

Hampton Roads Sanitation District
Qtrly Performance Report
For the Quarter Ending December 31, 2024

Total Portfolio Summary

Operating Strategies	December 31, 2024	September 30, 2024
Primary Source	\$ 266,057,260	\$ 238,278,041
Secondary Source	67,710,123	67,753,845
	\$ 333,767,383	\$ 306,031,886

Primary Source Summary

The Primary Source Portfolio consists of BAML Corp Disbursement Account \$46.95m and VaCo/VML VIP Stable NAV Liquidity Pool \$219.10m. BAML Corp Disbursement Account returned 0.55% for the quarter ending December 31, 2024. VIP LIQ Pool Fund 30 Day Avg Net Yield was 4.67% as of December 31, 2024. VIP Stable NAV Liquidity Pool performed 0.05% above to the Va Local Government Investment Pool's (the market benchmark) in the month of December 2024. VaCo/VML VIP Stable NAV Liquidity Pool's weighted average credit rating was A-1 for the quarter.

Secondary Source Summary

The Secondary Source Portfolio consists of VaCo/VML VIP 1-3 Year High Quality Bond Fund. VIP 1-3 Year High Quality Bond Fund's Yield to Maturity at Market was 4.26% in December, which was 0.02% below the ICE BofA ML 1-3 yr AAA-AA Corp/Gov Index (the market benchmark) performance. The weighted average credit rating for VaCo/VML VIP 1-3 Year High Quality Bond Fund's portfolio was AA for the quarter.

Retirement Health Plan Trust	December 31, 2024	September 30, 2024
Investment Assets	78,798,369	79,999,099
Liquidity Assets	50,759	50,180
Combined Assets	\$ 78,849,128	\$ 80,049,279

Retiree Health Plan Trust Summary

The Retiree Health Plan Trust portfolio returned -1.5% (investment assets) for the quarter ended December 31, 2024, on par with the -1.5% return of the Blended Benchmark. Fixed-income markets traded lower during the quarter on the back of the Fed's ongoing policy actions. Short term Treasury yields fell while longer term yields rose, leading to a slight steepening in the yield curve. The yield on the bellwether 10-year Treasury advanced by 0.84% during the quarter, closing the year at a yield of 4.58%. The inverse relationship between prices and yields resulted in the Bloomberg US Aggregate Bond Index posting a -3.1% loss for the quarter. US equity results were modestly higher for the quarter. Markets also saw a return to the narrowly focused technology and communication services company exuberance which has dominated domestic performance in recent years. The S&P 500 Index rose 2.4% for the quarter with the small-cap Russell 2000 Index managing just a 0.3% rise. The rotation away from large cap growth stocks during the third quarter seemed to reverse as the Russell 1000 Growth Index once again outpaced the Russell 1000 Value Index by a large margin. Strength in the US Dollar during the quarter led to relative weakness in international markets. Many of the major currencies depreciated relative to the US Dollar as the year came to a close. Latin America saw the most significant decline during the period while the Pacific region was the only region to post positive LCL returns. The AI trade that has taken shape for much of the past two years continued in 2024 with the communication services and information technology sectors each posting gains of more than 35% for the year. This phenomenon contributed to narrow market leadership particularly within the large-cap segment of the market.