



PLAN SUMMARY

State of Vermont 940050

As Of: September 30, 2022

Report contains information up through the last business day of end period.

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Section I Plan Summary



PLAN SUMMARY AND BENCHMARK TRENDS



Historical Plan Statistics

	10/1/2021 - 12/31/2021	1/1/2022 - 3/31/2022	4/1/2022 - 6/30/2022	7/1/2022 - 9/30/2022
Total Participants Balances	\$683,523,004	\$646,895,599	\$571,936,931	\$549,915,524
Contributions*	\$8,286,370	\$7,734,103	\$9,163,669	\$8,324,445
Distributions*	(\$11,140,318)	(\$10,149,381)	(\$10,469,638)	(\$7,735,268)
Cash Flow	(\$2,853,948)	(\$2,415,279)	(\$1,305,970)	\$589,176
Market Value Gain / Loss**	\$29,271,810	(\$33,490,343)	(\$72,250,481)	(\$20,793,219)
Account Balances				
Average Participant Balance	\$83,245	\$78,099	\$68,941	\$66,040
Participation / Deferrals				
Participation Rate	78.7%	86.4%	85.5%	83.8%
Total Participants with a Balance	8,211	8,283	8,296	8,327
Asset Allocation				
% of Plan Assets in Stable Value	17.2%	18.1%	20.3%	21.3%
% of Plan Assets for GoalMaker Participants	14.2%	14.8%	15.5%	16.1%
Participation Rate in GoalMaker	27.9%	28.7%	29.0%	29.5%
Number of Participants in GoalMaker	2,299	2,386	2,413	2,458
Number of Participants in One Fund	1,920	1,970	2,018	2,066
Number of Participants in Four or More Funds	5,004	5,041	5,023	5,030
Distributions				
Number of Distributions*	1,168	898	907	856
Termination	\$7,744,144	\$8,096,735	\$6,651,475	\$5,643,258
Hardship	\$1,600	\$0	\$2,522	\$40,717
In Service	\$28,893	\$91,860	\$6,000	\$231,296
Amount of Distributions	\$11,140,318	\$10,149,381	\$10,469,638	\$7,735,268
Amount of Distributions Representing Rollovers	\$6,635,715	\$7,131,599	\$7,252,908	\$4,820,363
% of Assets Distributed*	1.6%	1.6%	1.8%	1.4%

*Includes Rollovers, Coronavirus-Related Distributions & Repayments, and Qualified Birth or Adoption Distributions & Repayments if applicable on the plan.

**This is not the equivalent of a plan level return on investment due to the timing of additions, distributions and underlying investment performance.

Plan Demographics Summary

	1/1/2021- 9/30/2021	1/1/2022- 9/30/2022
Total Participants*	8,103	8,327
Active Participants	5,815	5,456
Terminated Participants	2,273	2,849
Other Participants**	1	1
Multiple Status Participants***	14	21
Average Participant Balance	\$81,210	\$66,040
Average Account Balance for Active Participants	\$68,836	\$49,943
Median Participant Balance	\$28,909	\$22,836
Median Participant Balance for Active Participants	\$24,666	\$17,867
Participants Age 50 and Over	4,738	4,788
Total Assets for Participants Age 50 and Over	\$549,930,062	\$463,893,341
Total (Contributions + Rollovers In)	\$22,344,873	\$25,222,216
Employee Contributions	\$20,040,031	\$21,280,850
Rollovers In	\$2,304,842	\$3,941,366
Total Distributions	(\$23,125,813)	(\$28,354,288)
Percentage of Assets Distributed	3.5%	5.2%
Market Value Gain / Loss****	\$115,749,417	(\$101,058,372)
Total Participant Balances	\$658,047,333	\$549,915,524

*Participant(s) with an account balance greater than \$0.

**Participant(s) who are not active, terminated or suspended, but have an account balance greater than \$0 (e.g. break-in-service, rehire, etc.).

*** Participant(s) with an account balance greater than \$0 in more than one participant status category (e.g. Active status in one subplan but Terminated status in another subplan).

****This is not the equivalent of a plan level return on investment due to the timing of additions, distributions and underlying investment performance.

Rollovers In is the total dollars credited to participant accounts within the period defined that originated in other qualified retirement plan accounts.

Plan Summary

Plan Features

GoalMaker	9/30/2021	9/30/2022
Plan Assets for Participants in GoalMaker	\$91,966,555	\$88,424,309
% of Plan Assets for GoalMaker Participants	14.0%	16.1%
# of Participants in GoalMaker	2,197	2,458
Participation Rate in GoalMaker	27.1%	29.5%
Book of Business % of Participants in GoalMaker - As of 12/31/2021	54.6%	

Roth	9/30/2021	9/30/2022
Roth Assets	\$24,231,344	\$23,174,517
# of Participants in Roth	1,784	1,996
Participation Rate in Roth	22.0%	24.0%
Book of Business % of Participants in Roth - As of 12/31/2021	15.9%	

Stable Value	9/30/2021	9/30/2022
Participation Rate in Stable Value	58.6%	57.2%
% of Plan Assets in Stable Value	17.5%	21.3%
Book of Business % of Plan Assets in Stable Value - As of 12/31/2021	18.4%	

eDelivery	9/30/2021	9/30/2022
# of Participants Enrolled in eDelivery	4,572	4,759
# of Participants Affirmatively Elected eDelivery	4,555	4,741
# of Participants Defaulted into eDelivery	17	18
% of Participants in eDelivery	55.8%	56.7%
Book of Business % of Participants in eDelivery - As of 12/31/2021	49.6%	

Enrollment by Age Group

1/1/2022-9/30/2022								
	Less than 25	25-34	35-44	45-54	55-64	65+	Unknown	Total
Total	46	139	97	63	49	4	1	399

Participant Activity

Call Center	1/1/2021 - 9/30/2021	1/1/2022 - 9/30/2022
Total Call Volume	1,643	1,652

Transaction Summary

Transactions	1/1/2021 - 9/30/2021	1/1/2022 - 9/30/2022
Total Enrollees*	433	399
Number of Participants with Transfers	4,645	2,888
Distributions	2,442	2,661

*Number of participants that were enrolled into the plan within the reporting period. This can include those individuals who self enrolled or auto enrolled, if applicable on the plan. Rehires may not be included if their original enrollment date falls outside the reporting period.

eDelivery by Document Type	9/30/2021	9/30/2022
Statements	4,468	4,651
Confirms	4,554	4,742
Tax Forms	4,474	4,650
Plan Related Documents	4,723	4,723

Benchmark Trends – Plan Features

<u>Plan Features</u>	<u>Your Plan</u>	<u>Book of Business</u>	<u>Industry Average*</u>	<u>Plan Sponsor Survey 2021**</u>	<u>Plan Sponsor Survey 2022***</u>
Auto Enrollment (Administered through Empower)	N/A	57.3%	25.8%	49.1%	43.2%
Auto Enrollment Default Rate	N/A	3% (41.4% of Plans)	14.3%	36.0%	37.5%
Contribution Accelerator (Administered through Empower)	N/A	60.0%	35.5%	42.3%	39.3%
GoalMaker®	Yes	62.7%	NA	N/A	N/A
Investment Options	24.0	13.7	20.2	22.7	22.3
IncomeFlex®	N/A	28.4%	27.8%	11.1%	7.0%
Loans	N/A	63.0%	64.5%	80.5%	79.7%
Plan Allows Roth	Yes	35.5%	62.1%	81.1%	75.9%
Plan Allows Catch-Up Contributions (Administered through Empower)	Yes	47.1%	NA	N/A	N/A
Default eDelivery	No	N/A	N/A	N/A	N/A

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Book of Business averages are as of 12/31/2021

External Benchmark Source: **PLANSPONSOR Defined Contribution Annual Survey**

*Annual Survey, 2022 (Industry Specific Results) – Government Municipal

**2021 Annual Survey, 2021 (Overall)

***2022 Annual Survey, 2022 (Overall)

Benchmark Trends – Participant Behavior

<u>Plan Features</u>	<u>Your Plan</u>	<u>Book of Business</u>	<u>Industry Average*</u>	<u>Plan Sponsor Survey 2021**</u>	<u>Plan Sponsor Survey 2022***</u>
Participation Rate	87.4%	70.3%	74.0%	79.0%	77.9%
Average Contribution Rate (%)	N/A	8.0%	7.6%	7.5%	7.3%
Average Account Balance	\$66,040	\$87,819	\$107,090	\$110,278	\$116,541
Median Account Balance	\$22,836	\$80,720	\$98,000	\$83,441	\$89,421
% of Plan Assets in Stable Value	21.3%	18.4%	NA	N/A	N/A
% of Plan Assets in Day One Funds	N/A	1.3%	NA	N/A	N/A
Average # of Funds Held	5.2	5.4	5.8	5.0	5.0
% of 55+ Participants Utilizing IncomeFlex®	N/A	9.2%	NA	N/A	N/A
% of Participants Utilizing GoalMaker®	29.5%	54.6%	NA	N/A	N/A
% of Participants have Outstanding Active Loans	N/A	10.9%	11.1%	12.8%	11.6%
Average Loan Balance	N/A	\$8,044	\$8,068	\$10,709	\$10,368
% of Participants Utilizing eDelivery	56.7%	49.6%	N/A	N/A	N/A

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Book of Business averages are as of 12/31/2021

External Benchmark Source: **PLANSPONSOR Defined Contribution Annual Survey**

*Annual Survey, 2022 (Industry Specific Results) – Government Municipal

**2021 Annual Survey, 2021 (Overall)

***2022 Annual Survey, 2022 (Overall)

Plan Summary

Asset Allocation/Net Activity By Age

January 1, 2022 to September 30, 2022

	Less than 25	25-34	35-44	45-54	55-64	65+	Total
Total Participant Balances	\$334,832	\$11,325,452	\$38,189,079	\$98,123,318	\$168,101,933	\$233,840,910	\$549,915,524
% Assets	0.1%	2.1%	6.9%	17.8%	30.6%	42.5%	100.0%
Average Contribution Rate (\$)	\$0	\$0	\$53	\$189	\$276	\$495	\$239
<i>Book of Business Avg. Contribution Rate (%) as of 12/31/2021</i>	5.3%	6.4%	7.3%	8.4%	10.0%	11.5%	8.0%
Contributions	\$223,430	\$2,335,656	\$4,071,371	\$5,980,464	\$7,240,957	\$1,428,972	\$21,280,850
Rollovers In*	\$27,316	\$356,813	\$679,906	\$912,857	\$1,097,733	\$866,742	\$3,941,366
Total (Contributions + Rollovers In)	\$250,746	\$2,692,469	\$4,751,277	\$6,893,321	\$8,338,690	\$2,295,714	\$25,222,216
Cash Distributions	(\$11,360)	(\$194,998)	(\$390,756)	(\$988,053)	(\$2,164,268)	(\$5,399,982)	(\$9,149,417)
Rollovers Out	(\$22,415)	(\$152,382)	(\$313,687)	(\$2,556,213)	(\$6,698,753)	(\$9,461,419)	(\$19,204,870)
Total (Cash Distributions + Rollovers Out)	(\$33,775)	(\$347,380)	(\$704,444)	(\$3,544,266)	(\$8,863,021)	(\$14,861,401)	(\$28,354,288)
Net Activity	\$216,971	\$2,345,089	\$4,046,833	\$3,349,054	(\$524,332)	(\$12,565,687)	(\$3,132,072)
Total Participants**	121	1,056	1,544	1,874	1,990	1,745	8,330
Average Account Balance	\$2,767	\$10,725	\$24,734	\$52,360	\$84,473	\$134,006	\$66,016
<i>Book of Business Avg. Account Balance as of 12/31/2021</i>	\$3,960	\$19,216	\$54,743	\$106,729	\$149,490	\$150,044	\$87,819
Median Account Balance	\$1,464	\$5,332	\$11,627	\$22,610	\$43,264	\$67,678	\$22,836
<i>Book of Business Median Account Balance as of 12/31/2021</i>	\$4,078	\$14,595	\$36,092	\$61,673	\$91,013	\$123,138	\$80,722

*Rollovers In is the total dollars credited to participant accounts within the period defined that originated in other qualified retirement plan accounts.

**Total column for participant count is a sum of participants across each age group. E.g. If a participant has both a main account and beneficiary account within different age groups (decedent's date of birth), that participant will be counted twice.



RETIREMENT READINESS



Plan Summary

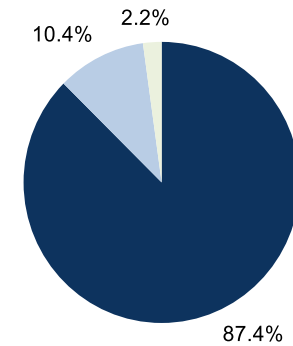
Participation Rate

	1/1/2021-9/30/2021	1/1/2022-9/30/2022
Total Eligible To Contribute Population	6,045	5,666
Contributing (A)	4,908	4,953
Enrolled Not Contributing (B)	1,015	590
Eligible Not Enrolled (C)	122	123

	1/1/2021-9/30/2021	1/1/2022-9/30/2022
Participation Rate *	81.2%	87.4%
<i>Book of Business 12/31/2021</i>	70.3%	
<i>Plan Sponsor Survey 2022 - National Average</i>	77.9%	

* Participation Rate is calculated by $A/(A+B+C)$

1/1/2022-9/30/2022



■ Contributing ■ Enrolled Not Contributing ■ Eligible Not Enrolled

Definitions:

Contributing – Count of participants who are active/eligible and have a contribution rate (%) or amount (\$) greater than zero (as of close of business on the last business day of the period).

Enrolled Not Contributing – An individual who is enrolled in the plan, but does not have a contribution rate (% , \$) greater than zero (as of close of business on the last business day of the period).

Eligible Not Enrolled – An individual who meets the requirements to join the plan, but has not enrolled in the plan (as of close of business on the last business day of the period).

Due to rounding, pie chart may not equal 100%



PLAN ACTIVITY



Plan Summary

Contributions by Fund

INVESTMENT OPTIONS	1/1/2021 - 9/30/2021	%	1/1/2022 - 9/30/2022	%	Change	%
STATE OF VERMONT STABLE VALUE FUND	\$2,600,696	13.0%	\$2,495,415	11.7%	(\$105,281)	-4.0%
VANGUARD DEVELOPED MARKETS INDEX FUND INSTITUTIONAL SHARES	\$2,001,046	10.0%	\$2,361,629	11.1%	\$360,583	18.0%
VANGUARD U.S. GROWTH FUND ADMIRAL SHARES	\$984,943	4.9%	\$1,910,235	9.0%	\$925,292	93.9%
VANGUARD VALUE INDEX FUND INSTITUTIONAL SHARES	\$1,537,388	7.7%	\$1,802,618	8.5%	\$265,231	17.3%
VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES	\$1,602,807	8.0%	\$1,609,846	7.6%	\$7,038	0.4%
VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES	\$1,410,967	7.0%	\$1,564,502	7.4%	\$153,536	10.9%
VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES	\$1,460,472	7.3%	\$1,554,609	7.3%	\$94,137	6.4%
T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS	\$1,331,153	6.6%	\$1,337,336	6.3%	\$6,183	0.5%
T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS	\$1,101,194	5.5%	\$1,282,129	6.0%	\$180,935	16.4%
T. ROWE PRICE SMALL-CAP STOCK FUND I CLASS	\$1,169,074	5.8%	\$1,244,978	5.9%	\$75,904	6.5%
T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS	\$639,694	3.2%	\$983,435	4.6%	\$343,741	53.7%
T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS	\$926,794	4.6%	\$767,767	3.6%	(\$159,026)	-17.2%
VANGUARD FTSE SOCIAL INDEX FUND INSTITUTIONAL SHARES	\$504,480	2.5%	\$467,568	2.2%	(\$36,912)	-7.3%
DODGE & COX BALANCED FUND CLASS I	\$444,892	2.2%	\$398,412	1.9%	(\$46,480)	-10.4%
DODGE & COX INTERNATIONAL STOCK FUND CLASS I	\$389,225	1.9%	\$381,951	1.8%	(\$7,275)	-1.9%
LAZARD EMERGING MARKETS EQUITY PORTFOLIO INSTITUTIONAL SHARES	\$241,675	1.2%	\$225,225	1.1%	(\$16,450)	-6.8%
T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS	\$251,987	1.3%	\$195,172	0.9%	(\$56,815)	-22.5%
CALVERT BOND FUND CLASS I	\$178,906	0.9%	\$164,040	0.8%	(\$14,865)	-8.3%
PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS	\$116,798	0.6%	\$140,214	0.7%	\$23,417	20.0%
PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS	\$152,016	0.8%	\$134,350	0.6%	(\$17,666)	-11.6%
T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS	\$118,392	0.6%	\$106,198	0.5%	(\$12,193)	-10.3%
PAX SUSTAINABLE ALLOCATION FUND INVESTOR CLASS	\$99,564	0.5%	\$92,865	0.4%	(\$6,698)	-6.7%
FPA NEW INCOME FUND	\$98,284	0.5%	\$60,355	0.3%	(\$37,929)	-38.6%
AMERICAN FUNDS THE GROWTH FUND OF AMERICA CLASS R-6	\$677,586	3.4%	\$0	0.0%	(\$677,586)	-100.0%
Total Assets Contributed	\$20,040,031	100.0%	\$21,280,850	100.0%	\$1,240,819	6.2%

Plan Summary

Interfund Transfers

1/1/2022 to 9/30/2022

INVESTMENT OPTIONS	IN	OUT	NET
VANGUARD U.S. GROWTH FUND ADMIRAL SHARES	\$4,195,594	(\$1,953,543)	\$2,242,051
VANGUARD DEVELOPED MARKETS INDEX FUND INSTITUTIONAL SHARES	\$3,036,385	(\$1,020,139)	\$2,016,246
STATE OF VERMONT STABLE VALUE FUND	\$8,686,611	(\$7,815,167)	\$871,444
VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES	\$3,086,768	(\$2,565,017)	\$521,751
T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS	\$581,241	(\$364,886)	\$216,355
T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS	\$1,134,537	(\$948,905)	\$185,632
PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS	\$405,331	(\$277,542)	\$127,789
SELF DIRECTED BROKERAGE ACCOUNT	\$60,686	(\$28,000)	\$32,686
PAX SUSTAINABLE ALLOCATION FUND INVESTOR CLASS	\$114,841	(\$107,506)	\$7,335
PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS	\$209,212	(\$310,288)	(\$101,076)
T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS	\$216,134	(\$349,559)	(\$133,425)
LAZARD EMERGING MARKETS EQUITY PORTFOLIO INSTITUTIONAL SHARES	\$186,757	(\$363,572)	(\$176,815)
VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES	\$1,822,188	(\$2,028,613)	(\$206,425)
CALVERT BOND FUND CLASS I	\$167,592	(\$408,438)	(\$240,846)
FPA NEW INCOME FUND	\$762,035	(\$1,019,580)	(\$257,545)
DODGE & COX INTERNATIONAL STOCK FUND CLASS I	\$362,218	(\$659,251)	(\$297,032)
VANGUARD VALUE INDEX FUND INSTITUTIONAL SHARES	\$2,810,922	(\$3,123,507)	(\$312,586)
T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS	\$67,148	(\$480,844)	(\$413,696)
DODGE & COX BALANCED FUND CLASS I	\$800,370	(\$1,222,645)	(\$422,275)
T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS	\$307,382	(\$852,350)	(\$544,968)
T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS	\$34,762	(\$604,372)	(\$569,610)
T. ROWE PRICE SMALL-CAP STOCK FUND I CLASS	\$1,507,707	(\$2,087,023)	(\$579,316)
VANGUARD FTSE SOCIAL INDEX FUND INSTITUTIONAL SHARES	\$660,180	(\$1,602,455)	(\$942,275)
VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES	\$1,050,651	(\$2,074,050)	(\$1,023,400)
TOTAL	\$32,267,253	(\$32,267,253)	\$0

Participant Distribution Statistics

Distribution Type	Amount of Withdrawals Taken				# of Withdrawals			
	1/1/2021 - 9/30/2021	1/1/2022 - 9/30/2022	Change	% Change	1/1/2021 - 9/30/2021	1/1/2022 - 9/30/2022	Change	% Change
Termination	\$17,353,909	\$20,391,469	\$3,037,560	18%	872	910	38	4%
Death Distribution	\$1,859,718	\$2,790,494	\$930,775	50%	62	76	14	23%
Direct Transfer	\$1,230,835	\$1,608,019	\$377,184	31%	40	36	(4)	(10%)
Installment Payment	\$1,598,208	\$1,960,538	\$362,331	23%	1,315	1,447	132	10%
Required Minimum Distribution	\$899,782	\$986,550	\$86,768	10%	140	157	17	12%
QDRO	\$159,373	\$242,700	\$83,328	52%	3	14	11	367%
In-Service Withdrawal	\$6,830	\$329,155	\$322,325	4,719%	3	10	7	233%
Hardship Withdrawal	\$15,227	\$43,238	\$28,011	184%	2	3	1	50%
Return of Excess Deferrals/Contributions	\$99	\$1,639	\$1,540	1,555%	1	2	1	100%
Gross Adjustment	\$1,832	\$485	(\$1,347)	(74%)	4	6	2	50%
Grand Total	\$23,125,813	\$28,354,288	\$5,228,475	23%	2,442	2,661	219	9%

1/1/2022 - 9/30/2022						
Distribution Sub-Type	Amount of Withdrawals Taken			# of Withdrawals		
	Age < 50	Age >= 50	Total	Age < 50	Age >= 50	Total
Rollover	\$1,101,856	\$18,103,014	\$19,204,870	40	154	194
Cash	\$956,713	\$8,192,704	\$9,149,417	72	2,395	2,467
Grand Total	\$2,058,570	\$26,295,718	\$28,354,288	112	2,549	2,661

Termination - A withdrawal that is taken when the participant is active and terminating from employment or is already in a 'Terminated' status.

Death Distribution - Distribution taken by a beneficiary. This could include required minimum distributions, installment payments, etc.

Direct Transfer - Non-taxable transfer of participant assets from one type of tax-deferred retirement plan or account to another.

Installment Payment - An Installment distribution is a payment option that disburses funds over time (i.e. monthly, quarterly, yearly).

Required Minimum Distribution - Minimum amounts that a participant must withdraw annually upon reaching a certain age or retirement. This would exclude any beneficiary or QDRO accounts.

QDRO - Distribution taken by the recipient of a QDRO. This could include required minimum distributions, installment payments, etc.

In-Service Withdrawal - A distribution that is taken while the participant is still active, before termination from employment.

Hardship Withdrawal - A distribution which is requested by a participant because of an immediate and heavy financial need that cannot be satisfied from other resources.

Return of Excess Deferrals/Contributions - Could include Actual Contribution Percentage (ACP), Actual Deferral Percentage (ADP), Excess Deferrals, Excess Annual Editions and/or Ineligible Contributions.

Gross Adjustment - The total of all adjustments made to an account or plan in absolute terms, regardless of whether or not the adjustments were positive or negative.

Participant Transaction Statistics

	10/1/2021 - 12/31/2021	1/1/2022 - 3/31/2022	4/1/2022 - 6/30/2022	7/1/2022 - 9/30/2022
Call Center				
Unique Callers	362	362	374	292
Total Call Volume	570	577	605	470
Participant Website				
Registered Participants	6,049	6,052	6,013	5,974
Unique Web Logins	3,085	3,382	2,938	2,612
Total Web Logins	37,302	37,930	32,415	24,146

Call Center Reason Category	10/1/2021 - 12/31/2021	1/1/2022 - 3/31/2022	4/1/2022 - 6/30/2022	7/1/2022 - 9/30/2022
Account Explanations	137	114	134	92
Allocation Changes & Exchange	10	12	7	9
Contributions	15	14	9	7
Disbursements	286	284	323	242
Enrollments	5	1	1	0
Forms	2	3	0	0
Fund Information	2	4	6	4
Hardships	4	7	16	11
IFX	0	0	0	0
IVR or Web Assistance	24	22	17	16
Loans	1	2	1	1
Other	32	35	32	28
Payment Questions	0	0	0	0
Plan Explanations	27	19	14	17
Regen Reg Letter	0	0	0	0
Status of Research	1	2	9	7
Tax Information	0	27	2	2
Website Processing	24	31	34	34
Total	570	577	605	470

Definitions:

Unique Callers – The number of individuals that spoke to a Participant Service Center Representative during the reporting period (e.g., If the same individual called five times during the reporting period, they would only be counted once).

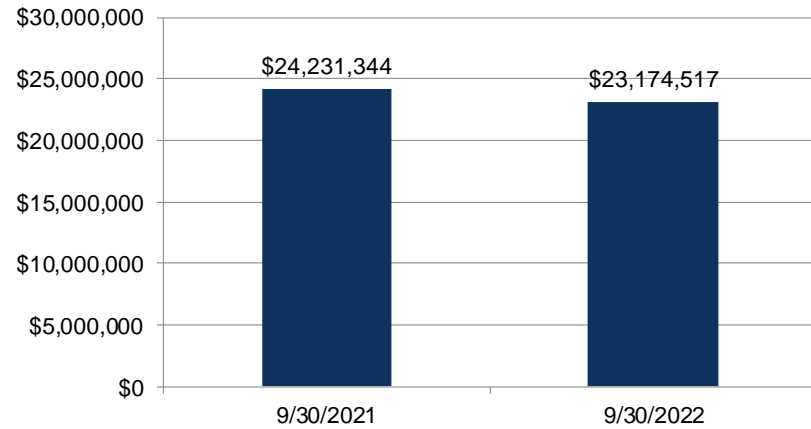
Total Call Volume – The number of calls to a Participant Service Center Representative during the reporting period (e.g., If the same individual called five times during the reporting period, they would be counted five times).

Registered Participants - The total number of individuals that established an account as of the reporting end date, for which they can access their retirement plan via the Participant Website.

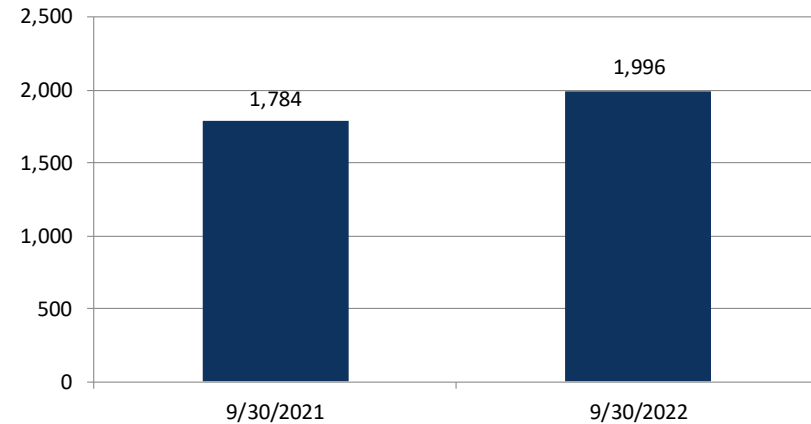
Plan Summary

Roth Summary

Roth Assets



Roth Participants



	9/30/2021	9/30/2022
Roth Assets	\$24,231,344	\$23,174,517
# of Participants in Roth	1,784	1,996
Participation Rate in Roth	22.0%	24.0%
Book of Business % of Participants in Roth - As of 12/31/2021	15.9%	

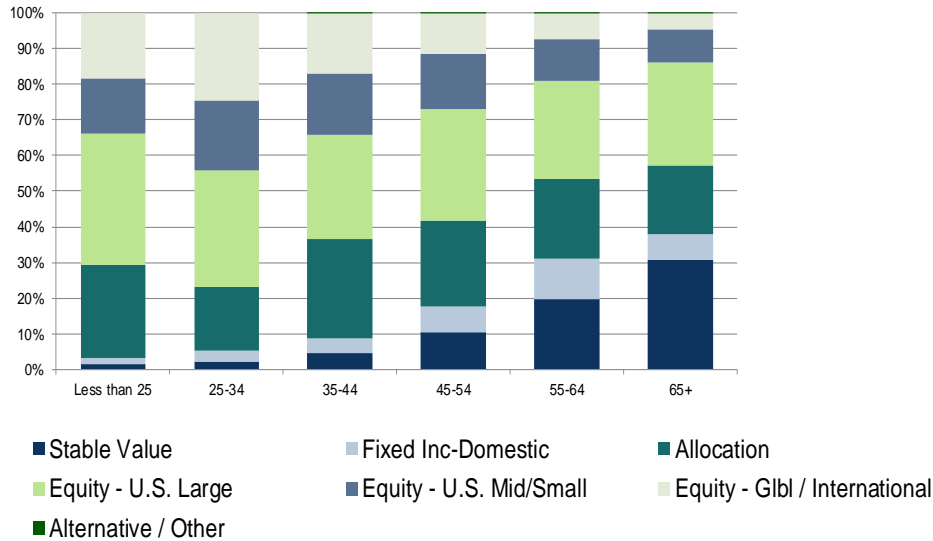


INVESTMENT DIVERSIFICATION



Plan Summary

Assets by Asset Class and Age As of September 30, 2022



Asset Allocation

Asset Class	Your Plan Assets as of 9/30/2022	Your Plan % as of 9/30/2022
Stable Value	\$116,961,944	21.3%
Fixed Inc-Domestic	\$45,244,583	8.2%
Allocation	\$118,681,206	21.6%
Equity - U.S. Large	\$159,630,877	29.0%
Equity - U.S. Mid/Small	\$65,013,301	11.8%
Equity - Gbl / International	\$43,517,575	7.9%
Alternative / Other	\$866,038	0.2%
Total Participant Balances	\$549,915,524	100.0%

Fund Utilization By Age As of September 30, 2022

	Less than 25	25-34	35-44	45-54	55-64	65+	Total
Participants Invested in Only One Fund	56	260	356	403	481	511	2,067
Average # of Funds per Participant	3.5	5.3	6.0	5.6	5.1	4.1	5.2
<i>Book of Business Participants Avg. # of Funds per Participant as of 12/31/2021</i>	5.5	5.5	5.6	5.6	5.5	4.4	5.4
% of Plan Assets in Stable Value	1.5%	2.1%	4.4%	10.4%	19.8%	30.6%	21.3%
<i>Book of Business % of Plan Assets in Stable Value as of 12/31/2021</i>	6.6%	5.7%	7.5%	11.8%	21.3%	34.4%	18.3%
Self Directed Brokerage Account # of Participants	0	0	2	2	8	3	15

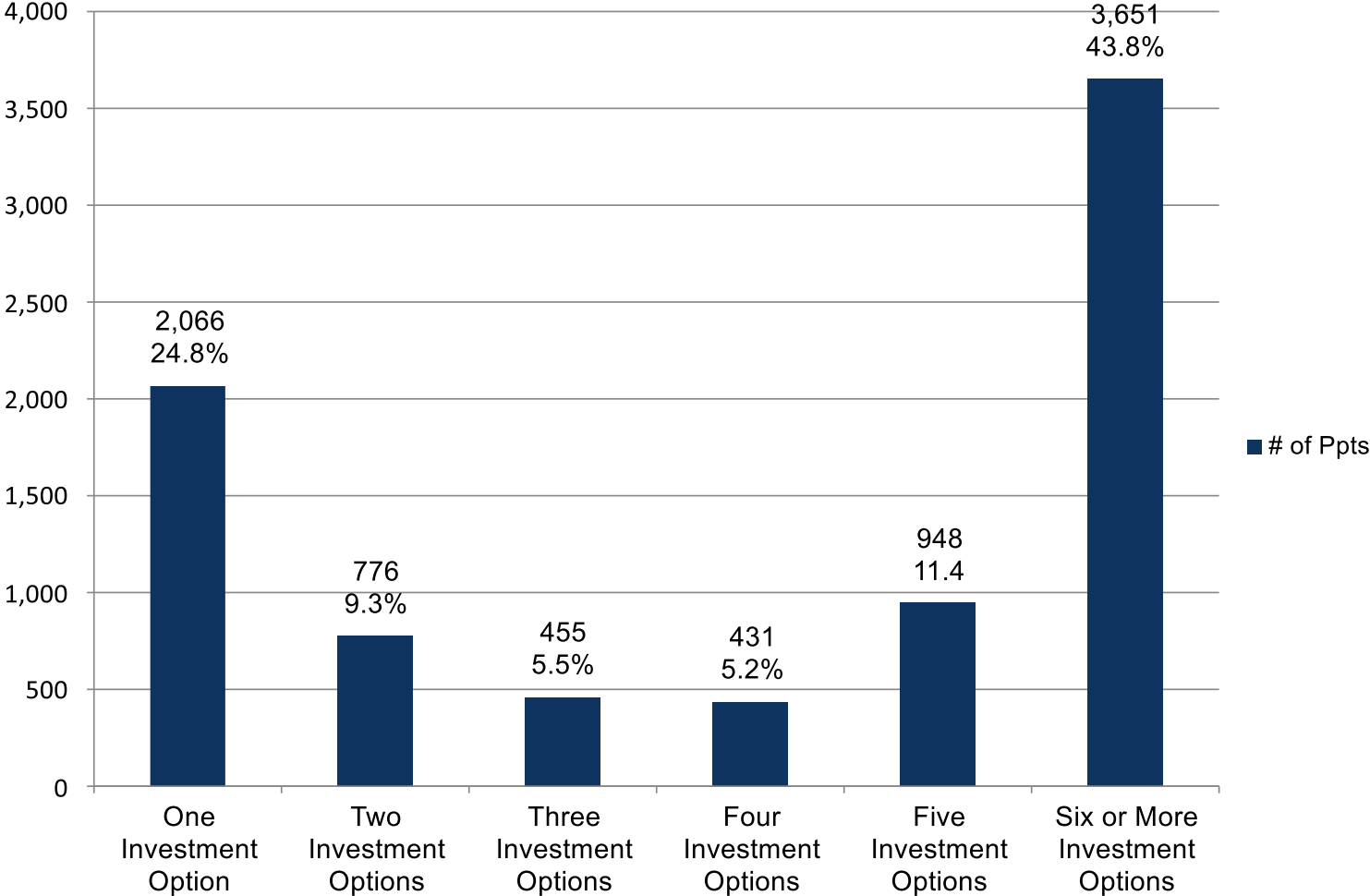
Plan Summary

Utilization by Fund as of September 30, 2022

INVESTMENT OPTIONS	Balance	% Invested in Fund	# of Ppts	Ppts Using as Sole Investment
STATE OF VERMONT STABLE VALUE FUND	\$116,961,944	21.3%	4,765	543
VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES	\$59,405,891	10.8%	2,260	91
VANGUARD VALUE INDEX FUND INSTITUTIONAL SHARES	\$39,875,133	7.3%	4,463	14
VANGUARD U.S. GROWTH FUND ADMIRAL SHARES	\$38,862,529	7.1%	4,523	18
T. ROWE PRICE SMALL-CAP STOCK FUND I CLASS	\$33,990,702	6.2%	4,493	6
DODGE & COX BALANCED FUND CLASS I	\$33,329,287	6.1%	925	44
VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES	\$31,022,599	5.6%	4,516	12
VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES	\$28,979,918	5.3%	3,177	9
VANGUARD DEVELOPED MARKETS INDEX FUND INSTITUTIONAL SHARES	\$25,814,270	4.7%	3,858	1
T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS	\$25,147,338	4.6%	495	207
T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS	\$22,748,521	4.1%	605	267
VANGUARD FTSE SOCIAL INDEX FUND INSTITUTIONAL SHARES	\$21,487,324	3.9%	676	31
T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS	\$16,760,343	3.0%	564	304
DODGE & COX INTERNATIONAL STOCK FUND CLASS I	\$10,204,943	1.9%	1,565	3
T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS	\$8,742,711	1.6%	238	92
FPA NEW INCOME FUND	\$6,231,998	1.1%	319	7
PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS	\$5,181,271	0.9%	1,427	1
LAZARD EMERGING MARKETS EQUITY PORTFOLIO INSTITUTIONAL SHARES	\$4,868,016	0.9%	1,469	6
CALVERT BOND FUND CLASS I	\$4,851,397	0.9%	1,168	0
T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS	\$4,756,291	0.9%	507	366
T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS	\$4,340,179	0.8%	259	38
PAX SUSTAINABLE ALLOCATION FUND INVESTOR CLASS	\$2,856,536	0.5%	218	2
PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS	\$2,630,345	0.5%	582	4
SELF DIRECTED BROKERAGE ACCOUNT	\$866,038	0.2%	15	0
Total	\$549,915,524	100.0%		

The funds in **bold** type denote inclusion in the GoalMaker® product.

Investment Utilization as of September 30, 2022



Due to rounding, bar graph may not equal 100%

Plan Summary

GoalMaker® Participation

as of 9/30/2022

	12/31/2021	3/31/2022	6/30/2022	9/30/2022
Plan Assets for Participants in GoalMaker	\$97,266,406	\$95,699,623	\$88,557,831	\$88,424,309
# of Participants in GoalMaker	2,299	2,386	2,413	2,458
Participation Rate in GoalMaker	27.9%	28.7%	29.0%	29.5%
% of Plan Assets for GoalMaker Participants	14.2%	14.8%	15.5%	16.1%

Book of Business For Plans Offering GoalMaker – As of 12/31/2021

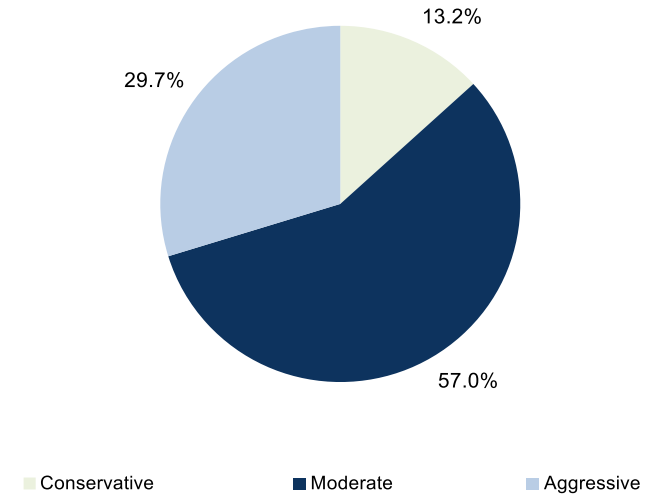
The participation rate in GoalMaker is 54.6%.

The percentage of plan assets for GoalMaker participants is 21.3%.

Participant Age Range	Conservative		Moderate		Aggressive		Total
	Active/Suspended	Terminated	Active/Suspended	Terminated	Active/Suspended	Terminated	
Less than 25	2	0	13	1	31	7	54
25-34	19	3	179	30	286	30	547
35-44	31	1	257	26	241	27	583
45-54	39	7	316	34	186	21	603
55-64	63	27	282	38	93	13	516
65+	17	34	44	48	5	7	155
Total	171	72	1,091	177	842	105	2,458

Participant Age Range	Conservative		Moderate		Aggressive		Total
	Active/Suspended	Terminated	Active/Suspended	Terminated	Active/Suspended	Terminated	
Less than 25	\$6,763	\$0	\$48,553	\$229	\$102,488	\$8,713	\$166,745
25-34	\$77,602	\$19,058	\$1,851,202	\$253,233	\$3,194,559	\$230,045	\$5,625,699
35-44	\$193,212	\$3,113	\$4,358,395	\$319,556	\$5,355,739	\$347,130	\$10,577,144
45-54	\$1,358,092	\$273,118	\$10,849,994	\$1,040,489	\$6,520,529	\$1,115,344	\$21,157,566
55-64	\$2,739,600	\$1,992,269	\$17,025,162	\$2,774,999	\$6,031,472	\$1,196,905	\$31,760,408
65+	\$1,218,140	\$3,829,316	\$3,974,676	\$7,911,701	\$962,916	\$1,239,997	\$19,136,746
Total	\$5,593,409	\$6,116,874	\$38,107,982	\$12,300,208	\$22,167,703	\$4,138,133	\$88,424,309

Percentage of Assets by GoalMaker® Participation Portfolio As of 9/30/2022



2.9 Years

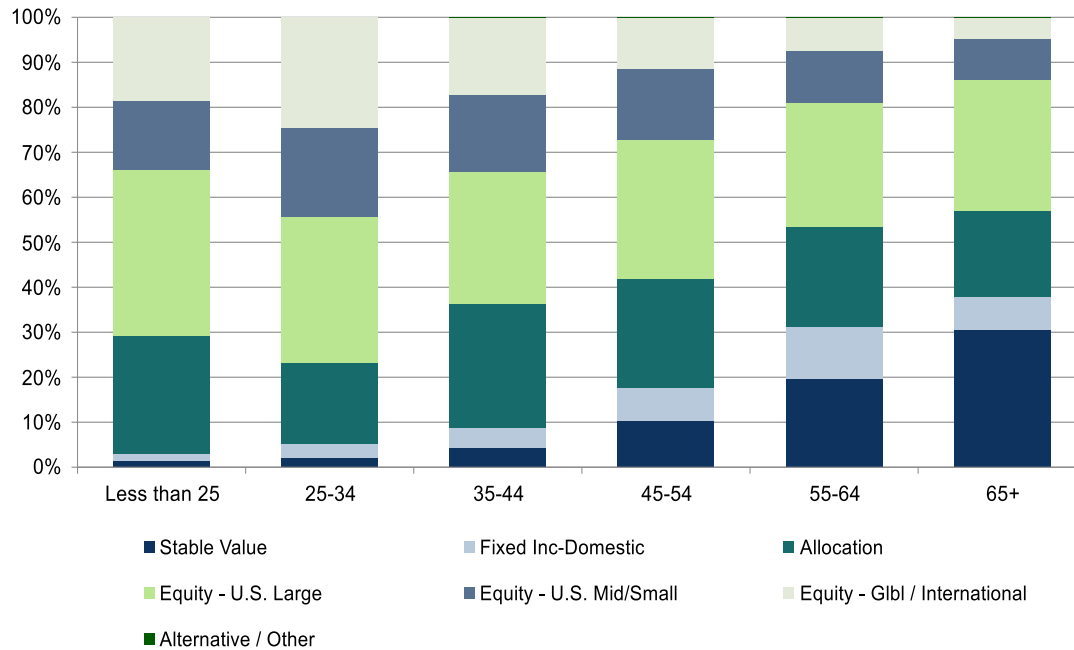
average length of time GoalMaker participants have been enrolled in GoalMaker

29.4%

GoalMaker participation rate for those who actively elected GoalMaker

Due to rounding, pie chart may not equal 100%

Asset Allocation by Age Group



As of September 30, 2022

Asset Class	Less than 25	25-34	35-44	45-54	55-64	65+	Total
Stable Value	\$4,927	\$240,516	\$1,696,089	\$10,173,774	\$33,206,761	\$71,639,878	\$116,961,944
Fixed Inc-Domestic	\$5,566	\$354,264	\$1,645,697	\$7,092,938	\$19,198,835	\$16,947,283	\$45,244,583
Allocation	\$87,169	\$2,030,606	\$10,581,908	\$23,727,668	\$37,279,845	\$44,974,009	\$118,681,206
Equity - U.S. Large	\$123,618	\$3,679,311	\$11,141,539	\$30,508,761	\$46,501,274	\$67,676,374	\$159,630,877
Equity - U.S. Mid/Small	\$51,709	\$2,234,689	\$6,585,713	\$15,381,117	\$19,303,800	\$21,456,272	\$65,013,301
Equity - Gbl / International	\$61,843	\$2,786,066	\$6,488,496	\$11,165,660	\$12,286,673	\$10,728,837	\$43,517,575
Alternative / Other	\$0	\$0	\$49,636	\$73,399	\$324,747	\$418,256	\$866,038
Total Assets	\$334,832	\$11,325,452	\$38,189,079	\$98,123,318	\$168,101,933	\$233,840,910	\$549,915,524
% of Assets	0.1%	2.1%	6.9%	17.8%	30.6%	42.5%	100.0%
Total Participants	121	1,056	1,544	1,874	1,990	1,745	8,330
Avg Account Balance	\$2,767	\$10,725	\$24,734	\$52,360	\$84,473	\$134,006	\$66,016

Plan Summary

Rep Stats

	10/1/2021-12/31/2021	1/1/2022-3/31/2022	4/1/2022-6/30/2022	7/1/2022-9/30/2022	Total
Group Presentations	14	15	12	13	54
Individual Participant Meetings	489	725	514	686	2,414
New Enrollments as a result of Group/Individual Meeting*	128	79	60	120	387
GoalMaker as a result of Group/Individual Meeting*	113	99	48	98	358
Contribution Rate Increases	134	119	82	82	417
Number of Rollovers	26	23	29	16	94
Rollover Dollars	\$825,000	\$287,000	\$764,000	\$537,000	\$2,413,000

*Enrollments above obtained by TDA Education Representatives

Plan Summary

State of Vermont

ESG Funds

Plan # - Plan Name	Fund	Ticker	AUM as of 9/30/2022	# of PPT	% of AUM of the Plan
940010 - 940060 - 403(b) Exclusive & Non-Exclusive					
	Calvert Equity Fund Class I	CEYIX	\$3,295,482	161	
	Pax Global Environmental Markets Fund Institutional Class	PGINX	\$356,756	72	
	PIMCO Total Return ESG Fund Institutional Class	PTSAX	\$4,015,787	1,057	
940020 - State Defined Contribution					
	Pax Global Environmental Markets Fund Institutional Class	PGINX	\$244,239	7	
	PIMCO Total Return ESG Fund Institutional Class	PTSAX	\$255,109	11	
940030 - Muni Defined Contribution					
	Pax Global Environmental Markets Fund Institutional Class	PGINX	\$3,398	1	
940050 - 457b Plan					
	Pax Global Environmental Markets Fund Institutional Class	PGINX	\$2,630,345	582	
	Pax Sustainable Allocation Fund Individual Investor Class	PAXWX	\$2,856,536	218	
	PIMCO Total Return ESG Fund Institutional Class	PTSAX	\$5,181,271	1,427	
	Vanguard FTSE Social Index Fund Institutional Shares	VFTNX	\$21,487,324	676	

Plan Summary

State of Vermont ICMA-RC Stable Income fund Performance Reporting As of 9/30/2022

Market-to-Book Value Ratio as of 9/30/202292.36%

	Account Performance	Benchmark: ICE BofA US 3M Treasury Bill
	9/30/2022	
1 MONTH	0.18%	0.25%
3 MONTH	0.54%	0.46%
YTD	1.54%	0.61%
1 YEAR	2.04%	0.62%
3 YEAR	2.21%	0.59%
5 YEAR	2.32%	1.15%
10 YEAR	2.30%	0.68%
SINCE INCEPTION	2.43%	N/A

Plan Summary

Assets and contributions reflect actual participant account balances and do not include outstanding loan balances, forfeitures, and / or expense account assets.

Customer should promptly report any inaccuracy or discrepancy to the brokerage firm(s).

All oral communications should be re-confirmed in writing to protect the customer's legal rights, including rights under the Securities Investor Protection act (SIPA).

This information should not be considered an offer or solicitation of securities, insurance products or services. No offer is intended nor should this material be construed as an offer of any product. The information is being presented by us solely in our role as the plan's service provider and or record keeper.

Retirement products and services are provided by Prudential Retirement Insurance and Annuity Company, Hartford, CT, or its affiliates.

Securities products and services are offered through Prudential Investment Management Services LLC (PIMS), Newark, NJ, a Prudential Financial company.

Prudential Retirement's registered representatives are registered with Prudential Investment Management Services, LLC, Newark, NJ. A Prudential Financial Company.

In providing this information Prudential Retirement is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity. Prudential Retirement may benefit from advisory and other fees paid to it or its affiliates for managing, selling, or settling of the Prudential mutual funds and other investment products or securities offered by Prudential Retirement or its affiliates. Investment vehicles sponsored or managed by a Prudential Retirement affiliate generate more revenue for the Prudential enterprise than non-proprietary investment vehicles. Prudential Retirement's sales personnel generally receive greater compensation if plan assets are invested in proprietary investment vehicles. Prudential Retirement may benefit directly from the difference between investment earnings of Prudential Retirement's stable value funds and the amount credited to deposits in those funds. Prudential Retirement may also benefit from broker-dealer or other entities' co-sponsorship of Prudential conferences.

Prudential Retirement's separate accounts are available under group variable annuity contracts issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT. PRIAC is a Prudential Financial company.

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Book of Business averages are as of 12/31/2021.

Plan Summary

On April 1, 2022, Empower Annuity Insurance Company of America (EAIC), formerly known as Great-West Life & Annuity Insurance Company, the parent company of Empower Retirement, LLC (Empower) acquired the full-service retirement business of Prudential Financial, Inc. In connection with the transaction, EAIC acquired all shares of the following entities, which are no longer affiliated with Prudential Financial, Inc.: Prudential Retirement Insurance and Annuity Company; Prudential Bank & Trust, FSB; Global Portfolio Strategies, Inc.; TBG Insurance Services Corporation; MC Insurance Agency Services, LLC; and Mullin TBG Insurance Agency Services, LLC. Beginning in October of 2022, Empower will rename certain acquired entities, including Prudential Retirement Insurance and Annuity Company, which will become Empower Annuity Insurance Company. For additional information regarding the name changes, please see: www.empower.com/name-change

Please use the following to determine if Empower is now the service provider for an account or product. If an individual has multiple accounts, they may be a customer of Prudential Financial, Inc. and its affiliates (together, Prudential) and Empower.

Account Type	Service Provider
<p>If an individual is an annuitant, contingent annuitant or other beneficiary under a group annuity contract issued or reinsured by Prudential’s pension risk transfer business or a plan participant whose benefit is administered by Prudential’s pension risk transfer business...</p> <p>How does an individual know if this applies?</p> <ul style="list-style-type: none"> • They were previously issued an annuity certificate from the Prudential Insurance Company of America <u>in connection with their employer’s defined benefit plan</u>, OR they previously received a communication from their employer that Prudential has issued a guaranteed annuity covering all or a portion of their pension benefit or pays their pension benefit. 	<p>... The account remains with Prudential and was not impacted by the transaction.</p> <p>The “Important Disclosures Regarding the Empower Transaction” listed below do not apply to the account.</p>
<p>If an individual independently purchased an individual annuity, life insurance or investment product with Prudential...</p> <p>How does an individual know if this applies?</p> <ul style="list-style-type: none"> • They independently purchased a product from Prudential (other than a SmartSolution IRA) that is unrelated to an employer workplace plan. • The product purchased is issued by The Prudential Insurance Company of America (PICA), Prudential Annuities Life Assurance Corporation (PALAC), Pruco Life Insurance Company, or Pruco Life Insurance Company of New Jersey. • They purchased an investment product or service through Pruco Securities, LLC. 	<p>... The account remains with Prudential and was not impacted by the transaction.</p> <p>The “Important Disclosures Regarding the Empower Transaction” listed below do not apply to the account.</p>

Plan Summary

<p>If an individual is a participant in the Prudential Supplemental Employee Savings Plan; the Prudential Financial, Inc. 2021 Omnibus Incentive Plan and the attendant Prudential Long-Term Incentive Program; the Prudential Financial, Inc. 2016 Deferred Compensation Plan for Non-Employee Directors; or the PGIM, Inc. Omnibus Deferred Compensation Plan...</p> <p>How does an individual know if this applies?</p> <ul style="list-style-type: none"> • They receive statements and other notifications from Prudential in connection with one or more of these plans. 	<p>...Prudential remains the service provider for the plans. Empower is currently providing services as a sub-contractor for a transitional period.</p> <p>Please carefully review the “Important Disclosures Regarding the Empower Transaction” below that apply to the account as applicable.</p>
<p>If an individual is a participant in a retirement plan previously serviced by Prudential Retirement that may include defined benefit plans, nonqualified plans, defined contribution plans and 401(k) plans (including a plan that permits self-directed brokerage accounts), or is an account holder of a SmartSolution IRA, an Auto Roll IRA or an NFS Prudential Brokerage Account...</p> <p>This category includes certain Stable Value products on third party recordkeeping platforms where the service provider will transfer to Empower. These clients will be notified directly.</p> <p>How does an individual know if this applies?</p> <ul style="list-style-type: none"> • They receive a notification from Prudential Retirement notifying them that Empower will become the service provider for their account. • They receive a welcome email or letter from Empower. 	<p>...Empower is now the service provider for the account. However, with respect to SmartSolution IRAs and certain Auto Roll IRAs, Prudential Investment Management Services LLC (PIMS) remains the broker-dealer for a transitional period.</p> <p>Please carefully review the “Important Disclosures Regarding the Empower Transaction” below that apply.</p>

Important Disclosures Regarding the Empower Transaction

Effective April 1, 2022, the following will apply:

- All references to “Prudential Retirement” refer to Empower. Prudential Retirement is no longer a business unit of Prudential.
- Certain insurance products written by The Prudential Insurance Company of America were reinsured to EAIC and Empower Life & Annuity Insurance Company of New York (for New York business). Empower Retirement will become the administrator of this business acquired from Prudential.
- Empower Retirement refers to the products and services offered by EAIC and its subsidiaries, including Empower Retirement, LLC. Empower Retirement is not affiliated with Prudential or its affiliates.
- Full-service retirement sales personnel and certain service personnel are no longer registered representatives of Prudential Investment Management Services LLC (PIMS) and are registered representatives of Empower Financial Services, Inc., formerly known as GWFS Equities, Inc., For a transition period, certain back office and service personnel will remain registered representatives of PIMS.
- During a transition period, Prudential and, as applicable, its affiliates will continue to provide services to Empower. PIMS will continue to provide certain broker-dealer services under the terms of existing services agreements for certain plans and will continue to be the broker-dealer of record for existing SmartSolution IRAs and certain Auto Roll IRAs for a transitional period.
- Any documents pertaining to fraud or security commitments by Prudential Retirement are no longer applicable and are replaced with Empower’s commitments as set forth at participant.empower-retirement.com/participant/#/articles/securityGuarantee.
- If Empower is the service provider for an account, Prudential’s Privacy Statements and Privacy Notices are replaced with Empower’s Privacy Notice as set forth at empower-retirement.com/privacy for the account.

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Empower Sponsor 8.2022

Section II Economic Outlook

Empower Investments Capital Markets Perspective

Week in Review: October 17th – 21st

INDEX/ SECURITY	ASSET CLASS	LEVEL (CLOSE)	% CHANGE (THROUGH FRIDAY'S CLOSE)		INDEX/ SECURITY	ASSET CLASS	LEVEL (CLOSE)	% CHANGE (THROUGH FRIDAY'S CLOSE)	
			1 WK.	YTD				1 WK.	YTD
Dow Industrials	Lg. Cap Eq.	31,082.56	4.89%	-14.46%	FTSE 100	UK Equity	6,969.73	1.62%	-5.62%
S&P 500®	Lg. Cap Eq.	3,752.75	4.74%	-21.26%	Nikkei 225	Japan Equity	26,890.58	-0.74%	-6.60%
NASDAQ Comp.	US Equity	10,859.72	5.22%	-30.59%	EEM:US	Emkt. Equity	\$35.27	3.10%	-27.80%
S&P Midcap 400®	Mid-Cap Equity	2,312.21	2.98%	-18.64%	EFA:US	Non-US Equity	\$57.99	3.54%	-26.30%
Russell 2000®	Sm. Cap Eq.	1,742.24	3.56%	-22.41%	UST 10y (yield)	US Treasury	4.22%	0.20%	2.71%
Stoxx 50	Europe Eq.	3,476.63	2.81%	-19.12%	Bloomberg U.S. AGG	Fixed Inc.	1,960.94	-1.07%	-16.74%

Past performance is not a guarantee of future results. Investing involves risk, including possible loss of principal.

Backseat driver.

When our kids were very small, we had a little toy dashboard that attached to their car seat. It was brilliant: it allowed them to imitate their mom's driving (save for a few occasional hand gestures, thankfully...) as she sped around town from one appointment to another. I suppose the genius of it was that it gave them a **very real sense of control when in fact they had almost none.**

I wonder if that's how Jerome Powell feels about the jobs market.

One of the Federal Reserve's stated objectives with all the rate-ratcheting it's done this year is to **"restore balance" to the labor market¹**, which is enormously important if the Fed hopes to prevent one of the most damaging kinds of inflation of all: a **wage/price spiral that can easily become self-reinforcing**. But so far the only real progress the Fed seems to have made on that front is a sizable decline in the number of job openings evident in the August JOLTS report released a few weeks ago². That's great, but meanwhile initial jobless claims have failed to increase meaningfully,³ payroll growth has remained strong and unemployment actually *fell* in September⁴.

And then last week, the latest sign that the jobs market is still too hot came from the **first two regional Fed manufacturing surveys**: both Empire State and the Philly Fed surveys indicated that in a very general sense **things are slowing pretty substantially** (thanks, certainly, to the Fed's efforts,) **but hiring is not**. This line from last Monday's Empire State release captures the Fed's jobs market conundrum perfectly: "the indexes for future shipments and new orders remained depressed, though employment is expected to increase⁵." Translation: yeah, **sure, the economy is slowing fast, but businesses are still snapping up qualified employees whenever and wherever they can** find them.

It's hard to blame employers for that given how tight the labor market has been – it was difficult to hire before COVID and is arguably even tougher now. It also probably shouldn't come as a surprise that **all these Fed-sponsored rate**

¹ <https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20220921.pdf>

² <https://www.bls.gov/news.release/jolts.a.htm>

³ <https://www.dol.gov/ui/data.pdf>

⁴ <https://www.bls.gov/news.release/empsit.nr0.htm>

⁵ https://www.newyorkfed.org/medialibrary/media/survey/empire/empire2022/esms_2022_10.pdf?la=en

increases haven't yet been able to so much as even dent the still red-hot job market. After all, Fed policy famously works with a lag as far as pretty much everything besides aggregate demand is concerned, and labor markets are no exception. That couldn't have possibly escaped your notice if you listened to the last post-Federal Open Market Committee (FOMC) press conference in September, and is made even more obvious by the fact that **unemployment rates have actually tended to decline during recent Fed rate-tightening cycles** more often than they fall⁶.

Okay, I realize that's a LOT of commentary on the jobs market during a week that didn't even include any big, splashy data releases related only to the labor market. But **I think the Fed's jobs conundrum is an important part of the story behind last week's market moves precisely because it wasn't front-and-center** of the narrative. Here's why: probably the best explanation for last week's upbeat tone in stocks is that various members of **the Fed's decision-making conclave were suddenly sounding a little less aggressive** when it comes to interest rates. None other than James Bullard, noted (notorious?) hawk, sounded almost sympathetic when he suggested that the Fed might at some point have to quit "front-loading" interest rate increases and consider holding steady at some point in 2023⁷.

That's the friendliest Bullard has sounded in a long time and **probably helped investors get comfortable enough to send US stocks to their best weekly performance since June** by hinting, at least to some, that a Fed "pivot" might be occurring. But what's interesting is that the sentiment Bullard (and others) conveyed is really pretty consistent with the market's prior expectations about rates as well as the Fed's own widely published "dot plot," which shows where the Fed's own rate-setters think rates will be in the future. So **it's something of a head-scratcher to me that investors might somehow suddenly have seen this as a "pivot" in Fed policy.** Sure, it might suggest that November's now widely expected 0.75% increase might be the Fed's last super-sized hike, but that **wasn't too far from what people already believed anyway.**

But one thing a supposed sudden turn in Fed rate sentiment *does* seem inconsistent with – at least to me – **is the big, red bull's-eye that Powell seems to have painted on the jobs market.** As last week's Empire State and Philly Fed reports seemed to suggest, Powell's aim where jobs are concerned isn't a whole lot better than his predecessors, and if the Fed truly is targeting labor market stability as one of the preconditions to back off a little bit, then **we could be waiting a little while.** After all, "data dependence" is a comforting phrase to hear from the Fed when you think the data is rowing in the same direction as you, but it's easy to forget that it works both ways. I guess I'm just worried that last week's strong rally in riskier segments of the market might prove to have been a little premature, that's all.

And now, for something completely different.

My fellow nerds might recognize the above as one of the many quotable catchphrases from British comedy troupe *Monte Python*. I stress the "British" part because one of the other most notable developments as far as markets are concerned came from the *Pythons'* own homeland: **British Prime Minister Liz Truss** officially became the shortest-serving Prime Minister of the UK when she **resigned last week.** As we've discussed in earlier versions of this *Perspective*, Ms. Truss brought the UK economy dangerously close to exactly the kind of crisis – a liquidity crisis – that markets are most vulnerable to when things are as fragile as they seem right now. By resigning, she has closed the door to a batch of fiscal policies that by common interpretation threatened to further stoke the flames of already too-hot UK inflation and might well have given markets globally an excuse to burp. **Count this one under "crises averted."**

On the other hand, a mini-crisis that wasn't averted – at least not if you invest in China – was **Chinese President Xi Jinping's consolidation of power.** Over the weekend, China wrapped up its once-every-five-years National Party Congress, during which Xi was chosen to lead his country for a rare third term. That wasn't a surprise at all. But what *did* catch markets a little off-guard was the appointment of two Xi loyalists with significant state security chops to the all-powerful Politburo. That signaled to China experts **that Xi's priority over the next few years will be internal stability and security** as well as securing greater geopolitical clout⁸. **Notably absent** from the top of that list of priorities is **China's previous manic focus on economic growth.**

⁶ Bureau of Labor Statistics, Federal Reserve, Bloomberg and Empower investments calculations

⁷ Bloomberg, 10/19/22

⁸ <https://www.scmp.com/news/china/politics/article/3197094/security-mission-focus-xi-jinpings-key-communist-party-appointments>

Ordinarily, I probably wouldn't devote two full paragraphs of space to geopolitical events. I firmly believe that while **geopolitics** are fascinating to talk about, they **are almost always mere noise** as far as markets are concerned. That's still true. But both Truss' resignation and China's party congress **have captured the market's attention in a way that frankly feels a little weird** (China in particular: as I write this, Chinese and Hong Kong markets are cratering.) That might be partly due to the fact that the world's #2 economy seems to be swearing off economic growth like a meth addict in rehab, but it **might also be related to that above-mentioned market fragility**: investors seem on edge waiting for something to give, and a geopolitical surprise is as good a candidate as any (and oh yeah, Ukraine... 'nuf said.)

Lastly, because this update is supposed to focus mostly on economic stuff, a quick word about the other economic news from last week: **housing**. As mentioned (*ad nauseum*), the state of the US housing market is depressed. As also frequently mentioned, that fact has really lost its ability to surprise anyone and is therefore hardly worth a mention unless and until things start to improve. But as last week's NAHB data showed, we're probably still a long way from that⁹. The National Association of Home Builder's **builder sentiment survey fell very close to its COVID low**, suggesting that stubbornly high prices and still-rising mortgage rates are still keeping demand depressed. Because it's becoming almost canon to point out that **the economy rarely starts to recover before housing** hits bottom, last week's depressed NAHB is worth a mention here.

What to Watch This Week: October 24th -30th

Notable economic events (October 24th – 28th)

Monday: Flash PMIs, CFNAI; earnings: n=100-plus

Tuesday: Consumer confidence, home prices (x2), Richmond Fed; earnings: MSFT, GOOG, GM, UPS, PHM, V

Wednesday: New home sales; earnings: F, BA, NSC, CP, HOG, BG

Thursday: Employment cost index, durable goods orders, 3Q GDP; earnings: AAPL, AMZN, MA, CAT (n=372)

Friday: Personal income/outlays, UofM consumer sentiment; earnings: XOM, CVX

Source for index data: Bloomberg.com; Empower Investments calculations.

Earnings season picks up momentum this week, with roughly 850 individual companies expected to release results (including 650 or more on Wednesday and Thursday alone.) That's far too many to mention, so here are a few highlights that might be relevant to the overall macroeconomic picture: first, **high-growth firms** like Microsoft and Google (both expected Tuesday,) will report followed by Apple and Amazon on Thursday. Expect these firms to get a lot of attention given their sheer size, as well as indicators of consumer demand in general.

Ditto for **automakers** (GM on Tuesday, Ford on Wednesday,) as well as **another handful of airlines** and iconic US brand Harley-Davidson – all of which will provide context around consumer behavior as economic uncertainty goes further and further into the mainstream. For those who see **logistics and transport** as a good window into the macro, we get two more railroad operators on Wednesday (Norfolk Southern and Canadian Pacific,) as well as parcel service UPS. On the heavier/dirtier side of the economy, look toward **Caterpillar** (Thursday) and **oil super-majors** Exxon-Mobile and Chevron (both on Friday.)

So far, third-quarter earnings have been surprisingly strong, with only slightly fewer companies failing to meet estimates than in past quarters, even as earnings growth slows more generally¹⁰. Last week's continuation of the financial firm hit parade is a good example: most reporting firms met or exceeded their targets, but **guidance about future quarters was mixed** (and, in a feature unique to banks and financials, a troubling tendency of loan loss provisions to creep surprisingly higher is one reason to suspect that the economy in general might be weakening fast.)

⁹ <https://www.nahb.org/news-and-economics/housing-economics/indices/housing-market-index>

¹⁰ Sources: Zacks.com, company reports, Bloomberg

So **the bulk of earnings reports this week will probably contain some relevance to the US consumer**. The need to understand how consumers are positioning themselves for any expected downturn will be important to understanding exactly how likely it will be for that downturn to actually arrive. Thankfully, we'll also have a healthy dose of economic data to cross-foot that against – including **two consumer confidence surveys** (Conference Board on Tuesday and the

University of Michigan on Friday.) Also on Friday will be the income-and-outlays report, which details how much (and where) consumers are earning and spending their cash as well as estimates.

And finally, maybe the biggest indicator of consumer activity of all – not to mention economic activity more generally – the Bureau of Economic Analysis' **preliminary read on third quarter GDP will arrive on Thursday**. While GDP releases are not ordinarily worth much attention in my view, this time is different: after declining during both the first- and second quarter of 2022, **economists are expecting third quarter GDP to turn positive again**. If it does, expect some to begin to question whether the downturn is over. If it doesn't, it will become harder for organizations like the NBER to delay officially calling this an honest-to-goodness recession.

Also, embedded in every Gross Domestic Product release is **all sorts of inflation-relevant data** like so-called Personal Consumption Expenditures deflators. That, plus Thursday's Employment Cost Index release from the Bureau of Labor Statistics, will provide more insight into whether the wage-price spiral mentioned above might be developing.

Finally, there are several ways to guess about how quickly economic activity is declining that aren't released alongside GDP data. Monday's flash **purchasing managers' indices** are particularly relevant given how well they correlate to economic activity more generally, while the **continuation of regional Fed manufacturing reports** (Richmond on Tuesday, Kansas City on Friday) will likely show that recent trends are intact (some good, some bad.) Namely, these data have recently shown that while growth and new order activity might be tipping over, the silver linings are reduced pricing pressures and easing supply chain stress. Look for those trend to continue as this week's data rolls in.

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