

VACo/VML Pooled OPEB Trust

Portfolio Review

September 22, 2023



2018 2019 2020 2021 2022

We are proud to announce that ACG has again been named a Greenwich Quality Leader – recognized as one of the top consultants in the industry.

Methodology and Disclosure: Between February and November of 2022, Coalition Greenwich (previously known as Greenwich Associates), conducted in-person and phone interviews and online surveys with 727 professionals at 590 of the largest tax-exempt funds in the United States, including corporate and union funds, public funds, endowments and foundations, insurance general accounts, and healthcare organizations, with either pension or investment pool assets greater than \$150 million. Study participants were asked to provide quantitative and qualitative evaluations of their asset managers and investment consultants, including qualitative assessments of those firms soliciting their business and detailed information on important market trends. ACG is one of four firms recognized in the mid-size investment consultant category. The ratings may not be representative of any one client's experience with ACG; rather they are representative of those clients that chose to participate in the survey. The results are not indicative of ACG's future performance. ACG does not pay to have its clients participate in the study.

Executive Summary – VACo/VML OPEB Trust

- Market Overview
- Portfolio Structure & Performance Review
- OPEB Trust Investment Activity

Market Outlook

- US economic growth remains resilient
- Federal Reserve policymakers maintained a hawkish stance
- US inflation has moderated but remains well above the Fed's goal
- Consumer confidence remains low
- The labor market continues to show strength
- Strong economic data has quieted recession calls
- Maintaining portfolio diversification

Equity Market Performance

The S&P 500's summer rally stalled in August as the Fitch downgrade of US debt and rising interest rate expectations soured investor sentiment.

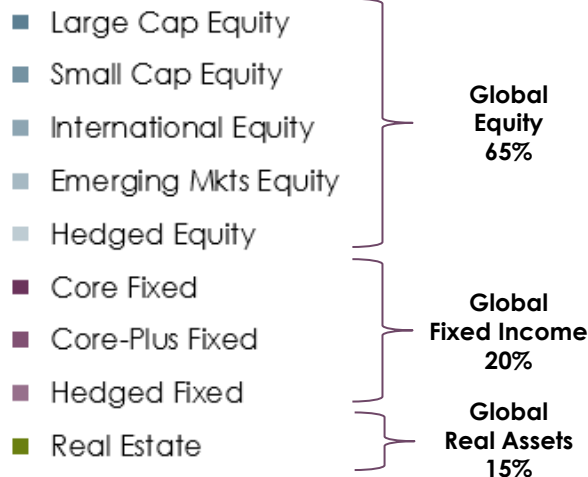
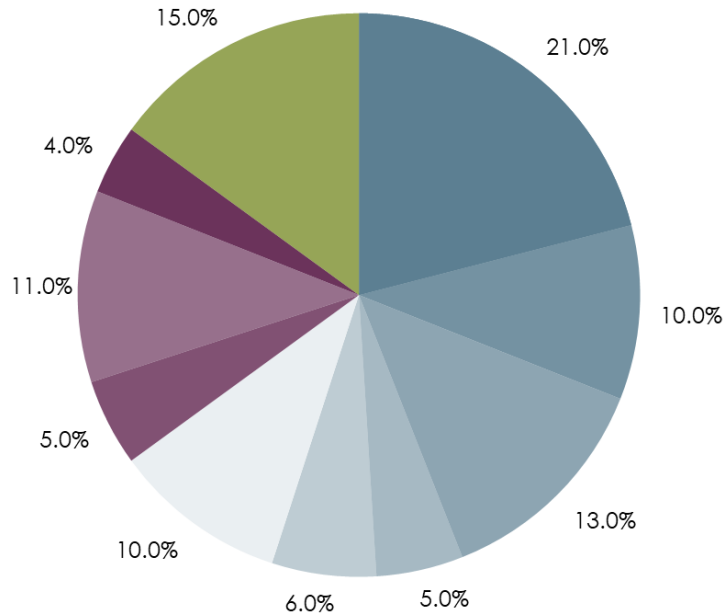


Source: ACG Research, Bloomberg (as of August 31, 2023)

Asset Allocation

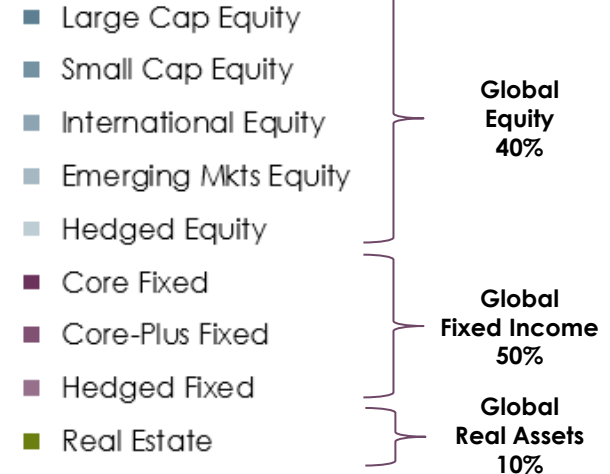
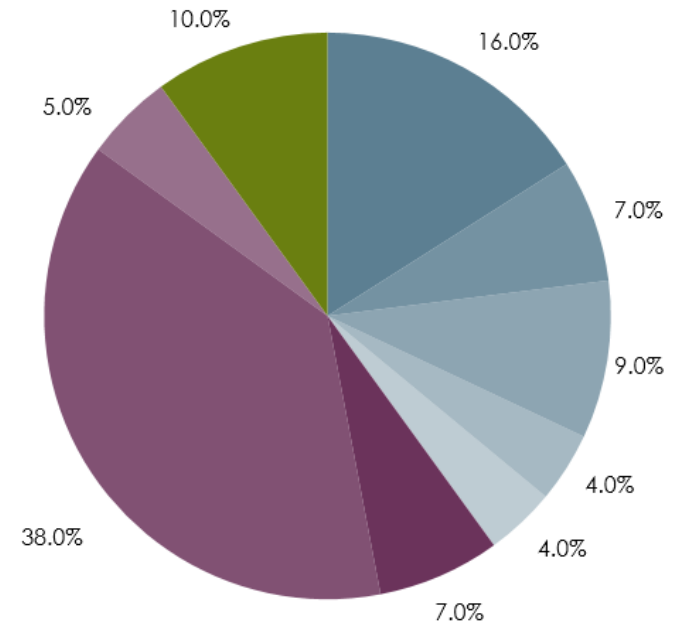
Portfolio I Asset Allocation Targets

For the Period of June 30, 2023



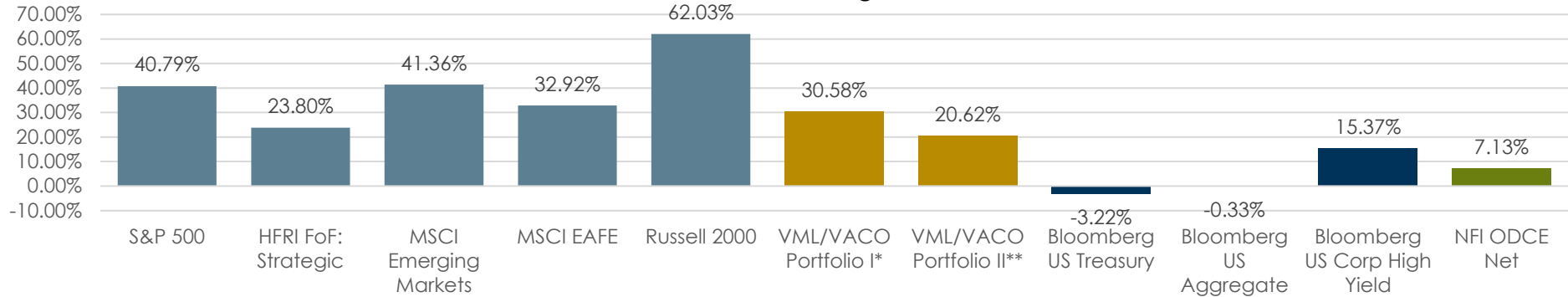
Portfolio II Asset Allocation Targets

For the Period of June 30, 2023

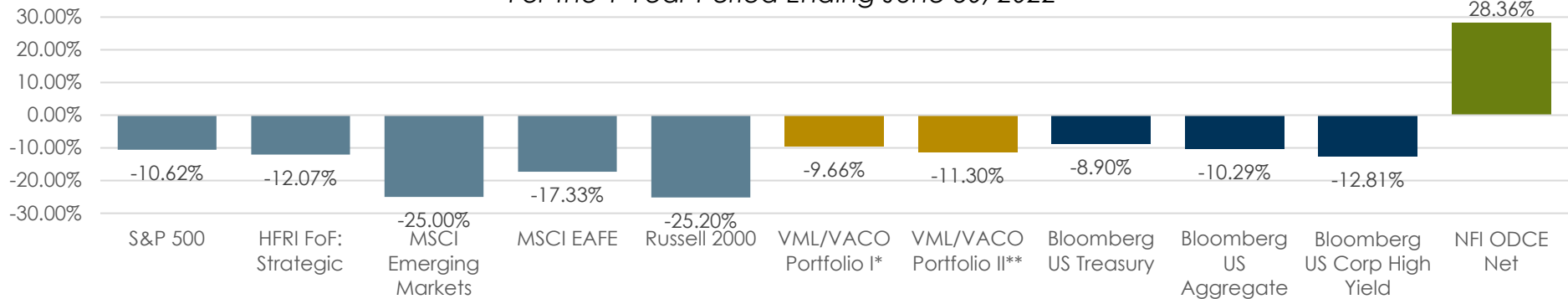


Market Returns

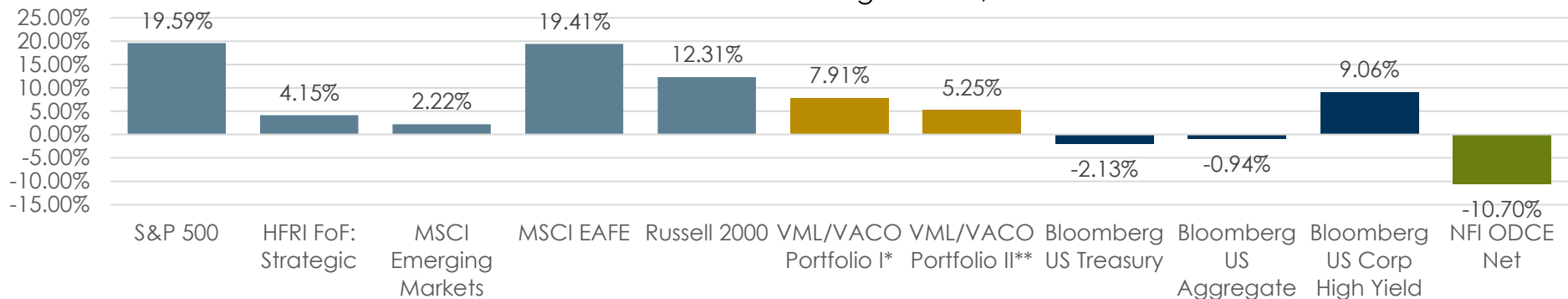
For the 1-Year Period Ending June 30, 2021



For the 1-Year Period Ending June 30, 2022



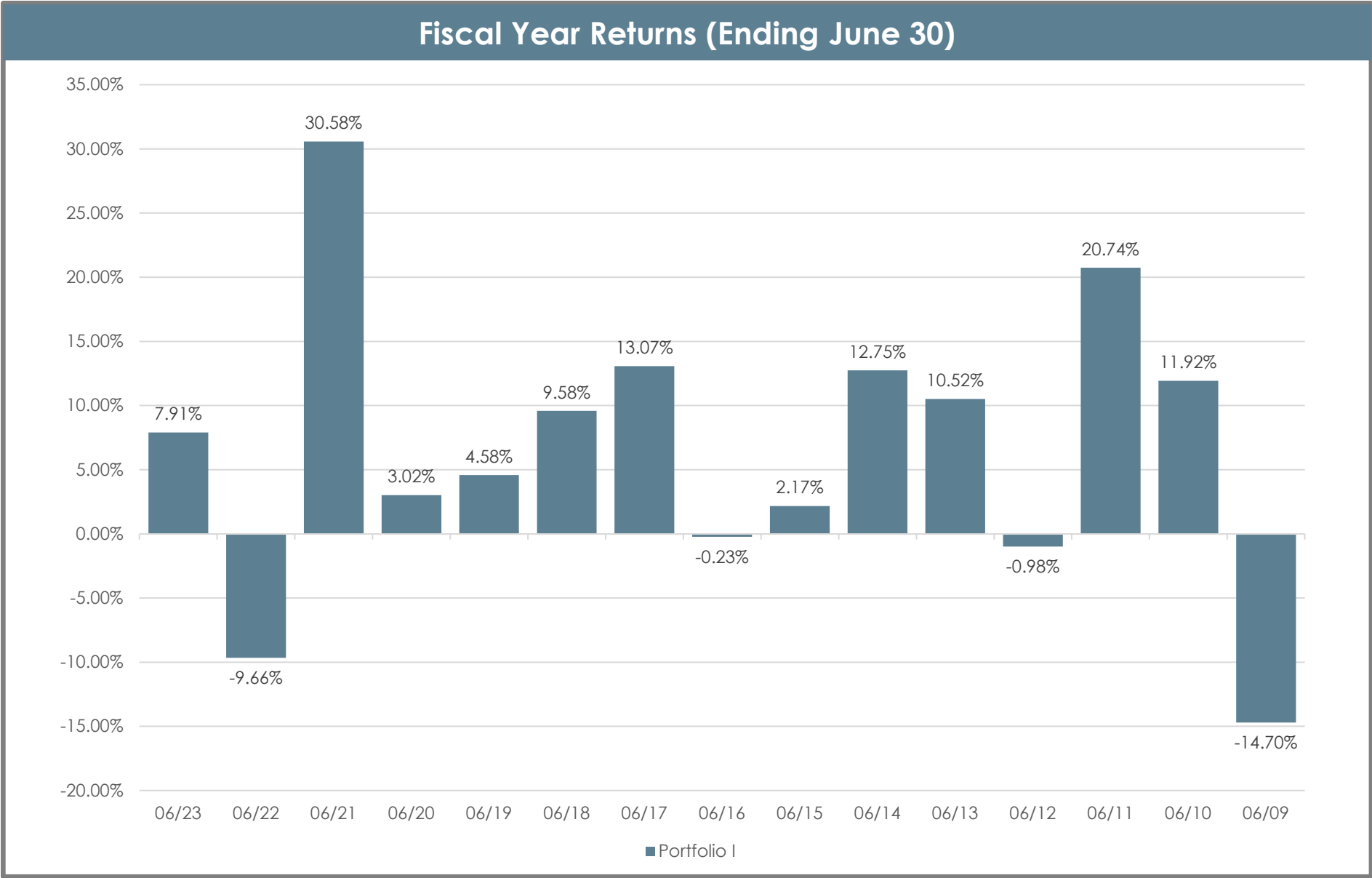
For the 1-Year Period Ending June 30, 2023



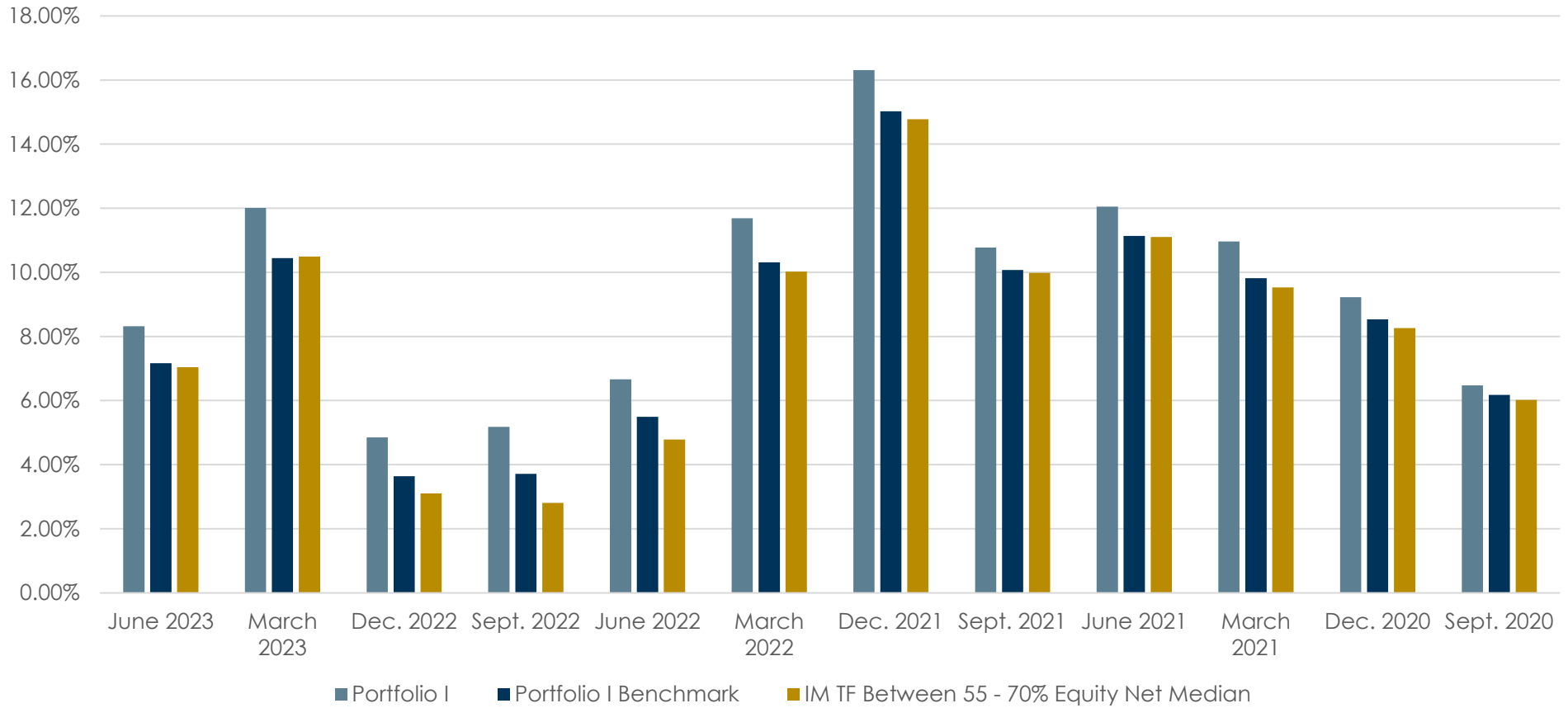
*Portfolio I's broad asset allocation targets are as follows: As of 6/30/2021, 65% Equity, 25% Fixed Income and 10% Real Assets. As of 6/30/2022, 65% Equity, 20% Fixed Income and 15% Real Assets.

**Portfolio II's broad asset allocation targets are as follows: As of 6/30/2021, 40% Equity, 55% Fixed Income and 5% Real Assets. As of 6/30/2023, 40% Equity, 50% Fixed Income and 10% Real Assets.

Portfolio I – Fiscal Year Returns

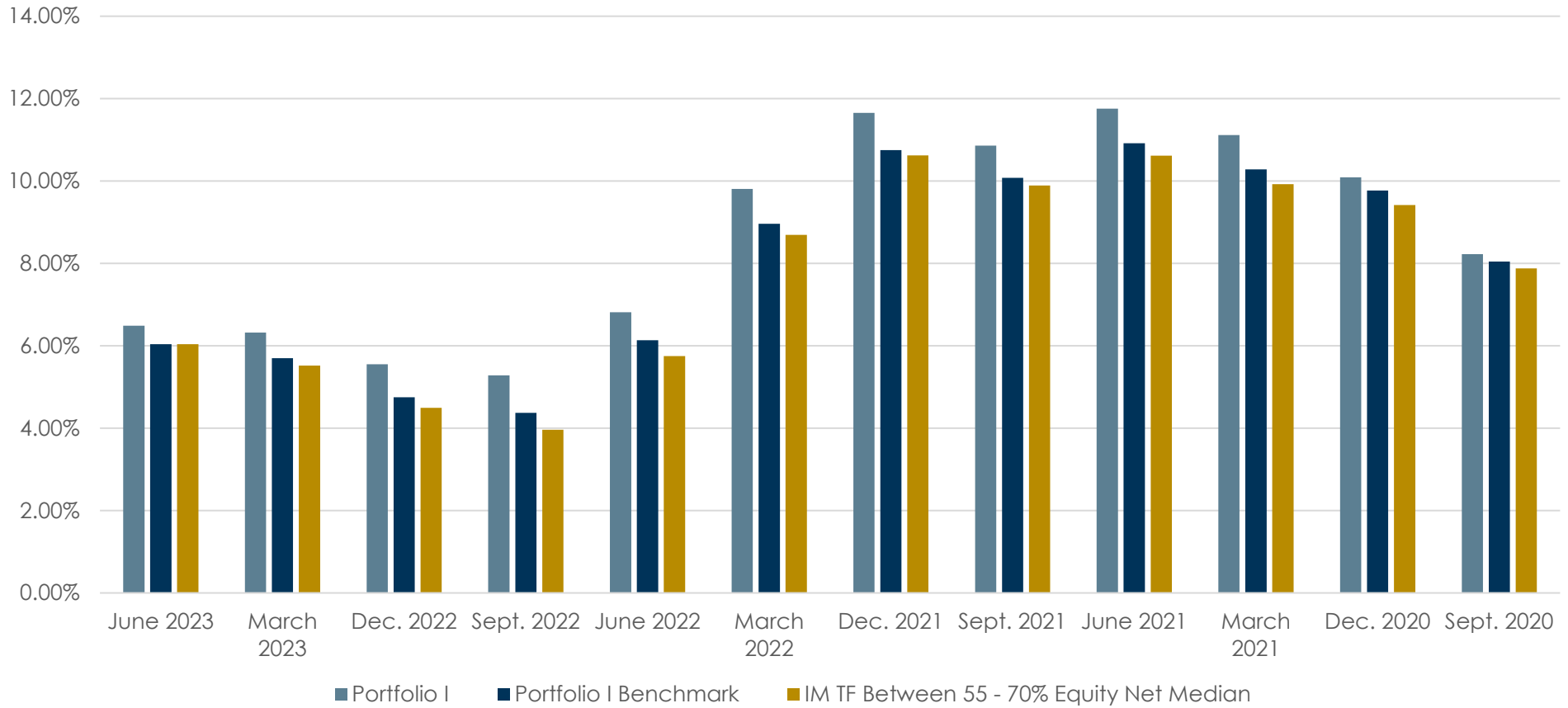


Portfolio I – Rolling 3-Year Returns



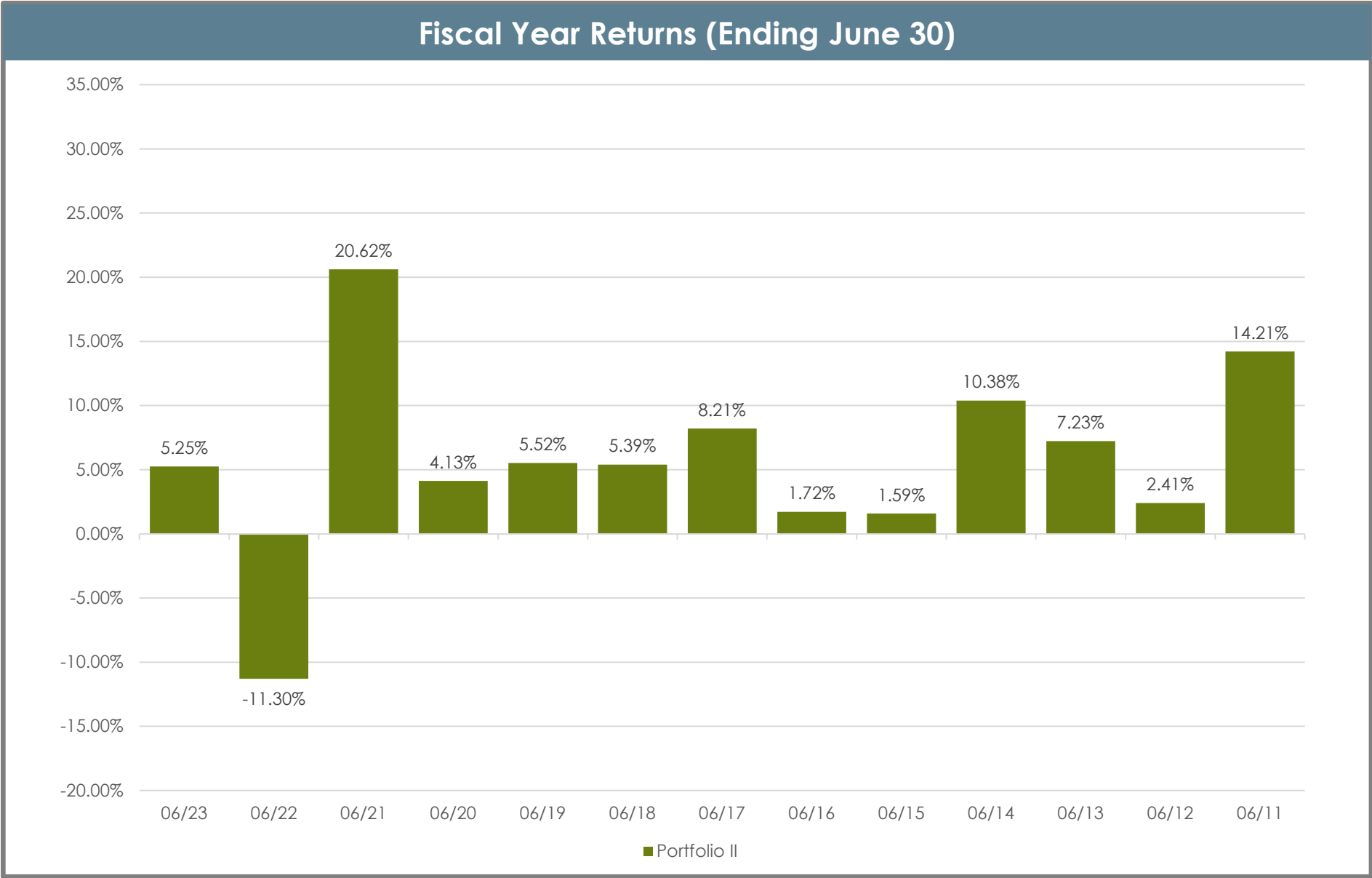
	June 2023	March 2023	Dec. 2022	Sept. 2022	June 2022	March 2022	Dec. 2021	Sept. 2021	June 2021	March 2021	Dec. 2020	Sept. 2020	Average 3 Year
Portfolio I (%)	8.32	12.01	4.84	5.18	6.66	11.69	16.31	10.77	12.05	10.96	9.23	6.47	9.54
Portfolio I Benchmark (%)	7.16	10.44	3.64	3.71	5.49	10.31	15.02	10.07	11.14	9.82	8.53	6.17	8.46
IM TF Between 55 - 70% Equity Net Median (%)	7.04	10.49	3.10	2.80	4.78	10.02	14.78	9.98	11.10	9.53	8.26	6.02	8.16
IM TF Between 55 - 70% Equity Net Rank	18	15	9	6	8	8	14	23	20	14	24	39	17

Portfolio I – Rolling 5-Year Returns

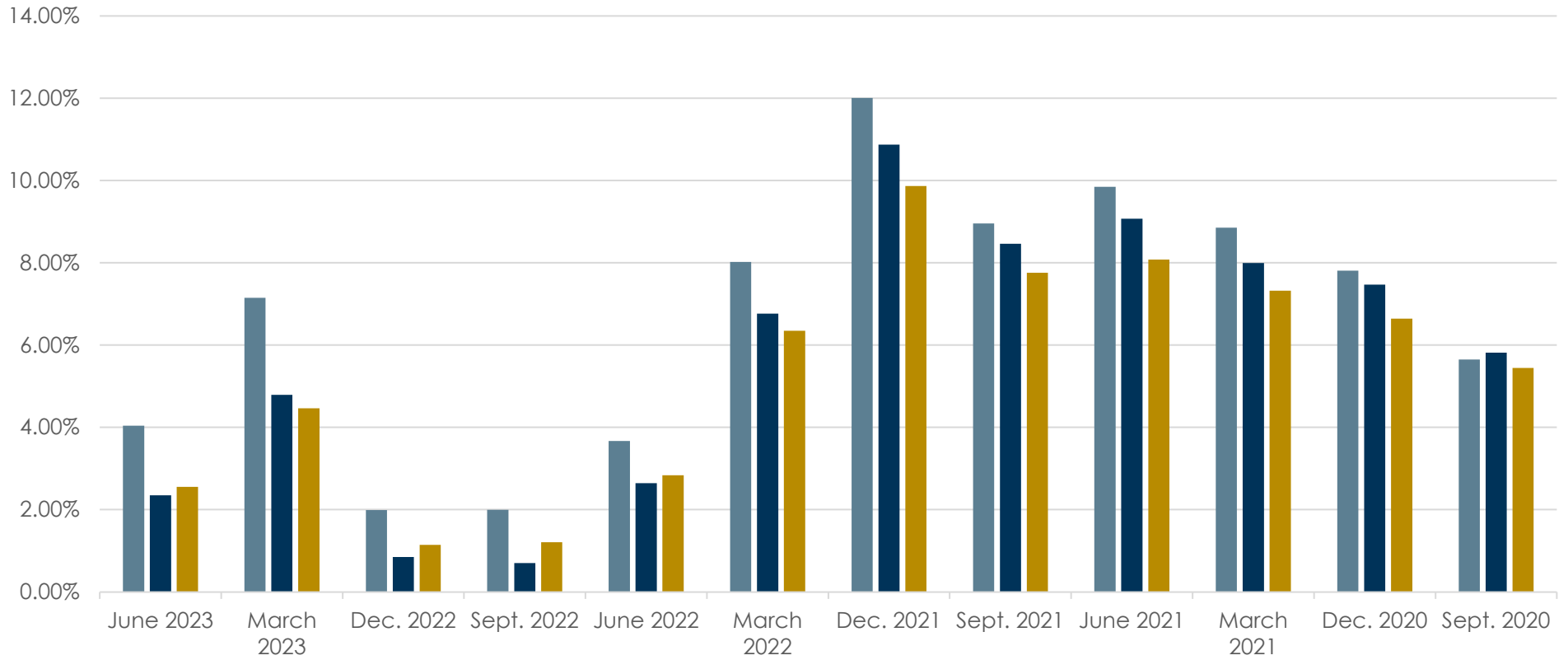


	June 2023	March 2023	Dec. 2022	Sept. 2022	June 2022	March 2022	Dec. 2021	Sept. 2021	June 2021	March 2021	Dec. 2020	Sept. 2020	Average 5 Year
Portfolio I (%)	6.49	6.32	5.55	5.28	6.82	9.81	11.65	10.86	11.75	11.12	10.09	8.23	8.66
Portfolio I Benchmark (%)	6.04	5.70	4.75	4.37	6.14	8.96	10.75	10.08	10.92	10.28	9.77	8.05	7.98
IM TF Between 55 - 70% Equity Net Median (%)	6.04	5.52	4.49	3.96	5.75	8.69	10.62	9.89	10.61	9.92	9.42	7.88	7.73
IM TF Between 55 - 70% Equity Net Rank	30	22	16	13	15	11	15	15	13	12	23	35	18

Portfolio II – Fiscal Year Returns



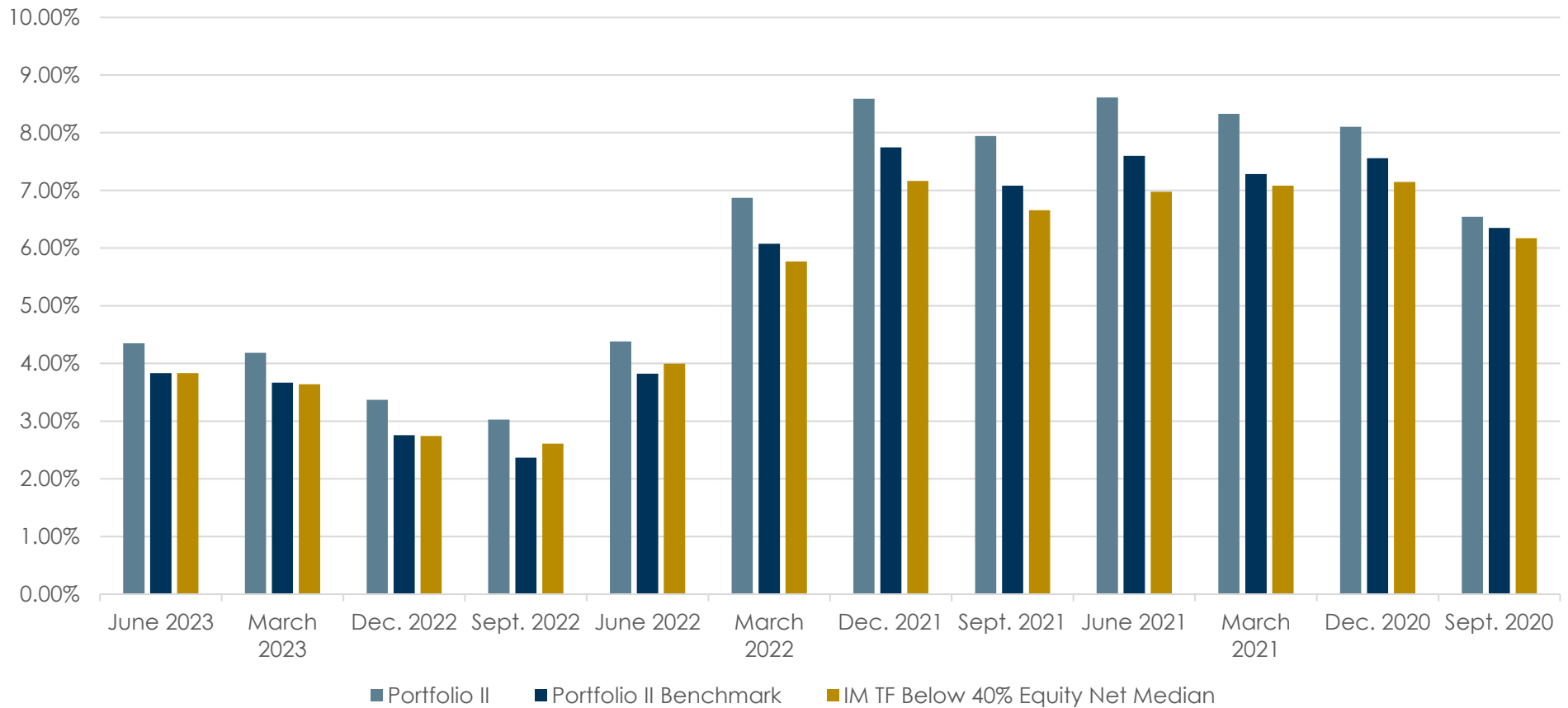
Portfolio II – Rolling 3-Year Returns



■ Portfolio II ■ Portfolio II Benchmark ■ IM TF Below 40% Equity Net Median

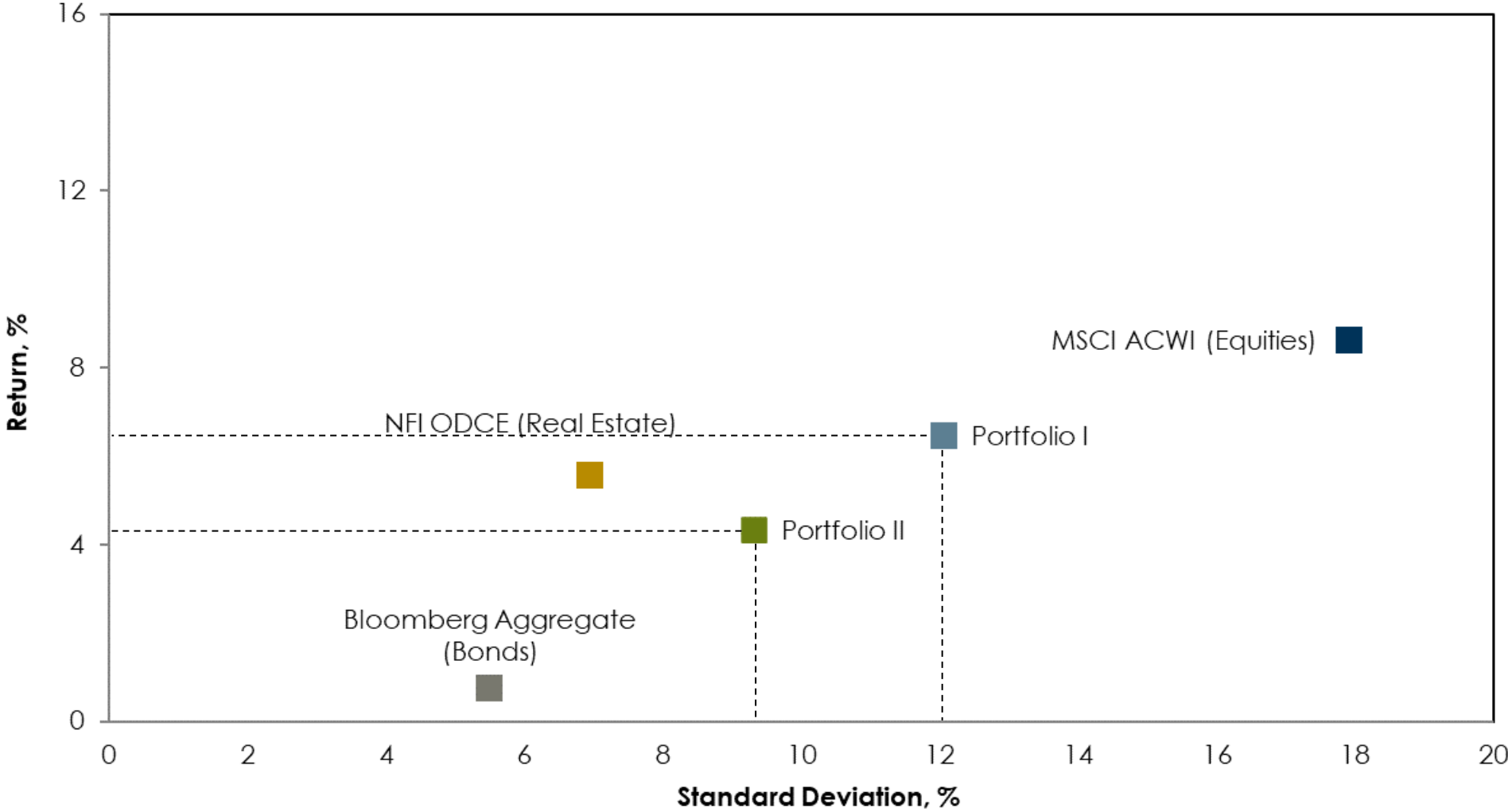
	June 2023	March 2023	Dec. 2022	Sept. 2022	June 2022	March 2022	Dec. 2021	Sept. 2021	June 2021	March 2021	Dec. 2020	Sept. 2020	Average 3 Year
Portfolio II (%)	4.04	7.15	1.99	1.99	3.67	8.02	12.01	8.95	9.84	8.86	7.81	5.65	6.66
Portfolio II Benchmark (%)	2.35	4.79	0.85	0.70	2.64	6.77	10.87	8.46	9.07	8.00	7.47	5.81	5.65
IM TF Below 40% Equity Net Median (%)	2.55	4.46	1.14	1.21	2.84	6.35	9.87	7.76	8.08	7.32	6.64	5.44	5.31
IM TF Below 40% Equity Net Rank	31	26	36	40	36	27	30	35	30	21	28	44	32

Portfolio II – Rolling 5-Year Returns

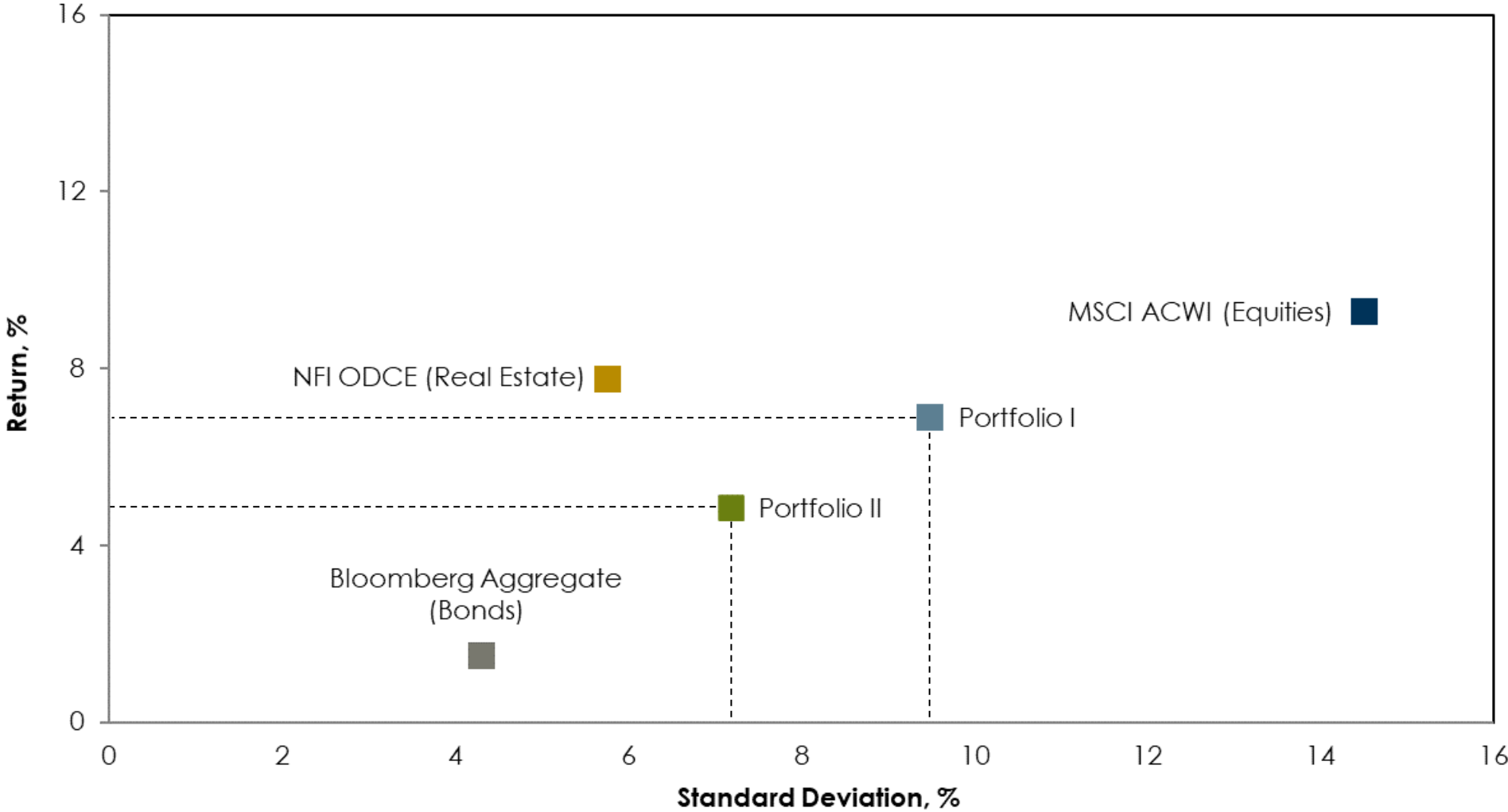


	June 2023	March 2023	Dec. 2022	Sept. 2022	June 2022	March 2022	Dec. 2021	Sept. 2021	June 2021	March 2021	Dec. 2020	Sept. 2020	Average 5 Year
Portfolio II (%)	4.35	4.19	3.37	3.03	4.38	6.87	8.59	7.94	8.61	8.33	8.10	6.54	6.19
Portfolio II Benchmark (%)	3.83	3.67	2.76	2.37	3.82	6.07	7.75	7.08	7.60	7.28	7.56	6.35	5.51
IM TF Below 40% Equity Net Median (%)	3.83	3.64	2.74	2.61	4.00	5.77	7.17	6.65	6.98	7.08	7.15	6.17	5.32
IM TF Below 40% Equity Net Rank	37	34	36	44	40	32	33	33	29	32	36	42	36

Risk vs. Return for the 5 Years Ending June 30, 2023



Risk vs. Return for the 10 Years Ending June 30, 2023



Portfolio I: Trailing 3-Year Investment Activity

Manager *	Addition	Termination	Quantitative Decision	Qualitative Decision
UBS Trumbull (09/23)		X		X
Impactive Capital - K2 (08/23)	X			
Engaged Capital - K2 (08/23)	X			
Wasatch Emerging Markets (07/23)	X			
Suvretta Capital - K2 (06/23)		X		X
Bridger Swiftcurrent - K2 (02/23)		X	X	
SQN Investors - K2 (06/23)		X	X	
Trian Fund - K2 (03/23)		X	X	
Clayton, Dubilier, & Rice (01/23)	X			
Angelo Gordon Realty Value Fund XI (07/22)	X			
Blackstone Real Estate Partners X (05/22)	X			
Warburg Pincus Global Growth 14 (05/22)	X			
FirstMark Opportunity Fund IV (04/22)	X			
FirstMark VI (04/22)	X			
Francisco Partners Agility III (02/22)	X			
Francisco Partners VII (02/22)	X			
Jade Equity Investors II (02/22)	X			
Green Equity Investors IX (02/22)	X			
Morgan Creek Digital Fund III (09/21)	X			
Greenspring Global Partners X (02/21)	X			
CarVal Credit Value Fund V (06/20)	X			

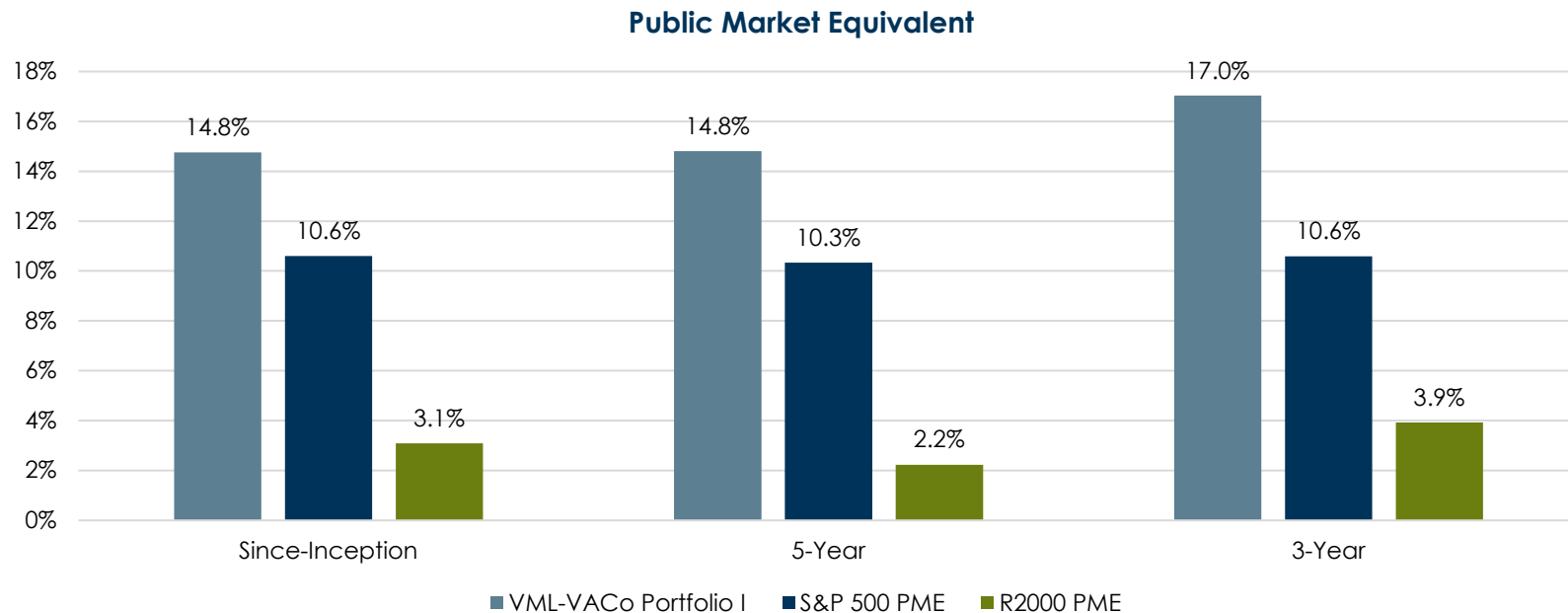
*Date in parentheses represents the month of the investment manager addition/termination.

■ Denotes private equity or opportunistic real estate

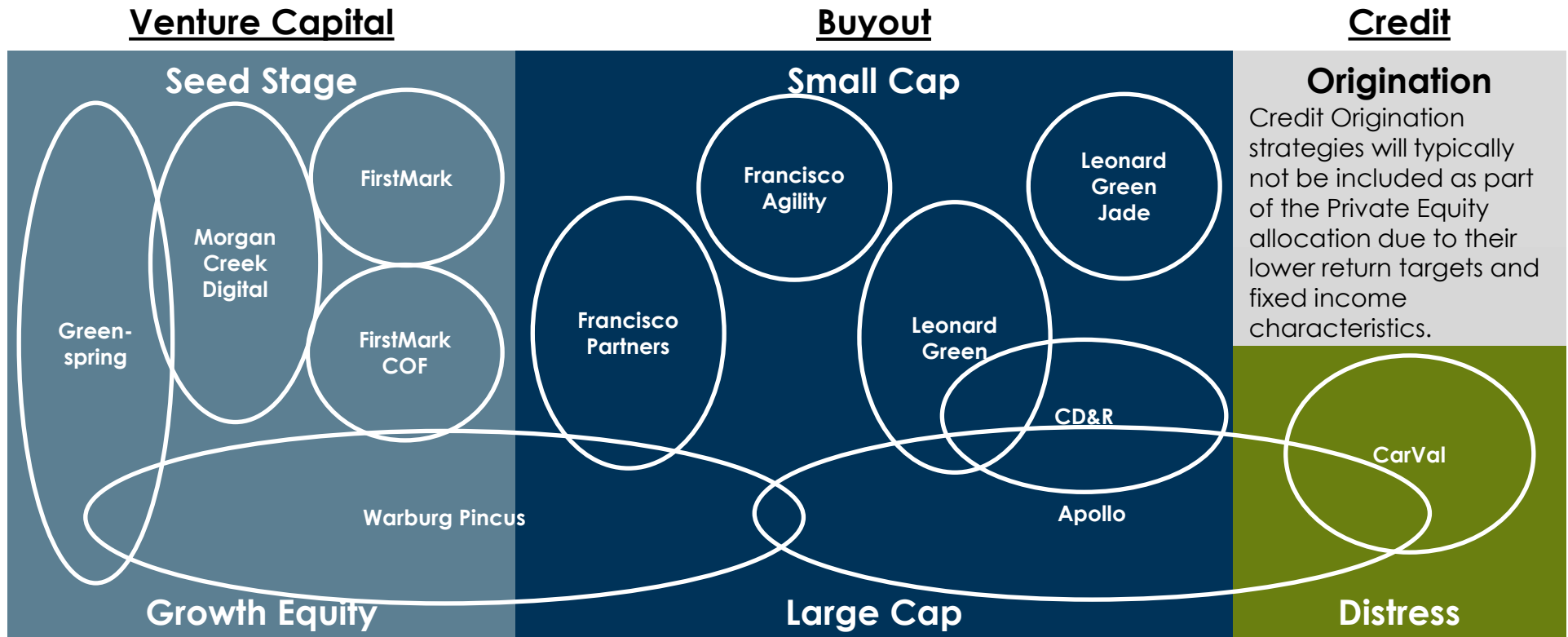
Portfolio I: Private Equity Portfolio Review

VACo/VML Portfolio I Private Equity Program versus the Public Equity Market

- January 2016 – June 2023.
- Inception-to-date performance relative to public markets is very good.
- Portfolio I Private Equity Program Since Inception: 14.8%.
- S&P 500 Return: 10.6%.
- Long-term outperformance versus public markets is one goal of private equity investments. The Portfolio I Private Equity Program outperformed the public benchmark by 420 basis points since inception.

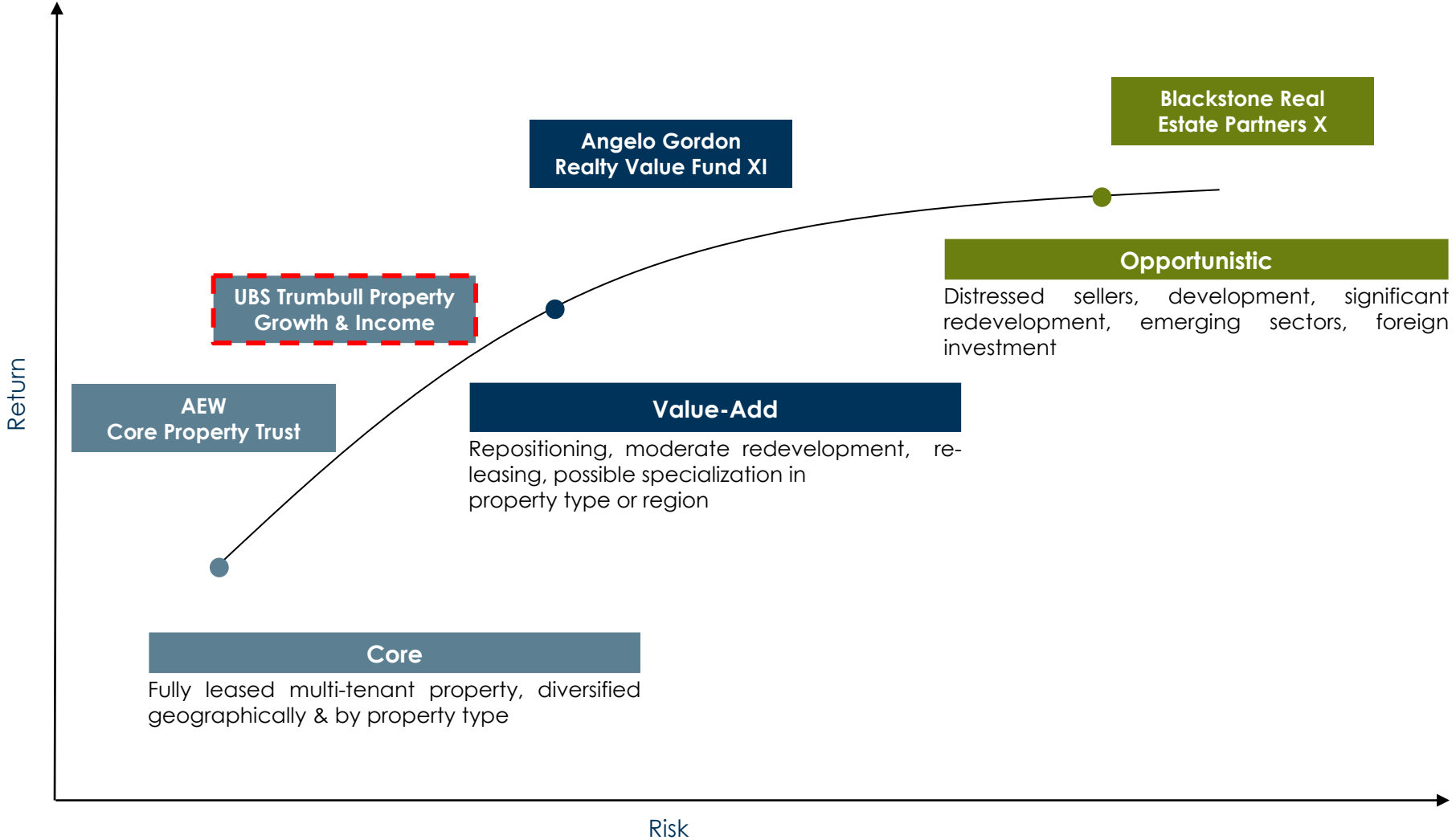



Private Equity Portfolio Construction



- Portfolio I's **first private equity commitment** was made in **December 2015**.
- One important way to **manage risk** is through **manager and strategy diversification**.
- The portfolio is built to **minimize administrative complexity** without **sacrificing diversification and return opportunity**.

Risk and Return by Real Estate Strategy



 Denotes redemption in process

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