QUARTERLY REPORT

March 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 March 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.

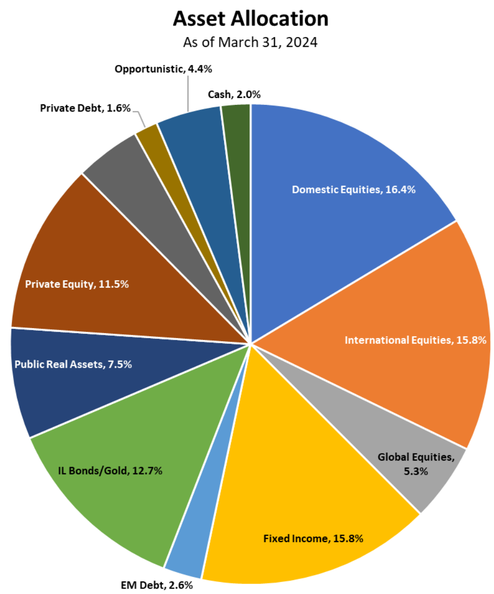
Board of Trustees

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 gained 4.32% for the quarter— which exceeded the policy benchmark by 1.23%. The CRHBT was up 11.46% for the twelve-month period ending March 31, 2024, outpacing the policy benchmark by 2.82%, which was up 8.64%. 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 4.45% return over the last three-year period and 8.00% for the five-year period (ending March 31, 2024)— the Fund was in the third and second 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 7.13% over the last ten-year period.**

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



Major Initiatives

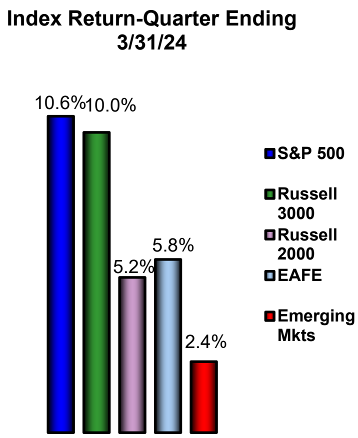
During the quarter, the CRHBT closed on an infrastructure co-investment.

Capital Markets and Economic Conditions

First quarter GDP for 2024 increased at an annual rate of 1.6% according to the advance estimate released by the Bureau of Economic Analysis, lower than the 3.4% in the previous period and below the market expectations of 2.5%. The estimate reflects increases in consumer spending, residential fixed investment, nonresidential fixed investment, and state and local government spending that were partly offset by a decrease in private inventory investment; imports (which are a subtraction to GDP) increased. Compared to the previous quarter's growth rate, the deceleration in the first quarter reflected slowdowns in consumer spending, exports, and state and local government spending and a downturn in federal government spending; imports accelerated. By the end of Q1 2024 the unemployment rate increased to 3.8%, slightly above the 3.7% level seen at the end of Q4. In March the economy added 303,000 jobs with gains occurring in health care, government, and construction.

The consumer price index (CPI) rose 3.5% from a year ago, higher than the consensus estimate. Both food and energy prices increased year-over-year. Core CPI, which excludes volatile food and energy prices, rose 3.8% from a year ago, largely driven by the increased pricing in non-energy services, such as transportation and shelter. Housing starts finished the quarter at a seasonally adjusted annualized rate of 1.29 million for March, dropping 17.9% from the prior quarter and down 4.1% from the same period last year. The median existing home sale price at the end of the first quarter was $396,600, up 2.8% from the end of the previous quarter.

Public Equity Markets: U.S. equities rallied on strong corporate earnings and ongoing expectations of rate cuts later this year. The S&P 500 Index was boosted by corporate earnings including from some of the "Magnificent Seven" companies. Communication services, energy, IT, and financials rallied the most while only the real estate sector declined during the quarter. Large-cap equities outperformed their smaller-cap counterparts, with growth outperforming both large and small-cap stocks. Our combined domestic equity portfolio posted a gain of 9.7%, trailing the 10.0% return of the Russell 3000 Index



International developed markets continued to trail their U.S. counterparts, advancing only 5.8% for the quarter. In Europe, stocks posted strong gains during the quarter. The IT sector led the gains in optimism over demand for AI-related technologies. Other top-gaining sectors included financials, consumer discretionary, and industrials. Improvements in the economic outlook boosted more economically sensitive stocks, while banks were supported by some announcements of improvements to shareholder returns. By contrast, utilities, consumer staples, and real estate were the main laggards. In Japan, the Nikkei reached its all-time high and surpassed the 40,000-yen level, driven by mild inflation and wage growth. The Bank of Japan's significant actions at its March policy meeting also contributed to the new high for the Japanese markets. Asia ex-Japan equities experienced modest gains while investors displayed cautious optimism on the Chinese markets.

Overall EM equities posted positive returns for the quarter, albeit behind developed market equities. Performance was mixed across countries. Chinese stocks fell as the country continued to grapple with a slowdown in its property market, deflationary pressures, and cooling industrial activity. However, some of these losses were reversed toward the end of the quarter after the government announced its latest stimulus plans to refine housing policies and construct government-subsidized housing to shore up the property sector. India posted positive returns on the back of strong corporate earnings, cooling inflation, and positive global sentiment. Turkish stocks also rallied, backed by strong technology sector performance. Mexican and Brazilian stocks were both down during the period. Our combined international equity performance was up 5.8%, outperforming the 4.3% return recorded by the benchmark. Our global equity allocation posted a 12.9% gain, outperforming the 8.2% return of the MSCI ACWI Index.

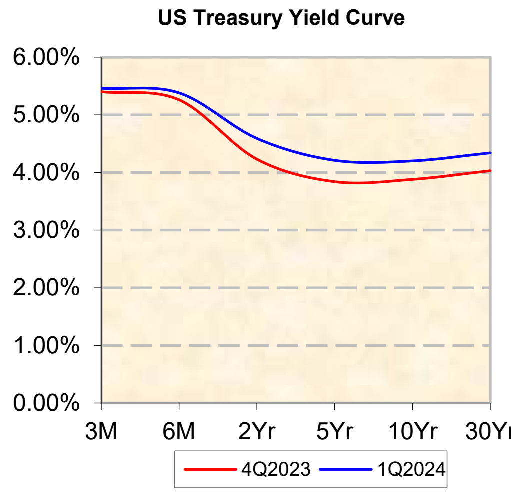
Private Equity: During the first quarter, a total of 426 funds reached their final close, securing $203 billion in commitments. Relative to the prior quarter the number of funds raised fell 34% and the amount of capital raised fell 20%. North America's domination of the fundraising landscape waned, representing 48% of global aggregate capital raised and 61% of the number of funds raised, the first quarter since 2021 where North America did not make up the majority in both metrics. U.S. buyout deal activity declined relative to the prior quarter as the number of deals fell 6% to 1,066, the aggregate deal volume dropped 50% to $60 billion, and the average deal size shrunk 38% to $544 million. Financial and insurance services and information technology were the most robust sectors during the quarter, each representing roughly 16% of aggregate U.S. buyout deal value. Buyout exit activity for the quarter contracted relative to the prior quarter- while the number of exits remained relatively stable at 228, the aggregate exit value dropped 59% to $38 billion and the average exit size fell 56% to $612 million. The global private equity sector has $2.7 trillion in dry powder and continues to hover around record highs.

U.S. venture fundraising activity in Q1 waned after rebounding at the end of 2023. Relative to the prior quarter the number of funds raised decreased 34% to 150, the aggregate capital raised fell 7% to $18 billion, and the average fund size increased 16% to 134 million. However, U.S. venture dealmaking activity increased throughout Q1 as the number of deals consummated remained relatively stable at 1,435, the aggregate deal volume jumped 51% to $50 billion, and the average deal size rose 20% to $30 million.

During the quarter, our private equity managers called a combined $2.4 million and paid distributions of $5.8 million. Our current allocation to private equity is 11.5%, with a market value of $205.1 million. From its 2013 inception through December 31, 2023, the total private equity program has generated a net internal rate of return of 23.9% versus a 16.5% 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 4.4% based on the HFRI Composite Index. On a sub-strategy basis, the Event-Driven Index gained 2.3%, the Relative Value Index advanced 2.5%, the Equity Hedge Index increased 5.1%, and the Macro Index rose by 6.3%. The System's diversifying hedge funds recorded a gain of 3.7% versus a gain of 2.2% for the Conservative Index. The diversifying portfolio outperformance is primarily attributable to strong selection within the quant and global macro sectors. The System's directional hedge funds recorded a gain of 3.4% compared to the positive 5.2% return for the Strategic Index. The directional underperformance is primarily attributable to the credit sector where returns, though positive, lagged the performance of the overall index.

Fixed Income: The yield curve shifted up as both short and long-dated Treasury yields moved higher. The yield on the 2-year note maturities moved up 36 bps to 4.6%, while the 10- and 30-year bond maturities increased by 32 and 31 bps respectively. The spread between 2-year and 10-year Treasuries, the main gauge of the yield curve, flattened and ended the quarter at -39 bps, 4 bps flatter than the previous quarter's level. By the end of the quarter, the 10-year Treasury yield was 4.2% whereas the 30-year Treasury yield was 4.3%. The high-yield portfolio's performance for the quarter was a gain of 1.5%, in-line with the Merrill Lynch High Yield II Constrained Index. The long-duration portfolio's return for the quarter was a loss of 2.6%, outperforming the custom long-duration benchmark by 0.3%. The emerging market debt portfolio gained 3.7%, outperforming the JPM EMBI Global Diversified benchmark by 1.7%. Our global inflation-linked bond portfolio, combined with a portable alpha overlay, recorded a gain of 4.2%, outperforming the custom benchmark by 4.6%. The outperformance was broad-based but particularly driven where the strategy's alphas in currencies and equities.



Private Debt: In Q1 of 2024, private debt funds raised $20.7 billion from 39 funds, which showed a decline versus the prior quarter. Preqin explains the slowdown by the investors' top two concerns of interest rates and inflation. Out of the total fundraising activity in the quarter, North America-focused funds raised $14.4 billion, while the aggregate capital raised for Europe-focused funds totaled $4.1 billion. Direct lending funds led fundraising with $12.8 billion (69.4% of the private debt capital raised during the quarter), followed by special situation funds with $4.9 billion. Some of the largest funds closed during the quarter were the $4.7 billion Benefits Street Partners Debt Fund V, the $2.7 billion Atlantic Park Strategic Capital Fund II, and the $2.5 billion Pemberton Strategic Credit Fund III. Dry powder as of May 2024 was $434 billion, which was on par with the highest amount recorded by Preqin in December 2023.

During the quarter, our private debt managers called a combined $1.7 million and paid distributions of $0.8 million. Our current allocation to private debt is 1.6%, with a market value of $29.4 million. From 2015 through December 31, 2023, the private debt program generated a net internal rate of return of 10.7% versus a 7.7% 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 prices continued to decline due to increased interest rates, while private real assets increased due to elevated commodity prices. Infrastructure fundraising slowed as 30 funds raised $36.7 billion compared to 28 funds raised $68.3 billion in the prior quarter. Real estate prices were down 1.0% for the quarter driven by a 3.8% decline in office values and a 1.0% decline in apartments. Industrial, Retail, and Hotels advanced by 0.1%, 0.6%, and 0.8%, respectively. Fundraising slowed as 83 funds raised $32.3 billion compared to 106 funds raised $30.5 billion in the prior quarter.

During the quarter, our private real asset managers called a combined $1.9 million and paid distributions of $2.1 million. Our current allocation to private real assets is 4.4%, with a market value of $78.9 million. From its 2006 inception through December 31, 2023, the total private real assets program (including fund-of-funds) has generated a net internal rate of return of 8.6% versus an 8.7% gain for the long-term benchmark (CPI plus 500 bps).

Public Real Assets: Global listed real estate securities as measured by the FTSE EPRA/NAREIT Developed Index posted a loss of 1.3% for the quarter, outperforming bonds (Barclays Global Aggregate, -2.1%) but underperforming global equities (MSCI World, 8.9%). Rate-sensitive global REITs lagged equities amidst firm economic growth data and signs of stickier-than-anticipated inflation, which sent bond yields 32 basis points higher over the quarter. During the quarter, Asia was the best performing region, lifted by growth sensitive Japan developers in anticipation of a return to reflation in Japan. Europe delivered the weakest performance on profit taking after a strong performance in the second half of 2023. The repricing of rate cut expectations amidst signs of stickier than expected Eurozone inflation also weighed on performance. The Americas were hurt by capital flowing away from the REIT sector amidst broader optimism for economic growth revolving around artificial intelligence. Leadership favored cyclicals in the US with malls and lodging posting the strongest returns on increased soft landing hopes.

Listed infrastructure securities posted a loss of 0.4% during the quarter as measured by the Dow Jones Brookfield Global Infrastructure Index, underperforming global equities (MSCI World, 8.9%) but outperforming bonds (Barclays Global Aggregate, -2.1%). Overall for the quarter, gas midstream, other utilities, diversified, pipeline companies, airports, and gas distribution utilities outperformed the index, while ports, communications, toll roads, water & waste, European Regulated utilities, and electricity transmission & distribution underperformed. From an infrastructure perspective, shares generally saw a reversal of the strong recovery witnessed in 4Q2023 in 1Q2024. The primary driver of this was a back-up in interest rates, with the U.S. 10-year rising ~34 bps to 4.21% and the German Bund rising 26 bps to 2.03% during the quarter. Not surprisingly, utilities and communications suffered the most on the back of this development, with transportation and energy infrastructure faring much better. Indeed, many of the strong performers in airports and diversified in 2023 continued their trend into 2024 on the back of favorable Q4 earnings reports and healthy 2024 guidance. Energy infrastructure, having had a more modest 2023 despite strong fundamentals, realized a very strong 1Q2024 alongside the broader energy complex. High and increasing crude oil prices, record North American upstream production, and healthy and growing cash flow profiles for the companies helped bolster appetite for the sector. Strength in these areas, however, was not enough to overcome the weakness in utilities and communications.

For the quarter, the public real asset portfolio lost 1.0%, below the custom benchmark’s loss of 0.9% primarily due to underperformance by our Global Listed Infrastructure manager.

Outlook

The International Monetary Fund (IMF) projects global growth at 3.2% in 2024 and in 2025, with the 2024 forecast 0.1% higher than that projected in the IMF’s January 2024 forecasts. The improved projection is the result of greater-than-expected resilience in the advanced economies, offsetting a modest weakening in emerging markets. The forecast for global growth five years from now—at 3.1 percent—is at its lowest in decades. Global inflation is forecast to decline steadily, from 6.8 percent in 2023 to 5.9 percent in 2024 and 4.5 percent in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. Core inflation is generally projected to decline more gradually.

The likelihood of a hard landing has continued to diminish over the past two quarters. The estimated probability that global growth in 2024 will fall below 2.0 percent, an outcome that has occurred only five times since 1970, is now at about 10 percent. This estimated likelihood is down from an estimated 15 percent in October 2023. For 2025, the probability of such an outcome is also about 10 percent. A contraction in global per capita real GDP, which often happens in a global recession, in 2024 has an estimated probability below 5 percent. At the same time, the probability of global growth’s exceeding the 3.8 percent historical average during 2000–19 is slightly above 20 percent for 2024, highlighting the relatively weak baseline outlook for global growth and showing that risks to the global outlook are now broadly balanced. On the downside, new price spikes stemming from geopolitical tensions, including those from the war in Ukraine and the conflict in Gaza and Israel, could, along with persistent core inflation where labor markets are still tight, raise interest rate expectations and reduce asset prices. A divergence in disinflation speeds among major economies could also cause currency movements that put financial sectors under pressure. High interest rates could have greater cooling effects than envisaged as fixed-rate mortgages reset and households contend with high debt, causing financial stress. On the upside, looser fiscal policy than necessary and assumed in projections could raise economic activity in the short term, although risking more costly policy adjustment later on. Inflation could fall faster than expected amid further gains in labor force participation, allowing central banks to bring easing plans forward. Artificial intelligence and stronger structural reforms than anticipated could spur productivity.

The U.S. has experienced exceptional relative performance recently largely due to strong demand factors and a persistently tight labor market. This raises short-term risks to the disinflation process, as well as longer-term fiscal and financial stability risks for the global economy if fiscal positions loosen too early. The near-term priority for central banks is to ensure that inflation touches down smoothly, by neither easing policies prematurely nor delaying too long and causing target undershoots. At the same time, as central banks take a less restrictive stance, a renewed focus on implementing medium-term fiscal consolidation to rebuild room for budgetary maneuver and priority investments, and to ensure debt sustainability, is in order. In the United States, growth is projected to increase to 2.7 percent in 2024, before slowing to 1.9 percent in 2025, as gradual fiscal tightening and a softening in labor markets slow aggregate demand. For 2024, an upward revision of 0.6 percentage point since January reflects largely statistical carryover effects from a stronger-than-expected growth outcome in the fourth quarter of 2023, with, in addition, some of the stronger momentum expected to persist into 2024.

In the euro area, growth will pick up this year, but from very low levels, as the trailing effects of tight monetary policy and past energy costs, as well as planned fiscal consolidation, weigh on activity. Continued high wage growth and persistent services inflation could delay the return of inflation to target. However, unlike in the United States, there is scant evidence of overheating and the European Central Bank will also need to carefully calibrate the pivot toward monetary easing to avoid an excessive growth slowdown and inflation undershoot. While labor markets appear strong, that strength could prove illusory if European firms have been hoarding labor in anticipation of a pickup in activity that does not materialize. Growth in the euro area is projected to recover from its low rate of an estimated 0.4 percent in 2023, which reflected relatively high exposure to the war in Ukraine, to 0.8 percent in 2024 and 1.5 percent in 2025. Stronger household consumption, as the effects of the shock to energy prices subside and a fall in inflation supports growth in real income, is expected to drive the recovery. The pace of recovery was revised downward by 0.3 percentage point for Germany for both 2024 and 2025 amid persistently weak consumer sentiment, although this adjustment is largely offset by upgrades for several smaller economies, including Belgium and Portugal.

For Japan, policy rates are projected to rise gradually, reflecting growing confidence that inflation will sustainably converge to target over the medium term despite Japan's history of deflation. However, growth is projected to slow from an estimated 1.9 percent in 2023 to 0.9 percent in 2024 and 1 percent in 2025, owing to fading of one-off factors that supported growth in 2023, including a surge in inbound tourism.

It is now estimated that there will be less economic scarring from the pandemic due to robust employment growth in most countries but specifically the US and emerging markets. The central banks of Brazil, Chile, and several other emerging markets raised rates relatively quickly to counter rising inflation in the past two years, resulting in earlier increases in real interest rates. However, even as inflation now recedes, high real interest rates make sovereign debt dynamics less favorable, in particular for highly indebted emerging markets. Combining this with the increased stickiness of inflation in emerging markets (projected to return more slowly than advanced economies), will make navigating inflation critical for emerging markets. The main outlier for the emerging markets is China which is affected by the enduring downturn in its property sector. Domestic demand will remain lackluster for some time unless strong measures and reforms address the root cause. Public debt dynamics are also of concern, especially if the property crisis morphs into a local public finance crisis. Broadly, growth in these countries is expected to remain at 4.2% in 2024 and in 2025. Growth expectations in 2024 ticked up slightly from 4.1% to 4.2% with a moderation in emerging and developing Asia offset mainly by rising growth for economies in the Middle East and Central Asia and for sub-Saharan Africa.

Sources: BlackRock, Bloomberg, Bridgewater, FRM, MSCI, NCREIF, Northern Trust, T. Rowe Price, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, The World Bank, The International Monetary Fund, European Central Bank, Bank of Japan, The Organization for Economic Cooperation and Development, Russell, Albourne, MSIM, Principal, JP Morgan, Goldman Sachs, Preqin, Pitchbook, Federal Reserve, Marathon Asset Management, Schroders, Standard and Poor's.

Risk Profile

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

1 Year

	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	11.12	9.11	0.64	1.10	1.22
CRHBT Benchmark	8.64	9.83	0.37	0.63	0.88

3 Year

	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	3.88	10.53	0.17	0.24	0.37
CRHBT Benchmark	3.63	11.19	0.15	0.21	0.32

5 Year

	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	7.49	10.64	0.54	0.79	0.70
CRHBT Benchmark	6.77	11.09	0.46	0.68	0.61

Participating Agency Allocation

	1/1/2024		1/1/2024 - 3/31/2024			3/31/2024	
Agency	Balance $	Balance %	Contributions	Expenses	Investment Gain/Loss	Balance $	Balance %
Montgomery County Govt	$775,786,050	45.46%	$0	($784,330)	$37,803,153	$812,804,873	45.46%
MontCo Revenue Authority	$4,636,049	0.27%	$0	($4,687)	$225,909	$4,857,272	0.27%
Strathmore Hall Foundation	$2,262,118	0.13%	$0	($2,287)	$110,230	$2,370,061	0.13%
SkyPoint Federal Credit Union	$1,908,978	0.11%	$0	($1,930)	$93,022	$2,000,070	0.11%
Dept of Assessments & Tax	$57,300	0.00%	$0	($58)	$2,792	$60,034	0.00%
HOC	$25,707,166	1.51%	$0	($25,990)	$1,252,680	$26,933,856	1.51%
WSTC	$179,944	0.01%	$0	($182)	$8,768	$188,531	0.01%
Village of Friendship Heights	$575,255	0.03%	$0	($582)	$28,032	$602,705	0.03%
Montg. Cty. Public Schools	$798,858,205	46.82%	$0	($777,880)	$38,928,201	$837,008,525	46.82%
Montgomery College	$96,385,745	5.65%	$0	($93,855)	$4,696,858	$100,988,748	5.65%
Total	**$1,706,356,809**	**100.00%**	**$0**	**($1,691,780)**	**$83,149,646**	**$1,787,814,675**	**100.00%**