IN PERSON & VIRTUAL BOARD MEETING

AUGUST 13, 2025 AT 8:00 AM*

CREDIT AND RISK MITIGATION COMMITTEE MEETING

*The Committee meeting will be held prior to the Board of Investments meeting.

TO VIEW VIA WEB

https://lacera.com/leadership/board-meetings

TO PROVIDE PUBLIC COMMENT

Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit the above link and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Committee meeting.

Attention: If you have any questions, you may email PublicComment@lacera.gov. If you would like to make a public comment during the committee meeting, review the Public Comment instructions.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

AGENDA

A REGULAR MEETING OF THE CREDIT AND RISK MITIGATION COMMITTEE

AND THE BOARD OF INVESTMENTS*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, AUGUST 13, 2025

This meeting will be conducted by the Corporate Governance Committee and Board of Investments both in person and by teleconference under California Government Code Section 54953(f).

Any person may view the meeting in person at LACERA's offices or online at https://LACERA.com/leadership/board-meetings

The Committee may take action on any item on the agenda, and agenda items may be taken out of order.

I. CALL TO ORDER

II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)

A. Just Cause
B. Action on Emergency Circumstance Requests
C. Statement of Persons Present at AB 2449 Teleconference Locations

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Credit and Risk Mitigation Committee Meeting of June 11, 2025.

IV. PUBLIC COMMENT

(Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit https://LACERA.com/leadership/board-meetings and complete the request form.

If you select oral comment, we will contact you via email with information and instructions as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Committee. Oral comment requests will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment within the form as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request form. If you have any questions, you may email PublicComment@lacera.com.)

V. REPORT

A. **Bond Market Update and Education**
Vache Mahseredjian, Principal Investment Officer
Pugh Capital Management speakers:
Mary Pugh, Chief Executive Officer
Deanna Hobson, Deputy CEO
Darius Cayetano, Co-Head of Investment Grade Fixed Income
(Presentation) (Memo dated July 31, 2025)

VI. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agendized item at a future meeting.)

VII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

VIII. GOOD OF THE ORDER

(For information purposes only)

IX. ADJOURNMENT

The Board of Investments has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Investments. Members of the Board of Investments who are not members of the Committee may attend and participate in a meeting of a Committee but may not vote, make a motion, or second on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.

MINUTES OF A REGULAR MEETING OF THE CREDIT AND RISK MITIGATION

COMMITTEE AND THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, JUNE 11, 2025

This meeting was conducted by the Corporate Governance Committee and Board of Investments both in person and by teleconference under California Government Code Section 54953(f).

COMMITTEE TRUSTEES:

PRESENT: Nicole Mi, Chair
David Ryu, Vice Chair
Alma Martinez
Debbie Martin
Patrick Jones, Alternate

ABSENT: Alma Martinez

STAFF, ADVISORS, PARTICIPANTS:

Jonathan Grabel, Chief Investment Officer

Jude Perez, Deputy Chief Investment Officer

Vache Mahseredjian, Principal Investment Officer

Quoc Nguyen, Investment Officer

Albourne
Stephen Kennedy, Portfolio Senior Analyst, Partner
Travis Williamson, Albourne, Head of Hedge Fund Research, Partner

I. CALL TO ORDER

The meeting was called to order by Board of Investments Chair Mi at 8:00 a.m. in the Board Room of Gateway Plaza.

II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)

A. Just Cause
B. Action on Emergency Circumstance Requests
C. Statement of Persons Present at AB 2449 Teleconference Locations

There were no requests for Just Cause or Emergency Circumstance.

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Credit and Risk Mitigation Committee Meeting of August 14, 2024.

A motion was made by Trustee Jones, seconded by Trustee Martin, to approve the minutes of the Board of Investments meeting of August 14, 2024. The motion passed by following roll call vote:

Yes: Jones, Martin, Mi

Absent: Martinez, Ryu

IV. PUBLIC COMMENT

There were no requests from the public to speak.

V. REPORT

A. **Hedge Fund Education**
Vache Mahseredjian, Principal Investment Officer
Quoc Nguyen, Investment Officer
Stephen Kennedy, Albourne, Portfolio Senior Analyst, Partner
Travis Williamson, Albourne, Head of Hedge Fund Research, Partner
(Presentation) (Memo dated May 30, 2025)

V. REPORTS (Continued)

Messrs. Mahseredjian and Nguyen and Messrs. Kennedy and Williamson of Albourne provided a presentation and answered questions from the Board.

VI. ITEMS FOR STAFF REVIEW

There were no items for staff review.

VII. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

VIII. GOOD OF THE ORDER
(For information purposes only)

There was nothing to report.

IX. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 8:42 a.m.

July 31, 2025

TO: Trustees - Credit and Risk Mitigation Committee

FROM: Vache Mahseredjian, CFA, CAIA, FRM, ASA VM
Principal Investment Officer

Chad Timko, CFA, CAIA CT
Senior Investment Officer

Quoc Nguyen, CFA QN
Investment Officer

Krista Powell KP
Investment Officer

Cindy Rivera CR
Investment Officer

Jason Choi, CFA JC
Senior Investment Analyst

FOR: August 13, 2025 Credit and Risk Mitigation Committee Meeting

SUBJECT: **Bond Market Update and Education**

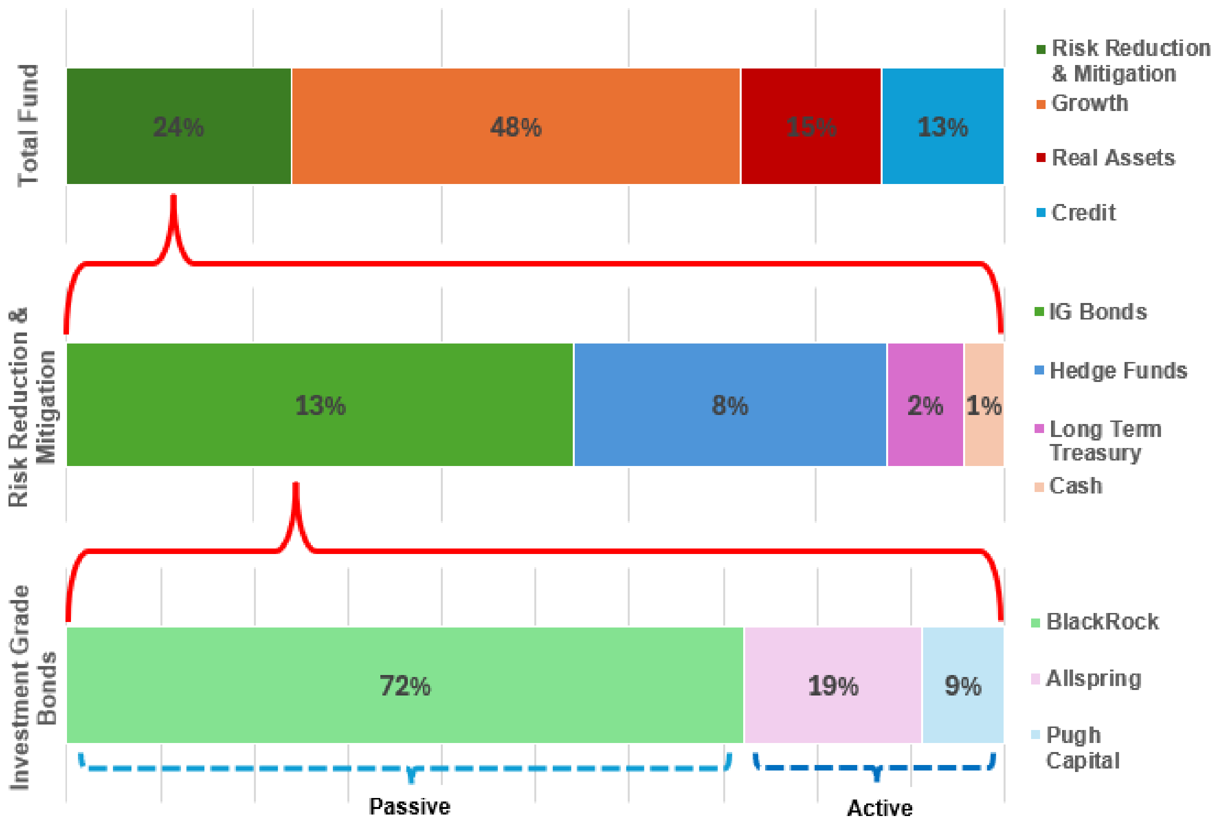
Representatives of Pugh Capital Management will provide a bond market update and educational session at the August 13 meeting of the Credit and Risk Mitigation Committee.

Pugh Capital Management ("Pugh") began managing a core fixed income portfolio for LACERA in 2005. In 2018, following years of solid, consistent performance, the firm was promoted and thereby graduated from emerging status.

The Pugh portfolio is part of LACERA's Investment Grade Bond composite, which resides within the Risk Reduction and Mitigation functional asset category, as shown on the following page in **Table 1**.

Founder and CEO Mary Pugh will be joined by Deanna Hobson (Deputy CEO) and Darius Cayetano (PM and Co-Head of Investment Grade). Their presentation (**Attachment**) includes observations about the past, present, and expected future for the LACERA mandate, the bond market, and the macroeconomy. They will also share some lessons learned over the firm's 30-plus year history.

**Structure of Investment Grade Bond Composite
Within LACERA Total Fund
Table 1**



Attachments

Noted and Reviewed:

Jonathan Grabel
Chief Investment Officer

ATTACHMENT

PUGH CAPITAL MANAGEMENT

LACERA Board of Investments
Credit and Risk Mitigation Committee

August 13th, 2025

Fixed Income Agenda

PUGH CAPITAL MANAGEMENT

Topic	Speaker
Pugh Capital Overview	Deanna Hobson
Fixed Income Education	Mary Pugh
LACERA's Mandate Overview	Darius Cayetano
Key Investment Themes for 2025	
• Fixed Income is Attractive	Mary Pugh
• Slower Growth, No Recession	Mary Pugh
• Diversification	Darius Cayetano

Pugh Capital Speakers

See Appendix for Full Biographies

Mary Pugh
CEO
44 Years of Experience

Deanna Hobson
Deputy CEO
28 Years of Experience

Darius Cayetano
Co-Head of Investment Grade &
Portfolio Manager
27 Years of Experience

Pugh Capital Overview

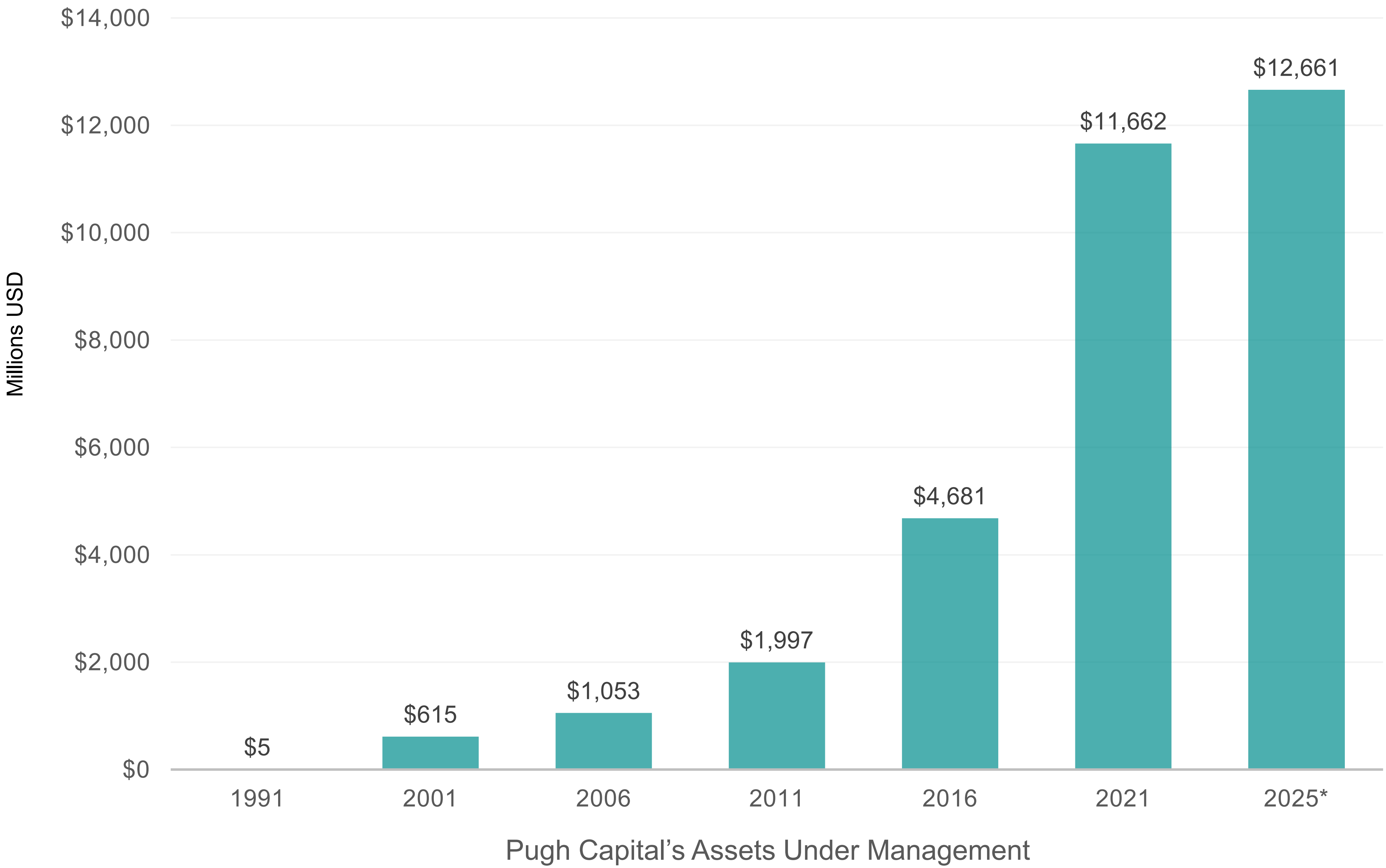
More Than Three Decades of Active Investing

Client Alignment. Focused Expertise. A Commitment to Fixed Income.

Fixed Income Solutions	We offer strategies across the credit and maturity spectrum designed to meet diverse institutional investor needs.
Enduring Partnerships	Our average client relationship spans over a decade and have been built on performance, trust and transparency.
Collaborative Leadership	We believe in cognitive diversity and shared decision making where every voice matters.
Empowered Culture	As an independent, employee and founder owned firm, our values-driven culture allows us to focus on what is right for the long term.

Growth That Maintains Stability

Strategic, scalable and aligned with our core capabilities



*As of June 30, 2025.

Fixed Income Education

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LACERA Insights

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Roles of Fixed Income

Objectives

- Current Income
- Capital Preservation & Downside Protection
- Source of Liquidity
- Diversification

Characteristics

- Active Internal Management
- Investment Grade Securities
- Low Volatility & Low Correlation to Growth Assets

Key Risks

- Interest Rates
- Credit
- Inflation

Bond Insights

Issuer	Starbucks
Coupon	5.4%
Maturity	05-15-2035
Duration	7.34

Bond Coupon and Principal Cashflows

$100,000 Bond	Coupon	Principal
Annual Income	$5,400	--
3 Years of Coupon	$16,200	--
5 Years of Coupon	$27,000	--
7 Years of Coupon	$37,800	--
10 Years of Cashflow	$54,000	$100,000

Rate Scenarios

Rate Scenarios	- 100	- 50	0	+ 50	+ 100
Price	108.11	104.13	100.33	96.63	93.09
Price Change	+ 7.78	+ 3.80	0	- 3.70	- 7.24
Yield	4.35	4.85	5.35	5.85	6.35

- A bond is essentially a loan made by an investor, to a corporate or government borrower.
- The borrower then promises to make regular payments, called coupons, and then at maturity repays the loan amount which is called the principal.
- One of the benefits that bonds bring to a portfolio is that they provide a consistent source of income.

Source: Bond used for analysis is Starbucks (SBUX) 5.4% 05/15/2035

Impacts of Rate Changes

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Treasury Securities

Maturity	2 Year	5 Year	10 Year	30 Year
Yield	3.95	4.05	4.48	5.01
Duration	1.86	4.46	7.88	15.44

Rate Scenarios - Price Changes

Rate Scenarios	2 Year	5 Year	10 Year	30 Year
-100	+ 0.96	+ 3.24	+ 5.79	+ 12.20
0	99.61	99.24	98.16	95.94
+100	- 1.83	- 4.32	- 7.44	- 13.36

- Duration indicates the percentage change in the price of a bond for a 1% change in interest rates.
- The higher the duration, the greater the price movement for a 1% change in rates.
- Shorter maturity bonds have less price volatility than long maturity bonds.

*All analysis uses on-the-run U.S. Treasury Notes. Data as of 07/15/2025. Rows for +100/-100 reflect the price changes.

What is One Defining Characteristic Of A Bond?

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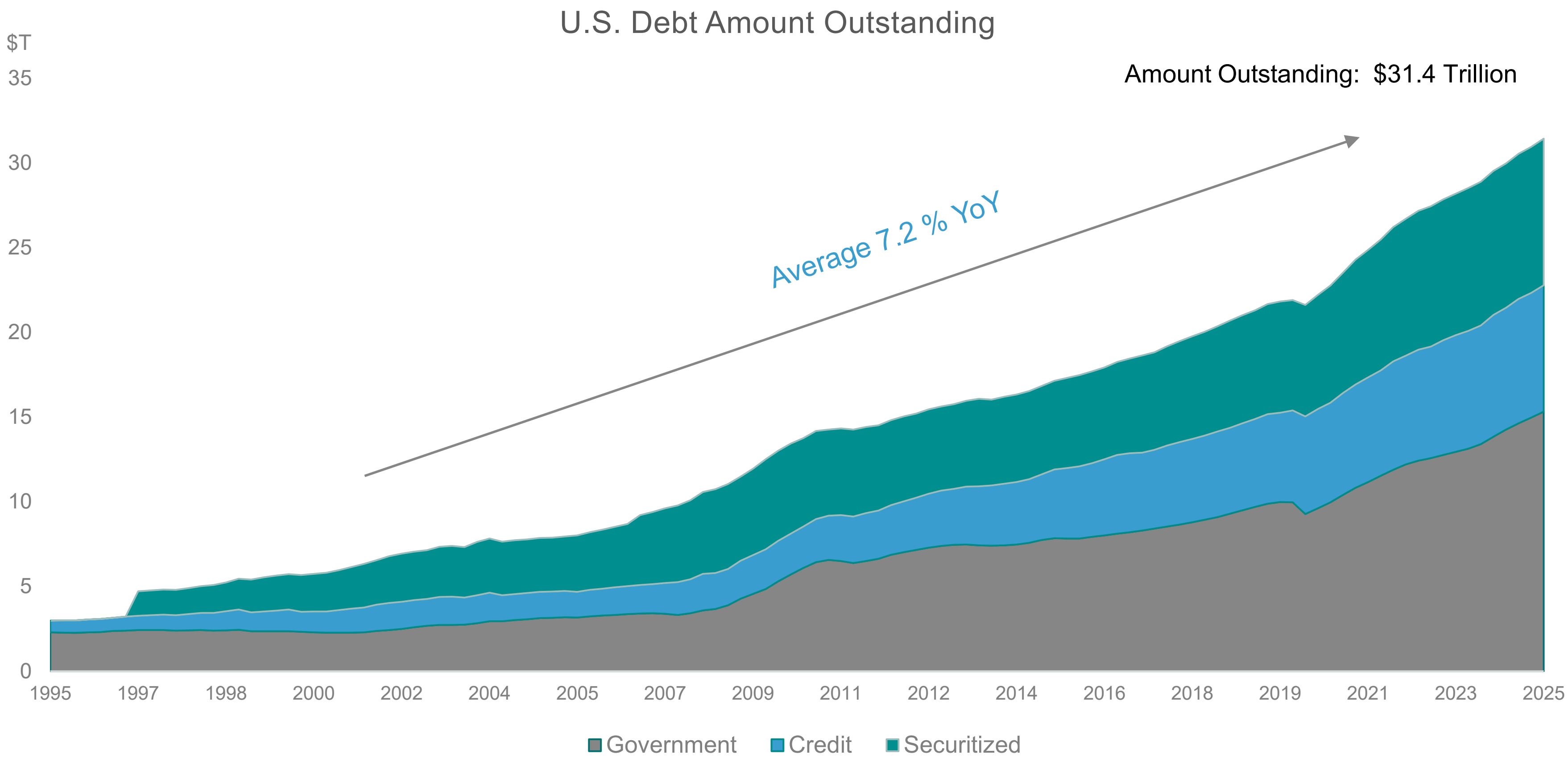
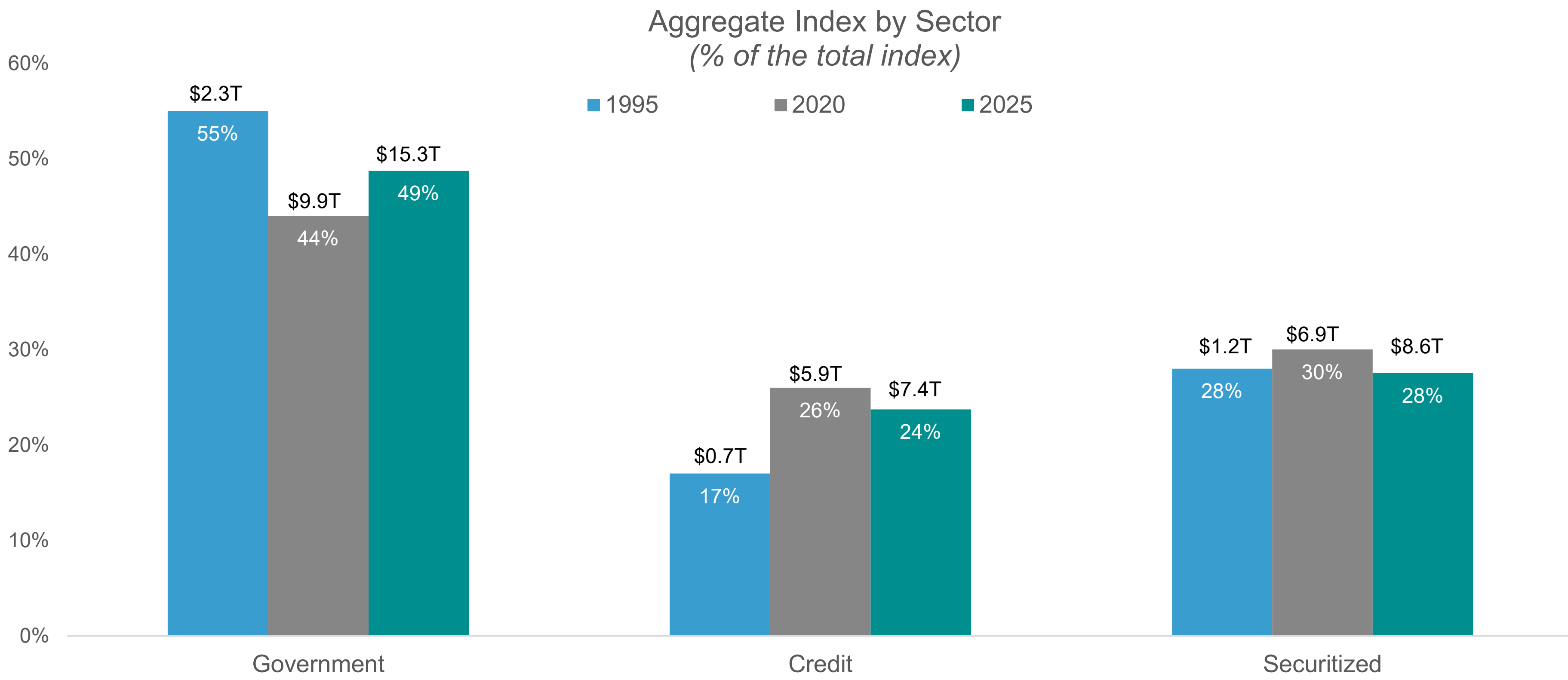
Investment Grade Debt has Grown Exponentially



- The amount of U.S. debt outstanding has increased from $4 to $31.4 trillion over the span of 30 years.
- The U.S. bond market has matured and become a critical source of capital for debtors.
- Government debt has been the fastest growing sub-sector.

Source: Barclays, as of 06/16/2025, quarterly data. Index: Bloomberg U.S. Aggregate Index.

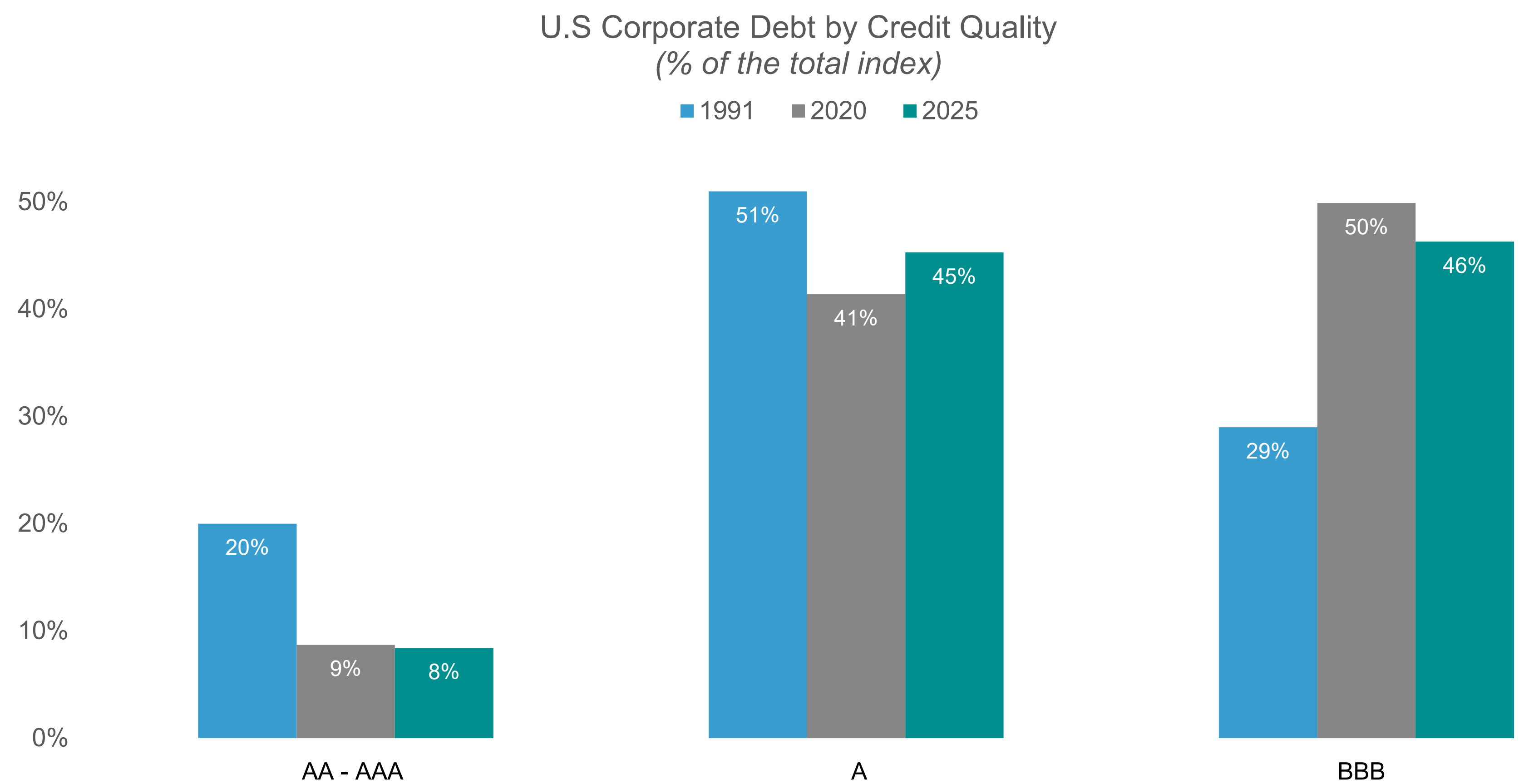
Aggregate Index by Sectors



- Government debt outstanding grew by $13 trillion over the past 30 years, about equal to the combined growth of the Credit and Securitized Sectors.
- Since 2020, Government debt has risen by $5.4 trillion, now making up 49% of the Index. Credit and Securitized shrank in weight but still grew by $1.5 and $1.7 trillion in debt outstanding, respectively.

Source: Barclays, as of 06/16/2025, quarterly data. Dollars are in trillions. Index: Bloomberg U.S. Aggregate Index

Corporate Index Credit Quality

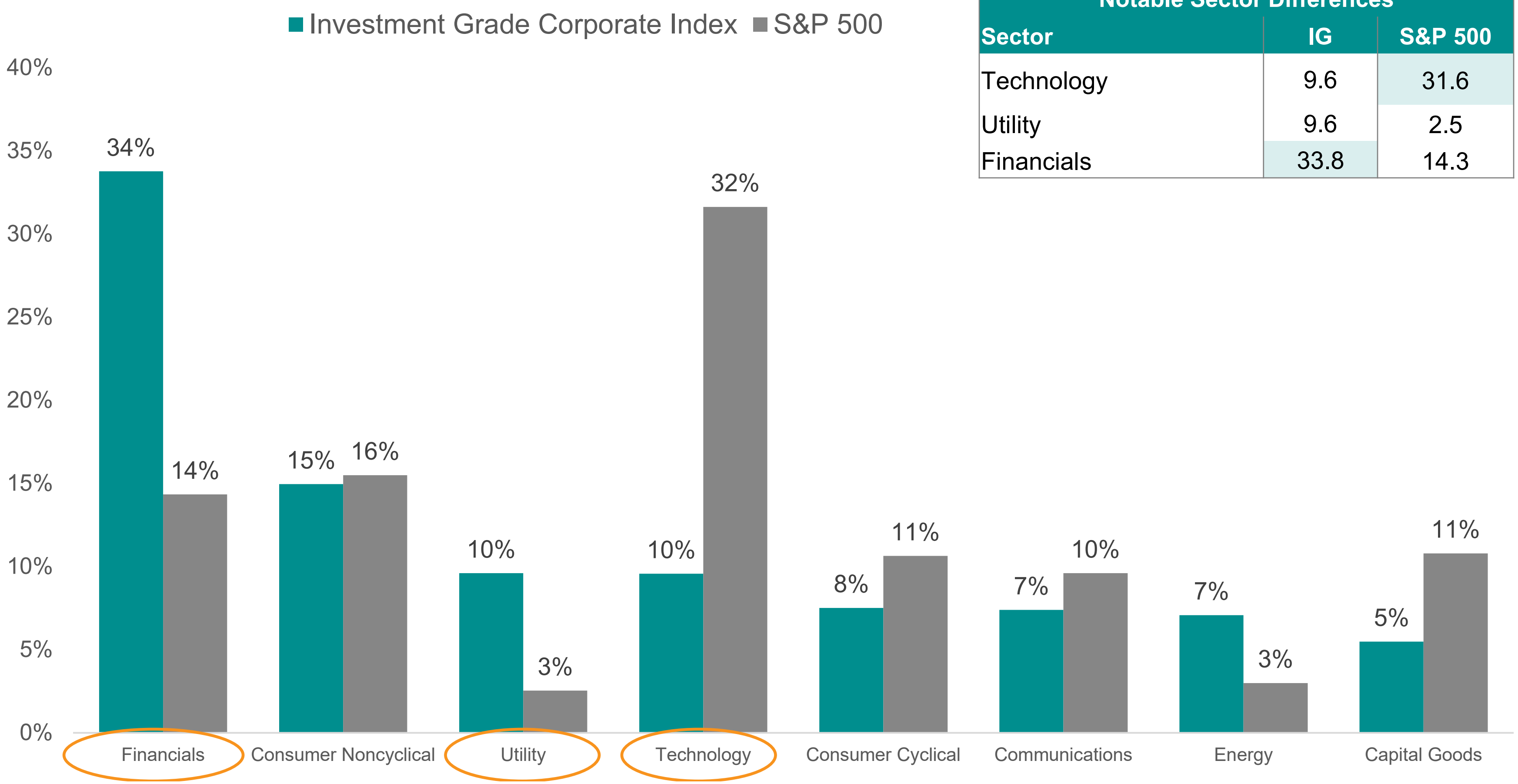


- Over the past 30 years, BBBs have grown from 29% to 46% of the Corporate Index, while higher quality sectors each lost over 10% of their share.
- However, since the pandemic, BBBs have declined as a share of the Index, reversing the long-term trend.

Source: Barclays, as of 06/16/2025, monthly data Index: Bloomberg US Corporate Index

Index Composition Comparison

Notable Sector Differences		
Sector	**IG**	**S&P 500**
Technology	9.6	31.6
Utility	9.6	2.5
Financials	33.8	14.3



Sector weights differ significantly between the Investment Grade (IG) Corporate Index and the S&P 500 Index, with IG dominated by Financials, Utilities the S&P 500 by Technology.

Source: Barclays, as of 06/16/2025, monthly data. Transportation and basics sectors are not included. Index: Bloomberg US Corporate Total Return Index.

LACERA’s Mandate Overview

PUGH CAPITAL MANAGEMENT

Core Fixed Income

Mandate Overview

Benchmark:
Bloomberg U.S. Aggregate Index

Performance Goal:
25 bps over Index *(Net)*

Universe:
Investment Grade Securities

Tracking Error:
Less than 75 bps

As of June 30th, 2025. bps = Basis Points. The performance goals and target tracking error stated above are annualized over a 5-year time period.

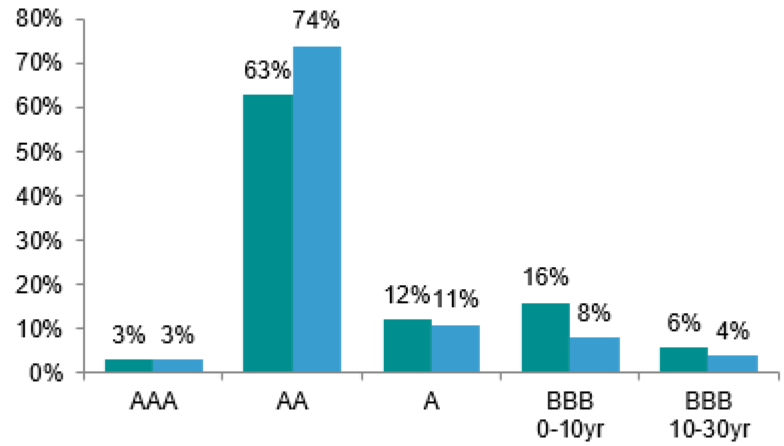
Portfolio Overview

PUGH CAPITAL MANAGEMENT

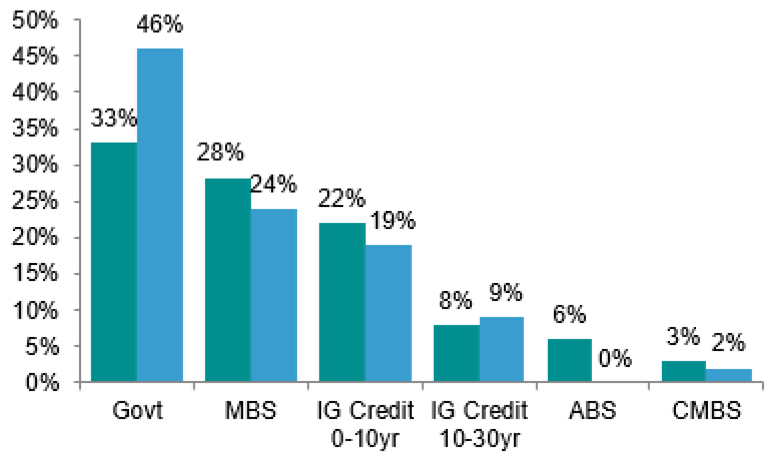
Characteristics

	LACERA	Index*
Effective Duration (yrs)	6.01	6.00
Yield to Worst (%)	4.74	4.51
OAS	50	32
Average Credit Quality	AA-	AA

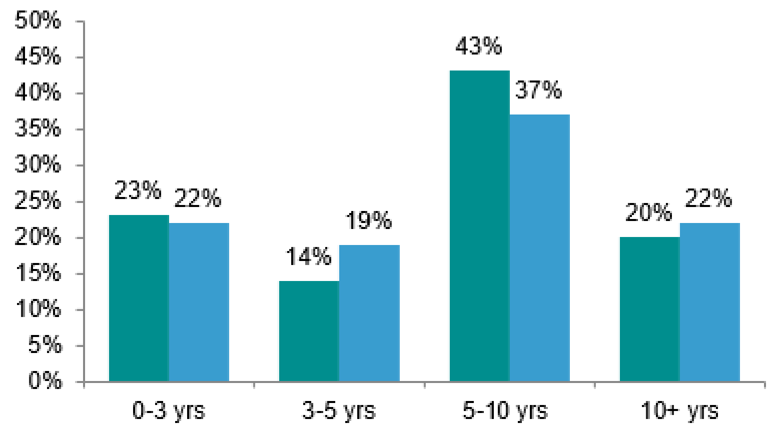
Credit Quality



Sectors



Maturity



LACERA Index*

Portfolio structure/allocation is subject to change without notice and may not be representative of current or future allocations. Please see Sources Notes and Disclosures.
OAS: Option Adjusted Spread. *Index: Bloomberg U.S. Aggregate Index. Source: Bloomberg PORT. As of June 30, 2025.

Portfolio Performance

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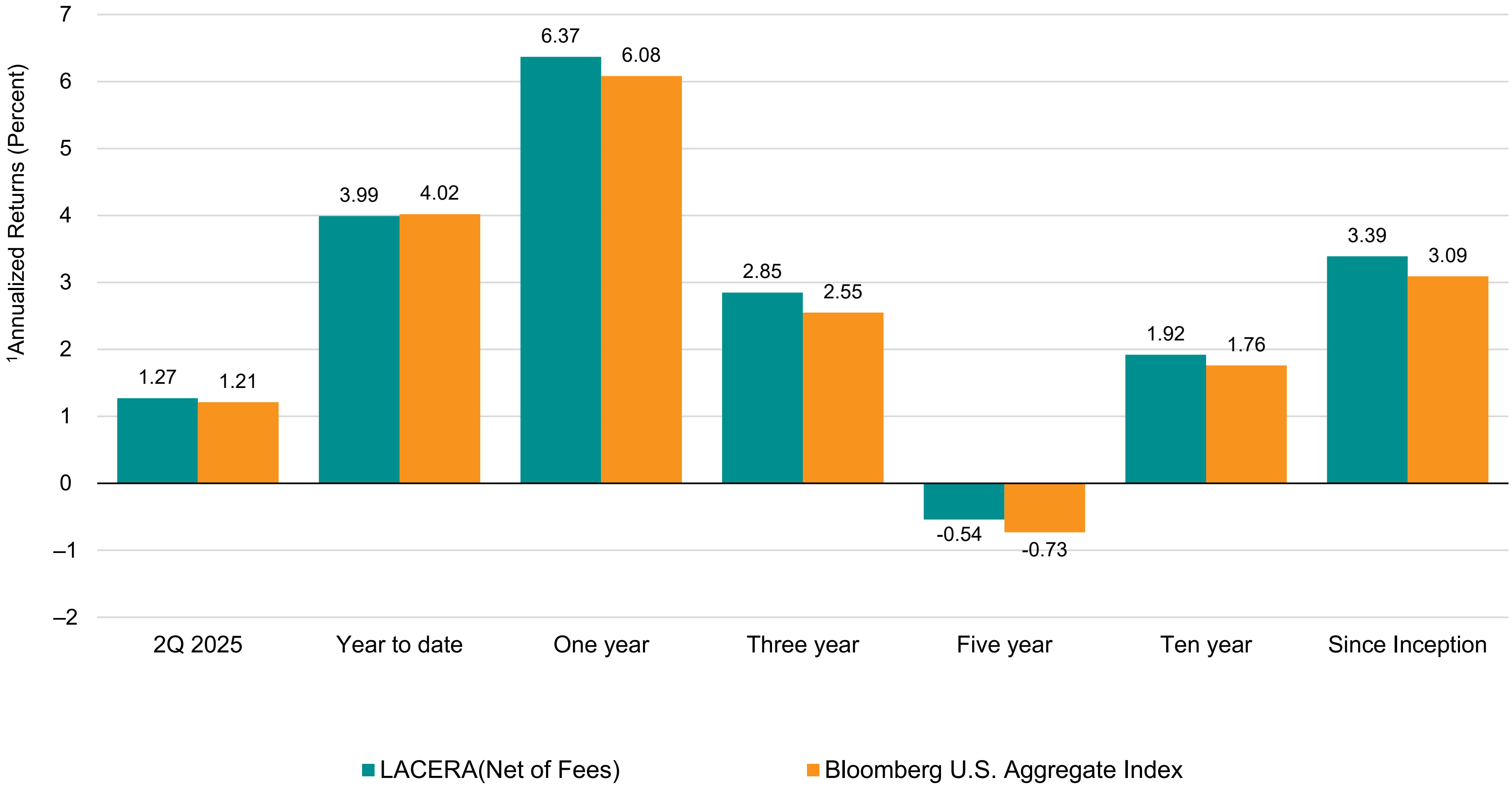
Los Angeles County Employee Retirement Association



Past performance is not a guarantee or a reliable indicator of future results. Investing involves risk; principal loss is possible. Please see disclosures page. [1]Returns for less than one year are not annualized. [2]Percent. Performance is as of June 30, 2025. LACERA's account inception date is 06/30/2005.

Key Investment Themes for 2025

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Fixed Income Market

Key Themes

- **Fixed income yields and carry are attractive.**
  Fixed income yields are at attractive levels using a variety of metrics. Larger coupons provide opportunities for investors to earn consistent income that will compound over time.

- **Economy will slow, but no expectation of a recession.**
  Economic and corporate fundamentals start from a position of strength. The U.S. economy is diversified and has shown resiliency and adaptability. Our view that a recession is low probably for near term is supportive of risk assets continuing to be additive to performance.

- **Spread sectors provide diversification and yield.**
  Corporates, Mortgage-backed securities (MBS), asset-backed securities (ABS), and commercial-mortgage-backed securities (CMBS) provide incremental yield and diversification relative to the Treasuries.

Fixed Income is Attractive

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By A Show Of Hands, How Many People Think 10-Year Treasury Rates Were Higher In 2005 Than Today?

Interest Rates

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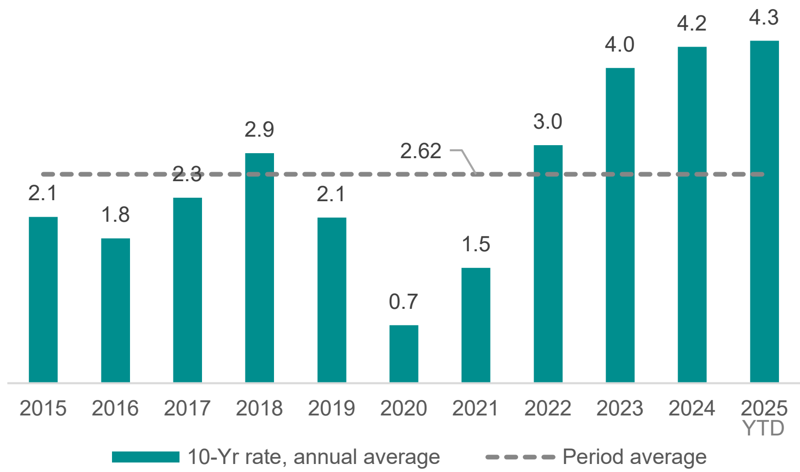
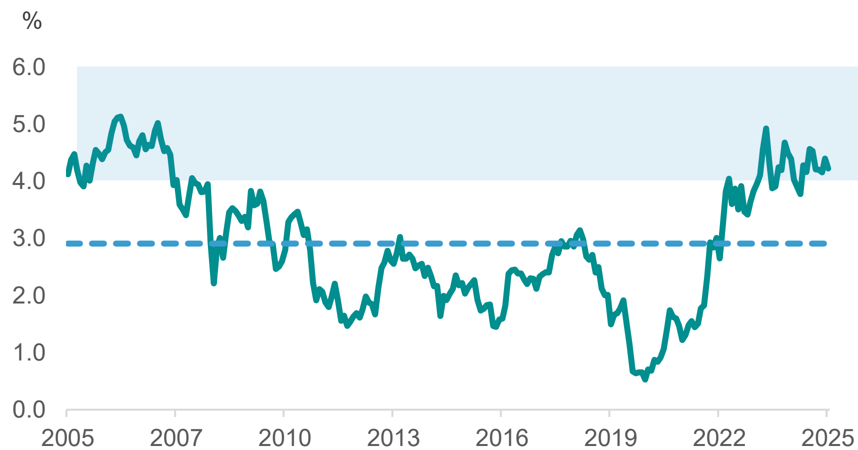
Interest Rate Levels are Historically Attractive

Annual Average Rate (%)



10-Year U.S. Treasury Yield



The 10-Year Treasury yield hit a low in 2020 during the Pandemic. Since then, rates trended higher as the Fed rapidly raised rates and the economy recovered. Since 2015, the 10-Year rate averaged 2.62%. Current levels are much higher.

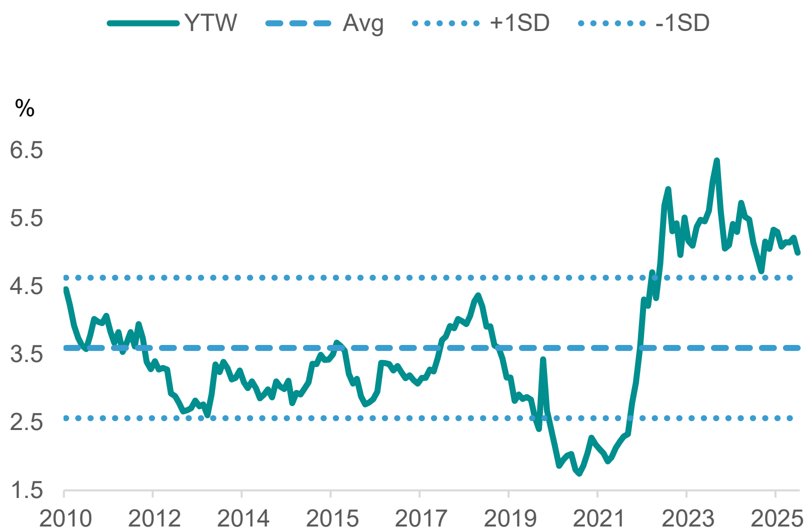
The 10-Year Treasury yield is well above its 20-year average, offering attractive all-in yields that support fixed income securities. Our trading range for 2025 is 3.5% to 5%, with the current yield near the upper end of that range.

Source: Bloomberg. As of June 2025.

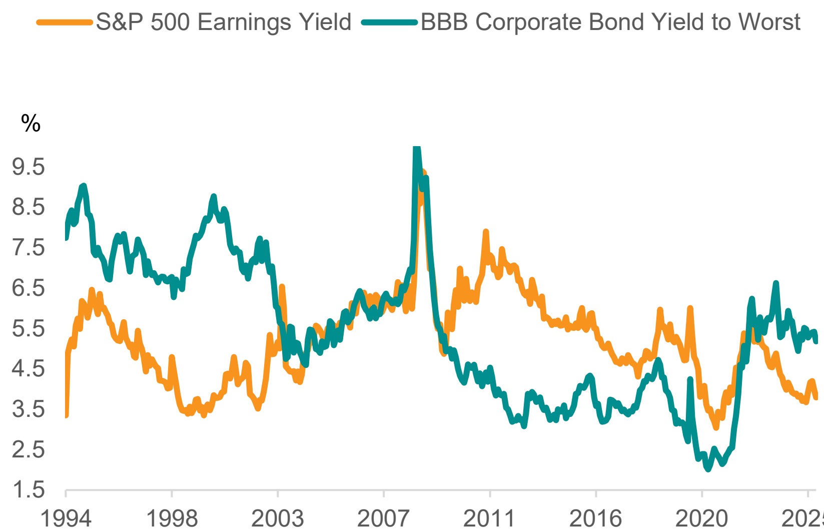
Source: Bloomberg. FOMC: Federal Open Market Committee. FOMC Forecasts for the Fed Funds Long Term Projection As of June 2025.

Corporate Yields are Attractive

Corporate Yield



BBB Corporate Yield – S&P 500 Earnings Yield



Corporate yields provide an attractive investment opportunity using a historical lens. Current levels are 86 percentile over a 15-year period with the most recent 3 years providing the highest levels. Pre-GFC periods provided higher rate levels.

BBB-rated bond yields have increased significantly since 2020 and flag as attractive relative to S&P earnings yields. The 30-year average is 21bps. Currently BBB's pick 143bps reflecting both the upward rate move and the equity outperformance.

Source: Bloomberg. YTW: Yield To Worst. 15-year average and +/- Standard Deviation (SD). As of June 2025.

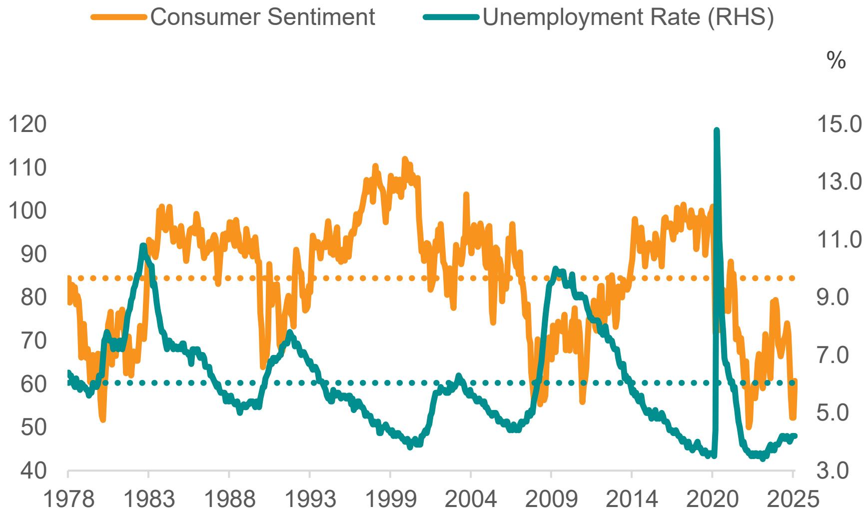
Source: Bloomberg. Using yield to worst. As of June 2025.

Slower Growth,
No Recession

Economy

Labor Market Remains Steady Amid Weak Sentiment

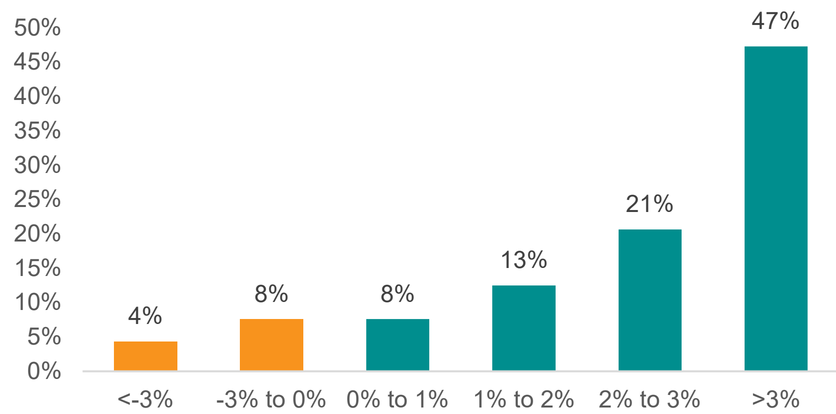
Consumer Sentiment and Unemployment



Consumer sentiment is in the 99th percentile of negativity over the past 47 years, despite low unemployment. The disconnect between soft and hard data suggests they are likely to converge, with either sentiment improving or the labor market softening.

Source: Bloomberg, Bureau of Labor Statistics, University of Michigan. Using University of Michigan Consumer Sentiment Index. As of June 2025.

GDP QoQ% Frequency



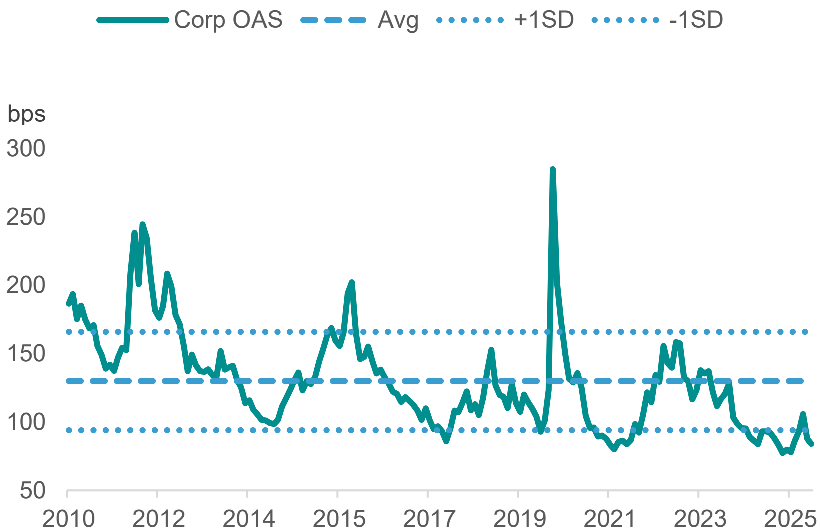
The U.S. mostly has positive GDP, with negative growth only occurring 12% of the time. The US economy is diversified and resilient. Fiscal and monetary policy also play a part. Our base case is slower growth, with a shock needed for a recession.

Source: Bloomberg, Bureau of Economic Analysis. Quarterly data since 1980. As of June 2025. QoQ = Quarter over Quarter..

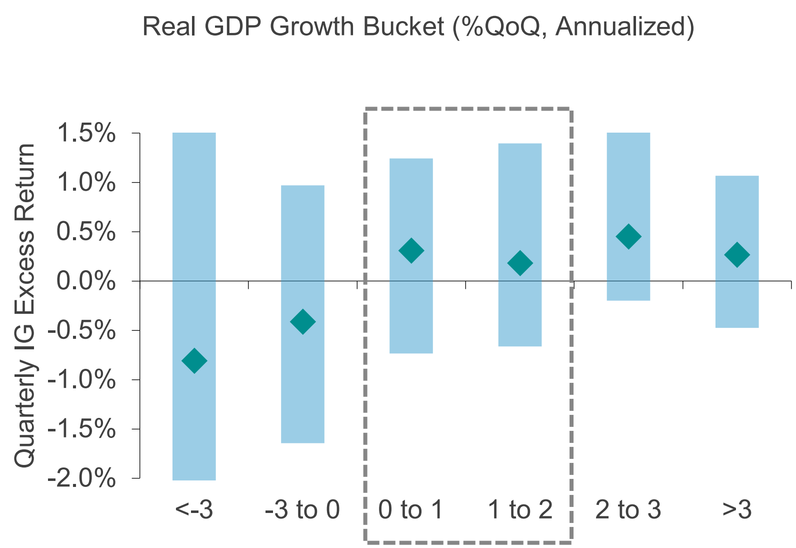
Corporate Valuation

Corporate Bonds are Attractive

Corporate Spread



Credit Excess Returns vs GDP



Corporate spreads are trading near their tightest levels over the past 15-years where only 4% of the time have spreads been tighter. This contrasts to the attractive yield story. Tight valuations provides the rationale for more modest risk taking.

Corporate earnings and bonds tend to do well when the economy is growing. When GDP growth is between 1% and 3% it is a sweet spot for Corporate excess returns. Our outlook for continued but slower growth is supportive of an overweight to corporates.

Source: Bloomberg. OAS: option adjusted spread. 15-year average and +/- SD. As of June 2025.

Source: Bloomberg, ICE BofA, Ibbotson, Moody's, Morgan Stanley Research. Blue columns represent the range of excess returns. Green diamonds represent average for the GDP bucket. Corporate yields shown reflect the yields for BBB-rated corporates only.

Diversification

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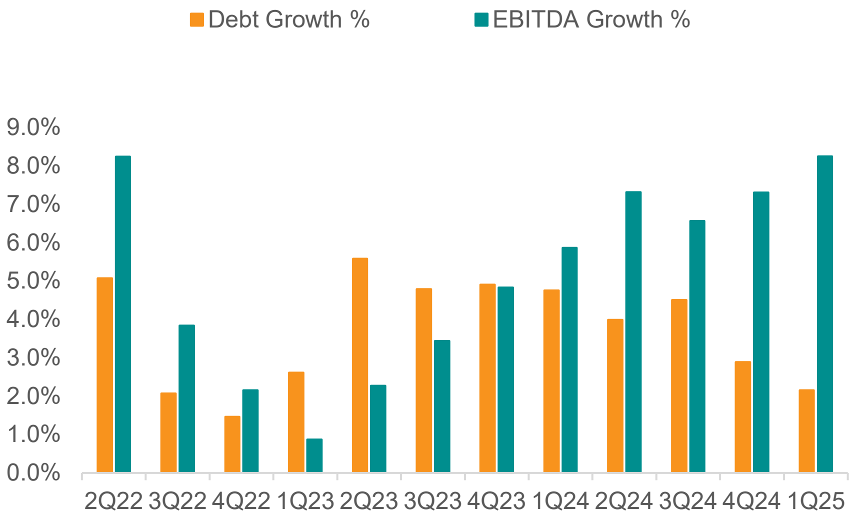
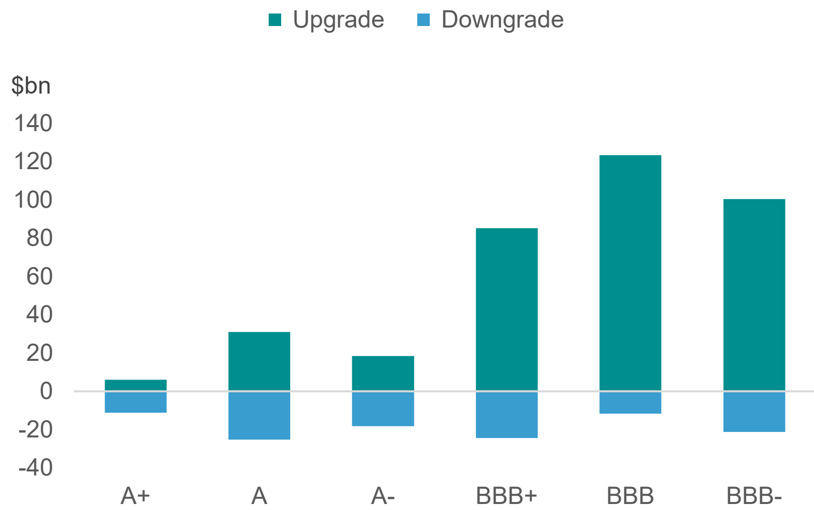
Corporate Fundamentals

Corporate Balance Sheets Remain Stable

Corporate Debt and EBITDA Growth



2025 YTD Ratings Migration



Corporate fundamentals remain solid, with companies starting from a position of strength. EBITDA growth has outpaced debt growth over the past 5 quarters, supporting stable to improving leverage profiles.

Ratings migration has been favorable, with upgrades outpacing downgrades. BBB's show strong upgrade momentum, while single-A is more balanced. We see better risk/reward in BBBs given wider spreads and greater ratings upside.

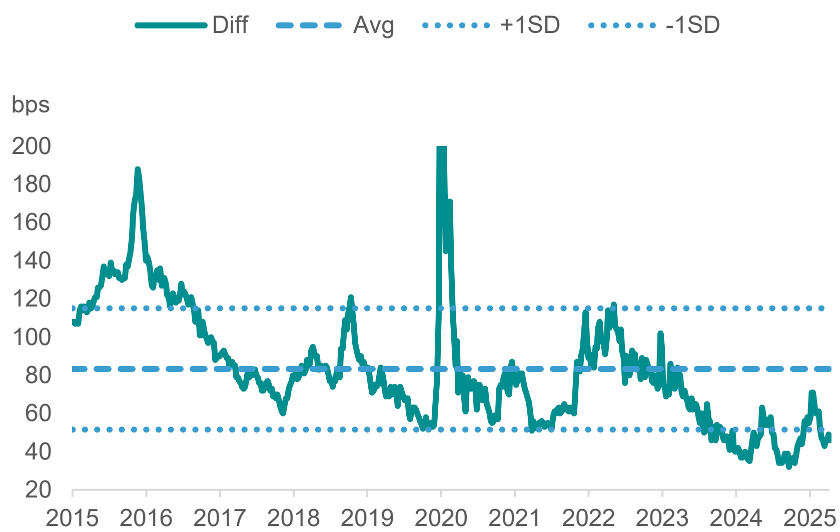
Source: JP Morgan. Corporate Debt and EBITDA excluding commodities (Energy, Metals & Mining and Chemicals). As of June 2025.

Source: ICE BofA, Morgan Stanley Research. As of June 2025.

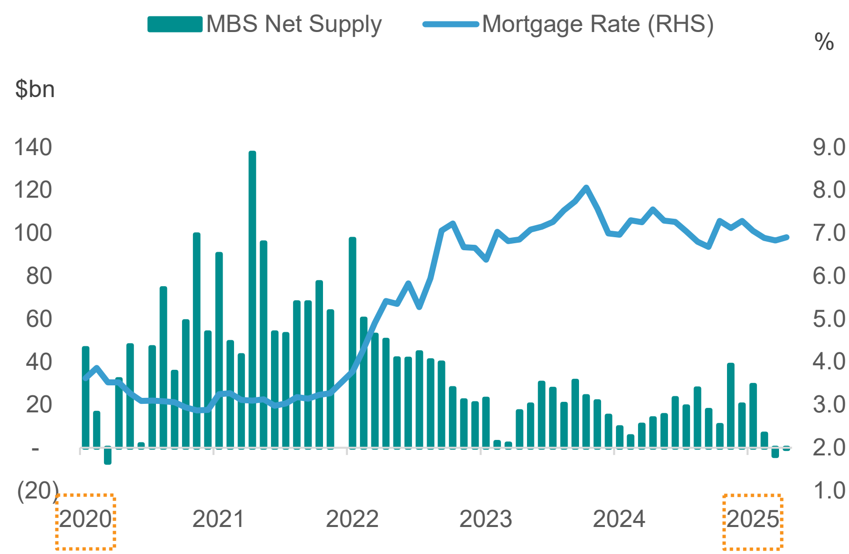
Structured Products

Structured Products Provide Diversification and Yield

Corporate – MBS Spread



MBS Net Supply



MBS spreads remain wide amid a challenged demand environment, while corporate spreads have tightened. On a relative basis, MBS is trading roughly one standard deviation cheap to corporates over the past 10 years and look attractive.

MBS net supply has turned negative for the first time since 2020, providing a meaningful technical tailwind for the sector. This limited supply helps offset the impact of softer demand and supports stability in spreads.

Source: Bloomberg. OAS: option adjusted spread. MBS = Mortgage-Backed Securities. Using Bloomberg MBS Index and Bloomberg Corporate Index. As of June 2025.

Source: Bloomberg, monthly data. As of June 2025.

Core Strategy Outlook

PUGH CAPITAL MANAGEMENT

Themes	3Q 2025 Positioning	Sector Highlights
Duration	**Neutral**	We plan to maintain the portfolio's duration within a tight range around neutral versus the Index.
Corporates	**Modest Overweight**	We maintain a modest overweight to corporates with attractive yields, solid fundamentals and positive growth expectations. Tight spreads provide a note of caution.
MBS	**Modest Overweight**	MBS valuations are attractive versus other asset classes.
ABS	**Overweight**	ABS provides attractive carry versus short-duration Treasuries.
CMBS	**Opportunistic Overweight**	AAA-rated CMBS have tightened but remain attractive versus A-rated CMBS or better corporates.

*Positioning is a projection versus the Index. The report above is for informational purpose only to demonstrate Pugh Capital's thoughts on asset allocation. This is based on the current opinions of the investment team when it was written, and such opinions are subject to change without notice. Such reports are for internal use only at Pugh Capital. Nothing in this report is intended to be relied upon as a forecast or investment advice. Please see Disclosures. Please do not redistribute.
MBS = Mortgage Backed Securities; ABS = Asset Backet Securities; CMBS = Commercial Mortgage-Backed Securities. As of June 2025.

Appendix

Speaker Biographies
Pugh Capital Themes
Fixed Income Definitions
Source Notes
Disclosures

PUGH CAPITAL MANAGEMENT

Speaker Biographies

Mary Pugh

Chief Executive Officer

Mary Pugh is the founder and CEO of Pugh Capital. She began her career at Washington Mutual as an investment analyst. She rose to the level of Senior Vice President of the Portfolio Management Division. When she and co-founder, Scott Greiwe established the firm in 1991, their vision was to create a diverse Seattle-based fixed income firm that clients would view as a trusted partner. Washington Mutual became the firm's first client and opened a $5 million account. Pugh Capital has grown organically over the years and manages over $10 billion in assets for institutional clients. Under her leadership, Pugh Capital has grown to become the largest African American female owned fixed income firm in the country. Mary has been an advocate and champion for diversity, equity, and inclusion in both her professional career and personal life.

From the beginning, the co-founders shared a passion for fixed income investing. They enjoyed researching macroeconomic dynamics and constructing portfolios that helped clients to achieve their goals. They also appreciated the chance to work in the investment field in their hometown of Seattle and wanted to create that opportunity for others. Under Mary's stewardship, Pugh Capital has built a firm that attracts, develops, inspires, and retains exceptional and diverse talent. We strive to build an organization that employees believe is a "Best Places to Work" and clients view as a preferred firm to work with. Pugh Capital was honored to be selected by Pension & Investments as one of the Best Places to Work in Money Management in the small manager category from 2018 – 2023.

Mary is committed to using her expertise, talent, and passion to make a positive societal impact. She has a long history of community engagement and enjoys providing opportunities to elevate the success and experiences of young people. She is on the board of the Rainier Scholars Endowment Fund and the Dean's Advisory Board for Seattle University's Albers Business School. Mary is the Program Chair of the Greater Seattle (WA) Chapter of the Links' award-winning Building STEAM program which works with middle school girls of color. Mary is a member of the Seattle Chapter of the International Women's Forum and on the board of the Washington Roundtable and Washington State Investment Board. Over the years, she has served on numerous boards including the University of Washington Medical Center, the Seattle Branch of the San Francisco Federal Reserve Bank, Washington Mutual, Cascade Natural Gas, The Seattle Foundation, and the YMCA of Greater Seattle. Mary graduated from Yale University with a B.A. in Economics.

Mary has received numerous awards. In 2023 Mary was selected by Pension & Investments as one of 65 women across the globe in their inaugural launch of the Influential Women in Institutional Investing Award. She was recognized by the National Association of Securities Professionals with the Joyce Johnson Award and by the San Francisco Federal Reserve Bank with the Grit, Grace, and Gratitude Award. In 2022 she was recognized as one of the Puget Sound Business Journal's Power 100 Executives. In 2018 she was honored with the Federal Reserve Bank of San Francisco's Fed Family Distinguished Service Award. In 2017 she received the Seattle Storm Inspiring Women Award and in 2016 she was honored with Seattle Business Magazine Executive Excellence Award as a CEO of the Year.

*Awards listed in this biography do not pertain to the services provided by Pugh Capital and are not reflective of the quality of investment management or services provided. Please refer to Awards and Rankings Disclosures for additional information (end disclosures).

Speaker Biographies

PUGH CAPITAL MANAGEMENT

Deanna Hobson

Deputy CEO

Deanna Hobson is a senior executive with a passion for building strong, high-performing corporate cultures that foster inclusion, innovation, and opportunity. With over 28 years of investment industry experience, she has successfully guided organizations through transformation, developed strategies that drive growth, and championed diverse perspectives in decision-making.

As Deputy CEO at Pugh Capital, Deanna leads relationship management and business development, providing fixed income investment guidance to institutional investors. She is a key member of the firm's Executive Management Committee, shaping business strategy, planning, and operations. Deanna has been with Pugh Capital since 2011 and brings a strong client centric mindset to managing the firm's growth. Her broad experience in institutional bond sales, bond origination and global fixed income operations provides a unique perspective to Pugh Capital and has contributed to helping the firm continue to grow efficiently and effectively.

Prior to joining Pugh Capital, Deanna held investment division positions at The Capital Group Companies, UBS, and Credit Suisse. Deanna earned her B.A. in Economics from Columbia University.

Darius Cayetano

Co-Head Investment Grade, Portfolio Manager

Darius is a Portfolio Manager for Pugh Capital's Core Fixed Income strategy and has been with the firm for 12 years. He previously served as Director of Credit Research and Senior Credit Analyst covering Energy and REITs. He also served on the Executive Committee. During his tenure as Director of Credit he was responsible for managing and developing the credit analyst team. Darius is a graduate of the Leadership Tomorrow program where he received formal training in servant leadership. He currently sits on the Board of Trustees and Investment Committee for University Child Development School.

Darius has more than 25 years of work experience. Prior to joining Pugh Capital, he was a Portfolio Manager and Credit Analyst for JP Morgan, where he was responsible for managing and training the next generation of analysts. Darius was also an Associate Analyst with Moody's Investors Service, where he was responsible for company research and credit ratings for Energy and Media industries.

Darius holds several degrees from the University of Pennsylvania: an M.B.A. from the Wharton School of Business, a B.S. in Economics, and a Bachelor of Applied Science in Engineering from the Jerome Fisher Program in Management and Technology.

Pugh Capital's Themes

The U.S. economy benefits from many positive attributes including diversified industries and employer base, and solid corporate and consumer fundamentals, but there are challenges. High uncertainty and anxiety will likely be a continuous state under the current Administration and tail risks are a concern. The economy has proven it is resilient, but we expect growth to slow down. Interest rates provide attractive investment opportunities at current yields. Risk assets tend to do well in modest growth environments.

Themes	Current Assessment	Highlights
Interest Rates	Attractive	For 2025, we expect 10-year yields to trade in a range of 3.5% - 5.0%. Current levels are at the upper end of the range, are attractive and provide strong coupon compounding opportunities.
Corporate Fundamentals	Solid	Corporations have improved their financial profiles over the past few years, and we expect continued solid performance. While they face many challenges, there are also potential positives that can be supportive. Industry differentiation is likely, and security selection will be important.
Risks	High	Risks in the current environment include geopolitical, tariffs, social unrest, challenges to Fed independence, deficits, autocratic leadership and potential for a constitutional crisis.
Inflation	Sticky	There is a gap between inflation expectations and actual inflation data. Will tariff and immigration policies translate to higher inflation? It will take time to see the impact, but we expect stickiness.
Monetary Policy	On Hold	The Fed will keep rates higher for longer as they await more clarity on tariffs and other policies. Concerns about upside risks to inflation are at the forefront. Labor market is broadly in balance.

As of June 2025.

Fixed Income Definitions

PUGH CAPITAL MANAGEMENT

Fixed Income	Fixed income investments (bonds) are simply loans made by an investor to a corporate or government borrower. The borrower, also known as the issuer, typically promises to pay a fixed amount of interest on the borrowed amount—known as the coupon—on a regular basis until a predetermined maturity date. At maturity, the issuer / borrower promises to return the principal amount of each bond—often referred to as the face or par value—to the investor.
Modified Duration	Indicates the percentage change in the price of a bond for a 1% change in interest rates. Modified duration helps investors understand how much the price of a bond is likely to move in response to interest rate fluctuations.
Yield	Refers to the earnings an investor receives from an asset, such as a bond, stock, or savings account, over a specific period of time.
Nominal Spread	Represents the difference in yield or interest rate between a particular bond or security and a benchmark, typically an equivalent treasury security which represents the risk free rate.

Source Notes

Pugh Capital Highlights, Source: Pugh Capital. “Other” includes Core Plus, Mortgage, Intermediate, Government, and Short Duration strategies.

Performance and Sector Allocation, Source: Axys and Bloomberg Indices Index sector allocation. Historical portfolio sector allocation as of quarter end. Cash is included in the Government allocation. Corporate OAS reflects Bloomberg U.S. Corporate Index OAS for all periods as of quarter end. Refer to Disclosures for definitions, performance, risk, index and other information.

Portfolio Overview, Please note that Cash is included as part of 0-3 year maturity, AAA rated securities, and the Govt sector allocation chart. Non-Agency CMOs are included in MBS sector allocation. Average credit quality utilizes an internal methodology consistent with market convention to report the quality of a security or the portfolio average quality. Please see Disclosures for definitions, index, and other information.

Interim Performance Disclosure. Performance presented between official quarterly performance reports is preliminary. Where net of fee monthly performance is reflected as the same figure as the gross of fee monthly performance, the quarterly fee has not yet been collected. When the quarterly fee is collected and posted, the net of fee performance figure for that month will be understated because the fee represents the full-quarter fee. Likewise, where other partial periods are reported, fees are not estimated or prorated. Both gross and net of fee performance figures will be available and provided on the official quarterly performance report. We are providing this interim report at your request for informational purposes.

Avg. Credit Quality or Rating. Pugh Capital utilizes an internal methodology consistent with market convention to report the quality of a security or the portfolio average quality.

Disclosures

PUGH CAPITAL MANAGEMENT

PERFORMANCE and FEE DISCLOSURES

***Past performance is not a guarantee or a reliable indicator of* future results. Investing involves risk; principal loss is possible**. Investors should carefully consider risk when investing in bonds or other securities, which include, but are not limited to, default, credit rating, interest rate, duration, prepayment, liquidity, and structural risks. Securities are also subject to general market risks due to factors that affect the overall market, which may include, but are not limited to, government actions, investor behavior, and economic conditions. Economic conditions may be influenced by liquidity risk, geopolitical risks, monetary and fiscal policy, interest rate risk, and inflation, among others.

There is no guarantee that investment strategies presented will work under all market conditions. Risk management processes including diversification cannot eliminate the risk of losses nor assure the likelihood of a gain. Each investor should evaluate their ability to invest for the long-term, especially during periods of downturn or volatility in the market.

Returns for less than one year are not annualized. All portfolio returns of Pugh Capital Management are based in U.S. dollars and are calculated using a time-weighted return (TWR) methodology, which is a method of calculating period-by-period returns that reflect the change in value and negates the effect of external cash flows. The monthly composite return is the asset-weighted performance of all portfolios in the composite. Monthly composite returns are geometrically linked to form year-to-date and annual returns. The total returns include reinvestment of interest and other earnings and include accrued interest. Account returns may be higher or lower than the product composite returns due to differences in portfolio holdings, timing of security transactions, and account inception date.

Gross of fee performance is calculated net of all transaction costs but before investment management fees, and includes accrued interest. Net of fee performance reflects the deduction of actual investment management fees and all transaction costs but does not reflect the deduction of custodial fees. Pugh Capital does not assess performance-based fees. Fees are disclosed as part of the firm’s Form ADV Part 2A, which is available upon request.

It is not possible to invest directly in an index. The index is unmanaged and does not incur charges or expenses. Holdings in the strategy may differ from the index and holds fewer securities than contained in the index. The benchmark index is provided for comparative purposes to represent the investing environment during the periods shown. Pugh Capital manages other investment strategies for clients that had investment returns materially different than the returns presented.

Composite Returns. Pugh Capital claims compliance with the Global Investment Performance Standards (GIPS®). Pugh Capital has been independently verified for the periods from January 1, 2006 to December 31, 2024 by Absolute Performance Verification LLC. Results are based on all fee-paying, fully discretionary accounts under management, including those that are no longer with the firm. To receive a GIPS Composite Report, the verification, performance examination reports and additional information regarding policies for valuing investments, calculating and reporting returns, please contact Deanna Hobson, Executive Vice President, Marketing & Client Service, at (206) 322-4985, or write Pugh Capital Management, 520 Pike Street, Suite 2900, Seattle, WA 98101, or info@pughcapital.com. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute, which does not endorse or promote Pugh Capital, nor does it warrant the accuracy or content contained herein.

Each composite includes all fee paying, fully discretionary accounts that invest in the strategy. Pugh Capital adheres to the GIPS valuation hierarchy principles. For more information about composite inclusion criteria, significant cash flow policy, large cash flow policy, and benchmark description, please refer to the GIPS Report which may be obtained as explained above.

Supplemental Return Information (such as attribution and excess returns) **and Commentary on Performance is Stated Gross of Fees** unless otherwise noted. Please refer to the performance report for the effect of management fees by comparing gross vs. net returns.

Interim Performance Disclosure. Where requested, performance presented between official quarterly performance periods is preliminary. Net of fees returns are calculated after actual investment management fees, which are assessed and collected on a quarterly basis. During months where management fees are not collected, gross and net returns reflected may be the same. During months where management fees are collected, the net return is understated as it generally represents fees for the full quarter. Likewise, where other partial periods are reported, fees are not estimated or prorated. Both gross and net of fee performance figures are reflected for official quarterly performance periods. Where reflected, interim period reporting is provided at your request for informational purposes.

Performance Reported as of 4:00 p.m. EST as of March 31, 2021 forward. In mid-January 2021, Bloomberg changed the time at which it strikes closing prices from 3:00 p.m. EST to 4:00 p.m. EST for the Bloomberg Indices. Because our performance is measured against these benchmarks, Pugh Capital moved to reporting performance as of 4:00 p.m. EST (1:00 p.m. EST on early close days) for performance as of March 31, 2021 forward. All periods prior reflect reporting as of 3:00 p.m. EST.

Disclosures (continued)

PUGH CAPITAL MANAGEMENT

RISK DISCLOSURES

Investing in securities involves risk of loss that clients should be prepared to bear. Securities will fluctuate in value on a daily basis. Pugh Capital does not guarantee market value, investment returns, or performance for any securities or strategies.

Risk management processes including diversification cannot eliminate the risk of losses nor assure the likelihood of a gain. Each investor should evaluate their ability to invest for the long-term, especially during periods of downturn or volatility in the market.

Investing in fixed income securities comes with certain risks. For example, idiosyncratic risks may arise from events affecting the issuer of fixed income securities, such as failing to meet its obligations to make payments to its bondholders (default risk) or a downgrade in its credit ratings, either one of which may cause a decline or loss in the value of its securities. The risk of such a default is the central risk of investing in securities rated below investment grade. High yield securities with lower credit ratings generally involve greater risk than higher-rated securities. In addition, participants in the fixed income markets, including Pugh Capital, rely on the accuracy and timeliness of information from issuers of securities, rating agencies, and other public sources of information. If this information is inaccurate or materially misleading, or if these entities engage in fraud or similar practices that undermine the fairness and efficiency of the capital markets, investments in securities may lose money.

In addition, the market values of fixed income securities are sensitive to prevailing interest rates. A rise in interest rates generally causes a decline in the value of fixed-income securities (interest rate risk). Expectations of higher inflation generally cause interest rates to rise. Fixed income securities of longer duration are more sensitive to this risk so may experience greater fluctuation in market values as a result.

The effect on the market value of high yield debt securities may not be directly correlated with changes in general levels of interest rates. However, any such increase in overall interest rates, or in the interest rates that the market demands of high yield bonds in particular, may negatively affect the value of high yield debt securities in a client's portfolio.

The risk that an issuer's credit deteriorates and investors demand a higher level of compensation to support ongoing investment in the issuer's credit relative to the initial investment level, creates an investment opportunity cost associated with being undercompensated for ongoing risks.

Fixed income securities are also subject to general market risks, meaning a decline in the value of securities, due to factors that affect the overall market which may include, but are not limited to, government actions, regulatory environment, investor behavior, and economic conditions.

Economic conditions may be influenced by liquidity risk, geopolitical risks, monetary and fiscal policy, interest rate risk, and inflation, among others. It may become difficult to purchase or sell at an advantageous time or price (liquidity risk) under adverse market or economic conditions independent of any specific adverse change in the conditions of a particular issuer. Liquidity risk has increased in recent years with the reduction in dealer market-making capacity. Fixed income securities are also subject to risks that may only affect a sector of the market, if they fall within the sector. At any time, there may be a lack, or a limited number, of willing buyers for the lower-rated securities, particularly in high-yield portfolios. Under these circumstances, we may have to sell such securities at lower prices or may not be able to sell them at all, either of which would negatively affect the performance of client accounts. A lack of reliable, objective data or market quotations may make it more difficult to value below investment grade securities accurately (valuation risk).

Fixed income securities have a stated maturity date when the issuer must repay the principal amount of the bond. Some fixed income securities which Pugh Capital may purchase, are known as callable bonds, where the issuer may exercise its right to repay principal on an obligation held in a client portfolio earlier than the stated maturity date (call risk). Fixed income securities are most likely to be called when interest rates are low or falling because the issuer can refinance at a lower rate. Mortgage-related and other asset-backed securities are subject are subject to a similar prepayment risk where borrowers may pay off mortgages sooner than expected. Certain types of asset-backed securities may also be subject to prepayment risk, as well as additional risks associated with the nature of the assets and the servicing of those assets. Under these circumstances of call risk or prepayment risk, the client portfolio may be unable to recoup all of its initial investment and will also suffer from having to reinvest in lower yielding securities.

Fixed income securities are also subject to the risk that an issuer will exercise its right to pay principal on an obligation held in a client portfolio later than expected (extension risk). This may happen when there is a rise in interest rates. Under these circumstances, the value of the obligation will decrease, and the client portfolio will also suffer from the inability to invest in higher yielding securities.

In general, issuers of high yield debt securities have a greater likelihood of defaulting on the payment of interest and/or principal than issuers of investment grade rated bonds. High yield bonds are typically more volatile than bonds with higher credit ratings. Pugh Capital's portfolio managers adhere to an investment process that focuses on fully analyzing investment risks, whether peculiar to the particular securities or systemic to the entire market. Moreover, our portfolio managers continuously and regularly monitor their portfolios and adhere to a disciplined sell strategy to reduce the risk of a negative credit event.

There is risk that the particular securities selected will underperform the relevant benchmark. There is also a risk that Pugh Capital's investment style may underperform other investment styles or the overall market.

Equity Risk: to the extent investments in equity securities are made, an account is subject to the risk that equity prices will fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of an account's equity securities may fluctuate a great deal from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response.

Disclosures (continued)

PUGH CAPITAL MANAGEMENT

INVESTMENT PROCESS DISCLOSURES

Past performance is not a guarantee or a reliable indicator of future results. Investing involves risk; principal loss is possible. Investors should carefully consider risk when investing in bonds or other securities, which include, but are not limited to, default, credit rating, interest rate, duration, prepayment, liquidity, and structural risks. Securities are also subject to general market risks due to factors that affect the overall market, which may include, but are not limited to, government actions, investor behavior, and economic conditions. Economic conditions may be influenced by liquidity risk, geopolitical risks, monetary and fiscal policy, interest rate risk, and inflation, among others.

There is no guarantee that investment strategies presented will work under all market conditions. Risk management processes including diversification cannot eliminate the risk of losses nor assure the likelihood of a gain. Each investor should evaluate their ability to invest for the long-term, especially during periods of downturn or volatility in the market. Please refer to **Opinions Disclosure** below.

Analyst Research Report. The report contained herein is for informational purpose only to demonstrate Pugh Capital's credit analysis and selection process. New positions purchased which do not have an associated analyst issuer report will undergo analysis at the next review. Please refer to **Opinions Disclosure and Third- Party Sources Disclosure** below.

Attribution Analysis. Attribution analysis is based on gross of fees performance data and is provided as supplemental information to the performance report. Please refer to the portfolio performance report to view the effect of management fees by viewing the gross vs. net returns. The attribution analysis contained herein is calculated by Pugh Capital and is intended to provide an estimate as to which elements of a strategy contributed (positively or negatively to a portfolio's performance. Attribution analysis is not a precise measure and should not be relied upon for investment decisions.

Avg. Credit Quality or Rating: Pugh Capital utilizes an internal methodology consistent with market convention to report the quality of a security or the portfolio average quality.

Charts and Graphs. No graph, chart, formula, or other device can by itself determine whether to buy or sell a security. Performance results for certain charts and graphs may be limited by date ranges specified on those charts and graphs; different time periods may produce different results.

Commentary Disclosure. The commentary reflects Pugh Capital's opinions based on information available at the time of the analysis. Opinions, outlook, and strategies are subject to change without notice. Please refer to **Market Outlook and Themes Disclosure** below.

Forecasts and Estimates. Forecasts, estimates and certain information contained herein are based upon proprietary research and should not be interpreted as investment advice, as an offer or solicitation, nor as the purchase or sale of any financial instrument. Forecasts and estimates have certain inherent limitations, and unlike an actual performance record, do not reflect actual trading, liquidity constraints, fees and/or other costs. There are numerous other factors related to the markets in general or the implementation of any specific investment strategy, which cannot be fully accounted for in the preparation of forecasts and estimates. In addition, references to future results should not be construed as an estimate or promise of results that a client portfolio may achieve.

Investment Adviser. Pugh Capital Management is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Issuers and Securities. References to specific securities and their issuers or security types are for illustrative purposes only and are not intended, and should not be interpreted, as recommendations to purchase or sell such securities. Pugh Capital may or may not own the securities referenced and, if such securities are owned, no representation is being made that such securities will continue to be held.

Market Outlook and Themes; Market Forecasts. Fixed income market data provided is drawn from the index or source indicated for informational purposes only and **is not representative of portfolio performance.** It is not possible to invest directly in an index. For portfolio performance, please refer to the portfolio or strategy performance page. Statements concerning financial market trends are based on current market conditions which will fluctuate. Market forecasts and certain information contained herein are based upon proprietary research and has been provided for informational purposes only. Nothing in this report should be relied upon as a forecast or investment advice. Please refer to **Opinions Disclosure and Third-Party Sources Disclosure** below.

Opinions. This material contains the current opinions of the manager, and such opinions are subject to change without notice. This material has been distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, asset class, strategy, or product.

Portfolio Structure. Portfolio structure or allocation is subject to change without notice and may not be representative of current or future allocations.

CLIENT REFERENCES DISCLOSURE

No portion of any content is to be interpreted as a testimonial or endorsement of Pugh Capital Management's services and it is not known whether any clients referenced in listing of clients approve of Pugh Capital Management or its services, nor should it be assumed that any references to Pugh Capital client experiences are representative of all client experiences.

SOURCE DISCLOSURES

Unless otherwise stated, the source of information is Pugh Capital Management.

Third-Party Sources. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed and may be incomplete or condensed. Investors should be aware of the risks associated with data sources and quantitative processes used in our investment management process. Errors may exist in data acquired from third party vendors, the construction of model portfolios, and in coding related to the index and portfolio construction process. While Pugh Capital takes steps to identify data and process errors so as to minimize the potential impact of such errors on index and portfolio performance, we cannot guarantee that such errors will not occur.

Disclosures (continued)

PUGH CAPITAL MANAGEMENT

AWARDS and RANKINGS DISCLOSURES

Third party rankings and recognition from rating services or publications are not a guarantee or reliable indicator of future investment success and are not constant over time. Working with a highly rated adviser does not ensure that a client or prospective client will experience a higher level of performance or results. These ratings should not be construed as an endorsement of the firm by any client nor are they representative of any one client's evaluation. Generally, ratings, rankings and recognition are based exclusively on information prepared and/or submitted by the recognized firm. **Rankings based on AUM do not represent an assessment of investment performance or the quality of services provided. Rankings based on performance are not indications of future performance.**

eVestment is a third-party institutional investment data and analytics provider. Pugh Capital submits data to eVestment for certain of its investment products free of charge. Pugh Capital purchases a subscription to access the eVestment analytics system and also purchases eVestment's OMNI product to facilitate the upload and distribution of data to multiple databases. *Past performance is not a guarantee or a reliable indicator of future results*. eVestment results are not indications of an adviser's future performance. Peer ranking information pulled based on gross of fee returns. eVestment universes are based on a set of criteria which includes qualitative and quantitative factors to create and maintain a comparative peer group. Not all investment managers participate. Rankings may vary significantly as additional data from managers is reported. Rankings based on AUM do not represent an assessment of investment performance or the quality of services provided. Additional information is available by contacting eVestment. eVestment does not endorse investment advisers or their respective investment products. Not for general distribution. All categories not necessarily included; totals may not equal 100%. eVestment and its affiliated entities (collectively, "eVestment") collect information directly from investment management firms and other sources believed to be reliable; however, eVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and is not responsible for any errors or omissions.

The following awards do not pertain to and are not reflective of the services or quality of investment management provided by Pugh Capital.

Pension & Investments Best Places to Work in Money Management 2018 - 2024 (Small Firm Category). This award does not assess or reflect on the quality of investment management services provided. The Pensions & Investments Best Places to Work in Money Management is a national program managed by Best Companies Group, an independent research firm. Participating workplaces are ranked based on an analysis of an employer benefits and policies questionnaire and an employee engagement and satisfaction survey. A minimum of 20 employees is required to participate. A registration fee is required to participate in the survey (as of 2024, the fee is $199), with no promise or guarantee in connection with the fee for selection or results. Optional purchases include an employee feedback report, a logo for promotional use, and a featured employer advertisement. Pugh Capital is a subscriber of Pensions & Investments Magazine. No Pugh Capital client was part of the selection process. This distinction is not an endorsement of any Pugh Capital strategy of its performance. Recipients are determined the December prior to the years listed above. For more information and a complete listing of the winners, please refer the December Pensions & Investments online magazine publications or call the Best Companies Group at 877-455-2159.

CEO of The Year Award 2016, Seattle Business Magazine February 2016 Issue, awarded to Mary Pugh. This award does not pertain to and are not reflective of the services or quality of investment management provided by Pugh Capital. The Seattle Business Magazine's Executive Excellence Awards program recognizes WA executives demonstrating extraordinary leadership guiding companies/nonprofits to success. There was 1 winner in each of the 5 categories from a list of 85 nominees. Criteria: length of time in leadership position, growth of company under leadership, notable milestones/projects led, etc. Judges: Jeffrey Seely Founder former CEO, ShareBuilder Corp; John Oppenheimer, founder/CEO,Columbia Hospitality; JonFine, President/CEO, United Way King County; Joseph M. Phillips, Dean, Albers School of Business and Economics, Seattle University; Phyllis Campbell, Chair, JP Morgan Chase & Co., Pacific Northwest; Stanley B. McCammon, President/CEO, Joshua Green Corp. No existing Pugh Capital client was part of the nomination or selection process. Pugh Capital is not a subscriber of Seattle Business Magazine, did not pay any fees to the magazine, its organizers, or any third party to be nominated or selected for this award. For more information, please refer to the February 2016 issue of Seattle Business Magazine and contact Seattle Business Magazine at 206.284.1750

Federal Reserve Bank of San Francisco Fed Family Distinguished Service Award, awarded to Mary Pugh in 2023. This award does not pertain to and is not reflective of the services or quality of investment management provided by Pugh Capital.

Federal Reserve Bank of San Francisco Grit, Grace, and Gratitude Award, awarded to Mary Pugh in 2018. This award does not pertain to and is not reflective of the services or quality of investment management provided by Pugh Capital.

NASP Joyce Johnson Award, awarded to Mary Pugh in 2023. This award does not pertain to and is not reflective of the services or quality of investment management provided by Pugh Capital. Created by NASP (National Association for Security Professionals) as a tribute to co-founder Joyce Johnson whose mission was to make a difference for minorities and women professionals in the securities industry.

Pensions and Investments Influential Women in Institutional Investing Award, awarded to Mary Pugh in 2023. This award does not pertain to and is not reflective of the services or quality of investment management provided by Pugh Capital.

Puget Sound Business Journal's Power 100 Executives 2022, awarded to Mary Pugh in 2023. This award does not pertain to and is not reflective of the services or quality of investment management provided by Pugh Capital.

Seattle Storm Inspiring Women Award, awarded to Mary Pugh in 2017. This award does not pertain to and is not reflective of the services or quality of investment management provided by Pugh Capital.

Investment Week International Investment Women of the Year, awarded to Hannah Strasser in 2018. This award does not pertain to and is not reflective of the services or quality of investment management provided by Pugh Capital.

PROFESSIONAL DESIGNATIONS

ASA – Associate of the Society of Actuaries. To attain the ASA designation, a candidate must successfully complete educational requirements in several categories as specified by the Society of Actuaries (SOA), the world's largest actuarial professional organization. Requirements include an application process, examinations, an e-Learning course, a proctored project assessment, validation of educational experiences outside the SOA Education system (VEE), and a professionalism seminar.

CFA® – Chartered Financial Analyst®. The charter is a graduate-level investment credential established in 1962 and awarded by the CFA institute, a global association of investment professionals. To earn the CFA charter, candidates must 1) pass three sequential, six-hour examinations, 2) have at least four years of qualified professional experience; 3) join CFA institute as members; and 4) commit to abide by, and annually reaffirm their adherence to the CFA institute Code of Ethics and Standards of Professional Conduct. CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute

Composite Descriptions

PUGH CAPITAL MANAGEMENT

Core Fixed Income Composite Description The Core Fixed Income strategy seeks to add value relative to the benchmark and peers by minimizing downside risk across the portfolio through diversification, while adding incremental return through sector rotation and issue selection. The composite includes all fee-paying, fully discretionary portfolios that invest in the Core Fixed Income strategy, including those that are no longer with the firm. Client portfolios within the strategy contain U.S. dollar denominated corporates, governments, mortgage-backed and asset-backed securities with stated maturities typically from one to thirty years. The average credit rating of the portfolios is generally AA-. Portfolio effective durations are normally managed within a range of +/- 10% of the benchmark duration, which is usually between 5 and 7. Portfolios in the composite are benchmarked to the Bloomberg US Aggregate Bond Index. The minimum asset value for an account to be included in the composite is $1 million. The inception date and the creation date of the Core Fixed Income Composite are March 31, 1994.

Core Plus Fixed Income Composite Description The Core Plus Fixed Income strategy is managed against the Bloomberg US Aggregate Bond Index, and seeks to add value by diversifying across all investment-grade sectors of the fixed income market. Client portfolios within the strategy contain US dollar denominated corporates, governments, municipals, agency mortgage-backed, commercial mortgage-backed and asset-backed securities. In addition, the strategy opportunistically invests in high yield bonds. It may also have a higher allocation to the credit sector than the Core Fixed Income strategy, including those that are no longer with the firm. Portfolios will generally have average credit quality of A or better. Portfolio effective durations are typically managed within a range of +/- 10% of the benchmark duration, which is currently around 6. The composite includes all fee-paying, fully discretionary portfolios that invest in the Core Plus Fixed Income strategy.

The inception date and the creation date of the Core Plus Fixed Income Composite are December 31, 2008. The composite was closed on July 1, 2013 when its underlying client account moved to the Intermediate Core Plus Fixed Income Composite when the client's investment guidelines changed. The composite was reopened on September 30, 2014 when an existing account was qualified to be included in the composite based on a change of its investment guidelines.

Long Credit Composite Description The Long Credit Strategy is managed against a custom index of “weighted average of the Bloomberg US Long Credit Index (75%) and the Bloomberg US Long Government Index (25%).” The composite includes all fee-paying, fully discretionary portfolios that invest in the Long Credit Strategy, including those that are no longer with the firm. Client portfolios within the strategy are invested in U.S. dollar denominated investment-grade fixed income securities including governments, corporates and taxable municipals and emphasize maturities between ten and thirty years. The average credit rating of the portfolios is generally A. The average effective duration of this strategy is managed within a range of +/- 4% of the benchmark duration which typically ranges from 10 to 15. The composite creation and inception dates were December 31, 2008.

Long Corporate Composite Description **T**he Long Corporate Strategy is managed against the Bloomberg US Long Corporate Bond Index. The composite includes all fee-paying, fully discretionary portfolios that invest in the Long Corporate Strategy, including those that are no longer with the firm. Client portfolios within the strategy are invested in US dollar denominated investment-grade fixed income securities including corporates, governments and taxable municipals and emphasize maturities between ten and thirty years. The strategy holds a minimum 65% weight in corporates. The average credit rating of the portfolios is generally above BBB. The average effective duration of this strategy is managed within a range of +/- 3% of the benchmark duration. The composite creation and inception dates are March 31, 2012.

Long Duration Composite Description The Long Duration Strategy is managed against the Bloomberg US Long Government/Credit Bond Index. The composite includes all fee-paying, fully discretionary portfolios that invest in the Long Duration Strategy, including those that are no longer with the firm. Client portfolios within the strategy are invested in US dollar denominated investment-grade fixed income securities including governments, corporates and taxable municipals and emphasize maturities between ten and thirty years. The average credit rating of the portfolios is generally A+. The average effective duration of this strategy is managed within a range of +/- 3% of the benchmark duration.

The composite inception and creation dates are December 31, 2006. The composite was closed on January 1, 2009 when its underlying client account was moved to Pugh Capital's Long Credit Strategy due to the client's change of the account's investment guidelines. The composite was reopened on September 30, 2009 when a new account was qualified to be included in the composite.

Index Descriptions

Bloomberg U.S. Aggregate Bond Index, valued in U.S. dollars, is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg U.S. Corporate Index is a broad-based benchmark that measures the investment grade, fixed-rate, taxable, corporate bond market. It includes US Dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility, and financial issuers that meet specified maturity, liquidity, and quality requirements. Securities in the index roll up to the U.S. Credit and U.S. Aggregate Indices. The index breaks down to industry-level components, such as banking, Insurance, retailers, automotive, pharmaceuticals, telecommunications, energy, etc. Represents the total return measure of the corporates portion of the US Aggregate index.

Bloomberg U.S. Credit Bond Index measures the investment grade, U.S. dollar-denominated, fixed-rate, taxable corporate and government-related bond markets. It is composed of the U.S. Corporate Index and a non-corporate component that includes non-U.S. agencies, sovereigns, supranationals and local authorities. Securities must be rated investment grade. The U.S. Credit Index was called the U.S. Corporate Index until July 2000, when it was renamed to reflect its inclusion of both corporate and non-corporate issuers. The U.S. Credit Index is a subset of the U.S. Government/Credit Index and U.S. Aggregate Index.

Bloomberg U.S. Long Corporate Bond Index, valued in U.S. dollars, measures the investment grade, fixed-rate, taxable corporate bond market whose maturity is 10 years or longer. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Bloomberg U.S. Long Government/Credit Bond Index, valued in US dollars, is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with 10 or more years to maturity. The index includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities.

Bloomberg U.S. Mortgage-Backed Securities (MBS) Index – tracks fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA, and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics-based on program, coupon and vintage.

Bloomberg U.S. Intermediate Credit Index – measures the performance of investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related debt with less than ten years to maturity. It is composed of a corporate and a non-corporate component that includes non-US agencies, sovereigns, supranationals and local authorities.

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Citibank Economic Surprise Index: This measures data releases relative to the consensus of analysts' expectations. The Index covers mostly activity indicators. The neutral level of the indices is zero. A positive reading means that economic data has been better than expected.

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas.

Long Credit Custom Index. The benchmark for this composite is a custom index of the weighted average of the Bloomberg US Long Credit Index (75%) and the Bloomberg US Long Government Index (25%), rebalanced monthly. The Bloomberg US Long Credit Index (75%) measures the performance of investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related debt with at least ten years to maturity. It is composed of a corporate and a non-corporate component that includes non-US agencies, sovereigns, supranationals and local authorities. The Bloomberg US Long Government Bond Index (25%) is comprised of the Long US Treasury and US Agency Indices. The index includes US dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures with 10 or more years to maturity.

The returns for this custom benchmark are calculated using the underlying monthly index return components of 75% Bloomberg US Long Credit Index and 25% Bloomberg US Government Long Bond Index which are linked together to form annual returns.

S&P 500 Index. This unmanaged index is generally considered representative of the stock market as a whole. The index focuses on the Large-Cap segment of the US equities market. S&P is a registered trademark of Standard & Poor's Financial Services LLC ("S&P"), a subsidiary of The McGraw Hill Companies, Inc.

The benchmark index is provided for comparative purposes to represent the investing environment during the periods shown. Where index data is discussed, fixed income market data provided is for informational use only and is not representative of account performance. It is not possible to invest directly in an index.

Glossary

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ABS: Asset Backed Securities. ABS bonds are securities created from car loan payments, credit card payments or other loans. As with mortgage-backed securities, receivables and loans are bundled together and packaged into securities that are sold to investors. Asset-backed securities are usually "tranched," meaning that principal and interest are directed to specific classes in a predetermined order. ABS contain risks, including credit risk and cash flow timing uncertainty.

Alpha: The extra return due to nonmarket factors. This risk-adjusted factor takes into account both the performance of the market as a whole and the volatility of the manager's performance. A positive alpha indicates that a manager has produced returns above the expected amount at that risk level, and vice versa for a negative alpha.

Average Life: The length of time the principal of a debt issue is expected to be outstanding. Average life is an average period before a debt is repaid through amortization or sinking fund payments.

Average (Credit) Quality: The weighted average of all the bond credit ratings in a bond portfolio.

BABs: Build America Bonds. These bonds are taxable municipal bonds that feature tax credits and/or federal subsidies for bondholders and state and local government bond issuers.

Batting Average: A measure of the frequency of success. This ratio is calculated by taking the number of periods in which the manager's return equals or outperforms the return of the selected benchmark, divided by the total number of periods. This measure indicates a manager's frequency of success, without regard to the degree of outperformance.

Beta: Is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Beta is used in the capital asset pricing model (CAPM), a model that calculates the expected return of an asset based on its beta and expected market returns. Also known as "beta coefficient."

bps: basis points. A basis point is a unit equal to one hundredth of a percentage point (1/10000 or 0.01%).

Bullet bonds. A bullet bond is a debt instrument whose entire principal value is paid in one lump sum on the maturity date, as opposed to amortizing the bond over its lifetime.

CMBS: Commercial Mortgage Backed Securities. CMBS bonds are backed by mortgages on commercial rather than residential real estate.

Core PCE: US Personal Consumption Expenditure Core Price Index YoY. Source: Bureau of Economic Analysis.

Convexity: A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes.
CBO: Congressional Budget Office. It is a federal agency within the legislative branch of the U.S. Government that provides budget and economic information to Congress.

CPI: Consumer Price Index. It is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living.

Credit Index Excess Return: A monthly excess return is the difference between total returns of the security and an implied Treasury portfolio matching the term-structure profile of that security. Total returns can be compounded. By separately compounding these two series of monthly total returns, we arrive at the two periodic total returns. The difference between them is the periodic excess return. ***Where index data is discussed, fixed income market data provided is for informational use only and is not representative of account performance. It is not possible to invest directly in an index***.

Credit Risk: Risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation.

Duration Times Spread (DTS): DTS is calculated on an individual bond level by multiplying the percent market value, the duration, and the spread of the bond. It has been shown to be a very strong predictor of excess return volatility.

Duration Risk: The risk of a fixed-income investment's price sensitivity to a change in interest rates.

Earnings per share (EPS): is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

Effective Duration: A calculation used to approximate the actual, modified duration of a callable bond.

European Central Bank (ECB): is the central bank for the euro and administers monetary policy of the Eurozone, which consists of 19 European Union member states and is one of the largest currency areas in the world.

European Union (EU): is a political and economic union of 28 member states that are located primarily in Europe.

Global Financial Crisis (GFC): The financial crisis of 2007–2008, caused by the bursting of the U.S. Housing bubble which peaked in 2006/2007.

Federal Open Market Committee (FOMC): A committee within the Federal Reserve System, is charged under the United States law with overseeing the nations open market operations. They make key decisions about interest rates and the growth of the United States money supply.

Gross Domestic Product (GDP): is a monetary measure of the market value of all the final goods and services produced in a period of time, often annually or quarterly. Nominal GDP estimates are commonly used to determine the economic performance of a whole country or region

High Yield: a high-paying bond with a lower credit rating than Investment-grade corporate bonds, treasuries, and municipal bonds. High yield securities with lower credit ratings involve greater risk than higher-rated securities.

Investment Grade or High Grade: a bond credit rating (BBB- or higher by standard market convention) that indicates a relatively low risk of default.

Information Ratio: A ratio of portfolio returns above the returns of a benchmark (usually an index) to the volatility of those returns. The information ratio (IR) measures a portfolio manager's ability to generate excess returns relative to a benchmark, but also attempts to identify the consistency of the investor. This ratio will identify if a manager has beaten the benchmark by a lot in a few months or a little every month. The higher the IR the more consistent a manager is and consistency is an ideal trait. . ***Where index data is discussed, fixed income market data provided is for informational use only and is not representative of account performance. It is not possible to invest directly in an index***.

Non-farm Payrolls: measures the change in the number of people employed during the previous month, excluding the farming industry. Job creation is the foremost indicator of consumer spending, which accounts for the majority of economic activity.

Option Adjusted Spread (OAS): A measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option. Typically, an analyst would use the Treasury securities yield for the risk-free rate. ***Where index data is discussed, fixed income market data provided is for informational use only and is not representative of account performance. It is not possible to invest directly in an index.***

Plus Holdings – high yield and crossover credits (reflecting two of three rating agencies rating below investment grade, one agency rating at investment grade). Please refer to definition of high yield and investment grade above.

Risk on is defined as periods when credit excess returns are positive. **Risk off** is defined as periods when credit excess returns are negative.

Z-Score: Is a statistical measurement of a score's relationship to the mean in a group of scores. A Z-score of 0 means the score is the same as the mean. A Z-score can also be positive or negative, indicating whether it is above or below the mean and by how many standard deviations.