

Regions Investment Management

State of Alabama Treasurer's Office

Prepaid Affordable College Tuition (PACT) Program

As of March 31, 2022

Robert E. Richardson, CEBS
Vice President & Relationship Consultant
Regions Institutional Services
robert.richardson@regions.com
205-264-5748

George R. McCurdy IV, CFA
Sr. Vice President & Portfolio Manager
Regions Investment Management
george.mccurdy@regions.com
205-264-7554



Table of Contents

Bond Portfolio Review

- Characteristics
- Performance
- Allocation Detail

The results of this presentation are intended for the sole use of the prospect and should not be distributed to any other party. Please read important disclosures at the end of this document.



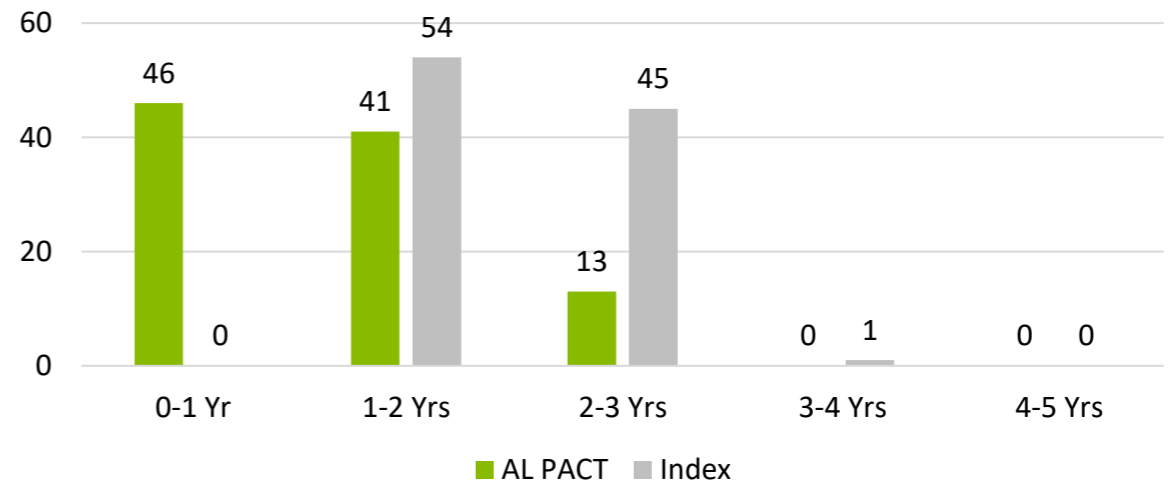
State of Alabama Treasurer's Office – PACT Program

Fixed Income Portfolio Characteristics as of 03.31.2022

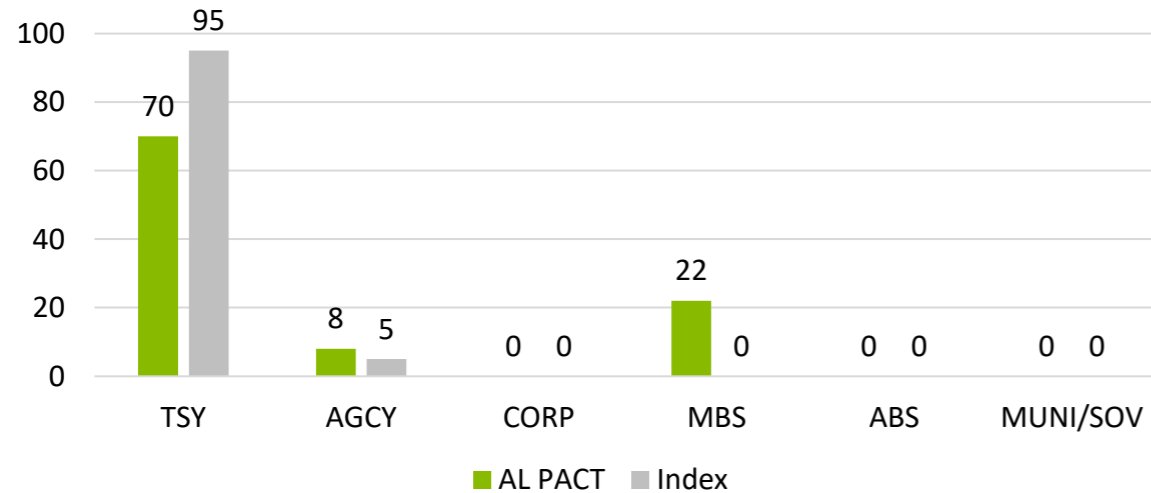
Portfolio Characteristics

	AL PACT	Index
Yield to Maturity	1.81%	2.24%
Average Coupon	1.42%	1.28%
Effective Duration	1.15 years	1.93 years
Average Life	1.22 years	1.97 years
Average Quality	Aaa	Aaa

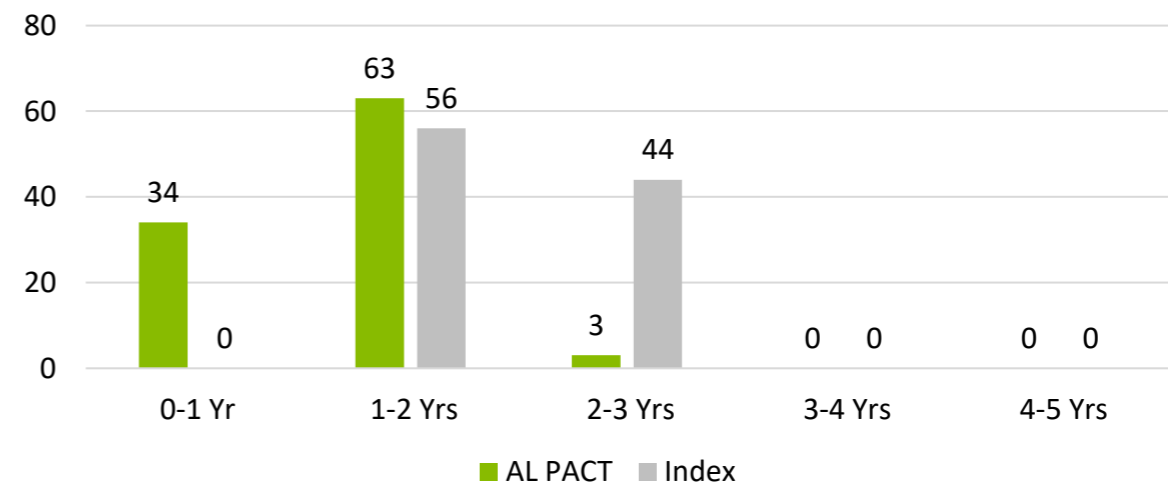
Maturity vs. Index



Sector vs. Index



Duration vs. Index



Index: Bloomberg Barclays 1-3 Year US Govt Index

Source: BondEdge & Bloomberg Barclays Capital; Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith."

State of Alabama Treasurer's Office – PACT Program

Performance as of 03.31.2022

	Qtr	YTD	1-Yr	3 Years *	5 Years *	Inception *
Consolidated Portfolio	-0.27%	-0.27%	-0.36%	1.52%	1.63%	1.61%
Money Market Fund	0.01%	0.01%	0.03%	0.64%	0.97%	0.90%
Fixed Income Portfolio	-1.51%	-1.51%	-1.69%	1.37%	1.61%	1.62%
1-3 YR Govt Only	-2.50%	-2.50%	-3.04%	0.84%	1.05%	1.02%
<i>Excess Return</i>	<i>0.99%</i>	<i>0.99%</i>	<i>1.35%</i>	<i>0.53%</i>	<i>0.56%</i>	<i>0.60%</i>

*** Market Values: Consolidated: \$71.0 mm / Money Market: \$59.0 mm / Fixed Income: \$12.0 mm***

Returns are net of fees. Past performance does not guarantee future returns. *Figures for periods greater than one year are annualized; Inception Date: 12/31/2015

Index: Bloomberg Barclays 1-3 Year US Govt Index

Source: SEI for client returns & Bloomberg Barclays Capital for index returns; Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith."



State of Alabama Treasurer's Office – PACT Program

Allocation Detail as of 03.31.2022

INVESTMENT RETURN SUMMARY - QUARTER ENDING MARCH 31, 2022

Name	Current Quarter Total Return	Prior Quarter Market Value	Net Cashflow	Investment Return	Current Quarter Market Value *
Fixed Income	-1.51%	\$14,985,156	(\$2,831,366)	(\$174,574)	\$11,979,215
Money Market Mutual Fund	0.01%	56,178,116	2,831,366	-3,360	\$59,006,122
Demand Deposit	0.00%	546,523	83,870	0	\$630,393
Total Portfolio	-0.27%	\$71,709,795	\$83,870	(\$177,934)	\$71,615,730

* The total market value of the Alabama PACT Composite portfolio does not include the cash balance of \$4,523,165.07 that was in the Treasury Account on March 31, 2022.

MANAGER ALLOCATION SUMMARY - QUARTER ENDING MARCH 31, 2022

Prior Quarter Market Value	%	Fund Name	Style	Adj. for Portion of Fixed Income Account Instructed to Hold in Money Market	Current Quarter Market Value *	%
\$14,985,156	21%	Fixed Income	(STFX)	0	11,979,215	17%
\$56,178,116	78%	Money Market Mutual Fund	(CASH)	0	59,006,122	82%
\$546,523	1%	Demand Deposit	(CASH)	0	630,393	1%
\$71,709,795	100%		(TOTL)	\$0	71,615,730	100%

* The total market value of the Alabama PACT Composite portfolio does not include the cash balance of \$4,523,165.07 that was in the Treasury Account on March 31, 2022.

Market Updates

- Market Returns
- Economic Update
- Fixed Income Markets

The results of this presentation are intended for the sole use of the prospect and should not be distributed to any other party. Please read important disclosures at the end of this document.



Market Returns


Equities	YTD as of 3/31/22	Trailing 3 Months 3/31/22	2021	2020	2019	2018	2017	2016
S&P 500 Index (Large Cap Stocks)	-4.60%	-4.60%	28.71%	18.40%	31.49%	-4.38%	21.83%	11.96%
<i>S&P 500 (Large Cap Growth)</i>	-8.59%	-8.59%	32.01%	33.47%	31.13%	-0.01%	27.44%	6.89%
<i>S&P 500 (Large Cap Value)</i>	-0.16%	-0.16%	24.90%	1.36%	31.93%	-8.95%	15.36%	17.40%
Russell 2500 Index (Small to Mid Cap Stocks)	-5.82%	-5.82%	18.18%	19.99%	27.77%	-10.00%	16.81%	17.59%
<i>Russell Mid Cap TR USD</i>	-5.68%	-5.68%	22.58%	17.10%	30.54%	-9.06%	18.52%	13.80%
<i>Russell 2000 Index (Small Cap Stocks)</i>	-7.53%	-7.53%	14.82%	19.96%	25.52%	-11.01%	14.65%	21.31%
MSCI ACWI Ex-US (Foreign Stocks, Net Return)	-5.44%	-5.44%	7.82%	10.65%	21.51%	-14.20%	27.19%	4.50%
<i>MSCI EAFE Index (Foreign Stocks, Net Return)</i>	-5.91%	-5.91%	11.26%	7.82%	22.01%	-13.79%	25.03%	1.00%
<i>MSCI EM (Foreign Stocks, Net Return)</i>	-6.97%	-6.97%	-2.54%	18.31%	18.42%	-14.58%	37.28%	11.19%
Fixed Income								
Barclays US Agg Bond TR USD	-5.93%	-5.93%	-1.54%	7.51%	8.72%	0.01%	3.54%	2.65%
Barclays Global Agg Ex USD TR	-6.15%	-6.15%	-7.05%	10.11%	5.09%	-2.15%	10.51%	1.49%
S&P National AMT-Free Municipal Bond Index	-5.43%	-5.43%	1.02%	4.95%	7.42%	1.01%	5.09%	0.36%
Barclays High Yield Corp TR USD	-6.53%	-6.53%	5.28%	7.11%	14.32%	-2.08%	7.50%	17.13%
Barclays US Treasury US TIPS	-3.02%	-3.02%	5.96%	10.99%	8.43%	-1.26%	3.01%	4.68%
FTSE Treasury Bill 3 Month (Money Market)	0.03%	0.03%	0.05%	0.58%	2.25%	1.86%	0.86%	0.33%
Diversified Strategies								
HFRX Global Hedge Index	-1.35%	-1.35%	3.65%	6.81%	8.62%	-6.72%	5.98%	2.50%

Source: Morningstar

Please see important disclosure at the end of this presentation

Economy

Overview & Outlook

Economy		<p><u>Risks:</u></p> <ul style="list-style-type: none"> ▪ Persistently high inflation could lead to the FOMC going “too far too fast” as they raise the Fed funds rate. It is unclear how higher interest rates, including mortgage rates, will impact the broader economy, particularly as supply-side constraints have yet to fully clear. 	<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> ▪ Should global supply-side constraints clear faster and labor force participation increase more than we expect, growth could be faster than expected in 2022. Relief on the supply side of the economy could mean a less aggressive course of Fed funds rate hikes than is now anticipated.
---------	---	---	---

Inventories Are A Real Drag . . . On Q1 Real GDP Growth

- The third and final estimate from the BEA shows real GDP grew at an annualized rate of 6.9 percent in Q4 2021, with a sizable build in nonfarm business inventories contributing 5.3 percentage points to top-line growth.¹ This bears noting because it sets up inventories to be a significant drag on Q1 2022 growth, perhaps taking up to 3.0 percentage points off annualized Q1 real GDP growth of around 1.0 percent (annualized). This is more a reflection of GDP accounting than of underlying economic conditions. Indeed, we look for real private domestic demand, or, combined household and business spending, to have grown at an annualized rate of 4.9 percent in Q1, up from 2.6 percent growth in Q4 2021. The BEA will release the first estimate of Q1 GDP on April 28.
- The ISM Manufacturing Index fell to 57.1 percent in March from 58.6 percent in February. While signaling further expansion in the factory sector, one notable element of the March survey was a significant slowdown in the growth of new orders. This could be a sign that persistent price pressure and long and uncertain delivery times are weighing on demand, which bears watching in the months ahead. The ISM Non-Manufacturing Index rose to 58.3 percent in March, with stronger growth in new orders.²
- The ISM’s March surveys show price pressures remain intense; each of the combined 36 industry groups represented in the two surveys reported paying higher prices for inputs in March.² Inflation is running at its fastest pace since the early 1980s and is set to push even higher. With a tight labor market, steady upward pressure on non-labor input prices, and added upward pressure on food, energy, and shipping costs in the wake of Russia’s invasion of Ukraine, inflation will rise higher and be more persistent than had been expected.

Labor Supply Still No Match For Labor Demand

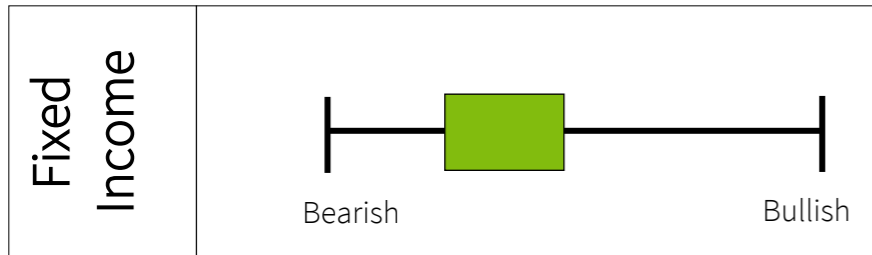
- Total nonfarm employment rose by 431,000 jobs in March, with prior estimates of job growth in January and February revised up by a net 95,000 jobs for the two-month period.³ Hiring remained broad based across private sector industry groups in March, a sign of a more sustainable expansion in the broader economy.
- Despite a further increase in labor force participation, the unemployment rate fell to 3.6 percent in March, with the broader U6 measure, which also accounts for underemployment, falling to 6.9 percent, the lowest rate since the onset of the pandemic. Over the past twelve months, nonfarm payrolls have risen by 6.494 million jobs. With over eleven million open jobs across the economy, however, it seems clear that firms would be taking on more workers were they able to do so.
- The FOMC took a surprisingly aggressive tone at their March meeting. While the 25-basis point in the Fed funds rate came as no surprise, the updated “dot plot” surprised many market participants. The updated dot plot implied 25-basis point funds rate hikes at each of the six remaining FOMC meetings in 2022 with additional hikes in 2023, pushing the funds rate above the Committee’s estimate of the “neutral” funds rate. In his post-meeting press conference, Fed Chair Powell opened the door for 50-basis point funds rate hikes at subsequent meetings. Comments by FOMC members in the weeks after the March FOMC meeting further laid the groundwork for a faster pace of rate hikes. Market expectations have adapted, and 50-basis point hikes at both the May and June FOMC meetings and 25-basis point hikes at each of the four remaining 2022 meetings are now priced in. While there is still considerable debate over how far the FOMC will go, it seems increasingly clear they are in a hurry to get there. Market participants are, however, becoming increasingly worried that the FOMC may go too far, too fast.

Source: 1) Bureau of Economic Analysis; (BEA); 2) Institute for Supply Management (ISM); 3) Bureau of Labor Statistics (BLS)

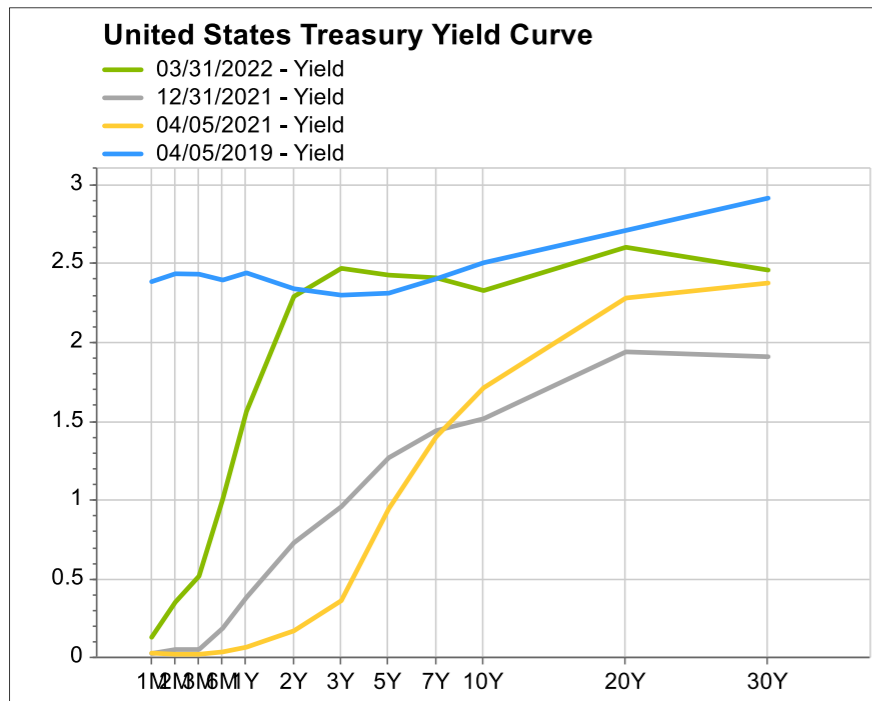
See important disclosure at the end of this presentation.

Fixed Income

Overview & Outlook



Yields as of March 31, 2022	
US Treasuries	
3-month	0.51%
2-year	2.34%
5-year	2.46%
10-year	2.34%
30-year	2.45%



Summary View: Underweight

- After a challenging first quarter, our forward-looking return expectations for fixed income have been revised upward. However, we expect continued challenges for the asset class in coming quarters as economic growth and persistent inflationary pressures spur the Federal Open Market Committee (FOMC) to hike short-term interest rates, even in the face of geopolitical uncertainty surrounding Russia/Ukraine.
- The Federal Open Market Committee (FOMC) started lift-off at the Mid-March meeting and hiked the Fed funds rate by a quarter-point. Chair Powell and other Fed officials have recently suggested a more aggressive tightening cycle with market expectations now being 50-basis point hikes in May and June and 25-basis points hikes at the four meetings thereafter in 2022.
- Investment grade and high yield corporate bonds have seen some spread widening year-to-date; however, have been relatively resilient throughout the volatility. Corporate cash positions and balance sheets remain strong and expectations for defaults in 2022 remain below historical levels but tight credit spreads leads us to remain neutral on the asset class.
- We remain constructive on emerging market debt, but these bonds tend to be longer duration assets and are sensitive to movements in long-term U.S. Treasury yields and liquidity concerns, evidenced by the 9% year-to-date drawdown for the Emerging Market U.S. Dollar Aggregate Bond index through March. Exposure must be right-sized due to heightened volatility and larger potential drawdowns.

Risks: Facing the prospect of falling short of required hurdle rates or inflation, investors increase allocations to riskier pockets of the fixed income market, taking on excess volatility and risking larger potential drawdowns.

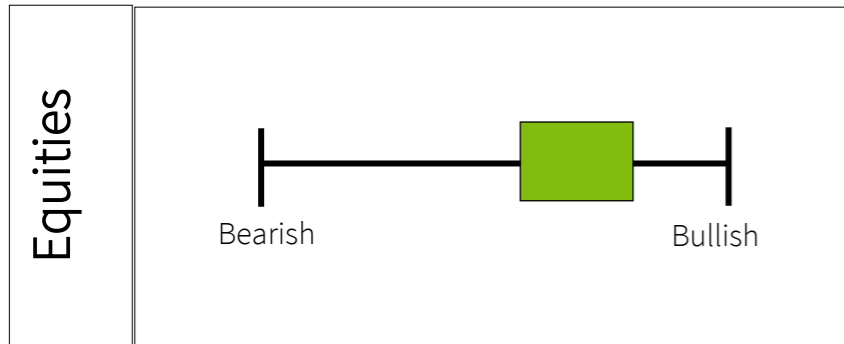
	YTD 3/31/2022	2021	2020	2019	2018	2017
Total Return						
Barclays US Agg Bond TR USD	-5.93%	-1.54%	7.51%	8.72%	0.01%	3.54%
Barclays High Yield Corp TR USD	-4.84%	5.28%	7.11%	14.32%	-2.08%	7.50%
Barclays Global Agg Ex USD TR	-6.15%	-7.05%	10.11%	5.09%	-2.15%	10.51%
Barclays US Treasury US TIPS	-3.02%	5.96%	10.99%	8.43%	-1.26%	3.01%
FTSE Treasury Bill 3 Month (Money Market)	0.03%	0.05%	0.58%	2.25%	1.86%	0.86%

Source: Prepared by Regions Asset Management using data from Morningstar and FactSet.

Please see important disclosure at the end of this presentation

Equities

Overview & Outlook



S&P 500 Statistics as of March 31, 2022	
Fundamentals	
2021 Earnings	\$206
2022 Earnings Estimates	\$228
Forward P/E	19.86x
Dividend Yield	1.32%
Technicals	
% of Stocks Above 200ma	48%
VIX (CBOE Volatility Index)	20.56



Summary View: Overweight

- broadly speaking, and this cohort of stocks should benefit if investors pivot toward ‘quality’ and away from highly levered, less profitable companies. Geopolitical uncertainty driven by Russia’s invasion of Ukraine is likely to lead to near-term outperformance of U.S. equities, broadly and the S&P 500, specifically, as a port in the storm.
- Rising interest rates and higher costs tied to commodities, logistics, and labor could weigh on profitability for small and mid-cap (Smid) U.S. stocks throughout much of 2022, but this cohort could benefit from its U.S.-centric focus as uncertainty surrounding growth in the Eurozone persists over coming quarters.
- International developed market stocks are attractively valued, but fears of stagflation due to rapidly rising commodity prices are likely to weigh on the outlook for economic growth in Europe, specifically. While the near-term outlook for Europe is increasingly murky due to the Russia/Ukraine situation, longer-term we expect a more unified European Union and stronger euro to materialize as countries rally around the greater good and common goals.
- Emerging markets have modestly underperformed global equities YTD, but we expect volatility to plague developing markets as central banks continue to hike overnight/short-term rates to support currencies, lowering growth. The combination of a stronger U.S. dollar and rising commodity prices will act as a substantial headwind for emerging markets over the near-term; however, China continues to inject liquidity, which may prop up the MSCI EM index.

Risks: Interest rates rise sharply due to a combination of faster economic growth, rising inflation expectations, and/or monetary policy normalization on a global basis; higher yields make Treasuries an increasingly viable alternative for yield.

	YTD 3/31/2022	2021	2020	2019	2018	2017
Total Return						
S&P 500 Index (Large Cap)	-4.60%	28.71%	18.40%	31.49%	-4.38%	21.83%
S&P 500 (Large Cap Growth)	-8.59%	32.01%	33.47%	31.13%	-0.01%	27.44%
S&P 500 (Large Cap Value)	-0.16%	24.90%	1.36%	31.93%	-8.95%	15.36%
Russell 2500 Index (Small to Mid Cap)	-5.82%	18.18%	19.99%	27.77%	-10.00%	16.81%
Russell Mid Cap Index (Mid Cap)	-5.68%	22.58%	17.1%	30.54%	-9.06%	18.52%
Russell 2000 Index (Small Cap)	-7.53%	14.82%	19.96%	25.52%	-11.01%	14.65%
MSCI World Ex-US (Foreign Stocks, Net Return)	-5.44%	7.82%	10.65%	21.51%	-14.09%	24.21%
MSCI EAFE Index (Foreign Stocks, Net Return)	-5.91%	11.26%	7.82%	22.01%	-13.79%	25.03%
MSCI EM (Foreign Stocks, Net Return)	-6.97%	-2.54%	18.31%	18.42%	-14.58%	37.28%

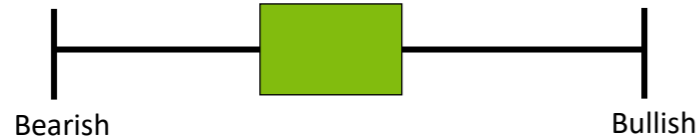
Source: Prepared by Regions Asset Management using data from Morningstar and FactSet.

Please see important disclosure at the end of this presentation

Fixed Income - Municipal

Overview & Outlook

Municipals



Summary View: Neutral

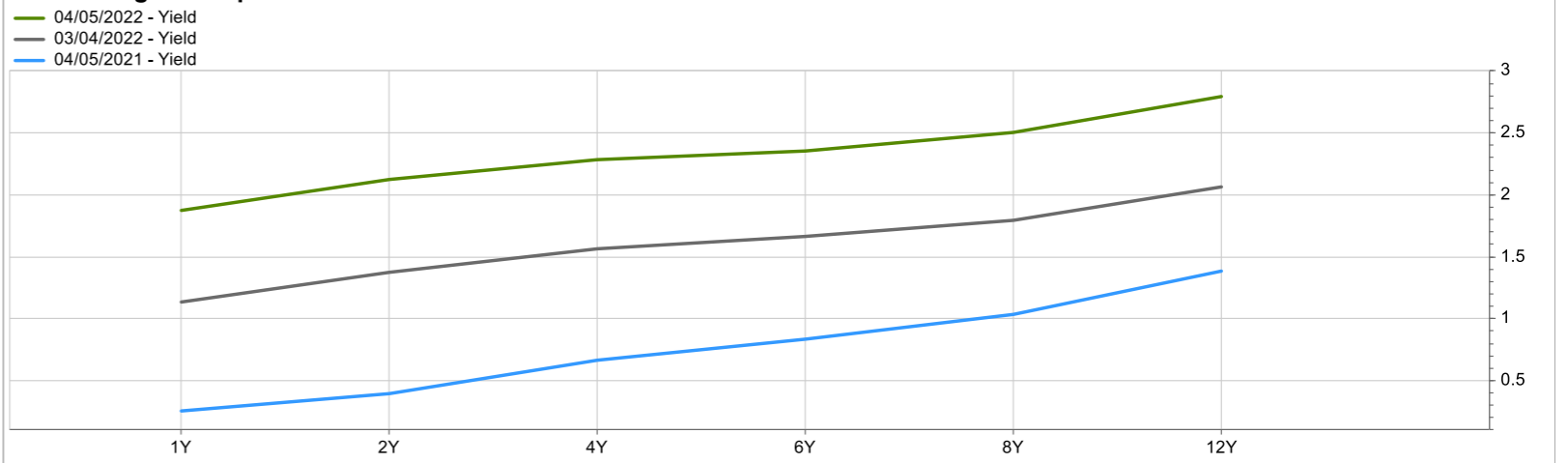
- After robust demand amid limited supply in '21, the technical backdrop for munis is more mixed with strong outflows in the first quarter of 2022 on a modest decrease in average supply. Outflows are a product of investors raising cash into redemption-heavy tax season and heightened market volatility.
- Municipal valuations remain lofty compared to Treasuries, a trend likely to persist given ongoing tax-policy discussions but could moderate as expectations on future tax rates come down over coming quarters. The fundamental backdrop is sound, and the broader market should be able to maintain this positioning for some time, but this could shift for the high yield segment if economic growth slows.
- High yield municipal spreads have widened but remain well below historic averages. Price declines stem from higher interest rates that impact most fixed income markets, rather than from credit selling.

Risks: Interest rate volatility could continue to impact demand and weaken the market backdrop near-term.

Yields as of March 31, 2022

US Muni Yields	
1-year	1.52%
5-year	2.00%
10-year	2.22%
30-year	2.54%
S&P National AMT-Free Municipal Bond Index	2.42%
Barclays Muni 5 Year	2.28%

Bloomberg Municipal Bond



Yields as of March 31, 2022

US Treasuries	
3-month	0.51%
2-year	2.34%
5-year	2.46%
10-year	2.34%
30-year	2.45%

Total Return	YTD 3/31/2022	2021	2020	2019	2018	2017
S&P National AMT-Free Muni	-5.43%	1.02%	4.95%	7.42%	1.01%	5.09%
Barclays Municipal	-6.23%	1.52%	5.21%	7.54%	1.28%	5.45%
Barclays High Yield Muni	-6.53%	7.77%	4.89%	10.68%	4.76%	9.69%

Source: Prepared by Regions Asset Management using data from Morningstar, Bloomberg, and FactSet. Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

Please see important disclosure at the end of this presentation



Important Disclosure

This material and all accompanying documents are provided for the sole use of the individual(s) it is presented to. Performance results contained in this presentation reflect trading in your account(s). The returns are calculated using a third party vendor, SEI. Factors impacting the returns include individual client risk tolerance, restrictions a client may place on the account, investment objectives, choice of broker/dealers or custodians, as well as other factors. Your account(s) performance may differ from that of other clients due to, among other things, commission, timing of order entry, or the manner in which the trades were executed.

Performance presented is net of fees, which means that the performance includes the deduction of management and other fees associated with your account(s). Performance figures include reinvestment of coupon payments, dividends and other earnings. The fee schedule is described in your investment management contract. Performance results do not reflect the impact of taxes. Some strategies may involve above average turnover which could negatively impact any net after tax gain experienced within a taxable account. Clients are encouraged to seek the advice of a tax professional.

Maturity, duration and yield characteristics reflect call features and are calculated using a third party vendor, BondEdge. Yield to maturity is the internal rate of return and the best indication of realized return; current yield is the annual coupon income divided by current price.

The index characteristics are not intended as a direct comparison to the characteristics of the portfolio, but are intended to represent the characteristics of certain sectors of the overall securities market. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and the type of securities held within this strategy. Indices are unmanaged, and you cannot invest directly into an index.

Past performance is not a guarantee of future results. Current performance may be lower or higher than the performance data presented. The investment return and principle value of an investment will fluctuate so that, when redeemed, it may be worth more or less than the original value. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities presented herein. Neither the information nor any opinion expressed constitutes a solicitation for the purchase or sale of any security.

Trust and investment management services are offered through Regions Wealth Management, a business unit of Regions Bank.

Some investment commentary referenced in this document has been excerpted from the Regions Wealth Management Economic & Market Commentary. In all cases, while the commentary accurately reflects the opinions of the Analyst by whom it is written, it does not necessarily reflect the opinion of Regions Bank or its affiliates.

Investment advisory services are offered through Regions Investment Management, Inc. ("RIM"), a Registered Investment Adviser. RIM is a wholly owned subsidiary of Regions Bank, which in turn, is a wholly owned subsidiary of Regions Financial Corporation. Additional information regarding RIM is set forth in RIM's current Form ADV Part 2A, a copy of which is available upon request at 205-264-6735.

Neither Regions Bank, Regions Institutional Services (collectively, "Regions") nor the Regions Bank subsidiary, Regions Investment Management, Inc. (RIM), are registered municipal advisors, nor provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for such services. With respect to this presentation and any other information, materials or communications provided by Regions or RIM, (a) Regions and RIM are not recommending an action to any municipal entity or obligated person, (b) Regions and RIM are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to such presentation, information, materials or communications, (c) Regions and RIM are acting for their own interests, and (d) you should discuss this presentation and any such other information, materials or communications with any and all internal and external advisors and experts that you deem appropriate before acting on this presentation or any such other information, materials or communications.

Investment, Insurance and Annuity Products		
Are Not FDIC-insured	Are Not Bank Guaranteed	May Lose Value
Are Not Deposits	Are Not Insured by Any Federal Government Agency	Are Not a Condition of Any Banking Activity