



# CITY OF FULLERTON

OPEB Pre-Funding Trust Program &  
Pension Rate Stabilization Program (PRSP) Client Review  
January 16, 2020

# CONTACTS

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# PARS TRUST TEAM

## Trust Administrator & Consultant



- Recordkeeping
- Sub-trust accounting
- Monitors plan compliance
- Processes contributions/disbursements
- Hands-on, dedicated support teams
- Coordinates all agency services

36

Years of Experience  
(1984-2020)

1,400+

Plans under  
Administration

900+

Public Agency  
Clients

500K+

Plan Participants

\$4.1B

Assets under  
Administration

## Trustee



- 5th largest commercial bank and one of the nation's largest trustees for Section 115 trusts.
- Safeguard plan assets,
- Oversight protection as plan fiduciary
- Custodian of assets

157

Years of Experience  
(1863-20120)

\$5.0T

Assets under  
Administration

## Investment Manager



- Investment sub-advisor to trustee U.S. Bank
- Investment policy assistance
- Uses open architecture
- Active and passive platform options
- Customized portfolios (with minimum asset level)

101

Years of Experience  
(1919-2020)

\$16.4B

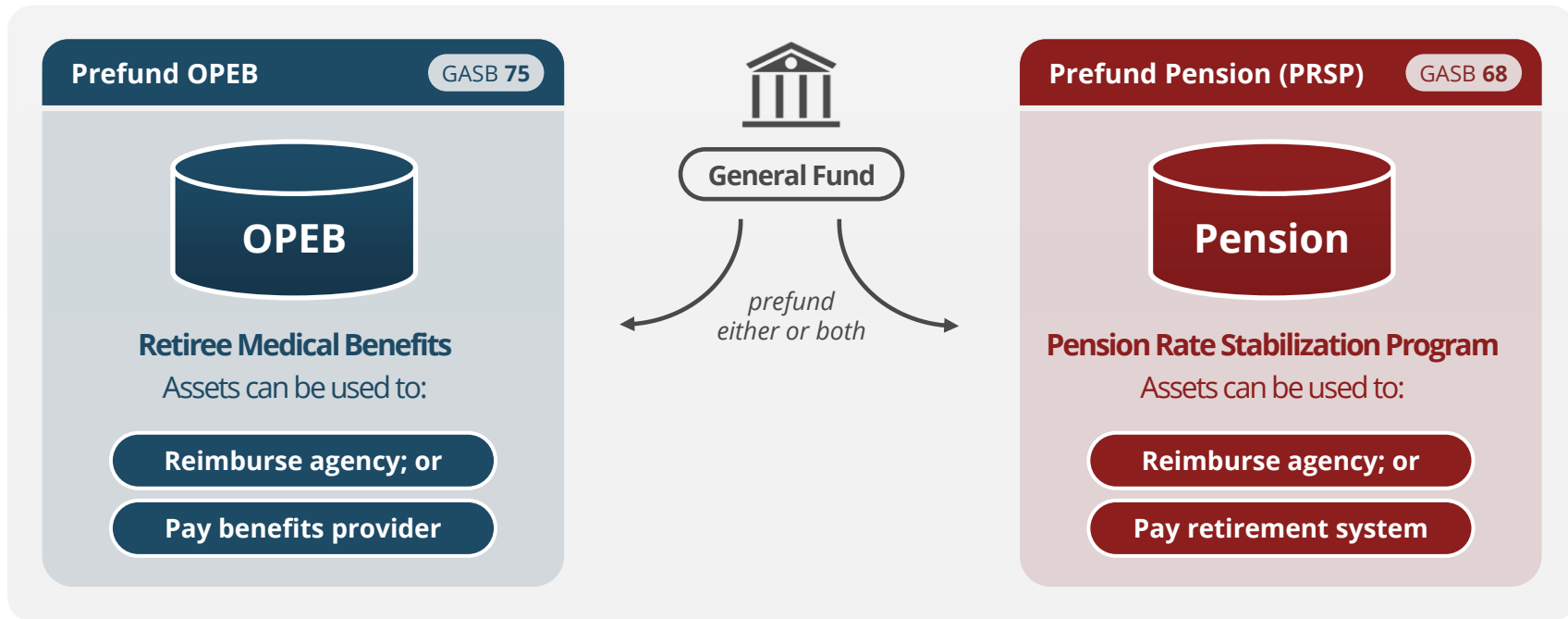
Assets under  
Management

# SECTION 115 TRUST BACKGROUND

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- Section 115 Trusts are used by local governments to fund essential governmental functions (i.e., pension benefits and retiree health care) into an irrevocable trust
- The PARS Trust received the first IRS Private Letter Ruling (PLR) in June 2015 to fund both OPEB and Pension Liabilities for a multiple-employer trust
- Any income derived from a Section 115 Trust is tax exempt
- Once contributions are placed into The PARS Trust, assets from the Trust can be used for specific benefit plan purposes including:
  - Reimbursing the City for OPEB Pay-as-you-Go expenses
  - Reimbursing the City for PERS Contributions
  - Pay OPEB expenses directly to retiree
  - Paying plan expenses (actuarial valuation or audit)

# PARS 115 TRUST STRUCTURE & BENEFITS



## Subaccounts

OPEB and pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center



## Financial Stability

Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.



## Flexible Investing

Allows separate investment strategies for OPEB and pension subaccounts.



## Anytime Access

Trust funds are available anytime; OPEB for OPEB and pension for pension.



## Economies-of-Scale

OPEB and pension assets aggregate and reach lower fees on tiered schedule sooner – saving money!



## No Set Up Cost or Minimums

No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.

*The*

# PARS OPEB TRUST PROGRAM

*for pre-funding retiree health care costs*

# WHY PREFUND OPEB?

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1

## **Reduced Costs**

Diversification of trust assets can result in a greater rate of return, which can lower your OPEB costs

2

## **Improve your Discount Rate**

Continuing with Pay-as-you-Go strategy will require future valuations to use the 20 year municipal treasury rate as the discount rate. Pre-funding allows you to increase discount rate

3

## **GASB 75**

Effective 2017-18, GASB 75 will require OPEB liabilities to be placed directly on your balance sheet similar to pension liabilities under GASB 68. Assets in an OPEB Trust can address your OPEB liabilities

4

## **Improve Credit Ratings**

Agencies that pre-fund their employee benefit liabilities can have a positive impact on their credit ratings, which may lower long term borrowing costs

# SUMMARY OF AGENCY'S OPEB PLAN

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<b>Plan Type:</b>	IRC Section 115 Irrevocable Exclusive Benefit Trust
<b>Trustee Approach:</b>	Discretionary
<b>Plan Effective Date:</b>	October 20, 2015
<b>Plan Administrator:</b>	Director of Administrative Services
<b>Current Investment Strategy:</b>	Capital Appreciation (Passive) Strategy; Pooled

## AS OF DECEMBER 31, 2019:

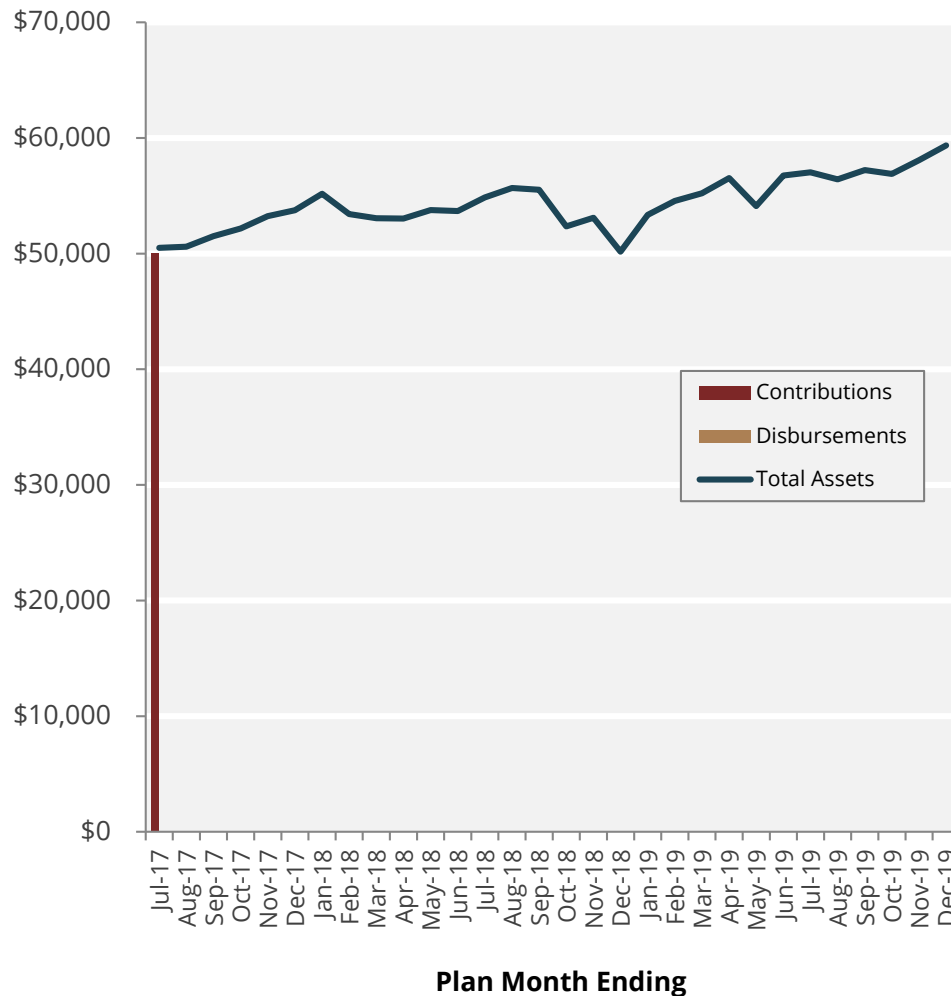
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<b>Initial Contribution:</b>	July 2017: \$50,000
<b>Additional Contributions:</b>	\$0
<b>Total Contributions:</b>	\$50,000
<b>Disbursements:</b>	\$0
<b>Net Investment Earnings:</b>	\$9,359
<b>Account Balance:</b>	\$59,359



# SUMMARY OF AGENCY'S OPEB PLAN

## CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF DECEMBER 31, 2019:



Month	Contributions	Disbursements	Total Assets
Jul-17	\$50,000	\$0	\$50,504
Aug-17	\$0	\$0	\$50,595
Sep-17	\$0	\$0	\$51,506
Oct-17	\$0	\$0	\$52,182
Nov-17	\$0	\$0	\$53,240
Dec-17	\$0	\$0	\$53,746
Jan-18	\$0	\$0	\$55,177
Feb-18	\$0	\$0	\$53,425
Mar-18	\$0	\$0	\$53,060
Apr-18	\$0	\$0	\$53,035
May-18	\$0	\$0	\$53,764
Jun-18	\$0	\$0	\$53,686
Jul-18	\$0	\$0	\$54,855
Aug-18	\$0	\$0	\$55,675
Sep-18	\$0	\$0	\$55,531
Oct-18	\$0	\$0	\$52,350
Nov-18	\$0	\$0	\$53,100
Dec-18	\$0	\$0	\$50,165
Jan-19	\$0	\$0	\$53,349
Feb-19	\$0	\$0	\$54,550
Mar-19	\$0	\$0	\$55,222
Apr-19	\$0	\$0	\$56,533
May-19	\$0	\$0	\$54,118
Jun-19	\$0	\$0	\$56,754
Jul-19	\$0	\$0	\$57,031
Aug-19	\$0	\$0	\$56,418
Sep-19	\$0	\$0	\$57,227
Oct-19	\$0	\$0	\$56,901
Nov-19	\$0	\$0	\$58,082
Dec-19	\$0	\$0	\$59,359

# OPEB ACTUARIAL RESULTS

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- We have received the actuarial report by DFA, LLC with a valuation date as of June 30, 2018. In the table below, we have summarized the results.

Demographic Study   Valuation Date: June 30, 2018	
Actives	521
Retirees	187
Total	708
Average Active Age	42.5
Average Active Agency Service	11.5

# OPEB ACTUARIAL RESULTS

Valuation Date: June 30, 2018	Pay-as-you-Go Discount Rate: 3.75%
<b>Total OPEB Liability</b>	\$30,112,338
<b>Plan Fiduciary Net Position</b>	\$53,686
<b>Funded Ratio</b>	0.18%
<b>Net OPEB Liability</b>	\$30,058,652
<b>Annual Determined Contribution (ADC)</b>	\$2,181,997
<b>Annual Benefit Payments (Pay-as-you-Go) for FY 2019-20</b>	\$1,310,663

**Rule of thumb:** For every one percent increase in the discount rate, the unfunded liability is lowered by 10-12%.

*The*

# PARS PENSION RATE STABILIZATION PLAN

*for the prefunding CalPERS pension benefits*

# WHY PREFUND PENSION OBLIGATIONS?

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1

## **Complete Local Control over Assets**

Pension Rate Stabilization Program provides an alternative to sending money directly to retirement system to address unfunded pension liabilities

2

## **Pension Rate Stabilization**

Assets can be transferred to retirement system plan at the City's direction, which can reduce or eliminate large fluctuations in Employer contributions to retirement system

3

## **Rainy Day Fund**

Emergency source of funds when Employer revenues are impaired based on economic or other conditions

4

## **Diversified Investing**

Potential for Greater Return than General Fund

# SUMMARY OF AGENCY'S PENSION PLAN

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<b>Plan Type:</b>	IRC Section 115 Irrevocable Exclusive Benefit Trust
<b>Trustee Approach:</b>	Discretionary
<b>Plan Effective Date:</b>	October 20, 2015
<b>Plan Administrator:</b>	Director of Administrative Services
<b>Current Investment Strategy:</b>	Capital Appreciation (Passive) Strategy; Pooled

## AS OF DECEMBER 31, 2019:

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<b>Initial Contribution:</b>	\$0
<b>Additional Contributions:</b>	\$0
<b>Total Contributions:</b>	\$0
<b>Disbursements:</b>	\$0
<b>Net Investment Earnings:</b>	\$0
<b>Account Balance:</b>	\$0



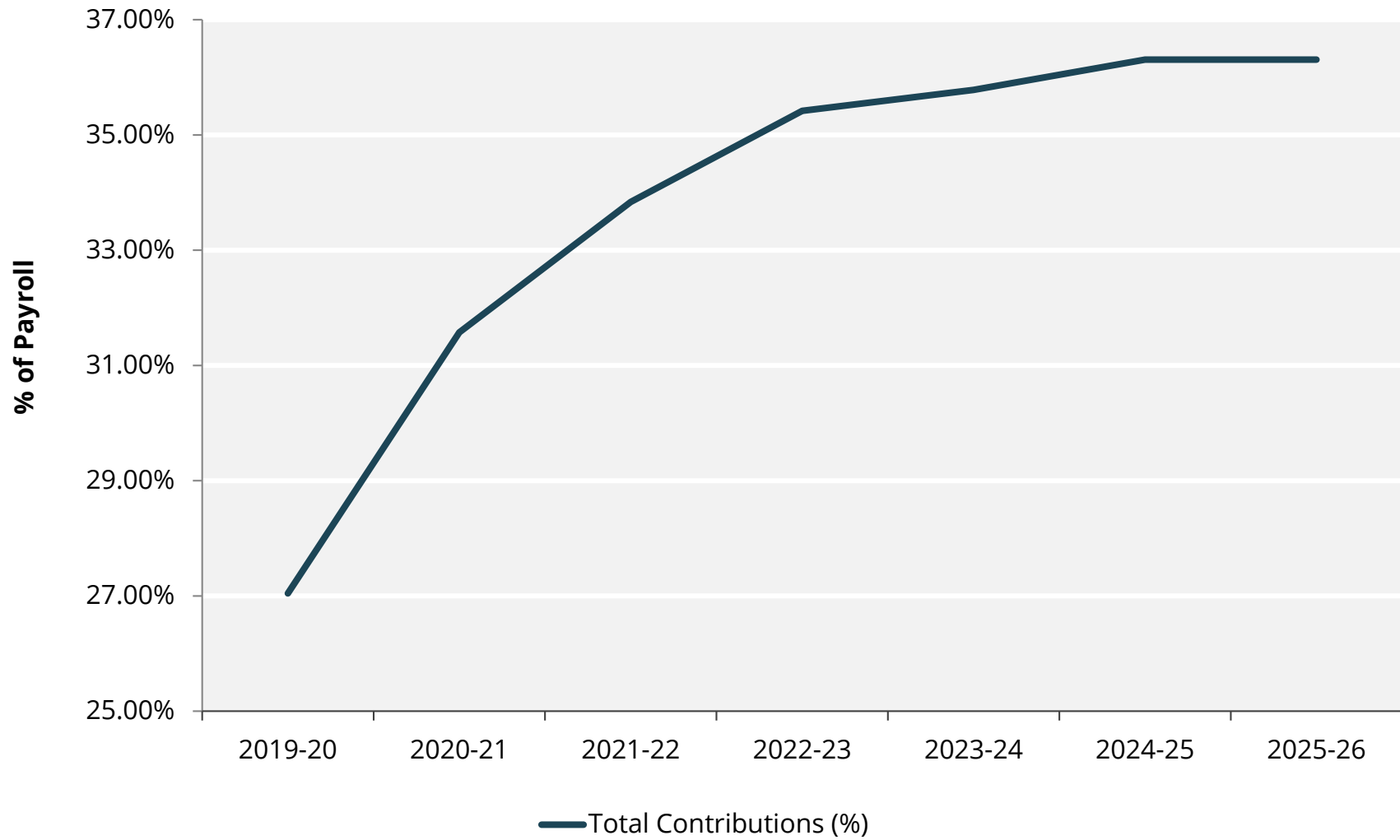
# PENSION FUNDING STATUS

As of June 30, 2018, City of Fullerton's CalPERS pension plan is funded as follows\*:

Actuarial Liability	\$804 M
Assets	\$548 M
Unfunded Liability	\$256 M
Funded Ratio	68.1%
Employer Contribution Amount (FY 19-20)	\$23.6 M
Projected Employer Contribution Amount (FY 25-26)	\$32.8 M (38.8% ↑)

# PROJECTED EMPLOYER CONTRIBUTIONS (MISC.)

Projected misc. contributions increase from \$7.3M to \$10.3M\* (41.1% ↑)

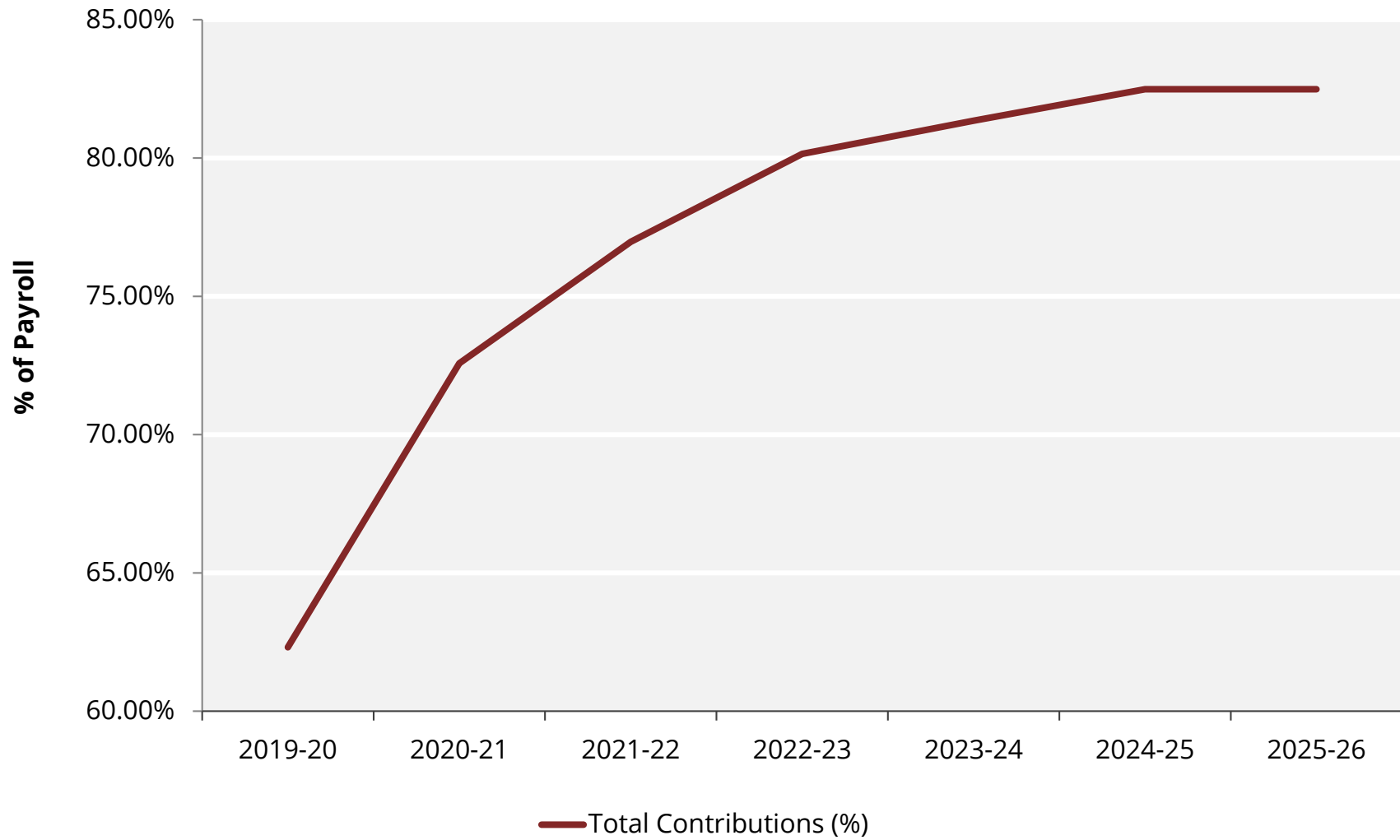


\* Data from Agency's 2018-19 CalPERS actuarial valuation



# PROJECTED EMPLOYER CONTRIBUTIONS (SAFETY)

Projected safety contributions increase from \$16.4M to \$22.5M\* (37.8% ↑)



\* Data from Agency's 2018-19 CalPERS actuarial valuation

# SAMPLE FUNDING POLICIES

1

Contribute 50% of a given year's realized year end surplus to address pension liability

SOLANA BEACH & ALAMEDA

2

Contribute amount equal to annual PERS employer contribution (\$6 million) in order to allow full access to trust assets at all times

BREA

3

Contribute \$4 million to stabilize PERS employer misc. Rates to 28% and safety rates to 44% through FY 23-24

HEALDSBURG

4

"One equals five plan" - Contribute \$1 million per year for 5 years based on premise that every contribution will save taxpayers \$5 million over 25 years

HUNTINGTON BEACH

5

Contribute Employer contribution equal to the 2.8% discount rate (as opposed to the standard 7.5% rate), with difference going into the Section 115 Trust

SAUSALITO

6

Maintains a 15% general fund reserve and is targeting to make contributions over and above that threshold into the Trust

REDWOOD CITY

7

Earmarked a portion of a recently approved local sales tax measure to be set aside for unfunded pension liabilities

FOUNTAIN VALLEY

8

Using one-time revenue source plus on-going savings from CalPERS unfunded liability pre-payment

PASADENA

9

Using one-time revenue source and lowering the minimum General Fund Reserve level from 30% to 20%

GLENDALE

# INVESTMENTS

# INVESTMENT FLEXIBILITY

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- Agency maintains oversight of the investment manager and the portfolio's risk tolerance level
- Investment restrictions that apply to the general fund (CA Government Code 53601) are not applicable to assets held in The PARS Section 115 Irrevocable Trust
- Assets held in The PARS Section 115 Irrevocable Trust can be invested per Government Code Sections 53216 (Pension) and 53620 (OPEB)
- Investments can be diversified and invested in a prudent fashion
- Investments can be tailored to the Agency's unique demographics and needs
- Increased risk diversification



## Diversified Investing

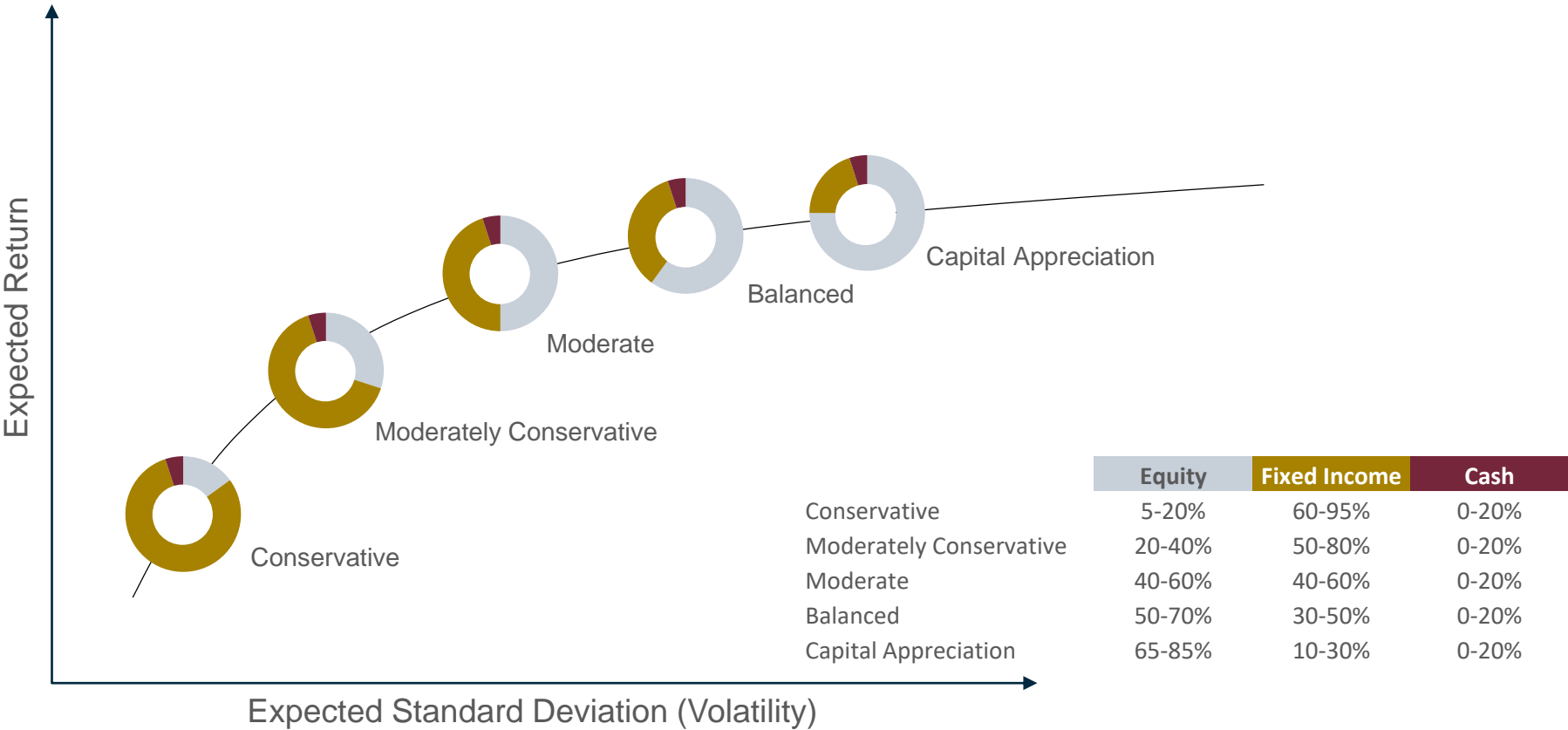
Assets held in The PARS Section 115 Irrevocable Trust can be diversely invested in a prudent fashion per Government Code Sections 53216 (Pension) and 53620 (OPEB).

**GOV § 53216 (Pension)**

**GOV § 53620 (OPEB)**

# Establish: Determine your Strategic Asset Allocation Strategy

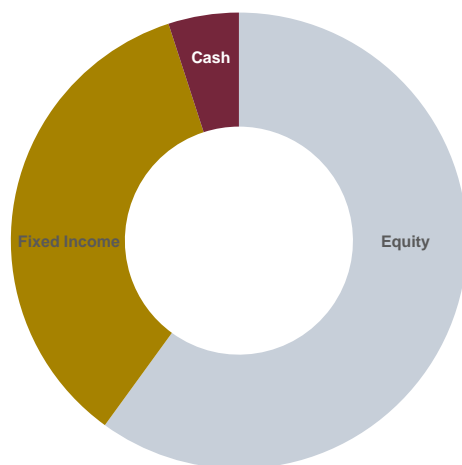
Efficient frontier of portfolios with varying ranges of equities and fixed income



Each Investment Objective reflects the associated PARS Diversified Portfolio as of 9/30/2019. A client's portfolio construction may vary depending on the client's investment needs, objectives, and restrictions as well as the prevailing market conditions at the time of investment.

# Diversify: Tactical Asset Allocation

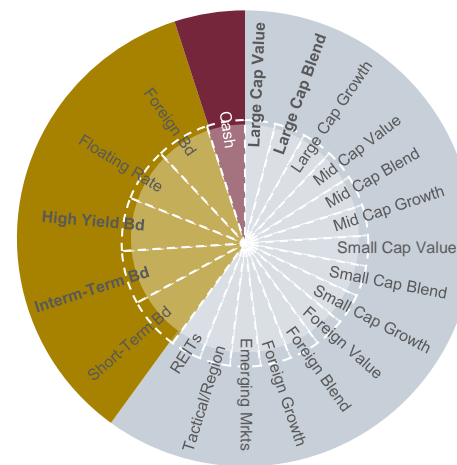
## Strategic Asset Allocation



*Strategic Asset Allocation is the foundation of portfolio management.*

- Optimizes the long-term allocation of your portfolio across key asset classes;
- Aligned with your individual goals and objectives;
- Rooted in empirical observations supported by financial, economic, and investment theory.






## Tactical Asset Allocation



*Tactical Asset Allocation exploits opportunities frequently overlooked as sources for excess return.*

- Logical extension of Strategic Asset Allocation;
- Skews the direction, size, expected value, and duration of the portfolio;
- Sector selection, style rotation, and currency inputs identify opportunities to achieve additional return above strategic asset allocation.

## Construct Your Plan's Portfolio: PARS Diversified Portfolios – Tactical Allocation

					
	<b>Conservative</b>	<b>Moderately Conservative</b>	<b>Moderate</b>	<b>Balanced</b>	<b>Capital Appreciation</b>
<b>Equity</b>	<b>5-20%</b>	<b>20-40%</b>	<b>40-60%</b>	<b>50-70%</b>	<b>65-85%</b>
<b><i>Current Tactical</i></b>	<b>14.45%</b>	<b>29.00%</b>	<b>48.37%</b>	<b>58.00%</b>	<b>72.51%</b>
Large Cap Blend	4.17%	8.59%	14.70%	17.85%	22.21%
Large Cap Value	1.63%	3.39%	5.79%	6.94%	8.48%
Large Cap Growth	1.63%	3.38%	5.79%	6.94%	8.48%
Mid Cap Blend	1.22%	2.43%	3.98%	4.86%	6.07%
Mid Cap Value	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	0.97%	1.69%	2.84%	3.30%	4.07%
Small Cap Value	1.18%	2.15%	3.54%	4.21%	4.81%
Small Cap Growth	1.18%	2.15%	3.54%	4.21%	4.81%
International	1.72%	3.70%	5.70%	6.69%	9.69%
Tactical - Europe	0.00%	0.00%	0.00%	0.00%	0.00%
Emerging Markets	0.75%	1.52%	2.49%	3.00%	3.89%
<b>Fixed Income</b>	<b>60-95%</b>	<b>50-80%</b>	<b>40-60%</b>	<b>30-50%</b>	<b>10-30%</b>
<b><i>Current Tactical</i></b>	<b>81.25%</b>	<b>66.85%</b>	<b>47.60%</b>	<b>38.00%</b>	<b>23.74%</b>
Short Term Bond	16.75%	12.15%	8.80%	6.00%	2.64%
Intermediate Term Bond	64.50%	54.70%	38.80%	32.00%	21.10%
Floating Rate Note	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Cash</b>	<b>0-20%</b>	<b>0-20%</b>	<b>0-20%</b>	<b>0-20%</b>	<b>0-20%</b>
<b><i>Current Tactical</i></b>	<b>4.30%</b>	<b>4.15%</b>	<b>4.03%</b>	<b>4.00%</b>	<b>3.75%</b>
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Each Investment Objective reflects the associated PARS Diversified Portfolio as of 9/30/2019. A client's portfolio construction may vary depending on the client's investment needs, objectives, and restrictions as well as the prevailing market conditions at the time of investment.

## Construct Your Plan's Portfolio: PARS Diversified Portfolios – Active v. Passive

	HighMark Plus (Active)		Index Plus (Passive)	
Equity	Ticker	Fund Name	Ticker	Fund Name
Large Cap Blend	COFYX	Columbia Contrarian Core I3	IVV	iShares Core S&P 500 ETF
Large Cap Blend	VGIAX	Vanguard Growth & Income Adm		
Large Cap Value	DODGX	Dodge & Cox Stock	IVE	iShares S&P 500 Value ETF
Large Cap Growth	HNACX	Harbor Capital Appreciation Ret	IVW	iShares S&P 500 Growth ETF
Large Cap Growth	PRUFX	T. Rowe Price Growth Stock I		
Mid Cap Blend	IWR	iShares Russell Mid-Cap ETF	IWR	iShares Russell Mid-Cap ETF
Real Estate	VNQ	Vanguard Real Estate ETF	VNQ	Vanguard Real Estate ETF
Small Cap Value	UBVFX	Undiscovered Managers Behavioral Val R6	IWN	iShares Russell 2000 Value ETF
Small Cap Growth	RSEJX	Victory RS Small Cap Growth R6	IWO	iShares Russell 2000 Growth ETF
International	DFALX	DFA Large Cap International Portfolio		
International	DODFX	Dodge & Cox International Stock		
International	MGRDX	MFS International Growth R6	EFA	iShares MSCI EAFE ETF
Emerging Markets	HHHYX	Hartford Schroders Emerging Mkts Eq Y	VWO	Vanguard FTSE Emerging Markets ETF
Fixed Income	Ticker	Fund Name	Ticker	Fund Name
Short Term Bond	VFSUX	Vanguard Short-Term Investment-Grade Adm	VFSUX	Vanguard Short-Term Investment-Grade Adm
Intermediate Term Bond	PTTRX	PIMCO Total Return Instl	AGG	iShares Core U.S. Aggregate Bond
Intermediate Term Bond	PTRQX	PGIM Total Return Bond Q		
Intermediate Term Bond	DBLFX	DoubleLine Core Fixed Income I		
Cash				
Characteristics				
Fund Manager Dependency		Higher dependency on portfolio manager skill		Tracks index, thus little-to-no dependency on portfolio manager skill
Opportunity to Outperform Index		Opportunity to outperform index		Typically performs below index after fees
Costs		Higher expense ratios due to portfolio manager skill		Lower expense ratio due to little dependency on portfolio manager skill or opportunity for outperformance

Each Investment Objective reflects the associated PARS Diversified Portfolio as of 9/30/2019. A client's portfolio construction may vary depending on the client's investment needs, objectives, and restrictions as well as the prevailing market conditions at the time of investment. Specific securities identified above do not represent all of the securities purchased, sold or recommended for advisory clients, and you should not assume that investments in the securities identified in this presentation were or will be profitable.



# HIGHMARK CAPITAL MANAGEMENT RETURNS

ACTIVE RETURNS AS OF DECEMBER 31, 2019

Strategy	Equity (%)	1 Year	3 Years	5 Years	10 Years
Capital Appreciation	65-85%	22.62%	10.46%	7.90%	9.00%
Balanced	50-70%	19.85%	9.59%	7.06%	8.25%
Moderate	40-60%	17.71%	8.54%	6.39%	7.44%
Moderately Conservative	20-40%	13.73%	6.67%	5.02%	5.96%
Conservative	5-20%	11.05%	5.35%	4.08%	4.71%

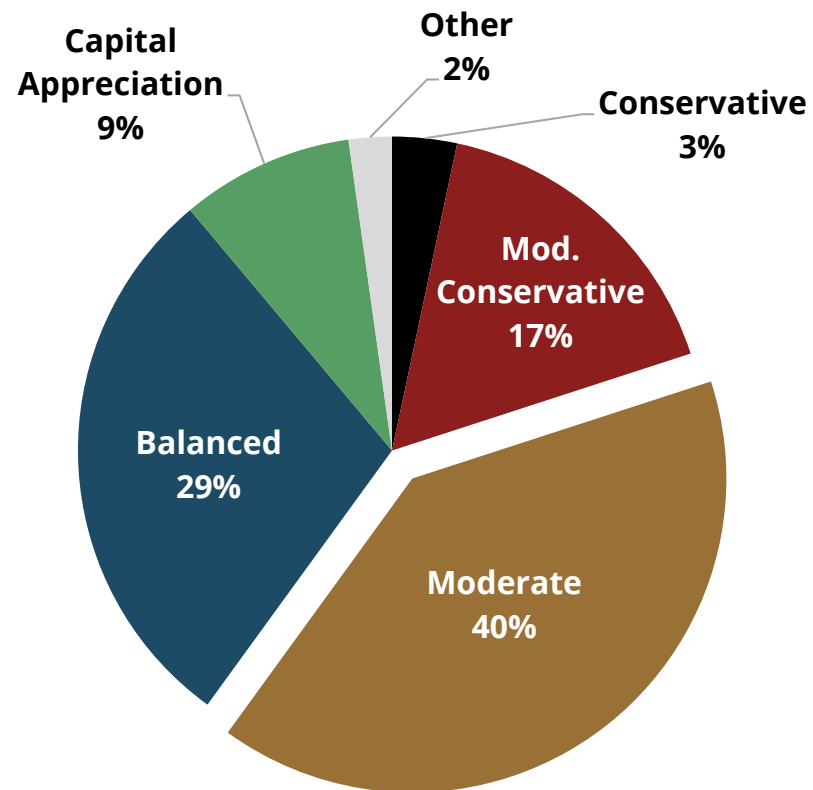
*\* Past performance does not guarantee future results*

# OPEB STRATEGY ALLOCATIONS

As of September 30, 2019

## HIGHMARK CAPITAL MANAGEMENT

Strategy	Allocation (%)
Conservative	3.33%
Moderately Conservative	16.67%
Moderate	40.00%
Balanced	28.89%
Capital Appreciation	8.89%
Other (Custom)	2.22%
<b>TOTAL</b>	<b>100.00%</b>

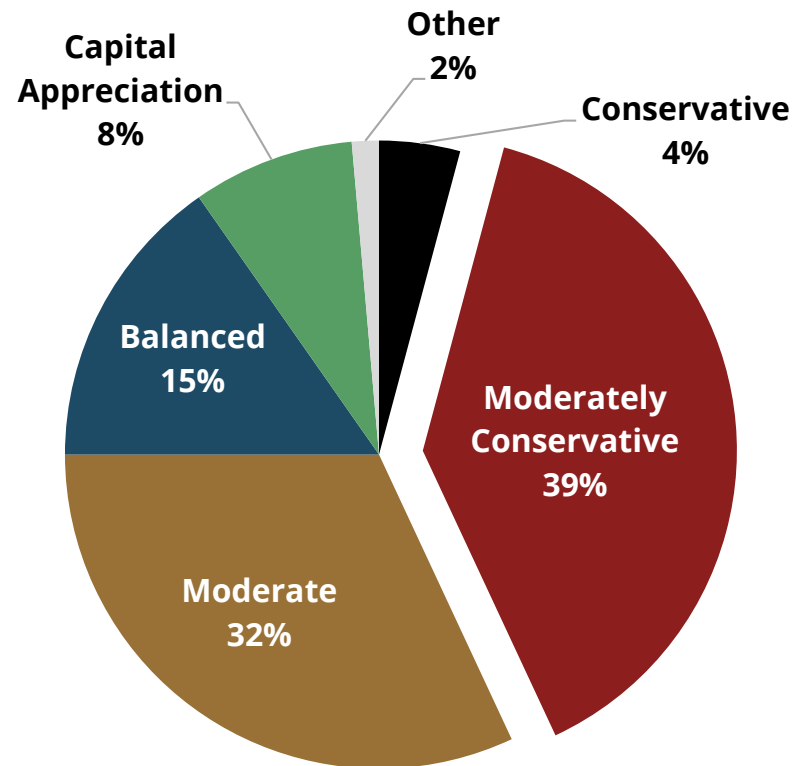


# PRSP STRATEGY ALLOCATIONS

As of September 30, 2019

## HIGHMARK CAPITAL MANAGEMENT

Strategy	Allocation (%)
Conservative	4.17%
Moderately Conservative	38.89%
Moderate	31.94%
Balanced	15.28%
Capital Appreciation	8.33%
Other (Custom)	1.39%
<b>TOTAL</b>	<b>100.00%</b>



## **PARS: City of Fullerton 115- OPEB**

**January 16, 2020**

**Presented by  
Keith Stribling, CFA**

# DISCUSSION HIGHLIGHTS – City of Fullerton 115- OPEB

## Investment objective

### Asset Allocation: PARS/Capital Appreciation Index

- Allocation Target – 74.86% stocks (65-85% range), 23.42% bonds (10-30% range), 1.72% cash (0-20% range)
- Large cap 39.47%, Mid-cap 5.87%, Small cap 10.3%, International 15.08%; REIT 4.14%

### Performance: City of Fullerton 115- OPEB

*(as of 12/31/2019) gross of investment management fees, net of fund fees*

- 3 Months: 5.64%
- 6 Months : 6.60%
- 1 Year : 20.68%
- ITD (6/1/2017): 8.29%

### 12-Month Changes

- Asset Allocation:
  - Recently re-established modest over weight to value style

# DISCUSSION HIGHLIGHTS – City of Fullerton 115- OPEB

## Economic Review

- Trade disagreements still ongoing
- Brexit & a new Prime Minister in the UK
- EU economies struggling so ECB ramps up its QE
  - Negative rates in Europe
- ECB monetary policy & a slowing growth rate alters Fed direction
- Interest rates – yield curve no longer inverted.
- Consumer well positioned & employment remains strong

## 2020 Outlook

- Modest GDP growth
  - 2020E 1.9% - 2.5%
  - 10-yr yield 1.5% - 2.0%
- Fed Funds 1.25% - 1.75%

As of: December 31, 2019

Account Name: PARS/PRSP CAP APPRECIATION INDEX  
Account ID: xxxxxx0111



## Performance Report

	3 Months	6 Months	Year to Date (1 Year)	Inception to Date 07/01/2017
Cash Equivalents	.40	.92	2.07	1.65
Lipper Money Market Funds Index	.38	.87	1.98	1.61
Total Fixed Income	.30	2.28	7.74	3.47
BBG Barclays US Aggregate Bd Index (USD)	.18	2.45	8.72	3.92
Total Equities	8.70	9.32	28.19	11.02
Large Cap Funds	9.15	11.04	31.09	13.99
S&P 500 Composite Index	9.07	10.92	31.49	14.43
Mid Cap Funds	7.16	7.66	30.29	11.15
Russell Midcap Index	7.06	7.58	30.54	11.17
Small Cap Funds	10.01	7.69	25.28	8.10
Russell 2000 Index (USD)	9.94	7.30	25.53	8.27
International Equities	9.25	7.12	22.03	6.10
MSCI EAFE Index (Net)	8.17	7.01	22.01	5.96
MSCI EM Free Index (Net USD)	11.84	7.09	18.42	6.58
REIT Funds	.90	8.26	28.87	8.90
Wilshire REIT Index	-1.14	6.65	25.76	8.44
Total Managed Portfolio	5.64	6.60	20.68	8.29

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- City of Fullerton 115- OPEB

Current Asset Allocation		Investment Vehicle	
<b>Equity</b>			<b>74.86%</b>
Large Cap Core	IVV	iShares S&P 500 Index Fund	22.38%
Large Cap Value	IVE	iShares S&P 500 Value Fund	9.75%
Large Cap Growth	IVW	iShares S&P 500 Growth Fund	7.34%
Mid Cap Value	IWR	iShares Russell MidCap ETF	5.87%
Small Cap Value	IWN	iShares Russell 2000 Value ETF	5.14%
Small Cap Growth	IWO	iShares Russell 2000 Growth ETF	5.16%
International Core	EFA	iShares MSCI EAFE Index Fund	9.99%
Emerging Markets	VWO	Vanguard MSCI Emerging Markets ETF	5.09%
REIT	VNQ	Vngrd Index Tr Reit Viper Shs	4.14%
<b>Fixed Income</b>			<b>23.42%</b>
Short-Term	VFSUX	Vanguard Short-Term Corp Adm Fund	2.62%
Intermediate-Term	AGG	iShares Barclays Aggregate Bond Fund	20.81%
<b>Cash</b>			<b>1.72%</b>
	FGZXX	First American Govt Obligations Fund	1.72%
<b>TOTAL</b>			<b>100.00%</b>



# City of Fullerton 115- OPEB

For Period Ending December 31, 2019

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
iShares S&P 500 Growth ETF	2.91	8.27	30.91	30.91	18.46	13.32	14.57
iShares S&P 500 Value ETF	3.10	9.88	31.71	31.71	11.31	9.35	11.97
iShares Core S&P 500 ETF	3.01	9.05	31.44	31.44	15.23	11.65	13.49
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	2.28	7.04	30.31	30.31	11.90	9.17	13.02
SMALL CAP EQUITY FUNDS							
iShares Russell 2000 Growth ETF	2.29	11.40	28.46	28.46	12.50	9.42	13.09
iShares Russell 2000 Value ETF	3.49	8.45	22.17	22.17	4.64	6.88	10.43
INTERNATIONAL EQUITY FUNDS							
iShares MSCI EAFE ETF	3.23	8.10	21.94	21.94	9.50	5.61	5.41
Vanguard FTSE Emerging Markets ETF	6.95	11.31	20.40	20.40	10.56	5.03	3.46
REAL ESTATE FUNDS							
Vanguard Real Estate ETF	0.80	0.60	28.91	28.91	8.36	7.17	11.97
BOND FUNDS							
iShares Core US Aggregate Bond ETF	-0.07	0.16	8.68	8.68	3.99	2.99	3.65
Vanguard Short-Term Investment-Grade Adm	0.25	0.63	5.84	5.84	2.96	2.56	2.76

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.

## PARS DIVERSIFIED PORTFOLIOS CONSERVATIVE

Q3 2019

### WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

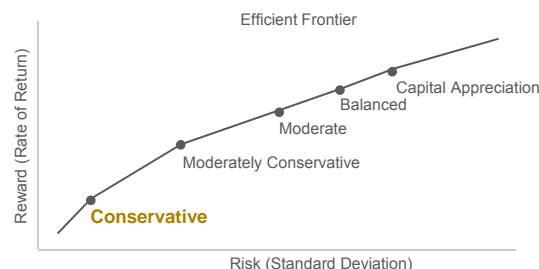
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



### ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	14%
Fixed Income	60 – 95%	80%	82%
Cash	0 – 20%	5%	4%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

Current Quarter*	1.51%
Blended Benchmark*, **	1.49%
Year To Date*	9.35%
Blended Benchmark*, **	8.40%
1 Year	7.78%
Blended Benchmark**	7.21%
3 Year	4.27%
Blended Benchmark**	3.89%
5 Year	4.00%
Blended Benchmark**	3.73%
10 Year	4.74%
Blended Benchmark**	4.09%

#### Index Plus Composite (Passive)

Current Quarter*	1.72%
Blended Benchmark*, **	1.49%
Year To Date*	8.84%
Blended Benchmark*, **	8.40%
1 Year	7.68%
Blended Benchmark**	7.21%
3 Year	3.78%
Blended Benchmark**	3.89%
5 Year	3.60%
Blended Benchmark**	3.73%
10 Year	4.33%
Blended Benchmark**	4.09%

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 - Present: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM (net), 2% MSCI EAFE (net), 52.25% BBG Barclays US Agg, 25.75% ICE BofAML 1-3 Yr US Corp/Gov't, 2% ICE BofAML US High Yield Master II, 0.5% Wilshire REIT, and 5% FTSE 1 Mth T-Bill. From 4/1/2007 – 9/30/2012, the blended benchmark was 12% S&P 500; 1% Russell 2000, 2% MSCI EAFE (net), 40% ICE BofAML 1-3 Year Corp./Gov't, 40% BBG Barclays US Agg, 5% FTSE 1 Mth T-Bill. Prior to April 2007: the blended benchmark was 15% S&P 500, 40% ICE BofAML 1-3Yr Corp/Gov, 40% BBG Barclays US Agg, and 5% FTSE 1 Mth T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

2008	-9.04%
2009	15.59%
2010	8.68%
2011	2.19%
2012	8.45%
2013	3.69%
2014	3.88%
2015	0.29%
2016	4.18%
2017	6.73%
2018	-1.35%

#### Index Plus Composite (Passive)

2008	-6.70%
2009	10.49%
2010	7.67%
2011	3.70%
2012	6.22%
2013	3.40%
2014	4.32%
2015	0.06%
2016	3.75%
2017	5.52%
2018	-1.09%

### PORTFOLIO FACTS

#### HighMark Plus (Active)

Composite Inception Date	07/2004
No of Holdings in Portfolio	18

#### Index Plus (Passive)

Composite Inception Date	07/2004
No of Holdings in Portfolio	12

## HOLDINGS

### HighMark Plus (Active)

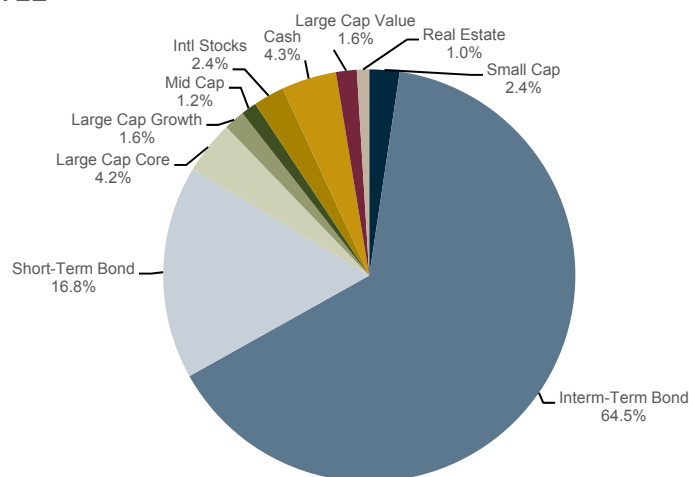
Columbia Contrarian Core I3  
Vanguard Growth & Income Adm  
Dodge & Cox Stock Fund  
Harbor Capital Appreciation - Retirement  
T. Rowe Price Growth Stock - I  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
Undiscovered Managers Behavioral Value-R6  
Victory RS Small Cap Growth - R6  
DFA Large Cap International Portfolio  
Dodge & Cox International Stock  
MFS International Growth - R6  
Hartford Schroders Emerging Markets Eq  
Vanguard Short-Term Invest-Grade Adm  
PIMCO Total Return Fund - Inst  
PGIM Total Return Bond - R6  
DoubleLine Core Fixed Income - I  
First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
iShares S&P 500 Value ETF  
iShares S&P 500 Growth ETF  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
iShares Russell 2000 Value ETF  
iShares Russell 2000 Growth ETF  
iShares MSCI EAFE ETF  
Vanguard FTSE Emerging Markets ETF  
Vanguard Short-Term Invest-Grade Adm  
iShares Core U.S. Aggregate  
First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark's Portfolio Management Group (PMG) with full investment authority according to the PARS Conservative active and passive objectives.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofAML US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofAML 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofAML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
Suite 1600  
San Francisco, CA 94104  
800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has nearly 100 years (including predecessor organizations) of institutional money management experience with \$8.1 billion in assets under management and \$8.3 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager

Investment Experience: since 2004

HighMark Tenure: since 2014

Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager

Investment Experience: since 1985

HighMark Tenure: since 1995

Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2010

Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

#### Randy Yurchak, CFA®

Senior Portfolio Manager

Investment Experience: since 2002

HighMark Tenure: since 2017

Education: MBA, Arizona State University;

BS, University of Washington

### Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 28

Average Tenure (Years): 15

### Manager Review Group

Number of Members: 7

Average Years of Experience: 19

Average Tenure (Years): 7

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. Assets under advisement ("AUA") include assets for which HighMark provides certain investment advisory services (including, but not limited to, investment research and strategies) for client assets of its parent company, MUFG Union Bank, N.A.

## PARS DIVERSIFIED PORTFOLIOS MODERATELY CONSERVATIVE

Q3 2019

### WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

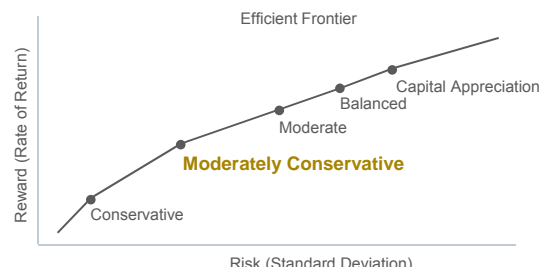
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide current income, with capital appreciation as a secondary objective. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



### ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	29%
Fixed Income	50 - 80%	65%	67%
Cash	0 - 20%	5%	4%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

Current Quarter*	1.22%
Blended Benchmark*, **	1.41%
Year To Date*	10.70%
Blended Benchmark*, **	10.43%
1 Year	6.52%
Blended Benchmark**	6.70%
3 Year	5.39%
Blended Benchmark**	5.24%
5 Year	4.74%
Blended Benchmark**	4.79%
10 Year	5.96%
Blended Benchmark**	5.58%

#### Index Plus Composite (Passive)

Current Quarter*	1.54%
Blended Benchmark*, **	1.41%
Year To Date*	10.66%
Blended Benchmark*, **	10.43%
1 Year	7.00%
Blended Benchmark**	6.70%
3 Year	5.02%
Blended Benchmark**	5.24%
5 Year	4.58%
Blended Benchmark**	4.79%
10 Year	5.61%
Blended Benchmark**	5.58%

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 - Present: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM (net), 4% MSCI EAFE (net), 49.25% BBG Barclays US Agg, 14% ICE BofAML 1-3 Yr US Corp/Gov't, 1.75% ICE BofAML US High Yield Master II, 1% Wilshire REIT, and 5% FTSE 1 Mth T-Bill. From 4/1/2007 - 9/30/2012: the blended benchmark was 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE (net), 25% ICE BofAML 1-3 Year Corp./Gov't, 40% BBG Barclays US Agg, 5% FTSE 1 Mth T-Bill. Prior to April 2007, the blended benchmark was 30% S&P 500, 25% ICE BofAML 1-3Yr Corp/Gov, 40% BBG Barclays US Agg, and 5% FTSE 1 Mth T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

2008	-15.37%
2009	18.71%
2010	10.46%
2011	1.75%
2012	10.88%
2013	7.30%
2014	4.41%
2015	0.32%
2016	4.94%
2017	9.56%
2018	-2.60%

#### Index Plus Composite (Passive)

2008	-12.40%
2009	11.92%
2010	9.72%
2011	3.24%
2012	8.24%
2013	6.78%
2014	5.40%
2015	-0.18%
2016	5.42%
2017	8.08%
2018	-2.33%

### PORTFOLIO FACTS

#### HighMark Plus (Active)

Composite Inception Date	08/2004
No of Holdings in Portfolio	18

#### Index Plus (Passive)

Composite Inception Date	05/2005
No of Holdings in Portfolio	12

## HOLDINGS

### HighMark Plus (Active)

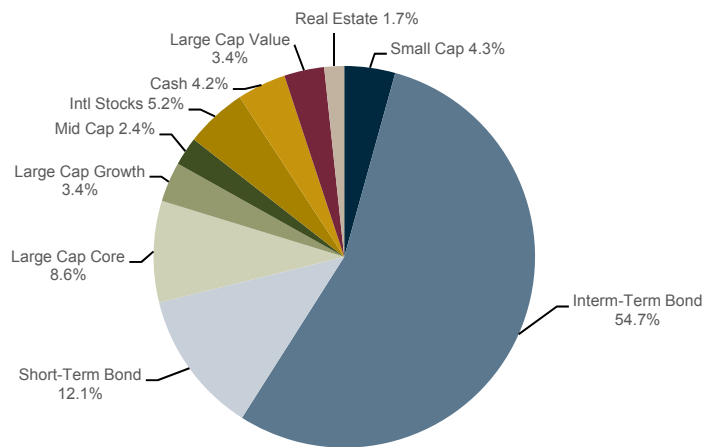
Columbia Contrarian Core I3  
Vanguard Growth & Income Adm  
Dodge & Cox Stock Fund  
Harbor Capital Appreciation - Retirement  
T. Rowe Price Growth Stock - I  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
Undiscovered Managers Behavioral Value-R6  
Victory RS Small Cap Growth - R6  
DFA Large Cap International Portfolio  
Dodge & Cox International Stock  
MFS International Growth - R6  
Hartford Schroders Emerging Markets Eq  
Vanguard Short-Term Invest-Grade Adm  
PIMCO Total Return Fund - Inst  
PGIM Total Return Bond - R6  
DoubleLine Core Fixed Income - I  
First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
iShares S&P 500 Value ETF  
iShares S&P 500 Growth ETF  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
iShares Russell 2000 Value ETF  
iShares Russell 2000 Growth ETF  
iShares MSCI EAFE ETF  
Vanguard FTSE Emerging Markets ETF  
Vanguard Short-Term Invest-Grade Adm  
iShares Core U.S. Aggregate  
First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent a size-weighted composite of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark's Portfolio Management Group (PMG) with full investment authority according to the PARS Moderately Conservative active and passive objectives.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofAML US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofAML 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofAML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
Suite 1600  
San Francisco, CA 94104  
800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has nearly 100 years (including predecessor organizations) of institutional money management experience with \$8.1 billion in assets under management and \$8.3 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager

Investment Experience: since 2004

HighMark Tenure: since 2014

Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager

Investment Experience: since 1985

HighMark Tenure: since 1995

Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2010

Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

#### Randy Yurchak, CFA®

Senior Portfolio Manager

Investment Experience: since 2002

HighMark Tenure: since 2017

Education: MBA, Arizona State University;

BS, University of Washington

#### Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 28

Average Tenure (Years): 15

#### Manager Review Group

Number of Members: 7

Average Years of Experience: 19

Average Tenure (Years): 7

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. Assets under advisement ("AUA") include assets for which HighMark provides certain investment advisory services (including, but not limited to, investment research and strategies) for client assets of its parent company, MUFG Union Bank, N.A.



## PARS DIVERSIFIED PORTFOLIOS MODERATE

Q3 2019

### WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

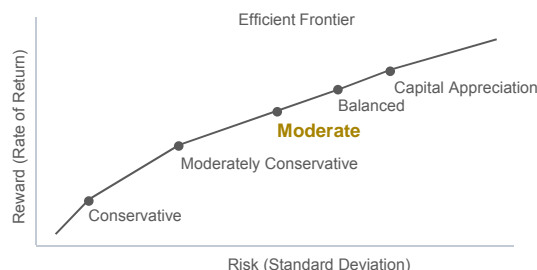
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



### ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	48%
Fixed Income	40 - 60%	45%	48%
Cash	0 - 20%	5%	4%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

Current Quarter*	0.82%
Blended Benchmark*, **	1.12%
Year To Date*	12.65%
Blended Benchmark*, **	12.60%
1 Year	5.09%
Blended Benchmark**	5.30%
3 Year	7.03%
Blended Benchmark**	6.93%
5 Year	5.81%
Blended Benchmark**	6.03%
10 Year	7.34%
Blended Benchmark**	7.34%

#### Index Plus Composite (Passive)

Current Quarter*	1.26%
Blended Benchmark*, **	1.12%
Year To Date*	12.77%
Blended Benchmark*, **	12.60%
1 Year	5.48%
Blended Benchmark**	5.30%
3 Year	6.64%
Blended Benchmark**	6.93%
5 Year	5.63%
Blended Benchmark**	6.03%
10 Year	7.19%
Blended Benchmark**	7.34%

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 – Present: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM (net), 6% MSCI EAFE (net), 33.50% BBG Barclays US Agg, 10% ICE BofAML 1-3 Yr US Corp/Gov't, 1.50% ICE BofAML US High Yield Master II, 1.75% Wilshire REIT, and 5% FTSE 1 Mth T-Bill. From 4/1/2007 – 9/30/2012: the blended benchmark was 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE (net), 15% ICE BofAML 1-3 Year Corp./Gov't, 30% BBG Barclays US Agg, 5% FTSE 1 Mth T-Bill. Prior to April 2007: the blended benchmark was 50% S&P 500, 15% ICE BofAML 1-3Yr Corp/Gov, 30% BBG Barclays US Agg, and 5% FTSE 1 Mth T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

2008	-22.88%
2009	21.47%
2010	12.42%
2011	0.55%
2012	12.25%
2013	13.06%
2014	4.84%
2015	0.14%
2016	6.45%
2017	13.19%
2018	-4.03%

#### Index Plus Composite (Passive)

2008	-18.14%
2009	16.05%
2010	11.77%
2011	2.29%
2012	10.91%
2013	12.79%
2014	5.72%
2015	-0.52%
2016	7.23%
2017	11.59%
2018	-4.03%

### PORTFOLIO FACTS

#### HighMark Plus (Active)

Composite Inception Date	10/2004
No of Holdings in Portfolio	18

#### Index Plus (Passive)

Composite Inception Date	05/2006
No of Holdings in Portfolio	12

## HOLDINGS

### HighMark Plus (Active)

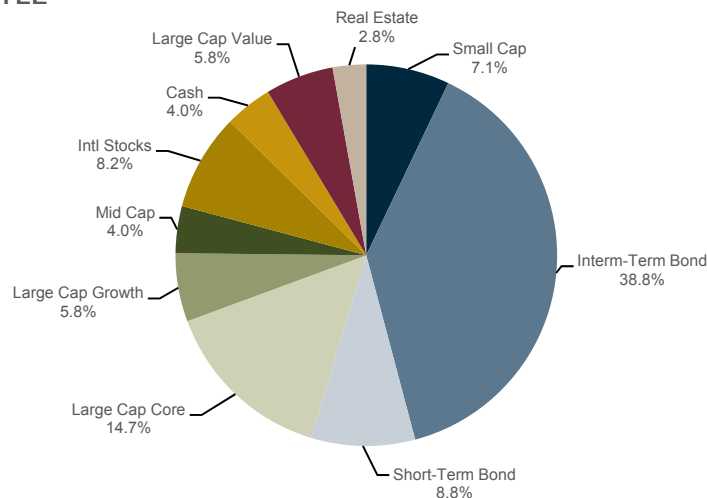
Columbia Contrarian Core I3  
Vanguard Growth & Income Adm  
Dodge & Cox Stock Fund  
Harbor Capital Appreciation - Retirement  
T. Rowe Price Growth Stock - I  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
Undiscovered Managers Behavioral Value-R6  
Victory RS Small Cap Growth - R6  
DFA Large Cap International Portfolio  
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Hartford Schroders Emerging Markets Eq  
Vanguard Short-Term Invest-Grade Adm  
PIMCO Total Return Fund - Inst  
PGIM Total Return Bond - R6  
DoubleLine Core Fixed Income - I  
First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
iShares S&P 500 Value ETF  
iShares S&P 500 Growth ETF  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
iShares Russell 2000 Value ETF  
iShares Russell 2000 Growth ETF  
iShares MSCI EAFE ETF  
Vanguard FTSE Emerging Markets ETF  
Vanguard Short-Term Invest-Grade Adm  
iShares Core U.S. Aggregate  
First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark's Portfolio Management Group (PMG) with full investment authority according to the PARS Moderate active and passive objectives.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark records do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofAML US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofAML 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofAML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
Suite 1600  
San Francisco, CA 94104  
800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has nearly 100 years (including predecessor organizations) of institutional money management experience with \$8.1 billion in assets under management and \$8.3 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager

Investment Experience: since 2004

HighMark Tenure: since 2014

Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager

Investment Experience: since 1985

HighMark Tenure: since 1995

Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2010

Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

#### Randy Yurchak, CFA®

Senior Portfolio Manager

Investment Experience: since 2002

HighMark Tenure: since 2017

Education: MBA, Arizona State University;

BS, University of Washington

#### Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 28

Average Tenure (Years): 15

#### Manager Review Group

Number of Members: 7

Average Years of Experience: 19

Average Tenure (Years): 7

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. Assets under advisement ("AUA") include assets for which HighMark provides certain investment advisory services (including, but not limited to, investment research and strategies) for client assets of its parent company, MUFG Union Bank, N.A.

## PARS DIVERSIFIED PORTFOLIOS BALANCED

Q3 2019

### WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

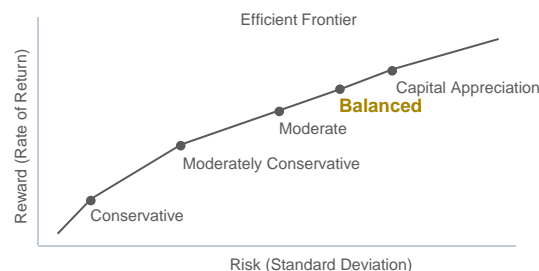
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



### ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	58%
Fixed Income	30 – 50%	35%	38%
Cash	0 – 20%	5%	4%

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

### ANNUALIZED TOTAL RETURNS

#### HighMark Plus Composite (Active)

Current Quarter*	0.61%
Blended Benchmark*, **	0.98%
Year To Date*	13.73%
Blended Benchmark*, **	13.70%
1 Year	4.20%
Blended Benchmark**	4.58%
3 Year	7.91%
Blended Benchmark**	7.77%
5 Year	6.30%
Blended Benchmark**	6.63%
10 Year	8.07%
Blended Benchmark**	8.27%

#### Index Plus Composite (Passive)

Current Quarter*	1.16%
Blended Benchmark*, **	0.98%
Year To Date*	13.84%
Blended Benchmark*, **	13.70%
1 Year	4.67%
Blended Benchmark**	4.58%
3 Year	7.40%
Blended Benchmark**	7.77%
5 Year	6.12%
Blended Benchmark**	6.63%
10 Year	7.89%
Blended Benchmark**	8.27%

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: From 10/1/2012 – Present: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM (net), 7% MSCI EAFE (net), 27% BBG Barclays US Agg, 6.75% ICE BofAML 1-3 Yr US Corp/Gov't, 1.25% ICE BofAML US High Yield Master II, 2% Wilshire REIT, and 5% FTSE 1 Mth T-Bill. From 4/1/2007 – 9/30/2012: the blended benchmark was 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE (net), 5% ICE BofAML 1-3 Year Corp/Gov't, 30% BBG Barclays US Agg, 5% FTSE 1 Mth T-Bill. Prior to April 2007: the blended benchmark was 60% S&P 500, 5% ICE BofAML 1-3Yr Corp/Gov't, 30% BBG Barclays US Agg, and 5% FTSE 1 Mth T-Bill.

### ANNUAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### HighMark Plus Composite (Active)

2008	-25.72%
2009	21.36%
2010	14.11%
2011	-0.46%
2012	13.25%
2013	16.61%
2014	4.70%
2015	0.04%
2016	6.81%
2017	15.46%
2018	-4.88%

#### Index Plus Composite (Passive)

2008	-23.22%
2009	17.62%
2010	12.76%
2011	1.60%
2012	11.93%
2013	15.63%
2014	6.08%
2015	-0.81%
2016	8.25%
2017	13.39%
2018	-5.05%

### PORTFOLIO FACTS

#### HighMark Plus (Active)

Composite Inception Date	10/2006
No of Holdings in Portfolio	18

#### Index Plus (Passive)

Composite Inception Date	10/2007
No of Holdings in Portfolio	12



## HOLDINGS

### HighMark Plus (Active)

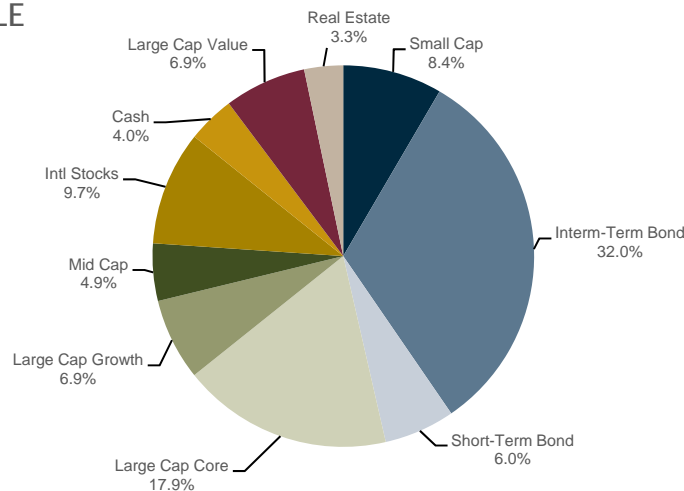
Columbia Contrarian Core I3  
Vanguard Growth & Income Adm  
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Harbor Capital Appreciation - Retirement  
T. Rowe Price Growth Stock - I  
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PGIM Total Return Bond - R6  
DoubleLine Core Fixed Income - I  
First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
iShares S&P 500 Value ETF  
iShares S&P 500 Growth ETF  
iShares Russell Mid-Cap ETF  
Vanguard Real Estate ETF  
iShares Russell 2000 Value ETF  
iShares Russell 2000 Growth ETF  
iShares MSCI EAFE ETF  
Vanguard FTSE Emerging Markets ETF  
Vanguard Short-Term Invest-Grade Adm  
iShares Core U.S. Aggregate  
First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark's Portfolio Management Group (PMG) with full investment authority according to the PARS Balanced active and passive objectives.

The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofAML US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofAML 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofAML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
Suite 1600  
San Francisco, CA 94104  
800-582-4734

### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has nearly 100 years (including predecessor organizations) of institutional money management experience with \$8.1 billion in assets under management and \$8.3 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager

Investment Experience: since 2004

HighMark Tenure: since 2014

Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager

Investment Experience: since 1985

HighMark Tenure: since 1995

Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2010

Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

#### Randy Yurchak, CFA®

Senior Portfolio Manager

Investment Experience: since 2002

HighMark Tenure: since 2017

Education: MBA, Arizona State University; BS, University of Washington

### Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 28

Average Tenure (Years): 15

### Manager Review Group

Number of Members: 7

Average Years of Experience: 19

Average Tenure (Years): 7

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. Assets under advisement ("AUA") include assets for which HighMark provides certain investment advisory services (including, but not limited to, investment research and strategies) for client assets of its parent company, MUFG Union Bank, N.A.

## PARS DIVERSIFIED PORTFOLIOS CAPITAL APPRECIATION

Q3 2019

### WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

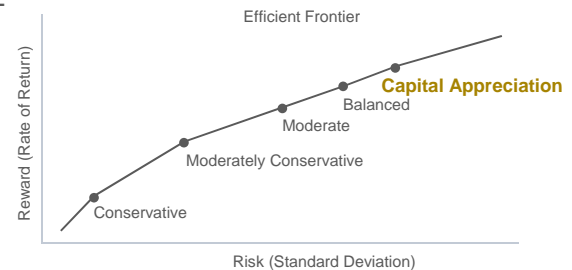
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.



### ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	72%
Fixed Income	10 - 30%	20%	24%
Cash	0 - 20%	5%	4%

### ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### Consolidated Composite

Current Quarter*	0.53%
Blended Benchmark*, **	0.72%
Year To Date*	15.17%
Blended Benchmark*, **	15.16%
1 Year	3.26%
Blended Benchmark**	3.36%
3 Year	8.82%
Blended Benchmark**	8.92%
5 Year	7.04%
Blended Benchmark**	7.37%
10 Year	8.75%
Blended Benchmark**	9.28%

\* Returns less than one year are not annualized. \*\*Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM (net), 10.25% MSCI EAFE (net), 16% BBG Barclays US Agg, 3% ICE BofAML 1-3 Yr US Corp/Gov't, 1% ICE BofAML US High Yield Master II, 2% Wilshire REIT, and 5% FTSE 1 Mth T-Bill.

### ANNUAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

#### Consolidated Composite

2008	N/A
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%
2015	-0.27%
2016	8.81%
2017	16.72%
2018	-5.82%

### PORTFOLIO FACTS

#### Consolidated Composite

Composite Inception Date	01/2009
No of Holdings in Portfolio	18

## HOLDINGS

### HighMark Plus (Active)

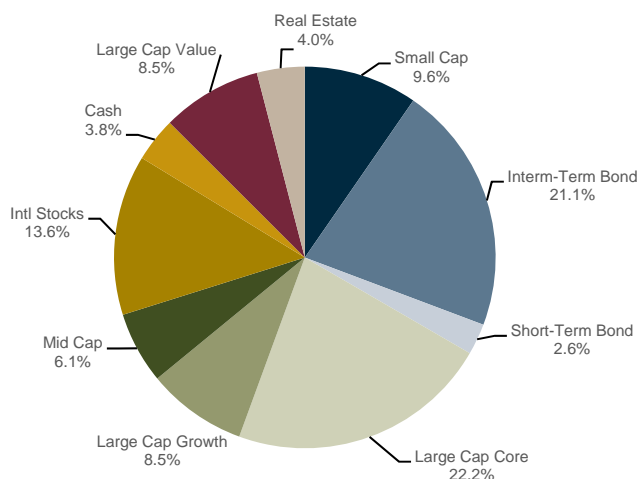
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### Index Plus (Passive)

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First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent a size-weighted composite of tax exempt accounts that meet the following criteria: Accounts are managed by HighMark's Portfolio Management Group (PMG) with full investment authority according to the PARS Capital Appreciation active and passive objectives.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 0.36% paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio's returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a \$10 million initial value would grow to \$12.53 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. A client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The ICE BofAML US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The ICE BofAML 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ICE BofAML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged FTSE 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, and public and private retirement plans. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

## HIGHMARK CAPITAL MANAGEMENT

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### ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has nearly 100 years (including predecessor organizations) of institutional money management experience with \$8.1 billion in assets under management and \$8.3 billion in assets under advisement\*. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
Investment Experience: since 1994  
HighMark Tenure: since 1997  
Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
Investment Experience: since 2004  
HighMark Tenure: since 2014  
Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager  
Investment Experience: since 1985  
HighMark Tenure: since 1995  
Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2010  
Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2007  
Education: BA, University of California, Santa Barbara

#### Randy Yurchak, CFA®

Senior Portfolio Manager  
Investment Experience: since 2002  
HighMark Tenure: since 2017  
Education: MBA, Arizona State University; BS, University of Washington

### Asset Allocation Committee

Number of Members: 16  
Average Years of Experience: 28  
Average Tenure (Years): 15

### Manager Review Group

Number of Members: 7  
Average Years of Experience: 19  
Average Tenure (Years): 7

\*Assets under management ("AUM") include assets for which HighMark provides continuous and regular supervisory and management services. Assets under advisement ("AUA") include assets for which HighMark provides certain investment advisory services (including, but not limited to, investment research and strategies) for client assets of its parent company, MUFG Union Bank, N.A.