

**South Central Connecticut Regional Water Authority**

90 Sargent Drive, New Haven, Connecticut

or

Via Remote Access\*\*

**AGENDA**

**Regular Meeting of Thursday, October 26, 2023 at 12:30 p.m.**

- A. Safety Moment
- B. Public Comment: Statements limited to the legislative function of the Authority. The time limit granted to each speaker shall be three (3) minutes. Residents may address the Board.
- C. Meet as Pension & Benefit Committee: C. LaMarr
  - 1. Approve Minutes – July 27, 2023 meeting
  - 2. Quarterly Investment Performance Review: S. Kelliher, J. McLaughlin, and A. Kantapin
  - 3. Investment Policy Statement Bi-annual Review: S. Kelliher, J. McLaughlin, and A. Kantapin
  - 4. \*Pension RFI Update - *Upon 2/3 vote, convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(A), pertaining to trade secrets.*
- D. Act on matters arising from committee meeting
- E. Consent Agenda
  - 1. Approve Minutes – September 28, 2023 meeting
  - 2. Capital Budget Authorization - November 2023
  - 3. Capital Budget Transfer Notifications (no action required) – November 2023
  - 4. Monthly Financial Report – September 2023
  - 5. Accounts Receivable Update – September 2023
- F. Reports on RPB Committee meetings
- G. Business Updates: L. Bingaman
  - 1. RWAY CIS Update: P. Singh and D. Bochan
  - 2. Monthly Business Highlights: L. Bingaman
- H. Finance: R. Kowalski
  - 1. \*Ten Year Model - *Upon 2/3 vote, convene in executive session pursuant to C.G.S. Section 1-200(6)(E) to discuss matters covered by Section 1-210(b)(5)(B), pertaining to commercial and financial information.*
- I. \*Lake Whitney Dam Update - *Upon 2/3 vote, convene in executive session pursuant to C.G.S. Section 1-200(6)(E) for matters covered by Section 1-210(b)(19)(i)(ii), pertaining to security risk:*  
S. Lakshminarayanan and L. Marcik

**\*\* Members of the public may attend the meeting in person or via conference call. For information on attending the meeting and to view meeting documents, please visit <https://tinyurl.com/ysu5fy3e>. For questions, contact the board office at [jslubowski@rwater.com](mailto:jslubowski@rwater.com) or by calling 203-401-2515.**

*\*RPB member (M. Levine) will be excused for executive session discussions.*

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**

*(Including Pension & Benefit Committee)*

90 SARGENT DRIVE, NEW HAVEN, CONNECTICUT

THURSDAY, OCTOBER 26, 2023 AT 12:30 P.M.

**REMOTE MEETING INSTRUCTIONS**

**Or call in (audio only)**

[+1 469-965-2517,,993511301#](tel:+14699652517993511301) United States, Dallas

Phone Conference ID: 993 511 301#

Members of the public may join the meeting in person at address above or by conference call. To view meeting documents please visit <https://tinyurl.com/ysu5fy3e>. For questions on attending the meeting, contact the board office at 203-401-2515 or by email at [jslubowski@rwater.com](mailto:jslubowski@rwater.com).

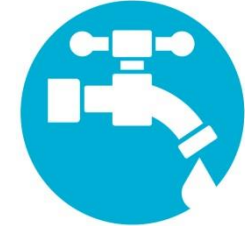
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# SAFETY MOMENT

## FALL SAFETY

Tap Into  
Safety



Regional Water Authority

Autumn is a beautiful season; but equally dangerous. We all appreciate the beauty around us during the autumn season from the colorful leaves to the pumpkin-spiced fragrances, it is undeniably splendid. However, it is a season that can be fraught with danger as the chances of falling are heightened. Fallen leaves obscure slip risks on the ground. Wet leaves create slippery, dangerous surfaces without grip that make slipping and falling more likely.

### MINIMIZE THE RISK BY:

1. Watching your step – Be mindful of what could be underneath a leaf pile
2. Cleaning up fallen leaves – Regularly rake up fallen leaves to avoid slipping
3. Driving with awareness – Slow down and allow extra distance between you and the car in front
4. Being visible – Wear reflective clothing when working outdoors in diminishing daylight



Service – Teamwork – Accountability – Respect – Safety

9/11

Safety is a core company value at the Regional Water Authority .  
It is our goal to reduce workplace injuries to zero.

 Regional Water Authority

**South Central Connecticut Regional Water Authority  
Pension & Benefit Committee**

**Minutes of the July 27, 2023 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA”) Pension & Benefit Committee took place on Thursday, July 27, 2023, at 90 Sargent Drive, New Haven, Connecticut and via remote access. Chair Sack presided.

**Committee members present** – Mss. Sack and LaMarr, and Messrs. Borowy, Curseaden and Ricoszi

**Management:** Mss. Kowalski and Calo, and Messrs. Bingaman, Donovan, Hill, Lakshminarayanan and Singh

**Morgan Stanley:** Messrs. Kelliher, McLaughlin, and Kantapin

**Staff:** Mrs. Slubowski

Chair Sack called the meeting to order at 12:32 p.m.

On motion made by Ms. LaMarr, seconded by Mr. Curseaden, and unanimously carried, the Committee approved the minutes its April 27, 2023 meeting.

|           |         |
|-----------|---------|
| Borowy    | Aye     |
| Curseaden | Aye     |
| LaMarr    | Aye     |
| Ricoszi   | Abstain |
| Sack      | Aye     |

Mr. Kelliher, the RWA’s investment advisor, reported on the Authority’s Pension Investment Performance for RWA’s Salaried and Union Pension Plans and its Voluntary Employees’ Beneficiary Association Plan (VEBA), for the period ended June 30, 2023, which included market commentary, market environment, asset allocations, and short and longer-term investments results.

Mr. McLaughlin, of Morgan Stanley, the RWA’s investment advisor provided an annual update of the RWA’s 401K Plan. The updated included the structure of the investment options and balances, plan management initiatives, and metrics.

Mr. Borowy introduced Mr. Ricoszi, the Authority’s newest member who replaced Mr. DiSalvo after his passing, and commented that Ms. Sack would no longer chair the Pension & Benefit Committee. Going forward Ms. LaMarr was assigned the role of chair the Pension & Benefit Committee and has a history of experience with pensions.

Committee members discussed differences for the issuance of a Request for Proposal or a Request for Information, selection process, best practice, challenges and costs when considering investment advisors. The committee also took into consideration the RWA’s 401k and communication strategy. After discussion, it was the consensus of the committee that the current committee chair, Ms. Sack, and future committee chair, Ms. LaMarr, would work with management to prepare logistics for a special meeting, potentially on August 24, 2023.

At 1:48 p.m., Ms. Sack withdrew from the meeting.

On motion made by Ms. LaMarr, the committee voted to recommend the Tenth and Eleventh Amendments to the Authority’s Voluntary Investment Plan to the Authority for reasons discussed in executive session.

|           |        |
|-----------|--------|
| Borowy    | Aye    |
| Curseaden | Aye    |
| LaMarr    | Aye    |
| Ricozzi   | Aye    |
| Sack      | Absent |

At 1:48 p.m., on motion made by Ms. LaMarr, seconded by Mr. Ricozzi, and unanimously carried, the meeting adjourned.

|           |        |
|-----------|--------|
| Borowy    | Aye    |
| Curseaden | Aye    |
| LaMarr    | Aye    |
| Ricozzi   | Aye    |
| Sack      | Absent |

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Suzanne Sack, Chair

# Morgan Stanley

## THE KELLIHER CORBETT GROUP AT MORGAN STANLEY

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Corporate Retirement Director

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## Discussion Outline & Agenda

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|                                        | Section |
|----------------------------------------|---------|
| Market Commentary                      | I.      |
| Investment Policy Statement Review     | II.     |
| Asset Allocation & Investment Matrices | III.    |
| Updated Liability Analysis             | IV.     |
| Investment Results                     | V.      |
| Appendix                               | VI.     |
| - Investment Holdings Analysis         |         |

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# Morgan Stanley

THE KELLIHER CORBETT GROUP  
AT MORGAN STANLEY

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## Market Commentary





# Bloomberg U.S. Agg. annual returns and intra-year declines

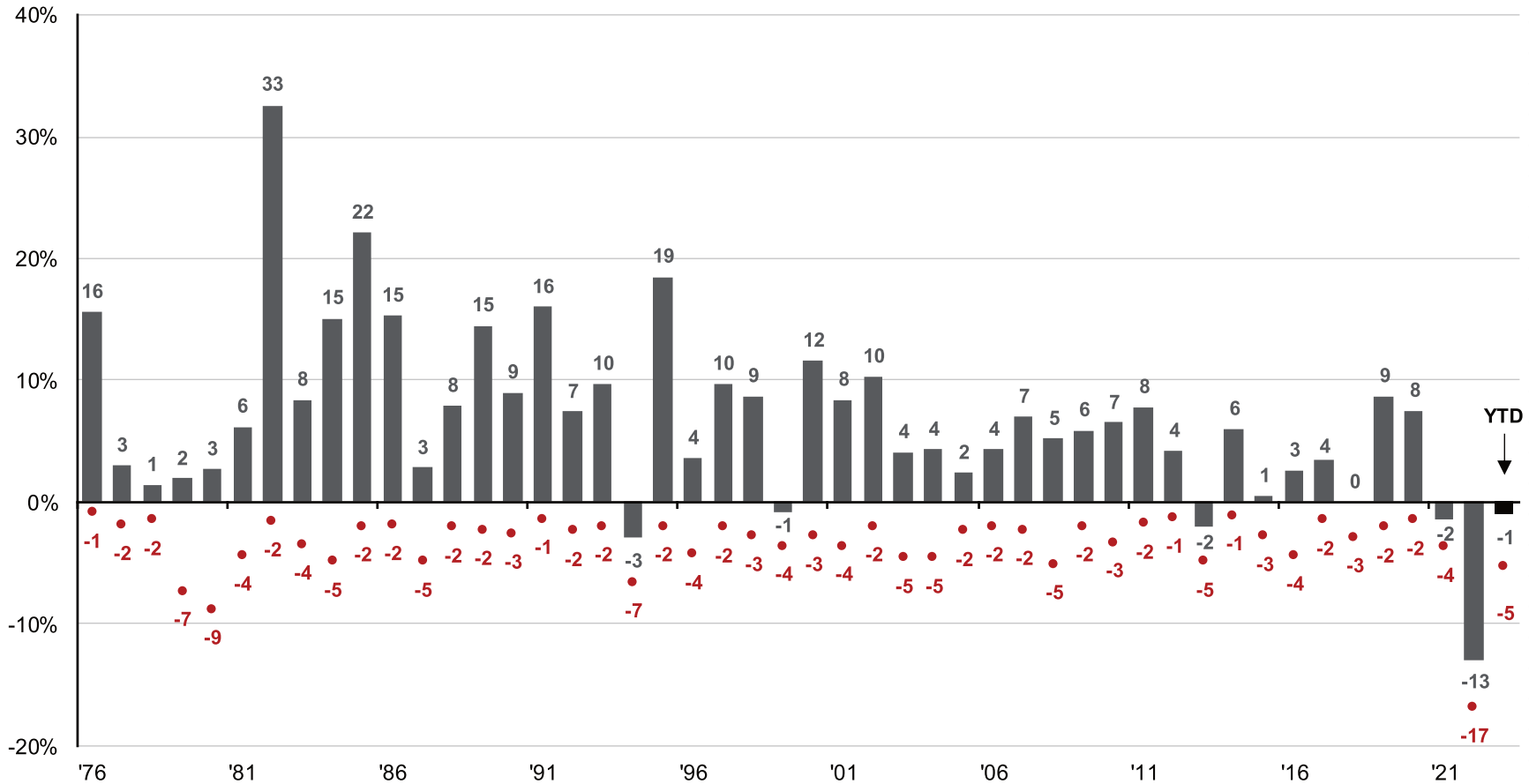
GTM

U.S.

42

## Bloomberg U.S. Aggregate intra-year declines vs. calendar year returns

Despite average intra-year drops of 3.3%, annual returns positive in 42 of 47 years



Source: Bloomberg, FactSet, J.P. Morgan Asset Management

Returns are based on total return. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1976 to 2022, over which time period the average annual return was 5.5%. Returns from 1976 to 1989 are calculated on a monthly basis. Daily data are used afterwar.

Guide to the Markets - U.S. Data as of September 30, 2023.

**J.P.Morgan**  
ASSET MANAGEMENT

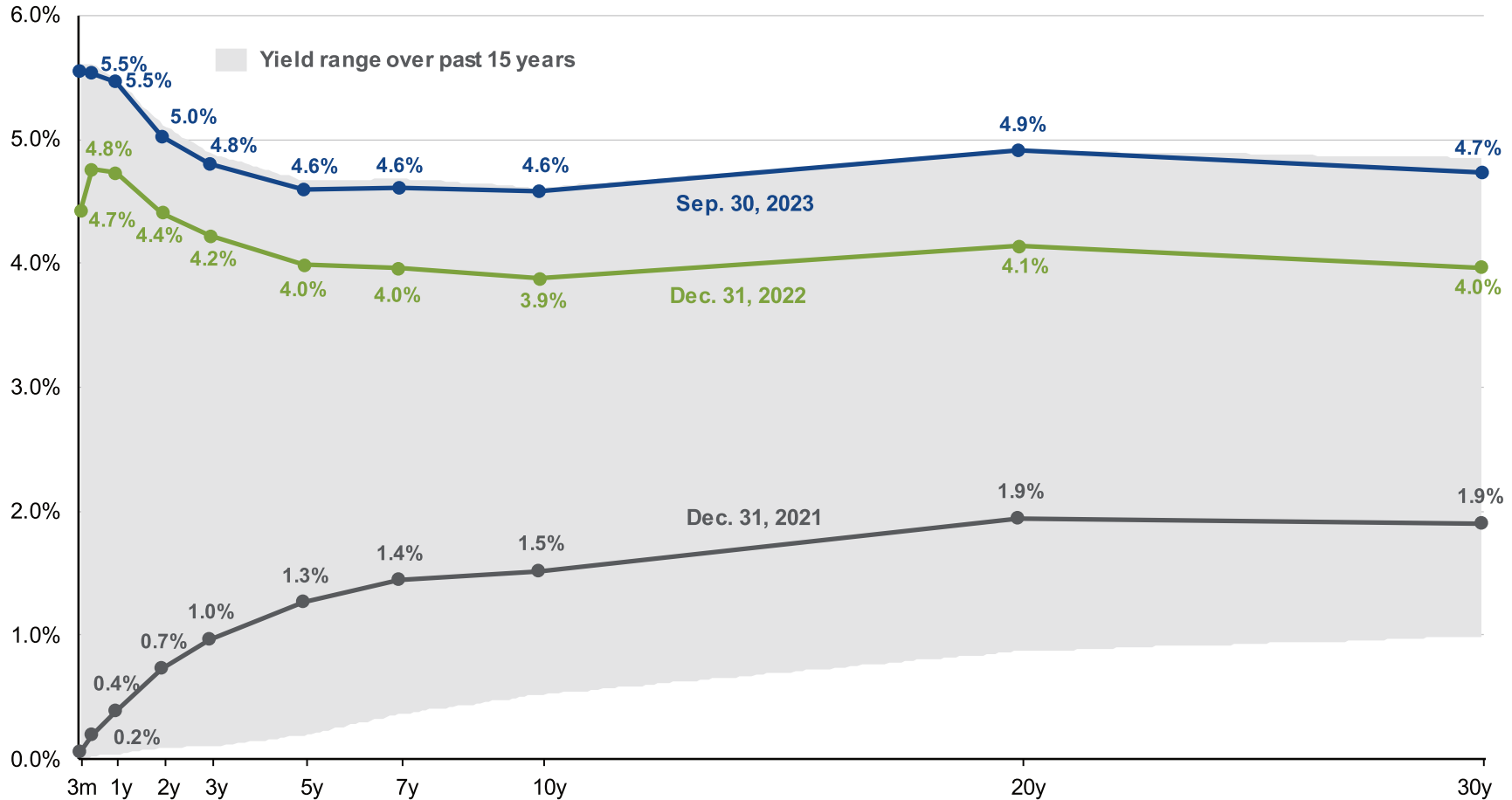


# Yield curve

GTM U.S. 36

Fixed Income

## U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management  
Guide to the Markets - U.S. Data as of September 30, 2023

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# S&P 500 Index at inflection points

GTM

U.S.

4

## S&P 500 Price Index

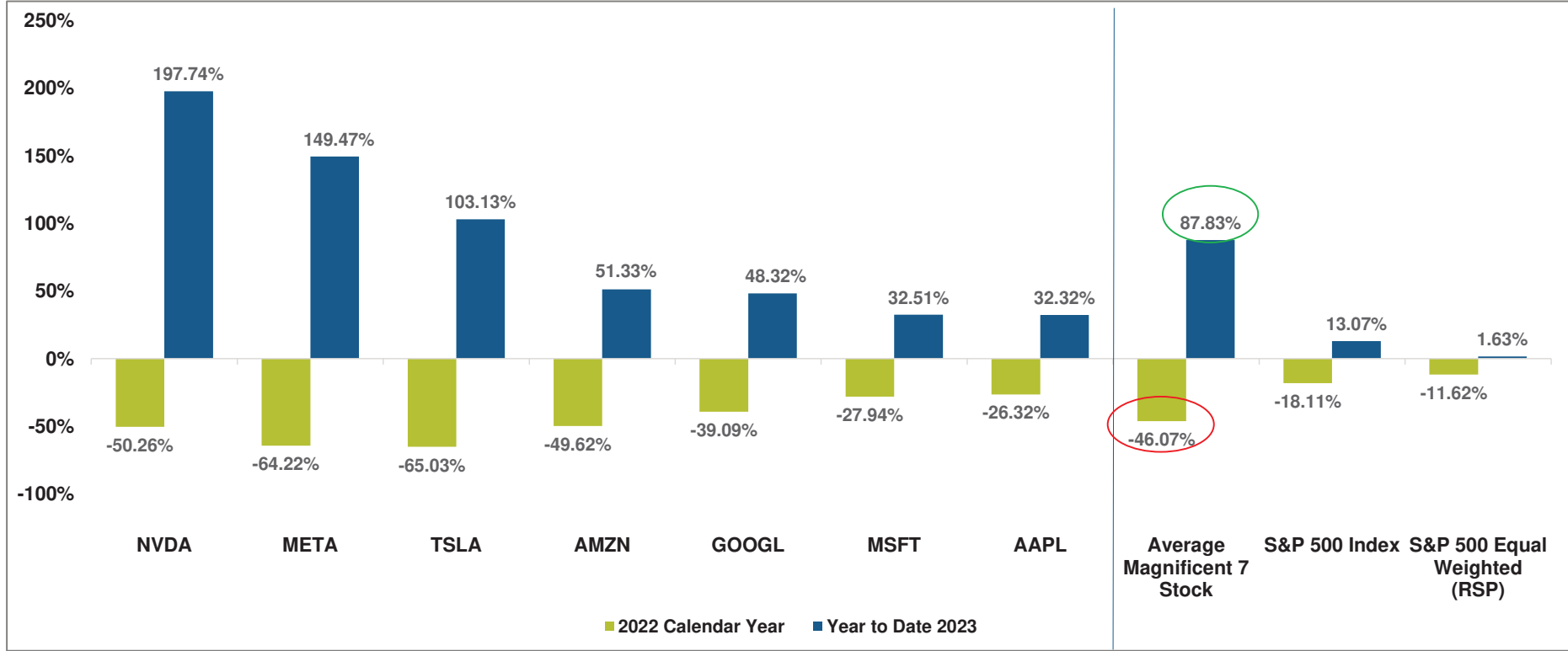


Source: Compustat, FactSet, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management.  
Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat.  
Forward price-to-earnings ratio is a bottom-up calculation based on BES estimates and FactSet estimates since January 2022. Returns are cumulative and based on S&P 500 index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns.  
Guide to the Markets - J.S. Data are as of September 30, 2023.

**J.P.Morgan**  
ASSET MANAGEMENT

The "Magnificent 7" Stocks Have Driven Equity Market Performance to Begin 2023

As of September 30, 2023



Source: Morningstar

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.  
An investment cannot be made directly in a market index  
CRC #: 6016285



# Corporate earnings and sources of earnings growth

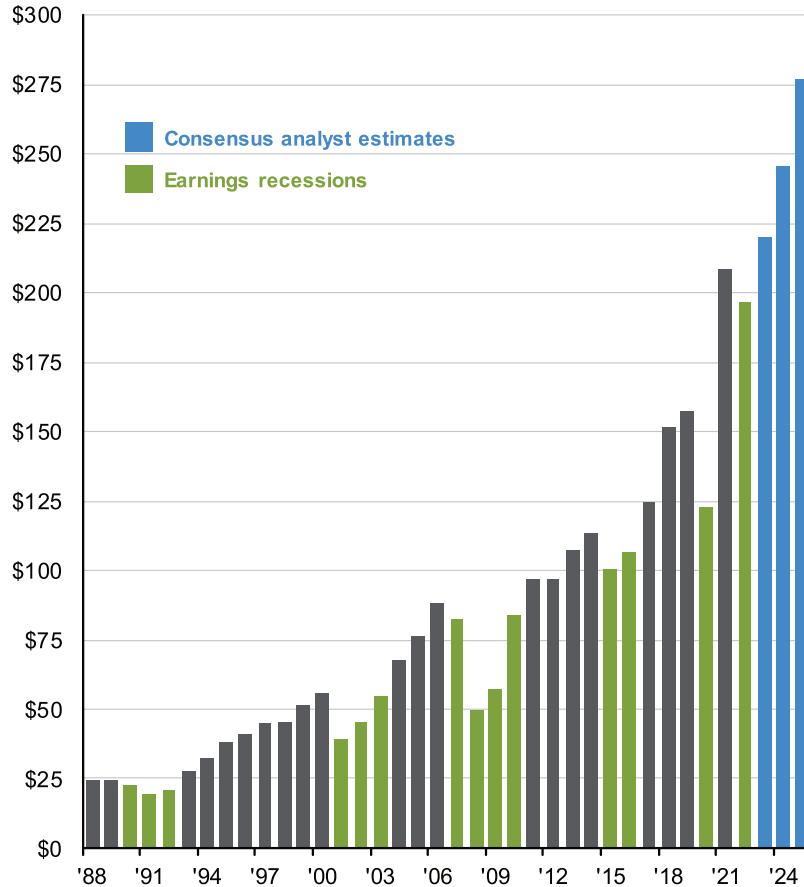
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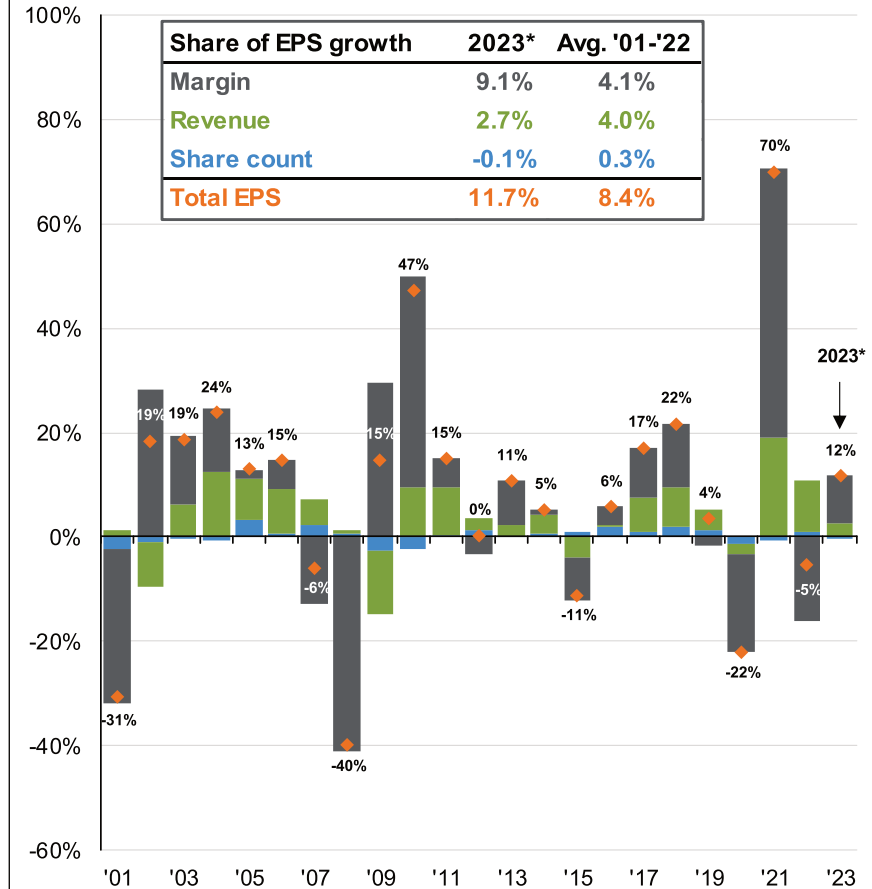
## S&P 500 earnings per share

Index annual operating earnings, USD



## S&P 500 year-over-year operating EPS growth

Annual growth broken into revenue, changes in profit margin &amp; changes in share count



Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management.  
Historical EPS levels are based on annual operating earnings per share. \*2023 earnings estimates are based on estimates from Standard & Poor's and FactSet Market Aggregates. Percentages may not sum due to rounding. Past performance is not indicative of future returns.  
Guide to the Markets- J.S. Data are as of September 30, 2023.

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ASSET MANAGEMENT



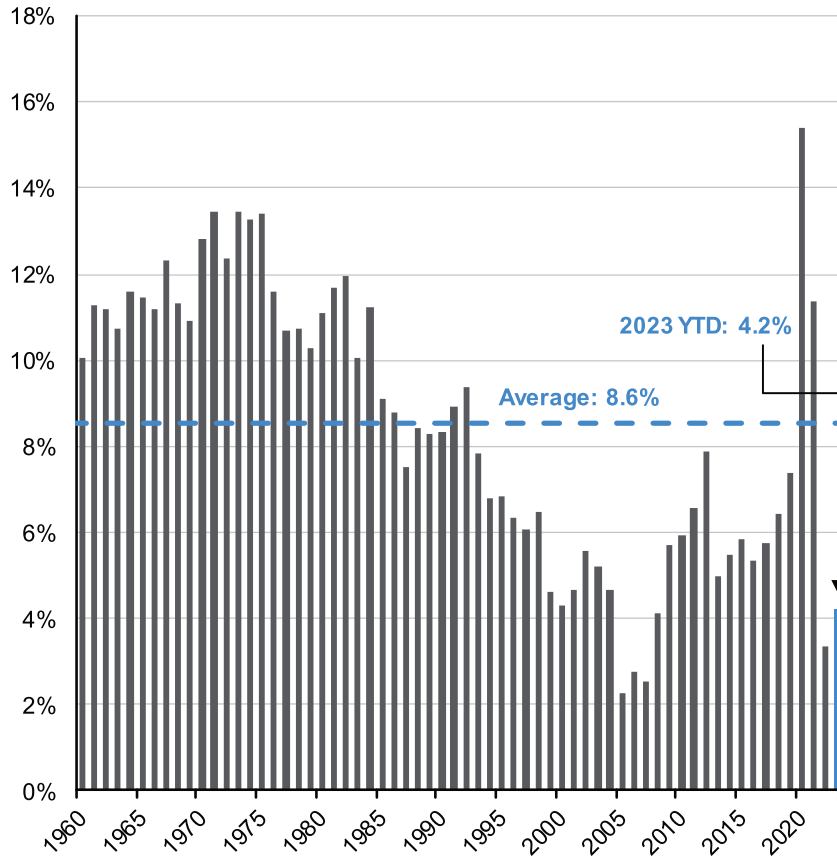
# Consumer saving and borrowing

GTM U.S. 22

Economy

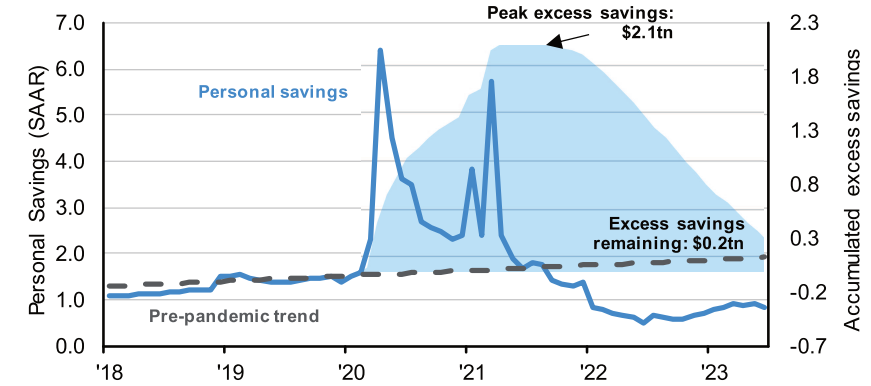
## Personal saving rate

Personal savings as a % of disposable personal income, annual



## Household excess savings

Trillions of USD



## Revolving consumer credit outstanding

% of disposable income, SAAR



Source: BEA, Federal Reserve, J.P. Morgan Asset Management. From March 2020 to August 2021, consumers amassed a peak \$2.1 trillion in excess savings relative to the pre-pandemic trend. Since August 2021, consumers have drawn down on those excess savings, with the remaining reflected in the chart annotation.  
Guide to the Markets - U.S. Data as of September 30, 2023

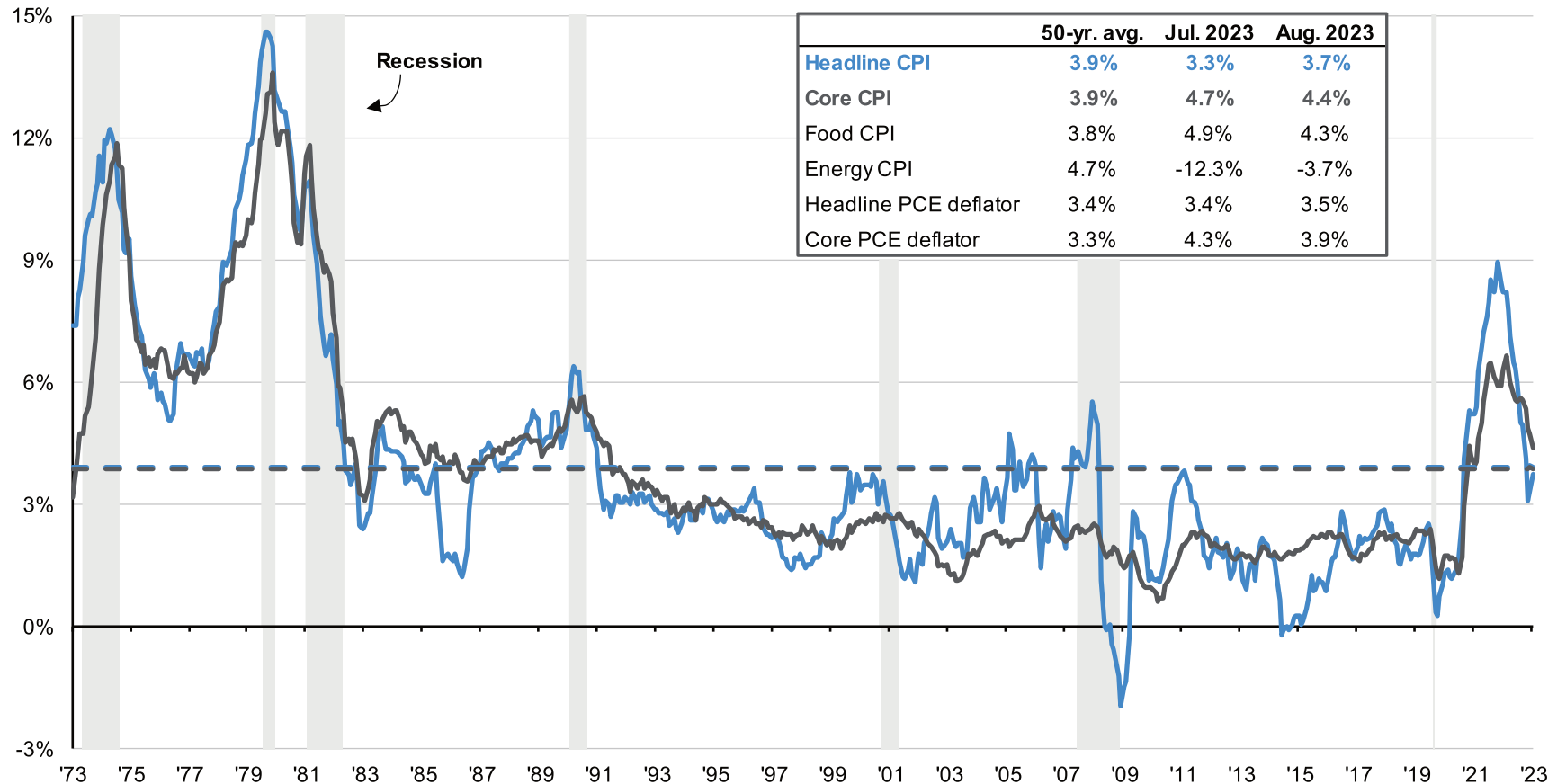
**J.P.Morgan**  
ASSET MANAGEMENT



# Inflation

## CPI and core CPI

% change vs. prior year, seasonally adjusted



Source: BLS, FactSet, J.P. Morgan Asset Management.  
CPI used is CPI-U and values shown are % change vs. one year ago. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chair-weighted basket of consumer expenditures instead of the fixed-weight basket used in CPI calculations.  
Guide to the Markets - U.S. Data as of September 30, 2023.

**J.P.Morgan**  
ASSET MANAGEMENT



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AT MORGAN STANLEY

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## Investment Policy Statement Review



# **South Central Connecticut Regional Water Authority**

**South Central Connecticut Regional Water Authority Salaried  
Employees' Retirement Plan,  
South Central Connecticut Regional Water Authority Retirement Plan,  
and South Central Connecticut Regional Water Authority Retired  
Employees' Contributory Welfare Trust (VEBA)**

## **INVESTMENT POLICY STATEMENT**

**07/07/2021**

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**South Central Connecticut Regional Water Authority**  
**EXECUTIVE SUMMARY**

| <b>Plans Names:</b>                  | This Investment Policy Statement covers three separate portfolios for the South Central Connecticut Regional Water Authority ("the Plans") <ol style="list-style-type: none"><li>1. South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan</li><li>2. South Central Connecticut Regional Water Authority Retirement Plan</li><li>3. South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust (VEBA)</li></ol> |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------|---------|-----------|----------|-----|-----|-----|--------------|-----|-----|-----|----------------------------|----|-----|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>Plan Trustee:</b>                 | Broadridge Matrix Trust Company                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Primary Investment Custodian:</b> | Morgan Stanley & Co                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Pension Payroll Custodian:</b>    | Broadridge Matrix Trust Company                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Plan Administrator:</b>           | Regional Water Authority Board                                                                                                                                                                                                                                                                                                                                                                                                                                                        |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Plan Actuary:</b>                 | The Angell Pension Group, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Plan Advisor:</b>                 | The Kelliher Corbett Group at Morgan Stanley                                                                                                                                                                                                                                                                                                                                                                                                                                          |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Primary Objectives:</b>           | <ol style="list-style-type: none"><li>1) Milestone goal of being fully funded, for the pension plans by end of Fiscal Year 2025, excluding ongoing plan service costs, subject to prevailing market conditions</li><li>2) To achieve a long-term rate of return that meets the assumed actuarial rate of return</li></ol>                                                                                                                                                             |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Target Rate of Return:</b>        | To meet the assumed actuarial rate of return                                                                                                                                                                                                                                                                                                                                                                                                                                          |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Time Horizon:</b>                 | Aligned with actuarial liabilities of the South Central Connecticut Regional Water Authority Pension plans and VEBA                                                                                                                                                                                                                                                                                                                                                                   |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Asset Allocation:</b>             | <table><tr><th>Asset Class</th><th>Minimum</th><th>Maximum</th><th>Preferred</th></tr><tr><td>Equities</td><td>45%</td><td>60%</td><td>55%</td></tr><tr><td>Fixed Income</td><td>20%</td><td>45%</td><td>30%</td></tr><tr><td>Alternative/Hedge/Balanced</td><td>5%</td><td>20%</td><td>15%</td></tr></table>                                                                                                                                                                         | Asset Class | Minimum   | Maximum | Preferred | Equities | 45% | 60% | 55% | Fixed Income | 20% | 45% | 30% | Alternative/Hedge/Balanced | 5% | 20% | 15% | <p>The maximum allowable allocation to illiquid securities is 10%</p> <p>When investing in alternative investments, the VEBA plan permits the use of liquid investments only</p> |  |
| Asset Class                          | Minimum                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Maximum     | Preferred |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| Equities                             | 45%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 60%         | 55%       |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| Fixed Income                         | 20%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 45%         | 30%       |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| Alternative/Hedge/Balanced           | 5%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 20%         | 15%       |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Cash Limits:</b>                  | The investor wishes to maintain sufficient liquidity to fund benefit obligations                                                                                                                                                                                                                                                                                                                                                                                                      |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Restrictions:</b>                 | <p>Average bond quality rated Investment Grade or Better (excluding mutual fund/ETFs)</p> <p>Maximum Average Bond Maturity: 20 years</p> <p>Maximum Individual Bond Maturity: 30 years</p> <p>Maximum Portion of Portfolio in a Single Diversified Fund: 20%</p> <p>Maximum Portion of Portfolio in a Single Security/Individual Company: 3% (excluding U.S. Government Securities)</p>                                                                                               |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |
| <b>Meeting Frequency:</b>            | Quarterly                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |             |           |         |           |          |     |     |     |              |     |     |     |                            |    |     |     |                                                                                                                                                                                  |  |

## **INVESTMENT POLICY DISCUSSION**

### ***What Is an Investment Policy Statement?***

An Investment Policy Statement (IPS) describes the investment philosophies and investment management procedures to be utilized for the funds as further described below, as well as the long-term goals for the Plans:

1. South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan
2. South Central Connecticut Regional Water Authority Retirement Plan
3. South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust (VEBA)

### ***The Need for an Investment Policy Statement***

The principle reason for developing an investment policy statement and for putting it in writing is to memorialize the strategy, goals, and objectives of the funds. Without an investment policy statement, in times of market turmoil, investors are often inclined to make impromptu investment decisions that are inconsistent with prudent investment management principles. This investment policy statement is intended to provide a well thought out framework from which sound investment decisions can be made.

### ***Steps to Take to Establish an Investment Policy Statement***

1. Assess your financial situation—identify your goals and needs.
2. Determine your tolerance for risk and your time horizon.
3. Set long-term investment objectives.
4. Identify any restrictions on the portfolio and its assets.
5. Determine the asset classes and appropriate mix (the “Asset Allocation”) to maximize the likelihood of achieving the investment objectives at the lowest level of risk.
6. Determine the investment methodology to be used with regards to investment (manager) selection, rebalancing, buy-sell disciplines, portfolio reviews and reporting, etc.
7. Implement the decisions.

### ***Definitions***

1. “Regional Water Authority Board” shall refer to the decision making body established to administer the portfolio.

2. “Pension and Benefit Committee” shall refer to the assigned board members responsible for making recommendations to the Regional Water Authority Board.
3. “Pension Review Committee” shall refer to a group of senior management, designated by the Authority, whose role is limited and excludes non-routine and discretionary matters.
4. “Investment Manager” shall mean any individual, or group of individuals, employed to manage the investments of all or part of the portfolio’s assets.
5. “Advisor” shall mean any individual, or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search and performance monitoring.
6. “Fiduciary” shall mean any individual or group of individuals that exercise discretionary authority or control over the fund management or any authority or control over management, disposition or administration of portfolio assets.

***This Investment Policy Statement:***

- ❖ Establishes the Regional Water Authority Board’s expectations, objectives and guidelines in the investment of the portfolio's assets.
- ❖ Creates the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Regional Water Authority Board, including:
  - describing an appropriate risk posture for the investment of the portfolios
  - specifying the target asset allocation policy
  - establishing investment guidelines regarding the selection of investment managers, permissible securities and diversification of assets
  - specifying the criteria for evaluating the performance of the portfolio's assets
- ❖ Defines the responsibilities of the Pension and Benefit Committee, Regional Water Authority Board, Advisor and Investment Manager(s).
- ❖ Encourages effective communication between the Advisor, Investment Manager(s) and the Pension and Benefit Committee.

This investment policy statement is intended to be a summary of an investment philosophy and the procedures that provide guidance for the Regional Water Authority Board. The investment policies described in this investment policy statement should be dynamic. These policies should reflect the Regional Water Authority Board’s current status and philosophy regarding the investment of the portfolio. These policies will be reviewed and revised periodically to ensure they adequately reflect any changes related to the portfolio, to the Regional Water Authority Board or the capital markets.

It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

## **INTRODUCTION**

One of the important purposes of this Investment Policy Statement (IPS) is to establish a clear understanding as to the investment goals, objectives and management policies applicable to the Plans.

## **OVERVIEW COMMENTARY**

### ***Investor Information:***

Plan Names: South Central Connecticut Regional Water Authority Salaried Employees' Retirement Plan, South Central Connecticut Regional Water Authority Retirement Plan, and South Central Connecticut Regional Water Authority Retired Employees' Contributory Welfare Trust (VEBA).

90 Sargent Dr.  
New Haven, CT 06511

### ***Authorized Decision Makers***

The authorized decision maker(s) for the assets under this investment policy statement and their capacity is: Regional Water Authority Board, of which a majority must approve any decisions.

### ***Others who should receive a copy of this Investment Policy Statement:***

President of Organization  
Regional Water Authority Board  
Pension and Benefit Committee  
Members of the Pension Review Committee  
Plan Advisor  
Plan Actuary  
Plan Auditor

### ***Sponsor Entity:***

South Central Connecticut Regional Water Authority  
90 Sargent Drive  
New Haven, CT 06511

### ***Plan Trustee:***

Broadridge Matrix Trust Company  
717 17<sup>th</sup> Street, Suite 1300  
Denver, CO 80202

### ***Primary Investment Custodian:***

Morgan Stanley & Co.

***Pension Payroll Custodian:***

Broadridge Matrix Trust Company

***Plan Administrator:***

Regional Water Authority Board

***Plan Actuary:***

The Angell Pension Group, Inc.  
88 Boyd Avenue  
East Providence, RI 02914  
401-438-9250

***Plan Advisor:***

The Kelliher Corbett Group at Morgan Stanley  
141 Longwater Drive, Suite 102  
Norwell, MA 02061  
877-535-4437

## **OVERVIEW**

## **INVESTOR CIRCUMSTANCES**

The South Central Connecticut Regional Water Authority established the Plans for the benefit of its employees. The Plans are intended to provide eligible employees with a vehicle to receive benefits for their retirement. The Plans are qualified employee benefit plans intended to comply with all applicable federal laws and regulations, including the Internal Revenue Code of 1986, as amended.

## **INVESTMENT OBJECTIVES**

The investment objectives addressed in this investment policy statement represent the portfolio's overall investment objectives.

The Regional Water Authority Board's objectives for the investment portfolios are:

- 1) Milestone goal is to be fully funded, for the pension plans, by the end of Fiscal Year 2025, excluding ongoing plan service costs, subject to prevailing market conditions.
- 2) To achieve a long-term rate of return that meets the assumed actuarial rate of return.



## **TIME HORIZON**

It is the intent that the investment horizon for this portfolio is aligned with the actuarial liabilities of the Plans.

## **ANTICIPATED WITHDRAWALS**

Withdrawals will begin immediately.

For the withdrawals beginning immediately, the frequency with which they will occur will be as needed to fund benefit obligations.

Capital values fluctuate, especially so over shorter periods of time. The investor recognizes that the possibility of capital loss does exist. However, historical data suggests that the risk of principal loss can be minimized if the long-term investment mix employed under this investment policy statement is maintained over a holding period of at least five years.

## **TAX POLICY**

Tax minimization is not a concern for this investment portfolio.

## **RISK TOLERANCE**

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of investment risk assumed and the level of return that can be expected. In general, in order to attain higher returns one must accept higher risk (e.g. volatility of return).

Given this relationship between risk and return, a fundamental step in determining the investment policy statement for the portfolio is the determination of the amount of risk the Regional Water Authority Board can tolerate.

A comfort level with investment risk influences how aggressively or conservatively a portfolio can be invested. Like a scale, risk needs to be balanced with the need for returns to achieve the investment goals. The Regional Water Authority Board desires long-term investment performance sufficient to meet the objectives. The Regional Water Authority Board understands that to achieve such performance the portfolio may experience periods of decline. The Regional Water Authority Board further understands that in a severe market, the potential recovery period could be extensive.

Although the Regional Water Authority Board prefers to limit the portfolio's volatility, they understand there will be fluctuations in the portfolios. The total portfolios should be less volatile than the global equity markets.

## **ASSET ALLOCATION**

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risk and rewards of market behavior, the following asset classes were selected to achieve the objectives of the Plans' portfolios.

| <b>Asset Class</b>           | <b>Minimum</b> | <b>Maximum</b> | <b>Preferred</b> |
|------------------------------|----------------|----------------|------------------|
| Equities                     | 45%            | 60%            | 55%              |
| Fixed Income                 | 20%            | 45%            | 30%              |
| Alternative/Asset Allocation | 5%             | 20%            | 15%              |

The maximum allowable allocation of the aggregate portfolio to illiquid securities is 10%  
When investing in alternative investments, the VEBA plan permits the use of liquid investments only

### ***Portfolio Returns and Volatility***

The Regional Water Authority Board' willingness to accept risk and their expectation for investment growth have a direct bearing on the rate of return objective for this portfolio.

It should be recognized that the portfolio will invest in a variety of securities and that the actual weighting of these securities can and will vary. It is also important to note that future returns of the securities with the portfolio and the portfolio itself can be expected to vary from the historical returns.

The portfolio's historical rate of return is not a guarantee of future investment returns, nor an indication of expectation regarding future results. Future returns could differ significantly and capital loss is possible. This investment policy statement shall not be construed as offering a guarantee.

### ***Updated Allocations***

Over time, it may be desirable to amend the basic allocation. Changes to asset allocation targets and ranges must be approved by resolution(s) of the Regional Water Authority Board. When such changes are made, updates will be considered part of this investment policy statement.

### ***Rebalancing Procedures***

From time to time, market conditions may cause the portfolio's investment in various asset classes to vary from the approved allocation. To remain consistent with the asset allocation guidelines established by this investment policy statement, the Advisor shall periodically review the portfolio and each asset class in which the portfolio is invested.

This portfolio will be rebalanced periodically as follows: when the portfolio exceeds the minimum or maximum constraints (reviewed quarterly), or as determined by the Advisor.

### ***Adjustment in the Target Allocation***

Modifications to the approved allocation may be needed from time to time for a variety of reasons. When such a change to the approved allocation needs to occur, it shall only be made via an Authority resolution.

## **FREQUENCY OF INVESTMENT POLICY STATEMENT REVIEW**

The Regional Water Authority Board recognizes that all investments go through cycles and therefore there will be periods of time in which the investment objectives are not met or when specific managers fail to meet their expected performance expectations. The Regional Water Authority Board accepts the principle that, in the absence of specific circumstances requiring immediate action, patience and a longer-term perspective will be employed when evaluating investment performance.

The Advisor and Pension and Benefit Committee will meet at least bi-annually to review and update this investment policy statement.

## **LIQUIDITY**

Investor's liquidity requirements are: an amount sufficient to fund benefit obligations

The length for which these needs apply is described as: aligned with the actuarial liabilities of the Plans.

## **DIVERSIFICATION AND INVESTMENT CONSTRAINTS**

*Investment of the Plans shall be limited to securities in the following categories:*

### **Investment Types**

Individual Stocks or Bonds  
Open-ended Mutual Funds  
Closed-end Mutual Funds  
Exchange Traded Funds  
Managed Separate Accounts  
Investment Partnerships (liquid only permitted in VEBA)  
Hedge Funds/Hedge Fund of Funds (liquid only permitted in VEBA)  
Private Equity/Private Equity Funds/Private Equity Fund of Funds

### ***Portfolio Limitations and Restrictions***

The portfolio's average bond rating must be investment grade or better (excluding mutual fund/ETFs)

Maximum average bond maturity: 20 year(s).

Maximum individual bond maturity: 30 year(s).

Maximum portion of portfolio in a single diversified fund: 20%.

Maximum portion of portfolio in a single security/individual company: 3% (excluding U.S. government securities)

## SELECTION/RETENTION CRITERIA FOR INVESTMENTS

### *Investment Management Selection*

Investment managers (including mutual funds, separate account managers and limited partnership sponsors) shall be chosen using the following criteria:

- ❖ Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both performance rankings over various time frames and consistency of performance
- ❖ The historical volatility and downside risk of each proposed investment
- ❖ The likelihood of future investment success, relative to other opportunities
- ❖ Length of time the fund/manager has been in existence and length of time it has been under the direction of the current manager(s) and whether or not there have been material changes in the manager's organization and personnel
- ❖ Costs relative to other funds with like objectives and investment styles
- ❖ The manager's adherence to investment style and size objectives
- ❖ Size of the proposed fund
- ❖ How well each proposed investment complements other assets in the portfolio
- ❖ The current economic environment

## INVESTMENT MONITORING AND CONTROL PROCEDURES

### *Benchmarks*

The following benchmarks will be used to evaluate performance:

| <u>Asset Class</u>               | <u>Index</u>                                              |
|----------------------------------|-----------------------------------------------------------|
| Broad US Equities                | Russell 3000                                              |
| US Large Cap Equities            | S&P 500                                                   |
| US Mid-Cap Equities              | Russell Mid-Cap                                           |
| US Small Cap Equities            | Russell 2000                                              |
| Broad International Equities     | MSCI ACWI ex. USA                                         |
| Developed International Equities | MSCI EAFE                                                 |
| Emerging Market Equities         | MSCI Emerging Markets                                     |
| Domestic Fixed Income            | BBgBarc US Aggregate Bond/BBgBarc US Gov't/Credit Interm. |
| Global Fixed Income              | FTSE World Global Bond Index                              |
| Hedge Funds                      | HFRI Hedge Fund of Funds Index                            |
| Global Real Estate               | DJ Global World Real Estate                               |
| Real Assets                      | Morningstar US Real Assets                                |
| Commodities                      | S&P GSCI                                                  |
| Cash                             | BC Treasury Bill 1-3 Month                                |

## ***Reports***

- ❖ The investment custodian shall provide South Central Connecticut Regional Water Authority management with monthly statements for each account held by the Plans and subject to this investment policy statement. Such reports shall show values for each asset and all transactions affecting assets within the portfolio, including additions and withdrawals.
- ❖ The Advisor shall provide Pension and Benefit Committee the following management reports on a periodic basis:
  - Portfolio performance results over varying time periods
  - Performance results of comparative benchmarks, including the current actuarial assumed rate of return, over varying time periods
  - Review of current asset allocation versus policy guidelines
  - Recommendations to add cost effective alternatives
  - Recommendations to reduce risk while maintaining return
  - Recommendations for changes of the above

## ***Meetings and Communication between Pension and Benefit Committee and Advisor***

As a matter of course, the Advisor shall keep The Pension and Benefit Committee apprised of any material changes in the Advisor's outlook, recommended investment policy, and tactics for performing duties and achieving policy objectives.

In addition, Advisor shall meet with Pension and Benefit Committee approximately quarterly to review and explain the portfolio's investment results and any related issues. Advisor shall also be available on a reasonable basis for telephone and email communication as needed.

## **DUTIES AND RESPONSIBILITIES**

### ***The Advisor***

The Advisor is a Registered Advisor under Morgan Stanley Smith Barney LLC and shall act as the advisor to the Regional Water Authority Board until the Regional Water Authority Board decides otherwise.

Morgan Stanley Smith Barney LLC places paramount importance on the delivery of objective, unbiased investment advice. This commitment is reinforced in all business practices, and Morgan Stanley Smith Barney LLC culture and values demand unabashed client advocacy.

While it is inevitable that conflicts may exist within a firm of Morgan Stanley Smith Barney LLC's size and breadth, there are policies and procedures in place to protect against the eventuality that such

conflicts will impact the independence of the advisory process. Morgan Stanley Smith Barney LLC fully discloses all material conflicts of interest in a Form ADV Brochure.

Advisor shall be responsible for:

- ❖ Assisting in the development and periodic review of the investment policy statement.
- ❖ Designing and implementing an appropriate asset allocation plan consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- ❖ Advising the Pension and Benefit Committee about the selection of and the allocation of asset categories.
- ❖ Identifying specific assets and investment managers within each asset category.
- ❖ Providing “due diligence”, or research, on the Investment Manager(s).
- ❖ Monitoring the performance of all selected assets the advisor consults to for the Plans.
- ❖ Recommending changes to this investment policy statement.
- ❖ Periodically reviewing the suitability of the investments for the Pension and Benefit Committee.
- ❖ Being available to meet with the Pension and Benefit Committee at least quarterly.
- ❖ Being available at such other times within reason at the Pension and Benefit Committee' request.
- ❖ Preparing and presenting appropriate reports.

### ***Discretion and Title***

- ❖ Advisor will have discretionary control to invest the Plans' funds within the parameters of this investment policy statement.
- ❖ Advisor shall have no authority to withdraw funds from the Plans, except to cover payment of previously agreed to fees or at investor's and/or Trustee's specific direction.
- ❖ Advisor may not change the Plans' investment policy statement, including the targeted asset allocation, without Regional Water Authority Board's prior approval.

### ***The Regional Water Authority Board***

Regional Water Authority Board shall be responsible for:

- ❖ The oversight of the portfolios.
- ❖ Defining and authorizing the investment objectives and policies of the portfolios.
- ❖ Authorizing any changes as they pertain to this investment policy statement. Such changes must be approved by resolution(s) of the Regional Water Authority Board.
- ❖ Directing Advisor to make changes in investment policy and to oversee and to approve or disapprove Advisor's recommendations with regards to policy, guidelines, and objectives on a timely basis.

- ❖ Providing Advisor with all relevant information on the Plans' financial conditions and risk tolerances and shall notify Advisor promptly of any changes to this information.
- ❖ Being responsible for executing the investment policy statement.
- ❖ Compliance with South Central Connecticut Regional Water Authority's Code of Ethics

### ***The Pension Review Committee***

Pension Review Committee is authorized and empowered to act as management's Committee, with instructions to defer final action on non-routine or discretionary matters until they have consulted with the Pension and Benefits Committee.

### ***The Pension and Benefit Committee***

Pension and Benefit Committee shall have the following duties and responsibilities:

- ❖ Review the funding policy and investment policy and objectives for the Plans based upon the recommendations of the Advisor.
- ❖ Monitor asset management and investment performance of the Plans through oversight of the Advisor.
- ❖ Monitor actuarial assumptions used to estimate the projected liabilities of the Plans.
- ❖ Make recommendations to the Regional Water Authority Board for changes and amendments to the Plans.
- ❖ Monitor the general administration and maintenance of the Plans through collaborative oversight with management.
- ❖ Perform any other duties or responsibilities delegated to the Committee by the Regional Water Authority Board

### ***The Plan Administrator shall be responsible for:***

1. Keeping the Plans' documents in compliance with current laws
2. Providing reports to all participants
3. Preparing all required tax and regulatory returns and documents

### ***The Investment Manager(s)***

Each Investment Manager will have full discretion to make all investment decisions for assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

- ❖ Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
- ❖ Reporting, on a timely basis, periodic investment performance results.
- ❖ Communicating any major changes to economic outlook, investment strategy, or any other factors, which affect implementation of investment process, or the investment objective progress of the Fund's investment management.
- ❖ Informing the Advisor regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment policy statement, etc.
- ❖ Voting proxies on behalf of the Plans, and being in compliance with U.S. Securities and Exchange Commission requirements.

### ***Proxy Voting***

A member of the Pension Review Committee is empowered to exercise proxy-voting rights.

## **ADOPTION**

Adopted by the below signed:

Date: \_\_\_\_\_

David J. Borowy, Chairperson:

\_\_\_\_\_



# Morgan Stanley

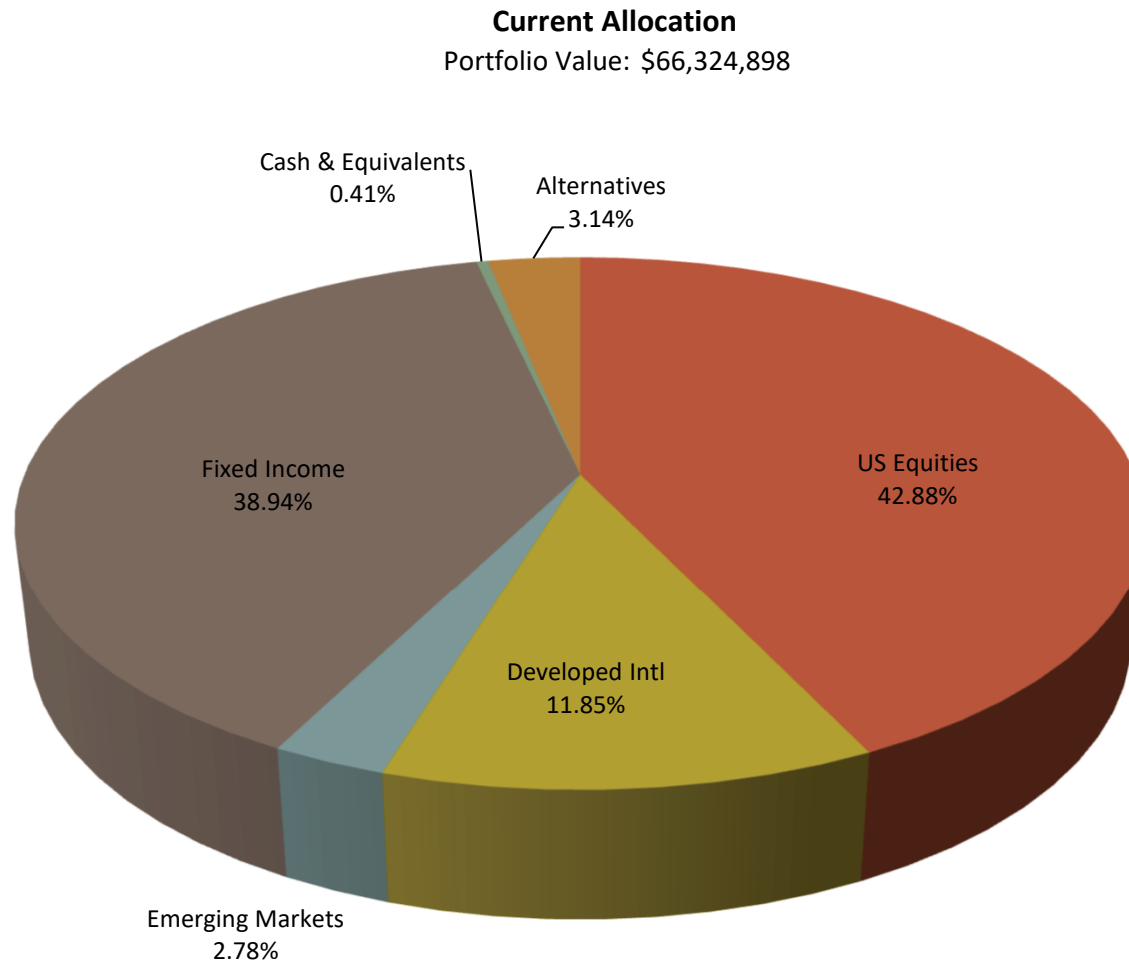
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## Asset Allocation & Investment Matrices



# SCCT Regional Water Authority - Salary & Union Plans



|                                       |          |
|---------------------------------------|----------|
| <b>Total Equity</b>                   |          |
| <b>57.51%</b>                         |          |
| <b>% of Total Equity</b>              |          |
| US Equity                             | = 74.55% |
| Intl Equity                           | = 25.45% |
| <b>% of Intl Equity</b>               |          |
| Developed Intl                        | = 81.00% |
| Emerging Markets                      | = 19.00% |
| <b>Overall Equity Style Analysis*</b> |          |
| Value                                 | = 24.92% |
| Core                                  | = 47.68% |
| Growth                                | = 27.40% |
| <b>US Equity Style Analysis*</b>      |          |
| Value                                 | = 25.70% |
| Core                                  | = 49.62% |
| Growth                                | = 24.68% |

Assets as of 9/30/2023

Asset Allocation does not assure a profit or protect against loss in declining financial markets

The information and data contained in this report are from sources considered reliable,

but their accuracy and completeness is not guaranteed. This report has been prepared for illustrative purposes only

and is not intended to be used as a substitute for monthly transaction statements you receive on a regular basis

from Morgan Stanley & Co. Incorporated Please compare the data on this document carefully with your monthly statements

to verify its accuracy. The Company strongly encourages you to consult with your own accountants or other

advisors with respect to any tax questions."

\*Equity Style Analysis provided by Morningstar "Asset Scan"

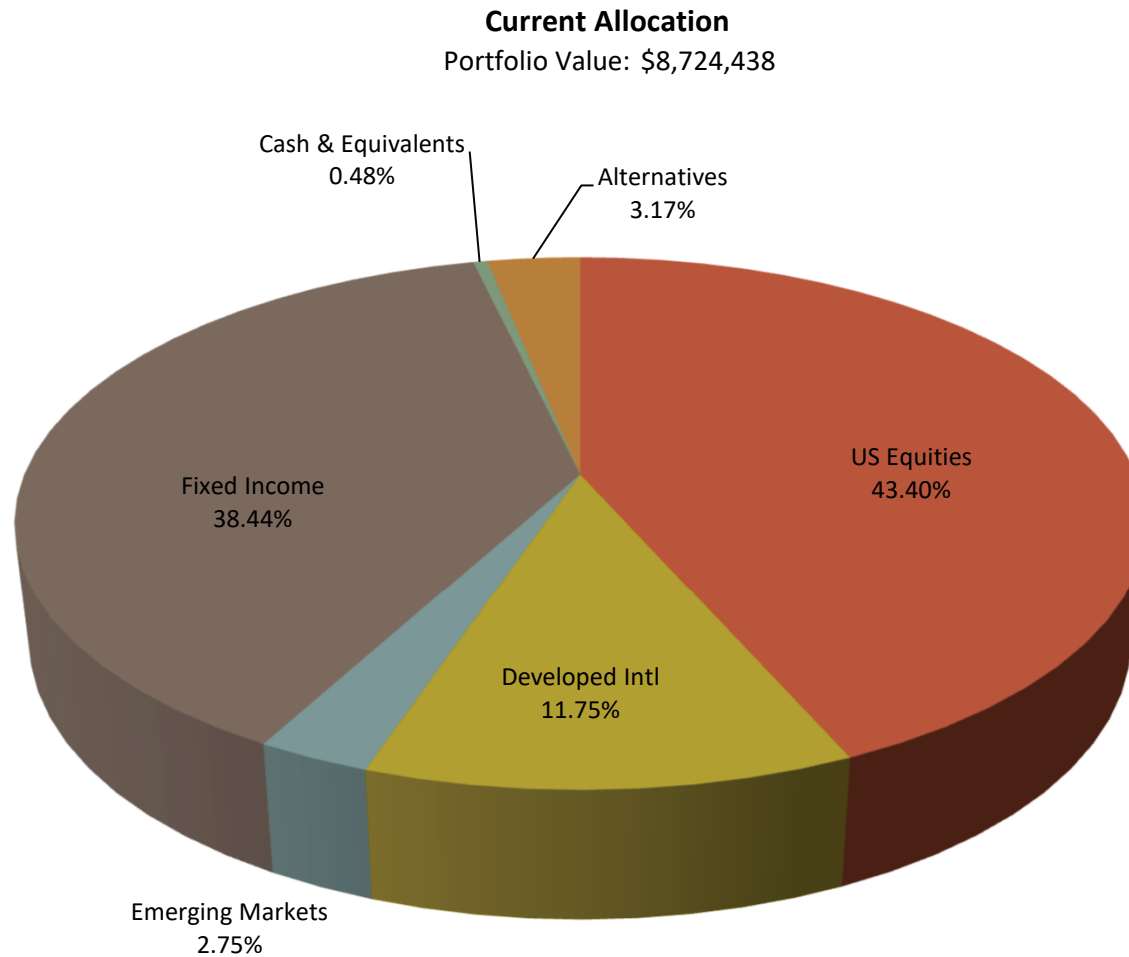
Data Source: Morgan Stanley & Morningstar

SCCT Regional Water Authority - Salary & Union Plans  
Asset Allocation Matrix Summary  
As of 9/30/2023

| Benchmark vs Actual        |           |         |        |
|----------------------------|-----------|---------|--------|
|                            | Benchmark | Actual  | +/-    |
| Russell 3000               | 42.00%    | 42.88%  | 0.88%  |
| MSCI ACWI ex US            | 15.00%    | 14.35%  | -0.65% |
| Bloomberg US Aggregate     | 31.00%    | 38.94%  | 7.94%  |
| FTSE WGBI                  | 3.00%     | 0.00%   | -3.00% |
| HFRI FOF                   | 5.00%     | 2.15%   | -2.85% |
| Global Real Estate         | 2.00%     | 0.99%   | -1.01% |
| Cash & Equivalents/T-Bills | 2.00%     | 0.69%   | -1.31% |
| Total                      | 100.00%   | 100.00% | 0.00%  |

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# SCCT Regional Water Authority - VEBA Plan



|                                       |          |
|---------------------------------------|----------|
| <b>Total Equity</b>                   |          |
| <b>57.91%</b>                         |          |
| <b>% of Total Equity</b>              |          |
| US Equity                             | = 74.95% |
| Intl Equity                           | = 25.05% |
| <b>% of Intl Equity</b>               |          |
| Developed Intl                        | = 81.01% |
| Emerging Markets                      | = 18.99% |
| <b>Overall Equity Style Analysis*</b> |          |
| Value                                 | = 24.79% |
| Core                                  | = 47.79% |
| Growth                                | = 27.42% |
| <b>US Equity Style Analysis*</b>      |          |
| Value                                 | = 25.50% |
| Core                                  | = 49.76% |
| Growth                                | = 24.74% |

Assets as of 9/30/2023

Asset Allocation does not assure a profit or protect against loss in declining financial markets

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advisors with respect to any tax questions."

\*Equity Style Analysis provided by Morningstar "Asset Scan"

Data Source: Morgan Stanley & Morningstar

SCCT Regional Water Authority - VEBA Plan  
Asset Allocation Matrix Summary  
As of 9/30/2023

| Benchmark vs Actual        |           |         |        |
|----------------------------|-----------|---------|--------|
|                            | Benchmark | Actual  | +/-    |
| Russell 3000               | 42.00%    | 43.41%  | 1.41%  |
| MSCI ACWI ex US            | 15.00%    | 14.23%  | -0.77% |
| Bloomberg US Aggregate     | 31.00%    | 38.28%  | 7.28%  |
| FTSE WGBI                  | 3.00%     | 0.00%   | -3.00% |
| HFRI FOF                   | 5.00%     | 2.29%   | -2.71% |
| Global Real Estate         | 2.00%     | 0.88%   | -1.12% |
| Cash & Equivalents/T-Bills | 2.00%     | 0.92%   | -1.08% |
| Total                      | 100.00%   | 100.00% | 0.00%  |

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## Updated Liability Analysis



# Liability/Cash Flow Analysis - Salaried Plan

| Valuation        |              | Gross Benefit         | PV Benefit           | Pension                | Net Benefit          | Present              | Hybrid                    | Investment           |
|------------------|--------------|-----------------------|----------------------|------------------------|----------------------|----------------------|---------------------------|----------------------|
| Year             | Duration     | Payments (\$)         | Payments (\$)        | Contribution (\$)      | Payments (\$)        | Value (Net \$)       | LDI (Net \$) <sup>1</sup> | Product              |
| 2023             | 0            | \$ 4,307,339          | \$ 4,307,339         | \$ (1,924,696)         | \$ 2,382,643         | \$ 2,382,643         | \$ 2,382,643              | Cash Flow Matched    |
| 2024             | 1            | \$ 3,985,015          | \$ 3,733,035         | \$ (1,858,865)         | \$ 2,126,150         | \$ 1,991,710         | \$ 2,126,150              |                      |
| 2025             | 2            | \$ 4,217,300          | \$ 3,700,827         | \$ (1,951,771)         | \$ 2,265,529         | \$ 1,988,080         | \$ 2,265,529              |                      |
| 2026             | 3            | \$ 4,257,281          | \$ 3,499,683         | \$ (2,004,113)         | \$ 2,253,168         | \$ 1,852,209         | \$ 2,253,168              | Core Fixed Income    |
| 2027             | 4            | \$ 4,327,414          | \$ 3,332,398         | \$ (2,025,559)         | \$ 2,301,855         | \$ 1,772,582         | \$ 2,301,855              |                      |
| <b>2023-2027</b> | <b>0-4</b>   | <b>\$ 21,094,349</b>  | <b>\$ 18,573,282</b> | <b>\$ (9,765,004)</b>  | <b>\$ 11,329,345</b> | <b>\$ 9,987,224</b>  | <b>\$ 11,329,345</b>      |                      |
| 2028             | 5            | \$ 4,452,108          | \$ 3,211,636         | \$ (1,993,913)         | \$ 2,458,195         | \$ 1,773,279         | \$ 2,458,195              | Plus Fixed Income    |
| 2029             | 6            | \$ 4,537,011          | \$ 3,065,932         | \$ (1,940,095)         | \$ 2,596,916         | \$ 1,754,893         | \$ 2,596,916              |                      |
| 2030             | 7            | \$ 4,602,806          | \$ 2,913,718         | \$ (1,856,317)         | \$ 2,746,489         | \$ 1,738,612         | \$ 2,746,489              |                      |
| 2031             | 8            | \$ 4,662,807          | \$ 2,765,059         | \$ (1,737,757)         | \$ 2,925,050         | \$ 1,734,564         | \$ 2,925,050              | Alternative/Balanced |
| 2032             | 9            | \$ 4,556,079          | \$ 2,530,931         | \$ (1,625,525)         | \$ 2,930,554         | \$ 1,627,941         | \$ 2,930,554              |                      |
| <b>2028-2032</b> | <b>5-9</b>   | <b>\$ 22,810,811</b>  | <b>\$ 14,487,276</b> | <b>\$ (9,153,607)</b>  | <b>\$ 13,657,204</b> | <b>\$ 8,629,289</b>  | <b>\$ 13,657,204</b>      |                      |
| 2033             | 10           | \$ 4,752,883          | \$ 2,473,308         | \$ (1,533,068)         | \$ 3,219,815         | \$ 1,675,529         | \$ 1,675,529              | US/Global Equity     |
| 2034             | 11           | \$ 4,601,221          | \$ 2,242,985         | \$ (1,387,427)         | \$ 3,213,794         | \$ 1,566,648         | \$ 1,566,648              |                      |
| 2035             | 12           | \$ 4,512,960          | \$ 2,060,852         | \$ (1,244,631)         | \$ 3,268,329         | \$ 1,492,489         | \$ 1,492,489              |                      |
| 2036             | 13           | \$ 4,709,312          | \$ 2,014,536         | \$ (1,148,814)         | \$ 3,560,498         | \$ 1,523,100         | \$ 1,523,100              |                      |
| 2037             | 14           | \$ 4,440,111          | \$ 1,779,277         | \$ (989,025)           | \$ 3,451,086         | \$ 1,382,947         | \$ 1,382,947              |                      |
| <b>2033-2037</b> | <b>10-14</b> | <b>\$ 23,016,487</b>  | <b>\$ 10,570,958</b> | <b>\$ (6,302,965)</b>  | <b>\$ 16,713,522</b> | <b>\$ 7,640,712</b>  | <b>\$ 7,640,712</b>       |                      |
| 2038             | 15           | \$ 4,238,423          | \$ 1,591,058         | \$ (870,861)           | \$ 3,367,562         | \$ 1,264,146         | \$ 1,264,146              | US/Global Equity     |
| 2039             | 16           | \$ 4,009,135          | \$ 1,409,823         | \$ (763,000)           | \$ 3,246,135         | \$ 1,141,512         | \$ 1,141,512              |                      |
| 2040             | 17           | \$ 4,005,660          | \$ 1,319,532         | \$ (691,331)           | \$ 3,314,329         | \$ 1,091,796         | \$ 1,091,796              |                      |
| 2041             | 18           | \$ 3,911,331          | \$ 1,206,987         | \$ (588,086)           | \$ 3,323,245         | \$ 1,025,511         | \$ 1,025,511              |                      |
| 2042             | 19           | \$ 3,608,355          | \$ 1,043,084         | \$ (502,898)           | \$ 3,105,457         | \$ 897,709           | \$ 897,709                |                      |
| <b>2038-2042</b> | <b>15-19</b> | <b>\$ 19,772,904</b>  | <b>\$ 6,570,484</b>  | <b>\$ (3,416,176)</b>  | <b>\$ 16,356,728</b> | <b>\$ 5,420,674</b>  | <b>\$ 5,420,674</b>       |                      |
| <b>2043-2047</b> | <b>20-24</b> | <b>\$ 15,609,673</b>  | <b>\$ 3,748,715</b>  | <b>\$ (1,652,034)</b>  | <b>\$ 13,957,639</b> | <b>\$ 3,351,974</b>  | <b>\$ 3,351,974</b>       | US/Global Equity     |
| <b>2048-2052</b> | <b>25-29</b> | <b>\$ 10,937,605</b>  | <b>\$ 1,904,999</b>  | <b>\$ (560,494)</b>    | <b>\$ 10,377,111</b> | <b>\$ 1,807,378</b>  | <b>\$ 1,807,378</b>       |                      |
| <b>2053+</b>     | <b>30+</b>   | <b>\$ 13,807,596</b>  | <b>\$ 1,395,744</b>  | <b>\$ (110,952)</b>    | <b>\$ 13,696,644</b> | <b>\$ 1,384,528</b>  | <b>\$ 1,384,528</b>       |                      |
| <b>Total</b>     |              | <b>\$ 127,049,425</b> | <b>\$ 57,251,458</b> | <b>\$ (30,961,232)</b> | <b>\$ 96,088,193</b> | <b>\$ 38,221,779</b> | <b>\$ 44,591,815</b>      |                      |

|                                | Hybrid LDI | Present Value LDI | Actual Portfolio |
|--------------------------------|------------|-------------------|------------------|
| Liability Conscious Allocation | Derived    | Derived           | Allocation       |
| Cash/Fixed                     | 43%        | 40%               | 36%              |
| Equity                         | 44%        | 51%               | 52%              |
| Alternative/Balanced           | 13%        | 9%                | 12%              |

<sup>1</sup>Hybrid LDI uses Net Benefit Payment for years 0-10 and Present Value of Net Benefit Payment for subsequent years

Contributions based on ARC. ARC, discount rate and present value of benefit payments provided by Angell Pension Group.

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# Liability/Cash Flow Analysis - Salaried Plan

| Valuation        |              | Gross Benefit         | PV Benefit           | Pension                | Net Benefit          | Present              | Hybrid                    | Investment           |
|------------------|--------------|-----------------------|----------------------|------------------------|----------------------|----------------------|---------------------------|----------------------|
| Year             | Duration     | Payments (\$)         | Payments (\$)        | Contribution (\$)      | Payments (\$)        | Value (Net \$)       | LDI (Net \$) <sup>1</sup> | Product              |
| 2023             | 0            | \$ 4,307,339          | \$ 4,307,339         | \$ (1,924,696)         | \$ 2,382,643         | \$ 2,382,643         | \$ 2,382,643              | Cash Flow Matched    |
| 2024             | 1            | \$ 3,985,015          | \$ 3,733,035         | \$ (1,858,865)         | \$ 2,126,150         | \$ 1,991,710         | \$ 2,126,150              |                      |
| 2025             | 2            | \$ 4,217,300          | \$ 3,700,827         | \$ (1,951,771)         | \$ 2,265,529         | \$ 1,988,080         | \$ 2,265,529              | Core Fixed Income    |
| 2026             | 3            | \$ 4,257,281          | \$ 3,499,683         | \$ (2,004,113)         | \$ 2,253,168         | \$ 1,852,209         | \$ 2,253,168              |                      |
| 2027             | 4            | \$ 4,327,414          | \$ 3,332,398         | \$ (2,025,559)         | \$ 2,301,855         | \$ 1,772,582         | \$ 2,301,855              | Plus Fixed Income    |
| <b>2023-2027</b> | <b>0-4</b>   | <b>\$ 21,094,349</b>  | <b>\$ 18,573,282</b> | <b>\$ (9,765,004)</b>  | <b>\$ 11,329,345</b> | <b>\$ 9,987,224</b>  | <b>\$ 11,329,345</b>      |                      |
| 2028             | 5            | \$ 4,452,108          | \$ 3,211,636         | \$ (1,993,913)         | \$ 2,458,195         | \$ 1,773,279         | \$ 2,458,195              | Plus Fixed Income    |
| 2029             | 6            | \$ 4,537,011          | \$ 3,065,932         | \$ (1,940,095)         | \$ 2,596,916         | \$ 1,754,893         | \$ 2,596,916              | Alternative/Balanced |
| 2030             | 7            | \$ 4,602,806          | \$ 2,913,718         | \$ (1,856,317)         | \$ 2,746,489         | \$ 1,738,612         | \$ 2,746,489              |                      |
| 2031             | 8            | \$ 4,662,807          | \$ 2,765,059         | \$ (1,737,757)         | \$ 2,925,050         | \$ 1,734,564         | \$ 2,925,050              | US/Global Equity     |
| 2032             | 9            | \$ 4,556,079          | \$ 2,530,931         | \$ (1,625,525)         | \$ 2,930,554         | \$ 1,627,941         | \$ 2,930,554              |                      |
| <b>2028-2032</b> | <b>5-9</b>   | <b>\$ 22,810,811</b>  | <b>\$ 14,487,276</b> | <b>\$ (9,153,607)</b>  | <b>\$ 13,657,204</b> | <b>\$ 8,629,289</b>  | <b>\$ 13,657,204</b>      |                      |
| 2033             | 10           | \$ 4,752,883          | \$ 2,473,308         | \$ (1,533,068)         | \$ 3,219,815         | \$ 1,675,529         | \$ 1,675,529              |                      |
| 2034             | 11           | \$ 4,601,221          | \$ 2,242,985         | \$ (1,387,427)         | \$ 3,213,794         | \$ 1,566,648         | \$ 1,566,648              | US/Global Equity     |
| 2035             | 12           | \$ 4,512,960          | \$ 2,060,852         | \$ (1,244,631)         | \$ 3,268,329         | \$ 1,492,489         | \$ 1,492,489              |                      |
| 2036             | 13           | \$ 4,709,312          | \$ 2,014,536         | \$ (1,148,814)         | \$ 3,560,498         | \$ 1,523,100         | \$ 1,523,100              |                      |
| 2037             | 14           | \$ 4,440,111          | \$ 1,779,277         | \$ (989,025)           | \$ 3,451,086         | \$ 1,382,947         | \$ 1,382,947              |                      |
| <b>2033-2037</b> | <b>10-14</b> | <b>\$ 23,016,487</b>  | <b>\$ 10,570,958</b> | <b>\$ (6,302,965)</b>  | <b>\$ 16,713,522</b> | <b>\$ 7,640,712</b>  | <b>\$ 7,640,712</b>       |                      |
| 2038             | 15           | \$ 4,238,423          | \$ 1,591,058         | \$ (870,861)           | \$ 3,367,562         | \$ 1,264,146         | \$ 1,264,146              |                      |
| 2039             | 16           | \$ 4,009,135          | \$ 1,409,823         | \$ (763,000)           | \$ 3,246,135         | \$ 1,141,512         | \$ 1,141,512              | US/Global Equity     |
| 2040             | 17           | \$ 4,005,660          | \$ 1,319,532         | \$ (691,331)           | \$ 3,314,329         | \$ 1,091,796         | \$ 1,091,796              |                      |
| 2041             | 18           | \$ 3,911,331          | \$ 1,206,987         | \$ (588,086)           | \$ 3,323,245         | \$ 1,025,511         | \$ 1,025,511              |                      |
| 2042             | 19           | \$ 3,608,355          | \$ 1,043,084         | \$ (502,898)           | \$ 3,105,457         | \$ 897,709           | \$ 897,709                |                      |
| <b>2038-2042</b> | <b>15-19</b> | <b>\$ 19,772,904</b>  | <b>\$ 6,570,484</b>  | <b>\$ (3,416,176)</b>  | <b>\$ 16,356,728</b> | <b>\$ 5,420,674</b>  | <b>\$ 5,420,674</b>       |                      |
| <b>2043-2047</b> | <b>20-24</b> | <b>\$ 15,609,673</b>  | <b>\$ 3,748,715</b>  | <b>\$ (1,652,034)</b>  | <b>\$ 13,957,639</b> | <b>\$ 3,351,974</b>  | <b>\$ 3,351,974</b>       |                      |
| <b>2048-2052</b> | <b>25-29</b> | <b>\$ 10,937,605</b>  | <b>\$ 1,904,999</b>  | <b>\$ (560,494)</b>    | <b>\$ 10,377,111</b> | <b>\$ 1,807,378</b>  | <b>\$ 1,807,378</b>       | US/Global Equity     |
| <b>2053+</b>     | <b>30+</b>   | <b>\$ 13,807,596</b>  | <b>\$ 1,395,744</b>  | <b>\$ (110,952)</b>    | <b>\$ 13,696,644</b> | <b>\$ 1,384,528</b>  | <b>\$ 1,384,528</b>       |                      |
| <b>Total</b>     |              | <b>\$ 127,049,425</b> | <b>\$ 57,251,458</b> | <b>\$ (30,961,232)</b> | <b>\$ 96,088,193</b> | <b>\$ 38,221,779</b> | <b>\$ 44,591,815</b>      |                      |

|                                | Hybrid LDI | Present Value LDI |            | Actual Portfolio |
|--------------------------------|------------|-------------------|------------|------------------|
| Liability Conscious Allocation | Derived    | Derived           | IPS Target | Allocation       |
| Cash/Fixed                     | 31%        | 31%               | 30%        | 36%              |
| Equity                         | 57%        | 60%               | 55%        | 52%              |
| Alternative/Balanced           | 12%        | 9%                | 15%        | 12%              |

<sup>1</sup>Hybrid LDI uses Net Benefit Payment for years 0-10 and Present Value of Net Benefit Payment for subsequent years

Contributions based on ARC. ARC, discount rate and present value of benefit payments provided by Angell Pension Group.

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# Liability/Cash Flow Analysis - Union Plan

| Valuation        |              | Gross Benefit        | PV Benefit           | Pension                | Net Benefit          | Present              | Hybrid                    | Investment           |
|------------------|--------------|----------------------|----------------------|------------------------|----------------------|----------------------|---------------------------|----------------------|
| Year             | Duration     | Payments (\$)        | Payments (\$)        | Contribution (\$)      | Payments (\$)        | Value (Net \$)       | LDI (Net \$) <sup>1</sup> | Product              |
| 2023             | 0            | \$ 1,972,284         | \$ 1,927,284         | \$ (912,974)           | \$ 1,059,310         | \$ 1,035,141         | \$ 1,059,310              | Cash Flow Matched    |
| 2024             | 1            | \$ 2,073,976         | \$ 1,942,917         | \$ (1,062,438)         | \$ 1,011,538         | \$ 947,617           | \$ 1,011,538              |                      |
| 2025             | 2            | \$ 2,172,303         | \$ 1,906,433         | \$ (1,113,102)         | \$ 1,059,201         | \$ 929,564           | \$ 1,059,201              | Core Fixed Income    |
| 2026             | 3            | \$ 2,243,407         | \$ 1,844,419         | \$ (1,098,111)         | \$ 1,145,296         | \$ 941,606           | \$ 1,145,296              |                      |
| 2027             | 4            | \$ 2,279,879         | \$ 1,755,957         | \$ (1,069,878)         | \$ 1,210,001         | \$ 931,940           | \$ 1,210,001              |                      |
| <b>2023-2027</b> | <b>0-4</b>   | <b>\$ 10,741,849</b> | <b>\$ 9,377,010</b>  | <b>\$ (5,256,503)</b>  | <b>\$ 5,485,346</b>  | <b>\$ 4,785,868</b>  | <b>\$ 5,485,346</b>       |                      |
| 2028             | 5            | \$ 2,367,735         | \$ 1,708,385         | \$ (1,042,594)         | \$ 1,325,141         | \$ 956,125           | \$ 1,325,141              | Plus Fixed Income    |
| 2029             | 6            | \$ 2,448,192         | \$ 1,654,812         | \$ (965,150)           | \$ 1,483,042         | \$ 1,002,436         | \$ 1,483,042              |                      |
| 2030             | 7            | \$ 2,518,650         | \$ 1,594,856         | \$ (911,783)           | \$ 1,606,867         | \$ 1,017,498         | \$ 1,606,867              | Alternative/Balanced |
| 2031             | 8            | \$ 2,573,702         | \$ 1,526,731         | \$ (815,435)           | \$ 1,758,267         | \$ 1,043,011         | \$ 1,758,267              |                      |
| 2032             | 9            | \$ 2,599,244         | \$ 1,444,447         | \$ (723,038)           | \$ 1,876,206         | \$ 1,042,642         | \$ 1,876,206              |                      |
| <b>2028-2032</b> | <b>5-9</b>   | <b>\$ 12,507,523</b> | <b>\$ 7,929,231</b>  | <b>\$ (4,458,000)</b>  | <b>\$ 8,049,523</b>  | <b>\$ 5,061,712</b>  | <b>\$ 8,049,523</b>       |                      |
| 2033             | 10           | \$ 2,655,890         | \$ 1,382,660         | \$ (644,507)           | \$ 2,011,383         | \$ 1,047,129         | \$ 1,047,129              | US/Global Equity     |
| 2034             | 11           | \$ 2,680,256         | \$ 1,307,170         | \$ (571,736)           | \$ 2,108,520         | \$ 1,028,332         | \$ 1,028,332              |                      |
| 2035             | 12           | \$ 2,646,817         | \$ 1,209,289         | \$ (457,954)           | \$ 2,188,863         | \$ 1,000,057         | \$ 1,000,057              |                      |
| 2036             | 13           | \$ 2,594,819         | \$ 1,110,616         | \$ (399,283)           | \$ 2,195,536         | \$ 939,718           | \$ 939,718                |                      |
| 2037             | 14           | \$ 2,565,788         | \$ 1,028,793         | \$ (357,544)           | \$ 2,208,244         | \$ 885,430           | \$ 885,430                |                      |
| <b>2033-2037</b> | <b>10-14</b> | <b>\$ 13,143,570</b> | <b>\$ 6,038,528</b>  | <b>\$ (2,431,024)</b>  | <b>\$ 10,712,546</b> | <b>\$ 4,900,666</b>  | <b>\$ 4,900,666</b>       |                      |
| 2038             | 15           | \$ 2,532,684         | \$ 951,347           | \$ (313,982)           | \$ 2,218,702         | \$ 833,407           | \$ 833,407                | US/Global Equity     |
| 2039             | 16           | \$ 2,462,857         | \$ 866,658           | \$ (274,538)           | \$ 2,188,319         | \$ 770,050           | \$ 770,050                |                      |
| 2040             | 17           | \$ 2,400,559         | \$ 791,355           | \$ (246,386)           | \$ 2,154,173         | \$ 710,133           | \$ 710,133                |                      |
| 2041             | 18           | \$ 2,317,052         | \$ 715,559           | \$ (226,650)           | \$ 2,090,402         | \$ 645,564           | \$ 645,564                |                      |
| 2042             | 19           | \$ 2,237,901         | \$ 647,442           | \$ (192,388)           | \$ 2,045,513         | \$ 591,783           | \$ 591,783                |                      |
| <b>2038-2042</b> | <b>15-19</b> | <b>\$ 11,951,053</b> | <b>\$ 3,972,361</b>  | <b>\$ (1,253,944)</b>  | <b>\$ 10,697,109</b> | <b>\$ 3,550,937</b>  | <b>\$ 3,550,937</b>       |                      |
| <b>2043-2047</b> | <b>20-24</b> | <b>\$ 9,641,914</b>  | <b>\$ 2,319,383</b>  | <b>\$ (570,413)</b>    | <b>\$ 9,071,501</b>  | <b>\$ 2,182,169</b>  | <b>\$ 2,182,169</b>       | US/Global Equity     |
| <b>2048-2052</b> | <b>25-29</b> | <b>\$ 6,959,713</b>  | <b>\$ 1,211,320</b>  | <b>\$ (262,324)</b>    | <b>\$ 6,697,389</b>  | <b>\$ 1,165,663</b>  | <b>\$ 1,165,663</b>       |                      |
| <b>2053+</b>     | <b>30+</b>   | <b>\$ 9,145,909</b>  | <b>\$ 910,026</b>    | <b>\$ (28,514)</b>     | <b>\$ 9,117,395</b>  | <b>\$ 907,189</b>    | <b>\$ 907,189</b>         |                      |
| <b>Total</b>     |              | <b>\$ 74,091,531</b> | <b>\$ 31,757,859</b> | <b>\$ (14,260,722)</b> | <b>\$ 59,830,809</b> | <b>\$ 22,554,204</b> | <b>\$ 26,241,493</b>      |                      |

|                                | Hybrid LDI | Present Value LDI |            | Actual Portfolio |
|--------------------------------|------------|-------------------|------------|------------------|
| Liability Conscious Allocation | Derived    | Derived           | IPS Target | Allocation       |
| Cash/Fixed                     | 38%        | 34%               | 30%        | 36%              |
| Equity                         | 48%        | 56%               | 55%        | 52%              |
| Alternative/Balanced           | 14%        | 9%                | 15%        | 12%              |

<sup>1</sup>Hybrid LDI uses Net Benefit Payment for years 0-10 and Present Value of Net Benefit Payment for subsequent years

Contributions based on ARC. ARC, discount rate and present value of benefit payments provided by Angell Pension Group.

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# Liability/Cash Flow Analysis - Union Plan

| Valuation        |              | Gross Benefit        | PV Benefit           | Pension                | Net Benefit          | Present              | Hybrid                    | Investment           |
|------------------|--------------|----------------------|----------------------|------------------------|----------------------|----------------------|---------------------------|----------------------|
| Year             | Duration     | Payments (\$)        | Payments (\$)        | Contribution (\$)      | Payments (\$)        | Value (Net \$)       | LDI (Net \$) <sup>1</sup> | Product              |
| 2023             | 0            | \$ 1,972,284         | \$ 1,927,284         | \$ (912,974)           | \$ 1,059,310         | \$ 1,035,141         | \$ 1,059,310              | Cash Flow Matched    |
| 2024             | 1            | \$ 2,073,976         | \$ 1,942,917         | \$ (1,062,438)         | \$ 1,011,538         | \$ 947,617           | \$ 1,011,538              |                      |
| 2025             | 2            | \$ 2,172,303         | \$ 1,906,433         | \$ (1,113,102)         | \$ 1,059,201         | \$ 929,564           | \$ 1,059,201              | Core Fixed Income    |
| 2026             | 3            | \$ 2,243,407         | \$ 1,844,419         | \$ (1,098,111)         | \$ 1,145,296         | \$ 941,606           | \$ 1,145,296              |                      |
| 2027             | 4            | \$ 2,279,879         | \$ 1,755,957         | \$ (1,069,878)         | \$ 1,210,001         | \$ 931,940           | \$ 1,210,001              | Plus Fixed Income    |
| <b>2023-2027</b> | <b>0-4</b>   | <b>\$ 10,741,849</b> | <b>\$ 9,377,010</b>  | <b>\$ (5,256,503)</b>  | <b>\$ 5,485,346</b>  | <b>\$ 4,785,868</b>  | <b>\$ 5,485,346</b>       |                      |
| 2028             | 5            | \$ 2,367,735         | \$ 1,708,385         | \$ (1,042,594)         | \$ 1,325,141         | \$ 956,125           | \$ 1,325,141              | Plus Fixed Income    |
| 2029             | 6            | \$ 2,448,192         | \$ 1,654,812         | \$ (965,150)           | \$ 1,483,042         | \$ 1,002,436         | \$ 1,483,042              | Alternative/Balanced |
| 2030             | 7            | \$ 2,518,650         | \$ 1,594,856         | \$ (911,783)           | \$ 1,606,867         | \$ 1,017,498         | \$ 1,606,867              |                      |
| 2031             | 8            | \$ 2,573,702         | \$ 1,526,731         | \$ (815,435)           | \$ 1,758,267         | \$ 1,043,011         | \$ 1,758,267              | US/Global Equity     |
| 2032             | 9            | \$ 2,599,244         | \$ 1,444,447         | \$ (723,038)           | \$ 1,876,206         | \$ 1,042,642         | \$ 1,876,206              |                      |
| <b>2028-2032</b> | <b>5-9</b>   | <b>\$ 12,507,523</b> | <b>\$ 7,929,231</b>  | <b>\$ (4,458,000)</b>  | <b>\$ 8,049,523</b>  | <b>\$ 5,061,712</b>  | <b>\$ 8,049,523</b>       |                      |
| 2033             | 10           | \$ 2,655,890         | \$ 1,382,660         | \$ (644,507)           | \$ 2,011,383         | \$ 1,047,129         | \$ 1,047,129              | US/Global Equity     |
| 2034             | 11           | \$ 2,680,256         | \$ 1,307,170         | \$ (571,736)           | \$ 2,108,520         | \$ 1,028,332         | \$ 1,028,332              |                      |
| 2035             | 12           | \$ 2,646,817         | \$ 1,209,289         | \$ (457,954)           | \$ 2,188,863         | \$ 1,000,057         | \$ 1,000,057              |                      |
| 2036             | 13           | \$ 2,594,819         | \$ 1,110,616         | \$ (399,283)           | \$ 2,195,536         | \$ 939,718           | \$ 939,718                |                      |
| 2037             | 14           | \$ 2,565,788         | \$ 1,028,793         | \$ (357,544)           | \$ 2,208,244         | \$ 885,430           | \$ 885,430                |                      |
| <b>2033-2037</b> | <b>10-14</b> | <b>\$ 13,143,570</b> | <b>\$ 6,038,528</b>  | <b>\$ (2,431,024)</b>  | <b>\$ 10,712,546</b> | <b>\$ 4,900,666</b>  | <b>\$ 4,900,666</b>       |                      |
| 2038             | 15           | \$ 2,532,684         | \$ 951,347           | \$ (313,982)           | \$ 2,218,702         | \$ 833,407           | \$ 833,407                | US/Global Equity     |
| 2039             | 16           | \$ 2,462,857         | \$ 866,658           | \$ (274,538)           | \$ 2,188,319         | \$ 770,050           | \$ 770,050                |                      |
| 2040             | 17           | \$ 2,400,559         | \$ 791,355           | \$ (246,386)           | \$ 2,154,173         | \$ 710,133           | \$ 710,133                |                      |
| 2041             | 18           | \$ 2,317,052         | \$ 715,559           | \$ (226,650)           | \$ 2,090,402         | \$ 645,564           | \$ 645,564                |                      |
| 2042             | 19           | \$ 2,237,901         | \$ 647,442           | \$ (192,388)           | \$ 2,045,513         | \$ 591,783           | \$ 591,783                |                      |
| <b>2038-2042</b> | <b>15-19</b> | <b>\$ 11,951,053</b> | <b>\$ 3,972,361</b>  | <b>\$ (1,253,944)</b>  | <b>\$ 10,697,109</b> | <b>\$ 3,550,937</b>  | <b>\$ 3,550,937</b>       |                      |
| <b>2043-2047</b> | <b>20-24</b> | <b>\$ 9,641,914</b>  | <b>\$ 2,319,383</b>  | <b>\$ (570,413)</b>    | <b>\$ 9,071,501</b>  | <b>\$ 2,182,169</b>  | <b>\$ 2,182,169</b>       | US/Global Equity     |
| <b>2048-2052</b> | <b>25-29</b> | <b>\$ 6,959,713</b>  | <b>\$ 1,211,320</b>  | <b>\$ (262,324)</b>    | <b>\$ 6,697,389</b>  | <b>\$ 1,165,663</b>  | <b>\$ 1,165,663</b>       |                      |
| <b>2053+</b>     | <b>30+</b>   | <b>\$ 9,145,909</b>  | <b>\$ 910,026</b>    | <b>\$ (28,514)</b>     | <b>\$ 9,117,395</b>  | <b>\$ 907,189</b>    | <b>\$ 907,189</b>         |                      |
| <b>Total</b>     |              | <b>\$ 74,091,531</b> | <b>\$ 31,757,859</b> | <b>\$ (14,260,722)</b> | <b>\$ 59,830,809</b> | <b>\$ 22,554,204</b> | <b>\$ 26,241,493</b>      |                      |

|                                | Hybrid LDI | Present Value LDI | Actual Portfolio |            |
|--------------------------------|------------|-------------------|------------------|------------|
| Liability Conscious Allocation | Derived    | Derived           | IPS Target       | Allocation |
| Cash/Fixed                     | 26%        | 25%               | 30%              | 36%        |
| Equity                         | 62%        | 66%               | 55%              | 52%        |
| Alternative/Balanced           | 12%        | 9%                | 15%              | 12%        |

<sup>1</sup>Hybrid LDI uses Net Benefit Payment for years 0-10 and Present Value of Net Benefit Payment for subsequent years

Contributions based on ARC. ARC, discount rate and present value of benefit payments provided by Angell Pension Group.

For discussion purposes only

Information contained in this illustration was provided by Angell Pension Group, Inc. and is considered to be reliable. Please see important disclaimers at the end of this presentation

# Morgan Stanley

THE KELLIHER CORBETT GROUP  
AT MORGAN STANLEY

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## Investment Results



SCCT Regional Water Authority  
Third Quarter Investment Results  
June 30, 2023 - September 30, 2023

| Account Number | Account Type            | Beg. Asset Value<br>30-Jun-2023 | Net<br>Deposits/Withdrawals | Transfers   | Net<br>Invested | Ending Asset Value<br>30-Sep-2023 | Net \$<br>Gain/Loss | Gain/Loss<br>(net) % | Gain/Loss<br>(gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|-------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450     | Salaried                | \$43,478,724                    | \$0                         | (\$572,597) | \$42,906,127    | \$41,636,281                      | (\$1,269,846)       | -2.95%               | -2.86%                 |
| 447-xxx451     | Union                   | \$25,415,491                    | \$0                         | \$18,951    | \$25,434,442    | \$24,688,617                      | (\$745,825)         | -2.93%               | -2.84%                 |
| 447-xxx456     | VEBA                    | \$9,014,625                     | \$0                         | \$0         | \$9,014,625     | \$8,724,438                       | (\$290,187)         | -3.22%               | -3.13%                 |
| axx15a         | Matrix Trust (Salaried) | \$87,705                        | (\$343,494)                 | \$600,000   | \$344,210       | \$344,210                         | \$0                 | -                    | -                      |
| axx15b         | Matrix Trust (Union)    | \$199,036                       | (\$73,231)                  | \$0         | \$125,805       | \$125,805                         | \$0                 | -                    | -                      |
| axx16          | Matrix Trust(VEBA)      | \$540,889                       | \$240,344                   | (\$46,354)  | \$734,880       | \$734,880                         | \$0                 | -                    | -                      |
| Consolidated   |                         | \$78,736,471                    | (\$176,381)                 | \$0         | \$78,560,090    | \$76,254,232                      | (\$2,305,859)       | -2.98%               | -2.89%                 |

June 30, 2023 - September 30, 2023

Actuarial Assumed Rate of Return

**Actuarial Assumed Rate of Return (Current): 6.75% x (3/12)** 1.69%

Guidelines/Benchmarks - Market Cap Weighted

Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills -2.92%  
Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills -3.12%  
Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills -2.80%

Guidelines/Benchmarks - Equal Weighted

Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills -3.48%  
Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills -3.81%  
Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills -3.53%

|                                    |        |
|------------------------------------|--------|
| Russell 3000                       | -3.25% |
| S&P 500                            | -3.27% |
| S&P 500 Equal Weight               | -4.90% |
| Russell 1000 Value                 | -3.16% |
| Russell 1000                       | -3.15% |
| Russell 1000 Growth                | -3.13% |
| Russell 2000                       | -5.13% |
| MSCI All Country World ex. US      | -3.77% |
| MSCI EAFE                          | -4.11% |
| MSCI EM                            | -2.93% |
| Bloomberg Aggregate                | -3.23% |
| Bloomberg Govt/Credit Intermediate | -0.83% |
| Bloomberg US Corp Bond             | -3.09% |
| HFRI Fund of Funds Index           | 0.69%  |
| DJ Global World Real Estate        | -6.00% |
| Morningstar Real Asset             | -3.75% |
| FTSE WGBI Index                    | -4.27% |
| 30 Day T-Bill                      | 1.36%  |

Performance for accounts held outside of Morgan Stanley are calculated using simple math

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SCCT Regional Water Authority  
Year to Date Investment Results  
December 31, 2022 - September 30, 2023

| Account Number | Account Type            | Beg. Asset Value<br>31-Dec-2022 | Net<br>Deposits/Withdrawals | Transfers   | Net<br>Invested | Ending Asset Value<br>30-Sep-2023 | Net \$<br>Gain/Loss | Gain/Loss<br>(net) % | Gain/Loss<br>(gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|-------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450     | Salaried                | \$39,989,740                    | \$0                         | \$256,829   | \$40,246,569    | \$41,636,281                      | \$1,389,712         | 3.43%                | 3.71%                  |
| 447-xxx451     | Union                   | \$23,779,677                    | \$0                         | \$57,079    | \$23,836,757    | \$24,688,617                      | \$851,861           | 3.59%                | 3.87%                  |
| 447-xxx456     | VEBA                    | \$8,443,859                     | \$0                         | \$0         | \$8,443,859     | \$8,724,438                       | \$280,579           | 3.32%                | 3.61%                  |
| axx15a         | Matrix Trust (Salaried) | \$46,129                        | \$429,614                   | (\$131,533) | \$344,210       | \$344,210                         | \$0                 | -                    | -                      |
| axx15b         | Matrix Trust (Union)    | \$15,732                        | \$78,540                    | \$31,533    | \$125,805       | \$125,805                         | \$0                 | -                    | -                      |
| axx16          | Matrix Trust(VEBA)      | \$584,218                       | \$364,571                   | (\$213,908) | \$734,880       | \$734,880                         | \$0                 | -                    | -                      |
| Consolidated   |                         | \$72,859,355                    | \$872,725                   | \$0         | \$73,732,080    | \$76,254,232                      | \$2,522,151         | 3.47%                | 3.75%                  |

December 31, 2022 - September 30, 2023

Actuarial Assumed Rate of Return

**Actuarial Assumed Rate of Return (Current): 6.75% x (9/12)** 5.06%

Guidelines/Benchmarks - Market Cap Weighted

Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills 4.51%

Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 5.67%

Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 6.31%

Guidelines/Benchmarks - Equal Weighted

Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills 0.91%

Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 1.21%

Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 1.65%

|                                    |        |
|------------------------------------|--------|
| Russell 3000                       | 12.39% |
| S&P 500                            | 13.07% |
| S&P 500 Equal Weight               | 1.79%  |
| Russell 1000 Value                 | 1.79%  |
| Russell 1000                       | 13.01% |
| Russell 1000 Growth                | 24.98% |
| Russell 2000                       | 2.54%  |
| MSCI All Country World ex. US      | 5.34%  |
| MSCI EAFE                          | 7.08%  |
| MSCI EM                            | 1.82%  |
| Bloomberg Aggregate                | -1.21% |
| Bloomberg Govt/Credit Intermediate | 0.65%  |
| Bloomberg US Corp Bond             | 0.02%  |
| HFRI Fund of Funds Index           | 2.99%  |
| DJ Global World Real Estate        | -5.37% |
| Morningstar Real Asset             | -1.72% |
| FTSE WGBI Index                    | -2.68% |
| 30 Day T-Bill                      | 3.70%  |

Performance for accounts held outside of Morgan Stanley are calculated using simple math

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SCCT Regional Water Authority  
Fiscal Year Investment Results  
May 31, 2023 - September 30, 2023

| Account Number | Account Type            | Beg. Asset Value<br>31-May-2023 | Net<br>Deposits/Withdrawals | Transfers   | Net<br>Invested | Ending Asset Value<br>30-Sep-2023 | Net \$<br>Gain/Loss | Gain/Loss<br>(net) % | Gain/Loss<br>(gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|-------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450     | Salaried                | \$42,115,960                    | \$0                         | (\$558,929) | \$41,557,031    | \$41,636,281                      | \$79,250            | 0.16%                | 0.28%                  |
| 447-xxx451     | Union                   | \$24,833,519                    | \$0                         | (\$196,491) | \$24,637,028    | \$24,688,617                      | \$51,590            | 0.19%                | 0.31%                  |
| 447-xxx456     | VEBA                    | \$8,731,841                     | \$0                         | \$0         | \$8,731,841     | \$8,724,438                       | (\$7,403)           | -0.08%               | 0.04%                  |
| axx15a         | Matrix Trust (Salaried) | \$137,558                       | (\$393,347)                 | \$600,000   | \$344,210       | \$344,210                         | \$0                 | -                    | -                      |
| axx15b         | Matrix Trust (Union)    | \$539                           | (\$99,734)                  | \$225,000   | \$125,805       | \$125,805                         | \$0                 | -                    | -                      |
| axx16          | Matrix Trust(VEBA)      | \$532,809                       | \$271,651                   | (\$69,580)  | \$734,880       | \$734,880                         | \$0                 | -                    | -                      |
| Consolidated   |                         | \$76,352,226                    | (\$221,431)                 | \$0         | \$76,130,795    | \$76,254,232                      | \$123,437           | 0.14%                | 0.26%                  |

May 31, 2023 - September 30, 2023

Actuarial Assumed Rate of Return

**Actuarial Assumed Rate of Return (Current): 6.75% x (4/12)** 2.25%

Guidelines/Benchmarks - Market Cap Weighted

Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills -0.19%  
Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills 0.34%  
Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 1.11%

Guidelines/Benchmarks - Equal Weighted

Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills -0.50%  
Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills -0.05%  
Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills 0.71%

|                                    |        |
|------------------------------------|--------|
| Russell 3000                       | 3.35%  |
| S&P 500                            | 3.12%  |
| S&P 500 Equal Weight               | 2.44%  |
| Russell 1000 Value                 | 3.27%  |
| Russell 1000                       | 3.39%  |
| Russell 1000 Growth                | 3.49%  |
| Russell 2000                       | 2.59%  |
| MSCI All Country World ex. US      | 0.54%  |
| MSCI EAFE                          | 0.25%  |
| MSCI EM                            | 0.76%  |
| Bloomberg Aggregate                | -3.58% |
| Bloomberg Govt/Credit Intermediate | -1.51% |
| Bloomberg US Corp Bond             | -2.69% |
| HFRI Fund of Funds Index           | 1.87%  |
| DJ Global World Real Estate        | -2.13% |
| Morningstar Real Asset             | -1.08% |
| FTSE WGBI Index                    | -4.28% |
| 30 Day T-Bill                      | 1.79%  |

Performance for accounts held outside of Morgan Stanley are calculated using simple math

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SCCT Regional Water Authority  
Trailing Twelve Month Investment Results  
September 30, 2022 - September 30, 2023

| Account Number | Account Type            | Beg. Asset Value<br>30-Sep-2022 | Net<br>Deposits/Withdrawals | Transfers   | Net<br>Invested | Ending Asset Value<br>30-Sep-2023 | Net \$<br>Gain/Loss | Gain/Loss<br>(net) % | Gain/Loss<br>(gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|-------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450     | Salaried                | \$37,633,448                    | \$0                         | \$74,504    | \$37,707,951    | \$41,636,281                      | \$3,928,330         | 10.40%               | 10.80%                 |
| 447-xxx451     | Union                   | \$22,445,216                    | \$0                         | (\$137,106) | \$22,308,110    | \$24,688,617                      | \$2,380,507         | 10.70%               | 11.10%                 |
| 447-xxx456     | VEBA                    | \$7,909,163                     | \$0                         | \$0         | \$7,909,163     | \$8,724,438                       | \$815,275           | 10.31%               | 10.71%                 |
| axx15a         | Matrix Trust (Salaried) | \$107,779                       | \$142,964                   | \$93,467    | \$344,210       | \$344,210                         | \$0                 | -                    | -                      |
| axx15b         | Matrix Trust (Union)    | \$24,028                        | (\$154,755)                 | \$256,533   | \$125,805       | \$125,805                         | \$0                 | -                    | -                      |
| axx16          | Matrix Trust(VEBA)      | \$499,190                       | \$523,088                   | (\$287,398) | \$734,880       | \$734,880                         | \$0                 | -                    | -                      |
| Consolidated   |                         | \$68,618,823                    | \$511,296                   | \$0         | \$69,130,119    | \$76,254,232                      | \$7,124,112         | 10.49%               | 10.89%                 |

Trailing Twelve Month Returns (12/31/2020 - 12/31/2021)

11.43% 11.81%

Trailing Twelve Month Returns (12/31/2021 - 12/31/2022)

-12.85% -12.53%

Trailing Twelve Month Returns (6/30/2022 - 6/30/2023)

8.44% 8.84%

September 30, 2022 - September 30, 2023

Actuarial Assumed Rate of Return

Actuarial Assumed Rate of Return (Current): 6.75%

6.75%

Guidelines/Benchmarks - Market Cap Weighted

Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills: 10.02%

Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills: 12.23%

Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills: 13.24%

Guidelines/Benchmarks - Equal Weighted

Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills: 7.70%

Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills: 9.37%

Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills: 10.24%

Russell 3000 20.46%

S&P 500 21.62%

S&P 500 Equal Weight 13.64%

Russell 1000 Value 14.44%

Russell 1000 21.19%

Russell 1000 Growth 27.72%

Russell 2000 8.93%

MSCI All Country World ex. US 20.39%

MSCI EAFE 25.65%

MSCI EM 11.70%

Bloomberg Aggregate 0.64%

Bloomberg Govt/Credit Intermediate 2.20%

Bloomberg US Corp Bond 3.65%

HFRI Fund of Funds Index 4.77%

DJ Global World Real Estate 0.94%

Morningstar Real Asset 4.68%

FTSE WGBI Index 1.04%

30 Day T-Bill 4.61%

Performance for accounts held outside of Morgan Stanley are calculated using simple math

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Data Source: Morgan Stanley & Morningstar

SCCT Regional Water Authority  
Trailing Three Year Investment Results  
September 30, 2020 - September 30, 2023

| Account Number | Account Type            | Beg. Asset Value<br>30-Sep-2020 | Net<br>Deposits/Withdrawals | Transfers     | Net<br>Invested | Ending Asset Value<br>30-Sep-2023 | Net \$<br>Gain/Loss | Gain/Loss<br>(net) % | Gain/Loss<br>(gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|---------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450     | Salaried                | \$37,657,162                    | \$0                         | \$514,733     | \$38,171,895    | \$41,636,281                      | \$3,464,386         | 3.00%                | 3.37%                  |
| 447-xxx451     | Union                   | \$23,305,387                    | \$0                         | (\$820,039)   | \$22,485,348    | \$24,688,617                      | \$2,203,269         | 3.10%                | 3.48%                  |
| 447-xxx456     | VEBA                    | \$7,690,392                     | \$0                         | \$400,000     | \$8,090,392     | \$8,724,438                       | \$634,046           | 2.79%                | 3.17%                  |
| 447-xxx626*    | Skybridge (Salaried)    | \$566,510                       | \$0                         | (\$704,240)   | (\$137,730)     | \$0                               | \$137,730           | 7.52%                | 7.52%                  |
| 447-xxx627*    | Skybridge (Union)       | \$380,427                       | \$0                         | (\$472,852)   | (\$92,425)      | \$0                               | \$92,425            | 7.52%                | 7.52%                  |
| axx15a         | Matrix Trust (Salaried) | \$194,633                       | (\$547,098)                 | \$696,675     | \$344,210       | \$344,210                         | \$0                 | -                    | -                      |
| axx15b         | Matrix Trust (Union)    | \$94,760                        | (\$1,632,909)               | \$1,663,954   | \$125,805       | \$125,805                         | \$0                 | -                    | -                      |
| axx16          | Matrix Trust(VEBA)      | \$902,094                       | \$1,111,017                 | (\$1,278,231) | \$734,880       | \$734,880                         | \$0                 | -                    | -                      |
| Consolidated   |                         | \$70,791,364                    | (\$1,068,990)               | \$0           | \$69,722,375    | \$76,254,232                      | \$6,531,857         | 3.02%                | 3.39%                  |

Trailing Three Year Returns (12/31/2018 - 12/31/2021)

13.43% 13.84%

Trailing Three Year Returns (12/31/2019 - 12/31/2022)

2.43% 2.79%

Trailing Three Year Returns (6/30/2020 - 6/30/2023)

5.78% 6.16%

September 30, 2020 - September 30, 2023

Actuarial Assumed Rate of Return

Actuarial Assumed Rate of Return (Current): 6.75%

6.75%

Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00%

7.00%

Guidelines/Benchmarks - Market Cap Weighted

|                                                                                                                       |       |
|-----------------------------------------------------------------------------------------------------------------------|-------|
| Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills | 1.58% |
| Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills         | 2.82% |
| Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills | 4.25% |

Guidelines/Benchmarks - Equal Weighted

|                                                                                                                                        |       |
|----------------------------------------------------------------------------------------------------------------------------------------|-------|
| Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills | 2.29% |
| Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills         | 3.69% |
| Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills | 5.16% |

|                                    |        |
|------------------------------------|--------|
| Russell 3000                       | 9.38%  |
| S&P 500                            | 10.15% |
| S&P 500 Equal Weight               | 11.45% |
| Russell 1000 Value                 | 11.05% |
| Russell 1000                       | 9.53%  |
| Russell 1000 Growth                | 7.97%  |
| Russell 2000                       | 7.16%  |
| MSCI All Country World ex. US      | 3.74%  |
| MSCI EAFE                          | 5.75%  |
| MSCI EM                            | -1.73% |
| Bloomberg Aggregate                | -5.21% |
| Bloomberg Govt/Credit Intermediate | -2.93% |
| Bloomberg US Corp Bond             | -4.93% |
| HFRI Fund of Funds Index           | 3.83%  |
| DJ Global World Real Estate        | -1.58% |
| Morningstar Real Asset             | 5.18%  |
| FTSE WGBI Index                    | -8.72% |
| 30 Day T-Bill                      | 1.74%  |

Performance for accounts held outside of Morgan Stanley are calculated using simple math

\*447-xxx626 closed May 2022

\*447-xxx627 closed July 2022

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Data Source: Morgan Stanley & Morningstar

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SCCT Regional Water Authority  
Trailing Five Year Investment Results  
September 30, 2018 - September 30, 2023

| Account Number | Account Type            | Beg. Asset Value<br>30-Sep-2018 | Net<br>Deposits/Withdrawals | Transfers     | Net<br>Invested | Ending Asset Value<br>30-Sep-2023 | Net \$<br>Gain/Loss | Gain/Loss<br>(net) % | Gain/Loss<br>(gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|---------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450     | Salaried                | \$32,530,793                    | \$0                         | \$1,705,845   | \$34,236,638    | \$41,636,281                      | \$7,399,643         | 4.03%                | 4.42%                  |
| 447-xxx451     | Union                   | \$21,596,709                    | \$0                         | (\$1,492,532) | \$20,104,177    | \$24,688,617                      | \$4,584,440         | 4.05%                | 4.44%                  |
| 447-xxx456     | VEBA                    | \$5,954,988                     | \$0                         | \$1,334,134   | \$7,289,122     | \$8,724,438                       | \$1,435,316         | 3.79%                | 4.18%                  |
| 447-xxx626*    | Skybridge (Salaried)    | \$648,228                       | \$0                         | (\$704,240)   | (\$56,012)      | \$0                               | \$56,012            | 1.67%                | 1.67%                  |
| 447-xxx627*    | Skybridge (Union)       | \$435,261                       | \$0                         | (\$472,852)   | (\$37,591)      | \$0                               | \$37,591            | 1.67%                | 1.67%                  |
| axx15a         | Matrix Trust (Salaried) | \$731,845                       | (\$185,564)                 | (\$202,071)   | \$344,210       | \$344,210                         | \$0                 | -                    | -                      |
| axx15b         | Matrix Trust (Union)    | \$39,294                        | (\$2,493,746)               | \$2,580,257   | \$125,805       | \$125,805                         | \$0                 | -                    | -                      |
| axx16          | Matrix Trust(VEBA)      | \$707,661                       | \$2,775,760                 | (\$2,748,541) | \$734,880       | \$734,880                         | \$0                 | -                    | -                      |
| Consolidated   |                         | \$62,644,779                    | \$96,450                    | \$0           | \$62,741,229    | \$76,254,232                      | \$13,513,002        | 3.94%                | 4.32%                  |

Trailing Five Year Returns (12/31/2016 - 12/31/2021)

9.86% 10.27%

Trailing Five Year Returns (12/31/2017 - 12/31/2022)

3.82% 4.20%

Trailing Five Year Returns (6/30/2018 - 6/30/2023)

5.19% 5.57%

September 30, 2018 - September 30, 2023

Actuarial Assumed Rate of Return

Actuarial Assumed Rate of Return (Current): 6.75%

6.75%

Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00%

7.00%

Guidelines/Benchmarks - Market Cap Weighted

|                                                                                                                       |       |
|-----------------------------------------------------------------------------------------------------------------------|-------|
| Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills | 3.66% |
| Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills         | 4.37% |
| Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills | 4.91% |

Guidelines/Benchmarks - Equal Weighted

|                                                                                                                                        |       |
|----------------------------------------------------------------------------------------------------------------------------------------|-------|
| Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills | 3.26% |
| Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills         | 3.88% |
| Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills | 4.40% |

|                                    |        |
|------------------------------------|--------|
| Russell 3000                       | 9.14%  |
| S&P 500                            | 9.92%  |
| S&P 500 Equal Weight               | 7.97%  |
| Russell 1000 Value                 | 6.23%  |
| Russell 1000                       | 9.63%  |
| Russell 1000 Growth                | 12.42% |
| Russell 2000                       | 2.40%  |
| MSCI All Country World ex. US      | 2.58%  |
| MSCI EAFE                          | 3.24%  |
| MSCI EM                            | 0.55%  |
| Bloomberg Aggregate                | 0.10%  |
| Bloomberg Govt/Credit Intermediate | 1.02%  |
| Bloomberg US Corp Bond             | 0.93%  |
| HFRI Fund of Funds Index           | 3.42%  |
| DJ Global World Real Estate        | -0.64% |
| Morningstar Real Asset             | 2.50%  |
| FTSE WGBI Index                    | -2.57% |
| 30 Day T-Bill                      | 1.68%  |

Performance for accounts held outside of Morgan Stanley are calculated using simple math

\*447-xxx626 closed May 2022

\*447-xxx627 closed July 2022

The information and data contained in this report are from sources considered reliable, but their accuracy and completeness is not guaranteed. This report has been prepared for illustrative purposes only and is not intended to be used as a substitute for monthly transaction statements you receive on a regular basis from Morgan Stanley & Co. Incorporated Please compare the data on this document carefully with your monthly statements to verify its accuracy. The Company strongly encourages you to consult with your own accountants or other advisors with respect to any tax questions.

Data Source: Morgan Stanley & Morningstar

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SCCT Regional Water Authority  
Trailing Eight Year Investment Results  
September 30, 2015 - September 30, 2023

| Account Number | Account Type            | Beg. Asset Value<br>30-Sep-2015 | Net<br>Deposits/Withdrawals | Transfers     | Net<br>Invested | Ending Asset Value<br>30-Sep-2023 | Net \$<br>Gain/Loss | Gain/Loss<br>(net) % | Gain/Loss<br>(gross) % |
|----------------|-------------------------|---------------------------------|-----------------------------|---------------|-----------------|-----------------------------------|---------------------|----------------------|------------------------|
| 447-xxx450     | Salaried                | \$21,058,465                    | \$0                         | \$6,143,667   | \$27,202,132    | \$41,636,281                      | \$14,434,149        | 5.98%                | 6.39%                  |
| 447-xxx451     | Union                   | \$15,465,737                    | \$0                         | (\$338,832)   | \$15,126,905    | \$24,688,617                      | \$9,561,712         | 6.00%                | 6.41%                  |
| 447-xxx456     | VEBA                    | \$2,932,568                     | \$0                         | \$3,090,986   | \$6,023,554     | \$8,724,438                       | \$2,700,884         | 5.72%                | 6.12%                  |
| 447-xxx626*    | Skybridge (Salaried)    | \$0                             | \$0                         | (\$153,806)   | (\$153,806)     | \$0                               | \$153,806           | 3.48%                | 3.48%                  |
| 447-xxx627*    | Skybridge (Union)       | \$0                             | \$0                         | (\$107,539)   | (\$107,539)     | \$0                               | \$107,539           | 3.49%                | 3.49%                  |
| axx15a         | Matrix Trust (Salaried) | (\$31,527)                      | \$5,268,934                 | (\$4,893,197) | \$344,210       | \$344,210                         | \$0                 | -                    | -                      |
| axx15b         | Matrix Trust (Union)    | (\$59,679)                      | (\$1,128,397)               | \$1,313,881   | \$125,805       | \$125,805                         | \$0                 | -                    | -                      |
| axx16          | Matrix Trust(VEBA)      | \$43,097                        | \$5,746,944                 | (\$5,055,161) | \$734,880       | \$734,880                         | \$0                 | -                    | -                      |
| Consolidated   |                         | \$39,408,660                    | \$9,887,482                 | \$0           | \$49,296,142    | \$76,254,232                      | \$26,958,090        | 5.91%                | 6.31%                  |

September 30, 2015 - September 30, 2023

Actuarial Assumed Rate of Return

|                                                                     |       |
|---------------------------------------------------------------------|-------|
| <b>Actuarial Assumed Rate of Return (Current): 6.75%</b>            | 6.75% |
| <b>Actuarial Assumed Rate of Return (Prior to 5/31/2021): 7.00%</b> | 7.00% |

Guidelines/Benchmarks - Market Cap Weighted

|                                                                                                                       |       |
|-----------------------------------------------------------------------------------------------------------------------|-------|
| Least Equity Risk: 34% R3000, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills | 5.21% |
| Strategic: 42% R3000, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills         | 6.24% |
| Most Equity Risk: 44% R3000, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills | 6.88% |

Guidelines/Benchmarks - Equal Weighted

|                                                                                                                                        |       |
|----------------------------------------------------------------------------------------------------------------------------------------|-------|
| Least Equity Risk: 34% S&P 500 Equal Weighted, 11% MSCI ACWxUS, 39% Bloomberg Agg, 4% FTSE WGBI, 9% HFRI FOF, 1% Global RE, 2% T-Bills | 4.75% |
| Strategic: 42% S&P 500 Equal Weighted, 15% MSCI ACWxUS, 31% Bloomberg Agg, 3% FTSE WGBI, 5% HFRI FOF, 2% Global RE, 2% T-Bills         | 5.68% |
| Most Equity Risk: 44% S&P 500 Equal Weighted, 16% MSCI ACWxUS, 16% Bloomberg Agg, 2% FTSE WGBI, 15% HFRI FOF, 5% Global RE, 2% T-Bills | 6.29% |

|                                    |        |
|------------------------------------|--------|
| Russell 3000                       | 12.05% |
| S&P 500                            | 12.63% |
| S&P 500 Equal Weight               | 10.71% |
| Russell 1000 Value                 | 8.92%  |
| Russell 1000                       | 12.36% |
| Russell 1000 Growth                | 15.40% |
| Russell 2000                       | 7.69%  |
| MSCI All Country World ex. US      | 5.29%  |
| MSCI EAFE                          | 5.45%  |
| MSCI EM                            | 4.83%  |
| Bloomberg Aggregate                | 0.55%  |
| Bloomberg Govt/Credit Intermediate | 0.98%  |
| Bloomberg US Corp Bond             | 1.75%  |
| HFRI Fund of Funds Index           | 3.36%  |
| DJ Global World Real Estate        | 2.57%  |
| Morningstar Real Asset             | 3.32%  |
| FTSE WGBI Index                    | -1.00% |
| 30 Day T-Bill                      | 1.33%  |

Performance for accounts held outside of Morgan Stanley are calculated using simple math

\*447-xxx626 open from April 2016 to May 2022

\*447-xxx627 open from April 2016 to July 2022

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Data Source: Morgan Stanley & Morningstar

# Morgan Stanley

THE KELLIHER CORBETT GROUP  
AT MORGAN STANLEY

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## Appendix



# Morgan Stanley

THE KELLIHER CORBETT GROUP  
AT MORGAN STANLEY

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## Investment Holdings Analysis



# Mutual Funds/ETFs

## Results

Data as of 9/30/2023

|                                             | Morningstar                 | Market Returns (%) |       |   |       |      |       |       |               | \$     | % of  |              |       |
|---------------------------------------------|-----------------------------|--------------------|-------|---|-------|------|-------|-------|---------------|--------|-------|--------------|-------|
| Data as of 9/30/2023                        | Category                    | 3 Month            | YTD   |   | 1-Yr  | 3-Yr | 5-Yr  | 10-Yr | Assets        | Total  |       |              |       |
| Cash & Equivalents                          |                             |                    |       |   |       |      |       |       |               |        |       |              |       |
| Cash & Equivalents                          |                             | -                  | -     |   | -     | -    | -     | -     | \$ 312,791    | 0.42%  |       |              |       |
| Fixed Income                                |                             |                    |       |   |       |      |       |       |               |        |       |              |       |
| Vanguard Short-Term Treasury ETF            | Short Government            | 0.70               | 1.72  | ● | 2.41  | ●    | -0.95 | ●     | 0.99          | ●      | 0.74  | \$ 1,169,280 | 1.56% |
| Cat: Short Government                       | Short Government            | 0.21               | 1.27  |   | 1.87  |      | -1.67 |       | 0.59          |        | 0.60  |              |       |
| Guggenheim Limited Duration Instl           | Short-Term Bond             | 0.96               | 3.82  | ● | 5.53  | ●    | 0.22  | ●     | 1.77          |        | -     | \$ 307,014   | 0.41% |
| PIMCO Low Duration Income I2                | Short-Term Bond             | 0.19               | 3.73  | ● | 6.91  | ●    | 1.66  | ●     | 2.48          | ●      | 2.99  | \$ -         | 0.00% |
| Vanguard Short-Term Bond ETF                | Short-Term Bond             | 0.19               | 1.45  | ● | 2.59  | ●    | -1.64 | ●     | 1.11          | ●      | 1.04  | \$ 270,612   | 0.36% |
| Cat: Short-Term Bond                        | Short-Term Bond             | 0.57               | 2.34  |   | 3.60  |      | -0.59 |       | 1.31          |        | 1.28  |              |       |
| American Funds Bond Fund of Amer F2         | Intermediate Core Bond      | -3.06              | -1.67 | ● | 0.38  | ●    | -4.62 | ●     | 0.86          | ●      | 1.54  | \$ 2,549,390 | 3.40% |
| Cat: Intermediate Core Bond                 | Intermediate Core Bond      | -2.97              | -0.83 |   | 0.77  |      | -5.02 |       | 0.00          |        | 1.00  |              |       |
| American Funds Strategic Bond F-2           | Intermediate Core-Plus Bond | -3.34              | -3.63 | ● | -1.73 | ●    | -5.25 | ●     | 1.72          |        | -     | \$ 2,891,390 | 3.85% |
| DoubleLine Total Return Bond I              | Intermediate Core-Plus Bond | -3.43              | -1.03 | ● | -1.14 | ●    | -4.49 | ●     | -0.56         | ●      | 1.17  | \$ 2,630,412 | 3.50% |
| Loomis Sayles Core Plus Bond Y              | Intermediate Core-Plus Bond | -4.08              | -1.09 | ● | 1.28  | ●    | -4.64 | ●     | 0.51          | ●      | 1.80  | \$ 2,362,406 | 3.15% |
| Cat: Intermediate Core-Plus Bond            | Intermediate Core-Plus Bond | -2.85              | -0.51 |   | 1.28  |      | -4.48 |       | 0.26          |        | 1.32  |              |       |
| PIMCO Income I2                             | Multisector Bond            | -0.57              | 3.16  | ● | 6.65  | ●    | 0.56  | ●     | 2.27          | ●      | 3.90  | \$ 2,310,457 | 3.08% |
| Cat: Multisector Bond                       | Multisector Bond            | -0.62              | 2.29  |   | 4.95  |      | -0.36 |       | 1.42          |        | 2.41  |              |       |
| Idx: Bloomberg US Agg Bond TR USD           | -                           | -3.23              | -1.21 |   | 0.64  |      | -5.21 |       | 0.10          |        | 1.13  |              |       |
| Idx: Bloomberg US Govt/Credit Interm TR USD | -                           | -0.83              | 0.65  |   | 2.20  |      | -2.93 |       | 1.02          |        | 1.27  |              |       |
| Idx: FTSE WGBI USD                          | -                           | -4.27              | -2.68 |   | 1.04  |      | -8.72 |       | -2.57         |        | -1.19 |              |       |
| Sub-Total Fixed Income                      |                             |                    |       |   |       |      |       |       | \$ 14,490,960 | 19.31% |       |              |       |
| US Equity                                   |                             |                    |       |   |       |      |       |       |               |        |       |              |       |
| Columbia Dividend Income Inst               | Large Value                 | -2.20              | 1.72  | ● | 15.70 | ●    | 10.67 | ●     | 8.78          | ●      | 10.59 | \$ 4,015,282 | 5.35% |
| Vanguard Value ETF                          | Large Value                 | -2.32              | 0.17  | ● | 14.87 | ●    | 12.43 | ●     | 7.30          | ●      | 9.84  | \$ 5,351,684 | 7.13% |
| Cat: Large Value                            | Large Value                 | -2.52              | 1.78  |   | 14.87 |      | 11.84 |       | 6.45          |        | 8.39  |              |       |
| Invesco S&P 500® Equal Weight ETF           | Large Blend                 | -4.94              | 1.65  | ● | 13.42 | ●    | 11.22 | ●     | 7.79          | ●      | 9.92  | \$ 3,425,356 | 4.56% |
| Vanguard Total Stock Market ETF             | Large Blend                 | -3.29              | 12.36 | ● | 20.40 | ●    | 9.25  | ●     | 9.06          | ●      | 11.23 | \$ 6,800,306 | 9.06% |
| Cat: Large Blend                            | Large Blend                 | -3.24              | 9.86  |   | 19.13 |      | 9.31  |       | 8.60          |        | 10.42 |              |       |
| MFS Massachusetts Inv Gr Stk I              | Large Growth                | -5.01              | 10.94 | ● | 21.54 | ●    | 8.31  | ●     | 11.54         | ●      | 12.79 | \$ 3,205,121 | 4.27% |
| Vanguard Russell 1000 Growth ETF            | Large Growth                | -3.14              | 24.92 | ● | 27.65 | ●    | 7.90  | ●     | 12.33         | ●      | 14.37 | \$ 2,269,813 | 3.02% |
| Cat: Large Growth                           | Large Growth                | -3.59              | 19.80 |   | 23.46 |      | 4.26  |       | 9.04          |        | 11.63 |              |       |
| Schwab US Mid-Cap ETF™                      | Mid-Cap Blend               | -4.35              | 4.36  | ● | 13.77 | ●    | 8.41  | ●     | 4.79          | ●      | 8.54  | \$ 1,504,188 | 2.00% |
| Cat: Mid-Cap Blend                          | Mid-Cap Blend               | -3.89              | 4.04  |   | 14.02 |      | 9.74  |       | 5.67          |        | 8.01  |              |       |
| Idx: Russell 3000 TR USD                    | -                           | -3.25              | 12.39 |   | 20.46 |      | 9.38  |       | 9.14          |        | 11.28 |              |       |
| Idx: S&P 500 TR USD                         | -                           | -3.27              | 13.07 |   | 21.62 |      | 10.15 |       | 9.92          |        | 11.91 |              |       |
| Idx: Russell 1000 Value TR USD              | -                           | -3.16              | 1.79  |   | 14.44 |      | 11.05 |       | 6.23          |        | 8.45  |              |       |
| Idx: Russell 1000 TR USD                    | -                           | -3.15              | 13.01 |   | 21.19 |      | 9.53  |       | 9.63          |        | 11.63 |              |       |
| Idx: Russell 1000 Growth TR USD             | -                           | -3.13              | 24.98 |   | 27.72 |      | 7.97  |       | 12.42         |        | 14.48 |              |       |
| Idx: Morningstar DYF TR USD                 | -                           | -0.88              | -2.29 |   | 12.83 |      | 11.26 |       | 5.78          |        | 8.06  |              |       |
| Sub-Total US Equity                         |                             |                    |       |   |       |      |       |       | \$ 26,571,749 | 35.41% |       |              |       |

● Green = exceeds peer group

● Yellow = trails peer group

□ Red = fails to meet criteria (on watch/remove and/or replacement)

Orange = Fund position only held in VEBA

Green = Fund added in Q3

Red = Fund removed in Q3

Assets as of 9/30/2023

See last page for important disclosure/disclaimer

For financial performance and qualified data purposes only

# Mutual Funds/ETFs

## Results

Data as of 9/30/2023

| Morningstar                             |                      | Market Returns (%) |       |  |       |  |       |  |       | \$ | % of  |               |        |
|-----------------------------------------|----------------------|--------------------|-------|--|-------|--|-------|--|-------|----|-------|---------------|--------|
| Category                                |                      | 3 Month            | YTD   |  | 1-Yr  |  | 3-Yr  |  | 5-Yr  |    | 10-Yr | Assets        | Total  |
| Global/International Equity             |                      |                    |       |  |       |  |       |  |       |    |       |               |        |
| MFS Intl Diversification I              | Foreign Large Blend  | -4.84              | 5.04  |  | 20.52 |  | 2.14  |  | 3.74  |    | 4.91  | \$ 2,960,216  | 3.94%  |
| Vanguard Total International Stock ETF  | Foreign Large Blend  | -4.01              | 5.08  |  | 20.53 |  | 3.91  |  | 2.78  |    | 3.62  | \$ 3,310,212  | 4.41%  |
| Cat: Foreign Large Blend                | Foreign Large Blend  | -4.48              | 5.95  |  | 22.92 |  | 4.33  |  | 2.81  |    | 3.60  |               |        |
| American Funds Europacific Growth F2    | Foreign Large Growth | -6.37              | 5.06  |  | 19.53 |  | -0.03 |  | 3.00  |    | 4.54  | \$ 2,923,460  | 3.90%  |
| Vs. Index (MSCI ACWI Ex USA NR USD)     | -                    | -6.37              | 5.06  |  | 19.53 |  | -0.03 |  | 3.00  |    | 4.54  |               |        |
| Cat: Foreign Large Growth               | Foreign Large Growth | -7.81              | 3.66  |  | 18.15 |  | -1.45 |  | 2.86  |    | 4.39  |               |        |
| First Eagle Global I                    | Global Allocation    | -3.74              | 5.25  |  | 19.33 |  | 7.24  |  | 5.87  |    | 6.11  | \$ 3,128,327  | 4.17%  |
| Cat: Global Allocation                  | Global Allocation    | -2.70              | 2.32  |  | 10.64 |  | 3.50  |  | 2.71  |    | 3.68  |               |        |
| Idx: MSCI ACWI Ex USA NR USD            | -                    | -3.77              | 5.34  |  | 20.39 |  | 3.74  |  | 2.58  |    | 3.35  |               |        |
| Idx: MSCI ACWI NR USD                   | -                    | -3.40              | 10.06 |  | 20.80 |  | 6.89  |  | 6.46  |    | 7.56  |               |        |
| Idx: MSCI EAFE NR USD                   | -                    | -4.11              | 7.08  |  | 25.65 |  | 5.75  |  | 3.24  |    | 3.82  |               |        |
| Idx: MSCI EM NR USD                     | -                    | -2.93              | 1.82  |  | 11.70 |  | -1.73 |  | 0.55  |    | 2.07  |               |        |
| Sub-Total Global/International Equity   |                      |                    |       |  |       |  |       |  |       |    |       | \$ 12,322,215 | 16.42% |
| Balanced                                |                      |                    |       |  |       |  |       |  |       |    |       |               |        |
| American Funds American Balanced F2     | Moderate Allocation  | -2.81              | 3.93  |  | 12.37 |  | 4.57  |  | 5.66  |    | 7.52  | \$ 3,430,242  | 4.57%  |
| Janus Henderson Balanced I              | Moderate Allocation  | -3.31              | 5.45  |  | 11.28 |  | 3.39  |  | 6.09  |    | 7.72  | \$ 3,388,297  | 4.51%  |
| Cat: Moderate Allocation                | Moderate Allocation  | -2.67              | 4.58  |  | 10.58 |  | 3.65  |  | 4.41  |    | 5.74  |               |        |
| Idx: Bloomberg US Agg Bond TR USD       | -                    | -3.23              | -1.21 |  | 0.64  |  | -5.21 |  | 0.10  |    | 1.13  |               |        |
| Idx: S&P 500 TR USD                     | -                    | -3.27              | 13.07 |  | 21.62 |  | 10.15 |  | 9.92  |    | 11.91 |               |        |
| Sub-Total Balanced                      |                      |                    |       |  |       |  |       |  |       |    |       | \$ 6,818,538  | 9.09%  |
| Alternative                             |                      |                    |       |  |       |  |       |  |       |    |       |               |        |
| BlackRock Event Driven Equity Instl     | Event Driven         | 1.55               | 1.65  |  | 3.36  |  | 2.44  |  | 3.68  |    | 5.48  | \$ 1,172,810  | 1.56%  |
| Cat: Event Driven                       | Event Driven         | 1.89               | 2.65  |  | 4.78  |  | 3.66  |  | 3.64  |    | 3.07  |               |        |
| JPMorgan Hedged Equity I                | Options Trading      | -2.87              | 9.90  |  | 17.42 |  | 6.38  |  | 6.98  |    | -     | \$ 100,764    | 0.13%  |
| Cat: Options Trading                    | Options Trading      | -1.57              | 9.67  |  | 14.98 |  | 4.75  |  | 4.27  |    | 3.19  |               |        |
| Cohen & Steers Global Realty I          | Global Real Estate   | -6.32              | -3.33 |  | 3.01  |  | 0.89  |  | 1.30  |    | 3.93  | \$ 1,087,959  | 1.45%  |
| Cat: Global Real Estate                 | Global Real Estate   | -5.48              | -4.23 |  | 2.85  |  | -0.26 |  | -0.59 |    | 2.25  |               |        |
| Idx: S&P 500 TR USD                     | -                    | -3.27              | 13.07 |  | 21.62 |  | 10.15 |  | 9.92  |    | 11.91 |               |        |
| Idx: Bloomberg US Agg Bond TR USD       | -                    | -3.23              | -1.21 |  | 0.64  |  | -5.21 |  | 0.10  |    | 1.13  |               |        |
| Idx: Russell 3000 TR USD                | -                    | -3.25              | 12.39 |  | 20.46 |  | 9.38  |  | 9.14  |    | 11.28 |               |        |
| Idx: MSCI ACWI NR USD                   | -                    | -3.40              | 10.06 |  | 20.80 |  | 6.89  |  | 6.46  |    | 7.56  |               |        |
| Idx: DJ Global World Real Estate TR USD | -                    | -6.00              | -5.37 |  | 0.94  |  | -1.58 |  | -0.64 |    | 2.71  |               |        |
| Sub-Total Alternative                   |                      |                    |       |  |       |  |       |  |       |    |       | \$ 2,361,533  | 3.15%  |
| Total                                   |                      |                    |       |  |       |  |       |  |       |    |       | \$ 62,877,787 | 83.78% |

● Green = exceeds peer group

● Yellow = trails peer group

□ Red = fails to meet criteria (on watch/remove and/or replacement)

Data Source: Morgan Stanley & Morningstar

Assets as of 9/30/2023

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# Mutual Funds/ETFs

## Statistics

| Data as of 9/30/2023                    | Prospectus Net<br>Expense Ratio | Prospectus Adj<br>Expense Ratio | Beta 3 Yr vs.<br>S&P or BBg Agg | Alpha 3 Yr vs.<br>S&P or BBg Agg | Std Dev<br>3 Yr | R2 3 Yr vs.<br>S&P or BBg Agg | P/E<br>Ratio | P/B<br>Ratio | Geo Avg<br>Mkt Cap \$MM | Mstar<br>Risk 5 Yr |
|-----------------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|-----------------|-------------------------------|--------------|--------------|-------------------------|--------------------|
| <b>Fixed Income</b>                     |                                 |                                 |                                 |                                  |                 |                               |              |              |                         |                    |
| Vanguard Short-Term Treasury ETF        | 0.04                            | 0.04                            | 0.25                            | -1.18                            | 1.94            | 66                            | -            | -            | -                       | Below Avg          |
| <b>Cat: Short Government</b>            | <b>0.62</b>                     | <b>0.62</b>                     | <b>0.32</b>                     | <b>-1.42</b>                     | <b>2.34</b>     | <b>71</b>                     | -            | -            | -                       | -                  |
| Guggenheim Limited Duration Instl       | 0.49                            | 0.48                            | 0.37                            | 0.90                             | 2.65            | 82                            | -            | 0.4          | 148                     | Average            |
| PIMCO Low Duration Income I2            | 0.69                            | 0.60                            | 0.50                            | 3.32                             | 4.13            | 58                            | -            | -            | -                       | High               |
| Vanguard Short-Term Bond ETF            | 0.04                            | 0.04                            | 0.41                            | -0.70                            | 2.81            | 85                            | -            | -            | -                       | Average            |
| <b>Cat: Short-Term Bond</b>             | <b>0.66</b>                     | <b>0.66</b>                     | <b>0.36</b>                     | <b>0.00</b>                      | <b>2.66</b>     | <b>75</b>                     | -            | -            | -                       | -                  |
| American Funds Bond Fund of Amer F2     | 0.33                            | 0.33                            | 1.01                            | 0.65                             | 6.24            | 99                            | -            | -            | -                       | Average            |
| <b>Cat: Intermediate Core Bond</b>      | <b>0.58</b>                     | <b>0.58</b>                     | <b>0.97</b>                     | <b>-0.01</b>                     | <b>6.13</b>     | <b>97</b>                     | -            | -            | -                       | -                  |
| American Funds Strategic Bond F-2       | 0.43                            | 0.43                            | 1.07                            | 0.49                             | 6.96            | 89                            | -            | -            | 539                     | Above Avg          |
| DoubleLine Total Return Bond I          | 0.49                            | 0.49                            | 0.83                            | -0.50                            | 5.31            | 93                            | -            | -            | -                       | Low                |
| Loomis Sayles Core Plus Bond Y          | 0.49                            | 0.49                            | 1.09                            | 1.30                             | 6.87            | 97                            | -            | -            | -                       | Average            |
| <b>Cat: Intermediate Core-Plus Bond</b> | <b>0.74</b>                     | <b>0.74</b>                     | <b>0.99</b>                     | <b>0.69</b>                      | <b>6.35</b>     | <b>94</b>                     | -            | -            | -                       | -                  |
| PIMCO Income I2                         | 0.72                            | 0.60                            | 0.80                            | 4.43                             | 5.77            | 74                            | 2.2          | -            | 6125                    | Average            |
| <b>Cat: Multisector Bond</b>            | <b>0.98</b>                     | <b>0.98</b>                     | <b>0.71</b>                     | <b>2.86</b>                      | <b>5.69</b>     | <b>60</b>                     | <b>14.4</b>  | <b>1.7</b>   | <b>42466</b>            | -                  |
| <b>US Equity</b>                        |                                 |                                 |                                 |                                  |                 |                               |              |              |                         |                    |
| Columbia Dividend Income Inst           | 0.65                            | 0.65                            | 0.83                            | 1.69                             | 15.88           | 87                            | 18.8         | 3.5          | 152431                  | Low                |
| Vanguard Value ETF                      | 0.04                            | 0.04                            | 0.85                            | 3.24                             | 16.89           | 80                            | 15.5         | 2.4          | 100924                  | Below Avg          |
| <b>Cat: Large Value</b>                 | <b>0.90</b>                     | <b>0.90</b>                     | <b>0.89</b>                     | <b>2.53</b>                      | <b>17.86</b>    | <b>79</b>                     | <b>15.0</b>  | <b>2.3</b>   | <b>108830</b>           | -                  |
| Invesco S&P 500® Equal Weight ETF       | 0.20                            | 0.20                            | 1.01                            | 1.06                             | 19.03           | 89                            | 17.7         | 2.5          | 34852                   | High               |
| Vanguard Total Stock Market ETF         | 0.03                            | 0.03                            | 1.01                            | -0.90                            | 18.17           | 99                            | 20.4         | 3.5          | 131448                  | Above Avg          |
| <b>Cat: Large Blend</b>                 | <b>0.79</b>                     | <b>0.79</b>                     | <b>0.96</b>                     | <b>-0.48</b>                     | <b>17.76</b>    | <b>94</b>                     | <b>20.1</b>  | <b>4.0</b>   | <b>302944</b>           | -                  |
| MFS Massachusetts Inv Gr Stk I          | 0.46                            | 0.46                            | 1.00                            | -1.60                            | 18.21           | 95                            | 31.2         | 6.1          | 186088                  | Below Avg          |
| Vanguard Russell 1000 Growth ETF        | 0.08                            | 0.08                            | 1.10                            | -2.47                            | 20.80           | 90                            | 30.7         | 10.0         | 373415                  | Average            |
| <b>Cat: Large Growth</b>                | <b>0.96</b>                     | <b>0.96</b>                     | <b>1.08</b>                     | <b>-5.68</b>                     | <b>20.99</b>    | <b>86</b>                     | <b>30.7</b>  | <b>7.8</b>   | <b>374543</b>           | -                  |
| Schwab US Mid-Cap ETF™                  | 0.04                            | 0.04                            | 1.05                            | -1.65                            | 20.36           | 85                            | 14.7         | 2.3          | 8748                    | Above Avg          |
| <b>Cat: Mid-Cap Blend</b>               | <b>0.92</b>                     | <b>0.92</b>                     | <b>0.99</b>                     | <b>0.00</b>                      | <b>19.48</b>    | <b>82</b>                     | <b>15.8</b>  | <b>2.5</b>   | <b>10348</b>            | -                  |

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Orange = Fund position only held in VEBA

Green = Fund added in Q3, Red = Fund removed in Q3

The Prospectus Adjusted Operating Expense Ratio is the percentage of fund assets paid for operating expenses and management fees. The expense ratio typically includes the following types of fees: accounting, administrator, advisor, auditor, board of directors, custodial, distribution (12b-1), legal, organizational, professional, registration, shareholder reporting, sub-advisor, and transfer agency. The ratio does reflect fee waivers in effect during the time period, and does not include interest and dividends on borrowed securities. The expense ratio does not reflect the fund's brokerage costs or any investor sales charges.

**Data Source: Morgan Stanley & Morningstar**

# Mutual Funds/ETFs

## Statistics

| Data as of 9/30/2023                   | Prospectus Net<br>Expense Ratio | Prospectus Adj<br>Expense Ratio | Beta 3 Yr vs.<br>S&P or BBg Agg | Alpha 3 Yr vs.<br>S&P or BBg Agg | Std Dev<br>3 Yr | R2 3 Yr vs.<br>S&P or BBg Agg | P/E<br>Ratio | P/B<br>Ratio | Geo Avg<br>Mkt Cap \$MM | Mstar<br>Risk 5 Yr |
|----------------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|-----------------|-------------------------------|--------------|--------------|-------------------------|--------------------|
| <b>Global/International Equity</b>     |                                 |                                 |                                 |                                  |                 |                               |              |              |                         |                    |
| MFS Intl Diversification I             | 0.83                            | 0.83                            | 0.98                            | -1.50                            | 17.28           | 96                            | 14.9         | 1.9          | 35380                   | Below Avg          |
| Vanguard Total International Stock ETF | 0.07                            | 0.07                            | 1.03                            | 0.17                             | 17.71           | 99                            | 13.4         | 1.6          | 27117                   | Average            |
| Cat: Foreign Large Blend               | 0.92                            | 0.92                            | 1.02                            | 0.66                             | 18.25           | 93                            | 13.5         | 1.8          | 51453                   | -                  |
| American Funds Europacific Growth F2   | 0.57                            | 0.57                            | 1.07                            | -3.61                            | 19.03           | 94                            | 19.1         | 2.9          | 60813                   | Average            |
| Cat: Foreign Large Growth              | 1.04                            | 1.04                            | 1.06                            | -4.86                            | 20.00           | 84                            | 20.3         | 3.2          | 54971                   | -                  |
| First Eagle Global I                   | 0.86                            | 0.86                            | 1.10                            | 4.89                             | 14.24           | 90                            | 16.9         | 1.9          | 58928                   | Above Avg          |
| Cat: Global Allocation                 | 1.14                            | 1.14                            | 0.98                            | 1.23                             | 12.88           | 88                            | 16.5         | 2.2          | 72346                   | -                  |
| <b>Balanced</b>                        |                                 |                                 |                                 |                                  |                 |                               |              |              |                         |                    |
| American Funds American Balanced F2    | 0.36                            | 0.36                            | 0.95                            | 2.21                             | 11.87           | 96                            | 18.7         | 3.8          | 156842                  | Below Avg          |
| Janus Henderson Balanced I             | 0.66                            | 0.66                            | 0.98                            | 1.12                             | 12.50           | 92                            | 24.5         | 5.4          | 262794                  | Average            |
| Cat: Moderate Allocation               | 1.04                            | 1.04                            | 0.95                            | 1.36                             | 12.27           | 92                            | 18.8         | 3.0          | 138297                  | -                  |
| <b>Alternative</b>                     |                                 |                                 |                                 |                                  |                 |                               |              |              |                         |                    |
| BlackRock Event Driven Equity Instl    | 1.27                            | 1.27                            | 0.13                            | -0.33                            | 3.43            | 39                            | 28.6         | 3.2          | 20643                   | Average            |
| Cat: Event Driven                      | 1.78                            | 1.78                            | 0.17                            | 0.68                             | 5.27            | 25                            | 23.7         | 2.3          | 7250                    | Average            |
| JPMorgan Hedged Equity I               | 0.58                            | 0.58                            | 0.47                            | 1.72                             | 9.17            | 78                            | 23.0         | 4.2          | 242858                  | Average            |
| Cat: Options Trading                   | 0.97                            | 0.97                            | 0.50                            | 0.00                             | 9.57            | 79                            | 21.3         | 4.2          | 320027                  | -                  |
| Cohen & Steers Global Realty I         | 0.90                            | 0.90                            | 1.03                            | -5.64                            | 19.09           | 85                            | 23.0         | 1.3          | 15080                   | Average            |
| Cat: Global Real Estate                | 1.14                            | 1.14                            | 1.03                            | -6.78                            | 19.16           | 84                            | 19.0         | 1.2          | 12829                   | -                  |

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**Data Source: Morgan Stanley & Morningstar**



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Assets as of 9/30/2023

Data Source: Morningstar; as of 9/30/2023

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# Glossary of Terms

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**Accrued Income:** The dividends and interest earned but not yet received at both the beginning and end of each reporting period.

**Advisory Account:** An investment advisory relationship is designed for clients who prefer that their Financial Advisor act as an investment consultant, with their assets invested in a mutual fund asset allocation program or in a Advisory account that is directed by a professional money manager either at Morgan Stanley or at an external money management firm. There are important differences in your relationship with your Financial Advisor and Morgan Stanley in brokerage accounts and in advisory accounts. Additional information about these differences is available at <http://www.morganstanley.com/ourcommitment>

**Annualized Standard Deviation:** A measure of volatility, it quantifies how much a series of numbers, such as portfolio returns, deviates around its average. Since it measures the portfolio's investment volatility, the account's gross rate of return is used.

**Brokerage Account:** In a brokerage relationship, your Financial Advisor will work with you to facilitate the execution of securities transactions on your behalf. Your Financial Advisor also provides investor education and professional, personalized information about financial products and services in connection with these brokerage services. You can choose how you want to pay for these services and you will receive the same services regardless of which pricing option you choose. There are important differences in your relationship with your Financial Advisor and Morgan Stanley in brokerage accounts and in advisory accounts. Additional information about these differences is available at <http://www.morganstanley.com/ourcommitment>

**Comparative Indices:** A complete description of the comparative indices included in this Performance Report is available upon request.

**Dollar-Weighted Return:** Rate of return calculation methodology that reflects both the timing and magnitude of external contributions and withdrawals and measures the portfolio's performance. The return for each month is calculated as the average return on all dollars invested.

**Gross Return:** The return of the portfolio before the deduction of fees/commissions and other expenses.

**Net Contributions/Withdrawals:** The total value of capital contributed to or withdrawn from the account during the reporting period. The dollar amount represented by contribution or withdrawal transactions is excluded from the calculation of Portfolio Appreciation.

**Net Invested Capital:** The sum of the Total Beginning Value and the net of additional capital Contributions and Withdrawals for each reporting period.

**Net Portfolio Appreciation:** The total dollar gain/loss of the portfolio for each reporting period. The Net Portfolio Appreciation includes the impact of income received and is calculated as the difference between Net Invested Capital and Total Ending Value.

**Net Return:** The return of the portfolio for the period reduced by the amount of fees/commissions paid. The net of fees return is calculated gross of certain custody fees.

**Time-Weighted Return:** Rate of return calculation methodology that eliminates the impact of external contributions and withdrawals to the portfolio value and measures the manager's performance. Portfolio returns are calculated at least monthly and individual monthly returns are geometrically linked to calculate total cumulative return.

**Total Beginning Value:** The total market value of the portfolio, valued on a trade date basis, at the beginning of each reporting period. The Total Beginning Value includes Accrued Income.

**Total Ending Value:** The total market value of the portfolio, valued on a trade date basis, at the end of each reporting period. The Total Ending Value includes Accrued Income.

**Weighted Average:** The average in which each yield to be averaged is assigned a weight. These weightings determine the relative importance or frequency of each yield on the average.

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CRC 3744138 09/2023



# J.P. Morgan Asset Management – Index definitions

GTM

U.S.

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All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

## Equities:

The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue-chip U.S. stocks.

The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **MSCI EAFE Index(Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region.

The **Russell 1000 Index®** measures the performance of the 1,000 largest companies in the Russell 3000.

The **Russell 1000 Growth Index®** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index®** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index®** measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **Russell 2000 Growth Index®** measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index®** measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 3000 Index®** measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

The **Russell Midcap Index®** measures the performance of the 800 smallest companies in the Russell 1000 Index.

The **Russell Midcap Growth Index®** measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

The **Russell Midcap Value Index®** measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The **S&P 500 Index** focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

## Fixed income:

The **Bloomberg 1-3 Month U.S. Treasury Bill Index** includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible.

The **Bloomberg Global High Yield Index** is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive. Until January 1, 2011, the index also included CMBS high yield securities.

The **Bloomberg Municipal Index** consists of a broad selection of investment-grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market.

The **Bloomberg US Dollar Floating Rate Note (FRN) Index** provides a measure of the U.S. dollar denominated floating rate note market.

The **Bloomberg US Corporate Investment Grade Index** is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB or higher) by at least two ratings agencies, have at least one year to final maturity and have at least \$250 million par amount outstanding. To qualify, bonds must be SEC-registered.

The **Bloomberg US High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.

The **Bloomberg US Mortgage Backed Securities Index** is an unmanaged index that measures the performance of investment grade fixed-rate mortgage backed pass-through securities of GNMA, FNMA and FHLMC.

The **Bloomberg US TIPS Index** consists of Inflation-Protection securities issued by the U.S. Treasury.

The **J.P. Morgan Emerging Market Bond Global Index(EMBI)** includes U.S. dollar denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities.

The **J.P. Morgan Domestic High Yield Index** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.

The **J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified)** is an expansion of the **J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI)**. The CEMBI is a market capitalization weighted index consisting of U.S. dollar denominated emerging market corporate bonds.

The **J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified)** tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. The index limits the exposure of some of the larger countries.

The **J.P. Morgan GBI EM Global Diversified** tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base.

The **U.S. Treasury Index** is a component of the U.S. Government index.

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# J.P. Morgan Asset Management – Definitions

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## *Other asset classes:*

The **Alerian MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for the asset class.

The **Bloomberg Commodity Index** and related sub-indices are composed of futures contracts on physical commodities and represents twenty two separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc

The **Cambridge Associates U.S. Global Buyout and Growth Index®** is based on data compiled from 1,768 global (U.S. & ex -U.S.) buyout and growth equity funds, including fully liquidated partnerships, formed between 1986 and 2013.

The **CS/Tremont Hedge Fund Index** is compiled by Credit Suisse Tremont Index, LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The Index uses the Credit Suisse/Tremont database, which tracks over 4500 funds, and consists only of funds with a minimum of US\$50 million under management, a 12-month track record, and audited financial statements. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees and expenses. It is the exclusive property of Credit Suisse Tremont Index, LLC.

The **HFRI Monthly Indices (HFRI)** are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 4 main strategies, each with multiple sub strategies. All single-manager HFRI Index constituents are included in the HFRI Fund Weighted Composite, which accounts for over 2200 funds listed on the internal HFR Database.

The **NAREIT EQUITY REIT Index** is designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the NYSE, the American Stock Exchange or the NASDAQ National Market List.

The **NFI-ODCE**, short for NCREIF Fund Index -Open End Diversified Core Equity, is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted.

## *Definitions:*

Investing in **alternative assets** involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested.

**Bonds** are subject to interest rate risks. Bond prices generally fall when interest rates rise.

Investments in **commodities** may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.

**Derivatives** may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns.

**Distressed Restructuring Strategies** employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

Investments in **emerging markets** can be more volatile. The normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

The price of **equity** securities may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time.

**Equity market neutral strategies** employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

**Global macro strategies** trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets.

**International** investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations.

There is no guarantee that the use of **long and short positions** will succeed in limiting an investor's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Using long and short selling strategies may have higher portfolio turnover rates. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

**Merger arbitrage strategies** which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

**Mid-capitalization** investing typically carries more risk than investing in well-established "blue-chip" companies. Historically, mid-cap companies' stock has experienced a greater degree of market volatility than the average stock.

**Price to forward earnings** is a measure of the price-to-earnings ratio (P/E) using forecasted earnings. **Price to book value** compares a stock's market value to its book value. **Price to cash flow** is a measure of the market's expectations of a firm's future financial health. **Price to dividends** is the ratio of the price of a share on a stock exchange to the dividends per share paid in the previous year, used as a measure of a company's potential as an investment.

**Real estate** investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

**Relative Value Strategies** maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

**Small-capitalization** investing typically carries more risk than investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.

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# J.P. Morgan Asset Management – Risks & disclosures

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**The Market Insights program provides comprehensive data and commentary on global markets without reference to products. Designed as a tool to help clients understand the markets and support investment decision-making, the program explores the implications of current economic data and changing market conditions.**

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Unless otherwise stated, all data are as of September 30, 2023 or most recently available.

**Guide to the Markets – U.S.**

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**Global Investment Manager Analysis (GIMA) Focus List, Approved List and Tactical Opportunities List; Watch Policy.** GIMA uses two methods to evaluate investment products in applicable advisory programs: **Focus** (and investment products meeting this standard are described as being on the Focus List) and **Approved** (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List. Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status). GIMA has a **"Watch"** policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. Certain investment products on either the Focus List or Approved List may also be recommended for the **Tactical Opportunities List** based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time. For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "Manager Selection Process."

The **Global Investment Committee** is a group of seasoned investment professionals who meet regularly to discuss the global economy and markets. The committee determines the investment outlook that guides our advice to clients. They continually monitor developing economic and market conditions, review tactical outlooks and recommend model portfolio weightings, as well as produce a suite of strategy, analysis, commentary, portfolio positioning suggestions and other reports and broadcasts.

The GIC Asset Allocation Models are not available to be directly implemented as part of an investment advisory service and should not be regarded as a recommendation of any Morgan Stanley investment advisory service. The GIC Asset Allocation Models do not represent actual trading or any type of account or any type of investment strategies and none of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, advisory fees, fund expenses) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models which, when compounded over a period of years, would decrease returns.

**Adverse Active AlphaSM 2.0** is a patented screening and scoring process designed to help identify high-quality equity and fixed income managers with characteristics that may lead to future outperformance relative to index and peers. While highly ranked managers performed well as a group in our Adverse Active Alpha model back tests, not all of the managers will outperform. Please note that this data may be derived from back-testing, which has the benefit of hindsight. In addition, highly ranked managers can have differing risk profiles that might not be appropriate for all investors.

Our view is that Adverse Active Alpha is a good starting point and should be used in conjunction with other information. Morgan Stanley Wealth Management's qualitative and quantitative investment



manager due diligence process are equally important factors for investors when considering managers for use through an investment advisory program. Factors including, but not limited to, manager turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha ranking. Additionally, highly ranked managers can have differing risk profiles that might not be appropriate for all investors.

The proprietary **Value Score** methodology considers an active investment strategies' value proposition relative to its costs. From a historical quantitative study of several quantitative markers, Value Score measures perceived forward-looking benefit and computes (1) "fair value" expense ratios for most traditional investment managers across 40 categories and (2) managers' perceived "excess value" by comparing the fair value expense ratios to actual expense ratios. Managers are then ranked within each category by their excess value to assign a Value Score. Our analysis suggests that greater levels of excess value have historically corresponded to attractive subsequent performance.

For more information on the ranking models, please see Adverse Active AlphaSM 2.0: Scoring Active Managers According to Potential Alpha and Value Score: Scoring Fee Efficiency by Comparing Managers' "Fair Value" and Actual Expense Ratios. The whitepapers are available from your Financial Advisor or Private Wealth Advisor. ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

Additionally, highly ranked managers can have differing risk profiles that might not be appropriate for all investors. For more information on AAA, please see the Adverse Active Alpha Ranking Model and Selecting Managers with Adverse Active Alpha whitepapers. The whitepaper are available from your Financial Advisor or Private Wealth Advisor. ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

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If your account is invested in mutual funds or exchange traded funds (collectively "funds"), you will pay the fees and expenses of any funds in which your account is invested. Fees and expenses are charged directly to the pool of assets the fund invests in and are reflected in each fund's share price. These fees and expenses are an additional cost to you and would not be included in the Fee amount in your account statements. The advisory program you choose is described in the applicable Morgan Stanley Smith Barney LLC ADV Brochure, available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV).

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**Conflicts of Interest:** GIMA's goal is to provide professional, objective evaluations in support of the Morgan Stanley Wealth Management investment advisory programs. We have policies and procedures to help us meet this goal. However, our business is subject to various conflicts of interest. For example, ideas and suggestions for which investment products should be evaluated by GIMA come from a variety of sources, including our Morgan Stanley Wealth Management Financial Advisors and their direct or indirect managers, and other business persons within Morgan Stanley Wealth Management or its affiliates. Such persons may have an ongoing business relationship with certain investment managers or mutual fund companies whereby they, Morgan Stanley Wealth

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Morgan Stanley charges each fund family we offer a mutual fund support fee, also called a "revenue-sharing payment," on client account holdings in fund families according to a tiered rate that increases along with the management fee of the fund so that lower management fee funds pay lower rates than those with higher management fees.

**Consider Your Own Investment Needs:** The model portfolios and strategies discussed in the material are formulated based on general client characteristics including risk tolerance. This material is not intended to be an analysis of whether particular investments or strategies are appropriate for you or a recommendation, or an offer to participate in any investment. Therefore, clients should not use this material as the sole basis for investment decisions. They should consider all relevant information, including their existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. Such a determination may lead to asset allocation results that are materially different from the asset allocation shown in this profile. Talk to your Financial Advisor about what would be an appropriate asset allocation for you, whether Morgan Stanley Pathway Funds is an appropriate program for you.

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**For index, indicator and survey definitions referenced in this report please visit the following:** <https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions>

**The Morgan Stanley Pathway Funds, Firm Discretionary UMA Model Portfolios**, and other asset allocation or any other model portfolios discussed in this material are available only to investors participating in Morgan Stanley Consulting Group advisory programs. For additional information on the Morgan Stanley Consulting Group advisory programs, see the applicable ADV brochure, available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) or from your Morgan Stanley Financial Advisor or Private Wealth Advisor. To learn more about the Morgan Stanley Pathway Funds, visit the Funds' website at <https://www.morganstanley.com/wealth-investmentsolutions/cgcm>. Consulting Group is a business of Morgan Stanley.

**Morgan Stanley Pathway Program Asset Allocation Models** There are model portfolios corresponding to five risk-tolerance levels available in the Pathway program. Model 1 is the least aggressive portfolio and consists mostly of bonds. As the model numbers increase, the models have higher allocations to equities and become more aggressive. Pathway is a mutual fund asset allocation program. In constructing the Pathway Program Model Portfolios, Morgan Stanley Wealth Management uses, among other things, model asset allocations produced by Morgan Wealth Management's Global Investment Committee (the "GIC"). The Pathway Program Model Portfolios are specific to the Pathway program (based on program features and parameters, and any other requirements of Morgan Stanley Wealth Management's Consulting Group). The Pathway Program Model Portfolios may therefore differ in some respects from model portfolios available in other Morgan Stanley Wealth Management programs or from asset allocation models published by the Global Investment Committee.

The type of mutual funds and ETFs discussed in this presentation utilizes nontraditional or complex investment strategies and/or derivatives. Examples of these types of funds include those that utilize one or more of the below noted investment strategies or categories or which seek exposure to the following markets: (1) commodities (e.g., agricultural, energy and metals), currency, precious metals; (2) managed futures; (3) leveraged, inverse or inverse leveraged; (4) bear market, hedging, long-short equity, market neutral; (5) real estate; (6) volatility (seeking exposure to the CBOE VIX Index). Investors should keep in mind that while mutual funds and ETFs may, at times, utilize nontraditional investment options and strategies, they should not be equated with unregistered privately offered alternative investments. Because of regulatory limitations, mutual funds and ETFs that seek alternative-like investment exposure must utilize a more limited investment universe. As a result, investment returns and portfolio characteristics of alternative mutual funds and ETFs may vary from traditional hedge funds pursuing similar investment objectives. Moreover, traditional hedge funds have limited liquidity with long "lock-up" periods allowing them to pursue investment strategies without having to factor in the need to meet client redemptions and ETFs trade on an exchange. On the

other hand, mutual funds typically must meet daily client redemptions. This differing liquidity profile can have a material impact on the investment returns generated by a mutual fund or ETF pursuing an alternative investing strategy compared with a traditional hedge fund pursuing the same strategy.

Nontraditional investment options and strategies are often employed by a portfolio manager to further a fund's investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the fund's essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or "leverage."

**Please consider the investment objectives, risks, fees, and charges and expenses of mutual funds, ETFs, closed end funds, unit investment trusts, and variable insurance products carefully before investing. The prospectus contains this and other information about each fund. To obtain a prospectus, contact your Financial Advisor or Private Wealth Advisor or visit the Morgan Stanley website at [www.morganstanley.com](http://www.morganstanley.com). Please read it carefully before investing.**

**Money Market Funds:** You could lose money in money market funds. Although money market funds classified as government funds (i.e., money market funds that invest 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds (i.e., money market funds open to natural person investors only) seek to preserve value at \$1.00 per share, they cannot guarantee they will do so. The price of other money market funds will fluctuate and when you sell shares they may be worth more or less than originally paid. Money market funds may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits. A money market fund investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

**Investors should carefully consider the investment objectives, risks, charges and expenses of a money market fund before investing. The prospectus contains this and other information about the money market fund. To obtain a prospectus, contact your Financial Advisor or visit the money market fund company's website. Please read the prospectus carefully before investing.**

**Exchange Funds** are private placement vehicles that enable holders of concentrated single-stock positions to exchange those stocks for a diversified portfolio. Investors may benefit from greater diversification by exchanging a concentrated stock position for fund shares without triggering a taxable event. These funds are available only to qualified investors and may only be offered by Financial Advisors who are qualified to sell alternative investments. Before investing, investors should consider the following:

- Dividends are pooled
- Investors may forfeit their stock voting rights
- Investment may be illiquid for several years
- Investments may be leveraged or contain derivatives
- Significant early redemption fees may apply
- Changes to the U.S. tax code, which could be retroactive (potentially disallowing the favorable tax treatment of exchange funds)
- Investment risk and potential loss of principal

## KEY ASSET CLASS CONSIDERATIONS AND OTHER RISKS

Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds ("ETFs"), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in **emerging markets and frontier markets**. Some funds also invest in foreign securities, which may involve currency risk. There is no assurance that the fund will achieve its investment objective. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities' (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S.



Treasuries in times of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments ("ESG")** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein. **Options** and margin trading involve substantial risk and are not appropriate for all investors. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Shares of closed-end funds frequently trade at a discount from their NAV which may increase investors' risk of loss. The risk of loss due to this discount may be greater for investors expecting to sell their shares in a relatively short period after completion of the public offering. This characteristic is a risk separate and distinct from the risk that a closed-end fund's net asset value may decrease as a result of investment activities. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases or sells shares of a closed-end fund, shares may have a market price that is above or below NAV. Portfolios that invest a large percentage of assets in only one industry **sector** (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

**Structured Investments** are complex and not appropriate for all investors. An investment in Structures Investments involve risks. These risks can include but are not limited to: (1) Fluctuations in the price, level or yield of underlying instruments, interest rates, currency values and credit quality, (2) Substantial or total loss of principal, (3) Limits on participation in appreciation of underlying instrument, (4) Limited liquidity, (5) Issuer credit risk and (6) Conflicts of Interest. There is no assurance that a strategy of using structured product for wealth preservation, yield enhancement, and/or interest rate risk hedging will meet its objectives.

**Alternative investments** may be either traditional alternative investment vehicles, such as hedge funds, fund of hedge funds, private equity, private real estate and managed futures or, non-traditional products such as mutual funds and exchange-traded funds that also seek alternative-like exposure but have significant differences from traditional alternative investments. Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are appropriate only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; Lack of liquidity in that there may be no secondary market for a fund; Volatility of returns; Restrictions on transferring interests in a fund; Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; Absence of information regarding valuations and pricing; Complex tax structures and delays in tax reporting; Less regulation and higher fees than mutual funds; and Risks associated with the operations, personnel, and processes of the manager. Further, opinions regarding Alternative Investments expressed herein may differ from the opinions expressed by Morgan Stanley Wealth Management and/or other businesses/affiliates of Morgan Stanley Wealth Management.

Certain information contained herein may constitute forward-looking statements. Due to various risks and uncertainties, actual events, results or the performance of a fund may differ materially from those reflected or contemplated in such forward-looking statements. Clients should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing.

Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice.

Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank.

A majority of Alternative Investment managers reviewed and selected by GIMA pay or cause to be paid an ongoing fee for distribution from their management fees to Morgan Stanley Wealth Management in connection with Morgan Stanley Wealth Management clients that purchase an interest in an Alternative Investment and in some instances pay these fees on the investments held by advisory clients. Morgan Stanley Wealth Management rebates such fees that are received and attributable to an Investment held by an advisory client and retains the fees paid in connection with investments held by brokerage clients. Morgan Stanley Wealth Management has a conflict of interest in offering alternative investments because Morgan Stanley Wealth Management or our affiliates, in most instances, earn more money in your account from your investments in alternative investments than from other investment options.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper.

Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns.

Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, “blow ups,” or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial “lift” or upwards bias.

**Hedge Funds of Funds** and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor’s goals by the pre-established year or “target date.” A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are appropriate only for the risk capital portion of an investor’s portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors.

### Virtual Currency Products (Cryptocurrencies)

**Buying, selling, and transacting in Bitcoin, Ethereum or other digital assets (“Digital Assets”), and related funds and products, is highly speculative and may result in a loss of the entire investment. Risks and considerations include but are not limited to:**

- Digital Assets have only been in existence for a short period of time and historical trading prices for Digital Assets have been highly volatile. **The price of Digital Assets could decline rapidly, and investors could lose their entire investment.**
- Certain Digital Asset funds and products, allow investors to invest on a more frequent basis than investors may withdraw from the fund or product, and interests in such funds or products are generally not freely transferrable. This means that, particularly given the volatility of Digital Assets, an investor will have to bear any losses with respect to its investment for an extended period of time and will not be able to react to changes in the price of the Digital Asset once invested (for example, by seeking to withdraw) as quickly as when making the decision to invest. Such Digital Asset funds and products, are intended only for persons who are able to bear the economic risk of investment and who do not need liquidity with respect to their investments.
- Given the volatility in the price of Digital Assets, the net asset value of a fund or product that invests in such assets at the time an investor’s subscription for interests in the fund or product is accepted may be significantly below or above the net asset value of the product or fund at the time the investor submitted subscription materials.

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- Certain Digital Assets are not intended to function as currencies but are intended to have other use cases. These other Digital Assets may be subject to some or all of the risks and considerations set forth herein, as well as additional risks applicable to such Digital Assets. Buyers, sellers and users of such Digital Assets should thoroughly familiarize themselves with such risks and considerations before transacting in such Digital Assets.
  - The value of Digital Assets may be negatively impacted by future legal and regulatory developments, including but not limited to increased regulation of such Digital Assets. Any such developments may make such Digital Assets less valuable, impose additional burdens and expenses on a fund or product investing in such assets or impact the ability of such a fund or product to continue to operate, which may materially decrease the value of an investment therein.
  - Due to the new and evolving nature of digital currencies and the absence of comprehensive guidance, many significant aspects of the tax treatment of Digital Assets are uncertain. Prospective investors should consult their own tax advisors concerning the tax consequences to them of the purchase, ownership and disposition of Digital Assets, directly or indirectly through a fund or product, under U.S. federal income tax law, as well as the tax law of any relevant state, local or other jurisdiction.
  - Over the past several years, certain Digital Asset exchanges have experienced failures or interruptions in service due to fraud, security breaches, operational problems or business failure. Such events in the future could impact any fund's or product's ability to transact in Digital Assets if the fund or product relies on an impacted exchange and may also materially decrease the price of Digital Assets, thereby impacting the value of your investment, regardless of whether the fund or product relies on such an impacted exchange.
  - Although any Digital Asset product and its service providers have in place significant safeguards against loss, theft, destruction and inaccessibility, there is nonetheless a risk that some or all of a product's Digital Asset could be permanently lost, stolen, destroyed or inaccessible by virtue of, among other things, the loss or theft of the "private keys" necessary to access a product's Digital Asset.
  - Investors in funds or products investing or transacting in Digital Assets may not benefit to the same extent (or at all) from "airdrops" with respect to, or "forks" in, a Digital Asset's blockchain, compared to investors who hold Digital Assets directly instead of through a fund or product. Additionally, a "fork" in the Digital Asset blockchain could materially decrease the price of such Digital Asset.
  - Digital Assets are not legal tender, and are not backed by any government, corporation or other identified body, other than with respect to certain digital currencies that certain governments are or may be developing now or in the future. No law requires companies or individuals to accept digital currency as a form of payment (except, potentially, with respect to digital currencies developed by certain governments where such acceptance may be mandated). Instead, other than as described in the preceding sentences, Digital Asset products' use is limited to businesses and individuals that are willing to accept them. If no one were to accept digital currencies, virtual currency products would very likely become worthless.
  - Platforms that buy and sell Digital Assets can be hacked, and some have failed. In addition, like the platforms themselves, digital wallets can be hacked, and are subject to theft and fraud. As a result, like other investors have, you can lose some or all of your holdings of Digital Assets.
  - Unlike US banks and credit unions that provide certain guarantees of safety to depositors, there are no such safeguards provided to Digital Assets held in digital wallets by their providers or by regulators.
  - Due to the anonymity Digital Assets offer, they have known use in illegal activity, including drug dealing, money laundering, human tracking, sanction evasion and other forms of illegal commerce. Abuses could impact legitimate consumers and speculators; for instance, law enforcement agencies could shut down or restrict the use of platforms and exchanges, limiting or shutting of entirely the ability to use or trade Digital Asset products.
  - Digital Assets may not have an established track record of credibility and trust. Further, any performance data relating to Digital Asset products may not be verifiable as pricing models are not uniform.
  - Investors should be aware of the potentially increased risks of transacting in Digital Assets relating to the risks and considerations, including fraud, theft, and lack of legitimacy, and other aspects and qualities of Digital Assets, before transacting in such assets.
  - The exchange rate of virtual currency products versus the USD historically has been very volatile and the exchange rate could drastically decline. For example, the exchange rate of certain Digital

Assets versus the USD has in the past dropped more than 50% in a single day. Other Digital Assets may be affected by such volatility as well.

- Digital Asset exchanges have limited operating and performance histories and are not regulated with the same controls or customer protections available to more traditional exchanges transacting equity, debt, and other assets and securities. There is no assurance that a person/exchange who currently accepts a Digital Asset as payment will continue to do so in the future.
- The regulatory framework of Digital Assets is evolving, and in some cases is uncertain, and Digital Assets themselves may not be governed and protected by applicable securities regulators and securities laws, including, but not limited to, Securities Investor Protection Corporation coverage, or other regulatory regimes.
- Morgan Stanley Smith Barney LLC or its affiliates (collectively, "Morgan Stanley") may currently, or in the future, offer or invest in Digital Asset products, services or platforms. The proprietary interests of Morgan Stanley may conflict with your interests.
- The foregoing list of considerations and risks are not and do not purport to be a complete enumeration or explanation of the risks involved in an investment in any product or fund investing or trading in Digital Assets.

**Asset allocation and diversification** do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

**Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. Investors should consult with their tax advisor before implementing such a strategy.

Indices are unmanaged and investors cannot directly invest in them. They are not subject to expenses or fees and are often comprised of securities and other investment instruments the liquidity of which is not restricted. A particular investment product may consist of securities significantly different than those in any index referred to herein. Composite index results are shown for illustrative purposes only, generally do not represent the performance of a specific investment, may not, for a variety of reasons, be an appropriate comparison or benchmark for a particular investment and may not necessarily reflect the actual investment strategy or objective of a particular investment. Consequently, comparing an investment to a particular index may be of limited use.

To obtain **Tax-Management Services**, a client must complete the Tax-Management Form, and deliver the signed form to Morgan Stanley. For more information on Tax-Management Services,

including its features and limitations, please ask your Financial Advisor for the Tax Management Form. Review the form carefully with your tax advisor. Tax-Management Services: (a) apply only to equity investments in separate account sleeves of client accounts; (b) are not available for all accounts or clients; and (c) may adversely impact account performance. Tax-management services do not constitute tax advice or a complete tax-sensitive investment management program. There is no guarantee that tax-management services will produce the desired tax results.

When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, "Morgan Stanley") provide "investment advice" regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account ("Retirement Account"), Morgan Stanley is a "fiduciary" as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or the Internal Revenue Code of 1986 (the "Code"), as applicable. When Morgan Stanley provides investment education, takes orders on an unsolicited basis or otherwise does not provide "investment advice", Morgan Stanley will not be considered a "fiduciary" under ERISA and/or the Code. For more information regarding Morgan Stanley's role with respect to a Retirement Account, please visit [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol). Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account. Individuals should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trust and estate planning, charitable giving, philanthropic planning and other legal matters.

**Lifestyle Advisory Services:** Products and services are provided by third party service providers, not Morgan Stanley Smith Barney LLC ("Morgan Stanley"). Morgan Stanley may not receive a referral fee or have any input concerning such products or services. There may be additional service providers for comparative purposes. Please perform a thorough due diligence and make your own independent decision.

This material is not a financial plan and does not create an investment advisory relationship between you and your Morgan Stanley Financial Advisor. We are not your fiduciary either under the



Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986, and any information in this report is not intended to be considered investment advice or a recommendation for either ERISA or Internal Revenue Code purposes and that (unless otherwise provided in a written agreement and/or as described at [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol)) you remain solely responsible for your assets and all investment decisions with respect to your assets. Nevertheless, if Morgan Stanley or your Financial Advisor provides “investment advice,” as that term is defined under Section 3(21) of ERISA, to you with respect to certain retirement, welfare benefit, or education savings account assets for a fee or other compensation, Morgan Stanley and/or your Financial Advisor will be providing such advice in its capacity as a fiduciary under ERISA and/or the Code. Morgan Stanley will only prepare a financial plan at your specific request using Morgan Stanley approved financial planning software.

**The Morgan Stanley Goals-Planning System (GPS)** includes a brokerage investment analysis tool. While securities held in a client’s investment advisory accounts may be included in the analysis, the reports generated from the GPS Platform are not financial plans nor constitute a financial planning service. A financial plan generally seeks to address a wide spectrum of a client’s long-term financial needs, and can include recommendations about insurance, savings, tax and estate planning, and investments, taking into consideration the client’s goals and situation, including anticipated retirement or other employee benefits. Morgan Stanley Smith Barney LLC (“Morgan Stanley”) will only prepare a financial plan at a client’s specific request using Morgan Stanley approved financial planning software. Investing in financial instruments carries with it the possibility of losses and that a focus on above-market returns exposes the portfolio to above-average risk. Performance aspirations are not guaranteed and are subject to market conditions. High volatility investments may be subject to sudden and large falls in value, and there could be a large loss on realization which could be equal to the amount invested. **IMPORTANT:** The projections or other information provided by the Morgan Stanley Goals Planning System regarding the likelihood of various investment outcomes (including any assumed rates of return and income) are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Morgan Stanley does not represent or guarantee that the projected returns or income will or can be attained.

**A LifeView Financial Goal Analysis** (“Financial Goal Analysis”) or LifeView Financial Plan (“Financial Plan”) is based on the methodology, estimates, and assumptions, as described in your report, as well as personal data provided by you. It should be considered a working document that can assist you with your objectives. Morgan Stanley makes no guarantees as to future results or that an individual’s investment objectives will be achieved. The responsibility for implementing, monitoring and adjusting your Financial Goal Analysis or Financial Plan rests with you. After your Financial Advisor delivers your report to you, if you so desire, your Financial Advisor can help you implement any part that you choose; however, you are not obligated to work with your Financial Advisor or Morgan Stanley.

**Important information about your relationship with your Financial Advisor and Morgan Stanley Smith Barney LLC when using LifeView Goal Analysis or LifeView Advisor.** When your Financial Advisor prepares and delivers a Financial Goal Analysis (i.e., when using LifeView Goal Analysis), they will be acting in a brokerage capacity. When your Financial Advisor prepares a Financial Plan (i.e., when using LifeView Advisor), they will be acting in an investment advisory capacity with respect to the delivery of your Financial Plan. This Investment Advisory relationship will begin with the delivery of the Financial Plan and ends thirty days later, during which time your Financial Advisor can review the Financial Plan with you. To understand the differences between brokerage and advisory relationships, you should consult your Financial Advisor, or review our “Understanding Your Brokerage and Investment Advisory Relationships,” brochure available at <https://www.morganstanley.com/wealth-relationshipwithms/pdfs/understandingyourrelationship.pdf>

We may act in the capacity of a broker or that of an advisor. As your broker, we are not your fiduciary and our interests may not always be identical to yours. Please consult with your Financial Advisor or Private Wealth Advisor to discuss our obligations to disclose to you any conflicts we may from time to time have and our duty to act in your best interest. We may be paid both by you and by others who compensate us based on what you buy. Our compensation, including that of your Financial Advisor or Private Wealth Advisor, may vary by product and over time.

Investment and services offered through Morgan Stanley Smith Barney LLC, Member SIPC.

**GLOBAL INVESTMENT COMMITTEE (GIC) ASSET ALLOCATION MODELS:** The Asset Allocation Models are created by Morgan Stanley Wealth Management’s GIC.

**HYPOTHETICAL MODEL PERFORMANCE (GROSS):** Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC’s strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight. Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense



of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date.

**FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS:** None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at [www.morganstanley.com/adv](http://www.morganstanley.com/adv). The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material.

**Variable annuities** are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value.

**Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

**Master Limited Partnerships (MLPs)** are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. MLP funds accrue deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments; this deferred tax liability is reflected in the daily NAV, and, as a result, the MLP fund's after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked.

**Investing in commodities** entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be appropriate for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor.

**REITs** investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency;

volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security**. Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds. **Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

**Yields** are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. **Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. The majority of \$25 and \$1000 par **preferred securities** are “callable” meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per \$25 or \$1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a **floating-rate security** may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of **convertible bonds** and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some \$25 or \$1000 par **preferred securities** are QDI (Qualified Dividend Income) eligible. Information on QDI eligibility is obtained from third party sources. The dividend income on QDI eligible preferreds qualifies for a reduced tax rate. Many traditional 'dividend paying' perpetual preferred securities (traditional preferreds with no maturity date) are QDI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date.

Companies paying **dividends** can reduce or cut payouts at any time.

**Nondiversification:** For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

**Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels.

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**South Central Connecticut Regional Water Authority  
Minutes of the September 28, 2023 Meeting**

The regular meeting of the South Central Connecticut Regional Water Authority took place on Thursday, September 28, 2023, at 90 Sargent Drive, New Haven, Connecticut, and via remote access. Chairman Borowy presided.

**Present:**       **Authority Members** – Messrs. Borowy, Curseaden (remote), Ricozzi and Mss. LaMarr and Sack  
                  **Management** – Mss. Kowalski and Calo (remote), and Messrs. Bingaman, Delvecchio, Hill (remote), Lakshminarayanan, and Singh (remote)  
                  **RPB** – Mr. Rescigno (remote)  
                  **Littler Mendelson, P.C.** – Attorney McKenna (remote)  
                  **Staff** – Mrs. Slubowski

Chair Borowy called the meeting to order at 12:30 p.m. He reviewed the Safety Moment distributed to members.

Chair Borowy offered the opportunity for members of the public to comment. There were no members of the public present.

Ms. Kowalski, the RWA's Vice President & Chief Financial Officer, introduced Mr. Delvecchio, the RWA's new Controller.

At 12:32 p.m., on motion made by Mr. Ricozzi, and seconded by Ms. Sack, the Authority voted unanimously to recess the regular meeting to meet as the Audit-Risk Committee.

|           |     |
|-----------|-----|
| Borowy    | Aye |
| Curseaden | Aye |
| LaMarr    | Aye |
| Ricozzi   | Aye |
| Sack      | Aye |

At 1:16 p.m., the Authority reconvened.

On motion made by Ms. LaMarr, seconded by Mr. Ricozzi, the Authority voted unanimously to approve, adopt, or receive, as appropriate the following items in the Consent Agenda:

1. Minutes of the August 24, 2023 meeting.
2. Capital budget authorization for October 2023.

**RESOLVED**, that the Vice President & Chief Financial Officer is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$4,400,000 for the month of October 2023 for transfer from the Construction Fund for capital expenditures. Each such requisition shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate amount budgeted for fiscal year 2024 for all Capital Improvements Projects to be exceeded.

3. Accounts Receivable Update for August 2023.

4. Key Performance Indicators for Q1 2024.
5. RPB Dashboard Report.

|           |     |
|-----------|-----|
| Borowy    | Aye |
| Curseaden | Aye |
| LaMarr    | Aye |
| Ricozzi   | Aye |
| Sack      | Aye |

Ms. Kowalski, the RWA's Vice President & Chief Financial Officer, reviewed the first quarter 2024 financial report, including the:

- Statement of revenues, expenses, and changes in net position
- Maintenance test year-end projections and sensitivities
- Operating and maintenance expenses
- Capital report
- Investment earnings report

Authority members reported on recent RPB committee meetings.

Following the RPB committee meetings update, Authority members discussed RPB committee member questions concerning communications related to the Lead and Copper Rule Revisions (LCRR) program for rental properties, community outreach, and availability of grants.

Mr. Singh, the RWA's Chief Information Digital Officer and Vice President of Customer Care, provided an RWAY/Customer Information System Update, which included:

- Project schedule
- Actions, decisions and issues
- Current Activities

Mr. Bingaman, the RWA's President & Chief Executive Officer:

- He highlighted that he spoke on behalf of the RWA at a ribbon cutting ceremony earlier in the month at Southern Connecticut State University's (SCSU) new school of business. He, Mr. Borowy, members of the Leadership Team, and other community leaders were present including the Governor President of Gateway Community College, and the President of SCSU. He stated that the RWA and the Claire C. Bennett Watershed Fund were contributors and have a room named after them. The event was a good opportunity for RWA to demonstrate our community involvement. .
- Reported on a meeting last week with Mr. Borowy and Mayor Carfora of East Haven. He noted that the meeting was productive and discussion took place concerning the RWA's plan for the LCRR program. Mayor Carfora offered to assist with communications for the project.

Mr. Rescigno reported that he met with officials from the New Haven school system earlier in the week to discuss promoting SCSU's Public Utility Management Program to high school students. He expects discussions to be ongoing.

At 2:12 p.m., Mss. Kowalski, Calo, Slubowski, and Messrs. Bingaman, Hill, Lakshminarayanan, Rescigno, Singh and Delvecchio withdrew from the meeting and on motion made by Mr. Ricozzi, and seconded by Mr. Curseaden, the Authority voted unanimously to go into executive session pursuant to

C.G.S. Section 1-200(6)(B) pertaining to personnel. Present in executive session were Authority members and Atty. McKenna.

|           |     |
|-----------|-----|
| Borowy    | Aye |
| Curseaden | Aye |
| LaMarr    | Aye |
| Ricozzi   | Aye |
| Sack      | Aye |

At 2:43 p.m., the Authority came out of executive session and Mss. Kowalski, Calo and Slubowski and Messrs. Bingaman, Hill Lakshminarayanan, Rescigno, and Singh entered the meeting. No votes were taken in, or as a result of executive session.

[BREAK FROM 2:43 P.M. TO 3:00 P.M.]

At 3:00 p.m., on motion made by Ms. Sack, seconded by Ms. LaMarr, and unanimously carried, the Authority voted unanimously to recess the regular meeting to meet as the Commercial Business Committee.

|           |     |
|-----------|-----|
| Borowy    | Aye |
| Curseaden | Aye |
| LaMarr    | Aye |
| Ricozzi   | Aye |
| Sack      | Aye |

At 4:52 p.m., the Authority reconvened.

Assignments were made for attendance at the fourth quarter 2023 RPB committee meetings.

At 4:55 p.m., on motion made by Ms. LaMarr, seconded by Ms. Sack, the Authority voted unanimously to adjourn the meeting.

|           |     |
|-----------|-----|
| Borowy    | Aye |
| Curseaden | Aye |
| LaMarr    | Aye |
| Ricozzi   | Aye |
| Sack      | Aye |

Respectfully submitted,

---

Catherine LaMarr, Secretary

South Central Connecticut Regional Water Authority  
90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020  
<http://www.rwater.com>

**MEMORANDUM**

**TO:** David J. Borowy  
Kevin J. Curseaden  
Catherine E. LaMarr  
Mario Ricozzi  
Suzanne C. Sack

**FROM:**  Rochelle Kowalski  
Vice President & Chief Financial Officer

**DATE:** October 20, 2023

**SUBJECT:** Capital budget authorization request for November 2023

Attached for your meeting on October 26, 2023, is a copy of the resolution authorizing expenditures against the capital improvement budget for November 2023. The amount of the requested authorization, for funds held by the trustee, is \$4,900,000.

This would result in projected expenditures through November 2023 of \$19,941,386 or 34.3% of the total 2024 fiscal year capital budget, including State and Redevelopment.

Attachment

**RESOLVED**

That the Vice President & Chief Financial Officer is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$4,900,000 for the month of November 2023 for transfer from the Construction Fund for capital expenditures. Each such requisition shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate amount budgeted for fiscal year 2024 for all Capital Improvement Projects to be exceeded.



**South Central Connecticut Regional Water Authority**

90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020

<http://www.rwater.com>

TO:

David J. Borowy  
Kevin J. Curseaden  
Catherine E. LaMarr  
Mario Ricozzi  
Suzanne C. Sack

FROM:  Rochelle KowalskiDATE:  October 20, 2023SUBJECT: Capital Budget Transfers

---

The status of all capital projects is reviewed on a monthly basis. In an effort to obtain efficiencies in our capital program, any anticipated unspent funds are reallocated to support reprioritized projects or existing projects. Below is a summary of the attached capital budget transfers and amendments.

|                                                              | Available Funds | Reallocation of Project/Funds          |
|--------------------------------------------------------------|-----------------|----------------------------------------|
| Lake Gaillard WTP Clarifiers & Recycle Building Improvements | \$101,000       | Security Upgrades                      |
| Lake Gaillard WTP Clarifiers & Recycle Building Improvements | \$115,000       | Lake Whitney WTP Control Room Upgrades |
|                                                              |                 |                                        |
|                                                              |                 |                                        |
|                                                              |                 |                                        |



# CAPITAL BUDGET AMENDMENT REQUEST

|                      |                                      |      |       |        |
|----------------------|--------------------------------------|------|-------|--------|
| Request Date:        | 10/13/2023                           | Type | Log   | Mo/Yr  |
| Requesting Division: | Engineering & Environmental Services | B2   | 24-10 | Oct/23 |
| Requested By:        | Paul Ruggerio                        |      |       |        |

|                                                                                                                                                                                                                                                                                        |                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <b>Transfer From:</b>                                                                                                                                                                                                                                                                  |                               |
| Account Number:                                                                                                                                                                                                                                                                        | 001-000-107132-116116         |
| Project Description:                                                                                                                                                                                                                                                                   | Recycle Building Improvements |
| A) Original Budget                                                                                                                                                                                                                                                                     | \$ 2,286,000                  |
| B) Total Previous Transfers (In or Out)                                                                                                                                                                                                                                                | \$ 1,143,050                  |
| C) This Transfer                                                                                                                                                                                                                                                                       | \$ 101,000                    |
| D) Revised Budget (A+/-B-C)                                                                                                                                                                                                                                                            | \$ 3,328,050                  |
| E) Estimated Project Costs                                                                                                                                                                                                                                                             | \$ 2,429,000                  |
| F) Remaining Funds Available for Transfer, if any (D-E)                                                                                                                                                                                                                                | \$ 899,050                    |
| Explanation why funds are available:<br>Due to a change in specified material for the clarifier plates, manufacturing and delivery times have increased for these components. As a result, the project schedule has shifted, lowering expected expenditures on the project in FY 2024. |                               |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>Transfer To:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                       |
| Account Number:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 001-000-107198-100440 |
| Project Description:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Security Upgrades     |
| A) Original Budget                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | \$ 105,000            |
| B) Previous Transfers (In or Out)                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$ -                  |
| C) Revised Budget (A+/-B)                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | \$ 105,000            |
| D) Amount to be Transferred                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | \$ 101,000            |
| E) Proposed Revised Budget (C+D)                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$ 206,000            |
| Explanation why funds are needed:<br>This amendment will fund the acceleration of work on this planned multi-year project. Additional work, as recommended by the Department of Homeland Security to reduce risk at our facilities, includes enhanced fencing to be installed at the Lake Saltonstall Treatment Plant in East Haven and Tommy's Path in North Branford. Total additional expenditures are estimated at \$101,000; total project expenditures in FY 2024 are now estimated at \$206,000. |                       |

| Approvals As Required By Type         | Signature                            | Date       |
|---------------------------------------|--------------------------------------|------------|
| 1) Requesting Vice President/Director | approved at CMC                      | 10/12/2023 |
| 2) Donor Vice President/Director      | approved at CMC                      | 10/12/2023 |
| 3) Vice President & CFO               | approved at CMC                      | 10/12/2023 |
| 4) Chief Executive Officer            | approved at CMC                      | 10/12/2023 |
| 5) Authority Members                  | Copy of minutes attached if required |            |

# CAPITAL BUDGET AMENDMENT REQUEST

|                      |               |      |       |        |
|----------------------|---------------|------|-------|--------|
| Request Date:        | 10/13/2023    | Type | Log   | Mo/Yr  |
| Requesting Division: | Operations    | B2   | 24-11 | Oct/23 |
| Requested By:        | Amrik Matharu |      |       |        |

|                                                                                                                                                                                                                                                                                               |                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <b>Transfer From:</b>                                                                                                                                                                                                                                                                         |                               |
| Account Number:                                                                                                                                                                                                                                                                               | 001-000-107132-116116         |
| Project Description:                                                                                                                                                                                                                                                                          | Recycle Building Improvements |
| A) Original Budget                                                                                                                                                                                                                                                                            | \$ 2,286,000                  |
| B) Total Previous Transfers (In or Out)                                                                                                                                                                                                                                                       | \$ 1,042,050                  |
| C) This Transfer                                                                                                                                                                                                                                                                              | \$ 115,000                    |
| D) Revised Budget (A+/-B-C)                                                                                                                                                                                                                                                                   | \$ 3,213,050                  |
| E) Estimated Project Costs                                                                                                                                                                                                                                                                    | \$ 2,429,000                  |
| F) Remaining Funds Available for Transfer, if any (D-E)                                                                                                                                                                                                                                       | \$ 784,050                    |
| <b>Explanation why funds are available:</b><br>Due to a change in specified material for the clarifier plates, manufacturing and delivery times have increased for these components. As a result, the project schedule has shifted, lowering expected expenditures on the project in FY 2024. |                               |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <b>Transfer To:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                          |
| Account Number:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | To be Created                                            |
| Project Description:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Lake Whitney Water Treatment Plant Control Room Upgrades |
| A) Original Budget                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | \$ -                                                     |
| B) Previous Transfers (In or Out)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | \$ -                                                     |
| C) Revised Budget (A+/-B)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | \$ -                                                     |
| D) Amount to be Transferred                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | \$ 115,000                                               |
| E) Proposed Revised Budget (C+D)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$ 115,000                                               |
| <b>Explanation why funds are needed:</b><br>This amendment will fund the design and installation of a dedicated redundant control room at the Lake Whitney Water Treatment Plant that will mirror the functionality of the control room at RWA Headquarters at 90 Sargent Drive. The new control room will be located in presently unused space at the treatment plant. This redundancy in operations is critical, as the 90 Sargent Drive facility lies within the 100-year flood plain, and access to the building can be inhibited during major storm events. The redundant facility at Lake Whitney Water Treatment Plant will allow uninterrupted operation of the system should an unforeseen condition prevent personnel from accessing the 90 Sargent Drive facility. Total cost of the project, including design, equipment and labor, is estimated at \$115,000. |                                                          |

| Approvals As Required By Type         | Signature                            | Date       |
|---------------------------------------|--------------------------------------|------------|
| 1) Requesting Vice President/Director | <i>approved at CMC</i>               | 10/12/2023 |
| 2) Donor Vice President/Director      | <i>approved at CMC</i>               | 10/12/2023 |
| 3) Vice President & CFO               | <i>approved at CMC</i>               | 10/12/2023 |
| 4) Chief Executive Officer            | <i>approved at CMC</i>               | 10/12/2023 |
| 5) Authority Members                  | Copy of minutes attached if required |            |

**REGIONAL WATER AUTHORITY**  
**REVIEW OF FINANCIAL DATA**  
**September 30, 2023 (FY 2024)**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**Operating Revenues**

FY23 revenue for water, including wholesale and fire service, is under budget by \$2,925k (approx. 5.9%).  
Metered water revenue is under budget by \$2,822k (approx. 6.3%) primarily due to lower consumption.

Total net other revenue is \$422k over budget primarily due to other water revenues being higher and other proprietary expense being lower than budget.

**Operating Expenses**

Operating and Maintenance Expenses are currently under budget due to the following:

|                                                                                                                                                             |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Payroll is under budget primarily due to head count under runs, partially offset by O&M/non-O&M mix.                                                        | \$ (193,000)     |
| Administrative Building is under budget primarily due to lower telecommunications related expense.                                                          | (77,000)         |
| General & Admin is under budget due to lower recruitment fees and other under runs across multiple areas.                                                   | (51,000)         |
| Utilities & Fuel is under budget primarily due to the timing of the sewer use charges and electrical service.                                               | (130,000)        |
| Pump Power is under budget primarily due to weather related lower production.                                                                               | (148,000)        |
| Chemicals Expense is under budget due to timing and lower production.                                                                                       | (75,000)         |
| Road Repairs are under budget primarily due to timing.                                                                                                      | (61,000)         |
| Postage is under budget primarily due to timing.                                                                                                            | (167,000)        |
| Collection Expense is under budget primarily due to lower year-to-date bank fees and collection related expenses, including higher than budgeted rebilling. | (161,000)        |
| Business Improvement is under budget primarily due to timing.                                                                                               | (78,000)         |
| Outside Services is running under budget in multiple areas.                                                                                                 | (252,000)        |
| Training and continued education is under budget primarily due to timing.                                                                                   | (88,000)         |
| Info. Technology Licensing & Maintenance Fees are under budget primarily due to timing.                                                                     | (185,000)        |
| All Other                                                                                                                                                   | <u>(206,000)</u> |
|                                                                                                                                                             | (1,872,000)      |

**Interest Income**

Interest Income is above budget primarily due to higher investment earnings.

**PROJECTED MAINTENANCE TEST**

The projected coverage is 1.14 with no shortfall.

**REGIONAL WATER AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE MONTHS ENDING SEPTEMBER 30, 2023**

Pg 2

|                                                                           | <b>FY 2023<br/>Actual</b> | <b>FY 2024<br/>Budget</b> | <b>FY 2024<br/>Actual</b> | <b>(Under)Over<br/>Budget</b> |
|---------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|-------------------------------|
| <b>Operating revenues</b>                                                 |                           |                           |                           |                               |
| Metered water revenues                                                    | \$ 44,048                 | \$ 44,978                 | \$ 42,156                 | \$ (2,822)                    |
| Fire service                                                              | 4,316                     | 4,515                     | 4,484                     | (31)                          |
| Wholesale                                                                 | 430                       | 386                       | 314                       | (72)                          |
| Other revenue - water                                                     | 1,357                     | 1,354                     | 1,677                     | 323                           |
| Other revenue - proprietary                                               | 3,233                     | 3,849                     | 3,850                     | 1                             |
| Total operating revenues                                                  | 53,383                    | 55,083                    | 52,482                    | (2,601)                       |
| <b>Operating expenses</b>                                                 |                           |                           |                           |                               |
| Operating and maintenance expense                                         | 18,969                    | 23,428                    | 21,556                    | (1,872)                       |
| Expense associated with other revenue - water                             | 667                       | 720                       | 770                       | 51                            |
| Expense associated with other revenue - proprietary                       | 1,356                     | 1,466                     | 1,317                     | (149)                         |
| Provision for uncollectible accounts                                      | 41                        | 200                       | 49                        | (151)                         |
| Depreciation                                                              | 7,745                     | 8,100                     | 8,100                     | -                             |
| Payment in lieu of taxes                                                  | 2,911                     | 3,074                     | 3,056                     | (18)                          |
| Amortization Pension Outflows/Inflows                                     | 815                       | 470                       | 469                       | (0)                           |
| Amortization OPEB Outflows/Inflows                                        | (199)                     | (291)                     | (291)                     | 0                             |
| Total operating expenses                                                  | 32,305                    | 37,166                    | 35,027                    | (2,139)                       |
| Operating income                                                          | 21,078                    | 17,917                    | 17,455                    | (461)                         |
| <b>Nonoperating income and (expense)</b>                                  |                           |                           |                           |                               |
| Interest income                                                           | 1,707                     | 2,543                     | 3,539                     | 996                           |
| (Loss) Gain on disposal of assets                                         |                           | (500)                     | -                         | 500                           |
| Realized and unrealized (losses) gains on investment                      |                           |                           | -                         | -                             |
| Interest expense                                                          | (7,531)                   | (7,426)                   | (7,383)                   | 42                            |
| Amortization of bond discount, premium, issuance cost and deferred losses | 1,048                     | 956                       | 958                       | 2                             |
| Amortization of Goodwill                                                  |                           |                           | -                         | -                             |
| Intergovernmental revenue                                                 | 490                       |                           | -                         | -                             |
| Contributions to related entities                                         |                           |                           | -                         | -                             |
| Total nonoperating income and (expense) before capital contribution       | (4,287)                   | (4,427)                   | (2,886)                   | 1,541                         |
| Income (expense) before contributions                                     | 16,791                    | \$ 13,490                 | 14,568                    | \$ 1,079                      |
| <b>Capital contributions</b>                                              | 400                       |                           | 9                         |                               |
| Change in net assets                                                      | 17,191                    |                           | 14,577                    |                               |
| Total net assets - beginning of fiscal year                               | 251,989                   |                           | 283,445                   |                               |
| Total net assets - end of reporting month                                 | \$ 269,180                |                           | \$ 298,022                |                               |

|                                     | <b>Budget</b>  | <b>Projected</b> | <b>(Under)Over</b> |
|-------------------------------------|----------------|------------------|--------------------|
| <b>FY 2024 MAINTENANCE TEST</b>     | <b>FY 2024</b> | <b>FY 2024</b>   | <b>FY 2024</b>     |
| <b>(Budget vs. Projected)</b>       | <b>@114%</b>   | <b>@114%</b>     | <b>@114%</b>       |
| Revenue Collected:                  |                |                  |                    |
| Water sales                         | 129,136        | 126,136          | (3,000)            |
| Interest Income                     | 3,371          | 4,871            | 1,500              |
| BABs Subsidy                        | 657            | 657              | -                  |
| Other Net                           | 8,468          | 8,468            | -                  |
| Common Non-Core                     | (375)          | (375)            | -                  |
| Total                               | 141,257        | 139,757          | (1,500)            |
| Less:                               |                |                  |                    |
| Operating and maintenance expenses  | (69,318)       | (68,487)         | 831                |
| Depreciation                        | (8,875)        | (8,875)          | -                  |
| PILOT (A)                           | (9,100)        | (9,050)          | 50                 |
| Net Avail for Debt Service (B)      | \$ 53,964      | \$ 53,345        | \$ (619)           |
| Debt Service Payments (C)           | \$ 47,207      | 46,793           | \$ (414)           |
| Debt Service @ 114% (D)             | \$ 53,816      | 53,344           | \$ (472)           |
| Difference (B-D)                    | \$ 148         | \$ 0             |                    |
| RSF, Growth and/or General Fund (D) | -              |                  |                    |
| Coverage                            | 114%           | 114.0%           |                    |

**REGIONAL WATER AUTHORITY  
OPERATING AND MAINTENANCE EXPENSE  
SEPTEMBER 30, 2023**

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**PERIOD ENDING SEPTEMBER 30, 2023**

|                                                     | <b>FY 2023<br/>Actual</b> | <b>FY 2024<br/>Budget</b> | <b>FY 2024<br/>Actual</b> | <b>(Under)<br/>Over</b> |
|-----------------------------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| 1 Payroll                                           | \$ 7,883                  | \$ 8,400                  | \$ 8,208                  | \$ (193)                |
| 2 Employee Benefits                                 | 2,101                     | 2,572                     | 2,527                     | (45)                    |
| Pension Contributions                               | 889                       | 1,286                     | 1,286                     | 0                       |
| 3 Administrative Building                           | 314                       | 378                       | 302                       | (77)                    |
| 4 General & Administrative                          | 407                       | 568                       | 517                       | (51)                    |
| 5 Transportation                                    | 186                       | 313                       | 270                       | (44)                    |
| 6 Tools & Stores                                    | 76                        | 117                       | 106                       | (11)                    |
| 7 Utilities & Fuel                                  | 556                       | 576                       | 446                       | (130)                   |
| 8 Material From Inventory                           | 89                        | 113                       | 92                        | (22)                    |
| 9 Pump Power Purchased                              | 1,059                     | 1,195                     | 1,047                     | (148)                   |
| 10 Chemicals                                        | 1,003                     | 1,518                     | 1,443                     | (75)                    |
| 11 Road Repairs                                     | 65                        | 108                       | 47                        | (61)                    |
| 14 Postage                                          | 115                       | 166                       | (1)                       | (167)                   |
| 15 Printing & Forms                                 | 11                        | 28                        | 17                        | (10)                    |
| 17 Collection Expense                               | 323                       | 482                       | 321                       | (161)                   |
| 18 Business Improvement                             | 12                        | 124                       | 46                        | (78)                    |
| 19 Public/Customer Information                      | 51                        | 60                        | 87                        | 27                      |
| 20 Outside Services                                 | 879                       | 1,687                     | 1,434                     | (252)                   |
| 21 Insurance Premiums                               | 448                       | 562                       | 608                       | 46                      |
| 22 Worker's Compensation, pre-Churchill             | 23                        | 15                        | 6                         | (9)                     |
| 23 Damages                                          | 5                         | 23                        | 33                        | 10                      |
| 24 Training & Cont. Education                       | 42                        | 213                       | 125                       | (88)                    |
| 25 Authority Fees                                   | 45                        | 57                        | 33                        | (23)                    |
| 26 Consumer Counsel                                 | 22                        | 20                        | 15                        | (5)                     |
| 27 RPB Fees                                         | 40                        | 56                        | 39                        | (18)                    |
| 28 Organizational Dues                              | 76                        | 56                        | 20                        | (36)                    |
| 29 Donations                                        | 9                         | 8                         | 7                         | (1)                     |
| 34 Central Lab/Water Quality                        | 57                        | 129                       | 103                       | (26)                    |
| 40 Environmental Affairs                            | 23                        | 34                        | 33                        | (2)                     |
| 44 Info. Technology Licensing &<br>Maintenance Fees | 912                       | 1,232                     | 1,047                     | (185)                   |
| 45 Maintenance and Repairs                          | 1,155                     | 1,255                     | 1,216                     | (39)                    |
| 46 Regulatory Asset Amortization                    | 91                        | 77                        | 78                        | 1                       |
|                                                     | <u>\$ 18,969</u>          | <u>\$ 23,428</u>          | <u>\$ 21,556</u>          | <u>\$ (1,872)</u>       |

## South Central Regional Water Authority

### Analysis of Accounts Receivable ("A/R")

(\$000 omitted)

Denotes City of New Haven Invoicing (pre-monthly billing)

#### Total Accounts Receivable Aging (in days)

|                               | Sept<br>2023 | Aug-23<br>2023 | Jul-23<br>2023 | Jun-23<br>2023 | May-23<br>2023 | April<br>2023 | March<br>2023 | Feb<br>2023 | Jan<br>2023 | Dec<br>2022 | Nov<br>2022 | Oct<br>2022 | Sept<br>2022 | Aug<br>2022 |
|-------------------------------|--------------|----------------|----------------|----------------|----------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| Under 30                      | \$ 8,369     | \$ 6,504       | \$ 8,725       | \$ 7,293       | \$ 5,586       | \$ 6,922      | \$ 4,954      | \$ 5,926    | \$ 6,550    | \$ 6,158    | \$ 6,197    | \$ 7,228    | \$ 8,082     | \$ 7,220    |
| 31-60                         | 1,568        | 1,857          | 1,823          | 1,183          | 1,498          | 1,513         | 1,615         | 1,865       | 1,621       | 1,910       | 2,267       | 2,454       | 2,403        | 2,481       |
| 61-90                         | 783          | 592            | 543            | 650            | 498            | 703           | 786           | 1,062       | 1,070       | 1,053       | 966         | 868         | 1,222        | 882         |
| 91-180                        | 1,120        | 1,060          | 1,162          | 1,085          | 1,171          | 1,111         | 1,301         | 1,583       | 1,558       | 1,516       | 1,382       | 1,492       | 1,603        | 1,476       |
| 181-360                       | 1,338        | 1,453          | 1,393          | 1,295          | 1,452          | 1,458         | 1,591         | 1,680       | 1,890       | 1,828       | 2,159       | 2,083       | 2,014        | 2,201       |
| More than 1 year              | 4,815        | 4,845          | 4,908          | 4,682          | 4,676          | 4,864         | 5,036         | 5,263       | 5,239       | 5,085       | 4,950       | 5,090       | 5,181        | 4,991       |
| Sub Total                     | 17,993       | 16,311         | 18,554         | 16,188         | 14,881         | 16,571        | 15,283        | 17,379      | 17,928      | 17,550      | 17,921      | 19,215      | 20,505       | 19,251      |
| Interest due                  | 1,690        | 1,701          | 1,681          | 1,633          | 1,618          | 1,627         | 1,668         | 1,699       | 1,674       | 1,651       | 1,648       | 1,624       | 1,629        | 1,561       |
| Total Gross A/R plus interest | \$ 19,683    | \$ 18,012      | \$ 20,235      | \$ 17,821      | \$ 16,499      | \$ 18,198     | \$ 16,951     | \$ 19,078   | \$ 19,602   | \$ 19,201   | \$ 19,569   | \$ 20,839   | \$ 22,134    | \$ 20,812   |

#### Aged Accounts Receivable Focus of Collection Efforts

|                       | Sept<br>2023 | Aug-23<br>2023 | Jul-23<br>2023 | Jun-23<br>2023 | May-23<br>2023 | April<br>2023 | March<br>2023 | Feb<br>2023 | Jan<br>2023 | Dec<br>2022 | Nov<br>2022 | Oct<br>2022 | Sept<br>2022 | Aug<br>2022 |
|-----------------------|--------------|----------------|----------------|----------------|----------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| Greater than 60 days: |              |                |                |                |                |               |               |             |             |             |             |             |              |             |
| A/R                   | \$ 9,498     | \$ 9,380       | \$ 9,431       | \$ 9,116       | \$ 9,154       | \$ 9,502      | \$ 10,121     | \$ 11,020   | \$ 11,172   | \$ 10,864   | \$ 10,820   | \$ 10,879   | \$ 11,378    | \$ 10,956   |
| Less: Multi-Tenants   | (2,415)      | (2,398)        | (2,412)        | (2,035)        | (2,435)        | (2,868)       | (2,705)       | (2,806)     | (2,923)     | (2,831)     | (2,900)     | (2,931)     | (2,812)      | (2,762)     |
| Receiverships         | (1,996)      | (1,968)        | (2,004)        | (1,919)        | (1,834)        | (1,941)       | (1,932)       | (2,013)     | (1,996)     | (1,981)     | (1,975)     | (1,957)     | (1,976)      | (1,952)     |
| Liens***              | (1,357)      | (1,446)        | (1,457)        | (1,423)        | (1,583)        | (1,703)       | (1,778)       | (1,793)     | (1,835)     | (1,867)     | (1,808)     | (1,803)     | (2,069)      | (2,105)     |
| Total                 | \$ 3,730     | \$ 3,568       | \$ 3,558       | \$ 3,739       | \$ 3,302       | \$ 2,990      | \$ 3,706      | \$ 4,408    | \$ 4,418    | \$ 4,185    | \$ 4,137    | \$ 4,188    | \$ 4,521     | \$ 4,137    |
|                       | 39%          | 38%            | 38%            | 41%            | 36%            | 31%           | 37%           | 40%         | 40%         | 39%         | 38%         | 38%         | 40%          | 38%         |

#### Collection Efforts

|                          | Sept<br>2023 | Aug-23<br>2023 | Jul-23<br>2023 | Jun-23<br>2023 | May-23<br>2023 | April<br>2023 | March<br>2023 | Feb<br>2023 | Jan<br>2023 | Dec<br>2022 | Nov<br>2022 | Oct<br>2022 | Sept<br>2022 | Aug<br>2022 |
|--------------------------|--------------|----------------|----------------|----------------|----------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| Shuts *                  | \$ 68        | \$ 55          | \$ 75          | \$ 65          | \$ 115         | \$ 95         | \$ 167        | \$ 48       | \$ 51       | \$ 61       | \$ 80       | \$ 143      | \$ 1         | \$ 2        |
| Red Tags **              | 3            | 5              | 3              | 17             | -              | -             | -             | -           | -           | -           | -           | -           | -            | -           |
| Receivers                | 72           | 33             | 24             | 33             | 47             | 60            | 48            | 71          | 2           | 44          | 64          | 34          | 47           | 27          |
| Top 100 Collection Calls | 7            | 28             | 29             | 20             | 5              | 21            | 41            | 25          | 216         | -           | -           | 39          | 119          | 834         |
| Other <sup>(1)</sup>     | 834          | 865            | 940            | 993            | 1,177          | 1,507         | 1,517         | 1,429       | 1,346       | 1,550       | 1,665       | 1,890       | 1,227        | 576         |
| Total                    | \$ 984       | \$ 986         | \$ 1,071       | \$ 1,128       | \$ 1,344       | \$ 1,683      | \$ 1,773      | \$ 1,573    | \$ 1,615    | \$ 1,655    | \$ 1,809    | \$ 2,106    | \$ 1,394     | \$ 1,439    |

\* Number of shuts

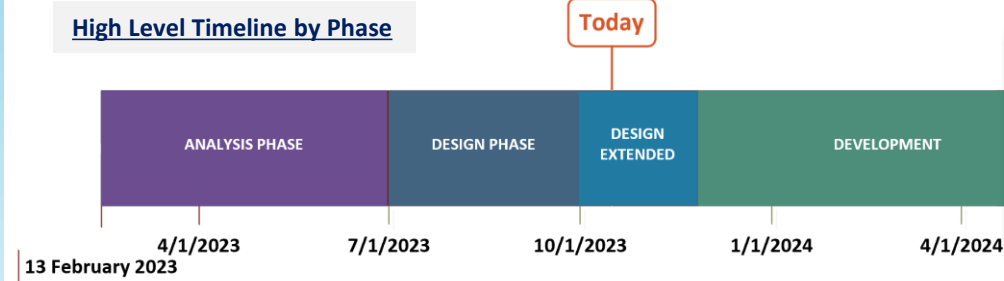
\*\* Number of Red tags

## RPB COMMITTEE MEETINGS

| Month         | Meeting                                                                                                      | Will Attend |
|---------------|--------------------------------------------------------------------------------------------------------------|-------------|
| October 2023  | <i>Finance Committee – (Remote Only)</i><br>Monday, Oct. 2 at 5:00 p.m.                                      | Mario       |
|               | <i>Land Use Committee - (In-person Only – Lake Saltonstall, Branford)</i><br>Wednesday, Oct. 11 at 4:30 p.m. | Mario       |
|               | <i>Consumer Affairs Committee - (Remote Only)</i><br>Monday, Oct. 16 at 5:30 p.m.                            | Catherine   |
| November 2023 | <i>Land Use Committee (In Person Only – 90 Sargent Drive)</i><br>Wednesday, Nov. 8 at 5:30 p.m.              | Catherine   |
|               | <i>Finance Committee (Remote Only)</i><br>Monday, Nov. 13 at 5:00 p.m.                                       | Suzanne     |
|               | <i>Consumer Affairs Committee (Remote Only)</i><br>Monday, Nov. 20 at 5:30 p.m.                              | David       |
| December 2023 | <i>Finance Committee (Remote Only)</i><br>Monday, Dec. 11 at 5:00 p.m.                                       | Kevin       |
|               | <i>Land Use Committee (In Person Only – 90 Sargent Drive)</i><br>Wednesday, Dec. 13 at 5:30 p.m.             | Catherine   |
|               | <i>Consumer Affairs Committee (Remote Only)</i><br>Monday, Dec. 18 at 5:30 p.m.                              | Mario       |

# CIS/RWAY

High Level Timeline by Phase



Reviewing and Optimizing Project Schedule updates

CIS/RWAY Project Health Indicators

|          |           |                    |                |               |              |            |               |         |       |               |                |
|----------|-----------|--------------------|----------------|---------------|--------------|------------|---------------|---------|-------|---------------|----------------|
| Schedule | ! At Risk | Completion Q2 FY25 | Capital Budget | ✓ On Schedule | ~\$14.8M (B) | FY24 Spend | ✓ On Schedule | ~\$7.9M | Scope | ✓ On Schedule | + Omni-Channel |
|----------|-----------|--------------------|----------------|---------------|--------------|------------|---------------|---------|-------|---------------|----------------|

### Accomplishments

- Project RWAY Kickoff 02/13.
- Analysis Phase COMPLETE on 07/13.
- Analysis Phase Final Gap List Reviews and True-ups complete.
- Design Phase In Progress.
  - Completed Integration and Infrastructure Design
  - Completed UMAX training for core team
  - OCM Plan - Design Phase deliverables complete
  - Continued Functional Design workshops for Reports and Notices
  - Data Mapping & Conversion – continued ETL-2 entities transformation
  - Provisioning of Dev and Training Environments complete
  - Completed Microfocus ALM (Application Lifecycle Management, the system for tracking and resolving defects) training.

### Current Activities

- Complete Data Mapping & Conversion activities with ETL2
- Complete reports, and notices for Bill Due Date & Interest Policy
- Continued Capacity and Demand Management Reviews

### Decisions, Risks & Issues

- Key Decisions
  - Great Plains will perform Credit Refunds
  - Interest charge after 28 days
- Key Risks – Mitigation Plans Underway
  - Data Archive (Historical Data) Requirements in progress. Subsequently Scope and Approach need to be assessed
  - Design Phase extended due to delays with Data Migration, Reports and Notices. Mitigations are in place to complete by 11/22 with parallel Development activities.
- Key Issues
  - None

### Next Steps: Design/Development Phases

- UMAX Training guides
- UMAX System Configuration/Setup
- Development Phase
- Testing Plans