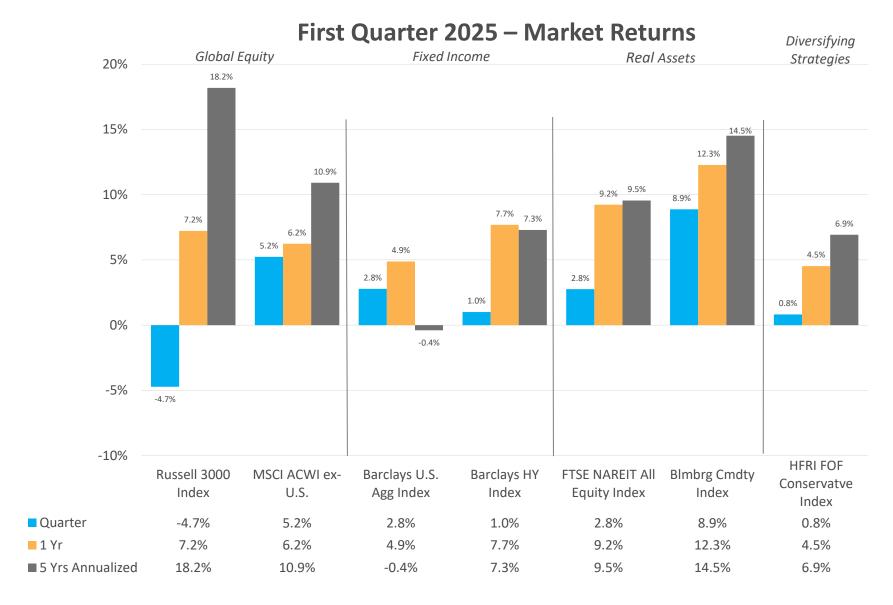
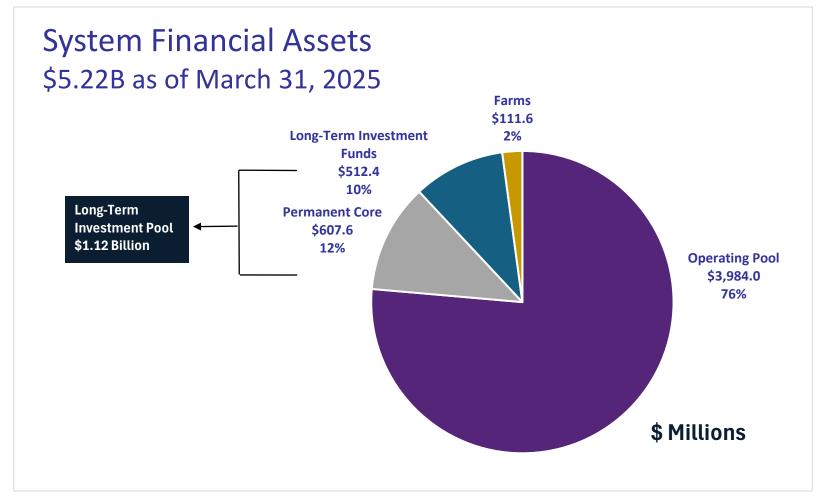


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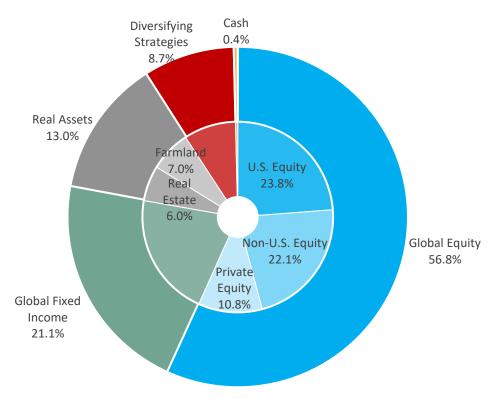
Data sources: Lipper and Hedge Fund Research



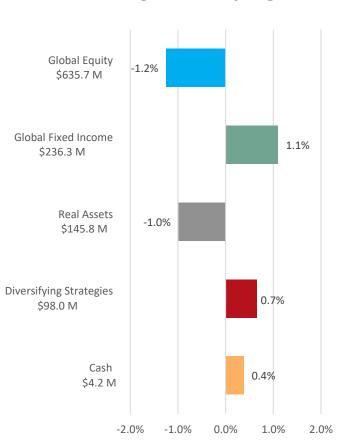
- The System's financial assets were valued at \$5.22 billion as of March 31, 2025.
- The Operating Pool was valued at \$3.98 billion (ex-Permanent Core). The permanent core investment (gray slice) represents a strategic allocation of operating cash in the Long-Term Investment Pool, aimed at increasing distributions to participating units.
- The combined Long-Term Investment Pool is valued at \$1.12 billion (gray and blue slices) and is discussed further on the following slides.

LONG-TERM INVESTMENT POOL UPDATE: MARCH 31, 2025

Total Pool: \$1.12 Billion as of 3/31/2025



## Over/Under Allocation to Long-Term Policy Targets



## **Total Pool: \$1.12 BILLION**



- Over the one-year period, the long-term investment pool returned 5.4%, trailing the benchmark. Contributing to relative performance was real estate (+3.9%) and diversifying strategies (+10.0%), while private equity (+1.6%) and farmland (+0.7%) detracted from relative performance.
- Over the ten-year period, the long-term investment pool posted a 6.4% return, trailing the benchmark. Contributing to relative performance was fixed income (+2.5%) and real estate (+4.9%), while detracting from relative performance was U.S. equity (+10.8%) and diversifying strategies (-0.3%).

Long-Term Investment Pool	Quarter Ending			
Market Value Change	March-2025			
Beginning Market Value	\$1,129.7 M			
Net Contributions	(\$12.3 M)			
Gain/Loss	\$2.6 M			
Ending Market Value	\$1,120.0 M			

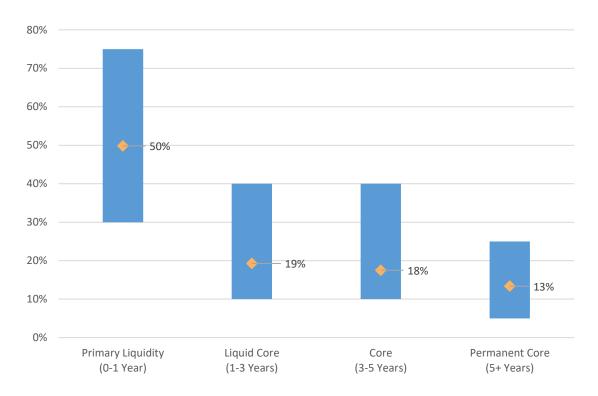
	Current Allocation (%)	Policy Allocation (%)	Quarter ending Mar-2025	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Long-Term Investment Pool			0.2	5.4	4.1	10.6	6.4	8.0	Sep-87
Long-Term Investment Benchmark			0.6	5.7	4.6	10.5	6.9	8.2	
GLOBAL EQUITY	56.8	58.0	-0.9	5.1	4.2	14.6	8.6	8.2	Sep-87
U.S. Equity			-5.6	6.2	7.5	18.2	10.8	9.8	Sep-87
U.S. Equity Benchmark			-4.7	7.2	8.2	18.2	11.8	10.1	
Non-U.S. Equity			4.2	5.3	3.7	10.8	4.9	5.4	Sep-93
Non-U.S. Equity Benchmark			4.6	5.7	4.0	11.0	5.0	5.5	
Private Equity			0.0	1.6	-2.2	14.1	12.6	6.3	Jan-04
Private Equity Benchmark			0.0	5.0	0.6	15.9	12.5	12.1	
GLOBAL FIXED INCOME <sup>1</sup>	21.1	20.0	2.3	5.3	2.2	1.7	2.5	6.1	Sep-87
Public Fixed Income			2.6	5.2	1.7	1.0	2.1	6.0	Sep-87
Fixed Income Benchmark			2.8	4.9	0.5	-0.4	1.5	5.5	
REAL ASSETS <sup>1</sup>	13.0	14.0	0.7	3.8	4.8	9.0	5.7	9.3	Dec-06
Real Estate			1.4	3.9	-3.3	5.1	4.9	6.8	Aug-13
Real Estate Benchmark			0.9	1.2	-5.1	2.1	4.3	6.4	
Farmland <sup>2</sup>			0.0	0.7	14.3	12.6	6.3	9.2	Dec-06
Farmland Benchmark			0.0	7.2	18.0	13.2	6.5	9.9	
DIVERSIFYING STRATEGIES <sup>1</sup>	8.7	8.0	2.1	10.0	6.3	8.9	-0.3	0.5	May-13
Hedge Funds			2.3	10.1	6.3	8.7	-0.8	0.1	May-13
Hedge Fund Index			0.8	4.5	4.2	9.6	5.0	5.0	
CASH	0.4	0.0	1.0	4.7	4.0	2.4	1.7	1.7	

<sup>&</sup>lt;sup>1</sup>Global Fixed Income, Real Assets and Diversifying Strategies include allocations and performance of private investments.

<sup>&</sup>lt;sup>2</sup>Farmland directly owned by the Long-Term Investment Pool is valued annually on June 30.

# OPERATING POOL UPDATE: MARCH 31, 2025

## **OPERATING POOL LIQUIDITY LAYERS**



- The asset allocation strategy for the Operating Pool consists of investing funds across four liquidity layers. Board-approved ranges are depicted by the bars, while the diamonds represent the actual allocation.
- Funds expected to be used within one year are invested in the primary liquidity layer.
- Longer-time horizon investments, including core and permanent core, are expected to provide higher rates of return and will experience some variation in market value as capital market conditions change.
- The System's permanent core operating funds are invested in the System's Long-Term Investment Pool.

Total sum of allocation may not equal 100% due to rounding.

## **TOTAL POOL: \$3.98 BILLION**



- Over the trailing one-year period, the Operating Pool returned 5.5%, outperforming the benchmark return.
  - Almost all managers in the pool met or exceeded their respective benchmarks over the period.
- Over the three-, five-, ten-year, and since inception periods, the Operating Pool outperformed the benchmark.
  - All of the pool's managers have either matched or exceeded their respective benchmarks over these time periods.

Operating Pool	Quarter Ending
Market Value Change	March-2025
Beginning Market Value	\$3,678.5 M
Net Contributions	\$246.0 M
Gain/Loss	\$59.5 M
Ending Market Value	\$3,984.0 M

Note: The Total Pool's beginning and ending market values include bank balances in which the System earns credit to offset bank fees. The beginning market value + net contributions + net investment gains referenced in the table may not equal the ending market value due to rounding.



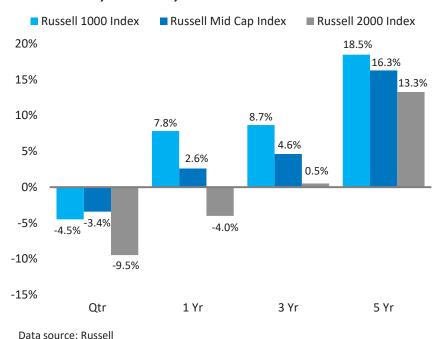
## 2016-2025 Annual Returns of Key Indices

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	5-year annual	10-year annual
Small 21.3%	Emerging Markets 37.3%	Bonds 0.0%	Large Cap 31.5%	Small Cap 20.0%	MLPs 40.2%	MLPs 30.9%	MLPs 26.6%	Large Cap 25.0%	MLPs 12.6%	MLPs 40.2%	Large Cap 12.5%
ML 18.3%	Int'l 25.0%	High Yield -2.1%	Small Cap 25.5%	Large Cap 18.4%	Large Cap 28.7%	Hedge Funds -5.2%	Large Cap 26.3%	MLPs 24.4%	Int'l 6.9%	Large Ca 18.6%	p Small Cap 6.3%
High Yeld 17.1%	Large Cap 21.8%	Hedge Funds -4.0%	Int'l 22.0%	Emerging Markets 18.3%	Global REIT 25.7%	High Yield -11.2%	Int'l 18.2%	Small Cap 11.5%	Emerging Markets 2.9%	Small Ca 13.3%	p MLPs 5.5%
Large 11.9%	Small Cap 14.6%	Large Cap -4.4%	Global REIT 21.9%	Hedge Funds 10.9%	Small Cap 14.8%	Bonds -13.0%	Small Cap 16.9%	Hedge Funds 9.4%	Bonds 2.8%	Int'l 11.8%	Int'l 5.4%
Emergng Marke 11.2%	Global REIT 10.4%	Global REIT -5.6%	Emerging Markets 18.4%	Int'l 7.8%	Int'l 11.3%	Int'l -14.5%	High Yield 13.4%	High Yield 8.2%	Global REIT 1.5%	Emergin Market 7.9%	High Viold
Global EIT 4.1%	Hedge Funds 7.8%	Small Cap -11.0%	High Yield 14.3%	Bonds 7.5%	Hedge Funds 6.0%	Large Cap -18.1%	Global REIT 10.4%	Emerging Markets 7.5%	High Yield 1.0%	High Yie 7.3%	d Emerging Markets 3.7%
Bond 2.6%	High Yield 7.5%	MLPs -12.4%	Bonds 8.7%	High Yield 7.1%	High yield 5.3%	Emerging Markets -20.1%	Emerging Markets 9.8%	Int'l 3.8%	Hedge Funds -0.4%	Hedge Funds 7.1%	Hedge Funds 3.5%
Int' 1.0%	Bonds 3.5%	Int'l -13.8%	Hedge Funds 8.4%	Global REIT -9.0%	Bonds -1.5%	Small Cap -20.4%	Hedge Funds 6.3%	Global REIT 1.7%	Large Cap -4.3%	Global RE 6.6%	IT Global REIT 2.4%
Hedg Fund 0.5%	MLPs -6.5%	Emerging Markets -14.6%	MLPs 6.6%	MLPs -28.7%	Emerging Markets -2.5%	Global REIT -25.0%	Bonds 5.5%	Bonds 1.3%	Small Cap -9.5%	Bonds -0.4%	Bonds 1.5%

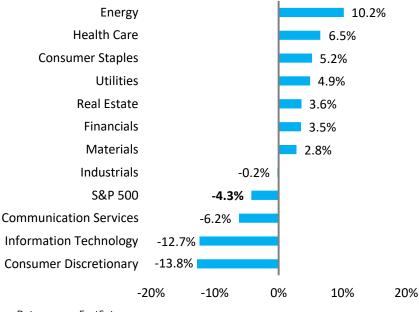
## Global Equity, U.S.

- U.S. equity markets reversed course in the middle of the first quarter and ended lower amid tariff policy
  uncertainty, concerns of slowing economic growth, geopolitical tensions, and a technology sector sell-off. The
  weakness became more substantial after the quarter ended when the U.S. equity market entered a correction.
- Strong corporate earnings had buoyed U.S. equity markets, but earnings expectations and company guidance started to show signs of weakness, leading to questions about the sustainability of the U.S. bull market.
- The Magnificent 7 were not so magnificent to start 2025 and notably dragged down the S&P 500 Index following several years of strength. The consumer discretionary and technology sectors experienced the steepest declines, led by five of the Magnificent 7 (Tesla, NVIDIA, Amazon, Apple, and Microsoft) stocks.
- Value stocks meaningfully outperformed growth stocks, and high-quality stocks, as measured by those with strong operating margins and return on equity, were favored due to concerns about the sustainability of corporate earnings growth. Risk factors, such as volatility and beta, were especially weak in the quarter.

## LARGE CAP, MID CAP, AND SMALL CAP



## **S&P 500 SECTOR PERFORMANCE**

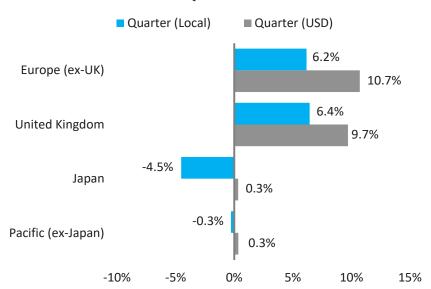


Data source: FactSet

## Global Equity, Non-U.S.

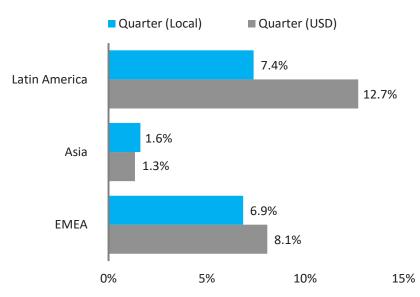
- The U.S. dollar reversed course and declined in the quarter, providing a positive tailwind for U.S. investors in international markets. Concerns regarding prolonged inflation and weakening economic data weighed on the U.S. dollar but had minimal impact on non-U.S. equities, as developed and emerging markets produced positive returns. Early April's weakness following the U.S. tariff announcement was global.
- Most European equity markets experienced gains in local currencies. The strength in value stocks boosted European equities, given the substantial discount that the region traded at relative to the U.S. Additionally, Germany announced a stimulus package that included a significant infrastructure investment that could spur economic growth, with European banks being the primary beneficiaries.
- China was among the best-performing countries globally in the first three months of 2025 despite trade tensions with the U.S. Chinese investor sentiment shifted in a markedly positive direction following the announcements of a compelling new artificial intelligence model from DeepSeek and a government stimulus package that could help stem the Chinese economic growth slowdown.

## **MSCI EAFE REGIONAL QUARTERLY RETURNS**



Data source: MSCI Barra

## MSCI EM REGIONAL QUARTERLY RETURNS



Data source: MSCI Barra

Note: EMEA - Europe, Middle East, and Africa

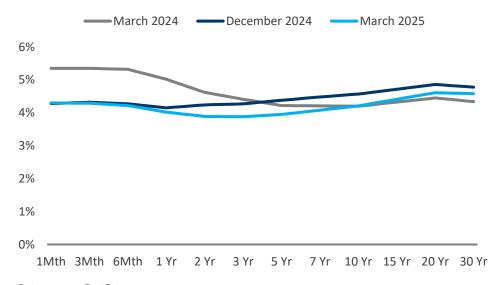
- Interest rates fell during the quarter as the market digested Trump's policy plan. The 10-year Treasury ended the quarter yielding 4.23% and continued to fall in early April, given concerns of a potential economic downturn following the administration's widespread tariffs.
- FOMC Chair Jerome Powell kept expectations for rate cuts anchored following his March press conference. Powell mentioned tariffs as transitory, emphasizing they are a one-time change in the price level, and noted that longer-term market inflation expectations remain anchored. Powell also indicated balance in the labor market, where the "hard data," such as payrolls and unemployment, has remained solid.
- Credit spreads widened during the quarter, with high yield spreads jumping to 3.55% after beginning the quarter below 3%. While significant, this spread remains well below historical averages. Investor demand and primary market issuance remained strong during the quarter, providing a solid technical backdrop for the market.

## **BLOOMBERG U.S. FIXED INCOME INDEX RETURNS**



Data source: FactSet

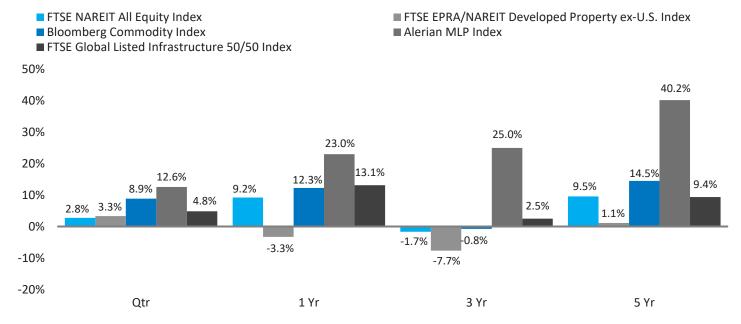
#### **U.S. TREASURY YIELD CURVE**



Data source: FactSet

- U.S. real estate investment trusts (REITs) were modestly positive in the first quarter before declining sharply in April along with the broader equity market. Cell towers led performance as sharply lower U.S. treasury yields boosted valuations. In contrast, data centers lagged amid concerns that hyperscalers may pull back on capital expenditures, while lodging posted the worst returns on fears around the economic outlook.
- Oil prices rose modestly in the quarter, supported by persistent supply concerns. Natural gas prices surged as colder-than-expected winter weather drove storage levels below the five-year average, tightening supply and pushing prices sharply higher. In early April, however, oil and natural gas prices declined sharply amidst concerns of economic uncertainty.
- Global infrastructure stocks posted broad gains in the first quarter and early April, supported by falling U.S. treasury yields that boosted rate-sensitive sectors like cell towers and water infrastructure. All major sectors of the index finished the period positive, with European markets leading performance on a geographic basis.

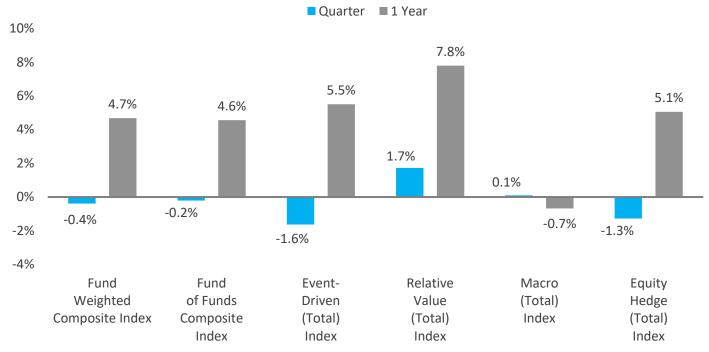
## PUBLIC REAL ASSETS – REAL ESTATE, COMMODITIES, MLPs, AND INFRASTRUCTURE



Data sources: NAREIT, FactSet, and Alerian

- Hedge fund performance was mixed during the first quarter, with modest losses across most categories. Gains
  were seen in the relative value index, while the macro index was nearly flat.
- Event-driven and equity hedge strategies were the biggest detractors. Event-driven fell despite gains in
  distressed/restructuring and merger arbitrage, which were offset by losses in special situations and activist
  strategies. Equity hedge directional strategies struggled, while market-neutral managers returned 1.2%, showing
  strong alpha capture with limited directional exposure. Quantitative managers were also a bright spot.
- Relative value posted solid returns with contributions across sub-indices, including fixed income arbitrage and
  volatility strategies. Macro strategies ended nearly flat, as discretionary managers fared better, while systematic
  managers struggled. Commodities were a detractor, yet currency strategies performed well amid dollar weakness.

#### HFRI INDICES PERFORMANCE RETURNS IN U.S. DOLLARS



Data source: Hedge Fund Research



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**Large Cap** is represented by the S&P 500 Index which measures the performance of large capitalization U.S. stocks. The S&P 500 is a market-weighted index of 500 stocks that are traded on the NYSE, AMEX, and NASDAQ. www.standardandpoors.com

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**International** is represented by the MSCI EAFE Index which is a Morgan Stanley Capital International index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East. www.mscibarra.com

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**Hedged Equity** is represented by the Hedge Fund Research, Inc. Fund Weighted Composite Index, an equal weighted index that includes over 2,000 constituent funds, both domestic and offshore with no Fund of Funds included in the index. www.hfri.com

**Bonds** are represented by the Barclays U.S. Aggregate Bond Index which includes U.S. government, corporate, and mortgage-backed securities with maturities up to 30 years. www.barclays.com

High Yield is represented by the Barclays U.S. Corporate High Yield Index. www.barclays.com

**Global REIT** is represented by the FTSE EPRA/NAREIT Developed Index which is designed to track the performance of listed real estate companies and REITS worldwide. www.ftse.com

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