

University of Southern Indiana

VEBA Trust and Unrestricted Assets

Investment Portfolio Review – Finance/Audit Committee

Presented by Neil Heppler

September 4, 2025

312 WALNUT STREET, SUITE 2300

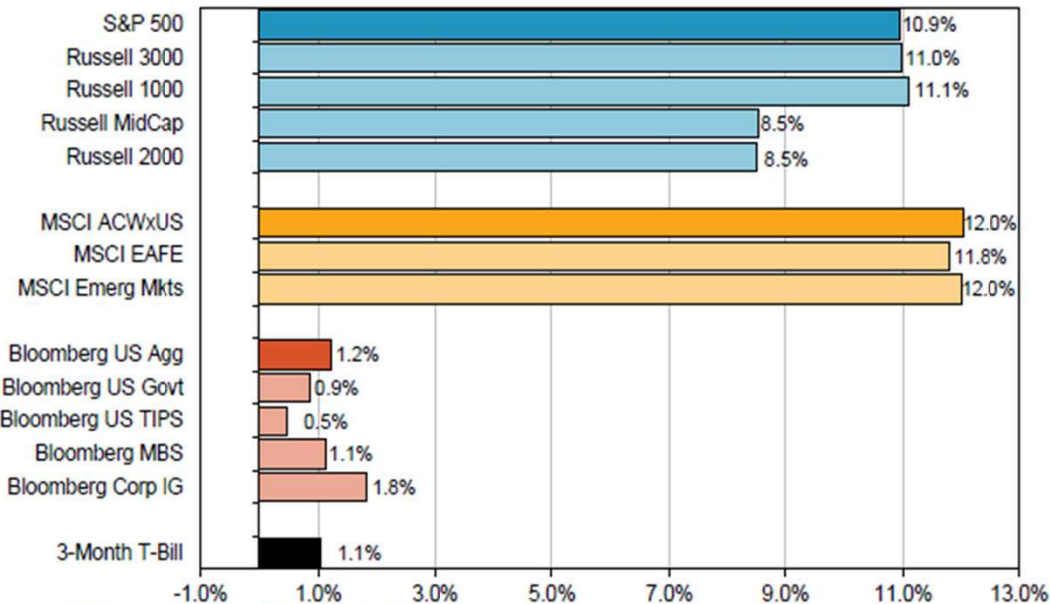
CINCINNATI, OH 45202

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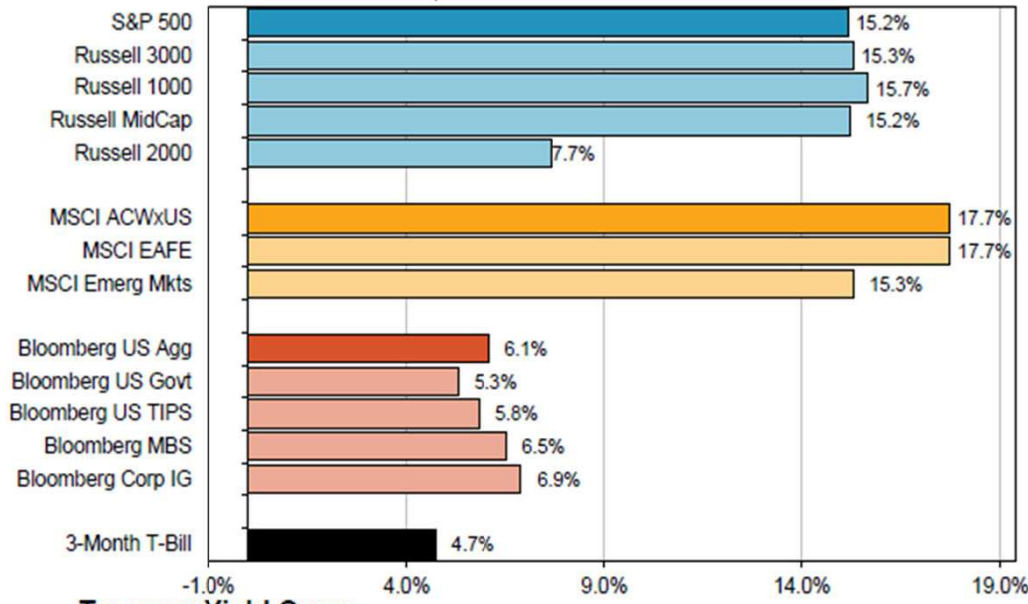
MARINER
INSTITUTIONAL

Market Environment

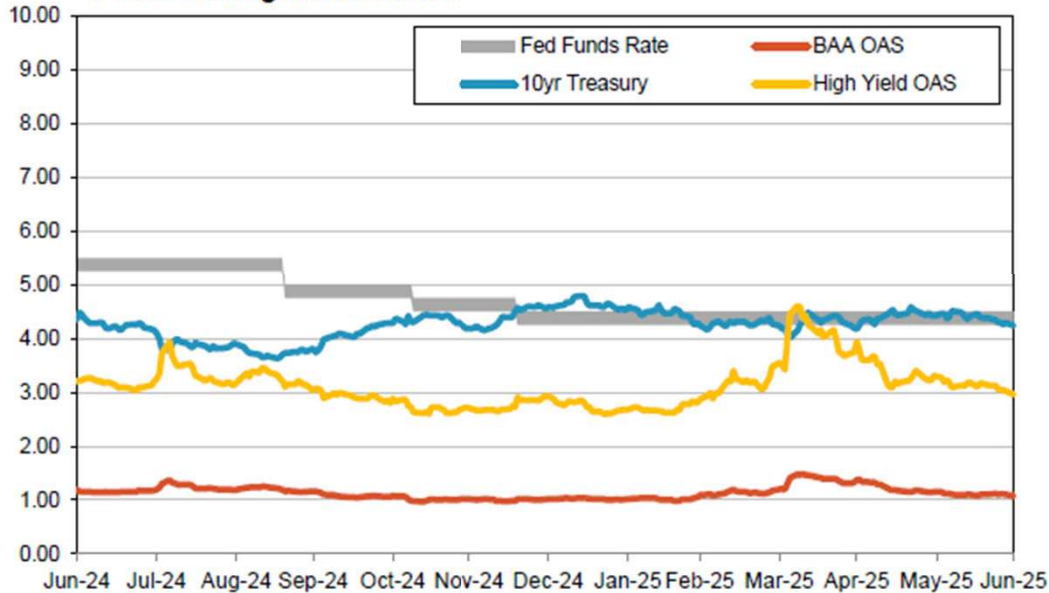
Quarter Performance



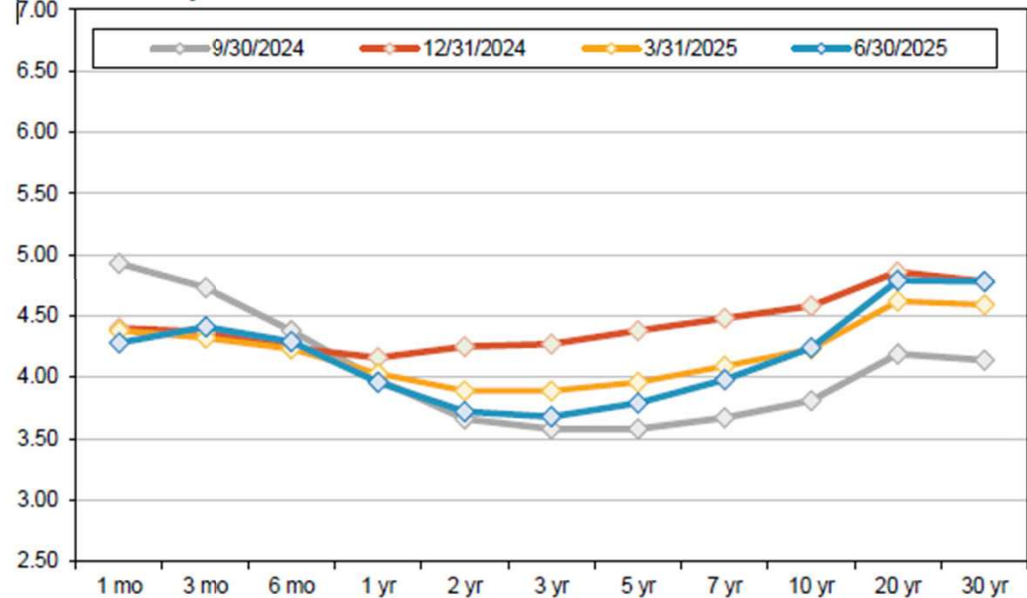
1-Year Performance



1-Year Trailing Market Rates

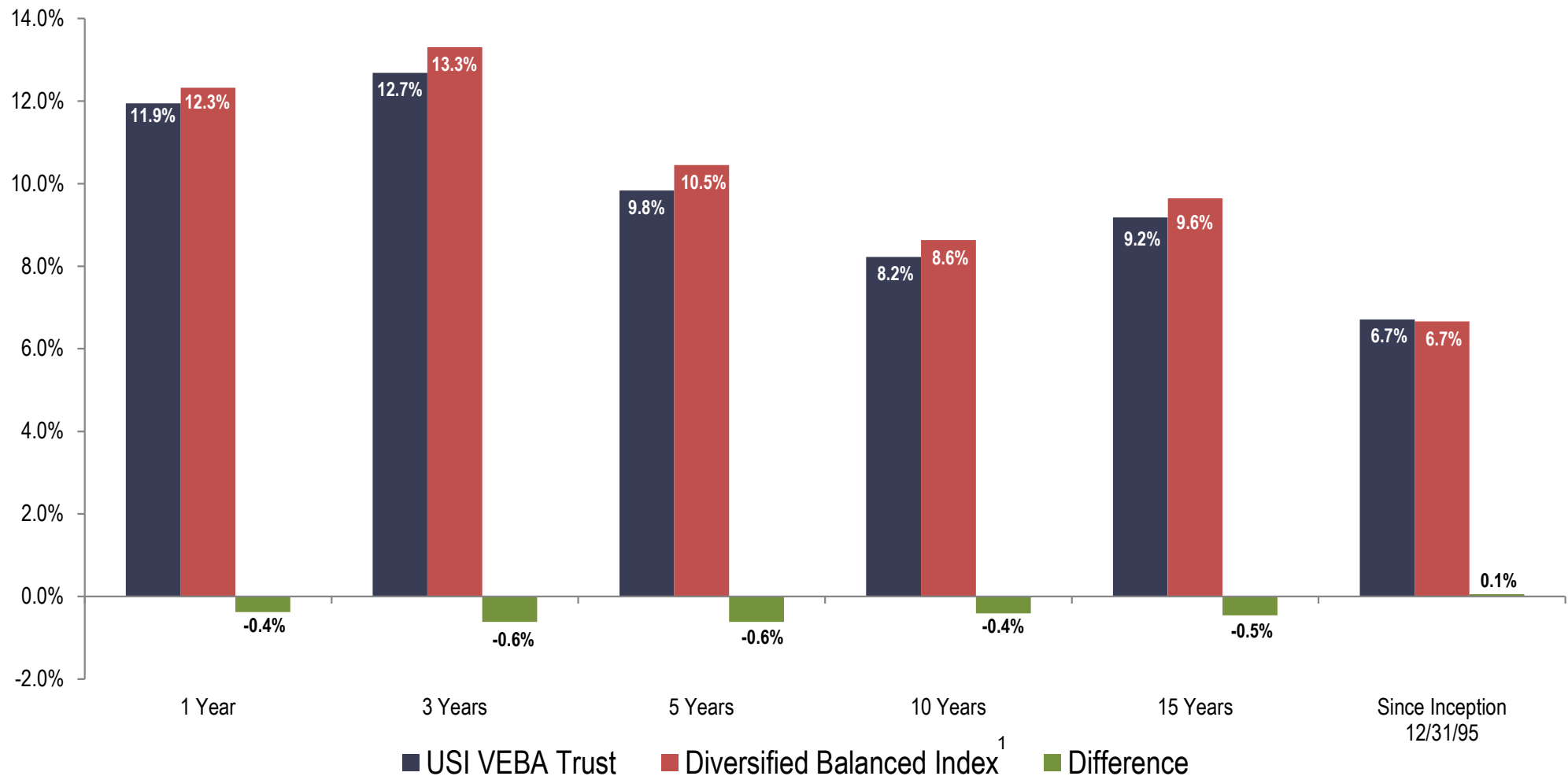


Treasury Yield Curve



USI VEBA Trust - Performance Summary

As of June 30, 2025*



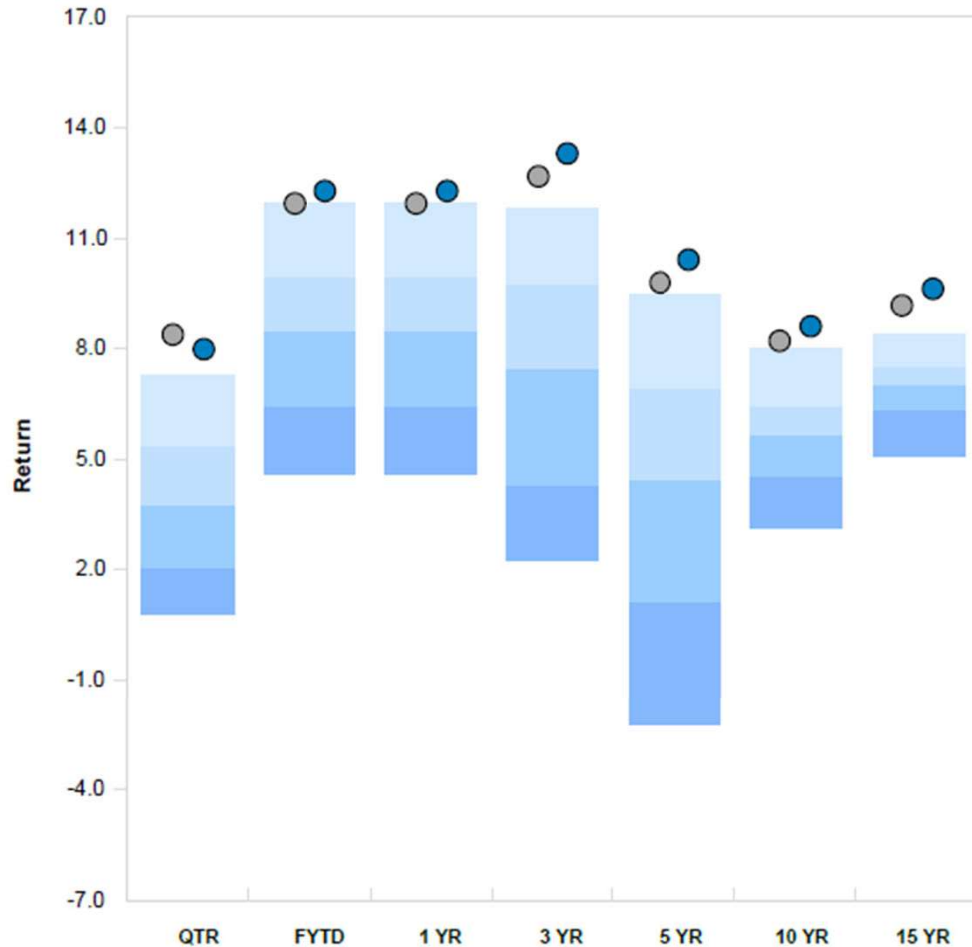
*Returns are presented net of investment management fees. Returns for periods greater than 1-Year are annualized.

¹ The Diversified Balanced Index is comprised of 100% BC Intermediate A+ Govt//Corp Index from 1/1/1996 through 12/31/2000. From 1/1/2001 to 9/30/14, the Diversified Balanced Index is comprised of 30% BC Intermediate A+ Govt//Corp Index, 42% S&P 500 Stock Index, 18% MSCI EAFE Index, and 10% Russell 2000. From 9/30/14 to 9/30/17, the Diversified Balanced Index is comprised of 30% Bloomberg Barclays Intermediate A+ Govt//Corp Index, 40% S&P 500 Stock Index, 10% MSCI EAFE Index, 10% Russell Midcap Index and 10% Russell 2000 Index. From 10/1/17 to 12/31/17, the Diversified Balanced Index is comprised of 30% Bloomberg Barclays Intermediate A+ Govt//Corp Index, 45% S&P 500 Stock Index, 13% MSCI EAFE Index, 6% Russell Midcap Index and 6% Russell 2000 Index. From 1/1/18 to 9/30/23, the Diversified Balanced Index is comprised of 30% Bloomberg Barclays Intermediate A+ Govt//Corp Index, 45% S&P 500 Stock Index, 13% MSCI EAFE Index and 12% Russell 2000 Index. From 9/30/23 to present the Diversified Balanced Index is comprised of 30% Bloomberg Barclays Intermediate Gov/Credit, 45% S&P 500 Index 13% MSCI ACWI ex US Index and 12% Russell 2000 Index.

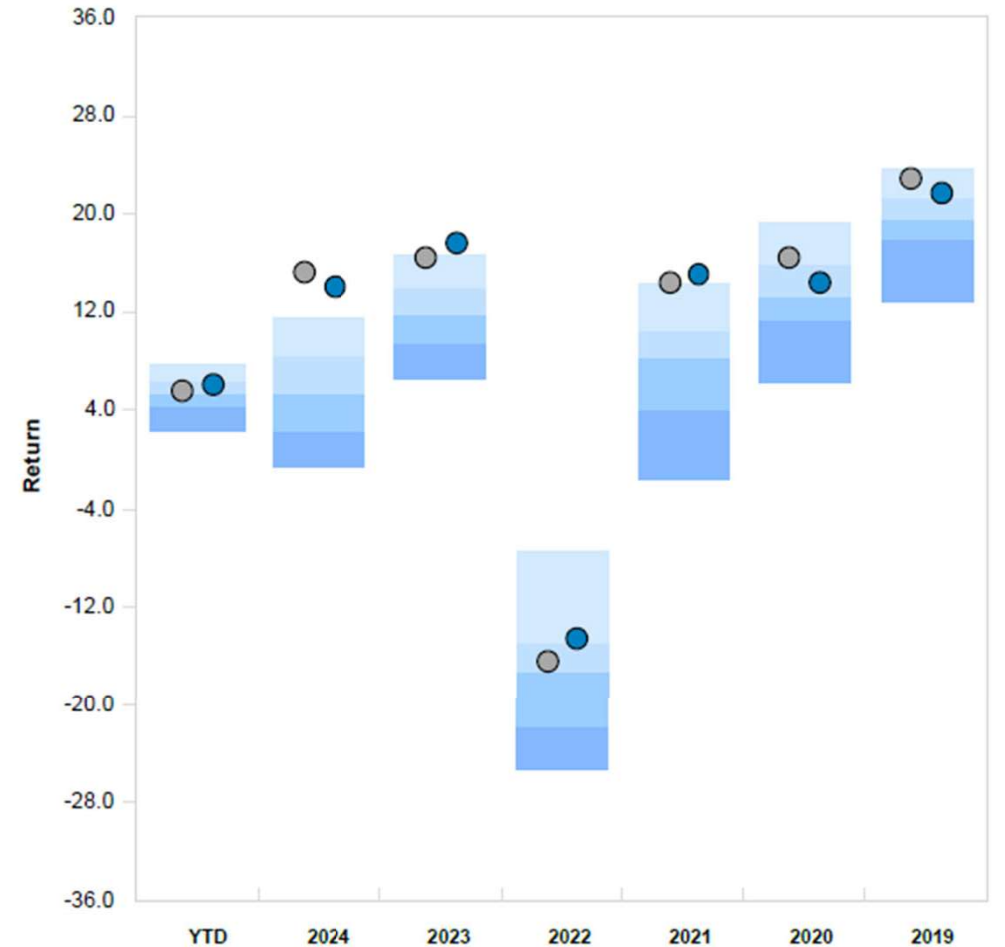
Peer Plan Comparisons

Periods ending June 30, 2025

Peer Group Analysis - All Corporate DB Plans <=\$50M



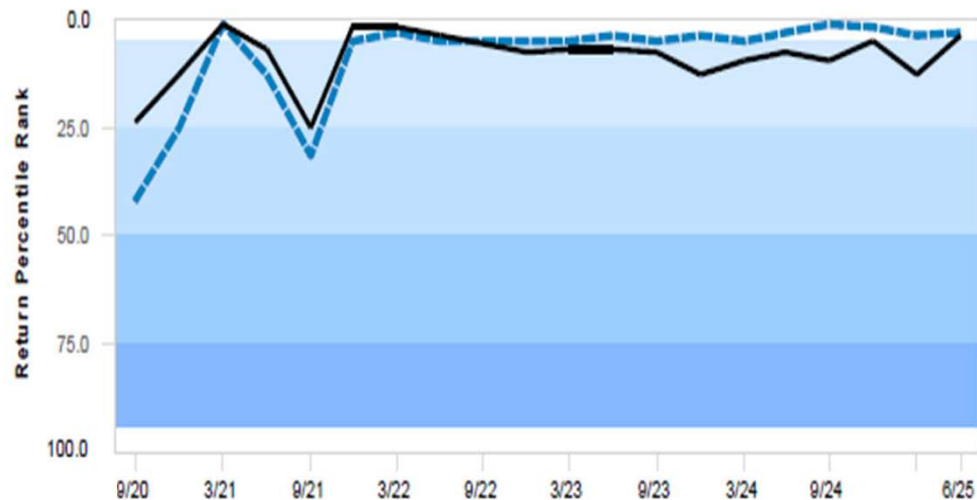
Peer Group Analysis - All Corporate DB Plans <=\$50M



Rolling Three & Five-Year Peer Comparisons

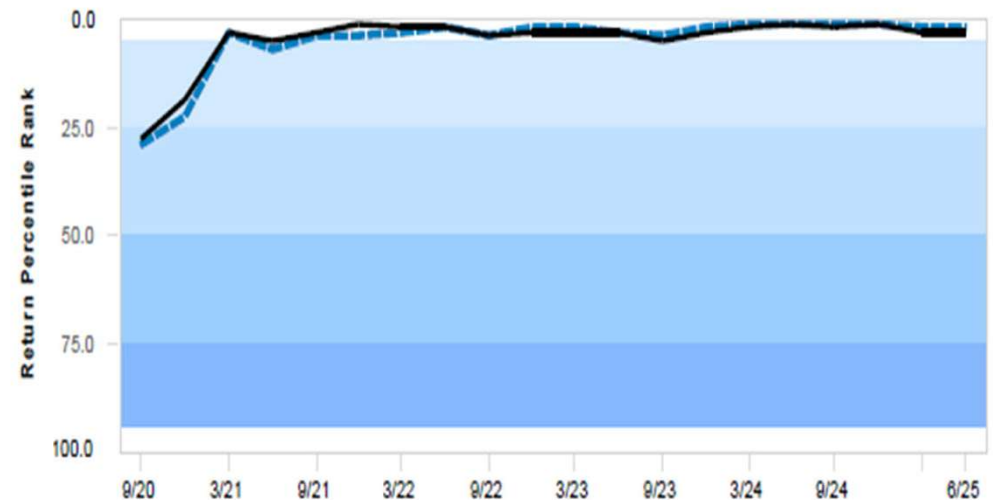
Periods ending June 30, 2025

3 Years Rolling Percentile Ranking vs. All Corporate DB Plans <=\$50M



	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
— Investment	20	20 (100%)	0 (0%)	0 (0%)	0 (0%)
— Index	20	18 (90%)	2 (10%)	0 (0%)	0 (0%)

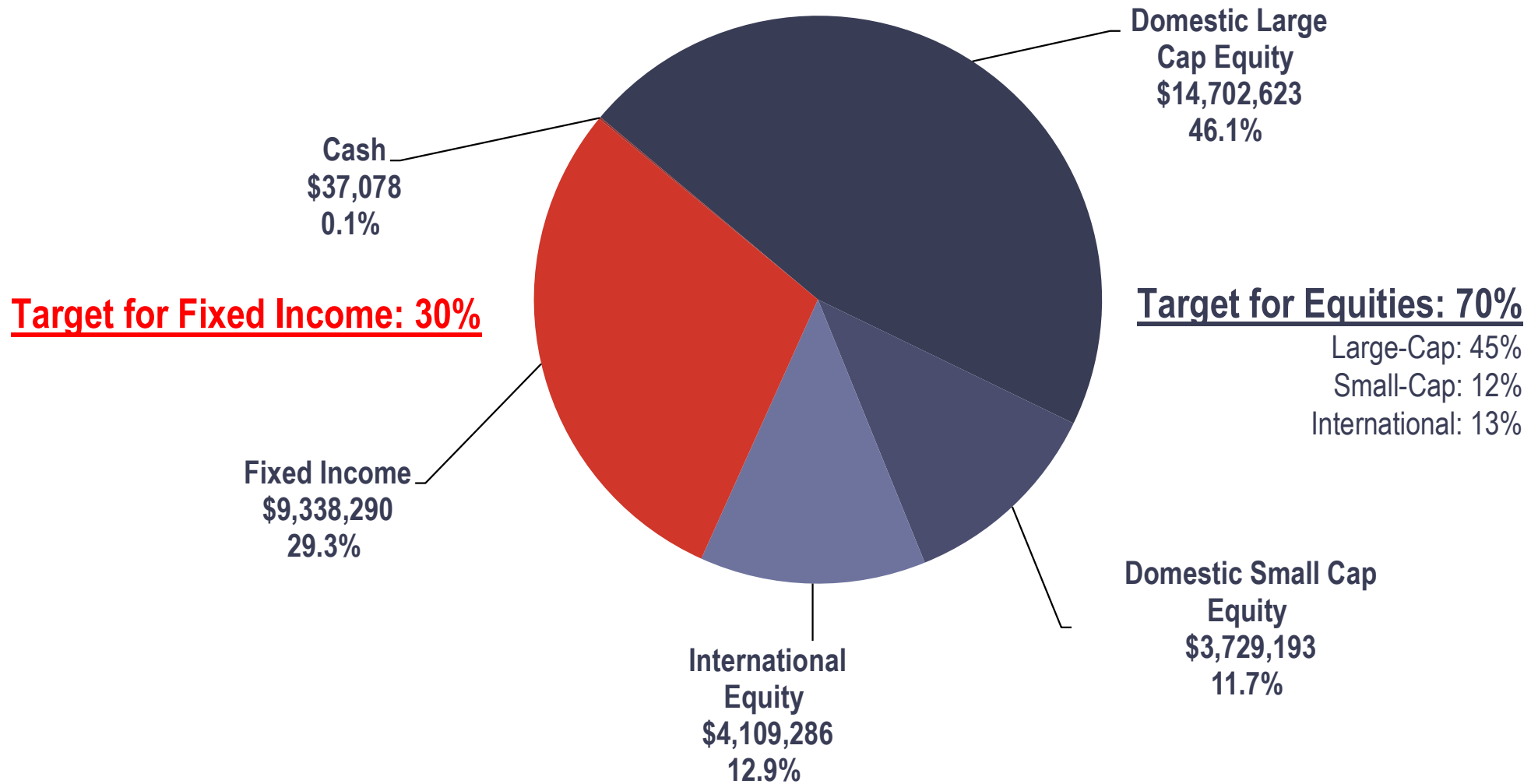
5 Years Rolling Percentile Ranking vs. All Corporate DB Plans <=\$50M



	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
— Investment	20	19 (95%)	1 (5%)	0 (0%)	0 (0%)
— Index	20	19 (95%)	1 (5%)	0 (0%)	0 (0%)

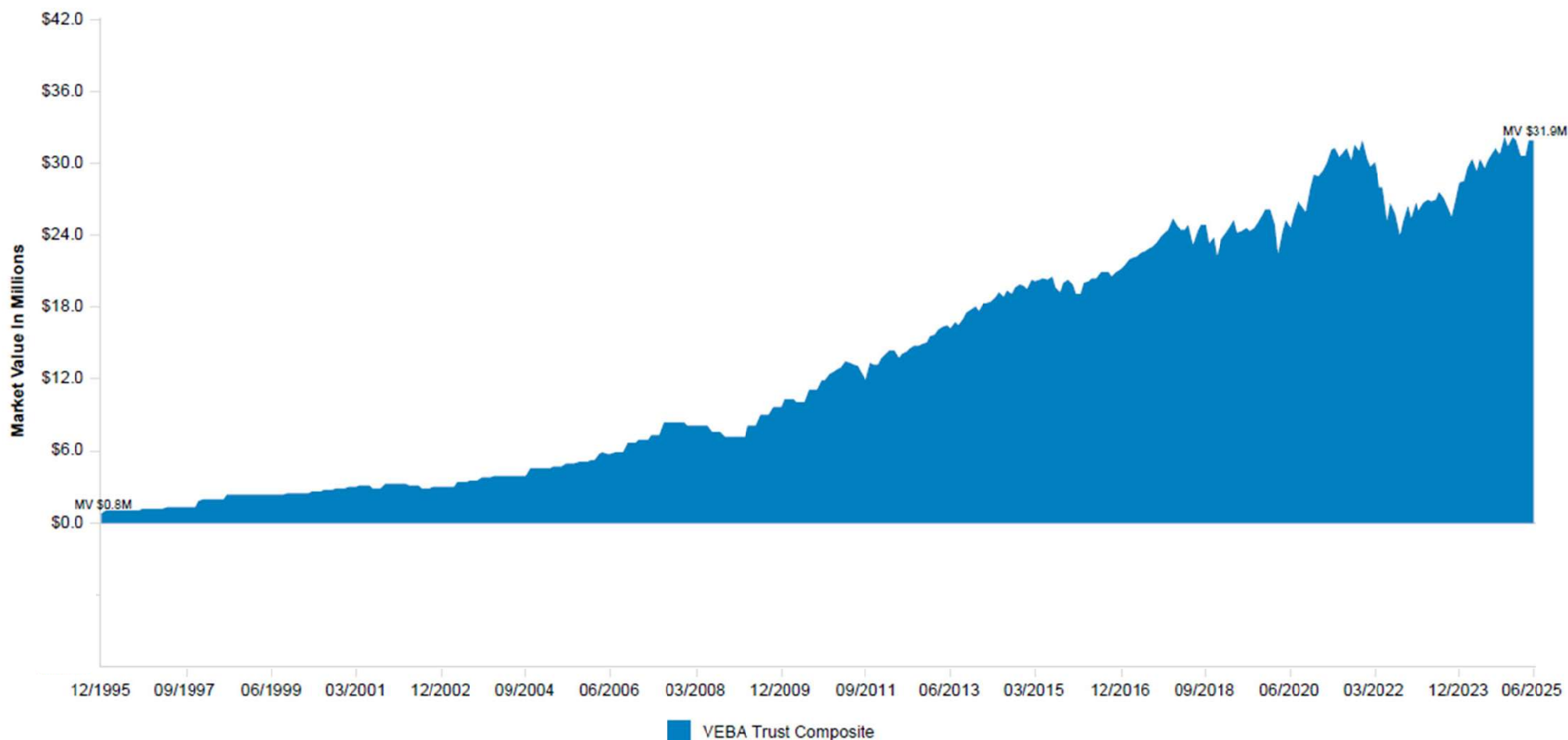
USI VEBA Trust - Asset Allocation

Assets as of 6/30/2025 = \$31,916,470



USI VEBA Trust – Cash Flow & Value Summary

Market Value History



Summary of Cash Flows

	QTR	YTD	1 YR	3 YR	5 YR	Inception
VEBA Trust Composite						
Beginning Market Value	\$30,566,894	\$31,384,186	\$29,594,844	\$25,156,539	\$24,573,464	\$806,117
Net Cash Flow	-\$1,201,402	-\$1,202,450	-\$1,205,833	-\$3,592,517	-\$6,056,337	\$177,149
Net Investment Change	\$2,550,978	\$1,734,734	\$3,527,458	\$10,352,448	\$13,399,343	\$30,933,204
Ending Market Value	\$31,916,470	\$31,916,470	\$31,916,470	\$31,916,470	\$31,916,470	\$31,916,470

USI VEBA Trust – Manager Changes & Watch List

PORTFOLIO MANAGER CHANGES - Past Year

None

MANAGERS ON WATCH LIST - CURRENT

Fifth Third Bank – Longtime large-cap core equity manager (2001) with market beating returns since their inception (9.1% vs. 8.6% for S&P 500) and top third peer performance over the same period. Poor 2022 peer results (70th percentile) weighing on recent peer comparisons (3-Yr 54th percentile, 5-Yr 66th percentile). The outperformance over the last several years of the largest, most expensively priced companies in the S&P 500 Index has been a significant challenge for diversified active managers of large-cap U.S. equities to outperform.

USI VEBA Trust – Investment Fees

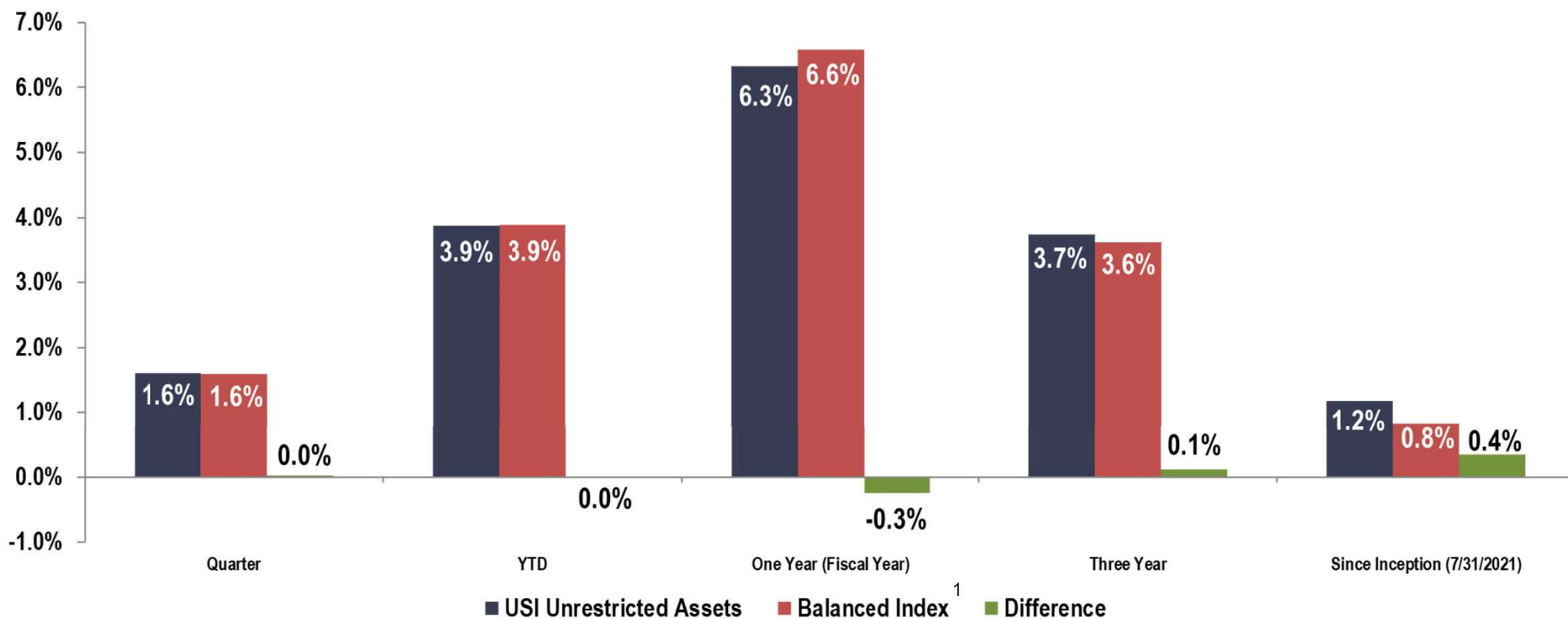
	Manager Fee	Asset Allocation (\$31.9 M)	Fee Percentage	Manager Fees (\$)
<u>Large Cap</u>				
Fifth Third Bank	0.30%	23.1%	0.069%	\$ 22,118
Fidelity Spartan 500 Index	0.02%	23.0%	0.003%	\$ 1,100
<u>Small Cap</u>				
Ivy Small Cap Growth	0.88%	5.5%	0.049%	\$ 15,569
Segall Bryant & Hamill	0.99%	6.1%	0.061%	\$ 19,404
<u>International</u>				
American Funds Europacific	0.47%	6.4%	0.030%	\$ 9,607
Hartford International	0.79%	6.5%	0.051%	\$ 16,315
<u>Fixed Income</u>				
Old National Bank	0.25%	17.6%	0.044%	\$ 14,027
Baird Intermediate	0.30%	11.7%	0.035%	\$ 11,183
Total Manager Fees			0.34%	\$ 109,322
Fourth Street Consulting Fee			0.03%	\$ 10,000
Custodial Fees			0.03%	\$ 7,979
<u>Total Fee</u>			<u>0.40%</u>	<u>\$ 127,301</u>

USI VEBA Trust – Investment Policy

NO RECOMMENDED CHANGES

Unrestricted Assets - Performance Summary

As of June 30, 2025*

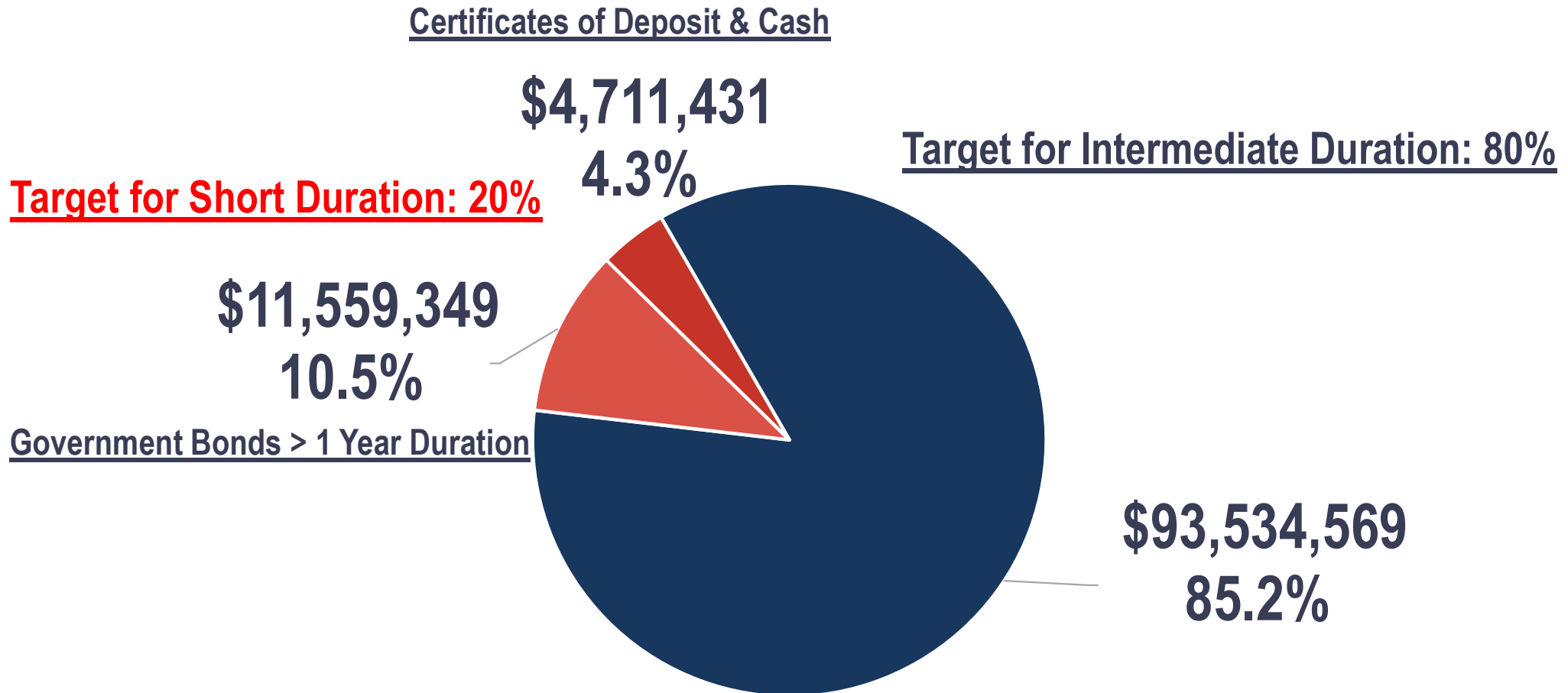


*Returns are presented net of investment management fees. Returns for periods greater than 1-Year are annualized.

¹ Balanced Index is 80% Bloomberg Intermediate Gov/Credit and 20% BofA 1-3 Year Gov/Credit Index

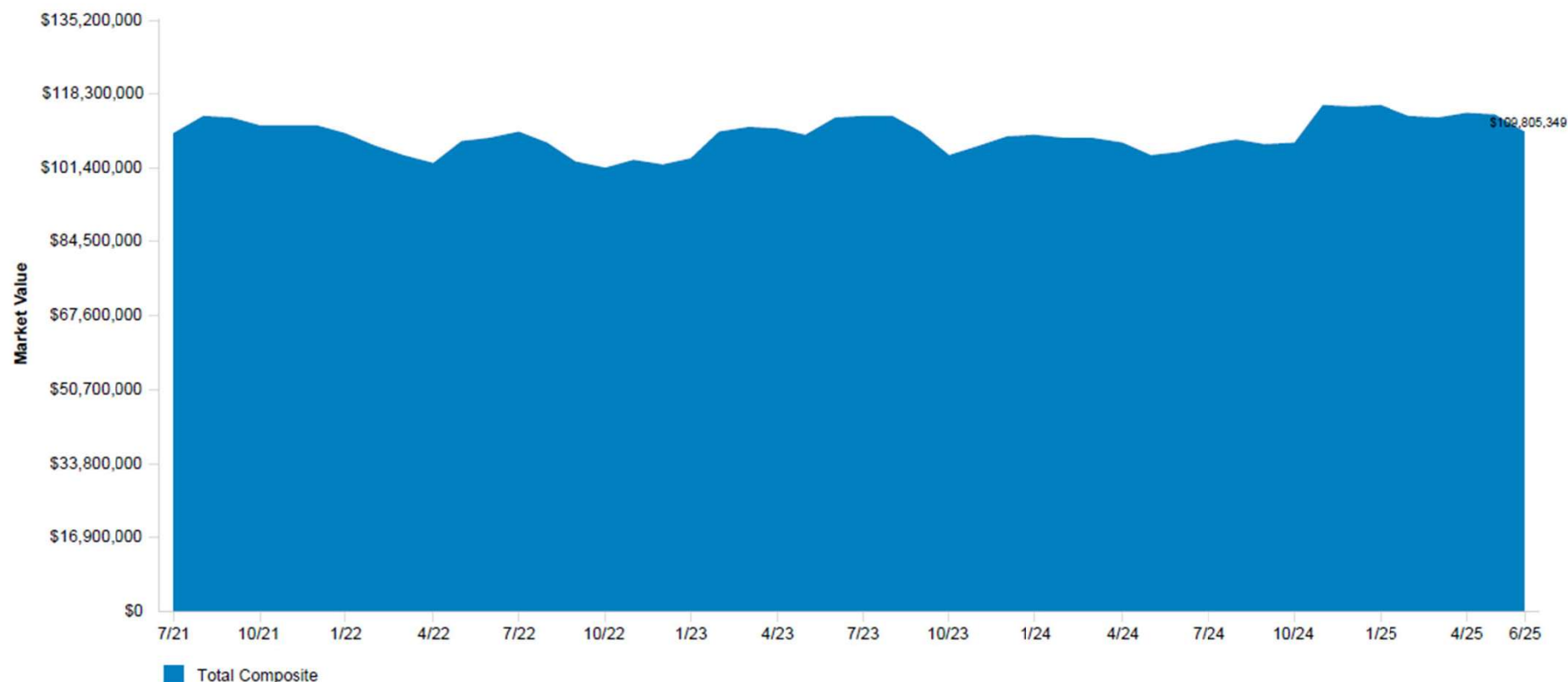
Unrestricted Assets - Asset Allocation

Assets as of 6/30/2025 = \$109,805,349



Unrestricted Assets – CF & MV History

Schedule of Investable Assets



Summary of Cash Flows

	QTR	YTD	FYTD	1 YR	3 YR	Inception
Total Composite						
Beginning Market Value	113,098,803	115,334,788	105,089,184	105,089,184	108,348,871	109,336,566
Contributions	-	-	9,710,080	9,710,080	23,661,524	36,294,454
Distributions	-5,112,341	-9,883,726	-11,847,280	-11,847,280	-34,187,934	-40,997,594
Net Cash Flow	-5,112,341	-9,883,726	-2,137,199	-2,137,199	-10,526,410	-4,703,140
Net Investment Change	1,818,888	4,354,287	6,853,365	6,853,365	11,982,888	5,171,923
Ending Market Value	109,805,349	109,805,349	109,805,349	109,805,349	109,805,349	109,805,349

Unrestricted Assets – Manager Changes

PORTFOLIO MANAGER CHANGES - Past Year

None

MANAGERS ON WATCH LIST - CURRENT

None

Unrestricted Assets – Fee Analysis

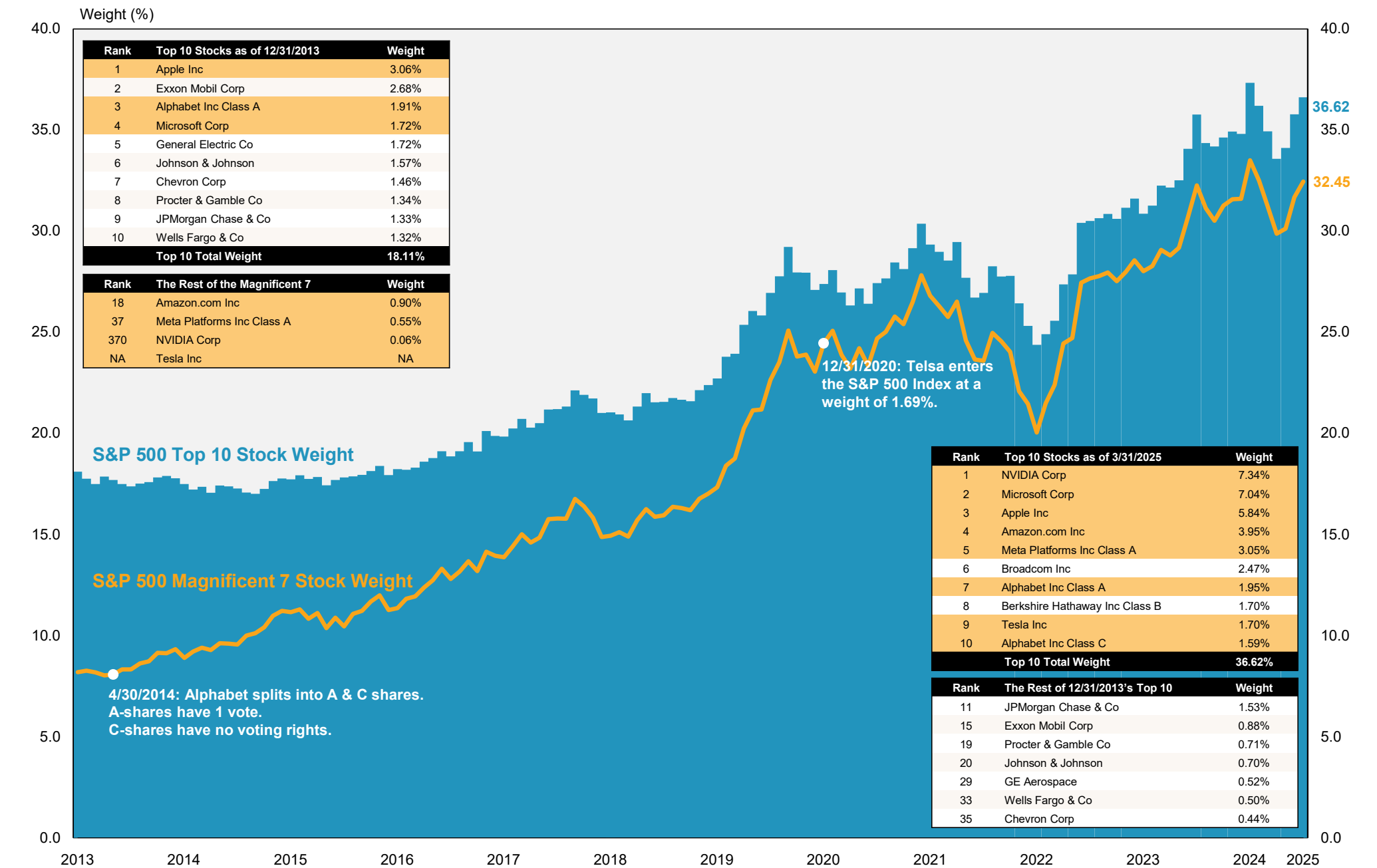
	Market Value (\$)	Estimated Annual Fee (%)	Estimated Annual Fee (\$)
Intermediate Fixed Income Securities	93,534,569	0.22	202,356
Fifth Third Bank	15,691,800	0.20	31,384
Johnson Asset Mgmt.	30,495,178	0.20	60,990
Longfellow Investment Mgmt.	30,572,983	0.25	76,432
Old National Bank	16,774,609	0.20	33,549

Unrestricted Assets – Investment Policy

NO RECOMMENDED CHANGES

Growing Importance of the S&P 500 Index's Top Weighted Stocks

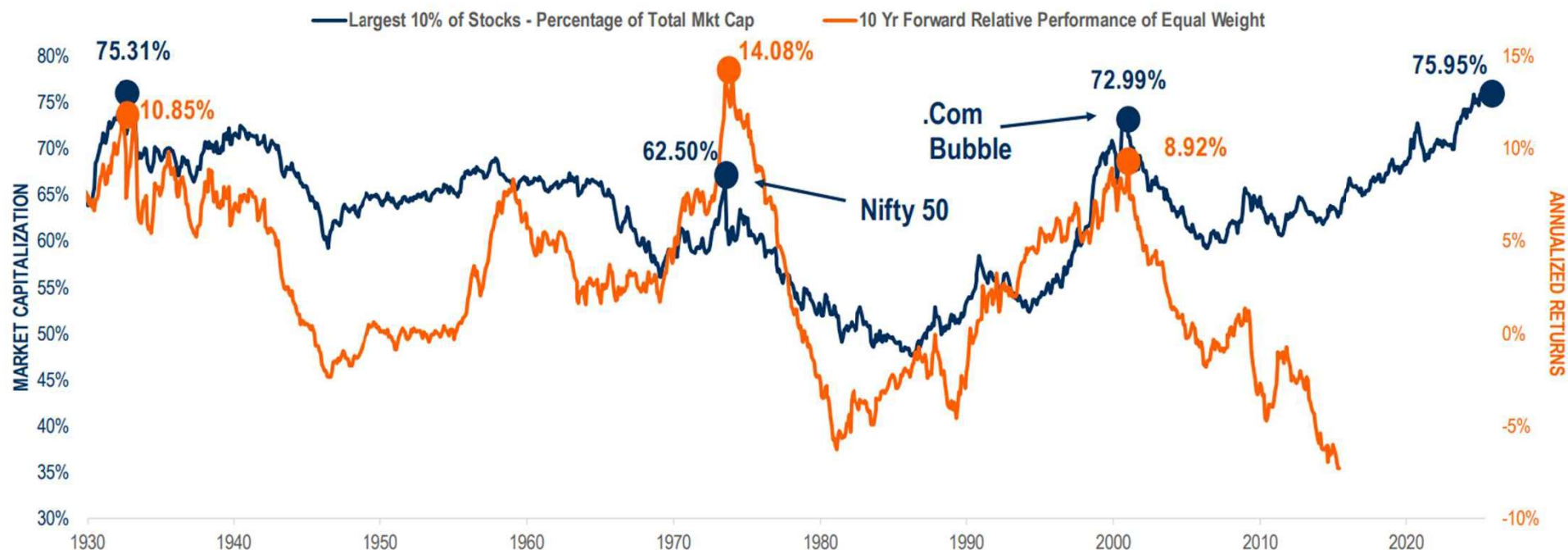
12/31/2013 Through 6/30/2025



Source: Mariner Institutional, using data and information derived from Morningstar Direct.
The term "Magnificent 7" refers to Alphabet (A&C), Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla.
Securities cited for illustrative purposes only. References herein do not constitute a recommendation to buy, sell or hold such securities.

Equal-Weighted Index Performance

10 Year Forward Relative Returns & Market Concentration

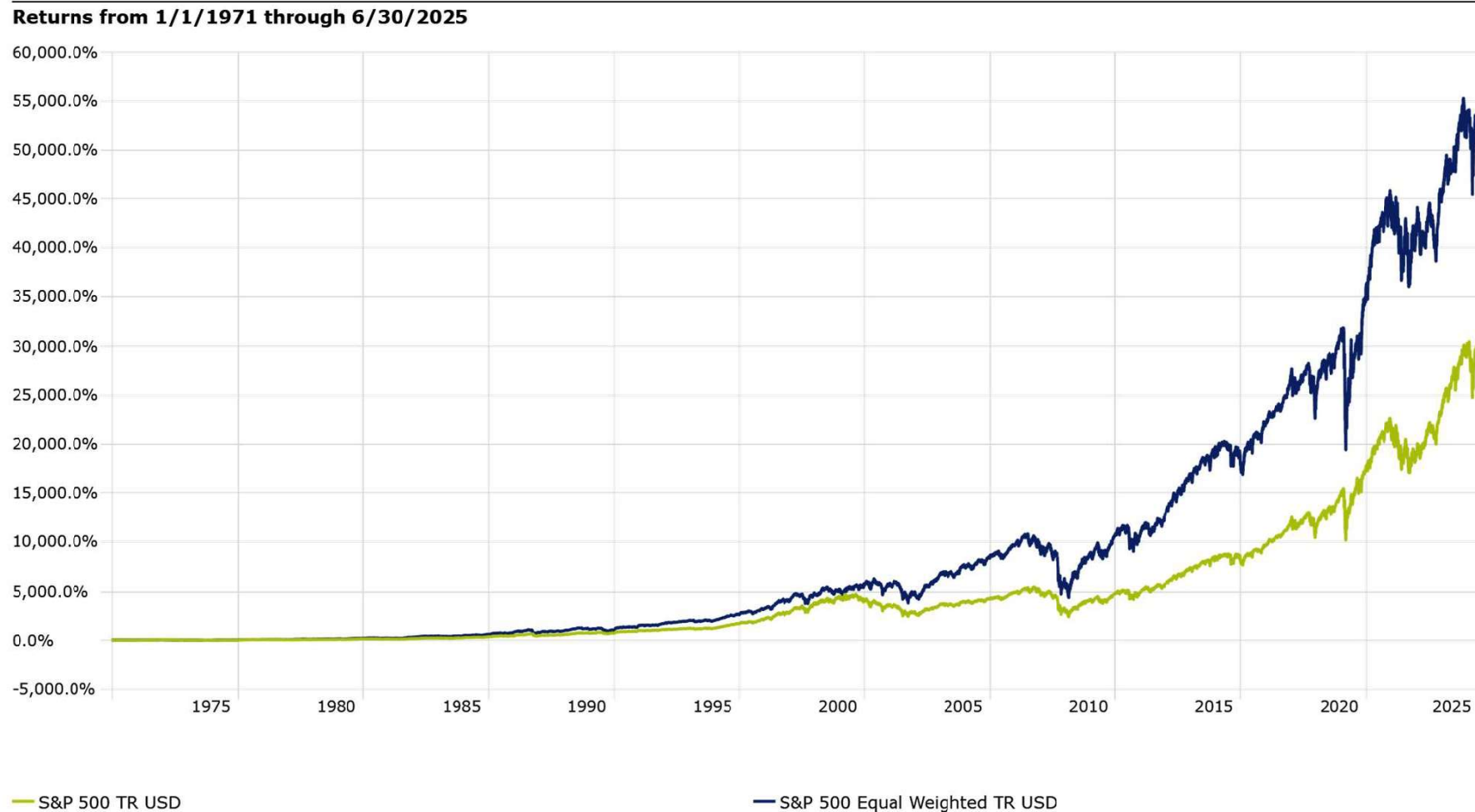


Source: Ken French Data Library. Data 7/31/1926 – 4/30/25 (latest data available). Universe includes all NYSE, AMEX & NASDAQ stocks. **Past performance is no guarantee of future results.** This example is for illustrative purposes and does not represent any actual investment. **Market (cap) capitalization:** the total dollar market value of a company's outstanding shares of stock and is calculated by multiplying the total number of a company's outstanding shares by the current market price of one share. **10 yr Forward Relative Performance:** represents the annualized return of an equal weight portfolio for a 10-year period minus the annualized return of a market cap weighted portfolio over the same period.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

Equal-Weighted vs. Market-Cap Weighted Index Performance

Cumulative Returns Since 1/1/1971



- S&P 500 Equal Weighted Index has outperformed Market Cap Weighted Index since 1970 (+12.3% annualized vs. +11.1%)

Equal-Weighted vs. Market-Cap Weighted Index Performance

Cumulative Returns Since 7/1/2015

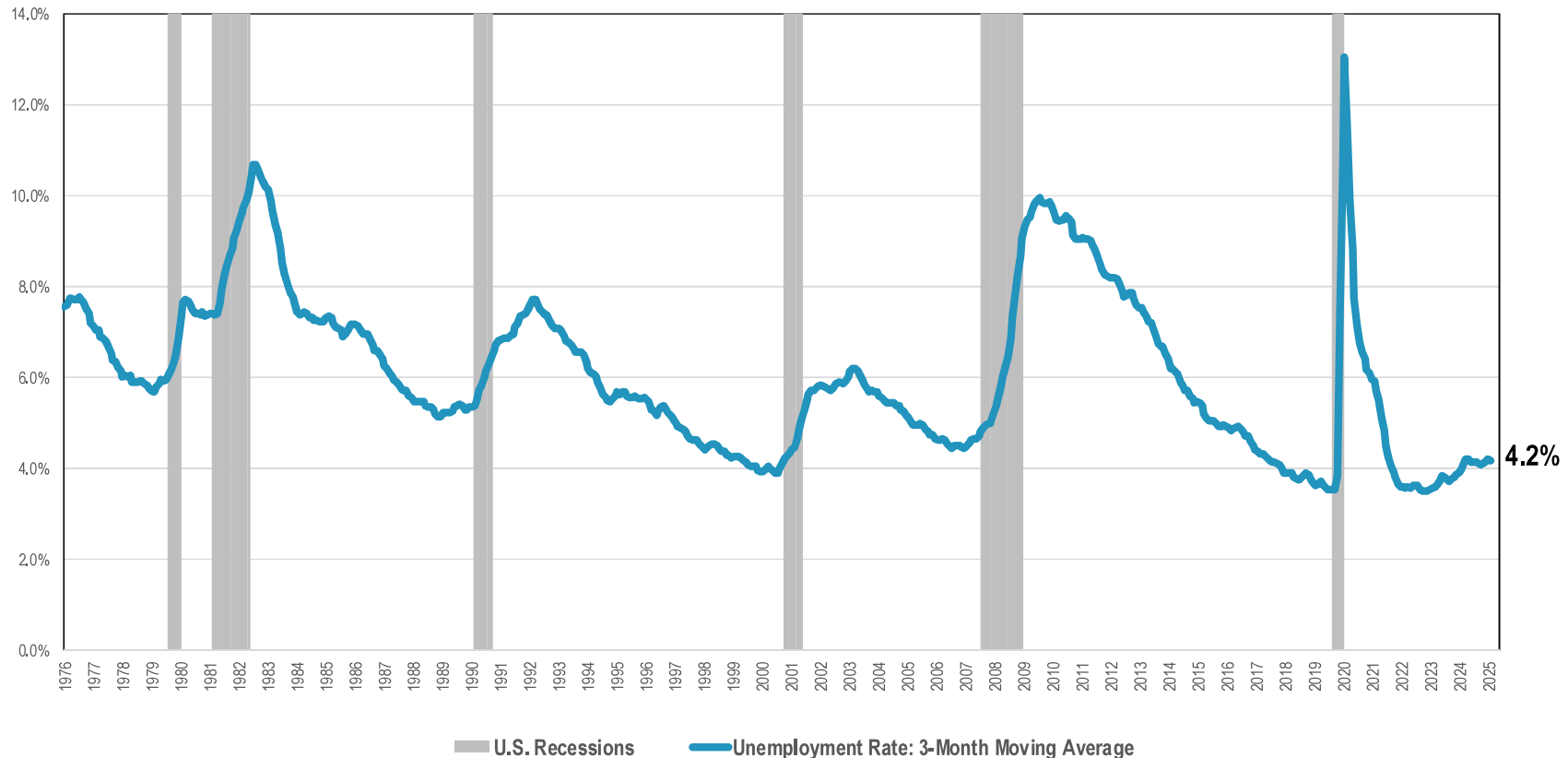
Returns from 7/1/2015 through 6/30/2025



- S&P 500 Market Cap Weighted Index has outperformed Equal Weighted Index over the past 10-Years (+13.7% annualized vs. +10.7%)

Unemployment Rate

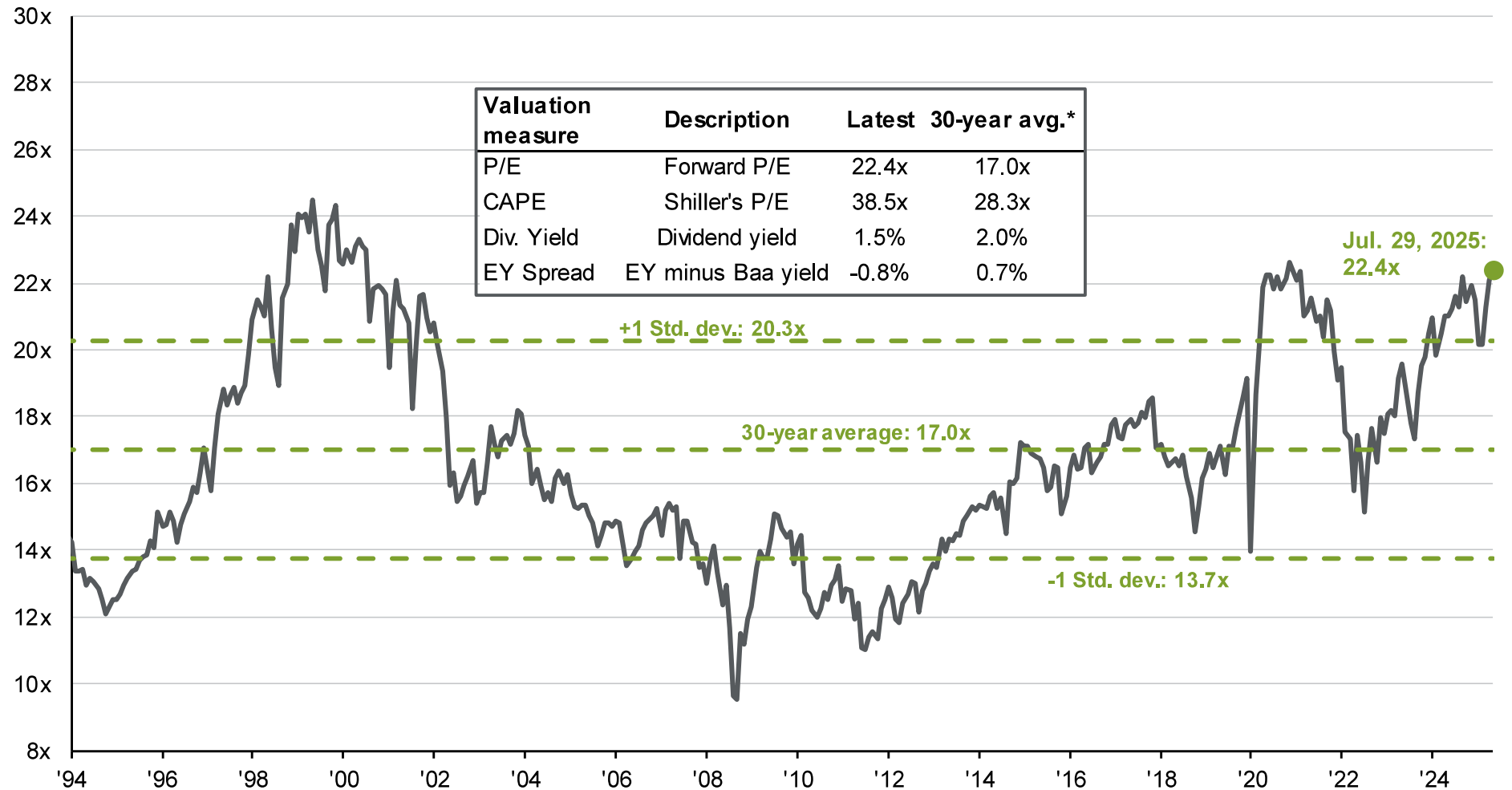
Recession Indicator



- From World War II up until the Covid-19 pandemic, every time the three-month average of the unemployment rate has ticked higher by 0.3% a recession has followed.
- Low three-month average in this cycle was 3.5%.
- Current three-month average unemployment is 4.2%; July unemployment rate was 4.2%.

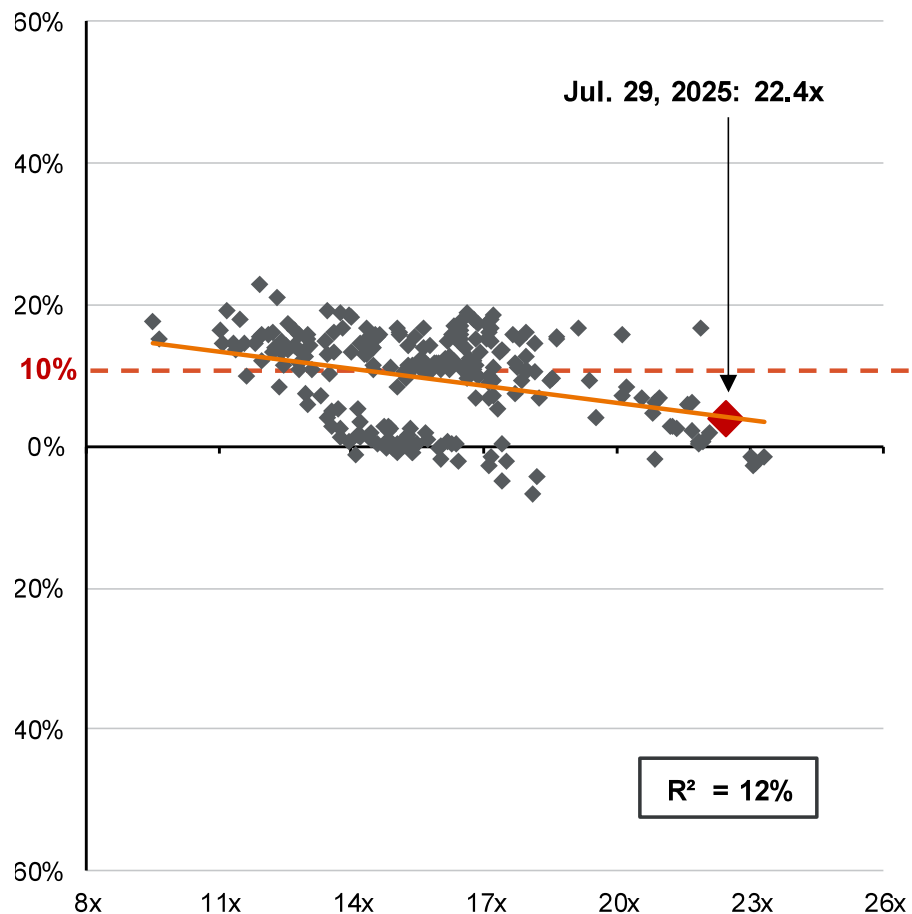
S&P 500 Index Valuations

S&P 500 Index: Forward P/E ratio



P/E Ratio and Future Equity Returns

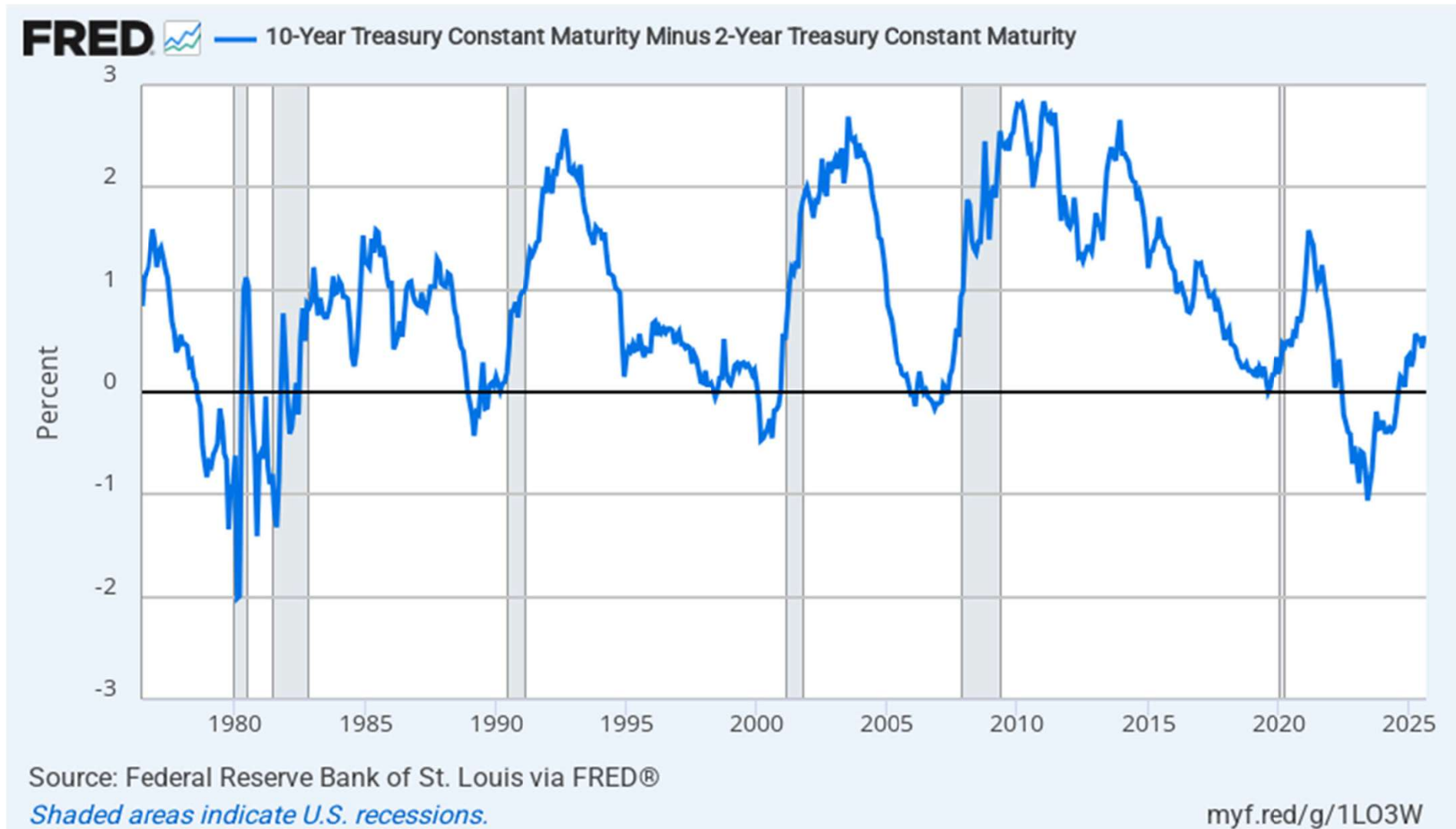
Forward P/E and subsequent 5-yr. annualized returns
S&P 500 Total Return Index



- At current P/E levels, the S&P 500 Index has never returned greater than 10% over the next five-year period.

2-Year / 10-Year Treasury Yield Spread

Recession Indicator



➤ **Current Spread is +55 bps (8/25/25)**

International Equities Outperforming

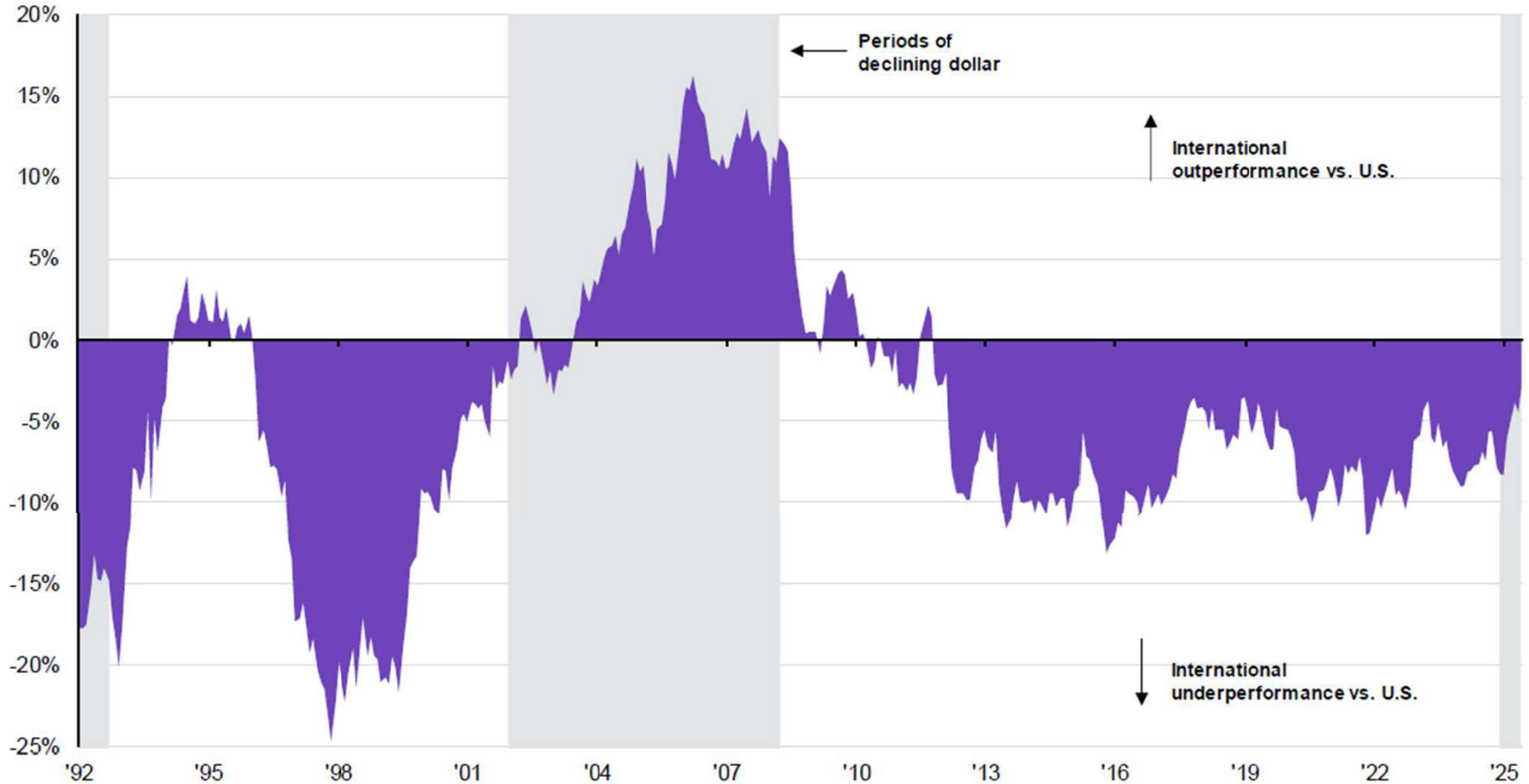
Returns	YTD 2025	
	Local	USD
Regions		
U.S. (S&P 500)	-	6.2%
AC World ex-U.S.	9.2%	18.3%
EAFE	8.3%	19.9%
Eurozone	13.6%	28.7%
Emerging markets	11.1%	15.6%

- The decline of the dollar was a tailwind for international benchmarks in the first half of 2025 relative to the S&P 500.
- Even without the dollar's decline, international benchmarks outperformed the S&P 500 Index in local currencies.

International Equities and Dollar Cycles

Cycles of international outperformance and the U.S. dollar

International out/underperformance versus U.S., MSCI AC World ex-U.S., S&P 500, total return, USD, rolling 3-yrs. ann.



ONE YEAR LATER

Mariner Institutional

A year ago, when AndCo joined Mariner to form Mariner Institutional, we **committed to continue providing a high level of service** while expanding corporate support to provide additional solutions for our clients. In the past year, we've attained:

- A client retention rate of 99% through March 2025*
- An employee retention rate of 99% through March 2025
- Expanded resources via multiple support teams, including finance, accounting, research, compliance, technology and marketing

*retention rate reflective of acquisition date through March 2025

Disclosures

Statement of Disclosures and Disclaimer

Mariner Institutional compiled this report for the sole use of the client for which it was prepared. Mariner Institutional is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. Mariner Institutional uses the results from this evaluation to make observations and recommendations to the client.

Mariner Institutional uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. Mariner Institutional analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides Mariner Institutional with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides Mariner Institutional with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause Mariner Institutional to believe that the information presented is significantly misstated.

This performance report is based on data obtained by the client's custodian(s), investment fund administrator, or other sources believed to be reliable. While these sources are believed to be reliable, the data providers are responsible for the accuracy and completeness of their statements. Clients are encouraged to compare the records of their custodian(s) to ensure this report fairly and accurately reflects their various asset positions.

The strategies listed may not be suitable for all investors. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Past performance is not an indication of future performance. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.

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Thank You

