

AGENDA
IRVINE RANCH WATER DISTRICT
PENSION / OPEB 115 TRUSTS BOARD MEETING
MONDAY, NOVEMBER 2, 2026

This meeting will be held in-person at the District's headquarters located at 15600 Sand Canyon Avenue, Irvine, California. The meeting will also be broadcasted via Webex for those wanting to observe the meeting virtually.

To observe this meeting virtually, please join online using the link and information below:

Via Web: <https://irwd.webex.com/irwd/j.php?MTID=mb855ce893c230137a29ef37e2ea990b8>

Meeting number (access code): 2488 609 8518

Meeting password: bRBBRdhj984

As courtesy to the other participants, please mute your phone when you are not speaking.

PLEASE NOTE: Participants joining the meeting will be placed into the Webex lobby when the Committee enters closed session. Participants who remain in the "lobby" will automatically be returned to the open session of the Committee once the closed session has concluded. Participants who join the meeting while the Committee is in closed session will receive a notice that the meeting has been locked. They will be able to join the meeting once the closed session has concluded.

CALL TO ORDER 1:30 p.m.

<u>ATTENDANCE</u>	Board Member: Dan Ferons	_____
	Board Member: Doug Reinhart	_____
	Board Member: Paul Cook	_____

<u>ALSO PRESENT</u>	Christopher Smithson	_____	Eileen Lin	_____
	Jennifer Davis	_____	Dan Quirk, SageView	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

PUBLIC COMMENT NOTICE

If you wish to address the Committee orally on any item, you may attend the meeting in person and submit a "speaker slip" to the Committee Chair. Forms are provided at the front of the Committee Room. Public comments are limited to three minutes per speaker on each subject. If you wish to submit written comments to the Committee, please submit your public comment in advance of the meeting by emailing comments@irwd.com before 8:30 a.m. on Monday, November 2, 2026, and your remarks will be added to the record at the meeting.

COMMUNICATIONS

1. Meeting Minutes: Cook
2. Public Comments
3. Determine the need to discuss and/or take action on item(s) introduced, which came to the attention of the District subsequent to the agenda being posted.
4. Determine which items may be approved without discussion.

INFORMATION

- | | |
|---|--|
| <p>5. <u>MINUTES OF THE MEETING OF THE IRVINE RANCH WATER DISTRICT 115 TRUSTS BOARD FOR PENSION TRUST AND OPEB TRUST – DAVIS / SMITHSON</u></p> <p>Recommendation: That the minutes of the August 4, 2026 Board Meetings of the Irvine Ranch Water District 115 Trusts Board for Pension Trust and OPEB Trust be approved as presented.</p> | |
|---|--|

ACTION

PENSION 115 TRUST

- | | |
|---|--|
| <p>6. <u>IRVINE RANCH WATER DISTRICT PENSION 115 TRUST INVESTMENT REVIEW AS OF SEPTEMBER 30, 2026 – DAVIS / SMITHSON</u></p> <p>Recommendation: Staff to implement changes to the investment portfolio, if any.</p> | |
|---|--|

OPEB 115 TRUST

- | | |
|--|--|
| <p>7. <u>IRVINE RANCH WATER DISTRICT OPEB 115 TRUST INVESTMENT REVIEW AS OF SEPTEMBER 30, 2026 – DAVIS / SMITHSON</u></p> <p>Recommendation: Staff to implement changes to the investment portfolio, if any.</p> | |
|--|--|

OTHER BUSINESS

8. Directors' Comments
9. Adjourn

Availability of agenda materials: Agenda exhibits and other writings that are disclosable public records distributed to all or a majority of the members of the above-named Retirement Board in connection with a matter subject to discussion or consideration at an open meeting of the Retirement Board are available for public inspection in the District's office, 15600 Sand Canyon Avenue, Irvine, California ("District Office"). If such writings are distributed to members of the Retirement Board less than 72 hours prior to the meeting, they will be available from the District Secretary of the District Office at the same time as they are distributed to the Retirement Board, except that if such writings are distributed one hour prior to, or during, the meeting, they will be available electronically via the Webex meeting noted. Upon request, the District will provide for written agenda materials in appropriate alternative formats, and reasonable disability-related modification or accommodation to enable individuals with disabilities to participate in and provide comments at public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, or alternative format requested at least two days before the meeting. Requests should be emailed to comments@irwd.com. Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

November 2, 2026
Prepared by: J. Davis
Submitted by: C. Smithson
Approved by: Paul A. Cook 

115 TRUSTS BOARD

MINUTES OF THE MEETING OF THE IRVINE RANCH WATER DISTRICT 115 TRUSTS BOARD FOR PENSION TRUST AND OPEB TRUST

SUMMARY:

Provided as Exhibit “A” and Exhibit “B” are the minutes of the August 4, 2026 meetings of the Irvine Ranch Water District 115 Trusts Board for Pension Trust and OPEB Trust for approval.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

THAT THE MINUTES OF THE AUGUST 4, 2026 BOARD MEETINGS OF THE IRVINE RANCH WATER DISTRICT 115 TRUSTS BOARD FOR PENSION TRUST AND OPEB TRUST BE APPROVED AS PRESENTED.

LIST OF EXHIBITS:

- Exhibit “A” – August 4, 2026 Minutes of the Irvine Ranch Water District 115 Trusts Board for Pension Trust
- Exhibit “B” – August 4, 2026 Minutes of the Irvine Ranch Water District 115 Trusts Board for OPEB Trust

Note: This page is intentionally left blank.

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
OF THE IRVINE RANCH WATER DISTRICT 115 TRUSTS FOR PENSION TRUST

August 4, 2026

The meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) 115 Trust was called to order by Chair Ferons at 3:30pm on August 4, 2026.

Directors Present: Doug Reinhart, Dan Ferons, and Paul Cook

Also Present: Assistant Treasurers, Eileen Lin and Jennifer Davis, Executive Director of Finance and Administrative Services Neveen Adly, and Dan Quirk of SageView Advisory Group.

COMMUNICATION: None.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

ACTION CALENDAR

MINUTES OF BOARD MEETING

Jennifer Davis presented the minutes from the May 12, 2026 meeting.

On MOTION by Reinhart, seconded and affirmed by Ferons and Cook, the minutes of the May 12, 2026 meeting were approved as presented.

Trust Investment Review

- A capital markets and legislative update was provided by SageView.
- All trust investment options were reviewed as of 06/30/2026. All options are currently performing in line with benchmarks or above 50th percentile peer group rankings.
- The Portfolio return and expense ratio, style analysis, and asset allocation by fund were reviewed. Of note was the following:
 - As of June 30, 2026, the IRWD Post-Retirement Benefits Trust market value was \$163,363,093 up from \$148,982,442 at March 31, 2026.
 - For the quarter, the net total return was 9.65%, compared to the custom peer-group fund benchmark return of 9.75%.
 - For the trailing twelve months, the total return was 14.40%, beating the custom peer-group fund benchmark return of 12.31%.
 - The portfolio is primarily allocated to index funds, leading to a low overall expense ratio of 0.09%.
 - The two actively scored funds by SageView score in the upper half of peer group rankings, while all index funds receive a pass rating.

- No changes were made to the target portfolio allocation, which remain as shown below:

		06/30/2026
FDRXX	Fidelity Government Cash Reserves	0%
BCOIX	Baird Core Plus Institutional	20%
VWEAX	Vanguard High Yield Corporate Bond	15%
	Fixed Income	35%
FXAIX	Fidelity 500 Index	40%
VHYAX	Vanguard High Dividend Yield Index Adm	12%
VEXAX	Vanguard Extended Market Index	9%
VTMNX	Vanguard Developed Markets Index	4%
	Equity	65%
	Total	100%

ADJOURNMENT

There being no further business, Chair Ferons adjourned the meeting. APPROVED and SIGNED this 2nd day of November 2026.

Board Member, IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

Secretary, IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
OF THE IRVINE RANCH WATER DISTRICT 115 TRUSTS FOR OPEB TRUST

August 4, 2026

The meeting of the Board of Directors of the Irvine Ranch Water District (IRWD) 115 Trusts was called to order by Chair Ferons at 3:30pm on August 4, 2026.

Directors Present: Doug Reinhart, Dan Ferons and Paul Cook

Also Present: Assistant Treasurers Eileen Lin and Jennifer Davis, and Executive Director of Finance and Administrative Services Neveen Adly, and Dan Quirk of SageView Advisory Group.

COMMUNICATION: None.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED: None.

ACTION CALENDAR

MINUTES OF BOARD MEETING

Jennifer Davis presented the minutes from the May 12, 2026 meeting.

On MOTION by Reinhart, seconded and affirmed by Ferons and Cook, the minutes of the May 12, 2026 meeting were approved as presented.

Trust Investment Review

- A capital markets and legislative update was provided by SageView.
- All trust investment options were reviewed as of 06/30/2026. All options are currently performing in line with benchmarks or above 50th percentile peer group rankings.
- The Portfolio return and expense ratio, style analysis, and asset allocation by fund were reviewed. Of note was the following:
 - As of June 30, 2026, the IRWD Post-Retirement Benefits OPEB Trust market value was \$15,278,630, up from \$13,938,195 on March 31, 2026.
 - For the quarter, the net total return was 9.61%, compared to the custom peer-group fund benchmark return of 9.71%.
 - For the trailing twelve months, the total return was 16.76%, beating the custom peer-group fund benchmark return of 16.72%.
 - The portfolio is primarily allocated to index funds, leading to a low overall expense ratio of 0.09%.
 - The two actively scored funds by SageView score in the upper half of peer group rankings, while all index funds receive a pass rating.

- No changes were made to the target portfolio allocation, which remain as shown below:

		06/30/2026
FDRXX	Fidelity Government Cash Reserves	0%
BCOIX	Baird Core Plus Institutional	20%
VWEAX	Vanguard High Yield Corporate Bond	15%
	<hr/> Fixed Income	<hr/> 35%
FXAIX	Fidelity 500 Index	40%
VHYAX	Vanguard High Dividend Yield Index Adm	12%
VEXAX	Vanguard Extended Market Index	9%
VTMNX	Vanguard Developed Markets Index	4%
	<hr/> Equity	<hr/> 65%
	Total	100%

ADJOURNMENT

There being no further business, Chair Ferons adjourned the meeting.

APPROVED and SIGNED this 2nd day of November 2026.

Board Member, IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

Secretary, IRVINE RANCH WATER DISTRICT
115 TRUSTS BOARD

November 2, 2026
Prepared by: J. Davis
Submitted by: C. Smithson
Approved by: Paul A. Cook



115 TRUSTS BOARD

IRVINE RANCH WATER DISTRICT PENSION 115 TRUST INVESTMENT REVIEW AS OF SEPTEMBER 30, 2026

SUMMARY:

Staff and a representative from IRWD's pension investment advisor, SageView Investment Advisors, will present the Portfolio Investment Review for the quarter ended September 30, 2026, and provide an update on current market conditions and any recommended portfolio changes.

BACKGROUND:

Quarterly Investment Review:

As of September 30, 2026, the IRWD Pension 115 Trust market value was \$152,451,667, which was a net decrease of \$10,911,427, from the prior quarter end. The change was due to a transfer out of \$9,757,983 for payment to CALPERS, a decrease in market value of \$1,522,831, and dividends distributions in the amount of \$389,639. Trust expenses for the quarter included \$20,144 paid to SageView Advisory Group and \$108 for reporting and transaction fees paid to Fidelity. Assets in the Trust are sufficient to meet the District's current CalPERS unfunded liability. A summary of the Pension 115 Trust Assets as of September 30, 2026 is provided as Exhibit "A".

For the quarter ended September 30, 2026, the portfolio return was -1.04% compared to the index-based custom benchmark return of -1.05%. For the one-year period ended September 30, 2026, the return was 7.36%, compared to the index-based custom benchmark return of 7.34%. The Portfolio Investment Review as of September 30, 2026 is provided as Exhibit "B".

A representative from SageView will present the Portfolio Investment Review for the quarter ended September 30, 2026, update the Board on current market conditions, and provide any recommended portfolio changes for the Board's consideration.

FISCAL IMPACTS:

Fiscal impacts are as described above.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

STAFF TO IMPLEMENT CHANGES TO THE INVESTMENT PORTFOLIO, IF ANY.

LIST OF EXHIBITS:

Exhibit "A" – Summary of Pension 115 Trust Assets as of September 30, 2026

Exhibit "B" – The Portfolio Investment Review as of September 30, 2026

Exhibit "A"

Irvine Ranch Water District Summary of Pension 115 Trust Assets September 30, 2026

Investment	Quarterly Return	Month End June 30, 2026	Bought and Sold During the Quarter	Balances after Purchases and Sales	Month End September 30, 2026	Incr/(Decr) During Quarter	Percent of Portfolio
EQUITIES							
Fidelity 500 Index Fund	2.30%	\$66,410,438	(\$5,200,000)	\$61,210,438	\$62,630,178	\$1,419,739	41.1%
Vanguard Extended Mkt (small/mid) Index Fund	-5.74%	16,049,585	(1,700,000)	14,349,585	13,478,824	(\$870,761)	8.8%
Vanguard Developed Market Index	-0.67%	7,183,399	(800,000)	6,383,399	6,321,166	(\$62,233)	4.1%
Vanguard High Dividend Yield Index Admiral	-1.31%	20,656,970	(2,060,000)	18,596,970	18,388,112	(\$208,857)	12.1%
FIXED INCOME							
Baird Core Plus Bond Fund	3.26%	30,123,401	0	30,123,401	29,141,723	(\$981,677)	19.1%
Vanguard High-Yield Corporate Fund	-1.88%	22,921,091	0	22,921,091	22,485,769	(\$435,323)	14.7%
CASH-SHORT TERM							
Cash Reserves		18,210	0	18,210	5,895	(12,315)	0.0%
Closing Balance		\$163,363,093	(\$9,760,000)	\$153,603,093	\$152,451,667	(\$1,151,427)	100.0%

Note: This page is intentionally left blank.



Plan Investment Review

Irvine Ranch Water District Post-Employment Benefits Trust

For period ending September 30, 2026

SEE
WHERE
YOU'RE
GOING

Jonathan Upham, , SageView Advisory Group
1920 Main St., Suite 800, Irvine, CA 92614 | T (800) 814-8742



Table of Contents



Section - I	Market Overview.....	3
	Market Update	
Section - II	Investment Summary.....	7
	Asset Allocation by Fund	
	Portfolio Composition	
	Fund Performance Summary	
	Investment Discussion Summary - Current Investments	
	Historical IPS Ranking	
	Fund Score Summary	
	IPS Performance Analysis	
Section - III	Portfolio Summary.....	16
	Portfolio Return vs. Custom Benchmark	
	Management Style Analysis	
	Style Map	
Section - IV	Appendix.....	21



Section I

Market Overview

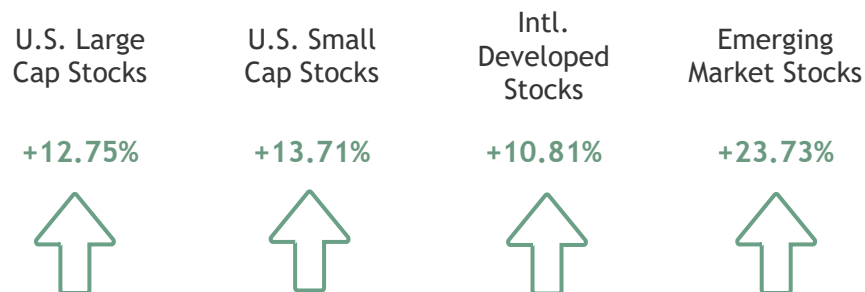
The views are those of SageView Advisory Group and should not be construed as investment advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. All economic and performance information is historical and not indicative of future results. The market indices discussed are unmanaged. Investors cannot directly invest in unmanaged indices. Additional risks are associated with international investing, such as currency fluctuations, political and economic stability, and differences in accounting standards. Please consult your financial advisor for more information.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made.

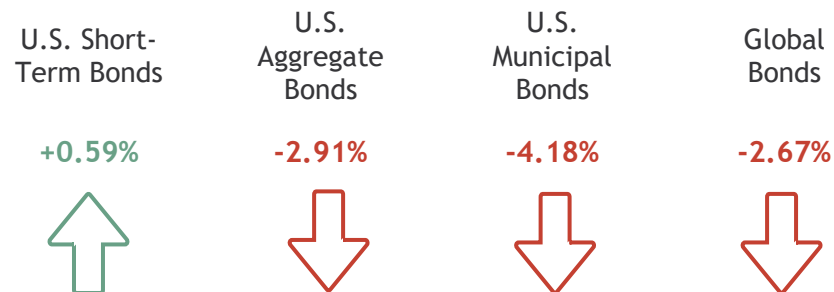
Q3 2026 Market Summary

YEAR-TO-DATE 2026 RETURNS (AS OF 9/30/2026)

STOCKS

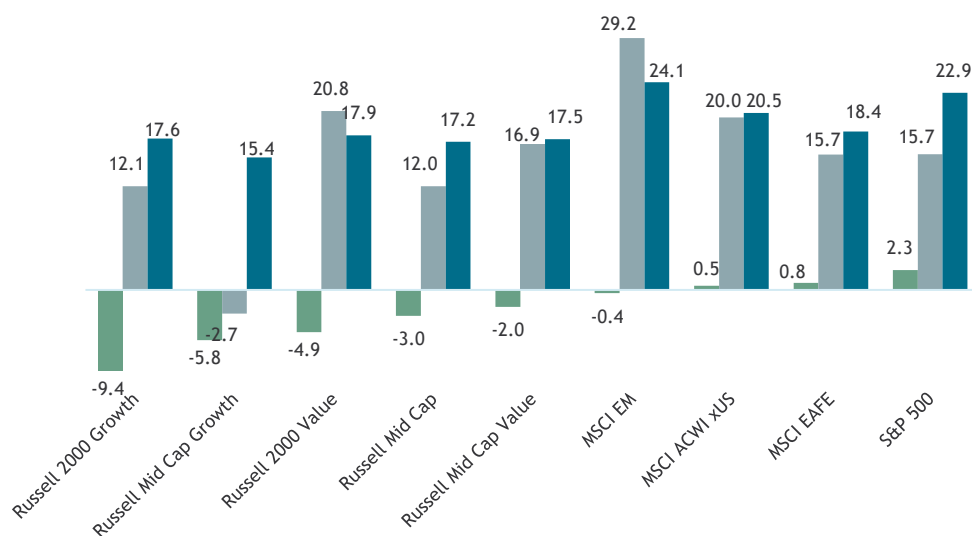


BONDS



EQUITY INDEXES: Q3, 1-YR AND 3-YR RETURN

■ Q3 2026 ■ 1-Year ■ 3-Year



STOCKS: Tech-led large caps gained about 2% despite rising yields and oil; small caps lagged sharply, with international and EM roughly flat.

FIXED INCOME: Q3 AND 1-YR RETURN

■ Q3 2026 ■ 1-Year



BONDS: Fed hikes, inflation worries, and increased issuance lifted yields, crushing long Treasuries and the US Agg. Money markets held positive.

Equity Markets

Q3 2026 RETURNS (AS OF 9/30/2026)

- U.S. large caps led in Q3: the S&P 500 gained roughly 2%, driven by strong earnings and AI-fueled tech leadership.
- Energy surged on Middle East supply disruptions, while utilities and real estate fell as yields rose.
- U.S. small caps notably underperformed during the quarter, pressured by Fed rate hikes and higher borrowing costs.
- International developed gained about 1% and emerging markets were roughly flat, both trailing the S&P 500.

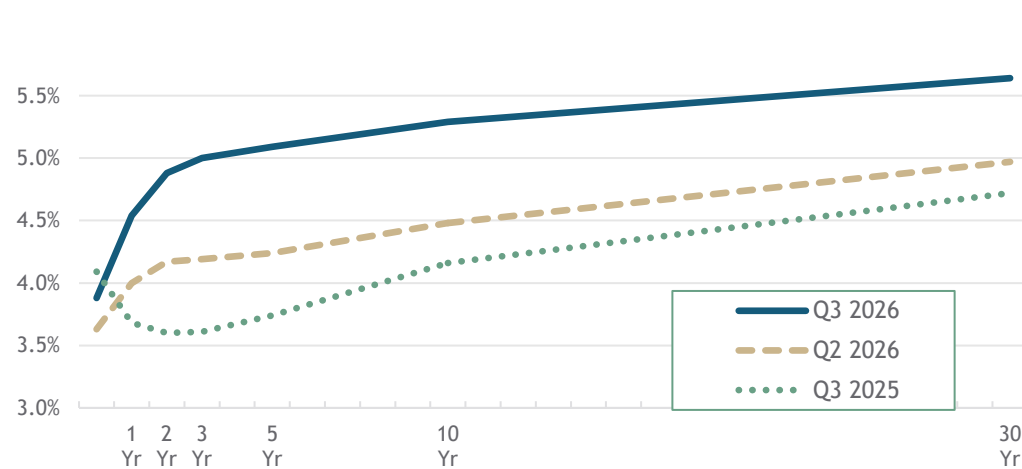
SECTOR RETURNS: Q3 AND 1-YR RETURN

Sector	Q3 Return
Energy	17.23
Information Technology	7.20
Healthcare	6.46
Commun Services	3.64
Financials	-0.12
Cons Staples	-1.90
Materials	-2.81
Cons Disc	-5.09
Real Estate	-5.57
Industrials	-9.66
Utilities	-12.39

Sector	1-Yr Return
Energy	42.42
Information Technology	30.20
Healthcare	23.02
Commun Services	12.06
Materials	10.04
Industrials	9.50
Cons Staples	5.99
Real Estate	2.30
Financials	0.69
Cons Disc	-5.15
Utilities	-6.97

Fixed Income Markets

TREASURY YIELD CURVE



MORTGAGE RATES

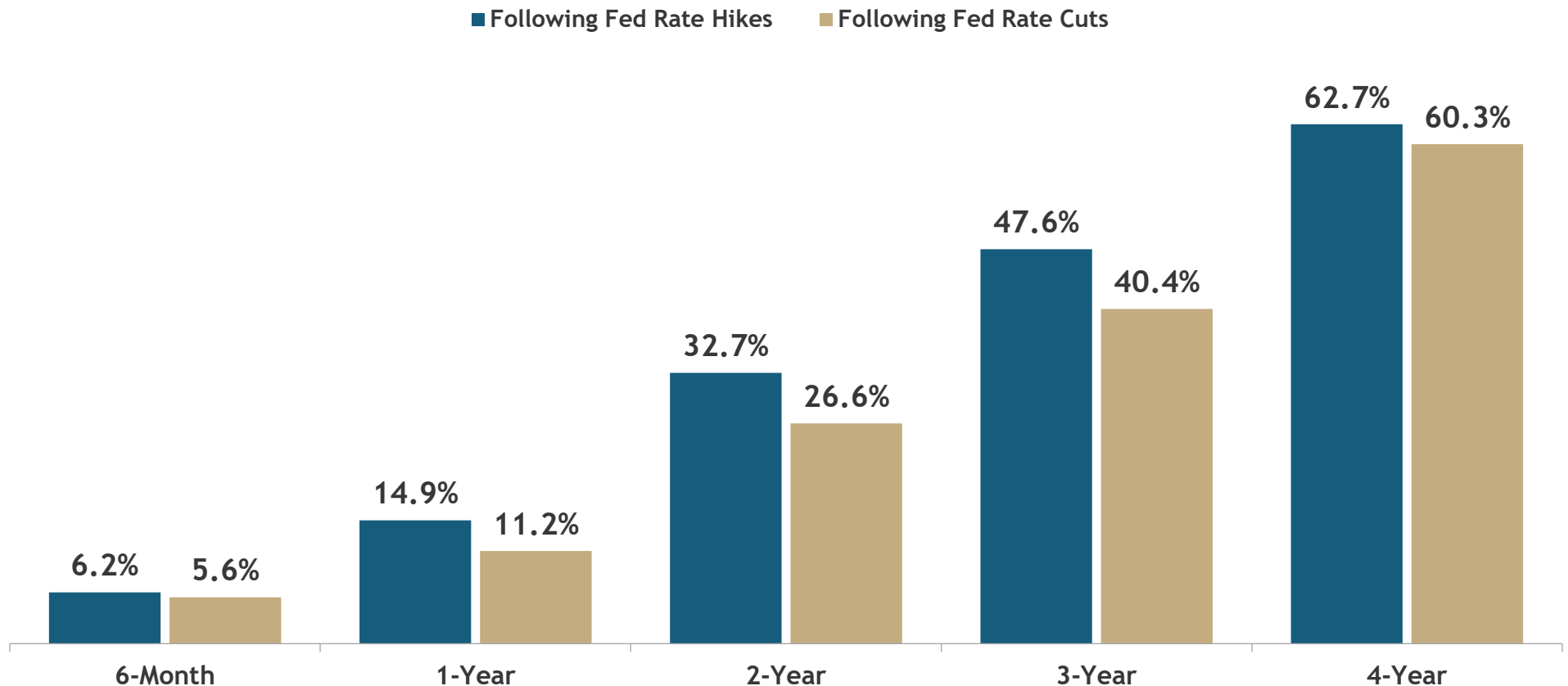
7.28%
30-Year Fixed Rate

Mortgage Rates: Mortgage rates climbed as Treasury yields surged on inflation, Fed hikes, and increased issuance. Housing supply hit a 6-year high during the quarter.

Stocks and the Fed

- With markets now pricing in rate increases, investors are asking what higher rates mean for stocks.
- Since 1982, the S&P 500 has delivered positive average returns after both Fed hikes and cuts.
- Average returns after hikes were slightly higher than after cuts in every period measured.
- Fed policy hasn't been a reliable timing signal, and staying invested has mattered more than reacting to rate changes.

S&P 500 AVERAGE FORWARD TOTAL RETURNS





Section II

Investment Summary

Executive Summary and Observations

- Assets total \$152,451,667 at September 30, 2026, down from \$163,363,093 at June 30, 2026
- Activity during the quarter:
 - Transfer out of \$9,757,983 for payment to CALPERS; rebalance trades

Target Allocation vs. Actual

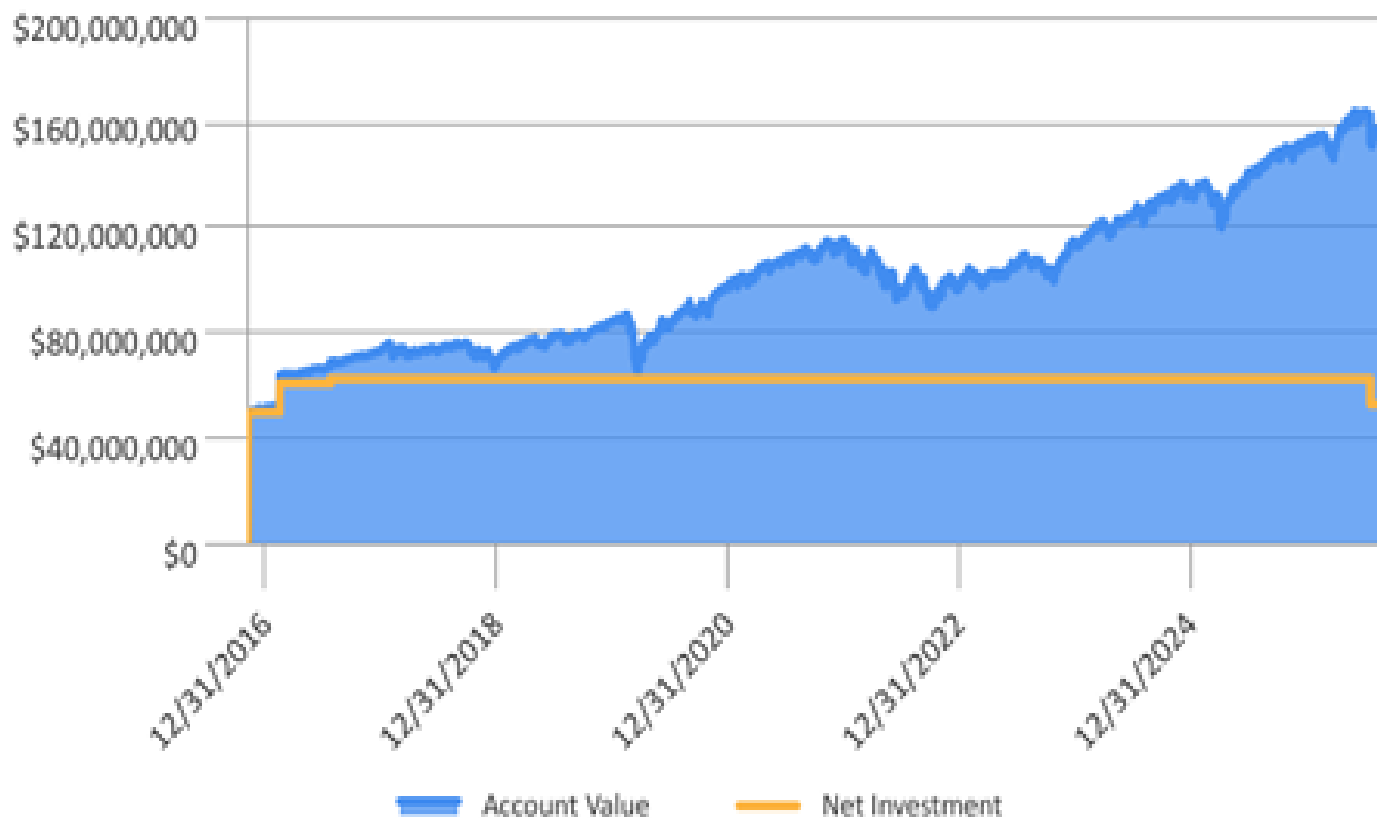
Ticker	Fund	09/30/2026 % Target	09/30/2026 % Actual	09/30/2026 \$ Actual
FDRXX	Fidelity Government Cash Reserves	0.0%	0.0%	5,895
BCOIX	Baird Core Plus Institutional	20.0%	19.1%	29,141,723
VWEAX	Vanguard High Yield Corporate Bond	15.0%	14.7%	22,485,769
	Fixed Income	35.0%	33.9%	51,633,387
FXAIX	Fidelity 500 Index	40.0%	41.1%	62,630,178
VHYAX	Vanguard High Dividend Yield Index Adm	12.0%	12.1%	18,388,112
VEXAX	Vanguard Extended Market Index	9.0%	8.8%	13,478,824
VTMNX	Vanguard Developed Markets Index	4.0%	4.1%	6,321,166
	Equity	65.0%	66.1%	100,818,280
	Total	100%	100.0%	152,451,667

- For the quarter, the net total return was -1.04%, compared to the custom peer-group fund benchmark of -1.05%.
- For the past 12 months, the net total return was 7.36%, beating the custom peer-group fund return of 7.34%.
- Since November 2016, the portfolio has gained \$100 million in investment returns.
- The portfolio is heavily allocated to index funds, leading to a low overall expense ratio of 0.09%.
- Baird Core Plus and Vanguard High Yield Corporate Bond score in the upper half of SageView's peer group quantitative rankings, while all index funds receive a pass rating.



Investment Growth Over Time

As of 06/30/2026



Fund Performance Summary

As of 09/30/2026

Fund Benchmark Category	Asset Class	(%) of Plan	3 Month	YTD	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Expense Ratio	SageView Ranking
Fidelity Government Cash Reserves	Money Market-Taxable	0.00%	0.86	2.56	3.51	4.27	3.52	2.18	0.37	NA
ICE BofA US 3M Trsy Bill TR USD*			0.89	2.65	3.65	4.49	3.70	2.42		
Cat: Morningstar Money Market - Taxable			0.84	2.49	3.43	4.21	3.47	2.14	0.39	
Baird Core Plus Bond Inst	Intermediate Core-Plus Bond	19.12%	-3.26	-2.49	-1.42	4.80	-0.01	1.89	0.30	TOP DEC
Bloomberg US Agg Bond TR USD*			-3.51	-2.91	-1.84	4.06	-0.64	1.14		
Cat: Morningstar Intermediate Core-Plus Bond			-3.55	-2.74	-1.74	4.50	-0.28	1.58	0.74	
Vanguard High-Yield Corporate Adm	High Yield Bond	14.75%	-1.88	-0.37	1.37	7.57	3.47	4.60	0.12	2 ND QUAR
ICE BofA US High Yield TR USD*			-1.81	0.04	1.39	7.94	3.56	4.95		
Cat: Morningstar High Yield Bond			-1.56	0.41	1.67	7.44	3.44	4.48	0.85	
Vanguard High Dividend Yield Index Adm	Large Value	12.06%	-1.31	10.01	12.68	17.65	11.61	11.25	0.08	Pass
FTSE High Dividend Yield TR USD*			-1.31	10.05	12.77	17.73	11.69	11.33		
Cat: Morningstar Large Value			0.65	12.05	15.64	17.39	10.82	11.12	0.84	
Fidelity 500 Index	Large Blend	41.08%	2.30	12.73	15.72	22.87	13.78	15.32	0.02	Pass
S&P 500 (TR) (1970)*			2.30	12.75	15.74	22.89	13.79	15.33		
Cat: Morningstar Large Blend			1.00	10.70	13.16	20.21	11.76	13.74	0.71	
Vanguard Extended Market Index Admiral	Mid-Cap Blend	8.84%	-5.74	11.61	11.78	18.73	6.18	11.18	0.05	Pass
S&P Completion TR USD*			-5.76	11.44	11.59	18.55	6.03	11.05		
Cat: Morningstar Mid-Cap Blend			-4.70	10.13	11.34	15.32	7.92	10.39	0.86	
Vanguard Developed Markets Index Instl	Foreign Large Blend	4.15%	-0.67	14.26	20.76	20.93	10.32	9.76	0.03	Pass
FTSE Dv Ex US TR USD*			0.05	15.37	22.71	21.46	10.98	10.33		
Cat: Morningstar Foreign Large Blend			0.10	10.95	15.71	18.54	8.81	8.81	0.85	

*Investment Policy Benchmark

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Investment Discussion Summary - Current Investments

Fund Name % of Plan Assets Category	Comment Date	Comments
Baird Core Plus Bond Inst 19.12 Intermediate Core-Plus Bond	09/30/2026	<p>Performance Update (09/30/2026): Baird Core Plus Bond pairs bottom-up credit research with a duration neutral approach and a measured stance on Corporate Credit. Rates rose across the curve as the Fed raised rates in September, and with interest rate sensitivity held close to the benchmark, the fund avoided the heaviest pressure on longer-duration securities. It finished roughly in line with its benchmark and ranked among the top quintile of peers. Results over the trailing year have been similarly steady, ranking among the top quarter of peers. Long-term results remain solid, with the fund modestly outpacing its benchmark over both the five- and ten-year periods. It ranked near the top third of peers over five years. Over ten years, it ranked among the top third.</p> <p>Strategy Summary: The fund utilizes a duration neutral approach relative to the benchmark. Typically, portfolio managers hope to generate the most excess return (about 40% of alpha) through security selection, then sector allocation (30% of alpha), yield curve positioning (25% of alpha), and lastly trade execution (5% of alpha). Credit analysts first determine which issuers appear to offer the best value within each sector. Only US dollar denominated securities are utilized in this fund with no use of derivative securities. The prospectus benchmark for the strategy is the Bloomberg US Universal Index. The standard category benchmark is the Bloomberg US Aggregate Bond Index. Fund comments are relative to the prospectus benchmark.</p>
Vanguard High-Yield Corporate Adm 14.75 High Yield Bond	09/30/2026	<p>Performance Update (09/30/2026): Vanguard High-Yield Corporate invests in a diversified group of higher-yielding corporate bonds of medium and lower credit quality, with a cautious bent toward consumer sensitive credits. Rates rose and spreads widened slightly in the quarter, and the fund modestly trailed its benchmark, ranking among the bottom third of peers. Sector tilts that weighed on results earlier in the year, including Cable and Satellite, Technology, and Energy, may have remained a source of drag. Results over the trailing year were modestly behind the benchmark, ranking among the bottom half of peers. Over the long term, the fund modestly outpaced its benchmark over five years and roughly matched it over ten, ranking among the top half of peers over both horizons.</p> <p>Strategy Summary: The Fund invests primarily in a diversified group of high yielding, higher risk corporate bonds with medium and lower range credit quality ratings. The Fund invests at least 80% of its assets in corporate bonds that are rated below Baa by Moody's. The Fund may not invest more than 20% of its assets in any of the following, in the aggregate: bonds with credit ratings lower than B or the equivalent, convertible securities, preferred stocks, and fixed and floating rate loans of medium to lower range credit quality. The standard category benchmark is the BB Barclays US Corporate High Yield Bond Index. Fund comments are relative to the prospectus benchmark.</p>

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



IPS Historical Ranking

Fund Name	12/2023	03/2024	06/2024	09/2024	12/2024	03/2025	06/2025	09/2025	12/2025	03/2026	06/2026	09/2026
Fidelity Government Cash Reserves	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Baird Core Plus Bond Inst	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP DEC
Vanguard High-Yield Corporate Adm	TOP QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR
Vanguard High Dividend Yield Index Adm	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Fidelity 500 Index	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Vanguard Extended Market Index Admiral	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Vanguard Developed Markets Index Instl	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Fund Score Summary

Fund Name	Ticker	Total Return Composite Ranking	Rolling 12 Mo Perf. (5 Yrs.)	RSquared (3 Yrs)	Modified Sharpe Ratio (36 Mos.)	Alpha (60 Mos.)	Up Capture Ratio (10 Yrs.)	Down Capture Ratio (10 Yrs.)	Batting Average (10 Yrs.)	Expense Ratio	SageView Normalized Ranking
Baird Core Plus Bond Inst	BCOIX	24%	34%	4%	27%	25%	39%	27%	20%	10%	7%
Vanguard High-Yield Corporate Adm	VWEAX	43%	44%	50%	39%	41%	56%	37%	38%	4%	33%

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Baird Core Plus Bond Inst

BCOIX

Ranking Vs. Peers - Intermediate Core-Plus Bond

September 30, 2026

Intermediate Core-Plus Bond Universe: 760 Funds

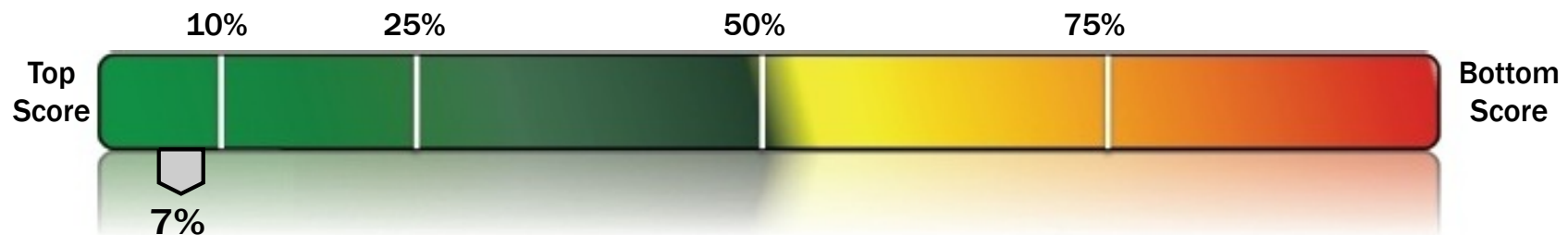
Performance Ranking			Ranking
Total Return Composite Ranking			23.85%
	10 Year	26.00%	
	5 Year	24.00%	
	3 Year	27.00%	
	1 Year	16.00%	
Rolling 12 Month - 5 Years			33.88%

Ratio Statistics		Ranking
Modified Sharpe Ratio - 36 Months		27.00%
Alpha - 60 Months		25.00%
Up Capture Ratio - 10 Years		39.00%
Down Capture Ratio - 10 Years		27.00%
Batting Average - 10 Years		20.00%

Style Consistency			Ranking
Style Consistency to Benchmark			
Bloomberg US Agg Bond TR USD	R2		4.00%

Fund Expense		Ranking
Expense Ratio	0.3	10.00%

SageView Normalized Ranking	
SageView Normalized Ranking	7.00%
STATUS	TOP DECILE



No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Vanguard High-Yield Corporate Adm

VWEAX

Ranking Vs. Peers - High Yield Bond

September 30, 2026

High Yield Bond Universe: 667 Funds

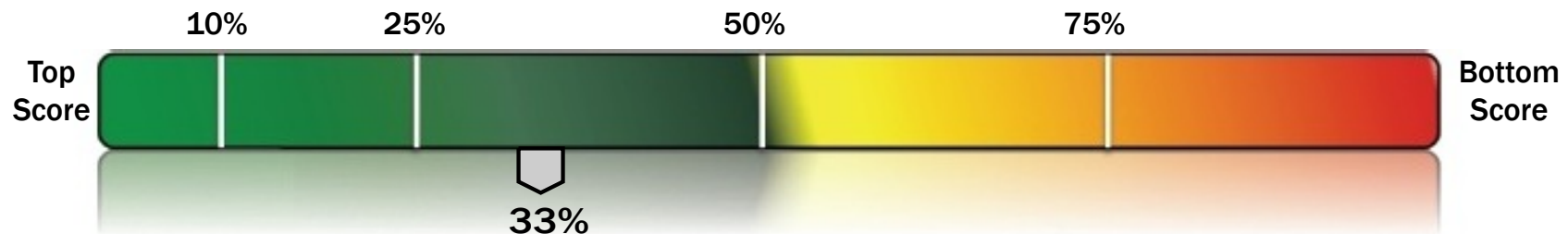
Performance Ranking			Ranking
Total Return Composite Ranking			42.85%
	10 Year	38.00%	
	5 Year	42.00%	
	3 Year	40.00%	
	1 Year	55.00%	
Rolling 12 Month - 5 Years			43.67%

Ratio Statistics		Ranking
Modified Sharpe Ratio - 36 Months		39.00%
Alpha - 60 Months		41.00%
Up Capture Ratio - 10 Years		56.00%
Down Capture Ratio - 10 Years		37.00%
Batting Average - 10 Years		38.00%

Style Consistency			Ranking
Style Consistency to Benchmark			
Bloomberg US HY 2% Issuer Cap TR USD	R2		50.00%

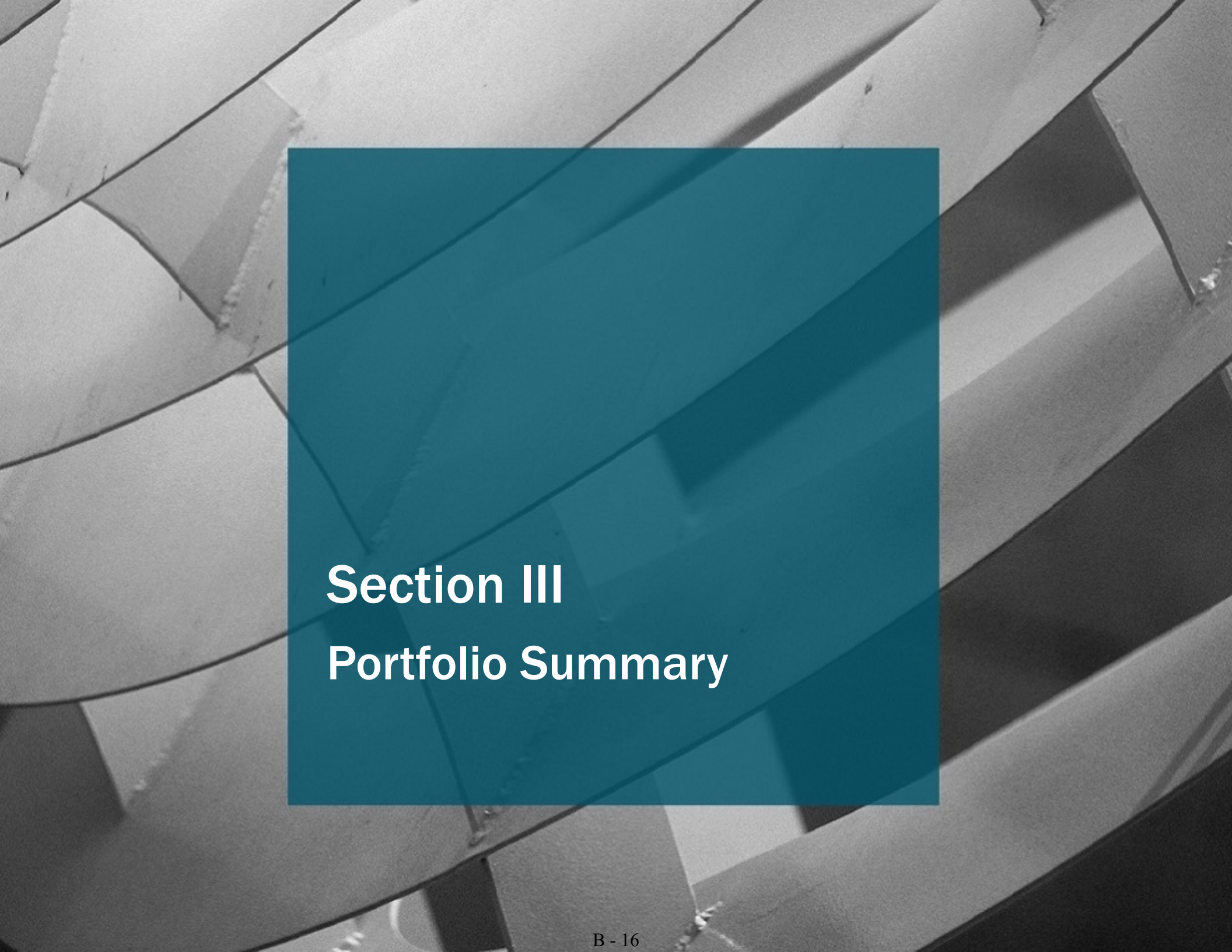
Fund Expense		Ranking
Expense Ratio	0.12	4.00%

SageView Normalized Ranking	
SageView Normalized Ranking	33.00%
STATUS	2nd QUARTILE



No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.





Section III

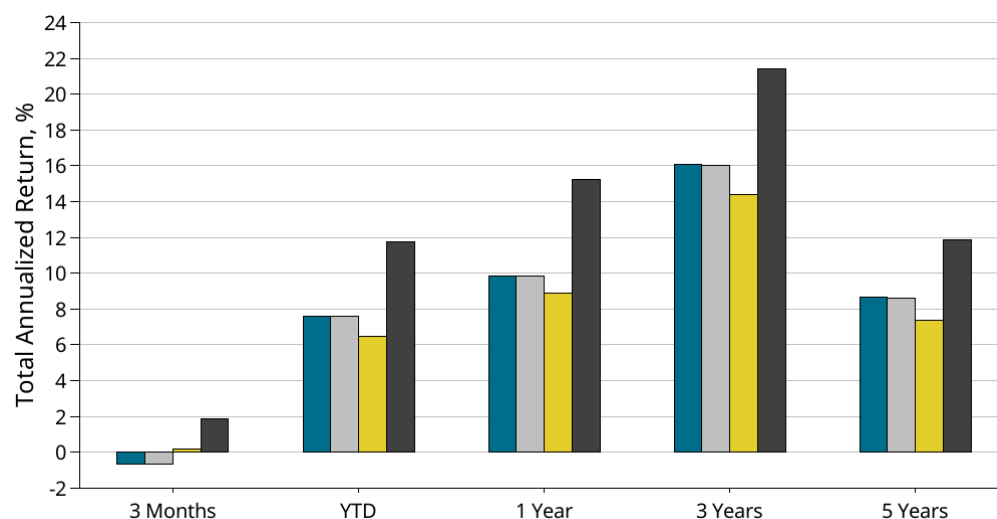
Portfolio Summary

Portfolio Return vs. Custom Benchmark

As of 09/30/2026

Performance As Of September 30, 2026	3 Month	YTD	1 Year	3 Year	5 Year	Std Dev 5 Yr	Prospectus Exp Ratio
Irvine Ranch Water District Post-Employment Benefits Trust	-1.04	7.36	9.86	16.14	8.66	11.81	0.09
Irvine Ranch Water District Post-Employment Benefits Trust Custom Benchmark	-1.05	7.34	9.86	16.12	8.58	11.81	NA
Irvine Ranch Water District Post-Employment Benefits Trust Custom Category Averages Benchmark	-1.23	6.74	8.86	14.48	7.66	12.60	0.77
Institutional Portfolio 60-30-10	0.16	6.47	8.91	14.40	7.39	10.48	NA
MSCI World NR USD	1.88	11.75	15.24	21.40	11.89	15.06	NA

¹Industry Average Exp Ratio 0.52%. Based on plan assets \$100Mil+



- Irvine Ranch Water District Post-Employment Benefits Trust
- Irvine Ranch Water District Post-Employment Benefits Trust Custom Benchmark
- Institutional Portfolio 60-30-10
- MSCI World NR USD

Benchmark	Weight
S&P 500 (TR) (1970)	41.08%
Bloomberg US Agg Bond TR USD	19.12%
ICE BofA US High Yield TR USD	14.75%
FTSE High Dividend Yield TR USD	12.06%
S&P Completion TR USD	8.84%
FTSE Dv Ex US TR USD	4.15%
ICE BofA US 3M Trsy Bill TR USD	0.00%

¹Industry Average Expense Ratio Source: 401(k) Averages Book, 24th Edition, published by HR Investment Consultants

The Institutional Portfolio 60-30-10 consists of 60% MSCI World NR USD, 30% Bloomberg US Agg Bond TR USD and 10% ICE BofA US 3M Trsy Bill TR USD

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Management Style Analysis

As of 09/30/2026

Domestic Equity Style Box

	VALUE	BLEND	GROWTH
LARGE CAP	<ul style="list-style-type: none"> Vanguard High Dividend Yield Index Adm (\$146.03 bn) 	<ul style="list-style-type: none"> Fidelity 500 Index(\$514.09 bn) 	
MID CAP		<ul style="list-style-type: none"> Vanguard Extended Market Index Admiral (\$8.91 bn) 	
SMALL CAP			

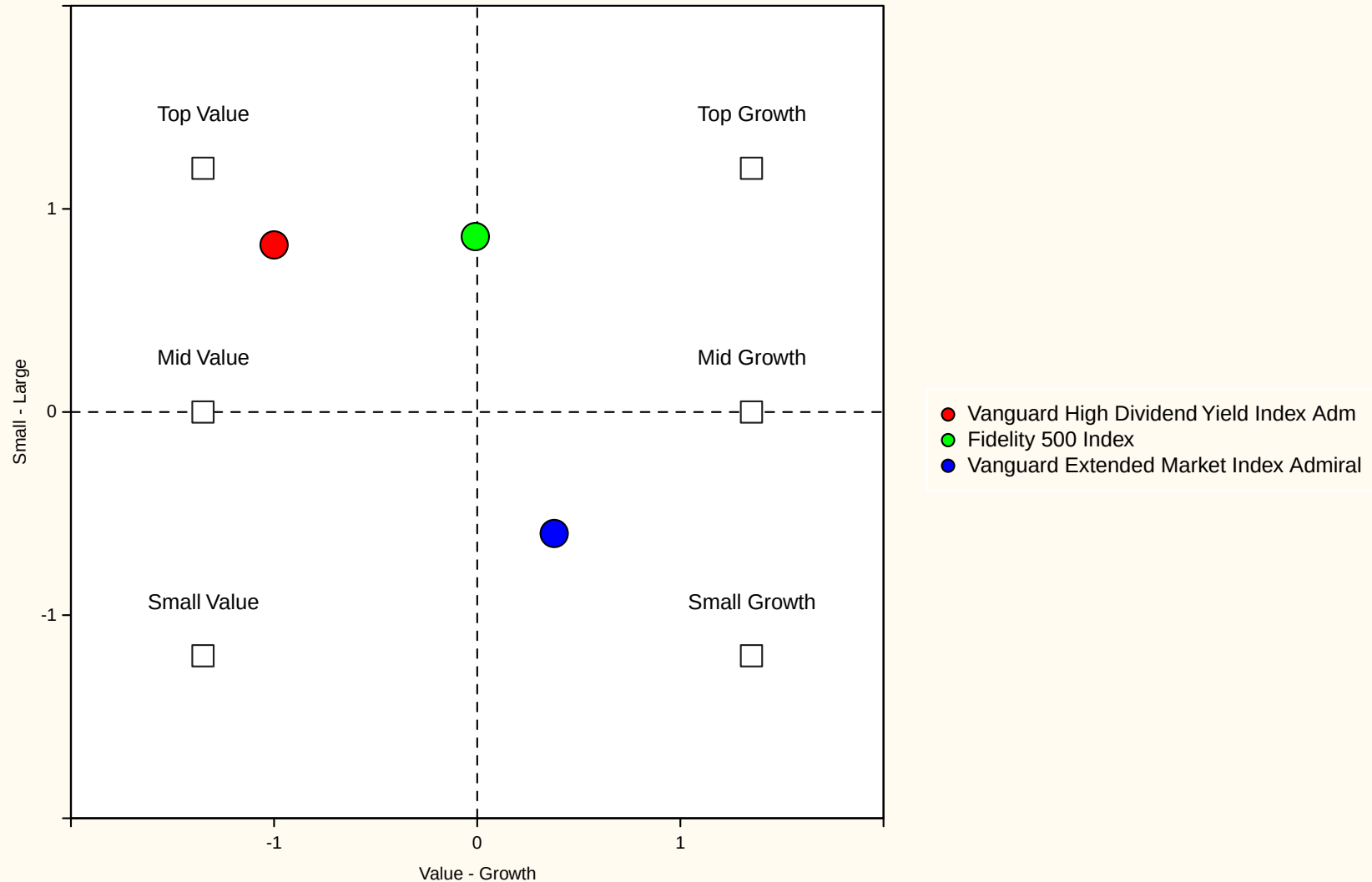
Average Market Cap. listed in parentheses

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Manager Style Box

Equity - Single Computation
October 2016 - September 2026

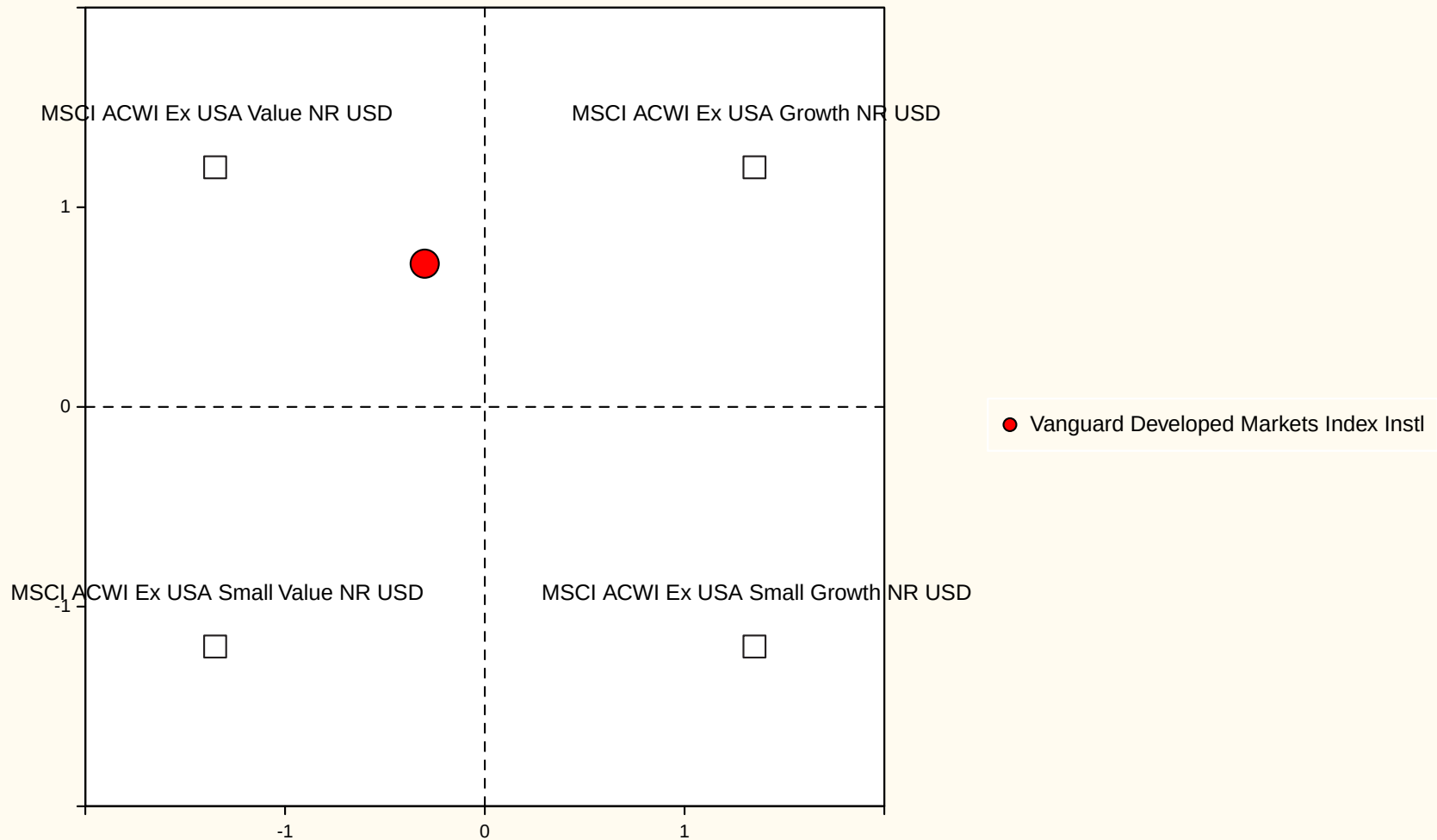


No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Manager Style Box

International Equity - Single Computation
October 2016 - September 2026



No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.





Section V

Appendix

Active Investment Options Analysis Criteria

Active investment options are reviewed quarterly relative to an appropriate peer group and market index. The evaluation considers performance, risk, consistency, and cost using the following criteria:

1. Trailing Returns

Measures an investment's total return over the trailing 1-, 3-, 5-, and 10-year periods, as available. Returns are combined using a weighted methodology that places somewhat greater emphasis on more recent performance while still considering longer-term results.

2. Rolling Period Returns

Measures performance across a series of overlapping periods rather than relying solely on returns ending on a single date. For example, rolling 12-month returns evaluate each successive 12-month period within the measurement window. This provides a broader view of performance consistency across different market environments.

3. Batting Average

Measures how frequently an investment outperforms its peer group median. It is calculated by dividing the number of periods in which the investment outperformed the peer median by the total number of periods evaluated. A batting average above 0.50 indicates that the investment outperformed its peer median more often than it underperformed, without regard to the magnitude of that relative performance.

4. Style Consistency (R-Squared)

Measures how closely an investment's returns have corresponded with movements in its designated benchmark. A higher R-squared generally indicates that the investment has behaved more consistently with the market exposure represented by its benchmark. For an active strategy, unusually low R-squared may indicate that its performance or investment exposures differ materially from those expected for its assigned asset class.

5. Modified Sharpe Ratio

Measures risk-adjusted performance by considering an investment's return above the risk-free rate relative to its volatility. The Modified Sharpe Ratio adjusts the traditional Sharpe Ratio methodology when excess returns are negative so that greater volatility is appropriately associated with a less favorable result. This allows for more consistent comparisons of risk-adjusted performance across investments with both positive and negative excess returns.

6. Alpha

Measures an investment's return relative to the return that would be expected based on its sensitivity to movements in the designated benchmark, as measured by beta. Positive alpha indicates performance above the model-implied return, while negative alpha indicates performance below it.

7. Up Capture Ratio

Measures an investment's performance relative to its benchmark during periods when the benchmark generated a positive return. An up capture ratio above 100% indicates that the investment gained more than the benchmark, on average, during those periods, while a ratio below 100% indicates that it gained less.

8. Down Capture Ratio

Measures an investment's performance relative to its benchmark during periods when the benchmark generated a negative return. A down capture ratio below 100% generally indicates that the investment declined less than the benchmark during those periods, while a ratio above 100% generally indicates that it declined more.

9. Expense Ratio

Measures the annual operating expenses charged by an investment as a percentage of its assets. Expense ratios are evaluated relative to comparable investments, with lower-cost options receiving more favorable consideration. Because reported investment returns are generally net of fund operating expenses, expenses affect the evaluation both through realized performance and as a separate cost criterion.

Each investment is evaluated relative to a designated market index and an appropriate peer group based on Morningstar category classifications. For each applicable criterion, the investment receives a relative peer group ranking. These rankings are combined according to the methodology to produce an overall score.

Passive Investment Options Analysis Criteria

Passive investment options are reviewed quarterly to assess their cost and effectiveness in providing exposure consistent with their designated market index. Each investment is evaluated using the following criteria:

1. Expense Ratio

Measures the annual operating expenses charged by an investment as a percentage of its assets, net of applicable contractual fee waivers or reimbursements. These expenses are reflected in the investment's net asset value and reduce the return received by investors. Sales charges and transaction costs are generally not included in the expense ratio.

2. Tracking Error

Measures the variability of the difference between an investment's returns and the returns of its designated benchmark. Lower tracking error generally indicates that the investment has more consistently replicated the performance of its benchmark.

3. R-Squared

Measures the degree to which variations in an investment's returns are explained by movements in its designated benchmark. R-squared ranges from 0 to 100, with a higher value indicating a stronger statistical relationship between the investment and the benchmark. For a passive investment, a high R-squared generally indicates that its performance has closely corresponded with the market exposure it is intended to track.

4. Beta

Measures an investment's sensitivity to movements in its designated benchmark. A beta of 1.00 indicates that the investment has historically moved approximately in line with the benchmark. A beta below 1.00 indicates lower sensitivity to benchmark movements, while a beta above 1.00 indicates greater sensitivity. For an index-tracking strategy, a beta near 1.00 is generally consistent with closely replicating the benchmark's market exposure.

Each criterion receives a proprietary weighting. Passive investments are evaluated and ranked relative to an appropriate peer group for each criterion, and the weighted rankings are combined to produce an overall score.

The resulting score is normalized on a scale of 1 to 100, with lower scores representing more favorable results. Investments within the top 75% of their applicable category receive a passing score, while investments within the bottom 25% receive a failing score.

Note: This page is intentionally left blank.

November 2, 2026
Prepared by: J. Davis
Submitted by: C. Smithson
Approved by: Paul A. Cook



115 TRUSTS BOARD

IRVINE RANCH WATER DISTRICT OPEB 115 TRUST INVESTMENT REVIEW AS OF SEPTEMBER 30, 2026

SUMMARY:

Staff and a representative from IRWD's pension investment advisor SageView Investment Advisors will present the Portfolio Investment Review for the quarter ended September 30, 2026, provide an update on current market conditions, and any recommended portfolio changes.

BACKGROUND:

Quarterly Investment Review:

As of September 30, 2026, the IRWD OPEB 115 Trust market value was \$15,172,320, which was a net decrease of \$106,310 from the prior quarter. The change was due to a decrease in market value of \$143,337, and dividend distributions in the amount of \$37,508. Trust expenses for the quarter included \$481 for advisor fees paid to SageView. Assets in the Trust fund a portion of the District's current OPEB liability. A summary of the OPEB 115 Trust Assets as of September 30, 2026, is provided as Exhibit "A".

For the quarter ended September 30, 2026, the portfolio return was -1.04% compared to the index-based custom benchmark return of -1.05%. For the one-year period ended September 30, 2026, the return was 9.51%, compared to the index-based custom benchmark return of 9.46%. The Portfolio Investment Review as of September 30, 2026, is provided as Exhibit "B".

A representative from SageView will present the Portfolio Investment Review for the quarter ended September 30, 2026, update the Board on current market conditions, and provide any recommended portfolio changes for the Board's consideration.

FISCAL IMPACTS:

Fiscal impacts are as described above.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

RECOMMENDATION:

STAFF TO IMPLEMENT CHANGES TO THE INVESTMENT PORTFOLIO, IF ANY.

115 Trusts Board: Irvine Ranch Water District OPEB 115 Trust Investment Review as of
September 30, 2026
November 2, 2026
Page 2

LIST OF EXHIBITS:

Exhibit “A” – Summary of 115 Trust Assets as of September 30, 2026 OPEB
Exhibit “B” – The Portfolio Investment Review as of September 30, 2026 OPEB

Exhibit "A"

Irvine Ranch Water District
Summary of OPEB 115 Trust Assets
September 30, 2026

Investment	Quarterly Return	Quarter End June 30, 2026	Quarter End September 30, 2026	Incr/(Decr) During Quarter	Percent of Portfolio
EQUITIES					
Fidelity 500 Index Fund	2.30%	\$6,206,862	\$6,349,509	\$142,647	41.8%
Vanguard Extended Mkt (small/mid) Index Fund	-5.74%	1,501,506	1,415,393	(86,113)	9.3%
Vanguard Developed Market Index	-0.67%	672,678	668,176	(4,502)	4.4%
Vanguard High Dividend Yield Index Admiral	-1.31%	1,932,836	1,907,512	(25,324)	12.6%
FIXED INCOME					
Baird Core Plus Bond Fund	3.26%	2,817,937	2,726,104	(91,832)	18.0%
Vanguard High-Yield Corporate Fund	-1.88%	2,143,866	2,103,149	(40,717)	13.9%
CASH-SHORT TERM					
Cash Reserves		2,946	2,477	(469)	0.0%
Closing Balance		\$15,278,630	\$15,172,320	(\$106,310)	100.0%

Note: This page is intentionally left blank.



Portfolio Investment Review

Irvine Ranch Water District OPEB Trust

For period ending September 30, 2026

SEE
WHERE
YOU'RE
GOING

Jonathan Upham, , SageView Advisory Group
1920 Main St., Suite 800, Irvine, CA 92614 | T (800) 814-8742



Table of Contents



Section - I	Market Overview.....	3
	Market Update	
Section - II	Investment Summary.....	7
	Asset Allocation by Fund	
	Portfolio Composition	
	Fund Performance Summary	
	Investment Discussion Summary - Current Investments	
	Historical IPS Ranking	
	Fund Score Summary	
	IPS Performance Analysis	
Section - III	Portfolio Summary.....	17
	Portfolio Return vs. Custom Benchmark	
	Management Style Analysis	
	Style Map	
Section - IV	Appendix.....	22



Section I

Market Overview

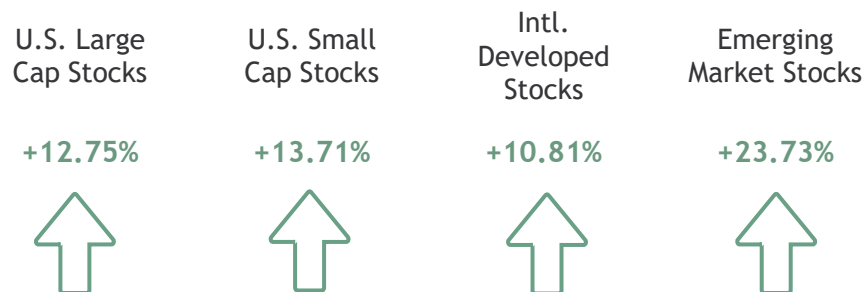
The views are those of SageView Advisory Group and should not be construed as investment advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. All economic and performance information is historical and not indicative of future results. The market indices discussed are unmanaged. Investors cannot directly invest in unmanaged indices. Additional risks are associated with international investing, such as currency fluctuations, political and economic stability, and differences in accounting standards. Please consult your financial advisor for more information.

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made.

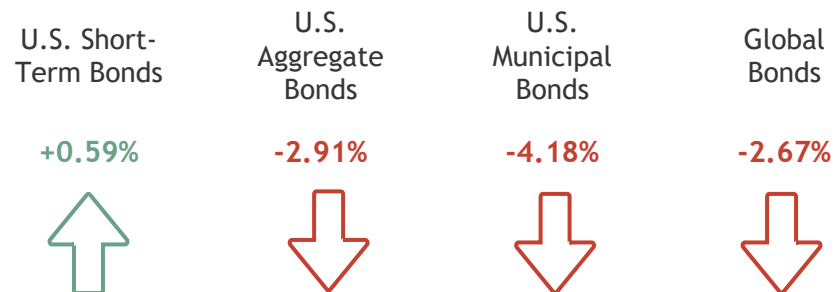
Q3 2026 Market Summary

YEAR-TO-DATE 2026 RETURNS (AS OF 9/30/2026)

STOCKS

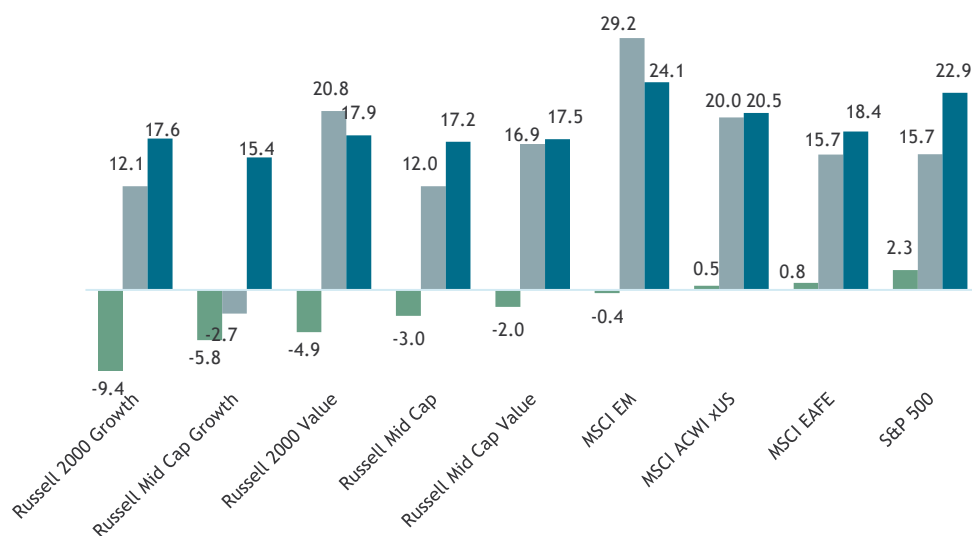


BONDS



EQUITY INDEXES: Q3, 1-YR AND 3-YR RETURN

■ Q3 2026 ■ 1-Year ■ 3-Year



STOCKS: Tech-led large caps gained about 2% despite rising yields and oil; small caps lagged sharply, with international and EM roughly flat.

FIXED INCOME: Q3 AND 1-YR RETURN

■ Q3 2026 ■ 1-Year



BONDS: Fed hikes, inflation worries, and increased issuance lifted yields, crushing long Treasuries and the US Agg. Money markets held positive.

Equity Markets

Q3 2026 RETURNS (AS OF 9/30/2026)

- U.S. large caps led in Q3: the S&P 500 gained roughly 2%, driven by strong earnings and AI-fueled tech leadership.
- Energy surged on Middle East supply disruptions, while utilities and real estate fell as yields rose.
- U.S. small caps notably underperformed during the quarter, pressured by Fed rate hikes and higher borrowing costs.
- International developed gained about 1% and emerging markets were roughly flat, both trailing the S&P 500.

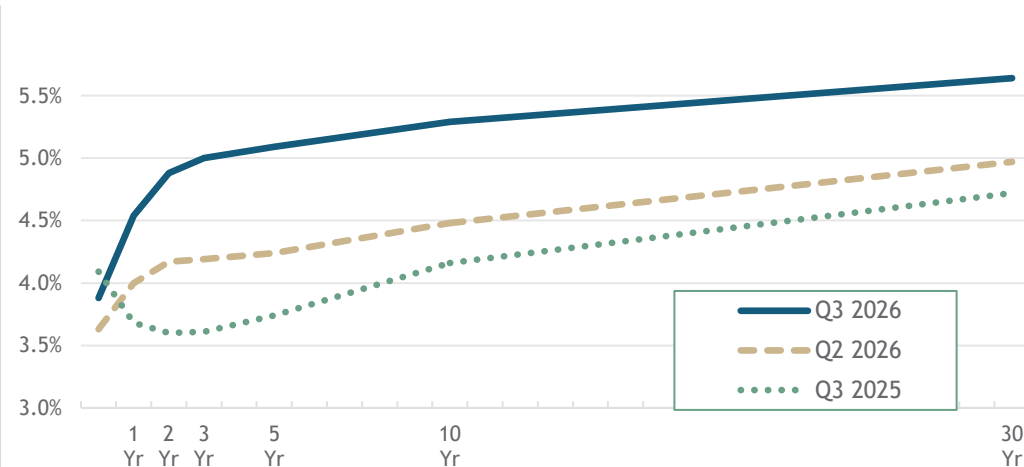
SECTOR RETURNS: Q3 AND 1-YR RETURN

Sector	Q3 Return
Energy	17.23
Information Technology	7.20
Healthcare	6.46
Commun Services	3.64
Financials	-0.12
Cons Staples	-1.90
Materials	-2.81
Cons Disc	-5.09
Real Estate	-5.57
Industrials	-9.66
Utilities	-12.39

Sector	1-Yr Return
Energy	42.42
Information Technology	30.20
Healthcare	23.02
Commun Services	12.06
Materials	10.04
Industrials	9.50
Cons Staples	5.99
Real Estate	2.30
Financials	0.69
Cons Disc	-5.15
Utilities	-6.97

Fixed Income Markets

TREASURY YIELD CURVE



MORTGAGE RATES

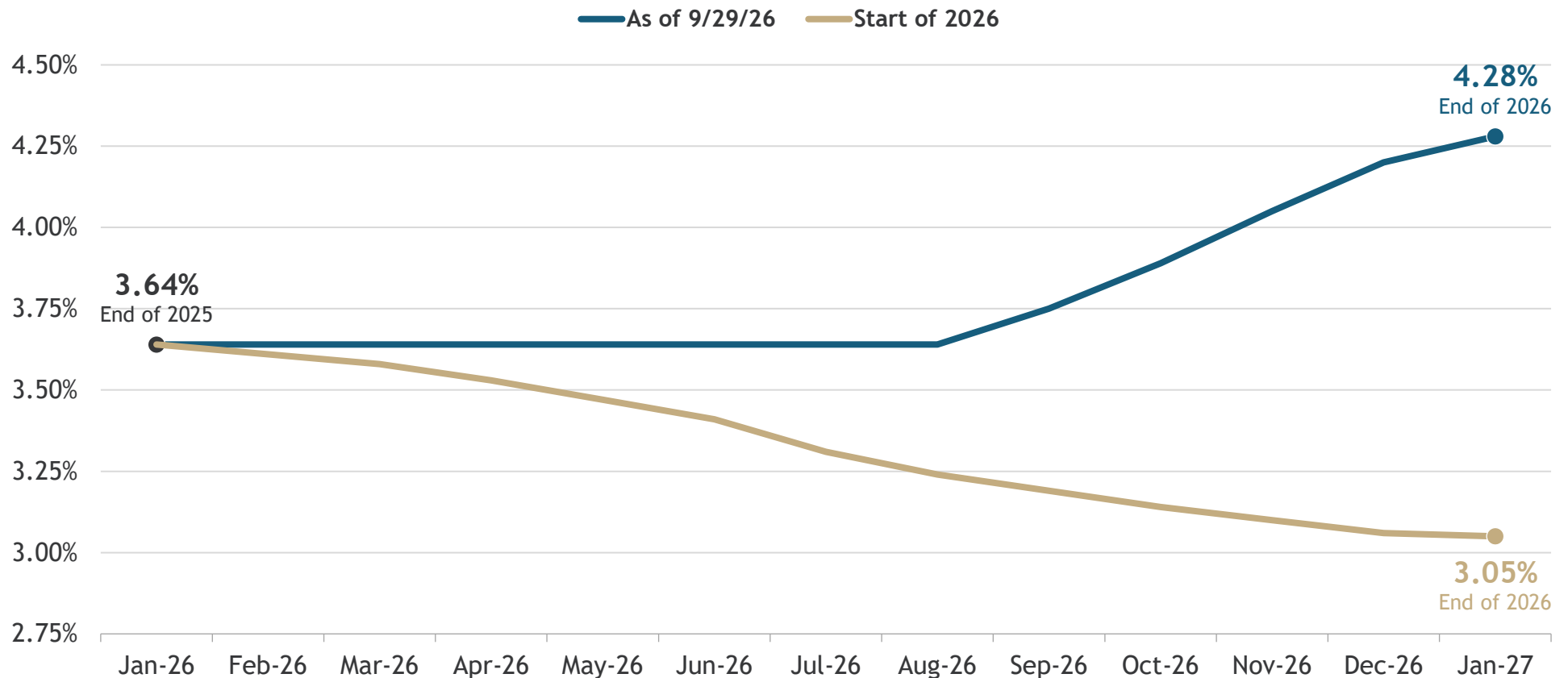
7.28%
30-Year Fixed Rate

Mortgage Rates: Mortgage rates climbed as Treasury yields surged on inflation, Fed hikes, and increased issuance. Housing supply hit a 6-year high during the quarter.

Fed Funds Rate Expectations

- Futures markets began 2026 pricing in rate cuts, with the fed funds rate expected to end the year near 3.05%.
- As of 9/29/26, markets expect the rate to finish 2026 around 4.28%, which implies hikes rather than cuts.
- The gap between the two year-end forecasts is roughly 123 basis points, a large change in one year.
- Rate forecasts are hard to get right and have been an unreliable basis for investment decisions, so portfolios shouldn't be built around them.

MARKET EXPECTATIONS FOR FED FUNDS RATE



Source: Fed funds futures, January 2026 - January 2027. Data as of 9/29/2026.



Section II

Investment Summary

Executive Summary and Observations

- Assets totaled \$15,172,320 at September 30, 2026, down from \$15,278,630 at June 30, 2026
- Trade activity during the quarter:
-None

Target Allocation vs. Actual

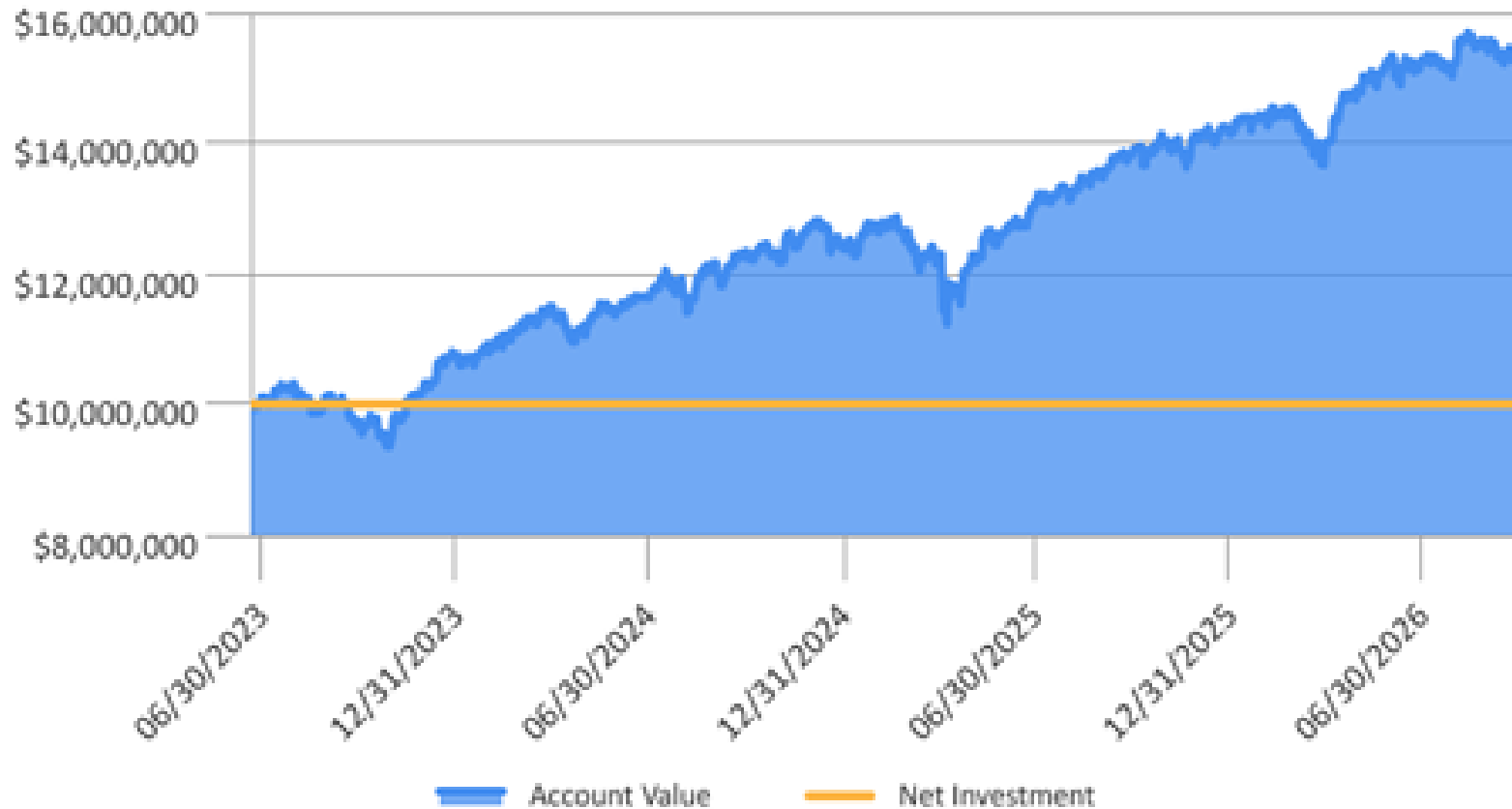
Ticker	Fund	09/30/2026 % Target	09/30/2026 % Actual	09/30/2026 \$ Actual
FDRXX	Fidelity Government Cash Reserves	0.0%	0.0%	2,477
BCOIX	Baird Core Plus Institutional	20.0%	18.0%	2,726,104
VWEAX	Vanguard High Yield Corporate Bond	15.0%	13.9%	2,103,149
	Fixed Income	35.0%	31.8%	4,831,730
FXAIX	Fidelity 500 Index	40.0%	41.8%	6,349,509
VHYAX	Vanguard High Dividend Yield Index Adm	12.0%	12.6%	1,907,512
VEXAX	Vanguard Extended Market Index	9.0%	9.3%	1,415,393
VTMNX	Vanguard Developed Markets Index	4.0%	4.4%	668,176
	Equity	65.0%	68.2%	10,340,590
	Total	100%	100.0%	15,172,320

- For the quarter, the net total return was -1.04%, compared to the custom peer-group fund benchmark of -1.05%.
- For the past 12 months, the net total return was 9.51%, beating the custom peer-group fund return of 9.46%.
- Since November 2016, the portfolio has gained over \$5.1 million in investment returns.
- The portfolio is heavily allocated to index funds, leading to a low overall expense ratio of 0.09%.
- Baird Core Plus and Vanguard High Yield Corporate Bond score in the upper half of SageView's peer group quantitative rankings, while all index funds receive a pass rating.



Investment Growth Over Time

As of 06/30/2026



Fund Performance Summary

As of 09/30/2026

Fund Benchmark Category	Asset Class	(%) of Plan	3 Month	YTD	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized	Expense Ratio	SageView Ranking
Fidelity Treasury Money Market	Money Market-Taxable	0.02%	0.85	2.52	3.45	4.21	3.48	2.14	0.42	NA
ICE BofA US 3M Trsy Bill TR USD*			0.89	2.65	3.65	4.49	3.70	2.42		
Cat: Morningstar Money Market - Taxable			0.84	2.49	3.43	4.21	3.47	2.14	0.39	
Baird Core Plus Bond Inst	Intermediate Core-Plus Bond	17.97%	-3.26	-2.49	-1.42	4.80	-0.01	1.89	0.30	TOP DEC
Bloomberg US Agg Bond TR USD*			-3.51	-2.91	-1.84	4.06	-0.64	1.14		
Cat: Morningstar Intermediate Core-Plus Bond			-3.55	-2.74	-1.74	4.50	-0.28	1.58	0.74	
Vanguard High-Yield Corporate Adm	High Yield Bond	13.86%	-1.88	-0.37	1.37	7.57	3.47	4.60	0.12	2 ND QUAR
Bloomberg US HY 2% Issuer Cap TR USD*			-1.82	0.10	1.41	8.03	3.60	5.04		
Cat: Morningstar High Yield Bond			-1.56	0.41	1.67	7.44	3.44	4.48	0.85	
Vanguard High Dividend Yield Index Adm	Large Value	12.57%	-1.31	10.01	12.68	17.65	11.61	11.25	0.08	Pass
FTSE High Dividend Yield TR USD*			-1.31	10.05	12.77	17.73	11.69	11.33		
Cat: Morningstar Large Value			0.65	12.05	15.64	17.39	10.82	11.12	0.84	
Fidelity 500 Index	Large Blend	41.85%	2.30	12.73	15.72	22.87	13.78	15.32	0.02	Pass
S&P 500 (TR) (1970)*			2.30	12.75	15.74	22.89	13.79	15.33		
Cat: Morningstar Large Blend			1.00	10.70	13.16	20.21	11.76	13.74	0.71	
Vanguard Extended Market Index Admiral	Mid-Cap Blend	9.33%	-5.74	11.61	11.78	18.73	6.18	11.18	0.05	Pass
S&P Completion TR USD*			-5.76	11.44	11.59	18.55	6.03	11.05		
Cat: Morningstar Mid-Cap Blend			-4.70	10.13	11.34	15.32	7.92	10.39	0.86	
Vanguard Developed Markets Index Instl	Foreign Large Blend	4.40%	-0.67	14.26	20.76	20.93	10.32	9.76	0.03	Pass
FTSE Developed ex US All Cap NR USD*			0.31	14.45	21.38	20.73	10.06	9.59		
Cat: Morningstar Foreign Large Blend			0.10	10.95	15.71	18.54	8.81	8.81	0.85	

*Investment Policy Benchmark

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Investment Discussion Summary - Current Investments

Fund Name % of Plan Assets Category	Comment Date	Comments
Baird Core Plus Bond Inst 17.97 Intermediate Core-Plus Bond	09/30/2026	<p>Performance Update (09/30/2026): Baird Core Plus Bond pairs bottom-up credit research with a duration neutral approach and a measured stance on Corporate Credit. Rates rose across the curve as the Fed raised rates in September, and with interest rate sensitivity held close to the benchmark, the fund avoided the heaviest pressure on longer-duration securities. It finished roughly in line with its benchmark and ranked among the top quintile of peers. Results over the trailing year have been similarly steady, ranking among the top quarter of peers. Long-term results remain solid, with the fund modestly outpacing its benchmark over both the five- and ten-year periods. It ranked near the top third of peers over five years. Over ten years, it ranked among the top third.</p> <p>Strategy Summary: The fund utilizes a duration neutral approach relative to the benchmark. Typically, portfolio managers hope to generate the most excess return (about 40% of alpha) through security selection, then sector allocation (30% of alpha), yield curve positioning (25% of alpha), and lastly trade execution (5% of alpha). Credit analysts first determine which issuers appear to offer the best value within each sector. Only US dollar denominated securities are utilized in this fund with no use of derivative securities. The prospectus benchmark for the strategy is the Bloomberg US Universal Index. The standard category benchmark is the Bloomberg US Aggregate Bond Index. Fund comments are relative to the prospectus benchmark.</p>
Vanguard High-Yield Corporate Adm 13.86 High Yield Bond	09/30/2026	<p>Performance Update (09/30/2026): Vanguard High-Yield Corporate invests in a diversified group of higher-yielding corporate bonds of medium and lower credit quality, with a cautious bent toward consumer sensitive credits. Rates rose and spreads widened slightly in the quarter, and the fund modestly trailed its benchmark, ranking among the bottom third of peers. Sector tilts that weighed on results earlier in the year, including Cable and Satellite, Technology, and Energy, may have remained a source of drag. Results over the trailing year were modestly behind the benchmark, ranking among the bottom half of peers. Over the long term, the fund modestly outpaced its benchmark over five years and roughly matched it over ten, ranking among the top half of peers over both horizons.</p> <p>Strategy Summary: The Fund invests primarily in a diversified group of high yielding, higher risk corporate bonds with medium and lower range credit quality ratings. The Fund invests at least 80% of its assets in corporate bonds that are rated below Baa by Moody's. The Fund may not invest more than 20% of its assets in any of the following, in the aggregate: bonds with credit ratings lower than B or the equivalent, convertible securities, preferred stocks, and fixed and floating rate loans of medium to lower range credit quality. The standard category benchmark is the BB Barclays US Corporate High Yield Bond Index. Fund comments are relative to the prospectus benchmark.</p>

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



IPS Historical Ranking

Fund Name	12/2023	03/2024	06/2024	09/2024	12/2024	03/2025	06/2025	09/2025	12/2025	03/2026	06/2026	09/2026
Fidelity Treasury Money Market	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Baird Core Plus Bond Inst	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP DEC	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP QUAR	TOP DEC
Vanguard High-Yield Corporate Adm	TOP QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR	2 ND QUAR
Vanguard High Dividend Yield Index Adm	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Fidelity 500 Index	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Vanguard Extended Market Index Admiral	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
Vanguard Developed Markets Index Instl	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Fund Score Summary

Fund Name	Ticker	Total Return Composite Ranking	Rolling 12 Mo Perf. (5 Yrs.)	RSquared (3 Yrs)	Modified Sharpe Ratio (36 Mos.)	Alpha (60 Mos.)	Up Capture Ratio (10 Yrs.)	Down Capture Ratio (10 Yrs.)	Batting Average (10 Yrs.)	Expense Ratio	SageView Normalized Ranking
Baird Core Plus Bond Inst	BCOIX	24%	34%	4%	27%	25%	39%	27%	20%	10%	7%
Vanguard High-Yield Corporate Adm	VWEAX	43%	44%	50%	39%	41%	56%	37%	38%	4%	33%

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Index Fund Score Summary

Fund Name	Ticker	Expense Ratio	Tracking Error (3 Yrs)	RSquared (3 Yrs)	Beta (3 Yrs)	SageView Normalized Ranking
Vanguard High Dividend Yield Index Adm	VHYAX	31%	29%	29%	68%	38%
Fidelity 500 Index	FXAIX	12%	8%	6%	38%	7%
Vanguard Extended Market Index Admiral	VEXAX	30%	59%	57%	70%	38%
Vanguard Developed Markets Index Instl	VTMNX	13%	55%	29%	49%	16%

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Baird Core Plus Bond Inst

BCOIX

Ranking Vs. Peers - Intermediate Core-Plus Bond

September 30, 2026

Intermediate Core-Plus Bond Universe: 760 Funds

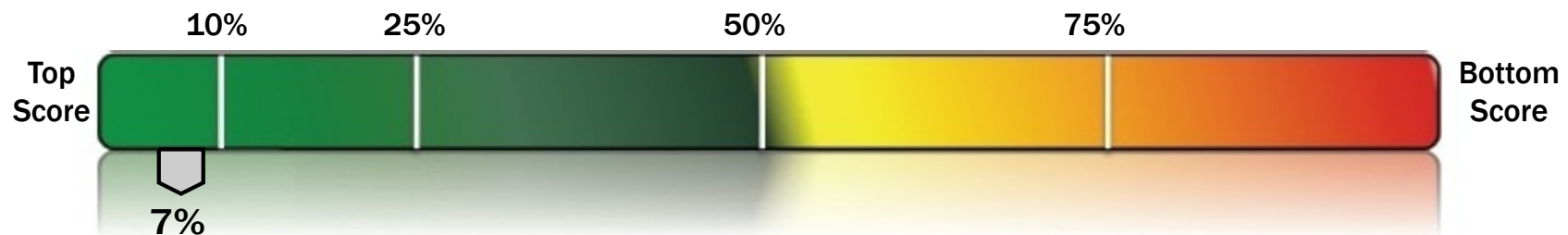
Performance Ranking			Ranking
Total Return Composite Ranking			23.85%
	10 Year	26.00%	
	5 Year	24.00%	
	3 Year	27.00%	
	1 Year	16.00%	
Rolling 12 Month - 5 Years			33.88%

Ratio Statistics		Ranking
Modified Sharpe Ratio - 36 Months		27.00%
Alpha - 60 Months		25.00%
Up Capture Ratio - 10 Years		39.00%
Down Capture Ratio - 10 Years		27.00%
Batting Average - 10 Years		20.00%

Style Consistency			Ranking
Style Consistency to Benchmark			
Bloomberg US Agg Bond TR USD	R2		4.00%

Fund Expense		Ranking
Expense Ratio	0.3	10.00%

SageView Normalized Ranking	
SageView Normalized Ranking	7.00%
STATUS	TOP DECILE



No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Vanguard High-Yield Corporate Adm

VWEAX

Ranking Vs. Peers - High Yield Bond

September 30, 2026

High Yield Bond Universe: 667 Funds

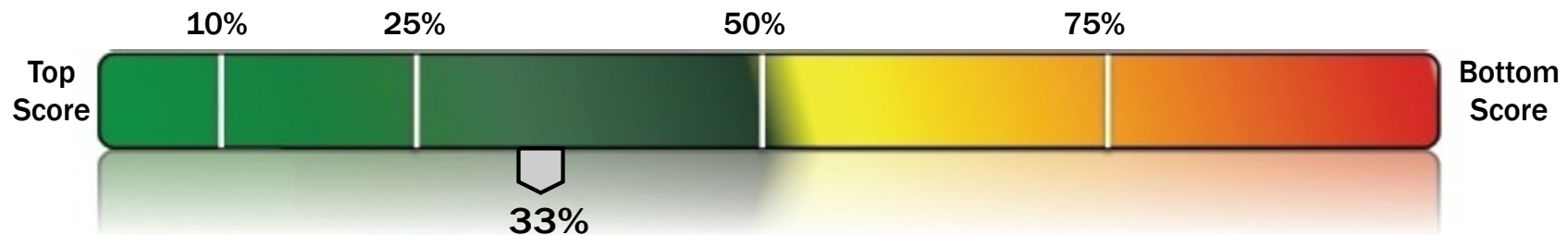
Performance Ranking			Ranking
Total Return Composite Ranking			42.85%
	10 Year	38.00%	
	5 Year	42.00%	
	3 Year	40.00%	
	1 Year	55.00%	
Rolling 12 Month - 5 Years			43.67%

Ratio Statistics		Ranking
Modified Sharpe Ratio - 36 Months		39.00%
Alpha - 60 Months		41.00%
Up Capture Ratio - 10 Years		56.00%
Down Capture Ratio - 10 Years		37.00%
Batting Average - 10 Years		38.00%

Style Consistency			Ranking
Style Consistency to Benchmark			
Bloomberg US HY 2% Issuer Cap TR USD	R2		50.00%

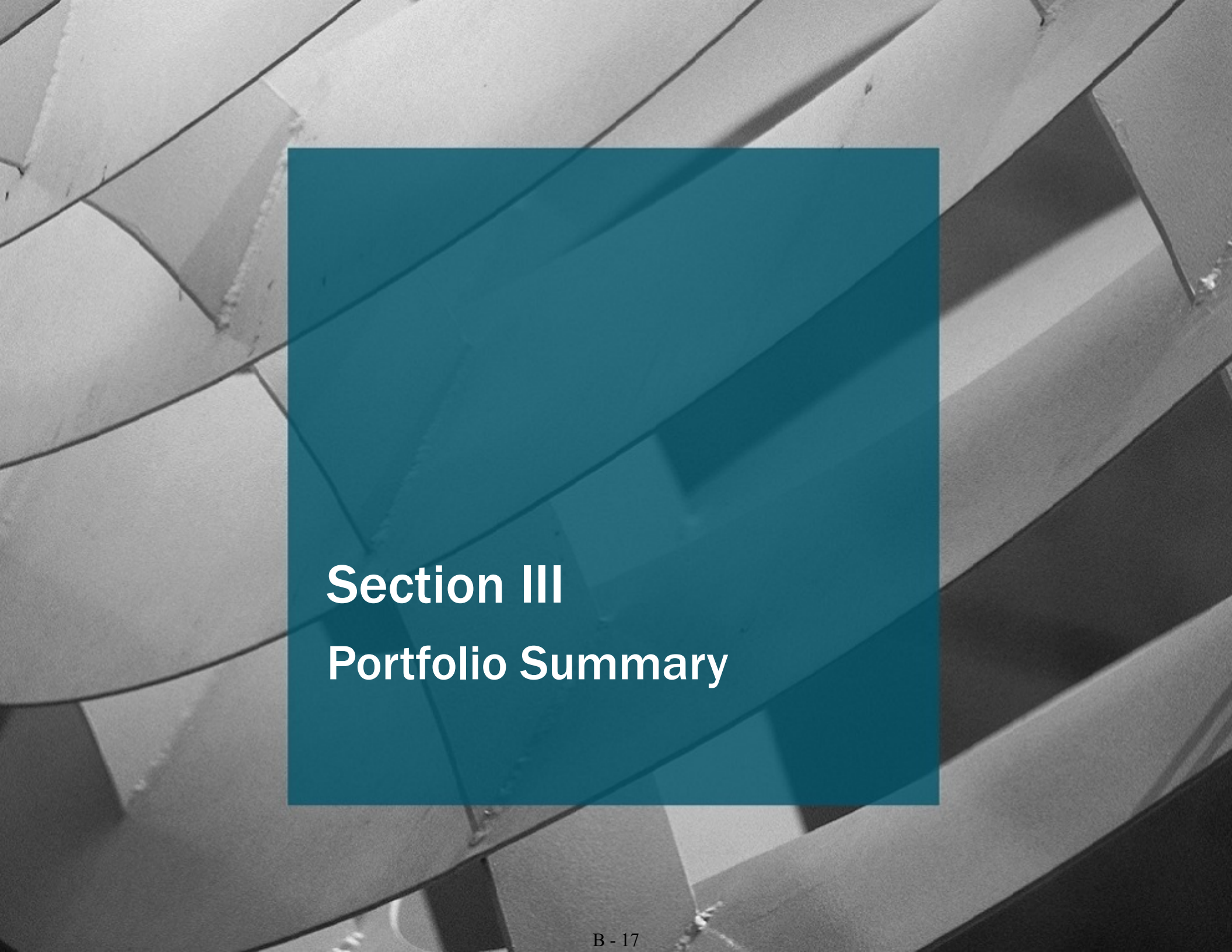
Fund Expense		Ranking
Expense Ratio	0.12	4.00%

SageView Normalized Ranking	
SageView Normalized Ranking	33.00%
STATUS	2nd QUARTILE



No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.





Section III

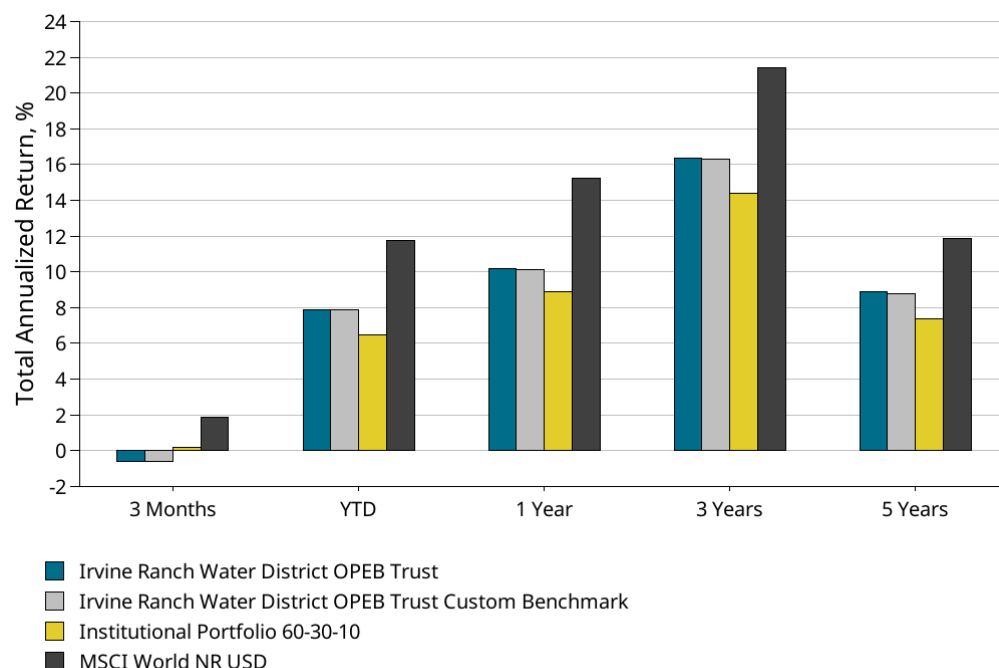
Portfolio Summary

Portfolio Return vs. Custom Benchmark

As of 09/30/2026

Performance As Of September 30, 2026	3 Month	YTD	1 Year	3 Year	5 Year	Std Dev 5 Yr	Prospectus Exp Ratio
Irvine Ranch Water District OPEB Trust	-1.04	7.88	9.51	16.14	8.86	12.01	0.09
Irvine Ranch Water District OPEB Trust Custom Benchmark	-1.04	7.88	9.46	16.05	8.75	12.01	NA
Irvine Ranch Water District OPEB Trust Custom Category Averages Benchmark	-0.79	6.99	9.14	14.73	7.84	12.79	0.77
Institutional Portfolio 60-30-10	0.16	6.47	8.91	14.40	7.39	10.48	NA
MSCI World NR USD	1.88	11.75	15.24	21.40	11.89	15.06	NA

¹Industry Average Exp Ratio 0.74%. Based on plan assets \$10Mil - \$24.9Mil



Benchmark	Weight
S&P 500 (TR) (1970)	41.85%
Bloomberg US Agg Bond TR USD	17.97%
Bloomberg US HY 2% Issuer Cap TR USD	13.86%
FTSE High Dividend Yield TR USD	12.57%
S&P Completion TR USD	9.33%
FTSE Developed ex US All Cap NR USD	4.40%
ICE BofA US 3M Trsy Bill TR USD	0.02%

¹Industry Average Expense Ratio Source: 401(k) Averages Book, 24th Edition, published by HR Investment Consultants

The Institutional Portfolio 60-30-10 consists of 60% MSCI World NR USD, 30% Bloomberg US Agg Bond TR USD and 10% ICE BofA US 3M Trsy Bill TR USD

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Management Style Analysis

As of 09/30/2026

Domestic Equity Style Box

	VALUE	BLEND	GROWTH
LARGE CAP	<ul style="list-style-type: none"> Vanguard High Dividend Yield Index Adm (\$146.03 bn) 	<ul style="list-style-type: none"> Fidelity 500 Index(\$514.09 bn) 	
MID CAP		<ul style="list-style-type: none"> Vanguard Extended Market Index Admiral (\$8.91 bn) 	
SMALL CAP			

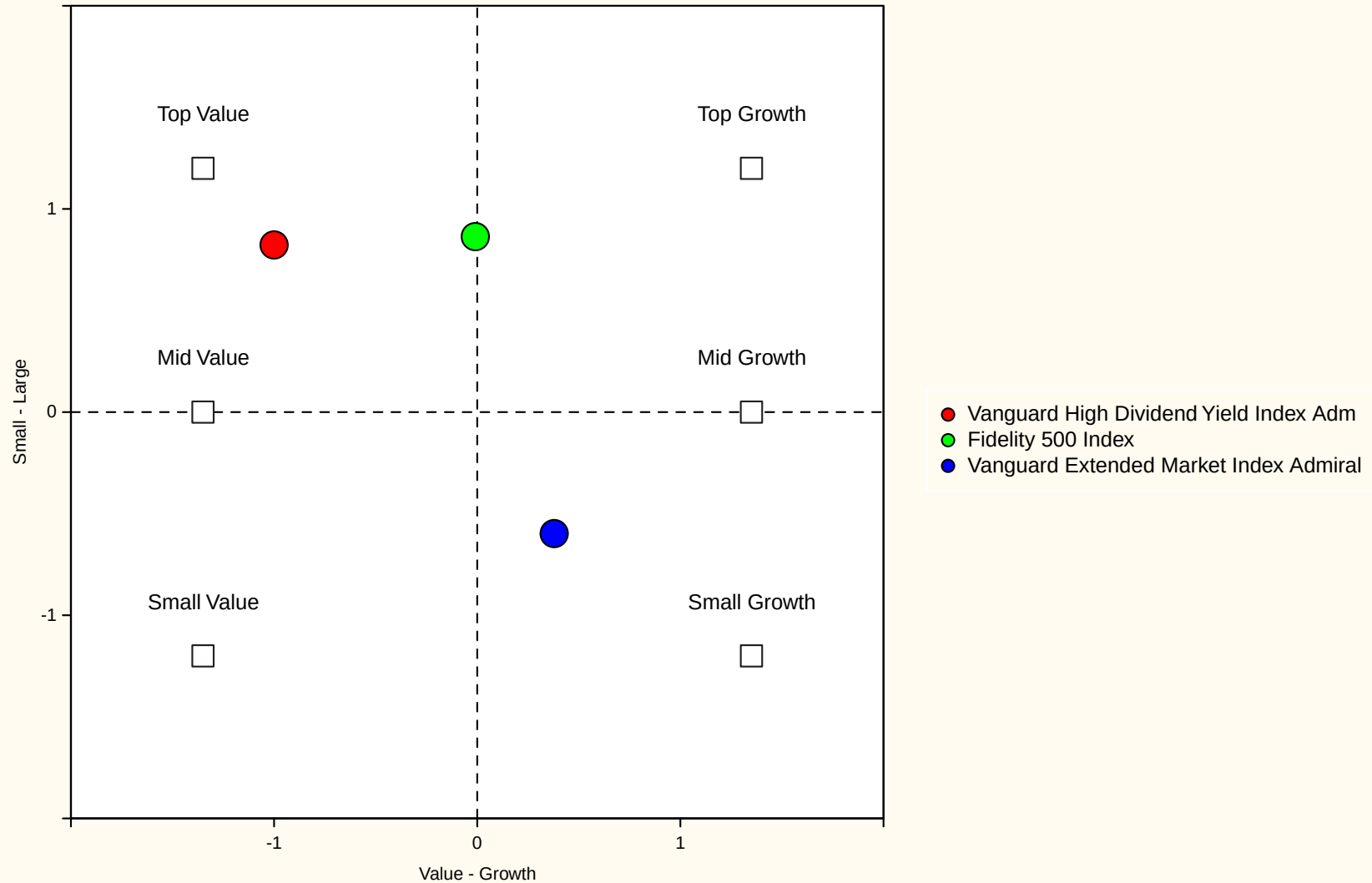
Average Market Cap. listed in parentheses

No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Manager Style Box

Equity - Single Computation
October 2016 - September 2026

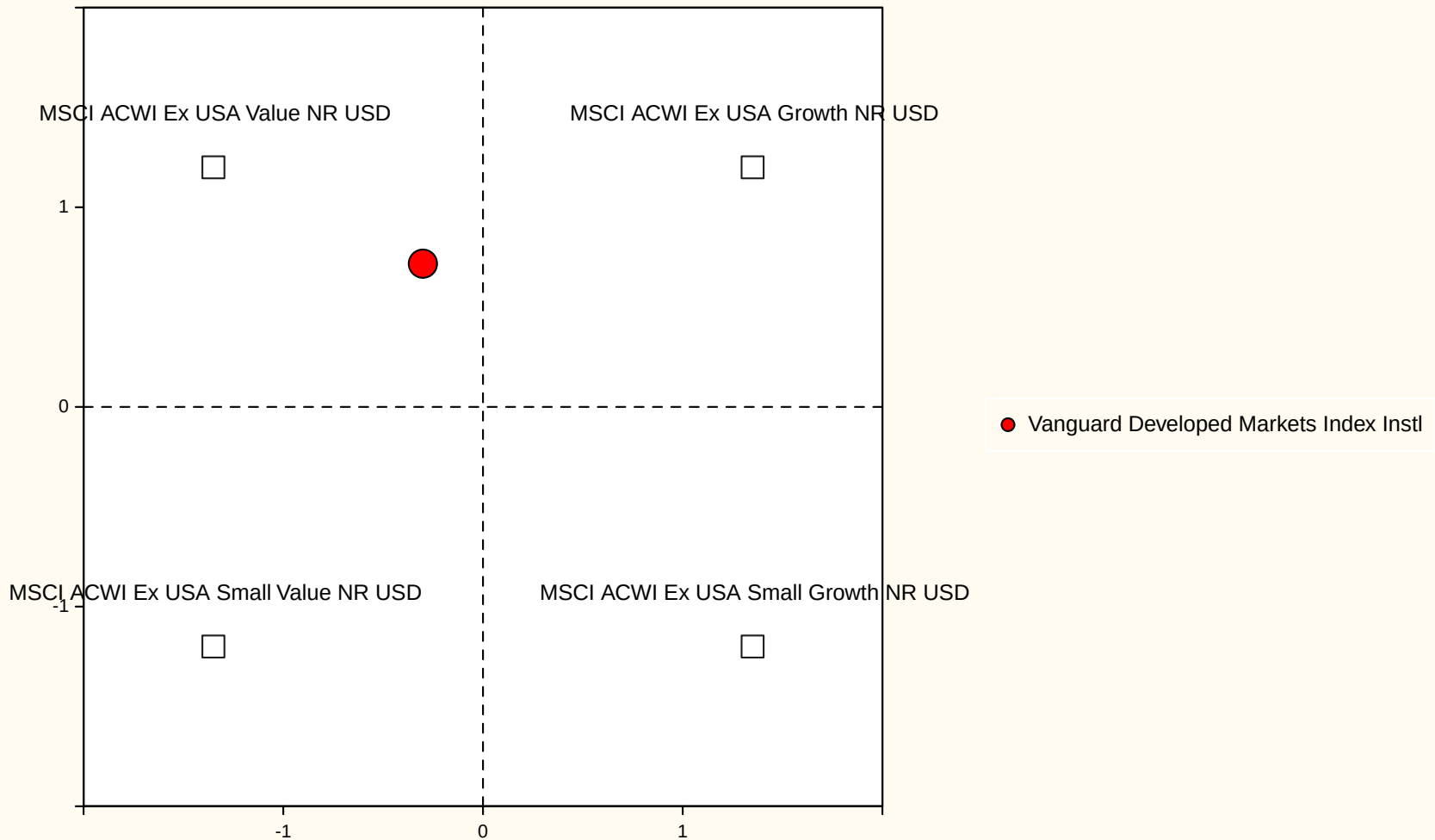


No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.



Manager Style Box

International Equity - Single Computation
October 2016 - September 2026



No representations or warranties are being made as to the tax effect, performance, past or future, or financial impact of this summary. This information is provided as an informal report; no warranties as to the accuracy or content are implied or expressed. The information above must be interpreted in the context of, and is qualified by, all the information contained in the prospectuses, where applicable, which have been or will be delivered to the appropriate investing parties prior to any offer being made. Note: Sector Weighting and/or Credit Analysis data reflect most current information available. securities offered through Cetera Advisor Networks, member SIPC. SageView is not affiliated with Cetera Advisor Networks. Fund returns shown are net of fund expenses and sales charges.





Section IV

Appendix

Active Investment Options Analysis Criteria

Active investment options are reviewed quarterly relative to an appropriate peer group and market index. The evaluation considers performance, risk, consistency, and cost using the following criteria:

1. Trailing Returns

Measures an investment's total return over the trailing 1-, 3-, 5-, and 10-year periods, as available. Returns are combined using a weighted methodology that places somewhat greater emphasis on more recent performance while still considering longer-term results.

2. Rolling Period Returns

Measures performance across a series of overlapping periods rather than relying solely on returns ending on a single date. For example, rolling 12-month returns evaluate each successive 12-month period within the measurement window. This provides a broader view of performance consistency across different market environments.

3. Batting Average

Measures how frequently an investment outperforms its peer group median. It is calculated by dividing the number of periods in which the investment outperformed the peer median by the total number of periods evaluated. A batting average above 0.50 indicates that the investment outperformed its peer median more often than it underperformed, without regard to the magnitude of that relative performance.

4. Style Consistency (R-Squared)

Measures how closely an investment's returns have corresponded with movements in its designated benchmark. A higher R-squared generally indicates that the investment has behaved more consistently with the market exposure represented by its benchmark. For an active strategy, unusually low R-squared may indicate that its performance or investment exposures differ materially from those expected for its assigned asset class.

5. Modified Sharpe Ratio

Measures risk-adjusted performance by considering an investment's return above the risk-free rate relative to its volatility. The Modified Sharpe Ratio adjusts the traditional Sharpe Ratio methodology when excess returns are negative so that greater volatility is appropriately associated with a less favorable result. This allows for more consistent comparisons of risk-adjusted performance across investments with both positive and negative excess returns.

6. Alpha

Measures an investment's return relative to the return that would be expected based on its sensitivity to movements in the designated benchmark, as measured by beta. Positive alpha indicates performance above the model-implied return, while negative alpha indicates performance below it.

7. Up Capture Ratio

Measures an investment's performance relative to its benchmark during periods when the benchmark generated a positive return. An up capture ratio above 100% indicates that the investment gained more than the benchmark, on average, during those periods, while a ratio below 100% indicates that it gained less.

8. Down Capture Ratio

Measures an investment's performance relative to its benchmark during periods when the benchmark generated a negative return. A down capture ratio below 100% generally indicates that the investment declined less than the benchmark during those periods, while a ratio above 100% generally indicates that it declined more.

9. Expense Ratio

Measures the annual operating expenses charged by an investment as a percentage of its assets. Expense ratios are evaluated relative to comparable investments, with lower-cost options receiving more favorable consideration. Because reported investment returns are generally net of fund operating expenses, expenses affect the evaluation both through realized performance and as a separate cost criterion.

Each investment is evaluated relative to a designated market index and an appropriate peer group based on Morningstar category classifications. For each applicable criterion, the investment receives a relative peer group ranking. These rankings are combined according to the methodology to produce an overall score.

Passive Investment Options Analysis Criteria

Passive investment options are reviewed quarterly to assess their cost and effectiveness in providing exposure consistent with their designated market index. Each investment is evaluated using the following criteria:

1. Expense Ratio

Measures the annual operating expenses charged by an investment as a percentage of its assets, net of applicable contractual fee waivers or reimbursements. These expenses are reflected in the investment's net asset value and reduce the return received by investors. Sales charges and transaction costs are generally not included in the expense ratio.

2. Tracking Error

Measures the variability of the difference between an investment's returns and the returns of its designated benchmark. Lower tracking error generally indicates that the investment has more consistently replicated the performance of its benchmark.

3. R-Squared

Measures the degree to which variations in an investment's returns are explained by movements in its designated benchmark. R-squared ranges from 0 to 100, with a higher value indicating a stronger statistical relationship between the investment and the benchmark. For a passive investment, a high R-squared generally indicates that its performance has closely corresponded with the market exposure it is intended to track.

4. Beta

Measures an investment's sensitivity to movements in its designated benchmark. A beta of 1.00 indicates that the investment has historically moved approximately in line with the benchmark. A beta below 1.00 indicates lower sensitivity to benchmark movements, while a beta above 1.00 indicates greater sensitivity. For an index-tracking strategy, a beta near 1.00 is generally consistent with closely replicating the benchmark's market exposure.

Each criterion receives a proprietary weighting. Passive investments are evaluated and ranked relative to an appropriate peer group for each criterion, and the weighted rankings are combined to produce an overall score.

The resulting score is normalized on a scale of 1 to 100, with lower scores representing more favorable results. Investments within the top 75% of their applicable category receive a passing score, while investments within the bottom 25% receive a failing score.