



## **University of Wisconsin System Trust Funds**



### **Quarterly Investment Review June 30, 2024**

## UW System Trust Funds: Overview and Investment Summary

Quarter Ended June 30, 2024

### **Investment Objective**

To achieve, net of administrative and investment expenses, reasonable, attainable and sustainable returns over and above the rate of inflation. SWIB seeks to achieve this objective through the use of passive, externally-managed, public markets funds.

### **Market Values as of June 30, 2024**

Total Public Market Assets <sup>1</sup>	\$511,611,206
Total Legacy Private Market Assets <sup>1</sup>	\$66,540,482
Other Cash and Accruals <sup>2</sup>	\$2,473
<b>Total UW System Long Term Fund<sup>1</sup></b>	<b>\$578,154,161</b>
<b>Income Cash Fund (State Investment Fund 'SIF')<sup>3</sup></b>	<b>\$41,921,000</b>

*1 Market values are calculated net of external management fees.*

*2 Other Cash and Accruals include custody & middle office fees, SWIB internal management fees, fund-level STIF cash, STIF interest and other pass through fees that either accrue until paid or are pre-paid. Balances vary intra-month and can cross into new quarters.*

*3 Data is sourced from the Quarter End Pool Sheets provided by the DOA and represents the monies available in UW Funds 161 and 162 (STAR account(s) 51100 and 51200).*

### **Performance for Quarter Ended June 30, 2024**

	Apr-24	May-24	Jun-24	3 Months
UW System Long Term Fund (Gross of Fees)	-2.33%	2.66%	1.51%	1.78%
UW System Long Term Fund (Net of All Fees) <sup>4</sup>	-2.33%	2.65%	1.51%	1.76%
UW Fund Custom Benchmark	-2.37%	2.63%	1.52%	1.73%

*4 Returns are calculated net of external management fees.*

### **Contributions/Withdrawals for Quarter Ended June 30, 2024**

UW System Long Term Fund - Public Markets <sup>5</sup>	(\$4,453,213)
UW System Long Term Fund - Private Markets <sup>6</sup>	(\$1,266,191)
UW System Long Term Fund Contributions for Fees	\$0
UW System Long Term Fund Fees Expensed <sup>7</sup>	(\$176,645)

*5 Amount represents the net of new contributions and withdrawals by UWS, including endowment spending distributions, assessment of UWS internal fees, as well as reallocations among the public and private market portfolios.*

*6 Distributions from StepStone and other private market underlying funds are net of external investment management fees paid.*

*7 Fees expensed can include external and internal management fees, custody & middle office fees, and other pass through fees accrued and paid from both the public and private market accounts.*

## **Performance and Market Discussion**

For the quarter ended June 30th, the UW investment portfolio returned +1.78%, performing in-line with its benchmark.

### **Equity Performance**

The domestic U.S. market, as represented by the Russell 3000 Index, finished the quarter with a positive return of 3.22%.

Large-cap U.S. equities performed strongly during the second quarter. The S&P 500 continued to notch new all-time highs, pushing the index above 5,450 points in June. Investor optimism from better-than-expected earnings in AI-related technology stocks helped continue the rally in the large-cap market.

During the month of April, the CPI climbed 0.3% from March and proceeded to remain flat at 0.00% from April to May. Additionally, the unemployment rate increased from 3.9% in April to 4.0% in May. These metrics alongside other positive economic growth indicators, led the U.S. Federal Reserve to keep rates unchanged throughout the second quarter of 2024. Expectations of rates cuts, which at the beginning of the year were several, dropped to just one cut before the end of the year. As a result, small-cap equities did not enjoy a similar rally during 2Q showcasing the fallout from dashed interest rate cut expectations.

From a sector perspective, Information Technology (12.32%), Communication Services (9.18%), and Utilities (4.55%) were the best performers, whereas Materials (-5.08%), Industrials (-3.36%), and Energy (-2.11%) were the top laggards.

Developed market equities, as represented by the MSCI World ex U.S. Index, finished the second quarter of 2024 returning -0.36% over the three-month period.

The European Parliament held elections at the beginning of June. Results demonstrated a continued drift to the right for the continent, as Euroskeptic members increase their numbers in the legislative body. Upcoming elections in France and the United Kingdom, provided further room for potential political instability to manifest.

The European Central Bank (ECB) initially held rates steady in April at 4.00%. This decision largely matched investor expectations. Although inflationary metrics did not yield resolute movement toward a 2.00% inflation target, the ECB decided in May to drop rates by 25 bps.

The Bank of England held the Bank Rate steady at 5.25% during the second quarter. The Bank said that although headline CPI in the UK had fallen back to the 2.00% target in the May report, elevated rates were still required to address elevated indicators of inflation persistence.

In May, the Japanese Yen fell to a 38-year low relative to the US dollar. This year, Japan has seen an increase in tourism, but when accounting for the fact that the country imports almost all its energy, the weak yen has made imports significantly more expensive, complicating the effects of the weaker currency. The Bank of Japan raised rates for the first time since 2007 in April, pushing rates from -0.1% to 0.0 – 0.1%. In June, the Bank of Japan decided to hold rates steady, as core inflation remained above the Bank's 2.00% target.

### **Fixed Income Performance**

The Bloomberg US Government Credit Index posted a return of 0.05% and the Bloomberg Intermediate US Government Credit Index posted a return of 0.64% during the second quarter. The Conference Board Consumer Confidence Index declined moderately during the month from 101.3 in May to 100.4 in June. The Present Situation Index increased to 141.5 points up from 140.8 points in May. The expectations index saw an opposite trend, declining to 73.0 points from 74.9 points in May. The expectations index has remained below 80 for the 5th consecutive month, which typically indicates an impending recession. This month, consumers showed varied reactions. They felt slightly better about the present, mainly due to a rise in positive views on the current job market. However, their opinion on current business conditions declined. On the future outlook, consumers were less negative about the labor market for the second consecutive month, but their expectations for future income and business conditions deteriorated, leading to a lower overall Expectations Index. In June, confidence retreated slightly but stayed within the narrow range seen over the past two years. The ongoing strength in current labor market perceptions continued to balance out future concerns. However, should significant labor market weaknesses emerge, confidence might decline as the year unfolds.

### **Inflation Sensitive Performance**

In Q2, the US TIPS Index produced total returns of 0.79%. Inflation expectations modestly decreased for the month of June in the U.S, 10-year real rates increased by ~5bps, while 10-year nominal rates increased by ~1bps. The greater movement in real rates relative to nominal rates, resulted in a ~5bps decrease in breakeven levels. The month of June witnessed a slew of unexpected economic turns and showcased ongoing signs of softening across an otherwise robust economic landscape. May's CPI data surprised to the downside for the second month in a row, with headline CPI coming in flat for the month, bringing the annual rate down to ~3.3%. Core CPI also surprised on the downside, with a monthly increase of ~0.16%, the lowest since August 2021, resulting in an annual rate of ~3.4%. This was largely driven by significant drops in airfare prices and modest declines in motor vehicle insurance costs. Overall, shelter inflation remains sticky while goods inflation ran at its lowest level (-1.7% YoY ) since 2004.

## UW System Trust Funds: Market Discussion & Commentary

Quarter Ended June 30, 2024

Following the CPI print, May witnessed a notable increase in Nonfarm Payrolls, which significantly exceeded expectations, coming in at ~272k MoM versus the anticipated ~180k MoM. This led rates to move higher, after a subsequent rally in rates following the CPI print. This is generally what led rates higher before the subsequent rally after the CPI print. Continuing on the employment side, the unemployment rate ticked higher to ~4.0% and average hourly earnings surprised to the upside. Rates reversed course once more following hawkish tones from the FOMC meeting initiating a rates sell off. Following the downside surprise in CPI data, The Producer Price Index (PPI) declined by about 0.3% below consensus, registering at approximately ~-0.2% month-over-month (MoM) and 2.3% year-over-year (YoY). The softer PPI figures indicate a continued easing of inflationary pressures, in line with May's subdued Consumer Price Index (CPI) readings. The Core PPI print similarly surprised to the downside, ending at roughly ~0.0% MoM and ~2.3% YoY. At June's FOMC meeting in the second week of the month, the committee unanimously decided to keep Federal Funds rates between 5.25%-5.5%, awaiting more confidence in inflation trends. Chair Powell emphasized the need for prolonged high rates, reflected in upward revisions to long-term rate estimates in the SEP projections, with inflation expected to remain above the 2% target through the end of 2025. At the beginning of the month, employment data showed notable softening, with ADP Employment Change figures coming in below consensus at approximately 152k month-over-month, signaling a pullback in job opportunities in the U.S. labor market. Towards the middle of the month, employment data continued to show signs of weakening with Initial Jobless Claims significantly exceeding expectations at 242k week-over-week (WoW), and Continuing Claims also surpassing consensus at ~1.795M WoW at approximately ~1.82 million WoW. Labor market data continued on the softening trajectory, with Continuing Claims and Initial Jobless Claims continued to surprise to the downside, finishing out the month above expectations at ~1.83M WoW and ~238k WoW. Despite signs of gradual softening, the labor market remained resilient, supporting the unexpected May inflation data. On the production and manufacturing side, the ISM Manufacturing Index fell short of expectations in May, printing at approximately 48.7 points month-over-month, indicating a significant slowdown in manufacturing activity. Conversely, the ISM Services Index exceeded expectations, coming in at about 53.8 points month-over-month, signaling overall growth in the service sector. The S&P Purchasing Managers' Index (PMI) figures aligned with expectations: Manufacturing PMI at roughly 51.3 points month-over-month, Services PMI at about 54.8 points month-over-month, and Composite PMI at around 54.5 points month-over-month. On the consumer front, towards the middle of the month, Retail Sales Advances came in slightly below expectations at ~0.1% MoM, demonstrating a slight reduction in consumer spending, followed by a modest decline in Consumer Confidence at the end of the month, further pointing to less robust economic expansion than witnessed over the previous month.

Global REITs contracted another 2.4% in Q2 2024 after falling by 1.1% in Q1 of 2024 to start the year. Global REITs performance came in below both the FTSE Developed Index (+2.6%) and MSCI World Index in Q2 (+2.8%). As of 6/30/2024, global REITs had a dividend yield of 4.21%, compared to 1.80% for both the FTSE Developed Index and the MSCI World Index.

US REITs\*\* also saw a modest decline of -0.9% in Q2 2024, continuing the underperformance from Q1 2024 (-1.1%). This compares to a +4.3% gain in the S&P 500 Index and a -3.3% pullback in the Russell 2000 Index. As of 6/30/2024 US REITs had a trailing 12-month dividend yield of 4.13% which was more than double the trailing 12-month dividend yields of the S&P 500 Index and Russell 2000 Index, which were 1.27% and 1.44%, respectively.

## UW System Trust Funds: Market Discussion & Commentary

Quarter Ended June 30, 2024

REIT performance in Q2 varied significantly across sectors with Apartment REITs (+11.8%) and Health Care REITs (+11.5%) leading gains, while Timberland REITs (-18.6%) and Industrial REITs (-10.6%) contracted most. Dispersion across REITs sectors increased in Q2 compared to Q1 2024. Although expectations of loosening central bank policy in 2024 buoyed REITs in Q4 of 2023, sticky inflation and the pushing out of rate cuts hurt REIT performance January through April. May and June saw a reversal of the downward trend, with both months delivering positive REIT returns as a H2 2024 Fed rate cut becomes increasingly likely. The yield on the 10-Year U.S. Treasury has risen 48 basis points since the end of 2023.

### Asset Allocation

Public Markets allocations ended the quarter with 62.4% in equities, versus a target of 57.0%; 17.6% in fixed income versus a target of 20%; and 20.0% in inflation sensitive assets versus a target of 23.0%.

## UW System Trust Funds: Market Overview

Quarter Ended June 30, 2024

Economic Indicators	Quarter Ending	YTD	1 Year	3 Year	5 Year	10 Year
US CPI - U All Urban Consumers Index	0.59%	2.42%	2.97%	4.96%	4.17%	2.80%

*\* All returns and growth rates greater than 1 year are annualized.*

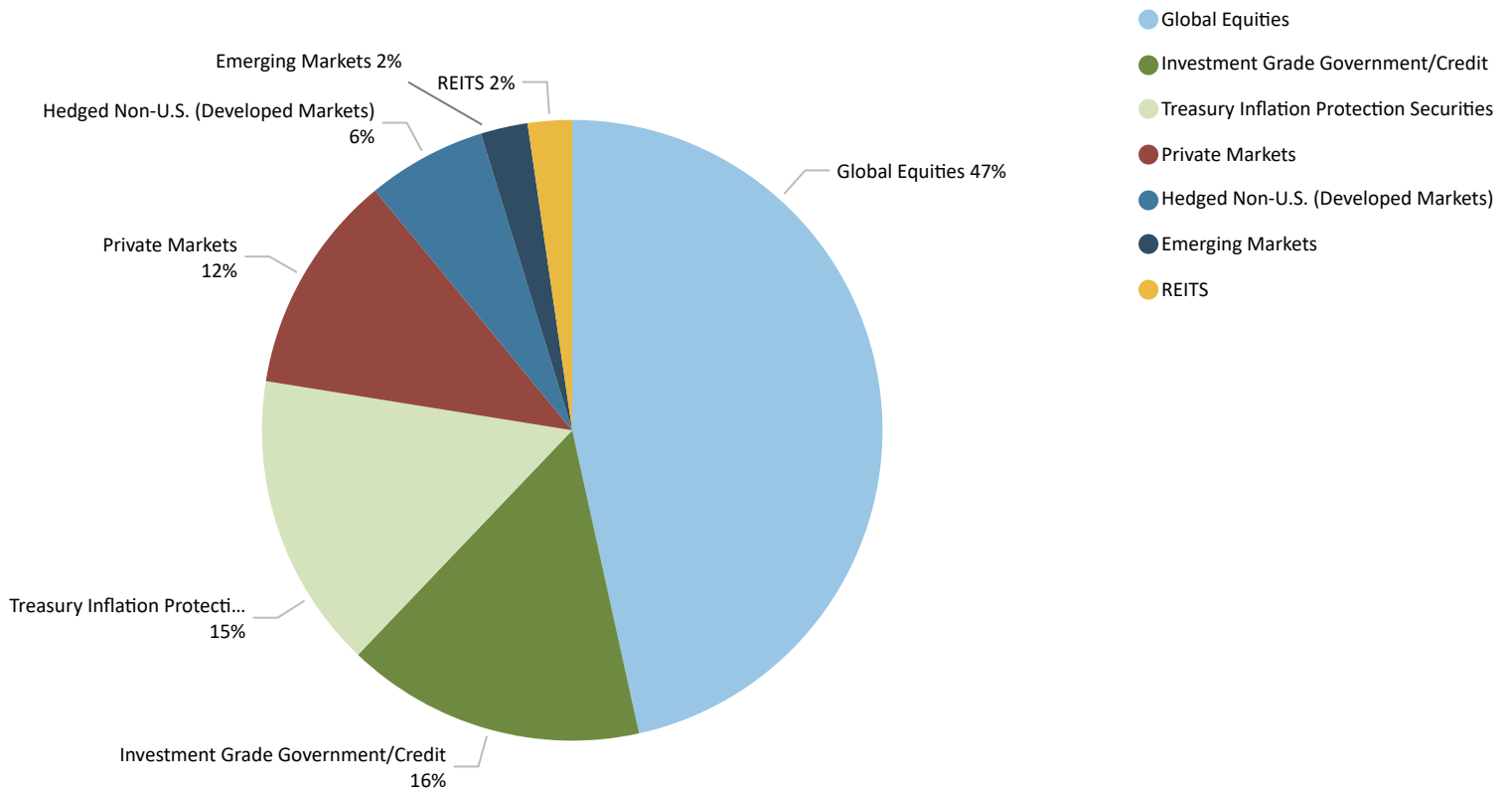
Market Indicators	Quarter Ending	YTD	1 Year	3 Year	5 Year	10 Year
U.S. Large Cap Stocks (S&P 500 Index)	4.28%	15.29%	24.56%	10.01%	15.05%	12.86%
U.S. Small Cap Stocks (Russell 2000 Index)	-3.28%	1.73%	10.06%	-2.58%	6.94%	7.00%
U.S. Broad Market Stocks (Russell 3000 Index)	3.22%	13.56%	23.13%	8.05%	14.14%	12.15%
International Stocks (MSCI World ex US Index)	-0.60%	4.96%	11.22%	2.82%	6.55%	4.27%
International Stocks - Local Currency (MSCI World ex US Index)	0.78%	10.47%	14.78%	7.83%	8.90%	7.28%
Emerging Markets Stocks (MSCI EM Net Index)	5.00%	7.49%	12.55%	-5.07%	3.10%	2.79%
Global Stocks (MSCI ACWI Net Index)	2.38%	10.28%	18.40%	4.70%	10.36%	8.17%
Government/Credit (Bloomberg Barclays Capital Gov/Credit)	0.05%	-0.68%	2.74%	-3.11%	-0.07%	1.51%
U.S. TIPS (Bloomberg Barclays U.S. TIPS Index)	0.79%	0.70%	2.71%	-1.33%	2.07%	1.91%
Real Estate (FTSE EPRA/NAREIT Developed Net Index)	-2.43%	-3.70%	4.54%	-4.77%	-0.69%	2.04%

*\* All returns and growth rates greater than 1 year are annualized.*

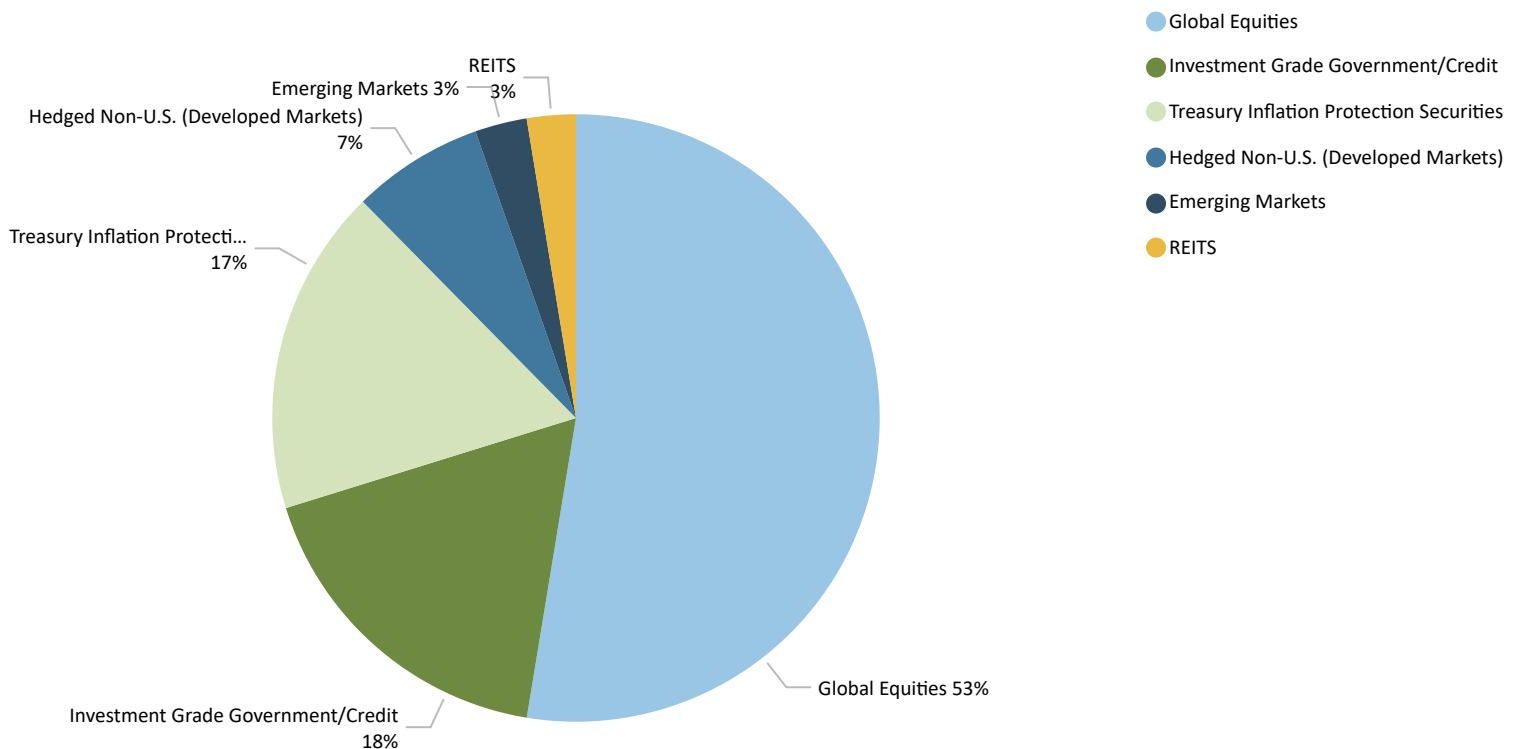
## UW System Trust Funds: Asset Allocation

Quarter Ended June 30, 2024

### UW System Long Term Fund



### UW System Long Term Fund - Public Markets Only



\* Asset Class Allocation percentages are derived using the Net of Fee market value. Sum of asset class market values may not equal total level Net of Fee market value due to the exclusion of fund level other cash and accruals. Excluded amount is immaterial.



**UW System Trust Funds: Actual Versus Target Asset Allocation**  
Quarter Ended June 30, 2024

Asset Class/Strategy	Current Allocation (\$)	Current Allocation (%)	Target Allocation (%)	Min./Max. Guidelines
<b>Total Public Markets</b>	<b>\$511,611,206</b>	<b>100.0%</b>	<b>100.0%</b>	
<b>Public Equities</b> <sup>1</sup>	<b>\$319,114,364</b>	<b>62.4%</b>	<b>57.0%</b>	51-63%
<b>Global Equities</b>	<b>\$269,079,903</b>	<b>52.6%</b>	<b>48.0%</b>	<b>44-52%</b>
<b>Hedged Non-U.S. Equities (Developed Markets)</b>	<b>\$35,868,589</b>	<b>7.0%</b>	<b>6.0%</b>	5-7%
<b>Emerging Markets Equities</b>	<b>\$14,165,872</b>	<b>2.8%</b>	<b>3.0%</b>	<b>2-4%</b>
<b>Fixed Income</b>	<b>\$90,121,853</b>	<b>17.6%</b>	<b>20.0%</b>	<b>18-22%</b>
<b>Investment Grade Government/Credit</b>	<b>\$90,121,853</b>	<b>17.6%</b>	<b>20.0%</b>	<b>18-22%</b>
<b>Inflation Sensitive</b>	<b>\$102,374,988</b>	<b>20.0%</b>	<b>23.0%</b>	<b>20-26%</b>
<b>TIPS (Treasury Inflation Protection Securities)</b>	<b>\$89,059,839</b>	<b>17.4%</b>	<b>20.0%</b>	<b>18-22%</b>
<b>REITS (Real Estate Investment Trusts)</b>	<b>\$13,315,150</b>	<b>2.6%</b>	<b>3.0%</b>	<b>2-4%</b>
<b>Private Markets</b> <sup>2</sup>	<b>\$66,540,482</b>			
Terrace Holdings II	\$66,540,482			
<b>Other Cash and Accruals</b> <sup>3</sup>	<b>\$2,473</b>			
<b>Long Term Fund Total Assets</b> <sup>4</sup>	<b>\$578,154,161</b>	-----	-----	

<sup>1</sup> There is a statutory limitation of 85% maximum exposure to public equities. (§36.29)

<sup>2</sup> Private Markets is not included in the target allocation. The Terrace Holdings II Fund comprises private equity funds of J.P. Morgan, Adams Street Partners, and a TRG Forestry Fund.

<sup>3</sup> Other Cash and Accruals include custody & middle office fees, SWIB internal management fees, fund-level STIF cash, STIF interest and other pass through fees that either accrue until paid or are pre-paid. Balances vary intra-month and can cross into new quarters.

<sup>4</sup> Market values are calculated net of external management fees.

**Rebalancing Policy:**

The asset allocation of fund investments shall be reviewed at the end of each quarter. Quarterly net capital flows to/from the UW System shall be utilized to rebalance toward the target allocations. If the allocation by asset class falls outside the rebalance range following quarterly cash flows, assets will be systematically rebalanced back to the target allocation as soon as practicable and in any event prior to the next quarterly net capital flows. Only the Public Markets allocations will be included in any rebalancing. The legacy Private Markets investments will receive additional inflows based only upon past commitments. No new commitments will be made to private markets. Eventually the legacy Private Markets investments will self-liquidate as distributions are made from existing funds without any new commitments.

**Guidelines**

Current SWIB Guidelines for UW can be found at <https://www.swib.state.wi.us/statutes-guidelines> under Board of Trustees State Investment Fund & Separately Managed Funds Investment Guidelines.

## UW System Trust Funds: Investment Performance Analysis

Quarter Ended June 30, 2024

Performance results for the UW System Long Term Fund are shown below, both graphically and in table format.

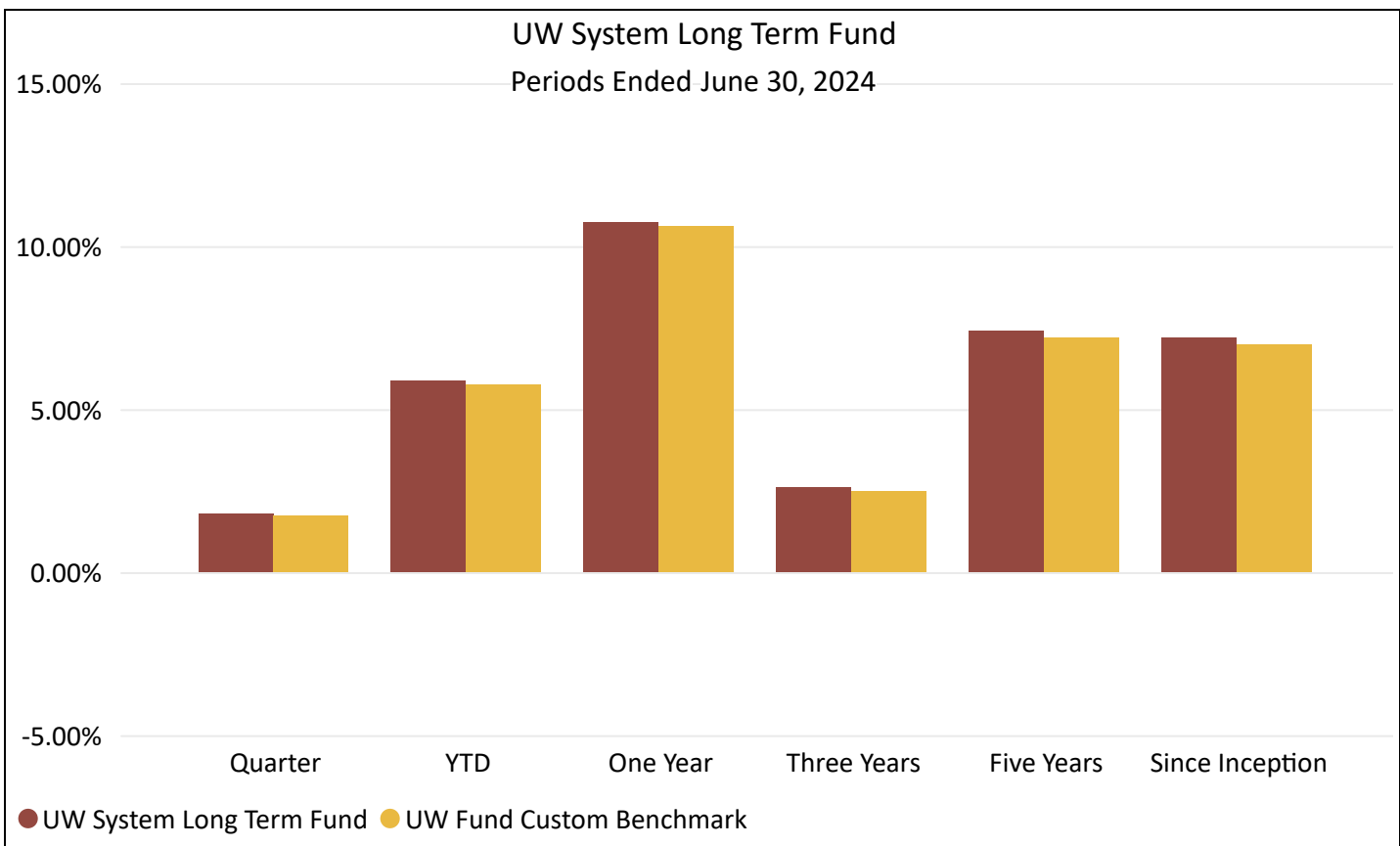
Fund and Benchmark Performance Data	Quarter Ending	Year to Date	One Year	Three Years	Five Years	Since Inception
UW System Long Term Fund	1.78%	5.85%	10.73%	2.60%	7.39%	7.20%
UW Fund Custom Benchmark	1.73%	5.76%	10.60%	2.48%	7.18%	6.96%
CPI + Spending Rate <sup>3</sup>	1.58%	4.44%	7.08%	9.14%	8.32%	7.89%
Income Cash Fund (SIF) <sup>4</sup>	1.35%	2.71%	5.50%	3.15%	2.19%	2.20%

*1 The UW System Long Term Fund's return is a gross of fees return. Inception date is 4/1/2018.*

*2 The "UW Fund Custom Benchmark" is asset weighted using the UW Public Equity Benchmark, the Bloomberg U.S. Gov't/Credit Index, the Inflation Sensitive Benchmark, and the net Terrace Holdings II returns. The Bloomberg U.S. Gov't/Credit Index, and the Bloomberg Barclays U.S. TIPS Index are gross returns. All other benchmark components are net returns (net of fees or tax withholdings on dividends). The Private Markets Benchmark change has been approved by both the Investment and Benchmark Committees.*

*3 The annual spending rate is 4.0% and the change in CPI is used as the inflation indicator.*

*4 Relevant to the extent recipients have allocated a portion of their funds to the Income Cash Fund (SIF). The Income Cash Fund (SIF) is used for receiving spending distributions from the Long Term Fund. UW investment account holders may also allocate a portion of their expendable principal to this fund.*



## UW System Trust Funds: Fund and Benchmark Performance Data by Asset Class

Quarter Ended June 30, 2024

Asset Class/Strategy	Quarter	YTD	One Year	Three Years	Since Inception
<b>UW System Long Term Fund</b>					
Gross of Fees	1.78%	5.85%	10.73%	2.60%	7.20%
Net of Fees	1.78%	5.84%	10.71%	2.57%	7.16%
Net of All Fees	1.76%	5.81%	10.65%	2.51%	7.10%
<b>UW Fund Custom Benchmark<sup>1</sup></b>	<b>1.73%</b>	<b>5.76%</b>	<b>10.60%</b>	<b>2.48%</b>	<b>6.96%</b>
<b>Public Equities</b>					
Gross of Fees	2.51%	10.49%	18.38%	5.10%	9.13%
Net of Fees	2.51%	10.47%	18.35%	5.08%	9.10%
<b>UW Public Equity Benchmark<sup>2</sup></b>	<b>2.45%</b>	<b>10.40%</b>	<b>18.16%</b>	<b>4.91%</b>	<b>8.90%</b>
<b>Blackrock MSCI ACWI Index Fund B<sup>3</sup></b>					
Gross of Fees	2.49%	10.42%	18.70%	5.03%	9.47%
Net of Fees	2.48%	10.41%	18.68%	5.01%	9.45%
<b>MSCI ACWI IM Net Index</b>	<b>2.38%</b>	<b>10.28%</b>	<b>18.40%</b>	<b>4.70%</b>	<b>9.10%</b>
<b>Blackrock EAFE Currency Hedged Equity Index Fund B<sup>3</sup></b>					
Gross of Fees	1.77%	12.31%	18.29%	10.80%	10.45%
Net of Fees	1.76%	12.29%	18.25%	10.76%	10.40%
<b>MSCI EAFE Net 100% USD Hedged Index</b>	<b>1.70%</b>	<b>12.39%</b>	<b>18.48%</b>	<b>10.79%</b>	<b>10.40%</b>
<b>Blackrock Emerging Markets Free Fund B<sup>3</sup></b>					
Gross of Fees	5.12%	7.42%	12.18%	-5.27%	1.13%
Net of Fees	5.10%	7.37%	12.07%	-5.35%	1.06%
<b>MSCI Emerging Markets Net Dividend Index</b>	<b>5.00%</b>	<b>7.49%</b>	<b>12.55%</b>	<b>-5.07%</b>	<b>1.31%</b>
<b>Fixed Income</b>					
<b>Blackrock Government/Credit Bond Index Fund B<sup>3</sup></b>					
Gross of Fees	0.11%	-0.56%	2.82%	-2.99%	1.35%
Net of Fees	0.11%	-0.57%	2.80%	-3.01%	1.33%
<b>Bloomberg Barclays U.S. Government/Credit Bond Index</b>	<b>0.05%</b>	<b>-0.68%</b>	<b>2.74%</b>	<b>-3.11%</b>	<b>1.21%</b>
<b>Inflation Sensitive</b>					
Gross of Fees	0.50%	0.38%	3.22%	-1.60%	2.81%
Net of Fees	0.50%	0.37%	3.20%	-1.62%	2.79%
<b>Inflation Sensitive Benchmark<sup>4</sup></b>	<b>0.38%</b>	<b>0.15%</b>	<b>3.06%</b>	<b>-1.66%</b>	<b>2.56%</b>
<b>Blackrock U.S. Treasury Inflation Protected Securities Fund B<sup>3</sup></b>					
Gross of Fees	0.91%	0.95%	2.89%	-1.21%	2.73%
Net of Fees	0.91%	0.95%	2.88%	-1.22%	2.72%
<b>Bloomberg Barclays U.S. TIPS Index, Series L</b>	<b>0.79%</b>	<b>0.70%</b>	<b>2.71%</b>	<b>-1.33%</b>	<b>2.55%</b>
<b>Blackrock Developed Real Estate Index Fund B<sup>3</sup></b>					
Gross of Fees	-2.16%	-3.27%	5.48%	-3.94%	2.28%
Net of Fees	-2.18%	-3.31%	5.40%	-4.01%	2.20%
<b>FTSE EPRA/NAREIT Developed Net Index</b>	<b>-2.43%</b>	<b>-3.70%</b>	<b>4.54%</b>	<b>-4.77%</b>	<b>1.44%</b>
<b>Private Markets</b>					
<b>Terrace Holdings II<sup>5</sup></b>					
Gross of Fees	2.73%	2.73%	1.54%	4.16%	11.15%
Net of Fees	2.73%	2.73%	1.54%	4.16%	11.05%
<b>UW Private Equity Benchmark<sup>6</sup></b>	<b>2.73%</b>	<b>2.73%</b>	<b>1.54%</b>	<b>4.16%</b>	<b>11.05%</b>

\* Net of Fee Returns are net of accrued external manager fees (e.g. BlackRock fees). Net of All Returns are net of SWIB internal and external investment management fees, custody & middle office fees, and other pass through fees accrued and paid. Returns are gross of internal UW fees. All Funds have an inception date of 04/01/2018.

1 The "UW Fund Custom Benchmark" is asset weighted using the UW Public Equity Benchmark, the Bloomberg U.S. Gov't/Credit Index, the Inflation Sensitive Benchmark, and the net Terrace Holdings II returns. The Bloomberg U.S. Gov't/Credit Index, and the Bloomberg Barclays U.S. TIPS Index are gross returns. All other benchmark components are net returns (net of fees or tax withholdings on dividends).

2 The "UW Public Equity Benchmark" is comprised of 84% MSCI ACW IM Net Index, 11% MSCI EAFE Net 100% USD Hedged Index, and 5% MSCI Emerging Markets Net Index.

3 Effective 3Q 2021, the valuation frequency for Blackrock mutual funds has been modified from monthly to daily. To correct for the impact of large cash flows, the performance was restated from April 2020 to July 2021 and the revised numbers are included in the 9/30/2021 performance. Note that no impact to performance occurred at the mandate level.

4 The "Inflation Sensitive Benchmark" is comprised of 87% Bloomberg Barclays U.S. TIPS Index, Series L and 13% FTSE EPRA/NAREIT Developed Net Index.

5 The Private Markets valuation update occurs on a lag. The portfolio's performance is updated when SWIB receives an updated quarterly statement, which may not occur in every quarter. The net of fees and net of all returns are net of StepStone manager fees.

6 The "Private Equity Benchmark" is comprised of the net of fees return of Terrace Holdings II, a Private Equity fund of funds being administered by StepStone.

## **APPENDIX**

## MSCI ACWI IMI Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

### Investment objective and strategy

The MSCI ACWI IMI Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in U.S. and non-U.S. equity securities with the objective of approximating as closely as practicable the capitalization weighted rates of return of the markets in certain countries for publicly traded equity securities. The primary criterion for selection of investments in the Fund shall be the Benchmark listed herein.

### Performance

Total return % as of 06/30/2024 (return percentages are annualized as of period end)

	Q2*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	2.48	10.41	18.68	4.99	10.65	8.51	9.33
Benchmark return %	2.38	10.28	18.39	4.71	10.35	8.18	8.98
<b>Difference</b>	<b>0.10</b>	<b>0.13</b>	<b>0.29</b>	<b>0.28</b>	<b>0.30</b>	<b>0.33</b>	<b>0.35</b>

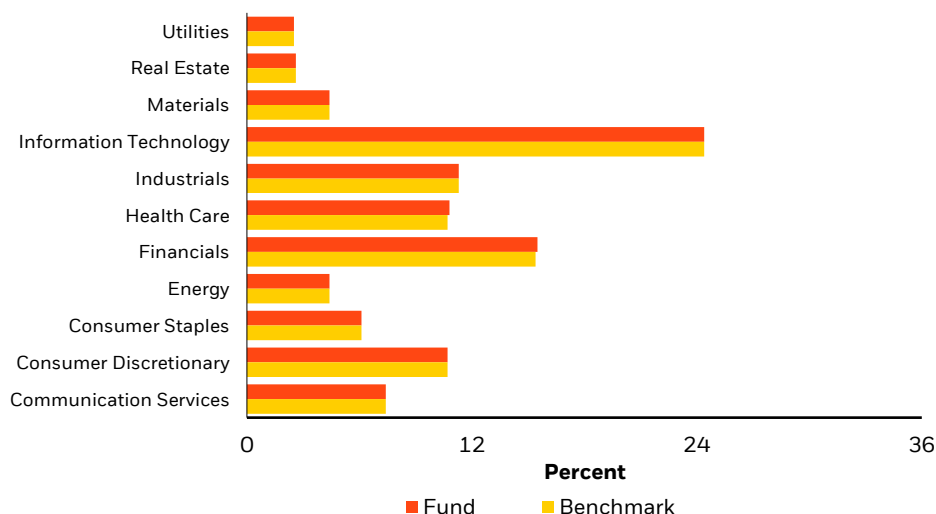
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\* Period returns for less than one year are cumulative

### Sector allocation

% of Fund or Benchmark as of 06/30/2024



Sources: BlackRock, MSCI Inc.

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Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

### Investment details (as of 06/30/2024)

<b>Benchmark</b>	MSCI All Country World Investible Market Index in USD, Net Return
<b>Total fund assets</b>	\$2.78 billion
<b>Fund inception date</b>	03/23/2010

### Characteristics (as of 06/30/2024)

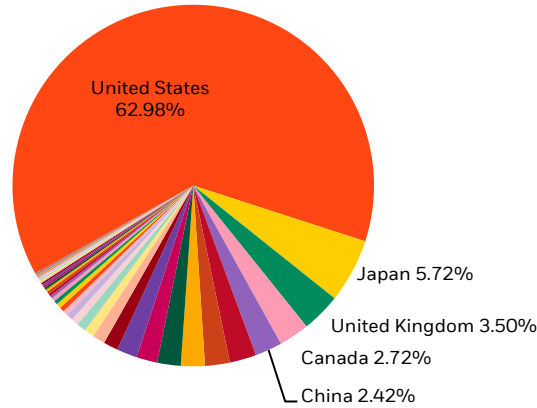
	Fund	Benchmark
Number of securities	8,943	8,845
Dividend yield	1.92	1.92

### Top 10 holdings (as of 06/30/2024)

	Fund (% assets)	Benchmark (% assets)
MICROSOFT CORP	3.82	3.83
APPLE INC	3.74	3.75
NVIDIA CORP	3.74	3.75
AMAZON COM INC	2.19	2.20
META PLATFORMS INC CLASS A	1.34	1.34
ALPHABET INC CLASS A	1.30	1.30
ALPHABET INC CLASS C	1.13	1.14
TAIWAN SEMICONDUCTOR MANUFA	0.89	0.89
ELI LILLY	0.89	0.89
BROADCOM INC	0.86	0.86

Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

Country Allocation



- United States 62.98%
- China 2.42%
- Switzerland 2.10%
- Netherlands 1.13%
- Spain 0.59%
- Singapore 0.35%
- Belgium 0.23%
- Malaysia 0.17%
- Turkey 0.11%
- Austria 0.07%
- European Union 0.05%
- Czech Republic 0.01%
- Japan 5.72%
- France 2.38%
- Germany 1.87%
- Denmark 0.88%
- Brazil 0.44%
- South Africa 0.32%
- Mexico 0.22%
- Thailand 0.16%
- Qatar 0.09%
- New Zealand 0.06%
- Portugal 0.05%
- Egypt 0.01%
- United Kingdom 3.50%
- India 2.21%
- Australia 1.82%
- Sweden 0.84%
- Hong Kong 0.43%
- Finland 0.24%
- Norway 0.21%
- United Arab Emirates 0.12%
- Kuwait 0.08%
- Philippines 0.06%
- Peru 0.03%
- Colombia 0.01%
- Canada 2.72%
- Taiwan 2.14%
- Korea 1.31%
- Italy 0.65%
- Saudia Arabia 0.43%
- Israel 0.24%
- Indonesia 0.17%
- Poland 0.11%
- Ireland 0.08%
- Chile 0.05%
- Hungary 0.03%

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The Fund is also subject to other key risks, as described in the Fund's Collective Investment Fund Profile. Some or all of those risks may adversely affect the value of units in the Fund, yield, total return and the Fund's ability to meet its investment objective. See the Collective Investment Fund Profile for additional information.

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## MSCI EAFE Currency Hedged Equity Index Fund

### B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

## Investment objective and strategy

The MSCI EAFE Currency Hedged Equity Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in international equity securities whose total return will approximate as closely as practicable the cap weighted total return of the markets in certain countries for equity securities outside the US, while seeking to eliminate variations based solely on the value of the currencies in the Fund as compared to the US dollar. The primary criterion for selection of investments in the Fund is the Benchmark listed herein.

## Performance

Total return % as of 06/30/2024 (return percentages are annualized as of period end)

	Q2*	YTD*	1 Year*	3 Year	5 Year	Since Inception
Fund return %	1.77	12.30	18.27	10.75	11.19	10.93
Benchmark return %	1.7	12.39	18.47	10.79	11.24	10.94
<b>Difference</b>	<b>0.07</b>	<b>-0.09</b>	<b>-0.20</b>	<b>-0.04</b>	<b>-0.05</b>	<b>-0.01</b>

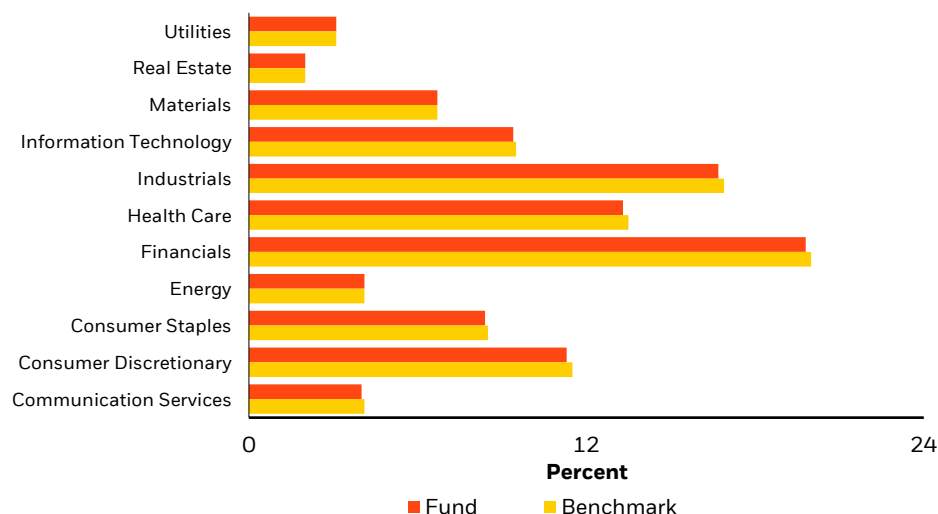
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## Sector allocation

% of Fund or Benchmark as of 06/30/2024



Sources: BlackRock, MSCI Inc.

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## Investment details (as of 06/30/2024)

<b>Benchmark</b>	MSCI EAFE Index Net 100% USD Hedged Index
<b>Total fund assets</b>	\$130.27 million
<b>Fund inception date</b>	04/29/2016

## Characteristics (as of 06/30/2024)

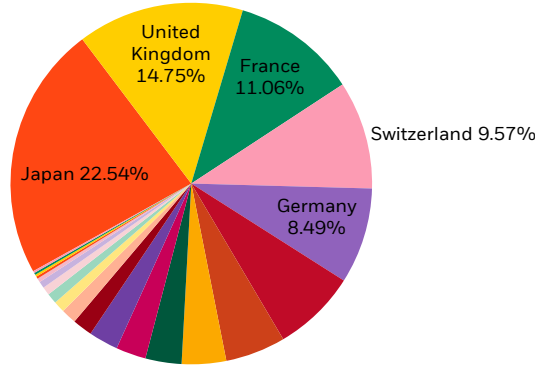
	Fund	Benchmark
Number of securities	743	742
Dividend yield	3.03	3.03

## Top 10 holdings (as of 06/30/2024)

	Fund (% assets)	Benchmark (% assets)
NOVO NORDISK CLASS B	2.85	2.85
ASML HOLDING NV	2.50	2.50
NESTLE SA	1.65	1.65
ASTRAZENECA PLC	1.46	1.46
SHELL PLC	1.38	1.39
TOYOTA MOTOR CORP	1.31	1.31
SAP	1.28	1.28
NOVARTIS AG	1.28	1.28
LVMH	1.27	1.28
ROCHE HOLDING PAR AG	1.18	1.18

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Country Allocation



- Japan 22.54%
- United Kingdom 14.75%
- France 11.06%
- Switzerland 9.57%
- Germany 8.49%
- Australia 7.42%
- Netherlands 5.33%
- Denmark 3.93%
- Sweden 3.20%
- Italy 2.66%
- Spain 2.61%
- Hong Kong 1.76%
- Singapore 1.35%
- Finland 1.01%
- Belgium 0.92%
- Israel 0.73%
- Norway 0.59%
- Ireland 0.35%
- European Union 0.20%
- Austria 0.19%
- Portugal 0.18%
- New Zealand 0.18%

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## MSCI Emerging Markets Free Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

### Investment objective and strategy

The MSCI Emerging Markets Free Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests primarily in international equity securities of issuers in emerging markets, with the objective of providing returns which approximate as closely as practicable the capitalization weighted total rates of return of the markets in certain countries for equity securities traded outside of the United States. The primary criterion for selection of investments in the Fund shall be the Benchmark listed herein.

### Performance

Total return % as of 06/30/2024 (return percentages are annualized as of period end)

	Q2*	YTD*	1 Year*	3 Year	5 Year	10 Year	Since Inception
Fund return %	5.1	7.37	12.12	-5.30	2.84	2.62	6.53
Benchmark return %	5.0	7.49	12.55	-5.07	3.10	2.79	6.65
<b>Difference</b>	<b>0.10</b>	<b>-0.12</b>	<b>-0.43</b>	<b>-0.23</b>	<b>-0.26</b>	<b>-0.17</b>	<b>-0.12</b>

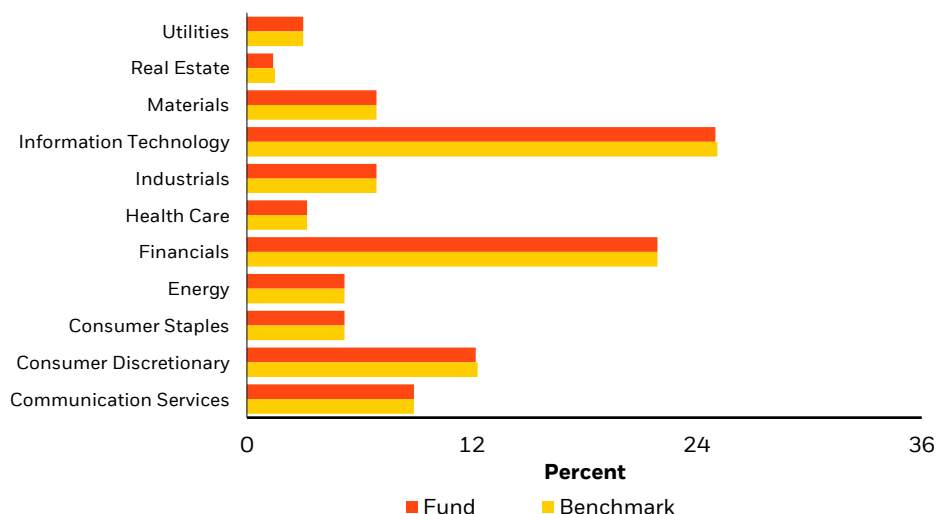
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\* Period returns for less than one year are cumulative

### Sector allocation

% of Fund or Benchmark as of 06/30/2024



Sources: BlackRock, MSCI Inc.

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### Investment details (as of 06/30/2024)

<b>Benchmark</b>	MSCI Emerging Markets Index (composite structure)
<b>Total fund assets</b>	\$2.73 billion
<b>Fund inception date</b>	07/24/2000

### Characteristics (as of 06/30/2024)

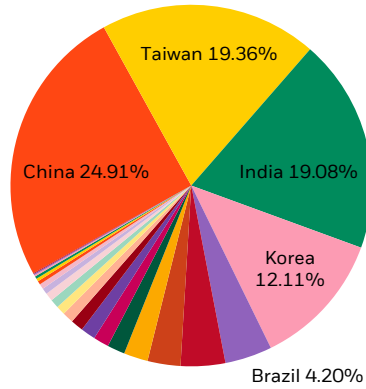
	Fund	Benchmark
Number of securities	1,344	1,329
Dividend yield	2.56	2.57

### Top 10 holdings (as of 06/30/2024)

	Fund (% assets)	Benchmark (% assets)
TAIWAN SEMICONDUCTOR MANUFA	9.73	9.86
TENCENT HOLDINGS LTD	4.17	4.24
SAMSUNG ELECTRONICS LTD	3.72	3.80
ALIBABA GROUP HOLDING LTD	1.86	1.89
RELIANCE INDUSTRIES LTD	1.52	1.54
SK HYNIX INC	1.23	1.26
HON HAI PRECISION INDUSTRY	1.09	1.11
PDD HOLDINGS ADS INC	1.05	1.07
ICICI BANK LTD	0.99	1.00
MEITUAN	0.95	0.97

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Country Allocation



- China 24.91%
- Taiwan 19.36%
- India 19.08%
- Korea 12.11%
- Brazil 4.20%
- Saudia Arabia 3.97%
- South Africa 2.93%
- Mexico 2.15%
- Indonesia 1.57%
- Malaysia 1.38%
- Thailand 1.32%
- United Arab Emirates 1.12%
- Poland 0.99%
- Qatar 0.81%
- Turkey 0.78%
- Kuwait 0.73%
- Philippines 0.54%
- Chile 0.46%
- Peru 0.32%
- Hungary 0.26%
- Hong Kong 0.23%
- Czech Republic 0.14%
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## Government/Credit Bond Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. (“BTC”) for investment of fiduciary client assets held by BTC in its capacity as trustee

### Investment objective and strategy

The Government/Credit Bond Index Fund B (the “Fund”) is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return of the Benchmark listed herein.

### Performance

Total return % as of 06/30/2024 (Return percentages are annualized as of period end. Returns for periods less than one year are cumulative)

	Month*	Q2*	YTD*	1 Year*	3 Year	5 Year	10 Year
Fund return %	0.87	0.10	-0.57	2.78	-3.03	0.02	1.60
Benchmark return %	0.87	0.05	-0.68	2.74	-3.11	-0.07	1.51
<b>Difference</b>	<b>0.00</b>	<b>0.05</b>	<b>0.11</b>	<b>0.04</b>	<b>0.08</b>	<b>0.09</b>	<b>0.09</b>

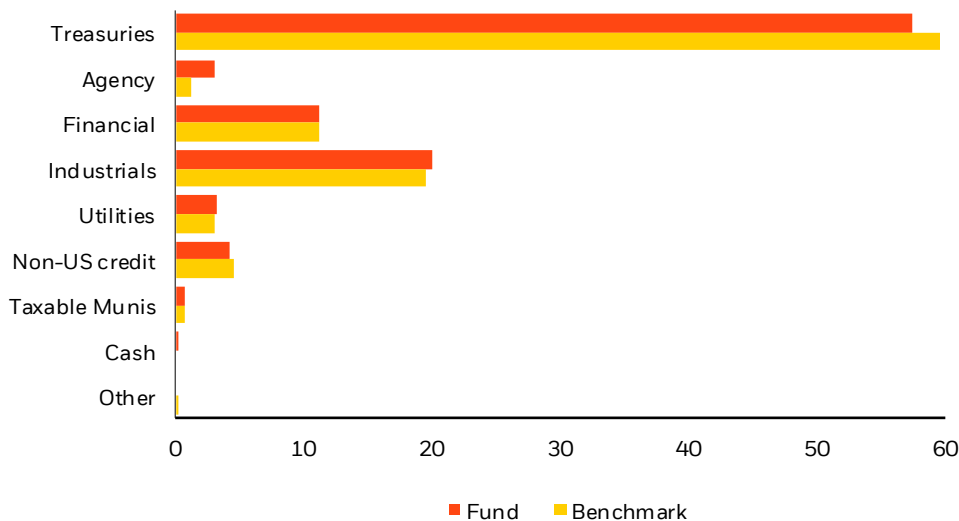
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### Sector allocation

% of Fund or Benchmark as of 06/30/2024



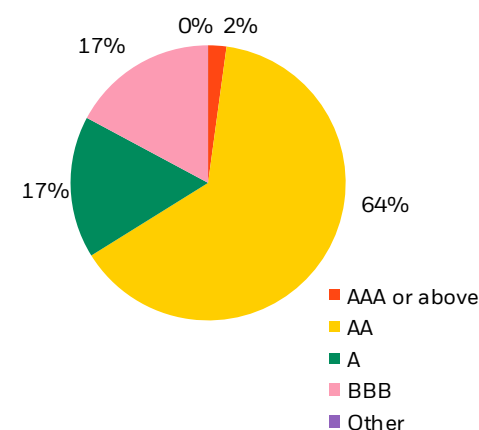
### Investment details (as of 06/30/2024)

<b>Benchmark</b>	Bloomberg U.S. Government/Credit Bond Index
<b>Total fund assets</b>	\$0.34 billion
<b>Fund inception date</b>	03/31/1991

### Characteristics (as of 06/30/2024)

	Fund	Benchmark
Number of securities	8,220	9,545
Market value (B)	\$0.34	\$19,657.31
Coupon (%)	3.30	3.33
Yield to maturity (YTM) (%)	4.93	4.92
Weighted avg life (yrs)	8.75	8.76
Effective duration (yrs)	6.22	6.20
Spread duration (yrs)	2.82	2.75
Option adjusted spread (bps)	34	34
Convexity (yrs)	0.81	0.80

### Quality breakdown (as of 06/30/2024)



The credit quality of a particular security or group of securities may be based upon a rating from a nationally recognized statistical rating organization or, if unrated by a ratings organization, assigned an internal rating by BlackRock, neither of which ensures the stability or safety of an overall portfolio.

Sources: BlackRock, Bloomberg Finance L.P.

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FIRate-0088

# U.S. Treasury Inflation Protected Securities Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

## Investment objective and strategy

The U.S. Treasury Inflation Protected Securities Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of closely approximating the total rate of return for all outstanding U.S. Treasury Inflation Protected Securities with a maturity of one year or greater, as defined by the Benchmark listed herein.

## Performance

Total return % as of 06/30/2024 (Return percentages are annualized as of period end. Returns for periods less than one year are cumulative.)

	Month*	Q2*	YTD*	1 Year*	3 Year	5 Year	10 Year
Fund return %	0.79	0.89	0.92	2.82	-1.26	2.16	2.03
Benchmark return %	0.78	0.79	0.70	2.71	-1.33	2.07	1.91
<b>Difference</b>	<b>0.01</b>	<b>0.10</b>	<b>0.22</b>	<b>0.11</b>	<b>0.07</b>	<b>0.09</b>	<b>0.12</b>

### Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

\* Period returns for less than one year are cumulative

## Investment details (as of 06/30/2024)

<b>Benchmark</b>	Bloomberg U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L)
<b>Total fund assets</b>	\$3.42 billion
<b>Fund inception date</b>	03/05/2002

## Characteristics (as of 06/30/2024)

	Fund	Benchmark
Number of securities	48	48
Market value (B)	\$3.42	\$1,294.50
Coupon (%)	0.91	0.91
Yield to maturity (YTM) (%)	4.48	4.48
Weighted avg life (yrs)	7.15	7.15
Effective duration (yrs)	6.51	6.51
Spread duration (yrs)	0.00	0.00
Option adjusted spread (bps)	-4	-4
Convexity (yrs)	0.83	0.83

Sources: BlackRock, Bloomberg Finance L.P.

Data is used for analytical purposes only. Index data may differ to those published by the Index due to calculation methods. Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

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FIRate-0088

## Developed Real Estate Index Fund B

A common trust fund maintained by BlackRock Institutional Trust Company, N.A. ("BTC") for investment of fiduciary client assets held by BTC in its capacity as trustee

### Investment objective and strategy

The Developed Real Estate Index Fund B (the "Fund") is an index fund that seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index. The Fund invests in US and non-US equity securities whose total return will approximate as closely as practicable the capitalization weighted total return net of dividend withholding taxes of the Benchmark listed herein. The investment universe consists of publicly traded real estate equity securities of issuers whose principal business is the ownership and operation of real estate as defined by the Benchmark listed herein.

### Performance

Total return % as of 06/30/2024 (return percentages are annualized as of period end)

	Q2*	YTD*	1 Year*	3 Year	5 Year	Since Inception
Fund return %	-2.17	-3.28	5.45	-3.95	0.06	2.74
Benchmark return %	-2.43	-3.70	4.55	-4.76	-0.69	1.97
<b>Difference</b>	<b>0.26</b>	<b>0.42</b>	<b>0.90</b>	<b>0.81</b>	<b>0.75</b>	<b>0.77</b>

#### Performance disclosure:

The Fund's net asset value does not include an accrual for the investment management fee but does include an accrual for fund level administrative costs and, if applicable, certain third party acquired fund fees and expenses. If the Fund's net asset value did include an accrual for the investment management fee, the Fund's returns would be lower. **Past performance is not necessarily an indicator of future performance.**

\* Period returns for less than one year are cumulative

### Investment details (as of 06/30/2024)

<b>Benchmark</b>	FTSE EPRA Nareit Developed Index (Net) in USD
<b>Total fund assets</b>	\$310.21 million
<b>Fund inception date</b>	11/18/2014

### Characteristics (as of 06/30/2024)

	Fund	Benchmark
Number of securities	337	358
Dividend yield	4.24	4.23

### Top 10 holdings (as of 06/30/2024)

	Fund (% assets)	Benchmark (% assets)
PROLOGIS REIT INC	6.37	6.45
EQUINIX REIT INC	4.40	4.46
WELLTOWER INC	3.79	3.83
DIGITAL REALTY TRUST REIT I	3.02	3.05
SIMON PROPERTY GROUP REIT I	3.02	3.05
PUBLIC STORAGE REIT	2.79	2.83
REALTY INCOME REIT CORP	2.79	2.83
GOODMAN GROUP UNITS	2.66	2.69
EXTRA SPACE STORAGE REIT IN	2.00	2.02
VICI PPTYS INC	1.83	1.85

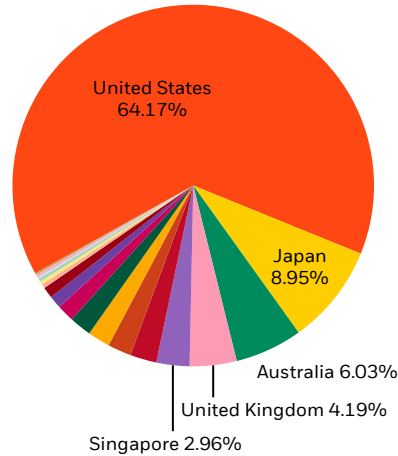
Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.

Sources: BlackRock, FTSE International Ltd

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Breakdowns may not sum to 100% due to rounding, exclusion of cash, STIF and other statistically immaterial factors.

Country Allocation



- United States 64.17%
- Japan 8.95%
- Australia 6.03%
- United Kingdom 4.19%
- Singapore 2.96%
- Hong Kong 2.37%
- Canada 2.10%
- Sweden 2.00%
- Germany 1.98%
- France 1.55%
- Switzerland 1.13%
- Belgium 0.99%
- Spain 0.37%
- Israel 0.30%
- New Zealand 0.29%
- Korea 0.15%
- Netherlands 0.15%
- Finland 0.12%
- Austria 0.07%
- Norway 0.05%

European Union 0.03%

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## Second Quarter Newsletter

### Portfolio Update

The current RegentFund (RF) team started managing the portfolio on May 6<sup>th</sup>, 2024. Throughout the summer, new RF team members are providing earnings and other news updates on the names in the portfolio. During the quarter we slightly lengthened our portfolio duration via a Treasury swap. All trading activities are highlighted on page six.

### Performance

The BOR Portfolio returned 0.91% in 2Q24, outperforming the benchmark by 21bps. Our outperformance for the quarter was mainly attributed to our IG selection. We outperformed in April and June, which was partially offset by underperformance in May. The returns and relative performance of each asset type are shown in Table 1. Performance attribution is shown in Table 2.

**Table 1. Contribution to Return by Asset Class**

Asset Class	Second Quarter		
	Portfolio	Benchmark	Difference
IG Bonds	0.66%	0.47%	0.19%
Treasurys	0.09%	0.07%	0.02%
HY	0.10%	0.12%	(0.02%)
Cash	0.07%	0.06%	0.01%
<b>Total</b>	<b>0.91%</b>	<b>0.71%</b>	<b>0.21%</b>

Source: BNY Mellon, Bloomberg

\*Numbers may not sum due to rounding

**Table 2. Performance Attribution**

Active Return Attribution Summary	Second Quarter
Curve Carry	(0.06%)
Curve Change	(0.05%)
<b>Total Curve Return</b>	<b>(0.11%)</b>
Allocation	0.06%
Selection	0.25%
<b>Total Excess Return</b>	<b>0.21%</b>

Source: BNY Mellon, Bloomberg

\*Numbers may not sum due to rounding

### Investment Grade Performance

In 2Q24, our investment grade bonds returned 0.66% for the quarter. IG performance was driven by selection. Our top performers were INFO (+12bps), and KEY (+9bps). Our bottom performers were KHC (-4bps) and WBD (-2bps).

### Treasury Performance

Our Treasury position returned 0.09% for the quarter. During the quarter, we used Treasurys to extend duration to neutral. Target allocation did not change. Going forward, the Treasury position will continue to be used as a duration management tool and as dry powder as IG or HY target allocations are altered.

### High Yield Performance

The High Yield portfolio returned 0.10% in the second quarter. Our underperformance was driven primarily by duration contribution in April (-38 bps) but offset by our positive selection contribution in