

## INTER OFFICE MEMO

To: Administration & Finance Committee

Date: July 7, 2021

From: Erick Cheung, Chief Finance Officer

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**SUBJECT: PUBLIC AGENCY RETIREMENT SERVICES (PARS) OPEB Trust**

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**SUMMARY:**

Andrew Brown from Highmark Capital Management and Rachael Sanders and Anthony Armas from PARS, will join us to discuss the investment performance of the trust and share some insights about the future of the markets and trends.

The A&F Committee selected the Moderately Conservative Index PLUS investment option. The allocation for this option is 20-40% equity, 50-80% fixed income and 0-20% cash.

The balance in the trust as of May 31, 2021 was \$4,911,497.

The annual investment rate of return as of May 2021 was 12.08% and has averaged 5.55% over the last 10 years. The target discount rate that the A&F Committee has set is 5.1%.

**ATTACHMENT:**

PARS Presentation

PUBLIC  
AGENCY  
RETIREMENT  
SERVICES

**PARS**

TRUSTED SOLUTIONS. LASTING RESULTS.



# CENTRAL CONTRA COSTA TRANSIT AUTHORITY

PARS 115 Trust – OPEB Prefunding Program Client Review

July 7, 2021

# CONTACTS

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**Director, Senior Portfolio Manager**  
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**Anthony Armas**  
**Client Services Coordinator**  
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aarmas@pars.org

# PARS 115 TRUST TEAM

## Trust Administrator & Consultant



- Recordkeeping
- Sub-trust accounting
- Monitors plan compliance
- Processes contributions/disbursements
- Hands-on, dedicated support teams
- Coordinates all agency services

37

Years of Experience  
(1984-2021)

2,000+

Plans under  
Administration

1,000+

Public Agency  
Clients

430+

115 Trust Clients

500K+

Plan Participants

\$6.0B

Assets under  
Administration

## Trustee



- 5th largest commercial bank and one of the nation's largest trustees for Section 115 trusts
- Safeguard plan assets
- Oversight protection as plan fiduciary
- Custodian of assets

158

Years of Experience  
(1863-2021)

\$5.0T

Assets under  
Administration

## Investment Manager



- Investment sub-advisor to trustee U.S. Bank
- Investment policy assistance
- Uses open architecture
- Active and passive platform options
- Customized portfolios (with minimum asset level)

102

Years of Experience  
(1919-2021)

\$18.2B

Assets under  
Management &  
Advisement

# SUMMARY OF AGENCY'S OPEB PLAN

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<b>Plan Type:</b>	IRC Section 115 Irrevocable Exclusive Benefit Trust
<b>Trustee Approach:</b>	Discretionary
<b>Plan Effective Date:</b>	March 18, 2010
<b>Plan Administrator:</b>	General Manager
<b>Current Investment Strategy:</b>	Moderately Conservative Index PLUS; Individual Account

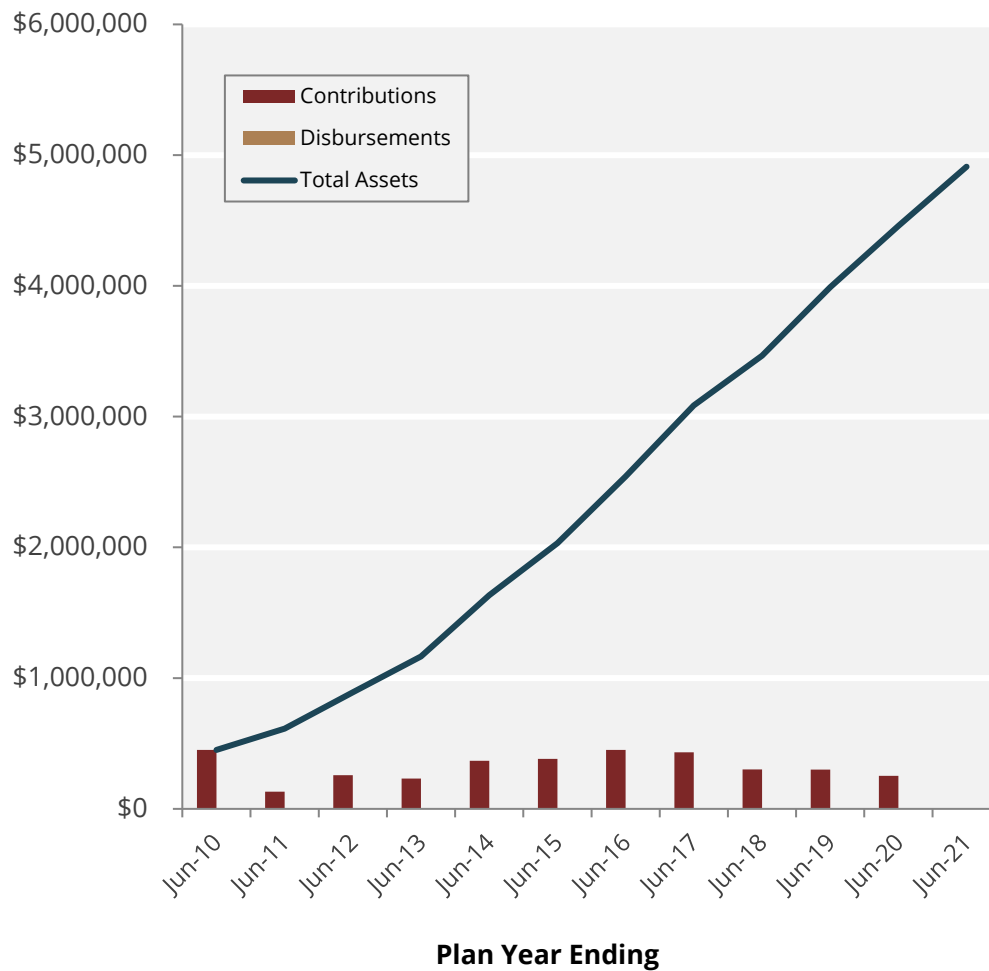
## AS OF MAY 31, 2021

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<b>Initial Contribution:</b>	June 2010: \$450,000
<b>Additional Contributions:</b>	\$3,106,144
<b>Total Contributions:</b>	\$3,556,144
<b>Disbursements:</b>	\$0
<b>Total Investment Earnings:</b>	\$1,509,075
<b>Account Balance:</b>	\$4,911,497

# SUMMARY OF AGENCY'S OPEB PLAN

## CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF MAY 31, 2021



Year	Contributions	Disbursements	Total Assets
Jun-10*	\$450,000	\$0	\$450,004
Jun-11	\$131,000	\$0	\$613,708
Jun-12	\$257,000	\$0	\$891,590
Jun-13	\$232,000	\$0	\$1,165,830
Jun-14	\$367,000	\$0	\$1,634,255
Jun-15	\$382,000	\$0	\$2,032,180
Jun-16	\$451,052	\$0	\$2,541,492
Jun-17	\$431,650	\$0	\$3,084,827
Jun-18	\$301,612	\$0	\$3,465,427
Jun-19	\$299,946	\$0	\$3,990,303
Jun-20	\$252,754	\$0	\$4,458,932
Jun-21**	\$130	\$0	\$4,911,497

\*Plan Year Ending June 2010 is based on 1 month of activity.  
 \*\*Plan Year Ending June 2021 is based on 11 months of activity.

# OPEB ACTUARIAL RESULTS

- We have received the actuarial report by MacLeod Watts dated February 28, 2020 with a valuation date as of June 30, 2019. In the table below, we have summarized the results.

Demographic Study	Valuation Date: July 1, 2017	Valuation Date: June 30, 2019
Actives	224	212
Retirees	52	54
Total	276	266
Average Active Age	51.5	52.4
Average Active Agency Service	13.3	12.9

# OPEB ACTUARIAL RESULTS

	Valuation Date: July 1, 2017 Discount Rate: 5.10%	Valuation Date: June 30, 2019 Discount Rate: 5.10%
<b>Total OPEB Liability (TOL)</b> <i>Actuarial Accrued Liability (AAL)</i>	\$7,373,838	\$7,072,609
<b>Fiduciary Net Position</b> <i>Actuarial Value of Assets</i>	\$3,084,827	\$3,990,303*
<b>Net OPEB Liability (NOL)</b> <i>Unfunded Actuarial Accrued Liability (UAAL)</i>	\$4,289,011	\$3,082,306
<b>Funded Ratio (%)</b>	41.84%	56.42%
<b>Actuarially Determined Contribution (ADC)</b>	\$588,345	\$529,577
<b>Annual Benefit Payments (Pay-as-you-Go)</b>	\$328,964	\$306,893

\*As of May 31, 2021, assets at \$4,911,497

**Rule of thumb:** For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.



# **PARS: CCCTA**

**May 31, 2021**

**Presented by  
Andrew Brown, CFA**

## Economic and Market Forecasts - May 2021

	2021	2022
	Assumptions	Assumptions
<b>GDP</b>	5.8% - 7.5%	3.5% - 4.5%
<b>S&amp;P500 earnings</b>	\$175 - \$195	\$205 - \$215
<b>Unemployment</b>	4.9% - 5.4%	4.1% - 4.8%
<b>Core PCE Inflation</b>	2.0% - 2.4%	1.9% - 2.3%
<b>Fed Funds Target</b>	0.0% - 0.25%	0.0% - 0.25%

## Selected Period Performance

### PARS/CCCTA PRHCP

Account 6746035400

Period Ending: 5/31/2021

	3 Months	Year to Date (5 Months)	1 Year	3 Years	5 Years	10 Years	Inception to Date 07/01/2010
Cash Equivalents	.01	.01	.04	1.19	1.01	.53	.49
<i>Lipper Money Market Funds Index</i>	.00	.00	.02	1.15	.95	.48	.44
Total Fixed Income	-.04	-1.87	.13	4.82	3.04	2.99	3.07
<i>BBG Barclays US Aggregate Bd Index</i>	-.14	-2.29	-.40	5.06	3.25	3.29	3.40
Total Equities	8.79	12.95	44.27	14.46	14.86	11.40	13.55
Large Cap Funds	10.86	12.89	40.42	17.63	16.93	14.15	15.94
<i>S&amp;P 500 Composite Index</i>	10.72	12.62	40.32	18.00	17.16	14.38	16.08
Mid Cap Funds	8.81	14.15	49.51	15.83	15.25	12.74	15.23
<i>Russell Midcap Index</i>	8.81	14.56	50.29	16.15	15.39	12.83	15.30
Small Cap Funds	3.61	16.02	65.86	12.78	15.97	12.80	15.17
<i>Russell 2000 Index</i>	3.34	15.30	64.56	13.06	16.01	11.86	14.33
International Equities	6.54	9.68	41.95	9.00	10.79	4.56	6.86
<i>MSCI EAFE Index</i>	8.81	10.07	38.41	8.23	9.77	5.88	8.08
<i>MSCI EM Free Index</i>	3.28	7.26	51.00	9.65	13.88	4.10	6.26
RR: REITS	14.30	18.25	34.46	12.25			
<i>Wilshire REIT Index</i>	14.77	19.13	36.48	10.55	7.06	8.68	11.32
Total Managed Portfolio	2.67	2.56	12.18	7.94	6.65	5.55	5.94

#### Account Inception: 07/01/2010

Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.

## Current Asset Allocation – CCCTA

### As of May 31, 2021

Current Asset Allocation		Investment Vehicle		
<b>Equity</b>	<b>32.16%</b>	<b>Range: 20%-40%</b>		<b>1,579,029</b>
Large Cap Core	9.84%	IVV	iShares Core S&P 500 ETF	483,211
Large Cap Value	3.62%	IVE	iShares S&P 500 Value ETF	177,584
Large Cap Growth	3.67%	IVW	iShares S&P 500 Growth ETF	180,002
Mid Cap Core	2.38%	IWR	iShares Russell Mid-Cap ETF	117,103
Small Cap Value	2.35%	IWN	iShares Russell 2000 Value ETF	115,428
Small Cap Growth	2.25%	IWO	iShares Russell 2000 Growth ETF	110,312
International Core	4.05%	IEFA	iShares Core MSCI EAFE ETF	199,066
Emerging Markets	2.88%	VWO	Vanguard FTSE Emerging Markets ETF	141,489
Real Estate	1.12%	VNQ	Vanguard Real Estate ETF	54,834
<b>Fixed Income</b>	<b>66.81%</b>	<b>Range: 50%-80%</b>		<b>3,280,654</b>
Short-Term	11.29%	VFSUX	Vanguard Short-Term Investment-Grade Adm	554,438
Intermediate-Term	52.86%	AGG	iShares Core US Aggregate Bond ETF	2,595,818
High Yield	2.66%	VWEAX	Vanguard High-Yield Corporate Adm	130,398
<b>Cash</b>	<b>1.03%</b>	<b>Range: 0%-20%</b>		<b>50,603</b>
	1.03%	FGZXX	First American Government Oblig Z	50,603
<b>TOTAL</b>	<b>100.00%</b>			<b>\$4,910,287</b>

# CCCTA

For Period Ending May 31, 2021

## LARGE CAP EQUITY FUNDS

Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
iShares S&P 500 Growth ETF	-0.89	8.67	8.09	39.01	20.87	20.19	16.29
iShares S&P 500 Value ETF	2.40	12.82	17.56	39.59	13.64	12.82	11.56
iShares Core S&P 500 ETF	0.70	10.71	12.61	40.27	17.97	17.12	14.33

## MID CAP EQUITY FUNDS

iShares Russell Mid-Cap ETF	0.79	8.75	14.49	50.02	15.99	15.21	12.66
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## SMALL CAP EQUITY FUNDS

iShares Russell 2000 Value ETF	3.07	10.60	27.33	78.98	10.54	13.68	10.51
iShares Russell 2000 Growth ETF	-2.86	-3.89	4.05	49.95	14.42	17.56	12.83

## INTERNATIONAL EQUITY FUNDS

iShares Core MSCI EAFE ETF	3.32	9.16	10.63	40.00	8.51	10.23	--
Vanguard FTSE Emerging Markets ETF	2.01	2.86	7.62	47.00	9.53	12.81	3.65

## REAL ESTATE FUNDS

Vanguard Real Estate ETF	0.79	14.39	18.27	34.08	12.47	7.94	9.06
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## BOND FUNDS

iShares Core US Aggregate Bond ETF	0.30	-0.17	-2.34	-0.46	4.99	3.19	3.22
Vanguard Short-Term Investment-Grade Adm	0.32	0.42	0.26	3.24	4.21	2.98	2.59
<b>BBgBarc US Agg Bond TR USD</b>	<b>0.33</b>	<b>-0.14</b>	<b>-2.29</b>	<b>-0.40</b>	<b>5.06</b>	<b>3.25</b>	<b>3.29</b>
Vanguard High-Yield Corporate Adm	0.18	1.24	1.30	10.77	6.81	6.43	6.03
<b>ICE BofA US High Yield Mstr II Index</b>	<b>0.29</b>	<b>1.56</b>	<b>2.31</b>	<b>15.17</b>	<b>6.79</b>	<b>7.24</b>	<b>6.28</b>

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

# ADMINISTRATIVE REVIEW

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- 1 Future contributions
- 2 Future disbursement requests/options
- 3 Agency's future actuarial valuation for GASB 45/75 compliance  
Next valuation measurement date: June 2021
- 4 GASB 75 updates – effective for fiscal years beginning after June 15, 2017
- 5 Investment Guidelines Document – Signed May 2014
- 6 Client funding policy
- 7 Client Feedback
- 8 GASB 74/75 Compliance
- 9 Employer Portal – Opted In



# EMPLOYER PORTAL

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**Public Agency Retirement Services (PARS) has launched its new employer portal for the IRC Section 115 Trust. Features include:**

- Latest monthly account balance
- Transaction history
- Downloadable prior statements
- Investment Performance

[employer.pars.org](https://employer.pars.org)

# GASB 74/75 REPORTING

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- **To assist our public agency clients with GASB 74/75, PARS will be providing the following:**
  - An individual trust statement of each agency's plan assets that shows a reconciliation of assets held at the beginning of the fiscal year through the end of the fiscal year, breaking out the appropriate plan contributions, benefit payments, expenses, and investment earnings
  - Year-end audited financial statements of the Trust as a whole including Schedule of Changes in Fiduciary Net Position by Employer completed by CliftonLarsonAllen (CLA) that is intended to be compliant with GASB 74/75 requirements.
  - Supporting SOC 1-Type 2 report on the controls over the calculation and allocation of additions and deductions to employer accounts within the Trust
  - Investment allocation data and information on investment policies including target asset allocations and allowable asset class allocation ranges
- PARS Auditors have determined that participating plans should be considered an agent multiple-employer defined benefit OPEB plan (agent OPEB plan) as defined under GASB



## PARS DIVERSIFIED PORTFOLIOS CONSERVATIVE

Q1 2021

### WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

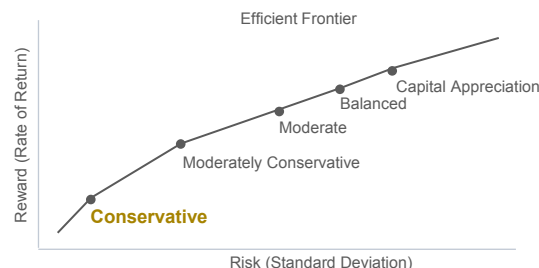
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



### ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	15%
Fixed Income	60 – 95%	80%	84%
Cash	0 – 20%	5%	1%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

Current Quarter*	-1.17%
Blended Benchmark*, **	-0.75%
Year To Date*	-1.17%
Blended Benchmark*, **	-0.75%
1 Year	12.59%
Blended Benchmark**	9.09%
3 Year	6.05%
Blended Benchmark**	5.73%
5 Year	5.18%
Blended Benchmark**	4.65%
10 Year	4.46%
Blended Benchmark**	4.12%

#### Index Plus Composite (Passive)

Current Quarter*	-1.19%
Blended Benchmark*, **	-0.75%
Year To Date*	-1.19%
Blended Benchmark*, **	-0.75%
1 Year	9.20%
Blended Benchmark**	9.09%
3 Year	5.82%
Blended Benchmark**	5.73%
5 Year	4.62%
Blended Benchmark**	4.65%
10 Year	4.18%
Blended Benchmark**	4.12%

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 - Present: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM (net), 2% MSCI EAFE (net), 52.25% BBG Barclays US Agg, 25.75% ICE BofA 1-3 Yr US Corp/Gov't, 2% ICE BofA US High Yield Master II, 0.5% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 – 9/30/2012, the blended benchmark was 12% S&P 500; 1% Russell 2000, 2% MSCI EAFE (net), 40% ICE BofA 1-3 Year Corp./Gov't, 40% BBG Barclays US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007: the blended benchmark was 15% S&P 500, 40% ICE BofA 1-3Yr Corp/Gov't, 40% BBG Barclays US Agg, and 5% FTSE 1 Mth US T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

2008	-9.04%
2009	15.59%
2010	8.68%
2011	2.19%
2012	8.45%
2013	3.69%
2014	3.88%
2015	0.29%
2016	4.18%
2017	6.73%
2018	-1.35%
2019	11.05%
2020	9.03%

#### Index Plus Composite (Passive)

2008	-6.70%
2009	10.49%
2010	7.67%
2011	3.70%
2012	6.22%
2013	3.40%
2014	4.32%
2015	0.06%
2016	3.75%
2017	5.52%
2018	-1.09%
2019	10.37%
2020	8.56%

### PORTFOLIO FACTS

#### HighMark Plus (Active)

Composite Inception Date	07/2004
No of Holdings in Portfolio	20

#### Index Plus (Passive)

Composite Inception Date	07/2004
No of Holdings in Portfolio	13

## HOLDINGS

### HighMark Plus (Active)

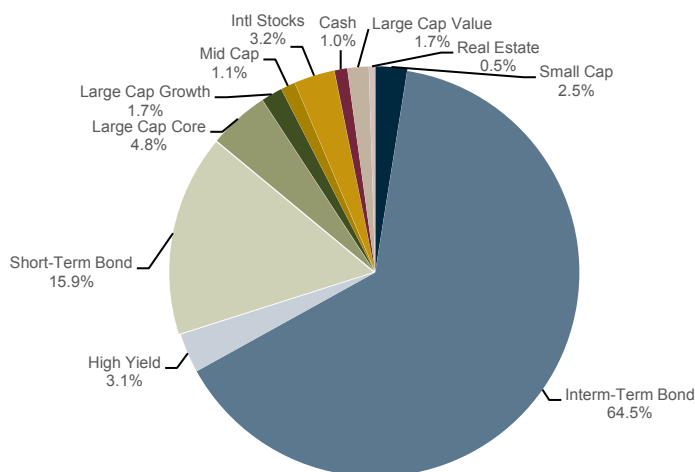
Columbia Contrarian Core I3  
Vanguard Growth & Income Adm  
Dodge & Cox Stock Fund  
iShares S&P 500 Value ETF  
Harbor Capital Appreciation - Retirement  
T. Rowe Price Growth Stock - I  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
Undiscovered Managers Behavioral Value-R6  
Victory RS Small Cap Growth - R6  
DFA Large Cap International Portfolio  
Dodge & Cox International Stock  
MFS International Growth - R6  
Hartford Schroders Emerging Markets Eq  
Vanguard Short-Term Invest-Grade Adm  
PIMCO High Yield Instl  
PIMCO Total Return Fund - Inst  
PGIM Total Return Bond - R6  
DoubleLine Core Fixed Income - I  
First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
iShares S&P 500 Value ETF  
iShares S&P 500 Growth ETF  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
iShares Russell 2000 Value ETF  
iShares Russell 2000 Growth ETF  
iShares Core MSCI EAFE ETF  
Vanguard FTSE Emerging Markets ETF  
Vanguard Short-Term Invest-Grade Adm  
iShares Core U.S. Aggregate  
Vanguard High-Yield Corp Adm  
First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark with full investment authority according to the PARS Conservative active and passive objectives.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofA US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
Suite 1600  
San Francisco, CA 94104  
800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has 100 years (including predecessor organizations) of institutional money management experience with \$9.1 billion in assets under management and \$9.2 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
Investment Experience: since 1994  
HighMark Tenure: since 1997  
Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
Investment Experience: since 2004  
HighMark Tenure: since 2014  
Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager  
Investment Experience: since 1985  
HighMark Tenure: since 1995  
Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2010  
Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2007  
Education: BA, University of California, Santa Barbara

#### Randy Yurchak, CFA®

Senior Portfolio Manager  
Investment Experience: since 2002  
HighMark Tenure: since 2017  
Education: MBA, Arizona State University; BS, University of Washington

### Asset Allocation Committee

Number of Members: 17  
Average Years of Experience: 26  
Average Tenure (Years): 14

### Manager Review Group

Number of Members: 8  
Average Years of Experience: 20  
Average Tenure (Years): 9

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. Assets under advisement ("AUA") include assets for which HighMark provides certain investment advisory services (including, but not limited to, investment research and strategies) for client assets of its parent company, MUFG Union Bank, N.A.

## PARS DIVERSIFIED PORTFOLIOS MODERATELY CONSERVATIVE

Q1 2021

### WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

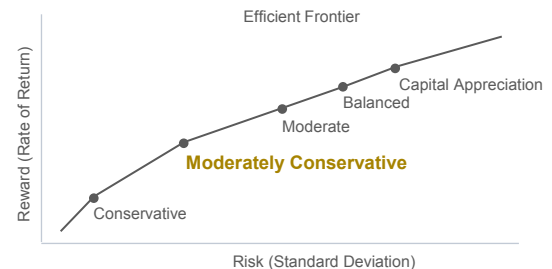
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide current income, with capital appreciation as a secondary objective. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



### ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	31%
Fixed Income	50 - 80%	65%	68%
Cash	0 - 20%	5%	1%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus Composite (Active)		Index Plus Composite (Passive)	
Current Quarter*	0.29%	Current Quarter*	0.25%
Blended Benchmark*, **	0.34%	Blended Benchmark*, **	0.34%
Year To Date*	0.29%	Year To Date*	0.25%
Blended Benchmark*, **	0.34%	Blended Benchmark*, **	0.34%
1 Year	20.82%	1 Year	16.47%
Blended Benchmark**	16.98%	Blended Benchmark**	16.98%
3 Year	7.49%	3 Year	7.26%
Blended Benchmark**	7.44%	Blended Benchmark**	7.44%
5 Year	6.92%	5 Year	6.35%
Blended Benchmark**	6.54%	Blended Benchmark**	6.54%
10 Year	5.75%	10 Year	5.51%
Blended Benchmark**	5.69%	Blended Benchmark**	5.69%

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 - Present: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM (net), 4% MSCI EAFE (net), 49.25% BBG Barclays US Agg, 14% ICE BofA 1-3 Yr US Corp/Gov't, 1.75% ICE BofA US High Yield Master II, 1% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 - 9/30/2012: the blended benchmark was 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE (net), 25% ICE BofA 1-3 Year Corp./Gov't, 40% BBG Barclays US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007, the blended benchmark was 30% S&P 500, 25% ICE BofA 1-3Yr Corp/Gov't, 40% BBG Barclays US Agg, and 5% FTSE 1 Mth US T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus Composite (Active)		Index Plus Composite (Passive)	
2008	-15.37%	2008	-12.40%
2009	18.71%	2009	11.92%
2010	10.46%	2010	9.72%
2011	1.75%	2011	3.24%
2012	10.88%	2012	8.24%
2013	7.30%	2013	6.78%
2014	4.41%	2014	5.40%
2015	0.32%	2015	-0.18%
2016	4.94%	2016	5.42%
2017	9.56%	2017	8.08%
2018	-2.60%	2018	-2.33%
2019	13.73%	2019	13.53%
2020	10.76%	2020	9.74%

### PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Composite Inception Date	08/2004	Composite Inception Date	05/2005
No of Holdings in Portfolio	20	No of Holdings in Portfolio	13

## HOLDINGS

### HighMark Plus (Active)

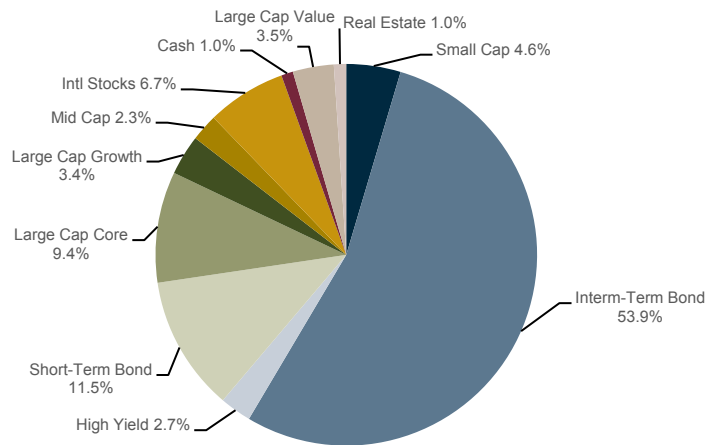
Columbia Contrarian Core I3  
Vanguard Growth & Income Adm  
Dodge & Cox Stock Fund  
iShares S&P 500 Value ETF  
Harbor Capital Appreciation - Retirement  
T. Rowe Price Growth Stock - I  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
Undiscovered Managers Behavioral Value-R6  
Victory RS Small Cap Growth - R6  
DFA Large Cap International Portfolio  
Dodge & Cox International Stock  
MFS International Growth - R6  
Hartford Schroders Emerging Markets Eq  
Vanguard Short-Term Invest-Grade Adm  
PIMCO High Yield Instl  
PIMCO Total Return Fund - Inst  
PGIM Total Return Bond - R6  
DoubleLine Core Fixed Income - I  
First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
iShares S&P 500 Value ETF  
iShares S&P 500 Growth ETF  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
iShares Russell 2000 Value ETF  
iShares Russell 2000 Growth ETF  
iShares Core MSCI EAFE ETF  
Vanguard FTSE Emerging Markets ETF  
Vanguard Short-Term Invest-Grade Adm  
iShares Core U.S. Aggregate  
Vanguard High-Yield Corp Adm  
First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent a size-weighted composite of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark with full investment authority according to the PARS Moderately Conservative active and passive objectives.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofA US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
Suite 1600  
San Francisco, CA 94104  
800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has 100 years (including predecessor organizations) of institutional money management experience with \$9.1 billion in assets under management and \$9.2 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
Investment Experience: since 1994  
HighMark Tenure: since 1997  
Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
Investment Experience: since 2004  
HighMark Tenure: since 2014  
Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager  
Investment Experience: since 1985  
HighMark Tenure: since 1995  
Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2010  
Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2007  
Education: BA, University of California, Santa Barbara

#### Randy Yurchak, CFA®

Senior Portfolio Manager  
Investment Experience: since 2002  
HighMark Tenure: since 2017  
Education: MBA, Arizona State University; BS, University of Washington

### Asset Allocation Committee

Number of Members: 17  
Average Years of Experience: 26  
Average Tenure (Years): 14

### Manager Review Group

Number of Members: 8  
Average Years of Experience: 20  
Average Tenure (Years): 9

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. Assets under advisement ("AUA") include assets for which HighMark provides certain investment advisory services (including, but not limited to, investment research and strategies) for client assets of its parent company, MUFG Union Bank, N.A.



## PARS DIVERSIFIED PORTFOLIOS MODERATE

Q1 2021

### WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

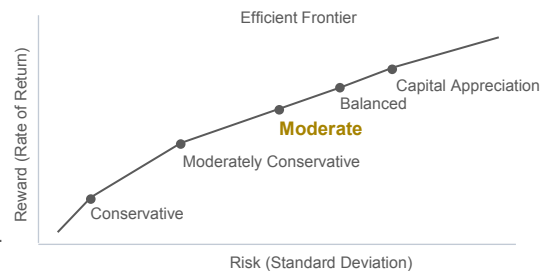
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



### ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	52%
Fixed Income	40 - 60%	45%	47%
Cash	0 - 20%	5%	1%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

Current Quarter*	2.24%
Blended Benchmark*, **	2.26%
Year To Date*	2.24%
Blended Benchmark*, **	2.26%
1 Year	31.89%
Blended Benchmark**	28.56%
3 Year	9.52%
Blended Benchmark**	9.51%
5 Year	9.32%
Blended Benchmark**	8.95%
10 Year	7.40%
Blended Benchmark**	7.60%

#### Index Plus Composite (Passive)

Current Quarter*	2.27%
Blended Benchmark*, **	2.26%
Year To Date*	2.27%
Blended Benchmark*, **	2.26%
1 Year	27.38%
Blended Benchmark**	28.56%
3 Year	9.04%
Blended Benchmark**	9.51%
5 Year	8.60%
Blended Benchmark**	8.95%
10 Year	7.19%
Blended Benchmark**	7.60%

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 – Present: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM (net), 6% MSCI EAFE (net), 33.50% BBG Barclays US Agg, 10% ICE BofA 1-3 Yr US Corp/Gov't, 1.50% ICE BofA US High Yield Master II, 1.75% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 – 9/30/2012: the blended benchmark was 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE (net), 15% ICE BofA 1-3 Year Corp./Gov't, 30% BBG Barclays US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007: the blended benchmark was 50% S&P 500, 15% ICE BofA 1-3Yr Corp/Gov, 30% BBG Barclays US Agg, and 5% FTSE 1 Mth US T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

2008	-22.88%
2009	21.47%
2010	12.42%
2011	0.55%
2012	12.25%
2013	13.06%
2014	4.84%
2015	0.14%
2016	6.45%
2017	13.19%
2018	-4.03%
2019	17.71%
2020	12.92%

#### Index Plus Composite (Passive)

2008	-18.14%
2009	16.05%
2010	11.77%
2011	2.29%
2012	10.91%
2013	12.79%
2014	5.72%
2015	-0.52%
2016	7.23%
2017	11.59%
2018	-4.03%
2019	17.52%
2020	11.23%

### PORTFOLIO FACTS

#### HighMark Plus (Active)

Composite Inception Date	10/2004
No of Holdings in Portfolio	20

#### Index Plus (Passive)

Composite Inception Date	05/2006
No of Holdings in Portfolio	13

## HOLDINGS

### HighMark Plus (Active)

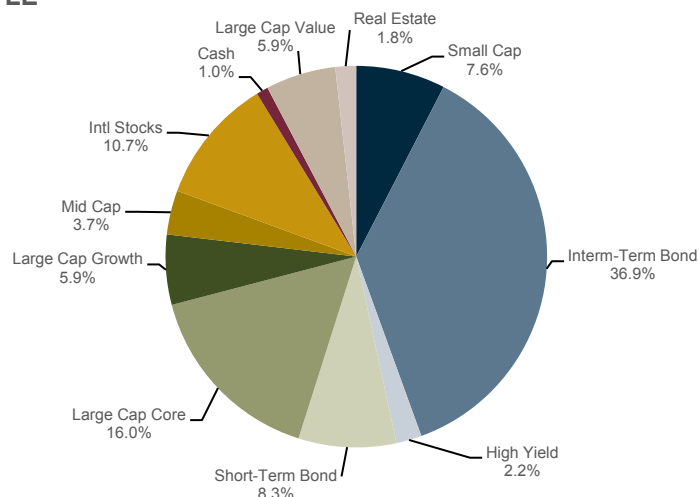
Columbia Contrarian Core I3  
Vanguard Growth & Income Adm  
Dodge & Cox Stock Fund  
iShares S&P 500 Value ETF  
Harbor Capital Appreciation - Retirement  
T. Rowe Price Growth Stock - I  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
Undiscovered Managers Behavioral Value-R6  
Victory RS Small Cap Growth - R6  
DFA Large Cap International Portfolio  
Dodge & Cox International Stock  
MFS International Growth - R6  
Hartford Schroders Emerging Markets Eq  
Vanguard Short-Term Invest-Grade Adm  
PIMCO High Yield Instl  
PIMCO Total Return Fund - Inst  
PGIM Total Return Bond - R6  
DoubleLine Core Fixed Income - I  
First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
iShares S&P 500 Value ETF  
iShares S&P 500 Growth ETF  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
iShares Russell 2000 Value ETF  
iShares Russell 2000 Growth ETF  
iShares Core MSCI EAFE ETF  
Vanguard FTSE Emerging Markets ETF  
Vanguard Short-Term Invest-Grade Adm  
iShares Core U.S. Aggregate  
Vanguard High-Yield Corp Adm  
First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark with full investment authority according to the PARS Moderate active and passive objectives.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofA US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT Index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
Suite 1600  
San Francisco, CA 94104  
800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has 100 years (including predecessor organizations) of institutional money management experience with \$9.1 billion in assets under management and \$9.2 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
Investment Experience: since 1994  
HighMark Tenure: since 1997  
Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
Investment Experience: since 2004  
HighMark Tenure: since 2014  
Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager  
Investment Experience: since 1985  
HighMark Tenure: since 1995  
Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2010  
Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2007  
Education: BA, University of California, Santa Barbara

#### Randy Yurchak, CFA®

Senior Portfolio Manager  
Investment Experience: since 2002  
HighMark Tenure: since 2017  
Education: MBA, Arizona State University; BS, University of Washington

### Asset Allocation Committee

Number of Members: 17  
Average Years of Experience: 26  
Average Tenure (Years): 14

### Manager Review Group

Number of Members: 8  
Average Years of Experience: 20  
Average Tenure (Years): 9

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. Assets under advisement ("AUA") include assets for which HighMark provides certain investment advisory services (including, but not limited to, investment research and strategies) for client assets of its parent company, MUFG Union Bank, N.A.

## PARS DIVERSIFIED PORTFOLIOS BALANCED

Q1 2021

### WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

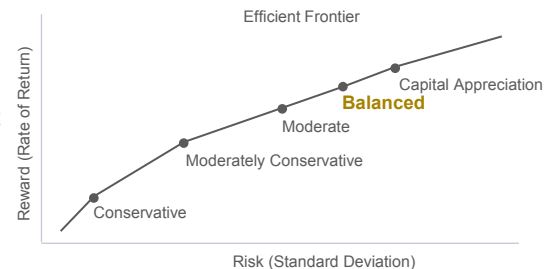
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#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



### ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	62%
Fixed Income	30 – 50%	35%	37%
Cash	0 – 20%	5%	1%

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

### ANNUALIZED TOTAL RETURNS

#### HighMark Plus Composite (Active)

Current Quarter*	3.26%
Blended Benchmark*, **	3.17%
Year To Date*	3.26%
Blended Benchmark*, **	3.17%
1 Year	38.00%
Blended Benchmark**	34.69%
3 Year	10.55%
Blended Benchmark**	10.52%
5 Year	10.57%
Blended Benchmark**	10.15%
10 Year	8.21%
Blended Benchmark**	8.58%

#### Index Plus Composite (Passive)

Current Quarter*	3.27%
Blended Benchmark*, **	3.17%
Year To Date*	3.27%
Blended Benchmark*, **	3.17%
1 Year	33.21%
Blended Benchmark**	34.69%
3 Year	9.91%
Blended Benchmark**	10.52%
5 Year	9.72%
Blended Benchmark**	10.15%
10 Year	7.96%
Blended Benchmark**	8.58%

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 – Present: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM (net), 7% MSCI EAFE (net), 27% BBG Barclays US Agg, 6.75% ICE BofA 1-3 Yr US Corp/Gov't, 1.25% ICE BofA US High Yield Master II, 2% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill. From 4/1/2007 – 9/30/2012: the blended benchmark was 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE (net), 5% ICE BofA 1-3 Year Corp/Gov't, 30% BBG Barclays US Agg, 5% FTSE 1 Mth US T-Bill. Prior to April 2007: the blended benchmark was 60% S&P 500, 5% ICE BofA 1-3Yr Corp/Gov't, 30% BBG Barclays US Agg, and 5% FTSE 1 Mth US T-Bill.

### ANNUAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

2008	-25.72%
2009	21.36%
2010	14.11%
2011	-0.46%
2012	13.25%
2013	16.61%
2014	4.70%
2015	0.04%
2016	6.81%
2017	15.46%
2018	-4.88%
2019	19.85%
2020	14.06%

#### Index Plus Composite (Passive)

2008	-23.22%
2009	17.62%
2010	12.76%
2011	1.60%
2012	11.93%
2013	15.63%
2014	6.08%
2015	-0.81%
2016	8.25%
2017	13.39%
2018	-5.05%
2019	19.59%
2020	12.07%

### PORTFOLIO FACTS

#### HighMark Plus (Active)

Composite Inception Date	10/2006
No of Holdings in Portfolio	20

#### Index Plus (Passive)

Composite Inception Date	10/2007
No of Holdings in Portfolio	13

## HOLDINGS

### HighMark Plus (Active)

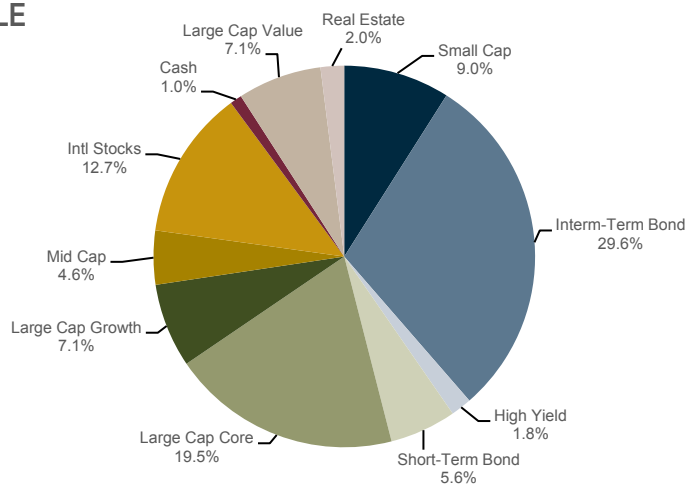
Columbia Contrarian Core I3  
Vanguard Growth & Income Adm  
Dodge & Cox Stock Fund  
iShares S&P 500 Value ETF  
Harbor Capital Appreciation - Retirement  
T. Rowe Price Growth Stock - I  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
Undiscovered Managers Behavioral Value-R6  
Victory RS Small Cap Growth - R6  
DFA Large Cap International Portfolio  
Dodge & Cox International Stock  
MFS International Growth - R6  
Hartford Schroders Emerging Markets Eq  
Vanguard Short-Term Invest-Grade Adm  
PIMCO High Yield Instl  
PIMCO Total Return Fund - Inst  
PGIM Total Return Bond - R6  
DoubleLine Core Fixed Income - I  
First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
iShares S&P 500 Value ETF  
iShares S&P 500 Growth ETF  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
iShares Russell 2000 Value ETF  
iShares Russell 2000 Growth ETF  
iShares Core MSCI EAFE ETF  
Vanguard FTSE Emerging Markets ETF  
Vanguard Short-Term Invest-Grade Adm  
iShares Core U.S. Aggregate  
Vanguard High-Yield Corp Adm  
First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark with full investment authority according to the PARS Balanced active and passive objectives.

The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofA US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT Index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofA 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofA U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month U.S. Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

## HIGHMARK CAPITAL MANAGEMENT

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### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has 100 years (including predecessor organizations) of institutional money management experience with \$9.1 billion in assets under management and \$9.2 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
Investment Experience: since 1994  
HighMark Tenure: since 1997  
Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

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Senior Portfolio Manager  
Investment Experience: since 2002  
HighMark Tenure: since 2017  
Education: MBA, Arizona State University; BS, University of Washington

### Asset Allocation Committee

Number of Members: 17  
Average Years of Experience: 26  
Average Tenure (Years): 14

### Manager Review Group

Number of Members: 8  
Average Years of Experience: 20  
Average Tenure (Years): 9

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. Assets under advisement ("AUA") include assets for which HighMark provides certain investment advisory services (including, but not limited to, investment research and strategies) for client assets of its parent company, MUFG Union Bank, N.A.



## PARS DIVERSIFIED PORTFOLIOS CAPITAL APPRECIATION

Q1 2021

### WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance.

Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

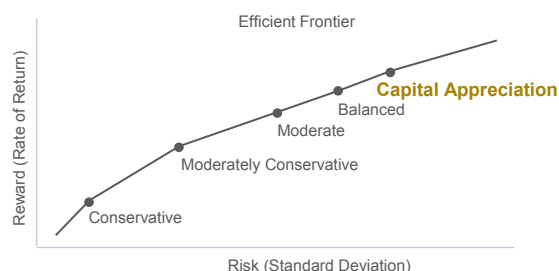
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.



### ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	78%
Fixed Income	10 - 30%	20%	21%
Cash	0 - 20%	5%	1%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### Consolidated Composite

Current Quarter*	4.58%
Blended Benchmark*, **	4.47%
Year To Date*	4.58%
Blended Benchmark*, **	4.47%
1 Year	44.77%
Blended Benchmark**	43.99%
3 Year	11.55%
Blended Benchmark**	11.78%
5 Year	11.80%
Blended Benchmark**	11.82%
10 Year	9.19%
Blended Benchmark**	9.50%

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM (net), 10.25% MSCI EAFE (net), 16% BBG Barclays US Agg, 3% ICE BofA 1-3 Yr US Corp/Gov't, 1% ICE BofA US High Yield Master II, 2% Wilshire REIT, and 5% FTSE 1 Mth US T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### Consolidated Composite

2008	N/A
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%
2015	-0.27%
2016	8.81%
2017	16.72%
2018	-5.82%
2019	22.62%
2020	14.50%

### PORTFOLIO FACTS

#### Consolidated Composite

Composite Inception Date	01/2009
No of Holdings in Portfolio	20

## HOLDINGS

### HighMark Plus (Active)

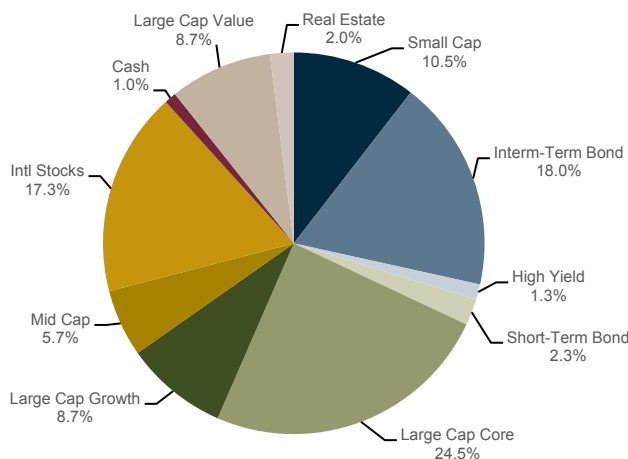
Columbia Contrarian Core I3  
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First American Government Obligations Z

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