Township of Lower Makefield

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PNC INSTITUTIONAL ASSET MANAGEMENT

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Executive Summary

Lower Makefield Township

Executive Summary – September 30, 2023

Portfolio Summary

- During the September and October market correction(s), portfolio declined 2.7% vs. -5.9% for a broad market benchmark. Meaningfully protecting Trust assets.
- September 30, 2023 MV: $21,063,464. Portfolio was down slightly in Q3 -0.37%, protecting principal.
- Half of the trust assets have been invested, second half of trust assets will be invested in Q4
- Portfolio's U.S. overweight remains beneficial even in a falling third quarter market environment. The U.S. economy has remained resilient amid increasing interest rates on the continued strength of the labor market, consumer spending and fixed investment.

Recent Portfolio Activity

PNC's expectations for a higher-for-longer monetary policy environment remains a key contributor to our expectations for an economic slowdown in 2024, supporting our de-risking posture within asset allocations.

We believe quality-biased equities and core fixed income remain favorable in light of our expectation for a mild recession. Key catalysts for the path forward continue to be easing inflation pressures and the direction of monetary policy while the capital markets continue to face a number of macro headwinds through year end.

- Rotated quality exposure from high quality technology into U.S. Quality Dividend Growth to express our conviction in these companies ability to generate cash flow to support and grow their dividends, and, are better able to withstand the contraction phase of the business cycle. Additionally, through a business cycle contraction phase, exposure to stocks with relatively lower volatility can provide further protection.
- Maintained high credit quality bias both in equity and fixed income investments.
- Government Money Market current yield 5.26% as of October 30, 2023)

Simultaneous fall in stocks and bonds in the third quarter remind investors of 2022

- Focus shifted from the level of peak rates, to how long central banks will hold rates at restrictive levels, with "higher for longer" increasingly viewed as the necessary scenario to tame stubborn price pressures.
- Fiscal sustainability was another area of concern for bond investors, with the US Treasury market hit by concerns over the amount of issuance that will be required to sustain a large fiscal deficit.
- Intermediate Investment grade bonds declined by 3.2% pulling YTD returns into negative territory
- Developed market equities fell by -3.4% over the quarter, taking year-to date returns down to a still strong 11.6%

Lower Makefield Township

Current Portfolio / Future Portfolio Position (12/31/23)

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Evolving Portfolio Structure

Initial Investment Lineup

Weight	Asset Class	Investment Vehicle	Expense Ratio	Vehicle
28%	U.S. Equity	Fidelity 500 Index Fund	0.02%	MF
5%	U.S. Equity	iShares MSCI USA Quality	0.15%	ETF
8%	U.S. Equity	iShares Core S&P Mid Cap	0.05%	ETF
4%	U.S. Equity	iShares Core S&P Small Cap	0.06%	ETF
8%	Intl. Equity	iShares Core MSCI EAFE	0.07%	ETF
4%	Intl. Equity	Schwab International Small-Cap	0.11%	ETF
10%	Intl. Equity	iShares Core MSCI Emerging Markets	0.11%	ETF
13%	Fixed Income	Baird Intermediate Bond	0.30%	MF
10%	Fixed Income	BlackRock Total Return Bond	0.45%	MF
5%	Fixed Income	iShares 7-10 US Treasury Bond	0.15%	ETF
5%	Money Market	Federated Hermes Govt. Obligations	0.15%	MF

Updated Investment Lineup

Weight	Asset Class	Investment Vehicle	Expense Ratio	Vehicle
33.0%	U.S. Equity	Fidelity 500 Index Fund	0.02%	MF
3.5%	U.S. Equity	WisdomTree US Quality Dividend Growth	0.28%	ETF
2.0%	U.S. Equity	iShares MSCI USA Minimum Volatility	0.15%	ETF
5.5%	U.S. Equity	iShares Core S&P Mid Cap	0.05%	ETF
3.5%	U.S. Equity	iShares Core S&P Small Cap	0.06%	ETF
7.5%	Intl. Equity	iShares Core MSCI EAFE	0.07%	ETF
3.0%	Intl. Equity	iShares MSCI Intl. Quality	0.30%	ETF
3.0%	Intl. Equity	Schwab International Small-Cap	0.11%	ETF
6.0%	Intl. Equity	iShares Core MSCI Emerging Markets	0.11%	ETF
9.0%	Fixed Income	Baird Intermediate Bond	0.30%	MF
9.0%	Fixed Income	BlackRock Total Return Bond	0.45%	MF
3.0%	Fixed Income	PGIM Total Return	0.39%	MF
3.0%	Fixed Income	Federated Hermes Total Return	0.38%	MF
4.0%	Fixed Income	iShares US Treasury Bond	0.05%	ETF
5.0%	Money Market	Federated Hermes Govt. Obligations	0.15%	MF

Source: PNC

Future Portfolio Rationale

- Within the equity allocation of the portfolio, add a U.S. Minimum Volatility factor tilt as exposure to stocks with relatively lower volatility can provide further downside protection through a business cycle contraction phase and potential equity drawdown. Adding minimum volatility exposure also provides lower correlation and beta to the S&P 500 Index.
- Additionally within the equity allocation of the portfolio, add an International Quality factor tilt as higher quality companies tend to have consistent earnings growth, durable and sustainable cash-flows, low leverage levels and strong competitive advantages. We expect these characteristics to be favorable in a mild recession scenario.
- Within the fixed income allocation of the portfolio, add core-oriented managers which we believe reduces interest rate risk, aligns duration exposure with the Index and adds additional diversification to the fixed income allocation. This transition also lessens credit risk and upgrades the quality of the fixed income portfolio which we believe will be helpful in the event of a potential economic contraction.
- Additionally within the fixed income allocation of the portfolio, transition from iShares 7-10 year Treasury Bond to iShares US Treasury Bond which reduces key rate duration risk in the portfolio and aligns Treasury key rate duration exposure with the Bloomberg U.S. Aggregate Index.

Taking Stock of the Markets

Investment Strategy

3Q 2023

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Asset Class Performance

Leadership is Cyclical and Changes with the Business Cycle

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After 2022 marked one of the worst years in market history, driven by a number of macro headwinds impacting both stocks and bonds, markets have rallied in 2023 as investors believe the Fed is nearing the end of its tightening cycle.

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD
Core Bond 5.24	EM 82.36	Small-Cap 26.85	Core Bond 7.84	EM 18.68	Small-Cap 38.82	Real Estate 24.91	Large Growth 5.52	Small-Cap 21.31	EM 36.83	Core Bond 0.01	Large Value 31.93	Large Growth 33.47	Real Estate 39.35	Large Value -5.22	Large Growth 18.11
High Yield -26.16	High Yield 58.21	Mid-Cap 26.64	High Yield 4.98	Real Estate 18.59	Mid-Cap 33.50	Large Growth 14.89	Large Cap 1.38	Mid-Cap 20.74	Large Growth 27.44	Large Growth -0.01	Large Cap 31.49	Small-Cap 19.96	Large Growth 32.01	High Yield -11.19	Large Cap 13.07
Small-Cap -33.79	Mid-Cap 37.38	Real Estate 25.93	Real Estate 4.92	Mid-Cap 17.88	Large Growth 32.75	Large Cap 13.69	Core Bond 0.55	Large Value 17.40	Intl Dev 24.21	High Yield -2.08	Large Growth 31.13	Large Cap 18.40	Large Cap 28.71	Core Bond -13.01	Large Value 7.56
Large Growth -34.92	Intl Dev 33.67	EM 19.90	Large Growth 4.65	Large Value 17.68	Large Cap 32.39	Large Value 12.36	Real Estate 0.21	High Yield 17.13	Large Cap 21.83	Large Cap -4.38	Real Estate 27.62	EM 18.39	Large Value 24.90	Mid-Cap -13.06	Intl Dev 6.73
Mid-Cap -36.23	Large Growth 31.57	High Yield 15.12	Large Cap 2.11	Intl Dev 16.41	Large Value 31.99	Mid-Cap 9.77	Mid-Cap -2.18	Large Cap 11.96	Mid-Cap 16.24	Real Estate -5.75	Mid-Cap 26.20	Mid-Cap 13.66	Mid-Cap 24.76	Intl Dev -14.29	High Yield 5.86
Large Cap -37.00	Real Estate 27.22	Large Value 15.10	Large Value -0.48	Small-Cap 16.35	Intl Dev 21.02	Core Bond 5.97	Intl Dev -3.04	EM 9.90	Large Value 15.36	Large Value -8.95	Small-Cap 25.52	Intl Dev 7.59	Small-Cap 14.82	Large Cap -18.11	Mid-Cap 4.27
Large Value -39.22	Small-Cap 27.17	Large Cap 15.06	Mid-Cap -1.73	Large Cap 16.00	High Yield 7.44	Small-Cap 4.89	Large Value -3.13	Large Growth 6.89	Small-Cap 14.65	Small-Cap -11.01	Intl Dev 22.49	Core Bond 7.51	Intl Dev 12.62	EM -19.83	EM 3.38
Real Estate -40.29	Large Cap 26.46	Large Growth 15.05	Small-Cap -4.18	High Yield 15.81	Real Estate 1.93	High Yield 2.45	Small-Cap -4.41	Real Estate 6.74	Real Estate 7.77	Mid-Cap -11.08	EM 17.65	High Yield 7.11	High Yield 5.28	Small-Cap -20.44	Small-Cap 2.54
Intl Dev -43.56	Large Value 21.18	Intl Dev 8.95	Intl Dev -12.21	Large Growth 14.61	Core Bond -2.02	EM -1.79	High Yield -4.47	Intl Dev 2.75	High Yield 7.50	Intl Dev -14.09	High Yield 14.32	Large Value 1.36	EM -0.28	Real Estate -26.90	Core Bond -1.21
EM -53.78	Core Bond 5.93	Core Bond 6.54	EM -19.49	Core Bond 4.21	EM -2.20	Intl Dev -4.32	EM -13.86	Core Bond 2.65	Core Bond 3.54	EM -15.05	Core Bond 8.72	Real Estate -5.57	Core Bond -1.54	Large Growth -29.41	Real Estate -6.10

POSITIVE RETURNS

NEGATIVE RETURNS

LEGEND

Large Cap	S&P 500®
Large Growth	S&P 500 Growth
Large Value	S&P 500 Value
Mid-Cap	S&P 400®
Small-Cap	Russell 2000 ®
Intl Dev	MSCI World ex USA
EM	MSCI EM
Core Bond	Bloomberg US Aggregate
High Yield	Bloomberg US Corp High Yield
Real Estate	MSCI USA IMI Real Estate 25/50

As of 9/30/2023. Source: Morningstar, PNC. MSCI USA IMI Real Estate 25/50 Index includes the historical results of the MSCI USA IMI Real Estate Index prior to 2017.
Indices are unmanaged, not available for direct investment, and not subject to management fees, transaction costs or other types of expenses that an account may incur.

Index Total Returns

Narrow 2023 Performance Leadership Masks Underlying Weakness

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			Trailing Total Returns								
		Index	**1 Month**	**QTD**	**YTD**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**15 Years**	**20 Years**
U.S. EQUITY	**U.S. Equity**	**Russell 3000**	**-4.8%**	**-3.3%**	**12.4%**	**20.5%**	**9.4%**	**9.1%**	**11.3%**	**11.0%**	**9.7%**
	LCC	S&P 500	-4.8%	-3.3%	13.1%	21.6%	10.2%	9.9%	11.9%	11.3%	9.7%
	LCG	S&P 500 Growth	-4.9%	-2.6%	18.1%	19.8%	6.8%	10.4%	13.5%	12.8%	10.5%
	LCV	S&P 500 Value	-4.6%	-4.1%	7.6%	22.2%	13.4%	8.4%	9.6%	9.2%	8.6%
	MCC	S&P 400	-5.3%	-4.2%	4.3%	15.5%	12.0%	6.1%	8.9%	10.3%	9.9%
	MCG	S&P 400 Growth	-4.8%	-3.2%	6.9%	16.2%	7.6%	5.6%	8.9%	10.6%	9.8%
	MCV	S&P 400 Value	-5.8%	-5.2%	1.6%	14.5%	16.7%	6.1%	8.6%	9.8%	9.7%
	SCC	Russell 2000	-5.9%	-5.1%	2.5%	8.9%	7.2%	2.4%	6.6%	8.1%	8.1%
	SCG	Russell 2000 Growth	-6.6%	-7.3%	5.2%	9.6%	1.1%	1.6%	6.7%	8.8%	8.3%
	SCV	Russell 2000 Value	-5.2%	-3.0%	-0.5%	7.8%	13.3%	2.6%	6.2%	7.2%	7.7%
	REITs	MSCI USA IMI REAL ESTATE 25-50	-7.5%	-8.8%	-6.1%	-2.3%	1.4%	1.5%	--	--	--
NON-U.S. EQUITY	**Non-U.S. Equity**	**MSCI ACWI Ex USA IMI**	**-3.2%**	**-3.5%**	**5.3%**	**20.2%**	**3.8%**	**2.6%**	**3.5%**	**4.6%**	**6.2%**
	ILCC	MSCI World ex USA	-3.4%	-4.1%	6.7%	24.0%	6.1%	3.4%	3.8%	4.6%	6.0%
	ILCG	MSCI World Ex USA Growth	-5.7%	-8.2%	4.4%	19.3%	0.5%	3.4%	4.4%	5.0%	6.2%
	ILCV	MSCI World Ex USA Value	-1.0%	0.2%	9.1%	28.9%	11.6%	3.0%	3.0%	4.0%	5.6%
	ISCC	MSCI World Ex USA Small Cap	-4.5%	-3.5%	1.8%	17.3%	1.8%	1.3%	4.1%	6.4%	7.1%
	ISCG	MSCI World Ex USA Small Cap Growth	-5.8%	-5.9%	-0.5%	13.0%	-3.2%	0.5%	4.3%	6.3%	7.1%
	ISCV	MSCI World Ex USA Small Cap Value	-3.1%	-1.0%	4.2%	21.7%	6.9%	1.7%	3.8%	6.3%	7.4%
	EM	MSCI Emerging Markets IMI	-2.5%	-2.1%	3.4%	13.2%	-0.3%	1.3%	2.4%	4.2%	7.5%
	Global Equity	**MSCI All Country**	**-4.1%**	**-3.4%**	**10.1%**	**20.8%**	**6.9%**	**6.5%**	**7.6%**	**7.6%**	**7.7%**
	INFRA	S&P Global Infrastructure	-4.8%	-7.5%	-4.5%	5.9%	6.5%	3.2%	4.2%	4.5%	7.2%
FIXED INCOME	MUNI	Bloomberg Municipal Bond	-2.9%	-3.9%	-1.4%	2.7%	-2.3%	1.0%	2.3%	3.5%	3.3%
	SHORT MUNI	Bloomberg Municipal 1-3 Year	-0.6%	-0.4%	0.6%	2.1%	-0.3%	0.9%	0.9%	1.4%	1.7%
	CORE	**Bloomberg US Aggregate**	**-2.5%**	**-3.2%**	**-1.2%**	**0.6%**	**-5.2%**	**0.1%**	**1.1%**	**2.5%**	**2.8%**
	SHORT	Bloomberg US Aggregate 1-3 Year	-0.1%	0.7%	1.9%	2.8%	-0.7%	1.2%	1.0%	1.6%	2.0%
	INTERM	Bloomberg US Govt/Credit Intermediate	-1.1%	-0.8%	0.7%	2.2%	-2.9%	1.0%	1.3%	2.5%	2.7%
	LONG	Bloomberg US Govt/Credit Long	-6.2%	-9.4%	-5.4%	-2.9%	-11.9%	-1.2%	1.9%	4.3%	4.1%
	TIPS	Bloomberg US Treasury US TIPS	-1.8%	-2.6%	-0.8%	1.2%	-2.0%	2.1%	1.7%	2.9%	3.5%
	BILLS	Bloomberg US Treasury Bills 1-3 Month	0.4%	1.3%	3.7%	4.6%	1.8%	1.7%	1.1%	0.8%	1.4%
	HY	Bloomberg US Corporate High Yield	-1.2%	0.5%	5.9%	10.3%	1.8%	3.0%	4.2%	7.3%	6.5%
	LLOAN	Morningstar LSTA U.S. Leveraged Loan	0.9%	3.4%	10.1%	13.0%	6.1%	4.5%	4.3%	5.6%	4.8%
	IBND	Bloomberg Global Aggregate	-2.9%	-3.6%	-2.2%	2.2%	-6.9%	-1.6%	-0.4%	1.4%	2.2%
	EMD	Bloomberg EM USD Aggregate	-2.3%	-2.3%	0.9%	7.6%	-4.2%	0.2%	2.3%	5.0%	5.6%

As of 9/30/2023. Source: Morningstar, Inc., FactSet ®

Views Through Our Investment Process Lens

Each Facet of Analysis Plays a Critical Role in Investment Decisions

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Business Cycle

- Different phases of the cycle offer tactical asset allocation opportunities.
- Puts valuations in context.

Valuations

- Identify opportunities while maintaining a long-term view.
- Set return expectations when initiating an allocation.

Technicals

- Uncover what price trends tell us about near-term market behavior.
- Support shorter-term execution.

Business Cycle: Labor market extends the cycle

- Leading economic indicators point to a contraction in manufacturing activity, whereas strong labor and consumer spending data are keeping the business cycle afloat.
- The market's path forward is highly dependent on evidence of inflation falling back to the Federal Reserve's (Fed's) 2% target.

Valuations: Elevated earnings multiples supported by lower inflation

- Earnings multiples historically have a higher correlation to the path of inflation than interest rates, so valuations should remain range bound given inflation has moderated from peak levels from last year.
- Global consensus earnings estimates are nearly back to the highs of last year, indicating very optimistic views that the business cycle reaccelerates from here.

Technicals: Autumn seasonal effects weigh on momentum

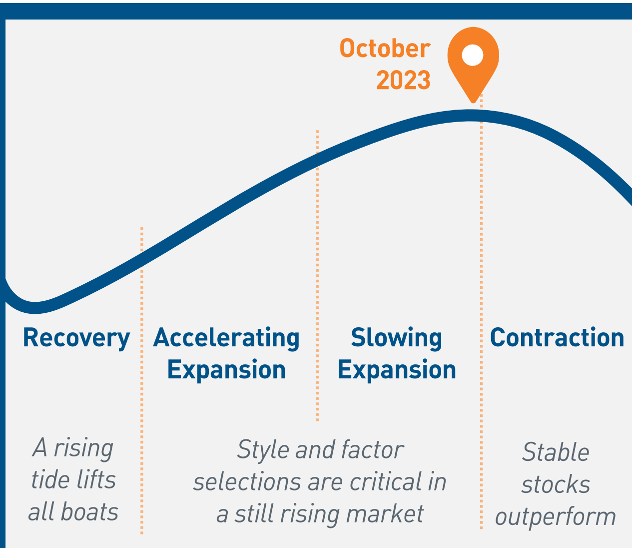
- After breaking a major support line in August, the MSCI All Country World Index fell below its 200-day moving average in September, a first since early January.
- Short-term market breadth for the S&P 500® fell to the weakest level since last October, as seasonal trading is adding to market headwinds.

As of 9/30/2023. Source: PNC

Business Cycle Outlook

Leading Indicators Suggest the Slowing Expansion Phase of the Cycle

We believe cyclical movements of the business cycle drive markets and impact asset allocation decisions.



Slowing Expansion Phase:

- Unemployment falling
- Wages rising
- Financial conditions less accommodative
- Credit tightening
- Confidence peaking
- Economic activity positive, but decelerating
- Profit growth slowing

Leading indicators still trending to a slowdown

- The Conference Board Leading Economic Indicator Index rolling six-month average has worsened with each report since October 2021. However, coincident and lagging indicators have not even begun to contract, which supports our expectation for a contraction in the first half of 2024

Coincident indicators buoyed by consumer spending

- Retail sales may start to come under pressure as gasoline costs increase, and student loan payments resume.

Lagging indicators positive but starting to rapidly fall

- The labor market has been a primary support for the business cycle; however, revisions suggest data earlier in the year was weaker than first reported.

Conference Board Economic Indicators

	1 Month Growth Rate	6 Month Trend
Leading	-7.6%	Worsening
Coincident	1.4%	No Change
Lagging	2.1%	Worsening

As of 9/30/2023. Source: PNC, Bloomberg, L.P.

Portfolio Allocation Adjustments

Higher-for-longer interest rates continue to affect the economy

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- Higher-for-longer monetary policy remains a key contributor to our expectations for a slowdown in 2024, supporting our de-risking posture within asset allocations.
- We believe quality-biased equities and core fixed income remain favorable in light of our expectation for a mild recession.
- While we continue to favor quality, our allocation to sector-neutral quality equity, as measured by the MSCI USA Quality Index, appears fully valued; we view quality dividend growth equity as more attractive on a relative basis.

1 Sell U.S. Sector-neutral Quality

Strong outperformance of this tactical allocation has stretched valuations toward the top end of its historical range relative to the S&P 500.

2 Reduce SMID Exposure

Weakening business cycle makes small- and mid-cap (SMID) equity less attractive than large cap, as SMID earnings estimates look more vulnerable and could struggle with higher inflation and tighter credit.

3 Buy U.S. Quality Dividend Growth

We continue to favor quality companies and believe those able to generate cash flow to support and grow their dividends are better able to withstand the contraction phase of a business cycle.

4 Buy U.S. Minimum Volatility

Through a contraction, exposure to stocks with relatively lower volatility can provide further protection.

Dynamic Investment Process

Positioning portfolio for a slowdown in economic and earnings growth

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Key Portfolio Changes

We have made several asset allocation changes to mitigate risk and position portfolios more defensively by reducing exposure to outsized asset class concentrations while remaining diversified.

U.S. Equity

- Neutralized style tilts across asset allocations as business cycle shifts
- Reduced allocations to REITs given structural changes in Index have altered fundamentals and return/risk outlook
- Further reduced small- and mid-cap allocations given pressure from tightening credit and higher costs
- Favor quality and lower volatility investment styles given profitability profile and durability during a potential contraction

Non-U.S. Equity

- Diversified style exposure in developed internationals and EM equities to lower tracking error
- Reduced developed international equities in favor of U.S. equity given recession concerns abroad
- Reduced international small-cap and added quality non-U.S. investments given profitability profile and durability of earnings during a potential contraction

Fixed Income

- Reduced credit exposure and added to unconstrained active strategies to enhance credit flexibility
- Utilized cash within fixed income allocation as interest rate hikes led to cash yields that are compelling for the first time in 15 years
- Further reduced credit exposure in high yield and leveraged loans as Treasury yields reached highest levels in decades, lessening the need to extend risk in credit markets

As of 9/25/2023. Gray highlighting indicates asset allocation changes in 2023.

Taking Stock of the Markets

Executive Summary

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- Key catalysts for the path forward continue to be easing inflation pressures and monetary policy.
- Markets still face a number of macro headwinds though year end.

U.S. Economy

- The third and final reading of second quarter U.S. GDP saw personal consumption revised down to 0.8%, indicating consumer spending was much weaker than initially reported.
- We expect quarter-over-quarter growth to continue slowing, and culminate in a recession in the first half of 2024.

International Economy

- The Eurozone is showing signs of weakness as industrial production growth in net-export countries such as Germany has turned negative.
- China's Produce Price Index has already slipped back into a negative growth rate, indicating deflationary pressures are slowing its economy.

Global Monetary and Fiscal Policy

- Global inflation has fallen from the peak in 2022, yet remains above long-term targets, allowing for the possibility of future rate hikes.
- Central banks continue to be a source of uncertainty as policies are diverging between those that are still hiking and those that are pausing. Japan is the only developed market maintaining easy monetary policy.

U.S. Corporate Earnings

- Top-line growth pressures become a concern for third and fourth quarter earnings reports, as inflation and pricing power fade compared to last year.
- Despite our expectation for a mild recession, consensus earnings estimates do not reflect an anticipated slow down, indicating valuations may be fairly rich.

U.S. Equity Markets

- Stocks repeated last year's seasonally negative returns in both August and September, as macroeconomic crosscurrents weighed on sentiment.
- Due to rapidly rising interest rates, mega-cap and high valuation stocks reversed their leadership and led the pullback.

International Equity Markets

- Developed international equities retreated as the faltering economic recovery in China, weakening European demand and tightening lending conditions were headwinds.
- Emerging market equities outperformed on a relative basis, primarily from currency effects in countries such as India and smaller South American nations.

Fixed Income Markets

- Long-term Treasury rates reached new 15-year highs due to a number of macroeconomic and geopolitical pressures in September.
- Below-investment-grade credit had relatively better returns supported by lower duration and credit spreads, which remain below their long-term averages.

Alternative Assets

- Alternatives typically provide value by offering diversification and uncorrelated returns with traditional markets.
- As valuations in public markets compress relative to the last few years, private market valuations should also decline, making current vintage year funds attractive.

As of 9/30/2023. Source: PNC

Consumer Prices

Services Component Continues to Drive Inflation

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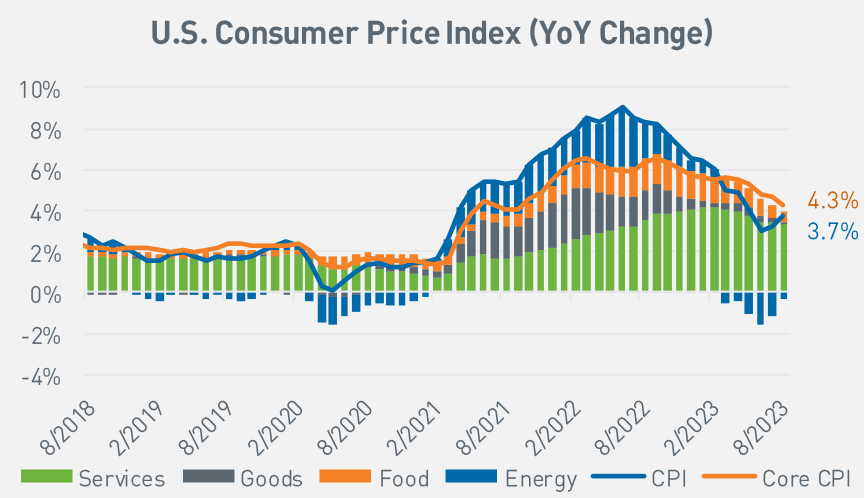
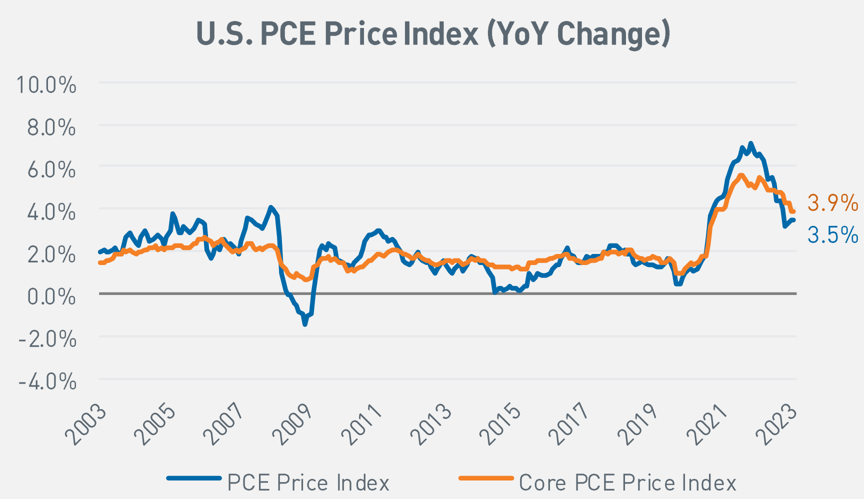
Concentrated inflation drivers

- The August Consumer Price Index (CPI) reading rose from 3.2% to 3.7% as higher energy prices offset ongoing disinflation within food and goods.
- While headline inflation has declined significantly from its 9.1% peak, core CPI (excluding food and energy) remains elevated; however, it moderated from 4.7% to 4.3% as services inflation and wage growth remain robust.

"Average" 2% inflation

- The Fed's preferred inflation indicator, the Core Personal Consumption Expenditure (PCE) Deflator, dropped from 4.2% to 3.9%, close to a 2-year low, as service inflation eased.
- PCE remains above the Fed's 2% inflation target, which may require restrictive monetary policy for longer than consensus expects.





As of 9/30/2023. Source: Bloomberg L.P.

U.S. Corporates Backdrop

Demand for IG Bonds Keeps Issuers' Supply Levels High

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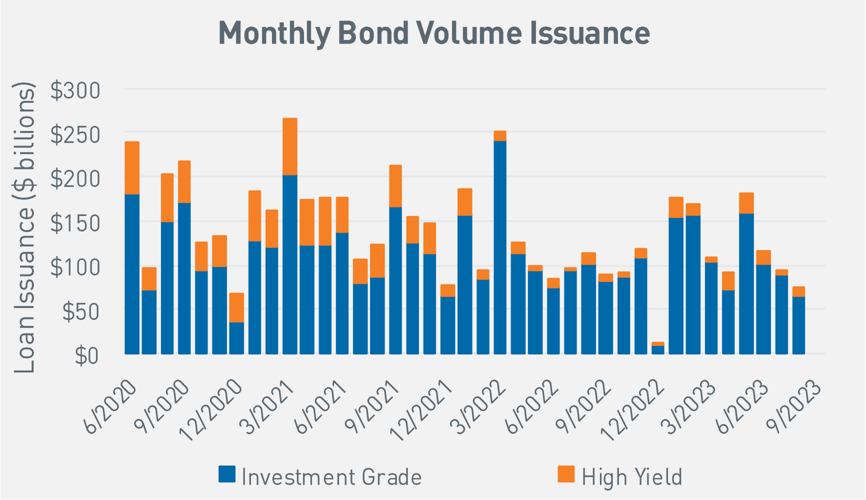
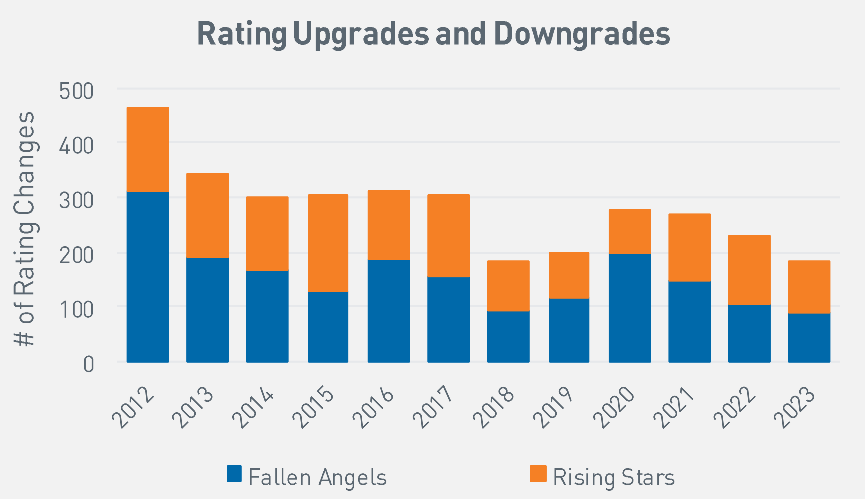
Issuance of investment-grade debt continues to overwhelm high yield debt amid higher rates

- Investment-grade (IG) issuance, a key source of bond market liquidity, remains active in 2023 despite high interest rates. We attribute strong corporate balance sheets as a main reason for securing financing.
- High yield (HY) issuance was nearly non-existent in 2022, making vastly improving year-over-year comparisons. We continue to monitor debt capital markets as low liquidity and extreme volatility make it expensive to price new debt, especially for lower credit-worthy companies.

Fallen angels now equal with rising stars

- The increase in the number of "rising stars" (companies that receive credit rating upgrades from HY to IG), is slowing as financial conditions tighten. In contrast, the number of "fallen angels" (companies downgraded from IG to HY) is accelerating in 2023.
- Furthermore, companies already rated below IG are experiencing increasingly negative rating actions, indicating weakness within the lowest quality areas of corporate credit.





As of 9/30/2023. Source: Bloomberg L.P., SIFMA

Developed Market Valuations

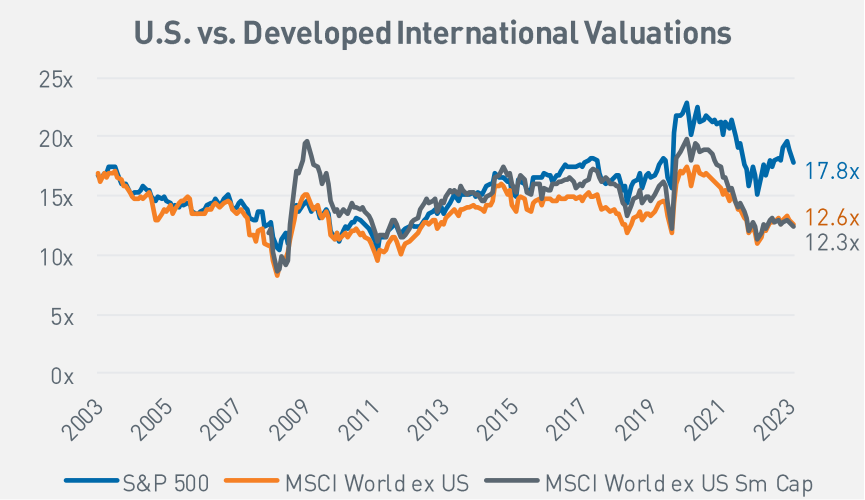
U.S. Remains Attractive in Light of Global Economic Challenges

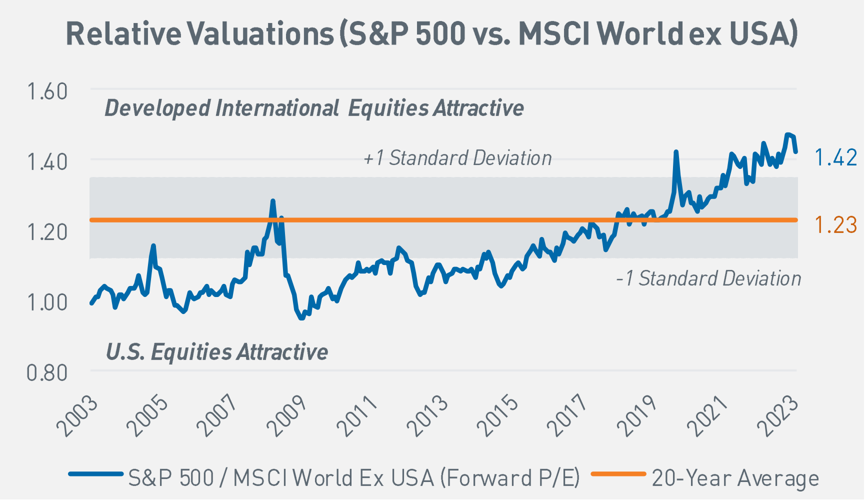
Global valuations on an absolute basis

- Developed international valuations are lower than U.S. valuations, but we remain cautious as the Eurozone continues to face a variety of challenges to economic and earnings growth, given ongoing macro and geopolitical risks.
- Headwinds from energy costs, supply chain issues, elevated inflation and geopolitical tensions, remain a challenge across the region, limiting policy response options.

Global valuations on a relative basis

- Although developed international valuations look attractive on a relative basis to U.S. equities, we believe the discount is warranted, given the downside risks in the Eurozone.
- In our view, the cyclical tilt of developed international equities and larger Financial Services sector weight (compared to the U.S.) makes the asset class more vulnerable to ongoing commodity shocks and a slowing growth backdrop.





As of 9/30/2023. Source: FactSet®, FactSet® is a registered trademark of FactSet Research Systems, Inc., and its affiliates.

Economic Outlook Dashboard

Expectations from PNC Economics

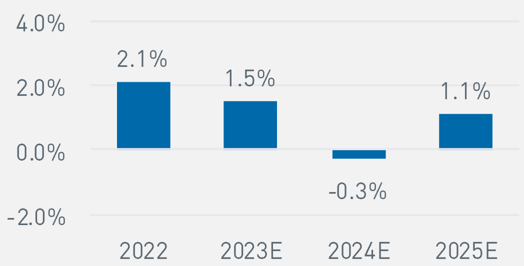
PNC INSTITUTIONAL ASSET MANAGEMENT

Forecasting a mild U.S. recession to start in the first half of 2024:

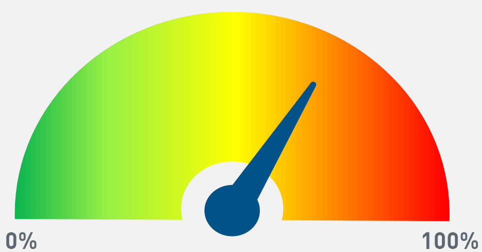
- Growth outlook enters restrictive territory from Fed rate hikes
- Labor market outlook remains tight relative to history
- Consumers face headwinds from higher gasoline costs and student loans

U.S. Output

Real GDP, Annualized Change



Likelihood of Recession in the next 12 Months

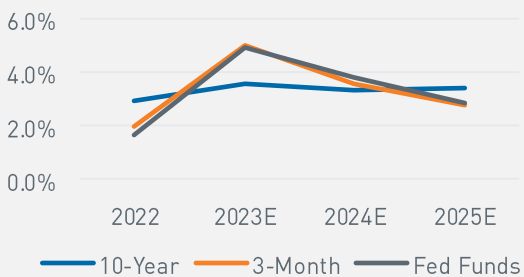


Consensus Estimates Earnings Growth

	2023E	2024E
S&P 500	1.0%	11.9%
Russell 2000®	-7.7%	34.4%
MSCI World ex USA	-1.2%	6.7%
MSCI Emerging Markets IMI	-11.7%	19.6%
Strategists' Median S&P 500 EPS Estimates	$218	$230
Bull Case	$230	$250
Bear Case	$185	$213

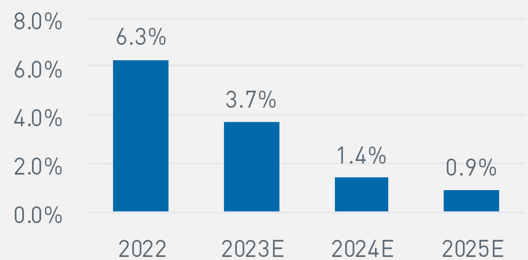
Interest Rates

10-Year / 3-Month U.S. Treasury Yield



Inflation

PCE Price Index, Annualized Change



Unemployment Rate and Payroll

	Unemployment	Payroll (Mil)
2022	3.6%	152.6
2023E	3.8%	155.8
2024E	4.8%	155.4
2025E	5.0%	155.3

As of 9/30/2023. Source: PNC, FactSet®. FactSet® is a registered trademark of FactSet Research Systems, Inc. and its affiliates.

Supplemental Information

This Year's Narrow Market Breadth

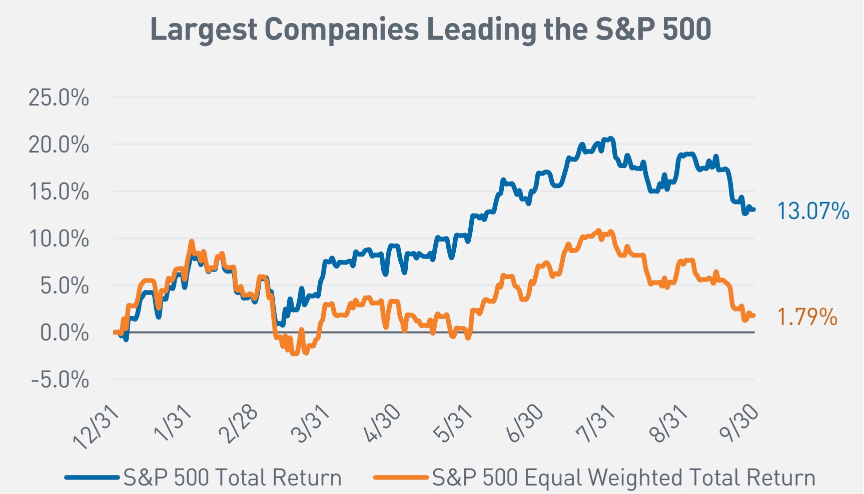
An Increasingly Concentrated Number of Stocks are Driving Performance

Year-to-date performance of the S&P 500 has been driven by the largest growth companies

- This year's market rally has been very narrow, with the 10 largest companies within the S&P 500 accounting for 86% of year-to-date performance.

"Higher-for-Longer" interest rates have been pressuring higher-valuation growth equities

- As Treasury yields have moved sharply higher, this has negatively impacted equities, particularly large-cap companies with elevated valuations.
- The recent pullback in the "Magnificent 7" stocks (Apple Inc; Microsoft Corp; Alphabet Inc; Amazon.com, Inc.; NVIDIA Corp; Tesla, Inc. and Meta Platforms Inc.) when Treasury yields rose highlights the fragile nature of narrow market leadership.



Top Holdings in S&P 500 Index	9/30/23 Weight	YTD Return	8/1-9/30 Drawdown
Apple Inc.	7.0%	32%	(13%)
Microsoft Corporation	6.5%	33%	(6%)
Alphabet Inc. Class A & Class C	4.0%	48%	(1%)
Amazon.com, Inc.	3.2%	51%	(5%)
NVIDIA Corporation	3.0%	198%	(7%)
Tesla, Inc.	1.9%	103%	(6%)
Meta Platforms Inc. Class A	1.9%	149%	(6%)
Berkshire Hathaway Inc. Class B	1.8%	13%	0%
Exxon Mobil Corporation	1.3%	9%	11%
UnitedHealth Group Incorporated	1.3%	(4%)	0%
Top 10 Holdings	**32.0%**	**48.97%**	**(6.13%)**
S&P 500 Index	**100.0%**	**13.07%**	**(6.28%)**

As of 9/30/2023. Source: FactSet®, FactSet® is a registered trademark of FactSet Research Systems, Inc., and its affiliates.

Thematic Watch – Artificial Intelligence (AI)

Chatbots Take the World by Storm

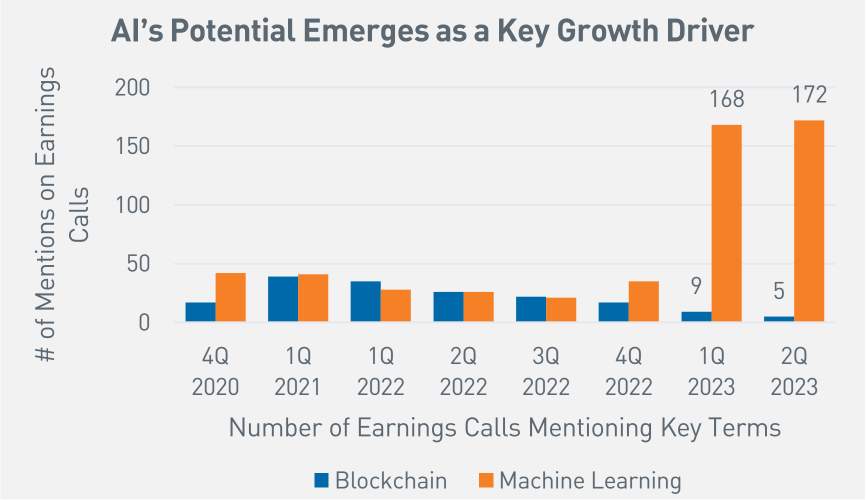
PNC INSTITUTIONAL ASSET MANAGEMENT

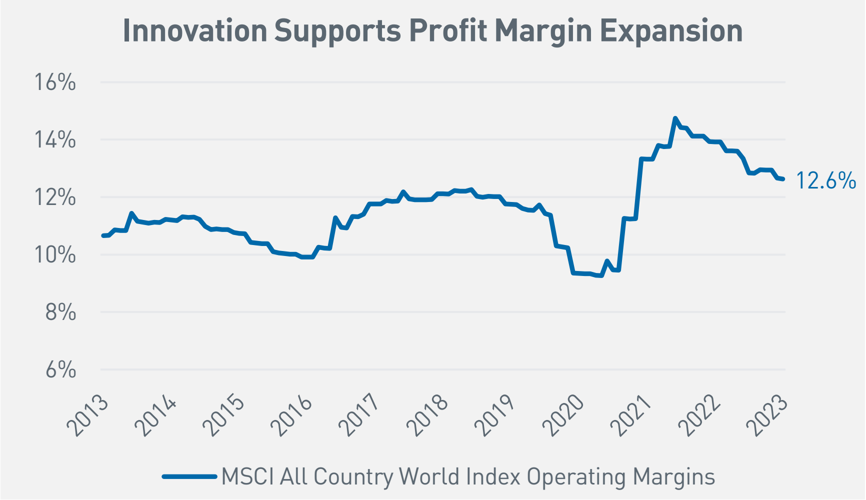
Management teams highlight AI's potential

- Earnings calls have shifted away from mentioning "blockchain" and "metaverse" and toward increasing references to AI chatbots and machine learning technology.
- We believe the broad concepts of AI, smart contracts and the Internet of Things stand to benefit in this thematic megatrend.

Profit margins are the biggest beneficiary of AI

- At this early stage in the innovation cycle for AI, the industry "winners" and "losers" remain highly uncertain as adoption continues to accelerate.
- Regardless of the industry, we expect profitability and margin expansion to benefit from AI. In our view, the ability to optimize costs and revenue leveraging AI, could make companies far less sensitive to interest rates and inflation compared to prior cycles.





As of 9/30/2023. Source: Bloomberg L.P.

The Good, The Bad and The Ugly

A Quick Tour Around the Globe

PNC INSTITUTIONAL ASSET MANAGEMENT

The Good

- Labor market strength supports economy
- Resiliency of U.S. consumer spending
- Emerging artificial intelligence technology
- Durability of quality investments

The Bad

- — Higher-for-longer global monetary policy
- "Ongoing episode of high inflation"
- Tightening lending standards & loan growth
- Inverted yield curve signaling contraction
- Weak Leading Economic Indicators
- Commercial real estate under pressure
- Elevated forward-looking valuations
- — Commodity supply / demand imbalances
- ▲ Weakening consumer & business confidence
- — Underwhelming economic recovery in China
- Semiconductor shortages persisting
- Rise in credit card and auto loan delinquencies

The Ugly

- ▲ Global populism risks
- Russia-Ukraine conflict
- U.S.-China power struggle
- Global deficits / debt levels
- De-globalization trends building

Higher ↑ Ordered by importance / potential for biggest market impact
Lower

▲ Denotes change in description or new additions relative to the prior version
\+ Denotes positive change relative to the prior version
— Denotes negative change relative to the prior version

October 2023

Asset Class Playbook Highlights

Thoughts and Takeaways for Broad Asset Classes

PNC INSTITUTIONAL ASSET MANAGEMENT

Our base case is for a mild recession to form in the first half of 2024 given numerous macroeconomic headwinds. We maintain our guidance for broadly diversified portfolios with tactical, opportunistic adjustments.

Equities

Global outlook depends on earnings growth

- We continue to favor quality global allocations that can weather elevated inflation and high interest rates amid a slowing economy.

Fixed Income

Fed maintaining "higher-for-longer" policy

- With long-term interest rates at the highest level in years, we believe core fixed income has become attractive again, diminishing the reward for outsized, below-investment-grade credit exposure.

Alternatives

Broad opportunity set for long-term investors

- Alternative investments offer various risk and return, correlation and liquidity profiles for differentiated alpha, potentially aiding risk-adjusted performance and dampening volatility.

Scan the QR code using your smartphone's camera app to watch a video from Dan Brady, PNC's Managing Director of Investment Strategy, discussing changes to our asset allocation positioning.

As of 9/30/2023. Source: PNC

Equity Market Themes and Outlook

Equities Move Higher as Central Banks Near the End of their Hiking Cycles

PNC INSTITUTIONAL ASSET MANAGEMENT

Outlook *Consensus earnings estimates are optimistic, but market leadership remains narrow*	▪ Stocks repeated last year's seasonally negative returns in both August and September, as macroeconomic crosscurrents weighed on sentiment. ▪ We believe the anticipated economic slowdown is not yet reflected in consensus earnings estimates, which still imply positive growth for this year.
Market Cap *Sector composition is driving valuation differences across market caps*	▪ Large-cap exposures are performing well relative to small- and mid-cap stocks (SMID), but favorable aspects of SMID include their U.S.-centric revenue exposure relative to large cap. ▪ Valuations for smaller capitalization stocks have been rising from the lows of 2022 as slowing inflation and economic resiliency are tailwinds to these more economically-sensitive companies.
Factors *Emphasize quality over other factors*	▪ When growth becomes scarce, market leadership generally shifts toward quality growth companies with strong balance sheets, low leverage and those expected to grow faster than the overall market. ▪ At the same time, in an inflationary regime, exposure to value is attractive given the industries that historically benefit from rising prices, therefore we recommend staying neutral on a style basis.
Geography *U.S. overweight, emerging market tilt*	▪ The consistency and leadership of U.S. markets continues to support a favorable view relative to other regions. This is not a "domestic bias," but the view that U.S. fundamentals remain strongest. ▪ Structural characteristics such as the reserve currency status of the U.S. dollar, breadth and liquidity of capital markets and strength of the U.S. consumer, remain long-term tailwinds.

As of 9/30/2023. Source: PNC

Fixed Income Themes and Outlook

Outlook Dependent on Future Path of Inflation and Fed Hiking Cycle

Core Fixed Income

Neutral duration, increase high-quality core allocation

- Long-term interest rates increased significantly as economic data continues to show strength. Markets see additional risk in the Fed's most recent projections of higher growth and higher rates through 2025.
- Credit quality discrepancies are beginning to show signs of weakness in the credit cycle, which typically occurs in the later innings of a business cycle.

U.S. High Yield

Credit cycle is starting to weaken

- Cracks are appearing in the fundamentals of the least creditworthy issuers, but many bonds are holding up as refinancing risks remain low over the next twelve months.
- High yield has a lower duration than investment grade credit, which has been additive in a rising interest rate environment, however as the business cycle slows, we recommend a tactical reduction.

Leveraged Loans

Less attractive as the Fed nears the end of its rate hike cycle

- Leveraged loans typically do well when interest rates are rising, amidst growth in capital market activity in areas such as mergers and acquisitions and debt refinancing.
- As the business cycle slows, and the Fed nears the end of its rate hike cycle, we believe outperformance from floating-rate loans will fade, and we recommend tactically exiting the asset class.

Emerging Market (EM) Debt

Valuations remain rich despite macroeconomic headwinds

- EM debt offers an attractive yield pickup relative to core fixed income, however credit spreads appear rich in our view, similar to that of U.S. high yield.
- We continue to favor the asset class given the economic strength of several EM debt countries, and despite headwinds like volatile commodity prices and China's slow post-pandemic economic recovery.

As of 9/30/2023. Source: PNC

Thinking Through Potential Scenarios

Where Do We Go From Here?

Factors	Base Case: Mild Recession	Bear Case: Deep and Long Recession	Bull Case: No Recession
Inflation	**Inflation decelerates at a manageable pace – not a straight line down – as global earnings growth contracts**	**Stagflationary type of environment as high inflation becomes structural**	**Inflation falls rapidly, as a mid-cycle slowdown turns to a reacceleration of the business cycle**
Monetary Policy	No additional rate hikes expected, but the Fed's data dependence allows for additional hikes if needed	Central banks overtighten, leading to negative economic growth, but inflation stays elevated and unemployment climbs much higher	The Fed acknowledges demand has slowed enough and pauses further rate hikes as unemployment remains low
Geopolitics	Russia-Ukraine war lingers; U.S. government shutdown is avoided or does not materially disrupt global markets	Prolonged Russia-Ukraine war; lengthy U.S. government shutdown leads to sovereign credit downgrade	Russia-Ukraine stalemate; U.S. government shutdown is avoided or does not materially disrupt global markets
Earnings Outlook	Revisions for late 2023 and early 2024 decline as the pace of interest rate hikes finally begins to impact consumer activity	Revisions for third and fourth quarter of 2023 and all of 2024 decline meaningfully as an economic slowdown is not fully reflected in consensus estimates	A mid-cycle slowdown leads to a reaccelerating business cycle and earnings revisions turn positive
Trough Earnings Growth	**-5% to -10%**	**-15% to -20%**	**0% to 10%**
Trough Forward P/E	**16x - 18x**	**12x -15x**	**19x - 21x**
Path of Interest Rates	**Flat – then moderately lower**	**Higher – then materially lower**	**Moderately higher**

**Based on PNC Economics expectation of a mild recession in 2024*
As of 9/30/2023. Source: PNC

Disclosures

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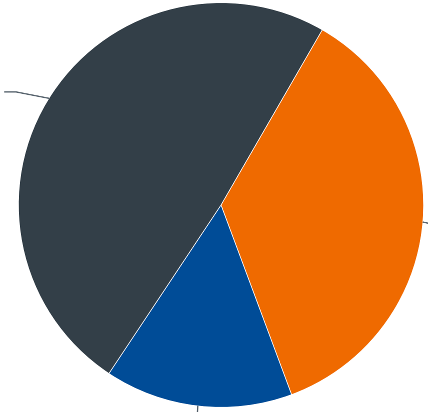
Portfolio Review

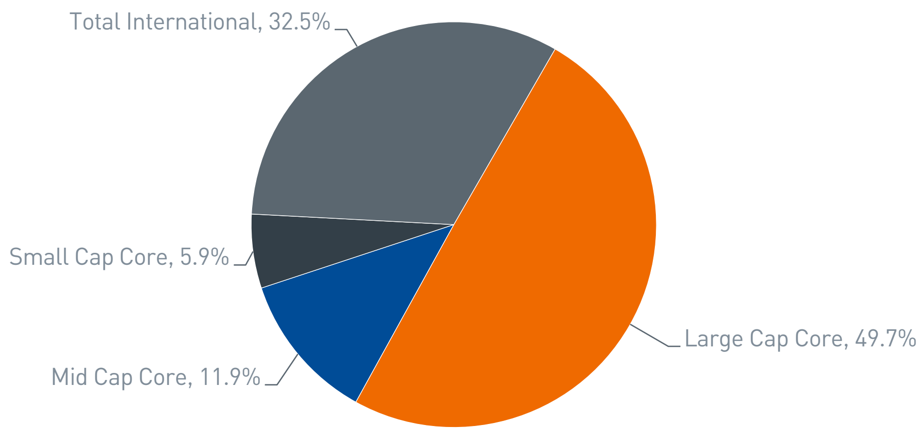


Description	Market Value ($)	Portfolio Allocation
Total Equity	7,583,775	36.0%
Large Cap Equity	3,765,680	17.9%
Mid Cap Equity	901,400	4.3%
Small Cap Equity	448,822	2.1%
Total International	2,467,873	11.7%
Total Fixed Income	3,168,195	15.0%
Total Short Term	10,311,494	49.0%
Total Portfolio	**21,063,464**	**100.0%**

Equity Asset Allocation

LOWER MAKEFIELD TOWNSHIP

As of September 30, 2023

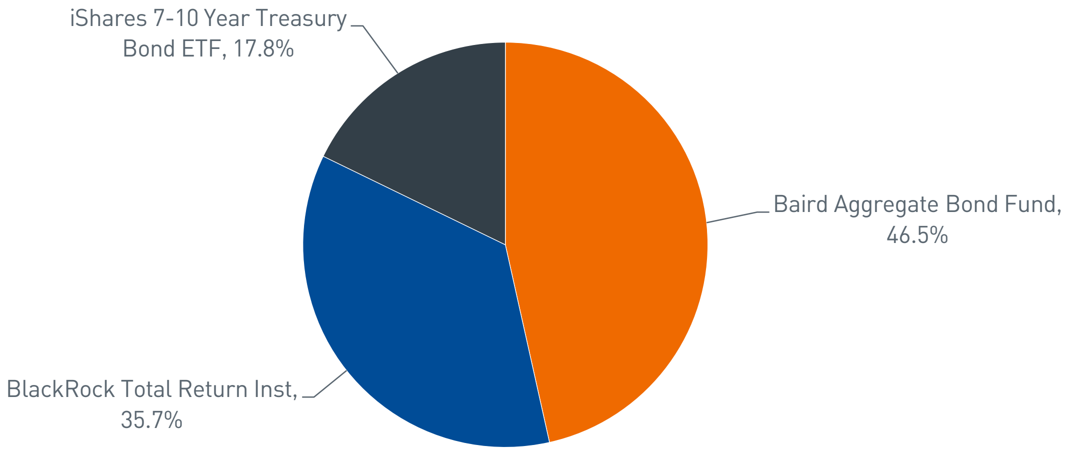


Description	Market Value ($)	Equity Allocation	Portfolio Allocation
Large Cap Core	3,765,680	49.7%	17.9%
Mid Cap Core	901,400	11.9%	4.3%
Small Cap Core	448,822	5.9%	2.1%
Total International	2,467,873	32.5%	11.7%
Total Equity	**7,583,775**	**100.0%**	**36.0%**

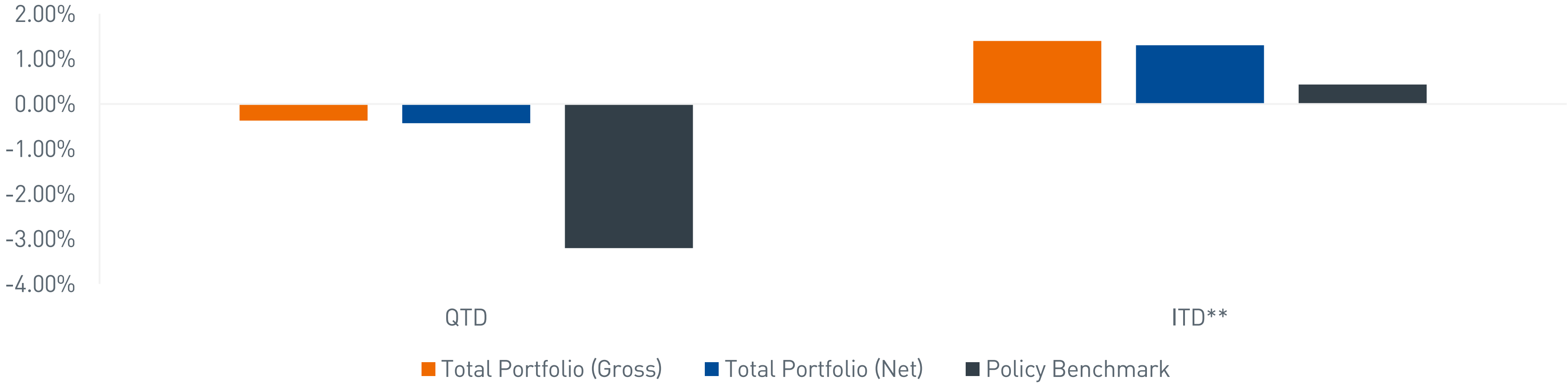
Fixed Income Asset Allocation

LOWER MAKEFIELD TOWNSHIP

As of September 30, 2023



Description	Market Value ($)	FI Allocation	Portfolio Allocation
Baird Aggregate Bond Fund	1,474,496	46.5%	7.0%
BlackRock Total Return Inst	1,131,336	35.7%	5.4%
iShares 7-10 Year Treasury Bond ETF	562,363	17.8%	2.7%
Total Fixed Income	**3,168,195**	**100.0%**	**15.0%**



Description	QTD	ITD**
Total Portfolio (Gross)	-0.37%	1.40%
Total Portfolio (Net)	-0.43%	1.30%
Policy Benchmark	*-3.20%*	*0.43%*
CPI Plus 5%	*2.44%*	*4.39%*
Total Equity	-3.67%	N/A
Equity Policy	*-3.40%*	*N/A*
Blended Equity Index	*-3.46%*	*N/A*
Total Fixed Income	-3.61%	N/A
Fixed Policy	*-3.59%*	*N/A*
Blended Fixed Index	*-3.23%*	*N/A*

**See Appendix – Policy Benchmark Composition for description of benchmarks.*

***Inception date is 04/01/2023*

Total Portfolio (Gross) shows performance gross of advisory fees and separately managed account (SMA) fees. Total Portfolio (Net) shows performance net of advisory fees, transaction costs, and all manager fees. Performance reflects reinvestment of dividends, interest and capital gain distributions and rebalancing. Indices are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that an account may incur. Past performance is not guarantee of future results.

Investment Policy Statement

Lower Makefield Township

Investment Policy Statement

Adopted March 1, 2023

The managed assets of Lower Makefield Township ("Township") will consist of a Trust (the "Fund"). It is the intention of the Board of Supervisors (the "Board") that the Investment Committee of the Organization (the "Investment Committee") ensure that the Fund will be managed in accordance with sound investment practices that emphasize long-term investment fundamentals, while simultaneously meeting the objectives set forth in this Investment Policy Statement.

The Investment Committee is charged with oversight of the management of the Fund in a manner which builds upon the existing assets and furthers growth of the Organization without exposing the assets to excessive risk. The primary objective of the Investment Committee should be the preservation of principal with secondary goals of growth and income.

Table of Contents

Governance

This Investment Policy Statement ("IPS") serves as a strategic guide in the planning and implementation of an investment program for the Township and governs the investments associated with the Lower Makefield Township Trust.

I. Purpose and Scope

This IPS should establish a clear delineation of the expectations of the Board of Supervisors with respect to the Investment Committee's and the Investment Advisor(s)' oversight and management of the Fund.

This IPS is intended to:

- Define the investment assets to be governed by the IPS and allocation of duties among the Board of Supervisors, Investment Committee, and the Investment Advisor(s) with respect to such assets;
- Establish reasonable objectives for return and risk expectations, incorporating the following constraints: current time horizon; liquidity constraints; and any other unique circumstances regarding the Fund;
- Establish the appropriate target allocation and the parameters around restricted security types and asset classes;
- Establish an appropriate portfolio benchmark for the evaluation of investment performance and risk management;
- Establish expectations for investment and money managers, securities guidelines, and for the monitoring of the selected managers;
- Provide a basis for risk management and the evaluation of the investment performance of the Fund's assets at the manager level;
- Encourage effective communication between all parties involved in the oversight, management and operations of the Fund(s).
- Establish the Board of Supervisors' and the Investment Committee's expectations regarding reports to be delivered by the Investment Advisor(s) and the frequency of meetings with the Investment Advisor(s).

Further, this IPS is intended to provide investment objectives that are sufficiently specific to be meaningful, but adequately flexible to be practicable. The objectives in this IPS are designed to establish an attitude and philosophy to guide the Board of Supervisors and the Investment Committee toward the desired policies and performance in oversight of the Organization's assets.

II. Definition of Duties

Position	General Responsibility	Specific Tasks
Board of Supervisors	Oversees corporate policy and investment process	- Appoints Investment Committee - Authorizes and approves changes to the Investment Policy Statement
Investment Committee	Coordinates investment activities, institutional direction, and strategic initiatives	- Oversees management of the investment portfolio - Coordinates periodic asset allocation review - Reviews and recommends revisions to the IPS - Reviews Fund transactions and holdings - Reports Investment results to the Board on a quarterly basis - Retains/dismisses custodians and Investment Advisor(s)
Investment Advisor(s)	Supports the Board and Investment Committee in the development and execution of investment strategy	- Complies with the investment policy, guidelines, and restrictions - Constructs / revises the investment policy and guidelines - Recommends asset classes and asset allocation ranges / targets - Seeks return within acceptable risk parameters - Provides capital markets / asset class information as needed - Rebalances the Fund, as appropriate - Generates desired performance reports - Supports Investment Committee requests - Retains / dismisses investment and money managers for the Fund
Custodian Bank	Safeguards specified financial assets	- Controls access to assets - Settles trades efficiently - Collects investment income and principal - Collects and disseminates fund statements - Provide book of record, audit, and tax information

The Investment Committee will be responsible for adopting a recommendation for the Fund's investment strategy and overall Fund management, as set forth in this IPS. The Investment Advisor(s) will be responsible for the recommendation of an investment strategy, and, once adopted, the management and implementation of the selected strategy.

The Board of Supervisors and Investment Committee recognize that this IPS requires periodic reexamination and, if necessary, revision, if it is to continue to effectively produce the intended strategic results. If it is determined that this IPS needs to be amended, it is the mutual responsibility of the Investment Advisor(s) and the Investment Committee to initiate written communication to effect such change.

III. Investment Goals & Philosophy

The Organization will periodically review and confirm its investment goals and philosophy, which are set forth below:

- Clear and systematic decision-making processes deliver more consistent performance over time;
- The bias of the investable assets is toward being substantially fully invested over time;
- That equity investments will provide greater long-term returns than fixed income investments, although with greater short-term volatility;
- That it is prudent to diversify the Fund across the major asset classes;
- That investment managers with active mandates can reduce portfolio risk and potentially add value through security selection strategies;
- That passive management can be appropriate in certain asset classes, and that a portion of the Fund may be invested in passive mandates;
- That it may be appropriate to select more than one investment manager in any one asset or sub-asset class, provided that such managers can offer asset class or style diversification;
- That investments in alternative assets, such as hedge funds and private equity in both traditional (illiquid) and liquid vehicles, may provide diversification and a competitive risk-adjusted return; and,
- That it is prudent to consider the Organization's tax status (including the applicability of UBIT).

Objectives and Constraints

This Investment Policy Statement ("IPS") serves as a strategic guide in the planning and implementation of an investment program for the Organization and governs the investments associated with the Lower Makefield Township Trust.

IV. Statement of Goals

The Board of Supervisors and Investment Committee's investment objective should be focused on support for:

- Consideration of the Lower Makefield Township's cash flows, time horizon, and overall risk tolerance for this asset pool;
- Total return approach, emphasizing both current income and growth in principal; and
- A recognition of the fact that the assets being invested are public assets.

This will be achieved through a 5% average spending/distribution policy provided that the spend/distribution does not cause the fair market value of the Trust Assets to be less than $10,000,000.

V. Spending Rules—Trust

The Board of Supervisors and the Investment Committee should adopt a spending rule, by defining the amount of Fund distributions, to instill discipline into the budgeting and financial management process. A spending rule will assist the Board of Supervisors and Investment Committee in determining the Fund's required rate of return and risk tolerance objectives, which in turn may lead to less volatile distributions from year-to-year, and improve the visibility of distributions.

While the long-term annual spending and distributions from the Fund are targeted to average 5% of a moving 12-quarter market value average of the Fund, spending and distributions in any one fiscal year may range between a minimum of 2% percent and a maximum of 7%. However, spending and distributions may occasionally exceed this amount as necessary provided that the spend/distribution does not cause the fair market value of the Trust Assets to be less than $10,000,000.

VI. Return Objectives

The long-term return objective is to preserve the real value of the Fund assets while supporting the spending policy and management expenses.

The Committee will monitor the Lower Makefield Township Trust's performance on a quarterly basis and will evaluate each Investment Manager and/or mutual fund's contribution toward meeting the investment objectives outlined below over a reasonable time period.

A. Primary Performance Target: The real return objective of the Lower Makefield Township Trust's portfolio is inflation + 5.0% where inflation is measured by the Consumer Price Index released by the U.S. Bureau of Labor. The Lower Makefield Township Trust's portfolio is expected to exceed the geometric mean return of this benchmark on a risk-adjusted basis over three and five-year rolling time periods

B. Secondary Benchmark: It is desired that the Lower Makefield Township Trust's portfolio produce a level of return higher than the "market" as represented by a benchmark index or mix of indexes reflective Lower Makefield Township Trust's return objectives and risk tolerance. This benchmark or "policy index" is to be constructed as follows:

67%- MSCI All Country World Return

28%- Barclays Global Aggregate Bond Index

5%- BofA Merrill Lynch US LIBOR 3 Month

Starting in 2025, the portfolio is expected to contribute to fund a long-term, inflation-adjusted annual spending rate of 2% to 7%, consistent with the spending rule defined above, in order to maintain the purchasing power of the principal over the long-term.

VII. Risk Tolerance

The Investment Committee is expected to cause the Fund to be diversified in order to minimize the risk of large losses and to manage volatility of asset classes and investment styles. The Investment Advisor(s) are expected to invest Fund assets in accordance with the standard of care set forth in the investment management agreement between such Investment Advisor(s) and the Fund and to seek reasonable diversification where possible.

The Committee has analyzed the behavior of Lower Makefield Township Trust's assets within different economic environments and is comfortable with a moderate risk strategy. This is a goal of investing the Lower Makefield Township Trust's assets with the objective of earning long-term returns with the understanding that there is a potential for negative returns in any one year.

The Township recognizes that, over the long term, the risk of owning equities has been and is expected to continue to be rewarded with a relatively greater return than what has been historically available from fixed income investments. The role of fixed income investments is to reduce the volatility of the overall portfolio, while providing a predictable stream of income. The Organization expects the Investment Committee to follow these accepted investment principals in oversight of the assets of the Fund.

It is understood that the trust must generally be more aggressive on the risk tolerance scale in order to meet return requirements, however, the Investment Advisor(s) are expected to seek to minimize risk against the return objective.

VIII. Time Horizon

Except with regard to portions of the Fund explicitly set aside to fund specific projects, the time horizon for the investment assets will be assumed to be perpetual.

IX. Liquidity Requirements

Generally, the Board of Supervisors expects that the Investment Committee will determine the Township's anticipated spending needs and the amount that should be held in a cash reserve and excluded from investable assets. The Investment Committee has determined that no more than 5% of Trust assets should be held as cash for distribution or emergency purposes at any given time unless otherwise instructed by the Board of Supervisors.

X. Unique Circumstances

Loan Provisions in the Trust Agreement

Vote of supermajority 4 of 5 members of the Board of Supervisors may result in the withdrawal of a part or whole of the Trust assets.

A determination that the Township is deemed fiscally distressed under Pennsylvania Act 47 of 1987, as may be amended, may result in the withdrawl of a part or whole of the Trust assets.

Income reinvested through 2025 with subsequent board decision/directive

Portfolio Parameters

XI. Strategic Asset Allocation and Benchmarks

The Investment Committee believes that the most significant decision to affect the ability of the Fund to meet its objectives is asset allocation. Based on the investment objectives and risk tolerances stated herein, the following asset mix targets and ranges are considered appropriate:

Asset Class	Minimum	Target	Maximum	Evaluative Index

U.S. Equity	**20%**	**50%**	**70%**	**Russell 3000**
Large Cap	**15%**	**32%**	**50%**	**S&P 500**
Mid Cap	**5%**	**7%**	**14%**	**Russell 2500**
Small Cap	**3%**	**5%**	**10%**	**Russell 2000**
REITs	**0%**	**6%**	**10%**	**NAREIT**
Non-U.S. Equity	**10%**	**17%**	**45%**	**MSCI World EX-US**
Developed	**5%**	**12%**	**35%**	**MSCI – EAFE**
Emerging	**0%**	**5%**	**15%**	**MSCI – Emerging & Frontier Markets**
U.S. Fixed Income	**10%**	**28%**	**60%**	**Barclays Global Aggregate Bond Index**
Short	**0%**	**0%**	**40%**	**BofA ML 1-3 yr Corp/Treasury**
Intermediate	**0%**	**28%**	**40%**	**Bloomberg Barclays US Aggregate Bond Index**
High Yield	**0%**	**0%**	**10%**	**BofA US HY Constrained,**
Non-U.S. Fixed Income	**0%**	**0%**	**15%**	
Developed	**0%**	**0%**	**15%**	
Emerging	**0%**	**0%**	**5%**	
Cash or Cash Equivalents	**2%**	**5%**	**10%**	**BofA ML US LIBOR 3 Month**

It is the responsibility of the Investment Advisor(s) to monitor asset allocations and to make adjustments in their Portfolios, as necessary, to achieve on-going allocation consistency with the guidelines for the Portfolio set forth in this IPS. It is the responsibility of the Investment Committee to monitor asset target allocations with respect to the Fund as a whole to maintain compliance with the objectives set forth in this IPS.

XII. Selection and Retention Criteria for Investments

The Investment Committee will appoint Investment Advisor(s) following a systematic search for those with demonstrated skill in the discipline desired. Investment Advisor(s) will have discretion to manage their respective Portfolios in accordance with the style for which they are employed, subject to the restrictions and limitations in this IPS.

Investment funds and managers will be chosen and retained by the Investment Advisor(s) using criteria including, but not limited to, the following:

- The investment style and discipline of the proposed Investment Manager
- Past performance, considered relative to benchmarks having the same investment objective – consideration shall be given to both rankings over various time frames and consistency of performance

- The historical volatility and down-side risk of each proposed investment
- The size of the organization as measured by the amount of assets under management with respect to the investment style under consideration
- Experience of the organization as measured by the tenure of the professionals with respect to the investment style under consideration

The Investment Advisor(s) will monitor managers for consistent investment process, performance, and risk including but not limited to key man and operational risks.

With regard to managers with active mandates, their selection and retention within the portfolio will be predicated on whether or not they fulfill the purpose for which they were selected. If the purpose is:

- risk management, the manager will be evaluated as to how well downside protection is provided and at what cost to upside participation;
- security selection, the manager will be evaluated relative to an appropriate benchmark.

The Investment Advisor(s) will monitor active managers and mandates to determine whether or not value is added relative to the intention or to a passive mandate. If the Investment Advisor(s) determine that it is not, a passive investment vehicle will be selected for that part of the allocation.

XIII. Types of Securities

The Board of Supervisors and Investment Committee recognize that risk and volatility is present with all types of investments and, in performing their respective fiduciary duties for the Organization, they should avoid high levels of relative risk in every asset class. To this end, the Investment Committee should ensure that the Fund manages risk appropriately through diversification by asset class, sector, industry and issuer limits, maturity limits and, to the extent possible, management style. If mutual funds are utilized, their investment objectives should be consistent with this IPS.

Restricted Investments:

Russian public listed companies securities

XIV. Portfolio Rebalancing

The purpose of the rebalancing is to help control risk and maintain asset allocation within the ranges set forth in this IPS. The Investment Committee will be responsible for keeping the Fund as a whole, and Investment Advisor(s) will be responsible for keeping their Portfolio, within the established tolerance levels around the targeted strategic asset allocation. While it is at the Investment Advisor(s) discretion as to the frequency with which they rebalance their Portfolio to the targeted levels, it is understood that asset weight drift that exceeds the tolerance thresholds will be promptly corrected.

Risk Management

XV. Control Procedures

Review and Evaluation of Investment Objectives

The achievement of the investment objectives in this IPS shall be reviewed at least on an annual basis by the Investment Committee. This review will focus on the continued feasibility of achieving the objectives and the continued appropriateness of this IPS. It is not expected that this IPS will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in the IPS.

Review and Evaluation of Investment Advisor(s):

The Investment Committee will meet periodically with the Investment Advisor(s) or their representative(s). Additionally, with or without the Investment Advisor(s), the appropriate committees will review investment results on an established basis.

These reviews will focus on:

- The Investment Advisor(s)' adherence to this IPS;
- Comparison of the Investment Advisor(s)' results to the benchmark established for their Portfolio;
- Material changes in the Investment Advisor(s)' investment philosophy or changes in personnel managing the Fund.

Termination of an Investment Advisor should be considered under the following circumstances:

- Deviation from this IPS.
- Deviation substantially from the Investment Advisor(s)' investment disciplines and process.

XVI. Performance Objectives

The Fund's and each Portfolio's investment performance will be reviewed on a quarterly basis, with long-term emphasis placed on results achieved over a full market cycle (typically three-to-five year period). This IPS will be reviewed annually and adjusted, if necessary, after consultation with the Investment Committee. Investment Advisor progress will be measured against this IPS and for consistency with the total return objectives for the Advisor's Portfolio; performance will be reflected net of management fees.

With regard to performance benchmarking, the Fund and each Portfolio will be measured against a blended index of the component parts used to measure the equity, fixed income, and alternative asset allocations, as/if applicable. This blend will be weighted by the targeted strategic allocation proposed for the Fund and each Portfolio, as outlined in this IPS.

Client Service

XVII. Communication

The Investment Advisor(s) are responsible for frequent and open communication with the Investment Committee on all material matters pertaining to the investment of the Fund.

The Investment Advisor(s) will promptly notify The Investment Committee of changes in market conditions which may materially impact the Fund. The Township will notify the Investment Advisor(s) promptly of any changes in the Fund or this IPS.

XVIII. Reporting

The Investment Advisor(s) will provide comparative performance evaluation reports on a quarterly basis. In addition, the Custodian will provide quarter-end regular accounting of transactions, Fund holdings, yields, current market values, summary of cash flows, and calculations of the Fund's total rate of return.

The Investment Advisor(s) and/or Custodian will forward to the Township Manager, as they become available, monthly reports containing Fund activity and asset holdings at book and market values. Quarterly, the Investment Advisor(s) should submit tactical and strategic updates regarding the Fund's management for performance evaluation purposes.

Acknowledgment of IPS

XIX. Adoption of Investment Policy Statement

Lower Makefield Township certifies that this Investment Policy Statement was adopted by the Lower Makefield Township Board of Supervisors at their regularly scheduled meeting on March 1, 2023.

Lower Makefield Township

By:______________________________

Name: David W. Kratzer, Jr.
Township Manager
Lower Makefield Township, Bucks County

Acknowledgement By Investment Managers

The Investment Manager named below acknowledges receipt of the Lower Makefield Township Investment Policy Statement, dated March 1, 2023. In the event any of the terms of the Investment Policy Statement conflict with the terms and conditions of an investment management agreement or custody agreement entered into between the Township and the Investment Manager, the terms of the investment management or custody agreement shall govern.

PNC, Institutional Asset Management

____________________ ____

Date Signature

Thank you for your business.

How can we better serve your needs?

PNC INSTITUTIONAL ASSET MANAGEMENT

Appendix

PNC INSTITUTIONAL ASSET MANAGEMENT

Portfolio Holdings

LOWER MAKEFIELD TOWNSHIP

As of September 30, 2023

PNC INSTITUTIONAL ASSET MANAGEMENT

Description	Ticker	Units	Market Value ($)	% of Market Value
Large Cap Core				
Fidelity 500 Index Fd-Ai	FXAIX	21,388	3,194,524	15.2%
Wisdomtree US Quality Dividend Gr ETF	DGRW	8,996	571,156	2.7%
Mid Cap Core				
iShares Core S&P Mid-Cap ETF	IJH	3,615	901,400	4.3%
Small Cap Core				
iShares Core S&P Small Cap ETF	IJR	4,758	448,822	2.1%
Total International				
iShares Core MSCI EAFE ETF	IEFA	13,888	893,693	4.2%
iShares Core MSCI Emerging Markets ETF	IEMG	23,714	1,128,549	5.4%
Schwab International Small Cap Equity ETF	SCHC	13,818	445,631	2.1%
Total Equity			**7,583,775**	**36.0%**

Description	Ticker	Units	Market Value ($)	% of Market Value
Fixed Income Taxable				
Baird Aggregate Bond Fund	BAGIX	158,548	1,474,496	7.0%
BlackRock Total Return Inst	MAHQX	118,963	1,131,336	5.4%
iShares 7-10 Year Treasury Bond ETF	IEF	6,140	562,363	2.7%
Total Fixed Income			**3,168,195**	**15.0%**
Short Term				
Cash & Equivl	-	10,311,494	10,311,494	49.0%
Total Short Term			**10,311,494**	**49.0%**
Total Portfolio			**21,063,464**	**100.0%**

Description	QTD	YTD	ITD**
Large Cap Core	**-3.05%**	**N/A**	**N/A**
Fidelity 500 Index Fd-Ai	-3.27%	N/A	N/A
S&P 500 TR	*-3.27%*	*N/A*	*N/A*
Wisdomtree US Quality Dividend Gr ETF	N/A	N/A	N/A
NASDAQ US Broad Dividend Achievers Gross	*N/A*	*N/A*	*N/A*
iShares MSCI USA Quality Factor ETF	-1.97%	N/A	N/A
S&P 500 TR	*-3.27%*	*N/A*	*N/A*
Mid Cap Core	**-4.29%**	**N/A**	**N/A**
iShares Core S&P Mid-Cap ETF	-4.29%	N/A	N/A
S&P Midcap 400 TR	*-4.20%*	*N/A*	*N/A*
Small Cap Core	**-5.04%**	**N/A**	**N/A**
iShares Core S&P Small Cap ETF	-5.04%	N/A	N/A
S&P Small Cap 600 TR	*-4.93%*	*N/A*	*N/A*
Total International	**-4.12%**	**N/A**	**N/A**
Schwab International Small Cap Equity ETF	-4.64%	N/A	N/A
MSCI EAFE Small Net	*-3.51%*	*N/A*	*N/A*
iShares Core MSCI EAFE ETF	-4.60%	N/A	N/A
MSCI EAFE IMI Net USD	*-4.03%*	*N/A*	*N/A*
iShares Core MSCI Emerging Markets ETF	-3.54%	N/A	N/A
MSCI Emerging Market Net	*-2.93%*	*N/A*	*N/A*
Fixed Taxable	**-3.61%**	**N/A**	**N/A**
BlackRock Total Return Inst	-3.85%	N/A	N/A
Bloomberg US Aggregate	*-3.23%*	*N/A*	*N/A*
iShares 7-10 Year Treasury Bond ETF	-4.49%	N/A	N/A

***Inception date is 04/01/2023*

Performance is shown gross of advisory fees and separately managed account (SMA) fees. The effect of advisory fees on the portfolio could be material. If these fees were reflected, returns would be lower. Indices are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that an account may incur. Past performance is not guarantee of future results.

Description	QTD	YTD	ITD**
ICE/BOFA US Treasury 7-10 TR	*-4.39%*	*N/A*	*N/A*
Baird Aggregate Bond Fund	-3.07%	N/A	N/A
Bloomberg US Aggregate	*-3.23%*	*N/A*	*N/A*
Total Short Term	**1.29%**	**N/A**	**2.53%**
Cash & Equivl	1.29%	N/A	2.53%
Bloomberg US Treasury Bill 1-3 Month Blend	*1.34%*	*N/A*	*2.59%*

***Inception date is 04/01/2023*

Performance is shown gross of advisory fees and separately managed account (SMA) fees. The effect of advisory fees on the portfolio could be material. If these fees were reflected, returns would be lower. Indices are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that an account may incur. Past performance is not guarantee of future results.

Benchmark Composition

LOWER MAKEFIELD TOWNSHIP

As of September 30, 2023

Total Portfolio

Policy Benchmark

April 2023	%
MSCI ACWI Net	67.00
Bloomberg Global Aggregate	28.00
ICE BofA US Dollar LIBOR 3-month Cons	5.00

Secondary Benchmark

September 2023	%
CPI Plus 5%	100.00

Indices are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that an account may incur. Indices performance results do not represent, and are not necessarily indicative of, the results that may be achieved in accounts investing in the corresponding investment strategy; actual account returns may vary significantly.

For definitions of Indices/Benchmarks used in this presentation, please refer to www.pnc.com/indexdefinitions.

PNC INSTITUTIONAL ASSET MANAGEMENT

Equity:

MSCI ACWI Net - September 2023	%
MSCI ACWI Net	100.00

Blended Equity Index - September 2023	%
S&P 500 TR	49.67
Russell 2000	6.04
Russell Midcap	12.07
MSCI Emerging Market Net	14.67
MSCI ACWI Ex US Net	11.66
MSCI ACWI Ex USA Small Net	5.89

Fixed Income:

Bloomberg Global Aggregate - September 2023	%
Bloomberg Global Aggregate	100.00

Blended Fixed Index - September 2023	%
Bloomberg US Aggregate	100.00

Indices are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that an account may incur. Indices performance results do not represent, and are not necessarily indicative of, the results that may be achieved in accounts investing in the corresponding investment strategy; actual account returns may vary significantly.

For definitions of Indices/Benchmarks used in this presentation, please refer to www.pnc.com/indexdefinitions.

Disclosure

PNC INSTITUTIONAL ASSET MANAGEMENT

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