



Allspring Collective Investment Trust

December 31, 2022

GALLIARD MANAGED INCOME FUND CORE

(Formerly Wells Fargo Synthetic Stable Value Fund)

Financial Statements

December 31, 2022

(With Independent Auditors' Report Thereon)

GALLIARD MANAGED INCOME FUND CORE

Table of Contents

	Page
Independent Auditors' Report	1
Statement of Assets and Liabilities	3
Statement of Operations	4
Statement of Cash Flows	5
Statement of Changes in Net Assets	6
Schedule of Investments in Contracts and Other Securities	7
Notes to Financial Statements	23



KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

To the Participants and SEI Trust Company as Trustee of Allspring Collective Investment Trust:

Opinion

We have audited the accompanying financial statements of Galliard Managed Income Fund Core (the Fund), which comprise the statement of assets and liabilities, including the schedule of investments in contracts and other securities, as of December 31, 2022, and the related statements of operations, cash flows, and changes in net assets for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2022, and the results of its operations, its cash flows, and changes in its net assets for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Minneapolis, Minnesota
April 6, 2023

GALLIARD MANAGED INCOME FUND CORE

Statement of Assets and Liabilities

December 31, 2022

Assets:

Security-backed contracts, at fair value, as detailed in the accompanying schedule (note 2)	\$ 2,663,750,586
Investments, at fair value, as detailed in the accompanying schedule (note 2)	<u>137,073,598</u>
Total assets	<u>2,800,824,184</u>

Liabilities:

Payable for investment securities purchased	951,328
Operating fees payable	44,717
Trustee fee payable	39,001
Wrapper contract fees payable	<u>995,226</u>
Total liabilities	<u>2,030,272</u>
Net assets reflecting investments at fair value	2,798,793,912

Adjustment from fair value to contract value for fully benefit-responsive security-backed contracts	<u>196,101,951</u>
Net assets, 113,566,130 units outstanding, \$26.371 unit value	<u><u>\$ 2,994,895,863</u></u>

See accompanying notes to financial statements.

GALLIARD MANAGED INCOME FUND CORE

Statement of Operations
Year Ended December 31, 2022

Investment income:

Interest income \$ 61,795,265

Expenses:

Operating fees 110,533

Trustee fee 389,808

Wrapper contract fees 3,893,200

Total expenses 4,393,541

Net investment income 57,401,724

Net increase in net assets resulting from operations \$ 57,401,724

See accompanying notes to financial statements.

GALLIARD MANAGED INCOME FUND COREStatement of Cash Flows
Year Ended December 31, 2022**Cash flows from operating activities:**

Net increase in net assets resulting from operations	\$ 57,401,724
Adjustments to net change in net assets resulting from operations to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in payable for investment securities purchased	9,904,388
Decrease in receivable for investment securities purchased	945,353
Increase in operating fees payable	12,441
Decrease in trustee fee payable	(41,899)
Decrease in wrapper contract fees payable	(44,120)
Purchases of investment contracts	(8,500,000)
Proceeds from sales of security-backed contracts	41,716,253
Purchases of short-term investment fund	(384,588,497)
Proceeds from sales of short-term investment fund	373,187,791
Increase in accrual of interest for investment contracts	(478,303)
Increase in accrual of interest on short-term investment fund	(366,572)
Increase in accrual of interest for security-backed contracts	(51,081,385)
Cash provided by operating activities	<u>38,067,174</u>
Cash flows from financing activities:	
Proceeds from issuance of units	332,563,886
Payments for withdrawal of units	<u>(370,631,060)</u>
Cash used in financing activities	<u>(38,067,174)</u>
Change in cash	—
Cash, beginning of year	<u>—</u>
Cash, end of year	<u><u>\$ —</u></u>

See accompanying notes to financial statements.

GALLIARD MANAGED INCOME FUND CORE

Statement of Changes in Net Assets
Year Ended December 31, 2022

Increase/(decrease) in net assets from operations:

Net investment income	\$ 57,401,724
Net increase in net assets resulting from operations	<u>57,401,724</u>

Participant unit transactions:

Proceeds from issuance of 12,767,388 units	332,563,886
Payments for withdrawal of 14,194,167 units	<u>(370,631,060)</u>
Net change in net assets derived from participant unit transactions	<u>(38,067,174)</u>
Total change in net assets	19,334,550

Net assets:

Beginning of year (114,992,910 units)	<u>2,975,561,313</u>
End of year (113,566,130 units)	<u><u>\$ 2,994,895,863</u></u>

See accompanying notes to financial statements.

GALLIARD MANAGED INCOME FUND CORE
Schedule of Investments in Contracts and Other Securities
December 31, 2022

Name of issuer	Moody's/ S&P rating (e) (Unaudited)	Cost	Investment at fair value (a)	Wrapper contract at fair value (a)	Adjustment to contract value	Contract value (a)
United States Small Business Administration, 2.180%, \$580,395 par, due 6/1/2036		583,111	519,919			
United States Small Business Administration, 2.270%, \$1,708,860 par, due 5/1/2035		1,715,265	1,549,589			
United States Small Business Administration, 2.460%, \$319,247 par, due 2/1/2035		305,090	292,480			
United States Small Business Administration, 2.570%, \$866,029 par, due 11/1/2036		879,471	794,572			
United States Small Business Administration, 2.590%, \$628,328 par, due 9/1/2037		598,213	578,085			
United States Small Business Administration, 2.700%, \$772,897 par, due 11/1/2035		789,736	721,883			
United States Small Business Administration, 2.780%, \$1,895,568 par, due 12/1/2037		1,943,608	1,733,710			
United States Small Business Administration, 2.780%, \$346,889 par, due 1/1/2036		353,179	322,466			
United States Small Business Administration, 2.790%, \$575,042 par, due 11/1/2037		552,323	526,450			
United States Small Business Administration, 2.840%, \$764,811 par, due 4/1/2037		737,811	702,526			
United States Small Business Administration, 2.920%, \$1,087,060 par, due 1/1/2038		1,119,008	1,001,661			
United States Small Business Administration, 3.800%, \$3,850,000 par, due 8/1/2047		3,850,000	3,628,753			
United States Small Business Administration, 3.870%, \$861,416 par, due 11/1/2038		861,416	824,727			
United States Small Business Administration, 3.880%, \$134,484 par, due 6/1/2030		136,324	131,231			
United States Small Business Administration, 3.940%, \$3,931,274 par, due 5/1/2047		3,931,274	3,725,813			
United States Small Business Administration, 4.140%, \$157,217 par, due 2/1/2030		159,973	151,620			
United States Small Business Administration, 4.710%, \$1,130,000 par, due 12/1/2047		1,130,000	1,112,128			
United States Small Business Administration, 5.040%, \$1,705,000 par, due 10/1/2047		1,705,000	1,718,574			
United States Small Business Administration, 5.130%, \$2,070,000 par, due 11/1/2047		2,070,000	2,075,616			
United States Treasury Note/Bond, 0.625%, \$7,850,000 par, due 7/31/2026		7,821,952	6,944,801			
United States Treasury Note/Bond, 0.750%, \$4,025,000 par, due 8/31/2026		4,019,919	3,568,730			
United States Treasury Note/Bond, 0.750%, \$4,300,000 par, due 3/31/2026		4,290,716	3,858,579			
United States Treasury Note/Bond, 0.750%, \$8,900,000 par, due 4/30/2026		7,996,840	7,160,000			
United States Treasury Note/Bond, 0.875%, \$16,000,000 par, due 6/30/2026		16,006,224	14,324,368			
United States Treasury Note/Bond, 2.125%, \$6,000,000 par, due 11/30/2023		5,869,588	5,859,846			
United States Treasury Note/Bond, 3.875%, \$6,850,000 par, due 11/30/2027		6,861,271	6,823,778			
United States Treasury Note/Bond, 4.125%, \$3,425,000 par, due 10/31/2027		3,452,230	3,443,194			
United States Treasury Note/Bond, 4.125%, \$7,322,000 par, due 11/15/2032		7,586,205	7,499,332			
UnitedHealth Group Inc, 3.850%, \$360,000 par, due 6/15/2028		380,430	345,361			
UnitedHealth Group Inc, 4.000%, \$300,000 par, due 5/15/2029		298,999	286,635			
UnitedHealth Group Inc, 5.250%, \$525,000 par, due 2/15/2028		524,780	537,532			
University of California, 3.349%, \$140,000 par, due 7/1/2029		140,000	127,912			
US Bancorp, 2.215%, \$280,000 par, due 1/27/2028 (e)		280,000	251,473			
US Bancorp, 2.677%, \$160,000 par, due 1/27/2033 (e)		160,000	131,579			
US Bancorp, 4.548%, \$1,080,000 par, due 7/22/2028 (e)		1,080,000	1,054,609			
US Bancorp, 5.850%, \$590,000 par, due 10/21/2033 (e)		590,000	614,579			
US Dept of HUD, 2.860%, \$1,450,000 par, due 8/1/2026		1,450,000	1,381,116			
USAA Capital Corp, 2.125%, \$150,000 par, due 5/1/2030 (f)		149,676	123,278			
Ventas Realty LP, 3.500%, \$1,300,000 par, due 2/1/2025		1,323,123	1,249,362			
Ventas Realty LP, 4.125%, \$430,000 par, due 1/15/2026		426,191	417,505			
Verizon Communications Inc, 2.100%, \$1,530,000 par, due 3/22/2028		1,531,103	1,330,283			
Verizon Communications Inc, 2.625%, \$600,000 par, due 8/15/2026		571,138	554,414			
Verizon Communications Inc, 4.329%, \$720,000 par, due 9/21/2028		698,910	693,560			
Verizon Master Trust, 1.530%, \$2,245,000 par, due 7/20/2028		2,244,549	2,099,493			
Verizon Owner Trust 2019-C, 1.940%, \$136,671 par, due 4/22/2024		136,667	136,431			
Virginia Commonwealth Transportation Board, 5.350%, \$1,000,000 par, due 5/15/2035		1,068,065	1,019,730			
Virginia Electric and Power Co, 2.750%, \$1,340,000 par, due 3/15/2023		1,340,000	1,334,523			
Virginia Electric and Power Co, 3.750%, \$430,000 par, due 5/15/2027		428,800	410,554			
Vodafone Group PLC, 4.125%, \$300,000 par, due 5/30/2025		298,179	295,452			
Volkswagen Group of America Finance LLC, 2.850%, \$310,000 par, due 9/26/2024 (f)		309,818	296,811			
Volkswagen Group of America Finance LLC, 3.350%, \$200,000 par, due 5/13/2025 (f)		208,530	191,139			
Volkswagen Group of America Finance LLC, 4.350%, \$560,000 par, due 6/8/2027 (f)		559,643	537,570			
WALT DISNEY CO/THE, 3.800%, \$690,000 par, due 3/22/2030		688,533	642,696			
Warnermedia Holdings Inc, 4.279%, \$1,820,000 par, due 3/15/2032 (f)		1,820,000	1,501,263			
WEC Energy Group Inc, 2.200%, \$350,000 par, due 12/15/2028		349,281	296,857			
WEC Energy Group Inc, 3.550%, \$218,000 par, due 6/15/2025		229,472	209,084			
WEC Energy Group Inc, 5.150%, \$710,000 par, due 10/1/2027		708,607	718,673			
Wells Fargo & Co, 3.908%, \$2,030,000 par, due 4/25/2026 (e)		2,030,000	1,966,083			
Wells Fargo & Co, 4.808%, \$1,000,000 par, due 7/25/2028 (e)		1,000,000	976,463			
Wells Fargo & Co, 4.897%, \$620,000 par, due 7/25/2033 (e)		619,818	587,061			
Wells Fargo Commercial Mortgage Trust 2017-C38, 3.453%, \$1,185,000 par, due 7/15/2050		1,176,027	1,095,049			
Wells Fargo Commercial Mortgage Trust 2017-C39, 3.157%, \$1,145,000 par, due 9/15/2050		1,095,639	1,046,609			
Wells Fargo Commercial Mortgage Trust 2017-C42, 3.589%, \$1,050,000 par, due 12/15/2050		1,056,709	967,309			
Wells Fargo Commercial Mortgage Trust 2017-RB1, 3.635%, \$1,705,000 par, due 3/15/2050		1,683,677	1,582,878			
Wells Fargo Commercial Mortgage Trust 2018-C43, 4.012%, \$1,020,000 par, due 3/15/2051 (e)		1,016,879	961,676			
Welltower Inc, 2.050%, \$320,000 par, due 1/15/2029		319,261	260,551			
Welltower Inc, 2.700%, \$570,000 par, due 2/15/2027		569,648	513,877			
Welltower Inc, 2.750%, \$250,000 par, due 1/15/2032		249,821	196,156			
Welltower Inc, 4.125%, \$500,000 par, due 3/15/2029		502,531	459,849			
WFRBS Commercial Mortgage Trust 2013-C13, 3.001%, \$1,775,000 par, due 5/15/2045		1,739,847	1,762,616			
WFRBS Commercial Mortgage Trust 2013-C14, 3.337%, \$1,000,000 par, due 6/15/2046		1,033,543	988,832			
WFRBS Commercial Mortgage Trust 2014-C21, 3.678%, \$3,120,000 par, due 8/15/2047		3,328,138	3,013,755			
Wisconsin Power and Light Co, 3.950%, \$330,000 par, due 9/1/2032		326,236	303,016			
WRKCo Inc, 3.900%, \$300,000 par, due 6/1/2028		299,956	276,170			
WRKCo Inc, 4.650%, \$490,000 par, due 3/15/2026		489,647	481,181			
Xcel Energy Inc, 1.750%, \$245,000 par, due 3/15/2027		244,566	214,914			
Yale University, 1.482%, \$750,000 par, due 4/15/2030		750,000	602,225			
Short-Term Investment Fund A S, 4.437%, \$11,416,881 par (g)		11,416,881	11,416,881			
Total		738,387,509	680,115,054			
Accrued income receivable			4,253,611			
Receivable for investment payments due			101,901			
Cash			3,936			
Total			\$ 684,474,502		50,292,620	734,767,122
Total investments in underlying security-backed contracts			2,663,750,586			
Total wrapper contracts, at fair value						
Total investments in security-backed contracts			\$ 2,663,750,586		194,695,316	2,858,445,902

GALLIARD MANAGED INCOME FUND CORE

Schedule of Investments in Contracts and Other Securities

December 31, 2022

	Contract issuer Moody's/S & P rating (c) (unaudited)	Investment at fair value (a)	Adjustment to contract value	Contract value (a)
(Percentages represent the fair value of the investment contracts category and each other securities category to net assets)				
Guaranteed Investment Contracts – (1.04%):				
Massachusetts Mutual Life Ins. 0.93%, due 10/1/2024	Aa3/AA-	7,561,159	532,513	8,093,672
Massachusetts Mutual Life Ins. 0.78%, due 4/15/2024	Aa3/AA-	3,851,291	202,627	4,053,918
Metropolitan Life Ins. Co 1.00%, due 5/24/2024	Aa3/AA+	3,085,438	166,270	3,251,708
Metropolitan Life Ins. Co 2.35%, due 4/1/2023	Aa3/AA+	8,516,440	1,251	8,517,691
Principal Life Ins. Co. 1.72% Due 1/7/2025	A1/A+	8,140,611	503,974	8,644,585
Total guaranteed investment contracts		31,154,939	1,406,635	32,561,574
Collective trust fund - (3.54%):				
Short-Term Investment Fund A S, 4.437% (g)	Cost	Investment at fair value (a)	Adjustment to contract value	Contract value (a)
	\$ 105,918,659	105,918,659	—	105,918,659
Total investment in collective trust fund	\$ 105,918,659	105,918,659	—	105,918,659
Total Investments		137,073,598	1,406,635	138,480,233

Notes to schedule of investments in contracts and other securities:

- (a) Investments and wrapper contracts are valued by procedures described in note 2 to the financial statements.
- (b) A security backed contract has similar characteristics to a traditional investment contract and is comprised of two parts: the first part is a fixed income security or portfolio of fixed income securities; the second part is a contract value liquidity agreement (wrapper) provided by a third party (indicated in BOLD on schedule). Wrappers provide for contract value payments for participant-initiated withdrawals and transfers, a floor crediting rate, and return of fully accrued contract value at maturity. The contract rate of a security backed contract is based on actual yields of the underlying securities and is a function of the relationship between the contract value and the value of the underlying assets. The contract rate is reset periodically by the issuer of the contract and cannot be less than zero. Rate shown for a contract is the current rate as of December 31, 2022. A maturity date is not disclosed for these contracts as they are open-ended with no maturity, unless otherwise stated.
- (c) The Moody's Investors Service (Moody's) and the Standard and Poor's (S & P) ratings are current assessments of the contract issuer's overall financial capacity (its creditworthiness) to pay its financial obligations. Ratings shown for security backed contracts are assessments on the issuer of the contract wrapper and not the underlying securities.
- (d) Contract crediting rate resets or fluctuates periodically. Rate shown is the current rate as of December 31, 2022.
- (e) Interest rate resets or fluctuates periodically. Rate shown is the current rate as of December 31, 2022.
- (f) Represents a security sold under Rule 144A, which is exempt from registration under the Securities Act of 1933, as amended.
- (g) Short-Term Investment Fund A S is a SEI Trust Company sponsored collective trust fund. The Fund holds approximately 3.58% of the total net assets of the Short-Term Investment Fund A S.
- (h) The cost of securities partially or fully purchased on a forward commitment basis at December 31, 2022 was \$14,208,864.
- (i) Represents the aggregate value of the segregated portfolio held by the contract issuer for the benefit of the Fund. The portfolio invests primarily in U.S. government and agency securities, and corporate notes and bonds.

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

(1) Fund Description

Galliard Managed Income Fund Core (formerly the Wells Fargo Synthetic Stable Value Fund) (the “Fund”) was established under the Allspring Collective Investment Trust (the “Trust”) which is governed by the Allspring Collective Investment Trust Declaration of Trust (“Declaration of Trust”) as amended and restated, dated December 19, 2022. The Fund is a collective investment fund managed by Galliard Capital Management, LLC (the “Galliard”) and trustee by SEI Trust Company (the “Trustee”) for retirement plans qualified under Section 401(a) and tax-exempt under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Effective on April 1, 2022, Wells Fargo resigned as Trustee, and SEI Trust Company assumed trusteeship of the Trust which became Allspring Collective Investment Trust. As Trustee, SEI Trust Company may make certain amendments to the Declaration of Trust as it deems appropriate.

Investment Objective

The Fund seeks to provide investors with a moderate level of stable income without principal volatility. There is no assurance that the Fund will achieve its objective.

(2) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of the Fund’s financial statements and in conformity with U.S. generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The Fund is an investment company and follows accounting and reporting guidance under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946, “Financial Services- Investment Companies”.

(a) *Guaranteed Investment Contracts and Security-Backed Contracts*

(i) Description

The Fund primarily invests in investment contracts, including traditional guaranteed investment contracts (GICs) and security-backed contracts issued by insurance companies and other financial institutions. The Fund also invests in the Short-Term Investment Fund A S, which invests in highly liquid assets, and uses the investment for daily liquidity needs.

GICs are backed by the general account of the contract issuer. The Fund deposits a lump sum with the issuer and receives a guaranteed interest rate for a specified period. Interest is accrued on either a simple or fully compounded basis, and is paid either periodically or at the end of the contract term. The issuer guarantees that all qualified participant withdrawals will be at contract value (principal plus accrued interest).

A security-backed contract is an investment contract (also known as a synthetic GIC or a separate account GIC) issued by an insurance company or other financial institution, backed by a portfolio of bonds. The bond portfolio is either owned directly by the Fund or owned by the contract issuer and segregated in a separate account for the benefit of the Fund. The portfolio underlying the contract is maintained separately from the contract issuer’s general assets, usually by a third party custodian. The interest crediting rate of a security-backed contract is based on

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

the contract value, and the fair value, duration, and yield to maturity of the underlying portfolio. These contracts typically allow for realized and unrealized gains and losses on the underlying assets to be amortized, usually over the duration of the underlying investments, through adjustments to the future interest crediting rate, rather than reflected immediately in the net assets of the Fund. The issuer guarantees that all qualified participant withdrawals will be at contract value. In the case of a full liquidation event, the issuer is responsible for covering any amount by which the contract value exceeds fair value of the underlying portfolio. No payments related to the security-backed contracts were made during the year ended December 31, 2022.

Risks arise when entering into any investment contract due to the potential inability of the issuer to meet the terms of the contract. In addition, security-backed contracts have the risk of default or the lack of liquidity of the underlying portfolio assets. A discussion of security-backed contract risk is also made available in the Fund's disclosure booklet. The credit risk of each issuer is evaluated and monitored through Galliard's credit analysis. The credit analysis includes, but is not limited to, asset quality and liquidity, management quality, surplus adequacy, and profitability. The Fund requires that each investment contract, and subsequently the issuers of each contract, have at least an "A-" rating as of the contract effective date, and that all underlying portfolio assets be rated investment grade at the time of purchase.

(ii) Variables that Impact Future Crediting Rates

The primary variables impacting the future crediting rates of security-backed contracts include:

- the current yield of the assets underlying the contract;
- the duration of the assets underlying the contract; and
- the existing difference between the fair value and contract value of the assets within the contract.

(iii) Crediting Rate Calculation Methodology

The Fund primarily uses the following crediting rate formula for security-backed contracts:

$$CR = [(FV/CV)^{(1/D)} * (1+Y)] - 1, \text{ where:}$$

CR = crediting rate

FV = fair value of underlying portfolio

CV = contract value

D = weighted average duration of the underlying portfolio

Y = annualized weighted average yield to maturity of the underlying portfolio

The net crediting rate reflects fees paid to security-backed contract issuers.

The Fund utilizes external sub-advisors to manage the underlying portfolios of certain security-backed contracts. The fees paid to the sub-advisors may be incorporated into the contract crediting rate calculation.

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

(iv) Basis and Frequency of Determining Contract Crediting Rates

The security-backed contracts are designed to reset their respective crediting rates on a quarterly basis, but may be reset more or less frequently.

(v) Minimum Crediting Rates

Security-backed contracts cannot credit an interest rate that is less than 0%.

(vi) Relationship between Future Crediting Rates and Adjustment Between Fair Value and Contract Value

The crediting rate of security-backed contracts will track current market yields on a trailing basis. The rate reset allows the contract value to converge with the fair value of the underlying portfolio over time, assuming the portfolio continues to earn the current yield for a period of time equal to the current portfolio duration.

To the extent that the underlying portfolio of a security-backed contract has unrealized and/or realized losses, a positive adjustment is made to the adjustment from fair value to contract value under contract value accounting. As a result, the future crediting rate may be lower over time than the then-current market rates. Similarly, if the underlying portfolio generates unrealized and/or realized gains, a negative adjustment is made to the adjustment from fair value to contract value, and the future crediting rate may be higher than the then-current market rates.

(vii) Reconciliation of the Adjustment from Fair Value to Contract Value

	<u>Security- backed contracts</u>
December 31, 2021 adjustment from fair value to contract value	\$ (51,006,408)
Net increase (decrease) due to changes in the fully benefit responsive status of the Fund's investment contracts	—
Net increase (decrease) in adjustment from fair value to current value of fully benefit-responsive investment contracts	<u>247,108,359</u>
December 31, 2022 adjustment from fair value to contract value	<u>\$ 196,101,951</u>

(viii) The Fair Value to Contract Value Ratios for the Fund as of December 31, 2022 and 2021 were:

	December 31,	
	2022	2021
Net assets reflecting investments at fair value	\$ 2,798,793,912	3,026,567,721
Net assets reflecting investments at contract value	2,994,895,863	2,975,561,313
Fair value to contract value ratio	93.5%	101.7%

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

(b) Valuation of Investments

Valuation of the Fund's units occurs daily for those days that the financial markets are open. The unit value is determined by dividing the value of the Fund's net assets by the total number of units outstanding on the valuation date.

GICs issued by insurance companies and other financial institutions at fixed rates are carried at contract value. Security-backed contracts are carried at contract value in the aggregate, which consists of the fair value of the underlying portfolio, accrued interest on the underlying portfolio assets, the fair value of the contract, and the adjustments to contract value. These adjustments generally represent the contract value less the fair value of the contract, fair value of the underlying portfolio, and accrued interest on the underlying portfolio. The contract rate resets periodically, normally each quarter, using end-of-period data. The interest rate disclosed on the Schedule of Investments in Contracts and Other Securities represents the rate in effect on December 31, 2022. The underlying portfolio assets, the adjustments to contract value, and the accrued interest receivable are shown by contract on the Schedule of Investments in Contracts and Other Securities. The short-term investment fund investments are carried at the reported unit value of each fund. The underlying assets may contain issues that are considered illiquid.

The fair value of a GIC is based on the present value of future cash flows using the current discount rate. The fair value of a security-backed contract includes the value of the underlying securities and the value of the wrapper contract. The fair value of a wrapper contract provided by a security-backed contract issuer is the present value of the difference between the current wrapper fee and the contracted wrapper fee.

Substantially all of the unit holders of the Fund are directly or indirectly defined contribution plans. All GICs and security-backed contracts held by the Fund are fully benefit responsive, which means withdrawals from these contracts may be made at contract value for qualifying benefit payments, including participant-directed transfers.

GICs generally do not permit issuers or the Fund to terminate the agreement prior to the scheduled maturity date except to allow for benefit-responsive withdrawals. Most security-backed contracts are evergreen contracts that contain termination provisions, allowing the Fund or the contract issuer to terminate with notice, at any time at fair value, and providing for automatic termination of the contract if the contract value or the fair value of the underlying portfolio equals zero. The issuer is obligated to pay the excess contract value when the fair value of the underlying portfolio equals zero. Neither GICs nor security-backed contracts are assignable or transferable without the consent of the issuers and have no publicly traded secondary market.

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

Security-backed contracts that permit the issuer to terminate at fair value generally provide that the Fund may elect to convert such termination to an amortization election as described below. In addition, if the Fund defaults in its obligations under the contract (including the issuer's determination that the agreement constitutes a nonexempt prohibited transaction as defined under ERISA), and such default is not corrected within the time permitted by the contract, then the contract may be terminated by the issuer and the Fund will receive the fair value as of the date of termination. Each contract recognizes certain "events of default" which can invalidate contracts' coverage. Among these are investments outside of the range of instruments which are permitted under the investment guidelines contained in the investment contract, fraudulent or other material misrepresentations made to the investment contract provider, changes of control of the investment adviser not approved by the contract issuer, changes in certain key regulatory requirements, or failure of the trust to be tax qualified.

Generally, security-backed contracts permit the issuer or investment manager to elect at any time to convert the underlying portfolio to a declining duration strategy whereby the contract would terminate at a date which corresponds to the duration of the underlying portfolio on the date of the amortization election. After the effective date of an amortization election, the underlying portfolio must conform to the guidelines agreed upon by the contract issuer and the investment manager for the amortization election period. The guidelines are intended to result in the convergence of the contract value and the fair value of the underlying portfolio by the termination date.

GICs and security-backed contracts generally provide for withdrawals associated with certain events which are not in the ordinary course of Fund operations. These withdrawals are paid with a market value adjustment applied to the withdrawal as defined in the contract. Each contract issuer specifies the events which may trigger a market value adjustment; however, such events may include, but not be limited to, the following:

- material amendments to the Fund's structure or administration;
- changes to the participating plans' competing investment options, including the elimination of equity wash provisions;
- complete or partial termination of the Fund, including a merger with another fund;
- the failure of the Fund to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA;
- the redemption of all or a portion of the interests in the Fund held by a participating plan at the direction of the participating plan sponsor, including withdrawals due to the removal of a specifically identifiable group of employees from coverage under the participating plan (such as a group layoff or early retirement incentive program), the closing or sale of a subsidiary, employing unit, or affiliate, the bankruptcy or insolvency of a plan sponsor, the merger of the plan with another plan, or the plan sponsor's establishment of another tax qualified defined contribution plan;
- any change in law, regulation, ruling, administrative or judicial position, or accounting requirement, applicable to the Fund or participating plans;

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

- the delivery of any communication to plan participants designed to influence a participant not to invest in the Fund.

At this time, the management of the Fund does not believe that the occurrence of any such market value event, which would limit the Fund's ability to transact at contract value with participants, is probable.

(c) *Investment Transactions and Interest Income*

Investment transactions are accounted for on a trade date basis. Realized gains and losses within the portfolios underlying the security-backed contracts are determined on the basis of average cost. Interest income, including the amortization of premiums and discounts, is recorded on an accrual basis.

(d) *Income Taxes*

The Fund maintains tax-exempt status by operating as a collective trust fund regulated by the Office of the Comptroller of the Currency, and as such no provision for income taxes is required. It is intended that the Fund be exempt from taxation under Section 501(a) of the Code and qualify as a "group trust" under Revenue Ruling 81-100 and other applicable Internal Revenue Service rules and regulations.

The Fund follows accounting policies under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*, regarding how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Management has analyzed the Fund's tax positions taken in all potential open tax years and has concluded that as of December 31, 2022, there are no positions which would call into question the Fund's tax-exempt status. As such, the Fund does not have an accrual for uncertain tax positions. The Fund's federal and state fiduciary and Federal excise tax returns for tax years for which the applicable statutes of limitations have not expired (open tax years: December 31, 2019; December 31, 2020; December 31, 2021; and December 31, 2022) are subject to examination by the Internal Revenue Service and state jurisdictions. As of and during the year ended December 31, 2022, the Fund did not have a liability for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the period, the Fund did not incur any interest or penalties. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

(e) *Unit Issues, Redemptions, and Distributions*

In accordance with the terms of the Trust, the net asset value of the Fund is calculated daily, and net investment income and realized and unrealized gains on investments are not distributed but rather reinvested and reflected in the net asset value of the fund. Units of the Fund are issued and redeemed at the current net asset value. Redemptions by participating plans occur at net asset value following the 12-month notice period.

(f) *Delayed Delivery Transactions*

The Fund may purchase or sell securities on a when-issued or forward-commitment basis in the portfolios underlying the security-backed contracts of the Fund. The price of the underlying

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

securities and date when the securities will be delivered and paid for are fixed at the time the transaction is negotiated. Losses may arise due to changes in the market value of the securities or from the inability of counterparties to meet the terms of the contract. In connection with such purchases, the Fund may be required to hold liquid assets as collateral with the Fund's custodian sufficient to cover the purchase price. The Fund may enter into TBA sale commitments to hedge its portfolio positions or to sell mortgage-backed securities they own under delayed delivery arrangements. Proceeds of TBA sale commitments are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, equivalent deliverable securities, or an offsetting TBA purchase commitment deliverable, on or before the sale commitment date, are held as "cover" for the transaction. Unsettled TBA sale commitments are valued at the current market value of the underlying securities. The contract is "marked-to market" daily and the change in market value is recorded in the underlying portfolios as an unrealized gain or loss. If the TBA sale commitment is closed through the acquisition of an offsetting purchase commitment, the underlying portfolios would realize a gain or loss. As of December 31, 2022, the Fund entered into forward purchase commitments of \$14,208,864. There were no outstanding forward sale commitments as of December 31, 2022.

This activity of the Fund is within the underlying portfolios and impacts the crediting rates applied to the security-backed contracts. There is no direct impact to the Statement of Assets and Liabilities or to the Statement of Operations.

(g) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Fund to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported results of operations during the reporting period. Actual results could differ from these estimates.

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

(h) FASB Accounting Standards Codification for Stable Value Investment Funds

The Fund is an investment company and follows accounting and reporting guidance under FASB ASC Topic 946, “Financial Services – Investment Companies.” The Fund carries its investments at contract value and applies the provisions of FASB ASC Sections 946-210-45 and 946-210-50 for stable value investment funds. These Sections affirm contract value accounting for fully benefit-responsive investment contracts and prohibits the Fund’s acceptance of new contributions from defined benefit plans subsequent to January 15, 2006. These Subtopics also require financial statement presentations standards – (i) fair value disclosure and (ii) enhanced footnote disclosures. Notes 2(a), 2(b), 6(b), and 6(c) of the Fund financial statements provide a detailed discussion of the disclosures.

(i) Fair Value Classification

Fair value measurement guidance establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires disclosure about fair value measurement.

A summary of the fair value hierarchy is described below. Various inputs are used in determining the value of the Fund’s investments. These inputs are summarized in the three broad levels listed below:

Level 1 – Valuation is based upon quoted prices in active markets for identical securities.

Level 2 – Valuation is based upon other significant observable inputs (including quoted prices or similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Valuation is based upon significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments).

The inputs or methodology used by valuing securities are not necessarily an indication of the risk associated with investing in those securities.

As described in note 2(b), the fair value of a wrapper contract provided by a security backed contract issuer is the present value of the difference between the current wrapper fee and the contracted wrapper fee. The fees and discount rate are also directly observable inputs, making the fair value of wrapper contracts generally also Level 2. The fair values of the security-backed contracts are based on the cumulative value of their underlying investments, as detailed below. The Fund’s investments in security-backed contracts generally allow for periodic deposits and withdrawals, thus the security-backed contracts are generally considered Level 2.

The investments in the short-term investment fund, fixed income collective trust funds and pooled separate accounts are valued utilizing the net asset valuation and are generally considered Level 2.

Prices for securities held in the underlying portfolios of the Fund are primarily obtained from independent pricing services. These prices are based on observable market data for the same or similar securities and, consequently, are classified as Level 2. To a lesser extent, indicative quotes are obtained from independent brokers. Broker prices may be based on observable market data for the same or similar securities and may be classified as Level 2 or Level 3. Finally, when accurate prices are unavailable from either of those two sources, securities may be priced internally, using a combination

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

of observable and unobservable market data. Consequently, these securities are classified as Level 3. All prices are validated through internal price models.

The fair value classification for the Fund is summarized below.

Table 1. The classification of the fair value measurements for GICs, security-backed contracts and the short-term investment fund is presented below.

Fair Value:

		GICs at Fair Value	Security-backed contracts	Short-term investment fund
Level 1	\$	—	—	105,918,659
Level 2		31,154,939	2,663,750,586	—
Level 3		—	—	—
Total	\$	31,154,939	2,663,750,586	105,918,659

There were no transfers between any of the levels.

Table 2. Supplemental Information. The classification of the fair value measurements for securities underlying the security-backed contracts is presented below. These securities represent the significant inputs to the valuation of the security-backed contracts and do not have a direct impact on the Statement of Assets and Liabilities, Statement of Operations, Statement of Cash Flows or Statement of Changes in Net Assets. This table also includes other assets and liabilities underlying the security-backed contracts which are not recorded at fair value at December 31, 2022.

Fair Value:

		Securities	Pooled separate accounts	Collective trust funds	Wrapper contracts	Total underlying portfolios and wrapper contracts
Level 1		286,948,026	—	—	—	286,948,026
Level 2		1,424,129,325	242,970,162	715,851,679	—	2,382,951,166
Level 3		—	—	—	—	—
Other assets and liabilities, net		(6,148,606)	—	—	—	(6,148,606)
Total	\$	1,704,928,745	242,970,162	715,851,679	—	2,663,750,586

As of and for the year ended December 31, 2022, there were no Level 3 investments.

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

(j) Related Party Transactions

The Fund may invest in other funds maintained by the Trustee, if provided for in the Fund's Trust Agreement. From time to time, the Fund may also purchase securitizations originated by affiliates on the secondary market from unaffiliated broker/dealers in arm's length transactions.

(k) Market Risk

On March 11, 2020, the World Health Organization announced that it had made the assessment that coronavirus disease 2019 ("COVID-19") is a pandemic. The impacts of COVID-19 are affecting the entire global economy, individual companies and investment products, and the market in general. There is significant uncertainty around the extent and duration of business disruptions related to COVID-19 and the impacts may be short term or may last for an extended period of time. The risk of further spreading of COVID-19 has led to significant uncertainty and volatility in the financial markets.

Russia launched a large-scale invasion of Ukraine on February 24, 2022. As a result of this military action, the United States and many other countries have instituted various economic sanctions against Russian individuals and entities. The situation has led to increased financial market volatility and could have severe adverse effects on regional and global economic markets, including the markets for certain securities and commodities, such as oil and natural gas. The extent and duration of the military action, resulting sanctions imposed, other punitive action taken and the resulting market disruptions cannot be easily predicted.

(3) Expenses

The Fund pays wrapper contract fees, either as a liability to the fund or embedded in the crediting rates, to the security backed contract issuers to assure contract liquidity for plan participant directed withdrawals. The Fund paid trustee fees for fiduciary services to Wells Fargo Bank, NA at an annual rate of 0.03% of the Fund's average daily net assets from January 1, 2022 through March 31, 2022. Effective April 1, 2022, the Fund pays trustee fees to SEI Trust Company at an annual rate of 0.0075% of the Fund's average daily net assets.

The Fund's financial statements and financial highlights exclude the impact of any ancillary expense arrangements that are paid outside the Fund. For further discussion on fees, the Fund's disclosure book is available upon request.

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

(4) Concentrations

Issuers of security-backed contracts which represent aggregate exposure greater than 10% of the Fund's total net assets at December 31, 2022 are as follows:

	Contract Value	Percentage of net assets
American General Life Ins. Co.	\$ 382,033,745	12.76 %
Massachusetts Mutual Life Ins. Co.	381,261,409	12.73
Metropolitan Life Ins. Co.	451,888,985	15.09
Transamerica Life Ins. Co.	530,443,337	17.71
Pacific Life Ins. Co.	376,026,333	12.56
Prudential Ins. Co. of America	463,001,352	15.46
	\$ 2,584,655,161	86.31 %

(5) Securities Transactions

Investment transactions for the year ended December 31, 2022 are summarized as follows:

Purchases

	Cost of investments
Type of investment:	
Investment contracts	\$ 8,500,000
Short-term investment fund	384,588,497
	\$ 393,088,497

Sales

	Proceeds from sales	Net realized gain
Type of investment:		
Security-backed contracts	\$ 41,716,253	—
Short-term investment fund	373,187,791	—
	\$ 414,904,044	—

A detailed transaction schedule is available upon request.

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

(6) Financial Highlights and Other Information

(a) Financial Highlights

Selected data for a participant unit outstanding for the year ended December 31, 2022 are as follows:

Net investment income*	\$	<u>0.495</u>
Net increase in unit value from operations		<u>0.495</u>
Unit value at beginning of year		<u>25.876</u>
Unit value at end of year	\$	<u>26.371</u>
Total return		1.91%
Net assets at end of year (in millions)	\$	2,995
Ratio of expenses to average net assets**		0.145%
Ratio of net investment income to average daily net assets**		1.896%

* The per-unit amounts for the net investment income and net realized and unrealized gains are calculated based on a daily average of units outstanding for the year.

** Ratio does not include the impact of expenses charged by the collective trust funds the Fund holds directly or indirectly.

(b) Yield Analysis

The yield earned by the Fund at December 31, 2022 and 2021 was 5.00% and 1.29%, respectively. This represents the annualized earnings of all investments in the Fund, including the earnings recorded at the underlying collective trust funds, divided by the fair value of all investments in the Fund at December 31, 2022 and 2021, respectively.

The yield earned by the Fund with an adjustment to reflect the actual interest rate credited to participants in the Fund at December 31, 2022 and 2021 was 2.32% and 1.69%, respectively. This represents the annualized earnings credited to participants in the Fund divided by the fair value of all investments in the Fund at December 31, 2022 and 2021, respectively.

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

(c) **Sensitivity Analysis***

Table 1. The weighted average interest crediting rate versus an immediate hypothetical increase or decrease in market yields, with no change to the duration of the underlying investment portfolio and no contributions or withdrawals.

Fund crediting rate:	2.28%				
Current market interest rate:	5.07%				
Participant cash flows:	0.00%				
	-50%	-25%	No Change	+25%	+50%
Market Rate:	2.53%	3.80%	5.07%	6.34%	7.60%
Effect on crediting rate at the end of period					
Q1 '23	2.65%	2.84%	2.99%	3.10%	3.15%
Q2 '23	2.64%	2.92%	3.16%	3.36%	3.52%
Q3 '23	2.63%	2.99%	3.32%	3.61%	3.85%
Q4 '23	2.62%	3.06%	3.46%	3.83%	4.16%

Table 2. The weighted average interest crediting rate versus an immediate hypothetical increase or decrease in market yields, combined with an immediate, one-time hypothetical 10% decrease in the net assets of the fund due to a participant transfer with no change to the duration of the portfolio.

Fund crediting rate:	2.28%				
Current market interest rate:	5.07%				
Participant cash flows:	-10.00%				
	-50%	-25%	No Change	+25%	+50%
Market Rate:	2.53%	3.80%	5.07%	6.34%	7.60%
Effect on crediting rate at the end of period					
Q1 '23	2.38%	2.58%	2.73%	2.84%	2.89%
Q2 '23	2.39%	2.68%	2.92%	3.12%	3.27%
Q3 '23	2.40%	2.77%	3.10%	3.38%	3.63%
Q4 '23	2.41%	2.85%	3.26%	3.62%	3.95%

* The projected crediting rates above are based on simplified assumptions and are illustrative only. The Fund's actual crediting rates and the future returns actually achieved by the participants in the future may vary significantly from the above illustration due to market conditions and cash flows.

The current market interest rates used in the illustration are based upon the actual yield to maturity of the underlying portfolios and other Fund investments. The illustrations above are based upon current crediting rate calculation conventions.

GALLIARD MANAGED INCOME FUND CORE

Notes to Financial Statements

December 31, 2022

Illustrations showing a 10% decrease in net assets due to participant transfers assume the transfers occur immediately after the rate shift and crediting rate reset.

(7) Subsequent Events Evaluation

The Fund has evaluated the need for disclosures and/or adjustments resulting from subsequent events through April 6, 2023, the date the financial statements were available to be issued. This evaluation did not result in any subsequent events that necessitated adjustment.