



FEBRUARY 2024 UPDATE & PRIVATE MARKETS EDUCATION

MEMORIAL HEALTHCARE SYSTEM

MARCH 2024

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FEBRUARY 29, 2024

THE MONTH IN REVIEW

NEPC ASSET ALLOCATION



PROPRIETARY & CONFIDENTIAL

CURRENT MARKET OUTLOOK



Market rate expectations rose as resilient economic data and stickier inflation prints point to rates staying higher for longer



The Magnificent 7 supported broader index returns as stronger-than-expected earnings bolstered performance



We are concerned about U.S. mega-caps and suggest reducing exposure, while maintaining U.S. large-cap value exposure



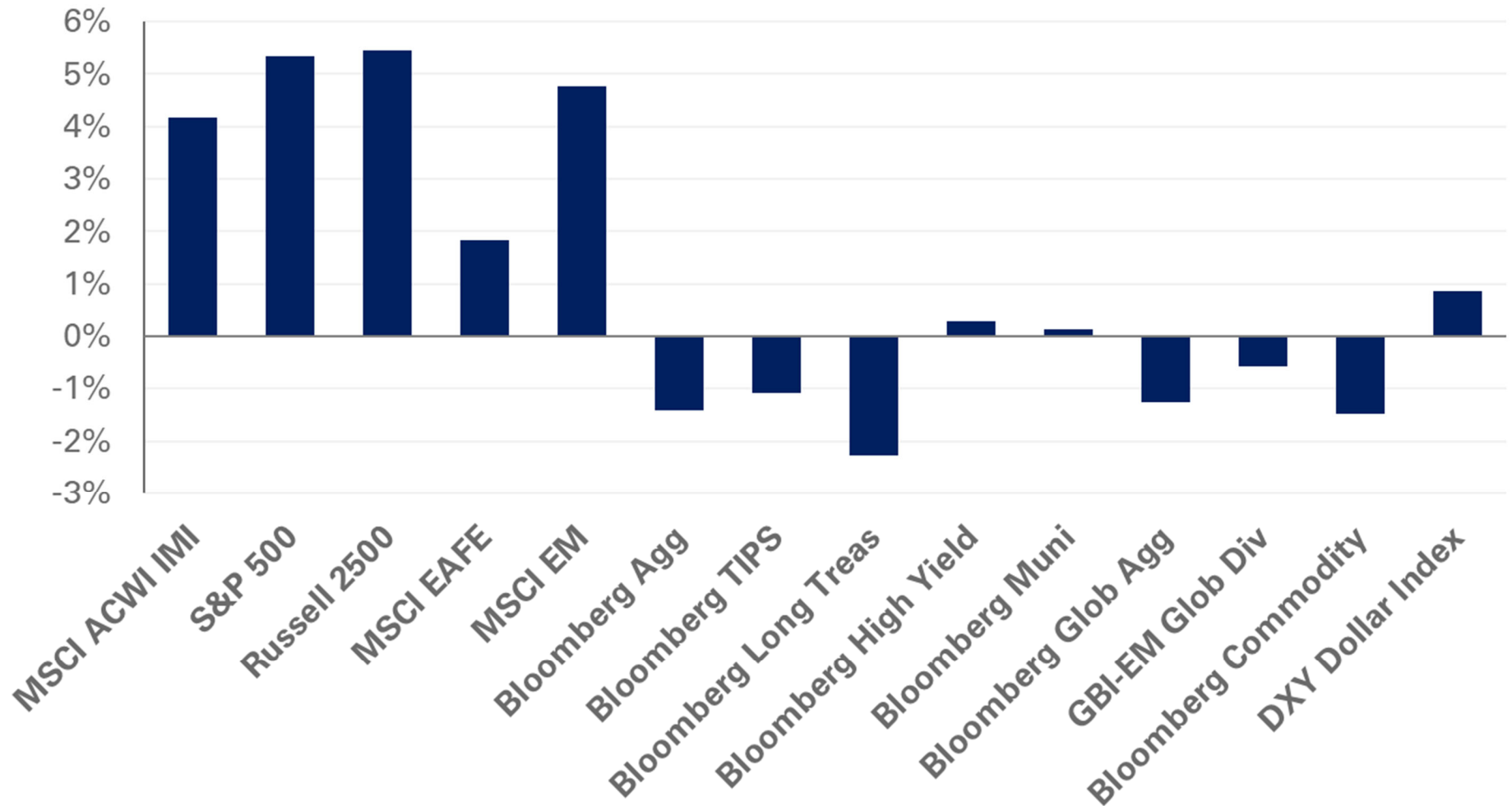
Cash yields are attractive; we remain comfortable holding greater levels of cash to heighten portfolio liquidity levels



The all-in yield on U.S. high yield bonds remains attractive, but we express caution on new allocations at current spread levels

U.S. AND EMERGING EQUITIES OUTPERFORMED

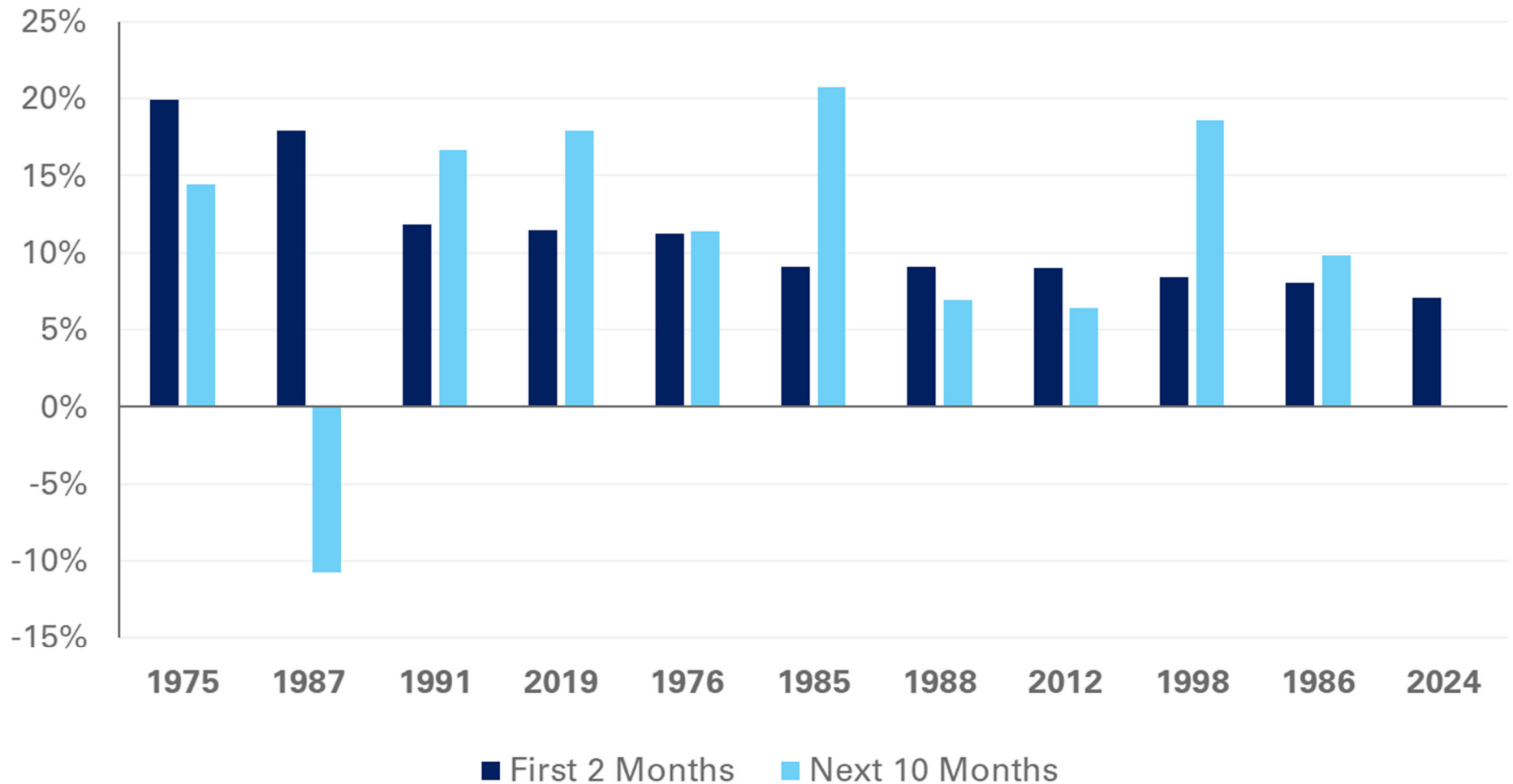
MONTHLY TOTAL RETURNS



Sources: MSCI, S&P, Russell, Bloomberg, JP Morgan, FactSet

STRONG START TO THE YEAR FOR THE S&P 500

BEST FIRST TWO MONTHS TOTAL RETURNS: S&P 500

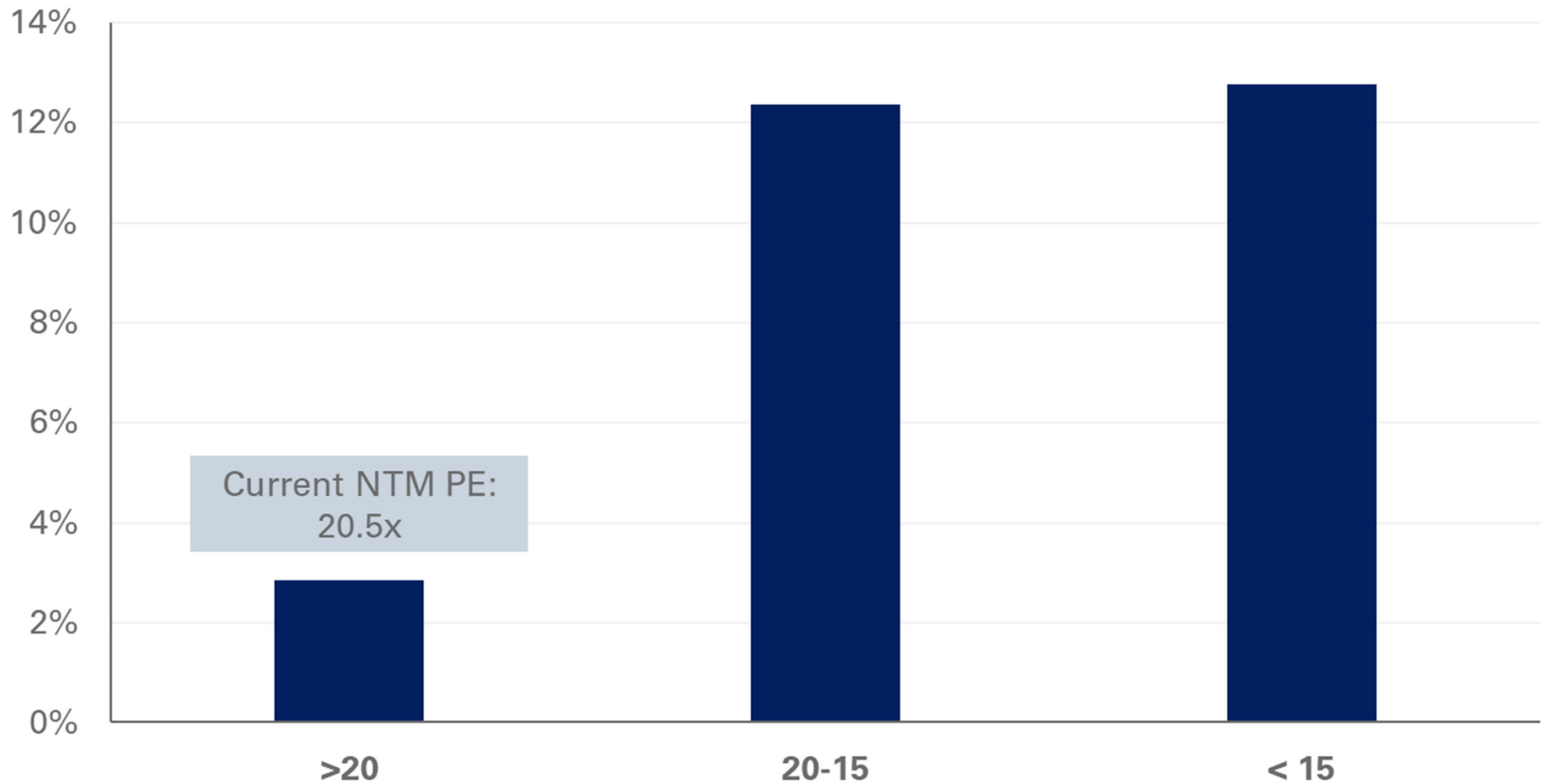


Calculated from 1/1/1970 – 2/29/2024
Sources: S&P, FactSet



FORWARD RETURNS DAMPENED BY VALUATIONS

S&P 500: AVERAGE 1Y FORWARD RETURNS BY NTM P/E RATIO

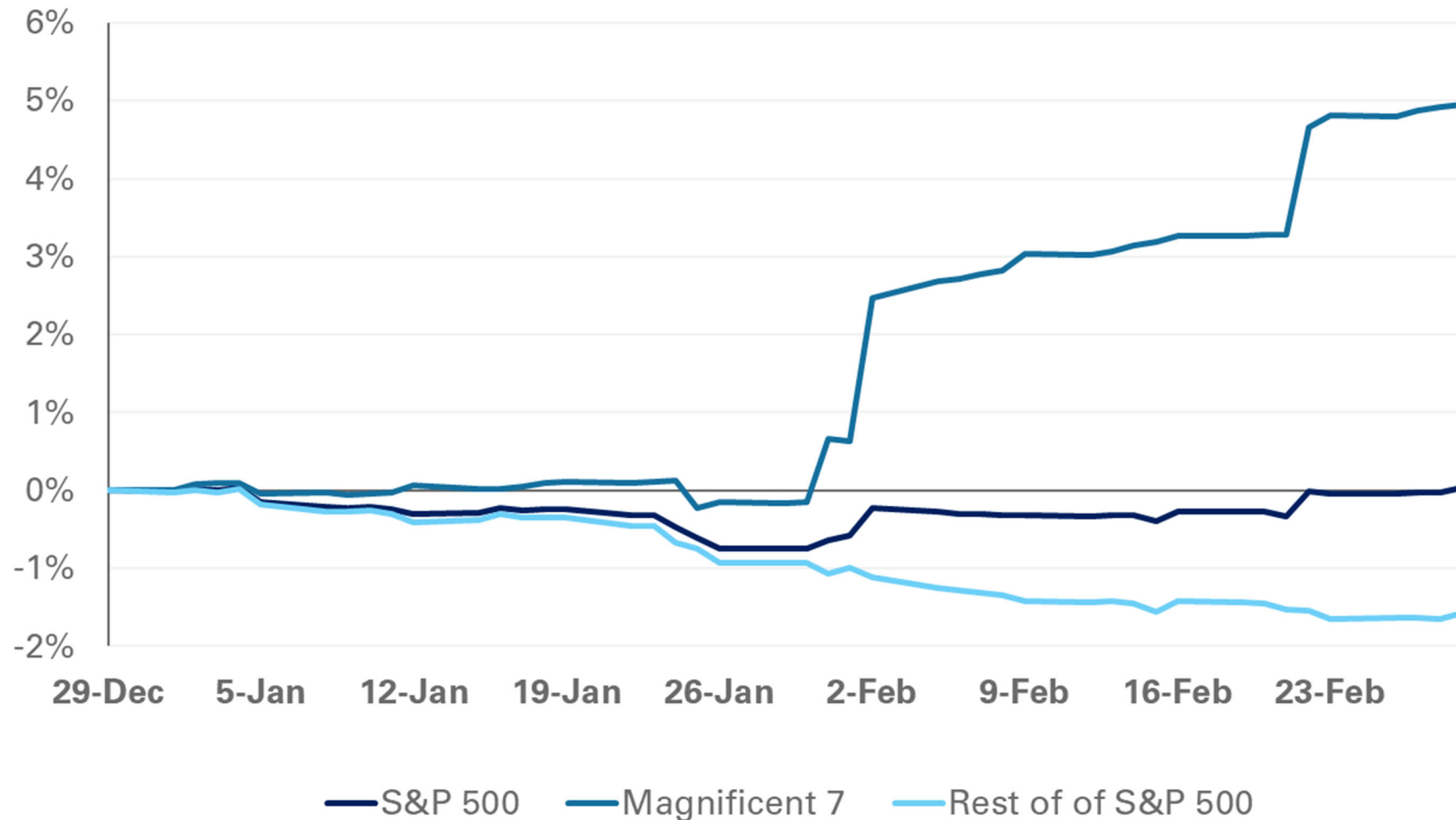


Average returns calculated based on monthly data since September 1995
Sources: S&P, FactSet



EARNINGS EXPECTATIONS BUOYED BY THE MAG-7

CHANGE IN 2024 EARNINGS EXPECTATIONS

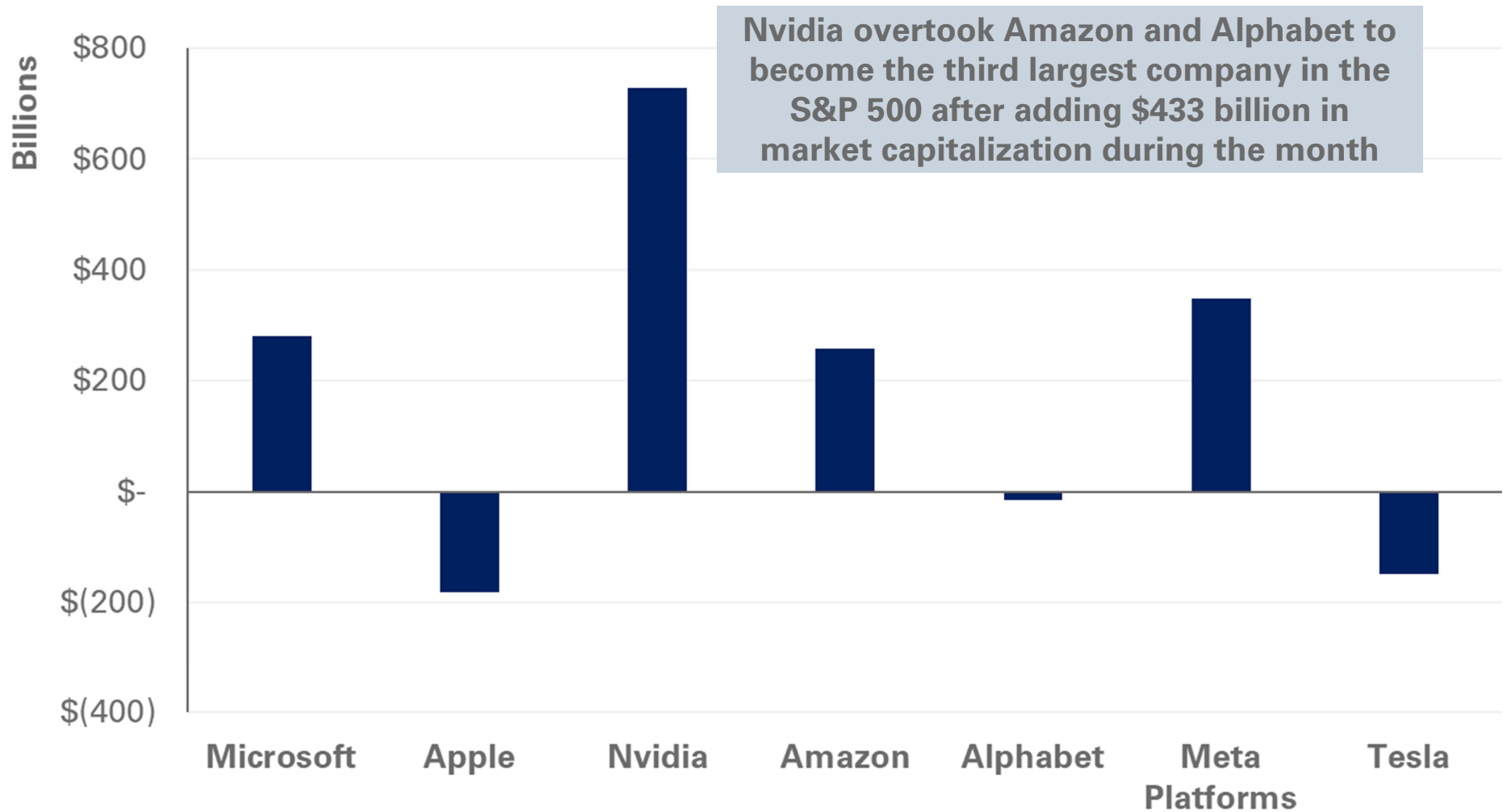


Magnificent 7 represents Apple, Microsoft, Nvidia, Alphabet, Amazon, Meta Platforms, and Tesla
Sources: S&P, FactSet



MAG-7 PERFORMANCE WAS MIXED

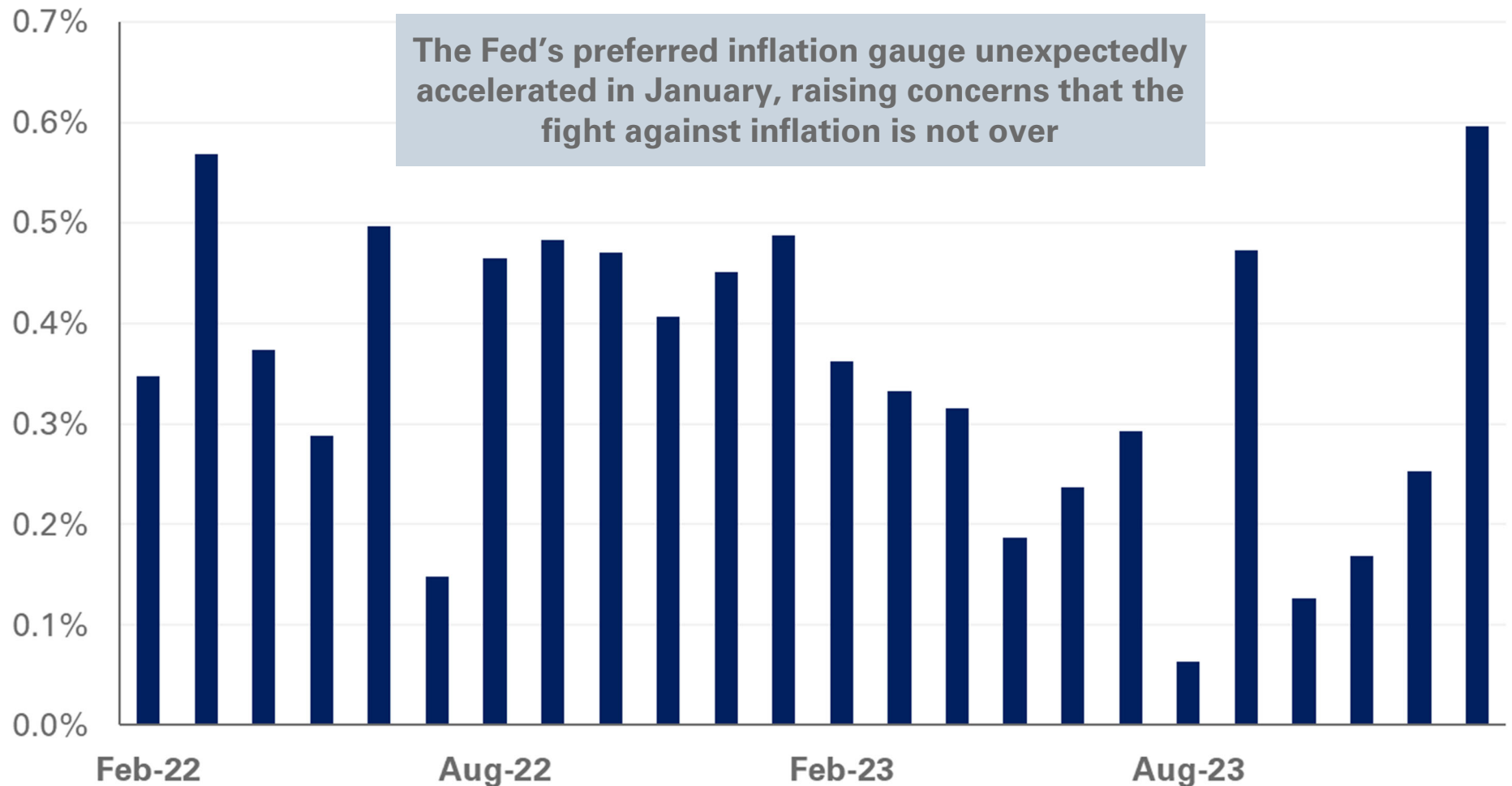
YEAR-TO-DATE CHANGE IN MARKET CAPITALIZATION



Sources: S&P, FactSet

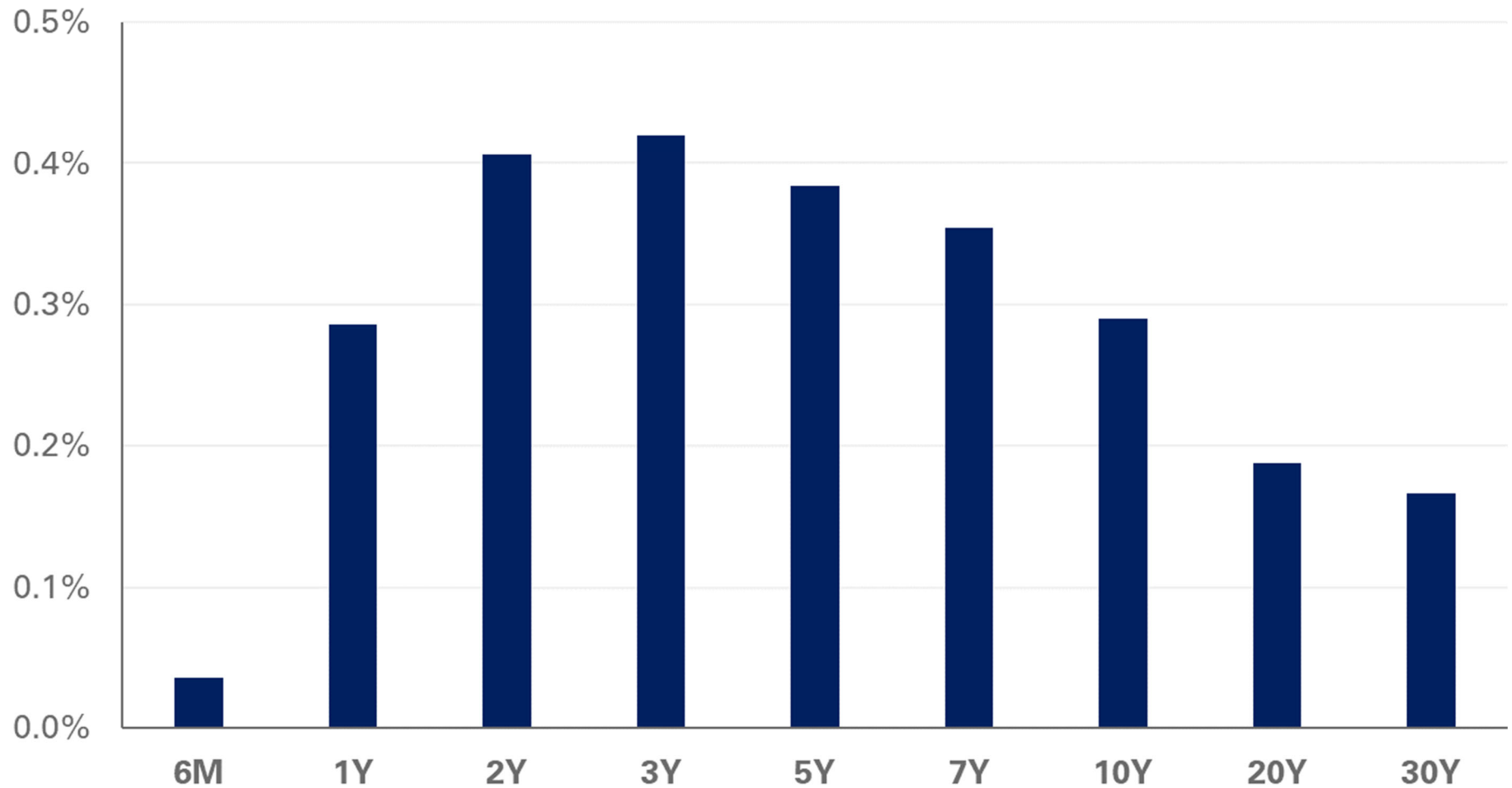
"SUPERCORE" INFLATION ACCELERATED

MONTHLY CHANGE IN PCE: SERVICES EX-HOUSING AND ENERGY



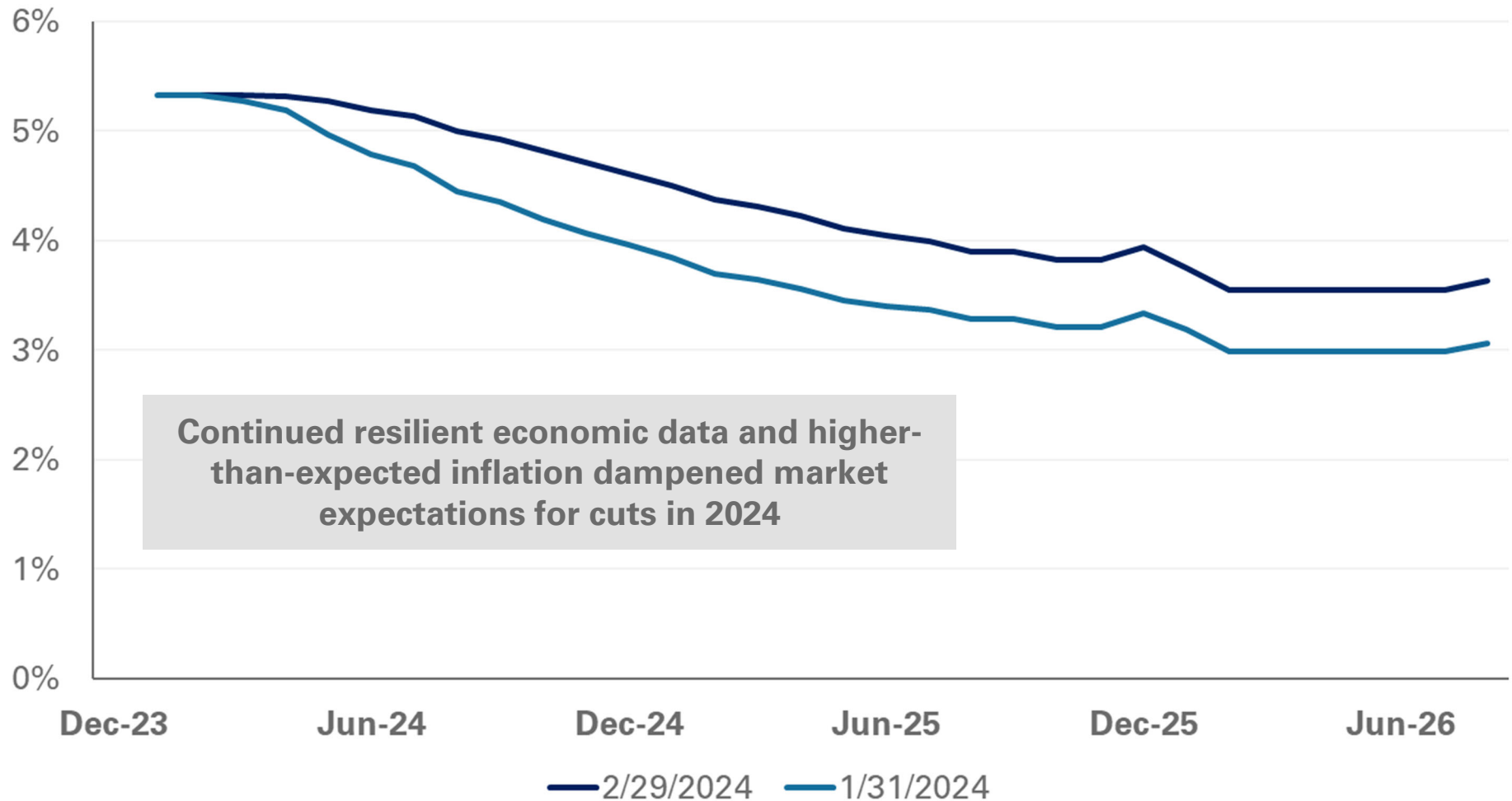
U.S. TREASURY YIELDS SHIFTED HIGHER

MONTHLY CHANGE IN U.S. TREASURY YIELD CURVE



THE MARKET NOW EXPECTS THREE CUTS IN 2024

FEDERAL FUND FUTURES



Source: FactSet

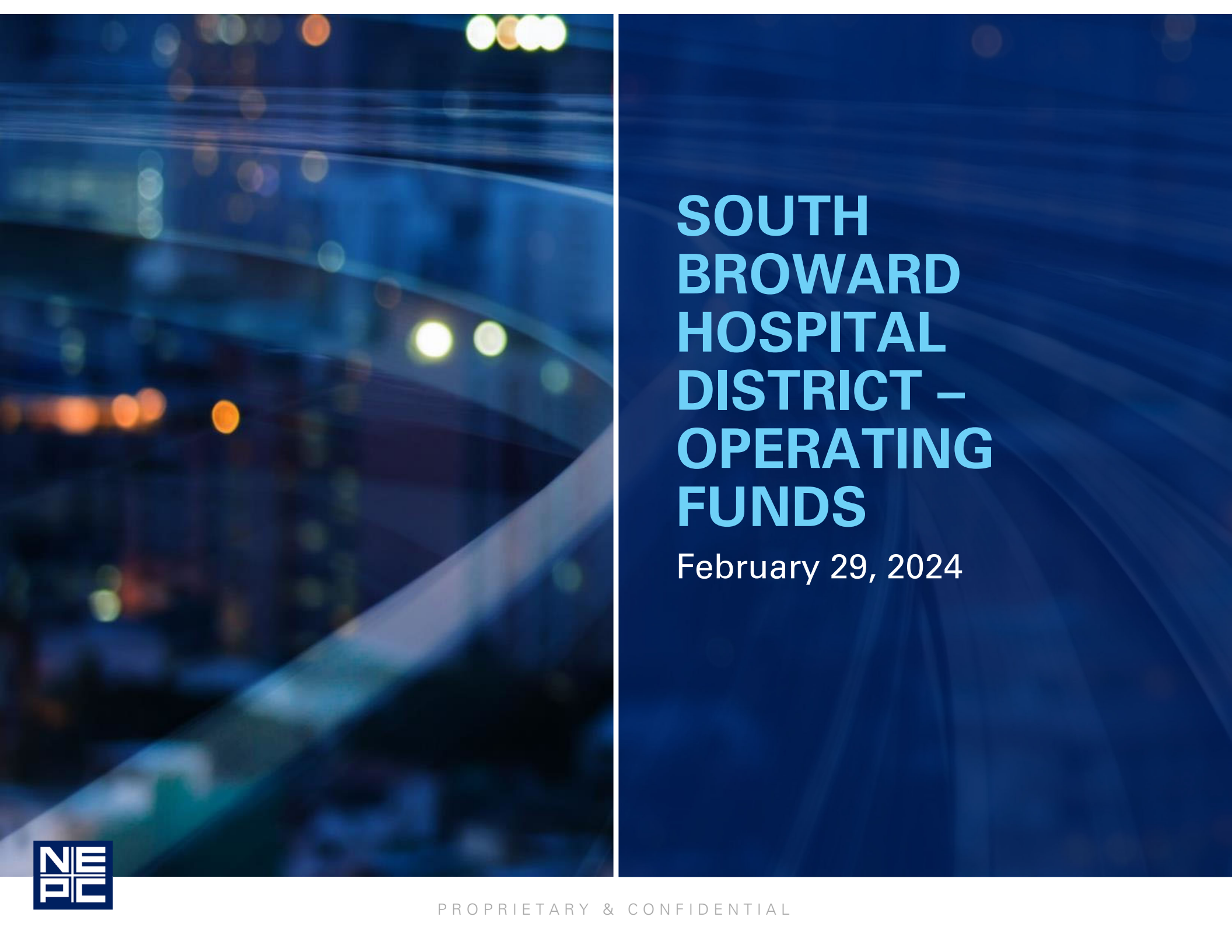


PERFORMANCE UPDATE

February 29, 2024



PROPRIETARY & CONFIDENTIAL



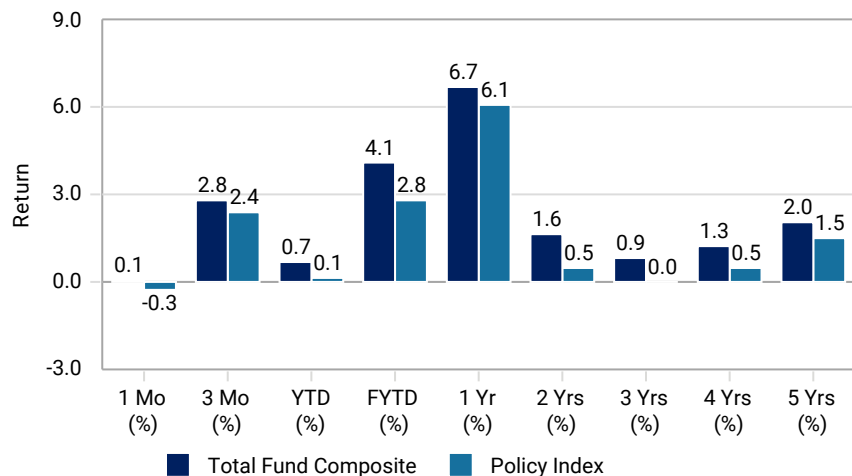
SOUTH BROWARD HOSPITAL DISTRICT – OPERATING FUNDS

February 29, 2024



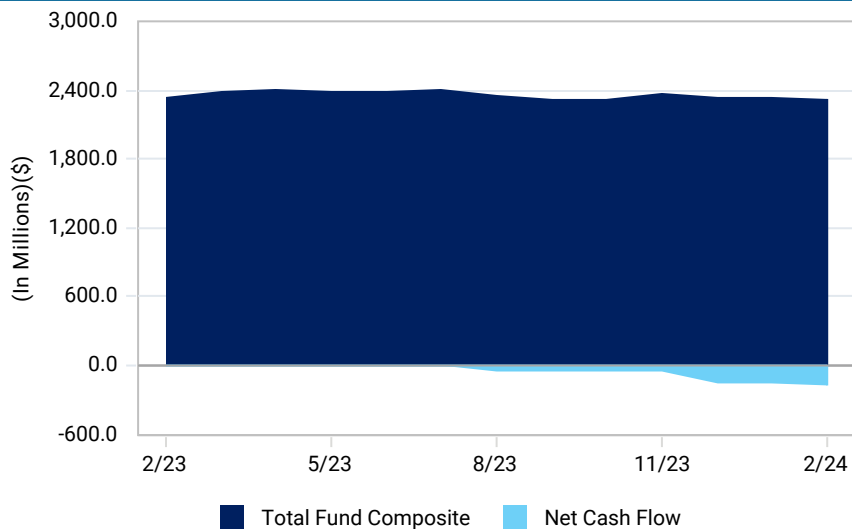
EXECUTIVE SUMMARY

Return Summary Ending February 29, 2024

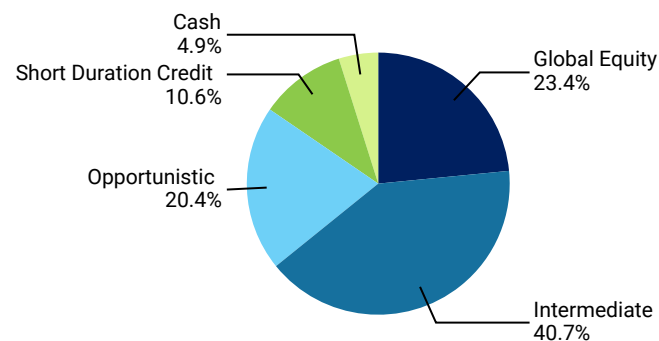


	Current (\$)	Current (%)	Policy (%)	Differences (%)
Global Equity	545,013,385	23.4	20.0	3.4
Intermediate	947,728,642	40.7	35.0	5.7
Opportunistic	474,298,709	20.4	20.0	0.4
Short Duration Credit	245,968,931	10.6	10.0	0.6
Cash	113,048,652	4.9	15.0	-10.1
Total	2,326,058,319	100.0	100.0	0.0

Market Value History 1 Year Ending February 29, 2024



Current Allocation

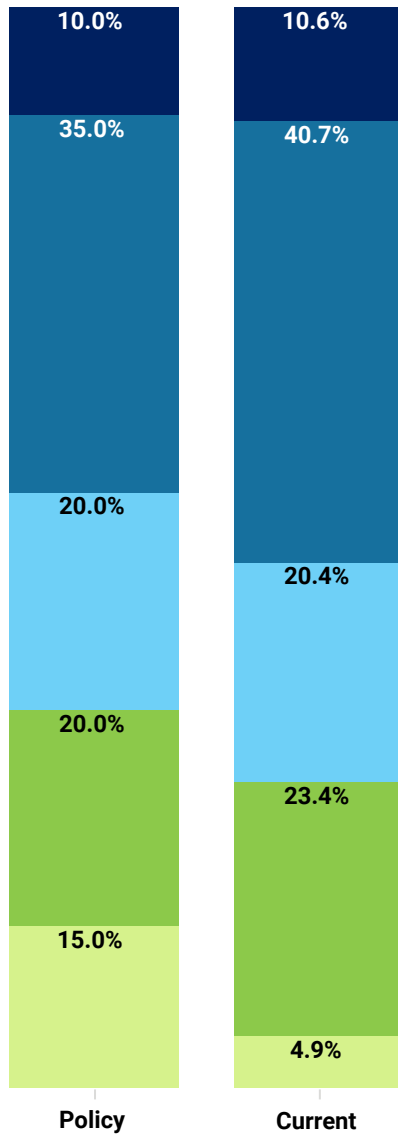


Summary of Cash Flows

	1 Month	FYTD	1 Year	3 Years
Beginning Market Value	2,356,263,810	2,410,286,750	2,350,815,559	2,526,812,948
Net Cash Flow	-31,381,483	-180,615,961	-180,658,720	-261,043,786
Net Investment Change	1,175,992	96,387,530	155,901,480	60,289,157
Ending Market Value	2,326,058,319	2,326,058,319	2,326,058,319	2,326,058,319

ASSET ALLOCATION VS. POLICY

Asset Allocation vs. Target

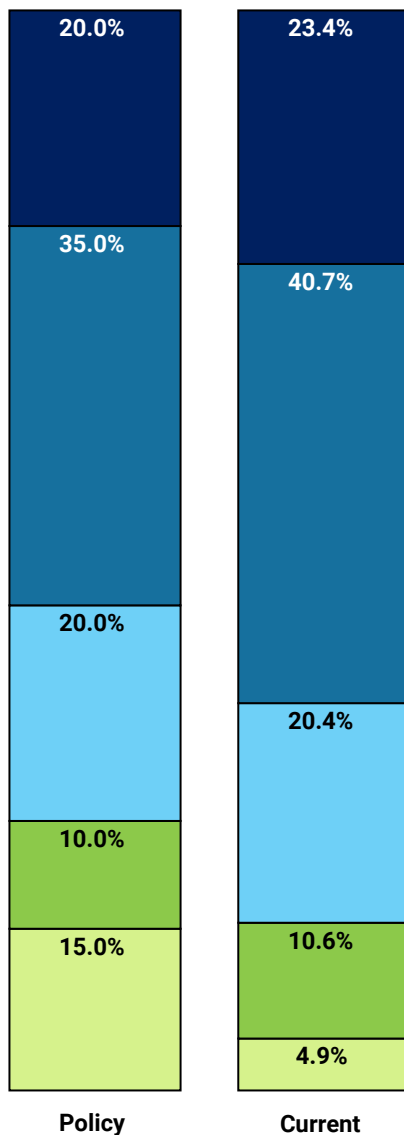


	Current (\$)	Current (%)	Policy (%)	Differences* (%)	Policy Range (%)	Within Range
Short Term Composite	245,968,931	10.6	10.0	0.6	5.0 - 15.0	Yes
Intermediate Term Composite	947,728,642	40.7	35.0	5.7	30.0 - 40.0	No
Opportunistic Composite	474,298,709	20.4	20.0	0.4	15.0 - 25.0	Yes
Global Equity Composite	545,013,385	23.4	20.0	3.4	15.0 - 25.0	Yes
Cash Composite	113,048,652	4.9	15.0	-10.1	15.0 - 20.0	No
Total Fund Composite	2,326,058,319	100.0	100.0	0.0		

*Difference between Policy and Current Allocation

ASSET ALLOCATION VS. POLICY

Asset Allocation vs. Target



	Current Balance (\$)	Policy (%)	Current Allocation (%)	Differences (%)	Policy Range (%)	Within Range
Global Equity	545,013,385	20.0	23.4	3.4	15.0 - 25.0	Yes
Vanguard Global Minimum Volatility Equity	256,936,666		11.0			
Parametric Global Defensive Equity	288,076,719		12.4			
Intermediate	947,728,642	35.0	40.7	5.7	30.0 - 40.0	No
Galliard Intermediate Government	229,538,159		9.9			
Merganser Intermediate Bond	223,259,334		9.6			
Fort Washington Intermediate Bond	191,523,986		8.2			
Lord Abbett Intermediate Bond	220,285,234		9.5			
PFM - Self Insurance Fund	46,059,641		2.0			
PFM - Disability Fund	20,395,042		0.9			
PFM - Workmen's Compensation Fund	11,179,733		0.5			
PFM - Health & Dental Fund	5,487,512		0.2			
Opportunistic	474,298,709	20.0	20.4	0.4	15.0 - 25.0	Yes
Galliard Opportunistic	146,192,971		6.3			
Merganser Opportunistic	146,607,883		6.3			
Fort Washington Active Fixed Income	181,497,855		7.8			
Short Duration Credit	245,968,931	10.0	10.6	0.6	5.0 - 15.0	Yes
Lord Abbett Short Duration	123,784,071		5.3			
Loop Capital Asset Management	122,184,860		5.3			
Cash	113,048,652	15.0	4.9	-10.1	15.0 - 20.0	No
PNC Treasury Management	113,044,586		4.9			
U.S. Bank Cash	4,066		0.0			
Total	2,326,058,319	100.0	100.0	0.0		

*Difference between Policy and Current Allocation



TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	FYTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	4 Yrs (%)	5 Yrs (%)
Total Fund Composite	2,326,058,319	100.0	0.1	2.8	0.7	4.1	6.7	1.6	0.9	1.3	2.0
<i>Policy Index</i>			-0.3	2.4	0.1	2.8	6.1	0.5	0.0	0.5	1.5
Fixed Income Composite	1,667,996,282	71.7	-0.8	1.7	-0.5	2.0	4.6	-0.5	-1.2	-0.4	1.0
Short Term Composite	245,968,931	10.6	-0.5	1.4	-0.1	2.6	4.8	0.5	-0.5	0.1	0.9
<i>Blmbg. 1-5 Year Gov/Credit</i>			-0.7	1.3	-0.3	2.2	4.5	0.2	-0.6	0.1	1.3
Lord Abbett Short Duration	123,784,071	5.3	-0.6	1.4	-0.2	2.5	4.8	0.6			
<i>Blmbg. 1-5 Year Gov/Credit</i>			-0.7	1.3	-0.3	2.2	4.5	0.2			
Loop Capital Asset Management	122,184,860	5.3	-0.5	1.5	0.0	2.8	4.8	0.4	-0.5	0.0	0.9
<i>Blmbg. 1-5 Year Gov/Credit</i>			-0.7	1.3	-0.3	2.2	4.5	0.2	-0.6	0.1	1.3
Intermediate Term Composite	947,728,642	40.7	-0.8	1.7	-0.5	2.0	4.6	-0.5	-1.2	-0.3	0.9
<i>Blmbg. Intermed. U.S. Government/Credit</i>			-1.0	1.5	-0.8	1.4	4.4	-1.1	-1.5	-0.6	1.2
Galliard Intermediate Government	229,538,159	9.9	-0.9	2.0	-0.4	2.3	4.8	-0.6	-1.1	-0.3	1.0
<i>Blmbg. Intermed. U.S. Government/Credit</i>			-1.0	1.5	-0.8	1.4	4.4	-1.1	-1.5	-0.6	1.2
Merganser Intermediate Bond	223,259,334	9.6	-0.8	1.7	-0.4	2.1	4.5	-0.5	-1.2	-0.3	0.9
<i>Blmbg. Intermed. U.S. Government/Credit</i>			-1.0	1.5	-0.8	1.4	4.4	-1.1	-1.5	-0.6	1.2
Fort Washington Intermediate Bond	191,523,986	8.2	-0.9	1.6	-0.6	1.9	4.6	-0.6			
<i>Blmbg. Intermed. U.S. Government/Credit</i>			-1.0	1.5	-0.8	1.4	4.4	-1.1			
Lord Abbett Intermediate Bond	220,285,234	9.5	-0.9	1.7	-0.6	1.7	4.5	-0.7			
<i>Blmbg. Intermed. U.S. Government/Credit</i>			-1.0	1.5	-0.8	1.4	4.4	-1.1			
PFM - Self Insurance Fund	46,059,641	2.0	-0.6	1.3	-0.2	2.4	4.7	0.5	-0.4	0.3	1.4
<i>ICE BofA 1-5 Yr Treasury & Agency</i>			-0.7	1.1	-0.4	1.7	4.1	-0.1	-0.7	-0.1	1.1
PFM - Disability Fund	20,395,042	0.9	-0.6	1.3	-0.2	2.5	4.7	0.4	-0.4	0.3	1.4
<i>ICE BofA 1-5 Yr Treasury & Agency</i>			-0.7	1.1	-0.4	1.7	4.1	-0.1	-0.7	-0.1	1.1
PFM - Workmen's Compensation Fund	11,179,733	0.5	-0.3	1.2	0.2	3.1	5.1	1.5	0.5	0.8	1.5
<i>ICE BofA U.S. Agencies, 1-3yr</i>			-0.2	1.2	0.2	3.1	4.9	1.0	0.2	0.5	1.2
PFM - Health & Dental Fund	5,487,512	0.2	-0.2	1.2	0.2	3.1	5.0	1.4	0.5	0.8	1.4
<i>ICE BofA U.S. Agencies, 1-3yr</i>			-0.2	1.2	0.2	3.1	4.9	1.0	0.2	0.5	1.2

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	FYTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	4 Yrs (%)	5 Yrs (%)
Opportunistic Composite	474,298,709	20.4	-1.0	1.9	-0.7	1.7	4.4	-1.0	-1.4	-0.6	1.1
<i>Blmbg. U.S. Intermediate Aggregate</i>			-1.2	1.7	-1.2	0.9	3.7	-1.9	-2.1	-1.1	0.7
Galliard Opportunistic	146,192,971	6.3	-1.1	2.1	-0.8	1.5	4.3	-1.4	-1.6	-0.7	1.1
<i>Blmbg. U.S. Intermediate Aggregate</i>			-1.2	1.7	-1.2	0.9	3.7	-1.9	-2.1	-1.1	0.7
Merganser Opportunistic	146,607,883	6.3	-0.9	1.9	-0.7	1.7	4.3	-0.9	-1.3	-0.5	1.1
<i>Blmbg. U.S. Intermediate Aggregate</i>			-1.2	1.7	-1.2	0.9	3.7	-1.9	-2.1	-1.1	0.7
Fort Washington Active Fixed Income	181,497,855	7.8	-1.0	1.7	-0.8	1.8	4.6	-0.7			
<i>Blmbg. U.S. Intermediate Aggregate</i>			-1.2	1.7	-1.2	0.9	3.7	-1.9			
Global Equity Composite	545,013,385	23.4	2.8	7.1	4.6	10.8	14.5	7.0	7.1	7.6	6.6
<i>MSCI AC World Minimum Volatility Index (Net)</i>			1.5	6.1	2.8	6.1	13.1	3.0	5.2	5.6	5.5
Vanguard Global Minimum Volatility Equity	256,936,666	11.0	3.0	8.6	6.0	10.7	14.1	7.6	7.4	5.9	6.0
<i>MSCI AC World Minimum Volatility Index (Net)</i>			1.5	6.1	2.8	6.1	13.1	3.0	5.2	5.6	5.5
Parametric Global Defensive Equity	288,076,719	12.4	2.6	5.9	3.3	11.0	15.2	6.6	6.9	8.1	6.6
<i>50% MSCI ACWI / 50% 90 Day T-Bill</i>			2.4	5.6	2.9	11.2	14.1	5.4	4.9	7.4	6.6
Cash Composite	113,048,652	4.9									
<i>90 Day U.S. Treasury Bill</i>			0.4	1.3	0.8	4.4	5.2	3.6	2.4	1.9	2.0
PNC Treasury Management	113,044,586	4.9	0.4	1.3	0.8	4.4	5.3	3.7	2.4	1.9	2.0
<i>90 Day U.S. Treasury Bill</i>			0.4	1.3	0.8	4.4	5.2	3.6	2.4	1.9	2.0
U.S. Bank Cash	4,066	0.0									
<i>90 Day U.S. Treasury Bill</i>			0.4	1.3	0.8	4.4	5.2	3.6	2.4	1.9	2.0

* All data prior to 5/2023 was received from Marquette Associates.

* Policy Index consist of 35% Bloomberg Intermediate U.S. Gov/Credit, 20% Bloomberg U.S. Intermediate Aggregate, 10% Bloomberg 1-5 Year Gov/Credit, 20% MSCI AC World Minimum Volatility Index (Net), and 15% 90 Day U.S. T-Bills.

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)									
	Market Value (\$)	% of Portfolio	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Total Fund Composite	2,326,058,319	100.0	6.7	-5.9	1.1	3.9	5.3	1.2	1.3	1.1	1.1	
<i>Policy Index</i>			5.7	-7.1	1.0	3.9	5.7	1.2	0.8	0.9	0.8	
Short Term Composite	245,968,931	10.6	5.1	-5.2	-1.0	3.2	3.5	1.6	0.7	0.8	0.6	
<i>Blmbg. 1-5 Year Gov/Credit</i>			4.9	-5.5	-1.0	4.7	5.0	1.4	1.3	1.6	1.0	
Lord Abbett Short Duration	123,784,071	5.3	5.1	-4.9								
<i>Blmbg. 1-5 Year Gov/Credit</i>			4.9	-5.5								
Loop Capital Asset Management	122,184,860	5.3	5.1	-5.6	-0.9	3.2	3.5	1.6	0.7	1.0	0.4	
<i>Blmbg. 1-5 Year Gov/Credit</i>			4.9	-5.5	-1.0	4.7	5.0	1.4	1.3	1.6	1.0	
Intermediate Term Composite	947,728,642	40.7	5.5	-7.5	-1.0	4.8	4.6	1.5	1.3	1.2	1.2	
<i>Blmbg. Intermed. U.S. Government/Credit</i>			5.2	-8.2	-1.4	6.4	6.8	0.9	2.1	2.1	1.1	
Galliard Intermediate Government	229,538,159	9.9	5.8	-8.1	-0.6	5.1	4.6	1.5	1.4	1.3	1.1	
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<i>ICE BofA 1-5 Yr Treasury & Agency</i>			4.3	-5.2	-1.1	4.2	4.2	1.5	0.7	1.1	1.0	
PFM - Disability Fund	20,395,042	0.9	5.0	-5.1	-0.9	4.6	4.6	1.3	1.1	1.3	1.0	
<i>ICE BofA 1-5 Yr Treasury & Agency</i>			4.3	-5.2	-1.1	4.2	4.2	1.5	0.7	1.1	1.0	
PFM - Workmen's Compensation Fund	11,179,733	0.5	5.1	-3.0	-0.5	2.8	3.5	1.6	0.7	1.0	0.7	
<i>ICE BofA U.S. Agencies, 1-3yr</i>			4.7	-3.7	-0.4	2.7	3.5	1.8	0.7	1.0	0.7	
PFM - Health & Dental Fund	5,487,512	0.2	5.0	-3.1	-0.5	2.8	3.5	1.7	0.7	1.0	0.7	
<i>ICE BofA U.S. Agencies, 1-3yr</i>			4.7	-3.7	-0.4	2.7	3.5	1.8	0.7	1.0	0.7	

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<i>Blmbg. U.S. Intermediate Aggregate</i>			5.2	-9.5	-1.3	5.6	6.7	0.9	2.3	2.0	1.2
Galliard Opportunistic	146,192,971	6.3	5.7	-9.2	-1.1	6.6	5.9	1.3	2.2	1.6	1.4
<i>Blmbg. U.S. Intermediate Aggregate</i>			5.2	-9.5	-1.3	5.6	6.7	0.9	2.3	2.0	1.2
Merganser Opportunistic	146,607,883	6.3	5.6	-8.3	-1.4	5.9	5.8	1.4	1.7	1.6	1.2
<i>Blmbg. U.S. Intermediate Aggregate</i>			5.2	-9.5	-1.3	5.6	6.7	0.9	2.3	2.0	1.2
Fort Washington Active Fixed Income	181,497,855	7.8	5.8	-8.2							
<i>Blmbg. U.S. Intermediate Aggregate</i>			5.2	-9.5							
Global Equity Composite	545,013,385	23.4	11.2	-6.0	12.7	1.4	17.0				
<i>MSCI AC World Minimum Volatility Index (Net)</i>			7.7	-10.3	13.9	2.7	21.1				
Vanguard Global Minimum Volatility Equity	256,936,666	11.0	8.0	-4.5	12.0	-3.9	22.7				
<i>MSCI AC World Minimum Volatility Index (Net)</i>			7.7	-10.3	13.9	2.7	21.1				
Parametric Global Defensive Equity	288,076,719	12.4	14.6	-7.5	13.1	2.6	14.1				
<i>50% MSCI ACWI / 50% 90 Day T-Bill</i>			13.6	-8.5	9.0	9.1	14.1				
Cash Composite	113,048,652	4.9									
PNC Treasury Management	113,044,586	4.9	5.1	1.3	0.1	0.8	2.4	1.9	0.9	0.5	0.2
<i>90 Day U.S. Treasury Bill</i>			5.0	1.5	0.0	0.7	2.3	1.9	0.9	0.3	0.0
U.S. Bank Cash	4,066	0.0									
<i>90 Day U.S. Treasury Bill</i>			5.0	1.5	0.0	0.7	2.3				

* All data prior to 5/2023 was received from Marquette Associates.

* Policy Index consist of 35% Bloomberg Intermediate U.S. Gov/Credit, 20% Bloomberg U.S. Intermediate Aggregate, 10% Bloomberg 1-5 Year Gov/Credit, 20% MSCI AC World Minimum Volatility Index (Net), and 15% 90 Day U.S. T-Bills.

CASH FLOW SUMMARY BY MANAGER

1 Month Ending February 29, 2024						
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flows	Gain/Loss	Ending Market Value
Lord Abnett Short Duration	\$124,500,329	-	-	-	-\$716,259	\$123,784,071
Loop Capital Asset Management	\$122,809,332	-	-	-	-\$624,472	\$122,184,860
Galliard Intermediate Government	\$231,594,936	-	-	-	-\$2,056,777	\$229,538,159
Merganser Intermediate Bond	\$224,946,961	-	-	-	-\$1,687,628	\$223,259,334
Fort Washington Intermediate Bond	\$193,255,757	-	-	-	-\$1,731,771	\$191,523,986
Lord Abnett Intermediate Bond	\$222,333,479	-	-	-	-\$2,048,246	\$220,285,234
PFM - Self Insurance Fund	\$46,342,408	-	-	-	-\$282,767	\$46,059,641
PFM - Disability Fund	\$20,523,372	-	-	-	-\$128,330	\$20,395,042
PFM - Workmen's Compensation Fund	\$11,209,865	-	-	-	-\$30,132	\$11,179,733
PFM - Health & Dental Fund	\$5,500,080	-	-	-	-\$12,568	\$5,487,512
Galliard Opportunistic	\$147,877,237	-	-	-	-\$1,684,266	\$146,192,971
Merganser Opportunistic	\$147,989,680	-	-	-	-\$1,381,797	\$146,607,883
Fort Washington Active Fixed Income	\$183,283,608	-	-	-	-\$1,785,753	\$181,497,855
Vanguard Global Minimum Volatility Equity	\$249,355,483	-	-	-	\$7,581,183	\$256,936,666
Parametric Global Defensive Equity	\$280,746,814	-	-	-	\$7,329,905	\$288,076,719
PNC Treasury Management	\$143,990,419	-	-\$31,381,483	-\$31,381,483	\$435,651	\$113,044,586
U.S. Bank Cash	\$4,048	-	-	-	\$18	\$4,066
Total	\$2,356,263,810	-	-\$31,381,483	-\$31,381,483	\$1,175,992	\$2,326,058,319

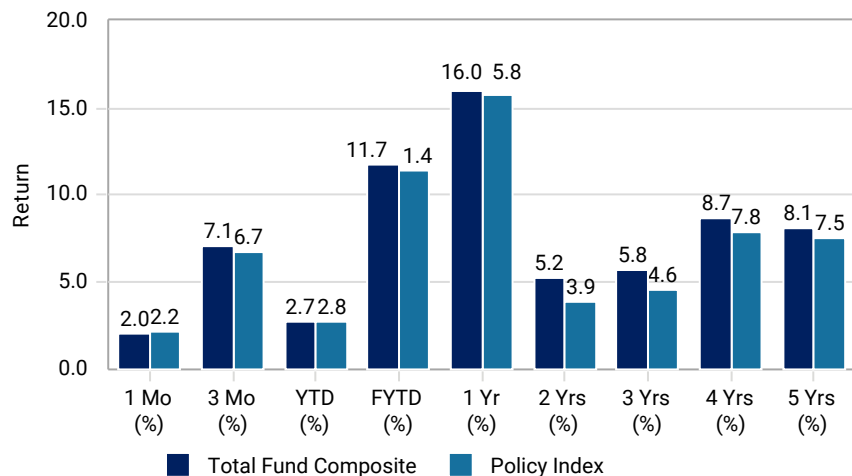
SOUTH BROWARD HOSPITAL DISTRICT – RETIREMENT PLAN

February 29, 2024



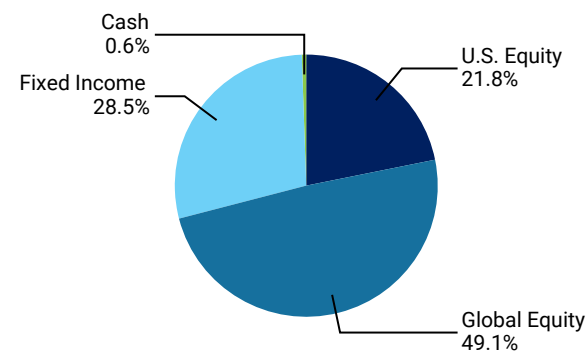
EXECUTIVE SUMMARY

Return Summary Ending February 29, 2024



	Current (\$)	Current (%)	Policy (%)	Differences (%)
U.S. Equity	216,931,857	21.8	20.0	1.8
Global Equity	488,413,876	49.1	45.0	4.1
Fixed Income	283,236,201	28.5	35.0	-6.5
Cash	5,470,838	0.6	0.0	0.6
Total	994,052,772	100.0	100.0	0.0

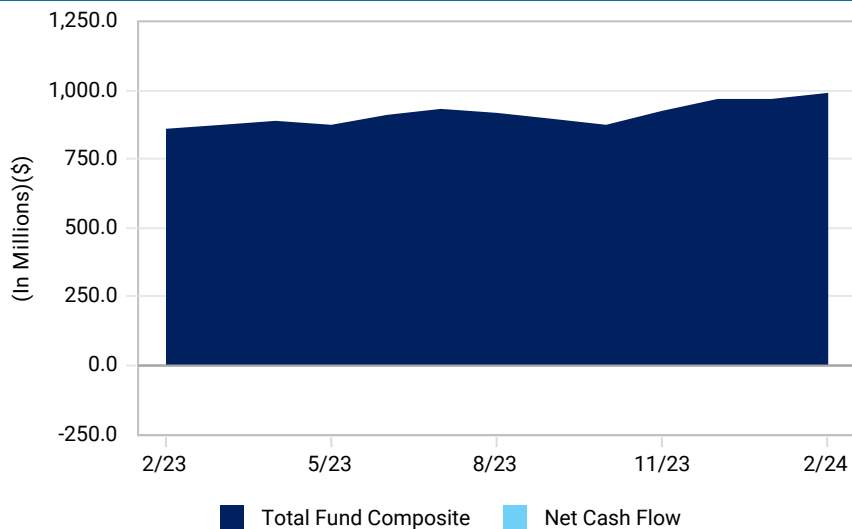
Current Allocation



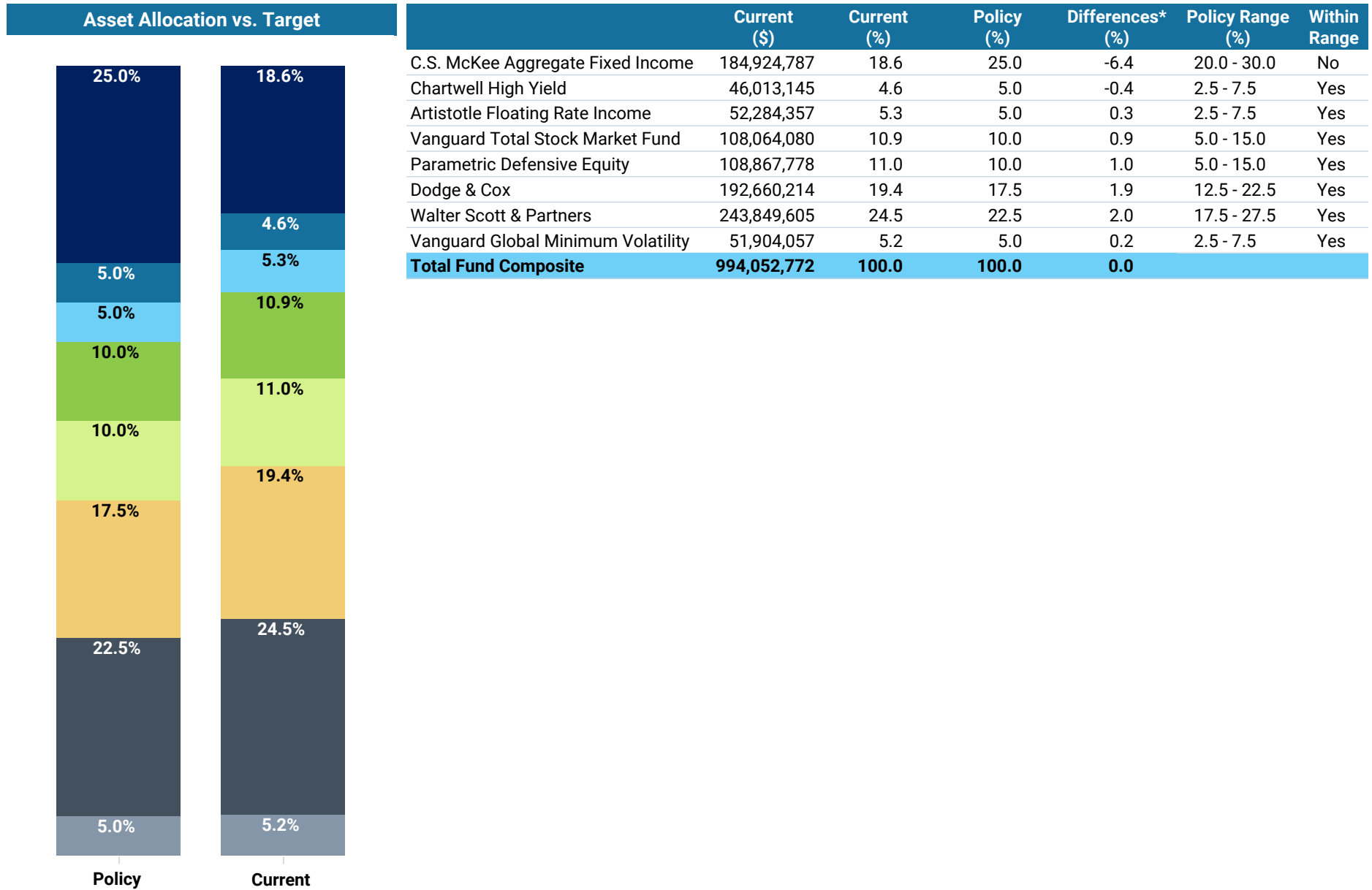
Summary of Cash Flows

	1 Month	FYTD	1 Year	3 Years
Beginning Market Value	974,219,142	889,124,807	859,044,327	843,005,365
Net Cash Flow	-9,350	403,884	-2,374,587	-7,643,271
Net Investment Change	19,842,980	104,524,081	137,383,032	158,690,679
Ending Market Value	994,052,772	994,052,772	994,052,772	994,052,772

Market Value History 1 Year Ending February 29, 2024



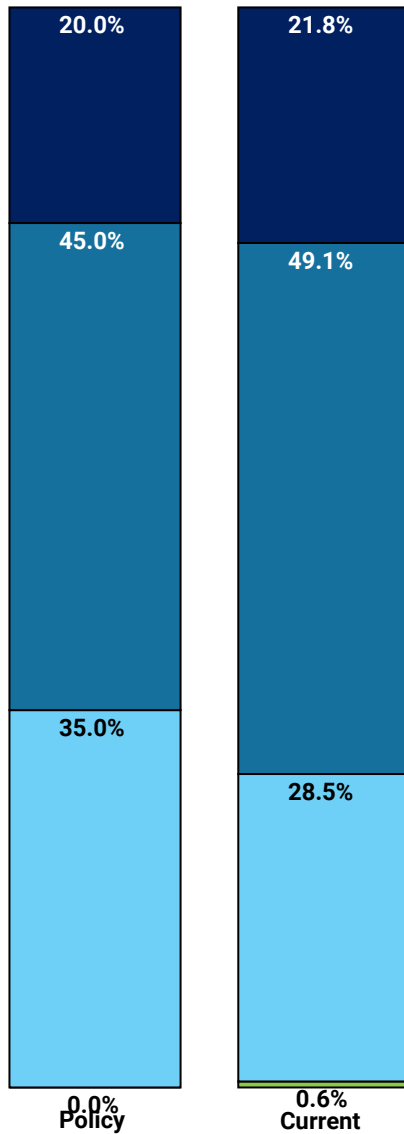
ASSET ALLOCATION VS. POLICY



*Difference between Policy and Current Allocation

ASSET ALLOCATION VS. POLICY

Asset Allocation vs. Target



	Current Balance (\$)	Policy (%)	Current Allocation (%)	Differences (%)	Policy Range (%)	Within Range
U.S. Equity	216,931,857	20.0	21.8	1.8	15.0 - 25.0	Yes
Vanguard Total Stock Market Fund	108,064,080		10.9			
Parametric Defensive Equity	108,867,778		11.0			
Global Equity	488,413,876	45.0	49.1	4.1	40.0 - 50.0	Yes
Dodge & Cox	192,660,214		19.4			
Walter Scott & Partners	243,849,605		24.5			
Vanguard Global Minimum Volatility	51,904,057		5.2			
Fixed Income	283,236,201	35.0	28.5	-6.5	30.0 - 40.0	No
C.S. McKee Aggregate Fixed Income	184,924,787		18.6			
Chartwell High Yield	46,013,145		4.6			
Artistotle Floating Rate Income	52,284,357		5.3			
Wellington LCP Legacy Portfolio	13,913		0.0			
Cash	5,470,838	0.0	0.6	0.6	0.0 - 0.0	No
Money Market	1,620,515		0.2			
Vanguard Treasury Money Market	3,850,323		0.4			
Total	994,052,772	100.0	100.0	0.0		

*Difference between Policy and Current Allocation



TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	FYTD (%)	1 Yr (%)	2 Yrs (%)	3 Yrs (%)	4 Yrs (%)	5 Yrs (%)
Total Fund Composite	994,052,772	100.0	2.0	7.1	2.7	11.7	16.0	5.2	5.8	8.7	8.1
Policy Index			2.2	6.7	2.8	11.4	15.8	3.9	4.6	7.8	7.5
Fixed Income Composite	283,236,201	28.5	-0.7	2.5	-0.7	3.2	5.9	-0.4	-0.7	0.1	1.8
Custom Index			-0.8	2.3	-0.9	2.5	5.1	-0.9	-1.1	-0.1	1.7
C.S. McKee Aggregate Fixed Income	184,924,787	18.6	-1.1	2.7	-1.3	1.1	4.2	-3.0	-2.9	-1.8	0.7
Blmbg. U.S. Aggregate Index			-1.4	2.1	-1.7	0.2	3.3	-3.4	-3.2	-2.0	0.6
Chartwell High Yield	46,013,145	4.6	-1.1	0.8	-0.8	4.7	6.4	3.1	2.0	2.8	2.9
ICE BofA U.S. High Yield Cash Pay BB 1-3 Year			0.3	2.3	0.6	6.4	7.9	4.1	3.0	4.0	4.0
Artistotle Floating Rate Income	52,284,357	5.3	1.1	3.1	1.7	10.0	11.7	7.0	5.7	5.3	4.8
Credit Suisse Leveraged Loan Index			0.9	3.3	1.7	10.4	11.4	6.7	5.5	5.6	5.1
Wellington LCP Legacy Portfolio	13,913	0.0									
U.S. Equity Composite	216,931,857	21.8	4.1	9.0	5.1	18.1	22.6	8.1	9.3	13.1	11.4
CRSP U.S. Total Market TR Index			5.4	12.3	6.6	24.0	28.6	8.6	9.7	15.7	13.9
Vanguard Total Stock Market Fund	108,064,080	10.9	5.3	11.6	6.0	23.3	28.1	8.4	9.6	15.5	13.7
CRSP U.S. Total Market TR Index			5.4	12.3	6.6	24.0	28.6	8.6	9.7	15.7	13.9
Parametric Defensive Equity	108,867,778	11.0	2.8	6.6	4.1	13.6	18.0	8.1	9.0	10.2	8.8
50% S&P 500/50% 90 Day T-Bill			2.9	6.6	4.0	14.0	17.5	7.1	7.5	9.5	8.6
Global Equity Composite	488,413,876	49.1	2.8	9.1	3.8	14.5	19.7	7.7	8.4	12.6	10.7
MSCI AC World Index (Net)			4.3	9.9	4.9	17.8	23.1	6.3	6.8	12.2	10.5
Dodge & Cox	192,660,214	19.4	2.1	6.0	0.4	12.5	14.7	6.6	8.6	13.4	10.3
MSCI AC World Index Value (Net)			2.6	7.9	2.4	11.2	12.7	4.4	6.9	9.5	6.8
Walter Scott & Partners	243,849,605	24.5	3.3	11.7	6.1	17.0	25.4	8.5	8.3	12.6	11.5
MSCI World Growth (Net)			6.0	13.0	8.2	26.8	37.7	9.5	8.6	15.9	15.2
Vanguard Global Minimum Volatility	51,904,057	5.2	3.0	8.6	6.0	10.7	14.0	7.5	7.4	5.9	6.0
MSCI AC World Minimum Volatility Index (Net)			1.5	6.1	2.8	6.1	13.1	3.0	5.2	5.6	5.5
Cash Composite	5,470,838	0.6	0.6	1.9	1.2	4.8	5.1	3.0	2.0	1.5	1.6
90 Day U.S. Treasury Bill			0.4	1.3	0.8	4.4	5.2	3.6	2.4	1.9	2.0

* All data is preliminary. Memorial Health Systems' Fiscal Year ends in April.

* All data prior to 5/2023 was received from Marquette Associates.

* Policy Index consist of 40% MSCI ACWI, 5% MSCI ACWI Minimum Volatility, 25% Bloomberg U.S. Aggregate, 10% CRSP US Total Market Index, 10% CBOE Put Write Index, 5% BofAML 1-3 Year High Yield BB, and 5% Credit Suisse Leveraged Loan Index.

* Custom Index consist of 71.4% Bloomberg U.S. Aggregate, 14.3% BofA Merrill Lynch 1-3 Yrs High Yield BB, and 14.3% Credit Suisse Leveraged Loan Index.

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)				
	Market Value (\$)	% of Portfolio	2023	2022	2021	2020	2019
Total Fund Composite	994,052,772	100.0	16.3	-11.9	13.4	11.0	19.5
<i>Policy Index</i>			15.7	-13.9	12.6	11.7	19.6
Fixed Income Composite	283,236,201	28.5	7.5	-9.5	-0.2	6.3	8.6
<i>Custom Index</i>			7.1	-10.0	0.1	6.7	8.7
C.S. McKee Aggregate Fixed Income	184,924,787	18.6	5.9	-12.9	-1.8	7.6	8.9
<i>Blmbg. U.S. Aggregate Index</i>			5.5	-13.0	-1.5	7.5	8.7
Chartwell High Yield	46,013,145	4.6	8.1	-3.0	2.3	4.2	7.0
<i>ICE BofA U.S. High Yield Cash Pay BB 1-3 Year</i>			8.9	-3.1	3.2	5.4	8.7
Artistotle Floating Rate Income	52,284,357	5.3	13.4	-0.8	4.6	1.6	8.3
<i>Credit Suisse Leveraged Loan Index</i>			13.0	-1.1	5.4	2.8	8.2
Wellington LCP Legacy Portfolio	13,913	0.0					
U.S. Equity Composite	216,931,857	21.8	21.0	-13.8	21.8	13.6	23.5
<i>CRSP U.S. Total Market TR Index</i>			26.0	-19.5	25.7	21.0	30.8
Vanguard Total Stock Market Fund	108,064,080	10.9	26.0	-19.5	25.7	21.0	30.7
<i>CRSP U.S. Total Market TR Index</i>			26.0	-19.5	25.7	21.0	30.8
Parametric Defensive Equity	108,867,778	11.0	16.9	-7.7	17.2	5.0	16.0
<i>50% S&P 500/50% 90 Day T-Bill</i>			15.5	-8.2	13.7	10.1	16.3
Global Equity Composite	488,413,876	49.1	20.2	-12.8	19.0	12.4	27.1
<i>MSCI AC World Index (Net)</i>			22.2	-18.4	18.5	16.3	26.6
Dodge & Cox	192,660,214	19.4	20.3	-5.8	20.8	6.0	23.8
<i>MSCI AC World Index Value (Net)</i>			11.8	-7.5	19.6	-0.3	20.6
Walter Scott & Partners	243,849,605	24.5	23.1	-19.6	18.7	18.9	30.5
<i>MSCI World Growth (Net)</i>			37.0	-29.2	21.2	33.8	33.7
Vanguard Global Minimum Volatility	51,904,057	5.2	8.0	-4.5	12.0	-3.9	22.7
<i>MSCI AC World Minimum Volatility Index (Net)</i>			7.7	-10.3	13.9	2.7	21.1
Cash Composite	5,470,838	0.6	4.2	0.7	0.0	0.4	2.0
<i>90 Day U.S. Treasury Bill</i>			5.0	1.5	0.0	0.7	2.3

* All data is preliminary. Memorial Health Systems' Fiscal Year ends in April.

* All data prior to 5/2023 was received from Marquette Associates.

* Policy Index consist of 40% MSCI ACWI, 5% MSCI ACWI Minimum Volatility, 25% Bloomberg U.S. Aggregate, 10% CRSP US Total Market Index, 10% CBOE Put Write Index, 5% BofAML 1-3 Year High Yield BB, and 5% Credit Suisse Leveraged Loan Index.

* Custom Index consist of 71.4% Bloomberg U.S. Aggregate, 14.3% BofA Merrill Lynch 1-3 Yrs High Yield BB, and 14.3% Credit Suisse Leveraged Loan Index.

CASH FLOW SUMMARY BY MANAGER

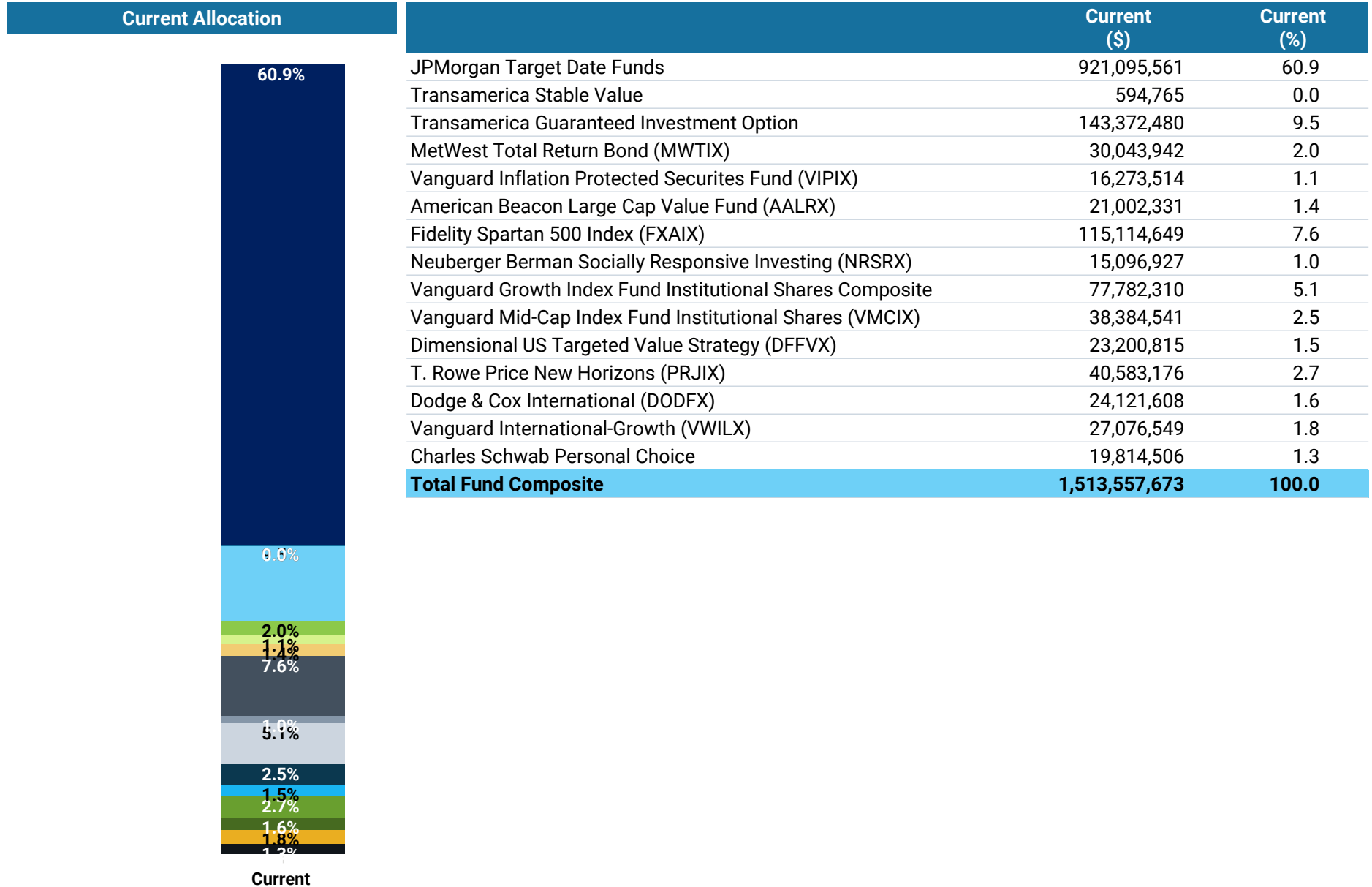
	1 Month Ending February 29, 2024					
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flows	Gain/Loss	Ending Market Value
C.S. McKee Aggregate Fixed Income	\$186,955,270	-	-	-	-\$2,030,483	\$184,924,787
Chartwell High Yield	\$46,544,156	-	-	-	-\$531,012	\$46,013,145
Artistotle Floating Rate Income	\$51,681,302	-	-	-	\$603,055	\$52,284,357
Wellington LCP Legacy Portfolio	\$13,758	-	-\$51	-\$51	\$205	\$13,913
Vanguard Total Stock Market Fund	\$102,626,221	-	-	-	\$5,437,859	\$108,064,080
Parametric Defensive Equity	\$105,851,299	-	-	-	\$3,016,479	\$108,867,778
Dodge & Cox	\$188,673,254	-	-	-	\$3,986,960	\$192,660,214
Walter Scott & Partners	\$236,033,666	-	-	-	\$7,815,939	\$243,849,605
Vanguard Global Minimum Volatility	\$50,373,374	-	-	-	\$1,530,683	\$51,904,057
Money Market	\$1,618,678	-	-\$9,567	-\$9,567	\$11,404	\$1,620,515
Vanguard Treasury Money Market	\$3,848,163	\$3,706,653	-\$3,706,385	\$269	\$1,892	\$3,850,323
Total	\$974,219,142	\$3,706,653	-\$3,716,003	-\$9,350	\$19,842,980	\$994,052,772

MEMORIAL HEALTHCARE SYSTEM DEFINED CONTRIBUTION PLANS

February 29, 2024



ASSET ALLOCATION VS. POLICY



MULTI PERIOD ASSET ALLOCATION

	<i>Total Fund</i>	
	\$	%
Total Fund Composite	1,280,113,786	100.0
JP Morgan Target Date Funds	771,664,388	60.3
JPMorgan SmartRetirement Blend Income (JIYBX)	40,069,584	3.1
JPMorgan SmartRetirement Blend 2020 (JSYRX)	66,559,311	5.2
JPMorgan SmartRetirement Blend 2025 (JBYSX)	124,840,916	9.8
JPMorgan SmartRetirement Blend 2030 (JRBYX)	133,669,349	10.4
JPMorgan SmartRetirement Blend 2035 (JPYRX)	113,202,454	8.8
JPMorgan SmartRetirement Blend 2040 (JOBYX)	88,325,517	6.9
JPMorgan SmartRetirement Blend 2045 (JMYAX)	78,346,252	6.1
JPMorgan SmartRetirement Blend 2050 (JNYAX)	70,510,472	5.5
JPMorgan SmartRetirement Blend 2055 (JTYBX)	36,423,700	2.8
JPMorgan SmartRetirement Blend 2060 (JAAYX)	19,716,832	1.5
Core Funds	491,576,006	38.4
Transamerica Stable Value	405,183	0.0
Transamerica Guaranteed Investment Option	131,529,858	10.3
MetWest Total Return Bond (MWTIX)	25,357,095	2.0
Vanguard Inflation Protected Securites Fund (VIPIX)	13,700,301	1.1
American Beacon Large Cap Value Fund (AALRX)	18,345,431	1.4
Fidelity Spartan 500 Index (FXAIX)	96,243,432	7.5
Neuberger Berman Socially Responsive Investing (NRSRX)	12,973,841	1.0
Vanguard Russell 1000 Growth Index (VIGIX)	62,584,716	4.9
Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	32,481,041	2.5
Dimensional US Targeted Value Strategy (DFFVX)	19,972,156	1.6
T. Rowe Price New Horizons (PRJIX)	34,049,384	2.7
Dodge & Cox International (DODFX)	21,283,262	1.7
Vanguard International-Growth (VWILX)	22,650,304	1.8
Brokerage	16,873,392	1.3
Charles Schwab Personal Choice	16,873,392	1.3

MULTI PERIOD ASSET ALLOCATION

	<i>Total Fund</i>	
	\$	%
Total Fund Composite	84,751,400	100.0
JPMorgan Target Date Funds	71,297,419	84.1
JPMorgan SmartRetirement Blend Income (JIYBX)	990,337	1.2
JPMorgan SmartRetirement Blend 2020 (JSYRX)	2,121,983	2.5
JPMorgan SmartRetirement Blend 2025 (JBYSX)	5,187,758	6.1
JPMorgan SmartRetirement Blend 2030 (JRBYX)	6,897,429	8.1
JPMorgan SmartRetirement Blend 2035 (JPYRX)	9,336,803	11.0
JPMorgan SmartRetirement Blend 2040 (JOBYX)	9,619,777	11.4
JPMorgan SmartRetirement Blend 2045 (JMYAX)	11,792,262	13.9
JPMorgan SmartRetirement Blend 2050 (JNYAX)	12,738,550	15.0
JPMorgan SmartRetirement Blend 2055 (JTYBX)	8,994,114	10.6
JPMorgan SmartRetirement Blend 2060 (JAAYX)	3,618,407	4.3
Core Funds	13,453,981	15.9
Transamerica Stable Value	185,398	0.2
Transamerica Guaranteed Investment Option	1,271,495	1.5
MetWest Total Return Bond (MWTIX)	478,746	0.6
Vanguard Inflation Protected Securites Fund (VIPIX)	457,988	0.5
American Beacon Large Cap Value Fund (AALRX)	489,210	0.6
Fidelity Spartan 500 Index (FXAIX)	3,466,514	4.1
Neuberger Berman Socially Responsive Investing (NRSRX)	126,662	0.1
Vanguard Russell 1000 Growth Index (VIGIX)	2,309,096	2.7
Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	530,398	0.6
Dimensional US Targeted Value Strategy (DFFVX)	1,024,589	1.2
T. Rowe Price New Horizons (PRJIX)	986,339	1.2
Dodge & Cox International (DODFX)	1,063,692	1.3
Vanguard International-Growth (VWILX)	1,063,855	1.3
Brokerage		0.0
Charles Schwab Personal Choice		0.0

MULTI PERIOD ASSET ALLOCATION

	<i>Total Fund</i>	
	\$	%
Total Fund Composite	129,562,355	100.0
JPMorgan Target Date Funds	61,363,563	47.4
JPMorgan SmartRetirement Blend Income (JIYBX)	3,368,052	2.6
JPMorgan SmartRetirement Blend 2020 (JSYRX)	4,697,754	3.6
JPMorgan SmartRetirement Blend 2025 (JBYSX)	10,914,652	8.4
JPMorgan SmartRetirement Blend 2030 (JRBYX)	11,310,729	8.7
JPMorgan SmartRetirement Blend 2035 (JPYRX)	9,225,830	7.1
JPMorgan SmartRetirement Blend 2040 (JOBYX)	7,199,599	5.6
JPMorgan SmartRetirement Blend 2045 (JMYAX)	7,198,050	5.6
JPMorgan SmartRetirement Blend 2050 (JNYAX)	5,276,573	4.1
JPMorgan SmartRetirement Blend 2055 (JTYBX)	1,662,964	1.3
JPMorgan SmartRetirement Blend 2060 (JAAYX)	509,360	0.4
Core Funds	65,257,678	50.4
Transamerica Stable Value	2,264	0.0
Transamerica Guaranteed Investment Option	10,409,749	8.0
MetWest Total Return Bond (MWTIX)	4,133,027	3.2
Vanguard Inflation Protected Securites Fund (VIPIX)	1,838,730	1.4
American Beacon Large Cap Value Fund (AALRX)	2,119,429	1.6
Fidelity Spartan 500 Index (FXAIX)	14,972,913	11.6
Neuberger Berman Socially Responsive Investing (NRSRX)	1,986,637	1.5
Vanguard Russell 1000 Growth Index (VIGIX)	11,852,421	9.1
Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	5,285,631	4.1
Dimensional US Targeted Value Strategy (DFFVX)	2,204,070	1.7
T. Rowe Price New Horizons (PRJIX)	5,360,435	4.1
Dodge & Cox International (DODFX)	1,769,775	1.4
Vanguard International-Growth (VWILX)	3,322,597	2.6
Brokerage	2,941,114	2.3
Charles Schwab Personal Choice	2,941,114	2.3

MULTI PERIOD ASSET ALLOCATION

	<i>Total Fund</i>	
	\$	%
Total Fund Composite	19,130,132	100.0
JPMorgan Target Date Funds	16,770,191	87.7
JPMorgan SmartRetirement Blend Income (JIYBX)	208,139	1.1
JPMorgan SmartRetirement Blend 2020 (JSYRX)	8,125	0.0
JPMorgan SmartRetirement Blend 2025 (JBYSX)	5,681,463	29.7
JPMorgan SmartRetirement Blend 2030 (JRBYX)	5,359,889	28.0
JPMorgan SmartRetirement Blend 2035 (JPYRX)	3,208,450	16.8
JPMorgan SmartRetirement Blend 2040 (JOBYX)	1,473,605	7.7
JPMorgan SmartRetirement Blend 2045 (JMYAX)	830,520	4.3
JPMorgan SmartRetirement Blend 2050 (JNYAX)		0.0
JPMorgan SmartRetirement Blend 2055 (JTYBX)		0.0
JPMorgan SmartRetirement Blend 2060 (JAAYX)		0.0
Core Funds	2,359,941	12.3
Transamerica Stable Value	1,920	0.0
Transamerica Guaranteed Investment Option	161,377	0.8
MetWest Total Return Bond (MWTIX)	75,074	0.4
Vanguard Inflation Protected Securites Fund (VIPIX)	276,495	1.4
American Beacon Large Cap Value Fund (AALRX)	48,260	0.3
Fidelity Spartan 500 Index (FXAIX)	431,789	2.3
Neuberger Berman Socially Responsive Investing (NRSRX)	9,787	0.1
Vanguard Russell 1000 Growth Index (VIGIX)	1,036,077	5.4
Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	87,470	0.5
Dimensional US Targeted Value Strategy (DFFVX)		0.0
T. Rowe Price New Horizons (PRJIX)	187,018	1.0
Dodge & Cox International (DODFX)	4,880	0.0
Vanguard International-Growth (VWILX)	39,794	0.2
Brokerage		0.0
Charles Schwab Personal Choice		0.0

PERFORMANCE DETAIL

	Allocation		Performance (%)							
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)
Total Fund Composite	1,513,557,673	100.0								
JPMorgan Target Date Funds	921,095,561	60.9								
JPMorgan SmartRetirement Blend Income (JIYBX)	44,636,113	2.9	1.3	5.6	1.3	10.7	1.2	4.4	4.4	4.2
<i>S&P Target Date Retirement Income Index</i>			0.6	4.5	0.8	9.1	1.3	4.2	4.1	3.9
JPMorgan SmartRetirement Blend 2020 (JSYRX)	73,387,173	4.8	1.2	5.5	1.3	10.7	1.3	4.7	4.8	4.8
<i>S&P Target Date 2020 Index</i>			1.2	5.4	1.3	11.1	2.4	5.5	5.5	5.3
JPMorgan SmartRetirement Blend 2025 (JBYSX)	146,624,789	9.7	1.5	6.1	1.5	11.9	1.8	5.6	5.7	5.5
<i>S&P Target Date 2025 Index</i>			1.4	5.7	1.5	11.6	3.0	6.3	6.2	5.9
JPMorgan SmartRetirement Blend 2030 (JRBYX)	157,237,395	10.4	2.1	7.0	2.1	14.0	2.8	6.6	6.6	6.3
<i>S&P Target Date 2030 Index</i>			2.0	6.6	2.0	13.6	3.8	7.2	7.0	6.5
JPMorgan SmartRetirement Blend 2035 (JPYRX)	134,973,536	8.9	2.9	8.0	2.8	16.1	3.9	7.7	7.5	7.0
<i>S&P Target Date 2035 Index</i>			2.6	7.6	2.7	15.7	4.7	8.1	7.9	7.2
JPMorgan SmartRetirement Blend 2040 (JOBYSX)	106,618,498	7.0	3.4	8.7	3.3	17.6	4.7	8.5	8.2	7.6
<i>S&P Target Date 2040 Index</i>			3.1	8.4	3.2	17.4	5.5	8.9	8.5	7.7
JPMorgan SmartRetirement Blend 2045 (JMYAX)	98,167,084	6.5	3.8	9.3	3.7	18.9	5.4	9.1	8.7	7.9
<i>S&P Target Date 2045 Index</i>			3.5	8.9	3.6	18.5	6.0	9.4	8.9	8.0
JPMorgan SmartRetirement Blend 2050 (JNYAX)	88,525,595	5.8	4.0	9.5	3.9	19.4	5.5	9.2	8.8	8.0
<i>S&P Target Date 2050 Index</i>			3.6	9.2	3.8	19.0	6.2	9.6	9.1	8.2
JPMorgan SmartRetirement Blend 2055 (JTYBX)	47,080,778	3.1	4.1	9.6	4.0	19.4	5.6	9.2	8.7	8.0
<i>S&P Target Date 2055 Index</i>			3.6	9.2	3.8	19.0	6.3	9.6	9.2	8.3
JPMorgan SmartRetirement Blend 2060 (JAAYX)	23,844,599	1.6	4.1	9.6	3.9	19.4	5.6			
<i>S&P Target Date 2060 Index</i>			3.7	9.2	3.8	19.1	6.3			

PERFORMANCE DETAIL

	Allocation		Performance (%)							
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)
Core Funds	572,647,606	37.8								
Transamerica Stable Value	594,765	0.0	0.2	0.6	0.4	2.5	1.8	1.6	1.5	1.4
<i>90 Day U.S. Treasury Bill</i>			0.4	1.3	0.8	5.2	2.4	2.0	1.8	1.3
Transamerica Guaranteed Investment Option	143,372,480	9.5	0.2	0.6	0.4	2.5	2.3	2.1	1.8	1.6
<i>90 Day U.S. Treasury Bill</i>			0.4	1.3	0.8	5.2	2.4	2.0	1.8	1.3
MetWest Total Return Bond (MWTIX)	30,043,942	2.0	-1.6	2.6	-1.7	3.5	-3.7	0.6	1.0	1.5
<i>Blmbg. U.S. Aggregate Index</i>			-1.4	2.1	-1.7	3.3	-3.2	0.6	0.9	1.4
Vanguard Inflation Protected Securites Fund (VIPIX)	16,273,514	1.1	-1.2	1.7	-0.9	2.3	-1.0	2.6	2.1	2.0
<i>Blmbg. U.S. TIPS</i>			-1.1	1.8	-0.9	2.5	-0.9	2.7	2.2	2.1
American Beacon Large Cap Value Fund (AALRX)	21,002,331	1.4	3.4	10.1	4.1	15.7	10.2	11.1	9.6	9.0
<i>Russell 1000 Value Index</i>			3.7	9.5	3.8	14.0	8.4	9.4	8.2	8.7
Fidelity Spartan 500 Index (FXAIX)	115,114,649	7.6	5.3	12.0	7.1	30.4	11.9	14.8	13.6	12.7
<i>S&P 500 Index</i>			5.3	12.0	7.1	30.5	11.9	14.8	13.6	12.7
Neuberger Berman Socially Responsive Investing (NRSRX)	15,096,927	1.0	6.2	15.0	8.8	34.9	10.7	13.7	12.1	11.2
<i>S&P 500 Index</i>			5.3	12.0	7.1	30.5	11.9	14.8	13.6	12.7
Vanguard Growth Index Fund Institutional Shares Composite	77,782,310	5.1	7.0	14.1	9.4	47.7	11.0	18.3	17.0	14.7
<i>CRSP U.S. Large Cap Growth TR Index</i>			7.0	14.1	9.4	47.7	11.1	18.4	17.1	14.8
Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	38,384,541	2.5	5.0	10.8	3.5	14.3	5.1	10.3	9.8	9.4
<i>CRSP U.S. Mid Cap TR Index</i>			5.0	10.8	3.5	14.2	5.1	10.3	9.8	9.4
Dimensional US Targeted Value Strategy (DFFVX)	23,200,815	1.5	2.7	11.0	-0.6	9.7	10.2	11.2	8.8	8.4
<i>Russell 2000 Value Index</i>			3.3	10.8	-1.4	5.6	2.5	6.6	5.8	6.5
T. Rowe Price New Horizons (PRJIX)	40,583,176	2.7	5.7	15.3	4.5	16.8	-4.4	9.9	13.4	11.5
<i>Russell 2000 Growth Index</i>			8.1	17.2	4.7	14.2	-4.6	6.5	8.2	7.3
Dodge & Cox International (DODFX)	24,121,608	1.6	1.3	3.0	-1.6	9.1	4.3	6.1	5.3	3.7
<i>MSCI EAFE (Net)</i>			1.8	7.9	2.4	14.4	4.4	6.8	6.6	4.4
<i>MSCI AC World ex USA (Net)</i>			2.5	6.6	1.5	12.5	1.3	5.4	5.8	4.0
Vanguard International-Growth (VWILX)	27,076,549	1.8	6.3	8.6	3.6	11.5	-7.2	8.7	10.3	7.5
<i>MSCI AC World ex USA (Net)</i>			2.5	6.6	1.5	12.5	1.3	5.4	5.8	4.0
Brokerage	19,814,506	1.3								
Charles Schwab Personal Choice	19,814,506	1.3								

- All data prior to 5/2023 was received from Marquette Associates

- Transamerica Stable Value Fund is not an open option for plan participants

- Assets include: Memorial Healthcare System RSP Gold 403(b) Plan, Memorial Healthcare System 401(a) Plan, Memorial Healthcare System 457(b) Plan, Memorial Healthcare System SERP 457(f) Plan

- Performance is net of fees and is annualized for periods longer than one year. Performance is ranked within PARis's style-specific universes, where "1" refers to the top percentile and "100" th bottom percentile.



TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value (\$)	% of Portfolio	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Fund Composite	1,513,557,673										
JPMorgan SmartRetirement Blend Income (JIYBX)	44,636,113		11.8	-13.7	6.3	9.6	14.1	-3.8	10.7	5.8	-0.7
<i>S&P Target Date Retirement Income Index</i>			10.3	-11.2	5.1	8.8	13.3	-2.5	8.5	5.0	-0.2
JPMorgan SmartRetirement Blend 2020 (JSYRX)	73,387,173		12.0	-13.7	6.4	10.1	15.5	-4.5	13.4	6.8	-0.7
<i>S&P Target Date 2020 Index</i>			12.3	-12.8	8.8	10.2	16.5	-4.2	12.8	7.2	-0.2
JPMorgan SmartRetirement Blend 2025 (JBYSX)	146,624,789		13.4	-15.2	9.1	11.3	18.3	-5.7	15.6	7.2	-0.7
<i>S&P Target Date 2025 Index</i>			13.0	-13.1	10.7	11.2	18.4	-5.0	14.6	7.8	-0.3
JPMorgan SmartRetirement Blend 2030 (JRBYX)	157,237,395		15.3	-16.1	11.3	12.2	20.4	-6.6	17.4	7.9	-0.8
<i>S&P Target Date 2030 Index</i>			14.8	-14.0	12.6	11.9	20.4	-6.0	16.2	8.3	-0.3
JPMorgan SmartRetirement Blend 2035 (JPYRX)	134,973,536		17.1	-16.7	14.1	12.6	22.3	-7.4	18.9	8.3	-1.0
<i>S&P Target Date 2035 Index</i>			16.6	-15.0	14.9	12.8	22.2	-6.9	17.8	8.9	-0.3
JPMorgan SmartRetirement Blend 2040 (JOBYX)	106,618,498		18.4	-17.2	15.9	13.0	23.8	-8.0	20.3	8.8	-1.1
<i>S&P Target Date 2040 Index</i>			18.2	-15.6	16.5	13.4	23.4	-7.4	18.9	9.2	-0.4
JPMorgan SmartRetirement Blend 2045 (JMYAX)	98,167,084		19.5	-17.6	17.7	13.1	24.6	-8.3	20.5	8.8	-1.0
<i>S&P Target Date 2045 Index</i>			19.1	-15.8	17.5	13.7	24.0	-7.7	19.6	9.5	-0.5
JPMorgan SmartRetirement Blend 2050 (JNYAX)	88,525,595		19.8	-17.6	17.8	13.4	24.6	-8.3	20.5	8.8	-1.1
<i>S&P Target Date 2050 Index</i>			19.6	-16.0	18.0	13.9	24.4	-7.9	20.2	9.7	-0.5
JPMorgan SmartRetirement Blend 2055 (JTYBX)	47,080,778		19.7	-17.6	17.8	13.2	24.7	-8.4	20.4	8.8	-1.0
<i>S&P Target Date 2055 Index</i>			19.6	-16.0	18.2	13.9	24.5	-8.0	20.5	9.9	-0.5
JPMorgan SmartRetirement Blend 2060 (JAAYX)	23,844,599		19.7	-17.4	17.8						
<i>S&P Target Date 2060 Index</i>			19.7	-16.0	18.0						
Transamerica Stable Value	594,765		2.5	1.6	1.0	1.2	1.8	1.3	1.0	1.0	1.0
<i>90 Day U.S. Treasury Bill</i>			5.0	1.5	0.0	0.7	2.3	1.9	0.9	0.3	0.0
Transamerica Guaranteed Investment Option	143,372,480		2.5	2.2	2.3	1.6	1.8	1.3	1.0	1.0	1.0
<i>90 Day U.S. Treasury Bill</i>			5.0	1.5	0.0	0.7	2.3	1.9	0.9	0.3	0.0
MetWest Total Return Bond (MWTIX)	30,043,942		6.0	-14.8	-1.1	9.1	9.1	0.2	3.4	2.5	0.3
<i>Blmbg. U.S. Aggregate Index</i>			5.5	-13.0	-1.5	7.5	8.7	0.0	3.5	2.6	0.5
Vanguard Inflation Protected Securites Fund (VIPIX)	16,273,514		3.8	-11.9	5.7	11.0	8.2	-1.4	3.0	4.6	-1.7
<i>Blmbg. U.S. TIPS</i>			3.9	-11.8	6.0	11.0	8.4	-1.3	3.0	4.7	-1.4

TOTAL FUND PERFORMANCE DETAIL

	Allocation		Performance (%)								
	Market Value (\$)	% of Portfolio	2023	2022	2021	2020	2019	2018	2017	2016	2015
American Beacon Large Cap Value Fund (AALRX)	21,002,331		13.5	-5.2	28.0	3.4	29.7	-12.0	17.1	16.0	-6.1
<i>Russell 1000 Value Index</i>			11.5	-7.5	25.2	2.8	26.5	-8.3	13.7	17.3	-3.8
Fidelity Spartan 500 Index (FXAIX)	115,114,649		26.3	-18.1	28.7	18.4	31.5	-4.4	21.8	12.0	1.4
<i>S&P 500 Index</i>			26.3	-18.1	28.7	18.4	31.5	-4.4	21.8	12.0	1.4
Neuberger Berman Socially Responsive Investing (NRSRX)	15,096,927		27.1	-18.4	23.7	19.7	26.2	-5.6	18.8	10.4	-0.1
<i>S&P 500 Index</i>			26.3	-18.1	28.7	18.4	31.5	-4.4	21.8	12.0	1.4
Vanguard Growth Index Fund Institutional Shares Composite	77,782,310		46.8	-33.1	27.3	40.2	37.3	-3.3	27.8	6.1	3.3
<i>CRSP U.S. Large Cap Growth TR Index</i>			46.9	-33.1	27.3	40.3	37.3	-3.3	27.9	6.2	3.4
Vanguard Mid-Cap Index Fund Institutional Shares (VMCIX)	38,384,541		16.0	-18.7	24.5	18.3	31.0	-9.2	19.3	11.2	-1.3
<i>CRSP U.S. Mid Cap TR Index</i>			16.0	-18.7	24.5	18.2	31.1	-9.2	19.3	11.2	-1.3
Dimensional US Targeted Value Strategy (DFFVX)	23,200,815		19.3	-4.6	38.8	3.8	21.5	-15.8	9.6	26.9	-5.7
<i>Russell 2000 Value Index</i>			14.6	-14.5	28.3	4.6	22.4	-12.9	7.8	31.7	-7.5
T. Rowe Price New Horizons (PRJIX)	40,583,176		21.5	-36.9	9.8	57.9	37.8	4.2	31.7	7.9	4.5
<i>Russell 2000 Growth Index</i>			18.7	-26.4	2.8	34.6	28.5	-9.3	22.2	11.3	-1.4
Dodge & Cox International (DODFX)	24,121,608		16.7	-6.8	11.0	2.1	22.8	-18.0	23.9	8.3	-11.4
<i>MSCI EAFE (Net)</i>			18.2	-14.5	11.3	7.8	22.0	-13.8	25.0	1.0	-0.8
<i>MSCI AC World ex USA (Net)</i>			15.6	-16.0	7.8	10.7	21.5	-14.2	27.2	4.5	-5.7
Vanguard International-Growth (VWILX)	27,076,549		14.8	-30.8	-0.7	59.7	31.5	-12.6	43.2	1.8	-0.5
<i>MSCI AC World ex USA (Net)</i>			15.6	-16.0	7.8	10.7	21.5	-14.2	27.2	4.5	-5.7
Charles Schwab Personal Choice	19,814,506										

- All data prior to 5/2023 was received from Marquette Associates

- Transamerica Stable Value Fund is not an open option for plan participants

- Assets include: Memorial Healthcare System RSP Gold 403(b) Plan, Memorial Healthcare System 401(a) Plan, Memorial Healthcare System 457(b) Plan, Memorial Healthcare System SERP 457(f) Plan

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PRIVATE MARKETS EDUCATION



PROPRIETARY & CONFIDENTIAL

ASSET CLASS ASSUMPTIONS



PROPRIETARY & CONFIDENTIAL

ASSET CLASS ASSUMPTIONS

DEVELOPMENT

- **Assumptions are published for over 70 asset classes**
 - NEPC publishes return forecasts for 10-year and 30-year periods
- **Market data as of 12/31/2023**
 - Assumptions are developed with NEPC valuations models and rely on a building block approach
- **The 10-year return outlook is intended to support strategic asset allocation analysis**
- **30-year return assumptions are used for actuarial inputs and long-term planning**

Asset Allocation Process

1. Finalize list of new asset classes
2. Calculate asset class volatility and correlation assumptions
3. Set model terminal values, growth, and inflation inputs
4. Model data updated at quarter-end
5. Review model outputs and produce asset class return assumptions
6. Assumptions released on the 15th calendar day after quarter-end

ASSET CLASS BUILDING BLOCKS

METHODOLOGY

- **Asset models reflect current and forecasted market data to inform expected returns**
- **Systematic inputs are paired with a long-term trend to terminal values**
- **Model inputs are aggregated to capture key return drivers for each asset class**
- **Building block inputs will differ across asset class categories**



CORE ASSET CLASS RETURN ASSUMPTIONS

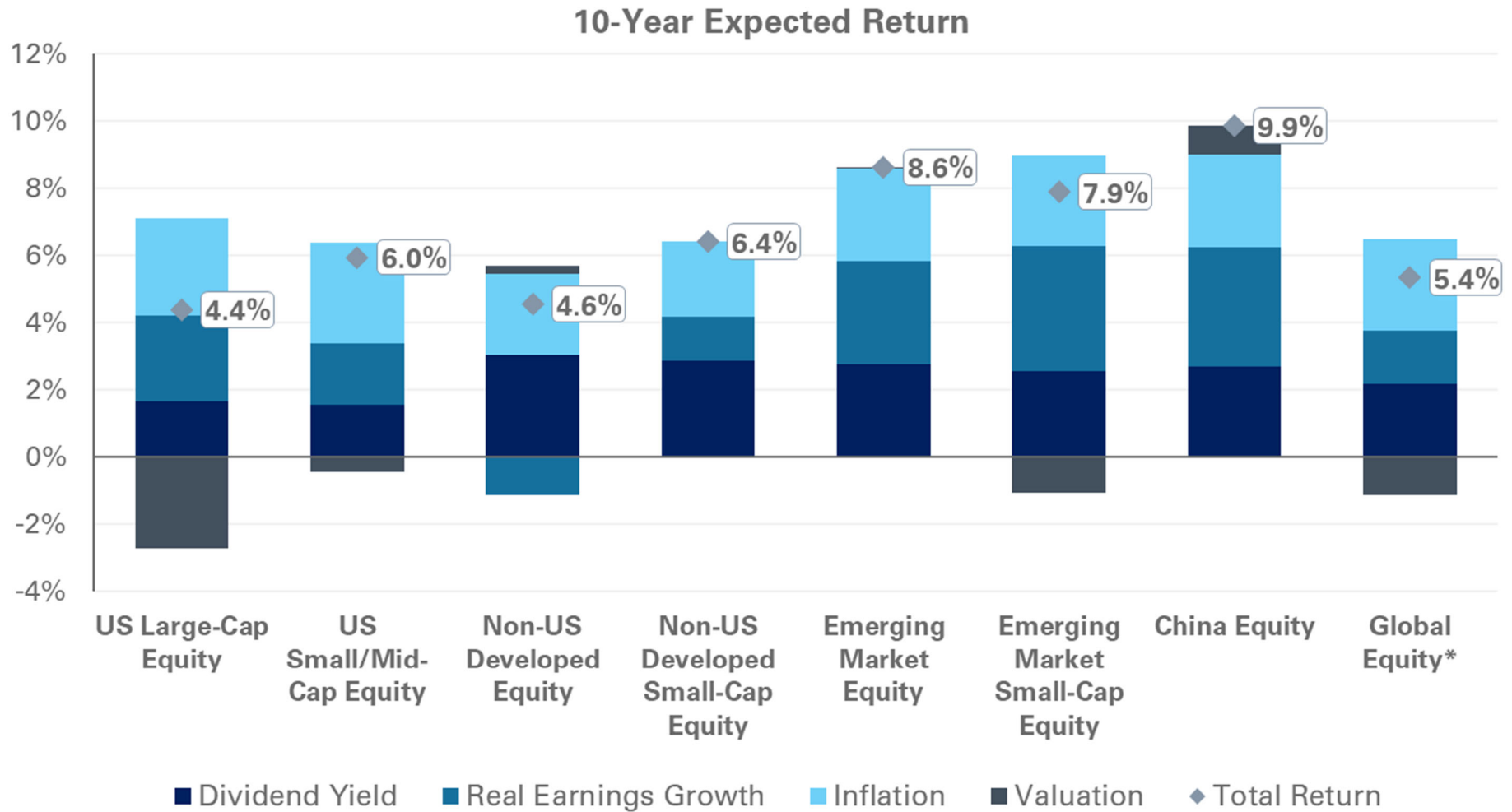
	Asset Class	12/31/2023 10-Year Return	12/31/2023 Volatility
	Cash	3.9%	0.6%
	U.S. Inflation	2.6%	
Equity	U.S. Large-Cap Equity	4.4%	17.2%
	Non-U.S. Developed Equity	4.6%	19.7%
	Emerging Market Equity	8.6%	28.1%
	Global Equity*	5.4%	18.2%
	Private Equity*	9.0%	25.9%
Fixed Income	U.S. Treasury Bond	4.2%	5.4%
	U.S. Municipal Bond	3.5%	6.0%
	U.S. Aggregate Bond*	4.6%	5.8%
	U.S. TIPS	4.6%	6.0%
	U.S. High Yield Corporate Bond	6.1%	11.2%
	Private Debt*	8.3%	11.8%
Real Assets	Commodity Futures	4.6%	18.5%
	REIT	6.0%	21.8%
	Gold	4.9%	16.4%
	Real Estate - Core	5.4%	15.0%
	Private Real Assets - Infrastructure	6.8%	12.4%
Multi-Asset	60% S&P 500 & 40% U.S. Aggregate	4.8%	10.9%
	60% MSCI ACWI & 40% U.S. Agg.	5.4%	11.5%
	Hedge Fund*	6.1%	8.7%



*Calculated as a blend of other asset classes

PUBLIC EQUITY

BUILDING BLOCKS

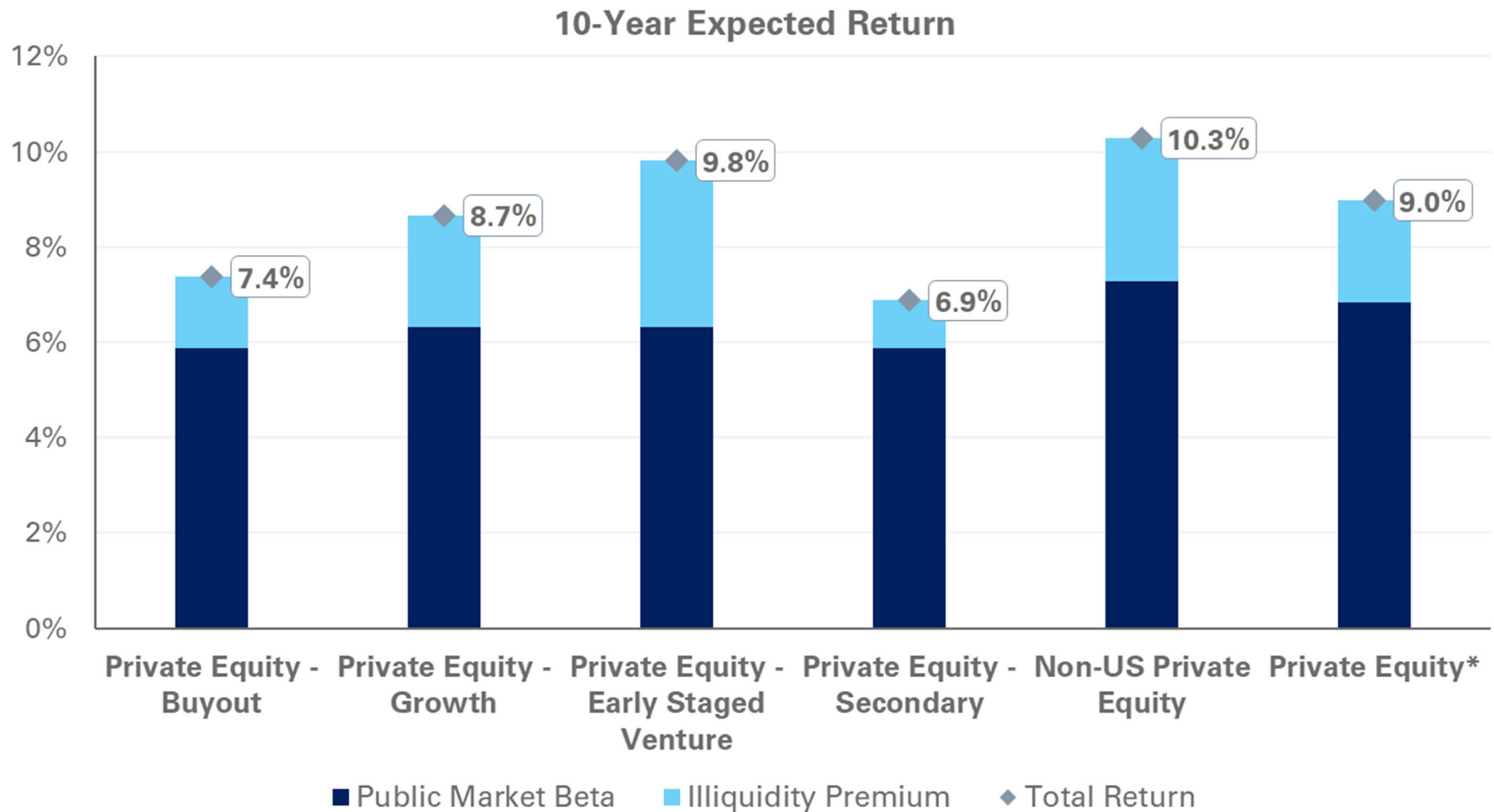


Source: NEPC

*Calculated as a blend of other classes

PRIVATE EQUITY

BUILDING BLOCKS

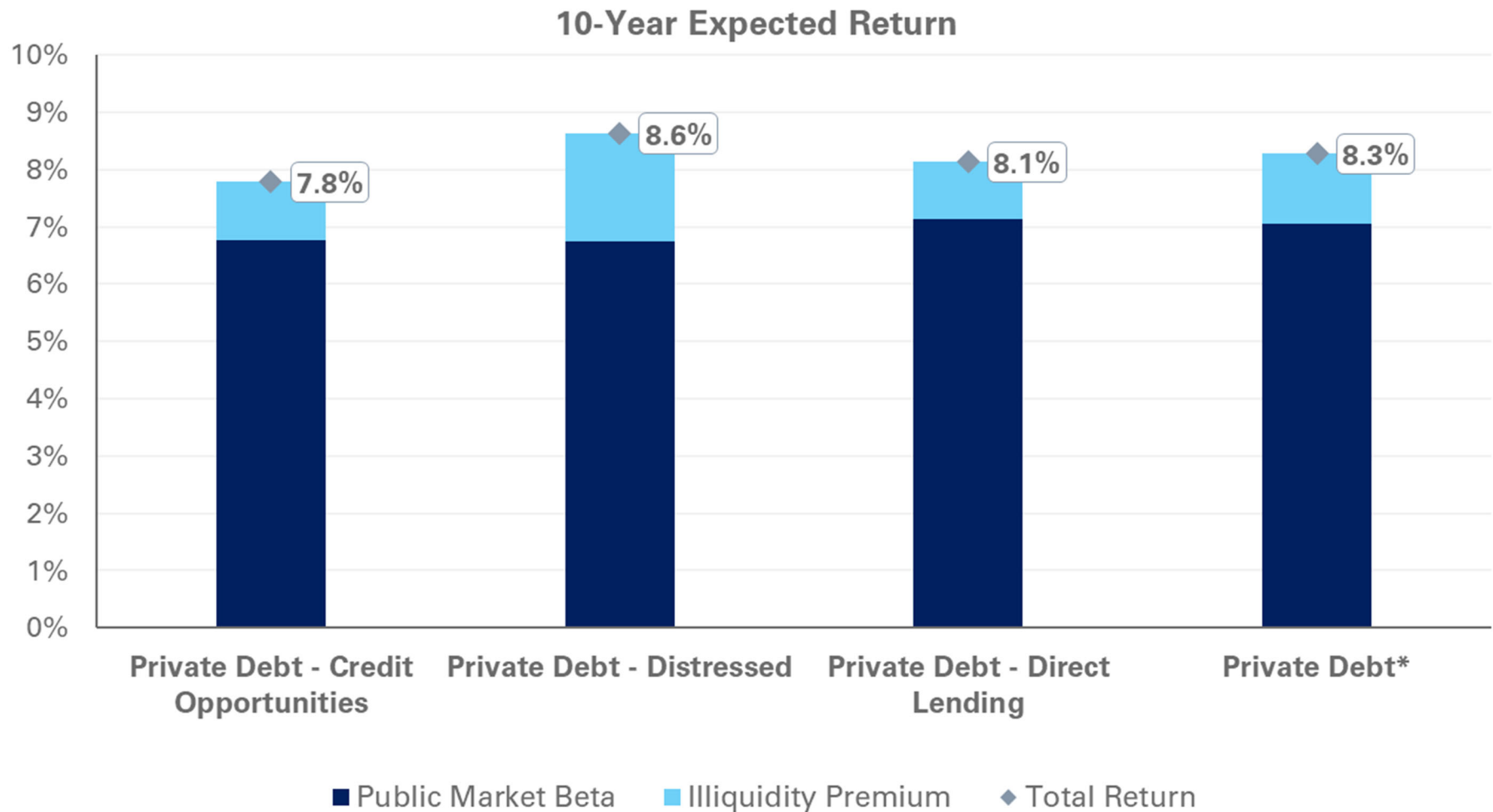


Source: NEPC

*Private Equity is a derived composite of 34% U.S. Buyout, 34% U.S. Growth, 8.5% U.S. Secondary, 8.5% U.S. Venture, 15% Non-U.S. PE

PRIVATE DEBT

BUILDING BLOCKS



Source: NEPC

*Private Debt is a derived composite of 25% Mezzanine, 25% Distressed, 50% Direct Lending



ASSET ALLOCATION



PROPRIETARY & CONFIDENTIAL

PROPOSED POLICY TARGET CHANGES

	Current Policy	Policy + High Yield + Privates
Cash	15%	15%
Total Cash	15%	15%
Global Equity	20%	15%
Private Equity	0%	5%
Total Equity	20%	20%
Intermediate Fixed Income	35%	30%
Opportunistic Fixed Income	20%	18%
Short Duration Fixed Income	10%	7%
High Yield Fixed Income	0%	5%
Private Debt	0%	5%
Total Fixed Income	65%	65%
Expected Return (Geo.) - 10 Year	5.0%	5.5%
Standard Deviation (Asset)	5.3%	6.1%
Sharpe Ratio - 10 Year	0.21	0.27

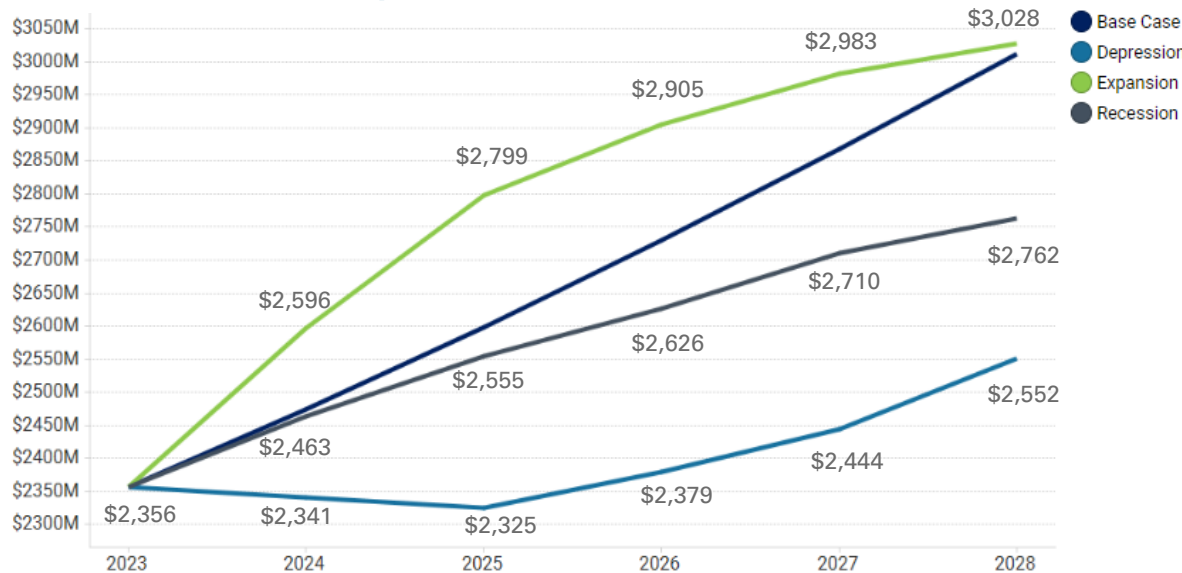
- The introduction of private markets into the Operating portfolio will add to portfolio diversification, as well as increase the expected forward-looking returns
- A 5% allocation to both private equity and private credit will increase overall risk, but improve expected risk-adjusted returns, as measured by the Sharpe Ratio
- The 15% cash target, as well as the short duration fixed income mandate(s), will continue to provide notable liquidity to the portfolio



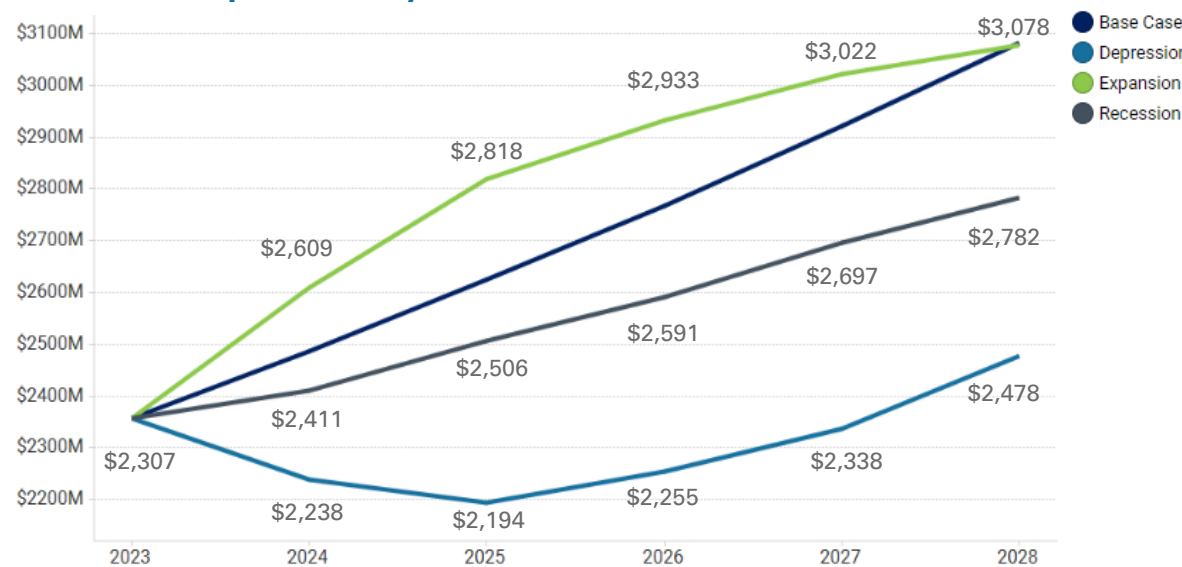
Based on NEPC Capital Market Assumptions as of 12/31/2023. Risk/Return expectations are Beta-Only and do not account for active management.

SCENARIO ANALYSIS

Memorial Current Policy



Memorial Proposed Policy



- In an expansionary period, the proposed policy will see an additional ~\$50M when comparing peak to peak
- However, if there were to be a severe economic downturn, the proposed policy has a riskier posture given the illiquidity and volatility of private investments
- Over time, the proposed policy is projected to outperform in a recessionary scenario



Based on NEPC Capital Market Assumptions as of 12/31/2023.

PRIVATE MARKETS INTRO



PROPRIETARY & CONFIDENTIAL

PRIVATE EQUITY AND PRIVATE CREDIT

OVERVIEW

- **Private Equity and Private Credit are sources of investment capital provided by institutions and high net worth individuals for the purposes of acquiring interests in companies and/or products**
- **The role in a portfolio is as a return enhancer, with the premium earned over other investment options serving to compensate for the liquidity risk**
- **Large investable universe:**
 - Approximately \$7 trillion (+) in assets under management, including portfolio value and un-invested capital
- **Two components of private equity/private debt return:**
 - Capital Appreciation: Derived from an increase in the value of an asset between acquisition and sale
 - Current Income: Derived from portfolio company operations, loans and leases
- **Investment diversification:**
 - Not fully correlated with public equities
 - Access to smaller companies and wider range of strategies



HOW PRIVATE EQUITY IS DIFFERENT FROM PUBLIC EQUITY

PUBLIC EQUITY

Daily liquidity

Invested immediately

Daily valuations

Market pricing

Fees as a % of NAV

Regulated reporting

Benchmark managed

Some activism

PRIVATE EQUITY

Illiquid, 10+ year funds

Invested over time

Quarterly valuations

Estimated fair value

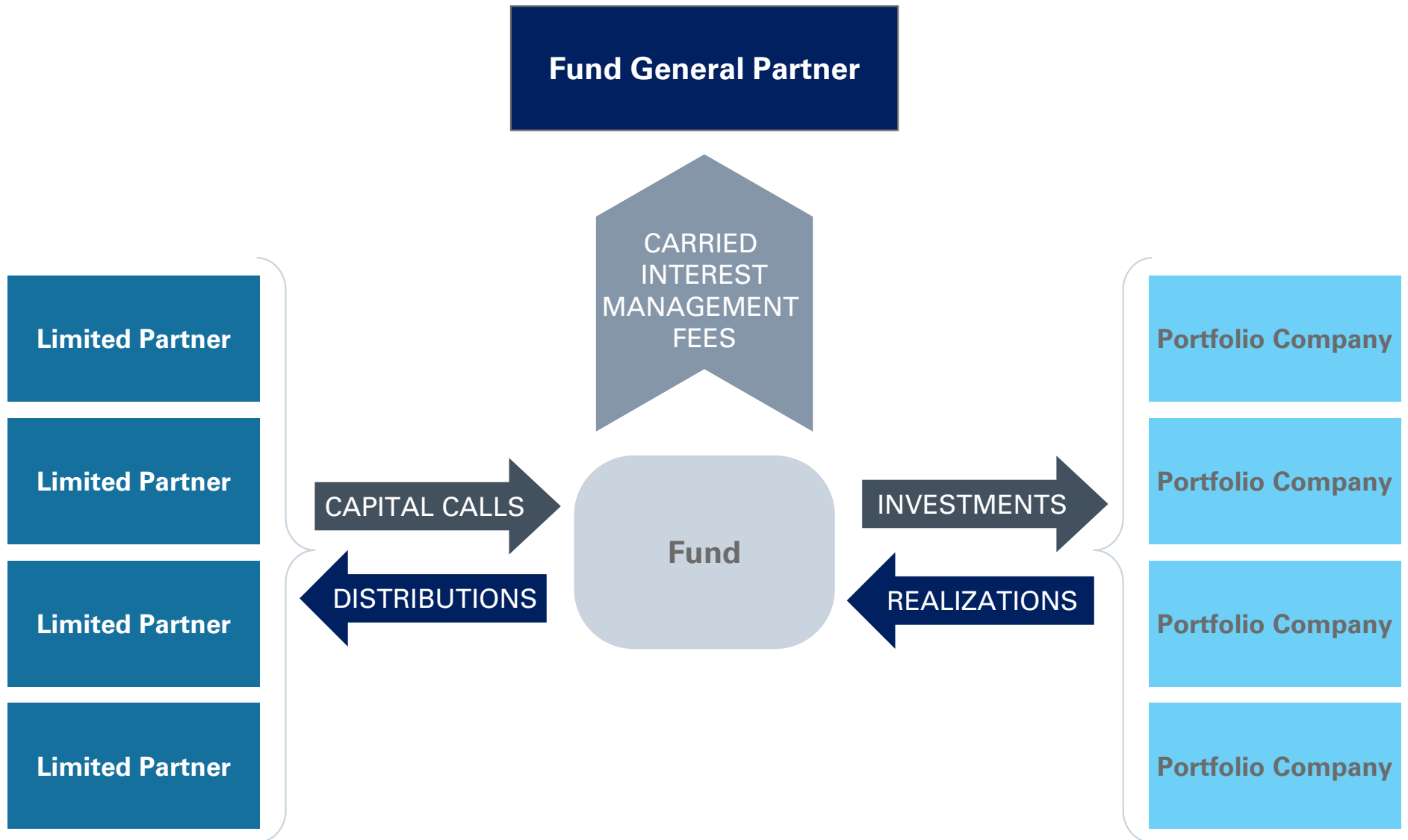
Fees as % of commitment

Transparency varies

Managed for alpha

Active value creation

MECHANICS OF INVESTING IN A PRIVATE EQUITY FUND



PRIVATE EQUITY ECONOMIC RETURN DRIVERS

- **Private equity managers have multiple levers to create value:**
 - Buying low and selling high (multiple arbitrage)
 - Growing EBITDA (through organic revenue growth, cost cutting and making acquisitions)
 - Using leverage
- **Portfolio investments are made throughout the capital structure of target companies**
- **Returns are generated through capital appreciation and current income**
 - Capital appreciation is realized through the eventual sale of a company
 - Current income is derived from portfolio company operations, loans and leases, with loans typically structured to have rate adjustments and equity kickers
- **Leverage can amplify returns (positively and negatively) from current income and capital appreciation**

SPECTRUM OF PRIVATE EQUITY STRATEGIES

ILLUSTRATIVE STRATEGY RETURN TARGETS

Strategy	Description	Typical Return Targets
Venture	Early stage innovative / start-up companies	25% (+) IRR, 2.5x (+) TVPI
Growth Equity	Expansion capital for small, growing established businesses; commonly non-control investments	20% (+) IRR, 2.0x (+) TVPI
Buyouts	Investments to restructure or expand established companies; commonly control investments	17% – 20% IRR, 1.8x TVPI
Special Situations	Investments in mature businesses that may be profitable or unprofitable	15% – 20% IRR, 1.8x TVPI
Mezzanine	Subordinated debt to grow or restructure companies	8% -12% IRR, 1.4x TVPI
Opportunistic Credit	Investment strategy involving various credit-linked opportunities	13% - 17% IRR, 1.3x-1.8x TVPI
Direct Lending	Primarily floating rate senior and/or unitranche (senior and subordinated debt in one instrument) debt capital used for various situations	8% - 12% IRR, 1.2x-1.4x TVPI
Distressed Debt	Companies with bad balance sheets; can involve more liquid trading strategies and less liquid control strategies	10% - 18% IRR, 1.7x TVPI
Secondaries	Purchases of Limited Partnership interests in established private equity partnerships from other investors	10% - 15% IRR, 1.5x TVPI
Energy	Exploration, production, transmission, storage of energy sources and related industry services	10% - 20% IRR, 1.8x TVPI

Private Equity is not a 'one size fits all' investment class, offering a broad range of strategies that can be customized based on specific investment objectives and risk/return targets



PORTFOLIO IMPLEMENTATION



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INVESTMENT FRAMEWORK AND PLANNING

BUILDING A PRIVATE EQUITY PROGRAM

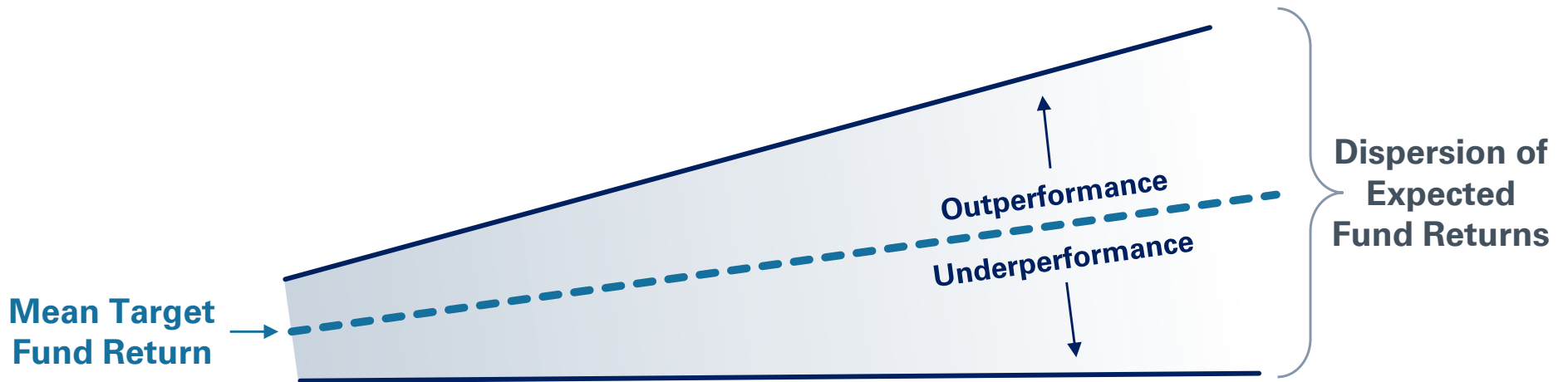
In constructing a private markets portfolio there are several key considerations that impact the allocation

Decision	Implementation Considerations
Investment Objectives	<ul style="list-style-type: none"> ▪ Committee will develop an Investment Policy with goals and guidelines around return objectives, current income and/or capital appreciation, risk and volatility tolerances, liquidity requirements and performance benchmarks ▪ Target allocation will determine commitment pace at a high level ▪ Annual investment plan will determine size of private equity commitments and investment strategy and manager selection based on environment and opportunities available
Investment Thesis	<ul style="list-style-type: none"> ▪ Short term investment objective ▪ Long-term objective ▪ Opportunistic objective
Investment Strategy	<ul style="list-style-type: none"> ▪ Strategy diversification will impact returns and can mitigate the “J-Curve” while managing macro-economic risk ▪ Manager selection has a dramatic impact upon returns; diversification across managers can help mitigate idiosyncratic manager risk
Market Opportunity & Vintage Year Considerations	<ul style="list-style-type: none"> ▪ Vintage year diversification is critical to the program’s success ▪ Mitigate vintage year risk through steady commitment pacing ▪ Fund managers control timing of investment acquisitions & dispositions based on market opportunities ▪ LPs can sparingly use secondary sales to lessen exposures

CLOSED-END FUND STRATEGIES

OUTPERFORMANCE VS. CONCENTRATION RISK

Expected Dispersion of Returns for Different Fund Types



MULTI-MANAGER FUNDS

- Provide significant diversification
- 10-20 underlying fund investments over two to four years
- Good for investors seeking diversification while making few or infrequent investments
- Considerations include double fees and limited ability to outperform

DIVERSIFIED FUNDS

- Provide good diversification
- 10-15 investments directly into companies in various industries over four to five years
- Good for investors seeking some diversification and ability to outperform
- Considerations include manager-centric risk and vintage year risk

FOCUSED FUNDS

- Offer the maximum likelihood of outperforming
- 8-12 investments in very specific geographic areas / industry sectors over four to five years
- One layer of fees
- Considerations include limited diversification, manager-centric risk and vintage year risk

PACING PLAN PROCESS AND CASE STUDY



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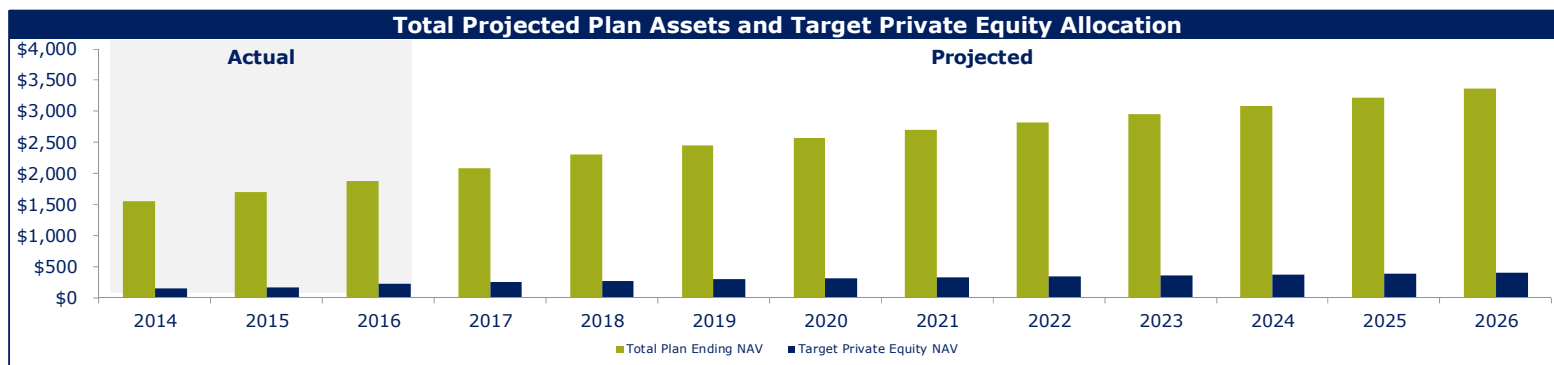
TOTAL PROGRAM ASSUMPTIONS

- Key model inputs include total program assets, components of net growth rate, and target allocation

- 10.2% current NAV
- 19.3% total exposure (NAV + Unfunded)
- 12.0% target allocation

General Plan Assumptions						
Total Plan Assets	\$1,870	Plan Return Assumptions		2017	2018	2019
Total Private Equity Assets	\$191	Target Investment Return %	6.7%	6.7%	6.7%	
Private Equity Capital to be Funded	\$170	Contributions %	12.9%	11.6%	6.9%	
Total Private Equity Exposure	\$361	Payouts %	(8.7%)	(8.0%)	(7.4%)	
		Expenses %	0.4%	0.3%	0.1%	
Total Private Equity Assets / Total Plan Assets	10.2%	Reserve for Expenses %	0.0%	0.0%	0.0%	
Total Private Equity Exposure / Total Plan Assets	19.3%	Net Growth Rate %	11.2%	10.6%	6.3%	
Target Private Equity Allocation % (Current Target)	12.0%	Plan Data as of:	11/30/2016			
		Private Equity Data as of:	9/30/2016			

	Actual			Projected									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Plan Net Growth Rate	15.0%	9.3%	10.3%	11.2%	10.6%	6.3%	5.4%	4.9%	4.5%	4.5%	4.5%	4.5%	4.5%
Total Plan Beginning NAV	\$1,349	\$1,552	\$1,696	\$1,870	\$2,081	\$2,301	\$2,446	\$2,577	\$2,703	\$2,824	\$2,951	\$3,084	\$3,223
Yearly Net Growth	\$203	\$145	\$174	\$210	\$221	\$144	\$131	\$126	\$122	\$127	\$133	\$139	\$145
Total Plan Ending NAV	\$1,552	\$1,696	\$1,870	\$2,081	\$2,301	\$2,446	\$2,577	\$2,703	\$2,824	\$2,951	\$3,084	\$3,223	\$3,368
Target Private Equity Allocation	10.0%	10.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Target Private Equity NAV	\$155	\$170	\$224	\$250	\$276	\$293	\$309	\$324	\$339	\$354	\$370	\$387	\$404



- Net total program growth derived from target investment return plus contributions, less payouts and expenses



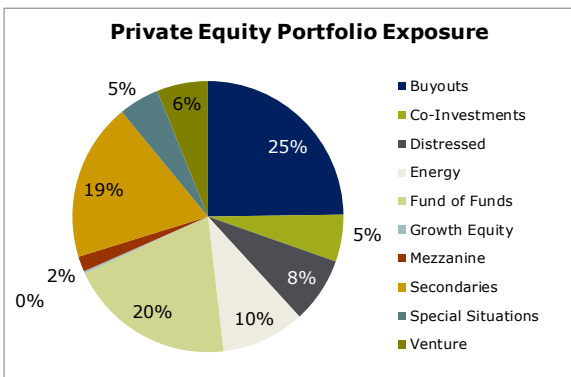
EXISTING COMMITMENTS

- Existing private equity and private debt investments are entered into the model by strategy and vintage year
 - Current exposures create a baseline of existing allocations
 - Provides context for expected cash flows of existing commitments

Private Equity NAVs and Exposures

Investment Strategy	Current Valuation (NAV)	Capital to be Funded	Total Current Exposure	% of Total Exposure
Buyouts	\$46.7	\$42.7	\$89.4	25%
Co-Investments	\$3.3	\$16.9	\$20.2	6%
Distressed	\$24.8	\$3.5	\$28.2	8%
Energy	\$20.5	\$15.3	\$35.9	10%
Fund of Funds	\$40.3	\$31.8	\$72.1	20%
Growth Equity	\$0.9	\$0.1	\$0.9	0%
Mezzanine	\$5.3	\$1.2	\$6.6	2%
Secondaries	\$35.6	\$32.4	\$68.0	19%
Special Situations	\$1.4	\$16.1	\$17.5	5%
Venture	\$11.8	\$10.2	\$22.0	6%
Total / Weighted Average	\$190.6	\$170.3	\$360.8	100%

Current exposure modeled by vintage and strategy



Private Equity Investments by Vintage Year

Vintage Year	Commitment	Paid In Capital	Capital to be Funded	Cumulative Distributed	Current Valuation (NAV)	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio
2009	\$60.0	\$50.0	\$10.0	\$41.2	\$29.1	\$70.3	\$20.2	83%	0.82x	1.41x
2010	\$5.0	\$4.8	\$0.3	\$4.0	\$4.0	\$8.0	\$3.2	95%	0.84x	1.68x
2011	\$82.0	\$70.6	\$11.4	\$33.1	\$66.1	\$99.2	\$28.6	86%	0.47x	1.41x
2012	\$37.5	\$28.7	\$8.8	\$6.0	\$31.8	\$37.7	\$9.0	77%	0.21x	1.31x
2013	\$45.6	\$29.1	\$16.5	\$2.7	\$29.2	\$31.9	\$2.9	64%	0.09x	1.10x
2014	\$39.6	\$15.9	\$23.6	\$0.0	\$17.8	\$17.8	\$1.9	40%	0.00x	1.12x
2015	\$55.0	\$10.7	\$44.3	\$0.3	\$10.3	\$10.6	(\$0.2)	20%	0.03x	0.99x
2016	\$58.0	\$2.5	\$55.5	\$0.0	\$2.2	\$2.2	(\$0.3)	4%	0.00x	0.88x
Total Private Equity	\$382.6	\$212.4	\$170.3	\$87.3	\$190.6	\$277.9	\$65.4	56%	0.41x	1.31x



APPENDIX



PRIVATE EQUITY GLOSSARY

- **Carried interest:** the share of profits that the fund manager is due once it has returned the cost of investment to investors
- **Commitment:** every investor in a private equity fund commits to investing a specified sum of money in the fund partnership over a specified period of time. The fund records this as the limited partnership's capital commitment. The sum of capital commitments is equal to the size of the fund
- **DPI:** a ratio of the amount of capital distributed (D) to investors over the amount of capital called from (or Paid In by) investors
- **IRR:** a dollar-weighted, since inception return expressed as a percentage. IRR uses the present sum of cash drawdowns (money invested), the present value of distributions (money returned from investments) and the current value of unrealized investments
- **Management fee:** this is the annual fee paid to the general partner. It is typically a percentage of limited partner commitments to the fund and is meant to cover the basic salaries and overhead costs of running a fund
- **Fund expenses:** these are certain administrative, fund formation, reporting, legal and regulatory costs that are paid by the fund in addition to management fees. A fund's Limited Partnership Agreement (LPA) will specify what costs are fund expenses & which are not
- **Preferred return:** minimum returned distributed to the limited partners until the time when the general partner is eligible to deduct carried interest. The preferred return ensures that the general partner shares in the profits of the partnership only after investments have performed well
- **TVPI:** a ratio of the Total Value (TV) of all distributions and current net asset value over the amount of capital called from (or Paid In by) investors (PI)
- **EBITDA:** Earnings Before Interest, Taxes, Depreciation and Amortization. Commonly used as a proxy for operating cash flow
- **TEV/EBITDA:** common valuation metric for companies, expressed as a ratio of the Total Enterprise Value over an annual EBITDA amount

PRIVATE EQUITY INVESTMENT STRATEGIES

DIRECT MANAGER

Private Equity Strategy Overview	Description	Sector Exposure	Considerations
Venture Capital <ul style="list-style-type: none"> Return driver: appreciation Expected IRR: 15%-20% Expected TVPI: 2.0x Time Horizon: 6-10 years 	Minority equity investments in startup businesses that are perceived to have significant growth potential	Technology Software Biotech Healthcare Consumer CleanTech	<ul style="list-style-type: none"> Vintage year is important Access to the highest quality managers is paramount Risk of failure is high
Growth Equity <ul style="list-style-type: none"> Return driver: appreciation Expected IRR: 15%-20% Expected TVPI: 2.0x Time Horizon: 3-6 years 	Minority expansion capital for small, growing businesses that are generating cash flow and profits. Generally, these investments have less exposure to technology and leverage risk	Diversified Business Services Technology Healthcare Industrial Consumer	<ul style="list-style-type: none"> Execution risk is high Lack of control positions
Buyouts <ul style="list-style-type: none"> Return driver: appreciation Expected IRR: 17%-20% Expected TVPI: 2.0x Time Horizon: 4-6 years 	Investments in established companies that require capital to expand and/or restructure	Diversified Business Services Technology Healthcare Industrial Consumer	<ul style="list-style-type: none"> Generally high leverage Operational control is key to execution
Special Situations <ul style="list-style-type: none"> Return driver: appreciation and income Expected IRR: 17%-20% Expected TVPI: 2.0x Time Horizon: 3-6 years 	Investments in mature businesses that may be profitable or unprofitable. Investments are often in the equity of the acquired business.	Diversified Business Services Technology Healthcare Industrial Consumer	<ul style="list-style-type: none"> Operational control is key to execution Businesses may have more going concern risk than buyouts

PRIVATE EQUITY INVESTMENT STRATEGIES

MULTI-MANAGER

Private Equity Strategy Overview	Description	Sector Exposure	Considerations
<p>Co-Investments</p> <ul style="list-style-type: none"> Return driver: appreciation and income Expected IRR: 14%-16% Expected TVPI Multiple: 1.8x-2.0x Time Horizon: 5-7 years 	<p>Investments in established companies that require capital to expand and/or restructure</p>	<p>Highly diversified across underlying deals and managers</p>	<ul style="list-style-type: none"> Generally high leverage Co-Investors will not typically have much oversight for investments
<p>Secondary Fund of Funds</p> <ul style="list-style-type: none"> Return driver: appreciation Expected IRR: 14%-18% Expected TVPI Multiple: 1.5x Time Horizon: 2-3 years 	<p>Private equity interests are generally purchased at a discount of NAV from motivated owners of private equity interests. The interests purchased are generally venture and buyout fund and/or company interests with limited exposure to unfunded capital commitments</p>	<p>Highly diversified across underlying managers</p>	<ul style="list-style-type: none"> Limited alpha producing opportunities Most value is generated at time of purchase through discounts and underwriting quality Long lived funds due to diversification
<p>Primary Fund of Funds</p> <ul style="list-style-type: none"> Return driver: appreciation Expected IRR: 10%-16% Expected TVPI Multiple: 1.6x-1.8xx Time Horizon: 5-10 years 	<p>Investments as LP commitments to underlying funds diversified across vintage, strategy, and geography</p>	<p>Highly diversified across underlying managers</p>	<ul style="list-style-type: none"> Limited alpha producing opportunities Long lived funds due to diversification Passive investments Lower fees minimize impact of double layer

PRIVATE DEBT INVESTMENT STRATEGIES

PERFORMING CREDIT

Private Credit Strategy Overview	Description	Sector Exposure	Considerations
<p>Direct Lending</p> <ul style="list-style-type: none"> Return driver: income Expected IRR: 8%-12% Expected TVPI Multiple: 1.3x-1.5x Time Horizon: 2-4 years 	<p>Primarily floating rate senior and/or unitranche (senior and subordinated debt in one instrument) debt capital used for various situations: facilitating changes in ownership through leveraged buyouts or recapitalizations, financing acquisitions, or enabling growth</p>	<p>Companies in a variety of industries that are backed by Private Equity Managers (Sponsored) or not backed by a Private Equity Manager (Sponsor-less)</p>	<ul style="list-style-type: none"> Fund economics play a role in returns Vintage year is important Floating rates, shorter holding periods
<p>Mezzanine</p> <ul style="list-style-type: none"> Return driver: current income and appreciation Expected IRR: 14%-16% Expected TVPI Multiple: 1.6x-1.7x Time Horizon: 5-7 years 	<p>Primarily fixed rate subordinated (the level of financing senior to equity and below senior debt) debt obligations made to non-investment grade borrowers to effect buyout, M&A or other growth strategies</p>	<p>Companies in a variety of industries that are backed by Private Equity Managers (Sponsored) or not backed by a Private Equity Manager (Sponsor-less)</p>	<ul style="list-style-type: none"> Fund economics play a role in returns Manager has limited recourse due to subordinated position in capital structure
<p>Opportunistic Credit</p> <ul style="list-style-type: none"> Return driver: current income and appreciation Expected IRR: 13%-17% Expected TVPI Multiple: 1.3x-1.8x Time Horizon: 1-4 years 	<p>Investment strategy involving various credit-linked opportunities such as distressed debt, performing and non-performing loans, structured products (CLOs, CDOs), hard assets</p>	<p>Diversified industry exposure. Instruments include publicly traded debt securities, private debt, trade claims, mortgage debt, common and preferred stock and commercial paper</p>	<ul style="list-style-type: none"> Thematic Esoteric investments

PRIVATE DEBT INVESTMENT STRATEGIES

DISTRESSED CREDIT

Private Credit Strategy Overview	Description	Sector Exposure	Considerations
<p>Distressed Debt (Control)</p> <ul style="list-style-type: none"> ▪ Return driver: appreciation and income ▪ Expected IRR: 15%-17% ▪ Expected TVPI: 1.3x-1.8x ▪ Time Horizon: 3-6 years 	<p>Debt investments with the intent to take equity control of companies that have typically defaulted on debt obligations and are in need of financial and operational restructuring.</p>	<p>Diversified</p>	<ul style="list-style-type: none"> ▪ Window of opportunity tends to be short lived
<p>Distressed Debt (Non-control)</p> <ul style="list-style-type: none"> ▪ Return driver: appreciation ▪ Expected IRR: 13%-17% ▪ Expected TVPI Multiple: 1.3x-1.8x ▪ Time Horizon: 1-4 years 	<p>Debt investments in companies that have typically defaulted on debt obligations and are in need of financial and operational restructuring.</p>	<p>Diversified exposure through various access points. Securities can include common and preferred shares, bank debt, trade claims (goods owed) and corporate bonds</p>	<ul style="list-style-type: none"> ▪ Vintage year is important ▪ Window of opportunity tends to be short lived

FEES AND FUND STRUCTURES



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FEES FOR PRIVATE EQUITY ARE HIGHER AND MORE COMPLEX THAN PUBLIC EQUITY FUNDS

- **Annual Management Fee**

- Charged as a percentage of commitment (fixed fee) during the investment period
- Charged as a percentage of net invested capital or NAV after the investment period
- Generally 1.5%-2.0% fee rates

- **Fund Expenses**

- One-time fund formation and ongoing administrative and operating costs
- Can add another 0.3%-1.0% to annual expenses

- **Preferred Return**

- Rate of return LPs need to achieve before GP can earn carried interest
- Typically computed on amounts invested and amounts paid for fees to the GP
- Generally 8%, but can vary by strategy and manager clout

- **Carried Interest**

- Performance fee paid to the fund manager for profits generated on investments
- Paid only on realized investments (not on unrealized gains)
- Generally 20% of realized investment gain
- Can be lower for lower return strategies or higher for “premium” managers

PRIVATE EQUITY CLOSED-END FUND LIFECYCLE

- **Fundraising, (0 – 2 years)**

- The time period that managers uses to raise sufficient funds for the strategy
- Limited Partners make an initial “Commitment” to a fund

- **Investing (years 1 – 5)**

- The time period that managers use to source investment opportunities. This “Investment Period,” generally lasts the first four or five years of a fund’s life
- Business plans are put into place. If investments do not meet expectations managers will take steps to mitigate the impact of losses
- Current income may be paid out during the Investment Period (depending on the strategy), though early distributions may be recalled
- Limited Partners fund their initial commitments as capital is called over time

- **Harvesting (years 4 – 8)**

- The time period that managers use to exit the investments through asset sales, portfolio company sales, IPOs, and other exit opportunities
- The proceeds of the realizations are distributed to fund investors according to a pre-determined schedule, or “Distribution Waterfall”, which includes the payment of carried interest to the manager (if applicable)

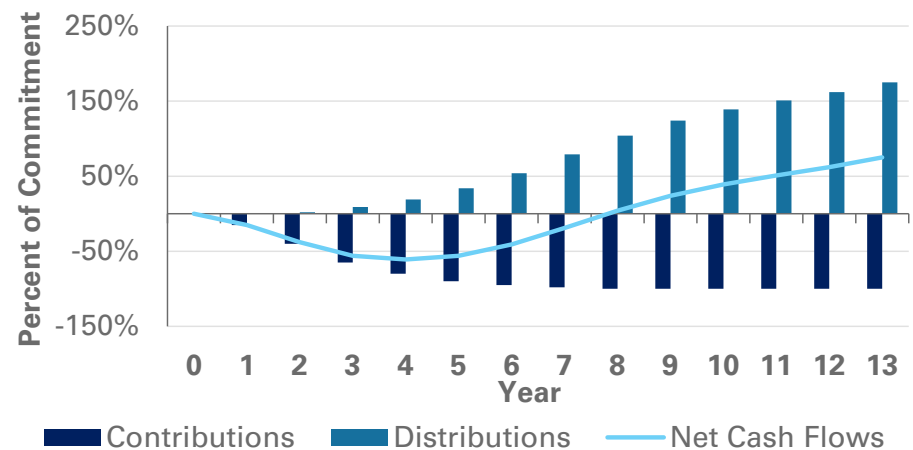
- **Liquidating (years 7 – 12)**

- The managers use this time to exit the remaining investments in the portfolio
- If the fund life is extended beyond its initial term (as stated in fund legal documents), management fees may be negotiated lower or waived

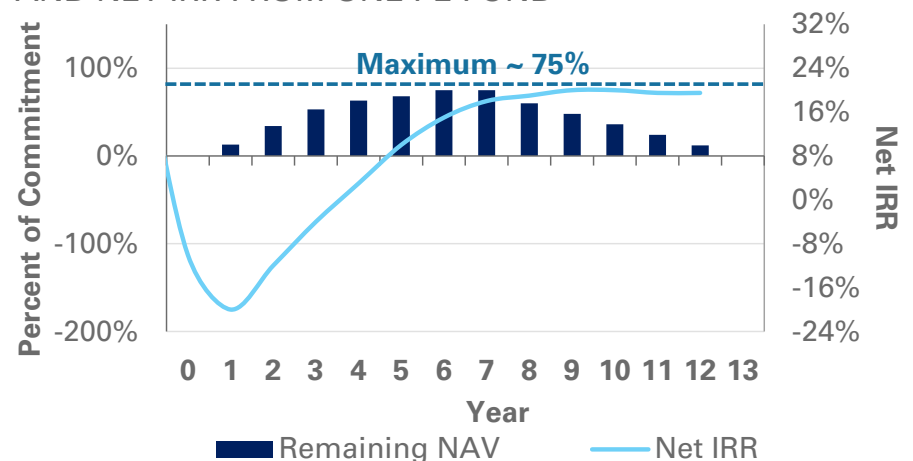
THE “J-CURVE” OF PRIVATE EQUITY CASH FLOWS AND RETURNS

- **Cash flow pattern of investing in private equity**
 - **Years 1-3 returns are negative**, little income is generated, management fees are collected on committed (not invested) base, business plans established but improvements not yet impacting valuations
 - **Years 3-5 returns flatten out and gradually turn positive** as notable improvement in company financials justify valuation increases, debt refinancing may generate distributions and some income is received
 - **Years 5-10 returns spike** as many assets are sold and accumulated increases in value are reflected, and income is received
 - **Years 11-13 flatten out** as residual assets are liquidated
 - **All years combined leads to what has been termed the “J-Curve.”**

EXAMPLE OF CUMULATIVE CASH FLOWS FROM ONE PE FUND



EXAMPLE OF MARKET VALUE EXPOSURE AND NET IRR FROM ONE PE FUND



PRIVATE EQUITY RETURN METRICS

PERFORMANCE MULTIPLES

Total Value to Paid-In Multiple ("TVPI")

- a ratio of the Total Value (TV) of all distributions and current net asset value over the amount of capital called from (or Paid-In by) investors (PI)
- is >1.0 when sum of distributions and total value are more than capital contributed
- is often <1.0 during the early year's of a fund as management fees and expenses are greater than appreciation or income earned on investments
- Sometimes is called "MOIC", or Money on Invested Capital by investors

Distributed to Paid-In Multiple ("DPI")

- a ratio of all distributions received (D) over the amount of capital called from (or Paid-In by) investors (PI)
- is >1.0 when fund has distributed more than capital contributed by LPs
- is often <1.0 for the first half of the fund and longer, as a fund typically does not sell most of its investments until later in the fund's life
- DPI gets closer to TVPI as a fund matures; at the end of a fund, the DPI and the TVPI are the same

**Both are good metrics for assessing amount of value created and distributed,
but neither measure the time value of money**

PRIVATE EQUITY RETURN METRICS

PERFORMANCE RETURNS

Internal Rate of Return ("IRR")

- return metric that combines amount and timing of cash flows and remaining value for a fund investment
- is often <0% in the early years of a fund when fund fees and expenses are greater than the appreciation or income earned on investment
- almost always reported as a since inception of the fund return percentage
- commonly used metric of PE benchmark providers
- a large, early distribution can positively skew & "lock in" the computed IRR

Time-Weighted Return ("TWR")

- return metric that computes a return for each quarters' cash flows and valuations individually, then equally weights the quarterly returns to create annualized and since inception returns
- large distributions only impact the returns of one quarter
- same return metric that is used for public equities and most other asset classes

Since fund manager controls timing of cash flows, CFA institute recommends using IRR over TWR for PE performance; however CFA institute recognizes need for PE TWR as part of total program return for all investments



APPENDIX



GLOSSARY OF TERMS

Alpha - Measures the relationship between the fund performance and the performance of another fund or benchmark index and equals the excess return while the other fund or benchmark index is zero.

Alpha Jensen - The average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return. Also known as the abnormal return or the risk adjusted excess return.

Annualized Excess Return over Benchmark - Annualized fund return minus the annualized benchmark return for the calculated return.

Annualized Return - A statistical technique whereby returns covering periods greater than one year are converted to cover a 12 month time span.

Beta - Measures the volatility or systematic risk and is equal to the change in the fund's performance in relation to the change in the assigned index's performance.

Information Ratio - A measure of the risk adjusted return of a financial security, asset, or portfolio.

Formula:
 $(\text{Annualized Return of Portfolio} - \text{Annualized Return of Benchmark}) / \text{Annualized Standard Deviation}(\text{Period Portfolio Return} - \text{Period Benchmark Return})$. To annualize standard deviation, multiply the deviation by the square root of the number of periods per year where monthly returns per year equals 12 and quarterly returns is four periods per year.

R-Squared - Represents the percentage of a fund's movements that can be explained by movements in an index. R-Squared values range from 0 to 100. An R-Squared of 100 denotes that all movements of a fund are completely explained by movements in the index.

Sharpe Ratio - A measure of the excess return or risk premium per unit of risk in an investment asset or trading strategy.

Sortino Ratio - A method to differentiate between good and bad volatility in the Sharpe Ratio. The differentiation of up and down volatility allows the calculation to provide a risk adjusted measure of a security or fund's performance without upward price change penalties.

Formula:
 $\text{Calculation Average } (X-Y) / \text{Downside Deviation } (X-Y) * 2$
Where X=Return Series Y = Return Series Y which is the risk free return (91 day T-bills)

Standard Deviation - The standard deviation is a statistical term that describes the distribution of results. It is a commonly used measure of volatility of returns of a portfolio, asset class, or security. The higher the standard deviation the more volatile the returns are.

Formula:
 $(\text{Annualized Return of Portfolio} - \text{Annualized Return of Risk Free}) / \text{Annualized Standard Deviation (Portfolio Returns)}$

Tracking Error - Tracking error, also known as residual risk, is a measure of the degree to which a portfolio tracks its benchmark. It is also a measure of consistency of excess returns. Tracking error is computed as the annualized standard deviation of the difference between a portfolio's return and that of its benchmark.

Formula:
 $\text{Tracking Error} = \text{Standard Deviation } (X-Y) * \sqrt{(\# \text{ of periods per year})}$
Where X = periods portfolio return and Y = the period's benchmark return
For monthly returns, the periods per year = 12
For quarterly returns, the periods per year = 4

Treynor Ratio - A risk-adjusted measure of return based on systematic risk. Similar to the Sharpe ratio with the difference being the Treynor ratio uses beta as the measurement of volatility.

Formula:
 $(\text{Portfolio Average Return} - \text{Average Return of Risk-Free Rate}) / \text{Portfolio Beta}$

Up/Down Capture Ratio - A measure of what percentage of a market's returns is "captured" by a portfolio. For example, if the market declines 10% over some period, and the manager declines only 9%, then his or her capture ratio is 90%. In down markets, it is advantageous for a manager to have as low a capture ratio as possible. For up markets, the higher the capture ratio the better. Looking at capture ratios can provide insight into how a manager achieves excess returns. A value manager might typically have a lower capture ratio in both up and down markets, achieving excess returns by protecting on the downside, whereas a growth manager might fall more than the overall market in down markets, but achieve above-market returns in a rising market.

$\text{UpsideCapture} = \text{TotalReturn}(\text{FundReturns}) / \text{TotalReturns}(\text{BMReturn})$ when Period Benchmark Return is $> = 0$

$\text{DownsideCapture} = \text{TotalReturn}(\text{FundReturns}) / \text{TotalReturns}(\text{BMReturn})$ when Benchmark < 0

INFORMATION DISCLAIMER

Past performance is no guarantee of future results.

The goal of this report is to provide a basis for monitoring financial markets. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

KaufmanHall



Educational Materials Prepared for MHS

Jeff Sahrbeck, Managing Director

Robert Jaeger, Senior Vice President

Bradley Dills, Vice President

Hollywood, Florida | March 20, 2024

Agenda

1. Capital Structure

- MHS Current Debt Profile
- Series 2021A&B Transaction Summary
- Monitoring Series 2015 Bonds for Refunding

2. Market Update

- What is the Market Telling Us?
- Tax-Exempt Market Index Levels vs. Prior Pricings
- Short-Term Debt Market

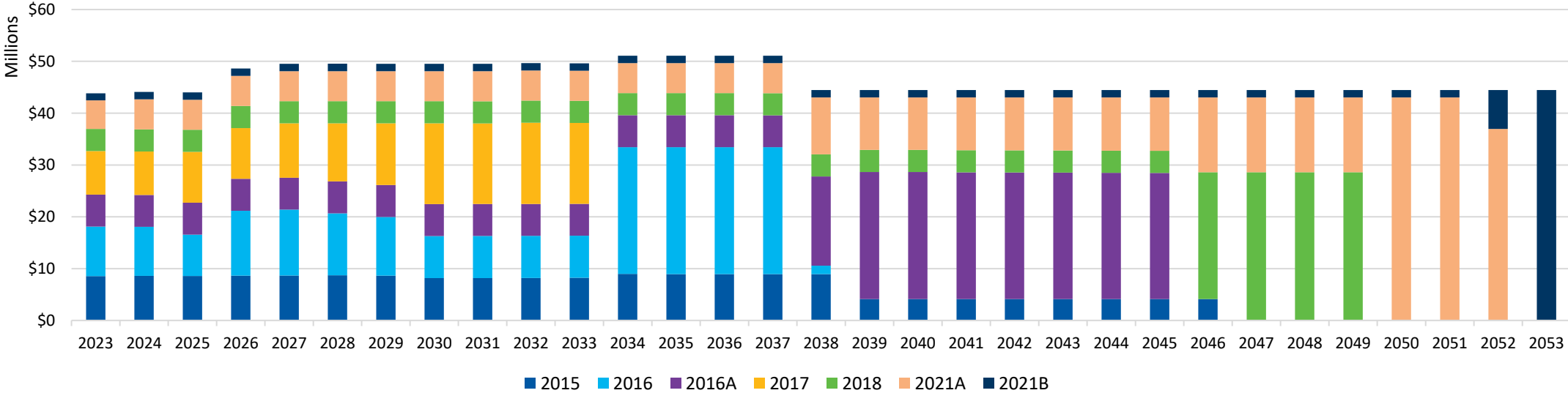
3. External vs. Internal Funding – Considerations for Use

Capital Structure | MHS Current Debt Profile

Each of MHS’s current debt series were issued via a competitive offering

Debt Issue	Par Outstanding	Average Coupon	Original All-in Yield	Description	Call Provision	Final Maturity
2015	110,195,000	4.03%	3.39%	T/E Public Fixed Rate	5/1/2025	5/1/2045
2016	146,590,000	3.66%	2.88%	T/E Public Fixed Rate	5/1/2026	5/1/2037
2016A	160,620,000	3.84%	3.79%	T/E Public Fixed Rate	5/1/2026	5/1/2044
2017	93,570,000	4.59%	3.22%	T/E Public Fixed Rate	5/1/2027	5/1/2032
2018	101,575,000	4.20%	4.26%	T/E Public Fixed Rate	5/1/2028	5/1/2048
2021A	200,000,000	2.90%	2.73%	T/E Public Fixed Rate	5/1/2031	5/1/2051
2021B	50,000,000	2.85%	2.88%	Taxable Public Fixed Rate	5/1/2031	5/1/2052
Total:	\$ 862,550,000	3.68%	3.28%			

Aggregate Debt Service Schedule



Capital Structure | Series 2021A&B Transaction Summary

- **Pricing Date:** November 9, 2021
- **Par Amount:** \$200 million Series 2021A Tax-Exempt Bonds and \$50 million Series 2021B Taxable Bonds
- **Use of Funds:** JDCH expansion, cancer institute and women’s pavilion construction, and other projects
- **Challenges:**
 - As public hospital district, vendor selection transparency and “fair pricing” assurance is a priority
 - Private use concerns related to the women's pavilion created a need for some taxable debt
- **Solutions:**
 - **Competitive Bid Process:** Affectionally referred to internally as the “jump ball”, the competitive bidding process provides full transparency of underwriter bids to access both the tax-exempt and taxable debt markets (SBHD’s 6th and 7th competitively priced transactions over the previous six years)
 - **Structuring:** Given the flatness of the yield curve, SBHD was advised to issue its 2021 Bonds with long maturities, wrapping around SBHD’s existing debt without significantly increasing its interest rates
- **Bond Sale Results:**
 - SBHD received 6 bids for the 2021A Tax-Exempt Bonds with Wells Fargo being selected as the winning bidder (lowest TIC of 2.73%) by utilizing various 3% and discount coupon bonds
 - SBHD received 7 bids for the 2021B Taxable Bonds with Morgan Stanley being selected as the winning bidder (lowest TIC of 2.88%) for 30-year bonds

Capital Structure | Monitoring Series 2015 Bonds for Refunding

While not currently callable, we will continue to monitor a refunding of the 2015 Bonds as the call date approaches

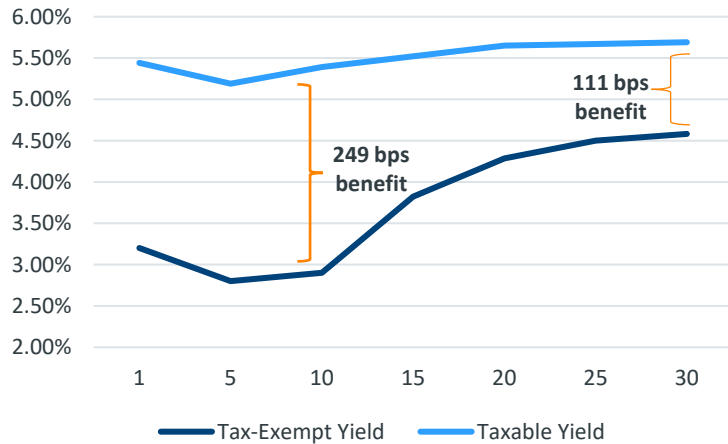
Series	Par Amount Callable Bonds (\$000's)	Avg. Coupon of Refunded Debt	Call Date	TIC on Refunding Debt ⁽²⁾	Gross Savings (\$000's)	Avg. Annual Savings (\$000's)	Refunding Sensitivity Analysis Net Present Value Savings (\$000's) / % Refunded Par				
							Rates -100bps	Rates -50bps	Current Rates	Rates +50bps	Rates +100bps
2015	\$101,080	3.82%	5/1/2025	3.57%	\$2,748	\$137	\$8,078 / 8.0%	\$4,982 / 4.9%	\$1,800 / 1.8%	(\$1,469) / (1.4%)	(\$4,824) / (4.8%)

Interest rates would need to be lower at this time next year for SBHD to proceed with refinancing the 2015 bonds at the first call date. Otherwise, the 2015 Bonds could be refunded at any point after 5/1/2025 when market conditions create enough present value savings.

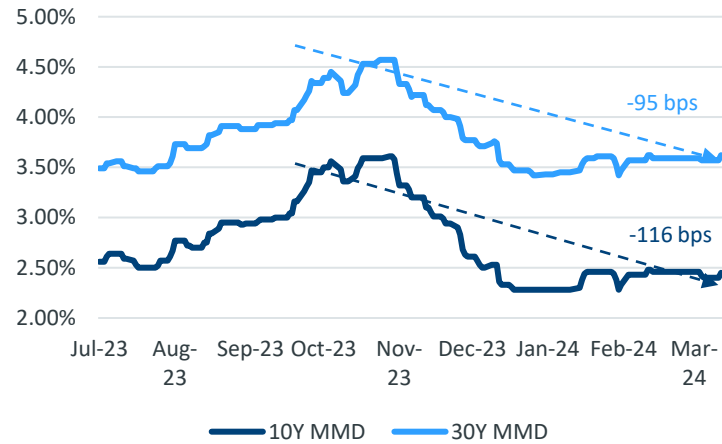
Note: Preliminary, subject to change Market rates as of 03/08/23. Present value savings was determined using a discount rate of 4% to 5/1/2025.

Market Update | What is the Market Telling Us?

Borrow Tax-Exempt and Avoid Taxable if Possible



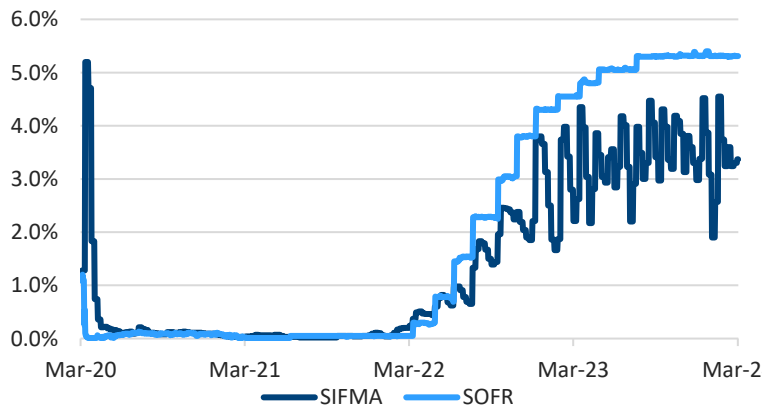
Since Late October, MMD Has Decreased Materially



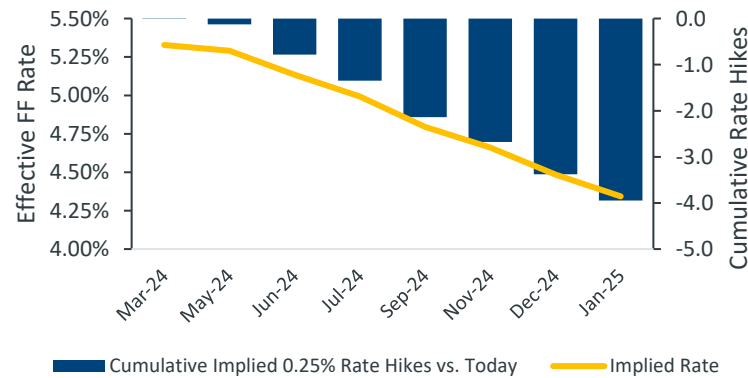
Bank Market shows Significant Variation

- The bank market remains in flux in 2023 with widening credit spreads and limited availability in certain products
- RFP responses are increasingly inconsistent, with no banks consistently offering strong proposals across different credits and products
 - Recent RFPs have resulted in some banks declining to participate, banks proposing across a variety of products and being competitive in some markets but not in others, holistic relationship with client is of high importance

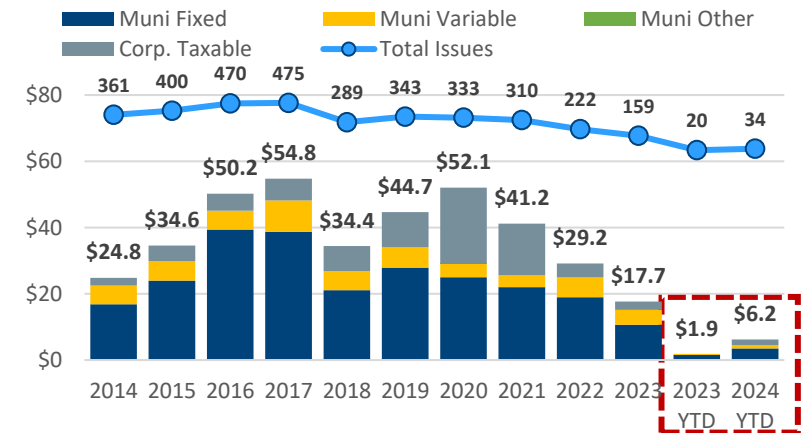
Short-Term Rates Remain Elevated (Esp. Taxable)



Market Consensus for Three FOMC Cuts in 2024



Over 3x YTD Total Healthcare Issuance (\$B)

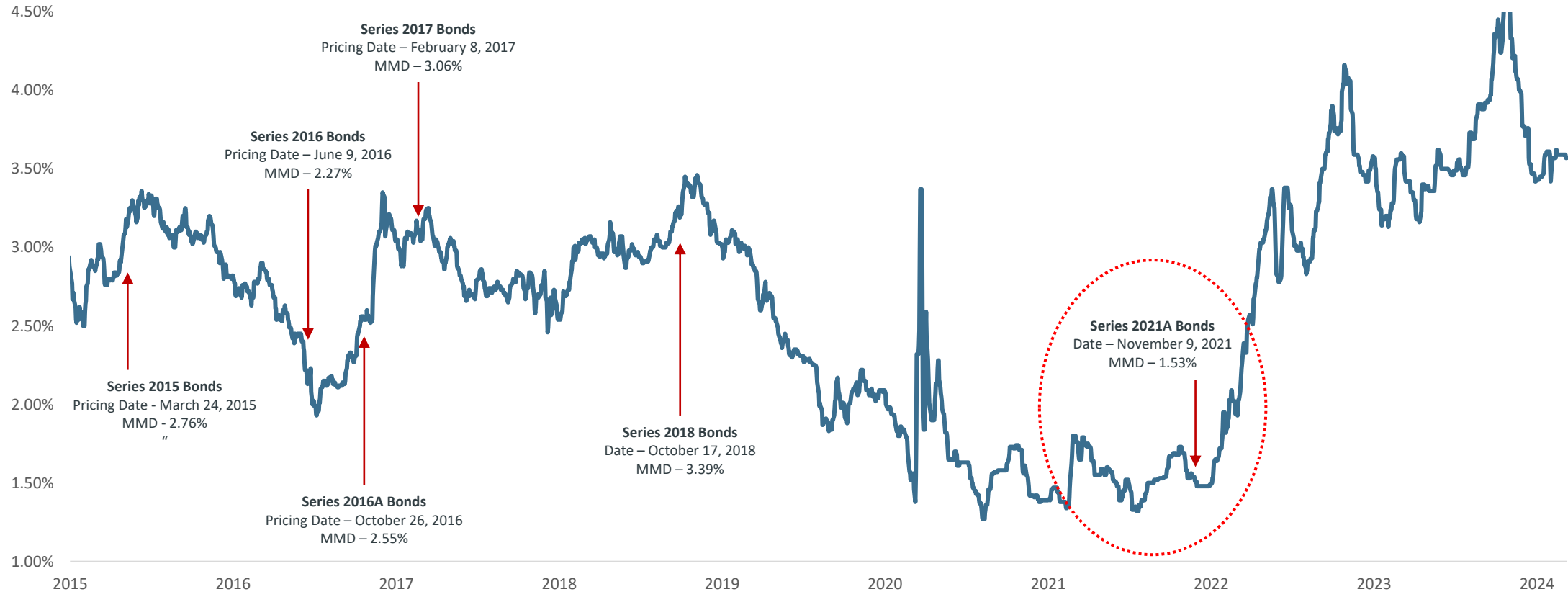


Source: Thompson Reuters and Bloomberg. Healthcare issuance data as of March 8, 2024. Tax-exempt and taxable borrowing yields assume current Aa3/AA ratings and market conditions as of March 14, 2024. Taxable yields assume non-index eligible.

Market Update | Tax-Exempt Market Index Levels vs. Prior Pricings

SBHD has typically come to the bond market every few years to dollar cost average its debt issuance; in 2021 SBHD timed the market near its lowest point in history to issue its \$200 million Series 2021A tax-exempt bonds

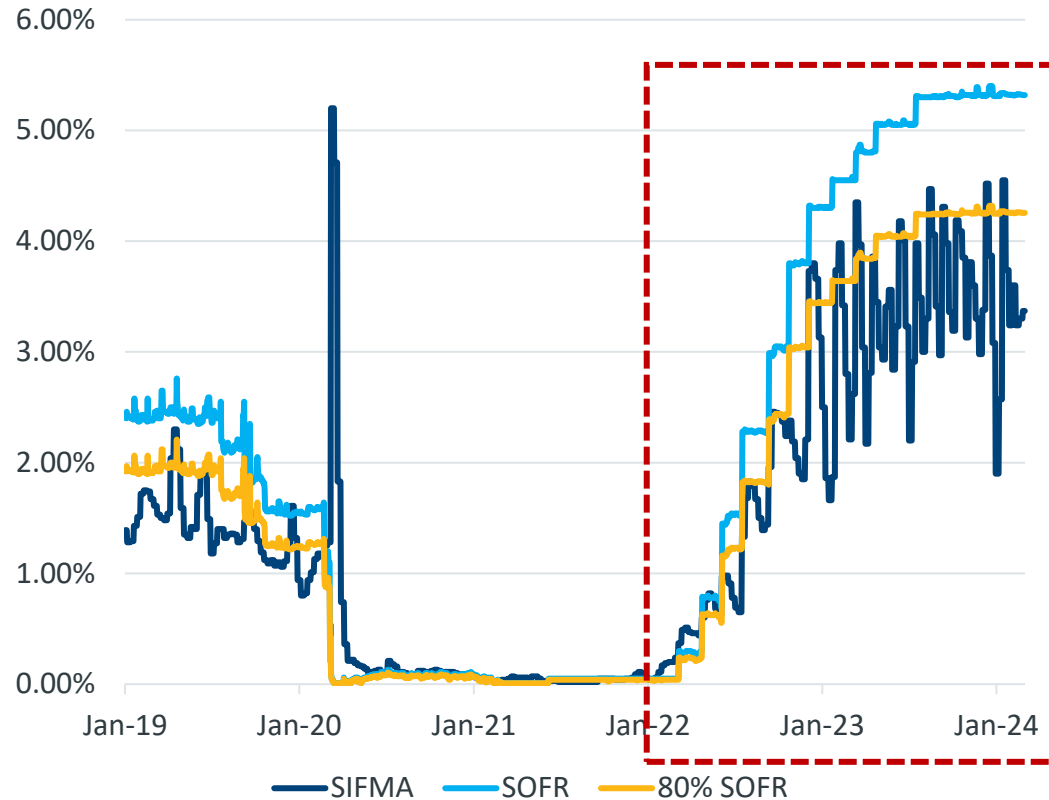
Historical Performance of 30-Year MMD Index



Note: MMD is actual on date noted
Source: Bloomberg

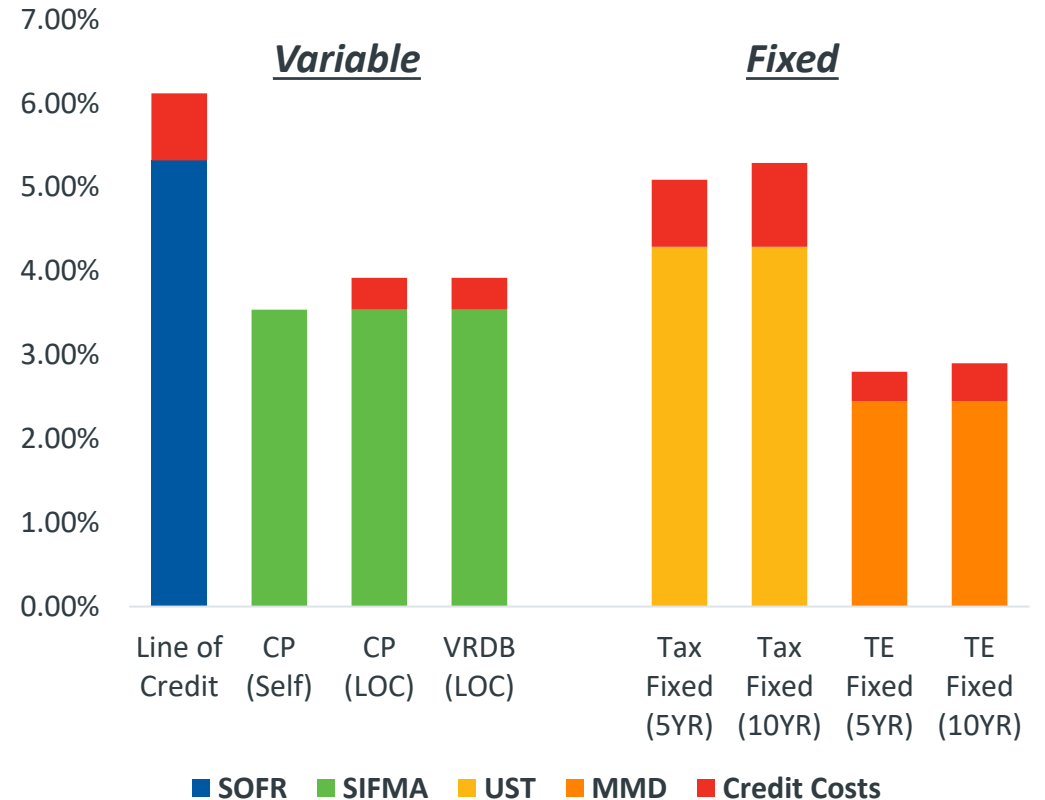
Market Update | Short Term Debt Market

Large Outperformance of SIFMA Relative to SOFR Over the Last 2 Years



In higher interest rate environments, SIFMA outperforms SOFR. Banks use 80% of SOFR as a tax-exempt equivalent pricing (1 - Corp Tax Rate (20%))

Tax-Exempt Variable Rate and Short-Term Products Provide >200bps Benefit Over Taxable Products



CP = Commercial Paper
VRDB = Variable Rate Demand Bonds
LOC = Letter of Credit

External vs. Internal Funding – Considerations for Use

When to Use Long-Term Debt

- Earlier in a high capital funding cycle
- Financing long duration fixed assets that are central to operations and strategy
- When long-term committed capital interest rates are low **or** when favorable “surplus return” is anticipated
- When debt capacity is available
- When competing demands for enterprise liquidity resources are high

When to Use Internal Equity or Short-Term Debt

- “back end” of a high capital funding cycle
- When funding assets that may not be core to operations or strategy
- When long-term committed capital interest rates are high **or** when reduced or negative “surplus return” is anticipated for an extended period
- When there is a sensitivity to holding excess cash
- When debt capacity is limited due to operational or cash flow constraints

Strong cash positions and on-going access to external capital are critical corporate assets and important points of competitive and strategic differentiation

Questions?

Thank You

Qualifications, Assumptions and Limiting Conditions (01.30.24):

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Retirement Plan for Employees of South Broward Hospital District

Actuarial Valuation Review

March 2024

Agenda

Purpose of today's meeting: Review the 2023/2024 funding valuation results and FYE 2025 GASB estimates

Action: Finance Committee approval of the May 1, 2023 funding valuation in advance of March 27th Board of Commissioners meeting

Agenda

- High level overview
- Funding
- Financial reporting



Denise Miller, EA
Lead Actuary



Jason Naddell, FSA, EA
Senior Support

Executive Summary

Minimum required cash contributions under State of Florida Statutes

\$ millions	Plan Year Contributions				
	2022/2023	2023/2024	Change	Est'd 2024/2025	Est'd 2024/2025
Valuation interest rate	6.6%	6.6%		6.6%	7.0%
Minimum Required	\$36.3	\$36.7	\$0.4	\$31.2	\$18.9

- \$0.4M increase in minimum required contribution from 2022/2023 plan year to 2023/2024 mainly attributable to higher than assumed salary increases, partially offset by the effects of a smaller population of active employees covered by the plan
 - 6.8% actual average salary increase versus 2.9% assumed average increase
 - Plan is closed to new employees; 10% reduction in number of active plan participants
- Estimated plan year 2024/2025 contribution at 6.6% valuation interest rate is \$5.5M lower than 2023/2024 mainly due to expiration of older amortization bases
- Estimated plan year 2024/2025 contribution at 7.0% is \$12.3M lower estimated 2024/2025 contribution at 6.60% because assets are estimated to exceed obligations which extinguishes all past amortization bases leaving only the normal cost and assumed administrative expenses

Executive Summary

GASB 68 pension expense/(income)

\$ millions	Fiscal Year Ending April 30				
	2023	2024	Change	Est'd 2025	Est'd 2025
Valuation interest rate	6.6%	6.6%		6.6%	7.0%
Expense	\$3.5	\$39.0	\$35.5	\$50.5	\$32.9

FYE 2023 to FYE 2024: +\$35.5M

- Mainly attributable to salaries increasing higher than assumed (8.4% actual versus 2.9% assumed as of 5/1/2022) and investment return lower than assumed (3.8% actual versus 6.6% assumed) for the measurement period ending 4/30/2023

FYE 2024 to estimated FYE 2025 at 6.60%: +\$11.5M

- Mainly attributable to salaries increasing higher than assumed at 5/1/2023 (6.8% versus 2.9% expected) and full amortization of “gain” bases

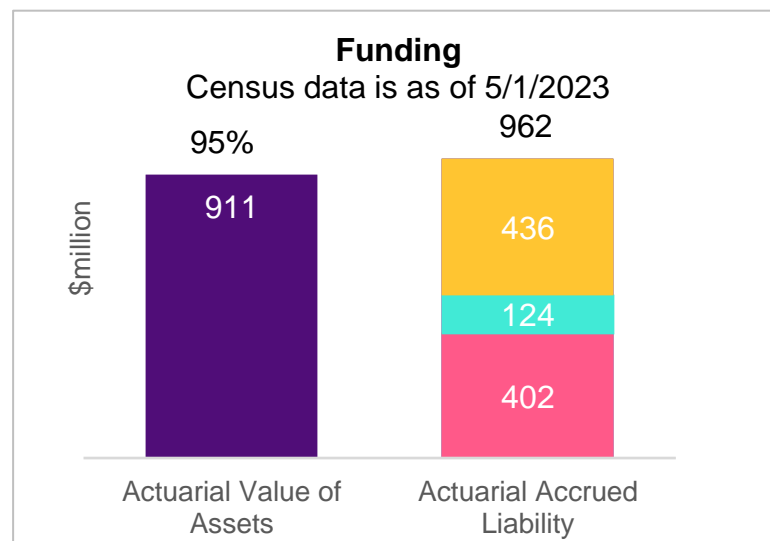
Estimated FYE 2025 to estimated FYE 2025 at 7.00%: -\$17.6M

- Reduction attributable to assumed increase in discount rate from 6.60% to 7.00% as of 4/30/2024 measurement date

Pension Plan Overview

- Plan is closed to new employees hired or rehired after 10/31/2011
- Payment forms include monthly annuities and lump sums up to \$50,000
- Reduction in number of active participants and total participants
- Higher than expected increase in average plan eligible compensation

Participant statistics as of May 1	2022	2023	Change
Active	3,265	2,937	-10.0%
Deferred	2,240	2,234	-0.3%
In Payment	2,799	2,961	+7.2%
Total	8,304	8,132	-2.1%
Average active compensation	\$94,400	\$100,800	+6.8%

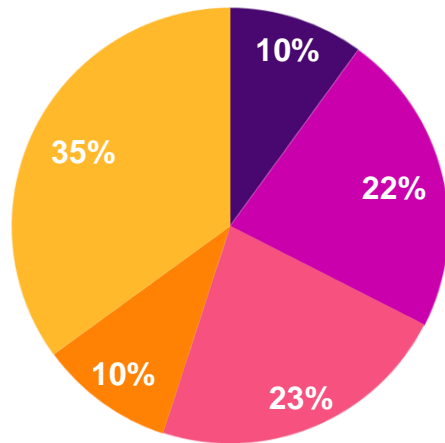


Notes

- Actuarial Accrued Liability (AAL) is the benefit obligation for funding valuation purposes and was measured with a 6.6% valuation interest rate
- Actuarial Value of Assets (AVA) is used for funding valuation purposes and phases in investment gains and losses over 5 years

Assets

TARGET ASSET ALLOCATION AS OF MAY 1, 2023



\$000s	April 30, 2022	April 30, 2023
Beginning fair value of assets	\$883,742	\$855,992
Contributions	34,648	39,894
Investment return	(27,098)	32,548
Benefit payments – annuities	(32,678)	(36,865)
Benefit payments – lump sums	(2,460)	(2,345)
Administrative expenses	<u>(162)</u>	<u>(105)</u>
Net change	(27,750)	33,128
Ending fair value of assets (FVA)	\$855,992	\$889,120
Investment return	(3.1%)	3.8%
Actuarial value of assets (AVA)	\$855,910	\$910,783
AVA / FVA	99.9%	102.4%

- Actuarial value incorporates a smoothing of investment gains and losses over 5 years

Funding

Contributions

Required minimum contribution under State of Florida Statutes

\$000s	Contribution for Plan Year	
	2022/2023	2023/2024
Valuation interest rate	6.60%	6.60%
Required contribution		
a. Normal cost (including expected expenses)	\$20,335	\$19,997
b. Amortization of unfunded actuarial accrued liability ¹	13,697	14,416
c. Interest	<u>2,246</u>	<u>2,271</u>
d. Total	\$36,278	\$36,684
Actual (or assumed) benefit payments	\$39,210	\$42,570
Actual (or assumed) contribution funded	\$39,894	\$43,000

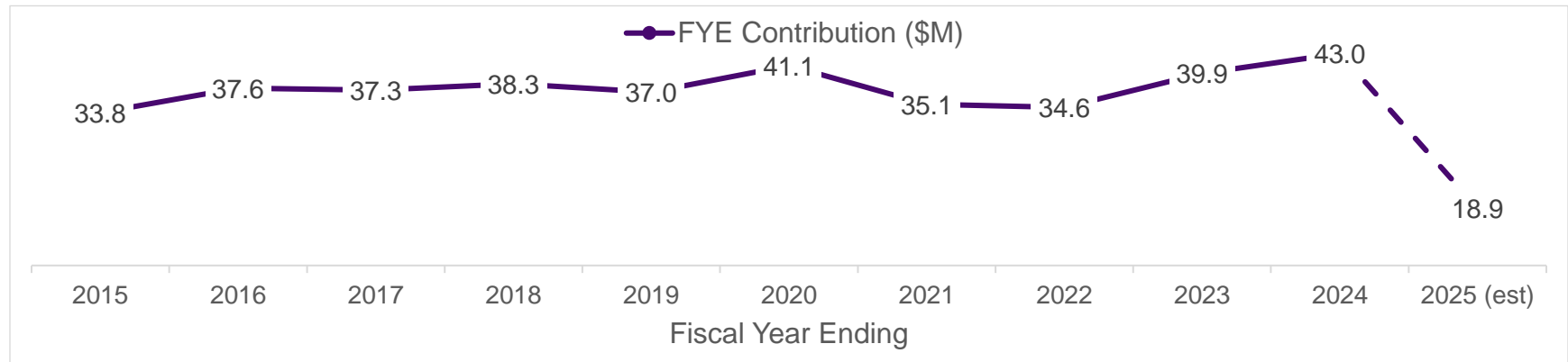
1. Amortization based on average future working life expectancy; currently 7 years

Reasons for the slightly higher contribution requirement for 2023/2024:

- \$21.2M liability experience liability loss (primarily related to higher than anticipated salaries)
- \$2.3M asset-related loss on the actuarial value of assets due to lower-than-expected investment return of 6.3% versus 6.6% assumed

10-year Actual Contribution History and FYE 2025 Estimate

Years where actual contributions exceeded minimum required: 2020, 2022 - 2024



Factors contributing to increasing costs and/or higher volatility

- Closed and aging population
- Shortening gain/loss amortization period based on average working life expectancy
 - From 12 years to 7 since 2013
- Change in valuation interest rate
 - 7.50% to 7.00% on 5/1/2015
 - 6.75% on 5/1/2020
 - 6.60% on 5/1/2021
 - 7.00% (assumed) on 5/1/2024

\$000s	Actual FYE 2024	Projected FYE 2025
Valuation Interest Rate	6.60%	7.00%
Market Value of Assets (MVA)	889,120	965,100
Actuarial Value of Assets (AVA)	910,783	969,972
Actuarial Accrued Liability (AAL)	962,015	958,628
Unfunded AAL (AAL – AVA)	51,232	(11,344)
Funded % (AVA/AAL)	94.7%	101.2%

Next Steps

- WTW to attend SBHD Board of Commissioners meeting on March 27
- MHS to fund remaining 2023/2024 contribution requirement prior to April 30, 2024
- WTW to file the May 1, 2023 valuation report with the State along with the Required State of Florida disclosures
- MHS to post final valuation report on hospital website

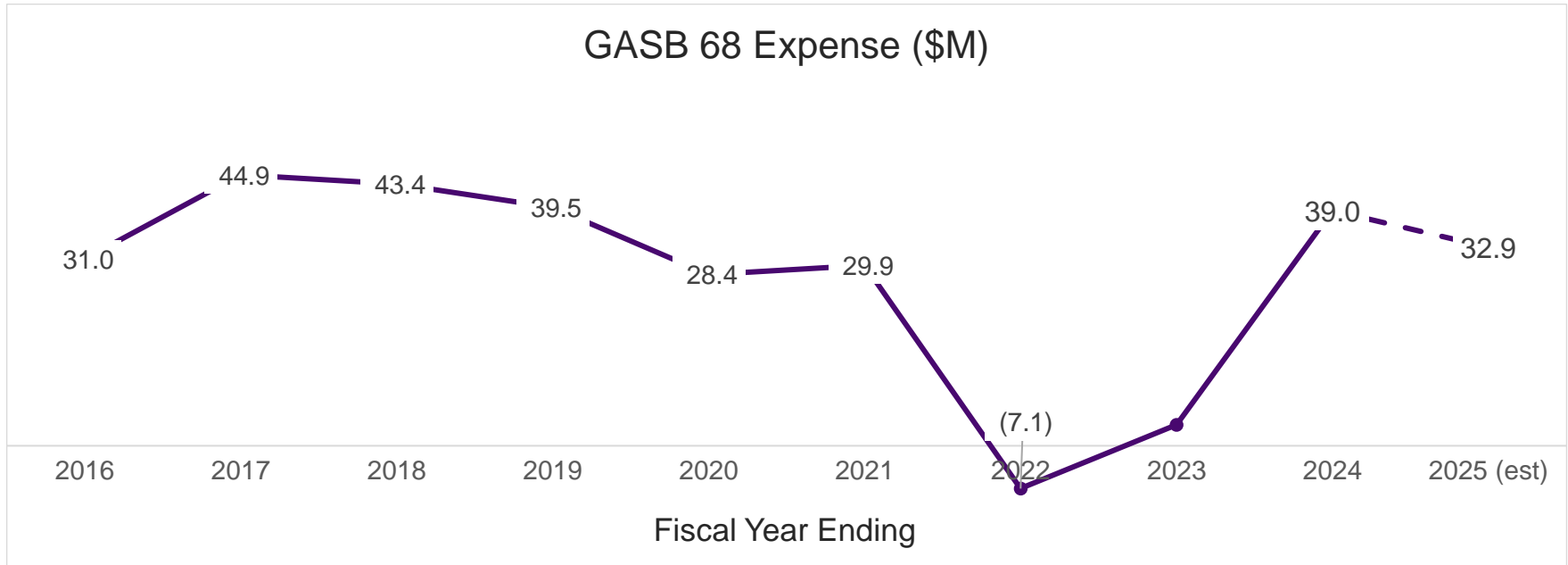
Financial Reporting

GASB 68 Financial Position and Expense

\$000s	Fiscal Year Ended	
	4/30/2023	4/30/2024
Discount Rate/Assumed Asset Return	6.60%/6.60%	6.60%/6.60%
Valuation/Census Date	5/1/2021	5/1/2022
Measurement Period	5/1/2021 – 4/30/2022	5/1/2022 – 4/30/2023
Investment return during measurement period	(3.1%)	3.8%
Fiduciary Net Position (FNP)	855,993	889,120
Total Pension Liability (TPL)	935,697	1,017,249
Net Pension Liability (TPL – FNP)	79,704	128,129
Funded Percentage (FNP / TPL)	91.5%	87.4%
GASB 68 Pension Expense	\$3,473	\$39,022

- Higher than expected salary increases and lower than expected asset returns contributed to an increase in expense for FYE 4/30/2024

GASB Expense History and FYE 2025 Estimate



- Projected liability assumes extra 2% merit pay increase effective in 2024 to align with MHS retention efforts
- Projected 2025 expense assumes 0.0% return on assets for the period from 1/1/2024 to 4/30/2024
- Final assets (with accrued investment offset) as of April 30, 2024 will determine pension expense/income for FYE 2025

\$M	Actual	Projected
FYE	2024	2025
Discount Rate	6.60%	7.00%
Fiduciary Net Position	889.1	965.1
Total Pension Liability	1,017.3	1,031.4
Funded Percentage	87.4%	93.6%
Pension Expense/(Income)	39.0	32.9

Next Steps

- May 2024: MHS provides final April 30, 2024 asset information including accrued investment expenses that are not paid from the pension trust
- May 2024: Confirmation of assumptions as of April 30, 2024
- June 2024: WTW to provide final GASB 67 and 68 report

Appendix

Actuarial Certification

The results included in this presentation are based upon census data, asset data and plan provisions provided by South Broward Hospital District for the May 1, 2022 and May 1, 2023 valuations. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. The accuracy of the results in this presentation is dependent upon the accuracy and completeness of the underlying information.

Actuarial assumptions and methods were selected by South Broward Hospital District with the concurrence of WTW. More detailed valuation results, summaries of actuarial assumptions, methods and models, summaries of plan provisions and description of data sources used in developing these results can be found in the forthcoming May 1, 2023 valuation report dated March 2024. Therefore, such information, and the reliances and limitations of the valuation report and its use, should be considered part of this presentation.

The consulting actuaries meet their “General Qualification Standard for Prescribed Statements of Actuarial Opinion” relating to pension plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Willis Towers Watson US LLC (“WTW”). This presentation is provided subject to the terms set out herein and in our engagement letter signed August 28, 2023 and any accompanying or referenced terms and conditions.

This presentation was developed for the internal use of South Broward Hospital District in connection with its May 1, 2023 funding valuation and 2024/2025 funding and GASB expense projections. It is not intended nor necessarily suitable for other purposes. Further distribution or use of all or part of this material is prohibited without prior written consent. If this presentation is shared with a third party (with or without our permission), such third party recipient is deemed to have agreed that this report contains confidential and proprietary work product of WTW, which owns all related intellectual property rights, the recipient will not have the right to reference or distribute this report to any other party, and the recipient will not place any reliance on this report that would result in the creation of any duty or liability by WTW to such recipient.

Denise Miller, EA
Director, Retirement
March 2024

Jason Naddell, FSA, EA
Senior Director, Retirement

Valuation Purposes and Measurement Periods

	Funding Valuation	GASB 67 Plan Accounting	GASB 68 MHS Accounting
Description	Required cash funding for the plan year	<u>Plan</u> financial statements included within MHS' financial report	<u>MHS</u> financial statements included within MHS' financial report
Rules	Part VII, Chapter 112 of Florida Statutes	GASB 67	GASB 68
Year Ending	April 30, 2024	April 30, 2024	April 30, 2025
Measurement Date *	May 1, 2023	April 30, 2024	April 30, 2024
Measurement Period	May 1, 2023 – April 30, 2024	May 1, 2023 – April 30, 2024	May 1, 2023 – April 30, 2024
Liability Valuation Date	May 1, 2023	May 1, 2023	May 1, 2023
Census Date	May 1, 2023	May 1, 2023	May 1, 2023

***Note:** Benefit liabilities for GASB 67 and 68 are projected from the valuation date to the measurement date by adjusting for benefit payments, expected growth in benefit obligations, changes in key assumptions and plan provisions, and for any significant changes in plan demographics that occurred during the measurement period.

Historical Return on Plan Assets

Period	Actual Return		
	Market Value	Actuarial Value	Assumed Return
2013/2014	9.2%	9.4%	7.5%
2014/2015	4.6%	7.2%	7.5%
2015/2016	(2.0%)	4.4%	7.0%
2016/2017	10.7%	5.7%	7.0%
2017/2018	8.5%	6.0%	7.0%
2018/2019	7.7%	6.2%	7.0%
2019/2020	(1.3%)	5.0%	7.0%
2020/2021	28.8%	9.9%	6.75%
2021/2022	(3.1%)	7.9%	6.60%
2022/2023	3.8%	6.3%	6.60%

- 10-yr average market value return is 6.4% and is 6.6% on an actuarial value basis
- Market value average over last 5 years is 6.6%

Historical Salary Increases

Period	Actual	Assumed
2013/2014	3.7%	5.2%
2014/2015	2.9%	3.1%
2015/2016	4.3%	3.3%
2016/2017	3.3%	3.5%
2017/2018	2.7%	3.7%
2018/2019	3.3%	4.0%
2019/2020	3.3%	4.2%
2020/2021	2.9%	2.9%
2021/2022	8.4%	2.9%
2022/2023	6.8%	2.9%

- Salary increase assumption at 5/1/2023 is based on age-graded rates from 6.00% to 2.25% with an assumed average of 2.9%

Overview of Pension Plan Provisions

Coverage	Full-time employees hired or rehired before November 1, 2011
Benefit Accrual Rate*	
– Participants under Prior Plan	{1% of first \$82,060 of final 5-year average pay (F5) plus 1.5% of F5 in excess of \$82,060 but not more than \$197,370 plus 3% of F5 over \$197,370} times years of service
– Participants under New Plan	{0.75% of F5 up to ½ monthly Social Security Taxable Wage Base* (SSTWB) plus 1.25% of F5 in excess of ½ SSTWB but not more than SSTWB plus 1.75% of F5 in excess of SSTWB} times years of service
Compensation	Excludes overtime, bonuses or other special compensation
Normal Retirement Age (NRA)	Age 65 & 5 years of service Prior plan participants: age 62 & 20 years of service, or age 55 & 30 years of service, if earlier
Normal Payment Form	Single life annuity. Optional forms available.
Vesting	100% after 5 years of service
Early Retirement Factors (ERFs)	Age 55 & 10 years of service. For Prior Plan participants age 52 & 20 years of service, if earlier. Accrued benefit reduced by 7.2%/year for first 5 years, then 3.6% per year for next 5 years preceding NRA - e.g., 46% or 56.8% for Prior Plan participants at age 55 depending on years of service (46% for New Plan participants).
Death Benefits	Pre-retirement death benefit of 50% survivor annuity payable to spouse if participant was employed and age 55 & 10 years of service, or had 20 years of service at death
Disability Benefits	Accrued benefit (automatic 100% vesting) payable at disability (total and permanent). Subject to reduction if payments begin prior to NRA.

* The \$82,060 and \$197,370 integration levels apply for the 2023/2024 plan year and increase by 3% per year. Effective for new hires as of 5/1/2010, the accrual rate changed to the New Plan formula shown above. SSTWB for 2023/2024 plan year is \$160,200.