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December 8<sup>th</sup>, 2020

## City of Southfield Retiree Healthcare Trust Executive Overview

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Institutional Consultant  
Executive Director  
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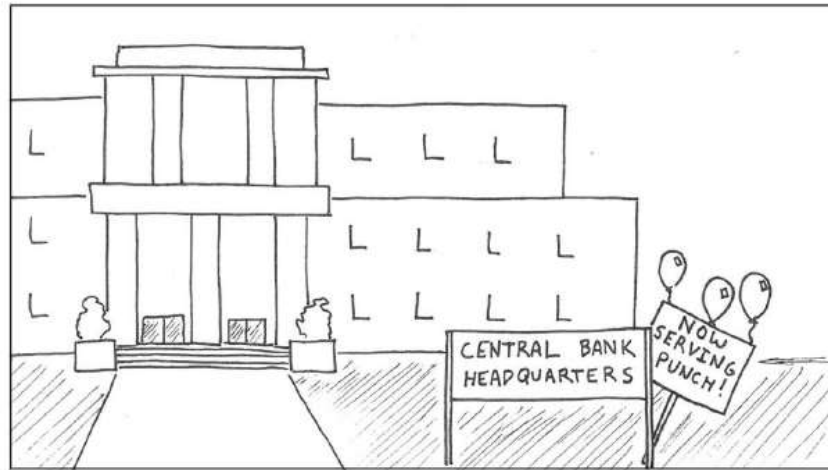
**Amy R. Cole, CIMA®**  
Institutional Consultant

**Erik Burger**  
Financial Advisor

## Today's Agenda

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- Market Overview
- Performance Update
- Summary & Next Steps



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## Section One

### City of Southfield Retiree Healthcare Trust

#### Market Overview

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## Quarter in Review—3Q 2020

### Introduction

Quarterly Update as of October 1, 2020 and Forecasts as of September 25, 2020

- The S&P 500 saw continued moderate gains in the third quarter following a sharp rally in the second quarter, despite volatility in September. Equities rallied 8.9% on the quarter, following a quarter in which they gained 20.5%. Equities continued to rally despite a selloff in September and investor uncertainty surrounding the passage of a second fiscal stimulus plan, Fed ambiguity on Quantitative Easing and average inflation targeting details, 2020 presidential election results, and COVID vaccine timing as well as expectations for rising cases as we head into the colder season. International developed equities have underperformed the US on the quarter, while emerging markets have very slightly outperformed US equities. Morgan Stanley & Co. U.S. Equity Strategy has a 3,350 price target on the S&P 500 for 2Q21E.
- After the S&P 500 sectors finished the second quarter posting strong returns, the sectors finished the third quarter with a more moderate performance. While Tech, Energy, and Consumer Discretionary were the top-performing sectors in 2Q20, returning 30.5%, 30.5%, and 32.9%, respectively, Consumer Discretionary, Materials, and Industrials were the top-performing sectors in 3Q20, returning 14.9%, 12.7%, and 12.0%, respectively. Laggards this quarter included Financials, Real Estate, and Energy, which returned 3.8%, 2.6%, and -20.9%, respectively. Other major US indices were also up for the quarter: The Dow Jones Industrial Average rose 8.2% and the NASDAQ Composite rose 11.2%.
- The MSCI EAFE Index (a benchmark for international developed markets) rose 4.9% while the MSCI Emerging Markets Index rose 9.7% for the quarter. Although underperforming US equities for the quarter, international developed markets outperformed the month of September by 109 basis points. Emerging markets outperformed US equities for the quarter by 120 basis points.
- The US aggregate bond market was positive for a consecutive quarter and outperformed on an absolute but not on a relative basis as investors took on more risk within pro-recovery trades. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, rose 0.62%.
- Morgan Stanley & Co. economists expect US real GDP will be -1.5% in Q4 2020, but forecast positive GDP growth for 2021 as economic recovery continues.
- Commodities were up in the second quarter; the Bloomberg Commodity Index rose by 9.0% and Gold rose by 5.9%.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

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## Quarter in Review—3Q 2020

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### The US Economy

Quarterly Update as of October 1, 2020 and Forecasts as of September 25, 2020

The Bureau of Economic Analysis estimated that real Gross Domestic Product decreased at an annualized rate of -31.4% in 2Q20, in comparison to a 1.5% increase a year ago in 2Q19. Morgan Stanley & Co. economists forecast US Real GDP growth will be -3% in Q3 2020 and -1.5% in Q4 2020.

The seasonally adjusted unemployment rate for August 2020 was 8.4%, slowly decreasing each month after peaking in April at 14.7%. Even in August, total nonfarm payrolls remain down by more than 11.5 million since the February 2020 peak in the labor market, equivalent to nearly half a decade worth of job gains lost. The number of long-term unemployed (those jobless for 27 weeks or more) was 1.6 million, an increase of 123,000 over the month.

According to the most recent data from the Federal Reserve Bank of St. Louis, corporate profits dropped 10.7% quarter over quarter and declined 18.8% year over year as of Q2 2020.

Inflation in the US increased since the previous quarter, according to the Bureau of Labor Statistics. The year-over-year Consumer Price Index was 1.4% in August, up from the 0.3% low in April. Morgan Stanley & Co. economists forecast a 1.1% inflation rate for Q3 2020 and 1.1% annual rate for 2020.

The Census Bureau reported that the number of new private-sector housing starts in August was at a seasonally adjusted annual rate of 1,416,000—up 2.8% from August of last year.

The Census Bureau also reported that seasonally adjusted retail and food services sales rose 0.6% from the previous month and 2.6% above August 2019. Consumer confidence increased in 3Q2020, with Conference Board Consumer Confidence reading 101.8 in September, compared to 86.3 in August, which is still below July 2019's peak of 135.8.

In September, the Institute for Supply Management's (ISM) Purchasing Managers Index (PMI), a manufacturing sector index, registered 55.4, down 0.6 from August's 56 reading. Overall, this figure indicates expansion in the overall economy for the fifth month in a row after a contraction in April, which had been the lowest since 2008. Generally speaking, a PMI or NMI (ISM Non-Manufacturing Index) over 50 indicates that the sector is expanding, and a PMI below 50 indicates that the sector is shrinking.

The ISM's Non-Manufacturing Index (NMI) for August was 56.9—this represents the third straight month of growth in the services sector after the April and May contraction.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Federal Reserve Bank of St. Louis, Morgan Stanley Wealth Management GIC

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## Capital Markets Performance

### Capital Market Returns

As of October 1, 2020; Private Real Estate as of June 30, 2020

ASSET CLASS	INDEX IN USD	1-MONTH	YTD	1-YR	3-YR ANN	5-YR ANN
<b>Global Equity</b>						
Global Equity	MSCI All Country World	-3.2%	1.8%	11.0%	7.7%	10.8%
US Equity	S&P 500	-3.8%	5.6%	15.1%	12.2%	14.1%
International Equity	MSCI All Country World ex US	-2.4%	-5.1%	3.4%	1.6%	6.6%
Emerging Markets Equity	MSCI Emerging Markets	-1.6%	-0.9%	10.9%	2.8%	9.2%
<b>Global Fixed Income</b>						
Investment Grade Fixed Income	Barclays US Aggregate	-0.1%	6.8%	7.0%	5.2%	4.2%
Inflation-Linked Securities	Barclays Universal Govt Inflation-Linked	0.4%	7.5%	4.6%	6.1%	5.5%
High Yield	Barclays Global High Yield (H)	-1.5%	-1.0%	2.0%	3.2%	6.4%
Emerging Markets Fixed Income	JP Morgan EM Bonds (UH in USD)	-2.0%	-6.3%	-1.4%	0.8%	1.9%
<b>Alternative Investments</b>						
Global REITs	FTSE EPRA/NAREIT Global REITs	-3.0%	-19.5%	-16.6%	-0.8%	3.3%
Commodities	Bloomberg Commodities	-3.4%	-12.1%	-8.2%	-4.4%	-3.1%
MLPs	Alerian MLP	-13.6%	-46.2%	-48.4%	-20.7%	-12.3%
Hedged Strategies	HFRX Global Hedge Fund Index	-0.2%	1.6%	4.2%	1.5%	2.1%
Managed Futures	HFRX Macro/CTA Index	-1.3%	0.0%	-0.2%	1.4%	0.1%
Private Real Estate	NCREIF Private Real Estate	-	-0.3%	2.7%	5.4%	6.8%
<b>Global Cash</b>						
Cash	Citigroup 3-month Treasury Bill	0.0%	0.6%	1.0%	1.6%	1.2%
<b>Other Fixed Income</b>						
Municipal Fixed Income	Barclays Municipal Bond	0.0%	3.3%	4.1%	4.3%	3.8%

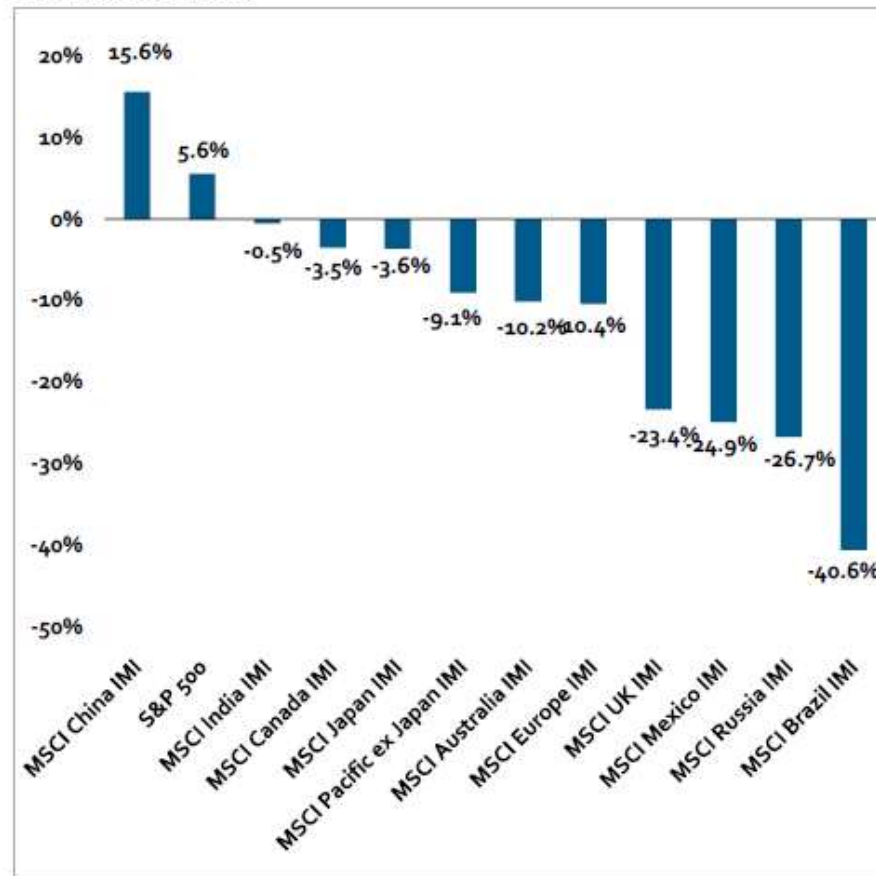
Source: FactSet, Morgan Stanley Wealth Management GIC. For more information about the risks to Master Limited Partnerships (MLPs), please refer to the Risk Considerations section at the end of this material.

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## Region and US Sector Year-to-Date Equity Performance

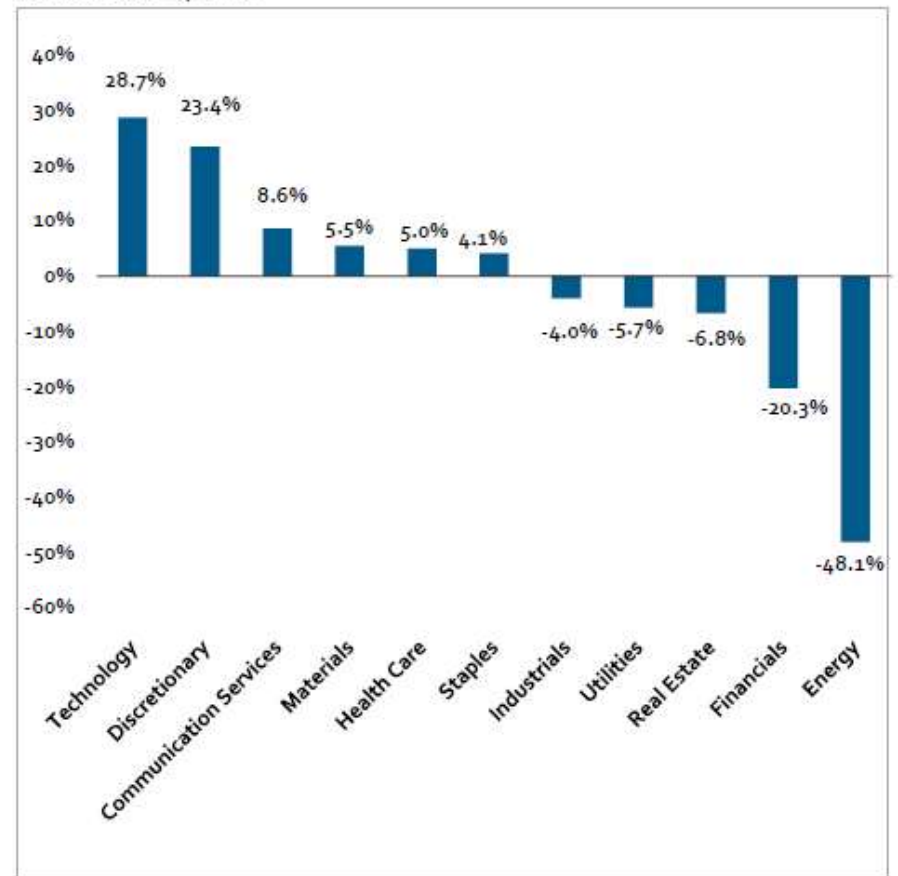
### YTD Total Return

As of October 1, 2020



### S&P 500 Sectors – YTD Total Returns

As of October 1, 2020



Source: Bloomberg, Morgan Stanley Wealth Management GIC

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## S&P 500 Sector Performance and Valuation

As of October 1, 2020

	S&P 500 Index	Financials	Tech.	Healthcare	Industrials	Energy	Consumer Disc.	Consumer Staples	Comms	Utilities	Materials	Real Estate
<b>S&amp;P Weight</b>	100.0%	9.7%	28.2%	14.2%	8.3%	2.1%	11.6%	7.0%	10.8%	3.0%	2.6%	2.6%
<b>YTD Return</b>	5.6%	-20.2%	28.7%	5.0%	-4.0%	-48.1%	23.4%	4.1%	8.6%	-5.7%	5.5%	-6.8%
<b>3Q 2020 Return</b>	8.9%	4.4%	12.0%	5.9%	12.5%	-19.7%	15.1%	10.4%	8.9%	6.1%	13.3%	1.9%
<b>Ret. since Top (October 2007)</b>	182.7	8.9	476.7	275.1	130.2	-44.7	393.1	229.5	94.6	136.8	98.0	96.9
<b>Ret. since Low (March 2009)</b>	531.8	494.2	1108.3	504.8	532.7	1.2	1041.3	362.0	271.8	314.5	371.7	629.9
<b>Beta to S&amp;P 500</b>	1.00	1.36	1.09	0.74	1.19	1.21	1.14	0.58	0.68	0.45	1.23	1.16
<b>Fwd. P/E Ratio</b>	21.3x	13.4x	26.0x	16.2x	22.8x	35.0x	35.0x	20.6x	21.9x	18.1x	21.0x	19.9x
<b>10-Yr Average</b>	15.4x	12.2x	15.9x	14.7x	15.6x	26.0x	18.6x	17.7x	15.2x	16.1x	15.0x	18.0x
<b>PB Ratio</b>	3.7	1.1	9.5	4.5	4.6	1.0	11.1	6.5	3.6	2.0	2.8	3.3
<b>10-Yr Average</b>	2.7	1.3	4.0	3.7	3.2	1.9	3.7	4.3	2.3	1.8	2.7	3.0
<b>Dividend Yield</b>	1.7%	2.6%	1.0%	1.7%	1.9%	7.7%	0.9%	2.7%	1.2%	3.3%	2.0%	3.0%
<b>10-Yr Average</b>	1.9%	1.7%	1.3%	1.7%	2.0%	2.9%	1.3%	2.8%	4.2%	3.6%	2.1%	2.7%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management Investment Resources

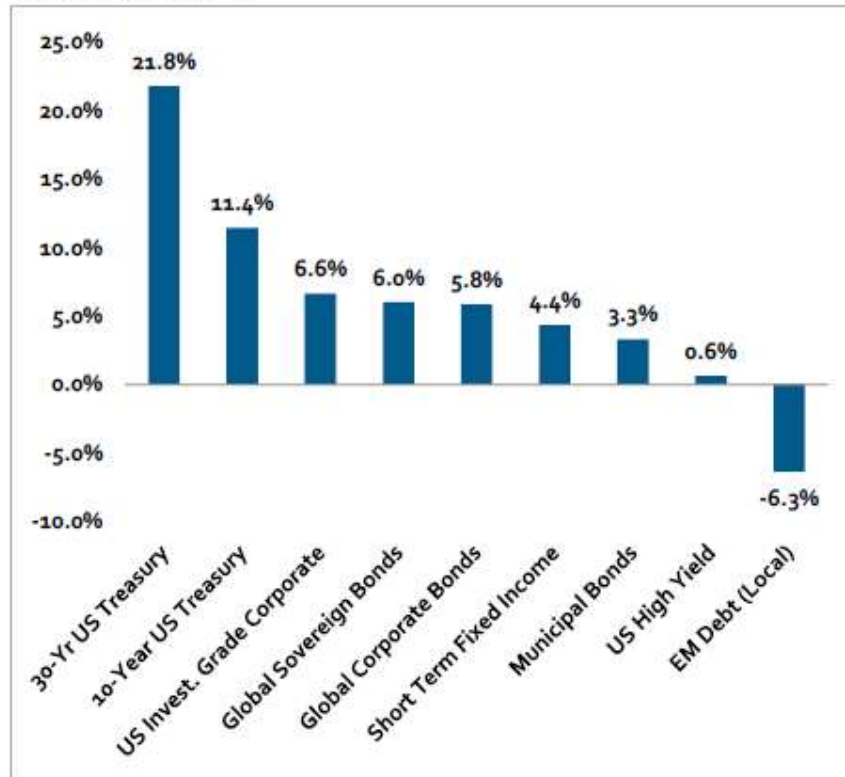
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## Fixed Income Performance and Spreads

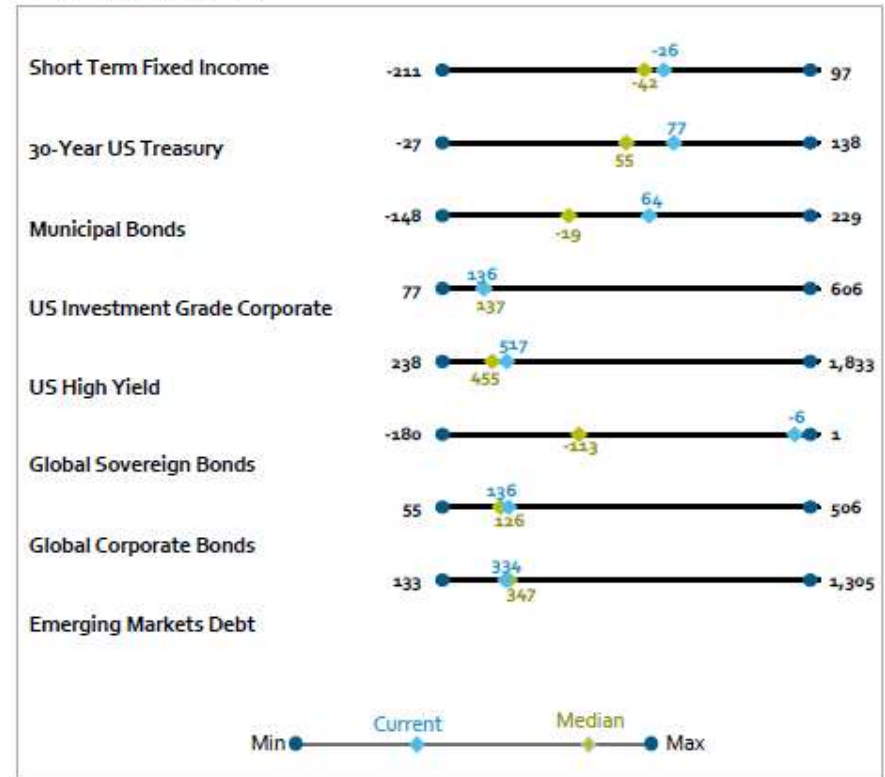
### YTD Total Return <sup>1</sup>

As of October 1, 2020



### Yield Spreads Vs. Past 20 Years <sup>2</sup>

As of October 1, 2020



Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC. (1) Indices used for this analysis include: Bloomberg Barclays US High Yield, Bloomberg Barclays US Gov/Credit Float Adjusted 1-5Y Bond (short duration), Bloomberg Barclays Global Aggregate Credit-Corporate, JP Morgan GBI-EM Global Diversified (EM debt), Bloomberg Barclays US Investment Grade Corporate, Bloomberg Barclays Muni Bond, and Bloomberg Barclays Global Aggregate Government (global sovereign). (2) Yield spread ranges are based on 20 years of data.

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## Index Returns (As of 9/30/2020)

Index	Annualized Returns Through September 30th, 2020							
	1 Quarter	YTD	1 year	3 years	5 years	8 years	10 years	Since 12/31/1999
S&P 500	8.93%	5.57%	15.15%	12.28%	14.15%	13.49%	13.74%	6.11%
Russell 1000 Growth	13.22%	24.33%	37.53%	21.67%	20.10%	17.62%	17.25%	6.10%
Russell 1000 Value	5.59%	-11.58%	-5.03%	2.63%	7.66%	9.12%	9.95%	6.14%
Russell Midcap Growth	9.37%	13.92%	23.23%	16.23%	15.53%	14.94%	14.55%	7.03%
Russell Midcap Value	6.40%	-12.84%	-7.30%	0.82%	6.38%	9.07%	9.71%	8.87%
Russell 2000 Growth	7.16%	3.88%	15.71%	8.18%	11.42%	11.95%	12.34%	5.56%
Russell 2000 Value	2.56%	-21.54%	-14.88%	-5.13%	4.11%	5.98%	7.09%	7.79%
MSCI ACWI ex USA	6.36%	-5.08%	3.45%	1.65%	6.74%	5.24%	4.48%	3.86%
MSCI EAFE Index	4.88%	-6.73%	0.93%	1.11%	5.77%	5.89%	5.11%	3.28%
MSCI EM (EMERGING MARKETS)	9.70%	-0.91%	10.91%	2.79%	9.37%	3.77%	2.87%	6.72%
Cambridge Private Equity Index*	10.34%	-2.77%	2.37%	10.35%	10.26%	12.40%	13.02%	10.87%
HFRI ED: Distressed/Restructuring Index	3.92%	0.99%	2.20%	1.86%	4.15%	4.31%	4.31%	7.00%
NCREIF Property (Real Estate)*	-0.99%	-0.29%	2.69%	5.44%	7.14%	9.34%	10.71%	7.88%
HFRX Equity Hedge Index	3.58%	-2.95%	-0.39%	-0.01%	1.56%	2.26%	0.68%	2.42%
HFRI Fund of Funds Composite Index	4.16%	2.47%	5.63%	2.85%	3.07%	3.47%	2.88%	3.40%
BarclayHedge BTOP 50 Index	-1.53%	-1.16%	6.75%	0.21%	-1.80%	0.46%	0.80%	3.44%
S&P GSCI Copper	11.11%	7.91%	16.45%	1.60%	5.43%	-2.29%	-1.61%	8.54%
S&P GSCI Crude Oil	0.33%	-66.49%	-61.96%	-25.45%	-21.18%	-22.43%	-18.41%	-6.09%
S&P GSCI Gold	3.63%	21.38%	25.43%	12.36%	9.97%	-0.03%	2.91%	8.71%
Barclays U.S. Aggregate	0.62%	6.79%	6.98%	5.24%	4.18%	3.24%	3.64%	5.18%
Barclays Global Aggregate	2.66%	5.72%	6.24%	4.10%	3.92%	1.82%	2.36%	4.58%
BofA Merrill Lynch US High Yield	4.71%	-0.30%	2.30%	3.83%	6.61%	5.42%	6.28%	6.73%
Morningstar Conservative Allocation	3.84%	0.70%	3.96%	3.91%	5.34%	4.38%	4.84%	4.11%
Morningstar Moderate Allocation	4.93%	1.16%	6.28%	5.39%	7.13%	6.68%	6.98%	4.57%
Morningstar Aggressive Allocation	5.68%	-1.51%	4.51%	4.57%	7.31%	7.16%	7.30%	4.44%

\* Through 6/30/20

Source: Style Advisor – Zephyr Associates, Inc.

## Section Two

### City of Southfield Retiree Healthcare Trust Portfolio Performance

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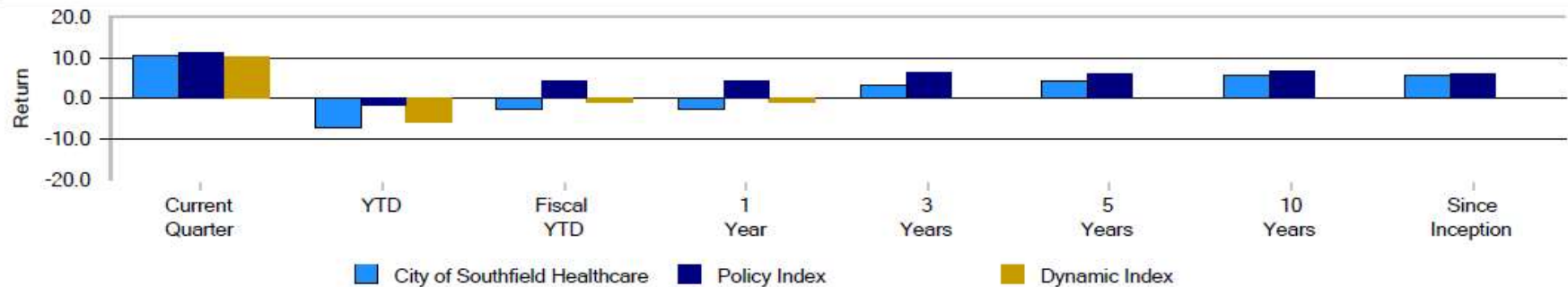
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## Total Fund Performance

City of Southfield Retiree Healthcare

As of June 30, 2020

### Comparative Performance



	Current Quarter	YTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
City of Southfield Healthcare	10.87	-7.02	-2.49	-2.49	3.14	4.47	5.67	5.78	Jan -05
Policy Index	11.32	-1.30	4.39	4.39	6.48	5.91	6.89	5.91	
Dynamic Index	10.46	-5.62	-0.81	-0.81	N/A	N/A	N/A	N/A	
	2019	2018	2017	2016	2015	2014	2013	2012	2011
City of Southfield Healthcare	16.28	-5.60	14.45	8.81	-1.35	5.41	12.40	7.37	-0.26
Policy Index	17.25	-2.39	14.45	5.95	-1.42	5.14	10.30	9.18	1.89
Dynamic Index	17.23	-5.30	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### Gain/Loss Summary

	Current Quarter	YTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
<b>Change In Value</b>									Jan -05
Beginning Market Value	\$67,969,108	\$76,294,641	\$72,871,161	\$72,871,161	\$67,360,151	\$57,777,635	\$33,302,352	\$5,330,281	
Net Contributions	\$3,143,892	\$7,386,859	\$7,273,747	\$7,273,747	\$4,420,294	\$5,982,754	\$14,561,042	\$38,278,515	
<u>Gain/Loss</u>	<u>\$7,502,138</u>	<u>(\$5,066,362)</u>	<u>(\$1,529,771)</u>	<u>(\$1,529,771)</u>	<u>\$6,834,692</u>	<u>\$14,854,748</u>	<u>\$30,751,743</u>	<u>\$35,006,341</u>	
Ending Market Value	\$78,615,137	\$78,615,137	\$78,615,137	\$78,615,137	\$78,615,137	\$78,615,137	\$78,615,137	\$78,615,137	

Policy Index Breakdown: 30% Russell 3000 Index, 15% MSCI ACWI ex US (Net), 23% BC Aggregate Bond Index, 10% HFRI FOF Composite Index, 8% NCREIF Index, 10% Cambridge RE Index, 2% Barclays CTA Index and 2% 90 Day T-Bills. Periods greater than one year are annualized. Fiscal YTD begins July 1.

Source: Investment Metrics / Paris

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## Total Fund Performance

City of Southfield Retiree Healthcare

As of September 30, 2020

### Comparative Performance



	Current Quarter	YTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
City of Southfield Healthcare	3.99	-3.30	3.99	1.40	3.27	6.41	5.40	5.95	Jan -05
Policy Index	4.36	3.00	4.36	8.04	6.84	7.95	6.56	6.10	
Dynamic Index	3.76	-2.08	3.76	2.72	N/A	N/A	N/A	N/A	
	2019	2018	2017	2016	2015	2014	2013	2012	2011
City of Southfield Healthcare	16.28	-5.60	14.45	8.81	-1.35	5.41	12.40	7.37	-0.26
Policy Index	17.25	-2.39	14.45	5.95	-1.42	5.14	10.30	9.18	1.89
Dynamic Index	17.23	-5.30	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### Gain/Loss Summary

	Current Quarter	YTD	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Change In Value									Jan -05
Beginning Market Value	\$78,615,137	\$76,294,641	\$78,615,137	\$72,242,789	\$69,365,629	\$55,481,057	\$36,432,864	\$5,330,281	
Net Contributions	\$2,382,690	\$9,769,548	\$2,382,690	\$10,288,461	\$7,251,426	\$7,633,357	\$16,091,062	\$40,661,205	
Gain/Loss	<u>\$3,157,784</u>	<u>(\$1,908,578)</u>	<u>\$3,157,784</u>	<u>\$1,624,361</u>	<u>\$7,538,556</u>	<u>\$21,041,197</u>	<u>\$31,631,685</u>	<u>\$38,164,125</u>	
Ending Market Value	\$84,155,611	\$84,155,611	\$84,155,611	\$84,155,611	\$84,155,611	\$84,155,611	\$84,155,611	\$84,155,611	

Policy Index Breakdown: 30% Russell 3000 Index, 15% MSCI ACWI ex US (Net), 23% BC Aggregate Bond Index, 10% HFRI FOF Composite Index, 8% NCREIF Index, 10% Cambridge RE Index, 2% Barclays CTA Index and 2% 90 Day T-Bills. Periods greater than one year are annualized. Fiscal YTD begins July 1.

Source: Investment Metrics / Paris

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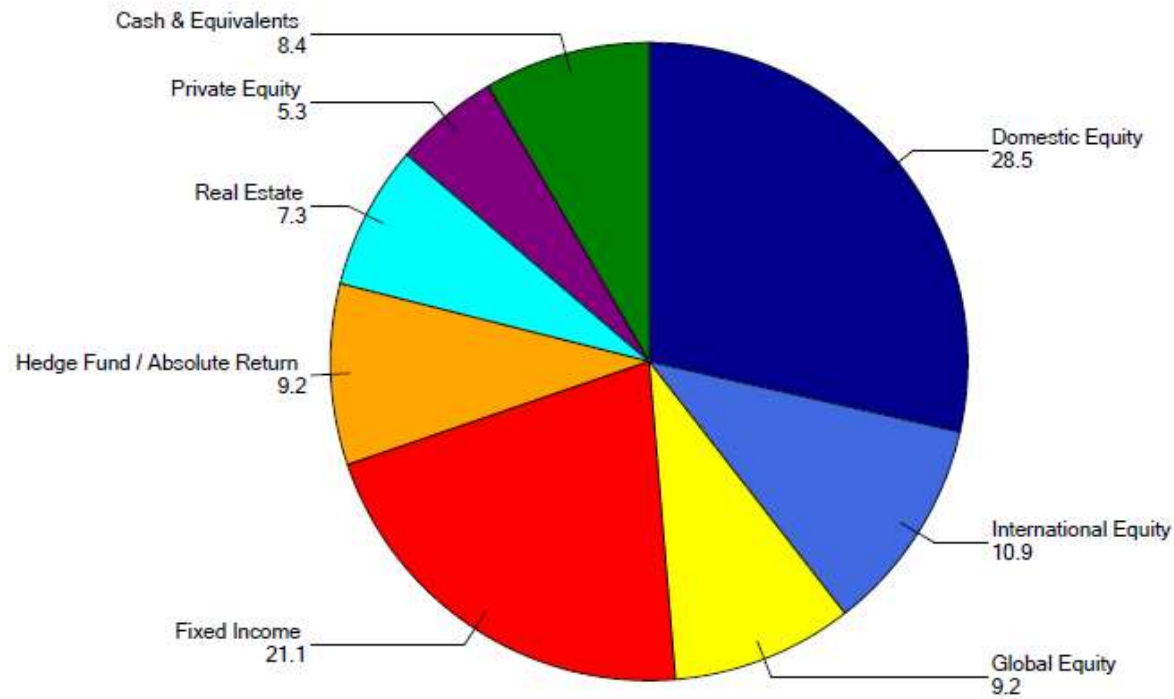
8.9% of assets not reported as of 9/30/20

## Asset Allocation - Broad Asset Class

City of Southfield Retiree Healthcare

As of September 30, 2020

Total Market Value: \$84,155,611



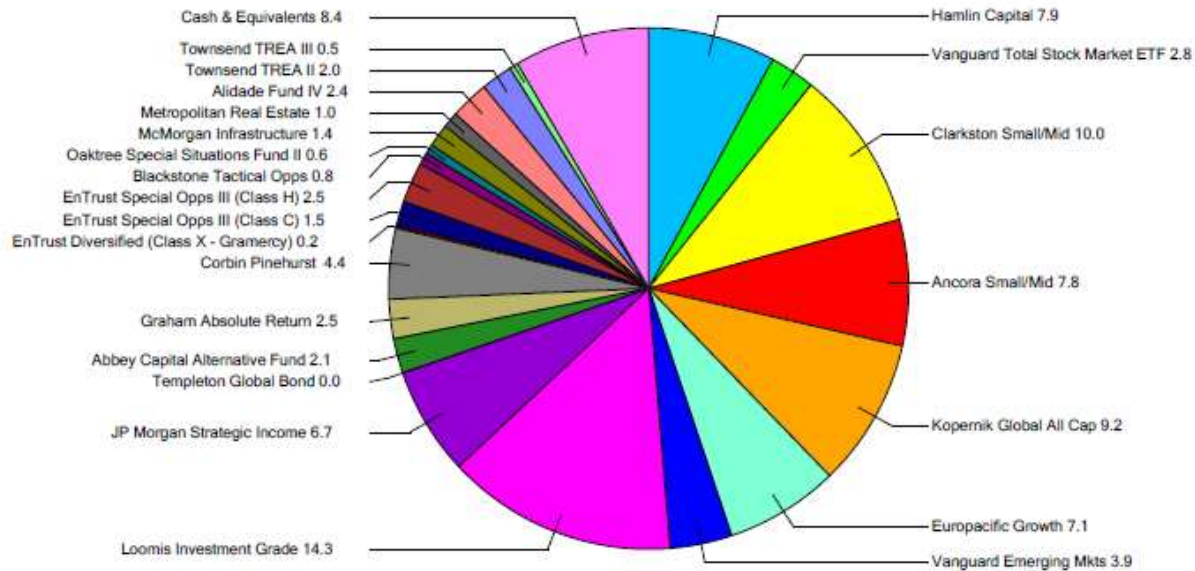
	Market Value (\$)	Allocation (%)
Domestic Equity	24,021,275	28.5
International Equity	9,202,074	10.9
Global Equity	7,749,532	9.2
Fixed Income	17,727,967	21.1
Hedge Fund / Absolute Return	7,721,445	9.2
Real Estate	6,147,112	7.3
Private Equity	4,493,764	5.3
Cash & Equivalents	7,092,443	8.4

## Asset Allocation - Manager

City of Southfield Retiree Healthcare

As of September 30, 2020

Total Market Value : \$84,155,611



	Market Value (\$)	Allocation (%)
Hamlin Capital	6,675,910	7.9
Vanguard Total Stock Market ETF	2,356,570	2.8
Clarkston Small/Mid	8,409,677	10.0
Ancora Small/Mid	6,579,117	7.8
Kopernik Global All Cap	7,749,532	9.2
Europacific Growth	5,960,588	7.1
Vanguard Emerging Mkts	3,241,487	3.9
Loomis Investment Grade	12,072,638	14.3
JP Morgan Strategic Income	5,643,571	6.7
Templeton Global Bond	11,757	0.0
Abbey Capital Alternative Fund	1,800,451	2.1
Graham Absolute Return	2,063,150	2.5
Corbin Pinehurst	3,680,137	4.4
EnTrust Diversified (Class X - Gramercy)	177,707	0.2
EnTrust Special Opps III (Class C)	1,251,825	1.5
EnTrust Special Opps III (Class H)	2,108,213	2.5
Blackstone Tactical Opps	650,809	0.8
Oaktree Special Situations Fund II	482,917	0.6
McMorgan Infrastructure	1,205,108	1.4
Metropolitan Real Estate	812,977	1.0
Alidade Fund IV	2,025,912	2.4
Townsend TREA II	1,644,693	2.0
Townsend TREA III	458,422	0.5
Cash & Equivalents	7,092,443	8.4



City of Southfield Retiree Healthcare									As of September 30, 2020	
	%	Current Quarter	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
<b>Total Fund Rankings</b>										
City of Southfield Healthcare	100.0	3.99	-3.30	1.40	3.27	6.41	5.36	5.40	5.95	Jan- 05
City of Southfield Healthcare Rank		62	98	96	92	67	67	78	39	
<b>Global Equities</b>										
<b>Hamlin Capital</b>	<b>7.9</b>	<b>4.99</b>	<b>-7.89</b>	<b>-3.27</b>	<b>3.91</b>	<b>8.26</b>	<b>7.49</b>	<b>N/A</b>	<b>10.02</b>	<b>Jan- 11</b>
<i>Hamlin Composite</i>		<i>5.09</i>	<i>-7.66</i>	<i>-2.98</i>	<i>4.17</i>	<i>8.41</i>	<i>7.62</i>	<i>15.61</i>	<i>15.14</i>	
<i>Russell 3000 VL</i>		<i>5.42</i>	<i>-12.23</i>	<i>-5.67</i>	<i>2.11</i>	<i>7.43</i>	<i>7.07</i>	<i>9.75</i>	<i>8.84</i>	
Hamlin Capital Rank		72	37	56	50	47	51	N/A	42	
<b>Vanguard Total Stock Market ETF</b>		<b>9.19</b>	<b>5.46</b>	<b>14.96</b>	<b>11.64</b>	<b>13.68</b>	<b>12.09</b>	<b>13.48</b>	<b>14.96</b>	<b>Oct- 19</b>
<i>MSCI US Broad Market</i>		<i>9.22</i>	<i>5.43</i>	<i>14.99</i>	<i>11.65</i>	<i>13.70</i>	<i>12.14</i>	<i>13.53</i>	<i>14.95</i>	
Vanguard Total Stock Market ETF Rank		30	26	23	18	12	10	10	23	
<b>Ancora Small/Mid</b>	<b>7.8</b>	<b>6.98</b>	<b>-11.74</b>	<b>-2.83</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-1.07</b>	<b>Apr- 18</b>
<i>Ancora/Thelen Small Mid Cap Composite</i>		<i>6.72</i>	<i>-11.44</i>	<i>-2.68</i>	<i>1.38</i>	<i>8.25</i>	<i>6.65</i>	<i>N/A</i>	<i>-0.86</i>	
<i>Russell 2500</i>		<i>5.88</i>	<i>-5.82</i>	<i>2.22</i>	<i>4.46</i>	<i>8.97</i>	<i>7.70</i>	<i>10.81</i>	<i>3.32</i>	
Ancora Small/Mid Rank		19	61	53	N/A	N/A	N/A	N/A	63	
<b>Clarkston Small/Mid</b>	<b>10.0</b>	<b>4.95</b>	<b>-3.00</b>	<b>4.02</b>	<b>6.17</b>	<b>10.12</b>	<b>N/A</b>	<b>N/A</b>	<b>8.60</b>	<b>Jul- 15</b>
<i>Clarkston Composite</i>		<i>4.90</i>	<i>-3.25</i>	<i>3.69</i>	<i>5.80</i>	<i>9.75</i>	<i>10.85</i>	<i>13.98</i>	<i>8.30</i>	
<i>Russell 2500</i>		<i>5.88</i>	<i>-5.82</i>	<i>2.22</i>	<i>4.46</i>	<i>8.97</i>	<i>7.70</i>	<i>10.81</i>	<i>6.29</i>	
Clarkston Small/Mid Rank		69	39	44	45	45	N/A	N/A	32	
<b>Kopernik Global All Cap</b>		<b>5.00</b>	<b>17.95</b>	<b>24.26</b>	<b>5.59</b>	<b>13.64</b>	<b>N/A</b>	<b>N/A</b>	<b>8.09</b>	<b>Jun- 20</b>
<i>MSCI World Net</i>		<i>7.93</i>	<i>1.70</i>	<i>10.41</i>	<i>7.74</i>	<i>10.47</i>	<i>8.34</i>	<i>9.37</i>	<i>10.78</i>	
Kopernik Global All Cap Rank		81	9	31	53	11	N/A	N/A	79	
<b>Europacific Growth</b>	<b>7.1</b>	<b>9.80</b>	<b>4.36</b>	<b>14.79</b>	<b>5.38</b>	<b>8.75</b>	<b>6.32</b>	<b>6.55</b>	<b>4.92</b>	<b>Jul- 08</b>
<i>MSCI EAFE Net</i>		<i>4.80</i>	<i>-7.09</i>	<i>0.49</i>	<i>0.62</i>	<i>5.26</i>	<i>3.01</i>	<i>4.62</i>	<i>2.35</i>	
Europacific Growth Rank		7	8	9	8	1	1	1	1	
<b>Vanguard Emerging Mkts</b>	<b>3.9</b>	<b>10.23</b>	<b>-1.22</b>	<b>10.53</b>	<b>2.60</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>6.20</b>	<b>Mar- 17</b>
<i>MSCI EM Net</i>		<i>9.56</i>	<i>-1.16</i>	<i>10.54</i>	<i>2.42</i>	<i>8.97</i>	<i>3.74</i>	<i>2.51</i>	<i>6.72</i>	
Vanguard Emerging Mkts Rank		39	52	47	42	N/A	N/A	N/A	51	



City of Southfield Retiree Healthcare										As of September 30, 2020
	%	Current Quarter	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
<b>Fixed Income</b>										
<b>Loomis Investment Grade</b>	<b>14.3</b>	<b>1.92</b>	<b>7.75</b>	<b>8.25</b>	<b>5.42</b>	<b>5.78</b>	<b>4.25</b>	<b>N/A</b>	<b>4.83</b>	<b>Dec- 10</b>
<i>Barclays Aggregate</i>		<i>0.62</i>	<i>6.79</i>	<i>6.99</i>	<i>5.24</i>	<i>4.18</i>	<i>3.97</i>	<i>3.64</i>	<i>3.72</i>	
Loomis Investment Grade Rank		10	1	1	1	1	1	N/A	1	
<b>JP Morgan Strategic Income</b>	<b>6.7</b>	<b>1.10</b>	<b>0.85</b>	<b>1.42</b>	<b>1.84</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.16</b>	<b>Jan- 17</b>
<i>BC Universal</i>		<i>0.99</i>	<i>6.20</i>	<i>6.68</i>	<i>5.15</i>	<i>4.49</i>	<i>4.16</i>	<i>3.92</i>	<i>5.10</i>	
JP Morgan Strategic Income Rank		31	86	85	84	N/A	N/A	N/A	63	
<b>Templeton Global Bond</b>	<b>0.0</b>	<b>0.13</b>	<b>-4.14</b>	<b>-2.61</b>	<b>-1.13</b>	<b>2.01</b>	<b>N/A</b>	<b>N/A</b>	<b>1.72</b>	<b>Sep- 15</b>
<i>Citi WGBI Unhedged</i>		<i>2.94</i>	<i>7.14</i>	<i>6.77</i>	<i>4.37</i>	<i>3.95</i>	<i>2.22</i>	<i>1.86</i>	<i>4.03</i>	
Templeton Global Bond Rank		100	100	100	100	97	N/A	N/A	98	
<b>Hedge Funds</b>										
<b>Corbin Pinehurst</b>	<b>4.4</b>	<b>5.41</b>	<b>4.63</b>	<b>8.15</b>	<b>4.91</b>	<b>5.18</b>	<b>4.97</b>	<b>N/A</b>	<b>5.18</b>	<b>Feb- 13</b>
<i>HFRI Fund of Funds Comp</i>		<i>4.13</i>	<i>2.44</i>	<i>5.59</i>	<i>2.84</i>	<i>3.06</i>	<i>3.05</i>	<i>2.87</i>	<i>3.16</i>	
<b>Graham Absolute Return</b>	<b>2.5</b>	<b>6.72</b>	<b>-3.25</b>	<b>-0.87</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-0.35</b>	<b>May- 19</b>
<i>HFRI Fund of Funds Comp</i>		<i>4.13</i>	<i>2.44</i>	<i>5.59</i>	<i>2.84</i>	<i>3.06</i>	<i>3.05</i>	<i>2.87</i>	<i>3.64</i>	
<b>Abbey Capital Alternative Fund</b>	<b>2.1</b>	<b>3.51</b>	<b>0.99</b>	<b>-3.85</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.06</b>	<b>May- 19</b>
<i>Barclay CTA Index</i>		<i>1.04</i>	<i>3.54</i>	<i>3.61</i>	<i>2.64</i>	<i>0.83</i>	<i>1.81</i>	<i>0.86</i>	<i>4.70</i>	
<b>EnTrust Diversified (Class X - Gramercy)</b>	<b>0.2</b>	<b>-0.56</b>	<b>-2.42</b>	<b>-5.55</b>	<b>-4.55</b>	<b>-2.96</b>	<b>-1.82</b>	<b>N/A</b>	<b>-1.39</b>	<b>Feb- 13</b>
<i>HFRI Fund of Funds Comp</i>		<i>4.13</i>	<i>2.44</i>	<i>5.59</i>	<i>2.84</i>	<i>3.06</i>	<i>3.05</i>	<i>2.87</i>	<i>3.16</i>	
<b>Private Equity</b>										
<b>Blackstone Tactical Opps</b>	<b>0.8</b>	<b>15.90</b>	<b>-2.97</b>	<b>2.59</b>	<b>4.78</b>	<b>6.76</b>	<b>N/A</b>	<b>N/A</b>	<b>8.27</b>	<b>Nov- 13</b>
<i>Cambridge Private Equity</i>		<i>0.00</i>	<i>-2.77</i>	<i>0.96</i>	<i>8.94</i>	<i>10.67</i>	<i>11.00</i>	<i>12.46</i>	<i>11.22</i>	
<b>EnTrust Special Opps III (Class C)</b>	<b>1.5</b>	<b>0.00</b>	<b>-20.54</b>	<b>-18.35</b>	<b>-7.71</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.14</b>	<b>Feb- 16</b>
<i>HFRI Fund of Funds Comp</i>		<i>4.13</i>	<i>2.44</i>	<i>5.59</i>	<i>2.84</i>	<i>3.06</i>	<i>3.05</i>	<i>2.87</i>	<i>3.94</i>	
<b>EnTrust Special Opps III (Class H)</b>	<b>2.5</b>	<b>0.00</b>	<b>-14.64</b>	<b>-8.34</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-5.48</b>	<b>Aug- 18</b>
<i>HFRI Fund of Funds Comp</i>		<i>4.13</i>	<i>2.44</i>	<i>5.59</i>	<i>2.84</i>	<i>3.06</i>	<i>3.05</i>	<i>2.87</i>	<i>2.53</i>	
<b>Oaktree Special Situations Fund II</b>	<b>0.6</b>	<b>21.76</b>	<b>21.99</b>	<b>64.58</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>59.90</b>	<b>Aug- 19</b>
<i>Cambridge Private Equity</i>		<i>0.00</i>	<i>-2.77</i>	<i>0.96</i>	<i>8.94</i>	<i>10.67</i>	<i>11.00</i>	<i>12.46</i>	<i>2.15</i>	

City of Southfield Retiree Healthcare										As of September 30, 2020
	%	Current Quarter	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
<b>Real Estate</b>										
<b>McMorgan Infrastructure</b>	<b>1.4</b>	<b>0.00</b>	<b>0.99</b>	<b>0.99</b>	<b>5.49</b>	<b>6.14</b>	<b>N/A</b>	<b>N/A</b>	<b>7.03</b>	<b>Dec- 14</b>
<i>MSCI AC World Infrastructure</i>		<i>2.26</i>	<i>-9.63</i>	<i>-6.44</i>	<i>0.82</i>	<i>4.17</i>	<i>3.22</i>	<i>4.19</i>	<i>1.39</i>	
<b>Metropolitan Real Estate</b>	<b>1.0</b>	<b>0.00</b>	<b>-4.14</b>	<b>-3.90</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-14.13</b>	<b>Mar- 18</b>
<i>NCREIF Property Idx</i>		<i>0.74</i>	<i>0.45</i>	<i>2.01</i>	<i>5.11</i>	<i>6.28</i>	<i>7.98</i>	<i>9.37</i>	<i>4.90</i>	
<b>Alidade Fund IV</b>	<b>2.4</b>	<b>5.62</b>	<b>4.32</b>	<b>7.68</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.66</b>	<b>Jul- 18</b>
<i>NCREIF Property Idx</i>		<i>0.74</i>	<i>0.45</i>	<i>2.01</i>	<i>5.11</i>	<i>6.28</i>	<i>7.98</i>	<i>9.37</i>	<i>4.50</i>	
<b>Townsend TREA II</b>	<b>2.0</b>	<b>0.00</b>	<b>-5.73</b>	<b>-2.05</b>	<b>7.40</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>10.86</b>	<b>Feb- 16</b>
<i>NCREIF Property Idx</i>		<i>0.74</i>	<i>0.45</i>	<i>2.01</i>	<i>5.11</i>	<i>6.28</i>	<i>7.98</i>	<i>9.37</i>	<i>6.09</i>	
<b>Townsend TREA III</b>	<b>0.5</b>	<b>0.00</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>6.40</b>	<b>Mar- 20</b>
<i>NCREIF Property Idx</i>		<i>0.74</i>	<i>0.45</i>	<i>2.01</i>	<i>5.11</i>	<i>6.28</i>	<i>7.98</i>	<i>9.37</i>	<i>-0.01</i>	

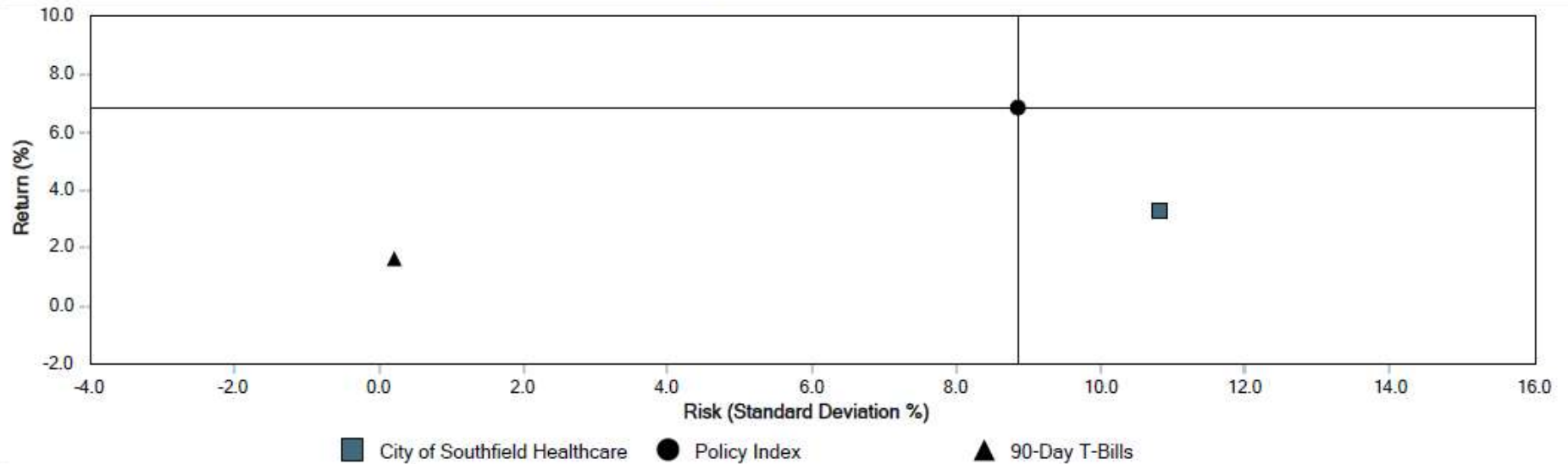
Returns for periods greater than one year are annualized. Returns are expressed as percentages.

## Total Fund Risk / Return Analysis

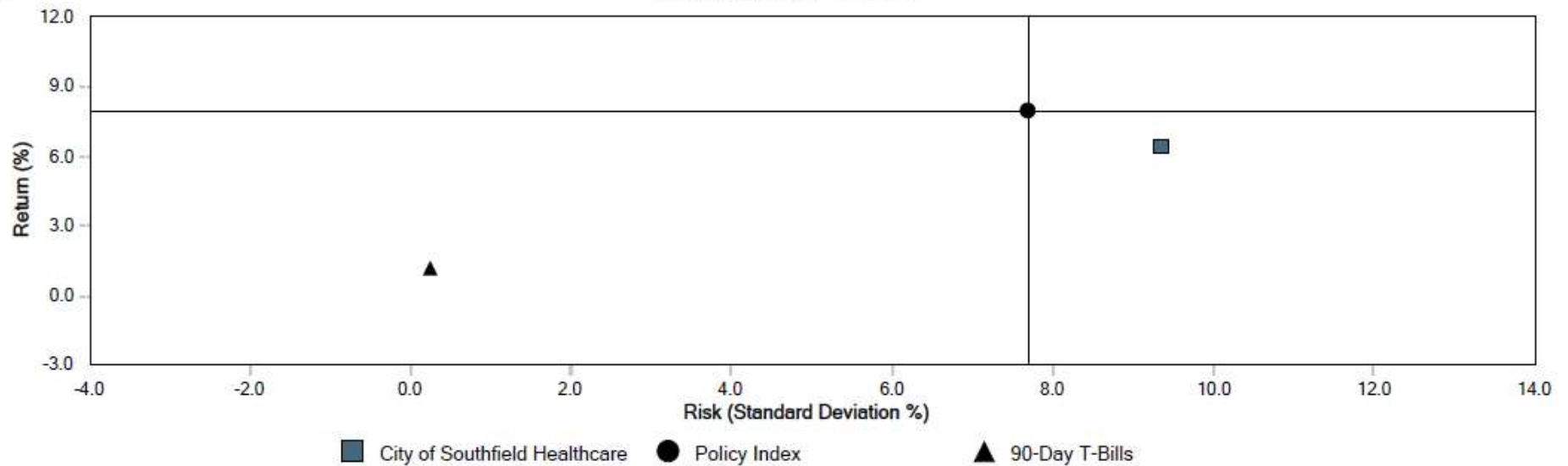
City of Southfield Retiree Healthcare

As of September 30, 2020

Risk and Return - 3 Years



Risk and Return - 5 Years

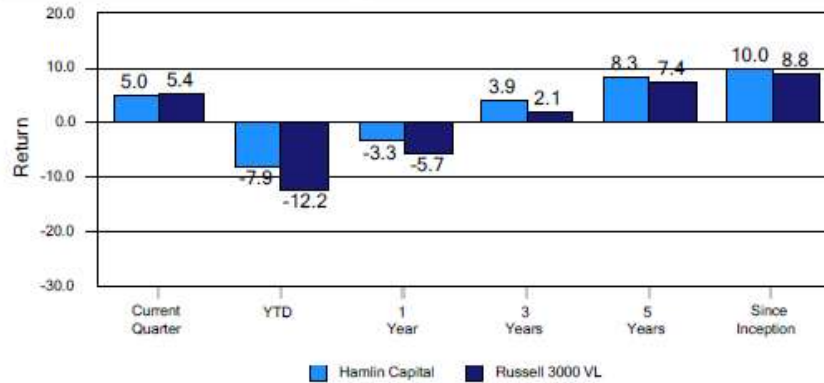


# Hamlin Capital

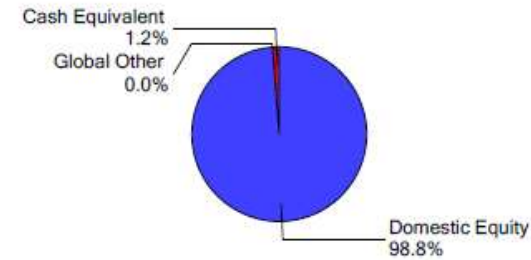
City of Southfield Retiree Healthcare

As of September 30, 2020

## Comparative Performance



## Asset Allocation by Segment



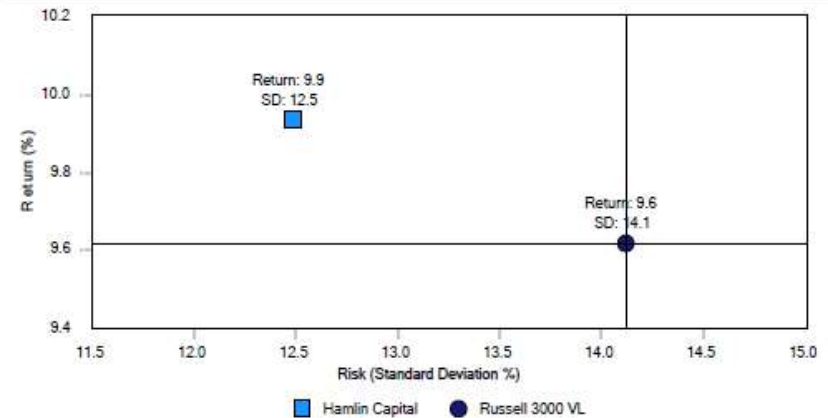
## Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Hamlin Capital	153.7	1.8	0.8	0.8	88.2	78.8	-25.6	17.9	-25.6	0.0	46.6	5.0	Dec -10
Russell 3000 VL	146.7	0.0	1.0	0.7	100.0	100.0	-27.3	14.6	-27.3	N/A	0.0	0.0	Dec -10
90-Day T-Bills	6.2	0.6	0.0	N/A	1.7	-1.5	0.0	0.6	0.0	-0.7	33.9	14.1	Dec -10

## Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Hamlin Capital				Dec -10
Beginning Market Value	\$6,359,710	\$8,175,271	\$2,750,000	
Net Contributions	(\$932)	(\$789,449)	(\$3,829,504)	
Gain/Loss	\$317,131	(\$709,912)	\$7,755,413	
Ending Market Value	\$6,675,910	\$6,675,910	\$6,675,910	

## Risk and Return - Since Inception



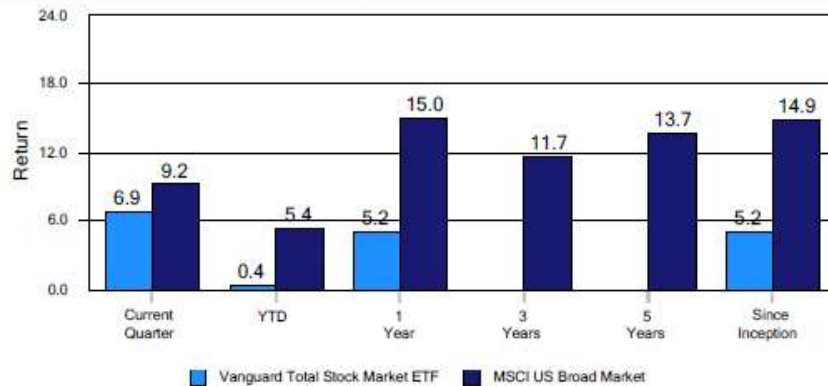


# Vanguard Total Stock Market ETF

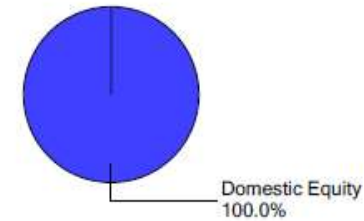
City of Southfield Retiree Healthcare

As of September 30, 2020

## Comparative Performance



## Asset Allocation by Segment



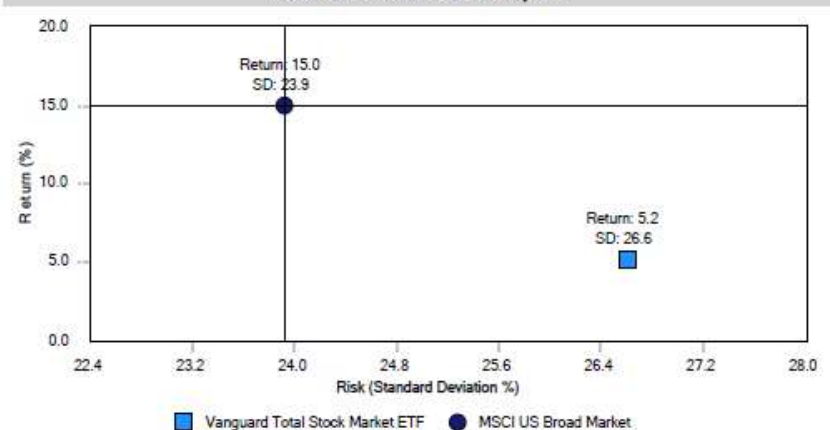
## Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Vanguard Total Stock Market ETF	5.2	-9.2	1.1	0.3	87.5	110.9	-24.4	24.1	-24.3	-1.3	41.7	6.5	Oct-19
MSCI US Broad Market	15.0	0.0	1.0	0.7	100.0	100.0	-21.1	22.3	-21.1	N/A	0.0	0.0	Oct-19
90-Day T-Bills	1.0	1.1	0.0	N/A	1.4	-1.5	0.0	0.5	0.0	-0.7	33.3	24.0	Oct-19

## Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Vanguard Total Stock Market ETF				Oct-19
Beginning Market Value	\$1,428,912	\$2,619,426	\$2,500,000	
Net Contributions	\$842,921	(\$115,256)	(\$115,256)	
Gain/Loss	\$84,737	(\$147,600)	(\$28,174)	
Ending Market Value	\$2,356,570	\$2,356,570	\$2,356,570	

## Risk and Return - Since Inception

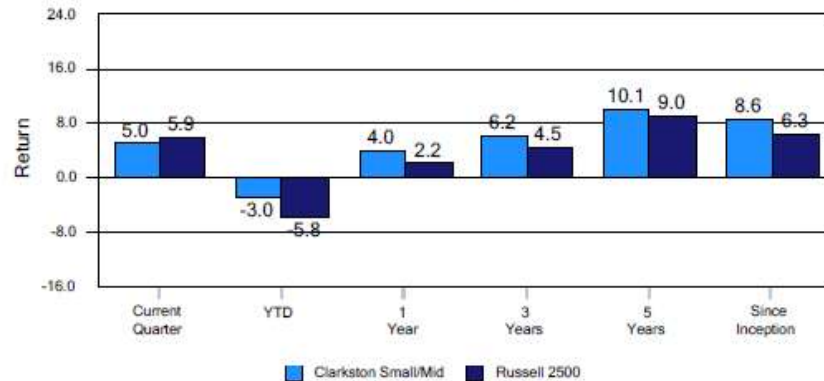


## Clarkston Small/Mid

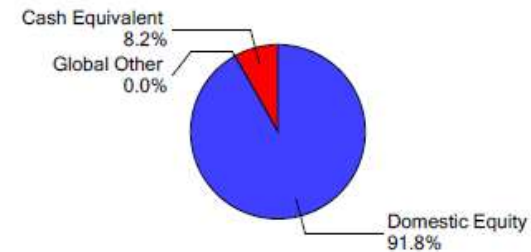
City of Southfield Retiree Healthcare

As of September 30, 2020

Comparative Performance



Asset Allocation by Segment



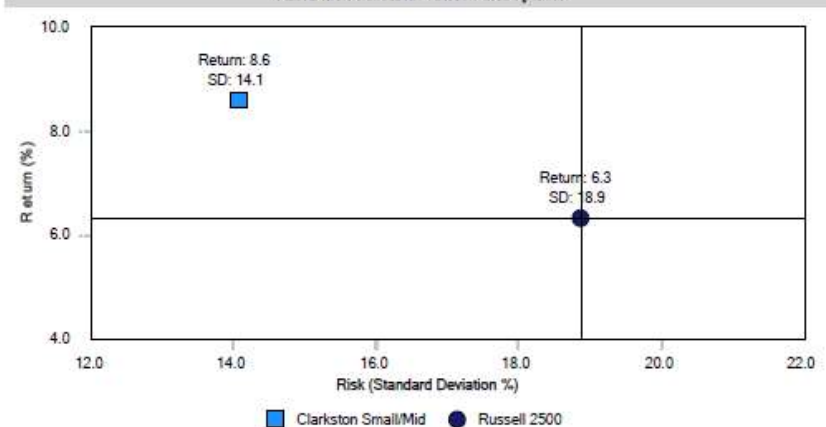
Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Clarkston Small/Mid	54.2	3.6	0.7	0.6	80.5	65.8	-21.9	18.3	-21.9	0.2	52.4	6.6	Jul -15
Russell 2500	37.8	0.0	1.0	0.4	100.0	100.0	-29.7	26.6	-29.7	N/A	0.0	0.0	Jul -15
90-Day T-Bills	5.9	1.1	0.0	N/A	2.7	-1.9	0.0	0.6	0.0	-0.4	33.3	18.9	Jul -15

Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Clarkston Small/Mid				Jul -15
Beginning Market Value	\$8,028,910	\$8,268,601	\$3,600,000	
Net Contributions	(\$17,140)	\$351,247	\$2,232,723	
Gain/Loss	\$397,907	(\$210,170)	\$2,576,955	
Ending Market Value	\$8,409,677	\$8,409,677	\$8,409,677	

Risk and Return - Since Inception

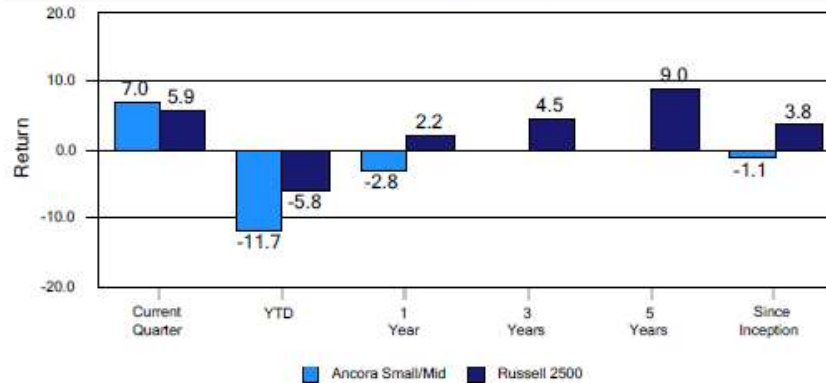


## Ancora Small/Mid

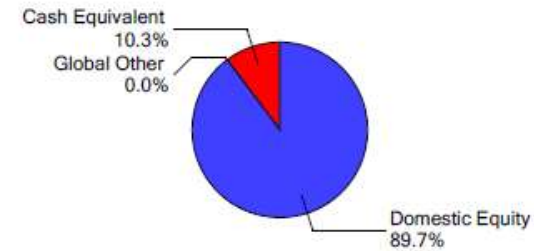
City of Southfield Retiree Healthcare

As of September 30, 2020

Comparative Performance



Asset Allocation by Segment



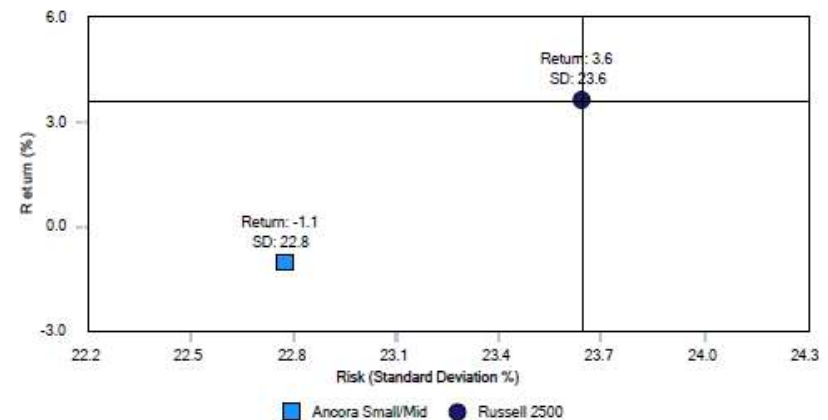
Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Ancora Small/Mid	-2.7	-4.4	0.9	0.0	85.0	99.3	-31.1	19.7	-31.1	-1.1	45.2	4.3	Mar -18
Russell 2500	9.6	0.0	1.0	0.2	100.0	100.0	-29.7	26.6	-29.7	N/A	0.0	0.0	Mar -18
90-Day T-Bills	4.5	1.7	0.0	N/A	3.3	-2.2	0.0	0.6	0.0	-0.2	32.3	23.7	Mar -18

Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Ancora Small/Mid				Mar -18
Beginning Market Value	\$5,711,865	\$7,197,323	\$12,631,310	
Net Contributions	\$471,851	\$255,204	(\$5,859,170)	
Gain/Loss	\$395,402	(\$873,410)	(\$193,023)	
Ending Market Value	\$6,579,117	\$6,579,117	\$6,579,117	

Risk and Return - Since Inception

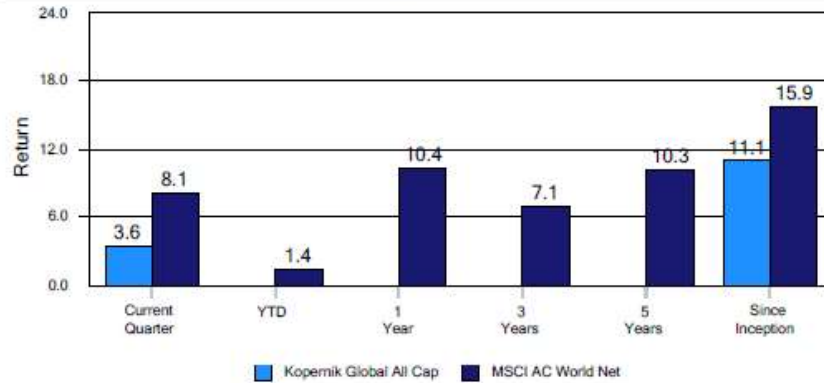


# Kopernik Global All Cap

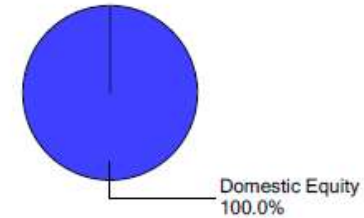
City of Southfield Retiree Healthcare

As of September 30, 2020

## Comparative Performance



## Asset Allocation by Segment



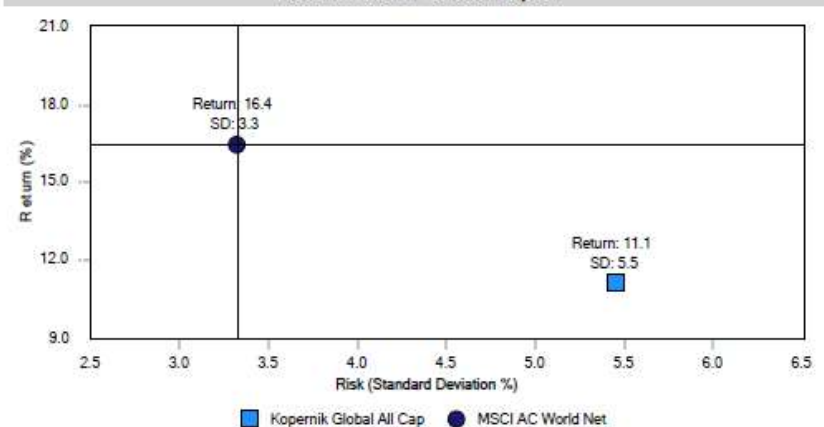
## Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Kopernik Global All Cap	11.1	-2.0	1.3	0.4	98.5	226.2	-7.3	19.8	3.6	-0.3	40.0	3.3	May -20
MSCI AC World Net	16.4	0.0	1.0	0.9	100.0	100.0	-3.2	15.3	8.1	N/A	0.0	0.0	May -20
90-Day T-Bills	0.1	0.0	0.0	N/A	0.4	-0.3	0.0	0.1	0.0	-0.9	20.0	3.3	May -20

## Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Kopernik Global All Cap				May -20
Beginning Market Value	\$4,452,107	-	\$4,150,000	
Net Contributions	\$3,250,000	-	\$3,250,000	
Gain/Loss	\$47,424	-	\$349,532	
Ending Market Value	\$7,749,532	-	\$7,749,532	

## Risk and Return - Since Inception

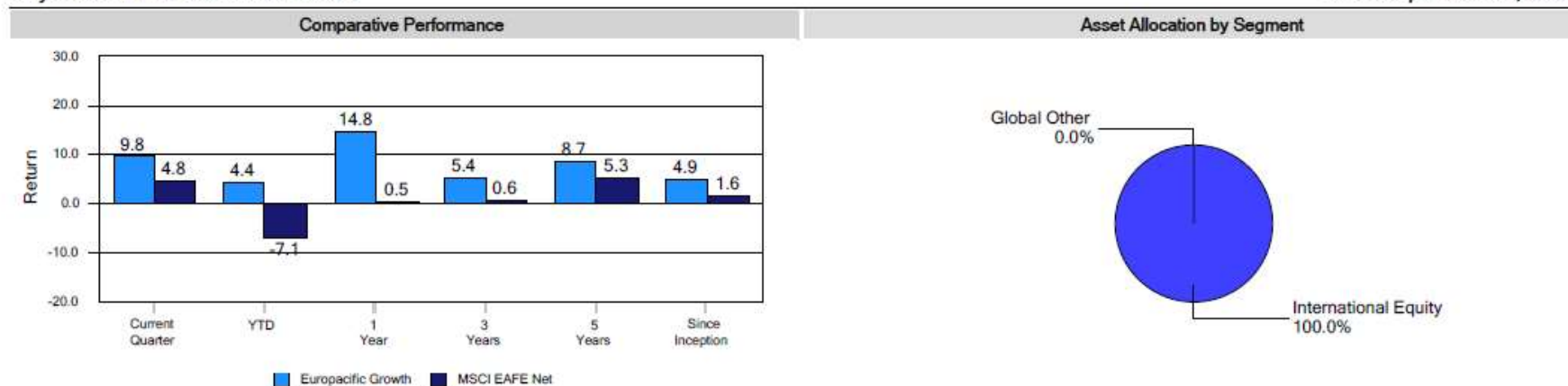




## Europacific Growth

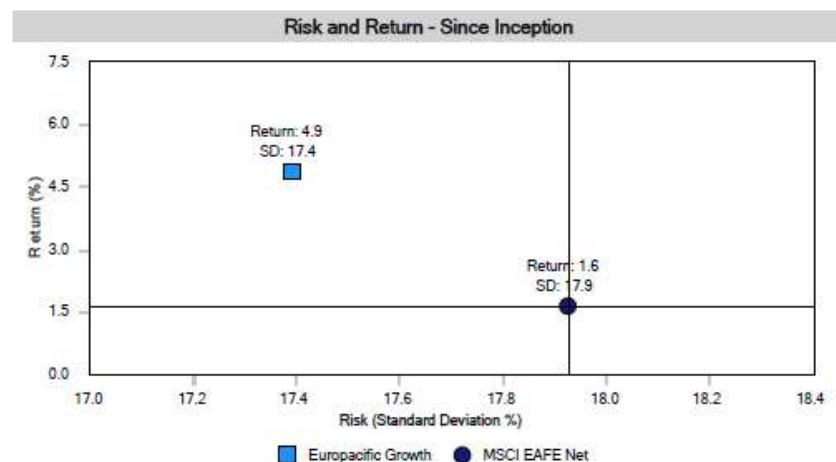
City of Southfield Retiree Healthcare

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Historical Statistics													
	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Europacific Growth	80.0	3.3	0.9	0.3	100.1	86.3	-43.1	33.5	-33.1	0.6	55.4	5.0	Jun -08
MSCI EAFE Net	22.1	0.0	1.0	0.2	100.0	100.0	-52.7	34.1	-35.4	N/A	0.0	0.0	Jun -08
90-Day T-Bills	7.4	0.6	0.0	N/A	1.1	-1.3	0.0	0.6	0.0	-0.2	46.6	18.0	Jun -08

Gain/Loss Summary				
	Current Quarter	YTD	Since Inception	Inception Date
Europacific Growth				Jun -08
Beginning Market Value	\$7,326,297	\$7,708,538	\$2,134,116	
Net Contributions	(\$2,100,000)	(\$2,100,000)	\$692,383	
Gain/Loss	\$734,291	\$352,049	\$3,134,089	
Ending Market Value	\$5,960,588	\$5,960,588	\$5,960,588	

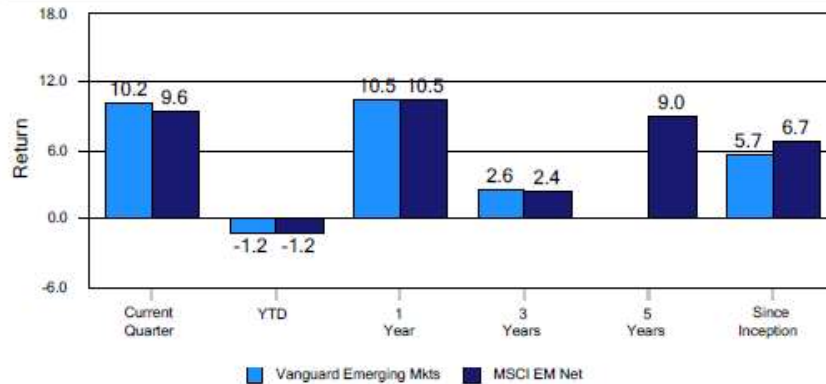


# Vanguard Emerging Mkts

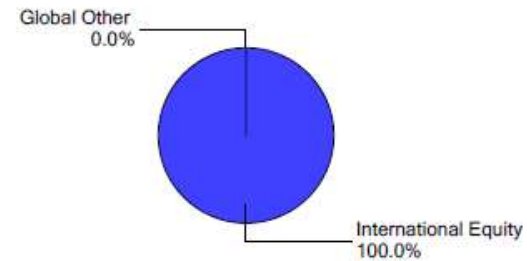
City of Southfield Retiree Healthcare

As of September 30, 2020

Comparative Performance



Asset Allocation by Segment



Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Vanguard Emerging Mkts	22.1	-1.5	1.0	0.3	94.2	100.6	-28.1	19.4	-24.4	-0.4	43.2	4.5	Feb -17
MSCI EM Net	30.2	0.0	1.0	0.4	100.0	100.0	-28.7	19.5	-23.6	N/A	0.0	0.0	Feb -17
90-Day T-Bills	5.6	1.5	0.0	N/A	2.8	-3.7	0.0	0.6	0.0	-0.4	40.9	17.4	Feb -17

Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Vanguard Emerging Mkts				Feb -17
Beginning Market Value	\$2,969,364	\$3,333,694	\$1,494,518	
Net Contributions	(\$31,905)	(\$49,005)	\$1,424,394	
Gain/Loss	\$304,028	(\$43,202)	\$322,574	
Ending Market Value	\$3,241,487	\$3,241,487	\$3,241,487	

Risk and Return - Since Inception

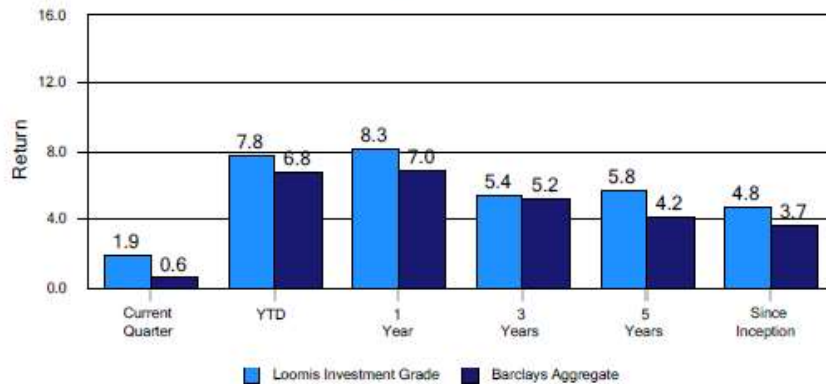


## Loomis Investment Grade

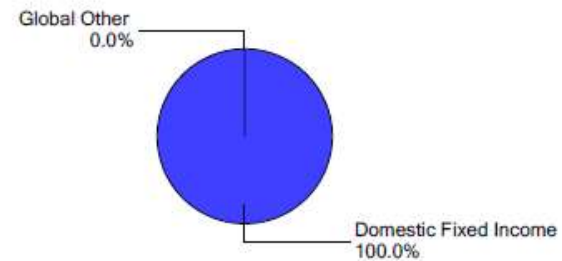
City of Southfield Retiree Healthcare

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### Comparative Performance



### Asset Allocation by Segment



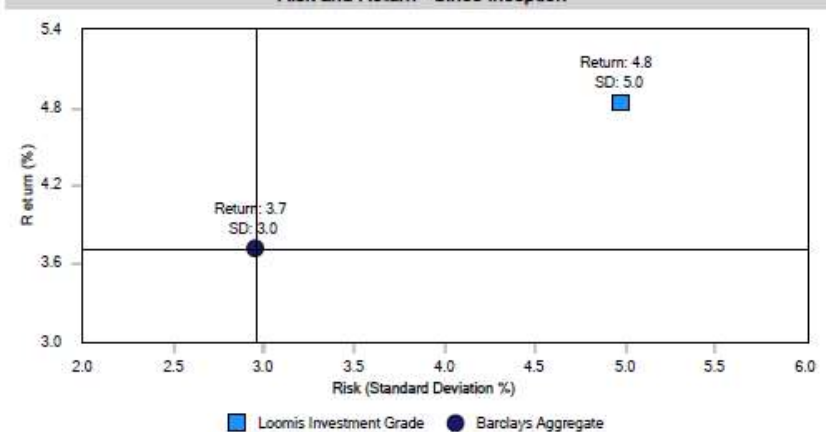
### Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Loomis Investment Grade	59.1	1.6	0.9	0.9	119.9	101.9	-7.7	8.7	-3.9	0.3	55.1	4.3	Dec -10
Barclays Aggregate	43.2	0.0	1.0	1.1	100.0	100.0	-3.7	4.1	-3.2	N/A	0.0	0.0	Dec -10
90-Day T-Bills	6.2	0.6	0.0	N/A	6.6	-9.3	0.0	0.6	0.0	-1.1	39.0	2.9	Dec -10

### Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Loomis Investment Grade				Dec -10
Beginning Market Value	\$8,903,809	\$7,631,890	\$4,500,000	
Net Contributions	\$3,000,000	\$3,816,016	\$4,566,238	
Gain/Loss	<u>\$168,829</u>	<u>\$624,732</u>	<u>\$3,006,400</u>	
Ending Market Value	\$12,072,638	\$12,072,638	\$12,072,638	

### Risk and Return - Since Inception

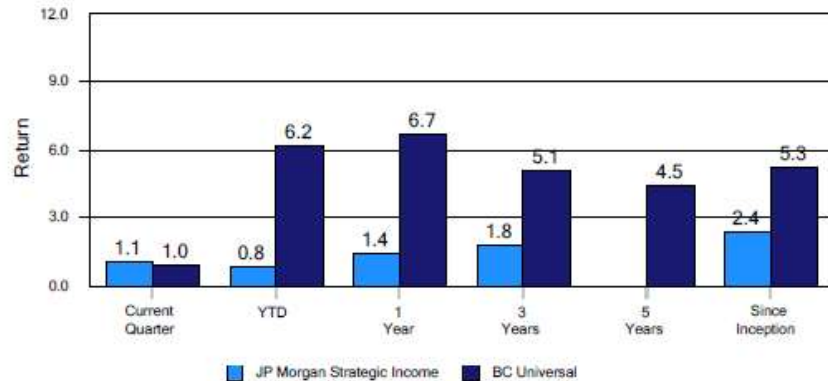


## JP Morgan Strategic Income

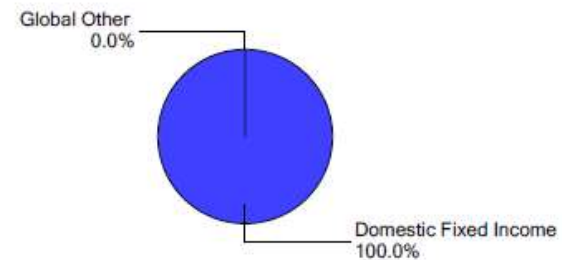
City of Southfield Retiree Healthcare

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### Comparative Performance



### Asset Allocation by Segment



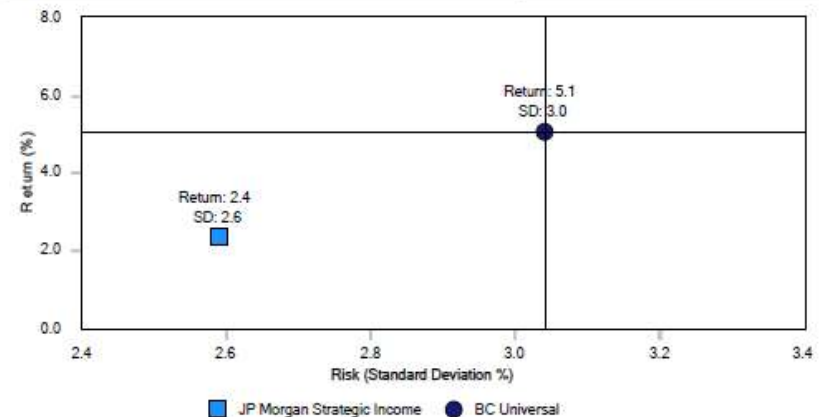
### Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
JP Morgan Strategic Income	9.3	0.7	0.3	0.4	38.8	18.0	-4.0	3.6	-3.7	-0.8	45.7	3.1	Dec -16
BC Universal	20.9	0.0	1.0	1.2	100.0	100.0	-2.2	4.0	-1.5	N/A	0.0	0.0	Dec -16
90-Day T-Bills	5.6	1.4	0.0	N/A	14.4	-20.8	0.0	0.6	0.0	-1.2	37.0	3.0	Dec -16

### Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
JP Morgan Strategic Income				Dec -16
Beginning Market Value	\$5,384,232	\$5,397,834	\$1,825,000	
Net Contributions	\$200,000	\$200,000	\$3,500,000	
Gain/Loss	\$59,340	\$45,737	\$318,571	
Ending Market Value	\$5,643,571	\$5,643,571	\$5,643,571	

### Risk and Return - Since Inception



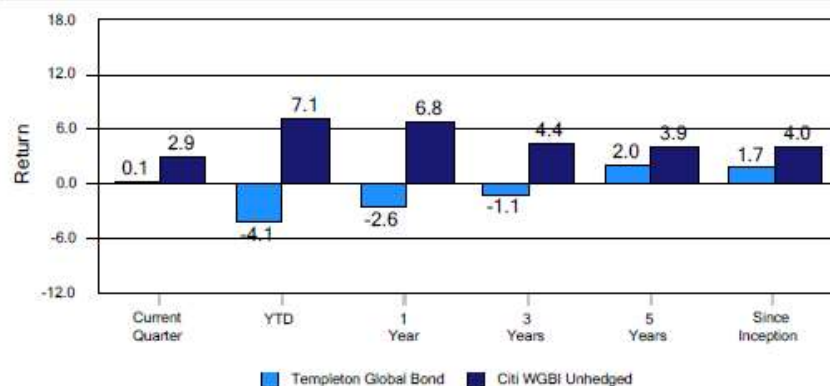


# Templeton Global Bond

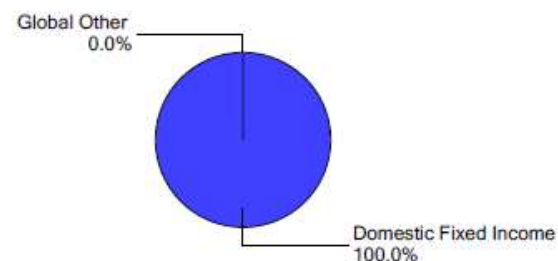
City of Southfield Retiree Healthcare

As of September 30, 2020

## Comparative Performance



## Asset Allocation by Segment



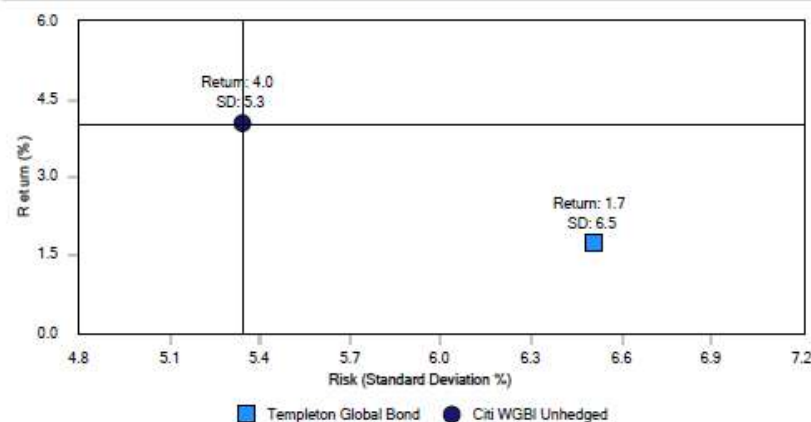
## Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Templeton Global Bond	9.0	3.4	-0.3	0.1	-13.9	-59.8	-8.1	8.3	-6.6	-0.2	44.3	9.5	Sep -15
Citi WGBI Unhedged	22.3	0.0	1.0	0.6	100.0	100.0	-8.7	7.1	-8.5	N/A	0.0	0.0	Sep -15
90-Day T-Bills	5.9	1.1	0.0	N/A	6.4	-9.6	0.0	0.6	0.0	-0.6	42.6	5.3	Sep -15

## Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Templeton Global Bond				Sep -15
Beginning Market Value	\$3,020,062	\$3,154,814	\$5,958,344	
Net Contributions	(\$2,997,499)	(\$2,997,499)	(\$6,097,499)	
Gain/Loss	(\$10,805)	(\$145,558)	\$150,912	
Ending Market Value	\$11,757	\$11,757	\$11,757	

## Risk and Return - Since Inception

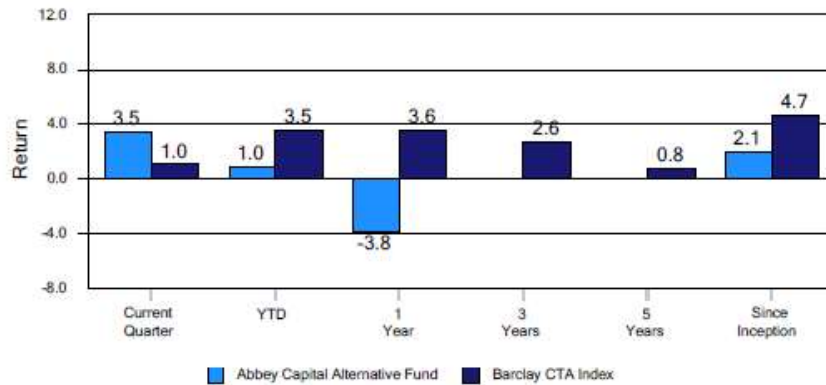


## Abbey Capital Alternative Fund

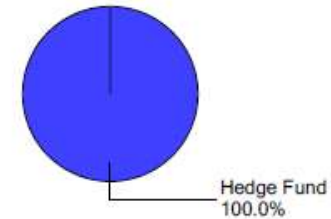
City of Southfield Retiree Healthcare

As of September 30, 2020

### Comparative Performance



### Asset Allocation by Segment



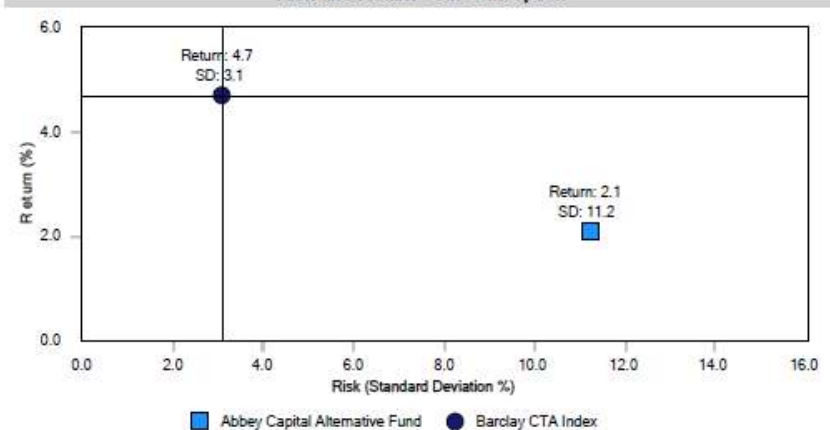
### Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Abbey Capital Alternative Fund	2.9	-10.5	2.9	0.1	184.4	469.2	-12.9	15.6	-10.8	-0.2	47.1	8.9	May -19
Barclay CTA Index	6.7	0.0	1.0	1.1	100.0	100.0	-2.0	4.6	-1.5	N/A	0.0	0.0	May -19
90-Day T-Bills	2.0	1.4	0.0	N/A	13.5	-23.7	0.0	0.6	0.0	-1.1	35.3	3.1	May -19

### Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Abbey Capital Alternative Fund				May -19
Beginning Market Value	\$1,739,459	\$1,782,771	\$1,750,000	
Net Contributions	-	-	-	
Gain/Loss	\$60,993	\$17,680	\$50,451	
Ending Market Value	\$1,800,451	\$1,800,451	\$1,800,451	

### Risk and Return - Since Inception

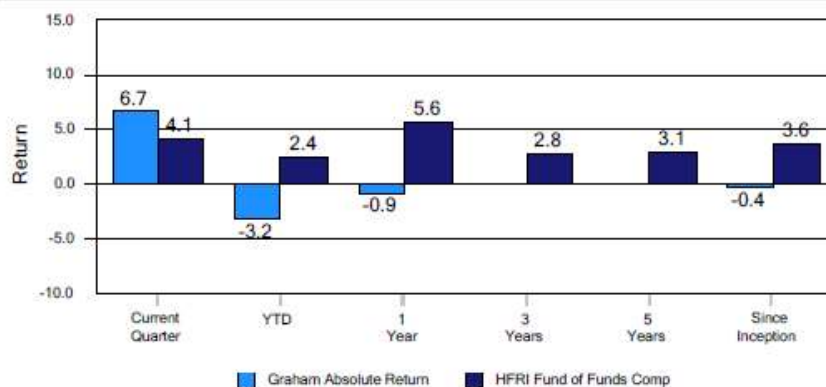


## Graham Absolute Return

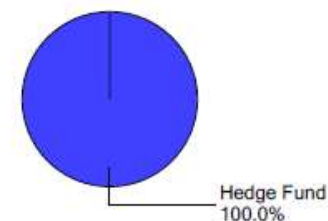
City of Southfield Retiree Healthcare

As of September 30, 2020

### Comparative Performance



### Asset Allocation by Segment



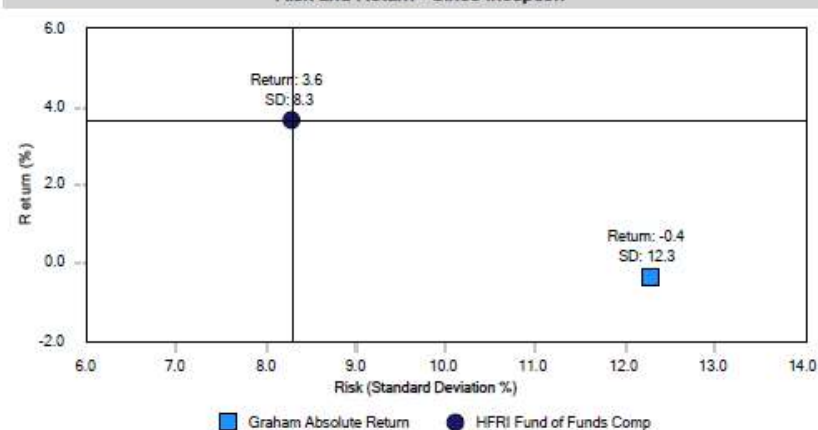
### Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Graham Absolute Return	-0.5	-4.6	1.3	-0.1	76.7	107.9	-15.2	8.7	-15.2	-0.5	41.2	6.4	May -19
HFRI Fund of Funds Comp	5.2	0.0	1.0	0.3	100.0	100.0	-9.0	7.8	-8.8	N/A	0.0	0.0	May -19
90-Day T-Bills	2.0	1.4	0.0	N/A	6.7	-7.1	0.0	0.6	0.0	-0.3	35.3	8.4	May -19

### Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Graham Absolute Return				May -19
Beginning Market Value	\$1,933,296	\$1,799,375	\$1,750,000	
Net Contributions	-	\$300,000	\$300,000	
Gain/Loss	\$129,854	(\$36,225)	\$13,150	
Ending Market Value	\$2,063,150	\$2,063,150	\$2,063,150	

### Risk and Return - Since Inception

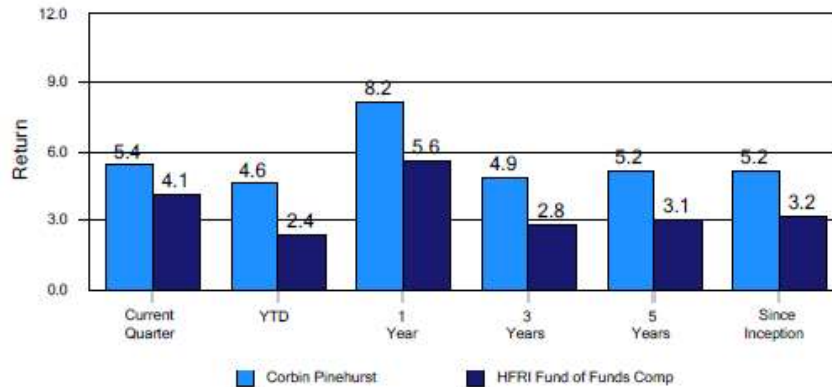


## Corbin Pinehurst

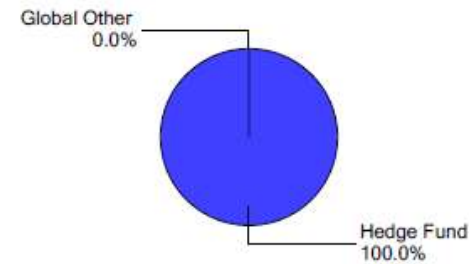
City of Southfield Retiree Healthcare

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### Comparative Performance



### Asset Allocation by Segment



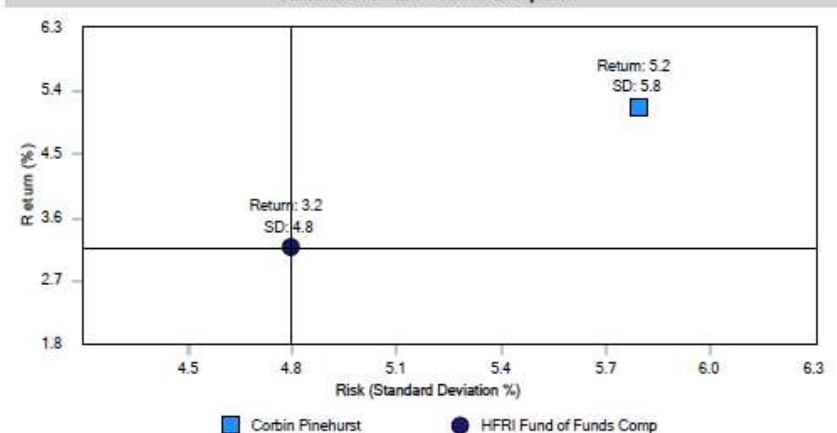
### Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Corbin Pinehurst	47.2	1.6	1.1	0.8	118.9	88.0	-11.2	11.2	-10.7	0.9	68.5	2.2	Feb -13
HFRI Fund of Funds Comp	27.0	0.0	1.0	0.5	100.0	100.0	-9.0	7.8	-8.8	N/A	0.0	0.0	Feb -13
90-Day T-Bills	6.0	0.8	0.0	N/A	6.1	-6.5	0.0	0.6	0.0	-0.5	33.7	4.8	Feb -13

### Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Corbin Pinehurst				Feb -13
Beginning Market Value	\$3,491,421	\$3,517,428	\$2,500,000	
Net Contributions	-	-	-	
Gain/Loss	\$188,716	\$162,709	\$1,180,137	
Ending Market Value	\$3,680,137	\$3,680,137	\$3,680,137	

### Risk and Return - Since Inception



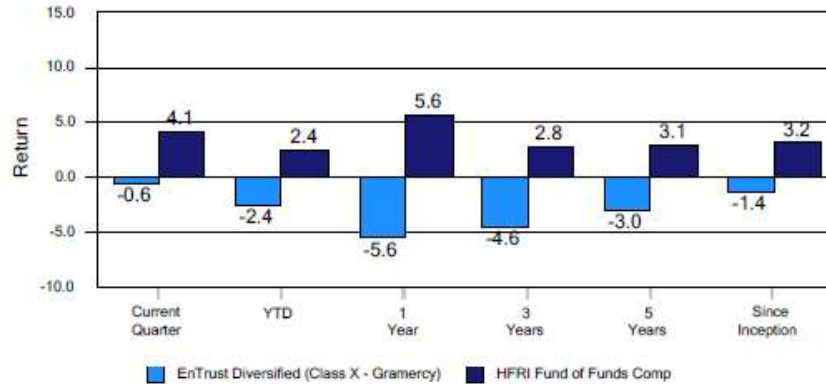


## EnTrust Diversified (Class X - Gramercy)

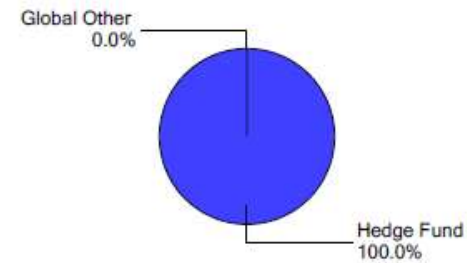
City of Southfield Retiree Healthcare

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Comparative Performance



Asset Allocation by Segment



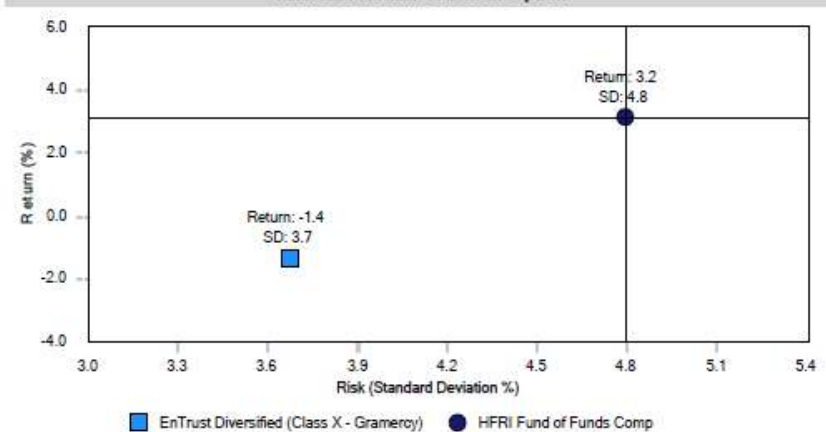
Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
EnTrust Diversified (Class X - Gramercy)	-10.2	-2.3	0.3	-0.6	28.2	78.5	-20.1	4.5	-5.8	-1.0	35.9	4.8	Feb -13
HFRI Fund of Funds Comp	27.0	0.0	1.0	0.5	100.0	100.0	-9.0	7.8	-8.8	N/A	0.0	0.0	Feb -13
90-Day T-Bills	6.0	0.8	0.0	N/A	6.1	-6.5	0.0	0.6	0.0	-0.5	33.7	4.8	Feb -13

Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
EnTrust Diversified (Class X - Gramercy)				Feb -13
Beginning Market Value	\$178,708	\$182,340	\$2,500,000	
Net Contributions	-	(\$225)	(\$2,381,414)	
Gain/Loss	(\$1,001)	(\$4,408)	\$59,121	
Ending Market Value	\$177,707	\$177,707	\$177,707	

Risk and Return - Since Inception

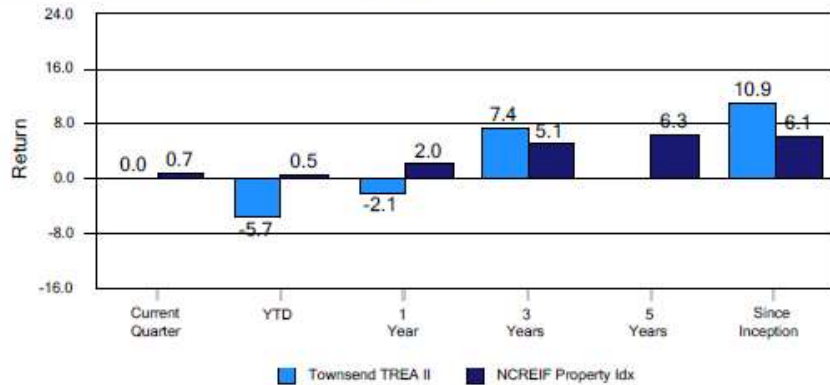


## Townsend TREA II

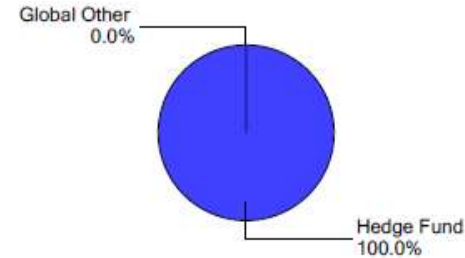
City of Southfield Retiree Healthcare

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### Comparative Performance



### Asset Allocation by Segment



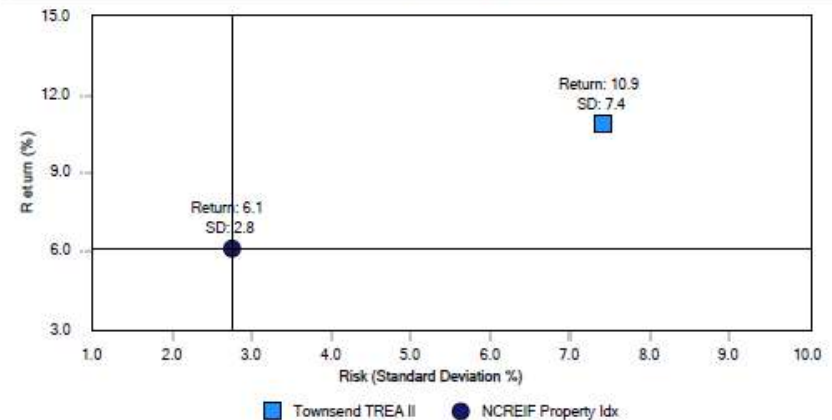
### Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Townsend TREA II	61.7	-0.4	1.9	1.3	165.1	-201.6	-7.6	8.1	-7.6	0.8	28.6	5.9	Feb -16
NCREIF Property Idx	31.8	0.0	1.0	1.7	100.0	100.0	-1.0	2.2	-1.0	N/A	0.0	0.0	Feb -16
90-Day T-Bills	5.9	1.2	0.0	N/A	19.8	-1.0	0.0	0.6	0.0	-1.7	67.9	2.8	Feb -16

### Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Townsend TREA II				Feb -16
Beginning Market Value	\$1,644,693	\$1,824,850	\$800,000	
Net Contributions	-	(\$77,601)	\$130,257	
Gain/Loss	-	(\$102,556)	\$714,436	
Ending Market Value	\$1,644,693	\$1,644,693	\$1,644,693	

### Risk and Return - Since Inception

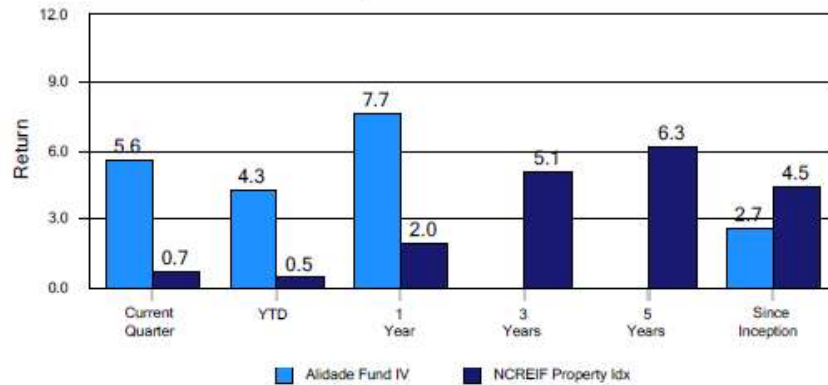


# Alidade Fund IV

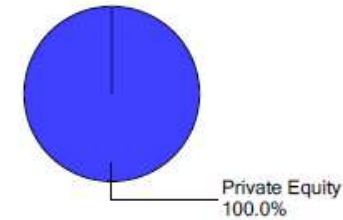
City of Southfield Retiree Healthcare

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## Comparative Performance



## Asset Allocation by Segment



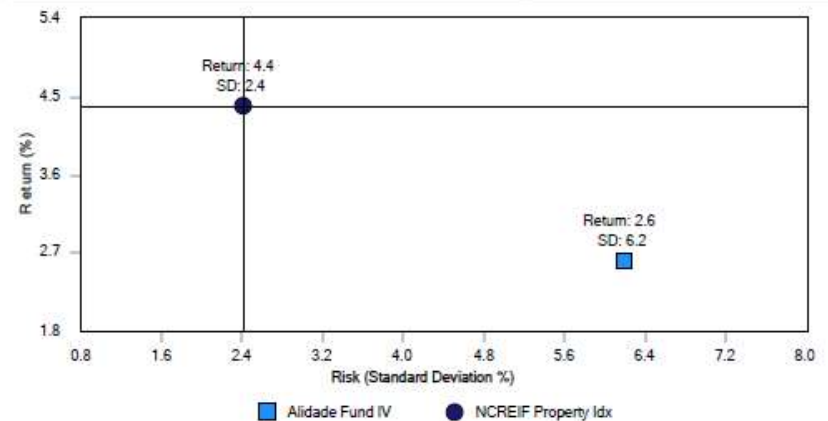
## Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Alidade Fund IV	5.9	1.5	0.3	0.2	54.1	-38.2	-7.0	5.6	-5.3	-0.2	18.5	6.4	Jul -18
NCREIF Property Idx	10.2	0.0	1.0	1.1	100.0	100.0	-1.0	1.8	-1.0	N/A	0.0	0.0	Jul -18
90-Day T-Bills	3.9	1.6	0.0	N/A	35.7	-1.0	0.0	0.6	0.0	-1.1	70.4	2.3	Jul -18

## Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Alidade Fund IV				Jul -18
Beginning Market Value	\$1,976,120	\$1,536,999	\$1,154,730	
Net Contributions	(\$57,958)	\$405,813	\$748,238	
Gain/Loss	\$107,750	\$83,100	\$122,944	
Ending Market Value	\$2,025,912	\$2,025,912	\$2,025,912	

## Risk and Return - Since Inception

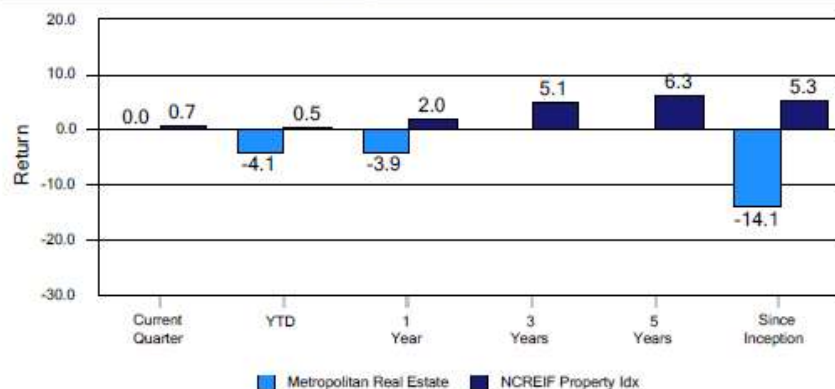


# Metropolitan Real Estate

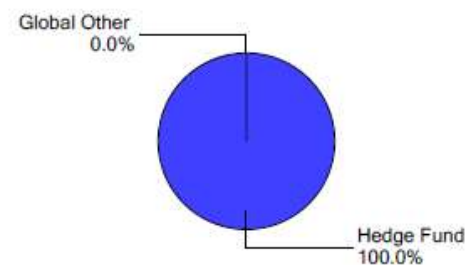
City of Southfield Retiree Healthcare

As of September 30, 2020

## Comparative Performance



## Asset Allocation by Segment



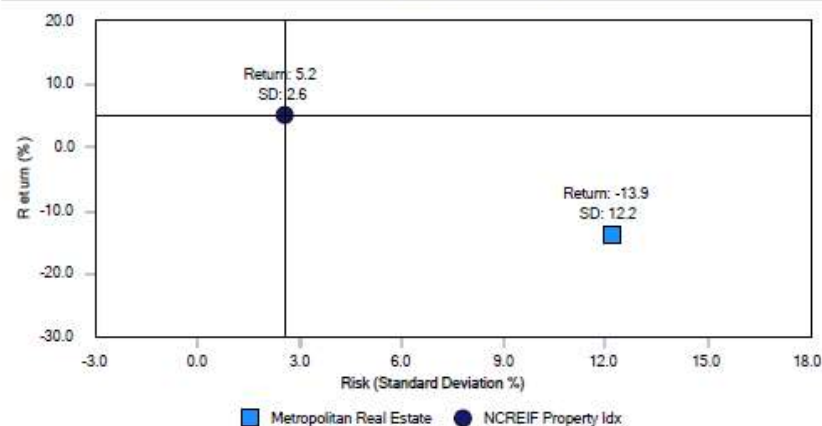
## Historical Statistics

	Cumulative Return	Alpha	Beta	Sharpe Ratio	Up Capture	Down Capture	Maximum Drawdown	Best Quarter	Worst Quarter	Information Ratio	Consistency	Tracking Error	Inception Date
Metropolitan Real Estate	-32.0	-2.7	-2.2	-1.3	-258.7	-59.4	-32.4	4.2	-12.8	-1.4	6.5	13.6	Mar -18
NCREIF Property Idx	14.1	0.0	1.0	1.4	100.0	100.0	-1.0	1.8	-1.0	N/A	0.0	0.0	Mar -18
90-Day T-Bills	4.5	1.6	0.0	N/A	30.8	-1.0	0.0	0.6	0.0	-1.4	67.7	2.5	Mar -18

## Gain/Loss Summary

	Current Quarter	YTD	Since Inception	Inception Date
Metropolitan Real Estate				Mar -18
Beginning Market Value	\$820,079	\$616,294	\$239,625	
Net Contributions	(\$7,102)	\$226,192	\$684,568	
Gain/Loss	=	(\$29,509)	(\$111,216)	
Ending Market Value	\$812,977	\$812,977	\$812,977	

## Risk and Return - Since Inception





## EnTrust Special Opps III (Class C)

City of Southfield Retiree Healthcare

As of September 30, 2020

### Fund Information

Type of Fund:	Direct	Vintage Year:	2015
Strategy Type:	Other	Inception:	Feb -15

Investment Strategy: The Special Opportunities Funds are comprised of EnTrustPermal's high conviction ideas that are a result of market dislocations or manager led, catalyst-driven investments. The Fund's investment objective is to invest in highly attractive, select investment opportunities by maintaining investments through private investment entities and/or separately managed accounts with investment management professionals (each a "Manager" and collectively, the "Managers") specializing in various alternative investment strategies. The Managers have broad investment experience and the ability to leverage their existing relationships with corporate management teams, investment banks and other institutions to gain access to certain investment opportunities. As such, the General Partner is presented with "best idea" investment opportunities, typically in asset classes where market dislocations or other events have created attractive investment opportunities.

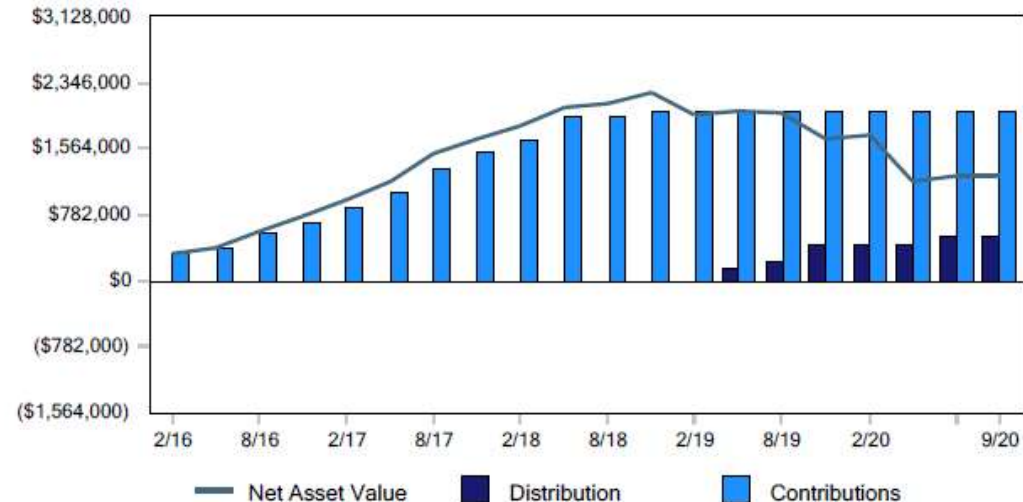
In particular, the Fund invests in a broad range of Investments, including, but not limited to, global distressed corporate securities, activist equities, value equities, reorganization equities, municipal bonds, high yield bonds, leveraged loans, unsecured debt, collateralized debt obligations, mortgage backed securities, direct lending, sovereign debt, real estate, venture capital and private equity-type structures. Managers are not restricted in the investment strategies that they may employ across different asset classes and regions.

Commitment Period: 3 years from the closing of investors' commitment, plus 1 year extension

### Cash Flow Summary

Capital Committed:	\$2,000,000
Total Contributions:	\$2,000,000
Remaining Capital Commitment:	-
 Total Distributions:	 \$525,678
Market Value:	\$1,251,825
 Inception Date:	 Feb -16
Inception IRR:	-3.64
TVPI:	0.89

### Cash Flow Analysis



## EnTrust Special Opps III (Class H)

City of Southfield Retiree Healthcare

As of September 30, 2020

### Fund Information

Type of Fund:	Direct	Vintage Year:	2018
Strategy Type:	Other	Inception:	Aug -18
Investment Strategy:	The Special Opportunities Funds are comprised of EnTrustPermal's high conviction ideas that are a result of market dislocations or manager led, catalyst-driven investments. The Fund's investment objective is to invest in highly attractive, select investment opportunities by maintaining investments through private investment entities and/or separately managed accounts with investment management professionals (each a "Manager" and collectively, the "Managers") specializing in various alternative investment strategies. The Managers have broad investment experience and the ability to leverage their existing relationships with corporate management teams, investment banks and other institutions to gain access to certain investment opportunities. As such, the General Partner is presented with "best idea" investment opportunities, typically in asset classes where market dislocations or other events have created attractive investment opportunities.		

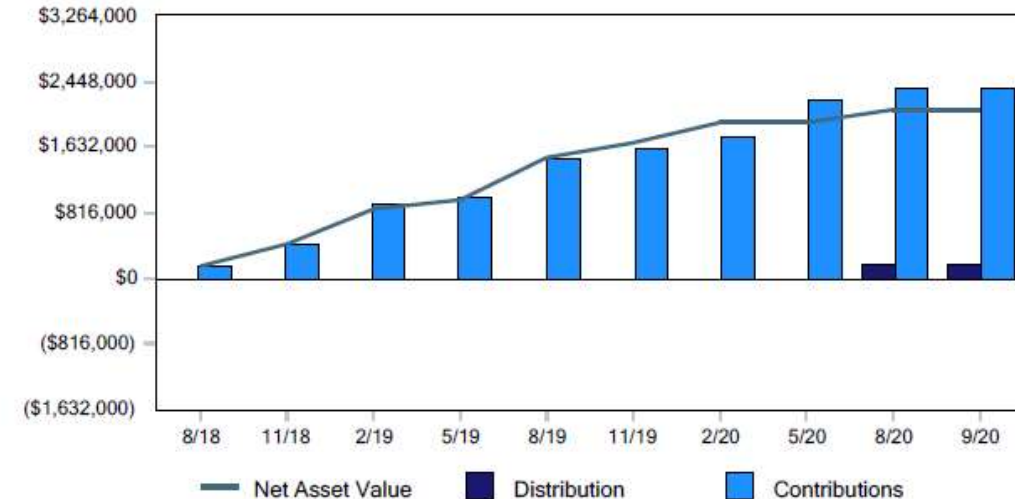
In particular, the Fund invests in a broad range of Investments, including, but not limited to, global distressed corporate securities, activist equities, value equities, reorganization equities, municipal bonds, high yield bonds, leveraged loans, unsecured debt, collateralized debt obligations, mortgage backed securities, direct lending, sovereign debt, real estate, venture capital and private equity-type structures. Managers are not restricted in the investment strategies that they may employ across different asset classes and regions.

Commitment Period: 3 years from the closing of investors' commitment, plus 1 year extension

### Cash Flow Summary

Capital Committed:	\$2,500,000
Total Contributions:	\$2,360,304
Remaining Capital Commitment:	\$139,696
Total Distributions:	\$179,073
Market Value:	\$2,108,213
Inception Date:	Aug -18
Inception IRR:	-2.58
TVPI:	0.97

### Cash Flow Analysis





## Blackstone Tactical Opps

City of Southfield Retiree Healthcare

As of September 30, 2020

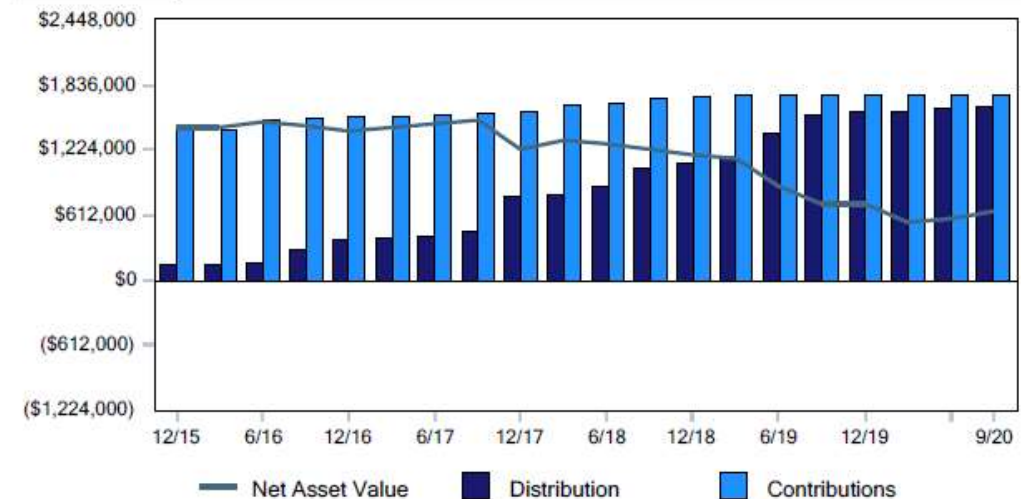
### Fund Information

Type of Fund:	Fund Of Funds	Vintage Year:	2013
Strategy Type:	Special Situations	Inception:	Sep -13
Investment Strategy:	<p>Investors recognize the benefits of opportunistic investing but many lack the ability to source and respond quickly to complex opportunities in a rapidly changing market environment. Blackstone Tactical Opportunities seeks to solve this problem for its clients. Tactical Opportunities employs an opportunistic, multi-asset class investment strategy focused on special situations investments. The strategy aims to deliver attractive and differentiated risk-adjusted returns for its investors.</p> <p>Sourcing, executing and capitalizing on the right investment opportunities on a timely basis takes a special combination of people and expertise. Blackstone believes that few other alternative managers, if any, possess the experience and breadth of the Blackstone investment platform. Tactical Opportunities harnesses this significant competitive advantage by leveraging the deep synergies that exists across Blackstone's leading alternative asset manager businesses - private equity, real estate, credit and hedge funds - to source, execute and capitalize on investment opportunities that others cannot.</p> <p>Blackstone's flexible mandate enables them to dynamically adjust its strategy in the face of changing market conditions. Blackstone invests in everything from real assets to corporate debt and equity securities to unsecuritized streams of cash flows. Blackstone's activity sets ranges from seeking high IRR, short duration investments to long duration, compounding investments targeting high multiples of invested capital. Many of our investments have high current yields while others offer substantial capital gain potential. Blackstone focuses on deep value opportunities with embedded complexity that are difficult to source, analyze, or execute.</p>		

### Cash Flow Summary

Capital Committed:	\$1,700,000
Total Contributions:	\$1,748,559
Remaining Capital Commitment:	-\$48,559
Total Distributions:	\$1,623,210
Market Value:	\$650,809
Inception Date:	Nov -13
Inception IRR:	7.46
TVPI:	1.30

### Cash Flow Analysis



## McMorgan Infrastructure

City of Southfield Retiree Healthcare

As of September 30, 2020

### Fund Information

Type of Fund:	Co-Investment	Vintage Year:	2014
Strategy Type:	Infrastructure	Inception:	Feb -14
Investment Strategy:	The principal goal of the Fund is to assemble and own a portfolio of high quality infrastructure assets with the potential to generate strong, consistent cash returns over long periods of time.		

Cumulatively, since the inception of the Fund's investment program on July 1, 2014 through March 31, 2019, the Fund has deployed approximately \$715 million into seven investments.

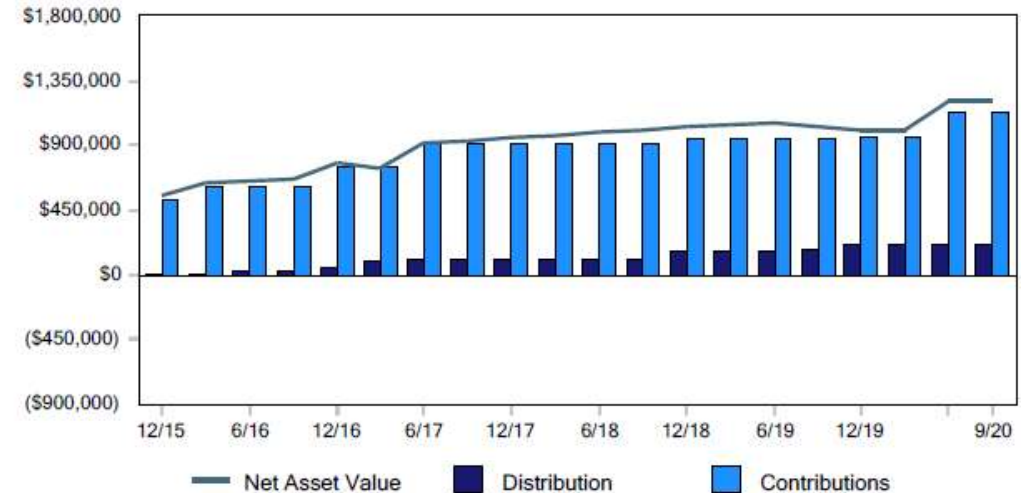
As of 09/30/2019, gross since inception IRR 8.75%; Net Inception IRR 7.71%.

The investment period of the Fund ended on April, 26th, 2018. The Fund documents permit the calling of capital to complete investments that were in process prior to the expiration of the investment period. The Fund continues to actively pursue additional possible investments that could result in capital calls in coming quarters.

### Cash Flow Summary

Capital Committed:	\$1,700,000
Total Contributions:	\$1,135,660
Remaining Capital Commitment:	\$564,340
Total Distributions:	\$206,223
Market Value:	\$1,205,108
Inception Date:	Dec -14
Inception IRR:	6.25
TVPI:	1.24

### Cash Flow Analysis





## Manager Fee Schedule

As of September 30, 2020

	Fee Schedule	Estimated Annual Fee \$
Hamlin Capital	0.80 % of Assets	\$53,407
Vanguard Total Stock Market ETF	0.03 % of Assets	\$707
Clarkston Small/Mid	0.80 % of Assets	\$67,277
Ancora Small/Mid	0.90 % of Assets	\$59,212
Kopernik Global All Cap	1.05 % of Assets	\$81,370
Europacific Growth	0.85 % of Assets	\$50,665
Vanguard Emerging Mkts	0.14 % of Assets	\$4,538
Loomis Investment Grade	0.55 % of Assets	\$66,400
JP Morgan Strategic Income	0.77 % of Assets	\$43,456
Templeton Global Bond	0.56 % of Assets	\$66
EnTrust Diversified (Class X - Gramercy)	0.50 % of Assets	\$889
EnTrust Special Opps III (Class C)	1.25 % of Assets	\$15,648
EnTrust Special Opps III (Class H)	1.25 % of Assets	\$26,353
Oaktree Special Situations Fund II	1.60 % of Assets	\$7,727
Abbey Capital Alternative Fund	1.55 % of Assets	\$27,907
Graham Absolute Return	2.00 % of Assets	\$41,263
Corbin Pinehurst	1.00 % of Assets	\$36,801
Townsend TREA II	1.00 % of Assets	\$16,447
Townsend TREA III	1.15 % of Assets	\$5,272
Metropolitan Real Estate	1.00 % of Assets	\$8,130
Alidade Fund IV	1.50 % of Assets	\$30,389
Blackstone Tactical Opps	1.50 % of Assets	\$9,762
McMorgan Infrastructure	1.00 % of Assets	\$12,051

The above information is for illustrative purposes only.

### Section Three

#### City of Southfield Retiree Healthcare Trust

Portfolio Positioning

Asset Allocation Overview

Liquidity Terms

Next Steps

Graystone  
Consulting<sup>SM</sup>

A business of Morgan Stanley

## U.S. Equity Size and Style Performance

2020 Performance  
As of October 1, 2020

	Value	Blend	Growth
Large	-10.9%	8.4%	28.7%
Mid	-15.8%	0.1%	16.5%
Small	-21.2%	-7.8%	6.0%

2019 Performance  
As of December 31, 2019

	Value	Blend	Growth
Large	25.6%	31.8%	38.2%
Mid	26.7%	30.8%	34.8%
Small	22.9%	27.4%	31.8%

Current Fwd. P/E Vs. 10-year Avg. P/E  
As of October 1, 2020

	Value	Blend	Growth
Large	15.8	22.2	32.4
	Avg.: 13.6	Avg.: 15.7	Avg.: 18.7
Mid	16.9	22.7	37.7
	Avg.: 14.7	Avg.: 17.5	Avg.: 20.7
Small	21.1	27.8	39.0
	Avg.: 17.1	Avg.: 20.3	Avg.: 24.9
Expensive: Above +1 Std. Dev.			
Neutral			
Cheap: Below -1 Std. Dev.			

Performance Since Market Peak (Feb. 2020)  
As of October 1, 2020

	Value	Blend	Growth
Large	-11.3%	2.6%	16.0%
Mid	-17.1%	-3.9%	9.1%
Small	-20.1%	-9.5%	0.7%

Performance Since Market Low (March 2020)  
As of October 1, 2020

	Value	Blend	Growth
Large	37.4%	53.6%	68.6%
Mid	49.9%	59.4%	68.4%
Small	46.8%	56.5%	65.4%

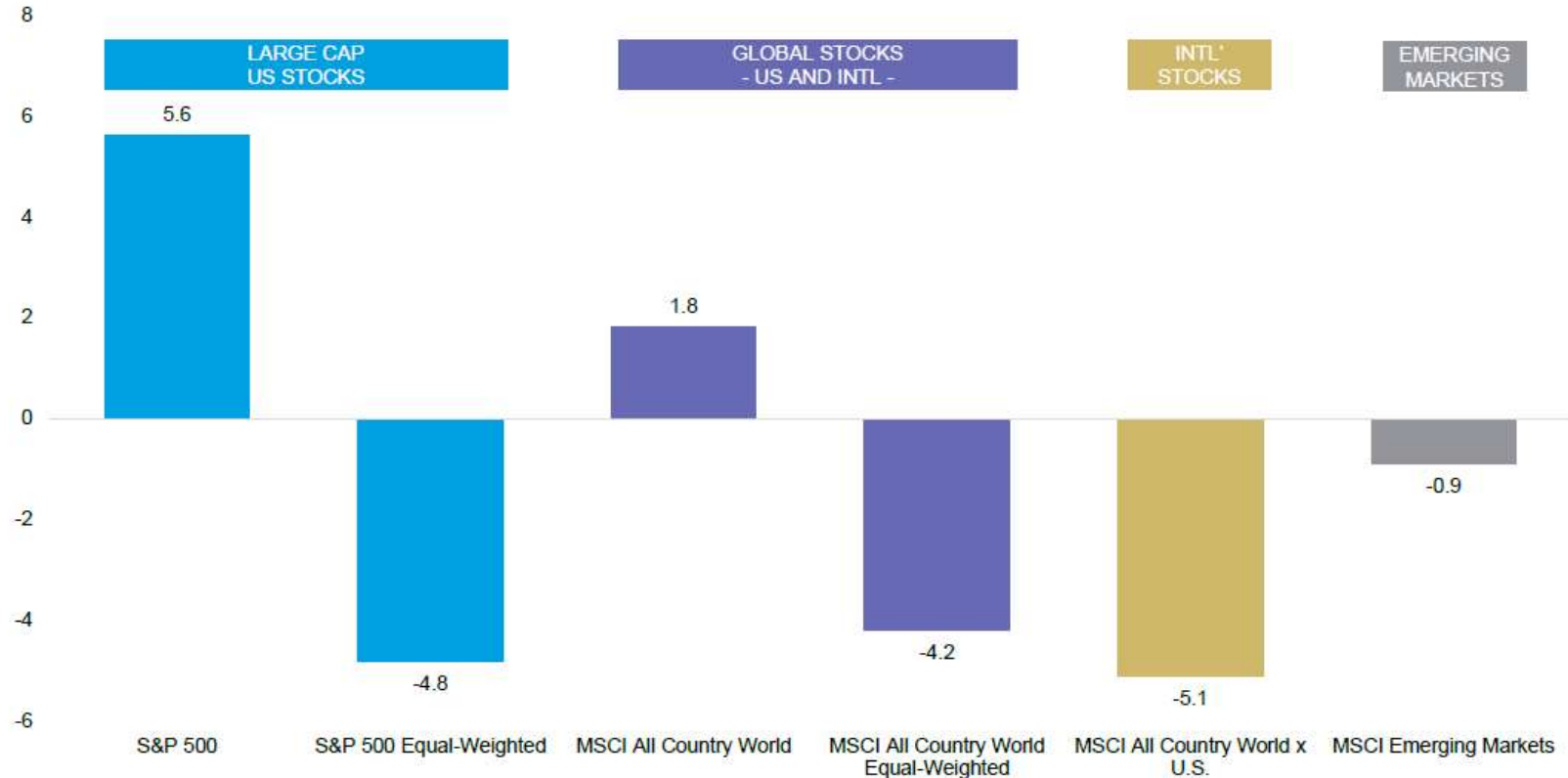
Source: FactSet, Morgan Stanley Wealth Management GIC. Indices used for this analysis include: MSCI US Large Value, MSCI US Large Blend, MSCI US Large Growth, MSCI US Mid Value, MSCI Mid Blend, MSCI Mid Growth, MSCI Small Value, MSCI Small Blend, and MSCI Small Growth. "Blend" indices include both Value and Growth stocks. Standard deviation (volatility) is a measure of the dispersion of a set of data from its mean. 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. This slide sourced from Market Performance section.

## Cap-Weighted Versus Equal-Weighted

The S&P 500 has outperformed again this year, owing largely to concentration among its most highly weighted index constituents (a similar dynamic affects MSCI ACWI). Five stocks (or 1% of S&P 500 index) make up more than 22% of the S&P 500's market capitalization.

### Global Equity Indices

YTD Total Returns, as of September 30, 2020



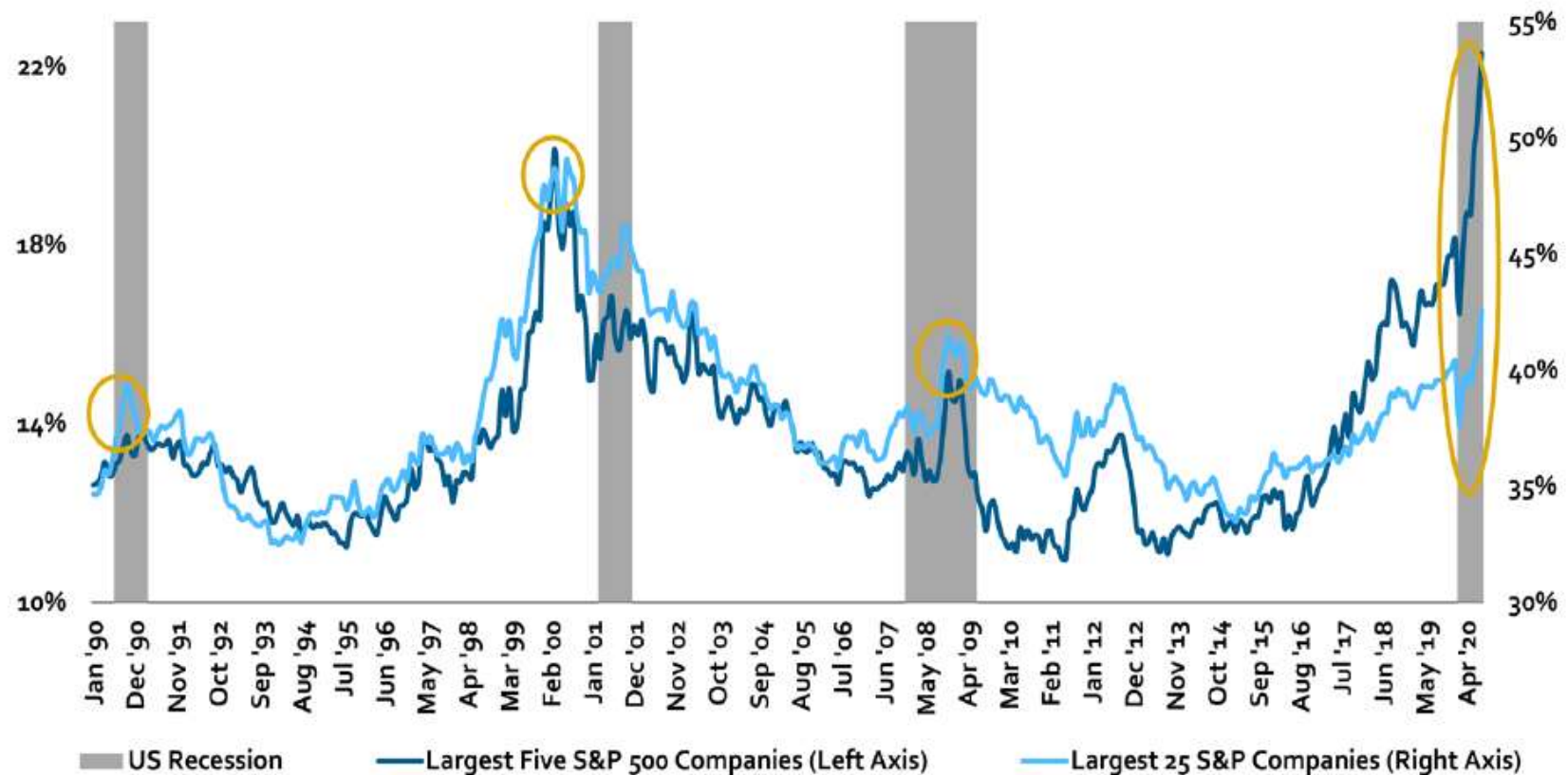
Source: Zephyr Analytics, S&P Dow Jones Indices LLC. Data above includes preliminary estimates for some indices. Subject to revision. The five largest constituents in the S&P 500 are Microsoft, Apple, Amazon, Facebook, Alphabet Class A & C Shares (aka, Google). As of September 30, 2020.



## Concentration Peaks Historically Served as Leading Indicators

**S&P 500 Concentration is Noteworthy Because Similar Levels Typically Coincide with Recessions; this Time May Be No Different.**

Concentration in the Largest S&P 500 Companies  
August 31, 2020



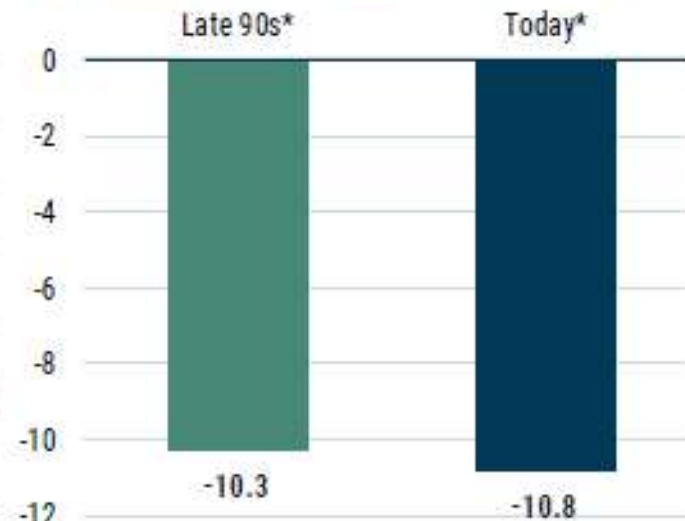
Source: Source: Bloomberg, FactSet, Morgan Stanley Wealth Management Market Strategy

## U.S. Value Vs. Growth Performance Is Eerily Similar To Late 90s

*5-Year Cumulative  
R1000 Value vs. R1000 Growth*



*5-Year Annualized Return  
R1000 Value vs. R1000 Growth*



Source: FTSE Russell

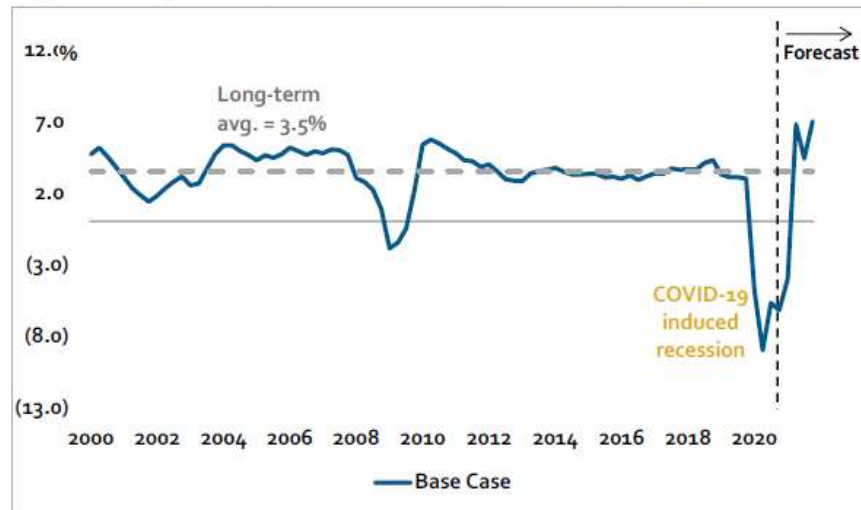
\*The "Late 90s" reference is to 5 years ending February 2000; the "Today" reference is to 5 years ending September 2020.

## Prefer Value Over Growth; Underweight Technology Stocks

As of November 2020

While Economy Was in Recession in 1H 2020, Recovery May Take Hold in 2H 2020/2021

GDP Quarterly as of 3Q 2020; Forecast as of November 2, 2020



### Investment Ideas

- Look to add cyclical/value exposure that should benefit as the economy transitions into next year
- Consider active management to take advantage of a better stock-picking environment

Large-Cap Growth Stocks Outperformed Significantly Over the Last 12 Months, Which Seems Unsustainable Moving Forward

Data as of October 26, 2020



### Key Risks

- If real rates decrease significantly, value could continue to underperform relative to growth
- COVID recession intensifies, trade tensions worsen, causing global investment and growth to decelerate more than expected, leading to defensive leadership

Source: Bloomberg, Haver Analytics, Morgan Stanley Wealth Management GIC, Morgan Stanley & Co. estimates for 2020 GDP Growth. Standard deviation (volatility) is a measure of the dispersion of a set of data from its mean.

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.

## MS GIC Strategic Return and Volatility Estimates, 7 Years

	Annualized Return (2020)	Annualized Volatility (2020)
<b>Ultrashort Fixed Income</b>	1.1%	1.0%
<b>Equities</b>	6.0	14.2
US Equities	4.8	14.8
US Large-Cap Growth	3.6	16.0
US Large-Cap Value	6.4	14.3
US Mid-Cap Growth	2.2	17.9
US Mid-Cap Value	8.1	15.4
US Small-Cap Growth	4.4	21.7
US Small-Cap Value	10.0	18.3
International Equities	6.9	15.8
European Equities	7.5	16.7
Japan Equities	5.6	18.9
Asia Pacific ex Japan Equities	6.8	20.9
Emerging & Frontier Mkt. Equities	7.7	21.1
<b>Fixed Income &amp; Preferreds</b>	1.5	5.3
Short-Term Fixed Income	1.5	2.6
US Fixed Income Taxable	1.5	5.3
International Fixed Income	-0.8	5.2
Inflation-Protection Securities	0.7	11.4
High Yield Fixed Income	2.8	9.0
Emerging Market Fixed Income	5.0	10.1
<b>Alternatives</b>	4.0	8.4
Real Assets	5.3	12.7
REITs	7.5	16.7
Commodities	1.4	17.0
Master Limited Partnerships	7.0	16.6
Absolute Return Assets	2.8	5.3
Equity Hedge Assets	4.7	8.4
Equity Return Assets	4.4	9.4
Opportunistic Assets	8.8	9.0
Private Real Estate	8.5	8.4
Private Equity	9.0	12.2
Private Credit	7.2	7.3

Source: Morgan Stanley Wealth Management GIC

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## Current Allocation Across Managers and Asset Class (11/30/2020)

City of Southfield Retiree Healthcare										November 30, 2020
Asset Class	Market Value	Portfolio Percentage	AA 2017 Policy Target	Interim Policy Target	Value at Interim Policy Target	Rebalance	Value after Reallocation	% After Reallocation	% Over (Under)	\$ Value Over (Under)
<b>Global Equities (10 - 70%)</b>	<b>\$45,653,341</b>	<b>50.0%</b>	<b>45.0%</b>	<b>50.0%</b>	<b>\$45,659,514</b>	<b>\$1,250,000</b>	<b>\$46,903,341</b>	<b>51.4%</b>	<b>1.4%</b>	<b>\$1,243,828</b>
Vanguard Total Stock Market ETF	\$2,416,422	2.6%		3.0%		\$350,000	\$2,766,422	3.0%		
Hamlin Equity Income	\$7,469,511	8.2%		8.0%		\$0	\$7,469,511	8.2%		
Ancora Sm/Mid	\$7,661,411	8.4%		8.0%		\$0	\$7,661,411	8.4%		
Clarkston Capital Sm/Mid	\$9,649,193	10.6%		10.0%		\$0	\$9,649,193	10.6%		
Kopernik Global All Cap	\$8,197,634	9.0%		10.0%		\$900,000	\$9,097,634	10.0%		
Europacific Growth	\$6,693,834	7.3%		7.0%		\$0	\$6,693,834	7.3%		
Vanguard Emerging Markets ETF	\$3,565,335	3.9%		4.0%		\$0	\$3,565,335	3.9%		
<b>Global Fixed Income (10 - 100%)</b>	<b>\$18,057,618</b>	<b>19.8%</b>	<b>23.0%</b>	<b>22.0%</b>	<b>\$20,090,186</b>	<b>\$1,988,214</b>	<b>\$20,045,832</b>	<b>22.0%</b>	<b>0.0%</b>	<b>(\$44,354)</b>
Loomis Sayles Investment Grade Bond	\$12,374,660	13.6%		15.0%		\$1,300,000	\$13,674,660	15.0%		
JPM Strategic Income	\$5,671,172	6.2%		7.0%		\$700,000	\$6,371,172	7.0%		
Templeton Global Bond Fund	\$11,786	0.0%		0.0%		(\$11,786)	(\$0)	0.0%		
<b>Alternative Investments</b>	<b>\$18,249,120</b>	<b>20.0%</b>	<b>30.0%</b>	<b>22.5%</b>	<b>\$20,546,781</b>	<b>\$700,000</b>	<b>\$18,949,120</b>	<b>20.8%</b>	<b>-1.7%</b>	<b>(\$1,597,661)</b>
Abbey ACL (\$1.75M)	\$1,772,089	1.9%		2.5%		\$500,000	\$2,272,089	2.5%		
Graham Absolute Return (\$2.05M)	\$2,059,626	2.3%		2.5%		\$200,000	\$2,259,626	2.5%		
EnTrust Capital Diversified (Class X - Gramercy)	\$177,707	0.2%		0.2%		\$0	\$177,707	0.2%		
EnTrust Special Opps. III Class C (\$2M)	\$1,217,718	1.3%		1.3%		\$0	\$1,217,718	1.3%		
EnTrust Special Opps. III Class H (\$2.5M)	\$2,073,794	2.3%		2.4%		\$0	\$2,073,794	2.3%		
Corbin Capital Hedge Fund	\$3,680,137	4.0%		4.3%		\$0	\$3,680,137	4.0%		
Blackstone Tactical Opportunities Fund I (\$1.7M)	\$614,009	0.7%		0.7%		\$0	\$614,009	0.7%		
Oaktree Special Situations Fund II (\$2M)	\$544,917	0.6%		0.5%		\$0	\$544,917	0.6%		
McMorgan Infrastructure (\$1.7M)	\$1,205,108	1.3%		1.5%		\$0	\$1,205,108	1.3%		
Townsend Real Estate Alpha Fund II (\$2M)	\$1,637,693	1.8%		2.2%		\$0	\$1,637,693	1.8%		
Townsend Real Estate Alpha Fund III (\$2M)	\$458,422	0.5%		1.0%		\$0	\$458,422	0.5%		
Alidade Fund IV (\$2M)	\$1,994,923	2.2%		2.4%		\$0	\$1,994,923	2.2%		
Metropolitan Secondaries Real Estate Fund (\$4.5M)	\$812,977	0.9%		1.0%		\$0	\$812,977	0.9%		
<b>Cash (0 - 10%)</b>	<b>\$9,358,948</b>	<b>10.2%</b>	<b>2.0%</b>	<b>5.5%</b>	<b>\$5,022,547</b>	<b>(\$3,938,214)</b>	<b>\$5,420,734</b>	<b>5.9%</b>	<b>0.4%</b>	<b>\$398,188</b>
<b>Combined Accounts</b>	<b>\$91,319,027</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$91,319,027</b>	<b>\$0</b>	<b>\$91,319,027</b>	<b>100.0%</b>		

\*Abbey, Graham as of 10/31/20 | Corbin, EnTrust, Blackstone, Oaktree, Alidade as of 9/30/20 | Metropolitan, Townsend, McMorgan as of 6/30/20

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Policy targets updated based on Proposal 1 of the Asset Allocation Study approved in September 2017

Source: Investment Metrics / Paris, Comerica Bank statements & Investment Manager statements

## Illiquids Funding Protocol and Next Steps

### Illiquids funding protocol for the Alternative Investments (Updated 5/2020):

- McMorgan Infrastructure Fund I from Loomis Sayles IG Bond
- EnTrust Special Opportunities Fund IV from Vanguard Total Stock Market
- Townsend Real Estate Fund II from Vanguard Total Stock Market
- Blackstone Tactical Opportunities Fund I from Vanguard Total Stock Market
- Metropolitan Real Estate Fund II from ~~Vanguard REIT~~ Cash
- Alidade Fund IV from Vanguard Total Stock Market
- Oaktree Special Situations Fund II from ~~Hamlin~~ Vanguard Total Stock Market

### Today:

- Re-Allocation to Interim Target Allocation

## Glossary of Terms

**Active Contribution Return:** The gain or loss percentage of an investment relative to the performance of the investment benchmark.

**Active Exposure:** The percentage difference in weight of the portfolio compared to its policy benchmark.

**Active Return:** Arithmetic difference between the manager's return and the benchmark's return over a specified time period.

**Actual Correlation:** A measure of the correlation (linear dependence) between two variables X and Y, with a value between +1 and -1 inclusive. This is also referred to as coefficient of correlation.

**Alpha:** A measure of a portfolio's time weighted return in excess of the market's return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

**Best Quarter:** The highest quarterly return for a certain time period.

**Beta:** A measure of the sensitivity of a portfolio's time weighted return (net of fees) against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

**Consistency:** The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

**Core:** Refers to an investment strategy mandate that is blend of growth and value styles without a pronounced tilt toward either style.

**Cumulative Selection Return (*Cumulative Return*):** Cumulative investment performance over a specified period of time.

**Distribution Rate:** The most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and/or return of capital.

**Down Market Capture:** The ratio of average portfolio returns over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

**Downside Risk:** A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the value, the more risk the product has.

**Downside Semi Deviation:** A statistical calculation that measures the volatility of returns below a minimum acceptable return. This return measure isolates the negative portion of volatility: the larger the number, the greater the volatility.

**Drawdown:** A drawdown is the peak-to-trough decline during a specific period of an investment, fund or commodity.

**Excess over Benchmark:** The percentage gain or loss of an investment relative to the investment's benchmark.

**Excess Return:** Arithmetic difference between the manager's return and the risk-free return over a specified time period.

**Growth:** A diversified investment strategy which includes investment selections that have capital appreciation as the primary goal, with little or no dividend payouts. These strategies can include reinvestment in expansion, acquisitions, and/or research and development opportunities.

**Growth of Dollar:** The aggregate amount an investment has gained or lost over a certain time period, also referred to as Cumulative Return, stated in terms of the amount to which an initial dollar investment would have grown over the given time period.

**Investment Decision Process (IDP):** A model for structuring the investment process and implementing the correct attribution methodologies. The IDP includes every decision made concerning the division of the assets under management over the various asset categories. To analyze each decision's contribution to the total return, a modeling approach must measure the marginal value of every individual decision. In this respect, the hierarchy of the decisions becomes very important. We therefore use the IDP model, which serves as a proper foundation for registering the decisions and relating them to each other.

**Information Ratio:** Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

**Jensen's Alpha:** The Jensen's alpha measure is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. This metric is also commonly referred to as alpha.

**Kurtosis:** A statistical measure that is used to describe the distribution, or skewness, of observed data around the mean, sometimes referred to as the volatility of volatility.

**Maximum Drawdown:** The drawdown is defined as the percent retrenchment from a fund's peak to the fund's trough value. It is in effect from the time the fund's retrenchment begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley (length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.

**Modern Portfolio Theory (MPT):** An investment analysis theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward.

**Mutual Fund (MF):** An investment program funded by shareholders that trade in diversified holdings and is professionally managed.

**Peer Group:** A combination of funds that share the same investment style combined as a group for comparison purposes.

**Peer/ Plan Sponsor Universe:** A combination of asset pools of total plan investments by specific sponsor and plan types for comparison purposes.

**Performance Ineligible Assets:** Performance returns are not calculated for certain assets because accurate valuations and transaction data for these assets are not processed or maintained by us. Common examples of



these include life insurance, some annuities and some assets held externally.

**Performance Statistics:** A generic term for various measures of investment performance measurement terms.

**Portfolio Characteristics:** A generic term for various measures of investment portfolio characteristics.

**Preferred Return:** A term used in the private equity (PE) world, and also referred to as a "Hurdle Rate." It refers to the threshold return that the limited partners of a private equity fund must receive, prior to the PE firm receiving its carried interest or "carry."

**Ratio of Cumulative Wealth:** A defined ratio of the Cumulative Return of the portfolio divided by the Cumulative Return of the benchmark for a certain time period.

**Regression Based Analysis:** A statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables

**Residual Correlation:** Within returns-based style analysis, residual correlation refers to the portion of a strategy's return pattern that cannot be explained by its correlation to the asset-class benchmarks to which it is being compared.

**Return:** A rate of investment performance for the specified period.

**Rolling Percentile Ranking:** A measure of an investment portfolio's ranking versus a peer group for a specific rolling time period (i.e. Last 3 Years, Last 5 years, etc.).

**R-Squared:** The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

**SA/CF (Separate Account/Comingled Fund):** Represents an acronym for Separate Account and Comingled Fund investment vehicles.

**Sector Benchmark:** A market index that serves as a proxy for a sector within an asset class.

**Sharpe Ratio:** Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance results in.

**Standard Deviation:** A statistical measure of the range of a portfolio's performance; the variability of a return around its average return over a specified time period.

**Total Fund Benchmark:** The policy benchmark for a complete asset pool that could consist of multiple investment mandates.

**Total Fund Composite:** The aggregate of multiple portfolios within an asset pool or household.

**Tracking Error:** A measure of standard deviation for a portfolio's investment performance, relative to the performance of an appropriate market benchmark.

**Treynor Ratio:** A ratio that divides the excess return (above the risk free rate) by the portfolio's beta to arrive at a unified measure of risk adjusted return. It is generally used to rank portfolios, funds and benchmarks. A higher ratio is indicative of higher returns per unit of market risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing market risk.

**Up Market Capture:** The ratio of average portfolio returns over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.

**Upside Semi Deviation:** A statistical calculation that measures the volatility of returns above an acceptable return. This return measure isolates the positive portion of volatility; the larger the number, the greater the volatility.

**Value:** A diversified investment strategy that includes investment selections which tend to trade at a lower price relative to its dividends, earnings, and sales. Common attributes are stocks that include high dividend, low price-to-book ratio, and/or low price-to-earnings ratio.

**Worst Quarter:** The lowest rolling quarterly return for a certain time period.

## Information Disclosures

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**Tax managed funds** may not meet their objective of being tax-efficient.

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“Alpha tilt strategies comprise a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward potentially outperforming the market in an effort to enhance overall investment returns. Tilt strategies are subject to significant timing risk and could potentially expose investors to extended periods of underperformance.”

**Custom Account Index:** The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

## Peer Groups

Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a clients investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the

actual investment can be ranked versus its peer across various quantitative metrics.

All Peer Group data are provided by Investment Metrics, LLC.

The URL below provides all the definitions and methodology about the various Peer Groups

<https://www.invmetrics.com/style-peer-groups>

## Peer Group Ranking Methodology

A percentile rank denotes the value of a product in which a certain percent of observations fall within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value.

The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

## Alternatives

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**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.

*An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.*

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 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."



## 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**. **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 suitable 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. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases 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.

**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 suitable 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. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. All expressions of opinion are subject to change without notice and are not intended to be a forecast of future events or results. 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. This is not a "research report" as defined by NASD Conduct Rule 2711 and was not prepared by the Research Departments of Morgan Stanley Smith Barney LLC or Morgan Stanley & Co. LLC or its affiliates. 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. While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown). The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund



universe, and may be biased in several ways. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Individual funds have specific tax 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. This material is not to be reproduced or distributed to any other persons (other than professional advisors of the investors or prospective investors, as applicable, receiving this material) and is intended solely for the use of the persons to whom it has been delivered. This material is not for distribution to the general public. Past performance is no guarantee of future results. Actual results may vary. SIPC insurance does not apply to precious metals, other commodities, or traditional alternative investments. 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. In Consulting Group's advisory programs, alternative investments are limited to US-registered mutual funds, separate account strategies and exchange-traded funds (ETFs) that seek to pursue alternative investment strategies or returns utilizing publicly traded securities. Investment products in this category may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative investments are not suitable for all investors. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. 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.

While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown). The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways.

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 suitable 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. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. **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.

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**Indices** are unmanaged. An investor cannot invest directly in an index. They are shown for illustration purposes only and do not show the performance of any specific investment. Reference to an index does not imply that the portfolio will achieve return, volatility or other results similar to the index. The composition of an index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error target, all of which are subject to change over time.

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 form the primary basis for any investment decision by you, or an investment advice or recommendation for either ERISA or Internal Revenue Code purposes. Morgan Stanley Private Wealth Management will only prepare a financial plan at your specific request using Private Wealth Management approved financial planning signature.

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For index, indicator and survey definitions referenced in this report please visit the following: <http://www.morganstanleyfa.com/public/projectfiles/id.pdf>

**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 suitable 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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