

# Marquette Update

1Q 2023

\$326B

assets under advisement

99%

client retention rate

37<sup>th</sup>

year in business

100%

employee-owned<sup>1</sup>

25

partners

140+

employees

## Marquette Adds New Partner

We are excited to announce the election of a new managing partner. As an employee-owned firm, we are thrilled to not only reward and celebrate the contributions of our employees, but ensure our independence for years to come.



**Neil Capps, CAIA, FDP**  
Managing Partner

- ▶ 19 years experience
- ▶ Joined Marquette in 2008

### QUARTERLY RESEARCH



**Market Preview Live Webinar: 1/19** Available on YouTube 1/25



**Market Preview Letter from the Director of Research: 1/25**

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### IN THE NEWS

- ▶ Kweku Obed, CFA, CAIA was appointed by President Biden to the Pension Benefit Guaranty Corporation (PBGC) Advisory Committee in November ([link](#))
- ▶ Nat Kellogg, CFA was quoted in a December *Wall Street Journal* article on recent investor queues to pull money out of real estate funds, reflecting the impact of interest rate hikes on the commercial property sector: "Investors Yank Money From Commercial-Property Funds, Pressuring Real-Estate Values." ([link](#))
- ▶ Linsey Schoemehl Payne was quoted in the Investment Consultants Sustainability Working Group – US (ICSWG-US) December press release recognizing its first year of engagement. ([link](#))

Client data as of September 30, 2022; firm data as of January 2023. Client retention rate calculated 2012–2021. <sup>1</sup>By current and former employees.

Marquette is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Marquette including our investment strategies, fees and objectives can be found in our ADV Part 2, which is available upon request and on our website.

# Market Environment

# Inflation easing

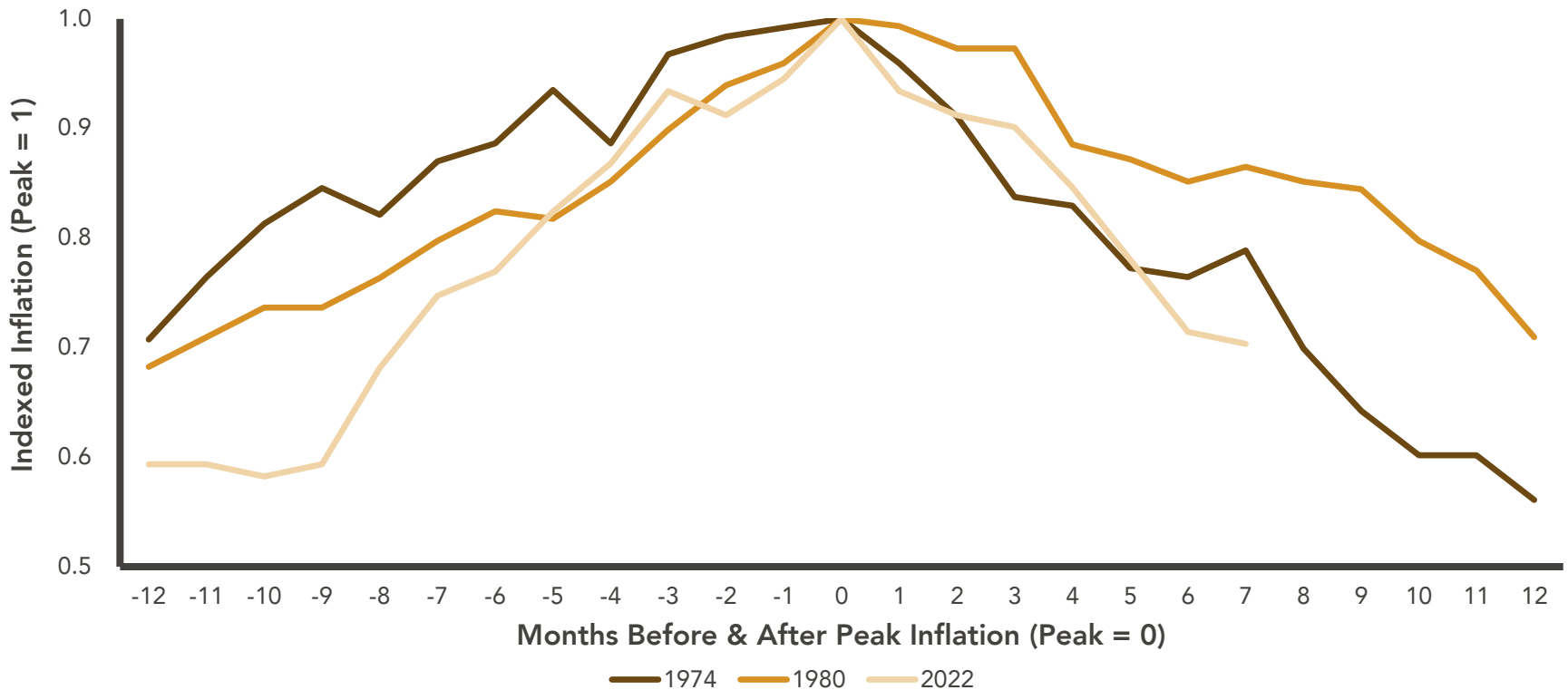
January CPI ticked down for a seventh consecutive month, though the pace of moderation slowed



Source: Bloomberg, Bureau of Labor Statistics as of February 28, 2023

# Historical inflation reversion

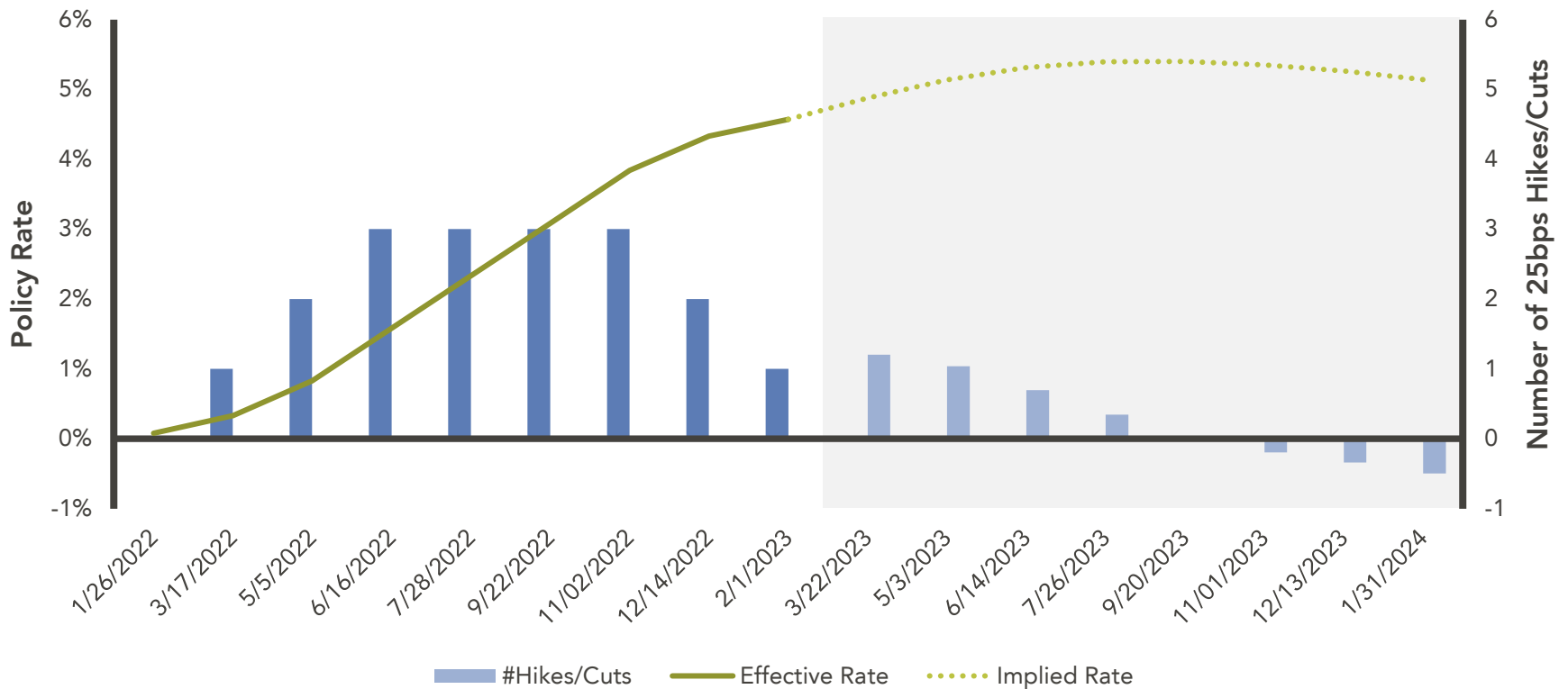
**Inflation has corrected faster off the June peak than it did in 1974 or 1980**



Source: Bloomberg, Bureau of Labor Statistics, 1492 Capital Management, Furey Research as of February 28, 2023

# Rate expectations

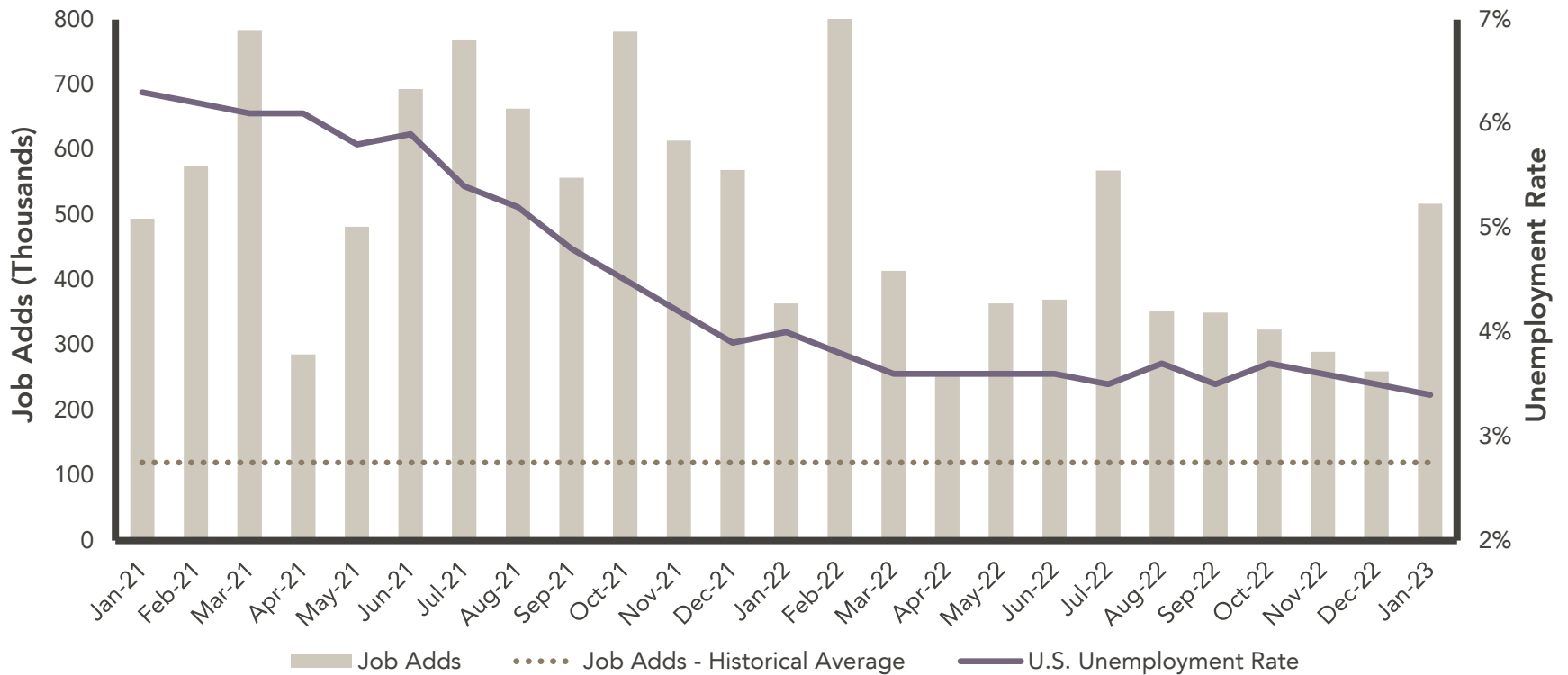
The market has pushed out expectations for a Fed pivot, but may still be overly optimistic given recent macro data



Source: Bloomberg as of February 28, 2023

# Unemployment at multi-decade lows

Job adds unexpectedly spiked in January and the unemployment rate hit a new low not seen since 1969



Source: Bloomberg, Bureau of Labor Statistics as of February 28, 2023. Job Adds – Historical Average represents the 30-year average prior to the onset of COVID-19 (March 1990 – February 2022).

# Consumer strength

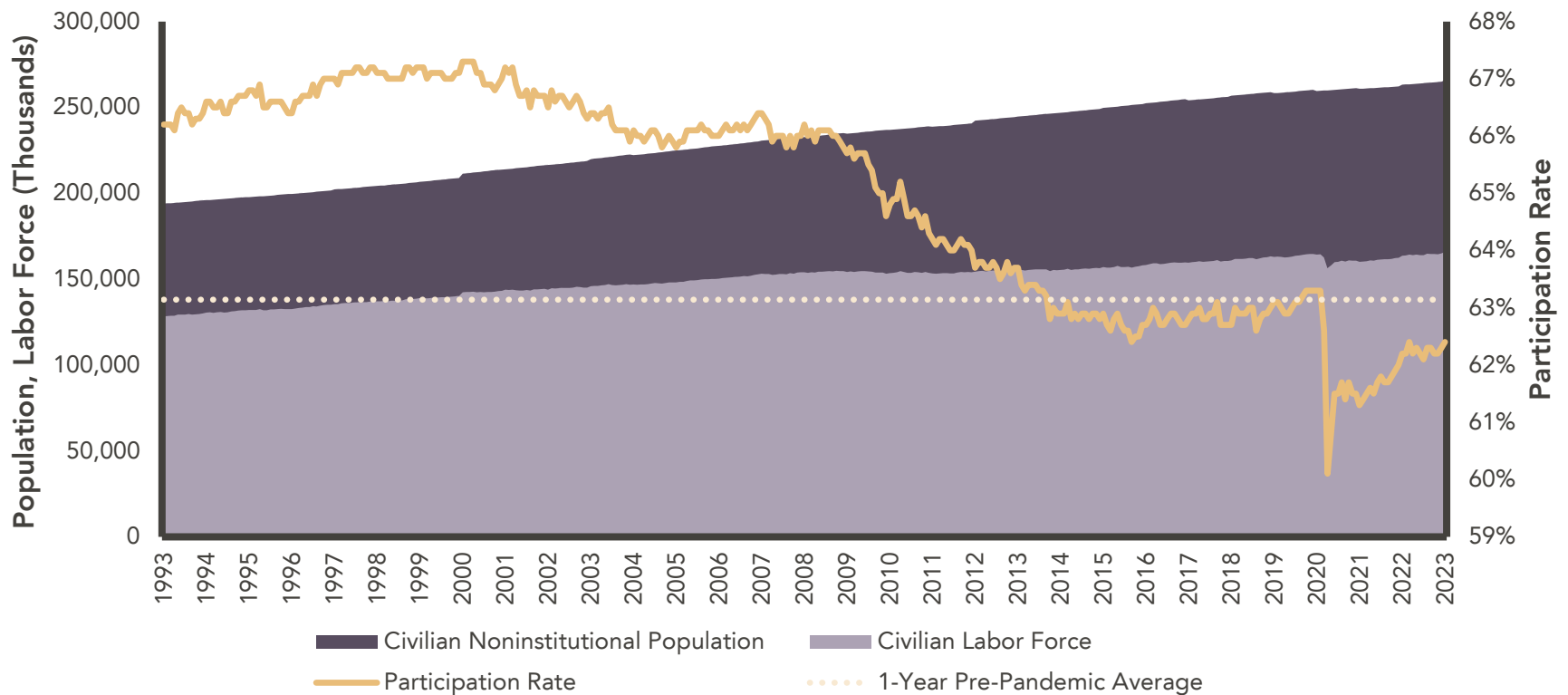
Consumer spending reaccelerated to the highest level in two years in January amid a rise in incomes



Source: Bloomberg, Bureau of Economic Analysis as of February 28, 2023

# Labor participation gap

As of January, labor participation has only recovered to 62.4%, leaving a gap of almost 2 million workers relative to the pre-COVID average

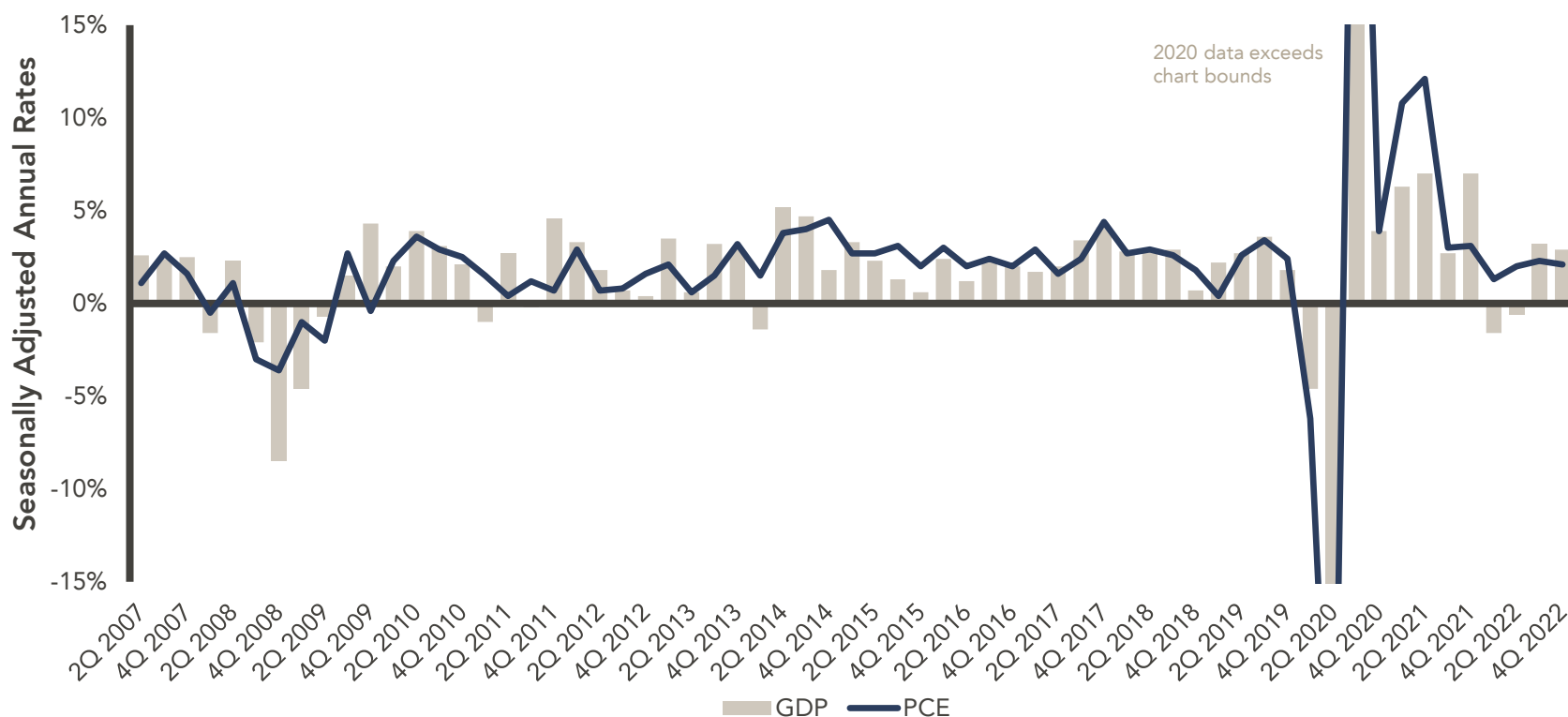


Source: Bloomberg, Bureau of Labor Statistics as of February 28, 2023



# GDP

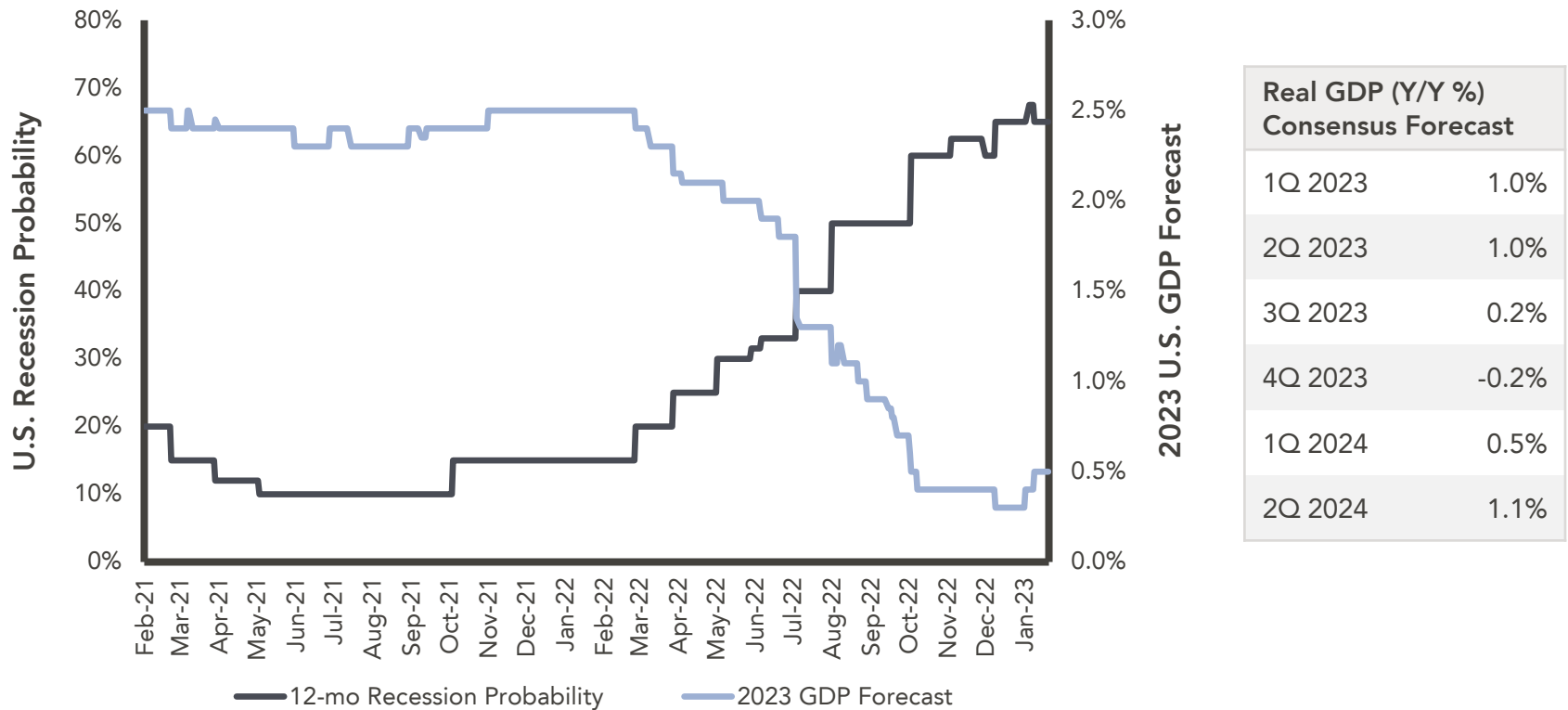
## GDP growth moderated slightly in the fourth quarter 2022; consumer spending remained resilient



Source: Bloomberg as of January 31, 2023

# U.S. recession probability

While some signs of economic progress have reignited soft landing hopes, consensus remains for a mild U.S. recession in 2023



Real GDP (Y/Y %) Consensus Forecast	
1Q 2023	1.0%
2Q 2023	1.0%
3Q 2023	0.2%
4Q 2023	-0.2%
1Q 2024	0.5%
2Q 2024	1.1%

Source: Bloomberg as of January 31, 2023

# Market Tracker

February 2023

## U.S. Equity Returns

	Feb	YTD	1 Yr
S&P 500	-2.4%	3.7%	-7.7%
Russell 3000	-2.3%	4.4%	-8.1%
NASDAQ	-1.0%	9.6%	-16.0%
Dow Jones	-3.9%	-1.1%	-1.6%

## Non-U.S. Equity Returns

	Feb	YTD	1 Yr
ACWI	-2.9%	4.1%	-8.3%
ACWI ex. US	-3.5%	4.3%	-7.2%
EAFE Index	-2.1%	5.8%	-3.1%
EAFE Local	0.6%	7.0%	5.5%
EAFE Growth	-2.8%	5.5%	-7.2%
EAFE Value	-1.4%	6.2%	0.6%
EAFE Small Cap	-2.2%	5.1%	-9.7%
Emerging Markets	-6.5%	0.9%	-15.3%
EM Small Cap	-2.9%	2.9%	-9.5%

## Regional Returns

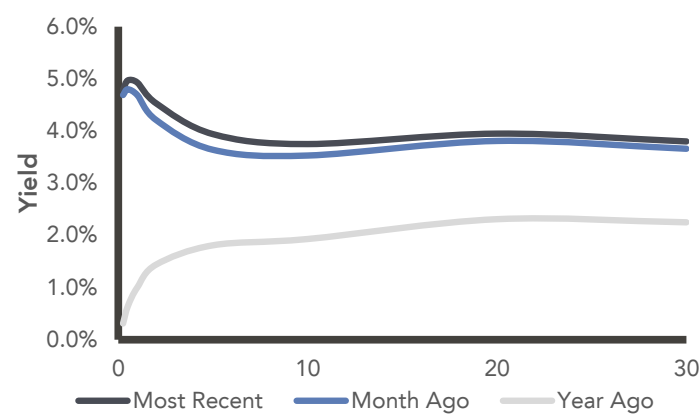
	Feb	YTD	1 Yr
Europe	-0.6%	8.0%	-2.1%
Asia ex-Japan	-6.8%	0.8%	-14.4%
EM Latin America	-6.2%	3.1%	-0.3%
UK	0.2%	6.8%	-0.1%
Germany	-1.9%	10.3%	-4.5%
France	-0.1%	11.1%	4.8%
Japan	-3.8%	2.1%	-9.3%
China	-10.4%	0.2%	-16.1%
Brazil	-9.2%	-2.9%	-6.3%
India	-4.6%	-7.4%	-10.0%

## Real Estate Returns

	Qtr	YTD	1 Yr
NCREIF NPI National*	-3.5%	5.5%	5.5%
FTSE NAREIT	3.6%	3.6%	-12.5%

\*Returns as of December 31, 2022

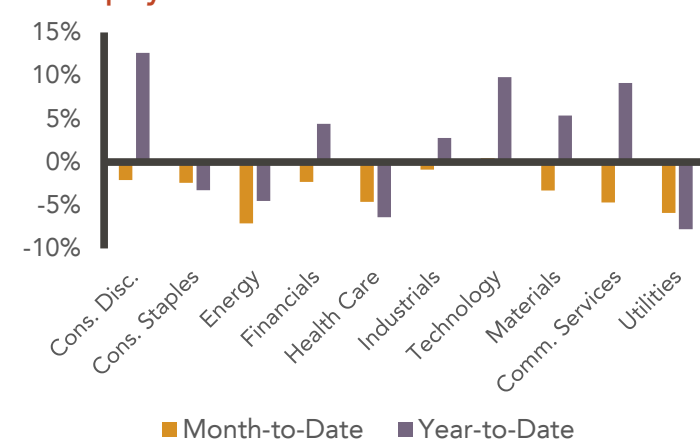
## Yield Curve



## Style Index Returns

	Month-to-Date			Year-to-Date		
	Value	Core	Growth	Value	Core	Growth
Large	-3.5%	-2.4%	-1.2%	1.5%	4.2%	7.0%
Mid	-3.2%	-2.4%	-1.0%	4.6%	5.7%	7.7%
Small	-2.3%	-1.7%	-1.1%	7.0%	7.9%	8.8%

## U.S. Equity Sector Returns



## Fixed Income Returns

	Feb	YTD	1 Yr
Aggregate	-2.6%	0.4%	-9.7%
Universal	-2.5%	0.6%	-9.3%
Government	-2.3%	0.1%	-10.0%
Treasury	-2.3%	0.1%	-10.1%
Int. Gov/Credit	-1.8%	0.0%	-6.2%
Long Gov/Credit	-5.0%	1.3%	-20.3%
TIPS	-1.4%	0.4%	-10.4%
Municipal 5 Year	-1.9%	0.0%	-2.5%
High Yield	-1.3%	2.5%	-5.5%
Bank Loans	0.6%	3.2%	2.3%
Global Hedged	-1.6%	0.7%	-8.0%
EM Debt Hard Currency	-2.2%	0.9%	-8.6%

## Hedge Fund Returns\*

	Feb	YTD	1 Yr
HFRX Global	-0.4%	1.3%	-1.4%
HFRX Hedged Equity	-0.6%	1.0%	-0.5%
HFRX Event Driven	-0.8%	1.5%	-5.0%
HFRX Macro	0.5%	0.6%	6.6%
HFRX Relative Value	-0.5%	1.8%	-3.6%
CBOE PutWrite	0.1%	3.7%	-2.2%

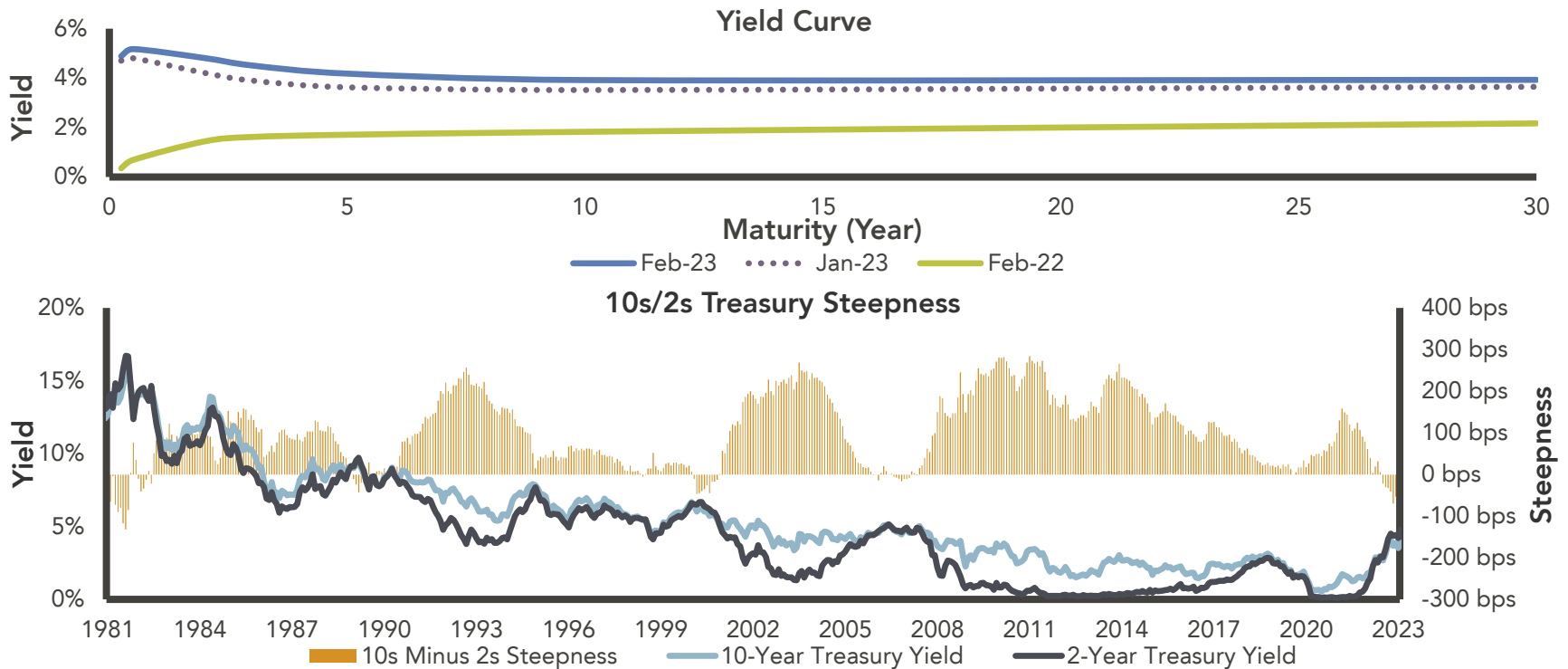
\*HFRX returns as of February 27, 2023

## Commodity Returns

	Feb	YTD	1 Yr
GSCI Total	-3.8%	-3.9%	-0.3%
Precious Metals	-6.8%	-2.7%	-6.3%
Livestock	0.8%	-2.0%	0.7%
Industrial Metals	-9.1%	-1.8%	-12.5%
Energy	-3.3%	-12.6%	-6.6%
Agriculture	-3.2%	-1.0%	-0.7%
WTI Crude Oil	-2.2%	-3.7%	-6.7%
Gold	-5.2%	0.5%	-4.0%

# U.S. Treasury yield curve and steepness

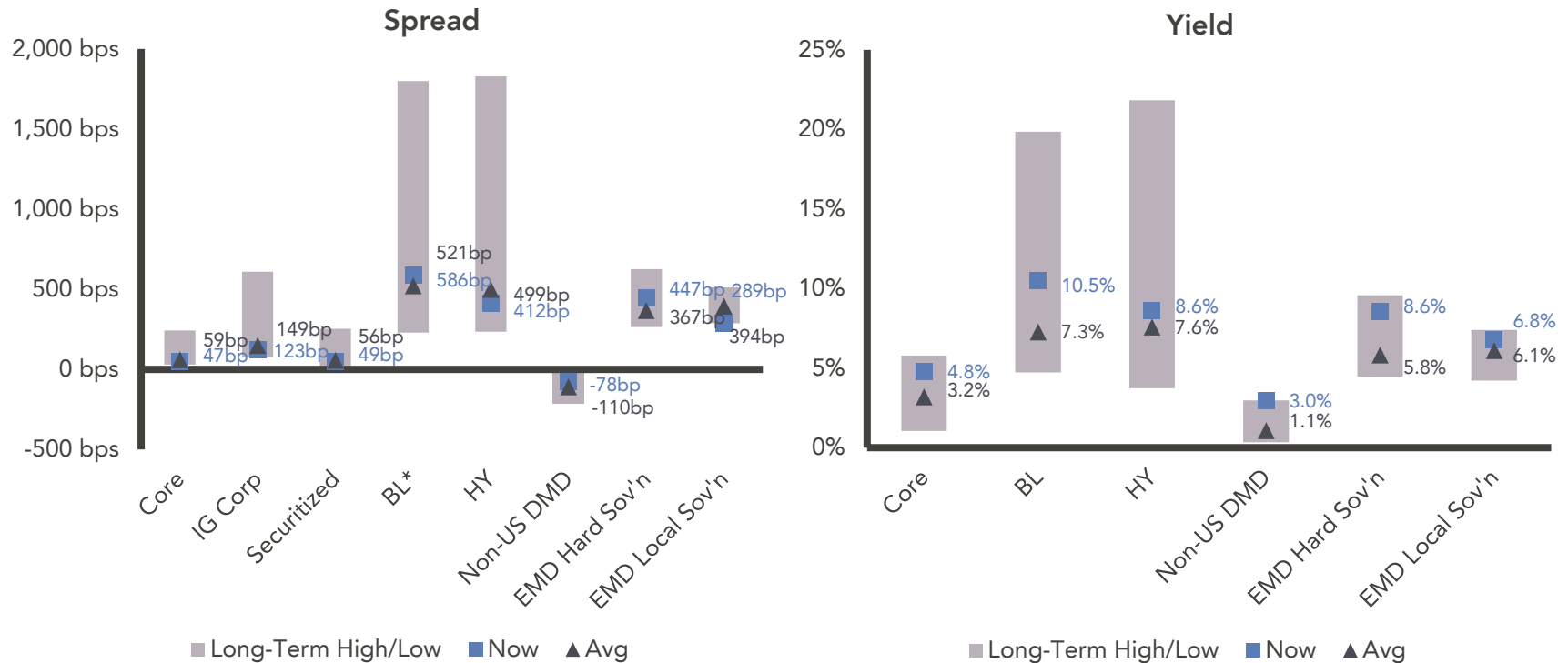
The inversion of the yield curve between 2- and 10-year Treasuries remains with the Fed committed to keeping short-term rates elevated



Source: Federal Reserve as of February 28, 2023

# Fixed income spreads and yields

Spreads were relatively unchanged in February and remain near historical averages; yields rose with higher Treasury yields



\*BL spread over LIBOR, not over Treasuries.

Source: Bloomberg, Credit Suisse, Deutsche Bank, JPMorgan as of February 28, 2023. Long-term high, low, and average based on longest available data for each index.

# U.S. equity performance

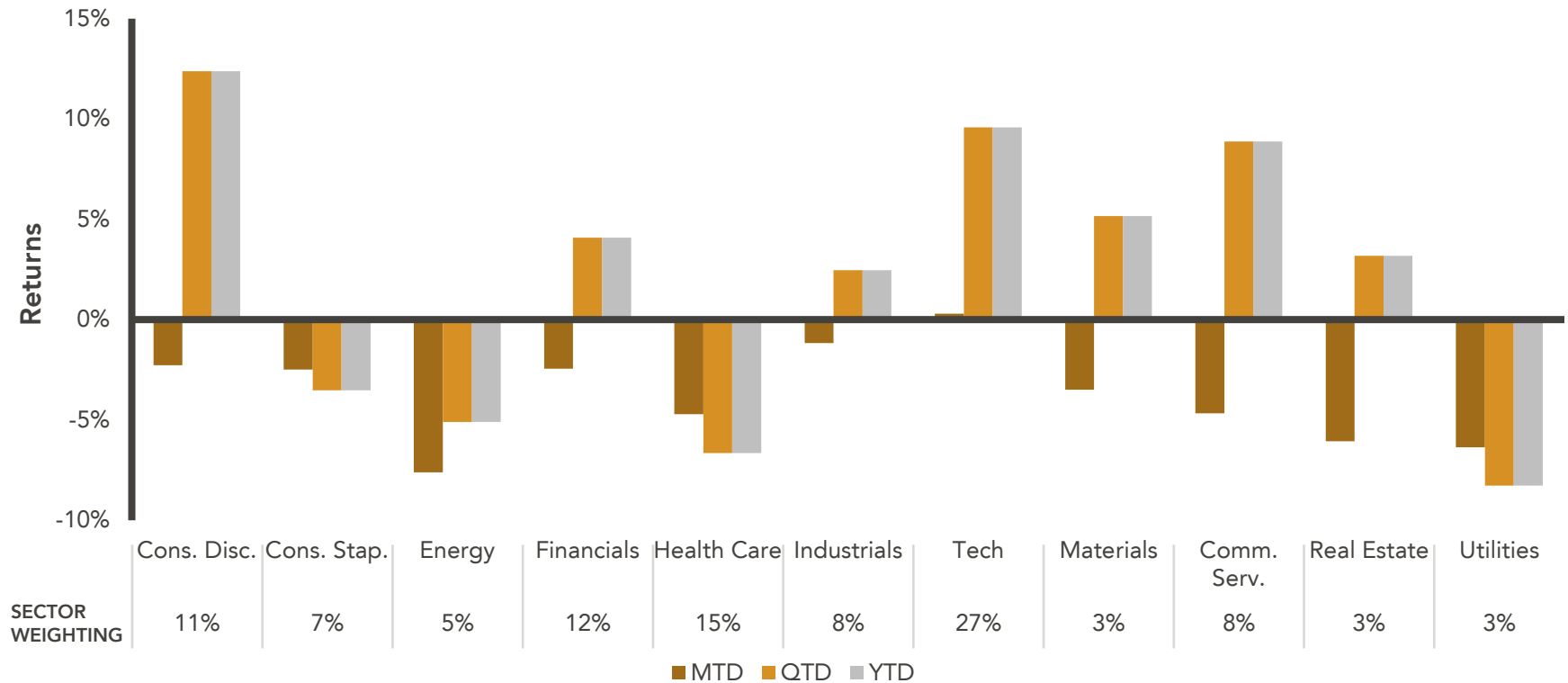
All major domestic equity indices posted negative returns in February

		MTD (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yr (%)
<b>Broad Market Indices</b>	Dow Jones	-3.9	-1.1	-1.1	-1.6	11.0	7.8	11.3
	Wilshire 5000	-2.3	4.4	4.4	-8.1	12.1	9.6	12.0
	Russell 3000	-2.3	4.4	4.4	-8.1	11.8	9.4	11.9
<b>Large-Cap Market Indices</b>	S&P 500	-2.4	3.7	3.7	-7.7	12.1	9.8	12.3
	Russell 1000	-2.4	4.2	4.2	-8.2	11.9	9.7	12.1
	Russell 1000 Value	-3.5	1.5	1.5	-2.8	11.0	7.2	9.6
	Russell 1000 Growth	-1.2	7.0	7.0	-13.3	12.1	11.5	14.3
<b>Mid-Cap Market Indices</b>	Russell Mid-Cap	-2.4	5.7	5.7	-5.0	11.5	8.4	10.7
	Russell Mid-Cap Value	-3.2	4.6	4.6	-3.4	12.0	7.3	9.6
	Russell Mid-Cap Growth	-1.0	7.7	7.7	-8.3	8.7	8.7	11.5
<b>Small-Cap Market Indices</b>	Russell 2000	-1.7	7.9	7.9	-6.0	10.1	6.0	9.1
	Russell 2000 Value	-2.3	7.0	7.0	-4.4	12.9	6.4	8.5
	Russell 2000 Growth	-1.1	8.8	8.8	-7.9	6.5	5.1	9.3

Source: Bloomberg as of February 28, 2023

# S&P 500 sector performance

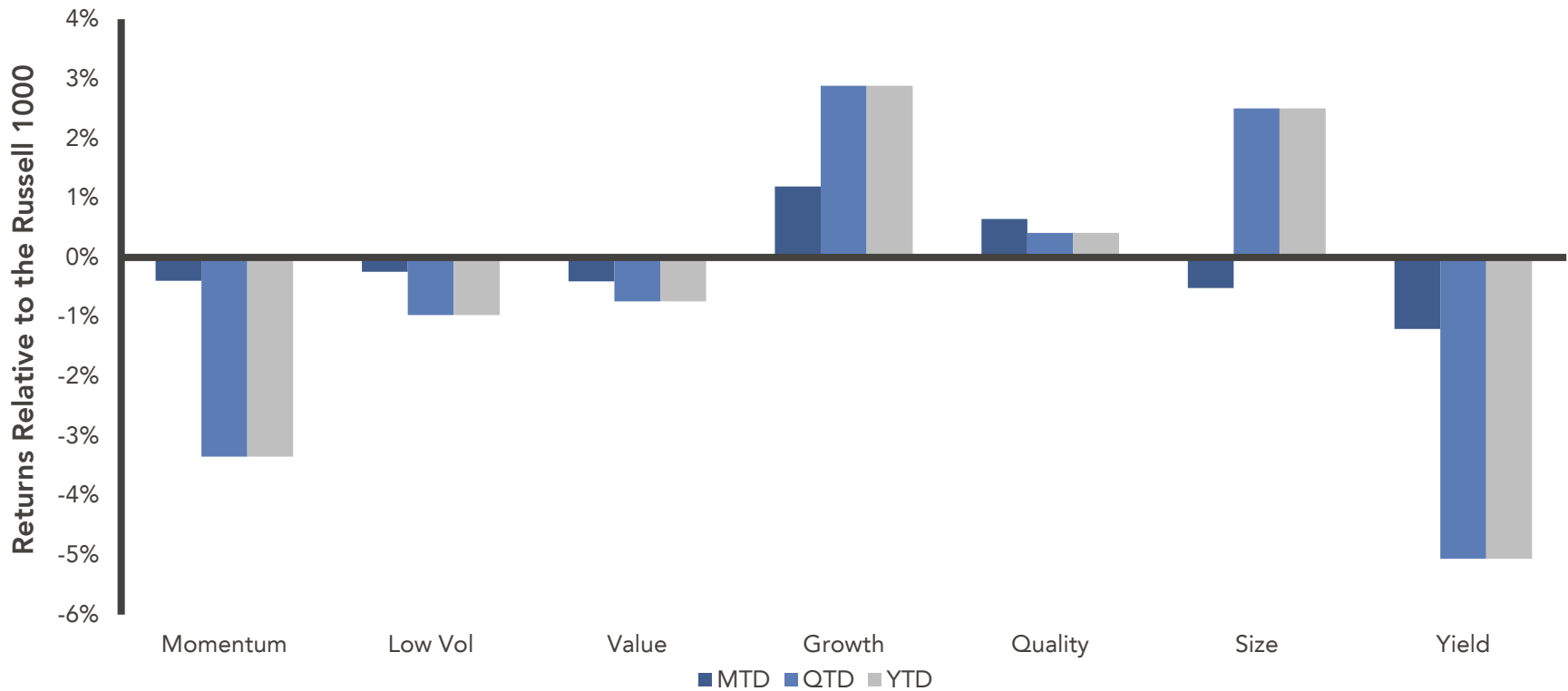
Technology was slightly positive in February; Energy was the biggest laggard for the month



Source: Bloomberg as of February 28, 2023, sector weights as of December 31, 2022

# Russell 1000 factor performance

## Growth and smaller-cap companies lead year-to-date

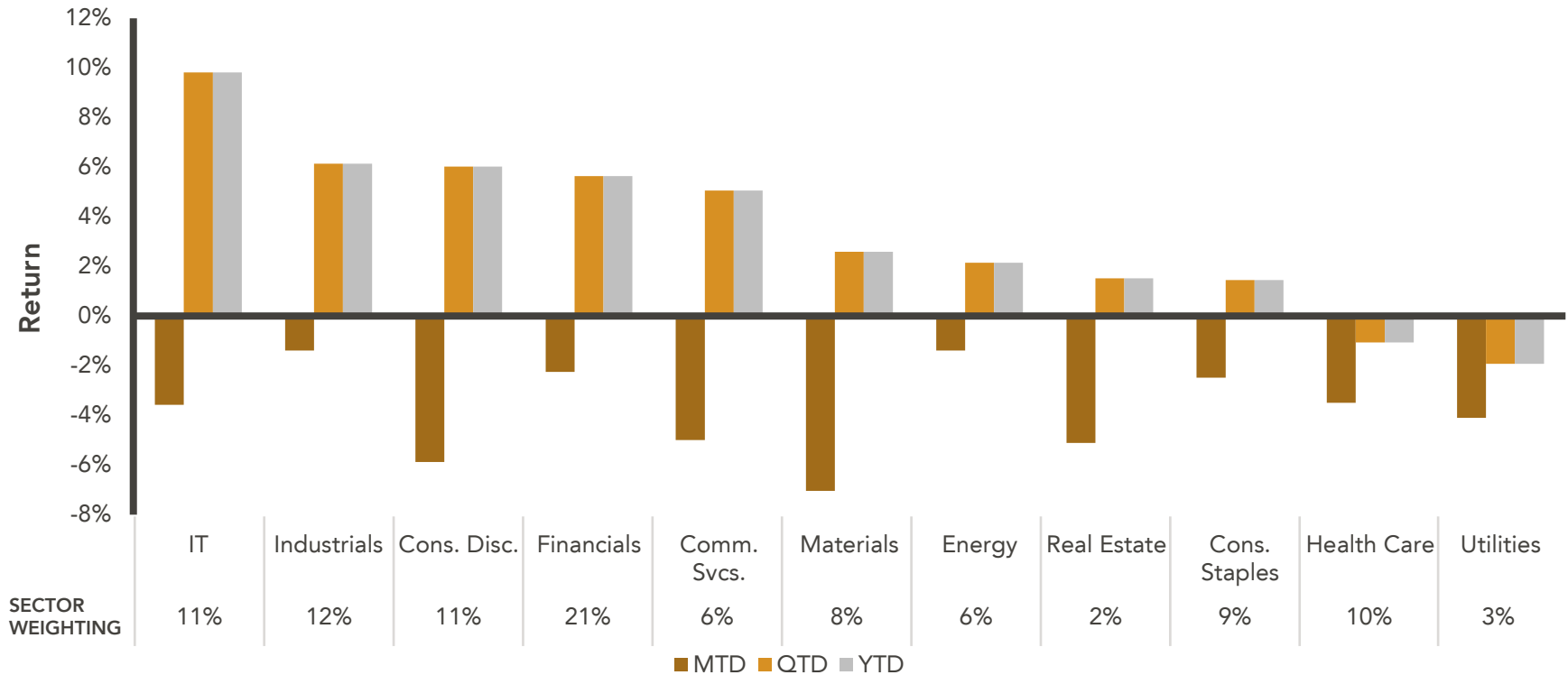


Source: Bloomberg as of February 28, 2023



# MSCI ACWI ex-U.S. sector performance

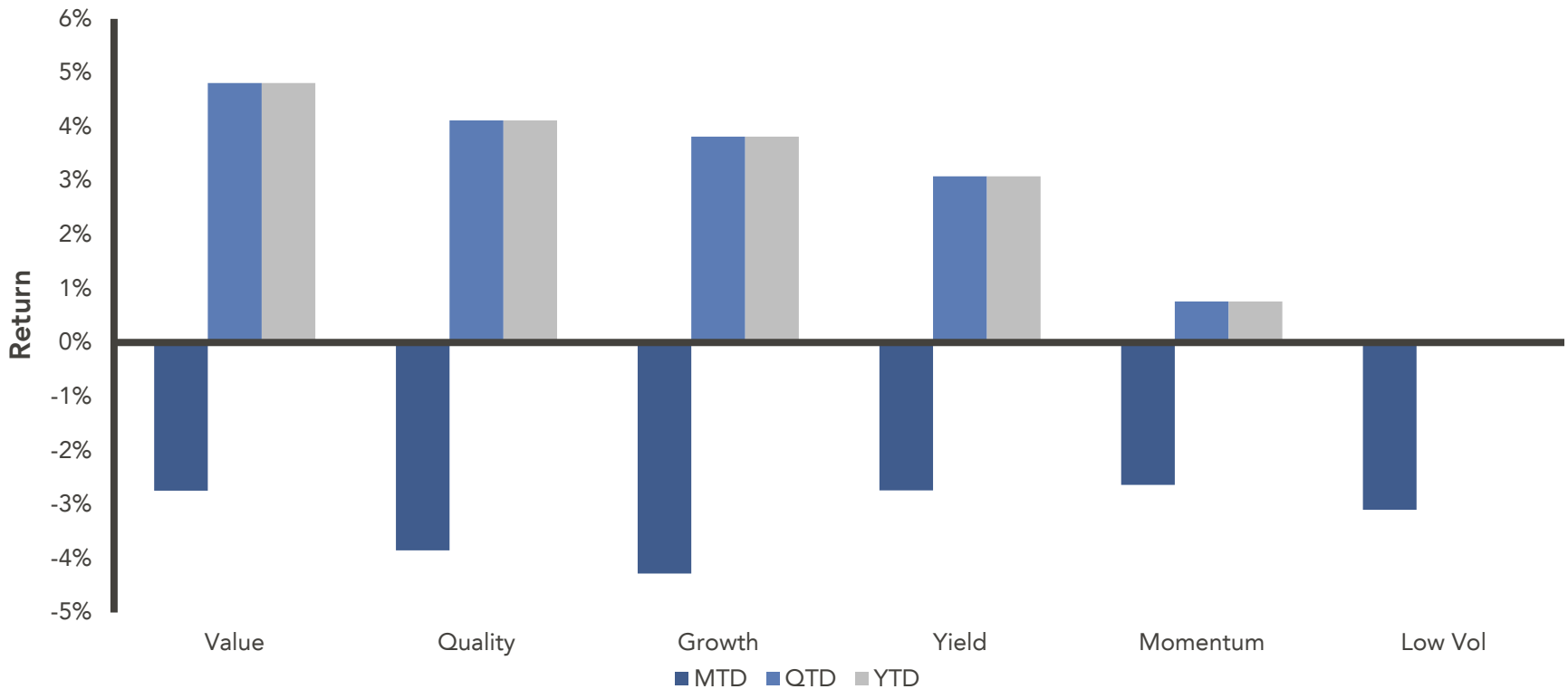
All sectors gave back some of their January gains in February; Healthcare and Utilities are the only sectors down year-to-date



Source: Bloomberg as of February 28, 2023, sector weights as of December 31, 2022

# MSCI ACWI ex-U.S. factor performance

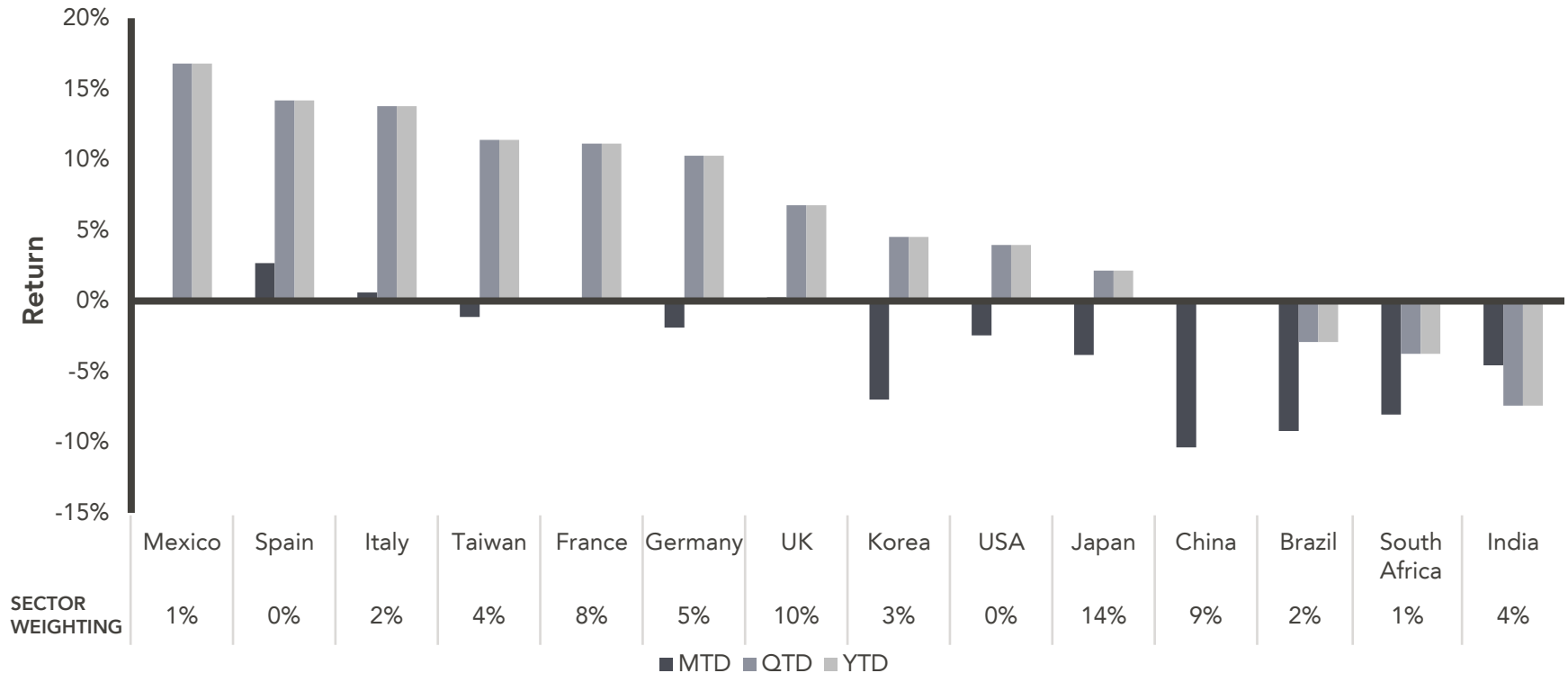
Growth underperformed in February as investors reconsidered the persistence of inflation



Source: Bloomberg as of February 28, 2023

# Country performance

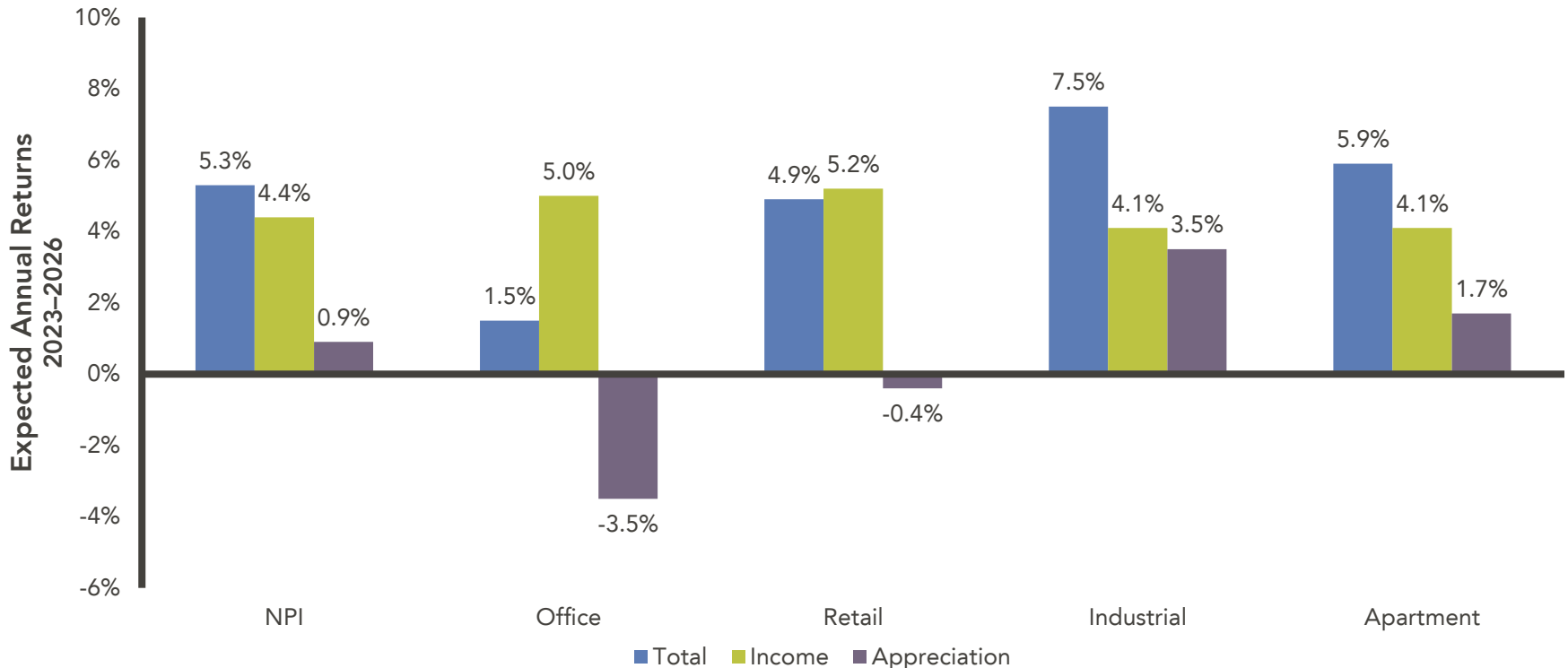
China gave back all its January gains in February; Mexico leads year-to-date



Source: Bloomberg as of February 28, 2023. Returns based on individual MSCI country indices; country weights based on the MSCI ACWI ex-U.S. Index as of December 31, 2022.

# Real Estate - Returns by property type

Rent growth, rather than capital value appreciation, is expected to drive returns across core sectors through 2026

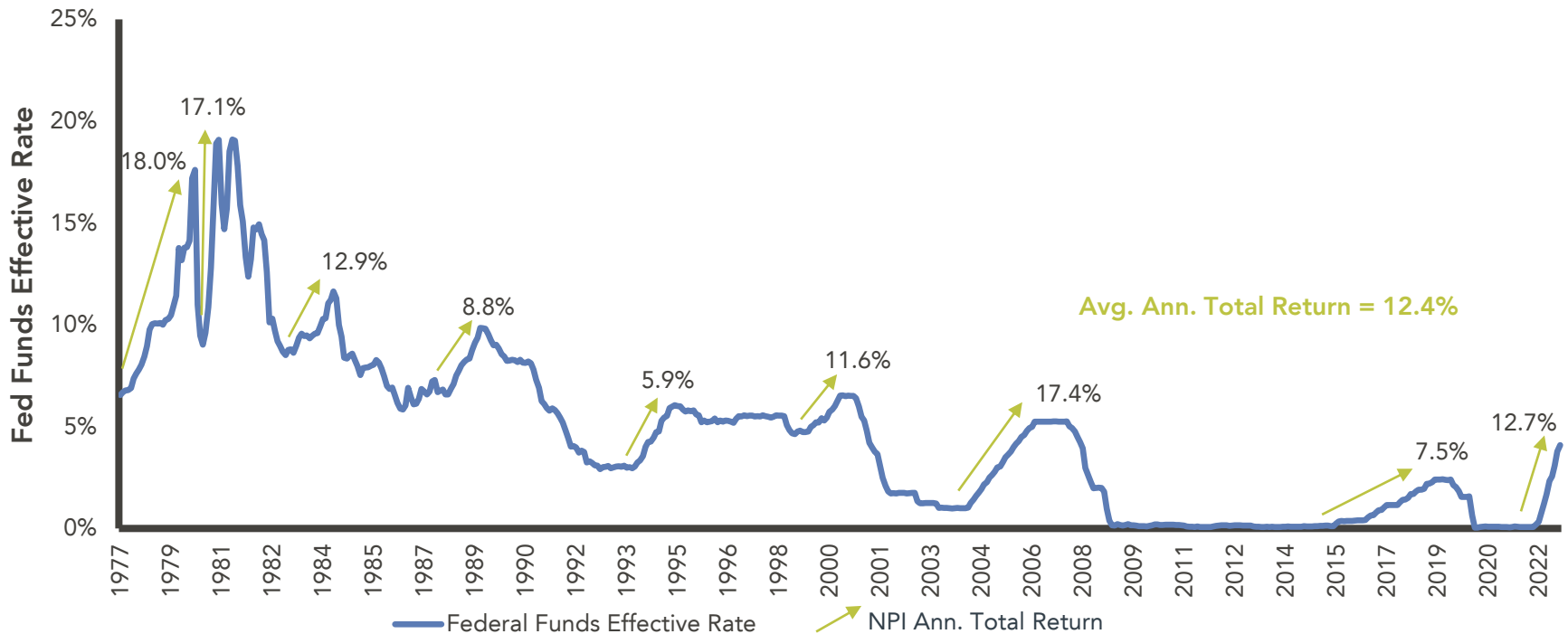


Source: PREA Consensus Survey, AEW as of December 31, 2022

# Performance amid higher interest rates

Dating back to the late 1970s, during stretches of interest rate increases, core real estate has consistently earned positive returns

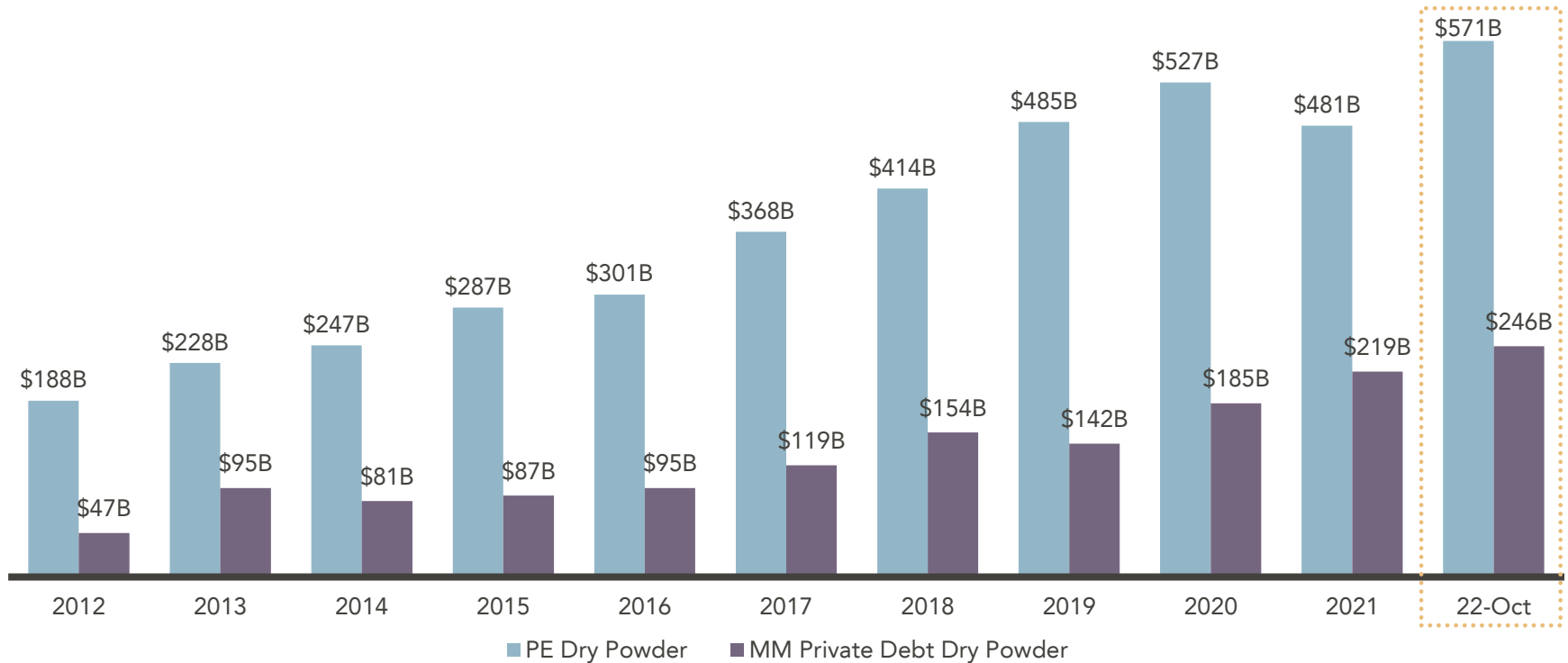
## ▣ NPI Total Returns During Periods of Fed Rate Hikes



Source: NCREIF, Federal Reserve, Moody's Analytics, Clarion Partners Investment Research as of December 31, 2022

# PE fundraising outpacing private credit

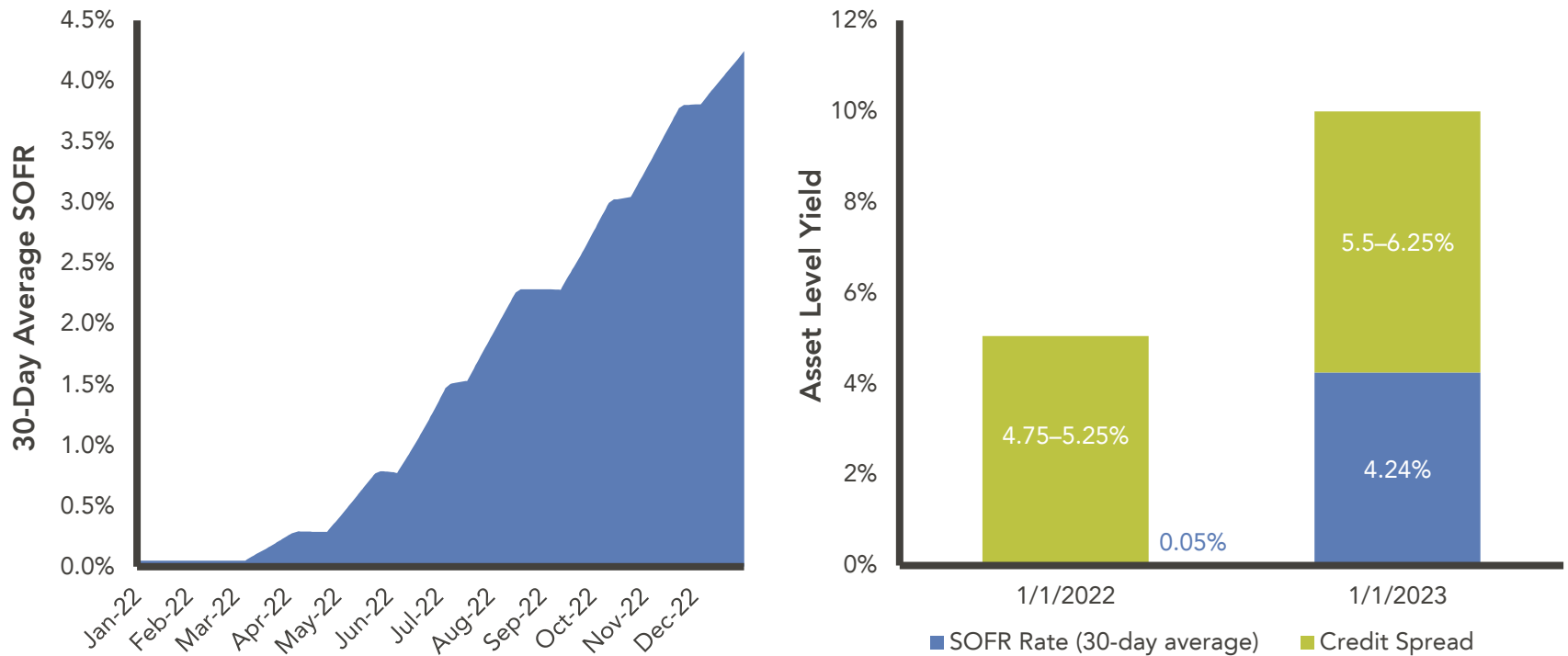
A historic amount of fundraising by middle market private equity is fueling private credit deal flow



Source: Prequin – North America Only

# Rising rates driving attractive pricing in Credit

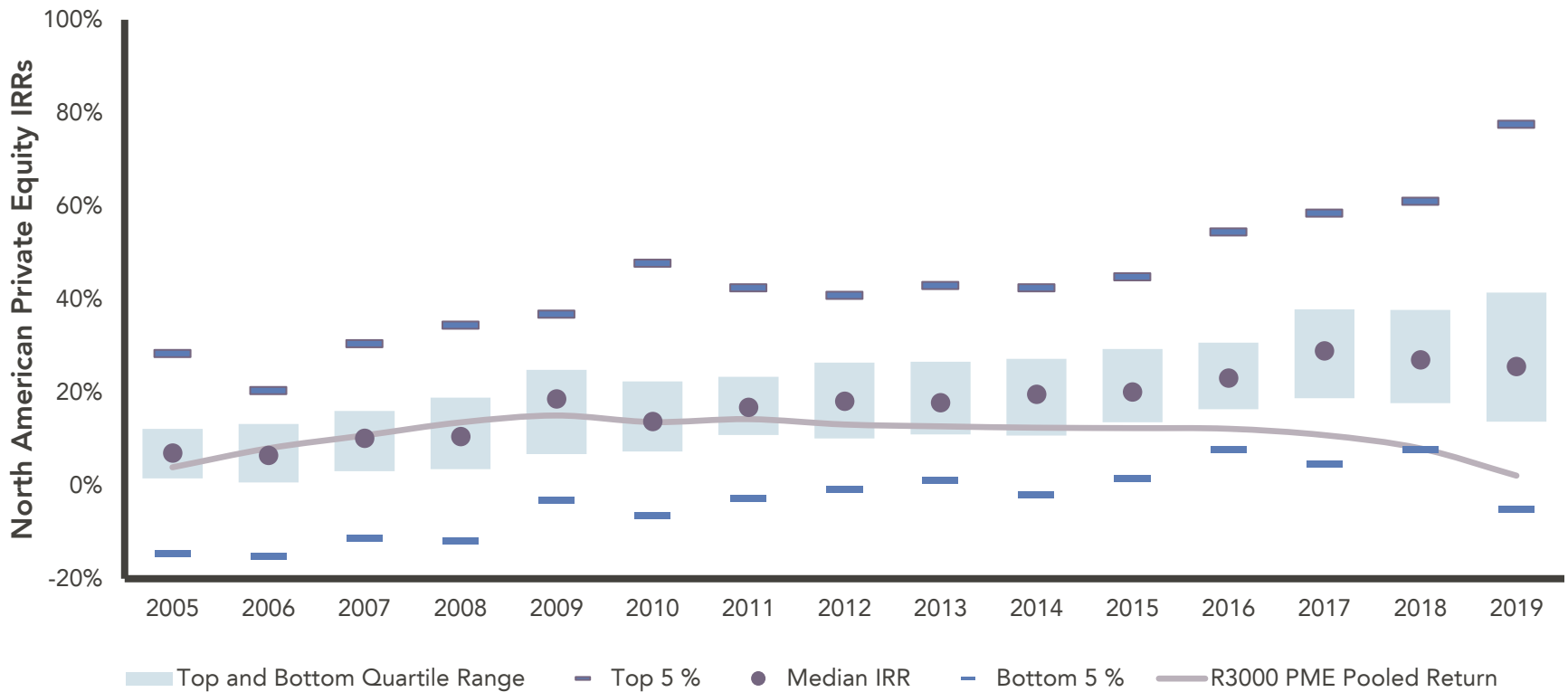
An increase in base rates along with widening credit spreads is driving incremental yield pickup for first lien/unitranche direct lending deals



Source: Federal Reserve Bank of New York, credit spreads based on sample of representative deals closed

# U.S. private equity vintage performance

Private equity performance continues to be strong with industry median performance exceeding public market equivalents

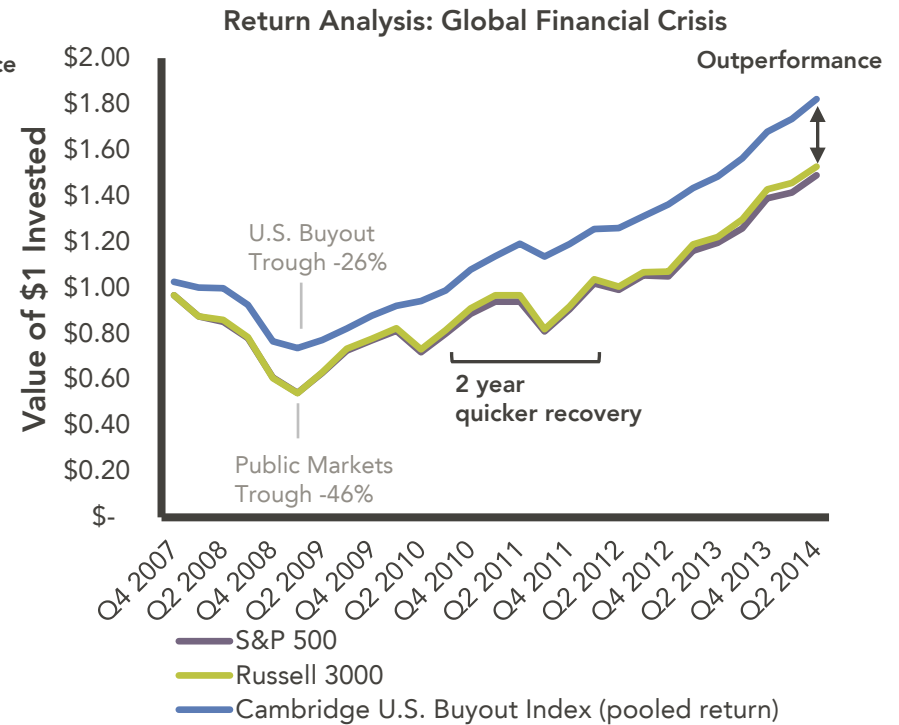
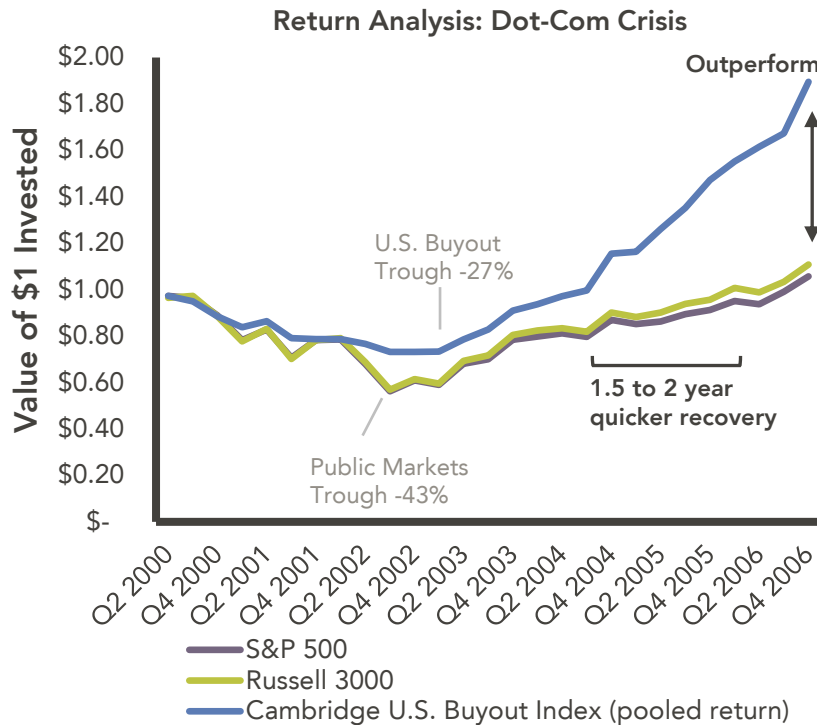


Source: Burgiss North American All Private Equity Public Market Equivalent, Pooled Returns as of September 30, 2022



# Private equity is resilient during downturns

Private equity has experienced lagged and less significant pullbacks with quicker recoveries relative to public market downturns



Source: Bloomberg, Cambridge Associates, Neuberger Berman

Purpose:

**Empower our  
clients to meet their  
investment  
objectives**

**Vision**

Be a trusted partner to our clients through effective investment programs

**Mission**

Provide independent and thoughtful investment guidance

**Why Marquette?**

- ✓ Our people
- ✓ Independent expertise
- ✓ Focused client service
- ✓ Careful research



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## ABOUT MARQUETTE ASSOCIATES

Marquette was founded in 1986 with the sole objective of providing investment consulting at the highest caliber of service. Our expertise is grounded in our commitment to client service — our team aims to be a trusted partner and as fiduciaries, our clients' interests and objectives are at the center of everything we do. Our approach brings together the real-world experience of our people and our dedication to creativity and critical thinking in order to empower our clients to meet their goals. Marquette is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Marquette including our investment strategies, fees and objectives can be found in our ADV Part 2, which is available upon request and on our website. For more information, please visit [www.MarquetteAssociates.com](http://www.MarquetteAssociates.com).



**Retirement Plan**

South Broward Hospital District

Retirement Plan

Monthly Flash Report

**February 28, 2023**

PRELIMINARY



Market Value: \$859.0 Million and 100.0% of Fund

Investment Manager	Asset Class	Status	Reason
C.S. McKee Aggregate Fixed Income	Core Fixed Income	In Compliance	---
Chartwell High Yield	High Yield Fixed Income	Alert	Organizational Issues
Pacific Floating Rate Income	Senior Secured Loans	In Compliance	---
Vanguard Total Stock Market Fund	All-Cap Core	In Compliance	---
Parametric Defensive Equity	Defensive Equity	In Compliance	---
Dodge & Cox	Global Value Equity	In Compliance	---
Walter Scott & Partners	Global Growth Equity	In Compliance	---
Vanguard Global Minimum Volatility	Global Low-Volatility	In Compliance	---

### Open-End Investment Manager Evaluation Terminology

The following terminology has been developed by Marquette Associates to facilitate efficient communication among the Investment Manager, Investment Consultant, and the Plan Sponsor. Each term signifies a particular status with the Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Trustees and/or the Investment Committee of the Plan.

**In Compliance** – Marquette has not been notified of any issues or changes to the investment manager that would materially impede upon its ability to execute the investment strategy or adhere to any applicable investment guidelines.

**Alert** – The investment manager has experienced a problem in performance (usually relative to a benchmark), a change in investment characteristics, an alteration in management style, ownership, or key investment professionals, and/or any other irregularities that may impede upon its ability to execute the investment strategy or adhere to any applicable investment guidelines.

**On Notice** – The investment manager has experienced continued concern with one or more Alert issues. Failure to improve upon stated issues within a certain time frame may justify termination.

**Termination** – The investment manager has been terminated and transition plans are in place.

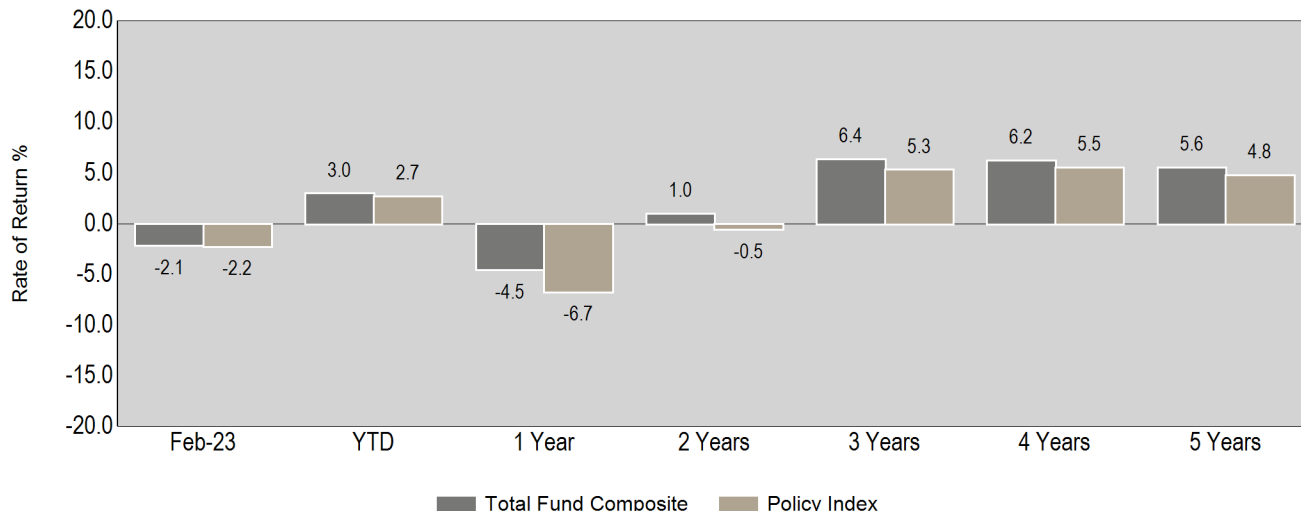
### Interpreting and Understanding This Report

This Report, including all data, information, calculations and comments contained in the pages herein, should be viewed in its entirety.

# Total Fund Composite

Market Value: \$859.0 Million and 100.0% of Fund

## Return Summary Ending February 28, 2023



## Statistics Summary

### 2 Months Ending February 28, 2023

	Anlzd Return
Total Fund Composite	3.0%
Fixed Income Composite	0.9%
U.S. Equity Composite	3.7%
Global Equity Composite	4.1%

## Asset Allocation vs. Target

### As Of February 28, 2023

	Current	Current	Policy	Difference*	%
Fixed Income Composite	\$267,732,992	31.2%	35.0%	-\$32,932,522	-3.8%
U.S. Equity Composite	\$177,540,896	20.7%	20.0%	\$5,732,031	0.7%
Global Equity Composite	\$407,626,666	47.5%	45.0%	\$21,056,719	2.5%
Cash Composite	\$6,143,773	0.7%	--	--	--

## Summary of Cash Flows

	Last Month	Year-To-Date	One Year	Three Years
Beginning Market Value	\$877,406,993.89	\$833,725,297.78	\$896,393,101.06	\$709,987,478.26
Net Cash Flow	\$82,182.18	\$17,046.01	\$792,623.65	-\$2,692,129.17
Net Investment Change	-\$18,444,849.23	\$25,301,983.05	-\$38,141,397.87	\$151,748,977.75
Ending Market Value	\$859,044,326.84	\$859,044,326.84	\$859,044,326.84	\$859,044,326.84

# Total Fund Composite

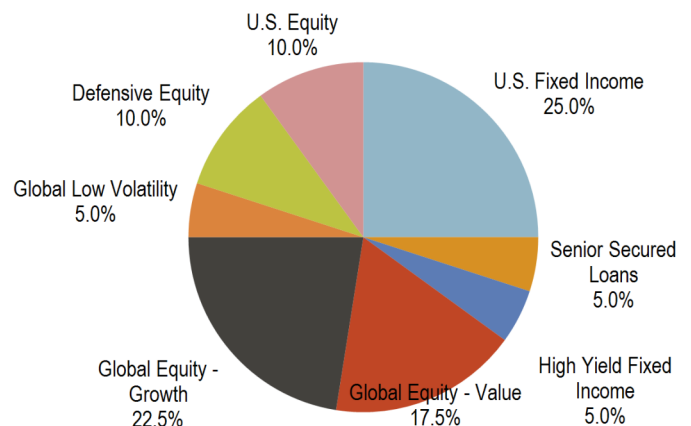
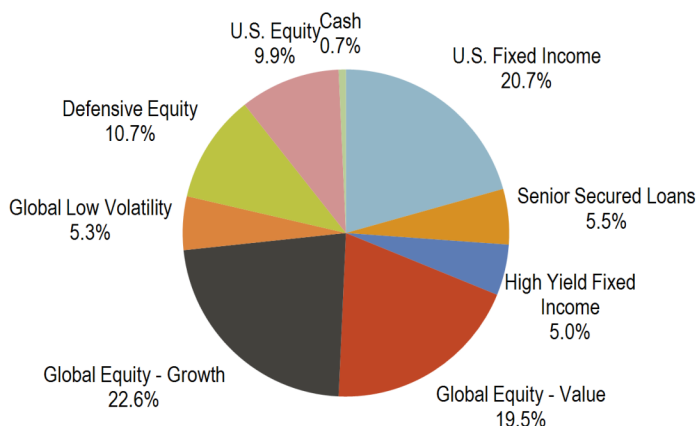
Market Value: \$859.0 Million and 100.0% of Fund

Ending February 28, 2023

Asset Class	Market Value	1 Mo Net Cash Flows	% of Portfolio	Policy %	Policy Range	Policy Difference	
<b>Total Fund Composite</b>	<b>\$859,044,327</b>	<b>\$82,182</b>	<b>100.0%</b>	<b>100.0%</b>		<b>\$0</b>	
<b>Fixed Income Composite</b>	<b>\$267,732,992</b>	<b>\$0</b>	<b>31.2%</b>	<b>35.0%</b>	<b>30.0% - 40.0%</b>	<b>-\$32,932,522</b>	
C.S. McKee Aggregate Fixed Income	Core Fixed Income	\$177,420,730	\$0	20.7%	25.0%	20.0% - 30.0%	-\$37,340,352
Chartwell High Yield	High Yield Fixed Income	\$43,205,623	\$0	5.0%	5.0%	2.5% - 7.5%	\$253,407
Pacific Floating Rate Income	Senior Secured Loans	\$47,094,102	\$0	5.5%	5.0%	2.5% - 7.5%	\$4,141,885
Wellington LCP Legacy Portfolio	Workout Portfolio	\$12,537	\$0	0.0%			
<b>U.S. Equity Composite</b>	<b>\$177,540,896</b>	<b>\$0</b>	<b>20.7%</b>	<b>20.0%</b>	<b>15.0% - 25.0%</b>	<b>\$5,732,031</b>	
Vanguard Total Stock Market Fund	All-Cap Core	\$85,362,836	\$0	9.9%	10.0%	5.0% - 15.0%	-\$541,596
Parametric Defensive Equity	Defensive Equity	\$92,178,060	\$0	10.7%	10.0%	5.0% - 15.0%	\$6,273,627
<b>Global Equity Composite</b>	<b>\$407,626,666</b>	<b>\$0</b>	<b>47.5%</b>	<b>45.0%</b>	<b>40.0% - 50.0%</b>	<b>\$21,056,719</b>	
Dodge & Cox	Global Value Equity	\$167,916,580	\$0	19.5%	17.5%	12.5% - 22.5%	\$17,583,823
Walter Scott & Partners	Global Growth Equity	\$194,191,908	\$0	22.6%	22.5%	17.5% - 27.5%	\$906,935
Vanguard Global Minimum Volatility	Global Low-Volatility	\$45,518,178	\$0	5.3%	5.0%	2.5% - 7.5%	\$2,565,961
<b>Cash Composite</b>	<b>\$6,143,773</b>	<b>\$82,182</b>	<b>0.7%</b>	<b>--</b>		<b>\$6,143,773</b>	
Money Market	Cash & Equivalents	\$2,457,626	-\$4,877	0.3%			
Vanguard Treasury Money Market	Cash & Equivalents	\$3,686,147	\$87,059	0.4%			

**Current Asset Allocation**

**Target Asset Allocation**





# Investment Manager

# Annualized Performance (Net of Fees)

Market Value: \$859.0 Million and 100.0% of Fund

Ending February 28, 2023

	1 Mo	3 Mo	YTD	Fiscal YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
<b>Total Fund Composite</b>	<b>-2.1%</b>	<b>0.8%</b>	<b>3.0%</b>	<b>0.0%</b>	<b>-4.5%</b>	<b>1.0%</b>	<b>6.4%</b>	<b>6.2%</b>	<b>5.6%</b>
<i>Policy Index</i>	-2.2%	0.2%	2.7%	-2.0%	-6.7%	-0.5%	5.3%	5.5%	4.8%
<b>Fixed Income Composite</b>	<b>-1.7%</b>	<b>0.7%</b>	<b>0.9%</b>	<b>-1.6%</b>	<b>-6.4%</b>	<b>-3.9%</b>	<b>-1.8%</b>	<b>0.8%</b>	<b>1.1%</b>
<i>Custom Index</i>	-1.8%	0.7%	1.0%	-1.8%	-6.6%	-4.0%	-1.8%	0.9%	1.4%
C.S. McKee Aggregate Fixed Income	-2.6%	0.1%	0.3%	-3.4%	-9.8%	-6.2%	-3.7%	-0.2%	--
<i>Bloomberg US Aggregate TR</i>	-2.6%	0.0%	0.4%	-3.5%	-9.7%	-6.3%	-3.8%	-0.1%	0.5%
Chartwell High Yield	-0.6%	0.7%	0.7%	1.8%	-0.2%	-0.1%	1.6%	2.1%	2.4%
<i>BofA Merrill Lynch 1-3 Yrs High Yield BB</i>	-0.3%	1.4%	1.6%	2.6%	0.5%	0.6%	2.7%	3.1%	3.4%
Pacific Floating Rate Income	0.6%	3.4%	3.2%	2.5%	2.4%	2.8%	3.2%	3.1%	3.2%
<i>CSFB Leveraged Loan</i>	0.6%	3.6%	3.2%	2.0%	2.3%	2.8%	3.7%	3.6%	3.6%
Wellington LCP Legacy Portfolio									
<b>U.S. Equity Composite</b>	<b>-1.5%</b>	<b>-0.3%</b>	<b>3.7%</b>	<b>-0.2%</b>	<b>-4.7%</b>	<b>3.1%</b>	<b>10.1%</b>	<b>8.8%</b>	<b>7.9%</b>
<i>CRSP US Total Market TR USD</i>	-2.3%	-1.7%	4.4%	-2.3%	-8.2%	1.4%	11.7%	10.4%	9.4%
Vanguard Total Stock Market Fund	-2.4%	-1.7%	4.4%	-2.3%	-8.3%	1.3%	11.6%	10.4%	9.3%
<i>CRSP US Total Market TR USD</i>	-2.3%	-1.7%	4.4%	-2.3%	-8.2%	1.4%	11.7%	10.4%	9.4%
Parametric Defensive Equity	-0.6%	1.0%	3.1%	1.8%	-1.0%	4.7%	7.8%	6.6%	5.8%
<i>50% S&amp;P 500/50% 91 Day T-Bill</i>	-1.1%	-0.6%	2.2%	0.3%	-2.3%	2.8%	6.9%	6.5%	5.9%
<i>CBOE S&amp;P 500 Covered Combo Index</i>	-0.3%	2.3%	4.5%	-4.2%	-5.7%	3.5%	5.8%	5.3%	4.4%
<b>Global Equity Composite</b>	<b>-2.7%</b>	<b>1.3%</b>	<b>4.1%</b>	<b>1.2%</b>	<b>-3.2%</b>	<b>3.1%</b>	<b>10.3%</b>	<b>8.6%</b>	<b>7.5%</b>
<i>MSCI ACWI</i>	-2.9%	0.0%	4.1%	-2.4%	-8.3%	-0.6%	8.8%	7.6%	5.8%
Dodge & Cox	-3.4%	2.0%	5.2%	3.5%	-0.9%	5.6%	12.9%	9.2%	6.4%
<i>MSCI ACWI Value</i>	-3.2%	-0.8%	1.6%	-0.1%	-3.4%	4.1%	8.5%	5.3%	3.9%
Walter Scott & Partners	-2.4%	1.5%	4.1%	-0.5%	-6.1%	0.7%	8.7%	8.3%	8.2%
<i>MSCI World Growth</i>	-1.9%	1.1%	7.6%	-4.3%	-12.9%	-3.6%	9.5%	10.2%	8.4%
Vanguard Global Minimum Volatility	-1.4%	-2.4%	0.3%	0.6%	1.4%	4.2%	3.3%	4.1%	4.8%
<i>MSCI ACWI Minimum Volatility Index</i>	-3.8%	-4.0%	-2.1%	-5.4%	-6.2%	1.4%	3.2%	3.6%	4.3%

## Investment Manager

## Calendar Performance (Net of Fees)

Market Value: \$859.0 Million and 100.0% of Fund

	2022	2021	2020	2019	2018
<b>Total Fund Composite</b>	<b>-11.9%</b>	<b>13.4%</b>	<b>11.0%</b>	<b>19.5%</b>	<b>-3.7%</b>
<i>Policy Index</i>	-13.9%	12.6%	11.7%	19.6%	-4.7%
<i>InvMetrics All DB Net Rank</i>	27	40	73	41	32
<b>Fixed Income Composite</b>	<b>-9.5%</b>	<b>-0.2%</b>	<b>6.3%</b>	<b>8.6%</b>	<b>-0.6%</b>
<i>Custom Index</i>	-10.0%	0.1%	6.7%	8.7%	0.5%
<i>InvMetrics All DB Total Fix Inc Net Rank</i>	35	42	70	53	57
C.S. McKee Aggregate Fixed Income	-12.9%	-1.8%	7.6%	8.9%	--
<i>Bloomberg US Aggregate TR</i>	-13.0%	-1.5%	7.5%	8.7%	0.0%
<i>eV US Core Fixed Inc Net Rank</i>	42	76	73	54	--
Chartwell High Yield	-3.0%	2.3%	4.2%	7.0%	0.7%
<i>BofA Merrill Lynch 1-3 Yrs High Yield BB</i>	-3.1%	3.2%	5.4%	8.7%	1.3%
<i>High Yield Bond MStar MF Rank</i>	4	99	74	96	7
Pacific Floating Rate Income	-0.8%	4.6%	1.6%	8.3%	--
<i>CSFB Leveraged Loan</i>	-1.1%	5.4%	2.8%	8.2%	1.1%
Wellington LCP Legacy Portfolio					
<b>U.S. Equity Composite</b>	<b>-13.8%</b>	<b>21.8%</b>	<b>13.6%</b>	<b>23.5%</b>	<b>-4.1%</b>
<i>CRSP US Total Market TR USD</i>	-19.5%	25.7%	21.0%	30.8%	-5.2%
<i>InvMetrics All DB US Eq Net Rank</i>	6	92	89	98	7
Vanguard Total Stock Market Fund	-19.5%	25.7%	21.0%	30.7%	-5.2%
<i>CRSP US Total Market TR USD</i>	-19.5%	25.7%	21.0%	30.8%	-5.2%
<i>All Cap MStar MF Rank</i>	59	45	38	36	37
Parametric Defensive Equity	-7.7%	17.2%	5.0%	16.0%	-2.9%
<i>50% S&amp;P 500/50% 91 Day T-Bill</i>	-8.2%	13.7%	9.9%	16.1%	-1.0%
<i>CBOE S&amp;P 500 Covered Combo Index</i>	-13.8%	20.8%	-0.2%	19.5%	-4.9%

- Policy Index is currently 40% MSCI ACWI, 5% MSCI ACWI Minimum Volatility, 25% Barclays U.S. Aggregate, 10% CRSP US Total Market Index, 10% 50% CBOE Put Write Index, 5% BofA ML 1-3 Year High Yield BB, and 5% Credit Suisse Leveraged Loan Index.

- All Data is to be considered preliminary until the release of the final quarterly report.

- InvestorForce is a subsidiary of MSCI. The platform is utilized by 45 Investment Consulting firms, with over 3,500 members, totaling roughly \$4 trillion in assets. Peer universes include over 1,000 Defined Benefit Plans, including over 230 with between \$250 million and \$1 billion in assets.

## Investment Manager

## Calendar Performance (Net of Fees)

Market Value: \$859.0 Million and 100.0% of Fund

	2022	2021	2020	2019	2018
<b>Global Equity Composite</b>	<b>-12.8%</b>	<b>19.0%</b>	<b>12.4%</b>	<b>27.1%</b>	<b>-6.2%</b>
<i>MSCI ACWI</i>	-18.4%	18.5%	16.3%	26.6%	-9.4%
<i>InvMetrics All DB Gbl Eq Net Rank</i>	16	14	69	28	26
<b>Dodge &amp; Cox</b>	<b>-5.8%</b>	<b>20.8%</b>	<b>6.0%</b>	<b>23.8%</b>	<b>-12.6%</b>
<i>MSCI ACWI Value</i>	-7.5%	19.6%	-0.3%	20.6%	-10.8%
<i>Global Large Stock Mstar MF Rank</i>	11	24	78	72	76
<b>Walter Scott &amp; Partners</b>	<b>-19.6%</b>	<b>18.7%</b>	<b>18.9%</b>	<b>30.5%</b>	<b>-2.3%</b>
<i>MSCI World Growth</i>	-29.2%	21.2%	33.8%	33.7%	-6.7%
<i>eV Global All Cap Growth Eq Net Rank</i>	15	21	97	52	16
<b>Vanguard Global Minimum Volatility</b>	<b>-4.5%</b>	<b>12.0%</b>	<b>-3.9%</b>	<b>22.7%</b>	<b>-1.7%</b>
<i>MSCI ACWI Minimum Volatility Index</i>	-10.3%	13.9%	2.7%	21.1%	-1.6%
<i>eV Global Low Volatility Equity Net Rank</i>	8	93	83	22	1

- Policy Index is currently 40% MSCI ACWI, 5% MSCI ACWI Minimum Volatility, 25% Barclays U.S. Aggregate, 10% CRSP US Total Market Index, 10% 50% CBOE Put Write Index, 5% BofA ML 1-3 Year High Yield BB, and 5% Credit Suisse Leveraged Loan Index.

- All Data is to be considered preliminary until the release of the final quarterly report.

- InvestorForce is a subsidiary of MSCI. The platform is utilized by 45 Investment Consulting firms, with over 3,500 members, totaling roughly \$4 trillion in assets. Peer universes include over 1,000 Defined Benefit Plans, including over 230 with between \$250 million and \$1 billion in assets.

## Retirement Plan

### Portfolio Reconciliation By Manager

Month Ending February 28, 2023

	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
C.S. McKee Aggregate Fixed Income	\$182,068,926	\$0	\$0	\$0	-\$4,648,195	\$177,420,730
Chartwell High Yield	\$43,471,418	\$0	\$0	\$0	-\$265,795	\$43,205,623
Pacific Floating Rate Income	\$46,828,364	\$0	\$0	\$0	\$265,738	\$47,094,102
Wellington LCP Legacy Portfolio	\$12,500	\$0	\$0	\$0	\$37	\$12,537
Vanguard Total Stock Market Fund	\$87,463,536	\$0	\$0	\$0	-\$2,100,699	\$85,362,836
Parametric Defensive Equity	\$92,687,029	\$0	\$0	\$0	-\$508,969	\$92,178,060
Dodge & Cox	\$173,737,350	\$0	\$0	\$0	-\$5,820,771	\$167,916,580
Walter Scott & Partners	\$198,908,844	\$0	\$0	\$0	-\$4,716,936	\$194,191,908
Vanguard Global Minimum Volatility	\$46,175,662	\$0	\$0	\$0	-\$657,485	\$45,518,178
Money Market	\$2,454,278	\$3,744	-\$8,621	-\$4,877	\$8,226	\$2,457,626
Vanguard Treasury Money Market	\$3,599,087	\$3,356,285	-\$3,269,226	\$87,059	\$0	\$3,686,147
<b>Total</b>	<b>\$877,406,994</b>	<b>\$3,360,029</b>	<b>-\$3,277,847</b>	<b>\$82,182</b>	<b>-\$18,444,849</b>	<b>\$859,044,327</b>

## DISCLOSURE

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**Operating Funds**

South Broward Hospital District

Operating Funds

Monthly Flash Report

**February 28, 2023**

PRELIMINARY



Market Value: \$2,350.8 Million and 100.0% of Fund

Investment Manager	Asset Class	Status	Reason
Smith Graham Low Duration	Short-Term Govt. Fixed Income	Alert	Professional Turnover
Galliard Intermediate Government	Int. Govt. Fixed Income	Alert	Organizational Issues
Galliard Opportunistic	Opportunistic Fixed Income	Alert	Organizational Issues
Merganser Intermediate Bond	Int. Govt. Fixed Income	In Compliance	---
Merganser Opportunistic	Opportunistic Fixed Income	In Compliance	---
Lord Abbett Short Duration	Short-Term Govt. Fixed Income	In Compliance	---
Lord Abbett Intermediate Bond	Int. Govt. Fixed Income	In Compliance	---
Fort Washington Intermediate Bond	Int. Govt. Fixed Income	In Compliance	---
Fort Washington Active Fixed Income	Opportunistic Fixed Income	In Compliance	---
PFM - Self Insurance Fund	Int. Govt. Fixed Income	In Compliance	---
PFM - Disability Fund	Int. Govt. Fixed Income	In Compliance	---
PFM - Workmen's Compensation Fund	Int. Govt. Fixed Income	In Compliance	---
PFM - Health & Dental Fund	Int. Govt. Fixed Income	In Compliance	---
Vanguard Global Minimum Volatility	Global Low-Volatility	In Compliance	---
Parametric Global Defensive Equity	Defensive Equity	In Compliance	---
PNC Treasury Management	Cash & Equivalents	In Compliance	---

### Open-End Investment Manager Evaluation Terminology

The following terminology has been developed by Marquette Associates to facilitate efficient communication among the Investment Manager, Investment Consultant, and the Plan Sponsor. Each term signifies a particular status with the Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Trustees and/or the Investment Committee of the Plan.

**In Compliance** – Marquette has not been notified of any issues or changes to the investment manager that would materially impede upon its ability to execute the investment strategy or adhere to any applicable investment guidelines.

**Alert** – The investment manager has experienced a problem in performance (usually relative to a benchmark), a change in investment characteristics, an alteration in management style, ownership, or key investment professionals, and/or any other irregularities that may impede upon its ability to execute the investment strategy or adhere to any applicable investment guidelines.

**On Notice** – The investment manager has experienced continued concern with one or more Alert issues. Failure to improve upon stated issues within a certain time frame may justify termination.

**Termination** – The investment manager has been terminated and transition plans are in place.

### Interpreting and Understanding This Report

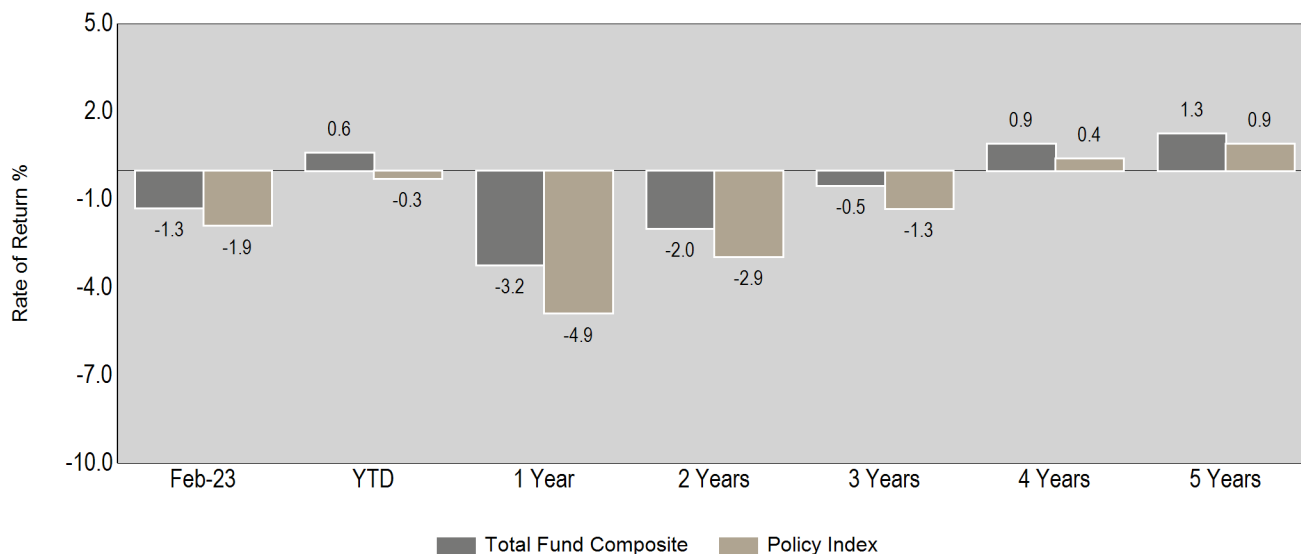
This Report, including all data, information, calculations and comments contained in the pages herein, should be viewed in its entirety.



# Total Fund Composite

Market Value: \$2,350.8 Million and 100.0% of Fund

## Return Summary Ending February 28, 2023



## Statistics Summary

2 Months Ending February 28, 2023

## Asset Allocation vs. Target

As Of February 28, 2023

	Anlzd Return		Current	Current	Policy	Difference*	%
Total Fund Composite	0.6%	Cash & Equivalents	\$256,941,186	10.9%	15.0%	-\$95,681,162	-4.1%
Short Term Composite	0.2%	Short-Term Govt. Fixed Income	\$234,606,577	10.0%	10.0%	-\$474,989	0.0%
Intermediate Term Composite	0.4%	Int. Govt. Fixed Income	\$905,768,205	38.5%	35.0%	\$82,982,726	3.5%
Opportunistic Composite	0.5%	Opportunistic Fixed Income	\$454,283,008	19.3%	20.0%	-\$15,880,123	-0.7%
Global Equity Composite	1.6%	Global Core Equity	--	--	5.0%	-\$117,540,783	-5.0%
		Global Low-Volatility	\$249,351,558	10.6%	7.5%	\$73,040,384	3.1%
		Defensive Equity	\$249,865,120	10.6%	7.5%	\$73,553,946	3.1%
		<b>Total</b>	<b>\$2,350,815,654</b>	<b>100.0%</b>	<b>100.0%</b>		

## Summary of Cash Flows

	Last Month	Last Three Months	One Year	Three Years
Beginning Market Value	\$2,380,714,832	\$2,461,369,982	\$2,595,799,235	\$2,225,439,588
Net Cash Flow	-\$21,559	-\$115,065,660	-\$165,261,738	\$159,392,491
Net Investment Change	-\$29,877,619	\$4,511,332	-\$79,721,843	-\$34,016,425
Ending Market Value	\$2,350,815,654	\$2,350,815,654	\$2,350,815,654	\$2,350,815,654

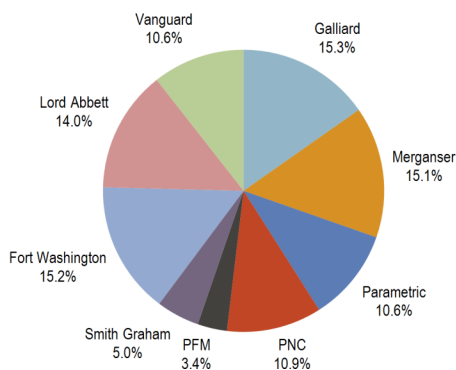
# Total Fund Composite

Market Value: \$2,350.8 Million and 100.0% of Fund

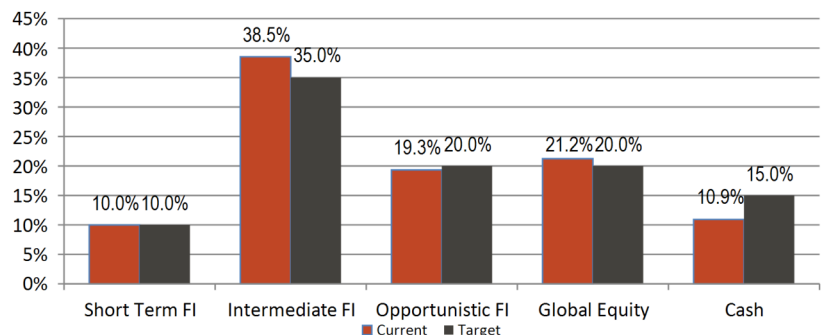
Ending February 28, 2023

	Asset Class	Market Value	1 Mo Net Cash Flows	% of Portfolio	Policy %	Policy Range	Policy Difference
<b>Total Fund Composite</b>		<b>\$2,350,815,654</b>	<b>-\$21,559</b>	<b>100.0%</b>	<b>100.0%</b>		<b>\$0</b>
<b>Short Term Composite</b>		<b>\$234,606,577</b>	<b>\$0</b>	<b>10.0%</b>	<b>10.0%</b>	<b>5.0% - 15.0%</b>	<b>-\$474,989</b>
Lord Abbett Short Duration	Short-Term Govt. Fixed Income	\$118,097,042	\$0	5.0%			
Smith Graham Low Duration	Short-Term Govt. Fixed Income	\$116,509,534	\$0	5.0%			
<b>Intermediate Term Composite</b>		<b>\$905,768,205</b>	<b>\$0</b>	<b>38.5%</b>	<b>35.0%</b>	<b>30.0% - 40.0%</b>	<b>\$82,982,726</b>
Galliard Intermediate Government	Int. Govt. Fixed Income	\$219,043,344	\$0	9.3%			
Merganser Intermediate Bond	Int. Govt. Fixed Income	\$213,583,155	\$0	9.1%			
Fort Washington Intermediate Bond	Int. Govt. Fixed Income	\$183,092,007	\$0	7.8%			
Lord Abbett Intermediate Bond	Int. Govt. Fixed Income	\$210,703,763	\$0	9.0%			
PFM - Self Insurance Fund	Int. Govt. Fixed Income	\$44,002,560	\$0	1.9%			
PFM - Disability Fund	Int. Govt. Fixed Income	\$19,482,677	\$0	0.8%			
PFM - Workmen's Compensation Fund	Int. Govt. Fixed Income	\$10,635,775	\$0	0.5%			
PFM - Health & Dental Fund	Int. Govt. Fixed Income	\$5,224,924	\$0	0.2%			
<b>Opportunistic Composite</b>		<b>\$454,283,008</b>	<b>\$0</b>	<b>19.3%</b>	<b>20.0%</b>	<b>15.0% - 25.0%</b>	<b>-\$15,880,123</b>
Galliard Opportunistic	Opportunistic Fixed Income	\$140,119,701	\$0	6.0%			
Merganser Opportunistic	Opportunistic Fixed Income	\$140,613,727	\$0	6.0%			
Fort Washington Active Fixed Income	Opportunistic Fixed Income	\$173,549,580	\$0	7.4%			
<b>Global Equity Composite</b>		<b>\$499,216,678</b>	<b>\$0</b>	<b>21.2%</b>	<b>20.0%</b>	<b>15.0% - 25.0%</b>	<b>\$29,053,547</b>
Vanguard Global Minimum Volatility	Global Low-Volatility	\$249,351,558	\$0	10.6%			
Parametric Global Defensive Equity	Defensive Equity	\$249,865,120	\$0	10.6%			
<b>Cash Composite</b>		<b>\$256,941,186</b>	<b>-\$21,559</b>	<b>10.9%</b>	<b>15.0%</b>	<b>15.0% - 20.0%</b>	<b>-\$95,681,162</b>
PNC Treasury Management	Cash & Equivalents	\$256,941,091	-\$21,559	10.9%			
U.S. Bank Cash	Cash & Equivalents	\$95	\$0	0.0%			

Current Manager Concentration



Target Asset Allocation



# Investment Manager

# Annualized Performance (Net of Fees)

Market Value: \$2,350.8 Million and 100.0% of Fund

Ending February 28, 2023

	1 Mo	3 Mo	YTD	Fiscal YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
<b>Total Fund Composite</b>	<b>-1.3%</b>	<b>0.1%</b>	<b>0.6%</b>	<b>-0.5%</b>	<b>-3.2%</b>	<b>-2.0%</b>	<b>-0.5%</b>	<b>0.9%</b>	<b>1.3%</b>
<i>Policy Index</i>	-1.9%	-0.7%	-0.3%	-2.0%	-4.9%	-2.9%	-1.3%	0.4%	0.9%
<b>Short Term Composite</b>	<b>-1.1%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>-0.9%</b>	<b>-3.6%</b>	<b>-3.0%</b>	<b>-1.5%</b>	<b>0.0%</b>	<b>0.5%</b>
<i>Bloomberg US Govt/Credit 1-5 Yr. TR</i>	-1.2%	0.0%	0.0%	-1.1%	-4.0%	-3.1%	-1.3%	0.5%	1.0%
Lord Abbett Short Duration	-1.1%	0.1%	0.1%	-0.8%	-3.4%	--	--	--	--
<i>Bloomberg US Govt/Credit 1-5 Yr. TR</i>	-1.2%	0.0%	0.0%	-1.1%	-4.0%	-3.1%	-1.3%	0.5%	1.0%
Smith Graham Low Duration	-1.1%	0.2%	0.2%	-1.0%	-3.8%	-3.1%	-1.5%	-0.1%	0.4%
<i>Bloomberg US Govt/Credit 1-5 Yr. TR</i>	-1.2%	0.0%	0.0%	-1.1%	-4.0%	-3.1%	-1.3%	0.5%	1.0%
<b>Intermediate Term Composite</b>	<b>-1.5%</b>	<b>0.2%</b>	<b>0.4%</b>	<b>-1.4%</b>	<b>-5.4%</b>	<b>-3.9%</b>	<b>-1.9%</b>	<b>0.0%</b>	<b>0.6%</b>
<i>Bloomberg US Govt/Credit Int TR</i>	-1.8%	-0.1%	0.0%	-1.9%	-6.2%	-4.4%	-2.2%	0.5%	1.0%
Galliard Intermediate Government	-1.6%	0.4%	0.5%	-1.4%	-5.8%	-3.9%	-1.9%	0.1%	0.6%
<i>Bloomberg US Govt/Credit Int TR</i>	-1.8%	-0.1%	0.0%	-1.9%	-6.2%	-4.4%	-2.2%	0.5%	1.0%
Merganser Intermediate Bond	-1.5%	0.2%	0.5%	-1.3%	-5.4%	-3.9%	-1.9%	0.0%	0.6%
<i>Bloomberg US Govt/Credit Int TR</i>	-1.8%	-0.1%	0.0%	-1.9%	-6.2%	-4.4%	-2.2%	0.5%	1.0%
Fort Washington Intermediate Bond	-1.6%	0.1%	0.3%	-1.5%	-5.5%	--	--	--	--
<i>Bloomberg US Govt/Credit Int TR</i>	-1.8%	-0.1%	0.0%	-1.9%	-6.2%	-4.4%	-2.2%	0.5%	1.0%
Lord Abbett Intermediate Bond	-1.7%	0.0%	0.3%	-1.7%	-5.7%	--	--	--	--
<i>Bloomberg US Govt/Credit Int TR</i>	-1.8%	-0.1%	0.0%	-1.9%	-6.2%	-4.4%	-2.2%	0.5%	1.0%
PFM - Self Insurance Fund	-1.1%	0.1%	0.1%	-1.0%	-3.6%	-2.8%	-1.1%	0.6%	1.0%
<i>BofA Merrill Lynch US Treasury/Agency 1-5 Yrs</i>	-1.2%	-0.1%	-0.2%	-1.5%	-4.1%	-3.1%	-1.5%	0.3%	0.8%
PFM - Disability Fund	-1.1%	0.1%	0.1%	-1.0%	-3.6%	-2.8%	-1.1%	0.6%	1.0%
<i>BofA Merrill Lynch US Treasury/Agency 1-5 Yrs</i>	-1.2%	-0.1%	-0.2%	-1.5%	-4.1%	-3.1%	-1.5%	0.3%	0.8%
PFM - Workmen's Compensation Fund	-0.6%	0.2%	0.1%	-0.5%	-2.0%	-1.7%	-0.6%	0.6%	0.9%
<i>BofA Merrill Lynch US Agencies 1-3 Yrs</i>	-0.8%	0.2%	0.0%	-1.0%	-2.8%	-2.1%	-0.9%	0.3%	0.8%
PFM - Health & Dental Fund	-0.6%	0.3%	0.2%	-0.5%	-2.1%	-1.7%	-0.6%	0.6%	0.9%
<i>BofA Merrill Lynch US Agencies 1-3 Yrs</i>	-0.8%	0.2%	0.0%	-1.0%	-2.8%	-2.1%	-0.9%	0.3%	0.8%

## Investment Manager

## Annualized Performance (Net of Fees)

Market Value: \$2,350.8 Million and 100.0% of Fund

Ending February 28, 2023

	1 Mo	3 Mo	YTD	Fiscal YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs
<b>Opportunistic Composite</b>	<b>-1.8%</b>	<b>0.2%</b>	<b>0.5%</b>	<b>-1.8%</b>	<b>-6.1%</b>	<b>-4.3%</b>	<b>-2.2%</b>	<b>0.3%</b>	<b>0.9%</b>
<i>Bloomberg US Int TR</i>	-2.1%	0.0%	0.2%	-2.4%	-7.2%	-4.9%	-2.7%	0.0%	0.7%
Galliard Opportunistic	-2.0%	0.1%	0.5%	-2.1%	-6.8%	-4.5%	-2.3%	0.3%	0.9%
<i>Bloomberg US Int TR</i>	-2.1%	0.0%	0.2%	-2.4%	-7.2%	-4.9%	-2.7%	0.0%	0.7%
Merganser Opportunistic	-1.7%	0.3%	0.6%	-1.6%	-5.8%	-4.1%	-2.1%	0.3%	0.9%
<i>Bloomberg US Int TR</i>	-2.1%	0.0%	0.2%	-2.4%	-7.2%	-4.9%	-2.7%	0.0%	0.7%
Fort Washington Active Fixed Income	-1.7%	0.1%	0.4%	-1.6%	-5.8%	--	--	--	--
<i>Bloomberg US Int TR</i>	-2.1%	0.0%	0.2%	-2.4%	-7.2%	-4.9%	-2.7%	0.0%	0.7%
<b>Global Equity Composite</b>	<b>-1.2%</b>	<b>-0.5%</b>	<b>1.6%</b>	<b>1.0%</b>	<b>0.0%</b>	<b>3.6%</b>	<b>5.4%</b>	<b>4.7%</b>	<b>5.1%</b>
<i>MSCI ACWI Minimum Volatility Index</i>	-3.8%	-4.0%	-2.1%	-5.4%	-6.2%	1.4%	3.2%	3.6%	4.3%
Vanguard Global Minimum Volatility	-1.4%	-2.4%	0.3%	0.6%	1.4%	4.2%	3.3%	4.1%	4.8%
<i>MSCI ACWI Minimum Volatility Index</i>	-3.8%	-4.0%	-2.1%	-5.4%	-6.2%	1.4%	3.2%	3.6%	4.3%
Parametric Global Defensive Equity	-1.0%	1.5%	2.8%	1.4%	-1.3%	2.9%	5.8%	4.6%	--
<i>50% MSCI ACWI / 50% 91 Day T-Bill</i>	-1.3%	0.6%	2.4%	0.3%	-2.6%	0.6%	5.2%	4.7%	3.9%
<b>Cash Composite</b>									
PNC Treasury Management	0.3%	1.1%	0.7%	2.1%	2.1%	1.0%	0.9%	1.2%	1.4%
<i>91 Day T-Bills</i>	0.3%	1.0%	0.6%	2.0%	2.1%	1.1%	0.8%	1.1%	1.3%

## Investment Manager

## Calendar Performance (Net of Fees)

Market Value: \$2,350.8 Million and 100.0% of Fund

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Fund Composite</b>	<b>-5.9%</b>	<b>1.1%</b>	<b>3.9%</b>	<b>5.3%</b>	<b>1.2%</b>	<b>1.3%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.7%</b>
<i>Policy Index</i>	-7.1%	1.0%	3.9%	5.7%	1.2%	0.8%	0.9%	0.8%	1.3%
<b>Short Term Composite</b>	<b>-5.2%</b>	<b>-1.0%</b>	<b>3.2%</b>	<b>3.5%</b>	<b>1.6%</b>	<b>0.7%</b>	<b>0.8%</b>	<b>0.6%</b>	<b>0.6%</b>
<i>Bloomberg US Govt/Credit 1-5 Yr. TR</i>	-5.5%	-1.0%	4.7%	5.0%	1.4%	1.3%	1.6%	1.0%	1.4%
<i>Lord Abnett Short Duration</i>	-4.9%	--	--	--	--	--	--	--	--
<i>Bloomberg US Govt/Credit 1-5 Yr. TR</i>	-5.5%	-1.0%	4.7%	5.0%	1.4%	1.3%	1.6%	1.0%	1.4%
<i>Smith Graham Low Duration</i>	-5.6%	-0.9%	3.2%	3.5%	1.6%	0.7%	1.0%	0.4%	0.5%
<i>Bloomberg US Govt/Credit 1-5 Yr. TR</i>	-5.5%	-1.0%	4.7%	5.0%	1.4%	1.3%	1.6%	1.0%	1.4%
<b>Intermediate Term Composite</b>	<b>-7.5%</b>	<b>-1.0%</b>	<b>4.8%</b>	<b>4.6%</b>	<b>1.5%</b>	<b>1.3%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.9%</b>
<i>Bloomberg US Govt/Credit Int TR</i>	-8.2%	-1.4%	6.4%	6.8%	0.9%	2.1%	2.1%	1.1%	3.1%
<i>Galliard Intermediate Government</i>	-8.1%	-0.6%	5.1%	4.6%	1.5%	1.4%	1.3%	1.1%	2.0%
<i>Bloomberg US Govt/Credit Int TR</i>	-8.2%	-1.4%	6.4%	6.8%	0.9%	2.1%	2.1%	1.1%	3.1%
<i>Merganser Intermediate Bond</i>	-7.6%	-1.0%	4.6%	4.6%	1.5%	1.3%	1.2%	1.0%	1.8%
<i>Bloomberg US Govt/Credit Int TR</i>	-8.2%	-1.4%	6.4%	6.8%	0.9%	2.1%	2.1%	1.1%	3.1%
<i>Fort Washington Intermediate Bond</i>	-7.9%	--	--	--	--	--	--	--	--
<i>Bloomberg US Govt/Credit Int TR</i>	-8.2%	-1.4%	6.4%	6.8%	0.9%	2.1%	2.1%	1.1%	3.1%
<i>Lord Abnett Intermediate Bond</i>	-7.7%	--	--	--	--	--	--	--	--
<i>Bloomberg US Govt/Credit Int TR</i>	-8.2%	-1.4%	6.4%	6.8%	0.9%	2.1%	2.1%	1.1%	3.1%
<b>PFM - Self Insurance Fund</b>	<b>-5.0%</b>	<b>-0.9%</b>	<b>4.6%</b>	<b>4.6%</b>	<b>1.4%</b>	<b>1.1%</b>	<b>1.3%</b>	<b>1.0%</b>	<b>1.3%</b>
<i>BofA Merrill Lynch US Treasury/Agency 1-5 Yrs</i>	-5.2%	-1.1%	4.2%	4.2%	1.5%	0.7%	1.1%	1.0%	1.2%
<b>PFM - Disability Fund</b>	<b>-5.1%</b>	<b>-0.9%</b>	<b>4.6%</b>	<b>4.6%</b>	<b>1.3%</b>	<b>1.1%</b>	<b>1.3%</b>	<b>1.0%</b>	<b>1.3%</b>
<i>BofA Merrill Lynch US Treasury/Agency 1-5 Yrs</i>	-5.2%	-1.1%	4.2%	4.2%	1.5%	0.7%	1.1%	1.0%	1.2%
<b>PFM - Workmen's Compensation Fund</b>	<b>-3.0%</b>	<b>-0.5%</b>	<b>2.8%</b>	<b>3.5%</b>	<b>1.6%</b>	<b>0.7%</b>	<b>1.0%</b>	<b>0.7%</b>	<b>0.6%</b>
<i>BofA Merrill Lynch US Agencies 1-3 Yrs</i>	-3.8%	-0.4%	2.7%	3.5%	1.8%	0.7%	1.0%	0.7%	0.7%
<b>PFM - Health &amp; Dental Fund</b>	<b>-3.1%</b>	<b>-0.5%</b>	<b>2.8%</b>	<b>3.5%</b>	<b>1.7%</b>	<b>0.7%</b>	<b>1.0%</b>	<b>0.7%</b>	<b>0.6%</b>
<i>BofA Merrill Lynch US Agencies 1-3 Yrs</i>	-3.8%	-0.4%	2.7%	3.5%	1.8%	0.7%	1.0%	0.7%	0.7%

## Investment Manager

## Calendar Performance (Net of Fees)

Market Value: \$2,350.8 Million and 100.0% of Fund

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Opportunistic Composite</b>	<b>-8.5%</b>	<b>-1.4%</b>	<b>6.3%</b>	<b>5.9%</b>	<b>1.3%</b>	<b>2.0%</b>	<b>1.6%</b>	<b>1.5%</b>	<b>3.2%</b>
<i>Bloomberg US Int TR</i>	-9.5%	-1.3%	5.6%	6.7%	0.9%	2.3%	2.0%	1.2%	4.1%
<b>Galliard Opportunistic</b>	<b>-9.2%</b>	<b>-1.1%</b>	<b>6.6%</b>	<b>5.9%</b>	<b>1.3%</b>	<b>2.2%</b>	<b>1.6%</b>	<b>1.4%</b>	<b>3.4%</b>
<i>Bloomberg US Int TR</i>	-9.5%	-1.3%	5.6%	6.7%	0.9%	2.3%	2.0%	1.2%	4.1%
<b>Merganser Opportunistic</b>	<b>-8.3%</b>	<b>-1.4%</b>	<b>5.9%</b>	<b>5.8%</b>	<b>1.4%</b>	<b>1.7%</b>	<b>1.6%</b>	<b>1.2%</b>	<b>2.5%</b>
<i>Bloomberg US Int TR</i>	-9.5%	-1.3%	5.6%	6.7%	0.9%	2.3%	2.0%	1.2%	4.1%
<b>Fort Washington Active Fixed Income</b>	<b>-8.2%</b>	--	--	--	--	--	--	--	--
<i>Bloomberg US Int TR</i>	-9.5%	-1.3%	5.6%	6.7%	0.9%	2.3%	2.0%	1.2%	4.1%
<b>Global Equity Composite</b>	<b>-6.0%</b>	<b>12.7%</b>	<b>1.4%</b>	<b>17.0%</b>	--	--	--	--	--
<i>MSCI ACWI Minimum Volatility Index</i>	-10.3%	13.9%	2.7%	21.1%	-1.6%	17.9%	7.4%	2.8%	11.0%
<b>Vanguard Global Minimum Volatility</b>	<b>-4.5%</b>	<b>12.0%</b>	<b>-3.9%</b>	<b>22.7%</b>	--	--	--	--	--
<i>MSCI ACWI Minimum Volatility Index</i>	-10.3%	13.9%	2.7%	21.1%	-1.6%	17.9%	7.4%	2.8%	11.0%
<b>Parametric Global Defensive Equity</b>	<b>-7.5%</b>	<b>13.1%</b>	<b>2.6%</b>	<b>14.1%</b>	--	--	--	--	--
<i>50% MSCI ACWI / 50% 91 Day T-Bill</i>	-8.5%	9.0%	9.0%	13.9%	-3.7%	11.9%	4.2%	-1.0%	2.2%
<b>Cash Composite</b>									
<b>PNC Treasury Management</b>	<b>1.3%</b>	<b>0.1%</b>	<b>0.8%</b>	<b>2.4%</b>	<b>1.9%</b>	<b>0.9%</b>	<b>0.5%</b>	<b>0.2%</b>	--
<i>91 Day T-Bills</i>	1.5%	0.0%	0.5%	2.1%	1.9%	0.9%	0.3%	0.0%	0.0%

## Operating Funds

### Portfolio Reconciliation By Manager

Month Ending February 28, 2023

	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Net Investment Change	Ending Market Value
Lord Abbett Short Duration	\$119,365,105	\$0	\$0	\$0	-\$1,268,062	\$118,097,042
Smith Graham Low Duration	\$117,730,613	\$0	\$0	\$0	-\$1,221,078	\$116,509,534
Galliard Intermediate Government	\$222,567,296	\$0	\$0	\$0	-\$3,523,952	\$219,043,344
Merganser Intermediate Bond	\$216,726,754	\$0	\$0	\$0	-\$3,143,599	\$213,583,155
Fort Washington Intermediate Bond	\$186,138,744	\$0	\$0	\$0	-\$3,046,737	\$183,092,007
Lord Abbett Intermediate Bond	\$214,282,973	\$0	\$0	\$0	-\$3,579,210	\$210,703,763
PFM - Self Insurance Fund	\$44,484,884	\$0	\$0	\$0	-\$482,324	\$44,002,560
PFM - Disability Fund	\$19,695,513	\$0	\$0	\$0	-\$212,836	\$19,482,677
PFM - Workmen's Compensation Fund	\$10,703,695	\$0	\$0	\$0	-\$67,919	\$10,635,775
PFM - Health & Dental Fund	\$5,257,092	\$0	\$0	\$0	-\$32,168	\$5,224,924
Galliard Opportunistic	\$142,931,504	\$0	\$0	\$0	-\$2,811,804	\$140,119,701
Merganser Opportunistic	\$142,962,439	\$0	\$0	\$0	-\$2,348,712	\$140,613,727
Fort Washington Active Fixed Income	\$176,467,103	\$0	\$0	\$0	-\$2,917,523	\$173,549,580
Vanguard Global Minimum Volatility	\$252,953,206	\$0	\$0	\$0	-\$3,601,649	\$249,351,558
Parametric Global Defensive Equity	\$252,321,924	\$0	\$0	\$0	-\$2,456,804	\$249,865,120
PNC Treasury Management	\$256,125,892	\$0	-\$21,559	-\$21,559	\$836,758	\$256,941,091
U.S. Bank Cash	\$95	\$0	\$0	\$0	\$0	\$95
<b>Total</b>	<b>\$2,380,714,832</b>	<b>\$0</b>	<b>-\$21,559</b>	<b>-\$21,559</b>	<b>-\$29,877,619</b>	<b>\$2,350,815,654</b>

- Policy Index is 35% Bloomberg Intermediate Gov/Credit, 20% Bloomberg Intermediate Aggregate, 10% Bloomberg 1-5 Year Gov/Credit, 20% MSCI ACWI Minimum Volatility Index, and 15% 91 Day T-Bills.

- InvestorForce is a subsidiary of MSCI. The platform is utilized by 45 Investment Consulting firms, with over 3,500 members, totaling roughly \$4 trillion in assets. Peer universes include over 1,000 Defined Benefit Plans, including over 230 with between \$250 million and \$1 billion in assets.

Comparisons of Fund Composites and Manager performance to the InvestorForce Peer universes reflect asset allocation weightings. The Funds and Managers reflected above are currently 100% invested in fixed income securities. The InvestorForce universes reflected above are currently invested in fixed income securities, equities and other asset classes. Accordingly, such Funds and Managers outperform Peers in periods when equity and/or other asset class returns underperform fixed income returns and underperform Peers when equity and/or other asset class returns outperform fixed income returns.

## DISCLOSURE

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Memorial Healthcare System

403(B) 457(B) 401(A) 457(F)

Monthly Flash Report

**February 28, 2023**



Market Value: \$1,256.6 Million and 100.0% of Fund

Investment Manager	Asset Class	Status	Reason
MetWest Total Return Bond	Core Fixed Income	In Compliance	---
Vanguard Inflation Protected Securities Fund	TIPS	In Compliance	---
American Beacon Large Cap Value Fund	Large-Cap Value	In Compliance	---
Fidelity Spartan 500 Index	Large-Cap Core	In Compliance	---
Neuberger Berman Socially Responsive Investing	Large-Cap Core	In Compliance	---
Vanguard Russell 1000 Growth Index	Large-Cap Growth	In Compliance	---
Vanguard S&P Mid-Cap 400 Index Fund	Mid-Cap Core	In Compliance	---
Dimensional US Targeted Value Strategy	Small-Cap Value	In Compliance	---
T. Rowe Price New Horizons	Small-Cap Growth	In Compliance	---
Dodge & Cox International	Non-U.S. Large-Cap Core	In Compliance	---
Vanguard International-Growth	Non-U.S. Large-Cap Growth	In Compliance	---
JPMorgan SmartRetirement Blend Income	Target Date	In Compliance	---
JPMorgan SmartRetirement Blend 2020	Target Date	In Compliance	---
JPMorgan SmartRetirement Blend 2025	Target Date	In Compliance	---
JPMorgan SmartRetirement Blend 2030	Target Date	In Compliance	---
JPMorgan SmartRetirement Blend 2035	Target Date	In Compliance	---
JPMorgan SmartRetirement Blend 2040	Target Date	In Compliance	---
JPMorgan SmartRetirement Blend 2045	Target Date	In Compliance	---
JPMorgan SmartRetirement Blend 2050	Target Date	In Compliance	---
JPMorgan SmartRetirement Blend 2055	Target Date	In Compliance	---
JPMorgan SmartRetirement Blend 2060	Target Date	In Compliance	---

### Open-End Investment Manager Evaluation Terminology

The following terminology has been developed by Marquette Associates to facilitate efficient communication among the Investment Manager, Investment Consultant, and the Plan Sponsor. Each term signifies a particular status with the Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Trustees and/or the Investment Committee of the Plan.

**In Compliance** – Marquette has not been notified of any issues or changes to the investment manager that would materially impede upon its ability to execute the investment strategy or adhere to any applicable investment guidelines.

**Alert** – The investment manager has experienced a problem in performance (usually relative to a benchmark), a change in investment characteristics, an alteration in management style, ownership, or key investment professionals, and/or any other irregularities that may impede upon its ability to execute the investment strategy or adhere to any applicable investment guidelines.

**On Notice** – The investment manager has experienced continued concern with one or more Alert issues. Failure to improve upon stated issues within a certain time frame may justify termination.

**Termination** – The investment manager has been terminated and transition plans are in place.

### Interpreting and Understanding This Report

This Report, including all data, information, calculations and comments contained in the pages herein, should be viewed in its entirety.

# Total Fund Composite

Market Value: \$1,256.6 Million and 100.0% of Fund

Ending February 28, 2023

	Asset Class	Market Value 1/31/23	Market Value 2/28/23	% of Portfolio
<b>Total Fund Composite</b>		<b>\$1,280,394,198</b>	<b>\$1,256,628,936</b>	<b>100.0%</b>
Transamerica Stable Value	Stable Value	\$944,648	\$991,275	0.1%
Transamerica Guaranteed Investment Option	Stable Value	\$155,494,456	\$155,561,494	12.4%
MetWest Total Return Bond	Core Fixed Income	\$28,800,110	\$28,049,720	2.2%
Vanguard Inflation Protected Securites Fund	TIPS	\$15,205,782	\$16,494,214	1.3%
American Beacon Large Cap Value Fund	Large-Cap Value	\$21,174,350	\$19,895,287	1.6%
Fidelity Spartan 500 Index	Large-Cap Core	\$78,900,401	\$77,801,051	6.2%
Neuberger Berman Socially Responsive Investing	Large-Cap Core	\$10,914,932	\$10,501,363	0.8%
Vanguard Russell 1000 Growth Index	Large-Cap Growth	\$50,109,439	\$48,913,969	3.9%
Vanguard S&P Mid-Cap 400 Index Fund	Mid-Cap Core	\$34,156,923	\$33,483,738	2.7%
Dimensional US Targeted Value Strategy	Small-Cap Value	\$19,692,479	\$19,357,388	1.5%
T. Rowe Price New Horizons	Small-Cap Growth	\$37,409,209	\$37,271,715	3.0%
Dodge & Cox International	Non-U.S. Large-Cap Core	\$21,480,384	\$20,693,382	1.6%
Vanguard International-Growth	Non-U.S. Large-Cap Growth	\$23,943,441	\$23,092,440	1.8%
<b>JPMorgan Target Date Funds</b>		<b>\$766,169,348</b>	<b>\$748,589,376</b>	<b>59.6%</b>
JPMorgan SmartRetirement Blend Income	Target Date	\$44,263,401	\$42,684,832	3.4%
JPMorgan SmartRetirement Blend 2020	Target Date	\$82,400,134	\$79,762,525	6.3%
JPMorgan SmartRetirement Blend 2025	Target Date	\$128,004,558	\$125,435,431	10.0%
JPMorgan SmartRetirement Blend 2030	Target Date	\$130,114,614	\$126,748,886	10.1%
JPMorgan SmartRetirement Blend 2035	Target Date	\$108,827,352	\$106,544,181	8.5%
JPMorgan SmartRetirement Blend 2040	Target Date	\$83,794,143	\$82,121,368	6.5%
JPMorgan SmartRetirement Blend 2045	Target Date	\$75,285,942	\$73,885,667	5.9%
JPMorgan SmartRetirement Blend 2050	Target Date	\$67,872,932	\$66,311,402	5.3%
JPMorgan SmartRetirement Blend 2055	Target Date	\$33,424,117	\$32,843,212	2.6%
JPMorgan SmartRetirement Blend 2060	Target Date	\$12,182,157	\$12,251,872	1.0%
Charles Schwab Personal Choice	Self-Directed Brokerage	\$15,998,296	\$15,932,524	1.3%

## Investment Manager

## Annualized Performance (Net of Fees)

Market Value: \$1,256.6 Million and 100.0% of Fund

Ending February 28, 2023

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Transamerica Stable Value	0.2%	0.5%	0.4%	1.8%	1.4%	1.3%	1.4%	1.4%	1.3%	1.2%
91 Day T-Bills	0.3%	1.0%	0.6%	2.1%	1.1%	0.8%	1.1%	1.3%	1.1%	0.8%
Transamerica Guaranteed Investment Option	0.2%	0.5%	0.4%	2.2%	2.2%	2.1%	2.0%	1.9%	1.6%	1.4%
91 Day T-Bills	0.3%	1.0%	0.6%	2.1%	1.1%	0.8%	1.1%	1.3%	1.1%	0.8%
MetWest Total Return Bond	-2.9%	0.1%	0.7%	-11.3%	-7.0%	-3.7%	-0.1%	0.6%	0.8%	1.3%
Bloomberg US Aggregate TR	-2.6%	0.0%	0.4%	-9.7%	-6.3%	-3.8%	-0.1%	0.5%	0.7%	1.1%
Vanguard Inflation Protected Securites Fund	-1.5%	-0.7%	0.6%	-10.3%	-2.6%	0.3%	2.7%	2.5%	2.2%	1.2%
Bloomberg US TIPS 1-10 Yr TR	-1.2%	-0.5%	0.1%	-7.0%	-0.9%	1.3%	2.9%	2.8%	2.3%	1.3%
American Beacon Large Cap Value Fund	-3.7%	-2.0%	2.1%	-0.9%	7.6%	13.8%	9.9%	8.0%	11.5%	10.1%
Russell 1000 Value	-3.5%	-2.6%	1.5%	-2.8%	5.7%	11.0%	8.3%	7.2%	10.2%	9.6%
Fidelity Spartan 500 Index	-2.4%	-2.3%	3.7%	-7.7%	3.6%	12.1%	11.1%	9.8%	12.9%	12.2%
S&P 500	-2.4%	-2.3%	3.7%	-7.7%	3.7%	12.1%	11.1%	9.8%	12.9%	12.3%
Neuberger Berman Socially Responsive Investing	-2.7%	-2.3%	2.6%	-9.5%	0.2%	10.8%	8.8%	7.6%	10.8%	10.3%
MSCI KLD 400 Social Index	-2.1%	-1.7%	4.8%	-9.5%	2.3%	11.7%	10.9%	9.8%	12.6%	12.0%
S&P 500	-2.4%	-2.3%	3.7%	-7.7%	3.7%	12.1%	11.1%	9.8%	12.9%	12.3%
Vanguard Russell 1000 Growth Index	-1.2%	-1.2%	7.0%	-13.4%	-1.3%	12.0%	12.7%	11.5%	14.9%	14.2%
Russell 1000 Growth	-1.2%	-1.1%	7.0%	-13.3%	-1.2%	12.1%	12.8%	11.5%	15.0%	14.3%
Vanguard S&P Mid-Cap 400 Index Fund	-1.8%	1.3%	7.2%	-0.7%	3.5%	14.4%	9.7%	8.5%	11.7%	10.6%
S&P 400 MidCap	-1.8%	1.3%	7.2%	-0.6%	3.6%	14.5%	9.7%	8.6%	11.8%	10.7%
Dimensional US Targeted Value Strategy	-1.0%	1.7%	8.1%	3.8%	10.5%	21.1%	11.6%	9.3%	12.2%	10.4%
Russell 2000 Value	-2.3%	0.0%	7.0%	-4.4%	1.0%	12.9%	6.9%	6.4%	10.3%	8.5%
T. Rowe Price New Horizons	-1.0%	2.5%	8.6%	-17.5%	-13.6%	5.2%	8.1%	10.3%	15.2%	13.8%
Russell 2000 Growth	-1.1%	1.8%	8.8%	-7.9%	-12.8%	6.5%	4.7%	5.1%	10.3%	9.3%
Dodge & Cox International	-3.1%	3.4%	5.2%	-0.5%	2.0%	8.4%	5.4%	2.1%	7.9%	5.0%
MSCI EAFE Value	-1.4%	7.6%	6.2%	0.6%	3.4%	7.5%	3.8%	1.3%	6.1%	3.8%
Vanguard International-Growth	-5.3%	1.4%	6.7%	-13.2%	-15.4%	7.3%	8.0%	5.2%	11.6%	8.2%
MSCI EAFE Growth	-2.8%	4.3%	5.5%	-7.2%	-4.1%	5.6%	5.6%	3.5%	7.1%	5.6%

## Investment Manager

## Annualized Performance (Net of Fees)

Market Value: \$1,256.6 Million and 100.0% of Fund

Ending February 28, 2023

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
<b>JPMorgan Target Date Funds</b>										
JPMorgan SmartRetirement Blend Income	-2.1%	0.4%	2.4%	-7.3%	-3.2%	1.4%	2.9%	2.6%	4.3%	3.8%
<i>Target Date 2000-2010</i>	-2.2%	0.0%	1.9%	-7.5%	-2.9%	1.9%	3.2%	2.9%	4.5%	3.9%
JPMorgan SmartRetirement Blend 2020	-2.0%	0.5%	2.5%	-7.3%	-3.2%	1.7%	3.2%	2.8%	5.2%	4.9%
<i>Target Date 2016-2020</i>	-2.4%	-0.2%	2.2%	-8.1%	-2.9%	2.5%	3.6%	3.2%	5.2%	4.5%
JPMorgan SmartRetirement Blend 2025	-2.3%	0.4%	2.9%	-7.5%	-2.8%	3.0%	4.1%	3.5%	6.1%	5.7%
<i>Target Date 2021-2025</i>	-2.5%	-0.3%	2.4%	-8.4%	-2.8%	3.3%	4.1%	3.5%	6.0%	5.2%
JPMorgan SmartRetirement Blend 2030	-2.5%	0.3%	3.3%	-7.5%	-2.4%	4.3%	4.8%	4.1%	7.1%	6.4%
<i>Target Date 2026-2030</i>	-2.7%	-0.3%	2.8%	-8.4%	-2.4%	4.5%	4.8%	4.1%	6.9%	5.8%
JPMorgan SmartRetirement Blend 2035	-2.7%	0.2%	3.7%	-7.3%	-1.6%	5.7%	5.7%	4.7%	7.9%	7.1%
<i>Target Date 2031-2035</i>	-2.8%	-0.4%	3.2%	-8.4%	-2.1%	5.7%	5.6%	4.6%	7.8%	6.6%
JPMorgan SmartRetirement Blend 2040	-2.7%	0.2%	4.0%	-7.1%	-1.2%	6.8%	6.3%	5.2%	8.6%	7.6%
<i>Target Date 2036-2040</i>	-2.8%	-0.4%	3.5%	-8.3%	-1.8%	6.6%	6.1%	5.0%	8.2%	6.8%
JPMorgan SmartRetirement Blend 2045	-2.8%	0.1%	4.3%	-7.0%	-0.7%	7.6%	6.7%	5.5%	8.9%	7.8%
<i>Target Date 2041-2045</i>	-2.9%	-0.4%	3.8%	-8.1%	-1.4%	7.4%	6.6%	5.4%	8.8%	7.3%
JPMorgan SmartRetirement Blend 2050	-2.8%	0.0%	4.3%	-7.1%	-0.7%	7.6%	6.8%	5.6%	8.9%	7.8%
<i>Target Date 2046-2050</i>	-3.0%	-0.4%	3.9%	-8.1%	-1.4%	7.6%	6.7%	5.4%	8.8%	7.4%
JPMorgan SmartRetirement Blend 2055	-2.8%	0.1%	4.3%	-6.9%	-0.7%	7.7%	6.8%	5.6%	8.9%	7.8%
<i>Target Date 2051-2055</i>	-3.0%	-0.4%	4.0%	-8.0%	-1.4%	7.8%	6.8%	5.5%	9.1%	7.6%
JPMorgan SmartRetirement Blend 2060	-2.9%	0.0%	4.2%	-6.9%	-0.6%	--	--	--	--	--
<i>Target Date 2056-2060</i>	-2.9%	-0.4%	4.0%	-8.0%	-1.5%	7.7%	6.7%	5.5%	9.0%	7.9%

## DISCLOSURE

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# Retirement Plan for Employees of South Broward Hospital District

## Actuarial Valuation Review

March 15, 2023



# Agenda

**Purpose of today's meeting:** Review the 2022/2023 funding valuation results and FYE 2024 GASB estimates

**Action:** Finance Committee approval of the May 1, 2022 funding valuation in advance of March 22<sup>nd</sup> 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			
	2021/2022	2022/2023	Change	Est'd 2023/2024
Minimum Required	\$33.6	\$36.3	\$2.7	\$37.7

- \$2.7M increase in minimum required contribution from 2021/2022 plan year to 2022/2023 mainly attributable to higher than assumed salary increases, partially offset by asset gains
  - Salaries: average assumed increase was about 3% and the actual average increase for the covered population exceeded 8%
  - Assets: 6.6% assumed return versus 7.9% return on actuarial (smoothed) value of assets
- Estimated plan year 2023/2024 contribution is slightly higher than prior year due to lower than expected asset return (5.7% vs. 6.6% assumed)

# Executive Summary

## GASB 68 pension expense/(income)

\$ millions	Fiscal Year Ending April 30				
	2022	2023	Change	Est'd 2024	Change
Expense/(Income)	(\$7.1)	\$3.5	\$10.6	\$43.5	\$40.0

FYE 2022 to FYE 2023: +10.6M

- Mainly attributable to -3.1% asset return for the measurement period ending 4/30/2022

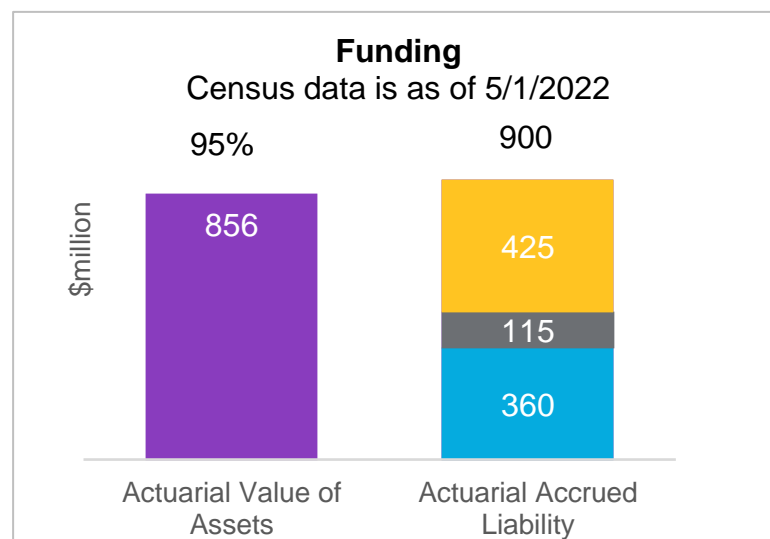
FYE 2023 to estimated FYE 2024: +\$40M

- Mainly attributable to lower than expected asset return from 5/1/2022 to 4/30/2023 (0.7% versus 6.6% expected) and higher than expected salary increases

# 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 \$50K
- Reduction in number of active participants and total participants
- Higher than expected increase in average plan eligible compensation

Participant statistics as of May 1	2021	2022	Change
Active	3,496	3,265	-6.6%
Deferred	2,368	2,240	-5.4%
In Payment	2,610	2,799	+7.2%
Total	8,474	8,304	-2.0%
Average active compensation	\$87,000	\$94,400	+8.5%

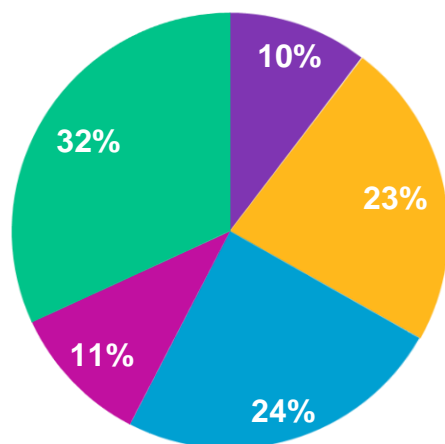


## Notes

- Actuarial Accrued Liability (AAL) is the benefit obligation for funding valuation purposes
- Actuarial Value of Assets (AVA) is used for funding valuation purposes and phases in investment gains and losses over 5 years

# Assets

## FAIR VALUE OF PLAN ASSETS AS OF MAY 1, 2022



\$000s	April 30, 2021	April 30, 2022
Beginning fair value of assets	<b>\$684,272</b>	<b>\$883,742</b>
Contributions	35,136	34,648
Investment return	197,539	(27,098)
Benefit payments – annuities	(28,777)	(32,678)
Benefit payments – lump sums	(4,236)	(2,460)
Administrative expenses	(192)	(162)
Net change	199,524	(27,750)
Ending fair value of assets (FVA)	<b>\$883,742</b>	<b>\$855,992</b>
Investment return	28.8%	(3.1%)
Actuarial value of assets (AVA)	\$794,034	\$855,910
AVA / FVA	89.8%	99.9%

- Reduced US Equity allocation since prior year (38% to 10%)
- Increased International Equity allocation since prior year (24% to 47%)
- Actuarial value incorporates a smoothing of investment gains and losses over 5 years

# Funding

## Contributions

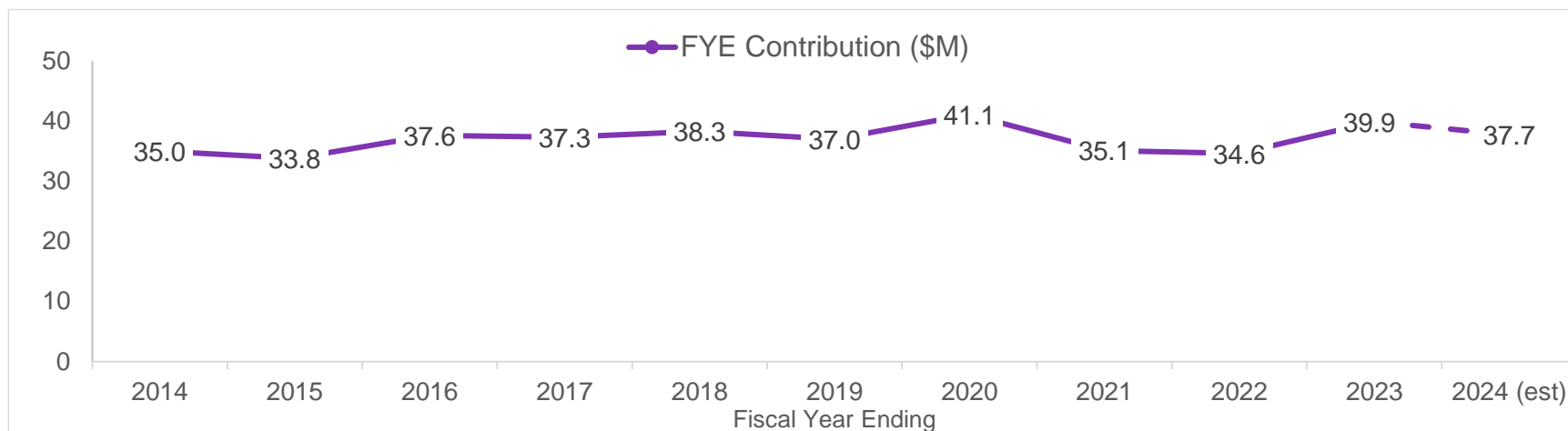
### Required minimum contribution under State of Florida Statutes

\$000s	Contribution for Plan Year	
	2021/2022	2022/2023
Valuation interest rate	6.60%	6.60%
<b>Required contribution</b>		
a. Normal cost (including expected expenses)	\$19,680	\$20,335
b. Amortization of unfunded actuarial accrued liability <sup>1</sup>	11,885	13,697
c. Interest	<u>2,083</u>	<u>2,246</u>
d. Total	<b>\$33,648</b>	<b>\$36,278</b>
Actual (or assumed) contribution funded	\$34,648	\$39,854
1. Amortization based on average future working life expectancy, currently 8 years		

- \$28.1M liability experience loss (primarily related to higher than anticipated salaries) increased the contribution requirement
- Liability loss was offset by an asset gain on actuarial (smoothed) value of assets

# 10-year Actual Contribution History and FYE 2024 Estimate

Years where actual contributions exceeded minimum required: 2020, 2022, 2023



## Factors contributing to increasing costs and/or higher volatility

- Closed and aging population
- Shortening amortization period for gains/losses based on average working life expectancy
  - Decreased from 12 to 8 since 2013
- Decreasing valuation interest rate
  - 7.5% to 7.0% on 5/1/2015
  - 6.75% on 5/1/2020
  - 6.60% on 5/1/2021

	Actual FYE 2023	Projected FYE 2024 <sup>1</sup>
\$000s		
Valuation Interest Rate	6.60%	6.60%
Market Value of Assets (MVA)	855,993	863,200
Actuarial Value of Assets (AVA)	855,910	905,959
Actuarial Accrued Liability (AAL)	900,328	948,540
Unfunded AAL (AAL – AVA)	44,418	42,581
Funded % (AVA/AAL)	<b>95.1%</b>	<b>95.5%</b>
<sup>1</sup> Projected AAL assumes extra 2% pay increase effective in 2023 to align with MHS retention efforts		



## Next Steps

- WTW to attend SBHD Board of Commissioners meeting on March 22
- MHS to fund remaining 2022/2023 contribution requirement prior to April 30, 2023
- WTW to file the valuation report with the State along with the Required State of Florida disclosures
- MHS to post final valuation report on MHS.net website

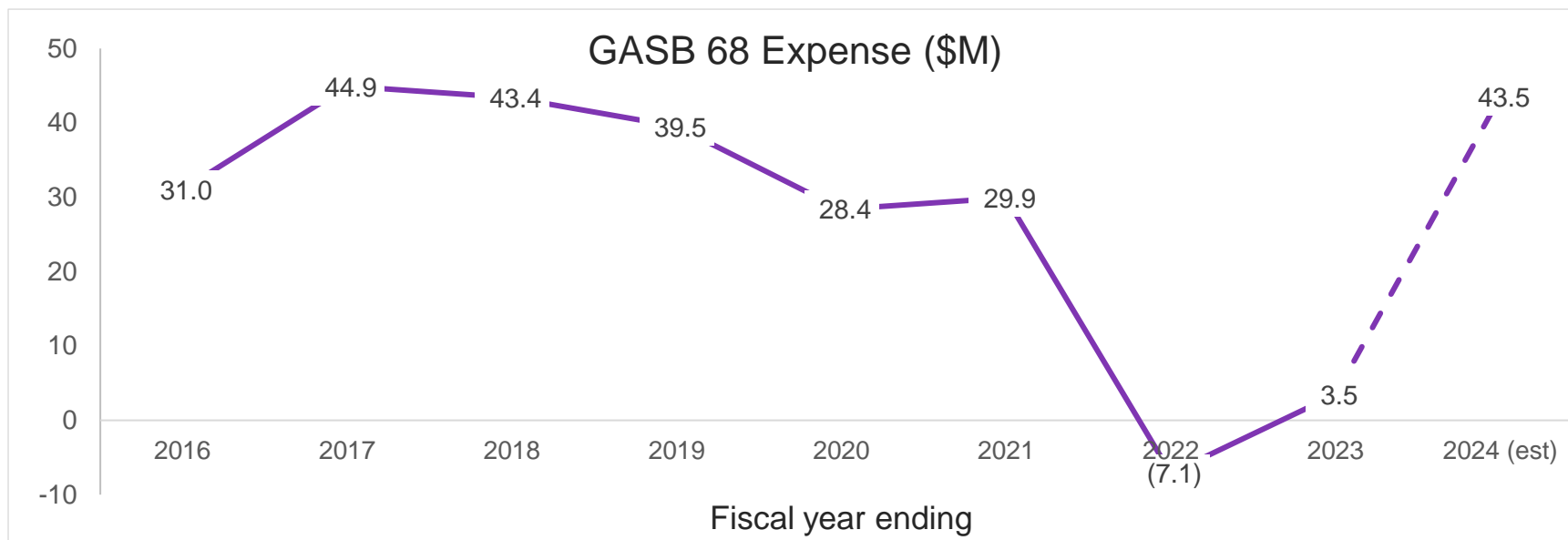
# Financial Reporting

# GASB 68 Financial Position and Expense

\$000s	FYE 4/30/2022	FYE 4/30/2023
Discount Rate/Assumed Asset Return	6.60%/6.75%	6.60%/6.60%
Valuation/Census Date	5/1/2020	5/1/2021
Measurement Period	5/1/2020 – 4/30/2021	5/1/2021 – 4/30/2022
Investment return during measurement period	28.8%	(3.1%)
Fiduciary Net Position (FNP)	883,742	855,993
Total Pension Liability (TPL)	887,246	935,697
Net Pension Liability (TPL – FNP)	3,504	79,704
Funded Percentage (FNP / TPL)	99.6%	91.5%
<b>GASB 68 Pension Expense / (Income)</b>	<b>\$(7,085)</b>	<b>\$3,473</b>

- Lower than expected asset returns during the 2021/2022 measurement period resulted in an Expense for FYE 2023 (after having “income” for FYE 2022)

# GASB Expense History and FYE 2024 Estimate



\$M	Actual	Projected
FYE	2023	2024
Discount Rate	6.60%	6.60%
Fiduciary Net Position	856.0	863.2*
Total Pension Liability	935.7	1,015.5
Funded Percentage	91.5%	85.0%
Pension Expense/(Income)	<b>3.5</b>	<b>43.5</b>

\* Based on 12/31/2022 actual assets projected to 4/30/2023

- Projected liability assumes extra 2% merit pay increase effective in 2023 to align with MHS retention efforts
- Projected 2024 expense assumes 0.7% return on assets for the measurement year ending 4/30/2023
- Final assets as of 4/30/2023 will determine pension expense/income for FYE 2024

## Next Steps

- May 2023: MHS provides final April 30, 2023 asset information
- May 2023: Confirmation of assumptions as of April 30, 2023
  - Investment advisor input for expected return on assets
- June 2023: 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, 2021 and May 1, 2022 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 May 1, 2022 valuation report dated March 2023. 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 September 12, 2022 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, 2022 funding valuation and 2023/2024 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  
Associate Director, Retirement  
March 2023

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, 2023	April 30, 2023	April 30, 2024
Measurement Date *	May 1, 2022	April 30, 2023	April 30, 2023
Measurement Period	May 1, 2022 – April 30, 2023	May 1, 2022 – April 30, 2023	May 1, 2022 – April 30, 2023
Liability Valuation Date	May 1, 2022	May 1, 2022	May 1, 2022
Census Date	May 1, 2022	May 1, 2022	May 1, 2022

**\*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.



## Expected Return on Assets

- GASB expected return on assets (EROA) assumption should reflect long-term plan investment return expectations based on the measurement date asset allocation
  - GASB discount rate is equal to the expected long-term return on assets assumption
  - Funding valuation rate as of May 1, 2023 will be the same as the GASB discount rate as of the April 30, 2023 measurement date
- Capital market model statistics for the SBHD retirement plan:

Model: Date:	Investment Consultant Mar 31, 2022	WTW Oct 2022	WTW Jan 2023	Investment Consultant March 31, 2023
Equity/fixed income allocation	65%/35%	65%/35%	65%/35%	TBD
Median (50 <sup>th</sup> percentile; 20-year return)		7.38%	7.47%	
Mean return (10-year return)	6.18%			
Assumption for active management	0.25%			
Valuation assumption	<b>6.60%</b>			

MHS will provide direction on EROA assumption for April 30, 2023 measurement

## Historical Return on Plan Assets

Period	Actual Return		
	Market Value	Actuarial Value	Assumed Return
2012/2013	10.8%	4.6%	7.5%
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%

- 10-yr average market value return is 7.1% and is 6.6% on an actuarial value basis
- Market value average over last 5 years is 7.6%

## Historical Salary Increases

Period	Actual	Assumed
2012/2013	2.1%	5.2%
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%

- Salary increase assumption at 5/1/2022 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 \$79,670 of final 5-year average pay (F5) plus 1.5% of F5 in excess of \$79,670 but not more than \$191,620 plus 3% of F5 over \$191,620} 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 \$79,670 and \$191,620 integration levels apply for the 2022/2023 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 2022/2023 plan year is \$147,000.