March 31, 2021

Shown below is the quarterly report on the status of the Montgomery County Consolidated Retiree Health Benefits Trust ("CRHBT") for the quarter ending March 31, 2021. This quarterly report is designed to assist you in understanding the current status of the CRHBT.

History

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

Participating Agencies and Other Trust Participants

Participating agencies include Montgomery County Government, Revenue Authority, SkyPoint Federal Credit Union, Department of 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 Executive Director; a Police Bargaining Unit Representative; a Fire & Rescue Bargaining Unit Representative; an Office, Professional, and Technical (OPT) and Service, Labor and Trades (SLT) Bargaining Unit Representative; a Non-Bargaining Unit Representative; a Retired Employees Representative; two persons recommended by the Council who are knowledgeable in pensions, investments, or financial matters; two individuals knowledgeable in pensions, investments, or financial matters appointed by the County Executive; three members nominated by the Montgomery County Board of Education including a designee of the Superintendent, a Bargaining Unit Representative and retiree of MCPS; and 3 members nominated by the Board of Trustees of Montgomery College including a designee of the President, a Bargaining Unit Representative, and a retiree of Montgomery College.

Performance Results

The total return for the quarter was a gain of 1.33%, 117 basis points (bps) ahead of the 0.16% gain recorded by the policy benchmark. For the one year ending March 31, 2021, the gain of 31.27% was 442 bps ahead of the 26.85% gain recorded by the policy benchmark. The one-year gross return places the CRHBT's performance in the third quartile of the universe of comparable funds constructed by the Board's consultant, NEPC. Our three-year performance of 11.07% and five-year performance of 11.14% places the CRHBT in the top quartile of the universe for both periods.

The total market value of trust assets at December 31, 2020 was $1,446.0 million. The CRHBT's asset allocation was: Domestic Equities 16.8%, International Equities 18.0%, Global Equities 4.3%, Fixed Income 19.7%, Inflation Linked Bonds 12.6%, Public Real Assets 6.3%, Private Real Assets 3.3%, Private Equity 10.2%, Private Debt 1.3%, Opportunistic 4.4%, and 3.1% Cash.

Major Initiatives/Changes

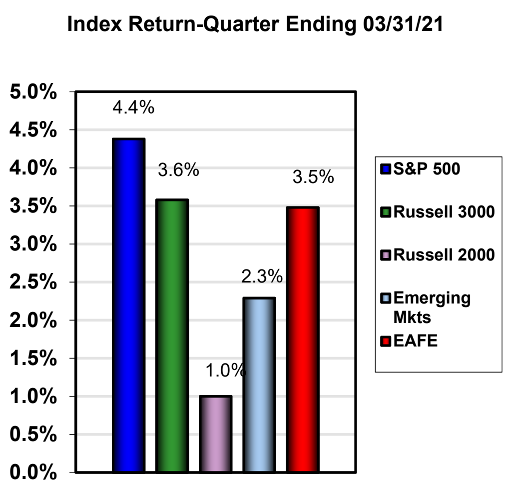
During the quarter, the following private commitments were made: $21 million to Middleground Partners II, L.P., a private equity fund, £12 million to Melford III, L.P., a private real estate fund, and $20 million to Arroyo Energy Investors Fund III, L.P., a private natural resources fund.

Capital Markets and Economic Conditions

First quarter GDP for 2021 grew at a 6.4%, slightly below the 6.5% estimate from the Dow Jones economist survey. The Q1 2021 GDP growth was the second-fastest growth rate since the second quarter of 2003 and was exceeded only by the reopening burst of Q3 in 2020. GDP growth was broad based across increased personal consumption, fixed residential and nonresidential investment, and government spending. Specifically, consumers who account for 68% of the economy, accelerated spending by 10.7% in the quarter, compared with a 2.3% increase in the previous period. By the end of Q1 2021, the unemployment rate further fell to 6.0% as nonfarm payrolls increased by 916,000 in March, well ahead of Dow Jones estimates of 675,000. Stronger economic growth and aggressive vaccination efforts contributed to strong gains in hospitality, leisure, and construction employment.

The consumer price index (CPI) rose 2.6% from a year ago, slightly above the 2.5% Dow Jones estimate. A surge in gasoline prices accounted for about half the gain as gasoline prices were up 22.5% from a year ago. Food also rose by 3.5% for the year. Core CPI, which excludes volatile food and energy costs, rose 1.6%. The housing picture remained resilient as new housing starts finished the quarter at 1.58 million, 23.4% higher than a year ago. Home prices continued to increase with the median existing-home sales pricing hitting a historic high of $329,100.

Public Equity Markets: Equities ended the quarter on a positive note after declining in January and recovering later as optimism over significant government stimulus took hold. Larger cap stocks performed better than small cap while value outperformed growth across the capitalization spectrum. All of the S&P 500 sectors advanced during the quarter with energy and financials leading the returns while technology and consumer staples lagged. Our combined domestic equity performance was a gain of 6.21%, underperforming the 6.35% gain of the Russell 3000 Index.



International developed markets also advanced but trailed their domestic counterparts. Sweden, Netherlands, and Norway were the strongest performing developed markets during the quarter. New Zealand was the bottom performer after declining 10.63% during the quarter. In Europe, stocks which fared poorly in 2020 rallied on hopes of a global economic recovery. Besides the energy and financials stocks, consumer discretionary stocks especially car makers advanced after the announcement of electric vehicle targets. Utilities, which are defensive areas that are less tied into the economic recovery, underperformed. Emerging markets also posted positive returns despite the headwinds as a result of the increase in US Treasury bond yields, which pressured higher growth areas of the equity markets, and a strengthening USD. Chile was one of the top performing markets as it benefited from the rally in copper prices. Turkey declined the most after the central bank governor was unexpectedly replaced. Our combined international equity performance was a gain of 3.40%, underperforming the 3.77% return recorded by the benchmark. Our global equity allocation recorded a gain of 3.99%, underperforming the 4.57% gain of the MSCI ACWI Index.

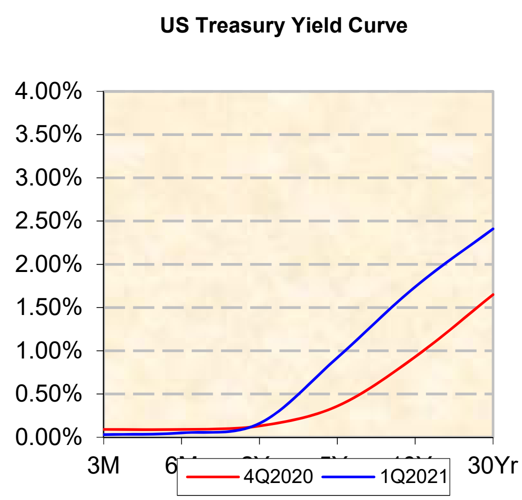
Private Equity: During the first quarter, a total of 532 private equity funds reached their final close, securing $205 billion in commitments, somewhat below the record fundraising total from Q4 but well above the first quarter of 2020. Q1 figures point to a continued optimism on the part of private equity managers and limited partners that the global economy should be returning to normal later this year following the deployment of several COVID-19 vaccines. Relative to Q4, the number of funds raised in Q1 decreased 8% to 532, the aggregate capital raised decreased 12% to $205 billion, and the average fund size decreased 10% to $408 million. North America continued to dominate the fundraising landscape, representing 64% of the total funds raised and 62% of the aggregate capital raised. Buyout deal activity was mixed in the first quarter as the number of deals completed decreased 8% to 680, the aggregate deal value rose 54% to $87.3 billion, and the average deal size increased 51% to $662 billion. Buyout multiples continue to expand in the U.S., averaging 11.4x Enterprise Value-to-EBITDA during the first quarter. The primary driver of the multiple expansion was the continued dominance of technology M&A activity, with the sector comprising 27% of deals completed and 49% of aggregate deal value. Following a lull in deal making during the depths of the pandemic, more cyclical industries such as industrial and consumer have continued to rebound. Much like the fundraising front, exit activity receded slightly following the boom in the fourth quarter. The number of exits decreased 4% to 676, the aggregate exit value decreased 16% to $162 billion, and the average exit value increased 2% to $744 million. Given the strong fundraising figures over the past year, buyout and growth dry powder levels reached $904 billion and $266 billion, respectively, both of which represent record levels.

Relative to Q4, venture fundraising activity accelerated significantly as the number of funds raised increased 16% to 196, aggregate capital raised increased 69% to $30.9 billion, and the average fund raised increased 41% to $168 million. The aggregate capital raised figure of $30.9 billion represents the largest quarterly fundraising total on record. While the number of venture deals consummated in Q1 represented a drop of 25% relative to Q4, aggregate deal value and average deal size hit record levels of $173 billion and $63.8 million, respectively.

During the quarter, our private equity managers called a combined $4.5 million and paid distributions of $6.7 million. Our current allocation to private equity is 10.2%, with a market value of $146.8 million. From its 2013 inception through September 30, 2020, the total private equity program has generated a net internal rate of return of 25.1% versus an 15.3% return for the dollar-weighted public market equivalent (the Russell 3000 Index plus 300 bps).

Hedge Funds: For the quarter, industry wide hedge funds advanced 5.8% based on the Composite Index. On a sub-strategy basis, the Event-Driven Index advanced 7.8%, the Relative Value Index gained 3.6%, the Macro Index gained 4.1%, and the Equity Hedge Index gained 6.9%. The System's diversifying hedge funds recorded a gain of 2.7% versus a gain of 3.7% for the Conservative Index. The diversifying portfolio underperformance is primarily attributable due to an overweight to relative value strategies with a corresponding underweight to event driven strategies as well as fund selection within the event driven sector. The System's directional hedge funds recorded a gain of 3.7% compared to the 0.9% return for the Strategic Index. The directional outperformance is primarily attributable to the System's fund selection within co-investments, event driven, and relative value strategies.

Fixed Income: The yield curve steepened dramatically as longer dated maturity bond yields moved higher. The yield on the 10- and 30-year bonds advanced by 81 and 76 bps during the quarter, respectively. The spread between 2-year and 10-year Treasuries, the main gauge of the yield curve, steepened by 78 bps to 158 bps, as yields on the 10-year maturities rose while yields on the 2-year maturities stayed flat as the Federal Reserve has committed to keeping short-term rates at 0%. For the quarter, the 10-year Treasury yield was 1.74% whereas the 30-year Treasury yield was 2.41%. The high yield portfolio's performance for the quarter was a gain of 1.5%, outperforming the Merrill Lynch High Yield II Constrained Index by 58 bps. The long duration portfolio's return for the quarter was a loss of 12.0%, outperforming the custom long duration benchmark by 8 bps. The emerging market debt portfolio lost 5.1%, underperforming the JPM EMBI Global Diversified benchmark by 49 bps. Our global inflation-linked bond portfolio, combined with a portable alpha overlay, recorded a loss of 6.3% net of fees, underperforming the custom benchmark by 37 bps. The overlay itself detracted a de minimis amount due to the weak performance of the strategy's alphas in developed market FX and emerging market FX.



Private Debt: Private debt fundraising declined as 42 funds closed and $27.9 billion was raised during Q1 versus 77 funds closed and $70.3 billion raised in Q4. The number of funds closed was at its slowest quarterly total in the last five years, impacted by the steepening US yield curve and the increase in borrowing rates. North America led fundraising with 24 funds and $18.4 billion aggregate capital raised with an average fund size of $874M. Direct lending strategies secured the bulk of the capital as it is usually considered the safest category in private debt. 17 direct lending funds reached a final close, raising an aggregate $19 billion during the quarter. At the end of the quarter, there were 592 funds in the market, targeting an aggregate $300 billion, with is an increase of 36% and 56%, respectively, versus January 2020. Private debt managers spent on average four months to get to a first close and reaching 120% of the target size at final close as of Q1 2021. Dry powder at the end of April was $364.7 billion, up 14% from December 31, 2020, with direct lending seeing the largest percentage increase.

During the quarter, our private debt managers called a combined $1.4 million and paid distributions of $1.1 million. Our current allocation to private debt is 1.3%, with a market value of $19.4 million. From 2013 through September 30, 2020, the private debt program generated a net internal rate of return of 6.3% versus an 8.2% return for the dollar-weighted public market equivalent benchmark (ICE BofA Merrill Lynch High Yield Master II Constrained + 300 bps).

Private Real Assets: During the quarter, private real estate fundraising faced the residual effects of a very challenging capital raising environment during 2020. The number of funds closed in Q1 2021 (52) was down by 50% versus the same period from one year ago, while the amount of aggregate capital raised of $25 billion was down approximately 25%. Given the amount of dry power in the sector, investors have been cautious around how much new capital they seek to commit to private real estate opportunities. Within the natural resource sector, fundraising continued to decline in Q2 2021, as only 30 funds closed on an aggregate $20 billion of new capital which represented a 9% decline in the number of funds closed from the same period in 2020. While both fundraising volume and total capital were depressed relative to prior year's period, the $20 billion of capital secured is a sequential improvement from the Q4 2020 quarter total of $16 billion. Specifically, energy related funds accounted for 95% of the capital raised last quarter. Our current allocation to private real assets is 3.3% with a market value of $48.2 million. During the quarter, our private real asset managers called a combined $2.6 million and paid distributions of $4.7 million. From 2013 inception through December 31, 2020, the total private real assets program (including fund-of-funds) has generated a net internal rate of return of 3.5% versus a 6.6% gain for the long-term benchmark CPI plus 500 bps.

Public Real Assets: Global listed real estate securities, as measured by the FTSE EPRA/NAREIT Developed Index posted a strong gain of 5.8% in Q1, slightly outperforming equities and significantly outpacing bonds. While REITs typically struggle during periods of rising interest rates, this upward move in rates created a style rotation out of growth equities into value-oriented securities like REITs. North America was the best performing region in the index due to the strengthening dollar and an economic recovery that is outpacing the rest of the developed world. Although Asia was the top performing region on a local currency basis, substantial currency headwinds eroded much of the gains. Europe was the worst performing region as their vaccine rollout has lagged significantly and many countries announced renewed lockdowns. The trend from the fourth quarter continued as the value-oriented, "re-opening trades" within the REIT space like hotels, shopping centers, and malls significantly outperformed the sectors that held up well during the pandemic such as data centers, industrial, and specialized residential. Data centers were the worst performing sector due to weak 2021 earnings guidance, despite strong leasing demand.

Listed infrastructure securities increased by 5.3% for the quarter as measured by the Dow Jones Brookfield Global Infrastructure Index, slightly outperforming global equities. Despite this slight outperformance, global listed infrastructure securities have underperformed global equities by a wider margin than any other period since the Global Financial Crisis. Sector dispersion was substantial as more economically sensitive sectors such as gas midstream, pipeline companies, and ports posted large gains while toll roads, water and waste, and airports delivered losses. While midstream energy was the bright spot for the infrastructure sector in Q1, many of these securities are still below pre-pandemic price levels. Defensive areas of the sector such as communication and utilities were roughly flat as investors preferred more cyclical securities. After several quarters of strong performance, companies exposed to green energy and renewables lagged as the market pivoted towards traditional energy securities. Regionally, North American infrastructure outperformed their European and Asian counterparts, primarily due to vaccine deployment and the strength of the U.S. dollar.

For the quarter, the public real asset portfolio returned 4.4%, underperforming the custom benchmark gain of 5.6% by 120 bps due to the underperformance of our Global REIT and Global Listed Infrastructure managers. Both managers underperformed due to their underweight to the cyclical sectors within their benchmark.

Outlook

During the first quarter of 2021, the U.S. Federal Reserve ("Fed") announced a significant revision to its 2021 GDP growth forecast, raising guidance from 4.2% to 6.5%. The Fed also signaled its willingness to keep interest rates at 0.25% and maintain the pace of its sizeable asset purchases to reach maximum employment and price stability. The U.S. unemployment rate projection for 2021 was brought down to 4.5%, while the inflation rate was revised upwards to 2.4%. All these revisions come on the back of an accelerating pace of vaccinations, a faster reopening schedule, and two stimulus packages which combined will provide approximately $2.8B in support to the economy.

In the European Union ("EU), a new wave of COVID-19 infections and a sluggish rollout of vaccines have resulted in muted economic activity. In an effort to continue to provide support to member economies, the European Central Bank ("ECB") announced its intention to increase its government bond purchases in May, while remaining within the €1.85 trillion Pandemic Emergency Purchase Program (PEPP) budget. The ECB expects inflation to reach its target of 2% during 2021 before falling in 2022. The ECB's GDP growth forecast remained largely unchanged from December 2020 and now stands at 4.0% for 2021 and 4.1% for 2022.

The strong start to the recovery in Japan was upended in January when a new COVID-19 outbreak forced the government to issue a state of emergency for 11 prefectures, including Tokyo. This shutdown resulted in muted economic activity in the first quarter of the year. In response to this contraction, the Bank of Japan ("BoJ") reiterated its intention to continue to pursue accommodative economic policies. The BOJ believes that economic growth will likely remain sluggish in the first half of the year before accelerating in the second half of the year in response to strong fiscal stimulus at home and abroad, a stronger vaccination record, and a general reopening of the economy. Japanese exports should benefit strongly from pent-up consumer demand abroad, particularly in the U.S. The BOJ's forecasts for GDP growth and CPI were moderately revised upward from their January 2021 meeting to 4.0% and 0.5%, respectively.

Sources: BlackRock, Bloomberg, Bridgewater, Eagle, FRM, Gryphon, Wellington, JP Morgan MSCI, NCREIF, Northern Trust, Oil & Gas Investor, PE Hub, Private Equity Analyst, Pitchbook, Preqin, PwC Deals, Real Capital Analytics, RE Alert, S&P Schroders, T. Rowe Price, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Wilshire Associates.

Risk Profile

The risk/return statistics for the CRHBT for the 1, 3 and 5-year periods ending March 31, 2021 are shown below:

1 Year	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	30.79	9.21	3.33	28.52	3.34
CRHBT Benchmark	26.87	9.56	2.80	12.58	2.81

3 Year	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	10.64	9.96	0.93	1.10	1.07
CRHBT Benchmark	9.78	10.04	0.84	1.06	0.97

5 Year	Total Return	Risk	Sharpe Ratio	Sortino Ratio	Return/Risk
CRHBT - Net of Fees	10.70	8.19	1.17	1.24	1.31
CRHBT Benchmark	9.75	8.56	1.01	1.13	1.14

Participating Agency Allocation

	1/1/2021		1/1/2021 - 3/31/2021			3/31/2021	
Agency	Balance $	Balance %	Contributions	Expenses	Investment Gain/Loss	Balance $	Balance %
Montgomery County Govt	$678,829,469	48.13%	$4,085,220	($730,962)	$8,415,308	$690,599,034	47.75%
MontCo Revenue Authority	$4,191,774	0.30%	$0	($4,514)	$51,965	$4,239,225	0.29%
Strathmore Hall Foundation	$2,061,683	0.15%	$0	($2,220)	$25,558	$2,085,021	0.14%
SkyPoint Federal Credit Union	$1,722,499	0.12%	$0	($1,855)	$21,353	$1,741,997	0.12%
Dept of Assessments & Tax	$17,268	0.00%	$20,000	($19)	$214	$37,463	0.00%
District Court of Maryland	$0	0.00%	$0	$0	$0	$0	0.00%
HOC	$23,223,905	1.65%	$0	($25,007)	$287,902	$23,486,800	1.62%
WSTC	$162,223	0.01%	$0	($175)	$2,011	$164,059	0.01%
Village of Friendship Heights	$521,450	0.04%	$3,000	($561)	$6,464	$530,353	0.04%
Montg. Cty. Public Schools	$623,104,047	44.18%	$14,052,960	($636,701)	$7,724,931	$644,245,236	44.54%
Montgomery College	$76,588,897	5.43%	$1,841,000	($78,260)	$949,511	$79,301,147	5.48%
Total	**$1,410,423,213**	**100.00%**	**$20,002,180**	**($1,480,274)**	**$17,485,216**	**$1,446,430,335**	**100.00%**