

# CEPPT Strategy 2



September 30, 2021

## Objective

The CEPPT Strategy 2 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.

## Strategy

The CEPPT Strategy 2 portfolio is invested in various asset classes that are passively managed to an index. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CEPPT Strategy 1, this portfolio has a lower allocation to equities and a higher allocation to bonds. Historically, funds with a lower percentage of equities have displayed less price volatility and, therefore, this portfolio may experience comparatively less fluctuation of value. Employers that seek greater stability of value, in exchange for possible lower investment returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes in composition as well as targeted allocation percentages and ranges at any time.

## Assets Under Management

As of the specified reporting month-end:

CEPPT Strategy 2	Annual Expense Ratio
\$19,801,855	0.25%

## Composition

### Asset Class Allocations and Benchmarks

The CEPPT Strategy 2 portfolio consists of the following asset classes and corresponding benchmarks:

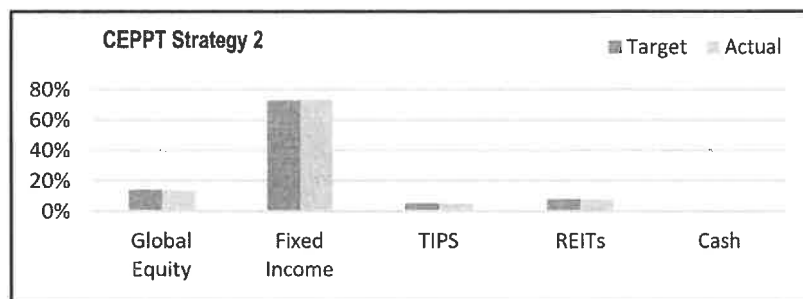
Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	14%	± 5%	MSCI All Country World Index IMI (Net)
Fixed Income	73%	± 5%	Bloomberg US Aggregate Bond Index
Treasury Inflation-Protected Securities ("TIPS")	5%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	8%	± 5%	FTSE EPRA/NAREIT Developed Index (Net)
Cash	-	+ 2%	91-Day Treasury Bill

## Portfolio Benchmark

The CEPPT Strategy 2 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

## Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may temporarily deviate from the target allocation for a particular asset class based on market, economic, or other considerations.



## CEPPT Strategy 2 Performance as of September 30, 2021

	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (January 1, 2020)
Gross Return <sup>1,3</sup>	-1.69%	-0.08%	-0.08%	5.82%	-	-	-	6.07%
Net Return <sup>2,3</sup>	-1.71%	-0.14%	-0.14%	5.58%	-	-	-	5.83%
Benchmark Return	-1.71%	-0.10%	-0.10%	5.63%	-	-	-	5.91%
Standard Deviation <sup>4</sup>	-	-	-	-	-	-	-	-

\* Returns for periods greater than one year are annualized.

<sup>1</sup> Gross returns are net of SSGA operating expenses.

<sup>2</sup> Net returns are net of SSGA operating expenses, investment management, administrative and recordkeeping fees.

<sup>3</sup> Expenses are described in more detail on page 2 of this document.

<sup>4</sup> Standard deviation is based on gross returns and is reported for periods greater than 3 years.



# CEPPT Strategy 1



September 30, 2021

## Objective

The CEPPT Strategy 1 portfolio seeks to provide capital appreciation and income consistent with its strategic asset allocation. There is no guarantee that the portfolio will achieve its investment objective.

## Strategy

The CEPPT Strategy 1 portfolio is invested in various asset classes that are passively managed to an index. CalPERS periodically adjusts the composition of the portfolio in order to match the target allocations. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

Compared with CEPPT Strategy 2, this portfolio has a higher allocation to equities than bonds. Historically, equities have displayed greater price volatility and, therefore, this portfolio may experience greater fluctuation of value. Employers that seek higher investment returns, and are able to accept greater risk and tolerate more fluctuation in returns, may wish to consider this portfolio.

CalPERS Board may change the list of approved asset classes in composition as well as targeted allocation percentages and ranges at any time.

## Assets Under Management

As of the specified reporting month-end:

CEPPT Strategy 1	Annual Expense Ratio
\$41,296,134	0.25%

## Composition

### Asset Class Allocations and Benchmarks

The CEPPT Strategy 1 portfolio consists of the following asset classes and corresponding benchmarks:

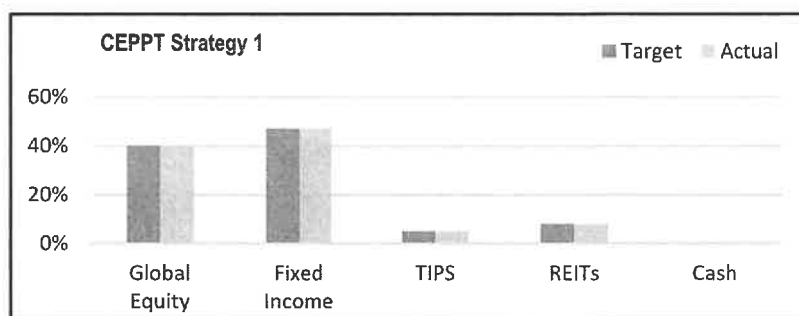
Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	40%	± 5%	MSCI All Country World Index IMI (Net)
Fixed Income	47%	± 5%	Bloomberg US Aggregate Bond Index
Treasury Inflation-Protected Securities ("TIPS")	5%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts ("REITs")	8%	± 5%	FTSE EPRA/NAREIT Developed Index (Net)
Cash	-	+ 2%	91-Day Treasury Bill

## Portfolio Benchmark

The CEPPT Strategy 1 benchmark is a composite of underlying asset class market indices, each assigned the target weight for the asset class it represents.

## Target vs. Actual Asset Class Allocations

The following chart shows policy target allocations compared with actual asset allocations as of the specified reporting month-end. CalPERS may temporarily deviate from the target allocation for a particular asset class based on market, economic, or other considerations.



## CEPPT Strategy 1 Performance as of September 30, 2021

	1 Month	3 Months	Fiscal YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception* (October 1, 2019)
Gross Return <sup>1,3</sup>	-2.50%	-0.39%	-0.39%	13.43%	-	-	-	10.31%
Net Return <sup>2,3</sup>	-2.52%	-0.45%	-0.45%	13.17%	-	-	-	10.05%
Benchmark Return	-2.52%	-0.41%	-0.41%	13.23%	-	-	-	10.31%
Standard Deviation <sup>4</sup>	-	-	-	-	-	-	-	-

\* Returns for periods greater than one year are annualized.

<sup>1</sup> Gross returns are net of SSGA operating expenses.

<sup>2</sup> Net returns are net of SSGA operating expenses, investment management, administrative and recordkeeping fees.

<sup>3</sup> Expenses are described in more detail on page 2 of this document.

<sup>4</sup> Standard deviation is based on gross returns and is reported for periods greater than 3 years.





## **Portfolio Update – 3<sup>rd</sup> Quarter 2021**

Cary M. Allison, CIMA®  
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**MODEL PORTFOLIOS**

EQUITIES		Style	Ticker	Expenses	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
<b>Domestic Equities &amp; REITs</b>										
Alger Focus Equity Y	Large Growth	ALGYX	0.65%	0.000%	1.980%	4.510%	6.380%	8.690%	11.000%	
Columbia Contrarian Core Institutional	Large Blend	COFYX	0.63%	0.000%	1.620%	3.690%	5.220%	7.110%	9.000%	
ClearBridge Select IS	Multicap Blend	LCSSX	1.07%	0.000%	1.080%	2.460%	3.480%	4.740%	6.000%	
Alger Mid Cap Focus Z	Mid Growth	AFOZX	0.99%	0.000%	0.630%	1.435%	2.030%	2.765%	3.500%	
Alger Small Cap Focus Z	Small Growth	AGOZX	0.87%	0.000%	1.170%	2.665%	3.770%	5.135%	6.500%	
Undiscovered Managers Behavioral Value R6	Small Value	UBVFX	0.87%	0.000%	0.720%	1.640%	2.320%	3.160%	4.000%	
Cohen & Steers Real Estate Securities Z	REITs	CSZIX	0.79%	0.000%	1.350%	3.075%	4.350%	5.925%	7.500%	
PGIM Global Real Estate R6	REITs	PGRQX	0.80%	0.000%	0.450%	1.025%	1.450%	1.975%	2.500%	
<b>Total Domestic Equities &amp; REITs</b>				<b>0.000%</b>	<b>9.000%</b>	<b>20.500%</b>	<b>29.000%</b>	<b>39.500%</b>	<b>50.000%</b>	
<b>International/Global Equities</b>										
American Funds New Perspectives F2	Global Growth	ANWFX	0.55%	0.000%	1.190%	2.125%	2.720%	3.655%	4.420%	
PGIM Jennison Global Opportunities R6	Global Growth	PRJQX	0.84%	0.000%	1.190%	2.125%	2.720%	3.655%	4.420%	
Goldman Sachs GQG Partners Intl Opportunities R6	Int'l Blend	GSIXX	0.87%	0.000%	1.190%	2.125%	2.720%	3.655%	4.420%	
John Hancock International Growth R6	Int'l Growth	JIGTX	0.89%	0.000%	1.190%	2.125%	2.720%	3.655%	4.420%	
American Funds New World F2	EM Growth	NFFFX	0.72%	0.000%	0.560%	1.000%	1.280%	1.720%	2.080%	
Hartford International Value Y	Int'l Value	HILYX	0.90%	0.000%	0.560%	1.000%	1.280%	1.720%	2.080%	
Oakmark International Institutional	Int'l Value	GANIX	0.79%	0.000%	0.560%	1.000%	1.280%	1.720%	2.080%	
Thornburg Investment Income Builder R6	Int'l Value	TIBOX	0.85%	0.000%	0.560%	1.000%	1.280%	1.720%	2.080%	
<b>Total International/Global Equities</b>				<b>0.000%</b>	<b>7.000%</b>	<b>12.500%</b>	<b>16.000%</b>	<b>21.500%</b>	<b>26.000%</b>	
<b>Total Equities</b>				<b>0.000%</b>	<b>16.000%</b>	<b>33.000%</b>	<b>45.000%</b>	<b>61.000%</b>	<b>76.000%</b>	

FIXED INCOME		Style	Ticker	Expenses	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
BlackRock Total Return K	Domestic Bond	MPHQX	0.38%	20.000%	16.800%	13.400%	11.000%	7.800%	4.800%	
Guggenheim Core Bond Institutional	Domestic Bond	GIUSX	0.50%	20.000%	16.800%	13.400%	11.000%	7.800%	4.800%	
PGIM Total Return Bond R6	Domestic Bond	PTRQX	0.39%	20.000%	16.800%	13.400%	11.000%	7.800%	4.800%	
Western Asset Core Plus Bond IS	Domestic Bond	WAPSX	0.42%	20.000%	16.800%	13.400%	11.000%	7.800%	4.800%	
PGIM Global Total Return Bond R6	Global Bond	PGTQX	0.58%	10.000%	8.400%	6.700%	5.500%	3.900%	2.400%	
Guggenheim Macro Opportunities Inst	Domestic Bond	GIOIX	1.02%	10.000%	8.400%	6.700%	5.500%	3.900%	2.400%	
<b>Total Bonds</b>				<b>100.000%</b>	<b>84.000%</b>	<b>67.000%</b>	<b>55.000%</b>	<b>39.000%</b>	<b>24.000%</b>	

SUMMARY		Target	Actual
Total Equities	0%	16%	33%
Total Fixed Income	100%	84%	67%
Grand Total	100%	100%	100%

Expense Ratio		Target	Actual
Total Equities	0.50%	0.55%	0.60%
Total Fixed Income	0.50%	0.55%	0.60%
Grand Total	0.50%	0.55%	0.60%

TARGET EQUITY & NOMINAL BENCHMARKS		Target	Actual
Target Equity Allocations	0%	15%	30%
MSCI ACWI (All County World Index)	0%	15%	30%
Barclay's Aggregate Bond	100%	85%	70%

## Portfolio Returns

As of September 30<sup>th</sup>, 2021

<i>Portfolio</i>	<i>3 Mo</i>	<i>1-Yr</i>	<i>3-Yr</i>	<i>5-Yr</i>	<i>10-Yr</i>
<b>Fixed Income</b>	<b>-0.07%</b>	<b>1.90%</b>	<b>5.84%</b>	<b>4.23%</b>	<b>4.28%</b>
<i>Benchmark (Barclay's Aggregate)</i>	<i>0.05%</i>	<i>-0.90%</i>	<i>5.36%</i>	<i>2.94%</i>	<i>3.01%</i>
<b>Conservative</b>	<b>-0.18%</b>	<b>6.16%</b>	<b>7.18%</b>	<b>5.69%</b>	<b>5.40%</b>
<i>Benchmark (15% ACWI / 85% BC Agg)</i>	<i>-0.11%</i>	<i>3.25%</i>	<i>6.62%</i>	<i>4.56%</i>	<i>4.44%</i>
<b>Moderate</b>	<b>-0.30%</b>	<b>10.91%</b>	<b>8.74%</b>	<b>7.44%</b>	<b>6.90%</b>
<i>Benchmark (30% ACWI / 70% BC Agg)</i>	<i>-0.28%</i>	<i>7.51%</i>	<i>7.82%</i>	<i>6.14%</i>	<i>5.84%</i>
<b>Moderate Growth</b>	<b>-0.38%</b>	<b>14.40%</b>	<b>9.88%</b>	<b>8.75%</b>	<b>7.98%</b>
<i>Benchmark (45% ACWI / 55% BC Agg)</i>	<i>-0.46%</i>	<i>11.90%</i>	<i>8.94%</i>	<i>7.69%</i>	<i>7.21%</i>
<b>Growth</b>	<b>-0.50%</b>	<b>19.11%</b>	<b>10.76%</b>	<b>10.04%</b>	<b>9.19%</b>
<i>Benchmark (60% ACWI / 40% BC Agg)</i>	<i>-0.63%</i>	<i>16.41%</i>	<i>9.99%</i>	<i>9.21%</i>	<i>8.55%</i>
<b>Aggressive Growth</b>	<b>-0.62%</b>	<b>23.69%</b>	<b>12.15%</b>	<b>11.75%</b>	<b>10.62%</b>
<i>Benchmark (75% ACWI / 25% BC Agg)</i>	<i>-0.81%</i>	<i>21.05%</i>	<i>10.95%</i>	<i>10.69%</i>	<i>9.86%</i>

NOTE: The portfolios listed above are sample representations only and may be altered from time to time at the discretion of the trustee.

Quarter	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
<b>Quarterly Returns</b>						
3/31/2008	0.72%	-0.37%	-1.49%	-3.40%	-5.13%	-6.50%
6/30/2008	-1.51%	-1.76%	-1.75%	-1.47%	-1.25%	-0.97%
9/30/2008	-3.19%	-4.12%	-5.53%	-7.08%	-8.88%	-11.99%
12/31/2008	0.28%	-2.90%	-6.76%	-9.65%	-13.11%	-17.53%
3/31/2009	-0.34%	-2.21%	-4.38%	-5.50%	-7.11%	-9.17%
6/30/2009	7.63%	9.64%	12.08%	13.79%	15.91%	19.16%
9/30/2009	8.04%	9.48%	11.18%	12.23%	13.84%	15.75%
12/31/2009	2.06%	2.26%	2.60%	2.90%	3.18%	3.67%
3/31/2010	3.31%	3.59%	3.83%	3.97%	4.23%	4.46%
6/30/2010	1.74%	-0.35%	-2.38%	-3.89%	-5.73%	-7.85%
9/30/2010	4.69%	6.20%	7.61%	8.68%	9.87%	11.45%
12/31/2010	-0.30%	0.98%	2.45%	3.57%	5.03%	6.92%
3/31/2011	1.50%	1.88%	2.26%	2.58%	3.09%	3.58%
6/30/2011	2.15%	1.93%	1.61%	1.28%	0.91%	0.49%
9/30/2011	0.17%	-2.89%	-5.81%	-7.78%	-10.68%	-13.70%
12/31/2011	1.52%	2.35%	3.30%	3.98%	4.96%	6.08%
3/31/2012	2.75%	4.06%	5.37%	6.27%	7.62%	9.09%
6/30/2012	1.89%	0.57%	-0.66%	-1.62%	-2.93%	-4.29%
9/30/2012	3.75%	4.14%	4.37%	4.57%	4.92%	5.18%
12/31/2012	1.52%	1.89%	2.22%	2.39%	2.63%	2.83%
3/31/2013	0.60%	1.47%	2.55%	3.32%	4.37%	5.57%
6/30/2013	-2.99%	-2.48%	-1.80%	-1.36%	-0.74%	-0.09%
9/30/2013	0.94%	1.64%	2.58%	3.30%	4.29%	5.24%
12/31/2013	0.94%	1.90%	2.85%	3.43%	4.36%	5.33%
3/31/2014	2.14%	2.04%	1.97%	2.05%	1.89%	1.85%
6/30/2014	2.52%	2.87%	3.30%	3.65%	4.02%	4.37%
9/30/2014	-0.04%	-0.60%	-1.11%	-1.56%	-2.17%	-2.61%
12/31/2014	0.83%	0.59%	0.91%	1.18%	1.50%	1.61%
3/31/2015	1.54%	1.63%	1.89%	2.15%	2.37%	2.48%
6/30/2015	-1.70%	-1.40%	-1.03%	-0.87%	-0.60%	-0.30%
9/30/2015	-0.38%	-1.97%	-3.16%	-3.99%	-5.19%	-6.33%
12/31/2015	-0.42%	0.57%	1.53%	2.06%	2.89%	3.74%
3/31/2016	2.62%	2.10%	1.76%	1.64%	1.36%	1.05%
6/30/2016	2.26%	1.92%	1.75%	1.68%	1.54%	1.42%
9/30/2016	1.27%	2.05%	2.89%	3.48%	4.27%	5.05%
12/31/2016	-1.78%	-1.20%	-0.85%	-0.55%	0.08%	0.47%
3/31/2017	1.95%	2.52%	3.32%	3.85%	4.41%	5.12%
6/30/2017	2.05%	2.35%	2.73%	3.00%	3.32%	3.67%
9/30/2017	1.37%	1.82%	2.44%	2.79%	3.33%	3.81%
12/31/2017	0.80%	1.32%	1.95%	2.43%	3.03%	3.69%
3/31/2018	-0.24%	-0.33%	-0.33%	-0.22%	-0.24%	-0.18%
6/30/2018	-0.57%	-0.17%	0.21%	0.63%	1.11%	1.91%
9/30/2018	0.18%	0.66%	1.43%	1.93%	2.43%	3.05%
12/31/2018	0.47%	-1.86%	-4.67%	-6.53%	-8.98%	-11.27%
3/31/2019	2.60%	4.22%	6.06%	7.41%	9.12%	11.00%
6/30/2019	2.75%	3.06%	3.34%	3.52%	3.66%	3.88%
9/30/2019	1.53%	1.26%	0.85%	0.55%	0.19%	-0.10%
12/31/2019	0.39%	1.60%	2.83%	3.71%	4.83%	6.04%
3/31/2020	-1.24%	-5.13%	-8.51%	-10.86%	-14.79%	-17.78%
6/30/2020	6.34%	8.68%	11.56%	13.64%	16.05%	18.86%
9/30/2020	2.63%	3.71%	4.84%	5.63%	6.68%	7.66%
12/31/2020	3.12%	5.20%	7.41%	8.99%	11.10%	13.09%
3/31/2021	-3.75%	-2.49%	-1.09%	-0.08%	1.25%	2.52%



Quarter	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
6/30/2021	2.74%	3.68%	4.71%	5.45%	6.42%	7.35%
9/30/2021	-0.07%	-0.18%	-0.30%	-0.38%	-0.50%	-0.62%

Quarter	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
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### Annualized Rolling Returns (per year)

1 Year	1.90%	6.16%	10.91%	14.40%	19.11%	23.69%
2 Years	5.01%	7.40%	10.47%	12.67%	14.77%	17.47%
3 Years	5.84%	7.18%	8.74%	9.88%	10.76%	12.15%
4 Years	4.39%	5.72%	7.35%	8.60%	9.67%	11.27%
5 Years	4.23%	5.69%	7.44%	8.75%	10.04%	11.75%
6 Years	4.50%	5.87%	7.56%	8.81%	10.10%	11.74%
7 Years	3.88%	4.83%	6.23%	7.26%	8.27%	9.54%
8 Years	4.10%	5.02%	6.34%	7.31%	8.27%	9.48%
9 Years	3.64%	4.73%	6.26%	7.36%	8.55%	9.99%
10 Years	4.28%	5.40%	6.90%	7.98%	9.19%	10.62%
11 Years	4.22%	5.07%	6.28%	7.15%	8.08%	9.21%
12 Years	4.87%	5.64%	6.74%	7.53%	8.35%	9.38%
13 Years	5.70%	6.26%	7.07%	7.64%	8.21%	8.90%

### Annual Returns

2008	-3.70%	-8.88%	-14.75%	-20.09%	-25.83%	-32.79%
2009	18.28%	20.03%	22.25%	24.18%	26.47%	29.88%
2010	9.71%	10.70%	11.74%	12.48%	13.39%	14.71%
2011	5.44%	3.21%	1.10%	-0.38%	-2.47%	-4.71%
2012	10.27%	11.05%	11.67%	11.94%	12.49%	12.93%
2013	-0.56%	2.49%	6.25%	8.89%	12.75%	16.92%
2014	5.54%	4.95%	5.11%	5.35%	5.24%	5.19%
2015	-0.98%	-1.21%	-0.85%	-0.78%	-0.74%	-0.72%
2016	4.38%	4.92%	5.63%	6.36%	7.40%	8.17%
2017	6.31%	8.25%	10.85%	12.62%	14.85%	17.30%
2018	-0.16%	-1.71%	-3.42%	-4.34%	-5.96%	-6.99%
2019	7.45%	10.50%	13.66%	15.95%	18.80%	22.15%
2020	11.15%	12.49%	14.94%	16.62%	17.20%	18.98%
2021 YTD	-1.18%	0.92%	3.26%	4.97%	7.21%	9.37%

### Statistics

Worst Quarter	-3.75%	-5.13%	-8.51%	-10.86%	-14.79%	-17.78%
Average Quarter	1.27%	1.37%	1.54%	1.65%	1.78%	1.95%
Best Quarter	8.04%	9.64%	12.08%	13.79%	16.05%	19.16%
Worst 1-Year Period	-4.71%	-10.56%	-17.25%	-21.83%	-27.37%	-34.71%
Average 1-Year Period	5.59%	6.01%	6.78%	7.34%	7.94%	8.74%
Best 1-Year Period	22.61%	27.15%	32.75%	36.63%	41.91%	49.37%
Worst 3-Year Rolling Period	1.30%	2.09%	2.58%	2.41%	1.57%	0.04%
Average 3-Year Rolling Period	5.49%	5.98%	6.78%	7.36%	7.97%	8.78%
Best 3-Year Rolling Period	13.68%	15.32%	17.40%	18.83%	20.68%	23.50%
Worst 5-Year Rolling Period	2.87%	2.75%	2.89%	3.01%	2.77%	1.55%
Average 5-Year Rolling Period	5.30%	5.93%	6.99%	7.77%	8.66%	9.76%
Best 5-Year Rolling Period	10.75%	12.57%	14.95%	16.63%	18.91%	22.03%

**WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?**

**Comprehensive Investment Solution**

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

**Rigorous Manager Due Diligence**

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

**Flexible Investment Options**

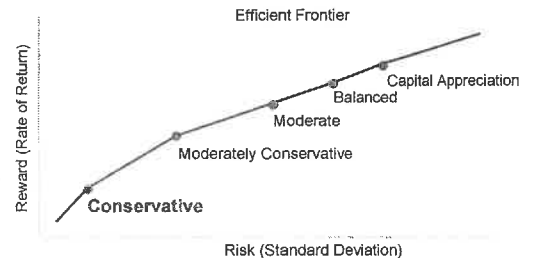
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

**Risk Management**

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

**INVESTMENT OBJECTIVE**

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



**ASSET ALLOCATION — CONSERVATIVE PORTFOLIO**

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	16%
Fixed Income	60 – 95%	80%	83%
Cash	0 – 20%	5%	1%

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

HighMark Plus Composite (Active)		Index Plus Composite (Passive)	
Current Quarter*	-0.19%	Current Quarter*	-0.17%
Blended Benchmark**,**	-0.07%	Blended Benchmark**,**	-0.07%
Year To Date*	1.45%	Year To Date*	1.01%
Blended Benchmark**,**	1.26%	Blended Benchmark**,**	1.26%
1 Year	5.40%	1 Year	4.11%
Blended Benchmark**	4.34%	Blended Benchmark**	4.34%
3 Year	6.58%	3 Year	6.19%
Blended Benchmark**	5.94%	Blended Benchmark**	5.94%
5 Year	4.95%	5 Year	4.44%
Blended Benchmark**	4.46%	Blended Benchmark**	4.46%
10 Year	4.97%	10 Year	4.43%
Blended Benchmark**	4.27%	Blended Benchmark**	4.27%

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

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

HighMark Plus Composite (Active)		Index Plus Composite (Passive)	
2008	-9.04%	2008	-6.70%
2009	15.59%	2009	10.49%
2010	8.68%	2010	7.67%
2011	2.19%	2011	3.70%
2012	8.45%	2012	6.22%
2013	3.69%	2013	3.40%
2014	3.88%	2014	4.32%
2015	0.29%	2015	0.06%
2016	4.18%	2016	3.75%
2017	6.73%	2017	5.52%
2018	-1.35%	2018	-1.09%
2019	11.05%	2019	10.37%
2020	9.03%	2020	8.56%

**PORTFOLIO FACTS**

HighMark Plus (Active)		Index Plus (Passive)	
Composite Inception Date	07/2004	Composite Inception Date	07/2004
No of Holdings in Portfolio	20	No of Holdings in Portfolio	13

## HOLDINGS

### HighMark Plus (Active)

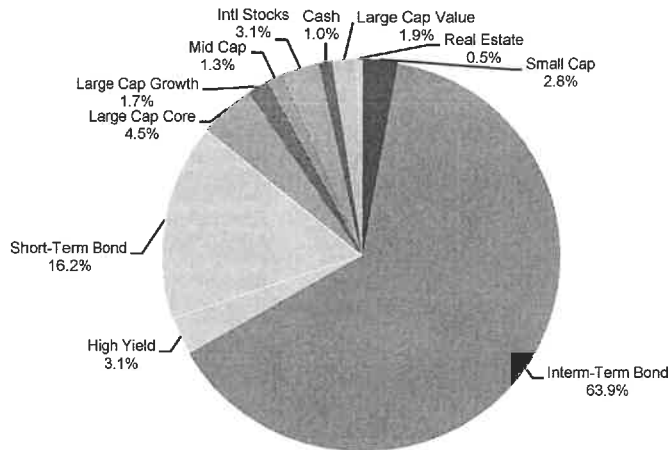
Columbia Contrarian Core I3  
 Vanguard Growth & Income Adm  
 Dodge & Cox Stock Fund  
 iShares S&P 500 Value ETF  
 Harbor Capital Appreciation - Retirement  
 T. Rowe Price Growth Stock - I  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 Undiscovered Managers Behavioral Value-R6  
 Victory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

### Index Plus (Passive)

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

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

## STYLE



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

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.50% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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

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

## HIGHMARK CAPITAL MANAGEMENT

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

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has 100 years (including predecessor organizations) of institutional money management experience with \$9.4 billion in assets under management and \$9.6 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

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

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

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

#### J. Keith Stribling, CFA®

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

#### Christiane Tsuda

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

#### Anne Wimmer, CFA®

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

#### Randy Yurchak, CFA®

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

### Asset Allocation Committee

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

### Manager Review Group

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

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

PARS DIVERSIFIED PORTFOLIOS  
**MODERATELY CONSERVATIVE**

Q3 2021

**WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?**

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

**Rigorous Manager Due Diligence**

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

**Flexible Investment Options**

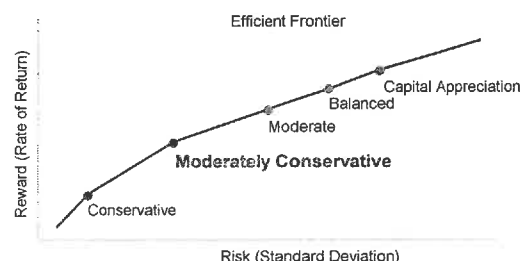
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

**Risk Management**

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

**INVESTMENT OBJECTIVE**

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



**ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO**

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	32%
Fixed Income	50 - 80%	65%	67%
Cash	0 - 20%	5%	1%

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

HighMark Plus Composite (Active)		Index Plus Composite (Passive)	
Current Quarter*	-0.58%	Current Quarter*	-0.32%
Blended Benchmark**, **	-0.21%	Blended Benchmark**, **	-0.21%
Year To Date*	3.36%	Year To Date*	3.16%
Blended Benchmark**, **	3.25%	Blended Benchmark**, **	3.25%
1 Year	9.83%	1 Year	8.50%
Blended Benchmark**	8.83%	Blended Benchmark**	8.83%
3 Year	7.80%	3 Year	7.52%
Blended Benchmark**	7.57%	Blended Benchmark**	7.57%
5 Year	6.61%	5 Year	6.11%
Blended Benchmark**	6.34%	Blended Benchmark**	6.34%
10 Year	6.64%	10 Year	6.15%
Blended Benchmark**	6.20%	Blended Benchmark**	6.20%

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

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

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

**PORTFOLIO FACTS**

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



## HOLDINGS

### HighMark Plus (Active)

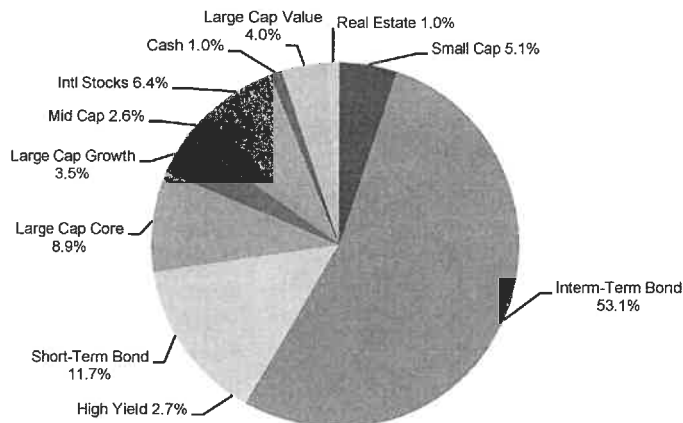
Columbia Contrarian Core I3  
 Vanguard Growth & Income Adm  
 Dodge & Cox Stock Fund  
 iShares S&P 500 Value ETF  
 Harbor Capital Appreciation - Retirement  
 T. Rowe Price Growth Stock - I  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 Undiscovered Managers Behavioral Value-R6  
 Victory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

### Index Plus (Passive)

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

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

## STYLE



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

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

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

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## HIGHMARK CAPITAL MANAGEMENT

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

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has 100 years (including predecessor organizations) of institutional money management experience with \$9.4 billion in assets under management and \$9.6 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

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

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

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

#### J. Keith Stribling, CFA®

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

#### Christiane Tsuda

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

#### Anne Wimmer, CFA®

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

#### Randy Yurchak, CFA®

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

### Asset Allocation Committee

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

### Manager Review Group

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

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

PARS DIVERSIFIED PORTFOLIOS  
**MODERATE**

Q3 2021

**WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?**

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

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**Flexible Investment Options**

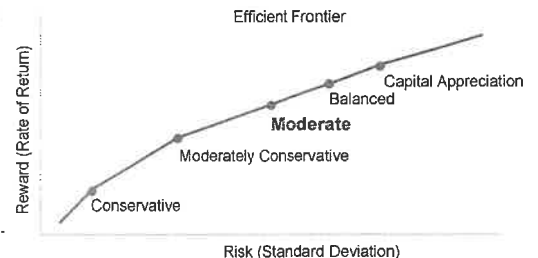
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**Risk Management**

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

**INVESTMENT OBJECTIVE**

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



**ASSET ALLOCATION — MODERATE PORTFOLIO**

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	53%
Fixed Income	40 - 60%	45%	46%
Cash	0 - 20%	5%	1%

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

HighMark Plus Composite (Active)		Index Plus Composite (Passive)	
Current Quarter*	-1.05%	Current Quarter*	-0.54%
Blended Benchmark**, **	-0.41%	Blended Benchmark**, **	-0.41%
Year To Date*	6.00%	Year To Date*	6.19%
Blended Benchmark**, **	6.22%	Blended Benchmark**, **	6.22%
1 Year	15.94%	1 Year	14.77%
Blended Benchmark**	15.32%	Blended Benchmark**	15.32%
3 Year	9.54%	3 Year	9.10%
Blended Benchmark**	9.40%	Blended Benchmark**	9.40%
5 Year	8.93%	5 Year	8.34%
Blended Benchmark**	8.73%	Blended Benchmark**	8.73%
10 Year	8.72%	10 Year	8.35%
Blended Benchmark**	8.63%	Blended Benchmark**	8.63%

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

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

HighMark Plus Composite (Active)		Index Plus Composite (Passive)	
2008	-22.88%	2008	-18.14%
2009	21.47%	2009	16.05%
2010	12.42%	2010	11.77%
2011	0.55%	2011	2.29%
2012	12.25%	2012	10.91%
2013	13.06%	2013	12.79%
2014	4.84%	2014	5.72%
2015	0.14%	2015	-0.52%
2016	6.45%	2016	7.23%
2017	13.19%	2017	11.59%
2018	-4.03%	2018	-4.03%
2019	17.71%	2019	17.52%
2020	12.92%	2020	11.23%

**PORTFOLIO FACTS**

HighMark Plus (Active)		Index Plus (Passive)	
Composite Inception Date	10/2004	Composite Inception Date	05/2006
No of Holdings in Portfolio	20	No of Holdings in Portfolio	13

## HOLDINGS

### HighMark Plus (Active)

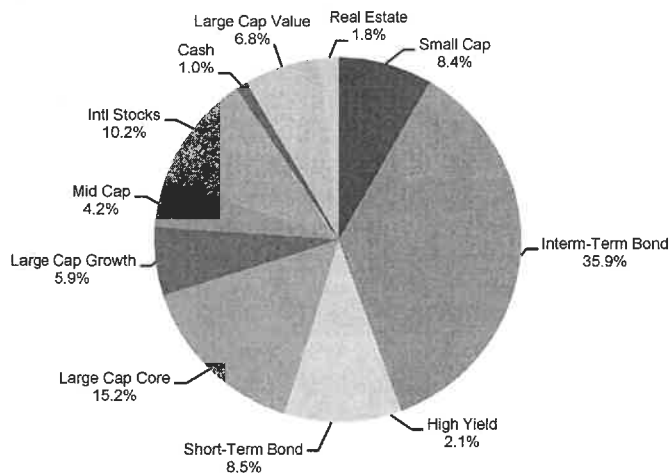
Columbia Contrarian Core I3  
 Vanguard Growth & Income Adm  
 Dodge & Cox Stock Fund  
 iShares S&P 500 Value ETF  
 Harbor Capital Appreciation - Retirement  
 T. Rowe Price Growth Stock - I  
 iShares Russell Mid-Cap ETF  
 Vanguard Real Estate ETF  
 Undiscovered Managers Behavioral Value-R6  
 Victory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

### Index Plus (Passive)

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

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

## STYLE



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

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

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

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

## HIGHMARK CAPITAL MANAGEMENT

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

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has 100 years (including predecessor organizations) of institutional money management experience with \$9.4 billion in assets under management and \$9.6 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

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

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

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

#### J. Keith Stribling, CFA®

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

#### Christiane Tsuda

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

#### Anne Wimmer, CFA®

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

#### Randy Yurchak, CFA®

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

### Asset Allocation Committee

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

### Manager Review Group

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

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



PARS DIVERSIFIED PORTFOLIOS  
**BALANCED**

Q3 2021

**WHY THE PARS DIVERSIFIED  
BALANCED PORTFOLIO?**

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

**Rigorous Manager Due Diligence**

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

**Flexible Investment Options**

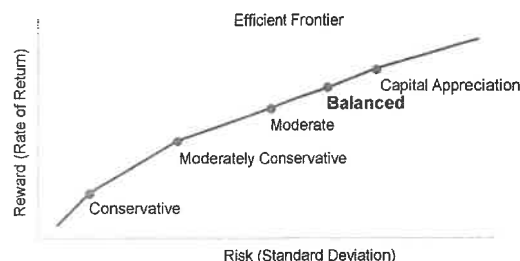
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

**Risk Management**

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

**INVESTMENT OBJECTIVE**

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



**ASSET ALLOCATION — BALANCED PORTFOLIO**

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	63%
Fixed Income	30 – 50%	35%	36%
Cash	0 – 20%	5%	1%

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

**ANNUALIZED TOTAL RETURNS**

HighMark Plus Composite (Active)		Index Plus Composite (Passive)	
Current Quarter*	-1.30%	Current Quarter*	-0.66%
Blended Benchmark**,**	-0.52%	Blended Benchmark**,**	-0.52%
Year To Date*	7.34%	Year To Date*	7.68%
Blended Benchmark**,**	7.71%	Blended Benchmark**,**	7.71%
1 Year	19.24%	1 Year	17.93%
Blended Benchmark**	18.65%	Blended Benchmark**	18.65%
3 Year	10.30%	3 Year	9.89%
Blended Benchmark**	10.30%	Blended Benchmark**	10.30%
5 Year	10.11%	5 Year	9.45%
Blended Benchmark**	9.94%	Blended Benchmark**	9.94%
10 Year	9.83%	10 Year	9.44%
Blended Benchmark**	9.87%	Blended Benchmark**	9.87%

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

**ANNUAL RETURNS**

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

HighMark Plus Composite (Active)		Index Plus Composite (Passive)	
2008	-25.72%	2008	-23.22%
2009	21.36%	2009	17.62%
2010	14.11%	2010	12.76%
2011	-0.46%	2011	1.60%
2012	13.25%	2012	11.93%
2013	16.61%	2013	15.63%
2014	4.70%	2014	6.08%
2015	0.04%	2015	-0.81%
2016	6.81%	2016	8.25%
2017	15.46%	2017	13.39%
2018	-4.88%	2018	-5.05%
2019	19.85%	2019	19.59%
2020	14.06%	2020	12.07%

**PORTFOLIO FACTS**

HighMark Plus (Active)		Index Plus (Passive)	
Composite Inception Date	10/2006	Composite Inception Date	10/2007
No of Holdings in Portfolio	20	No of Holdings in Portfolio	13

## HOLDINGS

### HighMark Plus (Active)

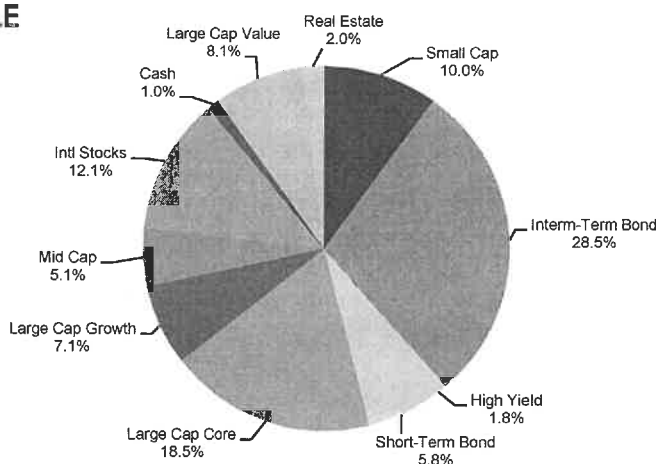
Columbia Contrarian Core I3  
 Vanguard Growth & Income Adm  
 Dodge & Cox Stock Fund  
 iShares S&P 500 Value ETF  
 Harbor Capital Appreciation - Retirement  
 T. Rowe Price Growth Stock - I  
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 DFA Large Cap International Portfolio  
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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

### Index Plus (Passive)

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

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## STYLE



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

The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/11/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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

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

## HIGHMARK CAPITAL MANAGEMENT

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

### ABOUT THE ADVISER

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### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

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

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

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

#### J. Keith Stribling, CFA®

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

#### Christiane Tsuda

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

#### Anne Wimmer, CFA®

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

#### Randy Yurchak, CFA®

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

### Asset Allocation Committee

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

### Manager Review Group

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

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

PARS DIVERSIFIED PORTFOLIOS  
**CAPITAL APPRECIATION**

Q3 2021

**WHY THE PARS DIVERSIFIED  
CAPITAL APPRECIATION PORTFOLIO?**

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

**Rigorous Manager Due Diligence**

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

**Flexible Investment Options**

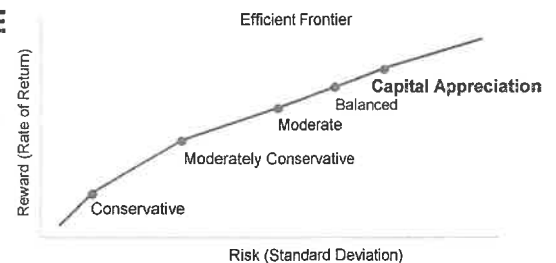
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

**Risk Management**

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

**INVESTMENT OBJECTIVE**

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



**ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO**

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	79%
Fixed Income	10 - 30%	20%	20%
Cash	0 - 20%	5%	1%

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

Consolidated Composite	
Current Quarter*	-1.38%
Blended Benchmark**, **	-0.68%
Year To Date*	9.30%
Blended Benchmark**, **	9.72%
1 Year	23.25%
Blended Benchmark**	23.46%
3 Year	11.22%
Blended Benchmark**	11.42%
5 Year	11.42%
Blended Benchmark**	11.58%
10 Year	11.12%
Blended Benchmark**	11.44%

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

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

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

**PORTFOLIO FACTS**

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

## HOLDINGS

### HighMark Plus (Active)

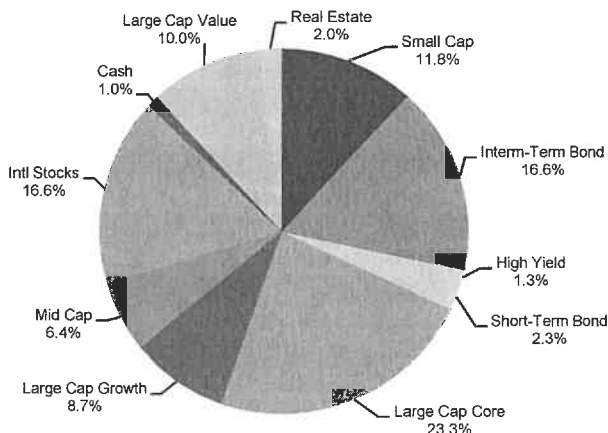
Columbia Contrarian Core I3  
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### Index Plus (Passive)

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

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

## STYLE



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

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

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

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

## HIGHMARK CAPITAL MANAGEMENT

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

### ABOUT THE ADVISER

HighMark<sup>®</sup> Capital Management, Inc. (HighMark) has 100 years (including predecessor organizations) of institutional money management experience with \$9.4 billion in assets under management and \$9.6 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA<sup>®</sup>

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

#### Salvatore "Tory" Milazzo III, CFA<sup>®</sup>

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

#### J. Keith Stribling, CFA<sup>®</sup>

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

#### Christiane Tsuda

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

#### Anne Wimmer, CFA<sup>®</sup>

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

#### Randy Yurchak, CFA<sup>®</sup>

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

### Asset Allocation Committee

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

### Manager Review Group

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

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

# VANGUARD INVESTMENT RETURNS

As of September 30, 2021

Strategy	Equity (%)	1 Year	3 Years	5 Years	10 Years
Growth	75%	21.84%	11.74%	11.34%	11.34%
Balanced	60%	17.01%	10.53%	9.57%	9.58%
Conservative	40%	11.28%	8.95%	7.47%	7.63%
Fixed Income	0%	-0.17%	4.79%	2.93%	3.19%

Past performance does not guarantee future results; Returns are net of the fund expenses, and gross of advisory fees; PARS is not licensed to provide and does not offer investment advice or recommendations of any kind; All investment decisions in the PARS Section 115 Trust Programs are made at the sole discretion of the Agency, with or without the assistance of the Agency's selected investment advisors and/or managers.

## PARS Investment Partnership - Growth Strategy

---

### **Overview**

The PARS Investment Partnership relates to a relationship between Vanguard and PARS where Vanguard manages four strategies (Conservative, Balanced, Growth, and Fixed Income) in which individual clients can invest their assets according to their appropriate investment objective.

### **Investment objective**

The Growth Strategy seeks to provide capital appreciation and some current income consistent with its current allocation.

### **Investment strategy**

The Growth Strategy invests in Vanguard mutual funds using an asset allocation strategy designed for investors seeking capital appreciation and some current income. The underlying funds are: Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund, Vanguard Total Bond Market Index Fund, Vanguard Total International Bond Market Index, Vanguard Intermediate-Term Investment-Grade Fund, Vanguard Short-Term Investment-Grade Fund, and Vanguard Real Estate Index Fund.

The Strategy's indirect stock holdings are a diversified mix of U.S. and foreign large-, mid-, and small-capitalization stocks. The Strategy's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; mortgage-backed and asset-backed securities; and government, agency, and corporate bonds. The Strategy also holds currency-hedged international bonds.

### **Fees**

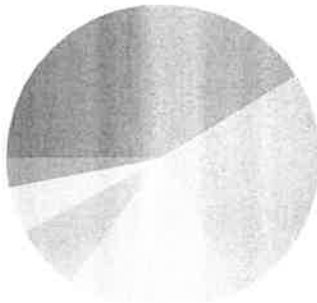
The fees for managing the strategy consists of the expense ratios of the individual funds and the advisor fee. Both of these fees are dependent on the assets under management. Currently the average expense ratio is **0.08%** which consists of averaging the expense ratio of the individual funds which are outlined above. The average advisory fee is **0.02%** based on the current assets under management.



# PARS Investment Partnership - Growth Strategy

## Strategy holdings

9/30/2021

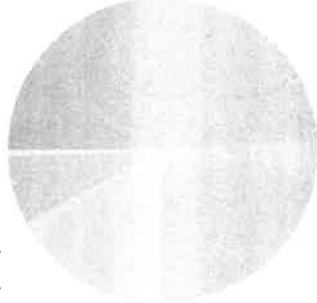


- Vanguard Total Stock Mkt Idx Adm
- Vanguard Total Intl Stock Index Admiral
- Vanguard Total Bond Market Index Adm
- Vanguard Real Estate Index Admiral
- Vanguard Interm-Term Investment-Grade Adm
- Vanguard Total Intl Bd Idx Admiral™
- Vanguard Short-Term Investment-Grade Adm

**Total**

## Asset allocation

9/30/2021

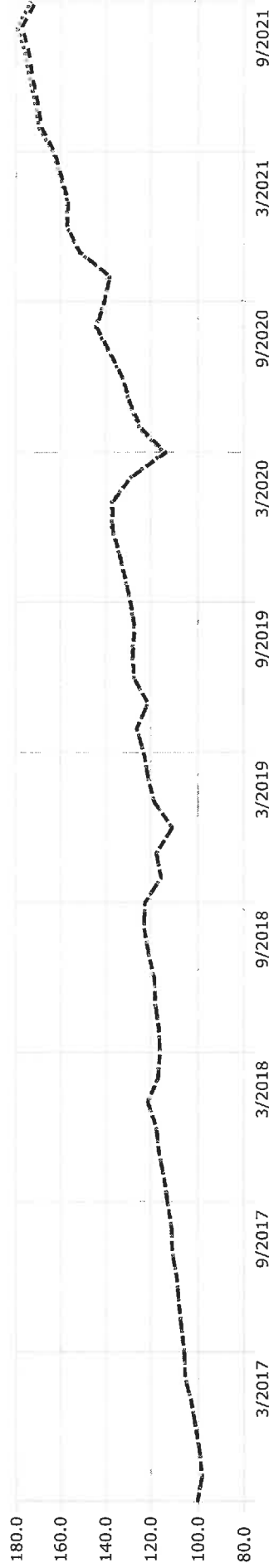


- Cash
- US Equity
- Non-US Equity
- US Bond
- Non-US Bond
- Other

**Total**

## Investment growth

Time Period: 10/1/2016 to 9/30/2021



--- PARS Growth

\*\*\*\* PARS Growth Bmk

## Trailing Returns - Annualized after one year

As of Date: 9/30/2021

	YTD One Year	Three Years	Five Years	Eight Years	Ten Years
PARS Growth	9.21	21.84	11.74	11.34	9.80
PARS Growth bmk	9.24	21.87	11.82	11.39	9.85

Annual returns	2013	2014	2015	2016	2017	2018	2019	2020
PARS Growth	18.0	18.0	8.5	8.8	8.7	16.8	23.6	23.7
PARS Growth bmk	15.0	15.0	0.0	-0.2	8.7	16.8	23.6	23.7

## Benchmark

Prior to 12/31/2020: 63.7% Spliced Total Stock Mkt Index (equal to CRSP US Total Market Index as of 6/27/13), MSCI US Broad Market Index through 12/20/05, prior to 10/1/2016: 5000 Index/ 2017% Spliced Total International Composite Index (Consists of the Total International Composite Index through August 31, 2006; the MSCI EAFE - Emerging Markets Index through December 15, 2010; the MSCI ACWI ex USA MI Index through 6/27/13; and the FTSE Global All Cap ex USA MI Index through 6/27/13; and the FTSE Global All Cap ex US Index thereafter) / 20% Spliced Barclays US Aggregate Bond Index (equal to CRSP US Treasury Inflation-Protected Securities Index / 8% US REIT Spliced Index (equal to MSCI US REIT Index adjusted for a 2% cash position through 4/20/05; MSCI US REIT Index thereafter); 41% S&P 500 Total Stock Mkt Index (equal to CRSP US Total Market Index as of 6/27/13; MSCI US Broad Market Index through 12/20/05; prior to 10/1/2016: 5000 Index/ 20% Spliced Total International Composite Index (Consists of the Total International Composite Index through August 31, 2006; the MSCI EAFE - Emerging Markets Index through December 15, 2010; the MSCI ACWI ex USA MI Index through 6/27/13; and the FTSE Global All Cap ex US Index thereafter) / 20% Spliced Barclays US Aggregate Bond Index (equal to CRSP US Treasury Inflation-Protected Securities Index / 8% US REIT Spliced Index (equal to MSCI US REIT Index adjusted for a 2% cash position through 4/20/05; MSCI US REIT Index thereafter)

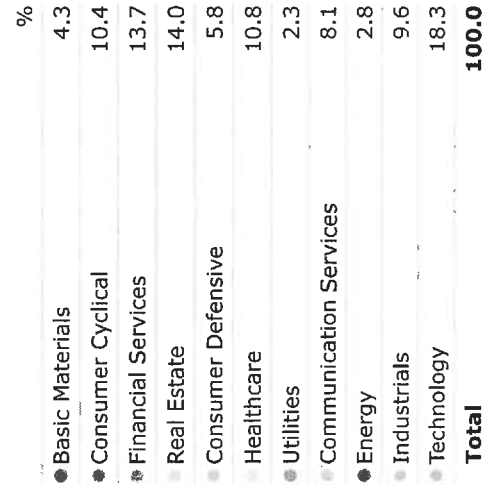
The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investor shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. Returns are net of expense ratio, gross of advisory fees. Returns represent the historical performance for a Vanguard composite based on the strategy holdings listed above.

Source: Morningstar Direct

# PARS Investment Partnership - Growth Strategy

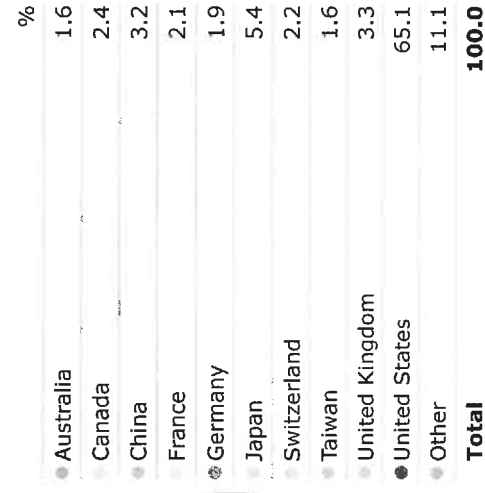
## Equity sectors

9/30/2021



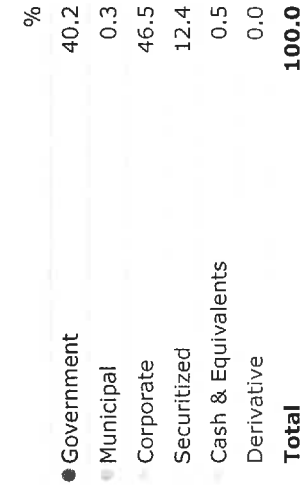
## Equity country exposure

9/30/2021



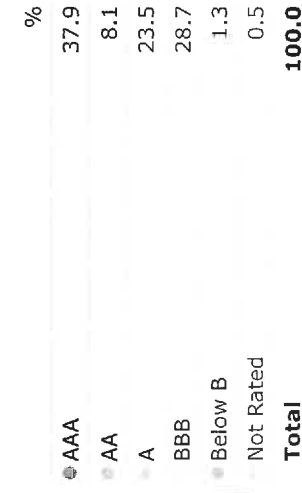
## Fixed income sectors

9/30/2021



## Fixed income credit quality

9/30/2021





## PARS Investment Partnership - Balanced Strategy

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### **Overview**

The PARS Investment Partnership relates to a relationship between Vanguard and PARS where Vanguard manages four strategies (Conservative, Balanced, Growth, and Fixed Income) in which individual clients can invest their assets according to their appropriate investment objective.

### **Investment objective**

The Balanced Strategy seeks to provide capital appreciation and a low to moderate level of current income consistent with its current allocation.

### **Investment strategy**

The Balanced Strategy invests in Vanguard mutual funds using an asset allocation strategy designed for investors seeking capital appreciation and a low to moderate level of current income. The underlying funds are: Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund, Vanguard Total Bond Market Index Fund, Vanguard Intermediate-Term Investment-Grade Fund, Vanguard Short-Term Investment-Grade Fund, Vanguard Total International Bond Index Fund, and Vanguard REIT Index Fund.

The strategy's indirect stock holdings are a diversified mix of U.S. and foreign large-, mid-, and small-capitalization stocks. The strategy's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; mortgage-backed and asset-backed securities; and government, agency, and corporate bonds. The Strategy also holds currency-hedged international bonds.

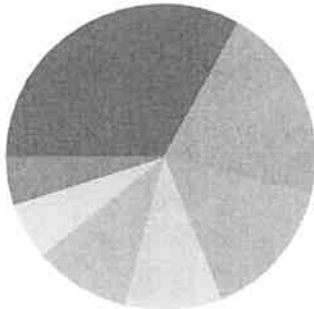
### **Fees**

The fees for managing the strategy consists of the expense ratios of the individual funds and the advisor fee. Both of these fees are dependent on the assets under management. Currently the average expense ratio is **0.08%** which consists of averaging the expense ratio of the individual funds which are outlined above. The average advisory fee is **0.02%** based on the current assets under management.

# PARS Investment Partnership - Balanced Strategy

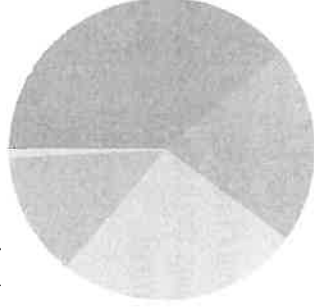
## Holdings

9/30/2021



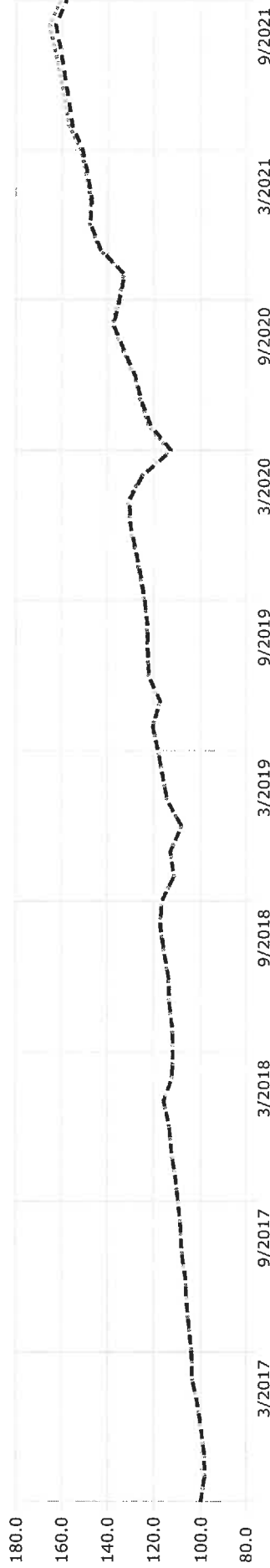
## Asset allocation

9/30/2021



## Investment growth

Time Period: 10/1/2016 to 9/30/2021

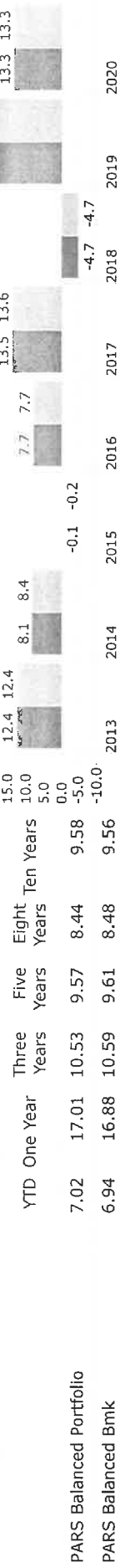


--- PARS Balanced Portfolio

--- PARS Balanced Bmk

## Trailing Returns - Annualized after one year

As of Date: 9/30/2021



## Benchmark

Prior to 12/31/2020: 37.1% Spliced Total Stock Mkt Index (equal to CRSP US Total Market Index as of 6/2/13, MSCI US Broad Market Index through 4/22/05, prior DJ Wilshire 5000 Index) / 15.9% Spliced Total International Composite Index through August 31, 2006; the MSCI EAFE + Emerging Markets Index through December 15, 2010; the FTSE Global All Cap ex US Index thereafter) / 24% Spliced Barclays US Aggregate Float-Adjusted Bond Index / 15% Barclays US Treasury Inflation-Protected Securities Index / 8% US REIT Spliced Index (equal to MSCI US REIT Index adjusted for a 2% cash position through 4/30/2009; MSCI US REIT Index thereafter. After 12/31/2020: 33% Spliced Total Stock Mkt Index / 21% Spliced Total International Composite Index / 30% Spliced Barclays US Aggregate Float-Adjusted Bond Index / 10% Bloomberg Barclays Global Aggregate ex-USD RIC Capped Hedged / 6% US REIT Spliced Index.

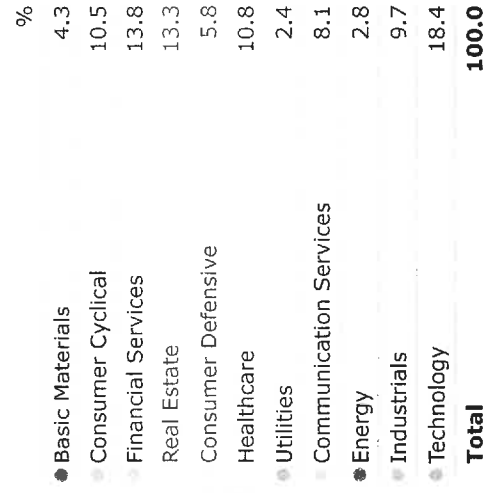
The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. Returns are net of the fund expense ratio, gross of advisory fees. Returns represent the historical performance for a Vanguard composite based on the strategy holdings listed above.

Source: Morningstar Direct

# PARS Investment Partnership - Balanced Strategy

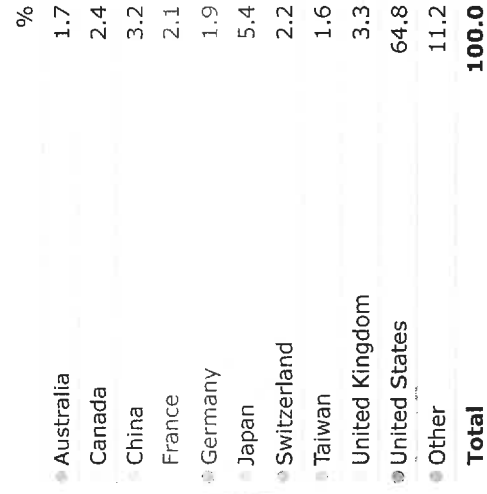
## Equity sectors

9/30/2021



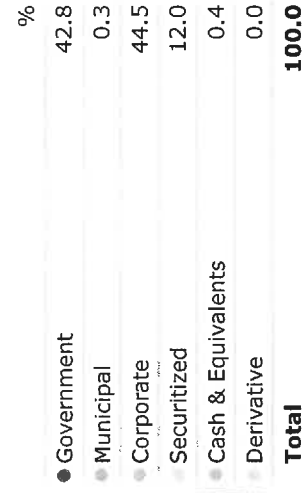
## Equity country exposure

9/30/2021



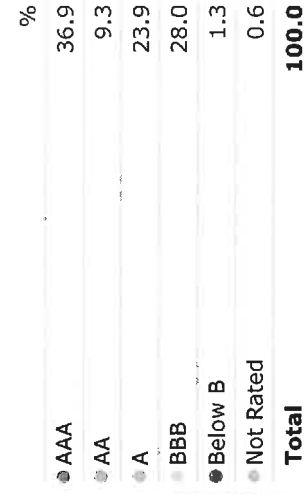
## Fixed income sectors

9/30/2021



## Fixed income credit quality

9/30/2021



## PARS Investment Partnership - Conservative Strategy

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### **Overview**

The PARS Investment Partnership relates to a relationship between Vanguard and PARS where Vanguard manages four strategies (Conservative, Balanced, Growth, and Fixed Income) in which individual clients can invest their assets according to their appropriate investment objective.

### **Investment objective**

The Conservative strategy seeks to provide current income and low to moderate capital appreciation consistent with its current allocation.

### **Investment strategy**

The Conservative Strategy invests in Vanguard mutual funds using an asset allocation strategy designed for investors seeking current income and low to moderate capital appreciation. The underlying funds are: Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund, Vanguard Total Bond Market Index Fund, Vanguard Total International Bond Market Index Fund, Vanguard Intermediate-Term Investment-Grade Fund, Vanguard Short-Term Investment-Grade Fund, Vanguard Inflation-Protected Securities Fund, and Vanguard Real Estate Index Fund.

The Strategy's indirect stock holdings are a diversified mix of U.S. and foreign large-, mid-, and small-capitalization stocks. The Strategy's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; mortgage backed and asset-backed securities; and government, agency, and corporate bonds. The Strategy also holds currency-hedged international bonds.

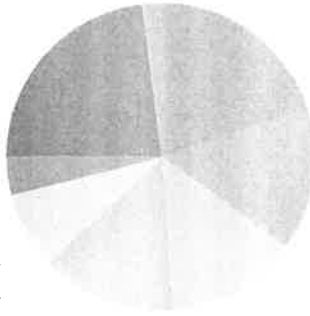
### **Fees**

The fees for managing the strategy consists of the expense ratios of the individual funds and the advisor fee. Both of these fees are dependent on the assets under management. Currently the average expense ratio is **0.08%** which consists of averaging the expense ratio of the individual funds which are outlined above. The average advisory fee is **0.02%** based on the current assets under management.

# PARS Investment Partnership - Conservative Strategy

## Holdings

9/30/2021



- Vanguard Total Bond Market Index Adm
- Vanguard Total Stock Mkt Idx Adm
- Vanguard Total Intl Bd Idx Admiral™
- Vanguard Interm-Term Investment-Grde Adm
- Vanguard Total Intl Stock Index Inv
- Vanguard Short-Term Investment-Grade Adm
- Vanguard Real Estate Index Admiral

## Asset allocation

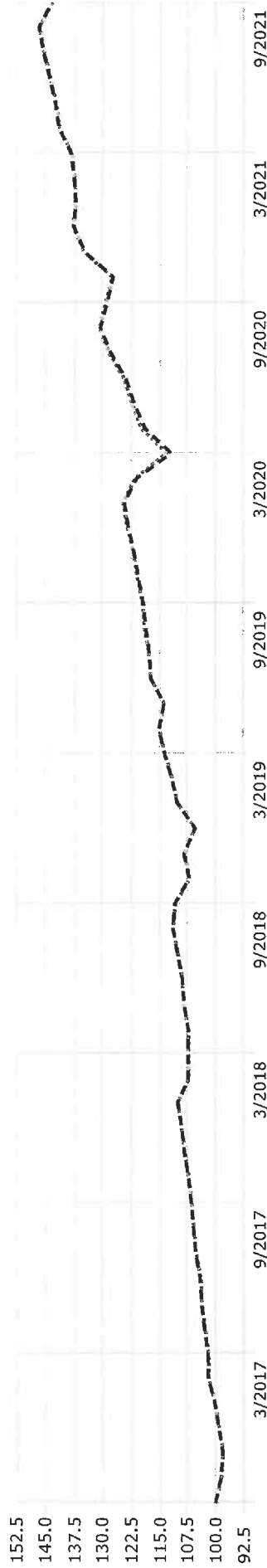
9/30/2021



- Cash
- US Equity
- Non-US Equity
- US Bond
- Non-US Bond
- Other
- Total

## Investment growth

Time Period: 10/1/2016 to 9/30/2021



--- PARS Conservative

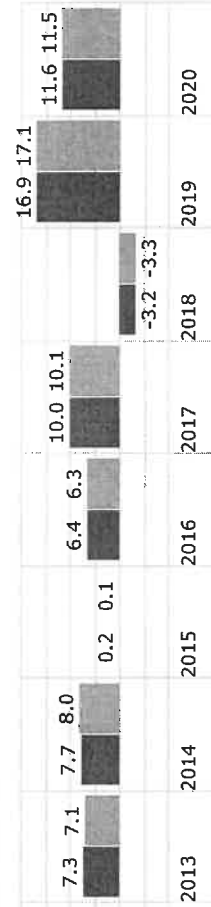
\*\*\*\* PARS CONSERVATIVE STRATEGY

## Trailing Returns - Annualized after one year

As of Date: 9/30/2021

	YTD One Year	Three Years	Five Years	Eight Years	Ten Years
PARS Conservative	4.22	11.28	8.95	7.47	6.89
PARS CONSERVATIVE STRATEGY	4.01	10.92	8.97	7.45	6.90

## Annual returns



## Benchmark

22% Spliced Total Stock Mkt Index (equal to CRSP US Total Market Index as of 6/27/13, MSCI US Total Market Index through 4/22/05, prior to VNI's 5000 Index) / 14% Spliced Total International Composite Index (Consists of the Total International Composite Index through August 31, 2005; the MSCI EAFE + Emerging Markets Index through December 15, 2010; the MSCI ACWI ex USA IMI Index through 6/27/13; and the FTSE Global All Cap ex US Index thereafter) / 45% Spliced Barclays US Aggregate Bond Index (equal to Bloomberg Barclays Global Agg Ex-USD Indexed Index / 74% US REIT Spliced Index (equal to MSCI US REIT Index adjusted for a 2% cash position through 4/23/2003; MSCI US REIT Index thereafter) / 17% Spliced Total Stock Mkt Index (equal to CRSP US Total Market Index as of 6/27/13, MSCI US Total Market Index through 4/22/05, prior to VNI's 5000 Index) / 10.5% Spliced Total International Composite Index (Consists of the Total International Composite Index through August 31, 2005; the MSCI EAFE + Emerging Markets Index through December 15, 2010; the MSCI ACWI ex USA IMI Index through 6/27/13; and the FTSE Global All Cap ex US Index thereafter) / 42% Spliced Barclays US Aggregate Bond Index (equal to Bloomberg Barclays US Treasury Inflation-Protected Securities Index / 6% US REIT Spliced Index (equal to MSCI US REIT Index adjusted for a 2% cash position through 4/23/2003; MSCI US REIT Index thereafter).

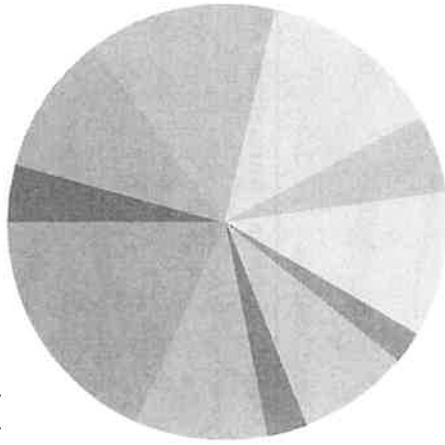
The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investor's shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance date cited. Returns are net of the fund expense ratio, gross of advisory fees. Returns represent the historical performance for a Vanguard composite based on the strategy holdings listed above.

Source: Morningstar Direct

# PARS Investment Partnership - Conservative Strategy

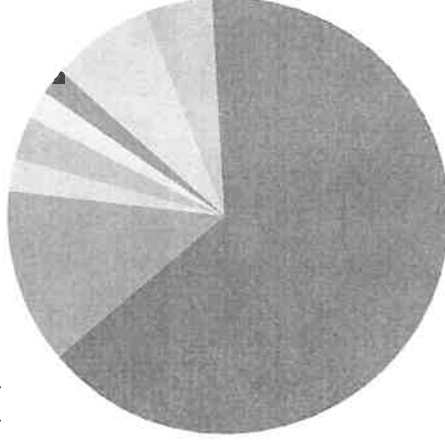
## Equity sectors

9/30/2021



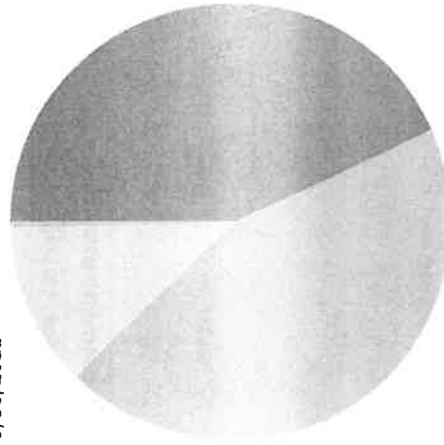
## Equity country exposure

9/30/2021



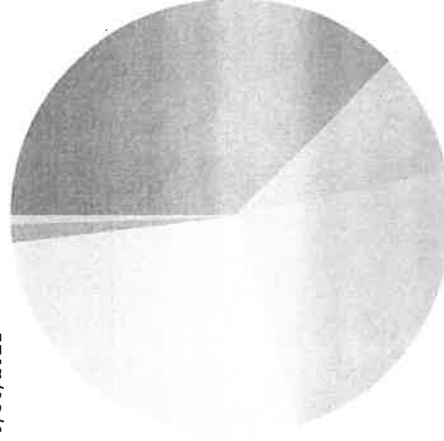
## Fixed income sectors

9/30/2021



## Fixed income credit quality

9/30/2021



## PARS Investment Partnership - Fixed Income Strategy

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### **Overview**

The PARS Investment Partnership relates to a relationship between Vanguard and PARS where Vanguard manages four strategies (Fixed Income, Conservative, Balanced, and Growth) in which individual clients can invest their assets according to their appropriate investment objective.

### **Investment objective**

The Fixed Income Strategy seeks to provide capital preservation and current income consistent with its current allocation.

### **Investment strategy**

The Fixed Income Strategy invests in Vanguard mutual funds using an asset allocation strategy designed for investors seeking current income. The underlying funds are: Vanguard Total Bond Market Index Fund, Vanguard Total International Bond Index Fund, Vanguard Intermediate-Term Investment-Grade Fund, and Vanguard Short-Term Investment-Grade Fund.

The Strategy's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term U.S. government, U.S. agency, and investment-grade U.S. corporate bonds; mortgage-backed and asset-backed securities; and government, agency, and corporate bonds. The Strategy also holds currency-hedged international bonds.

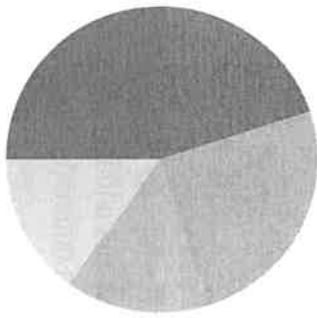
### **Fees**

The fees for managing the Strategy consists of the expense ratios of the individual funds and the advisor fee. Both of these fees are dependent on the assets under management. Currently the average expense ratio is **0.08%** which consists of averaging the expense ratio of the individual funds which are outlined above. The average advisory fee is **0.02%** based on the current assets under management.

# PARS Investment Partnership - Fixed Income Strategy

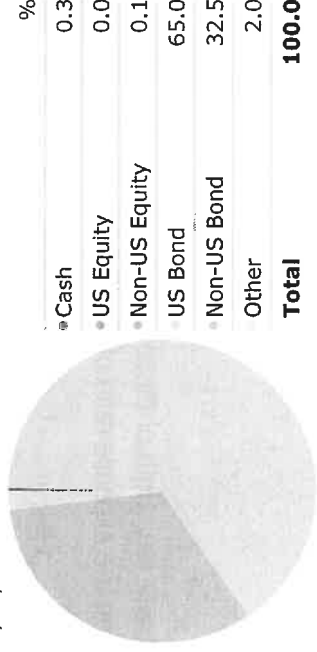
## Holdings

9/30/2021



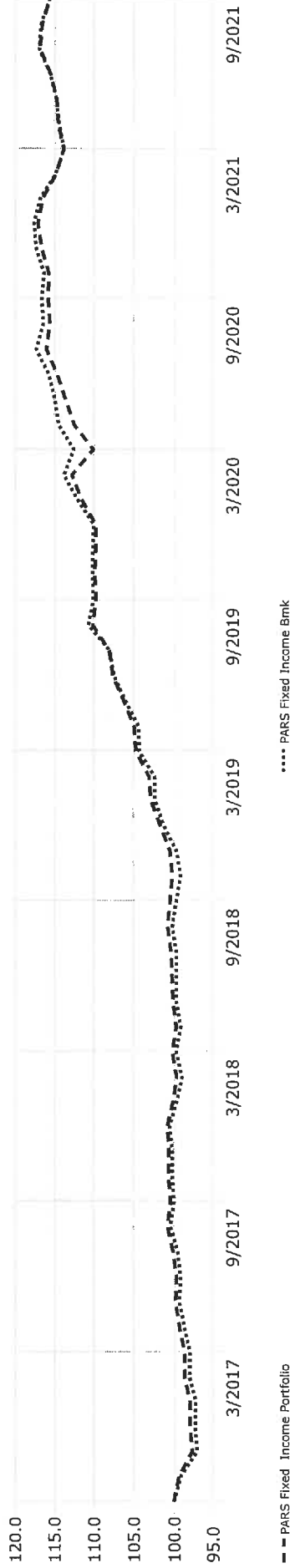
## Asset allocation

9/30/2021



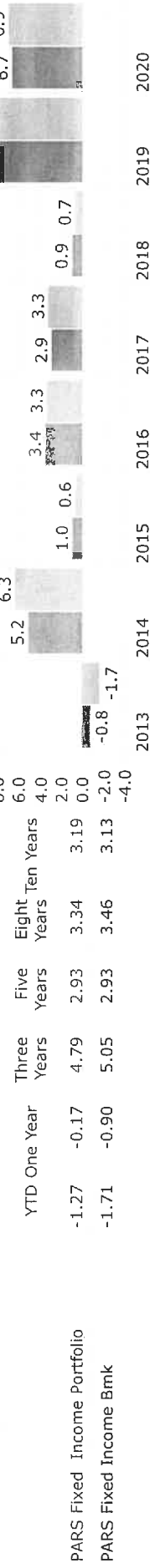
## Investment growth

Time Period: 10/1/2016 to 9/30/2021



## Trailing Returns - Annualized after one year

As of Date: 9/30/2021



## Strategy

100% Total Bond Market Index Admiral, 20% Intermediate-Term Investment Grade Admiral, 28% Short-Term Investment Grade Admiral through October 16, 2012/ 48% Total Bond Market Index Admiral, 20% Intermediate-Term Investment Grade Admiral, 28% Short-Term Investment Grade Admiral, 4% Short-Term Inflation-Protected Securities Index Admiral through May 31, 2013/ 24% Total Bond Market Index Admiral, 24% Intermediate-Term Investment Grade Admiral, 4% Short-Term Inflation-Protected Securities Index Admiral through December 31, 2020/ 45% Total Bond Market Index Admiral, 25% Total Intermediate-Term Investment Grade Admiral, 15% Short-Term Investment Grade Admiral.

## Benchmark

100% Spliced Barclays US Aggregate Float-Adjusted Bond Index through October 16, 2012/ 96% Spliced Barclays US Aggregate Float-Adjusted Bond Index, 4% Barclays US 0-5 Year TIPS Index through May 31, 2013/ 72% Spliced Barclays US Aggregate Float-Adjusted Bond Index, 24% Barclays ex-USD Float Adjusted Index Hedged, 4% Barclays US 0-5 Year TIPS Index through December 31, 2020, 75% Spliced Barclays US Aggregate Float-Adjusted Bond Index, 25% Barclays ex-USD Float Adjusted Index Hedged thereafter.

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. Returns are net of the fund expense ratio, gross of advisory fees. Returns represent the historical performance for a Vanguard composite based on the strategy holdings listed above.

Source: Morningstar Direct



# PARS Investment Partnership - Fixed Income Strategy

