

**County of Yolo**  
**Second Quarter 2022**

**Presented By**  
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# Discussion Highlights

## Economic and Market Overview

Equity and bond markets were hammered in the second quarter as inflation soared and the Federal Reserve began a cycle of significant rate hikes. This put a couple of worrisome questions into the spotlight: Is the risk of a recession growing? How can investors prepare for upcoming volatility?

## Paying the Piper

The government's massive fiscal stimulus response to the COVID pandemic, some \$5 trillion<sup>1</sup> over the 12-month period ending March 2021, along with the Fed's aggressive series of rate cuts in the first quarter of 2020, unleashed a stampede into risk assets, ranging from stocks to high yield bonds.

Now, the economic pendulum is swinging back. Near-zero rates distorted the cost of capital<sup>2</sup> and fiscal interventions prompted excess consumer demand. This combination of events has sparked today's soaring inflation<sup>3</sup> – creating a monetary “beast” that the Fed's recent and abrupt about-face hopes to tame.

- We view the unwinding of fiscal injections and monetary stimulus as a corrective change from the “sugar high” of pandemic-era support which led to unsustainable consumer demand, corporate profits, and risk asset returns. Over the last two years, the Fed has acted as both referee *and* player but now resumes its traditional role as market referee.
- The inflation genie released from its bottle shows few signs of being tamed. Supply chain disruptions, shipping challenges, and labor shortages continue to fuel price hikes.
- While there are signs U.S. consumers are tightening their wallets after a spending spree, the war in Ukraine as well as Chinese plant closures continue to boost commodity and consumer durable prices.

1. Source: Committee for a Responsible Budget.

2. The cost of capital is the return needed to justify a capital project's cost (both equity and debt) such as new equipment or a new plant.

3. In May, the Consumer Price Index for All Urban Consumers rose 1.0 percent, seasonally adjusted, and rose 8.6 percent over the last 12 months, not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics

# DISCUSSION HIGHLIGHTS

## Inflation and Recession



Source: Federal Reserve Bank of St. Louis

## Recession Risk

During Fed Chairman Powell's June meeting with the Senate Banking Committee, he reconfirmed the Fed's "strong commitment" to bring inflation down from 40-year highs. But the prospects for a soft landing—taming inflation without dragging the economy into recession—are becoming increasingly unlikely. According to Powell, such an economic outcome would be "very challenging" and a recession<sup>4</sup>, he stated, is "a possibility".

- Can the global economy withstand a cycle of significant rate hikes? According to the World Bank, prospects for a soft landing are gloomy. Global Gross Domestic Product (GDP) growth, the Bank expects, will remain below 3 percent for the next two years. The risk of stagflation<sup>5</sup> is "hammering growth," wrote President David Malpass. "For many countries, recession will be hard to avoid."<sup>6</sup>
- More negative news came in the form of June's preliminary S&P Global Composite Purchasing Managers' Index reading of 51.2, down from 53.6 in May<sup>7</sup>. This is the lowest level since January, when pandemic-related disruptions slowed growth, and the second-weakest reading since the height of the pandemic in mid-2020.
- Consumer sentiment is also declining, falling below the recession of 2008/2009's low<sup>8</sup>, putting additional pressure on the prospects for U.S. GDP growth due to an impending negative wealth effect.<sup>9</sup>

4. A recession is defined as an extended period of negative gross domestic product, rising unemployment, falling retail sales, and contracting measures of income and manufacturing.

5. Stagflation is characterized by slow economic growth and relatively high unemployment—or economic stagnation—which is at the same time accompanied by rising prices (i.e., inflation). Stagflation can be alternatively defined as a period of inflation combined with a decline in the gross domestic product (GDP).

6. <https://www.worldbank.org/en/news/press-release/2022/06/07/stagflation-risk-rises-amid-sharp-slowdown-in-growth-energy-markets>. The Bank cut global GDP growth estimates from 5.7 percent in 2021 to a forecast of 2.9 percent in 2022.

7. Levels above 50.0 indicate expansion in the economy.

8. Source: The University of Michigan Index of Consumer Sentiment. The June 2022 reading was 50, and the 2008/2009 recession low was 55.

9. A negative wealth effect is defined as the tendency of consumers to reduce spending if the value of their assets, such as stocks and real estate, declines.

## Looking Ahead

We believe a mild, “garden variety” recession is rapidly becoming a base case scenario for the U.S. economy with the most significant impact focused on consumer credit’s support of the auto and home sectors.<sup>10</sup>

One encouraging difference between today and the recession of 2008/2009 is that the U.S. banking system is less vulnerable to some of the forces, including bond derivatives and subprime loans, that led to banking stresses in the “Great Recession”. Also, this time around, contagion from risk asset class bubbles is less likely: bitcoin and NFT troubles are unlikely to materially impact traditional equities and bonds.

- Investors should prepare for a U.S. recession and a bear equity market. How long the pain will last is unclear, but the average recession since 1926 lasted 22 months and the average equity bear market lasted 15 months for a cumulative loss of 38 percent.<sup>11</sup>
- Because the equity market is, in our view, returning to a reality that rewards durable corporate earnings and growth at a reasonable price, “old school” stock- and bond-level research will become critical. We believe that active managers will outperform index funds as yesterday’s mega-cap technology stocks rotate out of favor. In a “risk-off” environment, investors may also become opportunistic as bargains should become available.
- Investors should be leery of responding to market events on an emotional basis. While equity and bond bear markets can be wrenching, and there may be significant declines going forward, note that the average bull market since 1926 lasted nearly seven years and returned a cumulative 339 percent.<sup>12</sup> By keeping their investment time horizon in mind and working with their financial advisor, investors can build resilient all-weather portfolios able to withstand whatever the future brings.

10. A definitive answer to those wondering if we are already in a recession will have to wait: confirming a recessionary environment is handled by the National Bureau of Economic Research (NBER) and confirmation typically takes several months after the recession’s peak.

11. <https://www.uidaho.edu/-/media/UIDaho-Responsive/Files/Extension/county/Latah/finance/history-of-bull-and-bear-markets.pdf?la=en&hash=3FE66B60665F69ABF4A8CAEF3383C805F868ED0F>

12. Ibid

## **Market overview/Performance Discussion**

The County of Yolo OPEB Plan declined -12.8% gross of investment fees in the second quarter, and the County's Pension Pre-Funding Plan declined -8.04%. While the stocks in both Plans declined sharply (-16.03%), fixed income offered no protection, declining by -5.31%. The underweight the Plan maintained to equities in the quarter provided only a slight benefit.

After the first quarter return of -5.93%, the Bloomberg U.S. Aggregate Bond Index declined by roughly the same in the second quarter, -4.69%. Concerns that the Federal Reserve will aggressively hike interest rates in the face of worrisome inflationary readings caused a significant sell-off in the bond market. Corporate spreads widened, and a risk-off environment ensued which was manifested in the Plan's three intermediate-term fixed income managers underperformance versus the Bloomberg Aggregate U.S. Index in the quarter. The heavy exposure to corporate issuers detracted from performance from Doubleline Core Fixed Income (-5.5%), Pimco Total Return (-5.46%), and PGIM total Return Bond Fund (-6.71%). The decline in the corporate bond market was most apparent in the high yield market with the Pimco High Yield Bond Fund down by -9.69% in the quarter. Plan returns were somewhat cushioned by the short duration position maintained in the Vanguard Short-Term Investment Grade Bond fund, which declined by -1.86%.

The equities in the OPEB Plan declined -16.03%. For the second quarter in a row, all equity segments were in the red. The S&P500 Index declined -16.1%. Value outperformed growth, or better put – lost less, as the Russell 1000 Value Index returned -12.21% and the Russell 1000 Growth Index declined -20.92%. Growth indices continue to be under pressure from the sell-off in technology related shares – which constitute a large portion within many growth related indices. The modest overweight position that the Plan maintained in the quarter to large cap value, cushioned performance slightly. The two value funds declined less than benchmark – Dodge & Cox Stock Fund (-12.42%) and the iShares S&P500 Value ETF (-11.32%). Whatever modest cushion provided by these two managers, the benefit was eliminated by the two large cap growth funds: Harbor Capital Appreciation (-25.46%) and T. Rowe Price Growth Fund (-25.4%). Both managers are struggling due primarily to exposure to the technology sector. Small cap equities struggled in the quarter, with the Russell 2000 Index down -17.20%. The small cap segment 'relatively' outperformed the small cap benchmark, declining -15.9% versus the benchmark of -17.2%

International markets continued to be negatively impacted by both elevated inflationary readings and the conflict between Russia and Ukraine. Similar to the Federal Reserve, global central banks adopted hawkish policies to fight inflation, but it remains to be seen if these efforts will be successful. More so, investors are concerned that policies to fight inflation will lead to either a slowdown in these foreign markets, or an outright recession. These fears are exacerbated in Europe which in addition to trying to address inflation concerns, is also coping with potential supply shortages in natural gas/oil from Russia. The Plan's international equity returns were -12.41%. This compares to the two international equity benchmark: MSCI-EAFE Index (-14.51%), and the MSCI-Emerging Market Index (-11.45%). Within emerging markets, China (+3.4% 2Q2022) was one of the few global markets that generated a positive return in the second quarter. China offered some positive economic data points in the quarter, but as long as the country maintains a 'zero Covid' policy, while not adopting a vaccination regime that utilizes MRNA technology, there will be an overhang on the potential upside to Chinese equities.

Real estate equity markets declined in the quarter on fears that rising rents will not be able to keep up with both inflationary costs, and/or the potential downside to a recessionary environment. The Wilshire REIT Index declined -18.48%, and the Vanguard REIT ETF declined -15.48%.

## ***Domestic Large Cap Equity***

**The OPEB Plan's large cap domestic funds returned -17.07% during the second quarter, which underperformed the S&P 500 Index return of -16.03%.**

- The Vanguard Growth and Income Fund returned -15.78% return in the quarter, which lost less than the S&P 500 Index. The Fund ranked in the 53<sup>rd</sup> percentile of the Morningstar U.S. Large Blend Universe.
- The Columbia Contrarian Core Fund returned -16.27% in the quarter, which lagged the benchmark. The Fund ranked in the 69<sup>th</sup> percentile of the Morningstar U.S. Large Cap Blend Universe.
- The Harbor Capital Appreciation Fund returned -25.46% in the quarter, which trailed the Russell 1000 Growth Index's return of -20.92%. The Fund ranked in the 87<sup>th</sup> percentile of the Morningstar U.S. Large Growth Universe.
- The T. Rowe Price Growth Stock Fund returned -25.4% in the quarter, which trailed the Russell 1000 Growth Index. The Fund ranked in the 86<sup>th</sup> percentile of the Morningstar U.S. Large Growth Universe.
- The Dodge and Cox Stock Fund declined -12.42% in the quarter and underperformed the Russell 1000 Value Index's return of -12.21%. The Fund ranked in the 73<sup>rd</sup> percentile of the Morningstar U.S. Large Value Universe.
- The iShares S&P500 Value ETF returned -11.32%, which outperformed the Russell 1000 Value Index.

## ***Domestic Mid-Cap and Small-Cap Equity***

**The OPEB Plan's small-cap equity segment returned -15.9% in the quarter, which outperformed the Russell 2000 Index return of -17.2%. Mid cap stocks performed in-line with the benchmark, returning -16.9%, compared to the Russell Mid Cap Index return of -16.85%.**

- The Vanguard Small Cap Growth ETF declined -20.44% in the quarter, which trailed the Russell 2000 Growth Index return of -19.25%.
- The Undiscovered Managers Behavioral Value Fund declined -11.05 but outperformed the Russell 2000 Value Index's return of -15.28%. The Fund ranked in the 16<sup>th</sup> percentile of Morningstar's U.S. Small Value Universe.
- The iShares Russell Mid Cap ETF returned -16.88% in the quarter.

## ***Real Estate Equity***

**The Plan's REIT equity returned -15.47% in the quarter, which trailed the Wilshire REIT Index return of 17.14%**

## ***International Equity***

**The OPEB Plan's international equity segment returned -12.41% during the quarter, which outperformed the MSCI EAFE Index return of -14.51% but trailed the MSCI Emerging Market Index return of -11.45%.**

- The Dodge & Cox International Stock Fund returned -9.49% in the quarter and outperformed the MSCI EAFE Index. The Fund ranked in the 19<sup>th</sup> percentile of the Foreign Large Value Universe as measured by Morningstar.
- The MFS International Growth Fund returned -12.24% in the quarter which slightly outperformed the MSCI EAFE Index. The Fund ranked in the 7<sup>th</sup> percentile for foreign large growth managers as measured by Morningstar.
- The DFA Large Cap International Fund returned -13.22%, which trailed the benchmark and ranked in the 47<sup>th</sup> percentile of the Morningstar Foreign Large Blend Universe.
- The Hartford Schrodgers Emerging Market Equity Fund returned -12.08% during the quarter and trailed the MSCI Emerging Market benchmark return of -11.45%. The Fund ranked in the 57<sup>th</sup> percentile of the Morningstar Diversified Emerging Market Universe.

## ***Fixed Income***

There was virtually no place to hide in the second quarter of 2022 as interest rates rose and risk assets underperformed. During the quarter, global interest rates for most developed market economies increased with near record increases experienced in U.S. treasury yields, while the U.S. Treasury yield curve flattened and credit spreads widened. Highlights from the quarter included aggressive rate hikes and continued hawkish rhetoric by the Federal Reserve (Fed), decelerating U.S. economic growth, significant interest rate volatility, stubbornly high inflation and mounting recession concerns as financial conditions tighten.

The Fed continued to ratchet up its inflation-fighting rhetoric throughout the quarter in response to broad labor market strength and persistent inflationary pressures. Inflation data remained persistently high given continued global supply chain disruptions, rising food and energy prices, post pandemic pent-up demand, wage pressures, and low base level price comparisons versus the year earlier period. Renewed Covid lockdowns in Asia as well as a continuation of the war in Ukraine during the quarter served to further intensify supply side price pressures. In order to slow demand-pull inflation and regain inflation fighting credibility, the Fed raised the Fed Funds rate 125 basis points during the quarter, including an extraordinary 75 basis points hike in June; the largest single meeting hike since 1994. The Fed also increased their hawkish rhetoric in both their forward economic projections as well as during public speaking engagements. The median projection for the lower bound of the Fed Funds target rate at the end of 2022 increased to 3.25% at the June 2022 meeting and to 3.75% for the 2023 end of year projection. In addition, several FOMC members had Fed Funds forecasts ("dots") above their estimated long-term neutral policy rate, indicating a greater focus towards fighting inflation in the near-term. Financial markets reacted, although not as aggressive, by pricing in a 3.25% Fed Funds lower bound rate by end of 2022 and one to two rate cuts by the end of 2023. The Fed also provided more detail on its quantitative tightening schedule and breakdown between U.S. Treasuries and Agency Mortgage Backed Securities, ramping to its intended target of \$95 bn. in portfolio paydowns by September as the Fed aims to gradually reduce its \$9 trillion balance sheet.

## **Fixed Income (Cont.)**

U.S. Treasury interest rates rose sharply during the quarter and the interest rate curve meaningfully flattened and even inverted briefly between various key maturities. Short maturity interest rates rose, with 2-year treasury rates increasing 62 basis points to 2.96% and 5-year rates advancing 58 bps to 3.04%, reflecting the ultra-hawkish Fed policy stance. This resulted in the worst total return for short maturity U.S. Treasury interest rates over a six-month period in nearly 40 years. Further out the interest rate maturity curve, 10-year U.S. treasury rates rose 67 basis points to 3.02% while the 30-year bond yield climbed 74 bps to 3.19%. As the quarter came to a close, aggressive Fed rhetoric, tightening monetary policy, declining consumer and business confidence, and slowing economic growth shifted market sentiment from inflation concerns to growth concerns. As a result, the market quickly discounted an aggressive Fed rate hiking cycle which led to a flat or inverted yield curve. This translated into returns of -5.2% and -13.7% for 10 and 30-year US Treasuries respectively. Real interest rates, adjusted for inflation expectations, rose above zero from deeply negative levels at the start of the quarter and start of the year. The 10-year inflation expectations component of 10 year Treasury rates, TIPS break-evens, declined significantly reflecting an aggressive Federal Reserve and implications that broad-based inflation would be contained as the economy slowed.

The Bloomberg Aggregate Bond Index total return declined -4.69%, reflecting the continued extraordinary U.S. Treasury weakness and wider credit spreads. The Bloomberg U.S. Treasury Index posted a -3.8% loss for the quarter, which followed the -5.6% loss in Q1/22, the highest of any quarter dating back to its 1973 inception. Investment grade corporate bonds posted a -7.3% return and underperformed similar duration treasuries by -224 basis points. This marks the 2<sup>nd</sup> worst quarterly total return performance for investment grade corporate bonds since the financial crisis; eclipsed only by Q1 2022.

The Bloomberg high yield corporate bond index posted a loss of -9.8% during the quarter, underperforming duration equivalent Treasuries by 792 basis points on an excess return basis. High yield corporate bond credit spreads widened 244 basis points during the second quarter to 569 bps, after ending 2021 only 21 basis points wider than the post financial crisis credit spread low of 262 achieved on 7/06/2021. Year to date through 6/30, High yield has returned -14.2%, underperforming duration equivalent Treasuries by 840 basis points. Importantly, June was the 2<sup>nd</sup> worst monthly total return for high yield since 2008 and 2<sup>nd</sup> largest spread widening event since the Great Financial Crisis.

## ***Fixed Income (Cont.)***

### **Outlook:**

The Fed's ultra-aggressive rate hiking campaign and quantitative tightening schedule has been well telegraphed to the markets. Nevertheless, the FOMC's intent to bring down inflation at all costs will slow economic growth, the labor market, housing and consumer spending in the short term. Despite currently elevated inflation readings, we believe core inflation pressures will begin to ease in the coming months and year-over-year inflation readings will have likely peak during Q2, 2022. Ultimately, we believe the market is pricing in a more aggressive Fed Funds policy rate than what will be achieved over the next twelve months. Over the near-term, however, interest rate curves should continue to remain relatively flat or inverted as the Fed seeks to regain its inflation fighting credibility. Further we believe longer maturity nominal interest rates will stabilize near current levels as real rates have already normalized well above zero in tandem with declining inflation expectations. Furthermore, the extreme rate volatility we experienced in the 1<sup>st</sup> half of 2022 should be in the rear-view mirror.

**The OPEB Plan's fixed income segment returned -5.31% for the quarter, which trailed the Bloomberg U.S. Aggregate Index return of -4.69%.**

- The DoubleLine Core Fixed Income Fund returned -5.5% in the quarter which lagged the benchmark. The Fund ranked in the 39<sup>th</sup> percentile of the Morningstar U.S. Intermediate-Term Core-Plus Bond Universe.
- The PIMCO Total Return Bond Fund posted a -5.46% return in the quarter, which ranked in the 36<sup>th</sup> percentile of Morningstar's U.S. Intermediate-Term Core-Plus Bond Universe. The Fund lagged the Index.
- The PGIM Total Return Bond Fund returned -6.71% in the quarter. This ranked in the 88<sup>th</sup> percentile of Morningstar's U.S. Intermediate-Term Core-Plus Bond Universe and underperformed the benchmark.
- The Vanguard Short Term Investment Grade Bond Fund returned -1.86%, which ranked in the 54<sup>th</sup> percentile of Morningstar Short-Term Bond Universe.
- The Pimco High Yield Bond Fund gained -9.69% in the quarter, which ranked in the 46<sup>th</sup> percentile of the Morningstar US Fund High Yield Bond Universe. The Fund outperformed the ICE BofA High Yield Master II Index return of -9.97%.

## ***Asset allocation/Manager Changes***

The OPEB Plan ended the quarter with a target asset allocation of 71.5% stocks, 20.5% bonds and 8% cash.

For the Pension Pre-funding Plan, we ended the quarter with a target asset allocation of 28.5% stocks, 66.5% bonds, and 5% cash.

There were no changes to our investment managers during the quarter.

**Selected Period Performance**  
**Yolo County OPEB**  
**Period Ending: 6/30/2022**

	3 Months	Year to Date (6 Months)	1 Year	3 Years	5 Years	10 Years	Inception to Date 08/01/2011
Cash Equivalents	.14	.15	.16	.49	.94	.53	.49
<i>Lipper Money Market Funds Index</i>	.13	.14	.14	.47	.91	.49	.45
Total Fixed Income	-5.31	-10.62	-10.67	-95	.82	1.72	1.99
<i>Bloomberg US Aggregate Bd Index</i>	-4.69	-10.35	-10.29	-93	.88	1.54	1.94
Total Equities	-16.03	-20.36	-17.50	6.69	7.76	10.17	9.37
Large Cap Funds	-17.07	-20.97	-14.80	9.82	10.44	12.53	11.75
<i>S&amp;P 500 Composite Index</i>	-16.10	-19.96	-10.62	10.60	11.31	12.96	12.56
Mid Cap Funds	-16.90	-21.64	-17.40	6.40	7.79	9.70	9.20
<i>Russell Midcap Index</i>	-16.85	-21.57	-17.30	6.59	7.96	11.29	10.50
Small Cap Funds	-15.90	-20.20	-22.82	4.18	7.20	11.23	10.61
<i>Russell 2000 Index</i>	-17.20	-23.43	-25.20	4.21	5.17	9.35	8.69
International Equities	-12.41	-17.65	-20.06	2.38	2.72	4.65	2.94
<i>MSCI EAFE Index</i>	-14.51	-19.57	-17.77	1.07	2.20	5.40	3.66
<i>MSCI EM Free Index</i>	-11.45	-17.63	-25.28	.57	2.18	3.06	1.22
RR: REITS	-15.47	-20.59	-8.09	4.49			
<i>Wilshire REIT Index</i>	-18.48	-21.64	-6.70	4.01	5.26	7.28	7.70
Total Managed Portfolio	-12.80	-17.36	-14.95	5.12	6.36	7.36	6.99

**Inception Date: 08/2011**

Returns are gross of fees unless otherwise noted. 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. From August 2011 to November 2011, the Plans' assets were managed under the Moderate Aggressive HighMark Plus Commingled Fund, account 6746019207. On December 1, 2011, the Plans' assets were transferred out of the commingled fund and converted to a separately managed account under account 6746042600. In March 2017, the Investment Objective was changed to Capital Appreciation. From June 1, 2018, the account number changed to 6746058600, this was due to the County's Plan moving to the PRSP Trust. Historical performance returns from the HighMark Moderately Aggressive commingled fund have been linked to the performance record of the separately managed account, and the performance returns after December 2011 reflect this link

# Asset Allocation – County of Yolo OPEB

## As of Second Quarter 2021

Current Asset Allocation		Investment Vehicle		
<b>Equity</b>	<b>71.20%</b>			<b>21,685,413</b>
Large Cap Core	7.32%	COFYX	Columbia Contrarian Core Inst3	2,229,500
	14.18%	VGIAX	Vanguard Growth & Income Adm	4,318,983
Large Cap Value	6.40%	DODGX	Dodge & Cox Stock	1,948,737
	3.03%	IVE	iShares S&P 500 Value ETF	921,532
Large Cap Growth	4.10%	HNACX	Harbor Capital Appreciation Retirement	1,249,903
	4.09%	PRUFX	T. Rowe Price Growth Stock I	1,245,277
Mid Cap Core	6.89%	IWR	iShares Russell Mid-Cap ETF	2,099,122
Small Cap Value	5.26%	UBVFX	Undiscovered Managers Behavioral Val R6	1,601,934
Small Cap Growth	4.90%	VBK	Vanguard Small-Cap Growth ETF	1,491,123
International Core	4.68%	DFALX	DFA Large Cap International I	1,424,100
International Value	1.80%	DODFX	Dodge & Cox International Stock	547,288
International Growth	1.82%	MGRDX	MFS International Growth R6	554,438
Emerging Markets	4.74%	HHHFX	Hartford Schoders Emerging Mkts Eq F	1,442,310
Real Estate	2.01%	VNQ	Vanguard Real Estate ETF	611,166
<b>Fixed Income</b>	<b>20.37%</b>			<b>6,204,670</b>
Short-Term	3.32%	VFSUX	Vanguard Short-Term Investment-Grade Adm	1,010,883
Intermediate-Term	5.40%	DBLFX	DoubleLine Core Fixed Income I	1,645,011
	5.45%	PTTRX	PIMCO Total Return Instl	1,658,724
	5.42%	PTRQX	PGIM Total Return Bond R6	1,649,325
High Yield	0.79%	PHIYX	PIMCO High Yield Instl	240,726
<b>Cash</b>	<b>8.43%</b>			<b>2,566,308</b>
	8.43%	FGZXX	First American Government Oblig Z	2,566,308
<b>TOTAL</b>	<b>100.00%</b>			<b>\$30,456,391</b>

**Selected Period Performance**  
**PARS/COUNTY OF YOLO, CA 115P-PENSION**  
**Account 6746058601**  
**Period Ending: 6/30/2022**

	3 Months	Year to Date (6 Months)	1 Year	3 Years	Inception to Date 08/01/2018
Cash Equivalents	.14	.15	.16	.48	.89
<i>Lipper Money Market Funds Index</i>	<i>.13</i>	<i>.14</i>	<i>.14</i>	<i>.47</i>	<i>.85</i>
Total Fixed Income	-4.99	-10.22	-10.33	-.86	1.09
<i>Bloomberg US Aggregate Bd Index</i>	<i>-4.69</i>	<i>-10.35</i>	<i>-10.29</i>	<i>-.93</i>	<i>1.22</i>
Total Equities	-16.00	-20.28	-17.47	6.78	6.09
Large Cap Funds	-17.08	-20.98	-14.73	9.90	8.68
<i>S&amp;P 500 Composite Index</i>	<i>-16.10</i>	<i>-19.96</i>	<i>-10.62</i>	<i>10.60</i>	<i>9.76</i>
Mid Cap Funds	-16.89	-21.61	-17.34	6.34	6.18
<i>Russell Midcap Index</i>	<i>-16.85</i>	<i>-21.57</i>	<i>-17.30</i>	<i>6.59</i>	<i>6.38</i>
Small Cap Funds	-15.85	-19.84	-22.41	4.70	4.06
<i>Russell 2000 Index</i>	<i>-17.20</i>	<i>-23.43</i>	<i>-25.20</i>	<i>4.21</i>	<i>1.88</i>
International Equities	-12.42	-17.63	-20.09	2.25	1.46
<i>MSCI EAFE Index</i>	<i>-14.51</i>	<i>-19.57</i>	<i>-17.77</i>	<i>1.07</i>	<i>.47</i>
<i>MSCI EM Free Index</i>	<i>-11.45</i>	<i>-17.63</i>	<i>-25.28</i>	<i>.57</i>	<i>.18</i>
RR: REITS	-15.49	-20.61	-8.00	4.69	6.47
<i>Wilshire REIT Index</i>	<i>-18.48</i>	<i>-21.64</i>	<i>-6.70</i>	<i>4.01</i>	<i>5.57</i>
Total Managed Portfolio	-8.04	-12.92	-11.94	1.59	2.75

**Performance inception 08-01-2018**

The initial contribution was received into the Plan on July 3, 2018. Performance inception is August 1, 2018. Returns are gross of fees unless otherwise noted. 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 – County of Yolo Pension

## As of Second Quarter 2021

Current Asset Allocation		Investment Vehicle		
<b>Equity</b>	<b>28.40%</b>			<b>1,656,471</b>
Large Cap Core	2.83%	COFYX	Columbia Contrarian Core Inst3	165,310
	5.32%	VGIAX	Vanguard Growth & Income Adm	310,066
Large Cap Value	2.56%	DODGX	Dodge & Cox Stock	149,304
	1.20%	IVE	iShares S&P 500 Value ETF	70,105
Large Cap Growth	1.64%	HNACX	Harbor Capital Appreciation Retirement	95,524
	1.63%	PRUFX	T. Rowe Price Growth Stock I	95,178
Mid Cap Core	2.75%	IWR	iShares Russell Mid-Cap ETF	160,357
Small Cap Value	2.29%	UBVFX	Undiscovered Managers Behavioral Val R6	133,377
Small Cap Growth	2.15%	VBK	Vanguard Small-Cap Growth ETF	125,311
International Core	1.77%	DFALX	DFA Large Cap International I	103,294
International Value	0.68%	DODFX	Dodge & Cox International Stock	39,601
International Growth	0.69%	MGRDX	MFS International Growth R6	40,117
Emerging Markets	1.85%	HHHFX	Hartford Schrodgers Emerging Mkts Eq F	107,702
Real Estate	1.05%	VNQ	Vanguard Real Estate ETF	61,226
<b>Fixed Income</b>	<b>66.38%</b>			<b>3,872,047</b>
Short-Term	13.52%	VFSUX	Vanguard Short-Term Investment-Grade Adm	788,477
Intermediate-Term	17.23%	DBLFX	DoubleLine Core Fixed Income I	1,004,916
	17.35%	PTTRX	PIMCO Total Return Instl	1,012,197
	17.27%	PTRQX	PGIM Total Return Bond R6	1,007,319
High Yield	1.01%	PHIYX	PIMCO High Yield Instl	59,138
<b>Cash</b>	<b>5.22%</b>			<b>304,300</b>
	5.22%	FGZXX	First American Government Oblig Z	304,300
<b>TOTAL</b>	<b>100.00%</b>			<b>\$5,832,817</b>

# COUNTY OF YOLO

## For Period Ending June 30, 2022

### 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	-7.86	-16.27	-18.76	-12.91	11.28	10.53	13.12
Vanguard Growth & Income Adm	-8.77	-15.78	-19.06	-9.83	10.87	11.32	13.00
Dodge & Cox Stock I	-9.31	-12.42	-11.53	-7.57	11.27	9.92	13.09
iShares S&P 500 Value ETF	-8.25	-11.32	-11.51	-5.04	8.05	8.01	10.78
Harbor Capital Appreciation Retirement	-7.93	-25.46	-35.59	-32.06	8.25	12.14	13.69
T. Rowe Price Growth Stock I	-8.62	-25.40	-36.60	-34.11	4.36	8.70	12.52
<b>S&amp;P 500 TR USD</b>	<b>-8.25</b>	<b>-16.10</b>	<b>-19.96</b>	<b>-10.62</b>	<b>10.60</b>	<b>11.31</b>	<b>12.96</b>

### MID CAP EQUITY FUNDS

iShares Russell Mid-Cap ETF	-9.99	-16.88	-21.63	-17.43	6.42	7.81	11.11
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### SMALL CAP EQUITY FUNDS

Undiscovered Managers Behavioral Val R6	-9.94	-11.05	-7.91	-3.11	10.76	8.19	11.83
Vanguard Small-Cap Growth ETF	-8.00	-20.44	-29.94	-31.77	2.34	6.81	9.82
<b>Russell 2000 TR USD</b>	<b>-8.22</b>	<b>-17.20</b>	<b>-23.43</b>	<b>-25.20</b>	<b>4.21</b>	<b>5.17</b>	<b>9.35</b>

### INTERNATIONAL EQUITY FUNDS

Dodge & Cox International Stock I	-8.77	-9.49	-10.02	-10.93	3.52	2.14	6.11
DFA Large Cap International I	-9.31	-13.22	-17.50	-15.71	2.48	3.01	5.62
MFS International Growth R6	-6.78	-12.24	-19.38	-17.98	3.33	5.71	7.08
<b>MSCI EAFE NR USD</b>	<b>-9.28</b>	<b>-14.51</b>	<b>-19.57</b>	<b>-17.77</b>	<b>1.07</b>	<b>2.20</b>	<b>5.40</b>
Hartford Schroders Emerging Mkts Eq F	-6.94	-12.08	-19.78	-28.42	0.75	2.70	3.53
<b>MSCI EM NR USD</b>	<b>-6.65</b>	<b>-11.45</b>	<b>-17.63</b>	<b>-25.28</b>	<b>0.57</b>	<b>2.18</b>	<b>3.06</b>

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

# COUNTY OF YOLO

## For Period Ending June 30, 2022

### 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	-7.51	-15.47	-20.52	-8.07	4.73	5.69	7.47

### BOND FUNDS

DoubleLine Core Fixed Income I	-2.01	-5.50	-10.11	-10.18	-1.24	0.74	2.08
PIMCO Total Return Instl	-2.07	-5.46	-11.31	-11.11	-0.77	0.99	1.87
PGIM Total Return Bond R6	-2.59	-6.71	-12.78	-12.53	-1.34	1.08	2.56
Vanguard Short-Term Investment-Grade Adm	-1.30	-1.86	-5.58	-6.10	0.22	1.25	1.70
<b>Bloomberg US Agg Bond TR USD</b>	<b>-1.57</b>	<b>-4.69</b>	<b>-10.35</b>	<b>-10.29</b>	<b>-0.93</b>	<b>0.88</b>	<b>1.54</b>
PIMCO High Yield Instl	-6.81	-9.69	-13.94	-12.68	-0.62	1.53	3.92
<b>ICE BofA US High Yield Mstr II Index</b>	<b>-6.81</b>	<b>-9.97</b>	<b>-14.04</b>	<b>-12.66</b>	<b>-0.04</b>	<b>1.95</b>	<b>4.44</b>

Source: SEI Investments, Morningstar Investments

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