



## **WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND**

THIRD QUARTER 2023 PORTFOLIO REVIEW

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# STABLE VALUE PORTFOLIO REVIEW - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

Third Quarter 2023

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*The information contained in this report is for informational purposes only. It is intended to provide a summary of portfolio performance and characteristics, and an accounting based view of transactions and holdings. This is a standardized report and is not intended to be used for compliance purposes. Individual portfolio compliance requirements may not be captured in this report.*

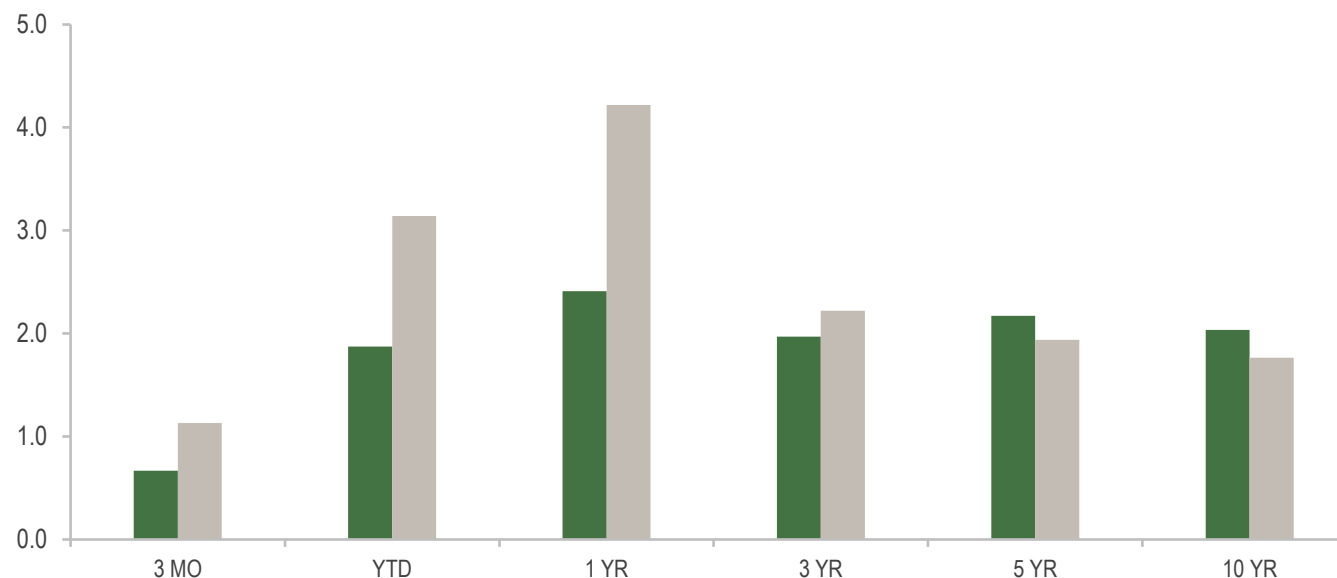
**STABLE VALUE PORTFOLIO REVIEW - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND**

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# STABLE VALUE PORTFOLIO REVIEW - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

Third Quarter 2023

## ANNUALIZED INVESTMENT PERFORMANCE AS OF 9/30/23<sup>1</sup>



	3 Mo.	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
■ Portfolio (net of all fees - NAV level) <sup>2</sup>	0.67	1.87	2.41	1.97	2.17	2.03
■ Linked Benchmark <sup>3</sup>	1.13	3.14	4.22	2.22	1.94	1.76
<b>Value Added (net of all fees - NAV level)<sup>4</sup></b>	<b>(0.46)</b>	<b>(1.27)</b>	<b>(1.81)</b>	<b>(0.25)</b>	<b>0.23</b>	<b>0.27</b>

1: Returns for periods of less than one year are not annualized.

2: Returns are net of all fees, including book value contract fees, Galliard investment management fees, and, if applicable, external manager fees, collective fund administrative fees, and plan administrative reimbursement.

3: Linked benchmark: 3 Year Constant Maturity Treasury Yield; Prior to 11/1/15 was the 5 Year Constant Maturity Treasury Yield.

4: May not add due to rounding.

# STABLE VALUE PORTFOLIO REVIEW - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

Third Quarter 2023

## WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

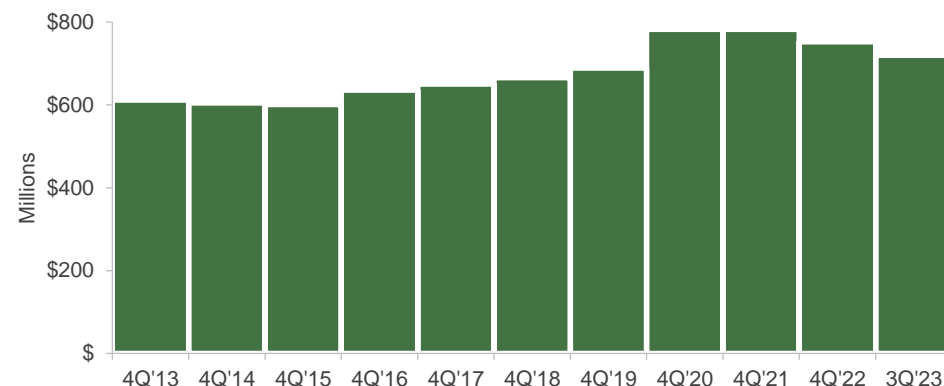
### ACCOUNT SUMMARY

<b>Benchmark</b>	3 Year Constant Maturity Treasury Yield
<b>Galliard Inception Date</b>	July 1, 1998
<b>Net Asset Value</b>	\$719,998,262

### PORTFOLIO CHARACTERISTICS

	Portfolio 6/30/23	Portfolio 9/30/23
<b>Average Quality - Book Value<sup>1</sup></b>	A+	A+
<b>Average Quality - Market Value<sup>2</sup></b>	AA	AA
<b>Number of Contract Issuers</b>	5	5
<b>Blended Yield (after all fees)<sup>3</sup></b>	2.56%	2.71%
<b>Yield to Maturity</b>	5.40%	5.78%
<b>Effective Duration</b>	3.02 years	3.00 years
<b>Market/Book Value Ratio</b>	92.94%	91.81%

## HISTORICAL FUND ASSETS



### PORTFOLIO DISTRIBUTION

	% Portfolio 6/30/23	% Portfolio 9/30/23
<b>Liquidity Buffer: Cash &amp; Equivalents<sup>4</sup></b>	1.5	1.3
<b>Short Portfolio</b>	41.2	41.8
<b>Intermediate Portfolio</b>	57.3	57.0
<b>Total</b>	<b>100.0%<sup>5</sup></b>	<b>100.0%<sup>5</sup></b>

1: Average holdings quality of the contracts and other book value assets in the portfolio. The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

2: Average holdings quality of the underlying assets of the portfolio. The Weighted Average Quality of the portfolio has NOT been assessed by a nationally recognized statistical rating organization. The Weighted Average Quality shown represents an average quality of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch.

3: Blended Yield is net of all fees, including book value contract fees, Galliard investment management fees, and, if applicable, external manager fees, collective fund administrative fees, and plan administrative reimbursement.

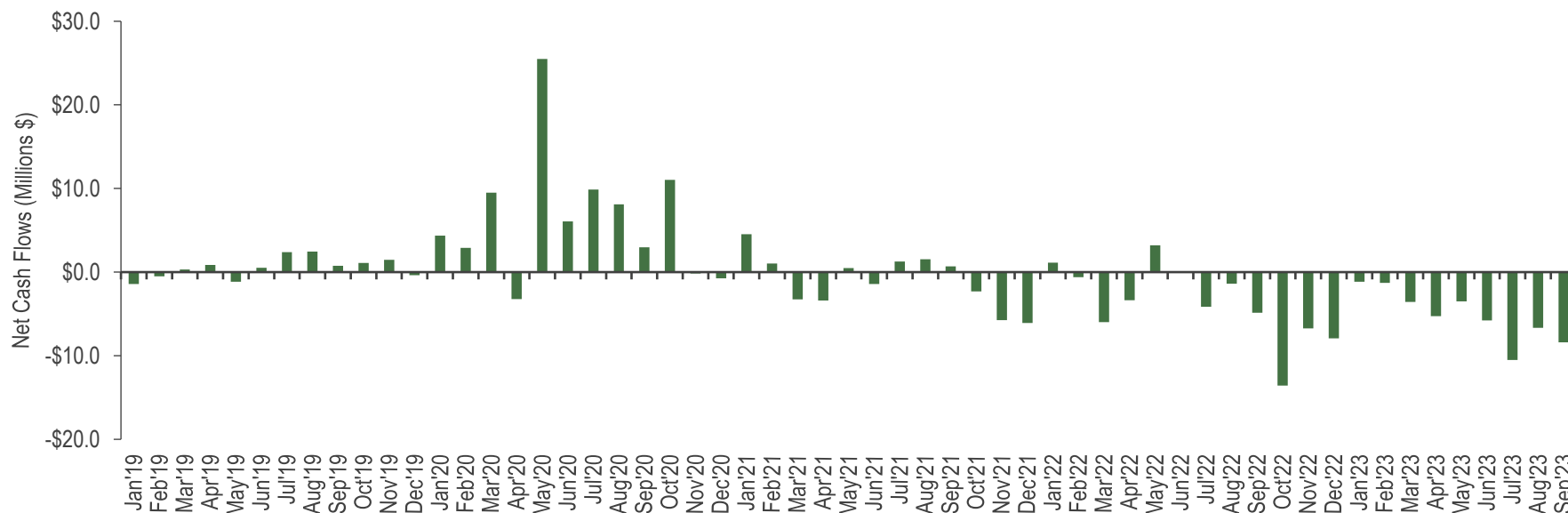
4: Includes Receivables and Payables.

5: Total % of portfolio may not add to 100% due to rounding.

# STABLE VALUE PORTFOLIO REVIEW - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

Third Quarter 2023

## HISTORICAL CASHFLOWS



	2019	2020	2021	2022	1Q'23	2Q'23	3Q'23	2023 YTD
Beginning Assets	\$665.7	\$689.2	\$782.1	\$782.7	\$752.4	\$750.6	\$740.7	\$752.4
Net Cash Flow (\$) <sup>1</sup>	\$6.4	\$76.1	-\$12.7	-\$44.2	-\$6.0	-\$14.5	-\$25.6	-\$46.1
Net Cash Flow (%)	0.96%	11.04%	-1.62%	-5.65%	-0.80%	-1.94%	-3.45%	-6.13%
Estimated Investment Earnings	\$17.1	\$16.9	\$13.3	\$13.8	\$4.3	\$4.6	\$4.8	\$13.8
Ending Assets <sup>2</sup>	\$689.2	\$782.1	\$782.7	\$752.4	\$750.6	\$740.7	\$720.0	\$720.0

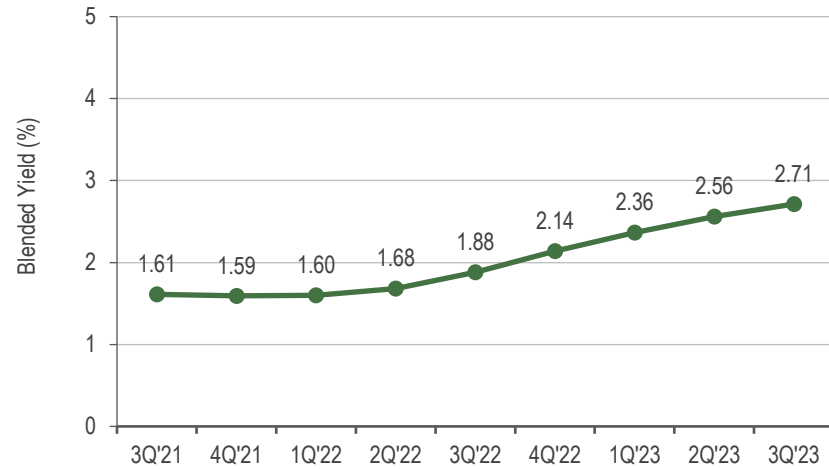
1: Contributions, Withdrawals and Investment Transfers

2: Cashflows may not net to final assets due to rounding.

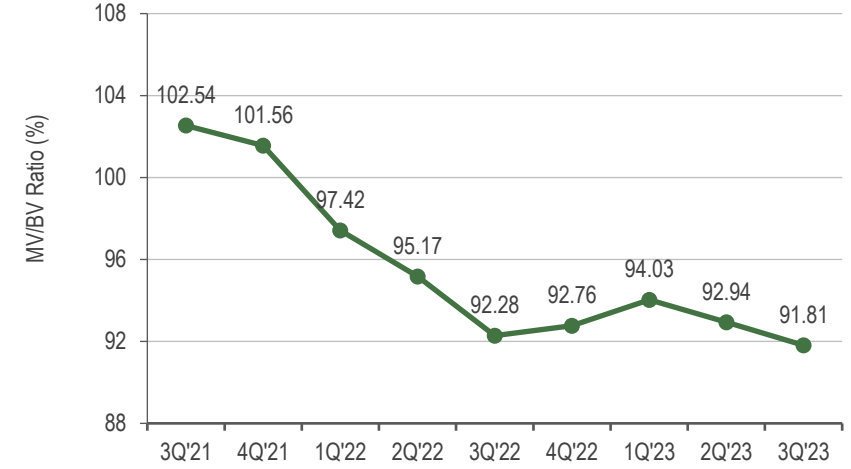
# STABLE VALUE PORTFOLIO REVIEW - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

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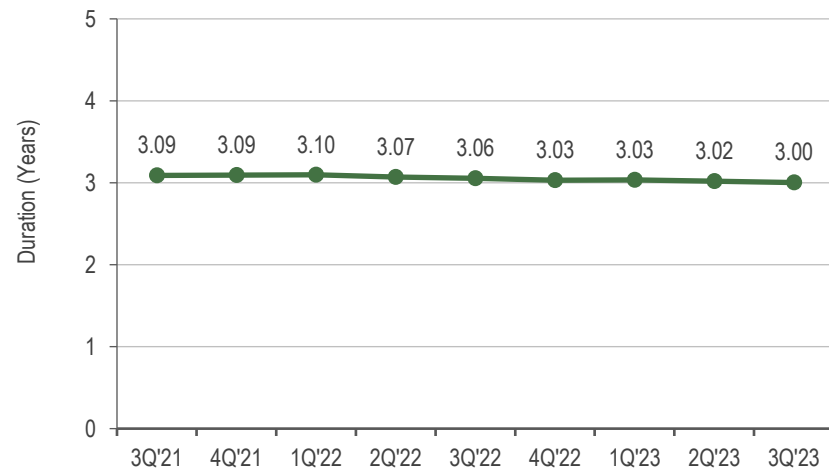
### HISTORICAL BLENDED YIELD<sup>1</sup>



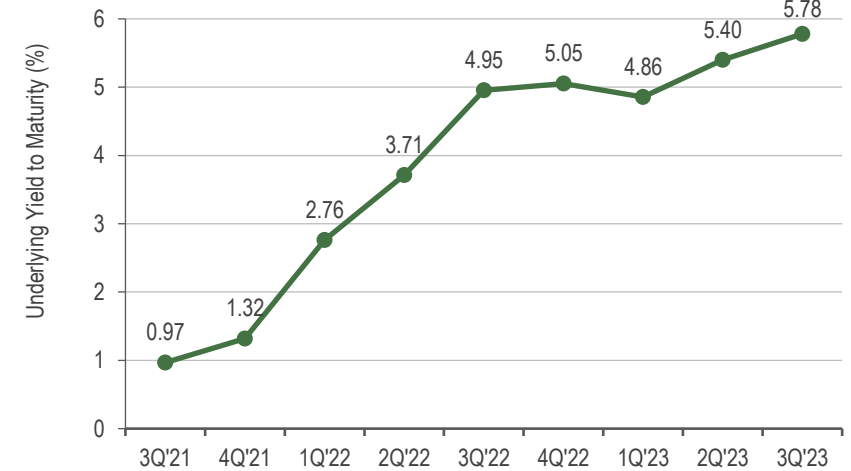
### HISTORICAL MARKET VALUE TO BOOK VALUE RATIO



### HISTORICAL DURATION



### HISTORICAL UNDERLYING YIELD TO MATURITY



<sup>1</sup>: Blended Yield is net of all fees, including book value contract fees, Galliard investment management fees, and, if applicable, external manager fees, collective fund administrative fees, and plan administrative reimbursement.

# STABLE VALUE PORTFOLIO REVIEW - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

Third Quarter 2023

## CONTRACT ISSUER DISTRIBUTION & RATING SUMMARY<sup>1</sup>

	Contract Type <sup>2</sup>	% Portfolio 6/30/23	% Portfolio 9/30/23	Rating 6/30/23	Rating 9/30/23	Wrap fees (bps) 9/30/23
American General Life Ins. Co.	SBIC	19.8	19.8	A+	A+	15
Nationwide Life Ins. Co.	SBIC	20.0	20.1	A+	A+	15
Prudential Ins. Co. of America	SBIC	19.8	19.9	AA-	AA-	15
Transamerica Life Ins. Co.	SBIC	21.7	21.7	A+	A+	15
Voya Ret. Ins. and Annuity Co.	SBIC	17.2	17.2	A	A	15

1: The quality rating shown represents the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings.

2: SBIC = Security Backed Investment Contract. SAGIC = Separate Account GIC



# STABLE VALUE PORTFOLIO REVIEW - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

Third Quarter 2023

## MANAGER DISTRIBUTION

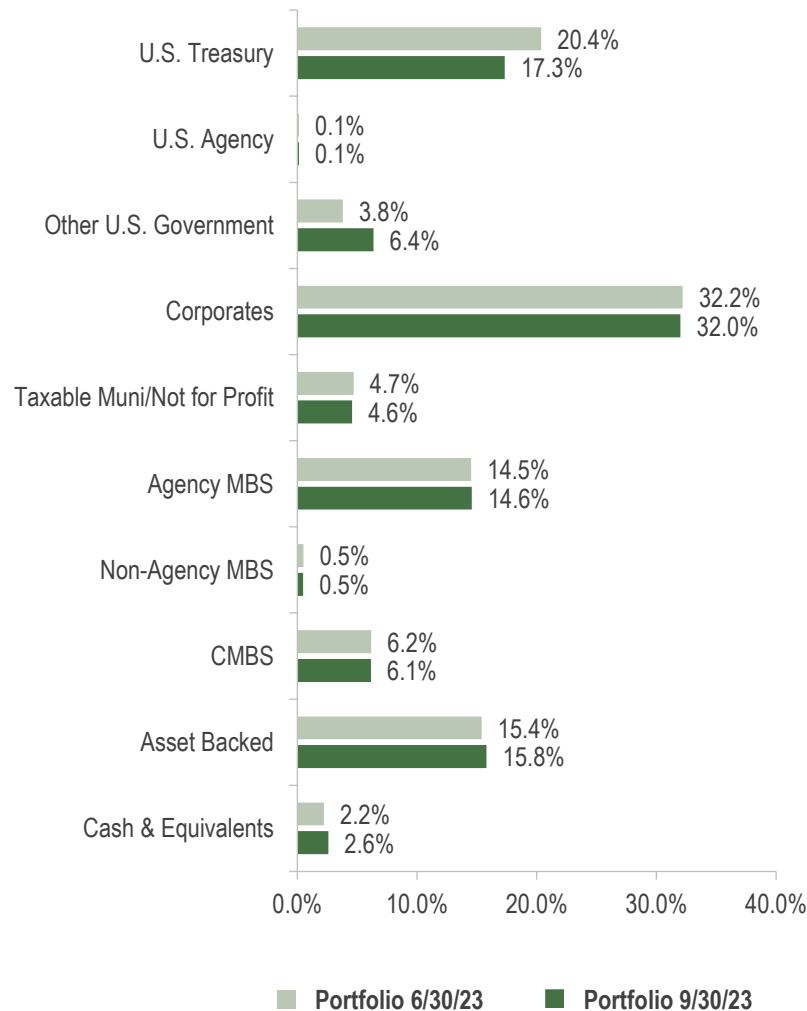
	Strategy	Benchmark	% of Portfolio 6/30/23	% of Portfolio 9/30/23
Liquidity Buffer: Cash & Equivalents	STIF/Money Market		1.5	1.3
Galliard	Short	Bloomberg U.S. 1-3 Year Government/Credit Bond Index	41.2	41.8
Galliard	Intermediate	Bloomberg U.S. Intermediate Government/Credit Bond Index	27.9	27.8
Dodge & Cox	Intermediate	Bloomberg U.S. Intermediate Aggregate Bond Index	10.0	9.9
Jennison Assoc.	Intermediate	Bloomberg U.S. Intermediate Government/Credit Bond Index	9.3	9.3
TCW	Intermediate	Bloomberg U.S. Intermediate Government/Credit Bond Index	10.0	9.9
Total			100% <sup>1</sup>	100% <sup>1</sup>

<sup>1</sup>: Total % of portfolio may not add to 100% due to rounding.

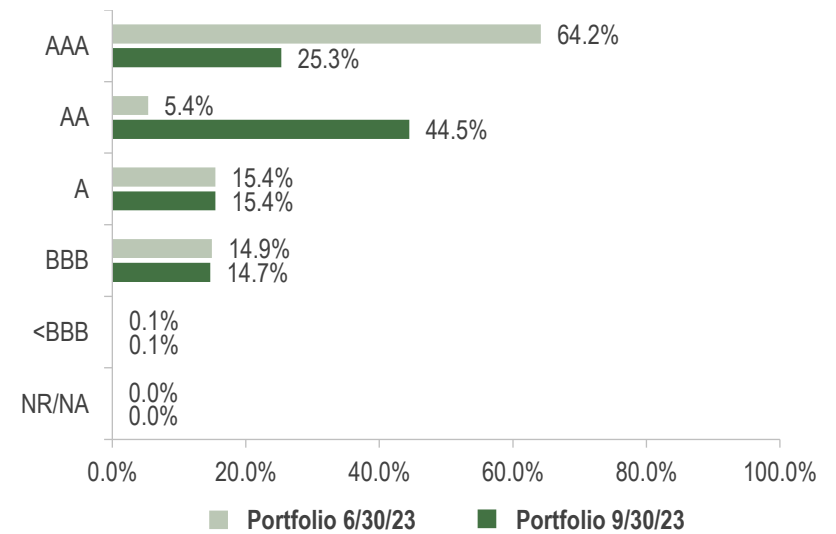
# STABLE VALUE PORTFOLIO REVIEW - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

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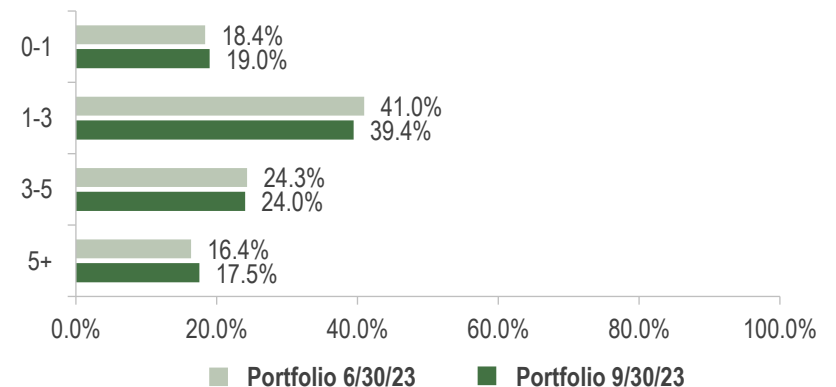
## UNDERLYING FIXED INCOME ASSET ALLOCATION<sup>1</sup>



## UNDERLYING QUALITY DISTRIBUTION<sup>1</sup>



## UNDERLYING DURATION DISTRIBUTION



<sup>1</sup>: Market Value. Total % of portfolio may not add to 100% due to rounding. The holdings and the securities are classified using Galliard's analytics methodology. The quality distribution shown represents the distribution of the individual holdings' Composite Ratings, as rated by S&P, Moody's and Fitch. Ratings shown as NR/NA are not rated or not available security ratings. Distributions represent the portfolio positions for reporting purposes only. Investment guideline compliance is reported in the appendix or separately through your Galliard relationship manager.

## WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND PORTFOLIO TRANSACTIONS

Period: 7/1/2023 - 9/30/2023

Asset ID	Security Description	Book Value	Settle Date	Galliard Composite Rating
<b>PURCHASES</b>				
01988T803	Short-Term Investment Fund II	6,000,000	7/12/2023	AAA
01988T803	Short-Term Investment Fund II	6,000,000	7/26/2023	AAA
01988T803	Short-Term Investment Fund II	5,750,000	8/16/2023	AAA
01988T803	Short-Term Investment Fund II	6,000,000	9/20/2023	AAA
<b>TOTAL PURCHASES</b>		<b>23,750,000</b>		

## WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND PORTFOLIO TRANSACTIONS

Period: 7/1/2023 - 9/30/2023

Asset ID	Security Description	Book Value	Settle Date	Galliard Composite Rating
<b>SALES</b>				
946996EP6	American General Life Ins. Co.	1,206,000	7/12/2023	A+
896994DP2	Nationwide Life Ins. Co.	1,219,000	7/12/2023	A+
744999ZU0	Prudential Ins. Co. of America	1,208,000	7/12/2023	AA-
600996CC4	Transamerica Life Ins. Co.	1,321,000	7/12/2023	A+
75999UNG9	Voya Ret. Ins. and Annuity Co.	1,046,000	7/12/2023	A
946996EP6	American General Life Ins. Co.	1,206,000	7/26/2023	A+
896994DP2	Nationwide Life Ins. Co.	1,219,000	7/26/2023	A+
744999ZU0	Prudential Ins. Co. of America	1,207,000	7/26/2023	AA-
600996CC4	Transamerica Life Ins. Co.	1,322,000	7/26/2023	A+
75999UNG9	Voya Ret. Ins. and Annuity Co.	1,046,000	7/26/2023	A
946996EP6	American General Life Ins. Co.	1,155,000	8/16/2023	A+
896994DP2	Nationwide Life Ins. Co.	1,168,000	8/16/2023	A+
744999ZU0	Prudential Ins. Co. of America	1,157,000	8/16/2023	AA-
600996CC4	Transamerica Life Ins. Co.	1,268,000	8/16/2023	A+
75999UNG9	Voya Ret. Ins. and Annuity Co.	1,002,000	8/16/2023	A
946996EP6	American General Life Ins. Co.	1,206,000	9/20/2023	A+
896994DP2	Nationwide Life Ins. Co.	1,219,000	9/20/2023	A+
744999ZU0	Prudential Ins. Co. of America	1,207,000	9/20/2023	AA-
600996CC4	Transamerica Life Ins. Co.	1,322,000	9/20/2023	A+
75999UNG9	Voya Ret. Ins. and Annuity Co.	1,046,000	9/20/2023	A
<b>TOTAL SALES</b>		<b>23,750,000</b>		

# WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND PORTFOLIO HOLDINGS

September 30, 2023

Asset ID	Security Description	Manager	Book Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Crediting Rate (%) <sup>1</sup>	UCA Yield (%)	Effective Duration (yrs)	Galliard Composite Rating	Wrap Fees (bps)
<b>LIQUIDITY BUFFER</b>											
	Cash Receivable / (Payable)		-396,396	-396,396	100.0	-0.1	5.49	5.49	0.10	AAA	
01988T803	Short-Term Investment Fund II		9,508,125	9,508,125	100.0	1.3	5.49	5.49	0.10	AAA	
<b>TOTAL LIQUIDITY BUFFER</b>			9,111,729	9,111,729	100.0	1.3	5.49	5.49	0.10	AAA	
<b>SHORT PORTFOLIO</b>											
946996EP6	American General Life Ins. Co.	Galliard	60,220,216	55,318,181	91.9	8.4	2.79	5.93	1.83	A+	15.0
896994DP2	Nationwide Life Ins. Co.	Galliard	61,091,991	55,923,745	91.5	8.5	2.67	5.93	1.83	A+	15.0
744999ZU0	Prudential Ins. Co. of America	Galliard	60,701,098	55,597,074	91.6	8.4	2.75	5.93	1.83	AA-	15.0
600996CC4	Transamerica Life Ins. Co.	Galliard	66,218,549	60,781,761	91.8	9.2	2.75	5.93	1.83	A+	15.0
75999UNG9	Voya Ret. Ins. and Annuity Co.	Galliard	52,549,401	48,213,135	91.7	7.3	2.81	5.93	1.83	A	15.0
<b>TOTAL SHORT PORTFOLIO</b>			300,781,255	275,833,896	91.7	41.8	2.75	5.93	1.83	A+	

1: Crediting rates are net of wrap fees and any other fees being netted out of the rates.

# WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND PORTFOLIO HOLDINGS

September 30, 2023

Asset ID	Security Description	Manager	Book Value (\$)	Market Value (\$)	Market/Book Value Ratio (%)	% of Portfolio	Crediting Rate (%) <sup>1</sup>	UCA Yield (%)	Effective Duration (yrs)	Galliard Composite Rating	Wrap Fees (bps)
<b>INTERMEDIATE PORTFOLIO</b>											
946996EP6	American General Life Ins. Co.	Galliard	39,947,796	36,695,972	91.9	5.5	2.79	5.82	3.77	A+	15.0
946996EP6	American General Life Ins. Co.	TCW	14,511,590	13,330,320	91.9	2.0	2.79	5.42	4.18	A+	15.0
946996EP6	American General Life Ins. Co.	Dodge & Cox	14,519,919	13,337,971	91.9	2.0	2.79	5.86	4.32	A+	15.0
946996EP6	American General Life Ins. Co.	Jennison Assoc.	13,391,080	12,301,022	91.9	1.9	2.79	5.28	3.78	A+	15.0
896994DP2	Nationwide Life Ins. Co.	Dodge & Cox	14,084,765	12,893,225	91.5	2.0	2.67	5.86	4.32	A+	15.0
896994DP2	Nationwide Life Ins. Co.	Galliard	44,772,722	40,985,050	91.5	6.2	2.67	5.82	3.77	A+	15.0
896994DP2	Nationwide Life Ins. Co.	Jennison Assoc.	10,662,515	9,760,490	91.5	1.5	2.67	5.28	3.78	A+	15.0
896994DP2	Nationwide Life Ins. Co.	TCW	14,083,634	12,892,190	91.5	2.0	2.67	5.42	4.18	A+	15.0
744999ZU0	Prudential Ins. Co. of America	Dodge & Cox	14,539,063	13,316,553	91.6	2.0	2.75	5.86	4.32	AA-	15.0
744999ZU0	Prudential Ins. Co. of America	Galliard	38,862,240	35,594,526	91.6	5.4	2.75	5.82	3.77	AA-	15.0
744999ZU0	Prudential Ins. Co. of America	Jennison Assoc.	14,622,817	13,393,264	91.6	2.0	2.75	5.28	3.78	AA-	15.0
744999ZU0	Prudential Ins. Co. of America	TCW	14,521,118	13,300,116	91.6	2.0	2.75	5.42	4.18	AA-	15.0
600996CC4	Transamerica Life Ins. Co.	TCW	15,312,562	14,055,344	91.8	2.1	2.75	5.42	4.18	A+	15.0
600996CC4	Transamerica Life Ins. Co.	Dodge & Cox	16,029,412	14,713,339	91.8	2.2	2.75	5.86	4.32	A+	15.0
600996CC4	Transamerica Life Ins. Co.	Galliard	43,227,449	39,678,316	91.8	6.0	2.75	5.82	3.77	A+	15.0
600996CC4	Transamerica Life Ins. Co.	Jennison Assoc.	15,743,903	14,451,271	91.8	2.2	2.75	5.28	3.78	A+	15.0
75999UNG9	Voya Ret. Ins. and Annuity Co.	Dodge & Cox	12,109,369	11,110,129	91.7	1.7	2.81	5.86	4.32	A	15.0
75999UNG9	Voya Ret. Ins. and Annuity Co.	Galliard	33,665,860	30,887,823	91.7	4.7	2.81	5.82	3.77	A	15.0
75999UNG9	Voya Ret. Ins. and Annuity Co.	Jennison Assoc.	12,437,534	11,411,214	91.7	1.7	2.81	5.28	3.78	A	15.0
75999UNG9	Voya Ret. Ins. and Annuity Co.	TCW	13,059,932	11,982,254	91.7	1.8	2.81	5.42	4.18	A	15.0
<b>TOTAL INTERMEDIATE PORTFOLIO</b>			<b>410,105,277</b>	<b>376,090,388</b>	<b>91.7</b>	<b>57.0</b>	<b>2.75</b>	<b>5.67</b>	<b>3.94</b>	<b>A+</b>	
<b>TOTAL PORTFOLIO</b>			<b>719,998,262</b>	<b>661,036,013</b>	<b>91.8</b>	<b>100.0</b>	<b>2.79</b>	<b>5.78</b>	<b>3.00</b>	<b>A+</b>	

1: Crediting rates are net of wrap fees and any other fees being netted out of the rates.



# MARKET REVIEW

## THIRD QUARTER 2023

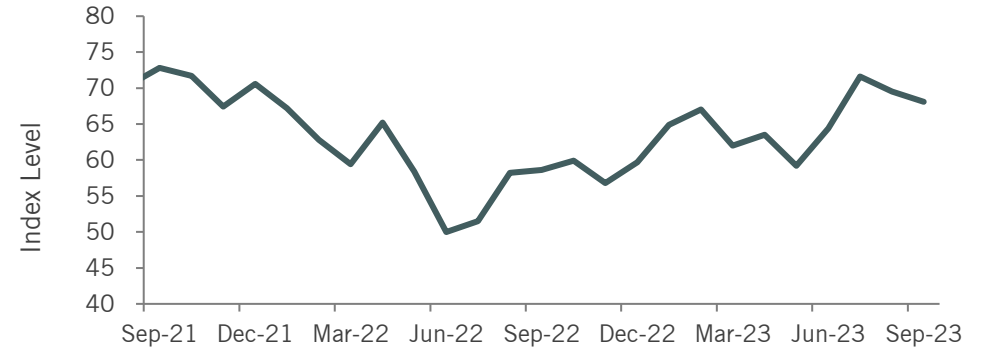
### “NO LANDING” SCENARIO GAINS FAVOR...

- Perhaps the biggest story of the quarter is the precipitous selloff in interest rates that started right around the Fed meeting in July. Most interestingly, the bulk of the selloff was in real rates and not inflation expectations. It feels counterintuitive that interest rates are selling off in such a fashion along with the Fed nearing the end of a tightening cycle: historically, rates tend to go the other direction.
- Several narratives have emerged to explain the curve and particularly the increase in real rates, but most likely a combination of these factors is at work here. Whatever the reason for the rate selloff, higher real yields should reverberate through risk assets. Anything is possible, but we are reminded of the observation that policy rates go up the staircase and down the elevator.
- Still, 3Q GDP growth is expected to be 2.5%-3.5% q/q annualized, and full-year 2023 estimates are now in the 2.0% range, slightly higher than previously projected. Although recession probabilities remain elevated, primarily due to the shape of the yield curve, forecasts calling for near-term recession have been virtually eliminated.

### ...AS SOME KEY INDICATORS SHOW SIGNS OF SLOWING

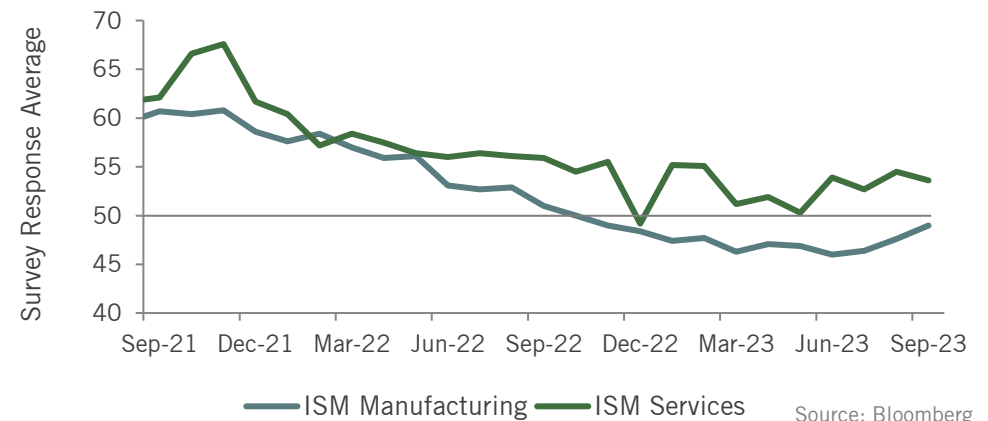
- The labor market remained strong throughout the quarter; however, there are early signs of a correction taking place. Payroll gains slowed throughout the summer and the quits rate has retreated to only 2.3%. Many are looking to the job openings number (9.6 million in August) as a canary in the coal mine that labor markets are beginning to correct.
- Measures of consumer sentiment are struggling to break out. The University of Michigan Consumer Sentiment Index has crept up to ~70, which is the highest reading in almost two years; however, this is considerably lower than it was in the years leading up to the pandemic. Some believe the resumption of student loan payments will push consumers over the edge.
- Meanwhile, the deterioration in businesses activity seems to have bottomed out. The ISM Manufacturing PMI remains in contractionary territory but has improved with recent readings. The ISM Services PMI, on the other hand, has been a bright spot in business activity, generally hovering around 55 for most of the past year.

University of Michigan Consumer Sentiment



Source: Bloomberg

ISM Manufacturing and Services



Source: Bloomberg

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# MARKET REVIEW

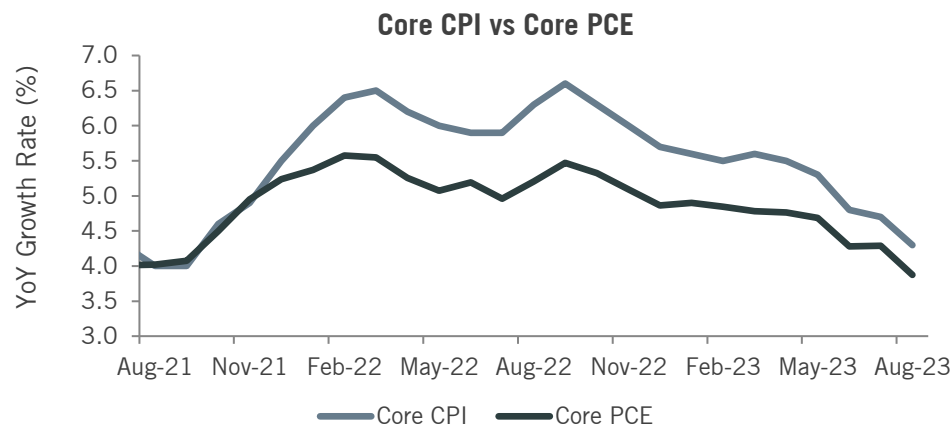
## THIRD QUARTER 2023

### FED REITERATES “HIGHER FOR LONGER”...

- As expected, the Fed kept rates unchanged at the September meeting. More importantly, Powell’s message at the post-meeting press conference remained hawkish despite the policy rate pause and the Summary of Economic Projections (SEP) once again included several upward revisions.
- The Fed is signaling that it will likely hike another 25 bps before year end and then keep rates elevated through next year with perhaps a couple of cuts along the way as inflation normalizes. The market is pricing in one more hike in November but then an extra cut or even two in addition to what the Fed is projecting as the economy cools and inflation fades.
- In the wake of the debt ceiling showdown, Fitch downgraded the U.S. Government sovereign rating to AA+ in early August. The primary reasons were rising budget deficits alongside an “erosion of governance.” The ongoing possibility for a government shutdown is evidence that Fitch’s analysis hit close to the mark.

### ...AS CORE INFLATION COOLS OFF

- Broadly speaking, inflation measures continue to trend lower after peaking in 2022. More recently, the trend in aggregate inflation measures has flattened out and even reaccelerated towards the end of the summer leading to some concern about inflation heating back up. On the other hand, when the aggregate numbers are picked apart into subcomponents, some forecasters find underlying trends pointing to a favorable drop in inflation that is expected to continue.
- Encouragingly, core CPI continued to march lower, increasing by 4.8% y/y in June, 4.7% y/y in July, and 4.3% y/y in August. On a month-over-month basis, core CPI jumped up slightly to 0.3% m/m in August after falling to 0.2% m/m in both June and July. Core PCE registered 3.9% y/y and only 0.1% m/m in August after increasing 4.3% y/y and 0.2% m/m in both June and July.
- Inflation expectations are largely unchanged since the end of the second quarter. In our opinion, this stability is consistent with the market view that the Fed is almost done with monetary policy tightening. Should inflation expectations turn higher, we would expect additional monetary policy tightening to enter the picture.



Source: Bloomberg



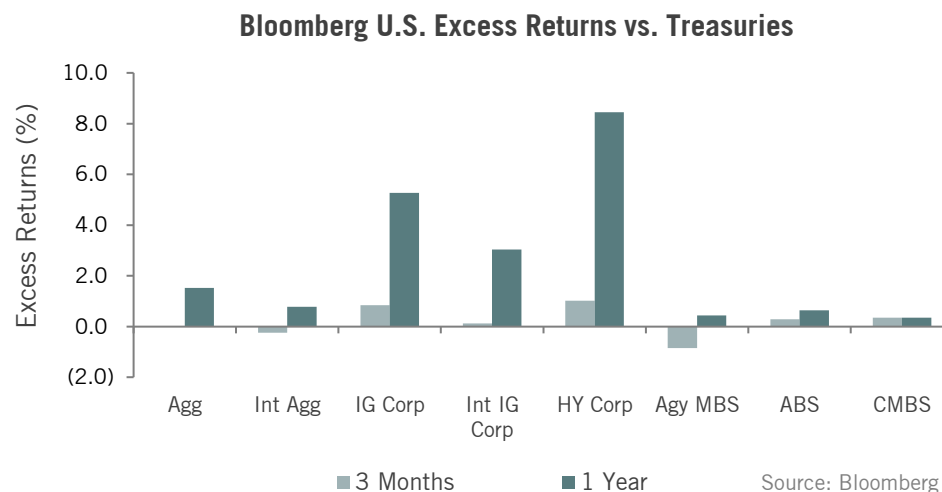
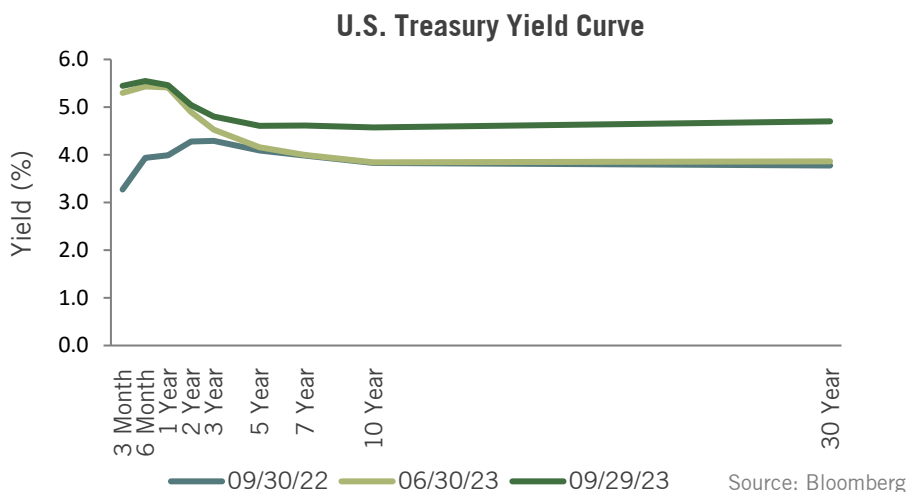
Source: Bloomberg

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# MARKET REVIEW

## THIRD QUARTER 2023

### INTEREST RATE SELLOFF SOMEWHAT PERPLEXING; SPREAD SECTOR EXCESS RETURNS MUTED



- Short rates sold off only marginally (prices lower, yields higher) during the third quarter, reflecting that interest rate hikes are nearing conclusion; however, the 10-year Treasury sold off by a whopping 73 bps. More interestingly, the bulk of the selloff was in real rates and not inflation expectations: 10-year real rates increased by 60 bps whereas 10-year breakeven inflation only increased by 13 bps. With the 2-year Treasury increasing by just 15 bps, the curve became less inverted, leaving the 2s vs. 10s curve inverted by 48 bps at the end of the quarter.
- Excess returns were positive but fairly muted for the quarter across most major fixed income spread sectors, with the exception of Agency MBS. Over the last one-year period excess returns are positive across major spread sectors; however, Corporates have turned in much stronger performance relative to securitized assets. Within IG Corporates, longer bonds outperformed short/intermediate maturities, and BBB issuers outperformed higher quality names.
- Corporates spreads ended the quarter unchanged overall, with short and intermediate maturities widening modestly while the long end tightened. Investment grade new issue supply started out slowly in July and August, but picked up in September. Issuance for the quarter finished slightly above 3Q22 and year-to-date issuance is in-line with last year.

- The broad selloff in interest rates proved difficult for Agency MBS, as the sector gave back all of the positive excess return earned previously in the second quarter and then some. Mortgage rates drifted higher to end the quarter at ~7.4%, the highest mortgage rate since year-end 2000. Existing home sales remain paltry at only a 4.0 million unit annualized pace in both July and August, well below pre-pandemic trend. Mortgage applications and mortgage refinancing activity mirror existing home sales volumes, hovering at the lowest levels in decades.
- Short duration high quality ABS continue to benefit from the highest yields since before the GFC, leading to strong investor demand and tightening spreads. ABS new supply is up to \$179 billion year-to-date, down only 7% versus the same time last year. Credit deterioration is expected over the coming year, particularly at the lower end of the spectrum, as the economy cools and unemployment increases.
- Some corners of the commercial real estate market continue to realize stress, particularly the office sector, as refinancing is proving difficult. Commercial real estate prices nationally are lower in every month for the past 13 months, leading to -10% year-over-year deterioration as of August. As expected, new supply measured a meager \$26.8 billion year-to-date, down 58% versus the same time period in 2022.

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## APPENDIX - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

Third Quarter 2023

### CALENDAR YEAR INVESTMENT PERFORMANCE

	2018	2019	2020	2021	2022
Portfolio (net of all fees - NAV level) <sup>1</sup>	2.26	2.56	2.31	1.70	1.80
Linked Benchmark <sup>2</sup>	2.63	1.94	0.43	0.46	3.04
<b>Value Added (net of all fees – NAV level)<sup>3</sup></b>	<b>(0.37)</b>	<b>0.62</b>	<b>1.88</b>	<b>1.24</b>	<b>(1.24)</b>

### MARKET INDICES

ICE BofA U.S. 3 Month Treasury Bill	1.87	2.28	0.67	0.05	1.46
Consumer Price Index	1.67	2.29	1.36	7.04	6.45

### GUIDELINE COMPLIANCE

We have not become aware of any investment guideline compliance issues occurring in the portfolio during the quarter.

1: Returns are net of all fees, including book value contract fees, Galliard investment management fees, and, if applicable, external manager fees, and plan administrative reimbursement.

2: Linked benchmark: 3 Year Constant Maturity Treasury Yield; Prior to 11/1/15 was the 5 Year Constant Maturity Treasury Yield.

3: May not add due to rounding.

## APPENDIX - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

Third Quarter 2023

### TOTAL ANNUAL FUND OPERATING EXPENSES

Total Annual Operating Expenses are deducted directly from the Fund's net asset value and reduce the investment option's rate of return.

Expense	Expense Ratio 9/30/23	Per \$1000
Investment Management Fees paid to Galliard	0.075%	\$0.75
Investment Management fees paid to Non-Affiliated Investment Advisors	None	None
Investment Contract Fees <sup>1</sup>	0.148%	\$1.48
Acquired Fund Fees <sup>2</sup>	0.048%	\$0.48
-Investment Contract Fees	None	None
-Other Acquired Fund Fees and Non-Affiliated Investment Management Fees paid to Non-Affiliated Investment Advisors <sup>3</sup>	0.048%	\$0.48
12b-1 Distribution Fee	None	None
Other Expenses	None	None
<b>Total Annual Fund Operating Expenses<sup>4</sup></b>	<b>0.271%</b>	<b>\$2.71</b>

1: These are fees paid to create and maintain the investments used by a stable value fund.

2: These are fees borne indirectly by the Fund when it acquires an interest in another fund which pays its own separate fees.

3: Includes audit fees for the cost of producing a report by a qualified auditor.

4: Total Annual Fund Operating Expenses are reflected daily in the Fund's net asset value (NAV).

Excluding STIF or money market allocations, non-affiliated investment advisors include Dodge & Cox, Jennison Assoc., TCW.

## APPENDIX - WISCONSIN DEFERRED COMPENSATION PROGRAM - STABLE VALUE FUND

Third Quarter 2023

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### STABLE VALUE FUND NET ASSET VALUE REPORT AS OF 9/30/23

<b>Units</b>	96,939,578.898
<b>NAV</b>	7.4273
<b>Net Assets</b>	\$719,998,261.59