AGENDA
RETIREE HEALTH CARE BOARD OF TRUSTEES
REGULAR MEETING
MONDAY, AUGUST 14, 2023 – 3:00 P.M.
125 EAST SECOND STREET — MONROE, MI 48161
(734) 240-7003

I. CALL TO ORDER

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. APPROVAL OF AGENDA (08/14/2023)

V. APPROVAL OF MINUTES (05/08/2023 Regular Meeting)

VI. PUBLIC COMMENT

VII. COMMUNICATIONS

VIII. OLD BUSINESS

IX. NEW BUSINESS
1. Q2 2023 Performance Report
2. Monroe County Retiree Health Care Consolidated Report as of June 30, 2023 from 5th/3rd Bank allocated market values of the RHC Trust among the County, Road Commission and Mental Health Authority.
3. Recommended Rebalance/Market Value Update Discussion
4. Emerging Markets Search/Recommendation
5. Private Credit Direct Lending Search/Recommendation

X. PUBLIC COMMENT

XI. MEMBERS TIME

XII. INFORMATION
1. Monroe County Retiree Health Care Valuation as of December 31, 2022
2. Notice of Transaction-Ancora

XIII. NEXT MEETING –November 13, 2023 at 3:00 p.m.

XIV. ADJOURNMENT

RETIREE HEALTH CARE BOARD OF TRUSTEES MINUTES
May 8, 2023 Regular Meeting

A Regular Meeting of the Monroe County Retiree Health Care Board of the Trustees was held in the City of Monroe on Monday, May 8, 2023. Chairman Bob Neely called the meeting to order at 3:00 p.m.

I. ROLL CALL
Roll call by taken as follows:

Trustees Present: Dawn Asper, Michael Bosanac, Bob Neely and Steve Goodman

Trustees Absent: Sue Maier

Brian Green of AndCo and Aundrea Armstrong, Deputy Administrator/Chief Financial Officer also attended.

A quorum being present, the Board proceeded to conduct business.

II. PLEDGE OF ALLEGIANCE
Deputy Clerk, Lisa Sanders led the Pledge of Allegiance.

III. APPROVAL OF AGENDA (05/08/2023 Regular Meeting)
Motion by Michael Bosanac, supported by Dawn Asper to approve the May 8, 2023 Regular Meeting Agenda as presented.

Voice vote taken. Motion carried.

IV. APPROVAL OF MINUTES (02/13/2023 Organizational Meeting)
Motion by Dawn Asper, supported by Michael Bosanac to approve the February 13, 2023, Organizational Meeting minutes as presented and waive the reading thereof.

Voice vote taken. Motion carried.

V. PUBLIC COMMENT – None

VI. COMMUNICATIONS—None

VII. OLD BUSINESS—None

VIII. NEW BUSINESS

1. Q1 2023 Performance Report—
   Brian Green discussed the report. Values as of March 31, 2023 = 1.01 MTD, 4.92% QTD; 4.92% YTD; $105,635,561 market value.
   Year to date and long term outperformed vs. benchmark. YTD performance driven by lack of Emerging Market exposure in the International Equity portfolio. Expect numbers to be revised down slightly once Real Estate posts returns that will be slightly into negative territory (meaning single digit negative return for Real Estate).

   Discussion commenced.

   Motion by Michael Bosanac, supported by Steve Goodman to accept the report and place it on file.

   Voice vote taken. Motion carried.

2. Monroe County Retiree Health Care Consolidated Report as of March 31, 2023 from 5th/3rd Bank allocated market values of the RHC Trust among the County, Road Commission and Mental Health Authority.

   Motion by Michael Bosanac, supported by Steve Goodman to accept the Report and place it on file.

   Voice vote taken. Motion carried.

3. Asset Allocation Discussion

   Brian Green will be sending out a primer to study between this meeting and the next. Discussion commenced. Brian will let cash build up and will request that some additional research people to come to a meeting.

   Recommendations are as follows:
   - AndCo is comfortable with the current target allocations but recommends a deeper discussion around adopting either of the three presented asset mixes. Notable changes would be:
     - Mix Lower IE/Add EM (reduce Developed International, add dedicated Emerging Markets)
     - Mix Lower SC/Add FI (Lower Small Cap, Increase Fixed Income)
     - Mix Lower Small Cap/Add Direct Lending (lowers small cap, adds direct lending)
   - The increase in Fixed Income (and subsequent reduction in risk assets) provides for a more defensive position in the current market environment.
   - AndCo recommends the Board consider the following actions in the coming quarters:
     - Review developed international allocation to add an active strategy

- Review dedicated emerging market equity to add and active strategy
- Review direct lending/private credit strategies based on market opportunities

Motion by Michael Bosanac, supported by Steve Goodman to accept the report from AndCo Consulting on the RHC Asset Allocations and request investment advisor to assemble additional research folks and come back with a follow up presentation.

Voice vote taken. Motion carried.

4. Market Value Update/Liquidity Plan

Motion by Michael Bosanac, supported by Steve Goodman to accept the report and place it on file with no action being taken at this time.

Voice vote taken. Motion carried.

IX. PUBLIC COMMENT—None

X. MEMBERS TIME—

Dawn Asper—I'm always in awe and appreciate learning more and more.

Michael Bosanac—Added suggested actions and motions to the agenda just to have more structure and flow.

Steve Goodman—Interested in learning more about Direct Lending.

Bob Neely—Our retirees are interested in what we are doing in here.

XI. INFORMATION

1. AndCo's updated form ADV Part 2A—For information only and will be part of the permanent record.

XII. NEXT MEETING—August 14, 2023 at 3:00 p.m.

XIII. ADJOURNMENT

With no additional business to come before the Retiree Health Care Board of Trustees, Chairman Neely adjourned the meeting at 3:58 p.m.

Investment Performance Review
Period Ending June 30, 2023

Monroe County Retiree Health Care Trust Board

Preliminary Data

AndCo Consulting | (844) 44-ANDCO | AndCoConsulting.com

Equities	Month	3 M	YTD	1 Year	3 Yr Ann	5 Yr Ann
	Index Returns (%)					
S&P 500 Total Return	6.61	8.74	16.88	19.59	14.60	12.31
Russell Midcap Index	8.34	4.76	9.01	14.92	12.50	8.46
Russell 2000 Index	8.13	5.21	8.10	12.31	10.82	4.21
Russell 1000 Growth Index	6.84	12.81	29.02	27.11	13.73	15.14
Russell 1000 Value Index	6.64	4.07	5.12	11.54	14.30	8.11
Russell 3000 Index	6.83	8.39	16.17	18.95	13.89	11.39
MSCI EAFE NR	4.55	2.95	11.67	18.77	8.93	4.39
MSCI EM NR	3.80	0.90	4.89	1.75	2.32	0.93

Russell Indices Style Returns

YTD	V	B	G
L	5.1	16.7	29.0
M	5.2	9.0	15.9
S	2.5	8.1	13.5

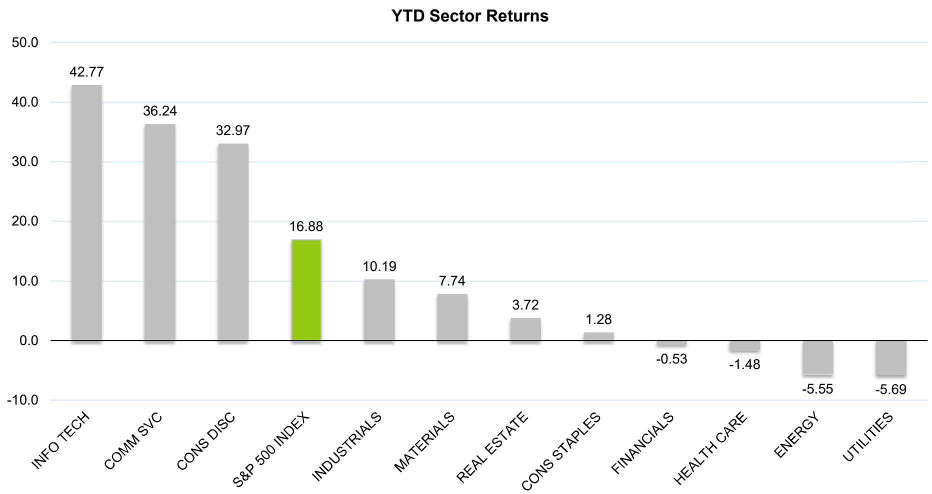
2022	V	B	G
L	-7.6	-19.1	-29.1
M	-12.1	-17.3	-26.7
S	-14.5	-20.5	-26.4

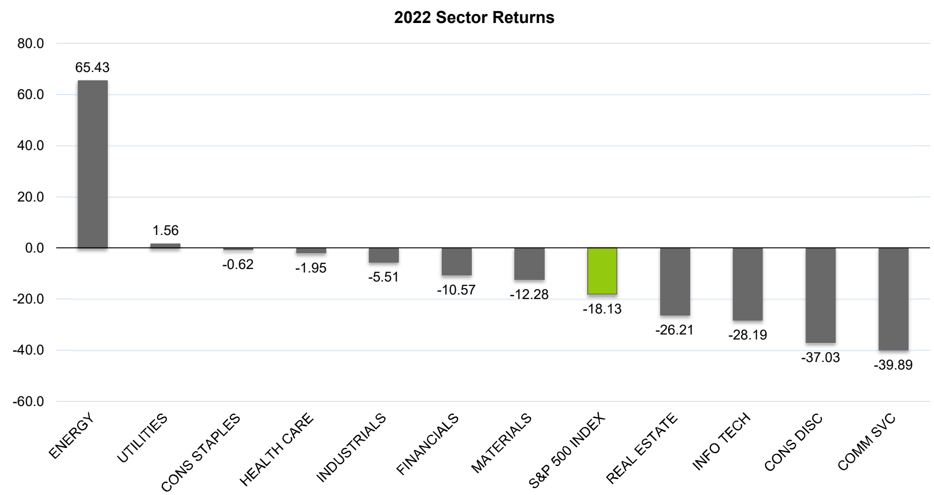
Fixed Income	Month	3 M	YTD	1 Year	Mod. Adj. Duration	Yield to Worst
	Index Returns (%)					
U.S. Aggregate	(0.36)	(0.84)	2.09	(0.94)	6.31	4.81
U.S. Corporate Investment Grade	0.41	(0.29)	3.21	1.55	7.14	5.48
U.S. Corporate High Yield	1.67	1.75	5.38	9.06	3.50	8.50
Global Aggregate	(0.01)	(1.53)	1.43	(1.32)	6.76	3.84

Currencies	06/30/23	12/31/22	12/31/21
	Levels		
Euro Spot	1.09	1.07	1.14
British Pound Spot	1.27	1.21	1.35
Japanese Yen Spot	144.30	131.12	115.08
Swiss Franc Spot	0.90	0.92	0.91

Key Rates	06/30/23	12/31/22	12/31/21	12/31/20	12/31/19
	Levels (%)				
US Generic Govt 3 Mth	5.28	4.34	0.03	0.06	1.54
US Generic Govt 2 Yr	4.90	4.43	0.73	0.12	1.57
US Generic Govt 10 Yr	3.84	3.87	1.51	0.91	1.92
US Generic Govt 30 Yr	3.86	3.96	1.90	1.64	2.39
ICE LIBOR USD 3M	5.55	4.77	0.21	0.24	1.91
Euribor 3 Month ACT/360	3.58	2.13	(0.57)	(0.55)	(0.38)
Bankrate 30Y Mortgage Rates Na	7.15	6.66	3.27	2.87	3.86
Prime	8.25	7.50	3.25	3.25	4.75

Commodities	06/30/23	12/31/22	12/31/21
	Levels		
Oil	70.64	80.45	67.42
Gasoline	3.54	3.21	3.29
Natural Gas	2.80	3.93	3.04
Gold	1,929.40	1,857.70	1,187.30
Silver	23.02	24.21	16.50
Copper	375.95	381.45	437.85
Corn	494.75	678.00	556.50
BBG Commodity TR Idx	226.74	245.89	211.80





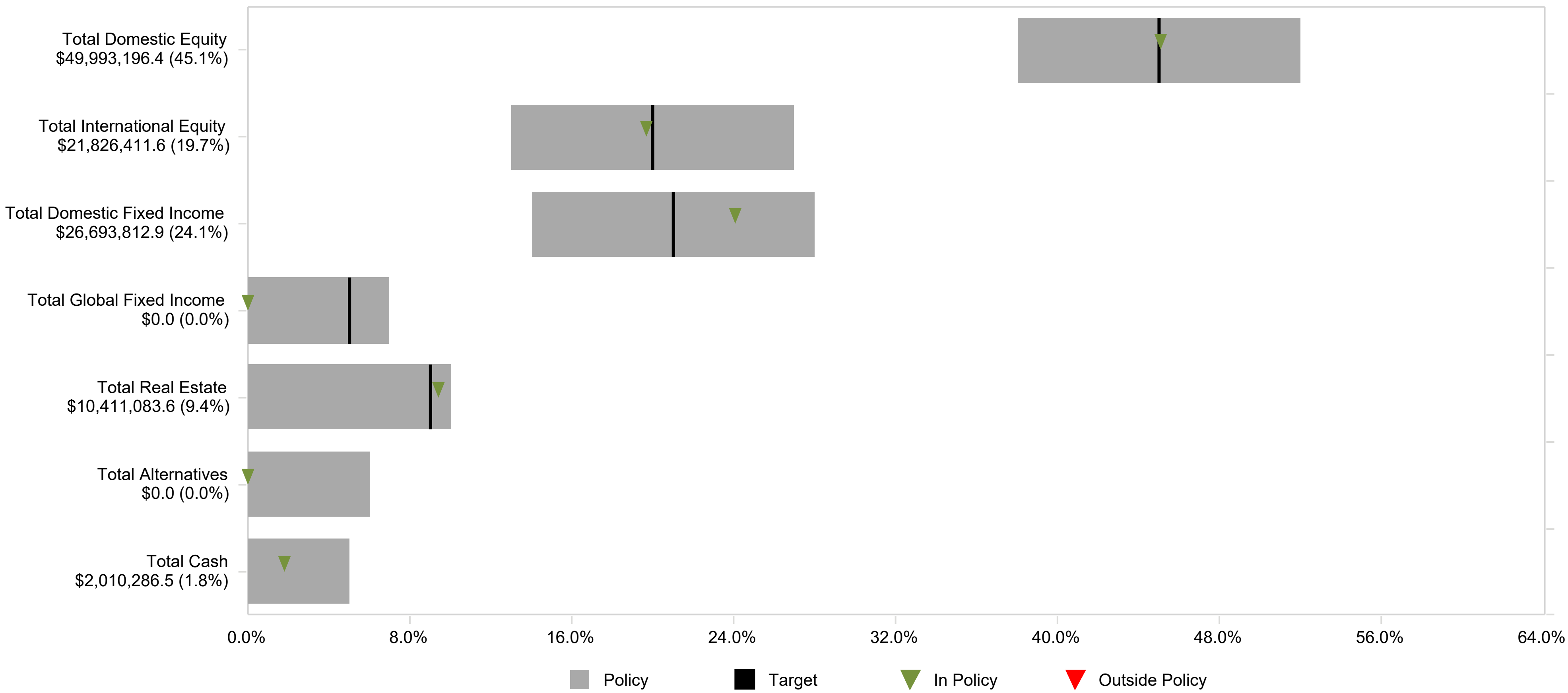
Source: Bloomberg & Investment Metrics. For informational purposes only and should not be regarded as investment advice. Information is based on sources and data believed to be reliable, but AndCo Consulting cannot guarantee the accuracy, adequacy or completeness of the information. The material provided herein is valid only as of the date of distribution and not as of any future date.
*Heat maps are displayed utilizing a 9-color scale, with green as the highest return for the time period noted and red as the lowest return for the time period noted. Color scales within each time period are mutually exclusive.

	Month Progress	QTR Progress	YTD Progress	Notes
Total Fund	-	+	+	YTD and long term outperformance vs. benchmark. YTD out performance driven by lack of EM exposure in the International Equity portfolio and outperformance from Boyd Fixed and Boyd GSA.
Fidelity Institutional / Extended Market / Vanguard Developed Markets Index	=	=	=	Performed inline with expectations for index fund.
Clarkston Small / Mid	-	+	-	No concerns over near term under performance in 2023. Long term remains strong.Slight recovery in Q2 due to LPL and Molson Coors.
Ancora Small / Mid	+	+	+	Outperformance across the board. Underweight banks was large driver.
Boyd Watterson Fixed Income	+	+	+	Outperformance across the board.
Boyd GSA Real Estate	?	+	+	Outperform for the quarter given specific government office focus. Long term performance remains solid.
American Realty Strategic Value	?	+	+	Outperform for quarter due to office underweight. Long term performance remains solid.

Domestic Equity / International Equity:	**Fidelity S&P 500**			**Fidelity Ext Mkt**			**Clarkston Small Mid**			**Ancora Small Mid**			**Vanguard Dev Mkt**		
	Yes	**No**	**N/A**	**Yes**	**No**	**N/A**	**Yes**	**No**	**N/A**	**Yes**	**No**	**N/A**	**Yes**	**No**	**N/A**
1. Three out of four (4) consecutive quarters of relative under-performance versus the benchmark.	●			●			●			●			●		
2. Three (3) year trailing return below the top 50th percentile and underperformance vs. benchmark.			●			●	●			●					●
3. Five (5) year trailing return below the top 50th percentile and underperformance vs. benchmark.			●			●			●			●			●
4. Three (3) year downside volatility less than the index (lower than 100), as measured by down market captu			●			●	●			●					●
5. Five (5) year downside volatility less than the index (lower than 100), as measured by down market capture			●			●			●			●			●
6. No investigation of the firm by the Securities and Exchange Commission (SEC).	●			●			●			●			●		
7. No merger or sale of firm.	●			●			●			●			●		
8. No qualitative changes (style, purity drift, mgmt turnover, asset flows, 314 / IPS compliance)	●			●			●			●			●		
9. No fee increases without prior written consent.	●			●			●			●			●		

Fixed Income / Real Estate:	**Boyd Watterson FI**			**Boyd Watterson GSA**			**American Realty**		
	Yes	**No**	**N/A**	**Yes**	**No**	**N/A**	**Yes**	**No**	**N/A**
1. Three out of four (4) consecutive quarters of relative under-performance versus the benchmark.	●			●			●		
2. Three (3) year trailing return below the top 50th percentile and underperformance vs. benchmark.	●			●			●		
3. Five (5) year trailing return below the top 50th percentile and underperformance vs. benchmark.	●			●					●
4. Three (3) year downside volatility less than the index (lower than 100), as measured by down market captu	●			●			●		
5. Five (5) year downside volatility less than the index (lower than 100), as measured by down market capture	●			●					●
6. No investigation of the firm by the Securities and Exchange Commission (SEC).	●			●			●		
7. No merger or sale of firm.	●			●			●		
8. No qualitative changes (style, purity drift, mgmt turnover, asset flows, 314 / IPS compliance)	●			●			●		
9. No fee increases without prior written consent.	●			●			●		

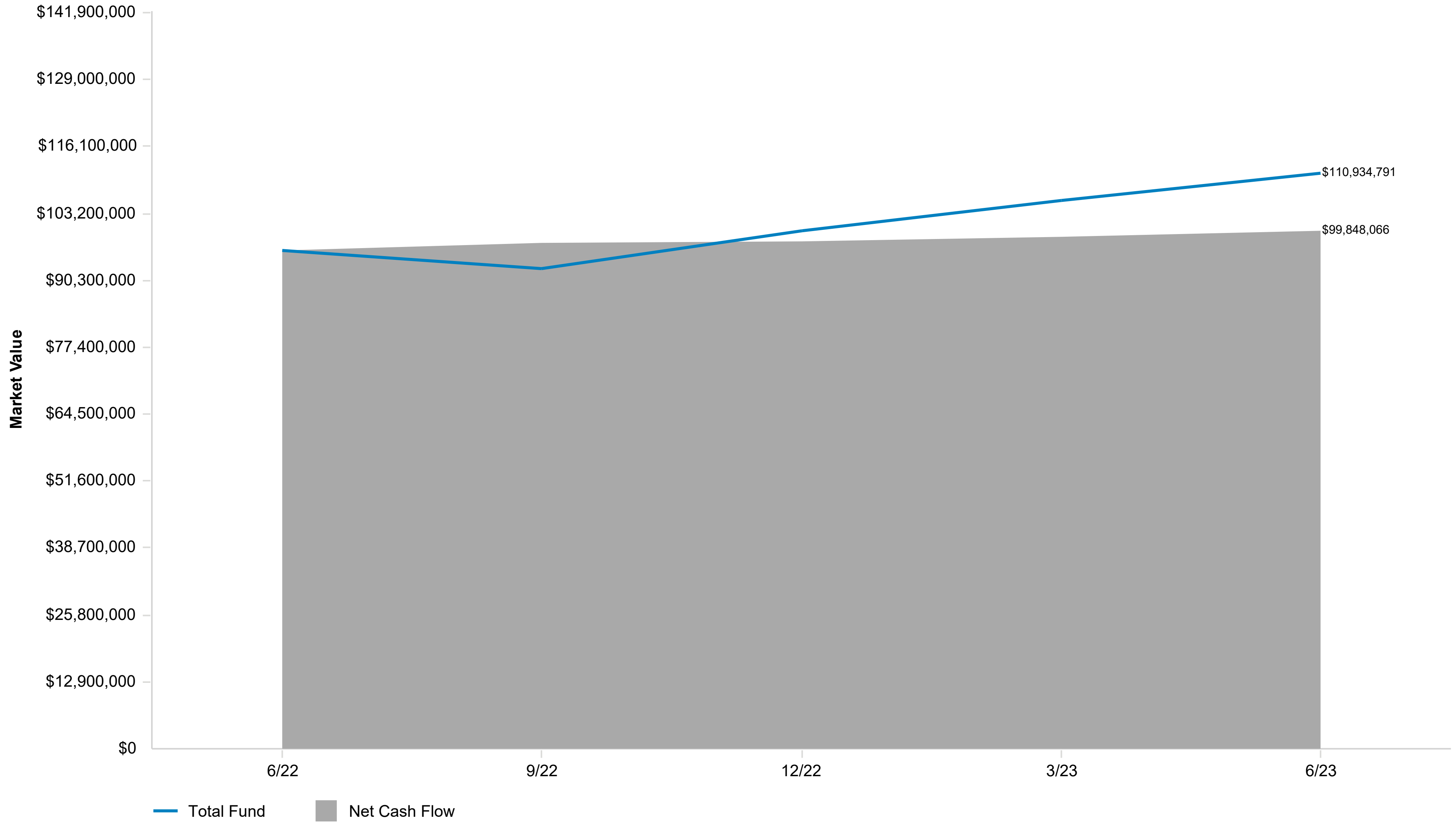
Executive Summary



Asset Allocation Compliance

	Asset Allocation $	Current Allocation (%)	Minimum Allocation (%)	Target Allocation (%)	Maximum Allocation (%)	Min. Rebal. ($000)	Target Rebal. ($000)	Max. Rebal. ($000)
Total Fund	**110,934,791**	**100.0**	**N/A**	**100.0**	**N/A**	**-**	**-**	**-**
Total Domestic Equity	49,993,196	45.1	38.0	45.0	52.0	-7,837,976	-72,540	7,692,895
Total International Equity	21,826,412	19.7	13.0	20.0	27.0	-7,404,889	360,547	8,125,982
Total Domestic Fixed Income	26,693,813	24.1	14.0	21.0	28.0	-11,162,942	-3,397,507	4,367,929
Total Global Fixed Income	-	0.0	0.0	5.0	7.0	-	5,546,740	7,765,435
Total Real Estate	10,411,084	9.4	0.0	9.0	10.0	-10,411,084	-426,952	682,395
Total Alternatives	-	0.0	0.0	0.0	6.0	-	-	6,656,087
Total Cash	2,010,287	1.8	0.0	0.0	5.0	-2,010,287	-2,010,287	3,536,453

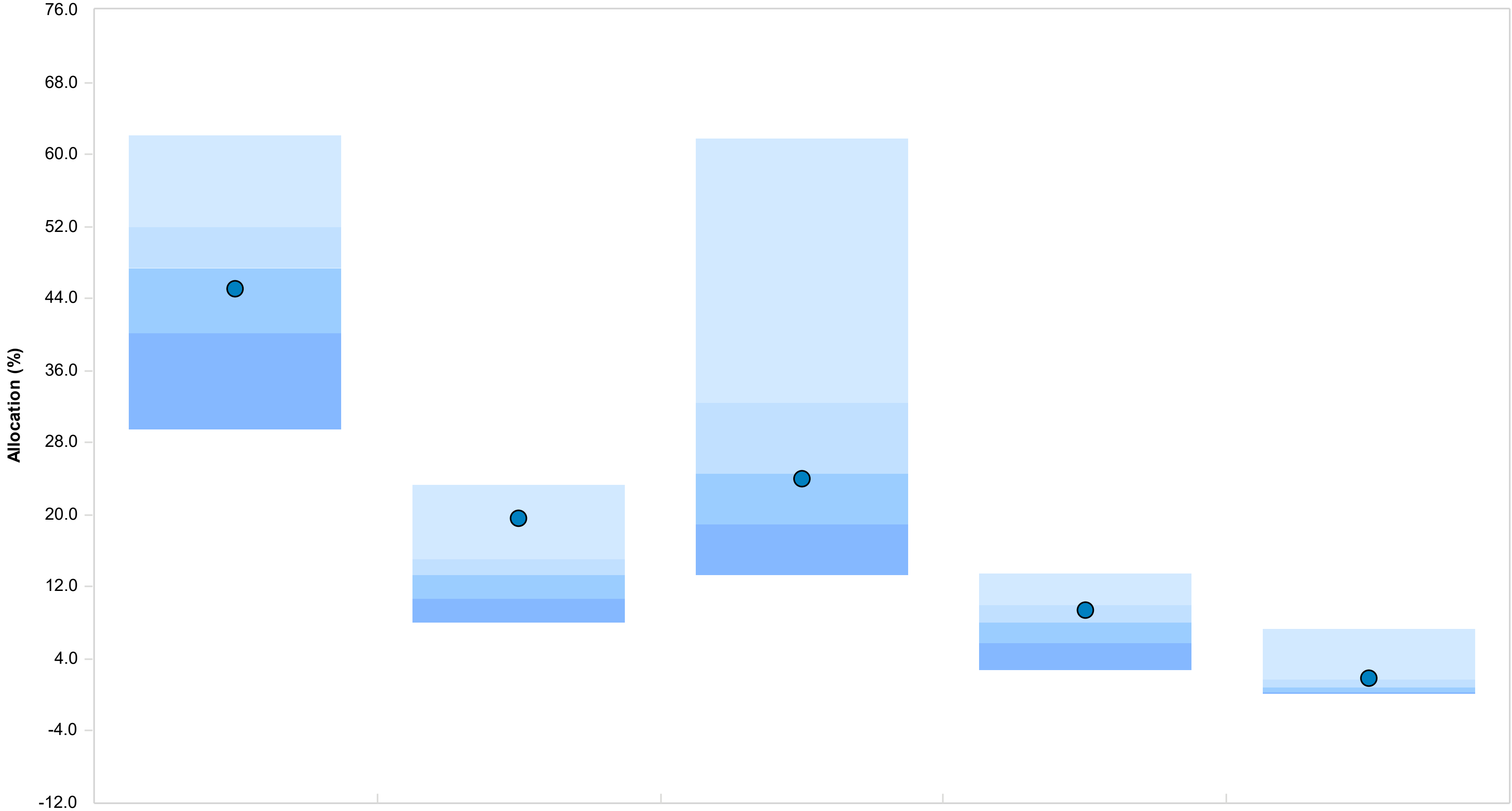
Schedule of Investable Assets



Schedule of Investable Assets

Periods Ending	Beginning Market Value $	Net Cash Flow $	Gain/Loss $	Ending Market Value $	%Return
1 YR	96,114,087	3,733,980	11,086,725	110,934,791	11.28

Plan Sponsor TF Asset Allocation vs. All Public Plans - $50.0M to $99.9M



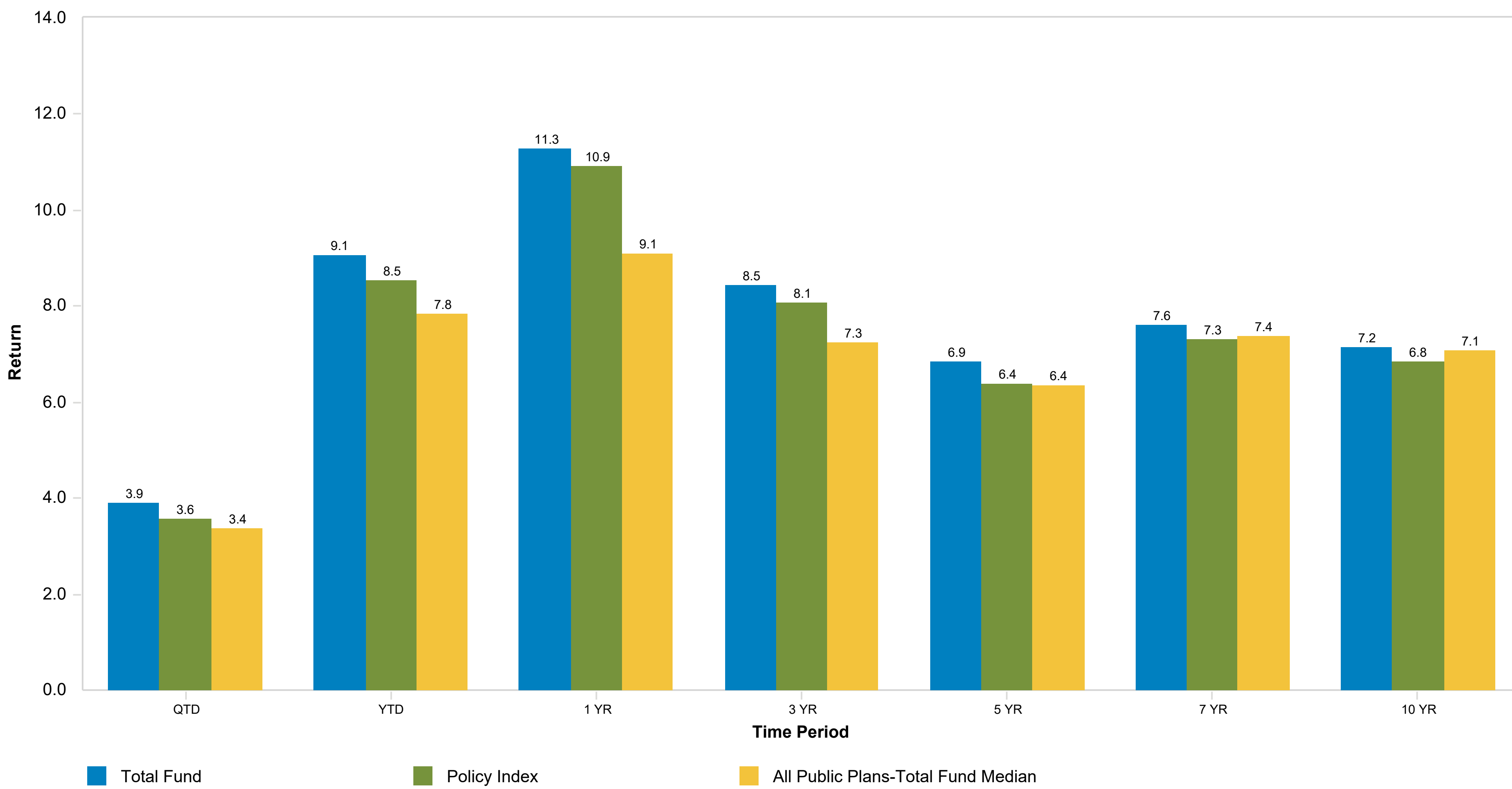
	US Equity	Global ex-US Equity	US Fixed	Total Real Estate	Cash & Equivalents
● Total Fund	45.07 (58)	19.67 (9)	24.06 (52)	9.38 (36)	1.81 (21)
5th Percentile	62.07	23.27	61.77	13.54	7.24
1st Quartile	51.97	15.04	32.43	9.96	1.75
Median	47.33	13.21	24.45	8.03	0.78
3rd Quartile	40.18	10.69	18.89	5.78	0.31
95th Percentile	29.40	8.00	13.36	2.67	0.07

Parentheses contain percentile rankings.
Calculation based on quarterly periodicity.

Gain/Loss Summary

	QTD	YTD	1 YR	3 YR	5 YR	7 YR	10 YR
Total Fund							
Beginning Market Value	**105,635,561**	**99,725,467**	**96,114,087**	**76,342,575**	**57,400,118**	**42,937,711**	**32,383,027**
Net Contributions	1,185,772	2,199,319	3,952,503	13,442,009	27,612,017	33,493,092	38,486,097
Gain/Loss	4,113,458	9,010,005	10,868,201	21,150,207	25,922,656	34,503,988	40,065,667
Ending Market Value	**110,934,791**	**110,934,791**	**110,934,791**	**110,934,791**	**110,934,791**	**110,934,791**	**110,934,791**

Comparative Performance



Asset Allocation & Performance

	Allocation		Performance(%)									
	Market Value $	%	MTH	QTD	YTD	1 YR	3 YR	5 YR	7 YR	10 YR	Inception	Inception Date
Total Fund	110,934,791	100.0	4.08 (24)	3.92 (24)	9.07 (24)	11.28 (13)	8.45 (21)	6.86 (26)	7.62 (39)	7.17 (43)	5.41 (89)	01/01/1998
Policy Index			4.12	3.58	8.55	10.93	8.07	6.38	7.30	6.84	6.05	
6.0% Annualized Return			0.49	1.47	2.96	6.00	6.00	6.00	6.00	6.00	6.00	
All Public Plans-Total Fund Median			3.62	3.36	7.83	9.09	7.26	6.35	7.37	7.07	6.13	
Total Fund (Net of Fees)	110,934,791	100.0	4.05 (26)	3.87 (27)	8.99 (26)	11.13 (14)	8.30 (25)	6.72 (32)	7.37 (50)	6.75 (65)	4.81 (97)	01/01/1998
Policy Index			4.12	3.58	8.55	10.93	8.07	6.38	7.30	6.84	6.05	
6.0% Annualized Return			0.49	1.47	2.96	6.00	6.00	6.00	6.00	6.00	6.00	
All Public Plans-Total Fund Median			3.62	3.36	7.83	9.09	7.26	6.35	7.37	7.07	6.13	
Total Domestic Equity	49,993,196	45.1	7.51	7.67	14.20	17.73	14.20	10.01	-	-	10.17	10/01/2017
Russell 3000 Index			6.83	8.39	16.17	18.95	13.89	11.39	-	-	11.63	
Total International Equity	21,826,412	19.7	4.45	3.18	11.35	16.50	9.16	4.47	-	-	3.44	10/01/2017
MSCI AC World ex USA			4.54	2.67	9.86	13.33	7.75	4.01	-	-	3.74	
Total Domestic Fixed Income	26,693,813	24.1	-0.39	-0.32	2.17	1.35	-1.57	1.78	-	-	1.41	10/01/2017
Barclays US Intermediate Gov/Credit Index			-0.68	-0.81	1.50	-0.10	-2.46	1.23	-	-	0.86	
Total Real Estate	10,411,084	9.4	0.14	0.14	-0.69	0.07	7.28	7.70	-	-	8.01	10/01/2017
NCREIF Property Index			0.00	0.00	-1.81	-4.71	7.51	6.33	-	-	6.45	
Total Cash	2,010,287	1.8										

* Prior to 12/31/2021 composite returns represent Ancora SMID (AATSX), after Ancora SMID Separate Account.

	Allocation		Performance(%)									
	Market Value $	%	MTH	QTD	YTD	1 YR	3 YR	5 YR	7 YR	10 YR	Inception	Inception Date
Domestic Equity												
Fidelity 500 Index (FXAIX)	28,881,573	26.0	6.60 (27)	8.73 (34)	16.89 (31)	19.57 (34)	-	-	-	-	9.99 (22)	12/01/2020
S&P 500 Index			6.61	8.74	16.89	19.59	14.60	12.31	13.38	12.86	10.01	
IM U.S. Large Cap Core Equity (MF) Median			6.24	8.23	15.42	18.44	13.41	11.37	12.45	11.84	8.60	
Fidelity Extended Mkt Index (FSMAX)	10,705,859	9.7	8.31 (51)	6.43 (14)	12.68 (9)	15.21 (22)	-	-	-	-	-0.03 (99)	12/01/2020
S&P Completion Index			8.30	6.40	12.57	15.00	9.16	6.02	9.60	9.23	-0.14	
IM U.S. Mid Cap Core Equity (MF) Median			8.32	4.65	7.22	12.82	13.58	7.39	8.98	8.68	8.30	
Clarkston Partners (CISMX)	5,166,782	4.7	8.29 (51)	5.82 (27)	5.82 (83)	10.55 (79)	13.62 (40)	-	-	-	9.89 (21)	12/01/2018
Russell 2500 Index			8.52	5.22	8.79	13.58	12.29	6.55	9.71	9.38	8.16	
IM U.S. SMID Cap Equity (MF) Median			8.30	4.65	8.84	14.55	11.51	6.38	9.66	9.29	7.88	
Ancora Composite*	5,238,982	4.7	10.29 (12)	6.32 (31)	10.82 (42)	18.66 (29)	15.82 (41)	-	-	-	8.10 (79)	12/01/2018
Russell 2500 Index			8.52	5.22	8.79	13.58	12.29	6.55	9.71	9.38	8.16	
IM U.S. SMID Cap Equity (SA+CF) Median			8.31	4.99	9.54	15.24	14.61	8.51	10.96	10.43	9.95	
International Equity												
Vanguard FTSE Developed Markets (VEA)	9,885,014	8.9	4.46 (45)	3.21 (30)	11.49 (34)	16.37 (33)	9.14 (25)	4.44 (26)	-	-	3.72 (27)	12/01/2017
FTSE Developed All Cap ex-U.S. Index			4.44	3.15	11.09	16.90	9.33	4.57	7.25	5.90	3.96	
IM International Equity (MF) Median			4.36	2.44	9.71	13.32	6.28	3.10	5.94	4.78	2.56	
Vanguard Developed Markets Inst (VTMNX)	11,941,398	10.8	4.44 (53)	3.15 (39)	11.18 (49)	16.53 (48)	9.03 (33)	-	-	-	5.41 (24)	05/01/2019
Vanguard Spliced Developed ex U.S. Index (Net)			4.42	3.00	10.85	16.53	9.00	4.27	6.94	5.63	5.34	
IM International Multi-Cap Core Equity (MF) Median			4.46	2.95	11.14	16.36	8.12	3.55	6.31	5.07	4.54	
Domestic Fixed Income												
Boyd Watterson Asset Management	26,693,813	24.1	-0.39 (82)	-0.32 (52)	2.17 (64)	1.35 (50)	-1.57 (56)	1.75 (52)	1.28 (64)	1.85 (70)	4.22 (52)	02/01/1998
Bloomberg Intermediate US Govt/Credit Idx			-0.68	-0.81	1.50	-0.10	-2.46	1.23	0.76	1.41	3.70	
IM U.S. Fixed Income (SA+CF) Median			0.17	-0.28	2.55	1.29	-1.00	1.80	1.55	2.23	4.26	
Real Estate												
Boyd Watterson GSA Fund	7,920,648	7.1	0.81 (-)	0.81 (10)	0.52 (11)	2.71 (9)	6.65 (74)	7.37 (20)	8.21 (18)	-	8.20 (-)	12/01/2013
NCREIF Property Index			0.00	0.00	-1.81	-4.71	7.51	6.33	6.54	8.04	8.11	
IM U.S. Private Real Estate (SA+CF) Median			-	-1.80	-4.60	-9.86	8.17	6.97	7.35	9.23	-	
American Realty Strategic Value	2,490,436	2.2	-1.95	-1.95	-4.35	-7.27	8.68	-	-	-	8.23	01/01/2019
NCREIF Fund Index-Open End Diversified Core (EW)			-2.87	-2.87	-6.09	-9.82	8.48	6.95	7.35	9.02	6.88	
Cash Account	**2,010,287**	**1.8**										

* Prior to 12/31/2021 composite returns represent Ancora SMID (AATSX), after Ancora SMID Separate Account.

Financial Reconciliation Year to Date	Market Value 01/01/2023	Net Transfers	Contributions	Distributions	Management Fees	Income	Apprec./ Deprec.	Market Value 06/30/2023
Total Fund	**99,725,467**	**-**	**2,199,319**	**-**	**-81,993**	**1,073,600**	**8,058,715**	**110,934,791**
Total Equity	**66,720,631**	**-3,535,914**	**-**	**-**	**-24,412**	**436,339**	**8,222,963**	**71,819,608**
Total Domestic Equity	**46,475,899**	**-2,849,914**	**-**	**-**	**-24,412**	**159,471**	**6,232,151**	**49,993,196**
Fidelity 500 Index (FXAIX)	25,767,716	-1,130,000	-	-	-	99,862	4,143,995	28,881,573
Fidelity Extended Mkt Index (FSMAX)	9,500,865	-	-	-	-	12,965	1,192,028	10,705,859
Ancora SMID Cap	5,451,714	-769,914	-	-	-24,412	46,644	534,949	5,238,982
Clarkston Partners (CISMX)	5,755,604	-950,000	-	-	-	-	361,178	5,166,782
Total International Equity	**20,244,732**	**-686,000**	**-**	**-**	**-**	**276,868**	**1,990,812**	**21,826,412**
Vanguard FTSE Developed Markets (VEA)	8,866,246	-	-	-	-	125,314	893,453	9,885,014
Vanguard Developed Markets Inst (VTMNX)	11,378,486	-686,000	-	-	-	151,553	1,097,359	11,941,398
Total Fixed Income	**22,341,498**	**3,826,879**	**-**	**-**	**-**	**428,530**	**96,905**	**26,693,813**
Total Domestic Fixed Income	**22,341,498**	**3,826,879**	**-**	**-**	**-**	**428,530**	**96,905**	**26,693,813**
Boyd Watterson Asset Management	22,341,498	3,826,879	-	-	-	428,530	96,905	26,693,813
Total Real Estate	**9,941,400**	**600,000**	**-**	**-**	**-57,581**	**188,437**	**-261,172**	**10,411,084**
Boyd Watterson GSA Fund	7,329,315	600,000	-	-	-49,536	188,437	-147,568	7,920,648
American Realty Strategic Value	2,612,085	-	-	-	-8,045	-	-113,604	2,490,436
Total Cash	**721,938**	**-890,966**	**2,199,319**	**-**	**-**	**20,294**	**18**	**2,010,287**
Cash Account	721,938	-890,966	2,199,319	-	-	20,294	18	2,010,287

Historical market value and performance data through September 2017 was provided by Morgan Stanley.

Market values, performance and cash flow information beginning October 2017 to date was prepared by AndCo from statements provided by Fifth Third Bank and the investment managers.

Total Fund Policy

Allocation Mandate	Weight (%)
Jan-1973	
S&P 500 Index	55.00
Bloomberg Intermediate US Govt/Credit Idx	40.00
90 Day U.S. Treasury Bill	5.00
Apr-1999	
S&P 500 Index	50.00
Bloomberg Intermediate US Govt/Credit Idx	45.00
90 Day U.S. Treasury Bill	5.00
Jan-2014	
S&P 500 Index	25.00
Russell 2000 Index	10.00
FTSE Developed All Cap ex-US Index (NET)	15.00
Bloomberg Intermediate US Govt/Credit Idx	25.00
FTSE NAREIT All REITs Index	2.00
Russell Midcap Index	10.00
90 Day U.S. Treasury Bill	3.00
FTSE World Government Bond Index	10.00
Oct-2017	
S&P 500 Index	23.00
Russell 2500 Index	20.00
FTSE Developed All Cap ex-US Index (NET)	20.00
Bloomberg Intermediate US Govt/Credit Idx	21.00
NCREIF Property Index	9.00
HFRI Fund of Funds Composite Index	0.00
Alerian MLP Index	2.00
FTSE World Government Bond Index	5.00
90 Day U.S. Treasury Bill	0.00
Mar-2019	
S&P 500 Index	23.00
Russell 2500 Index	22.00
FTSE Developed All Cap ex-US Index (NET)	20.00
Bloomberg Intermediate US Govt/Credit Idx	21.00
NCREIF Property Index	9.00
HFRI Fund of Funds Composite Index	0.00
Alerian MLP Index	0.00
FTSE World Government Bond Index	5.00
90 Day U.S. Treasury Bill	0.00

Allocation Mandate	Weight (%)
Nov-2020	
S&P 500 Index	25.00
Russell 2500 Index	20.00
MSCI EAFE (Net) Index	20.00
Bloomberg Intermediate US Govt/Credit Idx	21.00
NCREIF Property Index	9.00
FTSE World Government Bond Index	5.00

Active Return - Arithmetic difference between the manager’s performance and the designated benchmark return over a specified time period.

Alpha - A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.

Beta - A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.

Consistency - The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product’s performance.

Distributed to Paid In (DPI) - The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.

Down Market Capture - The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance

Downside Risk - A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.

Excess Return - Arithmetic difference between the manager’s performance and the risk-free return over a specified time period.

Excess Risk - A measure of the standard deviation of a portfolio's performance relative to the risk free return.

Information Ratio - This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.

Public Market Equivalent (PME) - Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.

R-Squared - The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.

Return - Compounded rate of return for the period.

Sharpe Ratio - Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.

Standard Deviation - A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.

Total Value to Paid In (TVPI) - The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund’s life

Tracking Error - This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.

Treynor Ratio - Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.

Up Market Capture - The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

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

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

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FIFTH THIRD BANK
Charitable Management Services
Monroe County RHC-Mutual Fd

7/31/2023

Account Activity
July 1, 2023 - July 31, 2023

Fund		Market Value 7/1/2023	Cost Basis 7/1/2023	Units	Dividends	Interest	Fees	Additions	(Distributions)	Unit Change	Unit Balance	Realized Gains Or Losses	Ending Cost Basis 7/31/2023	Market Value 7/31/2023
Monroe County RHC	Principal	$79,476,543.62	$71,226,073.44	6,736,386.187				$0.00	$0.00	0.000	6,736,386.187	$11,658.18	$71,237,731.62	$80,728,232.95
	Income	$9,192,781.75	$8,911,530.36	779,174.901	$151,151.73	$0.00	($22,935.66)	$0.00	$0.00	10,865.769	790,040.670	$1,367.27	$9,041,113.70	$9,467,774.78
		$88,669,325.37	$80,137,603.80	7,515,561.088	$151,151.73	$0.00	($22,935.66)	$0.00	$0.00	10,865.769	7,526,426.857	$13,025.45	$80,278,845.32	$90,196,007.73
Monroe Road Commission	Principal	$13,441,693.25	$13,012,094.74	1,139,310.199				$126,171.75	$0.00	10,692.521	1,150,002.720	$1,990.23	$13,140,256.72	$13,781,526.90
	Income	$1,237,922.43	$1,199,831.73	104,925.594	$25,023.87	$0.00	($3,797.10)	$0.00	$0.00	1,798.879	106,724.473	$184.70	$1,221,243.20	$1,278,976.28
		$14,679,615.68	$14,211,926.47	1,244,235.793	$25,023.87	$0.00	($3,797.10)	$126,171.75	$0.00	12,491.400	1,256,727.193	$2,174.93	$14,361,499.92	$15,060,503.18
CMH RHC		$7,473,086.59	$7,271,051.54	633,414.527				$0.00	$0.00	0.000	633,414.527	$1,096.21	$7,272,147.75	$7,590,781.48
		$445,924.25	$432,774.30	37,796.283	$13,499.28	$0.00	($2,048.37)	$0.00	$0.00	970.416	38,766.699	$67.09	$444,292.30	$464,576.56
		$7,919,010.84	$7,703,825.84	671,210.810	$13,499.28	$0.00	($2,048.37)	$0.00	$0.00	970.416	672,181.226	$1,163.30	$7,716,440.05	$8,055,358.04
	TOTAL	***111,267,951.88***	***102,053,356.25***	***9,431,007.691***	***$189,674.88***	***$0.00***	***($28,781.13)***	***$126,171.75***	***$0.00***	***24,327.585***	***9,455,335.276***	***$16,363.68***	***$102,356,785.41***	***$113,311,868.95***
	Beginning Unit Price		***$11.80***										***Ending Unit Price***	***$11.98***

Monroe County Retiree Health Care 8/8/2023											
	Current Market Value and Allocation		Recommended Rebalance	Target Market Value and Allocation		Market Value After Rebalance		IPS Limits		Variance from Target	
Name	$	(%)		$	(%)	$	%	Min	Max	$	%
Total Fund	**$112,123,174**	**100.00%**	**$0**	**$112,123,174**	**100.00%**	**$112,123,174**	**100.00%**			**($0)**	**0.0%**
Domestic Equities											
Fidelity S&P 500 Index	$29,356,467	26.2%	($1,330,000)	$28,030,794	25.0%	$28,026,467	25.0%			($4,327)	0.0%
Fidelity Extended Market Index	$11,078,722	9.9%	$127,000	$11,212,317	10.0%	$11,205,722	10.0%			($6,595)	0.0%
Ancora Small / Mid	$5,416,040	4.8%	$187,000	$5,606,159	5.0%	$5,603,040	5.0%			($3,119)	0.0%
Clarkston Small / Mid	$4,987,006	4.4%	$616,000	$5,606,159	5.0%	$5,603,006	5.0%			($3,153)	0.0%
Sub-Total Domestic Equities	**$50,838,234**	**45.3%**	**($400,000)**	**$50,455,428**	**45.0%**	**$50,438,234**	**45.0%**	**25%**	**51%**	**($17,194)**	**0.0%**
International Equities											
Vanguard Developed Markets	$22,002,108	19.6%	($4,000,000)	$17,939,708	16.0%	$18,002,108	16.1%			$62,400	0.1%
Dedicated Emg Mkts Allocation	$0	0.0%	$4,400,000	$4,484,927	4.0%	$4,400,000	3.9%			($84,927)	-0.1%
Sub-Total International Equities	***$22,002,108***	***19.6%***	***$400,000***	***$22,424,635***	***20.0%***	***$22,402,108***	***20.0%***	***13%***	***27%***	***($22,527)***	***0.0%***
Sub-Total Global Equities		***65.0%***	***$0***	***$72,880,063***	***65.0%***	***$72,840,342***	***65.0%***	***50%***	***70%***	***($39,721)***	***0.0%***
Fixed Income				$0							
Boyd Watterson - Int Fixed	$26,745,550	23.9%	$0	$29,152,025	26.0%	$26,745,550	23.9%	*14%*	28%	($2,406,475)	-2.1%
Global Allocation (Unfunded)	$0	0.0%	$0	$0	0.0%	$0	0.0%	*0%*	*7%*	$0	0.0%
Sub-Total Fixed Income	***$26,745,550***	***23.9%***	***$0***	***$29,152,025***	***26.0%***	***$26,745,550***	***23.9%***			***($2,406,475)***	***-2.1%***
Real Estate											
Boyd Watterson GSA	$7,920,648	7.1%	$0	$7,600,650	6.8%	$7,920,648	7.1%	*0%*	10%	$319,998	0.3%
American Realty Value	$2,490,436	2.2%	$0	$2,490,436	2.2%	$2,490,436	2.2%			$0	0.0%
Sub-Total Real Estate	***$10,411,084***	***9.3%***	***$0***	***$10,091,086***	***9.0%***	***$10,411,084***	***9.3%***			***$319,998***	***0.3%***
Alternative Investments											
Private Credit / Direct Lending	$0	0.0%	$0	$0	0.0%	$0	0.0%			$0	0.0%
Sub-Total Alternative Investments	***$0***	***0.0%***	***$0***	***$0***	***0.0%***	***$0***	***0.0%***	***0%***	***6%***	***$0***	***0.0%***
Cash											
Cash Account	***$2,126,198***	***1.9%***	***$0***	***$0***	***0.0%***	***$2,126,198***	***1.9%***	*0%*	*5%*	$2,126,198	***1.9%***

This summary page is not an official statement. Please refer to your custodial statements. Past performance is not indicative of future returns.

Emerging Markets Manager Review
Period Ending June 30, 2023

Monroe County Retiree Health Care Trust Board

Purpose for this Manager Evaluation Report

The purpose of this search is to evaluate options for the introduction of a dedicated allocation to Emerging Markets Equity.

Investment Options for this Manager Evaluation Report

Firm Name	Strategy Name	Vehicle	Management Fee	Investment Minimum
ABS Investment Management	ABS Emerging Markets Strategic Portofolio[1]	LP	0.75% plus fees to portfolio's underlying managers. Management fees paid to underlying managers typically averages 0.60%-0.70%.[1]	$250,000
Allspring Funds Management	Allspring Emerging Markets Equity R6 (EMGDX)[2]	MF	1.01%	No Minimun
Vanguard Group	Vanguard Emerging Markets Select Stock Inv (VMMSX)	MF	0.78%	$3,000
Wellington Management Company	Wellington Emerging Markets Research Equity CTF-II[3]	CF	0.75% plus operating expenses. Operating expenses average 10bps and are capped at 20bps.	$1,000,000

[1] The inception date for the ABS Emerging Market Strategic Portfolio is 12/1/2017. Performance prior to the inception date represents carve out performance from a separate strategy and does not represent live performance of an investable strategy.
[2] Allspring Emerging Markets Equity Inst will be used as a proxy for Allspring Emerging Markets Equity R6 (EMGDX) given the longer performance history.
[3] Wellington Emerging Markets Research Equity composite will be used as a proxy for Wellington Emerging Markets Research Equity CTF-II.

Definition and Characteristics

The Emerging Markets equity asset class is typically defined as the markets of all developing countries. Generally, developing countries can be defined as those that are experiencing accelerated economic growth with lower per capita income and less mature capital markets and political regimes than developed countries. These countries account for approximately 10% of the global equity exposure by market cap. The category blends both value and growth companies. The most often used benchmark for the category is the MSCI Emerging Markets Index. China is the index's largest country exposure at over 30%. South Korea, Taiwan, India and Brazil also account for meaningful weights. The largest sectors are Financials, Information Technology, and the Consumer sectors.

Role within a Portfolio

The primary role of an Emerging Markets equity strategy is to provide exposure to the equity securities of companies domiciled in developing markets countries. In general, emerging economies are expected to grow faster in GDP terms and provide greater long-term opportunity for higher return in equity markets relative to those of developed economies. Emerging Markets equities are also expected to have higher risk and volatility. Specific attention should be paid to political and event risk. Companies in developing markets are less likely to be covered by Wall Street research analysts and the large opportunity set gives managers the ability to build portfolios substantially different from the benchmark, so tracking error can also be high.

Benchmark and Peer Group

This Emerging Markets search report will use the following benchmark and peer group:

Index – MSCI Emerging Markets: The MSCI Emerging Markets Index captures large and mid cap representation across over 20 Emerging Markets (EM) countries. With over 1300 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Morningstar Category – Diversified Emerging Markets: Diversified emerging markets portfolios tend to divide their assets among 20 or more nations, although they tend to focus on the emerging markets of Asia and Latin America rather than on those of the Middle East, Africa, or Europe. These portfolios invest predominantly in emerging market equities, but some funds also invest in both equities and fixed income investments from emerging markets.

Investment Option Comparison

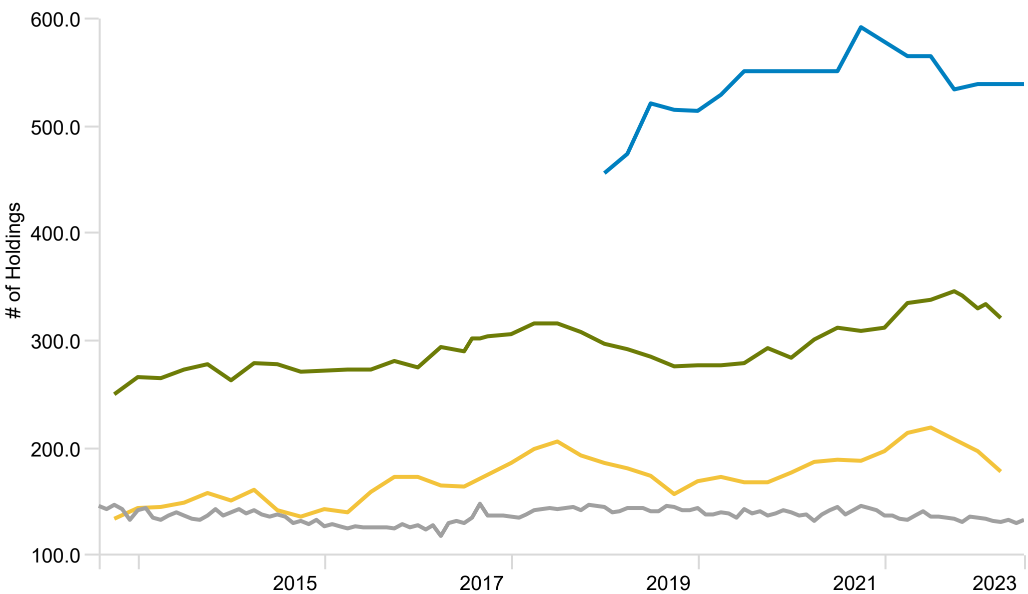
	ABS EM Strategic Portfolio	Allspring Emerging Markets Equity Inst	Vanguard Emerging Markets Select Stock Inv	Wellington Emerging Markets Research Equity
Firm Information				
Year Founded	1/1/2002	1/1/1971	1/1/1975	1/1/1928
US Headquarters Location	Greenwich, CT	Charlotte, NC	Malvern, PA	Boston, MA
Number of Major Global Offices	4	6	12	11
Year Began Managing Ext. Funds	1/1/2003	1/1/1971	1/1/1975	1/1/1928
Firm AUM ($ M)	6,700	377,000	7,200,000	1,150,000
Ownership Type	Independent	Independent	Mutual Company	Independent
Largest Owner (%)	23	N/A	N/A	N/A
Largest Owner (Name)	Evercore Partners	GTCR & Reverence Capital	N/A	N/A
Employee Ownership (%)	77	20	0	100
Qualify as Emerging Manager?	No	No	No	No
Strategy Information				
Inception Date	12/1/2017	1/1/1971	6/27/2011	3/31/2010
Open/Closed	Open	Open	Open	Open
Primary Benchmark	MSCI Emerging Markets IMI	MSCI Emerging Markets	MSCI Emerging Markets	MSCI Emerging Markets
Secondary Benchmark	MSCI Emerging Markets	None	FTSE Emerging Index	None
Peer Universe	International Emerging	International Emerging	International Emerging	International Emerging
Outperformance Estimate (%)	2-3	1-3	1-2	2-3
Tracking Error Estimate (%)	3-5	3-5	3-5	2-4
Strategy AUM ($ M)	1,500	9,000	800	4,200
Estimated Capacity ($ M)	4, 000	13, 000	10, 000	Limited
Strategy AUM as % Firm Assets	22	2	1	0
Investment Approach - Primary	Bottom-up	Bottom-up	Bottom-up	Bottom-up
Investment Approach - Secondary	Fundamental	Fundamental	Fundamental	Fundamental

The source of data and figures provided is generally the respective managers. Certain data represents AndCo's view and could differ from the manager's interpretation. The most current AUM of each strategy may therefore differ from what is currently stated.

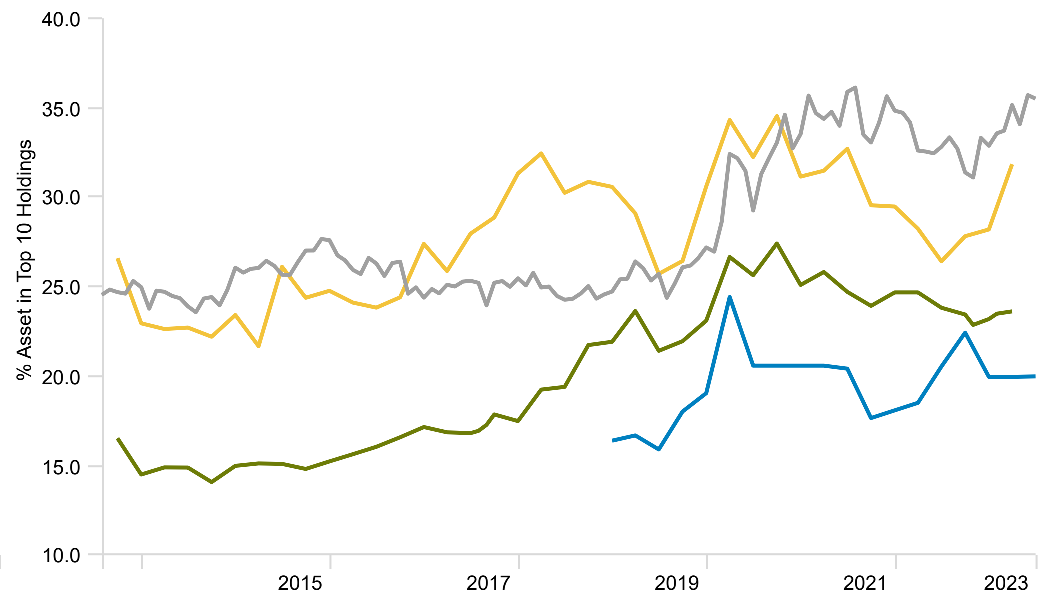
	ABS EM Strategic Portfolio	Allspring Emerging Markets Equity Inst	Vanguard Emerging Markets Select Stock Inv	Wellington Emerging Markets Research Equity
Team Information				
Decision Making Structure	Team	PM-Led	Multi-Manager	Sector PM-Led
Number of Decision Makers	4	4	4	12
Names of Decision Makers	4-Person Team	4 Person Team	4 Sub-Advisors	12-Person Team
Date Began Managing Strategy	2017	2006-2022	2011-2018	2010-2022
Date Began with Firm	2002-2013	2004-2022	1975-2005	2000-2021
Number of Products Managed by Team	3	3	35	12
Number of Investment Analysts	4	6	20	11
Investment Analyst Team Structure	Multi-Manager	Combination	Combination	Sector/Industry Specialists
Portfolio Construction Information				
Broad Style Category	Core	Core	Core	Core
Style Bias	Growth	Flexible	Core	Flexible
Country/Region Constraint Type	Benchmark Relative	Benchmark Relative	None	Benchmark Relative
Typical Country Constraints (%)	+/- 15	1.5x	None	+/-10
Typical Region Constraints (%)	None	None	None	None
Typical Countries/Regions Overweight	None	None	Brazil	None
Typical Countries/Regions Underweight	None	S. Korea, Taiwan	South Korea	S. Korea
Sector Constraint Type	Benchmark Relative	Benchmark Relative	None	Benchmark Relative
Sector Constraints (%)	+/- 15	1.5x	None	+/- 1 Industry
Typical Sector/s Overweight	None	Consumer Staples	Financials	None
Typical Sector/s Underweight	None	Materials	Communication Services	None
Typical Number of Holdings	400-600	90-150	250-350	100-250
Average Full Position Size (%)	1-3	1-2	<1	0-2
Maximum Position Size (%)	8	5	None	5 or +2
Annual Typical Asset Turnover (%)	20-80	10-20	40-80	70-100
Annual Typical Name Turnover (%)	10-50	10-20	40-80	70-100
Maximum Cash Allocation (%)	10	10	None	10
Currency Hedged?	No	No	No	No

	ABS EM Strategic Portfolio	Allspring Emerging Markets Equity Inst	Vanguard Emerging Markets Select Stock Inv	Wellington Emerging Markets Research Equity	MSCI EM NR USD
COMPOSITION					
# of Holdings	539	133	321	178	1,423
% Asset in Top 10 Holdings	19.99	35.51	23.62	31.85	23.33
Asset Alloc Cash %	5.19	2.39	7.26	5.35	0.00
Asset Alloc Equity %	94.42	97.61	93.10	98.41	100.00
Asset Alloc Bond %	0.11	0.00	0.00	0.00	0.00
Asset Alloc Other %	0.27	0.00	0.28	0.00	0.00
CHARACTERISTICS					
Average Market Cap (mil)	12,019.58	39,636.42	33,582.19	34,979.92	35,407.88
P/E Ratio (TTM)	12.05	14.88	9.41	11.19	11.97
P/B Ratio (TTM)	1.32	1.84	1.43	1.55	1.58
LT Earn Growth	13.09	10.07	13.42	10.10	10.72
Dividend Yield	3.23	2.76	3.46	2.95	3.61
ROE % (TTM)	16.89	15.48	17.41	17.45	16.67
GICS SECTORS %					
Energy %	4.07	4.92	6.79	6.62	5.02
Materials %	8.07	3.47	12.04	8.74	8.09
Industrials %	10.66	2.47	6.26	3.43	6.33
Consumer Discretionary %	14.83	12.83	16.40	11.14	13.20
Consumer Staples %	8.58	19.69	4.41	3.90	6.36
Healthcare %	5.26	3.30	2.11	2.09	3.76
Financials %	17.92	15.70	22.49	25.61	21.93
Information Technology %	21.09	19.29	18.81	20.21	21.17
Communication Services %	4.90	15.90	6.28	11.30	9.78
Utilities %	2.01	0.01	2.86	4.37	2.62
Real Estate %	2.60	2.42	1.56	2.58	1.75
MARKET CAPITALIZATION					
Market Cap Giant %	37.07	59.40	60.40	56.20	55.42
Market Cap Large %	27.27	29.23	24.17	31.25	32.14
Market Cap Mid %	29.06	9.68	13.90	9.89	11.11
Market Cap Small %	5.15	1.14	1.41	2.66	1.32
Market Cap Micro %	1.45	0.55	0.12	0.00	0.01

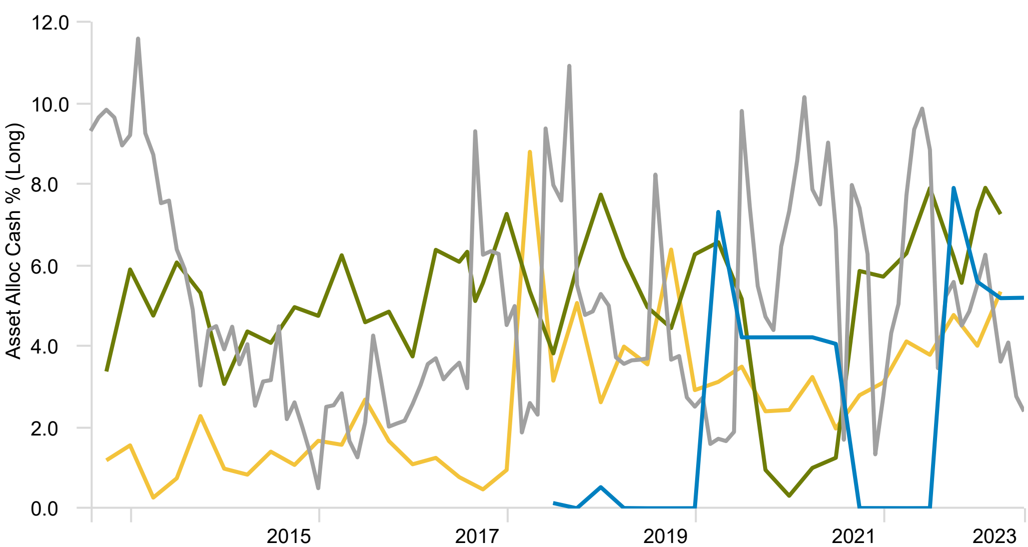
Historical Number of Holdings



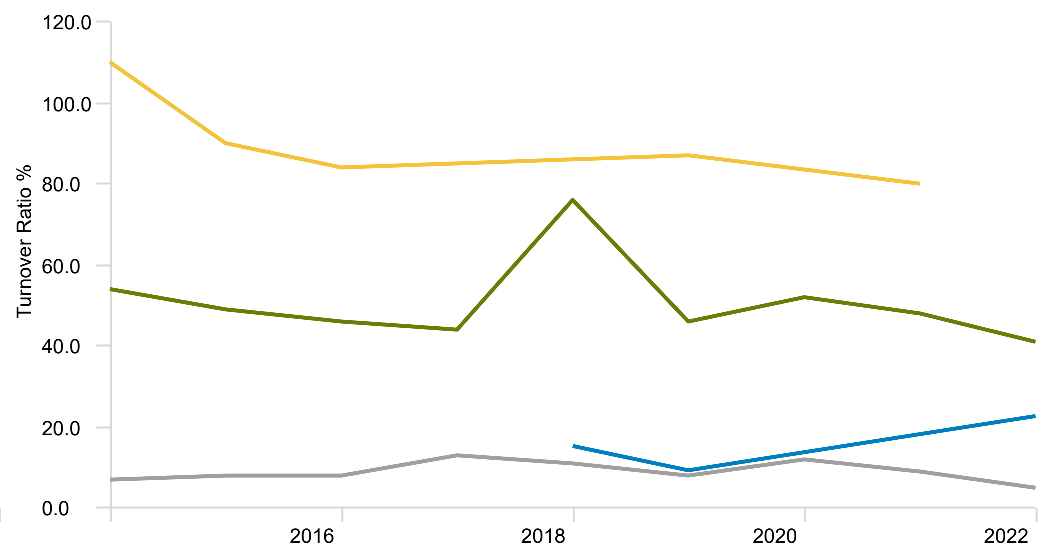
Historical Percentage of Assets in Top 10 Holdings



Historical Cash Allocation



Historical Portfolio Turnover

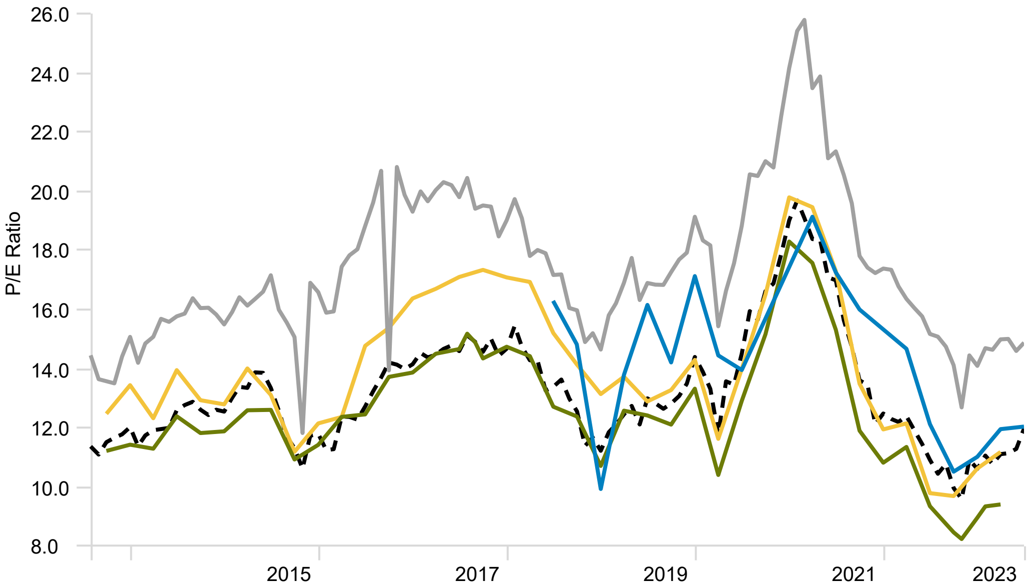


- ABS EM Strategic Portfolio
- Allspring Emerging Markets Equity Inst
- Vanguard Emerging Markets Select Stock Inv
- Wellington Emerging Markets Research Equity

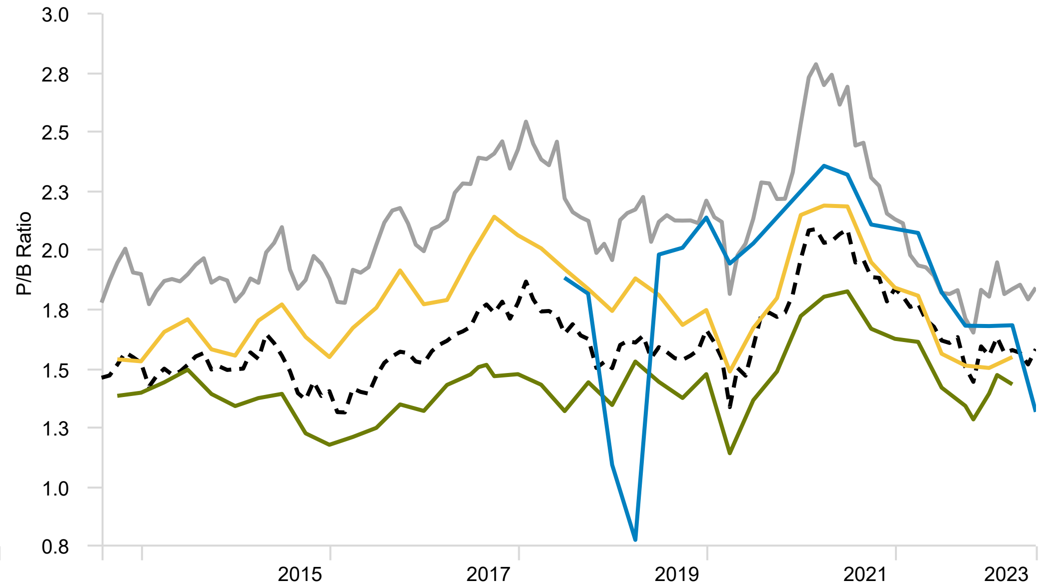
Historical Portfolio Characteristics Comparison

As of 6/30/2023

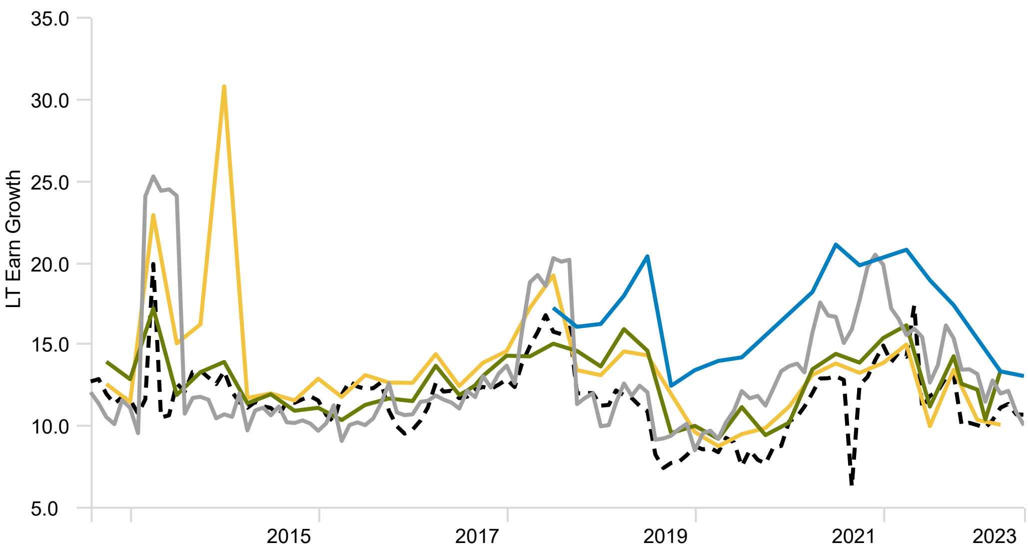
Historical P/E Ratio



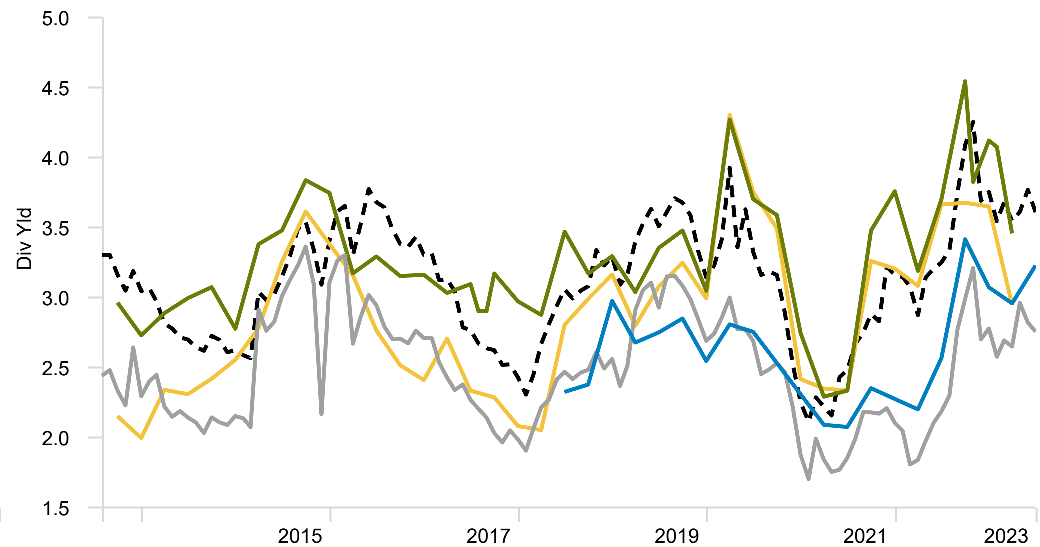
Historical P/B Ratio



Historical Earnings Growth



Historical Dividend Yield

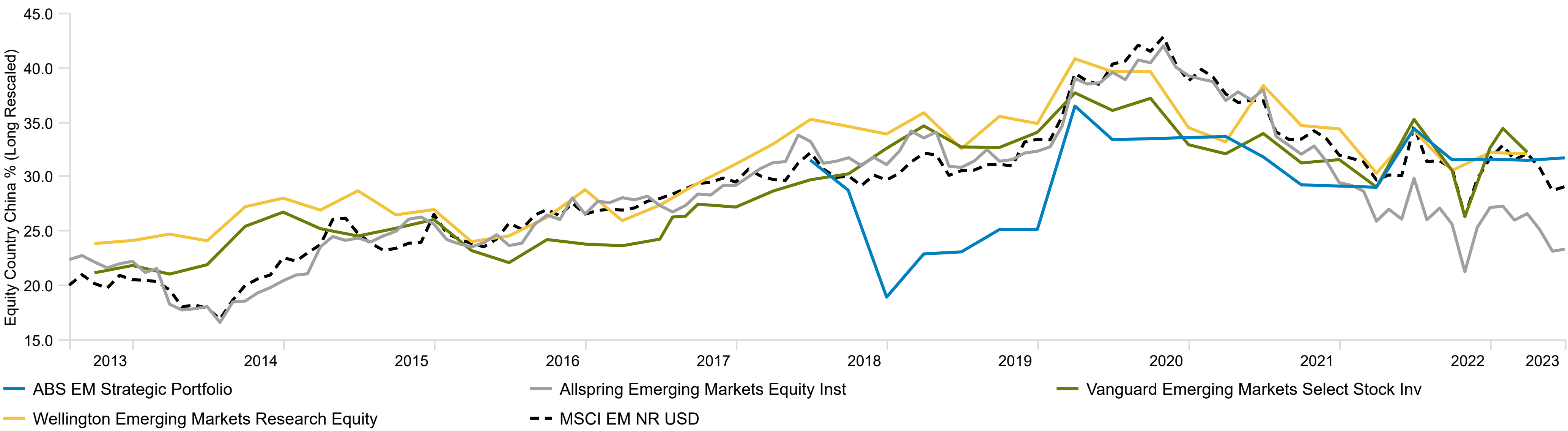


- ABS EM Strategic Portfolio
- Allspring Emerging Markets Equity Inst
- Vanguard Emerging Markets Select Stock Inv
- Wellington Emerging Markets Research Equity
- MSCI EM NR USD

Current Portfolio Region Allocation

	ABS EM Strategic Portfolio	Allspring Emerging Markets Equity Inst	Vanguard Emerging Markets Select Stock Inv	Wellington Emerging Markets Research Equity	MSCI EM NR USD
Equity Country United States %	0.48	0.58	1.48	0.33	0.24
Equity Region North America %	0.48	0.58	2.69	1.36	0.24
Equity Region Latin America %	10.88	17.62	13.88	13.43	8.34
Equity Region United Kingdom %	0.38	0.00	0.97	2.34	0.03
Equity Region Europe dev %	1.33	0.00	0.61	0.18	0.46
Equity Region Europe emrg %	0.52	0.53	1.40	0.72	1.65
Equity Country China %	32.15	26.58	32.24	32.09	32.11
Equity Country India %	16.58	14.39	11.01	11.03	12.97
Equity Region Asia dev %	26.58	30.77	25.49	25.23	27.56
Equity Region Asia emrg %	54.65	47.31	50.21	52.10	51.29
Equity Region Africa/Middle East %	4.90	3.20	4.64	4.32	10.44
Equity Region Developed %	30.63	31.34	30.61	35.96	31.30
Equity Region Emerging %	69.37	68.66	69.39	64.04	68.70

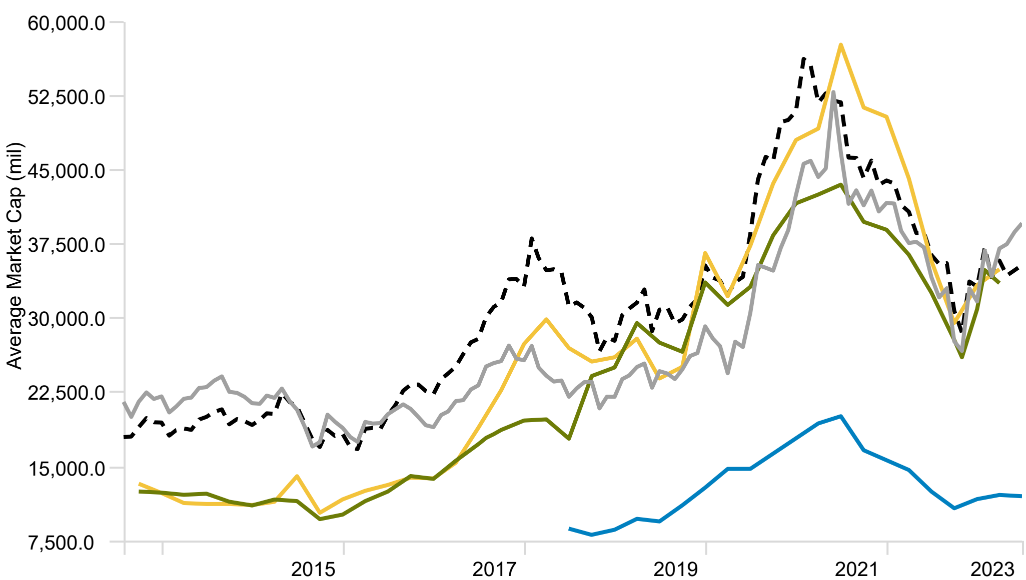
Historical China Portfolio Exposure



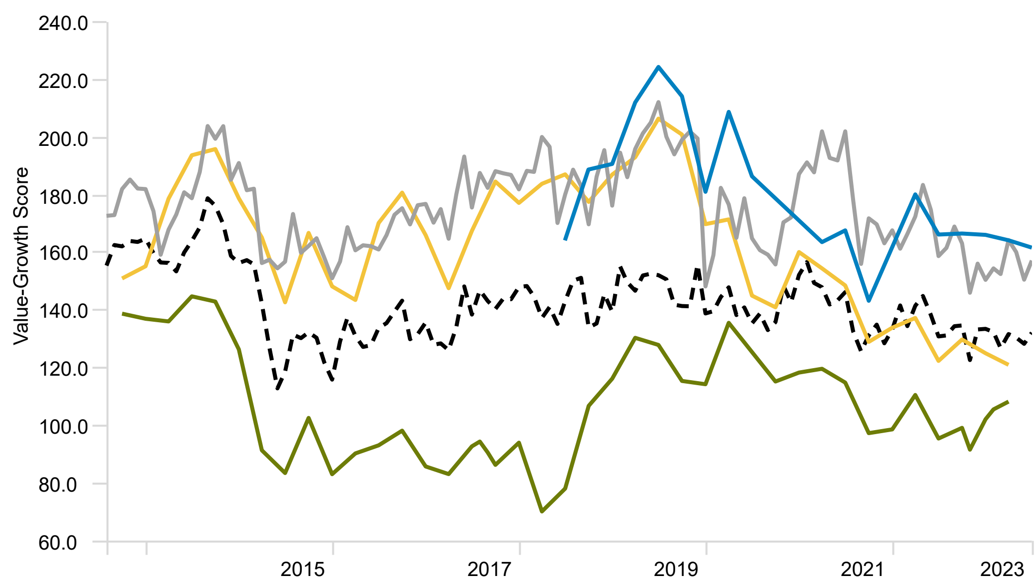
Style Allocation

	ABS EM Strategic Portfolio	Allspring Emerging Markets Equity Inst	Vanguard Emerging Markets Select Stock Inv	Wellington Emerging Markets Research Equity	MSCI EM NR USD
Equity Style Large Value %	13.03	12.09	22.45	21.46	22.08
Equity Style Large Core %	31.59	58.56	46.24	52.43	47.82
Equity Style Large Growth %	19.60	20.08	16.22	13.77	18.70
Equity Style Mid Value %	9.15	0.72	9.14	2.90	4.65
Equity Style Mid Core %	11.99	4.77	2.30	3.76	3.98
Equity Style Mid Growth %	8.20	1.89	2.10	3.02	2.28
Equity Style Small Value %	1.98	0.69	0.38	0.78	0.25
Equity Style Small Core %	2.21	1.00	0.67	1.52	0.14
Equity Style Small Growth %	2.25	0.20	0.50	0.37	0.11

Historical Average Market Capitalization



Historical Value - Growth Score

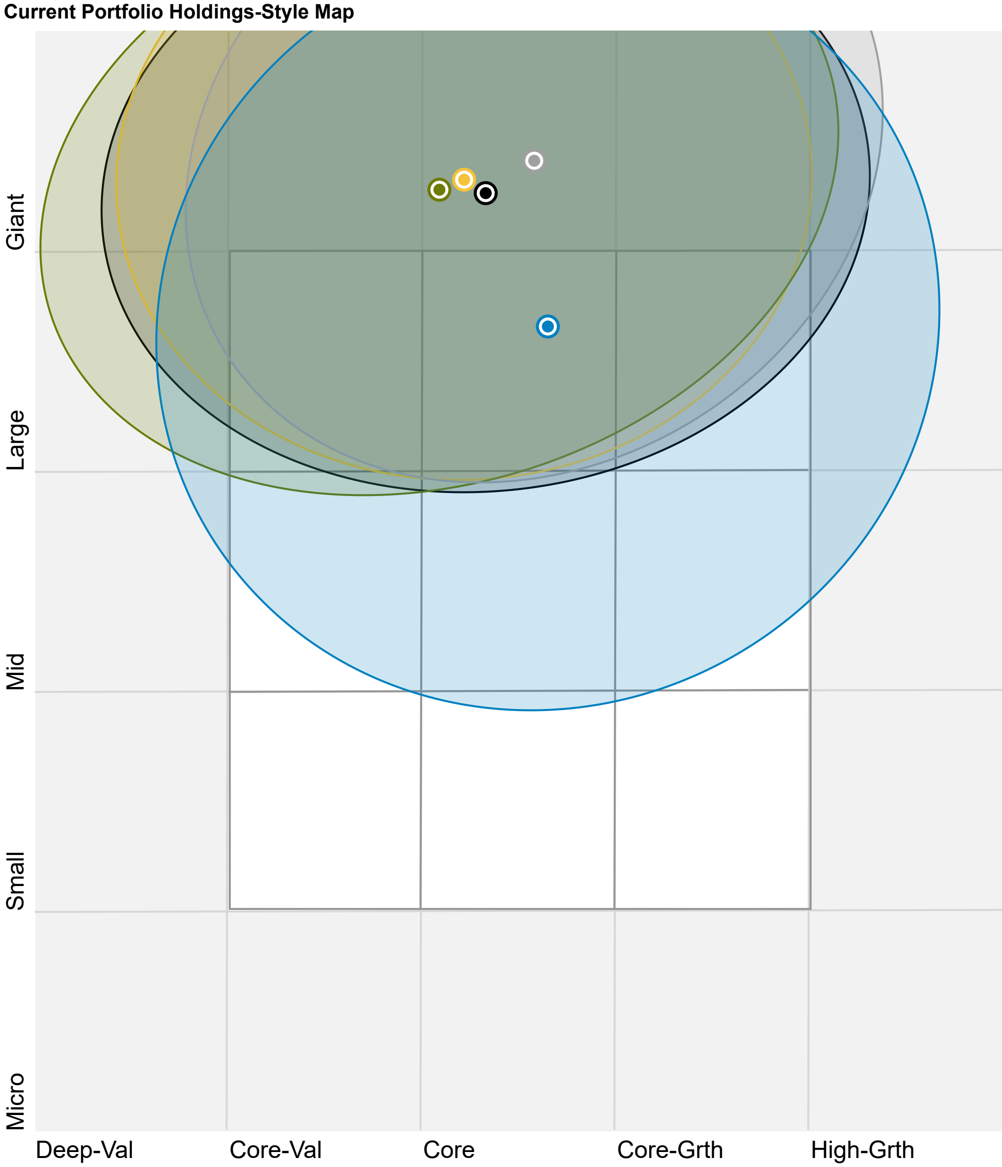


ABS EM Strategic Portfolio
Allspring Emerging Markets Equity Inst
Vanguard Emerging Markets Select Stock Inv
Wellington Emerging Markets Research Equity
MSCI EM NR USD

Current and Historical Holdings Based Style Analysis

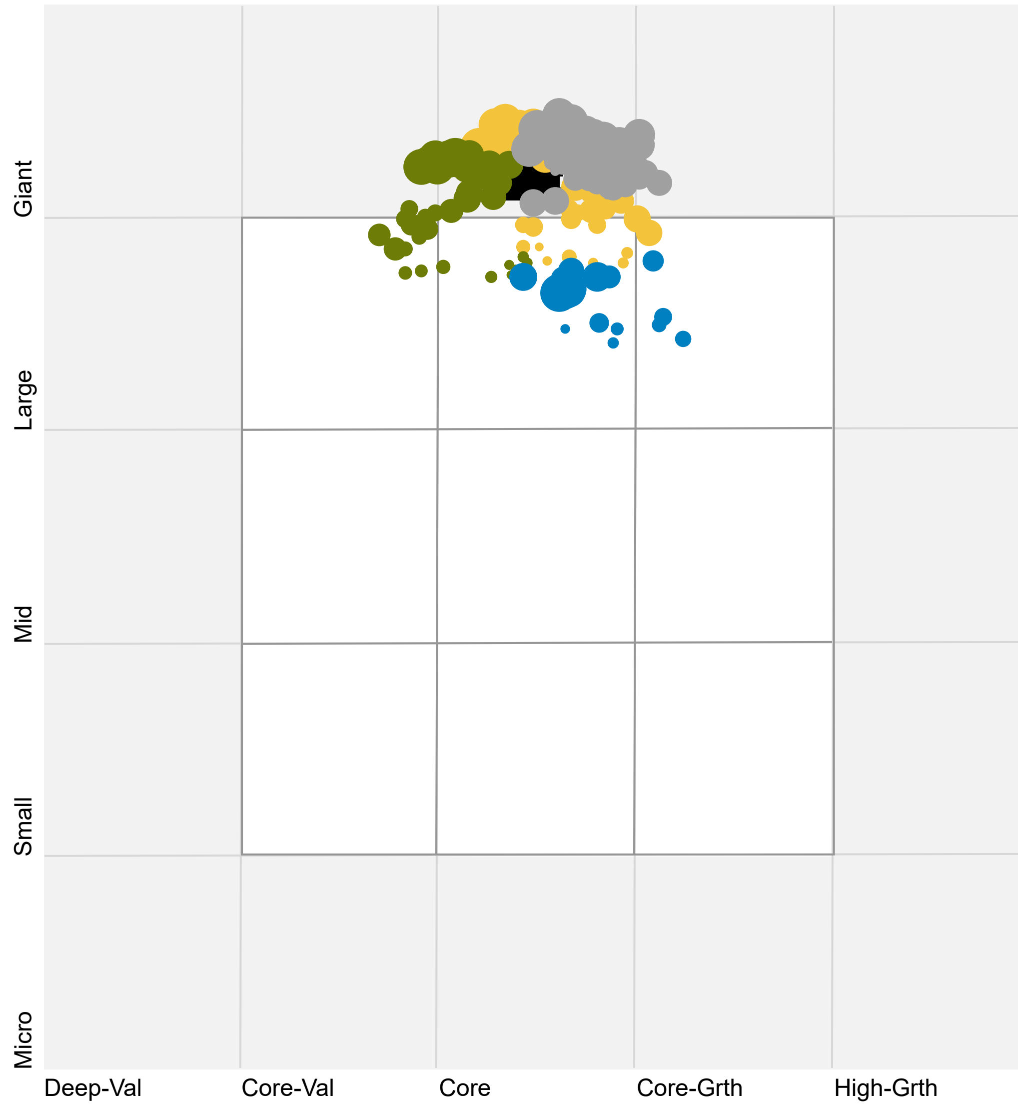
As of 6/30/2023

Current Portfolio Holdings-Style Map



Historical Holdings-Based Style Trail

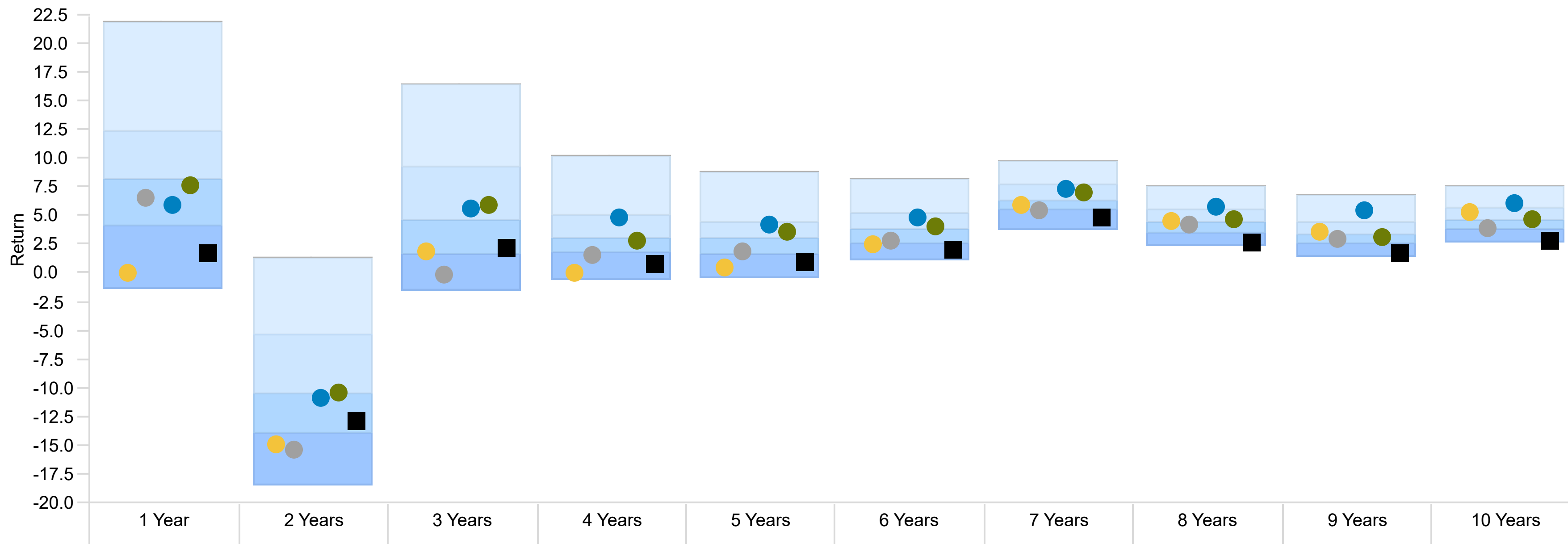
Time Period: 7/31/2013 to 6/30/2023



ABS EM Strategic Portfolio
Allspring Emerging Markets Equity Inst
Vanguard Emerging Markets Select Stock Inv
Wellington Emerging Markets Research Equity
MSCI EM NR USD

Quantitative Review

Peer Group (5-95%): Separate Accounts - U.S. - Diversified Emerging Mkts



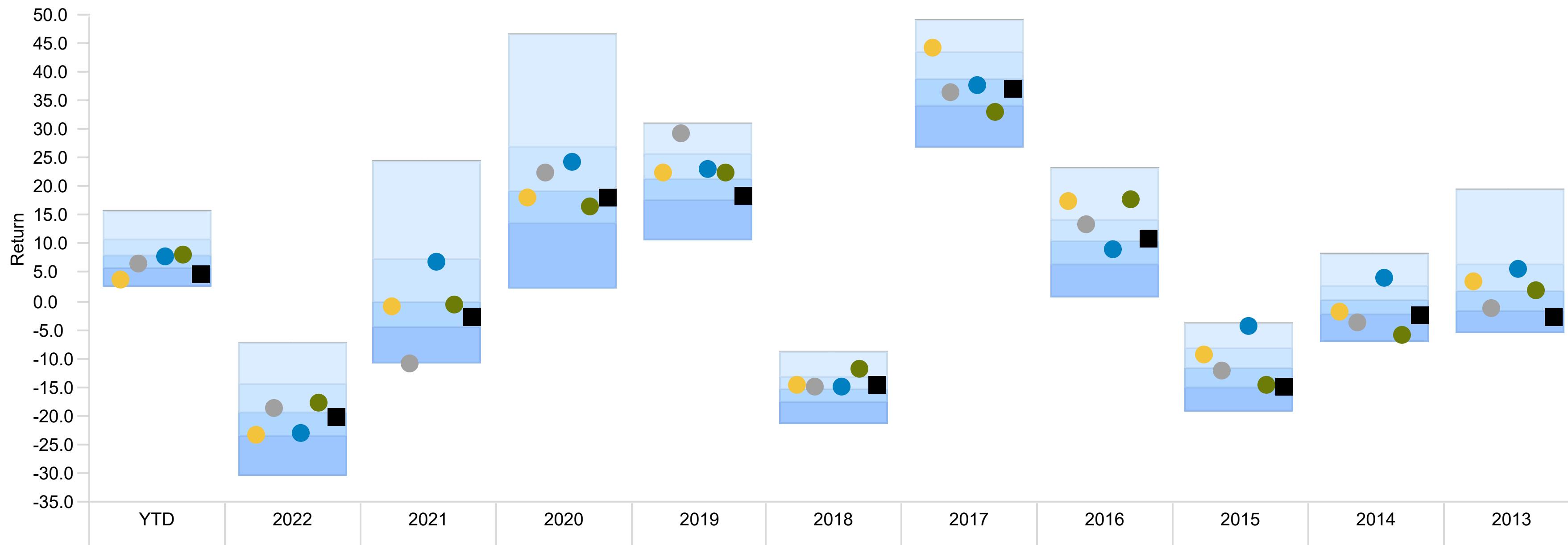
	1 Year	Rank	2 Years	Rank	3 Years	Rank	4 Years	Rank	5 Years	Rank	6 Years	Rank	7 Years	Rank	8 Years	Rank	9 Years	Rank	10 Years	Rank
ABS EM Strategic Portfolio	5.95	64	-10.83	52	5.72	41	4.94	26	4.34	28	4.97	26	7.35	33	5.87	20	5.55	12	6.17	19
Allspring Emerging Markets Equity Inst	6.55	61	-15.41	84	-0.01	89	1.67	76	1.99	65	2.82	69	5.57	73	4.23	56	3.08	60	3.91	73
Vanguard Emerging Markets Select Stock Inv	7.76	52	-10.34	49	5.93	40	2.85	52	3.70	37	4.17	44	7.03	39	4.76	39	3.14	57	4.67	48
Wellington Emerging Markets Research Equity	0.11	92	-14.94	81	1.95	72	0.10	89	0.56	88	2.53	77	5.98	60	4.60	45	3.70	39	5.35	29
MSCI EM NR USD	1.75	88	-12.81	67	2.32	69	0.86	83	0.93	84	2.11	84	4.95	81	2.66	93	1.76	90	2.95	93

ABS EM Strategic Portfolio
Allspring Emerging Markets Equity Inst
Vanguard Emerging Markets Select Stock Inv
Wellington Emerging Markets Research Equity
MSCI EM NR USD

Calendar Year Performance

As of 6/30/2023

Peer Group (5-95%): Separate Accounts - U.S. - Diversified Emerging Mkts



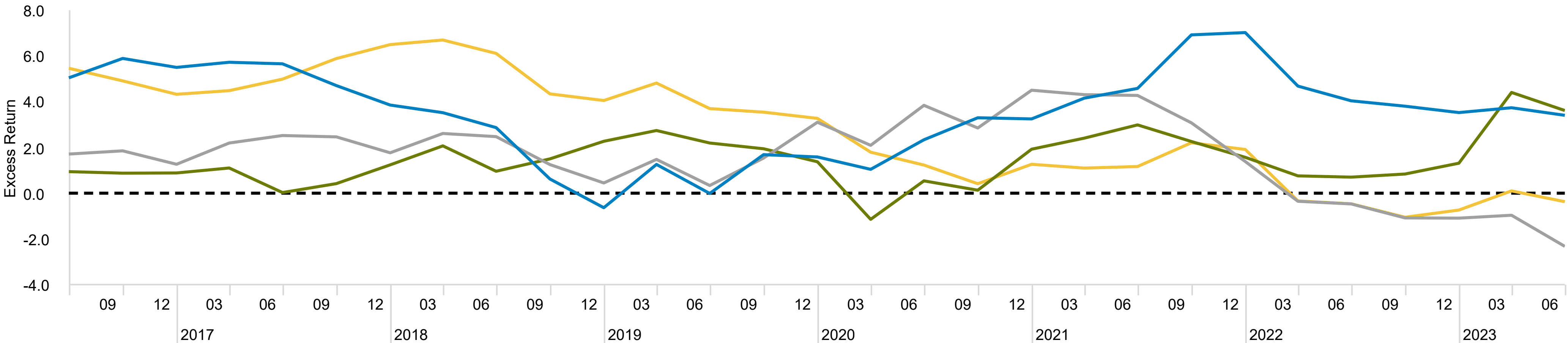
	YTD	Rank	2022	Rank	2021	Rank	2020	Rank	2019	Rank	2018	Rank	2017	Rank	2016	Rank	2015	Rank	2014	Rank	2013	Rank
ABS EM Strategic Portfolio	7.92	52	-22.97	72	6.88	27	24.52	31	23.34	38	-14.70	43	37.71	54	9.08	58	-4.05	6	4.24	17	5.83	28
Allspring Emerging Markets Equity Inst	6.65	66	-18.58	45	-10.86	96	22.72	39	29.56	9	-14.74	43	36.50	63	13.41	30	-11.97	54	-3.66	82	-0.93	70
Vanguard Emerging Markets Select Stock Inv	8.15	49	-17.51	40	-0.45	53	16.79	64	22.50	44	-11.71	16	33.21	78	17.92	12	-14.48	73	-5.73	90	1.95	49
Wellington Emerging Markets Research Equity	3.94	90	-23.17	73	-0.78	56	18.13	56	22.63	42	-14.40	37	44.28	18	17.75	12	-9.08	32	-1.55	67	3.72	39
MSCI EM NR USD	4.89	86	-20.09	56	-2.54	64	18.31	54	18.44	70	-14.58	40	37.28	57	11.19	46	-14.92	75	-2.19	72	-2.60	83

● ABS EM Strategic Portfolio
● Allspring Emerging Markets Equity Inst
● Vanguard Emerging Markets Select Stock Inv
● Wellington Emerging Markets Research Equity
■ MSCI EM NR USD

Rolling Excess Returns

Time Period: 7/1/2013 to 6/30/2023

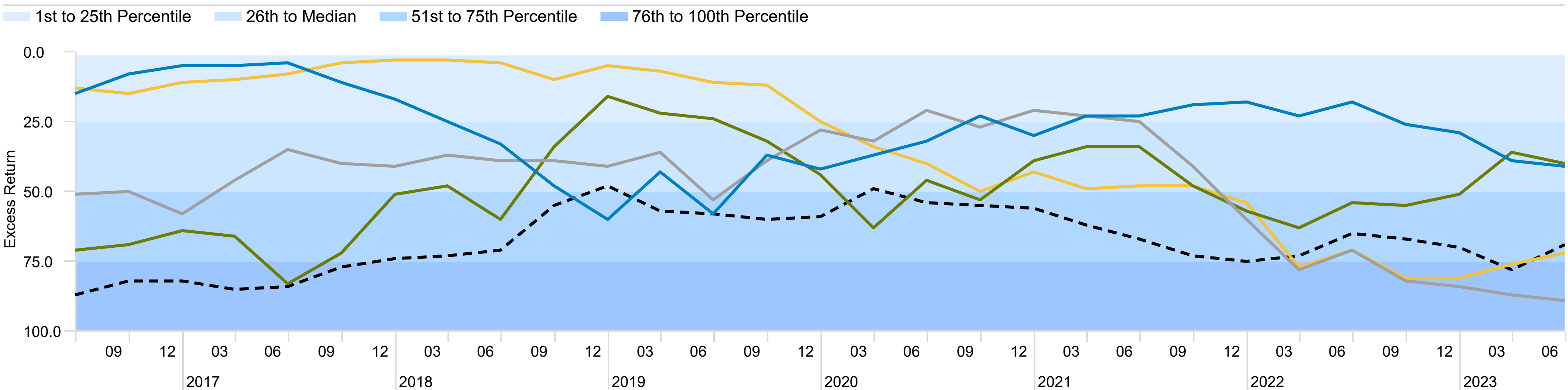
Rolling Window: 3 Years 3 Months shift   Calculation Benchmark: MSCI EM NR USD



Rolling Excess Return Rankings

Time Period: 7/1/2013 to 6/30/2023

Rolling Window: 3 Years 3 Months shift   Calculation Benchmark: MSCI EM NR USD

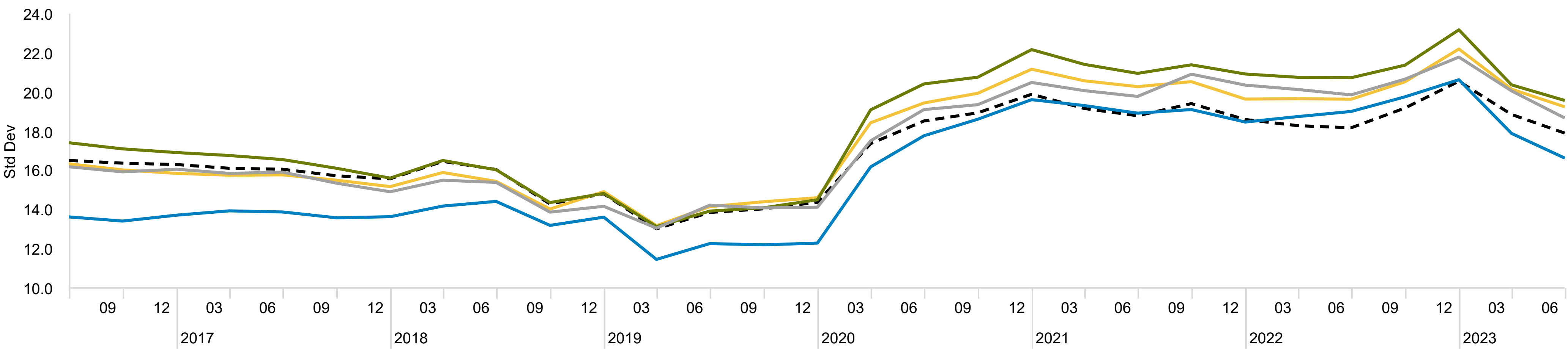


ABS EM Strategic Portfolio
Allspring Emerging Markets Equity Inst
Vanguard Emerging Markets Select Stock Inv
Wellington Emerging Markets Research Equity
MSCI EM NR USD

Rolling Standard Deviation

Time Period: 7/1/2013 to 6/30/2023

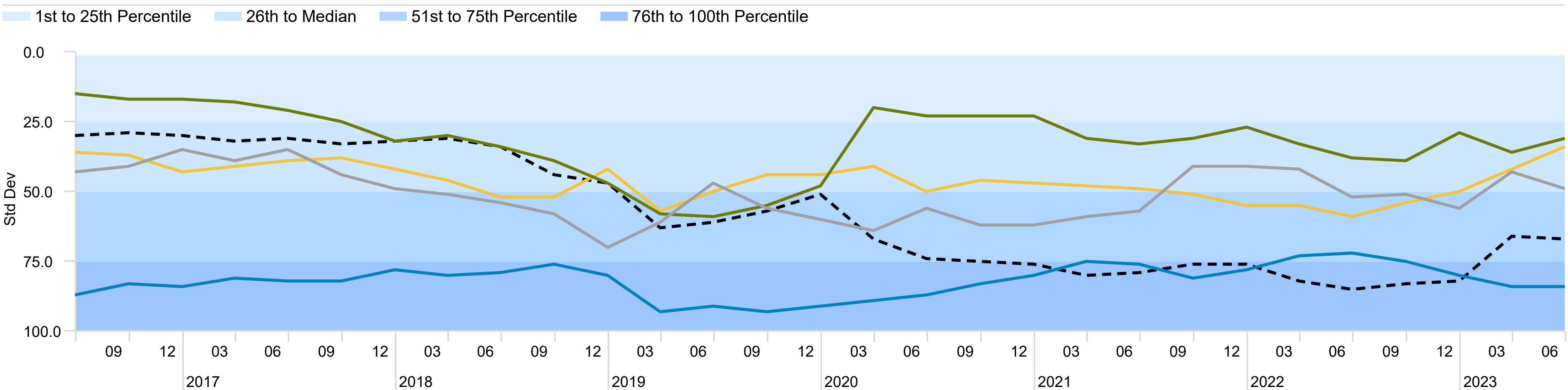
Rolling Window: 3 Years 3 Months shift



Rolling Standard Deviation Rankings

Time Period: 7/1/2013 to 6/30/2023

Rolling Window: 3 Years 3 Months shift



ABS EM Strategic Portfolio
Allspring Emerging Markets Equity Inst
Vanguard Emerging Markets Select Stock Inv
Wellington Emerging Markets Research Equity
MSCI EM NR USD

Correlation Matrix

Time Period: 7/1/2013 to 6/30/2023

	1	2	3	4	5
1 ABS EM Strategic Portfolio	1.00				
2 Allspring Emerging Markets Equity Inst	0.95	1.00			
3 Vanguard Emerging Markets Select Stock Inv	0.95	0.97	1.00		
4 Wellington Emerging Markets Research Equity	0.96	0.96	0.98	1.00	
5 MSCI EM NR USD	0.96	0.97	0.98	0.98	1.00

Excess Return Correlation

Time Period: 7/1/2013 to 6/30/2023

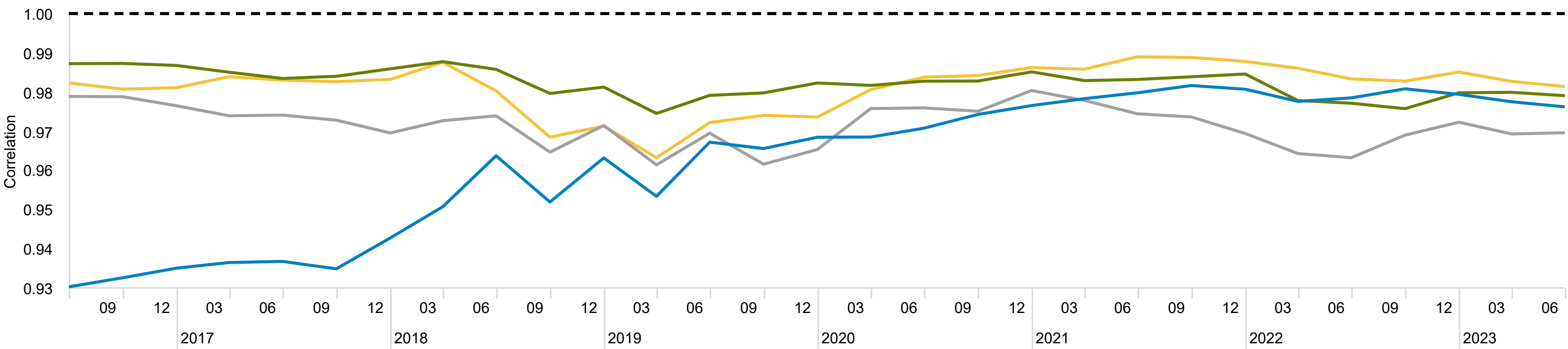
Calculation Benchmark: MSCI EM NR USD

		1	2	3	4	5
1 ABS EM Strategic Portfolio	MSCI EM NR USD	1.00				
2 Allspring Emerging Markets Equity Inst	MSCI EM NR USD	0.21	1.00			
3 Vanguard Emerging Markets Select Stock Inv	MSCI EM NR USD	0.01	0.39	1.00		
4 Wellington Emerging Markets Research Equity	MSCI EM NR USD	0.23	0.21	0.47	1.00	
5 MSCI EM NR USD	MSCI EM NR USD					1.00

Rolling Correlation

Time Period: 7/1/2013 to 6/30/2023

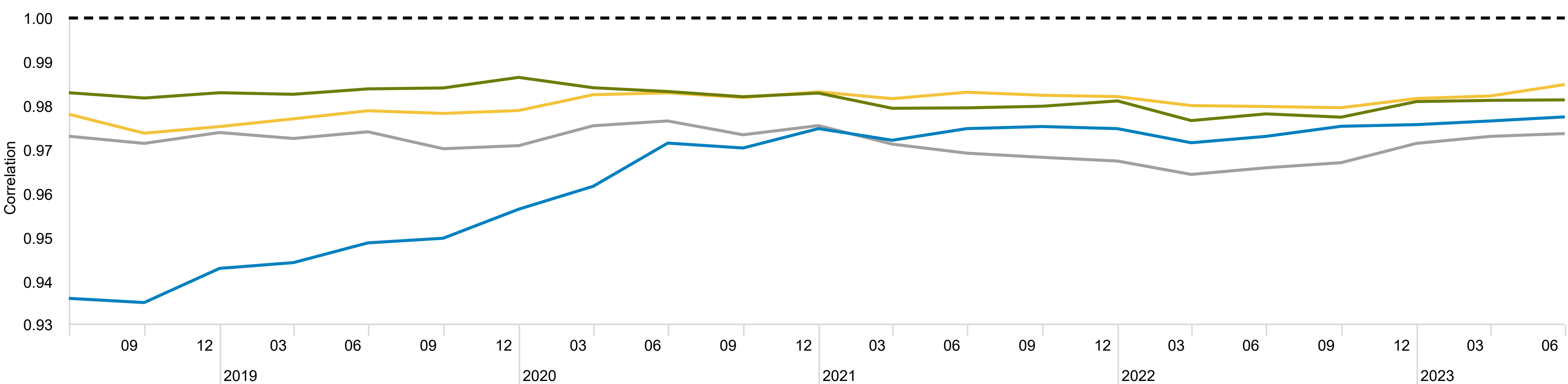
Rolling Window: 3 Years 3 Months shift



Rolling Correlation

Time Period: 7/1/2013 to 6/30/2023

Rolling Window: 5 Years 3 Months shift

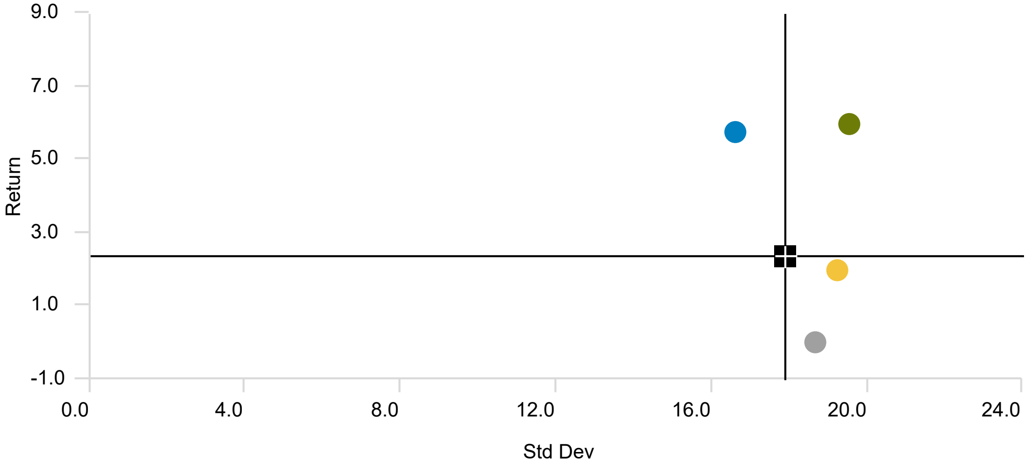


ABS EM Strategic Portfolio
Allspring Emerging Markets Equity Inst
Vanguard Emerging Markets Select Stock Inv
Wellington Emerging Markets Research Equity
MSCI EM NR USD

Risk-Reward: 3-Year

Time Period: 7/1/2020 to 6/30/2023

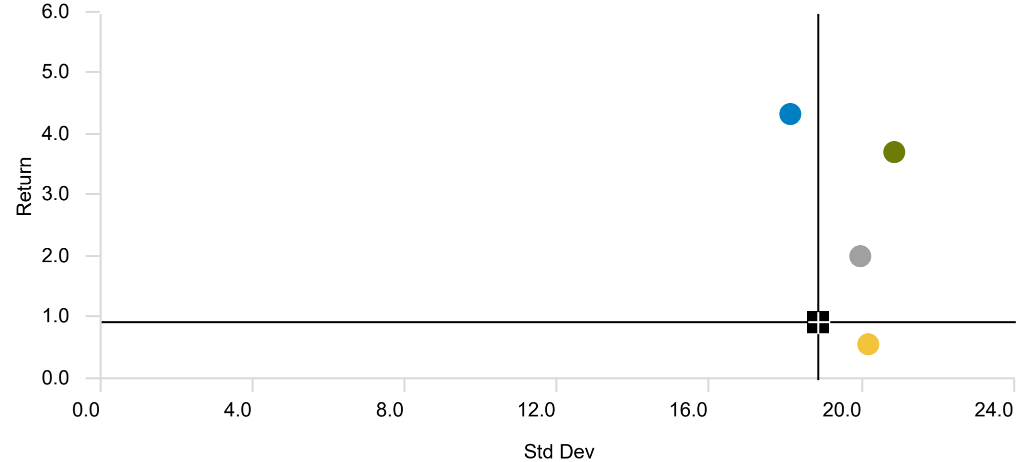
Calculation Benchmark: MSCI EM NR USD



Risk-Reward: 5-Year

Time Period: 7/1/2018 to 6/30/2023

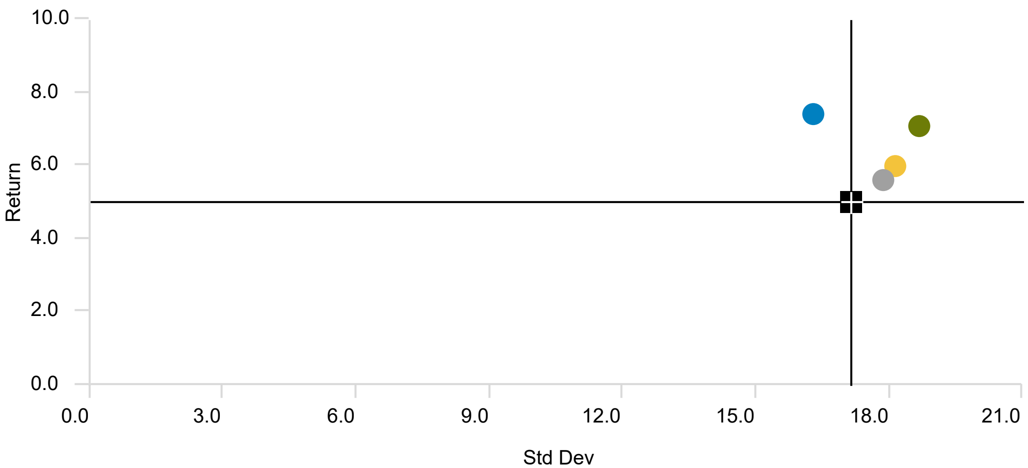
Calculation Benchmark: MSCI EM NR USD



Risk-Reward: 7-Year

Time Period: 7/1/2016 to 6/30/2023

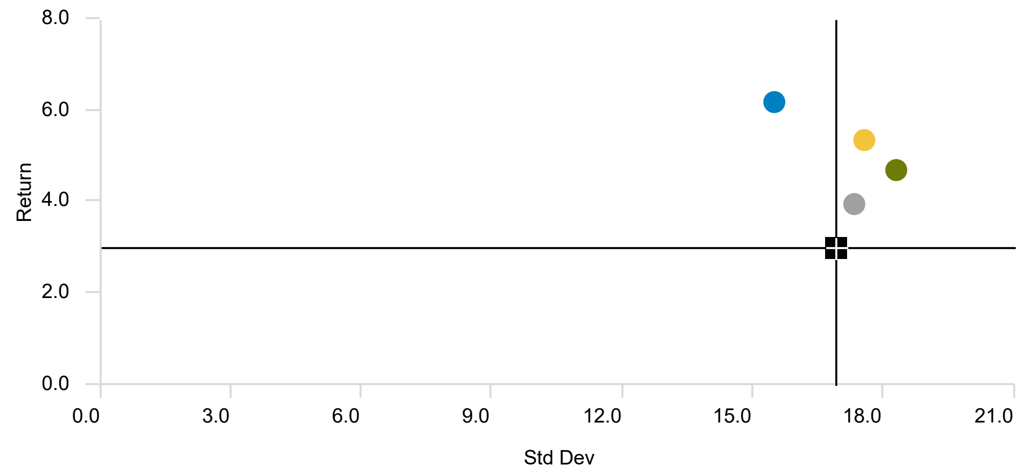
Calculation Benchmark: MSCI EM NR USD



Risk-Reward: 10-Year

Time Period: 7/1/2013 to 6/30/2023

Calculation Benchmark: MSCI EM NR USD



ABS EM Strategic Portfolio

Allspring Emerging Markets Equity Inst

Vanguard Emerging Markets Select Stock Inv

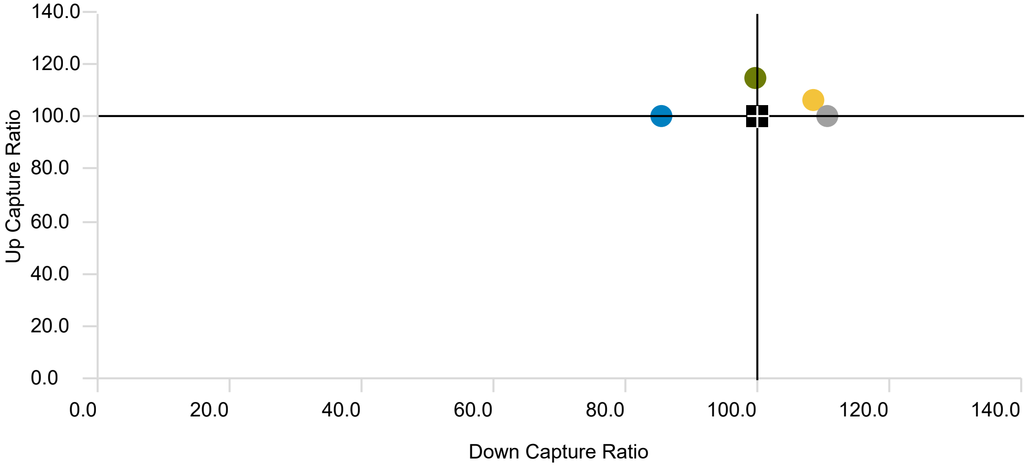
Wellington Emerging Markets Research Equity

MSCI EM NR USD

Up and Down Market Capture: 3-Year

Time Period: 7/1/2020 to 6/30/2023

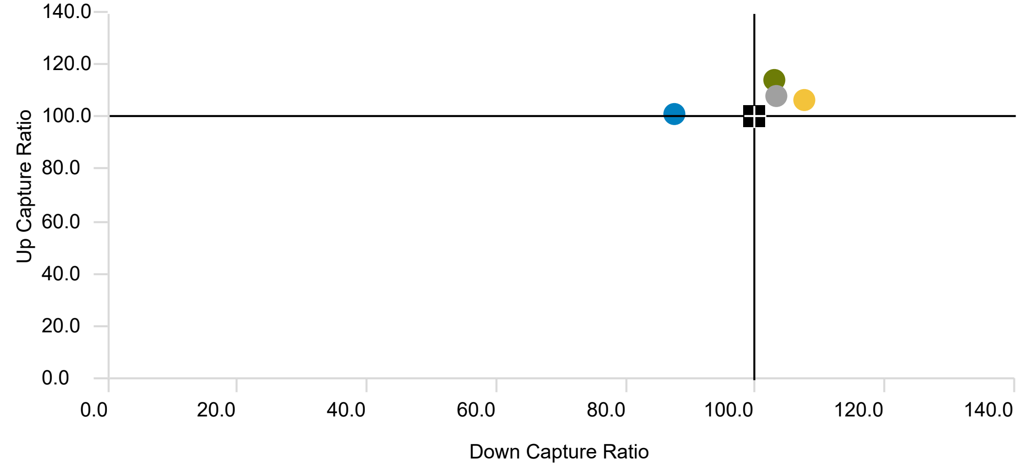
Calculation Benchmark: MSCI EM NR USD



Up and Down Market Capture: 5-Year

Time Period: 7/1/2018 to 6/30/2023

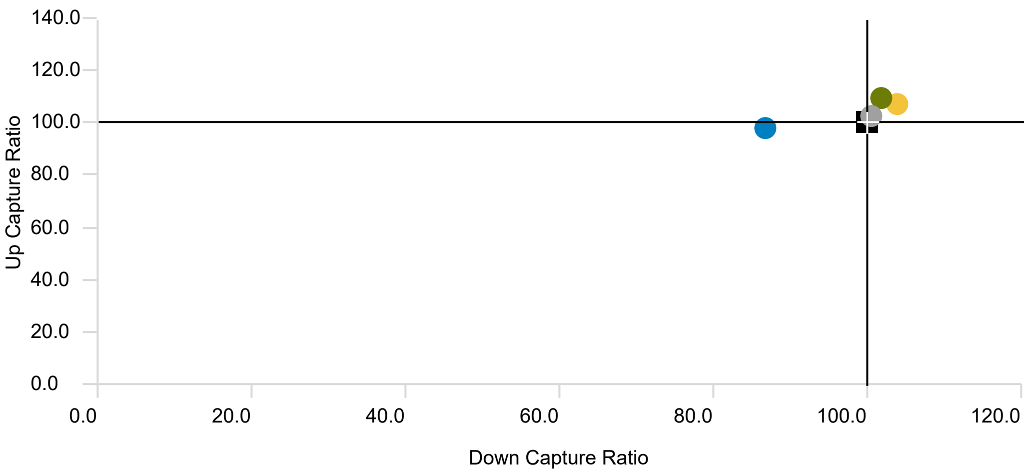
Calculation Benchmark: MSCI EM NR USD



Up and Down Market Capture: 7-Year

Time Period: 7/1/2016 to 6/30/2023

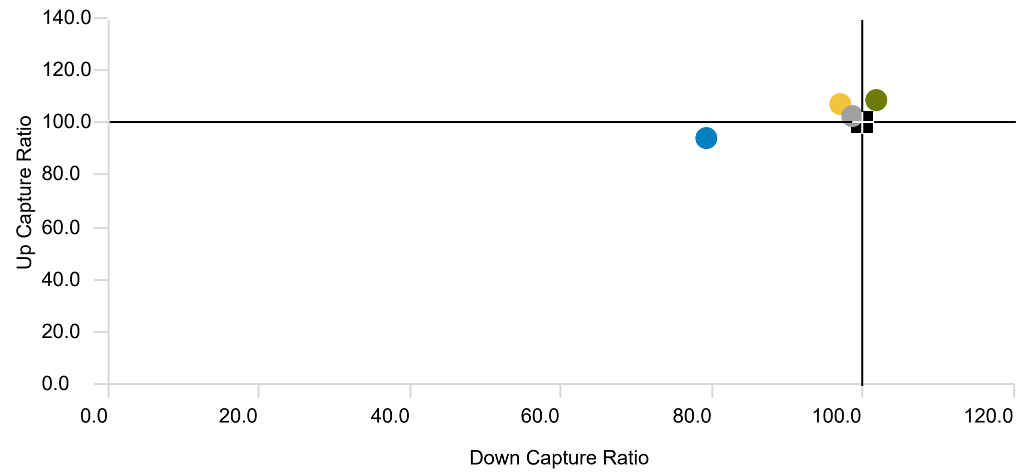
Calculation Benchmark: MSCI EM NR USD



Up and Down Market Capture: 10-Year

Time Period: 7/1/2013 to 6/30/2023

Calculation Benchmark: MSCI EM NR USD



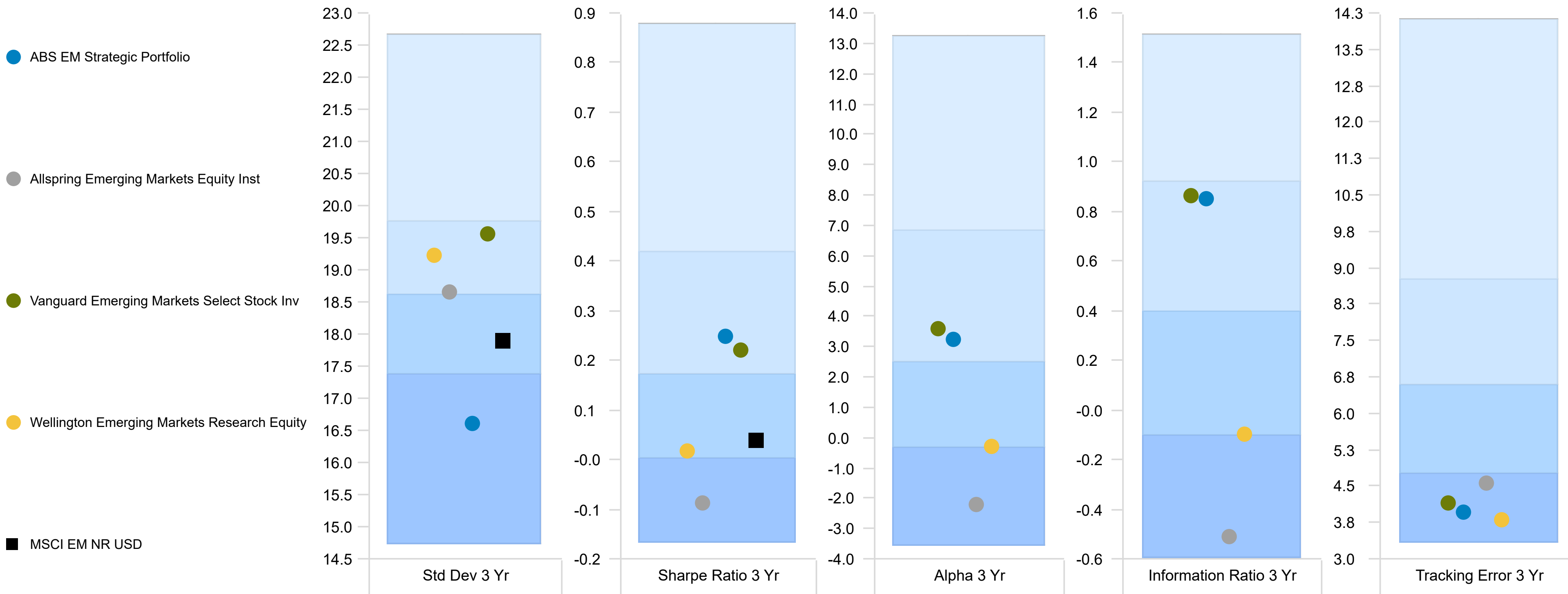
ABS EM Strategic Portfolio

Allspring Emerging Markets Equity Inst

Vanguard Emerging Markets Select Stock Inv

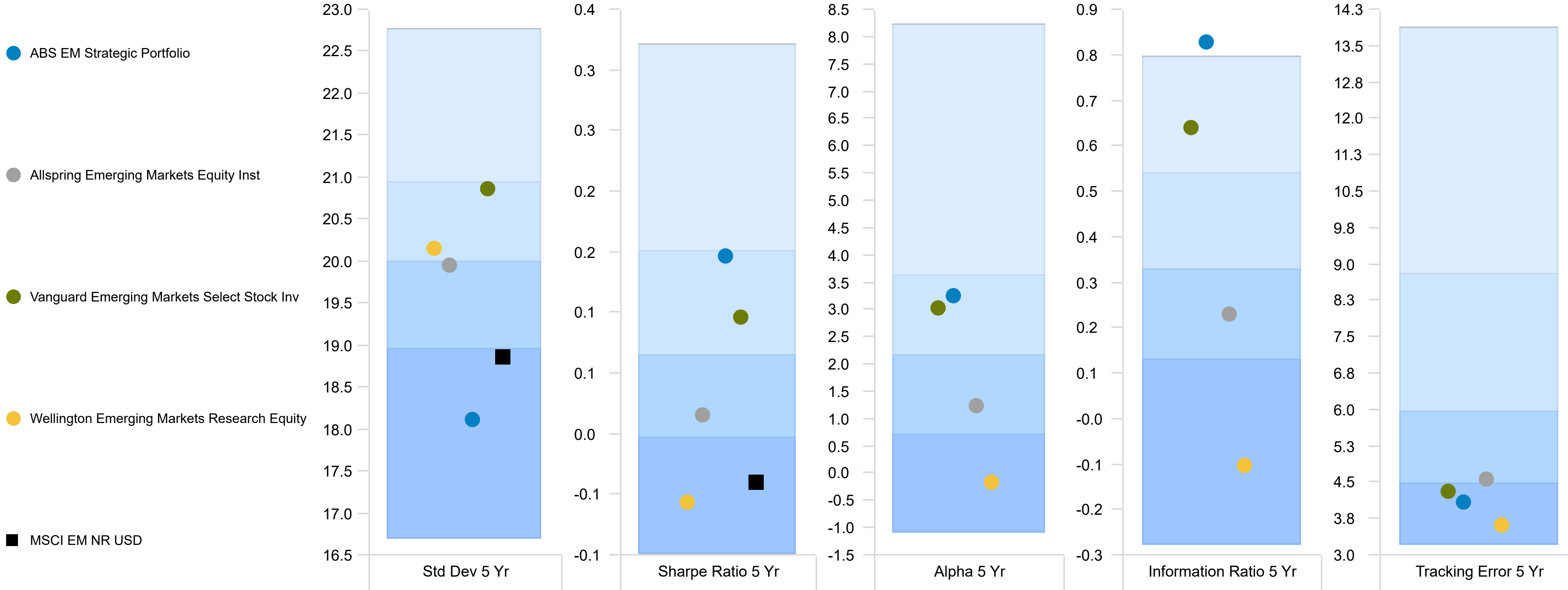
Wellington Emerging Markets Research Equity

MSCI EM NR USD



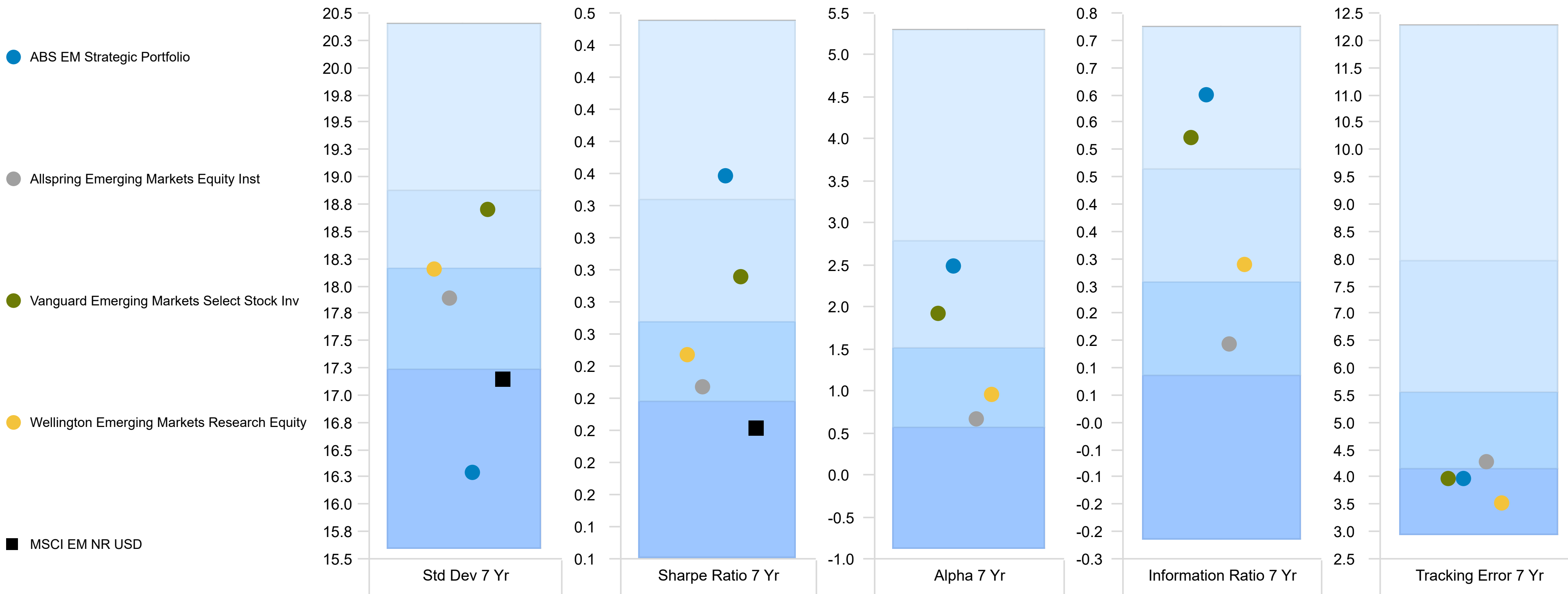
Time Period: 7/1/2020 to 6/30/2023

	Std Dev	Rank	Sharpe Ratio	Rank	Alpha	Rank	Information Ratio	Rank	Tracking Error	Rank
ABS EM Strategic Portfolio	16.63	84	0.25	40	3.28	41	0.86	30	3.97	89
Allspring Emerging Markets Equity Inst	18.67	49	-0.09	90	-2.18	90	-0.51	93	4.56	77
Vanguard Emerging Markets Select Stock Inv	19.57	31	0.22	43	3.60	39	0.87	30	4.17	85
Wellington Emerging Markets Research Equity	19.24	34	0.02	72	-0.26	74	-0.10	75	3.82	90
MSCI EM NR USD	17.90	67	0.04	68	0.00	71			0.00	100



Time Period: 7/1/2018 to 6/30/2023

	Std Dev	Rank	Sharpe Ratio	Rank	Alpha	Rank	Information Ratio	Rank	Tracking Error	Rank
ABS EM Strategic Portfolio	18.11	88	0.15	26	3.27	31	0.83	4	4.11	82
Allspring Emerging Markets Equity Inst	19.95	52	0.02	65	1.24	65	0.23	62	4.58	72
Vanguard Emerging Markets Select Stock Inv	20.86	28	0.10	40	3.03	35	0.64	14	4.32	77
Wellington Emerging Markets Research Equity	20.16	45	-0.06	89	-0.17	88	-0.10	91	3.64	89
MSCI EM NR USD	18.86	78	-0.04	85	0.00	88			0.00	100

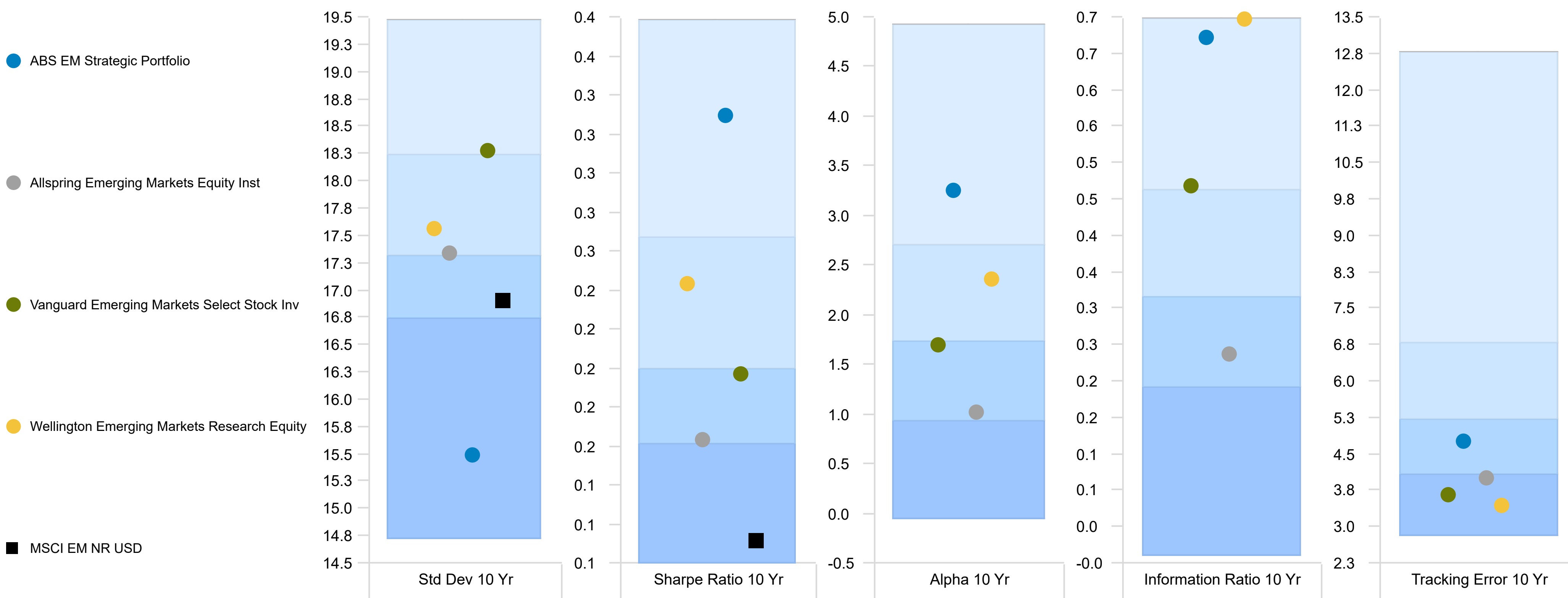


Time Period: 7/1/2016 to 6/30/2023

	Std Dev	Rank	Sharpe Ratio	Rank	Alpha	Rank	Information Ratio	Rank	Tracking Error	Rank
ABS EM Strategic Portfolio	16.30	89	0.36	21	2.50	32	0.60	14	4.00	79
Allspring Emerging Markets Equity Inst	17.90	58	0.23	70	0.67	74	0.14	70	4.29	73
Vanguard Emerging Markets Select Stock Inv	18.70	31	0.30	46	1.93	45	0.52	20	3.97	79
Wellington Emerging Markets Research Equity	18.16	50	0.25	61	0.97	63	0.29	46	3.54	89
MSCI EM NR USD	17.15	78	0.20	81	0.00	84			0.00	100

Multi Statistic Analysis

As of 6/30/2023

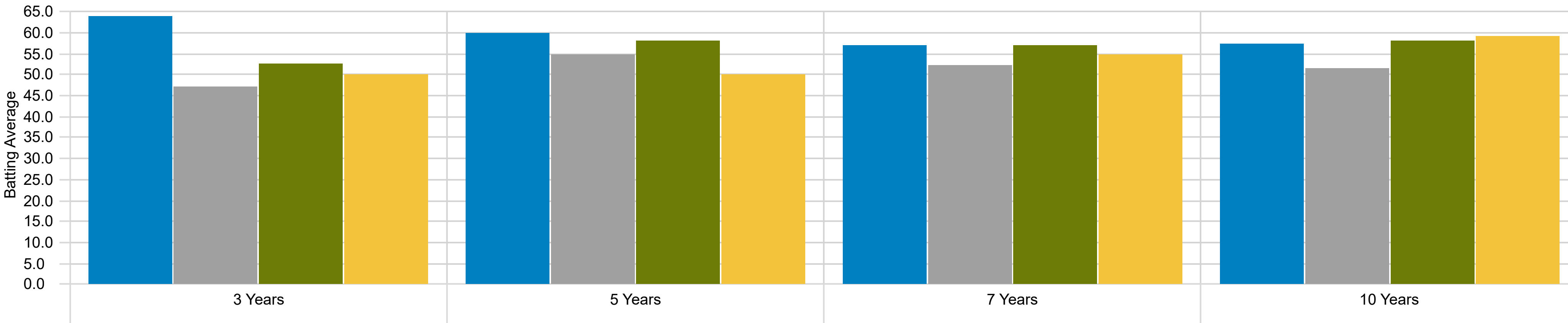


Time Period: 7/1/2013 to 6/30/2023

	Std Dev	Rank	Sharpe Ratio	Rank	Alpha	Rank	Information Ratio	Rank	Tracking Error	Rank
ABS EM Strategic Portfolio	15.50	91	0.33	10	3.27	21	0.67	8	4.79	59
Allspring Emerging Markets Equity Inst	17.35	49	0.16	74	1.02	74	0.24	63	4.03	77
Vanguard Emerging Markets Select Stock Inv	18.28	24	0.20	51	1.71	50	0.47	24	3.66	85
Wellington Emerging Markets Research Equity	17.57	46	0.24	32	2.36	31	0.70	5	3.44	88
MSCI EM NR USD	16.91	69	0.11	93	0.00	94			0.00	100

Batting Average

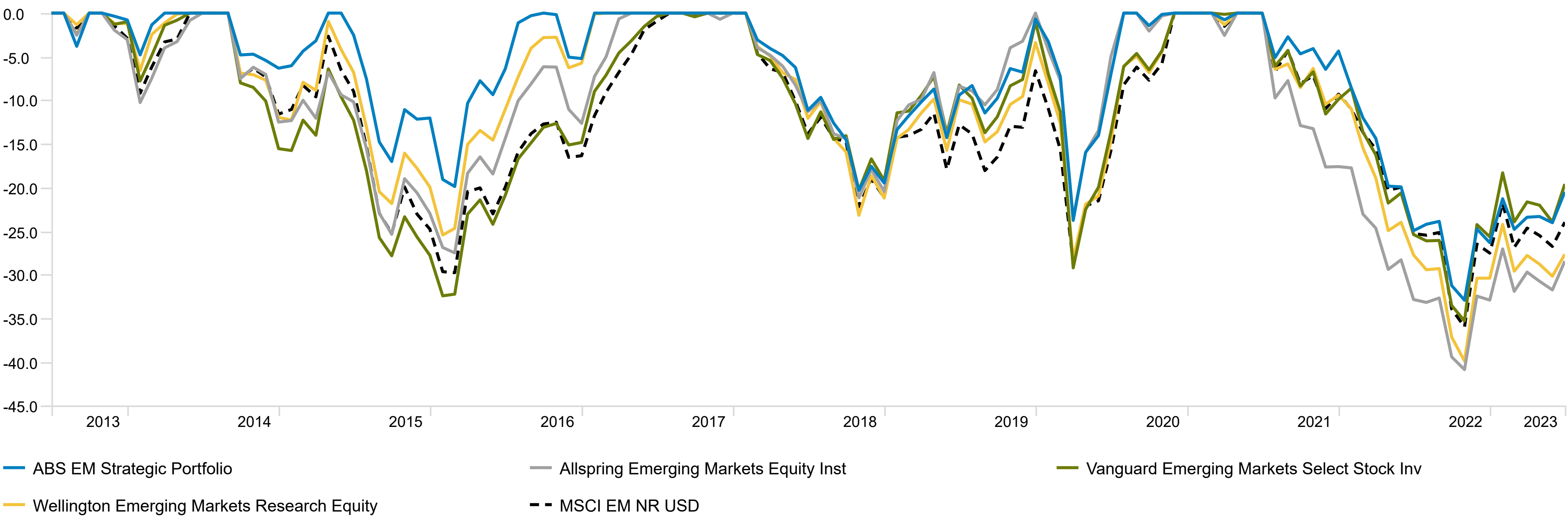
Source Data: Monthly Return Calculation Benchmark: MSCI EM NR USD



Drawdown

Time Period: 7/1/2013 to 6/30/2023

Source Data: Monthly Return



MPT Statistics: 3-Year

Time Period: 7/1/2020 to 6/30/2023 Calculation Benchmark: MSCI EM NR USD

	ABS EM Strategic Portfolio	Allspring Emerging Markets Equity Inst	Vanguard Emerging Markets Select Stock Inv	Wellington Emerging Markets Research Equity	MSCI EM NR USD
Return	5.72	-0.01	5.93	1.95	2.32
Excess Return	3.40	-2.33	3.61	-0.37	0.00
Std Dev	16.63	18.67	19.57	19.24	17.90
Beta	0.91	1.01	1.07	1.05	1.00
Tracking Error	3.97	4.56	4.17	3.82	0.00
Sharpe Ratio	0.25	-0.09	0.22	0.02	0.04
Alpha	3.28	-2.18	3.60	-0.26	0.00
Information Ratio	0.86	-0.51	0.87	-0.10	
Batting Average	63.89	47.22	52.78	50.00	100.00
Up Capture Ratio	100.19	100.05	114.43	106.50	100.00
Down Capture Ratio	85.34	110.44	99.60	108.55	100.00

MPT Statistics: 5-Year

Time Period: 7/1/2018 to 6/30/2023 Calculation Benchmark: MSCI EM NR USD

	ABS EM Strategic Portfolio	Allspring Emerging Markets Equity Inst	Vanguard Emerging Markets Select Stock Inv	Wellington Emerging Markets Research Equity	MSCI EM NR USD
Return	4.34	1.99	3.70	0.56	0.93
Excess Return	3.41	1.06	2.77	-0.37	0.00
Std Dev	18.11	19.95	20.86	20.16	18.86
Beta	0.94	1.03	1.08	1.05	1.00
Tracking Error	4.11	4.58	4.32	3.64	0.00
Sharpe Ratio	0.15	0.02	0.10	-0.06	-0.04
Alpha	3.27	1.24	3.03	-0.17	0.00
Information Ratio	0.83	0.23	0.64	-0.10	
Batting Average	60.00	55.00	58.33	50.00	100.00
Up Capture Ratio	101.14	107.64	114.05	106.31	100.00
Down Capture Ratio	87.66	103.36	103.00	107.75	100.00

MPT Statistics: 7-Year

Time Period: 7/1/2016 to 6/30/2023 Calculation Benchmark: MSCI EM NR USD

	ABS EM Strategic Portfolio	Allspring Emerging Markets Equity Inst	Vanguard Emerging Markets Select Stock Inv	Wellington Emerging Markets Research Equity	MSCI EM NR USD
Return	7.35	5.57	7.03	5.98	4.95
Excess Return	2.40	0.62	2.08	1.03	0.00
Std Dev	16.30	17.90	18.70	18.16	17.15
Beta	0.92	1.01	1.07	1.04	1.00
Tracking Error	4.00	4.29	3.97	3.54	0.00
Sharpe Ratio	0.36	0.23	0.30	0.25	0.20
Alpha	2.50	0.67	1.93	0.97	0.00
Information Ratio	0.60	0.14	0.52	0.29	
Batting Average	57.14	52.38	57.14	54.76	100.00
Up Capture Ratio	98.18	102.77	109.48	107.19	100.00
Down Capture Ratio	86.78	100.44	101.76	103.82	100.00

MPT Statistics: 10-Year

Time Period: 7/1/2013 to 6/30/2023 Calculation Benchmark: MSCI EM NR USD

	ABS EM Strategic Portfolio	Allspring Emerging Markets Equity Inst	Vanguard Emerging Markets Select Stock Inv	Wellington Emerging Markets Research Equity	MSCI EM NR USD
Return	6.17	3.91	4.67	5.35	2.95
Excess Return	3.22	0.96	1.72	2.40	0.00
Std Dev	15.50	17.35	18.28	17.57	16.91
Beta	0.88	1.00	1.06	1.02	1.00
Tracking Error	4.79	4.03	3.66	3.44	0.00
Sharpe Ratio	0.33	0.16	0.20	0.24	0.11
Alpha	3.27	1.02	1.71	2.36	0.00
Information Ratio	0.67	0.24	0.47	0.70	
Batting Average	57.50	51.67	58.33	59.17	100.00
Up Capture Ratio	94.27	102.75	108.65	106.98	100.00
Down Capture Ratio	79.28	98.69	101.75	96.92	100.00

Investment Option Narratives

Firm Overview

ABS Investment Management LLC (ABS) is an investment management firm specializing in global equity solutions. The firm focuses on active equity strategies across the globe and has extensive experience in emerging markets investing. The firm was founded in 2002 by Alain DeCoster, Laurence Russian and Guilherme Valle, who have worked together since 1994. ABS is headquartered in Greenwich, CT, with research offices in Hong Kong and Zurich. ABS is majority-owned by over 20 employees with the investment banking firm Evercore Partners (NYSE: EVR) holding a passive 23% ownership stake.

Team Overview

ABS has over 30 employees, the majority of which are based in the firm's Greenwich, CT headquarters. The investment team is led by the three portfolio managers, Laurence Russian, Guilherme Valle, and Michael Halper. The portfolio managers are supported by eight qualitative analysts, four quantitative analysts and five operational due diligence analysts. Over half of the firm's employees are equity partners, and given the firm's global reach, the team has a diverse range of employees that belong to 12 nationalities and speak 13 different languages. Guilherme Valle is the lead portfolio manager for the ABS EM Strategic strategy, and is supported by analysts Donald Leung, Omar Yacoub, Natascha Willans, Yousig Al-Shamali, and Sharon Liu.

All firm strategy decisions are made by the Investment Committee, which is comprised of the Portfolio Managers (Laurence Russian, Guilherme Valle, and Michael Halper) and Head of Risk Management (Sean White), who have worked together for over 10 years. Any new manager being added to a portfolio requires sign-off by two of the four IC members. In addition, both the quantitative and ODD teams have the power to veto any investment based on their independent analysis.

Strategy Overview

The ABS EM Strategic Portfolio seeks to deliver excess performance relative to the MSCI Emerging Markets IMI Index by investing with approximately 15-20 country and/or regional experts that identify companies with attractive long-term alpha potential. The firm takes a differentiated approach to sourcing, where they seek to find the very best local specialists within a country and/or region. ABS EM Strategic portfolio is a fund of funds. The goal of the team is to identify local specialists across all the major emerging market regions where excess returns are generated primarily from stock selection as opposed to country and/or top-down decisions.

The portfolio is all cap in nature, with a limit of 50% to small cap stocks. Country and sector allocations are typically within +/- 15% versus the weights of the MSCI Emerging Markets IMI Index, and exposure to developed and frontier market countries is limited to 15%, as defined by MSCI's classification standards. Over time, we anticipate that the portfolio will have a bias towards local consumption-oriented themes in the mid/small cap segments.

Expectations

The ABS EM Strategic portfolio is designed to outperform the MSCI EM IMI Index over a full market cycle with a similar level of risk while also tracking the index's broad regional allocations. While there is diversification across sectors and countries, each manager can allocate differently across sectors and market capitalizations. While the portfolio is diversified by the number of stocks, the tracking error relative to the benchmark has been in the 4-5% range. We would expect the strategy to outperform during periods where there is wide stock dispersion with fundamentals driving stock prices. Each sub advisors' ability to seek opportunities in broader and deeper areas in the asset class, including non-benchmark stocks and less researched companies, should allow them to generate alpha over the long term. The portfolio may underperform in periods where large, global-oriented index stocks are the primary drivers of performance.

Points to Consider

The track record for ABS EM Strategic is limited. Although the team has been investing in emerging markets for over 20 years, it has only managed dedicated EM strategies since 2012, when the firm launched the ABS EM Portfolio, which is a long-biased strategy with shorting capabilities utilizing the same multi-manager approach with the same subadvisors. ABS EM Strategic Portfolio's live track record is five years.

Clients that invest in the ABS EM Strategic portfolio pay higher than average fees compared to competitors investing in the same category. Currently, investors pay ABS a management fee of 0.75% to access the EM Strategic portfolio on top of the flat fees paid to the underlying managers. Furthermore, ABS applies some incentive fees above a preferred return negotiated with each manager.

The liquidity risk is higher relative to EM strategies with shorter liquidity terms. ABS EM Strategic portfolio offers monthly liquidity with 60-days advanced notice required.

Alain De Coster, Portfolio Manager, decided to step down from the Management Committee of ABS at the end of 2022. De Coster will continue covering ABS investment managers and he is stepping down from the operational responsibilities. We believe the strategy is in good hands under PM Guilherme Valle's lead. Valle has been the lead PM for the strategy since inception.

Recommendation Summary

We believe EM Strategic will be best used as a complementary portfolio to a client's existing ACWI ex US or core EM exposure. ABS has been researching and investing in EM managers for more than 20 years. The firm's edge is broad knowledge of the global emerging universe. Since the firm's inception, ABS has researched nearly 1,700 emerging markets managers, including over more than 1,800 interactions per year. The firm's ABSolute database, which dates back to its inception, also appears differentiating, as a central repository for its thousands of manager interactions, historical holdings and performance information, risk management analytics, and operational due diligence. Importantly, ABS will never take ownership positions, or have revenue sharing agreements with any of its underlying managers.

EM Strategic is optimal for clients who prefer to access ABS's ability to source local market specialists but prefer to do so in a less benchmark-aware fashion, with a potential for higher tracking error but exposures to more unique EM companies and Frontier Markets.

Firm Overview

Allspring Global Investments (Allspring) is an independent asset manager owned by private equity firms GTCR LLC and Reverence Capital Partners, employees (approximately 20%), and Wells Fargo & Company (less than 9.9%). Allspring spun out of Wells Capital Management in 2021. The entity was originally founded in 1981 and is headquartered in Charlotte (NC), with satellite offices in Menomonee Falls (WI), Los Angeles, Minneapolis, Boston, and London. Allspring manages over $300 billion in assets across equities, fixed income and alternative strategies.

Team Overview

Allspring's Intrinsic EM team is led by PM Jerry Zhang, who joined the firm from Evergreen Investments in 2004 and has been managing the strategy since 2006. Co-PMs Derrick Irwin and Richard Peck joined the firm in 2005 and 2010, respectively. Gary Tan joined the team in 2022. A team of six analysts support the four PMs and the majority of the team is based in Boston.

Analyst coverage is split on a regional and sector basis with the materials and energy sectors covered globally and the rest the universe covered regionally. Zhang heads up the research efforts for companies based in Asia, while Irwin focuses on Europe, Middle East and Africa and Peck specializes in Latin America. Tan is expected to complement Zhang focusing in the Asian markets over time. While the investment approach is collaborative, ultimate portfolio decision responsibility falls to Zhang.

Strategy Overview

The team uses a bottom-up, fundamental research process to find quality companies selling at prices below their intrinsic value. They focus their research on those companies that are able to sustain high profitability over a long period of time which is expected to not only add value over a reasonable time frame, but protect investors from permanent capital loss.

The emerging equity universe is initially screened on quality (companies that generates return on capital greater than its cost of capital), which results in a focus list of approximately 300 stocks. This pool of quality stocks is the source for the team's portfolio construction decisions, where valuation is the trigger for inclusion. In-depth fundamental research carried out by PMs/analysts concentrates on this short list of high quality stocks. The focus of this part of the process is on deepening and confirming the investment thesis through industry research, site visits, examination of competitors and suppliers and exploration of the key macroeconomic headwinds or tailwinds the business model may face. Analysts develop base and stressed case scenarios for each stock to come up with a valuation range.

Portfolio construction is ultimately the responsibility of Zhang, however they consider all team members critical in providing input that leads to portfolio decisions. There is constant dialogue among all team members throughout the process. The final portfolio typically holds 90 to 150 stocks with a maximum position size at time of purchase of 5% (typically less than 3%). Countries and sectors are constrained depending on their weightings in the index. For those with an index weighting of greater than 15%, the portfolio is limited to 50% to 150% of the index weight. For index weightings between 5% and 15%, the portfolio is limited to 0% to 300% of the index weight. Finally, for index weightings below 5%, the portfolio can invest between 0% and 15% of portfolio value. Portfolio turnover averages less than 20% annually.

Expectations

We expect the strategy to outperform in down markets as the team's close attention to margin of safety at the individual portfolio holding level tends to provide a solid floor in a decline. In addition, markets where investors are focused on companies with stronger fundamentals, most notably those with higher profitability and strong competitive positions, should benefit relative performance. Conversely, we expect it to underperform in momentum-driven market environments. Additionally, when a particular style (value vs. growth) is the primary driver of overall returns, the strategy may lag the index due to its diversified, core approach.

Over a full market cycle, we believe Allspring Intrinsic EME has the potential to outperform the MSCI EM Index by 1%-3% annually gross of fees with modest, 3%-5%, tracking error.

Points to Consider

On February 23, 2021, GTCR LLC (GTCR) and Reverence Capital Partners, L.P. (Reverence) signed a definitive agreement to acquire Wells Fargo Asset Management (WFAM). The transaction closed in the second half of 2021. While investment teams have remained largely autonomous, there is risk of potential team turnover, team consolidations and other developments associated with an acquisition of this scale.

We consider the degree of the strategy's underperformance in 2021 uncommon relative to its earlier history during market declines. The Fund's performance was adversely impacted by holdings in China and Brazil which were affected by idiosyncratic regulatory intervention and macroeconomic headwinds.

Recommendation Summary

We recommend Allspring Intrinsic Emerging Markets Equity for both defined benefit and defined contribution clients looking for a diversified emerging markets equity strategy. The strategy employs bottom-up, fundamental research to find quality companies selling at compelling prices. The team's philosophy is long-term in nature and benchmark aware. PM Jerry Zhang has been the key decision-maker since 2006 and is supported by a long-tenured, capable team of three co-PMs and six analysts. Risk management is a key focus of the team at multiple levels: at the company level by focusing on margin of safety and quality, diversification at the portfolio level (country, sector, stock, and type of company), and finally at the firm level with oversight from the independent Risk Management Oversight team.

Firm Overview

Founded in 1975 and headquartered in Malvern, PA, Vanguard Group (Vanguard) is one of the world's largest investment management companies. The firm is structured as a mutual company, owned by the Vanguard funds and its investors. Vanguard offers investments, advice and retirement services, and insights and perspectives to individual investors, institutions, and financial professionals. Vanguard's fund family comprises more than 400 member funds with more than $7 trillion in assets across a broad array of investment categories, including passive equities, active equities, bond funds, balanced funds, money market, and stable value strategies.

Team Overview

Vanguard Emerging Markets Select (EMS) is a multimanager Fund. The four-manager lineup includes Baillie Gifford Overseas (Baillie Gifford), Oaktree Capital Management (Oaktree), Pzena Investment Management (Pzena) and Wellington Management Company (Wellington). Andrew Stobart and Mike Gush, Portfolio Managers, lead the Baillie Gifford's sleeve of the Fund. The Oaktree portion is managed by Portfolio Manager Frank Carroll, who boasts over 25 years of portfolio management experience. Pzena's sleeve is overseen by Caroline Cai, Allison Fisch, and Rakesh Bordia with an average of over 20 years of investment management experience. Mary Pryshlak is the listed Portfolio Manager for Wellington, however, the strategy is managed by 12 of its global industry analysts.

Vanguard's Portfolio Review Department, comprised of over 20 investment professionals and led by Matthew Piro, Global Head of Oversight and Manager Search, oversees the manager's due diligence and sub-advisor selection for the firm's more than $800 billion in externally managed assets spread across a range of asset classes. Vanguard's Board of Directors has final authority over hiring or terminating managers and approval of key decisions for the Fund.

Strategy Overview

Vanguard's investment philosophy is grounded on the belief that top talent, low costs, and patience drives successful active investment management over the long term. Vanguard EMS combines four high-caliber strategies in the EME category, showcasing high style consistency and low overlap of holdings. The approach has a long-term focus with a history of low turnover among its subadvisors. Oaktree, Pzena, and Wellington have managed the Fund since its inception in 2011, and Baillie Gifford was added in July 2018.

The Fund blends four managers with low correlations with each other, resulting in a portfolio with a wide basket of idiosyncratic ideas across the value and growth spectrum. Baillie Gifford relies on fundamental research to identify underappreciated growth companies that are expected to grow their profits faster than the market over the long term. Oaktree's opportunistic approach allows them to search for investment opportunities, whether they are found in fast-growing companies or in low-growth, cyclical stocks that trade at attractive discounts relative to their fair market value. Pzena applies a deep value bottom-up process to invest in companies trading within the cheapest quintile of the investment universe on a five-year price-to-normalized earnings outlook. Finally, Wellington populates the portfolio with the research team's best ideas across industries bringing an additional layer of diversification to the Fund.

While no absolute country and sector constraints exist at the Fund level, the Fund's sector and country allocations typically fall within +/-5% of the MSCI Emerging Markets Index. The annual portfolio turnover has averaged between 40% and 80%.

Expectations

Vanguard EMS is overseen by four managers that invest differently across styles, sectors, and market caps resulting in a portfolio with diverse holdings. Given its modest value tilt, the Fund is expected to outperform the MSCI Emerging Markets index in trending market environments when investors favor stocks with above-average dividend yields, strong free cash flow, and sensible valuations. Conversely, the Fund will tend to lag the index in highly speculative periods where high growth and momentum securities soar upwards and market environments that reward more expensive, non-dividend-paying companies such as 2020. Given the strategy's diversification by the number of stocks, countries, and sectors, we would expect tracking error to be on the lower side relative to actively managed peers in the category. Historical tracking error averages approximately 3% to 5%. We expect the strategy to produce an excess return of approximately 1-2% net of fees over a full market cycle.

Points to Consider

Vanguard EMS prospectus benchmark is the FTSE Emerging Index. However, we prefer clients benchmark the strategy against the MSCI Emerging Markets Index given a better alignment of the Fund's opportunity set. Clients choosing to use the FTSE Emerging Index should be aware that the index has different country and sector weights relative to the MSCI Emerging Markets Index. For example, FTSE Emerging Index does not have exposure to South Korea, which represents approximately 7.1% of the strategy but over 11.6% of the MSCI Emerging Markets Index.

Effective July 2018, Vanguard replaced value-oriented manager M&G with Baillie Gifford, which has caused the Fund to tilt less value relative to its earlier history. We believe Baillie Gifford is a strong complement to the Fund's deeper value sleeve managed by Pzena.

While Vanguard EMS is not currently capacity constrained at approximately $700 million, we plan to monitor its AUM growth closely, given that capacity in emerging markets tends to be constrained and the fund is committed to four well-established EM managers. However, we believe the fund has plenty of runway to grow, given that Vanguard negotiates capacity with underlying managers before engaging them. For example, the team has negotiated $1 billion-plus capacity with Wellington, whose strategy has limited availability for new clients.

Recommendation Summary

We recommend Vanguard EMS as an appealing long-term option for clients seeking exposure to the Emerging Markets Equity (EME) asset category. The Fund's multimanager structure and diversification across styles makes it a good choice as a standalone option in the category for most client types and sizes. Vanguard EMS offers a balanced portfolio among value and growth stocks across the market cap spectrum providing uncorrelated sources of alpha. The Fund comprises four well-established emerging markets offerings that complement one another which is expected to result in a smother return pattern relative to the performance swings often seen in many single managers funds in the category. The team's rigorous fiduciary oversight combined with a long-term mindset ensures a consistent application of processes by its subadvisors. We view Vanguard's client-owned structure as a competitive advantage leading to lower costs relative to peers and a strong alignment of interests with clients. Vanguard EMS may be desirable for clients who prefer a more diversified (~300-stock) portfolio with the potential to outperform in a variety of market environments. The strategy is also a solid option for DC plans given its low expense ratio and modest tracking error (~3-5%, historically).

Firm Overview

Wellington Management Company (WMC) is headquartered in Boston and has been incorporated since 1933. The firm also has offices in Chicago, Radnor, PA, San Francisco, Beijing, Frankfurt, Hong Kong, London, Luxembourg, Singapore, Sydney, Tokyo, and Zurich. WMC manages over $1 trillion in primarily institutional client assets across equities, fixed income, and alternatives. The firm is 100% employee owned by over 160 active partners.

Team Overview

The Emerging Markets Research Equity (EMRE) investment team is comprised of 12 global industry analysts, each of which has his/her own investment style. Portfolio assets are allocated to subportfolios managed by the global industry analysts. Director of Global Industry Research Mary Pryshlak and Research Director, Jonathan White are responsible for team oversight, however analysts have full discretion to buy and sell stocks as they see fit. Pui San Shim oversees portfolio implementation and risk management for the research portfolios. The 12 team members average more than a decade of experience covering stocks in emerging markets.

Strategy Overview

The team believes an industry-focused, bottom-up approach to managing equity portfolios has the potential to produce attractive, risk-adjusted returns over time. They also believe the experience of covering the same companies over a period of many years provides the firm's industry analysts with unusually keen insights, which in turn leads to better and more timely decisions.

The EMRE portfolio consists of multiple subportfolios. Each subportfolio is actively managed by one or more of WMC's global industry analysts. The allocation of assets to each subportfolio corresponds to the relative weight of the analysts' coverage universe within the index. Stock selection and timing of investments for each subportfolio is at the discretion of the analyst, subject only to the constraints that the securities fall within the analyst's area of research expertise and that the subportfolio remains fully invested (except for frictional cash). Purchase and sale decisions are based on the fundamental research conducted by the global industry analysts. The analysts use a variety of valuation and analytical techniques to establish target stock prices and identify securities for inclusion in the portfolio. For example, the consumer products analyst might use an earnings per share growth approach, whereas the bank analyst might use a value/contrarian approach. In general, an analyst will buy/sell a stock when it becomes undervalued or overvalued relative to its underlying fundamentals or peers and/or when it has strong/weak earnings expectations. In addition, if an analyst's subportfolio weight moves outside the ±1% benchmark industry weight, the holdings will be adjusted to revert to an industry neutral position.

The overall portfolio is diversified across more than 100 stocks. It is rebalanced quarterly to maintain industry weighting neutrality versus the index. Total annual portfolio turnover averages between 70% and 100%. Country weights are limited to +/- 10% of the index weights. Individual security weights are limited to 5% or index plus 2%.

Expectations

The strategy is designed to perform well in a variety of market environments given the sector and style neutrality. Relative performance will be driven primarily by bottom-up stock selection. Since a vast majority of portfolio decisions are driven by fundamental research, we would expect the strategy to perform well in periods where fundamentals drive stock returns.

Historically, "flight to safety" environments and low beta rallies have been headwinds to relative performance. The only sustained period of underperformance for the strategy was the final three quarters of 2011. During the period, there was a "flight to safety" across global equity markets, in which sectors deemed to be riskier sold off in favor of more defensive sectors.

Historical tracking error for the strategy has ranged from 2% to 4% since its inception of April 2010.

Points to Consider

WMC has limited capacity. Given the portfolio's healthy allocation (>25%) to companies with market caps below $5 billion, they are conservatively managing capacity. As part of capacity management, the strategy remains closed to new separate account relationships and limiting inflows into its commingled funds. The team recently launched a second version of the strategy that focuses mainly on large and mid-cap stocks.

Wellington's global industry analysts are typically "career analysts", but with an 12-person team there will be inevitable turnover due to retirements and promotions. Global industry analyst turnover for Emerging Markets Research Equity since its inception in 2010 has averaged approximately one to two team changes per year.

Recommendation Summary

We recommend WMC's Emerging Markets Research Equity strategy primarily for defined benefit plans in search of a diversified emerging equity option that has a demonstrated ability of adding consistent alpha over time. The strategy could also be used for defined contribution plans in situations where the client has the ability and/or comfort with using collective investment trusts. It would work well as a standalone, core emerging equity investment. The strategy directly leverages 12 of the firm's deep, experienced industry analysts. The sector and style neutral nature of the process combined with the multiple independent sources of alpha has led to lower tracking error compared to peers and stable alpha over the long term. While we would still expect periods of underperformance from time-to-time, the relative performance will ultimately be driven by bottom-up stock selection as opposed to style or factor tilts.

Alpha - A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta.

Batting Average – A measure of a manager's ability to consistently beat the market. It is calculated by dividing the number of months in which the manager beat or matched an index by the total number of months in the period.

Best Quarter- This is the highest quarterly (3 month) return of the investment since its inception.

Beta - A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.

Down Period Percent - Number of months below 0 divided by the total number of months.

Downmarket Capture Ratio - The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance.

Downside Std Dev - This measures only deviations below a specified benchmark.

Excess Return- This is a measure of an investment's return in excess of a benchmark.

Information Ratio - This calculates the value-added contribution of the manager and is derived by dividing the excess rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.

Longest Down-Streak Return - Return for the longest series of negative monthly returns.

Longest Down-Streak # of Periods - Longest series of negative monthly returns.

Longest Up-Streak Return - Return for the longest series of positive monthly returns.

Longest Up-Streak - Longest series of positive monthly returns.

Kurtosis - Kurtosis indicates the peakedness of a distribution. For normal distribution, Kurtosis is 3.

Max Drawdown - The peak to trough decline during a specific record period of an investment or fund. It is usually quoted as the percentage between the peak to the trough.

Max Drawndown # of Periods - This is the number of months that encompasses the max drawdown for an investment.

R-Squared - The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.

Return - Compounded rate of return for the period.

Sharpe Ratio - Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.

Skewness - Skewness reflects the degree of asymmetry of a distribution. If the distribution has a longer left tail, the function has negative skewness. Otherwise, it has positive skewness. A normal distribution is symmetric with skewness 0.

Sortino Ratio - The Sortino Ratio is similar to Sharpe Ratio except it uses downside risk (Downside Deviation) in the denominator. It was developed in early 1980's by Frank Sortino. Since upside variability is not necessarily a bad thing, Sortino ratio is sometimes more preferable than Sharpe ratio.

Standard Deviation - A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.

Tracking Error - This is a measure of the standard deviation of a portfolio's excess returns versus its designated market benchmark.

Treynor Ratio - Similar to Sharpe Ratio, Treynor Ratio is a measurement of efficiency utilizing the relationship between annualized risk-adjusted return and risk. Unlike Sharpe Ratio, Treynor Ratio utilizes "market" risk (beta) instead of total risk (standard deviation). Good performance efficiency is measured by a high ratio.

Up period Percent - Number of months above 0 divided by the total number of months.

Upmarket Capture Ratio - The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

Value-Growth Score - Morningstar assigns an Overall Value score and an Overall Growth score to each stock within a fund. Morningstar then calculates a net value-core-growth score for each stock by subtracting the stock's Overall Value score from its Overall Growth score. Once this is done, these raw scores are rescaled to range between -100 to 400 in order to fit within the Morningstar Style Box. Scores below 67 are classified as value, scores above 233 are classified as growth, and scores between 67 and 233 fit within the core boundaries.

Worst Quarter - This is the lowest quarterly (3 month) return of the investment since its inception.

IMPORTANT DISCLOSURE INFORMATION

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Senior Direct Lending Review

July 2023

Monroe County Retiree Health Care Trust Board

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This report uses assumptions from the 2023 JPMorgan Long Term Capital Market Assumptions (the "2023 JPMorgan Assumptions"). Accordingly, there are statements of future expectations, estimates, projections, and other forward-looking statements that are based on available information and views as of the time of those statements. Such forward-looking statements are inherently speculative as they are based on assumptions which may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements.

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Private Debt Overview

Benefits of Implementing an Allocation to Private Debt

Direct lending is expected to outperform core real estate and public fixed income over the long term with less risk than public equity, private equity and value-added real estate.[1,2]

	Category	JPMorgan 2023 LTCMA Expectations[1]		
		Compound Return[2]	Arithmetic Average Return[2]	Volatility[3]
Public	U.S. Large Cap Equity	7.9%	9.1%	16.1%
Public	U.S. Small Cap Equity	8.1%	9.9%	20.4%
Public	Developed International Equity	9.8%	11.1%	17.4%
Public	U.S. Core Fixed Income	4.6%	4.7%	4.1%
Public	U.S. Bank Loans	6.2%	6.5%	8.0%
Public	U.S. High Yield Bonds	6.8%	7.1%	8.5%
Private	Private Equity	9.9%	11.6%	20.0%
Private	U.S. Core Real Estate	5.7%	6.2%	10.6%
Private	U.S. Value-Added Real Estate	7.7%	9.1%	17.6%
Private	**Senior Direct Lending[4]**	**7.8%**	**8.7%**	**13.7%**

[1] Expected returns and volatility are from the "2023 JPMorgan Long-Term Capital Market Assumptions" (LTCMAs) and rounded to the nearest 0.1%. JPMorgan's expectations are for the next 10-15 years.
[2] The compound (or "geometric") return expectation is an expected multi-year growth rate. The arithmetic average return is a single-year return expectation. The compound return is always lower than the arithmetic return due to the variation drain in returns (the impact of standard deviation) over time. Asset classes that have a higher volatility expectation will have a larger difference between the compound return and the arithmetic return.
[3] Volatility is defined as annualized standard deviation of total return.
[4] The senior direct lending category's return and risk expectations were used as a surrogate for the private debt asset class.

Direct Lending – Senior Category's Risk and Return

Risk of corporate investments is affected by borrower risk and seniority. Investments in the senior part of the capital structure have lower expected returns and risk.

Enterprise Value = Illustrative Liabilities + Equity

Assumptions
Company with $50.0M EBITDA
Trades at 9.0x EBITDA
Enterprise Value = $50.0M * 9.0

EBITDA is a measure of cash flow equal to a corporate borrower's annual Earnings Before Interest, Taxes, Depreciation and Amortization.

Higher- **Risk and Expected Return** - Lower

Capital Structure	Yield
Senior Loan 4.0x EBITDA $200.0M Loan ($50.0M x 4) 5-Year Stated Term Often Repaid After ~3 Years	**SOFR + 6.0-8.0%** **+ 1.0-2.5% One-Time Fees[1]**
Mezzanine Loan 1.0x EBITDA $50.0M Loan ($50.0M x 1) 5.0-7.0 Year Term	**11.0-14.0% Fixed Rate[2]** **+ 1.0-2.5% One-Time Fees[1]** **+ Equity participation**
Equity Enterprise Value of Company Minus More Senior Obligations Remainder is 4.0x EBITDA ($200.0M)	**>25.0% Target IRR**

[1] One-time fees include items like origination fees and original issue discounts. Borrowers may also pay other types of fees for items like early repayment and loan amendments.
[2] Mezzanine coupons often comprise cash and payment-in-kind (PIK) interest. PIK represents increases in the principal balance owed. Receiving PIK in lieu of cash increases the investor's risk but may also increase return multiples due to compounding.
The above represents a hypothetical scenario and is intended for illustrative purposes only, reflective of a sample capital structure for a mid-sized company. Hypothetical yields and target IRRs shown are intended to be long-term in nature, and do not reflect current market conditions.

Implementation Considerations – Illiquid Limited Partnerships

Asset managers cannot readily buy or sell illiquid assets to invest contributions or pay redemptions, so investors primarily invest in private debt through closed-end limited partnerships.

- Limited partnerships are generally not registered with the SEC.
- Partnerships are managed by “General Partners (GPs).” Investors are “Limited Partners (LPs).”
- Limited partnerships are offered using a private placement memorandum (PPM) and governed by a limited partnership agreement (LPA).
- Fees are usually assessed on the portfolio’s fair value, including any assets purchased using leverage. Some funds charge management fees on committed capital, but this is no longer common.
- Unaudited March, June and September financial statements are typically available 45 days after quarter-end. Audited financial statements are typically available 90 days after year-end.

Closed-end limited partnerships have limited terms, often 8.0-10.0 years plus extensions.

- Investors join by submitting subscription agreements (SAs) at closings held during the fundraising period, which is often 12-24 months.
- Each LP commits to invest up to a maximum amount. When the money is needed, the GP sends capital calls to LPs requesting contributions to pay for investments and expenses, up to their maximum commitments. LPs who do not contribute capital on time are in default at high cost.
- The GP makes investments during the investment period, which is usually 3.0 years. While most partnerships reinvest cash flow during the investment period, many direct lending partnerships distribute borrowers’ interest payments.
- When reinvestment ends, the partnership enters the harvest period and distributions accelerate. While many strategies sell their holdings in the harvest period, most direct lending strategies exit their investments through maturity.

Implementation Considerations – Fund-Level Leverage

Many senior direct lending funds use leverage to enhance returns. These funds may be standalone offerings or marketed alongside an unlevered fund in the same strategy.

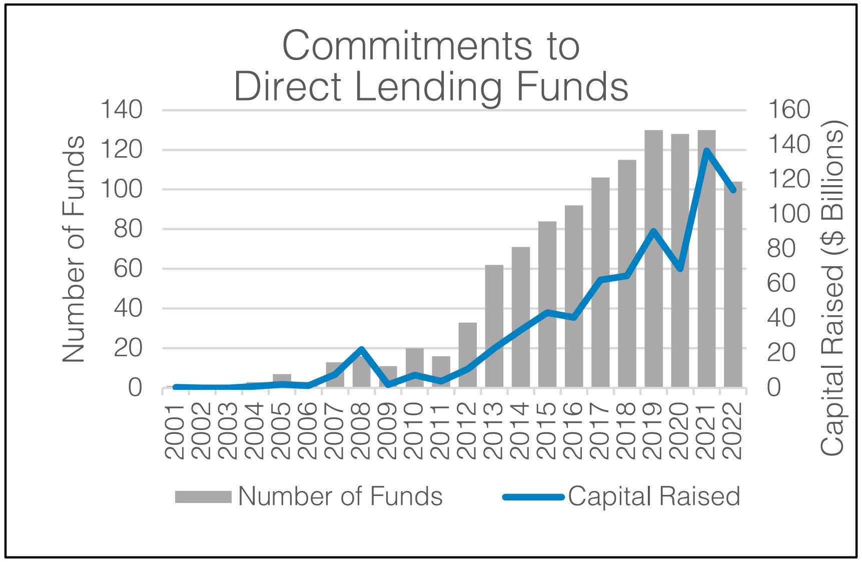
- When a partnership uses leverage, we typically see managers target leverage of 1.0-2.5x the partnership's equity. We generally expect each 1.0x of fund-level leverage to increase net expected return by 2-3% for a representative strategy that we would consider well-managed.
- Expected return does not rise one-to-one with fund-level leverage due to the cost of financing, which we expect to be 2-3% over SOFR at current interest rates. We also tend to see higher incentive fees for levered funds than unlevered funds.
- The availability of leverage is affected by the portfolio's quality and diversification. In contrast to senior direct lending funds, distressed debt and mezzanine funds are normally unlevered due to the higher credit risk of those strategies.
- AndCo expects more-levered funds to have lower returns per unit of risk than less-levered funds, all else held equal. We expect investors to be fully exposed to the risks of assets purchased with leverage, but for returns on these assets to be reduced by financing costs.
- However, levered options can be a better fit for investors with higher return objectives or those who prefer to make smaller commitments in order to have more total portfolio liquidity.

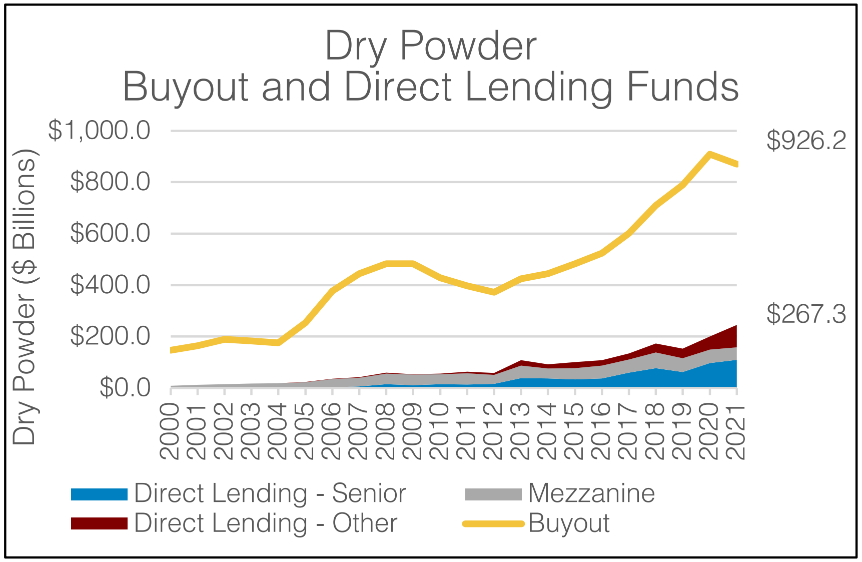
The above is considered representative based on AndCo Consulting's research. The cost and availability of leverage may differ for specific strategies.

Current Market Environment

Fundraising and Dry Powder

- We expect borrower demand to support the growth in the direct-lending market.
- As shown in the top chart, direct lending funds received $114 billion in commitments in 2022. While this was down from $136 billion in 2021, it was still more than the category raised in any calendar year prior to 2017.
- However, many direct-lending funds lend to private equity-owned companies. As shown in the bottom chart, direct-lending commitments that have not been called (dry powder) are much less than the uncalled commitments of the private equity buyout funds that often use direct lending for financing.

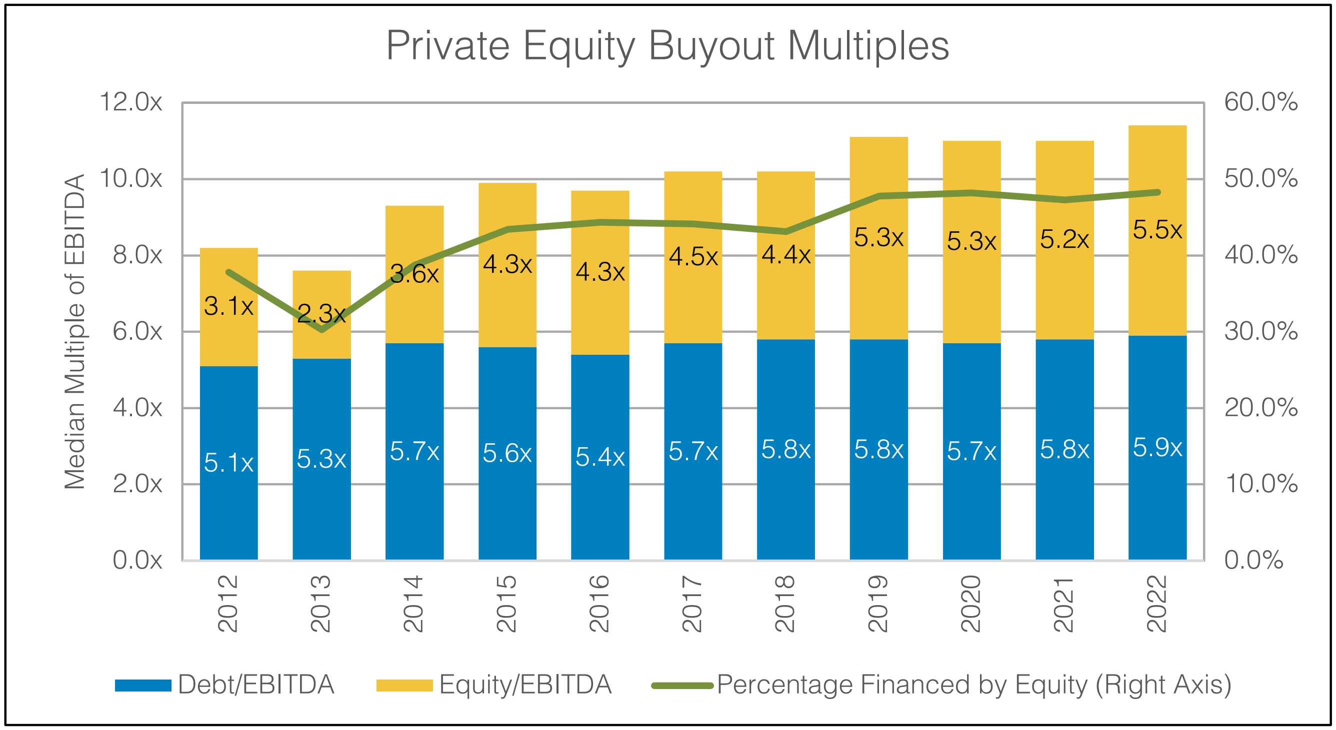




Source: Preqin. Accessed January 17, 2023. Both charts include the most recent data through December 31, 2022, that was available when the database was accessed. Preqin may revise totals as of the same date as the firm receives more data. The chart at the top includes Direct Lending funds that are not Mezzanine, which is subordinated to senior debt and thus considered of different risk. The numbers to the right of the chart at the bottom are 1) the total dry powder of buyout funds and 2) the sum of the dry powder of the three types of private debt funds shown (Direct Lending – Senior, Mezzanine and Direct Lending – Other) as of December 31, 2022.

Valuations and Equity Financing

While private corporate valuations have risen as a multiple of cash flow, the increase has primarily been funded with equity. As shown below, the median private equity (PE) buyout transaction was financed with 48% equity capital in 2022. This tied with 2019 for the largest proportionate equity contribution in the last 10 years.



In each transaction, PE investors' capital (in yellow) would generally be lost before debt investors (in blue) would begin to lose principal. This "cushion" is expected to insulate debt investors from valuation changes and has generally increased since 2013.

Source: PitchBook Data, Inc. (2023, January 12). *2022 Annual US PE Breakdown.* *https://pitchbook.com/news/reports/2022-annual-us-pe-breakdown*

Candidate Overview

Candidate Selection Criteria

Qualities to consider and evaluate when reviewing Private Debt managers:

Experience

- A long history as a reliable partner helps to drive deal flow by increasing the manager's reputation with prospective borrowers and intermediaries, allowing for greater selectivity.

Track Record

- Past success relative to strategies taking similar risks, including in adverse environments, increases confidence that the strategy will be successful in the future.

Institutional Investment Process

- Teams with established investment processes that do not overly rely on any individual, in order to increase confidence that past success may be repeatable.

Differentiated Sourcing

- Differentiated approaches to originating deal flow may allow the manager to find opportunities that are less competitively priced.

Strong Underwriting (for Direct Lending strategies)

- The ability to protect investor capital, as reflected in low historical annualized credit loss rates.

Credit Workout Capabilities

- Resources and experience working through troubled loans and restructurings.

Relative Value

- Competitive net expected returns in the context of the risks being taken.

Illiquidity Premium

- A well-grounded rationale for the strategy to outperform public investments of similar risk in the future.

Candidates[1]

Based on our research process, we present the following candidates:

Firm	Fund
Carlyle Global Credit Investment Management L.L.C. (Carlyle)	Carlyle Direct Lending (Levered) Fund (CDLF)
Deerpath Capital Management, LP (Deerpath)	Deerpath Capital Advantage VII (US)
Monroe Capital Management Advisors LLC (Monroe)	Monroe Capital Private Credit (Delaware) Feeder Fund V (MCPC V)

[1] Unless noted otherwise, all data is as of the date each fund was added as an approved strategy with AndCo.

Firm Overview

Firm	Direct Lending Strategy Inception	Ownership	Firm / Direct Lending AUM	Direct Lending Team Primary Locations	Direct Lending Investment Professionals
Carlyle	2013	Publicly traded (NASDAQ: CG). Carlyle's co-founders Daniel D'Aniello, William Conway, and David Rubenstein each own about 9% of the firm.	$381.0 billion / $9.6 billion	New York, NY	>40
Deerpath	2009	100% employee-owned at the time of this writing. PGIM Investments, a division of Prudential Financial (NYSE: PRU), is expected to acquire 75% of the firm in mid-2023.	$5.6 billion / $5.6 billion[1]	Fort Lauderdale, FL; New York, NY; Chicago, IL; Boston, MA; Los Angeles, CA	20[2]
Monroe	2004	75.1% employee-owned. 24.9% owned by Bonaccord Fund I, whose passive interest is non-voting.	$15.9 billion / $11.2 billion	Chicago, IL	92

[1] Deerpath only manages direct lending strategies.
[2] Origination and underwriting professionals are included. Individuals who focus on loan administration, cash management, and other functions related to portfolio management are not included.

Strategy Focus

Firm	Fund Offering	Strategy Focus
Carlyle	Carlyle Direct Lending (Levered) Fund	Senior loans to private equity (PE)-sponsored U.S. companies in the core-to-upper middle-market with $25-100 million in EBITDA.
Deerpath	Deerpath Capital Advantage VI (US)	Senior loans to PE-sponsored U.S. companies in the lower middle-market with $8-20 million in EBITDA.
Monroe	Monroe Capital Private Credit (Delaware) Feeder Fund V	Senior loans to U.S. companies in the lower-to-core middle-market with $10-50 million in EBITDA. Loans to non-PE-owned companies are expected to be less than 20% of the portfolio. Up to 20% of the portfolio may be invested in asset-based loans.

Key Differentiators

Firm	Key Strengths	Points to Consider
Carlyle	▪ The fund is evergreen, which may ease administration for some clients. The fund holds quarterly closings and calls commitments sequentially. Commitments are expected to be called over about two years from each closing. Please see the Key Terms slide for a description of redemption terms. ▪ We consider the fund's fees low because, unlike most peers, Carlyle does not charge an incentive fee. ▪ We think the strategy has a defensive profile due to its emphasis on larger borrowers than the other candidates, focus on PE-sponsored companies, and emphasis on borrowers with diversified product offerings and high barriers to entry.	▪ The fund focuses on core-to-upper-middle-market, PE-sponsored companies. Over the long term, we expect it to earn less of a size premium than funds that focus on smaller companies and not to earn the incremental yield that may come from lending to non-sponsored companies. ▪ Carlyle has historically earned a lower gross unlevered since-inception IRR than the other candidates. While the team's 7.5% gross unlevered IRR compares favorably with the 6-8% range we consider typical in the category, it is less than those of the other candidates.
Deerpath	▪ Regional offices drive broad deal flow of more than 2,000 lending opportunities annually. That allows the team to be selective while broadly diversifying portfolios. The team invested in only about 3% of the platform opportunities they reviewed in 2022. ▪ Strong performance. As of March 31, 2023, Deerpath's since-inception unlevered gross IRR was 10.5% since 2009. That is well above the 6-8% range we consider typical. ▪ Conservative approach. The typical borrower has over 15 years of operating history. Deerpath seeks to make loans with low leverage and loan-to-value ratios, which have contributed to a low 0.1% annualized credit-loss rate since inception.	▪ PGIM Investments (PGIM), a subsidiary of Prudential Financial Inc. (NYSE: PRU), has agreed to purchase 75% of Deerpath. The transaction is expected to close in mid-2023. We consider the acquisition positive because it allows two co-founders who work for Deerpath part-time to be succeeded by tenured, full-time Deerpath employees on the investment committee (IC). ▪ Deerpath charges administrative fees on top of the management fee. We still consider the fund's fees competitive. The sum of these expenses and the management fee is below the median that Preqin reports for recently incepted direct lending funds.

Key Differentiators

Firm	Key Strengths	Points to Consider
Monroe	▪ A deep team of more than 20 originators in four regional offices allows the team to diversify the portfolio broadly among more than 100 expected issuers during the fund's term while remaining selective. The team reviews about 2,000 opportunities annually and invests in about 5% of them. ▪ Monroe focuses on smaller loans that may be harder to find, on a per-dollar-invested basis, than loans to larger companies. Non-PE-sponsored companies may also be harder to find because targeting PE sponsors can allow lenders to find many opportunities in a shorter amount of time. Moving off the beaten path may allow Monroe to find better relative value. ▪ Monroe has achieved a low annualized credit-loss rate of 0.1% since inception. We attribute its success to selectivity, conservative loan sizing and an assertive credit workout style.	▪ While the fund is expected primarily to invest in U.S. PE-sponsored companies, it may also invest in loans to non-PE-sponsored companies and up to 20% in opportunistic or asset-backed loans (ABL). We expect these transaction types to increase its diversification, yield, and risk relative to the typical senior direct lending strategy. ▪ Zia Uddin, who was lead PM for the prior fund, has stepped back to Co-PM of MCPC V alongside Chris Lund. Uddin has been named Monroe's president and we think he may become CEO when co-founder Ted Koenig retires. Uddin and Lund make decisions jointly for MCPC and we think that Lund may take the lead role in the next few years. We are comfortable with these transitions, which we expect to continue over several years. We also note that the experienced, 10-member investment committee is responsible for approving investments.

Investment Team

Firm	Key Decision-Makers	Team Stability
Carlyle	▪ Decisions are made by a 12-member investment committee (IC). Each member of the IC has at least 18 years of experience. ▪ The IC includes three members from the Carlyle Direct Lending (CDL) team: CIO of Direct Lending and Head of Underwriting Michael Hadley, COO and Chief Risk Officer of Direct Lending Tom Hennigan, and Vice Chair of Global Credit and Head of Direct Lending Aren Leekong. They each have about 25 years of experience. The IC also includes senior managers who oversee Carlyle's global credit platform and managers of its other credit strategies. ▪ Before an investment opportunity advances to the IC, it is reviewed by a screening committee (SC). The SC includes five permanent members from the CDL team, each of whom has more than 20 years of experience, plus one rotating managing director from the CDL team and one rotating managing director from Carlyle's opportunistic credit team.	▪ Taylor Boswell, CIO of Direct Lending, departed from Carlyle in December 2022. He joined Carlyle in 2017 and had led the team since 2019. Michael Hadley succeeded Boswell as the CIO, while remaining the Head of Underwriting. Hadley joined Carlyle in 2007 and joined the team in 2019. He has focused on underwriting throughout his tenure. We are comfortable with this change. ▪ Carlyle expanded the IC from five to 12 people in late 2022. The additions represent other Carlyle teams and are intended to diversify the views represented on the IC. We are comfortable with the changes.
Deerpath	▪ Decisions are made by a five-member investment committee (IC). Four members are permanent and one rotates. ▪ The permanent IC members are Partners James Kirby, Gary Wendt, John Fitzgibbons, and Tas Hasan. They each have more than 15 years of investment experience. Messrs. Kirby, Wendt, and Fitzgibbons founded Deerpath in 2007. Mr. Hasan joined the firm that year. ▪ The rotating seat is held by one of seven MDs on the investment team. They each have more than 10 years of experience.	▪ Wendt and Fitzgibbons are expected to leave Deerpath when the PGIM allocation closes. They have spent about one-third of their business time on Deerpath since they co-founded the firm in 2007. ▪ Head of Underwriting Natalie Garcia and Head of Origination Reed Van Gorden are expected to succeed Wendt and Fitzgibbons on the IC. They each have more than 15 years of experience and joined Deerpath in 2015. We consider the changes in the IC positive. After these changes, all IC members will be full-time Deerpath investment professionals.

Investment Team

Firm	Key Decision-Makers	Team Stability
Monroe	▪ Decisions are made by a 10-member IC comprising CEO Theodore Koenig, Head of Originations Thomas Aronson, Chief Credit Officer Michael Egan, President & Co-PM of Institutional Portfolios Zia Uddin, MD & Co-PM of Institutional Portfolios Chris Lund, Managing Director (MD) & Head of Direct Underwriting Alex Franky, MD & Head of Capital Markets Carey Davidson, MD & Co-Head of Opportunistic Credit Aaron Peck, MD & PM of CLO & Loan Trading Jeremy VanDerMeid, and MD and PM of High Net Worth Portfolios Mick Solimene. They each have at least 14 years of experience. ▪ Monroe's investment team is organized in a functional-specialist model, where certain tasks in the investment process are carried out by certain members. Thomas Aronson leads the originations team. Michael Egan leads underwriting and portfolio management.	▪ Messrs. Koenig, Aronson and Egan co-founded Monroe in 2004. Each member of the investment committee has been with the firm for at least five years except Mick Solimene, who joined the firm in 2021 and has more than 40 years of experience. ▪ Monroe generally experiences about 20% annual turnover in its origination team. Much of the turnover is intentional. Originators receive a base salary, incentive based on the deals they find that close (originators do not make decisions on what deals are ultimately completed) and carried interest in Monroe's funds. This compensation structure encourages originators who do not generate enough actionable deal flow to find other opportunities.

Key Terms

Product	Target Size	Minimum Commitment	Profile	Fund-Level Leverage[1]	First Close	Final Close[2]	Target Net IRR	Fund Lifecycle
Carlyle	n/a	Negotiable[3]	Senior debt. Core-to-upper mid-market PE-sponsored companies with $25-100M EBITDA.	1.0x debt/equity	July 2022	N/A. Rolling quarterly closes.	10-12%	Evergreen. After a two-year lock-up, redemptions may be requested either quarterly or annually.[4]
Deerpath	$2.0 billion	Negotiable[5]	Senior debt. Lower mid-market PE-sponsored companies with $8-20M EBITDA.	2.0x debt/equity	Mid-2023	4Q 2024	10-13%	Eight years from the final closing, plus up to two one-year extensions.
Monroe	$3.0 billion	Negotiable[5]	Senior debt. Lower-to-core mid-market companies with $10-50M EBITDA.	1.0x debt/equity	Mid-2023	May 2024	12-14%	Seven years from the final closing, plus up to two one-year extensions.

[1] The Carlyle, Deerpath, and Monroe strategies are also available in “unlevered” vehicles that are approved at AndCo. Those vehicles are expected to use subscription lines of credit to make managing cash flows easier for investors, but they are not expected to use long-term leverage. The unlevered funds’ return targets are lower than those of the levered funds shown in this report.
[2] Anticipated final closing dates are as of the time this report was prepared. They may have changed since the respective product was approved at AndCo.
[3] The fund’s stated minimum is $10.0 million. Carlyle has agreed to waive or reduce their fund’s minimum for AndCo’s clients.
[4] Investors may request redemptions either quarterly or annually after a two-year initial lock-up measured from the date of each closing. In the quarterly redemption option, investors may be able to redeem at net asset value with 90 days’ notice, subject to available matching subscriptions and unfunded commitments. In the annual redemption option, investors may redeem with 180 days’ notice prior to year-end, which is when a pro-rata portion of the portfolio would be set aside in a run-off sleeve. As investments in the run-off sleeve generated cash, that would be distributed as available. We expect the annual redemption option to take multiple years.
[5] The funds’ stated minimums are $5.0 million. Deerpath and Monroe have agreed to waive their funds’ minimums for AndCo’s clients.

Key Terms

Firm	Investment Period	Investment Management Fees[1]	Preferred Return	Carried Interest
Carlyle	Capital is expected to be called within two years after each closing. Other than dividends, capital will be reinvested until the investor redeems. Investors can choose to reinvest dividends.	Management Fee: 1.25% annually on gross asset value. Discounts may be available for commitments of at least $50 million.	N/A	None.
Deerpath	Three years from the final closing.	Management Fee: 1.00% annually on the fair value of the Fund's investments, as determined by Deerpath's valuation policy and excluding cash and cash equivalents. A 10% discount from the management fee (resulting in 0.90%) is available for commitments of at least $100M.[2] Administrative Fees: Estimated at 0.35-0.45% of gross assets annually.	7%	15% A 10% discount (resulting in a 13.5% rate) is available for commitments of at least $100M.[2]

[1] Each candidate is expected to use fund-level leverage. Consistent with prevailing direct lending industry practice, their fees are assessed on gross assets, including assets purchased using debt as well as equity. Their management fees would be much higher, approximately the rates shown multiplied by the expression (1 + the amount of fund-level leverage), if expressed as a percentage of invested equity.

[2] Deerpath has agreed to aggregate AndCo client commitments for its fund's scale-based discount. Clients who wish to receive any resulting discount(s) will need to reference this understanding and separately address via their own side letter(s) (or similar legal document) with Deerpath. There is no guarantee that any discount will be available.

Key Terms

Firm	Investment Period	Investment Management Fees[1]	Preferred Return	Carried Interest
Monroe	Four years from the final closing.	Management fees and carried interest are assessed on the tiered schedule below. Management fees are assessed on invested assets, which is the difference between contributions and distributions that represent a return of capital, plus the principal amount of any indebtedness incurred by the partnership and currently outstanding.		

Commitment[2]	Mgmt. Fee on Invested Assets	Preferred Return	Carried Interest
Less than $50 million	1.25%	7.0%	15.00%
At least $50M but <$75M	1.15%	7.0%	12.50%
At least $75M but <$160M	1.00%	7.0%	10.00%
At least $160M	1.30% on invested equity instead of invested assets	7.0%	12.50%

[1] Each candidate is expected to use fund-level leverage. Consistent with prevailing direct lending industry practice, their fees are assessed on gross assets, including assets purchased using debt as well as equity. Their management fees would be much higher, approximately the rates shown multiplied by the expression (1 + the amount of fund-level leverage), if expressed as a percentage of invested equity.

[2] Monroe has agreed to aggregate AndCo client commitments for their fund's scale-based discounts. Clients who wish to receive any resulting discount(s) will need to reference this understanding and separately address via their own side letter(s) (or similar legal document) with Monroe. There is no guarantee that any discount will be available.

Performance and Fee Comparison

Vintage-Year Performance

- Diverse vehicle structures and amounts of fund-level leverage can make direct lending track records difficult to compare. Reviewing gross unlevered IRRs by vintage year can reduce the distortions of timing and leverage.
- The table below includes each manager's investments that we consider similar to those of the candidate funds, regardless of the product that held them. The returns shown do not reflect any specific product and were not realized by any client.

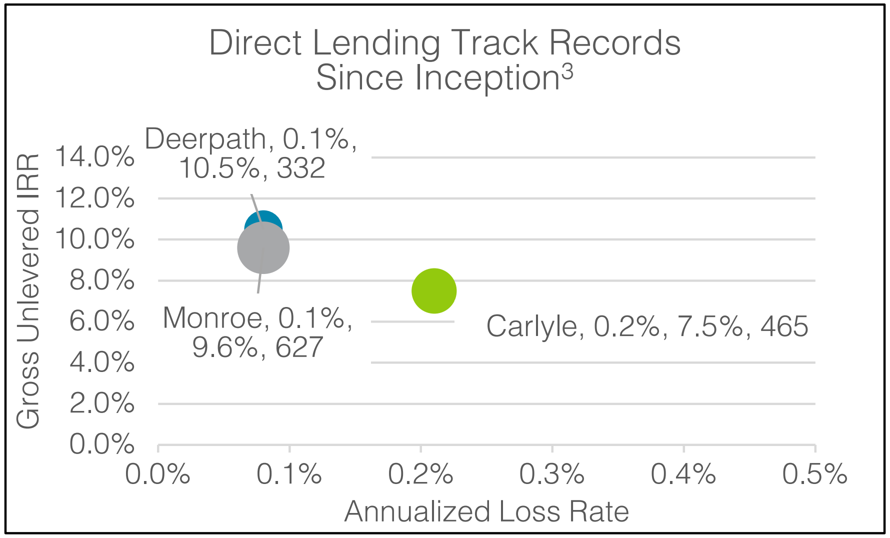
Vintage Year[1]	Carlyle	Deerpath	Monroe
2006			4.5%
2007			9.3%
2008			3.7%
2009		19.8%	15.9%
2010		14.1%	4.2%
2011		14.2%	6.1%
2012		11.9%	9.1%
2013	7.2%	11.0%	13.7%
2014	5.6%	8.6%	11.1%
2015	8.3%	9.9%	8.9%
2016	7.0%	11.1%	9.3%
2017	8.3%	7.4%	8.3%
2018	7.7%	9.2%	9.7%
2019	7.2%	8.4%	9.3%
2020	9.7%	9.7%	10.3%
2021	6.2%	9.9%	9.7%
2022	8.5%	16.2%	13.4%
2023	N/M	N/M	N/M
Aggregate IRR	**7.5%**	**10.5%**	**9.6%**
As-of Date	**3/31/23**	**3/31/23**	**3/31/23**

[1] Vintage year refers to the year that the manager made an investment in a portfolio company. Performance is shown since inception, from the date the investments were made through the as-of date. For example, the performance of an investment made in 2009 is not only the performance of that investment during 2009, but from the date the investment was made through the earlier of when it was fully realized and the as-of date.

Track Record Robustness and Credit-Loss Rates

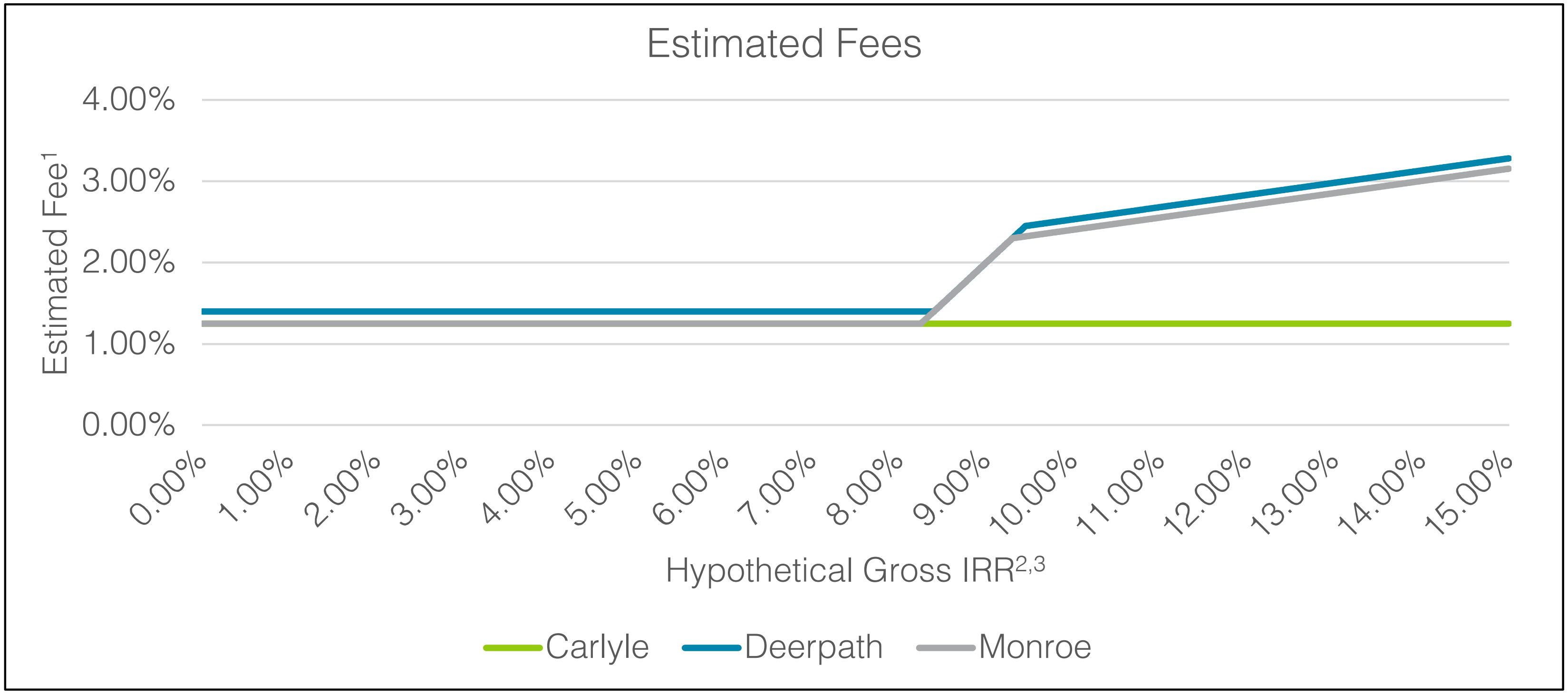
- Robust track records give us confidence that past results arose from skill rather than luck.
- We associate low annualized credit loss rates with strong underwriting and/or credit workout capabilities, which may help managers to provide downside protection. We consider loss rates of 0.5-0.8% typical for a senior direct lending strategy across a full market cycle.

Since-Inception Statistic	Carlyle	Deerpath	Monroe
Track Record Inception	2013	2009	2006[1]
Portfolio Companies	465	332	627
Total Cost ($M)	$16,712.3	$7,848.4	$27,306.2
Gross Unlevered IRR	7.5%	10.5%	9.6%
Annualized Loss Rate[2]	0.2%	0.1%	0.1%
As of Date	3/31/23	3/31/23	3/31/23



[1] Monroe began managing dedicated pools of capital in 2006. In 2004 and 2005, the firm managed accounts within the balance sheets of other financial institutions.
[2] Loss rates were calculated in two steps. First, a cumulative loss ratio was calculated as the dollars lost on all investments that were held at a loss. Next, the cumulative loss ratio was divided by the age of the track record in years.
[3] The text in the chart is the annualized loss rate, gross unlevered IRR, and number of portfolio companies. Bubble sizes are based on the number of portfolio companies.

Fee Comparison



Assumptions	Carlyle	Deerpath	Monroe
Management Fee[4]	1.25%	1.40%	1.25%
Carried Interest	None	15.00%	15.00%
Preferred Return	N/A	7.00%	7.00%
GP Catch-up	N/A	100.00%	100.00%

[1] Estimated annual management fee and carried interest as a percentage of the candidate fund's assets. Since each candidate fund is expected to use leverage and these fees are expressed as percentages of gross assets (including assets bought using debt as well as those bought using investor equity), the funds' fees would be higher as a percentage of investor equity. Carried interest was assumed not to be assessed on returns that were less than the sum of 1) the Hypothetical Gross IRR and 2) the Management Fee associated with each manager. When the Hypothetical Gross IRR was in excess of those fees, each additional basis point of gross return was assumed to be assigned to the general partner (GP) at the GP Catch-up rate shown until the GP had received the share of total Carried Interest shown on all returns in excess of the Management Fee. Once that point was reached, the GP was assumed to receive the Carried Interest shown on each additional basis point of gross return.

[2] The Hypothetical Gross IRR is an arbitrary assumption intended to show the relationship between the IRR and fees. The IRRs shown may not be achieved.

[3] The green Carlyle line is not visible for a portion of the chart because it is covered by the gray Monroe line.

[4] Operating and organizational expenses are not included. The management fees shown for Deerpath includes estimated internal administration expenses of 0.40%. Please see the Key Terms page earlier in this report for more information.

Carlyle Direct Lending Performance – Mar. 31, 2023

Investment-Level Performance by Vintage Year							
		Investment-Level, In USD Millions				Gross of Fees	
Vintage Year	Portfolio Companies (#)	Total Invested Capital	Total Realized	Total Unrealized	Total Value	MOIC	IRR
2013	30	$ 334.7	$ 395.7	$ -	$ 395.7	1.2x	7.2%
2014	49	$ 815.1	$ 915.0	$ -	$ 915.0	1.1x	5.6%
2015	34	$ 926.3	$ 1,072.3	$ -	$ 1,072.3	1.2x	8.3%
2016	56	$ 1,709.3	$ 1,710.9	$ 266.9	$ 1,977.8	1.2x	7.0%
2017	60	$ 2,182.7	$ 2,367.4	$ 184.9	$ 2,552.3	1.2x	8.3%
2018	56	$ 2,263.4	$ 2,117.8	$ 558.6	$ 2,676.4	1.2x	7.7%
2019	54	$ 2,772.3	$ 1,930.5	$ 1,286.3	$ 3,216.8	1.2x	7.2%
2020	39	$ 1,579.5	$ 868.4	$ 976.7	$ 1,845.1	1.2x	9.7%
2021	41	$ 2,250.7	$ 693.0	$ 1,728.7	$ 2,421.7	1.1x	6.2%
2022	41	$ 1,687.4	$ 321.1	$ 1,445.4	$ 1,766.4	1.0x	8.5%
2023	5	$ 191.2	$ 16.5	$ 177.0	$ 193.5	1.0x	11.6%
Total	**465**	**$ 16,712.3**	**$ 12,408.6**	**$ 6,624.5**	**$ 19,033.1**	**1.1x**	**7.5%**

Fund Performance									
			Fund-Level, In USD Millions				Fund-Level		
Fund	Vintage Year	Portfolio Companies (#)	Total Invested Capital	Total Distributed	Total Unrealized	Total Value	Leverage (Debt / Equity)	Net MOIC	Net IRR
Carlyle Secured Lending, Inc.	2013	171	$ 1,217.7	$ 855.2	$ 918.2	$ 1,773.4	1.2x	1.5x	7.2%
Carlyle Credit Solutions, Inc.	2017	153	$ 1,285.7	$ 525.3	$ 1,123.3	$ 1,648.6	0.9x	1.3x	9.3%
SMA I	2017	65	$ 192.7	$ 63.5	$ 174.1	$ 237.6	0.1x	1.2x	8.3%
SMA II	2017	63	$ 318.1	$ 41.8	$ 358.0	$ 399.8	1.0x	1.3x	10.5%
SMA III	2018	8	$ 235.7	$ 192.8	$ 67.2	$ 260.0	None	1.1x	4.8%
SMA IV	2018	106	$ 301.9	$ 50.1	$ 326.0	$ 376.1	0.9x	1.2x	9.9%
SMA V	2020	52	$ 376.1	-	$ 420.1	$ 420.1	None	1.1x	8.5%
Carlyle Direct Lending Fund	2022	60	$ 150.6	N/M	N/M	N/M	Target 1.0x	N/M	N/M
Carlyle Secured Lending III	2022	72	$ 135.0	$ 6.3	$ 138.0	$ 144.3	0.9x	1.1x	11.2%
Total		**465**	**$ 4,213.5**	**$ 1,735.1**	**$ 3,524.9**	**$ 5,260.0**			

Deerpath Direct Lending Performance – Mar. 31, 2023

Investment-Level Performance by Vintage Year

	Investment-Level, In USD Millions						Gross of Fees	
	Vintage Year	Portfolio Companies (#)	Total Invested Capital	Total Realized	Total Unrealized	Total Value	MOIC	IRR
	2009	4	$ 41.9	$ 61.2	$ -	$ 61.2	1.5x	19.8%
	2010	10	$ 118.3	$ 155.6	$ 0.2	$ 155.7	1.3x	14.1%
	2011	10	$ 200.0	$ 259.0	$ -	$ 259.0	1.3x	14.2%
	2012	11	$ 206.3	$ 247.5	$ 0.4	$ 247.9	1.2x	11.9%
	2013	12	$ 196.2	$ 223.7	$ 22.8	$ 246.5	1.3x	11.0%
	2014	26	$ 344.6	$ 391.2	$ 8.0	$ 399.1	1.2x	8.6%
	2015	16	$ 272.4	$ 308.4	$ 27.2	$ 335.6	1.2x	9.9%
	2016	9	$ 283.8	$ 277.5	$ 97.7	$ 375.2	1.3x	11.1%
	2017	13	$ 289.0	$ 314.2	$ 23.9	$ 338.1	1.2x	7.4%
	2018	28	$ 811.6	$ 586.5	$ 421.1	$ 1,007.7	1.2x	9.2%
	2019	37	$ 613.8	$ 508.1	$ 209.7	$ 717.8	1.2x	8.4%
	2020	44	$ 1,018.4	$ 358.5	$ 809.5	$ 1,168.1	1.1x	9.7%
	2021	65	$ 2,149.6	$ 496.6	$ 1,895.2	$ 2,391.8	1.1x	9.9%
	2022	46	$ 1,283.2	$ 116.2	$ 1,258.5	$ 1,374.8	1.1x	16.2%
	2023	1	$ 19.4	$ -	$ 19.5	$ 19.5	1.0x	NM
	Total	**332**	**$ 7,848.4**	**$ 4,304.3**	**$ 4,793.7**	**$ 9,097.9**	**1.2x**	**10.5%**

Fund Performance

		Fund-Level, In USD Millions					Fund-Level		
Fund	Vintage Year	Portfolio Companies (#)	Total Invested Capital	Total Distributed	Total Unrealized	Total Value	Leverage (Debt / Equity)	Net MOIC	Net IRR
Fund 1	2008	47	$ 87.7	$ 172.0	$ -	$ 172.0	2.0x	2.0x	12.5%
Fund 2	2011	44	$ 40.9	$ 77.2	$ -	$ 77.2	2.0x	1.9x	11.2%
Fund 3A	2013	67	$ 77.6	$ 104.8	$ -	$ 104.8	0.0x	1.4x	5.9%
Fund 3B	2013	50	$ 74.4	$ 102.2	$ -	$ 102.2	1.0x	1.4x	7.5%
Fund 4A	2017	154	$ 45.5	$ 13.6	$ 45.3	$ 58.8	0.0x	1.3x	6.0%
Fund 4 US	2016	251	$ 154.2	$ 62.7	$ 159.5	$ 222.1	2.0x	1.4x	10.2%
Fund 4 Cayman	2016	240	$ 143.7	$ 47.0	$ 144.1	$ 191.2	2.0x	1.3x	7.9%
Fund 4C	2016	80	$ 78.6	$ 38.5	$ 84.8	$ 123.3	2.0x	1.6x	10.9%
Fund 5A	2020	143	$ 119.2	$ 17.7	$ 121.9	$ 139.6	0.0x	1.2x	7.6%
Fund 5 US	2019	251	$ 187.0	$ 42.6	$ 196.2	$ 238.8	2.0x	1.3x	11.4%
RAIF-1	2019	164	$ 202.0	$ 34.4	$ 203.4	$ 237.9	0.0x	1.2x	5.8%
RAIF-2	2020	160	$ 177.0	$ 13.7	$ 180.2	$ 193.8	0.0x	1.1x	5.4%
RAIF-3	2021	132	$ 231.6	$ 14.9	$ 236.1	$ 251.1	0.0x	1.1x	7.2%
Fund 5 Cayman	2020	240	$ 39.0	$ 9.0	$ 38.7	$ 47.8	2.0x	1.2x	8.3%
Lightly Levered	2019	103	$ 60.9	$ 12.6	$ 63.6	$ 76.1	0.4x	1.3x	7.1%
Fund 5 ERISA	2020	240	$ 66.3	$ 9.7	$ 68.1	$ 77.7	2.0x	1.2x	9.2%
Newbury	2020	83	$ 21.7	$ 3.5	$ 23.4	$ 27.0	0.0x	1.2x	12.1%
Fund 5C	2020	44	$ 72.4	$ 8.4	$ 75.7	$ 84.1	2.0x	1.2x	13.7%
Fund 5C-SBIC	2021	42	$ 7.5	$ 0.7	$ 7.9	$ 8.6	2.0x	1.1x	13.8%
Broadway	2021	251	$ 100.0	$ 15.9	$ 102.8	$ 118.7	2.0x	1.2x	13.6%
Fund 6 US	2021	251	$ 275.3	$ 19.9	$ 280.5	$ 300.4	2.0x	1.1x	13.5%
Fund 6 Cayman	2021	240	$ 25.1	$ 1.2	$ 25.2	$ 26.4	2.0x	1.1x	8.0%
Fund 6A	2021	132	$ 112.2	$ 9.2	$ 114.3	$ 123.5	0.0x	1.1x	8.0%
Fund 6A (Cayman)	2022	132	$ 23.5	$ 0.5	$ 23.9	$ 24.4	0.0x	1.0x	6.2%
Fund 6 US ERISA	2022	251	$ 50.0	$ 3.1	$ 51.0	$ 54.0	2.0x	1.1x	13.7%
TRS Kentucky	2022	251	$ 76.6	$ 1.6	$ 78.5	$ 80.1	2.0x	1.0x	13.4%
Total		**332**	**$ 2,549.9**	**$ 836.6**	**$ 2,325.2**	**$ 3,161.8**		**1.2x**	

Monroe Direct Lending Performance – Mar. 31, 2023

Investment-Level Performance by Vintage Year							
		Investment-Level, In USD Millions				Gross of Fees	
Vintage Year	Portfolio Companies (#)	Total Invested Capital	Total Realized	Total Unrealized	Total Value	MOIC	IRR
2006	13	$ 102.3	$ 107.8	$ -	$ 107.8	1.1x	4.5%
2007	13	$ 83.2	$ 97.4	$ -	$ 97.4	1.2x	9.3%
2008	4	$ 24.5	$ 27.1	$ -	$ 27.1	1.1x	3.7%
2009	1	$ 0.1	$ 1.7	$ -	$ 1.7	14.1x	15.9%
2010	4	$ 14.9	$ 16.4	$ -	$ 16.4	1.1x	4.2%
2011	15	$ 193.9	$ 193.4	$ 49.3	$ 242.8	1.3x	6.1%
2012	16	$ 337.1	$ 388.0	$ -	$ 388.0	1.2x	9.1%
2013	17	$ 419.1	$ 534.0	$ -	$ 534.0	1.3x	13.7%
2014	30	$ 782.6	$ 1,033.2	$ 19.0	$ 1,052.3	1.3x	11.1%
2015	48	$ 1,474.2	$ 1,722.8	$ 104.3	$ 1,827.1	1.2x	8.9%
2016	51	$ 1,264.8	$ 1,509.2	$ 130.1	$ 1,639.3	1.3x	9.3%
2017	61	$ 2,420.3	$ 2,577.5	$ 331.6	$ 2,909.1	1.2x	8.3%
2018	66	$ 2,944.8	$ 2,829.7	$ 807.5	$ 3,637.2	1.2x	9.7%
2019	73	$ 3,645.9	$ 2,826.1	$ 1,593.6	$ 4,419.7	1.2x	9.3%
2020	47	$ 2,288.7	$ 1,462.6	$ 1,219.0	$ 2,681.7	1.2x	10.3%
2021	90	$ 6,382.3	$ 2,317.3	$ 4,809.1	$ 7,126.4	1.1x	9.7%
2022	70	$ 4,149.9	$ 738.2	$ 3,737.9	$ 4,476.1	1.1x	13.4%
2023	8	$ 777.4	$ 36.9	$ 770.8	$ 807.7	1.0x	25.3%
Total	**627**	**$ 27,306.2**	**$ 18,419.4**	**$ 13,572.2**	**$ 31,991.5**	**1.2x**	**9.6%**

Fund Performance									
			Fund-Level, In USD Millions				Fund-Level		
Fund[1]	Vintage Year	Portfolio Companies (#)	Total Invested Capital	Total Distributed	Total Unrealized	Total Value	Leverage (Debt / Equity)	Net MOIC	Net IRR
Monroe Capital Partners Fund LP	2012	7	$ 81.3	$ 59.2	$ 76.1	$ 135.3	n/a	1.7x	8.0%
Monroe Capital Partners Fund II LP	2014	4	$ 15.8	$ 9.4	$ 13.5	$ 22.9	n/a	1.5x	6.8%
Monroe Capital Senior Secured Direct Loan Fund (Offshore) LP	2014	n/a	$ 108.9	$ 167.9	$ -	$ 167.9	n/a	1.5x	9.9%
Monroe Capital Senior Secured Direct Loan Fund (Unleveraged) LP	2014	n/a	$ 209.5	$ 304.6	$ -	$ 304.6	n/a	1.5x	8.6%
Monroe Capital Senior Secured Direct Loan Fund LP	2014	n/a	$ 125.7	$ 217.6	$ -	$ 217.6	n/a	1.7x	12.1%
Monroe Private Credit Fund A LP (Non-CLO)5	2015	163	$ 762.3	$ 373.3	$ 758.5	$ 1,131.8	1.2x	1.5x	9.7%
Monroe Capital Private Credit Fund I LP ("Iowa")	2016	96	$ 554.8	$ 175.6	$ 491.0	$ 666.6	n/a	1.2x	7.6%
Monroe Capital Private Credit Fund II (Unleveraged) LP	2016	14	$ 109.7	$ 134.2	$ 14.0	$ 148.2	n/a	1.4x	7.5%
Monroe Capital Private Credit Fund II Ireland ICAV - Unleveraged Fund	2016	13	$ 125.8	$ 131.6	$ 26.7	$ 158.3	n/a	1.3x	6.0%
Monroe Capital Private Credit Fund II LP	2016	13	$ 435.0	$ 517.9	$ 115.5	$ 633.4	n/a	1.5x	9.1%
Monroe Capital Fund SCSp SICAV-RAIF - Private Credit Fund (Marsupial)	2018	68	$ 106.5	$ 34.4	$ 112.0	$ 146.4	0.9x	1.4x	9.0%
Monroe Capital Fund SCSp SICAV-RAIF - Private Credit Fund III	2018	75	$ 187.7	$ 54.1	$ 193.8	$ 247.9	0.9x	1.3x	9.4%
Monroe Capital Fund SCSp SICAV-RAIF - Private Credit Fund III (Unlev.)	2018	66	$ 245.2	$ 8.4	$ 238.2	$ 246.6	n/a	1.0x	6.9%
Monroe Capital Private Credit Fund III (Unleveraged) LP	2018	71	$ 249.4	$ 129.1	$ 191.3	$ 320.4	n/a	1.3x	8.0%
Monroe Capital Private Credit Fund III LP	2018	87	$ 469.6	$ 174.7	$ 491.9	$ 666.6	0.7x	1.4x	11.7%
Monroe Capital Private Credit Fund VT LP	2018	55	$ 180.0	$ 39.5	$ 184.6	$ 224.1	n/a	1.2x	6.9%
Monroe Capital Opportunistic Private Credit Master Fund	2021	35	$ 194.9	$ 19.3	$ 210.1	$ 229.3	0.4x	1.2x	13.0%
Monroe Capital Private Credit Fund L LP	2021	40	$ 80.0	$ 2.8	$ 82.0	$ 84.7	n/a	1.1x	6.9%
Monroe Capital Private Credit Master Fund IV (Unleveraged) SCSp	2021	106	$ 1,073.3	$ 76.8	$ 1,096.9	$ 1,173.7	n/a	1.1x	7.0%
Monroe Capital Private Credit Master Fund IV SCSp	2021	124	$ 758.3	$ 59.4	$ 768.3	$ 827.7	1.0x	1.1x	9.0%
Monroe Capital Private Credit Versailles Master Fund SCSp	2021	34	$ 392.4	$ 21.6	$ 402.5	$ 424.1	n/a	1.1x	6.4%
Monroe Capital Private STARR (Unleveraged) Master Fund 1 LP	2021	36	$ 603.0	$ 21.9	$ 622.6	$ 644.4	n/a	1.1x	9.6%
Monroe Capital Private Credit Fund 559 LP	2022	67	$ 152.1	$ 9.4	$ 155.3	$ 164.7	0.8x	1.1x	8.7%
Total		**627**	**$ 7,221.1**	**$ 2,742.7**	**$ 6,244.6**	**$ 8,987.3**		**1.2x**	

[1] The bottom table only includes Monroe's private commingled funds and funds of one. It excludes retail and CLO funds.

Investment Manager and Fund Narratives

Carlyle Global Credit Inv. Mgmt. – Carlyle Direct Lending Fund

Firm Overview

The Carlyle Group Inc. (NASDAQ: CG) is an alternative asset management firm specializing in private capital. The firm has three divisions: Global Private Equity, Global Credit, and Investment Solutions. Carlyle has over 2,200 employees in more than 25 offices globally, who manage about $380 billion as of March 31, 2023. The firm was founded in 1987 by William Conway, Jr., Daniel D'Aniello, and David Rubenstein. The firm's major offices are in Washington, DC; New York, NY; London; and Hong Kong.

Team Overview

The Carlyle Direct Lending (CDL) team includes over 40 investment professionals and is primarily based in New York. They specialize by stages in the investment process: origination, underwriting, and portfolio management, which occurs after loans have been made. The CDL team is led by Aren LeeKong, Vice Chair of Global Credit and Head of Direct Lending; Michael Hadley, CIO and Head of Underwriting of Direct Lending; and Tom Hennigan, COO and CRO of Direct Lending. Investment decisions are made primarily by a seven-member screening committee (SC) that advances investment opportunities for consideration by a 12-member investment committee (IC). LeeKong, Hadley, and Hennigan serve on both committees. The SC also includes Nino Cordoves, Head of Origination of CDL; David Richman, Deputy CIO of CDL; a rotating managing director from CDL; and a rotating managing director from Carlyle's opportunistic credit team. The IC also includes senior managers who oversee Carlyle's global credit platform and managers of its other credit strategies. In addition to CDL, Carlyle has a separate workout team to address troubled loans.

Strategy Overview

The strategy primarily makes first-lien, senior-secured loans of $50-400 million to U.S. private equity (PE)-sponsored core to upper-middle-market companies with $25-100 million in EBITDA. We consider its risk profile below average within the senior direct-lending category. Its risk is reduced by focusing on borrowers with stable cash flow, low customer concentration, and in industries with barriers to entry; making loans that generally average less than 50% of borrower enterprise value (loan to value or LTV); and focusing on companies owned by PE sponsors that may provide management expertise as well as capital to borrowers experiencing setbacks. Loans are expected to average 5.0-6.0x borrower EBITDA.

The investment process follows a "functional-specialist" model, wherein investment professionals specialize in phases of the investment process. CDL's dedicated originations team focuses on about 250 private equity (PE) sponsors in the U.S. and Europe. They emphasize PE sponsors with the strongest fit for their lending strategy. This includes sponsors that CDL considers established, successful, and good stewards of debt capital, and that invest in sectors where CDL has conviction. Underwriting is conducted by an investment team, which includes three to five investment professionals and the Head of Underwriting. The CDL team typically reviews about 2,000 lending opportunities annually and typically invests in 3-4%, which we consider selective. The due-diligence process typically takes 60 to 90 days from opportunity identification to loan funding. The team monitors loans using a proprietary dashboard that reviews covenant compliance. Credit workout processes for troubled loans are supported by Carlyle's dedicated workout team.

Expectations

Carlyle Direct Lending Fund (the Unlevered Fund) targets a 6.5-7.5% net IRR. Carlyle Direct Lending Fund (Levered) and CDL Offshore Fund (Levered) (together, the Levered Funds) target 10.0-12.0% net IRRs. We think each fund's return target is achievable over the long term.

We think the funds' objectives may be exceeded in the short term. Their unlevered returns are mainly expected from cash coupons that float relative to SOFR. SOFR is currently about 5.0% and the portfolio's weighted average spread is about 6.3%, leading to total coupons of about 11.3%. After adding one-time closing fees of 2.0-3.0% amortized over four years, which is 0.50-0.75% annually; other fees from borrowers; and returns from limited equity participation, and deducting expected credit losses and the fund's fees, we think the return target may be exceeded. The Levered Funds are expected to use about 1.0x debt/equity leverage. Carlyle expects the cost of financing to be about 2.5% over SOFR. Adjusting the unlevered returns for this, we consider the Levered Funds' goals achievable.

Points to Consider

The partnerships are evergreen, which gives investors the option to remain invested. They will hold quarterly closings and draw commitments sequentially. After a two-year investor-level lock-up, investors who wish to redeem will have two options, quarterly or annual. The quarterly option will generally rely on matching contributions from other investors' commitments, while the annual option involves setting aside a pro-rata portion of the portfolio to naturally mature. Investors may also choose to receive or reinvest anticipated quarterly income distributions.

We think it could take seven years from an investor's initial commitment to fully exit the vehicle. We think the primary benefit of the slow redemption structure is that it addresses the illiquidity of the underlying holdings, which is important for mitigating "run-on-the-bank" risks.

Between the underlying CDL strategy's 2013 inception and March 2023, the team invested $16.7 billion in more than 450 portfolio companies. They achieved a 7.5% gross unlevered IRR, which is on the upper end of the 6-8% range we consider illustrative of the category, and a 0.2% annualized credit-loss rate, which is better than the 0.5-0.8% we consider illustrative of the category.

We consider the strategy's fees low. It has no incentive fee, which most funds in the category charge. The management fee starts at a competitive 1.25% of gross invested assets, which includes assets bought using leverage. Carlyle has agreed to aggregate AndCo clients' commitments for the fund's scale-based discounts.

Recommendation Summary

We recommend the strategy as a sole or diversifying allocation in a private debt portfolio. We think its style is representative of the typical U.S. institutional investor's approach to direct lending. The strategy's evergreen structure may reduce the need for clients to refresh the core direct-lending allocation. In contrast, its core approach may be of less interest to clients seeking to outperform the category since it leaves fewer opportunities for teams to exploit competitive advantages. The evergreen structure may also be of less interest to clients who feel more comfortable with the more-established closed-end limited partnership format.

Deerpath Capital Management – Deerpath Capital (Advantage) VII

Firm Overview

Deerpath was founded in 2007 by President James Kirby, Principal John Fitzgibbons, and Chairman Gary Wendt, who are three of its four principals. Principal, COO, and investment team head Tas Hasan joined the firm the same year. The firm only manages direct lending, in which it manages over $5.5 billion. It launched its first fund in 2008 and funded its first loan in May 2009. Deerpath has five offices in New York, Chicago, Boston, Los Angeles, and Fort Lauderdale. Messrs. Kirby, Fitzgibbons, Wendt, and Hasan, or trusts they or their respective families control, own 40%, 30%, 20% and 10% of the firm, respectively.

Team Overview

Deerpath comprises more than 80 professionals. The principals are its management committee and lead its business operations. The investment team includes about 20 professionals, eight of whom are originators and 12 of whom are underwriters. Deerpath's, Finance, Operations, and Portfolio Reporting team includes about 45 members responsible for functions such as accounting, loan operations, financing, and cash management. The firm also has about 15 investor relations professionals. Deerpath's investment decisions are made by a five-member investment committee (IC). The four principals are permanent IC members. The fifth seat is held by a quarterly rotating managing director from the investment team. Decisions are made by a majority of the IC, which must include most of the principals.

Strategy Overview

The strategy primarily makes first-lien, senior-secured loans of $25-75 million to lower middle-market, private equity (PE)-owned U.S. companies with $8-20 million in EBITDA and total enterprise values of $50-150 million. We consider the strategy conservative due to its focus on low leverage relative to borrowers' enterprise values and cash flow, as well as its emphasis on companies whose owners Deerpath expects to provide support during adverse circumstances. The funds are expected to invest in about 200 companies during their lives.

Functions within the investment process are primarily carried out in a "cradle-to-grave" format, wherein the same deal team that originates lending opportunities underwrites, monitors and, when necessary, works out troubled loans. The size and diverse locations of the origination effort help Deerpath to originate investment opportunities from PE sponsors, banks and existing portfolio companies located around the U.S. The team sees over 2,000 opportunities annually when add-on opportunities are included. This allows Deerpath to be selective while maintaining broad diversification. The firm invested in about 3% of the new portfolio company opportunities it reviewed in 2022. Deal teams are selected by the IC when origination opportunities are considered worthy of underwriting. The firm conducts quality of earnings reviews independently from PE sponsors and develops its own opinion of the prospective borrower's enterprise value. The typical portfolio company has more than 20 years of operating history. The firm generally lends 3.5-4.5x EBITDA, which is about 0.5x less than we commonly see for direct lending strategies and aims to lend less than 50% of the borrower's enterprise value. This may provide protection when cash flow declines or PE firms pay multiples that are too generous. Monitoring is supported by the firm's deep finance and operations team, which collects financial statements from borrowers. Troubled portfolio companies are added to a watch list and Head of Restructuring Mauricio Reyes coordinates the firm's response to those situations. Credit workouts are implemented by the deal team, but the decisions are made by the IC.

Expectations

The strategy is offered in unlevered and levered formats. Deerpath Capital VII (US) is unlevered and seeks a 6-9% net IRR. Deerpath Capital Advantage VII (US) is expected to add 2.0x debt/limited-partner equity leverage to target a net IRR of 10-13%. Deerpath also offers Cayman Islands-domiciled partnerships, which seek a 5-8% net IRR unlevered or an 8-11% net IRR with 2.0x debt/equity leverage. The offshore partnerships' targeted returns are lower due to features that Deerpath expects to reduce the odds that they will incur UBTI and/or ECI.

We think each partnership's net return target is achievable. On an unlevered basis, Deerpath targets gross IRRs of about 10-12% from its underlying loans, comprising coupons of 6-7% over SOFR (SOFR was about 4.9% on March 31, 2023) and one-time fees of 2.5-3.0%, plus potential fees for loan modifications or default charges. The Advantage funds are expected to issue debt in the collateralized loan obligation (CLO) market. We expect the cost of their leverage to be 2-3% over SOFR at current interest rates. Adding the incremental expected return from the assets bought using debt and deducting the financing cost causes us to consider the levered partnerships' return targets reasonable.

Points to Consider

PGIM Investments (PGIM), a subsidiary of Prudential Financial Inc. (NYSE: PRU), has agreed to purchase 75% of Deerpath. The remainder will be owned by Kirby (20%) and Hasan (5%). The acquisition is expected to close in late 2023, pending client and regulatory approval. Fitzgibbons and Wendt are selling their interests, while Kirby and Hasan are selling 50% of their interests. Fitzgibbons and Wendt had spent about one-third of their business time on Deerpath since its inception and will leave the firm. On the IC, they will be succeeded by Natalie Garcia, Head of Underwriting, and Reed Van Gorden, Head of Origination, who each joined Deerpath in 2015 and have more than 15 years of experience. We consider the transaction positive due to the change in the IC, which will solely comprise full-time Deerpath investment professionals.

Returning investors should be aware that Deerpath funds may hold overlapping loan exposures. The partnerships comprising Fund VII are "feeder funds". They are expected to invest primarily in evergreen master funds that hold underlying investments either directly or through levered subsidiaries. Some older Deerpath funds invest in the same master funds, leading to overlap across fund vintages. We expect this structure to increase diversification and allow Deerpath greater flexibility to manage the levered funds' borrowing.

Deerpath will administer the funds internally and charge for these services. We expect these costs to be 0.35-0.45% of invested capital annually. We think internal administration benefits the strategy by allowing the team to quickly see changes in borrowers' performance relative to their business plans, which may protect capital by enabling faster responses when credit workouts are needed. Deerpath's management fee (1.0%) plus the amount we anticipate for administration is less than the 1.5% median management fee Preqin reports for peers.

Recommendation Summary

We recommend the strategy as a sole or diversifying allocation in a private debt portfolio. Its focus on lower middle-market companies may complement exposure to direct lending strategies that focus on the larger core or upper middle-market. As a conservatively managed strategy, it may also serve as a lower risk diversifier to complement non-PE-sponsored, subordinated, or distressed debt strategies.

Monroe Capital Management Advisors LLC – Monroe Capital Private Credit V

Firm Overview

The firm (Monroe) specializes in managing U.S. lower middle-market private debt. It was founded in 2004 by Theodore Koenig, Michael Egan, and Thomas Aronson, who previously worked together at Hilco Capital. Monroe manages about $15.9 billion, primarily in private debt. It comprises about 200 employees, including more than 90 investment professionals. The Chicago office is its headquarters, with additional offices in Atlanta, Boston, Los Angeles, Miami, New York, and San Francisco. Its flagship strategy focuses on cashflow-based direct lending. Monroe also manages a tangential asset-based lending (ABL) strategy that is a minority of the flagship series, a business development company (BDC) called Monroe Capital Corporation (NASDAQ: MRCC), and collateralized loan obligations (CLOs).

Team Overview

The firm's investment professionals are organized in functional groups based on stages in the investment process. About 20 originators based in four of Monroe's offices are led by Head of Originations Thomas Aronson. About 70 professionals focused on underwriting and loan structuring indirectly report to Chief Credit Officer Michael Egan through four Managing Directors: Head of Underwriting – Direct Loans Alex Franky, Head of Underwriting – Capital Markets Jeffrey Williams, Co-Head of Opportunistic Credit Kyle Asher, and Head of Portfolio Management Nathan Harrell. Additional senior investment professionals include President and Co-Portfolio Manager (PM) of Direct Lending Zia Uddin; Co-PM of Institutional Portfolios Chris Lund; PM of CLO Vehicles Jeremy VanDerMeid; and PM of the BDC and Co-Head of Opportunistic Credit Aaron Peck.

Strategy Overview

The strategy primarily originates senior loans to U.S. companies with $10-50 million in EBITDA (a measure of cash flow). It is expected to invest most of its capital in direct loans to companies that are private equity (PE)-sponsored, a lesser amount in direct loans to non-PE-sponsored companies, and less than 20% in opportunistic transactions such as ABL. Under the supervision of a 10-member Investment Committee (IC), functions within the investment process are carried out in a "functional-specialist" format, wherein investment professionals who find lending opportunities ("originate") are separated from those who underwrite and monitor them. The process follows the life of a loan: origination, underwriting, structuring, monitoring, and portfolio management (workouts) for those not repaid as agreed.

Opportunities are identified by Monroe's robust origination team. Opportunities that pass initial screening are reviewed by the underwriting and structuring team. The transaction type (direct loans, syndicated loans, or opportunistic) determines which of three Heads of Underwriting would assign an underwriter to review the opportunity. The underwriter reviews the potential borrower's cash flow, business strategy, competitive positioning, collateral, and proposed loan terms like leverage and covenants. Environmental, social and governance (ESG) considerations are also evaluated at this stage. After underwriting, the same team structures loans that the IC has approved. Monitoring is conducted by PMs and the IC using "trend cards" customized to the borrower's key business metrics. The portfolio management team is assigned for heightened monitoring of and, if necessary, help in working out, credits assessed as below plan.

Expectations

Monroe Capital Private Credit (MCPC) V is offered in unlevered and levered partnerships that will seek 8-10% and 12-14% net IRRs, respectively. We think these targets are achievable. Underlying loans are expected to have interest rates of SOFR plus 6-7%, plus one-time fees of 2-3% and equity participation through warrants. Monroe's loans have historically been repaid 2-3 years after issuance, so we expect the one-time fees to be about 1.0% annualized. We expect higher returns from the fund's opportunistic investments.

The levered partnerships are expected to borrow an amount equal to investors' equity (1.0x debt/equity fund-level leverage) using one or more asset-backed lending facilities provided by traditional banks. Monroe expects the cost of the facility to be SOFR + 2.75-3.00% of the amount borrowed, plus 1.00-1.25% in fees. Adding the incremental expected return from the assets bought using debt and deducting the financing cost causes us to consider the levered partnerships' return targets reasonable.

Points to Consider

We like MCPC V's diversified approach. While we expect the fund to invest primarily in PE-sponsored companies, we also expect it to include non-PE-sponsored companies and ABL. We expect non-PE-sponsored loans and ABL to allow for higher returns due to their harder-to-find nature and complexity, respectively. However, both non-PE-sponsored loans and ABL may be riskier than the typical cashflow-based loan to PE-sponsored companies, all else held equal.

Monroe's broad deal flow may help the team to build diversified portfolios. The firm reviews about 2,000 opportunities per year. In 2022, Monroe invested in 114 portfolio companies. Thus, the firm invested broadly yet kept its closing rate within the 4-8% range we consider typical for established lenders like Monroe, who tend to be able to be more selective than new entrants.

Zia Uddin, who was lead PM for the prior fund, has stepped back to Co-PM of MCPC V alongside Chris Lund. Uddin has been named Monroe's president and we think he may become CEO when co-founder Ted Koenig retires. While Koenig is only in his early 60s, Uddin leads most internal day-to-day operations now. Uddin and Lund make decisions jointly for MCPC and we think that Lund may take the lead role in the next few years. We are comfortable with these transitions, which we expect to continue over several years. We also note that the investment committee of about 10 members is responsible for approving investments.

Commitments by AndCo clients may be aggregated for MCPC V's tiered fee schedule. Clients who wish to receive any discount that may apply should reference this understanding in their side letters with Monroe.

Recommendation Summary

We recommend the strategy as a sole or complementary allocation in direct lending. It may be a fit for clients seeking a broad-based approach to senior direct lending, as well as those seeking a complement to larger capitalization and/or strictly PE-sponsored approaches. The strategy's unlevered feeders may be a fit for more conservative investors, while those seeking higher returns may prefer the levered partnerships.

Glossary

Glossary

Alternative Investments: Broadly, investments in assets or funds whose returns are generated through something other than long positions in public equity or debt. Generally includes private equity, private debt, real estate, and hedge funds.

Bankruptcy: One of several federal court procedures that debtors may invoke to protect them from their creditors.

Broadly Syndicated Loans (BSLs): Senior term loans that are held by a large or potentially large group of investors. BSLs are originated by an agent bank who assigns participations in the loan to a group of investors (a "syndicate") in a manner similar to the initial public offering for a stock. There is an established secondary market for BSLs, which allows them to be held in more liquid vehicles such as mutual funds. BSLs are also commonly called "bank loans."

Buyouts: Investments made to acquire majority or control positions in businesses purchased from or spun out of public or private companies, or purchased from existing management/shareholders public equity shareholders in "going private" transactions, private equity funds or other investors seeking liquidity for their privately –held investments. Buyouts are generally achieved with both equity and debt. Examples of various types of buyouts include: small, middle market, large cap, and growth.

Carried Interest: Also known as "carry" or "promote." A performance bonus for the GP based on profits generated by the fund. Typically, a fund must return a portion of the capital contributed by LPs plus any preferred return before the GP can share in the profits of the fund. The GP will then receive a percentage of the profits of the fund (typically 15.0-20.0%). For tax purposes, both carried interest and profit distributions to LPs are typically categorized as a capital gain rather than ordinary income.

Capital Commitment: The total out-of-pocket amount of capital an investor commits to invest over the life of the fund. This commitment is generally set forth on an investor's subscription agreement during fundraising and is accepted by the GP as part of the "closing" of the fund.

Catch–up: A clause in the agreement between the GP and the LPs of a fund. Once the LPs have received a certain portion of their expected return, often up to the level of the preferred return, the GP is entitled to receive a majority of the profits (typically 50.0%-100.0%) until the GP reaches the carried interest split previously agreed.

Co-investments: Investment made directly into a company alongside a General Partner's investment, rather than indirectly through a fund.

Covenant: A condition in a corporate loan agreement that requires the borrower to fulfill certain conditions ("maintenance covenant") or prohibits the borrower from undertaking certain actions ("incurrence covenant").

Covenant-Lite: A loan that does not have any maintenance covenants. The term's spelling is by industry convention.

Creditor: The lender of a loan, who gives one or more debtors money in advance in exchange for later payments of principal and/or interest.

Debtor: The borrower of a loan, who receives money from one or more creditors in advance in exchange for later payments of principal and/or interest.

Default: This occurs when the borrower does not meet the terms to which it committed in a loan agreement. Default can occur from failing to meet covenant conditions as well as failing to make principal or interest payments.

Glossary

Distressed Debt: Strategies that purchase the debt of companies that are troubled, have defaulted, are on the verge of default, or are seeking bankruptcy protection. Investors have been referred to as "vultures" as they pick the bones of troubled companies. Investment structures of focus include subordinated debt, junk bonds, bank loans, and obligations to suppliers.

Distribution: When an investment by a fund is fully or partially realized, the proceeds of the realizations may be distributed to the investors. These proceeds may consist of cash, or, to a lesser extent, securities.

Dry Powder: Capital that has been committed to a limited partnership and has not yet been called or may be called again ("recycled").

EBITDA: A measure of annual corporate cash flow defined as earnings before interest, taxes, depreciation and amortization. This measure of annual cash flow is intended to make comparisons between different industries more relevant. Multiples of EBITDA are a generally accepted method for valuing private companies and describing the amount of leverage in direct lending.

Effectively Connected Income (ECI): Income that a foreign entity earns from conducting a trade or business in the U.S.

Efficient Frontier: The set of portfolios that maximizes the expected rate of return at each level of portfolio risk.

Fair Value: An estimate of the price at which an unrelated buyer and seller would exchange an asset in an arms-length transaction. For a publicly traded asset, fair value may be observed based on recent trades in the market. For assets that are traded less frequently or not at all, the value of an asset is often estimated by forecasting its future cash flows and discounting them based on assumed discount rates.

General Partner (GP): A class of partner in a partnership. The GP makes the decisions on behalf of the partnership and retains liability for the actions of the partnership. In the private equity industry, the GP is solely responsible for the management and operations of the investment fund while the LPs are passive investors, typically consisting of institutions and high net worth individuals. The GP earns a percentage of profits.

Gross Assets: The fair value of all the partnership's holdings, including those funded using limited-partner equity and leverage.

Insolvency: The state of not being able to pay amounts owed. This can result from not having enough assets to meet the borrower's commitments or not having enough liquidity.

Internal Rate of Return (IRR): The compound interest rate at which a certain amount of capital today would have to accrete to grow to a specific value at a specific time in the future. Basically, it is the average return on capital over the lifetime of the investment. This is the most common standard by which GPs and LPs measure the performance of their private debt portfolios and portfolio companies over the life of the investment. IRRs are calculated on either a net (i.e., including fees and carry) or gross (i.e., not including fees and carry) basis.

J-Curve: The IRR of a private investment plotted versus time. The J-curve refers to the fact that net IRRs in the early years of a fund are generally negative, dominated by drawdowns for fees and investments. As investments accrete in values and are gradually liquidated, returning capital and profits, the fund works through the J-curve and begins to show positive IRRs and multiples of investors' capital.

Glossary

Leverage: The use of debt to acquire assets, build operations and increase revenues. By using debt (in either the original acquisition of the company or subsequent add-on acquisitions), investors attempt to achieve investment returns beyond which they could achieve using equity capital alone. Increasing leverage on a company also increases the risk that assets and revenues will not increase sufficiently to generate enough net income and cash flow to service the increased debt load.

Leveraged Buyout (LBO): The purchase of a company or a business unit of a company by an outside investor using mostly borrowed capital.

Limited Partner (LP): A passive investor in a Limited Partnership. The General Partner (GP) is liable for the actions of the partnership, while the LPs are generally protected from legal actions and any losses beyond their original investment. The LPs receive income, capital gains and tax benefits.

Loan-to-Value (LTV): The ratio of a loan's balance to the value of the collateral that secures it. This is often used in asset-based lending.

London Interbank Offered Rate (LIBOR): LIBOR rates measured the interest rates at which banks lent a variety of currencies (including the U.S. dollar) to one another for a variety of terms (such as one month or three months). These rates are being replaced with other rates around the world, and specifically the Secured Overnight Financing Rate (SOFR) in the U.S., due to problems with its survey-based methodology and alleged manipulation during the Global Financial Crisis.

Management Fee: A fee paid to the Investment Manager for its services. For a senior direct lending strategy, the fee is generally assessed on gross assets, including assets purchased using leverage. Other types of private debt tend to have more variation in the denominator against which they assess fees, such as assessments based on the partnership's aggregate committed capital.

Mezzanine: An unsecured debt instrument that is subordinated to the senior debt in a company but ranking senior to any equity claims. The instrument may include equity features such as warrants or options.

Middle-Market: Companies with $10.0-100.0 million in annual cash flow (EBITDA), which are generally considered established but not large enough to issue publicly traded debt. The middle market is segmented into lower, core and upper capitalization ranges. We typically see the lower middle-market defined as companies with $10.0-25.0 million in EBITDA, the core middle market defined as companies with $25.0-75.0 million in EBITDA and the upper middle-market defined as companies with more than $75.0 million in EBITDA.

Multiple of Invested Capital (MOIC): The total return on an investment as measured by (Total Money Out)/(Total Money In). Multiple of cost and IRR are the two most common measures of performance in private equity-style Limited Partnerships.

Net Asset Value (NAV): The value given by deducting an entity's liabilities from its assets. This can refer to the estimated value available to all investors in a pooled vehicle or the value of a specific limited partner's investment in it. The amount is different from gross assets because it includes an estimate for what it would cost to pay off the fund's debt. This distinction is particularly meaningful for levered investments.

Payment-in-Kind (PIK): Interest assessed as increases in the principal owed, rather than in cash. When the debtor has the option of paying in cash or PIK, this is called a "PIK toggle".

Glossary

Preferred Return: The minimum return that the GP needs to achieve in order to receive carried interest. After the cost basis of an investment is returned to the LPs, they will also receive additional proceeds from the investment equal to a stated percentage, often 6.0-8.0%. Once the preferred return is paid, then the GP will be entitled to its carried interest on all profits realized from the investment in excess of zero (i.e. not limited to the portion above the preferred return).

Private Equity: May refer to the non-exchange-listed common equity of a corporation or a set of investment strategies that generally invest in that type of asset. Since such investments are illiquid, investors must be prepared for investment horizons from 5.0 to 10.0 years.

S&P/LSTA U.S. Leveraged Loan Index: A market-weighted index intended to track the performance of tradeable U.S. broadly syndicated loans ("bank loans"). The index represents a partnership of Standard & Poor's (S&P) and the Loan Syndications and Trading Association (LSTA).

Secured Overnight Financing Rate (SOFR): SOFR measures the cost of borrowing overnight collateralized by Treasury securities, as published by the Federal Reserve Bank of New York.

Senior: Higher priority than other claims on the borrower's assets. All else held equal, senior claims should receive higher recoveries in restructurings than subordinated claims.

Special Situations: Strategies that flexibly invest in companies that are in complex, less understood and/or troubled circumstances.

Subordination: Lower in priority than a more senior claim on the borrower's assets. All else held equal, subordinated claims should receive lower recoveries in restructurings than more senior claims.

Unrelated Business Taxable Income (UBTI): Income earned by a tax-exempt entity that is not substantially related to the entity's tax-exempt purpose.

Vintage Year: The year in which a private fund had its final closing.

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To: Monroe County Retiree Health Care Trust
From: Brian Green
Date: August 14, 2023
Re: AndCo Recommended Rebalance / Emerging Markets / Private Credit

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AndCo Consulting recommends the following actions be implemented.

1. **Rebalance of the portfolio as detailed below.**

Fidelity S&P 500 Index	Reduce by ($1,330,000)
Fidelity Extended Market Index	Increase by $127,000
Ancora Small / Mid	Increase by $187,000
Clarkston Small / Mid	Increases by $616,000
Vanguard Developed Markets	Reduce by ($4,000,000)
Dedicated Emg Mkts Allocation	Increase by $4,400,000

The primary objective of the rebalance is to raise cash from those areas of the portfolio that have had the strongest gains so far this year and bring them back closer to their long term targets. The funds raised will be uses to Increase Clarkston Small Mid, Seizert Mid Cap and fund the cash account with sufficient cash to cover projected benefit payment needs until January 2024.

2. **Commit $2,800,000 to Monroe Capital Partners Private Credit Fund V**

As we begin building out the private debt program, we recommend the strategy as a strong introductory allocation to direct lending. It is appropriate for clients seeking a broad-based approach to senior direct lending Monroe's broad deal flow may help the team to build diversified portfolios. The firm reviews about 2,000 opportunities per year. In 2022, Monroe invested in 114 portfolio companies. Thus, the firm invested broadly yet kept its closing rate within the 4-8% range we consider typical for established lenders like Monroe, who tend to be able to be more selective than new entrants.

The strategy primarily originates senior loans to U.S. companies with $10-50 million in EBITDA (a measure of cash flow). It is expected to invest most of its capital in direct loans to companies that are private equity (PE)-sponsored, a lesser amount in direct loans to non-PE-sponsored companies, and less than 20% in opportunistic transactions such as ABL. Under the supervision of a 10-member Investment Committee (IC), functions within the investment process are carried out in a "functional-specialist" format, wherein investment professionals who find lending opportunities ("originate") are separated from those who underwrite and monitor them. The process follows the life of a loan: origination, underwriting, structuring, monitoring, and portfolio management (workouts) for those not repaid as agreed.

3. **Invest $4,400,000 into an emerging market strategy.**

Further discussion to be held at the board meeting on 8/14/2023 to narrow candidates. AndCo Consulting recommends the ABS Emerging Markets Strategic or the Vanguard Emerging Markets Select Stock portfolios. Both are well diversified strategies with strong long term track records. Of further interest, both are built from a multi manager approach, offering diversity of portfolio construction that differs from their peers that are all single strategy focused.

Please contact your AndCo team with any questions about these recommendations.

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MONROE COUNTY
RETIREE HEALTH CARE TRUST

Actuarial Valuation as of December 31, 2022
To Determine Funding for Fiscal Year 2024

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August 4, 2023

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Certification

We have performed an actuarial valuation of the Plan as of December 31, 2022 to determine funding for fiscal year 2024. This report presents the results of our valuation.

The ultimate cost of an Other Post-Employment Benefits (OPEB) plan is the total amount needed to provide benefits for plan members and beneficiaries and to pay the expenses of administering the plan. OPEB costs are met by contributions and by investment return on plan assets. The principal purpose of this report is to set forth an actuarial recommendation of the contribution, or range of contributions, which will properly fund the plan, in accordance with applicable actuarial standards of practice. In addition, this report provides:

- A valuation of plan assets and liabilities to review the year-to-year progress of funding.
- Review of plan experience since the previous valuation to ascertain whether the assumptions and methods employed for valuation purposes are reflective of actual events and remain appropriate for prospective application.
- Assessment of the relative funded position of the plan, i.e., through a comparison of plan assets and projected plan liabilities.
- Comments on any other matters which may be of assistance in the funding and operation of the plan.

This report may not be used for purposes other than those listed above without Milliman's prior written consent. If this report is distributed to other parties, it must be copied in its entirety, including this certification section.

Milliman's work is prepared solely for the internal business use of Monroe County ("County"). To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the County may provide a copy of Milliman's work, in its entirety, to the County's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the County; and (b) the County may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

In preparing this report, we relied on employee census data and financial information as of the valuation date, furnished by the County. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Certification

The valuation results have been developed using models employing standard actuarial techniques. In addition, Milliman has developed certain models to estimate the claims cost and medical trend used in this analysis. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP). Reliance on other experts is based on the Plan's investment policy, Milliman's capital market assumptions, and Milliman's ASOP 27 expected return model maintained by Milliman investment consultants. The models, including all input, calculations, and output may not be appropriate for any other purpose.

The calculations reported herein have been made on a basis consistent with our understanding of the plan provisions. Additional determinations may be needed for purposes other than determining funding amounts, such as judging benefit security at plan termination or meeting employer accounting requirements. On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices.

We further certify that, in our opinion, each actuarial assumption, method and technique used is reasonable taking into account the experience of the Plan and reasonable expectations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan’s funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurement.

The consultants who worked on this assignment are actuaries. Milliman’s advice is not intended to be a substitute for qualified legal or accounting counsel.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Jack Chmielewski

John M. Chmielewski, FSA, EA, MAAA
Principal and Consulting Actuary

Christopher J. Giese

Christopher J. Giese, FSA, MAAA
Principal and Consulting Actuary

Section I - Executive Summary
Changes Since the Prior Valuation

Demographic Changes and Plan Experience

From December 31, 2021 to December 31, 2022, the overall membership decreased from 825 to 816. The number of active members decreased from 171 to 149, and the total number of members and spouses/dependents receiving benefits increased from 654 to 667.

The average age of active members increased from 51.0 to 51.2, and the average age of members receiving benefits stayed the same at 68.7.

Plan Changes

None.

Changes in Actuarial Methods and Assumptions

Since the December 31, 2021 valuation we have made the following assumption changes to better represent future expectations.

- Change in the mortality assumption projection scale from MP-2020 to MP-2021.

- Medical trend rates were changed to reflect anticipated experience under the most recent Getzen model application.

The combined effect of these changes increased the Unfunded Accrued Liability by about $2.7 million and increased the Actuarially Determined Contribution by about $0.4 million.

Other Significant Changes

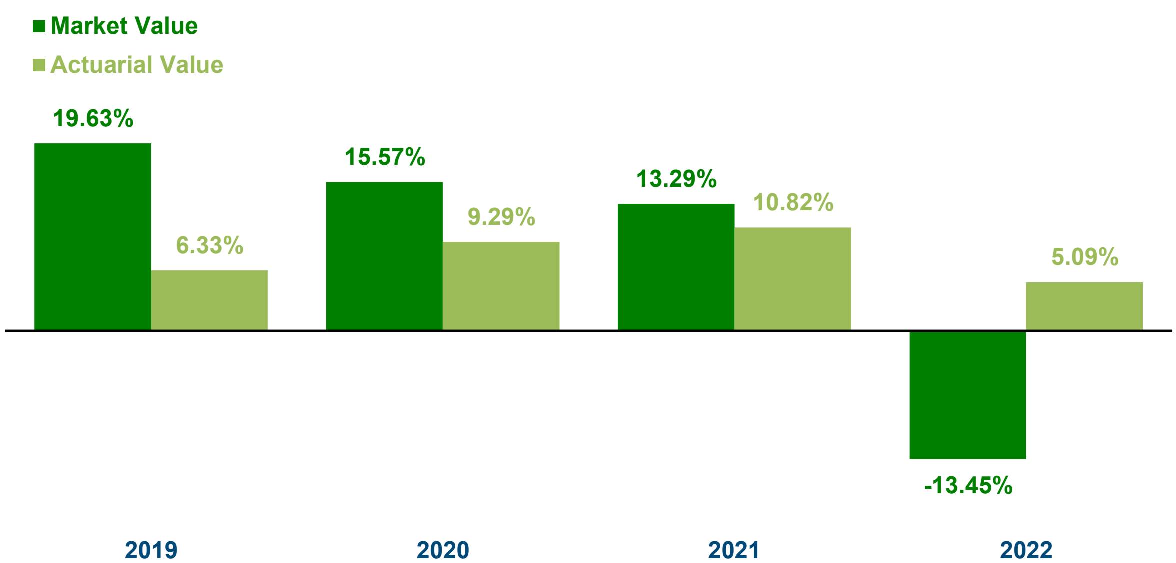
There have been no significant changes between the valuation date and fiscal year end.

Section I - Executive Summary
Assets

There are two different measures of the plan's assets that are used throughout this report. The Market Value is a snapshot of the plan's investments as of the valuation date. The Actuarial Value is a smoothed asset value designed to temper the volatile fluctuations in the market by recognizing investment gains or losses non-asymptotically over five years.

	Market	Actuarial
Value as of December 31, 2021	94,624,647	82,880,049
County and Active Member Contributions	6,211,709	6,211,709
Investment Income	(12,806,558)	4,246,638
Benefit Payments and Administrative Expenses	(4,958,289)	(4,958,289)
Value as of December 31, 2022	83,071,509	88,380,107

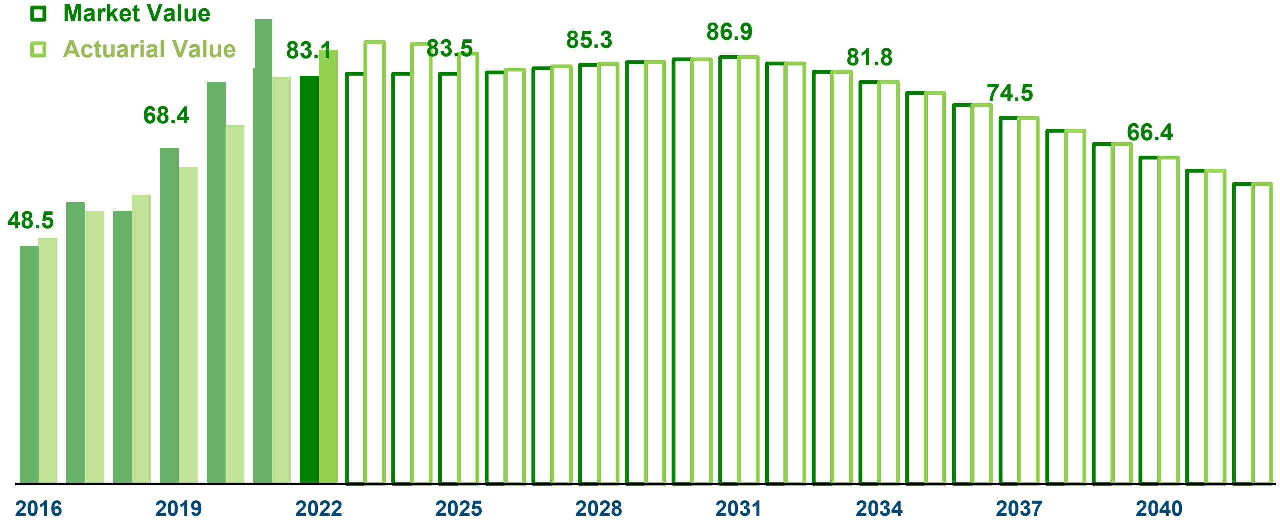
For fiscal year 2022, the plan's assets earned -13.45% on a Market Value basis. The actuarial assumption for this period was 5.50%; the result is an asset loss of about $18.0 million. Historical rates of return are shown in the graph below.



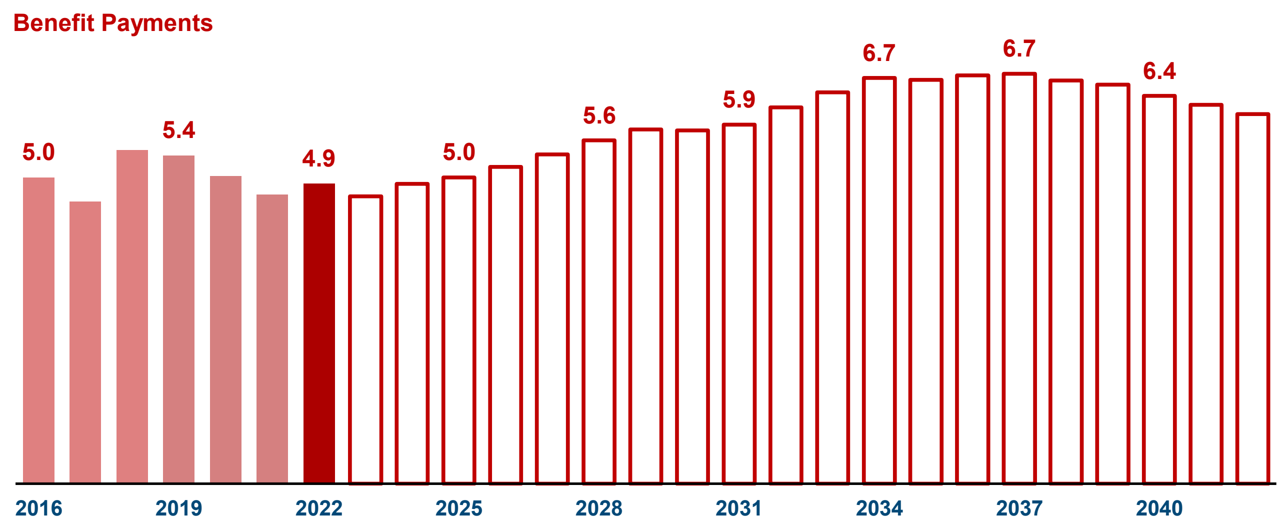
Please note that the Market Value currently is less than the Actuarial Value by $5.3 million. This figure represents investment losses that will be gradually recognized in future years. This process will exert upward pressure on the County's contribution, unless there are offsetting market gains.

Section I - Executive Summary
Assets (continued)

The graph below shows how this year's asset values compare to where the plan's assets have been over the past several years and how they are projected to change over the next 20 years. For purposes of this projection, we have assumed that the County always contributes the Actuarially Determined Contribution and the investments always earn the assumed interest rate each year.

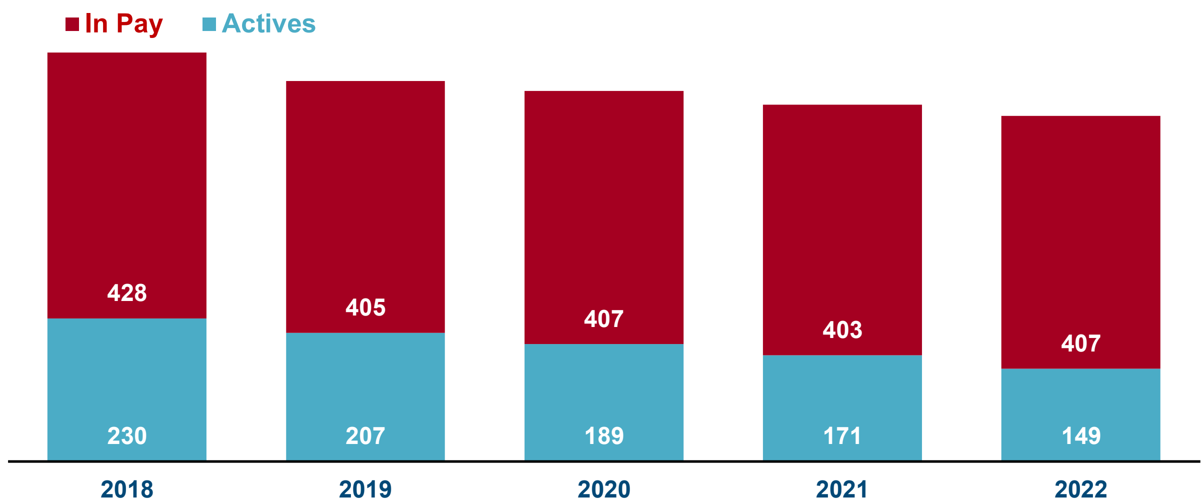


In 2022, the plan paid out $4.9 million in benefits to members. Over the next 20 years, the plan is projected to pay out a total of $119 million in benefits to members.



Section I - Executive Summary
Membership

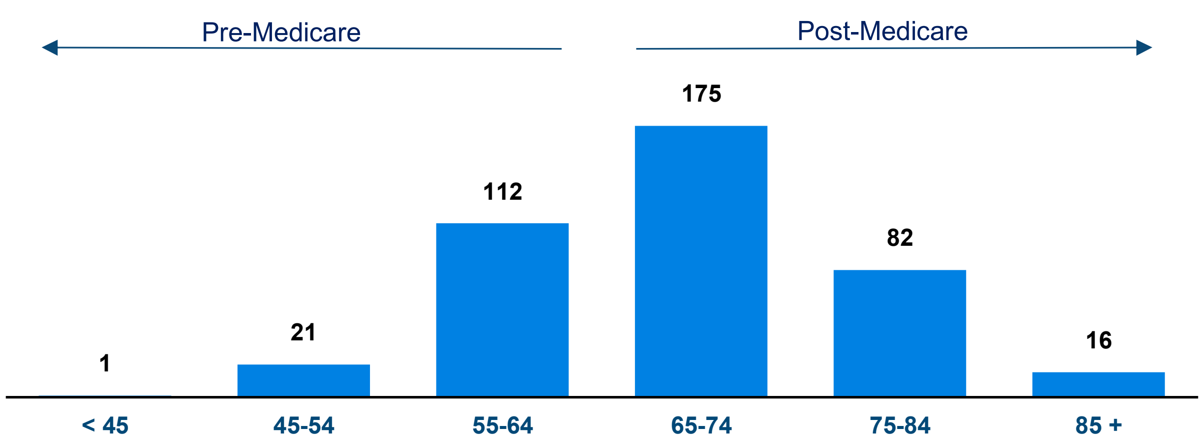
There are two basic categories of plan members included in the valuation: (1) members who are receiving benefits and (2) active employees who have met the eligibility requirements for membership.



Currently Receiving Benefits on December 31, 2022

Members Receiving Benefits	407
Spouses/Dependents Receiving Benefits	260
Total	667

The members receiving benefits fall across a wide distribution of ages:



Section I - Executive Summary
Membership (continued)

Active Members on December 31, 2022

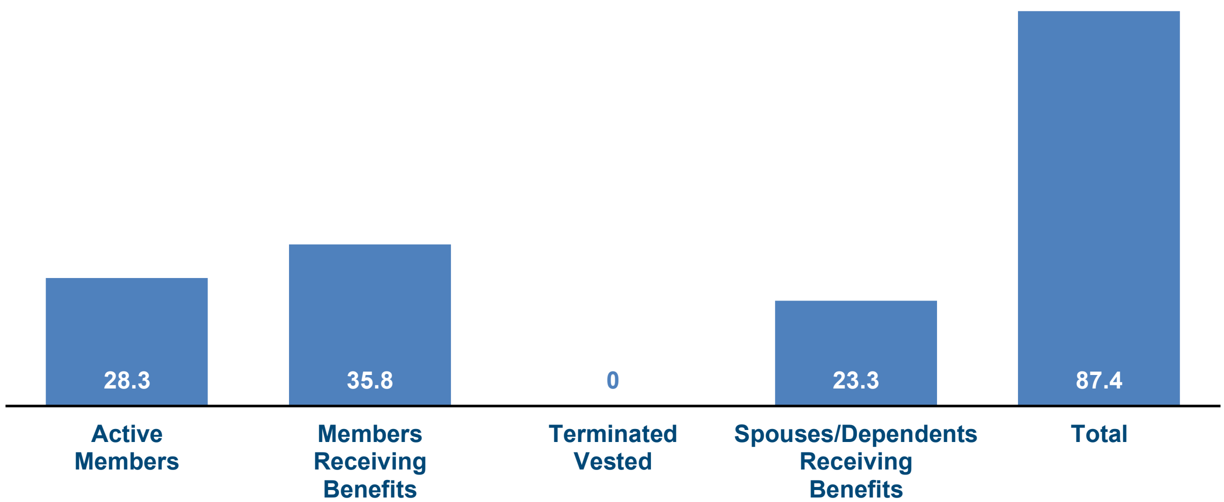
Count	149
Average Age	51.2
Average Service	22.8

The table below illustrates the age and years of service of the active membership:

	Years of Service							
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total**
< 25								0
25-29								0
30-34			1					1
35-39				1				1
40-44				14	11			25
45-49			1	6	28	11		46
50-54			1	8	12	5	3	29
55-59				6	7	5	4	22
60-64				5	6	4	5	20
65+					2	1	2	5
Total	0	0	3	40	66	26	14	149

Section I - Executive Summary
Accrued Liability

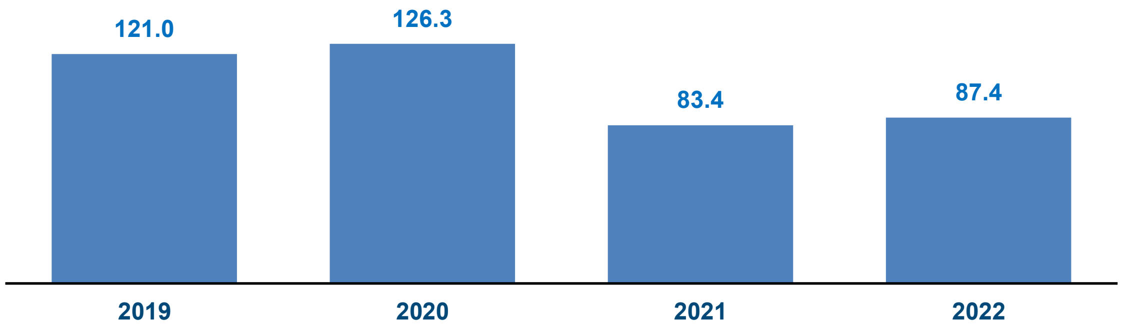
The Accrued Liability ($ millions) as of December 31, 2022 consists of the following pieces:



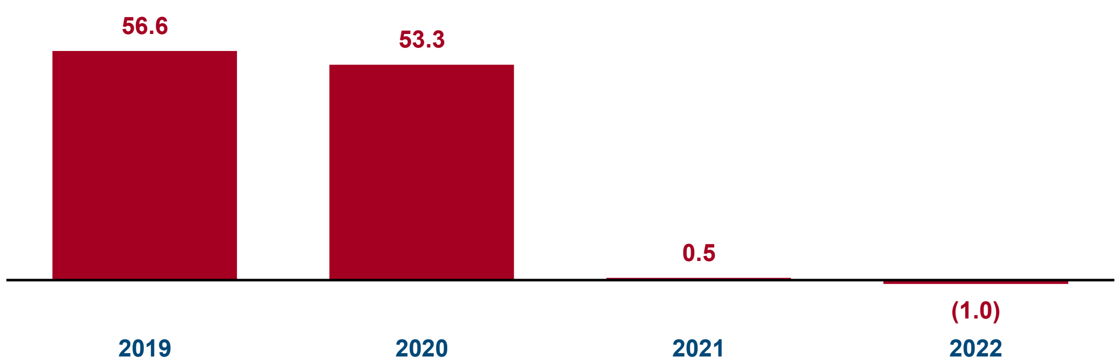
Section I - Executive Summary
Funded Status

The Accrued Liability grows over time as active members earn additional benefits, and goes down over time as members receive benefits; it may also change when there are changes to the plan provisions or changes in the actuarial assumptions. The Unfunded Accrued Liability is the dollar difference between the Accrued Liability and the Actuarial Value of Assets; the Funded Ratio is the ratio of the two.

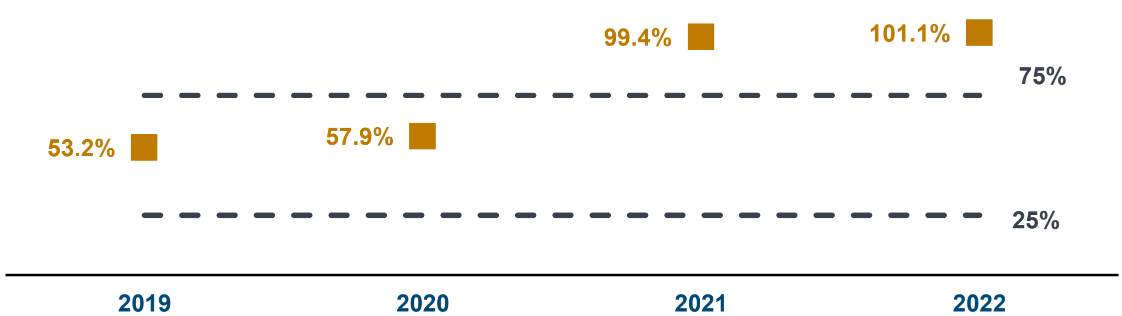
Accrued Liability ($ millions)



Unfunded Accrued Liability ($ millions)



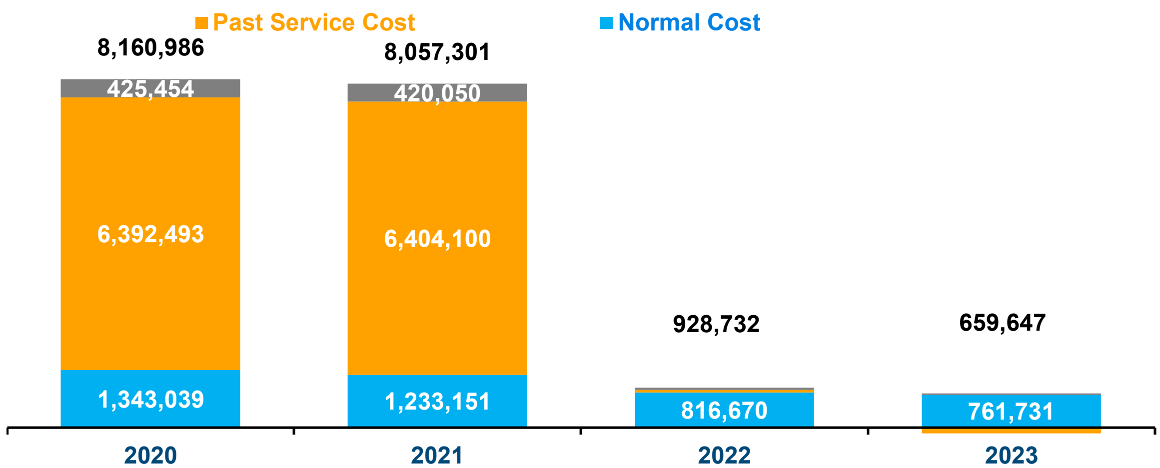
Funded Ratio



Section I - Executive Summary
Actuarially Determined Contribution

The Actuarially Determined Contribution consists of three pieces: a Normal Cost payment to fund the benefits earned each year, a Past Service Cost to gradually reduce any unfunded or surplus liability, and Interest to reflect the timing of the contribution relative to the valuation date.

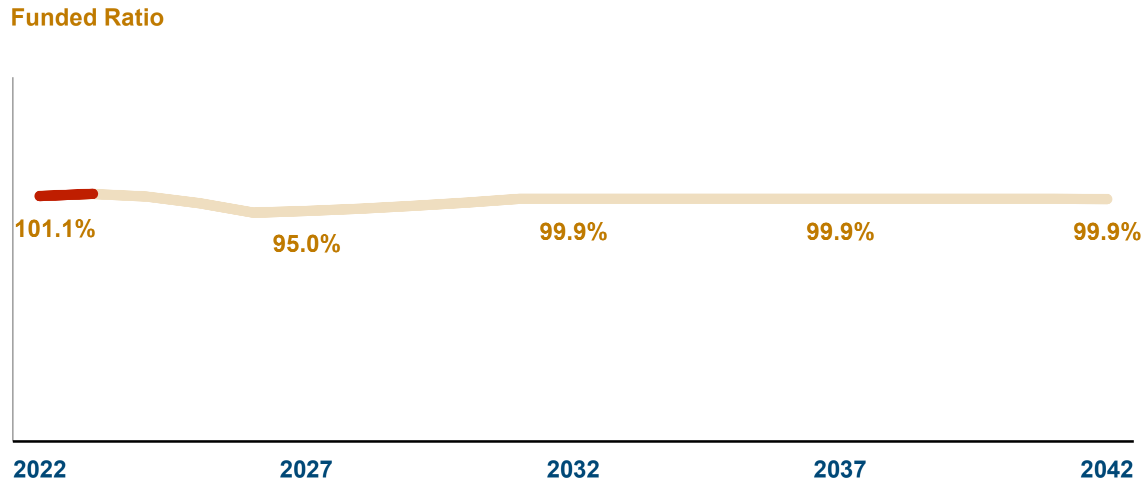
The Actuarially Determined Contribution for fiscal year 2024 is shown graphically below, along with the comparable figures for the preceding four fiscal years. Note that the Normal Cost is relatively consistent from year to year, whereas the Past Service Cost tends to be more volatile since it reflects the impact of asset performance.

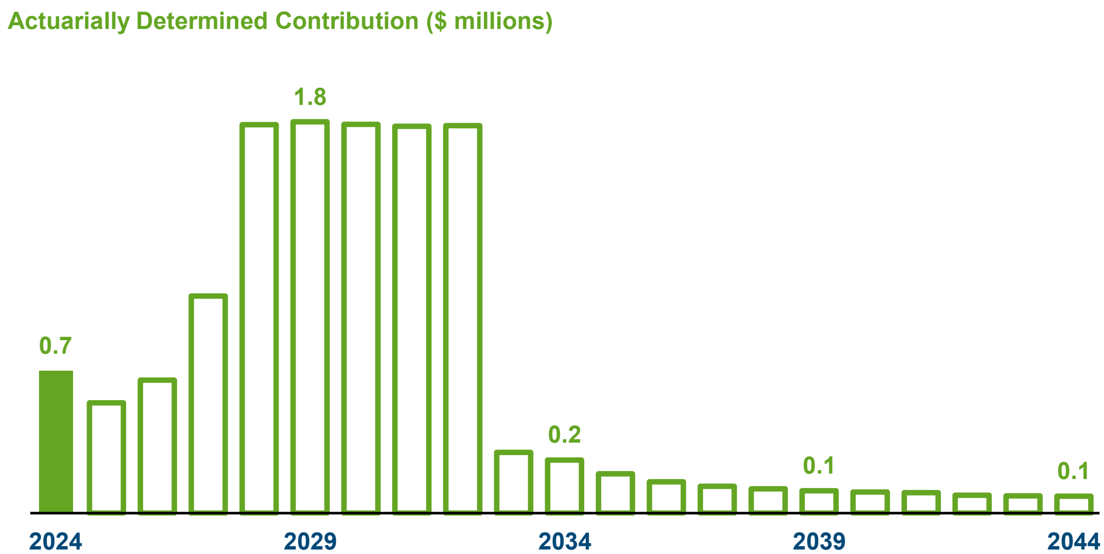


These numbers are presented prior to the required employee contributions.

Section I - Executive Summary
Long-Range Forecast

If the County pays the Actuarially Determined Contribution each year, the investments earn exactly the assumed interest rate each year, and there are no changes in the plan provisions or in the actuarial methods and assumptions, then we project the following changes in the plan's funded status and the long-range contribution levels:

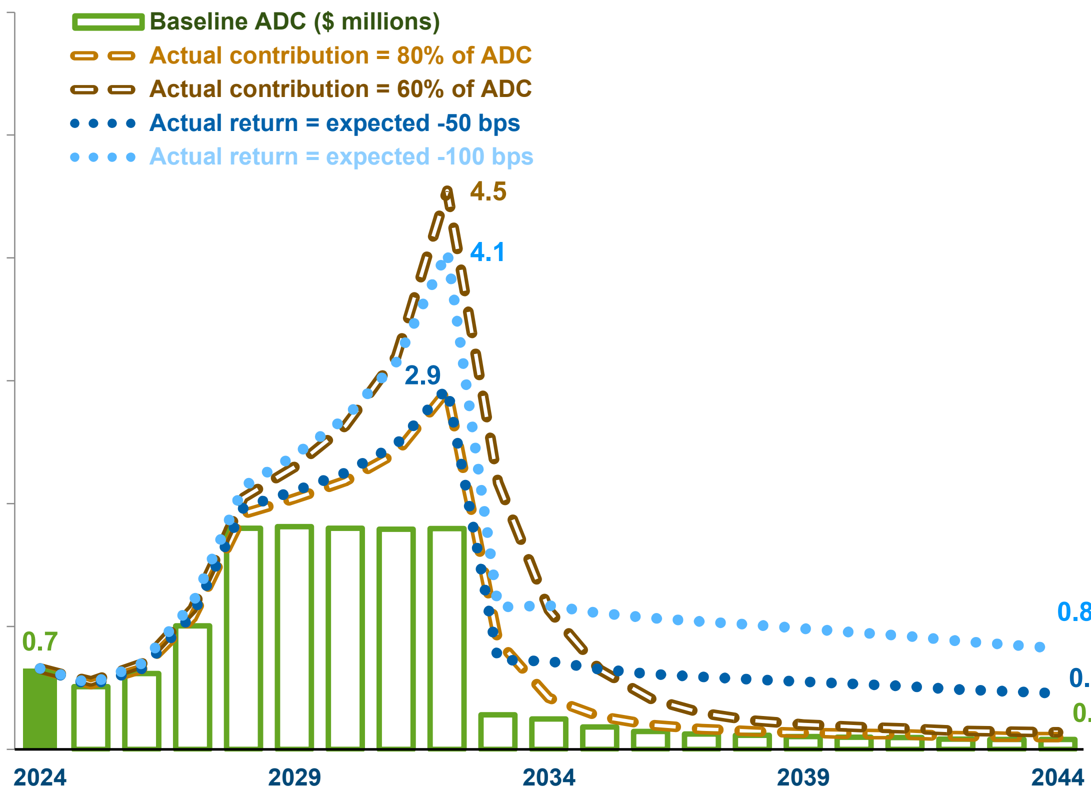




To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Section III C for more details of the long range forecast.

Section I - Executive Summary
Long-Range Forecast (continued)

Benefits are paid for through a combination of contributions from the County and from employees, and from investment income. If the County pays less than the Actuarially Determined Contribution each year, or if the investments persistently earn less than the assumed interest rate, then the plan's funded status would suffer, and to compensate, the County's contribution levels would be pushed higher. The risks of underfunding and underearning are illustrated in the hypothetical scenarios below:



The scenarios illustrated above are based on deterministic projections that assume emerging plan experience always exactly matches the actuarial assumptions; in particular that actual asset returns will be constant in every year of the projection period. Variation in asset returns, contribution amounts, and many other factors may have a significant impact on the long-term financial health of the plan, the liquidity constraints on plan assets, and the County's future contribution levels. Stochastic projections could be prepared that would enable the County to understand the potential range of future results based on the expected variability in asset returns and other factors. Such analysis was beyond the scope of this engagement.

Section I - Executive Summary
Summary of Principal Results

Membership as of	December 31, 2021	December 31, 2022
Active Members	171	149
Members Receiving Benefits	403	407
Spouses/Dependents Receiving Benefits	251	260
Total Count	825	816

Assets and Liabilities as of	December 31, 2021	December 31, 2022
Market Value of Assets	$94,624,647	$83,071,509
Actuarial Value of Assets	82,880,049	88,380,107
Accrued Liabiilty for Active Members	28,804,683	28,347,545
Accrued Liability for Members with Deferred Benefits	0	0
Accrued Liabiilty for Spouses/Dependents Receiving	54,568,282	59,057,677
Total Accrued Liability	83,372,965	87,405,222
Unfunded Accrued Liability	492,916	(974,885)
Funded Ratio	99.4%	101.1%

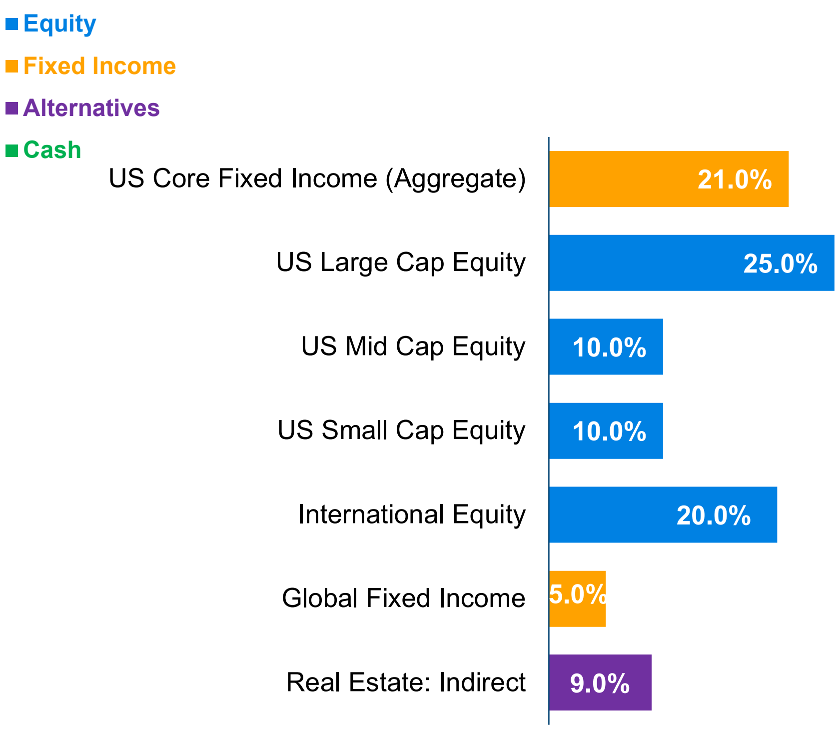
Actuarially Determined Contribution for Fiscal Year	2023	2024
Normal Cost	$816,670	$761,731
Past Service Cost	63,644	(136,474)
Interest	48,418	34,390
Actuarially Determined Contribution	928,732	659,647

Section II - Plan Assets
A. Summary of Fund Transactions

Market Value as of December 31, 2021	$94,624,647
County Contributions	5,905,706
Member Contributions	306,003
Net Investment Income	(12,806,558)
Benefit Payments	(4,922,459)
Administrative Expenses	(35,830)
Market Value as of December 31, 2022	83,071,509
Expected Return on Market Value of Assets, 2022	5,236,882
Market Value (Gain)/Loss, 2022	18,043,440
Approximate Rate of Return, 2022*	-13.45%

* The rates shown here are not the dollar or time weighted investment yield rate which measures investment performance. They are an approximate net return assuming all activity occurred on average midway through the fiscal year.

Target Asset Allocation as of December 31, 2022



Section II - Plan Assets
B. Development of Valuation Assets

Valuation Date December 31:	2018	2019	2020	2021	2022
1. Beginning of Year Assets					
a) Market Value	$57,398,966	$55,610,810	$68,424,491	$81,841,621	$94,624,647
b) Valuation Assets	55,573,568	58,907,665	64,420,660	73,086,398	82,880,049
2. End of Year MVA	55,610,810	68,424,491	81,841,621	94,624,647	83,071,509
3. Beginning of Year Assets					
a) Net Contributions	6,890,853	7,158,816	7,766,631	6,557,635	6,211,709
b) Net Investment Income = (3d)-(3a)-(3c)	(3,200,530)	11,086,481	10,853,299	10,994,398	(12,806,558)
c) Benefit Payments, Refunds, and Admin Expenses	(5,478,479)	(5,431,616)	(5,202,800)	(4,769,007)	(4,958,289)
d) Total Additions to Market Value = (2)-(1a)	(1,788,156)	12,813,681	13,417,130	12,783,026	(11,553,138)
4. Average Valuation Assets = (1b) + .5*[(3a)+(3c)]	56,279,755	59,771,265	65,702,575	73,980,712	83,506,759
5. Expected Income at Valuation Date = 5.5%*(4)	3,095,387	3,287,420	3,613,642	4,068,939	4,592,872
6. Gain (Loss) = (3b)-(5)	(6,295,917)	7,799,061	7,239,657	6,925,459	(17,399,430)
7. Phased-In Recognition of Investment Return					
a) Current Year: 0.2*(6)	(1,259,183)	1,559,812	1,447,931	1,385,092	(3,479,886)
b) First Prior Year	802,432	(1,259,183)	1,559,812	1,447,931	1,385,092
c) Second Prior Year	(62,727)	802,432	(1,259,183)	1,559,812	1,447,931
d) Third Prior Year	(541,959)	(62,727)	802,432	(1,259,183)	1,559,812
e) Fourth Prior Year	(112,227)	(541,959)	(62,727)	802,432	(1,259,183)
f) Total Recognized Investment Gain	(1,173,664)	498,375	2,488,265	3,936,084	(346,234)
8. Change in Valuation Assets = (3a)+(3c)+(5)+(7f)	3,334,097	5,512,995	8,665,738	9,793,651	5,500,058
9. End of Year Assets					
a) Market Value = (2)	55,610,810	68,424,491	81,841,621	94,624,647	83,071,509
b) Valuation Assets = (1b) + (8)	58,907,665	64,420,660	73,086,398	82,880,049	88,380,107
c) Difference Between Market & Valuation Assets	(3,296,855)	4,003,831	8,755,223	11,744,598	(5,308,598)
10. Recognized Rate of Return = [(5)+(7f)]/(4)	3.41%	6.33%	9.29%	10.82%	5.09%
11. Market Rate of Return = 2*(3b)/[(1a)+(2)-(3b)]	-5.51%	19.63%	15.57%	13.29%	-13.45%

Section III - Development of Contribution
A. Summary of Liabilities

We have calculated the Accrued Liability separately for six groups of County employees, who are eligible for different OPEB benefits. In all cases, the Accrued Liability only reflects benefits that are paid for by the County, taking into account any implicit rate subsidies.

	Dispatchers	General County Billable	General County Non-Billable	Sheriff Billable	Sheriff Non-Billable	SubTotal Others	County Agency	Total
Current active members								
Members Under Age 65	$647,338	$1,076,679	$1,330,208	$2,328,242	$3,124,231	$8,506,698	$250,140	$8,756,838
Members Over Age 65	348,357	2,053,498	2,417,543	1,180,216	1,641,217	7,640,831	545,415	8,186,246
Spouses/Dependents Under Age 65	522,940	624,557	775,837	1,977,125	2,689,564	6,590,023	140,222	6,730,245
Spouses/Dependents Over Age 65	246,570	998,457	1,189,594	831,930	1,153,168	4,419,719	254,497	4,674,216
Total	1,765,205	4,753,191	5,713,182	6,317,513	8,608,180	27,157,271	1,190,274	28,347,545
Current members receiving benefits and terminated members who are entitled to deferred benefits								
Members Under Age 65	491,973	1,057,161	2,313,275	1,942,488	3,631,053	9,435,950	1,014,835	10,450,785
Members Over Age 65	687,900	4,493,170	9,744,862	1,990,325	6,670,349	23,586,606	1,753,115	25,339,721
Spouses/Dependents Under Age 65	374,030	1,121,172	2,123,528	1,778,494	4,032,734	9,429,958	936,582	10,366,540
Spouses/Dependents Over Age 65	219,850	1,804,080	4,507,949	1,290,327	4,337,593	12,159,799	740,832	12,900,631
Total	1,773,753	8,475,583	18,689,614	7,001,634	18,671,729	54,612,313	4,445,364	59,057,677
Total Accrued Liability	3,538,958	13,228,774	24,402,796	13,319,147	27,279,909	81,769,584	5,635,638	87,405,222

Accrued Liability Sensitivity at December 31, 2022

	1% Decrease	Baseline	1% Increase
Discount Rate	98,743,683	87,405,222	78,072,557
Trend Rate	78,298,079	87,405,222	98,418,192

Section III - Development of Contribution
B. Actuarially Determined Contribution

The Actuarially Determined Contribution (ADC) for the OPEB program consists of three pieces: a **Normal Cost** (the cost of benefits earned each year should be accrued in that year), **Past Service Cost** (a catch-up accrual to amortize the Unfunded Accrued Liability) and Interest to reflect the timing of the contribution relative to the valuation date.

	Dispatchers	General County Billable	General County Non-Billable	Sheriff Billable	Sheriff Non-Billable	SubTotal Others	County Agency	Total
Accrued Liability	$3,538,958	$13,228,774	$24,402,796	$13,319,147	$27,279,909	$81,769,584	$5,635,638	$87,405,222
Actuarial Value of Assets	3,474,123	14,986,979	26,472,822	13,060,975	24,725,618	82,720,517	5,659,590	88,380,107
Unfunded Accrued Liability	64,835	(1,758,205)	(2,070,026)	258,172	2,554,291	(950,933)	(23,952)	(974,885)
Funded Ratio	98.17%	113.29%	108.48%	98.06%	90.64%	101.16%	100.43%	101.1%
Amortization Period	9	9	9	9	9	9	9	9
Amortization Growth Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Past Service Cost	9,076	(246,130)	(289,782)	36,141	357,574	(133,121)	(3,353)	(136,474)
Normal Cost	54,596	109,050	128,662	174,617	255,652	722,577	39,154	761,731
Interest	3,502	(7,539)	(8,862)	11,592	33,728	32,421	1,969	34,390
ADC for FY 2024*	67,174	(144,619)	(169,982)	222,350	646,954	621,877	37,770	659,647
ADC for FY 2023*	36,568	(28,101)	(37,149)	239,688	745,504	956,511	(27,779)	928,732
Change in ADC	30,606	(116,518)	(132,833)	(17,338)	(98,550)	(334,634)	65,549	(269,085)

*Prior to Employee Contributions

Section III - Development of Contribution
C. Valuation Results Using Uniform Actuarial Assumptions

The State of Michigan released Uniform Actuarial Assumptions that must be used in reporting liabilities for public Retiree Health Care plans. The following results were determined using separate medical trend tables for Pre/Post Medicare, beginning with 7.25% for Pre-Medicare and 5.50% for Post-Medicare. Both trend rates are assumed to decrease by 0.25% per year, until the ultimate rate of 4.50%. All other assumptions match those disclosed in Appendix B.

Using the Uniform Actuarial Assumptions, the key valuation results are:

	Dispatchers	General County Billable	General County Non-Billable	Sheriff Billable	Sheriff Non-Billable	SubTotal Others	County Agency	Total
Accrued Liability	$3,939,319	$13,622,749	$25,072,902	$14,746,526	$29,525,983	$86,907,479	$5,856,784	$92,764,263
Actuarial Value of Assets	3,474,123	14,986,979	26,472,822	13,060,975	24,725,618	82,720,517	5,659,590	88,380,107
Unfunded Accrued Liability	465,196	(1,364,230)	(1,399,920)	1,685,551	4,800,365	4,186,962	197,194	4,384,156
Funded Ratio	88.19%	110.01%	105.58%	88.57%	83.74%	95.18%	96.63%	95.27%
Amortization Period	9	9	9	9	9	9	9	9
Amortization Growth Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Past Service Cost	65,122	(190,978)	(195,974)	235,959	672,000	586,130	27,605	613,735
Normal Cost	63,415	114,114	136,474	202,272	299,140	815,415	40,803	856,218
Interest	7,070	(4,228)	(3,273)	24,103	53,413	77,085	3,762	80,847
ADC for FY 2024*	135,607	(81,092)	(62,773)	462,334	1,024,553	1,478,630	72,170	1,550,800

*Prior to Employee Contributions

Section III - Development of Contribution
D. Long Range Forecast

This forecast is based on the results of the December 31, 2022 actuarial valuation and assumes that the County will pay the Actuarially Determined Contribution each year, the assets will return the assumed interest rate on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

	Values as of the Valuation Date					Cash Flows Projected to the Following Fiscal Year			
Valuation Date	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio	Fiscal Year	County Contributions	Member Contributions	Benefit Payments	Net Cash Flows
12/31/2022	$87,405,222	$88,380,107	($974,885)	101.1%	2023	$659,647	$0	($4,714,622)	($4,054,975)
12/31/2023	88,175,000	89,891,000	(1,716,000)	101.9%	2024	510,000	0	(4,916,000)	(4,406,000)
12/31/2024	88,757,000	89,493,000	(736,000)	100.8%	2025	615,000	0	(5,022,000)	(4,407,000)
12/31/2025	89,227,000	87,557,000	1,670,000	98.1%	2026	1,006,000	0	(5,195,000)	(4,189,000)
12/31/2026	89,471,000	84,306,000	5,165,000	94.2%	2027	1,800,000	0	(5,402,000)	(3,602,000)
12/31/2027	89,435,000	84,953,000	4,482,000	95.0%	2028	1,812,000	0	(5,629,000)	(3,817,000)
12/31/2028	89,106,000	85,467,000	3,639,000	95.9%	2029	1,800,000	0	(5,807,000)	(4,007,000)
12/31/2029	88,494,000	85,881,000	2,613,000	97.0%	2030	1,792,000	0	(5,795,000)	(4,003,000)
12/31/2030	87,787,000	86,387,000	1,400,000	98.4%	2031	1,795,000	0	(5,886,000)	(4,091,000)
12/31/2031	86,888,000	86,873,000	15,000	100.0%	2032	281,000	0	(6,173,000)	(5,892,000)
12/31/2032	85,592,000	85,540,000	52,000	99.9%	2033	246,000	0	(6,418,000)	(6,172,000)
12/31/2033	83,898,000	83,848,000	50,000	99.9%	2034	182,000	0	(6,654,000)	(6,472,000)
12/31/2034	81,807,000	81,756,000	51,000	99.9%	2035	145,000	0	(6,624,000)	(6,479,000)
12/31/2035	79,594,000	79,541,000	53,000	99.9%	2036	125,000	0	(6,695,000)	(6,570,000)
12/31/2036	77,163,000	77,109,000	54,000	99.9%	2037	113,000	0	(6,725,000)	(6,612,000)
12/31/2037	74,555,000	74,499,000	56,000	99.9%	2038	104,000	0	(6,613,000)	(6,509,000)
12/31/2038	71,907,000	71,849,000	58,000	99.9%	2039	98,000	0	(6,546,000)	(6,448,000)
12/31/2039	69,174,000	69,115,000	59,000	99.9%	2040	95,000	0	(6,359,000)	(6,264,000)
12/31/2040	66,478,000	66,417,000	61,000	99.9%	2041	82,000	0	(6,213,000)	(6,131,000)
12/31/2041	63,770,000	63,706,000	64,000	99.9%	2042	80,000	0	(6,059,000)	(5,979,000)

Section III - Development of Contribution
E. History of Funded Status

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio
December 31, 2014	$40,476,574	$138,086,777	$97,610,203	29.3%
December 31, 2015	45,238,831	135,145,366	89,906,535	33.5%
December 31, 2016	50,126,969	127,617,401	77,490,432	39.3%
December 31, 2017	55,573,568	130,875,639	75,302,071	42.5%
December 31, 2018	58,907,665	133,120,326	74,212,661	44.3%
December 31, 2019	64,420,660	121,029,380	56,608,720	53.2%
December 31, 2020	73,086,398	126,337,117	53,250,719	57.9%
December 31, 2021	82,880,049	83,372,965	492,916	99.4%
December 31, 2022	88,380,107	87,405,222	(974,885)	101.1%

Section III - Development of Contribution
F. History of County Contributions

Fiscal Year	Actuarially Determined Contribution	Actual County Contribution	Contribution Deficiency (Excess)
2015	N/A	N/A	N/A
2016	N/A	N/A	N/A
2017	$8,693,115	$6,308,394	$2,384,721
2018	9,476,760	6,105,285	3,371,475
2019	9,697,921	6,797,410	2,900,511
2020	10,245,846	7,427,769	2,818,077
2021	8,160,986	6,231,647	1,929,339
2022	8,057,301	5,905,706	2,151,595
2023	928,732	TBD	TBD
2024	659,647	TBD	TBD

Section IV - Membership Data
A. Statistics of Active Membership

		As of December 31, 2021	As of December 31, 2022
Number of Active Members	Dispatchers	7	7
	General County Billable	38	34
	General County Non-Billable	54	44
	Sheriff Billable	24	22
	Sheriff Non-Billable	38	32
	SubTotal Others	**161**	**139**
	County Agency	10	10
	Total	**171**	**149**
Average Age	Dispatchers	46.9	47.1
	General County Billable	55.1	55.6
	General County Non-Billable	53.6	53.6
	Sheriff Billable	46.7	47.3
	Sheriff Non-Billable	45.9	45.7
	County Agency	53.3	54.3
	Total	51.0	51.2
Average Service	Dispatchers	18.3	19.6
	General County Billable	24.1	24.8
	General County Non-Billable	23.9	24.8
	Sheriff Billable	20.3	21.2
	Sheriff Non-Billable	19.3	20.1
	County Agency	20.3	21.3
	Total	22.0	22.8

Section IV - Membership Data
B. Information on Members Receiving Benefits

	As of December 31, 2021	As of December 31, 2022
Terminated Members with Deferred Benefits		
Number	0	0
Average Age	N/A	N/A
Members Receiving Benefits		
Number		
Dispatchers	10	11
General County Billable	70	72
General County Non-Billable	173	169
Sheriff Billable	28	30
Sheriff Non-Billable	96	99
SubTotal Others	**377**	**381**
County Agency	26	26
Total	**403**	**407**
Average Age		
Dispatchers	66.6	66.1
General County Billable	67.8	68.1
General County Non-Billable	72.1	72.1
Sheriff Billable	60.7	61.2
Sheriff Non-Billable	66.6	66.8
County Agency	65.3	66.3
Total	68.7	68.7

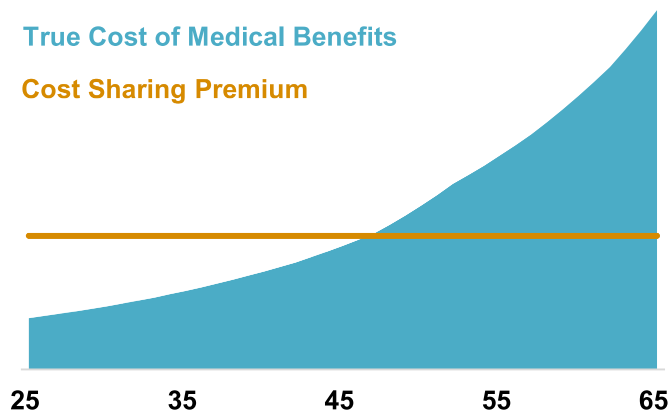
Section IV - Membership Data
B. Information on Members Receiving Benefits

	As of December 31, 2021	As of December 31, 2022
Spouses/Dependents Receiving Benefits		
Number		
Dispatchers	6	6
General County Billable	35	36
General County Non-Billable	95	98
Sheriff Billable	21	22
Sheriff Non-Billable	78	83
SubTotal Others	**235**	**245**
County Agency	16	15
Total	**251**	**260**
Average Age		
Dispatchers	63.5	64.5
General County Billable	67.9	67.8
General County Non-Billable	71.3	71.0
Sheriff Billable	60.5	61.2
Sheriff Non-Billable	64.7	65.0
County Agency	67.2	66.2
Total	67.4	67.4

Section V - Healthcare Information
A. Introduction

In many cases, the cost sharing premium is lower than the true cost of providing the medical benefits, for two reasons:

- The cost sharing premium is usually a fixed amount such as a COBRA premium that does not take into account the age of the retiree and his/her dependents. Since medical costs generally increase with age, the cost sharing premium is often lower than the true cost of the medical benefits:



- The cost sharing premium is usually a blended rate that takes into account the cost of medical benefits for active employees as well as retirees. Medical costs are generally higher for retirees than for active employees of the same age. This means that, again, the cost sharing premium is often lower than the true cost of the medical benefits.

Because of these two factors, a retiree who is paying 100% of the cost sharing premium is most likely not paying 100% of the true cost of the medical benefits. This situation is known as an "implicit rate subsidy." GASB 74 and 75 require the plan sponsor to measure the liability for this subsidy; that is, the difference between the true cost of the medical benefits and the cost sharing premiums paid by the retiree. To do this, our valuation consists of several steps:

First, we calculate the liability for the true cost of medical benefits expected to be received by retirees and their dependents. This liability is based on factors developed by Milliman's health actuaries that reflect how the cost of medical benefits varies by age and gender, as well as the other assumptions discussed in Appendix B. We term this amount the "gross liability."

Next, we calculate the liability for the future premiums expected to be paid by the retiree for their own and their dependents' coverage. This liability is based on the current premium rates without adjustment for age or gender. It also is based on the terms of the Retiree Health Care Trust – different retirees pay different percentages based on their union, date of retirement, age at retirement, and other factors. We term this amount the "offset liability."

Finally, the net liability for the County is calculated as the difference between the gross liability and the offset liability.

Section V - Healthcare Information
B. Current Premiums

Monthly 2023 Pre-Medicare Health Insurance Premiums

Description	Single	Employee & Spouse	Employee & Child(ren)	Family
BCBSM PPO 1, $10 Rx	$988.76	$2,471.92	$1,977.59	$2,966.34
BCBSM PPO 1, $10/$20/$30 Rx	$895.61	$2,239.12	$1,791.34	$2,686.97
BCBSM PPO 1, $10/$40 Rx	$857.03	$2,142.61	$1,714.12	$2,571.14
BCBSM PPO 2, $10/$20/$30 Rx	$839.63	$2,099.12	$1,679.31	$2,518.97
BCBSM PPO 2, $10/$40 Rx	$801.05	$2,002.63	$1,602.09	$2,403.14
BCBSM PPO 3, $10/$40 Rx	$713.92	$1,784.84	$1,427.83	$2,141.77
BCBSM PPO 3, $10/$20/$30 Rx	$742.03	$1,855.17	$1,484.11	$2,226.19
BCBSM PPO 4, $10/$40 Rx	$661.30	$1,653.23	$1,322.57	$1,983.86
BCBSM PPO 5, $10/$40 Rx	$642.31	$1,605.78	$1,284.61	$1,926.89
BCBSM PPO 6, $10/$40 Rx	$609.41	$1,523.47	$1,218.77	$1,828.15
BCBSM PPO 3R, 50% ($5/$50) Rx	$662.68	$1,656.73	$1,325.37	$1,988.09
BCBSM PPO 6R, 50% ($5/$50) Rx	$585.77	$1,464.47	$1,171.52	$1,757.35
BCBSM FB3 w/H.S.A., Integrated Rx	$485.09	$1,212.64	$970.13	$1,455.20
BCBSM EPO 1, $2 Rx	$1,067.12	$2,667.72	$2,134.20	$3,201.27
BCBSM EPO 2, $10/$20/$30 Rx	$917.46	$2,293.64	$1,834.94	$2,752.36
BCBSM EPO 1, $10/$20 Rx	$1,010.61	$2,526.44	$2,021.18	$3,031.71
BCBSM EPO 3, $10/$20/$30 Rx	$904.86	$2,262.16	$1,809.75	$2,714.63
BCBSM CMM 1, $5 Rx	$1,165.45	$2,913.60	$2,330.90	$3,496.32
BCBSM CMM 2, $2 Rx	$1,177.27	$2,943.13	$2,354.52	$3,531.78
BCBSM CMM 3, $2 Rx	$1,159.51	$2,935.49	$2,348.42	$3,223.76
BCBSM CMM 4, $10 Rx	$1,117.75	$2,794.21	$2,235.40	$3,353.07

Monthly 2023 Post-Medicare Health Insurance Premiums

Description	Single	Employee & Spouse
Humana MAPD, $100 Ded, $10 Rx	$356.03	$712.06
Humana MAPD, $100 Ded, $10/$20/$30 Rx	$268.82	$537.64
Humana MAPD, $100 Ded, $10/$40 Rx	$267.43	$534.86
Humana MAPD, $100 Ded, 50% ($5/$50) Rx	$265.58	$531.16
Humana MAPD, $150 Ded, 50% ($5/$50) Rx	$276.43	$552.86
Humana MAPD, $0 Ded, $2 Rx	$385.70	$771.40
Humana MAPD, $0 Ded, $10 Rx	$370.04	$740.08
Humana MAPD, $0 Ded, $10/$20/$30 Rx	$275.65	$551.30
Humana MAPD, $100 Ded, $5 Rx	$373.71	$747.42
Humana MAPD, $50 Ded, $2 Rx	$421.66	$843.32
Humana MAPD, $100 Deductible, $2 Rx	$380.20	$760.40
Humana MA, $150 Ded, No Rx	$123.89	$247.78
Humana MA, $100 Ded, No Rx	$112.83	$225.66
Humana MA, $50 Ded, No Rx	$134.50	$269.00
Humana MA, $0 Ded, No Rx	$121.20	$242.40

Section V - Healthcare Information
B. Current Premiums

Monthly 2023 Dental and Vision Insurance Premiums

Description	Single	Employee & Spouse	Employee & Child(ren)	Family
BCBSM Dental 1 (75%/25% w/ $800 Max Benefit)	$33.51	$63.99	$64.90	$95.38
BCBSM Dental 2 (100%/75%/50% w/ $1000 Max Benefit)	$28.99	$55.74	$66.87	$93.62
BCBSM Vision 1 (24 Month Exam, Lenses & Frames)	$2.87	$7.32	$5.74	$8.90
BCBSM Vision 2 (12 Month Exam, Lenses & Frames)	$3.80	$9.69	$7.60	$11.78
BCBSM Vision 3 (12 Month Exam & Lenses, 24 Month Frames)	$3.75	$9.56	$7.50	$11.63
BCBSM Vision 4 (12 Month Exam, Lenses & Frames, increased lense & frame allowance)	$3.80	$9.69	$7.60	$11.78

Section V - Healthcare Information
C. Expected Healthcare Costs

Milliman's Health Cost Guidelines were used to develop the expected true cost of healthcare benefits by age and gender, separately for employees and spouses. Representative healthcare cost factors are shown in the table below. These factors were then applied to the plan's healthcare rates for the year begininng December 31, 2022 to arrive at the expected annual per capita claims costs for a 65-year-old, which are also shown below.

Medical

	Employee		Spouse	
Age	Male	Female	Male	Female
45	0.34314	0.53230	0.37634	0.55877
50	0.45509	0.62531	0.48282	0.64614
55	0.59448	0.73467	0.61492	0.74932
60	0.76061	0.86035	0.77265	0.86809
65	1.00000	1.00000	1.00000	1.00000
70	1.14359	1.09802	1.14359	1.09802
75	1.27622	1.17791	1.27622	1.17791
80	1.35656	1.21936	1.35656	1.21936
85	1.35321	1.19131	1.35321	1.19131
90	1.32065	1.14193	1.32065	1.14193

Age 65 per capita claims cost

Pre-Medicare	$20,927.89	$19,053.55	$22,048.19	$20,165.72
Medicare	3,360.17	3,253.84	3,360.17	3,253.84

Dental

	Employee		Spouse	
Age	Male	Female	Male	Female
45	0.63388	0.74847	0.65281	0.76179
50	0.68744	0.79672	0.70363	0.80751
55	0.77694	0.86654	0.78854	0.87364
60	0.88589	0.94178	0.89182	0.94489
65	1.00000	1.00000	1.00000	1.00000
70	1.09979	1.03892	1.09433	1.03681
75	1.09979	1.03892	1.09433	1.03681
80	1.09979	1.03892	1.09433	1.03681
85	1.09979	1.03892	1.09433	1.03681
90	1.09979	1.03892	1.09433	1.03681

Age 65 per capita claims cost

Pre-Medicare	$466.56	$455.94	$492.08	$481.43
Medicare	466.56	455.94	492.08	481.43

Appendix A - Actuarial Funding Method

The actuarial funding method used in the valuation of this Plan is known as the Entry Age Normal Method. The Actuarially Determined Contribution consists of three pieces: Normal Cost plus a Past Service Cost payment to gradually eliminate the Unfunded Accrued Liability.

The Normal Cost is determined by calculating the present value of future benefits for present active Members that will become payable as the result of death, disability, retirement or termination. This cost is then spread as a level dollar amount. If Normal Costs had been paid at this level for all prior years, a fund would have accumulated. Because this fund represents the portion of benefits that would have been funded to date, it is termed the Accrued Liability. In fact, it is calculated by adding the present value of benefits for Retired Members and Terminated Vested Members to the present value of benefits for Active Members and subtracting the present value of future Normal Cost contributions.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

The Unfunded Accrued Liability is the excess of the Accrued Liability over the assets which have been accumulated for the plan. This Unfunded Accrued Liability is amortized as a level dollar amount over 30 years beginning December 31, 2001.

The Actuarial Value of Assets is determined by recognizing market gains and losses non-asymptotically over a five year period.

The long-range forecasts included in this report have been developed by assuming that members will terminate, retire, become disabled, and die according to the actuarial assumptions with respect to these causes of decrement, and that pay increases, cost of living adjustments, and so forth will likewise occur according to the actuarial assumptions.

Appendix B - Actuarial Assumptions

Each of the assumptions used in this valuation was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period. Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the Monroe County Employees Retirement System (MCERS) as provided in the December 31, 2021 Actuarial Valuation report.

Interest Rate 5.50%

Inflation 2.30%

Salary Scale MCERS merit and longevity for all employees:

Service	Base	Merit and Longevity	Total
0-8	2.25%	2.50%	4.75%
9+	2.25%	0.50%	2.75%

Mortality

Sheriff's Office

PubS-2010 Mortality Table with generational projection per the MP-2021 (prior: MP-2020) scale, with employee rates before benefit commencement and healthy, contingent survivor, or disabled annuitant rates after benefit commencement. This assumption includes a margin for improvements in longevity beyond the valuation date.

Dispatchers, General County, and County Agency

PubG-2010 Mortality Table with generational projection per the MP-2021 (prior: MP-2020) scale, with employee rates before benefit commencement and healthy, contingent survivor, or disabled annuitant rates after benefit commencement. This assumption includes a margin for improvements in longevity beyond the valuation date.

Appendix B - Actuarial Assumptions

Medical Trend

Year(s)	Pre-65	Year(s)	Post-65
2023-2024	4.40%	2023	6.00%
2025	3.90	2024	6.40
2026	4.30	2025	5.80
2027	3.40	2026	5.20
2028-2029	3.20	2027	4.70
2030-2032	3.70	2028	4.60
2033	4.20	2029	4.50
2034	3.50	2030-2036	4.40
2035	4.20	2037-2043	4.30
2036	4.30	2044-2065	4.20
2037-2038	4.40	2066-2067	4.10
2039	4.30	2068	4.00
2040	4.20	2069-2070	3.90
2041	4.30	2071-2072	3.80
2042	4.20	2073+	3.70
2043-2064	4.30		
2065	4.20		
2066-2067	4.10		
2068-2069	4.00		
2070-2071	3.90		
2072-2073	3.80		
2074+	3.70		

Pre-65 medical trends reflect a shift in enrollment over experience years for future retirees to lower cost plans.

Dental Trend

Year(s)	Pre-65	Year(s)	Post-65
2023-2026	5.00%	2023-2026	5.00%
2027	4.80	2027	4.70
2028	4.60	2028	4.60
2029	4.50	2029	4.50
2030-2033	4.40	2030	4.30
2034-2036	4.50	2031-2036	4.40
2037-2038	4.40	2037-2043	4.30
2039-2064	4.30	2044-2065	4.20
2065	4.20	2066-2067	4.10
2066-2067	4.10	2068	4.00
2068-2069	4.00	2069-2070	3.90
2070-2071	3.90	2071-2072	3.80
2072-2073	3.80	2073+	3.70
2074+	3.70		

Appendix B - Actuarial Assumptions

Disability*

Age	Male	Female
20	0.0702%	0.0612%
25	0.0702%	0.0612%
30	0.0702%	0.0612%
35	0.0702%	0.0612%
40	0.1809%	0.3936%
45	0.2385%	0.2430%
50	0.4428%	0.3582%
55	0.8037%	0.4596%
60	1.2726%	0.6102%

Turnover*

Age	Service	Sheriff's Office & Dispatchers	General County & County Agency
All	0	22.50%	15.00%
	1	13.50%	13.00%
	2	10.50%	12.00%
	3	10.50%	10.00%
	4	10.50%	8.00%
25	5+	3.00%	6.12%
30		3.00%	6.12%
35		2.00%	5.44%
40		2.00%	5.10%
45		1.75%	3.40%
50		1.00%	3.40%
55		0.50%	0.85%
60		0.00%	0.85%

Retirement*

Age	Service	Sheriff's Office & Dispatchers	General County & County Agency
50-64	20-24	20.00%	N/A
	25	60.00%	N/A
	26-29	50.00%	N/A
	30+	100.00%	N/A
55		N/A	37.50%
56-59		N/A	12.50%
60-62		N/A	20.00%
63-64		N/A	25.00%
65		100.00%	25.00%
66-69		100.00%	30.00%
70		100.00%	100.00%

*MCERS rates of disability, turnover, and retirement

Appendix B - Actuarial Assumptions

Future Retiree Coverage

100% of active participants are assumed to elect health insurance coverage at retirement. 80% of current eligible employees are assumed to elect dental and vision insurance coverage at retirement.

Future Dependent Coverage

Percent electing dual coverage at retirement:

	Sheriff's Office & Dispatchers	General County & County Agency
Males	70%	50%
Females	70%	50%

Spouses are assumed to be the same age as retirees.

Current Retiree Coverage

Actual retiree participation for the health insurance plan and dental insurance program. 80% retiree participation for the vision insurance program.

Valuation of Dental Benefits

It is assumed that there is no implicit rate subsidy associated with these benefits.

Valuation of Benefits for Children

Benefits attributed to children have been excluded from this valuation for all groups, as they were determined to be de minimis.

Valuation of Medical Insurance Buyouts

Benefits attributed to medical insurance buyouts have been excluded from this valuation for all groups, as they were determined to be de minimis.

Appendix C - Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Plan Eligibility

Members hired before the applicable dates below are eligible for retiree benefits.

	Medical and Dental	Life Insurance
General County		
Non-Union Other	10/28/2003	1/1/2003
Non-Union Management	10/29/2003	1/1/2003
Elected Officials-Non-Union	10/30/2003	1/1/2003
Michigan Nurses Association Unit I	10/31/2003	8/28/2007
UAW/Friend of the Court	11/1/2003	3/23/2004
UAW/Probate Court	11/2/2003	8/24/2004
United Steelworkers/Youth Center	6/14/2005	1/1/2011
POAM/District Court Units I and II	9/2/2005	1/1/2011
POAM/Assistant Prosecutors	9/13/2005	1/1/2011
AFSCME General/District Court	7/25/2006	7/25/2006
AFSCME Youth Center	7/25/2006	7/25/2006
UAW/Youth Center	8/28/2007	8/28/2007
County (Non-Union) Part-time	N/A	N/A
County Agency		
Utility Workers of America/County Agency	1/1/2008	Available
Non-Union/County Agency	10/28/2003	1/1/2003
Sheriff's Office		
POAM/Sheriff Deputies	7/1/2003	7/1/2003
POLC/Command Officers	7/1/2003	7/1/2003
POAM/Correctional Officers Unit I	1/1/2011	12/11/2007
POAM/Correctional Officers Unit II	1/1/2011	2/12/2008
Dispatchers		
POLC/Communication Officers	10/1/2007	10/1/2007
POLC/Communication Supervisors	10/1/2007	10/1/2007

Retirement Eligibility

General County & County Agency: Age 55 with 30 years of service or age 60 with 8 years of service.

Sheriff's Office & Dispatchers: Age 50 with 25 years of service or age 60 with 8 years of service.

Appendix C - Summary of Plan Provisions

Plan Benefits	County paid medical, dental and vision coverage for retiree and spouse.
Spouse Coverage	General County & County Agency: For members who retire on or after 12/31/1996. Coverage to the spouse continues upon the retiree’s death, provided the spouse is receiving the deceased retiree’s retirement allowance. The county pays 50% plus 2.27% for each year in excess of 8 years of service at retirement. Sheriff's Office & Dispatchers: For members who retire on or after 1/1/2001. Coverage to the spouse continues upon the retiree’s death, provided the spouse is receiving the deceased retiree’s retirement allowance. The county pays 50% plus 2.94% for each year of service in excess of 8 years at retirement.
Disability Eligibility	Disabled retirees receive coverage.
Death Eligibility	Survivors of deceased employees receive coverage.
Cost Sharing	All eligible groups mirror active employee cost sharing.
Retiree Life Insurance	Retirees are also provided Life Insurance in the amount of $10,000 for Department Heads, and $4,000 for all other Retirees.

Appendix D - Glossary

Actuarial Cost Method - This is a procedure for determining the Actuarial Present Value of Benefits and allocating it to time periods to produce the Actuarial Accrued Liability and the Normal Cost.

Accrued Liability - This is the portion of the Actuarial Present Value of Benefits attributable to periods prior to the valuation date by the Actuarial Cost Method (i.e., that portion not provided by future Normal Costs).

Actuarial Assumptions - With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. Some examples of key assumptions include the interest rate, salary scale, and rates of mortality, turnover and retirement.

Actuarial Present Value of Benefits - This is the present value, as of the valuation date, of future payments for benefits and expenses under the Plan, where each payment is: a) multiplied by the probability of the event occurring on which the payment is conditioned, such as the probability of survival, death, disability, termination of employment, etc.; and b) discounted at the assumed interest rate.

Actuarial Value of Assets - This is the value of cash, investments and other property belonging to the plan, typically adjusted to recognize investment gains or losses over a period of years to dampen the impact of market volatility on the Actuarially Determined Contribution.

Actuarially Determined Contribution (“ADC”) - This is the employer’s periodic contributions to a defined benefit plan, calculated in accordance with actuarial standards of practice.

Attribution Period - The period of an employee’s service to which the expected benefit obligation for that employee is assigned. The beginning of the attribution period is the employee’s date of hire and costs are spread across all employment.

Benefit Payments - The monetary or in-kind benefits or benefit coverage to which participants may be entitled under a post-employment benefit plan, including health care benefits and life insurance not provided through a pension plan.

Discount Rate - GASB 75 requires that the interest rate used to discount future benefit payments back to the present day be based on the expected rate of return on any investments set aside to pay for these benefits. If no funds are set aside for this purpose, the discount rate is based on a municipal bond index at the measurement date.

Implicit Rate Subsidy - This is the excess of the expected health care cost per retired member over the gross premium charged for that coverage. In most cases, the gross premium charged to a retiree is less than the expected health care cost, since the premium is a blended average rate that does not fully reflect the above-average, increasing costs by age that apply during retirement.

Appendix D - Glossary

Normal Cost - This is the portion of the Actuarial Present Value of Benefits allocated to a valuation year by the Actuarial Cost Method.

Other Post-Employment Benefits ("OPEB") - This refers to post-employment benefits other than pension benefits, including healthcare benefits regardless of the type of plan that provides them, and all other post-employment benefits provided separately from a pension plan, excluding benefits defined as termination benefits or offers.

Past Service Cost - This is a catch-up payment to fund the Unfunded Accrued Liability over time (generally 10 to 30 years). A closed amortization period is a specific number of years counted from one date and reducing to zero with the passage of time; an open amortization period is one that begins again or is recalculated at each valuation date. Also known as the Amortization Payment.

Return on Plan Assets - This is the actual investment return on plan assets during the fiscal year.

Substantive Plan - The terms of the postretirement benefit plan as understood by an employer that provides postretirement benefits and the employees who render services in exchange for those benefits. The substantive plan is the basis for the accounting for the plan.

Trend Rate - This is the rate at which medical or dental costs are assumed to increase over time.

Unfunded Accrued Liability - This is the excess of the Accrued Liability over the Actuarial Value of Assets.

ANCORA®

May 31, 2023

We are writing today to inform you of an important event concerning our publicly traded parent company, Focus Financial Partners Inc. ("Focus"). Focus has signed and is in the process of consummating a definitive agreement with affiliates of Clayton, Dubilier & Rice, LLC, a private investment firm, regarding a new majority investment in Focus. As part of this transaction (the "Transaction"), existing owners affiliated with Stone Point Capital LLC will retain a portion of their investment in Focus and provide new equity financing. The Transaction, which is expected to close in the third quarter of 2023, subject to certain closing conditions, is a vote of confidence in Focus' business model, which is now well into its second decade.

The Transaction will result in Focus ceasing to be a public company, and its shares will no longer trade publicly. This change in Focus' ownership will constitute a change in control of our firm's parent company and consequently will be deemed an assignment (the "Assignment") of your investment advisory contract(s) with our firm (the "Advisory Agreements") under the federal securities laws, which requires your consent.

Importantly, our relationship with you will continue on as it has in the past. Your advisory team, investment strategies, advisory services, fees, and custodian are not expected to change as a result of the Transaction. The terms of your Advisory Agreement(s) will remain the same. However, we are required to inform you of the Transaction and seek your consent to the Assignment. Providing your consent will allow us to continue to work with you under the terms of your current Advisory Agreement(s).

- *If you consent to the Assignment of your Advisory Agreement, no further action is required by you, and our relationship with you will continue uninterrupted.*

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> *If you have questions or concerns about the Assignment, please contact us at **216-593-5020** so that we can discuss them with you.* If you decide to withhold your consent to the Assignment, you must advise us of that decision in writing before **June 30, 2023** at **Ancora // Attn: Compliance // 6060 Parkland Blvd #200 // Cleveland Ohio 44124**. If you have not contacted us in writing by that date and you continue to accept our services, you will be considered to have consented to the Assignment, and your Advisory Agreement(s) with our firm will continue in full force and effect without interruption.

The Transaction is an important development for our parent company and represents the next stage in its evolution. We look forward to continuing our relationship with you for many years to come. Should you have any questions about the above, please contact us at ***216-593-5020***.

Best regards,

David Sowerby