

**QUARTER ENDING DECEMBER 31, 2021**  
**INVESTMENT PERFORMANCE ANALYSIS**

**EASTERN MICHIGAN BOARD OF  
REGENTS**



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**MARCH 11, 2022**



PROPRIETARY & CONFIDENTIAL

# 2021 INSIGHTS FROM NEPC

## HIGHLIGHTS FROM THE RESEARCH TEAM

- [NEPC's 2021 Asset Allocation Letter: Time For Your Portfolio's Annual Wellness Check](#)
- [Taking Stock: How to Convert a C- on U.S. Infrastructure to an A+ Investment](#)
- [NEPC Market Outlook: Should Investors Be Bracing for a Tidal Wave of Inflation?](#)
- [Reframing Inflation Expectations: Q2 Quarterly Market Webinar](#)
- [NEPC Market Outlook: Taking Profits in a Period of Market Strength](#)
- [Taking Stock: Proceed with Caution, SPACs Ahead](#)
- [China Bears and Inflation Scares: Positioning for Success in 2022 and Beyond – Q3 Quarterly Market Webinar](#)
- [Taking Stock: Private Credit Stakes Its Claim In Portfolios](#)
- [Taking Stock: NEPC Asset Allocation Roundtable – The 2021 Edition](#)



To see all of our recent insights, visit [NEPC.com](https://www.nepc.com).

# DIVERSITY, EQUITY AND INCLUSION AT NEPC

## HIGHLIGHTS FROM 2021

- NEPC published our first annual [Diversity, Equity and Inclusion \(DEI\) Progress Report](#).
- During the annual Equitable Manager Participation Workshop, NEPC [announced the Explorer Program](#), a platform to identify, meaningfully explore and engage with diverse-owned and -led investment management firms who are not currently 1- or 2-rated by NEPC. The Explorer Program eases the path for diverse managers to be evaluated by NEPC's Research team for potential inclusion in client portfolios and for future inclusion on the firm's Focused Placement Lists (FPL).



Learn more at [NEPC.com](https://www.nepc.com).



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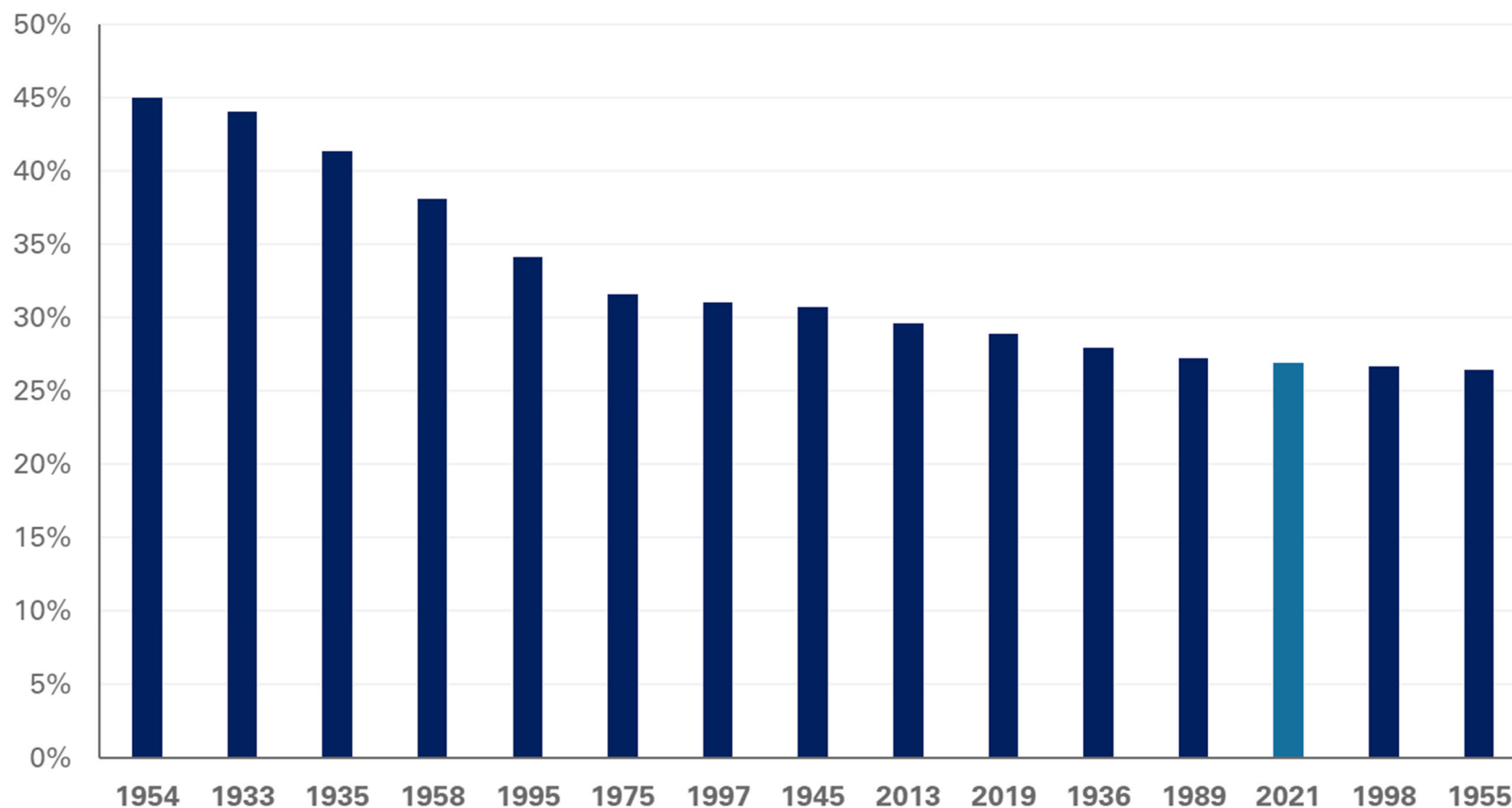
# MARKETS IN REVIEW



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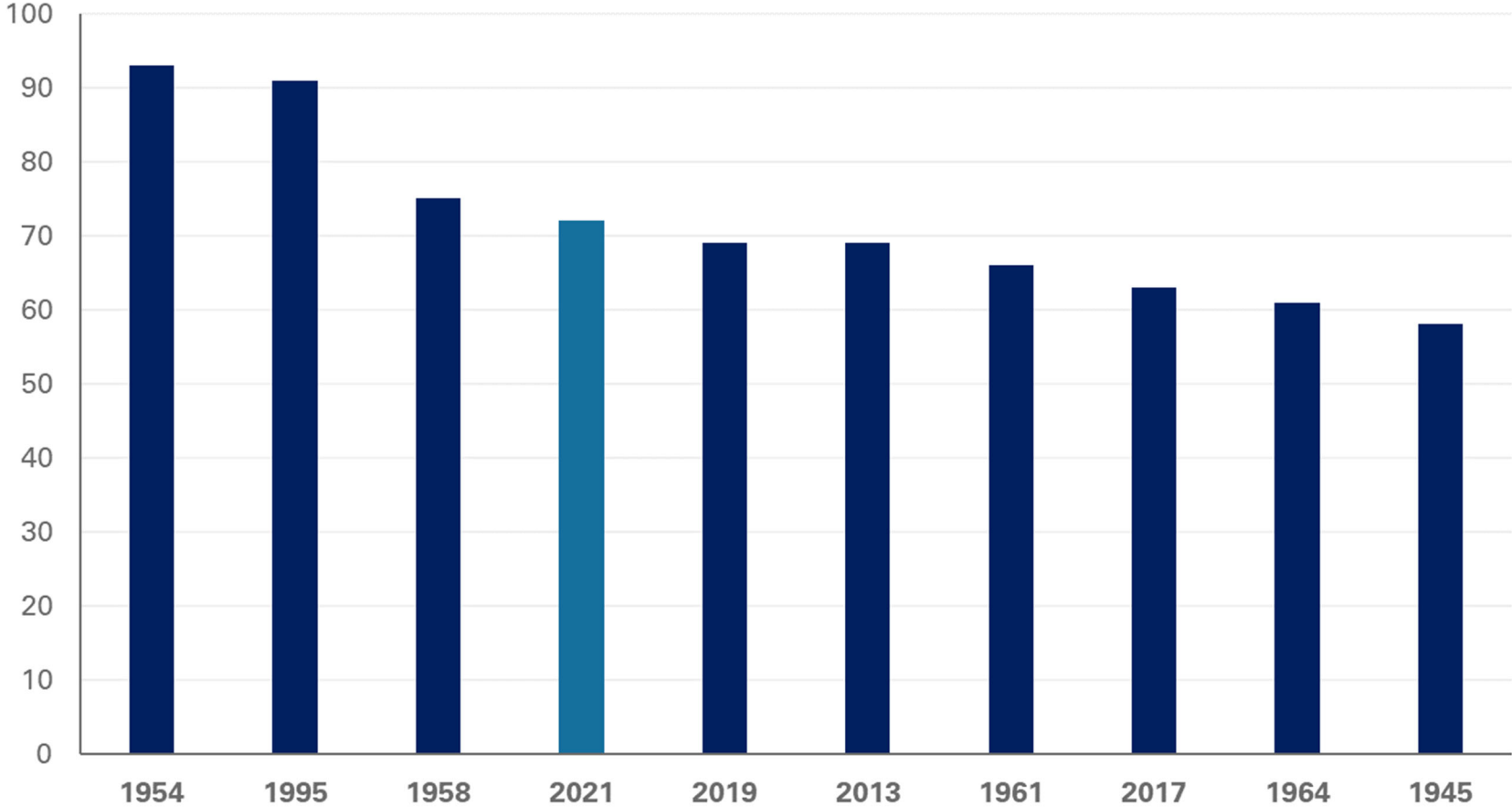
# 2021 EQUITY RETURNS WERE HISTORICALLY HIGH

## TOP 15 S&P 500 ANNUAL RETURNS



# U.S. EQUITIES TRENDED HIGHER

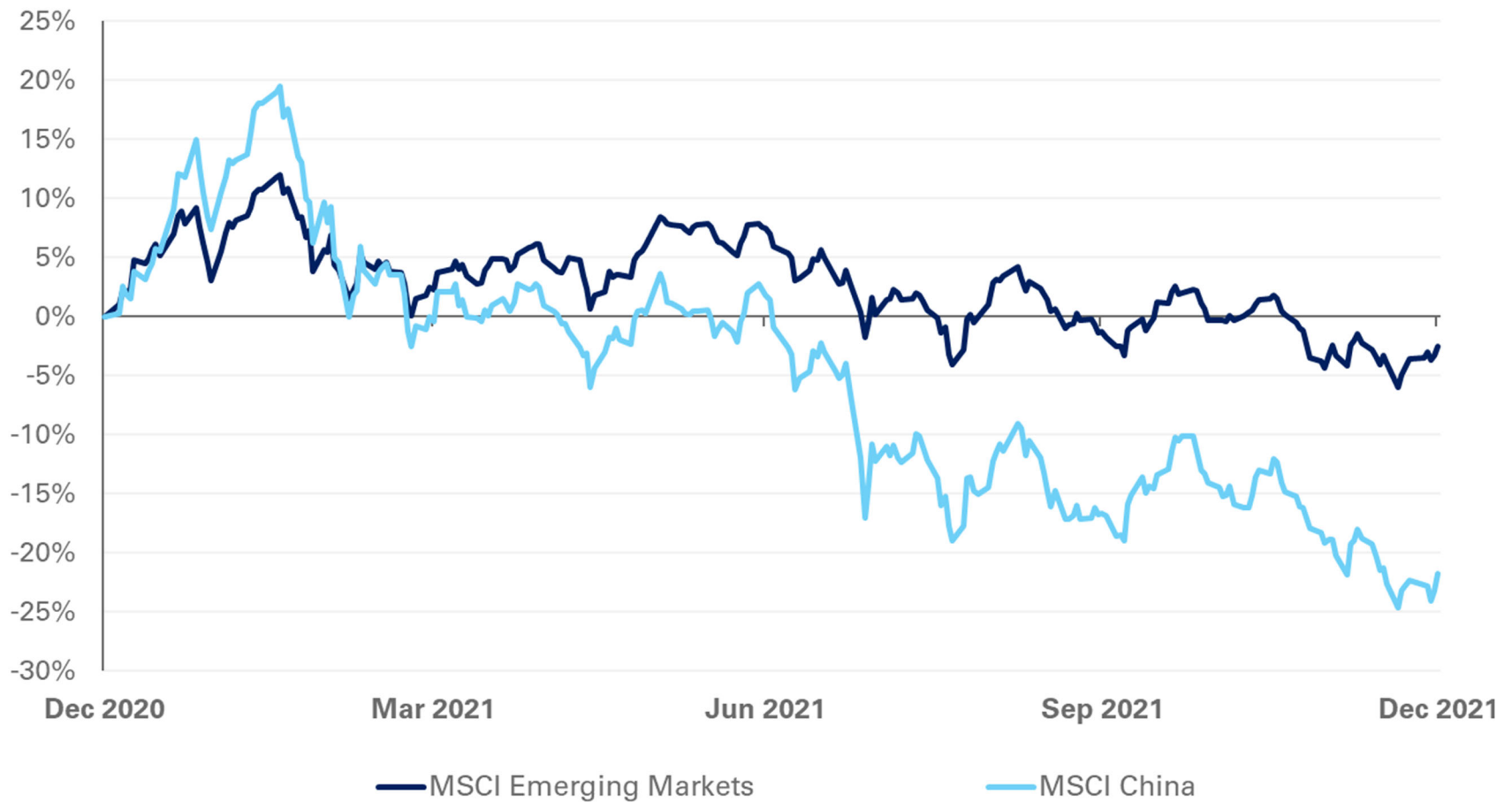
NUMBER OF DAILY NEW RECORD HIGHS FOR THE S&P 500





# CHINESE EQUITIES HAVE WEIGHED ON MARKETS

YEAR-TO-DATE CUMULATIVE INDEX RETURNS



# ASSESSING THE KEY MARKET THEMES

AS OF 12/31/21

<p><b>Economic Crossroads</b></p> <p>Change in Status: -</p>	DORMANT	FADED	<b>NEUTRAL</b>	PREVALENT	DOMINANT
<p><b>Permanent Interventions</b></p> <p>Change in Status: <i>Prevalent to Faded</i></p>	DORMANT	<b>FADED</b>	NEUTRAL	PREVALENT	DOMINANT
<p><b>Globalization Backlash</b></p> <p>Change in Status: <i>Prevalent to Neutral</i></p>	DORMANT	FADED	<b>NEUTRAL</b>	PREVALENT	DOMINANT
<p><b>China Transitions</b></p> <p>Change in Status: -</p>	DORMANT	FADED	NEUTRAL	<b>PREVALENT</b>	DOMINANT



# ECONOMIC CROSSROADS

## DEFINING THE THEME

- **Central bank activity and monetary policy have been the driving force behind economic and market momentum since the 2008 Financial Crisis**
- **Market sentiment and asset pricing have derived from central bank support and abundant liquidity instead of economic fundamentals**
- **The pendulum is swinging from Fed policy as the dominant input for capital markets to growth and inflation forces driving market dynamics**
  - Transition is occurring due to both diminishing policy support (and potential tightening) with higher levels of inflation and growth
  - Moving across this spectrum from Fed Policy to economic fundamentals will dramatically influence the pricing of risk premia across capital markets

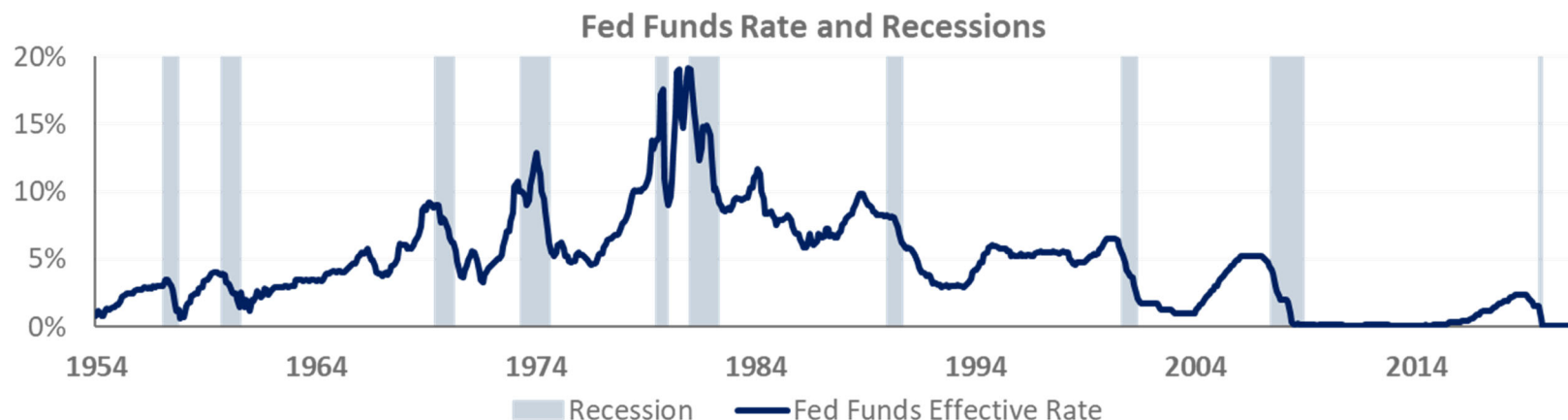




# ECONOMIC CROSSROADS

## INVESTMENT CONSIDERATIONS

- **The key market question at “Crossroads” is whether we see secular stagnation, expanding growth forces, or entrenched inflation**
  - The uncertainty of the future path reinforces the need for diversifying assets to mitigate the potential trajectory risks
- **While central bank dominance may wane, the Fed policy response to conditions will still heavily influence economic outcomes**
  - Federal Reserve can reset economic cycle at any time with policy tightening
  - Fed has shown a willingness to let the economy “run hot” and accept inflation to repair the deflationary effects of the past decade



Sources: Economic Cycle Research Institute, Federal Reserve System, FactSet



# INFLATION OUTLOOK



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# NEPC INFLATION OUTLOOK

Current market pricing and break-even inflation expectations do not reflect the **potential for ~3% inflation** over the next 3 years or more

We are concerned U.S. equities and the portfolio could see more price volatility should we see “**stickier**” **inflation and higher interest rates**

**TIPS may be negatively impacted** relative to nominal Treasuries as real rates increase due to surprises in Fed policy tightening

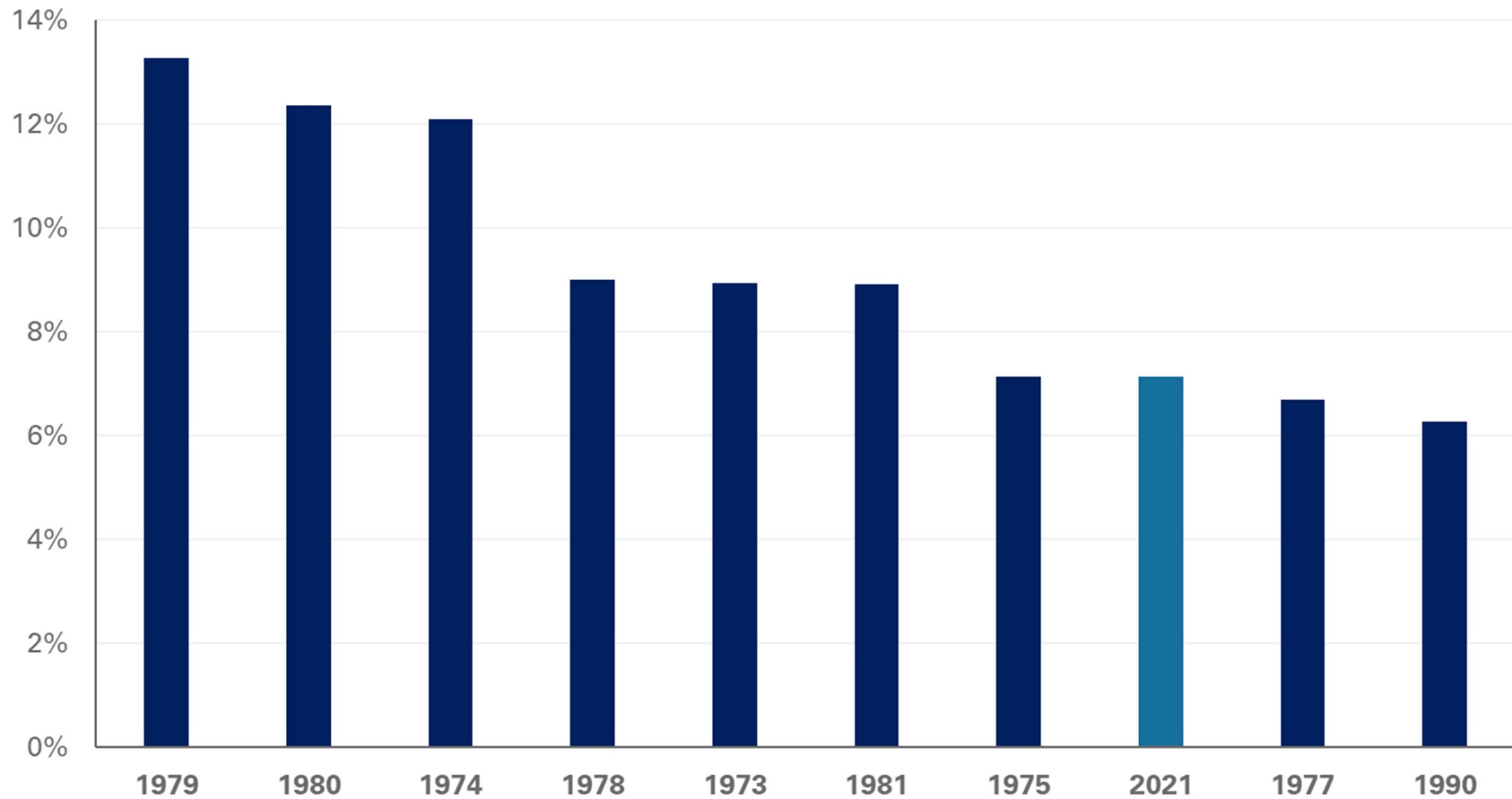
We believe that **deflationary pressures**, such as demographics and technology, will overwhelm inflationary pressures in the long-run

**Be mindful of adding public real assets** in the current environment as tactically increasing portfolio inflation sensitivity is very difficult



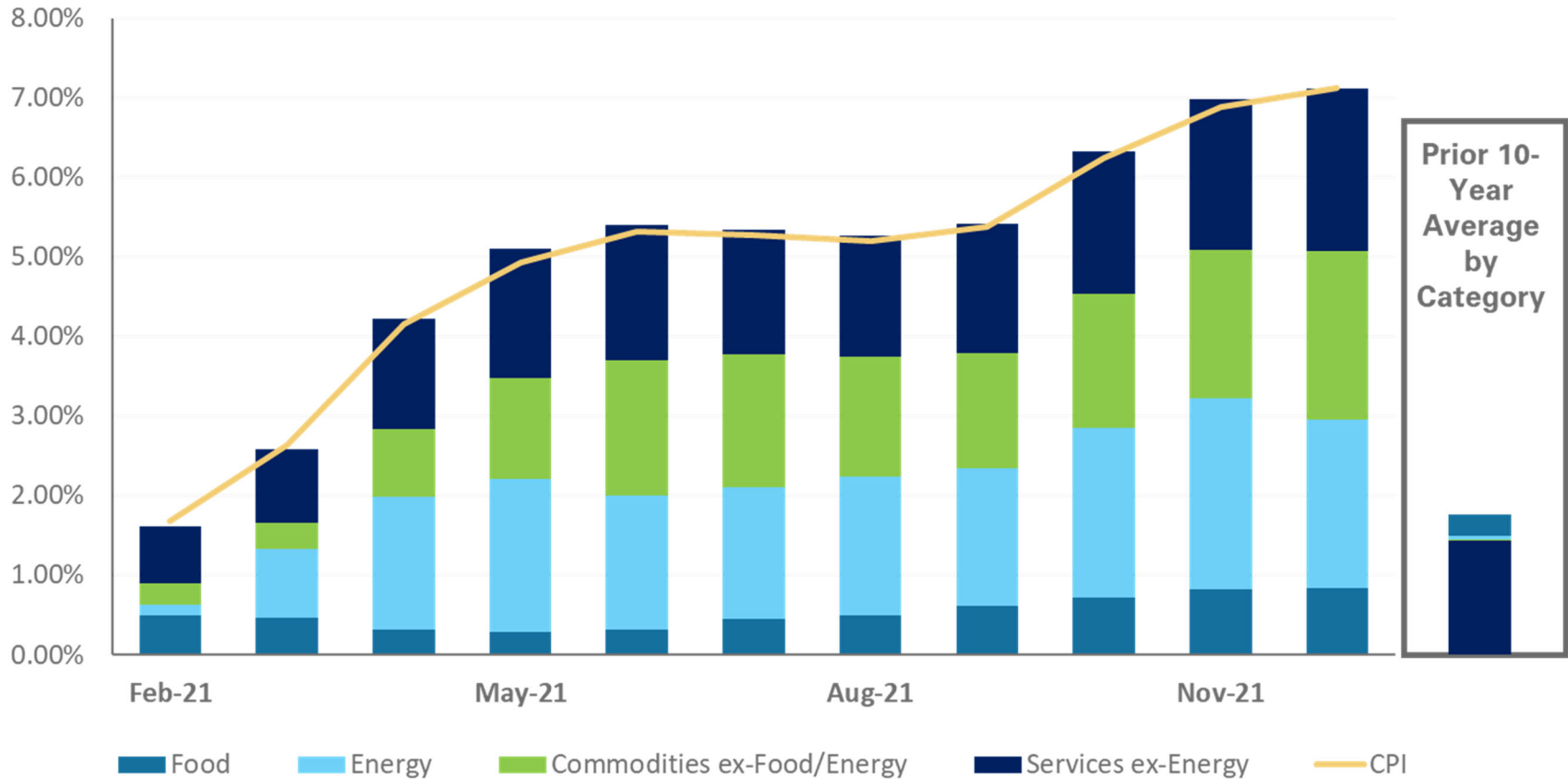
# INFLATION ROSE AT HIGHEST LEVEL SINCE 1981

## TOP 10 ANNUAL U.S. CPI-U CHANGES



# MOST CATEGORIES HAVE SEEN PRICE PRESSURES

## 2021 ANNUAL CPI-U BY CATEGORY

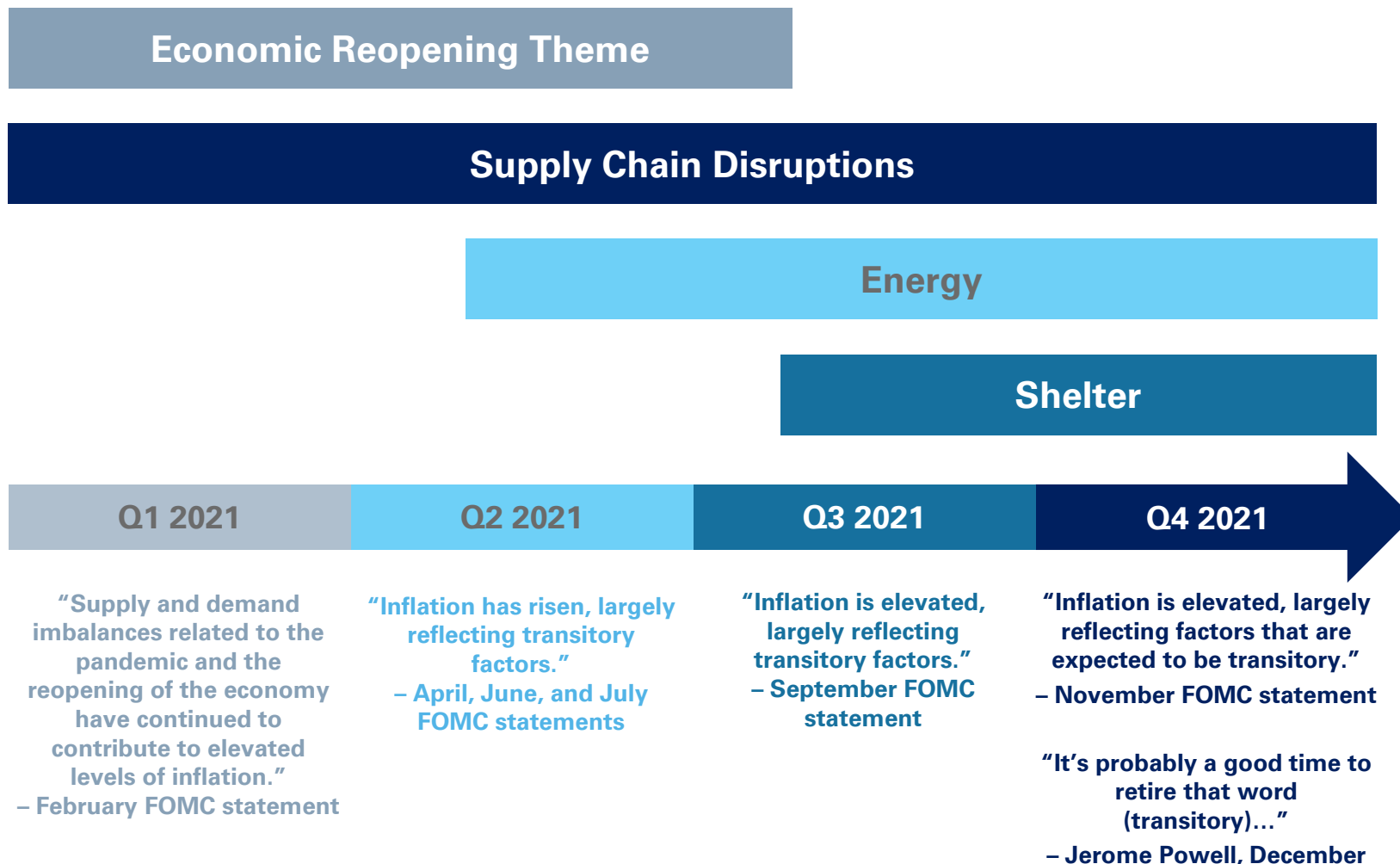


Notes: Prior 10-Year Average by Category does not include 2021; Data as of 12/31/2021  
Sources: Bureau of Labor Statistics, FactSet



# WHAT HAS CAUSED THE UPTICK IN INFLATION?

THE INFLATION NARRATIVE HAS EVOLVED THROUGHOUT 2021



Source: Federal Reserve



# INFLATION LIKELY TO STAY IN NEAR-TERM

- **Unprecedented stimulation and a reopening of the economy delivered the highest inflation levels in 30 years in 2021**
- **NEPC's expectation for inflation has increased over the near-term (1-5 years), but the long-term inflation view (year 10 inflation) is unchanged**
- **We expect the 5%+ inflation prints are transitory, but have an increased conviction that ~3% inflation could persist over the next 3 years**
  - Current market pricing and break-even inflation expectations do not reflect the potential for ~3% inflation and this can be a source of disruption for equities and real interest rates
- **Deflationary pressures will overwhelm inflationary pressures in the long-run; they have been overpowered by stimulation in the near-term**

# PORTFOLIO POSITIONING THOUGHTS

Look to severely **underweight lower quality credit** exposure as credit spread levels approach historical lows

We **recommend reducing lower quality credit** and shifting the exposure equally to U.S. equity and safe-haven fixed income

**Add U.S. large-cap value exposure** to mitigate the price disruption to equities should inflation levels normalize above market expectations

**Reduce TIPS exposure** as TIPS may respond poorly to “stickier” inflation levels due to tighter Fed policy and changes in real rates

# Q4 2021 PERFORMANCE SUMMARY



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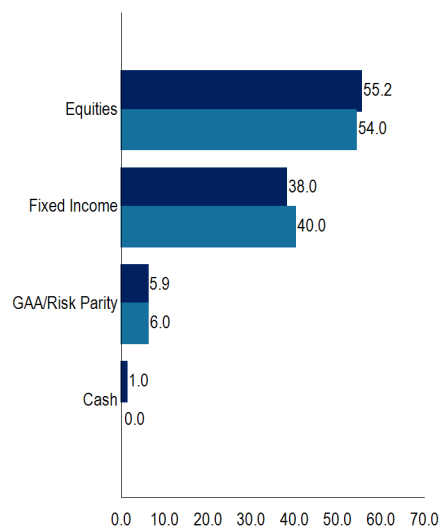
# Eastern Michigan University - Board of Regents

## TOTAL FUND PERFORMANCE SUMMARY

	Market Value	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs
<b>Board of Regents Total Composite</b>	<b>\$38,778,683</b>	<b>1.0%</b>	<b>0.7%</b>	<b>3.4%</b>	<b>5.0%</b>	<b>4.1%</b>
<i>Allocation Index</i>		1.4%	0.8%	3.6%	7.5%	6.1%

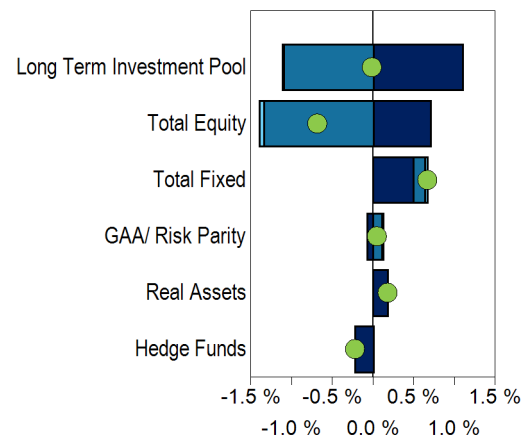
	Market Value	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs
<b>Long Term Investment Pool</b>	<b>\$10,037,103</b>	<b>3.0%</b>	<b>2.2%</b>	<b>9.6%</b>	<b>10.9%</b>	<b>8.0%</b>
<i>Long Term Allocation Index</i>		3.2%	1.9%	9.2%	14.6%	10.4%
<i>Long Term Balanced Index</i>		3.8%	3.4%	9.6%	12.9%	9.4%

**Long Term Investment Pool Actual vs. Target Allocation**



Actual Policy

**Long Term Investment Pool Attribution Effects 1 Year Ending December 31, 2021**



Allocation Effect  
Selection Effect  
Interaction Effects  
Total Effect

**Year to Date**

	Anlzd Ret	Anlzd Std Dev	Sharpe Ratio
Board of Regents Total Composite	3.36%	2.24%	1.48
Allocation Index	3.64%	2.24%	1.61

### Composite Performance

- The Total Composite earned +1.0% through a volatile quarter, finishing slightly behind its corresponding benchmark
- The Long Term Investment Pool continues to post strong returns, the portfolio finished 2021 +9.6%, ahead of the Long Term Allocation Index and on par with the Long Term Balanced Index

### Allocation Index

- Over the course of 2021, Fixed Income was the primary driver of outperformance
- Equity detracted for the year, due to volatility associated with the Omicron variant

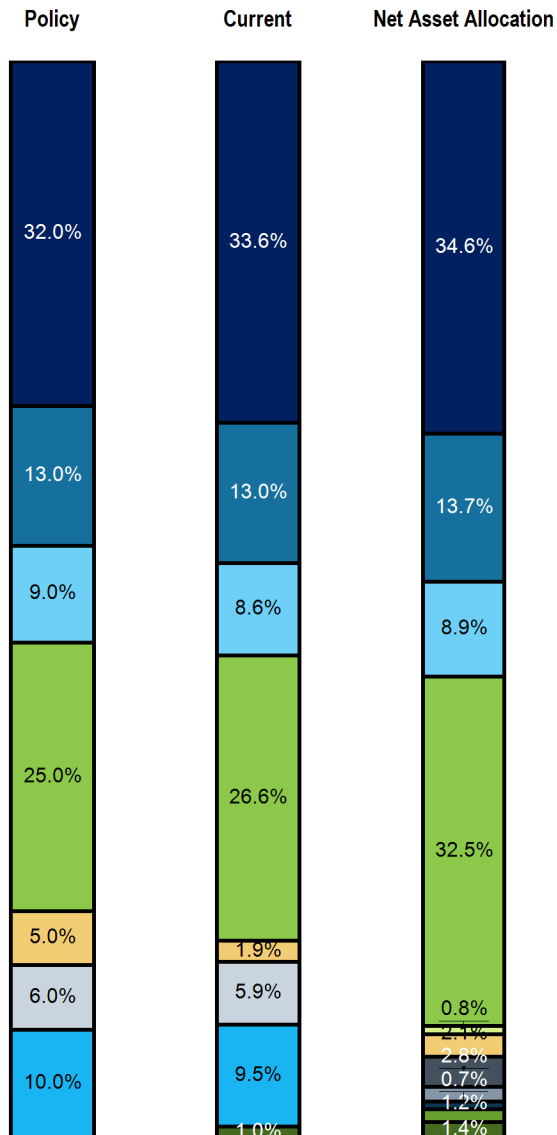
### - Active Management

- Acadian Emerging Markets Equity had a strong finish to the year, ending 2021 outperforming the emerging market equities by almost +11.5%
- SEG Baxter, a high conviction International Equities mandate, finished behind its corresponding index due its growth bias



# Eastern Michigan University - Board of Regents

## ASSET ALLOCATION VS. POLICY TARGETS



Asset Allocation vs. Target				
	Current	Policy	Current	Net Asset Allocation
Domestic Equity	\$3,371,468	32.0%	33.6%	34.6%
International Equity	\$1,309,442	13.0%	13.0%	13.7%
Emerging Markets Equity	\$858,180	9.0%	8.6%	8.9%
Core Fixed Income	\$2,664,932	25.0%	26.6%	32.5%
High Yield	--	--	--	0.8%
TIPS	\$193,438	5.0%	1.9%	2.1%
Non-US Developed Bonds	--	--	--	2.8%
Emerging Market Debt	--	--	--	1.4%
GAA/Risk Parity	\$589,114	6.0%	5.9%	--
Hedge Funds	--	--	--	0.7%
Absolute Return	\$951,001	10.0%	9.5%	--
Real Assets	--	--	--	1.2%
Cash	\$99,528	--	1.0%	1.4%
<b>Total</b>	<b>\$10,037,103</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

-Asset Allocation vs. Policy Targets analytics are based on the Long Term Investment Pool.

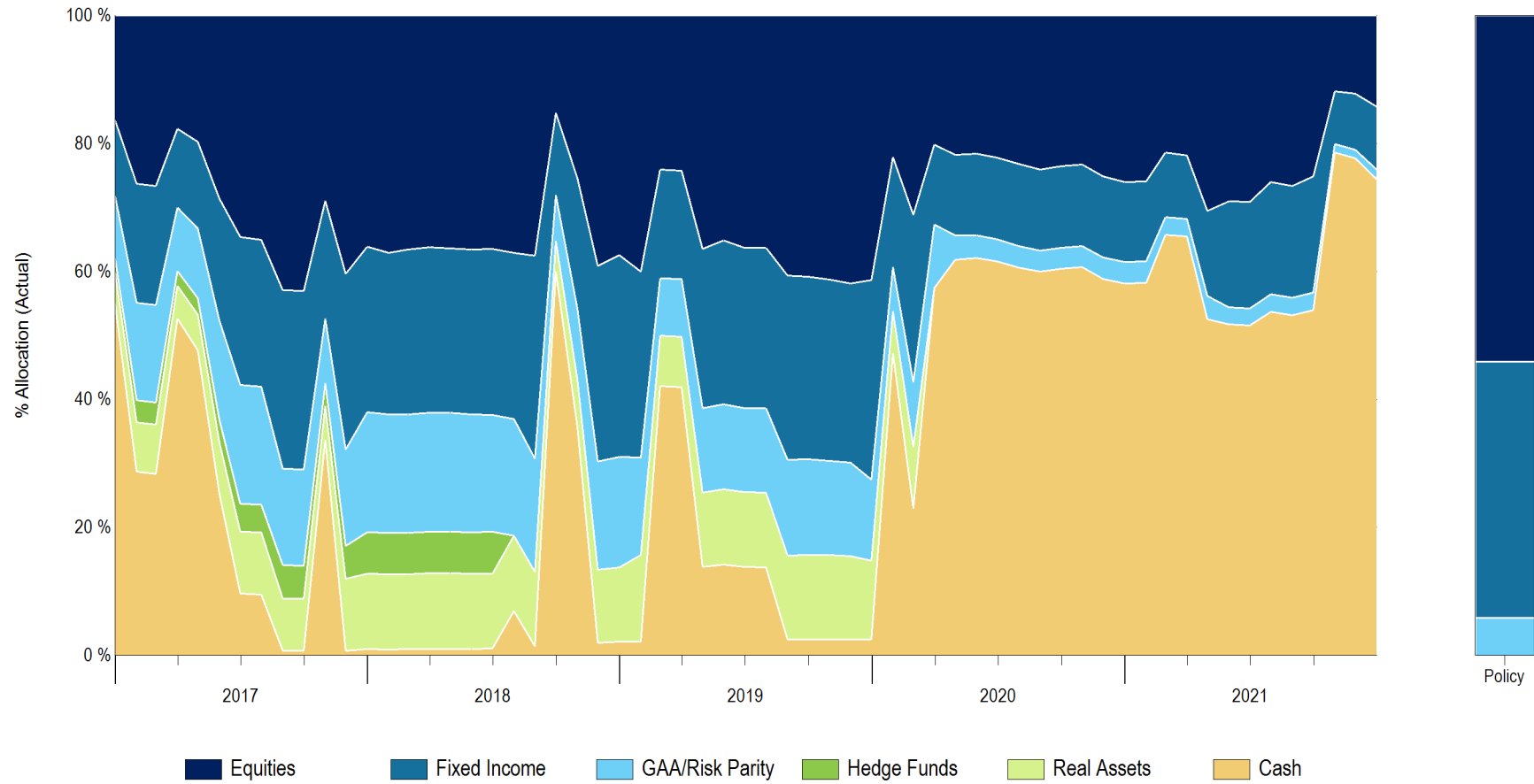




# Eastern Michigan University - Board of Regents

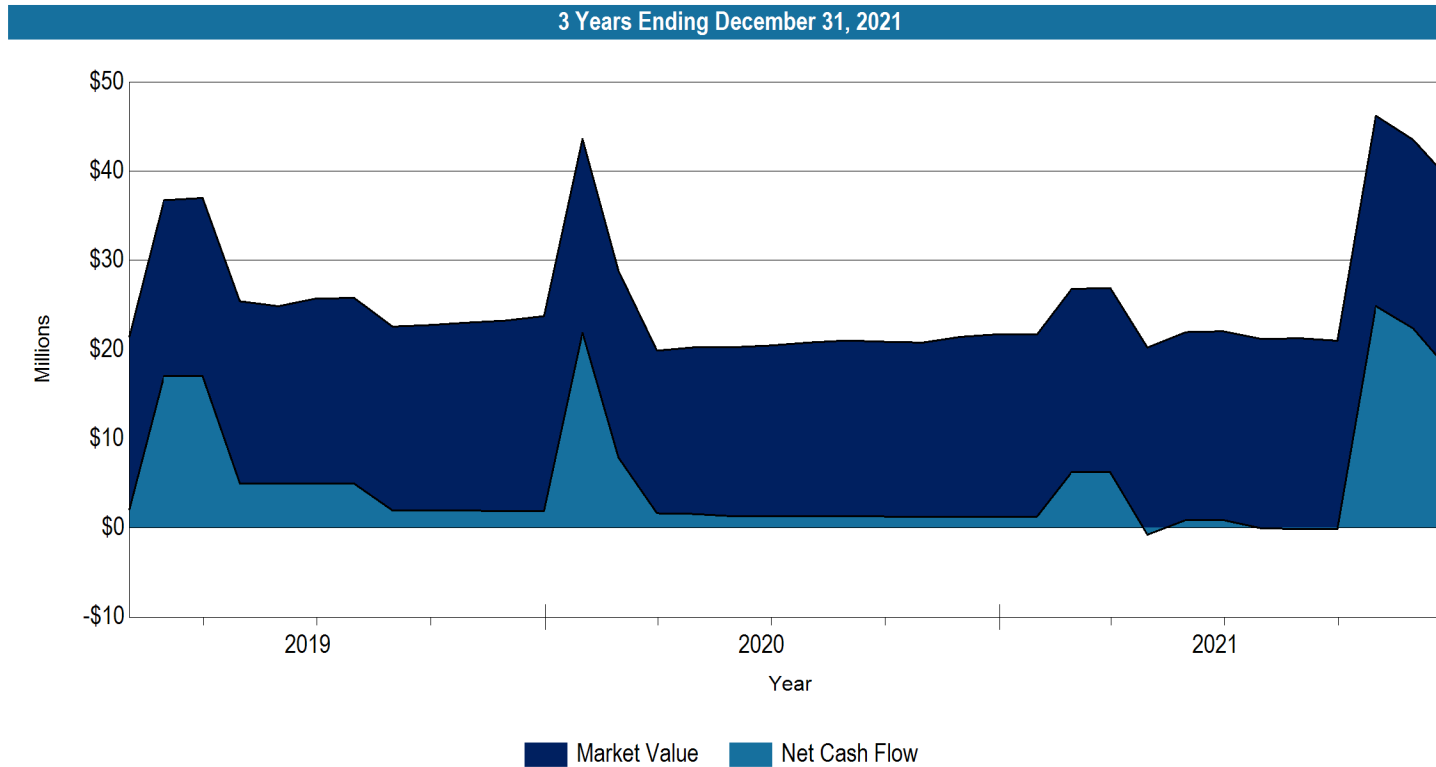
## TOTAL FUND ASSET ALLOCATION HISTORY

Asset Allocation History



# Eastern Michigan University - Board of Regents

## TOTAL FUND ASSET GROWTH SUMMARY



	Last Three Months	Fiscal Year-To-Date	One Year	Three Years
Beginning Market Value	\$20,987,321	\$22,049,152	\$21,717,375	\$18,472,863
Contributions	\$25,018,850	\$25,747,632	\$45,109,559	\$109,104,738
Withdrawals	-\$7,534,817	-\$9,265,075	-\$29,008,750	-\$91,740,620
Net Cash Flow	\$17,484,033	\$16,482,557	\$16,100,809	\$17,364,118
Net Investment Change	\$307,329	\$246,974	\$960,500	\$2,941,703
Ending Market Value	\$38,778,683	\$38,778,683	\$38,778,683	\$38,778,683



# INVESTMENT MANAGER - DUE DILIGENCE STATUS

Investment Options	Manager Changes/ Announcements	NEPC Due Diligence Committee Recommendations
Baird Core Bond (Aggregate)	Other: Personnel Changes 10/2021	FYI



# INVESTMENT MANAGER - DUE DILIGENCE STATUS

Investment Options	Commentary	DD Status
Baird Core Bond (Aggregate)	<p>Baird Advisors announced the promotion of Warren Pierson to co-CIO alongside Mary Ellen Stanek, from his previous role as Deputy CIO. Warren is a 28 year veteran of Baird Advisors and is a member of strategic leadership at the firm. Baird has indicated that this is not an imminent signal of Mary Ellen's retirement but a continuation of the firm's long term succession planning.</p> <p>NEPC Research views this as a natural evolution of the leadership at Baird Advisors.</p>	FYI





# TOTAL FUND SUMMARY



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# Eastern Michigan University - Board of Regents

## TOTAL FUND PERFORMANCE DETAIL

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Board of Regents Total Composite</b>	<b>38,778,683</b>	<b>100.0</b>	<b>1.0</b>	<b>0.7</b>	<b>3.4</b>	<b>5.0</b>	<b>4.1</b>	<b>4.1</b>	<b>4.7</b>	<b>Apr-09</b>
<i>Allocation Index</i>			1.4	0.8	3.6	7.5	6.1	--	--	Apr-09
<b>Short Term Investment Pool</b>	<b>28,741,580</b>	<b>74.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>	<b>0.6</b>	<b>0.4</b>	<b>0.3</b>	<b>Apr-09</b>
<i>91 Day T-Bills</i>			0.0	0.0	0.0	0.8	1.1	0.6	0.5	Apr-09
Northern Inst Govt Select MMKT	28,741,580	74.1	0.0	0.0	0.0	0.5	0.4	0.2	0.2	Nov-09
<i>91 Day T-Bills</i>			0.0	0.0	0.0	0.8	1.1	0.6	0.5	Nov-09
Bank of Ann Arbor Trust Cash	0	0.0	0.0	0.0	0.0	0.7	0.7	0.3	0.3	Nov-09
<i>91 Day T-Bills</i>			0.0	0.0	0.0	0.8	1.1	0.6	0.5	Nov-09
<b>Long Term Investment Pool</b>	<b>10,037,103</b>	<b>25.9</b>	<b>3.0</b>	<b>2.2</b>	<b>9.6</b>	<b>10.9</b>	<b>8.0</b>	<b>6.8</b>	<b>6.2</b>	<b>Apr-09</b>
<i>Long Term Allocation Index</i>			3.2	1.9	9.2	14.6	10.4	--	--	Apr-09
<i>Long Term Balanced Index</i>			3.8	3.4	9.6	12.9	9.4	7.2	6.6	Apr-09
<i>InvMetrics All E&amp;F &lt; \$50mm Net Median</i>			3.8	3.2	12.0	14.6	10.2	8.8	9.9	Apr-09
<b>Total Equity</b>	<b>5,539,090</b>	<b>14.3</b>	<b>5.3</b>	<b>3.7</b>	<b>15.9</b>	<b>18.6</b>	<b>13.5</b>	<b>--</b>	<b>10.1</b>	<b>Jan-14</b>
<i>MSCI ACWI</i>			6.7	5.6	18.5	20.4	14.4	11.9	10.0	Jan-14
<i>eV All Global Equity Net Median</i>			6.2	5.4	18.8	20.5	14.2	12.0	10.1	Jan-14
SEG Baxter	1,309,442	3.4	-1.1	-3.1	3.0	15.6	--	--	9.8	Jul-17
<i>MSCI ACWI ex USA</i>			1.8	-1.2	7.8	13.2	9.6	7.3	7.5	Jul-17
<i>eV All ACWI ex-US Equity Net Median</i>			1.8	0.4	11.0	17.4	12.4	9.6	9.9	Jul-17
Acadian Emerging Markets Equity	858,180	2.2	1.3	-4.7	8.8	13.9	10.6	--	5.9	Oct-14
<i>MSCI Emerging Markets</i>			-1.3	-9.3	-2.5	10.9	9.9	5.5	5.2	Oct-14
<i>eV Emg Mkts Equity Net Median</i>			-0.9	-7.6	0.4	12.8	10.2	6.1	5.6	Oct-14
Vanguard Total Stock Market VIPERs - VTI	3,371,468	8.7	9.1	9.1	25.7	25.7	17.9	--	18.1	Nov-16
<i>Russell 3000</i>			9.3	9.2	25.7	25.8	18.0	16.3	18.1	Nov-16
<i>eV All US Equity Net Median</i>			7.4	6.7	25.2	22.6	14.9	14.4	15.1	Nov-16

-Allocation Index: Used to measure the value add from active management. Calculated as the asset weight from the prior month end multiplied by the specified market index.

-Long-Term Balanced Index: (54% - MSCI ACWI)(30% - Bloomberg Aggregate)(5% - Bloomberg US TIPS TR)(5% - Bloomberg US Treasury TR)(6% - PIMCO All Asset Index) as of 3/1/2021.

-PIMCO All Asset Index: (40% - Bloomberg Aggregate)(30% - Bloomberg US TIPS 1-10 Yr)(10% - S&P 500)(10% - Bloomberg High Yield)(10% - JP Morgan EMBI+).





# Eastern Michigan University - Board of Regents

## TOTAL FUND PERFORMANCE DETAIL

	Market Value (\$)	% of Portfolio	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Fixed</b>	<b>3,908,899</b>	<b>10.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>-0.3</b>	<b>4.0</b>	<b>3.5</b>	<b>--</b>	<b>3.2</b>	<b>Jan-14</b>
<i>Bloomberg US Aggregate TR</i>			0.0	0.1	-1.5	4.8	3.6	2.9	3.4	Jan-14
<i>eV All Global Fixed Inc Net Median</i>			-0.3	-0.4	-0.7	5.6	4.3	3.7	3.6	Jan-14
BlackRock Strategic Income Opportunities Fund - BSIIIX	951,001	2.5	-0.2	-0.3	0.9	5.5	4.1	--	3.4	Oct-14
<i>Bloomberg US Aggregate TR</i>			0.0	0.1	-1.5	4.8	3.6	2.9	3.1	Oct-14
<i>eV US Core Plus Fixed Inc Net Median</i>			0.0	0.1	-0.4	5.9	4.3	3.9	3.8	Oct-14
Baird Core Bond - BAGIX	1,921,398	5.0	-0.1	0.0	-1.5	5.4	4.0	--	3.4	Dec-14
<i>Bloomberg US Aggregate TR</i>			0.0	0.1	-1.5	4.8	3.6	2.9	3.0	Dec-14
<i>eV US Core Fixed Inc Net Median</i>			-0.1	-0.1	-1.5	5.2	3.8	3.2	3.2	Dec-14
Vanguard Intermediate-Term Treasury ETF - VGIT	743,533	1.9	-0.7	-0.8	--	--	--	--	-0.5	Jun-21
<i>Bloomberg US Treasury Int TR</i>			-0.6	-0.6	-1.7	3.0	2.3	1.7	-0.7	Jun-21
<i>eV US Interm Duration Fixed Inc Net Median</i>			-0.6	-0.6	-1.3	3.9	3.0	2.6	-0.4	Jun-21
Fidelity Inflation-Protected Bond Index Fund - FIPDX	193,438	0.5	2.3	4.1	--	--	--	--	4.9	Jun-21
<i>Bloomberg US TIPS TR</i>			2.4	4.2	6.0	8.4	5.3	3.1	4.8	Jun-21
<i>eV US TIPS / Inflation Fixed Inc Net Median</i>			2.2	3.8	5.7	8.3	5.4	3.1	4.3	Jun-21
US Treasury	99,528	0.3								
<b>GAA/ Risk Parity</b>	<b>589,114</b>	<b>1.5</b>	<b>3.2</b>	<b>2.6</b>	<b>5.8</b>	<b>1.0</b>	<b>0.8</b>	<b>--</b>	<b>0.4</b>	<b>Dec-14</b>
<i>eV Global TAA Net Median</i>			3.1	2.5	9.0	10.4	7.5	6.6	5.6	Dec-14
PIMCO All Asset - PAAIX	589,114	1.5	3.2	2.6	--	--	--	--	3.3	Jun-21
<i>PIMCO All Asset Index</i>			1.6	2.2	3.8	8.0	5.6	4.7	3.0	Jun-21
<i>eV Global TAA Net Median</i>			3.1	2.5	9.0	10.4	7.5	6.6	2.7	Jun-21



# Eastern Michigan University - Board of Regents

## TOTAL FUND ASSET GROWTH SUMMARY

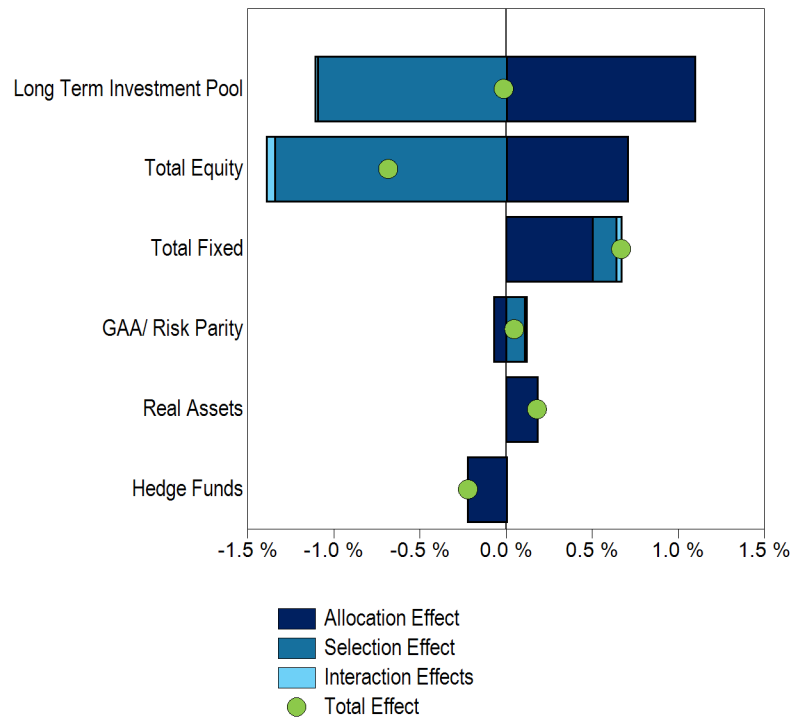
	Quarter Ending December 31, 2021					
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
Acadian Emerging Markets Equity	\$847,093	\$0	-\$1,651	-\$1,651	\$12,738	\$858,180
Baird Core Bond - BAGIX	\$1,923,292	\$0	\$0	\$0	-\$1,894	\$1,921,398
Bank of Ann Arbor Trust Cash	\$0	\$0	\$0	\$0	\$0	\$0
BlackRock Strategic Income Opportunities Fund - BSIIX	\$953,139	\$0	\$0	\$0	-\$2,138	\$951,001
Fidelity Inflation-Protected Bond Index Fund - FIPDX	\$189,073	\$0	\$0	\$0	\$4,365	\$193,438
Northern Inst Govt Select MMKT	\$11,223,307	\$25,018,850	-\$7,502,650	\$17,516,200	\$2,073	\$28,741,580
PIMCO All Asset - PAAIX	\$570,848	\$0	\$0	\$0	\$18,265	\$589,114
SEG Baxter	\$1,324,310	\$0	\$0	\$0	-\$14,868	\$1,309,442
US Treasury	\$99,797	\$0	\$0	\$0	-\$270	\$99,528
Vanguard Intermediate-Term Treasury ETF - VGIT	\$755,614	\$0	-\$6,853	-\$6,853	-\$5,228	\$743,533
Vanguard Total Stock Market VIPERs - VTI	\$3,100,846	\$0	-\$11,998	-\$11,998	\$282,620	\$3,371,468
<b>Total</b>	<b>\$20,987,321</b>	<b>\$25,018,850</b>	<b>-\$7,523,152</b>	<b>\$17,495,699</b>	<b>\$295,664</b>	<b>\$38,778,683</b>



# Eastern Michigan University - Board of Regents

## LONG TERM INVESTMENT POOL

Attribution Effects  
1 Year Ending December 31, 2021



Attribution Summary  
1 Year Ending December 31, 2021

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Equity	15.9%	18.5%	-2.7%	-1.3%	0.7%	-0.1%	-0.7%
Total Fixed	-0.3%	-1.0%	0.6%	0.1%	0.5%	0.0%	0.7%
GAA/ Risk Parity	5.8%	4.5%	1.4%	0.1%	-0.1%	0.0%	0.0%
Real Assets	--	--	--	--	0.2%	--	--
Hedge Funds	--	--	--	--	-0.2%	--	--
<b>Total</b>	<b>9.6%</b>	<b>9.6%</b>	<b>0.0%</b>	<b>-1.1%</b>	<b>1.1%</b>	<b>0.0%</b>	<b>0.0%</b>





# PROPOSED REBALANCING



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# PROPOSED REBALANCING

Manager	Start Inv Value	Start Weight (%)	Target Weight (%)	Diff to Target	Trades (\$)	New Inv Value	New Weight (%)	New Diff to Target
<b>LT Inv Pool</b>	<b>9,640,423</b>	<b>100.00%</b>			<b>0</b>	<b>9,640,423</b>	<b>100.00%</b>	
<b>Cash Equivalents</b>	<b>28,741,349</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00</b>	<b>28,741,349</b>	<b>0.00%</b>	<b>0.00%</b>
ST Investment Account	28,741,349				0.00	28,741,349		
<b>Equities</b>	<b>5,220,863</b>	<b>54.16%</b>	<b>54.00%</b>	<b>0.16%</b>	<b>0.00</b>	<b>5,220,863</b>	<b>54.16%</b>	<b>0.16%</b>
SEG Baxter	1,205,996	12.51%			(900,000)	305,996	3.17%	
MFS International Equity		0.00%			900,000	900,000	9.34%	
Acadian EME	847,692	8.79%				847,692	8.79%	
Vanguard Total Stock Market VIPERs - VTI	3,167,175	32.85%				3,167,175	32.85%	
<b>Fixed Income</b>	<b>3,839,673</b>	<b>39.83%</b>	<b>40.00%</b>	<b>-0.17%</b>	<b>0.00</b>	<b>3,839,673</b>	<b>39.83%</b>	<b>-0.17%</b>
Blackrock SIO	941,275	9.76%				941,275	9.76%	
Baird - Core Bond	1,878,164	19.48%				1,878,164	19.48%	
Vanguard Intermediate-Term Treasury ETF - VGIT	731,788	7.59%				731,788	7.59%	
Fidelity Inflation-Protected Bond Index Fund - FIPDX	189,278	1.96%				189,278	1.96%	
US Treasury (New)	99,168	1.03%				99,168	1.03%	
<b>Multi-Asset</b>	<b>579,887</b>	<b>6.02%</b>	<b>6.00%</b>	<b>0.02%</b>	<b>0.00</b>	<b>579,887</b>	<b>6.02%</b>	<b>0.02%</b>
PIMCO All Asset	579,887	6.02%				579,887	6.02%	

- The current equity portfolio has a “growth” tilt and although active management performed well, stemming from the risk-on sentiment from the Covid-19 market rally, we feel it is time to pare back the tilt and move to a “core” approach
- The best way to implement this style is to take the historical gains from SEG Baxter and reinvest into MFS International Equity, a high conviction, “core” focused active EAFE manager
  - Please see next few slides for more information



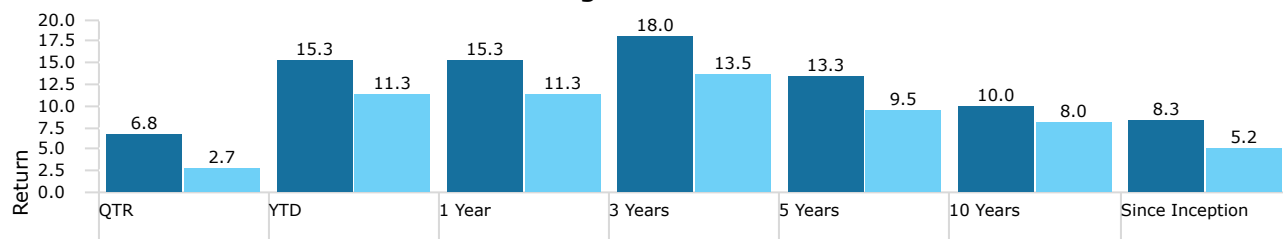
# MFS International Equity

## Investment Strategy

MFS seeks to invest in companies that are gaining market share and have the potential for above-average, sustainable earnings growth irrespective of economic conditions. Attractive companies will be trading at a discount to their projected value have the potential for multiple expansion. A long-term focus is critical for MFS to capitalize on opportunities created by investors with shorter investment horizons. The portfolio management team combines their strong investment conviction with risk discipline and a multi-year investment horizon to select what they believe to be the best investment opportunities across regions and sectors. Sector, industry, and country weightings are derived from their bottom-up approach to portfolio construction and will typically vary from index weightings.

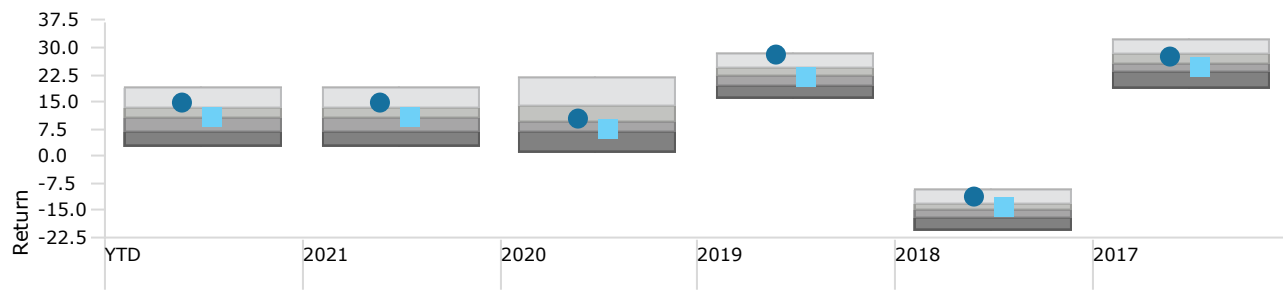
● MFS International Equity    ■ MSCI EAFE NR USD    ▲ US SA Foreign Large Blend

## Trailing Period Returns



## Performance Relative to Peer Group

Peer Group (5-95%): Separate Accounts - U.S. - Foreign Large Blend



## Quarterly Returns

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2021	1.12	6.84	-0.06	6.77	15.28
2020	-20.08	14.78	6.08	13.98	10.93
2019	11.42	6.69	-0.99	9.08	28.39
2018	-1.58	0.15	1.89	-11.29	-10.91
2017	8.08	8.93	4.32	4.06	27.80
2016	-2.50	-1.59	6.20	-1.89	-0.03
2015	5.87	0.86	-9.44	3.04	-0.36

## Excess Returns

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2021	-2.36	1.67	0.39	4.07	4.02
2020	2.75	-0.10	1.29	-2.06	3.11
2019	1.44	3.01	0.08	0.92	6.38
2018	-0.05	1.39	0.54	1.25	2.88
2017	0.83	2.81	-1.08	-0.17	2.76
2016	0.50	-0.13	-0.24	-1.17	-1.03
2015	0.99	0.24	0.80	-1.67	0.45

## Summary Statistics

Time Period: 1/1/2017 to 12/31/2021

	Strategy	Benchmark
Up Capture Ratio	106.64	100.00
Down Capture Ratio	88.50	100.00
Std Dev	14.36	14.83
Information Ratio	1.13	—
Alpha	3.83	0.00
Beta	0.95	1.00
R2	95.82	100.00
Tracking Error	3.05	0.00
Sharpe Ratio	0.87	0.61

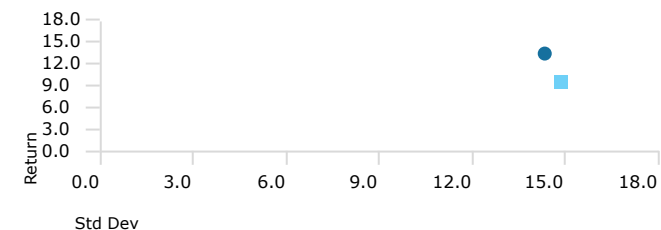
## Drawdown Statistics

Time Period: Since Common Inception (4/1/1996) to 12/31/2021

	Strategy	Benchmark
Max Drawdown	-48.45	-56.68
Max Drawdown # of Months	17	16
Max Drawdown Peak Date	10/1/2007	11/1/2007
Max Drawdown Valley Date	2/28/2009	2/28/2009
Recovery # of Months	26	64

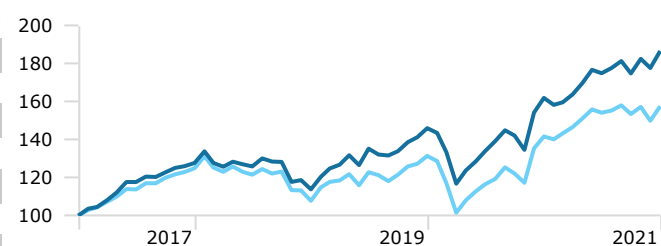
## Risk-Reward

Time Period: 1/1/2017 to 12/31/2021



	Strategy	Benchmark
M-Squared (Risk Adjusted-Return)	14.79%	10.24%

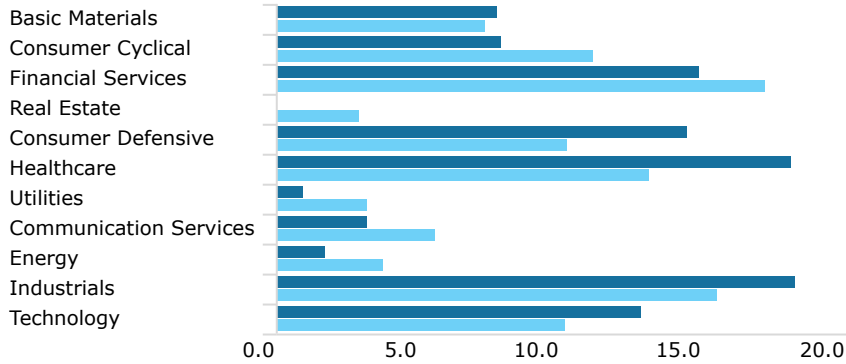
## Investment Growth



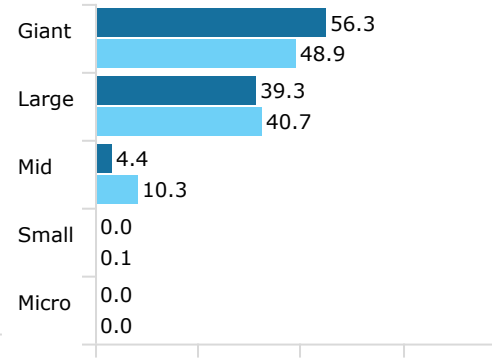


# MFS International Equity

## Sector Exposure



## Market Cap



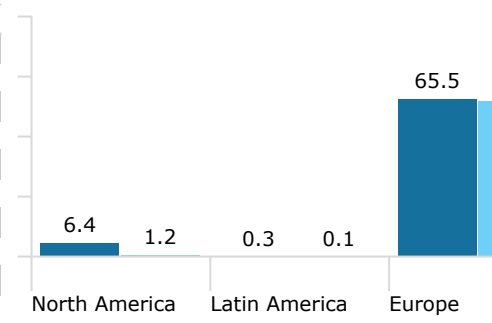
## Characteristics

	Strategy	Benchmark
P/E	21.75	16.51
P/B	2.90	1.86
Dividend Yield	1.95%	2.65%
Average Market Cap	65,312	49,490
% Asset in Top 10 Holdings	25.8%	13.4%
# of Holdings	81	829
Turnover Ratio %	9%	—
Strategy Assets	24,246	—
Firm Total Assets	656,760	—
Inception Date	3/1/1996	3/31/1986

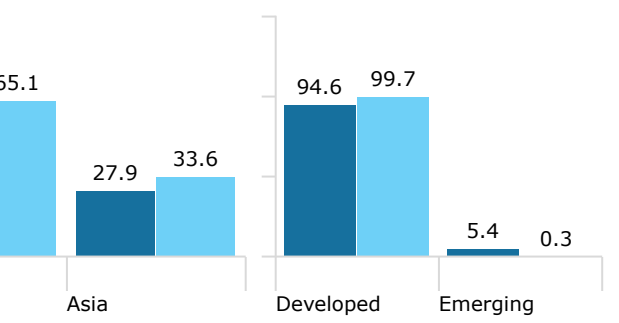
## Top Holdings

Company	Weight
Nestle SA	3.6%
Schneider Electric SE	3.3%
Roche Holding AG	3.0%
Air Liquide SA	2.5%
AIA Group Ltd	2.3%
LVMH Moet Hennessy Louis Vuitton SE	2.3%
Novo Nordisk A/S Class B	2.3%
Hitachi Ltd	2.2%
SAP SE	2.2%
Capgemini SE	2.1%

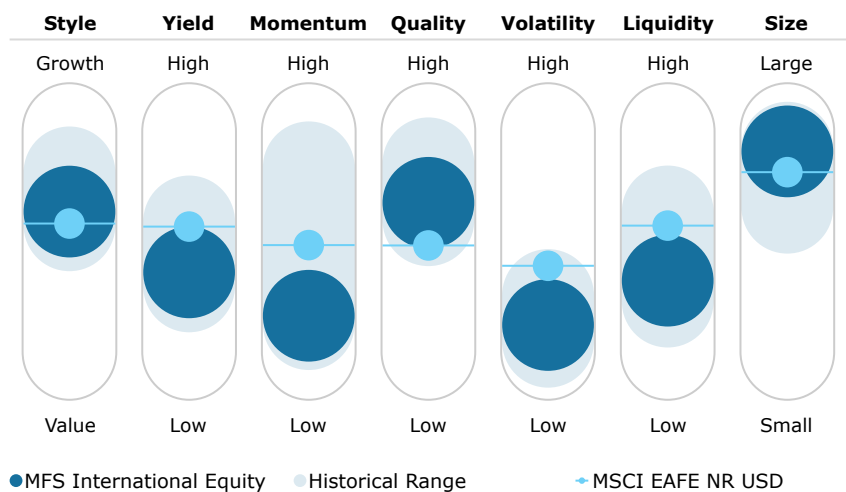
## Region Exposure



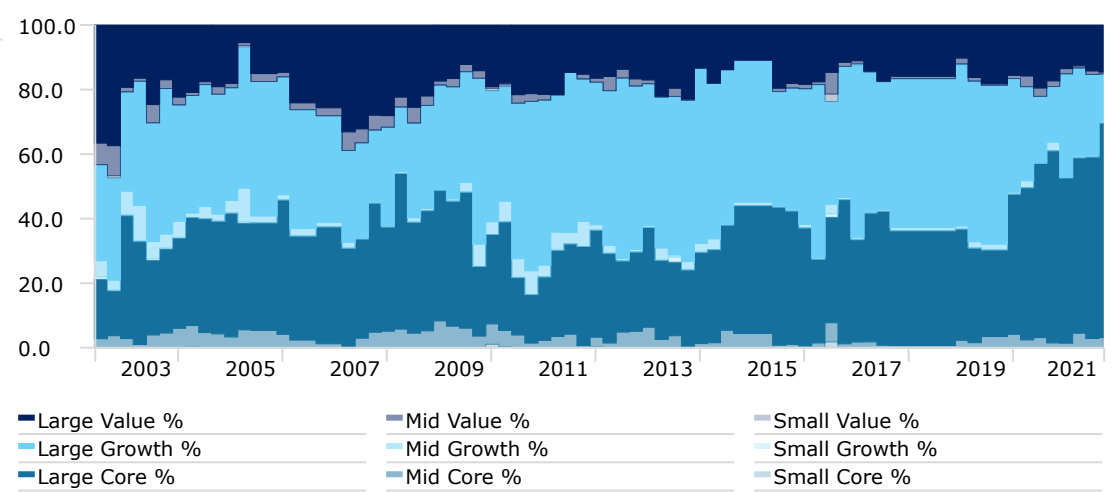
## Market Classification



## Factor Profile



## Equity Style





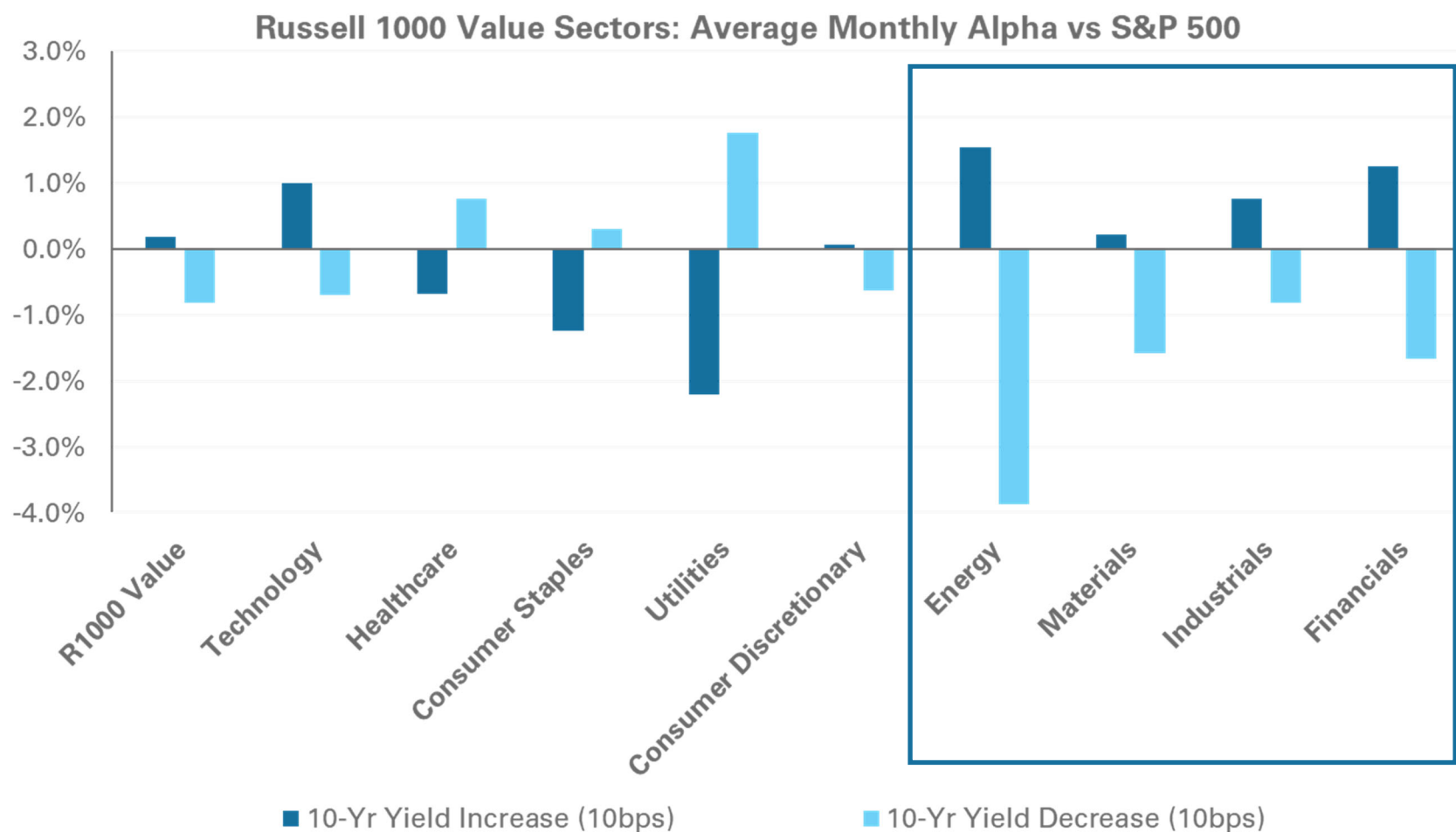
# APPENDIX



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# INTEREST RATES INFLUENCE STOCKS UNEQUALLY

## SECTOR MAKEUP OF VALUE EXPOSURE MAY OFFER BENEFITS





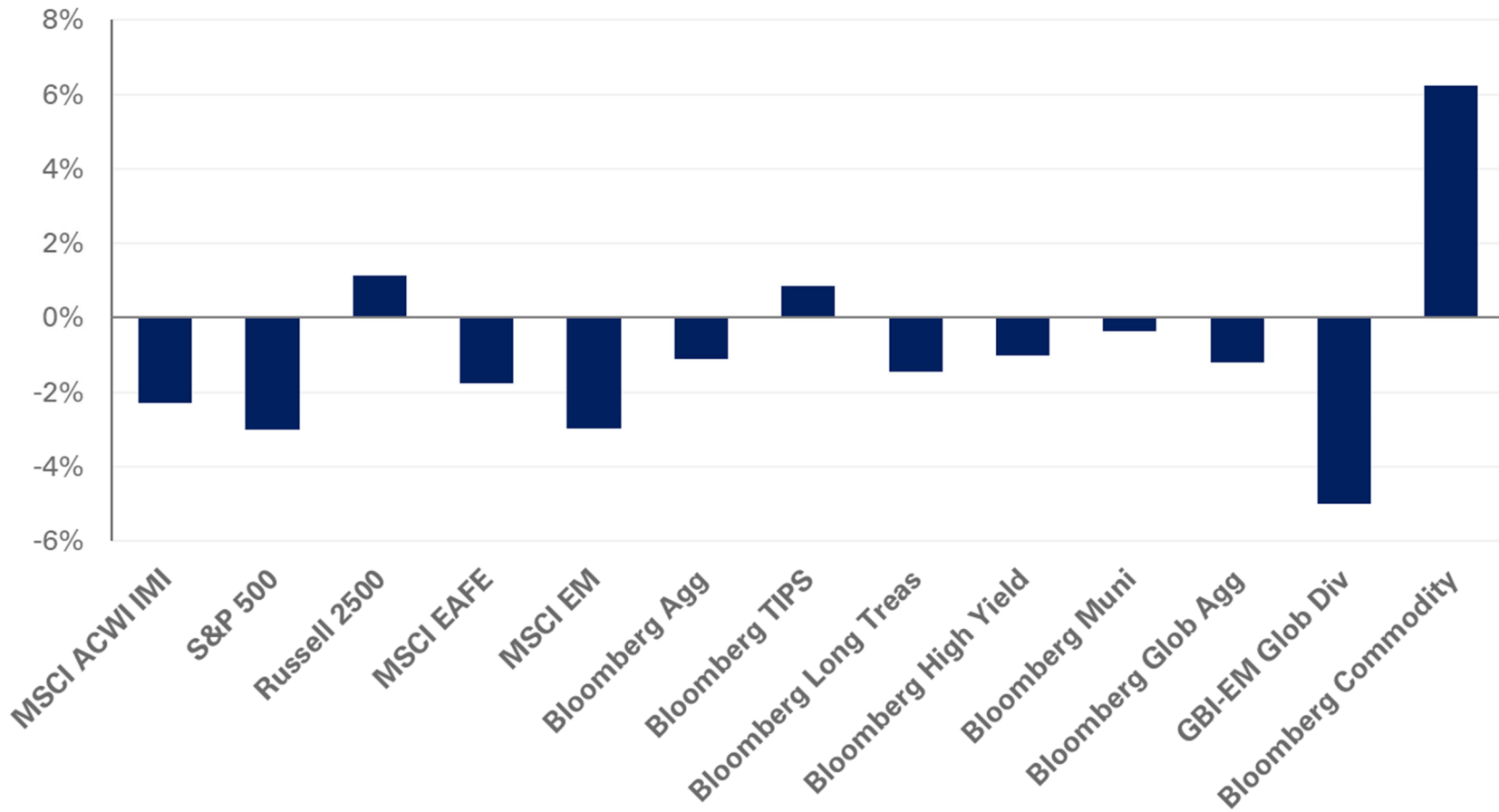
# FEBRUARY 2022 MARKET REVIEW



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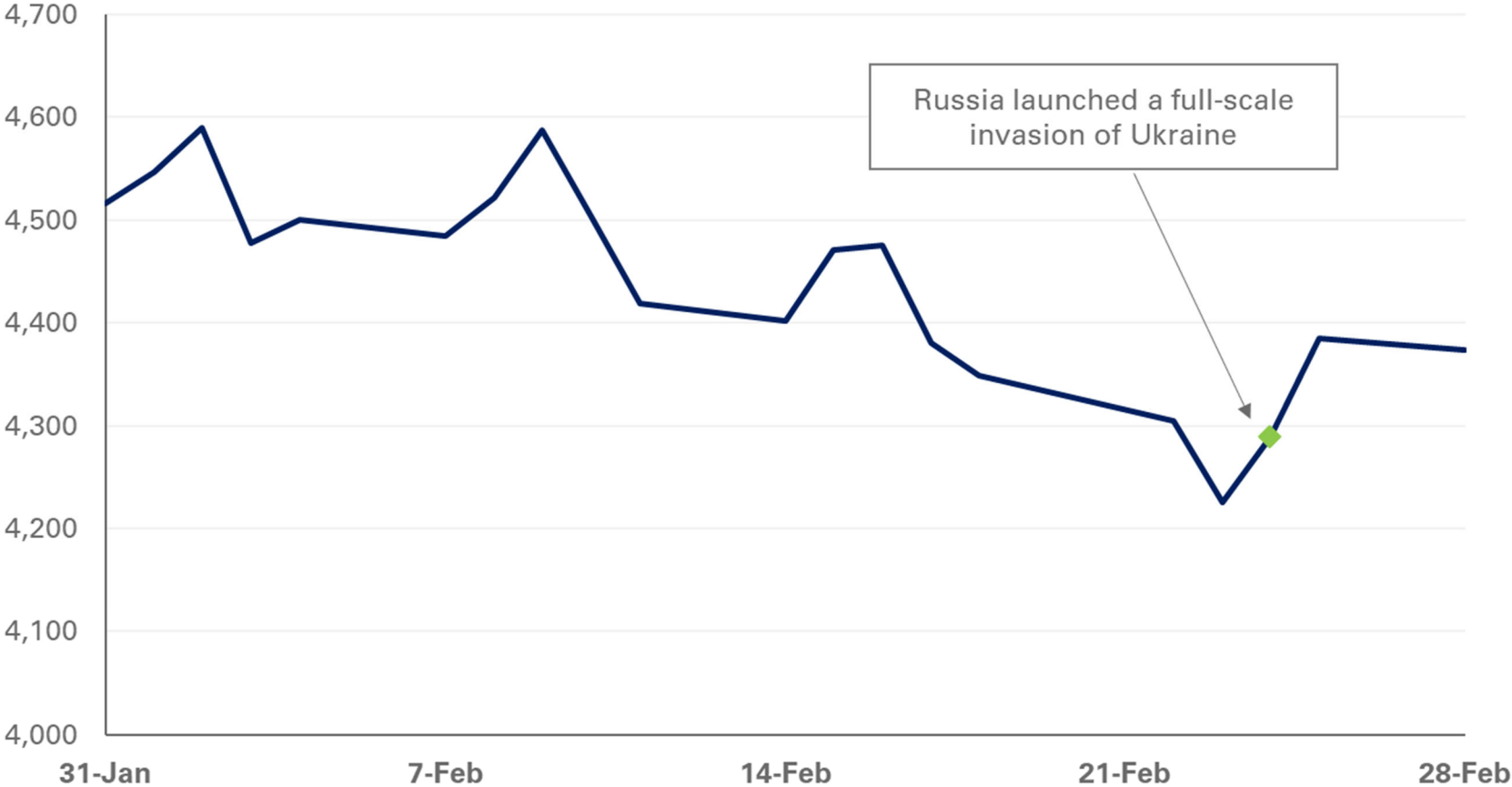
# ELEVATED VOLATILITY ACROSS GLOBAL MARKETS

## MONTHLY TOTAL RETURNS



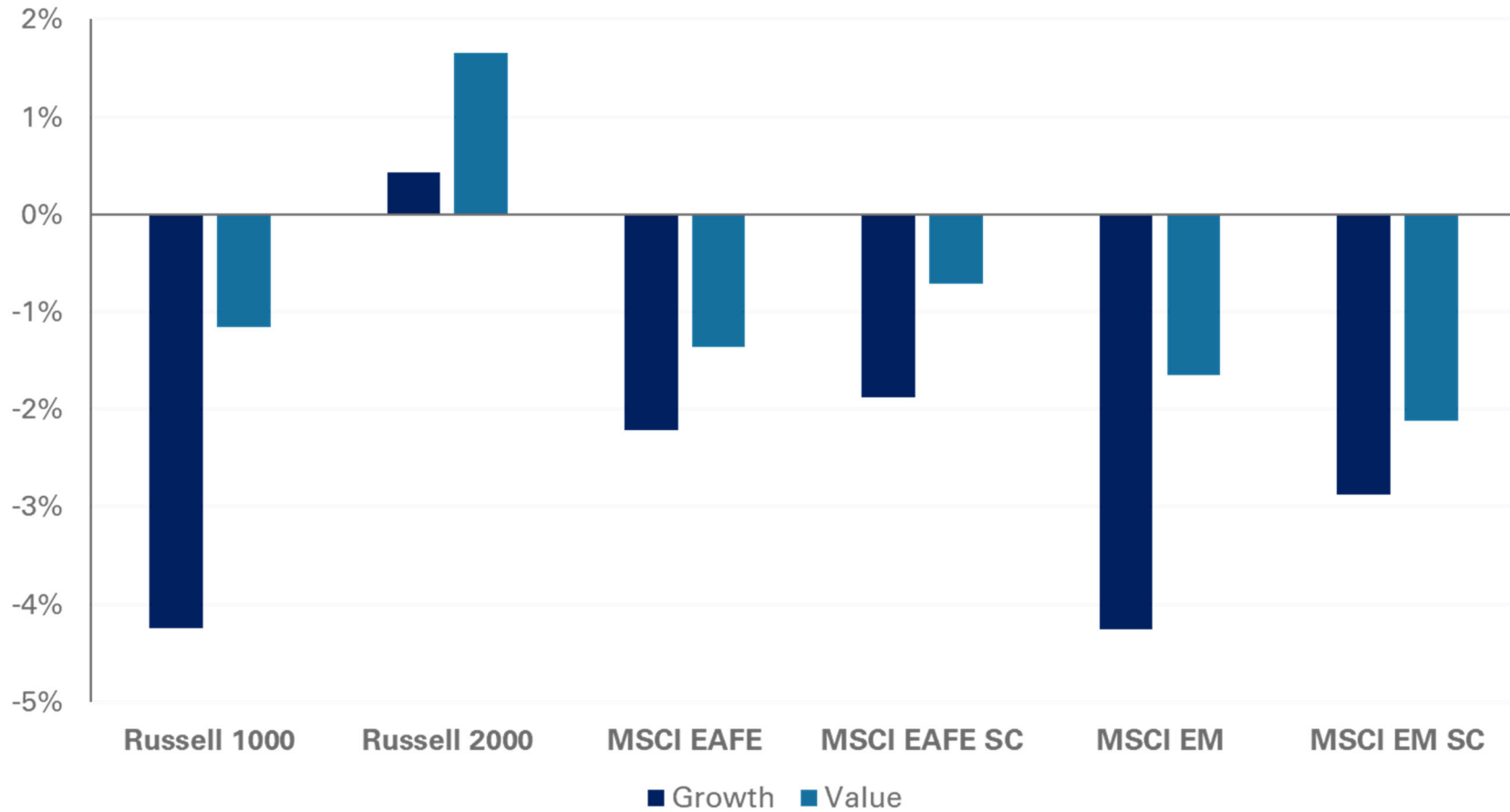
# U.S. EQUITIES WERE VOLATILE

## S&P 500 INDEX PRICE LEVEL



# VALUE BROADLY OUTPERFORMED GROWTH

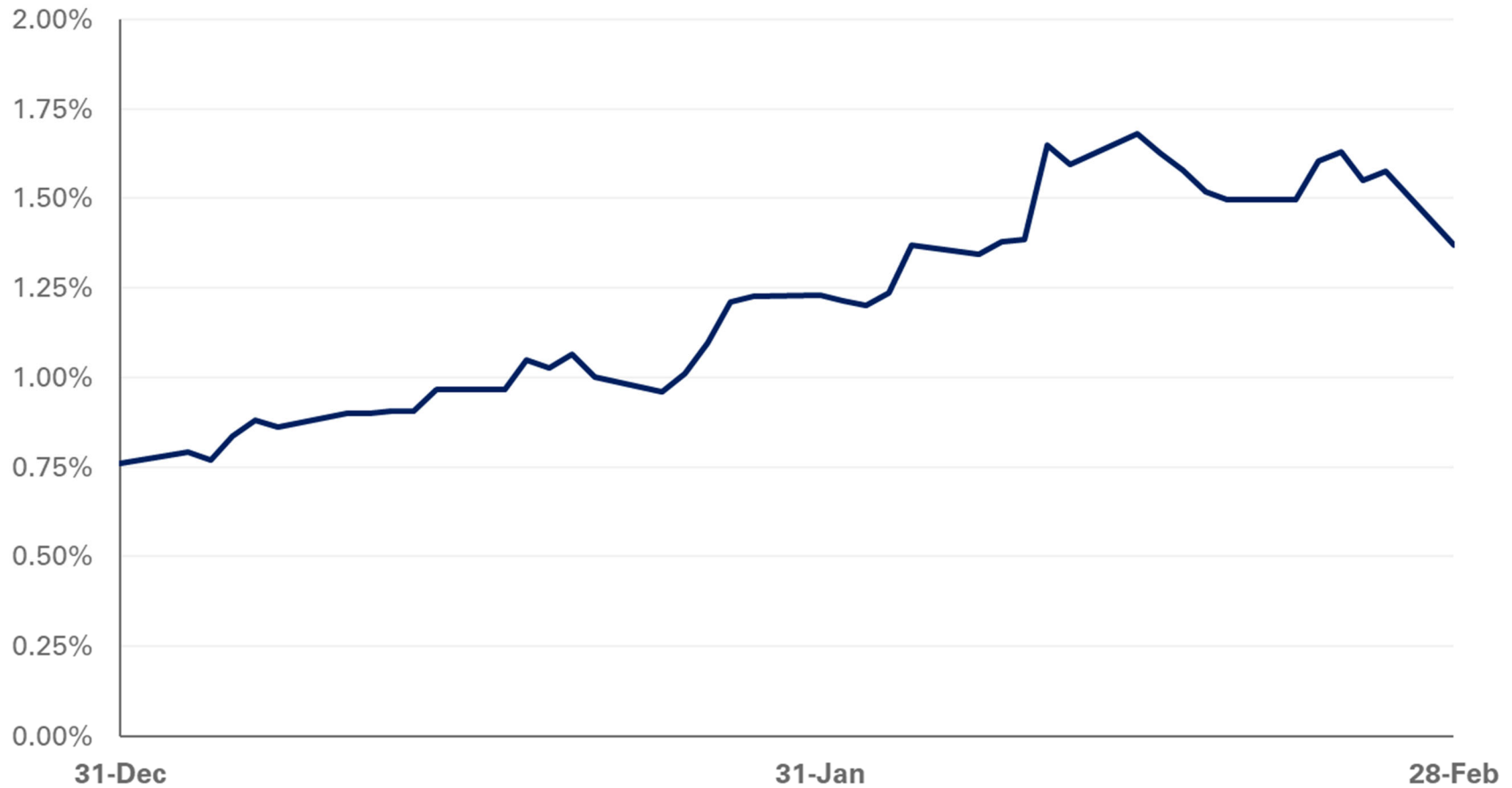
## MONTHLY TOTAL RETURNS





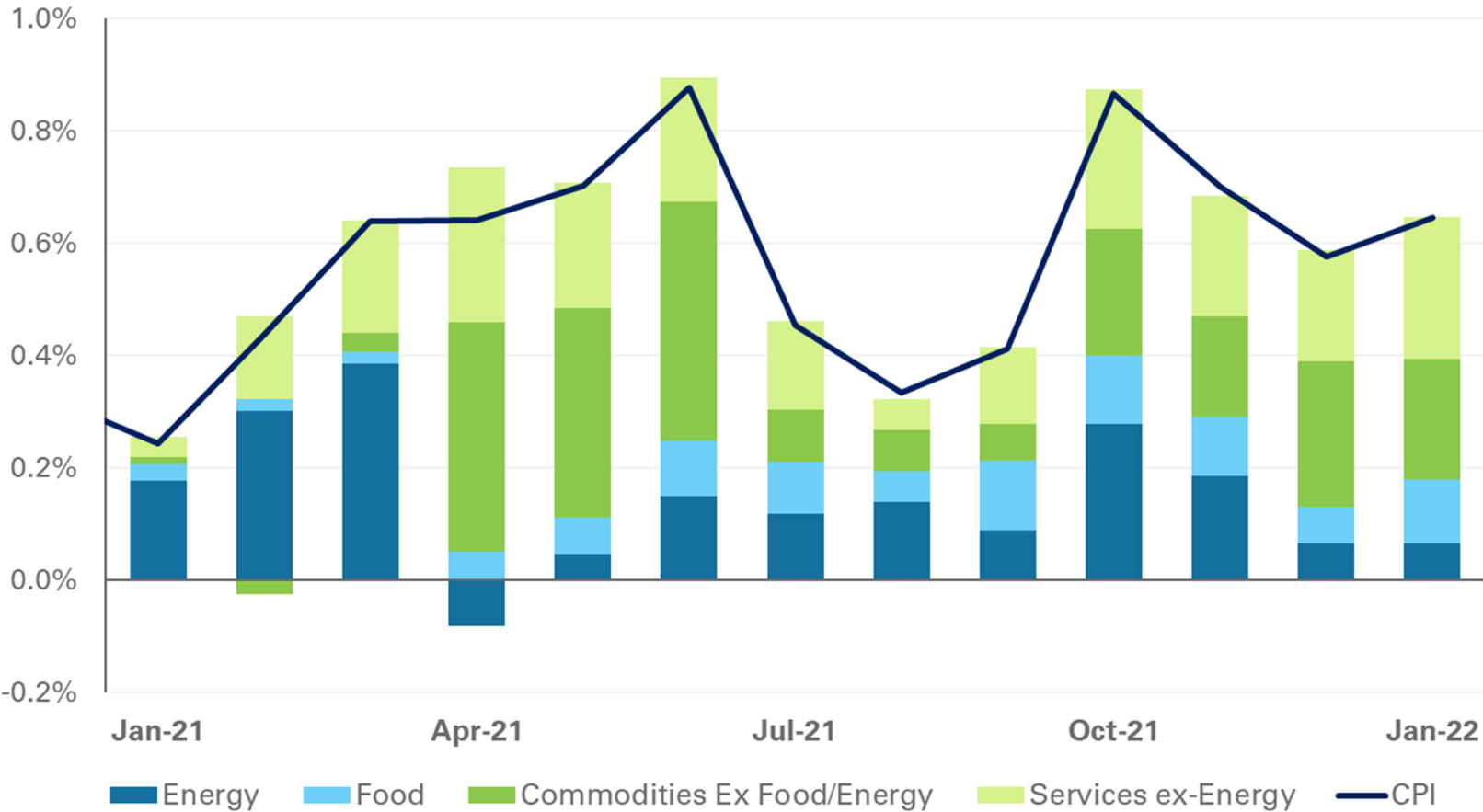
# AT LEAST 5 RATE HIKES PRICED FOR 2022

## DECEMBER 2022 FED FUNDS FUTURE



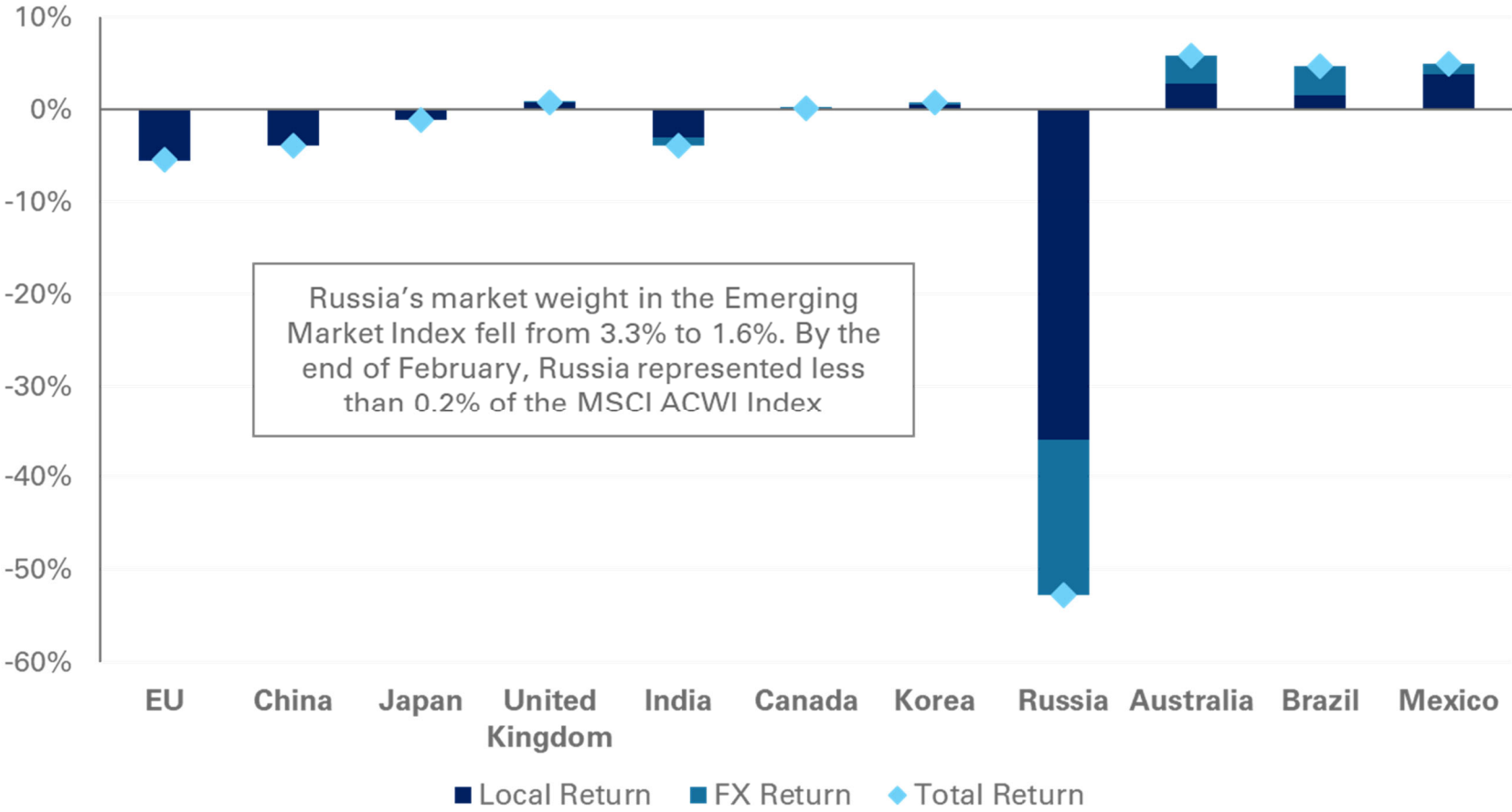
# MONTHLY INFLATION REMAINS ELEVATED

## MONTHLY U.S. CPI-U CHANGES



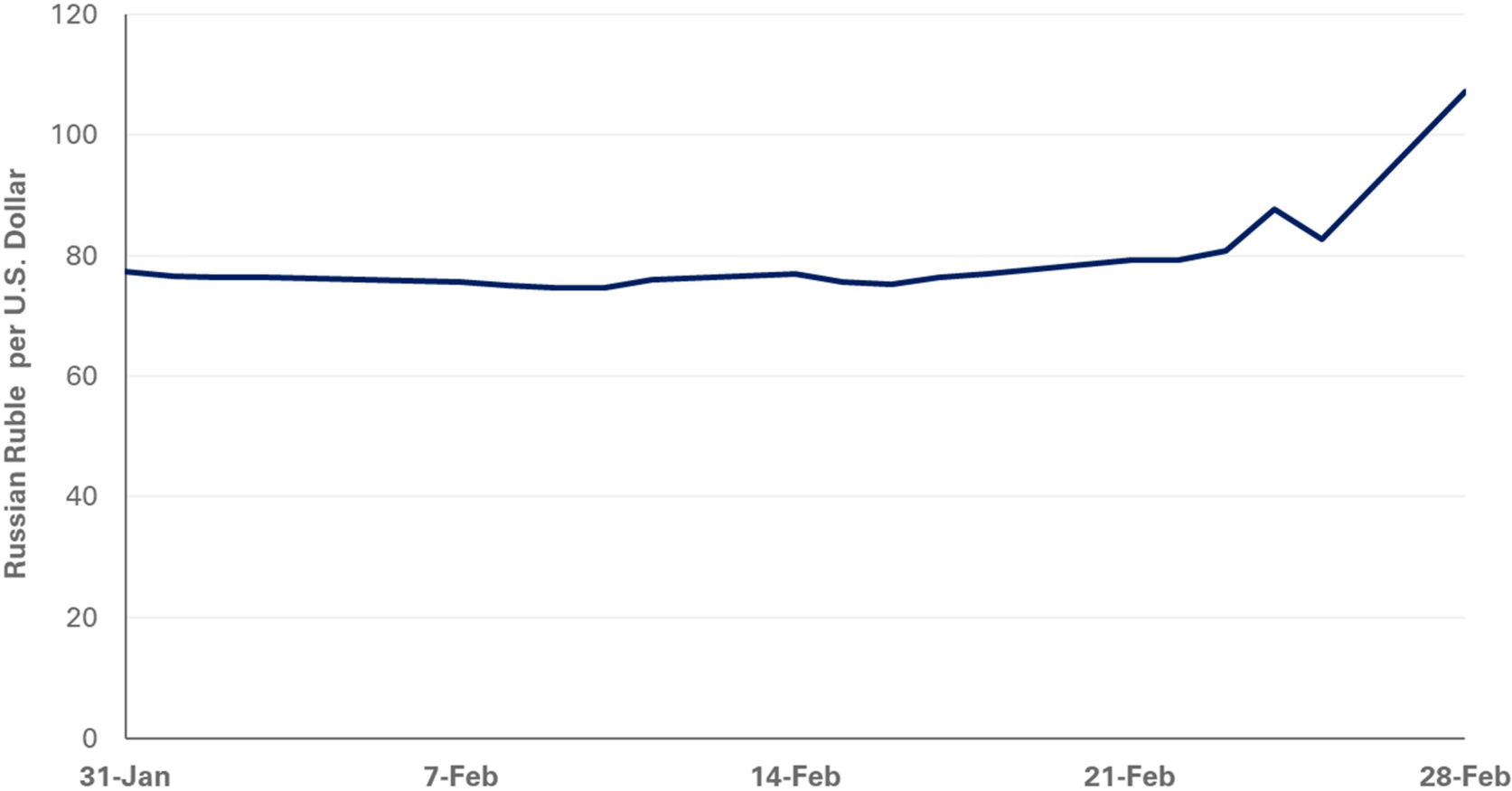
# RUSSIAN EQUITIES SOLD-OFF

## MONTHLY EQUITY MARKET RETURNS



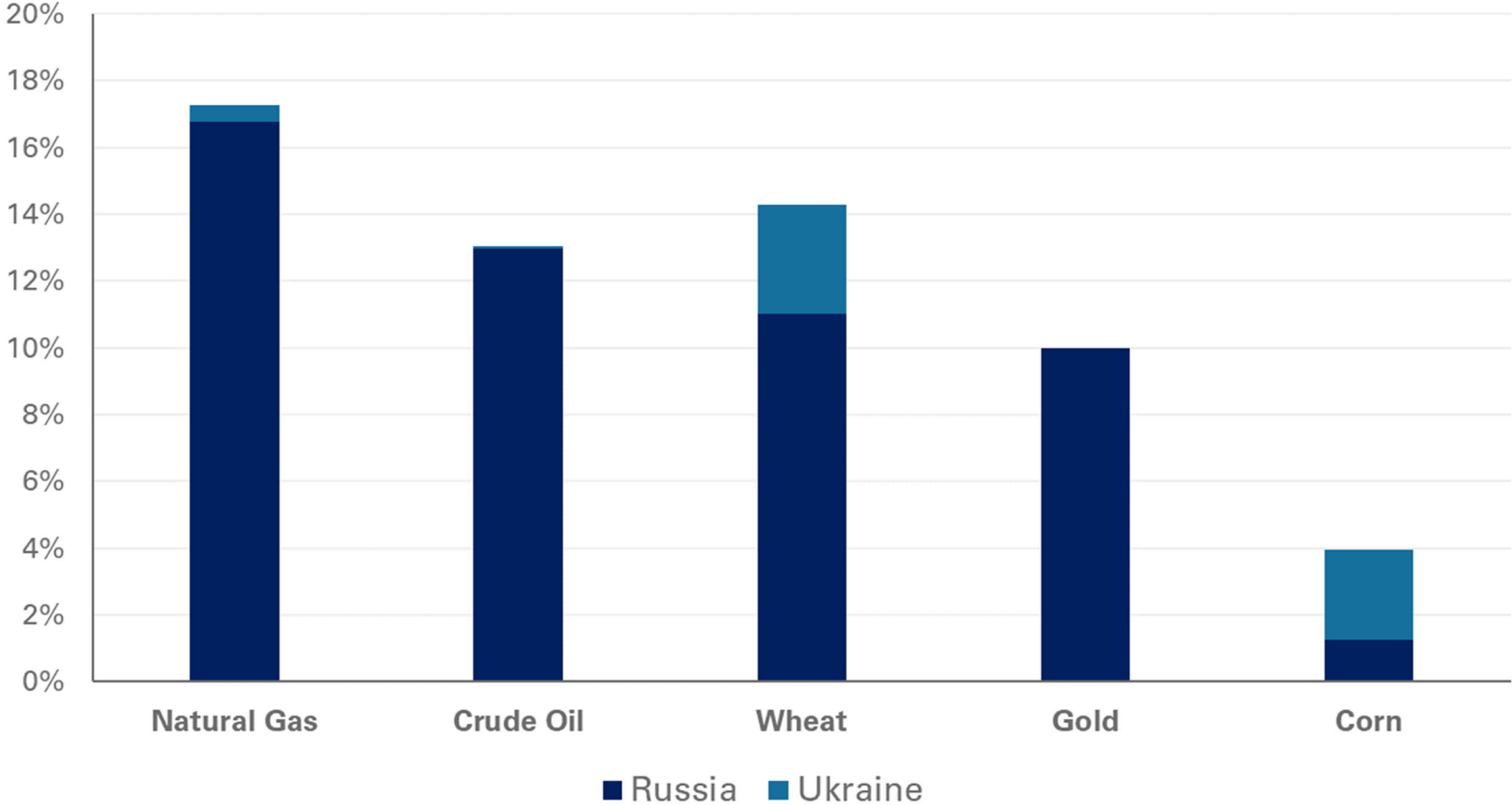
# RUBLE UNDER EXTREME STRESS

RUSSIAN RUBLE PER U.S. DOLLAR



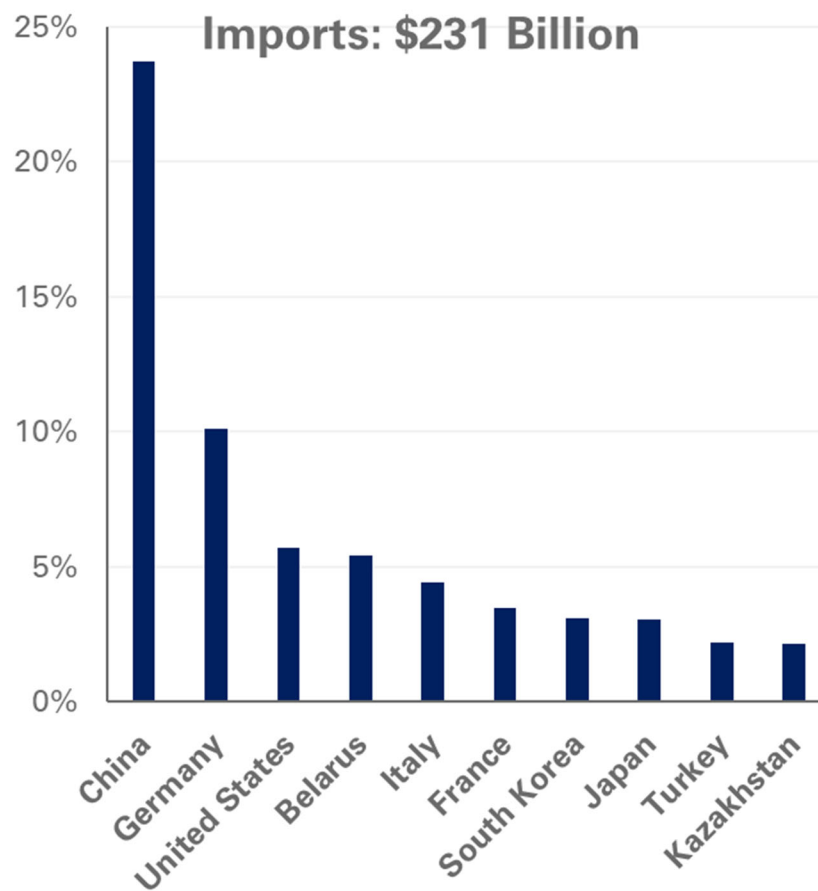
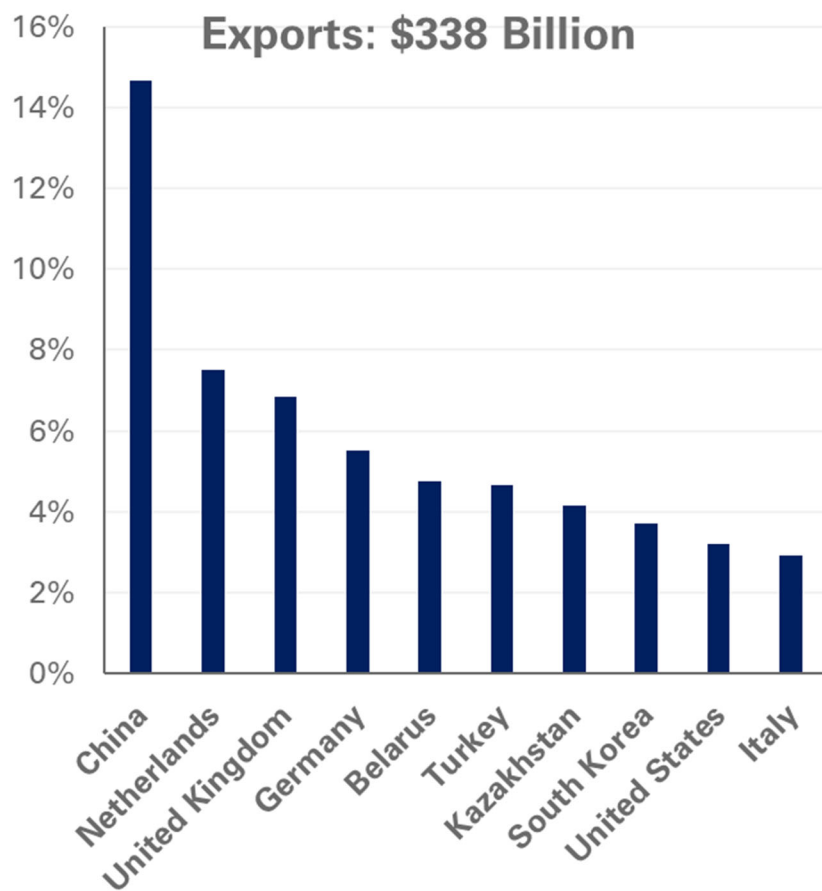
# POTENTIAL DISRUPTION IN COMMODITY MARKETS

RUSSIA-UKRAINE AS A PERCENTAGE OF GLOBAL PRODUCTION



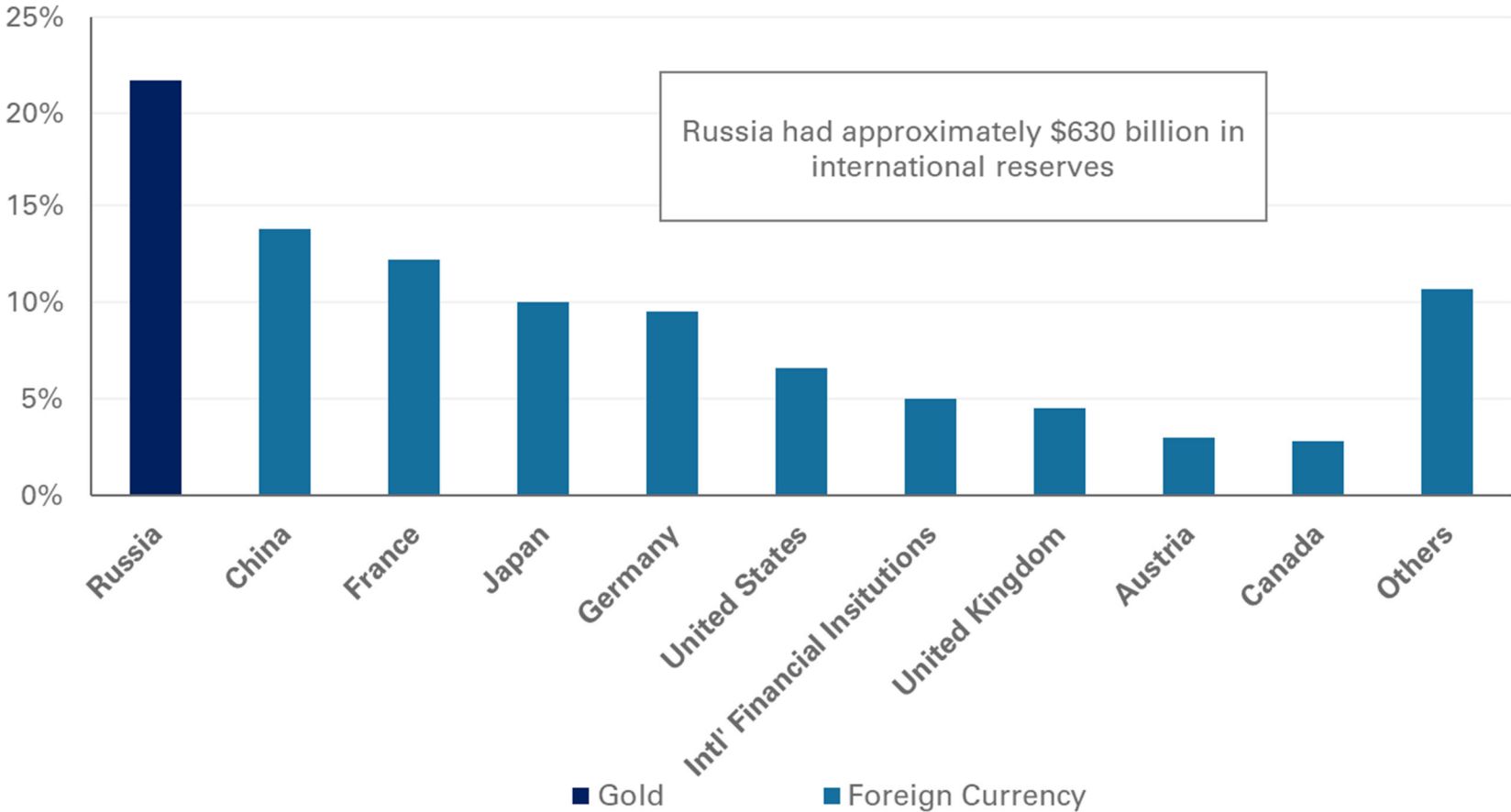
# EUROPE AND ASIA MAY BE MORE IMPACTED

## RUSSIA'S TOP 10 INTERNATIONAL TRADE PARTNERS



# RUSSIA RESERVES MOSTLY HELD ABROAD

## BANK OF RUSSIA FOREIGN RESERVE AND GOLD ASSETS





# DUE DILIGENCE MONITOR

NEPC Due Diligence Status Key	
<b>No Action</b>	Informational items have surfaced; no action is recommended.
<b>Watch</b>	Issues have surfaced to be concerned over; manager can participate in future searches, but current and prospective clients must be made aware of the issues.
<b>Hold</b>	Serious issues have surfaced to be concerned over; manager cannot be in future searches unless a client specifically requests, but current and prospective clients must be made aware of the issues.
<b>Client Review</b>	Very serious issues have surfaced with a manager; manager cannot be in future searches unless a client specifically requests. Current clients must be advised to review the manager.
<b>Terminate</b>	We have lost all confidence in the product; manager would not be recommended for searches and clients would be discouraged from using. The manager cannot be in future searches unless a client specifically requests. Current clients must be advised to replace the manager.

NEPC Due Diligence Rating Key	
1	A high conviction investment product. Product has a clear and economically-grounded investment thesis, and is managed by an investment team that is sufficiently resourced and incented to execute on the thesis.
2	NEPC has a positive view of the strategy. Strategy has a compelling and sound investment thesis. The manager is sufficiently resourced and incented to execute on the thesis. Strengths outweigh the weaknesses, but the strategy does not meet all requirements for a 1 rating.
3	A satisfactory investment product. The strategy lacks a compelling investment thesis, however there are no significant concerns around the manager's viability.
4	The strategy may have an unclear or ambiguous investment thesis or the manager may lack the ability to execute on the stated thesis. The strategy likely has strengths and weaknesses and the weaknesses may outweigh the strengths.
5	A strategy that lacks an investment thesis or NEPC has no confidence in the manager's ability to execute on the thesis, and/or the investment firm may not be viable. Serious issues have been identified with an investment manager or product. This rating aligns with a Terminate Due Diligence status for client-owned products.
NR	Due diligence has not been sufficiently completed on the product or manager.



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