



CITY OF MILPITAS MEASURE F OVERSIGHT COMMITTEE

REGULAR MEETING

AGENDA

5:30 PM

Thursday, March 19, 2026

1ST Floor Committee Conference Room
455 E. Calaveras Blvd, Milpitas

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Seating of Alternates
5. Approval of Agenda: March 19, 2026
6. Approval of Meeting Minutes: June 19, 2025

September 28, 2025

7. Public Forum

Members of the audience are invited to address the Commission on any subject not on the agenda. Speakers must state their name (address is optional) for the record, and limit their remarks to three minutes or less. For items not listed on the agenda, no response is required of City staff or Commissioners. However, Commissioners may ask staff to place the item on a future meeting agenda.

8. Announcements

9. Business Items

a. Roll call vote to be conducted by City Staff

Recommendation: Accept the roll call vote

b. Presentation on Measure F Sales Tax Presentation

Recommendation: Receive presentation on Sales Tax presentation by HDL Companies

c. Presentation on FY 2024-25 Annual Comprehensive Financial Report

Recommendation: Review the City's Investment Report for the Fiscal Quarter Ended December 31, 2025

10. Discussion of Future Agenda Items

11. City Liaison Reports

- Council Liaison Report
- City Staff Report

12. Adjournment

KNOW YOUR RIGHTS UNDER THE OPEN GOVERNMENT ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions and other agencies of the City exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and the City operations are open to the people's review. For more information on your rights under the Open Government Ordinance or to report a violation, contact the City Attorney's office at Milpitas City Hall, 455 E. Calaveras Blvd., Milpitas, CA 95035
e-mail: ccreech@milpitas.gov / Phone: 408-586-3049

The Open Government Ordinance is codified in the Milpitas Municipal Code as Title I Chapter 310 and is available online at the City's website www.milpitas.gov by selecting "I Want to . . . View " link.

Materials related to an item on this agenda submitted to the Commission after initial distribution of the agenda packet are available for public inspection at the City Clerk's office at Milpitas City Hall, 455 E. Calaveras Blvd., Milpitas and on the City website. Commission agendas and related materials can be viewed online: <https://www.milpitas.gov/129/Agendas-Minutes> (select meeting date)

APPLY TO SERVE ON A CITY COMMISSION

Commission application forms are available online at <http://www.milpitas.gov> or at Milpitas City Hall. Contact the City Clerk's office at 408-586-3003 for more information.

If you need assistance, per the Americans with Disabilities Act, for a City of Milpitas public meeting, please call Finance Director Lauren Lai at (408) 586-3111 or send an e-mail to llai@milpitas.gov prior to the meeting. You may request a larger font agenda or arrange for mobility assistance. For hearing assistance, headsets are available in the City Council Chambers for all meetings.



CITY OF MILPITAS

MEASURE F OVERSIGHT COMMITTEE

MEETING MINUTES-**DRAFT**

5:30 p.m. – 6:30 p.m.

Thursday, June 19, 2025

First Floor Committee Conference Room
455 E. Calaveras Blvd, Milpitas

- CALL TO ORDER** Ria Lauren Abellera called the meeting to order at 5:32 P.M.
- PLEDGE of ALLEGIANCE** Finance Director Luz Cofresí-Howe led the pledge of allegiance.
- ALTERNATE SEATING** No alternates were seated for voting
- ROLL CALL**
- PRESENT:** Conrad Schapiro, Anas Rehman, Joyita Ghose, Madan Menon (5:35 PM)
- ABSENT:** None
- STAFF PRESENT:**
Luz Cofresí-Howe, Finance Director
Ria Lauren Abellera, Recording Secretary
- APPROVAL OF AGENDA** Motion/Second: Conrad Schapiro. Joyita Ghose
- APPROVAL OF MINUTES (March 20, 2025)** Motion/Second: Conrad Schapiro. Madan Menon
Motion carried by a vote of AYES: All NOES: N/A
- PUBLIC FORUM** There were no members of the public present.
- ANNOUNCEMENTS** There were no announcements.
- BUSINESS ITEMS**
- i. **Chair and Vice Chair Elections**
After discussion, motion to appoint chair and vice chair elections.
 - a) Chair- Conrad Schapiro
AYES: ALL NOES: N/A
 - b) Vice Chair- Anas Rehman
AYES: ALL NOES: N/A
 - ii. **FY 2025-26 Adopted Operating Budget**
 - a) The committee received a presentation on the FY 2025-26 Adopted Operating Budget
 - b) Madan Menon asked for clarification on the Transient Occupancy Hotel Tax interpretation in the table One Time on slide page 5. Finance Director Luz Cofresí-Howe explained that the table was not to be read as debits and credits. It is an add or subtract from the adopted budget.
 - c) Madan Menon asked for clarification of Use Tax. Finance Director Luz Cofresí-Howe explained that is tax on goods from out of state.
 - iii. **Financial Systems Transition (May 2025 Status Report)**
 - a) Item was not discussed due to time restraint

b) Motion to Accept. Motion/Second: Madan Medon/Joyita Ghose

Motion carried by a vote of _____ AYES: All NOES:
____N/A____

CITY LIAISON REPORTS No reports given.

ADJOURNMENT a) Conrad Schapiro adjourned the meeting at 6:43 p.m.



CITY OF MILPITAS

MEASURE F OVERSIGHT COMMITTEE

MEETING MINUTES-**DRAFT**

5:30 p.m. – 6:30 p.m.

Thursday, September 18, 2025

First Floor Committee Conference Room
455 E. Calaveras Blvd, Milpitas

CALL TO ORDER	Conrad Schapira called the meeting to order at 5:30 P.M.
PLEDGE of ALLEGIANCE	Anas Rehman led the pledge of allegiance.
ALTERNATE SEATING	No alternates were seated for voting
ROLL CALL	PRESENT: Conrad Schapira, Anas Rehman ABSENT: Joyita Ghose, Madan Menon, Simrat Pabla STAFF PRESENT: Luz Cofresí-Howe, Finance Director Ria Lauren Abellera, Recording Secretary
APPROVAL OF AGENDA	Motion/Second: No quorum
APPROVAL OF MINUTES (June 19, 2025)	Motion/Second: No quorum Motion carried by a vote of AYES: <u>N/A</u> NOES: <u>___N/A___</u>
PUBLIC FORUM	There were no members of the public present.
ANNOUNCEMENTS	There were no announcements.
BUSINESS ITEMS	<ol style="list-style-type: none">i. Financial Systems Transition (July Status Report)<ol style="list-style-type: none">a) Item was presented but not received due to a lack of quorum.ii. December Meeting Date<ol style="list-style-type: none">a) Conrad Schapira will send an email for a change of date proposal for December meeting
CITY LIAISON REPORTS	No reports given. Conrad Schapira asked for any city council meeting updates.
ADJOURNMENT	a) Conrad Schapira adjourned the meeting at 6:00 p.m.



Memorandum

Finance Department

TO: Mayor and City Councilmembers
THROUGH: Jared Hernandez, Acting City Manager
Matt Cano, Assistant City Manager
FROM: Luz Cofresí-Howe, Finance Director
SUBJECT: City of Milpitas Investment Report
Quarter Ending December 31, 2025
DATE: February 13, 2026

BACKGROUND

In compliance with State of California Government Code Section 53646(b)(1) and the City Investment Policy, the City of Milpitas Investment Report (Report) for the period ended December 31, 2025, is submitted for City Council information. The City Investment Policy requires the Report to be submitted to the City Council within 45 days following the end of each quarter. The investment portfolio is in compliance with the City Investment Policy.

As demonstrated in the table below, the City investment program comprises a portfolio of securities professionally managed by the City general portfolio investment advisor, moneys invested in Local Agency Investment Fund (or "LAIF," an investment pool managed by the California State Treasurer), bond funds, and cash. Chandler Asset Management, the City investment advisor, actively manages a portfolio of securities designed to meet the City Investment Policy objectives of safety, liquidity, and optimized return over time.

Investments and Cash	Par Value	Book Value	Market Value	Yield to Maturity
Investments				
Portfolio of Securities	297,154,023.55	296,307,348.71	299,324,942.71	4.09%
LAIF	51,523,325.92	51,523,325.92	51,523,325.92	3.98%
Total Investments	\$348,677,349.47	\$347,830,674.63	\$350,848,268.63	4.08%
Cash				
Bond Funds (Restricted)*	17,123.17	17,123.17	17,123.17	0.00%
Cash [△]	14,141,910.30	14,141,910.30	14,141,910.30	0.00%
Total Cash	\$14,159,033.47	\$14,159,033.47	\$14,159,033.47	0.00%
Accrued Interest			\$2,244,986.98	
Total Cash and Investments	\$362,836,382.94	\$361,989,708.10	\$367,252,289.08	3.92%

* The attached report from Chandler includes \$11.8 million in the Successor Agency US Bank bond trust account as a cash holding rather than as an insurance policy available only in the event of insufficient funds to make timely debt service payments. As a result, there is a mismatch between this table and the Chandler report. The reporting discrepancy has been identified by staff and will be corrected beginning with the next quarterly statement.

△ The cash balance excludes an estimated \$503K in interest receivable for the LAIF account.

TO: Mayor and City Councilmembers
SUBJECT: City of Milpitas Investment Report
Quarter Ending December 31, 2025
DATE: February 13, 2026
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DISCUSSION

The attached quarterly investment report provides an update on the current economic conditions, a summary of compliance with California Government Code and the City Investment Policy, and certain metrics to understand the current state of the City investments in comparison to the previous quarter. Further, it includes a detail of the City holdings as of December 31, including par, cost, book, and market values, yields, average maturity and duration, and unrealized gain/loss position. The attachment also includes transactions for the past quarter. As part of its overall investment program, the City funded an additional enhanced cash portfolio managed by the City general portfolio investment advisor to provide the City the opportunity to earn a higher return than offered at LAIF with its most liquid funds. This additional enhanced cash portfolio continues to perform as designed.

The near-term economic outlook continues to be distorted by the data delays from the government shutdown. Recently released government data – reflecting conditions from two to three months ago – indicate inflation remains moderately above the Federal Reserve’s target, while labor market conditions have continued to soften. As the flow of economic data normalizes, the Chandler team expects further yield curve steepening as the Federal Reserve moves the policy rate toward a more neutral range. U.S. trade and fiscal policy also remain sources of elevated market uncertainty.

The Federal Reserve December Federal Open Market Committee meeting concluded with the third consecutive 25-basis-point rate cut in 2025, lowering the target range to 3.50%–3.75%. However, policymakers remain divided on the path forward, with the December Summary of Economic Projections reflecting a wide range of views on the appropriate 2026 policy rate. Chair Jerome Powell noted that the Fed is now “well positioned to wait and see how the economy evolves.”

TOTAL INVESTMENTS AND CASH

City investments remain well diversified by sector, issuer, and maturity. When including LAIF and cash, the City's investments have a total market value of \$367,252,289 (including accrued interest) and an average maturity of 2.12 years. The interest income that City investments (including LAIF and cash) are expected to earn for the coming year as of December 31 – otherwise known as the purchase yield to maturity of the portfolio – equaled 3.89%, which is slightly higher than the purchase yield of 3.85% on September 30. The market yield, which can infer the reinvestment rate on the portfolio, was 3.59%.¹

PORTFOLIO OF SECURITIES

The investment strategy of the City's professionally managed portfolio of securities is designed to enhance total return over long-term periods but focuses on achieving higher interest income through the investment of City funds in longer-duration securities. Interest income is generated by the yield of securities held in the portfolio, and fair value appreciation is closely tied to factors such as supply and demand, market rates, and the general health of the economy. All investments are purchased with the intent to hold them to maturity but may be sold if fair value, credit quality, or liquidity can be enhanced safely. This quarter, the City investment manager maintained the portfolio duration (a risk measure similar to average maturity) at 2.54 years, slightly longer than the duration of the City performance measurement benchmark (2.47 years). As of December 31, the City's core portfolio of securities totaled \$263,698,372, including accrued interest. Its yield to maturity as of December 31 was 4.17% (versus 4.03% three months prior), and its market yield was 3.74%. The portfolio maintained an average maturity of 3.05 years, similar to last quarter. Returns for the professionally managed portfolio are detailed in the attachment. The City's additional Liquidity Account totaled \$37,871,558, including

¹ Purchase yield reflects the locked-in return at purchase while market yield reflects current prevailing rates.

TO: Mayor and City Councilmembers
SUBJECT: City of Milpitas Investment Report
Quarter Ending December 31, 2025
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accrued interest. Its purchase and market yields were both 3.55%. As yields evolve, City staff, with the City investment advisor's guidance, will reallocate funds to optimize for liquidity and return.

CASH

As of December 31, 2025, the City held approximately \$14.1 million in cash, exclusive of bond funds held by US Bank. The cash balance also excludes an estimated \$503,000 in interest receivable from the LAIF account. This amount, along with revenues such as tax receipts, will adequately cover the anticipated cash flow needs for the next six months. Cash flow requirements are continually monitored and are considered paramount in the selection of maturity dates of securities.

SECTION 115 TRUST

In 2022, the City established a Section 115 Trust, which is a tax-exempt, irrevocable trust to set aside funds for paying postretirement employee benefits. This investment portfolio is managed by PFM Asset Management. Detailed information is included in the attached documents.

SUMMARY

The City investment program continues to be well-diversified and optimized for return while maintaining the Investment Policy objectives of safety and liquidity. City staff continues to position funds so that all anticipated cash needs are easily met, and the City's reserves are more than adequate to meet unanticipated cash needs. Earnings have been competitive, and the City continues to achieve the Investment Policy objectives of safety, liquidity, and return.

Notably, the portfolio's purchase yield to maturity continued its upward trend from the prior quarter, with the professionally managed portfolio of securities achieving a yield to maturity of 4.09%, and the City investment advisor confirming the portfolio is performing well relative to its benchmark. The combination of prudent diversification, disciplined duration management, and favorable positioning ahead of anticipated rate adjustments has contributed to strong and consistent investment returns for the City.

INVESTMENT REPORT

City of Milpitas | As of December 31, 2025

CHANDLER ASSET MANAGEMENT | chandlerasset.com

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact clientservice@chandlerasset.com

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City of Milpitas | As of December 31, 2025

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DISCLOSURES

COMPLIANCE WITH CITY INVESTMENT POLICY

Investment Objectives

The investment objectives for the City of Milpitas, in order of priority, are to provide safety to ensure the preservation of capital in the overall portfolio, provide sufficient liquidity for cash needs, and a market rate of return consistent with the investment program.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

Strategy

In order to achieve this objective, the portfolio invests in high-quality fixed income securities that comply with the investment policy and all regulations governing the funds.

STATEMENT OF COMPLIANCE



City of Milpitas | Account #10762 | As of December 31, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
AGENCY MORTGAGE SECURITIES				
Max % (MV)	100.0	2.7	Compliant	
Max % Issuer (MV; Agencies & Agency CMOs)	30.0	2.1	Compliant	
Max Maturity (Years)	5.0	3.7	Compliant	
ASSET-BACKED SECURITIES (ABS)				
Max % (MV; Non Agency ABS & MBS)	20.0	11.5	Compliant	
Max % Issuer (MV)	5.0	1.0	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
BANKERS' ACCEPTANCES				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	180	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1)	0.0	0.0	Compliant	
COLLATERALIZED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max Maturity (Years)	5.0	0.0	Compliant	
COMMERCIAL PAPER				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	270	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1)	0.0	0.0	Compliant	
CORPORATE MEDIUM TERM NOTES				
Max % (MV)	30.0	25.4	Compliant	
Max % Issuer (MV)	5.0	1.4	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
FDIC INSURED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max Maturity (Years)	5	0.0	Compliant	

STATEMENT OF COMPLIANCE



City of Milpitas | Account #10762 | As of December 31, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
FEDERAL AGENCIES				
Max % (MV)	100.0	2.9	Compliant	
Max % Issuer (MV; Agencies & Agency CMOs)	30.0	2.1	Compliant	
Max Callables (MV)	20.0	0.0	Compliant	
Max Maturity (Years)	5	2	Compliant	
LOCAL AGENCY INVESTMENT FUND (LAIF)				
Max Concentration (MV)	75.0	0.0	Compliant	
MONEY MARKET MUTUAL FUNDS				
Max % (MV)	20.0	0.4	Compliant	
Max % Issuer (MV)	10.0	0.4	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
MORTGAGE-BACKED SECURITIES (NON-AGENCY)				
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, LOCAL AGENCY)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, OTHER STATES)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	

STATEMENT OF COMPLIANCE



City of Milpitas | Account #10762 | As of December 31, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
Max Maturity (Years)	5	0.0	Compliant	
Min Rating (A-1 by 1 or A- by 1 if > FDIC Limit)	0.0	0.0	Compliant	
REPURCHASE AGREEMENTS				
Max Maturity (Years)	1.0	0.0	Compliant	
SRI PROHIBITED INVESTMENTS				
Prohibited Investment - Fossil Fuels	0.0	0.0	Compliant	
Prohibited Investments - Energy	0.0	0.0	Compliant	
SUPRANATIONAL OBLIGATIONS				
Max % (MV)	30.0	6.3	Compliant	
Max % Issuer (MV)	10.0	3.8	Compliant	
Max Maturity (Years)	5	4	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
U.S. TREASURIES				
Max % (MV)	100.0	50.9	Compliant	
Max Maturity (Years)	5	4	Compliant	

CONSOLIDATED INVESTMENT PROGRAM INFORMATION

PORTFOLIO CHARACTERISTICS



City of Milpitas Cons | Account #10771 | As of December 31, 2025

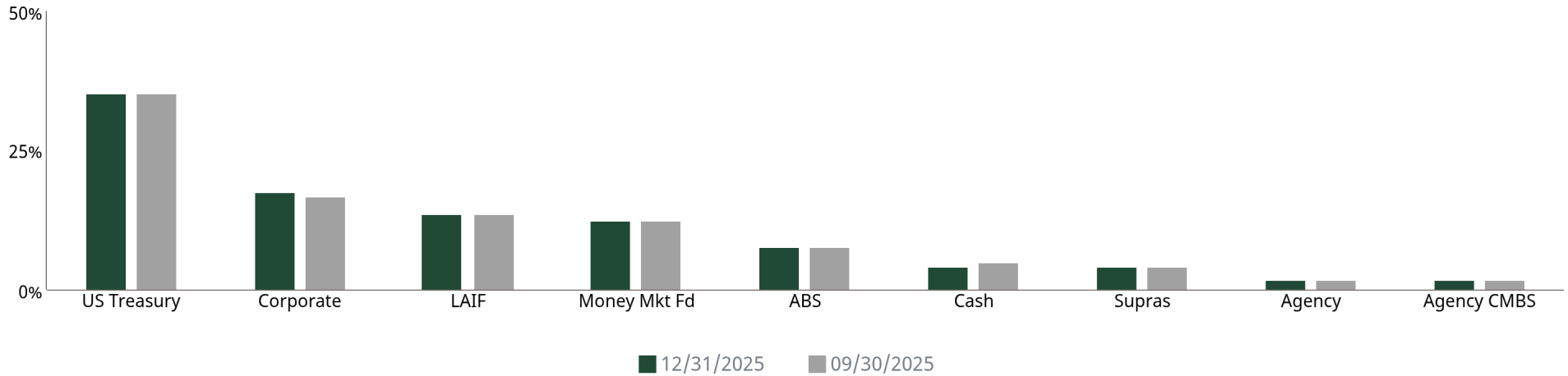
	12/31/2025 Portfolio	9/30/2025 Portfolio	6/30/2025 Portfolio	3/31/2025 Portfolio	12/31/2024 Portfolio
Average Maturity (yrs)	2.12	2.09	1.87	2.07	2.23
Average Modified Duration	1.76	1.75	1.55	1.75	1.89
Average Purchase Yield	3.89%	3.85%	3.84%	3.86%	3.83%
Average Market Yield	3.59%	3.70%	3.85%	4.08%	4.38%
Average Quality**	AA+	AA+	AA+	AA+	AA
Total Market Value	379,074,289	379,188,835	419,878,143	374,987,241	344,912,863

*Benchmark: NO BENCHMARK REQUIRED

**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

SECTOR DISTRIBUTION

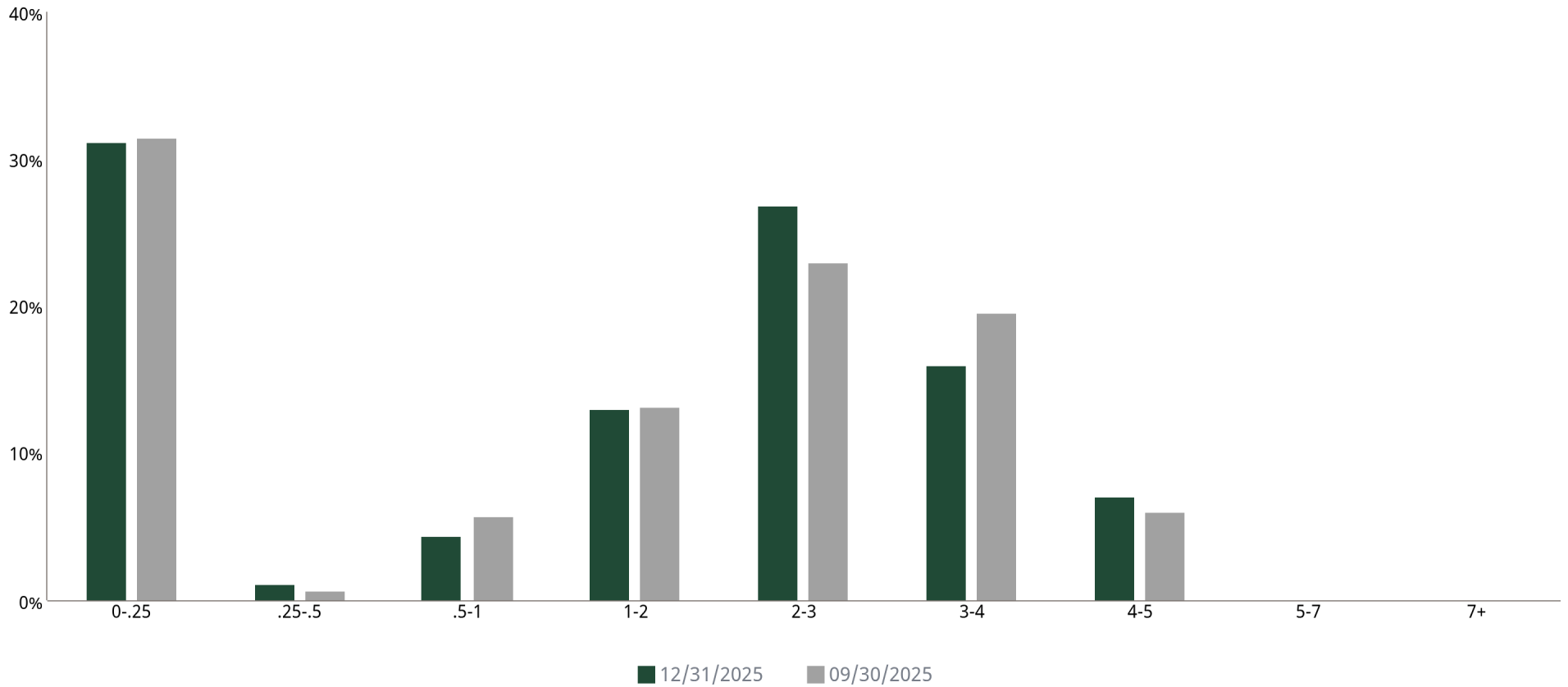
City of Milpitas Cons | Account #10771 | As of September 30, 2025



	12/31/2025	9/30/2025	6/30/2025	3/31/2025	12/31/2024
ABS	29,967,810	30,268,474	31,665,064	30,100,214	27,985,260
Agency	7,553,918	7,537,582	7,536,940	11,964,782	15,384,945
Agency CMBS/CMO	7,024,347	7,050,748	7,013,242	6,946,884	6,824,083
Cash	17,295,650	20,521,642	21,376,807	8,871,767	4,969,413
Corporate	66,311,810	63,827,369	61,696,980	62,532,852	61,686,354
LAIF	51,523,326	51,842,001	85,068,273	65,390,953	47,865,558
Money Market Fund	47,593,238	46,764,624	57,586,190	48,007,898	8,416,318
Supranational	16,492,934	16,462,495	16,419,023	16,286,769	13,570,284
US Treasury	133,066,268	133,148,404	129,506,333	123,237,700	156,457,717
Grand Total	376,829,302	377,423,338	417,868,854	373,339,819	343,159,932

DURATION DISTRIBUTION

City of Milpitas Cons | Account #10771 | As of December 31, 2025



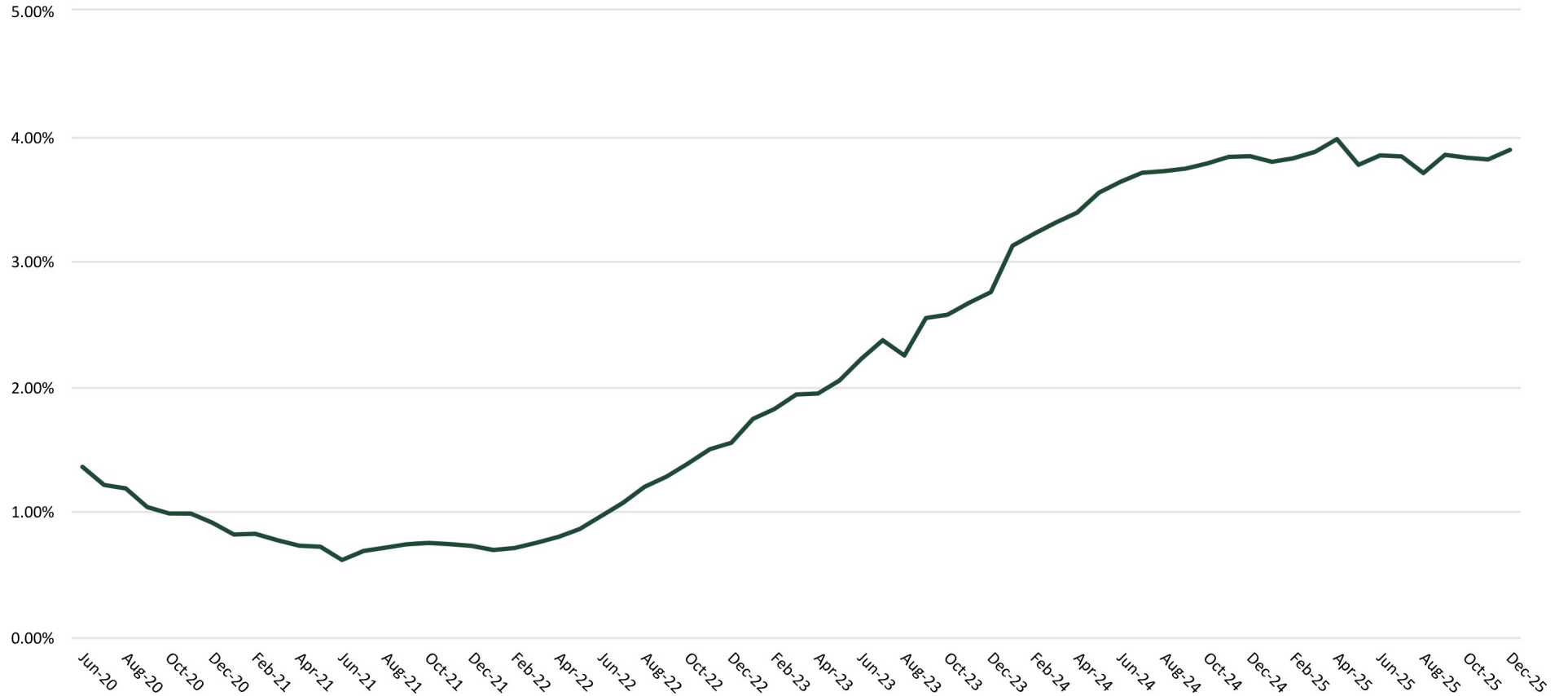
Date	0-.25	.25-.5	.5-1	1-2	2-3	3-4	4-5	5-7	7+
12/31/2025	31.2%	1.1%	4.4%	13.1%	27.0%	16.0%	7.1%	0.0%	0.0%
09/30/2025	31.5%	0.8%	5.8%	13.2%	23.1%	19.6%	6.0%	0.0%	0.0%

HISTORICAL AVERAGE PURCHASE YIELD



City of Milpitas Cons | Account #10771 | As of December 31, 2025

Purchase Yield as of 12/31/25 = 3.89%



CHANDLER ASSET MANAGEMENT MANAGED PORTFOLIO

PORTFOLIO CHARACTERISTICS



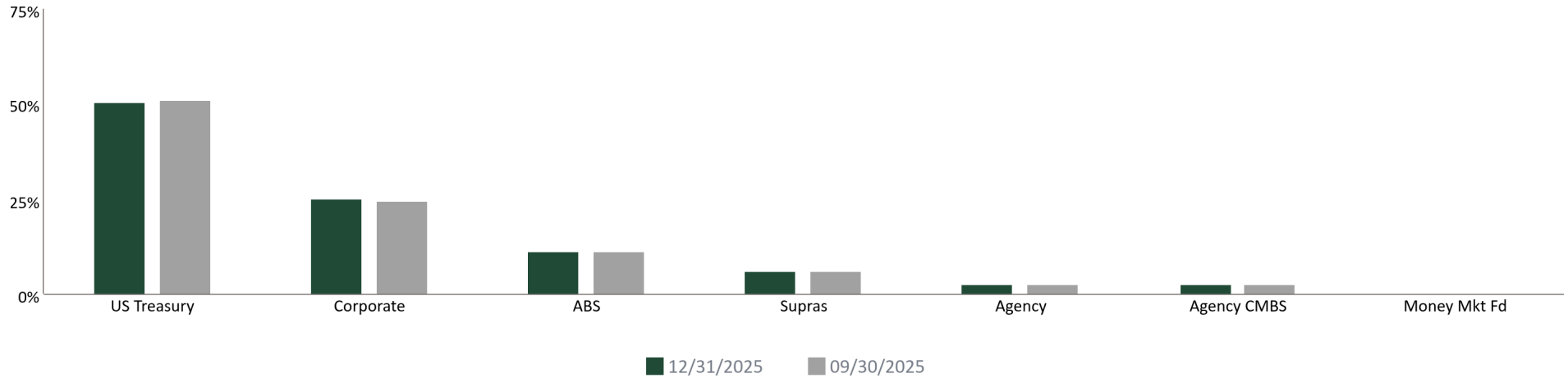
City of Milpitas | Account #10762 | As of December 31, 2025

	12/31/2025 Portfolio	9/30/2025 Portfolio	6/30/2025 Portfolio	3/31/2025 Portfolio	12/31/2024 Portfolio
Average Maturity (yrs)	3.05	3.05	3.05	3.07	3.08
Average Modified Duration	2.54	2.55	2.54	2.59	2.60
Average Purchase Yield	4.17%	4.03%	3.95%	3.84%	3.64%
Average Market Yield	3.74%	3.83%	3.96%	4.16%	4.48%
Average Quality**	AA+	AA+	AA+	AA+	AA
Total Market Value	263,698,372	260,717,642	257,451,796	253,603,280	248,443,746

***The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

SECTOR DISTRIBUTION

City of Milpitas | Account #10762 | As of December 31, 2025

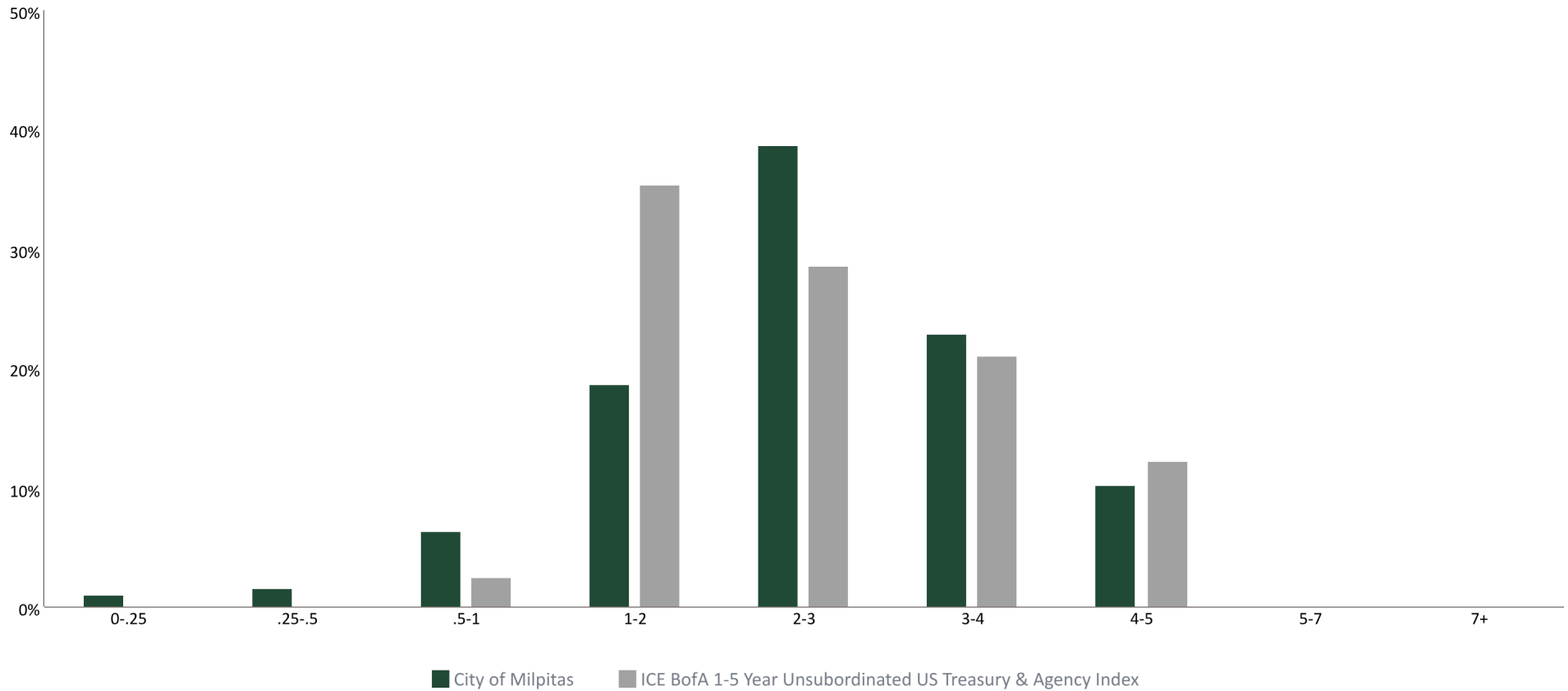


	12/31/2025	9/30/2025	6/30/2025	3/31/2025	12/31/2024
ABS	30,268,474	30,268,474	31,665,064	30,100,214	27,985,260
Agency	7,537,582	7,537,582	7,536,940	11,964,782	15,384,945
Agency CMBS/CMO	7,050,748	7,050,748	7,013,242	6,946,884	6,824,083
Cash	2,073	2,073	16,504	2,537	3,754
Corporate	63,827,369	63,827,369	61,696,980	62,532,852	61,686,354
Money Market Fund	655,001	655,001	1,588,421	884,119	930,177
Supranational	16,462,495	16,462,495	16,419,023	16,286,769	13,570,284
US Treasury	133,148,404	133,148,404	129,506,333	123,237,700	120,305,957
Grand Total	258,952,146	258,952,146	255,442,506.49	251,955,858	246,690,814

DURATION DISTRIBUTION

City of Milpitas | Account #10762 | As of December 31, 2025

Portfolio Compared to the Benchmark



	0-0.25	0.25-0.5	0.5-1	1-2	2-3	3-4	4-5	5-7	7+
Portfolio	1.1%	1.6%	6.3%	18.8%	38.8%	23.1%	10.2%	0.0%	0.0%
ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index	0.0%	0.0%	2.5%	35.4%	28.7%	21.2%	12.3%	0.0%	0.0%

ISSUERS

City of Milpitas | Account #10762 | As of December 31, 2025

Issuer	Investment Type	% Portfolio
United States	US Treasury	50.89%
International Bank for Recon and Dev	Supras	3.84%
FHLMC	Agency CMBS	2.69%
Federal Home Loan Banks	Agency	2.05%
Inter-American Development Bank	Supras	1.95%
Chase Issuance Trust	ABS	1.59%
Bank of America Corporation	Corporate	1.35%
Morgan Stanley	Corporate	1.27%
Merck & Co., Inc.	Corporate	1.19%
John Deere Owner Trust	ABS	1.15%
The Toronto-Dominion Bank	Corporate	1.12%
BMW Vehicle Owner Trust	ABS	1.11%
Toyota Motor Corporation	Corporate	1.05%
Deere & Company	Corporate	0.99%
The Goldman Sachs Group, Inc.	Corporate	0.98%
Abbvie Inc.	Corporate	0.98%
Bank of Montreal	Corporate	0.97%
Honda Auto Receivables Owner Trust	ABS	0.90%
Caterpillar Inc.	Corporate	0.89%
U.S. Bancorp	Corporate	0.88%
UnitedHealth Group Incorporated	Corporate	0.87%
The Charles Schwab Corporation	Corporate	0.87%
GM Financial Automobile Leasing Trus	ABS	0.86%
State of Tennessee	Agency	0.84%
Berkshire Hathaway Inc.	Corporate	0.83%
Guardian Life Global Funding	Corporate	0.81%
American Express Credit Master Trust	ABS	0.81%
Wells Fargo & Company	Corporate	0.79%
Walmart Inc.	Corporate	0.79%
Royal Bank of Canada	Corporate	0.79%

ISSUERS

City of Milpitas | Account #10762 | As of December 31, 2025

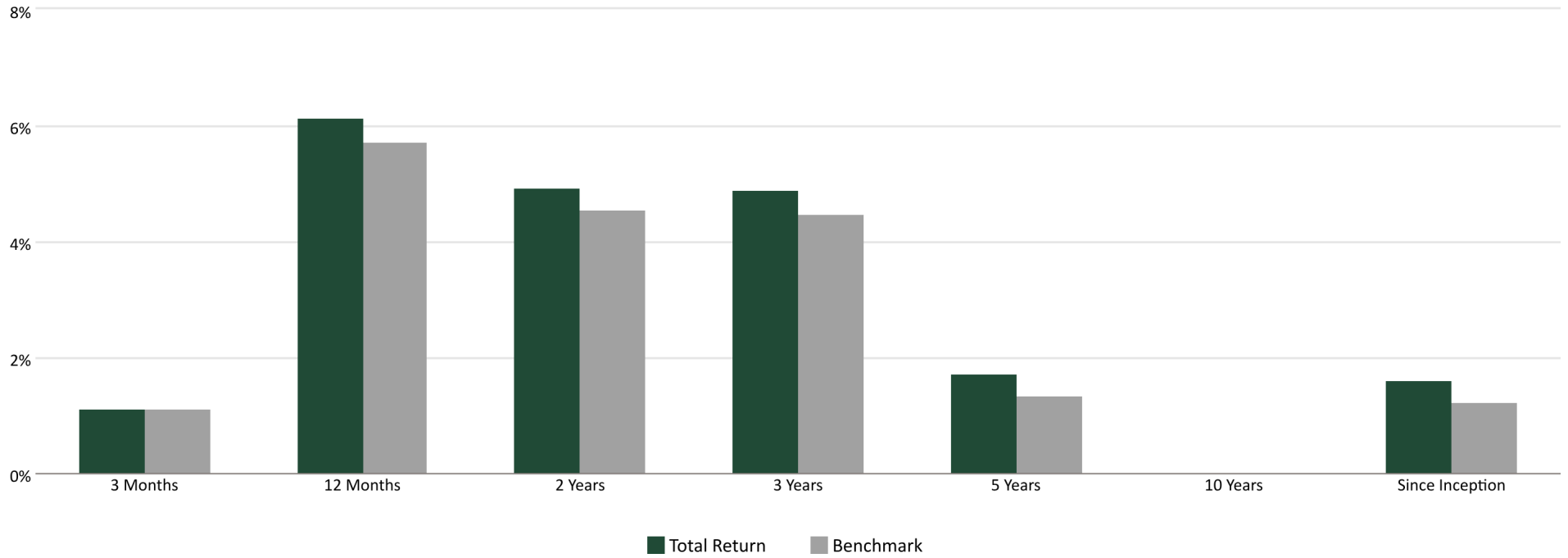
Issuer	Investment Type	% Portfolio
JPMorgan Chase & Co.	Corporate	0.78%
Citigroup Inc	ABS	0.77%
Comcast Corporation	Corporate	0.76%
Toyota Lease Owner Trust	ABS	0.72%
Metropolitan Life Global Funding I	Corporate	0.72%
Realty Income Corporation	Corporate	0.69%
Massachusetts Mutual Life Insurance	Corporate	0.69%
American Express Company	Corporate	0.59%
The Home Depot, Inc.	Corporate	0.59%
Amazon.com, Inc.	Corporate	0.57%
Cargill, Incorporated	Corporate	0.57%
WF Card Issuance Trust	ABS	0.52%
International Finance Corporation	Supras	0.52%
BMW Vehicle Lease Trust	ABS	0.51%
Cisco Systems, Inc.	Corporate	0.51%
Hyundai Auto Receivables Trust	ABS	0.49%
Qualcomm Incorporated	Corporate	0.49%
Bank of America Credit Card Trust	ABS	0.47%
Toyota Auto Receivables Owner Trust	ABS	0.43%
The Bank of New York Mellon Corporation	Money Mkt Fd	0.40%
Public Storage OP, LP	Corporate	0.39%
DOMINION ENERGY, INC.	Corporate	0.38%
Hyundai Auto Lease Securitization Tr	ABS	0.38%
GM Financial Securitized Term	ABS	0.35%
Mercedes-Benz Auto Lease Trust	ABS	0.24%
American Honda Finance Corporation	Corporate	0.22%
Mercedes-Benz Auto Receivables Trust	ABS	0.16%
Cash	Cash	0.00%
TOTAL		100.00%

INVESTMENT PERFORMANCE



City of Milpitas | Account #10762 | As of December 31, 2025

Total Rate of Return : Inception | 06/01/2020



TOTAL RATE OF RETURN*	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
City of Milpitas	1.14%	6.14%	4.96%	4.91%	1.75%	-	1.63%
Benchmark	1.11%	5.73%	4.57%	4.48%	1.34%	-	1.24%

*Periods over 1 year are annualized.

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index

PORTFOLIO CHARACTERISTICS



City of Milpitas Liquidity Account | Account #10770 | As of December 31, 2025

	Benchmark*	12/31/2025 Portfolio	9/30/2025 Portfolio
Average Maturity (yrs)	0.16	0.00	0.00
Average Modified Duration	0.15	0.00	0.00
Average Purchase Yield		3.55%	4.10%
Average Market Yield	3.63%	3.55%	4.10%
Average Quality**	AA+	AAA	AAA
Total Market Value		37,871,558	37,514,892

*Benchmark: ICE BofA 3-Month US Treasury Bill Index

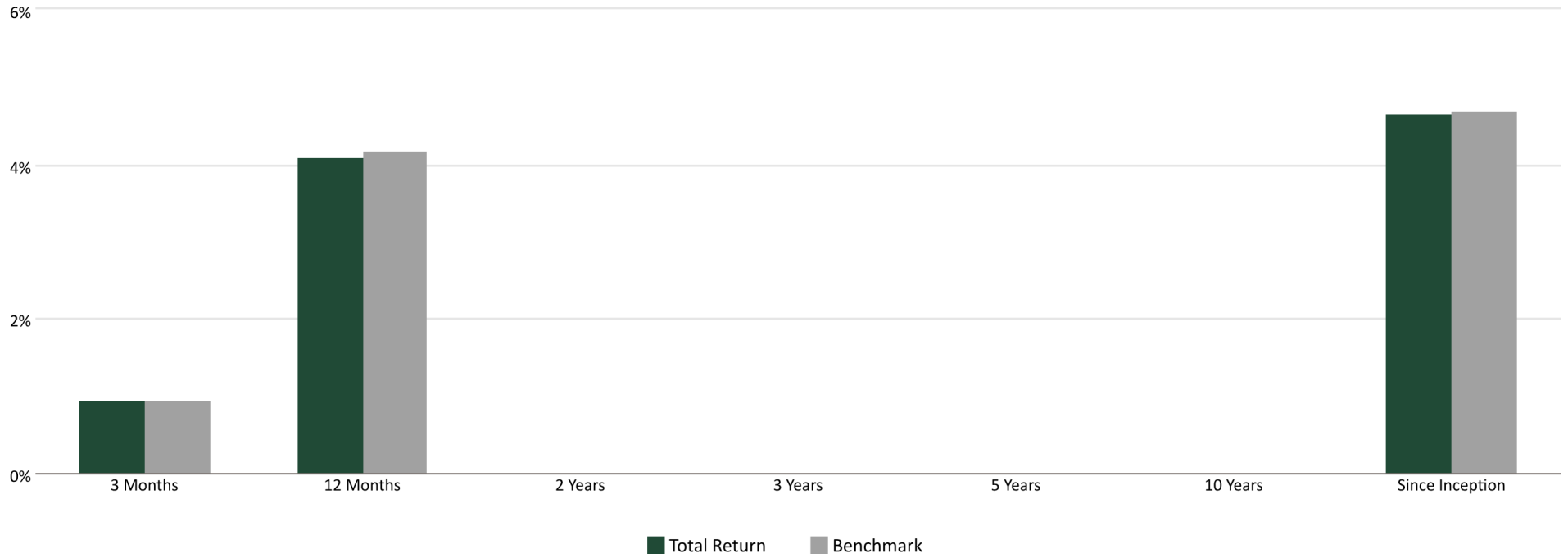
**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

INVESTMENT PERFORMANCE



City of Milpitas Liquidity Account | Account #10770 | As of December 31, 2025

Total Rate of Return : Inception | 02/01/2024



TOTAL RATE OF RETURN*	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
Milpitas Liquidity Account	0.95%	4.10%					4.66%
Benchmark	0.97%	4.18%					4.69%

*Periods over 1 year are annualized.

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

Benchmark: ICE BofA 3-Month US Treasury Bill Index

GLOSSARY

Accrued Int. The interest that has accumulated on a bond since the last interest payment up to, but not including, the settlement date.

Acq/Disp Yield. Yield to Maturity on the purchase/sale date.

Agencies. Shorthand market terminology for any obligation issued by a government-sponsored entity (GSE), or a federally related institution. Obligations of GSEs are not guaranteed by the full faith and credit of the US government. There are eight GSEs, five of which are currently active in the new issue market. The five include:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, more commonly referred to as “FreddieMac” issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “FannieMae,” issues discount notes, bonds and mortgage pass-through securities.

Federally related institutions are arms of the federal government. Most do not issue securities directly into the market. Those, which do issue directly, include the following:

GNMA. The Government National Mortgage Association, known as “GinnieMae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the United States government.

TVA. The Tennessee Valley Authority provides flood control and power and also promotes development in portions of the Tennessee, Ohio and Mississippi River valleys. TVA currently issues discount notes and bonds.

Amortized Cost. Measure of the cost of a security whereby the cost value will change over time as the discount or premium paid for the security is gradually incorporated into the principal value as interest payments are received.

Amount. The principal amount of the transaction (i.e. units or par value x price).

Asset-backed Securities (ABS) . Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

Average Life. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

Banker’s Acceptance. A money market instrument created to facilitate international trade transactions. This instrument is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the obligation to pay the investor.

Benchmark. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

Bond. A bond is essentially a loan made by an investor to a division of the government, a government agency, or a corporation. The bond is a promissory note to repay the loan in full at the end of a fixed time period. The date on which the principal must be repaid is called the maturity date, or maturity. In addition, the issuer of the bond, that is, the agency or corporation receiving the loan proceeds and issuing the promissory note, agrees to make regular payments of interest at a rate initially stated on the bond. Interest from bonds is taxable based on the type of bond. Corporate bonds are fully taxable, municipal bonds issued by state or local government agencies are free from federal income tax and usually free from taxes of the issuing jurisdiction, and Treasury bonds are subject to federal taxes but not state and local taxes. Bonds are rated according to many factors, including cost, degree of risk, and rate of income.

Book Value. The value at which an asset is carried on a balance sheet. To calculate, take the cost of an asset +/- net accretion/amortization.

Book Yield. The YTM that equates the current amortized value of the security to its periodic future cash flows.

Certificate of Deposit (CD). A CD is a note issued by a bank for a savings deposit that an individual agrees to leave invested in the bank for a certain term. At the end of this term, on the maturity date, the principal may either be paid to the individual or rolled over into another CD. Interest rates on CDs between banks are competitive. Monies deposited into a CD are insured by the bank, thus they are a low-risk investment and a good way of maintaining principal. Maturities may be as short as a few weeks or as long as several years. Most banks set heavy penalties for premature withdrawal of monies from a CD. Large denomination CDs may be marketable.

Collateralized Mortgage Obligations (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

Commercial Paper. The short-term unsecured debt of corporations.

Consolidated Accounts. Includes the main portfolio (City of Milpitas, 10762), reporting portfolio which includes internally managed securities (City of Milpitas Reporting Account, 10769), and the consolidated portfolio which report on both the internally and externally managed portfolios (City of Milpitas Consolidated, 10771).

Cost Value. The value at which the securities were purchased, excluding purchased interest.

Cost Yield. The annual income from an investment divided by the purchase cost.

Coupon. The rate of interest paid on a bond.

CUSIP (Committee on Uniform Securities Identification Procedures). A unique identification number assigned to all securities.

Duration. The weighted average time to maturity of a bond where the weights are the present values of future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See Modified Duration)

Fitch. The Fitch rating for the security.

Gain/Loss. The realized gain or loss on the security compared to the original purchase or amortized cost. For the amortization method, gain/loss is calculated by taking the principal amount on the sale less the amortized book value on the date of the sale. If the original cost method is used, the gain/loss is calculated by taking the principal amount on the sale less the original cost.

Interest Pur/Sold. – The accrued interest purchased or sold on the transaction. When a bond is purchased or sold between coupon payment dates, the accrued interest up to the settlement date of the transaction is included in the net proceeds.

Local Agency Investment Fund (LAIF). An investment alternative for California’s local governments and special districts.

Market Value. Market value is the current value of an investment between willing buyers and sellers.

Maturity. The final date upon which the principal of a security becomes due and payable.

Medium Term Notes (Corporate). Unsecured, investment-grade senior debt securities of major corporations which are sold either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

Mkt Price. The current fair value market price.

Mkt YTM. The internal rate of return that equates the periodic future cash flows (interest payments and redemption value) to the market price, assuming that all cash flows are invested at the YTM rate.

Modified Duration. The percent change in price of a bond with no embedded options for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio’s or security’s exposure to market risk.

Money Market. The exchange environment in which short term debt instruments (T-bills, discount notes, commercial paper and banker’s acceptances) are issued and traded.

Moody. The Moody’s rating for the security.

Mortgage Pass-through Securities. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

Money Market Mutual Fund. A mutual fund that purchases money market securities. The funds goal is to maintain the net asset value of each share at or close to \$1.

Mutual Fund. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund’s prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds and money market instruments, as set forth in the individual fund’s prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

Net Asset Value (NAV). NAV is the price of a share in a mutual fund or investment company. This price is calculated once or twice daily. Net asset value is the amount by which the assets’ value exceeds the company’s liabilities. It is calculated by adding up the market value of all securities owned by the company, subtracting the company’s liabilities, and dividing this value by the number of shares of the company outstanding. Thus, the NAV indicates the current buying or selling price of a share in an investment company.

Quality. The credit quality of a bond. The highest rated bonds are rated AAA, followed by AA and then A. Local governments in California are not allowed to purchase securities rated lower than single A.

Quantity. Par value of bonds or units, such as equity or mutual fund shares.

Par Value/Units. The face value or number of units held in the portfolio.

Percentage of Portfolio (% of Port.). The % of the portfolio that the security represents based on market value, including accrued interest.

Purchase Date. The settlement date on which the security was purchased.

Price. The price at which the transaction was executed, expressed as dollars per \$100 dollars of par value.

Security Description. The issuer name, coupon (periodic interest payment rate) and maturity.

Settlement Date. The date on which an executed security trade must be settled. That is, the date on which a buyer must pay for the securities and the seller must deliver them.

S&P. The Standard and Poor's rating for the security.

Total Amount. The principal amount (i.e. units or par value x price) plus accrued interest purchased or sold.

Total Rate of Return. A measure of a portfolio's performance over time. It is the internal rate of return that equates the beginning value of the portfolio with the ending value and includes interest earnings and realized and unrealized gains and losses on the portfolio.

Transaction Type. Purchase, sale, interest/paydown (principal), dividend, withdrawal, or contribution.

Treasury Bills. All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury Bills (T-bills). The Treasury currently issues three-month and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth cash flows.

Treasury Notes. All securities issued with initial maturities of two to ten years are called Treasury Notes (T-notes) and pay interest semi-annually.

Treasury Bonds. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

U.S. Treasury Obligations (Treasuries). Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Yield to Maturity (YTM). The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

Yield to Maturity (at market). The discount rate that equates the present value of the promised cash flow (interest payments and redemption value) to the market price, assuming that all cash flows are invested at the YTM rate.

Yield to Maturity (at purchase). The YTM that equates to the purchase price of the security.

DISCLOSURES

IMPORTANT DISCLOSURES



City of Milpitas | As of December 31, 2025

2025 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by ICE Data Services Inc (“IDS”), an independent pricing source. In the event IDS does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client’s Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody’s, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities (“MBS”) reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest.

BENCHMARK DISCLOSURES



City of Milpitas | As of December 31, 2025

Benchmark	Disclosure
ICE BofA 3-Month US Treasury Bill Index	The ICE BofA US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date.
ICE BofA 1-5 Yr US Treasury & Agency Index	The ICE BofA 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.
ICE BofA 1-3 Yr US Treasury & Agency Index	The ICE BofA 1-3 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.



City of Milpitas Section 115 Pension Trust Fund

Investment Performance Review For the Quarter Ended December 31, 2025

Client Management Team

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

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

1 California Street
Suite 1000
San Francisco, CA 94111

1735 Market Street
43rd Floor
Philadelphia, PA 19103

Financial Markets & Investment Strategy Review

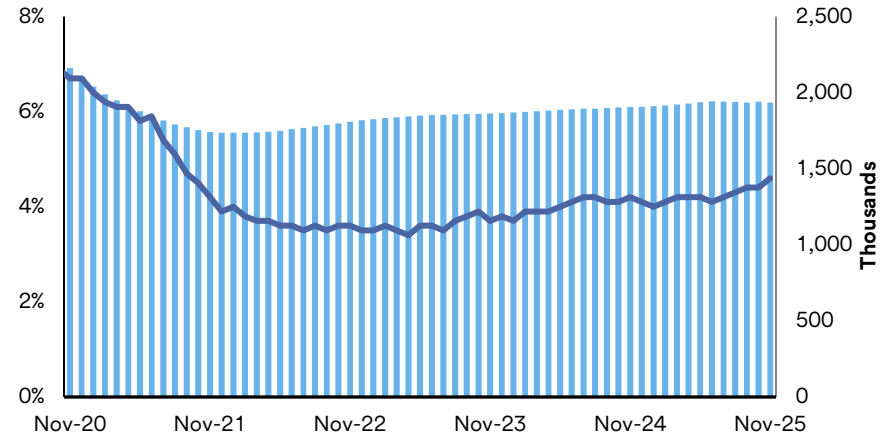
Index or Average Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
DOMESTIC EQUITY							
S&P 500 (TR)	2.66%	17.88%	17.88%	22.98%	14.42%	17.28%	14.81%
Russell 3000	2.40%	17.15%	17.15%	22.22%	13.14%	16.63%	14.27%
Russell 1000 Growth	1.12%	18.56%	18.56%	31.12%	15.31%	21.23%	18.11%
Russell 1000	2.41%	17.37%	17.37%	22.72%	13.58%	17.01%	14.58%
Russell 1000 Value	3.81%	15.91%	15.91%	13.88%	11.32%	12.09%	10.52%
Russell Midcap	0.16%	10.60%	10.60%	14.34%	8.67%	12.74%	11.00%
Russell Midcap Growth	-3.70%	8.66%	8.66%	18.62%	6.64%	14.19%	12.48%
Russell Midcap Value	1.42%	11.05%	11.05%	12.26%	9.82%	11.40%	9.77%
Russell 2000 Growth	1.22%	13.01%	13.01%	15.57%	3.18%	10.58%	9.57%
Russell 2000	2.19%	12.81%	12.81%	13.72%	6.09%	10.59%	9.61%
Russell 2000 Value	3.26%	12.59%	12.59%	11.72%	8.87%	10.08%	9.26%
INTERNATIONAL EQUITY							
MSCI EAFE	4.86%	31.22%	31.22%	17.21%	8.92%	10.53%	8.18%
MSCI AC World	3.29%	22.34%	22.34%	20.63%	11.19%	13.98%	11.71%
MSCI AC World ex USA	5.05%	32.39%	32.39%	17.32%	7.90%	10.14%	8.41%
MSCI AC World ex USA Small Cap	2.96%	29.26%	29.26%	15.59%	6.90%	10.03%	8.12%
MSCI EM (Emerging Markets)	4.73%	33.57%	33.57%	16.38%	4.19%	8.05%	8.41%
ALTERNATIVES							
FTSE Nareit/Equity REITs - INV	-1.56%	2.88%	2.88%	8.35%	6.62%	6.92%	5.69%
MSCI U.S. REIT INDEX	-1.69%	2.95%	2.95%	8.38%	6.58%	6.93%	5.70%
MSCI World Core Infrastructure	0.32%	15.85%	15.85%	8.40%	6.56%	8.10%	8.31%
FIXED INCOME							
Bloomberg U.S. Aggregate	1.10%	7.30%	7.30%	4.66%	-0.36%	1.99%	2.01%
Bloomberg U.S. Government/Credit	0.90%	6.88%	6.88%	4.56%	-0.59%	2.14%	2.16%
Bloomberg U.S. Intermediate Government/Credit	1.20%	6.97%	6.97%	5.05%	0.96%	2.54%	2.29%
Bloomberg U.S. Treasury (1-3 Y)	1.14%	5.17%	5.17%	4.49%	1.75%	2.21%	1.83%
ICE BofA U.S. High Yield	1.35%	8.50%	8.50%	10.02%	4.49%	6.09%	6.44%
Bloomberg Global Aggregate	0.24%	8.17%	8.17%	3.98%	-2.14%	0.65%	1.26%
CASH EQUIVALENT							
Bloomberg 3 Month T-Bill	0.99%	4.23%	4.23%	4.89%	3.22%	2.72%	2.21%

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

THE ECONOMY

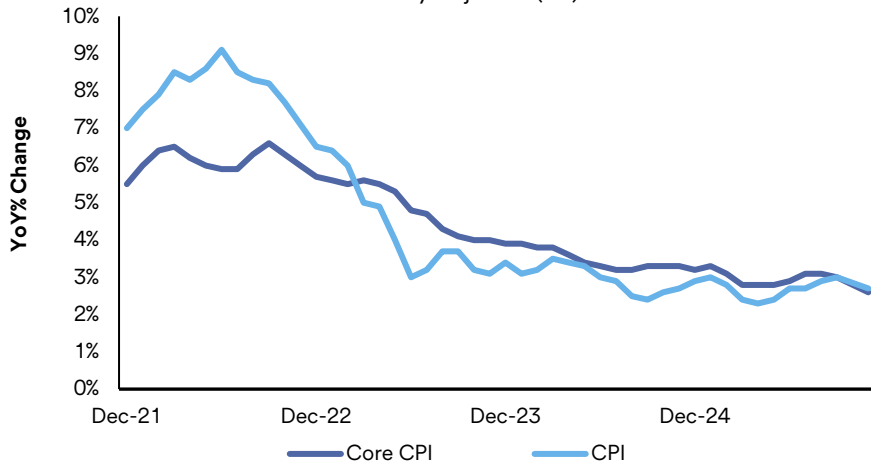
- In the third quarter, U.S. real gross domestic product (GDP) accelerated sharply at a seasonally adjusted annualized rate of 4.3%, marking the strongest growth in more than two years. This rebound in growth was driven by strong consumer spending and an increase in net exports. The continued growth points to the persistent resilience of the economy.
- The U.S. unemployment rate ticked up over the quarter, rising to 4.6% in November. The latest initial jobless claims ended the quarter at 199,000 (for the week ending December 27), the lowest level since January, with the continuing jobless claims also falling to approximately 1.9 million as we continue to see no meaningful increase in layoffs through 2025. The other side of the “low-hire, low-fire” environment can be seen as the pace of hiring, which slowed to 64,000 new jobs created in November after a decline of 105,000 in October, led by a drop in payrolls due to resignation offers across the federal government.
- Inflation appears to be cooling in the fourth quarter. Headline inflation (CPI) grew at a year-over-year rate of 2.7% in November, the lowest rate since July. This reading comes with a caveat however, as the government shutdown at the start of the quarter has led to a missed October reading as well as no monthly data released for November.

U.S. Unemployment and Monthly Average Continued Claims



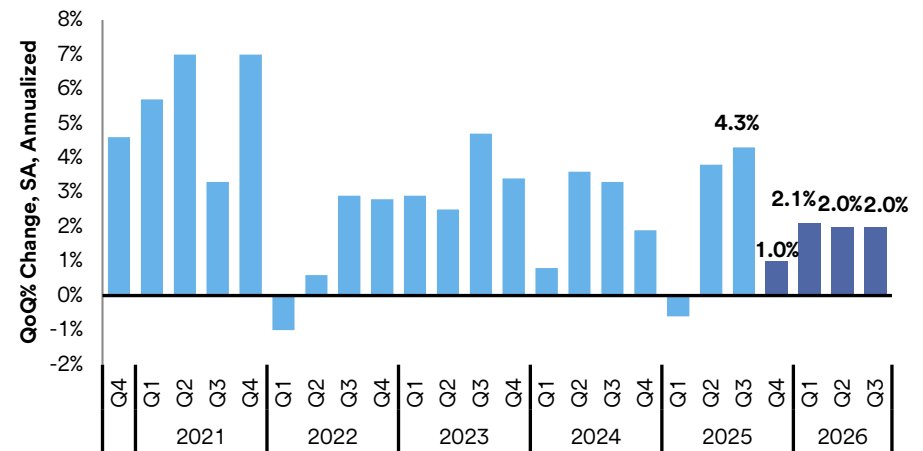
Source: Bloomberg.

U.S. Inflation Rate
Seasonally Adjusted (SA)



Source: Bureau of Labor Statistics.

U.S. GDP Growth

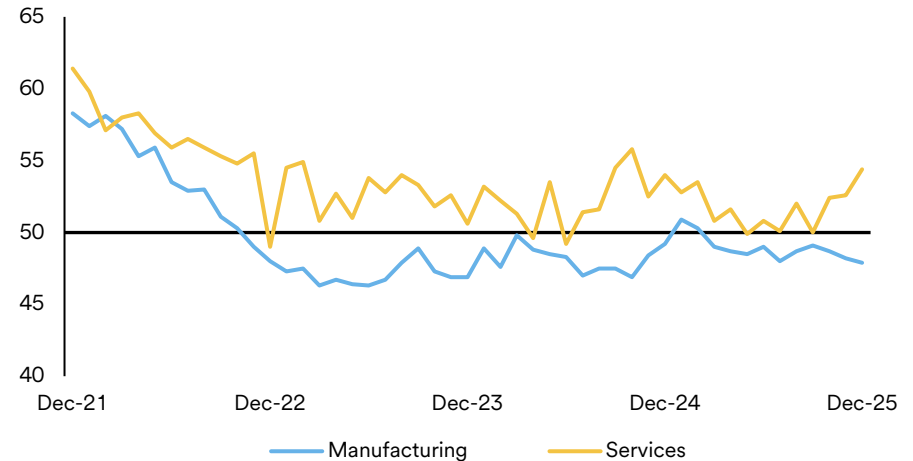


Source: Bloomberg. Light blue bars indicate actual numbers; dark blue bars indicate forecasted estimates.

WHAT WE'RE WATCHING

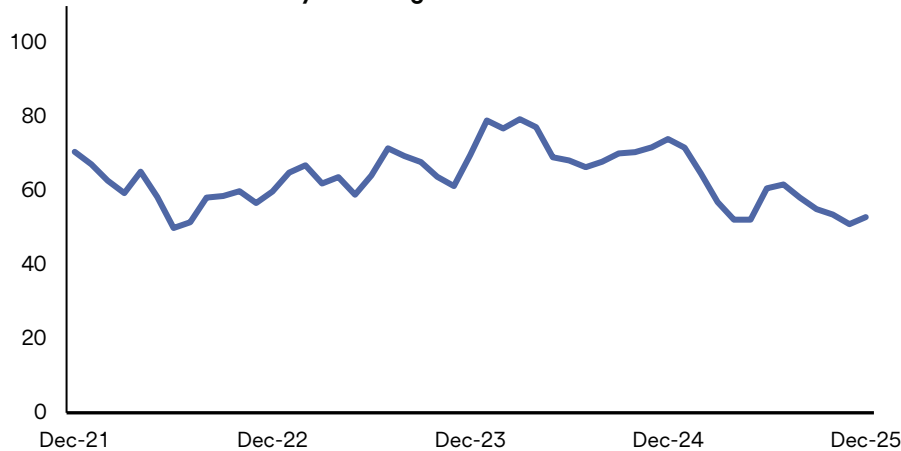
- The Federal Reserve (Fed) cut rates twice in the fourth quarter, bringing the new range to 3.50%-3.75% as labor data continued to soften. Looking forward, the summary of economic growth projections point to growing optimism, with an increase in projected economic growth along with a decrease in projected inflation for 2026. The dot plot for 2026 reflects an expectation of one cut in 2026, though the timing of such a move is uncertain. Outside of the U.S., the European Central Bank (ECB), which preceded the U.S. with cuts earlier in the year, held rates flat in the fourth quarter.
- U.S. consumer sentiment, as measured by the University of Michigan survey of consumers, continued to fall during the fourth quarter, and the reading was down nearly 30% year over year as affordability concerns remain. This consumer fatigue translated into a slower than expected gain in retail sales as consumers were more selective about purchases.
- U.S. military action in Venezuela adds to the ongoing geopolitical risks, prompting increased uncertainty as the possible implications for the market are weighed. Venezuela's oil reserves, and their relationship to China, its primary oil buyer, are of particular interest. In the short term the impact on energy prices is expected to be relatively minimal, while the longer-term impacts depend on the future of Venezuela's energy infrastructure and who controls it.

U.S. ISM Manufacturing & Services PMI



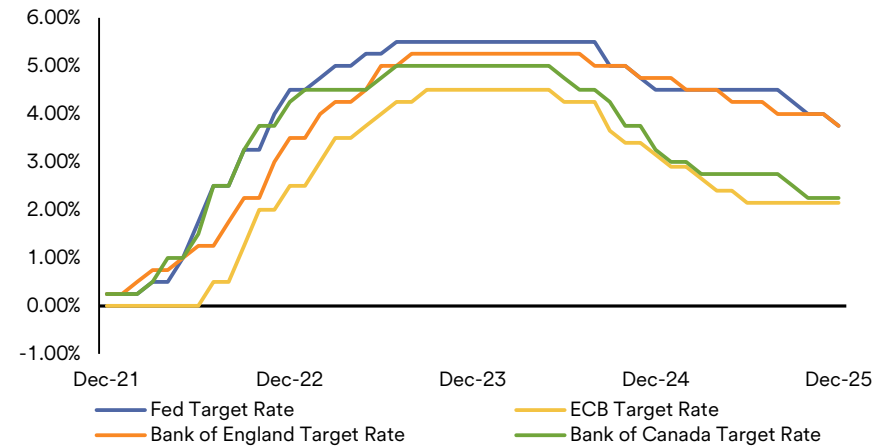
Source: Bloomberg.

University of Michigan Consumer Sentiment



Source: Bloomberg.

Global Central Bank Rates



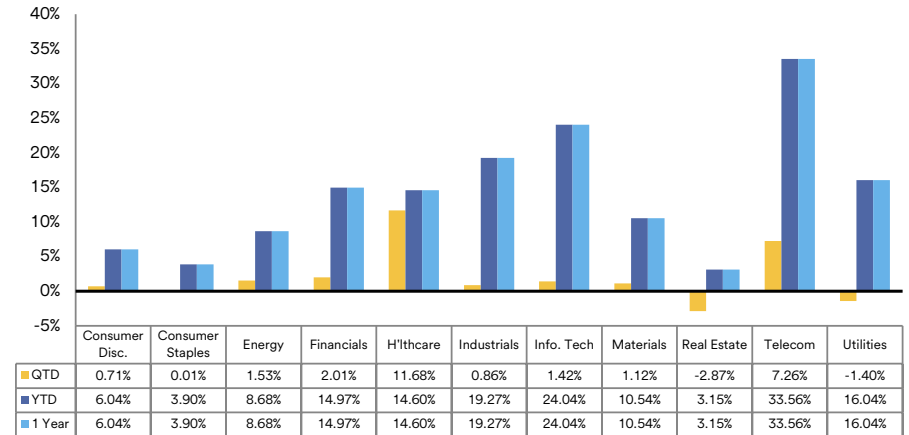
Source: Bloomberg.

DOMESTIC EQUITY

- The S&P 500 Index (S&P) posted a 2.7% return in the fourth quarter (of 2025). That equates to a return of 17.9% for the year.
- Within the S&P 500, the performance varied greatly across sectors, with nine of the 11 seeing positive returns. The best performing sectors were Healthcare (11.7%), Communication Services (7.3%), and Financials (2.0%). Utilities saw a loss of (-1.4%) while Real Estate performed the worst, with a negative return (-2.9%).
- Positive returns were seen across all capitalizations with large caps, as represented by the Russell 1000 Index, returning 2.4% during the quarter while mid and small caps, as represented by the Russell Midcap and Russell 2000 indices returned 0.2% and 2.2% respectively. Value stocks outperformed growth stocks across all capitalizations.
- According to FactSet Earnings Insight as of December 22, 2025, analysts are projecting earnings growth of 8.3% in Q4 2025, up from an initial estimate of 7.2% in September. This is below the five- and 10-year average earnings growth rates, but remains relatively strong, and would mark the tenth consecutive quarter of year-over-year earnings growth for the index. The index has once again been supported by the technology space. For calendar year 2025, analysts are projecting year-over-year earnings growth of 12.3%.
- At quarter end, the 12-month adjusted positive forward price-to-earnings (P/E) ratio (includes only positive earnings results for consistency) for the S&P 500 is 27.5, which is above the five year average of 23.3. The Russell 2000 Index, which represents small cap stocks, had an adjusted positive forward P/E ratio of 21.4, also above its five year average of 17.7.

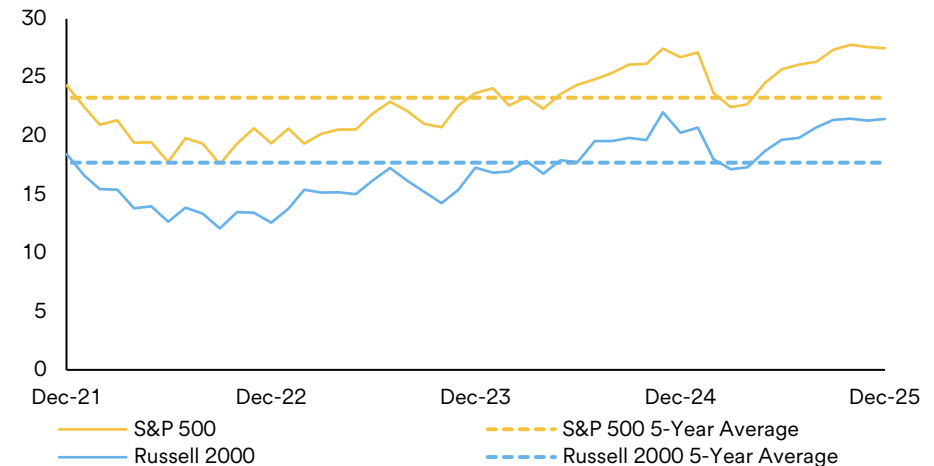
S&P 500 Index Performance by Sector

Periods Ended December 31, 2025



Source: Bloomberg.

P/E Ratios of Major Stock Indices*



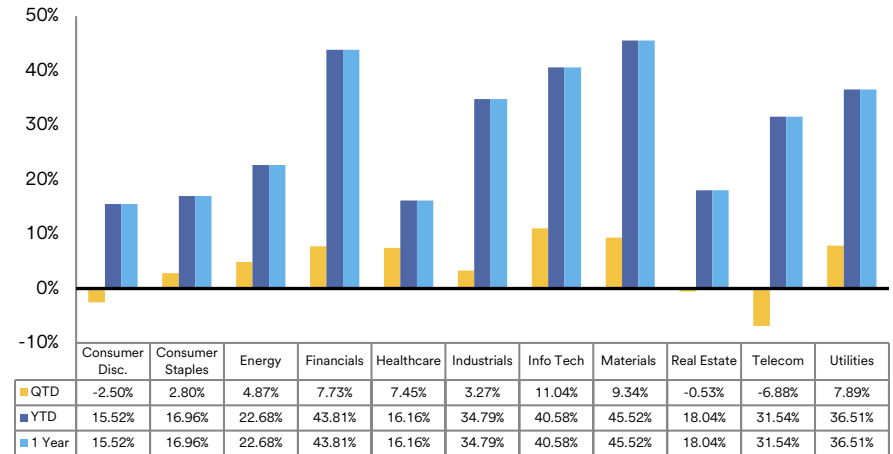
Source: Bloomberg.

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

INTERNATIONAL EQUITY

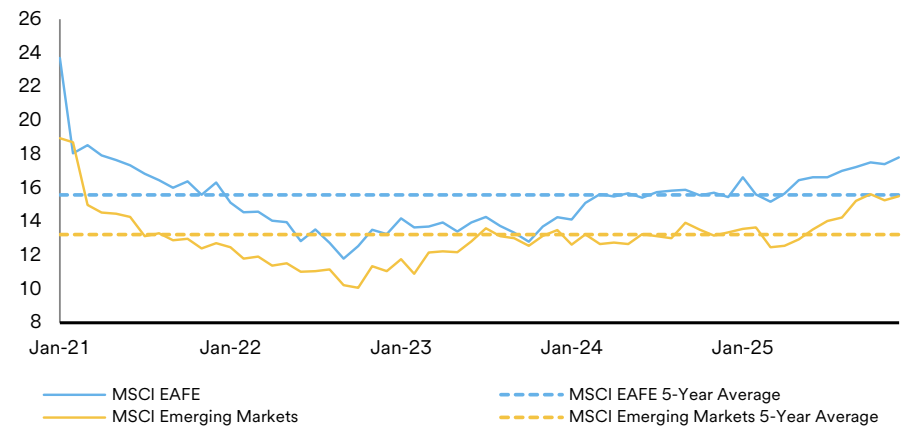
- Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, outperformed domestic equities in the fourth quarter returning 5.1% for the quarter, with a year-to-date return of 32.4%, its highest return since 2009.
- Seven of the 11 sectors posted positive returns for the quarter. The top performing sectors were Information Technology (11.0%), Materials (9.3%), and Utilities (7.9%). The worst performers for the quarter were Real Estate (-0.5%), Consumer Discretionary (-2.5%), and Communication Services (-6.9%).
- Developed ex-U.S. markets, as represented by the MSCI EAFE Index, outperformed emerging markets (EM), as represented by the MSCI Emerging Market Index, returning 4.9% versus 4.7% for the quarter. While the U.S. Dollar (USD) strengthened somewhat during the quarter, the continued softness positively impacted returns from all international indices, as they are stated in USD.
- Of the five largest-weighted countries in the MSCI EAFE Index, the MSCI Switzerland (9.8%) and MSCI United Kingdom (7.0%) indices outperformed the overall EAFE index. The MSCI France (3.4%), MSCI Japan (3.2%), and MSCI Germany (2.6%) indices underperformed.
- Of the five largest-weighted countries in EM, MSCI Korea (27.3%), MSCI Taiwan (10.4%), and MSCI Brazil (8.3%) outperformed the MSCI Emerging Markets index, while MSCI India (4.8%) performed in line and MSCI China (-7.4%) underperformed with notable negative returns. Both Korea and Taiwan continued their streak of double-digit returns supported by semiconductor names positively impacted by the artificial intelligence (AI) theme.
- Value stocks outperformed growth stocks for the quarter as represented by the broad benchmarks. The MSCI AC World ex-USA Growth Index returned 2.6%, while the MSCI AC World ex-USA Value Index returned 7.6%. Within EM, value stocks (MSCI EM Value) returned 5.8% versus 3.1% for growth. Small caps, as represented by the MSCI ACWI ex-U.S. Small Cap Index posted a return of 3.0%.
- Non-U.S. equity valuations increased in both emerging and developed markets. Both sit slightly above long-term averages. As of quarter-end, the MSCI EAFE's Adjusted Positive Forward P/E stood at 17.8 versus a five year average of 15.6. MSCI EM ended the quarter with an Adjusted Positive Forward P/E ratio of 15.5, above its five year average of 13.2.

MSCI ACWI ex-U.S. Sectors
Periods Ended December 31, 2025



Source: Bloomberg.

P/E Ratios of MSCI Equity Indices*



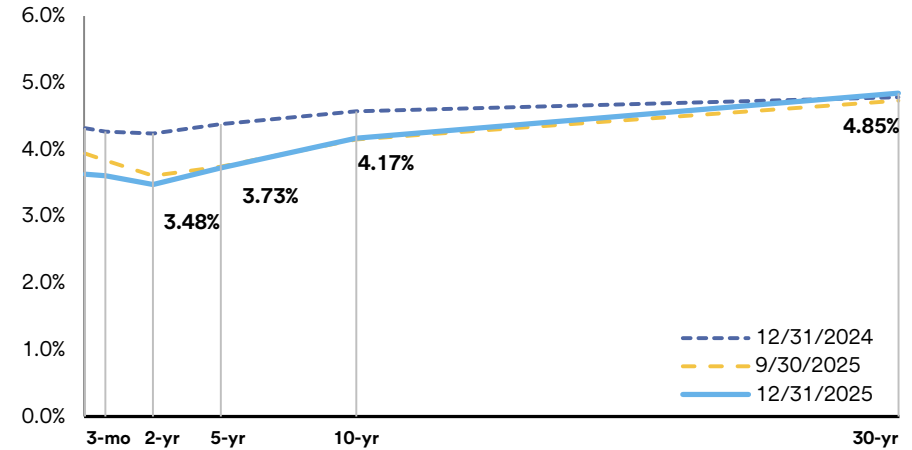
Source: Bloomberg.

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

FIXED INCOME

- The U.S. bond market, represented by the Bloomberg U.S. Aggregate Index, returned 1.1% during the fourth quarter.
- The Bloomberg U.S. Treasury Index closed the quarter returning 0.9%. As the Fed cut rates first in October and then again in December, the yield curve steepened slightly with rates falling in the short to intermediate spectrum while long term yields rose. 30-year Treasury yields rose to 4.8%, while the 2-year ended at 3.5%. Cash markets continued to provide higher yields than the 2-year Treasuries.
- Corporate credit saw positive returns across the quality spectrum for the quarter. The Investment-Grade Bloomberg U.S. Corporate (IG Corp) Index returned 0.9% while High Yield bonds, as represented by the ICE BofA High Yield (HY) Index, returned 1.4%. Spreads remained relatively flat for High Yield corporates while they widened slightly for investment-grade corporates over the quarter. Both remain below their respective 10-year averages. Tailwinds of high profit margins, continued debt issuance, and ongoing mergers and acquisitions (M&A) activity points to positive corporate sentiment.

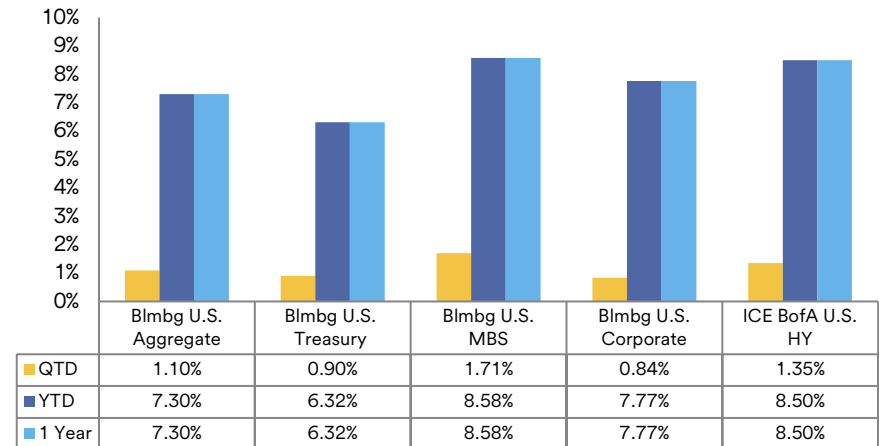
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended December 31, 2025

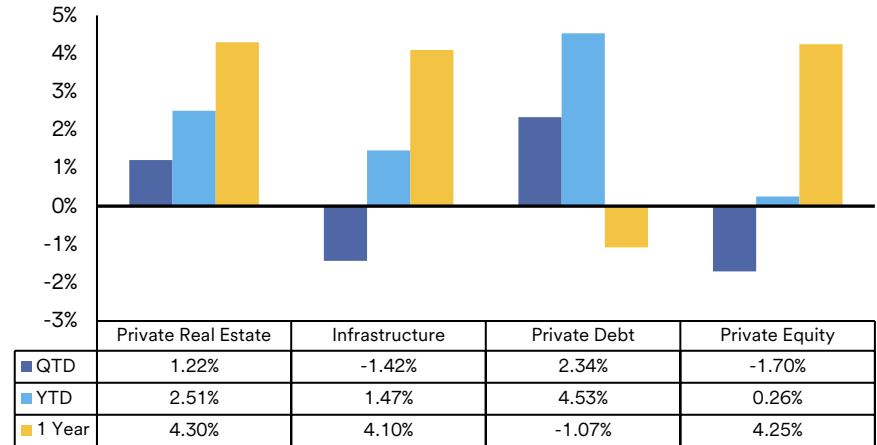


Source: Bloomberg.

ALTERNATIVES

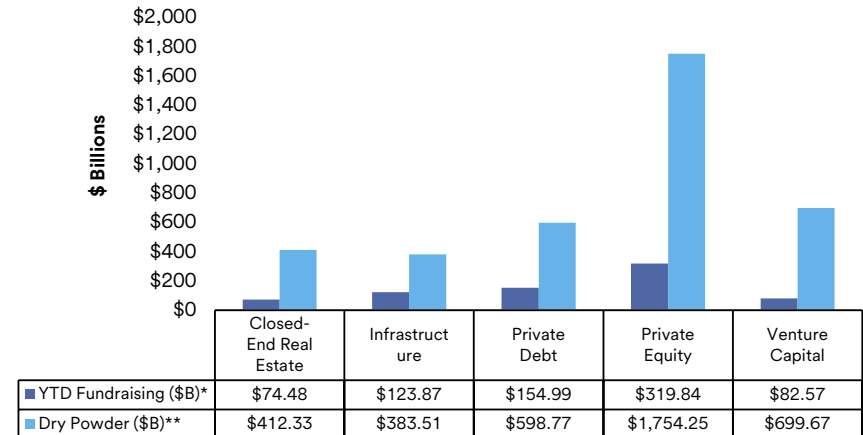
- Real estate investment trusts (REITs), as measured by the MSCI U.S. REITs Index, returned -1.7% in the fourth quarter leading to a year-to-date return of 3.0%. Private real estate, as measured by the NCREIF Property Index, gained 1.2% in the second quarter of 2025, marking the third consecutive quarter of positive total returns as property value declines leveled off across most sectors. The “Other” category, which includes a wide variety of non-categorized property types including data centers was the top performer, returning 2.3%, while Hotels returned a marginally positive 0.1%.
- Listed infrastructure, as measured by the MSCI World Core Infrastructure Index, returned 0.3% in the fourth quarter, down from a 4.9% return in the prior quarter. According to PitchBook, Private infrastructure funds posted a return of -1.4% in Q2 2025. Over the longer term, they generated an annualized return of 9.9% for the five years ended Q2 2025. By the end of Q3 2025, 57 private infrastructure funds raised \$123.9 billion, beating the funds raised during all of 2024 with one quarter remaining. Most of the capital went to funds larger than \$5 billion which seek to capitalize on rising AI demand. Infrastructure dry powder has fallen from the previous year and stands at \$383.5 billion as of March 31, 2025.
- By the end of Q3 2025, 125 private debt funds raised \$155.0 billion, with fundraising now on pace for another strong year by historical standards. Private debt dry powder remains above the long-term average at \$598.8 billion as of March 31, 2025. According to Cliffwater, the performance of private debt funds continues to be strong but is softening, posting a return of 2.3% in Q2 2025. The asset class has generated an annualized return of 11.1% for the five years ended Q2 2025.
- As of Q3 2025, 411 private equity funds raised \$319.8 billion –as the slower pace of fundraising continues due to constrained distributions hindering fundraising efforts. The bulk of the capital raised continues to flow to experienced managers raising capital for funds larger than \$1 billion. Global private equity dry powder, which accounts for the bulk of private capital dry powder, remains high at \$1.8 trillion as of March 31, 2025. Exit tailwinds of lower borrowing costs and greater market clarity should aid fundraising efforts into 2026. PitchBook, private equity funds posted a return of -1.7% in Q2 2025. The asset class has generated an annualized return of 17.6% for the five years ended Q2 2025.

Returns for Private Capital Assets



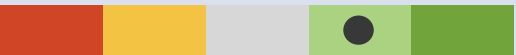
Source: NCREIF, PitchBook, Cliffwater, Cambridge Associate.
As of June 30, 2025, the most recent period for which all index data is available.

Private Capital Fundraising & Dry Powder



Sources: Pitchbook.
* Total capital raised in 2025 as of September 30, 2025 - most recent period for which ALL fundraising data is available.
** Cumulative dry powder and total AUM as of March 31, 2025.
*** Excluding open-end, evergreen fund vehicles.

Factors to Consider Over the Next 6-12 Months

<p>Monetary Policy (Global):</p>  <ul style="list-style-type: none"> • The Fed cut rates by 50 bps in Q4 but noted continuing challenges in achieving its dual mandate. • Markets view policy risks as skewed towards additional easing, assuming a more dovish Chair takes office in mid-2026 as expected. • Major central banks have an accommodative policy in place with the BOJ being the notable exception. 	<p>Economic Growth (Global):</p>  <ul style="list-style-type: none"> • Benefits from the tax and reconciliation bill and increases in anticipated AI capex are expected to support U.S. growth in 2026. • The effects of U.S. government shutdown expected to be temporary and fully recouped in Q1 2026. • Strong consumer spending and steadier trade dynamics continue to support global growth. 	<p>Inflation (U.S.):</p>  <ul style="list-style-type: none"> • While headline inflation moved lower in Q4, significant gaps in data collection due to the U.S. government shutdown likely biased the data lower and warrants attention. • Lower shelter inflation continues to support disinflation going forward although goods prices continue to experience tariff passthroughs.
<p>Financial Conditions (U.S.):</p>  <ul style="list-style-type: none"> • Financial conditions eased as corporate earnings exceeded expectations and tariff concerns abated resulting in equities reaching new all-time highs and credit spreads tightening to historical lows. • Financial conditions expected to remain tailwind as monetary policy eases, but any fiscal uncertainty and geopolitical risks could reintroduce tighter financial conditions over the next 6-12 months. 	<p>Consumer Spending (U.S.):</p>  <ul style="list-style-type: none"> • Consumer activity remained resilient through the holiday shopping season, highlighting the disconnect between slowing sentiment and activity. • Consumer spending is dominated by higher-income cohorts pointing to K-shaped economy. • A significant correction in the equity market or a material slowdown in the labor market are the largest threats to consumer spending. 	<p>Labor Markets (U.S.):</p>  <ul style="list-style-type: none"> • Labor market conditions continued to cool with net new job creation close to zero. Initial jobless claims and layoff rates remain low, easing some concerns over labor weakness. • The unemployment rate continued to tick higher, while job openings declined and the quits rate remains subdued, signaling reduced worker leverage even as real wage growth remains positive.
<p>Corporate Fundamentals:</p>  <ul style="list-style-type: none"> • Earnings growth expectations are positive across global equities with double digit growth expected across U.S. and international equity benchmarks. • In the U.S., M&A and capital spending pickup, tax changes and rate cuts are positives while any tariff related cost pressures need to be monitored. 	<p>Valuations:</p>  <ul style="list-style-type: none"> • U.S. equities and credit markets trade at valuations that are expensive relative to their history. • Resilient growth, strong earnings growth and higher profit margins are supportive of the current valuations while inflation and AI related exuberance are not fully reflected in the current valuations. 	<p>Political/Policy Risks:</p>  <ul style="list-style-type: none"> • Some of the policy and trade related uncertainty was resolved in 2025. • The possibility of another U.S. government shutdown, legal challenges to tariffs and ongoing geopolitical uncertainty are negatives.



Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (December 31, 2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness, or suitability.

Long-Term Strategic Approach to Private Capital/Alternatives

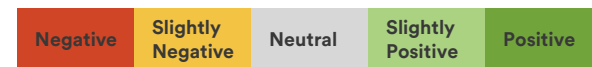
Sub-Asset Class	Long-Term Strategic View	Recent Trends (as of 2025 Q4)
<p>Private Equity</p>	<p>Provide attractive returns with lower correlations to public market equities due to their ability to invest in early-stage growth companies or ability to turnaround a struggling firm.</p>	<ul style="list-style-type: none"> • Decrease in interest rates and broadening of public markets are expected to benefit Private Equity with increased activity in exits through IPO's and M&A • Buyout returns continue to improve, as well as increase in transactions YTD 2025, should provide an improved investment and exit environment • Venture capital deal volume is still below trend, while most deals are focused on artificial intelligence and defense with higher valuations • Current environment favors secondaries and co-investments overgrowth strategies, although IPO deals and valuations have increased pointing to potential turnaround in VC markets
<p>Private Debt</p>	<p>Provides higher returns than the public market debt due to the ability to customize terms and floating rate structure of most notes.</p>	<ul style="list-style-type: none"> • Increased demand for private debt despite less leveraged buyout transactions, lower leverage levels for private companies has led to spread compression • Several high profiles defaults put a spotlight on credit quality, weaker underwriting standards, however these cases were considered idiosyncratic and so far, do not seem to have affected overall market • Interest rates continue to provide attractive credit opportunities in areas such as asset backed, consumer sector and real estate backed debt
<p>Real Assets Real Estate Infrastructure</p>	<p>Provides exposure to inflation sensitive assets that typically generate returns from a combination of capital appreciation and income generation.</p>	<ul style="list-style-type: none"> • Real Estate: Returns improved in YTD 2025 and transactions volume increased, particularly in industrial and retail sectors, potentially leading to further recovery. Property value declines are leveling off, suggesting new opportunities • Infrastructure: Returns improved in YTD 2025, with increased adoption of AI driving demand for data centers, power generation and transmission capabilities while decarbonization trend is driving demand for global clean energy infrastructure
<p>Diversifying Hedge Funds</p>	<p>Expected to lower the volatility and correlation within portfolios while providing access to esoteric strategies.</p>	<ul style="list-style-type: none"> • Hedge funds generated positive returns YTD 2025 particularly across market neutral, relative value and long/short equity strategies • Overall performance across strategies is lower than historical, while correlations to 60/40 stock bond portfolios have increased • Hedge funds continue to provide relative stability to dampen overall portfolio volatility

The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc. at the time of distribution (December 31, 2025) and are subject to change.

Investment Strategy Overview

Asset Class	Our Q1 2026 Investment Outlook	Comments
U.S. Equities		<ul style="list-style-type: none"> US large caps returned double-digit returns in 2025 supported by supportive fiscal and monetary policy, strong earnings growth and continued support for AI related stocks. Looking ahead, resilient economic growth is expected to broaden market performance away from the top technology names (Mag-7) and towards smaller and mid cap names. Value stocks have been outperforming growth stocks recently led by economic growth tailwinds and capex expensing rules that provides favorable outlook for cyclical industries. Small caps have recovered in the latter half of 2025 as Fed rate cuts, higher liquidity and improving earnings became tailwinds. While we hold a positive view on small caps, we expect to remain neutral until we see some recovery across employment and manufacturing indicators.
Large-Caps		
Small-Caps		
Non-U.S. Equities		<ul style="list-style-type: none"> International equities posted strong returns in 2025. Valuations are attractive relative to US equities but multiples look expensive relative to recent history. Earnings growth of ~13% expected in 2026. Across Europe and China, we believe that there are structural/geopolitical issues that need to be addressed for long-term sustained outperformance. Accommodative monetary policy, fiscal stimulus in certain regions and weaker USD are tailwinds but tariff driven uncertainty remains.
Developed Markets		
Emerging Markets		
Fixed Income		<ul style="list-style-type: none"> Fed cut rates by 75bps in 2025 and has provided guidance for one more rate cut in 2026. Yield curve has steepened over 2025 while 10 year yields have stayed above 4.0%. We expect long term rates to be range-bound due to inflation expectations but are watching for any meaningful increase in yields that could lead to a risk-off sentiment. We remain duration neutral at this time. Absolute yield levels look attractive even as credit spreads are closer to historical lows. We are neutral to credit sectors at this time given the tighter spreads even as corporate fundamentals remain strong.
Core Bonds		
Investment Grade Credit		
High Yield Credit		
Diversifying Assets		<ul style="list-style-type: none"> REIT performance has been sensitive to the long-term yields and have underperformed broader equities in 2025. Looking ahead, continued economic growth and the recent rate cuts are expected to be tailwinds. Along with diversified source of return, improving AI sentiment bodes well for data center buildout and utilities are long-term drivers for listed infrastructure.
Listed Real Estate		
Listed Global Infrastructure		

● Current outlook ○ Outlook one quarter ago



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SOURCES

Factset

<https://www.bea.gov/sites/default/files/2024-12/gdp3q24-3rd-fax.pdf>

<https://www.bls.gov/news.release/pdf/empsit.pdf>

<https://www.bls.gov/news.release/pdf/cpi.pdf>

<http://www.sca.isr.umich.edu/>

NCREIF

PitchBook

Cliffwater

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Plan Performance Summary

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	2025	1 Year	2 Years	3 Years	Since Inception	Inception Date
Total Fund	43,269,815	100.00	2.02	13.83	13.83	11.74	12.31	4.57	07/01/2021
<i>Blended Benchmark</i>			2.20	14.66	14.66	11.85	12.49	4.69	
Domestic Equity	14,415,023	33.31							
Schwab US Large-Cap ETF	13,723,992	31.72	2.35	17.42	17.42	21.10	22.99	18.19	11/01/2024
<i>Russell 1000 Index</i>			2.41	17.37	17.37	20.89	22.74	18.12	
PIMCO RAE US Small Cap Fund	357,864	0.83	3.65	6.29	6.29	13.91	15.93	N/A	01/01/2026
<i>Russell 2000 Value Index</i>			3.26	12.59	12.59	10.30	11.73	N/A	
Columbia Small Cap Growth Inst3	333,167	0.77	4.38	21.86	21.86	23.15	24.22	22.00	11/01/2024
<i>Russell 2000 Growth Index</i>			1.22	13.01	13.01	14.08	15.59	13.97	
International Equity	7,561,128	17.47							
Fidelity International Index Fund	2,681,144	6.20	4.59	31.96	31.96	16.98	17.42	9.42	07/01/2025
<i>MSCI EAFE (net)</i>			4.86	31.22	31.22	16.72	17.22	9.86	
Goldman Sachs GQG Ptnrs Intl Opportunities	815,149	1.88	3.94	20.84	20.84	13.17	15.80	15.44	09/01/2023
<i>MSCI AC World ex USA (Net)</i>			5.05	32.39	32.39	18.20	17.33	18.47	
Janus Henderson Overseas Fund	1,249,751	2.89	4.65	28.82	28.82	16.82	14.82	11.15	07/01/2025
MFS International Diversification Fund	1,654,659	3.82	3.68	27.96	27.96	16.75	15.97	8.77	07/01/2025
<i>MSCI AC World ex USA (Net)</i>			5.05	32.39	32.39	18.20	17.33	12.29	
Fidelity Emerging Markets Index Fund	1,160,425	2.68	4.55	33.94	33.94	19.60	16.13	15.69	07/01/2025
<i>MSCI EM (net)</i>			4.73	33.57	33.57	19.83	16.40	15.88	

Returns are net of mutual fund fees and are expressed as percentages.

Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	2025	1 Year	2 Years	3 Years	Since Inception	Inception Date
Fixed Income	20,934,839	48.38							
Baird Core Plus	5,729,104	13.24	1.10	7.47	7.47	4.97	5.61	0.58	07/01/2021
PGIM Total Return Bond	4,025,438	9.30	1.14	7.79	7.79	5.38	6.17	0.48	07/01/2021
Voya Intermediate Bond	2,030,489	4.69	1.07	7.62	7.62	5.25	5.85	0.42	07/01/2021
<i>Blmbg. U.S. Aggregate</i>			1.10	7.30	7.30	4.23	4.66	-0.05	
Nuveen Core Bond	3,487,312	8.06	1.10	7.36	7.36	4.98	5.43	4.54	05/01/2025
<i>Blmbg. U.S. Aggregate</i>			1.10	7.30	7.30	4.23	4.66	3.99	
iShares Core US Aggregate Bond ETF	5,662,497	13.09	1.00	7.19	7.19	4.24	4.69	3.68	02/01/2023
<i>Blmbg. U.S. Aggregate</i>			1.10	7.30	7.30	4.23	4.66	3.72	
Cash Equivalent	358,824	0.83							
Allspring Government Money Market Fund	358,824	0.83	0.97	4.18	4.18	4.66	4.77	3.49	07/01/2021
<i>ICE BofA 3 Month U.S. T-Bill</i>			0.97	4.18	4.18	4.71	4.81	3.52	

Returns are net of mutual fund fees and are expressed as percentages.

City of Milpitas Section 115 Pension Trust Fund

As of December 31, 2025

Comparative Performance

	2025	2024	2023	2022	2021	2020
Total Fund	13.83	9.68	13.46	-16.34	N/A	N/A
<i>Blended Benchmark</i>	<i>14.66</i>	<i>9.11</i>	<i>13.79</i>	<i>-15.28</i>	<i>N/A</i>	<i>N/A</i>
Domestic Equity						
Schwab US Large-Cap ETF	17.42	24.90	26.86	-19.44	26.74	20.90
<i>Russell 1000 Index</i>	<i>17.37</i>	<i>24.51</i>	<i>26.53</i>	<i>-19.13</i>	<i>26.45</i>	<i>20.96</i>
PIMCO RAE US Small Cap Fund	6.29	22.08	20.06	-4.64	40.37	6.88
<i>Russell 2000 Value Index</i>	<i>12.59</i>	<i>8.05</i>	<i>14.65</i>	<i>-14.48</i>	<i>28.27</i>	<i>4.63</i>
Columbia Small Cap Growth Inst3	21.86	24.45	26.39	-36.51	-2.54	70.41
<i>Russell 2000 Growth Index</i>	<i>13.01</i>	<i>15.15</i>	<i>18.66</i>	<i>-26.36</i>	<i>2.83</i>	<i>34.63</i>
International Equity						
Fidelity International Index Fund	31.96	3.71	18.31	-14.24	11.45	8.17
<i>MSCI EAFE (net)</i>	<i>31.22</i>	<i>3.82</i>	<i>18.24</i>	<i>-14.45</i>	<i>11.26</i>	<i>7.82</i>
Goldman Sachs GQG Ptrns Intl Opportunities	20.84	5.99	21.25	-11.10	12.49	15.77
Janus Henderson Overseas Fund	28.82	5.93	10.94	-8.67	13.19	16.71
MFS International Diversification Fund	27.96	6.52	14.44	-17.02	7.78	15.43
<i>MSCI AC World ex USA (Net)</i>	<i>32.39</i>	<i>5.53</i>	<i>15.62</i>	<i>-16.00</i>	<i>7.82</i>	<i>10.65</i>
Fidelity Emerging Markets Index Fund	33.94	6.80	9.50	-20.07	-3.04	17.82
<i>MSCI EM (net)</i>	<i>33.57</i>	<i>7.50</i>	<i>9.83</i>	<i>-20.09</i>	<i>-2.54</i>	<i>18.31</i>
Fixed Income						
Baird Core Plus	7.47	2.54	6.89	-12.87	-1.02	8.80
PGIM Total Return Bond	7.79	3.03	7.78	-14.86	-1.15	8.10
Voya Intermediate Bond	7.62	2.93	7.07	-14.16	-0.99	8.22
Nuveen Core Bond	7.36	2.66	6.34	-13.24	-0.96	7.87
iShares Core US Aggregate Bond ETF	7.19	1.37	5.59	-13.06	-1.67	7.42
<i>Blmbg. U.S. Aggregate</i>	<i>7.30</i>	<i>1.25</i>	<i>5.53</i>	<i>-13.01</i>	<i>-1.55</i>	<i>7.51</i>
Cash Equivalent						
Allspring Government Money Market Fund	4.18	5.15	4.98	1.47	0.01	0.34

Returns are net of mutual fund fees.
Returns are expressed as percentages.

Account Reconciliation

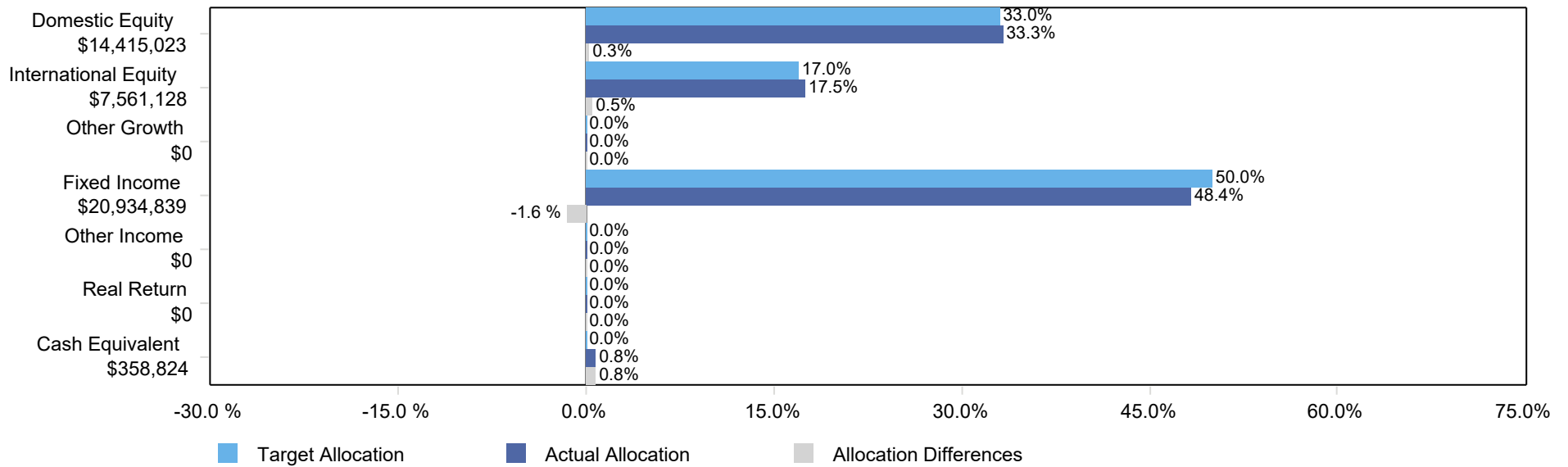
QTR				
	Market Value As of 10/01/2025	Net Flows	Return On Investment	Market Value As of 12/31/2025
Total Fund	42,410,093	1,070	858,652	43,269,815

YTD				
	Market Value As of 01/01/2025	Net Flows	Return On Investment	Market Value As of 12/31/2025
Total Fund	38,010,190	3,086	5,256,538	43,269,815

1 Year				
	Market Value As of 01/01/2025	Net Flows	Return On Investment	Market Value As of 12/31/2025
Total Fund	38,010,190	3,086	5,256,538	43,269,815

Asset Allocation Compliance

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
Total Fund	100.0	100.0	N/A	N/A	0.0
Domestic Equity	33.3	33.0	13.0	53.0	0.3
International Equity	17.5	17.0	0.0	37.0	0.5
Other Growth	0.0	0.0	0.0	15.0	0.0
Fixed Income	48.4	50.0	30.0	70.0	-1.6
Other Income	0.0	0.0	0.0	15.0	0.0
Real Return	0.0	0.0	0.0	15.0	0.0
Cash Equivalent	0.8	0.0	0.0	20.0	0.8



Historical Hybrid Composition - Blended Benchmark

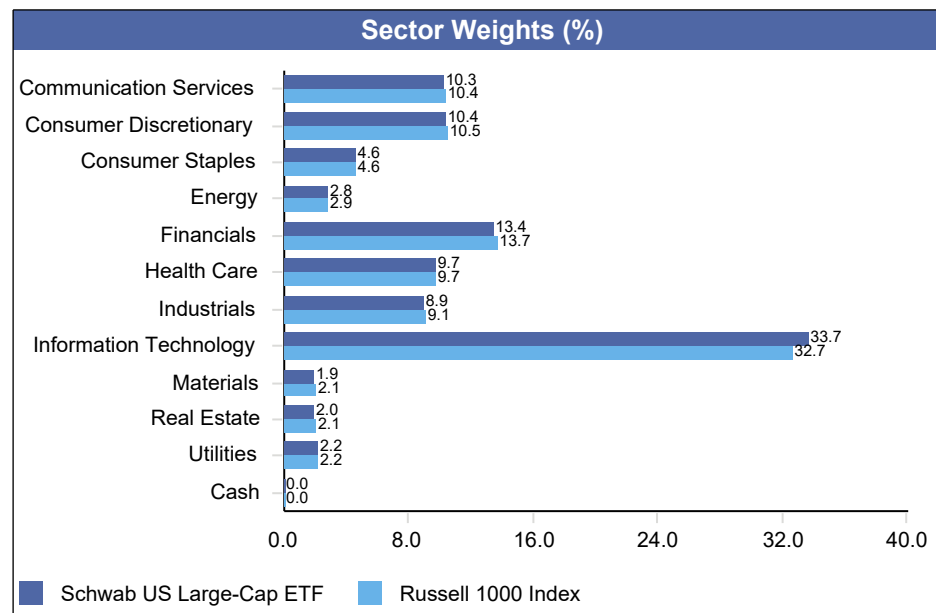
Allocation Mandate	Weight (%)
Jul-2021	
Russell 3000 Index	11.0
MSCI AC World ex USA (Net)	5.7
Blmbg. U.S. Aggregate	16.7
ICE BofA 3 Month U.S. T-Bill	66.7
Aug-2021	
Russell 3000 Index	22.0
MSCI AC World ex USA (Net)	11.3
Blmbg. U.S. Aggregate	33.3
ICE BofA 3 Month U.S. T-Bill	33.3
Sep-2021	
Russell 3000 Index	33.0
MSCI AC World ex USA (Net)	17.0
Blmbg. U.S. Aggregate	50.0

Total weight may not add up to 100% due to rounding

Investment Manager Review

Schwab US Large-Cap ETF vs. Russell 1000 Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	1,331,926	1,298,192
Median Mkt. Cap (\$M)	24,746	15,933
Price/Earnings ratio	28.15	27.80
Price/Book ratio	5.13	5.03
5 Yr. EPS Growth Rate (%)	25.68	25.38
Current Yield (%)	1.16	1.18
Number of Stocks	752	1,010

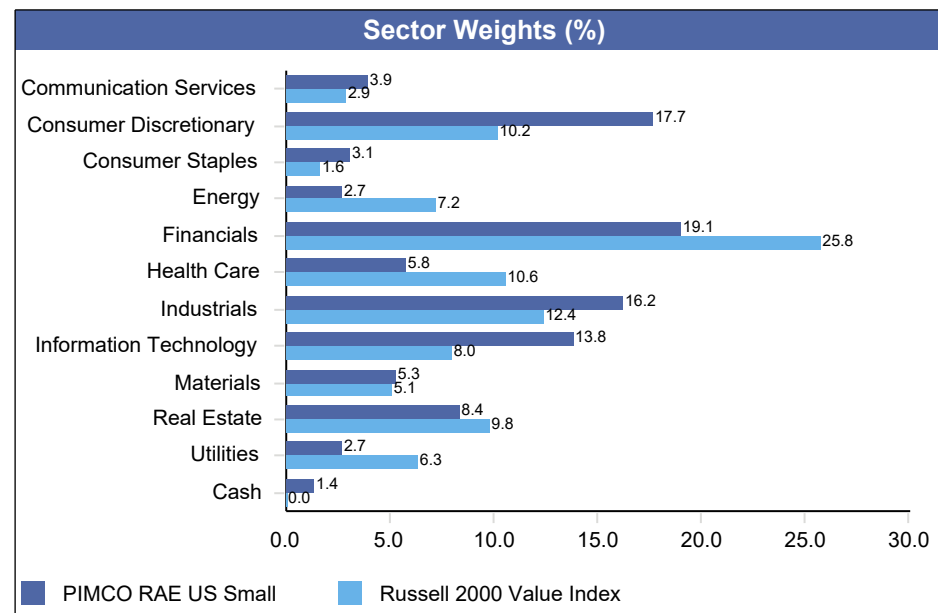


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
NVIDIA Corporation	7.32	6.96	0.36	-0.04
Apple Inc	6.49	6.32	0.17	6.87
Microsoft Corp	5.81	5.72	0.09	-6.45
Amazon.com Inc	3.63	3.53	0.10	5.12
Alphabet Inc	2.94	2.90	0.04	28.84
Broadcom Inc	2.64	2.55	0.09	5.11
Alphabet Inc	2.36	2.37	-0.01	28.93
Meta Platforms Inc	2.32	2.30	0.02	-10.04
Tesla Inc	2.04	2.02	0.02	1.12
Berkshire Hathaway Inc	1.49	1.48	0.01	-0.02
% of Portfolio	37.04	36.15	0.89	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Exact Sciences Corporation	0.03	0.03	0.00	85.64
Albemarle Corp	0.03	0.03	0.00	74.98
Coherent Corp	0.05	0.05	0.00	71.34
Micron Technology Inc.	0.52	0.51	0.01	70.75
Alcoa Corporation	0.02	0.02	0.00	62.03
Ciena Corp	0.05	0.05	0.00	60.55
AST SpaceMobile Inc	0.03	0.03	0.00	47.98
WARNER BROS DISCOVERY INC	0.12	0.11	0.01	47.57
Rocket Lab Corp	0.05	0.05	0.00	45.61
J.B. Hunt Transport Services Inc.	0.02	0.02	0.00	45.22
% of Portfolio	0.92	0.90	0.02	

PIMCO RAE US Small vs. Russell 2000 Value Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	4,847	3,327
Median Mkt. Cap (\$M)	2,845	798
Price/Earnings ratio	14.87	15.12
Price/Book ratio	2.25	1.65
5 Yr. EPS Growth Rate (%)	14.72	9.42
Current Yield (%)	1.98	2.06
Number of Stocks	314	1,417

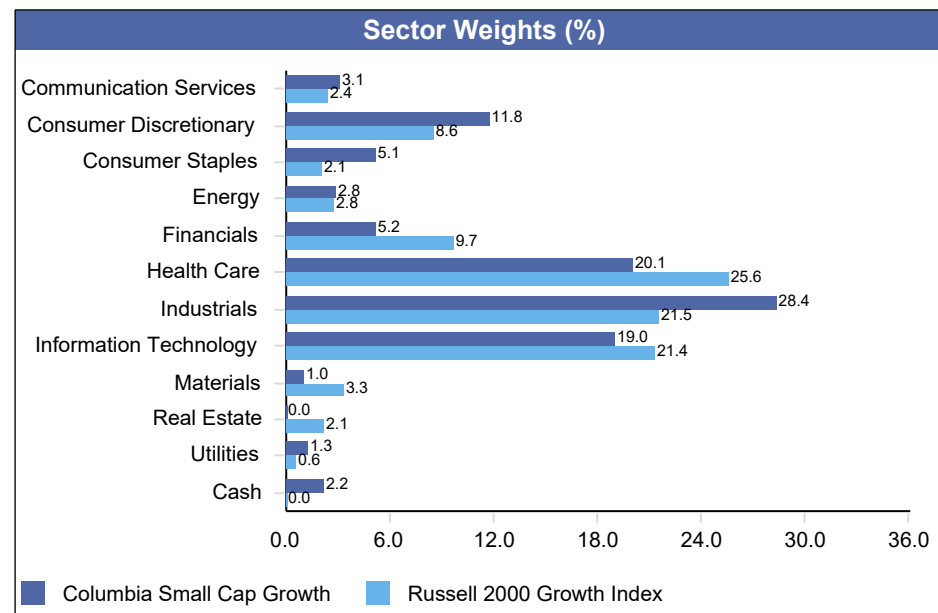


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Dillard's Inc.	3.97	0.00	3.97	25.81
Sanmina Corp	3.50	0.33	3.17	32.88
Warrior Met Coal Inc	3.43	0.30	3.13	28.18
Acuity Inc	2.35	0.00	2.35	12.29
SLM Corp	2.10	0.00	2.10	-5.95
Allison Transmission Holdings Inc	2.00	0.00	2.00	1.87
Affiliated Managers Group Inc.	1.96	0.00	1.96	19.58
Janus Henderson Group PLC	1.84	0.00	1.84	-0.47
Murphy USA Inc	1.43	0.00	1.43	2.46
Bread Financial Holdings Inc	1.40	0.23	1.17	2.70
% of Portfolio	23.98	0.86	23.12	

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
GRAIL Inc	0.44	0.25	0.19	236.66
Anywhere Real Estate Inc	0.06	0.11	-0.05	133.22
Ciena Corp	0.34	0.00	0.34	117.31
Victoria's Secret & Co	0.63	0.15	0.48	79.54
Viavi Solutions Inc	0.60	0.00	0.60	59.04
TTM Technologies Inc	0.32	0.51	-0.19	57.46
Peabody Energy Corp	0.27	0.24	0.03	56.96
BrightSpring Health Services Inc	0.16	0.00	0.16	52.64
Zumiez Inc	0.04	0.03	0.01	51.25
Amkor Technology Inc	0.33	0.00	0.33	50.96
% of Portfolio	3.19	1.29	1.90	

Columbia Small Cap Growth vs. Russell 2000 Growth Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	9,222	5,858
Median Mkt. Cap (\$M)	6,844	1,246
Price/Earnings ratio	37.56	24.88
Price/Book ratio	4.69	4.43
5 Yr. EPS Growth Rate (%)	31.34	22.33
Current Yield (%)	0.16	0.51
Number of Stocks	93	1,092

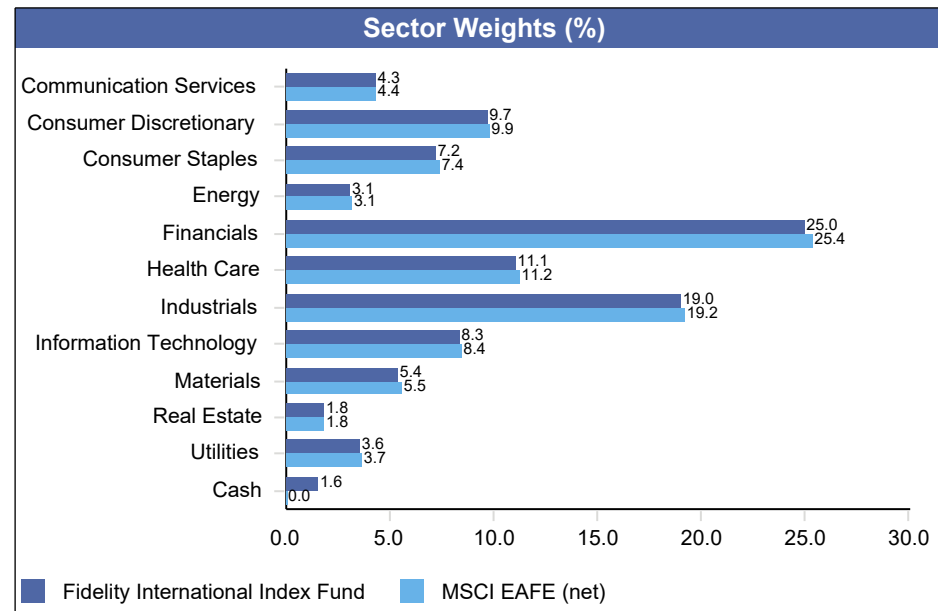


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
RBC Bearings Inc	3.04	0.00	3.04	14.11
Carpenter Technology Corp	2.96	0.00	2.96	32.35
Hut 8 Corp	2.73	0.00	2.73	68.35
ICU Medical Inc	2.51	0.18	2.33	16.28
InterDigital Inc	2.21	0.61	1.60	31.93
CASH	2.19	0.00	2.19	N/A
AAON Inc	2.17	0.00	2.17	12.96
Credo Technology Group Holding Ltd	2.10	1.75	0.35	44.32
Lumentum Holdings Inc	2.09	0.00	2.09	144.83
Glaukos Corp	2.07	0.39	1.68	10.93
% of Portfolio	24.07	2.93	21.14	

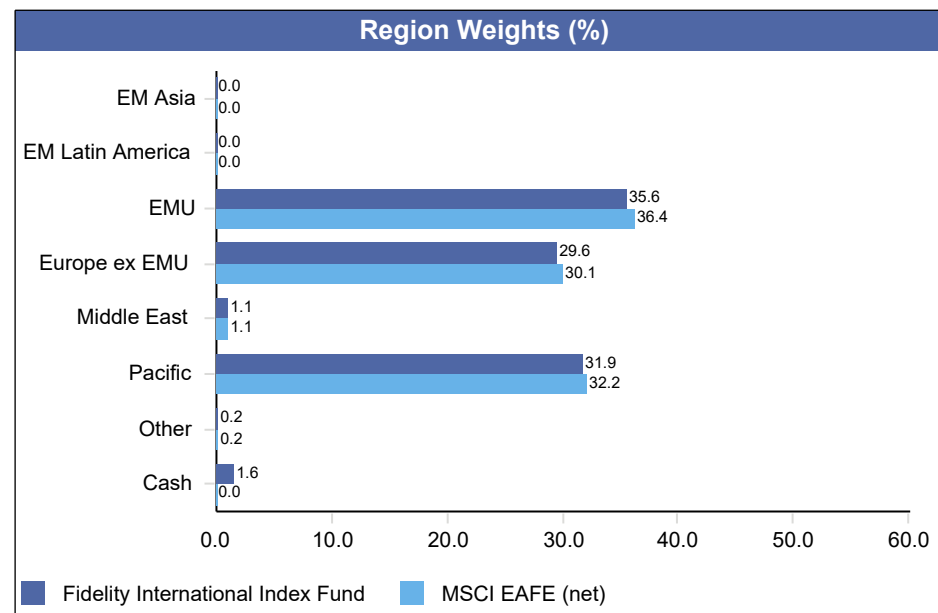
Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Babcock & Wilcox Enterprises Inc	0.44	0.00	0.44	180.27
Lumentum Holdings Inc	2.09	0.00	2.09	144.83
Personalis Inc	0.68	0.00	0.68	119.43
Bloom Energy Corp	1.99	1.56	0.43	106.35
Revolution Medicines Inc	0.69	0.00	0.69	104.79
Globalstar Inc	0.48	0.20	0.28	102.97
Sphere Entertainment Co	0.55	0.00	0.55	86.69
Coherent Corp	1.63	0.00	1.63	81.56
Hut 8 Corp	2.73	0.00	2.73	68.35
Guardant Health Inc	0.41	0.86	-0.45	60.81
% of Portfolio	11.69	2.62	9.07	

Fidelity International Index Fund vs. MSCI EAFE (net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	104,967	106,624
Median Mkt. Cap (\$M)	19,911	19,911
Price/Earnings ratio	17.46	17.48
Price/Book ratio	2.64	2.64
5 Yr. EPS Growth Rate (%)	18.94	18.96
Current Yield (%)	2.83	2.84
Number of Stocks	700	693

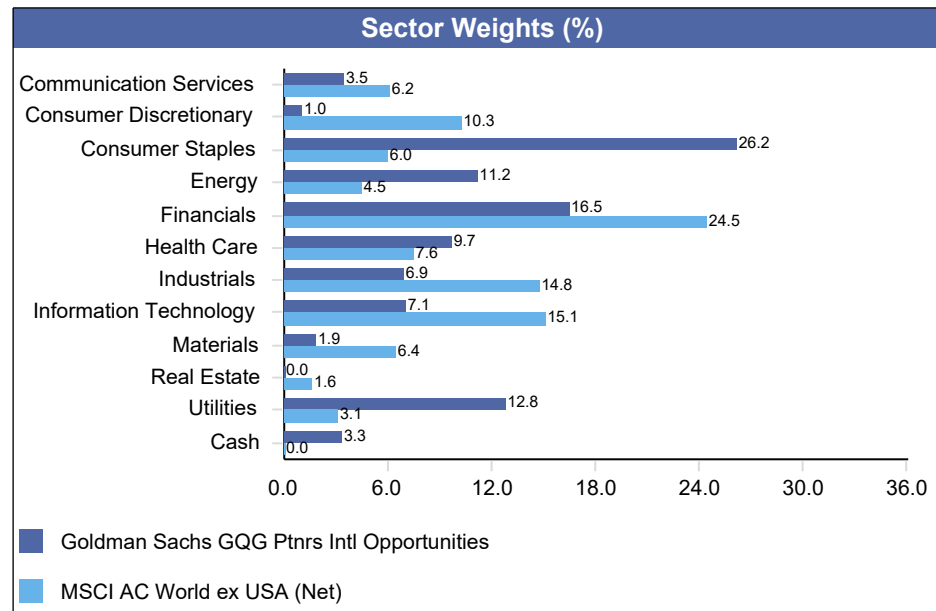


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
ASML Holding NV	2.03	2.06	-0.03	11.41
CASH	1.56	0.00	1.56	N/A
Roche Holding AG	1.41	1.43	-0.02	26.82
Astrazeneca PLC	1.39	1.41	-0.02	23.21
HSBC Holdings PLC	1.32	1.33	-0.01	13.01
Novartis AG	1.27	1.29	-0.02	9.94
Nestle SA, Cham Und Vevey	1.24	1.26	-0.02	8.22
SAP SE	1.24	1.25	-0.01	-8.62
Shell Plc	1.03	1.05	-0.02	4.42
Siemens AG	1.03	1.05	-0.02	4.29
% of Portfolio	13.52	12.13	1.39	

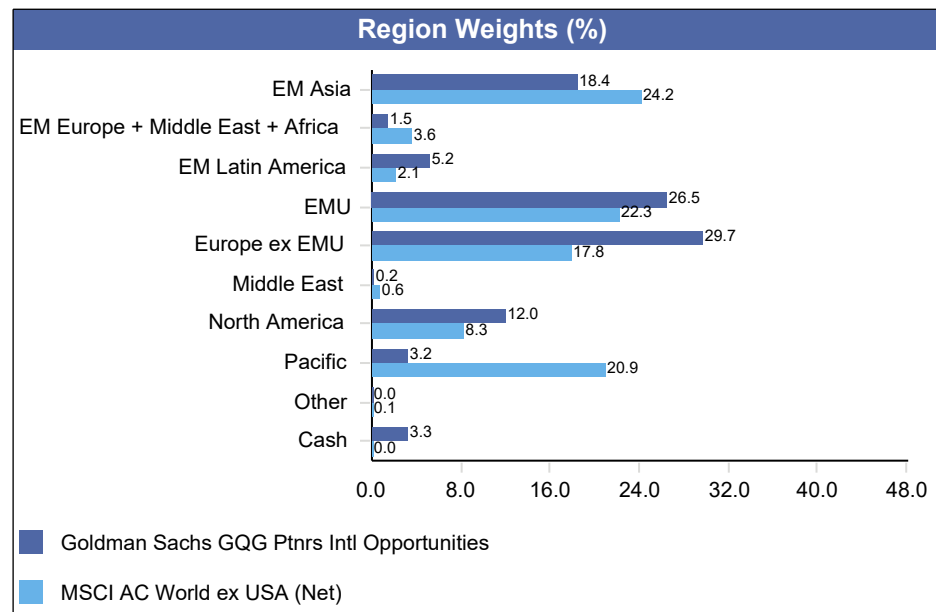


Goldman Sachs GQG Ptnrs Intl Opportunities vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	163,105	153,010
Median Mkt. Cap (\$M)	73,788	12,937
Price/Earnings ratio	17.90	17.87
Price/Book ratio	2.62	2.84
5 Yr. EPS Growth Rate (%)	14.79	18.75
Current Yield (%)	3.59	2.67
Number of Stocks	69	1,966

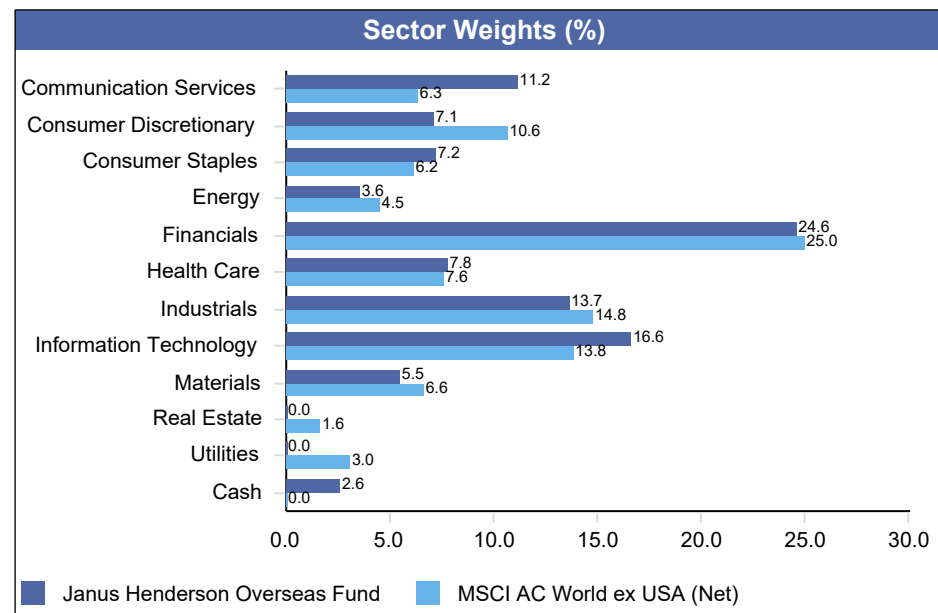


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Philip Morris International Inc	6.07	0.00	6.07	-11.18
British American Tobacco PLC	3.89	0.33	3.56	-2.57
Chubb Ltd	3.57	0.00	3.57	4.46
Iberdrola SA	3.36	0.40	2.96	15.36
Taiwan Semicon Manu Co	3.36	3.71	-0.35	26.04
CASH	3.29	0.00	3.29	N/A
Enbridge Inc	3.28	0.31	2.97	4.33
Nestle SA, Cham Und Vevey	3.07	0.76	2.31	9.38
TotalEnergies SE	3.00	0.39	2.61	6.31
Novartis AG	2.99	0.72	2.27	6.61
% of Portfolio	35.88	6.62	29.26	

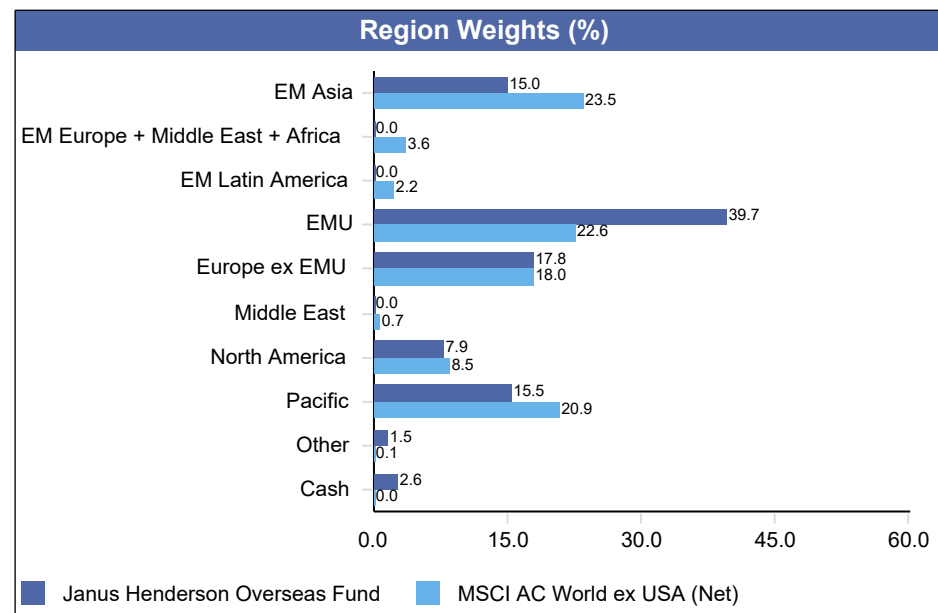


Janus Henderson Overseas Fund vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	187,038	139,831
Median Mkt. Cap (\$M)	60,847	12,636
Price/Earnings ratio	19.77	17.05
Price/Book ratio	2.59	2.63
5 Yr. EPS Growth Rate (%)	25.46	17.83
Current Yield (%)	2.02	2.72
Number of Stocks	47	1,965

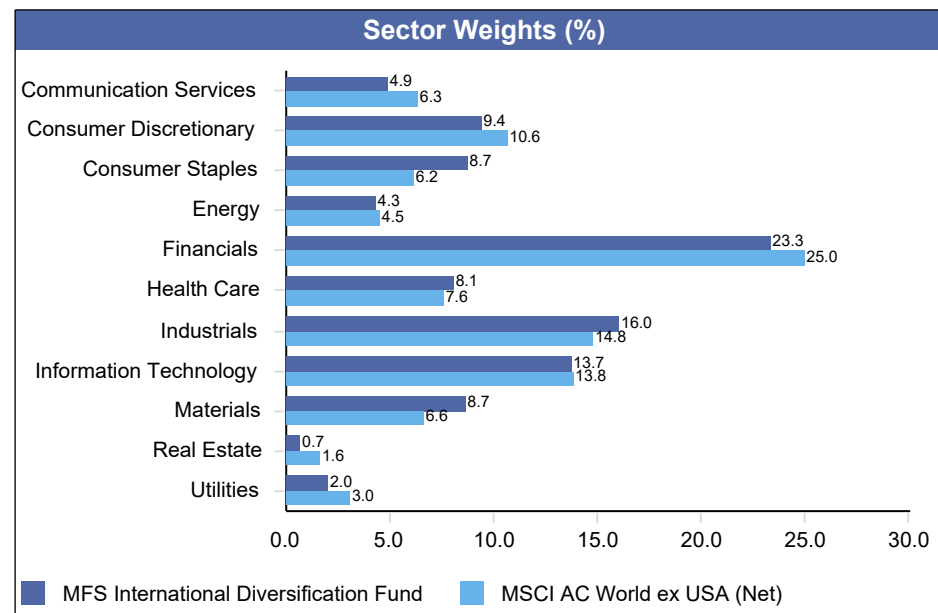


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co	7.03	3.31	3.72	18.46
BAE Systems PLC	5.06	0.26	4.80	7.22
Resona Holdings Inc	3.51	0.07	3.44	11.96
Banco Bilbao SA (BBVA)	3.48	0.35	3.13	25.28
ASML Holding NV	3.40	1.20	2.20	22.64
Erste Group Bank AG	3.37	0.09	3.28	15.19
AIA Group Ltd	3.23	0.32	2.91	7.72
HDFC Bank Limited	3.11	0.38	2.73	-7.98
Tencent Holdings LTD	3.01	1.72	1.29	32.99
Deutsche Telekom AG	2.99	0.37	2.62	-6.24
% of Portfolio	38.19	8.07	30.12	

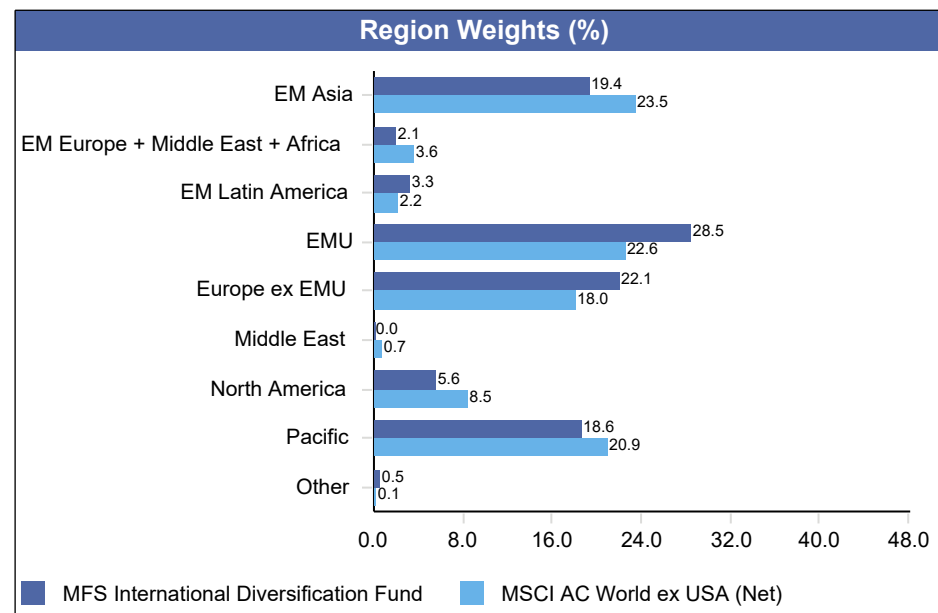


MFS International Diversification Fund vs. MSCI AC World ex USA (Net)

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	127,564	139,831
Median Mkt. Cap (\$M)	8,778	12,636
Price/Earnings ratio	17.67	17.05
Price/Book ratio	2.54	2.63
5 Yr. EPS Growth Rate (%)	17.63	17.83
Current Yield (%)	2.66	2.72
Number of Stocks	583	1,965

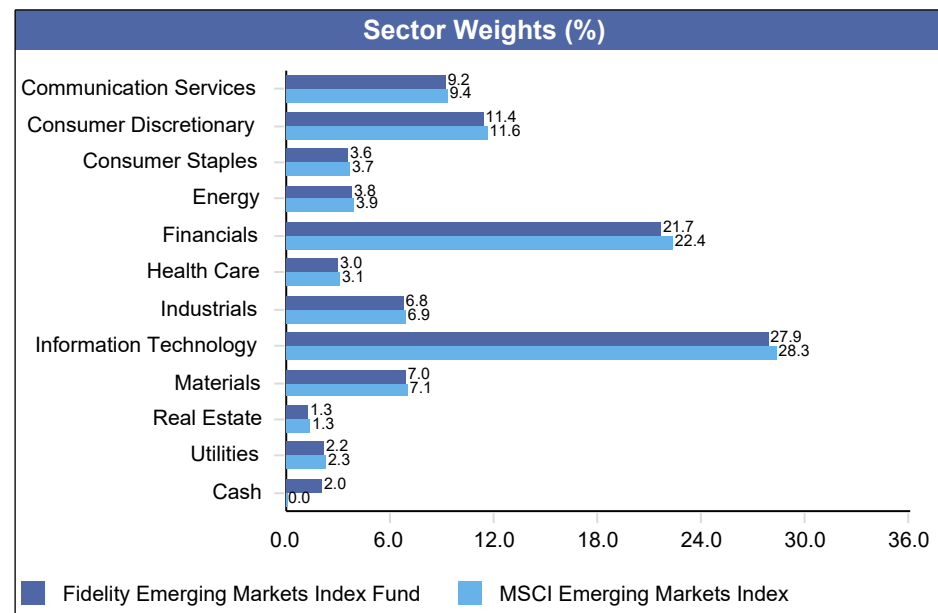


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co	3.11	3.31	-0.20	18.46
Schneider Electric S E	2.07	0.48	1.59	5.33
Roche Holding AG	1.74	0.72	1.02	0.62
NatWest Group plc	1.54	0.18	1.36	2.05
Tencent Holdings LTD	1.54	1.72	-0.18	32.99
Samsung Electronics Co Ltd	1.44	0.89	0.55	34.96
Hitachi Ltd	1.35	0.38	0.97	-8.05
UBS Group AG	1.14	0.41	0.73	21.13
Legrand	1.14	0.14	1.00	24.00
TotalEnergies SE	1.12	0.39	0.73	-0.61
% of Portfolio	16.19	8.62	7.57	

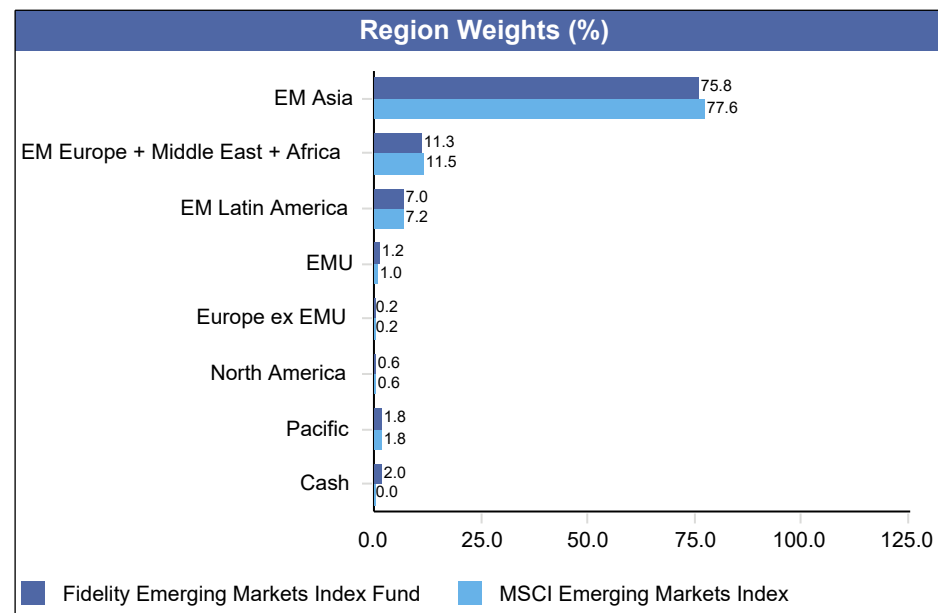


Fidelity Emerging Markets Index Fund vs. MSCI Emerging Markets Index

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$M)	263,449	268,388
Median Mkt. Cap (\$M)	10,129	10,160
Price/Earnings ratio	15.49	15.45
Price/Book ratio	2.99	3.00
5 Yr. EPS Growth Rate (%)	20.94	20.93
Current Yield (%)	2.41	2.41
Number of Stocks	1,263	1,197

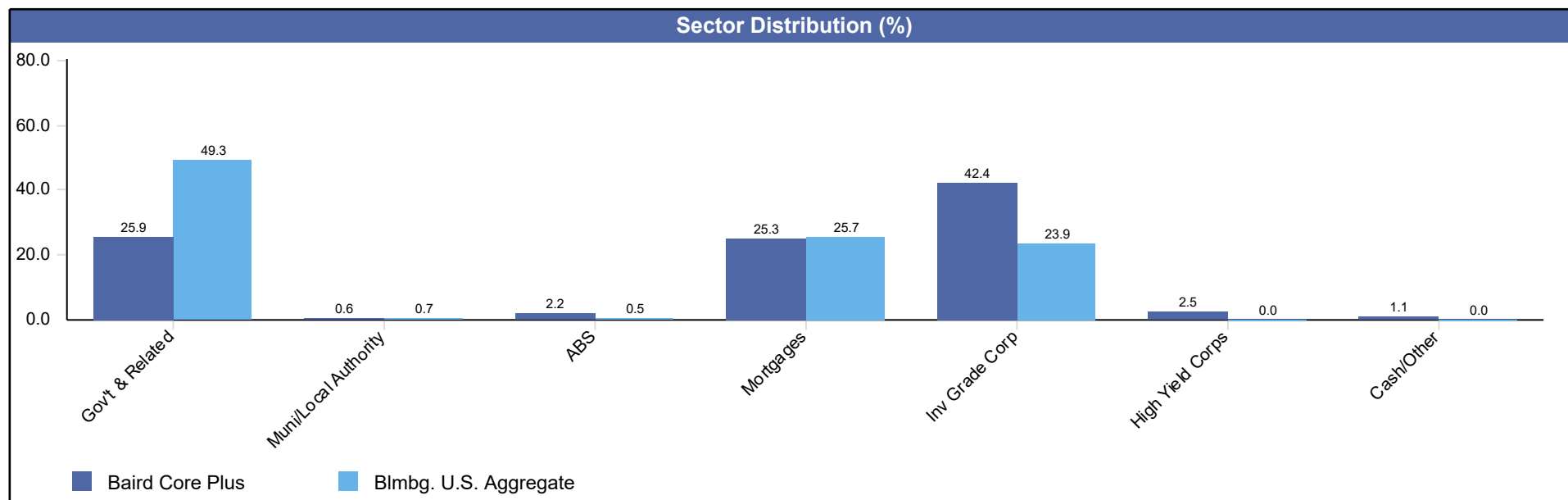
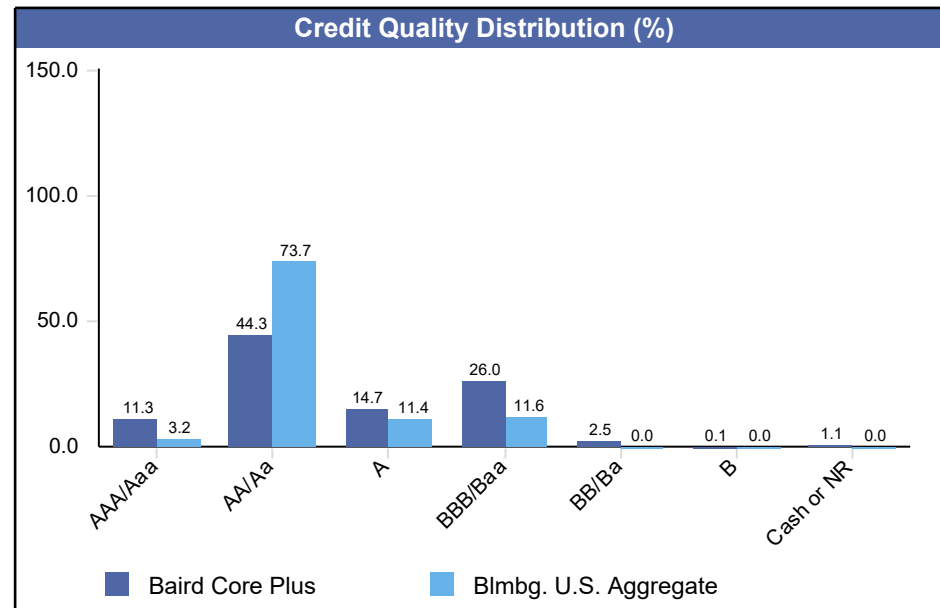


Top Ten Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semicon Manu Co	11.73	11.95	-0.22	15.60
Tencent Holdings LTD	4.76	4.85	-0.09	-9.69
Samsung Electronics Co Ltd	3.81	3.87	-0.06	39.19
Alibaba Group Holding Ltd	3.04	3.10	-0.06	-19.35
SK Hynix Inc	2.38	2.43	-0.05	82.59
CASH	2.05	0.00	2.05	N/A
HDFC Bank Limited	1.21	1.23	-0.02	2.96
Reliance Industries Ltd	1.03	1.05	-0.02	13.74
China Construction Bank Corp	0.92	0.93	-0.01	5.45
Hon Hai Precision Industry Co Ltd	0.89	0.91	-0.02	3.51
% of Portfolio	31.82	30.32	1.50	



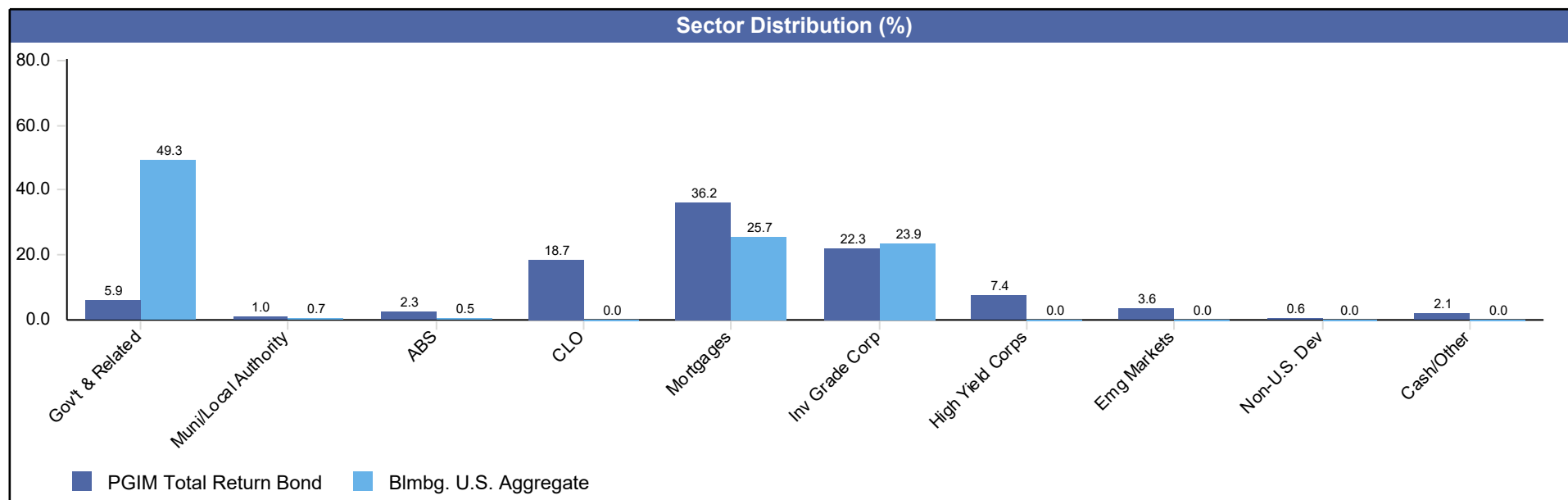
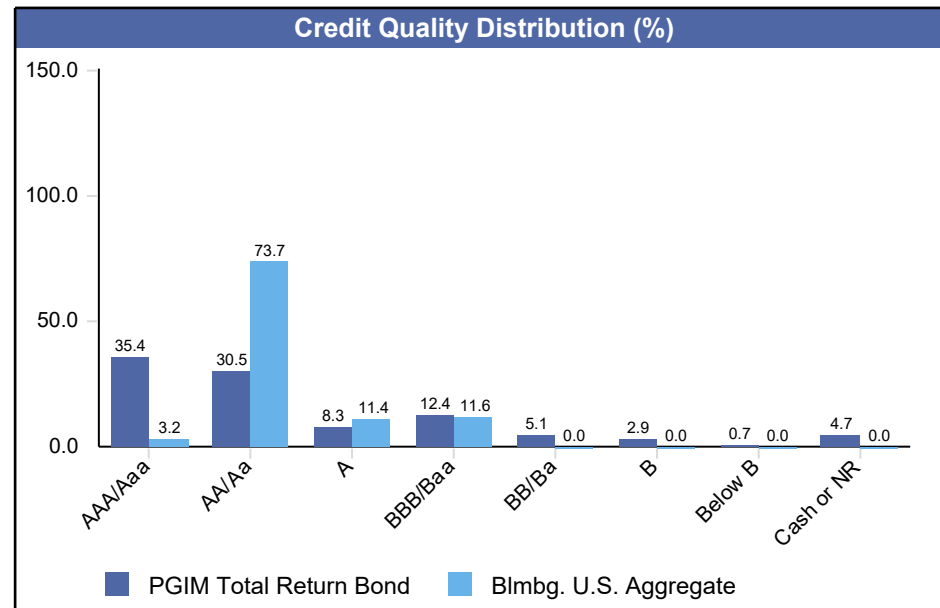
Baird Core Plus vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	5.76	5.98
Yield To Maturity (%)	4.60	4.48
Avg. Maturity	7.60	8.20
Avg. Quality	A	AA
Coupon Rate (%)	3.97	3.65



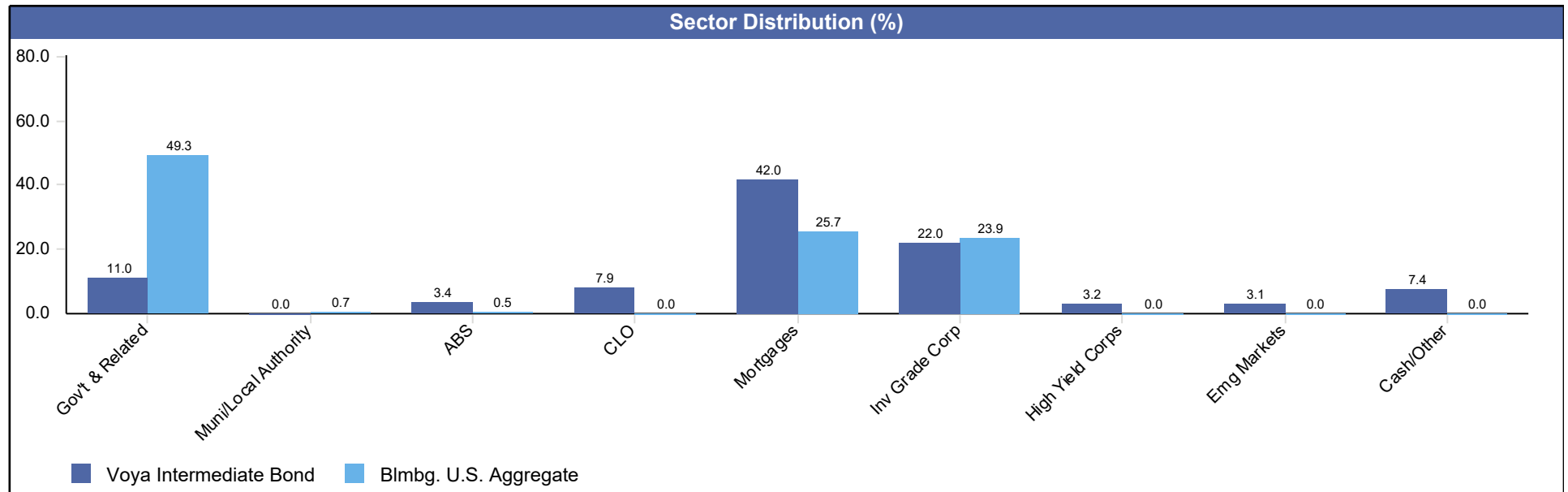
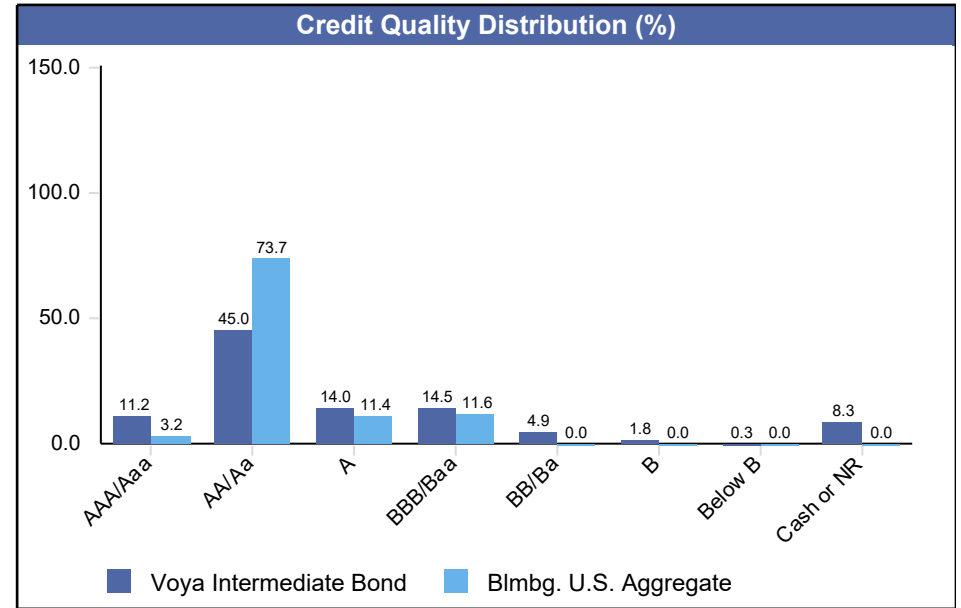
PGIM Total Return Bond vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.03	5.98
Yield To Maturity (%)	5.68	4.48
Avg. Maturity	6.51	8.20
Avg. Quality	AA	AA
Coupon Rate (%)	3.65	3.65



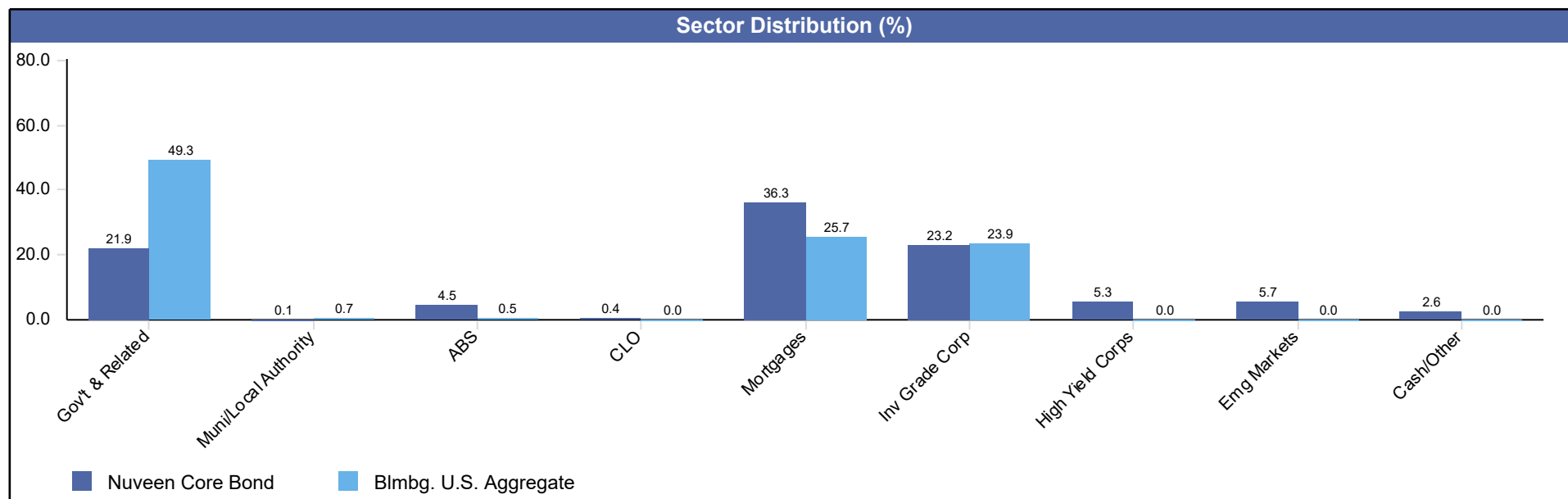
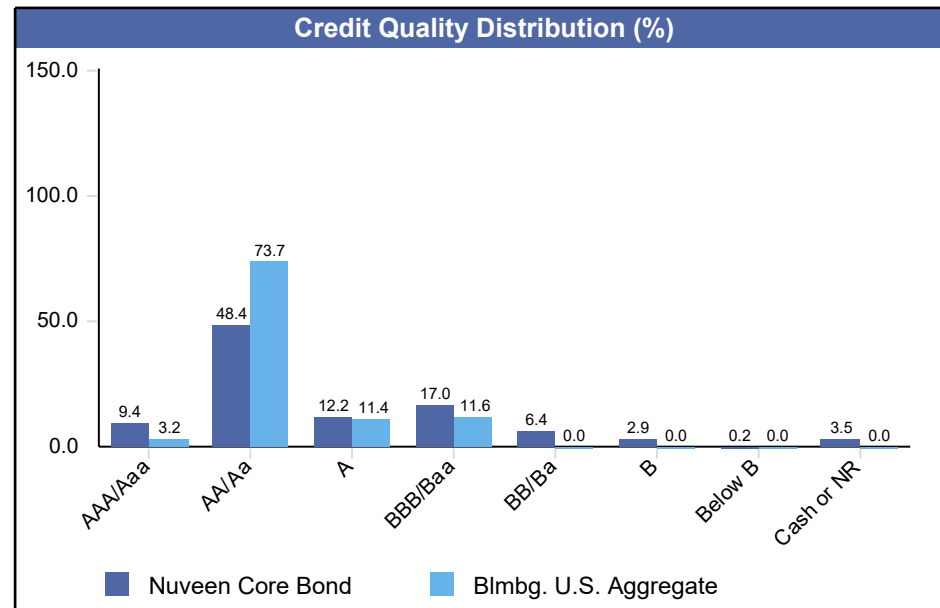
Voya Intermediate Bond vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	5.97	5.98
Yield To Maturity (%)	5.30	4.48
Avg. Maturity	5.82	8.20
Avg. Quality	A	AA
Coupon Rate (%)	4.71	3.65



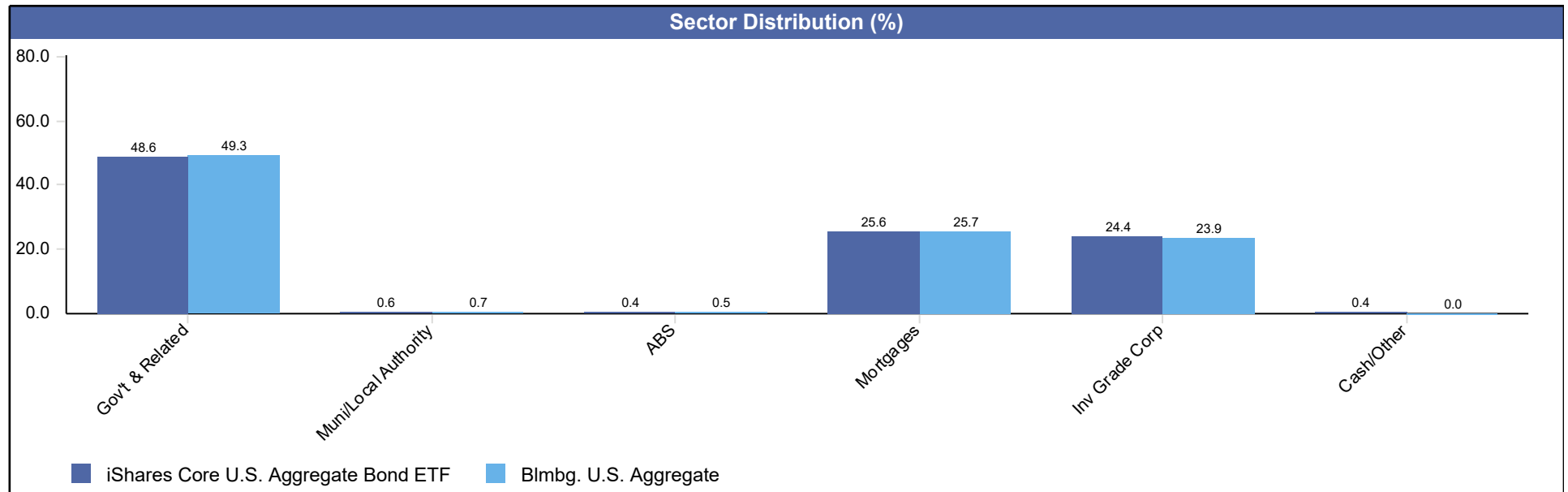
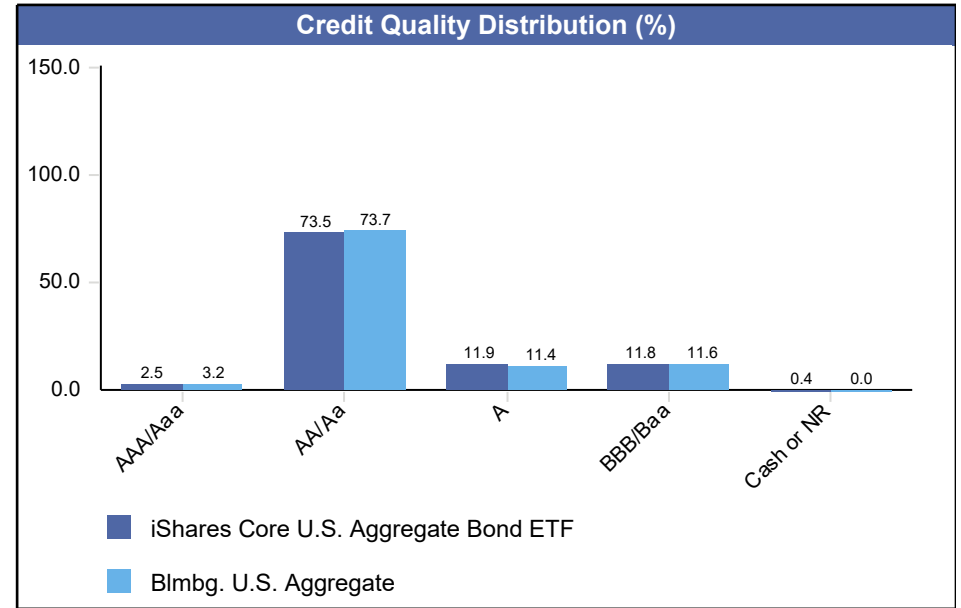
Nuveen Core Bond vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	5.85	5.98
Yield To Maturity (%)	N/A	4.48
Avg. Maturity	8.11	8.20
Avg. Quality	A	AA
Coupon Rate (%)	4.35	3.65



iShares Core U.S. Aggregate Bond ETF vs. Blmbg. U.S. Aggregate

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	5.98	5.98
Yield To Maturity (%)	4.40	4.48
Avg. Maturity	8.05	8.20
Avg. Quality	AA	AA
Coupon Rate (%)	3.66	3.65



IMPORTANT DISCLOSURES

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City of Milpitas Section 115 Pension Trust

Economic Overview

In the third quarter, U.S. real gross domestic product (GDP) accelerated sharply at a seasonally adjusted annualized rate of 4.3%, marking the strongest growth in more than two years. This rebound in growth was driven by strong consumer spending and an increase in net exports. The continued growth points to the persistent resilience of the economy.

The U.S. unemployment rate ticked up over the quarter, rising to 4.6% in November. The latest initial jobless claims ended the quarter at 199,000 (for the week ending December 27), the lowest level since January, with the continuing jobless claims also falling to approximately 1.9 million as we continue to see no meaningful increase in layoffs through 2025. The other side of the “low-hire, low-fire” environment can be seen as the pace of hiring, which slowed to 64,000 new jobs created in November after a decline of 105,000 in October, led by a drop in payrolls due to resignation offers across the federal government.

Inflation appears to be cooling in the fourth quarter. Headline inflation (CPI) grew at a year-over-year rate of 2.7% in November, the lowest rate since July. This reading comes with a caveat however, as the government shutdown at the start of the quarter has led to a missed October reading as well as no monthly data released for November.

The Federal Reserve (Fed) cut rates twice in the fourth quarter, bringing the new range to 3.50%-3.75% as labor data continued to soften. Looking forward, the summary of economic growth projections point to growing optimism, with an increase in projected economic growth along with a decrease in projected inflation for 2026. The dot plot for 2026 reflects an expectation of one cut in 2026, though the timing of such a move is uncertain. Outside of the U.S., the European Central Bank (ECB), which preceded the U.S. with cuts earlier in the year, held rates flat in the fourth quarter.

Domestic Equity: The S&P 500 Index (S&P) posted a 2.7% return in the fourth quarter (of 2025). That equates to a return of 17.9% for the year. Within the S&P 500, the performance varied greatly across sectors, with

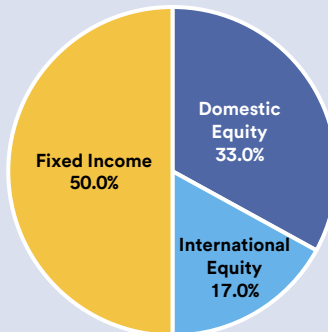
nine of the 11 seeing positive returns. The best performing sectors were Healthcare (11.7%), Communication Services (7.3%), and Financials (2.0%). Utilities saw a loss of (-1.4%) while Real Estate performed the worst, with a negative return (-2.9%). Positive returns were seen across all capitalizations with large caps, as represented by the Russell 1000 Index, returning 2.4% during the quarter while mid and small caps, as represented by the Russell Midcap and Russell 2000 indices returned 0.2% and 2.2% respectively. Value stocks outperformed growth stocks across all capitalizations.

International Equity: Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, outperformed domestic equities in the fourth quarter returning 5.1% for the quarter, with a year-to-date return of 32.4%, its highest return since 2009. Developed ex-U.S. markets, as represented by the MSCI EAFE Index, outperformed emerging markets (EM), as represented by the MSCI Emerging Market Index, returning 4.9% versus 4.7% for the quarter. While the U.S. Dollar (USD) strengthened somewhat during the quarter, the continued softness positively impacted returns from all international indices, as they are stated in USD. Non-U.S. equity valuations increased in both emerging and developed markets. Both sit slightly above long-term averages. As of quarter-end, the MSCI EAFE's Adjusted Positive Forward P/E stood at 17.8 versus a five year average of 15.6. MSCI EM ended the quarter with an Adjusted Positive Forward P/E ratio of 15.5, above its five year average of 13.2.

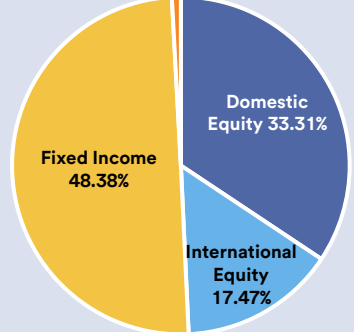
Fixed Income: The U.S. bond market, represented by the Bloomberg U.S. Aggregate Index, returned 1.1% during the fourth quarter. The Bloomberg U.S. Treasury Index closed the quarter returning 0.9%. As the Fed cut rates first in October and then again in December, the yield curve steepened slightly with rates falling in the short to intermediate spectrum while long term yields rose. 30-year Treasury yields rose to 4.8%, while the 2-year ended at 3.5%. Cash markets continued to provide higher yields than the 2-year Treasuries.

Portfolio Performance (Period Ending December 31, 2025)					
	1 Quarter	Year to Date	1 Year	3 Year	Since Inception ¹
Pension Trust	2.02%	13.83%	13.83%	12.31%	4.57%
Benchmark²	2.20%	14.66%	14.66%	12.49%	4.69%

Target Allocation



Actual Allocation³
Cash Equivalent 0.83%



City of Milpitas Portfolio Growth 2025 Q4 Account Reconciliation	
Beginning Market Value	\$42,410,093
Net Flows	\$1,070
Earnings	\$858,652
Ending Market Value	\$43,269,815

¹Inception date of July 1, 2021

²Blended Benchmark – September 2021: 33% Russell 3000 Index + 17% MSCI AC World ex USA (Net) + 50% Bloomberg Aggregate

³The asset allocation ranges are: Domestic Equity: 13%-53%; International Equity: 0%-37%; Fixed Income 30%-70%.