



**PERSPECTIVES  
THAT DRIVE  
ENTERPRISE  
SUCCESS**



**PERIOD ENDING: DECEMBER 31, 2025**

Investment Performance Review for

**Imperial County Employees' Retirement System**

# Table of Contents



---

[VERUSINVESTMENTS.COM](https://www.verusinvestments.com)

SEATTLE 206.622.3700

CHICAGO 312.815.5228

PITTSBURGH 412.784.6678

LOS ANGELES 310.297.1777

SAN FRANCISCO 415.362.3484

---

Investment Landscape **TAB I**

---

Investment Performance  
Review **TAB II**

---

2026 Capital Market  
Assumptions and Asset  
Allocation Analysis **TAB III**

---

Investment Manager Fee  
Analysis **TAB IV**

A decorative geometric pattern of overlapping triangles in shades of blue and green is overlaid on the left side of the image. A large white triangle is positioned to the left of the main text.

**PERSPECTIVES  
THAT DRIVE  
ENTERPRISE  
SUCCESS**

1<sup>ST</sup> QUARTER 2026  
Investment Landscape

# Verus business update

## Since our last Investment Landscape webinar:

- We celebrate our 40<sup>th</sup> anniversary this year. Wurts Johnson & Company (founding name) was established in January 1986.
- We are excited to host a Client Summit in Seattle in July!
- Verus employees recently passed CFA exams: Dillon Kuk (*Level I*); Lukas Seeley, Dan Hougard, James Wadner (*Level II*).
- Verus professionals were quoted in ten articles last quarter including an article on our CIO's opinion that challenged the notion of illiquidity premiums in private equity.
- Recent research, found at [verusinvestments.com/research](https://verusinvestments.com/research):
  - *Capital Markets Assumptions*
  - *Top 10 Thoughts for 2026*
- Eileen Neill, Managing Director | Senior Consultant, plans to retire on June 30, 2026. As the weeks and months ahead unfold, we will find ways to thank Eileen and wish her well on her retirement.



# Table of contents



---

[VERUSINVESTMENTS.COM](http://VERUSINVESTMENTS.COM)

**SEATTLE** 206.622.3700

**CHICAGO** 312.815.5228

**PITTSBURGH** 412.784.6678

**LOS ANGELES** 310.297.1777

**SAN FRANCISCO** 415.362.3484

---

Economic environment 9

---

Fixed income rates & credit 21

---

Equity 26

---

Other assets 35

---

Appendix 39

# Recent Verus research

Visit: [verusinvestments.com/research](https://verusinvestments.com/research)

## Thought leadership

### TOP TEN THOUGHTS FOR 2026

Every year Verus identifies a series of topics that we believe will be important for investors to consider during the coming year. Some of those tend to be economics or markets focused, while others tend to focus on geopolitics or other broader issues. The paper also looks back at the past years' forecasts.

### STATE OF THE CORE REAL ESTATE FUND UNIVERSE

Verus addresses the state of the core real estate fund universe. Discussion includes the mixed fundamental conditions facing the asset class and the heavy redemption queues that continue to challenge certain funds and frustrate investors who are seeking liquidity.

### LDI FOR PUBLIC SPONSORS

We explore the dichotomy in LDI adoption between sponsor types. We discuss the characteristics of pension plans that make LDI strategies beneficial. We assess the current environment, to illustrate why LDI may appear relatively attractive today.

### THIS MATTERS, AND THIS DOESN'T

We offer perspectives regarding what we watch out for to acknowledge or even avoid biases where possible. Deciding what matters most to the portfolio by ensuring a balanced set of information sources, keeping a watchful eye for biases and carefully thinking about incentives, and also determining what doesn't matter.

# 4<sup>th</sup> quarter summary

## THE ECONOMY

- U.S. real GDP grew at an impressive rate in Q3 QoQ, fueled by consumer purchases, exports, and government spending. The Atlanta Fed GDPNow indicator suggested an incredible 5.3% QoQ growth rate in Q4, as of January 14<sup>th</sup>. The economy may continue to surpass expectations in 2026 with strong spending, monetary and fiscal easing, and further signs of productivity gains from AI investment.
- U.S. inflation eased during Q4. The November report was surprisingly soft at 2.7% YoY and December data reinforced this figure. Inflation was not reported in October due to the government shutdown and a lack of price data collection. This was the first missed inflation report in modern history, and questions remain broadly about the robustness of recent inflation reports.

## EQUITY

- International developed equity (MSCI EAFE +4.9%) and emerging market equities (MSCI EM +4.7%) led during Q4, while domestic equities lagged (S&P 500 +2.7%). The outperformance of non-U.S. was materially larger for investors with currency hedging programs in place, due to the pain of U.S. dollar appreciation.
- U.S. equity P/E multiples moved further upwards, on positive earnings surprise and enthusiasm that certain headwinds may be easing. Tariff-fueled inflation has been far more tepid than feared, international trade volume has fared well despite trade frictions, and growth has been resilient.

## FIXED INCOME

- High-quality bonds produced slightly positive returns in Q4 and mid single digit returns over the full year. Riskier fixed income delivered stronger returns during those periods. Falling long-term bond yields boosted the returns of duration assets, while stable spreads and mild default activity allowed investors to capture the spreads of risk assets such as high yield bonds and bank loans.
- High yield bond defaults rose slightly to 1.9% YoY, below the 15-year average of 2.5%. Loan default rates fell to 2.9% YoY, slightly above the 15-year average of 2.4%. Following the First Brands and Tricolor defaults in late 2025 which created a market-wide credit scare, recent evidence seems to suggest that these were isolated incidents of fraud rather than indicative of broader systemic issues.

## ASSET ALLOCATION ISSUES

- Investors benefited from strong returns across most asset classes during 2025. Global equities delivered +22.3% on earnings growth and surprisingly resilient economic conditions, U.S. high yield bonds generated +8.6% as spreads were stable, and core fixed income delivered +7.3%, fueled by lower yields and Fed rate cuts.
- Market-priced volatility ended Q4 at a very low level of 14%, but exhibited spikes throughout the period as the U.S. government shutdown shook markets on multiple days, along with tariff surprises. Volatility may continue to ease as fears around inflation and the economy fade.

Strong Q4 gains across most asset classes closed out an incredible year for total portfolio performance

Although risk asset valuations are generally expensive, earnings momentum and productivity improvements could support further gains in 2026

# What drove the market in Q4?

## “S&P 500 ends Friday with another record close, scores a winning week”

S&P 500	09/30	10/31	11/30	12/31	01/20
	6198	6238	6460	6704	6850

Article Source: CNBC, January 8<sup>th</sup>, 2026

## “December’s Jobs Data Reinforces Fed’s Cautious Approach to Future Cuts”

Effective Federal Funds Rate	09/2024	12/2024	03/2025	06/2025	09/2025	12/2025
	5.13%	4.48%	4.33%	4.33%	4.22%	3.72%

Article Source: New York Times, January 9<sup>th</sup>, 2026 – end of month figures shown

## “US job growth stuck at stall speed in December; unemployment rate dips to 4.4%”

% Monthly Change in Employment					
June '23	Dec '23	June '24	Dec '24	June '25	Dec '25
0.17%	0.17%	0.06%	0.20%	-0.01%	0.03%

Article Source: Reuters, January 9<sup>th</sup>, 2026

## “US Core CPI Rises 0.2%, Bucking Estimates for Bigger Rebound”

U.S. Inflation (year-over-year)							
May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25
2.4%	2.7%	2.7%	2.9%	3.0%	N/A	2.7%	2.7%

Article Source: Bloomberg, January 13<sup>th</sup>, 2026

## U.S. EQUITY PERFORMANCE



Source: Standard & Poor's, as of 12/31/25

## EFFECTIVE FEDERAL FUNDS RATE



Source: FRED, as of 12/31/25

## U.S. MONTHLY JOB GROWTH



Source: Verus, FRED, as of 12/31/25

# Economic environment

# U.S. economics summary

- The U.S. Q3 GDP report reflected an impressive annualized real growth rate of 4.3% QoQ, fueled by consumer spending, exports, and government spending while investment was flat. The Atlanta Fed GDPNow indicator suggested an incredible 5.3% QoQ growth rate in Q4, as of January 14th. We believe the economy may continue to surpass expectations in 2026, on strong spending, monetary and fiscal easing, and further signs of productivity gains from AI investment.
- Unemployment increased during the quarter from 4.4% to 4.5% but fell back to 4.4% in December. Job growth has been very weak but does not appear to be moving towards net job loss, which historically has been a flashing signal of recession. Despite new hiring activity suggesting a sour labor market, layoffs remain very low relative to history. The current labor market has been recently described as *low hires and low fires*.
- The Federal Reserve voted to cut interest rates again by 0.25% at the December meeting, marking three consecutive meetings of cuts. Focus seems to have

shifted away from inflation and towards the labor market, as job gains have slowed and households express less confidence in job availability.

- U.S. inflation eased during Q4 according to the Bureau of Labor Statistics. The December report reflected a 2.7% YoY rate, which was also the core inflation figure. Inflation was not reported in October due to the government shutdown and a lack of price data collection. This was the first missed inflation report in modern history, and we believe it is fair to categorize that report as ‘partially complete’ as questions remain around the robustness of recent figures.
- Poor consumer sentiment continued during Q4, with sentiment of lower income consumers rising and sentiment of higher income consumers falling, according to the University of Michigan. This coincided with a trend of greater job loss among higher educated Americans, which could be AI-driven. Households expressed frustration over high prices and a softening labor market, though tariffs are becoming less of a focus.

	Most Recent	12 Months Prior
Real GDP (YoY)	2.3% 9/30/2025	2.8% 9/30/2024
Inflation (CPI YoY, Core)	2.6% 12/31/2025	3.2% 12/31/2024
Expected Inflation (5yr-5yr forward)	2.2% 12/31/2025	2.3% 12/31/2024
Fed Funds Target Range	3.50% - 3.75% 12/31/2025	4.25% - 4.50% 12/31/2024
10-Year Rate	4.2% 12/31/2025	4.6% 12/31/2024
U-3 Unemployment	4.4% 12/31/2025	4.1% 12/31/2024
U-6 Unemployment	8.4% 12/31/2025	7.6% 12/31/2024

# Inflation

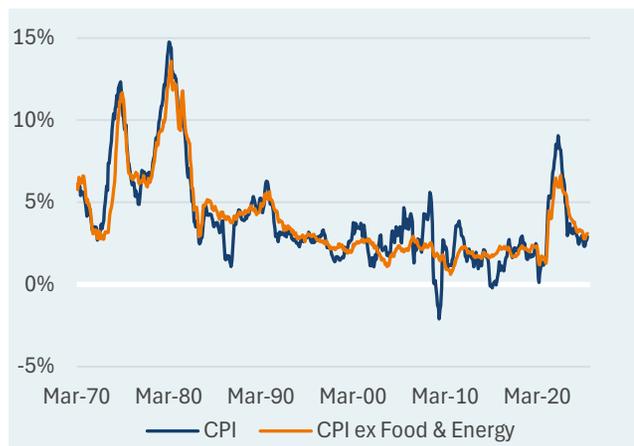
U.S. inflation (CPI) eased during Q4 according to the Bureau of Labor Statistics. The December report reflected a 2.7% rate of inflation year-over-year, which was also the core inflation figure (ex-food & energy). Inflation was not reported in October due to the government shutdown and a lack of price data collection during that time. This was the first missed inflation report in modern history, and we believe it is fair to categorize that report as ‘partially complete’. Controversies exist around the way in which partial data was handled, and investors may consider monitoring the next few inflation reports to gain more clarity.

Many goods categories that are most exposed to tariff price hikes have shown only mild price rises over the past year, or have even shown negative price movement. It seems likely that tariff-driven inflation will be moderate in nature overall, with price rises that do occur taking more time to be worked out.

Tariff-fueled inflation has been much more moderate than initially expected

We believe that the rate of inflation in 2026 will remain sticky and above the Fed’s target, and that a stronger than expected economy may present some ongoing upward price pressure.

## U.S. CPI (YOY)



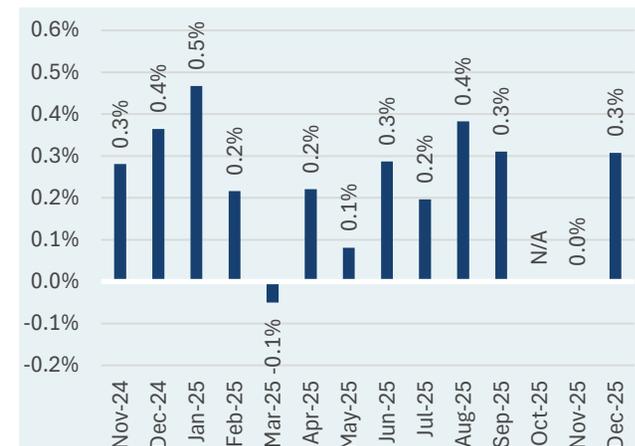
Source: BLS, as of 12/31/25

## WHERE IS THE TARIFF INFLATION?

Categories less related to tariffs:	Size of category in the overall inflation calculation	Inflation (YoY)
Food	13.7%	3.1%
Food away from home	5.7%	2.4%
Meats, poultry, fish, & eggs	1.5%	6.9%
Shelter	35.5%	3.2%
Tuition, other school fees & childcare	2.5%	2.9%
Recreation services	3.4%	4.0%
Energy services	3.2%	7.7%
Medical care services	6.8%	3.5%
Categories more related to tariffs:		
Apparel	2.5%	0.6%
Toys	0.3%	0.8%
Footwear	0.6%	1.1%
New vehicles	4.3%	0.3%
Televisions	0.1%	-7.2%
Household furnishings & supplies	3.4%	3.4%
Tools, outdoor equipment & supplies	0.9%	5.4%

Source: Verus, BLS, as of 12/31/25

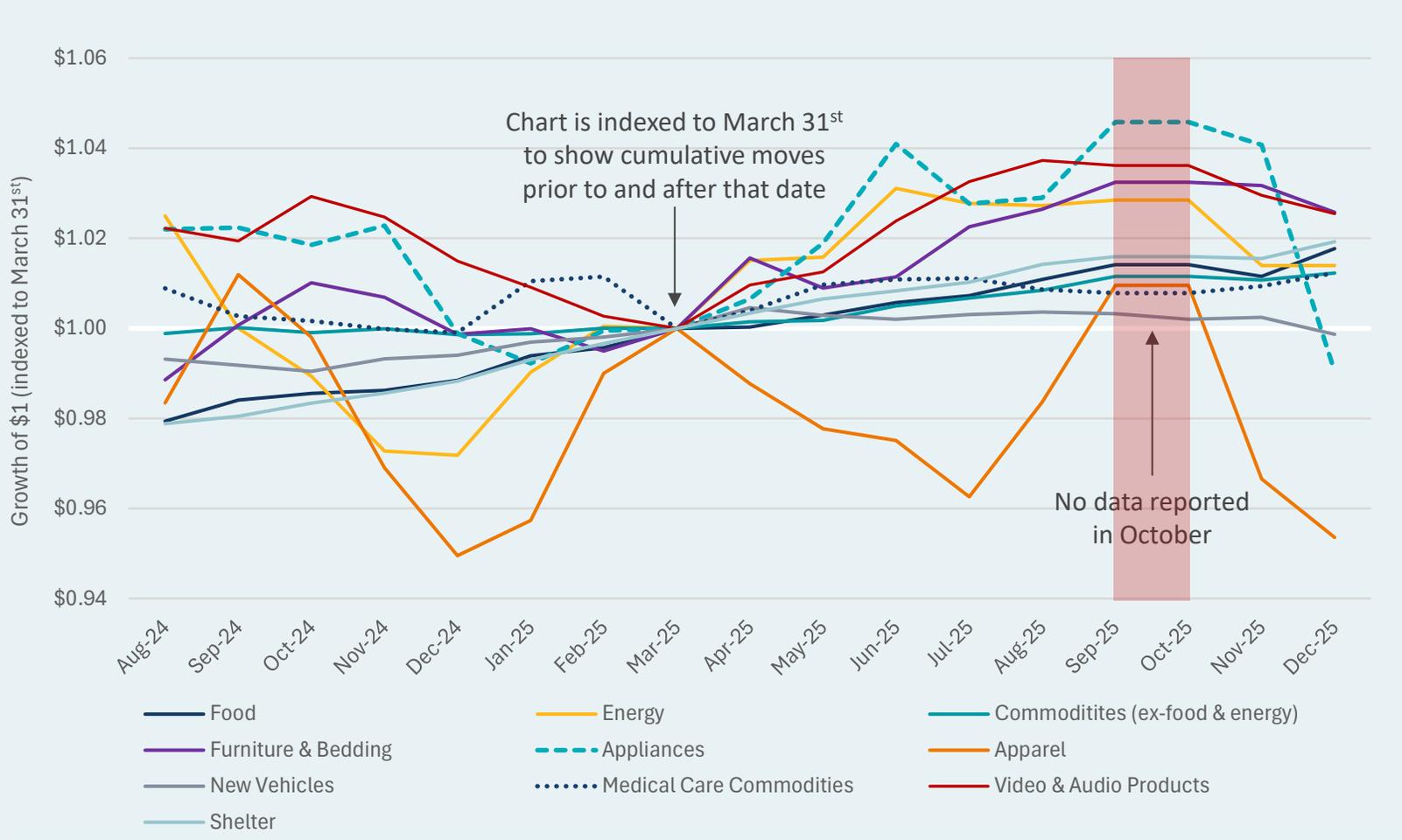
## MONTHLY PRICE MOVEMENT (CPI)



Source: BLS, as of 12/31/25

# Few signs of tariff-driven inflation

## INFLATION TRENDS SINCE APRIL

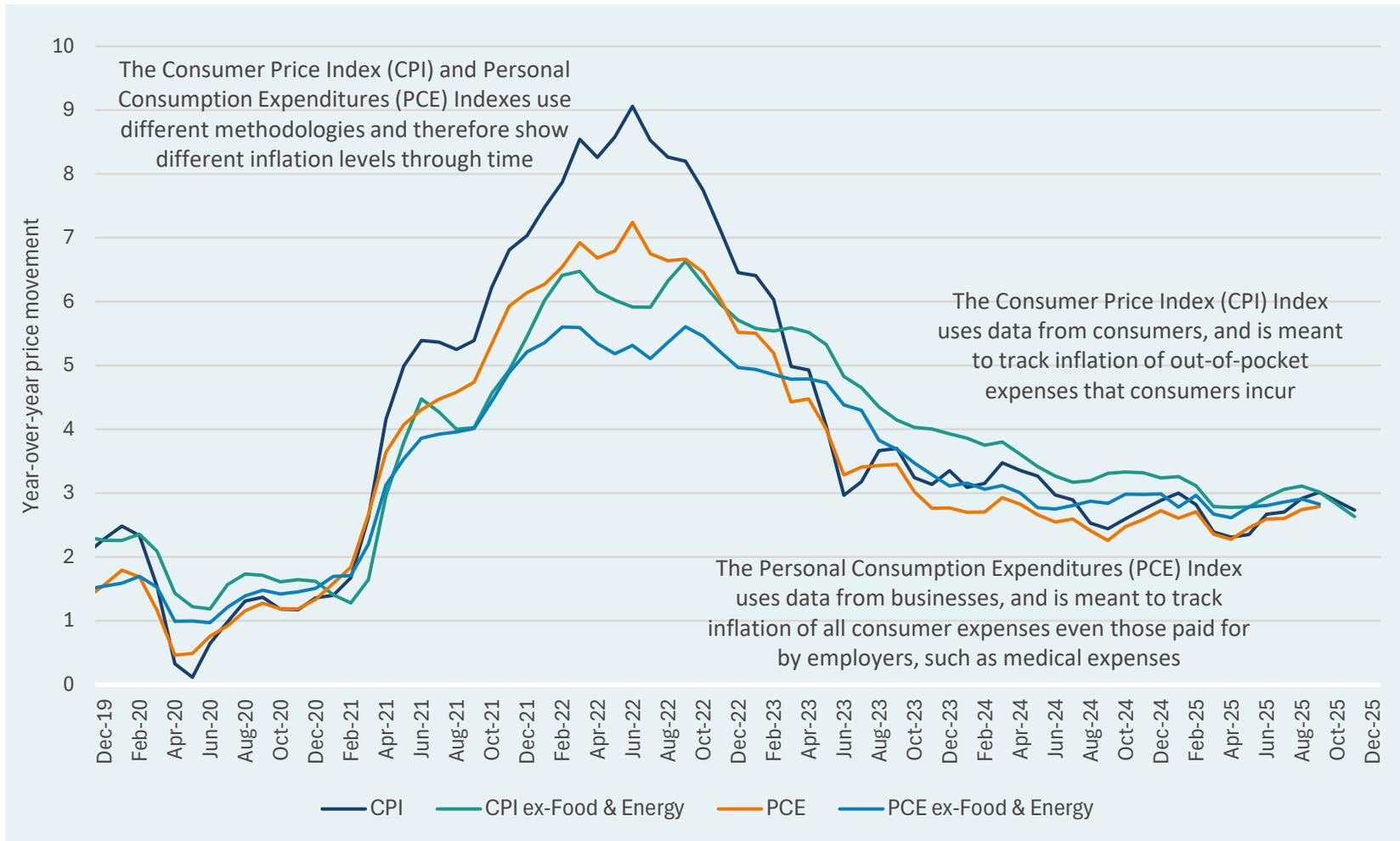


There has been a surprising absence of excess inflation following April's trade policy shift

Certain goods that were expected to show the largest price rises, such as new cars and apparel, have seen negligible price moves

Source: Verus, FRED, as of 12/31/25

# ...while inflation remains above target



Inflation eased during Q4, though controversy exists around the way in which partial data was handled following the government shutdown

Source: FRED, Verus, as of 12/31/25 or most recent release

# GDP growth

The U.S. Q3 GDP report reflected an impressive annualized real growth rate of 4.3% quarter-over-quarter that was fueled by consumer spending, exports, and government spending, while investment was flat. Calendar year 2025 might reasonably be described as a time of resilient consumer spending, a lower trade deficit with fewer imports providing some support to domestic growth, and government spending playing less of a role following broad cuts by the administration. The Atlanta Fed GDPNow indicator suggested an incredible 5.3% QoQ growth rate in Q4, as of January 14th.

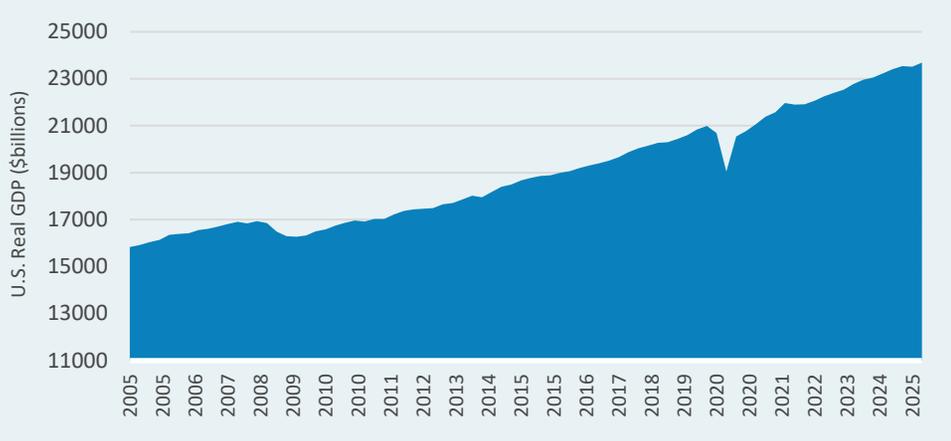
As 2025 has come to a close, we note a fairly consistent and salient theme—the degree to which economists missed the mark this year on a variety of predictions. First, dire forecasts

for spiking inflation fueled by tariffs turned out to be incorrect, as inflation is slightly lower year-over-year. Second, materially slower economic growth due to new trade barriers, or even a seizing up of international supply chains, has not happened. Domestic growth rates in Q2 and Q3 were some of the strongest of the past decade. Lastly, forecasts for spiking inflation and falling growth culminated in an intense popularity of the word “stagflation” since April; however, the U.S. economy has exhibited the opposite—a relatively good rate of growth with some moderation of inflation.

We believe the economy may continue to surpass expectations in 2026, on strong spending, monetary and fiscal easing, and further signs of productivity gains from AI investment.

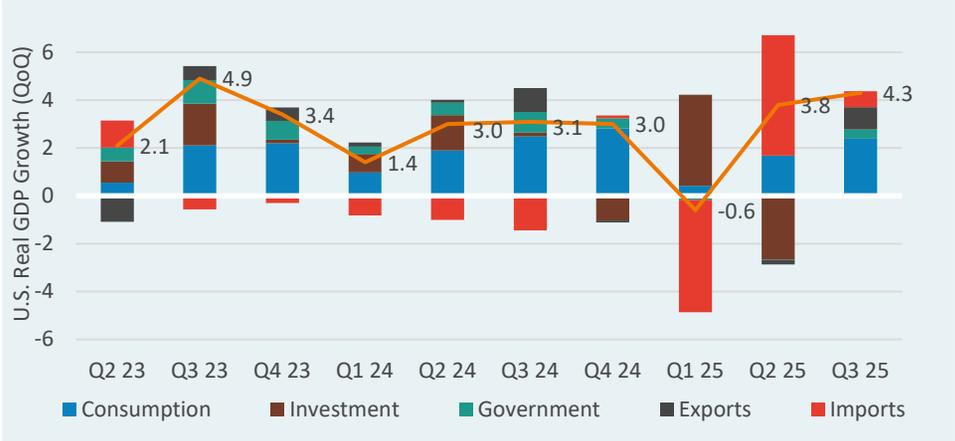
The economy grew at an impressive 4.3% annualized rate during Q3, and this is expected to continue in Q4

## U.S. GDP GROWTH



Source: FRED, as of 9/30/25

## U.S. REAL GDP COMPONENTS (QOQ)



Source: FRED, as of 9/30/25

# Labor market

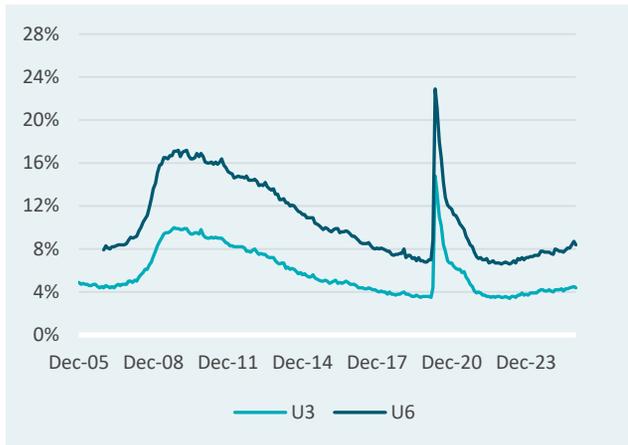
Unemployment increased during the quarter from 4.4% to 4.5% but fell back to 4.4% in December. Job growth has continued to be slow but does not appear to be moving towards net job loss, which historically has been a flashing signal of recession. It is worth noting that most job creation this past year has been in the healthcare sector. If this sector were excluded, job growth would have effectively been zero. Despite new hiring activity suggesting a sour labor market, layoffs remain very low relative to history. Some investors recently have described the labor market environment as *low hires and low fires* — a description that we believe is appropriate.

Falling immigration and a growing economy might imply a lower unemployment rate in 2026, but the year may be more

complicated than that. Unemployment is based on the number of people in *on the books* jobs relative to the number of people in the workforce (which excludes people who would be able to work but who are not looking for work). It seems likely the number of people working in fully *on the books* jobs will increase as the economy grows, and perhaps a small amount of onshoring occurs. However, one of the results of economic expansion is likely to be that more and more previously discouraged workers come back into the workforce — this increases the number of available workers in the labor force, which raises the unemployment rate all else equal. Therefore, we may well see either a flat or slightly increasing unemployment rate over the year, despite good economic growth.

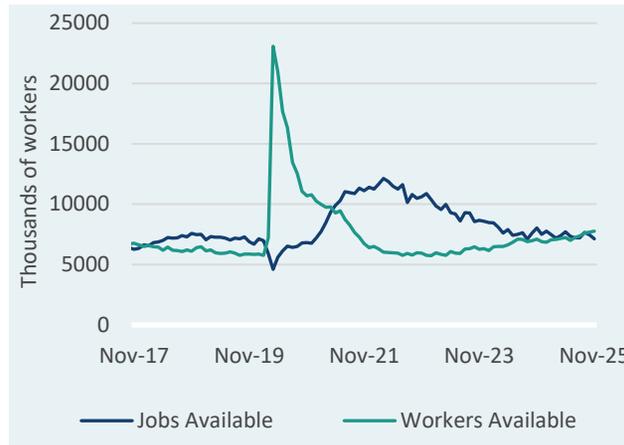
An environment of *low fires & low hires* seemed to continue during Q4

## U.S. UNEMPLOYMENT



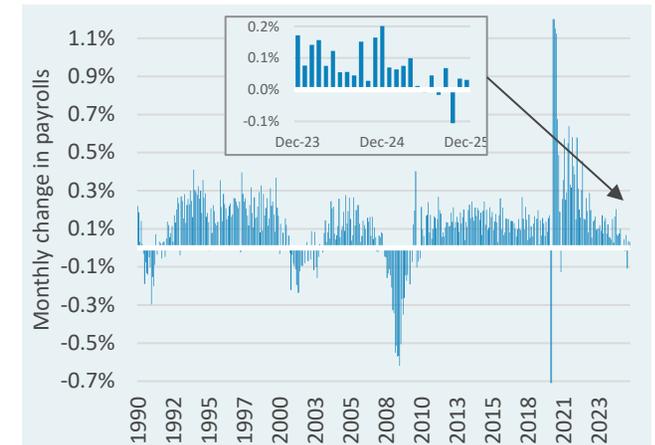
Source: FRED, as of 12/31/25

## JOBS AVAILABLE VS WORKERS AVAILABLE



Source: FRED, as of 11/30/25

## JOB GROWTH



Source: Verus, FRED, as of 12/31/25

# The consumer

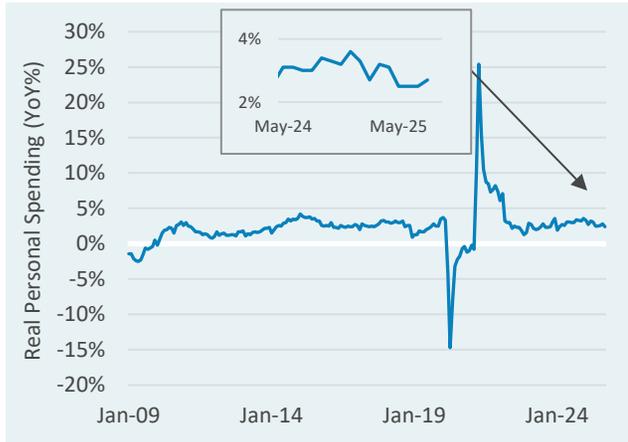
Retail sales growth was strong—fueled by impressive holiday shopping trends and auto sales. Broader personal spending data releases have been significantly delayed due to the government shutdown, but as of September these data also showed a relatively good inflation-adjusted growth rate of 2.4% year-over-year. Household spending overall has been robust, defying expectations for a slowdown and supporting the economy.

A notable contrast exists regarding sour consumer sentiment but strong household spending patterns, though this may be a feature of what has recently been referred to as a “K-shaped” spending environment. This term describes a gap between upper income households, which are spending heavily, and lower income households which are feeling pain from higher prices and

housing costs, and can afford less. Substantial stock market gains and real estate appreciation in recent years have pushed up the wealth of those that own more of those assets (upper income households), while lower income households that rely primarily on wages have been squeezed by inflation and have not seen large wealth gains.

Personal savings rates dropped from a highpoint of 5.5% in April to 4.0% in September, alongside robust consumer spending. This was the lowest savings rate since 2022. While typically investors might perceive strong spending and low savings as an indication of economic strength and confidence in the future, in the current environment this may be less positive and more related to the mentioned “K-shape” effect.

## REAL PERSONAL SPENDING



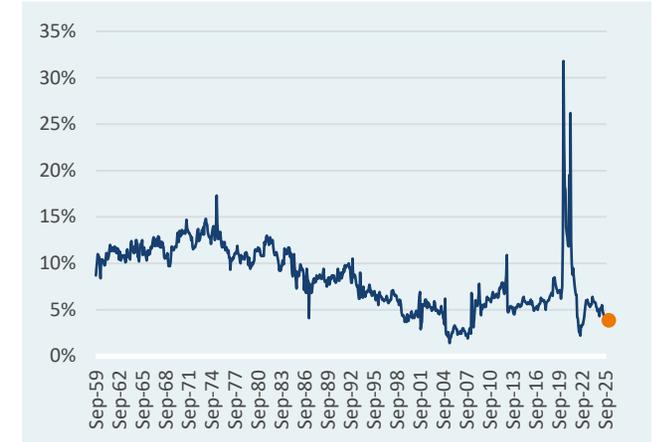
Source: FRED, as of 12/31/25

## RETAIL SALES



Source: Verus, FRED, as of 11/30/25

## PERSONAL SAVINGS RATE



Source: FRED, as of 9/30/25

# Sentiment

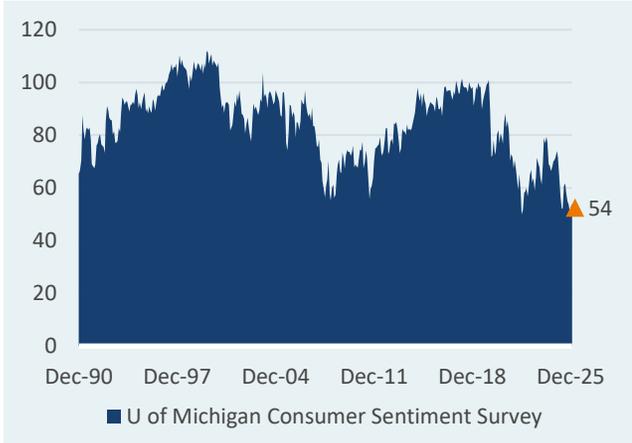
Poor consumer sentiment continued during Q4, with sentiment of lower income consumers beginning to rise and sentiment of higher income consumers beginning to fall, according to the University of Michigan. This coincided with a trend of greater job loss among higher educated Americans. Households expressed frustration over high prices and a softening labor market, while concerns about tariffs faded.

The Conference Board Consumer Confidence Index—another gauge of confidence—also indicated ongoing poor sentiment. Specifically, the survey reflected a sharp drop in how households feel about current business and labor market conditions, while the longer-term outlook for jobs, income,

and business conditions was stable but materially below late-2025 levels.

Small business sentiment in November, as indicated by the NFIB Small Business Optimism Index, was relatively stable during Q4 and slightly above the long-term average. Despite the ongoing national trend of low hiring activity, one-third of small businesses reported difficulties in finding qualified candidates to fill open positions (far above the long-term average). ‘Labor quality’ overtook ‘inflation’ as a greater business concern. A growing number of small businesses plan to create new jobs in the next three months, which was the highest reading of 2025.

**CONSUMER SENTIMENT (UNIV. OF MICHIGAN)**



Source: University of Michigan, as of 12/31/25

**CONSUMER CONFIDENCE (CONFERENCE BOARD)**



Source: Conference Board, as of 12/31/25

**NFIB SMALL BUSINESS SENTIMENT**



Source: NFIB, as of 12/31/25

# Housing

Home price appreciation slowed, up only 0.7% in November year-over-year, according to Redfin. Sales activity was reportedly down -7.0% year-over-year during this time, despite a material drop in the 30-year average fixed mortgage rate from 6.9% to 6.2%. The housing market appears to be still frozen in place, as high prices and interest rates have significantly damaged affordability, and many existing homeowners are disincentivized to sell and forego their existing low mortgage rate. On balance, there are fewer potential buyers and sellers in this environment, though sellers are greater in number. According to MLS data, in November there were 37% more sellers than buyers—a historically large mismatch.

New building permits continued to fall and are at levels not seen since 2019. Housing starts have remained stable over the past three years.

New home construction fell to the lowest level in five years in October, with larger multi-family projects experiencing the sharpest drop. This was despite mortgage rates moving lower (the 30-year average fixed mortgage reached 6.06% on January 15<sup>th</sup>). Home affordability has become a top concern in the U.S., and each political party appears to be working to make progress on this concern. During the first week of 2026, President Trump proposed a ban on institutional investor purchases of single-family homes. Shortly thereafter, the President directed Fannie Mae and Freddie Mac to purchase \$200 billion in mortgage-backed securities in order to push down the spreads of these securities, with the goal of pushing down mortgage rates. We expect there to be much more discussion of these topics leading up to U.S. midterm elections.

**30-YEAR MORTGAGE RATE (%)**



Source: Freddie Mac, as of 12/31/25

**EXISTING HOME SALES**



Source: FRED, as of 10/31/25

**RATES DROP & NEW HOME SALES JUMP**



Source: Verus, FRED, as of 11/30/25 (home sales as of 8/31/25)

# International economics summary

- Eurozone GDP growth was 1.4% YoY in Q3, while Japan grew at a 0.6% rate. Canada grew at a 0.4% YoY rate in October. International economic growth, as well as growth forecasts, have generally outpaced expectations since the U.S. trade policy shift in April contributed to widespread fears of a global slowdown.
- Inflation trends have eased in many regions, which has helped to mitigate investor concerns and allowed central banks more flexibility in monetary decisions. In particular, Eurozone rate of inflation fell from 2.5% YoY at the beginning of the year to 2.0% in December, as energy price shocks faded a bit from the lookback period.
- The tariff environment showed signs of gradual easing as U.S. negotiations with key partners continued, several planned increases were deferred, and exemptions from USMCA provisions helped moderate headline tariff rates. The Supreme Court’s review of the administration’s IEEPA-based tariffs further introduced the possibility of reduced tariff pressures in the future. Policy and legal uncertainty remains a major global concern for investors and central banks.
- During Q4, the ECB held rates steady at 2.00% for a fourth consecutive meeting, citing inflation stabilizing near its 2% target and a resilient eurozone outlook. The central bank signaled no urgency to adjust policy further.

The BOE, facing easing inflation and softer economic momentum, reduced the Bank Rate by 25 bps to 3.75% in December but emphasized that any additional cuts would be gradual and data-dependent.

- The U.S. continued negotiating efforts toward a Russia–Ukraine ceasefire, supported by major dialogues including U.S.–Ukraine consultations in Geneva and U.S.–Russia talks in Moscow. These efforts, backed by European allies, created periods of constructive engagement, though Russia maintained extensive demands. Negotiations seem to have stalled as of early January, and the conflict has re-intensified, likely reducing near-term prospects for progress.
- In early January, U.S. forces captured Venezuelan President Maduro, citing narcotics-related criminal activity, illegitimate governance, strategic interests tied to Venezuela’s oil sector, and goals of destabilizing foreign influence and improving regional security. The U.S. indicated plans to guide Venezuela’s political transition and support rebuilding its oil infrastructure, while issuing follow-on threats toward Colombia, Mexico, and Cuban leadership. At the same time, the U.S. administration expanded comments around the national security importance of Greenland, prompting rejection from Greenlandic and Danish leaders and a NATO response.

	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	2.3% 9/30/2025	2.7% 11/30/2025	4.4% 12/31/2025
Eurozone	1.4% 9/30/2025	2.0% 12/31/2025	6.3% 11/30/2025
Japan	0.6% 9/30/2025	2.9% 11/30/2025	2.4% 11/30/2025
Canada	0.4% 10/31/2025	2.2% 11/30/2025	6.8% 12/31/2025
BRICS Nations	4.7% 9/30/2025	1.0% 12/31/2025	5.1% 12/31/2025
Brazil	1.8% 9/30/2025	4.3% 12/31/2025	5.2% 11/30/2025
Russia	0.6% 9/30/2025	6.6% 11/30/2025	2.1% 11/30/2025
India	8.2% 9/30/2025	0.7% 11/30/2025	8.5% 12/31/2017
China	4.8% 9/30/2025	0.8% 12/31/2025	5.1% 11/30/2025

*NOTE: India lacks reliable government unemployment data. Unemployment rate shown above is estimated from the Centre for Monitoring Indian Economy. The Chinese unemployment rate represents the monthly surveyed urban unemployment rate in China.*

# International economics

Eurozone GDP growth was 1.4% YoY in Q3, while Japan grew at a 0.6% rate and Canada at a 0.9% rate. International economic growth, as well as growth forecasts, have far outpaced expectations since the U.S. trade policy shift in April contributed to widespread fears of a global slowdown. Inflation trends have eased in many regions, which has helped to ease investor concerns and allowed central banks far more flexibility in monetary decisions. In particular, the Eurozone rate of inflation fell from 2.5% YoY in January to 2.0% in December, as energy price shocks faded a bit from the lookback period.

A wide set of trade news has continued to affect market pricing, though late 2025 was characterized by broad de-escalations. This included a China trade truce, partner exemptions and trade frameworks (autos, energy, timber), and pauses on escalations. This helped drive tariff collection rates far below April's headline peaks (the effective average U.S. tariff rate stabilized around 10-17% by late year). Although the situation is fluid and changing quickly, here we mention a few notable developments of recent months.

In September 2025, the U.S. announced tariffs on timber/lumber and furniture, which took effect in October for most, with escalations planned for January 2026. The U.S. threatened additional tariffs on pharmaceuticals and heavy trucks and followed with October threats to increase tariffs on Chinese rare earth issues.

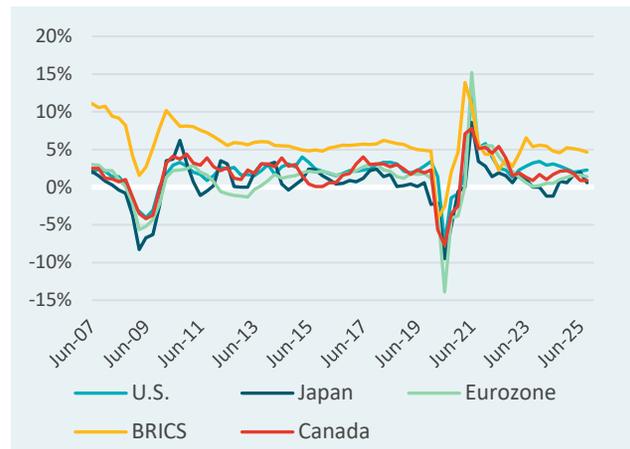
In November 2025, a major U.S.-China deal reduced fentanyl-related tariffs on Chinese goods from 20% to 10% (effective November 10), extended the pause on heightened reciprocal tariffs through November 2026, and secured Chinese concessions on rare earth export controls, retaliatory tariffs (ex: U.S. agriculture), and resumed purchases of soybeans/sorghum. Frameworks with partners including Argentina, Ecuador, El Salvador, Guatemala, and Switzerland expanded exemptions for agricultural goods (beef, coffee, fruit), textiles, and critical minerals. In December 2025, an agreement delayed the scheduled tariff hikes on furniture, cabinets, and vanities for another year (to 2027), maintaining 25% rates during negotiations.

## INFLATION (CPI YEAR-OVER-YEAR)



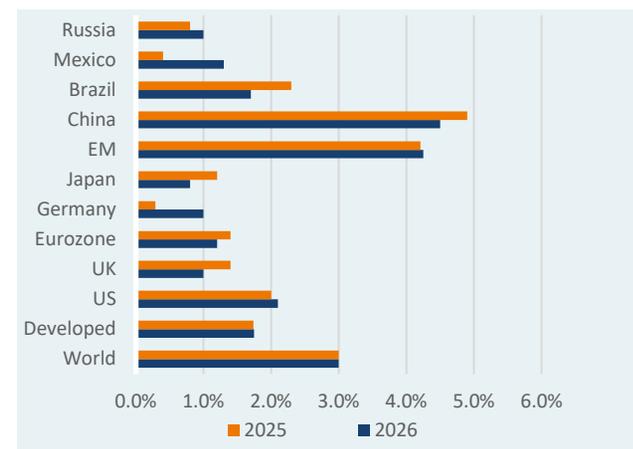
Source: BLS, Verus, as of 12/31/25 or most recent date

## REAL GDP GROWTH (YEAR-OVER-YEAR)



Source: BLS, Verus, as of 12/31/25 or most recent date

## GDP GROWTH EXPECTATIONS



Source: Bloomberg, as of 1/20/26

# Fixed income rates & credit

# Fixed income environment

- Riskier fixed income delivered stronger returns during Q4 and also during the full year, while higher-quality exposures produced slightly positive returns during Q4 and mid single digit returns over the year. Slightly lower long-term bond yields boosted the returns of duration assets, while stable spreads and mild credit default activity allowed investors to capture credit spreads of riskier assets such as high yield and bank loans.
- The 10-year U.S. Treasury yield ended Q4 unchanged at 4.16%, fluctuating in a tight range as investors tried to work out the balance of labor market weakness, inflation pressures, the trajectory of the economy, and how those dynamics will affect the Fed's rate path. Additionally, the government shutdown caused extended delays in the release of key economic data which has further clouded the picture.
- The Federal Reserve cut rates once in October and again in December, bringing the target range to 3.50%-3.75%. The FOMC appears to have shifted into an easing and liquidity-supporting stance with these cuts and

public comments, which came alongside the announcement that the Fed balance sheet runoff would end, and T-bill purchases would resume.

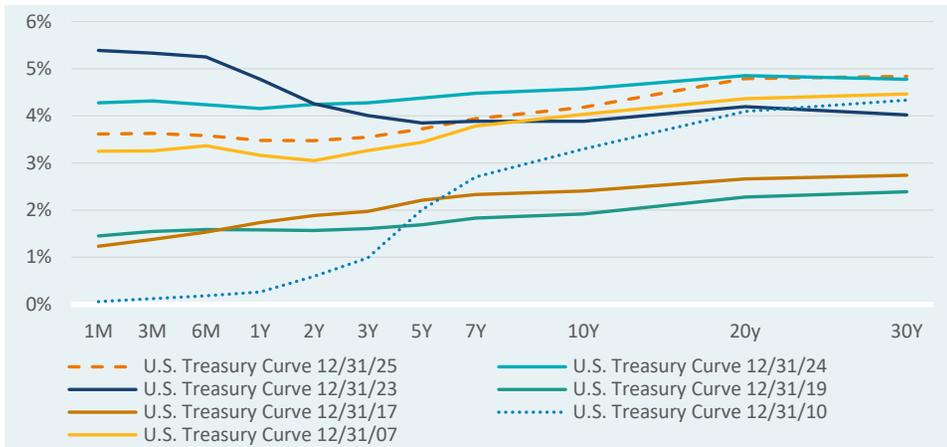
- Market inflation fears appear to have eased during the quarter, as the 10-year TIPS Breakeven Rate fell from 2.36% to 2.25%.
- The U.S. yield curve showed further normalization, exhibiting the steepest shape since early 2022. The 10-year Treasury minus 2-year Treasury yield was 0.71% as of December 31<sup>st</sup>, as short-term rates fell with Fed rate cuts and longer-term yields were stable.
- High yield bond default activity rose slightly to 1.9% YoY, below the 15-year average of 2.5%. Loan default rates fell to 2.9% YoY, slightly above the 15-year average of 2.4%. Following the First Brands and Tricolor defaults in late 2025 which created a market-wide credit scare, recent evidence seems to suggest that these were isolated incidents of fraud rather than indicative of broader underlying systemic issues.

	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	1.1%	7.3%
Core Plus Fixed Income (Bloomberg U.S. Universal)	1.2%	7.6%
U.S. Treasuries (Bloomberg U.S. Treasury)	0.9%	6.3%
U.S. Treasuries: Long (Bloomberg U.S. Treasury 20+)	-0.5%	4.6%
U.S. High Yield (Bloomberg U.S. Corporate HY)	1.3%	8.6%
Bank Loans (Morningstar LSTA Leveraged Loan)	1.2%	5.9%
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	3.3%	19.3%
Emerging Market Debt Hard (JPM EMBI Global Diversified)	3.3%	14.3%
Mortgage-Backed Securities (Bloomberg MBS)	1.7%	8.6%

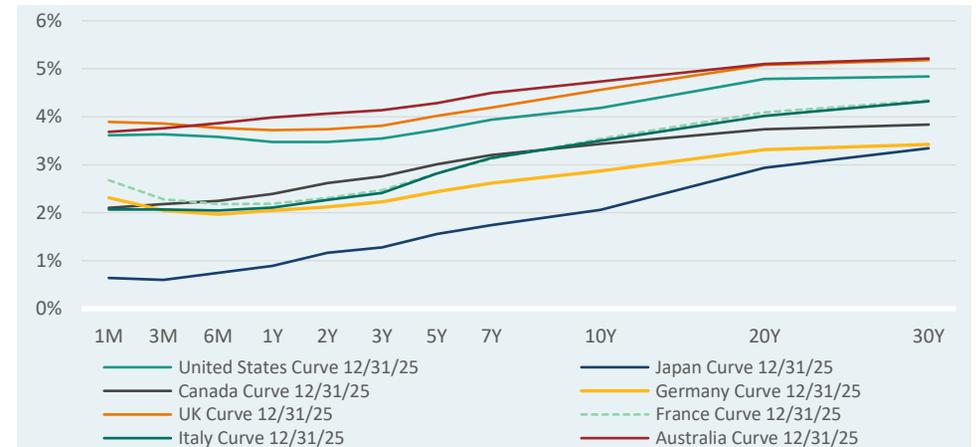
Source: Standard & Poor's, J.P. Morgan, Bloomberg, as of 12/31/25

# Yield environment

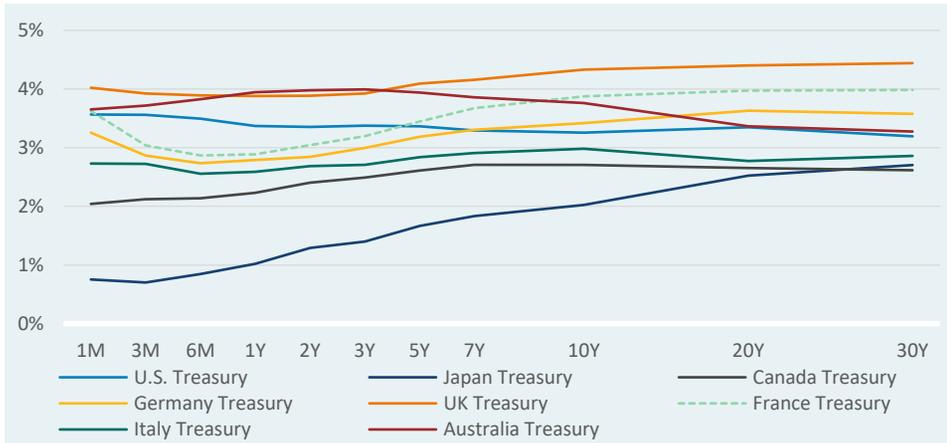
U.S. YIELD CURVE



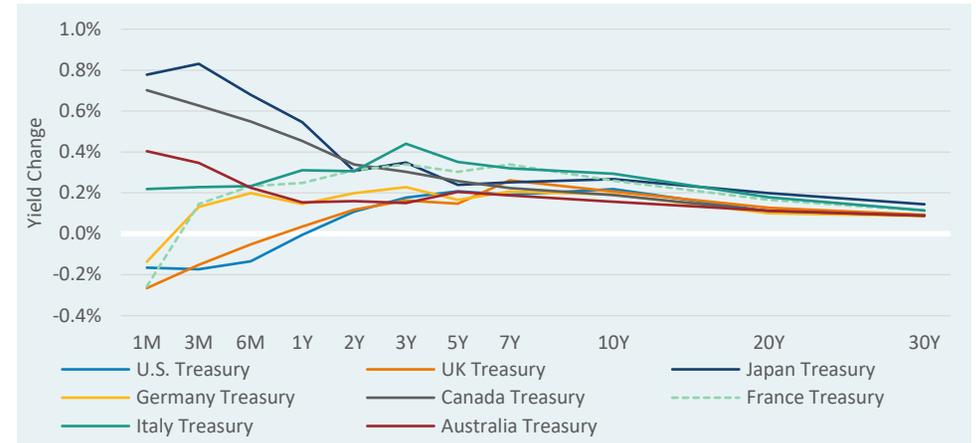
GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 12/31/25

# Credit environment

During Q3, credit delivered positive returns alongside strong investor sentiment and demand for yield. Bank loans and high yield returned +1.3% and +1.2%, respectively (Bbg U.S. Corporate High Yield, Morningstar LSTA Leveraged Loan). High yield outpaced bank loans over the full year (+8.6% vs. +5.9%) as the Federal Reserve cut rates and longer bond yields moved mildly lower which supported longer-duration assets.

Within the high yield space, lower quality credits underperformed BB- and B-rated names during October and November, representing the first negative monthly returns since April. However, positive momentum in December led to a slight recovery in CCC rate bonds (+0.6% during Q4),

though this segment still lagged BB- and B-rated bonds (+1.7% and +1.8%, respectively). In 2025, BB rated bonds returned +9.4%, while B rated returned +8.9% and CCC returned +8.1%.

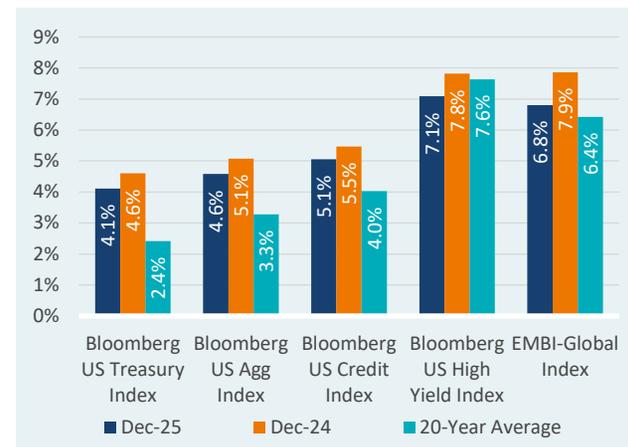
High yield bond spreads ended the quarter unchanged at 2.7%, though spreads widened to as much as 3.2% intra-quarter. Investment grade spreads rose slightly to 0.8%. Bank loan spreads initially widened closer to 4.5% but ended the quarter at similar levels to Q3 at 4.3%. While major concerns circulated during 2025 around tariffs and broad policy impacts on U.S. corporations and consumers, markets now appear to have returned to a level of optimism in line with past years.

## SPREADS



Source: Barclays, Bloomberg, as of 12/31/25

## YIELD TO MATURITY



Source: Morningstar, as of 12/31/25

## CREDIT SPREAD (OAS)

Market	12/31/2025	12/31/2024
Long U.S. Corp	1.0%	1.0%
U.S. Inv Grade Corp	0.8%	0.8%
U.S. High Yield	2.7%	2.9%
U.S. Bank Loans*	4.3%	4.5%

Source: Barclays, Credit Suisse, Bloomberg, as of 12/31/25

\*Discount margin (4-year life)

# Default & issuance

Default/distressed activity was higher during Q4, with defaulted payments totaling \$11.8 billion. The level of distressed exchange and LME (liability management exercise) activity was similar in size to defaults, totaling \$11.2 billion, which was a notable increase from prior quarters. December marked a 6-month high for distressed/LME volume and was the third time since 2022 that high yield bond volume outpaced loan volume. However, credit markets continue to exhibit relatively muted default and distressed activity.

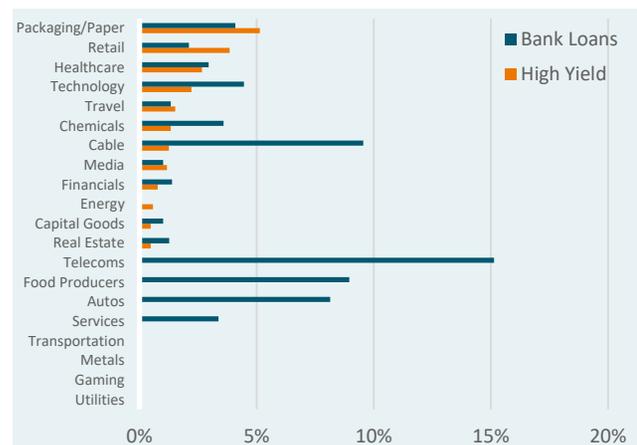
High yield bond defaults rose to 1.9% YoY, which was 0.4% higher than 2024 activity levels, though still below the 15-year average of 2.5%. Loan default rates fell to 2.9% YoY, representing 1.7% less than the four year high that occurred in January. While lower, this figure was still above the 15-year average of 2.4%.

During 2025, 30 companies defaulted on obligations, totaling \$35 billion, with bonds representing 39% of this total and loans representing 61%. Additionally,

30 companies completed a distressed exchange, totaling \$32.8 billion, with bonds representing 37% of the total and loans representing 63%. The combined total of 60 defaults/LMEs in 2025 represented a -19% and -21% decrease from 2024 and 2023, respectively. However, default activity in 2025 was primarily characterized by short periods of elevated activity followed by periods of minimal stressed actions, rather than a consistent flow of activity. Following the First Brands and Tricolor defaults in late 2025 which created a market-wide credit scare, recent evidence seems to suggest that these were isolated incidents of fraud rather than indicative of broader underlying systemic issues.

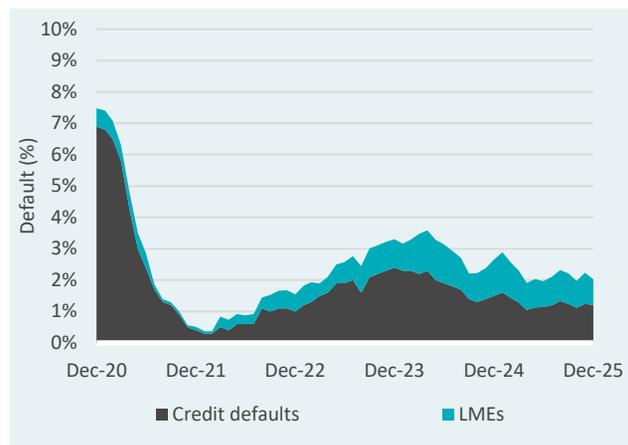
Gross high yield issuance in 2025 reached a four-year high of \$332 billion, up 15% YoY. Bank loan issuance was slightly lower than 2024 but still exhibited one of the largest volumes of the past decade.

## PAST 12 MONTHS (PAR DEFAULT RATE)



Source: BofA Global Research, ICE, LCD /Pitchbook, as of 12/31/25

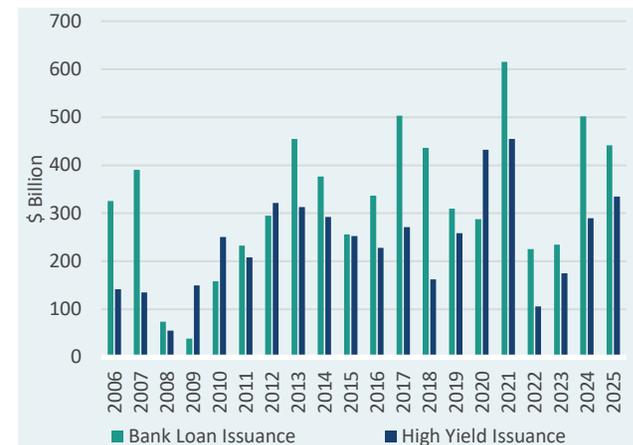
## U.S. HIGH YIELD: DEFAULTS + LME (PAST YEAR)



Source: BofA Merrill Lynch, as of 12/31/25 – par weighted

NOTE: "LME" stands for liability management exercise, which is effectively a renegotiation of debt terms but without an official default

## DEVELOPED MARKET USD ISSUANCE



Source: BofA Merrill Lynch, as of 12/31/25

# Equity

# Equity environment

- International developed equity (MSCI EAFE +4.9%) and emerging market equities (MSCI EM +4.7%) led during Q4, while domestic equities lagged S&P 500 (+2.7%). Domestic equities also lagged over full year 2025, although most of the performance difference was due to foreign currency volatility.
- Fourth quarter YoY earnings growth of the S&P 500 is expected to be +8.3%, according to FactSet, as of January 9<sup>th</sup>. Information technology stocks fueled the largest upside surprise and were the largest contributor to calendar year 2026 upward earnings adjustments. Earnings growth expectations for calendar year 2026 are +14.9%, and then +14.9% again in 2027. These forecasts are higher than they were before April's tariff announcements.
- Business investment in artificial intelligence including software, services, and infrastructure, may have summed to \$1.5 trillion in

2025, according to Reuters. Total spending may surpass \$2 trillion in 2026.

- Chinese equities had begun to rebound during 2025, after substantial underperformance. However, this market began to suffer in Q4, down -7.5% (MSCI China) while emerging market ex-China gained +10.0% (MSCI EM ex-China). It is unclear whether the country can mitigate deep structural problems, including property market weakness, population decline, and deflationary trends exacerbated by massive excess industrial capacity.
- Market-priced volatility ended Q4 at a very low level of 14%, but exhibited spikes throughout as the U.S. government shutdown shook markets on multiple days, along with tariff surprises.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
U.S. Large Cap (S&P 500)	2.7%		17.9%	
U.S. Small Cap (Russell 2000)	2.2%		12.8%	
U.S. Equity (Russell 3000)	2.4%		17.1%	
U.S. Large Value (Russell 1000 Value)	3.8%		15.9%	
U.S. Large Growth (Russell 1000 Growth)	1.1%		18.6%	
Global Equity (MSCI ACWI)	3.3%	3.7%	22.3%	20.3%
International Large (MSCI EAFE)	4.9%	6.7%	31.2%	23.1%
Eurozone (EURO STOXX 50)	5.0%	5.6%	37.5%	23.4%
U.K. (FTSE 100)	6.8%	6.8%	35.1%	25.6%
Japan (TOPIX)	2.8%	9.7%	27.7%	31.7%
Canada (S&P/TSX)	7.1%	6.1%	34.5%	30.4%
Emerging Markets (MSCI Emerging Markets)	4.7%	5.7%	33.6%	31.5%

Source: Standard & Poor's, FTSE, MSCI, STOXX, JPX, as of 12/31/25 – performance quoted from perspective of U.S. dollar investor

# Domestic equity

U.S. equities generated a moderate return of +2.7% (S&P 500) during Q4, continuing a steady march upward alongside surprisingly strong U.S. economic news and positive corporate earnings guidance. Concerns grew amongst investors that U.S. large cap equity indexes have become even more concentrated in AI-related businesses and reliant on AI trends.

Year-over-year Q4 earnings growth of the S&P 500 is expected to be +8.3%, according to FactSet, as of January 9<sup>th</sup>. Information technology stocks fueled by far the largest upside surprise to quarterly earnings and were the largest contributor to calendar year 2026 upward earnings

adjustments. At the industry level, semiconductors, semiconductor equipment, and software businesses were the largest contributors to positive earnings surprise. The fourth quarter would mark the tenth consecutive positive growth quarter for the index. Earnings growth expectations for calendar year 2026 are +14.9% and then +14.9% again in 2027. These forecasts are higher than they were before April's tariff announcements.

Domestic equity fundamentals have been consistently outperforming. If this trend continues, indices could move higher despite lofty valuations.

U.S. equities delivered further gains again in Q4, on positive earnings surprise, fading inflation fears, and Fed rate cut hopes

**S&P 500 PRICE INDEX**



Source: Standard & Poor's, as of 12/31/25

**S&P 500 DIVIDEND YIELD**



Source: Bloomberg, as of 12/31/25

**S&P 500 EARNINGS FORECASTS (YOY)**



Source: Factset, Verus, as of 1/12/26

# Domestic equity size & style

Small cap equities underperformed large caps during Q4 (FTSE Russell 2000 +2.2% vs. FTSE Russell 1000 +2.4%) and also lagged over the full year (+12.8% vs. +17.4%). Many investors predicted that Federal Reserve rate cuts could ignite a small cap comeback, but that has failed to materialize. Value stocks outperformed growth during the quarter (Russell 1000 Value +3.8% vs. Russell 1000 Growth +1.1%) but also lagged over the full year (+15.9% vs 18.6%) as artificial intelligence trends have pushed high-growth names further upward.

(though this is a tenuous proposition in most environments). The market leadership of the Magnificent 7 stocks, and now the substantial AI-related rally, create a situation where investors likely must bet against these major trends to tactically lean into value or small caps. As we have expressed in this document for many years, we believe style factor positions should be longer-term in nature, with the exception of rare timing opportunities that come along only once in a while.

Style factor performance remains very unpredictable in the current environment

Attempting to make positioning bets or tilts into certain U.S. style factors has been incredibly difficult in this environment

**VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE**



Source: FTSE, as of 12/31/25

**SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE**



Source: FTSE Russell, as of 12/31/25

**1-YEAR SIZE & STYLE PERFORMANCE**

	Value	Core	Growth
Large Cap	15.9%	17.4%	18.6%
Mid Cap	11.0%	10.6%	8.7%
Small Cap	12.6%	12.8%	13.0%

Source: FTSE Russell, as of 12/31/25

# International developed equity

International developed equity (MSCI EAFE +4.9%) and emerging market equities (MSCI EM +4.7%) led during Q4, while domestic equities lagged (S&P 500 +2.7%).

Regional developed equity performance was generally strong across the board. European equities outperformed (MSCI UK +7.0%, MSCI Euro +5.2%) while Japan showed a mild positive return (MSCI Japan +3.2%). Non-U.S. equities substantially outpaced the U.S. equity market in 2025, although a large portion of this outperformance was due to foreign currency movement (depreciation of the U.S. dollar). It will be important

to monitor these dynamics in 2026, though we would be surprised to see material dollar weakening if U.S. economic exceptionalism persists.

The continuation of AI growth trends would likely benefit the United States and China in outsized ways, as these countries lead the world in innovation across these areas and stand to benefit the most. Europe in particular has lacked a start-up culture as well as a robust venture capital market, therefore benefiting from less business creation. In short, sustained European performance may remain challenging unless valuations continue to expand.

**INTERNATIONAL DEVELOPED EQUITY**



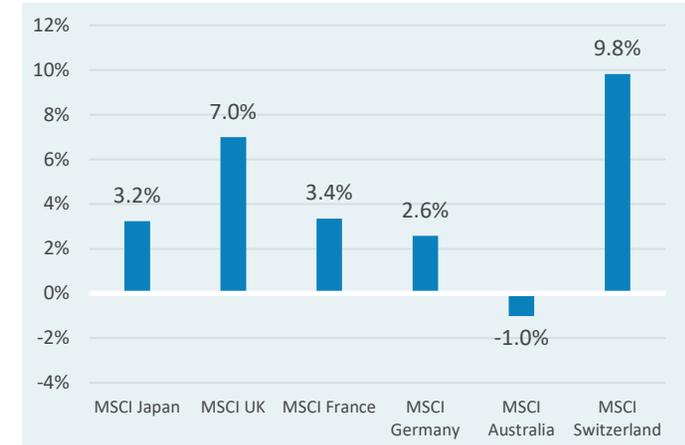
Source: MSCI, as of 12/31/25

**CUMULATIVE PERFORMANCE (10 YEARS)**



Source: Verus, as of 12/31/25

**REGIONAL RETURNS (QUARTER-TO-DATE)**



Source: MSCI Indices, as of 12/31/25

# Emerging market equity

Emerging market equities delivered strong performance during Q4 (MSCI EM +4.7%), resulting in a robust +33.6% return for 2025 which was nearly double the return of the domestic market (S&P 500 +17.9%).

Latin American equities delivered an incredible +54.8% during the year, fueled by the Mexican market. This compared to +32.1% from Asia. Despite longer-term underperformance, Chinese equities had been roaring back to life recently. However, this market began to suffer in Q4, down -7.5% while emerging market ex-China was up +10%.

It remains unclear whether China can mitigate the various structural problems hanging overhead, including widespread property market weakness, population decline, and a deflation problem which is being exacerbated by massive excess industrial capacity and overproduction which has flooded many markets and pushed down prices domestically and abroad. It appears that China's reported real GDP growth is moderating in the 4% range, which would be a pace not experienced since the 1980s.

**EMERGING MARKET EQUITY**



Source: MSCI, as of 12/31/25

**MSCI EM 2025 Q4 COUNTRY RETURNS (USD)**



Source: Verus, Bloomberg, as of 12/31/25

**CHINA RECOVERY**



Source: MSCI, as of 12/31/25

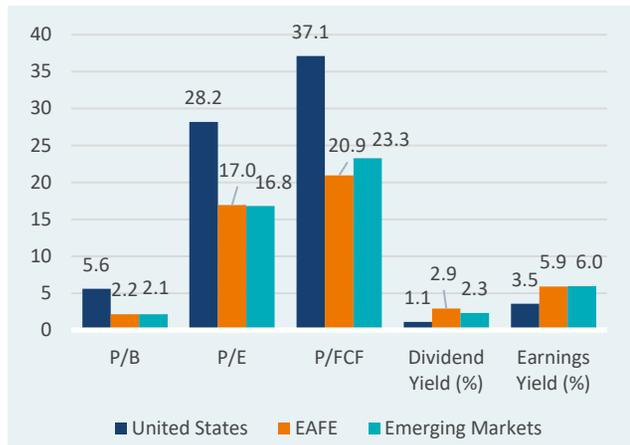
# Equity valuations

U.S. equity P/E multiples moved further upwards during Q4, on positive earnings surprise and likely on enthusiasm that some headwinds of 2025 are easing. Tariff-fueled inflation increases have been far more tepid than initially feared, international trade has fared well despite new trade barriers, and U.S. economic growth has shown surprising strength.

When discussing domestic valuations, it is reasonable to ask how much of a market loss would be incurred if valuations came back to longer-term average levels (and that would in fact be a large loss). However, current valuations are partly a product of evolving index sector

composition (high growth tech-focused businesses tend to command higher multiples). Additionally, A.I. investments and innovation may unlock significant future productivity gains, and earnings forecasts for future years remain very strong. In other words, history may not provide a perfect guide to future performance. For example, it is possible that strong market performance continues if earnings forecasts are further guided upward, the “Magnificent 7” stocks show consistent strong earnings momentum, and the AI narrative remains alive and well. But in a situation where 2026 gains are once again large, and that is driven mostly by higher valuations, we believe investors may be well-served by reevaluating their risk stance.

**MSCI VALUATION METRICS (3-MONTH AVG)**



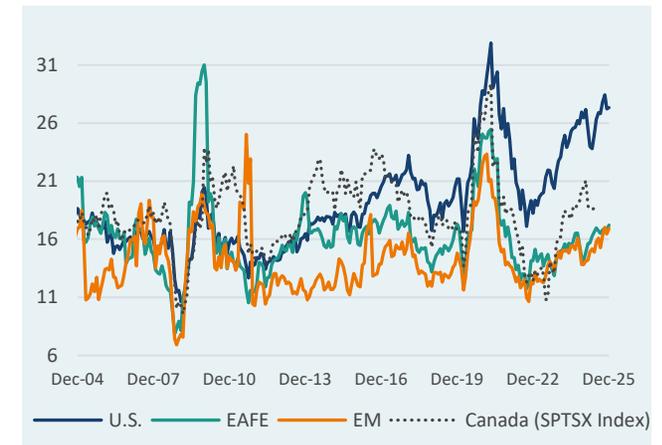
Source: MSCI, Verus, as of 12/31/25 – trailing P/E

**FORWARD P/E**



Source: MSCI, Canada shown as S&P/TSX, as of 12/31/25

**TRAILING P/E**



Source: MSCI, Canada shown as S&P/TSX, as of 12/31/25

# Market volatility

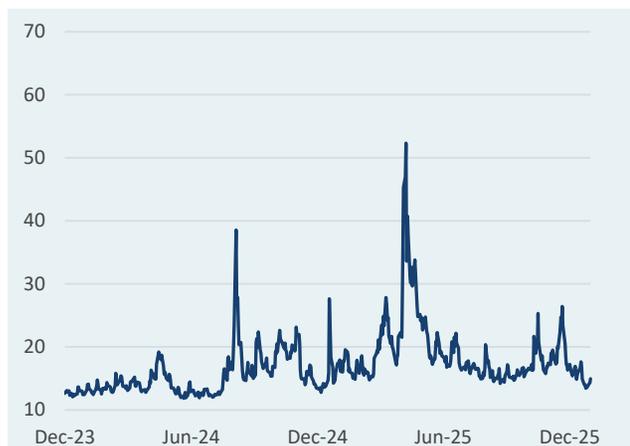
Market-priced volatility (Cboe VIX Index) ended the quarter at a very low level of 14%, but exhibited spikes throughout as the U.S. government shutdown shook markets on multiple days, along with tariff surprises.

Volatility gauges of fixed income volatility, such as the “MOVE Index” have been slowly declining to historical levels in recent years, alongside easing inflation uncertainty and therefore better clarity regarding future Federal Reserve actions. This indicator is now within a normal range and may see further easing if the impacts of tariffs on the economy become

better known (specifically, if it becomes clear that tariffs will not in fact lead to an inflationary spiral or immediate recession).

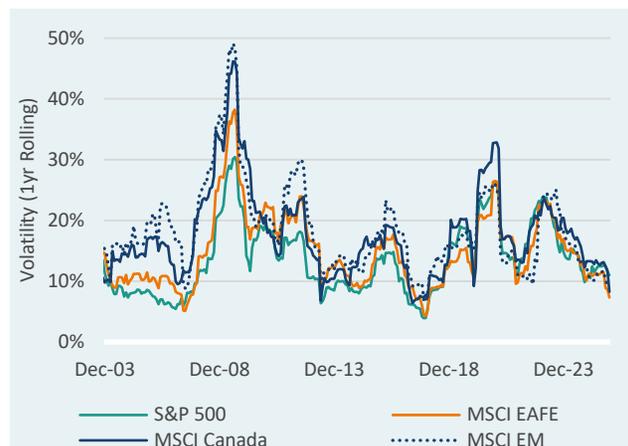
Despite what felt like a fairly volatile year for a variety of reasons, the past 12-month volatility of most equity regions was very low—at at 11% volatility level for the S&P 500, 9% volatility of the MSCI Emerging Markets Index, and slightly above 7% from MSCI EAFE Index (monthly annualized volatility).

**U.S. IMPLIED VOLATILITY (VIX)**



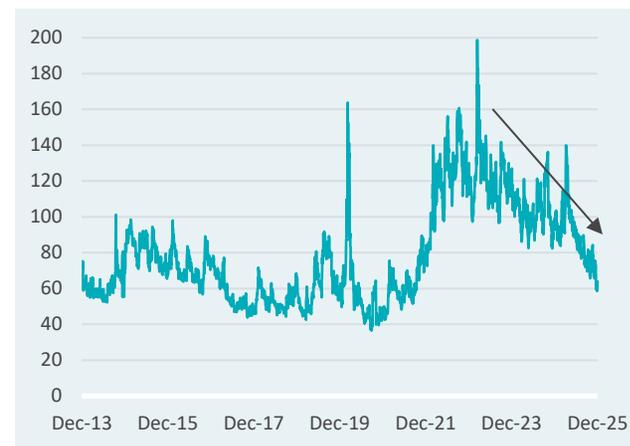
Source: Cboe, as of 12/31/25

**REALIZED VOLATILITY**



Source: Standard & Poor's, MSCI, Verus, as of 12/31/25

**U.S. TREASURY IMPLIED VOL (“MOVE” INDEX)**



Source: BofA, as of 12/31/25

# Long-term equity performance



Source: Standard & Poor's, FTSE, MSCI, Verus, as of 12/31/25

# Other assets

# Currency

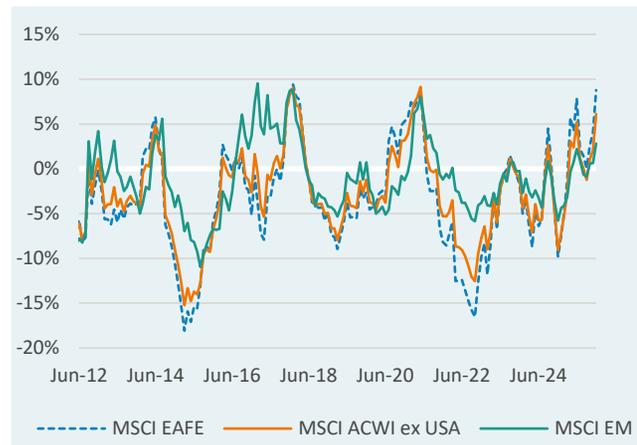
The U.S. dollar was broadly stable on a trade-weighted basis during Q4. However, certain individual currency movements such as USD vs. Japanese yen or USD vs. Euro saw notable changes that impacted the performance of investors without a currency hedging program in place. Currency movement has had frequent large impacts on the performance of equity programs. During 2025, unhedged currency resulted in a positive swing of +8.8% for U.S. investors in international developed equities and +2.8% in emerging markets.

Predicting the direction of currency markets is incredibly difficult and we believe investors should generally avoid making decisions based on these views. For example, a common narrative in 2025 revolved around a worsening U.S. fiscal picture that would result in a shock to the dollar, possible due to a *return of the bond vigilantes* (bond investors who sell government bonds in protest of fiscal policies such as excessive government spending or deficits). This was referred to as the *dollar debasement* trade. Instead, the U.S. dollar is

roughly unchanged in value since the time the One Big Beautiful Bill Act was passed.

A more thoughtful portfolio approach to currency exposure has provided lower portfolio volatility and higher long-term returns—a rare proposition. This approach involves reducing the uncompensated risk of unhedged foreign currency exposure, and instead of unhedged exposure, making a passive investment in the currency market by investing in currencies with higher interest rates, undervalued currencies, and currencies showing positive price momentum. This approach, represented by the MSCI Currency Factor Mix Index, has offered a positive one-year rolling return over most periods with far lower volatility than an unhedged approach, although the past year of currency volatility has resulted in an historically less common environment of Currency Factor Mix underperformance relative to embedded (unhedged) currency.

## EFFECT OF CURRENCY (1-YEAR ROLLING)



Source: MSCI, Verus, as of 12/31/25

## U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Bloomberg, DXY Index, Verus, as of 12/31/25

## EMBEDDED CURRENCY VS CURRENCY FACTORS

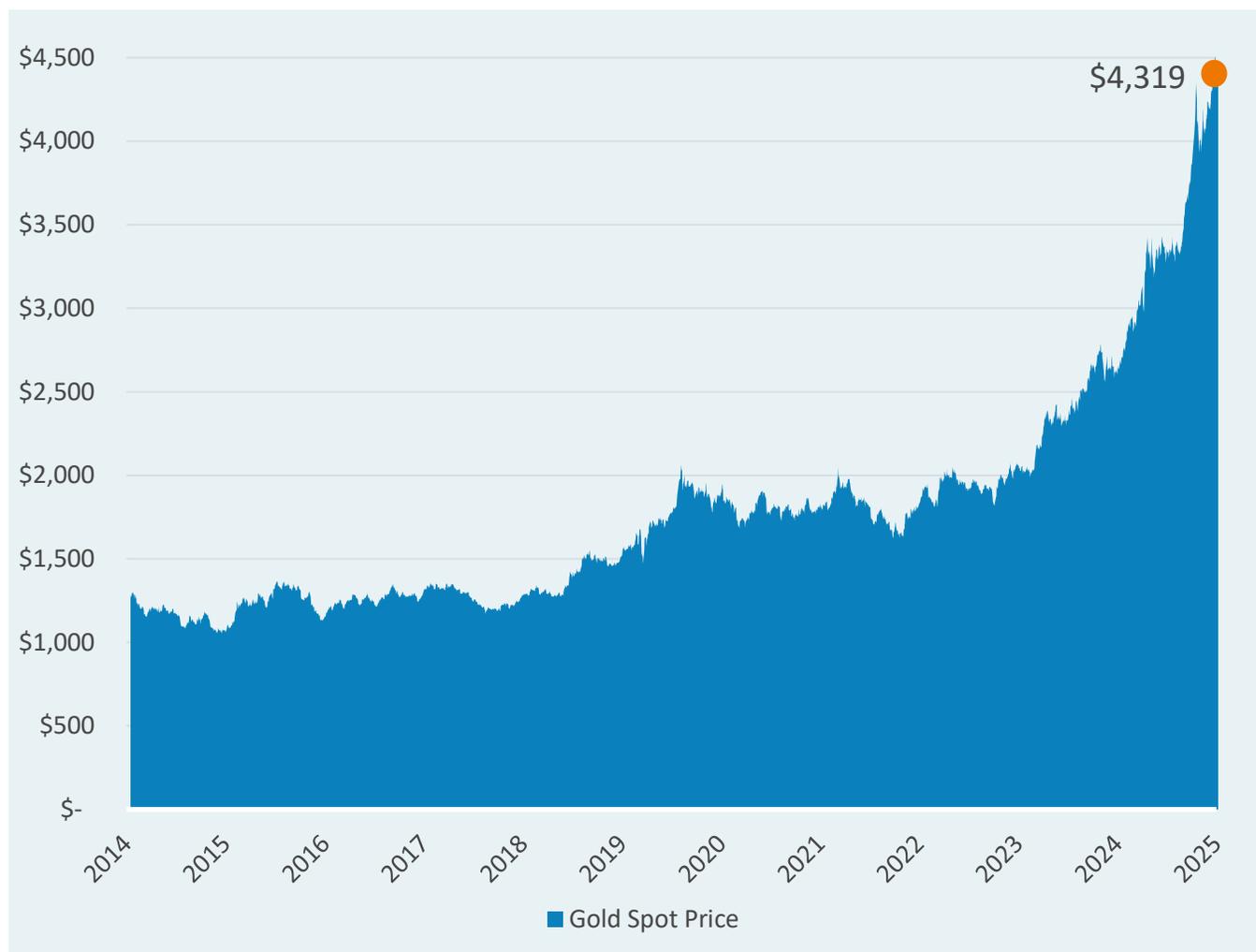


Source: MSCI, Verus, as of 12/31/25 "Embedded Currency Exposure" is the currency return impact from not hedging currency risk

# The gold rally continues

The price of gold has continued to skyrocket, up a whopping +65% during 2025. A wide variety of factors can influence the price of gold, including government purchase trends, interest rate fluctuations which impact the opportunity cost of holding the metal (gold provides no yield, which means it is more costly to hold during higher interest rate environments), investor demand for safe-haven assets, and fears of inflation and/or currency debasement. This makes it especially difficult to pin down why gold has moved so dramatically in recent years.

Much of the recent commentary around gold's rally has pinned this trend on rising risks of inflation and currency debasement. We are skeptical of this story, at least in terms of describing year-to-date performance, given that inflation expectations have not moved higher during that time (neither TIPS Breakeven Rates nor 5-year 5-year forward inflation), and the U.S. dollar is slightly higher since passing of the "One Big Beautiful Bill Act" in July.



Source: Verus, Bloomberg, price as of morning 12/31/25

# Hedge funds

Hedge funds finished 2025 up +12.5% (HFRI Composite), their highest annual return since 2009. Gains were broad based, with Long/Short Equity (+17.1%) and Event Driven (+12.5%) the top performing sectors for the year. Calendar year 2025 was the third year since 2006 in which each of the four primary sectors returned at least 7%.

Within long/short equity, healthcare and energy/materials-focused funds outperformed the rest, including technology/TMT funds. Healthcare strategies had their all-time best year since that composite began tracking those funds (2008). Energy and materials-focused funds were able to capitalize on the meteoric rise in precious metals and industrial commodities in Q4.

After several consecutive quarters of outperformance, quant funds took a backseat to traditional fundamental growth and value strategies in the second half of 2025. Most of this reversal has been the lack of upside capture from quants while absolute returns remained steady. The four-month period of April through August—a period of significant market gains following the volatility of liberation day and tariff announcements—saw the most extreme differential between the two styles. Quants, and systematic trading in general, continues to remain susceptible to underperformance around macro-driven market events.

4Q AND 1 YEAR RETURNS FOR HFR SECTORS



Source: MPI, HFR

LONG/SHORT SECTOR PERFORMANCE - 2025



Source: MPI, HFR

12M RETURNS – QUANT V FUNDAMENTAL



Source: MPI, HFR

# Appendix

# Periodic table of returns

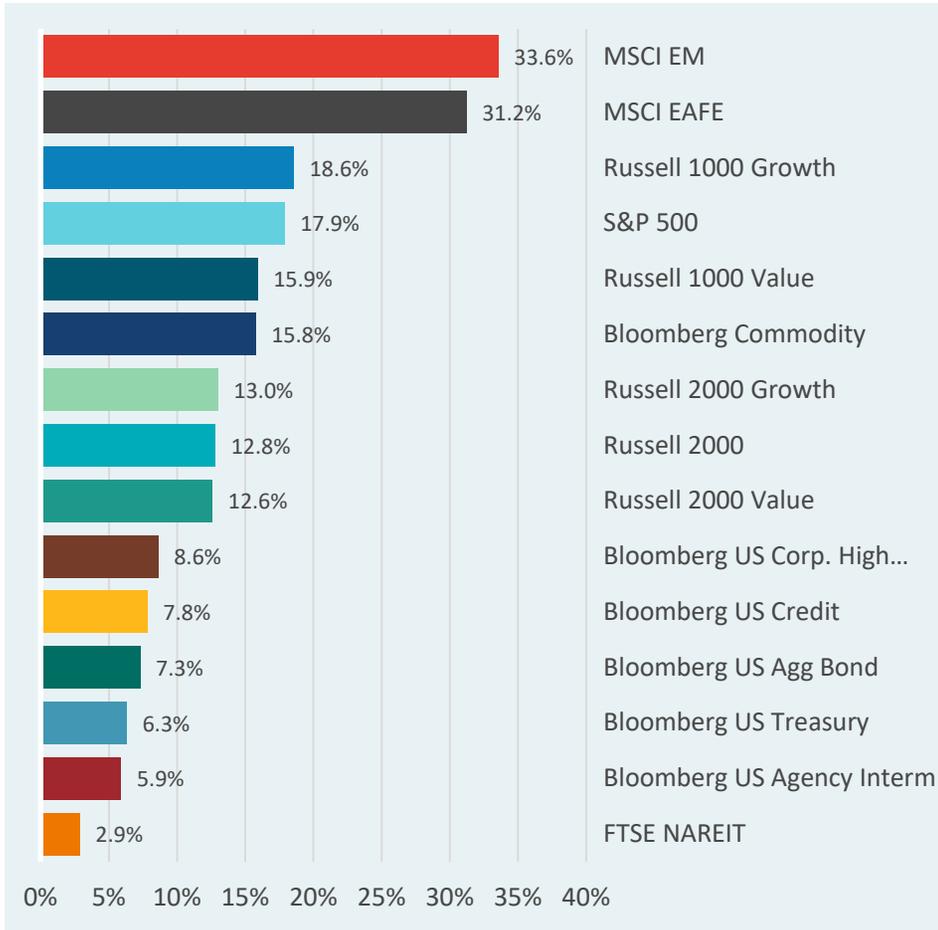
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	5-Year	10-Year
Emerging Markets Equity	34.0%	32.1%	39.4%	5.2%	78.5%	29.1%	11.0%	18.2%	43.3%	13.5%	13.3%	31.7%	37.3%	6.7%	36.4%	38.5%	28.3%	16.1%	42.7%	33.4%	33.6%	15.3%	18.1%
International Equity	23.3%	26.3%	16.2%	1.8%	37.2%	26.9%	7.8%	18.1%	38.8%	13.2%	5.7%	21.3%	30.2%	1.8%	31.4%	34.6%	27.6%	9.4%	26.5%	24.5%	31.2%	13.6%	14.6%
Large Cap Growth	13.9%	23.5%	15.8%	-6.5%	34.5%	24.5%	2.6%	17.5%	34.5%	13.0%	0.9%	17.3%	25.0%	0.0%	28.5%	21.0%	27.1%	1.5%	18.7%	15.2%	18.6%	11.3%	10.5%
Large Cap Equity	13.5%	22.2%	11.8%	-21.4%	31.8%	18.9%	1.5%	17.3%	33.5%	11.8%	0.5%	12.1%	22.2%	-1.5%	26.5%	20.0%	26.5%	-5.6%	18.2%	14.4%	17.4%	10.6%	9.6%
60/40 Global Portfolio	7.1%	18.4%	11.2%	-23.4%	28.4%	16.8%	0.4%	16.4%	33.1%	6.0%	0.0%	11.8%	21.7%	-4.0%	25.5%	18.3%	25.2%	-7.5%	16.9%	11.5%	16.7%	8.9%	9.6%
Large Cap Value	6.3%	15.5%	10.8%	-28.9%	27.2%	16.7%	0.1%	16.4%	32.5%	5.6%	-0.3%	11.3%	17.3%	-4.8%	22.4%	13.4%	17.7%	-13.0%	15.6%	9.8%	15.9%	8.9%	9.3%
Commodities	5.4%	15.2%	10.3%	-33.8%	23.5%	16.1%	-2.2%	15.3%	22.8%	4.9%	-0.8%	11.2%	14.6%	-6.1%	22.0%	10.9%	14.8%	-14.5%	14.6%	9.2%	15.8%	6.1%	8.4%
Small Cap Growth	5.3%	13.3%	7.0%	-35.6%	20.6%	15.5%	-2.9%	14.6%	12.6%	4.2%	-1.4%	7.1%	13.7%	-8.3%	18.7%	7.8%	11.3%	-14.5%	11.5%	8.1%	13.0%	5.9%	8.2%
Small Cap Equity	4.7%	11.6%	7.0%	-36.8%	19.7%	13.1%	-4.2%	11.4%	11.0%	3.4%	-2.7%	6.1%	7.8%	-9.3%	18.4%	7.5%	9.2%	-17.5%	9.8%	7.5%	12.8%	4.9%	7.5%
Small Cap Value	4.7%	9.1%	5.8%	-37.6%	18.9%	9.8%	-5.2%	10.5%	9.0%	2.7%	-3.8%	5.6%	6.8%	-11.0%	8.7%	4.6%	6.2%	-19.1%	5.5%	5.4%	12.6%	4.2%	5.7%
Hedge Funds of Funds	4.6%	8.5%	4.8%	-38.4%	11.5%	7.8%	-5.5%	4.8%	0.0%	0.0%	-4.4%	2.6%	5.1%	-11.2%	8.4%	2.8%	2.8%	-20.1%	5.1%	5.3%	9.2%	3.6%	4.7%
US Bonds	4.2%	4.8%	-0.2%	-38.5%	5.9%	6.5%	-12.1%	4.2%	-2.0%	-2.2%	-7.5%	1.0%	3.5%	-12.9%	7.7%	1.6%	0.0%	-20.4%	3.9%	3.8%	7.3%	3.2%	4.7%
Cash	3.0%	4.3%	-1.6%	-43.4%	0.1%	5.7%	-13.3%	0.1%	-2.6%	-4.9%	-14.9%	0.3%	1.7%	-13.8%	6.4%	0.5%	-1.5%	-26.4%	-5.1%	1.3%	4.3%	3.2%	2.2%
Real Estate	2.4%	2.1%	-9.8%	-53.3%	-16.8%	0.1%	-18.4%	-1.1%	-9.5%	-17.0%	-24.7%	-0.4%	0.8%	-14.6%	2.2%	-3.1%	-2.5%	-29.1%	-7.9%	0.4%	3.7%	-0.4%	2.0%



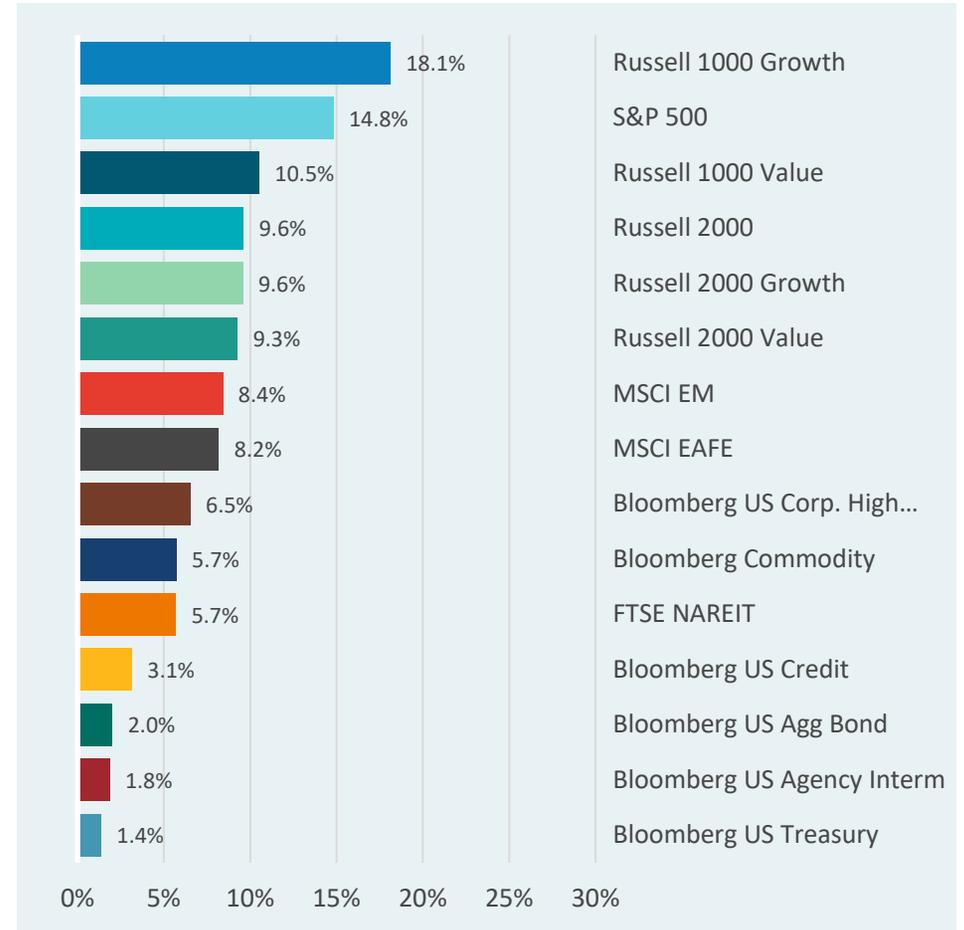
Source Data: Bloomberg, Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, 90-Day T-Bills, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 9/30/25.

# Major asset class returns

ONE YEAR ENDING DECEMBER



TEN YEARS ENDING DECEMBER



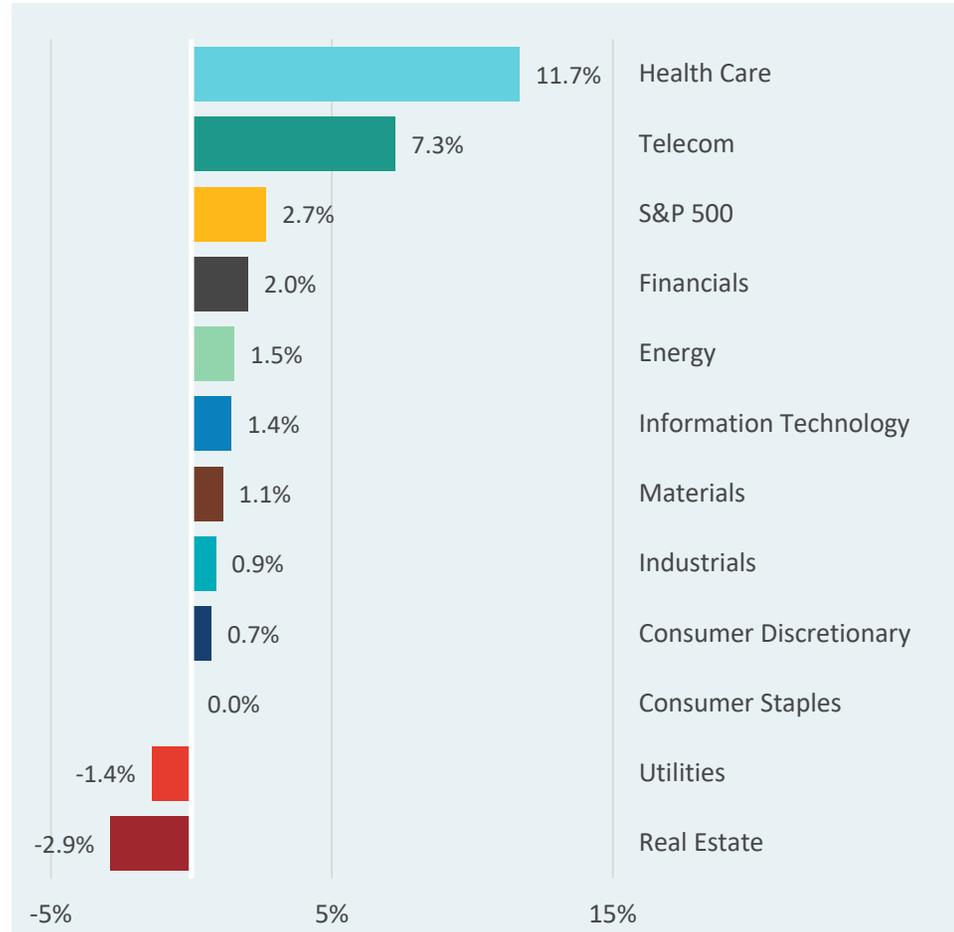
\*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Bloomberg, as of 12/31/25

Source: Bloomberg, as of 12/31/25

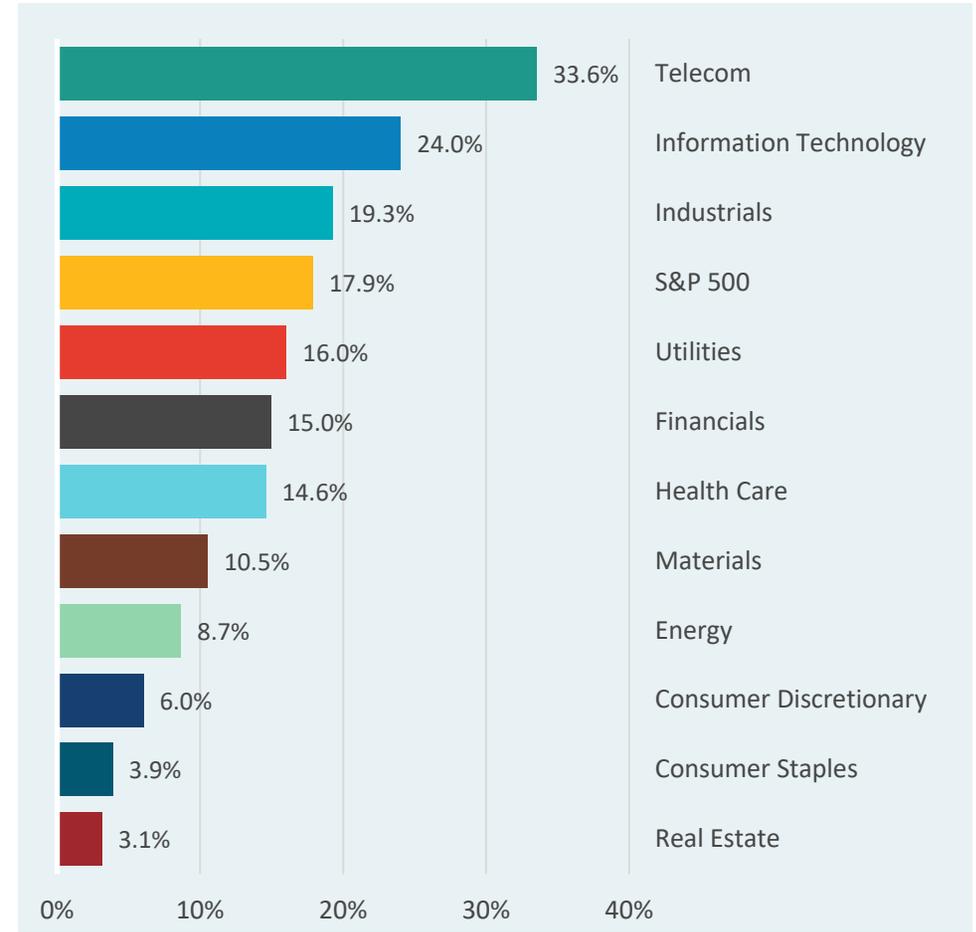
# S&P 500 sector returns

QTD



Source: Bloomberg, as of 12/31/25

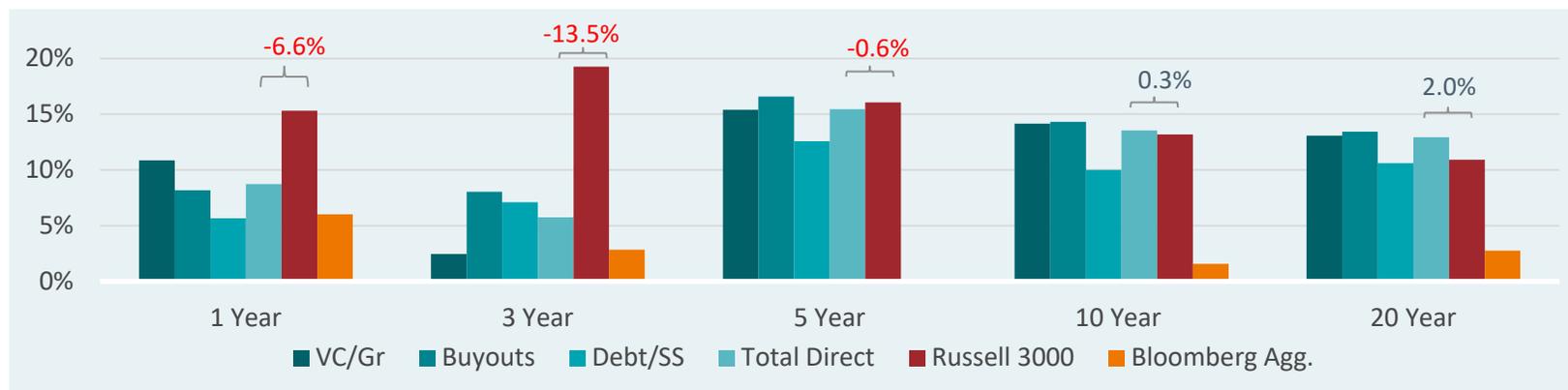
ONE YEAR ENDING DECEMBER



Source: Bloomberg, as of 12/31/25

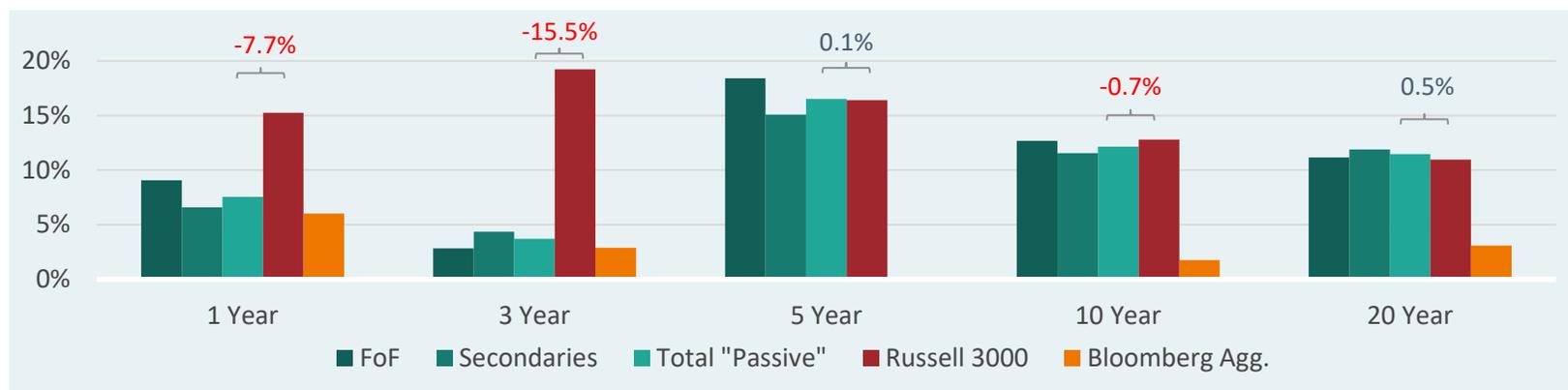
# Private equity vs. traditional assets performance

## DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments outperformed public equities in longer time periods

## "PASSIVE" STRATEGIES



"Passive" strategies vs. public equities has been mixed

Sources: FTSE PME: U.S. Direct Private Equity and "Passive" returns are as of June 30, 2025. Public Market Equivalent returns resulted from "Total Passive" and Total Direct's identical cash flows invested into and distributed from respective traditional asset comparable.

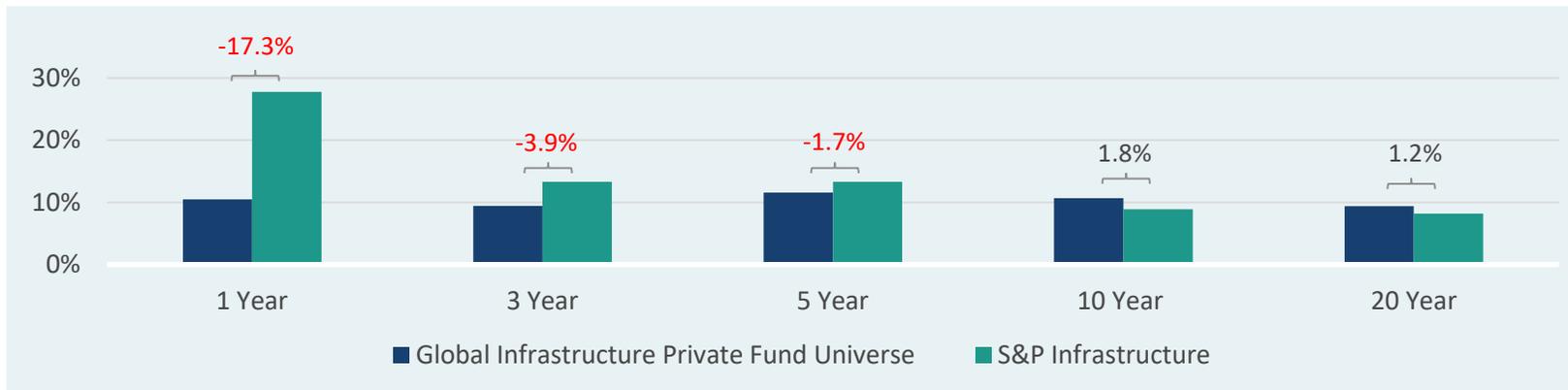
# Private vs. liquid real assets performance

## GLOBAL NATURAL RESOURCES FUNDS



N.R. funds vs MSCI World Natural Resources has been mixed

## GLOBAL INFRASTRUCTURE FUNDS



Infra. funds outperformed S&P Infra across longer periods

Sources: FTSE PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of June 30, 2025. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

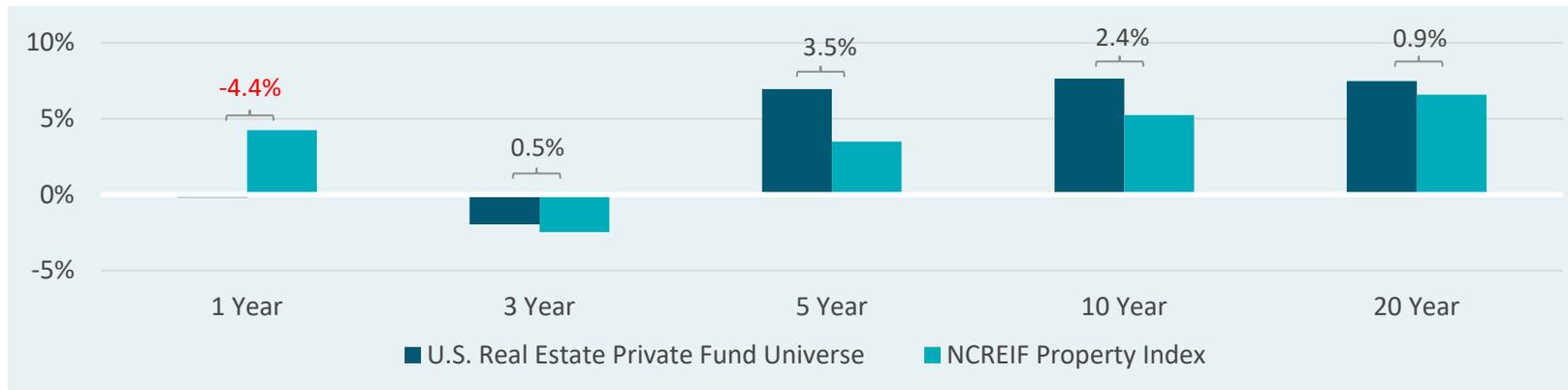
# Private vs. liquid and core real estate performance

## U.S. PRIVATE REAL ESTATE FUNDS VS. LIQUID UNIVERSE



U.S. Private R.E. funds underperformed the Wilshire U.S. REIT across most time periods

## U.S. PRIVATE REAL ESTATE FUNDS VS. CORE FUNDS



U.S. Private R.E. Funds outperformed the NCREIF Property Index across most time periods

Sources: FTSE PME: U.S. Real Estate universes as of June 30, 2025. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.

# Detailed index performance

DOMESTIC EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Index</b>							
S&P 500	0.1%	2.7%	17.9%	17.9%	23.0%	14.4%	14.8%
S&P 500 Equal Weighted	0.4%	1.4%	11.4%	11.4%	12.7%	10.5%	11.7%
DJ Industrial Average	0.9%	4.0%	14.9%	14.9%	15.3%	11.6%	13.1%
Russell Top 200	0.1%	3.0%	19.2%	19.2%	25.4%	15.1%	15.8%
Russell 1000	0.0%	2.4%	17.4%	17.4%	22.7%	13.6%	14.6%
Russell 2000	-0.6%	2.2%	12.8%	12.8%	13.7%	6.1%	9.6%
Russell 3000	0.0%	2.4%	17.1%	17.1%	22.2%	13.1%	14.3%
Russell Mid Cap	-0.3%	0.2%	10.6%	10.6%	14.3%	8.7%	11.0%
<b>Style Index</b>							
Russell 1000 Growth	-0.6%	1.1%	18.6%	18.6%	31.1%	15.3%	18.1%
Russell 1000 Value	0.7%	3.8%	15.9%	15.9%	13.9%	11.3%	10.5%
Russell 2000 Growth	-1.3%	1.2%	13.0%	13.0%	15.6%	3.2%	9.6%
Russell 2000 Value	0.2%	3.3%	12.6%	12.6%	11.7%	8.9%	9.3%

INTERNATIONAL EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Index</b>							
MSCI ACWI	1.0%	3.3%	22.3%	22.3%	20.6%	11.2%	11.7%
MSCI ACWI ex US	3.0%	5.1%	32.4%	32.4%	17.3%	7.9%	8.4%
MSCI EAFE	3.0%	4.9%	31.2%	31.2%	17.2%	8.9%	8.2%
MSCI EM	3.0%	4.7%	33.6%	33.6%	16.4%	4.2%	8.4%
MSCI EAFE Small Cap	2.3%	2.7%	31.8%	31.8%	14.9%	5.6%	7.5%
<b>Style Index</b>							
MSCI EAFE Growth	1.8%	1.9%	20.8%	20.8%	13.1%	4.4%	7.4%
MSCI EAFE Value	4.2%	7.8%	42.2%	42.2%	21.3%	13.4%	8.7%
<b>Regional Index</b>							
MSCI UK	3.8%	7.0%	35.1%	35.1%	18.3%	13.3%	7.8%
MSCI Japan	0.5%	3.2%	24.6%	24.6%	17.5%	6.6%	7.6%
MSCI Euro	3.6%	5.2%	38.7%	38.7%	21.0%	11.0%	9.0%
MSCI EM Asia	3.0%	4.5%	32.1%	32.1%	16.8%	3.6%	8.9%
MSCI EM Latin America	1.1%	8.2%	54.8%	54.8%	14.8%	8.6%	8.8%

FIXED INCOME	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Index</b>							
Bloomberg US TIPS	-0.4%	0.1%	7.0%	7.0%	4.2%	1.1%	3.1%
Bloomberg US Treasury Bills	0.4%	1.0%	4.3%	4.3%	4.9%	3.2%	2.2%
Bloomberg US Agg Bond	-0.1%	1.1%	7.3%	7.3%	4.7%	-0.4%	2.0%
Bloomberg US Universal	-0.1%	1.2%	7.6%	7.6%	5.2%	0.1%	2.4%
<b>Duration</b>							
Bloomberg US Treasury 1-3 Yr	0.3%	1.1%	5.2%	5.2%	4.5%	1.8%	1.8%
Bloomberg US Treasury 20+ Yr	-2.1%	-0.5%	4.6%	4.6%	-0.4%	-8.2%	-0.4%
Bloomberg US Treasury	-0.3%	0.9%	6.3%	6.3%	3.6%	-1.0%	1.4%
<b>Issuer</b>							
Bloomberg US MBS	0.2%	1.7%	8.6%	8.6%	4.9%	0.1%	1.6%
Bloomberg US Corp. High Yield	0.6%	1.3%	8.6%	8.6%	10.0%	4.5%	6.5%
Bloomberg US Agency Interm	0.2%	1.1%	5.9%	5.9%	4.8%	1.2%	1.8%
Bloomberg US Credit	-0.2%	0.9%	7.8%	7.8%	6.0%	0.0%	3.1%

OTHER	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Index</b>							
Bloomberg Commodity	-0.3%	5.8%	15.8%	15.8%	3.9%	10.6%	5.7%
FTSE NAREIT Equity REITS	-2.3%	-1.6%	2.9%	2.9%	8.3%	6.6%	5.7%
Morningstar LSTA US LL	0.7%	1.2%	5.9%	5.9%	9.3%	6.4%	5.8%
S&P Global Infrastructure	-0.7%	2.4%	22.6%	22.6%	14.6%	11.0%	9.4%
Alerian MLP Infrastructure	-1.5%	3.1%	8.1%	8.1%	19.2%	25.7%	8.1%
<b>Emerging Market Debt</b>							
JPM EMBI Global Div	0.7%	3.3%	14.3%	14.3%	10.6%	1.8%	4.4%
JPM GBI-EM Global Div	1.5%	3.3%	19.3%	19.3%	9.5%	1.1%	3.9%
<b>Hedge Funds</b>							
HFRI Composite	0.0%	1.3%	10.9%	10.9%	9.6%	6.8%	6.5%
HFRI FOF Composite	0.0%	1.9%	9.2%	9.2%	8.1%	4.9%	4.7%
<b>Currency (Spot vs. USD)</b>							
Euro	1.3%	0.1%	13.4%	13.4%	3.1%	-0.8%	0.8%
Pound Sterling	1.8%	0.2%	7.7%	7.7%	3.7%	-0.3%	-0.9%
Yen	-0.3%	-5.6%	0.3%	0.3%	-5.8%	-8.0%	-2.6%

Source: Bloomberg, HFRI, as of 12/31/25

# Definitions

**Bloomberg US Weekly Consumer Comfort Index** - tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. ([www.lanqerresearch.com](http://www.lanqerresearch.com))

**University of Michigan Consumer Sentiment Index** - A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. ([www.Bloomberg.com](http://www.Bloomberg.com))

**NFIB Small Business Outlook** - Small Business Economic Trends (SBET) is a monthly assessment of the U.S. small-business economy and its near-term prospects. Its data are collected through mail surveys to random samples of the National Federal of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (<http://www.nfib-sbet.org/about/>)

**NAHB Housing Market Index** – the housing market index is a weighted average of separate diffusion indices for three key single-family indices: market conditions for the sale of new homes at the present time, market conditions for the sale of new homes in the next six months, and the traffic of prospective buyers of new homes. The first two series are rated on a scale of Good, Fair, and Poor and the last is rated on a scale of High/Very High, Average, and Low/Very Low. A diffusion index is calculated for each series by applying the formula  $(\text{Good-Poor} + 100)/2$  to the present and future sales series and  $(\text{High/Very High-Low/Very Low} + 100)/2$  to the traffic series. Each resulting index is then seasonally adjusted and weighted to produce the HMI. Based on this calculation, the HMI can range between 0 and 100.

# Notices & disclosures

**Past performance is no guarantee of future results.** This report or presentation is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and should not be relied upon by retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. The opinions and information expressed are current as of the date provided or cited only and are subject to change without notice. This information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. Verus Advisory Inc. expressly disclaim any and all implied warranties or originality, accuracy, completeness, non-infringement, merchantability and fitness for a particular purpose. This report or presentation cannot be used by the recipient for advertising or sales promotion purposes.

The material may include estimates, outlooks, projections and other “forward-looking statements.” Such statements can be identified by the use of terminology such as “believes,” “expects,” “may,” “will,” “should,” “anticipates,” or the negative of any of the foregoing or comparable terminology, or by discussion of strategy, or assumptions such as economic conditions underlying other statements. No assurance can be given that future results described or implied by any forward looking information will be achieved. Actual events may differ significantly from those presented. Investing entails risks, including possible loss of principal. Risk controls and models do not promise any level of performance or guarantee against loss of principal.

“VERUS ADVISORY” and any associated designs are the respective trademarks of Verus Advisory, Inc. Additional information is available upon request.

Verus<sup>777</sup> is a registered trademark of Verus Advisory, Inc.

# Imperial County Employees' Retirement System

Investment Performance Review  
Period Ending: December 31, 2025



---

[VERUSINVESTMENTS.COM](https://www.verusinvestments.com)

SEATTLE 206.622.3700

CHICAGO 312.815.5228

PITTSBURGH 412.784.6678

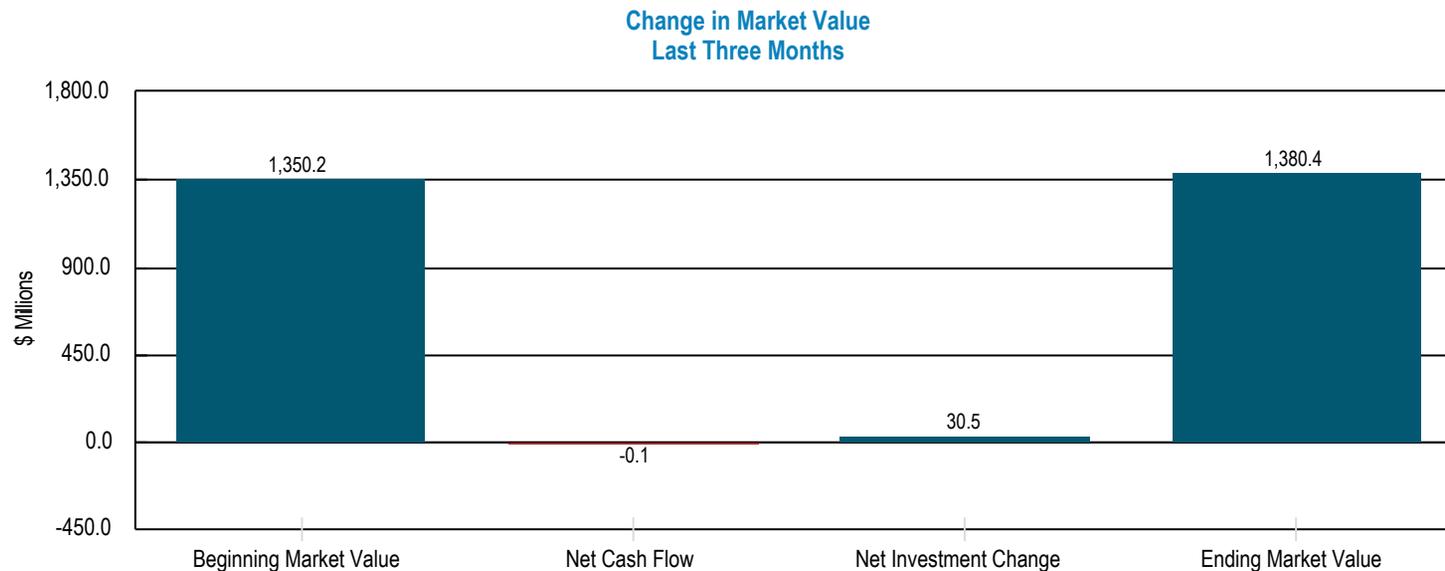
LOS ANGELES 310.297.1777

SAN FRANCISCO 415.362.3484

Total Fund  
Portfolio Reconciliation

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

	Portfolio Reconciliation		
	Last Three Months	Fiscal Year-To-Date	One Year
Beginning Market Value	\$1,350,223,236	\$1,294,580,235	\$1,226,133,147
Net Cash Flows	-\$54,279	-\$7,135,653	-\$17,486,474
Net Investment Change	\$30,472,288	\$93,392,221	\$172,569,995
<b>Ending Market Value</b>	<b>\$1,380,440,548</b>	<b>\$1,380,440,548</b>	<b>\$1,380,440,548</b>



Contributions and withdrawals may include intra-account transfers between managers/funds. Fee transactions are excluded from Portfolio Reconciliation.

Total Fund  
Executive Summary (Net of Fees)

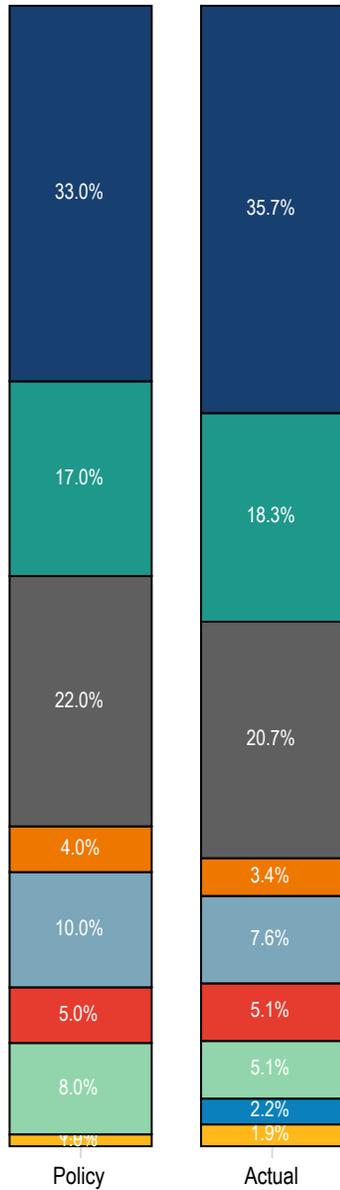
Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

	Market Value	% of Portfolio	QTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
<b>Total Fund</b>	<b>1,380,440,548</b>	<b>100.0</b>	<b>2.2</b>	<b>7.2</b>	<b>14.1</b>	<b>11.8</b>	<b>7.5</b>	<b>8.6</b>
<i>Policy Index</i>			2.3	7.3	14.4	12.4	7.6	8.9
<i>InvMetrics Public DB Rank</i>			31	43	41	69	35	41
<b>Domestic Equity</b>	<b>492,714,571</b>	<b>35.7</b>	<b>2.4</b>	<b>10.8</b>	<b>17.1</b>	<b>22.2</b>	<b>13.1</b>	<b>14.3</b>
<i>Russell 3000 Index</i>			2.4	10.8	17.1	22.2	13.1	14.3
<b>International Equity</b>	<b>253,091,018</b>	<b>18.3</b>	<b>4.7</b>	<b>10.6</b>	<b>30.8</b>	<b>16.5</b>	<b>8.0</b>	<b>8.2</b>
<i>MSCI AC World ex USA Index</i>			5.1	12.5	33.1	18.0	8.5	8.9
<b>Core Fixed Income</b>	<b>285,493,226</b>	<b>20.7</b>	<b>1.1</b>	<b>3.1</b>	<b>7.4</b>	<b>5.5</b>	<b>N/A</b>	<b>N/A</b>
<i>Blmbg. U.S. Aggregate Index</i>			1.1	3.2	7.3	4.7	-0.4	2.0
<b>U.S. TIPS</b>	<b>46,262,020</b>	<b>3.4</b>	<b>0.0</b>	<b>2.1</b>	<b>6.9</b>	<b>4.3</b>	<b>N/A</b>	<b>N/A</b>
<i>Blmbg. U.S. TIPS Index</i>			0.1	2.2	7.0	4.2	1.1	3.1
<b>Real Estate</b>	<b>104,594,821</b>	<b>7.6</b>	<b>0.7</b>	<b>1.8</b>	<b>3.4</b>	<b>-5.9</b>	<b>1.4</b>	<b>3.4</b>
<i>NCREIF Property Index</i>			1.2	2.4	4.9	-1.0	3.8	4.8
<b>Private Equity</b>	<b>70,676,889</b>	<b>5.1</b>	<b>1.7</b>	<b>4.9</b>	<b>5.0</b>	<b>5.0</b>	<b>12.9</b>	<b>15.1</b>
<i>Private Equity Benchmark</i>			1.7	4.9	5.0	5.0	12.9	15.2
<b>Private Credit</b>	<b>70,288,177</b>	<b>5.1</b>	<b>2.1</b>	<b>4.6</b>	<b>8.5</b>	<b>10.2</b>	<b>12.0</b>	<b>N/A</b>
<i>Private Credit Benchmark</i>			2.1	4.6	8.5	10.2	12.0	N/A
<b>Opportunistic</b>	<b>30,412,441</b>	<b>2.2</b>	<b>1.6</b>	<b>6.2</b>	<b>9.4</b>	<b>8.7</b>	<b>12.0</b>	<b>8.7</b>
<i>Assumption Rate + 1%</i>			2.1	4.2	8.5	8.5	8.5	8.5
<b>Cash</b>	<b>26,907,385</b>	<b>1.9</b>	<b>1.0</b>	<b>2.1</b>	<b>4.3</b>	<b>3.0</b>	<b>1.8</b>	<b>0.9</b>
<i>90 Day U.S. Treasury Bill</i>			1.0	2.1	4.2	4.8	3.2	2.2

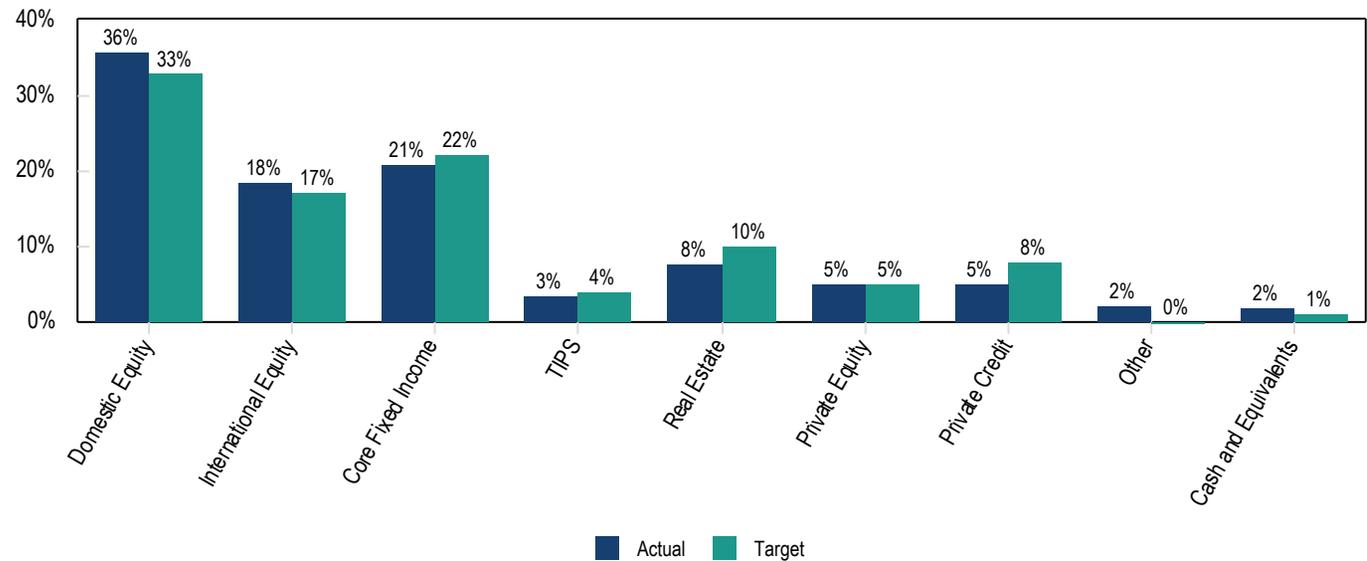
New Policy Index (as of 3/1/2025): 33% Russell 3000, 17% MSCI ACWI ex USA Gross, 22% Bloomberg Aggregate, 4% Bloomberg TIPS, 10% NCREIF Property, 5% Private Equity Benchmark, 8% Private Credit Benchmark, 1% 90 Day T-Bills. Prior quarter Private Equity returns, and index data are used. As of 10/1/20 the SAA Target for equity changed to 33% Russell 3000 + 20% ACWI ex-US. William Blair funded 7/2/2024.

Total Fund  
Asset Allocation vs. Policy

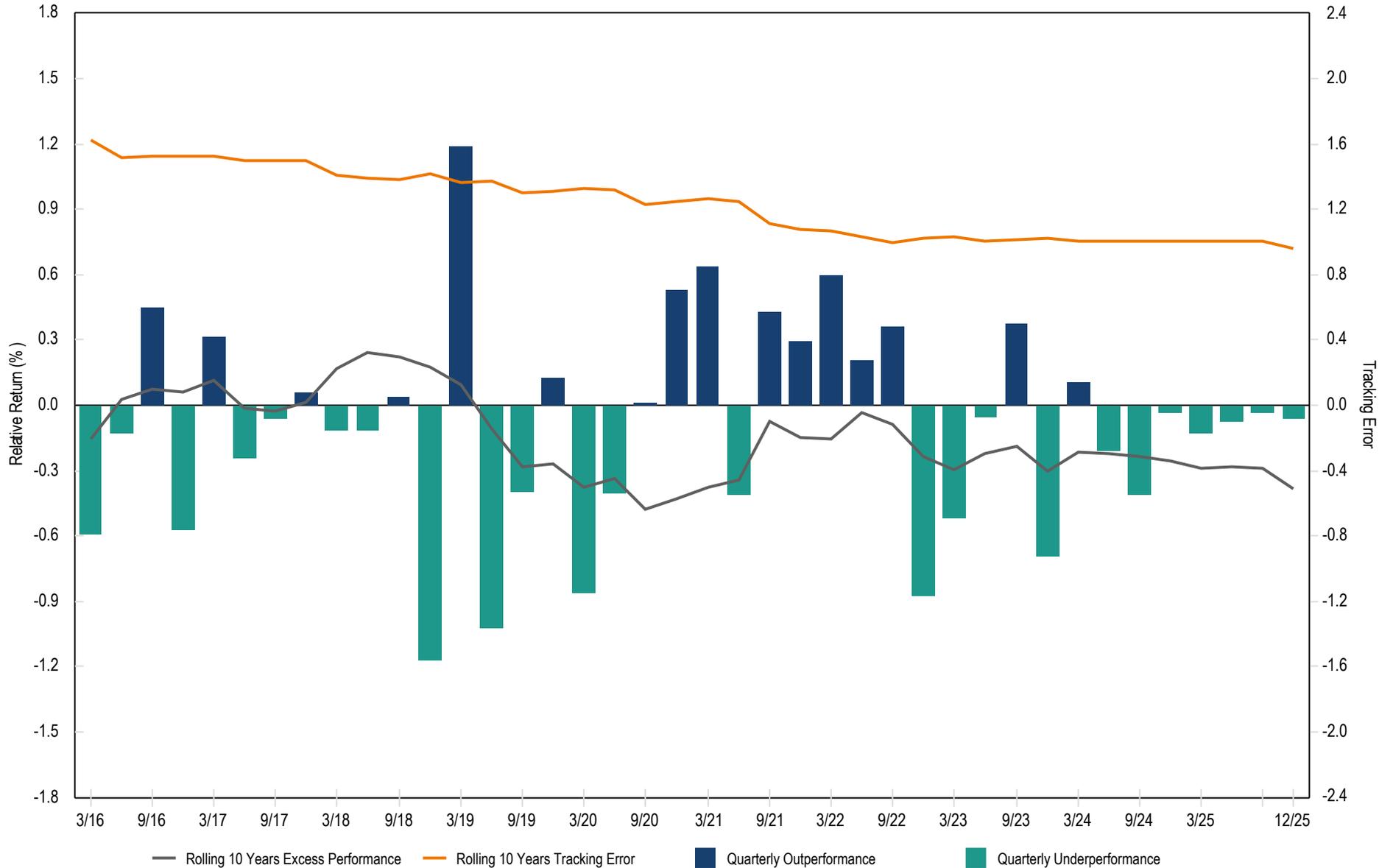
Imperial County Employees' Retirement System  
Period Ending: December 31, 2025



	Current Balance (\$)	Current Allocation (%)	Policy Allocation (%)	Excess Allocation (%)	Policy Range (%)	Within IPS Range?
Domestic Equity	492,714,571	35.7	33.0	2.7	23.0 - 43.0	Yes
International Equity	253,091,018	18.3	17.0	1.3	10.0 - 24.0	Yes
Core Fixed Income	285,493,226	20.7	22.0	-1.3	14.0 - 30.0	Yes
TIPS	46,262,020	3.4	4.0	-0.6	0.0 - 10.0	Yes
Real Estate	104,594,821	7.6	10.0	-2.4	5.0 - 15.0	Yes
Private Equity	70,676,889	5.1	5.0	0.1	0.0 - 10.0	Yes
Private Credit	70,288,177	5.1	8.0	-2.9	0.0 - 12.0	Yes
Other	30,412,441	2.2	0.0	2.2	0.0 - 10.0	Yes
Cash and Equivalents	26,907,385	1.9	1.0	0.9	0.0 - 5.0	Yes
<b>Total</b>	<b>1,380,440,548</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>		



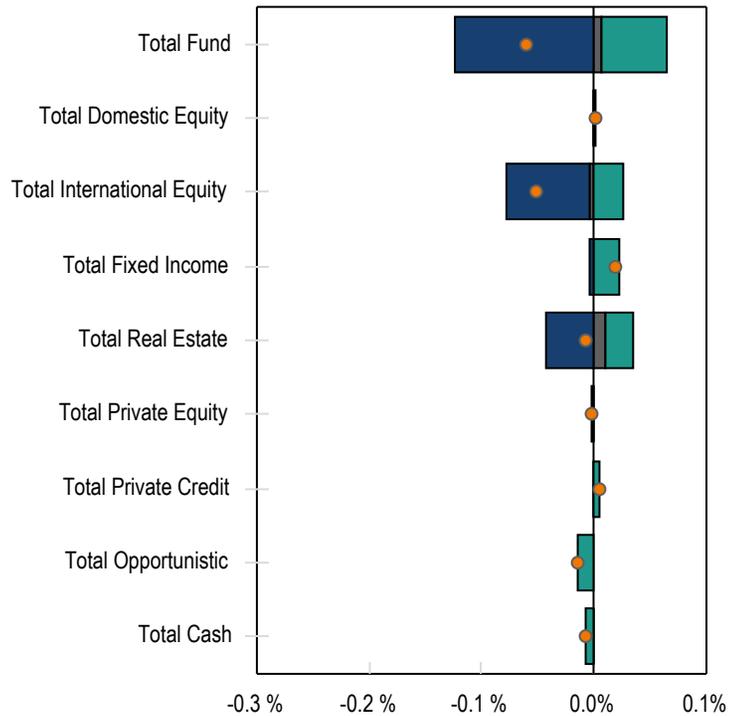
Rolling Annualized Excess Performance and Tracking Error



Total Fund  
Attribution Analysis - Asset Class Level (Net of Fees)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

Attribution Effects  
Last Three Months



■ Selection Effect    ■ Allocation Effect  
■ Interaction Effect    ● Total Effects

Performance Attribution

	Quarter	YTD
Wtd. Actual Return	2.2	14.1
Wtd. Index Return	2.3	14.4
<b>Excess Return</b>	<b>-0.1</b>	<b>-0.3</b>
Selection Effect	-0.1	-0.5
Allocation Effect	0.1	0.1
Interaction Effect	0.0	0.0

Attribution Summary  
Last Three Months

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total Domestic Equity	2.4	2.4	0.0	0.0	0.0	0.0	0.0
Total International Equity	4.7	5.1	-0.4	-0.1	0.0	0.0	-0.1
Total Fixed Income	0.9	1.0	0.0	0.0	0.0	0.0	0.0
Total Real Estate	0.7	1.2	-0.4	0.0	0.0	0.0	0.0
Total Private Equity	1.7	1.7	0.0	0.0	0.0	0.0	0.0
Total Private Credit	2.1	2.1	0.0	0.0	0.0	0.0	0.0
Total Opportunistic	1.6	2.1	-0.4	0.0	0.0	0.0	0.0
Total Cash	1.0	1.0	0.0	0.0	0.0	0.0	0.0
<b>Total Fund</b>	<b>2.2</b>	<b>2.3</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.1</b>

Weighted returns shown in attribution analysis may differ from actual returns.

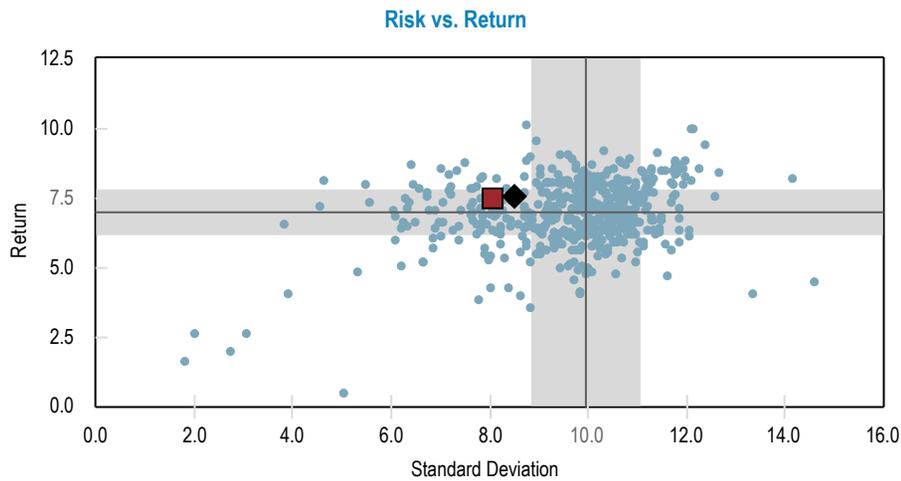
# Total Fund

## Risk Analysis - 5 Years (Net of Fees)

# Imperial County Employees' Retirement System

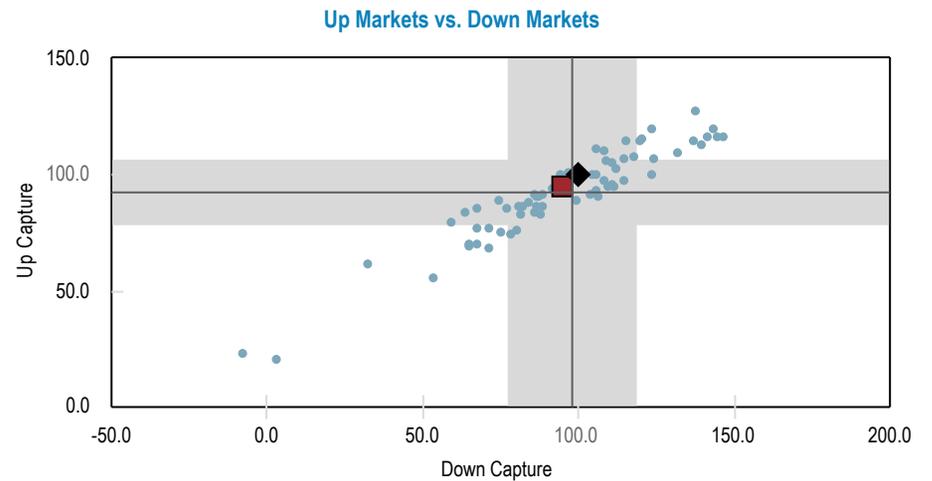
## Period Ending: December 31, 2025

	Annualized Return	Annualized Excess Return	Annualized Standard Deviation	Annualized Alpha	Beta	Tracking Error	R-Squared	Sharpe Ratio	Information Ratio	Up Capture	Down Capture
Total Fund	7.50	-0.10	8.04	0.36	0.94	0.88	0.99	-0.11	-0.11	96.90	95.36
Policy Index	7.57	0.00	8.52	0.00	1.00	0.00	1.00	-	-	100.00	100.00



● InvMetrics Public DB ■ Total Fund

	Return	Standard Deviation
■ Total Fund	7.50	8.04
◆ Policy Index	7.57	8.52
— Median	7.03	9.96
Population	539	539



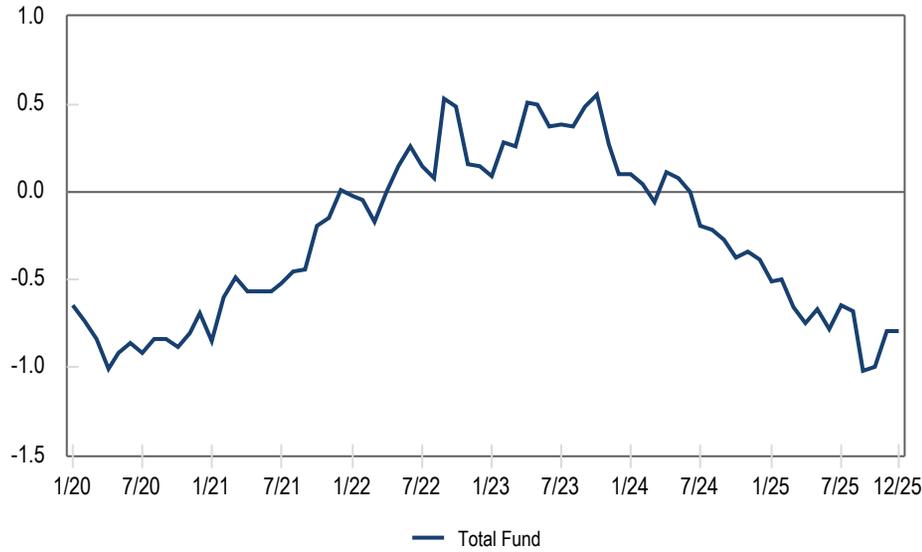
● InveMetrics Public DB ■ Total Fund

	Up Capture	Down Capture
■ Total Fund	95.16	95.06
◆ Policy Index	100.00	100.00
— Median	92.53	97.92
Population	66	66

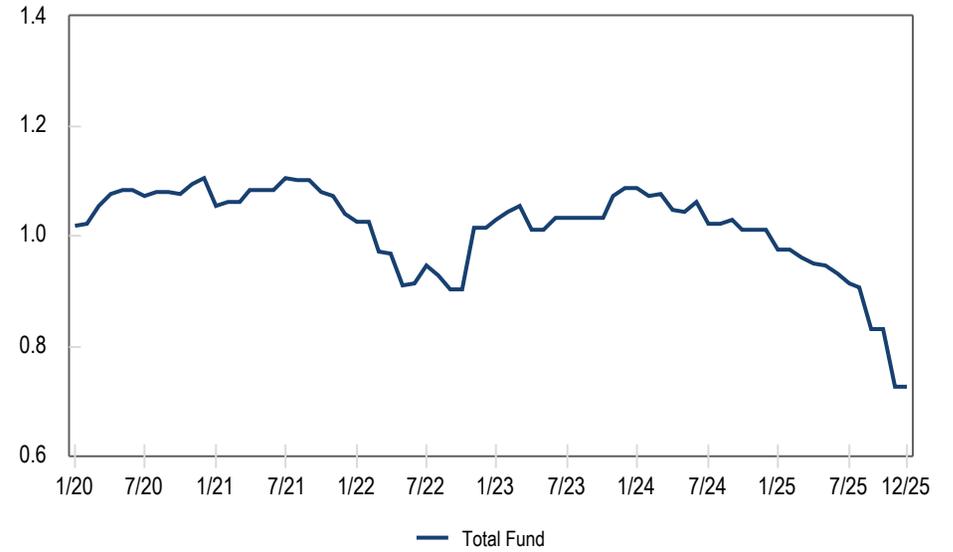
Total Fund  
Rolling Risk Statistics

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

Rolling Information Ratio



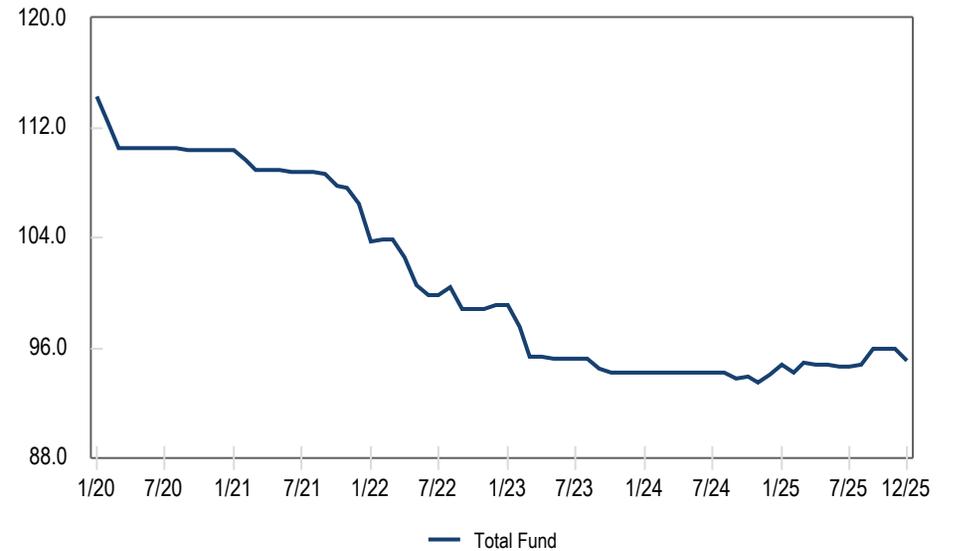
Rolling Tracking Error



Rolling Up Market Capture Ratio (%)



Rolling Down Market Capture Ratio (%)



Total Fund  
 Manager Summary (Net of Fees)

Imperial County Employees' Retirement System  
 Period Ending: December 31, 2025

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020	Inception	Inception Date
<b>Total Fund</b>	<b>1,380,440,548</b>	<b>100.0</b>	<b>2.2</b>	<b>7.2</b>	<b>14.1</b>	<b>11.8</b>	<b>7.5</b>	<b>8.6</b>	<b>9.5</b>	<b>11.9</b>	<b>-11.4</b>	<b>15.9</b>	<b>12.3</b>	<b>8.8</b>	<b>Apr-89</b>
<i>Policy Index</i>			2.3	7.3	14.4	12.4	7.6	8.9	10.1	12.8	-11.8	14.8	13.3	-	
<i>InvMetrics Public DB Rank</i>			31	43	41	69	35	41	72	71	22	22	59		
<b>Domestic Equity</b>	<b>492,714,571</b>	<b>35.7</b>	<b>2.4</b>	<b>10.8</b>	<b>17.1</b>	<b>22.2</b>	<b>13.1</b>	<b>14.3</b>	<b>23.8</b>	<b>26.0</b>	<b>-19.2</b>	<b>25.7</b>	<b>21.0</b>	<b>-</b>	<b>Mar-89</b>
<i>Russell 3000 Index</i>			2.4	10.8	17.1	22.2	13.1	14.3	23.8	26.0	-19.2	25.7	20.9	11.1	
BlackRock Russell 3000	492,714,571	35.7	2.4	10.8	17.1	22.2	13.1	14.3	23.8	26.0	-19.2	25.7	21.0	14.0	Dec-15
<i>Russell 3000 Index</i>			2.4	10.8	17.1	22.2	13.1	14.3	23.8	26.0	-19.2	25.7	20.9	13.9	
<i>eV US All Cap Core Equity Rank</i>			50	38	35	21	29	16	24	27	56	51	40		
<b>International Equity</b>	<b>253,091,018</b>	<b>18.3</b>	<b>4.7</b>	<b>10.6</b>	<b>30.8</b>	<b>16.5</b>	<b>8.0</b>	<b>8.2</b>	<b>3.4</b>	<b>16.9</b>	<b>-15.4</b>	<b>10.1</b>	<b>8.1</b>	<b>7.3</b>	<b>Dec-94</b>
<i>MSCI AC World ex USA Index</i>			5.1	12.5	33.1	18.0	8.5	8.9	6.1	16.2	-15.6	8.3	11.1	6.4	
BlackRock International Equity	197,708,345	14.3	4.7	9.7	31.8	17.5	9.2	8.5	3.8	18.6	-14.1	11.6	8.1	7.8	Jul-03
<i>MSCI EAFE (Net)</i>			4.9	9.9	31.2	17.2	8.9	8.2	3.8	18.2	-14.5	11.3	7.8	7.8	
<i>eV All EAFE Equity Rank</i>			49	51	52	46	44	41	54	34	37	53	52		
William Blair Emerging Growth	24,236,821	1.8	4.2	14.4	24.5	-	-	-	-	-	-	-	-	14.3	Jul-24
<i>MSCI Emerging Markets Growth Index</i>			3.3	16.2	34.8	-	-	-	-	-	-	-	-	23.4	
<i>eV Emg Mkts Large Cap Growth Equity Rank</i>			42	38	62	-	-	-	-	-	-	-	-		
DFA Emerging Markets Value	31,145,852	2.3	5.0	13.0	29.5	17.0	10.0	9.8	6.2	16.5	-10.7	12.4	2.7	5.3	Jan-07
<i>MSCI Emerging Markets Value (Net)</i>			6.4	15.7	32.7	16.6	6.8	8.0	4.5	14.2	-15.8	4.0	5.5	4.7	
<i>eV Emg Mkts All Cap Value Equity Rank</i>			78	88	88	72	47	78	46	47	36	21	82		
<b>Core Fixed Income</b>	<b>285,493,226</b>	<b>20.7</b>	<b>1.1</b>	<b>3.1</b>	<b>7.4</b>	<b>5.5</b>	<b>-</b>	<b>-</b>	<b>2.5</b>	<b>6.7</b>	<b>-14.7</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>Mar-21</b>
<i>Blmbg. U.S. Aggregate Index</i>			1.1	3.2	7.3	4.7	-	-	1.3	5.5	-13.0	-	-	0.1	
Income Research & Management	142,595,450	10.3	1.1	3.2	7.3	-	-	-	1.7	-	-	-	-	6.0	Sep-23
<i>Blmbg. U.S. Aggregate Index</i>			1.1	3.2	7.3	-	-	-	1.3	-	-	-	-	5.4	
<i>eV US Core Fixed Inc Rank</i>			47	50	61	-	-	-	50	-	-	-	-		
MacKay Shields Core Plus Opportunities	142,897,776	10.4	1.1	3.0	7.6	5.9	0.2	2.8	3.3	6.7	-14.5	-0.5	9.9	2.3	Mar-15
<i>Blmbg. U.S. Aggregate Index</i>			1.1	3.2	7.3	4.7	-0.4	2.0	1.3	5.5	-13.0	-1.5	7.5	1.8	
<i>eV US Core Plus Fixed Inc Rank</i>			48	90	51	30	64	62	21	47	85	53	20		
<b>U.S. TIPS</b>	<b>46,262,020</b>	<b>3.4</b>	<b>0.0</b>	<b>2.1</b>	<b>6.9</b>	<b>4.3</b>	<b>-</b>	<b>-</b>	<b>2.0</b>	<b>3.9</b>	<b>-11.9</b>	<b>-</b>	<b>-</b>	<b>1.4</b>	<b>Mar-21</b>
<i>Blmbg. U.S. TIPS Index</i>			0.1	2.2	7.0	4.2	-	-	1.8	3.9	-11.8	-	-	1.4	
BlackRock US TIPS	46,262,020	3.4	0.0	2.1	6.9	4.3	1.1	3.1	2.0	3.9	-11.9	5.9	11.2	3.6	Apr-07
<i>Blmbg. U.S. TIPS Index</i>			0.1	2.2	7.0	4.2	1.1	3.1	1.8	3.9	-11.8	6.0	11.0	3.6	
<i>eV US TIPS / Inflation Fixed Inc Rank</i>			75	60	60	52	53	44	53	42	67	27	26		

Income Research & Management replaced Ducenta 9/30/2023. Harbourvest 2023 funded 12/28/2023. Harding Loevner liquidated 6/30/2024. William Blair Emerging Growth funded 7/02/2024. All Private Equity, Private Credit funds, and Opportunistic funds are as of 9/30/2025 +/- cash flows with the exception of the Crescent Direct Lending Levered Fund II which is as of 3/31/2025 +/- cash flows.

Total Fund  
Manager Summary (Net of Fees)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020	Inception	Inception Date
<b>Real Estate</b>	<b>104,594,821</b>	<b>7.6</b>	<b>0.7</b>	<b>1.8</b>	<b>3.4</b>	<b>-5.9</b>	<b>1.4</b>	<b>3.4</b>	<b>-5.9</b>	<b>-14.3</b>	<b>8.5</b>	<b>18.4</b>	<b>2.1</b>	<b>4.0</b>	<b>Dec-06</b>
NCREIF Property Index			1.2	2.4	4.9	-1.0	3.8	4.8	0.4	-7.9	5.5	17.7	1.6	5.8	
NCREIF ODCE Net			0.7	1.2	2.9	-4.3	2.5	3.9	-2.3	-12.7	6.5	21.0	0.3	4.2	
ASB Real Estate	21,808,146	1.6	0.8	1.9	4.7	-11.3	-2.5	0.7	-15.2	-21.5	10.7	14.2	1.5	3.5	Jan-13
NCREIF Property Index			1.2	2.4	4.9	-1.0	3.8	4.8	0.4	-7.9	5.5	17.7	1.6	6.5	
NCREIF ODCE Net			0.7	1.2	2.9	-4.3	2.5	3.9	-2.3	-12.7	6.5	21.0	0.3	5.9	
Clarion Lion	28,857,086	2.1	1.4	2.6	5.3	-4.6	3.3	5.0	-2.3	-15.5	9.6	23.6	2.3	4.3	Jan-07
NCREIF Property Index			1.2	2.4	4.9	-1.0	3.8	4.8	0.4	-7.9	5.5	17.7	1.6	5.8	
NCREIF ODCE Net			0.7	1.2	2.9	-4.3	2.5	3.9	-2.3	-12.7	6.5	21.0	0.3	4.2	
ARA American Strategic Value Realty	51,858,591	3.8	0.3	1.4	1.9	-4.2	2.2	-	-3.7	-10.3	6.8	18.6	2.4	3.7	Jan-18
NCREIF Property Index +2%			1.7	3.4	7.0	1.0	5.9	-	2.4	-6.1	7.6	20.0	3.6	6.3	
NCREIF ODCE Net			0.7	1.2	2.9	-4.3	2.5	-	-2.3	-12.7	6.5	21.0	0.3	3.1	
1221 State St. Corp	2,070,999	0.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Jun-08
<b>Private Equity</b>	<b>70,676,889</b>	<b>5.1</b>	<b>1.7</b>	<b>4.9</b>	<b>5.0</b>	<b>5.0</b>	<b>12.9</b>	<b>15.1</b>	<b>6.0</b>	<b>3.9</b>	<b>0.6</b>	<b>57.3</b>	<b>23.0</b>	<b>-</b>	<b>Mar-10</b>
Harbourvest Buyout IX	2,004,551	0.1	5.0	1.7	-8.1	-2.0	5.8	12.6	-3.2	5.9	-6.0	49.6	21.3	-	Jun-11
Russell 3000 + 3%			3.2	12.4	20.7	25.9	16.5	17.7	27.5	29.7	-16.8	29.4	24.5	17.0	
Harbourvest Credit Ops IX	175,723	0.0	-27.1	-14.6	-34.4	-15.5	-2.4	3.4	-12.5	5.0	11.0	32.1	0.3	-	Jun-11
Russell 3000 + 3%			3.2	12.4	20.7	25.9	16.5	17.7	27.5	29.7	-16.8	29.4	24.5	17.0	
Harbourvest International PE VI	852,836	0.1	2.5	11.6	19.7	2.0	4.5	9.1	-14.6	3.9	-16.7	41.2	17.2	-	Mar-10
Russell 3000 + 3%			3.2	12.4	20.7	25.9	16.5	17.7	27.5	29.7	-16.8	29.4	24.5	17.0	
Harbourvest Venture IX	3,095,153	0.2	3.8	14.3	13.2	0.6	10.4	16.2	-0.6	-9.5	-15.9	91.1	52.4	-	Jun-11
Russell 3000 + 3%			3.2	12.4	20.7	25.9	16.5	17.7	27.5	29.7	-16.8	29.4	24.5	17.0	
Harbourvest 2017 Global Fund	20,615,255	1.5	0.5	3.3	4.0	5.7	13.5	-	8.6	4.6	-1.3	61.6	18.8	15.0	Oct-17
Russell 3000 + 3%			3.2	12.4	20.7	25.9	16.5	-	27.5	29.7	-16.8	29.4	24.5	17.5	
Harbourvest 2018 Global Fund	18,695,189	1.4	2.5	4.4	3.2	3.9	11.0	-	4.3	4.0	9.7	37.0	16.0	12.2	Jan-19
Russell 3000 + 3%			3.2	12.4	20.7	25.9	16.5	-	27.5	29.7	-16.8	29.4	24.5	20.1	
Harbourvest 2019 Global Fund	19,239,738	1.4	1.4	4.9	5.7	6.8	14.0	-	8.7	6.1	5.4	49.6	34.6	16.9	Dec-19
Russell 3000 + 3%			3.2	12.4	20.7	25.9	16.5	-	27.5	29.7	-16.8	29.4	24.5	18.2	
Harbourvest 2023 Global Fund	5,667,947	0.4	3.0	9.3	17.3	-	-	-	29.2	-	-	-	-	22.9	Dec-23
Russell 3000 + 3%			3.2	12.4	20.7	-	-	-	27.5	-	-	-	-	24.2	
<b>Private Credit</b>	<b>70,288,177</b>	<b>5.1</b>	<b>2.1</b>	<b>4.6</b>	<b>8.5</b>	<b>10.2</b>	<b>11.4</b>	<b>-</b>	<b>11.5</b>	<b>10.7</b>	<b>10.3</b>	<b>16.0</b>	<b>4.8</b>	<b>9.5</b>	<b>Oct-17</b>
Portfolio Advisors Credit Strategies Fund	11,678,659	0.8	N/A	1.1	3.3	5.8	10.1	-	10.3	4.0	7.7	26.8	3.9	8.4	Oct-17
Bloomberg High Yield +2% (Lagged)			3.0	7.2	9.5	13.3	7.6	-	18.0	12.5	-12.4	13.5	5.3	7.1	
Crescent Direct Lending Levered Fund II	991,371	0.1	N/A	N/A	-7.3	2.3	5.8	-	5.8	9.3	10.9	11.5	6.0	6.8	Mar-18
Bloomberg High Yield +2% (Lagged)			3.0	7.2	9.5	13.3	7.6	-	18.0	12.5	-12.4	13.5	5.3	7.2	

Income Research & Management replaced Ducenta 9/30/2023. Harbourvest 2023 funded 12/28/2023. Harding Loevner liquidated 6/30/2024. William Blair Emerging Growth funded 7/02/2024. All Private Equity, Private Credit funds, and Opportunistic funds are as of 9/30/2025 +/- cash flows with the exception of the Crescent Direct Lending Levered Fund II which is as of 3/31/2025 +/- cash flows.

Total Fund  
Manager Summary (Net of Fees)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020	Inception	Inception Date
Audax Direct Lending Fund A	5,345,935	0.4	1.5	2.0	5.9	9.5	13.3	-	12.3	10.4	15.5	23.1	10.1	14.7	Oct-18
<i>Bloomberg High Yield +2% (Lagged)</i>			3.0	7.2	9.5	13.3	7.6	-	18.0	12.5	-12.4	13.5	5.3	7.6	
Ares Capital Europe IV	3,449,917	0.2	1.2	2.5	6.5	7.3	8.2	-	7.6	7.8	7.0	11.8	8.2	8.9	Aug-18
<i>Bloomberg High Yield +2% (Lagged)</i>			3.0	7.2	9.5	13.3	7.6	-	18.0	12.5	-12.4	13.5	5.3	7.5	
Lone Star XI	3,720,587	0.3	N/A	3.4	10.9	15.2	61.9	-	18.8	16.2	13.7	538.0	-62.8	17.8	Jun-19
<i>Bloomberg High Yield +2% (Lagged)</i>			3.0	7.2	9.5	13.3	7.6	-	18.0	12.5	-12.4	13.5	5.3	7.5	
Sixth Street Diversified Credit	40,898,650	3.0	3.4	6.9	11.6	13.4	10.2	-	12.5	16.1	13.2	-1.4	-	8.7	May-20
<i>Bloomberg High Yield +2% (Lagged)</i>			3.0	7.2	9.5	13.3	7.6	-	18.0	12.5	-12.4	13.5	-	7.1	
Ascribe Opportunities Fund IV	4,203,058	0.3	N/A	0.4	3.9	8.1	-	-	9.4	11.0	5.6	-	-	9.7	Oct-21
<i>Bloomberg High Yield +2% (Lagged)</i>			3.0	7.2	9.5	13.3	-	-	18.0	12.5	-12.4	-	-	6.2	
<b>Opportunistic</b>	<b>30,412,441</b>	<b>2.2</b>	<b>1.6</b>	<b>6.2</b>	<b>9.4</b>	<b>8.7</b>	<b>12.0</b>	<b>8.7</b>	<b>4.0</b>	<b>13.0</b>	<b>11.1</b>	<b>23.2</b>	<b>0.9</b>	<b>10.8</b>	<b>Dec-07</b>
KKR Mezzanine Partners	235,117	0.0	8.1	4.8	-58.9	-44.0	-33.1	-17.1	-65.2	22.5	-31.0	10.5	-15.2	-8.6	Jun-11
TSSP Adjacent Opportunities Partners	30,177,324	2.2	1.6	6.2	10.6	10.2	14.4	-	7.7	12.4	16.2	26.1	-	14.3	Apr-20
<b>Cash</b>	<b>26,907,385</b>	<b>1.9</b>	<b>1.0</b>	<b>2.1</b>	<b>4.3</b>	<b>3.0</b>	<b>1.8</b>	<b>0.9</b>	<b>4.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>Sep-07</b>
Invesco Treasury Portfolio	26,907,385	1.9	1.0	2.1	4.3	-	-	-	4.8	-	-	-	-	4.6	Jan-24
<i>FTSE 3 Month T-Bill</i>			1.0	2.1	4.4	-	-	-	5.4	-	-	-	-	4.9	

Income Research & Management replaced Ducenta 9/30/2023. Harbourvest 2023 funded 12/28/2023. Harding Loevner liquidated 6/30/2024. William Blair Emerging Growth funded 7/02/2024. All Private Equity, Private Credit funds, and Opportunistic funds are as of 9/30/2025 +/- cash flows with the exception of the Crescent Direct Lending Levered Fund II which is as of 3/31/2025 +/- cash flows.

Investment Manager  
Risk Analysis by Manager - 3 Years (Net of Fees)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

	Annualized Return	Annualized Excess Return	Annualized Standard Deviation	Annualized Alpha	Annualized Beta	Tracking Error	R-Squared	Sharpe Ratio	Information Ratio	Up Capture	Down Capture
BlackRock Russell 3000	22.25	16.30	12.37	-0.01	1.00	0.02	1.00	1.32	0.13	100.01	100.02
BlackRock International Equity	17.47	12.21	11.97	0.17	1.00	0.30	1.00	1.02	0.73	100.69	99.70
DFA Emerging Markets Value	17.00	11.70	11.14	2.31	0.87	3.27	0.93	1.05	0.07	95.30	86.16
MacKay Shields Core Plus Opportunities	5.85	1.17	6.04	1.12	1.00	0.73	0.99	0.19	1.55	105.00	90.25
BlackRock US TIPS	4.25	-0.44	4.52	0.03	1.00	0.23	1.00	-0.10	0.12	101.01	101.38
ASB Real Estate	-11.33	-16.28	8.72	-8.90	2.36	6.59	0.64	-1.85	-1.61	53.51	405.49
Clarion Lion	-4.56	-9.20	5.68	-2.76	1.74	3.25	0.82	-1.60	-1.08	112.87	220.87
ARA American Strategic Value Realty	-4.18	-8.91	3.55	-5.16	1.08	1.56	0.81	-2.45	-3.33	17.15	172.41
Portfolio Advisors Credit Strategies Fund	5.80	1.00	3.36	5.22	0.05	5.74	0.00	0.30	-1.21	31.77	-44.56
Crescent Direct Lending Levered Fund II	2.35	-2.20	6.01	-0.07	0.20	7.09	0.03	-0.37	-1.43	28.59	79.07
Audax Direct Lending Fund A	9.50	4.48	4.12	9.87	-0.02	6.47	0.00	1.08	-0.54	43.40	-124.36
Ares Capital Europe IV	7.32	2.42	3.13	7.40	0.00	5.81	0.00	0.76	-0.95	33.54	-97.17
Lone Star XI	15.25	9.86	7.93	16.68	-0.07	9.51	0.00	1.25	0.20	68.98	-195.88
Sixth Street Diversified Credit	13.40	8.10	5.93	12.91	0.05	7.53	0.00	1.36	0.02	63.91	-150.23
Ascribe Opportunities Fund IV	8.07	3.26	6.07	9.38	-0.08	8.04	0.00	0.54	-0.58	28.79	-167.16

Risk analysis requires 3 years of data.

Investment Manager  
Risk Analysis by Manager - 5 Years (Net of Fees)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

	Annualized Return	Annualized Excess Return	Annualized Standard Deviation	Annualized Alpha	Annualized Beta	Tracking Error	R-Squared	Sharpe Ratio	Information Ratio	Up Capture	Down Capture
BlackRock Russell 3000	13.15	10.45	15.24	-0.01	1.00	0.02	1.00	0.69	-0.15	100.00	100.02
BlackRock International Equity	9.22	6.73	14.21	0.25	1.00	0.34	1.00	0.48	0.81	101.16	100.09
DFA Emerging Markets Value	9.95	7.29	13.40	3.45	0.93	3.53	0.94	0.55	0.82	101.55	82.92
Mackay Shields Core Plus Opportunities	0.18	-2.73	6.64	0.57	1.04	0.99	0.98	-0.42	0.57	104.70	98.12
BlackRock US TIPS	1.10	-1.85	6.02	-0.02	1.00	0.20	1.00	-0.31	-0.12	100.52	100.94
ASB Real Estate	-2.50	-5.23	9.10	-7.02	1.33	5.67	0.65	-0.56	-1.06	97.99	326.66
Clarion Lion	3.33	0.51	8.51	-2.06	1.47	3.61	0.91	0.06	-0.07	136.58	200.95
ARA American Strategic Value Realty	2.19	-0.77	6.07	-3.79	1.06	1.63	0.93	-0.12	-2.16	72.61	153.49
Portfolio Advisors Credit Strategies Fund	10.08	6.70	6.24	9.44	0.10	8.77	0.01	1.04	0.25	63.34	-26.66
Crescent Direct Lending Levered Fund II	5.80	2.70	5.80	6.38	-0.05	9.28	0.00	0.46	-0.19	38.79	-12.79
Audax Direct Lending Fund A	13.30	9.64	6.72	13.18	0.04	9.43	0.00	1.40	0.54	67.05	-70.76
Ares Capital Europe IV	8.15	4.85	4.91	8.04	0.03	8.31	0.00	0.97	0.04	43.96	-39.37
Lone Star XI	61.86	61.86	73.41	85.39	0.22	73.59	0.00	0.84	0.78	455.67	-88.79

Risk analysis requires 5 years of data.

Private Equity  
Non Marketable Securities Overview

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

Vintage	Manager & Fund Name	Estimated 12/31/2025 Market Value <sup>3</sup>	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value for IRR	Distrib./ Paid-In (DPI) <sup>1</sup>	Tot. Value/ Paid-In (TVPI) <sup>2</sup>	Net IRR Since Inception <sup>4</sup>	IRR Date
2011	HarbourVest IX-Buyout	\$2,004,551	\$10,000,000	\$8,525,000	85%	\$1,475,000	\$16,586,723	2,242,523	194.6%	218.1%	16.8%	9/30/25
2011	HarbourVest IX-Credit	\$175,723	\$2,000,000	\$1,641,541	82%	\$358,459	\$2,609,690	\$175,723	159.0%	169.7%	10.8%	9/30/25
2008	HarbourVest Int'l VI <sup>5</sup>	\$852,836	\$3,712,930	\$2,630,078	71%	\$1,082,852	\$4,898,318	\$726,981	186.2%	218.7%	13.3%	9/30/25
2011	HarbourVest IX-Venture	\$3,095,153	\$4,000,000	\$3,800,000	95%	\$200,000	\$2,566,210	\$3,225,621	67.5%	149.0%	20.2%	9/30/25
2017	HarbourVest 2017 Global	\$20,615,255	\$30,000,000	\$19,364,051	65%	\$10,635,949	\$20,688,274	\$21,571,519	106.8%	213.3%	16.8%	9/30/25
2018	HarbourVest 2018 Global	\$18,695,189	\$20,000,000	\$11,238,043	56%	\$8,761,957	\$8,428,321	\$19,504,199	75.0%	241.4%	15.4%	9/30/25
2019	HarbourVest 2019 Global	\$19,239,738	\$20,000,000	\$13,975,273	70%	\$6,024,727	\$5,572,877	\$20,929,161	39.9%	177.5%	16.3%	9/30/25
2023	HarbourVest 2023 Global	\$5,667,947	\$10,000,000	\$4,572,302	46%	\$5,427,698	\$0	\$5,149,185	0.0%	124.0%	24.6%	9/30/25
2025	HarbourVest 2025 Global	\$330,497	\$10,000,000	\$300,000	3%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Total Illiquid Private Equity** \$70,676,889 \$99,712,930 \$65,746,288 66% \$33,966,642 \$61,350,413 \$73,524,912 93.3% 200.8%

**% of Portfolio (Market Value)** 5.12%

	Management Fee	Admin Fee	Interest Expense	Other Expense	Total Expense <sup>6</sup>
HarbourVest IX-Buyout	\$9,029	\$0	\$0	\$186	\$9,215
HarbourVest IX-Credit	\$900	\$0	\$0	\$91	\$991
HarbourVest Int'l VI	\$1,002	\$0	\$0	\$67	\$1,069
HarbourVest IX-Venture	\$3,633	\$0	\$0	\$97	\$3,730
HarbourVest 2017 Global	\$49,500	\$0	\$0	\$17,113	\$66,613
HarbourVest 2018 Global	\$44,000	\$0	\$0	\$27,942	\$71,942
HarbourVest 2019 Global	\$44,362	\$0	\$0	\$18,781	\$63,143
HarbourVest 2023 Global	\$25,140	\$0	\$0	\$29,359	\$54,499
HarbourVest 2025 Global	\$11,342	\$0	\$0	-\$10,878	\$464
	\$188,908	\$0	\$0	\$82,758	<span style="border: 1px solid black; padding: 2px;">\$271,666</span>

<sup>1</sup>(DPI) is equal to (capital returned / capital called)

<sup>2</sup>(TVPI) is equal to (market value + capital returned) / capital called

<sup>3</sup>Last known market value + capital calls - distributions (preliminary MV's as of 12/31/2025)

<sup>4</sup>Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR figure is provided by its HarbourVest.

<sup>5</sup>HarbourVest International Private Equity Partners VI-Partnership Fund L.P. values are originally presented in euros and are calculated to dollars using XE™.

<sup>6</sup>Fees and expenses are for 3Q 2025

HarbourVest 2017 Global Fund first capital call issued 9/21/2017. Portfolio Advisors first capital call issued 10/5/2017. HarbourVest 2018 Global Fund first capital call issued 12/13/2018. HarbourVest 2023 Global Fund first capital call issued 12/28/2023. HarbourVest 2025 Global Fund first capital call issued 7/20/2025

Private Credit  
Non Marketable Securities Overview

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

Vintage	Manager & Fund Name	Estimated 12/31/2025 Market Value <sup>3</sup>	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value for IRR	Distrib./ Paid-In (DPI) <sup>1</sup>	Tot. Value/ Paid-In (TVPI) <sup>2</sup>	Net IRR Since Inception <sup>4</sup>	IRR Date	
2013	Portfolio Advisors Credit Strategies Fund	\$11,678,659	\$11,250,000	\$11,250,000	100%	\$0	\$4,972,189	\$11,884,861	44.2%	148.0%	10.9%	9/30/25	
2017	Crescent Direct Lending Levered Fund II	\$991,371	\$7,000,000	\$7,078,112	101%	-\$78,112	\$6,553,019	\$1,206,853	92.6%	106.6%	7.1%	3/31/25	
2017	Audax Direct Lending Fund A	\$5,345,935	\$7,000,000	\$6,311,934	90%	\$688,066	\$4,151,160	\$5,487,216	65.8%	150.5%	13.4%	9/30/25	
2018	Ares Capital Europe IV	\$3,449,917	\$8,000,000	\$6,762,884	85%	\$1,237,116	\$6,548,023	\$3,812,433	96.8%	147.8%	9.1%	9/30/25	
2019	Lone Star Fund XI	\$3,720,587	\$5,750,000	\$5,191,959	90%	\$558,041	\$5,228,452	\$3,756,210	100.7%	172.4%	25.8%	9/30/25	
2019	Ascribe Opportunities IV	\$4,203,058	\$6,000,000	\$5,456,288	91%	\$543,712	\$2,312,551	\$4,985,241	42.4%	119.4%	8.8%	9/30/25	
2020	Sixth Street Diversified Credit	\$40,898,650	\$60,000,000	\$35,149,702	59%	\$24,850,298	\$8,212,719	\$41,165,150	23.4%	139.7%	11.8%	9/30/25	
<b>Total Illiquid Private Credit</b>		<b>\$70,288,177</b>	\$105,000,000	\$77,200,879	73.5%	\$27,799,121	\$37,978,112	\$72,297,964	49.2%	140.2%			
<b>% of Portfolio (Market Value)</b>		<b>5.09%</b>											
							<b>Management Fee</b>	<b>Accrued Carried Interest</b>	<b>Admin Fee</b>	<b>Interest Expense</b>	<b>Other Expense</b>	<b>Total Expense<sup>5</sup></b>	
							Portfolio Advisors CSF	\$25,052	\$0	\$0	\$0	\$25,052	
							Crescent Direct Lending II	\$6,200	\$11,089	\$0	\$0	\$1,886	\$19,175
							Audax Direct Lending A	\$26,716	\$17,677	\$0	\$0	\$0	\$44,393
							Ares Capital Europe IV	\$16,742	\$8,182	\$0	\$29,452	\$5,736	\$60,112
							Ascribe Opportunities IV	\$230,448	\$253	\$0	\$0	\$106,288	\$336,989
							Lone Star Fund XI	\$0	\$0	\$0	\$0	\$0	\$0
							Sixth Street Diversified Credit	\$0	\$0	\$0	\$0	\$180,885	\$180,885
								\$305,158	\$37,201	\$0	\$29,452	\$294,795	<b>\$666,606</b>

<sup>1</sup>(DPI) is equal to (capital returned / capital called)

<sup>2</sup>(TVPI) is equal to (market value + capital returned) / capital called

<sup>3</sup>Last known market value + capital calls - distributions (preliminary MV's as of 12/31/2025)

<sup>4</sup>Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR figure is provided by its respective manager.

<sup>5</sup>All fees and expenses are for 3Q 2025

Portfolio Advisors first capital call issued 10/5/2017. Crescent Direct Lending first called 3/13/2018. Ares IV first called 8/13/2018. Audax Direct Lending first called 10/26/2018. As of 12/31/2024, following a compliance review with their third-party consultant, ACA, Portfolio Advisors Credit Strategies Fund have adopted time-weighted returns (TWR) instead of IRR.

# Opportunistic Non Marketable Securities Overview

## Imperial County Employees' Retirement System Period Ending: December 31, 2025

Vintage	Manager & Fund Name	Estimated 12/31/25 Market Value <sup>3</sup>	Total Commitment	Capital Called	% Called	Remaining Commitment	Capital Returned	Market Value for IRR	Distrib./ Paid-In (DPI) <sup>1</sup>	Tot. Value/ Paid-In (TVPI) <sup>2</sup>	Net IRR Since Inception <sup>5</sup>	IRR Date		
2010	KKR Mezzanine <sup>6</sup>	\$235,117	\$10,000,000	\$10,000,000	100%	\$0	\$14,153,380	\$235,117	141.5%	143.9%	2.7%	9/30/25		
2020	TSSP Adjacent Opportunities Partners	\$30,177,324	\$40,000,000	\$31,162,521	78%	\$8,837,479	\$15,251,105	NA	48.9%	145.8%	NA	NA		
<b>Total Illiquid Opportunistic</b>		<b>\$30,412,441</b>	\$50,000,000	\$41,162,521	82%	\$8,837,479	\$29,404,485	\$248,734	0.6%	72.0%				
<b>% of Portfolio (Market Value)</b>		<b>2.20%</b>												
								<b>Management Fee</b>	<b>Accrued Carried Interest</b>	<b>Admin Fee</b>	<b>Interest Expense</b>	<b>Other Expense</b>	<b>Total Expense<sup>6</sup></b>	
								KKR Mezzanine	\$0	\$0	\$0	\$0	\$1,158	\$1,158
								TSSP Adjacent Opportunities P	\$0	\$0	\$0	\$0	\$0	\$0
									\$0	\$0	\$0	\$0	\$1,158	<b>\$1,158</b>

<sup>1</sup>(DPI) is equal to (capital returned / capital called)

<sup>2</sup>(TVPI) is equal to (market value + capital returned) / capital called

<sup>3</sup>Last known market value + capital calls - distributions (preliminary MV's as of 12/31/2025)

<sup>4</sup>Investment period ended, no further capital to be called.

<sup>5</sup>Net IRR is calculated on the cash flows of all the limited partners of the fund and is net of all fees. Each IRR figure is provided by its respective manager.

<sup>6</sup>All fees and expenses are for 3Q 2025

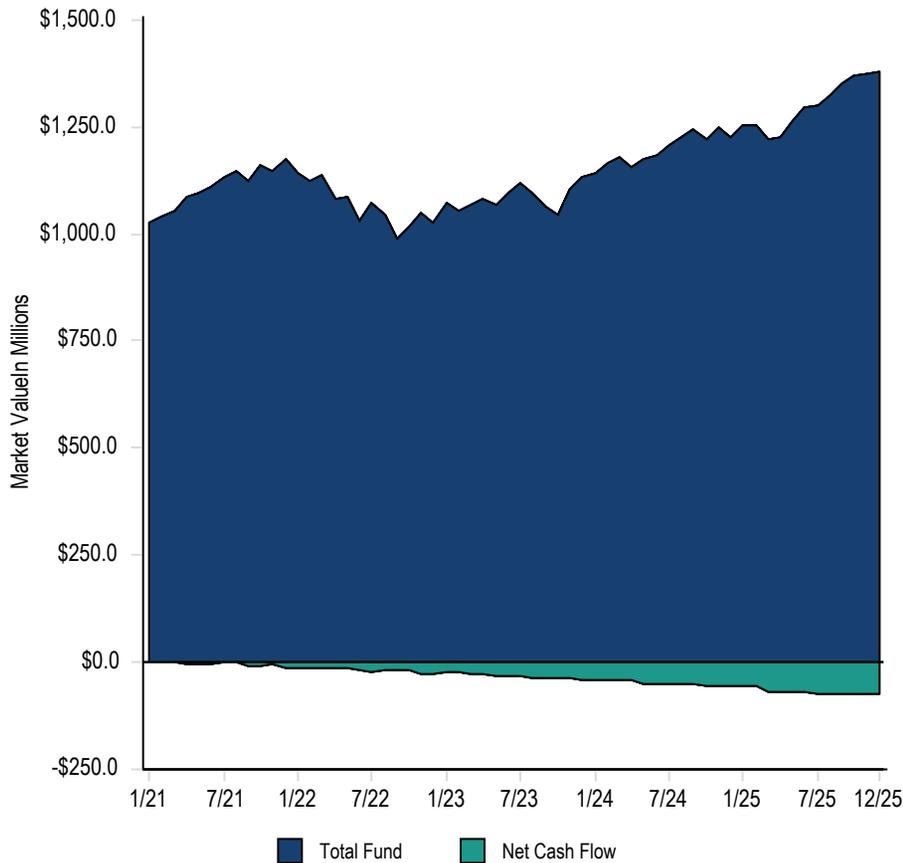
Total Fund  
Cash Flow by Manager (Last Three Months)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

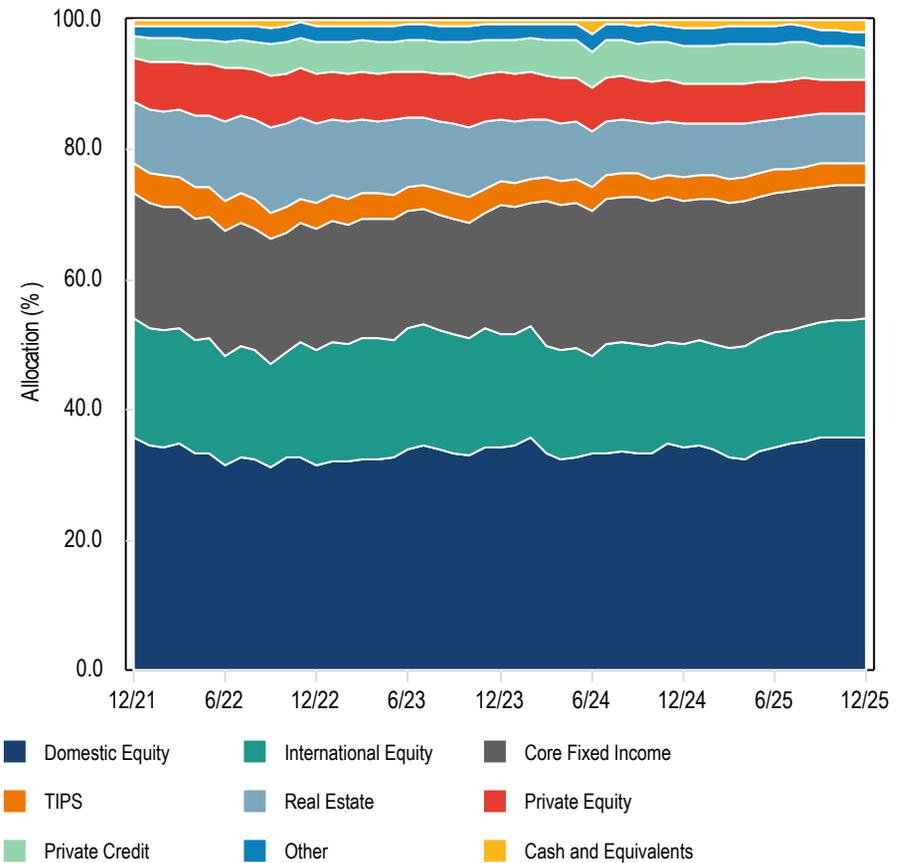
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flows	Capital Appreciation	Ending Market Value
BlackRock Russell 3000	\$481,124,681	\$0	\$0	\$0	\$11,589,890	\$492,714,571
BlackRock International Equity	\$188,836,859	\$0	\$0	\$0	\$8,871,486	\$197,708,345
William Blair Emerging Growth	\$23,221,593	\$0	\$0	\$0	\$1,064,678	\$24,236,821
DFA Emerging Markets Value	\$29,667,131	\$0	\$0	\$0	\$1,478,721	\$31,145,852
Income Research & Management	\$141,010,865	\$0	\$0	\$0	\$1,584,585	\$142,595,450
MackKay Shields Core Plus Opportunities	\$141,343,333	\$0	\$0	\$0	\$1,554,444	\$142,897,776
BlackRock US TIPS	\$46,253,519	\$0	\$0	\$0	\$8,500	\$46,262,020
ASB Real Estate	\$21,634,629	\$0	\$0	\$0	\$173,517	\$21,808,146
Clarion Lion	\$28,528,401	\$188,737	-\$271,759	-\$83,022	\$411,707	\$28,857,086
ARA American Strategic Value Realty	\$51,680,899	\$0	\$0	\$0	\$328,939	\$51,858,591
1221 State St. Corp	\$2,042,132	\$47,578	-\$18,835	\$28,743	\$124	\$2,070,999
Harbourvest Buyout IX	\$2,135,841	\$0	-\$237,972	-\$237,972	\$106,682	\$2,004,551
Harbourvest Credit Ops IX	\$240,977	\$0	\$0	\$0	-\$65,254	\$175,723
Harbourvest International PE VI	\$882,609	\$0	-\$51,974	-\$51,974	\$22,201	\$852,836
Harbourvest Venture IX	\$3,107,942	\$0	-\$130,468	-\$130,468	\$117,679	\$3,095,153
Harbourvest 2017 Global Fund	\$21,463,386	\$0	-\$956,264	-\$956,264	\$108,133	\$20,615,255
Harbourvest 2018 Global Fund	\$19,027,664	\$0	-\$809,010	-\$809,010	\$476,535	\$18,695,189
Harbourvest 2019 Global Fund	\$20,644,702	\$0	-\$1,689,423	-\$1,689,423	\$284,459	\$19,239,738
Harbourvest 2023 Global Fund	\$4,997,904	\$518,762	\$0	\$518,762	\$151,281	\$5,667,947
Portfolio Advisors Credit Strategies Fund	\$11,884,861	\$0	-\$206,202	-\$206,202	\$0	\$11,678,659
Crescent Direct Lending Levered Fund II	\$991,371	\$0	\$0	\$0	\$0	\$991,371
Audax Direct Lending Fund A	\$5,406,609	\$0	-\$141,281	-\$141,281	\$80,608	\$5,345,935
Ares Capital Europe IV	\$3,766,070	\$0	-\$362,516	-\$362,516	\$46,363	\$3,449,917
Lone Star XI	\$3,756,210	\$0	-\$35,622	-\$35,622	\$0	\$3,720,587
Sixth Street Diversified Credit	\$39,560,800	\$0	\$0	\$0	\$1,337,850	\$40,898,650
Ascribe Opportunities Fund IV	\$4,612,493	\$0	-\$409,435	-\$409,435	\$0	\$4,203,058
KKR Mezzanine Partners	\$217,428	\$0	\$0	\$0	\$17,689	\$235,117
TSSP Adjacent Opportunities Partners	\$32,973,456	\$1,191,618	-\$4,464,343	-\$3,272,725	\$476,593	\$30,177,324
Invesco Treasury Portfolio	\$19,200,512	\$9,494,510	-\$2,010,380	\$7,484,130	\$222,742	\$26,907,385
<b>Total Fund</b>	<b>\$1,350,223,236</b>	<b>\$11,741,205</b>	<b>-\$11,795,484</b>	<b>-\$54,279</b>	<b>\$30,472,288</b>	<b>\$1,380,440,548</b>

All Private Equity, Private Credit funds, and Opportunistic funds are as of 9/30/2025 +/- cash flows with the exception of the Crescent Direct Lending Levered Fund II which is as of 3/31/2025 +/- cash flows.

Market Value History



Asset Allocation History



# Total Fund Investment Fund Fee Analysis

# Imperial County Employees' Retirement System Period Ending: December 31, 2025

Account	Fee Schedule	Market Value	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
ARA American Strategic Value Realty	1.25 % of First \$10 M 1.20 % of Next \$15 M 1.10 % of Next \$25 M 1.00 % Thereafter	51,858,591	3.76	598,586	1.15
Ares Capital Europe IV	1.38 % of Assets	3,449,917	0.25	47,609	1.38
ASB Real Estate	1.25 % of First \$5 M 1.00 % of Next \$10 M 0.75 % Thereafter	21,808,146	1.58	213,561	0.98
Ascribe Opportunities Fund IV	1.50 % of Assets	4,203,058	0.30	63,046	1.50
Audax Direct Lending Fund A	0.85 % of Assets	5,345,935	0.39	45,440	0.85
BlackRock International Equity	0.15 % of First \$50 M 0.10 % of Next \$50 M 0.00 % Thereafter	197,708,345	14.32	125,000	0.06
BlackRock Russell 3000	0.03 % of Assets	492,714,571	35.69	147,814	0.03
BlackRock US TIPS	0.07 % of Assets	46,262,020	3.35	32,383	0.07
Clarion Lion	1.25 % of First \$10 M 1.00 % of Next \$15 M 0.85 % Thereafter	28,857,086	2.09	307,785	1.07
Crescent Direct Lending Levered Fund II	Minimum Fee: \$25,280	991,371	0.07	25,280	2.55
DFA Emerging Markets Value	0.44 % of Assets	31,145,852	2.26	137,042	0.44
Income Research & Management	0.20 % of First \$100 M 0.17 % Thereafter	142,595,450	10.33	272,412	0.19
Harbourvest 2017 Global Fund	Minimum Fee: \$262,500	20,615,255	1.49	262,500	1.27
Harbourvest 2018 Global Fund	Minimum Fee: \$138,000	18,695,189	1.35	138,000	0.74
Harbourvest 2019 Global Fund	0.45 % of Assets	19,239,738	1.39	86,579	0.45
Harbourvest 2023 Global Fund	0.50 % of Assets	5,667,947	0.41	28,340	0.50
Harbourvest Buyout IX	Minimum Fee: \$100,000	2,004,551	0.15	100,000	4.99
Harbourvest Credit Ops IX	Minimum Fee: \$20,000	175,723	0.01	20,000	11.38
Harbourvest International PE VI	Minimum Fee: \$35,000	852,836	0.06	35,000	4.10
Harbourvest Venture IX	Minimum Fee: \$40,000	3,095,153	0.22	40,000	1.29
Invesco Treasury Portfolio		26,907,385	1.95	-	-
KKR Mezzanine Partners	Minimum Fee: \$150,000	235,117	0.02	150,000	63.80
Lone Star XI	0.71 % of Assets	3,720,587	0.27	26,379	0.71
MacKay Shields Core Plus Opportunities	0.30 % of Assets	142,897,776	10.35	428,693	0.30

\*HarbourVest and KKR fees are estimated gross management fees only and do not include incentive allocations or offsetting cash flows received by the fund.

\*HarbourVest International Private Equity VI fees are based on committed Euros, actual US Dollar amount will fluctuate based on exchange rates.

\*Verus advisory fee shown for disclosure purposes only and is not included in total investment management fee calculations.

\*Portfolio Advisors fee is 0.20% on committed capital and 1.00% on invested capital.

Total Fund  
Investment Fund Fee Analysis

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

Account	Fee Schedule	Market Value	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Portfolio Advisors Credit Strategies Fund	Minimum Fee: \$180,000	11,678,659	0.85	180,000	1.54
Sixth Street Diversified Credit	1.35 % of Assets	40,898,650	2.96	552,132	1.35
TSSP Adjacent Opportunities Partners		30,177,324	2.19	-	-
William Blair Emerging Growth	0.90 % of First \$25 M 0.85 % of Next \$25 M 0.70 % of Next \$50 M 0.65 % of Next \$50 M 0.60 % of Next \$50 M 0.40 % of Next \$200 M 0.35 % Thereafter	24,236,821	1.76	218,131	0.90
<b>Investment Management Fee</b>		<b>1,380,440,548</b>	<b>100.00</b>	<b>4,283,366</b>	<b>0.31</b>

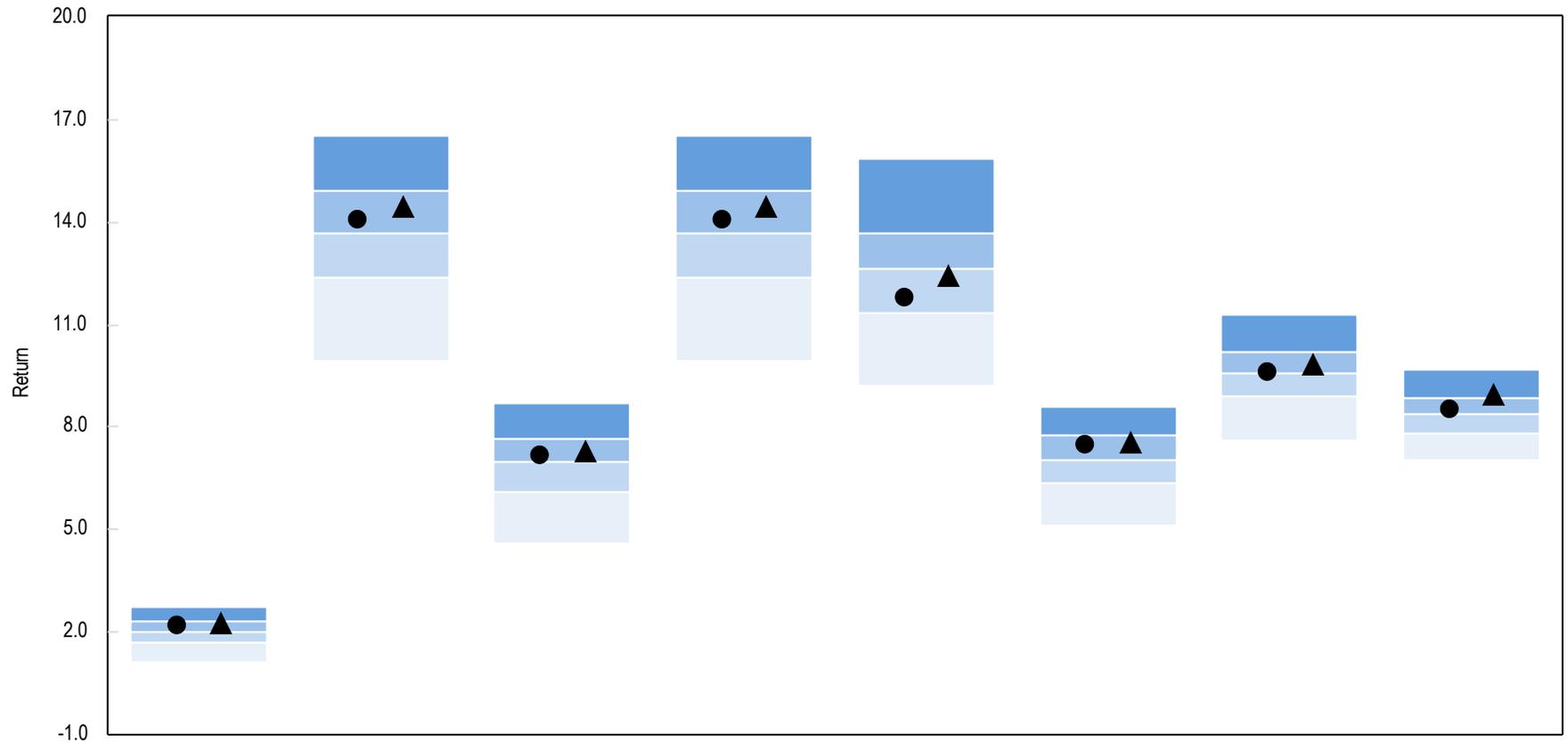
\*HarbourVest and KKR fees are estimated gross management fees only and do not include incentive allocations or offsetting cash flows received by the fund.

\*HarbourVest International Private Equity VI fees are based on committed Euros, actual US Dollar amount will fluctuate based on exchange rates.

\*Verus advisory fee shown for disclosure purposes only and is not included in total investment management fee calculations.

\*Portfolio Advisors fee is 0.20% on committed capital and 1.00% on invested capital.

Total Fund vs. InvMetrics Public DB Net

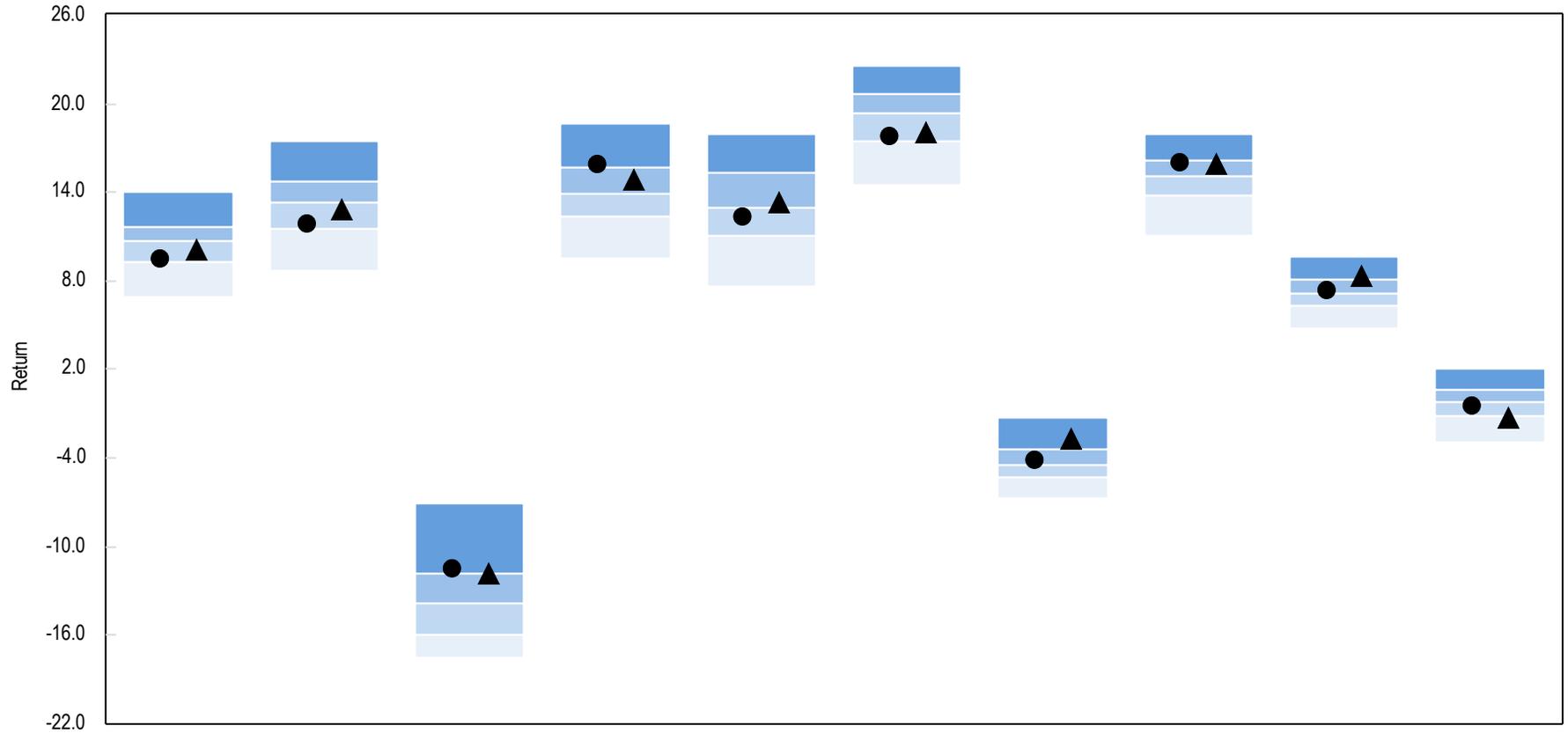


	Quarter	YTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
● Total Fund	2.23 (31)	14.10 (41)	7.20 (43)	14.10 (41)	11.83 (69)	7.50 (35)	9.61 (49)	8.55 (41)
▲ Policy Index	2.29 (26)	14.43 (34)	7.29 (39)	14.43 (34)	12.44 (56)	7.57 (32)	9.81 (41)	8.93 (24)
5th Percentile	2.76	16.52	8.68	16.52	15.87	8.59	11.30	9.66
1st Quartile	2.30	14.90	7.64	14.90	13.65	7.76	10.20	8.88
Median	2.02	13.67	7.01	13.67	12.64	7.03	9.59	8.37
3rd Quartile	1.68	12.38	6.11	12.38	11.35	6.36	8.90	7.84
95th Percentile	1.13	9.92	4.61	9.92	9.22	5.11	7.62	7.02
Population	583	581	582	581	554	539	522	490

Total Fund  
Peer Universe Comparison: Consecutive Periods (Net of Fees)

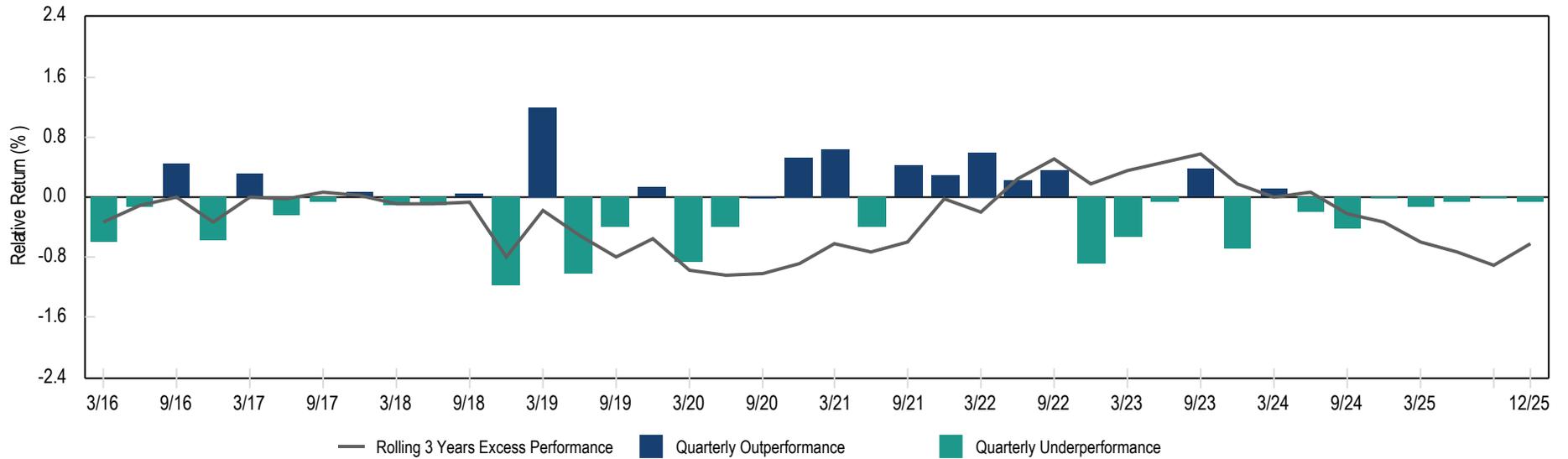
Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

Total Fund vs. InvMetrics Public DB Net

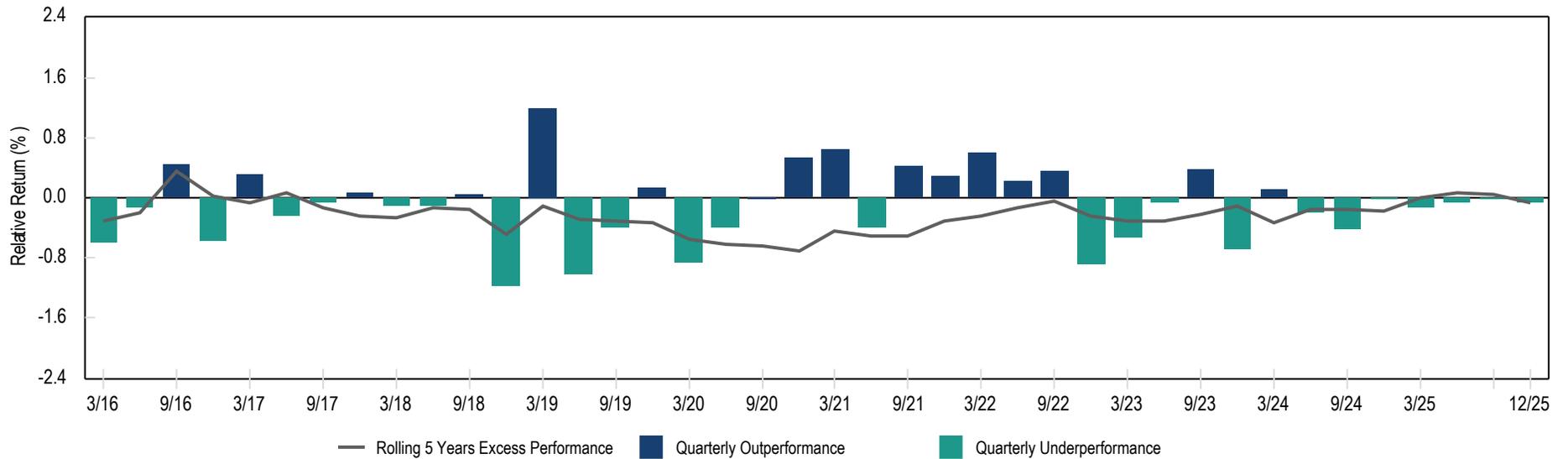


	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
● Total Fund	9.53 (72)	11.91 (71)	-11.43 (22)	15.91 (22)	12.33 (59)	17.85 (71)	-4.12 (41)	16.02 (28)	7.45 (44)	-0.41 (58)
▲ Policy Index	10.11 (62)	12.82 (58)	-11.77 (25)	14.83 (36)	13.29 (47)	18.03 (69)	-2.73 (14)	15.93 (30)	8.36 (21)	-1.22 (77)
5th Percentile	14.03	17.44	-7.05	18.62	17.91	22.57	-1.31	17.89	9.64	2.02
1st Quartile	11.68	14.71	-11.78	15.70	15.32	20.66	-3.35	16.12	8.13	0.63
Median	10.74	13.33	-13.87	13.90	12.99	19.40	-4.42	15.06	7.17	-0.19
3rd Quartile	9.24	11.51	-15.96	12.32	11.12	17.43	-5.31	13.81	6.28	-1.16
95th Percentile	6.95	8.75	-17.53	9.51	7.65	14.53	-6.67	11.02	4.74	-2.95
Population	1,101	1,143	1,149	1,187	1,226	1,133	1,084	1,068	1,052	992

Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance



Total Domestic Equity  
Asset Class Overview (Net of Fees)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
<b>Total Domestic Equity</b>	<b>492,714,571</b>	<b>100.0</b>	<b>2.4</b>	<b>10.8</b>	<b>17.1</b>	<b>22.2</b>	<b>13.1</b>	<b>14.3</b>	<b>23.8</b>	<b>26.0</b>	<b>-19.2</b>	<b>25.7</b>	<b>21.0</b>
<i>Russell 3000 Index</i>			2.4	10.8	17.1	22.2	13.1	14.3	23.8	26.0	-19.2	25.7	20.9
BlackRock Russell 3000	492,714,571	100.0	2.4	10.8	17.1	22.2	13.1	14.3	23.8	26.0	-19.2	25.7	21.0
<i>Russell 3000 Index</i>			2.4	10.8	17.1	22.2	13.1	14.3	23.8	26.0	-19.2	25.7	20.9
<i>eV US All Cap Core Equity Rank</i>			50	38	35	21	29	16	24	27	56	51	40

U.S. Effective Style Map  
3 Years Ending: December 31, 2025



Manager Style

■ BlackRock Russell 3000

U.S. Effective Style Map  
5 Years Ending: December 31, 2025



Manager Style

■ BlackRock Russell 3000

# Total International Equity Asset Class Overview (Net of Fees)

# Imperial County Employees' Retirement System Period Ending: December 31, 2025

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
<b>Total International Equity</b>	<b>253,091,018</b>	<b>100.0</b>	<b>4.7</b>	<b>10.6</b>	<b>30.8</b>	<b>16.5</b>	<b>8.0</b>	<b>8.2</b>	<b>3.4</b>	<b>16.9</b>	<b>-15.4</b>	<b>10.1</b>	<b>8.1</b>
<i>MSCI AC World ex USA Index</i>			5.1	12.5	33.1	18.0	8.5	8.9	6.1	16.2	-15.6	8.3	11.1
BlackRock International Equity	197,708,345	78.1	4.7	9.7	31.8	17.5	9.2	8.5	3.8	18.6	-14.1	11.6	8.1
<i>MSCI EAFE (Net)</i>			4.9	9.9	31.2	17.2	8.9	8.2	3.8	18.2	-14.5	11.3	7.8
<i>eV All EAFE Equity Rank</i>			49	51	52	46	44	41	54	34	37	53	52
William Blair Emerging Growth	24,236,821	9.6	4.2	14.4	24.5	-	-	-	-	-	-	-	-
<i>MSCI Emerging Markets Growth Index</i>			3.3	16.2	34.8	-	-	-	-	-	-	-	-
<i>eV Emg Mkts Large Cap Growth Equity Rank</i>			42	38	62	-	-	-	-	-	-	-	-
DFA Emerging Markets Value	31,145,852	12.3	5.0	13.0	29.5	17.0	10.0	9.8	6.2	16.5	-10.7	12.4	2.7
<i>MSCI Emerging Markets Value (Net)</i>			6.4	15.7	32.7	16.6	6.8	8.0	4.5	14.2	-15.8	4.0	5.5
<i>eV Emg Mkts All Cap Value Equity Rank</i>			78	88	88	72	47	78	46	47	36	21	82

**MSCI Effective Style Map  
3 Years Ending: December 31, 2025**



■ BlackRock International Equity   
 ● DFA Emerging Markets Value  
▲ Total International Equity

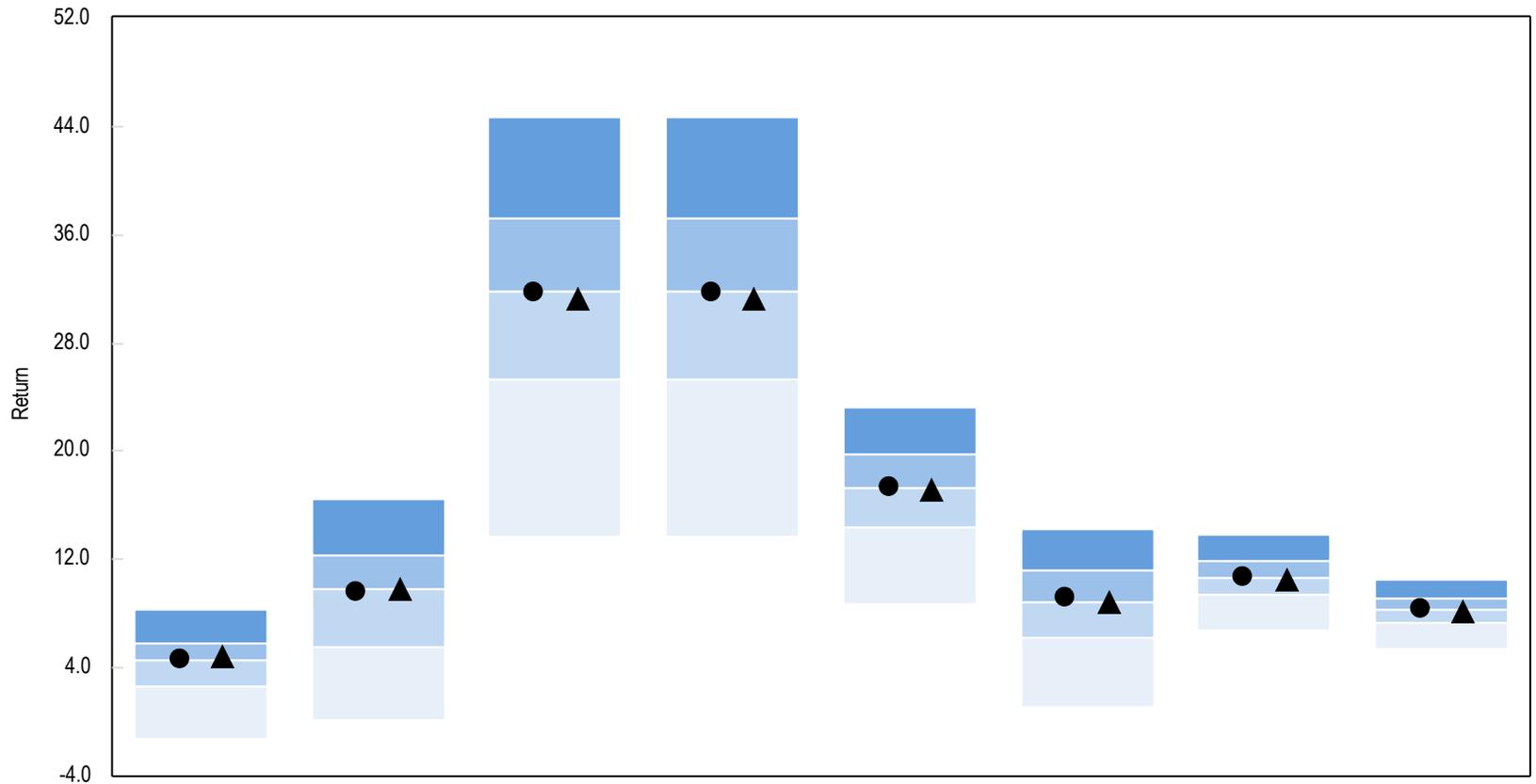
**MSCI Effective Style Map  
5 Years Ending: December 31, 2025**



■ BlackRock International Equity   
 ● DFA Emerging Markets Value  
▲ Total International Equity

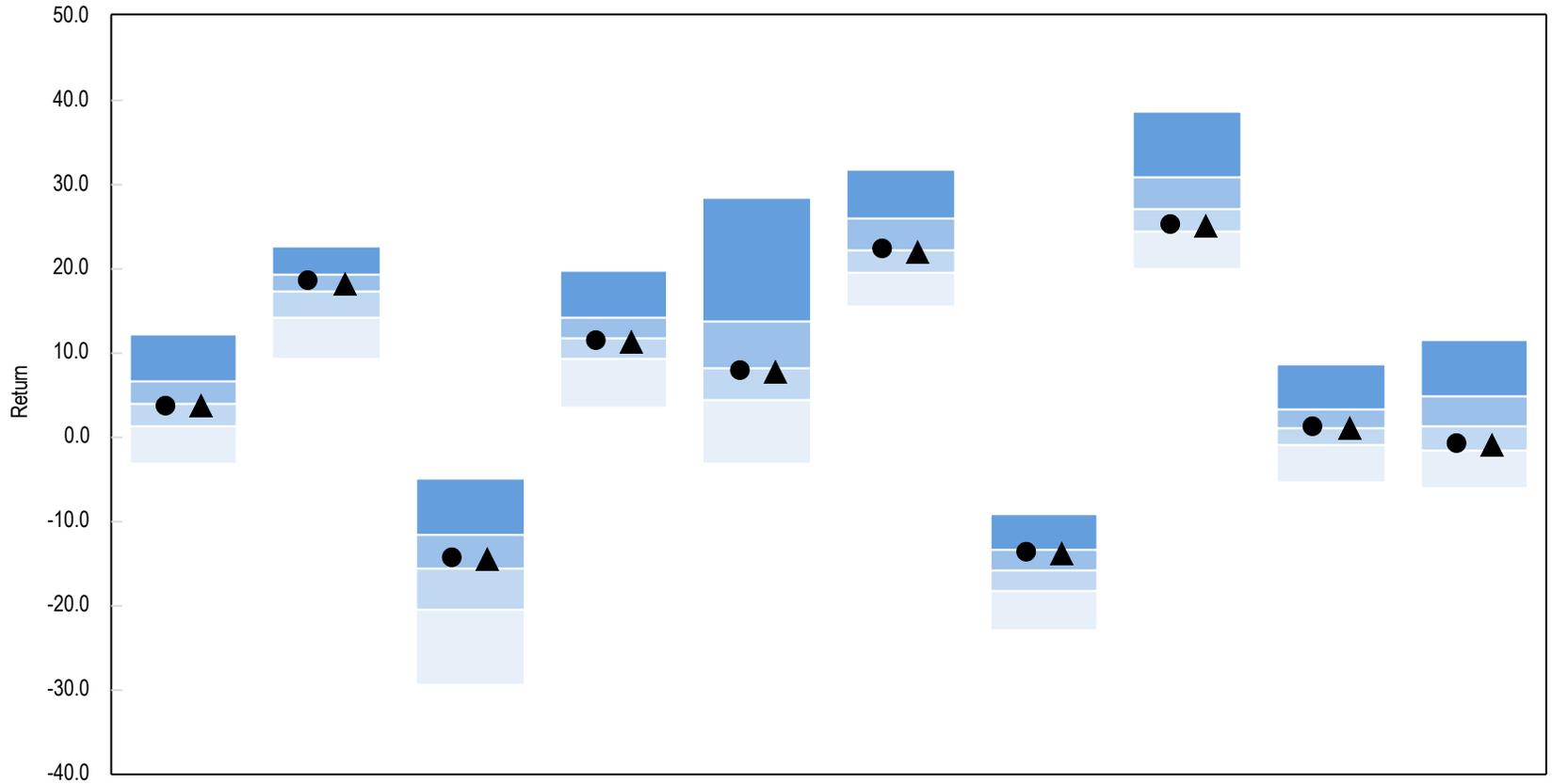
Harding Loevner liquidated 6/30/24.

BlackRock International Equity vs. eV All EAFE Equity

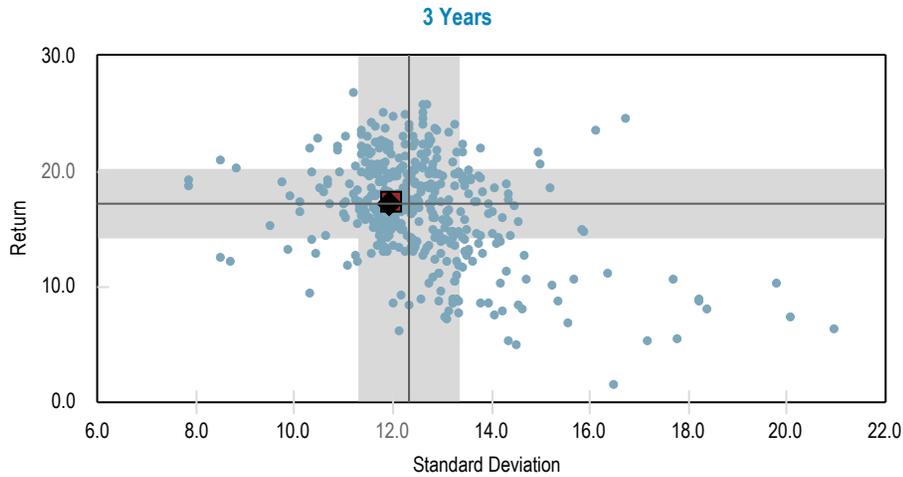


	Quarter	Fiscal YTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
● BlackRock International Equity	4.68 (49)	9.73 (51)	31.76 (52)	31.76 (52)	17.47 (46)	9.22 (44)	10.84 (49)	8.49 (41)
▲ MSCI EAFE (Net)	4.86 (43)	9.86 (48)	31.22 (56)	31.22 (56)	17.22 (51)	8.92 (50)	10.54 (57)	8.18 (55)
5th Percentile	8.26	16.43	44.72	44.72	23.18	14.24	13.79	10.53
1st Quartile	5.83	12.27	37.27	37.27	19.82	11.15	11.84	9.15
Median	4.52	9.77	31.87	31.87	17.23	8.88	10.72	8.29
3rd Quartile	2.61	5.54	25.38	25.38	14.45	6.25	9.42	7.29
95th Percentile	-1.19	0.12	13.73	13.73	8.68	1.07	6.82	5.44
Population	443	443	443	443	427	390	362	310

BlackRock International Equity vs. eV All EAFE Equity

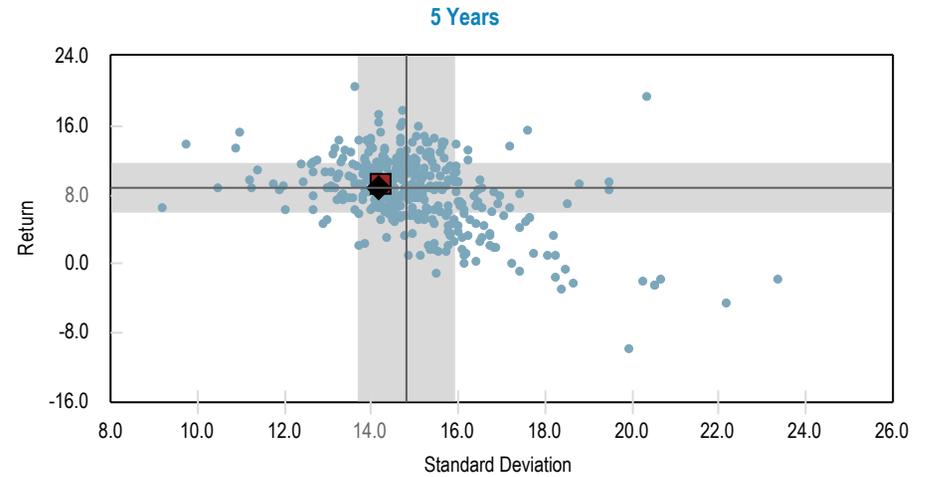


	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
● BlackRock International Equity	3.78 (54)	18.56 (34)	-14.12 (37)	11.62 (53)	8.07 (52)	22.40 (49)	-13.52 (29)	25.42 (63)	1.34 (47)	-0.63 (65)
▲ MSCI EAFE (Net)	3.82 (54)	18.24 (40)	-14.45 (42)	11.26 (59)	7.82 (55)	22.01 (54)	-13.79 (35)	25.03 (68)	1.00 (54)	-0.81 (67)
5th Percentile	12.12	22.62	-4.81	19.67	28.45	31.69	-9.13	38.68	8.60	11.54
1st Quartile	6.74	19.41	-11.66	14.24	13.88	25.90	-13.30	30.81	3.32	4.95
Median	4.11	17.37	-15.63	11.83	8.20	22.27	-15.71	27.00	1.12	1.29
3rd Quartile	1.41	14.25	-20.36	9.27	4.41	19.63	-18.24	24.46	-0.98	-1.58
95th Percentile	-3.19	9.36	-29.30	3.67	-3.07	15.58	-22.81	19.93	-5.43	-6.03
Population	478	483	487	486	489	490	491	480	466	451



eV All EAFE Equity

	Return	Standard Deviation
■ BlackRock International Equity	17.47	11.97
◆ MSCI EAFE (Net)	17.22	11.93
— Median	17.23	12.34
Population	427	427



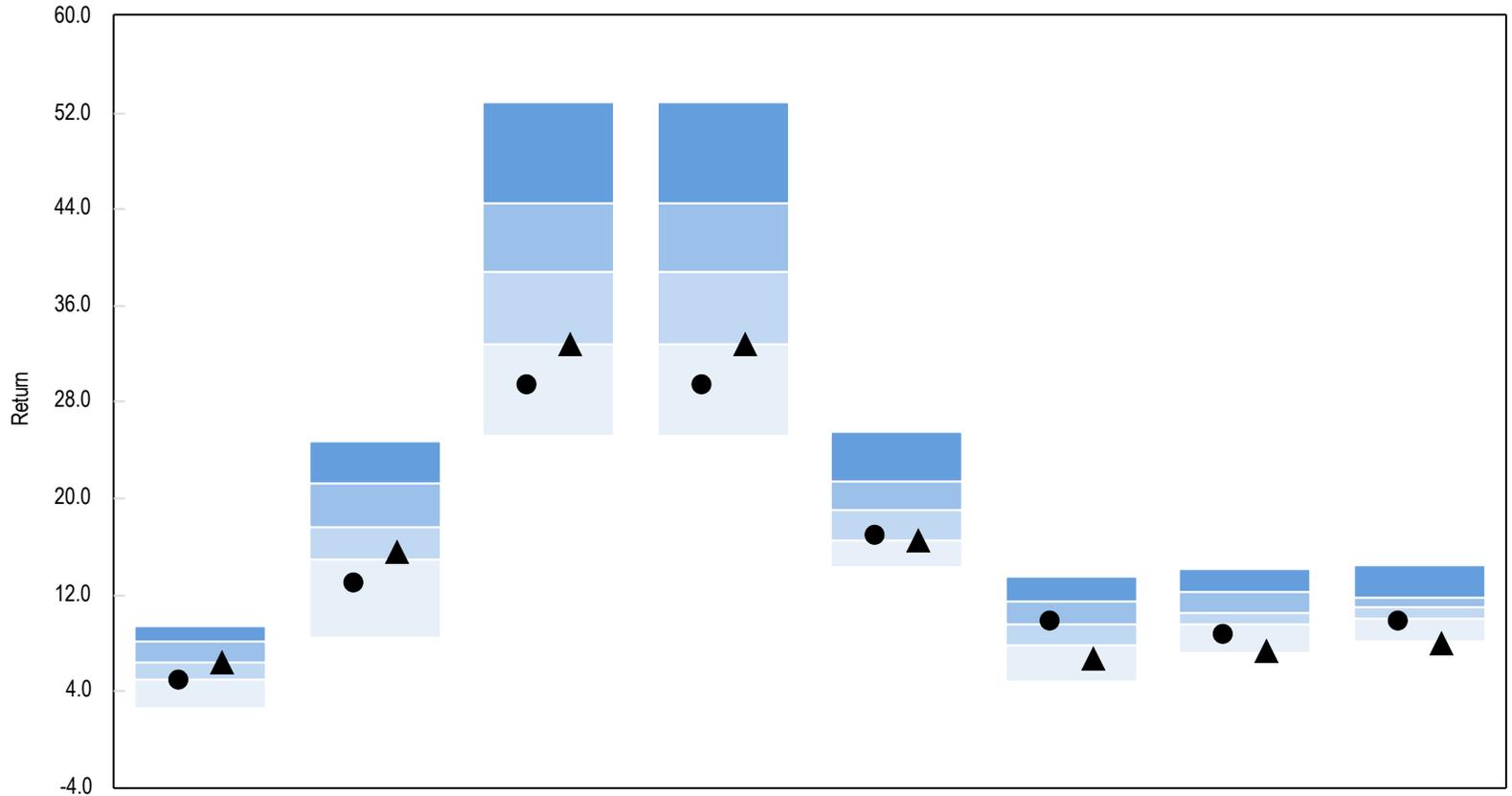
eV All EAFE Equity

	Return	Standard Deviation
■ BlackRock International Equity	9.22	14.21
◆ MSCI EAFE (Net)	8.92	14.16
— Median	8.88	14.79
Population	390	390

DFA Emerging Markets Value  
Cumulative Performance Comparison (Net of Fees)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

DFA Emerging Markets Value vs. eV Emg Mkts All Cap Value Equity

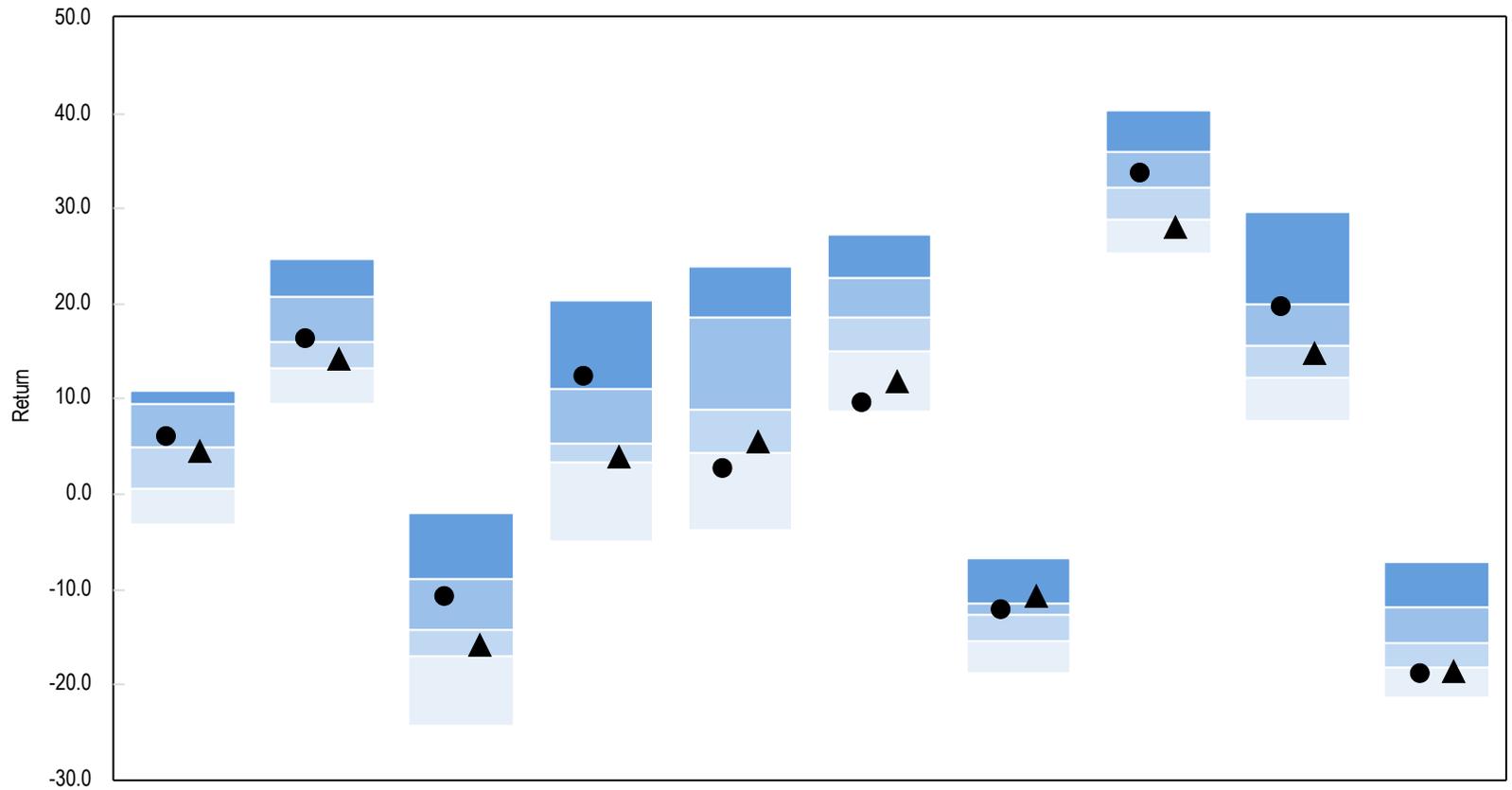


	Quarter	Fiscal YTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
● DFA Emerging Markets Value	4.98 (78)	13.03 (88)	29.49 (88)	29.49 (88)	17.00 (72)	9.95 (47)	8.85 (84)	9.84 (78)
▲ MSCI Emerging Markets Value (Net)	6.37 (58)	15.66 (72)	32.74 (76)	32.74 (76)	16.58 (75)	6.76 (83)	7.30 (93)	7.96 (99)
5th Percentile	9.45	24.72	52.91	52.91	25.53	13.53	14.23	14.49
1st Quartile	8.11	21.34	44.51	44.51	21.48	11.46	12.30	11.78
Median	6.50	17.58	38.88	38.88	19.00	9.59	10.49	10.97
3rd Quartile	5.04	14.99	32.79	32.79	16.57	7.83	9.51	10.03
95th Percentile	2.60	8.45	25.16	25.16	14.32	4.84	7.20	8.22
Population	49	49	49	49	45	42	39	32

DFA Emerging Markets Value  
Consecutive Performance Comparison (Net of Fees)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

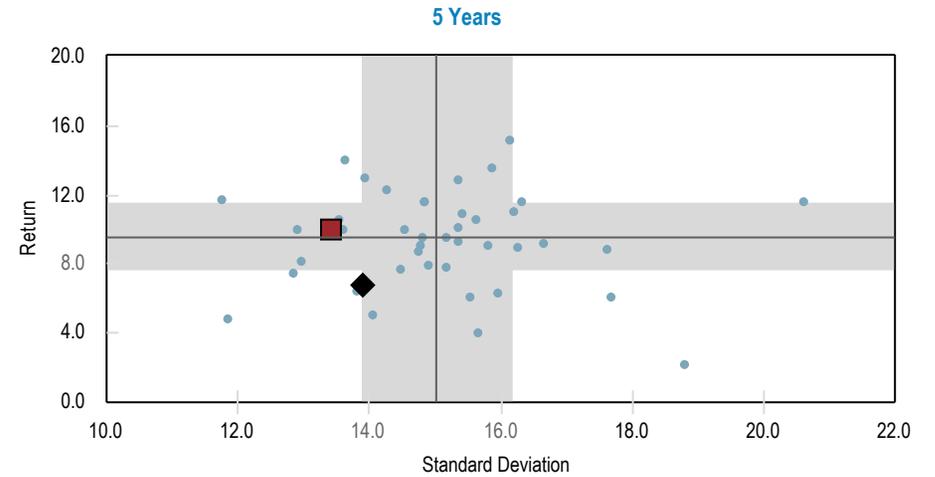
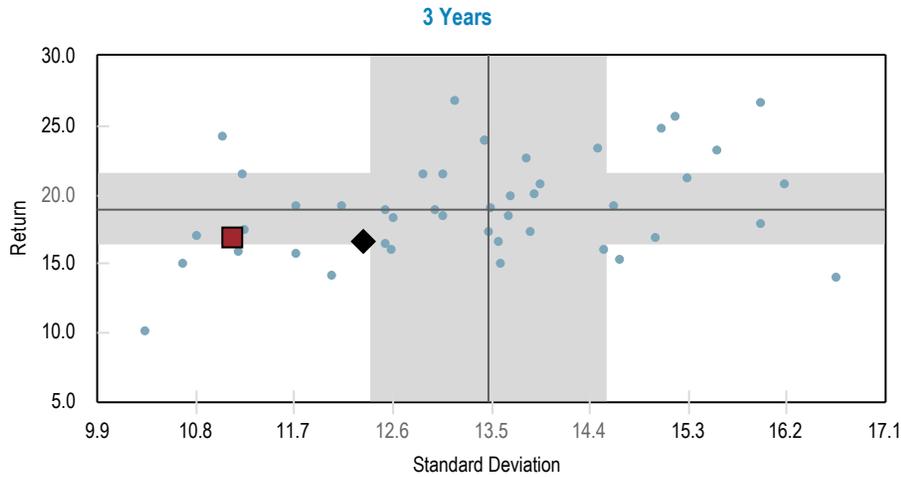
DFA Emerging Markets Value vs. eV Emg Mkts All Cap Value Equity



	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
● DFA Emerging Markets Value	6.17 (46)	16.49 (47)	-10.74 (36)	12.41 (21)	2.73 (82)	9.64 (94)	-11.93 (37)	33.76 (40)	19.84 (26)	-18.77 (84)
▲ MSCI Emerging Markets Value (Net)	4.51 (51)	14.21 (71)	-15.83 (62)	4.00 (70)	5.48 (71)	11.96 (93)	-10.74 (21)	28.07 (83)	14.90 (54)	-18.57 (84)
5th Percentile	10.83	24.78	-1.89	20.40	23.96	27.30	-6.66	40.40	29.74	-7.00
1st Quartile	9.44	20.77	-8.83	11.14	18.63	22.81	-11.37	36.00	19.95	-11.90
Median	4.97	15.99	-14.26	5.29	9.01	18.67	-12.58	32.24	15.63	-15.51
3rd Quartile	0.68	13.35	-16.96	3.39	4.47	15.01	-15.32	28.80	12.22	-18.08
95th Percentile	-3.09	9.48	-24.26	-5.01	-3.71	8.63	-18.81	25.30	7.68	-21.28
Population	54	52	57	56	58	60	58	53	50	48

DFA Emerging Markets Value  
Risk vs Return Three & Five Year (Net of Fees)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025



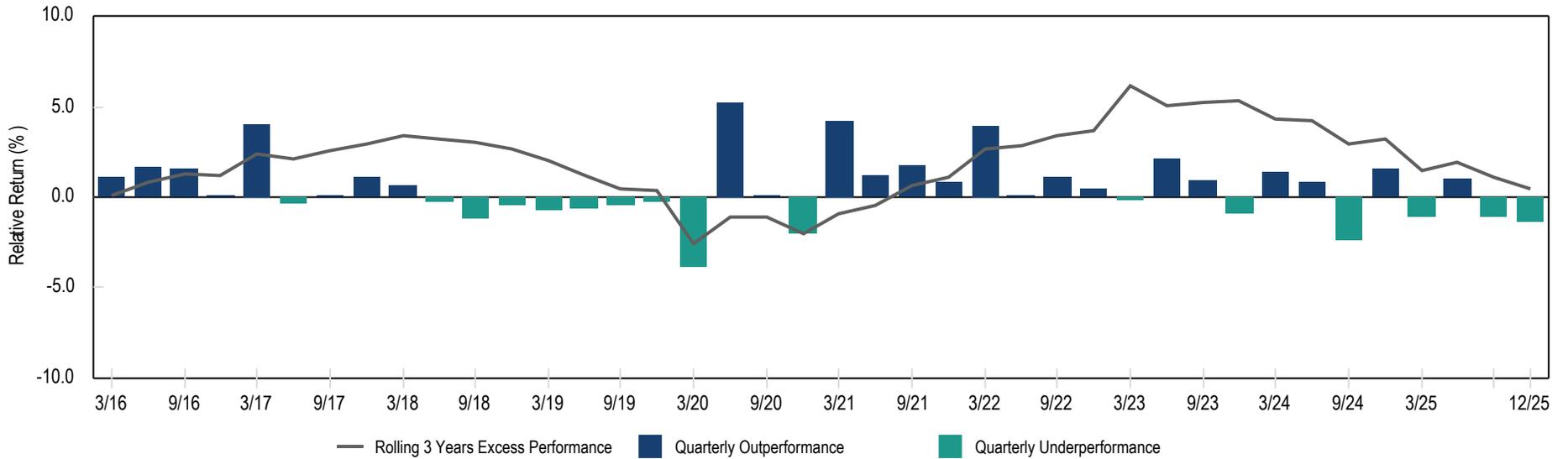
eV Emg Mkts All Cap Value Equity

	Return	Standard Deviation
■ DFA Emerging Markets Value	17.00	11.14
◆ MSCI Emerging Markets Value (Net)	16.58	12.34
— Median	19.00	13.48
Population	45	45

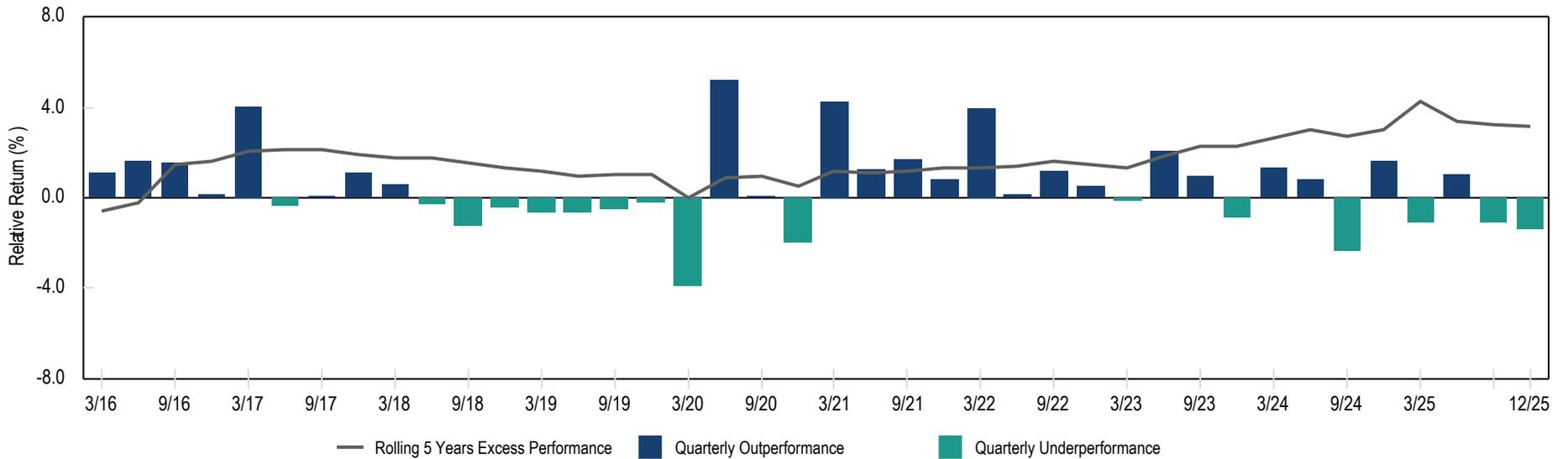
eV Emg Mkts All Cap Value Equity

	Return	Standard Deviation
■ DFA Emerging Markets Value	9.95	13.40
◆ MSCI Emerging Markets Value (Net)	6.76	13.90
— Median	9.59	15.03
Population	42	42

Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance



# Total Fixed Income Asset Class Overview (Net of Fees)

# Imperial County Employees' Retirement System Period Ending: December 31, 2025

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
<b>Total Fixed Income</b>	<b>331,755,246</b>	<b>100.0</b>	<b>0.9</b>	<b>2.9</b>	<b>7.4</b>	<b>5.3</b>	<b>0.2</b>	<b>2.8</b>	<b>2.4</b>	<b>6.2</b>	<b>-14.2</b>	<b>0.6</b>	<b>9.8</b>
<i>Blmbg. U.S. Aggregate Index</i>			1.1	3.2	7.3	4.7	-0.4	2.0	1.3	5.5	-13.0	-1.5	7.5
Income Research & Management	142,595,450	43.0	1.1	3.2	7.3	-	-	-	1.7	-	-	-	-
<i>Blmbg. U.S. Aggregate Index</i>			1.1	3.2	7.3	-	-	-	1.3	-	-	-	-
<i>eV US Core Plus Fixed Inc Rank</i>			58	66	80	-	-	-	82	-	-	-	-
MacKay Shields Core Plus Opportunities	142,897,776	43.1	1.1	3.0	7.6	5.9	0.2	2.8	3.3	6.7	-14.5	-0.5	9.9
<i>Blmbg. U.S. Aggregate Index</i>			1.1	3.2	7.3	4.7	-0.4	2.0	1.3	5.5	-13.0	-1.5	7.5
<i>eV US Core Plus Fixed Inc Rank</i>			48	90	51	30	64	62	21	47	85	53	20
BlackRock US TIPS	46,262,020	13.9	0.0	2.1	6.9	4.3	1.1	3.1	2.0	3.9	-11.9	5.9	11.2
<i>Blmbg. U.S. TIPS Index</i>			0.1	2.2	7.0	4.2	1.1	3.1	1.8	3.9	-11.8	6.0	11.0
<i>eV US TIPS / Inflation Fixed Inc Rank</i>			75	60	60	52	53	44	53	42	67	27	26

**Fixed Income Style Map  
3 Years Ending December 31, 2025**



- Total Fixed Income
- MacKay Shields Core Plus Opportunities
- ▲ BlackRock US TIPS

**Fixed Income Style Map  
5 Years Ending December 31, 2025**



- Total Fixed Income
- MacKay Shields Core Plus Opportunities
- ▲ BlackRock US TIPS

Income Research & Management replaced Ducenta 9/30/2023.

Total Fixed Income  
Asset Class Overview (Net of Fees)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
<b>Total Fixed Income</b>	<b>331,755,246</b>	<b>100.0</b>	<b>0.9</b>	<b>2.9</b>	<b>7.4</b>	<b>5.3</b>	<b>0.2</b>	<b>2.8</b>	<b>2.4</b>	<b>6.2</b>	<b>-14.2</b>	<b>0.6</b>	<b>9.8</b>
<i>Blmbg. U.S. Aggregate Index</i>			1.1	3.2	7.3	4.7	-0.4	2.0	1.3	5.5	-13.0	-1.5	7.5
Income Research & Management	142,595,450	43.0	1.1	3.2	7.3	-	-	-	1.7	-	-	-	-
<i>Blmbg. U.S. Aggregate Index</i>			1.1	3.2	7.3	-	-	-	1.3	-	-	-	-
MacKay Shields Core Plus Opportunities	142,897,776	43.1	1.1	3.0	7.6	5.9	0.2	2.8	3.3	6.7	-14.5	-0.5	9.9
<i>Blmbg. U.S. Aggregate Index</i>			1.1	3.2	7.3	4.7	-0.4	2.0	1.3	5.5	-13.0	-1.5	7.5
BlackRock US TIPS	46,262,020	13.9	0.0	2.1	6.9	4.3	1.1	3.1	2.0	3.9	-11.9	5.9	11.2
<i>Blmbg. U.S. TIPS Index</i>			0.1	2.2	7.0	4.2	1.1	3.1	1.8	3.9	-11.8	6.0	11.0

Correlation Matrix  
Last 5 Years

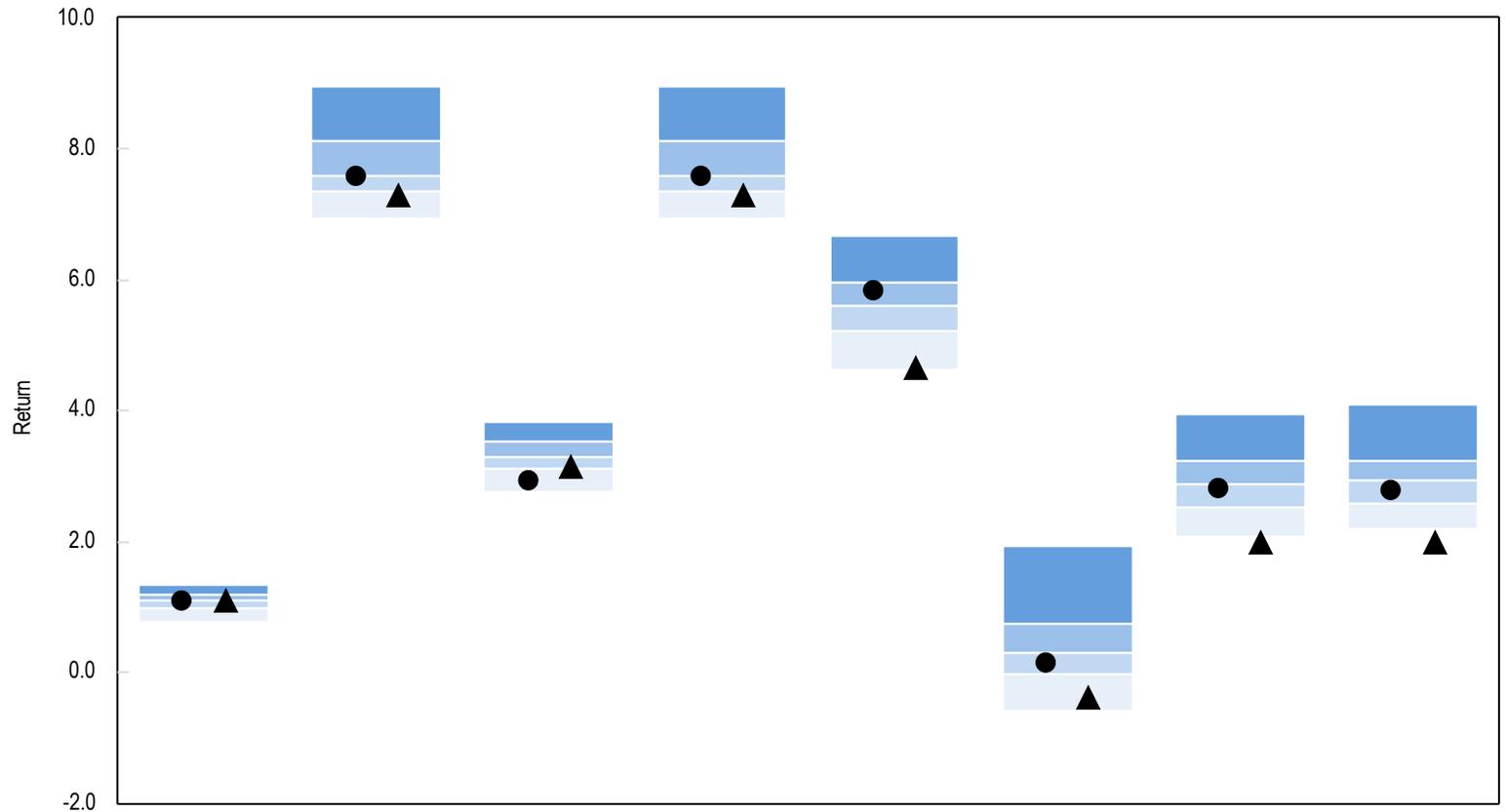
	Total Fixed Income	MacKay Shields Core Plus Opportunities	BlackRock US TIPS	Blmbg. U.S. Aggregate Index
Total Fixed Income	1.00			
MacKay Shields Core Plus Opportunities	1.00	1.00		
BlackRock US TIPS	0.91	0.87	1.00	
Blmbg. U.S. Aggregate Index	0.99	0.99	0.86	1.00

Income Research & Management replaced Ducenta 9/30/2023. Managers need 5 years of history to appear on the Correlation Matrix.

MacKay Shields Core Plus Opportunities  
 Cumulative Performance Comparison (Net of Fees)

Imperial County Employees' Retirement System  
 Period Ending: December 31, 2025

MacKay Shields Core Plus Opportunities vs. eV US Core Plus Fixed Inc

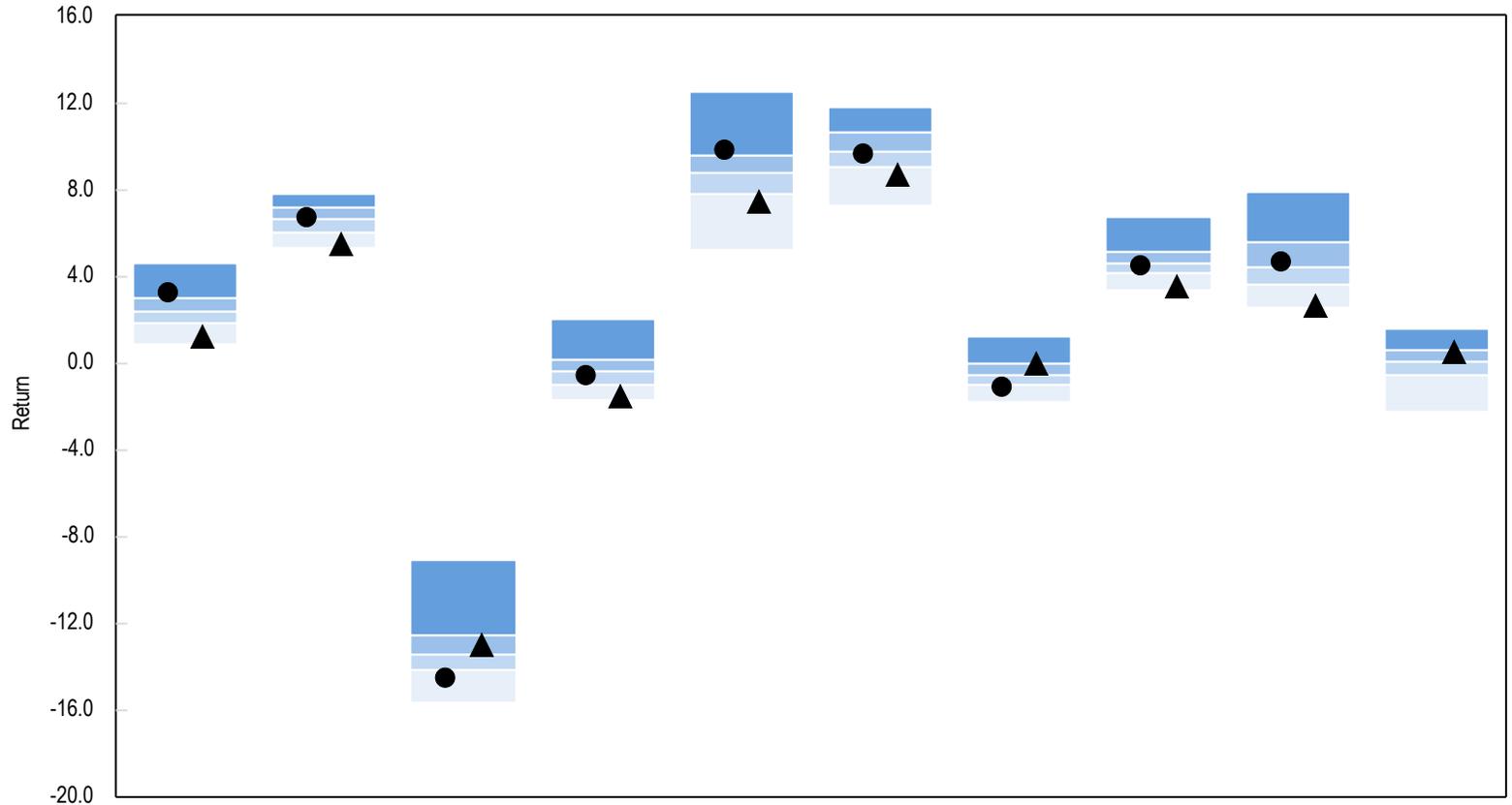


	Quarter	YTD	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years
● MacKay Shields Core Plus Opportunities	1.10 (48)	7.59 (51)	2.96 (90)	7.59 (51)	5.85 (30)	0.18 (64)	2.83 (58)	2.79 (62)
▲ Blmbg. U.S. Aggregate Index	1.10 (48)	7.30 (80)	3.15 (73)	7.30 (80)	4.66 (95)	-0.36 (91)	1.99 (98)	2.01 (99)
5th Percentile	1.36	8.96	3.85	8.96	6.67	1.94	3.94	4.11
1st Quartile	1.19	8.12	3.55	8.12	5.96	0.75	3.23	3.25
Median	1.10	7.60	3.32	7.60	5.62	0.31	2.89	2.94
3rd Quartile	0.99	7.36	3.13	7.36	5.24	-0.01	2.54	2.59
95th Percentile	0.79	6.94	2.77	6.94	4.65	-0.56	2.09	2.20
Population	141	141	141	141	140	133	124	110

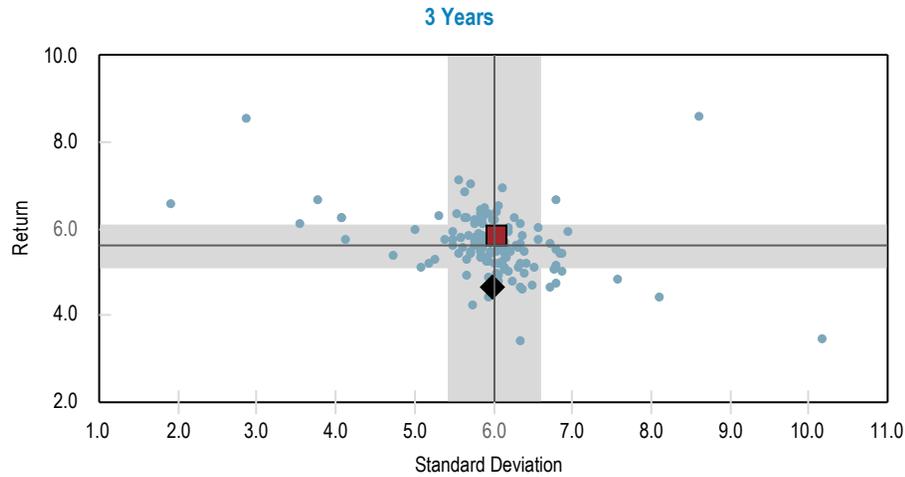
MacKay Shields Core Plus Opportunities  
 Consecutive Performance Comparison (Net of Fees)

Imperial County Employees' Retirement System  
 Period Ending: December 31, 2025

MacKay Shields Core Plus Opportunities vs. eV US Core Plus Fixed Inc

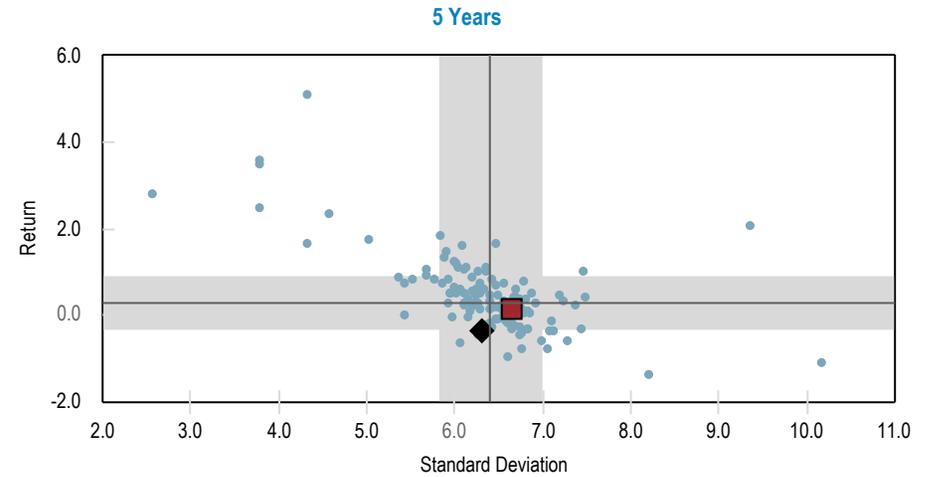


	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
● MacKay Shields Core Plus Opportunities	3.27 (21)	6.74 (47)	-14.51 (85)	-0.49 (53)	9.91 (20)	9.67 (56)	-1.03 (76)	4.53 (57)	4.69 (43)	-
▲ Blmbg. U.S. Aggregate Index	1.25 (90)	5.53 (92)	-13.01 (39)	-1.55 (91)	7.51 (81)	8.72 (81)	0.01 (25)	3.54 (92)	2.65 (94)	0.55 (27)
5th Percentile	4.62	7.86	-9.08	2.07	12.54	11.80	1.28	6.75	7.88	1.56
1st Quartile	3.04	7.21	-12.56	0.16	9.59	10.64	-0.02	5.17	5.56	0.58
Median	2.43	6.67	-13.38	-0.39	8.79	9.75	-0.57	4.66	4.46	0.09
3rd Quartile	1.90	6.07	-14.12	-0.96	7.80	9.03	-1.02	4.13	3.66	-0.53
95th Percentile	0.91	5.35	-15.60	-1.66	5.21	7.27	-1.76	3.37	2.61	-2.23
Population	151	158	160	161	158	158	157	156	152	151



eV US Core Plus Fixed Inc

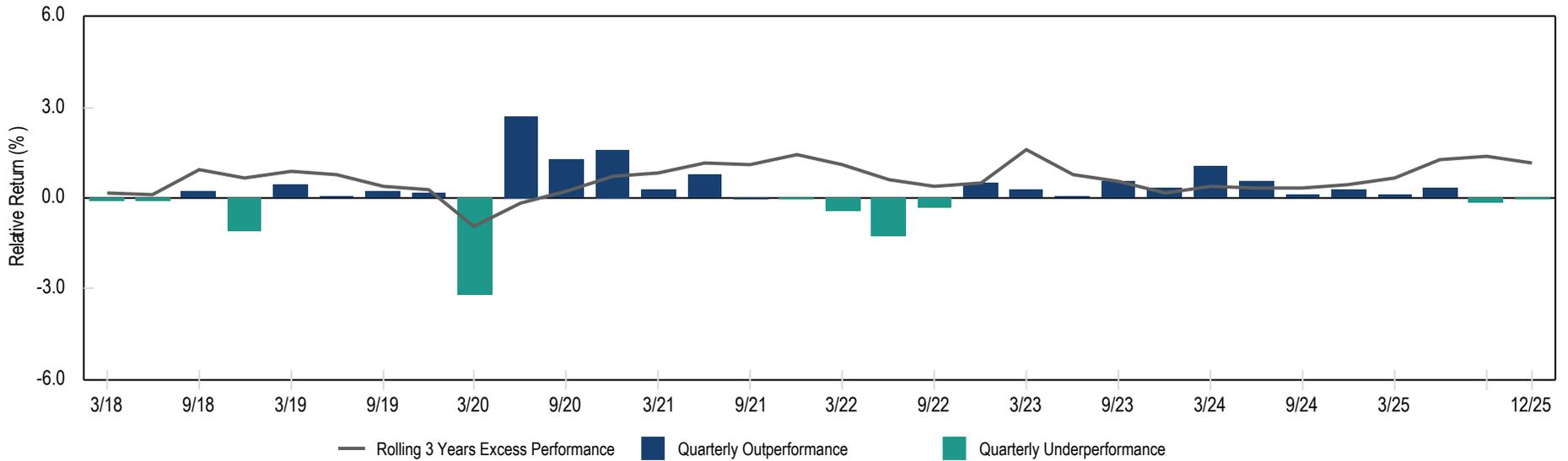
	Return	Standard Deviation
■ MacKay Shields Core Plus Opportunities	5.85	6.04
◆ Blmbg. U.S. Aggregate Index	4.66	5.98
— Median	5.62	6.01
Population	140	140



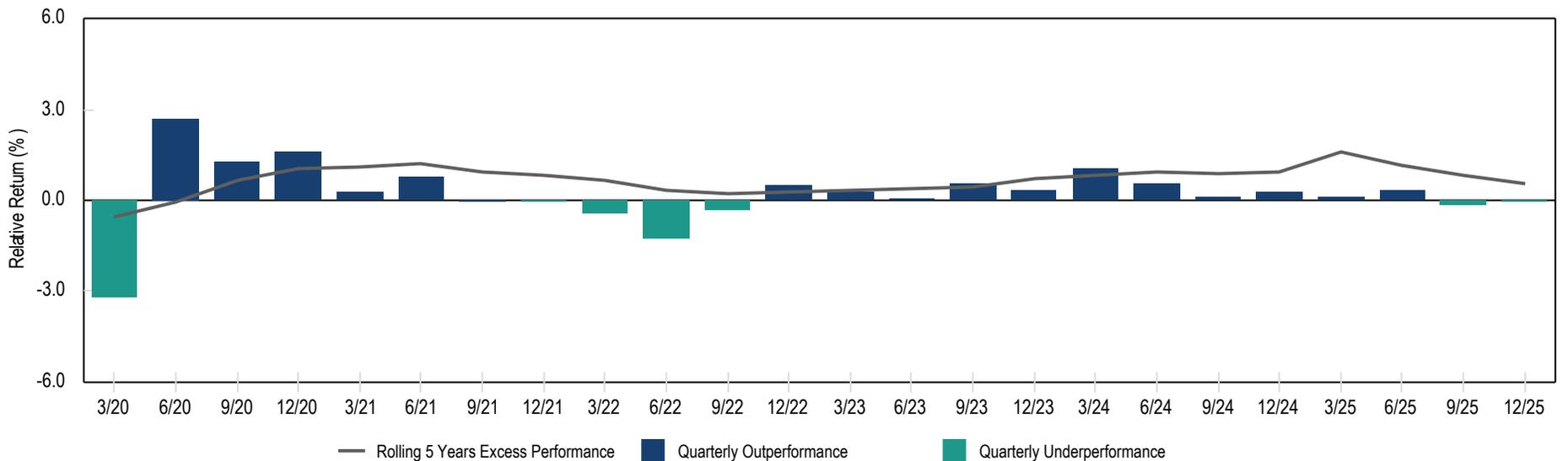
eV US Core Plus Fixed Inc

	Return	Standard Deviation
■ MacKay Shields Core Plus Opportunities	0.18	6.64
◆ Blmbg. U.S. Aggregate Index	-0.36	6.31
— Median	0.31	6.41
Population	133	133

Rolling 3 Year Annualized Excess Performance



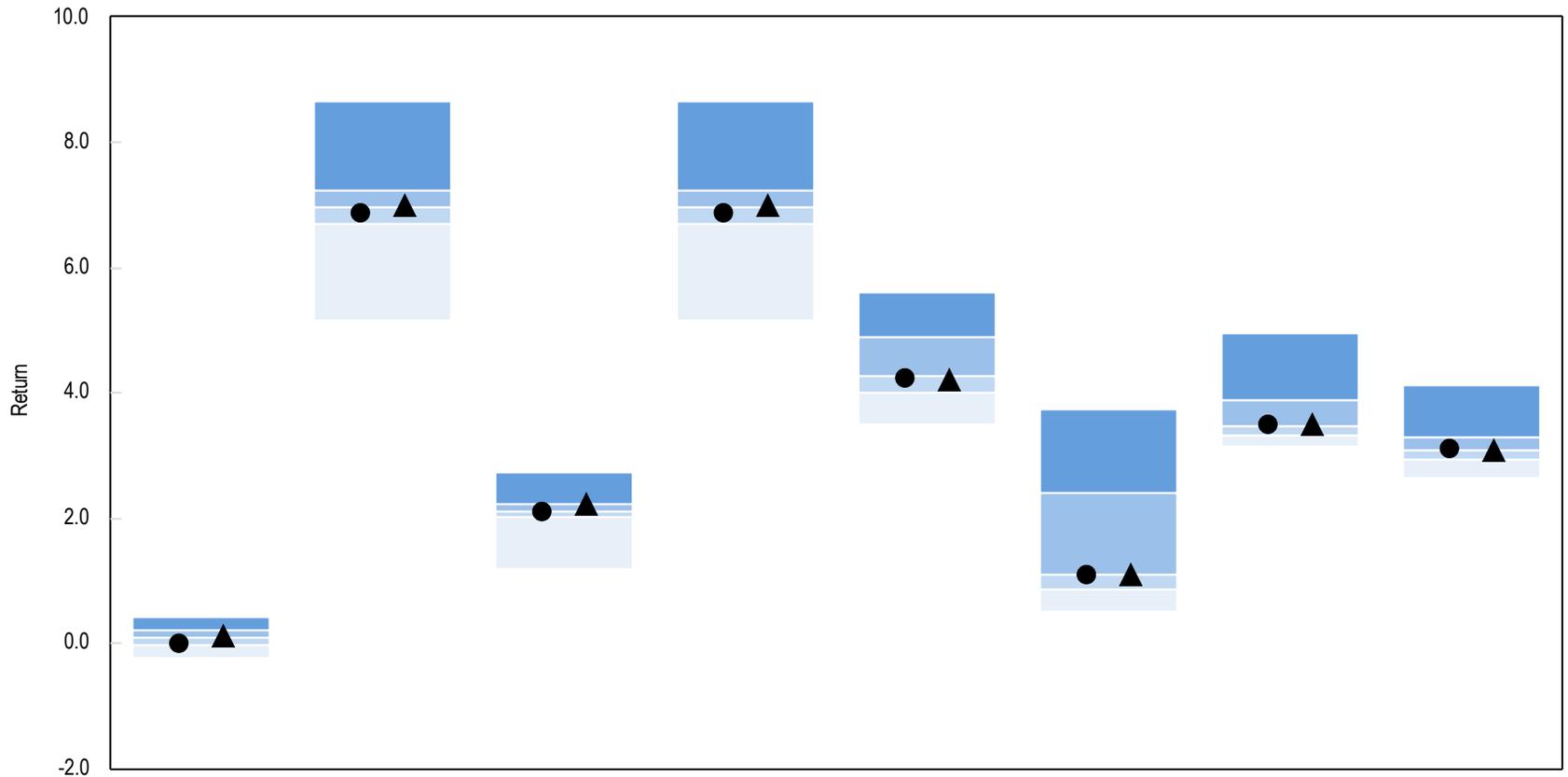
Rolling 5 Year Annualized Excess Performance



BlackRock US TIPS  
Cumulative Performance Comparison (Net of Fees)

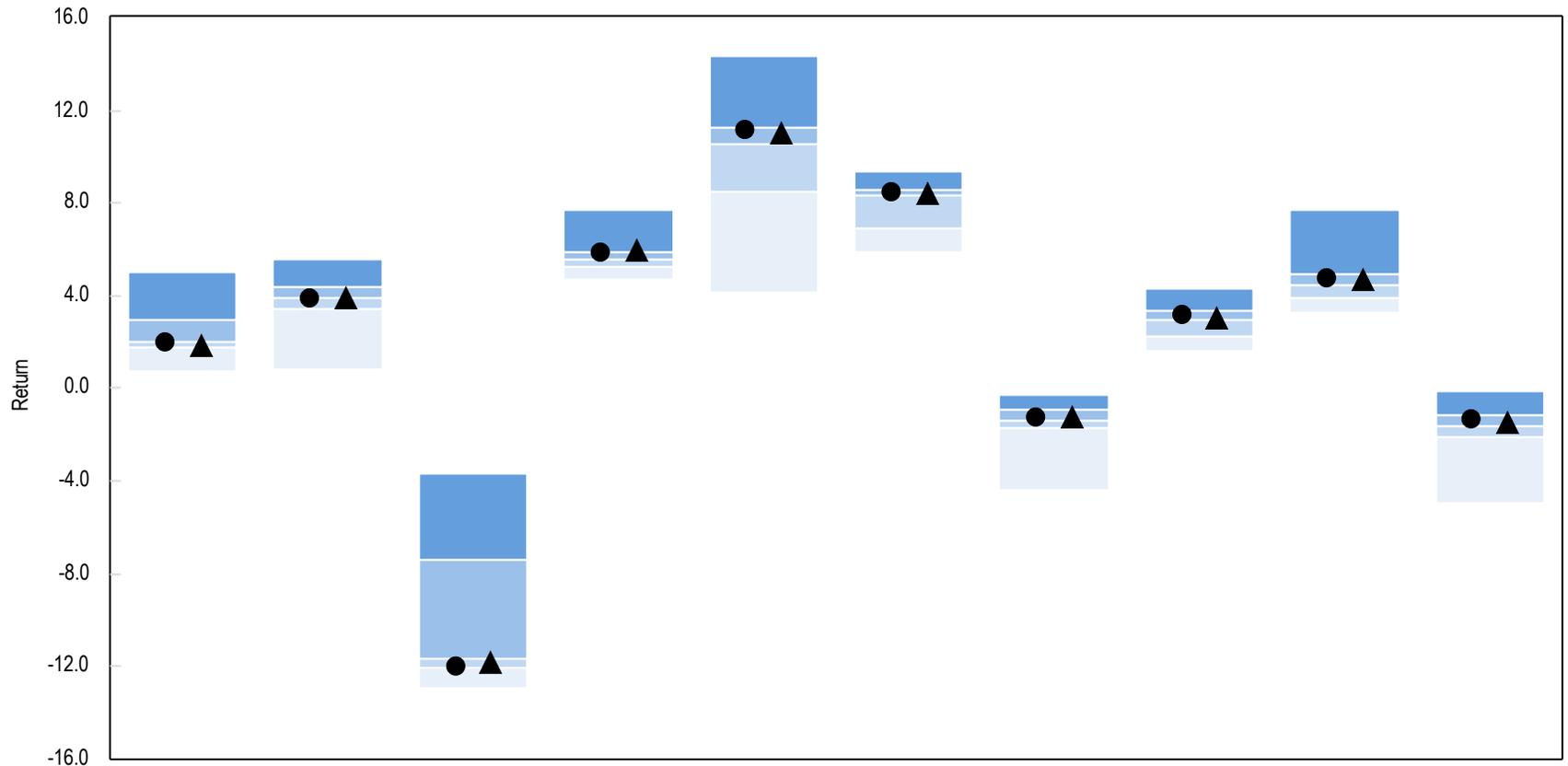
Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

BlackRock US TIPS vs. eV US TIPS / Inflation Fixed Inc

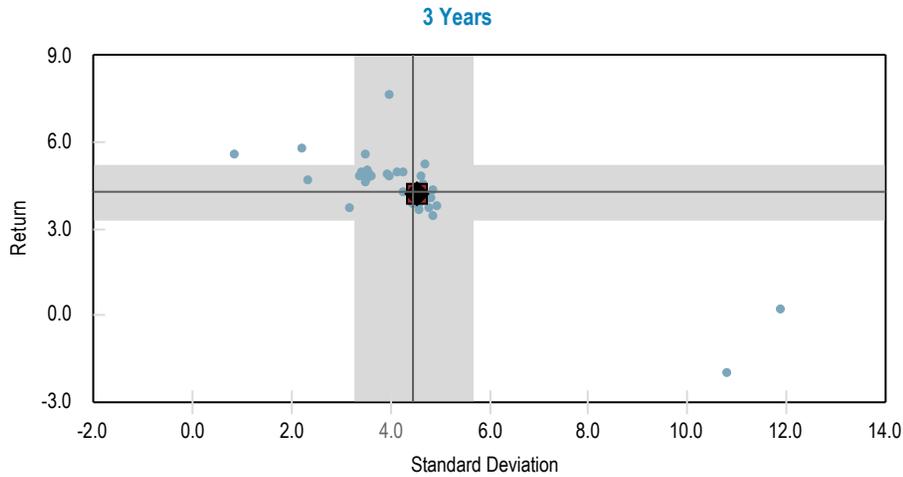


	Quarter	YTD	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years
● BlackRock US TIPS	0.00 (75)	6.88 (60)	2.11 (60)	6.88 (60)	4.25 (52)	1.10 (53)	3.51 (47)	3.12 (44)
▲ Blmbg. U.S. TIPS Index	0.13 (47)	7.01 (42)	2.24 (23)	7.01 (42)	4.23 (54)	1.12 (49)	3.50 (47)	3.09 (50)
5th Percentile	0.44	8.66	2.75	8.66	5.62	3.75	4.96	4.13
1st Quartile	0.23	7.23	2.23	7.23	4.89	2.42	3.91	3.31
Median	0.11	6.97	2.12	6.97	4.29	1.11	3.47	3.08
3rd Quartile	-0.01	6.71	2.02	6.71	4.01	0.87	3.33	2.94
95th Percentile	-0.23	5.18	1.19	5.18	3.50	0.51	3.15	2.65
Population	43	43	43	43	43	43	41	40

BlackRock US TIPS vs. eV US TIPS / Inflation Fixed Inc

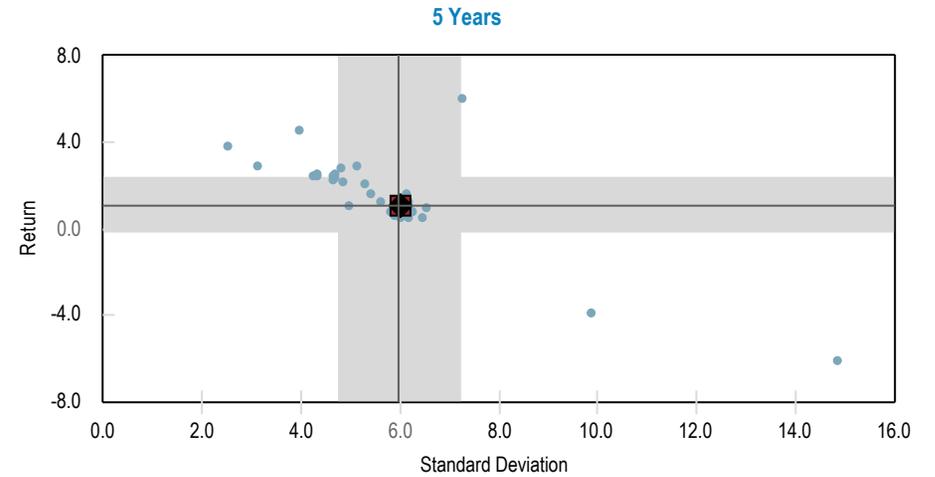


	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
● BlackRock US TIPS	1.99 (53)	3.94 (42)	-11.94 (67)	5.86 (27)	11.15 (26)	8.46 (33)	-1.19 (38)	3.17 (36)	4.77 (32)	-1.31 (34)
▲ Blmbg. U.S. TIPS Index	1.84 (65)	3.90 (49)	-11.85 (61)	5.96 (20)	10.99 (33)	8.43 (34)	-1.26 (42)	3.01 (47)	4.68 (37)	-1.44 (36)
5th Percentile	5.02	5.61	-3.65	7.73	14.36	9.40	-0.25	4.32	7.70	-0.12
1st Quartile	2.96	4.38	-7.39	5.86	11.25	8.55	-0.91	3.38	4.92	-1.14
Median	2.01	3.89	-11.67	5.61	10.57	8.30	-1.36	2.96	4.43	-1.62
3rd Quartile	1.74	3.47	-12.06	5.26	8.48	6.90	-1.69	2.25	3.95	-2.13
95th Percentile	0.77	0.86	-12.93	4.72	4.15	5.87	-4.40	1.65	3.26	-4.96
Population	48	50	51	51	50	52	55	57	61	62



eV US TIPS / Inflation Fixed Inc

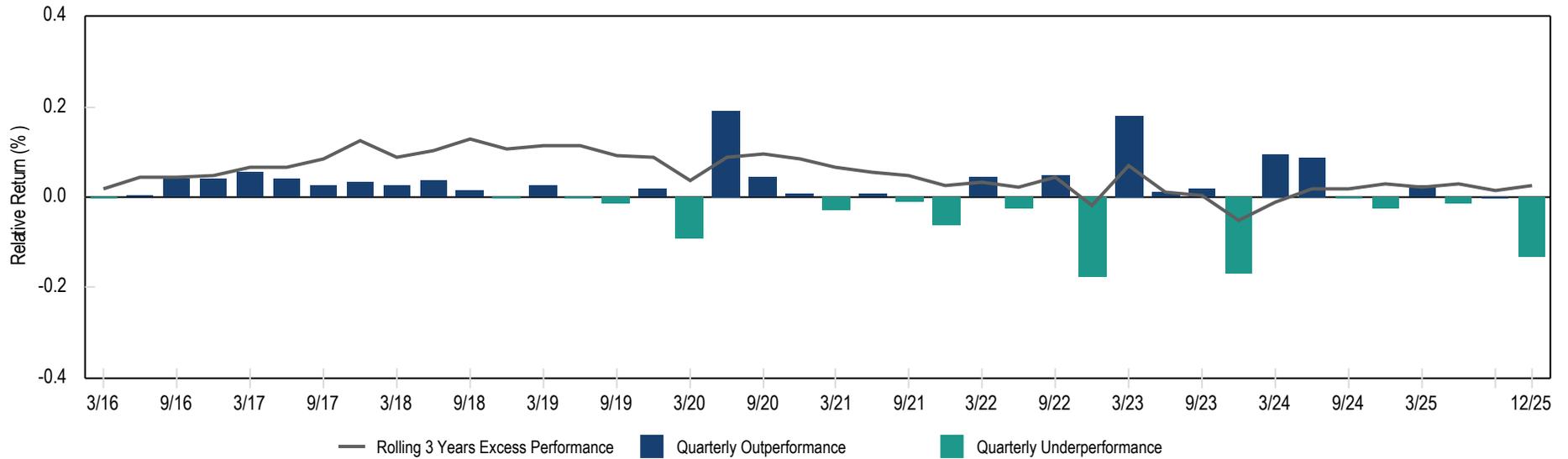
	Return	Standard Deviation
■ BlackRock US TIPS	4.25	4.52
◆ Blmbg. U.S. TIPS Index	4.23	4.52
— Median	4.29	4.47
Population	43	43



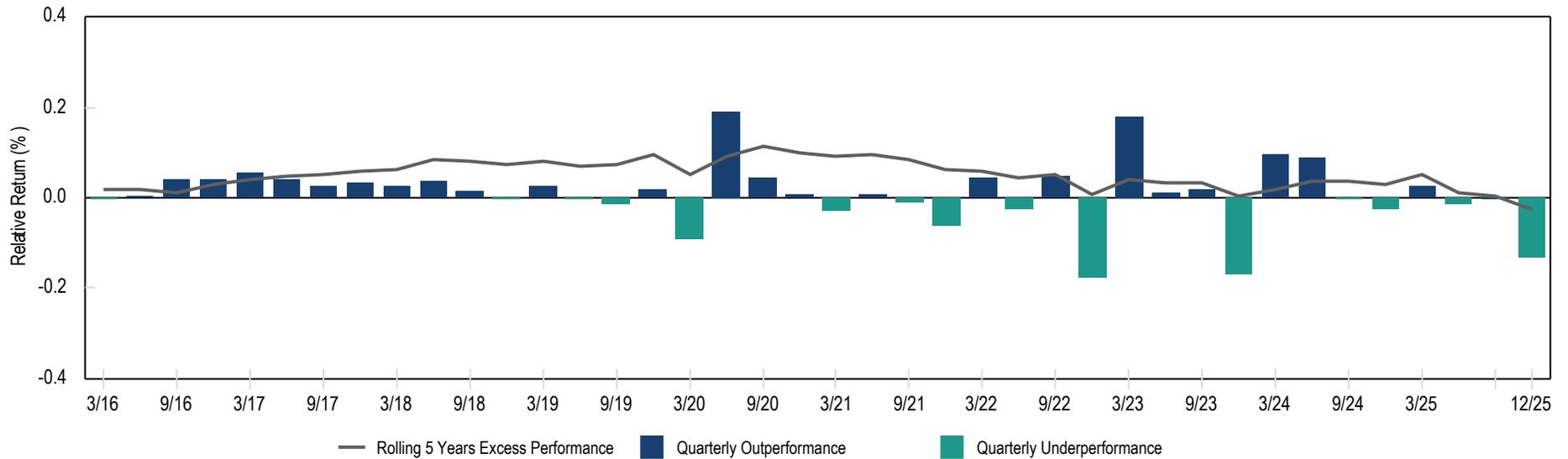
eV US TIPS / Inflation Fixed Inc

	Return	Standard Deviation
■ BlackRock US TIPS	1.10	6.02
◆ Blmbg. U.S. TIPS Index	1.12	6.01
— Median	1.11	5.98
Population	43	43

Rolling 3 Year Annualized Excess Performance



Rolling 5 Year Annualized Excess Performance



Total Real Estate  
Asset Class Overview (Net of Fees)

Imperial County Employees' Retirement System  
Period Ending: December 31, 2025

	Market Value	% of Portfolio	3 Mo	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
<b>Total Real Estate</b>	<b>104,594,821</b>	<b>100.0</b>	<b>0.7</b>	<b>1.8</b>	<b>3.4</b>	<b>-5.9</b>	<b>1.4</b>	<b>3.4</b>	<b>-5.9</b>	<b>-14.3</b>	<b>8.5</b>	<b>18.4</b>	<b>2.1</b>
<i>NCREIF Property Index</i>			1.2	2.4	4.9	-1.0	3.8	4.8	0.4	-7.9	5.5	17.7	1.6
<i>NCREIF ODCE</i>			0.9	1.7	3.8	-3.4	3.4	4.5	-1.4	-12.0	7.5	22.2	1.2
ASB Real Estate	21,808,146	20.9	0.8	1.9	4.7	-11.3	-2.5	0.7	-15.2	-21.5	10.7	14.2	1.5
<i>NCREIF Property Index</i>			1.2	2.4	4.9	-1.0	3.8	4.8	0.4	-7.9	5.5	17.7	1.6
<i>NCREIF ODCE</i>			0.9	1.7	3.8	-3.4	3.4	4.5	-1.4	-12.0	7.5	22.2	1.2
Clarion Lion	28,857,086	27.6	1.4	2.6	5.3	-4.6	3.3	5.0	-2.3	-15.5	9.6	23.6	2.3
<i>NCREIF Property Index</i>			1.2	2.4	4.9	-1.0	3.8	4.8	0.4	-7.9	5.5	17.7	1.6
<i>NCREIF ODCE</i>			0.9	1.7	3.8	-3.4	3.4	4.5	-1.4	-12.0	7.5	22.2	1.2
ARA American Strategic Value Realty	51,858,591	49.6	0.3	1.4	1.9	-4.2	2.2	-	-3.7	-10.3	6.8	18.6	2.4
<i>NCREIF Property Index +2%</i>			1.7	3.4	7.0	1.0	5.9	-	2.4	-6.1	7.6	20.0	3.6
<i>NCREIF ODCE +2%</i>			1.4	2.7	5.9	-1.5	5.5	-	0.5	-10.3	9.6	24.6	3.2
1221 State St. Corp	2,070,999	2.0	0.0	0.0	0.0	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0.0

ASB Real Estate and ARA American Strategic are as of 6/30/2025 +/- cash flows. FYE 6/30.

### Performance Return Calculations

Performance is calculated using Modified Dietz and for time periods with large cash flow (generally greater than 10% of portfolio value), Time Weighted Rates of Return (TWRR) methodologies. Monthly returns are geometrically linked and annualized for periods longer than one year.

### Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

### Illiquid Alternatives

Due to the inability to receive final valuation prior to report production, closed end funds (including but are not limited to Real Estate, Hedge Funds, Private Equity, and Private Credit) performance is typically reported at a one-quarter lag. Valuation is reported at a one-quarter lag, adjusted for current quarter flow (cash flows are captured real time). Closed end fund performance is calculated using a time-weighted return methodology consistent with all portfolio and total fund performance calculations. For Private Markets, performance reports also include Verus-calculated multiples based on flows and valuations (e.g. DPI and TVPI) and manager-provided IRRs.

### Manager Line Up

Manager	Inception Date	Data Source	Manager	Inception Date	Data Source
BlackRock Russell 3000	12/10/2015	J.P. Morgan	Cash	-	J.P. Morgan
BlackRock International Equity	7/3/2003	J.P. Morgan	HarbourVest IX-Buyout	2011 <sup>1</sup>	HarbourVest
DFA Emerging Markets Value	1/11/2007	J.P. Morgan	HarbourVest IX-Credit	2011 <sup>1</sup>	HarbourVest
MacKay Shields Core Plus Ops	3/2/2015	CITCO	HarbourVest International VI	2008 <sup>1</sup>	HarbourVest
BlackRock US TIPS	4/11/2007	J.P. Morgan	Harbourvest IX-Venture	2011 <sup>1</sup>	HarbourVest
ASB Real Estate	12/31/2012	ASB Real Estate	Harbourvest 2017 Global	2017 <sup>1</sup>	HarbourVest
Clarion Lion	12/31/2006	Clarion Lion	Harbourvest 2018 Global	2018 <sup>1</sup>	HarbourVest
Portfolio Advisors	10/31/2017	Portfolio Advisors	Harbourvest 2019 Global	2019 <sup>1</sup>	HarbourVest
TSSP Adjacent Opportunities Partners	4/16/2020	Sixth Street	Harbourvest 2023 Global	2023 <sup>1</sup>	HarbourVest
Sixth Street Diversified Credit	5/29/2020	Sixth Street	KKR Mezzanine	2010 <sup>1</sup>	KKR
1221 State Street Corp	9/30/2008	ICERS/Union Bank	ARA American Strategic Value Realty	01/04/2018	ARA
Income Research & Management	9/1/2023	IR&M	William Blair Emerging Growth	7/02/2024	William Blair
Crescent Direct Lending Levered Fund II	2017 <sup>1</sup>	Crescent	Lone Star Fund XI	2019 <sup>1</sup>	Lone Star
Audax Direct Lending Fund A	2017 <sup>1</sup>	Audax	Ascribe Opportunities IV	2019 <sup>1</sup>	Ascribe
Ares Capital Europe IV	2018 <sup>1</sup>	Ares			

<sup>1</sup>Represents fund vintage year.

### Policy & Custom Index Composition

Policy Index (03/1/2025-Present)	33% Russell 3000, 17% MSCI ACWI ex USA Gross, 22% Bloomberg Aggregate, 4% Bloomberg TIPS, 10% NCREIF Property, 5% Private Equity Benchmark, 8% Private Credit Benchmark, 1% 90 Day T-Bills.
Policy Index (12/1/2023-2/28/2025)	33% Russell 3000, 17% MSCI ACWI ex USA Gross, 27% Bloomberg Aggregate, 10% NCREIF Property, 5% Private Equity Benchmark, 8% Private Credit Benchmark.
Policy Index (8/1/2020- 11/30/2023)	33% Russell 3000, 20% MSCI ACWI ex USA Gross, 29% Bloomberg Aggregate, 10% NCREIF Property, 5% Private Equity Benchmark, 3% Private Credit Benchmark.
Policy Index (1/1/2020-7/31/2020)	29% Russell 3000, 24% MSCI ACWI ex USA Gross, 27% Bloomberg Aggregate, 10% NCREIF Property, 1% Russell 3000, 2% Bloomberg Aggregate, 4% Private Equity Benchmark, 3% Private Credit Benchmark.
Policy Index (10/1/2018-12/31/2019)	29% Russell 3000, 24% MSCI ACWI ex USA Gross, 27% Bloomberg Aggregate, 10% NCREIF Property, 5% Russell 3000 +3% (Lagged), 5% Bloomberg High Yield +2% (Lagged).
Policy Index (10/1/2016-9/30/2018)	29% Russell 3000, 24% MSCI ACWI ex USA Gross, 27% Bloomberg Aggregate, 5% NCREIF Property, 5% NCREIF Property +2%, 5% Russell 3000 +3% (Lagged), 5% Bloomberg High Yield +2% (Lagged).

Private Equity Benchmark and Private Credit Benchmarks are equal to the actual private equity and private credit returns, respectively.

# Glossary

---

**Allocation Effect:** An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

**Alpha:** The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as:  $\text{Portfolio Return} - [\text{Risk free Rate} + \text{Portfolio Beta} \times (\text{Market Return} - \text{Risk free Rate})]$ .

**Benchmark R squared:** Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R squared, the more appropriate the benchmark is for the manager.

**Beta:** A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

**Book to Market:** The ratio of book value per share to market price per share. Growth managers typically have low book to market ratios while value managers typically have high book to market ratios.

**Capture Ratio:** A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

**Correlation:** A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

**Excess Return:** A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

**Information Ratio:** A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: excess return divided by tracking error.

**Interaction Effect:** An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

**Portfolio Turnover:** The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

**Price to Earnings Ratio (P/E):** Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price to earnings ratios whereas value managers hold stocks with low price to earnings ratios.

**R Squared:** Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

**Selection Effect:** An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

**Sharpe Ratio:** A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as:  $\text{Portfolio Excess Return} / \text{Portfolio Standard Deviation}$ .

**Sortino Ratio:** Measures the risk adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

**Standard Deviation:** A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

**Style Analysis:** A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

**Style Map:** A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

## Disclosure

---

This report contains confidential and proprietary information and is subject to the terms and conditions of the Consulting Agreement. It is being provided for use solely by the customer. The report may not be sold or otherwise provided, in whole or in part, to any other person or entity without written permission from Verus Advisory, Inc., (hereinafter Verus) or as required by law or any regulatory authority. The information presented does not constitute a recommendation by Verus and cannot be used for advertising or sales promotion purposes. This does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities or any other financial instruments or products.

The information presented has been prepared using data from third party sources that Verus believes to be reliable. While Verus exercised reasonable professional care in preparing the report, it cannot guarantee the accuracy of the information provided by third party sources. Therefore, Verus makes no representations or warranties as to the accuracy of the information presented. Verus takes no responsibility or liability (including damages) for any error, omission, or inaccuracy in the data supplied by any third party. Nothing contained herein is, or should be relied on as a promise, representation, or guarantee as to future performance or a particular outcome. Even with portfolio diversification, asset allocation, and a long-term approach, investing involves risk of loss that the investor should be prepared to bear.

The information presented may be deemed to contain forward-looking information. Examples of forward looking information include, but are not limited to, (a) projections of or statements regarding return on investment, future earnings, interest income, other income, growth prospects, capital structure and other financial terms, (b) statements of plans or objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking information can be identified by the use of forward looking terminology such as believes, expects, may, will, should, anticipates, or the negative of any of the foregoing or other variations thereon comparable terminology, or by discussion of strategy. No assurance can be given that the future results described by the forward-looking information will be achieved. Such statements are subject to risks, uncertainties, and other factors which could cause the actual results to differ materially from future results expressed or implied by such forward looking information. The findings, rankings, and opinions expressed herein are the intellectual property of Verus and are subject to change without notice. The information presented does not claim to be all-inclusive, nor does it contain all information that clients may desire for their purposes. The information presented should be read in conjunction with any other material provided by Verus, investment managers, and custodians.

Verus will make every reasonable effort to obtain and include accurate market values. However, if managers or custodians are unable to provide the reporting period's market values prior to the report issuance, Verus may use the last reported market value or make estimates based on the manager's stated or estimated returns and other information available at the time. These estimates may differ materially from the actual value. Hedge fund market values presented in this report are provided by the fund manager or custodian. Market values presented for private equity investments reflect the last reported NAV by the custodian or manager net of capital calls and distributions as of the end of the reporting period. These values are estimates and may differ materially from the investments actual value. Private equity managers report performance using an internal rate of return (IRR), which differs from the time-weighted rate of return (TWRR) calculation done by Verus. It is inappropriate to compare IRR and TWRR to each other. IRR figures reported in the illiquid alternative pages are provided by the respective managers, and Verus has not made any attempts to verify these returns. Until a partnership is liquidated (typically over 10-12 years), the IRR is only an interim estimated return. The actual IRR performance of any LP is not known until the final liquidation.

Net-of-Fees Returns mean gross-of-fees returns reduced by fees and expenses charged by third-party investment managers on the products of such managers held by client. Net-of-Fees Returns does not include a reduction of returns for Verus' investment management and consulting fees, or other expenses incurred by the asset owner, fund or plan.

Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.



**PERSPECTIVES  
THAT DRIVE  
ENTERPRISE  
SUCCESS**



**FEBRUARY 2026**

Capital Market Assumptions and Asset Allocation Analysis

**Imperial County Employees' Retirement System**

# Table of contents



---

VERUSINVESTMENTS.COM

SEATTLE 206.622.3700

CHICAGO 312.815.5228

PITTSBURGH 412.784.6678

LOS ANGELES 310.297.1777

SAN FRANCISCO 415.362.3484

---

Executive Summary 3

---

2025 Capital Market Assumptions 4

---

Asset Allocation Analysis 7

---

Appendix 10

---

***Past performance is no guarantee of future results.** This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other “forward-looking statements.” No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal. Additional information about Verus Advisory, Inc. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Verus – also known as Verus Advisory™.*

# Executive summary

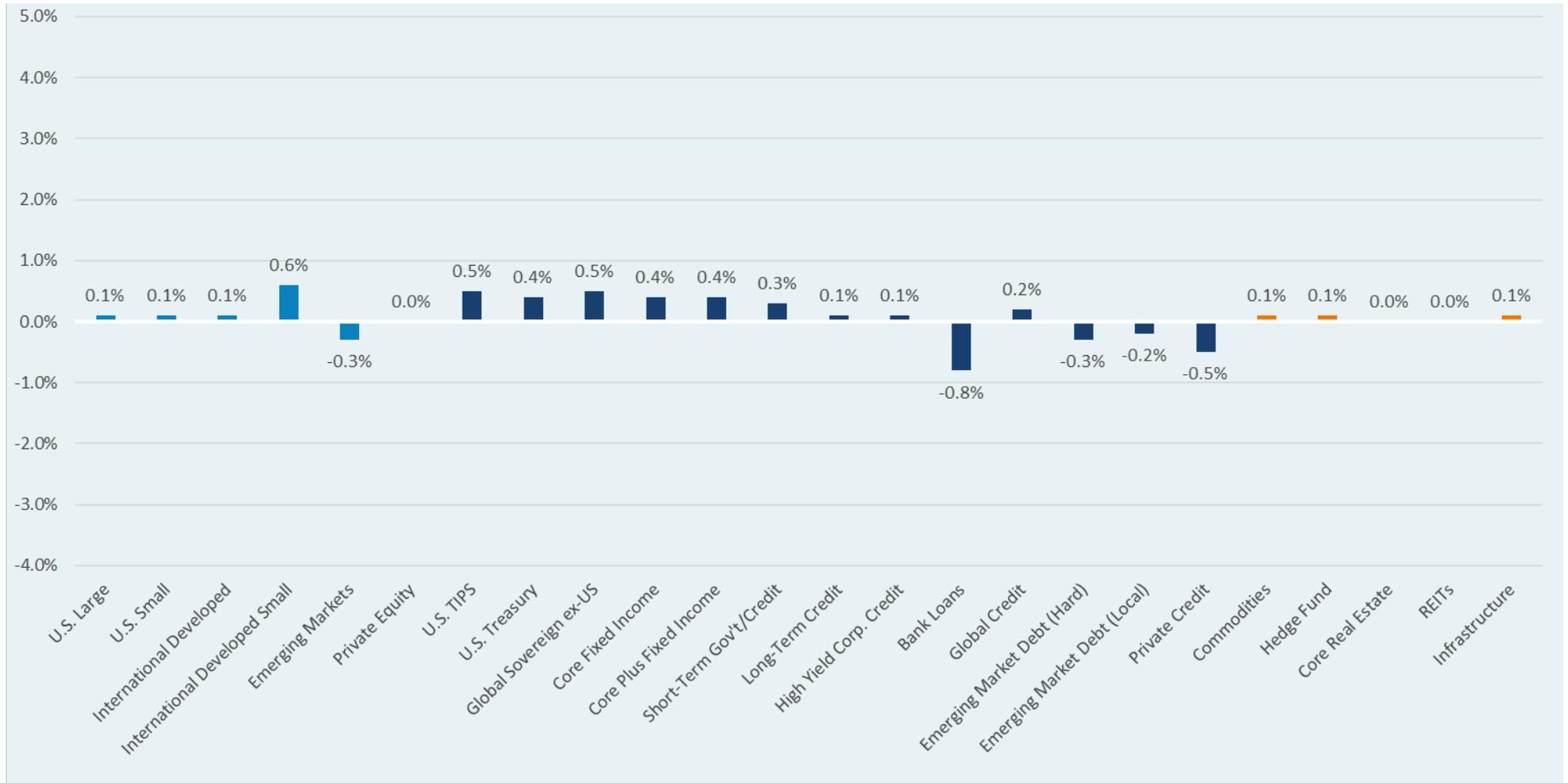
- The Plan last reviewed the policy asset allocation in February 2025. At that meeting, the Trustees approved minor changes to the asset allocation that did not materially impact the projected risk and return.
  - At the October 2023 meeting, the Trustees approved a new asset allocation that reduced international equity by 3% (from 20% to 17%) and increased private credit by 3% (from 5% to 8%).
- The purpose of this review is to assess the policy asset allocation with 2026 capital market assumptions and make any adjustments, if necessary.
- Expected returns across asset classes experienced modest adjustments.
- Although the new assumptions suggest a return that will be below the Plan’s 6.75% actuarial assumed rate of return, we don’t believe assuming more risk is appropriate at this time.
- **We are not recommending any changes to the Policy asset allocation.**

# 2026 Capital Market Assumptions

# Changes for 2026

- Higher bond yields and higher inflation expectations underpin the changes to our 2026 capital market assumptions.
  - For equity, valuations increased which dampened future return expectations; however, this was mostly offset by higher inflation expectations.
  - For fixed income, higher yields translated to higher return expectations for fixed rate loans. However, the Fed rate cutting cycle led to lower return expectations for floating rate loans due to falling short-term interest rates.
  - For real assets, expectations remained relatively unchanged, as higher yields and higher inflation expectations moved in tandem.
- The changes for 2026 has led to a flattening of the risk curve (the return expectations for high-quality fixed income and other safer assets is more competitive with equity and riskier assets).
- With current assumptions, increasing return potential generally comes with materially higher volatility and/or illiquidity.

# 2026 vs. 2025 return forecast



Source: Verus, 2026 Capital Market Assumptions relative to 2025 Capital Market Assumptions

# Asset Allocation Analysis

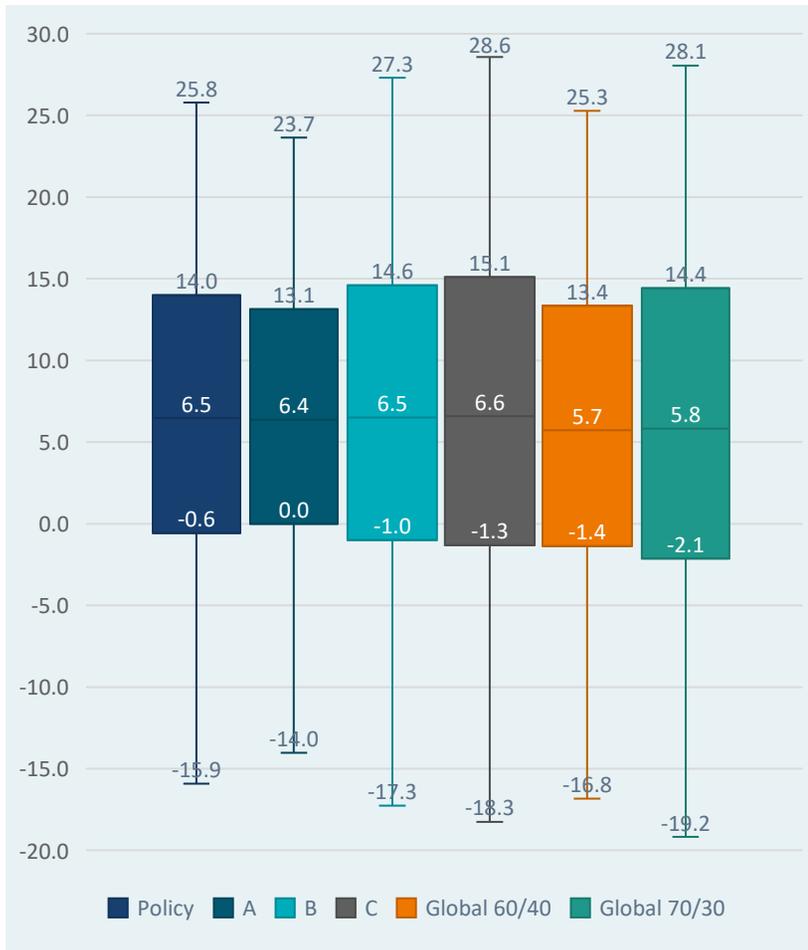
# Asset allocation analysis

	Policy	A	B	C	Global 60/40	Global 70/30	2026 CMA's (10 Yr)		
							Return	Standard Deviation	Sharpe Ratio
<b>Domestic Equity</b>									
US Large	31	26	36	36	-	-	5.4	15.5	0.10
US Small	2	2	3	3	-	-	6.4	21.2	0.12
	<b>33</b>	<b>28</b>	<b>39</b>	<b>39</b>	-	-			
<b>International Equity</b>									
Global Equity	-	-	-	-	60	70	6.0	16.6	0.13
Global Equity ex US	17	14	17	21	-	-	6.9	19.2	0.16
<b>Total Equity</b>	<b>50</b>	<b>42</b>	<b>56</b>	<b>60</b>	<b>60</b>	<b>70</b>			
<b>Fixed Income</b>									
Core Fixed Income	11	15	9	7	40	30	4.7	4.9	0.18
Core Plus Fixed Income	11	15	9	7	-	-	4.8	4.6	0.22
US TIPS	4	4	2	2	-	-	4.5	5.5	0.13
<b>Total Fixed Income</b>	<b>26</b>	<b>34</b>	<b>20</b>	<b>16</b>	<b>40</b>	<b>30</b>			
<b>Real Assets</b>									
Core Real Estate	5	5	5	5	-	-	7.2	11.7	0.29
Value Add Real Estate	5	5	5	5	-	-	9.2	14.4	0.38
<b>Total Real Assets</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	-	-			
<b>Private</b>									
Private Equity (FoF)	5	5	5	5	-	-	7.0	26.0	0.12
Private Credit	8	8	8	8	-	-	7.7	13.3	0.29
<b>Total Private</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	-	-			
<b>Cash</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	-	-	3.7	1.1	-
<b>Total Allocation</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>			
<b>Expected Annual Outcomes (10-Year)</b>									
<b>Median Return (%)</b>	<b>6.5</b>	<b>6.4</b>	<b>6.5</b>	<b>6.6</b>	<b>5.7</b>	<b>5.8</b>			
Standard Deviation	10.9	9.8	11.7	12.3	11.0	12.4			
Sharpe Ratio	0.30	0.31	0.29	0.29	0.23	0.23			
% Liquid Assets	77%	77%	77%	77%	100%	100%			
% Illiquid Assets	23%	23%	23%	23%	0%	0%			

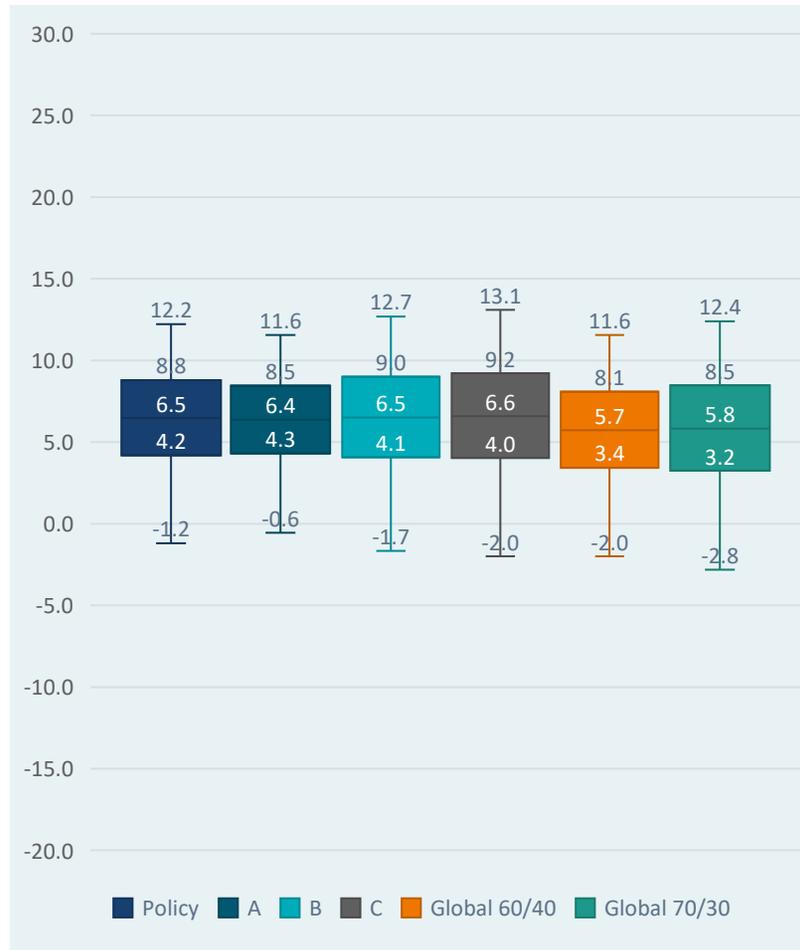
Based on Verus' 2026 Capital Market Assumptions

# Range of likely outcomes

1-YEAR



10-YEAR



The expected return is the projected **median** percentile outcome over a range of outcomes.

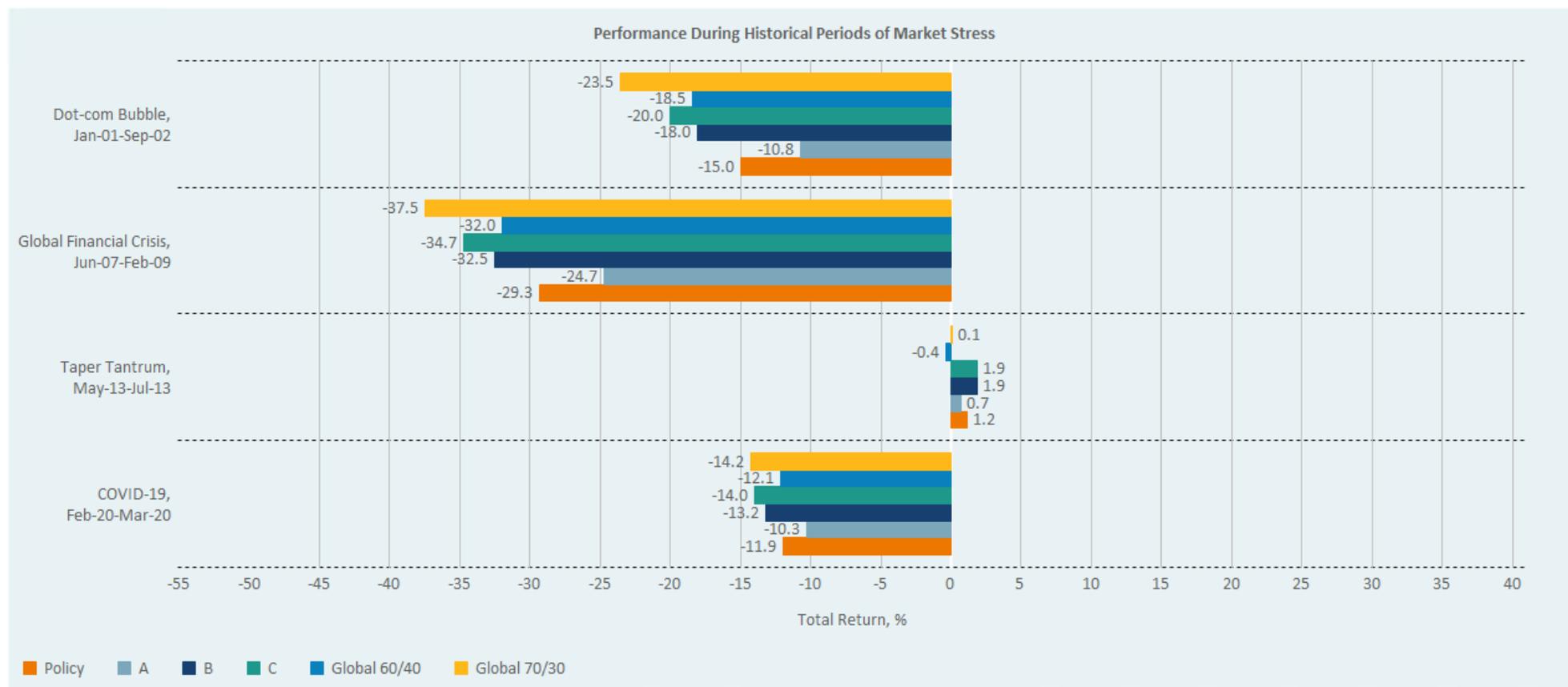
Over a 1-year period, the range of outcomes can be rather large.

But over a 10-year period, that range is significantly narrower.

Based on Verus' 2026 Capital Market Assumptions

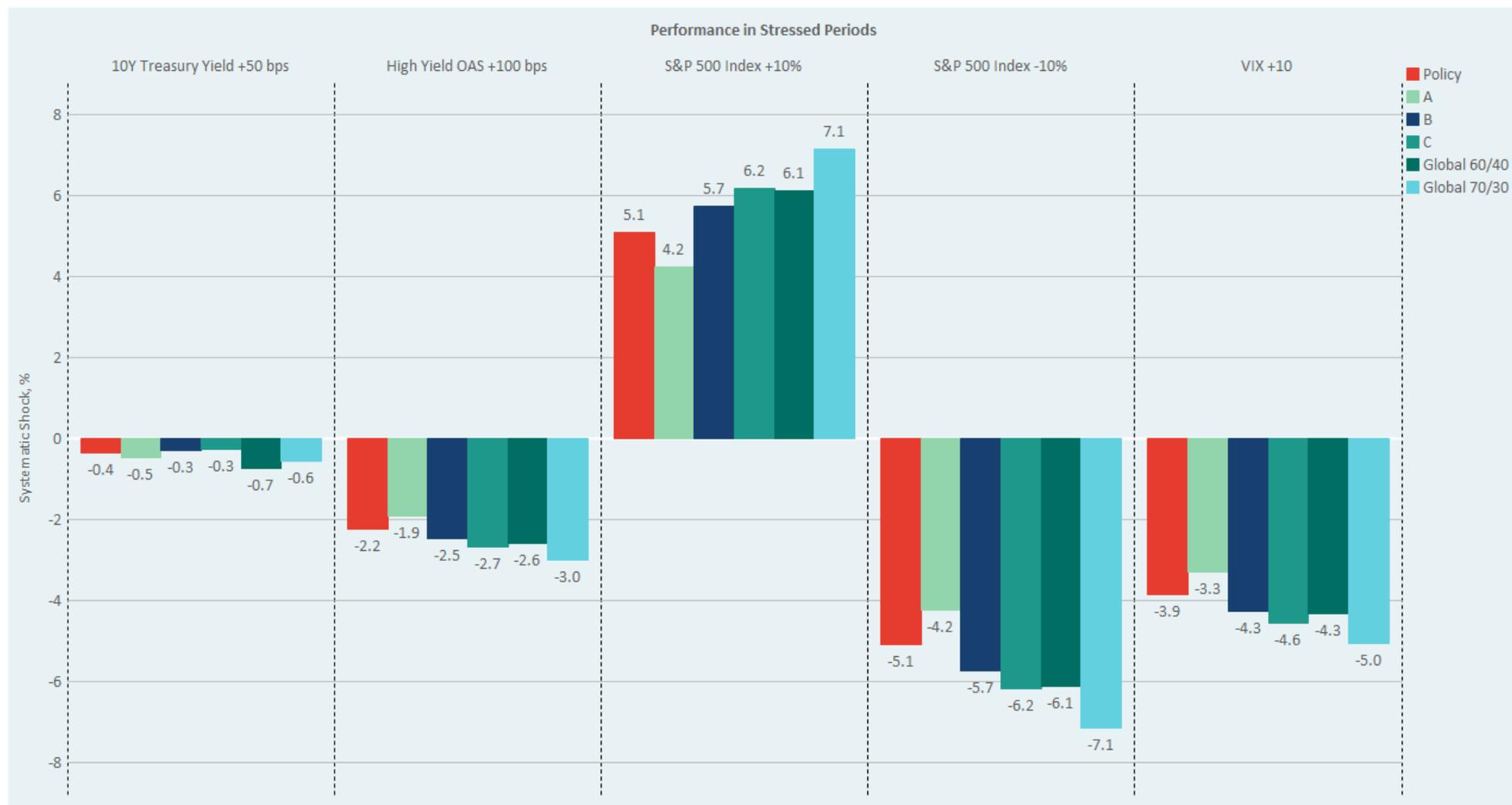
# Appendix

# Performance during historical stress periods



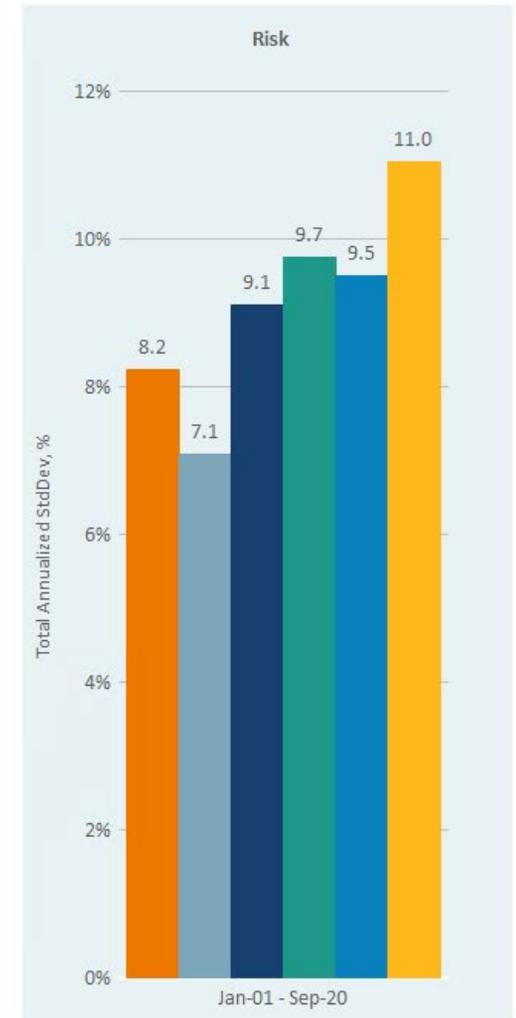
Source: MPI, Verus' 2026 Capital Market Assumptions

# Performance during historical stress scenarios



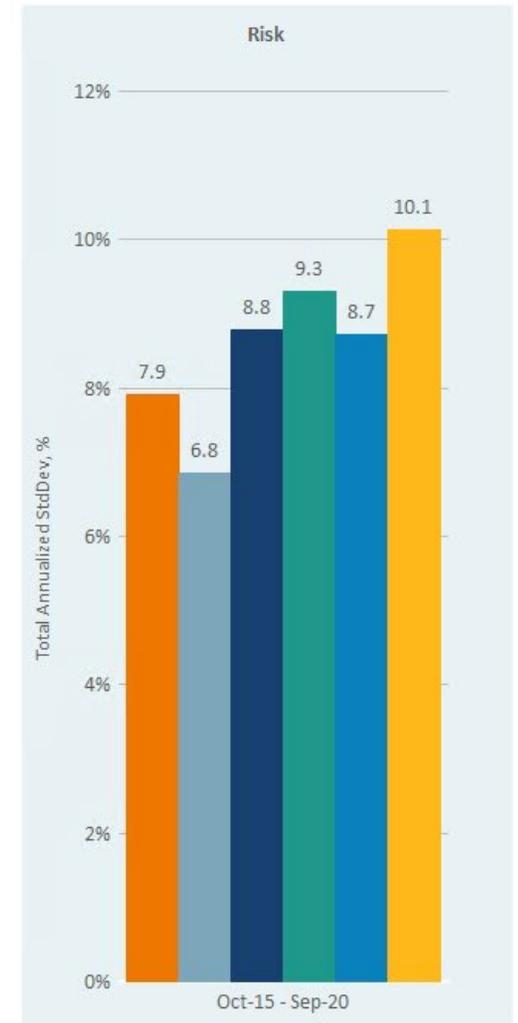
Source: MPI, Verus' 2026 Capital Market Assumptions

# Risk – long term



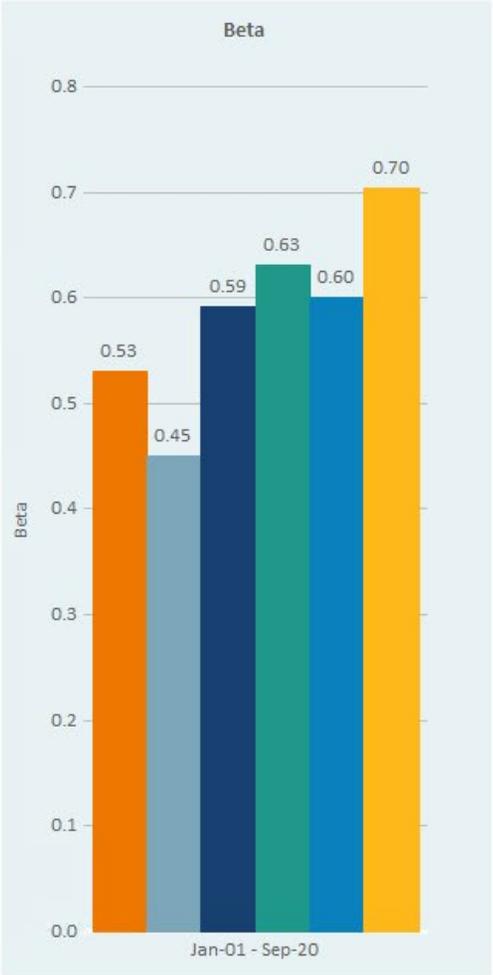
Source: MPI, Verus' 2026 Capital Market Assumptions

# Risk – short term



Source: MPI, Verus' 2026 Capital Market Assumptions

# Beta vs S&P 500 Index



Source: MPI, Verus' 2026 Capital Market Assumptions

# 10-year return & risk assumptions

Asset Class	Index Proxy	Ten Year Return Forecast		Standard Deviation Forecast	Sharpe Ratio Forecast (g)	Sharpe Ratio Forecast (a)	10-Year Historical Sharpe Ratio (g)	10-Year Historical Sharpe Ratio (a)
		Geometric	Arithmetic					
<b>Equities</b>								
U.S. Large	S&P 500	5.4%	6.5%	15.5%	0.10	0.17	0.86	0.88
U.S. Small	Russell 2000	6.4%	8.4%	21.2%	0.12	0.22	0.37	0.45
International Developed	MSCI EAFE	6.8%	8.2%	17.4%	0.17	0.25	0.44	0.50
International Small	MSCI EAFE Small Cap	9.4%	11.4%	21.2%	0.26	0.36	0.35	0.42
Emerging Markets	MSCI EM	6.7%	9.3%	24.2%	0.12	0.23	0.38	0.45
Global Equity	MSCI ACWI	6.0%	7.3%	16.6%	0.13	0.21	0.67	0.70
Global Equity ex USA	MSCI ACWI ex USA	6.9%	8.6%	19.2%	0.16	0.25	0.42	0.47
Private Equity	CA Private Equity	8.0%	10.9%	26.0%	0.16	0.27	-	-
Private Equity Direct	CA Private Equity	9.0%	11.9%	26.0%	0.20	0.31	-	-
Private Equity (FoF)	CA Private Equity	7.0%	10.0%	26.0%	0.12	0.24	-	-
<b>Fixed Income</b>								
Cash	30 Day T-Bills	3.7%	3.7%	1.1%	-	-	-	-
U.S. TIPS	Bloomberg U.S. TIPS 5-10	4.5%	4.7%	5.5%	0.13	0.16	0.18	0.20
Non-U.S. Inflation Linked Bonds	Bbg World Govt. Inf Linked Bond ex U.S.	4.1%	3.7%	7.3%	0.04	-0.01	-0.04	-0.01
U.S. Treasury	Bloomberg Treasury 7-10 Year	4.2%	4.4%	7.1%	0.06	0.08	-0.15	-0.11
Long U.S. Treasury	Bloomberg Treasury 20+ Year	4.7%	5.6%	13.4%	0.07	0.13	-0.19	-0.13
Global Sovereign ex U.S.	Bloomberg Global Treasury ex U.S.	2.7%	3.2%	9.9%	-0.11	-0.06	-0.26	-0.21
Global Aggregate	Bloomberg Global Aggregate	3.8%	4.0%	6.6%	0.00	0.03	-0.15	-0.11
Core Fixed Income	Bloomberg U.S. Aggregate Bond	4.7%	4.8%	4.9%	0.18	0.20	-0.05	-0.02
Core Plus Fixed Income	Bloomberg U.S. Universal	4.8%	4.9%	4.6%	0.22	0.24	0.04	0.06
Investment Grade Corp. Credit	Bloomberg U.S. Corporate Investment Grade	4.8%	5.1%	8.3%	0.12	0.16	0.15	0.18
Short-Term Gov't/Credit	Bloomberg U.S. Gov't/Credit 1-3 Year	4.2%	4.3%	3.6%	0.11	0.14	-0.10	-0.09
Short-Term Credit	Bloomberg Credit 1-3 Year	4.4%	4.5%	3.6%	0.17	0.19	0.23	0.24
Intermediate Credit	Bloomberg U.S. Intermediate Credit	4.6%	4.8%	5.9%	0.14	0.17	0.21	0.22
Long-Term Credit	Bloomberg Long U.S. Credit	4.7%	5.3%	11.0%	0.08	0.14	0.11	0.16
High Yield Corp. Credit	Bloomberg U.S. Corporate High Yield	5.7%	6.2%	10.7%	0.18	0.22	0.55	0.56
Bank Loans	Morningstar LSTA US Leveraged Loan	6.1%	6.5%	8.7%	0.26	0.31	0.62	0.63
Global Credit	Bloomberg Global Credit	4.3%	4.6%	7.7%	0.06	0.10	0.13	0.16
Emerging Markets Debt (Hard)	JPM EMBI Global Diversified	7.4%	7.8%	10.5%	0.35	0.38	0.23	0.27
Emerging Markets Debt (Local)	JPM GBI-EM Global Diversified	5.6%	6.3%	12.1%	0.16	0.21	0.13	0.19
Securitized Credit	Bbg U.S. Securitized: MBS, ABS, and CMBS	5.1%	5.2%	4.0%	0.35	0.35	-0.12	-0.09
Multi-Asset Credit	50/50 (High Yield / Bank Loans)	5.9%	6.4%	9.3%	0.23	0.27	-	-

Investors wishing to produce expected geometric return forecasts for their portfolios should use the arithmetic return forecasts provided here as inputs into that calculation, rather than the single-asset-class geometric return forecasts. This is the industry standard approach, but requires a complex explanation only a heavy quant could love, so we have chosen not to provide further details in this document – we will happily provide those details to any readers of this who are interested.

# 10-year return & risk assumptions

Asset Class	Index Proxy	Ten Year Return Forecast		Standard Deviation Forecast	Sharpe Ratio Forecast (g)	Sharpe Ratio Forecast (a)	10-Year Historical Sharpe Ratio (g)	10-Year Historical Sharpe Ratio (a)
		Geometric	Arithmetic					
<b>Fixed Income (continued)</b>								
Private Credit	Morningstar LSTA US Leveraged Loan	7.7%	8.5%	13.3%	0.29	0.35	-	-
Private Credit (Direct Lending - Unlevered)	Morningstar LSTA US Leveraged Loan	6.3%	6.7%	8.7%	0.29	0.33	-	-
Private Credit (Direct Lending - Levered)	Morningstar LSTA US Leveraged Loan	7.4%	8.1%	12.3%	0.29	0.35	-	-
Private Credit (Credit Opportunities)	Morningstar LSTA US Leveraged Loan	8.4%	9.6%	16.0%	0.29	0.36	-	-
Private Credit (Junior Capital / Mezzanine)	Morningstar LSTA US Leveraged Loan	7.8%	8.7%	14.0%	0.29	0.35	-	-
Private Credit (Distressed)	Morningstar LSTA US Leveraged Loan	8.6%	12.2%	29.1%	0.16	0.29	-	-
<b>Other</b>								
Commodities	Bloomberg Commodity	6.4%	7.7%	15.8%	0.17	0.25	0.14	0.20
Hedge Funds	HFRI Fund Weighted Composite	5.1%	5.4%	7.5%	0.17	0.21	0.70	0.70
Hedge Fund of Funds	HFRI Fund of Funds Composite	4.1%	4.4%	7.5%	0.04	0.08	0.50	0.51
Hedge Funds (Equity Style)	Custom HFRI Benchmark Mix*	5.4%	6.3%	14.0%	0.11	0.18	0.50	0.53
Hedge Funds (Credit Style)	Custom HFRI Benchmark Mix*	5.3%	5.7%	9.3%	0.16	0.20	0.77	0.77
Hedge Funds (Asymmetric Style)	Custom HFRI Benchmark Mix*	5.3%	5.6%	6.3%	0.25	0.29	0.63	0.63
Real Estate Debt	Bloomberg CMBS IG	6.3%	6.6%	7.3%	0.34	0.38	0.12	0.14
Core Real Estate	NCREIF Property	7.2%	7.9%	11.7%	0.29	0.35	-	-
Value-Add Real Estate	NCREIF Property + 200bps	9.2%	10.2%	14.4%	0.38	0.44	-	-
Opportunistic Real Estate	NCREIF Property + 300bps	10.2%	12.0%	19.8%	0.32	0.41	-	-
REITs	FTSE Nareit Equity REITs	7.2%	8.8%	18.0%	0.19	0.28	0.25	0.33
Global Infrastructure	S&P Global Infrastructure	8.2%	9.5%	16.5%	0.27	0.35	0.44	0.50
Risk Parity**	S&P Risk Parity 10% Vol Index	6.9%	7.4%	10.0%	0.32	0.36	0.52	0.55
Currency Beta	MSCI Currency Factor Index	2.1%	2.2%	3.3%	-0.52	-0.48	-0.74	-0.72
Inflation		2.7%	-	-	-	-	-	-
60/40 Portfolio (Global Equity / Core Fixed)		5.7%	6.3%	11.0%	0.17	0.23	0.62	0.60

Investors wishing to produce expected geometric return forecasts for their portfolios should use the arithmetic return forecasts provided here as inputs into that calculation, rather than the single-asset-class geometric return forecasts. This is the industry standard approach, but requires a complex explanation only a heavy quant could love, so we have chosen not to provide further details in this document – we will happily provide those details to any readers of this who are interested.

\*To represent hedge fund styles, we use a combination of HFRI benchmarks: Equity Style = 33% HFRI Fundamental Growth, 33% HFRI Fundamental Value, 33% HFRI Activist. Credit Style = 20% HFRI Distressed/Restructuring, 20% HFRI Credit Arbitrage, 20% HFRI Fixed Income-Corporate, 20% HFRI Fixed Income-Convertible Arbitrage, 20% HFRI Fixed Income-Asset Backed. Asymmetric Style = 50% HFRI Relative Value, 50% HFRI Macro

\*\*The Risk Parity forecast shown here assumes a 10% target volatility strategy. We recommend customizing this forecast to the target volatility specifications of the risk parity strategy that an investor wishes to model. Please speak with your Verus consultants for customization needs.

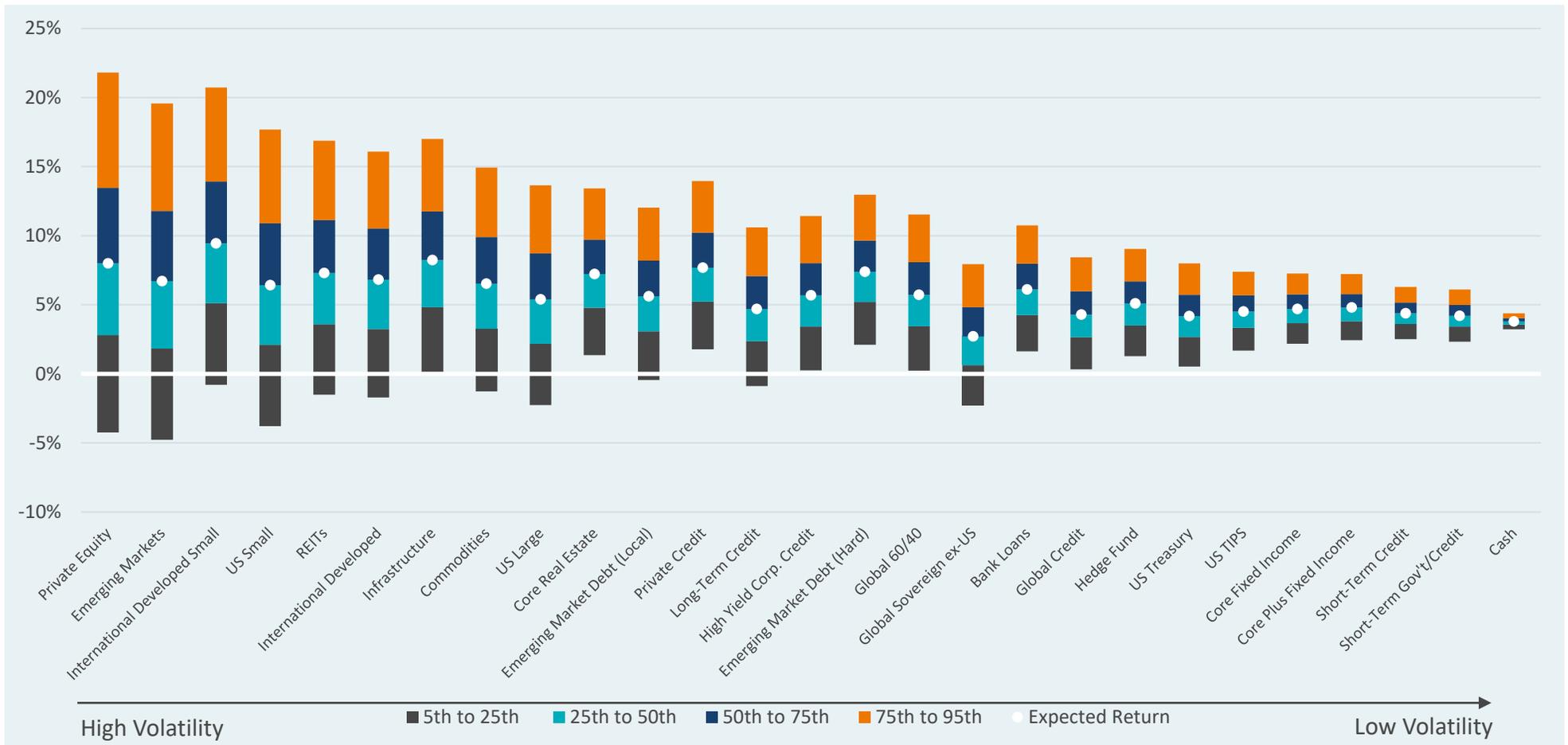
# Correlation assumptions

	Cash	US Large	US Small	Intl Large	Intl Small	EM	Global Equity	PE	US TIPS	US Treasury	Global Sovereign ex-US	US Core	Core Plus	Short-Term Gov't/Credit	Short-Term Credit	Long-Term Credit	US HY	Bank Loans	Global Credit	EMD USD	EMD Local	Commodities	Hedge Funds	Real Estate	REITs	Infrastructure	Currency Beta	Risk Parity	
Cash	1.0																												
US Large	0.0	1.0																											
US Small	-0.1	0.9	1.0																										
Intl Large	0.0	0.8	0.8	1.0																									
Intl Small	0.0	0.8	0.8	1.0	1.0																								
EM	0.0	0.7	0.6	0.8	0.8	1.0																							
Global Equity	0.0	1.0	0.9	0.9	0.9	0.8	1.0																						
PE	0.0	0.7	0.6	0.5	0.5	0.5	0.7	1.0																					
US TIPS	0.0	0.5	0.4	0.5	0.5	0.4	0.5	0.1	1.0																				
US Treasury	0.2	0.2	0.1	0.2	0.2	0.2	0.2	-0.1	0.8	1.0																			
Global Sovereign ex-US	0.1	0.4	0.3	0.5	0.6	0.6	0.5	0.1	0.7	0.7	1.0																		
US Core	0.2	0.4	0.3	0.4	0.4	0.4	0.4	0.1	0.8	0.9	0.8	1.0																	
Core Plus	0.1	0.5	0.4	0.5	0.5	0.5	0.5	0.1	0.9	0.9	0.8	1.0	1.0																
Short-Term Gov't/Credit	0.4	0.2	0.1	0.3	0.3	0.3	0.3	0.0	0.7	0.8	0.7	0.9	0.8	1.0															
Short-Term Credit	0.2	0.4	0.4	0.5	0.6	0.5	0.5	0.1	0.7	0.6	0.7	0.8	0.9	0.9	1.0														
Long-Term Credit	0.0	0.6	0.5	0.6	0.6	0.6	0.6	0.2	0.8	0.7	0.8	0.9	0.9	0.7	0.8	1.0													
US HY	0.0	0.8	0.8	0.8	0.8	0.7	0.8	0.4	0.6	0.2	0.5	0.5	0.6	0.4	0.7	0.7	1.0												
Bank Loans	0.0	0.6	0.7	0.6	0.7	0.6	0.6	0.3	0.3	-0.1	0.2	0.2	0.3	0.1	0.5	0.4	0.8	1.0											
Global Credit	0.0	0.6	0.6	0.8	0.8	0.7	0.7	0.2	0.8	0.6	0.8	0.8	0.9	0.7	0.9	0.9	0.8	0.6	1.0										
EMD USD	0.1	0.7	0.6	0.7	0.7	0.7	0.7	0.4	0.6	0.4	0.7	0.7	0.7	0.5	0.7	0.8	0.8	0.7	0.9	1.0									
EMD Local	0.1	0.5	0.4	0.7	0.7	0.8	0.7	0.4	0.5	0.3	0.7	0.5	0.6	0.4	0.6	0.7	0.7	0.5	0.8	0.8	1.0								
Commodities	-0.1	0.4	0.4	0.4	0.4	0.5	0.4	0.3	0.2	-0.2	0.1	0.0	0.0	-0.1	0.1	0.1	0.5	0.5	0.3	0.3	0.4	1.0							
Hedge Funds	-0.1	0.8	0.9	0.8	0.8	0.7	0.8	0.4	0.4	0.0	0.3	0.3	0.4	0.1	0.5	0.5	0.8	0.7	0.7	0.7	0.5	0.5	1.0						
Real Estate	-0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.1	0.1	0.2	0.0	0.2	0.2	0.3	0.1	0.3	0.3	0.1	0.2	0.4	1.0					
REITs	-0.1	0.8	0.8	0.7	0.7	0.6	0.8	0.5	0.6	0.3	0.5	0.5	0.6	0.3	0.5	0.7	0.7	0.6	0.7	0.7	0.5	0.4	0.7	0.3	1.0				
Infrastructure	0.0	0.8	0.7	0.8	0.8	0.7	0.8	0.5	0.5	0.2	0.5	0.4	0.5	0.3	0.6	0.6	0.8	0.7	0.7	0.8	0.7	0.5	0.7	0.2	0.8	1.0			
Currency Beta	0.0	-0.1	-0.2	-0.2	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.2	-0.2	-0.1	-0.1	-0.2	-0.1	-0.2	1.0	
Risk Parity	0.0	0.8	0.7	0.8	0.8	0.7	0.8	0.5	0.7	0.5	0.6	0.6	0.7	0.5	0.7	0.7	0.8	0.6	0.8	0.8	0.6	0.5	0.7	0.3	0.8	0.8	-0.1	1.0	

Note: as of 9/30/25 - Correlation assumptions are based on the last ten years. Private Equity and Private Real Estate correlations are especially difficult to model due to appraisal-based pricing and lag issues that exist in the data. For Private Equity we use Bloomberg's Private Equity factor estimates to calculate correlation to other assets. For Private Real Estate we de-lag stated quarterly returns to better estimate correlations to other assets.

# Range of likely 10-year outcomes

## 10-YEAR RETURN 90% CONFIDENCE INTERVAL



Source: Verus 2026 Capital Market Assumptions, MPI

# Market summary & forecast impacts

- Two key themes of the 2026 Verus Capital Market Assumptions include higher bond yields and higher inflation expectations, which contributed to improved fixed income forecasts and moderately higher real asset forecasts. Richer risk asset pricing had an opposite effect, particularly in domestic markets, dampening return expectations as risk premia were squeezed.
- The 10-year U.S. Treasury rose from 3.79% to 4.15% as a surprisingly resilient domestic economy and stubborn inflation, as well as concerns over tariff-fueled price rises, kept the Federal Reserve in a more hawkish stance. Readers will notice that our Cash forecast fell slightly from 3.8% to 3.7%—a net effect of *higher for longer* interest rates but also expectations for a Fed rate cutting cycle.
- Risk asset valuations moved broadly higher during the year across both Equity and Credit markets, which dampened future return expectations. U.S. Large Cap and Small Cap Equities are now in the 96<sup>th</sup> and 95<sup>th</sup> valuation percentile, respectively, while credit spreads have reached incredibly tight levels. These valuations follow a very strong year of market returns. However, increased inflation expectations lifted nominal return forecasts, resulting in slightly higher capital market assumptions, on net. Improved fixed income forecasts, and less movement in equity forecasts, resulted in a flattening of the risk curve (the return expectations for high-quality fixed income and other safer assets is more competitive with equity and riskier assets).
- Despite the increase in inflation during recent years, and then a moderation of inflation back closer to the Federal Reserve’s 2% target, the market’s long-term inflation expectations have shown little movement. The Survey of Professional Forecasters was stable at a 2.3% future expected inflation rate during the year, while market-priced inflation expectations (U.S. TIPS Breakeven Rate) moved up from 2.2% to 2.4%. On the other hand, household inflation expectations moved notably higher from 3.0% to 3.7%, likely fueled by tariff concerns. Overall, our forecast for the rate of inflation over the next ten years moved up from 2.4% to 2.7%.

All data cited above is as of 9/30/25

# Notices & disclosures

**Past performance is no guarantee of future results.** This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other “forward-looking statements.” No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal. Additional information about Verus Advisory, Inc. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Verus – also known as Verus Advisory™.



**PERSPECTIVES  
THAT DRIVE  
ENTERPRISE  
SUCCESS**



**FEBRUARY 2026**

Investment Manager Fee Analysis

**Imperial County Employees' Retirement System**

# Introduction

The scope of responsibilities for plan sponsors and other plan fiduciaries under ERISA includes ensuring services provided to their plans are necessary and the associated costs are reasonable.

- The purpose of this presentation is to evaluate the investment manager fees and provide a benchmark comparison.
- Benchmark data was gathered from eVestment, a comprehensive manager research database where fee schedules are self-reported.

## Why go beyond the quarterly fee analysis?

- The quarterly fee analysis only reveals what the Plan is paying on an individual fund and total weighted average basis.
- Providing a benchmark comparison for each fund in a similar asset class and vehicle type allows for a more thorough assessment of reasonableness and efficiency.

# Public investment manager fee analysis

Fund	Vehicle	eVestment Universe	Fee	eVestment Universe Median	Fee Percentile in eVestment Universe	Dollar Allocation	Fee Amount
<b>Domestic Equity</b>							
Blackrock Russell 3000	CIT	US Passive All Cap Equity	3	4	19	\$ 492,714,571	\$ 147,814
<b>International Equity</b>							
Blackrock International Equity	CIT	EAFE Passive Equity	8	8	36	\$ 197,708,345	\$ 158,167
DFA Emerging Markets Value	MF	Gbl EM All-Cap Value Equity	44	95	7	\$ 31,145,852	\$ 137,042
William Blair Emerging Markets Growth	CIT	Gbl EM All-Cap Growth Equity	90	80	75	\$ 24,236,821	\$ 218,131
<b>Fixed Income</b>							
Income Research & Management	SA	US Core Plus Fixed Income	19	27	5	\$ 142,595,450	\$ 272,412
MacKay Shields Core Plus Opportunities	CIT	US Core Plus Fixed Income	30	28	60	\$ 142,897,776	\$ 428,693
Blackrock US TIPS*	CIT	US Passive TIPS	7	15	43	\$ 46,262,020	\$ 32,383
<b>Real Estate</b>							
ASB Real Estate	CIT	US Private Real Estate	92	92	49	\$ 21,808,146	\$ 201,061
Clarion Lion	CIT	US Private Real Estate	107	92	92	\$ 28,857,086	\$ 307,785
ARA American Strategic Value Realty	CIT	US Private Real Estate	115	92	99	\$ 51,858,591	\$ 598,586
<b>Totals:</b>			<b>21</b>	<b>22</b>		<b>\$ 1,180,084,657</b>	<b>\$2,502,075</b>



Source: Verus, eVestment

Note: Manager fee and eVestment universe median fee listed in basis points; closed-end funds are excluded from this analysis due to lack of universe data; data as of 12/31/2025

\*Mutual fund vehicle universe is used due to low number of observations for the CIT vehicle universe

# Observations

- Based on this analysis, the public investment manager fees paid by the plan are reasonable.
  - The weighted average fee of 21 bps is slightly lower than the weighted average median eVestment fee of 22 bps.
- Of the 10 funds with comparable universe data:
  - 3 rank in the top quartile
  - 6 rank at or above the median
  - 4 rank below the median
- While many other factors (such as firm stability, strategy diversification, risk management, performance tendencies, etc.) are considered when selecting an investment strategy, fees are an important consideration when constructing a portfolio and always need to be justified.

# Appendix

# Tiered fee schedules

## William Blair

- First \$25 million: 0.90%
- Next \$25 million: 0.85%
- Next \$50 million: 0.70%

## IR&M

- First \$100 million: 0.20%
- Thereafter: 0.17%

## ASB

- First \$15 million: 1.00%
- Thereafter: 0.75%

## Clarion

- First \$25 million: 1.10%
- Next \$175 million: 0.85%
- Next \$100 million: 0.80%

## American Realty

- First \$10 million: 1.25%
- Next \$15 million: 1.20%
- Next \$25 million: 1.10%
- Thereafter: 1.00%

# Notices & disclosures

**Past performance is no guarantee of future results.** This document is provided for informational purposes only and is directed to institutional clients and eligible institutional counterparties only and is not intended for retail investors. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security or pursue a particular investment vehicle or any trading strategy. This document may include or imply estimates, outlooks, projections and other “forward-looking statements.” No assurance can be given that future results described or implied by any forward looking information will be achieved. Investing entails risks, including possible loss of principal. Additional information about Verus Advisory, Inc. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Verus – also known as Verus Advisory™.