

CITY OF BIRMINGHAM, MICHIGAN  
4TH QUARTER, 2022

**QUARTERLY REVIEW**

**CAPTRUST**

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Our mission is to enrich the lives of our clients, colleagues and communities through sound financial advice, integrity, and a commitment to service beyond expectation.



**City of Birmingham Retiree Health Care Fund**

4th Quarter, 2022 Quarterly Review

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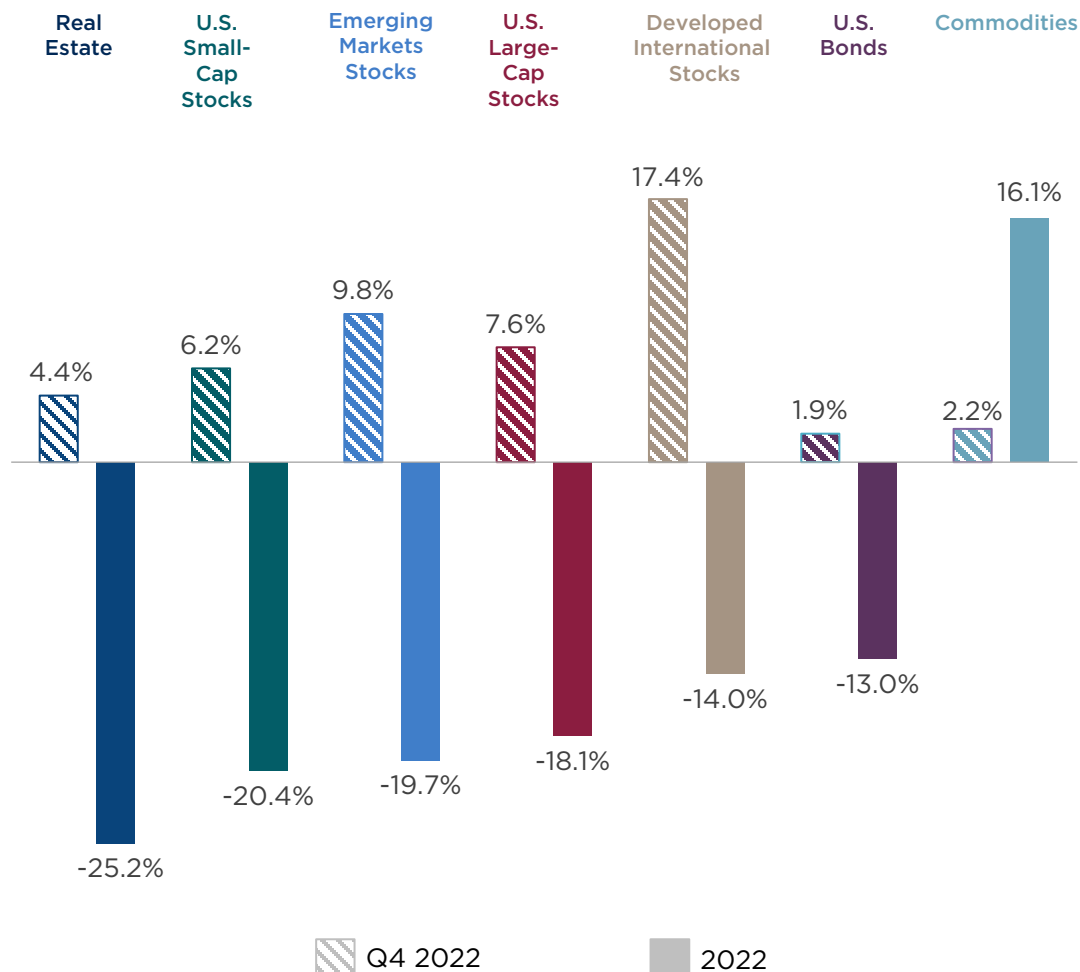
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## A WELCOME REPRIEVE

Investors grew optimistic over the first half of the fourth quarter, anticipating the Federal Reserve was near the end of its tightening cycle. However, the excitement faded as Chairman Powell cautioned that conditions would need to remain restrictive for some time.

- Gains early in the quarter were more than enough to offset December declines, leading to positive quarterly results across nearly all asset classes.
- U.S. stock market gains were broad based. The energy sector remained at the top of the charts, posting a 25% quarterly return. On the flip side, the mega-cap growth darlings of the last decade lagged.
- Outside the U.S., investors benefited from both rising stock prices and a weakening U.S. dollar.
- Bond yields were volatile, seesawing based on every Fed whisper. Despite these swings, longer-term Treasury yields ended the quarter little changed, enabling bond markets to post a modest return for the quarter.
- Even with a year-end rally, public real estate lost approximately one-quarter of its value in 2022.
- Commodities were the sole bright spot for the year despite rising recession concerns.



Asset class returns are represented by the following indexes: Bloomberg U.S. Aggregate Bond Index (U.S. bonds), S&P 500 Index (U.S. large-cap stocks), Russell 2000® (U.S. small-cap stocks), MSCI EAFE Index (international developed market stocks), MSCI Emerging Market Index (emerging market stocks), Dow Jones U.S. Real Estate Index (real estate), and Bloomberg Commodity Index (commodities).

## DIGGING DEEPER: STOCKS AND BONDS

### Equities

	Q4 2022	YTD 2022	Last 12 Months
U.S. Stocks	7.5%	-18.1%	-18.1%
• Q4 Best Sector: Energy	22.7%	65.4%	65.4%
• Q4 Worst Sector: Consumer Discretionary	-10.2%	-37.0%	-37.0%
International Stocks	17.4%	-14.0%	-14.0%
Emerging Markets Stocks	9.8%	-19.7%	-19.7%

### Fixed Income

	12.31.22	9.30.22	12.31.21
1-Year U.S. Treasury Yield	4.73%	4.05%	0.09%
10-Year U.S. Treasury Yield	3.88%	3.83%	1.52%
	QTD 2022	YTD 2022	Last 12 Months
10-Year U.S. Treasury Total Return	0.62%	-16.33%	-16.33%

### Equities - Relative Performance by Market Capitalization and Style

	Q4 2022			YTD 2022			Last 12 Months				
	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth		
Large	12.4%	7.5%	2.2%	Large	-7.5%	-18.1%	-29.1%	Large	-7.5%	-18.1%	-29.1%
Mid	10.5%	9.2%	6.9%	Mid	-12.0%	-17.3%	-26.7%	Mid	-12.0%	-17.3%	-26.7%
Small	8.4%	6.2%	4.1%	Small	-14.5%	-20.4%	-26.4%	Small	-14.5%	-20.4%	-26.4%

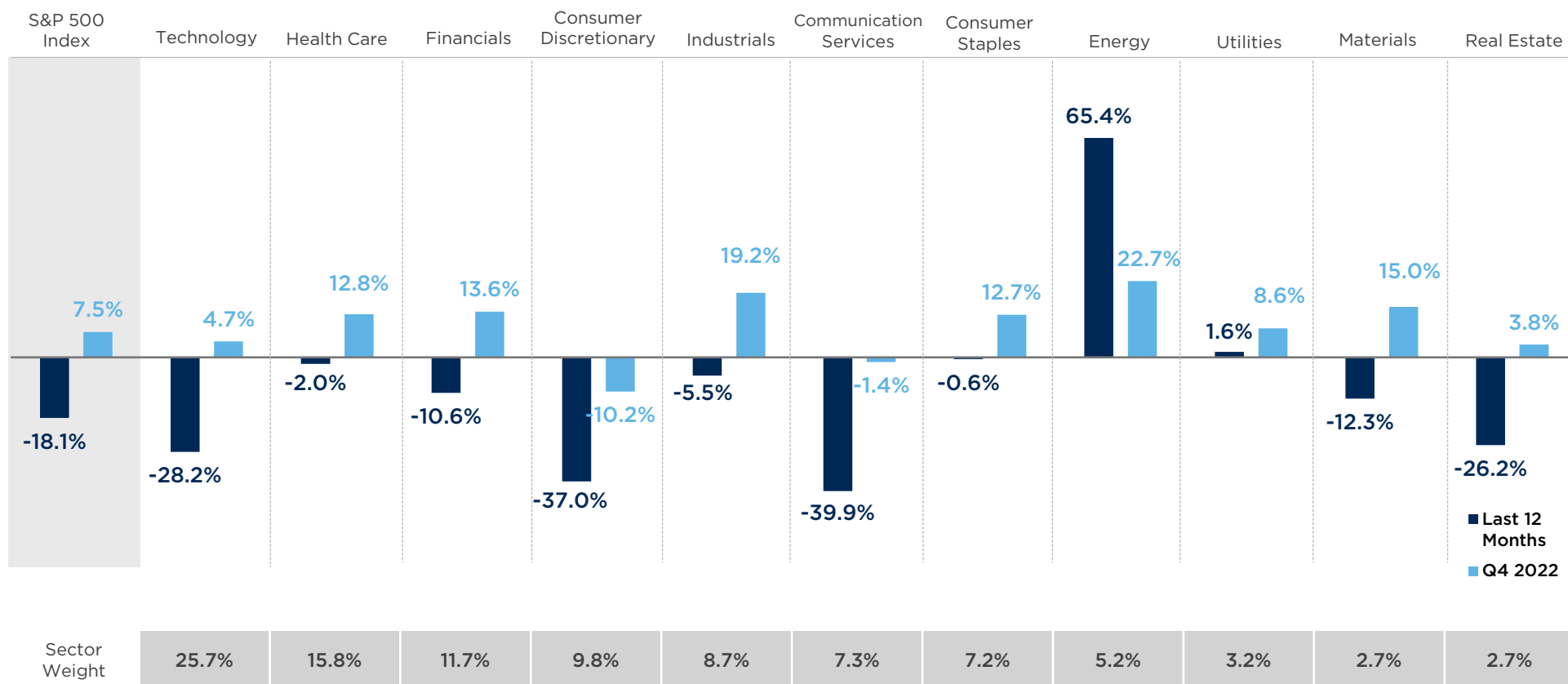
Sources: Bloomberg, U.S. Treasury. Asset class returns are represented by the following indexes: S&P 500 Index (U.S. stocks), MSCI EAFE Index (international developed market stocks), and MSCI Emerging Markets Index (emerging market stocks). Relative performance by market capitalization and style is based upon the Russell US Style Indexes except for large-cap blend, which is based upon the S&P 500 Index.



## DIGGING DEEPER: U.S. EQUITY MARKETS

The S&P 500 Index is a market-capitalization-weighted index of U.S. large-cap stocks across a diverse set of industry sectors. The stocks represented in these 11 sectors generated a range of returns for the last 12 months and the most recent quarter.

Returns by S&P 500 Sector



Source: Bloomberg. All calculations are cumulative total return, not annualized, including dividends for the stated period. Past performance is not indicative of future returns.



## DIGGING DEEPER: FIXED INCOME MARKET

Interest Rates	3 Months	2 Years	5 Years	10 Years	30 Years	Mortgage Rate
September 2022	3.33%	4.22%	4.06%	3.83%	3.79%	7.06%
December 2022	4.42%	4.41%	3.99%	3.88%	3.97%	6.66%
Change	1.09%	0.19%	-0.07%	0.05%	0.18%	-0.40%

U.S. Treasury yields continued moving higher last quarter, driven by an aggressive Fed response to high inflation. Mortgage rates moved lower, yet remain near their highest levels in two decades, cooling demand in a hot housing market.

Bloomberg U.S. Aggregate Bond Index	Yield to Worst	Duration	Total Return Q4 2022	Spread	Treasury Rate	AA Spread	BBB Spread
September 2022	4.75%	6.20	1.87%	0.62%	4.13%	0.79%	1.93%
December 2022	4.68%	6.17		0.51%	4.17%	0.73%	1.59%
Change	-0.07%	-0.03		-0.11%	0.04%	-0.06%	-0.34%

Performance for core bonds was modestly positive for the quarter, but still declined 13% over the past year. Credit spreads and yields moved lower for core fixed income, contributing to positive quarterly performance.

Bloomberg U.S. Long Credit Index	Yield to Worst	Duration	Total Return Q4 2022	Spread	Treasury Rate	AA Spread	BBB Spread
September 2022	5.89%	12.63	5.30%	1.96%	3.93%	1.31%	2.38%
December 2022	5.59%	12.81		1.57%	4.02%	1.06%	1.93%
Change	-0.31%	0.18		-0.39%	0.08%	-0.25%	-0.45%

Performance for longer-maturity bonds was boosted this quarter by lower yields and tighter credit spreads.

Sources: Bloomberg, U.S. Treasury, CAPTRUST Research



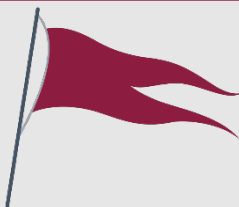
## ECONOMIC OUTLOOK

Though inflation has receded from its 40-year high witnessed earlier in 2022, the Federal Reserve remains committed to lowering inflation to its long-term target. This resolve threatens economic growth, and its impact can already be seen in the housing market. A robust labor market, while cushioning the economy, could prolong Fed tightening, causing investors to focus on the potential depth of an economic slowdown.

### HEADWINDS

#### Learning as We Go

- It is difficult to forecast the market environment in 2023 when everyone, including the Fed, is learning as they go. Ongoing uncertainty about rate hikes is driving volatility.
- Because Fed policy acts with a lag, the economy has yet to feel the impact of 2022's 4.25% rate hikes. The Fed is also expected to shrink its balance sheet this year, with uncertain impact.



#### Rising Interest Rates

- The financial pain of surging interest rates will transition from the investor to the issuer as coupon payments reset higher.
- Nearly 20% of S&P 500 companies' debt matures in the next 24 months, and \$6 trillion of Treasury debt matures in 2023.

#### Housing Shock

- The doubling of mortgage rates has caused a collapse in residential real estate activity.
- The impact on home prices is unknown, but weakness is unlikely to result in a crisis as both consumers and banks remain in healthier financial positions.

### TAILWINDS

#### Stronger Foundation

- With interest rates near zero for the last decade, investors have been forced to take more risk. With the reestablishment of a positive risk-free rate, investors can approach risk out of conviction.
- While near-term questions remain, this more fundamental approach toward risk-taking should provide a stronger foundation for investment outcomes.



#### Resilient Labor Market

- While the labor market's strength contributes to inflation pressures, it also protects economic activity in the face of the Fed's tightening programs.
- The Fed's focus is to return inflation to its 2% long-term target. However, lowering inflation below wage growth should be the minimal threshold, allowing positive real income improvement.

#### Pandemic Effects Reversing

- Subsiding supply-chain constraints, gas prices, COVID-related restrictions in China, and inflation could improve consumer sentiment and spending.

The wide range of future outcomes and an uncertain policy environment limits the ability to create a singular forecast with confidence. Investors should remain vigilant, diversified, and prepared for ongoing volatility.



## 2023 MARKET SCENARIOS

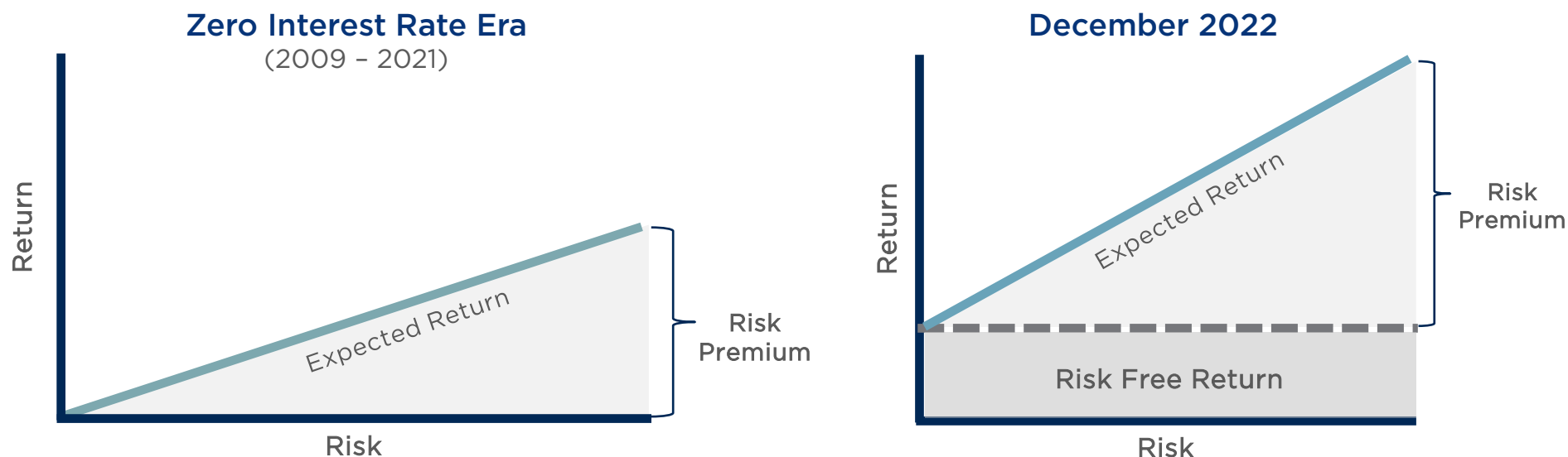
Investors should look forward with a healthy dose of humility as the range of potential outcomes for 2023 remains wider than normal. Below, we outline four different narratives that represent realistic paths for 2023, with each scenario leading to a different investment landscape.

POTENTIAL OUTCOME	OUTCOME #1 MISSION ACCOMPLISHED	OUTCOME #2 MILD RECESSION	OUTCOME #3 OVERSHOOTING TARGET	OUTCOME #4 STAGFLATION CRISIS
FED POLICY	The Fed achieves a soft landing, and the tightening cycle ends by mid-year	Inflation and a continued tight labor market force the Fed to keep rates higher for longer	The Fed is hesitant to reverse course too early, fearing a repeat of prior inflation-fighting policy errors	Despite aggressive measures, Fed tools prove insufficient to manage supply-side constraints
INFLATION	Inflation subsides as labor market excesses are withdrawn without significant impact to unemployment levels	Inflation is tamed but remains sticky, despite improvements in pandemic-distorted categories	Inflation recedes faster than expected as the Fed's tightening pace proves too aggressive	A warp-speed rate hike cycle slows global economies while rising debt levels and housing weakness weigh on consumer spending
CORPORATIONS	Corporations adeptly manage through the slowing environment	Corporations navigate the slowing environment without significant strain	Profits come under pressure as demand wanes, leading to job cuts and rising unemployment	Corporations are forced to cut jobs amid economic weakness while the Fed is unable to pivot due to inflation
FINANCIAL MARKETS	Markets are noisy early in the year but stabilize and move higher as valuations recover, signaling the start of a new bull market	Markets are choppy with a widening gap between winners and losers	Confused investors capitulate, sending markets lower as it becomes evident the Fed has made a different type of policy error	Markets reach new lows as the severity of an economic slowdown is debated



## STRONGER RISK-FREE FOUNDATION

The Capital Market Line principle connects risk with return and is a foundational concept in finance. It begins with the risk-free rate and argues that investors demand higher expected returns for each additional unit of risk. There are two critical variables—the risk-free level where the line starts, and the slope of the line—reflecting the incremental demand for return for each additional unit of risk.



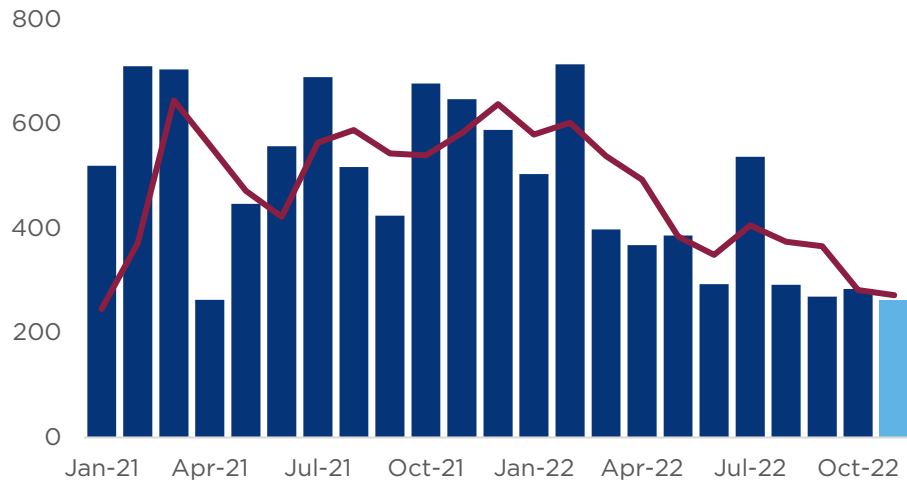
### OBSERVATIONS

- For much of the last decade, investors have coped with a near-zero risk-free rate. Central banks made it expensive to maintain a conservative portfolio. Consequently, investors with return requirements were forced to accept higher risk. This capital shift pulled future returns to the present, flattening the slope of the Capital Market Line.
- Normalizing the risk-free rate—a fundamental data point in nearly every business and investment calculation—was always going to be disruptive. The Fed amplified this disruption with the pace of its 2022 rate hikes. Businesses and investors will continue to feel reverberations for much of 2023.
- Despite near-term challenges, these policy actions should create a stronger foundation to support the next decade of investing.

## A TALE OF TWO ECONOMIC INDICATORS

The Federal Reserve’s efforts to tame inflation are taking effect as the pace of inflation has slowed consistently since June. Two other closely watched indicators are the U.S. labor and housing markets. While rising mortgage rates have cooled red-hot home sales, employment tells a different story. A softer labor market is necessary before the Fed can wind down its fight against inflation.

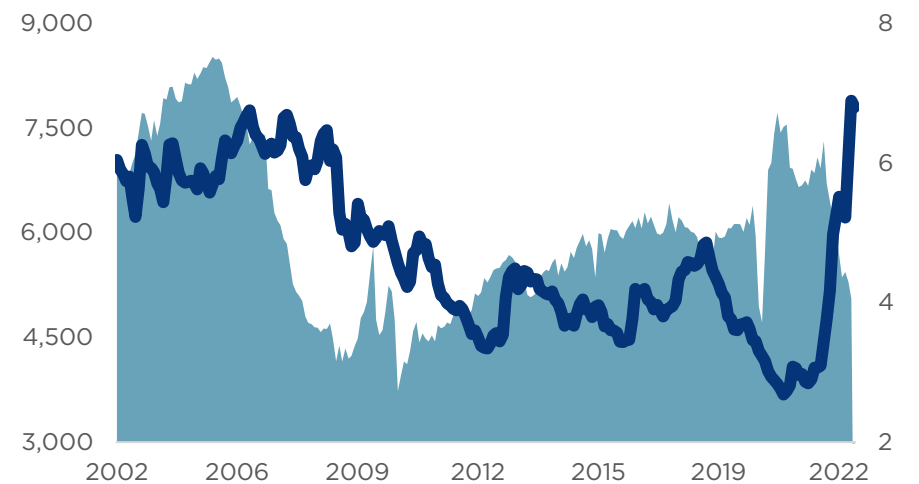
**U.S. Nonfarm Payroll Employment**  
(in thousands)



Monthly Change

3-Month Average

**Rising Mortgage Rates Pressuring Home Sales**



Home Sales (thousands, left)

30-Year Fixed Mortgage Rate (%)

**OBSERVATIONS**

- The economy continues to add 200,000+ jobs each month. Early retirements and shifting demographics have lowered labor force participation. Surging demand and dwindling supply of workers have increased wage pressures, contributing to inflation woes.
- Demand for housing has fallen precipitously since the Fed began raising rates in March. New and existing home sales have declined 31% since January 2022. Housing permits, a leading indicator of housing demand, have also dropped 11%, indicating the Fed’s campaign has all but paralyzed the housing market.

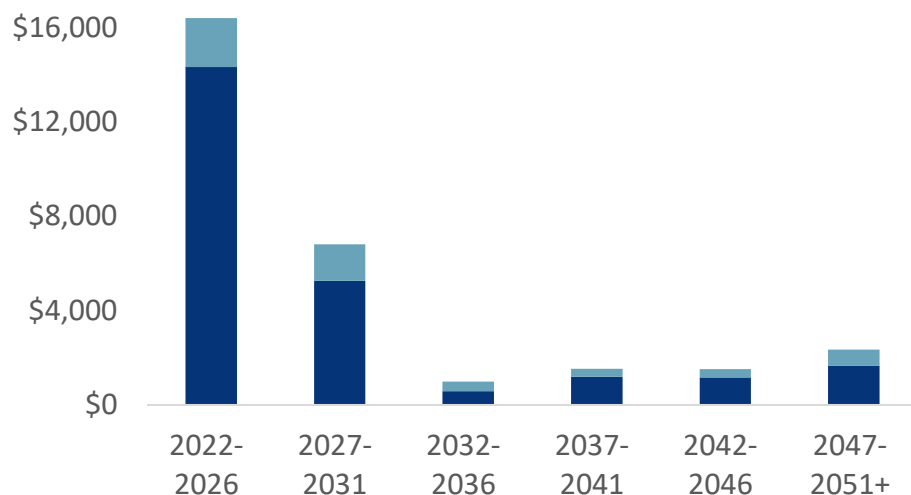
Sources: U.S. Bureau of Labor Statistics, U.S. Census Bureau, Freddie Mac, National Association of Realtors, CAPTRUST Research



## REFINANCING AT HIGHER RATES

As interest rates rise from near-zero level and debt matures in both the U.S. Treasury and corporate markets, the government and companies will be forced to refinance at notably higher rates.

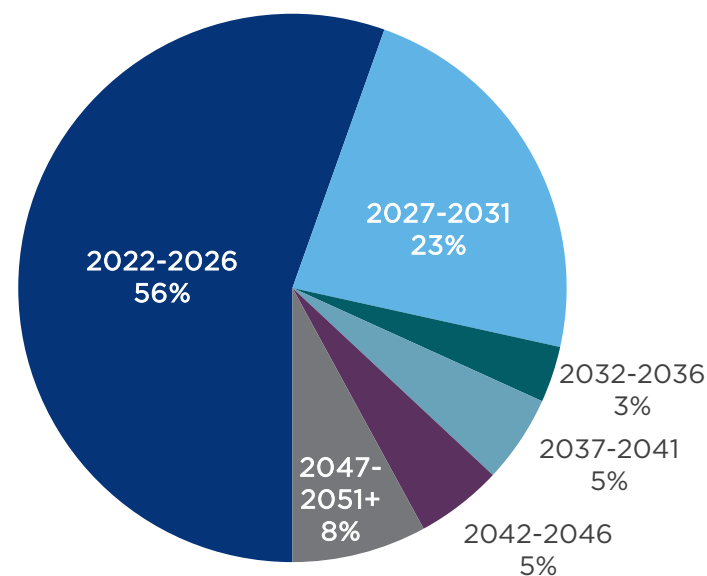
**U.S. Treasury & Corporate Debt Maturity Schedule**  
(in billions)



U.S. Treasury Debt

Corporate Debt (S&P 500)

**Percent of Treasury & Corporate Debt Maturing**



### OBSERVATIONS

- More than 50% of debt for the U.S. Treasury and corporate markets (represented by S&P 500 constituents) will mature by 2026.
- Nearly 60% of U.S. Treasury bonds mature in the next five years, including more than \$6 trillion in 2023. As this debt is refinanced at higher rates, the U.S. government’s interest payments will also rise, potentially driving up national debt and budget deficits.
- Over \$1 trillion of corporate debt, or approximately 20%, matures in the next 24 months.

Sources: Bloomberg, Strategas, CAPTRUST Research

# ASSET CLASS RETURNS

Period Ending 12.31.22 | Q4 22

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Mid-Cap Growth 46.29%	Small-Cap Growth 29.09%	Fixed Income 7.84%	Mid-Cap Value 18.51%	Small-Cap Growth 43.30%	Mid-Cap Value 14.75%	Large-Cap Growth 5.67%	Small-Cap Value 31.74%	Large-Cap Growth 30.21%	Cash 1.87%	Large-Cap Growth 36.39%	Large-Cap Growth 38.49%	Mid-Cap Value 28.34%	Cash 1.46%
Large-Cap Growth 37.21%	Mid-Cap Growth 26.38%	Large-Cap Growth 2.64%	Small-Cap Value 18.05%	Mid-Cap Growth 35.74%	Large-Cap Value 13.45%	Fixed Income 0.55%	Mid-Cap Value 20.00%	International Equities 25.62%	Fixed Income 0.01%	Mid-Cap Growth 35.47%	Mid-Cap Growth 35.59%	Small-Cap Value 28.27%	Large-Cap Value -7.54%
Small-Cap Growth 34.47%	Mid-Cap Value 24.75%	Large-Cap Value 0.39%	International Equities 17.90%	Small-Cap Value 34.52%	Large-Cap Growth 13.05%	Cash 0.05%	Large-Cap Value 17.34%	Mid-Cap Growth 25.27%	Large-Cap Growth -1.51%	Small-Cap Growth 28.48%	Small-Cap Growth 34.63%	Large-Cap Growth 27.60%	Mid-Cap Value -12.03%
Mid-Cap Value 34.21%	Small-Cap Value 24.50%	Cash 0.10%	Large-Cap Value 17.51%	Large-Cap Growth 33.48%	Mid-Cap Growth 11.90%	Mid-Cap Growth -0.20%	Small-Cap Growth 11.32%	Small-Cap Growth 22.17%	Mid-Cap Growth -4.75%	Mid-Cap Value 27.06%	International Equities 8.28%	Large-Cap Value 25.16%	Fixed Income -13.01%
International Equities 32.46%	Large-Cap Growth 16.71%	Mid-Cap Value -1.38%	Mid-Cap Growth 15.81%	Mid-Cap Value 33.46%	Fixed Income 5.97%	International Equities -0.39%	Mid-Cap Growth 7.33%	Large-Cap Value 13.66%	Large-Cap Value -8.27%	Large-Cap Value 26.54%	Fixed Income 7.51%	Mid-Cap Growth 12.73%	International Equities -14.01%
Small-Cap Value 20.58%	Large-Cap Value 15.51%	Mid-Cap Growth -1.65%	Large-Cap Growth 15.26%	Large-Cap Value 32.53%	Small-Cap Growth 5.60%	Small-Cap Growth -1.38%	Large-Cap Growth 7.08%	Mid-Cap Value 13.34%	Small-Cap Growth -9.31%	International Equities 22.66%	Mid-Cap Value 4.96%	International Equities 11.78%	Small-Cap Value -14.48%
Large-Cap Value 19.69%	International Equities 8.21%	Small-Cap Growth -2.91%	Small-Cap Growth 14.59%	International Equities 23.29%	Small-Cap Value 4.22%	Large-Cap Value -3.83%	Fixed Income 2.65%	Small-Cap Value 7.84%	Mid-Cap Value -12.29%	Small-Cap Value 22.39%	Small-Cap Value 4.63%	Small-Cap Growth 2.83%	Small-Cap Growth -26.36%
Fixed Income 5.24%	Fixed Income 5.89%	Small-Cap Value -5.50%	Fixed Income 4.22%	Cash 0.07%	Cash 0.03%	Mid-Cap Value -4.78%	International Equities 1.51%	Fixed Income 3.54%	Small-Cap Value -12.86%	Fixed Income 8.72%	Large-Cap Value 2.80%	Cash 0.05%	Mid-Cap Growth -26.72%
Cash 0.21%	Cash 0.13%	International Equities -11.73%	Cash 0.11%	Fixed Income -2.02%	International Equities -4.48%	Small-Cap Value -7.47%	Cash 0.33%	Cash 0.86%	International Equities -13.36%	Cash 2.28%	Cash 0.67%	Fixed Income -1.54%	Large-Cap Growth -29.14%

Source: Markov Processes, Inc., Bloomberg, Mobius

- Small-Cap Value Stocks (Russell 2000 Value)
- Large-Cap Value Stocks (Russell 1000 Value)
- International Equities (MSCI EAFE)
- Small-Cap Growth Stocks (Russell 2000 Growth)
- Mid-Cap Growth Stocks (Russell Mid-Cap Growth)
- Fixed Income (Bloomberg U.S. Aggregate Bond)
- Large-Cap Growth Stocks (Russell 1000 Growth)
- Mid-Cap Value Stocks (Russell Mid-Cap Value)
- Cash (Merrill Lynch 3-Month Treasury Bill)

The information contained in this report is from sources believed to be reliable but is not warranted by CAPTRUST to be accurate or complete.



# INDEX PERFORMANCE

Period Ending 12.31.22 | Q4 22

INDEXES	Q4 2022	YTD	2021	2020	2019	2018	2017	1 YEAR	3 YEARS	5 YEARS	10 YEARS
90-Day U.S. Treasury	0.84%	1.46%	0.05%	0.67%	2.28%	1.87%	0.86%	1.46%	0.72%	1.26%	0.76%
Bloomberg Government 1-3 Year	0.73%	-3.81%	-0.60%	3.14%	3.59%	1.58%	0.45%	-3.81%	-0.46%	0.74%	0.66%
Bloomberg Intermediate Govt	1.01%	-7.73%	-1.69%	5.73%	5.20%	1.43%	1.14%	-7.73%	-1.38%	0.46%	0.69%
Bloomberg Muni Bond	4.10%	-8.53%	1.52%	5.21%	7.54%	1.28%	5.45%	-8.53%	-0.77%	1.25%	2.13%
Bloomberg Intermediate Govt/Credit	1.54%	-8.23%	-1.44%	6.43%	6.80%	0.88%	2.14%	-8.23%	-1.26%	0.73%	1.12%
Bloomberg Intermediate Credit	2.52%	-9.10%	-1.03%	7.08%	9.52%	0.01%	3.67%	-9.10%	-1.23%	1.08%	1.75%
Bloomberg Aggregate Bond	1.87%	-13.01%	-1.54%	7.51%	8.72%	0.01%	3.54%	-13.01%	-2.71%	0.02%	1.06%
Bloomberg Corporate IG Bond	3.63%	-15.76%	-1.04%	9.89%	14.54%	-2.51%	6.42%	-15.76%	-2.88%	0.45%	1.96%
Bloomberg High Yield	4.17%	-11.19%	5.28%	7.11%	14.32%	-2.08%	7.50%	-11.19%	0.05%	2.31%	4.03%
Bloomberg Global Aggregate	4.55%	-16.25%	-4.71%	9.20%	6.84%	-1.20%	7.39%	-16.25%	-4.48%	-1.65%	-0.44%
Bloomberg U.S. Long Corporate	5.40%	-25.62%	-1.13%	13.94%	23.89%	-7.24%	12.09%	-25.62%	-5.72%	-0.75%	2.23%
S&P 500	7.56%	-18.11%	28.71%	18.40%	31.49%	-4.38%	21.83%	-18.11%	7.66%	9.42%	12.56%
Dow Jones Industrial Average	16.01%	-6.86%	20.95%	9.72%	25.34%	-3.48%	28.11%	-6.86%	7.32%	8.37%	12.30%
NASDAQ Composite	-1.03%	-33.10%	21.39%	43.64%	35.23%	-3.88%	28.24%	-33.10%	5.27%	8.67%	13.23%
Russell 1000 Value	12.42%	-7.54%	25.16%	2.80%	26.54%	-8.27%	13.66%	-7.54%	5.96%	6.66%	10.29%
Russell 1000	7.24%	-19.13%	26.45%	20.96%	31.43%	-4.78%	21.69%	-19.13%	7.35%	9.13%	12.37%
Russell 1000 Growth	2.20%	-29.14%	27.60%	38.49%	36.39%	-1.51%	30.21%	-29.14%	7.78%	10.95%	14.09%
Russell Mid-Cap Value Index	10.45%	-12.03%	28.34%	4.96%	27.06%	-12.29%	13.34%	-12.03%	5.82%	5.72%	10.10%
Russell Mid-Cap Index	9.18%	-17.32%	22.58%	17.10%	30.54%	-9.06%	18.52%	-17.32%	5.88%	7.10%	10.95%
Russell Mid-Cap Growth Index	6.90%	-26.72%	12.73%	35.59%	35.47%	-4.75%	25.27%	-26.72%	3.85%	7.64%	11.40%
MSCI EAFE	17.40%	-14.01%	11.78%	8.28%	22.66%	-13.36%	25.62%	-14.01%	1.34%	2.03%	5.16%
MSCI ACWI ex U.S.	14.37%	-15.57%	8.29%	11.13%	22.13%	-13.78%	27.77%	-15.57%	0.53%	1.36%	4.28%
Russell 2000 Value	8.42%	-14.48%	28.27%	4.63%	22.39%	-12.86%	7.84%	-14.48%	4.70%	4.12%	8.47%
Russell 2000	6.23%	-20.44%	14.82%	19.96%	25.52%	-11.01%	14.65%	-20.44%	3.10%	4.12%	9.01%
Russell 2000 Growth	4.13%	-26.36%	2.83%	34.63%	28.48%	-9.31%	22.17%	-26.36%	0.65%	3.50%	9.20%
MSCI Emerging Markets	9.79%	-19.74%	-2.22%	18.69%	18.90%	-14.25%	37.75%	-19.74%	-2.34%	-1.03%	1.81%
Dow Jones U.S. Real Estate Index	4.44%	-25.17%	38.99%	-5.29%	28.92%	-4.03%	9.84%	-25.17%	-0.50%	4.03%	6.65%
HFRX Absolute Return Index	-0.31%	0.85%	2.10%	2.72%	4.37%	-0.49%	3.39%	0.85%	1.89%	1.90%	2.03%
Consumer Price Index (Inflation)	0.46%	6.42%	7.10%	1.28%	2.26%	1.92%	2.13%	6.42%	4.90%	3.77%	2.57%
BLENDING BENCHMARKS	Q4 2022	YTD	2021	2020	2019	2018	2017	1 YEAR	3 YEARS	5 YEARS	10 YEARS
25% S&P 500/5% MSCI EAFE/70% BB Agg	4.13%	-14.08%	6.13%	10.87%	14.96%	-1.55%	8.93%	-14.08%	0.36%	2.73%	4.26%
30% S&P 500/10% MSCI EAFE/60% BB Agg	5.18%	-14.35%	8.27%	11.56%	16.79%	-2.44%	10.90%	-14.35%	1.14%	3.34%	5.07%
35% S&P 500/15% MSCI EAFE/50% BB Agg	6.23%	-14.64%	10.44%	12.18%	18.63%	-3.34%	12.90%	-14.64%	1.88%	3.93%	5.87%
40% S&P 500/20% MSCI EAFE/40% BB Agg	7.28%	-14.96%	12.64%	12.75%	20.48%	-4.25%	14.93%	-14.96%	2.60%	4.50%	6.65%
45% S&P 500/25% MSCI EAFE/30% BB Agg	8.33%	-15.28%	14.87%	13.25%	22.33%	-5.17%	16.99%	-15.28%	3.29%	5.04%	7.42%
60% S&P 500/40% Bloomberg Barclays Agg	5.39%	-15.79%	15.86%	14.73%	22.18%	-2.35%	14.21%	-15.79%	3.83%	5.96%	8.09%

Sources: Morningstar Direct, MPI. The opinions expressed in this report are subject to change without notice. This material has been prepared or is distributed solely for informational purposes and is not a solicitation or an offer to buy any security or to participate in any investment strategy. The performance data quoted represents past performance and does not guarantee future results. Index averages are provided for comparison purposes only. The information and statistics in this report are from sources believed to be reliable but are not guaranteed to be accurate or complete. CAPTRUST is an investment adviser registered under the Investment Advisers Act of 1940.



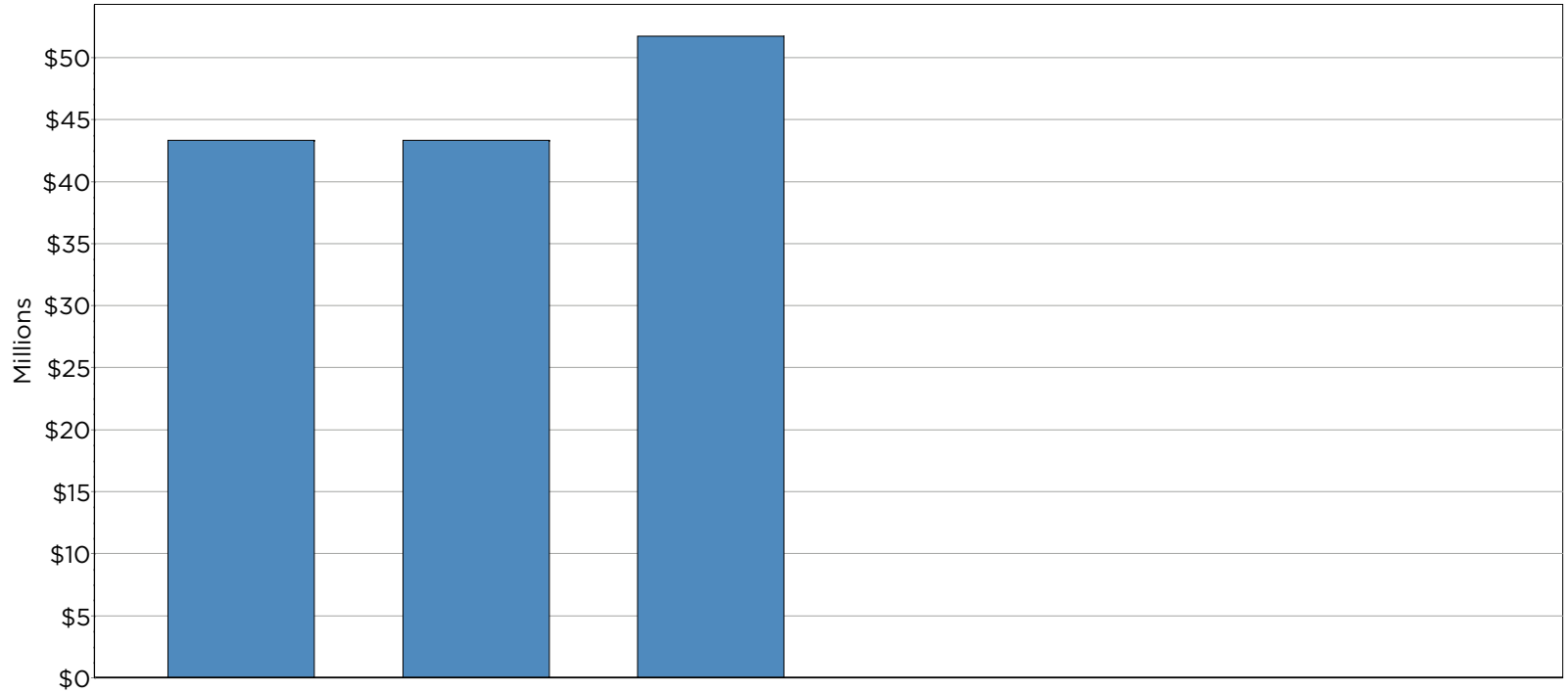
SECTION 2: EXECUTIVE SUMMARY

Period Ending 12.31.22 | Q4 22

City of Birmingham Retiree Health Care Fund



MARKET VALUES AND CASH FLOW SUMMARY



	Current Qtr	2022 YTD	2021	2020	2019	2018
Total Mkt Value Assets	\$43,315,434.64	\$43,315,434.64	\$51,704,976.85	N/A	N/A	N/A
Net Contributions	\$474,135.59	(\$860,024.08)	(\$329,408.63)	N/A	N/A	N/A
Net Investment Return	\$2,467,417.31	(\$7,529,518.13)	\$52,034,385.48	N/A	N/A	N/A

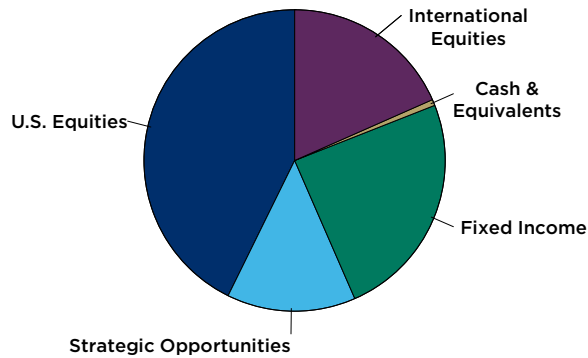


# ASSET ALLOCATION SUMMARY

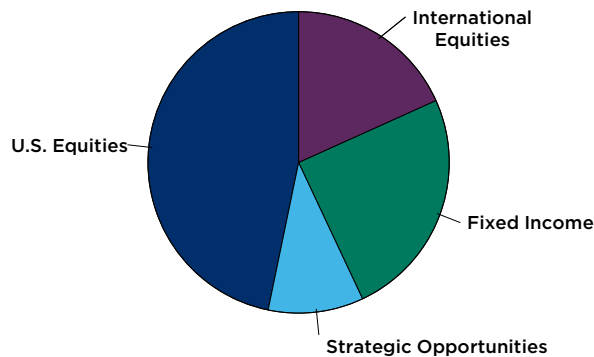
Period Ending 12.31.22 | Q4 22

City of Birmingham Retiree Health Care Fund

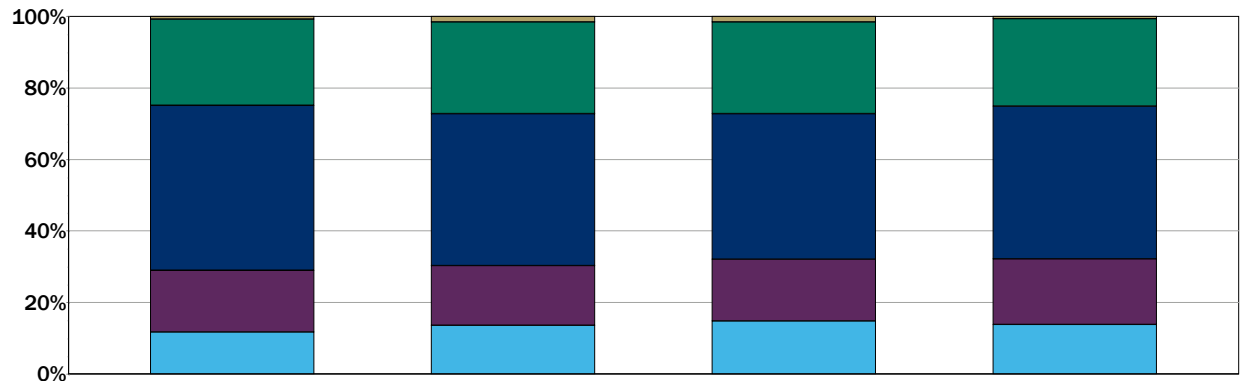
## ACTUAL ALLOCATION



## TARGET ALLOCATION



## HISTORIC ALLOCATION TREND



Asset Class	03 22	06 22	09 22	12 22
Cash & Equivalents	0.83%	1.58%	1.50%	0.64%
Fixed Income	24.01%	25.61%	25.73%	24.43%
U.S. Equities	46.22%	42.44%	40.65%	42.72%
International Equities	17.25%	16.71%	17.24%	18.38%
Strategic Opportunities	11.70%	13.65%	14.88%	13.82%

## ASSET REBALANCING ANALYSIS

Asset Class	Actual Allocation	Target Allocation	(+/-) Variance
Cash & Equivalents	0.64%	0.00%	0.64%
Fixed Income	24.43%	24.75%	-0.32%
U.S. Equities	42.72%	46.75%	-4.03%
International Equities	18.38%	18.25%	0.13%
Strategic Opportunities	13.82%	10.25%	3.57%



# ASSET ALLOCATION DETAIL

Period Ending 12.31.22 | Q4 22

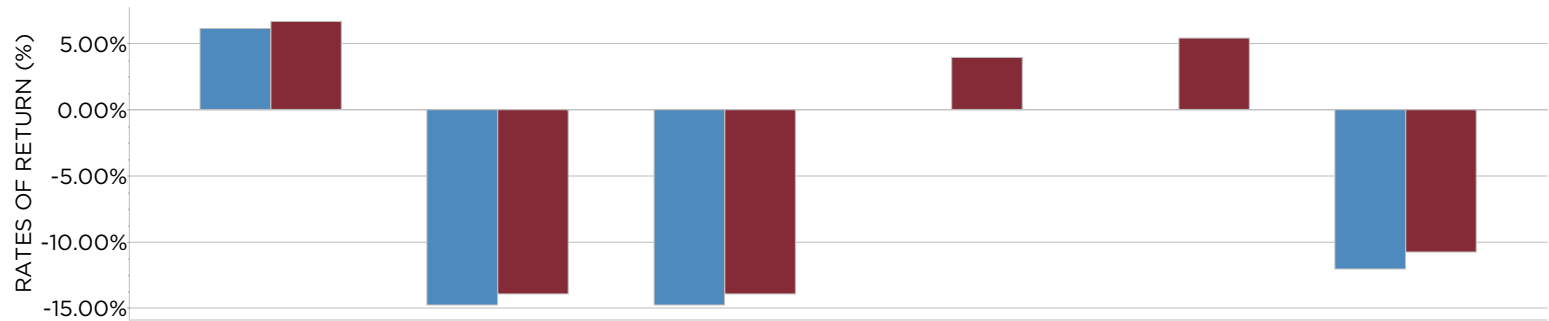
City of Birmingham Retiree Health Care Fund

MANAGER NAME	- MARKET VALUE -			TOTAL	TARGET	ACTUAL	VARIANCE
	CASH	INVESTED	% CASH				
Cash & Equivalents	278,367.01	0.00	100.00 %	278,367.01		0.64 %	
<b>TOTAL CASH &amp; EQUIVALENTS</b>	<b>278,367.01</b>	<b>0.00</b>	<b>100.00 %</b>	<b>278,367.01</b>	<b>0.00 %</b>	<b>0.64 %</b>	<b>0.64 %</b>
BlackRock Total Return K	0.00	5,316,668.74	0.00 %	5,316,668.74		12.27 %	
Metropolitan West Total Return Bd I	0.00	5,266,934.78	0.00 %	5,266,934.78		12.16 %	
<b>TOTAL FIXED INCOME</b>	<b>0.00</b>	<b>10,583,603.52</b>	<b>0.00 %</b>	<b>10,583,603.52</b>	<b>24.75 %</b>	<b>24.43 %</b>	<b>-0.32 %</b>
Allspring Special Small Cap Value R6	0.00	986,170.54	0.00 %	986,170.54		2.28 %	
BlackRock Mid Cap Growth Equity K	0.00	1,883,937.05	0.00 %	1,883,937.05		4.35 %	
Fidelity 500 Index	0.00	11,947,556.74	0.00 %	11,947,556.74		27.58 %	
MFS Mid Cap Value R6	0.00	2,908,506.41	0.00 %	2,908,506.41		6.71 %	
Principal Small Cap Growth Fund R6	0.00	777,538.81	0.00 %	777,538.81		1.80 %	
<b>TOTAL U.S. EQUITIES</b>	<b>0.00</b>	<b>18,503,709.55</b>	<b>0.00 %</b>	<b>18,503,709.55</b>	<b>46.75 %</b>	<b>42.72 %</b>	<b>-4.03 %</b>
Amer Funds EuroPac Growth R6	0.00	3,954,889.19	0.00 %	3,954,889.19		9.13 %	
Hartford International Opps R6	0.00	4,007,386.03	0.00 %	4,007,386.03		9.25 %	
<b>TOTAL INTERNATIONAL EQUITIES</b>	<b>0.00</b>	<b>7,962,275.22</b>	<b>0.00 %</b>	<b>7,962,275.22</b>	<b>18.25 %</b>	<b>18.38 %</b>	<b>0.13 %</b>
Partners Group	0.00	1,844,152.86	0.00 %	1,844,152.86		4.26 %	
Starwood Property Trust Inc. REIT	0.00	3,052,176.66	0.00 %	3,052,176.66		7.05 %	
WhiteBox Multi-Strategy Fund LP	0.00	1,091,149.82	0.00 %	1,091,149.82		2.52 %	
<b>TOTAL STRATEGIC OPPORTUNITIES</b>	<b>0.00</b>	<b>5,987,479.34</b>	<b>0.00 %</b>	<b>5,987,479.34</b>	<b>10.25 %</b>	<b>13.82 %</b>	<b>3.57 %</b>
<b>TOTAL PORTFOLIO</b>	<b>278,367.01</b>	<b>43,037,067.63</b>	<b>0.64 %</b>	<b>43,315,434.64</b>	<b>100.00 %</b>	<b>100.00 %</b>	<b>0.00 %</b>

Information and statistics have been provided by the custodian and are not guaranteed to be accurate or complete. This is not a substitute for the official custodial account statement; please refer to the custodial statement for verification.



**TOTAL PORTFOLIO TRAILING PERFORMANCE**



	Last Quarter	2022 YTD	1 Year	3 Years	5 Years	Inception
Total Portfolio	6.16%	-14.77%	-14.77%	N/A	N/A	-12.05%
Total Portfolio Benchmark	6.68%	-13.94%	-13.94%	3.96%	5.42%	-10.78%

**TOTAL PORTFOLIO CALENDAR PERFORMANCE**



	2022 YTD	2021	2020	2019	2018	Inception
Total Portfolio	-14.77%	N/A	N/A	N/A	N/A	-12.05%
Total Portfolio Benchmark	-13.94%	14.28%	14.24%	21.14%	-4.33%	-10.78%

Performance returns over one-year are annualized. For important details regarding benchmarks, please refer the slides entitled "Total Fund Policy Benchmark Summary" in this presentation.



# INVESTMENT RETURNS | MANAGER RESULTS

Period Ending 12.31.22 | Q4 22

City of Birmingham Retiree Health Care Fund

CASH & EQUIVALENTS RETURNS	LAST QTR	YTD' 22	2021	2020	2019	2018	1 YEAR	3 YEAR	5 YEAR	INCEPT	INCEPT DATE
<b>TOTAL CASH &amp; EQUIVALENTS</b>	<b>0.68%</b>	<b>0.96%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.96%</b>	<b>N/A</b>	<b>N/A</b>	<b>0.83%</b>	<b>10/31/2021</b>
ICE BOFAML US TREASURY BILL 3 MON TR USD	0.84%	1.46%	0.05%	0.63%	2.24%	1.87%	1.46%	0.71%	1.25%	1.26%	
<b>CASH &amp; EQUIVALENTS MANAGER RESULTS:</b>											
<b>Cash &amp; Equivalents</b>	<b>0.68%</b>	<b>0.96%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.96%</b>	<b>N/A</b>	<b>N/A</b>	<b>0.83%</b>	<b>10/31/2021</b>
ICE BofAML US Treasury Bill 3 Mon TR USD	0.84%	1.46%	0.05%	0.63%	2.24%	1.87%	1.46%	0.71%	1.25%	1.26%	

FIXED INCOME RETURNS	LAST QTR	YTD' 22	2021	2020	2019	2018	1 YEAR	3 YEAR	5 YEAR	INCEPT	INCEPT DATE
<b>TOTAL FIXED INCOME</b>	<b>1.87%</b>	<b>-14.42%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-14.42%</b>	<b>N/A</b>	<b>N/A</b>	<b>-12.51%</b>	<b>10/31/2021</b>
BBGBARC AGGREGATE BOND INDEX	1.87%	-13.01%	-1.54%	7.51%	8.72%	0.01%	-13.01%	-2.71%	0.02%	-11.23%	
<b>FIXED INCOME MANAGER RESULTS:</b>											
<b>BlackRock Total Return K</b>	<b>1.99%</b>	<b>-14.38%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-14.38%</b>	<b>N/A</b>	<b>N/A</b>	<b>-12.48%</b>	<b>10/31/2021</b>
BBgBarc Aggregate Bond Index	1.87%	-13.01%	-1.54%	7.51%	8.72%	0.01%	-13.01%	-2.71%	0.02%	-11.23%	
Morningstar Intd Core Plus Bond Universe	1.81%	-13.83%	-0.82%	8.38%	9.24%	-0.76%	-13.83%	-2.57%	0.05%	-11.98%	
<b>Metropolitan West Total Return Bd I</b>	<b>1.74%</b>	<b>-14.79%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-14.79%</b>	<b>N/A</b>	<b>N/A</b>	<b>-12.83%</b>	<b>10/31/2021</b>
BBgBarc Aggregate Bond Index	1.87%	-13.01%	-1.54%	7.51%	8.72%	0.01%	-13.01%	-2.71%	0.02%	-11.23%	
Morningstar Intd Core Plus Bond Universe	1.81%	-13.83%	-0.82%	8.38%	9.24%	-0.76%	-13.83%	-2.57%	0.05%	-11.98%	

U.S. EQUITIES RETURNS	LAST QTR	YTD' 22	2021	2020	2019	2018	1 YEAR	3 YEAR	5 YEAR	INCEPT	INCEPT DATE
<b>TOTAL U.S. EQUITIES</b>	<b>8.01%</b>	<b>-19.19%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-19.19%</b>	<b>N/A</b>	<b>N/A</b>	<b>-14.94%</b>	<b>10/31/2021</b>
S&P 500 INDEX	7.56%	-18.11%	28.71%	18.40%	31.49%	-4.38%	-18.11%	7.66%	9.42%	-13.03%	
<b>U.S. EQUITIES MANAGER RESULTS:</b>											
<b>Allspring Special Small Cap Value R6</b>	<b>11.82%</b>	<b>-13.52%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-13.52%</b>	<b>N/A</b>	<b>N/A</b>	<b>-9.54%</b>	<b>10/31/2021</b>
Russell 2000 Value	8.42%	-14.48%	28.27%	4.63%	22.39%	-12.86%	-14.48%	4.70%	4.13%	-12.16%	
Morningstar Small Cap Value Universe	11.30%	-11.39%	31.09%	3.53%	22.13%	-15.30%	-11.39%	6.55%	4.71%	-7.83%	
<b>BlackRock Mid Cap Growth Equity K</b>	<b>4.18%</b>	<b>-37.29%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-37.29%</b>	<b>N/A</b>	<b>N/A</b>	<b>-35.37%</b>	<b>10/31/2021</b>
Russell Mid Cap Growth	6.90%	-26.72%	12.73%	35.59%	35.47%	-4.75%	-26.72%	3.85%	7.64%	-25.95%	
Morningstar Mid Cap Growth Universe	5.32%	-28.34%	12.07%	36.39%	33.80%	-5.16%	-28.34%	3.85%	7.27%	-27.23%	

Performance returns over one-year are annualized.



# INVESTMENT RETURNS | MANAGER RESULTS

Period Ending 12.31.22 | Q4 22

City of Birmingham Retiree Health Care Fund

U.S. EQUITIES RETURNS	LAST QTR	YTD' 22	2021	2020	2019	2018	1 YEAR	3 YEAR	5 YEAR	INCEPT	INCEPT DATE
<b>Fidelity 500 Index</b>	<b>7.56%</b>	<b>-18.13%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-18.13%</b>	<b>N/A</b>	<b>N/A</b>	<b>-13.05%</b>	<b>10/31/2021</b>
S&P 500 Index	7.56%	-18.11%	28.71%	18.40%	31.49%	-4.38%	-18.11%	7.66%	9.42%	-13.03%	
Morningstar Large Cap Blend Universe	7.83%	-18.19%	26.80%	17.47%	30.09%	-5.49%	-18.19%	7.08%	8.54%	-13.24%	
<b>MFS Mid Cap Value R6</b>	<b>12.06%</b>	<b>-8.64%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-8.64%</b>	<b>N/A</b>	<b>N/A</b>	<b>-3.82%</b>	<b>10/31/2021</b>
Russell Mid Cap Value	10.45%	-12.03%	28.34%	4.96%	27.06%	-12.29%	-12.03%	5.82%	5.72%	-8.07%	
Morningstar Mid Value Universe	11.94%	-8.17%	28.48%	2.82%	26.91%	-13.28%	-8.17%	6.46%	5.83%	-4.06%	
<b>Principal Small Cap Growth Fund R6</b>	<b>4.89%</b>	<b>-28.48%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-28.48%</b>	<b>N/A</b>	<b>N/A</b>	<b>-27.71%</b>	<b>10/31/2021</b>
Russell 2000 Growth Index	4.13%	-26.36%	2.83%	34.63%	28.48%	-9.31%	-26.36%	0.65%	3.51%	-26.02%	
Morningstar Small Growth Universe	4.40%	-28.23%	9.66%	38.40%	29.09%	-4.60%	-28.23%	3.06%	6.38%	-27.16%	

INTERNATIONAL EQUITIES RETURNS	LAST QTR	YTD' 22	2021	2020	2019	2018	1 YEAR	3 YEAR	5 YEAR	INCEPT	INCEPT DATE
<b>TOTAL INTERNATIONAL EQUITIES</b>	<b>14.37%</b>	<b>-20.13%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-20.13%</b>	<b>N/A</b>	<b>N/A</b>	<b>-19.07%</b>	<b>10/31/2021</b>
<b>MSCI AC WORLD EX US FREE</b>	<b>14.37%</b>	<b>-15.57%</b>	<b>8.29%</b>	<b>11.13%</b>	<b>22.13%</b>	<b>-13.78%</b>	<b>-15.57%</b>	<b>0.53%</b>	<b>1.36%</b>	<b>-13.88%</b>	
<b>INTERNATIONAL EQUITIES MANAGER RESULTS:</b>											
<b>Amer Funds EuroPac Growth R6</b>	<b>13.78%</b>	<b>-22.72%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-22.72%</b>	<b>N/A</b>	<b>N/A</b>	<b>-21.90%</b>	<b>10/31/2021</b>
MSCI AC World ex US Free	14.37%	-15.57%	8.29%	11.13%	22.13%	-13.78%	-15.57%	0.53%	1.36%	-13.88%	
Morningstar Foreign Large Blend Universe	16.86%	-15.90%	9.99%	10.34%	22.28%	-15.14%	-15.90%	0.60%	1.19%	-14.04%	
<b>Hartford International Opps R6</b>	<b>14.95%</b>	<b>-17.91%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-17.91%</b>	<b>N/A</b>	<b>N/A</b>	<b>-16.04%</b>	<b>10/31/2021</b>
MSCI EAFE	17.40%	-14.01%	11.78%	8.28%	22.66%	-13.36%	-14.01%	1.34%	2.03%	-11.95%	
Morningstar Foreign Large Blend Universe	16.86%	-15.90%	9.99%	10.34%	22.28%	-15.14%	-15.90%	0.60%	1.19%	-14.04%	

STRATEGIC OPPORTUNITIES RETURNS	LAST QTR	YTD' 22	2021	2020	2019	2018	1 YEAR	3 YEAR	5 YEAR	INCEPT	INCEPT DATE
<b>TOTAL STRATEGIC OPPORTUNITIES</b>	<b>-0.46%</b>	<b>11.33%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>11.33%</b>	<b>N/A</b>	<b>N/A</b>	<b>12.17%</b>	<b>10/31/2021</b>
<b>HFRX ABSOLUTE RETURN INDEX</b>	<b>-0.31%</b>	<b>0.85%</b>	<b>2.10%</b>	<b>2.72%</b>	<b>4.37%</b>	<b>-0.49%</b>	<b>0.85%</b>	<b>1.89%</b>	<b>1.90%</b>	<b>0.81%</b>	
<b>STRATEGIC OPPORTUNITIES MANAGER RESULTS:</b>											
<b>Partners Group</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-0.15%</b>	<b>12/01/2022</b>
80% MSCI World/20% S&P Leveraged Loan	8.52%	-14.28%	18.83%	14.24%	24.43%	-6.43%	-14.28%	5.18%	6.26%	-3.88%	
Morningstar Multistrategy Universe	2.42%	-3.45%	5.38%	3.72%	7.64%	-3.99%	-3.45%	1.73%	1.76%	N/A	

Performance returns over one-year are annualized.



City of Birmingham Retiree Health Care Fund

STRATEGIC OPPORTUNITIES RETURNS	LAST QTR	YTD' 22	2021	2020	2019	2018	1 YEAR	3 YEAR	5 YEAR	INCEPT	INCEPT DATE
<b>Starwood Property Trust Inc. REIT</b>	<b>-0.83%</b>	<b>10.41%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>10.41%</b>	<b>N/A</b>	<b>N/A</b>	<b>14.45%</b>	<b>10/31/2021</b>
FTSE EPRA/NAREIT US	5.06%	-24.85%	42.83%	-9.95%	24.34%	-3.87%	-24.85%	-1.12%	2.93%	-16.46%	
Morningstar Specialty-Real Est Universe	3.87%	-26.33%	41.48%	-4.44%	28.06%	-5.64%	-26.33%	-0.04%	3.72%	-18.06%	
<b>WhiteBox Multi-Strategy Fund LP</b>	<b>0.03%</b>	<b>2.67%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.67%</b>	<b>N/A</b>	<b>N/A</b>	<b>2.69%</b>	<b>10/31/2021</b>
HFRX Absolute Return Index	-0.31%	0.85%	2.10%	2.72%	4.37%	-0.49%	0.85%	1.89%	1.90%	0.81%	
Morningstar Multistrategy Universe	2.42%	-3.45%	5.38%	3.72%	7.64%	-3.99%	-3.45%	1.73%	1.76%	-2.63%	

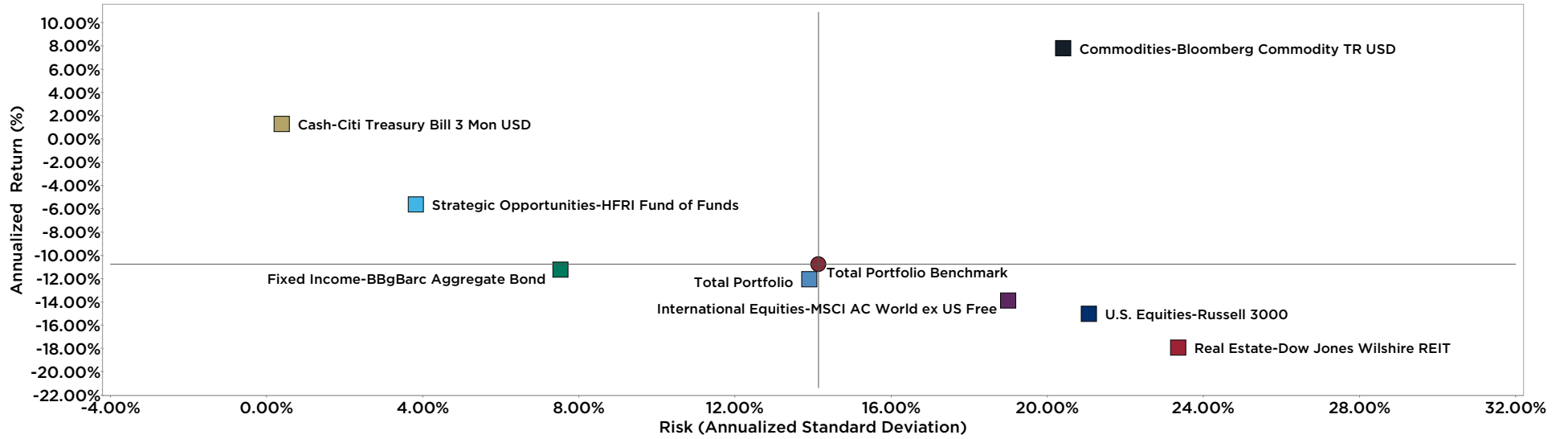
TOTAL PORTFOLIO RETURNS	LAST QTR	YTD' 22	2021	2020	2019	2018	1 YEAR	3 YEAR	5 YEAR	INCEPT	INCEPT DATE
<b>TOTAL PORTFOLIO</b>	<b>6.16%</b>	<b>-14.77%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-14.77%</b>	<b>N/A</b>	<b>N/A</b>	<b>-12.05%</b>	<b>10/31/2021</b>
Total Portfolio Benchmark	6.68%	-13.94%	14.28%	14.24%	21.14%	-4.33%	-13.94%	3.96%	5.42%	-10.78%	

Performance returns over one-year are annualized.



City of Birmingham Retiree Health Care Fund

COMPOSITE RISK VS. TOTAL RETURN (since inception: 10.31.21)



# MARKET VALUES & CASH FLOW SUMMARY

Period Ending 12.31.22 | Q4 22

City of Birmingham Retiree Health Care Fund

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Rate of Return
Dec 2021				\$51,704,976.85	
Mar 2022	\$51,704,976.85	(\$644,290.04)	(\$2,883,607.25)	\$48,177,079.56	-5.59%
Jun 2022	\$48,177,079.56	(\$355,920.93)	(\$5,220,514.41)	\$42,600,644.22	-10.94%
Sep 2022	\$42,600,644.22	(\$333,948.70)	(\$1,892,813.78)	\$40,373,881.74	-4.51%
Dec 2022	\$40,373,881.74	\$474,135.59	\$2,467,417.31	\$43,315,434.64	6.16%





# TOTAL PORTFOLIO POLICY BENCHMARK SUMMARY

Period Ending 12.31.22 | Q4 22

City of Birmingham Retiree Health Care Fund

DATE	BENCHMARKS	INDEX WEIGHTS
10/31/2021	HFRX Absolute Return Index	10.25
To	MSCI AC World ex US Free	18.25
Present	BBgBarc Aggregate Bond Index	24.75
	S&P 500 Index	46.75



SECTION 3: DUE DILIGENCE

City of Birmingham Retiree Health Care Fund



# INVESTMENT REVIEW | INVESTMENT POLICY MONITOR

Period Ending 12.31.22 | Q4 22

City of Birmingham Retiree Health Care Fund

INVESTMENT	QUANTITATIVE								QUALITATIVE		TOTALS	
	Risk-Adjusted Performance		vs. Peers Performance		Style		Confidence		Fund Management	Fund Firm	Overall	Total Score
	3 Yr	5 Yr	3 Yr	5 Yr	3 Yr	5 Yr	3 Yr	5 Yr				
Fixed Income BlackRock Total Return K	●	●	●	●	●	●	●	●	●	●	●	91
Fixed Income Metropolitan West Total Return Bd I	▼	●	▼	●	●	●	▼	●	●	▼	●	87
U.S. Equities BlackRock Mid-Cap Growth Equity K	▼	●	▼	●	●	●	▼	●	▼	●	▼	75
U.S. Equities MFS Mid Cap Value R6	●	●	●	●	●	●	●	●	●	●	●	98
U.S. Equities Principal SmallCap Growth I R6	▼	●	▼	●	●	●	●	●	●	●	●	89
U.S. Equities Allspring Special Small Cap Value R6	▼	●	▼	▼	●	●	▼	●	●	●	▼	75
International Equities American Funds Europacific Growth R6	▼	●	▼	●	●	●	▼	●	●	●	●	86
International Equities Hartford International Opportunities R6	●	●	●	●	●	●	●	●	●	●	●	94

## LEGEND

●	IN GOOD STANDING	▼	MARKED FOR REVIEW	●	CONSIDER FOR TERMINATION
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The CAPTRUST Investment Policy Monitor (“Scorecard”) is an illustration of our monitoring system and is designed to assist our clients in their efforts to provide fiduciary oversight to investment assets. It is not intended as a solicitation to buy any security. The scoring system measures quantitative areas as well as qualitative (or subjective) fields for actively managed investment options. Quantitative scoring areas include Risk Adjusted Performance (3 & 5 yr.); Performance vs. Relevant Peer Group; Style Attribution; and Confidence. Qualitative Scoring Areas measure the quality of the Management Team while also considering the stewardship of the investment option’s parent company under Investment Family Items. Qualitative areas of analysis are subjective in nature. CAPTRUST typically requires at least 3 months of monitoring before including an investment in this report. Investments that have been added to our system less than 3 months prior to a report being generated may have an Investment Management assessment of ‘25’ as a default, but will be updated, if necessary, after the first quarter of monitoring to more accurately reflect our system. Some Investments that have less than 3 years of performance history may not be scored.

This material is for institutional investor use only and is not intended to be shared with individual investors.



City of Birmingham Retiree Health Care Fund

PASSIVE INVESTMENTS

INVESTMENT	Overall	Commentary
Fidelity 500 Index		This fund currently meets the guidelines set forth by CAPTRUST for passively managed investments. This assessment is based on both quantitative and qualitative data. Examples of quantitative and qualitative items considered include, but are not limited to, quality of management, tracking error, and cost.

The CAPTRUST Investment Policy Monitor ("Scorecard") is an illustration of our monitoring system and is designed to assist our clients in their efforts to provide fiduciary oversight to investment assets. It is not intended as a solicitation to buy any security. The scoring system measures quantitative areas as well as qualitative (or subjective) fields. Quantitative scoring areas for target date funds include Risk Adjusted Performance (3 & 5 yr.); Performance vs. Relevant Peer Group; and Glidepath. Qualitative Scoring Areas for target date funds measure the quality of the Management Team while also considering the stewardship of the investment option's parent company under Investment Family Items. Qualitative areas of analysis are subjective in nature. Qualitative Scoring for Target Date funds also includes a score for Portfolio Construction and Underlying Investment vehicles to express CAPTRUST's views on the manager or strategy. CAPTRUST typically requires at least 3 months of monitoring before including an investment in this report. Investments that have been added to our system less than 3 months prior to a report being generated may have an Investment Management assessment of '25' as a default, but will be updated, if necessary, after the first quarter of monitoring to more accurately reflect our system. Some Investments that have less than 3 years of performance history may not be scored. Capital Preservation options are evaluated using a comprehensive scoring methodology proprietary to the Investment Consultant. This methodology incorporates both qualitative and quantitative metrics, depending on the type of capital preservation option being evaluated, and may include quantitative criteria such as: Crediting Rate/Yield, Market to Book Ratio, Average Crediting Quality, Insurer Quality/Diversification, Duration, and Sector Allocations, and/or qualitative criteria such as quality and experience of the Management Team and stewardship of the investment option's parent company. Passively Managed options are evaluated using a comprehensive scoring methodology proprietary to the Investment Consultant. This methodology incorporates both qualitative and quantitative metrics and may include quantitative criteria such as: Tracking Error, Fees, and Performance versus relevant peer group, and/or qualitative criteria such as index replication strategy, securities lending practices, and fair value pricing methodology. Distinct investment options are evaluated using a comprehensive scoring methodology proprietary to the Investment Consultant. This methodology incorporates both qualitative and quantitative metrics. This material is for institutional investor use only and is not intended to be shared with individual investors.



City of Birmingham Retiree Health Care Fund

FUND MANAGEMENT ITEMS	COMMENTARY
Allspring Special Small Cap Value	<p>The strategy has been run by Lead Portfolio Manager Jim Tringas since 2002, with Co-Portfolio Manager Bryant VanKronkhite having joined him in 2009, respectively. Brian Martin, the other co-portfolio manager on the strategy, became a co-PM in 2020, after having been on the team since 2007. Together, the three portfolio managers work alongside 11 analysts, looking to find companies with three key traits: long-term competitive advantages, sustainable free cash flow, and flexible balance sheets. Additionally, they will compare a firm's capital structure vs. its optimal structure, with the belief that companies can derive additional value by moving to their optimal capital structure. This can be done through M&amp;A, dividends, share buybacks, or capex. The team also calculates the upside and downside price targets for each stock in the portfolio, while looking for a 3 to 1 reward/risk ratio for each holding. While the strategy trailed its benchmark and peers in 2022, they had a strong fourth quarter, and long-term results have been solid, with the portfolio having performed in-line with peers over 5-years and outperforming them over both 10- and 15-years. With an experienced portfolio management team, a deep analyst group, and a consistent, repeatable process, clients holding the strategy should continue to do so, though we look for improved results in order to maintain that conviction.</p>
American Funds EuroPacific Growth	<p>Harold La has been added as a portfolio manager to the American Funds Europacific Growth Fund. Mr. La has 24 years of investment experience and has been with Capital Group for 23 years.</p>
BlackRock MidCap Growth Equity	<p>Effective April 1, 2023, Portfolio Manager Lawrence Kemp will retire from BlackRock. He is the lead portfolio manager of BlackRock Capital Appreciation, where co-portfolio manager Phil Ruvinsky will assume the lead manager role and continue to be supported by Co-Portfolio Manager Caroline Bottinelli. In addition, Lawrence is a co-portfolio manager of BlackRock Mid Cap Growth, where Phil will remain the lead manager and continue to be supported by Co-Portfolio Manager William Broadbent. Both Caroline and William were promoted to their respective roles in May 2022 in anticipation of Kemp's eventual retirement.</p>

City of Birmingham Retiree Health Care Fund

FUND FIRM ITEMS	COMMENTARY
MFS Family of Funds	<p>Effective March 1, 2023, Pilar Gomez-Bravo and Alexander Mackey will join current CIO of Fixed Income Bill Adams as global co-CIOs of Fixed Income. MFS expanded the Fixed Income leadership team as a result of the Fixed Income team's growth across the world.</p>
Principal	<p>Principal Global Investors has rebranded and now goes by the name Principal Asset Management. There are no changes to fund legal names or tickers.</p>
TCW Group	<p>TCW has appointed Kathryn Koch as CEO and president. She has succeeded David Lippman upon his retirement at the end of 2022. Mr. Lippman exits following nine years as the CEO of TCW and more than 20 years as part of MetWest and TCW investment and executive leadership. Ms. Koch was previously with Goldman Sachs serving as CIO of the Public Equity business and member of the Asset Management Division executive committee.</p>



SECTION 4: MANAGER FACT SHEETS

Period Ending 12.31.22 | Q4 22

City of Birmingham Retiree Health Care Fund



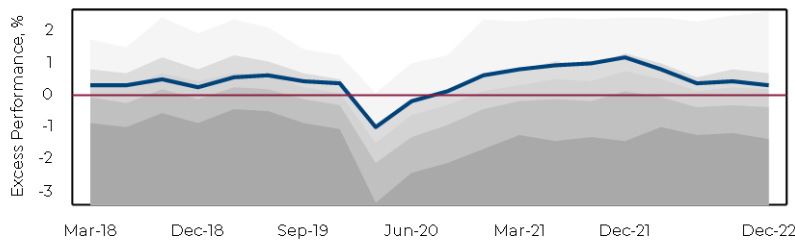
TRAILING AND CALENDAR RETURNS

	Last Quarter	1 Year	3 Years	5 Years	10 Years	2021	2020	2019	2018	2017
BlackRock Total Return K	1.99	-14.14	-2.39	0.27	1.74	-0.68	9.08	9.89	-0.82	4.32
Blmbg. U.S. Aggregate Index	1.87	-13.01	-2.71	0.02	1.06	-1.55	7.51	8.72	0.01	3.54
Intermediate Core-Plus Bond Median	1.81	-13.84	-2.56	0.05	1.24	-0.81	8.33	9.24	-0.80	4.23
Rank (%)	34	61	43	36	17	45	31	28	51	47
Population	620	604	564	544	476	602	599	619	605	592

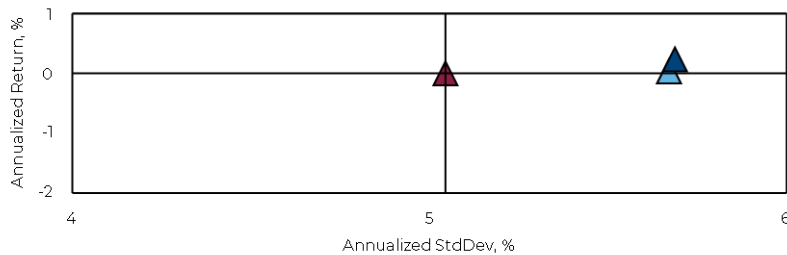
KEY MEASURES/5 YEAR

	Sharpe Ratio	Alpha	Beta	R-Squared	Up Capture	Down Capture	Information Ratio
BlackRock Total Return K	-0.14	0.28	1.07	0.90	111.78	107.58	0.16
Blmbg. U.S. Aggregate Index	-0.22	0.00	1.00	1.00	100.00	100.00	-
Intermediate Core-Plus Bond Median	-0.19	0.05	1.01	0.84	106.25	104.79	0.03

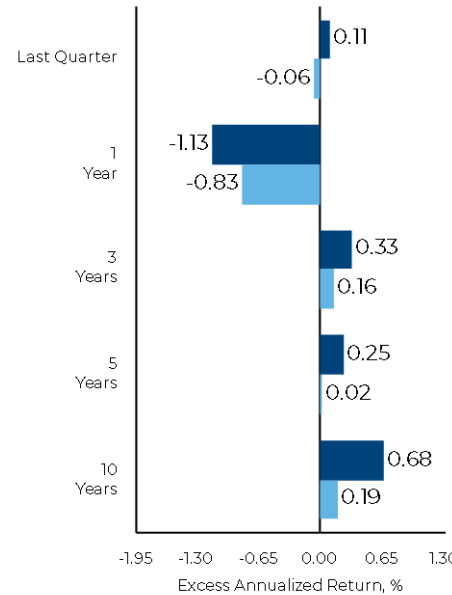
Rolling 3 Year Annualized Excess Return



Performance vs Risk 5 Year



▲ BlackRock Total Return K  
 ▲ Blmbg. U.S. Aggregate Index  
 ▲ Intermediate Core-Plus Bond Median



■ BlackRock Total Return K  
 ■ Intermediate Core-Plus Bond Median

INVESTMENT PROFILE

Ticker	MPHQ
Portfolio Manager	Team Managed
Portfolio Assets	\$6,771 Million
PM Tenure	12 Years 4 Months
Net Expense(%)	0.38 %
Fund Inception	2001
Category Expense Median	0.64
Subadvisor	BlackRock (Singapore) Limited

HOLDINGS OVERVIEW

% Assets in Top 10 Holdings	6.62 %
Number of Holdings	6133
Turnover	289.00 %
Avg. Effective Duration	6.09 Years
SEC Yield	4.25 %

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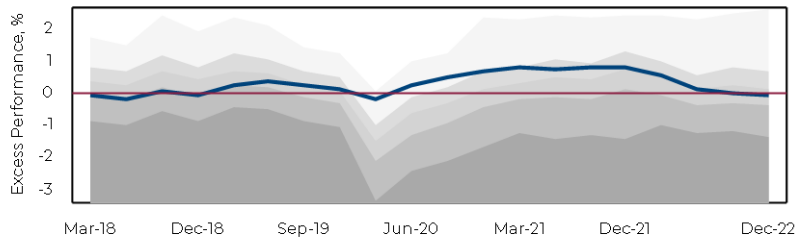
TRAILING AND CALENDAR RETURNS

	Last Quarter	1 Year	3 Years	5 Years	10 Years	2021	2020	2019	2018	2017
Metropolitan West Total Return Bd I	1.74	-14.79	-2.76	0.09	1.29	-1.12	9.11	9.09	0.16	3.43
Blmbg. U.S. Aggregate Index	1.87	-13.01	-2.71	0.02	1.06	-1.55	7.51	8.72	0.01	3.54
Intermediate Core-Plus Bond Median	1.81	-13.84	-2.56	0.05	1.24	-0.81	8.33	9.24	-0.80	4.23
Rank (%)	55	77	63	47	46	66	30	55	19	79
Population	620	604	564	544	476	602	599	619	605	592

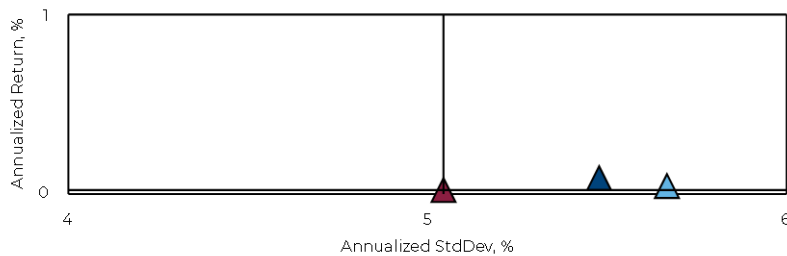
KEY MEASURES/5 YEAR

	Sharpe Ratio	Alpha	Beta	R-Squared	Up Capture	Down Capture	Information Ratio
Metropolitan West Total Return Bd I	-0.19	0.08	1.08	0.98	106.81	105.55	0.12
Blmbg. U.S. Aggregate Index	-0.22	0.00	1.00	1.00	100.00	100.00	-
Intermediate Core-Plus Bond Median	-0.19	0.05	1.01	0.84	106.25	104.79	0.03

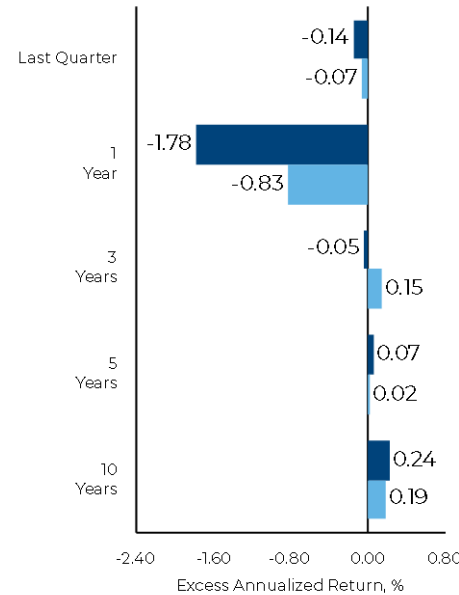
Rolling 3 Year Annualized Excess Return



Performance vs Risk 5 Year



▲ Metropolitan West Total Return Bd I    ▲ Intermediate Core-Plus Bond Median  
 ▲ Blmbg. U.S. Aggregate Index



■ Metropolitan West Total Return Bd I    ■ Intermediate Core-Plus Bond Median

INVESTMENT PROFILE

Ticker	MWTIX
Portfolio Manager	Kane,S/Landmann L/Whalen,B
Portfolio Assets	\$37,397 Million
PM Tenure	
Net Expense(%)	0.44 %
Fund Inception	2000
Category Expense Median	0.64
Subadvisor	-

HOLDINGS OVERVIEW

% Assets in Top 10 Holdings	34.30 %
Number of Holdings	2061
Turnover	467.00 %
Avg. Effective Duration	6.78 Years
SEC Yield	4.47 %

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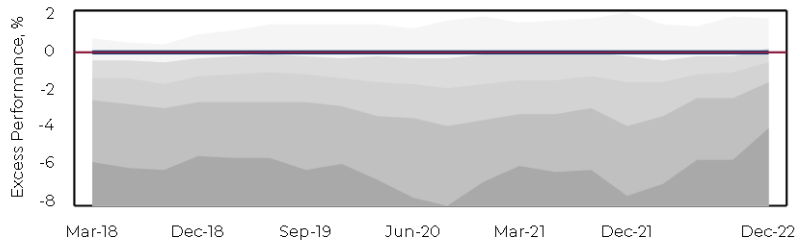
TRAILING AND CALENDAR RETURNS

	Last Quarter	1 Year	3 Years	5 Years	10 Years	2021	2020	2019	2018	2017
Fidelity® 500 Index	7.56	-18.13	7.65	9.41	12.55	28.69	18.40	31.47	-4.40	21.81
S&P 500 Index	7.56	-18.11	7.66	9.42	12.56	28.71	18.40	31.49	-4.38	21.83
Large Blend Median	7.93	-18.16	7.09	8.52	11.57	26.68	17.18	29.77	-5.65	21.13
Rank (%)	57	49	31	20	11	21	36	22	23	32
Population	1,203	1,174	1,131	1,091	971	1,188	1,220	1,264	1,297	1,357

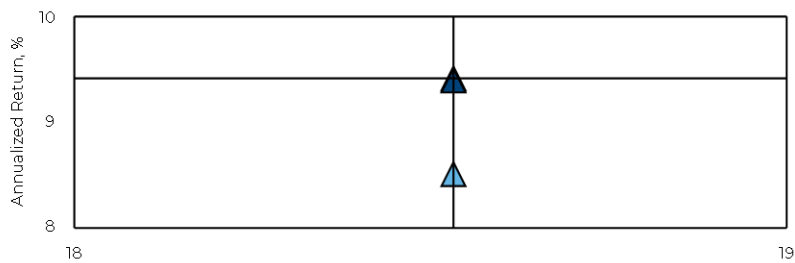
KEY MEASURES/5 YEAR

	Sharpe Ratio	Alpha	Beta	R-Squared	Up Capture	Down Capture	Information Ratio
Fidelity® 500 Index	0.51	-0.01	1.00	1.00	99.97	100.02	-1.03
S&P 500 Index	0.51	0.00	1.00	1.00	100.00	100.00	-
Large Blend Median	0.47	-0.68	1.00	0.98	97.24	100.15	-0.38

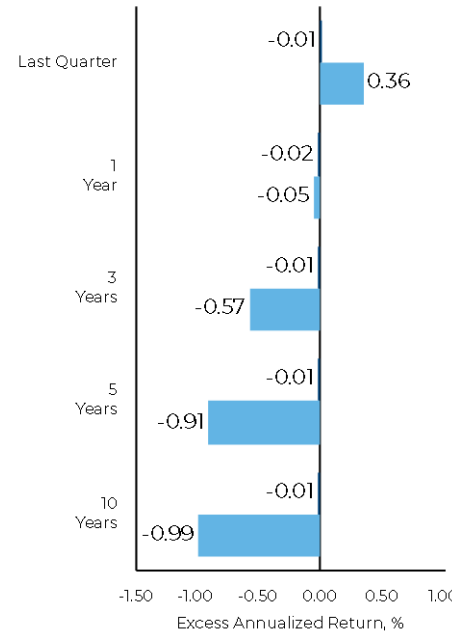
Rolling 3 Year Annualized Excess Return



Performance vs Risk 5 Year



▲ Fidelity® 500 Index ▲ Large Blend Median ▲ S&P 500 Index



■ Fidelity® 500 Index ■ Large Blend Median

INVESTMENT PROFILE

Ticker	FXAIX
Portfolio Manager	Team Managed
Portfolio Assets	\$353,768 Million
PM Tenure	
Net Expense(%)	0.02 %
Fund Inception	2011
Category Expense Median	0.75
Subadvisor	-

HOLDINGS OVERVIEW

% Assets in Top 10 Holdings	25.26 %
Number of Holdings	507
Turnover	2.00 %
Avg. Market Cap	\$175,549 Million
Dividend Yield	1.81 %

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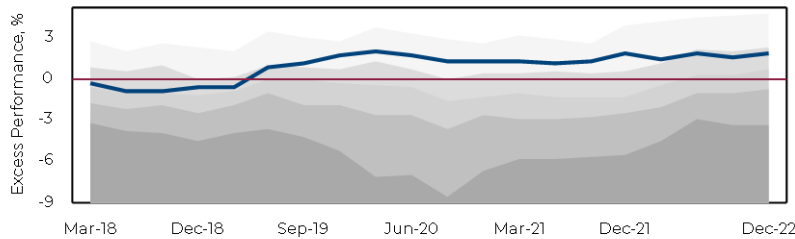
TRAILING AND CALENDAR RETURNS

	Last Quarter	1 Year	3 Years	5 Years	10 Years	2021	2020	2019	2018	2017
MFS Mid Cap Value R6	12.06	-8.64	7.71	7.75	10.94	31.00	4.40	31.08	-11.31	13.84
Russell Midcap Value Index	10.45	-12.03	5.82	5.72	10.11	28.34	4.96	27.06	-12.29	13.34
Mid-Cap Value Median	11.94	-8.17	6.46	5.83	9.49	28.56	2.77	26.77	-13.59	13.47
Rank (%)	45	56	32	14	10	28	36	10	22	45
Population	373	371	369	367	321	387	398	418	452	455

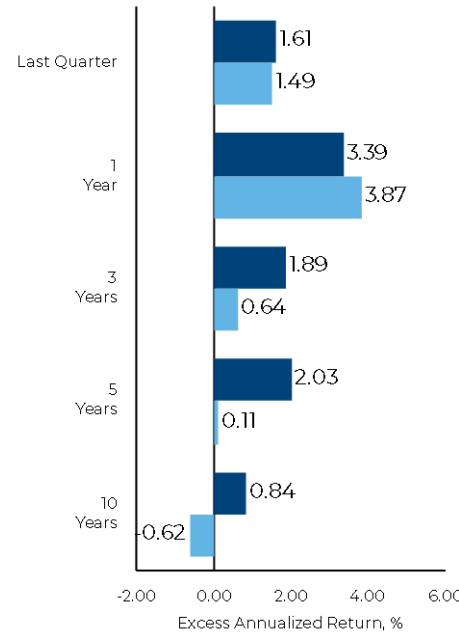
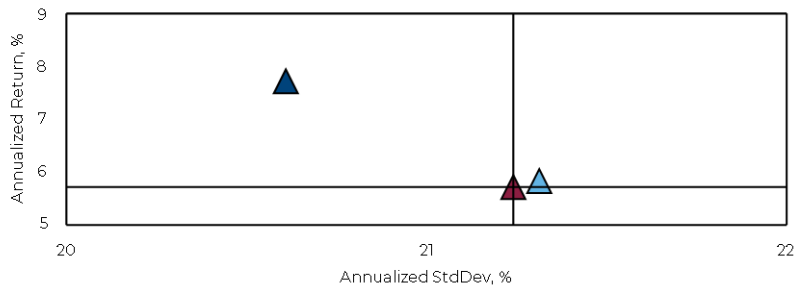
KEY MEASURES/5 YEAR

	Sharpe Ratio	Alpha	Beta	R-Squared	Up Capture	Down Capture	Information Ratio
MFS Mid Cap Value R6	0.41	2.07	0.96	0.99	100.87	93.66	0.70
Russell Midcap Value Index	0.31	0.00	1.00	1.00	100.00	100.00	-
Mid-Cap Value Median	0.32	0.28	0.99	0.97	99.47	98.03	0.03

Rolling 3 Year Annualized Excess Return



Performance vs Risk 5 Year



INVESTMENT PROFILE

Ticker	MVCKX
Portfolio Manager	Offen,R/Schmitz,K/Taylor,B
Portfolio Assets	\$8,206 Million
PM Tenure	
Net Expense(%)	0.64 %
Fund Inception	2013
Category Expense Median	0.95
Subadvisor	-

HOLDINGS OVERVIEW

% Assets in Top 10 Holdings	12.29 %
Number of Holdings	152
Turnover	17.00 %
Avg. Market Cap	\$15,805 Million
Dividend Yield	2.69 %

▲ MFS Mid Cap Value R6    ▲ Mid-Cap Value Median    ▲ Russell Midcap Value Index    ■ MFS Mid Cap Value R6    ■ Mid-Cap Value Median

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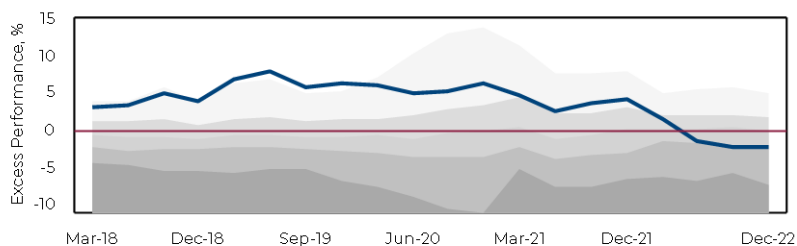
TRAILING AND CALENDAR RETURNS

	Last Quarter	1 Year	3 Years	5 Years	10 Years	2021	2020	2019	2018	2017
BlackRock Mid-Cap Growth Equity K	4.18	-37.29	1.67	8.06	13.11	14.60	46.23	36.26	2.91	34.82
Russell Midcap Growth Index	6.90	-26.72	3.85	7.64	11.41	12.73	35.59	35.47	-4.75	25.27
Mid-Cap Growth Median	5.32	-28.34	3.85	7.27	10.62	11.92	35.93	33.40	-5.53	24.83
Rank (%)	65	92	75	38	9	36	28	31	7	4
Population	551	551	528	511	484	566	575	588	599	621

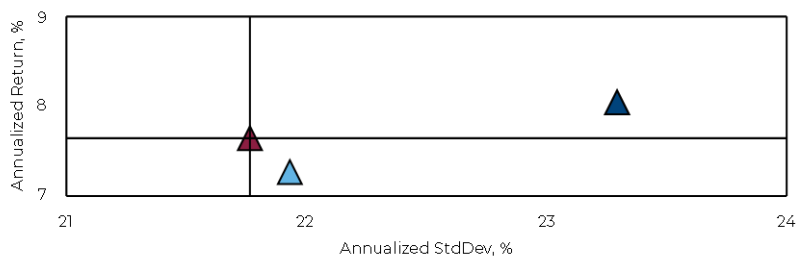
KEY MEASURES/5 YEAR

	Sharpe Ratio	Alpha	Beta	R-Squared	Up Capture	Down Capture	Information Ratio
BlackRock Mid-Cap Growth Equity K	0.40	0.46	1.03	0.93	109.10	109.64	0.12
Russell Midcap Growth Index	0.39	0.00	1.00	1.00	100.00	100.00	-
Mid-Cap Growth Median	0.38	-0.02	0.98	0.94	98.04	100.04	-0.05

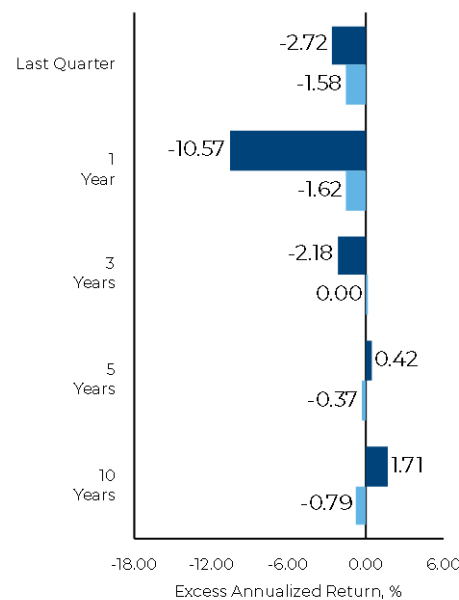
Rolling 3 Year Annualized Excess Return



Performance vs Risk 5 Year



▲ BlackRock Mid-Cap Growth Equity K ▲ Mid-Cap Growth Median  
▲ Russell Midcap Growth Index



■ BlackRock Mid-Cap Growth Equity K  
■ Mid-Cap Growth Median

INVESTMENT PROFILE

Ticker	BMGX
Portfolio Manager	Broadbent,W/Kemp L/Ruvinsky,P
Portfolio Assets	\$4,238 Million
PM Tenure	
Net Expense(%)	0.70 %
Fund Inception	2016
Category Expense Median	1.03
Subadvisor	-

HOLDINGS OVERVIEW

% Assets in Top 10 Holdings	29.06 %
Number of Holdings	72
Turnover	28.00 %
Avg. Market Cap	\$22,488 Million
Dividend Yield	0.58 %

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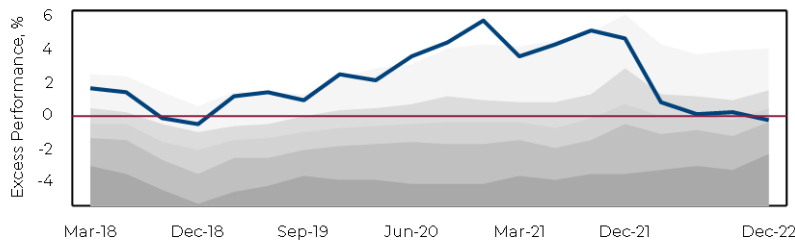
TRAILING AND CALENDAR RETURNS

	Last Quarter	1 Year	3 Years	5 Years	10 Years	2021	2020	2019	2018	2017
American Funds Europacific Growth R6	13.78	-22.72	-0.15	1.54	5.30	2.84	25.27	27.40	-14.91	31.17
MSCI AC World ex USA (Net)	14.28	-16.00	0.07	0.88	3.80	7.82	10.65	21.51	-14.20	27.19
Foreign Large Blend Median	16.86	-15.92	0.60	1.18	4.23	10.07	9.73	22.04	-15.23	25.51
Rank (%)	90	96	72	39	13	95	3	10	46	6
Population	694	678	661	620	526	711	747	755	751	796

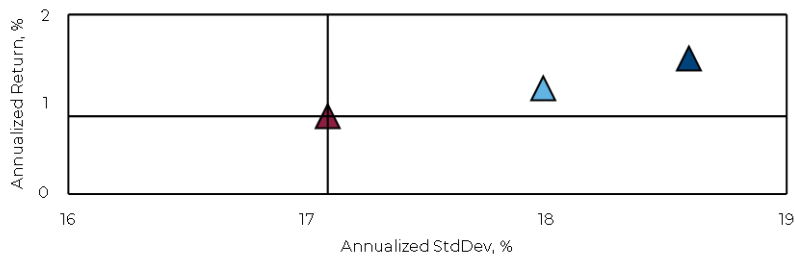
KEY MEASURES/5 YEAR

	Sharpe Ratio	Alpha	Beta	R-Squared	Up Capture	Down Capture	Information Ratio
American Funds Europacific Growth R6	0.11	0.77	1.06	0.95	109.33	106.15	0.21
MSCI AC World ex USA (Net)	0.06	0.00	1.00	1.00	100.00	100.00	-
Foreign Large Blend Median	0.09	0.40	1.03	0.95	104.17	102.94	0.10

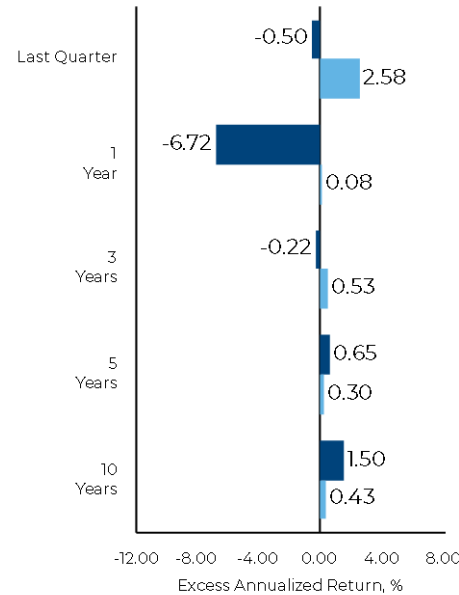
Rolling 3 Year Annualized Excess Return



Performance vs Risk 5 Year



▲ American Funds Europacific Growth R6 ▲ Foreign Large Blend Median  
▲ MSCI AC World ex USA (Net)



■ American Funds Europacific Growth R6 ■ Foreign Large Blend Median

INVESTMENT PROFILE

Ticker	REGRX
Portfolio Manager	Team Managed
Portfolio Assets	\$61,562 Million
PM Tenure	21 Years 6 Months
Net Expense(%)	0.46 %
Fund Inception	2009
Category Expense Median	0.99
Subadvisor	-

HOLDINGS OVERVIEW

% Assets in Top 10 Holdings	21.79 %
Number of Holdings	375
Turnover	29.00 %
Avg. Market Cap	\$46,728 Million
Dividend Yield	3.21 %

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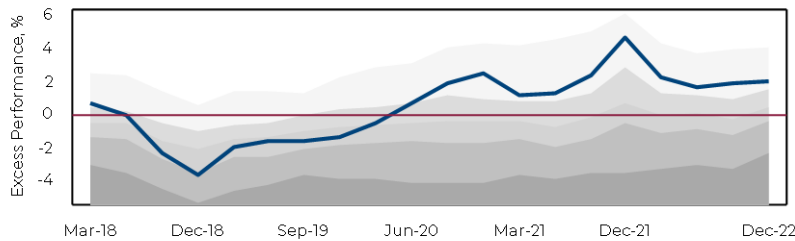
TRAILING AND CALENDAR RETURNS

	Last Quarter	1 Year	3 Years	5 Years	10 Years	2021	2020	2019	2018	2017
Hartford International Opportunities R6	14.95	-17.91	2.21	1.85	5.00	7.71	20.75	26.15	-18.61	24.77
MSCI AC World ex USA (Net)	14.28	-16.00	0.07	0.88	3.80	7.82	10.65	21.51	-14.20	27.19
Foreign Large Blend Median	16.86	-15.92	0.60	1.18	4.23	10.07	9.73	22.04	-15.23	25.51
Rank (%)	76	72	17	27	18	72	9	20	85	65
Population	694	678	661	620	526	711	747	755	751	796

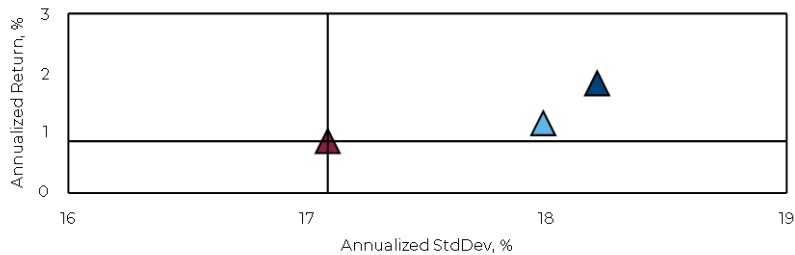
KEY MEASURES/5 YEAR

	Sharpe Ratio	Alpha	Beta	R-Squared	Up Capture	Down Capture	Information Ratio
Hartford International Opportunities R6	0.12	1.07	1.04	0.95	106.17	101.51	0.29
MSCI AC World ex USA (Net)	0.06	0.00	1.00	1.00	100.00	100.00	-
Foreign Large Blend Median	0.09	0.40	1.03	0.95	104.17	102.94	0.10

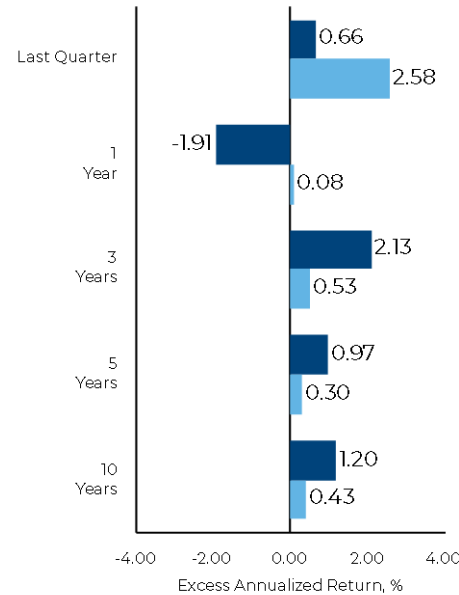
Rolling 3 Year Annualized Excess Return



Performance vs Risk 5 Year



▲ Hartford International Opportunities R6 ▲ Foreign Large Blend Median  
 ▲ MSCI AC World ex USA (Net)



■ Hartford International Opportunities R6  
 ■ Foreign Large Blend Median

INVESTMENT PROFILE

Ticker	IHOVX
Portfolio Manager	Choumenkovitch, N/Stilwell,T
Portfolio Assets	\$849 Million
PM Tenure	
Net Expense(%)	0.69 %
Fund Inception	2014
Category Expense Median	0.91
Subadvisor	-

HOLDINGS OVERVIEW

% Assets in Top 10 Holdings	23.49 %
Number of Holdings	107
Turnover	99.00 %
Avg. Market Cap	\$55,224 Million
Dividend Yield	2.86 %

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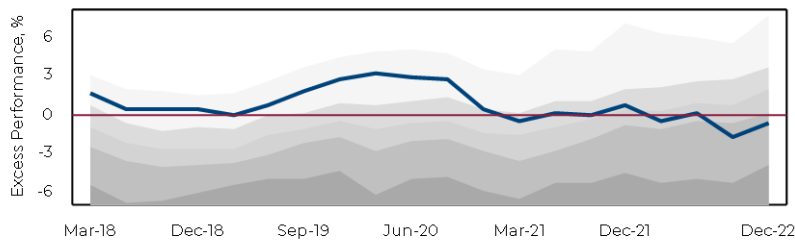
TRAILING AND CALENDAR RETURNS

	Last Quarter	1 Year	3 Years	5 Years	10 Years	2021	2020	2019	2018	2017
Allspring Special Small Cap Value R6	11.82	-13.52	4.06	4.66	9.93	28.27	1.57	28.61	-13.35	11.52
Russell 2000 Value Index	8.42	-14.48	4.70	4.13	8.48	28.27	4.63	22.39	-12.86	7.84
Small Value Median	11.31	-11.46	6.62	4.71	8.74	31.17	3.39	21.79	-15.42	9.34
Rank (%)	40	71	82	52	20	64	64	10	29	31
Population	462	449	440	428	392	451	458	489	506	507

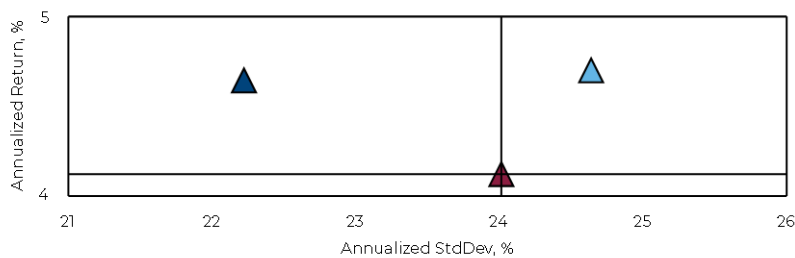
KEY MEASURES/5 YEAR

	Sharpe Ratio	Alpha	Beta	R-Squared	Up Capture	Down Capture	Information Ratio
Allspring Special Small Cap Value R6	0.26	0.71	0.91	0.97	94.28	92.58	0.02
Russell 2000 Value Index	0.24	0.00	1.00	1.00	100.00	100.00	-
Small Value Median	0.26	0.71	1.00	0.96	100.03	98.38	0.13

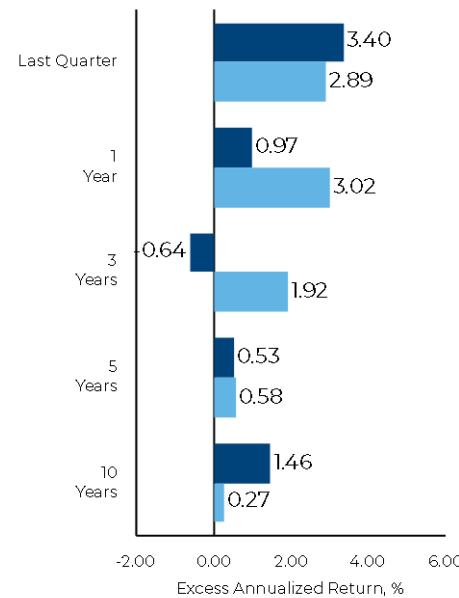
Rolling 3 Year Annualized Excess Return



Performance vs Risk 5 Year



▲ Allspring Special Small Cap Value R6 ▲ Small Value Median  
▲ Russell 2000 Value Index



■ Allspring Special Small Cap Value R6  
■ Small Value Median

INVESTMENT PROFILE

Ticker	ESPRX
Portfolio Manager	Martin,B/Tringas, J/VanCronkhite,B
Portfolio Assets	\$1,601 Million
PM Tenure	
Net Expense(%)	0.81 %
Fund Inception	2014
Category Expense Median	1.11
Subadvisor	-

HOLDINGS OVERVIEW

% Assets in Top 10 Holdings	28.59 %
Number of Holdings	154
Turnover	28.00 %
Avg. Market Cap	\$2,515 Million
Dividend Yield	2.17 %

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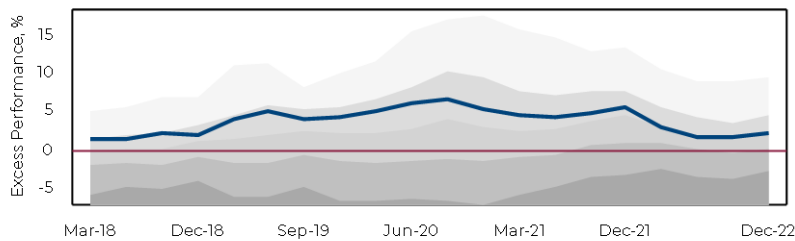
TRAILING AND CALENDAR RETURNS

	Last Quarter	1 Year	3 Years	5 Years	10 Years	2021	2020	2019	2018	2017
Principal SmallCap Growth I R6	4.89	-28.48	2.97	6.65	10.83	7.28	42.27	33.53	-5.34	26.36
Russell 2000 Growth Index	4.13	-26.36	0.65	3.51	9.20	2.83	34.63	28.48	-9.31	22.17
Small Growth Median	4.40	-28.23	3.06	6.38	10.11	9.55	37.84	28.42	-5.12	22.06
Rank (%)	42	53	51	47	34	61	40	30	53	27
Population	601	597	587	568	526	610	624	641	670	706

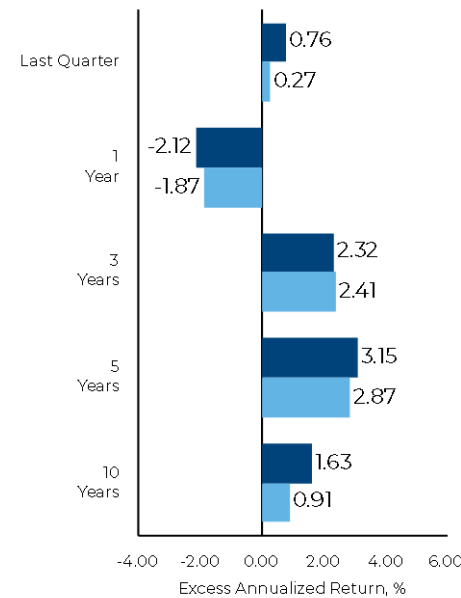
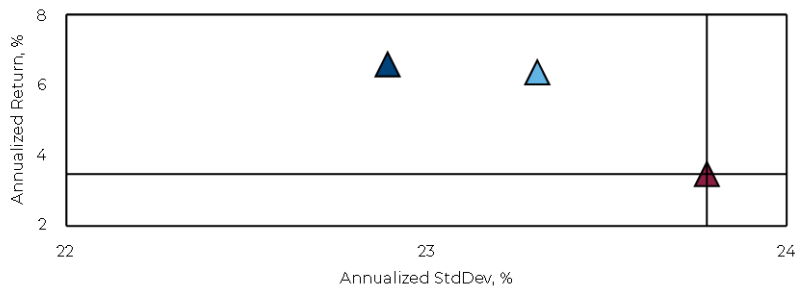
KEY MEASURES/5 YEAR

	Sharpe Ratio	Alpha	Beta	R-Squared	Up Capture	Down Capture	Information Ratio
Principal SmallCap Growth I R6	0.34	3.18	0.94	0.96	101.05	91.43	0.60
Russell 2000 Growth Index	0.21	0.00	1.00	1.00	100.00	100.00	-
Small Growth Median	0.33	3.18	0.95	0.93	101.03	93.28	0.40

Rolling 3 Year Annualized Excess Return



Performance vs Risk 5 Year



INVESTMENT PROFILE

Ticker	PCSMX
Portfolio Manager	Fennessey,J/Welch,R
Portfolio Assets	\$1,936 Million
PM Tenure	
Net Expense(%)	0.84 %
Fund Inception	2014
Category Expense Median	1.15
Subadvisor	-

HOLDINGS OVERVIEW

% Assets in Top 10 Holdings	13.32 %
Number of Holdings	1231
Turnover	62.10 %
Avg. Market Cap	\$3,746 Million
Dividend Yield	0.63 %

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**ALPHA**

Alpha measures a manager's rate of return in excess of that which can be explained by its systematic risk, or Beta. It is a result of regressing a manager's returns against those of a benchmark index. A positive alpha implies that a manager has added value relative to its benchmark on a risk-adjusted basis.

**BATTING AVERAGE**

Batting Average, an indicator of consistency, measures the percentage of time an active manager outperformed the benchmark.

**BETA**

Beta measures a manager's sensitivity to systematic, or market risk. Beta is a result of the analysis regressing a manager's returns against those of a benchmark Index. A manager with a Beta of 1 should move perfectly with a benchmark. A Beta of less than 1 implies that a manager's returns are less volatile than the market's (i.e., selected benchmarks). A Beta of greater than 1 implies that a manager exhibits greater volatility than the market (i.e., selected benchmark).

**CAPTURE RATIO**

Up Market Capture is the average return of a manager relative to a benchmark index using only periods where the benchmark return was positive. Down Market Capture is the average return of a manager relative to a benchmark index using only periods where the benchmark return was negative. An Up Market Capture of greater than 100% and a Down Market Capture of less than 100% is considered desirable.

**INFORMATION RATIO**

The Information Ratio measures a manager's excess return over the passive index divided by the volatility of that excess return, or Tracking Error. To obtain a higher Information Ratio, which is preferable, a manager must demonstrate the ability to generate returns above its benchmark while avoiding large performance swings relative to that same benchmark.

**PERCENTILE RANK**

Percentile Rankings are based on a manager's performance relative to all other available funds in its universe. Percentiles range from 1, being the best, to 100 being the worst. A ranking in the 50th percentile or above demonstrates that the manager has performed better on a relative basis than at least 50% of its peers.

**RISK-ADJUSTED PERFORMANCE**

Risk-adjusted Performance, or RAP, measures the level of return that an investment option would generate given a level of risk equivalent to the benchmark index.

**R-SQUARED**

R-squared measures the portion of a manager's movements that are explained by movements in a benchmark index. R-squared values range from 0 to 100. An R-squared of 100 means that all movements of a manager are completely explained by movements in the index. This measurement is identified as the coefficient of determination from a regression equation. A high R-squared value supports the validity of the Alpha and Beta measures, and it can be used as a measure of style consistency.

**SHARPE RATIO**

Sharpe ratio measures a manager's return per unit of risk, or standard deviation. It is the ratio of a manager's excess return above the risk-free rate divided by a manager's standard deviation. A higher Sharpe ratio implies greater manager efficiency.

**STANDARD DEVIATION**

Standard Deviation is a measure of the extent to which observations in a series vary from the arithmetic mean of the series. This measure of volatility or risk allows the estimation of a range of values for a manager's returns. The wider the range, the more uncertainty, and, therefore, the riskier a manager is assumed to be.

**TRACKING ERROR**

Tracking Error is the standard deviation of the portfolio's residual (i.e. excess) returns. The lower the tracking error, the closer the portfolio returns have been to its risk index. Aggressively managed portfolios would be expected to have higher tracking errors than portfolios with a more conservative investment style.

**TREYNOR RATIO**

The Treynor Ratio is a measure of reward per unit of risk. With Treynor, the numerator (i.e. reward) is defined as the annualized excess return of the portfolio versus the risk-free rate. The denominator (i.e. risk) is defined as the portfolio beta. The result is a measure of excess return per unit of portfolio systematic risk. As with Sharpe and Sortino, the Treynor Ratio only has value when it is used as the basis of comparison between portfolios. The higher the Treynor Ratio, the better.



QUANTITATIVE EVALUATION ITEMS      QUALITATIVE EVALUATION ITEMS



**MARKED FOR REVIEW**

The following categories of the Investment Policy Monitor appear “Marked For Review” when:

**CAPTRUST’s Investment Policy Monitoring Methodology**

The Investment Policy Monitoring Methodology document describes the systems and procedures CAPTRUST uses to monitor and evaluate the investment vehicles in your plan/account on a quarterly basis.

Our current Investment Policy Monitoring Methodology document can be accessed through the following link:

[captrust.com/investmentmonitoring](https://captrust.com/investmentmonitoring)

**3/5 Year Risk- adjusted Performance**

The investment option’s 3 or 5 Year Annualized Risk Adjusted Performance falls below the 50th percentile of the peer group.

**3/5 Year Performance vs. Peers**

The investment option’s 3 or 5 Year Annualized Peer Relative Performance falls below the 50th percentile of the peer group.

**3/5 Year Style**

The investment option’s 3 or 5 Year R-Squared measure falls below the absolute threshold set per asset class.

**3/5 Year Confidence**

The investment option’s 3 or 5 Year Confidence Rating falls below the 50<sup>th</sup> percentile of the peer group.

**Fund Management**

A significant disruption to the investment option’s management team has been discovered.

**Fund Family**

A significant disruption to the investment option’s parent company has been discovered.

