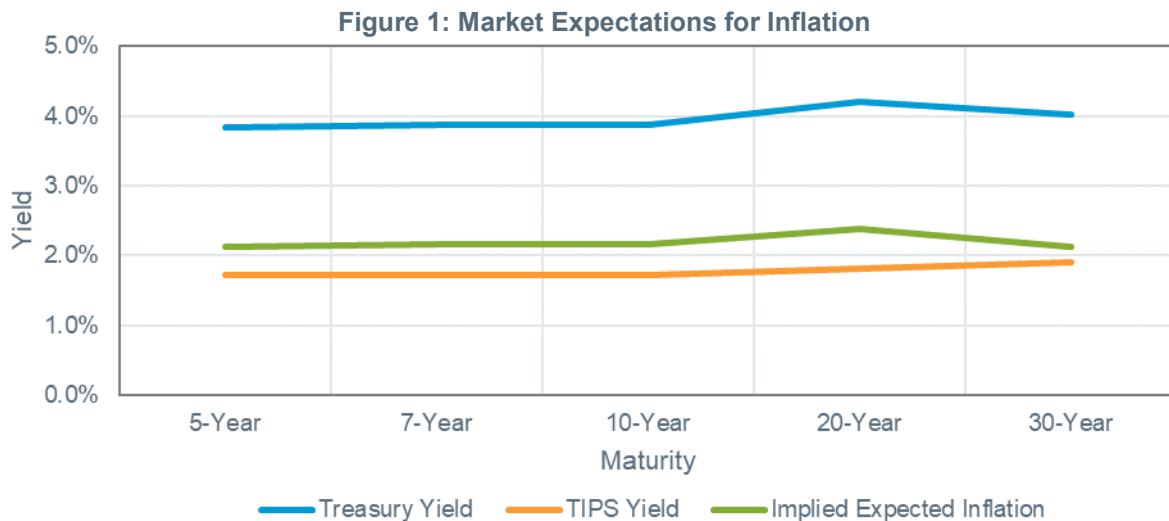


2024 Capital Market Assumptions

Every calendar year RVK produces long-term forward-looking capital market assumptions through a rigorous multi-step process that draws on both quantitative economic and financial inputs as well as qualitative comparisons and analysis. Our *return* estimates are generally based on return decomposition models, which consider factors such as income, future growth, valuation measures, inflation prospects, and economic conditions. The *volatility* and *correlation* assumptions are generally driven by an analysis of historical trends, adjusting for changes in volatility regimes, as well as triangulation considerations.

Summary: Our long-term (20-year) return expectations have decreased across equity markets following strong 2023 returns leading to elevated valuations. Most fixed income assumptions remained constant while a few decreased marginally, reflecting elevated current yields but expecting normalization of the yield curve. Most alternative asset class assumptions were unchanged, with the exception of assumptions that utilize a return premium or blended model. Fundamentals for many alternative investments remained relatively unchanged as well continuing to be attractive options for portfolio diversification, alpha generation, and inflation protection.

Inflation: RVK's 2024 inflation assumption remained constant compared to 2023. This reflects short- to medium-term inflationary pressures while also accounting for longer-term deflationary factors such as deficits, debt, demographics, automation, and globalization. Market expectations for inflation have slightly lowered as compared to expectations at the end of 2023 (as outlined in **Figure 1**).



As of December 29, 2023	5-Year	7-Year	10-Year	20-Year	30-Year
Treasury Yield	3.84%	3.88%	3.88%	4.20%	4.03%
TIPS Yield	1.72%	1.72%	1.72%	1.82%	1.90%
Implied Expected Inflation	2.12%	2.16%	2.16%	2.38%	2.13%

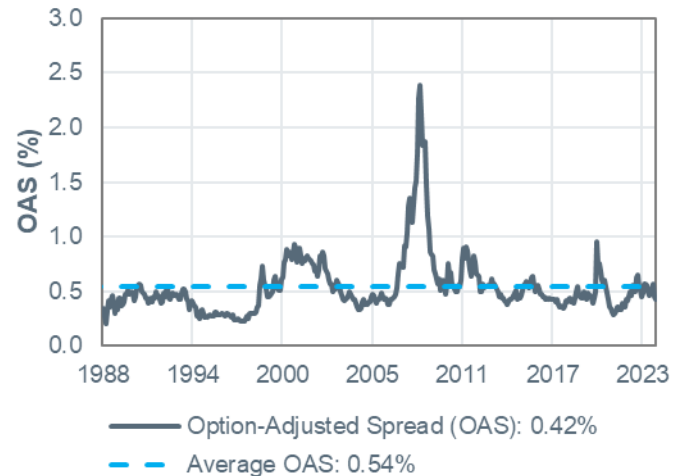
Source: FactSet and U.S. Department of the Treasury. Data as of December 31, 2023.

Fixed Income: The majority of domestic fixed income return assumptions were held constant, reflecting mostly mild reductions in yields and offsetting spread changes as well as the expectation that the inverted yield curve will normalize over time (**Figure 2 & 3**). Starting yields have historically been a reasonable starting point when forecasting future bond returns.

Figure 2: Bloomberg US Aggregate Bond Index Yield



Figure 3: Bloomberg US Aggregate Bond Index Option-Adjusted Spread



Equities: Equity return forecasts decreased for most equity assumptions relative to 2023. The decrease was valuation driven (as shown below in **Figure 4**), as stocks increased significantly in 2023 driven by a group of the largest growth-oriented companies, the “Magnificent 7.” The year-end valuation for large-cap domestic equities, as represented by the Shiller CAPE, ranked in the 94th percentile of historical values.

Figure 4: S&P 500 CAPE Ratio

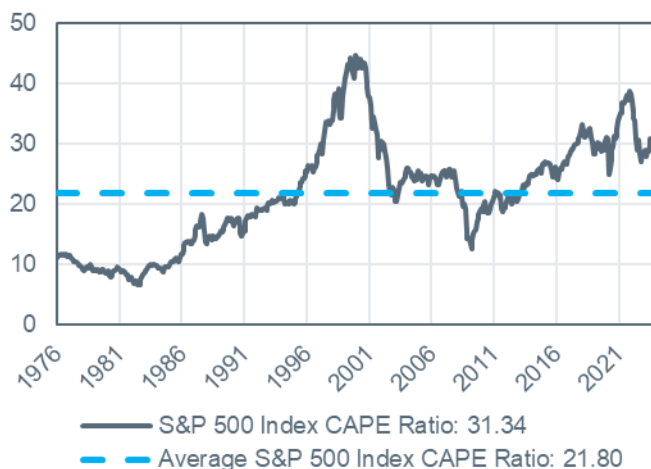


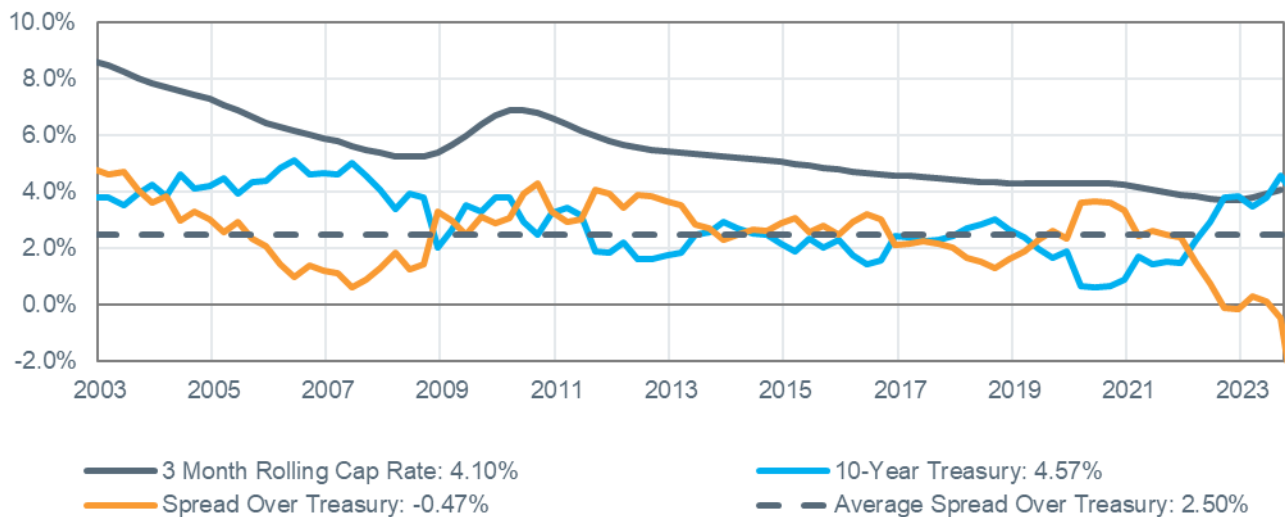
Figure 5: S&P 500 Dividend Index



Source: FactSet. Data as of December 31, 2023.

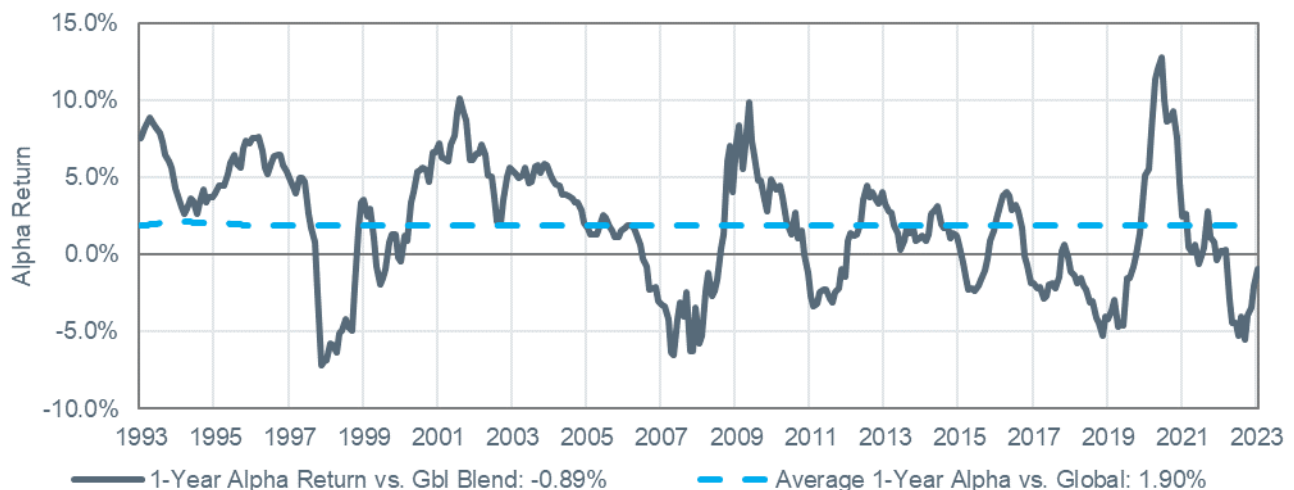
Real Estate: Our core real estate return expectation remained unchanged. On a relative basis—with Treasury rates materially increasing—income yields for core real estate assets are less attractive than in the historical average (**Figure 6**).

Figure 6: Cap Rates & Spreads
NCREIF ODCE Index



Hedge Funds: Hedge fund return assumptions remained unchanged from 2023 as decreased expected returns from beta were offset by higher expected cash returns. Alpha levels remain fairly robust since inception, post-GFC alpha levels are more muted (**Figure 7**).

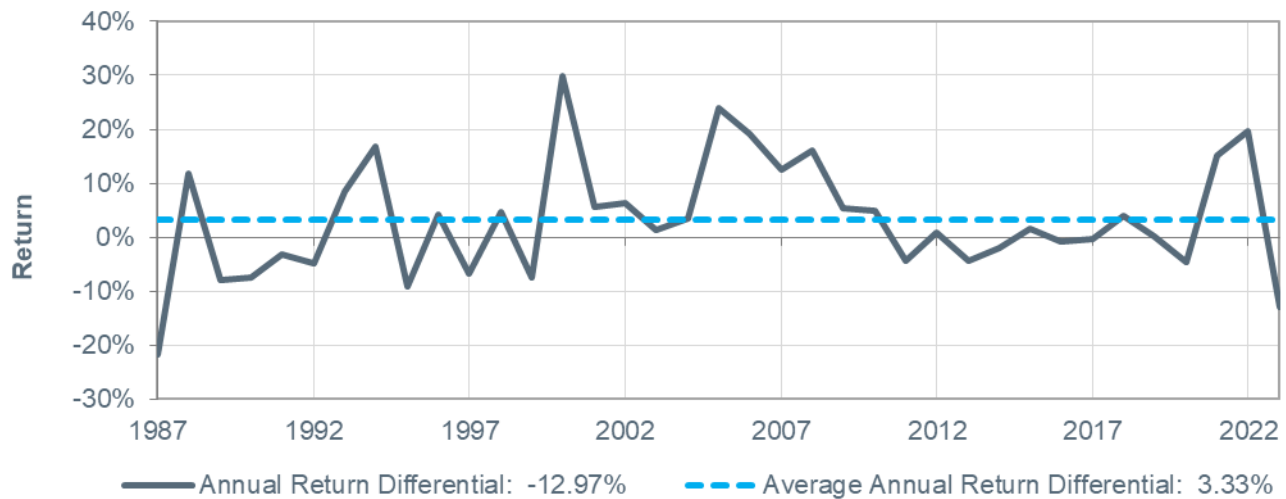
Figure 7: HFRI Multi-Strategy 1-Year Rolling Alpha



Source: NCREIF and FactSet. Data as of September 30, 2023.

Private Equity: The private equity return forecast was negatively impacted by the decrease in the underlying public market return forecast. The Large/Mid Cap US Equity assumption was decreased by 0.25% due to higher valuations. Our spread assumption remained constant at 225 basis points (geometric) above Large/Mid Cap US Equities, similar to the historical spread differential.

**Figure 8: Annual Return Differential
Cambridge US Private Equity Index vs. S&P 500 Index**

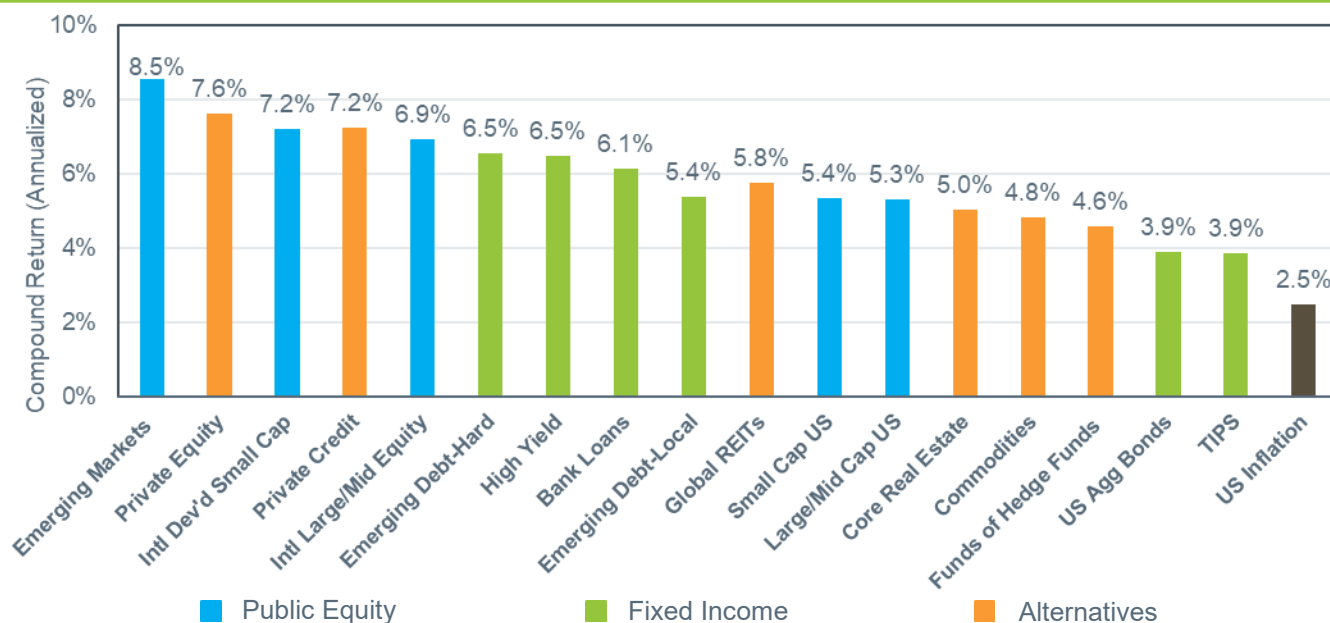


Private equity source: Cambridge Associates LLC and FactSet. Data as of June 30, 2023. Cambridge index is pooled horizon internal rates of return, net of fees, expenses, and carried interest.

2023 vs. 2024 Capital Market Assumptions

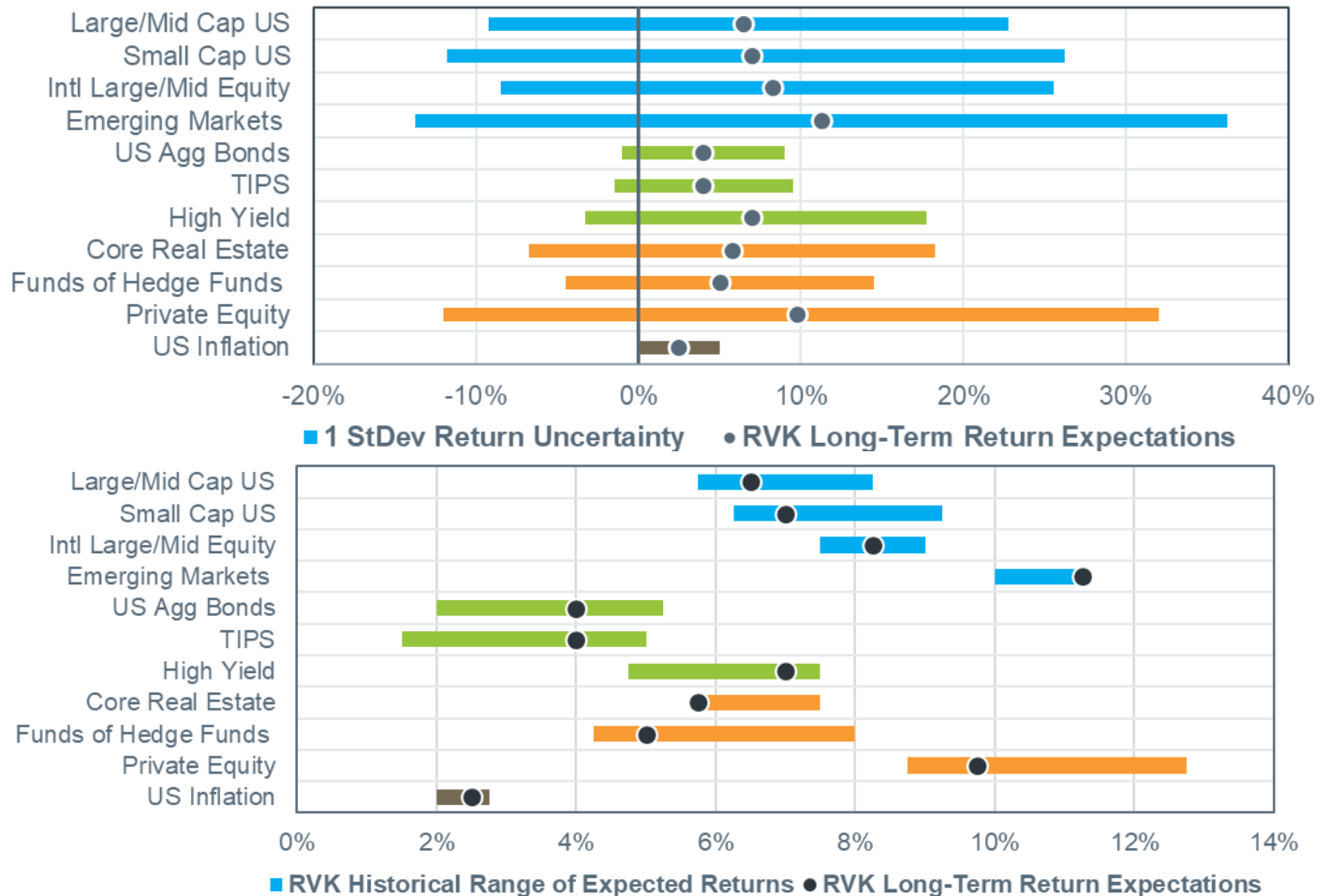
Asset Class	2023		2024		Change (2024 - 2023)	
	Nominal Return	Risk (St. Dev.)	Nominal Return	Risk (St. Dev.)	Nominal Return	Risk (St. Dev.)
Large/Mid Cap US	6.75%	16.00%	6.50%	16.00%	-0.25%	0.00%
Small Cap US	7.25%	19.00%	7.00%	19.00%	-0.25%	0.00%
Intl Large/Mid Equity	8.50%	17.00%	8.25%	17.00%	-0.25%	0.00%
Intl Dev'd Small Cap	9.25%	20.00%	9.00%	20.00%	-0.25%	0.00%
Emerging Markets	11.25%	25.00%	11.25%	25.00%	0.00%	0.00%
US Agg Bonds	4.00%	5.00%	4.00%	5.00%	0.00%	0.00%
Emerging Debt-Hard	7.50%	10.00%	7.00%	10.00%	-0.50%	0.00%
Emerging Debt-Local	6.50%	11.50%	6.00%	11.50%	-0.50%	0.00%
TIPS	4.00%	5.50%	4.00%	5.50%	0.00%	0.00%
High Yield	7.25%	10.50%	7.00%	10.50%	-0.25%	0.00%
Bank Loans	6.50%	8.50%	6.50%	9.00%	0.00%	0.50%
Core Real Estate	5.75%	12.50%	5.75%	12.50%	0.00%	0.00%
Global REITs	7.75%	21.00%	7.75%	21.00%	0.00%	0.00%
Funds of Hedge Funds	5.00%	9.50%	5.00%	9.50%	0.00%	0.00%
GTAA	6.00%	9.00%	5.75%	9.00%	-0.25%	0.00%
Private Credit	8.00%	13.00%	8.00%	13.00%	0.00%	0.00%
Private Equity	10.00%	22.00%	9.75%	22.00%	-0.25%	0.00%
Commodities	6.00%	17.50%	6.25%	17.50%	0.25%	0.00%
US Inflation	2.50%	2.50%	2.50%	2.50%	0.00%	0.00%

RVK 2024 Compound Return Assumptions



Note: The compound (or geometric) return assumptions account for the dampening effect of volatility on the asset classes' compounding of returns over time, and thus are less than their arithmetic counterparts over time.

2024 Long-Term Return Expectations and Uncertainty of Returns¹



Historical Return Premium of Stocks vs. Bonds²



¹StDev return uncertainty is based on the RVK 2024 CMA risk assumption for each asset class. Historical range of expected returns include 2006 through 2024 Capital Market Assumptions for selected asset classes.

²Stocks are represented by the S&P 500 Index, while fixed income is represented by the Bloomberg US Aggregate Bond Index and US Intermediate bonds prior to 1976.

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RVK was founded in 1985 to focus exclusively on investment consulting and today employs over 100 professionals. The firm is headquartered in Portland, Oregon, with regional offices in Boise, Chicago, and New York City. RVK is one of the five largest consulting firms in the world, as reported by *Pensions & Investments' 2023 Special Report—Consultants*. Additionally, in April 2023, RVK received a notable award as a *Coalition Greenwich Quality Leader* among large US investment consultants, based on Greenwich's 2022 study. Coalition Greenwich is an industry-recognized third-party firm which asks plan sponsors to rank their consultants on a series of key metrics. Notably, RVK is the only firm among large US consultants to receive an award for a sixth consecutive year. Coalition Greenwich issued the award on April 25, 2023 based on their February through November 2022 study. No direct or indirect compensation has been paid by RVK in connection with obtaining or using this award. To read more about the Greenwich award, please refer to the following URL: <https://www.rvkinc.com/about/about.php>. RVK's diversified client base spans over 30 states, and covers endowments, foundations, corporate and public defined benefit and contribution plans, Taft-Hartley plans, and high-net-worth individuals and families. The firm is independent, employee-owned, and derives 100% of its revenue from clients for investment consulting services.