



San Joaquin County Employees' Retirement Association

AGENDA

**BOARD OF RETIREMENT MEETING
SAN JOAQUIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SPECIAL MEETING
THURSDAY, OCTOBER 16, 2025
AT 8:00 AM**

Wine and Roses - Garden Ballroom, 2505 Turner Road, Lodi, CA 95242

Persons who require disability-related accommodations should contact SJCERA at (209) 468-9950 or Tonic [@sjcera.org](mailto:sjcera@sjcera.org) at least forty-eight (48) hours prior to the scheduled meeting time.

- 1. ROLL CALL**
- 2. PLEDGE OF ALLEGIANCE**
- 3. WELCOME AND INTRODUCTION OF PARTICIPANTS**
- 4. OVERVIEW OF SJCERA - ASSET ALLOCATION, RETURN AND RISK, GOALS AND OBJECTIVES**
 - 4.1** Presentation by David Sancewich of Meketa Investment Group
- 5. KEYNOTE SPEAKER - THE STATE OF THE WORLD IN 2025 AND BEYOND**
 - 5.1** Presentation by Allison Boxer - Managing Director, PIMCO
- 6. PRIVATE MARKET INVESTING: PRIVATE EQUITY, PRIVATE CREDIT AND INFRASTRUCTURE**

What's next and where are the markets today? Will Private market increase distributions and M&A activity?

 - 6.1** Moderator: Judy Chambers of Meketa. Presenters: Jeff Ennis of Ocean Avenue, Robert Kostow of HPS, and Trey Lee of Stellex
- 7. REAL ESTATE**

What lies ahead in Real Estate and where are the opportunities? What is the future for vacant office buildings? What are some emerging market constraints in Real Estate?

 - 7.1** Moderator: Scott Maynard of Meketa. Presenters: Dillon Lorda of AEW, Kosta Karmaniolas of Prologis, and Kyle Elfers of Principal

8. MANAGER DEBATE

Watch teams of managers debate various topics

- 8.1** Moderators: David Sancewich and Ryan Farrell of Meketa. Brooks Monroe of Invesco, Raphael Fishbach of Mesa West, Tom Casarella of Oaktree, and Mike Gozycki of Capital Meridian

9. DEGLOBALIZATION AND TARIFFS

When will it stop and what does it mean? The tide has turned and international markets are now outperforming the U.S. Will this continue? What investment trends make sense given the current state of the markets?

- 9.1** Moderators: Trent Kaeslin of SJCERA, Paola Nealon of Meketa.
Presenters: David Aspell of Mt. Lucas, Andrew Henwood of Loomis, and Glenn Purves of BlackRock

10. OPEN DISCUSSION AND RECAP

Led by David Sancewich of Meketa

- 10.1** Comments from the Board of Retirement

- 10.2** Comments from the Public

11. ADJOURNMENT

San Joaquin County Employees' Retirement Association

October 2025

SJCERA Overview

The Defined Benefit Pension Equation

Essential Equation for Pension Funds:

$$C + I = B + E$$

C = Contributions (by Employers and Employees)

I = Interest (investment return – appreciation/income)

B = Benefits

E = Expenses

Work Together as Strategic Partners

Capital Markets Review

Domestic Equity (September 2025)

	MTD (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)
S&P 500	3.7	8.1	14.8	17.6	24.9	16.5
Russell 3000	3.5	8.2	14.4	17.4	24.2	15.8
Russell 1000	3.5	8.0	14.6	17.8	24.7	16.0
R1000 Growth	5.3	10.5	17.2	25.5	31.7	17.6
R1000 Value	1.5	5.3	11.7	9.4	17.0	13.9
Russell 2000	3.11	12.4	10.4	10.8	15.2	11.6
R2000 Growth	4.2	12.2	11.7	13.6	16.7	8.4
R2000 Value	2.0	12.6	9.0	7.9	13.6	14.6

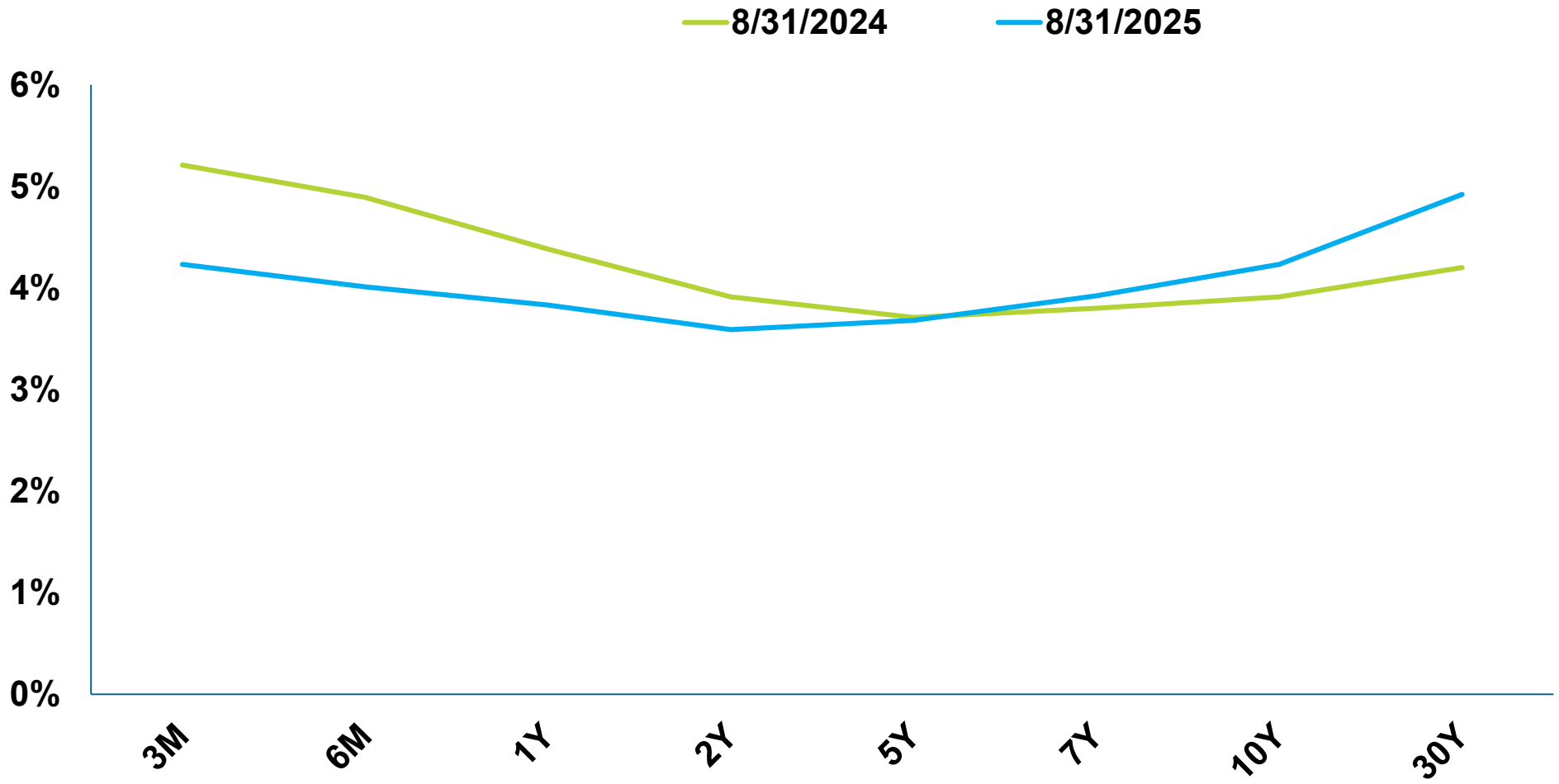
International Equity (September 2025)

Foreign Equity	Sept (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)
MSCI ACWI ex. US	3.6	6.9	26.0	16.5	20.7	10.3
MSCI EAFE	1.9	4.8	25.1	15.0	21.7	11.2
MSCI EAFE (Local)	1.8	5.4	13.6	12.9	16.9	12.6
MSCI EAFE Small Cap	1.6	6.2	28.4	17.7	19.7	8.5
MSCI Emerging Mkt	7.2	10.6	27.5	17.3	18.2	7.0
MSCI EM (Local)	7.1	12.2	24.3	18.8	18.1	8.6
MSCI China	9.8	20.7	41.6	30.8	19.5	0.41

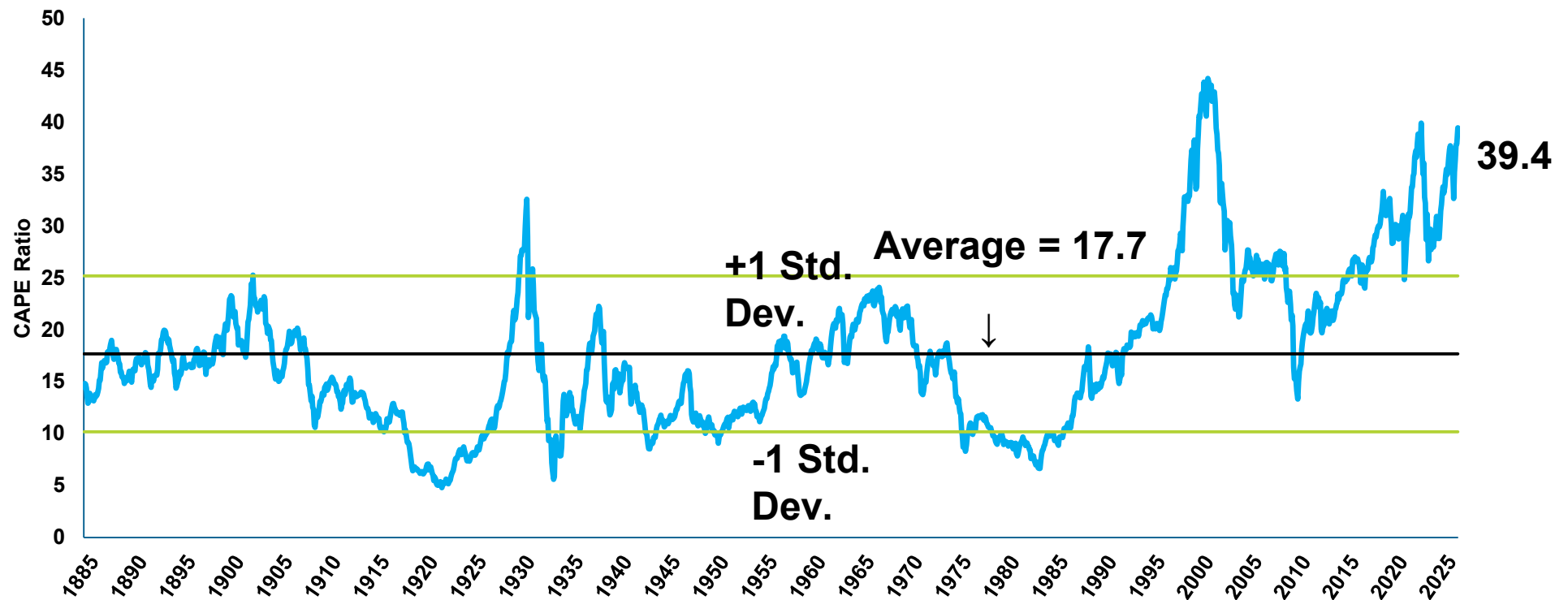
Fixed Income(September 2025)

Fixed Income	Sept.	QTD	YTD	1 Y	3 Y	5 Y
BB Universal	1.1	2.1	6.3	3.4	5.6	0.1
BB Aggregate	1.1	2.0	6.1	2.9	4.9	-0.5
BB US TIPS	0.4	2.1	6.7	3.8	4.9	1.4
BB HY	0.8	2.5	7.2	7.4	11.1	5.6

US Yield Curve (As of August 31, 2025)

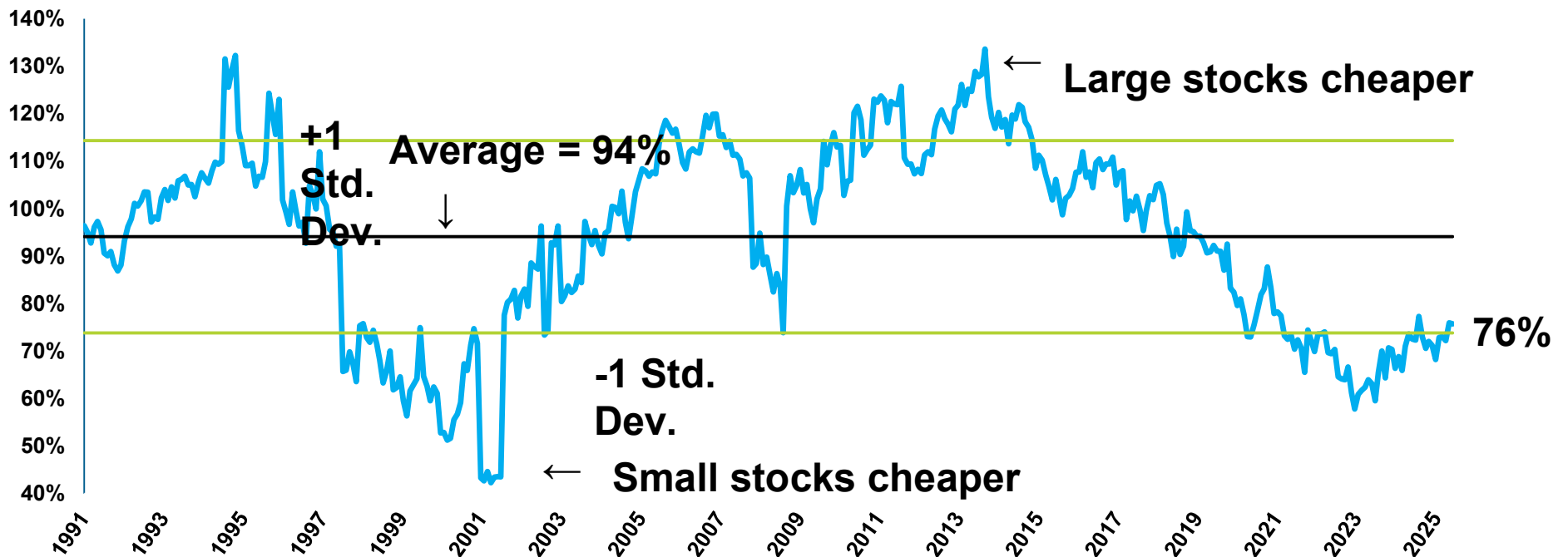


US Equity Cyclically Adjusted P/E¹ (As of September 30, 2025)



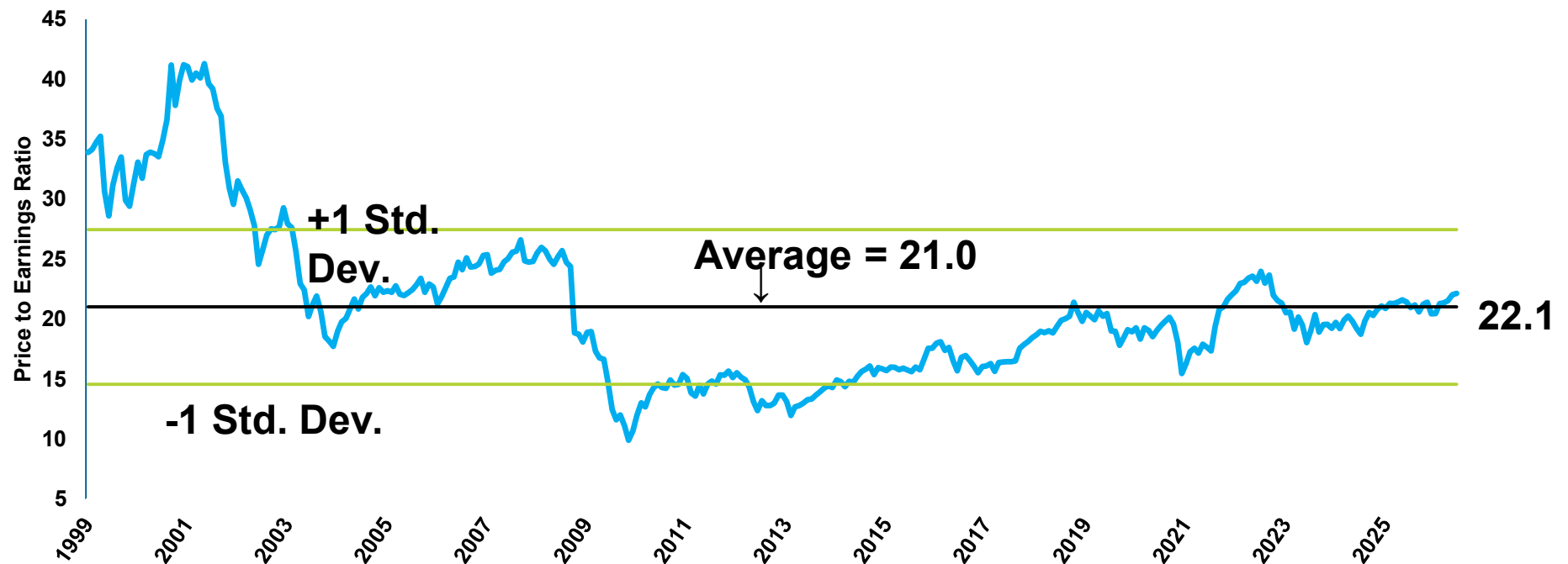
¹ Source: US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group

Small Cap VS. Large Cap P/E¹ (As of September 30, 2025)



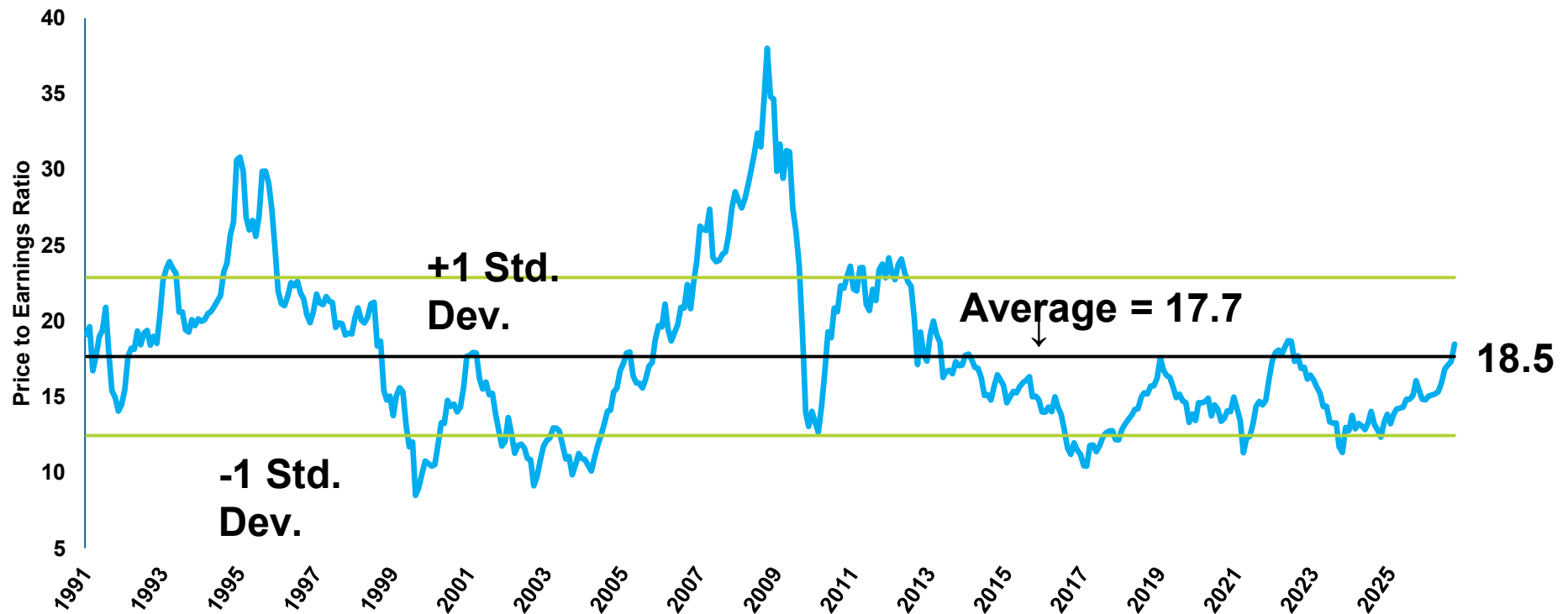
¹ Source: Developed International Equity (MSCI EAFE Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years.

Developed Markets Equity Cyclically Adjusted P/E¹ (As of September 30, 2025)



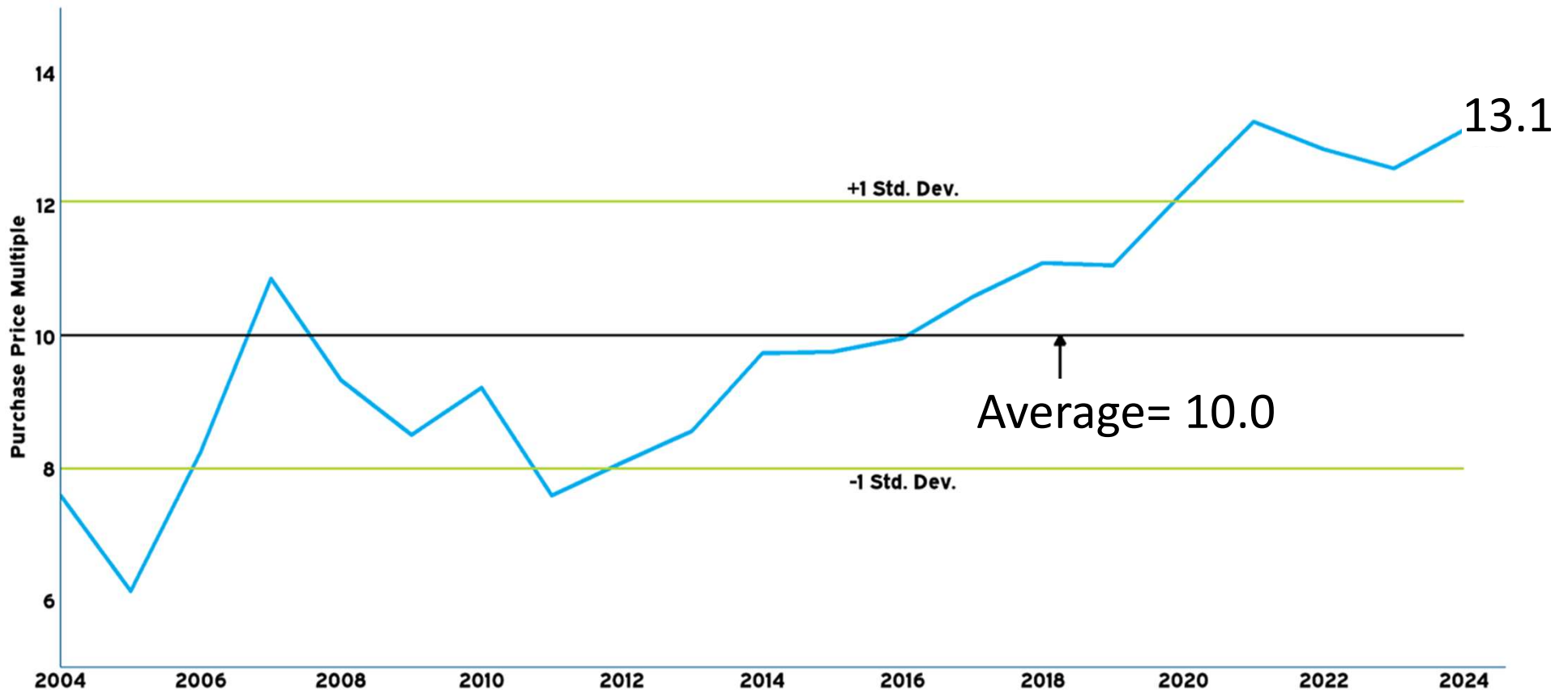
¹ Source: Emerging Market Equity (MSCI Emerging Markets Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years.

Emerging Market Equity Cyclically Adjusted P/E¹ (As of September 30, 2025)



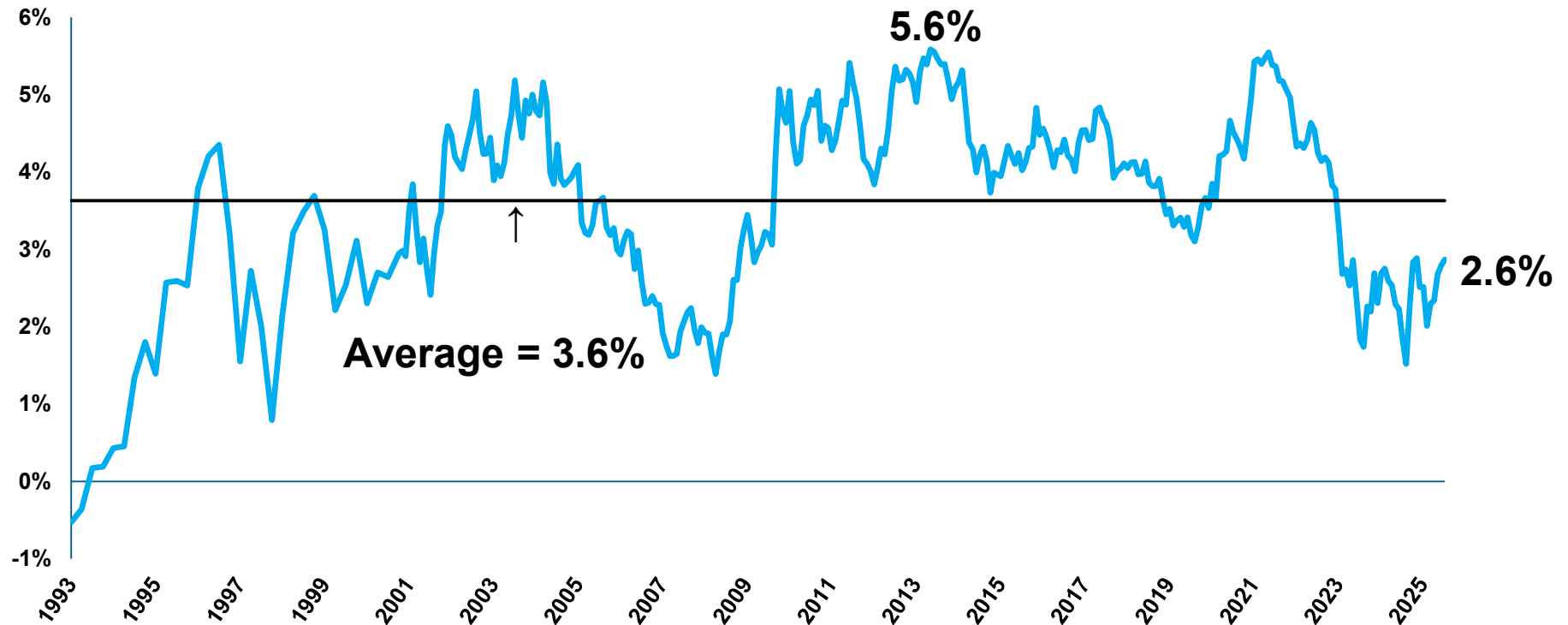
¹ Source: Emerging Market Equity (MSCI Emerging Markets Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years.

Private Equity Multiples (As of December 30, 2024)



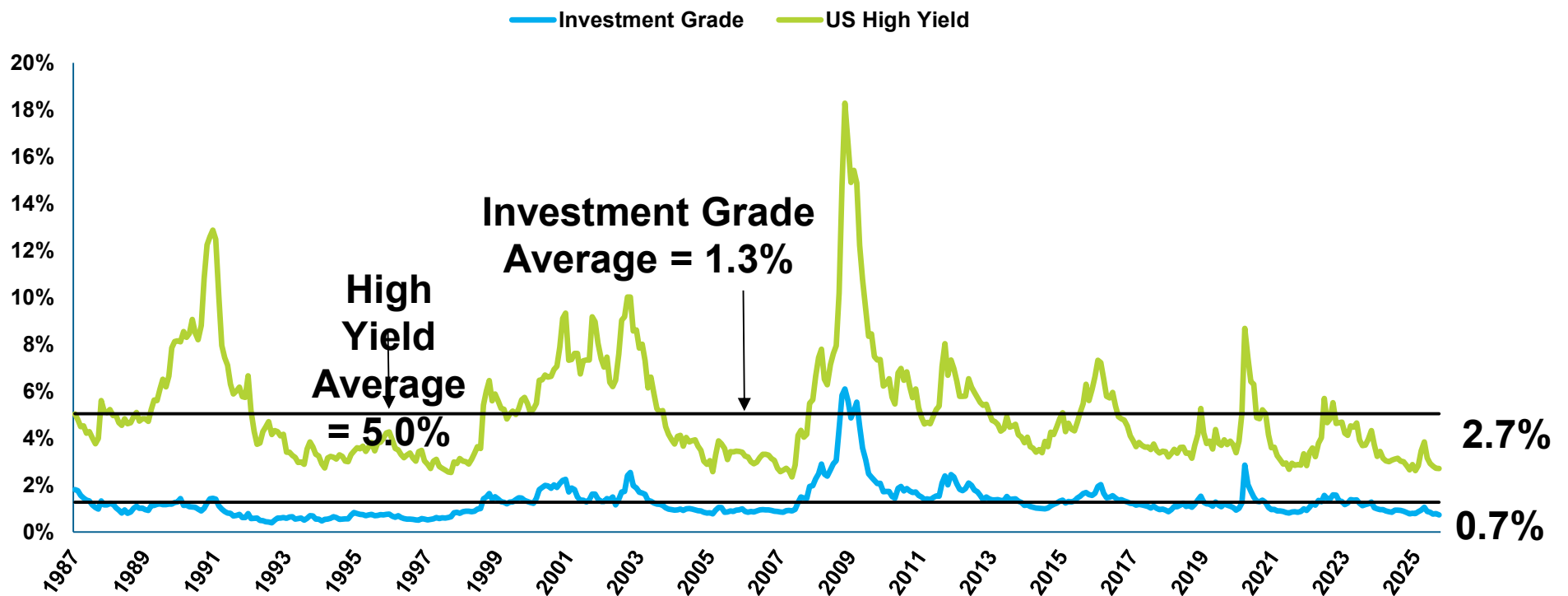
¹ Source: Private Equity Multiples – Source: S&P LCD Average EBITDA Multiples Paid in All LBOs.

Core Real Estate Spread vs. Ten-Year Treasury (As of September 30, 2025)



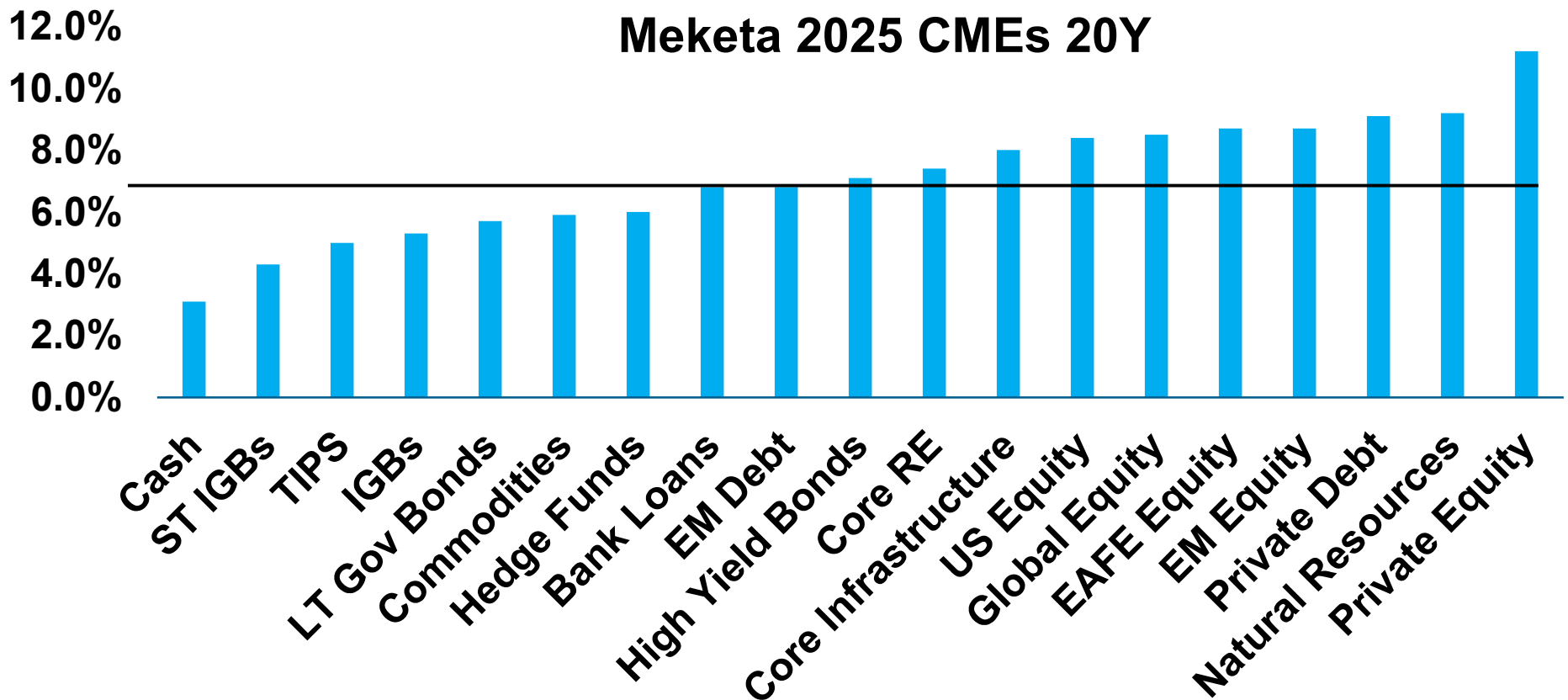
Core Real Estate Spread vs. Ten-Year Treasury – Source: Real Capital Analytics, FRED, Bloomberg, and Meketa Investment Group. Core Real Estate is proxied by weighted sector transaction-based indices from Real Capital Analytics and Meketa Investment Group.

Credit Spreads (As of September 30, 2025)



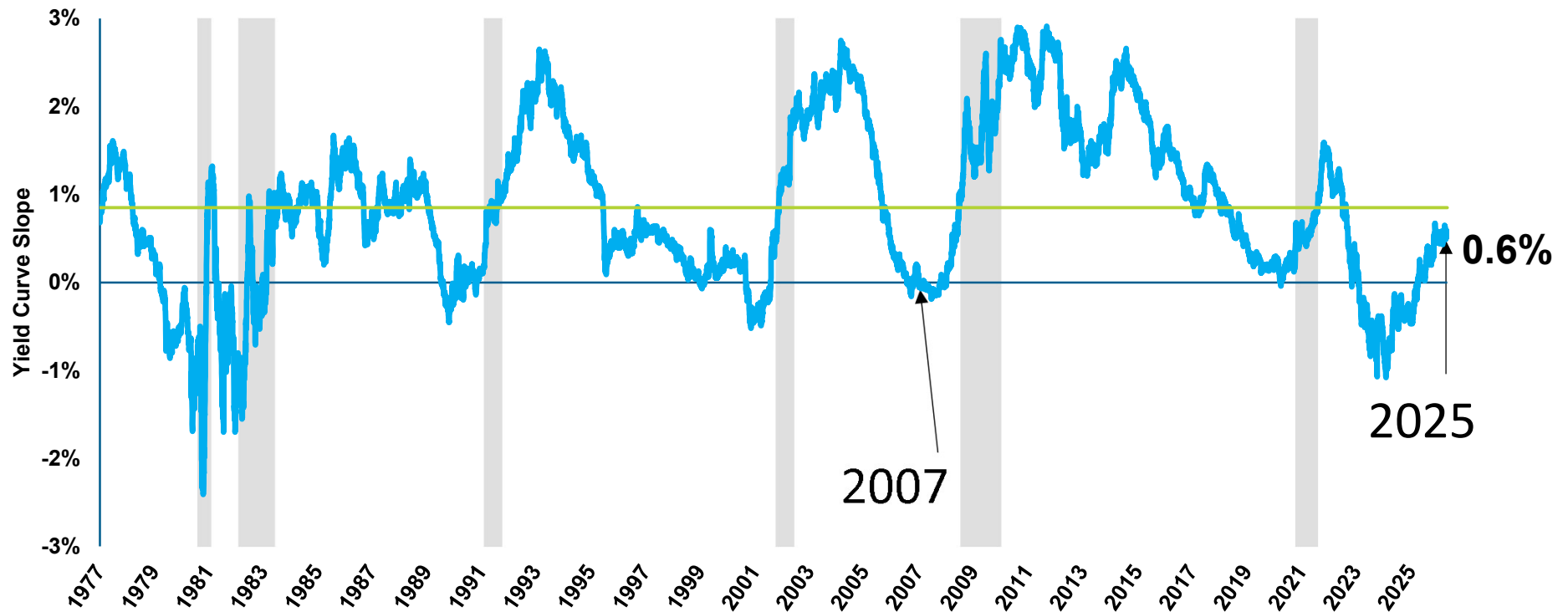
Credit Spreads – Source: Bloomberg. High Yield is proxied by the Bloomberg High Yield Index and Investment Grade Corporates are proxied by the Bloomberg US Corporate Investment Grade Index. Spread is calculated as the difference between the Yield to Worst of the respective index and the 10-Year US Treasury yield.

Long-Term Outlook – 20 Year Annualized Expected Returns



¹The 10-year horizon included all 42 respondents, and the 20-year horizon included 27 respondents. Figures are based on Meketa's 2023 CMEs.

Yield Curve Slope (Ten Minus Two) (As of September 30, 2025)



Yield Curve Slope (Ten Minus Two) – Source: Bloomberg, and Meketa Investment Group. Yield curve slope is calculated as the difference between the 10-Year US Treasury Yield and 2-Year US Treasury Yield.

Asset Allocation

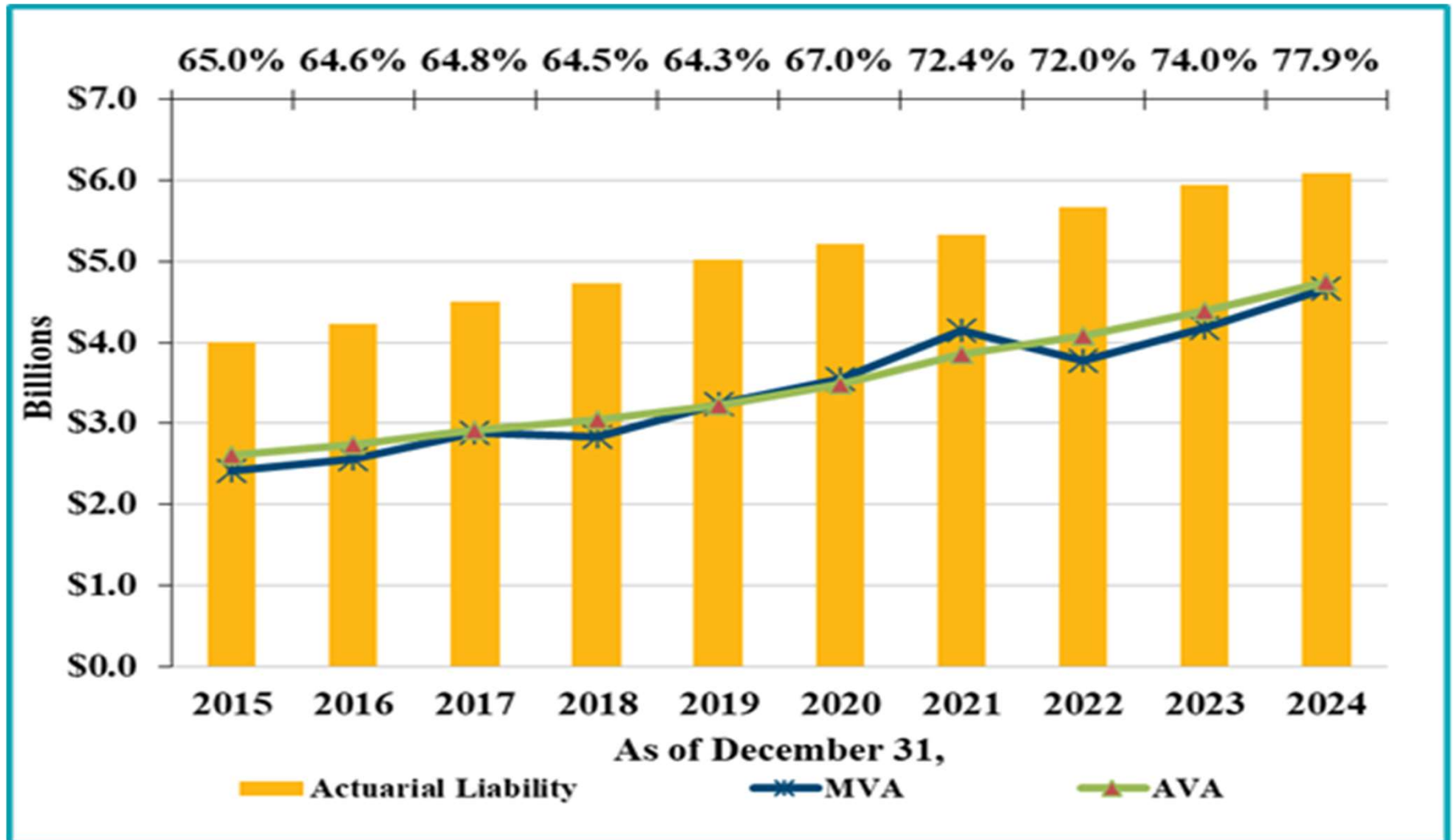
SJCERA Structural Framework

High-Level Class	Mid-Level	Strategy
Broad Growth	Aggressive Growth	PE / Non-Core RE Infrastructure
	Traditional Growth	US Equity Non-US Equity
	Stabilized Growth	Liquid Credit Private Credit Core Real Estate
Diversifying Strategies	Principal Protection	Core Fixed Income
	Crisis Risk Offset	Long Duration Trend Following Alt. Risk Premia

SJCERA Structural Framework

Strategic Classes	Current
Broad Growth	78.0
Aggressive Growth	16.0
Traditional Growth	38.0
Stabilized Growth	24.0
<i>Credit</i>	15.0
<i>Core Real Assets</i>	9.0
Diversifying Strategies	22.0
Principal Protection	9.0
CRO	13.0
20 Year Stats	Current
Expected Rtn	8.5
Average SD	11.9

SJCERA Funding



¹ Source: Cheiron

Investment Performance

2024 Calendar Year Performance (Net of Fees)

	Quarter	1-Year	3-Year	5-Year	10-Years
SJCERA	-0.6	8.5	3.1	6.2	5.7
<i>Median Peer*</i>	-0.9	8.9	2.8	6.9	6.9
S&P 500	2.4	25.0	8.9	14.5	13.1
MSCI EAFE	-8.1	3.8	1.6	4.7	5.2
MSCI EM	-8.0	7.5	-1.9	1.7	3.6
BB Agg	-3.1	1.3	-2.4	-0.3	1.3

* The Investment Metrics Total Fund Public Universe > \$1 Billion, net of fees

August 2025 Performance (Net of Fees)

Preliminary Monthly Flash Report (Net)

	YTD	1-Y	3 Y	5 Y	SI Rtn	SI
Total Plan	6.8	7.5	7.8	7.1	7.6	Apr-90
Policy Benchmark	7.9	9.5	10.1	7.8	7.6	
Difference:	-1.1	-2.0	-2.3	-0.7	0.0	

August 2025 Performance (Net of Fees)

Summary of Cash Flows

QTD

YTD

Total Plan

Beginning Market Value	\$4,777,613,975	\$4,581,785,876
Net Cash Flows	10,213,205	65,851,556
Net Investment Change	210,103,763	350,293,510
Ending Market Value	\$4,997,930,943	\$4,997,930,943

Disclaimer

Disclaimer

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INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM," "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

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

Tariffs, Technology, and Transition

October 2025

IMPORTANT NOTICE

Please note that the following contains the opinions of the manager as of the date noted, and may not have been updated to reflect real time market developments. All opinions are subject to change without notice.

Tariffs, Technology, and Transition

Cyclical Outlook

Economic Backdrop



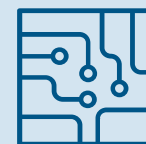
Clashing forces

Trade frictions, the tech investment boom, and strains on institutions widen the gap between winners and losers



Tariff effects kick in

Mounting tariff pressure and tighter fiscal space set to slow economies that benefited from earlier trade actions



Tech investment rolls on

The AI investment boom bolsters the outlook even as global data signals weakening before targeted stimulus kicks in

Investment Opportunities



Lock in elevated yields

Starting yields support returns and income potential – especially with central banks poised to cut rates further



Global diversification

Abundance of global fixed income opportunities can help fortify portfolios and identify sources of outperformance



Credit continuum

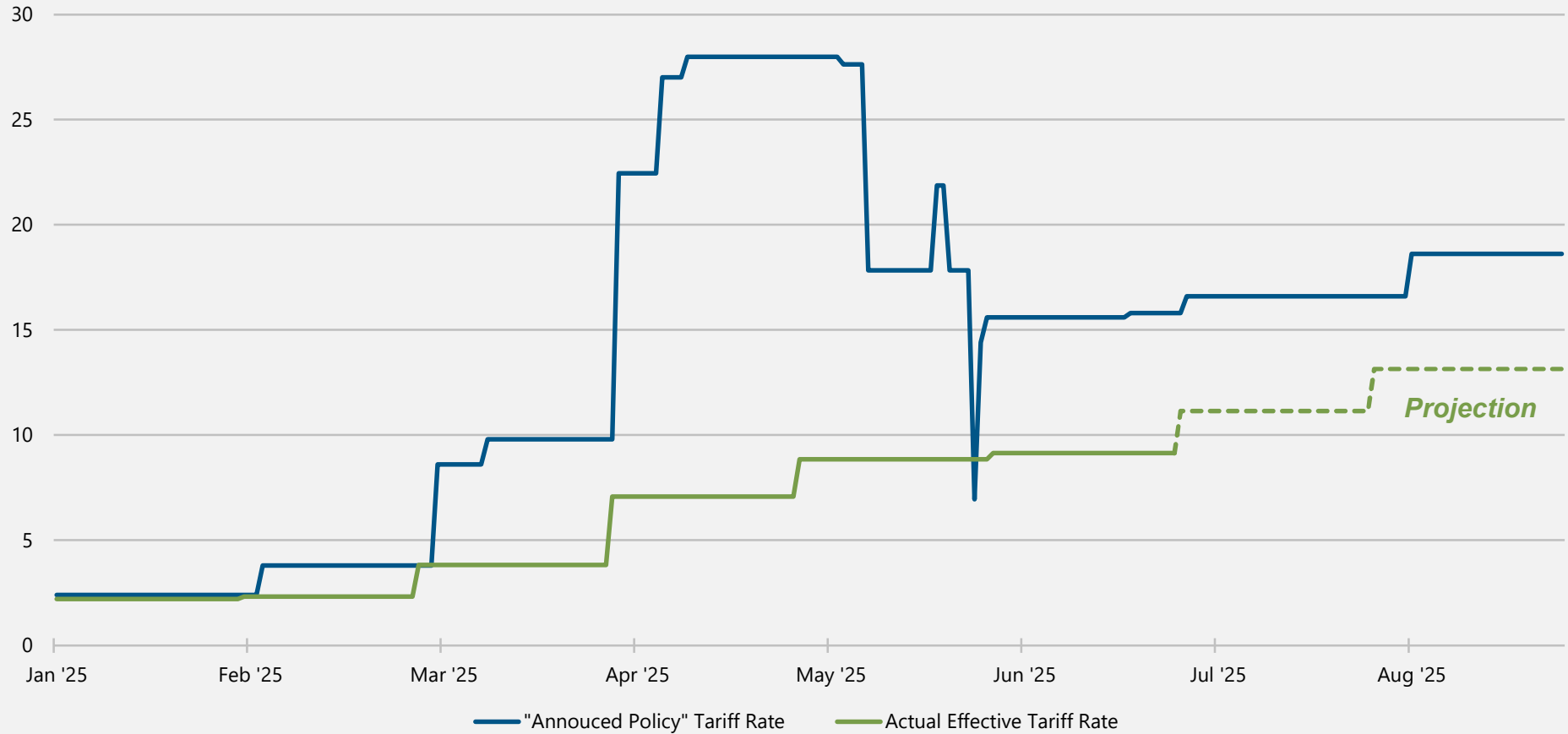
Opportunities across public and private credit markets should be evaluated on differences in liquidity and economic sensitivity

As of September 2025. Source: PIMCO. Refer to appendix for additional investment strategy, outlook and risk information.

Tariffs

Actual tariff rate has risen slowly due to changing trade flows

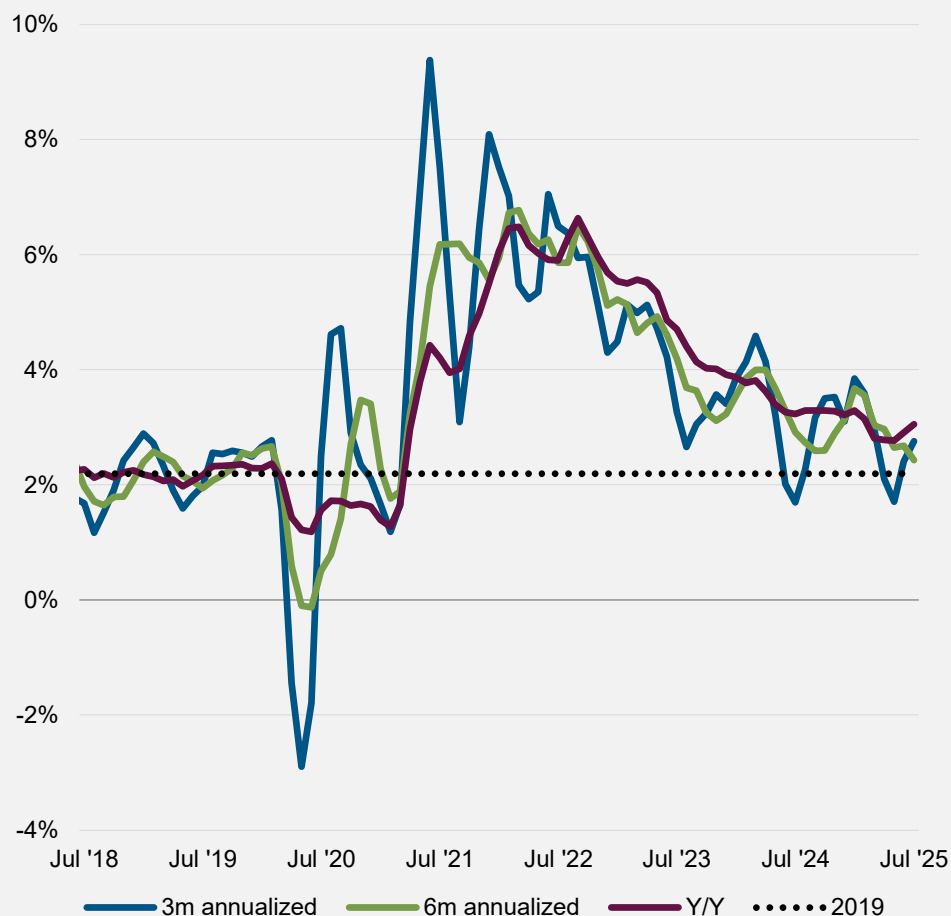
Weighted Average Tariff Rate Based on Announced Policies vs the Actual Effective Tariff Rate (%)



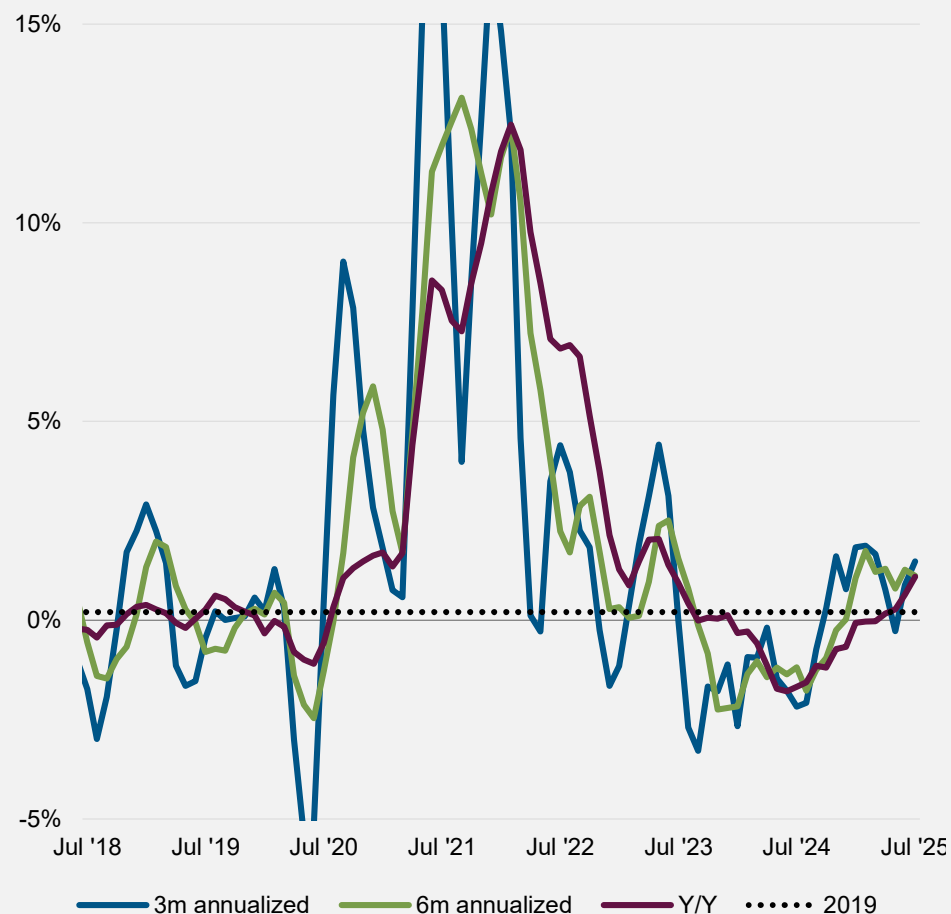
As of August 2025. Source: Haver, USITC, Yale Budget Lab, PIMCO

Despite some tariff pass-through, the broader impact on U.S. inflation has been muted to date

Core CPI Inflation



Core Goods CPI Inflation

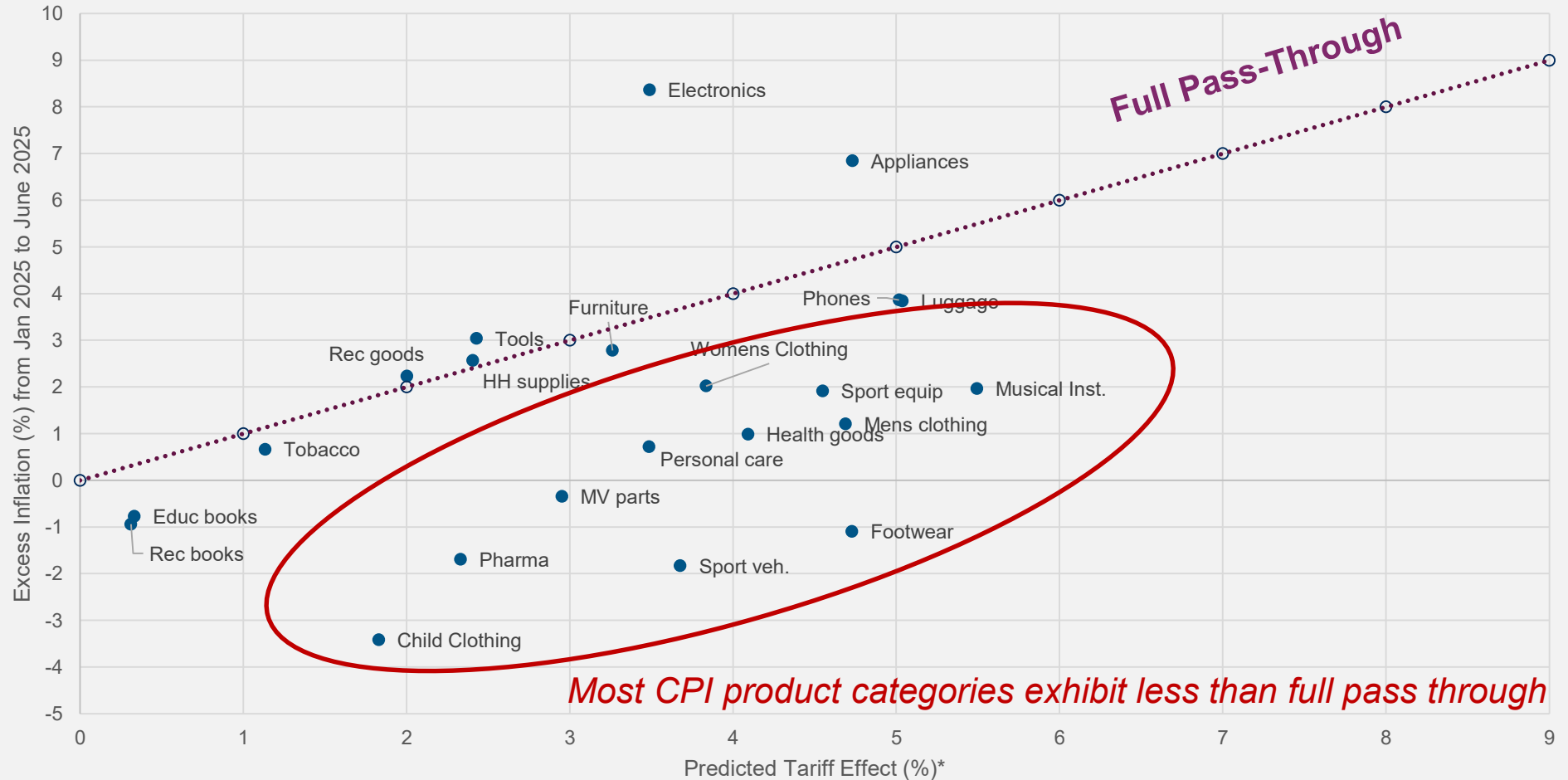


Source: Haver, PIMCO
As of July 2025

Actual tariff pass-through to consumer goods is around 30 to 40% of predicted* total pass-through...

We expect this to eventually rise to 70-80%, but could happen incrementally through 2026.

Effects of 2025 Tariffs on Core Goods Prices as of June



As of June 2025

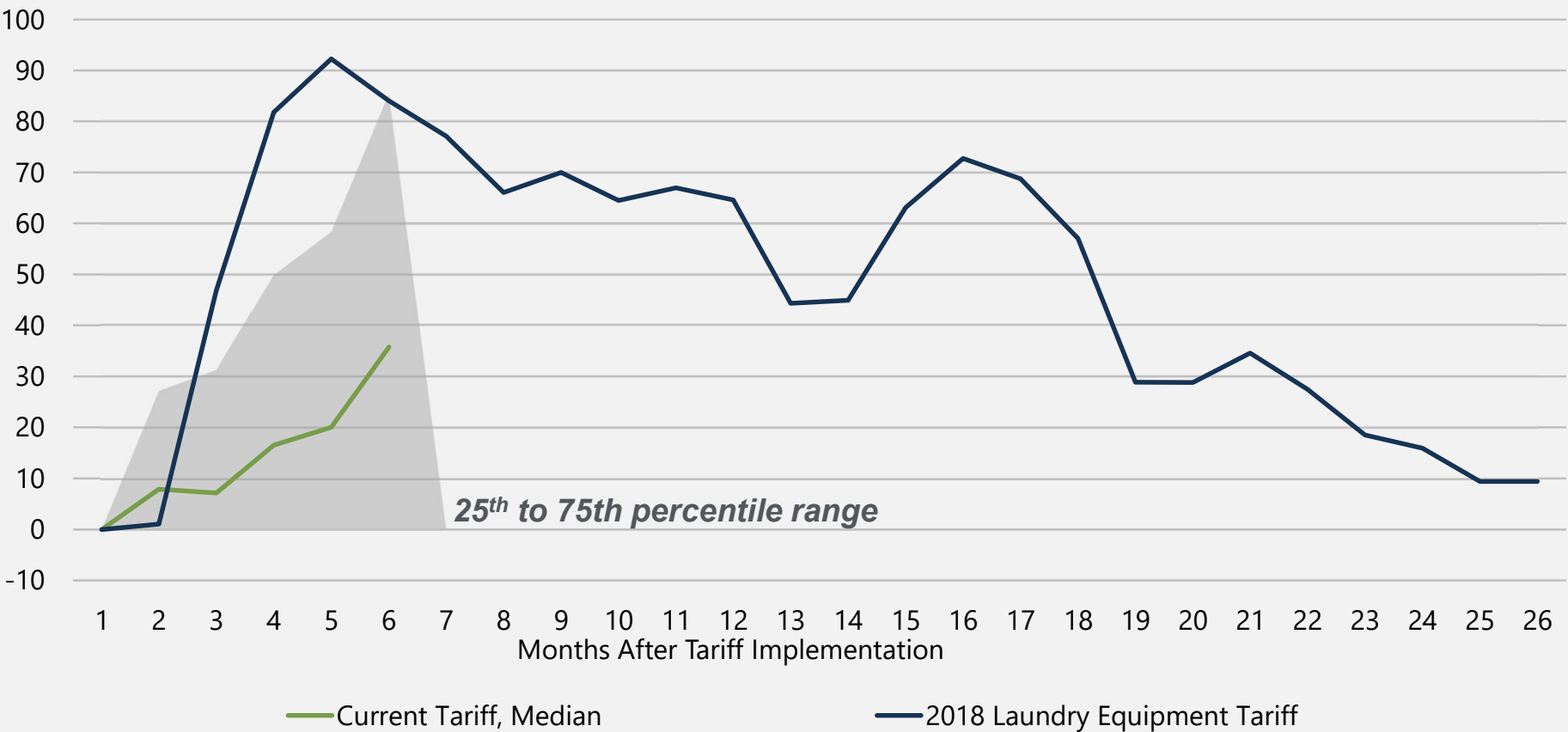
Source: USITC, US Commerce Dept, Federal Reserve Board, PIMCO Calculations

*Predicted Tariff Effect by industry is based on the import content of the products within that industry multiplied by the effective tariff rate

Actual tariff pass-through has been much slower and uneven by industry vs the 2018 tariff experience.

2018 tariff on laundry equipment was passed through relatively quickly, but then reversed due to weaker demand

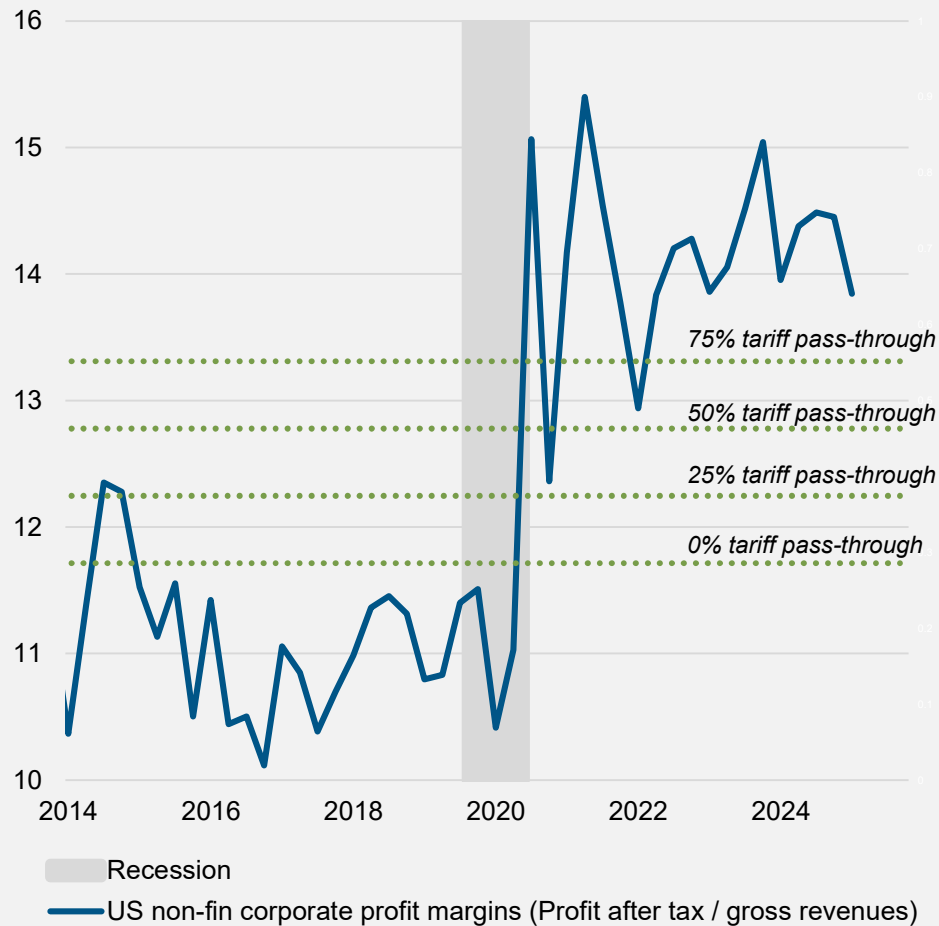
Estimated consumer price pass-through as a % of total tariff costs, by industry
(100 = 100% pass through) *



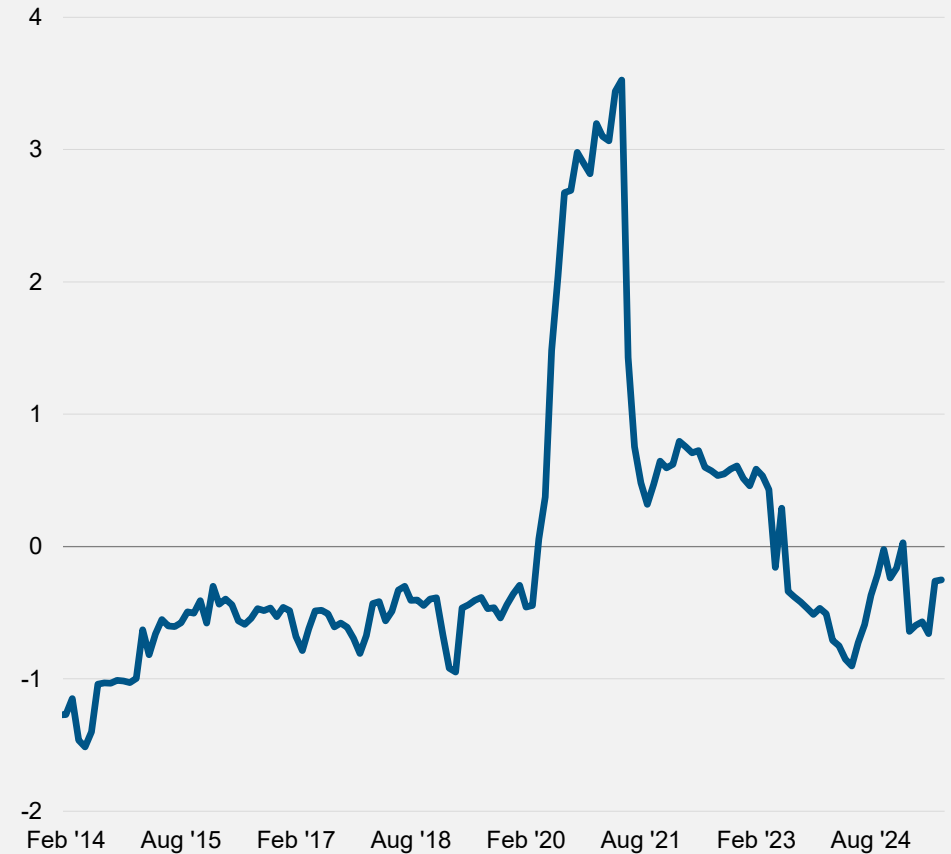
Source: USITC, US Commerce Dept, Federal Reserve Board, PIMCO Calculations
*100% pass-through varies by industry and is calculated based on the import content of the products within that industry multiplied by the effective tariff rate
As of July 2025

...Elevated corporate margins and lower pricing power could help tariff pass-through remain more uneven and slow

NIPA Reported US Non-Financial Corporate Profits
(profits after tax / gross value added)



Consumer Goods Consumption Weighted Avg
Volume/Price Elasticity

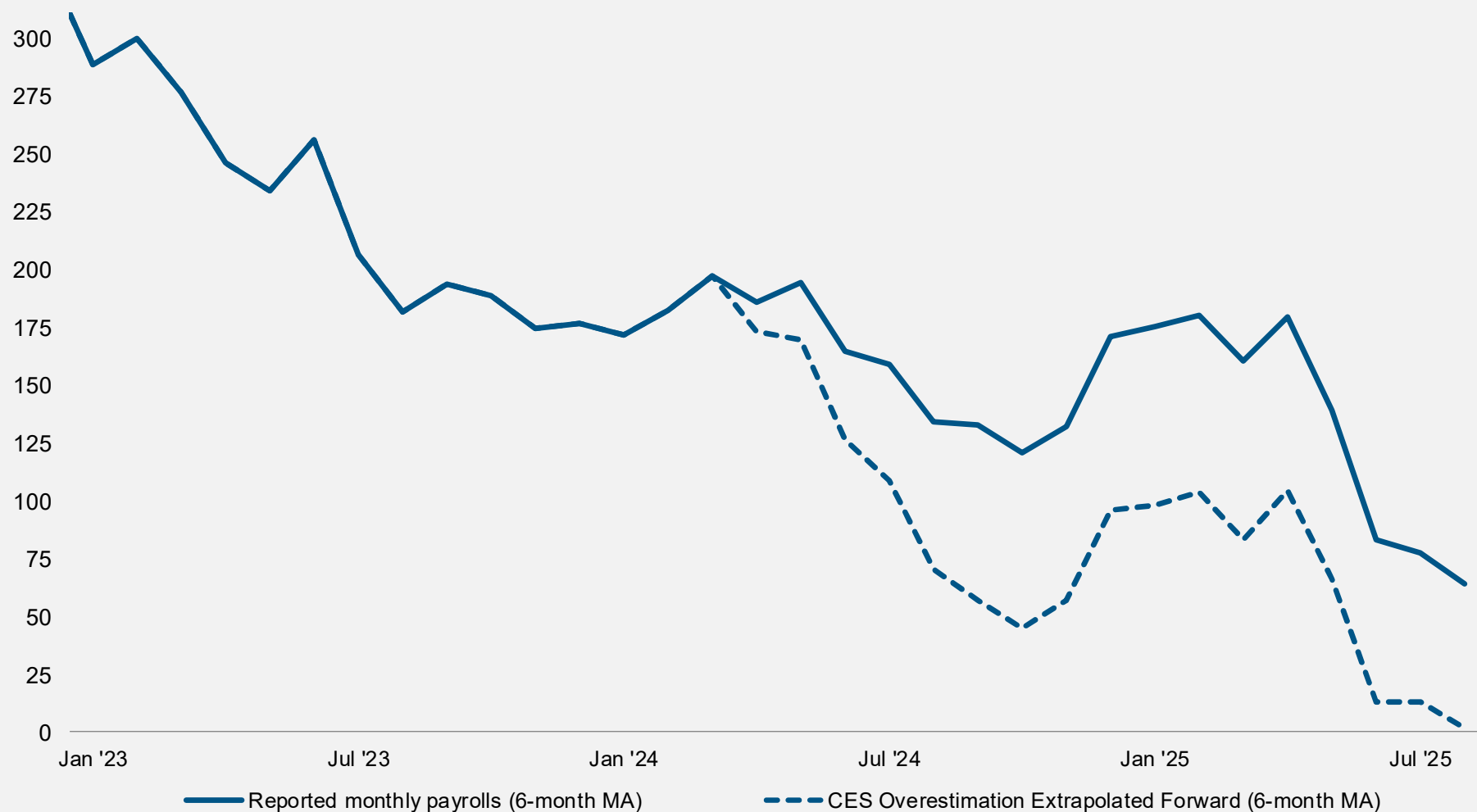


*that chart is the expected change in real goods consumption of a 1% increase in the price, based on a trailing linear regression of monthly changes in goods consumption and prices.

Source: NIPA, USITC, PIMCO Calculations. As of 1Q 2025

U.S. companies are also managing higher tariff costs via cutting labor costs

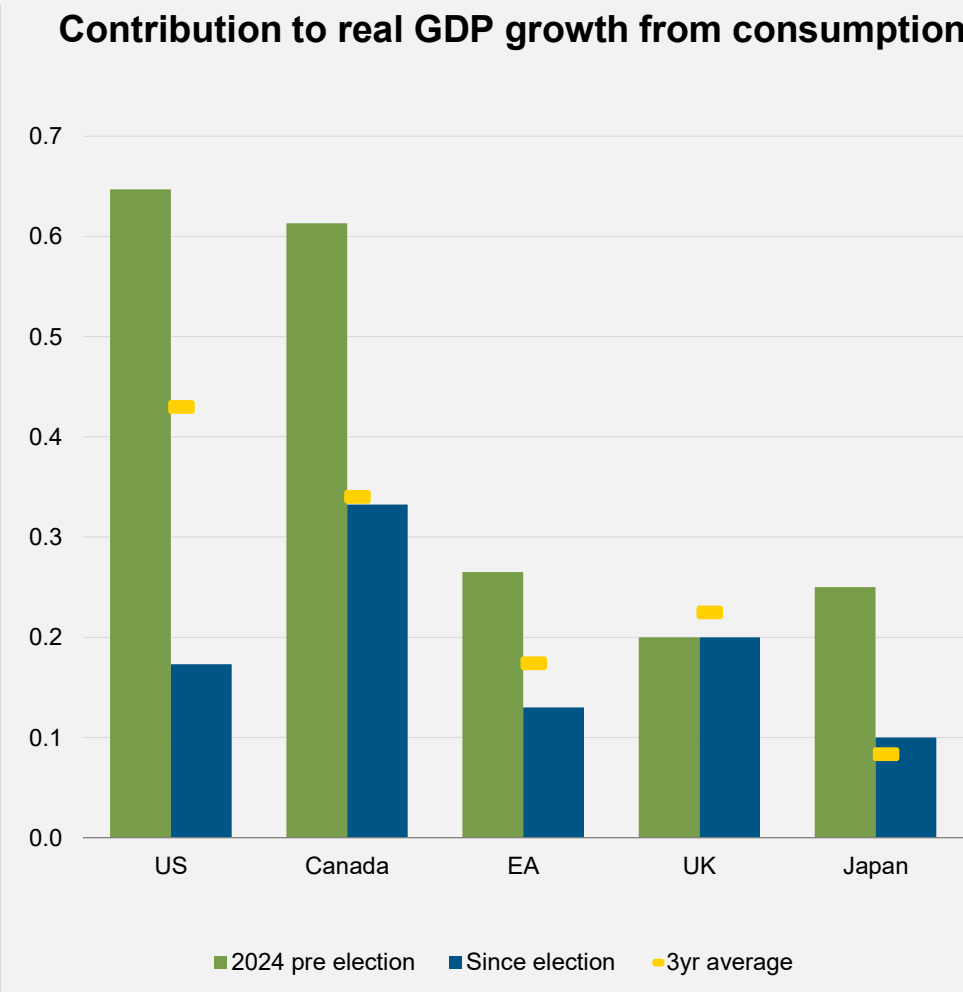
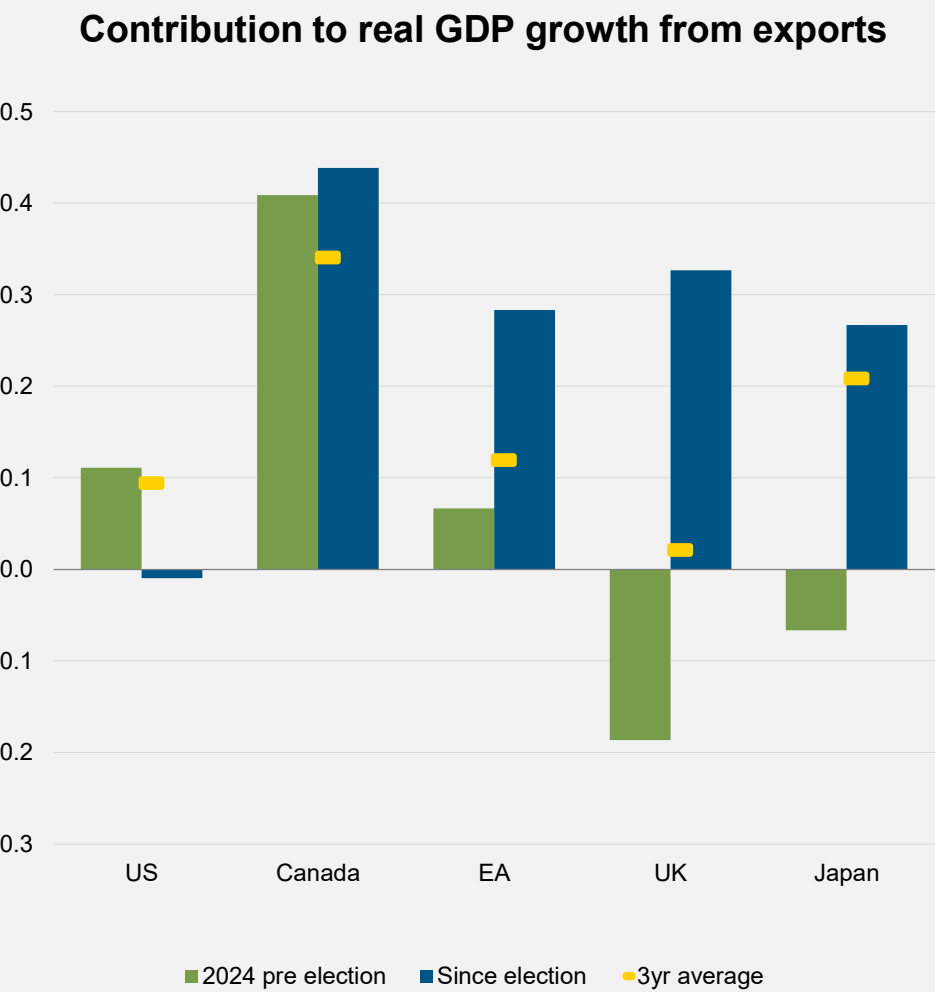
Monthly net payroll gains (in thousands)



As of August 2025. Source: Haver, PIMCO

Front-loading ahead of tariffs has helped buffer a broader global growth slowdown

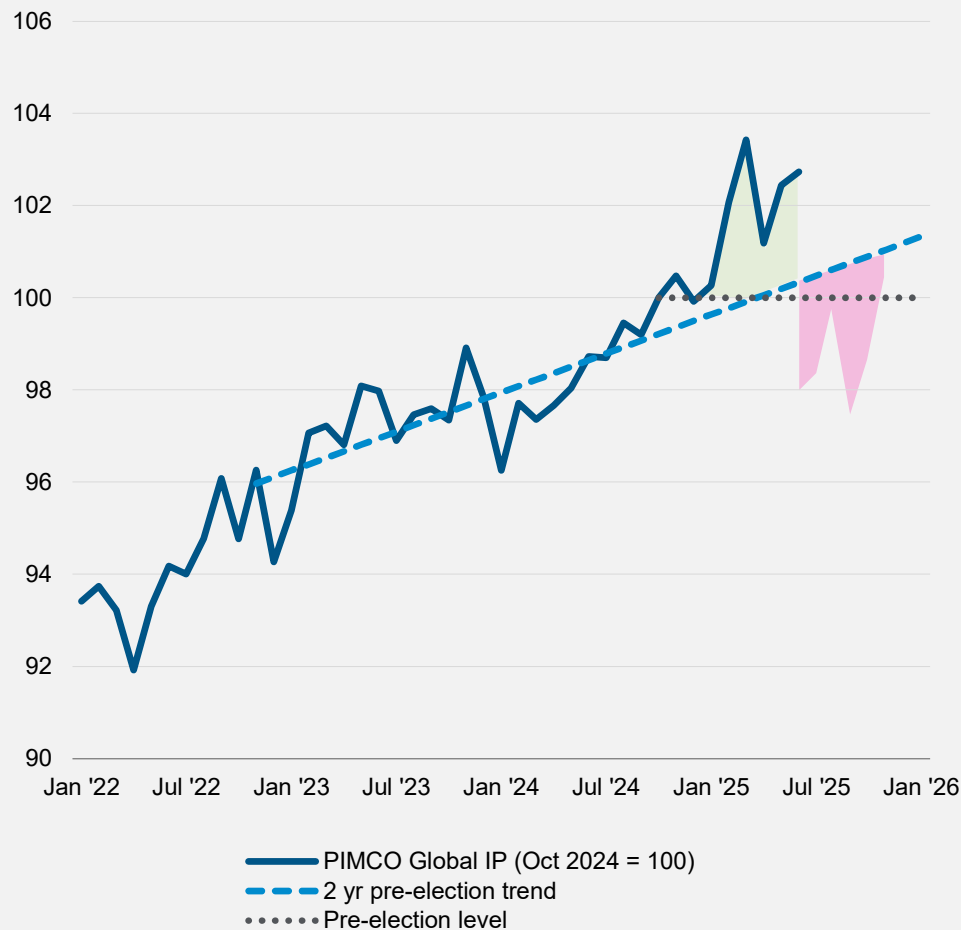
A surge in exports has supported growth and helped offset slower global consumption



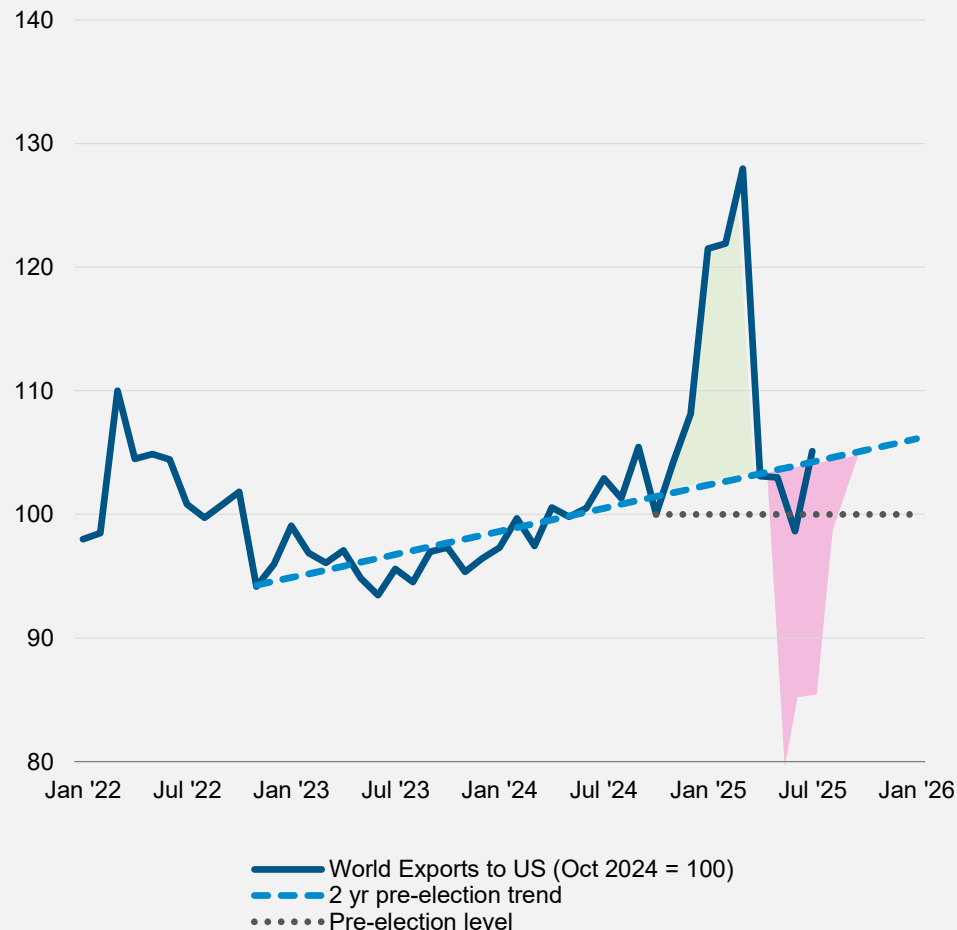
Pre-election = 1Q to 3Q 2024. Since election = 4Q 2024 to 2Q 2025
Source: Haver, PIMCO

Front-loading payback may require meaningfully below-trend activity

PIMCO Global Industrial Production



World Exports to U.S.



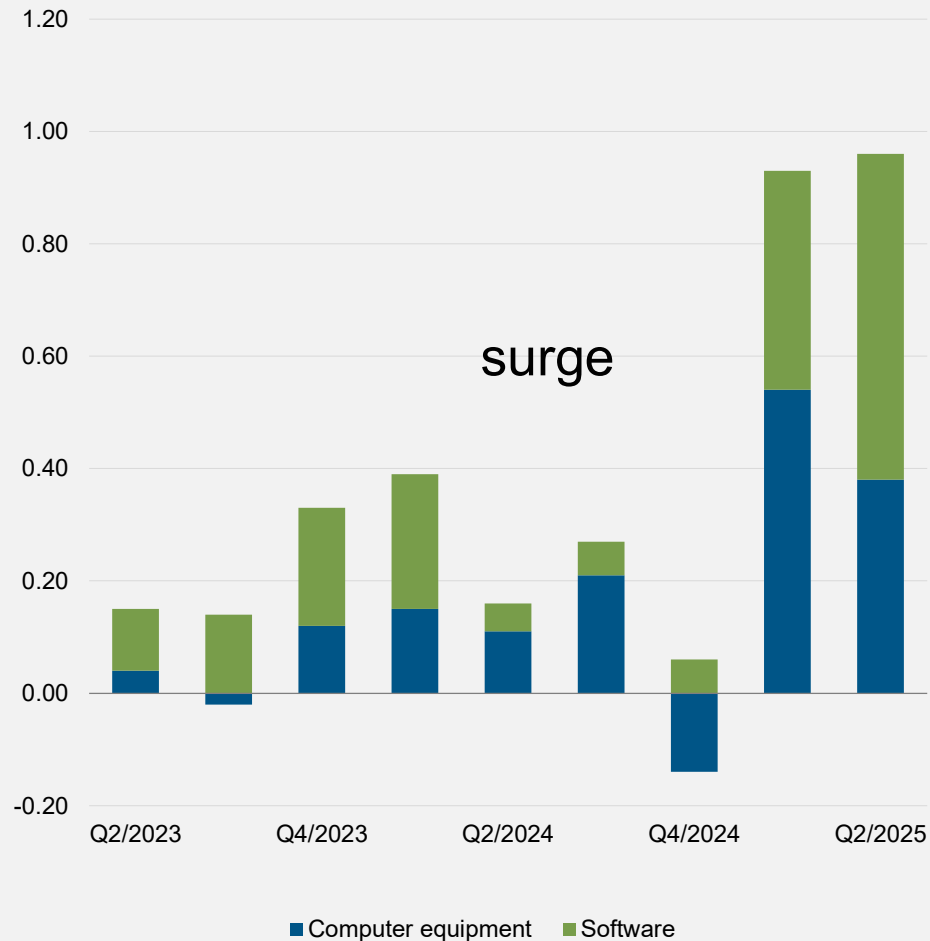
As of August 2025. Source: Haver, PIMCO calculations

Technology

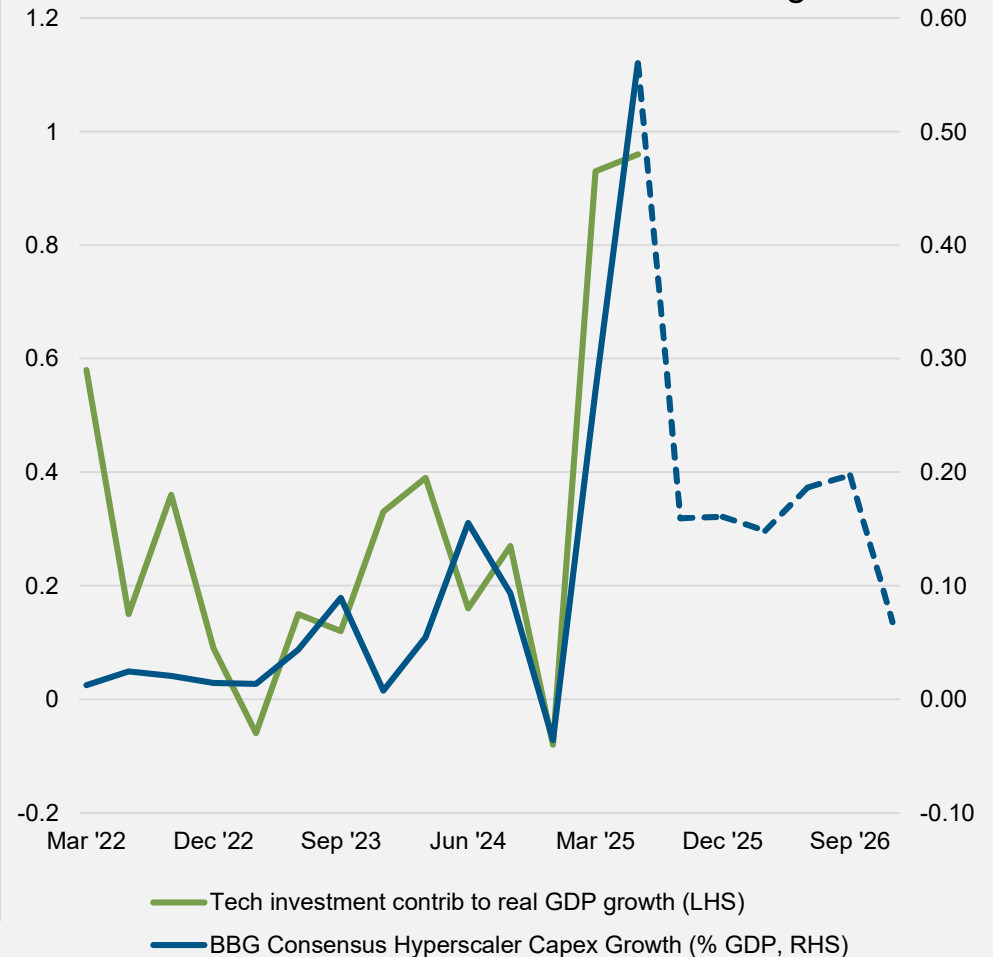
A surge in tech-related capex has helped buffer U.S. growth

Excluding tech investment, US real GDP growth averaged 0.5% in 1H 2025. While capex will likely remain strong, peak growth effects were likely 1H

Tech investment contribution to US real GDP growth



BBG Consensus Hyperscaler Capex vs. Tech investment contribution to US real GDP growth

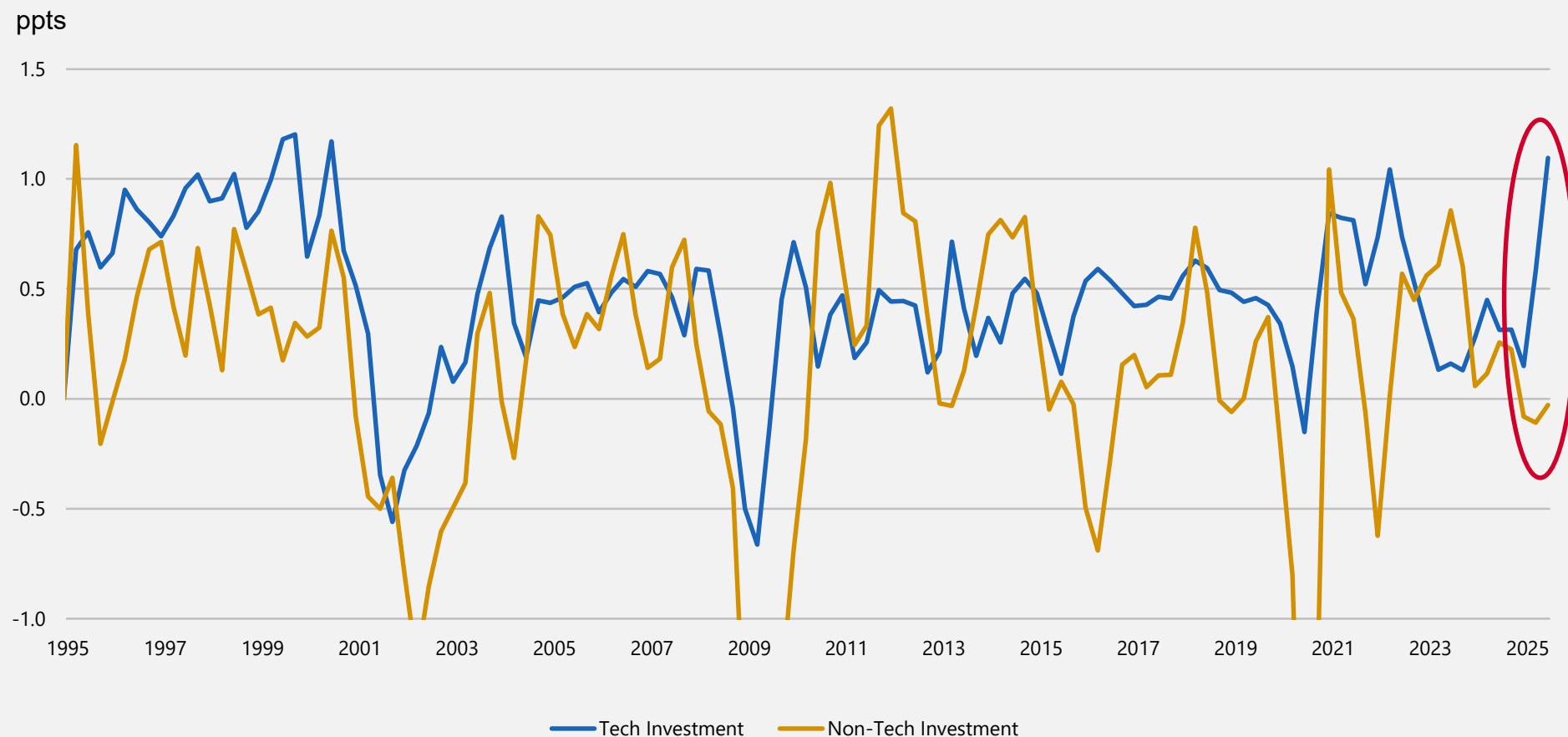


As of August 2025

Source: Bloomberg, Haver, PIMCO calculations. Hyperscaler capex = BBG consensus estimates for capex growth for META, AMZN, MSFT, GOOGL, ORCL, TSLA, IBM

Meanwhile, capex growth in other sectors has been sluggish

Tech vs All Other Investment (Quarterly Contribution to Real GDP Growth)

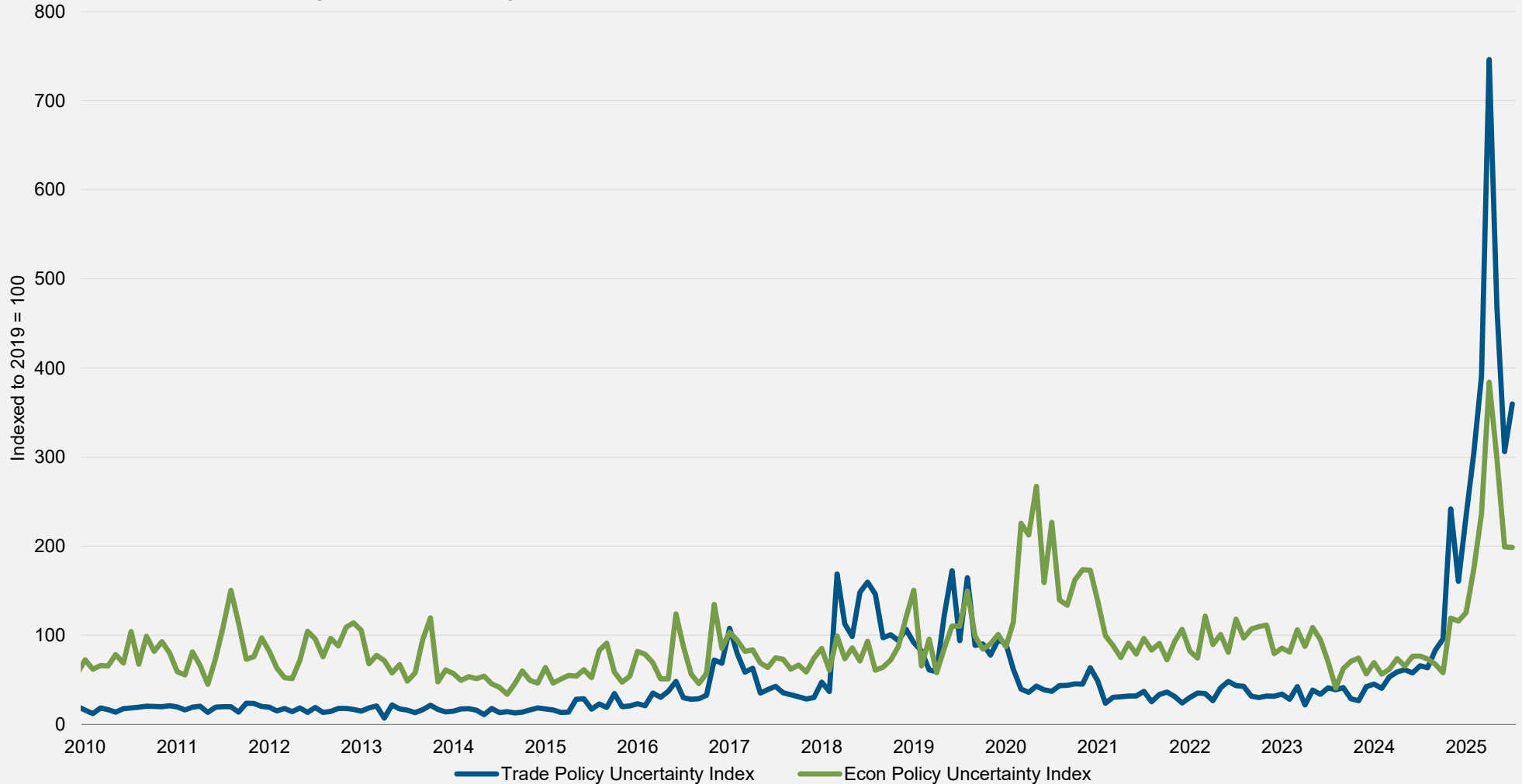


As of 30 June 2025. Source: US Commerce Department, Haver, and PIMCO Calculations.

Transition

Historic levels of policy uncertainty

News Based Policy Uncertainty Index



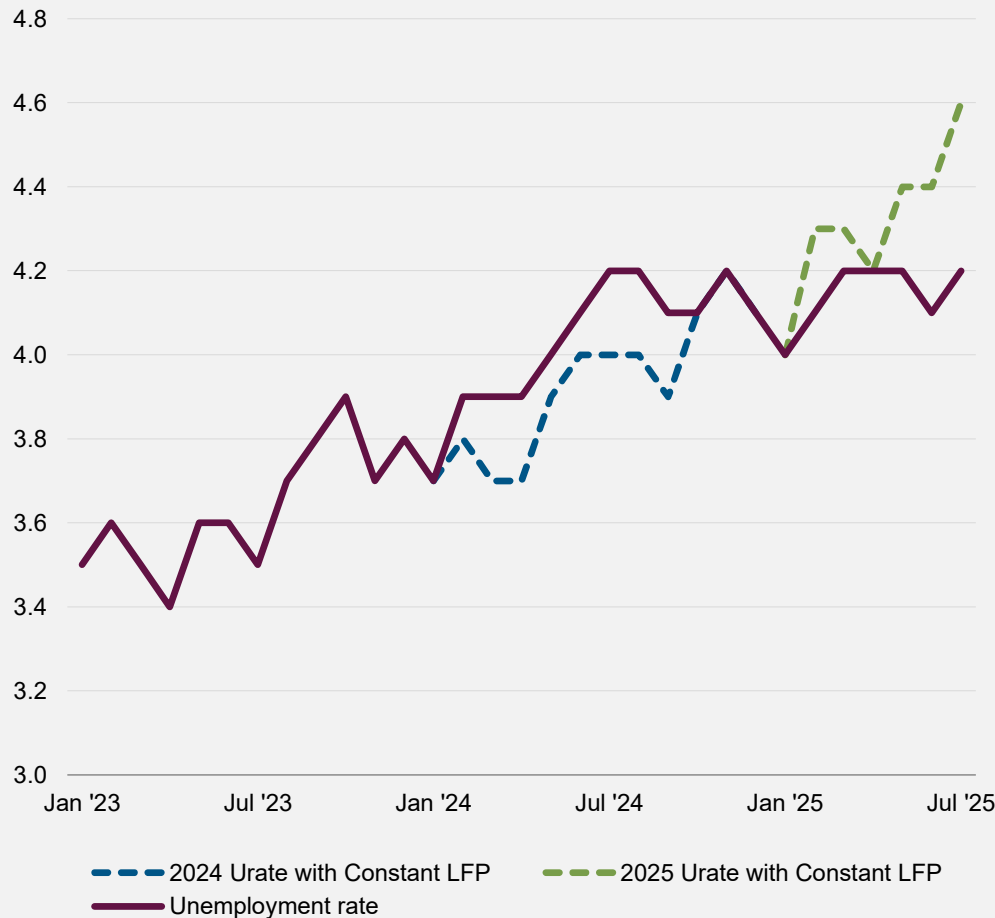
As of August 2025. Source: Haver, PIMCO, Caldara, Dario, Matteo Iacoviello, Patrick Molligo, Andrea Prestipino, and Andrea Raffo, "The Economic Effects of Trade Policy Uncertainty,"

TPU is constructed by staff in the International Finance Division of the Federal Reserve Board and measures media attention to news related to trade policy uncertainty. The index reflects automated text-search results of the electronic archives of 7 leading newspapers discussing trade policy uncertainty: Boston Globe, Chicago Tribune, Guardian, Los Angeles Times, New York Times, Wall Street Journal, and Washington Post (accessed through ProQuest Historical Newspapers and ProQuest Newsstream). The index is scaled so that 100 indicates that 1% of news articles contain references to TPU.

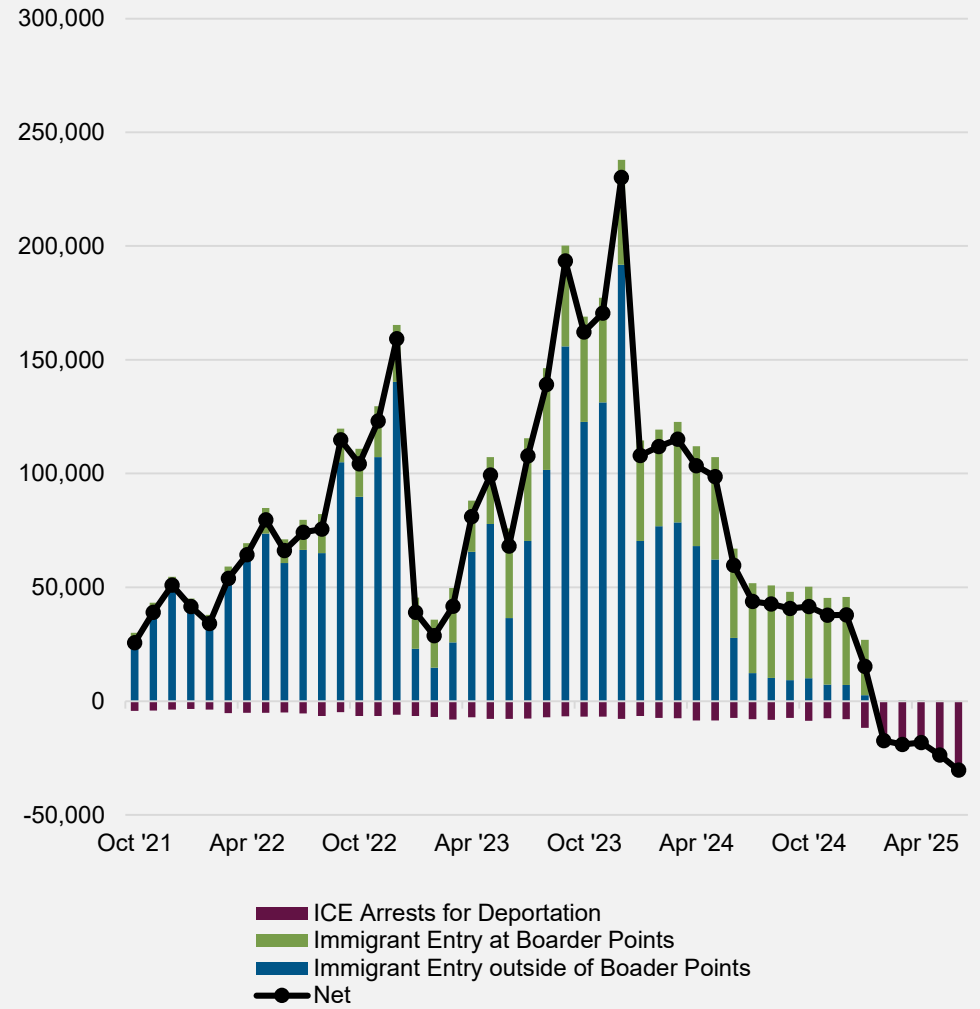
Immigration is also having a meaningful impact on the U.S. economy, and labor market

Deportations have increased in recent months, and headwinds to the labor market are likely to increase in 2H 2025

US unemployment rate with constant LFP



Monthly Immigration Flows

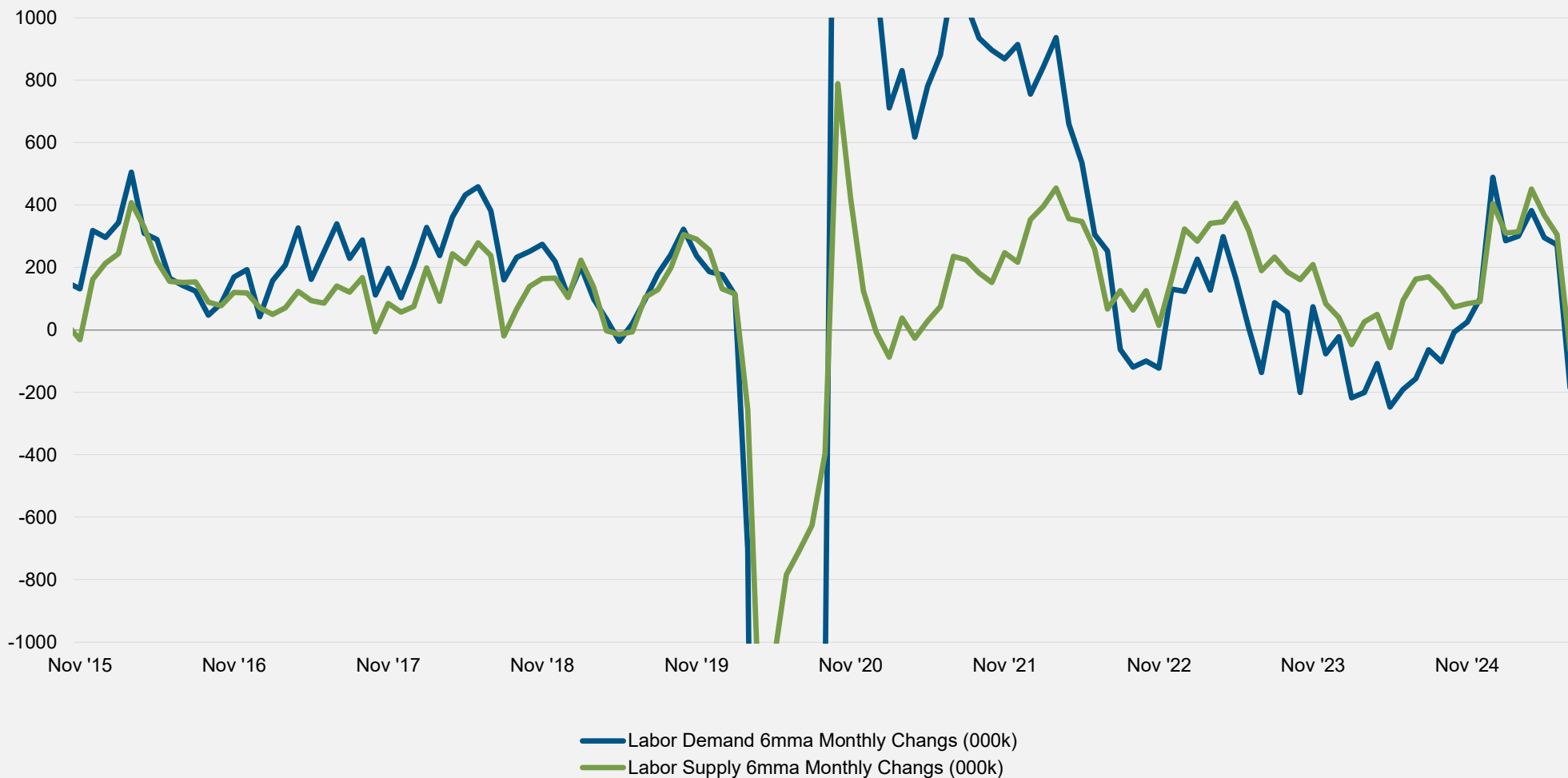


As of August 2025

Source: US CBP, Haver, PIMCO calculations. LHS: US unemployment rate alternative scenarios where labor force participation rate held constant at January levels in 2024 and 2025

Immigration policy is also reducing labor supply, and demand.

Changes in Labor Supply vs Labor Demand*

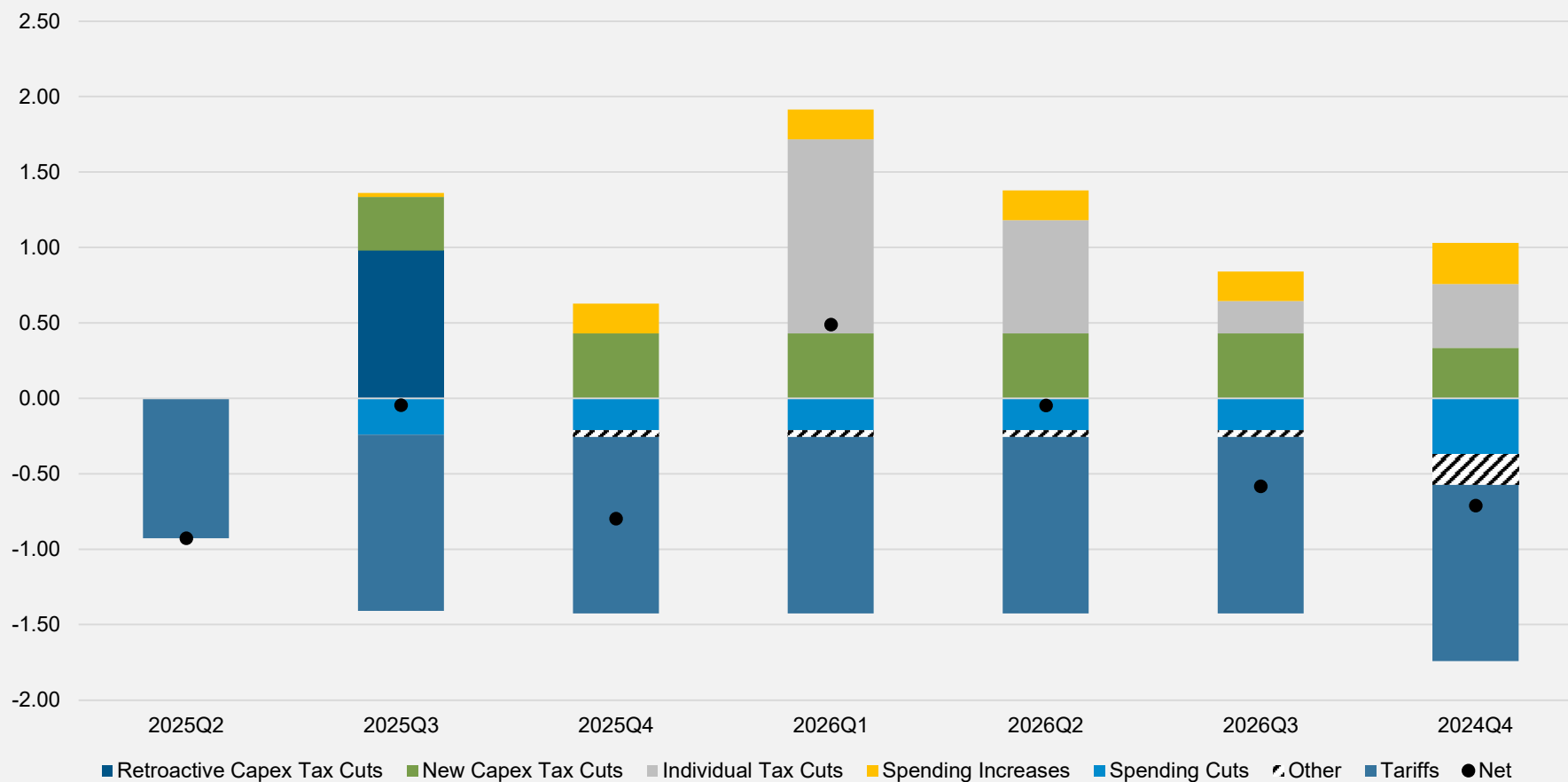


*Labor Supply is defined as the total labor force, whereas labor demand is total employed plus job openings. July job openings are extrapolated from the June level.

Source: BLS, Haver, PIMCO Calculations, As of July 2025

Fiscal policy will become more supportive in 2026... a moderation in trade policy uncertainty will also help the economy recover

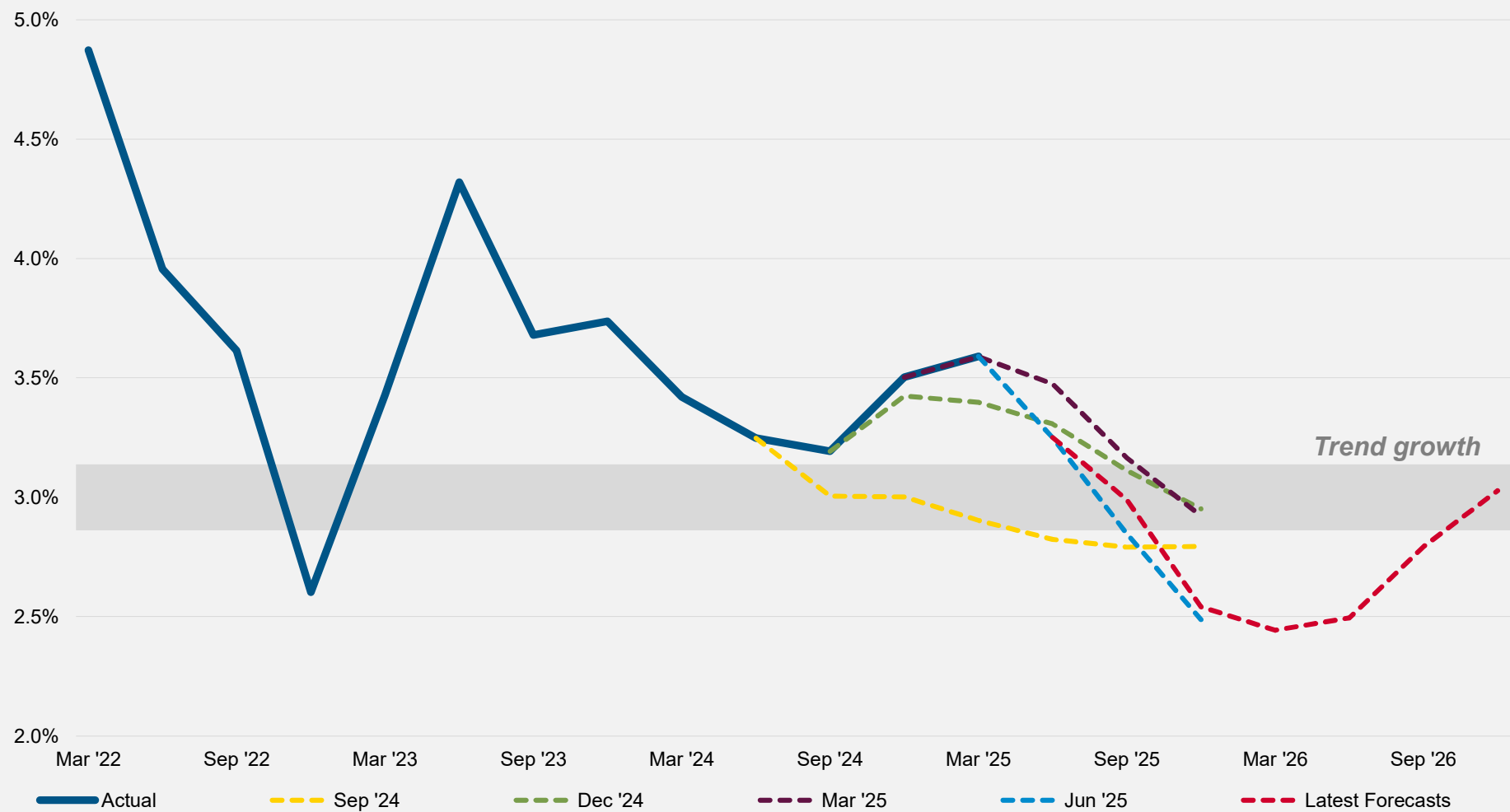
CBO/JCT Estimated Quarterly Impact of Tax and Trade Policy on the Deficit (% of GDP)



Source: JCT, CBO, PIMCO Calculations
As of Aug 2025

Stimulus should boost growth in late 2026

World Real GDP: YoY PIMCO Projections vs Actual



As of August 2025. Source: Various countries statistical reporting agencies, Haver, PIMCO Calculations and Forecasts. World GDP is PPP weighted.

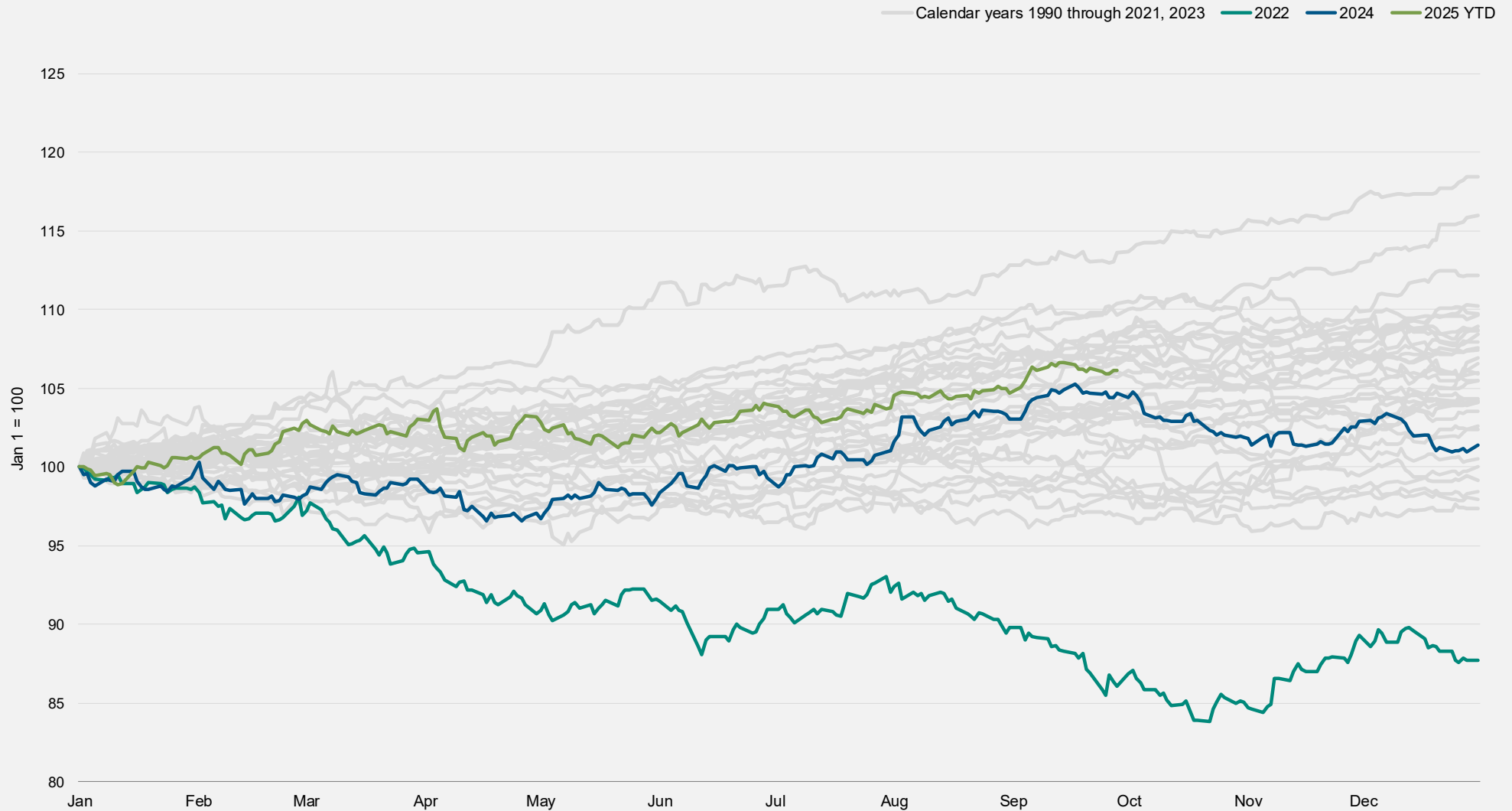


Investment Opportunities

Durable fixed-income opportunities

Stage is set for attractive long-term returns

Bloomberg U.S. Aggregate Performance

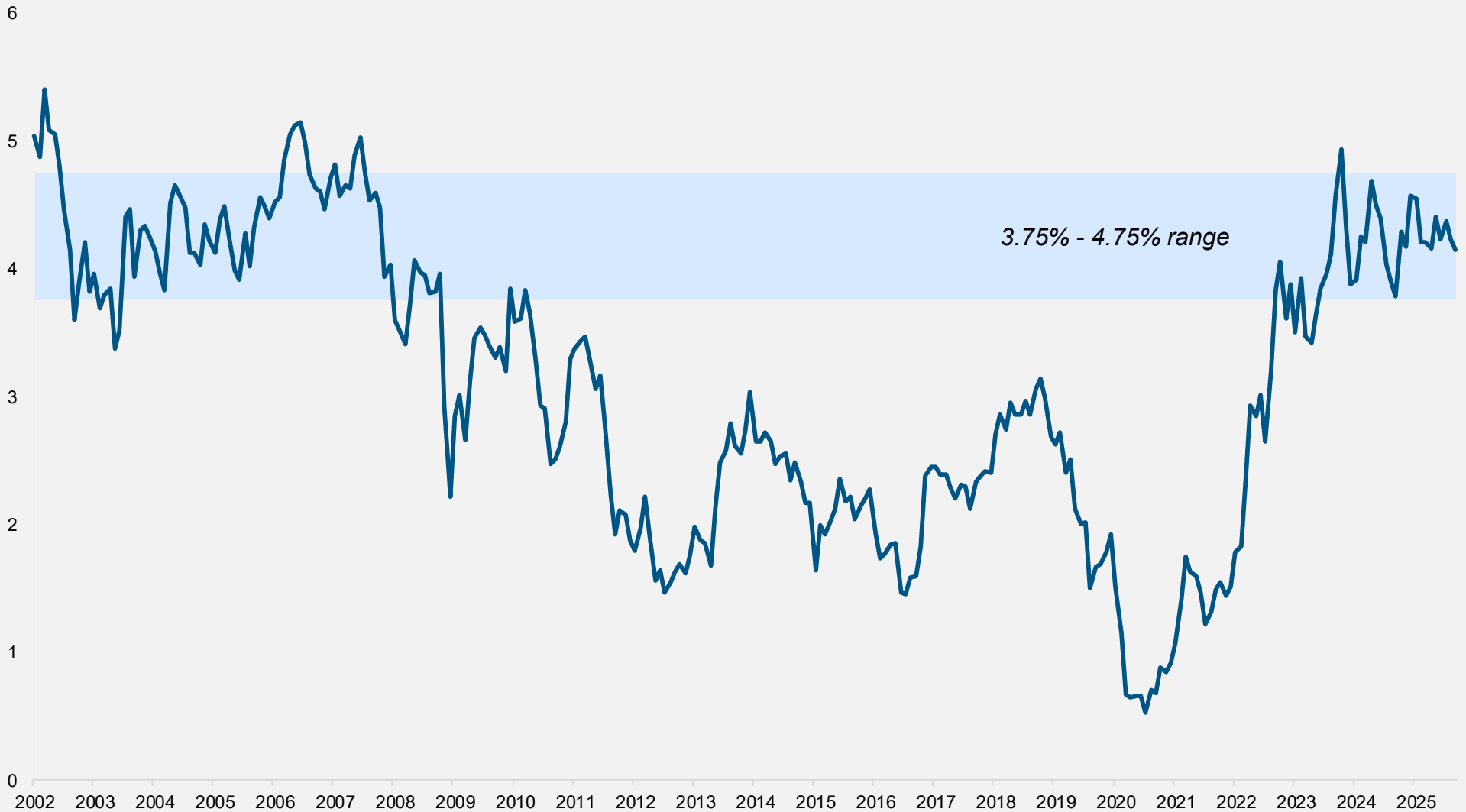


As of 30 September 2025. Source: PIMCO, Bloomberg. Refer to Appendix for additional outlook and risk information.

Bond yields stay attractive

Fixed income has delivered and is poised to continue to do so

10 Year U.S. Treasury Yield (%) since 2002

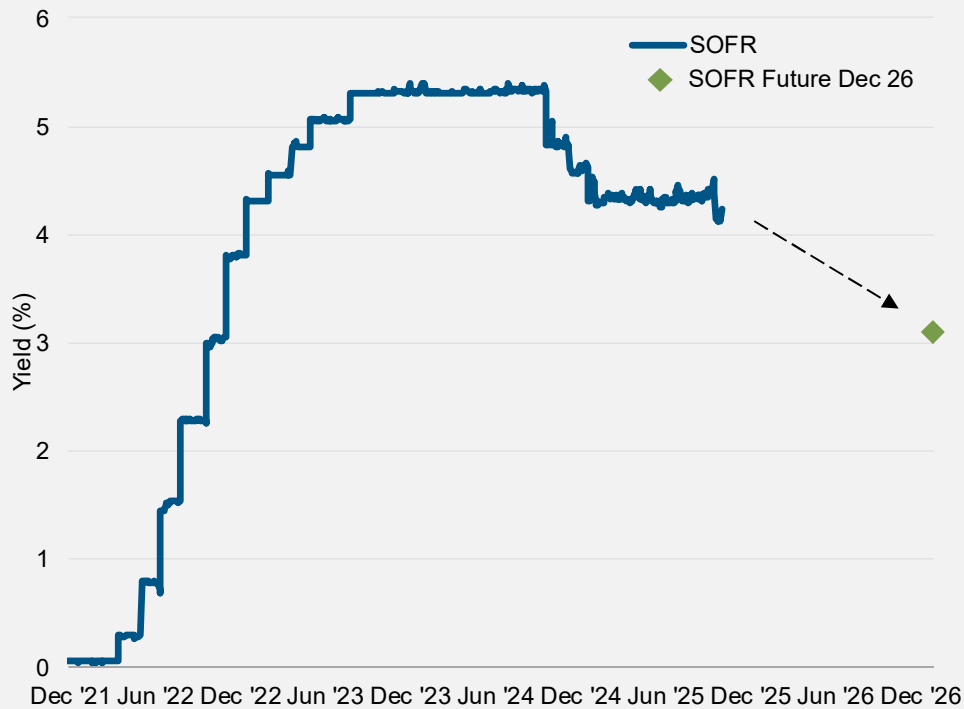


As of 30 September 2025. Source: PIMCO, Bloomberg. Refer to Appendix for additional outlook and risk information.

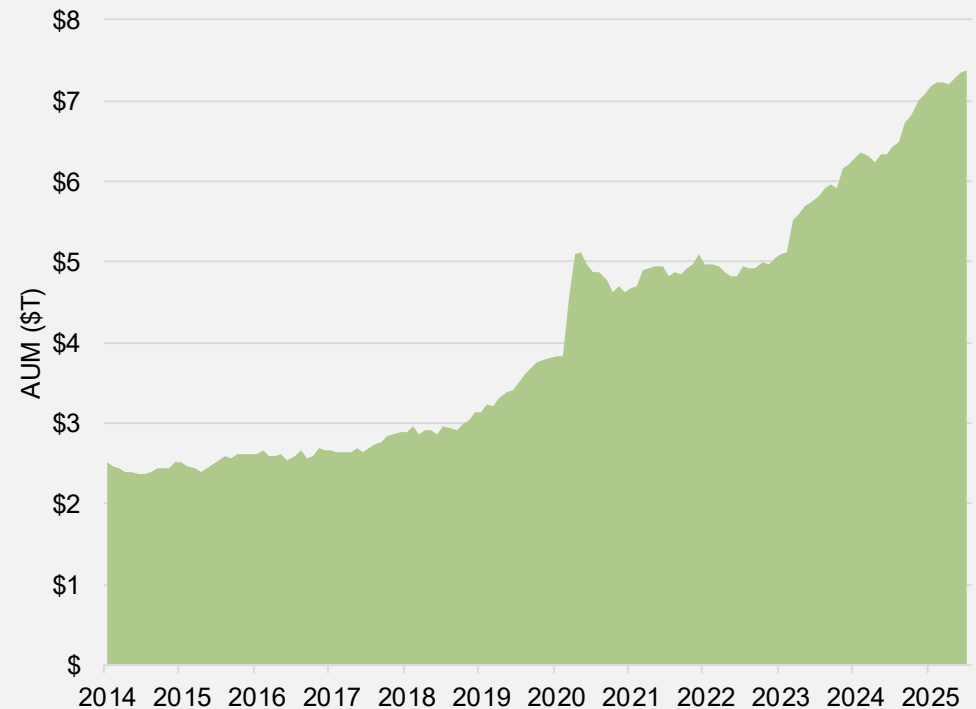
Cash is no longer optimal

Bonds are set to outshine cash

Falling cash yields:
Short term rates expected to near 3%



AUM in money market funds hit new highs:
Investors are leaving money on the table

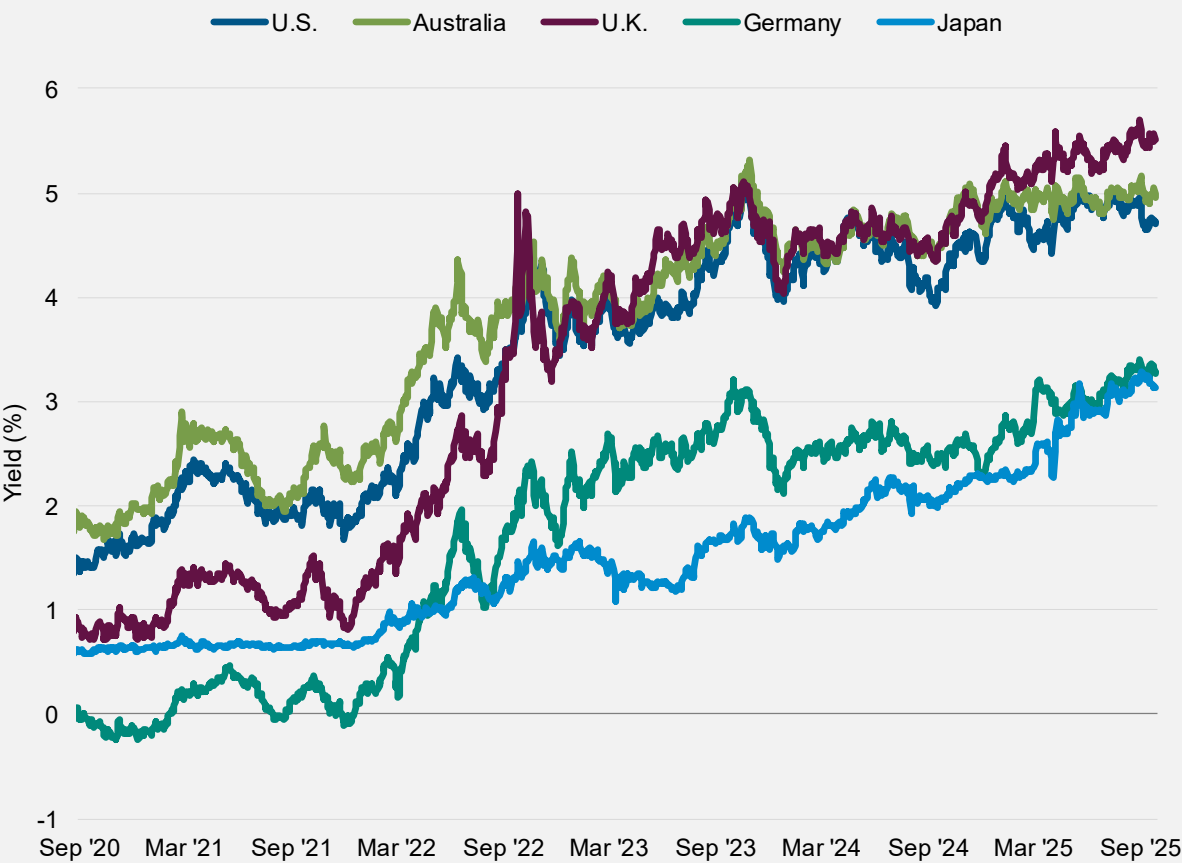


LHS as of 30 September 2025. RHS as of 31 August 2025. Source: Bloomberg, Haver, PIMCO, ICE BofA, Crane. Refer to Appendix for additional investment strategy, Morningstar category, outlook and risk information.

A pillar of active management

Global diversification is especially appealing

30-year government bond yields (%)



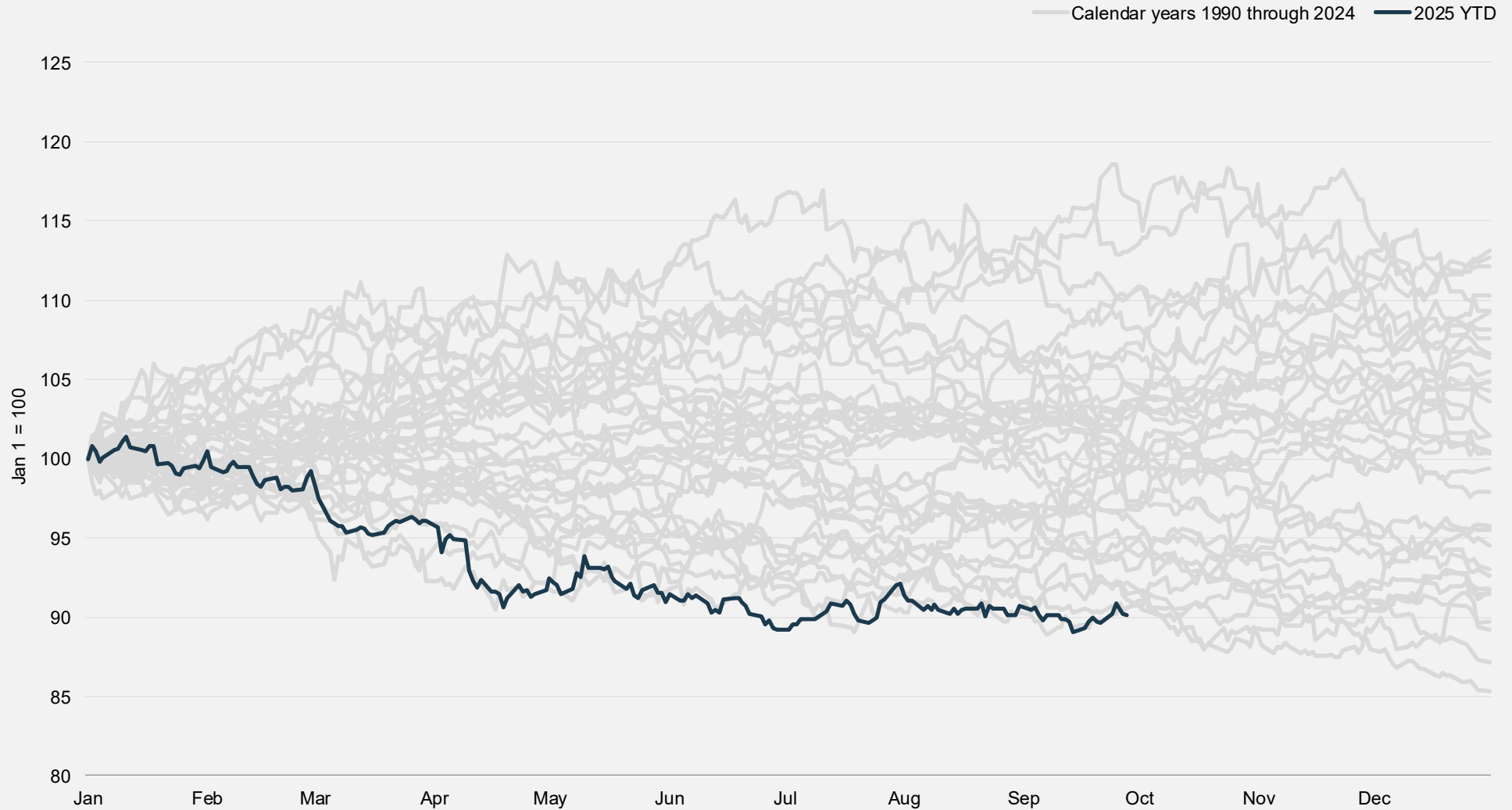
Country	2024 Debt to GDP
United States	121%
Australia	50%
United Kingdom	101%
Germany	64%
Japan	237%

As of 30 September 2025. Source: PIMCO, Bloomberg, Haver, IMF.
There can be no guarantee that the trends mentioned above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate. **Refer to Appendix for additional outlook and risk information.**

Dollar weakness may persist

The U.S. dollar is having its worst year in decades

Dollar Spot Index Performance



As of 30 September 2025. Source: PIMCO, Bloomberg. Refer to Appendix for additional outlook and risk information.

U.S. equity valuations remain stretched

Expensive valuations have historically been followed by poor returns

S&P 500 CAPE ratio with subsequent 10yr annualized returns



As of 31 August 2025. SOURCE: Robert Shiller, Global Financial Data, PIMCO. **Hypothetical illustration for illustrative purposes only. Past performance is not indicative of future results.**

CAPE and CPI as reported in Shiller's website. S&P 500 returns are calculated based on the S&P 500 Total Return Index reported by GFD.

Refer to Appendix for additional forecast, hypothetical illustration, index, investment strategy, and outlook.

As conventional frameworks are being challenged, seek active value across the economic and liquidity spectrum

Attractive bond yields

provide a foundation for durable opportunities

- Locking in rates can support steady returns and income potential
- Expect rates on cash-like investments to decline and bonds to outperform
- Favor short and intermediate bond maturities



Global diversification

can enhance outperformance

- Abundance of global fixed income opportunities, with attractive real and nominal yields
- Diversification across regions and currencies is an effective way to fortify portfolios and harvest sources of return



The credit continuum

of public and private assets offers alpha opportunities

- Evaluate opportunities on a spectrum of liquidity, yield, and risk
- Focus on high-quality assets and strong return potential in asset-based finance, especially investments tied to higher-quality consumer balance sheets



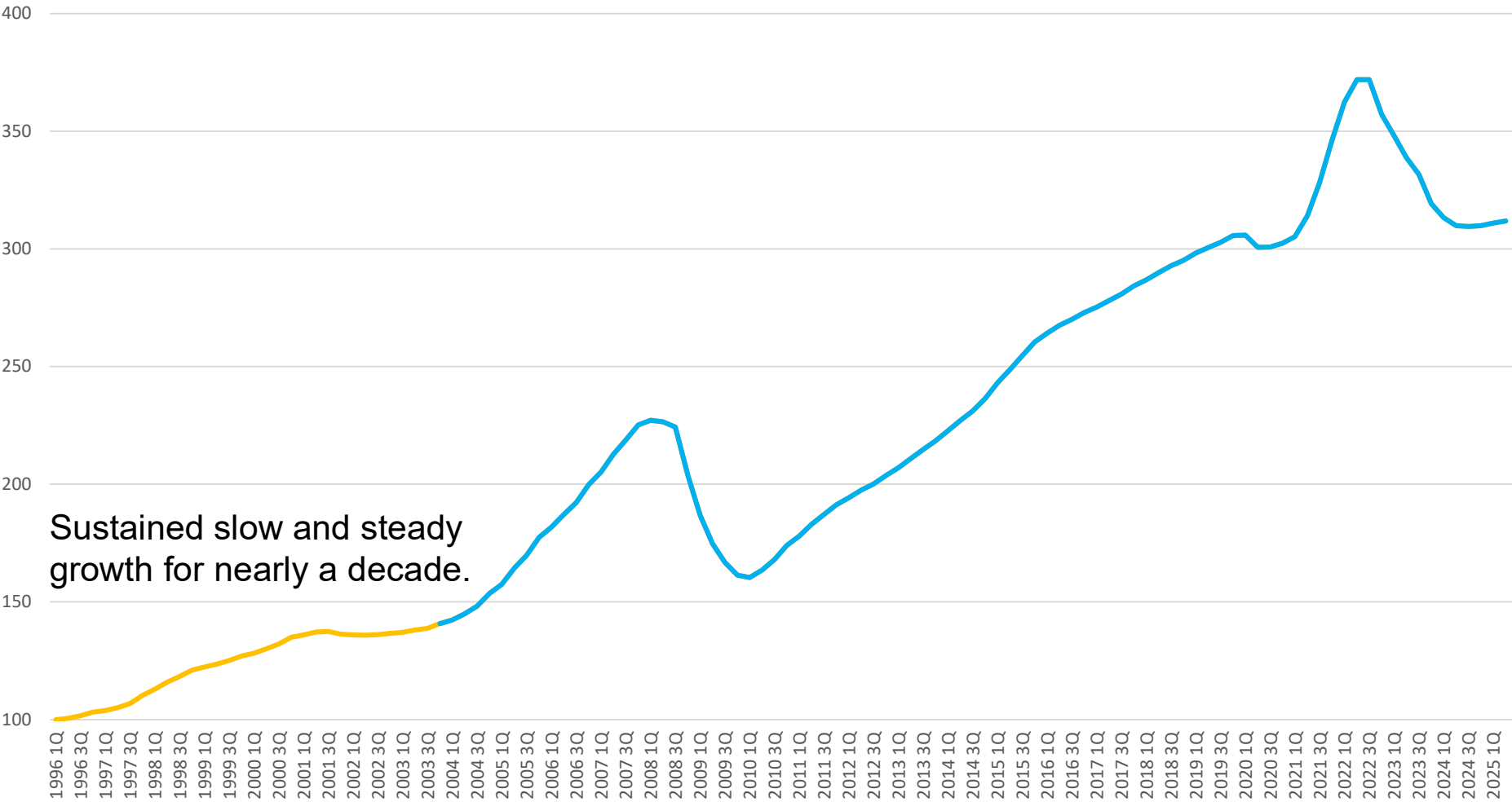
As of October 2025. Source: PIMCO. Refer to Appendix for additional credit quality, investment strategy, outlook, and risk information.

San Joaquin County Employees' Retirement Association

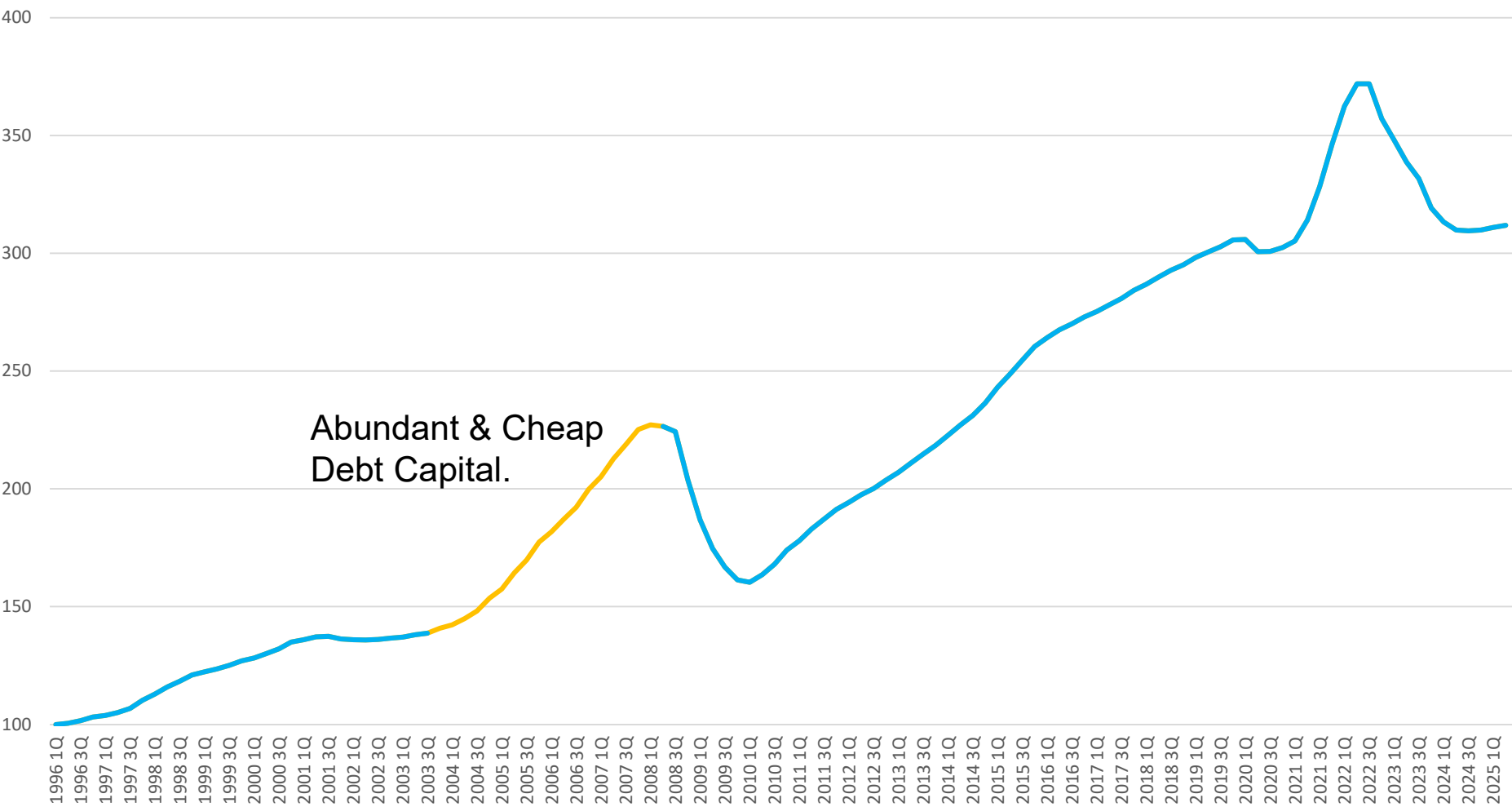
October 16, 2025

Real Estate Panel

Price Index
NCREIF As of 2025 2Q

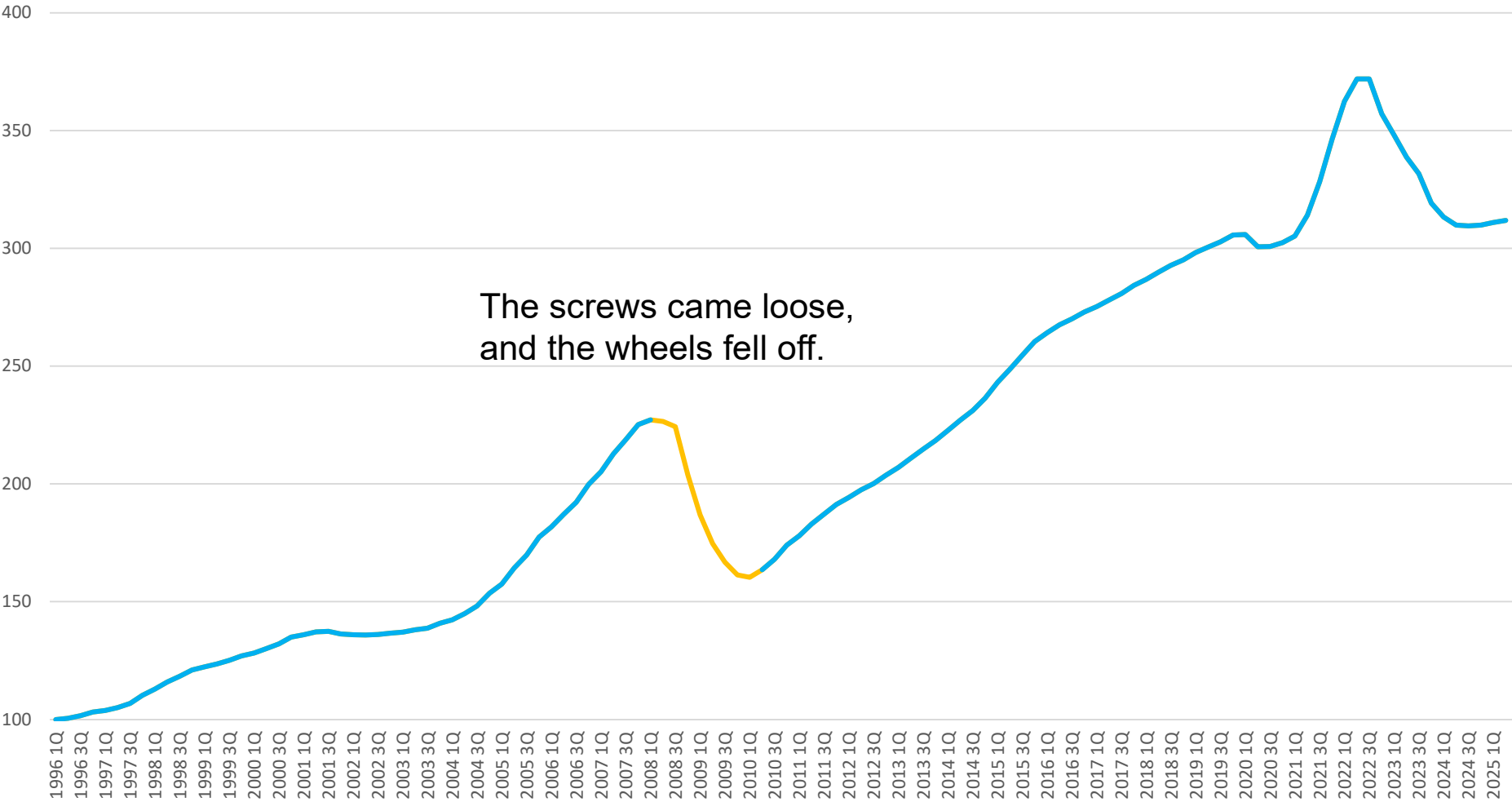


Price Index
NCREIF As of 2025 2Q

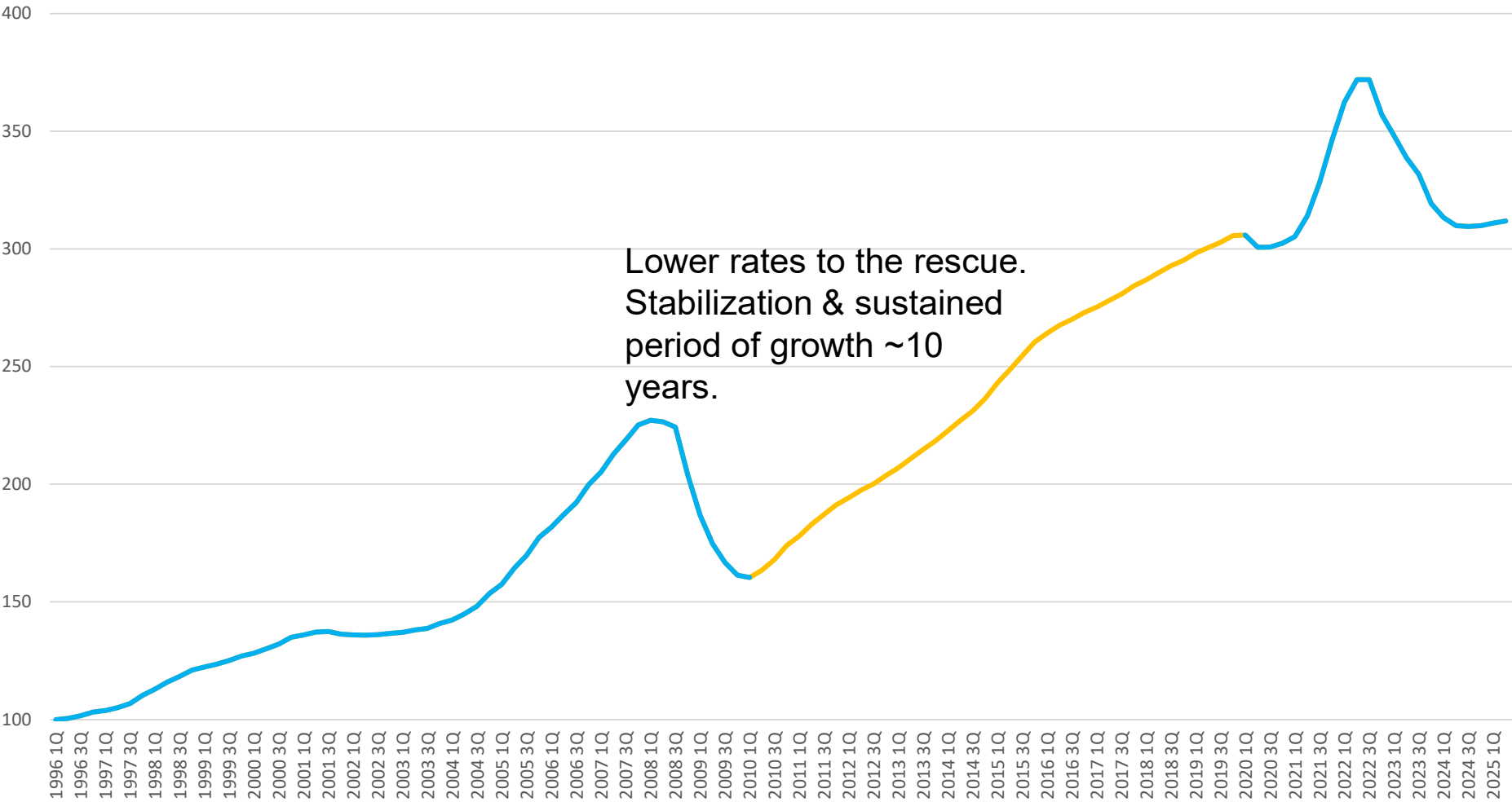


Abundant & Cheap
Debt Capital.

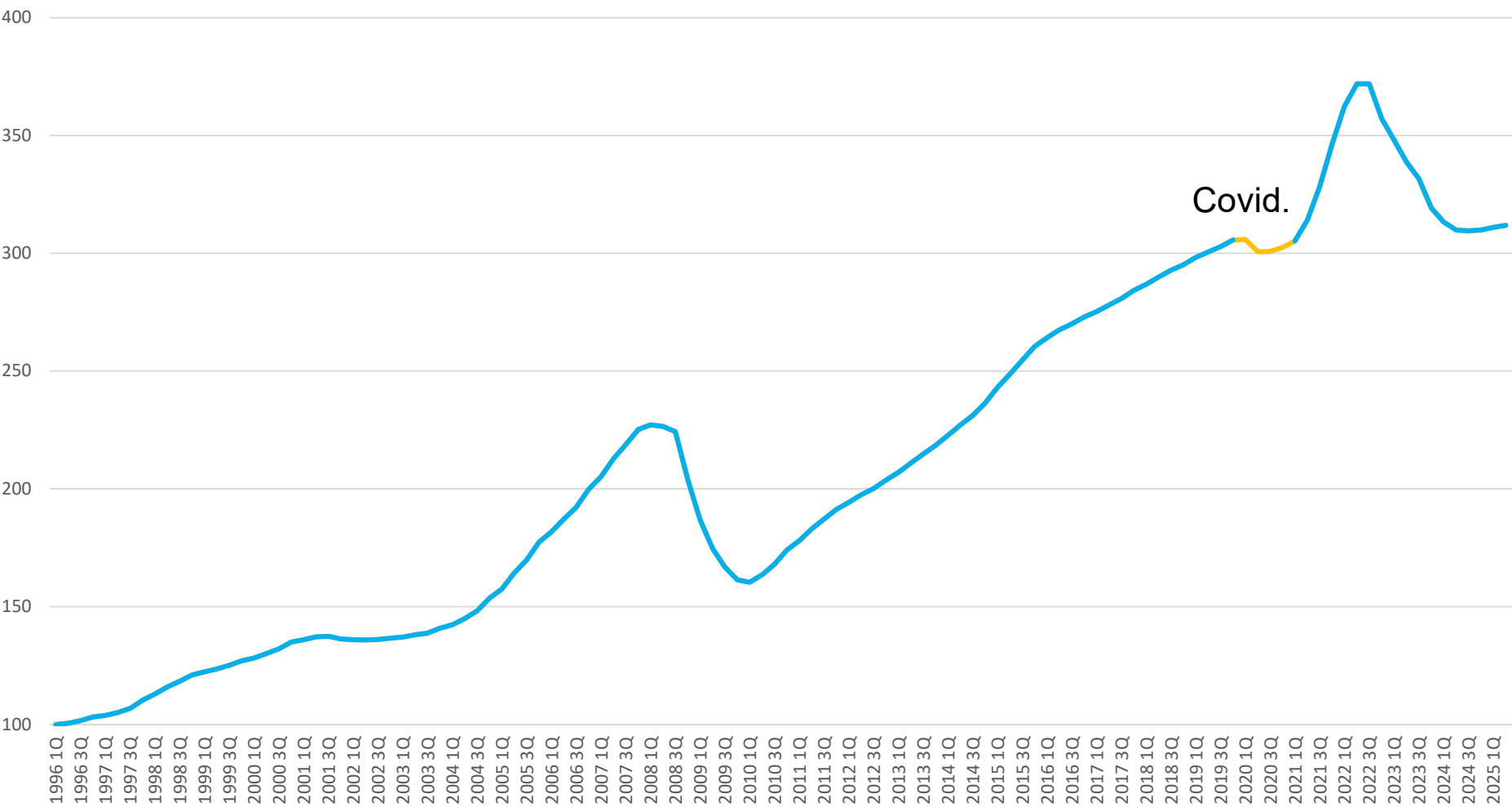
Price Index
NCREIF As of 2025 2Q



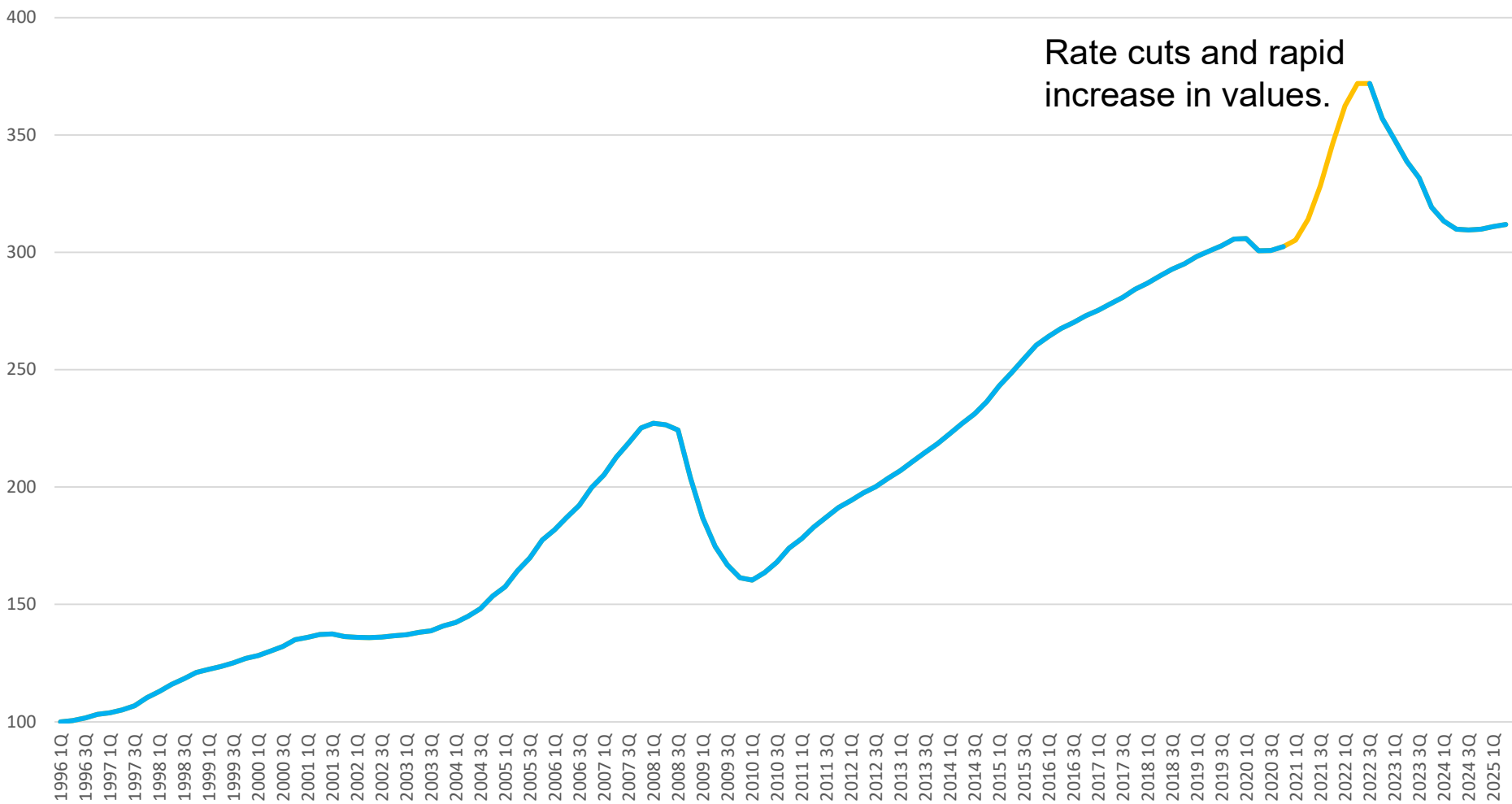
Price Index
NCREIF As of 2025 2Q



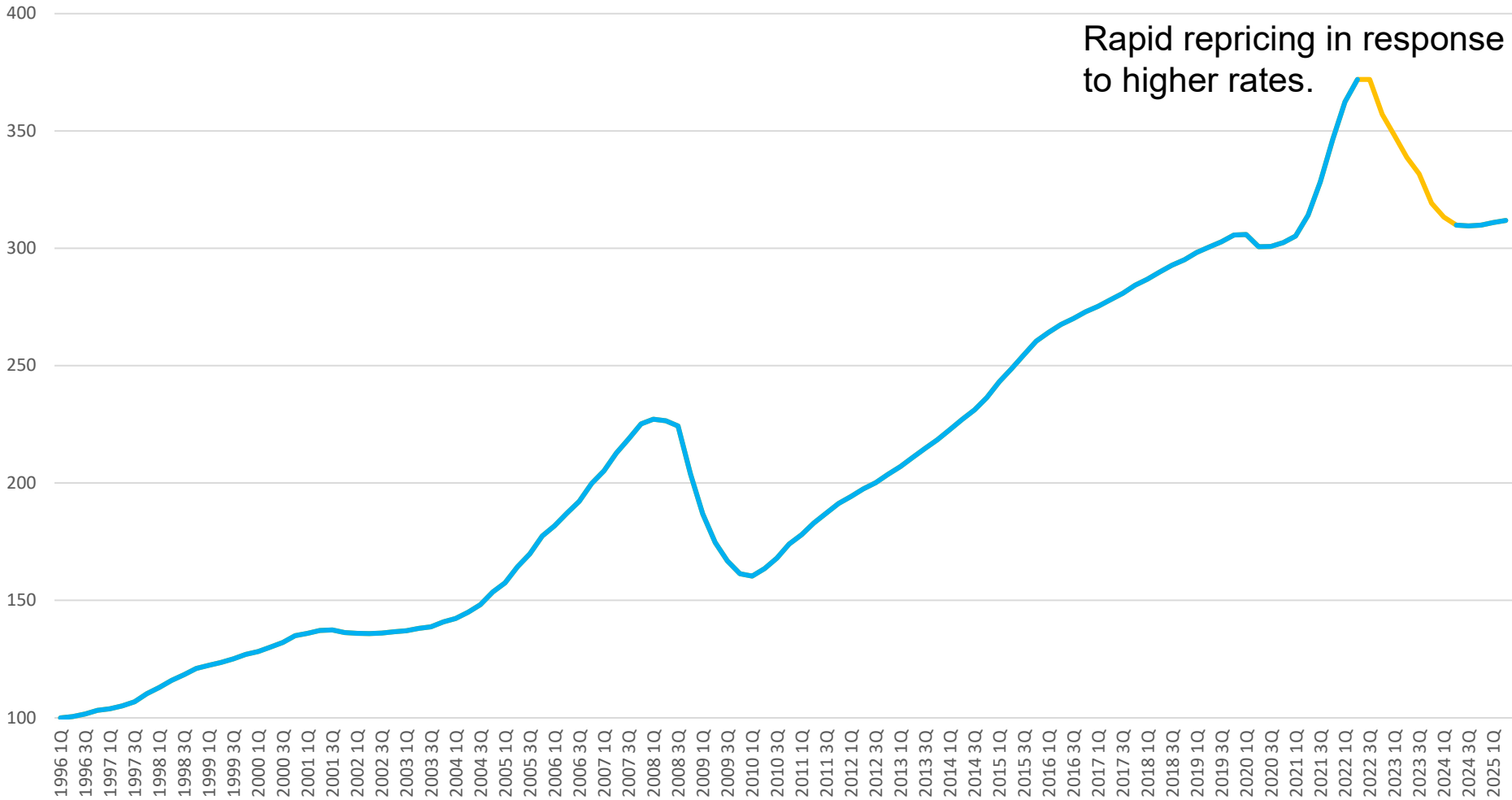
Price Index
NCREIF As of 2025 2Q



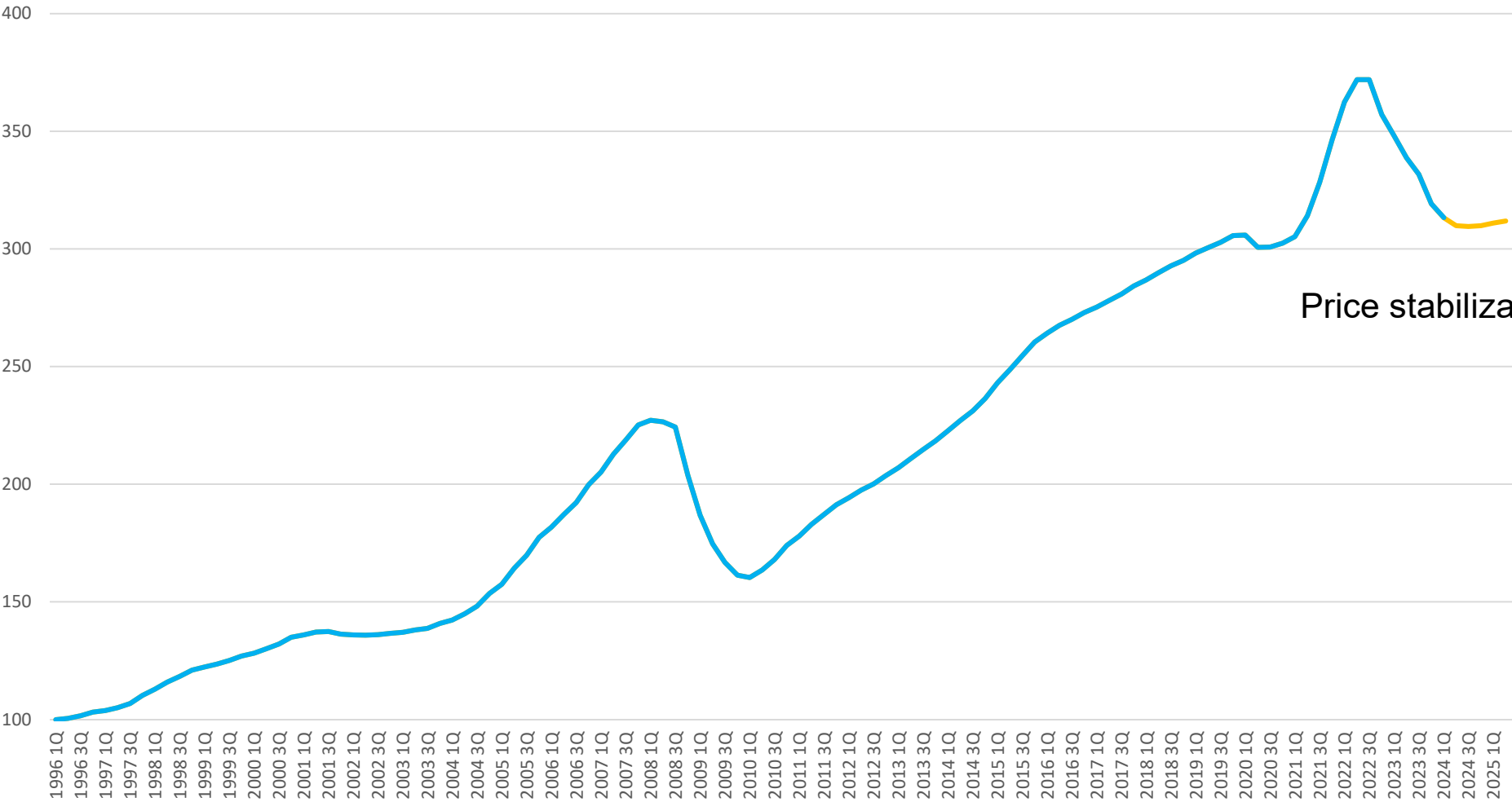
Price Index
NCREIF As of 2025 2Q



Price Index
NCREIF As of 2025 2Q



Price Index
NCREIF As of 2025 2Q



Price stabilization.

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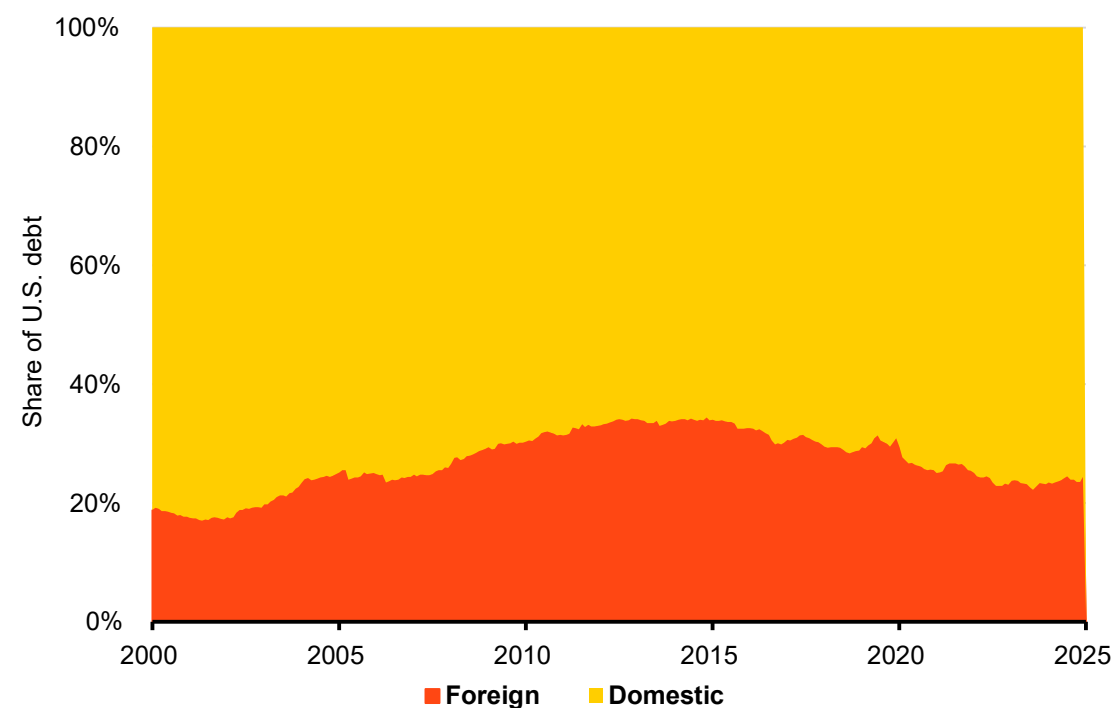
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Immutable economic laws bind near-term U.S. policy shifts

The first law: Sustaining U.S. debt relies on steady foreign funding. The second law: The rapid rewiring of supply chains causes major disruption. Both laws help investors navigate near-term uncertainty, in our view.

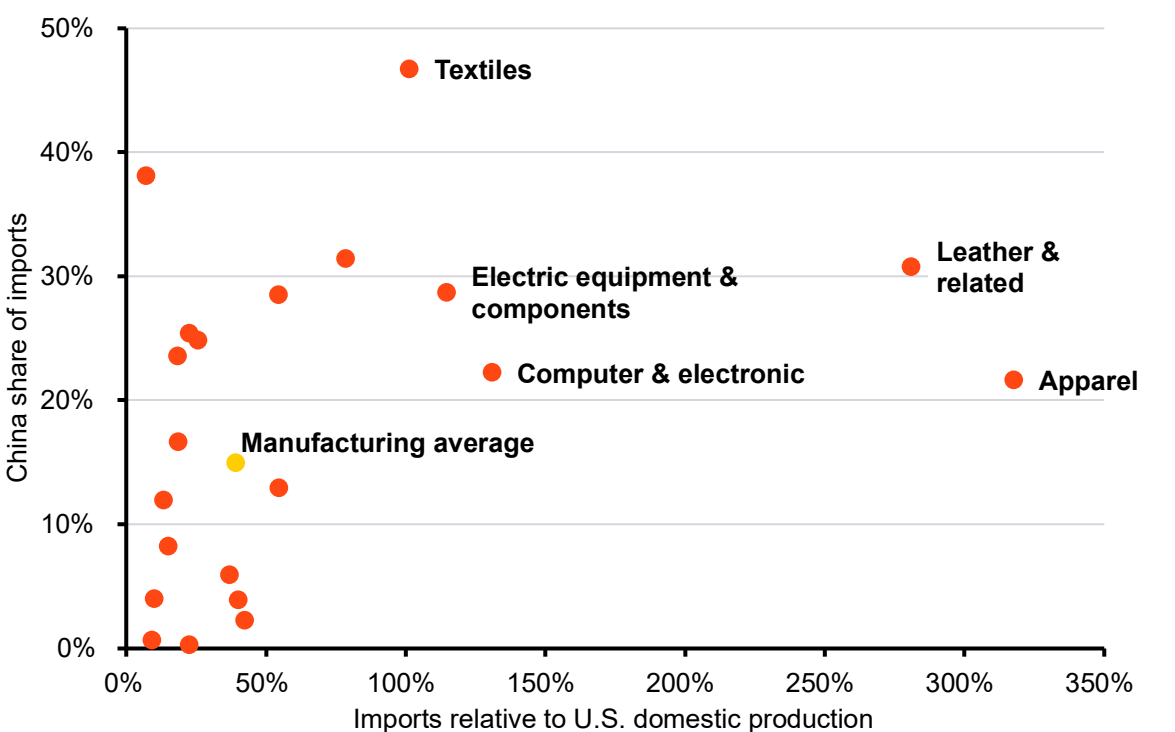
Law 1: Sustaining debt needs foreign funding

Ownership of U.S. Treasuries, 2000 - 2025



Law 2: Supply chains can't be rewired quickly

China share of U.S. imports vs. value of China imports, 2024

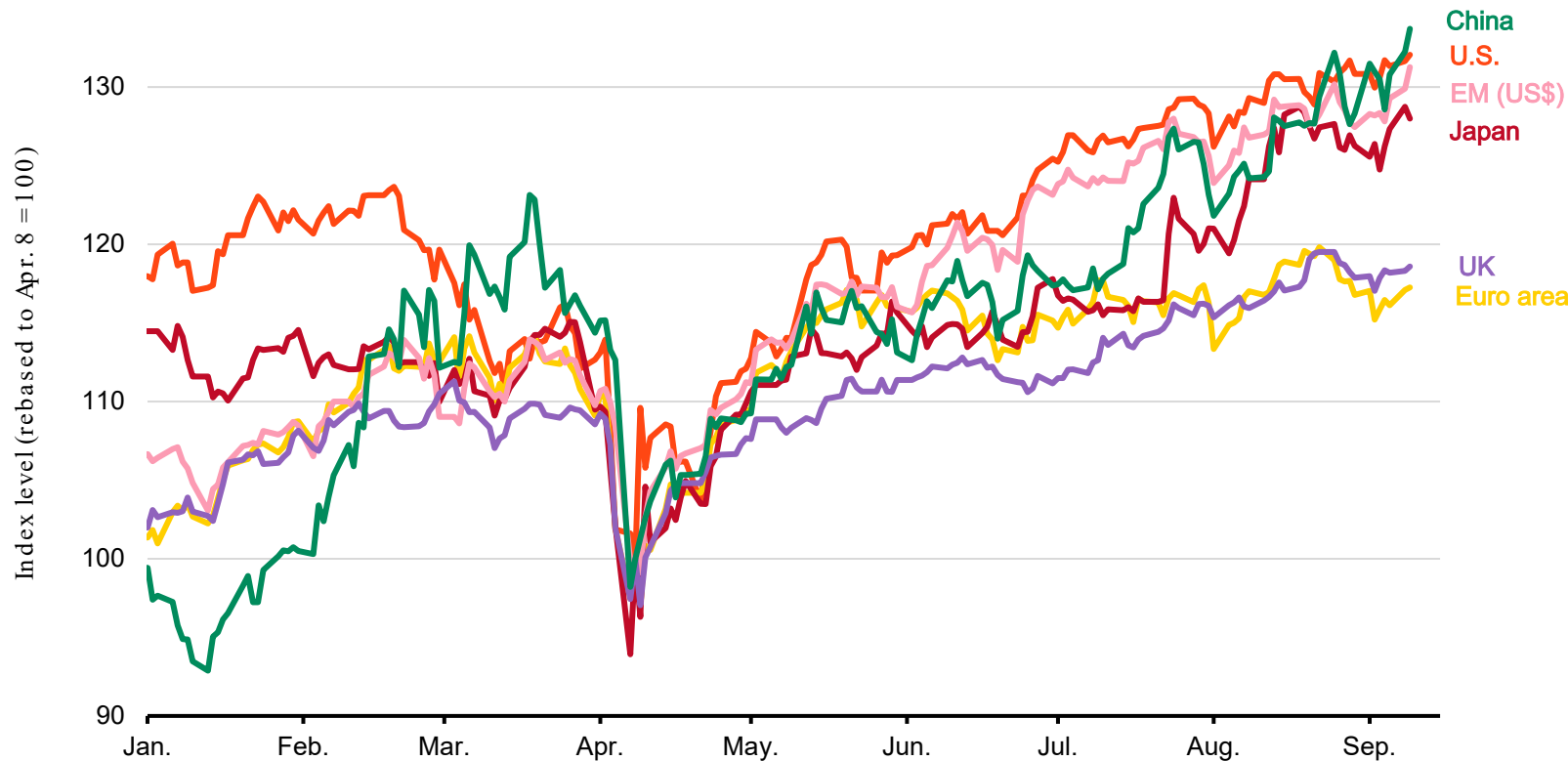


Source: BlackRock Investment Institute, U.S. Bureau of Economic Analysis, Historical Statistics of the United States, July 2025. Note: The chart shows the effective rate of tariffs on U.S. imports. Source: BlackRock Investment Institute, U.S. Census Bureau, with data from Haver Analytics, July 2025. Note: The chart shows the value of China's imports relative to U.S. production (horizontal axis) vs. the share of China in total U.S. imports (vertical axis) for that sector as of 2024. Highlighted sectors are those with either outlying value or share of trade, or both. The dot for "Manufacturing average" is the average of all U.S. manufacturing sectors.

Staying pro-risk through April's volatility worked well

Equities across the world rebounded from April's tariff-driven plunge. We argued immutable economic laws would rein in a maximal stance on tariffs and policy, paving the way for a sharp rebound.

Regional equity performance, 2025

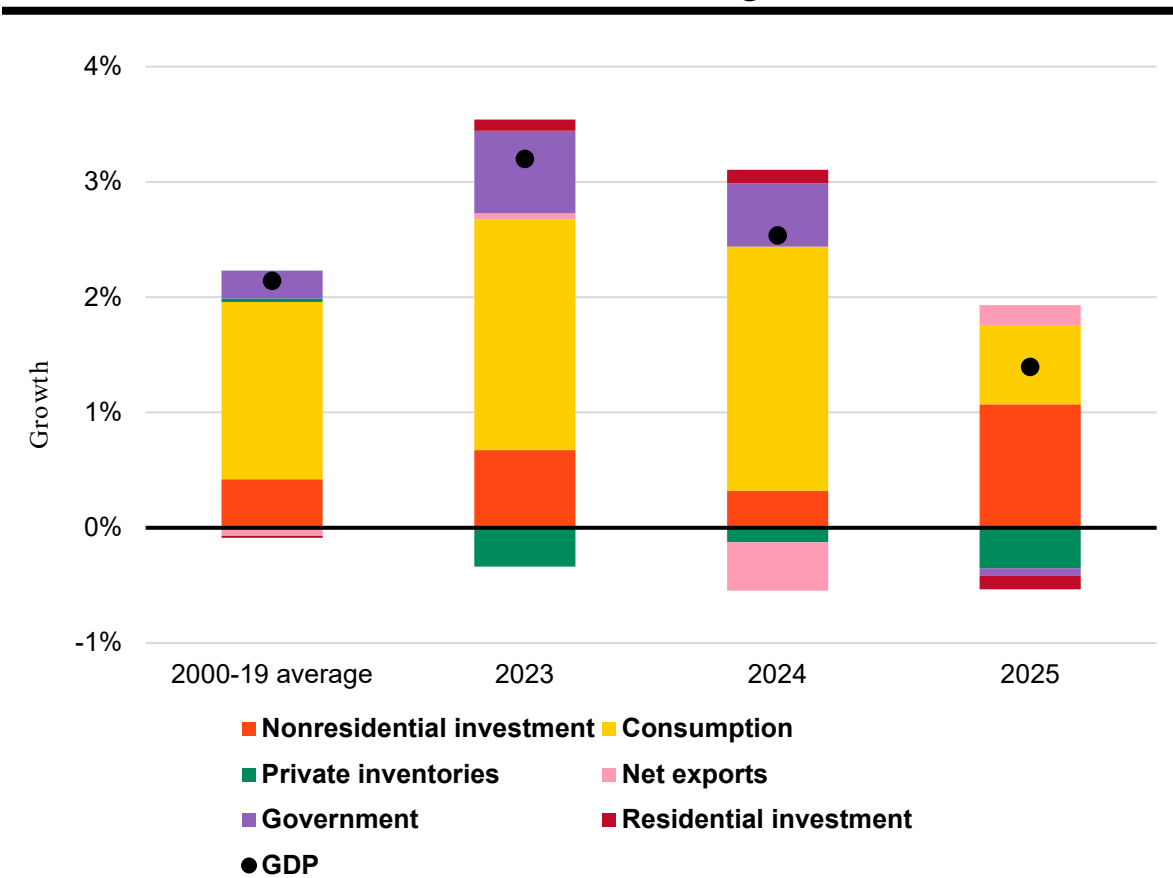


The figures show only past performance. Past performance is not a reliable indicator of current or future results. Indices are unmanaged and one cannot invest directly in an index. Capital at risk. Source: BlackRock Investment Institute, MSCI, with data as of September 2025. Note: The chart shows different components of total returns for various regional indexes, excluding dividends and management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Indices used: MSCI China, MSCI EM \$, MSCI UK, MSCI EMU, MSCI Japan and MSCI USA.

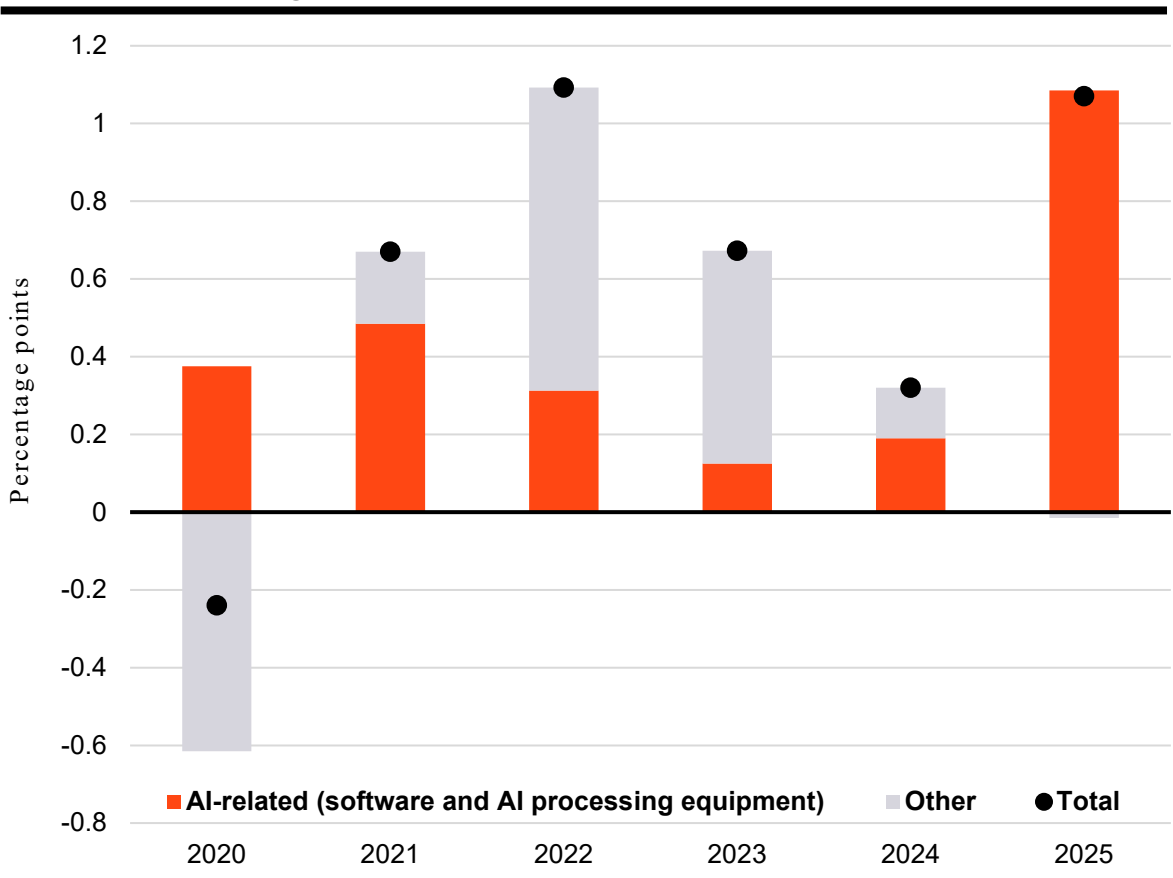
The AI mega force is offsetting a consumer spending slowdown

Resilient investment from companies into artificial intelligence (AI) -related infrastructure is propping up U.S. activity. That underlines how mega forces are the new anchor for today's economy – and how they're driving returns now.

Contributions to annual U.S. GDP growth, 2000-2025



Annual change in U.S. non-residential investment

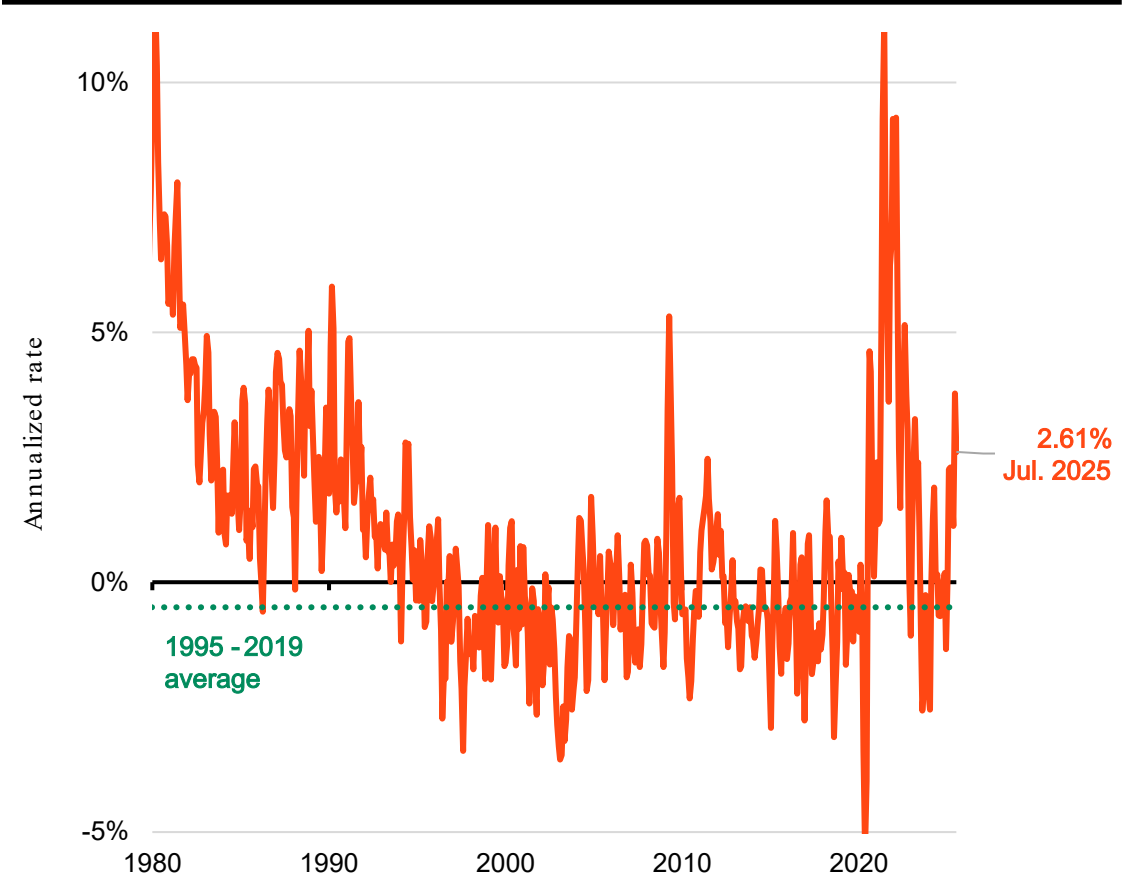


Source: BlackRock Investment Institute, U.S. Bureau of Economic Analysis, with data from Haver Analytics, September 2025. Note: The bars show the contribution of non-residential investment to annual U.S. GDP growth, broken down into AI-related (software and AI processing equipment investment) and other sectors. The bar for 2025 shows the contribution through the first half of 2025.

Goods prices are rising again in the wake of U.S. tariffs

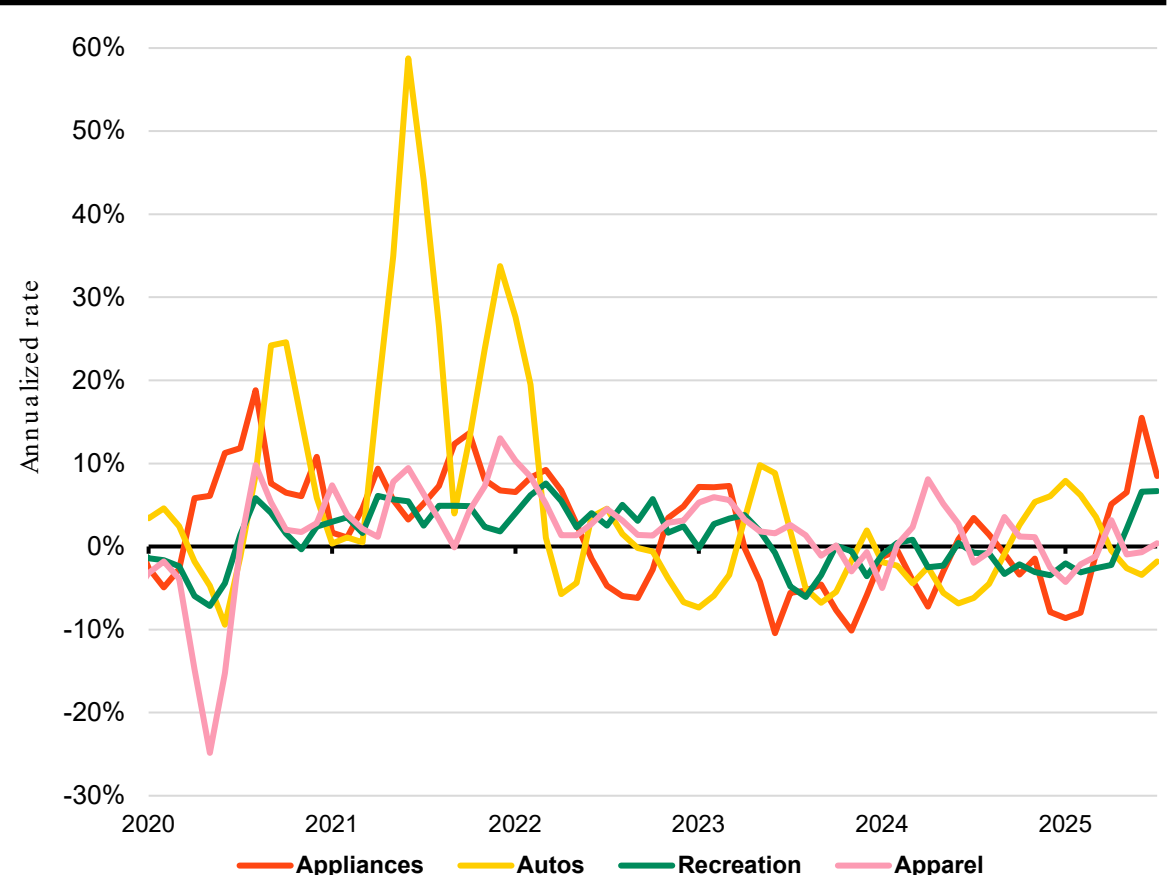
The drop in overall inflation masks a sharp rebound in goods inflation, where prices had been falling after spiking during the pandemic. We see the impact of tariffs starting to feed through in highly imported goods like appliances.

U.S. core PCE goods inflation, 1980-2025



Source: BlackRock Investment Institute, U.S. Bureau of Economic Analysis, with data as of September 11, 2025. The chart shows the three-month average change in U.S. core personal consumption expenditures (PCE) goods prices on an annualized basis.

U.S. CPI inflation, 2020-2025



Source: BlackRock Investment Institute, U.S. Bureau of Economic Analysis, with data as of September 11, 2025. The chart shows the three-month average change in select components of the U.S. consumer price index (CPI) on an annualized basis.

Unpacking the U.S. inflation puzzle

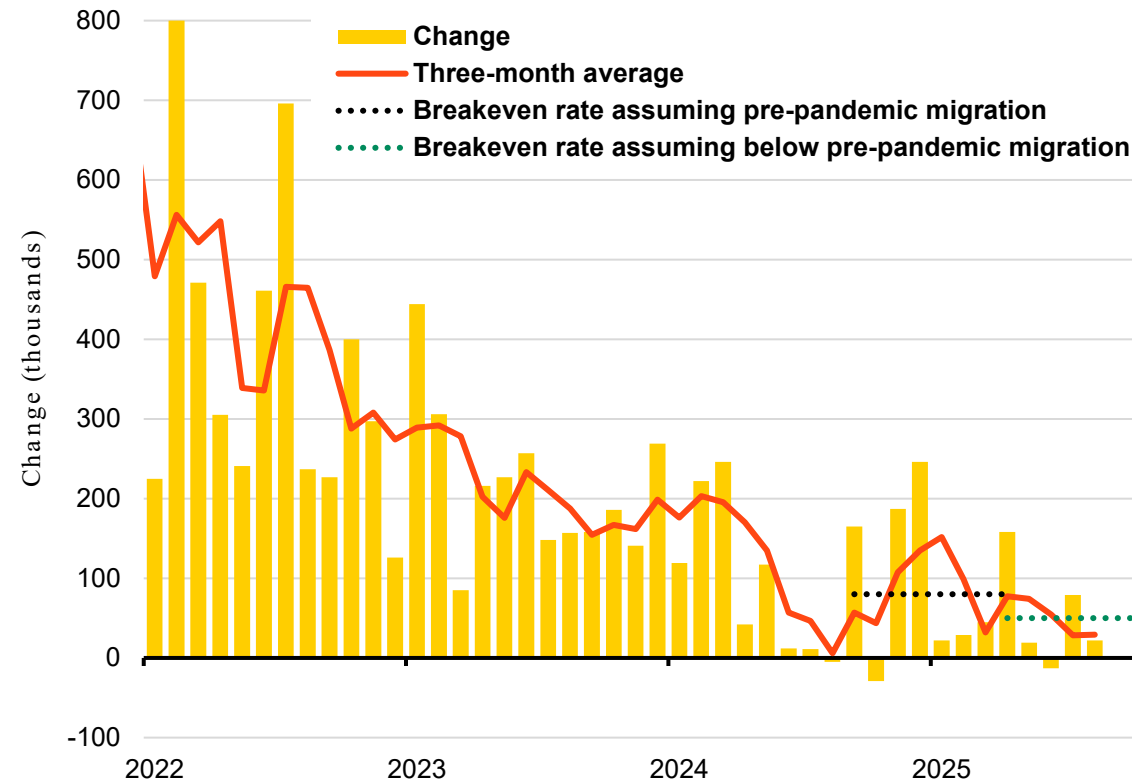
Services inflation slowed early this year but has firmed up in recent months. We're watching to see if weaker economic activity brings a sustained drop in services inflation or if it will stay sticky.

U.S. core services and wage inflation, 2018-2025



Source: BlackRock Investment Institute, U.S. Bureau of Labor Statistics, with data from Haver Analytics, September 2025. Note: The chart shows the three-month average change in U.S. average hourly earnings and the core services price index excluding housing on an annualized basis.

Monthly change in U.S. payrolls, 2022-2025

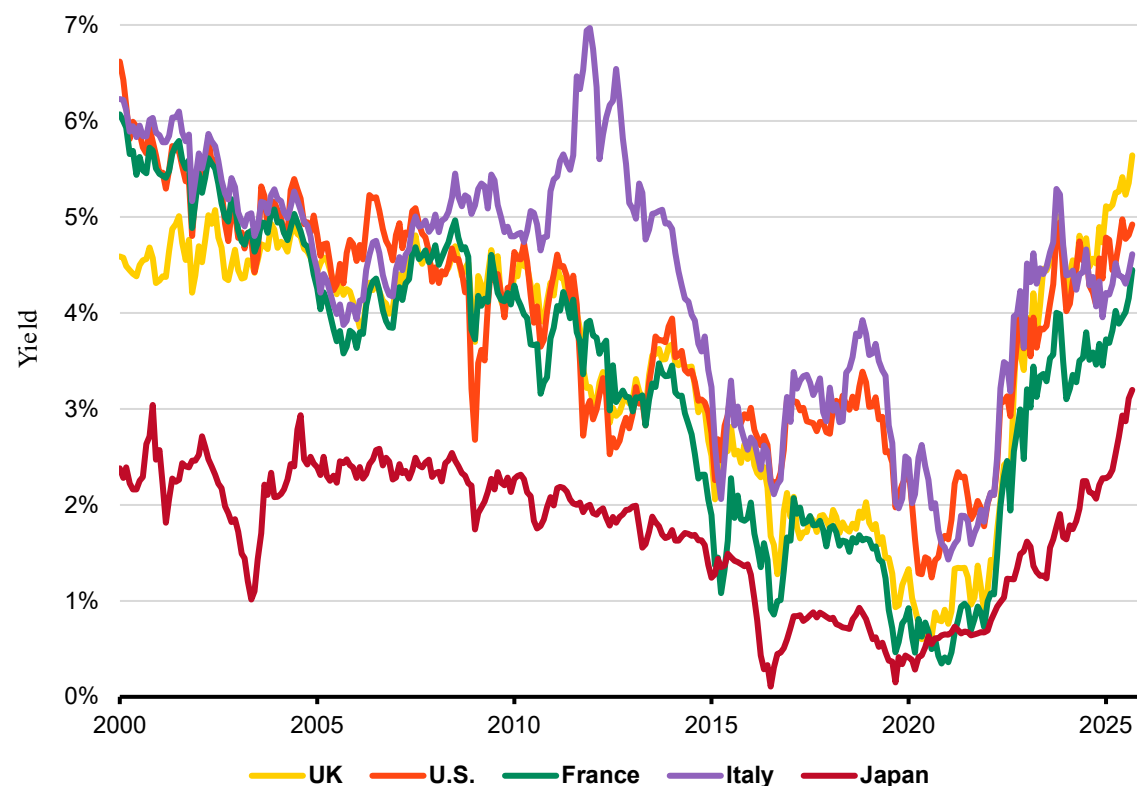


Forward looking estimates may not come to pass. Source: BlackRock Investment Institute, with data from U.S. Bureau of Labor Statistics, September 2025. Note: The chart shows monthly changes in U.S. nonfarm payroll employment and the three-month average. The dashed black line shows our estimates of the breakeven level of payroll growth that keeps unemployment unchanged assuming pre-pandemic migration trends. The green line shows our estimates of payroll growth consistent with population growth and elevated migration. The chart reflects preliminary revisions made on Sept. 9.

Pressure builds on long-term bonds across developed markets

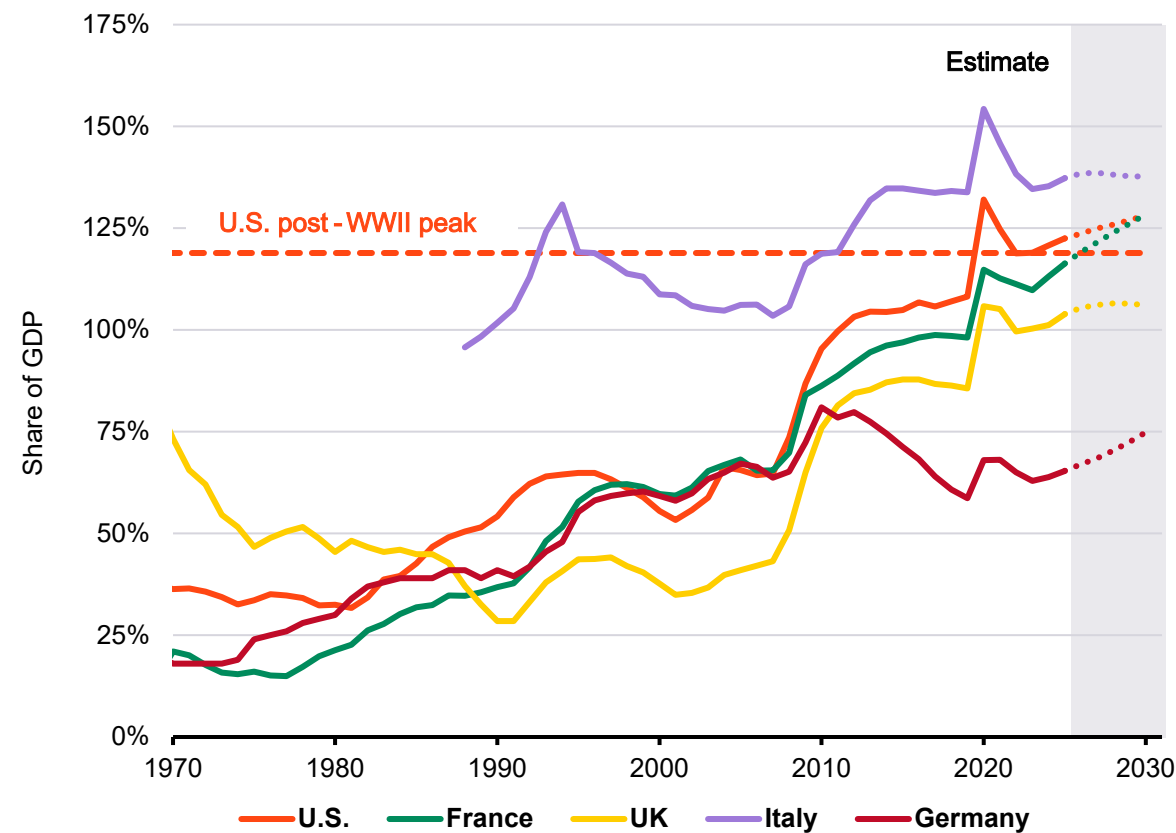
Long-term government bond yields are under renewed pressure as fiscal concerns have become a bigger market driver. Yields in Japan, France and the UK have surged to multi-decade highs.

30-year government bond yields, 2000-2025



The figures show to past performance. Past performance is not a reliable indicator of current or future results. Investment Institute, with data from LSEG Datastream, September 2025. Note: The lines show the 30-year government bond yields for the UK, U.S., France and Japan.

Debt-to-GDP ratios, 1970-2030



Forward looking estimates may not come to pass. BlackRock Investment Institute, IMF, U.S. Congressional Budget Office (CBO) with data from LSEG Datastream, September 2025. Note: The chart shows general government gross debt as a share of GDP for the U.S., France, UK and Germany. Future estimates are from the IMF World Economic Outlook. Data for Italy only

OCTOBER 16, 2025

Annual 2025 SJCERA Roundtable

Tariffs & De-Globalization

PRESENTED BY:

Matthew Buxton
Director of Public Fund Relationship Management

Andrew Henwood, CFA
Credit Portfolio Manager



LOOMIS | SAYLES

THINK BROADLY. ACT DECISIVELY.

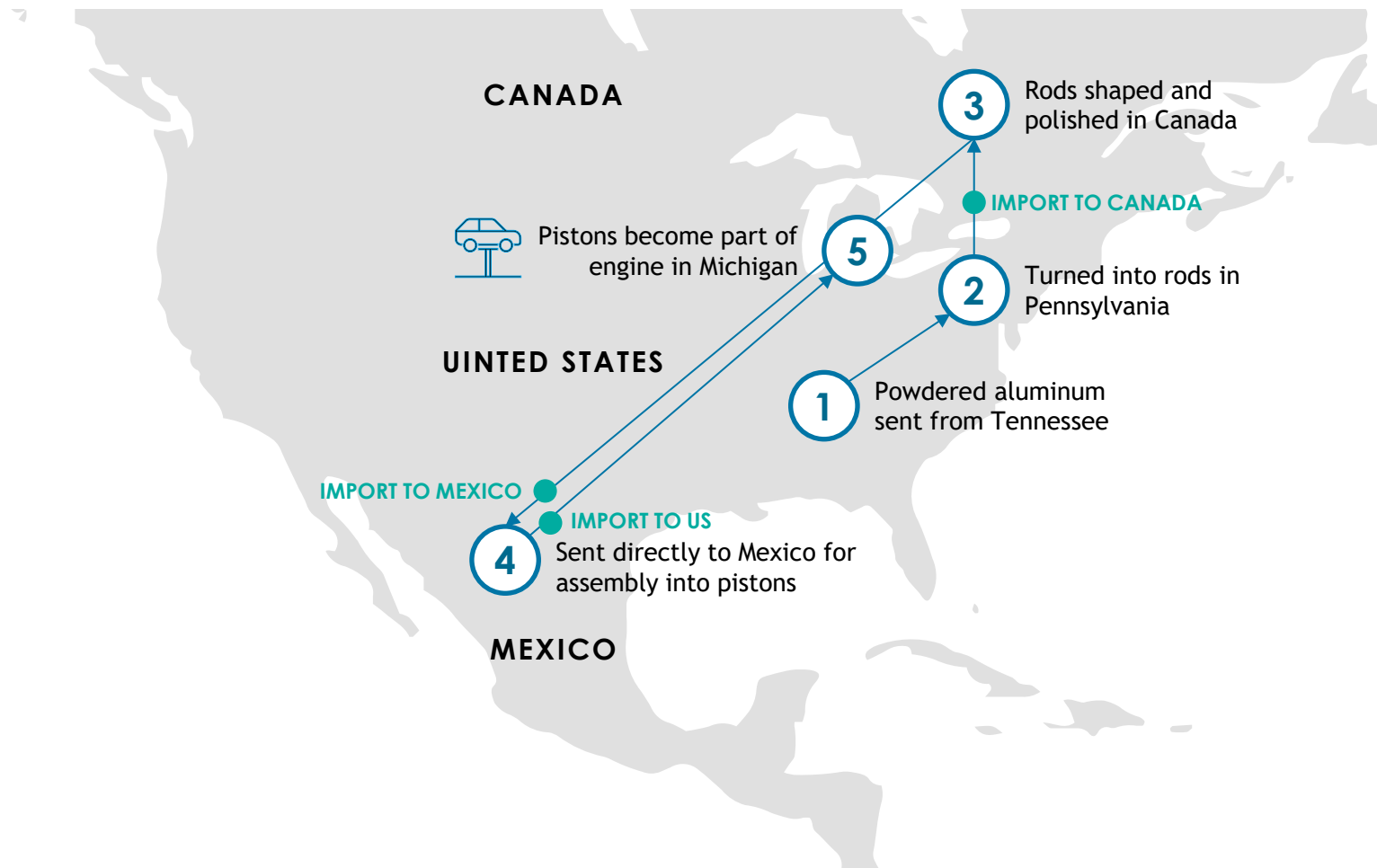
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complex auto supply chains

MANY CAR INDUSTRY SUPPLY CHAINS CROSS BORDERS



Source: BBC News, "Trump announces 25% tariffs on car imports to US", authored by Natalie Sherman and Michael Race, as of 3/27/2025.

supply chains are difficult to change

CNH SOURCING FOR FINISHED GOODS SOLD IN THE US

Based on 2024 Industrial Activities actual results, dollar basis



APPROXIMATELY 2/3 PRODUCED IN US PLANTS

HHP TRACTORS
Racine, WI

4WD TRACTORS
Fargo, ND

COMBINE HARVESTERS
Grand Island, NE

SELF-PROPELLED SPRAYERS
Benson, MN & St. Nazianz, WI

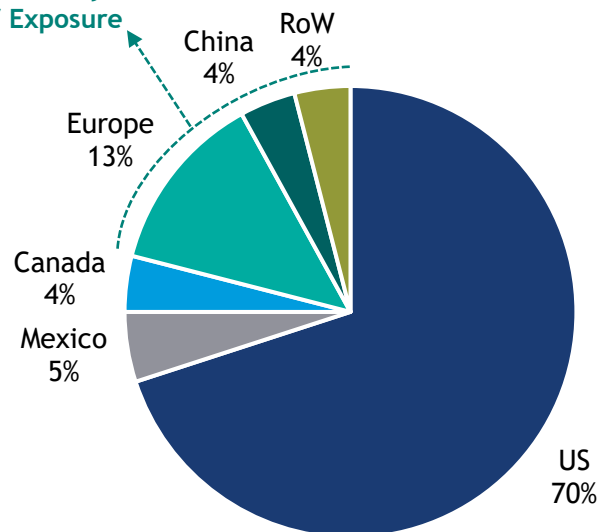
TILLAGE
Goodfield, IL

HAY & FORAGE
New Holland, PA

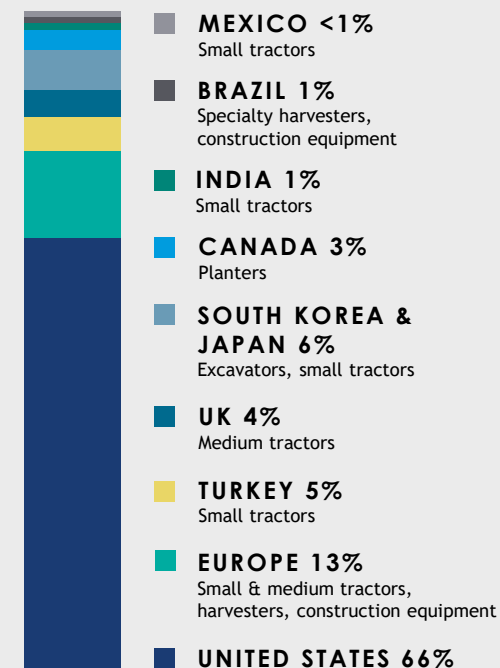
COMPACT LOADERS
Wichita, KS

COMPONENT PART SOURCING FOR US PLANTS

Approximately
20% Primary
Tariff Exposure



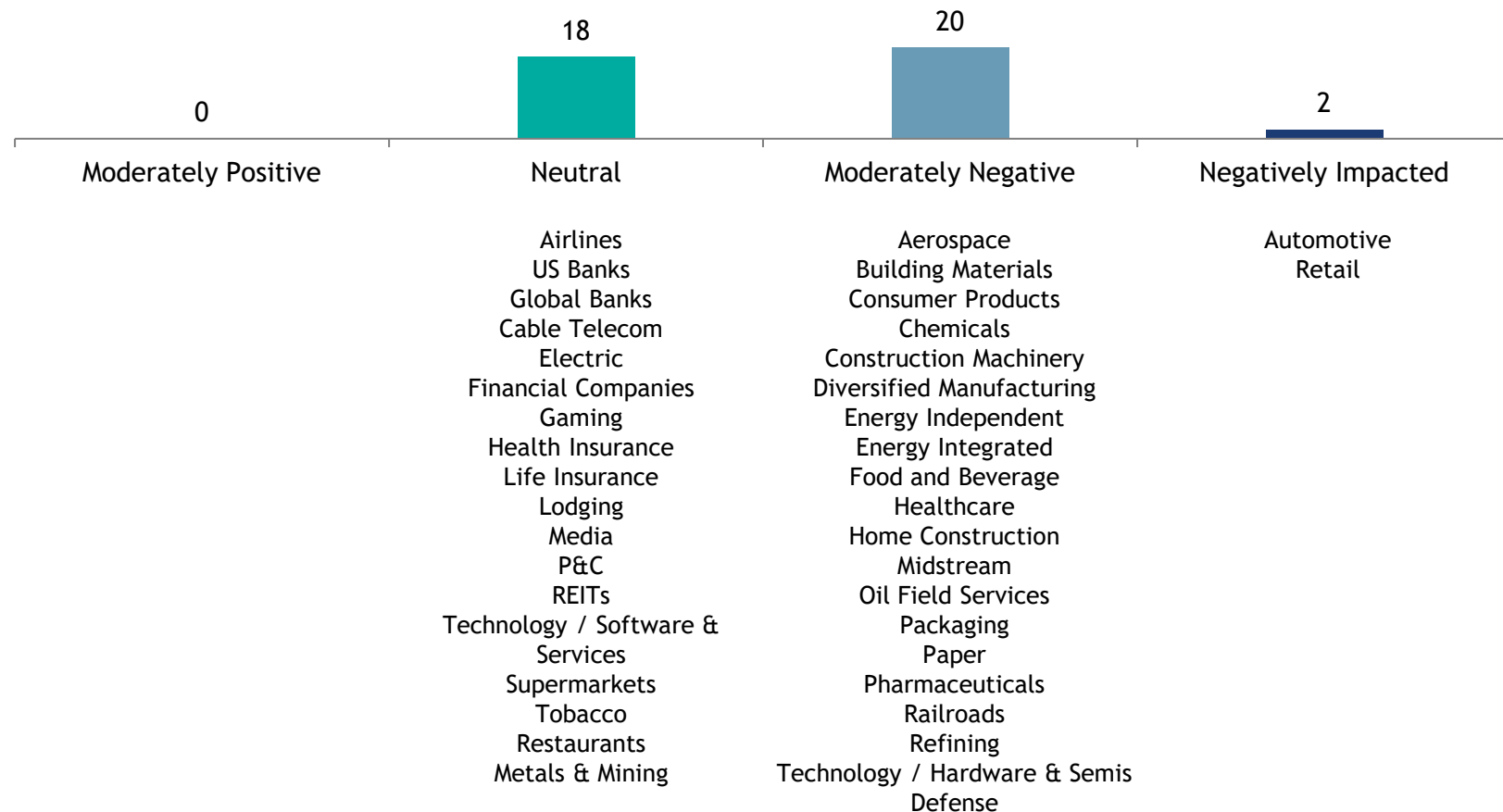
APPROXIMATELY 1/3 IMPORTED



Source: CNH Industrial N.V. Reports First Quarter 2025 Results, as of 5/1/2025.

impact of tariffs by industry

US INDUSTRY MATRIX



Source: Loomis Sayles, as of 8/31/2025.

Charts are illustrative for presentation purposes only.

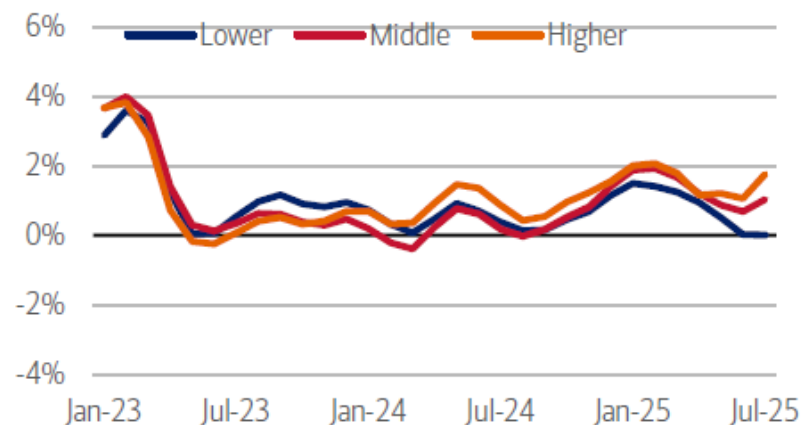
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higher income consumers still spending

CREDIT & DEBIT CARD SPENDING GROWTH HAS SLOWED FOR LOWER INCOME HOUSEHOLDS

Exhibit 10: Spending growth for lower-income households was around 0% YoY in the three months to July, and much stronger for higher-income households, at roughly 1.8% YoY

Total credit and debit card spending per household, according to Bank of America card data, by household income terciles (3-month moving average, YoY%, SA)

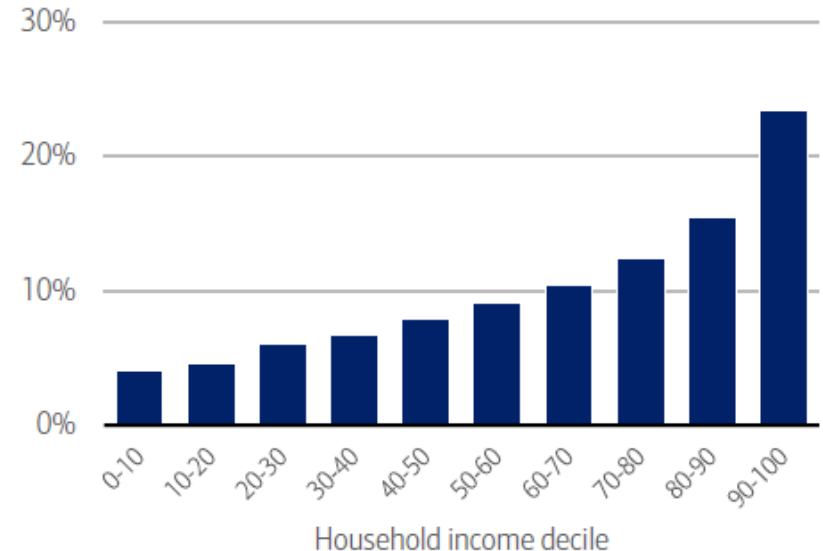


Source: Bank of America internal data

BANK OF AMERICA INSTITUTE

Exhibit 11: Lower-income households account for a relatively small portion of overall US consumer spending

Share of total consumer expenditure by household income decile (%)



Source: Bureau of Labor Statistics

BANK OF AMERICA INSTITUTE

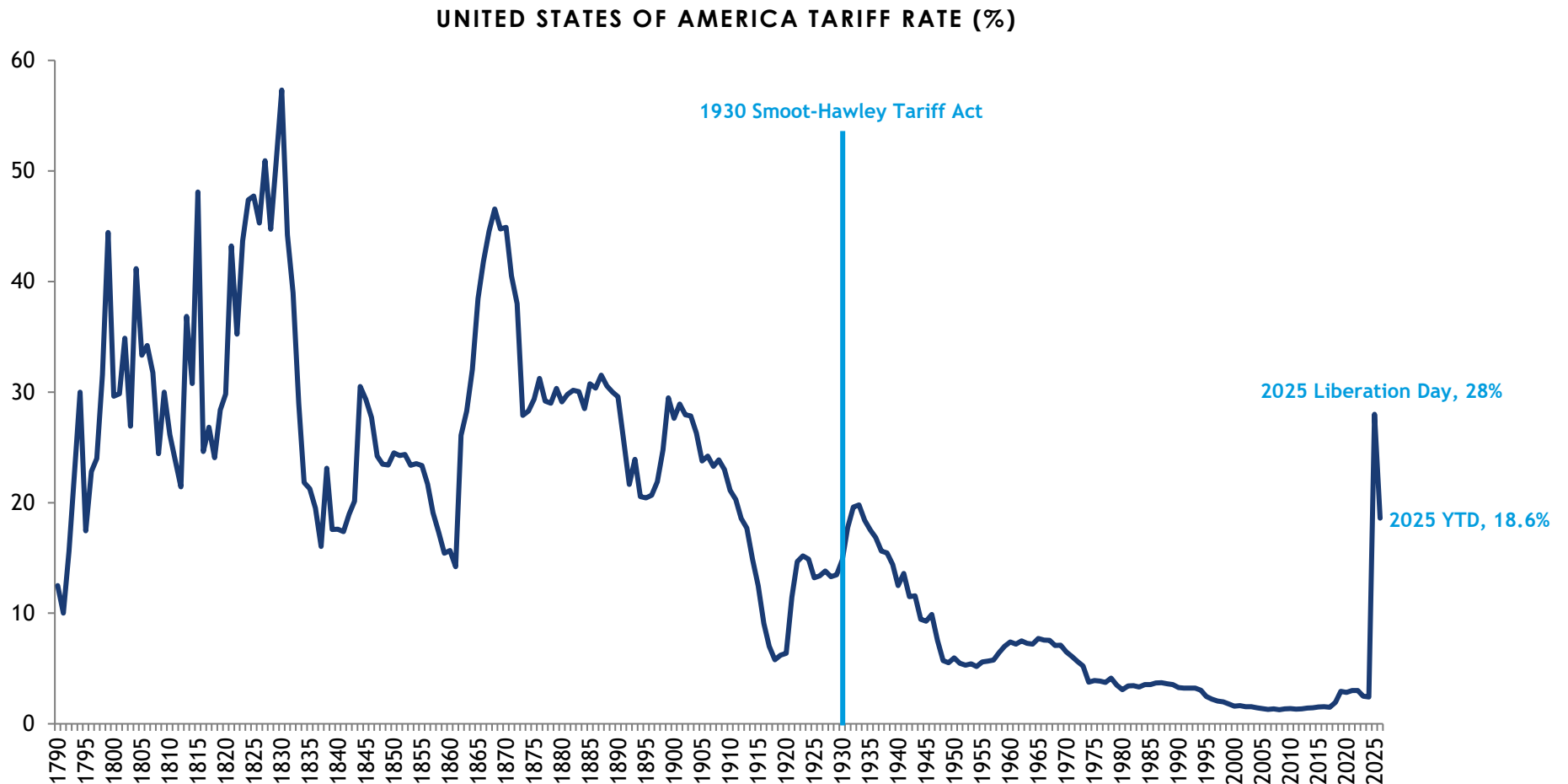
Source: Bank of America, "Economy: Consumer Checkpoint: Gains and Gaps", as of 8/12/2025.

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tariff rates historically

THE TARIFF WALLS HAVE COME UP AROUND THE US



Source: Bureau of Economic Analysis, The Budget Lab Analysis, as of 8/31/2025.
The charts presented above is shown for illustrative purposes only.

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Past performance is no guarantee of future results.

There is no guarantee that the investment objective will be realized or that the strategy will generate positive or excess return.

Commodity, interest and derivative trading involves substantial risk of loss. **This is not an offer of, or a solicitation of an offer for, any investment strategy or product. Any investment that has the possibility for profits also has the possibility of losses, including the loss of principal.**

Diversification does not ensure a profit or guarantee against a loss.

Market conditions are extremely fluid and change frequently.

Gross returns are net of trading costs. Net returns are gross returns less effective management fees. Returns for multi-year periods are annualized.

Indices are unmanaged and do not incur fees. It is not possible to invest directly in an index.

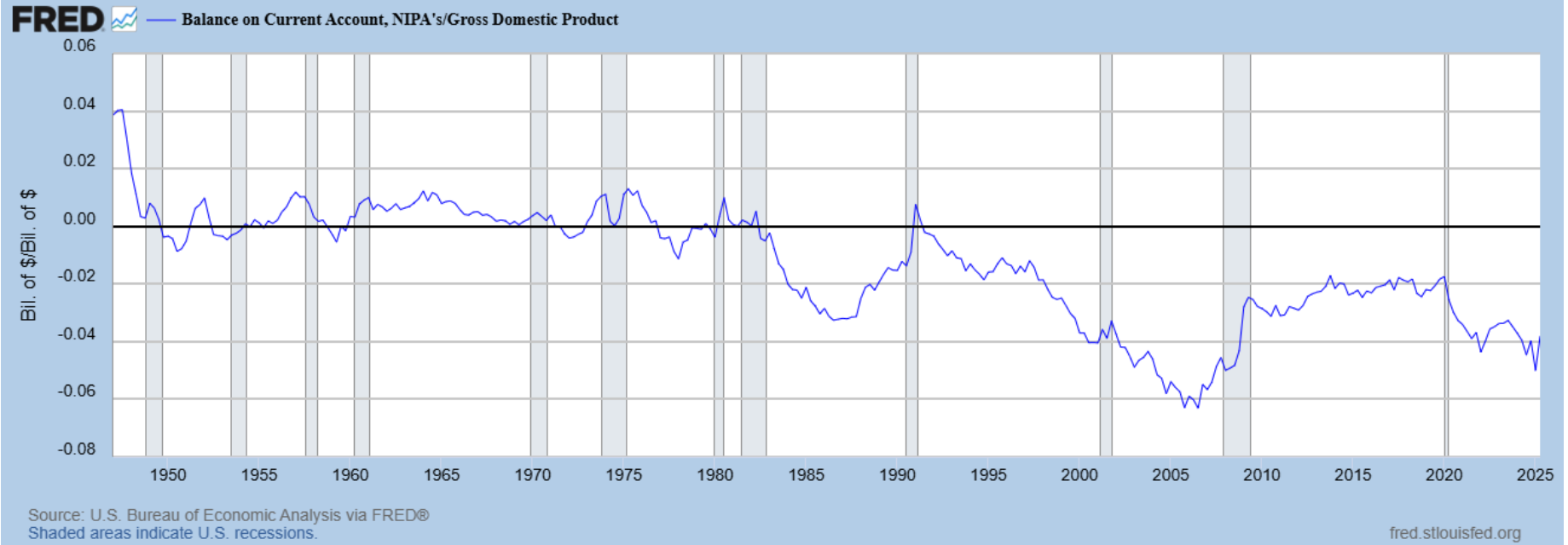
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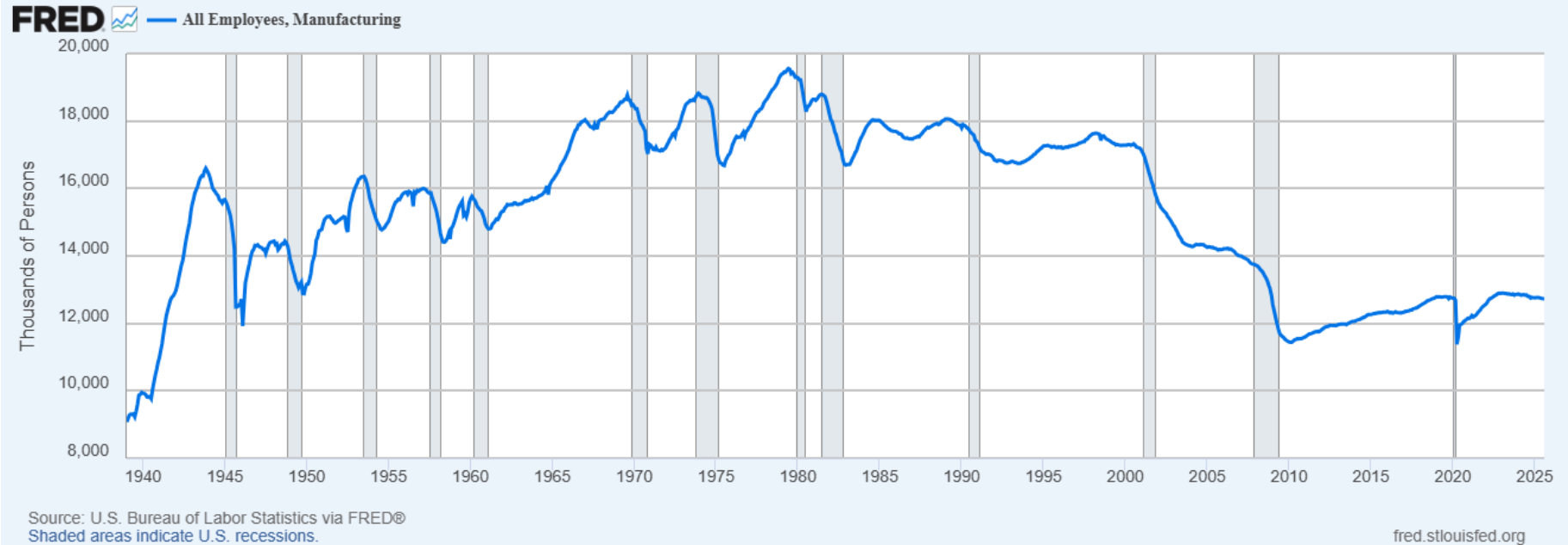
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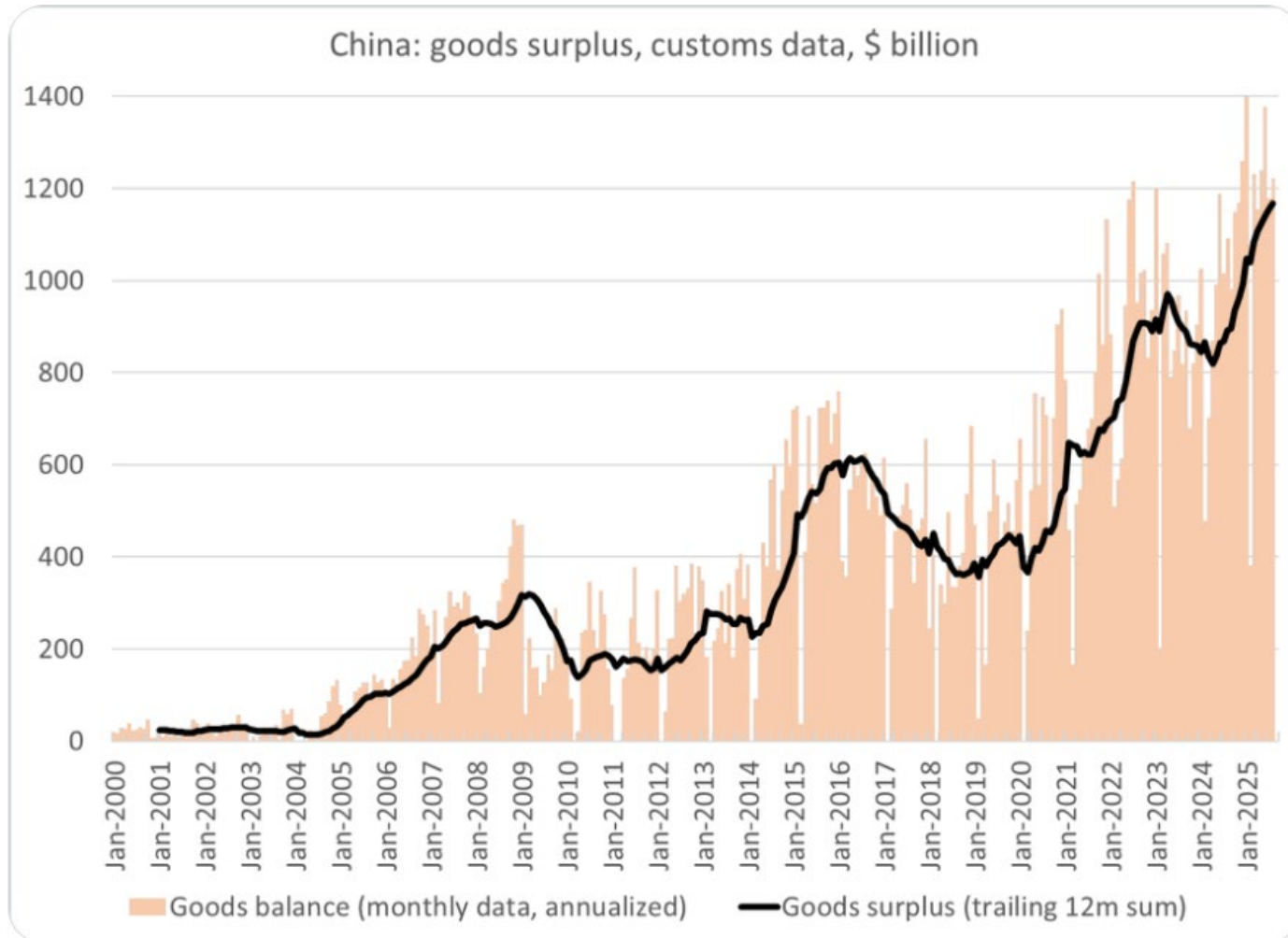
Principal Investment Risks: Investments in bonds can lose their value. When interest rates rise, bond prices usually fall and vice versa. High yield securities are subject to a high degree of market and credit risk, including risk of default. In addition, the secondary market for these securities may lack liquidity which, in turn, may adversely affect the value of these securities and that of the portfolio. Foreign investments involve special risks including greater economic, political and currency fluctuation risks, which may be even greater in emerging markets. Currency exchange rates between the US dollar and foreign currencies may cause the value of the investments to decline. Commodity-related investments, including derivatives, may be affected by a number of factors including commodity prices, world events, import controls and economic conditions and therefore may involve substantial risk of loss. Equity securities are volatile and can decline significantly in response to broad market and economic conditions.

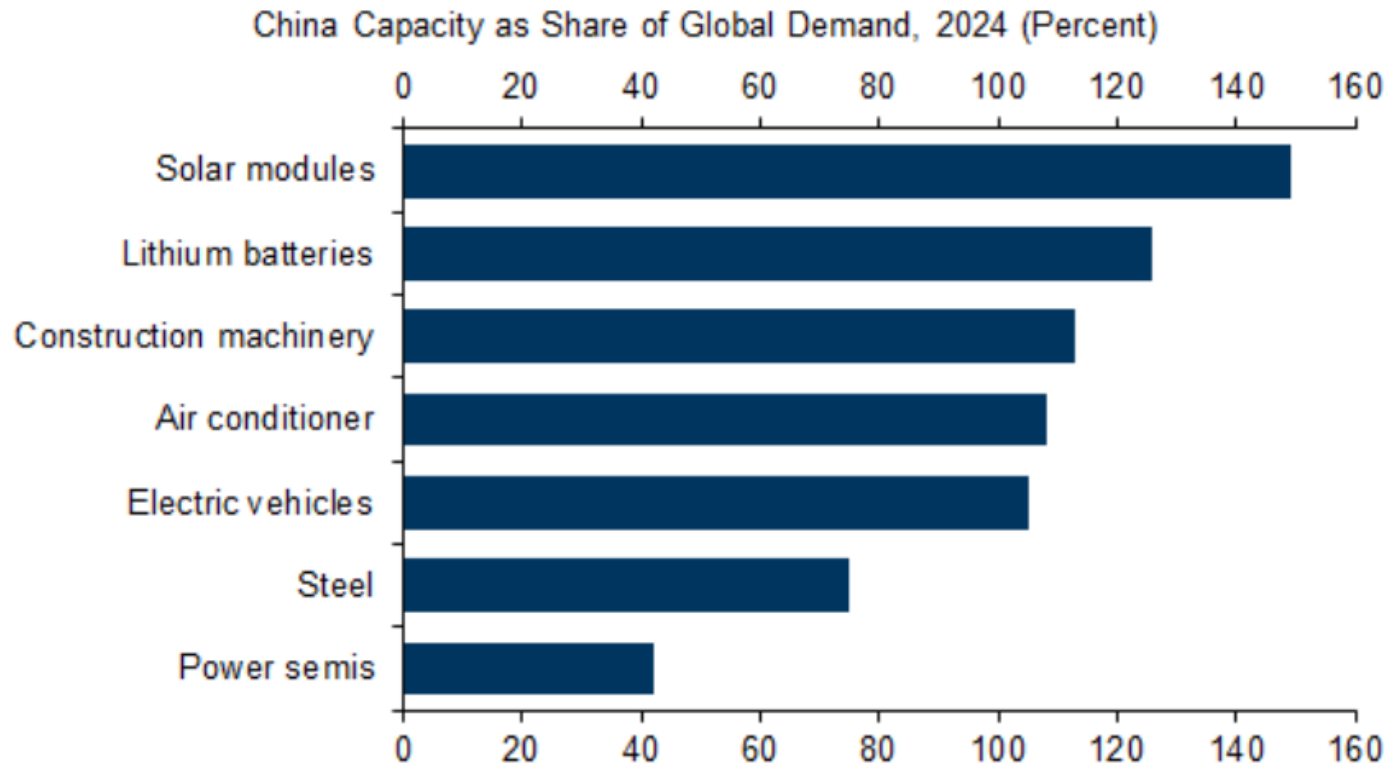
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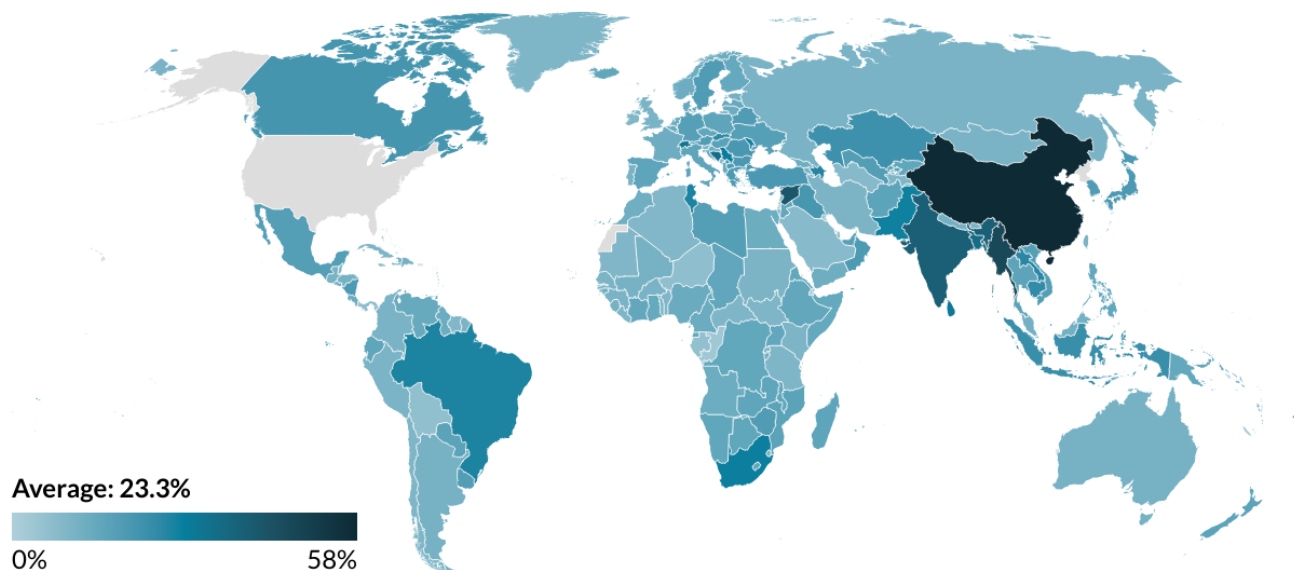
Source: Goldman Sachs Global Investment Research



FIGURE 1

Estimated Total Tariff Rate by Country, After Pause Expirations

Including all major categories of tariffs



Source: Urban-Brookings Tax Policy Center analysis of USITC data, Federal Register Notices, ITA AD/CVD case announcements, and White House announcements.

Notes: Estimated total tariff rate is an average of a country's product-specific tariff rates, weighted by 2024 import volume. Tariffs on specific products can vary from their country's estimated rate. The pauses on China and Mexico's reciprocal rates are assumed to eventually expire.

For a map of cumulative tariff rates by country in previous announcements, visit:
<https://taxpolicycenter.org/dataviz/cumulative-tariff-rates-country-archive>.