SEPTEMBER 30, 2013

Shown below is the quarterly report on the status of the Montgomery County Consolidated Retiree Health Benefits Trust ("CRHBT") for the quarter ending September 30, 2013. This quarterly report is designed to assist you in understanding the current status of the CRHBT.

History

The Consolidated Retiree Health Benefits Trust was established in 2008 as a Section 115 Trust to provide funding for retiree health benefits for retirees and their dependents of Montgomery County and other agencies or political subdivisions who elect to participate.

Participating Agencies and Other Trust Participants

Participating agencies include Montgomery County Government, Revenue Authority, Credit Union, Department of Assessment & Tax, Strathmore Hall Foundation, Housing and Opportunity Commission, Washington Suburban Transit Commission, and Village of Friendship Heights. Beginning in June 2012, funding for retiree health benefits for Montgomery County Public Schools ("MCPS") and Montgomery College were also contributed to the CRHBT.

Board of Trustees

The Board of Trustees consists of 19 members: The Montgomery County Directors of Management and Budget, Finance, and Human Resources; the Council Staff Administrator; a Police Bargaining Unit Representative; a Fire & Rescue Bargaining Unit Representative; an Office, Professional, and Technical (OPT) and Service, Labor and Trades (SLT) Bargaining Unit Representative; a Non-Bargaining Unit Representative; a Retired Employees Representative; two persons recommended by the Council who are knowledgeable in pensions, investments, or financial matters; two individuals knowledgeable in pensions, investments, or financial matters appointed by the County Executive; three members nominated by the Montgomery County Board of Education including a designee of the Superintendent, a Bargaining Unit Representative and retiree of MCPS; and 3 members nominated by the Board of Trustees of Montgomery College including a designee of the President, a Bargaining Unit Representative, and a retiree of Montgomery College. During the quarter, the Board elected new officers in its annual elections. The Montgomery College bargaining unit representative is Chair; the Vice-Chair is the Montgomery County Director of Human Resources; and the Secretary is the MCPS retiree representative.

Performance Results

The total net of fee return achieved by the CRHBT for the third quarter and fiscal year-to-date was a return of 4.35%, 28 basis points ahead of the 4.07% return recorded by the policy benchmark. For the one year period ending September 30, 2013, the CRHBT's net of fee return was a gain of 9.31%, 48 basis points ahead of the 8.83% return recorded by the policy benchmark. Our annualized net of fee performance for the three-year period was a gain 9.25%, 7.83% for the five-year period and 4.94% since inception in June, 2008.

The total market value of trust assets at September 30, 2013 was $249.0 million, and the market value of funds held on behalf of MCPS was $83.5 million. The CRHBT's asset allocation was: Domestic Equities 24.6%, International Equities 20.7%, Global Equities 4.9%, Fixed Income 21.5%, Inflation Linked Bonds 9.7%, Commodities 4.8%, REITS 9.4%, Absolute Return 4.2%, and Cash 0.2%.

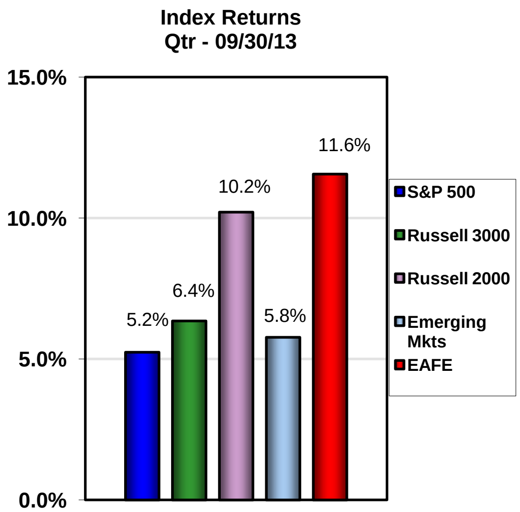
Capital Markets and Economic Conditions

The U.S. economy expanded at a 2.5% real annualized rate during the second quarter of 2013, as opposed to a 1.1% real annualized rate in the first quarter. The acceleration of GDP was primarily driven by upturns in exports and nonresidential fixed investments, which were partially offset by a reduction in government spending. The economy added 148,000 new jobs in September, which came in below economists' estimates. The biggest net hiring gains in September were in construction, wholesale trade, and transportation & warehousing. The unemployment rate remained at 7.2%, but has declined by 40 basis points since June 2013. The Consumer Price Index rose 0.8% in September, with the energy index accounting for almost half of the increase. August home prices were up 12.8% from a year earlier, the biggest 12 month gain since February 2006. However, the pace of the monthly price increases are starting to slow as speculation over when the Federal Reserve will begin cutting its large scale asset purchasing is causing interest rates to move upward.

Major Initiatives/Changes

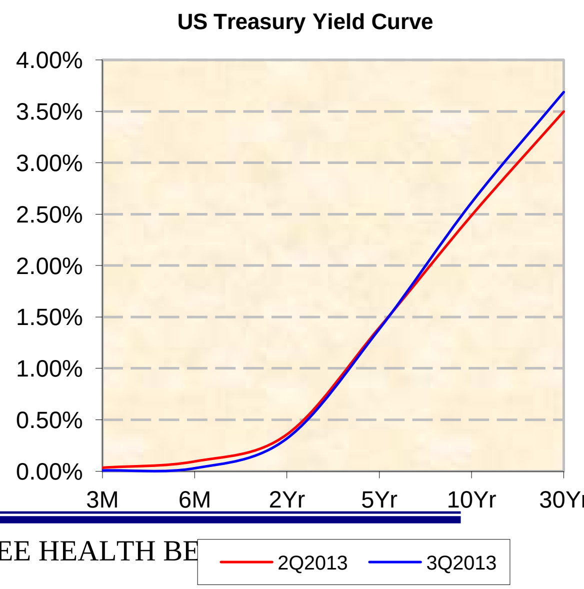
During the quarter, the Board replaced a passive emerging market manager with an active manager. The Board also hired two active managers to replace a passive manger within the developed international equity allocation. In addition the Board approved the 2013 commitment plan for Private Real Assets and made a $3,000,000 commitment to a private real assets manager. There were no changes to the investment staff or CRHBT participants during the quarter.

Public Equity Markets: U.S. equities rallied in the third quarter on the prospects of continued economic growth. The S&P 500 Index reached a new high in September after the Fed announced its decision against scaling back the stimulus program. Larger capitalization stocks (as represented by the S&P 500 Index) continued to underperform their smaller counterparts. All of the ten sectors of the S&P 500, except Telecom, advanced with Materials, Industrials, and Consumer Discretionary performing the best. The domestic equity performance was a gain of 6.94%, outperforming the 6.35% gain recorded by the Russell 3000 benchmark. The domestic equity allocation consists of a passive and four active managers.



International developed markets outperformed their domestic counterparts during the quarter as economic data for the Eurozone continued to look promising, indicating that the recovery is gaining momentum. Investor sentiment turned more positive on news that Japan's aggressive initiatives continued to positively impact economic growth. Within emerging markets, investors were pleased with signs of stabilization in China and the Fed's decision to postpone tapering. During the quarter, developed markets, as measured by the MSCI EAFE Index, posted a 11.56% return. All of the developed markets, led by Greece, Finland, and Spain, rallied during the quarter. Emerging Markets advanced 5.77%, trailing their developed counterparts, with Poland, Korea, and Russia posting double digit returns. The international equity performance was a gain of 9.45% for the quarter, underperforming the 10.10% gain recorded by the custom benchmark. The international equity allocation consisted of a passive developed international manager and an active emerging markets manager on September 30, 2013. The global equity performance was a gain of 6.81%, underperforming the 7.90% return of the MSCI ACWI benchmark and consisted of one active manager.

Fixed Income: U.S. Treasury yields declined for shorter maturities but rose on the longer end of the yield curve during the quarter. Market expectations of Fed tapering pushed yields higher on the 10-year Treasury towards 3.00% by mid-September. However, the Fed's commitment to quantitative easing at their September meeting quickly sent rates lower to close the quarter at 2.61%. The tightening of financial conditions observed in recent months, which could slow the pace of improvement in the economy and labor market, contributed to the Fed's maintaining a highly accommodative monetary policy. The yield curve



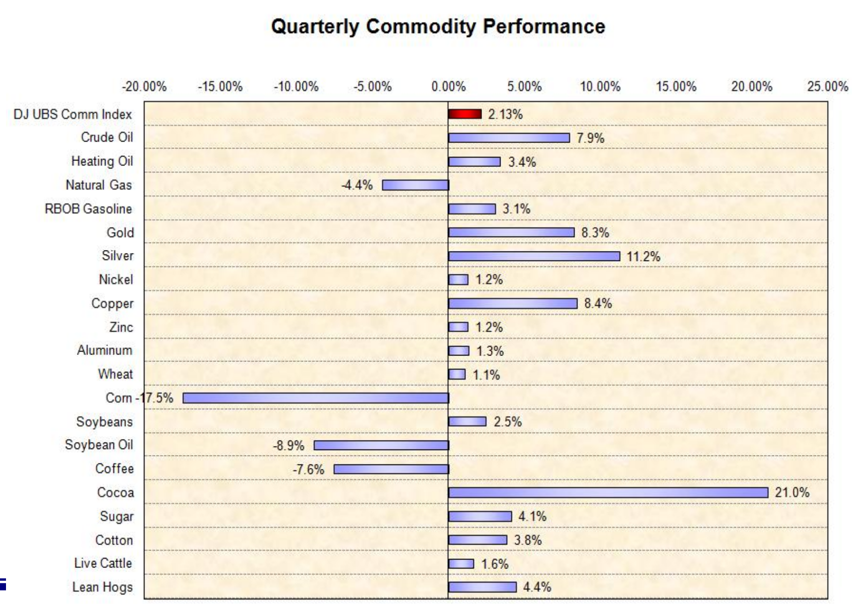
steepened (shown in the chart to the right) as the spread between 2-year and 10-year Treasuries, the main gauge of the yield curve, widened by 16bps to 229bps. For the quarter, the 2-year Treasury yield ended at 0.32%, down 4bps, while the 10-year Treasury yield increased by 12bps to 2.61%. Credit spreads tightened and credit outperformed similar duration Treasuries with high yield the best performing sector. For the quarter, the Merrill High Yield Index returned 2.25%, and the Barclays Long Govt/Credit Index declined 83 bps. The fixed income performance for the quarter was a gain of 0.53%, in-line with the custom benchmark's 0.55% return. The fixed income allocation consists of an active high yield manager and a passive long duration manager. The Treasury Inflation-linked bonds (TIPS) returned 0.75% for the quarter, in-line with the 70bps return recorded by the benchmark. The TIPS portfolio is passively managed by one manager.

Absolute Return: Hedge funds, as measured by the HFRI Composite Index, gained 2.3% in the third quarter and have returned 5.6% for the year. Equity Hedge and Event Driven were the best performing strategies. The HFRI Equity Hedge Index gained 4.2% in quarter. Performance was led by long biased equity hedge fund strategies who benefitted from the equity markets rally during the quarter. The HFRI Event Driven Index returned 2.8% for the quarter driven by successful IPO issuance, M&A activity and activist strategies. Global Macro funds declined 1.14% in the quarter and have posted declines in 2013 with the HFRI Macro Index down 2.1% year to date as sharp reversals in currencies and commodities detracted from performance. The absolute return portfolio returned 5.21%, net of fees, in the third quarter, outperforming the -1.14% decline of HFRI Macro Index. The allocation consists of one active manager.

Private Real Assets: Commercial real estate transaction activity year-to-date through the end of the third quarter continues to be robust, up 24% globally versus the same period a year earlier. Asia and North America (primarily the U.S.) are driving the robust markets. Pricing for major properties in major markets continues to be high relative to recent years, though investors continue to show appetite for increasing risk exposure to non-major markets. In energy markets, both pricing and transaction volumes are down compared to 2012. To date, the CRHBT has made commitments to 4 private real assets managers totaling $12 million. During the quarter, the portfolio saw $60,000 of capital called and no distributions. Due to the young age of the portfolio, there is no performance to report.

Private Equity: Through the third quarter, private equity firms had raised fewer new funds but more aggregate new capital than in the same period the prior year – the increased capital raised was a result of a substantial pick-up in European buyout fundraising. Exit activity is down versus the prior year, but exits through initial public offerings showed a welcome increase for both buyout and venture managers. Purchase valuations remain almost exactly in line with 10-year averages, while leverage use is above its historic average due to low interest rates and attractive financing terms from lenders. To date, the CRHBT has made commitments to 3 private equity funds totaling $10 million; no capital has been called.

Commodities: The Dow Jones-UBS Commodity Index advanced 2.13% during the quarter led by the metals and energy sectors. The best performing sector was precious metals, supported by the continuation of U.S. monetary stimulus. All industrial metals rose, bolstered by hopes for a cyclical recovery in China. Concerns over tensions in the Middle East (Syria) put upward pressure on oil prices, contributing to strong returns in the energy sector. Within the agriculture sector, corn, which was impacted by strong crop yields, was the primary source of weakness. During the quarter, our commodities portfolio advanced 3.29%,



116bps ahead of the DJ UBS Commodities Index. The allocation consists of 2 active managers.

REITs: During the third quarter, global REITs generated moderate positive returns, in spite of continued uncertainties around global central bank actions. This uncertainty was felt most in U.S. REITs, which experienced losses for the quarter; Asian and European property securities both saw significant gains, which offset the U.S. weakness. The REIT portfolio declined 0.70% in the third quarter, underperforming the benchmark by 27bps. The allocation consists of an active global REIT manager and a passive U.S. REIT manager.

Risk Profile

The risk/return statistics for the CRHBT for the 1, 3 and 5 year periods are shown below:

1 Year ending September 30, 2013					
	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	9.31	7.61	1.21	1.59	1.22
CRHBT Benchmark	8.83	7.3	1.19	1.56	1.21

3 Years ending September 30, 2013					
	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	9.25	10.97	0.83	1.12	0.84
CRHBT Benchmark	8.99	10.92	0.81	1.10	0.82

5 Years ending September 30, 2013					
	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	7.83	17.15	0.45	0.58	0.46
CRHBT Benchmark	7.15	17.46	0.40	0.51	0.41

Participating Agency Allocation

	6/30/2013		6/30/13-9/30/13			9/30/2013	
Agency	Balance $	Balance %	Contributions	Expenses	Investment Gain/Loss	Balance $	Balance %
Montgomery County Govt	$145,537,182	61.61%	$1,913,540	($58,556)	$6,370,771	$153,762,936	61.73%
MontCo Revenue Authority	$1,208,450	0.51%	$79,285	($486)	$52,899	$1,340,148	0.54%
Strathmore Hall Foundation	$523,177	0.22%	$42,290	($210)	$22,902	$588,159	0.24%
Credit Union	$492,359	0.21%	$33,183	($198)	$21,553	$546,897	0.22%
Dept of Assessments & Tax	$9,265	0.00%	$0	($4)	$406	$9,667	0.00%
District Court of Maryland	$0	0.00%	$0	$0	$0	$0	0.00%
HOC	$5,372,870	2.27%	$548,918	($2,162)	$235,193	$6,154,819	2.47%
WSTC	$39,219	0.02%	$3,643	($16)	$1,717	$44,563	0.02%
Village of Friendship Heights	$144,334	0.06%	$10,685	($58)	$6,318	$161,279	0.06%
Montg. Cty. Public Schools	$80,033,171	33.88%	$0	($32,201)	$3,503,386	$83,504,356	33.52%
Montgomery College	$2,869,677	1.21%	$0	($1,155)	$125,618	$2,994,140	1.20%
Total	**$236,229,704**	**100.00%**	**$2,631,544**	**($95,046)**	**$10,340,762**	**$249,106,964**	**100.00%**