QUARTERLY REPORT

March 31, 2025

Shown below is the quarterly report on the status of the Montgomery County Consolidated Retiree Health Benefits Trust ("CRHBT") for the quarter ending March 31, 2025. 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.

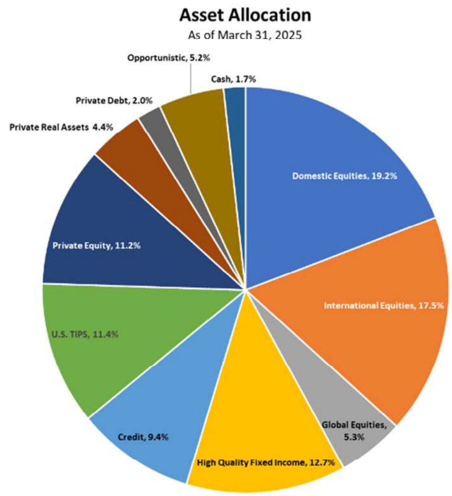
Board of Trustees

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 gained 0.78% for the quarter, lagging the performance of the policy benchmark by 0.34%. The CRHBT was up 6.08% for the twelve-month period ending March 31, 2025, trailing the policy benchmark by 0.99%, which was up 7.07%. 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 3.14% return over the last three-year period and 9.68% for the five-year period (ending March 31, 2025)—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 7.02% over the last ten-year period.**

The following chart displays the asset allocation for the CRHBT on March 31, 2025.



Major Initiatives

During the quarter, the ERS closed one private real estate fund.

Capital Markets and Economic Conditions

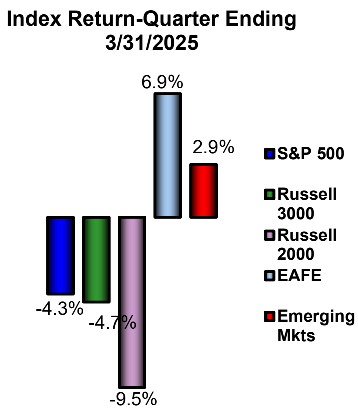
The U. S. economy contracted in the first quarter of 2025 for the first time in three years, driven by a sharp surge in pre-tariff imports, softening consumer spending, and a decline in government spending. According to the third estimate released by the Bureau of Economic Analysis (BEA), real gross domestic product (GDP) decreased at an annual rate of 0.3% in the first quarter, following a 2.4% gain in the fourth quarter of 2024. Imports, which are subtracted in the calculation of GDP, surged at an annualized rate of 41.3% in the first quarter, as businesses rushed to stockpile goods ahead of the implementation of tariffs. Meanwhile, consumer spending fell from 4.0% to 1.8%, and government spending decreased at an annual rate of 1.4% in the same period.

The labor market remained stable in early 2025. By the end of Q1, the unemployment rate held steady at 4.1%, unchanged for the third consecutive quarter. During this period, the U. S. economy added 499,000 nonfarm payroll jobs, a slight increase from the 495,000 added in Q4 2024.

In the first quarter of 2025, the Consumer Price Index (CPI) inflation rate was 2.3% for all items, according to the Bureau of Labor Statistics. Core inflation, which excludes food and energy, stood at 2.8%, according to the US Bureau of Labor Statistics. The Personal Consumption Expenditures Price (PCE) Index, which measures inflation (or deflation) across various consumer expenses and reflects changes in consumer behavior, rose by 3.6% in the first quarter, up from a 2.4% increase in the fourth quarter of 2024.

In the housing market, single-family housing starts continued to weaken, falling to a seasonally adjusted annual rate of 925,000 units in March, down 2.6% from the previous quarter. In contrast, multifamily starts remained resilient, reaching 362,000 units, a 3.4% increase over Q4. The median existing-home sale price ended the quarter at $403,700, representing a 2.7% year-over-year increase, underscoring sustained, yet slowing, home price growth amid tight inventory and steady demand.

Public Equity Markets: In the first quarter of 2025, the broad U.S. equity market, as measured by the Russell 3000 Index, declined 4.7%. Within this, the Energy sector performed the best, while the Consumer Discretionary and Information Technology sectors performed the worst. Defensive sectors like Utilities, Healthcare, Telecommunications, and Energy saw positive returns. Mid and small capitalization companies were particularly impacted, with the Russell 2000 Index declining 9.5%. Our combined domestic equity portfolio posted a loss of 5.4%, underperforming the negative 4.7% return of the Russell 3000 Index.



International developed markets significantly outperformed their U.S. counterparts, rallying 6.9% for the quarter. European stocks posted strong returns as investors rotated away from U.S. equities toward Europe. This shift reflected investors' perception of stronger global growth potential and Europe's relatively attractive valuations compared to U.S. equities. Japanese stocks, on the other hand, were down for the quarter, weighed down by weak performance in technology and exporter stocks. The weakest markets during the quarter were Denmark and New Zealand.

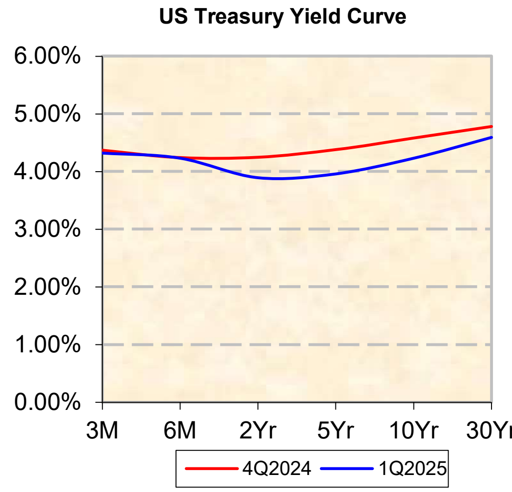
EM equities posted positive quarterly returns, driven by China's strong performance and a weaker U.S. dollar. Chinese stocks rallied thanks to strong earnings by the country's technology companies, and the government's unveiling of pro-business policies and fiscal policies designed to boost consumer spending. Brazilian stocks posted positive returns due to strong corporate earnings, particularly in the energy and consumer staples sectors. South Korean markets were up due to strong performance in the semiconductor sector and record-high cosmetics exports. Indian equities slid during the quarter, driven by weak corporate earnings, particularly in the information technology and financial sectors. Our combined international equity performance was up 4.3%, underperforming the 4.8% return recorded by the benchmark. Our global equity allocation posted a 0.3% loss, outperforming the 1.3% decline of the MSCI ACWI Index.

Private Equity: During the first quarter, a total of 632 funds reached their final close, securing $141 billion in commitments. Relative to the prior quarter, the number of funds raised declined 14%, while the amount of aggregate capital remained consistent. On a global basis, North America accounted for 61% of the number of funds raised and 46% of the aggregate capital raised, a drop relative to the prior quarter. U.S. buyout deal activity remained increased during the first quarter. Relative to the prior quarter, the number of U.S. buyout deals rose 3% to 1,166, deal volume jumped 44% to $101 billion, and the average deal size rose 66% to $987 million. Industrials and consumer discretionary were the most robust sectors during the quarter, each representing roughly 18% of U.S. buyout deal value. Buyout exit activity declined relative to the prior quarter with the number of exits dropping 8% to 223, the aggregate exit value decreasing 21% to $46 billion, and the average exit size falling 4% to $1.1 billion.

U.S. venture fundraising activity in Q1 decreased compared to the prior quarter. While the number of funds raised rose 7% to 220, the aggregate capital raised fell 27% to $13 billion, and the average fund size dropped 46% to $62 million. U.S. venture dealmaking activity picked up slightly during the quarter. The number of U.S. venture deals remained consistent at 1,584, while aggregate deal volume increased 4% to $69 billion and the average deal size increased 17% to $61 million.

During the quarter, our private equity managers called a combined $2.9 million and paid distributions of $2.1 million. Our current allocation to private equity is 11.2%, with a market value of $214.2 million. From its 2013 inception through December 31, 2024, the total private equity program has generated a net internal rate of return of 21.9% versus a 17.4% 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 0.5% based on the HFRI Composite Index. On a sub-strategy basis, the Event-Driven Index lost 0.3%, the Relative Value Index advanced 1.5%, the Equity Hedge Index decreased 0.2%, and the Macro Index rose by 0.4%. The System's diversifying hedge funds recorded a gain of 2.2% versus a gain of 0.9% for the Conservative Index. The diversifying portfolio outperformance is primarily attributable to strong selection within the global macro and quant sectors.



Fixed Income: The yield curve shifted down as Treasury yields decreased across various maturities. The yield on the 2-year note maturities decreased by 36 bps to 3.9%, while the 10- and 30-year bond maturities decreased by 35 and 19 bps, respectively. By the end of the quarter, the 10-year Treasury yield was 4.2%, whereas the 30-year Treasury yield was 4.6%. The high-yield portfolio's performance for the quarter was a gain of 1.2%, outperforming the 0.9% gain of the Merrill Lynch High Yield II Constrained Index. The long-duration portfolio's return for the quarter was a gain of 4.7%, outperforming the custom long-duration benchmark's 4.2% performance. The emerging market debt portfolio advanced 2.7%, outperforming the 2.2% gain of the JPM EMBI Global Diversified benchmark. The intermediate government portfolio's 2.5% return versus the BBG U.S. Intermediate Government benchmark, the intermediate corporate portfolio's 2.3% return versus the BBG U.S. Intermediate Credit benchmark, and the TIPS portfolio's 4.2% return versus the BBG U.S. TIPS benchmark, all were in line with their benchmark returns.

Private Debt: Private debt funds raised $58.9 billion, which is 2.5 times higher than the $24 billion raised in the first quarter of 2024. Europe attracted the most capital, where nine funds raised $31 billion, followed by 17 funds in North America raising $27.5 billion. Direct lending funds continued to lead fundraising in the first quarter, with 12 funds raising $30.2 billion, followed by seven distressed debt funds raising 20.5 billion. In March 2025, there were 1,293 funds targeting $447 billion of capital. The majority of these funds continued to be direct lending-focused, targeting 60.1% of the aggregate capital. 17% of the private debt funds were raising more than $1 billion of capital. Dry powder was over $500 billion.

During the quarter, our private debt managers called a combined $1.7 million and paid distributions of $2.3 million. Our current allocation to private debt is 2.0%, with a market value of $37.3 million. From 2015 through December 31, 2024, the private debt program generated a net internal rate of return of 10.8% versus an 8.3% 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 and a small capital appreciation. Real estate prices were up 1.3%, 1.2% from income, and 0.1% from property appreciation. All property sectors produced positive returns during the quarter. Office, Industrial, Residential, and Retail, advanced by 0.9%, 1.3%, 1.3%, and 1.8%, respectively. Real estate fundraising advanced as 209 funds raised $39.1 billion compared to 240 funds raised $17.7 billion in the prior quarter. Infrastructure fundraising accelerated as 29 funds raised $60.2 billion compared to 30 funds raised $20.4 billion for the previous quarter.

During the quarter, our private real asset managers called a combined $5.1 million and paid distributions of $1.2 million. Our current allocation to private real assets is 4.4%, with a market value of $84.8 million. From its 2006 inception through December 31, 2024, the total private real assets program (including fund-of-funds) has generated a net internal rate of return of 6.7% 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 March 31, 2025 are shown below:

1 Year	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	5.82	5.93	0.16	0.22	0.98
CRHBT Benchmark	7.06	6.68	0.33	0.46	1.06

3 Year	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	2.63	10.09	N/A	N/A	0.26
CRHBT Benchmark	2.41	10.86	N/A	N/A	0.22

5 Year	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	9.18	9.76	0.69	1.10	0.94
CRHBT Benchmark	8.72	10.26	0.62	0.98	0.85

Participating Agency Allocation

	1/1/2025		01/01/2025 - 03/31/2025			3/31/2025	
Agency	Balance $	Balance %	Contributions	Expenses	Investment Gain/Loss	Balance $	Balance %
Montgomery County Govt	$852,513,626	44.84%	$0	($521,461)	$6,950,888	$858,943,054	44.84%
MontCo Revenue Authority	$5,093,992	0.27%	$0	($3,116)	$41,533	$5,132,410	0.27%
Strathmore Hall Foundation	$2,485,567	0.13%	$0	($1,520)	$20,266	$2,504,312	0.13%
SkyPoint Federal Credit Union	$2,097,544	0.11%	$0	($1,283)	$17,102	$2,113,363	0.11%
Dept of Assessments & Tax	$62,960	0.00%	$0	($39)	$513	$63,435	0.00%
HOC	$28,246,487	1.49%	$0	($17,278)	$230,305	$28,459,514	1.49%
WSTC	$197,719	0.01%	$0	($121)	$1,612	$199,210	0.01%
Village of Friendship Heights	$632,078	0.03%	$0	($387)	$5,154	$636,845	0.03%
Montg. Cty. Public Schools	$903,900,448	47.55%	$0	($530,953)	$7,369,691	$910,739,185	47.55%
Montgomery College	$105,911,832	5.57%	$0	($62,213)	$863,521	$106,713,141	5.57%
Total	**$1,901,142,253**	**100.00%**	**$0**	**($1,138,370)**	**$15,500,586**	**$1,915,504,468**	**100.00%**