County Connection

Agenda Item # 6

To: Administration & Finance Committee

Date: August 21, 2026

From: Amber Johnson, Chief Financial Officer

Reviewed by: WC.

SUBJECT: Public Agency Retirement Services Combination 115 Trust

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Background:

Since June 2010, the Authority has participated in an Internal Revenue Code Section 115 trust for Other Post Employment Benefits (OPEB) established by Public Agency Retirement Services (PARS), to set aside funds to pay for future OPEB benefits that will be collected by current employees (the "OPEB 115 Trust"). In February 2023, the Board established a new Combination 115 Trust to replace the OPEB 115 Trust. The Combination 115 Trust has two accounts: the "OPEB Account" for prefunding OPEB liabilities, and the "Pension Account" for prefunding pension liabilities.

Combination 115 Trust Update:

As of June 30, 2026, there was approximately $7.0 million in the Authority's OPEB 115 Account. Since inception, the OPEB 115 Account has earned 5.21% annualized return on investment utilizing the PARS "moderately conservative (passive)" investment strategy, managed by PFM Asset Management. No funds have been withdrawn from the trust to pay benefits to date.

As of June 30, 2026, there was approximately $2.1 million in the Authority's Pension 115 Account. Since inception, the Pension 115 Account has earned 9.32% annualized return on investment utilizing the PARS "moderately conservative (passive)" investment strategy, managed by PFM Asset Management. No funds have been withdrawn from the trust to pay benefits to date.

Representatives from PARS and PFM Asset Management will join the Committee meeting to discuss the investment performance of the trust and share some insights into the future of the markets and trends.

Financial Implications:
None.

Recommendation:
None – Information only.

Action Requested:
None – Information only.

Attachments:
Attachment 1: PARS Annual Account Statement for the period July 1, 2025 to June 30, 2026
Attachment 2: PARS/CCCTA 115P Investment Performance Review for the Quarter Ended June 30, 2026

Attachment 1: PARS Annual Account Statement for the period July 1, 2025 to June 30, 2026

PUBLIC AGENCY RETIREMENT SERVICES

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
PARS Post-Employment Benefits Trust

Account Report for the Period
7/1/2025 to 6/30/2026

Bill Churchill
General Manager
Central Contra Costa Transit Authority
2477 Arnold Industrial Way
Concord, CA 94520

Account Summary

Source	Balance as of 7/1/2025	Contributions	Earnings	Expenses	Distributions	Transfers	Balance as of 6/30/2026
OPEB	$6,326,510.29	$129,908.00	$604,957.91	$36,517.68	$0.00	$0.00	$7,024,858.52
PENSION	$1,699,083.63	$208,581.00	$185,909.46	$10,931.74	$0.00	$0.00	$2,082,642.35
Totals	$8,025,593.92	$338,489.00	$790,867.37	$47,449.42	$0.00	$0.00	$9,107,500.87

Investment Selection

Source	
OPEB	Central Contra Costa TA - OPEB
PENSION	Central Contra Costa TA - PEN

Investment Objective

Source	
OPEB	Individual account based on Moderately Conservative - Index. The dual goals of the Moderately Conservative Strategy are current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.
PENSION	Individual account based on Moderately Conservative - Index. The dual goals of the Moderately Conservative Strategy are current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.

Investment Return

				Annualized Return			
Source	1-Month	3-Months	1-Year	3-Years	5-Years	10-Years	Plan's Inception Date
OPEB	0.14%	4.58%	9.58%	8.77%	3.68%	5.09%	6/28/2010
PENSION	0.15%	4.68%	9.78%	9.14%	-	-	7/31/2023

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

PARS/CCCTA 115

Investment Performance Review
For the Quarter Ended June 30, 2026

Client Management Team

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

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

1735 Market Street
43rd Floor
Philadelphia, PA 19103

About PFM Asset Management*

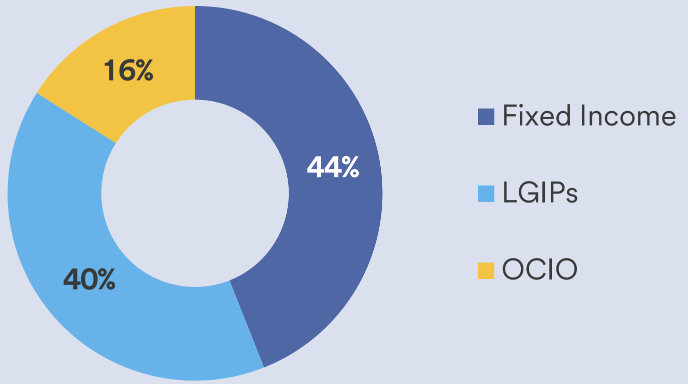
Our Investment Solutions

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

40+ years *of* experience in the public sector**

$176.8b in public sector assets under management**

Assets by Investment Solution[1]



[1]Illustrates public sector assets under management by investment solution as of March 31, 2026. Total may not add up to 100% due to rounding.

**A division of U.S. Bancorp Asset Management, Inc.*
***As of March 31, 2026. Public sector includes government, pool, and TERM. Total assets under management for U.S. Bancorp Asset Management, Inc. were $435.8 billion.*

Financial Markets & Investment Strategy Review

QUARTERLY MARKET SUMMARY

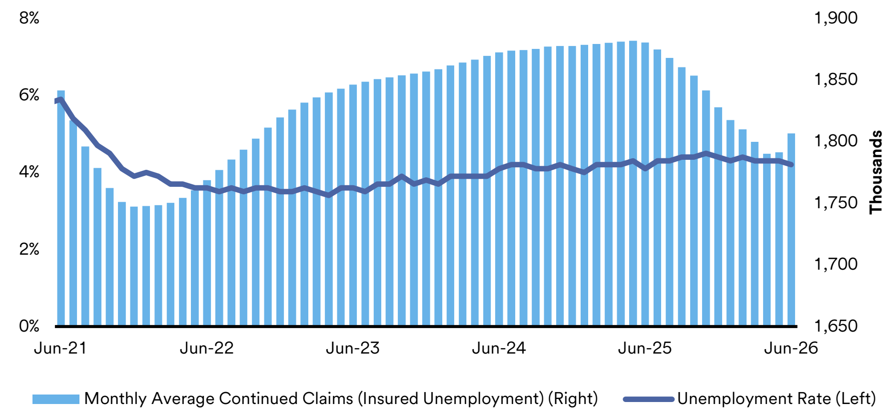
Index Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
DOMESTIC EQUITY							
S&P 500	15.20%	10.21%	22.32%	20.61%	13.41%	16.08%	15.51%
Russell 3000	15.44%	10.88%	22.82%	20.36%	12.31%	15.51%	15.06%
Russell 1000 Growth	16.74%	5.33%	17.71%	22.58%	13.71%	18.80%	18.58%
Russell 1000	15.14%	10.33%	22.02%	20.47%	12.66%	15.79%	15.30%
Russell 1000 Value	13.87%	16.26%	27.12%	17.79%	11.17%	12.10%	11.52%
Russell Midcap Growth	14.55%	7.27%	6.17%	15.61%	6.03%	11.60%	13.04%
Russell Midcap	13.83%	15.30%	21.63%	16.51%	8.50%	11.93%	12.00%
Russell Midcap Value	13.40%	17.58%	26.62%	16.51%	9.48%	11.35%	10.63%
Russell 2000 Growth	25.71%	22.18%	38.74%	18.44%	5.57%	10.82%	11.97%
Russell 2000	21.49%	22.57%	40.78%	18.60%	6.98%	11.34%	11.62%
Russell 2000 Value	17.19%	22.99%	43.01%	18.73%	8.23%	11.36%	10.89%
INTERNATIONAL EQUITY							
MSCI EAFE	10.82%	9.44%	20.23%	16.44%	9.05%	9.90%	9.66%
MSCI AC World	14.93%	11.25%	23.67%	19.70%	10.98%	13.28%	12.78%
MSCI AC World ex USA	14.49%	13.68%	27.66%	18.82%	8.79%	10.16%	9.93%
MSCI AC World ex USA Small Cap	9.62%	9.10%	19.83%	16.42%	6.30%	9.68%	9.10%
MSCI EM (Emerging Markets)	24.05%	23.85%	43.51%	23.03%	7.20%	9.82%	10.07%
LISTED REAL ASSETS							
FTSE NAREIT All Equity REITs	10.73%	14.90%	15.43%	10.06%	3.71%	5.86%	5.88%
FTSE Global Core Infrastructure 50/50	2.33%	10.66%	15.78%	12.24%	7.65%	6.71%	7.47%
Bloomberg Commodity	-8.08%	14.36%	25.46%	11.69%	9.37%	9.46%	5.83%
FIXED INCOME							
Bloomberg U.S. Aggregate	0.67%	0.62%	3.79%	4.16%	0.08%	1.22%	1.54%
Bloomberg U.S. Government/Credit	0.70%	0.49%	3.32%	3.97%	-0.10%	1.25%	1.59%
Bloomberg U.S. Intermediate Government/Credit	0.43%	0.40%	3.14%	4.68%	1.22%	1.89%	1.92%
Bloomberg U.S. Treasury (1-3 Y)	0.37%	0.64%	2.92%	4.38%	1.90%	1.95%	1.75%
ICE BofA U.S. High Yield	2.45%	1.89%	5.74%	8.79%	4.13%	4.92%	5.70%
Bloomberg Global Aggregate	0.87%	-0.21%	0.62%	3.41%	-1.55%	-0.15%	0.38%
CASH EQUIVALENT							
Bloomberg 3 Month T-Bill	0.90%	1.77%	3.89%	4.69%	3.58%	2.80%	2.38%

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

THE ECONOMY

- U.S. real gross domestic product (GDP) grew at a seasonally adjusted annualized rate of 2.1% in the first quarter, up from 0.5% in Q4 2025. While personal consumption growth was 0.5%, its weakest pace since 2022, private domestic investment grew 7.9%. It was largely supported by business investment in information processing equipment and software IP, underscoring the impact of AI-related spending. Government spending was up also 4.4%, recovering from a 5.6% contraction, as activity resumed following the end of the government shutdown.
- U.S. labor-market conditions remained broadly stable in Q2. The three-month average gain in non-farm payrolls rose to 111k jobs, though hiring momentum slowed as the quarter progressed. The moderation appeared industry-specific rather than indicative of broad labor-market weakness. While the unemployment rate ticked down to 4.2%, labor-force participation also fell, suggesting slower labor-force growth, rather than stronger employment gains, was the primary driver of the decline.
- Inflation accelerated in the second quarter, as headline Consumer Price Index inflation (CPI) rose 4.2% year-over-year (YoY) in May, up from 3.3% at the end of the first quarter. Energy prices were the key driver, rising 23.5% YoY, while core CPI rose a more moderate 2.9%. Producer Price Index (PPI) inflation rose 6.5% YoY, the highest rate since late 2022. Core PPI (ex. food, energy and trade services), increased 5.1%, suggesting that inflation pressures broadened across the economy rather than being confined to the energy sector.

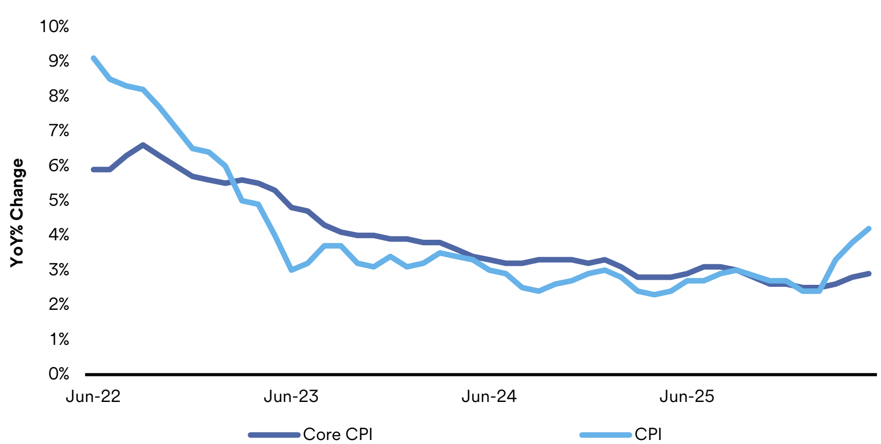
U.S. Unemployment and Monthly Average Continued Claims



Source: Bloomberg.

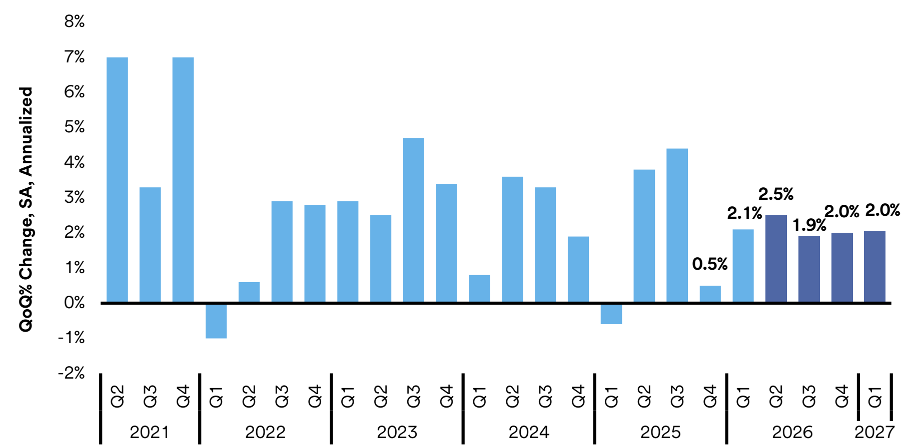
U.S. Inflation Rate

Seasonally Adjusted (SA)



Source: Bureau of Labor Statistics.

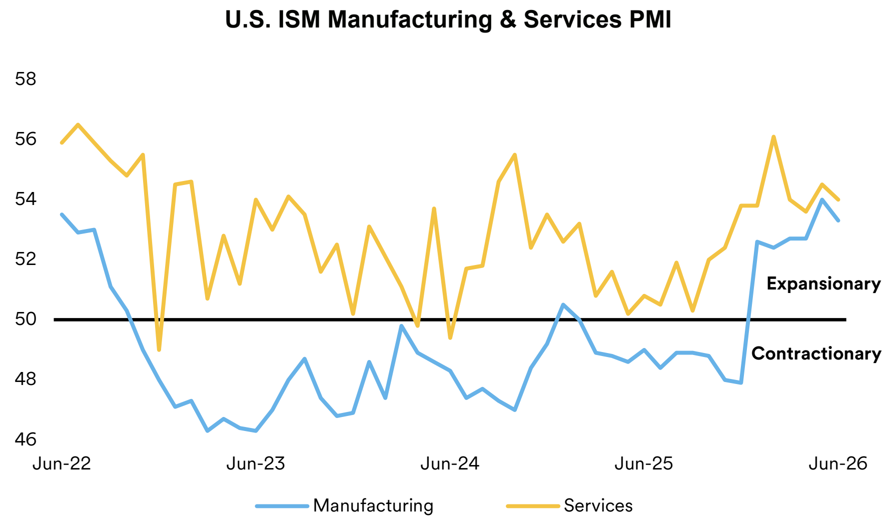
U.S. GDP Growth



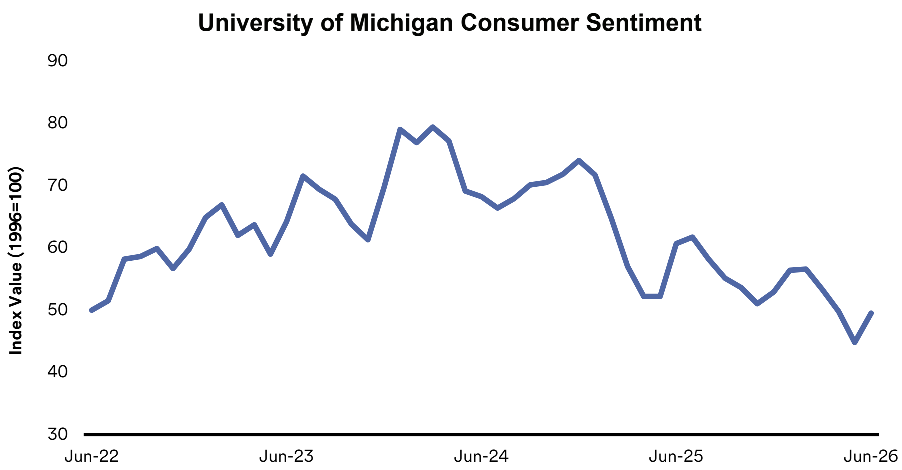
Source: Bloomberg. Light blue bars indicate actual numbers; dark blue bars indicate fore-casted estimates.

WHAT WE'RE WATCHING

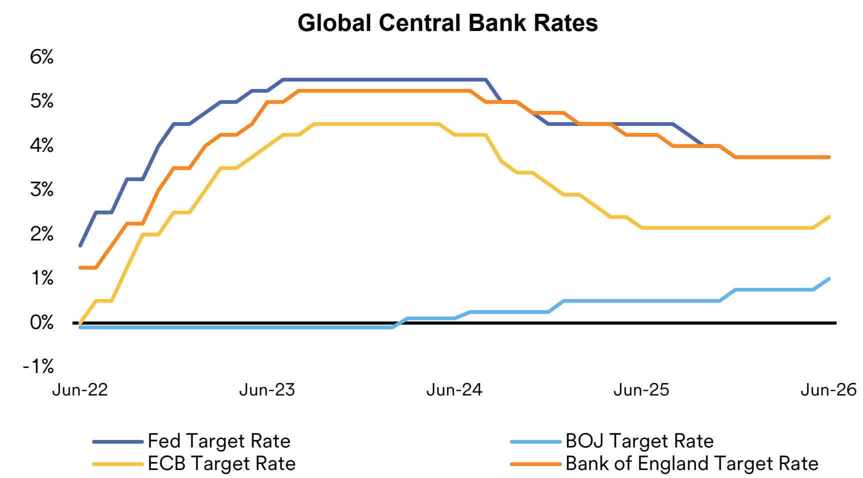
- The Federal Reserve (Fed) held its target rate at 3.75% through Q2. The Federal Open Market Committee meeting delivered a more hawkish message, removing language suggesting an easing bias, while the updated dot plot shifted from implying a 2026 rate cut to a potential rate hike. Outside the U.S., the European Central Bank hiked rates for the first time since 2023, citing energy inflation across the Eurozone. The Bank of Japan also raised interest rates, marking the highest rate in 31 years, citing concerns that energy related price pass-through could push consumer inflation above the 2% target.
- Consumer sentiment recovered from its May low but finished below its March level, with the University of Michigan Survey of Consumers, at 49.5 in June. Manufacturing and services indicators were also in expansionary territory at quarter-end, with the ISM U.S. PMI surveys reporting of 53.3 and 54.0, respectively.
- The conflict with Iran and the disrupted Middle Eastern oil supplies have been major market drags since the effective closure of the Strait of Hormuz. Energy alone drove more than 60% of May's headline inflation, however an interim peace deal brokered in June prompted a sharp pullback in oil prices. The Brent Crude spot price fell to near pre-conflict levels at quarter end. Shipping transit through the Strait has begun also to pick up, though it remains less than half the pre-war average. Any renewed disruption could have an impact on inflation and economic growth.



Source: Bloomberg.



Source: Bloomberg.



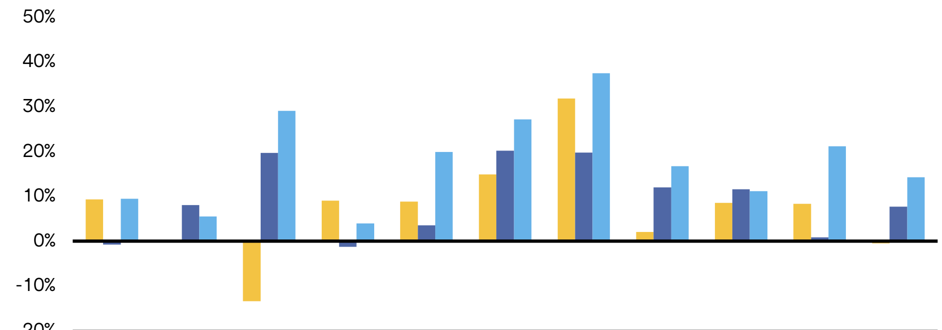
Source: Bloomberg.

DOMESTIC EQUITY

- Domestic equity markets advanced sharply in the second quarter of 2026. The S&P 500 Index returned 15.2% for the quarter and 10.2% year to date, while the Russell 3000 Index returned 15.4% for the quarter and 10.9% year to date.
- Within the S&P 500, nine of the 11 sectors posted positive returns. Information Technology led performance, returning 31.8%. Industrials also posted strong gains, returning 14.9%. The weakest sector was Energy, which declined 13.4%, followed by Utilities with a near-flat return of -0.5%.
- Small-cap stocks outperformed mid-and-large caps during the quarter, with the Russell 2000 Index returning 21.5%, while Russell 1000 Index returned 15.4% and Russell Midcap Index returned 13.8%. Growth stocks outpaced value stocks across all capitalizations, with small caps in particular seeing wider dispersion, as the growth benchmark outperformed the value benchmark by more than 8% for the quarter. This trend reversed in the last month of the quarter, with leadership rotating toward value across all capitalizations, and large cap growth seeing negative returns for the month of June.
- According to FactSet Earnings Insight (as of July 2, 2026), the expected Q2 2026 earnings growth is 23.3% YoY, up from 18.8% at the start of the quarter. If this estimate holds, it would mark the second consecutive quarter of earnings growth above 20% and the seventh straight quarter of double-digit earnings growth. Revenue growth is projected to be 12.2%, the strongest pace since Q2 2022, while S&P 500 net profit margins are expected to remain robust at 14.2%, near record levels. Looking ahead, analysts forecast earnings growth of 24.1% for full-year 2026, supported by continued strength in technology and energy-related earnings.
- At quarter end, the S&P 500's adjusted positive forward price-to-earnings ratio stood at 23.1, roughly in line with its five-year average of 23.1. The Russell 2000 Index, which represents small-cap stocks, posted an adjusted positive forward price-to-earnings ratio was 21.0, above its five-year average of 17.5.

S&P 500 Index Performance by Sector

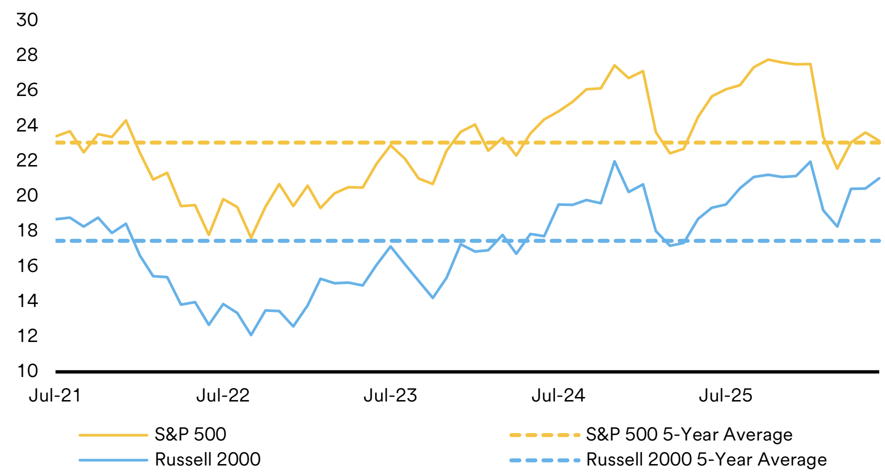
Periods Ended June 30, 2026



	Consumer Disc.	Consumer Staples	Energy	Financials	H'lthcare	Industrials	Info. Tech	Materials	Real Estate	Telecom	Utilities
QTD	9.3%	0.3%	-13.4%	9.0%	8.8%	14.9%	31.8%	2.0%	8.5%	8.3%	-0.5%
YTD	-0.8%	8.0%	19.7%	-1.3%	3.5%	20.2%	19.8%	12.0%	11.5%	0.8%	7.7%
1 Year	9.5%	5.5%	29.0%	3.9%	19.9%	27.1%	37.5%	16.7%	11.1%	21.1%	14.2%

Source: Bloomberg.

P/E Ratios of Major U.S. Stock Indices*



Source: Bloomberg.

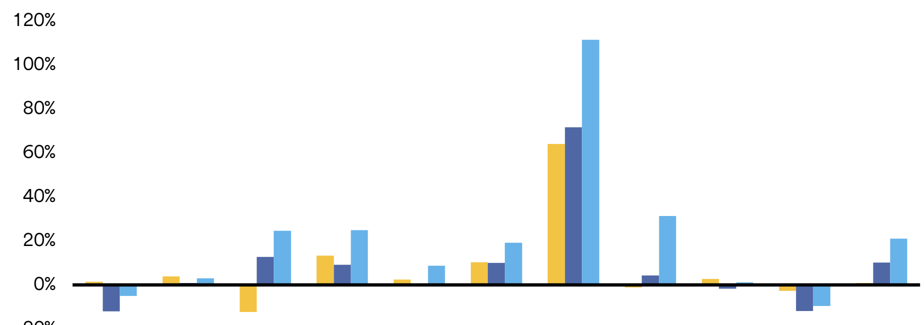
**P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.*

INTERNATIONAL EQUITY

- International equity markets also posted strong gains in the second quarter. The MSCI AC World ex USA Index returned 14.5% for the quarter and 13.7% year to date. Developed ex-U.S. markets, represented by the MSCI EAFE Index, returned 10.8% for the quarter and 9.4% year to date. Emerging markets, represented by the MSCI Emerging Markets Index, returned 24.1% for the quarter and 23.8% year-to-date.
- Among the five largest-weighted countries in the MSCI EAFE Index, the MSCI Japan (+14.2%) and MSCI Switzerland (+12.2%) indices outperformed the broader index, while MSCI France (+8.7%), and MSCI Germany (+8.1%), and MSCI United Kingdom (+4.1%) indices underperformed.
- Within emerging markets (EM), MSCI Korea (+87.6%) and MSCI Taiwan (+48.9%) outperformed the MSCI Emerging Markets index, while MSCI China (-6.6%) and MSCI Brazil (-8.23%) returned negative for the quarter.
- International sector level performance was uneven, with three of the 11 sectors posting negative returns. The leading sector, Information Technology, returned 64.1% for the quarter. Financials returned 13.2% for the quarter, while Energy declined 12.3%, reversing strong gains earlier in the year.
- Value and growth stocks both posted positive returns outside the U.S. The MSCI ACWI ex U.S. Growth Index returned 17.0% for the quarter, while the MSCI ACWI ex U.S. Value Index returned 12.2%. Within emerging markets, growth (MSCI EM Growth) returned 26.0%, ahead of value (MSCI EM Value) at 20.7%.
- International equity valuations finished the quarter above recent averages for developed markets and near longer-term averages for emerging markets. The MSCI EAFE adjusted positive forward P/E ratio stood at 17.1 versus a five-year average of 15.3, while the MSCI Emerging Markets adjusted positive forward P/E ratio was 12.8 versus a five-year average of 12.9.

MSCI ACWI ex-U.S. Sectors

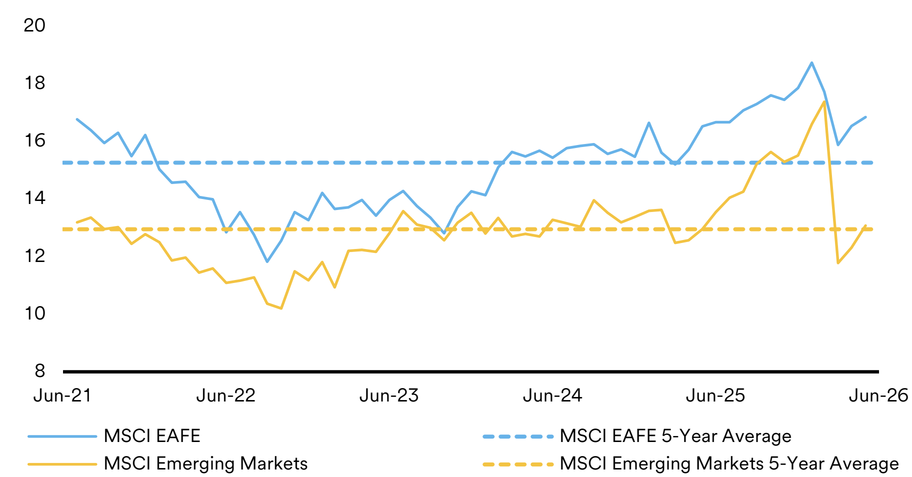
Periods Ended June 30, 2026



	Consumer Disc.	Consumer Staples	Energy	Financials	Healthcare	Industrials	Info Tech	Materials	Real Estate	Telecom	Utilities
QTD	1.4%	3.8%	-12.3%	13.2%	2.4%	10.2%	64.1%	-1.1%	2.7%	-2.8%	0.9%
YTD	-12.1%	0.8%	12.7%	9.1%	-0.8%	10.0%	71.6%	4.2%	-1.8%	-12.0%	10.2%
1 Year	-5.0%	3.0%	24.6%	24.8%	8.6%	19.2%	111.4%	31.2%	1.1%	-9.7%	20.9%

Source: Bloomberg.

P/E Ratios of MSCI Equity Indices*

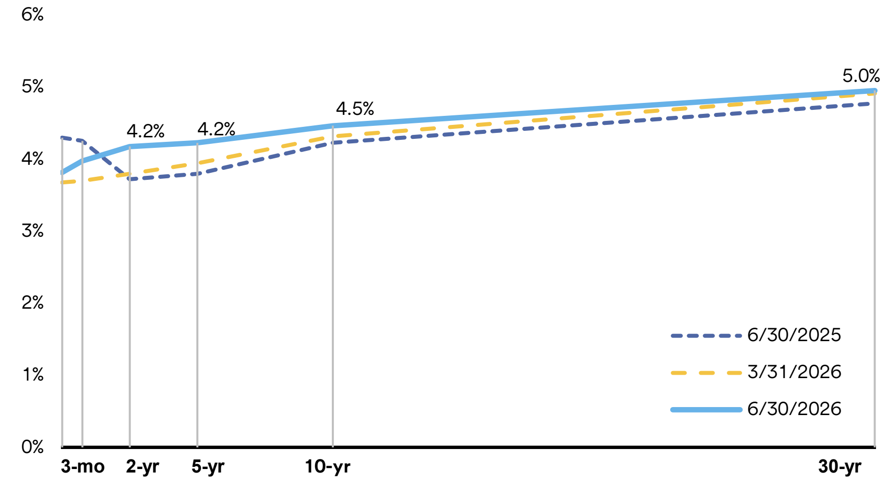


Source: Bloomberg.
**P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.*

FIXED INCOME

- The U.S. bond market, as represented by the Bloomberg U.S. Aggregate Index, returned 0.7% in the second quarter of 2026 and 0.6% year to date. Intermediate government/credit bonds returned 0.4% for the quarter, while short-term Treasury bonds, represented by the Bloomberg U.S. Treasury 1-3 Year Index, returned 0.4%.
- The Bloomberg U.S. Treasury Index returned 0.3% in the second quarter as treasury yields moved modestly upwards. While the Fed held rates steady, treasury yields moved higher as investors reassessed the potential rate path. The 2-year Treasury yield rose from 3.8% at the end of March to 4.2% at quarter end, while the 10-year Treasury yield rose from 4.3% to 4.5%. The 30-year Treasury yield stayed near flat, rising 4 basis points to 5.0%. As of the quarter end, the market has priced in a 50% probability of a rate-hike at the September meeting.
- Credit markets generated positive returns during the quarter. The Bloomberg U.S. Corporate Index returned 1.4%, while the ICE BofA U.S. High Yield Index returned 2.5%. Investment-grade spreads narrowed to 74 basis points (bps) from 89 bps at the end of March, nearing the year-to-date tights of 71 bps set in January. High-yield spreads also narrowed to 270bps from 317bps. Both sit well below their long-term averages.

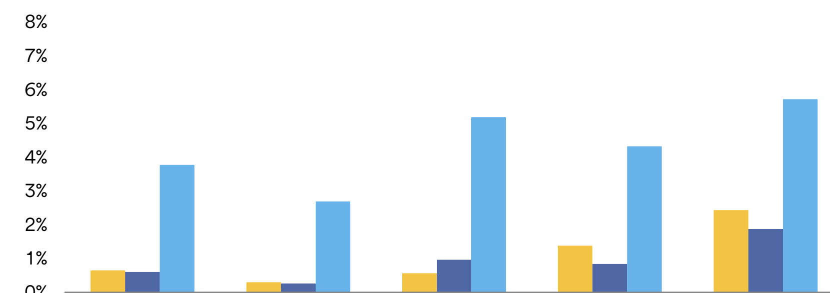
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended June 30, 2026



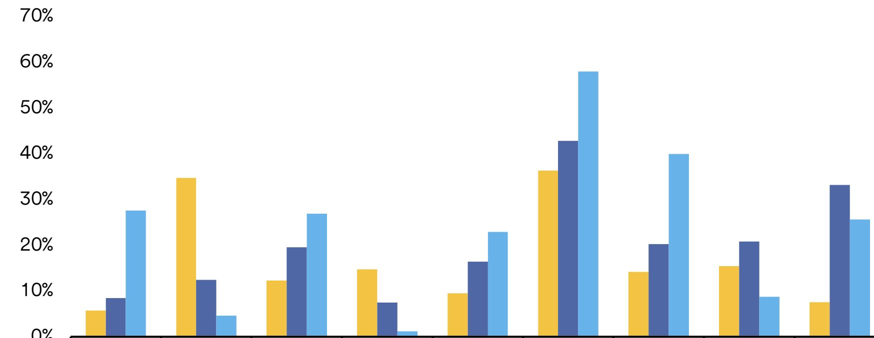
	Blmbg U.S. Aggregate	Blmbg U.S. Treasury	Blmbg U.S. MBS	Blmbg U.S. Corporate	ICE BofA U.S. HY
QTD	0.7%	0.3%	0.6%	1.4%	2.5%
YTD	0.6%	0.3%	1.0%	0.9%	1.9%
1 Year	3.8%	2.7%	5.2%	4.3%	5.7%

Source: Bloomberg.

LISTED REAL ASSETS

- Real estate investment trusts (REITs), as measured by the FTSE NAREIT All Equity REITs Index, returned 10.7% for the quarter and 14.9% year-to-date. Within listed real estate, Office and Lodging/Resorts were the strongest subsectors, returning 34.7% and 36.3%, respectively. The weakest sectors were Data Centers (+7.5%) and Industrial (+5.7%).
- Performance of listed infrastructure lagged broader global equities as represented by the FTSE Global Core Infrastructure 50/50 Index, returning 2.3% in the second quarter and 10.7% year to date. The exposure to U.S. midstream energy was a drag for the quarter as energy prices fell in anticipation of a resolution in Iran, while listed infrastructure benefited from global exposure to utilities and transport.

Listed Real Estate Returns by Sector



	Industrial	Office	Retail	Residential	Diversified	Lodging/ Resorts	Healthcare	Self-Storage	Data Centers
QTD	5.7%	34.7%	12.3%	14.7%	9.5%	36.3%	14.1%	15.4%	7.5%
YTD	8.4%	12.4%	19.5%	7.5%	16.4%	42.8%	20.2%	20.8%	33.2%
1 Year	27.6%	4.6%	26.9%	1.2%	22.9%	57.9%	39.9%	8.7%	25.6%

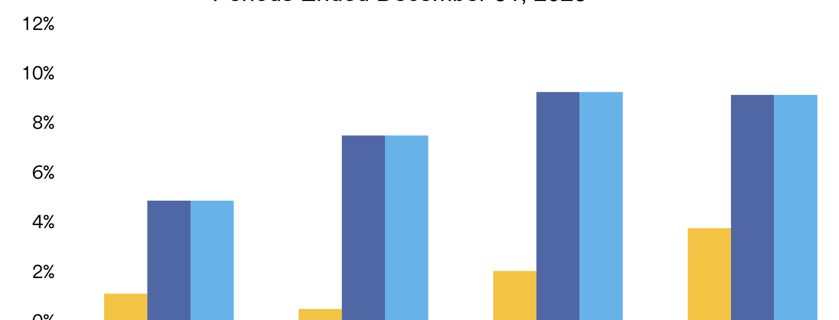
Source: Bloomberg.

ALTERNATIVES

- Within private real assets, private real estate, as measured by the NCREIF Property Index, gained 1.2% in the fourth quarter of 2025. This was primarily driven by income return as capital return (price change less any capital expenditures) was flat for the quarter. Eight of the property sectors produced positive total returns. Senior housing continued to lead with a return of 3.3%, up from 2.9% during the third quarter.
- According to PitchBook, private infrastructure funds posted returns of 0.5% in the fourth quarter of 2025. Within infrastructure, datacenter demand continued to drive fundraising in Q1 2026. Infrastructure and real estate funds investing exclusively in datacenters and telecom infrastructure collectively raised $26 billion in 2025.
- Private debt, as measured by the Cliffwater Direct Lending Index, continued to see steady performance, reporting a 2.1% return for the fourth quarter. Income remained high, delivering a 2.4% return in the fourth quarter. Realized losses remain substantially below their long-term historical average, while unrealized losses increased slightly, signaling a modest pickup in future credit losses.
- According to PitchBook, private equity funds returned 3.8% in the fourth quarter of 2025 and have generated an annualized return of 14.2% for the five years. The slowing of private equity fundraising activity extended into Q1 2026, with the strategy's rolling 12-month fundraising figure falling for an eighth consecutive quarter.

Returns for Private Capital Assets

Periods Ended December 31, 2025*



	Private Real Estate	Private Infrastructure	Private Debt	Private Equity
QTD	1.2%	0.5%	2.1%	3.8%
YTD	4.9%	7.5%	9.3%	9.2%
1 Year	4.9%	7.5%	9.3%	9.2%

Source: NCREIF, PitchBook, Cliffwater.

**The most recent period for which all performance data is available.*

Factors to Consider Over the Next 6-12 Months

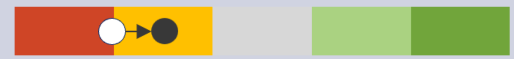
Monetary Policy (Global):

- The Federal Reserve held rates steady at Chair Warsh's first meeting and removed forward guidance while shifting its focus to price stability. The June "dot plot" shifted more hawkish.
- Global central banks diverged, with ECB and BoJ hiking on persistent inflation while others remain on hold.

Economic Growth (Global):

- Global growth prospects improved following easing Middle East tensions, easing a key overhang on global supply chains and energy prices.
- AI-related productivity boost and easing tariff pressures are expected to mitigate downside risks to global growth amid geopolitical uncertainty and signs of softer consumer demand.

Inflation (U.S.):



- Headline inflation remains above target but may be at or near its peak as falling oil prices provide a disinflationary impulse.
- While long-run inflation expectations remain anchored, the Fed remains focused on the passthrough of higher energy prices into core inflation.

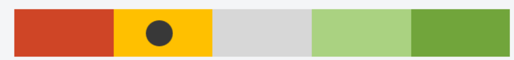
Financial Conditions (U.S.):

- Equity and fixed-income markets largely looked through the Middle East conflict, remaining focused on fundamentals and earnings strength.
- Recent capital raises amidst strong corporate fundamentals along with credit spreads near historical tights reflect steady financial conditions.

Consumer Spending (U.S.):

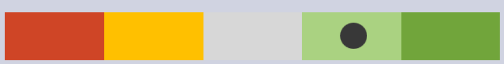
- Consumer spending remained resilient amidst high energy prices, supported by higher-income households while affordability pressures persist for lower-income consumers.
- Real wages have turned modestly negative as inflation outpaces nominal wage gains, eroding purchasing power. Savings rate at multi-year lows.

Labor Markets (U.S.):



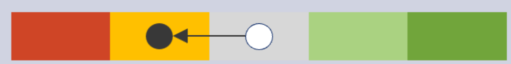
- Recent payroll gains exceeding expectations and the unemployment rate holding steady. Falling labor force participation a concern.
- Hiring breadth remains narrow, concentrated in healthcare and social assistance.
- The "low-hire, low-fire" dynamic persists, with labor demand stable but hiring activity subdued.

Corporate Fundamentals:



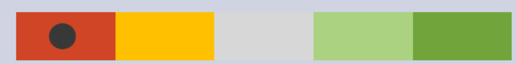
- Earnings growth expectations continued to improve for 2026 and 2027 across global equities with double digit growth expected across U.S. and international equity benchmarks.
- In the U.S., AI related capex spend, M&A, tax changes and rising profit margins are positives.

Valuations:



- Valuations across U.S. equities and credit markets reflect resilient growth, strong earnings growth and profit margins.
- Equity markets recovered strongly in Q1 leading to valuations higher than averages.

Political/Policy Risks:



- Conflict with Iran and the ongoing geopolitical uncertainty remain center stage even as MoU is signed to resolve the U.S.-Iran conflict.
- Tariff-related uncertainty and upcoming mid-term elections in the U.S. also warrant attention.

● **Current outlook** ○ **Outlook one quarter ago**

Stance Unfavorable to Risk Assets | Negative | Slightly Negative | Neutral | Slightly Positive | Positive | **Stance Favorable to Risk Assets**

Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (June 30, 2026) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness, or suitability.

Investment Strategy Overview

Asset Class	Our Q3 2026 Investment Outlook	Comments
U.S. Equities Large-Caps Small-Caps		• The U.S.-Iran conflict has largely been resolved following the signing of an MoU, though some uncertainty remains and could affect energy prices and the inflation outlook, thereby impacting risk assets. • Underlying fundamentals remain supportive of positive equity returns, with corporate earnings expected to grow at a high double-digit pace. • Equity market broadening and strong earnings growth led us to modestly overweight domestic small caps in Q1, prior to the U.S.-Iran conflict. The subsequent recovery in valuations led us to close the overweight position and realign portfolios with strategic targets.
Non-U.S. Equities Developed Markets Emerging Markets		• Several major central banks outside the U.S. have begun raising rates in response to near-term inflation pressures. At the same time, relatively attractive valuations and strong earnings growth provide a cushion against rising inflation expectations. • Emerging markets have been strong performers this year, driven by a rally in semiconductor-related companies, particularly in Korea and Taiwan. Earnings and profit margin estimates for EM equities continue to improve, while valuations remain attractive. However, a concentrated return profile, potential Fed rate hikes, and geopolitical uncertainty lead us to maintain an equal-weight allocation.
Fixed Income Core Bonds Investment Grade Credit High Yield Credit		• The Fed remains on hold, with its June projections signaling a more hawkish stance. Future rate decisions will be dependent on inflation moving closer to 2%, as energy-related pressures ease. Increased uncertainty around the rate path is expected to weigh on risk assets. • Absolute yield levels remain attractive, while credit spreads are near historical lows. Returns are expected to be driven primarily by yield/carry rather than price appreciation. Strong profit margins, continued issuance, ongoing share buybacks, and active M&A activity point to a healthy corporate environment that remains supportive of credit spreads. • We remain neutral across both duration and credit sectors.
Diversifying Assets Listed Real Estate Listed Global Infrastructure		• Listed REITs recovered more strongly than listed infrastructure in Q2 as the economic resilience narrative gained traction. However, the long-duration and rate-sensitive nature of both asset classes leads us to maintain a neutral stance. • In addition to providing diversified sources of return, improving sentiment around AI continues to support data center and utility buildout, creating a favorable tailwind for listed real assets.

Current outlook **Outlook one quarter ago**

Negative	Slightly Negative	Neutral	Slightly Positive	Positive

The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (June 30, 2026) and are subject to change.

Sources

FactSet

Bloomberg

NCREIF

PitchBook

Cliffwater

U.S. Bureau of Economic Analysis (BEA)

University of Michigan

WTO in partnership with AXSMarine

Disclosures

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

The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.

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Plan Performance Summary - PARS/CCCTA 115 - OPEB

Plan Performance Summary - PARS/CCCTA 115 - OPEB

As of June 30, 2026

Asset Allocation & Performance

	Allocation		Performance(%)								
	Market Value ($)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Total Portfolio	**7,024,859**	**100.00**	**4.57**	**4.21**	**9.58**	**8.71**	**3.54**	**5.04**	**5.05**	**5.21**	**07/01/2010**
Blended Benchmark - OPEB			*4.77*	*4.17*	*9.69*	*8.79*	*N/A*	*N/A*	*N/A*	*N/A*	
Domestic Equity	**1,278,247**	**18.20**	**15.80**	**11.26**	**23.23**	**19.64**	**11.24**	**14.09**	**13.74**	**14.25**	**07/01/2010**
Russell 3000 Index			*15.43*	*10.86*	*22.81*	*20.35*	*12.30*	*15.51*	*15.06*	*14.97*	
Fidelity Total Market Index	1,278,247	18.20	15.72	11.11	23.07	20.46	12.26	15.47	15.04	19.48	11/01/2024
Russell 3000 Index			*15.43*	*10.86*	*22.81*	*20.35*	*12.30*	*15.51*	*15.06*	*19.34*	
International Equity	**639,925**	**9.11**	**12.27**	**14.14**	**27.35**	**19.01**	**8.46**	**9.95**	**9.67**	**7.30**	**07/01/2010**
MSCI AC World ex USA (Net)			*14.49*	*13.68*	*27.66*	*18.82*	*8.79*	*10.16*	*9.93*	*7.87*	
iShares Core MSCI Total Intl Stock ETF	639,925	9.11	12.27	14.14	27.35	18.86	8.77	10.35	10.07	26.06	11/01/2024
MSCI AC World ex USA (Net)			*14.49*	*13.68*	*27.66*	*18.82*	*8.79*	*10.16*	*9.93*	*25.62*	
Other Growth	**220,112**	**3.13**	**5.04**	**10.39**	**14.33**	**12.65**	**N/A**	**N/A**	**N/A**	**12.49**	**06/01/2023**
Vanguard Real Estate ETF	108,291	1.54	9.69	11.13	12.48	9.13	2.79	5.29	4.91	10.24	02/01/2024
FTSE NAREIT All Equity REITS			*10.73*	*14.90*	*15.43*	*10.06*	*3.72*	*5.87*	*5.89*	*11.32*	
iShares Global Infrastructure ETF	111,821	1.59	0.92	9.73	15.87	16.16	11.22	8.46	8.30	18.64	06/01/2024
FTSE Global Core Infrastructure 50/50 Index (Net)			*2.33*	*10.66*	*15.78*	*12.24*	*7.65*	*6.71*	*7.47*	*14.20*	
Fixed Income	**4,753,055**	**67.66**	**0.80**	**0.80**	**3.99**	**4.42**	**0.52**	**1.51**	**1.67**	**2.29**	**07/01/2010**
Blmbg. U.S. Aggregate			*0.67*	*0.62*	*3.79*	*4.16*	*0.08*	*1.22*	*1.54*	*2.38*	
iShares Core US Aggregate Bond ETF	4,395,009	62.56	0.67	0.71	3.80	4.16	0.09	1.20	1.52	3.88	02/01/2024
Blmbg. U.S. Aggregate			*0.67*	*0.62*	*3.79*	*4.16*	*0.08*	*1.22*	*1.54*	*3.87*	
SPDR Portfolio High Yield Bond	358,046	5.10	2.46	1.97	6.02	8.85	4.30	5.20	5.08	7.93	03/01/2024
ICE BofA US High Yield Index			*2.45*	*1.89*	*5.74*	*8.79*	*4.13*	*4.92*	*5.70*	*7.84*	
Cash Equivalent	**133,519**	**1.90**	**0.89**	**1.79**	**3.88**	**4.48**	**3.43**	**2.63**	**2.21**	**1.40**	**07/01/2010**
ICE BofA 3 Month U.S. T-Bill			*0.88*	*1.74*	*3.84*	*4.64*	*3.52*	*2.75*	*2.34*	*1.49*	
First American Government Obligation - X	133,519	1.90	0.89	1.79	3.88	4.64	3.54	2.72	2.28	4.46	02/01/2024
ICE BofA 3 Month U.S. T-Bill			*0.88*	*1.74*	*3.84*	*4.64*	*3.52*	*2.75*	*2.34*	*4.45*	

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

Plan Performance Summary - PARS/CCCTA 115 - OPEB

As of June 30, 2026

Calendar Year Comparative Performance

	Performance(%)				
	2025	2024	2023	2022	2021
Total Portfolio	**10.70**	**6.65**	**9.21**	**-13.01**	**5.39**
Blended Benchmark - OPEB	*10.46*	*6.79*	*N/A*	*N/A*	*N/A*
Domestic Equity	**17.05**	**21.66**	**21.49**	**-18.42**	**26.07**
Russell 3000 Index	*17.15*	*23.81*	*25.96*	*-19.21*	*25.66*
Fidelity Total Market Index	17.05	23.88	26.12	-19.51	25.65
Russell 3000 Index	*17.15*	*23.81*	*25.96*	*-19.21*	*25.66*
International Equity	**32.63**	**5.89**	**13.53**	**-15.91**	**7.33**
MSCI AC World ex USA (Net)	*32.39*	*5.53*	*15.62*	*-16.00*	*7.82*
iShares Core MSCI Total Intl Stock ETF	32.63	5.15	15.62	-16.35	8.52
MSCI AC World ex USA (Net)	*32.39*	*5.53*	*15.62*	*-16.00*	*7.82*
Other Growth	**12.95**	**4.68**	**N/A**	**N/A**	**N/A**
Vanguard Real Estate ETF	3.18	4.92	11.75	-26.20	40.38
FTSE NAREIT All Equity REITS	*2.27*	*4.92*	*11.36*	*-24.93*	*41.30*
iShares Global Infrastructure ETF	21.86	14.34	6.16	-0.95	11.21
FTSE Global Core Infrastructure 50/50 Index (Net)	*14.36*	*9.53*	*2.21*	*-4.87*	*14.88*
Fixed Income	**7.38**	**2.00**	**5.22**	**-11.50**	**-1.38**
Blmbg. U.S. Aggregate	*7.30*	*1.25*	*5.53*	*-13.01*	*-1.55*
iShares Core US Aggregate Bond ETF	7.19	1.37	5.59	-13.06	-1.67
Blmbg. U.S. Aggregate	*7.30*	*1.25*	*5.53*	*-13.01*	*-1.55*
SPDR Portfolio High Yield Bond	8.52	8.27	13.56	-10.76	5.84
ICE BofA US High Yield Index	*8.50*	*8.20*	*13.46*	*-11.22*	*5.36*
Cash Equivalent	**4.23**	**4.73**	**4.98**	**1.49**	**0.02**
ICE BofA 3 Month U.S. T-Bill	*4.18*	*5.25*	*5.02*	*1.46*	*0.05*
First American Government Obligation - X	4.23	5.19	5.02	1.52	0.03
ICE BofA 3 Month U.S. T-Bill	*4.18*	*5.25*	*5.02*	*1.46*	*0.05*

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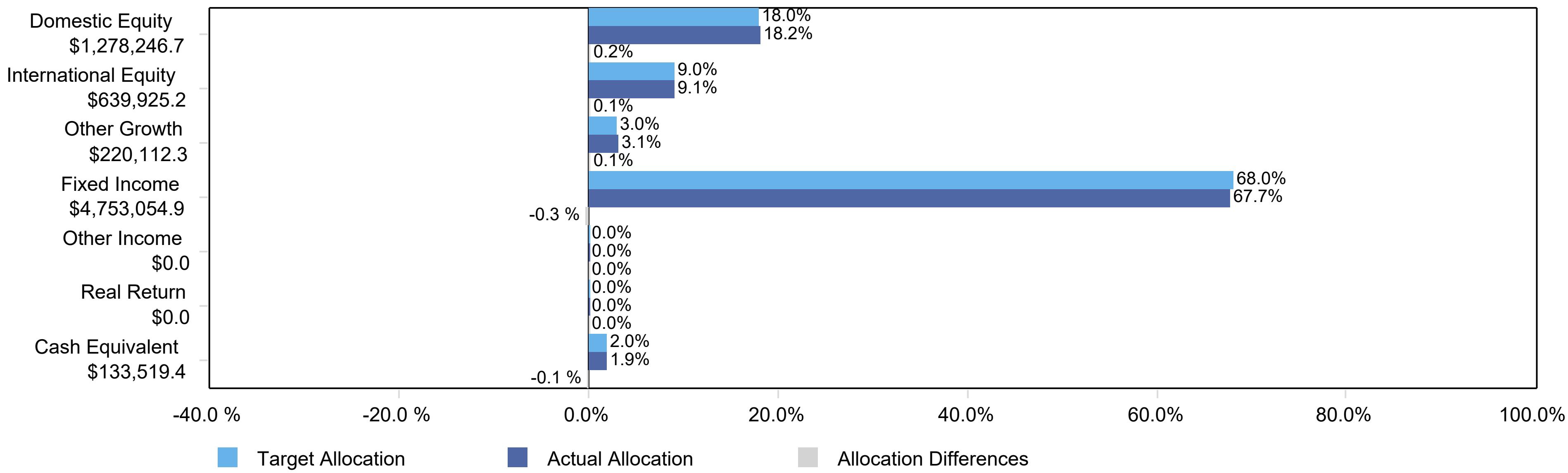
Plan Performance Summary - PARS/CCCTA 115 - OPEB

As of June 30, 2026

Asset Allocation Compliance - Total Portfolio

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
Total Portfolio	**100.0**	**100.0**	**N/A**	**N/A**	**0.0**
Domestic Equity	18.2	18.0	5.0	39.0	0.2
International Equity	9.1	9.0	1.0	15.0	0.1
Other Growth	3.1	3.0	0.0	12.0	0.1
Fixed Income	67.7	68.0	40.0	80.0	-0.3
Other Income	0.0	0.0	0.0	10.0	0.0
Real Return	0.0	0.0	0.0	10.0	0.0
Cash Equivalent	1.9	2.0	0.0	20.0	-0.1



Plan Performance Summary - PARS/CCCTA 115 - OPEB

As of June 30, 2026

Account Reconciliation

QTR	Market Value As of 04/01/2026	Net Flows	Return On Investment	Market Value As of 06/30/2026
Total Portfolio	6,602,157	120,589	302,112	7,024,859

YTD	Market Value As of 01/01/2026	Net Flows	Return On Investment	Market Value As of 06/30/2026
Total Portfolio	6,634,378	111,320	279,161	7,024,859

Plan Performance Summary - PARS/CCCTA 115 - OPEB

As of June 30, 2026

Historical Hybrid Composition - Blended Benchmark - OPEB

Allocation Mandate	Weight (%)
Apr-2025	
Russell 3000 Index	18.0
MSCI AC World ex USA (Net)	9.0
50% MSCI US REIT / 50% MSCI World Core Infrastructure (net)	3.0
92.5% Bloomberg US Aggregate / 7.5% ICE BofA High Yield	68.0
90 Day U.S. Treasury Bill	2.0
Jun-2023	
PARS Moderately Conservative	100.0

Plan Performance Summary - PARS/CCCTA 115 - Pension

Plan Performance Summary - PARS/CCCTA 115 - Pension

As of June 30, 2026

Asset Allocation & Performance

	Allocation		Performance(%)								
	Market Value ($)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Total Portfolio	**2,082,642**	**100.00**	**4.67**	**4.28**	**9.77**	**N/A**	**N/A**	**N/A**	**N/A**	**9.32**	**08/01/2023**
Blended Benchmark - Pension			*4.77*	*4.17*	*9.69*	*8.79*	*N/A*	*N/A*	*N/A*	*8.59*	
Domestic Equity	**386,220**	**18.54**	**15.80**	**11.25**	**23.22**	**N/A**	**N/A**	**N/A**	**N/A**	**19.15**	**08/01/2023**
Russell 3000 Index			*15.43*	*10.86*	*22.81*	*20.35*	*12.30*	*15.51*	*15.06*	*19.54*	
Fidelity Total Market Index	386,220	18.54	15.72	11.11	23.07	20.46	12.26	15.47	15.04	19.48	11/01/2024
Russell 3000 Index			*15.43*	*10.86*	*22.81*	*20.35*	*12.30*	*15.51*	*15.06*	*19.34*	
International Equity	**193,266**	**9.28**	**12.27**	**14.14**	**27.35**	**N/A**	**N/A**	**N/A**	**N/A**	**18.65**	**08/01/2023**
MSCI AC World ex USA (Net)			*14.49*	*13.68*	*27.66*	*18.82*	*8.79*	*10.16*	*9.93*	*17.79*	
iShares Core MSCI Total Intl Stock ETF	193,266	9.28	12.27	14.14	27.35	18.86	8.77	10.35	10.07	26.06	11/01/2024
MSCI AC World ex USA (Net)			*14.49*	*13.68*	*27.66*	*18.82*	*8.79*	*10.16*	*9.93*	*25.62*	
Other Growth	**61,530**	**2.95**	**5.11**	**10.40**	**14.12**	**N/A**	**N/A**	**N/A**	**N/A**	**12.12**	**08/01/2023**
Vanguard Real Estate ETF	30,761	1.48	9.69	11.13	12.48	9.13	2.79	5.29	4.91	10.24	02/01/2024
FTSE NAREIT All Equity REITS			*10.73*	*14.90*	*15.43*	*10.06*	*3.72*	*5.87*	*5.89*	*11.32*	
iShares Global Infrastructure ETF	30,769	1.48	0.92	9.73	15.87	16.16	11.22	8.46	8.30	18.64	06/01/2024
FTSE Global Core Infrastructure 50/50 Index (Net)			*2.33*	*10.66*	*15.78*	*12.24*	*7.65*	*6.71*	*7.47*	*14.20*	
Fixed Income	**1,391,510**	**66.81**	**0.80**	**0.80**	**3.99**	**N/A**	**N/A**	**N/A**	**N/A**	**4.84**	**08/01/2023**
Blmbg. U.S. Aggregate			*0.67*	*0.62*	*3.79*	*4.16*	*0.08*	*1.22*	*1.54*	*4.30*	
iShares Core US Aggregate Bond ETF	1,294,164	62.14	0.67	0.71	3.80	4.16	0.09	1.20	1.52	3.88	02/01/2024
Blmbg. U.S. Aggregate			*0.67*	*0.62*	*3.79*	*4.16*	*0.08*	*1.22*	*1.54*	*3.87*	
SPDR Portfolio High Yield Bond	97,346	4.67	2.46	1.97	6.02	8.85	4.30	5.20	5.08	7.93	03/01/2024
ICE BofA US High Yield Index			*2.45*	*1.89*	*5.74*	*8.79*	*4.13*	*4.92*	*5.70*	*7.84*	
Cash Equivalent	**50,116**	**2.41**	**0.89**	**1.79**	**3.88**	**N/A**	**N/A**	**N/A**	**N/A**	**4.45**	**08/01/2023**
ICE BofA 3 Month U.S. T-Bill			*0.88*	*1.74*	*3.84*	*4.64*	*3.52*	*2.75*	*2.34*	*4.63*	
First American Government Obligation - X	50,116	2.41	0.89	1.79	3.88	4.64	3.54	2.72	2.28	4.46	02/01/2024
ICE BofA 3 Month U.S. T-Bill			*0.88*	*1.74*	*3.84*	*4.64*	*3.52*	*2.75*	*2.34*	*4.45*	

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Plan Performance Summary - PARS/CCCTA 115 - Pension

As of June 30, 2026

Calendar Year Comparative Performance

	Performance(%)				
	2025	2024	2023	2022	2021
Total Portfolio	**10.86**	**6.68**	**N/A**	**N/A**	**N/A**
Blended Benchmark - Pension	*10.46*	*6.79*	*N/A*	*N/A*	*N/A*
Domestic Equity	**17.05**	**21.63**	**N/A**	**N/A**	**N/A**
Russell 3000 Index	*17.15*	*23.81*	*25.96*	*-19.21*	*25.66*
Fidelity Total Market Index	17.05	23.88	26.12	-19.51	25.65
Russell 3000 Index	*17.15*	*23.81*	*25.96*	*-19.21*	*25.66*
International Equity	**32.63**	**5.92**	**N/A**	**N/A**	**N/A**
MSCI AC World ex USA (Net)	*32.39*	*5.53*	*15.62*	*-16.00*	*7.82*
iShares Core MSCI Total Intl Stock ETF	32.63	5.15	15.62	-16.35	8.52
MSCI AC World ex USA (Net)	*32.39*	*5.53*	*15.62*	*-16.00*	*7.82*
Other Growth	**12.72**	**4.49**	**N/A**	**N/A**	**N/A**
Vanguard Real Estate ETF	3.18	4.92	11.75	-26.20	40.38
FTSE NAREIT All Equity REITS	*2.27*	*4.92*	*11.36*	*-24.93*	*41.30*
iShares Global Infrastructure ETF	21.86	14.34	6.16	-0.95	11.21
FTSE Global Core Infrastructure 50/50 Index (Net)	*14.36*	*9.53*	*2.21*	*-4.87*	*14.88*
Fixed Income	**7.38**	**2.00**	**N/A**	**N/A**	**N/A**
Blmbg. U.S. Aggregate	*7.30*	*1.25*	*5.53*	*-13.01*	*-1.55*
iShares Core US Aggregate Bond ETF	7.19	1.37	5.59	-13.06	-1.67
Blmbg. U.S. Aggregate	*7.30*	*1.25*	*5.53*	*-13.01*	*-1.55*
SPDR Portfolio High Yield Bond	8.52	8.27	13.56	-10.76	5.84
ICE BofA US High Yield Index	*8.50*	*8.20*	*13.46*	*-11.22*	*5.36*
Cash Equivalent	**4.23**	**4.73**	**N/A**	**N/A**	**N/A**
ICE BofA 3 Month U.S. T-Bill	*4.18*	*5.25*	*5.02*	*1.46*	*0.05*
First American Government Obligation - X	4.23	5.19	5.02	1.52	0.03
ICE BofA 3 Month U.S. T-Bill	*4.18*	*5.25*	*5.02*	*1.46*	*0.05*

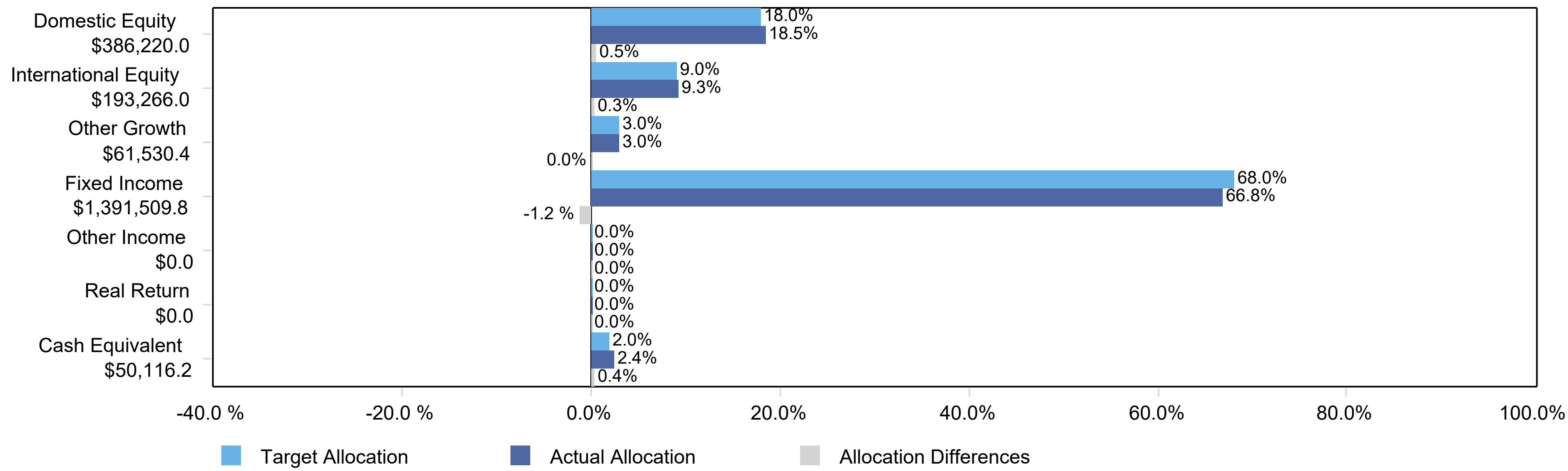
Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were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

Plan Performance Summary - PARS/CCCTA 115 - Pension

As of June 30, 2026

Asset Allocation Compliance - Total Portfolio

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
Total Portfolio	**100.0**	**100.0**	**N/A**	**N/A**	**0.0**
Domestic Equity	18.5	18.0	5.0	39.0	0.5
International Equity	9.3	9.0	1.0	15.0	0.3
Other Growth	3.0	3.0	0.0	12.0	0.0
Fixed Income	66.8	68.0	40.0	80.0	-1.2
Other Income	0.0	0.0	0.0	10.0	0.0
Real Return	0.0	0.0	0.0	10.0	0.0
Cash Equivalent	2.4	2.0	0.0	20.0	0.4



Plan Performance Summary - PARS/CCCTA 115 - Pension

As of June 30, 2026

Account Reconciliation

QTR	Market Value As of 04/01/2026	Net Flows	Return On Investment	Market Value As of 06/30/2026
Total Portfolio	1,992,394	(2,816)	93,065	2,082,642

YTD	Market Value As of 01/01/2026	Net Flows	Return On Investment	Market Value As of 06/30/2026
Total Portfolio	2,002,717	(5,607)	85,533	2,082,642

Plan Performance Summary - PARS/CCCTA 115 - Pension

As of June 30, 2026

Historical Hybrid Composition - Blended Benchmark - Pensi

Allocation Mandate	Weight (%)
Apr-2025	
Russell 3000 Index	18.0
MSCI AC World ex USA (Net)	9.0
50% MSCI US REIT / 50% MSCI World Core Infrastructure (net)	3.0
92.5% Bloomberg US Aggregate / 7.5% ICE BofA High Yield	68.0
90 Day U.S. Treasury Bill	2.0
Jul-2023	
PARS Moderately Conservative	100.0

IMPORTANT DISCLOSURES

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

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