

City of San Leandro

Third Quarter 2021

**Presented by
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DISCUSSION HIGHLIGHTS – City of San Leandro

Investment objective:

- **OPEB:** Moderate Conservative Highmark Plus (Active)
- **Pension:** Moderate Highmark Plus (Active)

Asset Allocation

- **OPEB:** 31.0% stocks (20-40% range), 68.1% bonds (50-80% range), .9% cash (0-20% range)
- **Pension:** 51.8% stocks (40-60% range), 47.1% bonds (40-60% range), 1.1% cash (0-20% range)

Performance *(as of 09-30-2021; net fund fees, gross investment management fees):*

- | | OPEB | Pension |
|---------------------------|-------------|----------------|
| ▪ 3 month: | -.56% | |
| ▪ 1-year: | 10.11% | |
| ▪ 3-year: | 7.83% | |
| ▪ 5-year: | 6.60% | |
| ▪ 10-year: | 6.62% | |
| ▪ Inception (7/09, 9/21): | 6.60% | -3.08% |
- Bonds: Range-bound bond yields suggests inflation possibly transitory and recent price increases *may* subside going forward.
 - Stocks: Equities higher given easy monetary policies and expected economic improvement throughout the year.
 - Domestic markets: Large Cap outperformed Small Cap recently as slowing growth expectations impacted higher-risk assets.
 - International: International underperformed domestic as vaccination roll-out and growth lagged the US.

12-Month Changes

- Stocks: modestly overweight; Bonds: modestly overweight; Cash: underweight

Outlook 2022

- Inflation overheating prompting sooner-than-expected Fed tightening
- Potential tax law changes
- S&P 500 earnings +7% FY22 est. vs. +65% FY21 est.
- Geopolitical uncertainty: China, Middle East, Russia

Selected Period Performance
City of San Leandro OPEB Plan
Period Ending: 9/30/2021

	3 Months	Year to Date (9 Months)	1 Year	3 Years	5 Years	10 Years	Inception to Date 07/01/2009
Cash Equivalents	.00	.02	.03	.99	.99	.52	.46
<i>Lipper Money Market Funds Index</i>	.00	.00	.00	.96	.94	.48	.39
Total Fixed Income	-.06	-.53	1.04	5.24	3.16	3.40	4.12
<i>Bloomberg US Aggregate Bd Index</i>	.05	-1.55	-.90	5.36	2.94	3.01	3.85
Total Equities	-1.77	12.65	32.35	13.41	14.53	13.99	13.30
Large Cap Funds	-.06	16.74	33.14	16.07	17.31	16.60	15.11
<i>S&P 500 Composite Index</i>	.58	15.92	30.00	15.99	16.90	16.63	15.75
Mid Cap Funds	-.67	15.26	38.19	14.13	14.37	13.99	
<i>Russell Midcap Index</i>	-.93	15.17	38.11	14.22	14.39	15.52	15.67
Small Cap Funds	-6.30	7.08	42.25	10.51	14.53	16.15	16.14
<i>Russell 2000 Index</i>	-4.36	12.41	47.68	10.54	13.45	14.63	14.24
International Equities	-3.54	4.51	24.36	9.36	9.61	7.55	7.39
<i>MSCI EAFE Index</i>	-.45	8.35	25.73	7.62	8.81	8.10	7.54
<i>MSCI EM Free Index</i>	-8.09	-1.25	18.20	8.58	9.23	6.09	6.65
RR: REITS	.28	21.44	32.71	11.85	7.69		
<i>Wilshire REIT Index</i>	1.64	24.79	38.04	10.39	6.97	11.30	14.50
Total Managed Portfolio	-.56	3.50	10.11	7.83	6.60	6.62	6.60

***Account Inception: 7/1/2009, Initial Contribution received June 2009.**

Aggregate is composed of account XXXXXX9203, PARS/PRHCP MOD CONSERV HM PLUS, from 07/01/2009 until 08/31/2015, then of its own proprietary account XXXXXX0400, PARS/CITY OF SAN LEANDRO, from 09/01/2015 until 6/30/2021, and then invested into a new proprietary account XXXXXX5601, PARS/CITY OF SAN LEANDRO 115P – OPEB, from 7/1/2021 and onwards.. Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.

Asset Allocation

As of September 30, 2021

Current Asset Allocation		Investment Vehicle		
Equity	30.95%	Range: 20%-40%		6,694,674
Large Cap Core	3.03%	COFYX	Columbia Contrarian Core Inst3	654,907
	5.68%	VGIAX	Vanguard Growth & Income Adm	1,229,322
Large Cap Value	2.70%	DODGX	Dodge & Cox Stock	583,469
	1.25%	IVE	iShares S&P 500 Value ETF	270,045
Large Cap Growth	1.67%	HNACX	Harbor Capital Appreciation Retirement	361,465
	1.68%	PRUFY	T. Rowe Price Growth Stock I	363,557
Mid Cap Core	2.52%	IWR	iShares Russell Mid-Cap ETF	544,802
Small Cap Value	2.57%	UBVFX	Undiscovered Managers Behavioral Val R6	555,734
Small Cap Growth	2.45%	RSEJX	Victory RS Small Cap Growth R6	530,868
International Core	2.15%	DFALX	DFA Large Cap International I	465,152
International Value	1.10%	DODFX	Dodge & Cox International Stock	238,408
International Growth	1.10%	MGRDX	MFS International Growth R6	236,900
Emerging Markets	2.02%	HHHFX	Hartford Schrodgers Emerging Mkts Eq F	436,740
Real Estate	1.03%	VNQ	Vanguard Real Estate ETF	223,305
Fixed Income	68.10%	Range: 50%-80%		14,731,993
Short-Term	11.85%	VFSUX	Vanguard Short-Term Investment-Grade Adm	2,562,962
Intermediate-Term	17.84%	DBLFX	DoubleLine Core Fixed Income I	3,858,581
	17.91%	PTTRX	PIMCO Total Return Instl	3,874,731
	17.81%	PTRQX	PGIM Total Return Bond R6	3,853,093
High Yield	2.69%	PHIYX	PIMCO High Yield Instl	582,626
Cash	0.95%	Range: 0%-20%		205,837
	0.95%	FGZXX	First American Government Oblig Z	205,837
TOTAL	100.00%			\$21,632,504

Selected Period Performance
PARS/CITY OF SAN LEANDRO 115P PENS
Account XXXXXX5600
Period Ending: 9/30/2021

	Since Inception (1 Month)
Cash Equivalents	.00
<i>Lipper Money Market Funds Index</i>	<i>.00</i>
Total Fixed Income	-.83
<i>Bloomberg US Aggregate Bd Index</i>	<i>-.87</i>
Total Equities	-5.11
Large Cap Funds	-4.94
<i>S&P 500 Composite Index</i>	<i>-4.65</i>
Mid Cap Funds	-5.02
<i>Russell Midcap Index</i>	<i>-4.12</i>
Small Cap Funds	-5.96
<i>Russell 2000 Index</i>	<i>-2.95</i>
International Equities	-4.96
<i>MSCI EAFE Index</i>	<i>-2.90</i>
<i>MSCI EM Free Index</i>	<i>-3.97</i>
RR: REITS	-7.25
<i>Wilshire REIT Index</i>	<i>-5.11</i>
Total Managed Portfolio	-3.08

Performance Inception: 9/01/2021

Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.

Asset Allocation

As of September 30, 2021

Current Asset Allocation		Investment Vehicle		
Equity	51.84%	Range: 40%-60%		760,338
Large Cap Core	5.16%	COFYX	Columbia Contrarian Core Inst3	75,677
	9.81%	VGIAX	Vanguard Growth & Income Adm	143,878
Large Cap Value	4.66%	DODGX	Dodge & Cox Stock	68,382
	2.09%	IVE	iShares S&P 500 Value ETF	30,684
Large Cap Growth	2.87%	HNACX	Harbor Capital Appreciation Retirement	42,093
	2.89%	PRUFX	T. Rowe Price Growth Stock I	42,367
Mid Cap Core	4.17%	IWR	iShares Russell Mid-Cap ETF	61,090
Small Cap Value	4.27%	UBVFX	Undiscovered Managers Behavioral Val R6	62,693
Small Cap Growth	4.06%	RSEJX	Victory RS Small Cap Growth R6	59,559
International Core	3.40%	DFALX	DFA Large Cap International I	49,862
International Value	1.71%	DODFX	Dodge & Cox International Stock	25,066
International Growth	1.69%	MGRDX	MFS International Growth R6	24,795
Emerging Markets	3.32%	HHHFX	Hartford Schrodgers Emerging Mkts Eq F	48,748
Real Estate	1.73%	VNQ	Vanguard Real Estate ETF	25,445
Fixed Income	47.11%	Range: 40%-60%		690,974
Short-Term	8.60%	VFSUX	Vanguard Short-Term Investment-Grade Adm	126,144
Intermediate-Term	12.11%	DBLFX	DoubleLine Core Fixed Income I	177,650
	12.14%	PTTRX	PIMCO Total Return Instl	178,086
	12.09%	PTRQX	PGIM Total Return Bond R6	177,255
High Yield	2.17%	PHIYX	PIMCO High Yield Instl	31,838
Cash	1.05%	Range: 0%-20%		15,396
	1.05%	FGZXX	First American Government Oblig Z	15,396
TOTAL	100.00%			\$1,466,709

CITY OF SAN LEANDRO

For Period Ending September 30, 2021

LARGE CAP EQUITY FUNDS

Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core Inst3	-5.17	-1.05	14.87	31.17	16.84	16.22	16.90
Vanguard Growth & Income Adm	-4.90	-0.02	15.87	30.34	15.05	16.31	16.62
Dodge & Cox Stock	-3.56	-1.30	24.44	50.41	12.89	15.17	16.13
iShares S&P 500 Value ETF	-3.31	-0.89	15.14	31.77	10.52	11.52	13.57
Harbor Capital Appreciation Retirement	-5.60	0.43	10.20	24.11	23.85	24.71	20.27
T. Rowe Price Growth Stock I	-5.41	-0.80	14.70	28.50	20.95	22.29	19.82
S&P 500 TR USD	-4.65	0.58	15.92	30.00	15.99	16.90	16.63

MID CAP EQUITY FUNDS

iShares Russell Mid-Cap ETF	-4.13	-0.98	15.02	37.85	14.06	14.22	15.34
Russell Mid Cap TR USD	-4.12	-0.93	15.17	38.11	14.22	14.39	15.52

SMALL CAP EQUITY FUNDS

Undiscovered Managers Behavioral Val R6	-2.97	-1.96	25.35	79.57	8.43	10.79	15.66
Russell 2000 Value TR USD	-2.00	-2.98	22.92	63.92	8.58	11.03	13.22
Victory RS Small Cap Growth R6	-6.70	-10.65	-10.25	10.00	9.64	17.13	16.34
Russell 2000 Growth TR USD	-3.83	-5.65	2.82	33.27	11.70	15.34	15.74

INTERNATIONAL EQUITY FUNDS

Dodge & Cox International Stock	-2.81	-3.33	8.42	35.19	5.99	7.39	7.77
DFA Large Cap International I	-3.17	-1.11	9.19	26.59	7.70	8.99	8.13
MFS International Growth R6	-4.32	-3.05	4.48	16.58	10.78	11.97	10.21
MSCI EAFE NR USD	-2.90	-0.45	8.35	25.73	7.62	8.81	8.10
Hartford Schrodgers Emerging Mkts Eq F	-4.83	-8.08	-2.07	18.86	10.59	10.92	7.53
MSCI EM NR USD	-3.97	-8.09	-1.25	18.20	8.58	9.23	6.09

Source: SEI Investments, Morningstar Investments

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CITY OF SAN LEANDRO

For Period Ending September 30, 2021

REAL ESTATE FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to- Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Vanguard Real Estate ETF	-5.66	0.68	22.19	33.49	11.97	7.52	11.53
BOND FUNDS							
PIMCO Total Return Instl	-0.60	0.30	-0.77	0.28	5.85	3.65	3.92
PGIM Total Return Bond R6	-1.13	-0.01	-1.45	0.90	6.27	4.02	4.58
Vanguard Short-Term Investment-Grade Adm	-0.22	0.14	0.35	1.34	4.02	2.71	2.64
DoubleLine Core Fixed Income I	-0.67	0.14	-0.11	1.61	4.65	3.08	3.80
Bloomberg US Agg Bond TR USD	-0.87	0.05	-1.55	-0.90	5.36	2.94	3.01
PIMCO High Yield Instl	-0.07	0.78	3.35	8.97	6.25	5.72	6.75
ICE BofA US High Yield Mstr II Index	0.03	0.94	4.67	11.46	6.62	6.35	7.33

Source: SEI Investments, Morningstar Investments

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