June 30, 2019

Shown below is the quarterly report on the status of the Montgomery County Consolidated Retiree Health Benefits Trust ("CRHBT") for the quarter ending June 30, 2019. This quarterly report is designed to assist you in understanding the current status of the CRHBT.

History

The Consolidated Retiree Health Benefits Trust was established in 2008 as a Section 115 Trust to provide funding for retiree health benefits for retirees and their dependents of Montgomery County and other agencies or political subdivisions who elect to participate.

Participating Agencies and Other Trust Participants

Participating agencies include Montgomery County Government, Revenue Authority, Credit Union, Department of Assessment & Tax, Strathmore Hall Foundation, Housing and Opportunity Commission, Washington Suburban Transit Commission, and Village of Friendship Heights. Beginning in June 2012, funding for retiree health benefits for Montgomery County Public Schools ("MCPS") and Montgomery College were also contributed to the CRHBT.

Board of Trustees

The Board of Trustees consists of 19 members: The Montgomery County Directors of Management and Budget, Finance, and Human Resources; the Council Executive Director; a Police Bargaining Unit Representative; a Fire & Rescue Bargaining Unit Representative; an Office, Professional, and Technical (OPT) and Service, Labor and Trades (SLT) Bargaining Unit Representative; a Non-Bargaining Unit Representative; a Retired Employees Representative; two persons recommended by the Council who are knowledgeable in pensions, investments, or financial matters; two individuals knowledgeable in pensions, investments, or financial matters appointed by the County Executive; three members nominated by the Montgomery County Board of Education including a designee of the Superintendent, a Bargaining Unit Representative and retiree of MCPS; and 3 members nominated by the Board of Trustees of Montgomery College including a designee of the President, a Bargaining Unit Representative, and a retiree of Montgomery College.

Performance Results

The total return for the quarter was a gain of 4.27%, 73 basis points (bps) ahead of the 3.54% gain recorded by the policy benchmark. For the one year ending June 30, 2019, the gain of 8.76% was 44 bps ahead of the 8.32% gain recorded by the policy benchmark. The one-year gross return places the CRHBT's performance in the top decile of the universe of comparable funds constructed by the Board's consultant, Wilshire Associates. Our three-year performance of 10.14% ranked in the top quartile. Our five-year performance of 6.24% and our 10-year return of 9.58% rank in the second quartile.

The total market value of trust assets at June 30, 2019 was $1,069.6 million. The CRHBT's asset allocation was: Domestic Equities 16.6%, International Equities 16.6%, Global Equities 3.9%, Fixed Income 25.6%, Inflation Linked Bonds 12.2%, Public Real Assets 8.2%, Private Real Assets 3.6%, Private Equity 8.6%, Private Debt 1.4%, Opportunistic 1.8%, and 1.5% Cash.

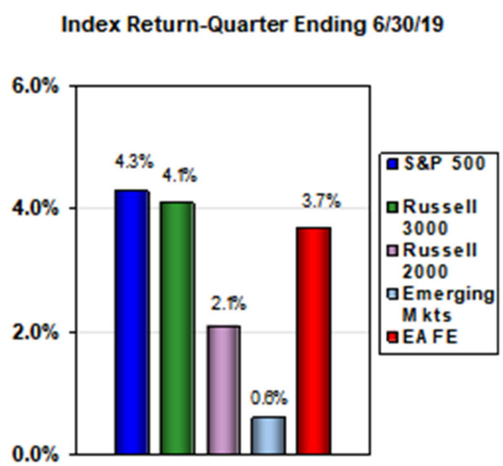
Major Initiatives/Changes

During the quarter, the following private fund commitments were made: $1 million to Clearlake Opportunities Partners II, L.P., a private debt fund, $1 million to Riverside Acceleration Capital Fund II, L.P., a private debt fund, $1 million to Franklin Park Venture Fund Series 2019, L.P., and $1 million to Franklin Park International Fund 2019, L.P., a private equity fund-of-funds. Allocations to public fund managers include GQG Partners Emerging Markets Equity Fund, an emerging markets fund.

Capital Markets and Economic Conditions

Economic data reflected that GDP increased at an estimated annualized rate of 2.0% in the second quarter, on par with market expectations. This economic growth figure follows the 3.1% expansion in the first quarter of 2019 and represents the weakest increase since the first quarter of 2017. Consumer and government spending drove growth during the quarter; personal consumption expenditures rose 4.7%, the most since Q4 2017, and government spending rose 4.5%. These gains were partially offset by a pullback in private inventory investment and a slump in exports, which contributed negatively to growth. The economy added 456,000 jobs during the quarter, a decrease from Q1's 521,00 gain. After touching a 49 year low in April, the U.S. unemployment rate finished the quarter at 3.7%, a decrease of 0.1% from the prior quarter. Q2 inflation was below expectations as the Consumer Price Index increased 1.6% year-over-year relative to expectations of 1.8%. The housing market exhibited some momentum early in the quarter as mortgage rates dropped and new housing starts increased 6.2% year-over-year, however, building permits continued to trend downwards, falling 6.6% year-over-year.

Public Equity Markets: The equity markets continued to advance in the second quarter, making it the strongest first half of the year performance for U.S. equities in 24 years. Despite the China trade concerns and a possible global economic slowdown, equity prices responded positively to actions and the statement by the Fed, who has softened its monetary policy stance during the quarter. Growth stocks continued to outperform value stocks and large cap stocks outperformed small cap stocks for the quarter. Within the S&P 500 sectors, financials, materials, and IT led returns. Energy, which was impacted by the declining oil prices, was the only detracting sector. Our combined domestic equity performance was a gain of 4.02%, slightly underperforming the 4.10% gain of the Russell 3000 Index. The overweigh to small capitalization managers impacted portfolio performance.



International developed markets also advanced, although they generally underperformed the U.S. equity market. Economic indicators in Europe continued to show weak readings. Manufacturing in Germany and the UK weakened with the latter continued to see the effects of Brexit. Japan, where economic readings showed low consumption and capital spending, continued to struggle. Emerging markets, which continued to be impacted by the trade negotiations between the U.S. and China, lagged both the U.S. and international developed markets. Russia and Brazil rallied strongly, while India failed to keep pace, and China detracted. Pakistan and Chili were the worst performing markets. Our combined international equity performance was a gain of 2.23%, underperforming the 2.74% gain recorded by the benchmark. Our global equity allocation recorded a gain of 6.28%, outperforming the 3.61% gain of the MSCI ACWI Index.

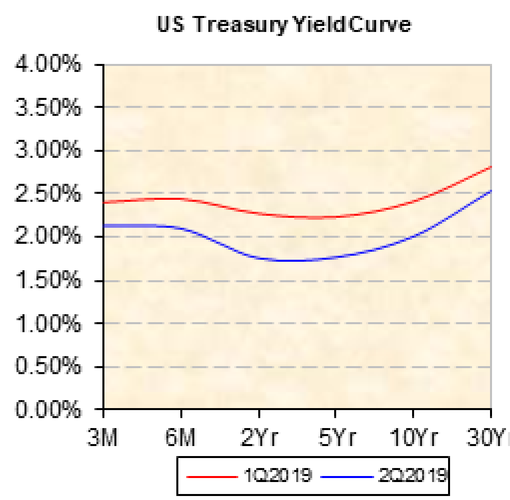
Private Equity: During the second quarter of 2019, a total of 244 funds raised a combined $109 billion, on par with the $100 billion secured in the first quarter of 2019. This is significantly fewer funds than the 399 that closed in Q2 2018. Fundraising activity was focused in North America, as 139 funds secured $68 billion. Europe and Asia were level in terms of fund closures, 43 and 45, respectively; however, Europe focused funds raised $21 billion versus $15 billion in Asia. The high demand from investors is allowing fund managers to speed up the fundraising process. 41% of funds closed in the first half of 2019 were in market for six months or less. Globally, 1,193 deals were announced in the quarter totaling $75 billion, which is similar to the 1,206 deals but lower than the $201 billion announced the previous quarter. While deal values in Asia and Europe increased, the aggregate deal value in North America fell from $68 billion to $38 billion. The buyout exit market also experienced a slowdown in Q2, with 326 exits totaling $133 billion, which represents the third consecutive quarterly decline in the number of exits but an uptick in the exit values compared to the prior quarter. The decline in the number of exits has been due to a fall in trade sales, with the number of IPOs and sales to GPs (secondary buyouts) remaining stable.

since Q3 2018, when the venture capital industry had reached the most active deal-making period of all time, both the number and value of deals have declined. In Q2 2019, 3,263 deals were announced globally, worth $52 billion, which is lower than the 4,356 deals in Q2 2018 valued $77 billion. The decline is mainly due to a slowdown in investments in Greater China. Venture capital exit activity in Q2 saw the greatest number of exits announced since Q3 2017. The value of these exits reached $56 billion, the second highest quarterly total ever, driven by several high-profile mega exits.

During the first quarter, our private equity managers called a combined $6.3 million and paid distributions of $6.4 million. Our current allocation to private equity is 8.6%, with a market value of $92.4 million. From its 2013 inception through March 31. 2019, the private equity program has generated a net internal rate of return of 25.0% versus a 14.2% return for the dollar-weighted public market equivalent (the Russell 3000 Index plus 300 bps).

Opportunistic: Hedge funds, as measured by the HFRI Fund of Funds Composite Index, finished up 1.26% in the second quarter. On a sub-strategy basis, the HFRI Event-Driven Index fell 0.21%, the HFRI Relative Value Index gained 1.17%, the HFRI Equity Hedge Index decreased 0.90%, and the HFRI Macro Index also posted positive returns of 1.76%. During the second quarter, the Trust's Diversifying hedge fund portfolio returned a gain of 1.61% versus a 1.26% increase for the HFRI Fund of Funds Conservative Index, and the Trust's Directional hedge fund portfolio returned a gain of 2.18%, outperforming the 0.63% increase by the HFRI Fund of Funds Strategic Index.

Fixed Income: The yield curve fell in a parallel fashion during the quarter. The curve stayed, and became more inverted, with the 10-year yield dropping below the three-month yield – generally interpreted as a recessionary signal by investors. As a result of the continued yield curve inversion, markets began pricing in new interest rate cuts in 2019 from the Federal Reserve. The yield on the 30-year bond decreased by 29 bps during the quarter and ended the period at 2.52%. The spread between 2-year and 10-year Treasuries, the main gauge of the yield curve, widened by 11 bps to 25 bps. For the quarter, the 2-year Treasury yield ended at 1.75%, down 52 bps from the prior period, while the 10-year Treasury yield fell by 41 bps to 2%. The high yield portfolio's performance for the quarter was a gain of 2.13%, underperforming the Merrill Lynch High Yield II Constrained Index by 43 bps. The long duration portfolio's return for the quarter was a gain of 6.76%, outperforming the Barclays Long Govt/Credit Index by 17 bps. Our global inflation-linked bond portfolio, combined with a portable alpha overlay, recorded a gain of 5.62%, outperforming the custom benchmark's gain of 5.12%.

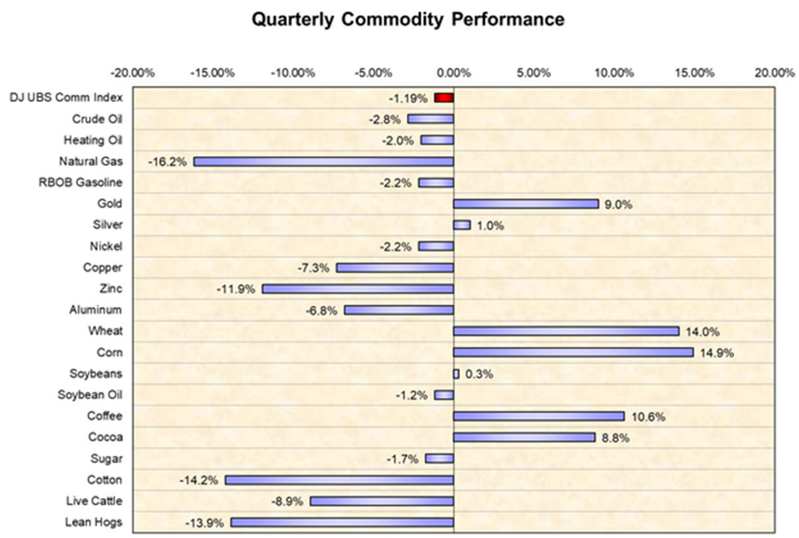


Private Debt: Private debt fundraising continued to slow during the second quarter, marking the fourth consecutive quarterly decline in aggregate capital raised. This fundraising contraction has affected all private debt strategy types; however, direct lending remains the most active sector, as the $12 billion raised during the quarter represented approximately half of the total private debt quarterly commitments. Separated by region, private debt fundraising has been very bifurcated, with European funds primarily contributing to the slowdown. As a testament to the difficult fundraising conditions, almost ¾ of active new funds have been fundraising for more than one-year, while 23% have been in the market for greater than two-years. During the quarter, our private debt managers called a combined $2.7 million and paid distributions of $1.0 million. Our current allocation to private debt is 1.41%, with a market value of $15.1 million. From 2015 through December 31, 2018, the private debt program generated a net internal rate of return of 6.8% versus a 8.7% return for the dollar-weighted public market equivalent benchmark (ICE Merrill Lynch High Yield Master II Constrained + 300 bps).

Private Real Assets: The NCREIF Property Index (NPI), a measure of private commercial real estate properties in the U.S., gained 1.5% in the second quarter 2019, down from 1.8% last quarter. The total return consisted of a 1.1% income return and 0.4% capital appreciation. Returns for all the property types except retail were up slightly for the quarter. Occupancy came in at 94.3%, the highest level since 2000.

Cap rates edged lower to 4.7%. The industrial sector continued to be the stellar performer with a 3.5% return in the quarter. Office, apartments, hotels and retail returned 1.7%, 1.6% and 1.1% and -0.1% respectively. During the quarter, total deal volumes and values for the oil and gas sector reached an all-time high for a second quarter of $119 billion, driven by three mega deals. The majority of Q2 2019 transactions were in the upstream, with Occidental Petroleum's proposed $64 billion acquisition of Anadarko representing the bulk of Q2 deal value. During the quarter, our private real assets managers called a combined $1.3 million and paid distributions of $0.9 million. Our current allocation to private real assets is 3.6%, with a market value of $38.9 million. From its 2013 inception through December 31, 2018, the total private real assets program (including fund-of-funds) has generated a net internal rate of return of 9.9% versus a 6.9% gain for the long-term benchmark CPI plus 500 bps.

Public Real Assets: The Bloomberg Commodity Index declined 1.2% during the quarter as strong rallies in grains and precious metals were offset by weakness in industrial metals, natural gas and livestock. The petroleum sector was nearly unchanged after significant volatility throughout the quarter. Natural gas declined to the lowest level since 2016 on strong domestic production and moderate demand. Corn and Wheat prices rallied sharply due to poor crop conditions in key U.S. regions. Precious metals rallied on the yield curve inversion and weaker U.S. dollar. Industrial metals declined on a weakening global economic growth outlook. Livestock prices fell during the quarter on rising feed prices.



Global listed real estate securities as measured by the FTSE EPRA/NAREIT Developed Index were flat on mixed results across geographies and sectors. Within Europe, property stocks in Germany and UK declined due to proposals to cap rental rates for apartments and Brexit concerns, respectively. Spain advanced as solid office demand along with limited new supply resulted in higher rents. In Asia, Singapore and Australia advanced while Japan and Hong Kong declined. Singapore property stocks were supported by M&A transactions while Australia property companies benefited from rising wages, lower interest rates and cyclically low vacancy rates. Hong Kong properties was negatively impacted due to social unrest. U.S. returns were mixed with growth sectors such as Industrial, Self-Storage, and Manufactured Homes outperformed while value sectors such as Malls and Office underperformed.

Listed infrastructure advanced 4.3% for the quarter as measured by the Dow Jones Brookfield Global Infrastructure Index. The favorable performance was broad-based with all sectors posting flat to positive performance except for ports. Both defensive sectors such as utilities and growth sectors such as toll roads and airports showed strength. There was also broad-based strength across regions.

For the quarter, the public real asset portfolio advanced 1.50%, outperforming the custom benchmark by 76 bps due to outperformance by REITs, commodities and listed infrastructure managers.

Outlook

During the second quarter of 2019, the U.S. Federal Reserve ("Fed") left the benchmark interest rate unchanged at 2.25%-2.5%. While the Fed still maintains a generally positive outlook on the economy due to low unemployment and strong consumer spending, the Federal Open Market Committee ("FOMC") signaled that they would be willing to cut rates in the future given the muted inflation pressures and global trade tensions. It is now anticipated that the rate hike cycle that began in 2015 has concluded and the market is expecting one rate cut in 2019. GDP is forecasted to grow at 2.1% in 2019 followed by 2.0% in

2020, which represent declines from 2.9% in 2018 and 2.4% in 2017. At the end of Q2, the Fed also reduced their inflation expectation for 2019 from 1.8% to 1.5%.

The European Central Bank ("ECB") kept deposit rates unchanged at -0.4% in the second quarter and indicated that the bank would delay its first post-crisis interest rate hike until 2020 or beyond. ECB President Mario Draghi cited global trade tensions and softening economic growth and inflation expectations as support for pushing back the interest rate hike. The ECB has slightly revised their 2019 real GDP growth projections from 1.1% to 1.2% but they have cut their 2020 growth projection from 1.6% to 1.4% given fears of a looming global recession. The 2019 inflation outlook has been slightly revised upward to 1.3%. As expected, the Bank of Japan ("BOJ") maintained its short-term target interest rate of -0.1% and also articulated their goal to keep the 10-year bond yield at 0.0% for the foreseeable future. In a similar manner to the Fed, the BOJ indicated that they would be willing to cut rates further if necessary, given the weak global economic backdrop. The International Monetary Fund ("IMF") further cut its outlook for global growth to 3.2%, the lowest level since the financial crisis as global GDP reports point to weaker than anticipated global activity.

Sources: BlackRock, Bloomberg, Bridgewater, Eagle, FRM, Gryphon, Wellington, JP Morgan MSCI, NCREIF, Northern Trust, Oil & Gas Investor, PE Hub, Private Equity Analyst, Pitchbook, Preqin, PwC Deals, Real Capital Analytics, RE Alert, S&P Schroders, T. Rowe Price, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Wilshire Associates.

Risk Profile

The risk/return statistics for the CRHBT for the 1, 3 and 5-year periods ending June 30, 2019 are shown below:

1 Year

	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	8.33	12.36	0.46	0.58	0.67
CRHBT Benchmark	8.32	12.39	0.45	0.58	0.67

3 Year

	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	9.69	7.19	1.10	1.38	1.35
CRHBT Benchmark	8.61	7.13	0.95	1.24	1.21

5 Year

	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	5.80	7.07	0.66	0.83	0.82
CRHBT Benchmark	5.54	6.92	0.62	0.80	0.80

Participating Agency Allocation

	4/1/2019		4/1/2019 - 6/30/2019			6/30/2019	
Agency	Balance $	Balance %	Contributions	Expenses	Investment Gain/Loss	Balance $	Balance %
Montgomery County Govt	$489,928,131	48.19%	$12,264,202	($717,601)	$20,321,423	$521,796,156	48.77%
MontCo Revenue Authority	$3,157,129	0.31%	$38,625	($4,640)	$131,897	$3,323,011	0.31%
Strathmore Hall Foundation	$1,462,557	0.14%	$18,875	($2,150)	$61,134	$1,540,416	0.14%
Credit Union	$1,259,975	0.12%	$8,250	($1,848)	$52,410	$1,318,787	0.12%
Dept of Assessments & Tax	$13,689	0.00%	$0	($20)	$567	$14,235	0.00%
District Court of Maryland	$0	0.00%	$0	$0	$0	$0	0.00%
HOC	$17,374,150	1.71%	$278,050	($25,571)	$727,945	$18,354,574	1.72%
WSTC	$114,443	0.01%	$6,653	($171)	$4,949	$125,873	0.01%
Village of Friendship Heights	$405,820	0.04%	$0	($594)	$16,795	$422,021	0.04%
Montg. Cty. Public Schools	$447,199,935	43.98%	$0	($635,385)	$18,508,322	$465,072,873	43.46%
Montgomery College	$55,801,408	5.49%	$0	($79,283)	$2,309,460	$58,031,585	5.42%
Total	**$1,016,717,238**	**100.00%**	**$12,614,655**	**($1,467,263)**	**$42,134,901**	**$1,069,999,531**	**100.00%**