QUARTERLY REPORT

December 31, 2024

Shown below is the quarterly report on the status of the Montgomery County Consolidated Retiree Health Benefits Trust ("CRHBT") for the quarter ending December 31, 2024. 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, SkyPoint Federal Credit Union, Department of Assessments and Taxation, Strathmore Hall Foundation, Housing Opportunities 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.

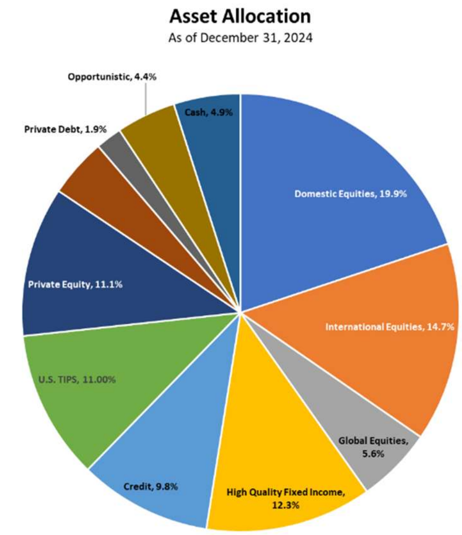
Board of Trustees

The Board of Trustees consists of 19 members: The Montgomery County Directors of Management and Budget, Finance, and Labor Relations; 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 CRHBT was down 1.06% for the quarter— successfully protecting Trust assets by 0.72% relative to the policy benchmark, which was down 1.78%. The CRHBT was up 9.81% for the twelve-month period ending December 31, 2024, outpacing the policy benchmark by 0.65%, which was up 9.16%. The one-year gross return places the CRHBT's performance in the second quartile of comparable funds constructed by the Board's consultant, NEPC. The Fund had an annualized 1.30% return over the last three-year period and 6.95% for the five-year period (ending December 31, 2024)—the Fund was in the fourth and third quartile vs. the peer universe for the three- and five-year periods, respectively. **Over the longer term, the Fund has delivered second-quartile annualized returns of 7.25% over the last ten-year period.**

The following chart displays the asset allocation for the CRHBT on December 31, 2024.



Major Initiatives

During the quarter, the CRHBT closed one infrastructure co-investment, two private equity funds, two private natural resources funds, one private real estate fund, and three public fixed-income mandates.

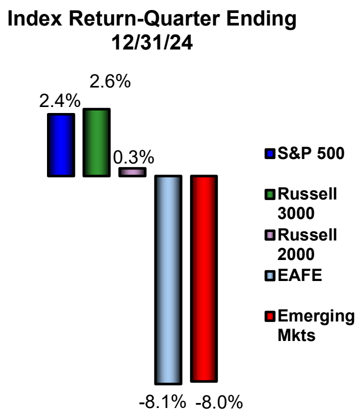
Capital Markets and Economic Conditions

According to the third estimate released by the Bureau of Economic Analysis, the fourth-quarter GDP for 2024 increased at an annual rate of 2.4%. This growth was slightly lower than the 3.1% recorded in the third quarter but higher than the 2.3% of the second estimate. The update primarily reflected an upward revision to consumer spending and business investment. Consumer spending grew an impressive 4.0% during the quarter as consumers stocked up on durable goods such as cars, recreational goods and vehicles, and furniture. By the end of Q4 2024, the unemployment rate held steady at 4.1%, unchanged from the previous quarter. In December, nonfarm payrolls rose by 231,000, slightly below the average monthly gain of 242,000 over the last 12 months but still indicating a solid labor market.

The consumer price index (CPI) increased 2.6% year-over-year, slightly above Q3's 2.4% rise, reflecting modest price pressures. Core CPI, which excludes food and energy, rose 3.2%, primarily due to continued increases in shelter costs and services. Shelter prices climbed 4.7%, contributing to over 60% of the Core CPI increase. Energy prices fell by 5.9%, with gasoline prices down 13.8% and fuel oil declining 20.1%, while electricity and natural gas prices rose by 4.1% and 2.3%, respectively.

In the housing sector, single-family housing starts fell to a seasonally adjusted annual rate of 950,000 units in December, down 2.1% from the previous quarter, continuing the sector's slowdown. In contrast, multifamily housing starts rose to 350,000 units, reflecting a 3.9% quarterly increase. The median existing-home sale price at the end of Q4 was $428,200, up 3.7% from the previous year, indicating continued but moderate home price appreciation.

Public Equity Markets: U.S. equities continued their strong performance, supported by Donald Trump's election. Shares were buoyed by expectations that Trump's policy program will lift growth, lower taxes, and cut regulation. Communication services, information technology, and consumer discretionary sectors were the strongest sectors. The weakest sector was materials. Our combined domestic equity portfolio posted a gain of 2.0%, underperforming the 2.6% return of the Russell 3000 Index.



International developed markets lagged their U.S. counterparts, falling 8.1% for the quarter. In Europe, stocks retreated as investors grew weary of political instability in France and Germany and potential trade wars stemming from Trump's election in the U.S. Materials, real estate, and consumer staples were the weakest sectors for the quarter, while industrials posted gains. Japanese stocks, on the other hand, were up for the quarter, as a weakening yen bolstered the outlook for large-cap exporters. The weakest markets during the quarter were Portugal and Denmark.

EM equities posted negative returns for the quarter, as Trump's election acted as a headwind for the region. Performance was mixed across countries. Brazilian shares were the weakest among EM as the local currency fell amid rising concerns over the country's fiscal outlook. South Korea posted losses on the back of political instability. South Africa and India both ended the quarter lower. China declined but by less than the index, as lack of clarity on proposed policy stimulus plans and trade tariffs weighed on investors. Only four EMs recorded positive returns over the quarter: the Czech Republic, Kuwait, Taiwan, and the UAE. Taiwan's performance was driven largely by ongoing positive sentiment around artificial intelligence demand. Our combined international equity performance was down -7.0%, outperforming the -8.1% return recorded by the benchmark. Our global equity allocation posted a 3.5% gain, outperforming the -1.0% return of the MSCI ACWI Index.

Private Equity: During the fourth quarter, a total of 668 funds reached their final close, securing $137 billion in commitments. Relative to the prior quarter the number of funds raised remained consistent, while the amount of aggregate capital raised declined 21%. North America's domination of the fundraising landscape continued, representing 72% of global aggregate capital raised and 54% of the number of funds raised. U.S. buyout deal activity remained declined during the fourth quarter. The number of U.S. buyout deals fell 3% to ,1098, deal volume decreased 27% to $76 billion, and the average deal size fell 8% to $692 million. Industrials was the most robust sector during the quarter, representing 30% of U.S. buyout deal value. Buyout exit activity for the quarter declined relative to the prior quarter with the number of exits dropping 8% to 239 and the aggregate exit value decreasing 11% to $56 billion. The average exit size remained consistent at $1.1 billion.

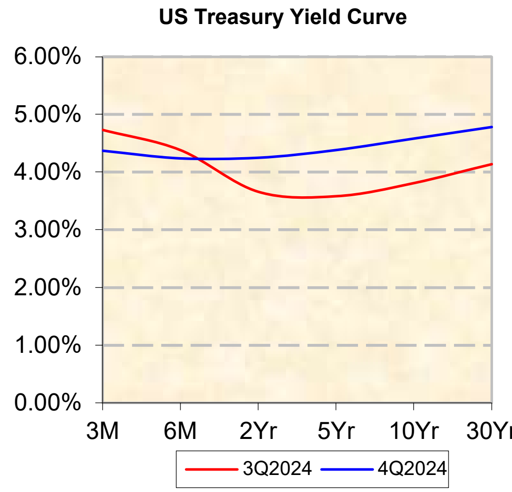
U.S. venture fundraising activity in Q4 remained relatively consistent compared to the prior quarter. The number of funds raised rose 8% to 193, the aggregate capital raised increased 1% to $18 billion, and the average fund size increased 3% to $119 million. U.S. venture dealmaking activity increased sharply during the quarter. Although the number of U.S. venture deals remained relatively consistent at 1,543 when compared to the prior quarter, aggregate deal volume jumped 104% to $66 billion, and the average deal size increased 94% to $54 million.

During the quarter, our private equity managers called a combined $6.9 million and paid distributions of $12.3 million. Our current allocation to private equity is 11.1%, with a market value of $210.6 million. From its 2013 inception through September 30, 2024, the total private equity program has generated a net internal rate of return of 22.5% versus a 17.5% return for the dollar-weighted public market equivalent (the Russell 3000 Index plus 300 bps).

Hedge Funds: For the quarter, industry-wide hedge funds rose by 2.1% based on the HFRI Composite Index. On a sub-strategy basis, the Event-Driven Index gained 2.1%, the Relative Value Index advanced 1.9%, the Equity Hedge Index increased 1.4%, and the Macro Index rose by 0.6%. The System's diversifying hedge funds recorded a gain of 2.9% versus a gain of 1.4% for the Conservative Index. The diversifying portfolio outperformance is primarily attributable to strong selection within the global macro and quant sectors. The System's directional hedge funds recorded a gain of 2.2% compared to the positive

1.7% return for the Strategic Index. The directional outperformance is primarily attributable to the equities and credit sectors, where allocation and manager selection both contributed to returns.

Fixed Income: The yield curve shifted up as Treasury yields increased beyond six-month maturities. The yield on the 2-year note maturities increased by 59 bps to 3.7%, while the 10- and 30-year bond maturities increased by 77 and 64 bps, respectively. The spread between 2-year and 10-year Treasuries, the main gauge of the yield curve, steepened and ended the quarter at 33 bps. By the end of the quarter, the 10-year Treasury yield was 4.6% whereas the 30-year Treasury yield was 4.8%. The high-yield portfolio's performance for the quarter was a gain of 0.4%, outperforming the 0.2% gain of the Merrill Lynch High Yield II Constrained Index. The long-duration portfolio's return for the quarter was a loss of 8.0%, outperforming the custom long-duration benchmark's 8.1% decline. The emerging market debt portfolio declined 1.2%, outperforming the 1.9% loss of the JPM EMBI Global Diversified benchmark.



Private Debt: Private debt funds raised $167.1 billion from 174 funds in 2024, the lowest in the last five years. North America continued to attract the most capital, where 95 funds raised $114.4 billion, followed by Europe with 40 funds raising $44.5 billion. Direct lending funds continued to lead fundraising throughout the year, with 91 funds raising $122.2 billion, followed by 27 special situation funds raising $25.1 billion. In January 2025, there were over 1,300 funds targeting over $500 million in capital. The majority of these funds were direct lending focused targeting 60.1% of the aggregate capital. 18% of the private debt funds are currently raising more than $1 billion of capital. Dry powder as of December 2024 was about $430 billion.

During the quarter, our private debt managers called a combined $1.7 million and paid distributions of $1.2 million. Our current allocation to private debt is 1.9%, with a market value of $36.7 million. From 2015 through September 30, 2024, the private debt program generated a net internal rate of return of 10.6% versus an 8.6% return for the dollar-weighted public market equivalent benchmark (ICE BofA Merrill Lynch High Yield Master II Constrained + 300 bps).

Private Real Assets: During the quarter, private real estate returns advanced, supported by positive cash flows. Real estate prices were up 0.9%, 1.2% from income, and -0.2% from negative property appreciation. All property sectors produced positive returns during the quarter except for office properties. Office properties declined by 0.6%. Retail, Industrial, and Residential advanced by 1.9%, 1.2%, and 1.2%, respectively. Real estate fundraising declined as 214 funds raised $14.9 billion compared to 159 funds raised $22.6 billion in the prior quarter. Infrastructure fundraising accelerated as 24 funds raised $21.1 billion compared to 18 funds raised $17.5 billion for the previous quarter.

During the quarter, our private real asset managers called a combined $3.1 million and paid distributions of $2.4 million. Our current allocation to private real assets is 4.4%, with a market value of $82.8 million. From its 2006 inception through September 30, 2024, the total private real assets program (including fund-of-funds) has generated a net internal rate of return of 7.5% versus an 8.6% gain for the long-term benchmark (CPI plus 500 bps).

Sources: BlackRock, Bloomberg, MSCI, NCREIF, Northern Trust, T. Rowe Price, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Russell, Albourne, JP Morgan, Goldman Sachs, Preqin, Pitchbook, Federal Reserve, Marathon Asset Management, Standard and Poor's.

Risk Profile

The risk/return statistics for the CRHBT for the 1, 3 and 5-year periods ending December 31, 2024 are shown below:

1 Year

	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	9.49	6.10	0.68	1.02	1.56
CRHBT Benchmark	9.16	6.44	0.61	0.86	1.42

3 Year

	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	0.75	10.34	N/A	N/A	0.07
CRHBT Benchmark	0.63	10.95	N/A	N/A	0.06

5 Year

	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	6.46	10.77	0.41	0.59	0.60
CRHBT Benchmark	5.97	11.26	0.35	0.51	0.53

Participating Agency Allocation

	10/1/2024		10/1/2024 - 12/31/2024			12/31/2024	
Agency	Balance $	Balance %	Contributions	Expenses	Investment Gain/Loss	Balance $	Balance %
Montgomery County Govt	$862,403,621	44.84%	$0	($831,624)	($9,058,370)	$852,513,626	44.84%
MontCo Revenue Authority	$5,153,088	0.27%	$0	($4,969)	($54,126)	$5,093,992	0.27%
Strathmore Hall Foundation	$2,514,402	0.13%	$0	($2,425)	($26,410)	$2,485,567	0.13%
SkyPoint Federal Credit Union	$2,121,878	0.11%	$0	($2,046)	($22,287)	$2,097,544	0.11%
Dept of Assessments & Tax	$63,690	0.00%	$0	($61)	($669)	$62,960	0.00%
HOC	$28,574,174	1.49%	$0	($27,554)	($300,133)	$28,246,487	1.49%
WSTC	$200,012	0.01%	$0	($193)	($2,101)	$197,719	0.01%
Village of Friendship Heights	$639,411	0.03%	$0	($617)	($6,716)	$632,078	0.03%
Montg. Cty. Public Schools	$914,386,580	47.55%	$0	($881,752)	($9,604,380)	$903,900,448	47.55%
Montgomery College	$107,140,513	5.57%	$0	($103,317)	($1,125,365)	$105,911,832	5.57%
Total	**$1,923,197,368**	**100.00%**	**$0**	**($1,854,558)**	**($20,200,557)**	**$1,901,142,253**	**100.00%**