NOTICE

MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)
Tuesday, February 25, 2025 at 1:30 p.m. CT/12:30 p.m. MT

PLEASE TAKE NOTICE that on **Tuesday, February 25, 2025, at 1:30 p.m. CT/12:30 p.m. MT**, the League Association of Risk Management (LARM), will hold a LARM Board of Directors meeting by Virtual Conferencing.

The meeting will be made available by Zoom via Computer, Smart Device or Telephone https://larmpool-org.zoom.us/j/87230206705?pwd=2GmaTDNTapgtNe4HjoAmrBS6pC8a2u.1 or via phone at 833-548-0282. The meeting ID is 872 3020 6705 and the passcode is 474654.

Arbor 1 and 2 at Cornhusker Marriot Hotel, 333 South 13th Street, Lincoln, NE will be open for attendance by the public during the meeting.

An agenda of subjects known at this time is included with this notice, and the agenda shall be kept continually current and readily available for public inspection at the principal office of LARM during normal business hours at 206 South 13th Suite 800, in Lincoln, Nebraska. A notice of this meeting with the agenda and other materials is available at this location with the following links kept continually current on LARM's website – larmpool.org: an electronic copy of the agenda, all documents being considered at the meeting, and a link to the current version of the Open Meetings Act.

On February 18, 2025, a notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board.

AGENDA

MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT (LARM)
Tuesday, February 25, 2025 1:30 p.m. CT/12:30 p.m. MT

By Virtual Conferencing

In accordance with the Open Meetings Act, Chapter 84, Article 14 of the Reissue Revised Statutes of the State of Nebraska 1943, as amended, one copy of all reproducible written materials to be discussed is available to the public at the meeting and at the links below for examination and copying. The LARM Board may pass motions to go into closed session on agenda items pursuant to the requirements of the Open Meetings Act.

Arbor 1 and 2 at Cornhusker Marriot Hotel, 333 South 13th Street, Lincoln, NE will be open for attendance by the public during the meeting. A notice of this meeting with the agenda and other materials will be available at this location with a copy of the Open Meetings Act posted.

You may also join the meeting by Zoom via Computer, Smart Device or Telephone

https://larmpool-org.zoom.us/j/87230206705?pwd=2GmaTDNTapgtNe4HjoAmrBS6pC8a2u.1 or via phone at 833-548-0276. The meeting ID is 872 3020 6705 and the passcode is 474654.

Officials of LARM members and members of the public may comment on agenda items or listen to the Board Meeting; however, if the Board votes to hold a closed session pursuant to the Open Meetings Act, officials of LARM members and members of the public may not comment or listen during that time.

1. Call meeting to order:
a. 1:30 p.m. CT/2:30 p.m. MT – Joey Spellerberg, Mayor of Fremont and Chair of the LARM Board, will call the meeting to order.
b. Roll call.
c. Indicate that on February 18, 2024, a notice of this meeting with the agenda and other materials was sent to all LARM members and the LARM Board. A notice of this meeting with the agenda and other materials is available at Suite 800 in the Sharp Building, 206 South 13th Street, in Lincoln, Nebraska with a copy of the Open Meetings Act posted and also posted with the following links kept continually current: an electronic copy of the agenda and all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM's website- larmpool.org.
d. Inform the public about the location of the Open Meetings Act which is accessible to members of the public and at larmpool.org along with a copy of all reproducible written materials to be discussed at this meeting.
e. Pledge of Allegiance to the Flag of the United States of America.
f. Public comment on any agenda item(s): Pursuant to the Open Meetings Act, the LARM Board Chair reserves the right to limit comments on agenda items. In accordance with the Open Meetings Act, there is no time limit on comments made by members of the LARM Board of Directors.

2. Consider a motion to re-elect Joey Spellerberg, Mayor of Fremont, as Chair for a one-year term and Pat Heath, City Administrator, City of Gering, as Vice Chair for a one-year term as required in Article V, Section 1 of LARM's Bylaws.
· *Lynn Rex, Administrator, LARM*

3. Consider a motion to fill the vacancies left by Sandra Schendt and Mark Weaver on the Investment Committee with M. Layne Groseth, LARM Board member, and Robert Ooms, Sedgwick Finance Director.
· *Lynn Rex, Administrator, LARM*

4. Consider a motion to approve the minutes of the December 5, 2024, Meeting of the LARM Board of Directors.
See pages 1-5

5. Consider a motion to accept the quarterly update on LARM investments.

See pages 6-52
· Michael Maloney, Senior Portfolio Manager, US Bank

6. Consider a motion to accept a report on the current state of the property reinsurance market.
· Justin Swarbrick, Senior Vice-President, Alliant Insurance Services, Inc.
See pages 53-65

7. Consider a motion to accept the quarterly update on LARM financials.
See pages 66-72
· Robert Ooms, Director of Finance, Sedgwick

8. Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation.
· Natacha McClain, Designated Litigation Manager, Sedgwick

9. Discuss the date for the next meeting of the LARM Board of Directors.
· Lynn Rex, Administrator, LARM
· Dave Bos, Executive Director, LARM

10. Consider a motion to adjourn.

MINUTES
MEETING OF THE BOARD OF DIRECTORS
OF THE LEAGUE ASSOCIATION OF RISK MANAGEMENT
Thursday, December 5, 2024, 9:30 a.m. CT/8:30 a.m. MT
Suite 800 in the Sharp Building,
206 South 13th Street, Lincoln NE

A Meeting of the League Association of Risk Management (LARM) Board of Directors was held December 5, 2024, at 9:30 a.m. CT /8:30 a.m. MT by Virtual Conferencing. Suite 800 in the Sharp Building, 206 South 13th Street, in Lincoln, Nebraska was open for attendance by the public during the meeting.

(AGENDA ITEM #1) **Call meeting to order.** At 9:30 a.m. CT**, LARM Board Chair Mayor Joey Spellerberg**, City of Fremont, called the meeting to order.

The roll call was read with the following voting Board Members present: **Pam Buethe (Via Zoom),** Board Member, Sarpy Country SID #29; **Mayor James Bulkley,** City of Columbus; **Raquel Felzien (Via Zoom),** Clerk/Treasurer, City of Franklin; **Layne Groseth (Via Zoom),** Administrator/Utilities Director, City of North Platte; **Gwenda Horky (Via Zoom),** Clerk/Treasurer, City of Sargent; **Dana Klabenes (Via Zoom),** Clerk/Treasurer, City of Neligh; **Tom Ourada (Via Zoom),** Administrator, City of Crete; **Chris Rector (Via Zoom),** Administrator, City of Holdrege; **Sandra Schendt (Via Zoom),** Clerk/Treasurer, City of Nelson; **Mayor Joey Spellerberg,** City of Fremont; **Mayor Deb VanMatre (Via Zoom),** City of Gibbon.

At the time of roll call: 2 were absent: **Connie Jo Beck,** Clerk/Deputy Treasurer, City of St. Paul; **Mayor Don Groesser,** City of Ralston.

At the time of roll call there was 1 vacancy on the LARM Board of Directors due to Josh Moenning choosing not to run for an additional term as Mayor of the City of Norfolk.

Other participants included: **Cline Williams Law Firm** –Trent Sidders; **Sedgwick (LARM's third party administrator)** – Andrew Finn, , Becky Atkinson (Via Zoom) and Mark Weaver (Via Zoom); **LARM** – Dave Bos, Tracy Juranek, Diane Becker, Ethan Nguyen, Fred Wiebelhaus, Kyla Brockevelt, James Kelley (Via Zoom), John Hobbs (Via Zoom), and Clint Simmons (Via Zoom); **League of Nebraska Municipalities** – Shirley

Riley: **US Bank**- Michael Maloney (Via Zoom); **Loup Central Landfill-** Alec Baillie (Via Zoom).

Chair Spellerberg indicated that on November 26, 2024, a notice of the meeting with the agenda and other materials was sent to all LARM members and the LARM Board. Notice of the meeting with the agenda and other materials also was made available for public inspection at 206 South 13th Suite 800, in Lincoln, Nebraska, and posted with the following links kept continually current: an electronic copy of the agenda, all documents being considered at the meeting, with a link to the current version of the Open Meetings Act on LARM's website- larmpool.org.

Chair Spellerberg stated in accordance with Chapter 84, Article 14 of the Reissue Revised Statutes of the State of Nebraska 1943, as amended, one copy of all reproducible written materials to be discussed was available to the public at this meeting for examination. The Open Meetings Act was posted in the meeting room and was accessible to members of the public. Chair Mayor Joey Spellerberg informed the public about the location of the Open Meetings Act posted in the meeting room and stated that the LARM Board may pass motions to go into closed session on any agenda item pursuant to the requirements of the Open Meetings Act.

The Pledge of Allegiance to the Flag of the United States of America was recited.

It is noted that at 9:33, **Mayor Don Groesser**, City of Ralston joined via Zoom.

It is noted that at 9:37, Ex-officio (non-voting) Board Member **L. Lynn Rex,** Executive Director of the League of Nebraska Municipalities, and Administrator of LARM joined in person.

(AGENDA ITEM #2) **Consider a motion to approve the appointment of Alec Baillie, Board Member, Loup Central Landfill, to the LARM Board of Directors due to the vacancy created by LARM Bord member Josh Moenning, who chose not to run for an additional term as Mayor of the City of Norfolk.** Chair Spellerberg asked if there was any further discussion; there was none. Mayor Don Groesser moved, seconded by Mayor James Bulkley, to approve the appointment of Alec Baillie, Board Member, Loup Central Landfill, to the LARM Board of Directors due to the vacancy created by LARM Board member Josh Moenning, who chose not to run for an additional term as Mayor of the City of Norfolk. Roll call vote. Ayes: Buethe, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck. ***Motion carried: 13 ayes, 0 nays, 0 abstention, 1 absent and 1 vacancy.***

(AGENDA ITEM #3) **Consider a motion to approve the minutes of the September 19, 2024, Meeting of the LARM Board of Directors.** Chair Spellerberg asked if there was any further discussion. There was none. Mayor Deb VanMatre moved, seconded by Sandra Schendt, to approve the minutes of the September 19, 2024, Meeting of the LARM

Board of Directors. Roll call vote. Aye: Buethe, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: Baillie. Absent: Beck. ***Motion carried: 13 ayes, 0 nays, 1 abstention, 1 absent.***

(AGENDA ITEM #4) **Consider a motion to accept the quarterly update on LARM investments.** *(Presented by Michael Maloney, Senior Portfolio Manager, US Bank)* Chair Spellerberg asked if there was any further discussion. There was none. Mayor James Bulkley moved, seconded by Raquel Felzien, to accept the quarterly update on LARM investments. Roll call vote. Ayes: Baillie, Buethe, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck. ***Motion carried: 14 ayes, 0 nays, 0 abstention, 1 absent.***

(AGENDA ITEM #5) **Consider a motion to accept the quarterly update on LARM financials.** *(Presented by Mark Weaver, Vice-President, Finance, Sedgwick)* Chair Spellerberg asked if there was any further discussion. There was none. Mayor James Bulkley moved, seconded by Gwenda Horky, to accept the quarterly update on LARM financials. Roll call vote. Ayes: Baillie, Buethe, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck. ***Motion carried: 14 ayes, 0 nays, 0 abstention, 1 absent.***

(AGENDA ITEM #6) **Consider a motion for the LARM Board of Directors Vice-Chair to serve as the third person on the nominating committee.** *(Presented by Dave Bos, Executive Director, LARM and Lynn Rex, Administrator, LARM)* Chair Spellerberg asked if there was any further discussion. There was none. Mayor James Bulkley moved, seconded by Mayor Don Groesser, for the LARM Board of Directors Vice-Chair to serve as the third person on the nominating committee. Roll call vote. Ayes: Baillie, Buethe, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck. ***Motion carried: 14 ayes, 0 nays, 0 abstention, 1 absent.***

(AGENDA ITEM #7) **Public disclosure of release and settlement agreement between David Mincer and Curie Mincer and the League Association of Risk Management and Sedgwick Claims Management Services Inc., and their affiliates, and each of their officers, directors, employees, successors and assigns, and Public Entity Risk Services of Iowa in consideration of payment of the total sum of $50,000 to provide release and discharge to David Mincer and Curie Mincer, the League Association of Risk Management, Sedgwick Claims Management Services Inc., and their affiliates, and each of their officers, directors, employees, successors, and assigns and Public Entity Risk Services of Iowa for a liability claim, in compliance with Nebraska Revised Statute 84-713.** *(Presented by Dave Bos, Executive Director, LARM)*

(AGENDA ITEM #8) **(If needed) Consider a motion to go into closed session to protect the public interest to receive an update regarding open LARM claims and litigation.** Chair Spellerberg stated that since there was no new information regarding open LARM claims and litigation, there is no need to go into closed session.

(AGENDA ITEM #9) **Discuss the date for the next meeting of the LARM Board of Directors.** *(Dave Bos, Executive Director, LARM and Lynn Rex, Administrator, LARM)* Lynn Rex stated that she and Dave Bos would discuss some dates but that it would likely be during the League of Nebraska Municipalities Mid-Winter Conference.

(AGENDA ITEM #10) **Consider a motion to adjourn.** At 10:08 a.m. Mayor James Bulkley moved, seconded by Sandra Schendt to adjourn. Roll call vote. Ayes: Baillie, Buethe, Bulkley, Felzien, Groesser, Groseth, Heath, Horky, Klabenes, Ourada, Rector, Schendt, Spellerberg and VanMatre. Nays: None. Abstentions: None. Absent: Beck. ***Motion carried: 14 ayes, 0 nays, 0 abstention, 1 absent.***

Approved on:

ATTEST:

____

Kyla Brockevelt
Executive Administrative Assistant
League Association of Risk Management

____

L. Lynn Rex
LARM Administrator
Ex-Officio, Non-Voting, LARM Board Member
Executive Director of the League of Nebraska Municipalities

NOTICE

MEETING OF THE BOARD OF DIRECTORS
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Suite 800 in the Sharp Building, 206 South 13th Street, in Lincoln, Nebraska, will be open for public attendance during the meeting.

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5

usbank

League Association of Risk Management

February 25, 2024

Your Team

Michael T. Maloney
Senior Institutional Client Portfolio Manager
PFM Asset Management
563.663.2640
Michael.Maloney@usbank.com

Corey Reavis
Vice President
Relationship Manager
U.S. Bank Institutional Trust & Custody
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7

Table of Contents

Portfolio Review

Provided by U.S Bank

Selected Period Performance

Selected Period Performance

	Market Value	1 Month	3 Months	Year to Date (1 Month)	1 Year	3 Years	5 Years	Inception to Date 11/01/2014
Total Portfolio Gross of Fees	25,022,129	.42	1.09	.42	4.90	1.48	.70	.97
Total Portfolio Net of Fees	25,022,129	.41	1.06	.41	4.76	1.34	.56	.83
Total Fixed Income	17,691,587	.44	1.04	.44	4.60	1.38	.55	.97
BBARC 1-5 Year US Treasury Index		.50	.78	.50	3.50	1.12	.92	1.35
BBARC 1-3 Year US Treasury Index		.44	.95	.44	4.10	1.82	1.34	1.38
Total Cash Equivalents	7,330,542	.36	1.14	.36	5.14	3.79	2.29	1.43
FTSE 1 Month Treasury Bill Index		.37	1.16	.37	5.28	4.11	2.52	1.73
FTSE 6 Month Treasury Bill Index		.40	1.24	.40	5.47	4.21	2.65	1.86
Pending Cash	0	.00	.00	.00	.00	.00	.00	.00

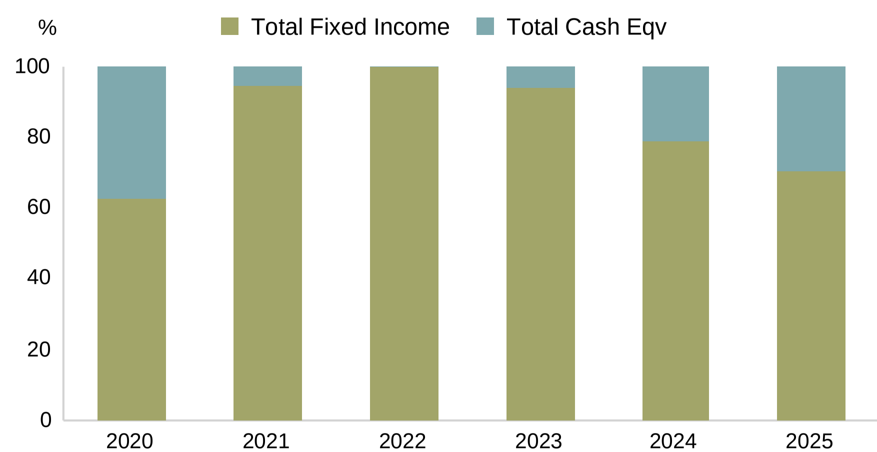
For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

History of Asset Growth Graphs

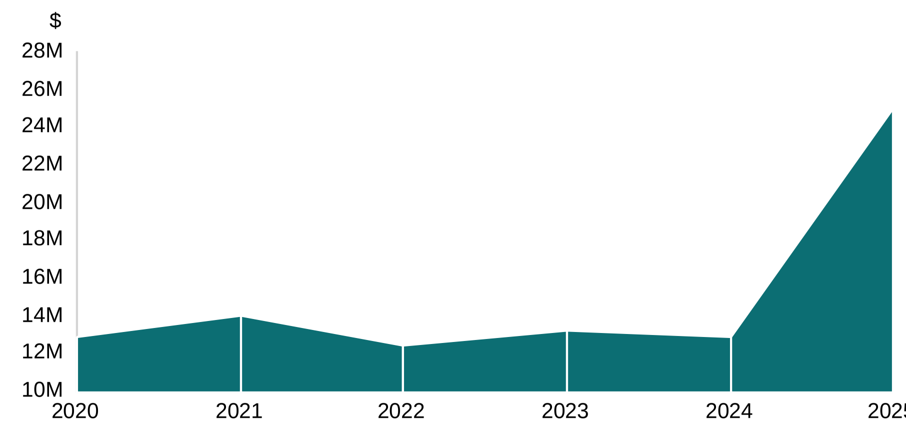
Annual Portfolio Values

	Consolidated	Oct 2019-Sep 2020	Oct 2020-Sep 2021	Oct 2021-Sep 2022	Oct 2022-Sep 2023	Oct 2023-Sep 2024	Oct 2024-Jan 2025
Beginning Portfolio Value	**13,922,983**	**13,922,983**	**12,945,684**	**13,999,890**	**12,440,653**	**13,290,957**	**12,942,481**
Contributions	48,100,025	3,700,000	7,900,000	7,500,000	8,000,025	8,500,000	12,500,000
Withdrawals	-37,955,940	-4,921,961	-6,822,895	-7,833,096	-7,749,965	-9,918,856	-709,167
Income Earned	1,256,520	209,553	87,451	88,038	278,050	358,818	234,611
Gain/Loss	-301,459	35,109	-110,350	-1,314,179	322,194	711,562	54,204
Ending Portfolio Value	**25,022,129**	**12,945,684**	**13,999,890**	**12,440,653**	**13,290,957**	**12,942,481**	**25,022,129**
Total Return	**.79**	**1.52**	**-.12**	**-7.28**	**3.17**	**6.25**	**1.17**
Principal	-.50	-.03	-.73	-7.73	1.56	4.15	.50
Income	1.31	1.55	.61	.45	1.61	2.10	.67

Allocation Over Time



Ending Market Values Over Time



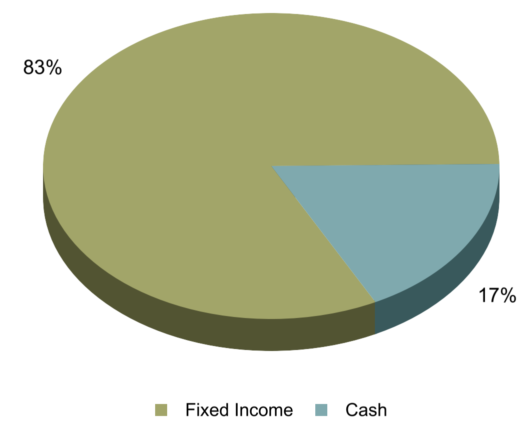
11

Portfolio Summary

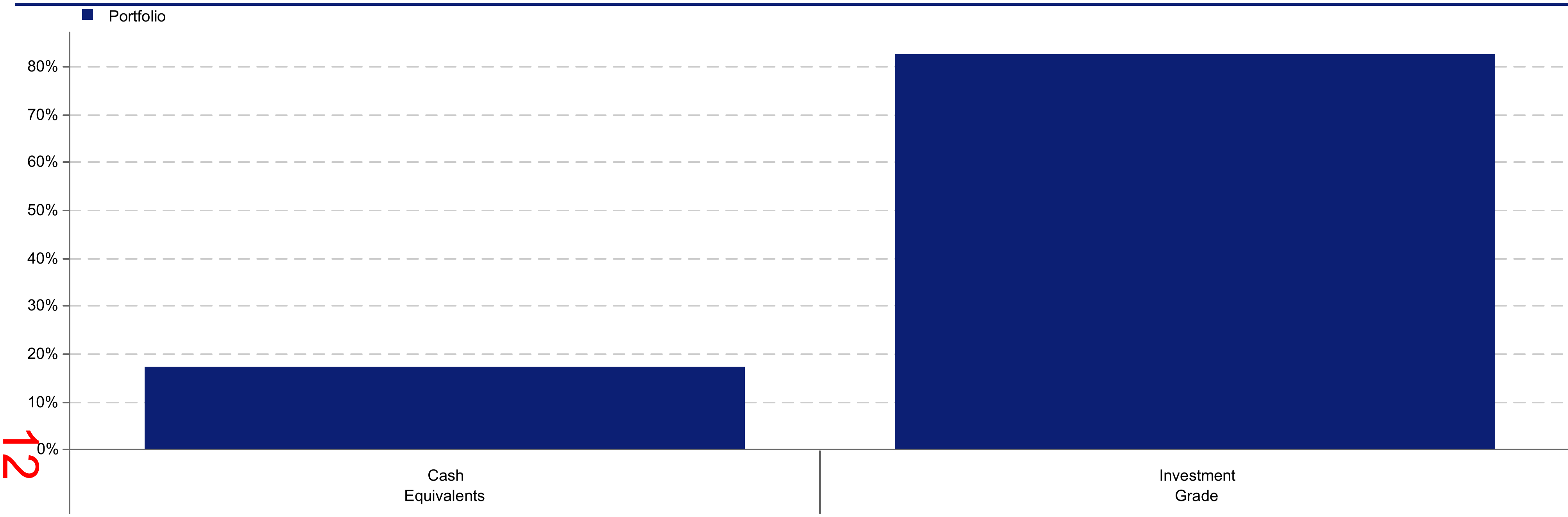
Inv. Objective	All Fixed/Non Taxable
Total Portfolio Value	$24,902,548
Net Realized Cap Gains YTD	$2,414
Annual Income Projected	$731,589
Current Yield	2.93%
Number of Securities	24
Portfolio Mgr.	Usbam Sub Adv Michael Maloney

Portfolio Asset Allocation

Fixed Income	$20,553,476	82.54%
Cash	$4,349,072	17.46%
Invested Total	**$24,902,548**	**100.00%**



Portfolio Model Allocation



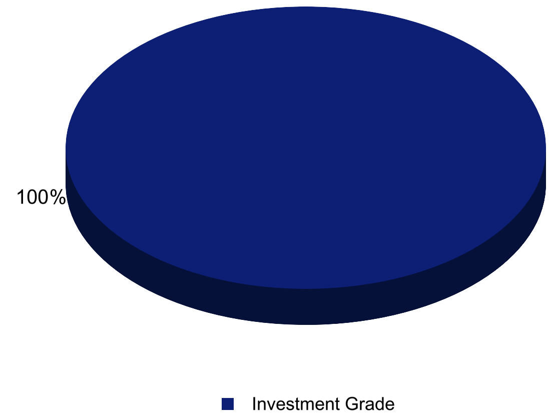
12

Fixed Income Summary

Inv. Objective	All Fixed/Non Taxable
Total Fixed Income Value	$20,553,476
Current Yield	2.64%
Annual Income Projected	$543,570
Number of Securities	23
Portfolio Mgr.	Usbam Sub Adv Michael Maloney

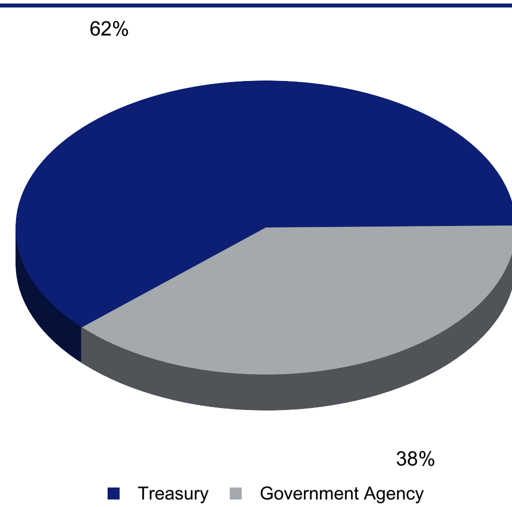
Fixed Income Asset Allocation

Investment Grade	$20,553,476	100.00%

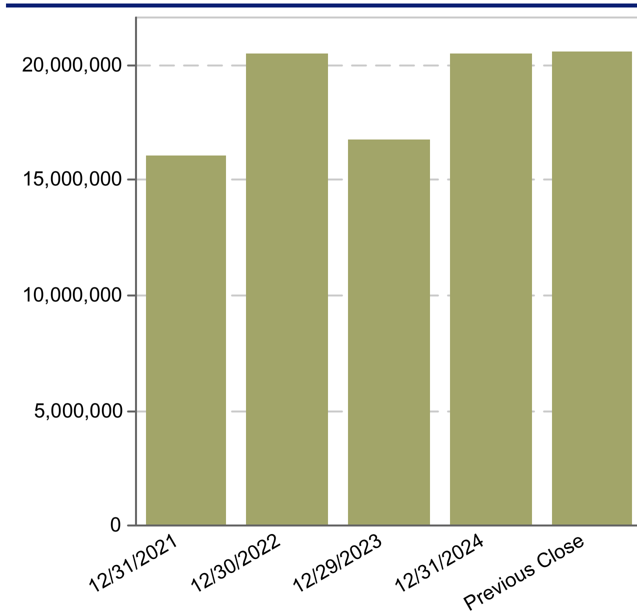


Fixed Income Sector Exposures

Treasury	$12,743,994	62.00%
Government Agency	$7,809,483	38.00%



Fixed Income Market Value



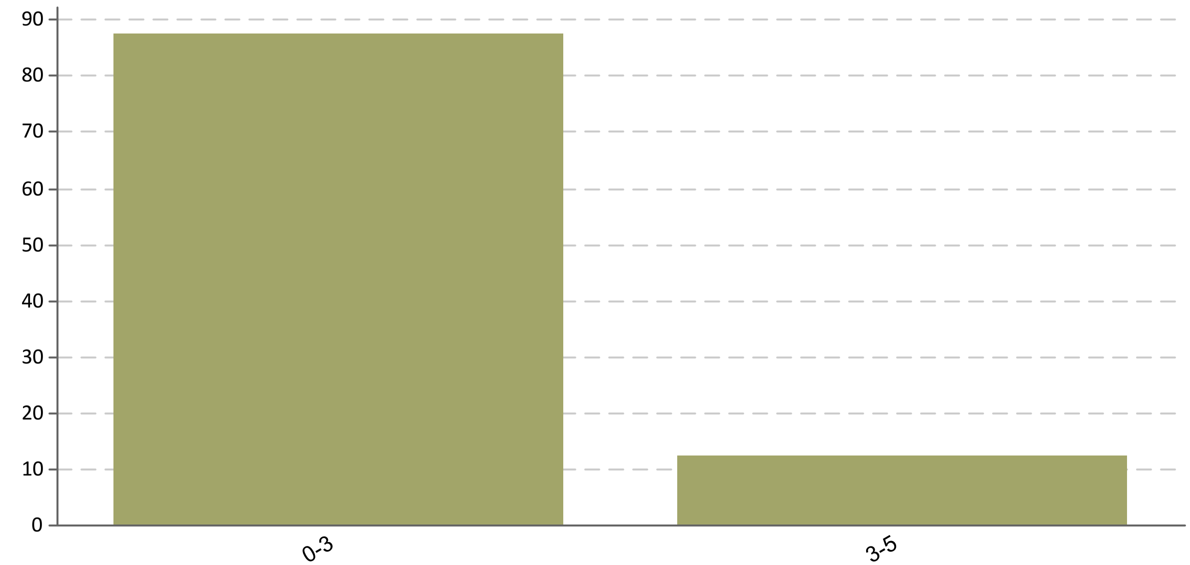
13

Holdings Date: 1/31/2025

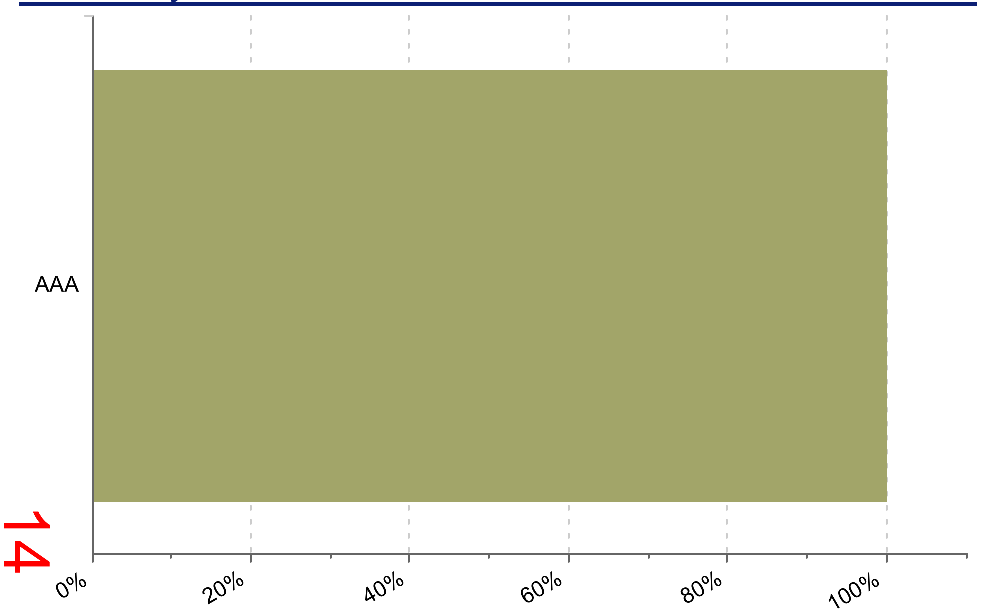
Bond Characteristics

	Portfolio	% Avail
Avg. Coupon (%)	2.02	100
Current Yield (%)	2.64	100
Yield to Maturity (%)	4.18	100
Yield to Worst (%)	4.18	100
Effective Maturity/Avg. Life (Yrs)	1.41	100
Effective Duration (Yrs)	1.32	100
Convexity	.03	100
Credit Quality	AAA	100
Number of Securities	23	100

Bond Effective Maturity

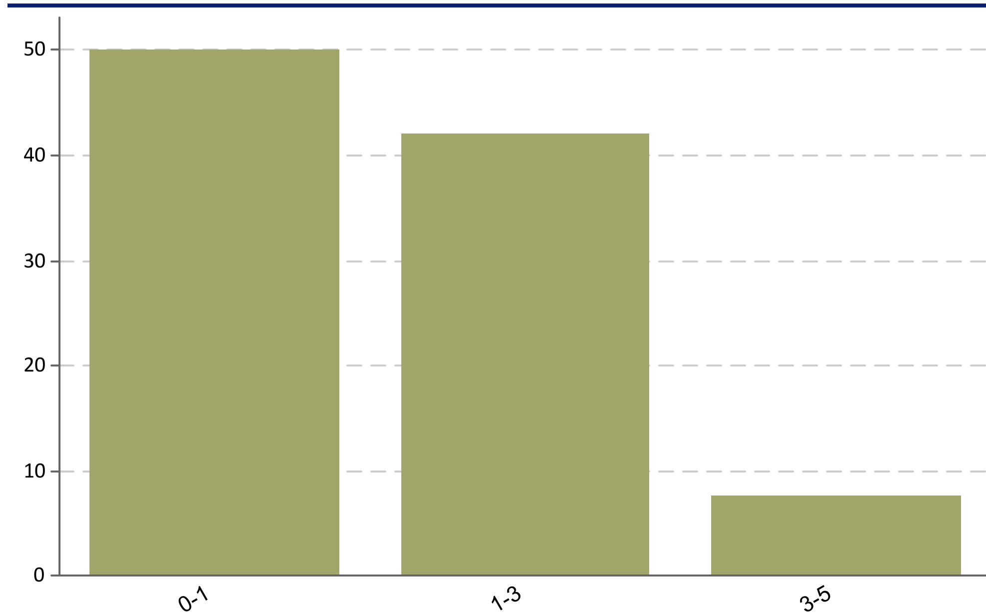


Bond Quality Distribution



14

Bond Duration Distribution



	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
Total		**100.0**			**24,902,548**	**25,121,099**	**-218,550**	**2.93**	**731,589**
Cash		**17.46**			**4,349,072**	**4,349,072**	**0**	**4.32**	**188,019**
Cash Equivalents		**17.46**			**4,349,072**	**4,349,072**	**0**	**4.32**	**188,019**
FIRST AM GOVT OB FD CL X	31846V336	17.46	1.00	4,349,072	4,349,072	4,349,072	0	4.32	188,019
Fixed Income		**82.54**			**20,553,476**	**20,772,026**	**-218,550**	**2.64**	**543,570**
Investment Grade		**82.54**			**20,553,476**	**20,772,026**	**-218,550**	**2.64**	**543,570**
Government Agency		**31.36**			**7,809,483**	**7,992,890**	**-183,407**	**0.54**	**42,188**
F H L B DEB 0.375% 2/25/25	3130ALB52	4.01	99.76	1,000,000	997,620	1,000,000	-2,380	0.38	3,750
F F C B DEB 0.550% 8/26/25	3130AJZA0	2.95	97.94	750,000	734,588	749,850	-15,263	0.56	4,125
F N M A 0.600% 8/29/25	3136G4X24	2.95	97.93	750,000	734,513	752,138	-17,626	0.61	4,500
F H L M C M T N 0.375% 9/23/25	3137EAEX3	2.94	97.59	750,000	731,895	746,224	-14,329	0.38	2,813
F N M A M T N 0.580% 10/28/25	3135GA2A8	2.93	97.42	750,000	730,643	749,850	-19,208	0.60	4,350
F N M A 0.500% 11/07/25	3135G06G3	3.90	97.21	1,000,000	972,120	996,440	-24,320	0.51	5,000
F H L B DEB 0.570% 11/25/25	3130AKGD2	2.92	97.08	750,000	728,093	748,500	-20,408	0.59	4,275
F H L M C M T N 0.600% 11/25/25	3134GXCH5	3.90	97.10	1,000,000	970,970	1,000,000	-29,030	0.62	6,000
F N M A 0.650% 12/10/25	3135G06J7	2.92	96.99	750,000	727,433	749,888	-22,455	0.67	4,875
F H L B DEB 0.500% 2/10/26	3130AKW51	1.93	96.32	500,000	481,610	500,000	-18,390	0.52	2,500
Treasury		**51.18**			**12,743,994**	**12,779,137**	**-35,143**	**3.92**	**501,382**
U S TREASURY BILL 5/15/25	912797LB1	11.91	98.83	3,000,000	2,964,810	2,935,049	29,761	4.11	123,257
U S TREASURY NT 4.625% 3/15/26	91282CGR6	3.02	100.41	750,000	753,075	753,926	-851	4.61	34,688
U S TREASURY NT 0.750% 4/30/26	91282CBW0	.96	95.84	250,000	239,600	249,434	-9,834	0.78	1,875
U S TREASURY NT 4.625% 6/30/26	91282CKY6	3.03	100.55	750,000	754,103	755,068	-966	4.60	34,688
U S TREASURY NT 1.125% 10/31/26	91282CDG3	3.81	94.88	1,000,000	948,790	997,461	-48,671	1.19	11,250
U S TREASURY NT 4.125% 10/31/26	91282CLS8	3.01	99.85	750,000	748,860	749,619	-759	4.13	30,938
U S TREASURY NT 4.125% 2/15/27	91282CKA8	3.01	99.82	750,000	748,650	749,854	-1,204	4.13	30,938
U S TREASURY NT 4.500% 5/15/27	91282CKR1	4.04	100.59	1,000,000	1,005,900	1,007,930	-2,030	4.47	45,000
U S TREASURY BD 4.375% 7/15/27	91282CKZ3	4.03	100.36	1,000,000	1,003,560	1,005,234	-1,674	4.36	43,750
U S TREASURY NT 3.875% 11/30/27	91282CFZ9	3.98	99.04	1,000,000	990,430	991,523	-1,093	3.91	38,750
U S TREASURY NT 4.000% 2/29/28	91282CGP0	3.99	99.29	1,000,000	992,890	994,648	-1,758	4.03	40,000

15

Holdings Date: 1/31/2025

Account: XXXXXXXX9800 *Holdings Method: Direct* *Report Date: 01/31/2025*

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	Cost Basis	Unrealized Gain/Loss	Current Yield	Projected Annual Income
U S TREASURY NT 4.000% 6/30/28	91282CHK0	3.98	99.16	1,000,000	991,640	990,938	703	4.03	40,000
U S TREASURY NT 4.375% 8/31/28	91282CHX2	2.42	100.28	600,000	601,686	598,453	3,233	4.36	26,250

16

Investment Policy

Provided by U.S. Bank

LEAGUE ASSOCIATION OF RISK MANAGEMENT

INVESTMENT POLICY

I. Purpose. The purpose of this document is to establish the investment policy for the League Association of Risk Management, hereafter called LARM, and to provide guidance to the LARM Board, the Investment Committee, the LARM Administrator, and, if utilized, the Investment Manager or Custodian Bank pertaining to investment objectives and guidelines.

II. Goal. The overall investment goal of LARM is to obtain a high rate of return on its portfolio assets, with a minimal risk, abiding by the appropriate statutes governing the investment of these funds and complying with the responsibility to LARM members.

III. Priority Listing of Objectives.

A. Safety of Principal. Avoidance of financial risk or compromise of the financial integrity of the portfolio.

B. Liquidity. Provide sufficient liquidity for the payment of claims and expenses. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary and resale markets (dynamic liquidity). A portion of the portfolio may be placed in money market mutual funds which offer same day liquidity for short term funds.

C. Earn a High Rate of Return. Earn the highest rate of return with minimal risk. However, return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

D. Diversification of Assets. Diversify assets by both the industry and the issuer in order to avoid undue exposure by any single industry or issuer.

E. All investments of LARM shall be in compliance with the Nebraska Insurer's Investment Act at all times.

IV. Procedure.

A. LARM Board. The Board shall:

1. Review and approve, at least quarterly, all purchases and disposals of investments.

2. Review, at least quarterly, whether all investments have been made in accordance with the Investment Policy.
3. Authorize the Investment Committee, under the general supervision of the LARM Board Chair, to manage the investments of LARM, either independently or through the utilization of the LARM Administrator or an Investment Manager or Custodian Bank.
4. Review the investment policy on an annual basis.

B. Investment Committee. The Investment Committee shall:

1. Receive and review summary reports on the investment portfolio, investment activities, and investment practices in order to determine whether the investment activity is consistent with the Investment Policy.
2. Provide such summary reports at least quarterly to the LARM Board for their review and approval.
3. Review and recommend revision of the Investment Policy to the LARM Board, as appropriate.
4. Review the Investment Manager or Custodian bank's performance and fees at least every 3 years.

C. LARM Administrator. The LARM Administrator shall:

1. Notify the Investment Committee of matters that bear upon the proper investment of the portfolio including pertinent financial, legal, or other information involving the investment of the portfolio and changes in investment objectives.
2. Meet regularly with the Investment Committee to report on progress of the portfolio.

D. Investment Manager or Custodian Bank. If utilized, the Investment Manager or Custodian Bank shall:

1. Meet regularly with the Investment Committee to report on progress of the portfolio.
2. Provide reports monthly to the Investment Committee.
3. Provide information concerning market trends and investment strategies.

V. Investment Guidelines.

A. Regulatory Limitations. The investment guidelines and restrictions as set forth by the Insurers Investment Act (Nebraska Revised Statutes Section 44-5101 et seq.) shall be adhered to at all times by the Board, the Investment Committee, the LARM Administrator, and any Investment Manager or Custodian Bank utilized by the Investment Committee in exercise of their discretion.

B. Prudence. The standard of prudence to be used for managing LARM's investments is the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived."

C. General Strategies.

1. The Investment Committee, or an Investment Manager or Custodial Bank, if utilized, shall determine the appropriate allocation of funds among cash, cash equivalents, and investment grade fixed income securities.

2. Capital gains and losses may be realized when, in the judgment of the Investment Committee or its investment manager or custodian bank, if utilized, consistent with the goals, objectives, and guidelines of this policy, such action is in the best interest of the portfolio and will lead to a greater long-term total rate of return.

3. Securities purchased by the Investment Committee, the LARM Administrator, or an Investment Manager or Custodian Bank, if utilized, shall be limited in general maturity parameters as follows:

The maximum maturity of any security at date of purchase shall not exceed 60 months. The purchase of a security with a maturity longer than 60 months shall be approved by the LARM Board at the next quarterly meeting. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as money market funds to ensure appropriate liquidity is maintained to meet ongoing obligations.

Securities shall not be sold prior to maturity with the following exceptions:

A security with declining credit may be sold early to minimize loss of principal.

Liquidity needs of the portfolio require that the security be sold.

A security swap that would adjust the portfolio (quality, yield, or duration) in a manner that would allow it to better fulfill the investment objectives.

Security purchases and sales shall be made, so that at the time of purchase or sale they do not cause, or exacerbate, non-compliance with the LARM portfolio maturity limitations.

4. Investments made by the Investment Committee, the LARM Administrator, or an Investment Manager or Custodian Bank, if utilized, shall be limited according to the following:

Asset Class	Limitation*
Direct obligations of the United States or obligations for which the full faith and credit of the United States is pledged for the payment of all principal and interest	No Limit
Direct obligations of any agency or instrumentality of the United States or obligations for which the full faith and credit of any agency or instrumentality of the United States is pledged for the payment of all principal and interest	25% per issuer
Other investment grade fixed income securities	5% per issuer
Mutual funds investing in the above classes	5% per issuer, not to exceed 25% in total if the fund is only allowed to invest in U.S. government obligations or U.S. agency or instrumentality obligations; and 5% per issuer, not to exceed 10% if invested in other classes.

**Limitations apply to the percentage of admitted assets as shown by the most recent financial statement filed with the Nebraska Department of Insurance.*

VI. Standard of Performance. Consideration shall be given to the extent to which the investment results are consistent with the goals and objectives as set forth in this policy.

Revised 3-23-2007; 12-16-2009; 3-1-2011; 2-26-2018

Market Review

Provided by Sub-Advisor - PFM Asset Management pfm asset management

2025 Capital Market Assumptions and Overview of Economic Fundamentals

A Division of
U.S. Bancorp Asset Management, Inc.

Table of Contents

See our CMAs Supplement for our Long- and Intermediate-Term Capital Market Assumptions and Asset Class Correlation Assumptions

Our capital market assumptions (CMAs) are updated each year to quantify how we think different asset classes will perform over the intermediate-term (next five years) and long- term (30-year) time periods. These estimates serve as a guide in constructing strategic long-term multi-asset portfolios for our clients to help meet their return objectives and financial liabilities.

Our CMAs include expected return assumptions as well as expected volatility assumptions for each asset class. The return assumptions are the average return expected over the relevant time period, while the volatility assumptions provide information about the likely range of possible outcomes. The expected long-term correlations are based on how closely the returns of any two asset classes have moved together historically and are an important input to the process of creating diversified portfolios. There is naturally a higher degree of uncertainty with capital market assumptions over shorter periods of time as asset class returns are driven by cyclical factors and macroeconomic conditions. Over the long-term, we expect actual returns to be closer to our CMAs, but we acknowledge that long-term forecasting is not an exact science.

The methodology that we utilize incorporates both quantitative and qualitative factors. Quantitative estimates, such as expected gross domestic product (GDP) growth rates, inflation measures, earnings growth, valuations, the federal funds rate, and the level and shape of the yield curve represent key inputs to our return expectations.

When developing our 2025 CMAs, we identified four major macroeconomic and geopolitical themes:

1. The continuation of U.S. economic leadership
2. Demographic trends foreshadowing slower population growth
3. Transformative technology and innovation
4. Deglobalization trends

These four themes represent the qualitative foundation of our 2025 CMAs and help inform key inputs of economic growth, inflation and rate assumptions that drove our expected return and volatility assumptions across global asset classes.

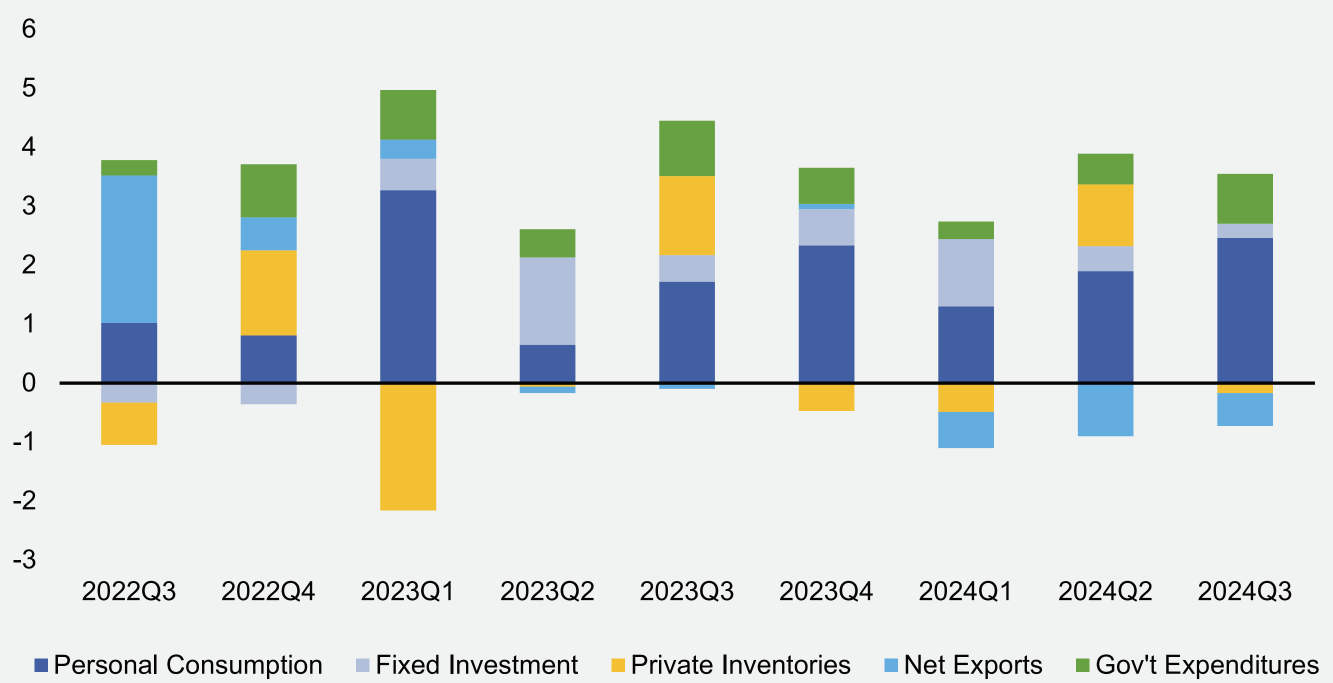
Our 2025 CMAs reflect a higher level of long-term interest rates as reflected by our 10-year Treasury yield assumption. We arrive at this higher terminal 10-year rate as a result of higher starting yields, expectations of marginally higher inflation, and a higher term premium needed to compensate investors concerned about higher deficits. This translates into lower intermediate-term fixed income returns for 2025 CMAs compared to 2024, but mostly higher returns over the long-term.

Within equities, over the intermediate-term, stretched valuations, especially for U.S. equities, are a headwind, while earnings growth is an expected tailwind. For international equities, earnings growth is expected to lag domestic equities, but lower starting valuations and higher dividend yields are positive contributors to expected returns. Over the long-term, earnings growth based on underlying GDP growth potential is the main driver of expected returns in both domestic and international markets. Our expectations for long-term equity returns are modestly lower than last year.

2024 in Review and Near-Term Outlook

The recession worries from late 2023 and early 2024 faded as markets coalesced around expectations for an economic “soft landing” in the U.S. as inflation moderated, the labor market came into better balance, and strong consumer spending supported above-trend GDP growth (Exhibit 1).

Exhibit 1: U.S. GDP Components



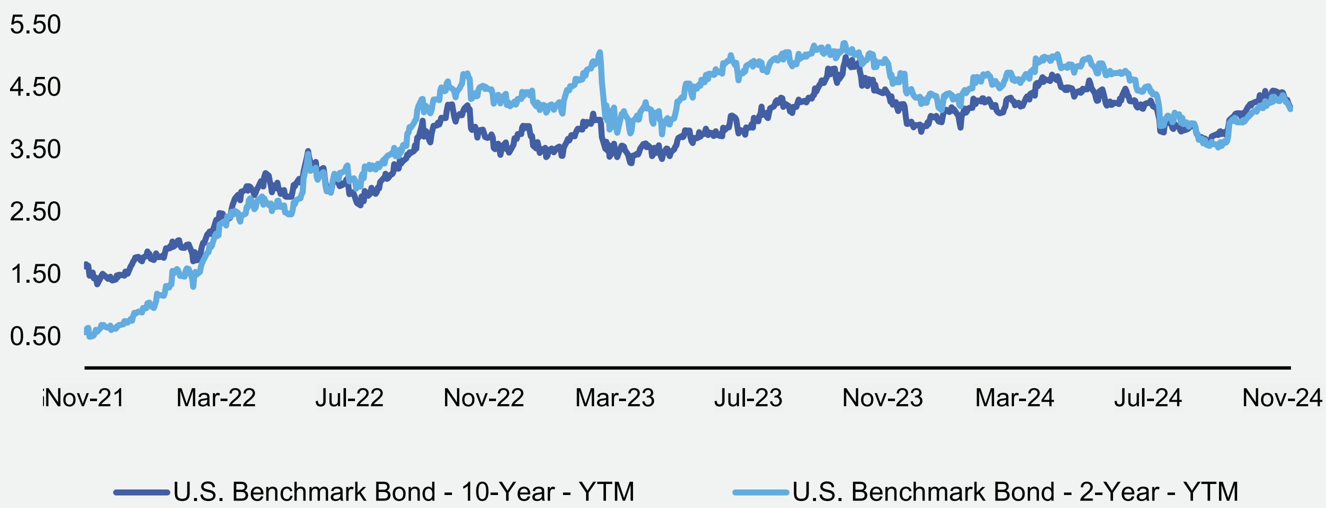
Source: Bloomberg.

The bond market experienced a significant amount of rate volatility due to constantly shifting expectations around the path of future Federal Reserve (Fed) rate cuts. This was in part driven by variability in reported economic data. Fed policy shifts drove most of the directional interest rate moves in 2024 and played a role in influencing equity market performance. Bond investors continued to hunt for yield, which had a positive impact on the corporate and high yield sectors. Strong corporate fundamentals created the backdrop for both strong earnings growth and tighter credit spreads.

The 10-year and 2-year yield curve remained inverted for most of the year but steepened out of inversion at the beginning of September as it became clear the Fed would soon cut rates (Exhibit 2 on page 3).

The Fed eventually embarked on its first rate cut – an outsized 50 basis points (bps) in September 2024 – followed by a 25 bps cut in November, bringing the target range for the federal funds rate to 4.50%-4.75%. The Fed has guided 125 bps of additional rate cuts by the end of 2025 but has committed to remain flexible based on incoming economic data. Outside the U.S., other major central banks, including Bank of Canada, Bank of England (BoE) and the European Central Bank (ECB), continued to cut rates through the year. Conversely, the Bank of Japan hiked its policy rate to address rising inflation.

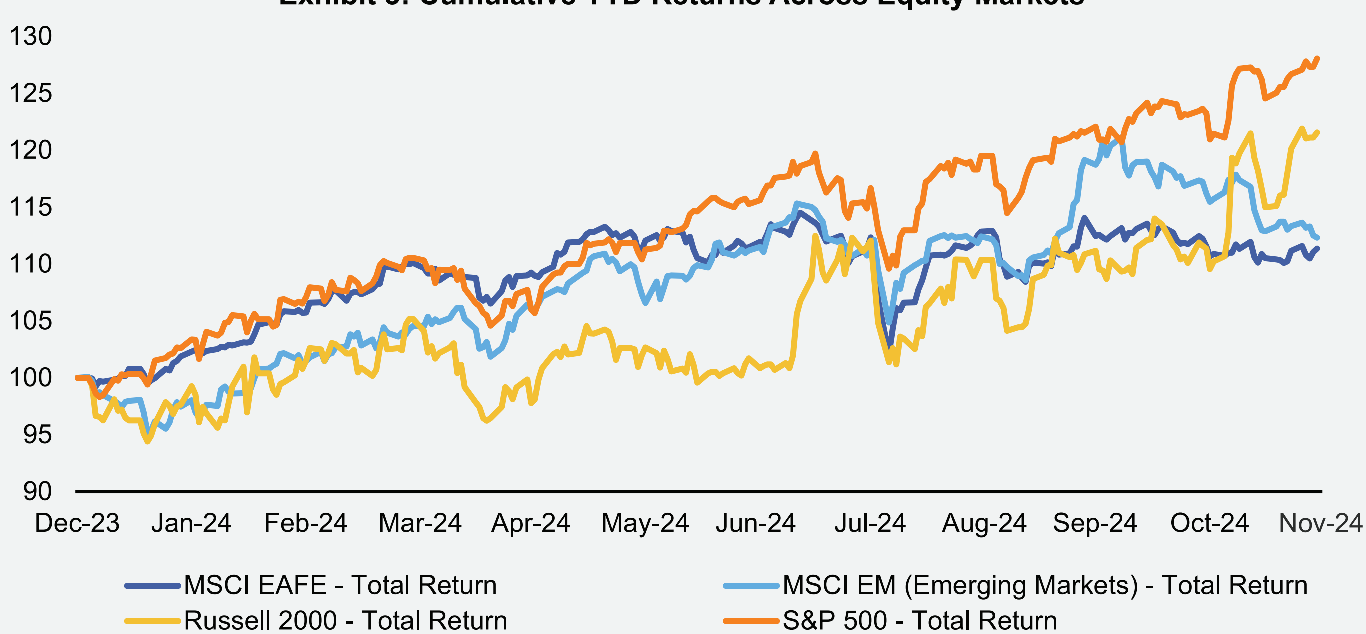
Exhibit 2: 10-Year and 2-Year Yield Curve



Source: FactSet.

Equity markets began the year with lower starting valuations, and better earnings growth and lower expected short-term rates supported the strong rally which took broad U.S. market indices to new all-time highs. Large cap stocks continued their dominance and were propelled by exceptionally strong performance of the "Magnificent Seven" stocks, while small caps and international equities had very good years but underperformed U.S. large caps (Exhibit 3).

Exhibit 3: Cumulative YTD Returns Across Equity Markets



Source: FactSet.

Internationally, European markets were mixed, but all major indices underperformed the U.S. as growth and employment lagged. An improving inflation outlook, market reforms and corporate governance improvements drove Japanese equities higher. China struggled for most of the year until late in the third quarter, when the government announced reforms designed to bolster domestic consumer activity. This led the Chinese equity market to go from -5% on the year to +20% in the final two weeks of the third quarter. All international markets performed worse when adjusted for the strength of the U.S. dollar in 2024.

For 2025, we will be closely watching and evaluating new policies from the incoming Republican administration, especially as it relates to taxes, tariffs, immigration and regulation. Before factoring in any potential legislative changes, earnings are expected to grow above 10% in the U.S., according to FactSet, which we see as a positive tailwind for stock market returns.

In the developed world outside the U.S., Europe is expected to generate soft GDP growth next year and based on developments both in the U.S. and within their own political environment, we don't see that changing. Within emerging markets, we continue to see challenges in China in spite of a set of stimulus measures meant to cut borrowing costs, boost the property market, stimulate household spending and bolster local financial markets. Additional measures announced in November were designed to reduce local government debt burdens.

From a fixed income standpoint, we see the yield curve normalizing as the Fed continues to gradually cut rates pushing short-term interest rates lower, while long-term yields drift modestly higher due to lingering inflation pressures and greater budget deficits. We see the Fed achieving their dual mandate of keeping inflation under control and maintaining a healthy labor market, which should keep the U.S. economy on the glide path towards a so-called "soft landing."

Geopolitical tensions remain an area of concern. The fighting between Israel and Hamas that began in 2023 has broadened and risks a wider Middle East conflict, which could have adverse repercussions for regional stability as well as global energy supplies. Looking ahead, equity and credit markets could also be negatively impacted by a further deterioration of conditions in Ukraine and Russia, relations between the U.S. and China, or the U.S. and NATO alliance.

We are also closely watching for any signs of risk to global economic growth as export-focused economies like China, Germany, Brazil, and Australia would suffer from the forces of deglobalization or a global trade war. In the U.S., fatigued or stressed consumers could also slow spending as they adjust to stubbornly high prices, elevated housing costs, and tighter household budgets. While we recognize these risks and are closely monitoring them, we expect capital markets to remain healthy as global central banks are expected to cut short-term interest rates into and through the next year.

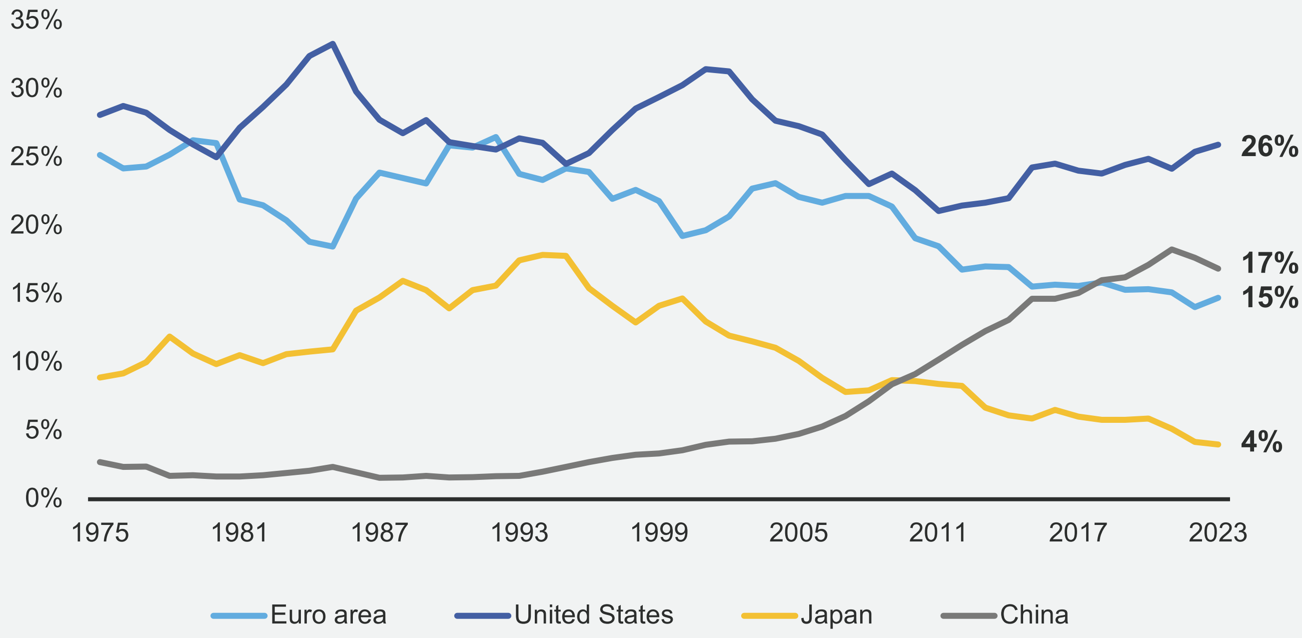
Long-Term Structural Themes

Several key themes serve as the building blocks of our 2025 CMAs. Our four key themes include a mix of long-term trends that present challenges, opportunities and differentiated return expectations across global capital markets.

1. U.S. Economic Leadership Expected to Continue

We anticipate U.S. economic and capital markets leadership in the world to continue for the foreseeable future. The U.S. dollar continues to serve as the global reserve currency, and U.S. Treasury debt continues to be viewed by many investors as the highest quality, most stable financial asset in the world (Exhibit 4 page 5). The global status of the U.S. dollar and U.S. Treasury debt contributes to the economic strength of the country, financial stability of the U.S. government and the attractiveness of U.S. capital markets to global investors. Despite current elevated fiscal deficits and the federal debt level, we do not anticipate the dollar's global reserve currency status or perceived high quality debtor status to decline meaningfully in the foreseeable future. Additional factors that support our belief the U.S. will remain in a position of economic leadership include an economy fueled by innovation, significant accumulated wealth and purchasing power, strong corporate governance and legal structures, energy independence and military strength.

Exhibit 4: Country GDP as Share of Global GDP



Source: World Development Indicators.

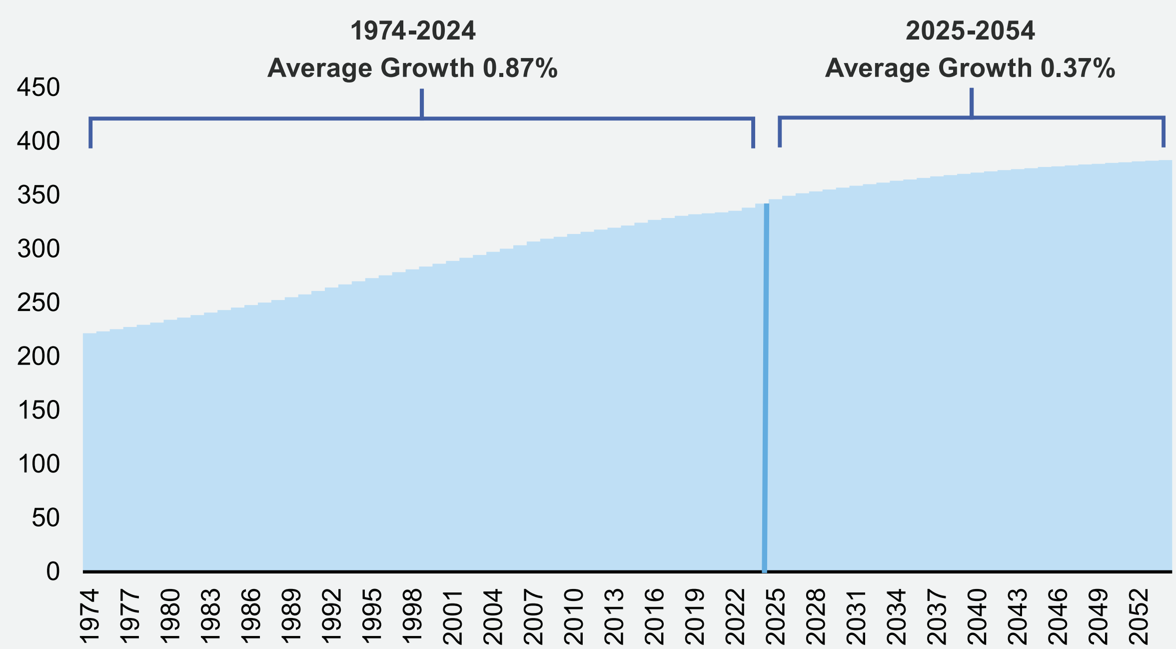
2. Demographic Trends Foreshadow Slower Population Growth

Global and regional population growth trends are structural in nature and will have long-term impacts on economic growth potential, productivity and the size of the workforce. With fertility rates declining in higher income, developed regions in recent decades, per the Congressional Budget Office (CBO), the aging of populations will have a significant impact on key societal and economic measures such as the size of the workforce, standards of living, retirement income funding, health care costs, levels of public debt, rates of savings and investment, inflation and long-term interest rates.

In the United States, the CBO projects the population growth rate over the next 30 years to drop in half to an annualized 0.37% when compared to the 1974-2024 period growth of 0.87% (Exhibit 5 page 6). With the aging of the U.S. population and declining fertility rates, much of this growth (70%) was expected to be represented by net immigration. Concurrently, the population in prime working years (ages 25 to 54) is projected to grow at a slower annualized rate over the coming 30 years (0.3% estimate) than the population of people age 65 and older (1.1% estimate), which represents the traditional retirement age when Social Security and Medicare may be drawn upon.

The challenging population and demographic trends the U.S. is expected to face over the next few decades are even more pronounced in some other developed regions of the world, such as Europe and Japan. The upshot is that fewer U.S. workers will be supporting more non-workers according to the CBO, which has significant implications for government deficits and debt levels, and economic growth potential. These represent key, long-term structural forces that are largely assumption-based and difficult to factor into our capital market outlook with precision, but that are important considerations in our intermediate and long-term projections. Slower GDP growth from these structural forces would likely translate into lower financial returns.

Exhibit 5: Total Population (Millions)



Source: Congressional Budget Office's January 2024 report "The Demographic Outlook: 2024 to 2054."

3. Transformative Technology and Innovation

Economic productivity growth is very challenging to accurately measure in real time, much less to forecast decades into the future. However, productivity growth represents a key input to overall economic growth potential. Ultimately, corporate earnings growth should align with nominal GDP growth over the long run. Different assumptions for productivity growth can have a meaningful impact on potential GDP growth, which in turn impacts the expected return for equities. We believe transformative technology developments, including artificial intelligence (AI), carry the potential for an upward structural shift in productivity growth in the decades ahead. While difficult to quantify in its still-early stage of adoption, we believe the U.S. is well-positioned to leverage AI technology in corporate workstreams and economic activity, which is reflected in our favorable expected return assumptions for domestic equities.

4. Deglobalization Trends

The global pandemic and Russia's invasion of Ukraine have contributed to speculation that the global economy will become much less interconnected through economic partnerships and trade. In the interest of both national security and reducing supply chain vulnerabilities, "reshoring" manufacturing of certain products and goods and developing greater energy independence have become key national and public policy priorities for many governments, including the U.S. Additionally, the use of tariffs as a means to protect domestic industries and jobs, and to address real or perceived unfair trade practices has also increased as a public policy tool.

While extensive analysis of deglobalization trends falls outside the scope of this discussion, we believe the rise of regional economic trade and supply chain arrangements will be a theme that continues to play out in the coming decades. We expect low(est) cost

30

sourcing to be emphasized less as an objective of supply chain management than was the case at the start of this century. This is likely to include ramifications for economic growth in certain parts of the world, global trade volumes, and prices of certain goods and products. We have considered these potential longer-term impacts of deglobalization while forming our 2025 capital market assumptions.

Our Capital Market Assumptions Methodology

The expectation for equity returns are a combination of earnings growth, valuation changes and dividend/buyback yields. Earnings growth is derived from our expectation for labor and capital growth, total factor productivity and inflation. Changes in valuations are important, especially over the intermediate-term where starting valuations have a more material bearing on expected returns. Over the long-term, starting valuations are less of a driver of expected return. Instead, we incorporate expected long-term GDP growth rates as a base for earnings growth projections which we then adjust to determine the earnings growth that can serve as a proxy for capital appreciation. We then combine it with a yield component (dividend yield plus buyback yield) to determine the long-term return expectations.

Fixed income returns are a function of current yields, expected yield and curve changes over the horizon period, and expected spread changes for corporates and other non-Treasury sectors. We model expected changes in yields for cash based on our view of Fed policy. We model expected changes in longer term yields based on our assumptions about cash, inflation and the historical spread relationships between short- and long-term bonds. For corporate bonds, we model current and expected spread levels. In the case of bank loans and high-yield bonds, we adjust for default rates and expected recovery rates to determine returns over their respective periods.

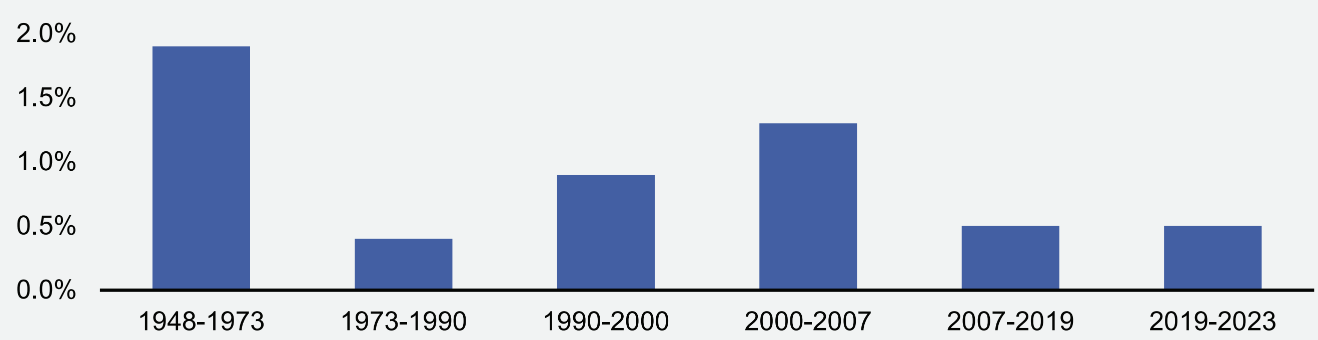
The creation of our Alternative CMAs leverages the work done on both our equity and fixed income CMAs and then expands it based on the idiosyncratic drivers for each alternative asset class. Factors such as interest rates, credit spreads, and inflation rates play a part in either the cost of borrowing, creating higher hurdle rates, or the natural rate of return for an asset. Valuations have more of an impact on private equity and private real estate and less of an impact on commodities and private debt.

Summary of 2025 CMA Assumptions and Inputs

Economic Growth

The long-term GDP growth rate is based on total factor productivity growth and the growth of inputs (i.e., capital and labor). Total factor productivity grew at a faster rate between 1990 and the great financial crisis (2007-2008) (Exhibit 6). Since then, total factor productivity has stood at 0.5%. Looking ahead, we expect total factor productivity to grow at 0.5% and inputs, including labor and capital, to grow at their historical average of 1.6%.

Exhibit 6: Total Factor Productivity (Annual Percent Growth)



Source: Bureau of Labor Statistics.

Total long-term nominal growth in the U.S. is expected to be 4.4%, which includes productivity growth of 0.5%, input growth of 1.6% and a long-term inflation estimate of 2.3%. The long-term real GDP growth rate is expected to be 2.1%.

Outside the U.S., we expect developed international economies to grow at a nominal rate of 2.7% and emerging market economies to grow at a nominal rate of 6.4%.

Inflation

Intermediate-term inflation expectations are 2.1%, while long-term inflation expectations are 2.3%. We expect inflation to be slightly higher than the average of 1.6% observed since 2009 through 2020, before the pandemic related supply and demand shock impacted inflation. Our long-term inflation estimates are slightly higher than the Fed's inflation target of 2% due to expectations for growing fiscal deficits and a higher debt-to-GDP ratio.

Rates

We have adopted the Fed's projections to cut rates in December 2024, four rate cuts in 2025 and two rate cuts in 2026, which would lead to a terminal fed funds rate of 2.75%-3.00%. We are closely aligning our forecasts with Fed's dot plot from its September 2024 meeting.

The spread between the 10-year and 3-month Treasury is currently negative, but the historical average is at +1.4%. We assume that future spreads will be higher due to higher expected inflation and higher deficits (i.e., higher term premium), leading to a 4.5% terminal 10-year rate. We expect 10-year rates to slowly rise from the current level of 4.17% over the next few years.

The spread between the 2-year Treasury note and 3-month bill is currently negative, but the historical average is +0.29%. We assume that the spread will equal the historical average by end of 2026, leading to a terminal 2-year rate of 3.17%. The current rate is 4.15%.

Credit Markets

High yield: Recent default rates have been lower, while the recovery rates have also been lower due to an evolving industry mix. We assume a default rate of 2.0% and 3.4% over the intermediate and long-term, respectively, and a recovery rate of 40% and 60%, respectively. Our default rate assumptions are slightly lower than last year while the recovery rates are somewhat worse than our assumptions last year.

Bank loans: Bank loan benchmarks are reflecting lower credit quality compared to high-yield benchmarks at this time. We assume a higher default rate in the next five years (including distressed exchanges) as credit quality has deteriorated. Meanwhile, the industry mix has also changed and leans more towards service-oriented companies, which leads to lower recovery rates than what was assumed in the past. We assume a default rate of 3.5% over the intermediate and long-term respectively and a rate of 60% and 64%, respectively.

Long-Term Equity Market Drivers

Long-term drivers of returns include earnings growth, the dividend yield and the buyback yield.

	Long-Term Earnings Growth	Total Yield	Total Return
U.S. Large-Cap	4.9%	2.3%	7.2%
U.S. Small-Cap	6.4%	1.5%	7.9%
Developed ex-U.S.	3.2%	3.7%	6.9%
Emerging Markets	4.8%	2.6%	7.4%

Intermediate-Term Equity Market Drivers

U.S. Equities: Starting valuations are higher across U.S. equity markets. We expect the forward price-to-earnings ratio (PE) to revert to five-year averages, which would result in a headwind to intermediate-term returns. Earnings growth is expected to be in the 10-15% range over the next two years due to the strong economic growth backdrop and possibility of lower corporate tax rates. Thereafter, earnings growth reverts closer to the 10-year average of 6.0-6.5%. As a result, earnings growth is expected to contribute to the majority of the return expectations over the intermediate term.

International Equities: Within international equities, forward P/Es look attractive relative to history, but we expect these asset classes to remain range-bound in terms of valuation expansion (PEs) due to headwinds stemming from possible tariff impact and slower growth. As a result, earnings are expected to grow in the 3-5% range over the next five years, while higher dividend yields are additive to the performance expectations.

Changes to the 2025 CMAs

Large year-to-year changes in our long-term CMAs are infrequent, because structural themes are slower changing and long-term in nature. Where changes are observed, they tend to be in our intermediate-term CMAs and they are driven by shorter-term growth, inflation and rate forecasts, as well as current asset class valuation. We will highlight key changes in each broad asset class in this section.

Intermediate-term equity return expectations were generally reduced this year, with international equity and emerging market equity declining most significantly. International equity was 8.2% in 2024, but is 7.1% for 2025, while emerging markets went from 8.6% to 7.4%. These changes reflect lower growth expectations in economic regions such as Europe, Japan, and China. Our long-term return expectation for small caps has come down from 8.6% in 2024 to 7.9% in 2025. Higher starting valuations compared to the end of 2023, (i.e., PE expansion over the course of 2024) is leading to lower expected returns compared to 2024.

Fixed income return expectations have been reduced to reflect slightly higher terminal rates than what was assumed in 2024. Core bonds declined from 6.2% in 2024 to 4.5% in 2025. The intermediate-term return for high-yield was 8.3% in 2024 and declined to 5.3% in 2025. The changes are a result of tighter starting credit spreads that we expect to widen from the historical lows, as well as slightly higher rates which imply capital depreciation over shorter time horizons.

Within alternatives, our long-term CMAs have not markedly changed, but there have been a few noteworthy changes in our intermediate-term CMAs that reflect changing fundamentals. Within private real estate, the expected return grew from 6.0% in 2024 to 7.8% for 2025 due to an expectation of net asset value (NAV) improvement after more than a year of negative returns. Meanwhile, the expectation for public real estate investment trust (REIT) returns has declined from 8.4% to 7.2% to account for higher starting valuations. We do not expect capitalization rate compression to be additive here – instead, the returns are expected to be driven by strong net operating income (NOI) growth and yield.

Within the private debt space, we expect default rates to rise, leading to a lower return of 7.0% versus 8.1% in 2024. We also expect lower price transparency as a result of the recent tick up in payment in kind (PIK) deals, which could lead to lower NAV valuations in the future, thereby lower expected returns. Lastly, we expect private infrastructure to be a beneficiary of capital spend from the AI buildout, as well as the infrastructure related buildout, leading to an expected return of 9.0% in 2025 versus 7.1% in 2024.

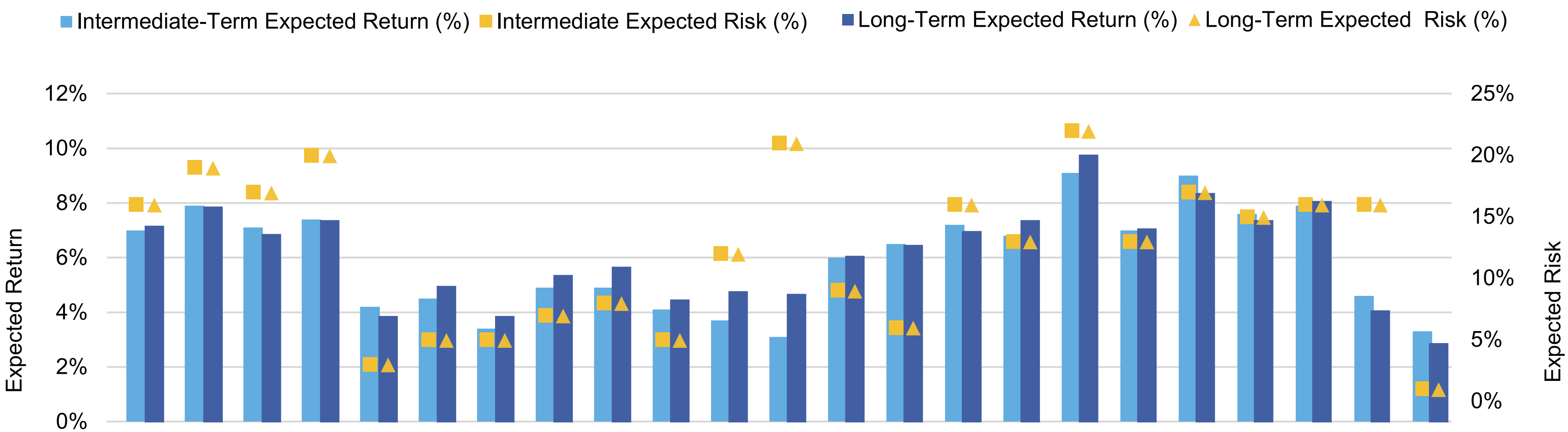
Please see our CMAs Supplement for our long- and intermediate-term capital market assumptions and asset class correlation assumptions.

For more information, please contact your relationship manager.

Important Disclosures

We developed our assumptions by examining the economic fundamentals of each asset class. Our CMAs include expected returns, expected risks (measured as the standard deviation of returns) and correlations among a wide variety of asset classes. We derive our CMAs based on our projections for economic growth, inflation, interest rates, corporate profit growth and margins, and other fundamental economic and market conditions. All statements as to what will or may happen under certain circumstances are based on assumptions. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results.

Long- and Intermediate-Term Capital Market Assumptions



	U.S. Large Cap Equity	U.S. Small Cap Equity	Int'l Developed Equity	EM Equity	Short-Term Bonds	Core Bonds	Global Core	Intermediate IG Corp	Long IG Corp	Broad Treasury	Long Treasury	20+ STRIPS	High Yield Bonds	Bank Loans	REITs	Listed Infrastructure	Private Equity	Private Debt	Private Infrastructure	Private Real Estate	Hedge Funds	Commodities	Cash
Intermediate-Term Annualized Assumptions (Over the Next 5 Years)																							
Expected Return (%)	7.0	7.9	7.1	7.4	4.2	4.5	3.4	4.9	4.9	4.1	3.7	3.1	6.0	6.5	7.2	6.8	9.1	7.0	9.0	7.6	7.9	4.6	3.3
Expected Risk (%)	16	19	17	20	3.0	5.0	5.0	7.0	8.0	5.0	12	21	9.0	6.0	16	13	22	13	17	15	16	16	1.0
Long-Term Annualized Assumptions (Over the Next 30 Years)																							
Expected Return (%)	7.2	7.9	6.9	7.4	3.9	5.0	3.9	5.4	5.7	4.5	4.8	4.7	6.1	6.5	7.0	7.4	9.8	7.1	8.4	7.4	8.1	4.1	2.9
Expected Risk (%)	16	19	17	20	3.0	5.0	5.0	7.0	8.0	5.0	12	21	9.0	6.0	16	13	22	13	17	15	16	16	1.0

Asset Class Correlation Assumptions

	U.S. Large Cap Equity	U.S. Small-Cap	Int'l Developed Equity	EM Equity	Short Bonds	Core Bonds	Global Core	Intermediate IG Corp	Long IG Corp	Broad Treasury	Long Treasury	STRIPS	High Yield	Bank Loans	REITs	Listed Infrastructure	Private Equity	Private Debt	Private Real Estate	Private Infrastructure	Hedge Funds	Commodities	Cash
U.S. Large Cap Equity	1																						
U.S. Small-Cap	0.9	1																					
Int'l Developed Equity	0.8	0.8	1																				
EM Equity	0.7	0.7	0.8	1																			
Short Bonds	0.2	0.2	0.1	0.1	1																		
Core Bonds	0.1	0.1	0.2	0.2	0.5	1																	
Global Core	0.2	0.2	0.3	0.3	0.4	0.7	1																
Intermediate IG Corp	0.3	0.3	0.2	0.2	0.7	0.9	0.9	1															
Long IG Corp	0.3	0.3	0.2	0.2	0.7	0.9	0.9	0.9	1														
Broad Treasury	-0.3	-0.3	-0.2	-0.2	0.8	0.9	0.9	0.6	0.9	1													
Long Treasury	-0.3	-0.3	-0.2	-0.2	0.6	0.8	0.9	0.5	0.9	0.9	1												
STRIPS	-0.3	-0.3	-0.2	-0.2	0.4	0.6	0.7	0.4	0.9	0.9	0.9	1											
High Yield	0.7	0.7	0.5	0.5	0.3	0.4	0.4	0.7	0.4	-0.1	-0.1	-0.1	1										
Bank Loans	0.4	0.4	0.3	0.3	0.4	0.1	0.3	0.5	0.3	-0.3	-0.3	-0.3	0.7	1									
REITs	0.6	0.7	0.7	0.6	0.2	0.3	0.3	0.3	0.3	-0.1	-0.1	-0.1	0.5	0.4	1								
Listed Infrastructure	0.7	0.7	0.7	0.6	0.2	0.3	0.6	0.6	0.5	-0.1	-0.1	-0.1	0.6	0.5	0.7	1							
Private Equity	0.7	0.7	0.6	0.6	0.2	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.5	0.2	0.4	0.4	1						
Private Debt	0.6	0.6	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.8	0.7	0.4	0.4	0.5	1					
Private Real Estate	0.4	0.4	0.3	0.3	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.4	0.2	0.8	0.6	0.4	0.4	1				
Private Infrastructure	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.2	0.1	0.1	0.1	0.3	0.2	0.4	0.7	0.4	0.3	0.5	1			
Hedge Funds	0.6	0.6	0.5	0.5	0.3	0.4	0.4	0.4	0.3	-0.2	-0.2	-0.2	0.4	0.4	0.4	0.4	0.5	0.4	0.3	0.3	1		
Commodities	0.4	0.5	0.6	0.6	0.4	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.5	0.2	0.3	0.5	0.1	0.2	0.1	0.1	0.2	1	
Cash	0.1	0.1	0.1	0.1	0.5	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1

36

Important Disclosures

We developed our assumptions by examining the economic fundamentals of each asset class. Our CMAs include expected returns, expected risks (measured as the standard deviation of returns) and correlations among a wide variety of asset classes. We derive our CMAs based on our projections for economic growth, inflation, interest rates, corporate profit growth and margins, and other fundamental economic and market conditions. All statements as to what will or may happen under certain circumstances are based on assumptions. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results.

Important disclosures, definitions of terms and index descriptions

Provided by U.S. Bank

If you have questions regarding this information or wish to receive definitions of any additional terms or indexes used in this report, please contact your team.

Important disclosures (page 1 of 4)

The information provided here is not intended to replace your account statement. Your account statement is the official record of your account.

Equal Housing Lender. Credit products are offered by U.S. Bank National Association and subject to normal credit approval. Deposit products offered by U.S. Bank National Association. Member FDIC.

For use in one-on-one meetings/presentations.

This information represents the opinion of U.S. Bank. The views are subject to change at any time based on market or other conditions and are current as of the date indicated on the materials. This is not intended to be a forecast of future events or guarantee of future results. The factual information provided has been obtained from sources believed to be reliable but is not guaranteed as to accuracy or completeness.

U.S. Bank and its representatives do not provide tax or legal advice. Your tax and financial situation is unique. You should consult your tax and/or legal advisor for advice and information concerning your particular situation.

Past performance is no guarantee of future results. All performance data, while obtained from sources deemed to be reliable, are not guaranteed for accuracy. Indexes shown are unmanaged and are not available for direct investment, nor are they subject to fees and expenses.

Performance reports included may show performance results gross of fees and expenses. If fees and expenses were included, the performance would be lower. If you have any questions, please speak with your relationship manager for additional information.

Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio. **Diversification and asset allocation do not guarantee returns or protect against losses.**

Important disclosures (page 2 of 4)

Equity securities are subject to stock market fluctuations that occur in response to economic and business developments. **Stocks of small-capitalization companies** involve substantial risk. These stocks historically have experienced greater price volatility than stocks of larger companies and may be expected to do so in the future. **Stocks of mid-capitalization companies** can be expected to be slightly less volatile than those of small-capitalization companies, but still involve substantial risk and may be subject to more abrupt or erratic movements than large-capitalization companies. The value of **large-capitalization stocks** will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions. **Growth investments** focus on stocks of companies whose earnings/profitability are accelerating in the short term or have grown consistently over the long term. Such investments may provide minimal dividends, which could otherwise cushion stock prices in a market decline. Stock value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments. **Value investments** focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that their intrinsic values may never be realized by the market, or such stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

International investing involves special risks, including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Investing in **emerging markets** may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility.

Investments in **real estate securities** can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates and risks related to renting properties (such as rental defaults). There are special risks associated with an investment in **commodities**, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

Investments in **fixed income securities** are subject to various risks, including changes in interest rates, credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Investment in fixed income securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in **high yield bonds** offer the potential for high current income and attractive total return, but involve certain risks. Changes in economic conditions or other circumstances may adversely affect a bond issuer's ability to make principal and interest payments.

Important disclosures (page 3 of 4)

The **municipal bond** market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issues of municipal securities. Interest rate increases can cause the price of a bond to decrease. Income on municipal bonds is free from federal taxes, but may be subject to the federal alternative minimum tax (AMT), state and local taxes. **Treasury Inflation-Protected Securities (TIPS)** offer a lower return compared to other similar investments and the principal value may increase or decrease with the rate of inflation. Gains in principal are taxable in that year, even though not paid out until maturity.

Non-financial **specialty assets**, such as real estate, farm, ranch and timber properties, oil, gas and mineral interests or closely-held business interests are complex and involve unique risks specific to each asset type, including the total loss of value. Special risk considerations may include natural events or disasters, complex tax considerations and lack of liquidity. Specialty assets may not be suitable for all investors.

Alternative investments very often use speculative investment and trading strategies. There is no guarantee that the investment program will be successful. Alternative investments are designed only for investors who are able to tolerate the full loss of an investment. These products are not suitable for every investor even if the investor does meet the financial requirements. It is important to consult with your investment professional to determine how these investments might fit your asset allocation, risk profile and tax situation. **Hedge funds** are speculative and involve a high degree of risk. An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage and short sales, which can magnify potential losses or gains. Restrictions exist on the ability to redeem or transfer interests in a fund. **Exchange-traded funds (ETFs)** are baskets of securities that are traded on an exchange like individual stocks at negotiated prices and are not individually redeemable. ETFs are designed to generally track a market index and shares may trade at a premium or a discount to the net asset value of the underlying securities. **Private equity** investments provide investors and funds the potential to invest directly into private companies or participate in buyouts of public companies that result in a delisting of the public equity. Investors considering an investment in private equity must be fully aware that these investments are illiquid by nature, typically represent a long-term binding commitment and are not readily marketable. The valuation procedures for these holdings are often subjective in nature. **Private debt** investments may be either direct or indirect and are subject to significant risks, including the possibility of default, limited liquidity and the infrequent availability of independent credit ratings for private companies. **Structured products** are subject to market risk and/or principal loss if sold prior to maturity or if the issuer defaults on the security. Investors should request and review copies of Structured Products Pricing Supplements and Prospectuses prior to approving or directing an investment in these securities.

Important disclosures (page 4 of 4)

Mutual fund investing involves risk and principal loss is possible. Investing in certain funds involves special risks, such as those related to investments in small- and mid-capitalization stocks, foreign, debt and high-yield securities and funds that focus their investments in a particular industry. Please refer to the fund prospectus for additional details pertaining to these risks. An investment in **money market funds** is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although these funds seek to preserve the value of an investment at $1.00 per share, it is possible to lose money by investing in these funds.

Holdings of First American Funds: U.S. Bancorp Asset Management, Inc. is a registered investment advisor and subsidiary of U.S. Bank National Association. U.S. Bank National Association is a separate entity and wholly owned subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, performance or services of U.S. Bancorp Asset Management. U.S. Bancorp Asset Management, Inc. serves as an investment advisor to First American Funds. **Holdings of Nuveen mutual funds**: Firstar Capital Corporation (Firstar Capital), an affiliate of U.S. Bancorp, holds a less-than-10 percent ownership interest in Windy City Investments Holdings, LLC which was formerly the parent of Windy City Investment Inc. and the indirect parent of Nuveen Fund Advisors, LLC which is the investment advisor to the Nuveen Mutual Funds. On October 1, 2014, Windy City Investments, Inc. was sold to Teachers Insurance and Annuity Association of America. As a result of the sale, U.S. Bancorp no longer has an indirect ownership interest in Nuveen Fund Advisors, LLC. Depending on the outcome of certain factors, Firstar Capital might in the future receive an earn-out payment in respect of its interest in Windy City Investment Holdings, LLC, under the terms of the sale. **Non-proprietary mutual funds**: U.S. Bank may enter into agreements with other non-proprietary mutual funds or their service providers whereby U.S. Bank provides shareholder services and/or sub-transfer agency, custodial and other administrative support services and receives compensation for these services. Compensation received by U.S. Bank directly or indirectly from mutual funds does not increase fund fees and expenses beyond what is disclosed in the fund prospectuses. For more information, review the fund prospectus.

Definitions of report and statement terms (page 1 of 5)

Accredited Investor: Private placement securities generally require that investors be accredited due to the additional risks and speculative nature of the securities. For natural persons, the criteria is met by a net worth of more than $1 million (excluding primary residence) or an income of more than $200,000 individually ($300,000 jointly) for the two most recent years and a reasonable expectation for the same in the current year. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $5 million in assets. See full definition in Rule 501 of Regulation D under the Securities Act of 1933.

Alpha: A measure of risk-adjusted performance. A statistic measuring that portion of a stock, fund or composite's total return attributable to specific or non-market risk. Alpha measures non-market return and indicates how much value has been added or lost. A positive Alpha indicates the fund or composite has performed better than its Beta would predict (i.e., the manager has added value above the benchmark). A negative Alpha indicates a fund or composite has underperformed given the composite's Beta.

Alternative Investments: As used by U.S. Bank, an investment considered to be outside of the traditional asset classes of long-only stocks, bonds and cash. Examples of alternative investments include hedge funds, private equity, options and financial derivatives.

Annualized Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided annualize only periods greater than one year.

Annualized or Annual Rate of Return: Represents the average annual change in the value of an investment over the periods indicated.

Batting Average: Shows how consistently the portfolio return met or beat the market.

Beta: A measure of your portfolio's risk relative to a benchmark. A portfolio with a beta of 1.5, for example, would be expected to return roughly 1.5 times the benchmark's return. A high Beta indicates a riskier portfolio.

Bond Credit Rating: A grade given to bonds by a private independent rating service that indicates their credit quality. Ratings are the opinion of Standard & Poor's or other agencies as noted and not the opinion of U.S. Bank.

Consumer Price Index (CPI): A measure of the average change in prices over time in a market basket of goods and services and is one of the most frequently used statistics for identifying periods of inflation and deflation.

Convexity to Stated Maturity: A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes. Convexity is used as a risk-management tool and helps to measure and manage the amount of market risk to which a portfolio of bonds is exposed. This version of convexity measures the rate change in duration of a bond as the yield to (stated) maturity changes.

43

Definitions of report and statement terms (page 2 of 5)

Cost basis/book value: The original value of an asset at the time it was acquired. This is normally the purchase price or appraised value at the time of acquisition. This data is for information purposes only.

Cumulative Excess Return: Shows the difference between the annualized linked returns of a portfolio and the model benchmark. Performance reports provided use unannualized returns in periods up to one year, but annualized returns for periods exceeding one year.

Downside Capture: The downside capture ratio reflects how a portfolio compares to a benchmark during periods when the benchmark is down. A downside capture ratio of 0.80 (or 80 percent) means the portfolio has historically declined only 80 percent as much as the benchmark during down markets.

Downside Deviation: The deviation of returns that fall below a minimum acceptable return (MAR). Although the numerator includes only returns below the MAR, the denominator includes all returns in the performance period. This risk statistic is similar to the downside standard deviation except the sum is restricted to returns less than the MAR instead of the mean.

Downside Standard Deviation: The deviation of returns that fall below the mean return. Although the numerator includes only returns below the mean, the denominator includes all returns in the performance period. This risk statistic is similar to the downside deviation except the sum is restricted to returns less than the mean instead of the minimum acceptable return (MAR).

Effective Maturity: The date of a bond's most likely redemption, given current market conditions, taking into consideration the optional and mandatory calls, the optional, mandatory and recurring puts, and the stated maturity.

Estimated annual income: The amount of income a particular asset is anticipated to earn over the period indicted. The shares multiplied by the annual income rate.

Gain/loss calculation: If an asset was sold, the difference between the proceeds received from the sale compared to the cost of acquiring the asset. If the value of the proceeds is the higher of the two numbers, then a gain was realized. If the value of the proceeds is the lower of the two numbers, a loss was incurred. This data is for information purposes only.

Information Ratio: The information ratio compares the average excess return of the portfolio over its associated benchmark divided by the tracking error.

M-Squared: The hypothetical return of the portfolio after its risk has been adjusted to match a benchmark.

Definitions of report and statement terms (page 3 of 5)

Market Value: Publicly traded assets are valued using market quotations or valuation methods from financial industry services believed by us to be reliable. Assets, that are not publicly traded, may be reflected at values from other external sources or special valuations prepared by us. Assets for which a current value is not available may be reflected as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could have been bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.

Market Value Over Time: Many factors can impact the portfolio value over time, such as contributions to the account, distributions from the account, the investment of dividends and interest, the deduction of fees and expenses, and market performance.

Modified Duration to Effective Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration takes into consideration a “horizon date/price” that is, given current conditions, the most likely redemption date/price using the set of calls/puts, as well as stated maturity.

Modified Duration to Stated Maturity: A formula that expresses the measurable change in the value of a security in response to a change in interest rates. This version of Modified Duration uses stated maturity as the “horizon date/price” and ignores any potential call/put/pre-refunding, even if they are mandatory.

Price/Earnings Ratio (P/E): The P/E ratio of a company is calculated by dividing the price of the company’s stock by its trailing 12-month earnings per share. A high P/E usually indicates that the market is paying a premium for current earnings because it believes in the firm’s ability to grow its earnings. A low P/E indicates the market has less confidence that the company’s earnings will increase. Within a portfolio, P/E is the weighted average of the price/earnings ratios of the stocks in the portfolio.

Qualified Purchaser: Some private placement securities require that investors be Qualified Purchasers in addition to being Accredited Investors. For natural persons, the criteria is generally met when the client (individually or jointly) owns at least $5 million in investments. For other entities, such as corporations, partnerships, trusts and employee benefit plans, the criteria is met with at least $25 million in investments though there are other eligibility tests that may apply. See full definition in Section 2(a)(51) of the Investment Company Act of 1940.

R-Squared: Measures the portion of the risk in your portfolio that can be attributed to the risk in the benchmark.

Realized and Unrealized Gains/Losses: Are calculated for individual tax lots based on the records we have available. Some data may be incomplete or differ from what you are required to report on your tax return. Some data used in these calculations may have been obtained from outside sources and cannot be verified by U.S. Bank. The data is intended for informational purposes only and should not be used for tax reporting purposes. Please consult with your tax or legal advisor for questions concerning your personal tax or financial situation.

45

Definitions of report and statement terms (page 4 of 5)

Residual Risk: The amount of risk specific to the assets in a portfolio distinct from the market, represented by a benchmark.

Return: An indication of the past performance of your portfolio.

Sharpe Ratio: Measures of risk-adjusted return that calculates the return per unit of risk, where risk is the Standard Deviation of your portfolio. A high Sharpe ratio indicates that the portfolio is benefiting from taking risk.

Sortino Ratio: Intended to differentiate between good and bad volatility. Similar to the Sharpe ratio, except it uses downside deviation for the denominator instead of standard deviation, the use of which doesn't discriminate between up and down volatility.

Spread: The difference between the yields of two bonds with differing credit ratings (most often, a corporate bond with a certain amount of risk is compared to a standard traditionally lower risk Treasury bond). The bond spread will show the additional yield that could be earned from a bond which has a higher risk.

Standard Deviation: A measure of the volatility and risk of your portfolio. A low standard deviation indicates a portfolio with less volatile returns and therefore less inherent risk.

Time-weighted Return: The method used to calculate performance. Time-weighted return calculates period by period returns that negates the effect of external cash flows. Returns for periods of greater than one year are reported as an annualized (annual) rate of return. Returns of less than one year are reported on a cumulative return basis. Cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period involved.

Tracking Error: A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.

Traditional Investments: As used by U.S. Bank, an investment made in equity, fixed income or cash securities, mutual funds or exchange-traded funds (ETFs) where the investor buys at a price with the goal that the investment will go up in value.

Top 10 Holdings: The 10 assets with the highest market values in the account.

Total Portfolio Gross of Fees: Represents all assets included in the calculation of the portfolio, before the deduction of trust and asset management fees, and is inclusive of all applicable third-party security fees and expenses. Details of those fees and expenses are provided in the security's prospectus or offering documents.

Definitions of report and statement terms (page 5 of 5)

Total Return: The rate of return that includes the realized and unrealized gains and losses plus income for the measurement period.

Treynor Ratio: Measures the performance of a sector relative to risk by dividing the return of the sector in excess of the risk-free return by the sector's Beta. The higher the Treynor ratio, the better the return relative to risk.

Turnover Percent: Indicates how frequently asset are bought and sold within a portfolio.

Turnover Ratio: The percentage of a mutual fund’s or other investment vehicle's holdings that have been "turned over" or replaced with other holdings in a given year.

Unrealized gain (loss) — The difference between the current market value (at the end of the statement period) and the cost to acquire the asset. If the current market value is higher than the cost, a gain is reflected. If the current market value is lower than the cost paid, a loss is reflected. This data is for information purposes only.

Upside Capture: The upside capture ratio reflects how a portfolio compares to the selected model benchmark during periods when the benchmark is up. An upside capture ratio of 1.15 (or 115 percent) means the portfolio has historically beat the benchmark by 15 percent during up markets.

Yield: The annual rate of return on an investment, expressed as a percentage. For bonds, it is the coupon rate divided by the market price. For stocks, it is the annual dividend divided by the market price.

Frequently used indexes (page 1 of 5)

Bloomberg Barclays 1-3 year U.S. Treasury Index: Measures the performance of the U.S. government bond market and includes public obligations of the U.S. Treasury with a maturity between one year and up to (but not including) three years.

Bloomberg Barclays 1-5 year U.S. Treasury Index: Includes all publicly issued, U.S. Treasury securities that have a remaining maturity of greater than or equal to one year and less than five years, are rated investment grade and have $250 million or more of outstanding face value.

The Bloomberg Barclays 1-5 year Municipal Index: Measures the performance of municipal bonds with time to maturity of more than one year and less than five years.

Bloomberg Barclays 7-year Municipal Index: Includes municipal bonds with a minimum credit rating of Baa that have been issued as part of a transaction of at least $50 million, have a maturity value of at least $5 million and a maturity range of four to six years.

Bloomberg Barclays Global Aggregate Index ex-U.S. Index: Measure of global investment grade debt from 24 local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Global Treasury ex-U.S. Index: Includes government bonds issued by investment-grade counties outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

Bloomberg Barclays High Yield Municipal Bond Index: An unmanaged index made up of bonds that are non-investment grade, unrated or below Ba1 bonds.

Bloomberg Barclays Intermediate Aggregate Index: Consists of one- to 10-year governments, one- to 10-year corporate bonds, all mortgages and all asset-backed securities within the Aggregate Index.

Bloomberg Barclays Mortgage-Backed Securities Index: Covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable-rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays U.S. Aggregate Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities.

Bloomberg Barclays U.S. Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market and includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Frequently used indexes (page 2 of 5)

Bloomberg Barclays U.S. Corporate High Yield Bond Index: Measures the U.S. dollar denominated, high yield, fixed-rate corporate bond market.

Bloomberg Barclays U.S. Municipal Bond Index: Measures the investment grade, U.S. dollar-denominated, fixed tax-exempt bond market. The index includes state and local general obligation, revenue, insured and pre-refunded bonds.

Bloomberg Barclays U.S. Treasury Index: Measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index: An unmanaged index includes all publicly issued, U.S. TIPS that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

Cambridge U.S. Private Equity Index: This index is based on returns data compiled for U.S. private equity funds (including buyout, growth equity and mezzanine funds) that represent the majority of institutional capital raised by private equity partnerships formed since 1986. Returns may be delayed by up to six months. Quarterly performance is prorated based on the cube root for the months of the quarter.

Citigroup 3-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last three-month Treasury Bill issues.

Citigroup 6-Month Treasury Bills: An unmanaged index and represents monthly return equivalents of yield averages of the last six-month Treasury Bill issues.

Credit Suisse Leverage Loan Index: Represents tradable, senior-secured, U.S. dollar-denominated non-investment grade loans.

Dow Jones Industrial Average (DJIA): The price-weighted average of 30 significant U.S. stocks traded on the New York Stock Exchange and NASDAQ. The DJIA is the oldest and single most watched index in the world.

Dow Jones Select REIT Index: Measures the performance of publicly traded REITs and REIT-like securities in the U.S. and is a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate.

HFRI Indices: The Hedge Fund Research, Inc. (HFRI) indexes are a series of benchmarks designed to reflect hedge fund industry performance by constructing composites of constituent funds, as reported by the hedge fund managers listed within the HFR Database.

Frequently used indexes (page 3 of 5)

HFRI Equity Hedge Total Index: Uses the HFR (Hedge Fund Research) database and consists only of equity hedge funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

HFRI Relative Value Fixed Income Corporate Index: Uses the HFR (Hedge Fund Research) database and consists of only relative value fixed income corporate funds with a minimum of $50 million assets under management or a 12-month track record and that reported assets in U.S. dollars.

ICE BofAML 1-3 Year Corporate Index: Tracks U.S. dollar-denominated investment grade public debt issued in the U.S. bond market with maturities of one to three years.

ICE BofAML 1-5 Year Corporate and Government Index: Tracks the performance of short-term U.S. investment grade government and corporate securities with maturities between one and five years.

ICE BofAML U.S. 7-10 Year Index: Tracks the performance of U.S. dollar denominated investment grade rated corporate debt publicly issued in the U.S. domestic market and includes all securities with a remaining term to maturity of greater than or equal to seven years and less than 10 years.

ICE BofAML Global Broad Market Index: Tracks the performance of investment grade public debt issued in the major domestic and Eurobond markets, including global bonds.

ICE BofAML U.S. High Yield Master II Index: Commonly used benchmark index for high yield corporate bonds and measures the broad high yield market.

J.P. Morgan Emerging Markets Bond Index Global (EMBI Global): Tracks total returns for traded external debt instruments in the emerging markets.

London Interbank Offered Rate (LIBOR) 3-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a three-month maturity.

London Interbank Offered Rate (LIBOR) 9-months: The interest rate offered by a specific group of London banks for U.S. dollar deposits with a nine-month maturity.

MSCI All Country World Index (ACWI): Designed to measure the equity market performance of developed and emerging markets.

Frequently used indexes (page 4 of 5)

Russell 2000 Value Index: Measures companies in the Russell 2000 Index having lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

Russell 3000 Index: Measures the performance of the 3,000 largest U.S. securities based on total market capitalization.

Russell Midcap Index: Measures the 800 smallest companies in the Russell 3000 Index.

Russell Midcap Growth Index: Measures companies in the Russell Midcap Index having higher price-to-book ratios and higher forecasted growth values.

Russell Midcap Value Index: Measures companies in the Russell Midcap Index having lower price-to-book ratios and lower forecasted growth values.

MSCI All County World ex-U.S. Index (ACWI, excluding United States): Tracks the performance of stocks representing developed and emerging markets around the world that collectively comprise most foreign stock markets. U.S. stocks are excluded from the index.

MSCI EAFE Index: Includes approximately 1,000 companies representing the stock markets of 21 countries in Europe, Australasia and the Far East.

MSCI Emerging Markets (EM) Index: Designed to measure equity market performance in global emerging markets.

MSCI World Index: Tracks equity market performance of developed markets through individual country indices.

NAREIT Index: Includes REITs (Real Estate Investment Trusts) listed on the New York Stock Exchange, NASDAQ and American Stock Exchange.

NASDAQ Composite Index: A market capitalization-weighted average of roughly 5,000 stocks that are electronically traded in the NASDAQ market.

NCREIF Property Index (NPI): Measures the investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only.

Russell 1000 Index: Measures the performance of the 1,000 largest companies in the Russell 3000 Index and is representative of the U.S. large capitalization securities market.

Frequently used indexes (page 5 of 5)

Russell 1000 Growth Index: Measures companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 1000 Value Index: Measures companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. It includes the largest 1,000 firms in the Russell 3000 Index.

Russell 2000 Index: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index and is representative of the U.S. small capitalization securities market.

Russell 2000 Growth Index: Measures companies in the Russell 2000 Index having higher price-to-book ratios and higher forecasted growth values. and is representative of U.S. securities exhibiting growth characteristics. The Russell 2000 Index includes the 2,000 firms from the Russell 3000 Index with the smallest market capitalizations.

S&P 500 Index: Consists of 500 widely traded stocks that are considered to represent the performance of the U.S. stock market.

S&P Global ex-U.S. Property Index: Measures the investable universe of publicly traded property companies domiciled in developed and emerging markets excluding the United States. The companies included are engaged in real estate related activities such as property ownership, management, development, rental and investment.

S&P GSCI: A composite index of commodity sector returns, representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

S&P/Case-Shiller Home Price Indexes: A group of indexes that track changes in home prices throughout the United States. Case-Shiller produces indexes representing certain metropolitan statistical areas (MSA) as well as a national index.

Swiss Re Global Cat Bond Total Return Index: Tracks the aggregate performance of all U.S. dollar-denominated euros and Japanese yen-denominated catastrophe bonds, capturing all ratings, perils and triggers.

U.S. Dollar Index: Indicates the general international value of the U.S. dollar by averaging the exchange rates between the U.S. dollar and six major world currencies.

Wilshire 5000 Index: Composed of more than 6,700 publicly-traded U.S. companies and is designed to track the overall performance of the American stock markets.

LARM Market Update & Renewal Strategy: Insights and Expectations

Presented by: Justin Swarbrick

2/25/2025

Alliant Insurance Services
www.alliant.com

(THIS INFORMATION HAS BEEN CONSOLIDATED FROM VARIOUS INDUSTRY SOURCES)

Agenda

1 **Global Market Overview**

Analysis of current market conditions and trends

2 **LARM Property Program**

Program structure and performance analysis

3 **Renewal Strategy**

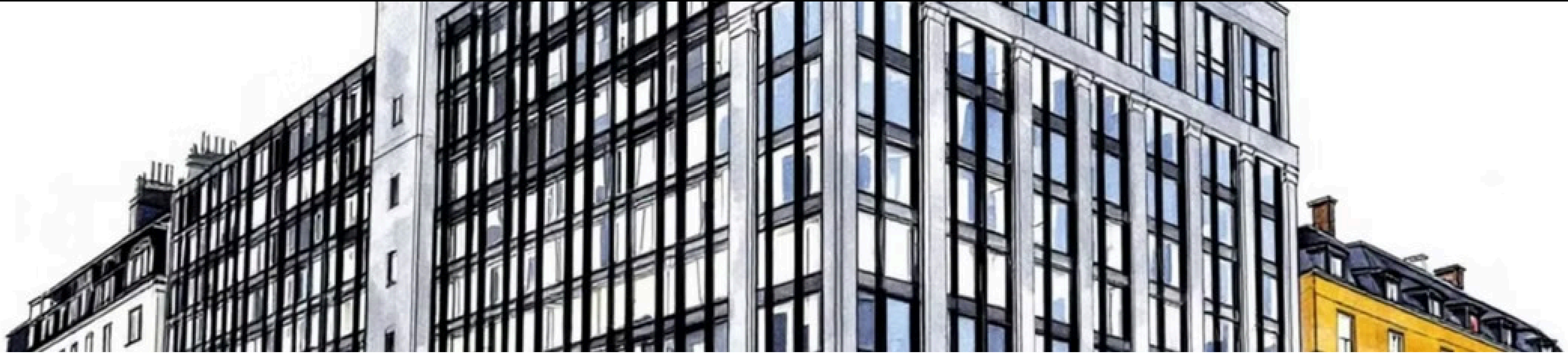
Strategic approach and recommendations

4 **Renewal Expectations**

Anticipated outcomes and key considerations

5 **Renewal Timeline**

Critical milestones and deadlines



Global Market Update

- 2024 combined ratio: **98%**
- LA / SoCal wildfires not expected to be market turning
- Reinsurance market - STABLE
- Markets looking to grow
- North American Casualty remains a key area of concern

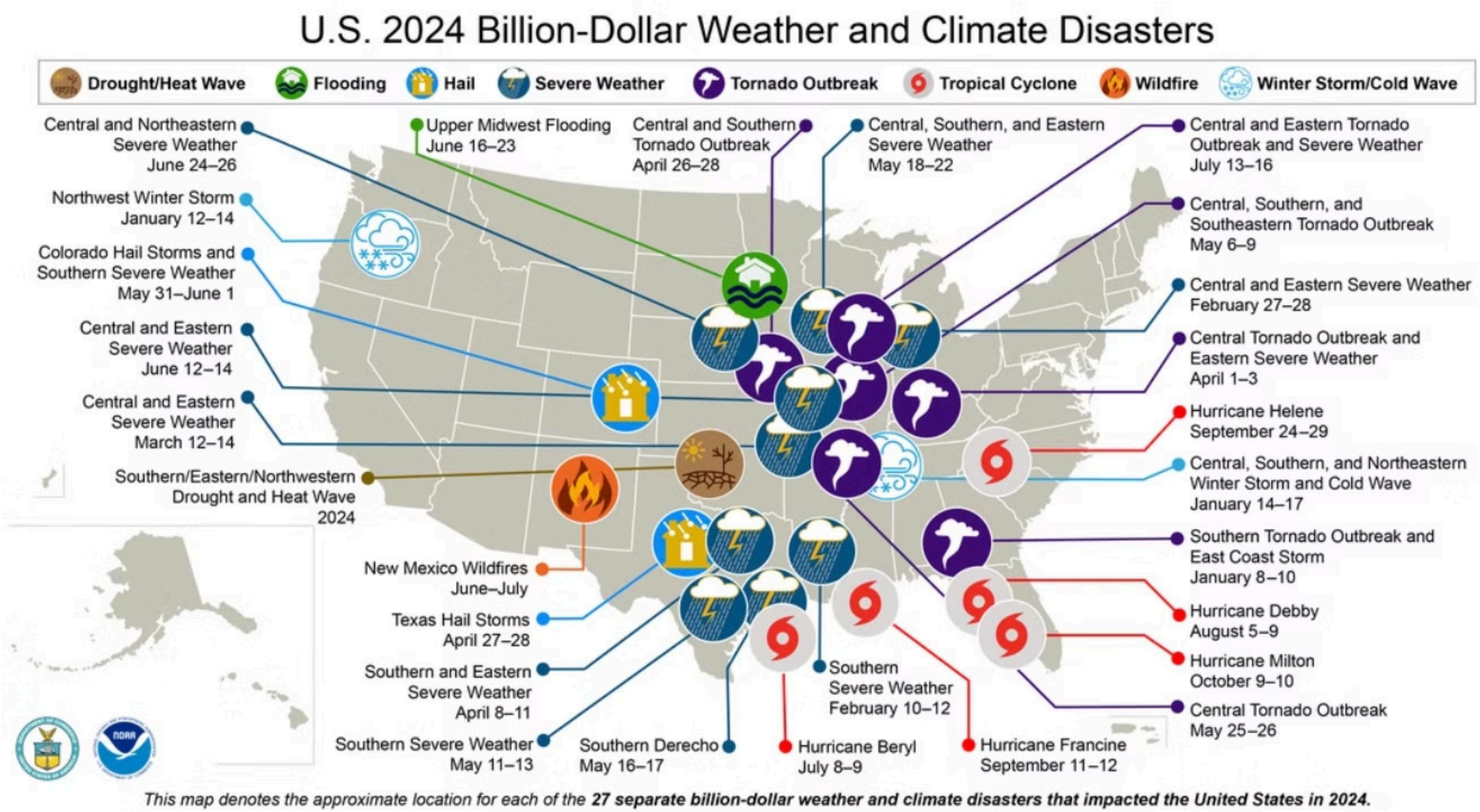
Market Update

Property

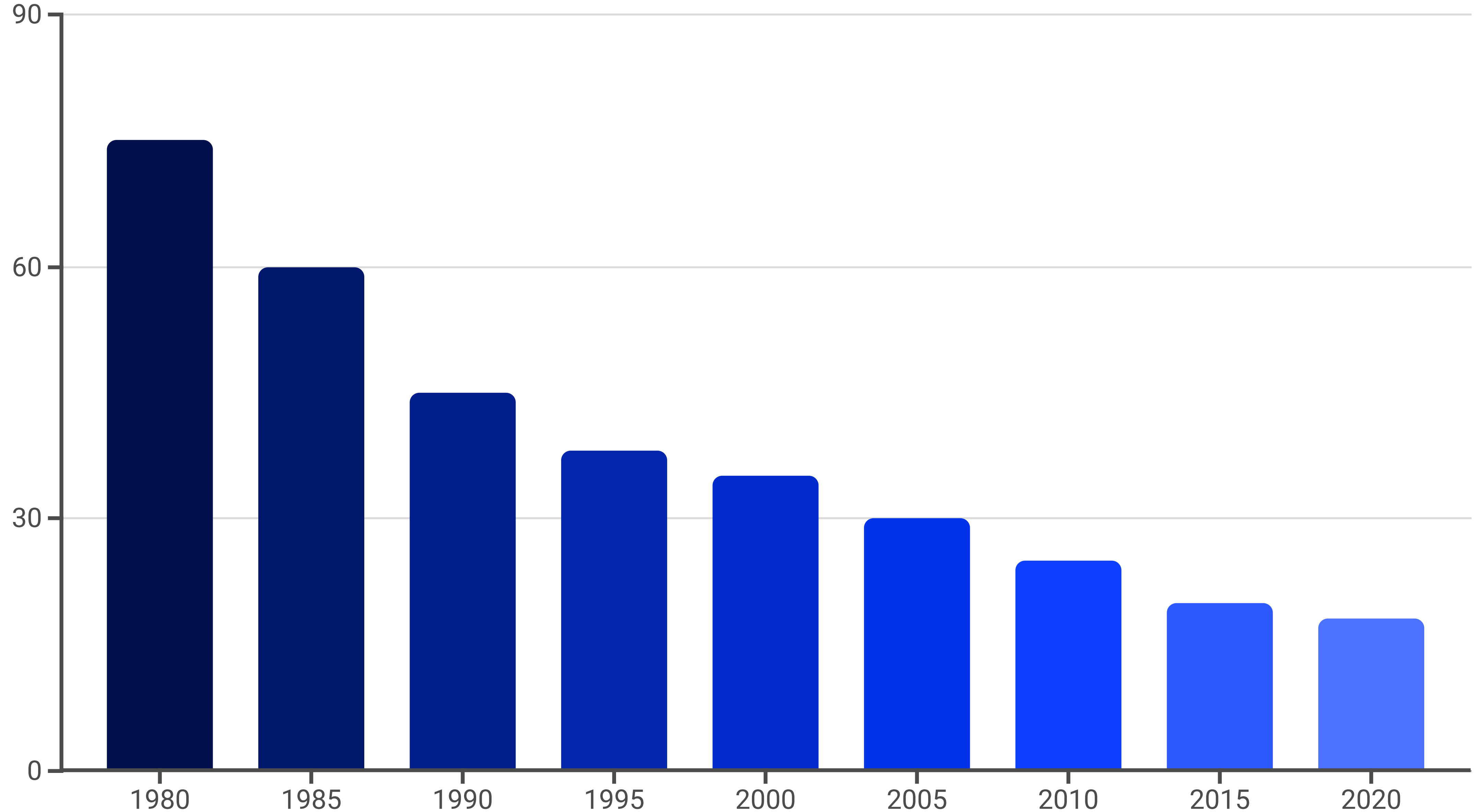
- **Rate Stabilization, Growing Capacity & Competitive Pricing** – The commercial property reinsurance market is experiencing a positive shift, with rate increases moderating and additional capacity returning. This is leading to more competitive pricing and even rate reductions, particularly for well-managed risks. This encouraging trend is creating new opportunities and a more favorable environment for insurers.
- **Improved Risk Appetite & Selective Underwriting** – Reinsurers are becoming more willing to provide coverage, especially for accounts with strong risk mitigation strategies, updated property valuations, and proactive catastrophe modeling.
- **Broader Coverage & Flexible Structuring** – With more competition re-entering the market, policyholders are seeing greater flexibility in program structuring, improved terms for natural catastrophe exposures, and expanded coverage options for certain industries.

Major U.S. Losses in 2024

Another Record-Breaking Year of $1b CAT Losses



Days between billion-dollar disasters

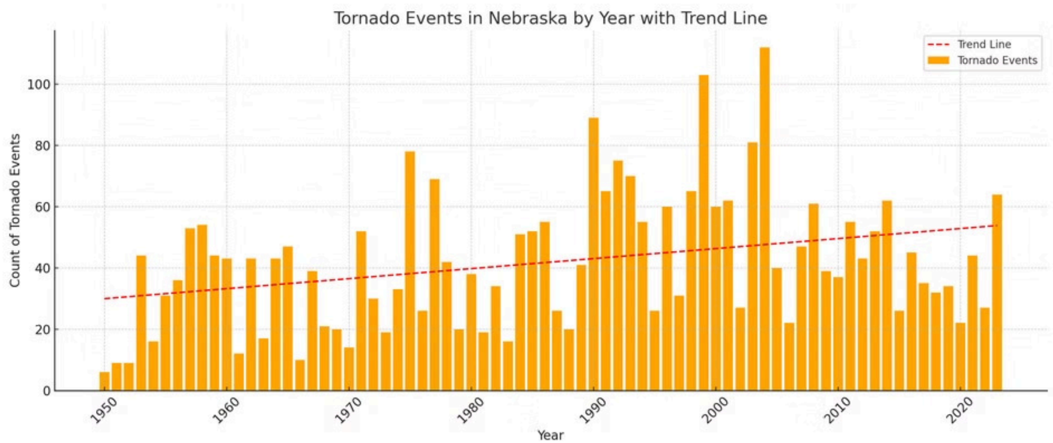


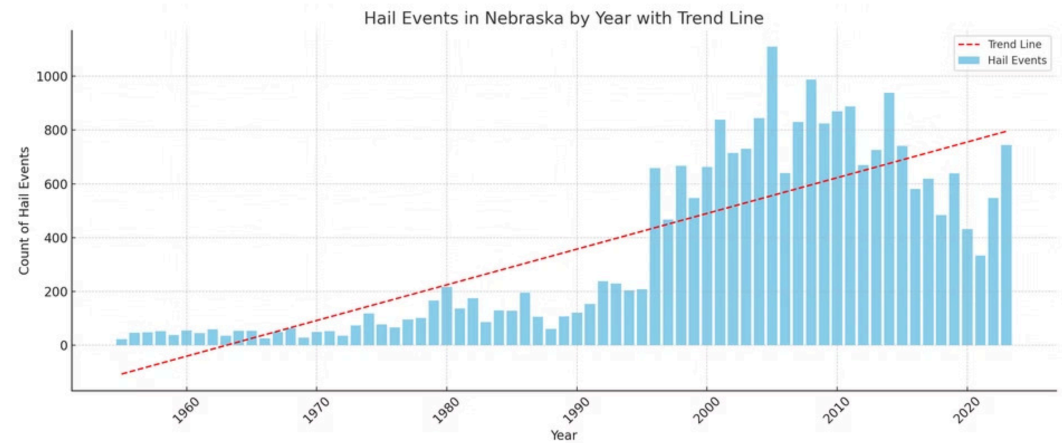
Since the 1980s, the U.S. has faced more frequent climate disasters with every passing decade. Between 2020 to 2022, the average number of days between billion-dollar disaster events within one year dropped to just **18**.

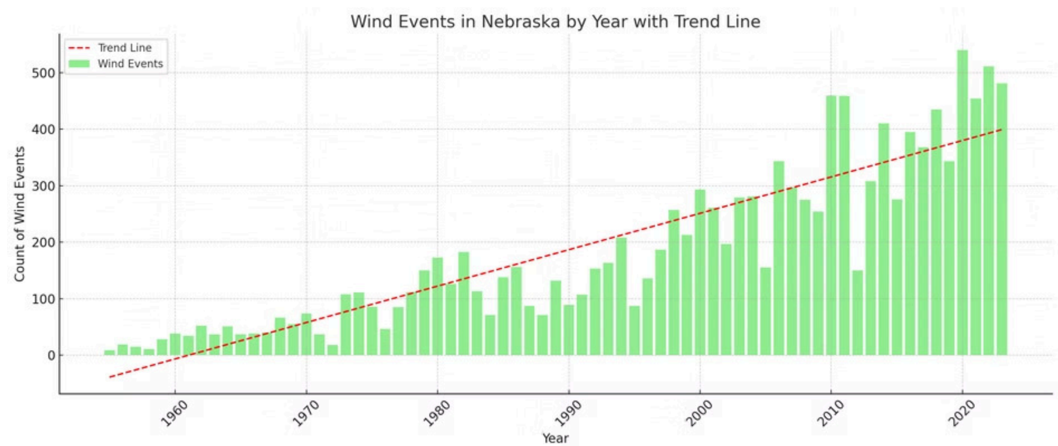
Billion-dollar disasters are events where overall damages/costs reached or exceeded $1 billion (including CPI adjustment to 2023).

Source: NOAA

Nebraska Wind / Hail / Tornado Trends







Market Update

Liability

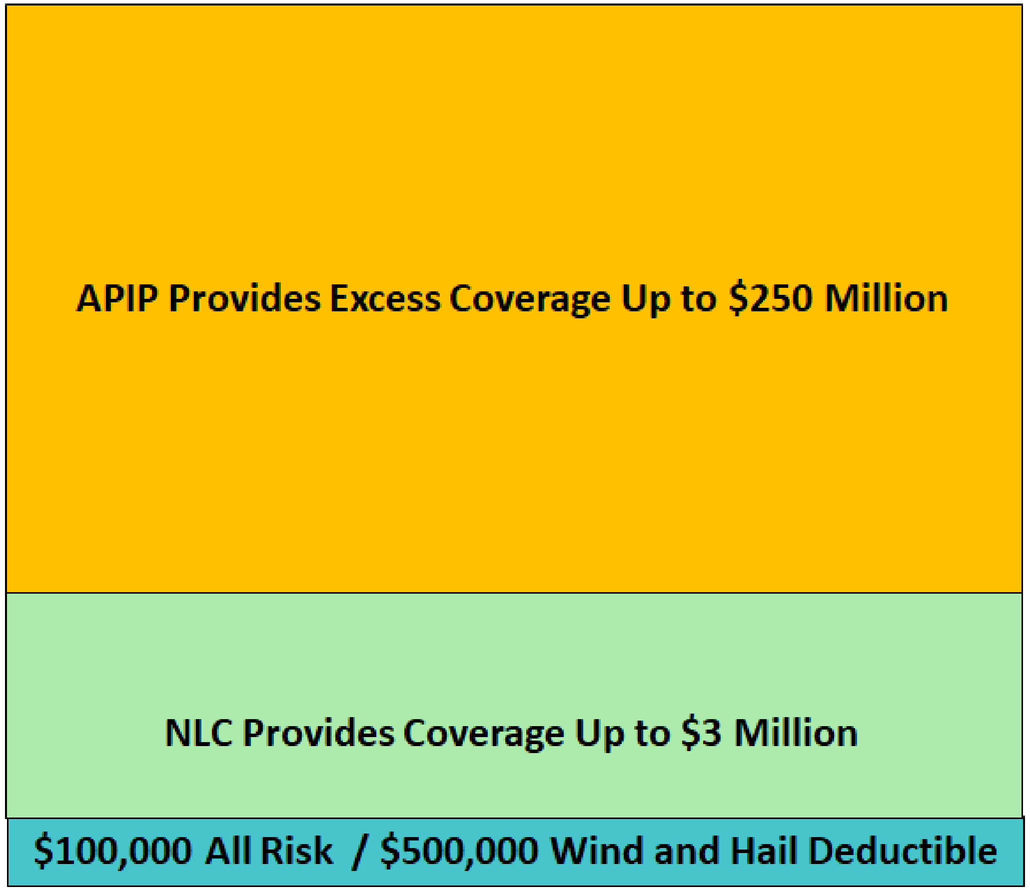
- **Rate Increases & Capacity Constraints** – The liability reinsurance market remains firm, with continued rate increases and limited capacity, particularly for higher-risk exposures.
- **Nuclear Verdicts & Social Inflation** – Large jury awards and evolving legal trends are driving up claims severity, prompting reinsurers to reassess terms and tighten underwriting criteria.
- **Increased Underwriting Scrutiny** – Reinsurers are placing greater emphasis on risk management practices, loss history, and policyholder engagement, requiring more detailed submissions and proactive mitigation strategies.
- **Program Structuring** – Many pools and cities are adjusting retentions, layering structures, and exploring alternative risk financing solutions to manage cost volatility and optimize coverage.

Market Update

Cyber Liability

- **Stabilizing Premiums & Increased Capacity** – While cyber premiums remain elevated, the market has shown signs of stabilization, with more carriers re-entering and expanding their capacity, leading to improved competition and better pricing for well-prepared insureds.
- **Enhanced Risk Differentiation** – Underwriters are taking a more nuanced approach, rewarding organizations with strong cybersecurity measures (e.g., MFA, EDR, employee training) with more favorable terms, reduced retentions, and broader coverage options.
- **Expanding Coverage Options** – As the market adjusts, some insurers are offering enhanced policy terms, including higher limits for ransomware, improved business interruption coverage, and additional support services like proactive threat monitoring and incident response assistance.

LARM Property Program



Key Renewal Points

- APIP renewal/excess coverage driven by global market
- NLC renewal driven by LARM claim history

Strategies by Line of Coverage

Property	Obtain early renewal commitments to guide our decision on whether to continue marketing efforts.
Liability	Obtain early renewal commitments to guide our decision on whether to continue marketing efforts.
Excess Workers Compensation	Negotiate continuation with MWCC.
Cyber Liability	Consider additional limits and alternative structures that could provide valuable benefits to members.

Renewal Expectations

Property - NLC	TBD
Property - APIP	Flat - 5%
Liability	7-12%
Excess Workers Compensation	Flat - 5%
Cyber Liability	Flat - 8%

Renewal Timeline

Activity	Timeframe
Renewal Strategy Discussion	February 25th
Complete submission and send to NLC and APIP, along with the Global Marketplace (if necessary)	March
Underwriter Meetings	April
Finalize Property & Cyber Renewal	Early May
Bind Renewal Coverage	Spring Board Meeting

LEAGUE ASSOCIATION OF RISK MANAGEMENT
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2024 AND 2023
(Unaudited)
AND THE YEAR ENDED SEPTEMBER 30, 2024
(Audited)

LEAGUE ASSOCIATION OF RISK MANAGEMENT

TABLE OF CONTENTS

Financial Reports & Supplemental Information

League Association of Risk Management

Balance Sheet - Statutory Basis

December 31, 2024, 2023 and September 30, 2024

Assets

	December 31 2024 (Unaudited)	December 31 2023 (Unaudited)	September 30 2024 (Audited)
Cash:			
Cash on deposit	$ 6,499,012	5,380,282	$ 3,570,754
Short-term investments	2,935,048	4,937,447	-
Total cash	9,434,060	10,317,729	3,570,754
Long-term investments	17,844,102	12,494,931	10,497,032
Accounts receivable		-	-
Premiums receivable	344,668	191,978	17,401,708
Interest receivable	106,188	27,148	68,575
Prepaid expenses	-	-	228,673
Reinsurance recoverable on paid losses	2,923,535	923,553	4,776,486
Total assets	$ 30,652,553	23,955,339	$ 36,543,228

Liabilities and Surplus

	December 31 2024 (Unaudited)	December 31 2023 (Unaudited)	September 30 2024 (Audited)
Loss reserves	$ 4,580,563	5,827,033	$ 6,318,874
Loss adjustment expenses	1,760,588	2,157,763	2,134,500
Unearned premium	13,223,517	8,467,841	17,425,736
Taxes payable	191,760	155,322	151,111
Other liabilities	408,906	227,243	1,179,577
Funds held under reinsurance treaties	25,000	25,000	25,000
Total liabilities	20,190,334	16,860,202	27,234,798
Surplus	10,462,219	7,095,137	9,308,430
Total liabilities and surplus	$ 30,652,553	23,955,339	$ 36,543,228

League Association of Risk Management

Statements of Income - Statutory Basis
For the Periods Ended December 31, 2024 and 2023
and the Year Ended September 30, 2024

	Three Months Ended		Year Ended
	December 31 2024 (Unaudited)	December 31 2023 (Unaudited)	September 30 2024 (Audited)
Revenue:			
Premiums earned, direct	$ 5,244,727	4,092,912	$ 17,001,944
Premiums earned, transferred by excess	(2,115,746)	(1,499,425)	(5,804,343)
Net premiums	3,128,981	2,593,487	11,197,601
Investment income	124,038	59,460	392,700
Miscellaneous income	556	1,039	28,110
Total revenues	3,253,575	2,653,986	11,618,411
Expenses:			
Losses incurred, direct	66,383	3,464,081	14,582,588
Losses incurred, transferred by excess	(233,072)	(1,689,671)	(9,018,551)
Net losses	(166,689)	1,774,410	5,564,037
Loss expenses incurred	(55,122)	301,240	1,057,888
Other underwriting expense incurred	2,321,597	1,953,779	4,158,636
Total expenses	2,099,786	4,029,429	10,780,561
Net income - statutory basis	$ 1,153,789	(1,375,443)	$ 837,850

League Association of Risk Management

Statement of Changes in Surplus - Statutory Basis
For the Periods Ended December 31, 2024 and 2023
and the Year Ended September 30, 2024

	Three Months Ended		Year Ended
	December 31 2024 (Unaudited)	December 31 2023 (Unaudited)	September 30 2024 (Audited)
Surplus, beginning of period	$ 9,308,430	8,470,580	$ 8,470,580
Net income - statutory basis	1,153,789	(1,375,443)	837,850
Unrealized capital gain	-	-	192,910
Change in non-admitted assets	-	-	(192,910)
Surplus, end of period	$ 10,462,219	7,095,137	$ 9,308,430

League Association of Risk Management

Statement of Cash Flows - Statutory Basis

For the Periods Ended December 31, 2024 and 2023

and the Year Ended September 30, 2024

	Three Months Ended		Year Ended
	December 31 2024 (Unaudited)	December 31 2023 (Unaudited)	September 30 2024 (Audited)
Premiums collected, net of excess insurance	$ 15,983,801	10,949,425	$ 11,301,704
Loss and loss adjustment expenses paid	(37,458)	(1,960,978)	(9,891,608)
Underwriting expense paid	(2,822,946)	(2,078,652)	(3,335,386)
Cash from underwriting	13,123,397	6,909,795	(1,925,290)
Investment Income	86,424	53,784	538,508
Other Income/(Expense)	556	1,039	28,109
Net cash from operations	13,210,377	6,964,618	(1,358,673)
Transfer in:			
Other sources	(7,347,071)	998,793	2,996,382
Transfer out:			
Other applications	-	-	(421,273)
Net change in cash and short-term investments	5,863,306	7,963,411	1,216,436
Cash and short term investments, beginning of period	3,570,754	2,354,318	2,354,318
Cash and short term investments, end of period	$ 9,434,060	10,317,729	$ 3,570,754

League Association of Risk Management

Reconciliation of Unpaid Claim Liabilities
For the Periods Ended December 31, 2024 and 2023
and the Year Ended September 30, 2024

	Three Months Ended		Year Ended
	December 31 2024 (Unaudited)	December 31 2023 (Unaudited)	September 30 2024 (Audited)
Unpaid claims and claims adjustment expenses at the beginning of period	$ 8,453,374	7,679,436	$ 7,679,436
Incurred claims and claims adjustment expenses:			
Provision for insured events of current policy year	994,070	1,594,499	7,273,871
Increase/(decrease) in provision in insured events of prior policy year	669,348	481,151	(651,946)
Total incurred claims and claims adjustment expense	1,663,418	2,075,650	6,621,925
Payments:			
Claims and claims adjustment expenses attributable to insured events of the current policy year	69,359	88,533	2,339,112
Claims and claims adjustment expenses attributable to insured events of prior policy year	3,706,282	1,681,757	3,508,875
Total payments	3,775,641	1,770,290	5,847,987
Unpaid claims at end of period	$ 6,341,151	7,984,796	$ 8,453,374