Hospitality Industry 401(k) Plan

March 4, 2026

Investment Review

Agenda

1. Defined Contribution Marketplace Update
2. Executive Summary
3. Performance Update as of December 31, 2025
4. Disclaimer, Glossary, and Notes

Defined Contribution Marketplace Update

Fourth Quarter 2025 Defined Contribution Marketplace Update

→ On December 4, 2025, a bipartisan bill was reintroduced that would amend the Internal Revenue Code to allow the transfer of contributions from Roth IRA savings accounts into a Roth 401(k), Roth 403(b), or Roth 457(b).[1] The bill was referred to the House Committee on Ways and Means.

→ On December 11, 2025, President Trump signed an executive order[2] that:

- Directed the Securities and Exchange Commission (SEC) to review and potentially rescind regulations related to proxy advisers or their proposals that include diversity, equity, and inclusion considerations or environmental, social, and governance factors.
- Directed the Federal Trade Commission, in consultation with the Attorney General, to determine whether proxy advisers engage in unfair or deceptive practices, including potential violations of federal antitrust laws.
- Tasked the Department of Labor with strengthening fiduciary standards under the Employee Retirement Income Security Act (ERISA).

→ According to The Vanguard Retirement Outlook[3] that was published in October 2025, workers with access to Defined Contribution (DC) plans are twice as likely (54%) to reach their retirement savings goals as those without (28%). Key findings include:

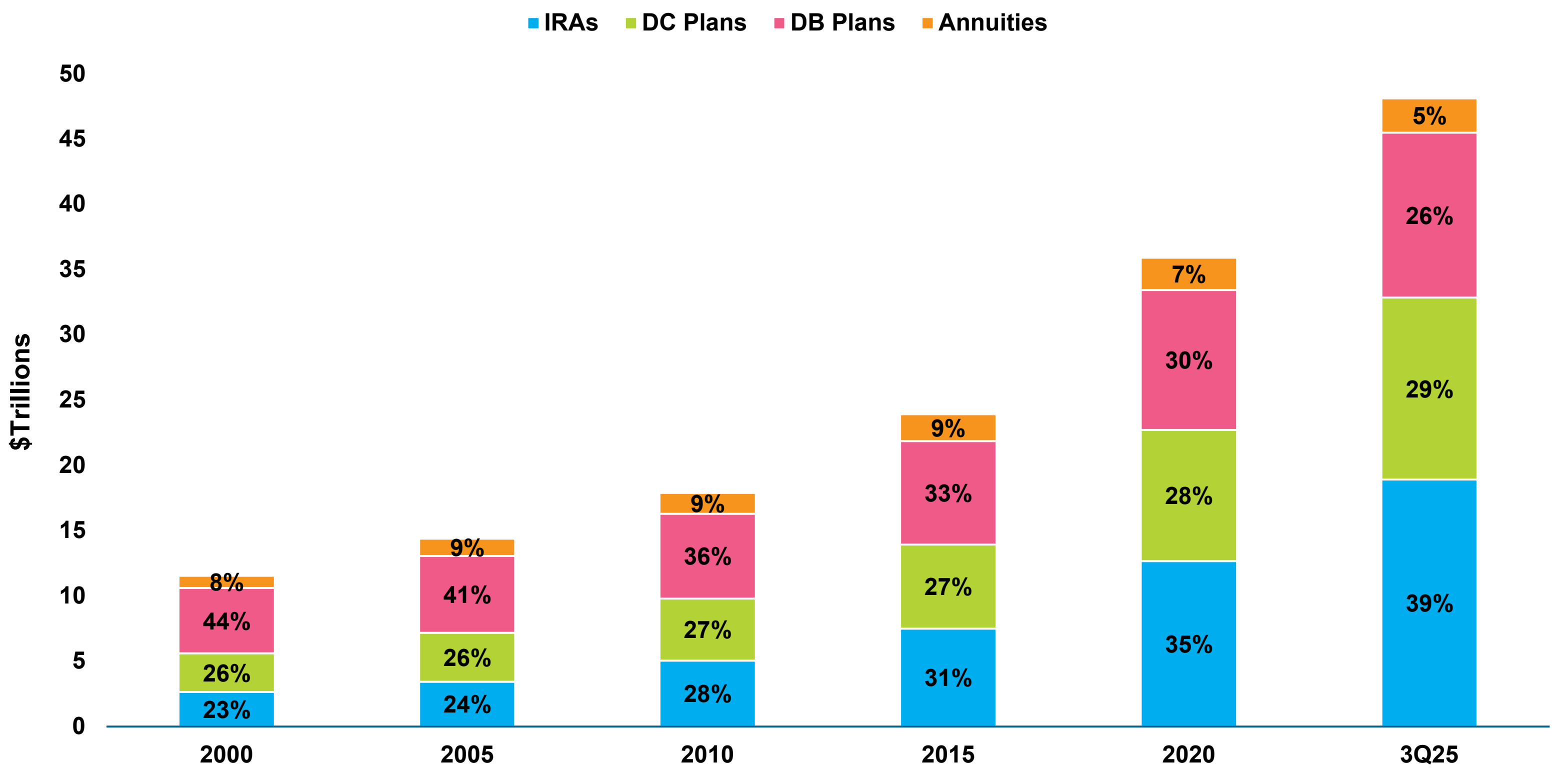
- More than 4 in 10 Americans are on track to maintain their lifestyle in retirement.
- Among baby boomers, only the top 30% of income earners are ready for retirement.
- Many low- and middle-income baby boomers will rely heavily on Social Security, which highlights the urgent need to address the depletion of the Social Security trust fund.

[1] Napa-net.org, https://fcwpol.files.cmp.optimizely.com/download/0d84068cd14011f0a3be6edcc0120802
[2] Whitehouse.gov
[3] Vangaurd.com, https://corporate.vanguard.com/content/dam/corp/research/pdf/vanguard_retirement_outlook_strong_national_progress_opportunities_ahead.pdf

Fourth Quarter 2025 Defined Contribution Marketplace Update (continued)

→ On January 15, 2026, the Investment Company Institute (ICI) released third-quarter 2025 US Retirement Assets data, showing that assets in Defined Contribution (DC) plans have surpassed Defined Benefit (DB) plans.

Total US Retirement Assets[1] as of September 30, 2025



[1] Source: www.ici.org

Executive Summary

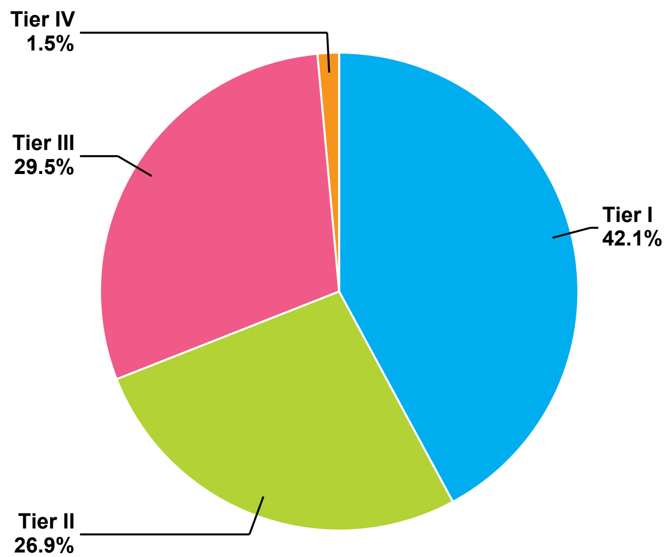
- The value of the 401(k) Plan increased by $2.0 million during the fourth quarter of 2025, ending at $62.6 million as of December 31, 2025.

Quarter	Market Value ($M)
2025Q4	62.6
2025Q3	60.6
2025Q2	57.0
2025Q1	53.6
2024Q4	53.7
2024Q3	53.0

- All managers posted positive results in the fourth quarter, except for the Vanguard MidCap Index. All managers produced positive results for the trailing year. DFA International Small Cap Value was the best performing asset for both time periods as well.
- All managers have produced positive gains over the 5-year period, except for the Vanguard Total Bond Market Index. Over the trailing ten years, all managers have produced positive returns.
- The Guaranteed Income Fund was the largest single investment and represented 16.2% of the Plan's assets as of December 31. As a group, the Target Date funds accounted for 42.1% of the Plan assets, an increase of 0.6% from the prior quarter.
- All investment options have net expense ratios lower than their respective peer group average.

Performance Update
as of December 31, 2025

Current Plan Allocation



Asset Allocation

	12/31/2025 Market Value($)
Tier I	**26,375,737**
Tier II	**16,853,279**
Tier III	**18,487,110**
Tier IV	**912,237**
Total	**62,628,363**

Performance Summary (Trailing)

	Ticker	Market Value ($)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Fund Aggregate		**62,628,363**	**100.0**					
Tier I		**26,375,737**	**42.1**					
Vanguard Target Retirement Income	VTINX	1,977,417	3.2	1.6	11.3	9.5	3.8	5.3
Vanguard Target Retirement Income Index				*1.6*	*11.4*	*9.6*	*4.0*	*5.5*
Target-Date Retirement Rank				*40*	*31*	*46*	*46*	*38*
Vanguard Target Retirement 2020	VTWNX	4,109,145	6.6	1.6	12.1	10.8	4.8	6.9
Vanguard Target Retirement 2020 Index				*1.7*	*12.2*	*10.9*	*5.0*	*7.1*
Target-Date 2020 Rank				*79*	*75*	*51*	*56*	*50*
Vanguard Target Retirement 2025	VTTVX	1,403,632	2.2	2.0	14.6	12.8	5.9	7.9
Vanguard Target Retirement 2025 Index				*2.1*	*14.6*	*13.0*	*6.2*	*8.2*
Target-Date 2025 Rank				*34*	*24*	*7*	*16*	*17*
Vanguard Target Retirement 2030	VTHRX	7,879,553	12.6	2.3	16.2	14.3	6.8	8.7
Vanguard Target Retirement 2030 Index				*2.4*	*16.3*	*14.4*	*7.1*	*9.0*
Target-Date 2030 Rank				*16*	*10*	*3*	*10*	*17*
Vanguard Target Retirement 2035	VTTHX	1,581,369	2.5	2.5	17.5	15.5	7.7	9.4
Vanguard Target Retirement 2035 Index				*2.6*	*17.5*	*15.6*	*8.0*	*9.7*
Target-Date 2035 Rank				*21*	*14*	*18*	*23*	*25*
Vanguard Target Retirement 2040	VFORX	5,713,913	9.1	2.7	18.8	16.6	8.6	10.1
Vanguard Target Retirement 2040 Index				*2.8*	*18.8*	*16.7*	*8.8*	*10.4*
Target-Date 2040 Rank				*35*	*28*	*37*	*44*	*29*
Vanguard Target Retirement 2045	VTIVX	585,093	0.9	2.9	20.0	17.8	9.4	10.7
Vanguard Target Retirement 2045 Index				*3.0*	*20.0*	*17.9*	*9.7*	*11.0*
Target-Date 2045 Rank				*38*	*25*	*36*	*38*	*24*
Vanguard Target Retirement 2050	VFIFX	1,821,040	2.9	3.1	21.4	18.7	10.0	11.0
Vanguard Target Retirement 2050 Index				*3.2*	*21.5*	*18.9*	*10.2*	*11.3*
Target-Date 2050 Rank				*30*	*13*	*24*	*23*	*17*

Trailing Net Performance | As of December 31, 2025

	Ticker	Market Value ($)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Vanguard Target Retirement 2055	VFFVX	357,552	0.6	3.1	21.4	18.7	10.0	11.0
Vanguard Target Retirement 2055 Index				*3.2*	*21.5*	*18.9*	*10.2*	*11.3*
Target-Date 2055 Rank				*32*	*15*	*30*	*27*	*19*
Vanguard Target Retirement 2060	VTTSX	673,674	1.1	3.1	21.4	18.7	10.0	11.0
Vanguard Target Retirement 2060 Index				*3.2*	*21.5*	*18.9*	*10.2*	*11.3*
Target-Date 2060 Rank				*37*	*16*	*32*	*30*	*30*
Vanguard Target Retirement 2065	VLXVX	273,348	0.4	3.1	21.4	18.7	10.0	--
Vanguard Target Retirement 2065 Index				*3.2*	*21.5*	*18.9*	*10.2*	*--*
Target-Date 2065+ Rank				*36*	*22*	*34*	*35*	*--*

Trailing Net Performance | As of December 31, 2025

	Ticker	Market Value ($)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Tier II		**16,853,279**	**26.9**					
Vanguard Inflation Protected Securities	VAIPX	88,322	0.1	0.1	6.9	4.1	1.0	3.0
Blmbg. U.S. TIPS Index				*0.1*	*7.0*	*4.2*	*1.1*	*3.1*
Inflation-Protected Bond Rank				*30*	*39*	*40*	*34*	*32*
Vanguard Total Bond Market Index	VBTLX	98,209	0.2	1.0	7.2	4.7	-0.4	2.0
Blmbg. U.S. Aggregate Float Adjusted				*1.1*	*7.2*	*4.7*	*-0.4*	*2.0*
Intermediate Core Bond Rank				*50*	*49*	*56*	*53*	*54*
Vanguard 500 Index	VFIAX	13,091,345	20.9	2.6	17.8	23.0	14.4	14.8
S&P 500 Index				*2.7*	*17.9*	*23.0*	*14.4*	*14.8*
Large Cap Rank				*36*	*26*	*34*	*15*	*24*
Vanguard MidCap Index	VIMAX	1,471,192	2.3	-0.8	11.7	14.3	8.6	10.9
CRSP U.S. Mid Cap Index				*-0.8*	*11.7*	*14.3*	*8.6*	*10.9*
Mid Cap Rank				*66*	*27*	*33*	*43*	*30*
Vanguard Small Cap Index	VSMAX	1,890,550	3.0	1.8	8.8	13.7	7.3	10.4
CRSP U.S. Small Cap Index				*1.8*	*8.8*	*13.6*	*7.3*	*10.4*
Small Cap Rank				*52*	*43*	*28*	*44*	*25*
Vanguard Total International Stock Index	VTIAX	213,662	0.3	4.5	32.2	17.1	7.9	8.5
Spliced Total International Stock Index				*4.9*	*32.4*	*17.6*	*8.4*	*8.9*
Foreign Large Blend Rank				*46*	*39*	*48*	*54*	*36*

Trailing Net Performance | As of December 31, 2025

	Ticker	Market Value ($)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Tier III		**18,487,110**	**29.5**					
Guaranteed Income Fund		10,173,114	16.2	0.6	2.3	2.2	2.1	--
ICE BofA 3 Month U.S. T-Bill				*1.0*	*4.2*	*4.8*	*3.2*	*--*
Prime Money Market Rank				*97*	*97*	*97*	*96*	*--*
Baird Core Bond Plus	BCOIX	1,920,615	3.1	1.1	7.5	5.6	0.3	2.9
Blmbg. U.S. Universal Index				*1.2*	*7.6*	*5.2*	*0.1*	*2.4*
Intermediate Core-Plus Bond Rank				*29*	*46*	*34*	*30*	*26*
Vanguard Equity Income	VEIRX	790,236	1.3	3.6	17.2	13.3	12.8	11.7
Russell 1000 Value Index				*3.8*	*15.9*	*13.9*	*11.3*	*10.5*
Large Value Rank				*44*	*26*	*55*	*27*	*20*
Boston Trust SMID Cap Fund	BTSMX	2,613,837	4.2	0.2	0.7	7.9	7.6	10.3
Russell 2500 Index				*2.2*	*11.9*	*13.7*	*7.3*	*10.4*
SMID Blend Rank				*77*	*89*	*92*	*53*	*32*
Capital Research & Mgmt American Funds EuroPacific Growth	RERGX	478,196	0.8	4.6	29.2	16.3	4.6	8.5
MSCI AC World ex USA				*5.1*	*32.4*	*17.3*	*7.9*	*8.4*
Foreign Large Growth Rank				*3*	*7*	*21*	*39*	*29*
DFA International Small Cap Value	DISVX	2,511,113	4.0	7.4	52.1	24.5	15.1	10.1
MSCI AC World ex USA Small Cap				*3.0*	*29.3*	*15.6*	*6.9*	*8.1*
Foreign Small/Mid Value Rank				*4*	*4*	*12*	*12*	*24*
Tier IV		**912,237**	**1.5**					
Columbia High Yield Bond	CHYYX	912,237	1.5	1.3	8.8	9.4	4.2	5.7
ICE BofA US High Yield, Cash Pay Constrained Index				*1.4*	*8.5*	*10.0*	*4.5*	*6.4*
High Yield Bond Rank				*62*	*20*	*39*	*48*	*41*

Trailing Net Performance | As of December 31, 2025

Performance Summary (Calendar Year)	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)
Total Fund Aggregate											
Tier I											
Vanguard Target Retirement Income	11.3	6.6	10.7	-12.7	5.2	10.0	13.2	-2.0	8.5	5.3	--
Vanguard Target Retirement Income Index	*11.4*	*6.7*	*10.8*	*-12.4*	*5.4*	*10.7*	*13.4*	*-2.0*	*8.7*	*5.4*	*--*
Vanguard Target Retirement 2020	12.1	7.7	12.5	-14.2	8.2	12.0	17.6	-4.2	14.1	6.9	--
Vanguard Target Retirement 2020 Index	*12.2*	*7.9*	*12.7*	*-13.8*	*8.4*	*12.9*	*17.9*	*-4.1*	*14.2*	*7.2*	*--*
Vanguard Target Retirement 2025	14.6	9.4	14.5	-15.5	9.8	13.3	19.6	-5.2	15.9	7.5	--
Vanguard Target Retirement 2025 Index	*14.6*	*9.6*	*14.7*	*-15.0*	*10.1*	*14.2*	*19.9*	*-5.0*	*16.1*	*7.7*	*--*
Vanguard Target Retirement 2030	16.2	10.6	16.0	-16.3	11.4	14.1	21.1	-5.9	17.5	7.9	--
Vanguard Target Retirement 2030 Index	*16.3*	*10.8*	*16.3*	*-15.7*	*11.7*	*15.0*	*21.3*	*-5.7*	*17.7*	*8.1*	*--*
Vanguard Target Retirement 2035	17.5	11.8	17.1	-16.6	13.0	14.8	22.4	-6.6	19.1	8.3	--
Vanguard Target Retirement 2035 Index	*17.5*	*11.9*	*17.4*	*-16.1*	*13.2*	*15.7*	*22.8*	*-6.5*	*19.2*	*8.6*	*--*
Vanguard Target Retirement 2040	18.8	12.9	18.3	-17.0	14.6	15.5	23.9	-7.3	20.7	8.7	--
Vanguard Target Retirement 2040 Index	*18.8*	*12.9*	*18.6*	*-16.5*	*14.8*	*16.3*	*24.2*	*-7.2*	*20.9*	*9.0*	*--*
Vanguard Target Retirement 2045	20.0	13.9	19.5	-17.4	16.2	16.3	24.9	-7.9	21.4	8.9	--
Vanguard Target Retirement 2045 Index	*20.0*	*14.0*	*19.8*	*-16.9*	*16.5*	*17.0*	*25.4*	*-7.8*	*21.5*	*9.1*	*--*
Vanguard Target Retirement 2050	21.4	14.6	20.2	-17.5	16.4	16.4	25.0	-7.9	21.4	8.9	--
Vanguard Target Retirement 2050 Index	*21.5*	*14.9*	*20.5*	*-17.1*	*16.8*	*17.2*	*25.4*	*-7.8*	*21.5*	*9.1*	*--*
Vanguard Target Retirement 2055	21.4	14.6	20.2	-17.5	16.4	16.3	25.0	-7.9	21.4	8.9	--
Vanguard Target Retirement 2055 Index	*21.5*	*14.9*	*20.5*	*-17.1*	*16.8*	*17.2*	*25.4*	*-7.8*	*21.5*	*9.1*	*--*
Vanguard Target Retirement 2060	21.4	14.6	20.2	-17.5	16.4	16.3	25.0	-7.9	21.4	8.8	--
Vanguard Target Retirement 2060 Index	*21.5*	*14.9*	*20.5*	*-17.1*	*16.8*	*17.2*	*25.4*	*-7.8*	*21.5*	*9.1*	*--*
Vanguard Target Retirement 2065	21.4	14.6	20.1	-17.4	16.5	16.2	25.0	-7.9	--	--	--
Vanguard Target Retirement 2065 Index	*21.5*	*14.9*	*20.5*	*-17.1*	*16.8*	*17.2*	*25.4*	*-7.8*	*--*	*--*	*--*

Trailing Net Performance | As of December 31, 2025

	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)
Tier II											
Vanguard Inflation Protected Securities	6.9	1.9	3.8	-11.9	5.7	11.0	8.2	-1.4	2.9	4.6	-1.7
Blmbg. U.S. TIPS Index	*7.0*	*1.8*	*3.9*	*-11.8*	*6.0*	*11.0*	*8.4*	*-1.3*	*3.0*	*4.7*	*-1.4*
Vanguard Total Bond Market Index	7.2	1.2	5.7	-13.2	-1.7	7.7	8.7	0.0	3.6	2.6	0.4
Blmbg. U.S. Aggregate Float Adjusted	*7.2*	*1.3*	*5.6*	*-13.1*	*-1.6*	*7.7*	*8.9*	*-0.1*	*3.6*	*2.8*	*0.4*
Vanguard 500 Index	17.8	25.0	26.2	-18.1	28.7	18.4	31.5	-4.4	21.8	11.9	1.4
S&P 500 Index	*17.9*	*25.0*	*26.3*	*-18.1*	*28.7*	*18.4*	*31.5*	*-4.4*	*21.8*	*12.0*	*1.4*
Vanguard MidCap Index	11.7	15.2	16.0	-18.7	24.5	18.2	31.0	-9.2	19.3	11.2	-1.3
CRSP U.S. Mid Cap Index	*11.7*	*15.3*	*16.0*	*-18.7*	*24.5*	*18.2*	*31.1*	*-9.2*	*19.3*	*11.2*	*-1.3*
Vanguard Small Cap Index	8.8	14.2	18.2	-17.6	17.7	19.1	27.4	-9.3	16.2	18.3	-3.6
CRSP U.S. Small Cap Index	*8.8*	*14.2*	*18.1*	*-17.6*	*17.7*	*19.1*	*27.3*	*-9.3*	*16.2*	*18.3*	*-3.7*
Vanguard Total International Stock Index	32.2	5.1	15.5	-16.0	8.6	11.3	21.5	-14.4	27.6	4.7	-4.3
Spliced Total International Stock Index	*32.4*	*5.9*	*16.2*	*-15.8*	*9.1*	*11.5*	*22.2*	*-14.4*	*27.8*	*5.0*	*-4.0*
Tier III											
Guaranteed Income Fund	2.3	2.3	2.2	1.9	1.9	2.3	2.6	--	--	--	--
ICE BofA 3 Month U.S. T-Bill	*4.2*	*5.3*	*5.0*	*1.5*	*0.0*	*0.7*	*2.3*	*--*	*--*	*--*	*--*
Baird Core Bond Plus	7.5	2.5	6.9	-12.9	-1.0	8.8	10.1	-0.5	4.6	4.7	0.1
Blmbg. U.S. Universal Index	*7.6*	*2.0*	*6.2*	*-13.0*	*-1.1*	*7.6*	*9.3*	*-0.3*	*4.1*	*3.9*	*0.4*
Vanguard Equity Income	17.2	15.2	7.8	0.0	25.6	3.1	25.3	-5.6	18.5	14.8	0.9
Russell 1000 Value Index	*15.9*	*14.4*	*11.5*	*-7.5*	*25.2*	*2.8*	*26.5*	*-8.3*	*13.7*	*17.3*	*-3.8*
Boston Trust SMID Cap Fund	0.7	10.2	13.1	-12.0	30.5	8.3	26.7	-5.6	18.4	20.2	-2.5
Russell 2500 Index	*11.9*	*12.0*	*17.4*	*-18.4*	*18.2*	*20.0*	*27.8*	*-10.0*	*16.8*	*17.6*	*-2.9*
Capital Research & Mgmt American Funds EuroPacific Growth	29.2	5.0	16.1	-22.7	2.8	25.3	27.4	-14.9	31.2	1.0	-0.5
MSCI AC World ex USA	*32.4*	*5.5*	*15.6*	*-16.0*	*7.8*	*10.7*	*21.5*	*-14.2*	*27.2*	*4.5*	*-5.7*
DFA International Small Cap Value	52.1	7.9	17.6	-9.8	15.9	0.8	21.0	-23.3	28.0	8.0	--
MSCI World ex U.S. Small Cap Index	*34.1*	*2.8*	*12.6*	*-20.6*	*11.1*	*12.8*	*25.4*	*-18.1*	*31.0*	*4.3*	*--*
Tier IV											
Columbia High Yield Bond	8.8	7.1	12.5	-10.7	4.9	6.1	17.2	-4.1	6.6	11.6	-1.1
ICE BofA US High Yield, Cash Pay Constrained Index	*8.5*	*8.0*	*13.4*	*-11.1*	*5.3*	*6.1*	*14.4*	*-2.3*	*7.5*	*17.3*	*-4.5*

Investment Expense Analysis
As of December 31, 2025

	Net Expense Ratio (%)	Median Expense Ratio (%)
Vanguard Target Retirement Income	0.08	0.66
Vanguard Target Retirement 2020	0.08	0.65
Vanguard Target Retirement 2025	0.08	0.60
Vanguard Target Retirement 2030	0.08	0.67
Vanguard Target Retirement 2035	0.08	0.64
Vanguard Target Retirement 2040	0.08	0.70
Vanguard Target Retirement 2045	0.08	0.64
Vanguard Target Retirement 2050	0.08	0.69
Vanguard Target Retirement 2055	0.08	0.64
Vanguard Target Retirement 2060	0.08	0.64
Vanguard Target Retirement 2065	0.08	0.64
Vanguard Inflation Protected Securities	0.10	0.65
Vanguard Total Bond Market Index	0.04	0.52
Vanguard 500 Index	0.04	0.81
Vanguard MidCap Index	0.05	0.95
Vanguard Small Cap Index	0.05	1.08
Vanguard Total International Stock Index	0.09	0.90
Guaranteed Income Fund	0.00	0.35
Baird Core Bond Plus	0.30	0.65
Vanguard Equity Income	0.17	0.82
Boston Trust SMID Cap Fund	0.75	0.95
Capital Research & Mgmt American Funds EuroPacific Growth	0.47	0.95
DFA International Small Cap Value	0.43	1.09
Columbia High Yield Bond	0.62	0.80

Disclaimer, Glossary, and Notes

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security).

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Jensen's Alpha: A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk. Portfolio Return- [Risk Free Rate+Beta*(market return-Risk Free Rate)].

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about is future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.

Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a "basis book." For example, a 5% bond pays $5 a year interest on each $100 par value. To figure its current yield, divide $5 by $95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay $100 for the bond that can be bought now for $95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{\text{5\% (discount)}}{\text{5 (yrs. to maturity)}} = \begin{array}{l}\text{1\% pro rata, plus}\\ \text{5.26\% (current yield)}\end{array} = \text{6.26\% (yield to maturity)}$$

Yield to Worst: The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

NCREIF Property Index (NPI): Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE): Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: Investment Terminology, International Foundation of Employee Benefit Plans, 1999.
The Handbook of Fixed Income Securities, Fabozzi, Frank J., 1991

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.