

# Regions Investment Management

## State of Alabama Treasurer's Office

### Prepaid Affordable College Tuition (PACT) Program

As of June 30, 2025

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# Regions Asset Management

## Regions Investment Management Fixed Income Team Structure

Regions Investment Management’s fixed income team has over 256 years of combined experience or approximately 18 years per employee.

| PORTFOLIO MGRS                            | MBS/ABS/CMBS                       | CORPORATE                               | MUNICIPAL                              |
|---|------------------------------------|---|--|
| Scott Flurry, CFA – 32 years experience   | Landon Connell- 4 years experience | Brian Cox, CFA – 18 years experience    | Kristie Jones – 25 years experience    |
| Adrian Hughes, CFA – 28 years experience  |                                    | Zach Dark, CFA – 17 years experience    | Jaren Hayes – 14 years experience      |
| Brian Herron, CFA – 23 years experience   |                                    | David Oldham, CFA – 14 years experience | Jesse Handlon, CFA- 6 years experience |
| Willard McCall, CFA – 18 years experience |                                    |   |  |

Alla Korovin - Trader  
26 years experience

Jennifer Whittemore - Trader  
7 years experience

Charlie Mathews - Trader

Sandy Scott  
24 years experience

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## Bond Portfolio Review

- Characteristics
- Performance
- Allocation Detail

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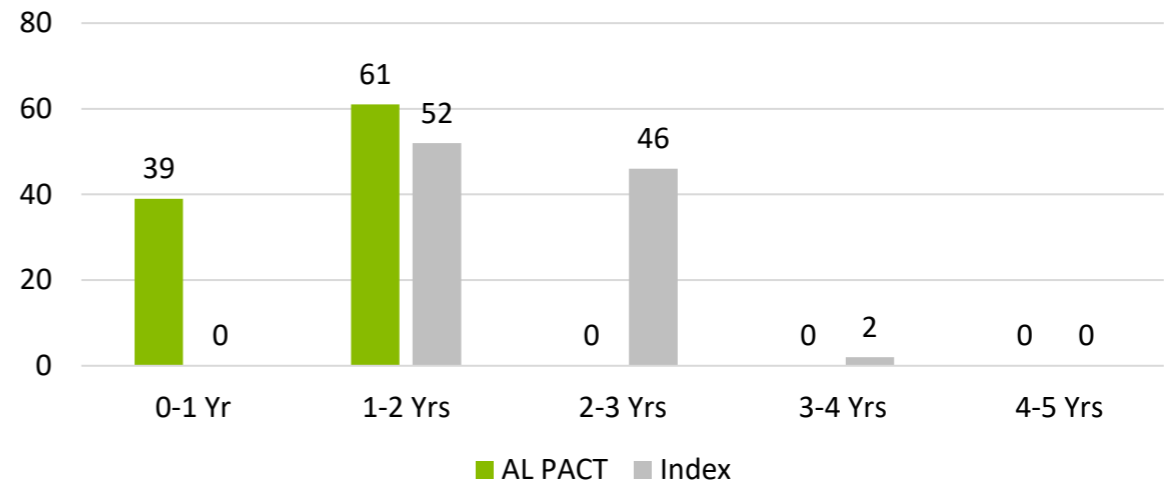
# State of Alabama Treasurer's Office – PACT Program

## Fixed Income Portfolio Characteristics as of 6.30.2025

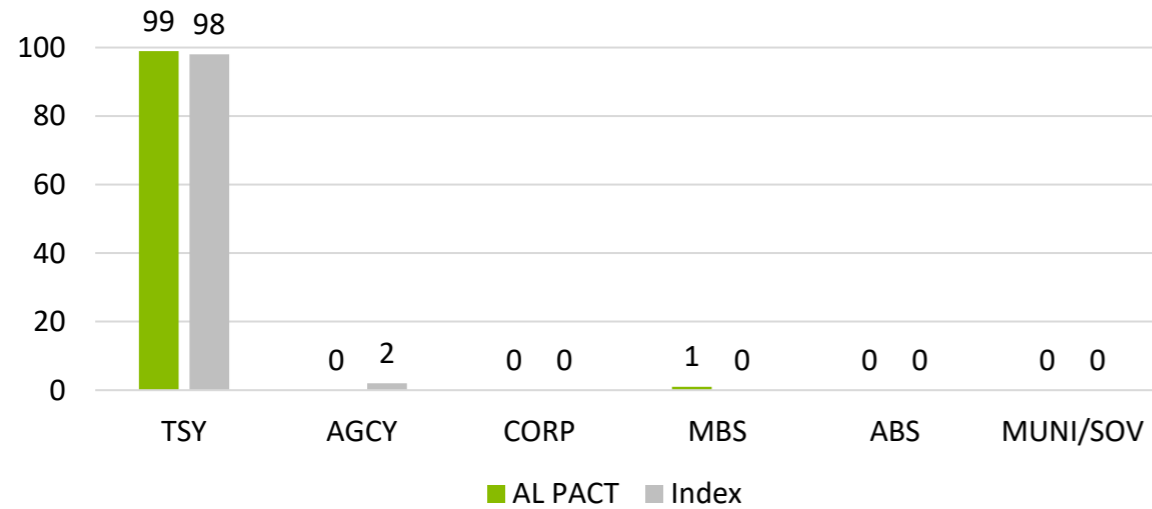
Portfolio Characteristics

|                    | AL PACT    | Index      |
|--------------------|------------|------------|
| Yield to Maturity  | 4.00%      | 3.79%      |
| Average Coupon     | 3.88%      | 2.94%      |
| Effective Duration | 1.07 years | 1.88 years |
| Average Life       | 1.15 years | 1.99 years |
| Average Quality    | Aa1        | Aa1        |

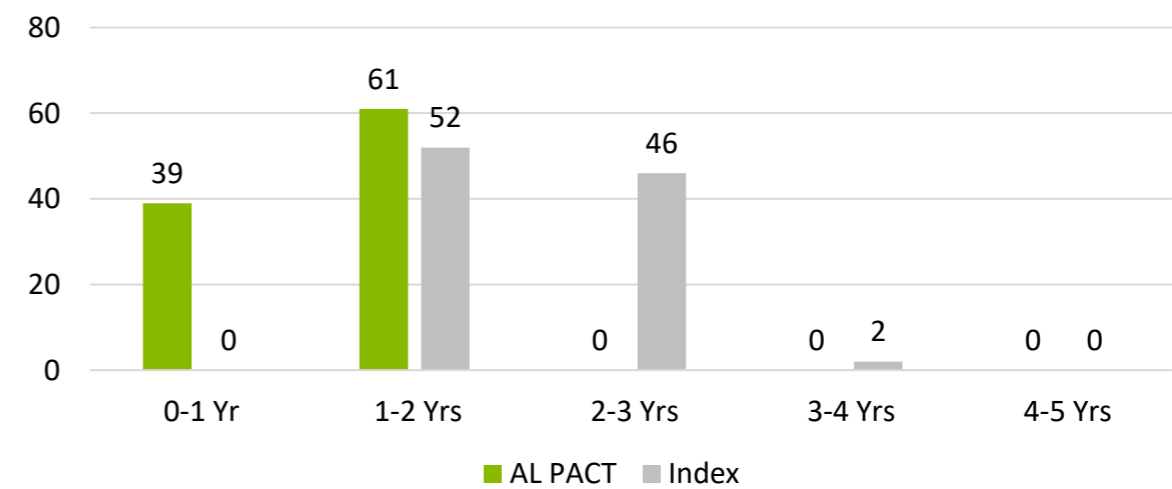
Maturity vs. Index



Sector vs. Index



Duration vs. Index



Source: BondEdge

# State of Alabama Treasurer's Office – PACT Program

## Performance as of 6.30.2025

|                               | Qtr          | YTD          | 1-Yr         | 3 Years *    | 5 Years *    | 7 Years *    | Inception *  |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Consolidated Portfolio</b> | <b>1.04%</b> | <b>2.23%</b> | <b>5.03%</b> | <b>3.97%</b> | <b>2.37%</b> | <b>2.74%</b> | <b>2.34%</b> |

|                          |              |              |              |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Money Market Fund</b> | <b>1.05%</b> | <b>2.15%</b> | <b>4.72%</b> | <b>4.59%</b> | <b>2.76%</b> | <b>2.46%</b> | <b>2.04%</b> |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

|                               |               |               |               |              |              |              |              |
|-------------------------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|
| <b>Fixed Income Portfolio</b> | <b>1.10%</b>  | <b>2.43%</b>  | <b>5.33%</b>  | <b>3.88%</b> | <b>1.97%</b> | <b>2.61%</b> | <b>2.26%</b> |
| 1-3 YR Govt Only              | 1.19%         | 2.83%         | 5.72%         | 3.44%        | 1.34%        | 2.11%        | 1.70%        |
| <i>Excess Return</i>          | <i>-0.09%</i> | <i>-0.40%</i> | <i>-0.39%</i> | <i>0.44%</i> | <i>0.63%</i> | <i>0.50%</i> | <i>0.56%</i> |

\*\*\* Market Values: Consolidated: \$188.1mm / Money Market: \$117.8mm / Fixed Income: \$70.3mm\*\*\*

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 6.30.20245

| INVESTMENT RETURN SUMMARY - QUARTER ENDING JUNE 30, 2025 |                              |                            |                 |   |                    |                                |
|--|------------------------------|----------------------------|-----------------|---|--------------------|--------------------------------|
| Name   | Current Quarter Total Return | Prior Quarter Market Value | Net Cashflow    | Adj. for Portion of Fixed Income Account Instructed to Hold in Money Market | Investment Return  | Current Quarter Market Value * |
| Fixed Income   | 1.10%                        | \$96,519,038               | (\$27,900,000)  | \$0   | \$1,241,728        | \$69,860,766                   |
| Money Market Mutual Fund                                 | 1.05%                        | \$88,403,163               | \$27,900,000    | \$0   | \$928,505          | \$117,231,668                  |
| Demand Deposit   | 0.00%                        | \$943,839                  | \$27,995        | \$0   | \$0                | \$971,834                      |
| <b>Total Portfolio</b>                                   | <b>1.04%</b>                 | <b>\$185,866,040</b>       | <b>\$27,995</b> | <b>\$0</b>  | <b>\$2,170,233</b> | <b>\$188,064,268</b>           |

\* The total market value of the Alabama PACT Composite portfolio does not include the cash balance of \$4,038,824.12 that was in the Treasury Account on June 30, 2025.

| MANAGER ALLOCATION SUMMARY - QUARTER ENDING JUNE 30, 2025 |             |                          |               |   |                                |             |
|---|-------------|--------------------------|---------------|---|--------------------------------|-------------|
| Prior Quarter Market Value                                | %           | Fund Name                | Style         | Adj. for Portion of Fixed Income Account Instructed to Hold in Money Market | Current Quarter Market Value * | %           |
| \$96,519,038  | 52%         | Fixed Income             | (STFX)        | \$0   | \$69,860,766                   | 37%         |
| \$88,403,163  | 48%         | Money Market Mutual Fund | (CASH)        | \$0   | \$117,231,668                  | 62%         |
| \$943,839   | 1%          | Demand Deposit           | (CASH)        | \$0   | \$971,834                      | 1%          |
| <b>\$185,866,040</b>                                      | <b>100%</b> |                          | <b>(TOTL)</b> | <b>\$0</b>  | <b>188,064,268</b>             | <b>100%</b> |

\* The total market value of the Alabama PACT Composite portfolio does not include the cash balance of \$4,038,824.12 that was in the Treasury Account on June 30, 2025.

# Market Updates

- Market Returns
- Economic Update
- Asset Class Review

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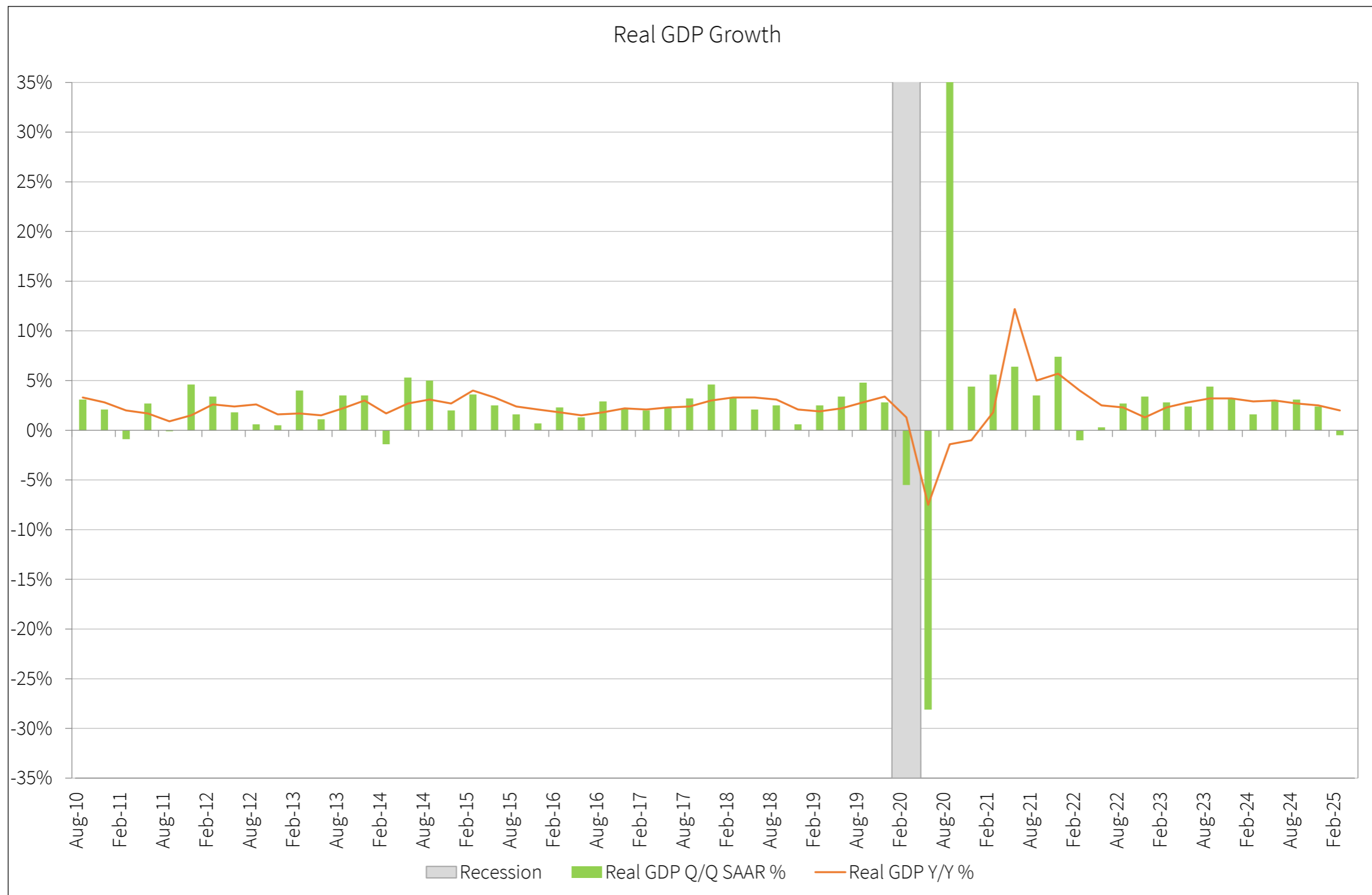
# Economy: Overview & Outlook

|         |  |   |   |
|---------|--|---|---|
| Economy |   | <p><u>Risks:</u></p> <ul style="list-style-type: none"> <li>Renewed supply chain disruptions, prospect of broadly based trade wars, persistent inflation pressures, immigration reform triggering a labor supply shock, “higher for longer” interest rate profile; marked deterioration in credit performance and refinancing stresses all pose downside risks to our baseline outlook.</li> </ul>  | <p><u>Opportunities:</u></p> <ul style="list-style-type: none"> <li>Still-strong household and business balance sheets, faster than anticipated deceleration in core inflation, corporate tax reform and clarity around the policy outlook unlocking pent-up demand for business investment spending, and sustained acceleration in labor productivity growth pose upside risks to our baseline outlook.</li> </ul> |
|         | <h2>Tariffs Continue To Dominate The Landscape . . .</h2> <ul style="list-style-type: none"> <li>The BEA’s second estimate shows real GDP contracted at an annual rate of 0.2 percent in Q1 2025, little changed from the initial estimate of 0.3 percent. That modest revision to the headline number, however, masks what were sizable revisions to several of the components of GDP which, while leaving real GDP little changed from the initial estimate, left growth in real private domestic demand – combined business and household spending adjusted for price changes – meaningfully slower than first reported, with growth now pegged at an annual rate of 2.5 percent rather than the initial estimate of 3.0 percent.<sup>1</sup></li> <li>Revisions notwithstanding, the two main takeaways from the Q1 data remain the same. First, in the early months of 2025, businesses and households reacted strongly to anticipated increases in tariffs, which sets up payback over coming months/quarters. Second, the economy is neither as troubled as implied by the contraction in real GDP nor as robust as implied by the growth in real private domestic demand seen in the Q1 data.</li> <li>To the first of those points, we are already seeing clear signs, across several data series, of payback from business and consumer demand having been pulled forward. This includes the monthly data on sales of new motor vehicles<sup>1</sup>, business orders for core capital goods<sup>2</sup>, imports of goods into the U.S.<sup>2</sup>, and business inventory accumulation<sup>2</sup>. This is setting up the Q2 data to show real GDP growth of better than two percent with little-to-no growth in real private domestic demand, while the Q3 data are likely to show weakness in both metrics. By year-end 2025, however, both real GDP and real private domestic demand should be on paths back toward their longer-term trend rates of growth.</li> <li>There remains a higher-than-normal degree of uncertainty around the baseline outlook. The economic data and financial markets continue to be swayed by developments on trade policy, with sudden and sharp changes having become routine. As such, the economic data and the markets will likely remain volatile</li> </ul> | <h2>FOMC: Still On The Sideline</h2> <ul style="list-style-type: none"> <li>The ISM Manufacturing Index and the ISM Non-Manufacturing Index were each on the wrong side of the 50.0 percent break between contraction and expansion in May. While activity – new orders, production, employment – in the manufacturing sector has slowed significantly, the details of the non-manufacturing survey do not suggest the broad services sector is contracting. Still, comments from respondents to each survey point to the effects of higher tariffs already in place and a still-high degree of uncertainty around trade policy pushing firms, and their customers, to the sidelines.<sup>3</sup></li> <li>The ISM surveys show intense and broadly based upward pressure on input prices. Thus far, however, there has been little pass-through to prices for finished consumer goods. The total CPI and the core CPI each rose by 0.1 percent in May, both below the consensus forecast. To some extent, favorable seasonal adjustment was a drag on the May CPI data, particularly for vehicle and gasoline prices. Still, the BLS’s measure of core goods prices excluding used motor vehicles was flat in May. At the same time, continued softening in services prices is helping to mitigate any upward pressure on goods prices stemming from higher tariffs.<sup>4</sup> We do, however, expect coming months will bring evidence of the effects of higher tariffs.</li> <li>Total nonfarm payrolls rose by 139,000 jobs in May, and while this was better than expected, prior estimates of job growth in March and April were revised down by a net 95,000 jobs for the two-month period. The unemployment rate held at 4.2 percent, but both the size of the labor force and the level of household employment each fell by over 600,000 persons<sup>4</sup>. Though there are causes for concern in the labor market data, there is no evidence that the labor market is on the verge of rolling over, and the slowing trend rate of job growth reflects a slowing hiring rate as opposed to a rising layoffs rate.</li> <li>The FOMC is waiting for clarity on the policy front and sees upside risks to inflation and downside risks to growth stemming from higher tariffs, placing greater weight on the former than on the latter. As such, barring meaningful deterioration in labor market conditions, the FOMC is likely to remain on hold for some time to come.</li> </ul> | <p>Source: 1) Bureau of Economic Analysis (BEA); 2) Institute for Supply Management (ISM); 3) U.S. Census Bureau; 4) Bureau of Labor Statistics (BLS)      See important disclosure at the end of this presentation.</p>  |

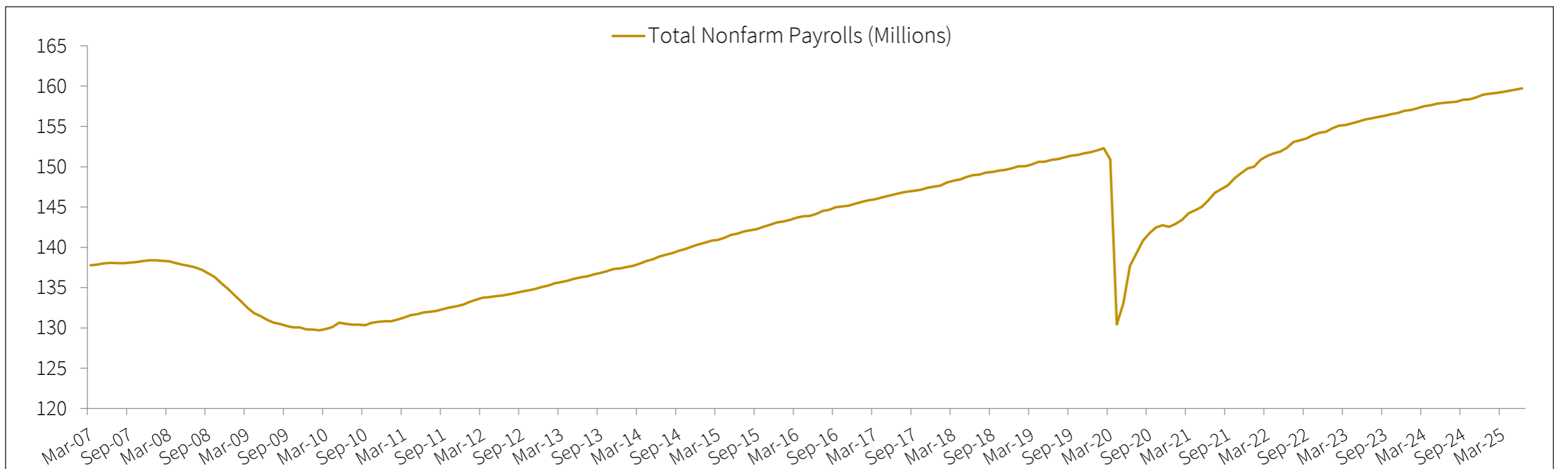
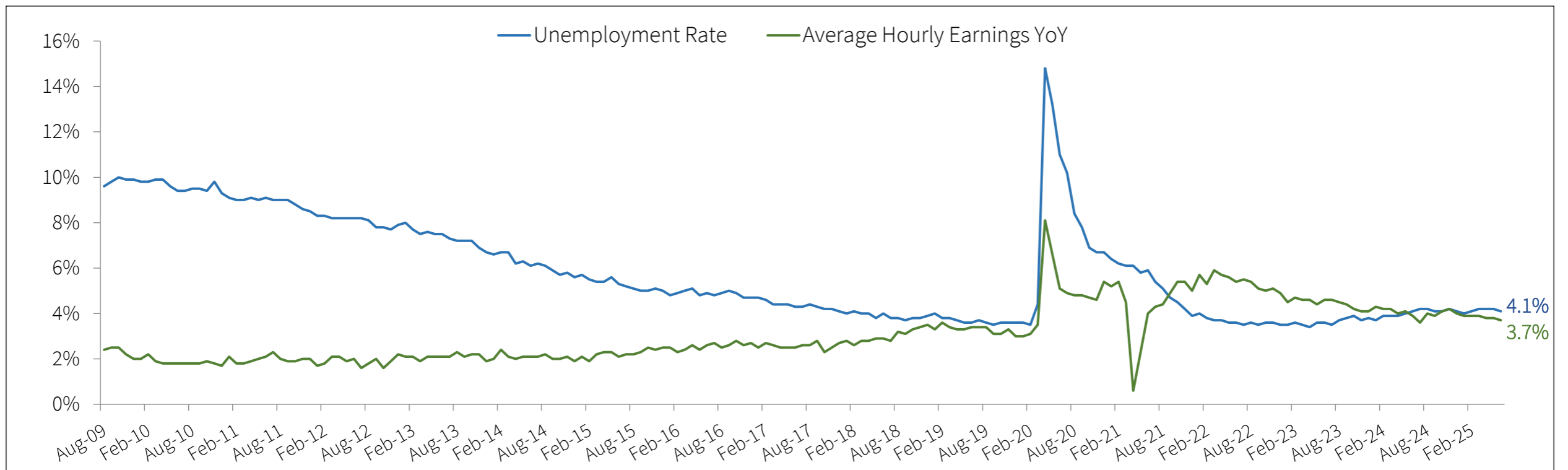
# Market Returns

|  | Trailing 3 Months<br>6/30/25 | YTD<br>As of<br>6/30/25 | 2024   | 2023   | 2022    | 2021   | 2020   | 2019   | 2018    |
|--|------------------------------|-------------------------|--------|--------|---------|--------|--------|--------|---------|
| <b>Equities</b>                              |                              |                         |        |        |         |        |        |        |         |
| S&P 500 Index (Large Cap Stocks)             | 10.94%                       | 6.20%                   | 25.02% | 26.29% | -18.11% | 28.71% | 18.40% | 31.49% | -4.38%  |
| S&P 500 (Large Cap Growth)                   | 18.94%                       | 8.86%                   | 35.86% | 30.03% | -29.41% | 32.01% | 33.47% | 31.13% | -0.01%  |
| S&P 500 (Large Cap Value)                    | 3.00%                        | 3.28%                   | 12.29% | 22.23% | -5.22%  | 24.90% | 1.36%  | 31.93% | -8.95%  |
| Russell 2000 Index (Small Cap Stocks)        | 8.50%                        | -1.78%                  | 11.54% | 16.93% | -20.44% | 14.82% | 19.96% | 25.52% | -11.01% |
| Russell 2500 Index (Small to Mid Cap Stocks) | 8.59%                        | 0.44%                   | 12.00% | 17.42% | -18.37% | 18.18% | 19.99% | 27.77% | -10.00% |
| Russell Mid Cap TR USD                       | 8.53%                        | 4.84%                   | 15.34% | 17.23% | -17.32% | 22.58% | 17.10% | 30.54% | -9.06%  |
| MSCI EAFE Index (Foreign Stocks)             | 11.78%                       | 19.45%                  | 3.82%  | 18.24% | -14.45% | 11.26% | 7.82%  | 22.01% | -13.79% |
| MSCI ACWI Ex-U.S. (Foreign Stocks)           | 12.03%                       | 17.90%                  | 5.53%  | 15.62% | -16.00% | 7.82%  | 10.65% | 21.51% | -14.20% |
| MSCI EM (Foreign Stocks)                     | 11.99%                       | 15.27%                  | 7.50%  | 9.83%  | -20.09% | -2.54% | 18.31% | 18.42% | -14.58% |
| <b>Bonds</b>                                 |                              |                         |        |        |         |        |        |        |         |
| Bloomberg U.S. Aggregate Bond                | 1.21%                        | 4.02%                   | 1.25%  | 5.53%  | -13.01% | -1.54% | 7.51%  | 8.72%  | 0.01%   |
| ICE BofA 1-12 Year Municipal                 | 1.14%                        | 1.66%                   | 1.37%  | 4.47%  | -4.90%  | 0.59%  | 4.02%  | 5.64%  | 1.62%   |
| ICE BofA U.S. 3-Month T-Bill                 | 1.04%                        | 2.07%                   | 5.25%  | 5.01%  | 1.46%   | 0.05%  | 0.67%  | 2.28%  | 1.87%   |
| Bloomberg Global Aggregate Ex USD            | 7.29%                        | 10.01%                  | -4.22% | 5.72%  | -18.70% | -7.05% | 10.11% | 5.09%  | -2.15%  |
| Bloomberg U.S. Corporate High Yield          | 3.53%                        | 4.57%                   | 8.19%  | 13.45% | -11.19% | 5.28%  | 7.11%  | 14.32% | -2.08%  |
| Bloomberg U.S. TIPS                          | 0.48%                        | 4.67%                   | 1.84%  | 3.90%  | -11.85% | 5.96%  | 10.99% | 8.43%  | -1.26%  |

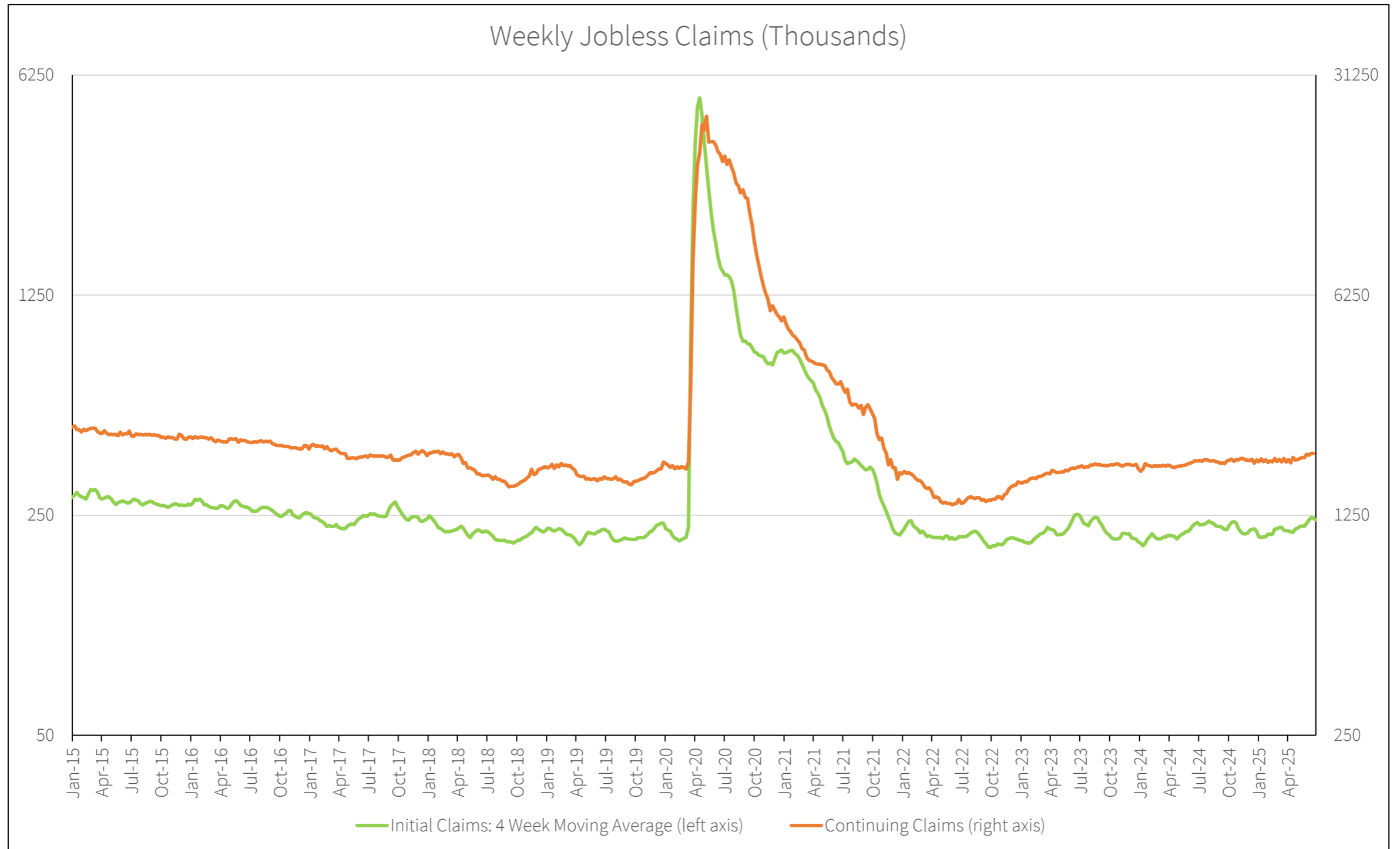
# U.S. Real GDP Growth



# Payrolls, Unemployment, and Wages



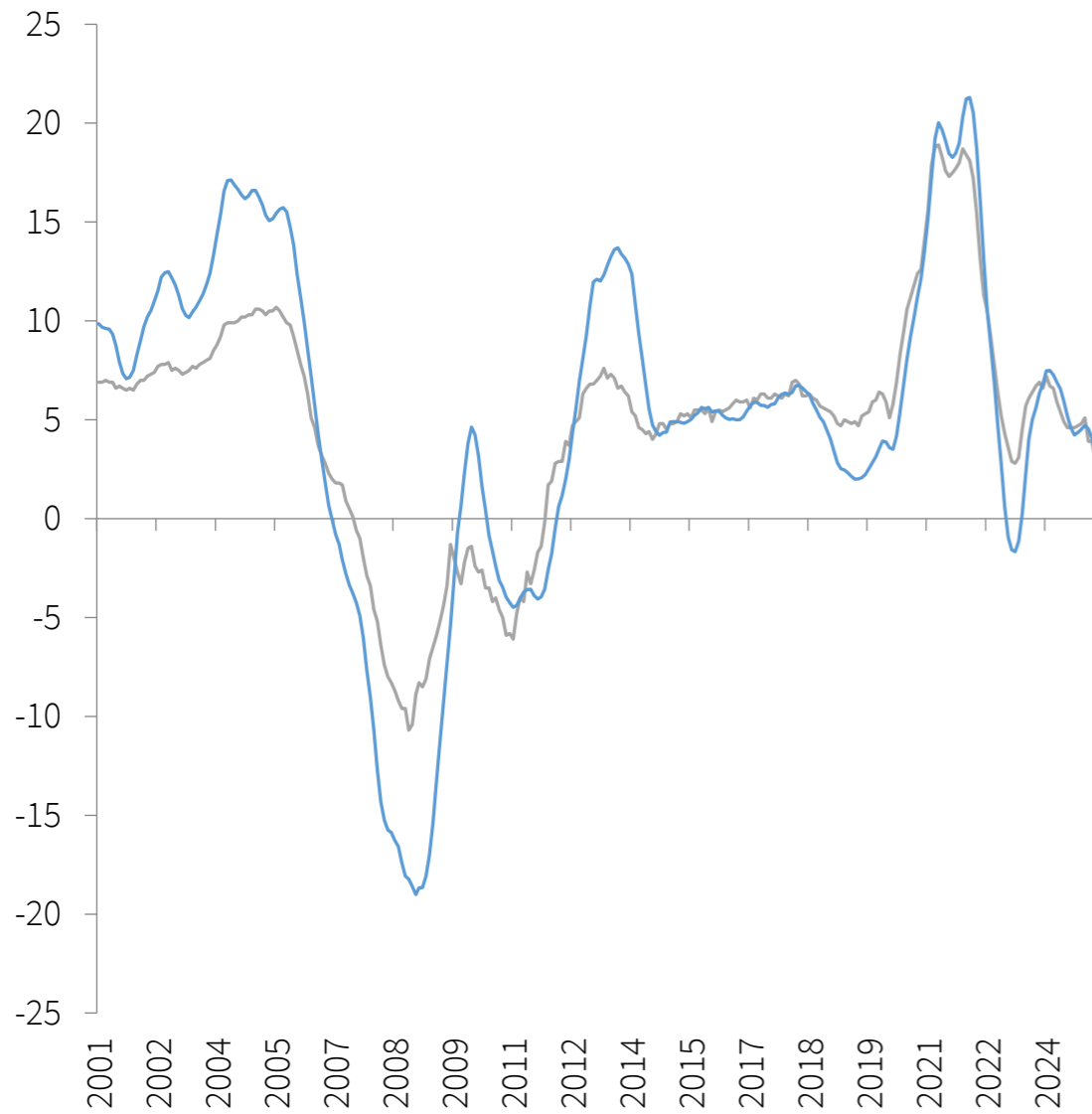
# Jobless Claims



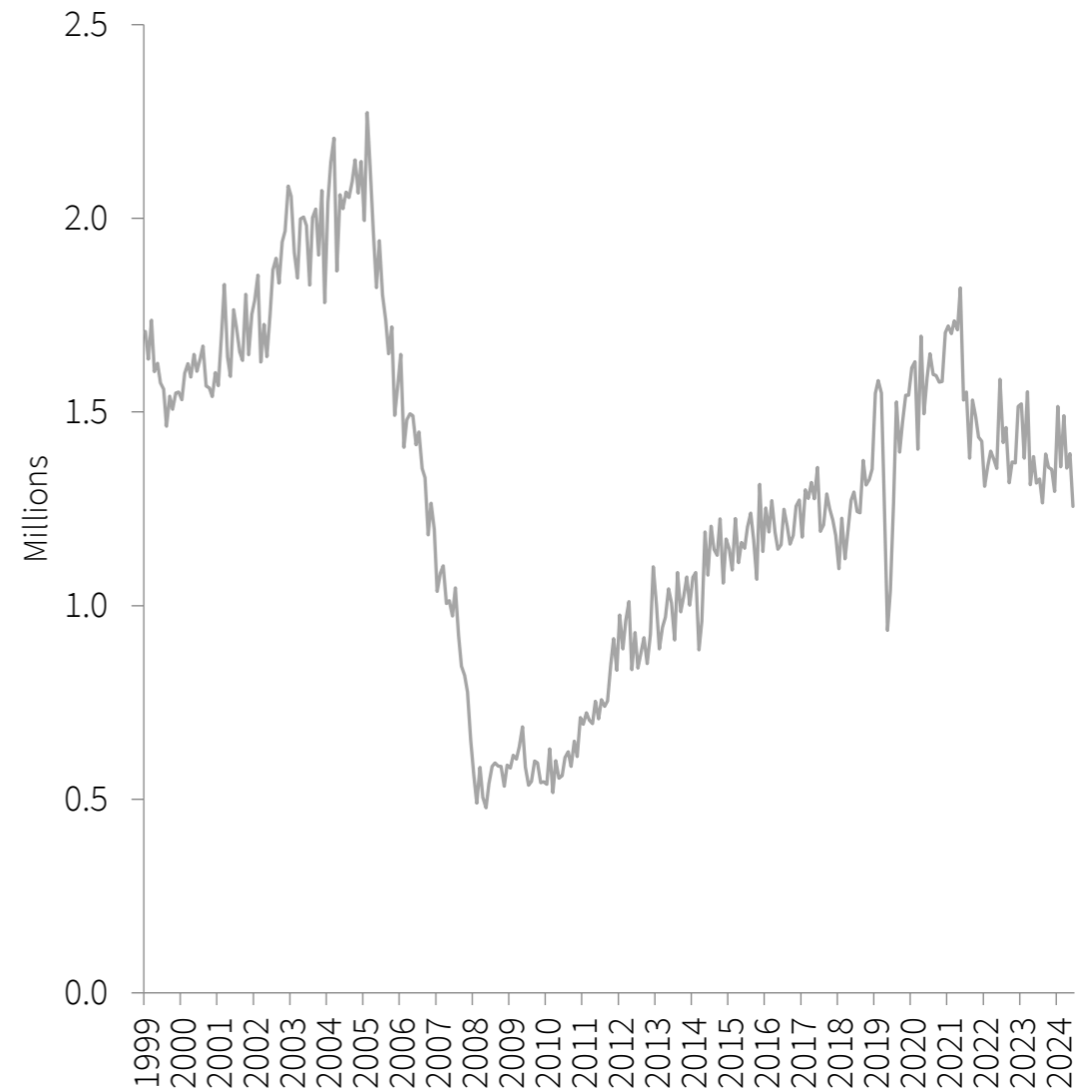
# U.S. Housing

## Housing Prices (YoY % Change)

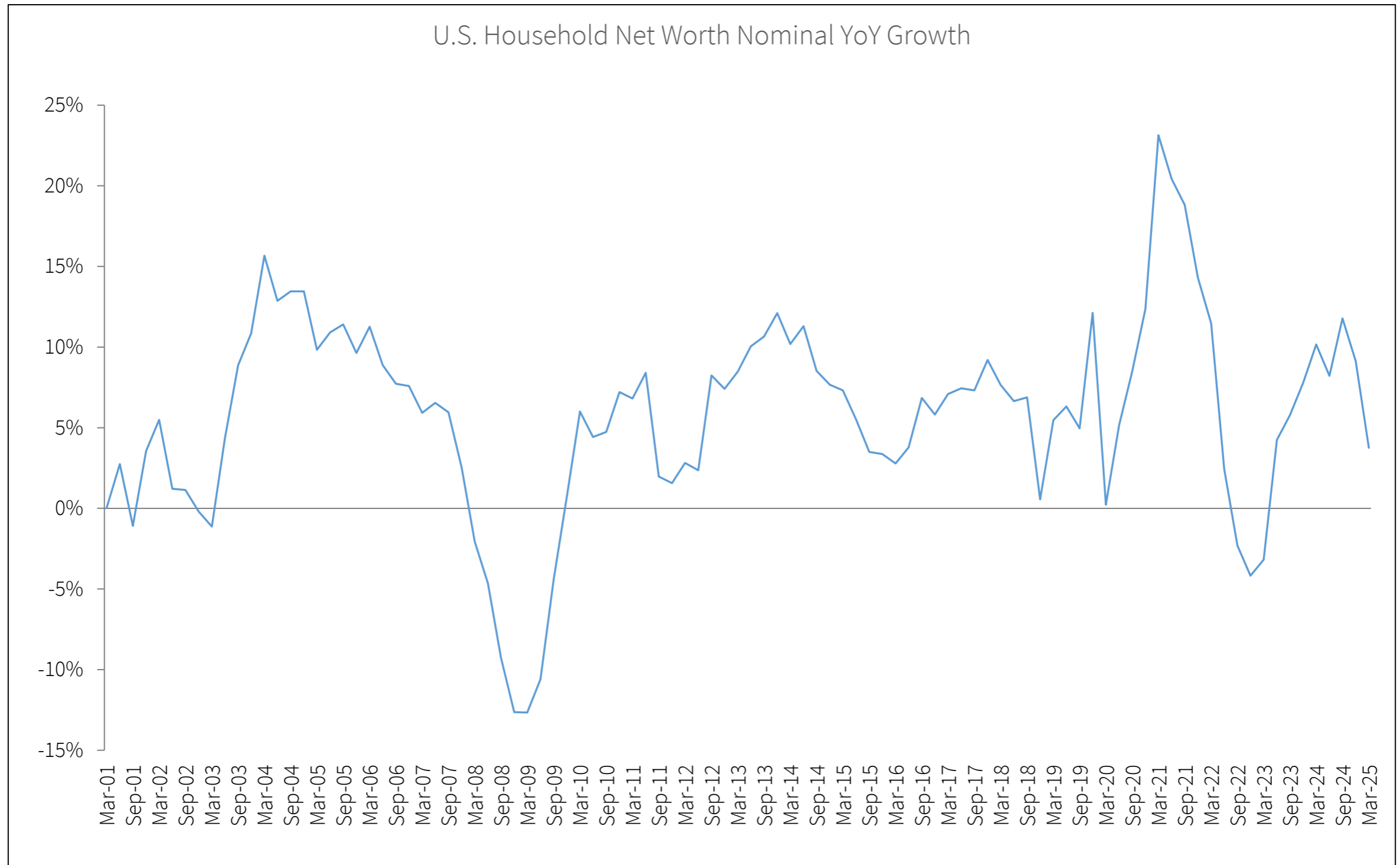
— FHFA Conventional Purchases Only Index — Case-Shiller 20 City Index



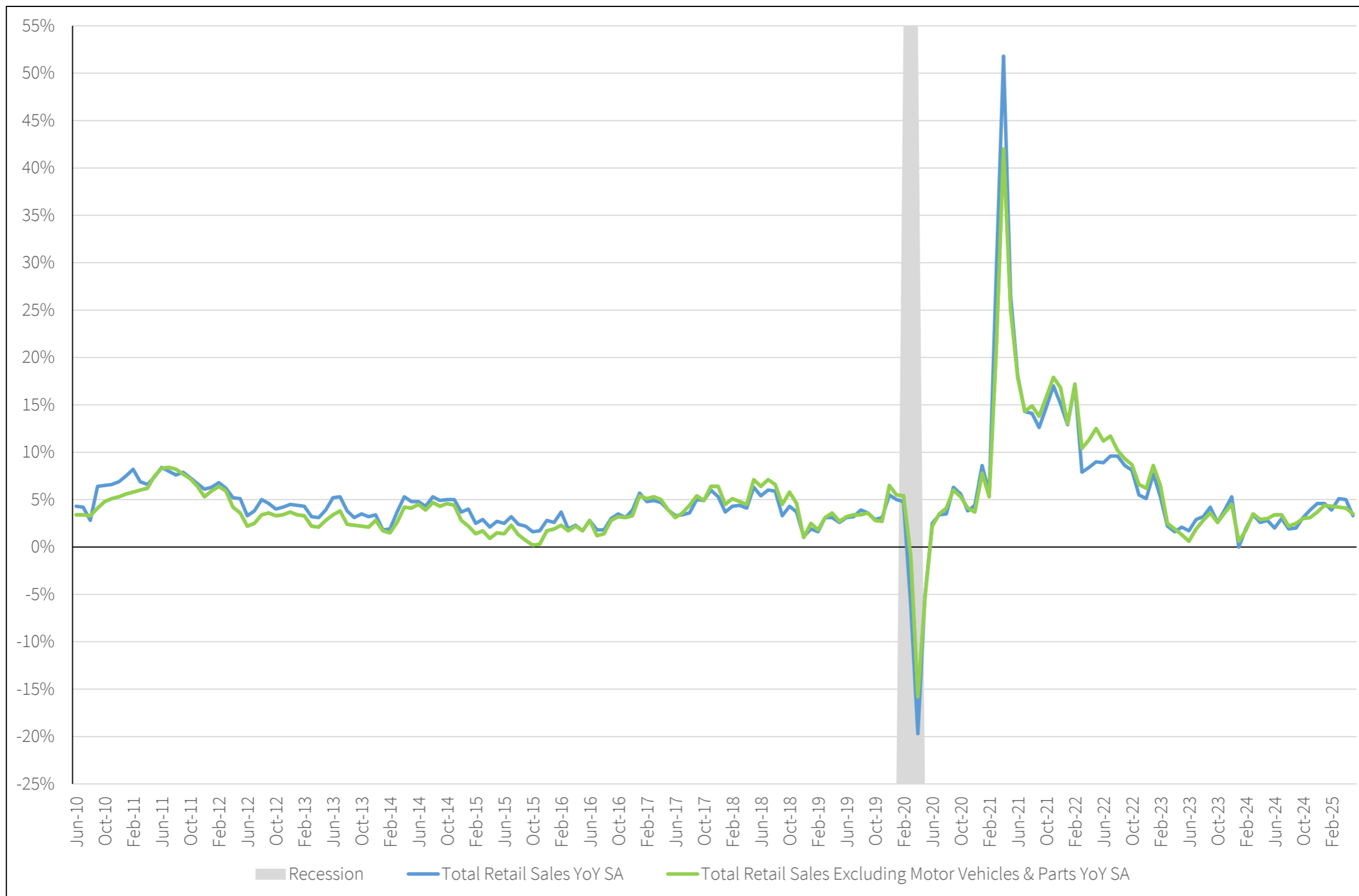
## Total Housing Starts (Annualized Rate)



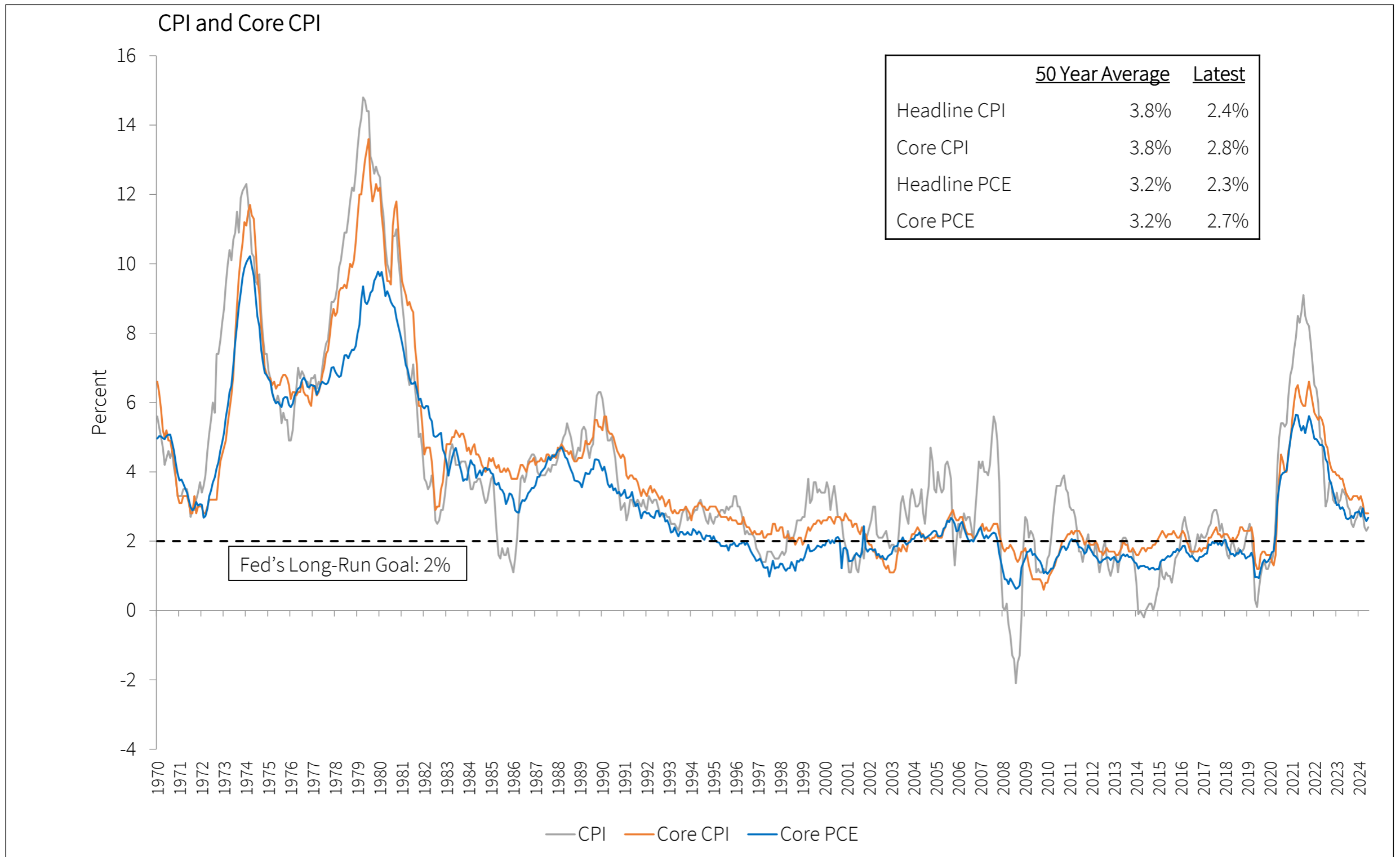
# Household Net Worth



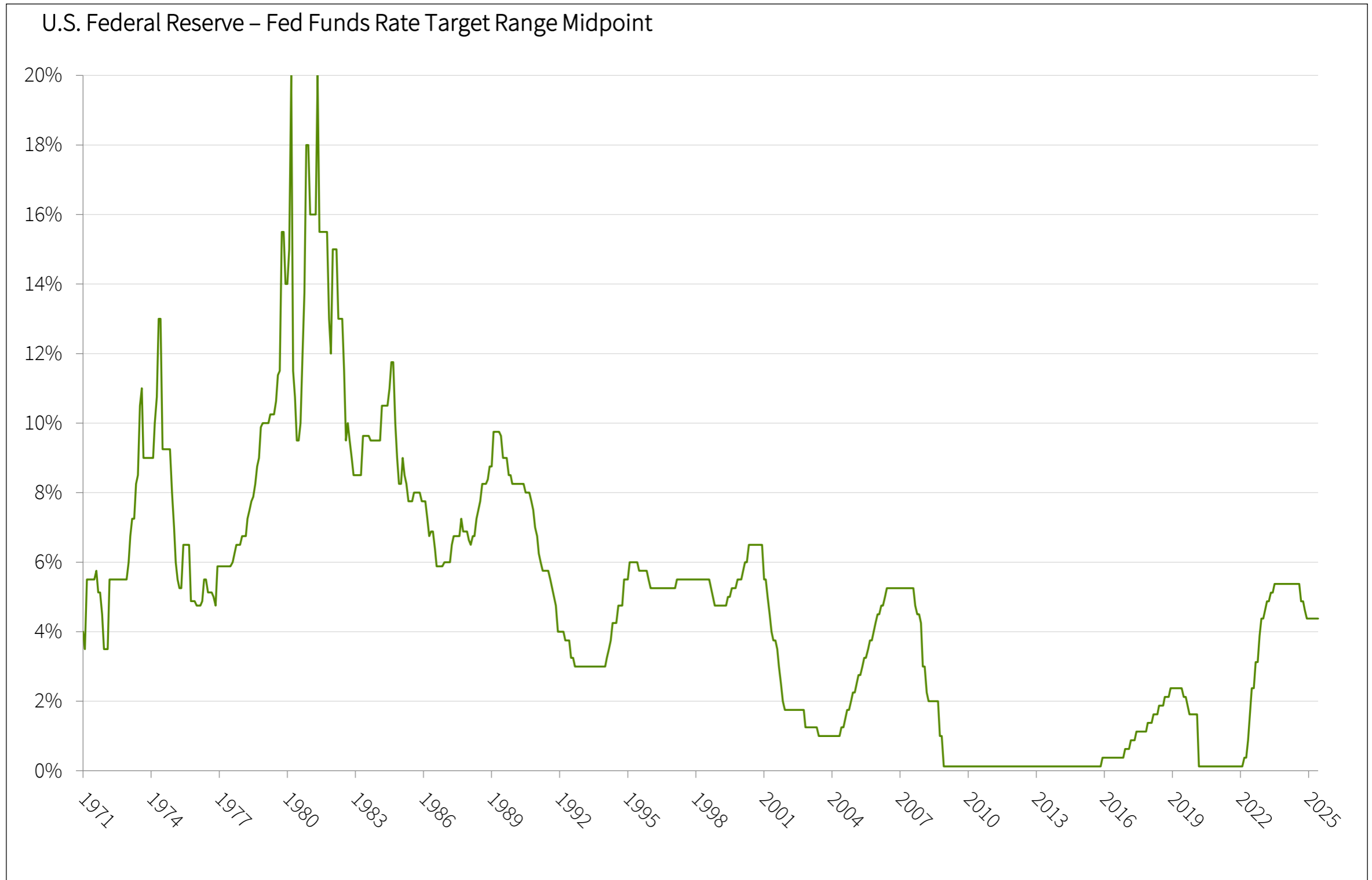
# U.S. Retail Sales



# Inflation



# U.S. Fed Funds Rate



# 10-Year U.S. Treasury Yield



Source: Bloomberg

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Performance presented is gross of fees. Performance figures include reinvestment of coupon payments, dividends and other earnings. Fees would reduce the actual performance results. For example, a portfolio which earned 7% per annum for ten years would result in a cumulative return of 100.16% before investment management fees and 72.68% net of such fees, assuming a 37.5 basis point (0.375%) fee per quarter. 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 returns; current yield is the annual coupon income divided by the 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.

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