
Investment Committee Semi-Annual Activity Report






| 4. Fixed Income



FIXED INCOME SEMI-ANNUAL REPORT

MARKET RISKS¹

As of 6/30/24

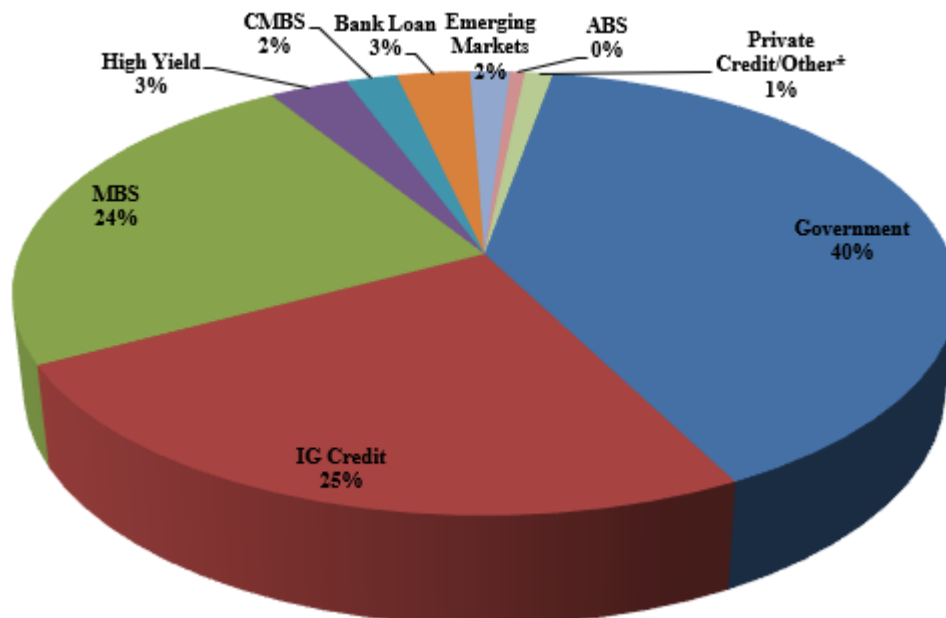
Indicator	6/30/2024	12/31/2023	Change	Risk / Valuation Level
Monetary Policy	5.25 - 5.50	5.25 - 5.50	0.00%	← Accommodative Neutral Restrictive → 
U.S. Unemployment Rate	4.00%	3.70%	0.30%	←  Low Moderate High →
10 Yr. U.S. Treasury Yield (Interest Rate Risk)	4.40%	3.88%	0.52%	← Low Moderate  High →
Current Inflation (CPI)	3.30%	3.40%	-0.10%	← Low  Moderate High →
Cost of Corporate Credit (Spread over U.S. Treasury)	0.88%	0.93%	-0.05%	← Cheap Fair Value  Rich →

¹ Current level compared to long-term averages

FIXED INCOME SECTOR WEIGHTS

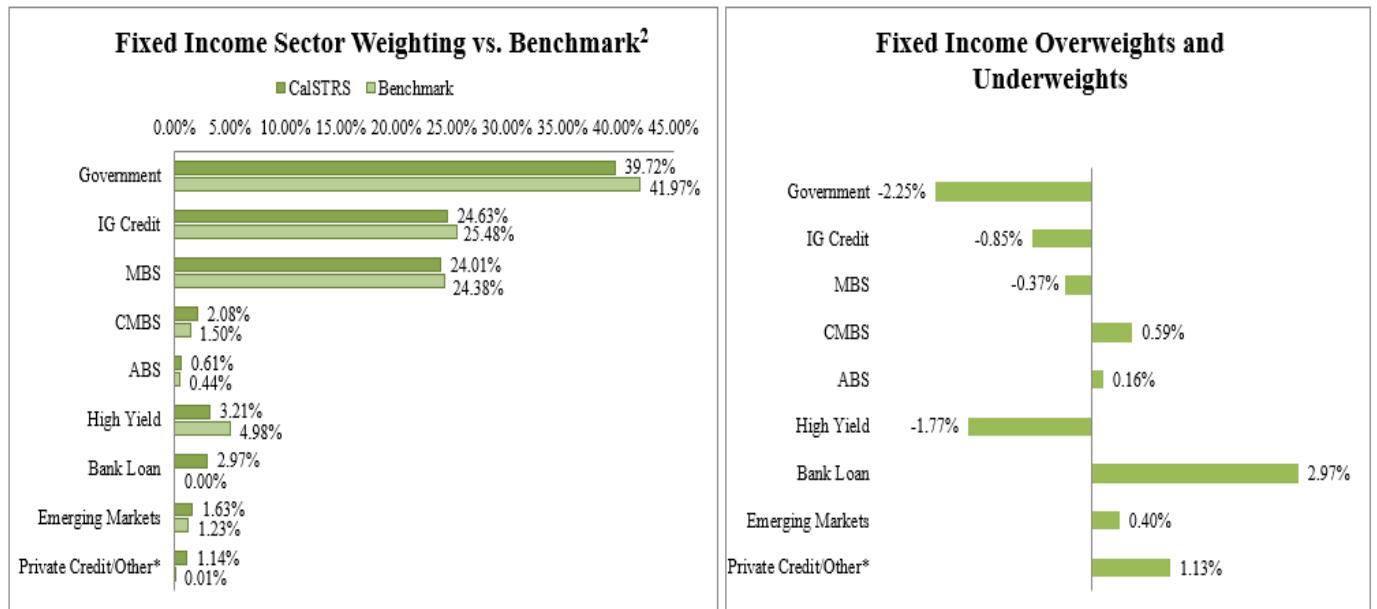
Assets Under Management \$38.3 Billion

11.2% Allocation vs. Target of 12%



*Includes other investments such as International Sovereign Bonds, Derivatives, and Cash

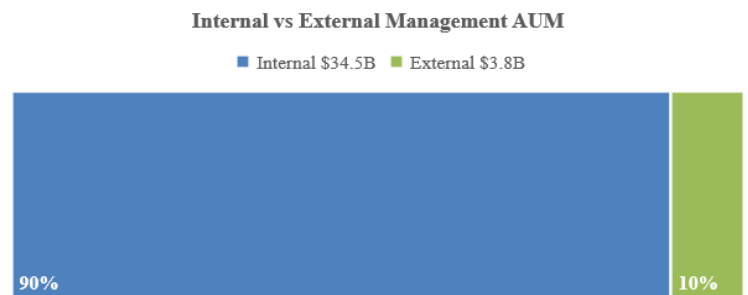
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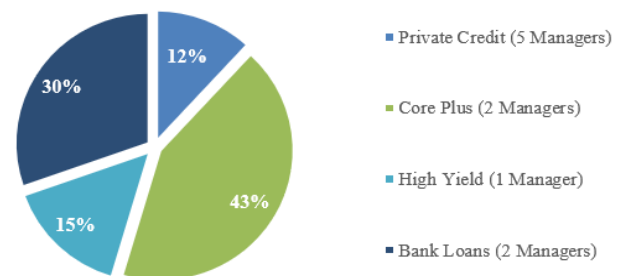
²Benchmark: (95%) Bloomberg MSCI U.S. Aggregate Climate Custom Index + (5%) Bloomberg MSCI U.S. High Yield 2% Cap Cash Pay Climate Custom Index
 Index Sector Weightings and Overweights/Underweights may have some rounding variations due to calculations by BlackRock Risk System

ACTIVITY UPDATE

The Fixed Income portfolio represented 11.2% of the Total Fund as of June 30, 2024. Due to the persistence in inflation and the strong labor market in the first half of the year, the Fed did not cut borrowing costs as anticipated and held rates at decade highs. At the Fed’s June meeting, the committee forecasted just one rate cut this year and additional cuts in 2025. Optimism over a resilient economy, improving corporate earnings, AI fervor, and the potential ‘soft landing’ pushed equity markets to all-time highs. During the period, Fixed Income was allocated \$3.5 billion as the Total Fund reduced Cash and Global Equities to add to longer-dated securities. Staff deployed assets to the internally managed Core and Core Plus portfolios. Fixed Income tilted the Core portfolios defensively by overweighting Treasuries, slightly underweighting MBS and CMBS, and underweighting Credit. Private Credit continued to ramp up its senior, secured, direct lending program, committing to two new strategic partnerships in 1H 2024 totaling \$1.1 billion and made a \$500 million add-on commitment to an existing partnership.



External Managers AUM



Private Credit Committed Capital

