

**IN THE CHANCERY COURT OF JACKSON COUNTY, MISSISSIPPI**

IN RE: Singing River Health System Employees' Retirement Plan and Trust  
Almond, et al. v. Singing River Health System, et al.; Cause No. 2014-2653  
Thompson, et al. v. Singing River Health System, et al.; Cause No. 2014-2695  
Bosarge, et al. v. Singing River Health System, et al.; Cause No. 2014-2729  
Aguillar, et al. v. Singing River Health System, et al.; Cause No. 2014-2753  
Drury, et al. v. Singing River Health System, et al.; Cause No. 2015-0001  
Broun, et al. v. Singing River Health System, et al.; Cause No. 2015-0027  
Eiland, et al. v. Singing River Health System, et al.; Cause No. 2015-0030  
Lay, et al. v. Singing River Health System, et al.; Cause No. 2015-0060

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**REPORT BY SPECIAL FIDUCIARY TRACI M. CHRISTIAN**

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Pursuant to the appointment of Traci M. Christian as Special Fiduciary of the Singing River Health System Employees' Retirement Plan and Trust (the "Plan"), the Court has requested a monthly report. The Special Fiduciary brings to the Court's attention the following items for the month of August, 2019.

**Repeated - Ongoing Litigation**

Three other lawsuits involving the Plan are still pending. Two cases in which the Plan is Petitioner. Those suits are against Transamerica and KPMG, former administrator and auditor respectively. In the third lawsuit, Beasley et al vs SRHS et al, the Plan is a Respondent. The lawsuit alleges benefits owed from the Plan that were not paid.

**Update - Return of Contributions for Non-Vested Terminated Participants**

Per the Court's order of July 8, 2019, election packets were mailed out to the last known address of all non-vested terminated participants with remaining employee contribution balances over \$200.

Over 100 participants have thus far come forward and claimed their contributions. Over 100 more have been returned due to outdated addresses. Returned packets are searched through an online search service and a second attempt made to reach them.

**Plan Investments**

The investments of the Plan continue to perform reasonably well considering market volatility – although returns for the past 12 months are still trailing the targeted net investment return of 6%. Attached for the Court's review is a report showing positions and activity for the month of July. Also attached is an excerpt from the second Quarterly

report showing activity and positions as well as information regarding fees and some “peer group analysis” of information relative to other public plans. This analysis shows the plan performing reasonably well as compared to benchmarks and other public plans. This analysis also shows the Plan’s asset allocation moving more in line with other public plans. “Fixed Income” allocations remain low by intention as rebalancing moves are being made strategically as needed to maintain cash flow and balance without sacrificing investment return.

Administrative and investment fees continue to be slightly higher than targeted and the Special Fiduciary is continuing efforts to reduce those costs. FCI, the Plan’s investment manager is proactively working with the Special Fiduciary to assist in lowering fees.

**Administration**

All Plan benefits due and vendor invoices to date have been authorized for payment.

The Special Fiduciary is planning a visit to Plan participants in November. It is anticipated that the October 1, 2019 Actuarial Valuation will be completed by early November and presented to the Court and to Plan participants with similar timing to last year. Singing River Health System has again graciously offered to host both meetings at no cost to the Plan.

**This concludes the report for the 20th day of August, 2019.**

**Respectfully submitted,**



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**TRACI M. CHRISTIAN**

## Performance and Observations

- The investment program returned **2.1%** (net of investment fees) for the quarter, compared to the policy benchmark gain of **2.9%**. Fiscal year to date the program climbed **2.3%** while the benchmark was up **2.8%**.
- Through intentional allocation decisions this year, the weight in Debt Securities is steadily growing towards the policy target, but remains underweight.
- Over the last year this underweight to Debt Securities was a modest drag on the program, with a positive offset from the managers in Equities and Alternatives outperforming their respective benchmarks net of fees.

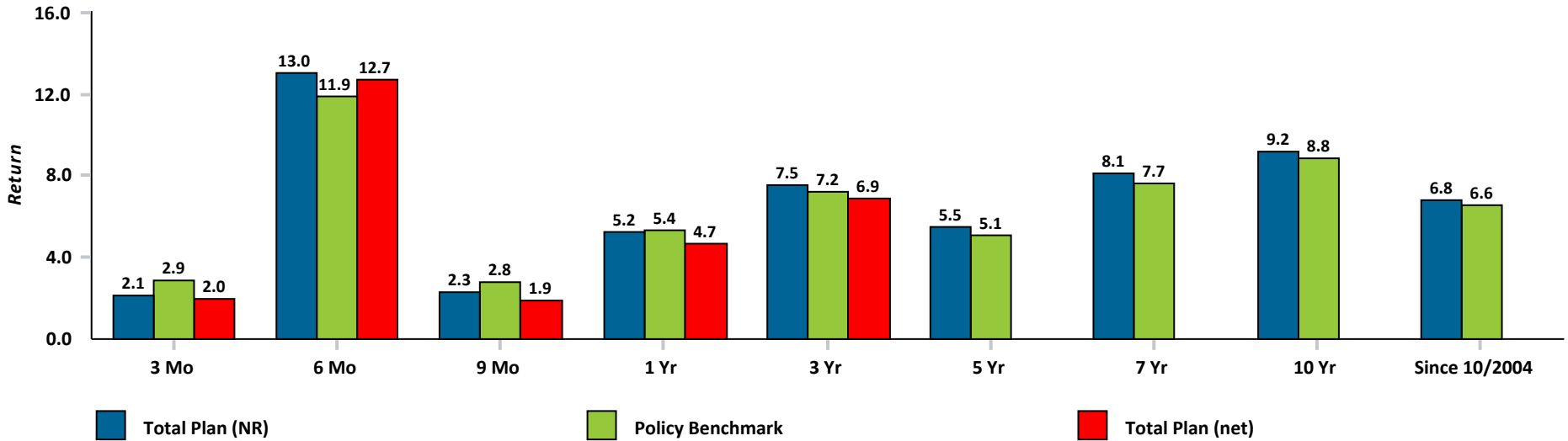
## Probation or Watch List

- No investments on watch list.

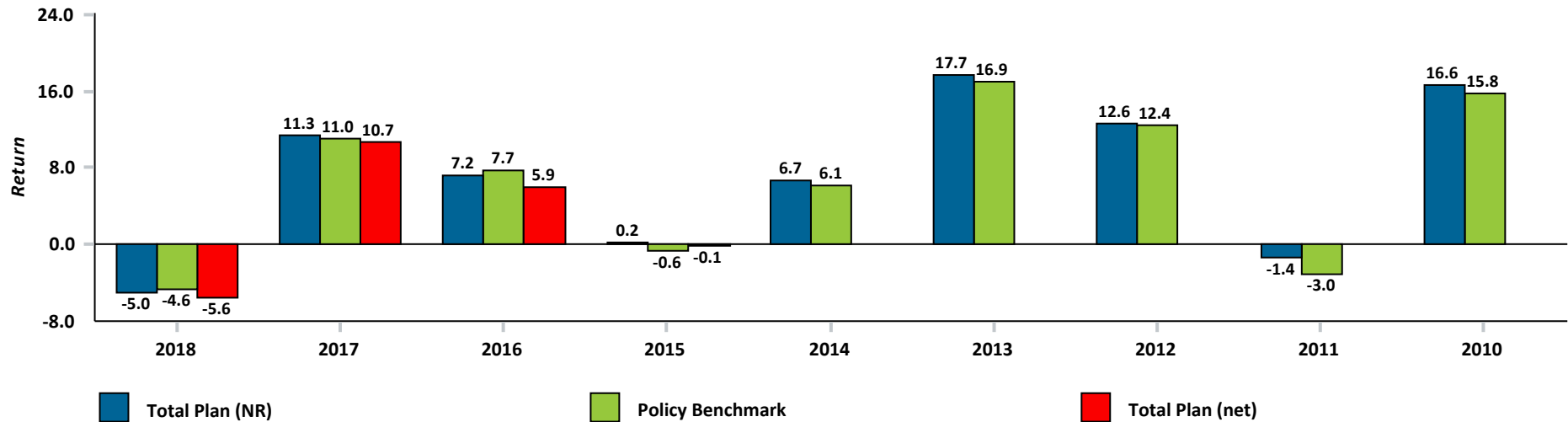
## Recommended Actions

- FiduciaryVest recommends evaluating the overall asset allocation using the projected net cash outflows. A study is underway.

### Trailing Returns



### Calendar Year Returns

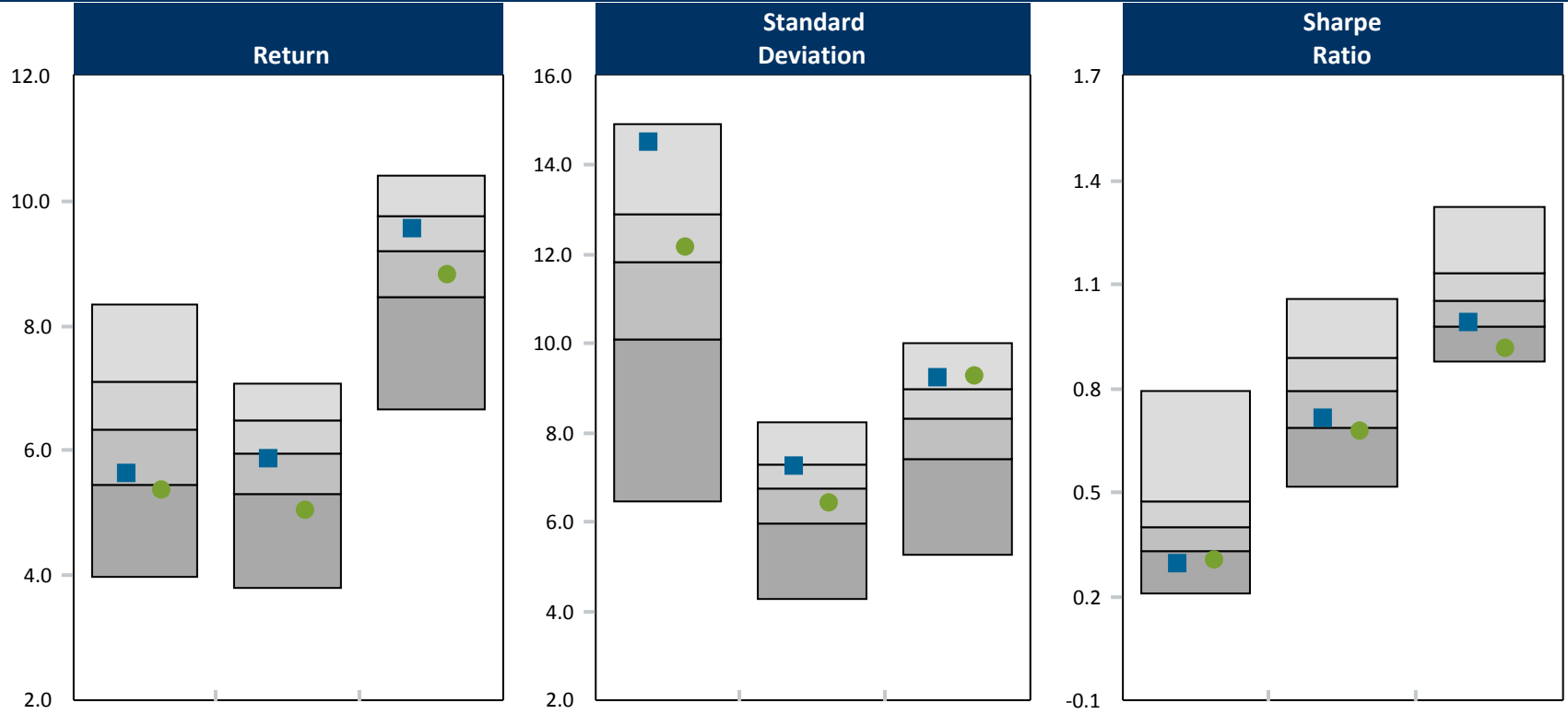


NR=Net of investment management fees return. "Net" returns are net of both investment management fees and plan expenses.

Singing River Health System Employees' Pension Plan & Trust

As of 6/30/2019

Plan Sponsor Peer Group Analysis  
All Public Plans-Total Fund



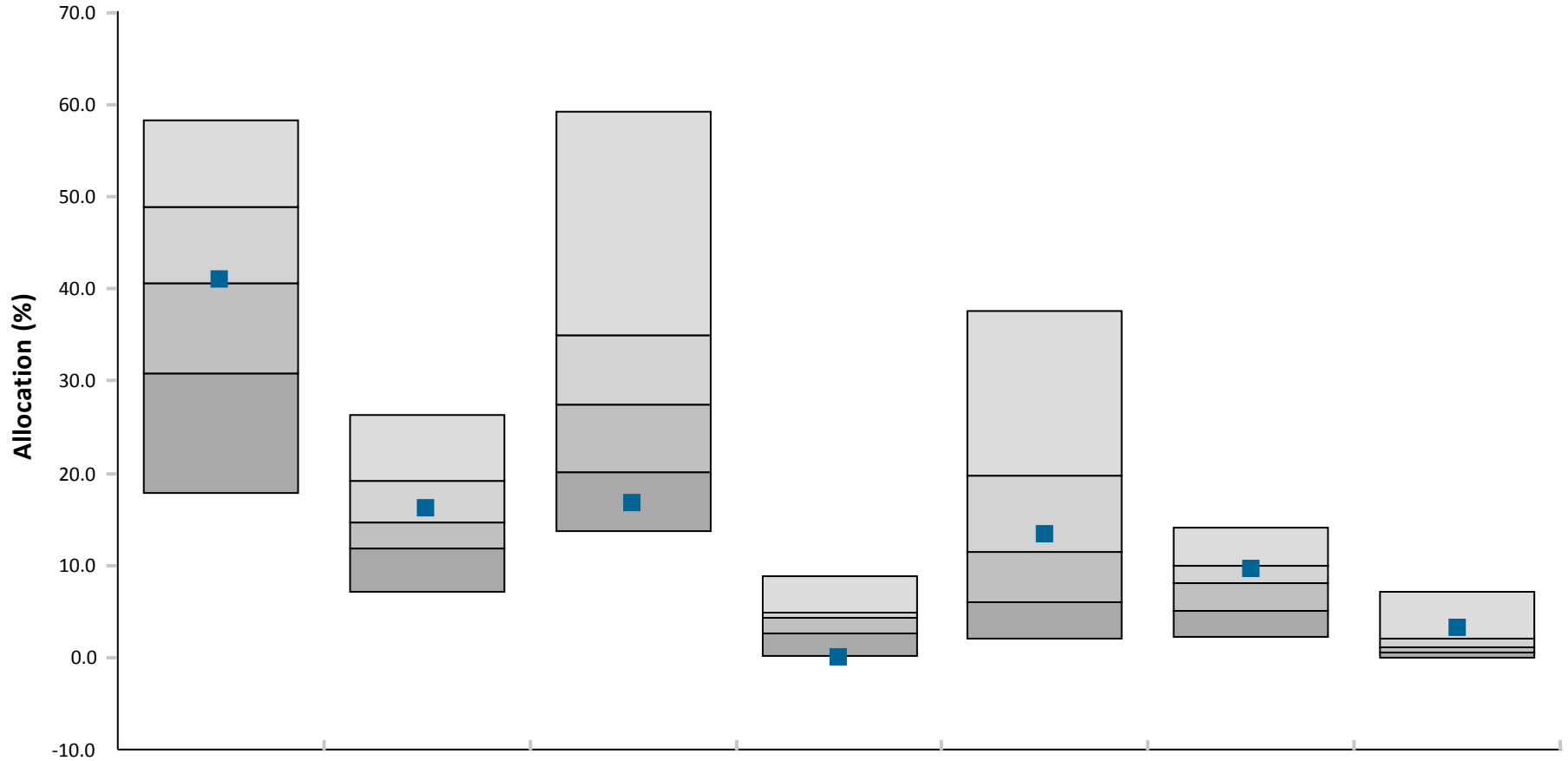
	1 Year	5 Years	10 Years	1 Year	5 Years	10 Years	1 Year	5 Years	10 Years
■ Total Plan	5.6 (73)	5.9 (53)	9.5 (36)	14.5 (8)	7.2 (28)	9.2 (20)	0.3 (83)	0.7 (68)	1.0 (72)
● Policy Benchmark	5.4 (77)	5.1 (83)	8.8 (64)	12.1 (43)	6.4 (60)	9.3 (20)	0.3 (80)	0.7 (80)	0.9 (92)
5th Percentile	8.4	7.1	10.4	14.9	8.3	10.0	0.8	1.1	1.3
1st Quartile	7.1	6.5	9.8	12.9	7.3	9.0	0.5	0.9	1.1
Median	6.3	5.9	9.2	11.8	6.7	8.3	0.4	0.8	1.1
3rd Quartile	5.5	5.3	8.4	10.1	5.9	7.4	0.3	0.7	1.0
95th Percentile	4.0	3.8	6.7	6.5	4.3	5.3	0.2	0.5	0.9
Population	346	320	279	346	320	279	346	320	279

Parentheses contain percentile rankings.  
Calculation based on quarterly periodicity.

Singing River Health System Employees' Pension Plan & Trust

As of 6/30/2019

Plan Sponsor Asset Allocation  
All Public Plans-Total Fund



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
<b>Total Plan</b>	<b>41.0 (49)</b>	<b>16.2 (39)</b>	<b>16.7 (89)</b>	<b>0.0</b>	<b>13.2 (48)</b>	<b>9.6 (32)</b>	<b>3.2 (17)</b>
5th Percentile	58.3	26.4	59.3	8.7	37.6	14.1	7.2
1st Quartile	48.8	19.2	35.0	5.0	19.7	10.0	2.1
Median	40.6	14.7	27.4	4.3	11.5	8.0	1.2
3rd Quartile	30.9	11.9	20.1	2.6	5.9	5.0	0.5
95th Percentile	17.9	7.1	13.7	0.1	2.0	2.2	0.1

Parentheses contain percentile rankings.

## Singing River Health System Employees' Pension Plan &amp; Trust

As of 6/30/2019

## Mark to Market Accounting Summary: 1 Quarter (in 000s)

	Beginning Market Value	Deposits	Withdrawals	Net Transfers	Fees	Expenses	Income	Asset Value Change	Ending Market Value
Total Portfolio	107,348	3,455	(3,101)	-	(102)	(147)	309	2,034	109,796
Cash	1,937	3,442	(3,101)	1,281	-	(143)	29	(6)	3,440
Cash (Mutual Fund Account)	4,089	-	-	(4,000)	-	(2)	3	-	90
Lord Abbett Short Duration Income I	-	-	-	3,000	-	-	-	-	3,000
Metropolitan West Total Return Bond M	1,316	-	-	5,997	-	-	25	161	7,500
Regiment Capital	376	-	-	-	-	-	-	-	376
III Credit Opportunities Fund	7,646	-	-	-	(33)	-	-	195	7,808
Coho Partners	5,499	-	-	-	(8)	-	34	31	5,555
Schwab S&P 500 Index Fund	4,675	-	-	-	-	-	-	201	4,876
Sustainable Growth Advisers	5,692	-	-	-	(8)	-	15	283	5,982
Wedge Capital	6,539	-	-	-	(12)	-	39	103	6,668
Disciplined Growth Investors	8,291	-	-	(2,000)	-	-	-	(180)	6,111
Westfield Capital	14,508	13	-	(3,000)	(24)	(1)	22	574	12,092
Invesco Global Real Estate R5	3,770	-	-	-	-	-	-	(3)	3,767
Fidelity Total International Index	10,838	-	-	-	-	-	-	309	11,148
DFA International Small Cap Value	2,007	-	-	-	-	-	15	(12)	2,010
Fidelity Emerging Markets Index Prem	2,469	-	-	-	-	-	-	21	2,490
Oppenheimer Developing Markets	2,082	-	-	-	-	-	-	60	2,142
Gramercy Distressed Opportunities Fund II	2,408	-	-	-	-	-	-	(6)	2,402
Invesco Balanced Risk Allocation	5,861	-	-	-	(4)	-	-	145	6,002
Aetos Capital Long/Short Strategies	1,087	-	-	(1,087)	-	-	-	-	-
Elliott International Ltd.	5,428	-	-	-	-	-	-	158	5,586
Invesco Mortgage Recovery Fund-Loans	180	-	-	-	-	-	-	-	180
Invesco Real Estate Fund II	18	-	-	-	-	-	-	-	18
Invesco US Income	4,652	-	-	(48)	(12)	-	126	(54)	4,664
Eastern Timberland Opportunities II	5,980	-	-	(144)	-	-	-	54	5,891

## Singing River Health System Employees' Pension Plan &amp; Trust

As of 6/30/2019

## Mark to Market Accounting Summary: 3 Quarters (in 000s)

	Beginning Market Value	Deposits	Withdrawals	Net Transfers	Fees	Expenses	Income	Asset Value Change	Ending Market Value
Total Portfolio	115,959	3,484	(11,260)	-	(287)	(471)	1,407	965	109,796
Cash	2,369	3,466	(5,339)	3,145	(7)	(229)	38	(3)	3,440
Cash (Mutual Fund Account)	-	4	-	86	-	(3)	3	-	90
Lord Abbett Short Duration Income I	-	-	-	3,000	-	-	-	-	3,000
Metropolitan West Total Return Bond M	5,393	-	(5,921)	7,997	-	(235)	60	206	7,500
Regiment Capital	798	-	-	(371)	(2)	-	12	(61)	376
III Credit Opportunities Fund	7,556	-	-	-	(71)	-	-	323	7,808
Coho Partners	5,588	-	-	-	(24)	(1)	96	(104)	5,555
Schwab S&P 500 Index Fund	4,604	1	-	(143)	-	-	173	239	4,876
Sustainable Growth Advisers	5,505	-	-	-	(23)	(1)	40	461	5,982
Wedge Capital	7,151	-	-	-	(37)	(1)	105	(550)	6,668
Disciplined Growth Investors	8,395	-	-	(2,000)	-	-	-	(285)	6,111
Westfield Capital	16,578	13	-	(4,000)	(74)	(2)	66	(489)	12,092
Invesco Global Real Estate R5	3,793	-	-	(324)	-	-	120	178	3,767
Fidelity Total International Index	3,463	-	-	7,065	-	-	169	450	11,148
First Eagle Overseas I	6,331	-	-	(6,229)	-	-	91	(194)	-
DFA International Small Cap Value	-	-	-	2,000	-	-	15	(6)	2,010
Lazard Emerging Markets Multi Asset Inst	2,400	-	-	(2,280)	-	-	-	(120)	-
Fidelity Emerging Markets Index Prem	-	-	-	2,280	-	-	49	161	2,490
Oppenheimer Developing Markets	-	-	-	2,000	-	-	-	142	2,142
Gramercy Distressed Opportunities Fund II	2,486	-	-	-	-	-	-	(83)	2,402
Invesco Balanced Risk Allocation	6,714	-	-	(1,000)	(14)	-	-	301	6,002
Aetos Capital Long/Short Strategies	10,869	-	-	(10,869)	-	-	-	-	-
Elliott International Ltd.	5,350	-	-	-	-	-	-	236	5,586
Invesco Mortgage Recovery Fund-Loans	168	-	-	-	(1)	-	-	13	180
Invesco Real Estate Fund II	18	-	-	-	-	-	-	-	18
Invesco US Income	4,578	-	-	(146)	(35)	-	369	(103)	4,664
Eastern Timberland Opportunities II	5,852	-	-	(213)	-	-	-	252	5,891

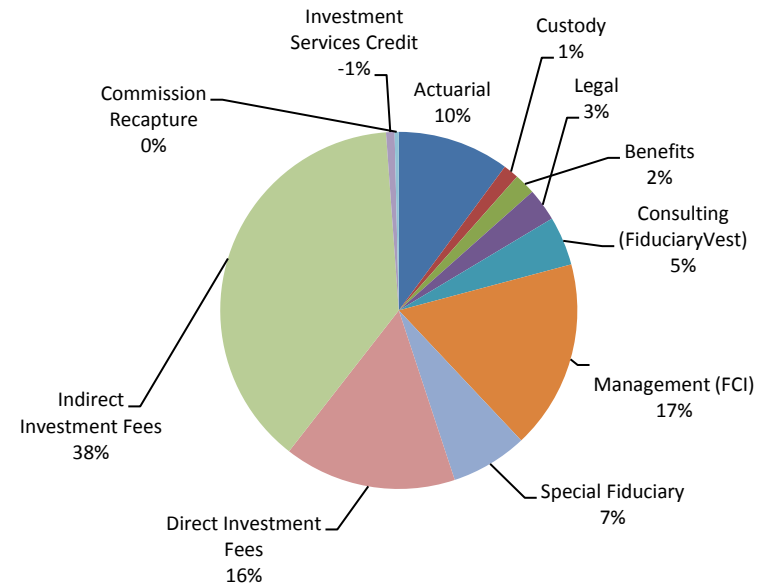


**Singing River Health System Employees' Pension Plan & Trust  
Fee Analysis**

**As of 6/30/2019**

**Estimated Annual costs**

<b>Estimated Plan Expenses</b>	<b>Dollars</b>	<b>% of assets</b>
Actuarial Services (MCC)	\$131,200	0.12%
Custody (Fifth Third)	18,111	0.02%
Benefits (Fifth Third)	24,891	0.02%
Legal (Mikhail)	38,414	0.03%
Investment Consulting (FiduciaryVest)	57,592	0.05%
Investment Management (FCI)	221,978	0.20%
Special Fiduciary	90,000	0.08%
<b>Total estimated plan expenses</b>	<b>\$582,186</b>	<b>0.53%</b>
<b>Estimated Investment Fees</b>		
Direct Investment Fees	202,306	0.18%
Indirect Investment Fees	496,581	0.45%
Investment Services Credit	(10,012)	-0.01%
Commission Recapture	(4,836)	0.00%
<b>Total estimated investment fees</b>	<b>684,039</b>	<b>0.62%</b>
<b>Total estimated annual costs</b>	<b>\$1,266,225</b>	<b>1.15%</b>
Total assets	\$109,796,263	



**Notes:**

Plan Expenses are estimated by multiplying second quarter 2019 payment by 4. As history with the new plan administration lengthens, this estimation will use actual expenses paid.

Investment Management is comprised of the direct investment management fees paid to separate account managers. Managers' fees are computed from the applicable formula, whether or not they were paid during the quarter.

Indirect costs are comprised of commingled and mutual fund fees. These fees are computed based on total expense ratio which includes investment management, custody, commissions and other costs of the fund. They are not actual negative cash flows but are embedded in the fund performance, and are shown here as an indication of the total investment program cost.

Costs as a percent of assets includes both direct and indirect costs.

In (\$000's)	Beginning		Net				Asset Value			Net		Ending Market
	Market Value	Deposits	Withdrawals	Transfers	Fees	Expenses	Net Cash Flow	Income	Change	Performance	Value	
<b>Total</b>	<b>\$ 109,800</b>	<b>\$ 234</b>	<b>\$ (1,194)</b>	<b>\$ 0</b>	<b>\$ (62)</b>	<b>\$ (131)</b>	<b>\$ (1,154)</b>	<b>\$ 130</b>	<b>\$ 121</b>	<b>\$ 252</b>	<b>\$ 108,897</b>	
Cash	3,440	234	(1,194)	347	-	(130)	(743)	7	(7)	-	2,697	
Cash in Mutual Fund Account	90	-	-	-	-	(1)	(1)	1	-	1	90	
Lord Abbett Short Duration Income I	3,000	-	-	-	-	-	-	5	(5)	-	3,000	
Metropolitan West Total Return Bond M	7,500	-	-	-	-	-	-	14	(7)	7	7,507	
Regiment Capital <sup>1</sup>	376	-	-	-	-	-	-	-	-	-	376	
III Credit Opportunities Fund <sup>3</sup>	7,808	-	-	-	-	-	-	-	39	39	7,848	
Coho Partners	5,555	-	-	-	(8)	(0.13)	(8.46)	11	62	73	5,620	
Schwab S&P 500 Index Fund	4,876	-	-	-	-	-	-	-	71	71	4,946	
Sustainable Growth Advisers	5,982	-	-	-	(8)	(0.14)	(8.56)	5	59	64	6,037	
Disciplined Growth Investors	6,111	-	-	-	-	-	-	-	62	62	6,172	
Wedge Capital	6,668	-	-	-	(13)	(0.15)	(12.66)	14	144	158	6,814	
Westfield Capital	12,092	-	-	-	(21)	(0.28)	(22)	10	183	193	12,264	
Invesco Global Real Estate R5	3,767	-	-	-	-	-	-	-	(9)	(9)	3,758	
Fidelity Total International Index	11,148	-	-	-	-	-	-	-	(206)	(206)	10,941	
DFA International Small Cap Value	2,010	-	-	-	-	-	-	-	(46)	(46)	1,963	
Fidelity Emerging Markets Index Prem	2,490	-	-	-	-	-	-	-	(57)	(57)	2,433	
Oppenheimer Developing Markets	2,142	-	-	-	-	-	-	-	(31)	(31)	2,111	
Gramercy Distressed Opportunities Fund II <sup>3</sup>	2,402	-	-	(296)	-	-	(296.43)	-	(96)	(96)	2,010	
Invesco Balanced Risk Allocation	6,002	-	-	-	-	-	-	-	20	20	6,022	
Elliott International Ltd. <sup>3</sup>	5,589	-	-	-	-	-	-	-	(6)	(6)	5,584	
Invesco Mortgage Recovery Fund-Loans <sup>1</sup>	180	-	-	-	-	-	-	-	-	-	180	
Invesco Real Estate Fund II <sup>2</sup>	18	-	-	-	-	-	-	-	-	-	18	
Invesco US Income	4,664	-	-	(50)	(12)	-	(62)	62	(50)	12	4,614	
Eastern Timberland Opportunities II <sup>2</sup>	5,891	-	-	-	-	-	-	-	-	-	5,891	

<sup>1</sup>Valuation date: 3/31/2019

<sup>2</sup>Valuation date: 6/30/2019

<sup>3</sup>Valued using estimated monthly investment performance

<sup>4</sup>Fifth Third fee shown include both fees deducted from the Distribution account and expenses deducted from the manager accounts.

<sup>5</sup>Investment services credit represents the reimbursement to the Plan of the revenue sharing associated with the MetWest fund.

<sup>6</sup>Direct cost. Fees deducted from Fifth Third account by investment manager.

<sup>7</sup>Indirect cost. Fees deducted from ending dividend or ending market value.

Deposits represent residual income transferred from Trustmark.

Withdrawals represent "Employee Benefit Payments".

Fees represent investment management fees.

Expenses represent withdrawals from manager accounts for custodian fees and additional plan services expenses.

Beg market value may vary from previous month ending market values due to adjustments made during current month.

All values are preliminary.

Monthly Fee Overview (in \$000's):	
Fifth Third <sup>4</sup>	\$ (2.1) custody fee
McCloud Consulting	\$ (62.0) benefit calcs/invoice
Transamerica	\$ (10.6) final invoice
FCI Advisors	\$ (56.5) mgmt fee
Coho Partners <sup>6</sup>	\$ (8.3) investment mgmt fee
Sustainable Growth <sup>6</sup>	\$ (8.4) investment mgmt fee
Wedge Capital <sup>6</sup>	\$ (12.5) investment mgmt fee
Westfield Capital <sup>6</sup>	\$ (21.4) investment mgmt fee
Invesco US Income <sup>7</sup>	\$ (11.8) investment mgmt fee