



January 21, 2026

2026 Capital Market Projections

Mendocino County Employees Retirement Association

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Agenda

Process overview

Current market conditions

2026 capital market expectations

MCERA portfolio expected return and risk

Callan

Process Overview

How Our Capital Markets Assumptions Are Constructed

Guiding objectives and process

Underlying beliefs guide the development of the projections:

- An initial bias toward long-run averages
- A conservative bias
- An awareness of risk premiums
- A presumption that markets are ultimately clear and rational

Reflect our beliefs that long-term equilibrium relationships between the capital markets and lasting trends in global economic growth are key drivers to setting capital markets expectations

Long-term compensated risk premiums represent “beta” – exposure to each broad market, whether traditional or “exotic,” with limited dependence on successful realization of alpha

The projection process is built around several key building blocks:

- Advanced modeling at the individual asset class level (e.g., a detailed bond model, an equity model)
- A path for interest rates and inflation
- A cohesive economic outlook
- A framework that encompasses Callan beliefs about the long-term operation and efficiencies of the capital markets

2026 vs. 2025 Risk and Returns

No key changes from 2025 projections

Asset Class	Index	2026 Expected Return*	Expected Risk	2025 Expected Return*
Equities				
Broad U.S. Equity	Russell 3000	7.35%	17.35%	7.35%
Global ex-U.S. Equity	MSCI ACWI ex USA	7.45%	21.25%	7.45%
Fixed Income				
Core U.S. Fixed	Bloomberg Aggregate	4.75%	4.45%	4.75%
Alternatives				
Core Real Estate	NCREIF ODCE	6.25%	14.00%	6.25%
Private Infrastructure	MSCI Glb Infra / FTSE Dev Core 50/50	6.35%	15.20%	6.35%
Cash Equivalents	90-Day T-Bill	3.00%	0.90%	3.00%
Inflation	CPI-U	2.50%	1.60%	2.50%

* Geometric returns are derived from arithmetic returns and the associated risk (standard deviation).

Equity and fixed income expected returns are unchanged from 2025

The difference between equity and fixed income expected returns remains narrow

Callan

Current Market Conditions

Global Equity Markets Continue to Run in 2025

Non-U.S. equities extended their lead over U.S. markets

Big gains for global stocks

- Market performance continued to grind higher, though momentum slowed materially in the second half of the year; the S&P closed the year up 17%
- Non-U.S. equities outperformed U.S., supported early by favorable currency effects and later by resilient earnings
- Emerging markets posted outsized but highly concentrated gains, with the MSCI EM Index up over 33%

Strong returns for core fixed income

- Yield curves normalized following rate cuts, though expectations now point to potentially more hawkish policy in 2026
- The Bloomberg Aggregate increased 7.3%
- CPI-U rose 3.0% (year-over-year)

Dislocation in economic growth measures

- The 3Q GDP report, released in December, showed strong growth of 4.3%, supported by robust consumer spending
- Labor market data showed clearer signs of cooling

Returns for Periods ended 12/31/25

	Quarter	1 Year	3 Years	5 Years	10 Years	25 Years
U.S. Equity						
Russell 3000	2.40	17.15	22.25	13.15	14.29	8.86
S&P 500	2.66	17.88	23.01	14.42	14.82	8.83
Russell 2000	2.19	12.81	13.73	6.09	9.62	8.21
Global ex-U.S. Equity						
MSCI World ex USA	5.20	31.85	17.64	9.46	8.55	5.54
MSCI Emerging Markets	4.73	33.57	16.40	4.20	8.42	8.49
MSCI ACWI ex USA Small Cap	2.96	29.26	15.61	6.91	8.13	8.19
Fixed Income						
Bloomberg Aggregate	1.10	7.30	4.66	-0.36	2.01	3.77
90-day T-Bill	0.97	4.18	4.81	3.17	2.18	1.84
Bloomberg Long Gov/Credit	-0.02	6.62	3.06	-4.89	1.98	5.00
Bloomberg Global Agg ex-US	-0.47	8.85	3.29	-3.59	0.56	2.96
Real Estate						
NCREIF Property	1.19	4.95	-1.00	3.80	4.85	7.30
FTSE Nareit Equity	-1.56	2.88	8.36	6.63	5.70	8.94
Alternatives						
Cambridge Private Equity*	3.86	9.29	5.02	14.24	12.80	10.45
Cambridge Senior Debt*	4.20	9.74	9.42	8.97	7.92	4.88
HFRI Fund Weighted*	5.41	11.05	9.96	8.76	6.41	5.61
Bloomberg Commodity	5.85	15.77	3.96	10.64	5.73	1.62
Gold Spot Price	12.08	64.37	33.46	18.03	15.14	11.69
Inflation: CPI-U*	0.69	3.01	3.05	4.53	3.16	2.54

*Cambridge Private Equity and Cambridge Senior Debt data as of 2Q25. HFRI Fund Weighted and CPI-U data as of 3Q25.

Returns greater than one year are annualized.

Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices

The Callan Periodic Table of Investment Returns

Annual Returns for Key Indices Ranked in Order of Performance (2006–2025)

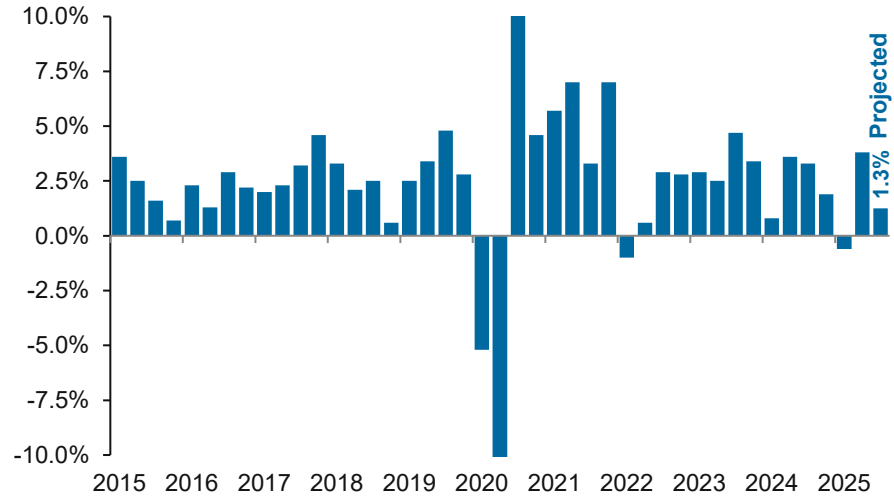
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Real Estate	Emerging Market Equity	U.S. Fixed Income	Emerging Market Equity	Small Cap Equity	U.S. Fixed Income	Real Estate	Small Cap Equity	Real Estate	Large Cap Equity	Small Cap Equity	Emerging Market Equity	Cash Equivalent	Large Cap Equity	Small Cap Equity	Large Cap Equity	Cash Equivalent	Large Cap Equity	Large Cap Equity	Emerging Market Equity
42.12%	39.38%	5.24%	78.51%	26.85%	7.84%	27.73%	38.82%	15.02%	1.38%	21.31%	37.28%	1.87%	31.49%	19.96%	28.71%	1.46%	26.29%	25.02%	33.57%
Emerging Market Equity	Developed ex-U.S. Equity	Global ex-U.S. Fixed	High Yield	Real Estate	High Yield	Emerging Market Equity	Large Cap Equity	Large Cap Equity	U.S. Fixed Income	High Yield	Developed ex-U.S. Equity	U.S. Fixed Income	Small Cap Equity	Large Cap Equity	Real Estate	High Yield	Developed ex-U.S. Equity	Small Cap Equity	Developed ex-U.S. Equity
32.17%	12.44%	4.39%	58.21%	19.63%	4.98%	18.23%	32.39%	13.69%	0.55%	17.13%	24.21%	0.01%	25.52%	18.40%	26.09%	-11.19%	17.94%	11.54%	31.85%
Developed ex-U.S. Equity	Global ex-U.S. Fixed	Cash Equivalent	Real Estate	Emerging Market Equity	Global ex-U.S. Fixed	Developed ex-U.S. Equity	Developed ex-U.S. Equity	U.S. Fixed Income	Cash Equivalent	Large Cap Equity	Large Cap Equity	High Yield	Developed ex-U.S. Equity	Emerging Market Equity	Small Cap Equity	U.S. Fixed Income	Small Cap Equity	High Yield	Large Cap Equity
25.71%	11.03%	2.06%	37.13%	18.88%	4.36%	16.41%	21.02%	5.97%	0.05%	11.96%	21.83%	-2.08%	22.49%	18.31%	14.82%	-13.01%	16.93%	8.19%	17.88%
Small Cap Equity	U.S. Fixed Income	High Yield	Developed ex-U.S. Equity	High Yield	Large Cap Equity	Small Cap Equity	High Yield	Small Cap Equity	Real Estate	Emerging Market Equity	Small Cap Equity	Global ex-U.S. Fixed	Real Estate	Global ex-U.S. Fixed	Developed ex-U.S. Equity	Developed ex-U.S. Equity	High Yield	Emerging Market Equity	Small Cap Equity
18.37%	6.97%	-26.16%	33.67%	15.12%	2.11%	16.35%	7.44%	4.89%	-0.79%	11.19%	14.65%	-2.15%	21.91%	10.11%	12.62%	-14.29%	13.44%	7.50%	12.81%
Large Cap Equity	Large Cap Equity	Small Cap Equity	Small Cap Equity	Large Cap Equity	Cash Equivalent	Large Cap Equity	Real Estate	High Yield	Developed ex-U.S. Equity	Real Estate	Global ex-U.S. Fixed	Large Cap Equity	Emerging Market Equity	Developed ex-U.S. Equity	High Yield	Large Cap Equity	Emerging Market Equity	Cash Equivalent	Real Estate
15.79%	5.49%	-33.79%	27.17%	15.06%	0.10%	16.00%	3.67%	2.45%	-3.04%	4.06%	10.51%	-4.38%	18.44%	7.59%	5.28%	-18.11%	9.83%	5.25%	9.58%
High Yield	Cash Equivalent	Large Cap Equity	Large Cap Equity	Developed ex-U.S. Equity	Small Cap Equity	High Yield	Cash Equivalent	Cash Equivalent	Small Cap Equity	Developed ex-U.S. Equity	Real Estate	Real Estate	High Yield	U.S. Fixed Income	Cash Equivalent	Global ex-U.S. Fixed	Real Estate	Developed ex-U.S. Equity	Global ex-U.S. Fixed
11.85%	5.00%	-37.00%	26.47%	8.95%	-4.18%	15.81%	0.07%	0.03%	-4.41%	2.75%	10.36%	-5.63%	14.32%	7.51%	0.05%	-18.70%	9.67%	4.70%	8.85%
Global ex-U.S. Fixed	High Yield	Developed ex-U.S. Equity	Global ex-U.S. Fixed	U.S. Fixed Income	Real Estate	U.S. Fixed Income	U.S. Fixed Income	Emerging Market Equity	High Yield	U.S. Fixed Income	High Yield	Small Cap Equity	U.S. Fixed Income	High Yield	U.S. Fixed Income	Emerging Market Equity	Global ex-U.S. Fixed	U.S. Fixed Income	High Yield
8.16%	1.87%	-43.56%	7.53%	6.54%	-6.46%	4.21%	-2.02%	-2.19%	-4.47%	2.65%	7.50%	-11.01%	8.72%	7.11%	-1.54%	-20.09%	5.72%	1.25%	8.62%
Cash Equivalent	Small Cap Equity	Real Estate	U.S. Fixed Income	Global ex-U.S. Fixed	Developed ex-U.S. Equity	Global ex-U.S. Fixed	Emerging Market Equity	Global ex-U.S. Fixed	Global ex-U.S. Fixed	Global ex-U.S. Fixed	U.S. Fixed Income	Developed ex-U.S. Equity	Global ex-U.S. Fixed	Cash Equivalent	Emerging Market Equity	Small Cap Equity	U.S. Fixed Income	Real Estate	U.S. Fixed Income
4.85%	-1.57%	-48.21%	5.93%	4.95%	-12.21%	4.09%	-2.60%	-3.09%	-6.02%	1.49%	3.54%	-14.09%	5.09%	0.67%	-2.54%	-20.44%	5.53%	0.94%	7.30%
U.S. Fixed Income	Real Estate	Emerging Market Equity	Cash Equivalent	Cash Equivalent	Emerging Market Equity	Cash Equivalent	Global ex-U.S. Fixed	Developed ex-U.S. Equity	Emerging Market Equity	Cash Equivalent	Cash Equivalent	Emerging Market Equity	Cash Equivalent	Real Estate	Global ex-U.S. Fixed	Real Estate	Cash Equivalent	Global ex-U.S. Fixed	Cash Equivalent
4.33%	-7.39%	-53.33%	0.21%	0.13%	-18.42%	0.11%	-3.08%	-4.32%	-14.92%	0.33%	0.86%	-14.57%	2.28%	-9.04%	-7.05%	-25.10%	5.01%	-4.22%	4.18%

Sources: ● Bloomberg Aggregate ● Bloomberg High Yield Bond Index ● Bloomberg Global Aggregate ex US ● FTSE EPRA Nareit Developed
 ● MSCI Emerging Markets ● MSCI World ex USA ● Russell 2000 ● S&P 500 ● 90-day T-bill

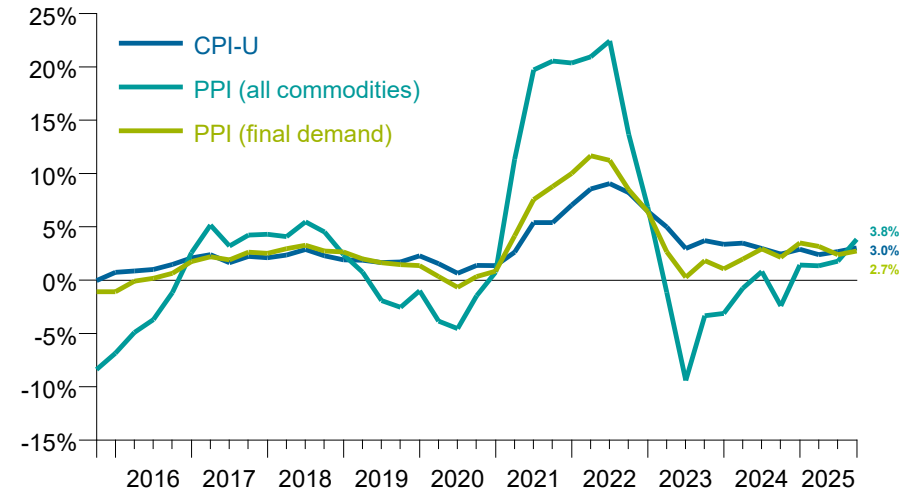
U.S. Economy

Summary

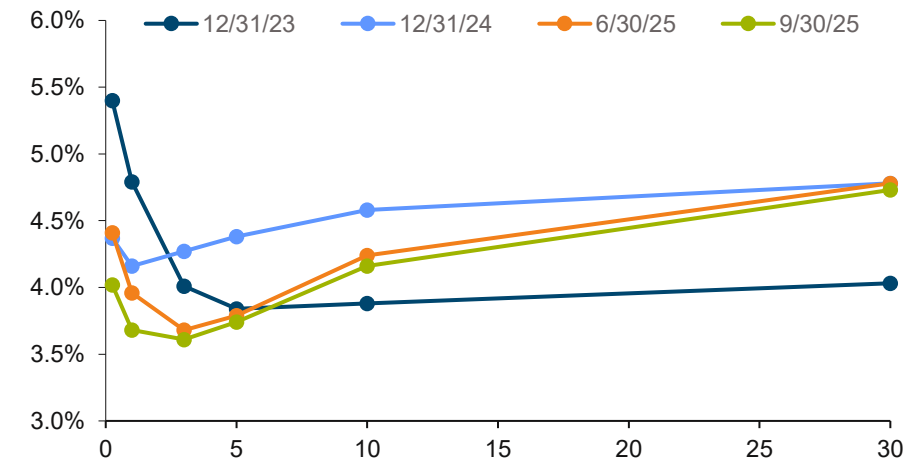
Quarterly Real GDP Growth



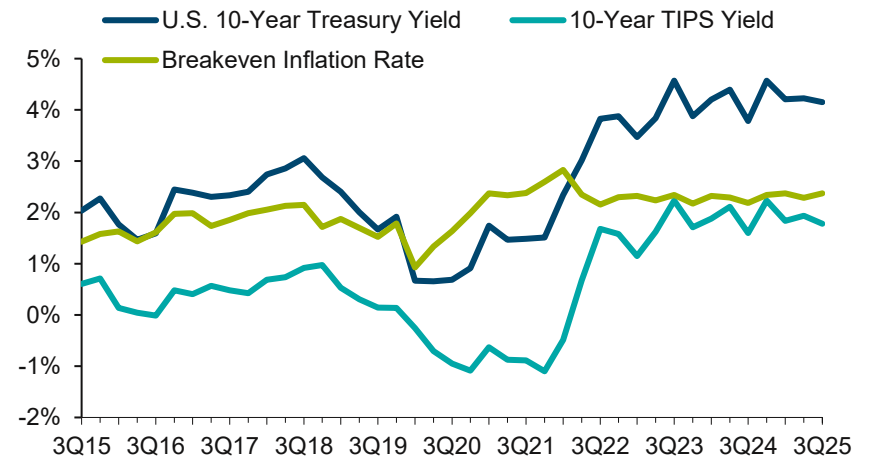
Inflation Year-Over-Year



U.S. Treasury Yield Curves



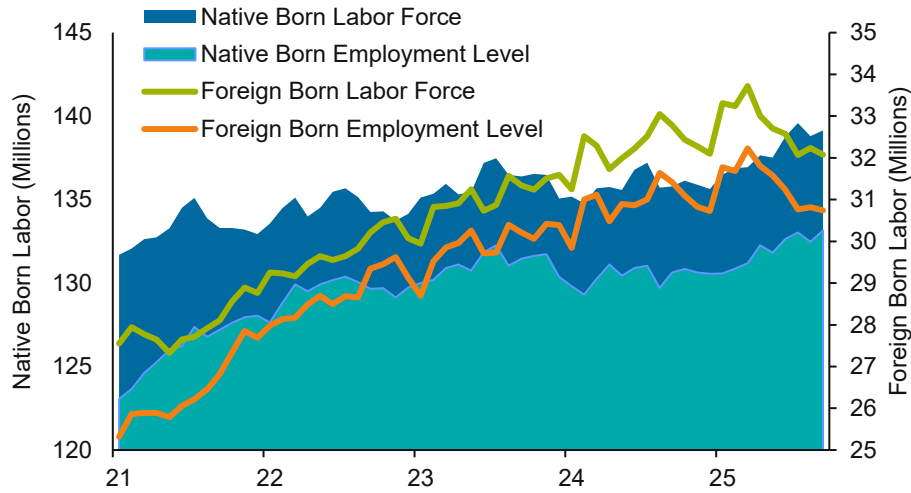
Historical 10-Year Yields



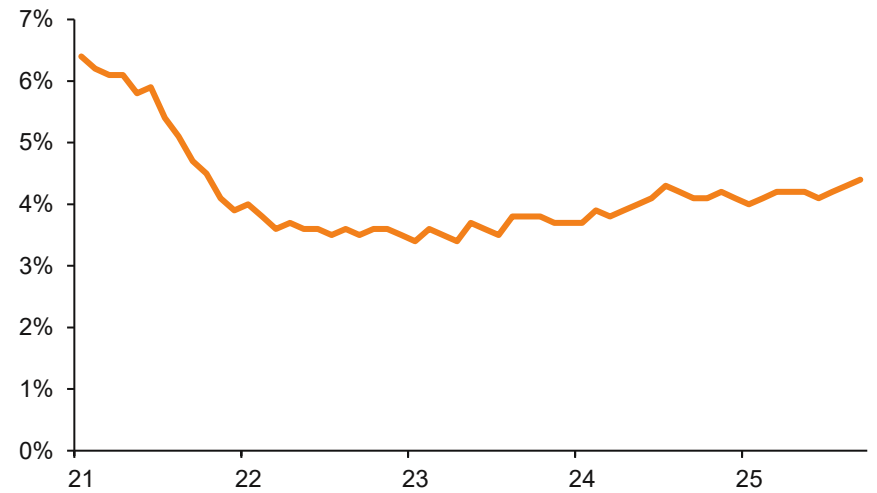
Sources: Bureau of Labor Statistics, Callan, Federal Reserve, Blue Chip consensus for projected GDP

Labor

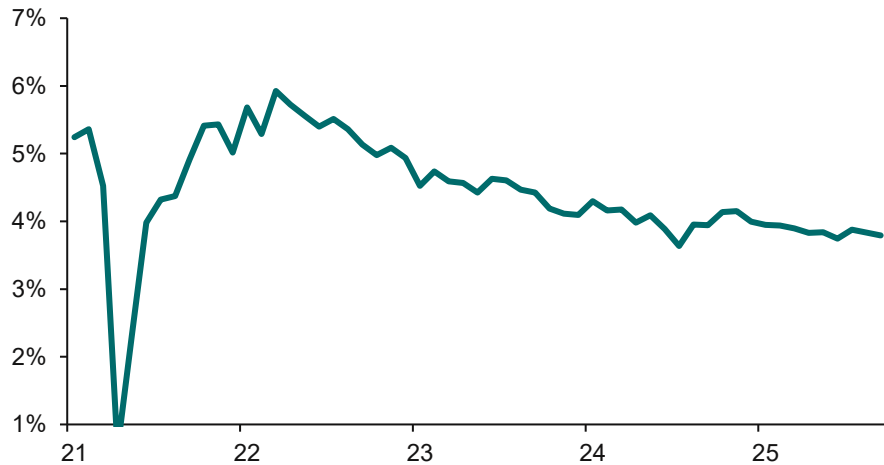
Labor and Employment Details



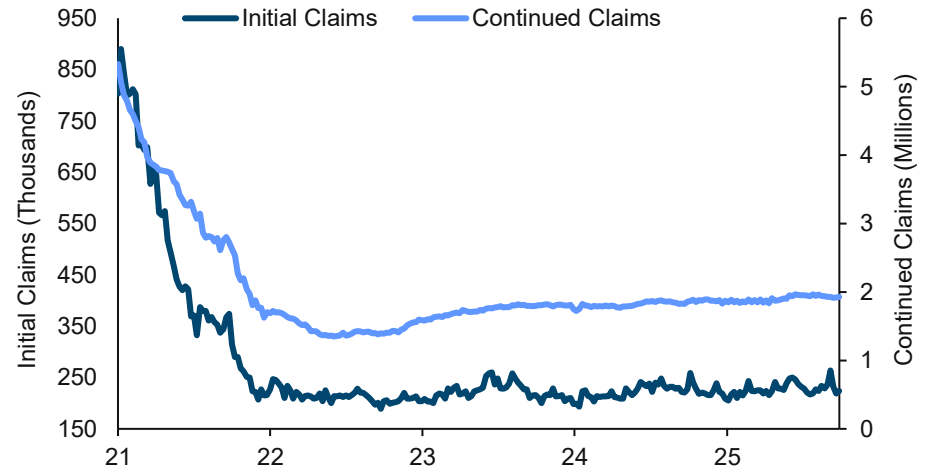
Unemployment Rate



Wage Growth (YoY Average Hourly Earnings)



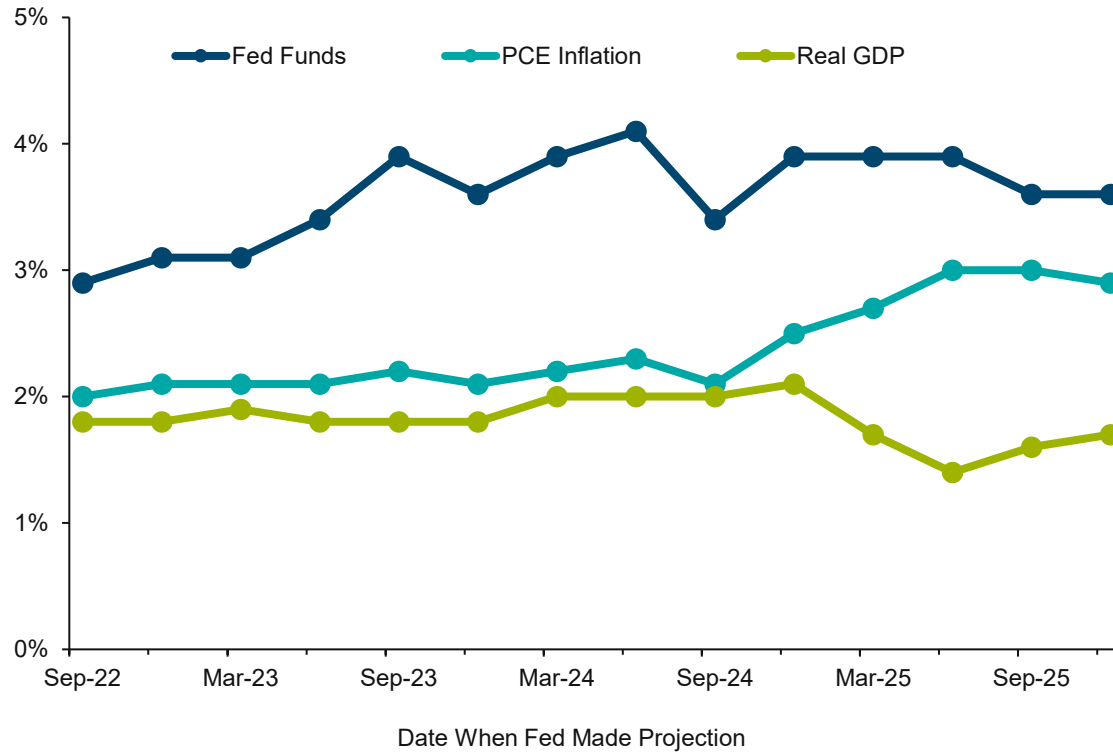
Unemployment Claims



Source: FRED

The Shifting Mindset at the Fed

Consensus FOMC Economic Projections for 2025



The Fed Funds Rate received three 25 basis point cuts in 2025, ending in a range of 3.5%–3.75%.

The median projection among Federal Open Market Committee participants ranged from 2.9% when they made the prediction back in 2022 to 4.1% when they made the prediction in the middle of 2024.

Long-term neutral rate of 3.0% expected to be hit after 2028.

In the most recent release, the Fed increased its projection for GDP growth and lowered the projection for inflation.

Inflation is expected to reach Fed's target of 2% in 2028.

Sources: Federal Reserve, Financial Times

The Fed's 'Dot Plot'

Federal Open Market Committee (FOMC) participants' assessments of appropriate monetary policy

Fed Funds Rate ended the year in a target range of 3.5%–3.75%.

6 of 19 participants thought the rate should stay at 3.75%–4.0%.

1 participant thought the rate should have been lowered to 3.25%–3.5%.

Dispersion of views among all participants widens in 2026 and beyond.

“Longer run” median held at 3.0%

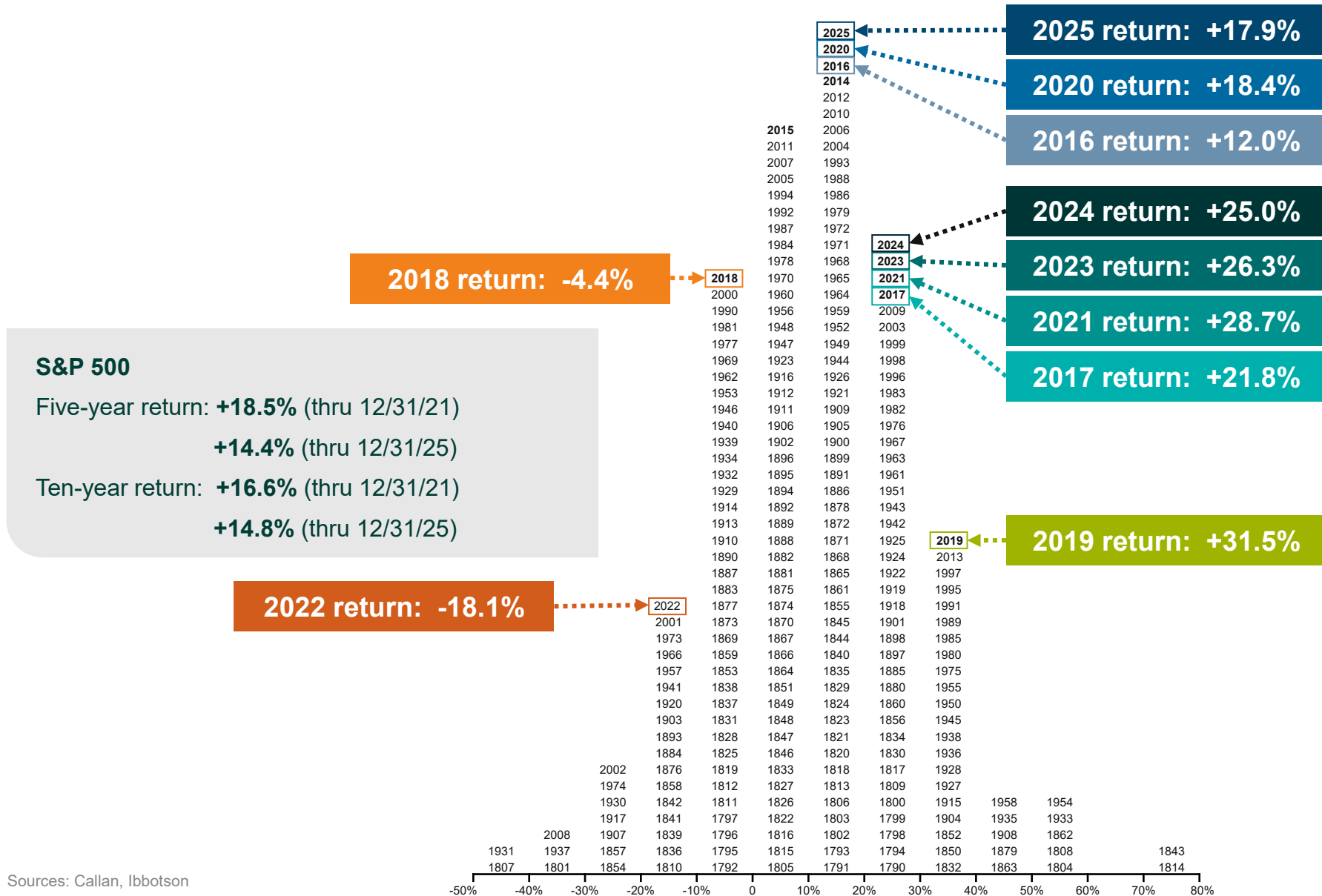
Bias is toward higher rates; lower bound is 2.8% but higher bound is 3.5%.



Source: Federal Reserve; as of 12/10/25

Stock Market Returns by Calendar Year

Performance in perspective: History of the U.S. stock market (235 years of returns)

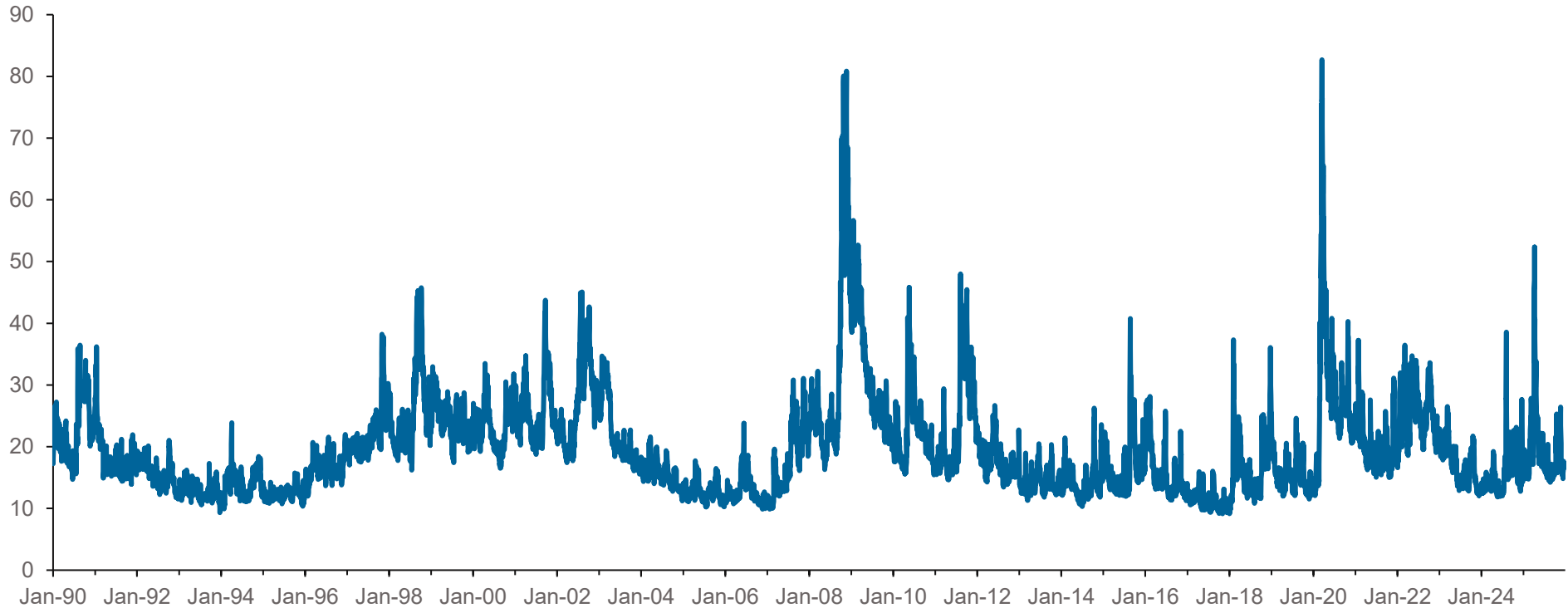


Sources: Callan, Ibbotson

Market Volatility in Context

Updated through 12/18/25

CBOE Volatility Index (VIX)



- VIX measures the market expectation of near-term volatility conveyed by stock index option prices.
- Implied market volatility has receded after spiking with initial news of tariffs.

Sources: Chicago Board Options Exchange, CBOE Volatility Index: VIX [VIXCLS], retrieved from FRED, Federal Reserve Bank of St. Louis.

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2026 Capital Market Expectations

Callan's Capital Markets Assumptions: 10 Years (2026–2035)

No key changes from 2025 projections

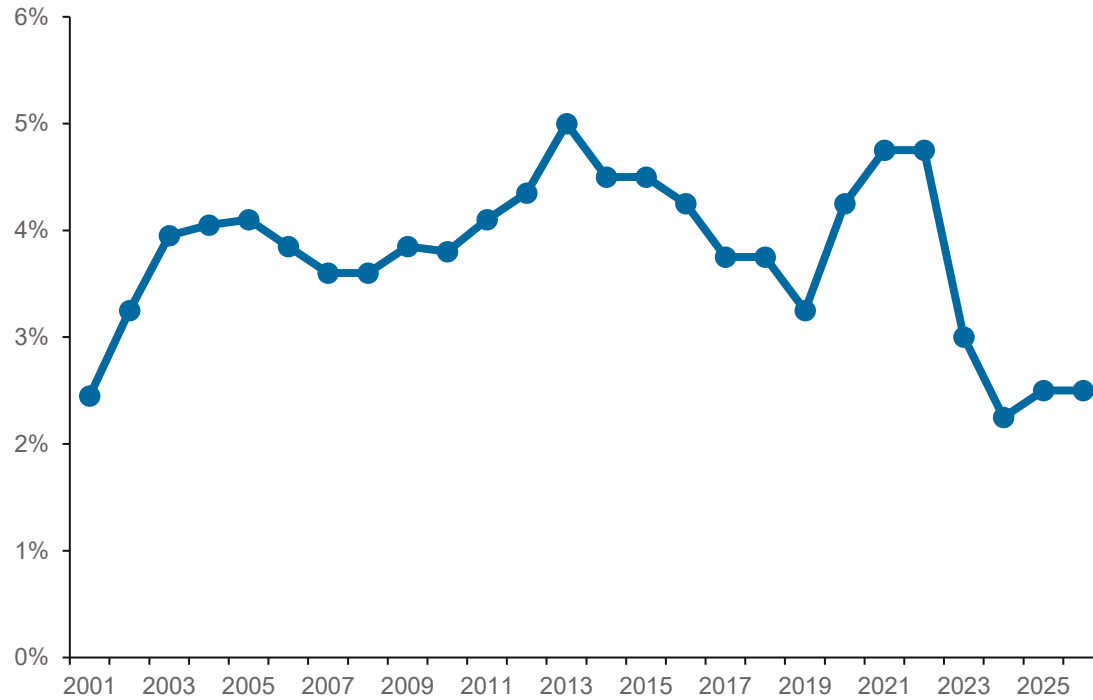
Summary of key forecast points for 2026 Capital Markets Assumptions

- Cash return held constant at 3.0%
- Core fixed income return held at 4.75%
- Public equity returns are unchanged from 2025, with Broad US at 7.35% and Broad Non-US at 7.45%; equity risk premium over cash and over fixed income held at the lowest level in our forecast history
- Inflation held at 2.5%
- Private markets returns are unchanged from 2025

Callan's Equity Risk Premia Forecasts Over Time

S&P 500 forecast minus Bloomberg Aggregate forecast

Forecasted Equity Risk Premium vs. Bonds



Callan's forecasted return spread between the S&P 500 and the Bloomberg Aggregate (2.50%) remains narrow.

Forecasts are annualized over 10 years.

Equity Forecasts Overview

Fundamental relationship

$$\text{Equity Return} = \underbrace{\text{Capital Appreciation}}_{\text{Real Earnings Growth + Inflation}} + \underbrace{\text{Income}}_{\text{Dividend Yield + Net Share Buybacks}} \pm \text{Valuation Adjustment}$$

Building up U.S. equity (S&P 500) returns from long-term fundamentals we arrive at 7.25%.

- Real earnings growth is linked to real GDP growth over long horizons; we forecast U.S. real GDP of 2.50% over the next decade.
- Inflation (CPI-U) is forecasted at 2.50% over the next 10 years.
 - Slightly above the Fed's inflation target of 2%
 - Realized inflation over the past quarter century is 2.6%
 - In line with the market-based forecast of breakeven inflation (yield difference between Treasuries and TIPS)
- Income return of 2.50% from dividend yield and share buybacks
- U.S. equity valuation adjustment of -0.25% as current valuations exceed historical norms
- Small premium for global ex-U.S. over U.S. stems from emerging market growth potential.

U.S. Equity Market: Key Metrics

S&P 500 forward P/E ratios



**Forward P/E of 22.8 is more than one standard deviation above its long-term average of 17.0.
A host of U.S. valuation measures are elevated for large cap equities.**

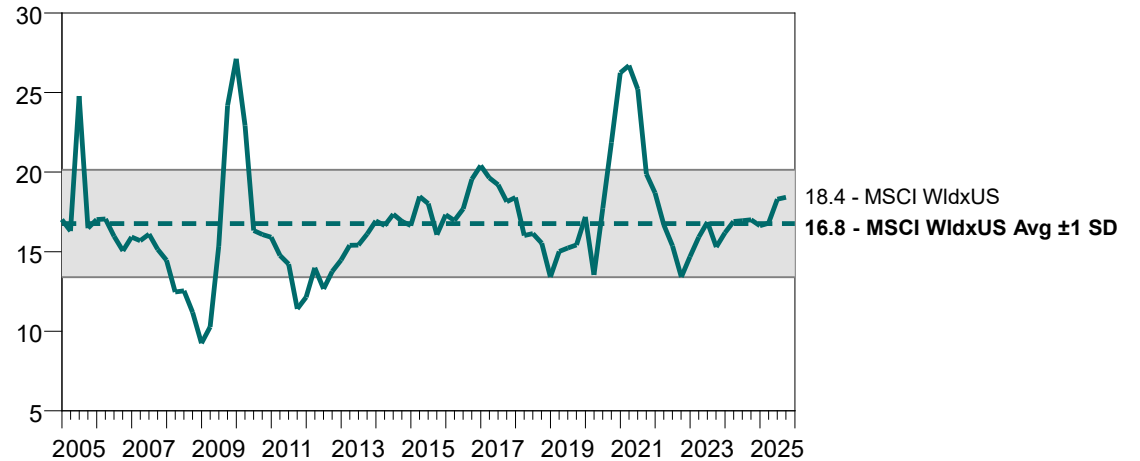
Sources: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management Guide to the Markets.

Equity Forecasts

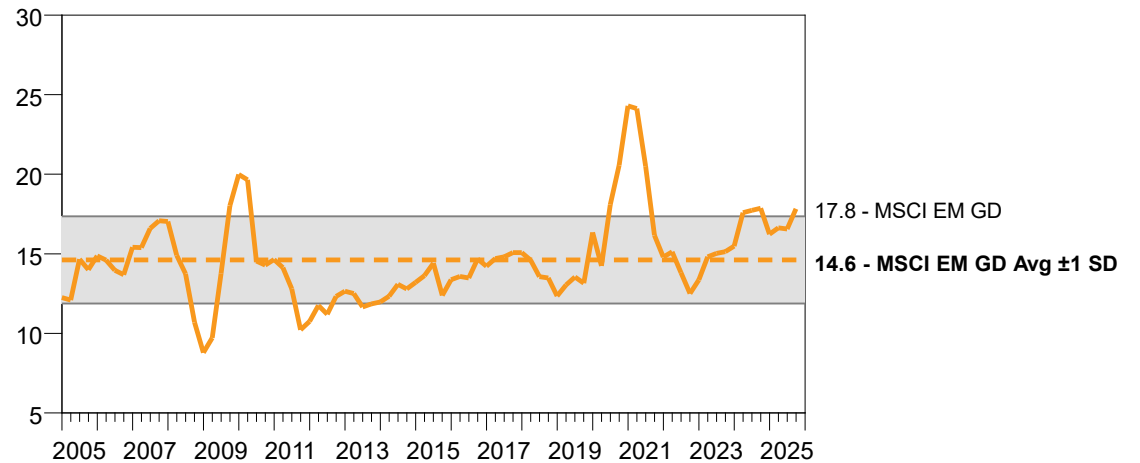
Global ex-U.S. valuations

Similarly, global ex-U.S. equity markets appear less stretched than large cap U.S. equity.

Developed Markets ex-U.S. Price/Earnings Ratio (inc neg)



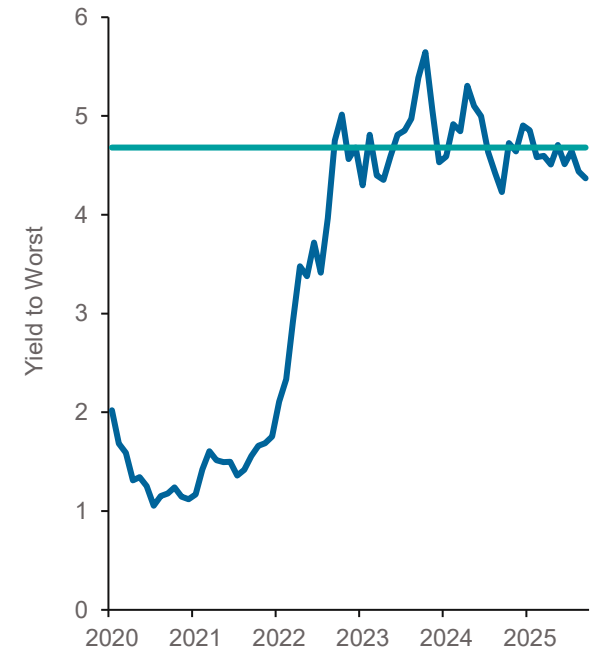
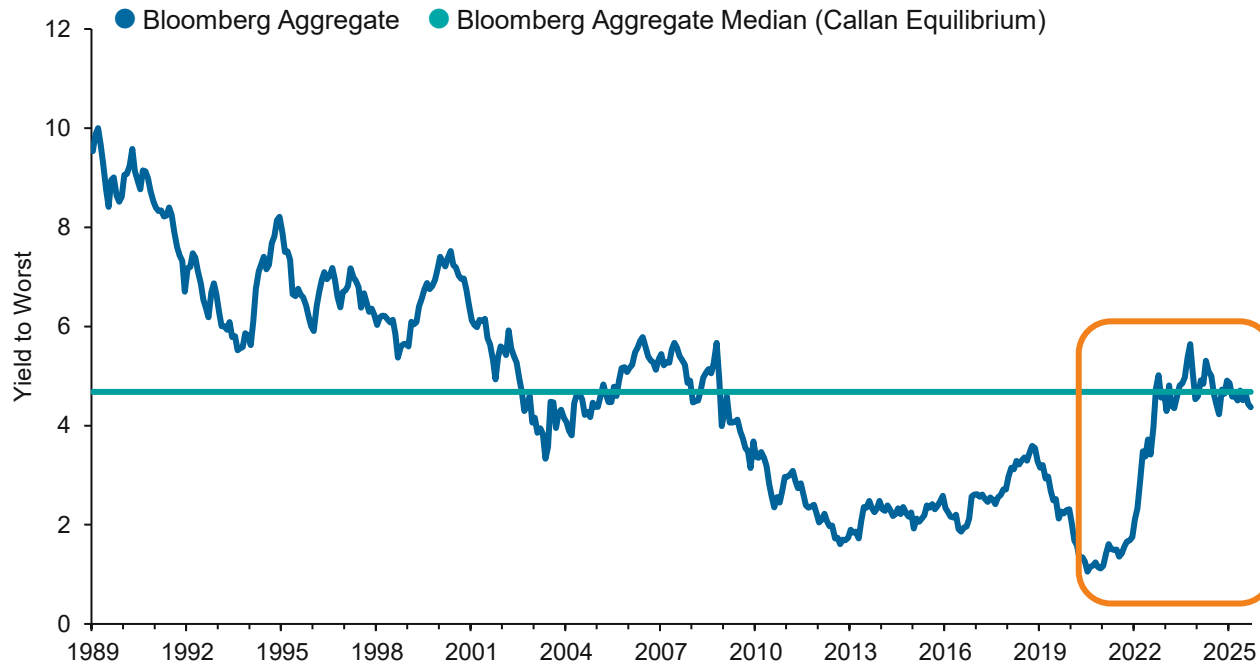
Emerging Markets Price/Earnings Ratio (inc neg)



P/E measure is one year trailing.

Drowning Out the Noise

Core Fixed Income Historical Yield



There has been a lot of rate volatility, but rates have been range-bound around our equilibrium.

We have been updating our bond assumptions to drown out the short-term noise and focus more on the longer-term trends.

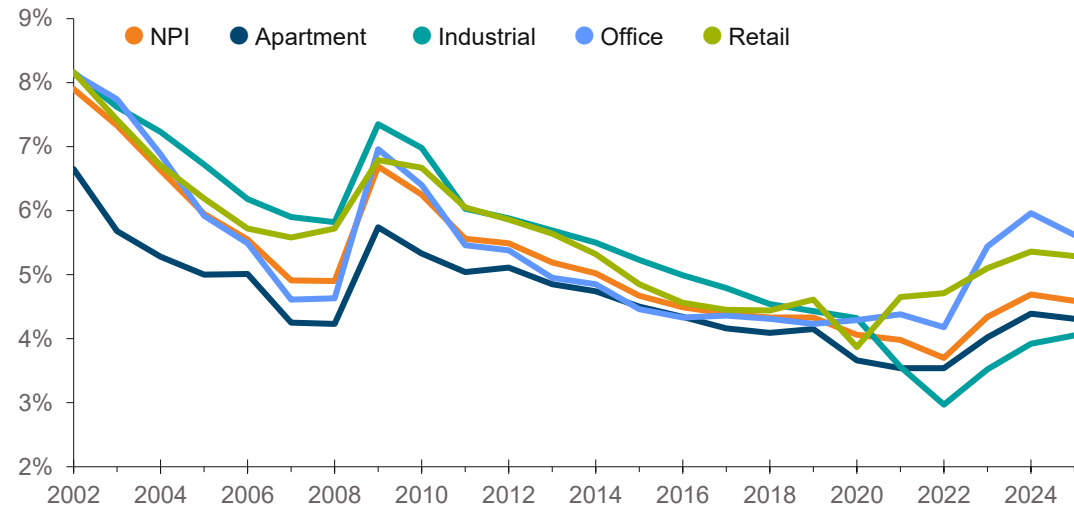
Core Real Estate

6.25% core real estate compound return (net of fees)

Return calculations assume 5.2% cost of leverage and 0.5x debt-to-equity (33% loan-to-value)

Income Return (unlevered property)	4.9%
Appreciation (unlevered property)	1.3%
Total Return (before leverage)	6.2%

Annual Cap Rates (through September 30, 2025)



Callan Return Assumptions (unlevered property returns)

	Office	Retail	Industrial	Apartments	Other	NPI Index
Income	5.6%	5.6%	4.2%	4.6%	6.1%	4.9%
Appreciation	1.1%	0.7%	2.1%	0.9%	1.0%	1.3%
Total Return	6.7%	6.3%	6.3%	5.5%	7.1%	6.2%

Source: NCREIF Property Index (NPI) cap rates correspond to unlevered property valuations

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MCERA Portfolio Expected Return and Risk

2026 Capital Market Projections – MCERA Target

Expected Return on Assets – Assuming Passive Implementation

Asset Class	MCERA Target
Broad US Equity	37%
Global ex-US Equity	25%
Core US Fixed	21%
Core Real Estate	11%
Private Infrastructure	6%
Totals	100%

2026 10-Year Capital Market Forecast

Expected Return	7.1%
Expected Risk (Standard Deviation)	12.4%

2025 10-Year Capital Market Forecast

<i>Expected Return</i>	<i>7.1%</i>
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2024 10-Year Capital Market Forecast

<i>Expected Return</i>	<i>7.5%</i>
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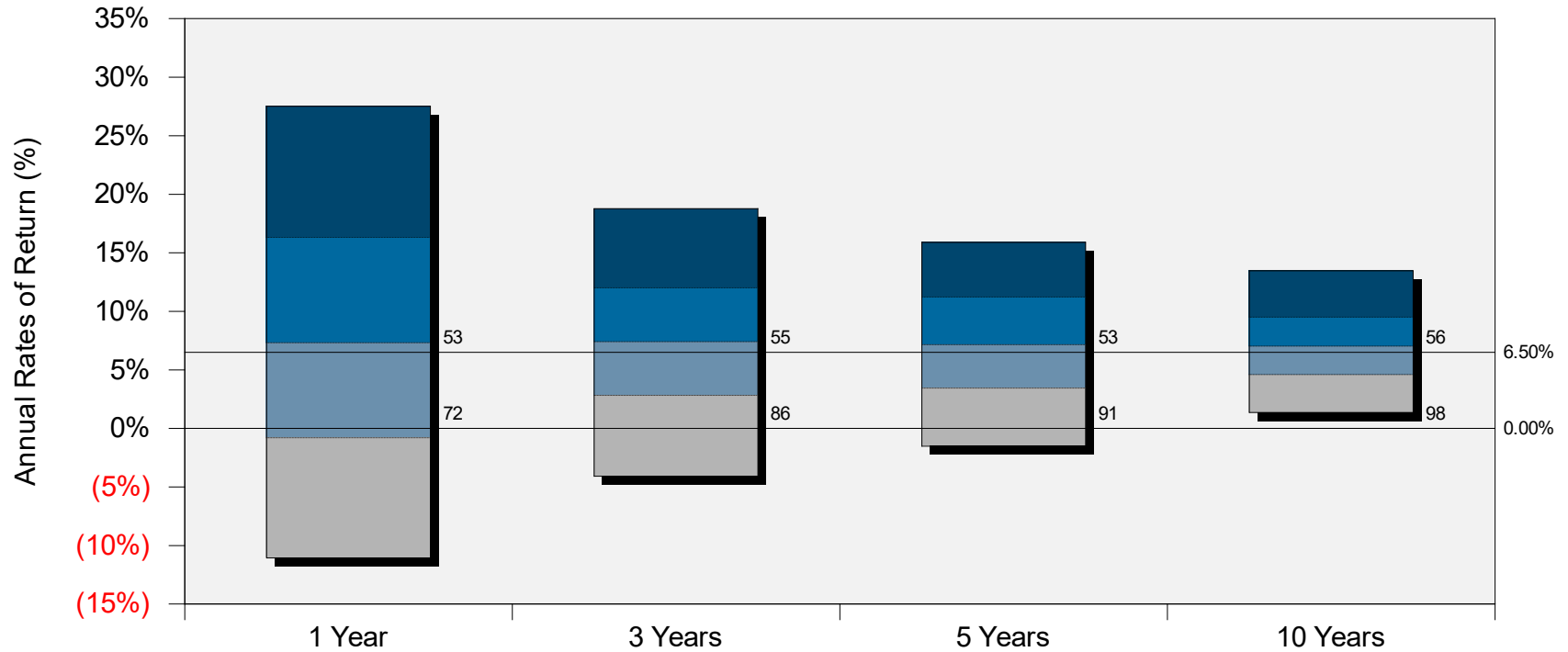
2023 10-Year Capital Market Forecast

<i>Expected Return</i>	<i>7.1%</i>
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Range of Potential Returns

MCERA Policy

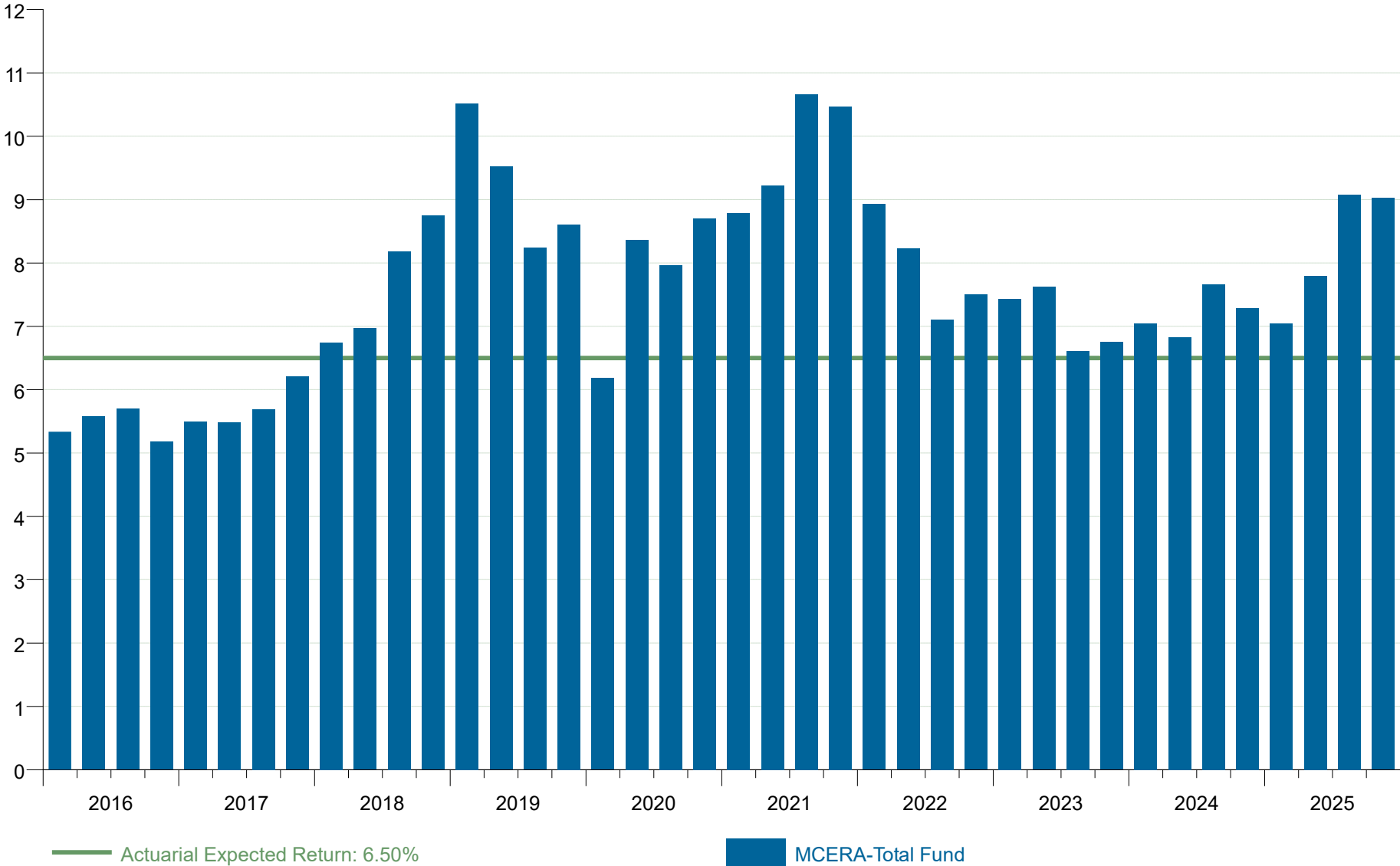
Range of Projected Rates of Return
MCERA Target



	1 Year	3 Years	5 Years	10 Years
5th Percentile	27.5%	18.8%	15.9%	13.5%
25th Percentile	16.3%	12.0%	11.2%	9.5%
Median	7.3%	7.4%	7.1%	7.0%
75th Percentile	(0.8%)	2.8%	3.4%	4.6%
95th Percentile	(11.1%)	(4.1%)	(1.5%)	1.4%
Prob > 6.50%	52.7%	54.7%	53.1%	56.0%
Prob > 0.00%	72.0%	85.7%	91.4%	97.5%

Based on 2026 Callan CMA's

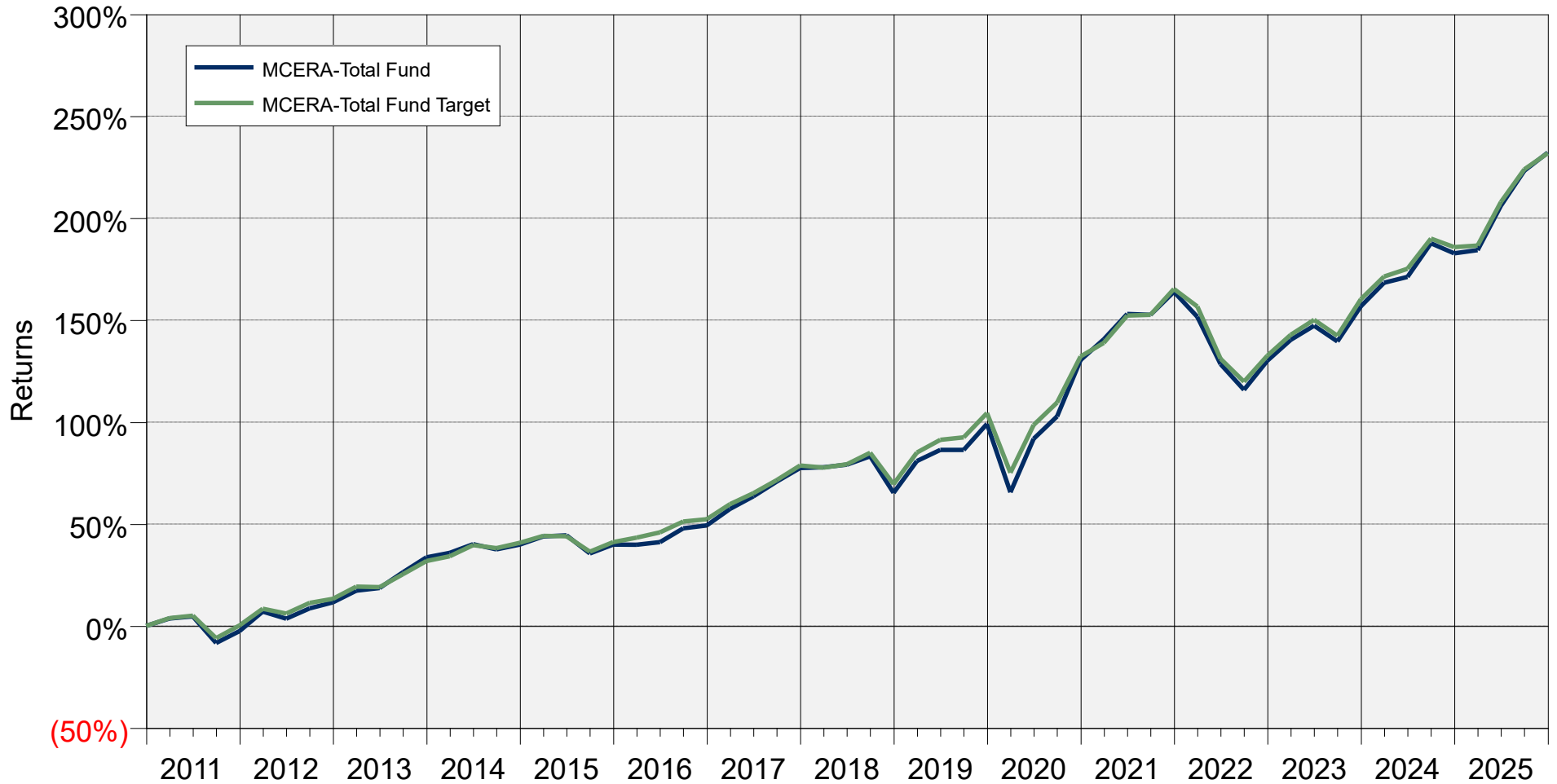
Annualized 10 Year Total Fund Returns (Quarterly Roll)



MCERA Cumulative Total Fund Performance

For 15 Years Ended December 31, 2025

Cumulative Returns Actual vs Target



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Appendix

2026 vs. 2025 Risk and Returns

Asset Class	Index	Projected Return		Projected Risk	2025–2034	
		10-Year Geometric*	Real	Standard Deviation	10-Year Geometric*	Standard Deviation
Equities						
Broad U.S. Equity	Russell 3000	7.35%	4.85%	17.35%	7.35%	17.35%
Large Cap U.S. Equity	S&P 500	7.25%	4.75%	17.00%	7.25%	17.00%
Smid Cap U.S. Equity	Russell 2500	7.45%	4.95%	22.00%	7.45%	22.00%
Global ex-U.S. Equity	MSCI ACWI ex USA	7.45%	4.95%	21.25%	7.45%	21.25%
Developed ex-U.S. Equity	MSCI World ex USA	7.25%	4.75%	20.15%	7.25%	20.15%
Emerging Market Equity	MSCI Emerging Markets	7.45%	4.95%	25.65%	7.45%	25.65%
Fixed Income						
Short Duration Gov/Credit	Bloomberg 1-3 Year Gov/Credit	3.90%	1.40%	2.40%	4.00%	2.40%
Core U.S. Fixed	Bloomberg Aggregate	4.75%	2.25%	4.45%	4.75%	4.40%
Long Government/Credit	Bloomberg Long Gov/Credit	5.20%	2.70%	11.70%	5.20%	11.75%
TIPS	Bloomberg TIPS	4.50%	2.00%	5.40%	4.55%	5.40%
High Yield	Bloomberg High Yield	5.90%	3.40%	11.75%	6.00%	11.75%
Global ex-U.S. Fixed	Bloomberg GI Agg ex US	2.90%	0.40%	9.80%	2.85%	9.80%
Emerging Market Sovereign Debt	EMBI Global Diversified	5.00%	2.50%	10.70%	5.35%	10.65%
Alternatives						
Core Real Estate	NCREIF ODCE	6.25%	3.75%	14.00%	6.25%	14.00%
Private Infrastructure	MSCI Glb Infra / FTSE Dev Core 50/50	6.35%	3.85%	15.20%	6.35%	15.20%
Private Equity	Cambridge Private Equity	8.50%	6.00%	27.60%	8.50%	27.60%
Private Credit	Cambridge Senior Debt Index	7.25%	4.75%	15.70%	7.25%	15.70%
Hedge Funds	Callan Hedge FOF Database	5.70%	3.20%	8.20%	5.70%	8.20%
Commodities	Bloomberg Commodity	3.90%	1.40%	18.05%	3.90%	18.05%
Cash Equivalents	90-Day T-Bill	3.00%	0.50%	0.90%	3.00%	0.90%
Inflation	CPI-U	2.50%		1.60%	2.50%	1.60%

* Geometric returns are derived from arithmetic returns and the associated risk (standard deviation).

Equity Forecasts

Building block model

Index	Forecasted Dividend Yield	Net Buyback Yield	Inflation	Real Earnings Growth	Valuation Adjustment	Total Expected Return
Large Cap U.S. Equity	1.50%	1.00%	2.50%	2.50%	-0.25%	7.25%
Small/Mid Cap U.S. Equity	1.25%	0.25%	2.50%	3.45%	0.00%	7.45%
Developed ex-U.S. Equity	3.25%	0.25%	2.00%	1.75%	0.00%	7.25%
Emerging Markets Equity	3.05%	-2.65%	3.25%	3.80%	0.00%	7.45%

Our return expectations for U.S. large cap (S&P 500) and developed ex-U.S. markets (MSCI World ex-USA) are the same, but the paths to those returns are different.

- U.S. companies tend to deliver more return from earnings growth than from return of capital via dividends or buybacks.
- Developed ex-U.S. companies have the opposite relationship.

Small/mid cap U.S. equity and emerging markets equity maintain a small expected return premium over their large cap and developed markets counterparts.

Projected Fixed Income Returns

10-year projections

	Income Return	+	Capital Gain/Loss	+	Credit Default	+	Roll Return	=	2026 Expected Return	2025 Expected Return	Change vs. 2025
Cash	3.00%		0.00%		0.00%		0.00%		3.00%	3.00%	0.00%
1-3 Year Gov/Credit	3.65%		0.00%		-0.05%		0.30%		3.90%	4.00%	-0.10%
1-3 Year Government	3.50%		0.05%		0.00%		0.25%		3.80%	3.80%	
1-3 Year Credit	4.05%		0.00%		-0.15%		0.35%		4.25%	4.30%	
Intermediate Gov/Credit	4.25%		-0.15%		-0.05%		0.55%		4.60%	4.40%	0.20%
Intermediate Gov	4.00%		-0.10%		0.00%		0.50%		4.40%	4.20%	
Intermediate Credit	4.80%		-0.25%		-0.20%		0.60%		4.95%	4.75%	
Aggregate	4.55%		-0.20%		-0.05%		0.45%		4.75%	4.75%	0.00%
Government	4.15%		-0.20%		0.00%		0.45%		4.40%	4.55%	
Securitized	4.45%		0.15%		0.00%		0.45%		5.05%	4.90%	
Credit	5.35%		-0.55%		-0.25%		0.50%		5.05%	4.95%	
Long Duration Gov/Credit	5.40%		-0.30%		-0.15%		0.25%		5.20%	5.20%	0.00%
Long Government	4.70%		0.05%		0.00%		0.25%		5.00%	4.80%	
Long Credit	5.95%		-0.70%		-0.25%		0.25%		5.25%	5.40%	
TIPS	4.20%		-0.15%		0.00%		0.45%		4.50%	4.55%	-0.05%
Global ex-U.S. Fixed	2.85%		-0.10%		-0.10%		0.25%		2.90%	2.85%	0.05%
High Yield	8.05%		-0.60%		-2.05%		0.50%		5.90%	6.00%	-0.10%
Emerging Market Debt	7.25%		-0.85%		-1.85%		0.45%		5.00%	5.35%	-0.35%
Bank Loans	7.95%		-0.25%		-1.70%		0.00%		6.00%	6.10%	-0.10%

Core Real Estate

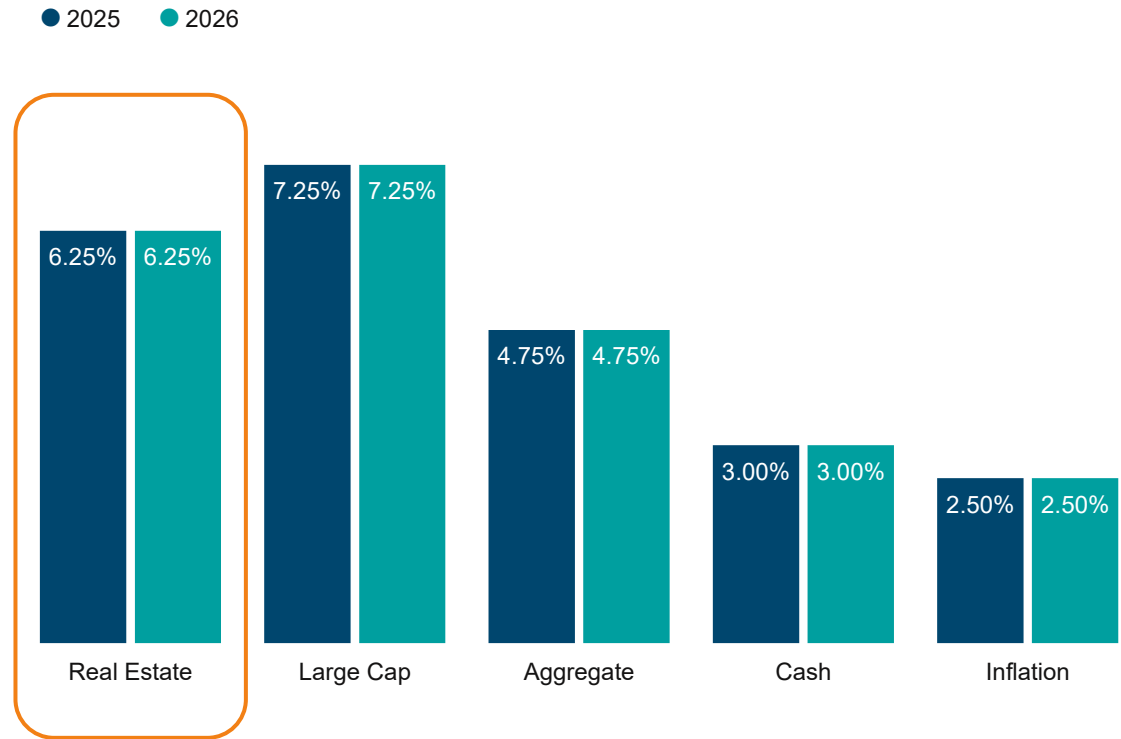
Background

Real estate has characteristics of equity (ownership and appreciation) and bonds (income from rents).

While real estate, especially within offices, could continue to face elevated risks in the short-term, price declines in recent years make more attractive entry points available for long-term investors.

2026 real estate return projection: 6.25% (unchanged from 2025)

Return Projections



Source: Callan, NCREIF

Private Infrastructure

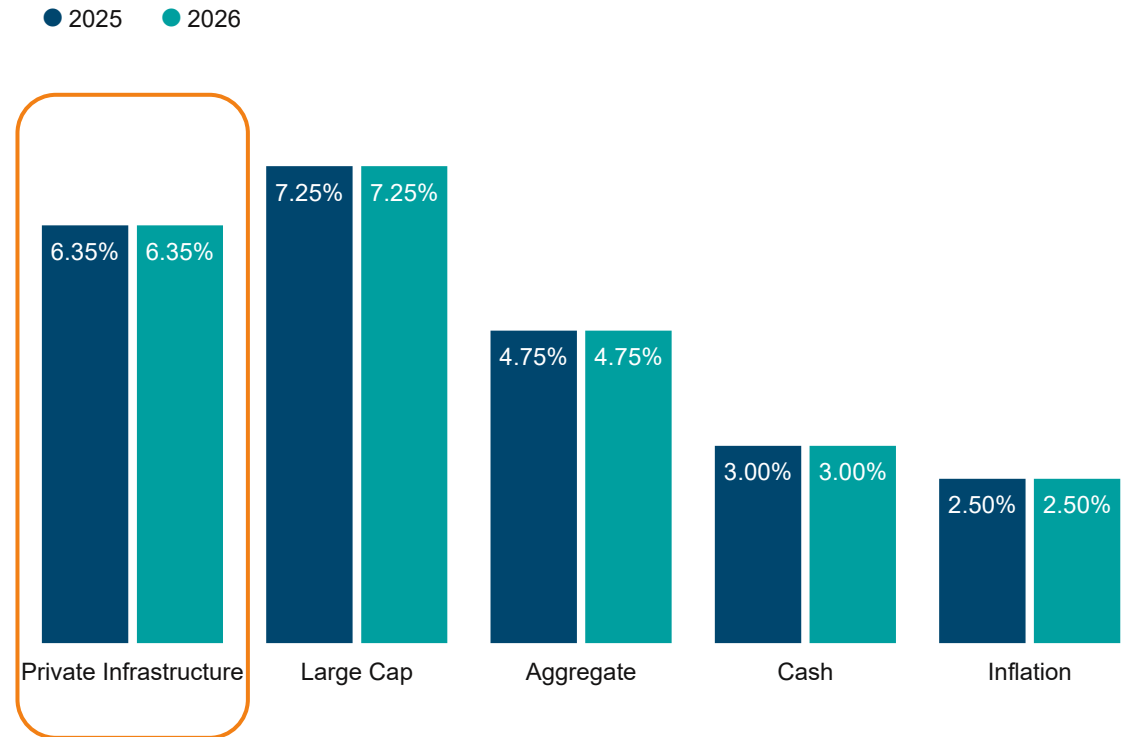
Background

Infrastructure has characteristics of equity (ownership and appreciation) and bonds (income from fees, tolls, rents).

Infrastructure typically levers steady cash flows with some unique element of monopoly of service, regulated rates, or priority access to dedicated capital like roads, tolls, airports, telecommunication, power supply.

2026 infrastructure return projection: 6.35% (unchanged from 2025)

Return Projections



Source: Callan, NCREIF

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