

Fort Bend County

OPEB Trust Review

November 12, 2024

Mallory Sampson CFP®, Director

Structure of Organizational Support and Resources

As of 6/30/2024.

**Assets under management as of 6/30/2024 represent the combined assets of PFM Asset Management LLC and U.S. Bancorp Asset Management, Inc. (USBAM), formerly separately registered investment advisers. As of 10/1/2024, the entities consolidated into one legal entity and one registered investment adviser with the SEC, with USBAM as the continuing legal entity and registered investment adviser.*

U.S. Bancorp

- Parent company of U.S. Bank, N.A.
- 70k+ employees and \$680b in assets

U.S. Bank, N.A.

- Among the largest commercial banks in the U.S. by assets

U.S. Bancorp Asset Management, Inc.

- Institutionally focused Registered Investment Adviser
- Fixed income and multi-asset solutions for institutional investors
- \$370b+ in assets under management*

PFM Asset Management

- A division of U.S. Bancorp Asset Management, Inc.
- 40+ years of providing public sector investment solutions



Purpose and Performance Objective of Trust

- **Purpose:** To provide funding of non-pension post-employment benefits (“OPEB”) for eligible employees.
- **Performance Objective:** Total annual rate of return that is equal to or greater than the Trust’s actuarial discount rate of 7%.*

Target Asset Allocation

	PFMAM 60/40 Model
Equity	60.0%
US Equity	39.0%
Intl Developed Equity	15.0%
EM Equity	6.0%
Fixed Income	40.0%
Core Bonds	40.0%

Intermediate-Term Assump. (5 Years)	
Expected Return	7.5%
Standard Deviation	9.9%
Return / Standard Deviation	0.76
Long-Term Assump. (30 Years)	
Expected Return	6.8%
Standard Deviation	9.9%
Return / Standard Deviation	0.69

OPEB Trust Market Value Growth



Asset Allocation & Performance

September 30, 2024

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Fund	56,741,865	100.00	6.05	12.69	23.45	N/A	N/A	11.97	02/01/2023
<i>Blended Benchmark</i>			6.20	12.67	23.36	N/A	N/A	11.69	
Domestic Equity	22,534,592	39.71							
PFM Multi-Manager Domestic Equity Fund	22,534,592	39.71	5.46	18.49	32.70	N/A	N/A	19.94	02/01/2023
<i>Russell 3000 Index</i>			6.23	20.63	35.19	10.29	15.26	23.50	
Schwab US Large-Cap ETF - 74.3%			5.93	21.50	36.02	10.92	15.71	9.58	06/01/2024
<i>Russell 1000 Index</i>			6.08	21.18	35.68	10.83	15.64	9.59	
Vaughan Nelson Select - 10.1% (^)			3.48	11.09	23.33	9.22	15.67	16.25	02/01/2023
Aristotle Atlantic Core Equity - 10.1% (^)			3.80	22.71	38.40	N/A	N/A	23.71	02/01/2023
<i>Russell 1000 Index (since 8/1/24, Russell 3000 prior)</i>			6.50	20.94	35.54	10.38	15.32	23.69	
Jacobs Levy Small Cap - 5.1% (^)			8.97	5.43	18.96	3.82	12.71	5.06	02/01/2023
<i>Russell 2000 Index (since 8/1/24, S&P 600 prior)</i>			9.90	9.11	25.60	3.92	10.16	9.11	
International Equity	12,118,374	21.36							
PFM Multi-Manager International Equity Fund	12,118,374	21.36	6.51	13.03	25.04	N/A	N/A	11.47	02/01/2023
<i>MSCI AC World ex USA (Net)</i>			8.06	14.21	25.35	4.14	7.59	12.75	
WCM Focused Growth International - 14.8% (^)			5.04	16.99	31.08	1.60	N/A	15.39	02/01/2023
Ninety One Int'l Dynamic Equity - 15.0% (^)			4.35	14.82	26.25	N/A	N/A	11.21	02/01/2023
<i>MSCI AC World ex USA (Net)</i>			8.06	14.21	25.35	4.14	7.59	12.75	
Acadian Non-U.S. Equity - 7.2% (^)			6.88	15.46	29.18	6.61	N/A	15.18	02/01/2023
Aristotle International Equity - 7.5% (^)			10.82	13.87	25.69	4.23	8.28	14.73	02/01/2023
<i>MSCI EAFE (net)</i>			7.26	12.99	24.77	5.48	8.20	13.55	
Schwab International Equity ETF - 32.2%			7.43	12.32	24.41	5.10	8.41	1.07	09/01/2024
<i>MSCI EAFE (net)</i>			7.26	12.99	24.77	5.48	8.20	0.92	
Kayne Anderson International Small Cap - 0.9% (^)			10.66	10.07	25.02	-1.09	N/A	14.29	02/01/2023
<i>MSCI AC World ex USA Small Cap (Net)</i>			8.90	11.93	23.25	1.39	8.21	11.98	
Schroders Global Emerging Markets - 10.1% (^)			5.85	15.63	25.57	-1.02	N/A	9.09	02/01/2023
<i>MSCI EM (net)</i>			8.72	16.86	26.05	0.40	5.75	10.98	
Schwab Emerging Markets Equity ETF - 12.0%			10.40	19.03	26.42	1.78	6.28	8.15	09/01/2024
<i>MSCI EM (net)</i>			8.72	16.86	26.05	0.40	5.75	6.68	

Returns are net of mutual fund fees and are expressed as percentages.

(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Asset Allocation & Performance

September 30, 2024

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income	21,882,366	38.56							
PFM Multi-Manager Fixed-Income Fund	21,882,366	38.56	5.05	5.31	12.23	N/A	N/A	5.19	02/01/2023
<i>Blmbg. U.S. Aggregate</i>			5.20	4.45	11.57	-1.39	0.33	4.10	
PGIM Core Fixed - 32.7% (^)			5.32	5.27	12.91	-1.02	0.94	5.09	02/01/2023
TIAA Core Fixed - 32.8% (^)			5.34	5.71	12.90	-1.22	1.08	5.12	02/01/2023
<i>Blmbg. U.S. Aggregate</i>			5.20	4.45	11.57	-1.39	0.33	4.10	
Penn Mutual Core Plus - 8.9% (^)			N/A	N/A	N/A	N/A	N/A	2.81	08/01/2024
<i>Blmbg. U.S. Aggregate</i>			5.20	4.45	11.57	-1.39	0.33	2.80	
iShares Core U.S. Aggregate Bond ETF - 6.4%			5.21	4.56	11.55	-1.39	0.31	4.10	02/01/2023
<i>Blmbg. U.S. Aggregate</i>			5.20	4.45	11.57	-1.39	0.33	4.10	
iShares 10-20 Year Treasury Bond ETF - 1.2%			7.58	3.94	15.66	-6.47	-3.40	7.70	03/01/2024
<i>ICE U.S. Treasury 10-20 Year Bond Index</i>			7.61	3.99	15.74	-6.39	-3.39	7.76	
PineBridge IG Credit - 4.9% (^)			5.86	5.61	14.65	-1.14	2.29	5.94	02/01/2023
<i>Blmbg. U.S. Credit Index</i>			5.71	5.23	13.81	-1.12	1.07	5.69	
Brown Bros. Harriman Structured - 6.6% (^)			3.32	7.38	10.97	3.72	3.61	8.08	02/01/2023
<i>ICE BofA ABS Fxd & Flting Rate AA-BBB Idx</i>			3.25	6.99	10.64	2.61	2.82	7.78	
Brandywine Global High Yield - 4.0%			4.06	8.04	15.73	4.35	6.91	11.32	02/01/2023
<i>Blmbg. Ba to B U.S. High Yield</i>			4.37	6.92	14.63	2.74	4.48	9.46	
NYLI MacKay High Yield Corp Bond Fund - 2.3%			3.70	6.94	13.16	3.45	4.67	9.35	02/01/2023
<i>ICE BofA US High Yield Index</i>			5.28	8.03	15.66	3.08	4.55	10.42	
Cash Equivalent	206,533	0.36							
Allspring Government MM	206,533	0.36	1.30	3.94	5.31	3.46	2.21	5.16	02/01/2023
<i>ICE BofA 3 Month U.S. T-Bill</i>			1.37	4.03	5.46	3.49	2.32	5.25	

Returns are net of mutual fund fees and are expressed as percentages.

(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the PFM Multi-Manager Equity Fund, PFM Multi-Manager International Equity Fund and PFM Multi-Manager Fixed-Income Fund.

Looking Ahead



Scenario 1

- \$450M bond issued and invested into OPEB trust.
- Annual contributions of \$20M continue from year 1 to 5
- Benefits payments paid from outside of OPEB Trust until year 6

Scenario 2

- \$450M bond issued and invested into OPEB Trust
- Annual contributions of \$20M ongoing
- Benefit payments paid from outside of OPEB Trust until year 6

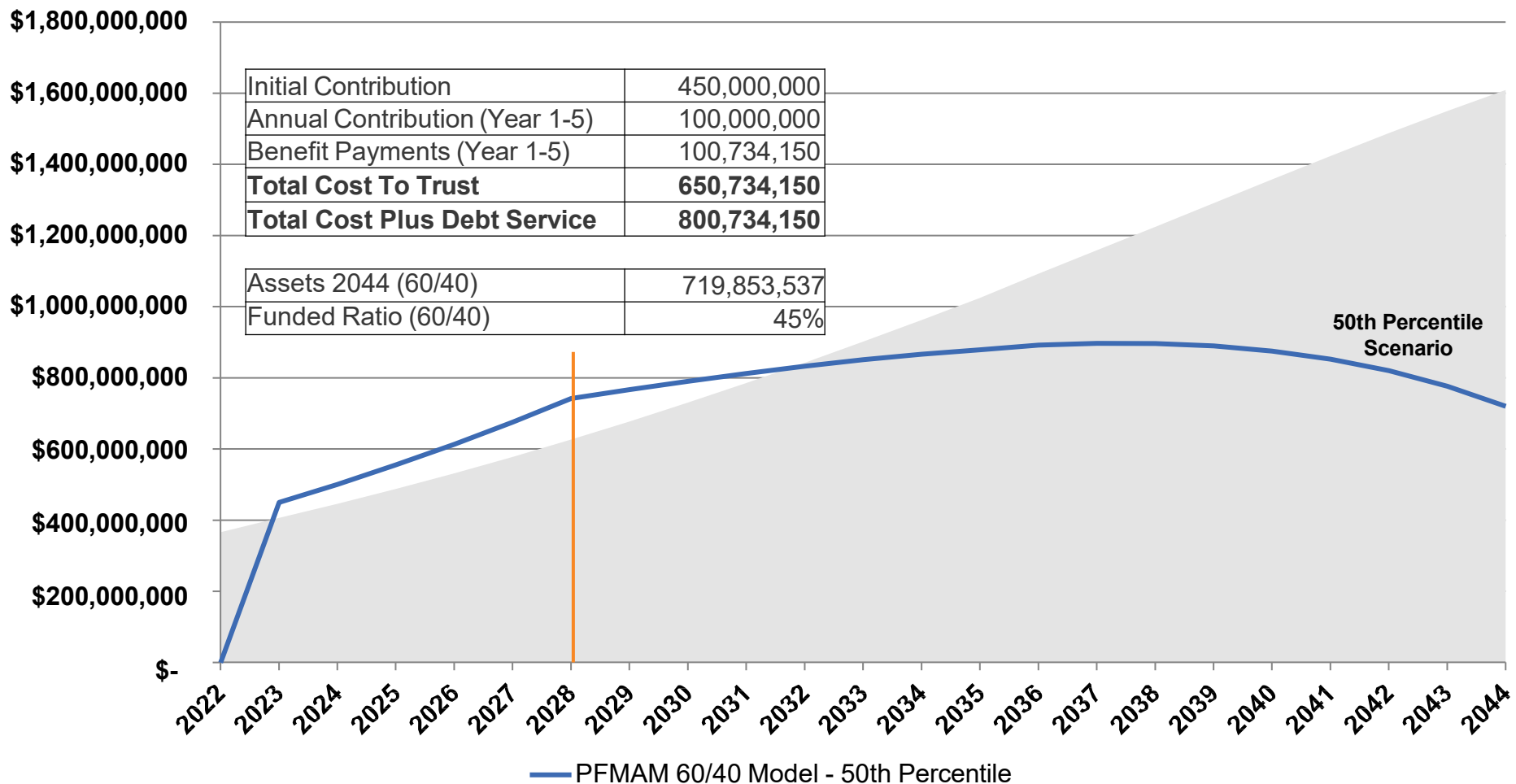
Scenario 3

- \$750M bond issued and invested into OPEB Trust
- No annual contributions
- Benefit payments immediately paid from OPEB Trust



Asset Liability Projections – Scenario 1

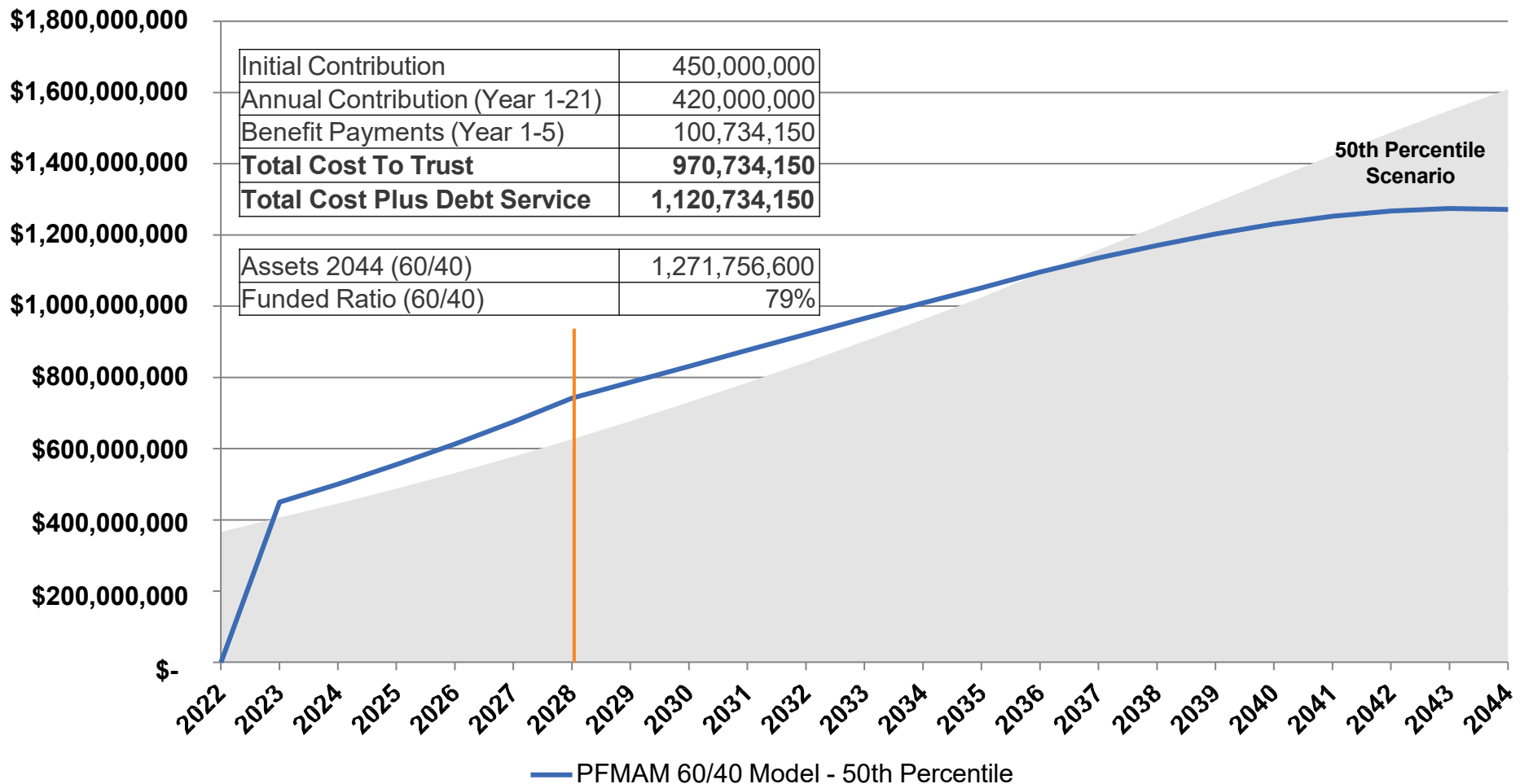
Based on Long-Term Capital Market Assumptions



Note: Assumes \$450 initial contribution, \$20M contributions in years 1-5, benefit payments paid from outside of fund assets for years 1-5 and benefit payments paid from fund assets year 6+.

Asset Liability Projections – Scenario 2

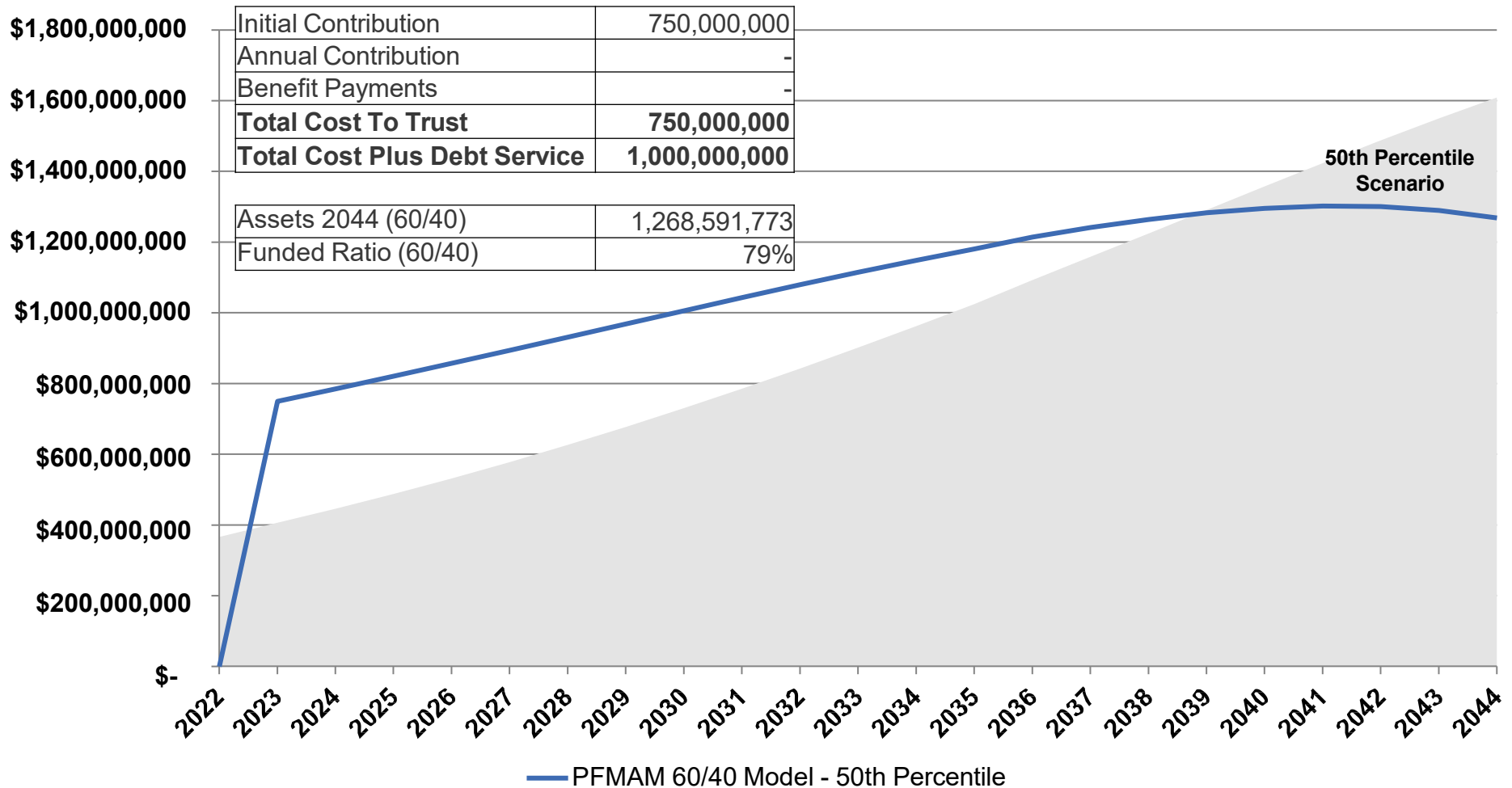
Based on Long-Term Capital Market Assumptions



Note: Assumes \$450 initial contribution, \$20M annual contribution, benefit payments paid from outside of fund assets for years 1-5 and benefit payments paid from fund assets year 6+.

Asset Liability Projections – Scenario 3

Based on Long-Term Capital Market Assumptions



Note: Assumes \$750 initial contribution and benefit payments paid from fund assets.

Disclaimer

The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.

PFM Asset Management serves clients in the public sector and is a division of U.S. Bancorp Asset Management, Inc., which is the legal entity providing investment advisory services. U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bank N.A. is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

