

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

IN RE: 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 March, 2022.

**Updated - Ongoing Litigation**

We have two lawsuits involving the Plan that are pending.

In Beasley et al vs SRHS et al, the Plan is a Respondent. The lawsuit alleges benefits owed from the Plan that were not paid. The parties are awaiting a trial setting.

In Barbour vs SRHSERPT, where the Plan is the Respondent also alleges benefits owed from the Plan that were not paid. On December 1, 2020 Judge Harris dismissed this case. The case has been appealed to the Mississippi Supreme Court.

**Plan Investments**

Attached for the Court's review is a report showing asset positions and activity for the month ending February 28. Plan investments continue to perform reasonably well keeping pace with current market conditions. Subsequent reports will keep the Court apprised as to the investment performance in coming months. As of February 28, the market value of the Trust is \$111.548 million.

As noted in previous reports, meetings with FCI Advisors, are held every two to three weeks as we continue to pursue opportunities to lower investment costs and to generate lower volatility around performance benchmarks. Discussions continue regarding moving more funds out of active management to the extent possible and moving more toward passive investment strategies. Such strategies are common for pension plans of this size and the goal continues to be to maintain a balance between maximizing investment return, minimizing investment expenses and mitigating risk to the portfolio due to market volatility. This is a process that will continue indefinitely.

**Mid-year Estimated Actuarial Valuation as of April 1, 2022**

The Special Fiduciary will oversee a mid-year actuarial valuation of the Plan as of April 1, 2022. These results will be completed at no additional cost to the Plan. The results of this interim valuation will measure the funded status of the Plan as of that date.

As previously noted, the recent actuarial audit resulted in discussions regarding the discount rate used (currently 6.0%) and the mortality tables used – two of the key assumptions in the valuation of the Plan’s liabilities. The conclusion is that these two assumptions may be more conservative than necessary. As a result, the Special Fiduciary intends to study the possibility of changing these assumptions and will report the potential impact of such changes with the upcoming April 1, 2022 interim valuation and make a recommendation for the formal valuation in October.

A change in these assumptions to be less conservative would result in a lower measurement of the Plan’s liabilities and an increase in the projected funded status. Had less conservative assumptions been used for the October 1, 2021 valuation, the funded status of the Plan would have been about 104% vs the reported 101%. While that is not high enough to recommend a benefit increase, it is certainly headed in that direction and hopefully continued asset gains can get us there in the near future.

**Administration**

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

**This concludes the report for the 21st day of March, 2022.**

**Respectfully submitted,**



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**TRACI MILLER CHRISTIAN**

Singing River Health System Employees' Pension Plan Trust

Mark to Market Accounting Summary

One Month Ended

February 28, 2022

Investment (\$000's)	Beginning Market Value	Net Additions/ Withdrawals	Interest/ Dividends/Fees	Gains/ Losses	Ending Market Value
<b>Total</b>	114,366	(1,040)	37	(1,815)	111,548
Cash	2,195	(612)	0	-	1,584
Cash in Mutual Fund Account	1,058	19	-	-	1,077
FCI Advisors Fixed Income	9,746	803	21	(146)	10,423
Regiment Capital <sup>1</sup>	251	-	-	-	251
Vanguard High Yield Corp Adm Fund	1,745	-	-	(15)	1,730
Ill Credit Opportunities Fund <sup>2</sup>	1,999	-	-	(39)	1,961
Coho Partners	6,526	-	12	(135)	6,403
Schwab S&P 500 Index Fund	8,539	-	-	(256)	8,283
Sustainable Growth Advisers	4,913	19	2	(311)	4,624
Disciplined Growth Investors	-	-	-	-	-
Nuance Investments	0	-	-	-	0
Fidelity Mid Cap Index	11,047	-	-	(78)	10,969
Wells Fargo Special Small Cap Value	6,972	-	-	78	7,051
Westfield Capital	5,745	-	2	(84)	5,663
Vanguard Real Estate Index	5,129	-	-	(189)	4,940
Fidelity Total International Index	10,442	(762)	-	(299)	9,381
DFA International Small Cap Value	3,254	(507)	-	6	2,753
Fidelity Emerging Markets Index Prem	3,735	-	-	(170)	3,565
Invesco Opp Developing Markets	3,501	-	-	(190)	3,311
Gramercy Distressed Opportunities Fund II <sup>2</sup>	1,621	-	-	(49)	1,572
Invesco Balanced Risk Allocation <sup>5</sup>	5,901	-	-	-	5,901
Elliott International Ltd.	7,500	-	-	68	7,568
Invesco Mortgage Recovery Fund-Loans <sup>4</sup>	162	-	-	-	162
Invesco US Income <sup>3</sup>	5,150	-	-	-	5,150
Eastern Timberland Opportunities II <sup>3</sup>	4,566	-	-	-	4,566
Eastern Timberland Opportunities III <sup>3</sup>	1,676	-	-	-	1,676
Lord Abbet Short Duration Income	993	-	-	(8)	986

<sup>1</sup>Valuation date: 9/30/2021 and taken from Mark to Market report previously provided by FiduciaryVest

<sup>2</sup>Valuation date: 02/28/2022 using estimated monthly investment performance

<sup>3</sup>Valuation date: 12/31/2021 asset prices quarterly

<sup>4</sup>Valuation date: 9/30/2021

<sup>5</sup>Valuation date: Beginning Market Value estimated based off of 12/31/2021 Market Value; Ending Market Value estimated based on estimated monthly investment performance

Withdrawals represent "Employee Benefit Payments" and Additions represent hospital contributions.

Fees represent investment management fees.

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

All values are preliminary.