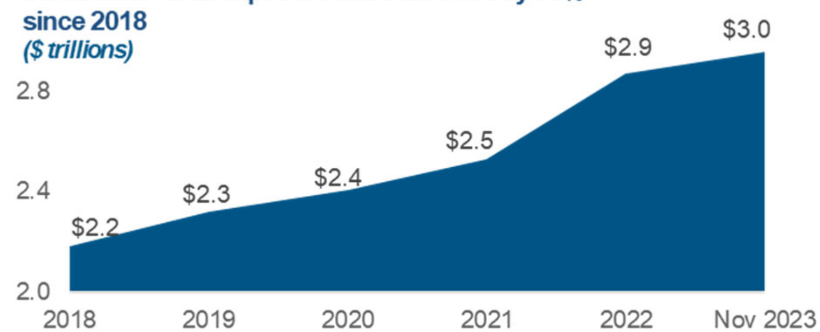
Total U.S. Commercial Mortgage Maturities through 2026
($ billions)



$1.5 trillion+ → Total amount of commercial maturities through 2026 in the U.S.

$670 billion+ → Additional loans originated in Europe maturing through 2026

U.S. Banks' CRE exposure has ballooned by 35%+ since 2018
($ trillions)



As of 30 September 2023. Source: PIMCO, MBA, Newmark Research, JLL. **For illustrative purposes only.**
There is no guarantee that these trends will continue.
Refer to Appendix for additional outlook and risk information.

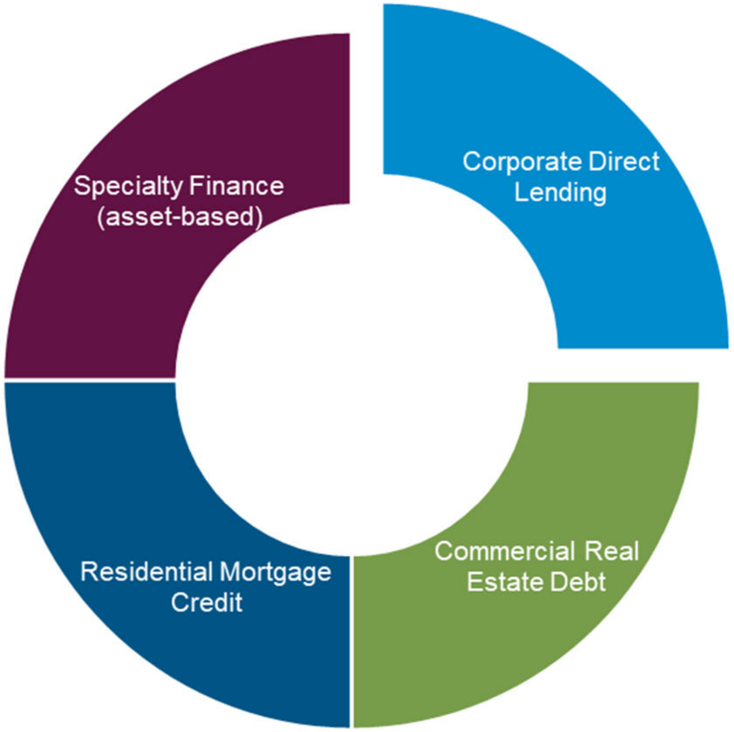
Investors may consider seeking diversified private credit allocations

Like fixed income allocations, diversify private credit

Fixed Income

Fixed Income is more than just bank loans

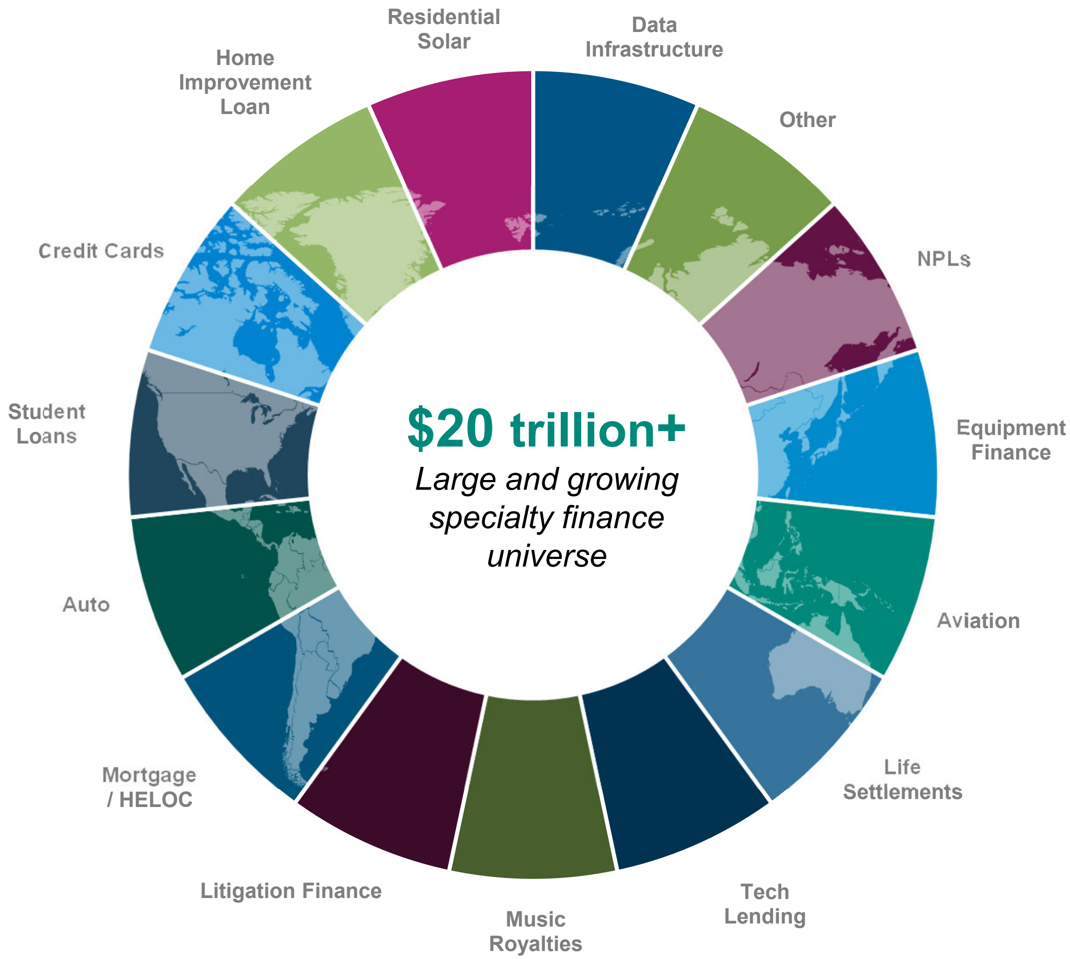
Private Credit



Private Credit is more than just direct lending

SOURCE: PIMCO. As of 31 July 2024.
The views described above reflect PIMCO's opinions and are subject to change. Statements concerning financial market trends are based on current market conditions, which will fluctuate. There can be no guarantee that the trends above will continue.
Refer to Appendix for outlook and risk information.

Specialty finance is highly diversified and diversifying to direct lending



Defining Attributes

- Diverse collateral pools
- Often with hard asset coverage
- Contractual cash flow streams
- Highly structured and negotiated terms
- Generally self liquidating with amortizing structures

Finances

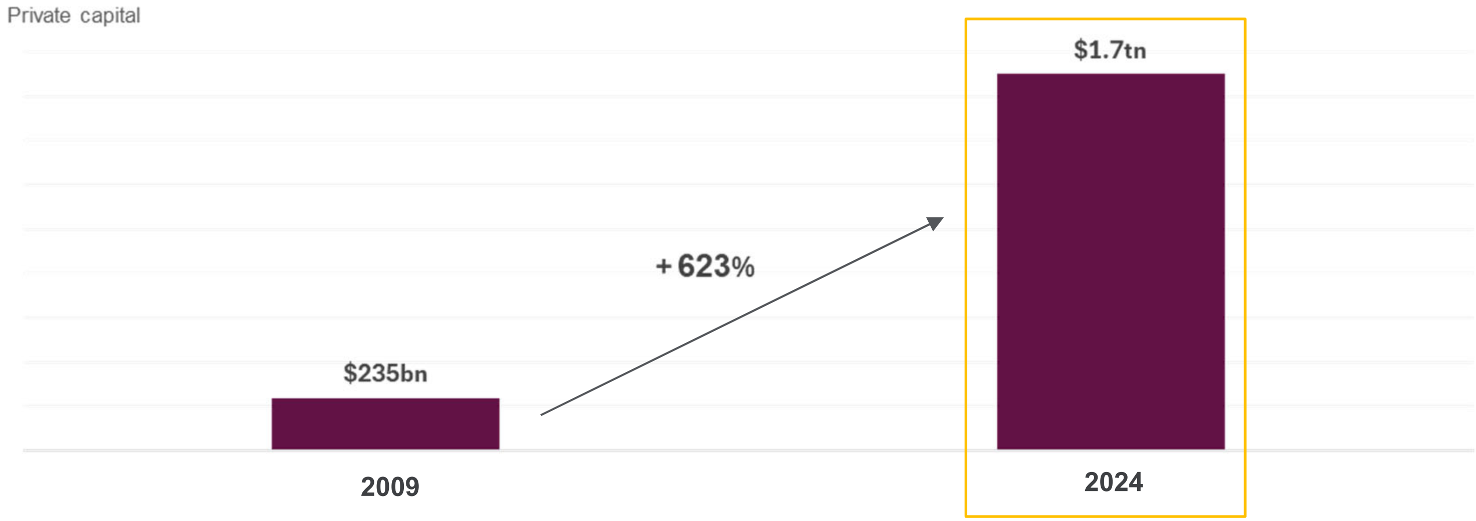
Aviation | Credit Card Loans | Auto | Mortgages | Data Infrastructure

As of 30 June 2024. SOURCE: PIMCO

For illustrative purposes only. The views and expectations expressed are those of PIMCO. **An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment**. Refer to Appendix for additional investment strategy and risk information.

Early innings:
Asset-based lending markets have room to grow

Corporate (non-IG) financing market is $3tn+



Late stages of private capital formation

- Increased competition among lenders
- Covenant degradation
- Spread compression with continued convergence of private and public markets

Asset-based finance market is $20tn+

Early innings of private capital formation

- Fewer lenders with high barriers to entry
- Structural security through contractual covenants and performance tests
- Elevated spreads benefiting from illiquidity and complexity premia

As of 31 March 2024. Source: PIMCO, Citi, Oliver Wyman

The views and expectations expressed are those of PIMCO. Statements concerning financial market trends are based on current market conditions, which will fluctuate. Refer to Appendix for additional forecast, outlook and risk information.

Summary

Summary

1

Cautious optimism for public sector defined benefit plans

Noteworthy recovery from 2022 drawdown

2

Soft landing is base case, but risks remain

The Fed and other central banks have room to adjust rates

3

Asset class repricing creates relative value

Opportunity to align strategic allocations with lower volatility strategies

4

Diversification critical

Asymmetries across economies and markets merit a diversified approach

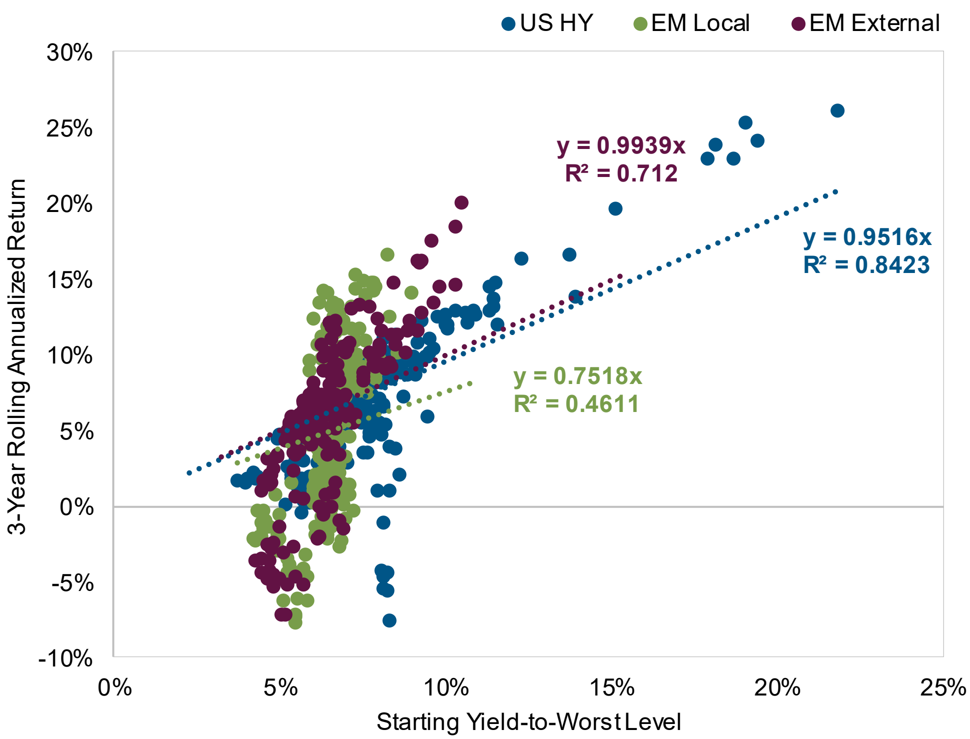
Appendix

Current equity yields favor EM over DM

EM equity and debt returns over the next 12 months screen attractive

Current yields

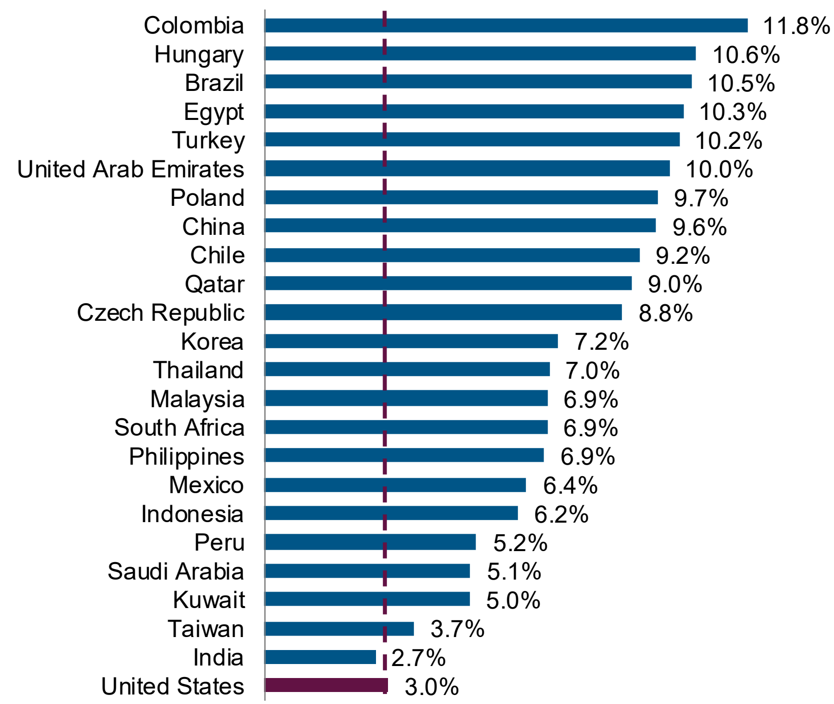
6/28/2024	US HY	EM Local	EM External
YTW	7.9%	6.6%	7.9%



Regression of future realized return on current earnings yield

Market	Regression coefficient*
EM composite (1987-)	0.76
DM composite (1987-)	1.05
DM composite (1967-)	0.94
United States (1967-)	0.97

Cyclically-Adjusted Earnings Yield



*Coefficients are estimated from the regression $r_t^{(10)} = \beta \cdot ey_t + \epsilon_t$ where ey_t is the earnings yield and $r_t^{(10)}$ are annualized future real returns (in USD, adjusted for US inflation) over the following 10 years, observed on a quarterly basis. The DM and EM composite series are based on market-cap weighted aggregates of individual country-level earnings yields and real returns. The underlying sample extend as far as the data is available; Dec. 1987 to Dec. 2012 for EM and Dec. 1967 to Dec. 2012 for DM.
Refer to Appendix for additional index, investment strategy, outlook, risk and yield to worst information.

Disclosures

Past performance is not a guarantee or a reliable indicator of future results.

CORRELATION

The correlation of various indexes or securities against one another or against inflation is based upon data over a certain time period. These correlations may vary substantially in the future or over different time periods that can result in greater volatility.

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HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.

ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

INDEX

It is not possible to invest directly in an unmanaged index. Models are provided as a proxy for asset classes where a market index is not available and are not intended or generally made available for investment purposes.

INVESTMENT STRATEGY

There is no guarantee that these investment strategies will work under all market conditions or are appropriate for all investors and each investor should evaluate their ability to invest long-term, especially during periods of downturn in the market.

MODELS

Models are provided as a proxy for asset classes where a market index is not available and are not intended or generally made available for investment purposes.

OUTLOOK

Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions or are appropriate for all investors and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market. Outlook and strategies are subject to change without notice.

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Disclosures

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CMR2024-0930-3901250

Morgan Stanley
INVESTMENT MANAGEMENT

mesa west CAPITAL

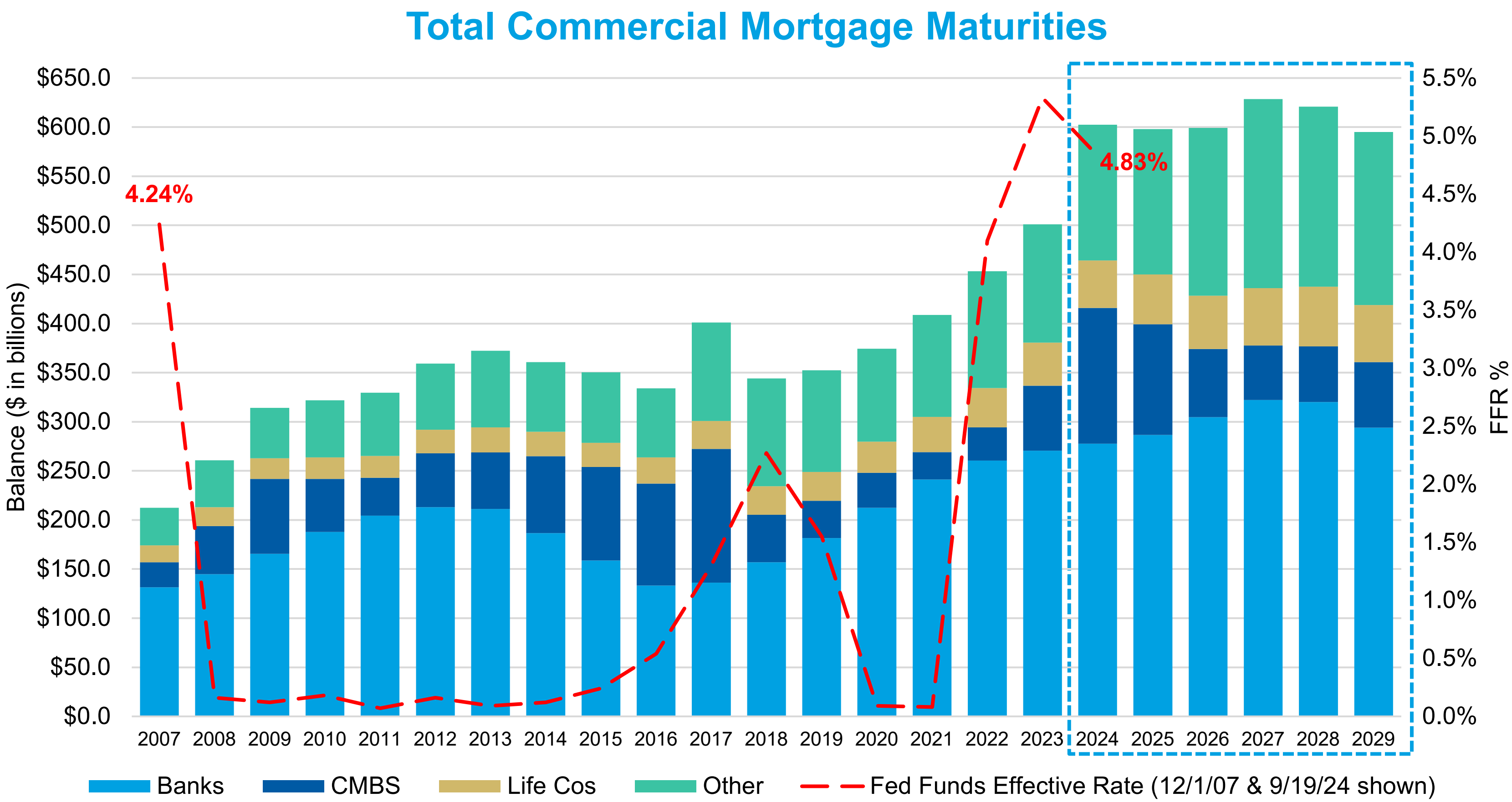
Mesa West Capital

SJCERA Roundtable

October 2024

U.S. CRE Debt Market is Large and Diverse

$3.6T maturing through ’29 while Fed Funds Rate (FFR) exceeds pre-GFC levels



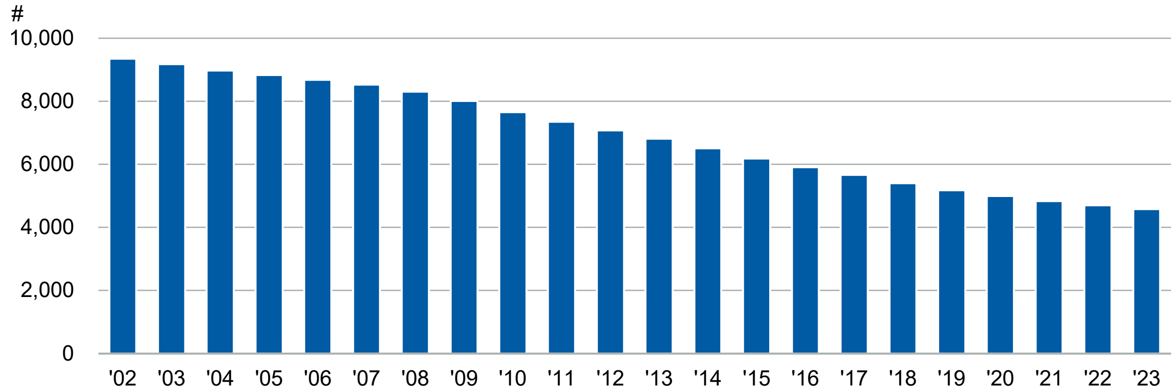
Sources: Commercial mortgage maturities data from Trepp (March 2024). Federal Funds Effective Rate data from Board of Governors of the Federal Reserve System (September 2024). The opinions expressed herein are those of the Mesa West team as of the date of the presentation and are subject to change at any time due to changes in market or economic conditions. Readers should be aware that forward-looking statements, and statements regarding the Mesa West team’s assessment of the market are by their nature inherently uncertain insofar as actual realized returns or other projected results can change quickly based on, among other things, unexpected market movements, changes in interest rates, legislative or regulatory developments, acts of God, and other developments. There can be no assurance that any growth trends will continue. Past performance is not indicative of future results.

Supply of Bank Capital Diminishing

Decreasing debt capital supply is further accelerated by regional bank crisis

- Traditional lenders (banks and life insurance companies) are only selectively lending and likely to be further constrained given regional bank crisis
- Debt capital markets for CMBS reduced and uneven, with 2023 US issuance volume down 44% from 2022
- Fannie Mae and Freddie Mac continue to be subject to strict lending caps
- Debt funds have raised additional capital, but pre-COVID they were only a small part (~10%) of the overall originations market(1)
- We expect lending standards to continue to be more conservative in the near to medium-term

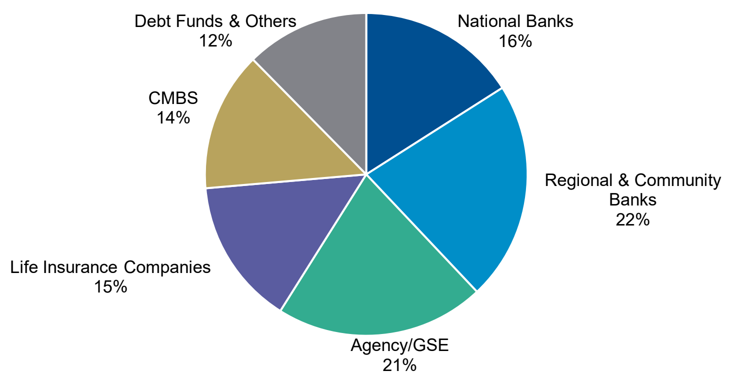
Number of FDIC-Insured Commercial Banks



Source: FDIC, December 2023

Regional & Community Banks Hold Outsized Share of US CRE Debt Balance

% of Outstanding CRE Debt Balance by Lender Type



Source: Morgan Stanley Research, MSREI Strategy, April 2024

1. Source: Mortgage Bankers Association

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San Joaquin County Employees' Retirement Association 2024 Roundtable

Kosta Karmaniolas, CFA

Head of Client Relations, Western U.S. & Canada

October 10, 2024

Notice to recipients

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Non-solicitation. This document does not constitute an offer to sell or the solicitation of an offer to buy securities in any existing or to-be-formed venture. If applicable, such offer or solicitation will only be made by means of a complete Memorandum and definitive documentation in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended. The information contained in this document does not purport to be complete and is qualified in its entirety by the information that will be set forth in the Memorandum, including, without limitation, information in a section titled "Risk Factors" in the Memorandum. Neither Prologis, nor any of its advisors, agents, affiliates, partners, members or employees, makes any representation or warranty as to the accuracy or completeness of the information herein or assumes responsibility for any loss or damage suffered as a result of any omission, inadequacy or inaccuracy contained herein. An investment in the venture would be speculative and involve substantial risks. Any securities discussed herein or in the accompanying document have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements under the Securities Act and any applicable state securities laws.

Eligible Investors. This document is only made available to Well-Informed Investors, Professional Clients, Accredited Investors, Eligible Counterparties or similar personas defined by the Financial or other regulatory authority of the recipient. An investment in the venture should only be made by persons with professional experience of participating in such ventures. The use of this document in certain jurisdictions may be restricted by law. You should consult your own legal and tax advisers as to the legal requirements and tax consequences of an investment in the venture within the countries of your citizenship, residence, domicile and place of business.

SFDR. If applicable, for the purposes of article 8(1) of the SFDR, Prologis considers that the venture is a financial product which promotes, among other characteristics, environmental characteristics but does not have sustainable investments as its objective. For further information see https://www.prologis.com/sustainability/supplemental-information. ("SFDR" refers to the regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on Sustainability-related Disclosures in the Financial Services Sector a.k.a. Sustainable Finance Disclosure Regulation).

Other. Gross venture level return is net of venture level expenses but gross of venture asset management fees, acquisition fees, cash management fees and similar fees as may be applicable under the venture's documents and incentive compensation, which will reduce returns to the investor Fees and incentive compensation may vary amongst investors, depending upon the amount of asset management fees and timing of the investment and incentive compensation. In addition, if the venture has issued more than one class of units, the fees and incentive compensation may vary from class to class. References to market or composite indices, benchmarks or other measures (each, an "Index") of relative market performance over a specified period of time are provided for your information only. The composition of an Index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change over time. Indices are not managed by us.

Prologis is not a registered municipal advisor and do not provide, or intend to provide, advice with respect to investment strategies that are plans or programs for the investment of the proceeds of municipal securities. The venture does not accept "proceeds of municipal securities" (within the meaning of Rule 15Ba1-1 of U.S. Securities Exchange Act of 1934) and if a municipal investor's assets include proceeds, the investor will be required to make representations sufficient to support that the proceeds are excluded from the definition of Rule 15B1a-1.

Unless stated otherwise, all information in this document is as of June 30, 2024.

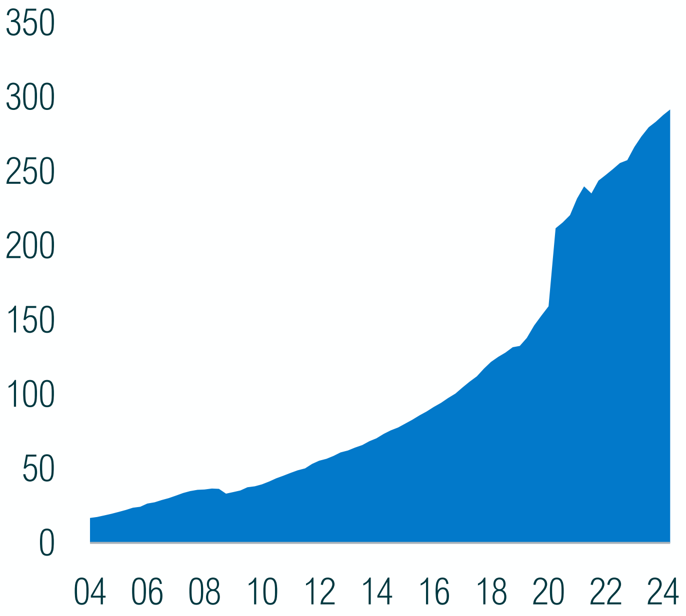
In conjunction with all information presented in this document, you should review and consider carefully this Notice to Recipients and all applicable footnotes, definitions and assumptions in this document, including the general assumptions and performance notes in the Appendix, as applicable. The receipt of this document by its recipients implies their full acceptance of the above.

Logistics real estate benefited from structural trends

These trends spanned 3 arenas and 2+ decades

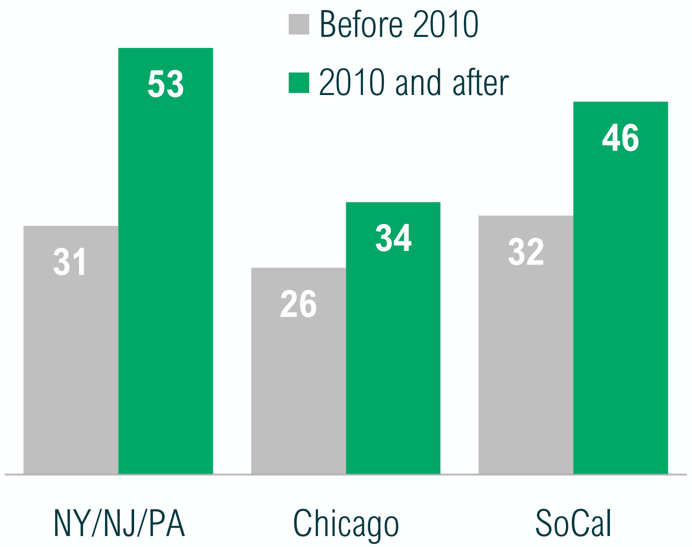
Demand | e-commerce[1]

quarterly volume of sales, $B, SA



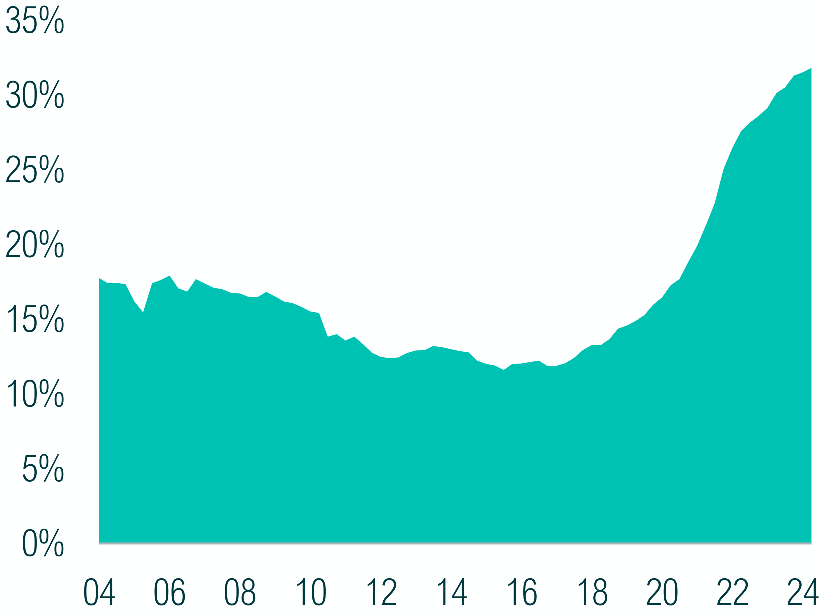
Supply | rising barriers[2]

miles, new development average distance from city center



Investment | influx of capital[3]

%, logistics invested in ODCE funds

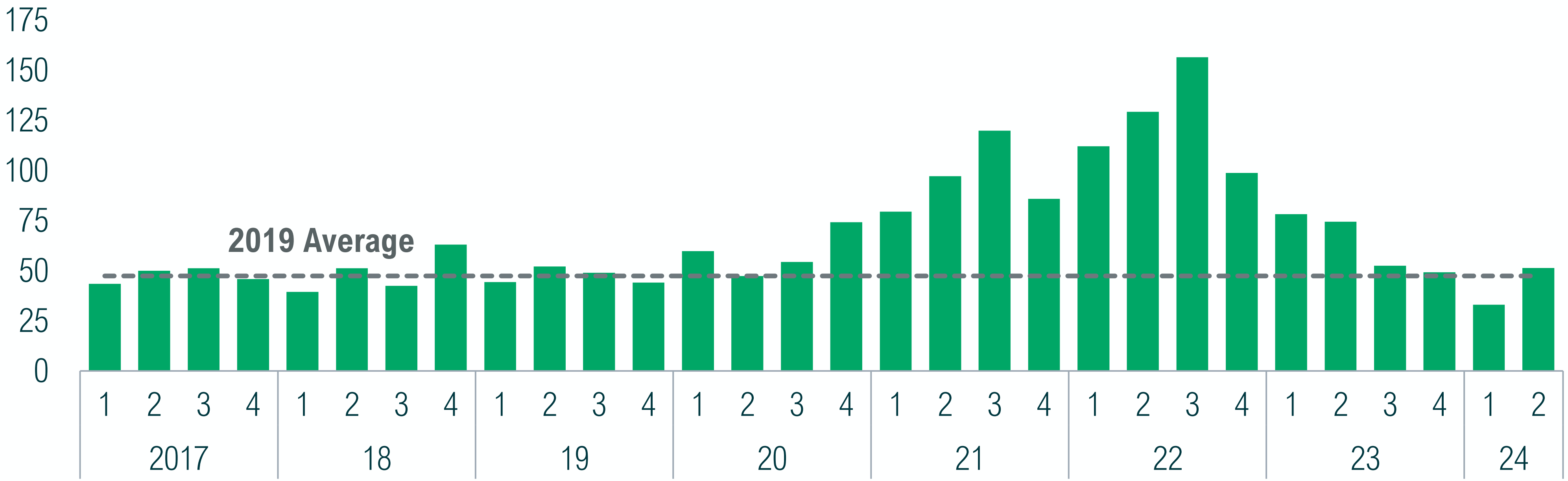


1. Source: U.S. Census Bureau
2. Source: Prologis
3. Source: NCREIF

Starts have more than halved

Logistics real estate construction starts, U.S.

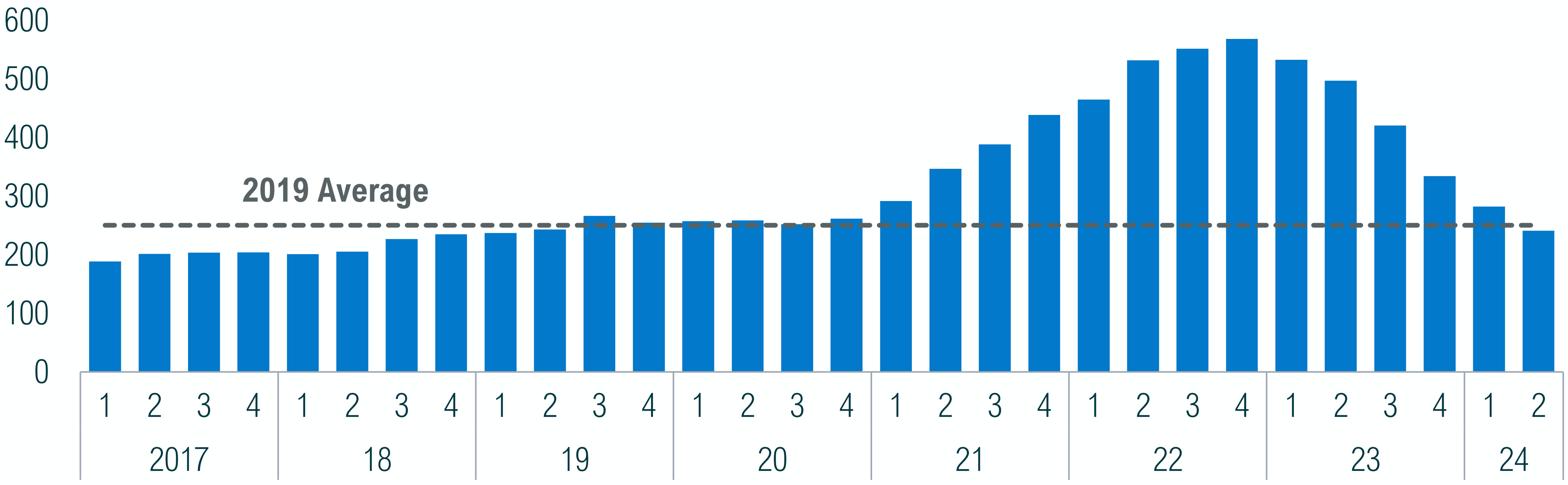
MSF



Source: Prologis Research

Pipeline has halved

Logistics real estate under construction, U.S.
MSF



Source: CBRE, Cushman & Wakefield, JLL, Colliers, Prologis Research

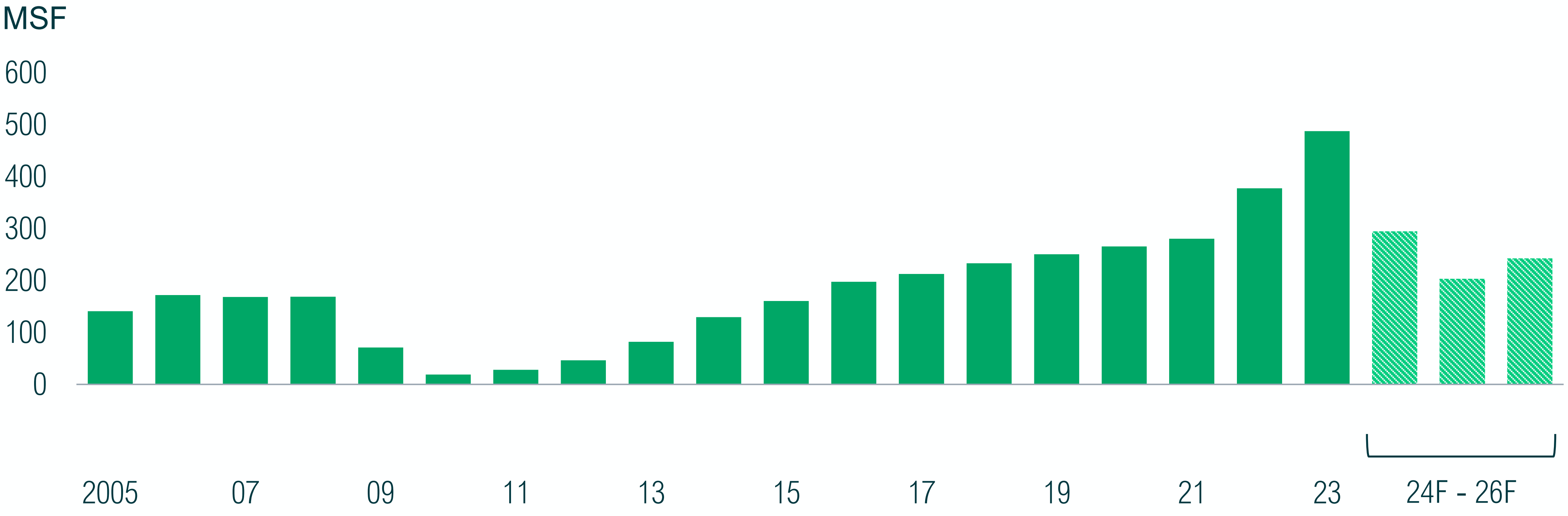
Gradual demand resumption

Net absorption, U.S.
MSF

Source: CBRE, Cushman & Wakefield, JLL, Colliers, Prologis Research

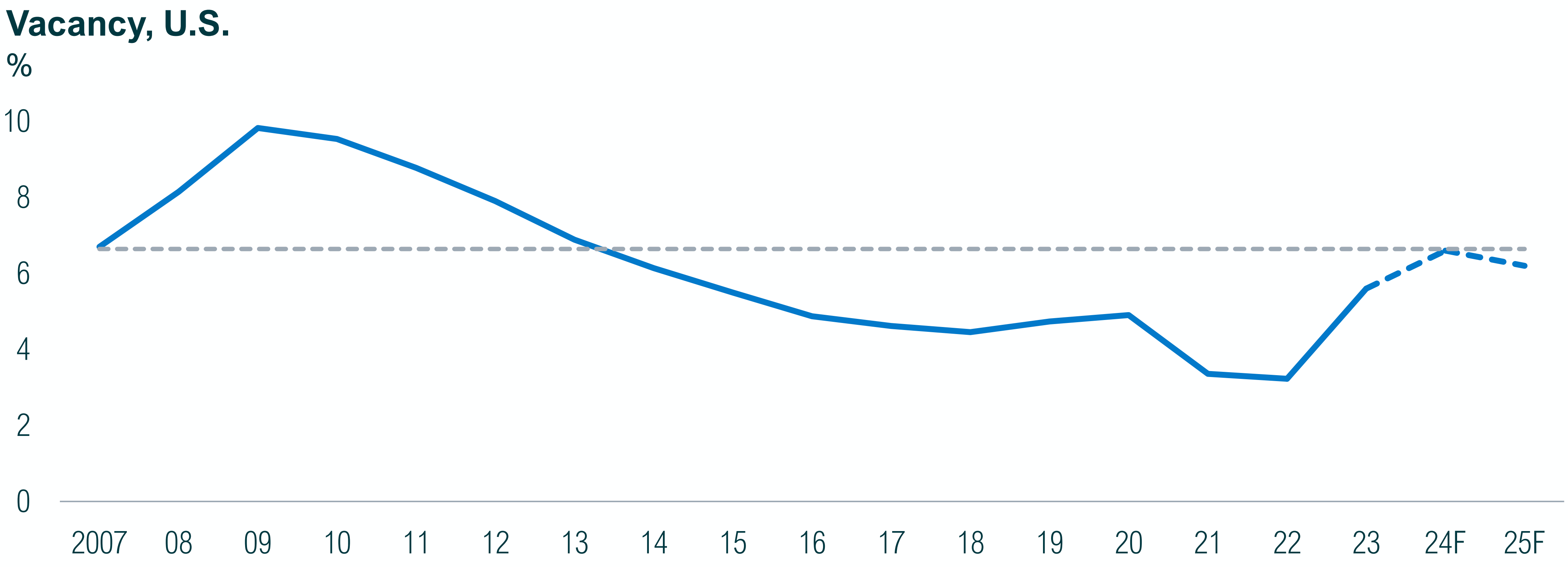
Supply to fall back to historical norms

Completions, U.S.



Source: CBRE, Cushman & Wakefield, JLL, Colliers, Prologis Research

Vacancy rate will peak at a low level before declining



Source: CBRE, JLL, Colliers, C&W, CoStar, CBRE-EA , Prologis Research

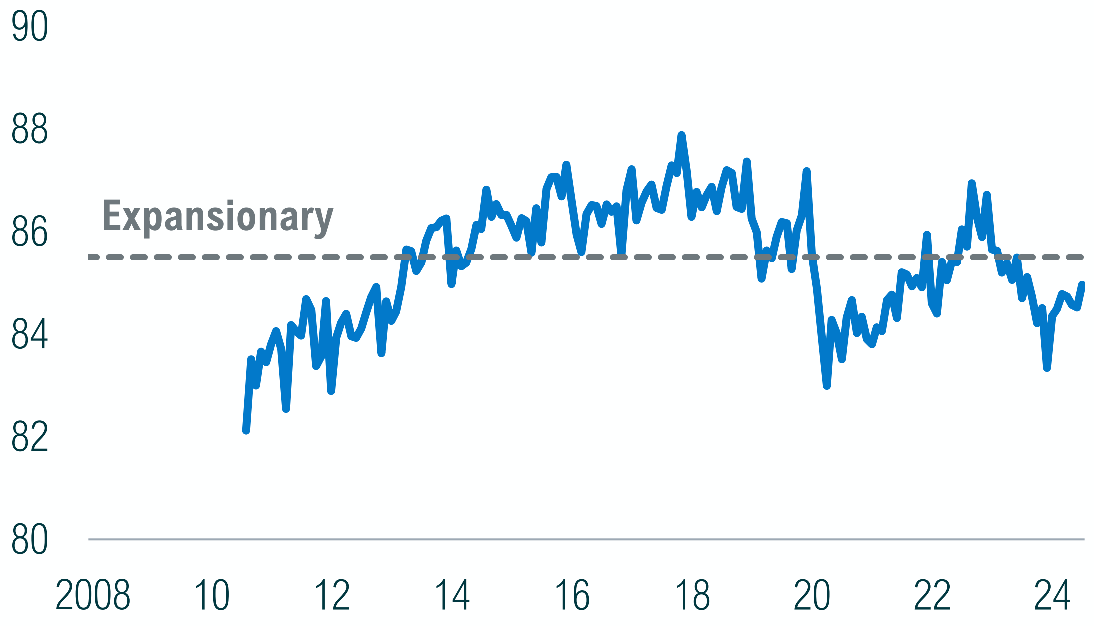
Expansionary activity, but need to backfill grey space

Activity index

50=neutral, SA

Utilization rate

%



Source: Prologis Research

E-commerce is re-accelerating

E-commerce proportion of retail goods sold, U.S.

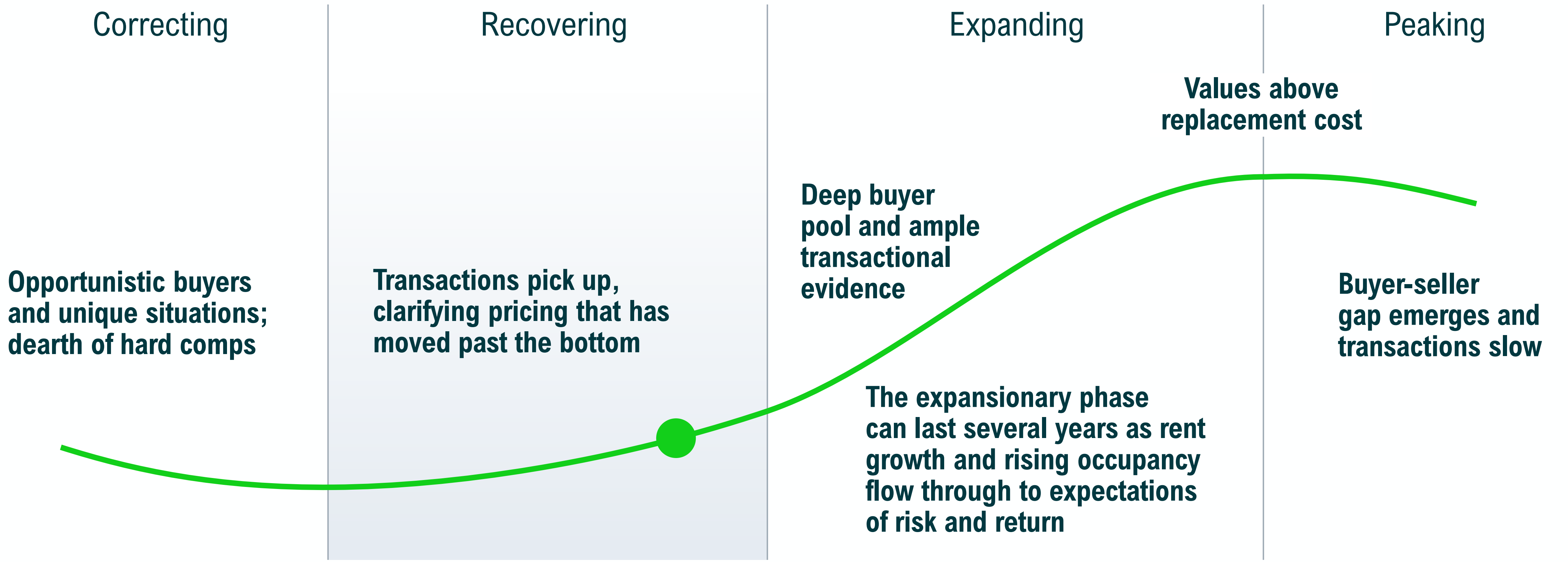
Online retailers use

3X

the logistics space relative to brick-and-mortar

Source: Euromonitor, Census Bureau, Prologis Research

Capital markets cycle



PROLOGIS®

Principal Asset Management℠

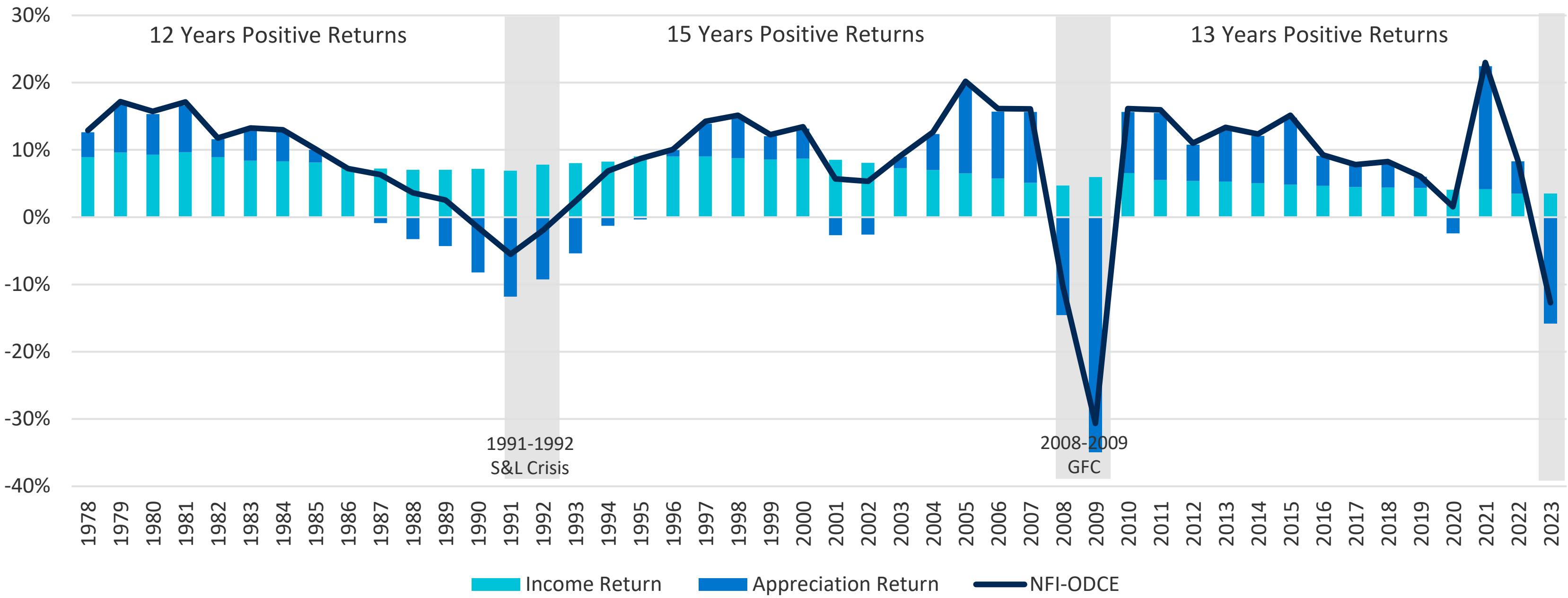
2024 SJCERA Investment Roundtable

Kyle Elfers- Managing Director Portfolio Management

NFI- ODCE Historical Performance

In the past, value corrections have set the stage for extended periods of positive total returns

- The average calendar year return of NFI-ODCE[1] is 7.9% since its inception in 1978
- Only 6 out of 45 calendar years have seen a negative total return; excluding these 6 years, the average annual return since inception is 10.8%
- Value correction could set the stage for another positive run



As of 30 June 2024. Source: Principal Real Estate. [1]NFI-ODCE Equal Weight. Past performance of the index does not guarantee future results. Performance shown does not reflect any product from Principal. Investors cannot invest directly in an index. The views expressed regarding events in 2023 that could set the stage for another positive return cycle in the NFI index are the views and opinions of Principal Real Estate and are subject to change without notice.

Sector conditions and outlook

KEY:

● Improving ● Neutral ● Deteriorating

↑ Positive ↗ Moderately positive → Neutral ↘ Moderately negative ↓ Negative

		Current condition	Outlook
APARTMENT	The apartment sector is beginning to see stabilization in market fundamentals. Strong demand is starting to offset supply-side issues that have troubled several Sunbelt markets. While rental trends remain flat, there are signs that the pricing pendulum may be shifting in favor of landlords. The sector continues to be a favorite among investors, with debt capital remaining available from all sources.	●	↗
INDUSTRIAL	The industrial sector continues to face dual headwinds of slower demand and strong new supply. However, net absorption has rebounded from its early-year decline, as both e-commerce retailers and 3PLs have increased leasing activity in the second half of the year. The sector remains well-capitalized, and investment activity appears to be picking up. Higher interest rates and weaker market performance have reduced under-construction activity by more than 50% from its peak, which should help markets adjust in the near term.	●	↗
OFFICE	The most recent data suggest signs of life for office demand, though much remains to be done for a sustained recovery. Individual asset valuations are still in a corrective phase, which will take more time to resolve. Some opportunistic investors have begun entering the market to capitalize on pricing dislocations. While in-office attendance has improved, it remains well below pre-pandemic levels, and hiring in office-using industries—a key demand driver—has been modest in the second half of 2024.	●	↓
RETAIL	The retail sector has outperformed on several measures and remains among the top performers in commercial real estate. Valuations appear to have stabilized, and the lack of new supply has helped maintain healthy occupancy levels. Consumer spending at brick-and-mortar stores has grown moderately, but there are concerns that household balance sheets may lead to a reduction in discretionary spending. Slower economic growth remains a risk, but neighborhoods and communities with value-oriented stores are expected to remain healthy.	●	↗

As of 30 September 2024. Source: Principal Real Estate

Sector conditions and outlook

KEY:

🟢 Improving 🟡 Neutral 🔴 Deteriorating

↑ Positive ↗ Moderately positive → Neutral ↘ Moderately negative ↓ Negative

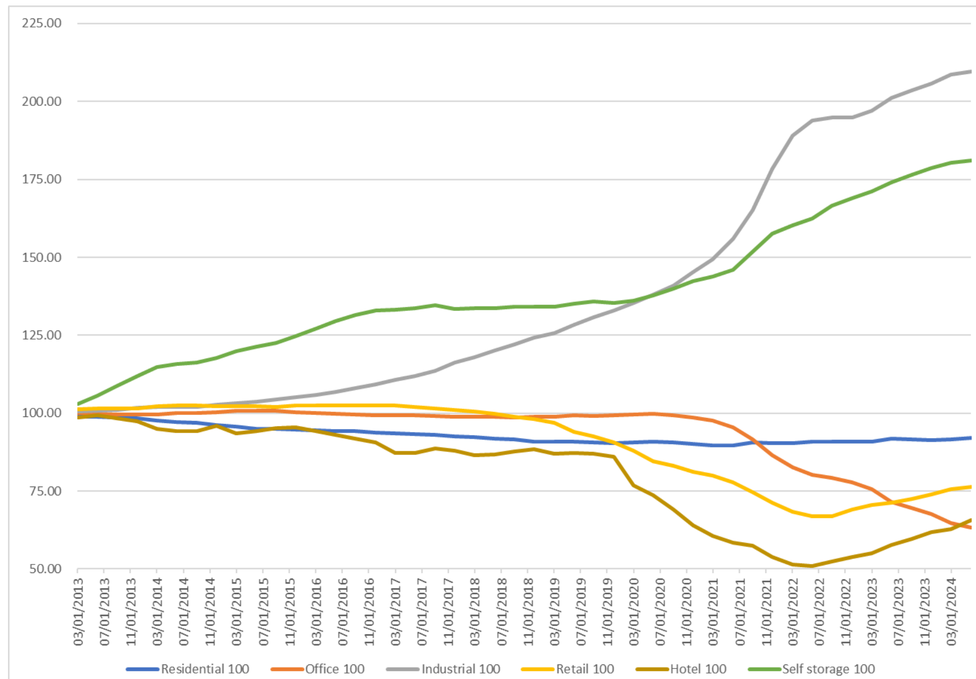
		Current condition	Outlook
SINGLE-FAMILY RENTAL	The single-family and built-to-rent sectors remain healthy and well-positioned. Fundamentals are strong, driven by solid demand and favorable affordability metrics compared to both the single-family for-purchase market and equivalent multifamily units. While rental growth has slowed compared to the previous year, this trend has been exacerbated in a few metros due to increased build-to-rent activity. Although lower interest rates could improve affordability in the for-purchase market, elevated home prices will likely limit a broader shift in the near term.	🟢	↗
DATA CENTERS	The data center sector remains extremely tight, with vacancy rates across major markets averaging under 2%. Rental growth in core markets is approaching 30% on a year-over-year basis, as new supply cannot keep pace with increasing demand. Debt capital remains available for existing assets, but high development costs have limited lending primarily to larger investment banks.	🟢	↑
STUDENT HOUSING	The student housing sector continues to perform well, with preleasing close to 90% through mid-year. Rent growth remains stable, and overall demand supports rental increases in the mid-single digits. While demographics continue to favor healthy performance, tailwinds may fade as key cohorts decline and enrollment rates in four-year institutions have flattened in recent years.	🟡	↗
LIFE SCIENCES	The sector continues to face significant headwinds following its stellar performance during the pandemic. The lack of capital for start-ups has challenged occupancy amid a rapid pace of development in several metros. While well-capitalized biotech and life science companies continue to perform well and attract interest as tenants, the sector overall is struggling. Exacerbating these issues is the lack of hiring within life science occupations, partly due to insufficient venture capital funding. Although funding has improved from its lowest point, it remains well below its highs.	🔴	↓

As of 30 September 2024. Source: Principal Real Estate

NFI- ODCE[1] Historical Performance – last 46 quarters

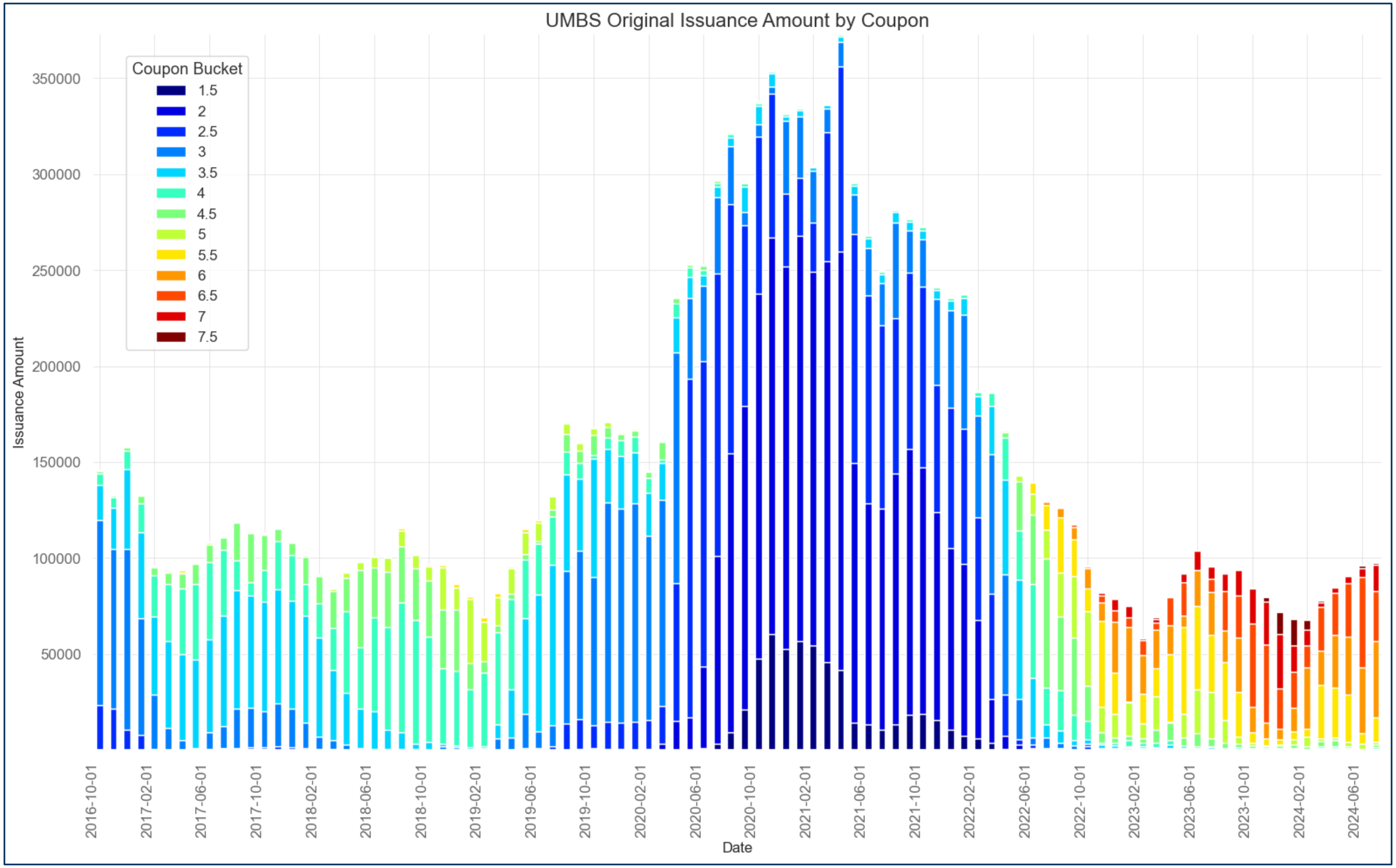
NFI-ODCE	All	[redacted]					
12/31/2012							
03/31/2013	2.16%	1.10%	2.20%	2.58%	3.38%	0.84%	4.98%
06/30/2013	2.80%	2.65%	2.61%	3.04%	2.98%	3.40%	5.54%
09/30/2013	2.89%	2.77%	2.70%	3.30%	2.97%	1.84%	5.90%
12/31/2013	2.62%	2.32%	2.47%	3.32%	2.67%	1.79%	5.43%
03/31/2014	2.36%	1.66%	2.45%	2.56%	2.97%	-0.08%	5.01%
06/30/2014	2.66%	2.02%	3.06%	2.74%	2.95%	1.78%	3.53%
09/30/2014	2.83%	2.73%	2.91%	2.74%	2.84%	2.89%	3.18%
12/31/2014	3.04%	2.29%	3.34%	3.70%	2.80%	4.69%	4.23%
03/31/2015	3.16%	2.50%	3.46%	3.72%	3.12%	0.86%	5.02%
06/30/2015	3.14%	2.48%	3.31%	3.60%	3.29%	3.72%	4.46%
09/30/2015	3.31%	3.25%	3.19%	3.92%	3.02%	4.31%	4.22%
12/31/2015	2.89%	2.69%	2.44%	3.58%	3.37%	3.15%	4.63%
03/31/2016	2.12%	1.85%	1.99%	2.90%	2.11%	0.88%	4.11%
06/30/2016	2.15%	1.90%	1.93%	3.07%	2.17%	0.90%	4.03%
09/30/2016	1.88%	1.82%	1.52%	2.93%	1.84%	0.57%	3.45%
12/31/2016	1.55%	1.20%	1.31%	2.75%	1.59%	0.22%	2.60%
03/31/2017	1.68%	1.26%	1.64%	2.97%	1.60%	-2.07%	1.85%
06/30/2017	1.73%	1.44%	1.74%	2.89%	1.23%	1.87%	2.15%
09/30/2017	1.70%	1.52%	1.43%	3.22%	1.29%	3.21%	2.43%
12/31/2017	1.88%	1.44%	1.64%	4.08%	1.38%	1.25%	0.99%
03/31/2018	1.81%	1.39%	1.78%	3.41%	1.30%	-0.08%	1.98%
06/30/2018	1.72%	1.20%	1.74%	3.49%	0.99%	2.20%	1.75%
09/30/2018	1.87%	1.65%	1.77%	3.50%	0.93%	2.98%	2.10%
12/31/2018	1.75%	1.10%	1.85%	3.46%	0.96%	2.39%	1.85%
03/31/2019	1.54%	1.35%	1.65%	2.88%	0.35%	0.13%	1.55%
06/30/2019	1.28%	1.34%	1.61%	3.29%	-1.63%	1.42%	1.93%
09/30/2019	1.44%	1.21%	1.42%	3.26%	-0.25%	1.31%	2.10%
12/31/2019	1.47%	1.35%	1.67%	3.22%	-0.65%	0.15%	0.96%
03/31/2020	0.95%	1.03%	1.16%	2.69%	-1.79%	-9.61%	1.59%
06/30/2020	-0.91%	-0.71%	-0.65%	1.07%	-4.74%	-4.94%	0.22%
09/30/2020	0.69%	0.47%	0.18%	2.92%	-1.05%	-5.81%	2.35%
12/31/2020	1.37%	0.81%	0.52%	4.39%	-0.94%	-5.74%	3.04%
03/31/2021	1.84%	1.49%	0.83%	4.70%	0.10%	-3.63%	2.89%
06/30/2021	3.48%	3.43%	1.30%	7.79%	0.97%	-0.03%	5.08%
09/30/2021	5.66%	6.61%	1.68%	11.63%	1.52%	4.20%	9.63%
12/31/2021	6.84%	6.75%	1.36%	14.89%	2.19%	0.23%	10.54%
03/31/2022	5.95%	5.85%	1.39%	11.86%	1.98%	1.38%	7.67%
06/30/2022	3.67%	4.24%	0.67%	6.20%	1.55%	3.00%	5.06%
09/30/2022	0.45%	0.42%	-0.75%	1.01%	0.59%	3.27%	3.02%
12/31/2022	-3.91%	-3.84%	-5.68%	-3.94%	-0.96%	-1.12%	-2.43%
03/31/2023	-2.22%	-2.15%	-5.12%	-1.10%	-0.05%	-0.03%	-1.02%
06/30/2023	-1.98%	-1.05%	-7.32%	0.14%	-0.81%	2.65%	-0.21%
09/30/2023	-1.42%	-1.55%	-4.27%	-0.30%	0.25%	2.01%	-0.14%
12/31/2023	-3.35%	-3.85%	-6.01%	-2.17%	-1.22%	0.24%	-2.10%
03/31/2024	-1.43%	-1.06%	-5.61%	-0.10%	0.67%	0.33%	-0.44%
06/30/2024	-0.09%	0.43%	-2.49%	0.45%	0.97%	4.66%	0.33%

Last 46 quarters (12/31/2012 -6/30/2024)		
Sector	**# qtrs outperf**	**% qtrs outperf**
[redacted]	10	21.7%
[redacted]	15	32.6%
[redacted]	44	95.7%
[redacted]	19	41.3%
[redacted]	20	43.5%
[redacted]	44	95.7%

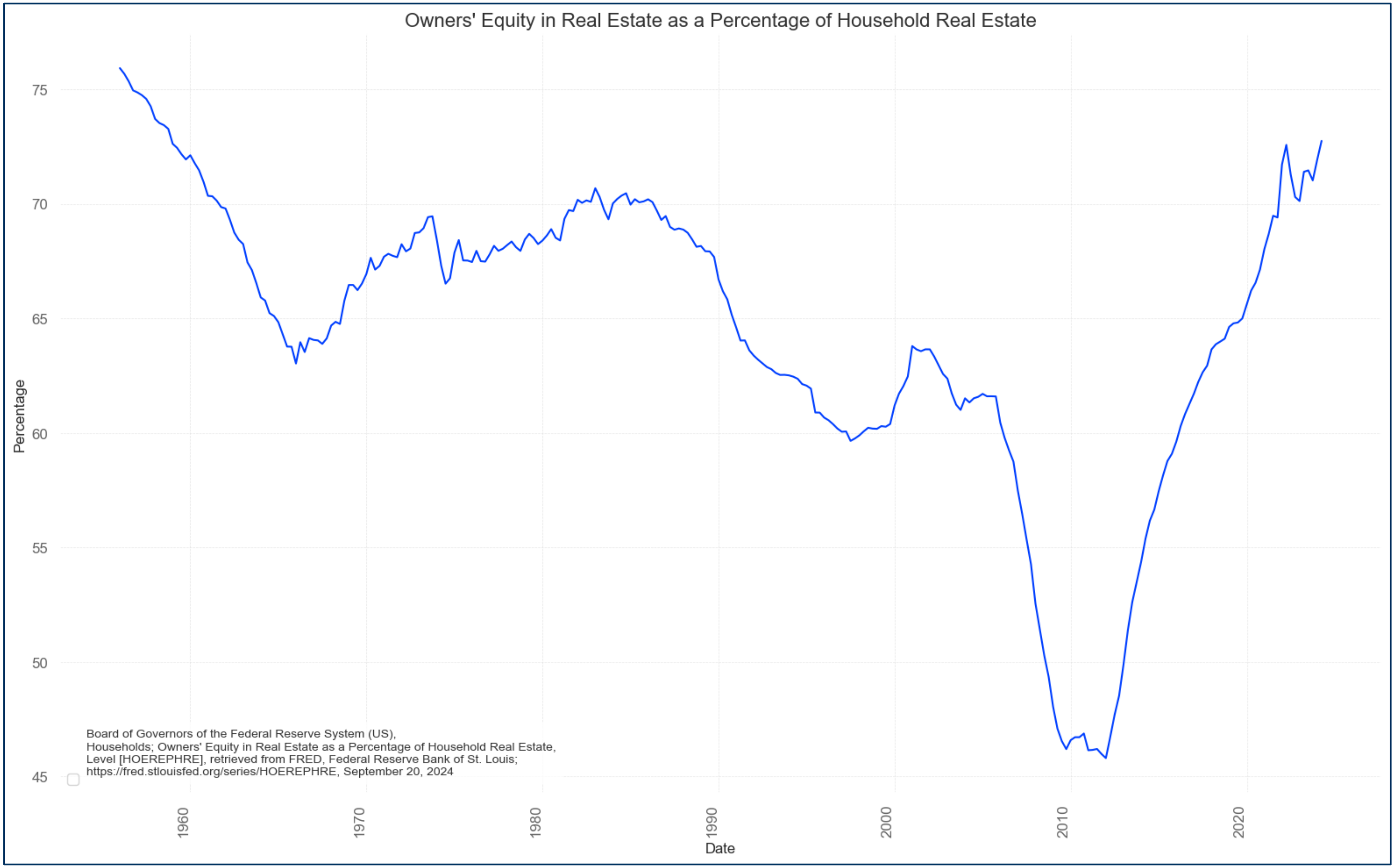


As of 30 June 2024. Source: Principal Real Estate. [1]NFI-ODCE Sector returns by quarter.

THERE IS A REFINANCING WAVE WAITING TO HAPPEN



HOUSEHOLD EQUITY IS AT RECORD HIGHS



NEUBERGER BERMAN

Neuberger Berman – 2024 SJCERA Roundtable

October 2024

Our Key Fixed Income Investment Views

Global Growth: Moving on from Post-GFC / Post-Covid Dynamics

- Expect slowing growth and moderating inflation in 2H:24
- With reduced central bank intervention, growth risk to be more two-way and macro will drive outcomes
- Expect more frequent and shorter business cycles, higher real rates and the return of term premium

Monetary Policy: The Path is Clear, The Timing Is Now Set

- Rate cuts in EU started, the timing for Fed adjustment of policy rates is now set
- The impact of higher rates is being felt by economies; the longer central banks stay put, the greater the risk of a policy mistake

Interest Rates: Reduced Volatility, Increased Dispersion

- Rate volatility should move lower but is not likely to be low; expect greater regional dispersion given divergence in economic performance
- Maintain focus on short and intermediate maturities given curve shape and debt sustainability risks

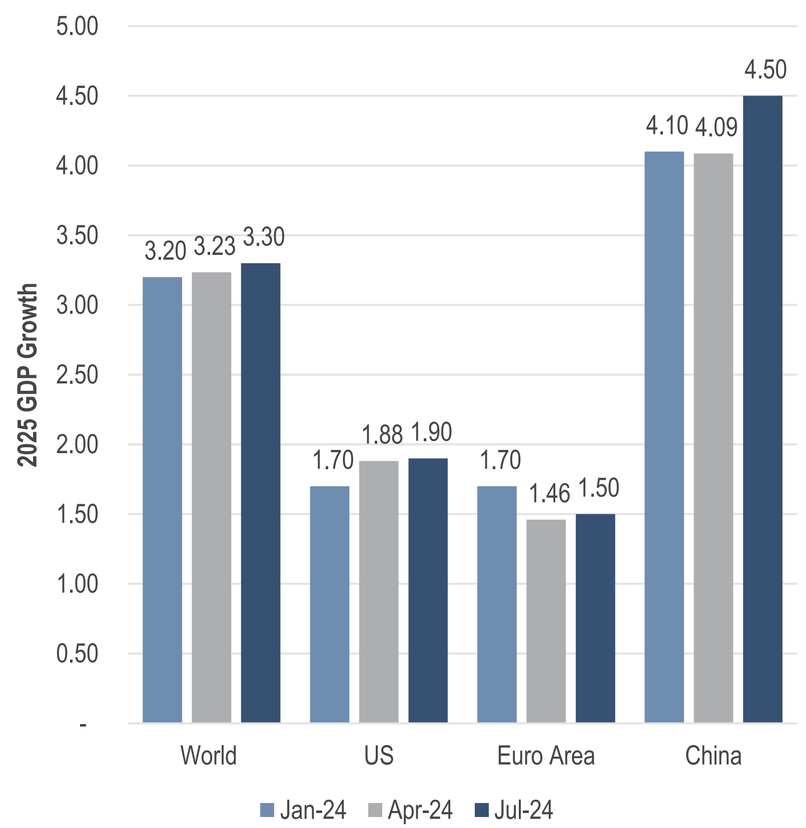
Credit: Emphasis on Selectivity

- Though corporate spreads are tight relative to history, all-in yields are attractive
- Up-in-quality, defendable balance sheet credits are desirable

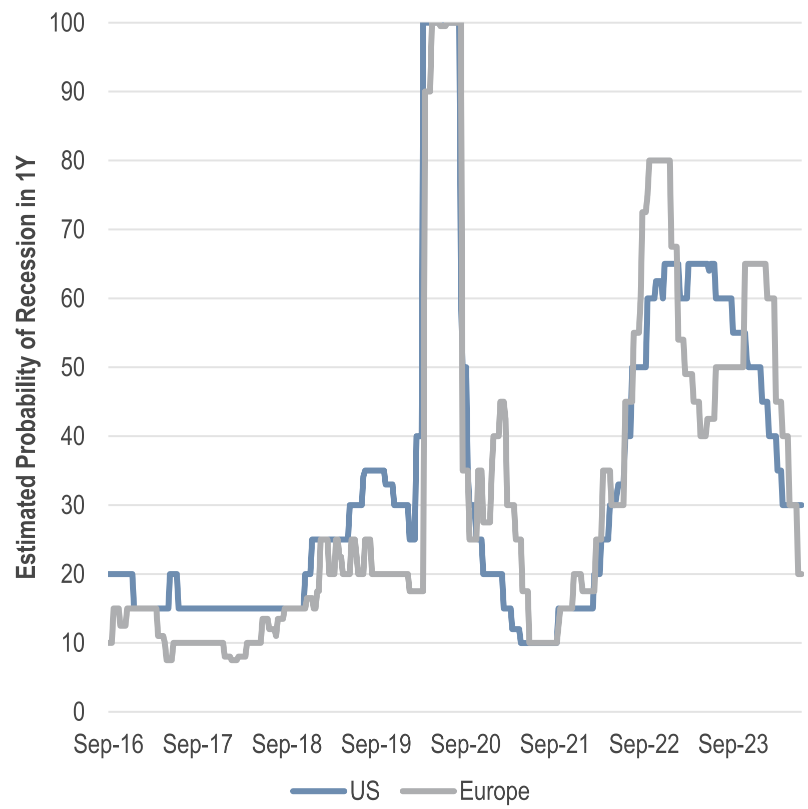
Source: Neuberger Berman views. As of September 16, 2024.

Global Growth Risk Skewed to the Downside, the Market is Complacent on Risks

IMF has kept growth forecasts stable, driven by U.S. strength and moderate outcomes in China



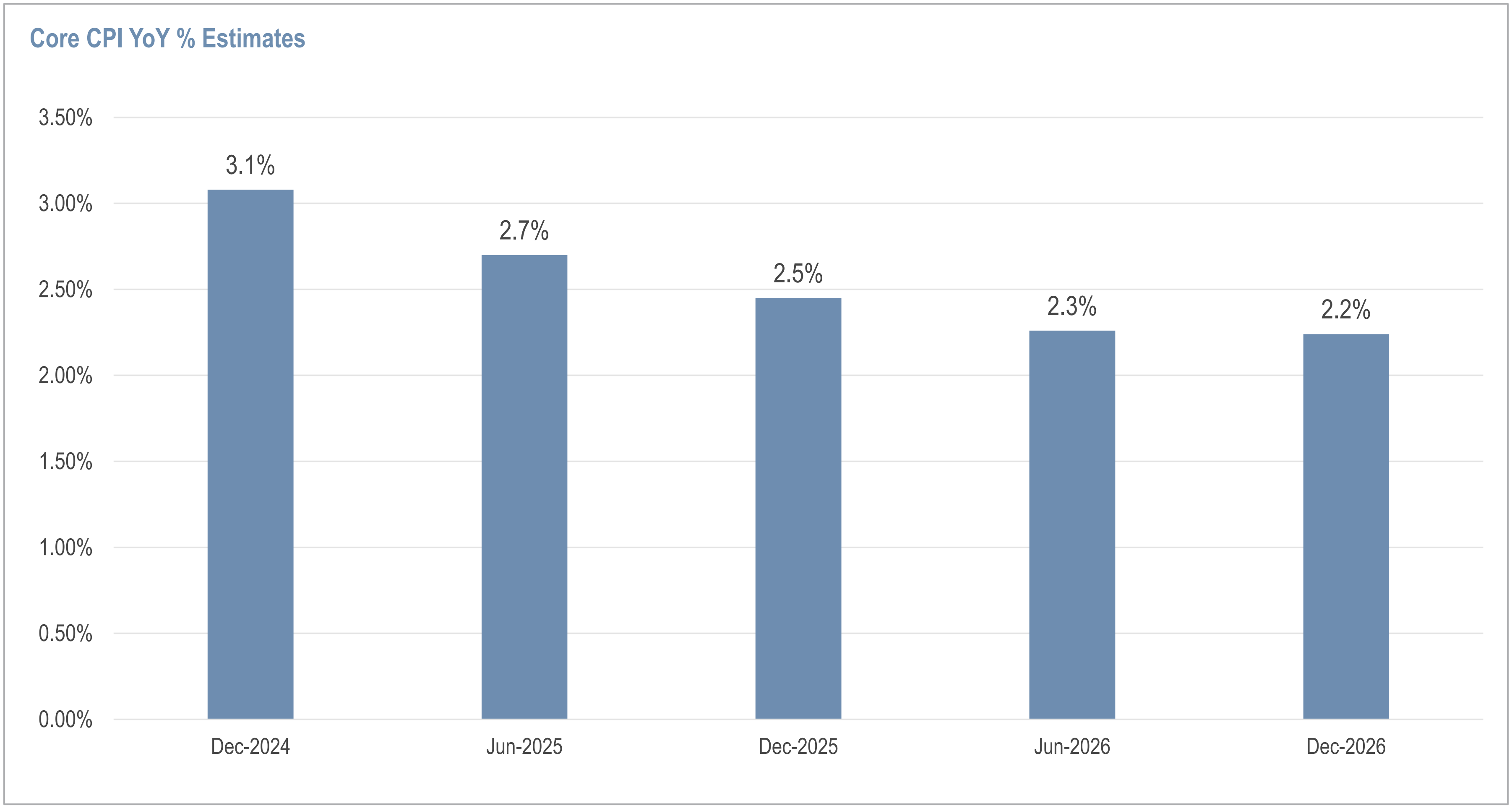
Forecasts of a recession in U.S and Europe near pre-pandemic levels



Source: Left chart: IMF WEO, as of July 2024. Right chart: Bloomberg, as of 5 July 2024.

Estimated Trajectory for U.S. Core Inflation

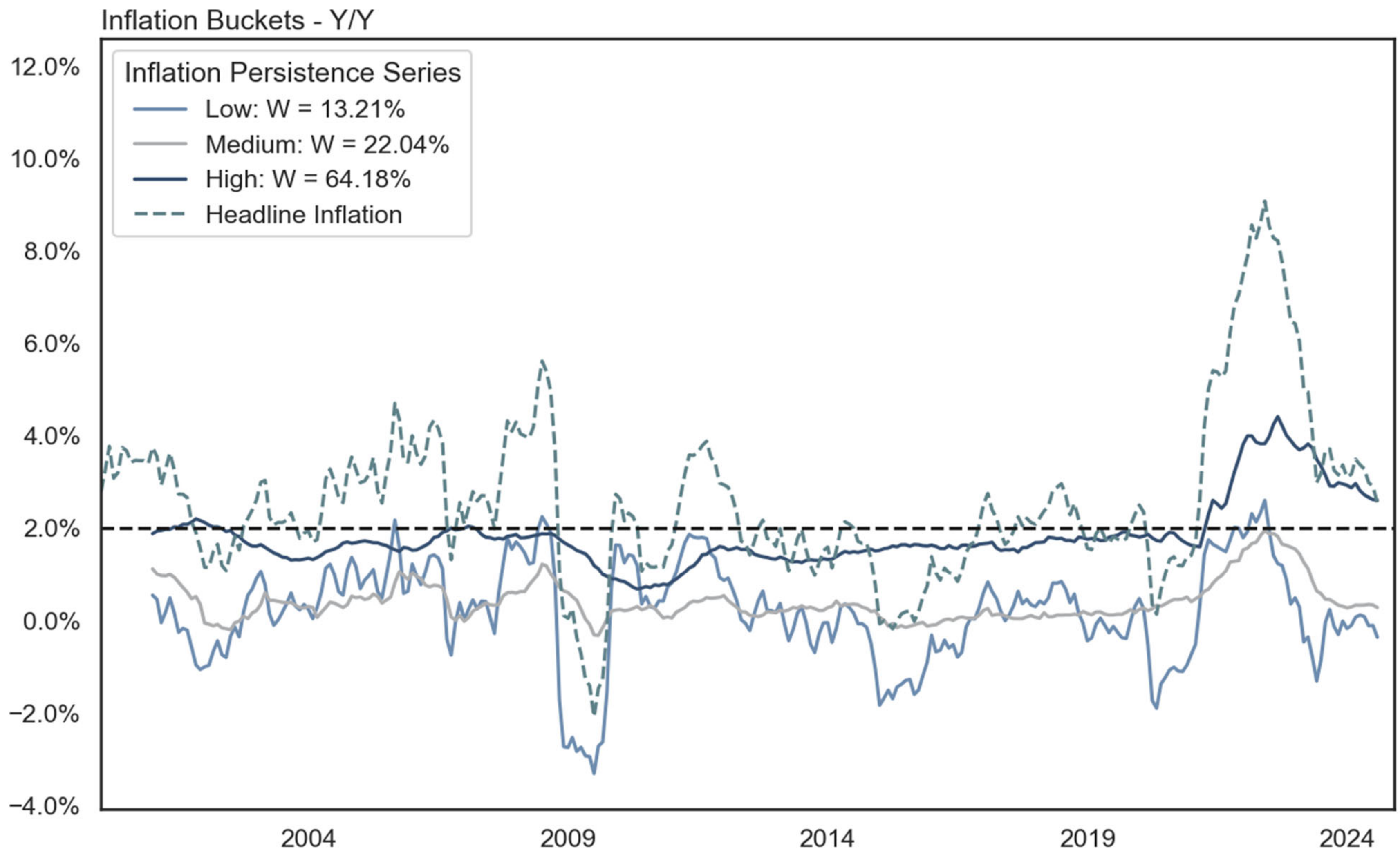
Expect Core CPI to continue to decline towards 2.5% by end-2025



Source: Bloomberg, Neuberger Berman calculations and forecasts. As of September 2024.

Measuring Inflation Persistence

Disinflation starting to show in high persistence components



Source: BLS, NB Calculations

European Growth Optimism May Be Misplaced

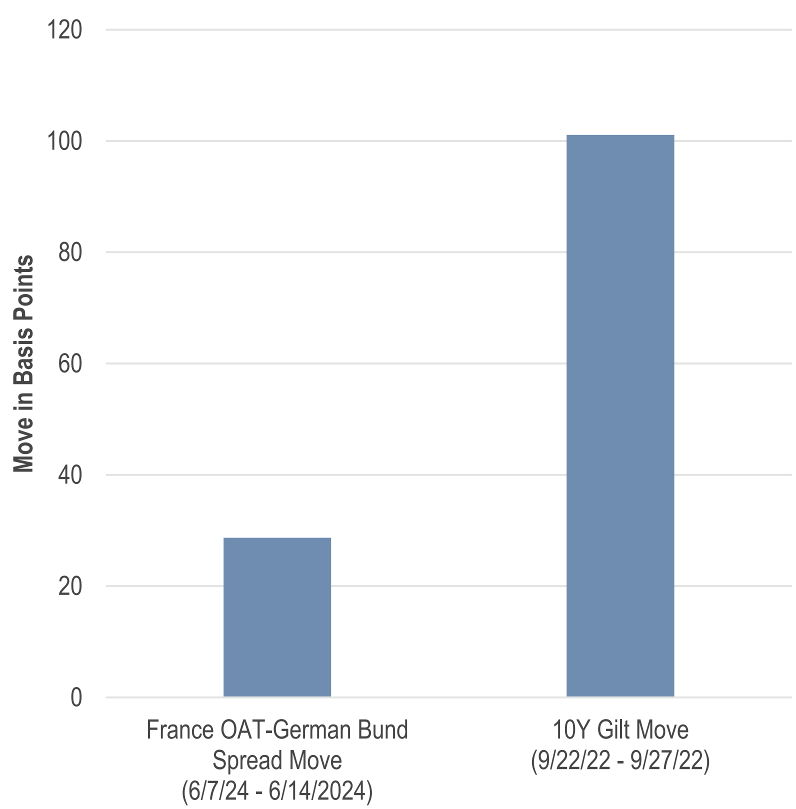
Little room for fiscal as Germany stays within its debt brake and pressure on France and Italy to make budgetary improvements

Labor shortages improving as wages catch up for past inflation, the outlook appears to be more moderate wage growth

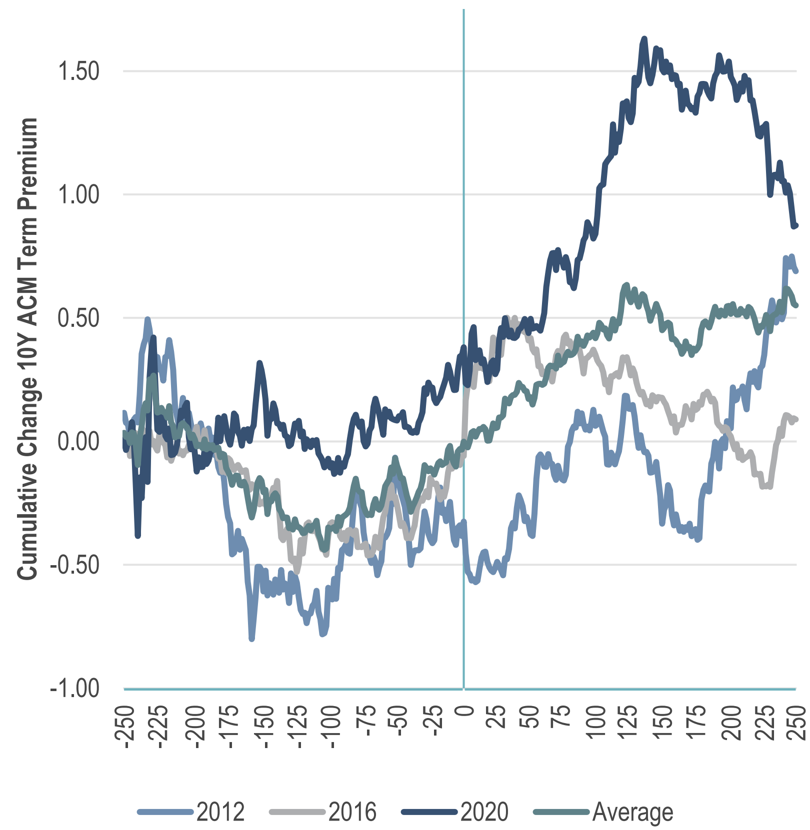
[1]GDP in 2023 was +0.5%. ECB June Staff Forecasts had 2024 and 2025 growth at +0.9% and +1.4% respectively IMF April 2024 WEO at 0.8%/1.5% and OECD May 2024 Economic Outlook at +0.7/1.5%
Source: ECB, IMF, OECD for forecasts. Eurostat for historical deficit/GDP numbers as of 2023. Forecasts from Bloomberg as of 9 July 2024. Labor as a factor limiting growth from European Commission as of 2Q24 and Negotiated wages from Bloomberg, as of 1Q24.

The Election Cycle and Fiscal Outlook Are Having An Impact on Bond Markets

Recent snap elections in France reminiscent of the U.K. fiscal concerns in 2022



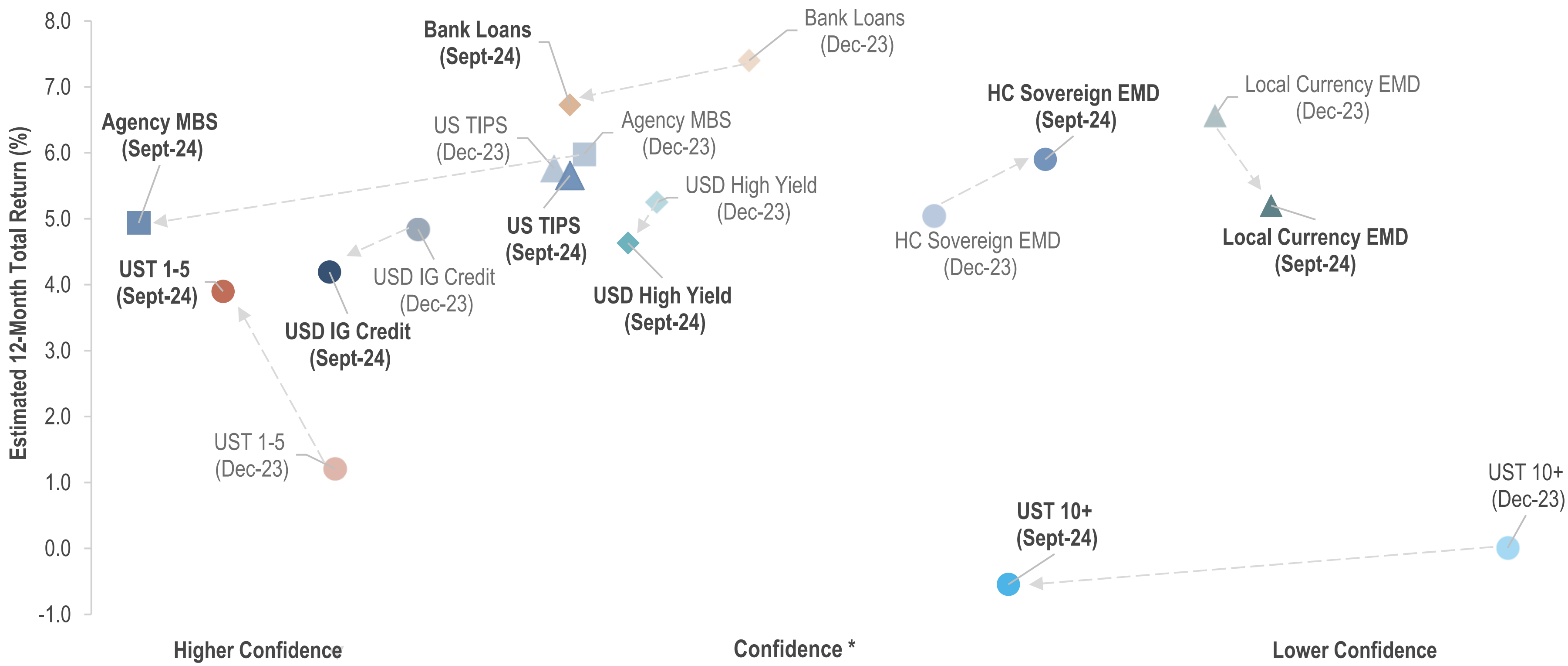
Historically term premium and inflation expectations start to increase 4-5 months before the election



Source: Bloomberg.

Sector Estimated Returns (Exclusive of Rate Assumptions for Credit Sectors)

As of September 2024



*Confidence quantifies the confidence of the estimated return by measuring return standard deviation across states of the world. A wider dispersion of the states of the world, represented by a larger standard deviation, indicates a lower degree of confidence, or a higher degree of uncertainty.

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Additional Disclosures (continued)

NEUBERGER BERMAN FIXED INCOME SECTOR VIEWS AND RETURN ESTIMATES

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Neuberger Berman believes the return estimates set forth herein is reasonable based on a combination of factors, including the investment team’s general experience and assessment of prevailing market conditions and investment opportunities. There are, however, numerous assumptions that factor into the return estimates that may not be consistent with future market conditions and that may significantly affect actual investment results. Such assumptions include, but are not limited to, 1) current monetary policy, inflation estimates and other fundamental and technical factors determine interest rate levels in the credit markets, 2) historical data and trends in the fixed income asset classes presented and 3) anticipated interest rate movements. Neuberger Berman does not make any representation as to the reasonableness of the assumptions or that all the assumptions used in calculating the return estimates have been stated or fully considered. Neuberger Berman’s ability to achieve investment results consistently, in the aggregate or with regard to any particular fixed income sector, with the returns set forth herein depends significantly on a number of factors in addition to the accuracy of its assumptions. These include Neuberger Berman’s ability to identify a sufficient number and mix of suitable investments. Changes in the assumptions may have a material impact on the targeted returns presented. All data is shown before fees, transaction costs and taxes and does not account for the effects of inflation. Management fees, transaction costs and potential expenses are not considered and would reduce returns. Actual results experienced by clients may vary significantly from the illustrations shown.

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Additional Disclosures (continued)

NEUBERGER BERMAN FIXED INCOME SECTOR VIEWS AND RETURN ESTIMATES (CONTINUED)

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NB Relative Value Asset Allocation process* and definitions

NB's relative value asset allocation process is systematic and proprietary by design. The process entails sector teams defining and probability weighting different scenarios that, in their view, will dictate 12 month forward looking returns for their sector. The output of this process is two-fold: (1) probability weighted return assumptions by sector and (2) a measure of confidence in this estimated return.

The following definitions are used in the presentation of our NB Relative Value Asset Allocation process:

Spread reflects the pricing as of the applicable date being analyzed as sourced from Bloomberg and typically based on market indices.

Probability of State Occurring reflects the team's subjective views on the probability of each potential outcome (or "state") occurring.

Yield Advantage is the estimate for income earned relative to the benchmark.

View Uncertainty quantifies the confidence of the estimated return by measuring return standard deviation across states of the world. A wider dispersion of the states of the world, represented by a larger standard deviation, indicates a lower degree of confidence, or, a higher degree of uncertainty.

Past performance is not indicative of future results.

Disclosure (continued)

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OCTOBER 10, 2024

Annual 2024 SJCERA Roundtable

Inflation & Stagflation

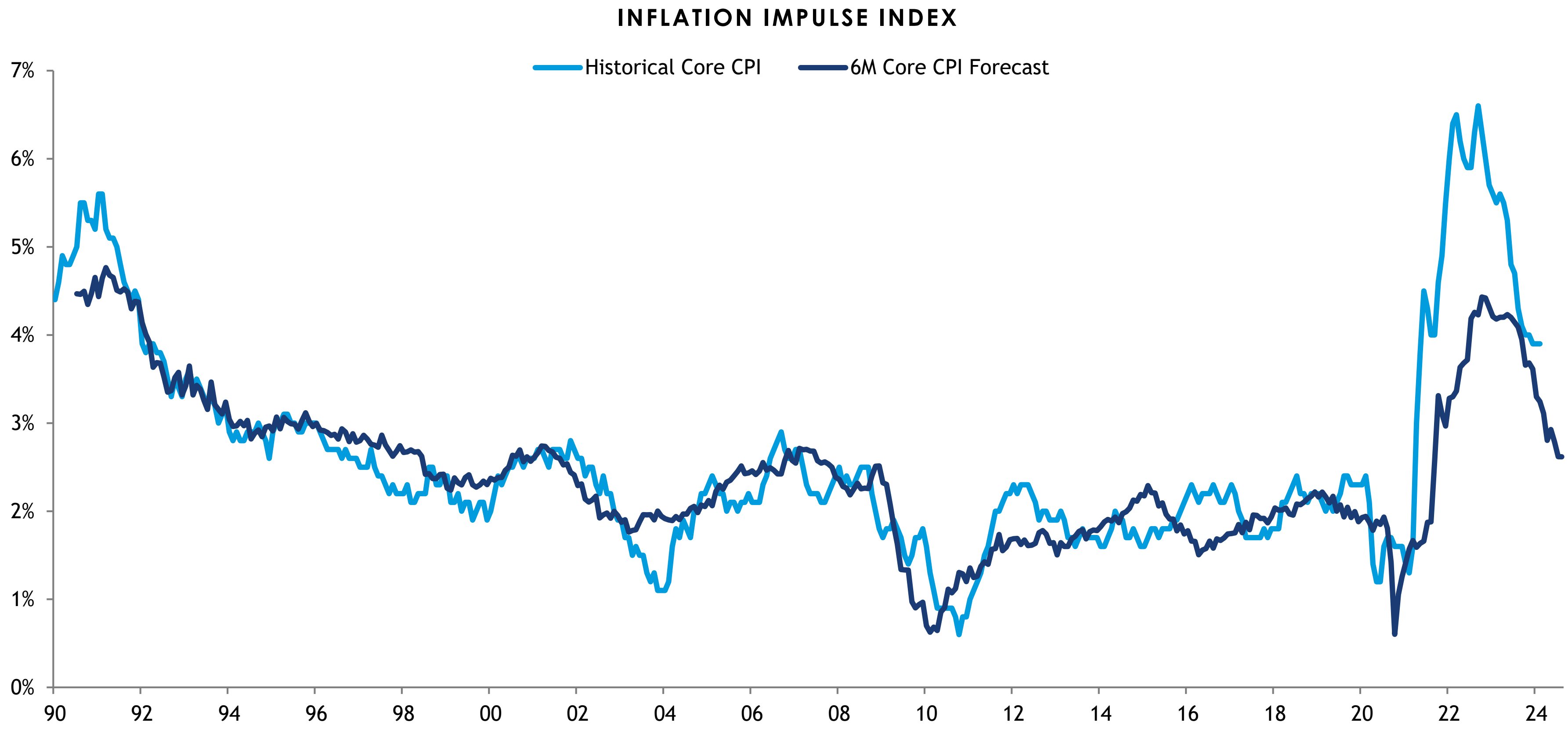
PRESENTED BY:

Matthew Buxton
Director of Public Fund Relationship Management

Matthew Novak, CFA
Sovereign Analyst

we believe inflation should continue drifting lower

- The current forecast from our model suggests Core CPI can fall to 2.61% year-over-year by the March 2025 reading.
- This represents a significant decline from the current core inflation print of 3.2% year-over-year.



Source: Loomis Sayles, as of 9/11/2024.
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Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.

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we believe inflation will head lower

OUR CORE INFLATION MODEL UTILIZES 21 VARIABLES BUCKETED INTO SIX BLOCKS

The level or year over year change of economic and financial market variables within each block help us analyze where core CPI is likely headed over the next six months.

	WEIGHT	CURRENT VALUE Z-SCORE	6 MONTH CORE CPI FORECAST
INFLATION IMPULSE INDEX		**0.29**	**2.67**
Labor Related Block	10%	0.51	0.06
Inflation Expectations Block	35%	0.71	0.29
Global Factors Block	15%	-0.81	-0.14
Capacity Block	10%	0.12	0.01
Commodities Block	10%	-0.93	-0.11
Housing Block	20%	0.96	0.22
Intercept			2.34

Source: Loomis Sayles, as of 9/11/2024.
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Charts above are comprised of standardized indices of the underlying data for each block. The specific variables are listed on the following slide. For the first block "Labor", would be comprised of the Unit labor costs, Atlanta wage tracker, unemployment gap, JOLTS Openings, employment to population ratio, and Unemployment to JOLTS openings. A similar pattern works for the other "Blocks".

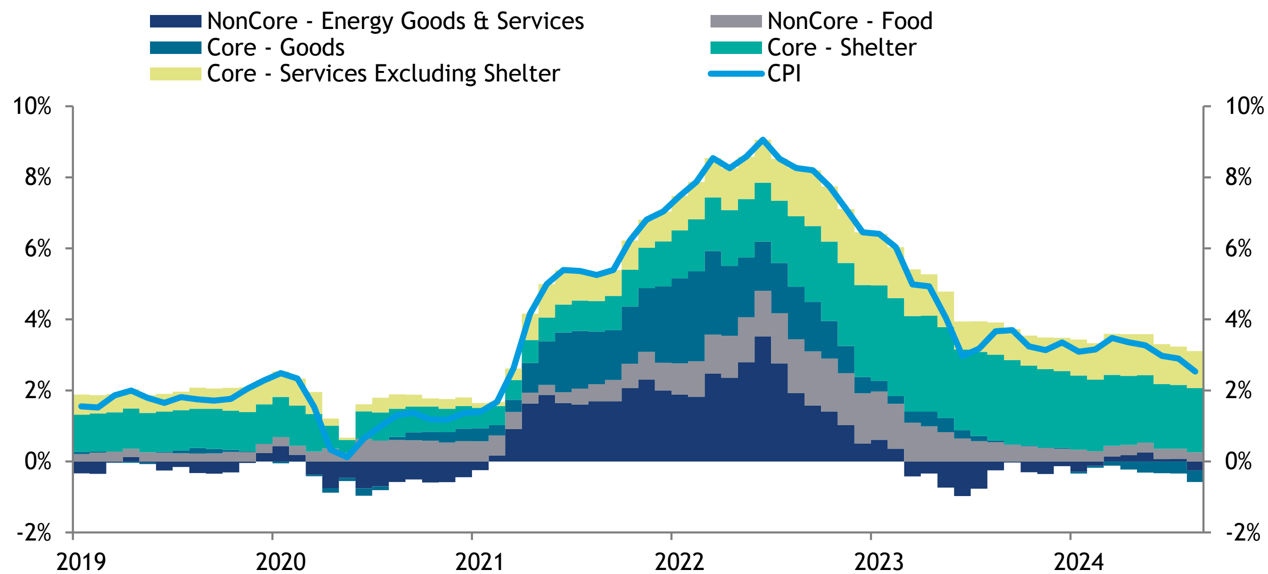
CPI inflation

Our View:

- Shelter inflation is a large component of the CPI Index and an even larger slice of the Core CPI index.
- Shelter inflation continues to prove sticky, which is keeping CPI indices elevated.
- Outright deflation can be seen in Energy and Goods prices.

CPI INFLATION SCORECARD	WEIGHT	Y/Y %	3M/3M % Ann	M/M % Ann
NonCore - Food	13.4%	2.1%	1.3%	1.4%
NonCore - Energy Goods & Services	6.8%	-4.0%	-10.6%	-8.1%
Core - Goods	18.4%	-1.9%	-3.7%	-1.8%
Core - Shelter	36.5%	5.2%	4.1%	5.5%
Core - Services Excluding Shelter	24.8%	4.5%	2.1%	3.6%
CPI	100%	2.5%	1.0%	2.9%
Core CPI	79.8%	3.2%	1.8%	3.1%

HEADLINE CPI DECOMPOSITION



Source: Loomis Sayles, US Bureau of Labor Statistics, as of 9/11/2024.
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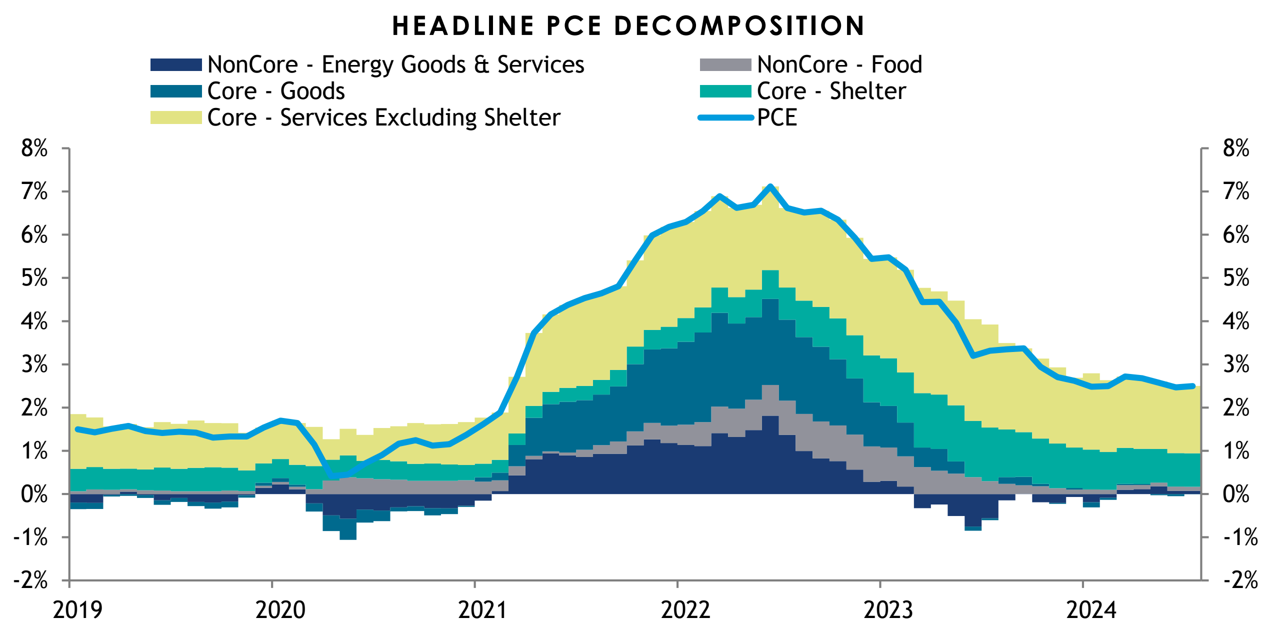
PCE inflation

Our View:

- Core PCE is more closely linked to the goods and services consumers actually purchase.
- The Federal Reserve (Fed)'s preferred measures of inflation come from the PCE report.
- A smaller shelter weighting in Core PCE is driving readings lower than what is seen in Core CPI.
- Year-over-Year inflation still appears high but if you annualize recent month-over-month changes you can see inflation close to the Fed's target.

PCE INFLATION SCORECARD				
	WEIGHT	Y/Y %	3M/3M % Ann	M/M % Ann
NonCore - Food	7.6%	1.4%	0.2%	0.1%
NonCore - Energy Goods & Services	4.0%	1.9%	-11.8%	-6.2%
Core - Goods	22.4%	0.0%	-2.2%	-0.9%
Core - Shelter	15.5%	5.3%	4.5%	4.9%
Core - Services Excluding Shelter	50.5%	3.3%	2.4%	2.3%
CPI	100%	2.5%	1.2%	2.1%
Core CPI	88.4%	2.6%	1.8%	2.3%



Source: Loomis Sayles, US Bureau of Labor Statistics, as of 9/11/2024.
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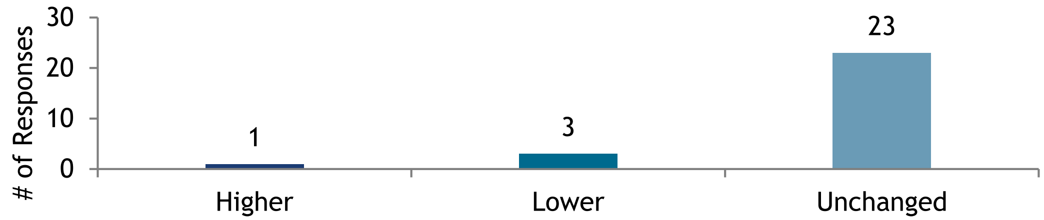
where do we expect pricing power to trend?

PRICING POWER CANDI: 46.3

Quarter-over-quarter change: -0.3



Higher
Homebuilding

Lower
Autos
Retail
Specialty Finance

Unchanged
Aerospace
Airlines
Building Products
Construction Machinery
Defense
Diversified Mfg.
E&P - Independent
Energy - Integrated
Environmental
Food & Beverage
Gaming
Healthcare
Insurance
Media
Packaging
Paper
Railroads
REITs
Technology
Telecom
Transportation Services
US Banks
Utilities

PRICING POWER
Sub-Components

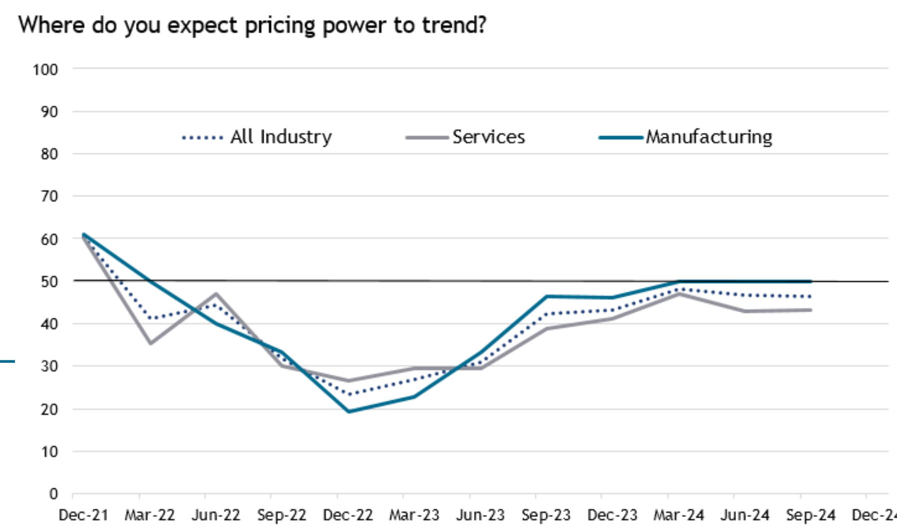
Services: 43.3, +0.4

Manufacturing: 50.0, 0.0

Manufacturing Pricing Power is neutral for the third quarter in a row.

Services Pricing Power is falling, which could put some pressure on margins for those industries.

Inflation should continue trending lower as long as corporate pricing power is contained, and it is.



Source: Loomis Sayles, as of 9/19/2024.
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