Marquette Associates

November 18, 2025

Discussion Materials

City of Allentown

Presented by

Pat Wing, CFA, CIPM
Partner

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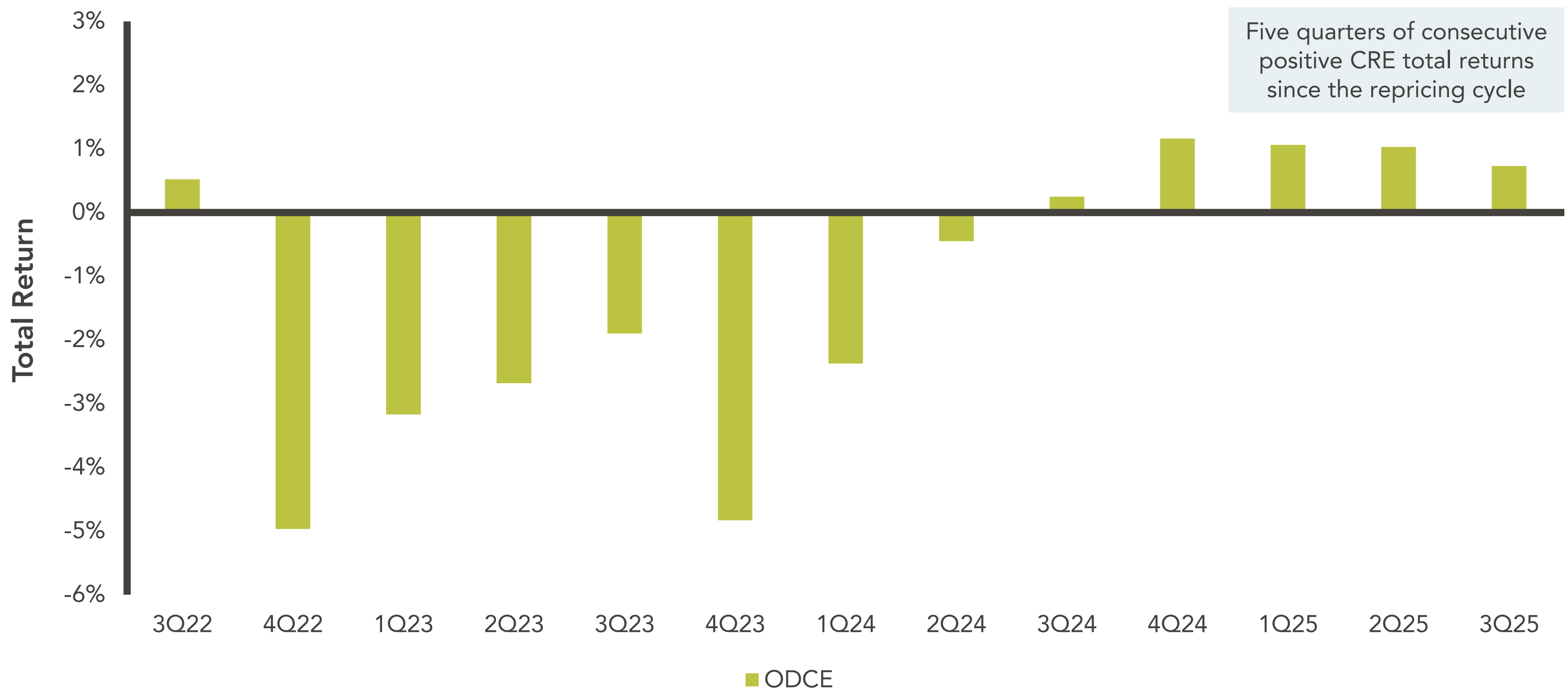
Real Estate Update

A new real estate cycle?

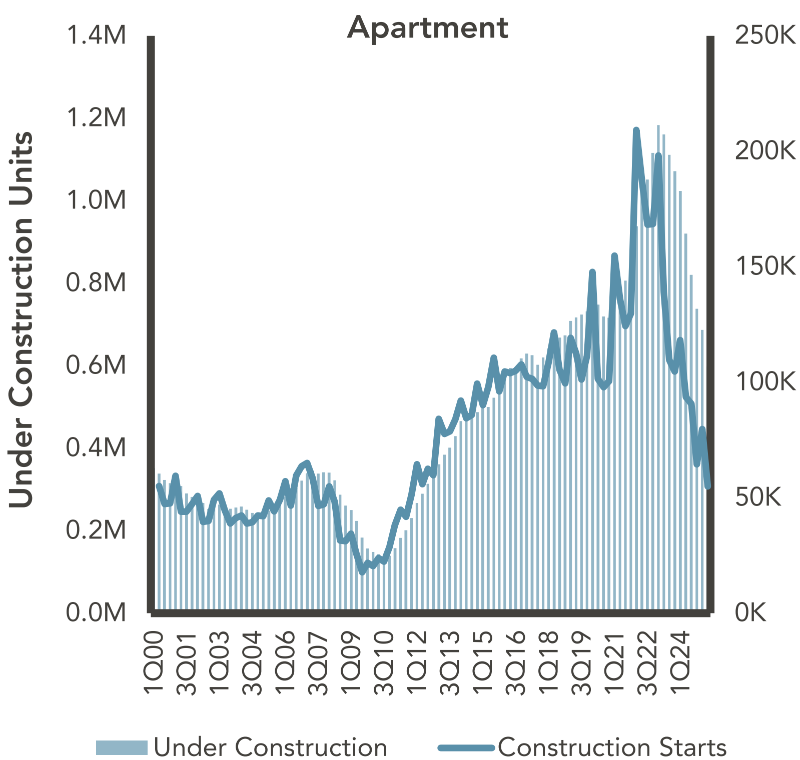
Core real estate's five straight positive quarters may signal the start of a new cycle post-repricing

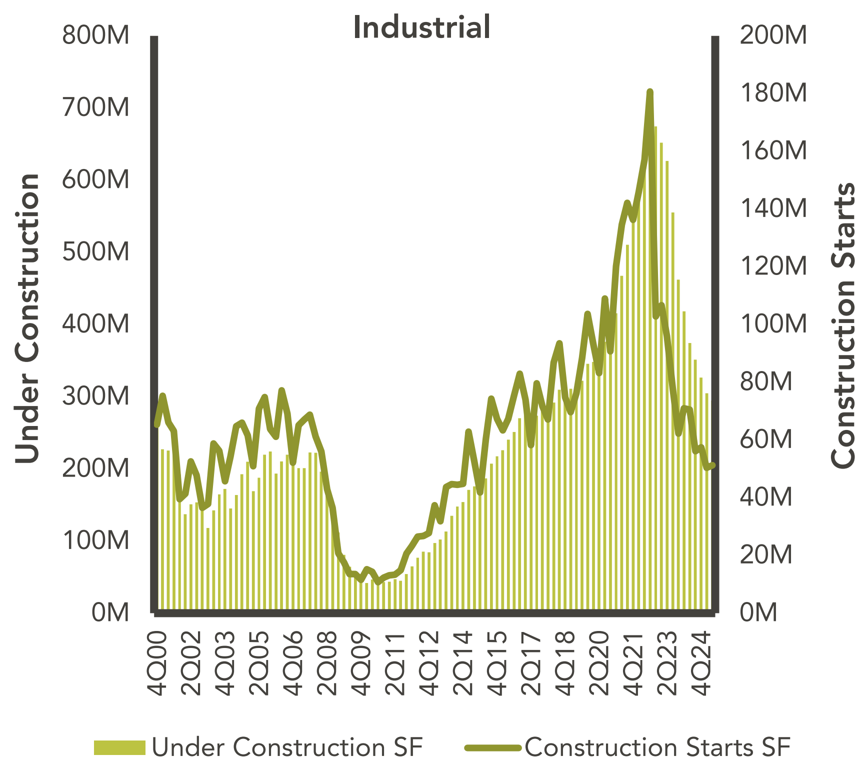


Source: NCREIF, AEW as of September 30, 2025

Construction starts

With construction levels declining, limited supply is expected to further drive rent growth (primarily in residential and logistics sectors)

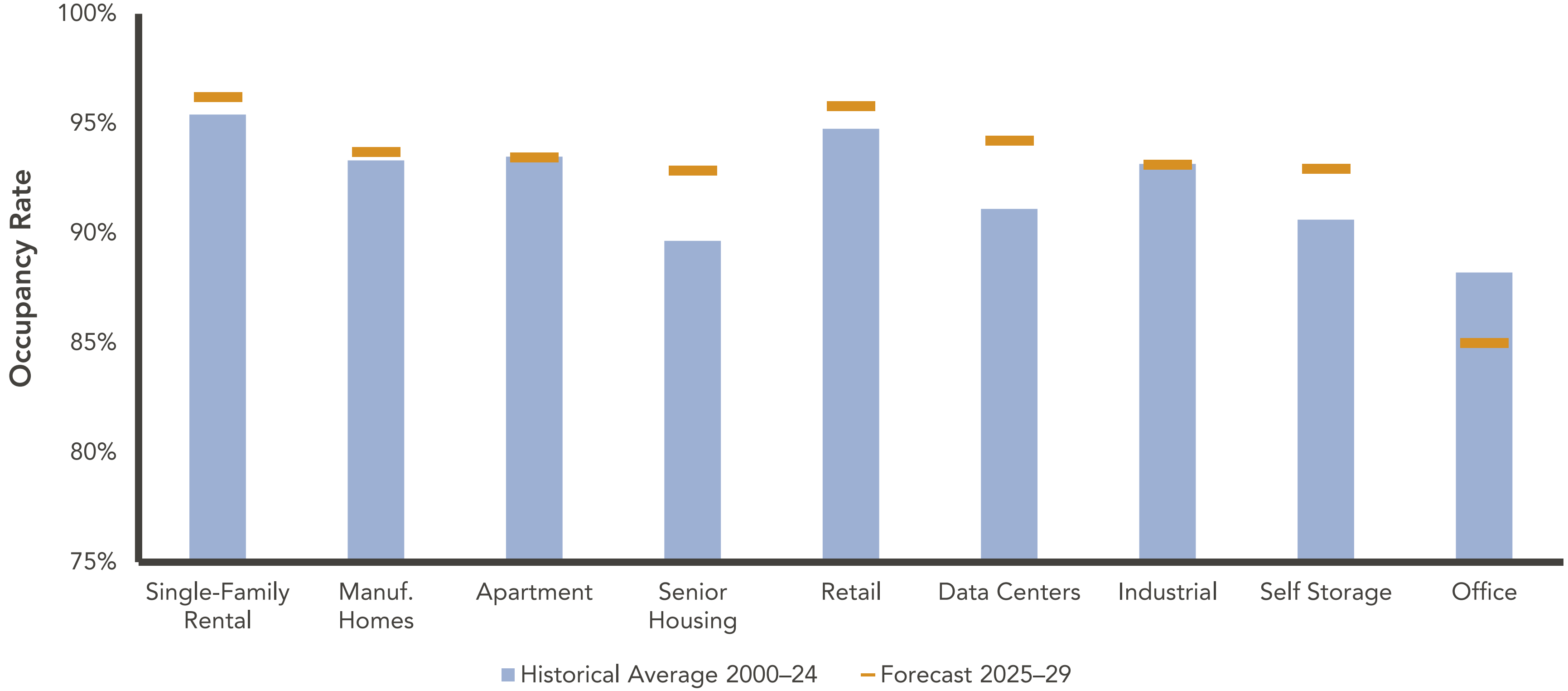




Source: CoStar, AEW Research as of March 31, 2025

Evolving occupancy rates

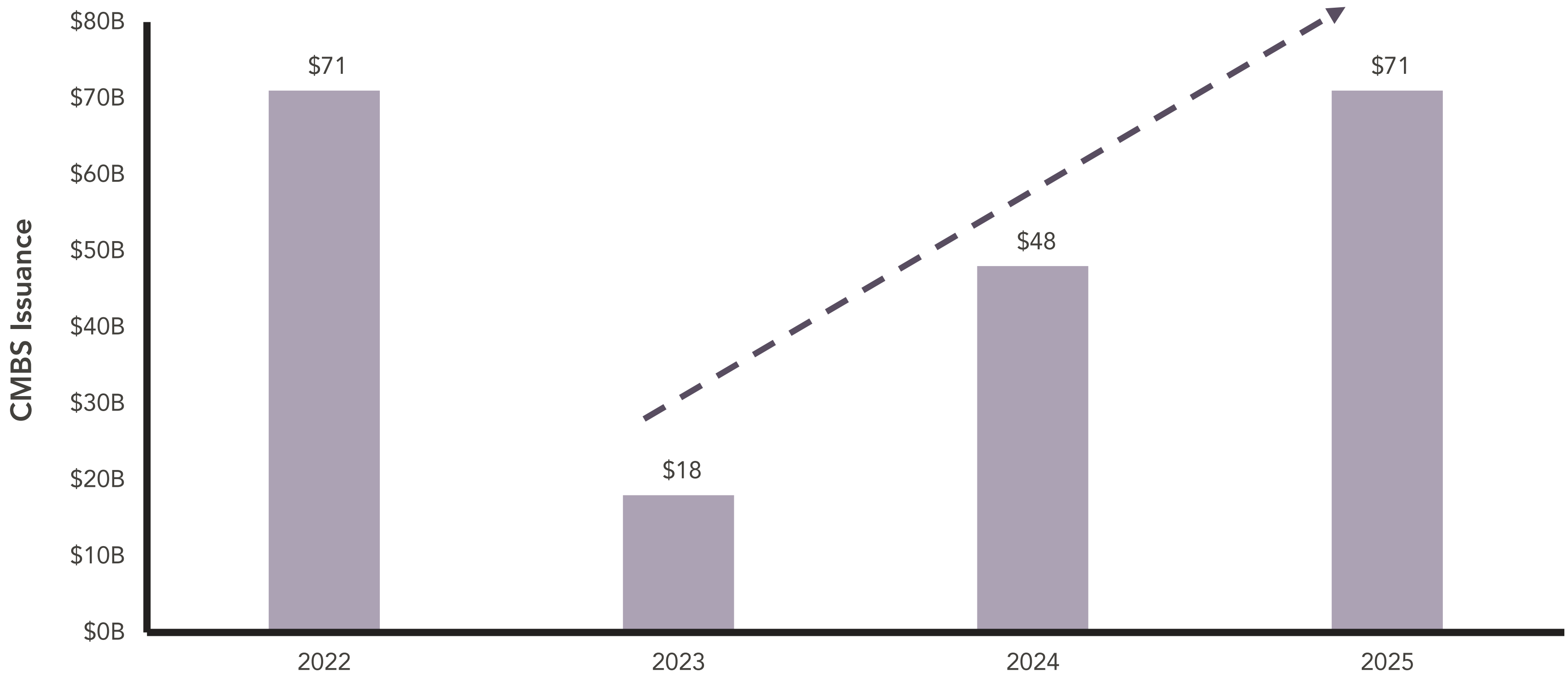
Stable demand and limited supply support high occupancies



Source: CoStar, PGIM Real Estate as of June 2025

CMBS market recovery signals renewed liquidity

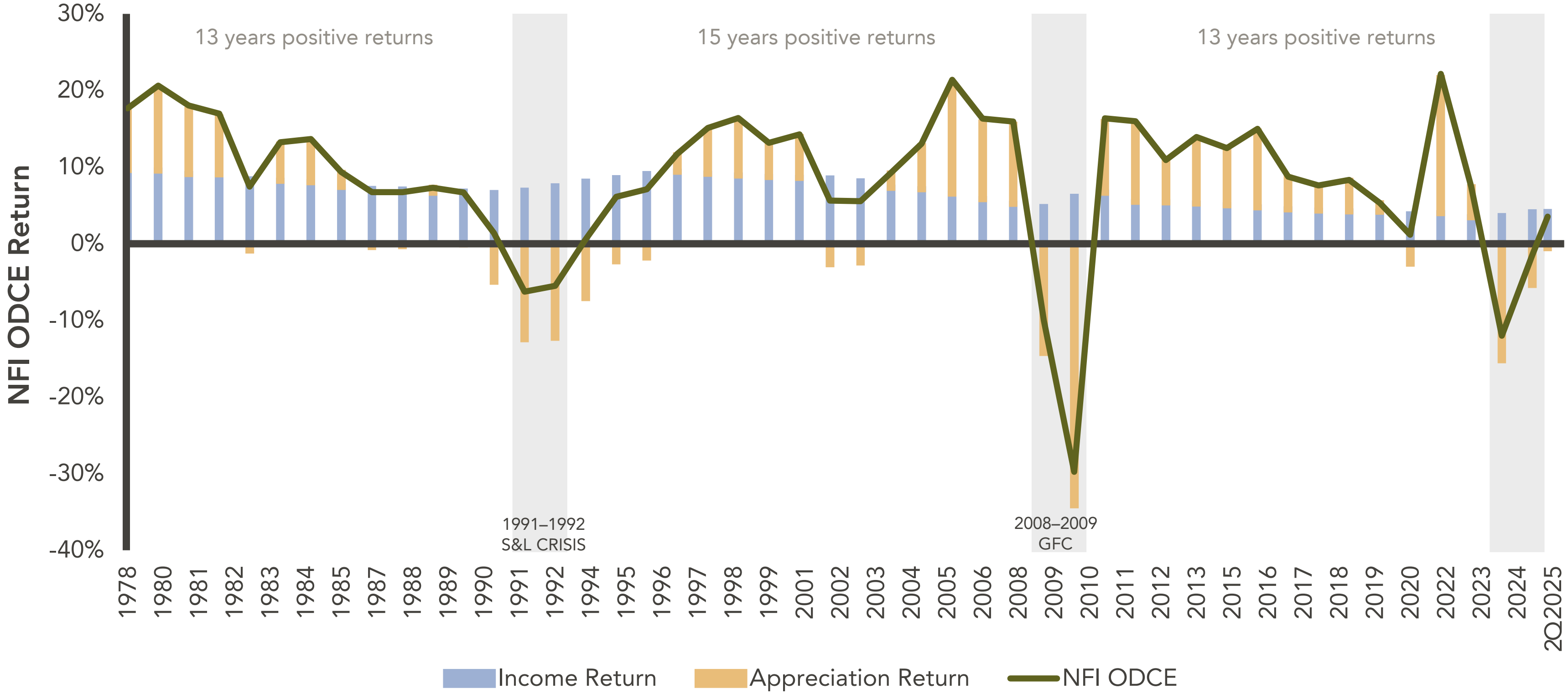
A four-fold surge in CMBS issuance signals renewed market activity, bringing volumes back to 2022 highs



Source: JPMorgan as of June 30, 2025

Real estate performance throughout the market cycle

Historically, value adjustments have paved the way for prolonged phases of solid total returns within the real estate space

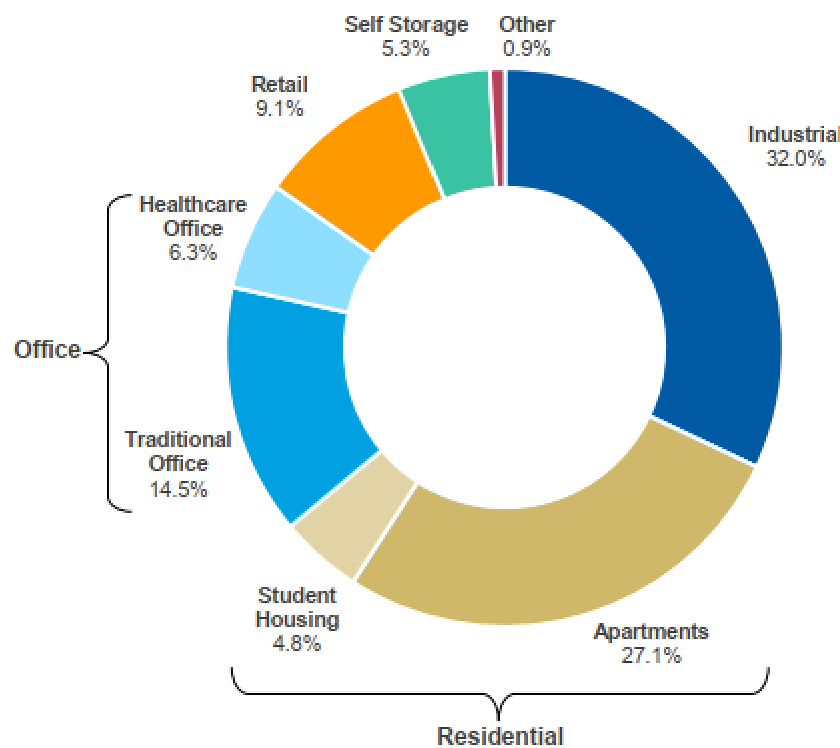


Source: NFI-ODCE, Principal Research as of June 30, 2025

Morgan Stanley PRIME

Focuses on high-quality warehouse distribution and storage facilities, Class A multifamily communities, office buildings, top tier malls and retail, student housing, healthcare-related real estate, and self storage assets in targeted primary markets.

Top 10 Holdings	Sector	Location	% of NAV
One Post Office Square	Office	Boston	2.4%
Fashion Valley Mall	Retail	San Diego	2.1%
Hills Plaza	Office	San Francisco	1.8%
155 N. Wacker	Office	Chicago	1.4%
One Maritime Plaza	Office	San Francisco	1.2%
AMLI Midtown Miami	Apartment	Miami	1.2%
200 Cambridge Park Drive	Healthcare	Cambridge	1.2%
151 N. Franklin	Office	Chicago	1.1%
Waterview Tower	Office	D.C	1.0%
Dadeland Mall	Retail	Miami	1.0%
			14.4%



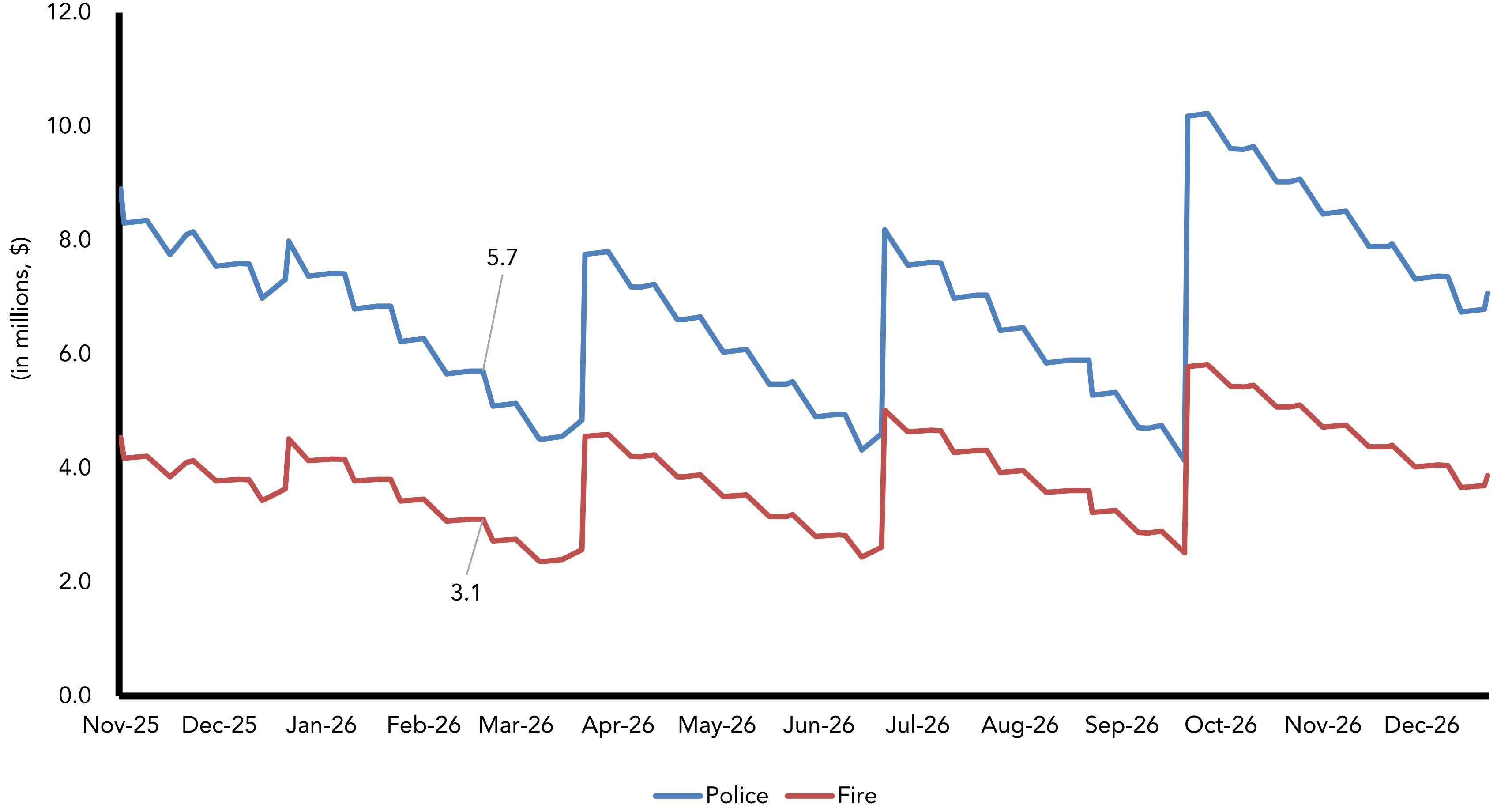
Cash-Flow Update

Cash-flow projection assumptions*

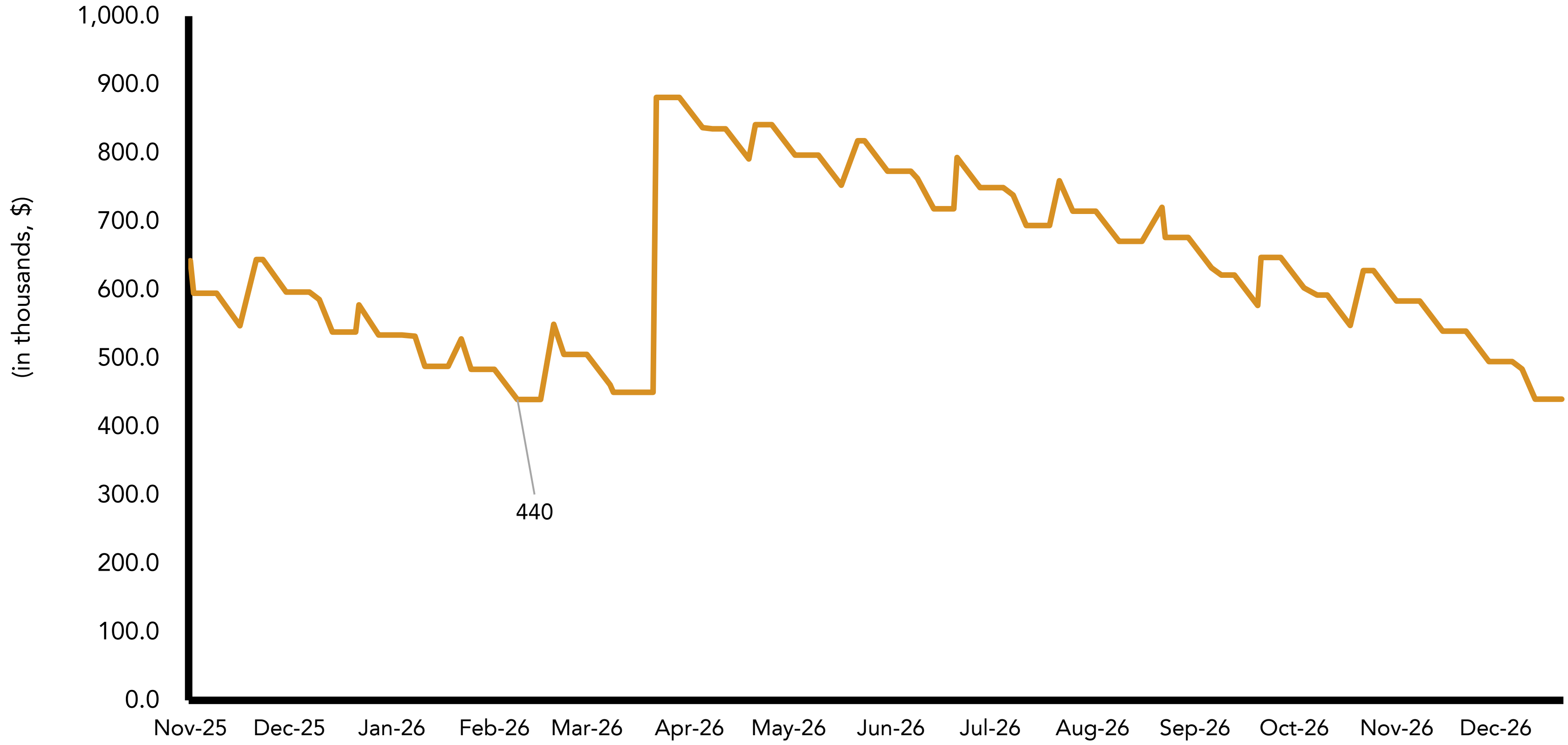
- Bi-weekly withdrawals
  - Police: $600,769 in 2025 and $618,846 in 2026
  - Fire: $358,846 in 2025 and $383,077 in 2026
  - Officers & Employees: $47,692 in 2025 and $44,231 in 2026
- Bi-weekly contributions
  - Police: $48,462 in 2025 and $50,000 in 2026
  - Fire: $31,154 in 2025 and $32,692
  - Officers & Employees: $0 in 2025 and $0 in 2026
- Projected MMO payments**:
  - Police: $9.53M in 2026
  - Fire: $3.70M in 2026
  - Officers & Employees: $140,000 in 2026
- Bond maturities
- Real estate dividends
- ETF dividends
- Fees

* Employee contribution, benefit payment and MMO estimates provided by Cheiron and based on the 1/1/25 valuation reports.
** Assumes MMO deposits are made in April and July, while Q3 and Q4 MMOs are deposited together at the end of September.

Police & Fire: Cash projections



Officers & Employees: Cash projections



Current yields

1. **Money Market yield: 3.89%**
2. **Core fixed income current yield: 4.30%**

Treasury Yield Curve

	1 Yr.	2 Yr.	3 Yr.
08/12/25	3.90	3.72	3.69
11/10/25	3.68	3.58	3.57

Source: Refinitiv.

Real estate recommendations

- Current real estate allocations are approximately 3.1–3.5 ppts below their 10% target
- Given cash yields, bond ladder yields and the outlook for real estate, consider approving additional commitments, taking the asset class closer to target
  - Police: $7.0 million
  - Fire: $3.5 million

Fire projections

Year	Benefit Payments	Expenses	Employee Contributions	MMO	Net Cash Flow	Bond Maturities	Bond Maturities & Excess Cash*
2026	9,960,000	90,000	850,000	3,700,000	(5,500,000)	5,400,000	5,500,000
2027	10,380,000	90,000	890,000	3,790,000	(5,790,000)	8,075,000	8,075,000
2028	10,670,000	90,000	930,000	4,040,000	(5,790,000)	550,000	2,050,000
2029	10,960,000	100,000	980,000	4,130,000	(5,950,000)	-	-
2030	11,300,000	100,000	1,020,000	3,340,000	(7,040,000)	-	-

* Excess cash defined as the projected upcoming trough in cash projections before the next meeting in February less $1.5 million. Excess cash added to 2026 and 2028 maturities.

Readjusting the ladder

- Sterling can liquidate the below bonds maturing in 2027, using the proceeds to buy bonds maturing in 2028
  - The bonds would be sold at a slight gain
  - The yield on the bonds below is approximately 3.75%, while the yield on 2028 replacement bonds is approximately 3.85%

Security Symbol	Security	Eff Mat from Purch	Effective Maturity	Date	Effect. Maturity	Mature Date	Accrued Interest	Adjusted Cost	Market Value	Unrealized Gain/Loss	Quantity
91282CBB6	UNITED STATES TREASURY NOTE	865	794	9/3/2025	12/31/2027	12/31/2027	1385.87	563877.8	$ 564,140.63	262.82	600000
18977W2G4	CNO GLOBAL FUNDING 144A	844	773	9/3/2025	12/10/2027	12/10/2027	5179.69	253218.2	$ 253,011.66	-206.54	250000
91282CLX7	UNITED STATES TREASURY NOTE	1013	747	2/25/2025	11/15/2027	11/15/2027	6120.24	300147.6	$ 303,234.38	3086.73	300000
571748BY7	MARSH & MCLENNAN COS INC CALLABLE 10/08/27	780	709	9/3/2025	10/8/2027	11/8/2027	157.99	252792	$ 252,586.36	-205.64	250000
91282CAU5	UNITED STATES TREASURY NOTE	1083	732	12/2/2024	10/31/2027	10/31/2027	24.24	126013.4	$ 127,205.86	1192.46	135000
46625HNJ5	JPMORGAN CHASE & CO	773	702	9/3/2025	10/1/2027	10/1/2027	1239.58	251506.9	$ 251,621.72	114.85	250000
36143L2N4	GA GLOBAL FUNDING TRUST 144A	764	693	9/3/2025	9/23/2027	9/23/2027	1527.78	250577.1	$ 250,426.53	-150.59	250000
74460DAC3	PUBLIC STORAGE CALLABLE 06/15/27	943	592	12/2/2024	6/15/2027	9/15/2027	1071.73	210279.6	$ 211,986.94	1707.38	215000
66815L2T5	NORTHWESTERN MUTUAL GLBL 144A	948	682	2/25/2025	9/12/2027	9/12/2027	1532.12	218626.2	$ 220,672.35	2046.12	220000
91282CFH9	UNITED STATES TREASURY NOTE	936	670	2/25/2025	8/31/2027	8/31/2027	1916.44	295051.6	$ 297,667.97	2616.38	300000
26884ABG7	ERP OPERATING LP CALLABLE 05/01/27	711	640	9/3/2025	8/1/2027	8/1/2027	2302.08	246966.2	$ 246,961.36	-4.88	250000
91282CFB2	UNITED STATES TREASURY NOTE	990	639	12/2/2024	7/31/2027	7/31/2027	1059.27	131961.7	$ 133,138.48	1176.75	135000
438516CX2	HONEYWELL INTERNATIONAL CALLABLE 06/30/27	873	607	2/25/2025	6/30/2027	7/30/2027	2926.92	220630.5	$ 222,599.57	1969.03	220000
02665WFK2	AMERICAN HONDA FINANCE	688	617	9/3/2025	7/9/2027	7/9/2027	4219.44	253029	$ 253,448.09	419.11	250000
437076DB5	HOME DEPOT INC CALLABLE 05/25/27	837	571	2/25/2025	5/25/2027	6/25/2027	4111.25	221762	$ 223,575.90	1813.93	220000
906548CM2	UNION ELECTRIC CO CALLABLE 03/15/27	663	592	9/3/2025	6/15/2027	6/15/2027	3031.94	246664.7	$ 246,303.11	-361.59	250000
91282CKR1	UNITED STATES TREASURY NOTE	827	561	2/25/2025	5/15/2027	5/15/2027	6676.63	301678	$ 303,914.06	2236.06	300000

Data provided by Sterling

Fire rebalancing proposal

	TICKER	TOTAL ASSETS	ALLOCATIONS	REBALANCING	TOTAL ASSETS	ALLOCATIONS	TARGET
Firemen Pension Plan		159,670,099	100.0%	0	159,670,099	100.0%	100.0%
U.S. Equity							
Vanguard Equity Income Fund Admiral	VEIRX	9,586,116	6.0%	0	9,586,116	6.0%	6.0%
Vanguard Mid Cap Index	VMCIX	4,290,255	2.7%	0	4,290,255	2.7%	3.0%
Vanguard Total Stock Market Index	VITSX	42,856,831	26.8%	(1,575,000)	41,281,831	25.9%	41.0%
Vanguard Total Stock Market Index ETF	VTI	23,794,099	14.9%	0	23,794,099	14.9%	
Total U.S. Equity		**80,527,301**	**50.4%**	**(1,575,000)**	**78,952,301**	**49.4%**	**50.0%**
Global Equity							
Dodge & Cox Global	DODWX	6,569,291	4.1%	0	6,569,291	4.1%	4.0%
Total Global Equity		**6,569,291**	**4.1%**	**0**	**6,569,291**	**4.1%**	**4.0%**
Non-U.S. Equity							
American Funds Int'l Growth & Income	RIGGX	9,904,597	6.2%	(325,000)	9,579,597	6.0%	6.0%
MFS Int'l Intrinsic Value Equity	MINJX	10,074,595	6.3%	(500,000)	9,574,595	6.0%	6.0%
Total Non-U.S. Equity		**19,979,192**	**12.5%**	**(825,000)**	**19,154,192**	**12.0%**	**12.0%**
Real Estate							
Morgan Stanley PRIME Property Fund (as of 09/30)	-	11,009,473	6.9%	3,500,000	14,509,473	9.1%	10.0%
Total Real Estate		**11,009,473**	**6.9%**	**3,500,000**	**14,509,473**	**9.1%**	**10.0%**
U.S. Fixed Income							
Vanguard Total Bond Market Index Inst	VBTIX	16,451,102	10.3%	(2,000,000)	14,451,102	9.1%	9.0%
Baird Core Plus Bond Fund	BCOIX	5,302,426	3.3%	(500,000)	4,802,426	3.0%	3.0%
Sterling Capital - Short-Term Bonds	-	15,740,567	9.9%	2,400,000	18,140,567	11.4%	11.0%
Total U.S. Fixed Income		**37,494,095**	**23.5%**	**(100,000)**	**37,394,095**	**23.4%**	**23.0%**
Cash & Equivalents							
Federated Govt. Obligations MM Fund	GOIXX	4,090,748	2.6%	(1,000,000)	3,090,748	1.9%	1.0%
Total Cash & Equivalents		**4,090,748**	**2.6%**	**(1,000,000)**	**3,090,748**	**1.9%**	**1.0%**

Market Values as of November 13, 2025.

	Pre-Rebalancing Allocations		
	Portfolio	Target	Difference
U.S. Equity	52.70%	52.0%	0.70%
Non-U.S. Equity	14.36%	14.0%	0.36%
Real Estate	6.90%	10.0%	-3.10%
Fixed Income	23.48%	23.0%	0.48%
Cash	2.56%	1.0%	1.56%
Total	100.00%	100.0%	-

	Post-Rebalancing Allocations		
	Portfolio	Target	Difference
U.S. Equity	51.71%	52.0%	-0.29%
Non-U.S. Equity	13.85%	14.0%	-0.15%
Real Estate	9.09%	10.0%	-0.91%
Fixed Income	23.42%	23.0%	0.42%
Cash	1.94%	1.0%	0.94%
Total	100.00%	100.0%	-

Police projections

Year	Benefit Payments	Expenses	Employee Contributions	MMO	Net Cash Flow	Bond Maturities	Bond Maturities & Excess Cash*
2026	16,090,000	140,000	1,300,000	9,530,000	(5,400,000)	4,250,000	5,400,000
2027	16,700,000	140,000	1,360,000	9,700,000	(5,780,000)	4,650,000	5,780,000
2028	17,410,000	150,000	1,420,000	10,510,000	(5,630,000)	2,780,000	4,700,000
2029	18,340,000	150,000	1,490,000	10,660,000	(6,340,000)	-	-
2030	18,950,000	160,000	1,550,000	8,590,000	(8,970,000)	-	-

* Excess cash defined as the projected upcoming trough in cash projections before the next meeting in February less $1.5 million. Excess cash added to 2026, 2027 and 2028 maturities.

Police rebalancing proposal

	TICKER	TOTAL ASSETS	ALLOCATIONS	REBALANCING	TOTAL ASSETS	ALLOCATIONS	TARGET
Police Pension Plan		271,232,294	100.0%	0	271,232,294	100.0%	100.0%
U.S. Equity							
Vanguard Equity Income Fund Admiral	VEIRX	16,445,871	6.1%	0	16,445,871	6.1%	6.0%
Vanguard Mid Cap Index	VMCIX	7,282,422	2.7%	0	7,282,422	2.7%	3.0%
Vanguard Total Stock Market Index	VITSX	72,654,328	26.8%	(1,900,000)	70,754,328	26.1%	41.0%
Vanguard Total Stock Market Index ETF	VTI	39,832,014	14.7%	0	39,832,014	14.7%	
Total U.S. Equity		**136,214,634**	**50.2%**	**(1,900,000)**	**134,314,634**	**49.5%**	**50.0%**
Global Equity							
Dodge & Cox Global	DODWX	10,911,174	4.0%	0	10,911,174	4.0%	4.0%
Total Global Equity		**10,911,174**	**4.0%**	**0**	**10,911,174**	**4.0%**	**4.0%**
Non-U.S. Equity							
American Funds Int'l Growth & Income	RIGGX	16,683,247	6.2%	(350,000)	16,333,247	6.0%	6.0%
MFS Int'l Intrinsic Value Equity	MINJX	16,954,533	6.3%	(650,000)	16,304,533	6.0%	6.0%
Total Non-U.S. Equity		**33,637,780**	**12.4%**	**(1,000,000)**	**32,637,780**	**12.0%**	**12.0%**
Real Estate							
Morgan Stanley PRIME Property Fund (as of 09/30)	-	17,517,909	6.5%	7,000,000	24,517,909	9.0%	10.0%
Total Real Estate		**17,517,909**	**6.5%**	**7,000,000**	**24,517,909**	**9.0%**	**10.0%**
U.S. Fixed Income							
Vanguard Total Bond Market Index Inst	VBTIX	42,056,120	15.5%	(4,000,000)	38,056,120	14.0%	14.0%
Baird Core Plus Bond Fund	BCOIX	9,215,663	3.4%	(750,000)	8,465,663	3.1%	3.0%
Sterling Capital - Short-Term Bonds	-	13,161,893	4.9%	2,900,000	16,061,893	5.9%	6.0%
Total U.S. Fixed Income		**64,433,676**	**23.8%**	**(1,850,000)**	**62,583,676**	**23.1%**	**23.0%**
Cash & Equivalents							
Federated Govt. Obligations MM Fund	GOIXX	8,517,121	3.1%	(2,250,000)	6,267,121	2.3%	1.0%
Total Cash & Equivalents		**8,517,121**	**3.1%**	**(2,250,000)**	**6,267,121**	**2.3%**	**1.0%**

Market Values as of November 13, 2025.

Pre-Rebalancing Allocations	Portfolio	Target	Difference
U.S. Equity	52.43%	52.0%	0.43%
Non-U.S. Equity	14.21%	14.0%	0.21%
Real Estate	6.46%	10.0%	-3.54%
Fixed Income	23.76%	23.0%	0.76%
Cash	3.14%	1.0%	2.14%
Total	100.00%	100.0%	-

Post-Rebalancing Allocations	Portfolio	Target	Difference
U.S. Equity	51.73%	52.0%	-0.27%
Non-U.S. Equity	13.84%	14.0%	-0.16%
Real Estate	9.04%	10.0%	-0.96%
Fixed Income	23.07%	23.0%	0.07%
Cash	2.31%	1.0%	1.31%
Total	100.00%	100.0%	-

O&E Projections

Year	Benefit Payments	Expenses	Employee Contributions	MMO	Net Cash Flow	Bond Maturities	Bond Maturities & Excess Cash*
2026	1,150,000	10,000	0	140,000	(1,020,000)	980,000	1,020,000
2027	1,050,000	10,000	0	140,000	(920,000)	1,102,000	1,102,000
2028	950,000	10,000	0	140,000	(820,000)	490,000	690,000
2029	850,000	10,000	0	140,000	(720,000)	-	-
2030	760,000	10,000	0	90,000	(680,000)	-	-

* Excess cash defined as the projected upcoming trough in cash projections before the next meeting in February less $200K. Excess cash added to 2026, 2027 and 2028 maturities.

O&E rebalancing proposal

	TICKER	TOTAL ASSETS	ALLOCATIONS	REBALANCING	TOTAL ASSETS	ALLOCATIONS	TARGET
Officers & Employee Pension Plan		6,447,976	100.0%	0	6,447,976	100.0%	100.0%
U.S. Equity							
Vanguard Equity Income Fund Admiral	VEIRX	271,485	4.2%	(25,000)	246,485	3.8%	4.0%
Vanguard Mid Cap Index	VMCIX	134,080	2.1%	0	134,080	2.1%	2.0%
Vanguard Total Stock Market Index	VITSX	1,875,591	29.1%	(110,000)	1,765,591	27.4%	27.5%
Total U.S. Equity		**2,281,156**	**35.4%**	**(135,000)**	**2,146,156**	**33.3%**	**33.5%**
Global Equity							
Dodge & Cox Global	DODWX	205,938	3.2%	(15,000)	190,938	3.0%	3.0%
Total Global Equity		**205,938**	**3.2%**	**(15,000)**	**190,938**	**3.0%**	**3.0%**
Non-U.S. Equity							
American Funds Int'l Growth & Income	RIGGX	347,948	5.4%	(25,000)	322,948	5.0%	5.0%
MFS Int'l Intrinsic Value Equity	MINJX	307,084	4.8%	(15,000)	292,084	4.5%	4.5%
Total Non-U.S. Equity		**655,032**	**10.2%**	**(40,000)**	**615,032**	**9.5%**	**9.5%**
U.S. Fixed Income							
Sterling Capital - Short-Term Bonds	-	2,905,520	45.1%	330,000	3,235,520	50.2%	52.0%
Total U.S. Fixed Income		**2,905,520**	**45.1%**	**330,000**	**3,235,520**	**50.2%**	**52.0%**
Cash & Equivalents							
Federated Govt. Obligations MM Fund	GOIXX	400,329	6.2%	(140,000)	260,329	4.0%	2.0%
Total Cash & Equivalents		**400,329**	**6.2%**	**(140,000)**	**260,329**	**4.0%**	**2.0%**

Market Values as of November 13, 2025.

	Pre-Rebalancing Allocations		
	Portfolio	Target	Difference
U.S. Equity	37.13%	35.0%	2.13%
Non-U.S. Equity	11.60%	11.0%	0.60%
Fixed Income	45.06%	52.0%	-6.94%
Cash	6.21%	2.0%	4.21%
Total	100.00%	100.0%	-

	Post-Rebalancing Allocations		
	Portfolio	Target	Difference
U.S. Equity	34.91%	35.0%	-0.09%
Non-U.S. Equity	10.87%	11.0%	-0.13%
Fixed Income	50.18%	52.0%	-1.82%
Cash	4.04%	2.0%	2.04%
Total	100.00%	100.0%	-

MarquetteAssociates

PREPARED BY MARQUETTE ASSOCIATES
180 North LaSalle St, Ste 3500, Chicago, Illinois 60601 PHONE 312-527-5500
CHICAGO BALTIMORE MILWAUKEE PHILADELPHIA ST. LOUIS WEB MarquetteAssociates.com

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