CALIFORNIA 457 BENEFITS
Plan Administration & Investment Advice

Quarterly Participant Bulletin – July 2025

News & Insights:

Welcome to the CA 457 Benefits Participant Bulletin! As Costa Mesa's fiduciary third-party administrator for your deferred compensation plan, we're excited to share valuable insights to support your journey toward a secure retirement. In this and future editions, you'll find an overview of current economic and market trends, updates on investment options, performance, plan features, as well as key financial strategies to empower your planning. We welcome your feedback and look forward to helping you achieve your retirement goals.

Market Update:

What a rebound! After a turbulent yet resilient first six months of the year, we are pleasantly surprised with the resiliency of the U.S. stock market given all the geopolitical conflict going on in the world. The postponements of the Liberation Day tariffs initiated and continues to stimulate a new bull market. The U.S. economy has displayed stamina in the face of persistent monetary and fiscal policy uncertainty. The Federal Reserve is reluctant to cut rates with the economy still chugging ahead and if inflation picks up due to tariffs, this decision will most likely be pushed further down the road. Stocks like to climb a wall of worry and major indices reached the top of the wall last quarter with new all-time highs. Future gains will depend upon a positive economic backdrop with reasonable tariffs and companies meeting revenue and earnings growth expectations.

Please know that we are committed to navigating this dynamic environment through disciplined portfolio management and strategic positioning. Don't hesitate to reach out with any questions about your specific investment strategy. We are always here as a resource for you.

Notice of Fund Change:

During our latest audit of our CA 457 mutual funds, we identified and made the decision to replace two funds that have lagged relative to their peers. We are removing the Boston Partners Small Cap Value Fund and replacing it with the **Brandes Small Cap Value Fund.** The Brandes fund holds a distinguished 5-star Morningstar Gold rating, showcasing exceptional risk-adjusted returns over 1-, 3-, and 5-year periods. Anchored by the proven value investing principles of Graham and Dodd, San Diego-based Brandes Investment Partners have expertly targeted undervalued stocks for over 50 years.

We are also removing the MassMutual Mid Cap Growth Fund and replacing it with the **T. Rowe Price Diversified Mid Cap Growth Fund.** This fund has earned a 4-star Silver rating from MorningStar with consistent peer beating returns. T. Rowe Price's stock selection is based on a combination of fundamental, bottom-up analysis with top-down quantitative strategies to identify companies with superior long-term appreciation prospects. Experienced manager Don Peters, supported by T. Rowe Price's extensive research team, has managed the fund since inception.

We're thrilled to enhance our investment offerings and have plans to integrate these funds into our CA 457 Lifestyle Model Portfolios prior to our automatic quarterly model rebalancing.

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Pay Yourself First:

Did you just get a raise? If so, congratulations are in order! If you haven't yet done so, we strongly encourage you to pay yourself first by boosting your deferred compensation contributions. Increasing your retirement savings and reducing your tax hit are the cornerstones of the Plan and just make good common sense.

As a reminder, the normal (under age 50) maximum is $23,500 for 2025. If you are turning 50 or older this year, you may contribute an additional $7,500 for a total of $31,000. Additionally, new for this year, participants turning age 60, 61, 62, or 63 may contribute a maximum of $34,750. Special rules apply if you are within 3 years of PERS designated "normal retirement age". If you contributed less than your maximum in one or more of the prior calendar years in which you participated in the Plan, you can elect to make up some or all of those missed contributions up to a maximum of $47,000. Please reach out to Nick to discuss and to request a 457 Change form.

Professional Portfolio Analysis:

California 457 Benefits specializes in providing a high level of service with Certified Financial Planner™ professional advisors. Widely recognized as the gold standard for financial advisors, CFP® professionals must pass rigorous exams in multiple areas of financial planning, complete continuing education courses and adhere to strict ethics requirements. CFP® professional Nick Walker is onsite each Tuesday prior to payday to offer his advice on your deferred compensation account as well as any other brokerage accounts or inheritances. Schedule a visit with him at the Police Department or City Hall by directing your browser to our website: https://ca457.com/schedule, or call 800-770-0457. Co-worker referrals are always appreciated. Email nick@walkerfinancial.com with any questions regarding your account.

PERFORMANCE REPORT

California 457 Plan	2nd Quarter Total Return	Year-To-Date Total Return	One Year	Three Year	Five Year
			Average Annual Rate of Return Thru 6/30/2025		
Lifestyle Model Portfolios					
Conservative Allocation (20/80)	2.75%	4.23%	7.05%	6.28%	5.31%
Moderate Conservative Allocation (40/60)	3.57%	4.42%	7.17%	7.45%	6.56%
Balanced Allocation (50/50)	3.97%	4.43%	7.36%	8.07%	7.61%
Moderate Growth Allocation (60/40)	4.49%	4.55%	7.52%	8.71%	8.49%
Growth Allocation (80/20)	5.48%	4.71%	7.74%	9.92%	10.08%
Maximum Growth Allocation (100/0)	6.31%	4.76%	7.63%	11.00%	11.76%

Performance is based on reinvested income and capital gain distributions plus or minus any change in principal value for the respective periods ended June 30, 2025. Individual results may vary depending on timing of deposits. Results shown are not a guarantee of future performance, and account values at the time of redemption may be worth more or less than cash invested. Returns do not reflect the deduction of CA 457's net annual asset management fee equivalent to 0.34% nor the 0.026% annual rate paid to the independent 3rd party consultant hired by the City's Deferred Compensation Committee.