

Market Summary:

- It was another tough quarter for most asset classes as persistently high inflation, tight monetary policy and increasing recession worries resulted in negative returns. The third quarter was the third quarter in a row of negative returns across equity and bonds markets.
- U.S. large cap equities returned -4.7% as measured by the Russell 1000 Index. Growth and lower quality stocks outperformed driven by a very strong July. Small cap stocks as measured by the Russell 2000 Index returned -2.3%.
- International developed equity markets declined by -9.2% (as measured by the MSCI World ex US Index) as slowing growth took a toll. Emerging markets declined by -11.6% (as measured by the MSCI EM Index) during the quarter. A strong US dollar weighed on returns.
- Interest rates rose significantly again over the quarter with the 10-year treasury note increasing by 85 bps to 3.83%.

Investment Option Performance Summary:

- Tier I Target Date Funds experienced negative returns during the quarter given the market backdrop. From a benchmark relative perspective, the funds underperformed. Exposure to value oriented and higher quality stocks were not rewarded.
- Three out of six of the Tier II active funds outperformed their respective benchmarks in the quarter.
 - The Large Cap U.S. Equity Fund was essentially flat to the benchmark. Value exposures and an emphasis on higher quality detracted from results. The fund is outperforming on a YTD basis.
 - After several strong quarters in a row of outperformance, the Small Cap Fund underperformed with stock selection in healthcare as a primary culprit.
 - The All-International Markets Fund underperformed the benchmark during the quarter. Both the developed and emerging market segments of the portfolio underperformed. Exposures to stocks with cheaper valuations than the index was the primary source of negative returns.
 - While absolute returns were negative given the increase in rates, the fund did manage to modestly outperform the benchmark given its overweight position to credit.
 - The Investment Contract Fund continued to perform well relative to the benchmark given the portfolio's stable interest crediting rate. The Investment Contract Fund was the only Fund to deliver positive absolute returns during the quarter.
 - The Real Asset Fund outperformed in the quarter, Commodities exposure via natural gas was a key contributor to the fund's outperformance.
- Tier III passive index funds all performed as expected by tracking their respective benchmarks.

Record Keeping Fee Analysis – Greg Coffey, Russell Investments presented the annual recordkeeping fee review. Greg presented the process used to review the current fee structure, benchmarking, and market trends. Russell Investments confirms, based on the comparison of proposed fees from a Request for Information and the current fees, the current fees plan participants pay to Fidelity are competitive for the services provided. The Committee and staff saw no concerns prompting immediate action on fees at this time.

With no further items on the agenda, the meeting was adjourned.

Participants may submit comments or questions for the Deferred Compensation Committee through Stan Ichiho, of People Services & Strategies at MS B251. Please include your name and daytime phone number so the Committee may respond to your request.