

**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 January, 2023.

**Repeated - Ongoing Litigation**

We have one lawsuit involving the Plan that is still 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.

**Plan Investments**

Attached for the Court's review is a report showing asset positions and activity for the month ending December 31. The markets didn't cooperate ending the year, mostly due to comments after the Federal Reserve meeting in mid-December. More commentary below:

We are continuing to make updates to the portfolio by reducing the alternatives weighting. This will help lower expenses and should provide better return characteristics going forward. We liquidated the remaining allocation of the Invesco Balanced Risk Alternative Fund. We trimmed the Elliott International Hedge Fund (cash received in early January 2023) and we held proceeds from these sells for upcoming pension payouts.

The quarter began with an equity market rally which quickly faded after Federal Reserve Chairman Jerome Powell's more hawkish press conference in mid-December. Global equities still finished higher for the quarter driven by a strong rally in developed international markets.

The calendar year marks one of the worst years in history for a balanced investment portfolio as both stocks and bonds finished in negative territory which is extremely rare. Widespread inflationary pressures resulted in an aggressive rate hiking cycle.

Geopolitics also dominated the markets with Russia's invasion of Ukraine, the rise in commodity prices and continued uncertainty around China's zero COVID policies. Global equities finished the calendar year noticeably lower. The S&P 500 Index ended the year down 18%, its largest loss since 2008.

Large-cap value continued its dominance over large-cap growth during the quarter and extended its outperformance for the year. International stocks significantly outperformed domestic stocks for the quarter and developed international outperformed for the year as well.

Bonds finished the quarter with positive returns, but still suffered their worst year in history (four times larger than the previous worst year in 1994) as interest rates increased.

The Plan's 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 December 31, the market value of the Trust is \$96.624 million.

**Administration**

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

**This concludes the report for the 23rd day of January, 2023.**

**Respectfully submitted,**



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**TRACI MILLER CHRISTIAN**

Singing River Health System Employees' Pension Plan Trust

One Month Ended

Mark to Market Accounting Summary

December 31, 2022

Investment (\$000's)	Beginning Market Value	Net Additions/ Withdrawals	Interest/ Dividends/Fees	Gains/ Losses	Ending Market Value
<b>Total</b>	100,578	(1,254)	66	(2,767)	96,624
Cash	2,260	1,309	9	-	3,579
Cash in Mutual Fund Account	13	0	-	0	13
FCI Advisors Fixed Income	12,024	(158)	35	(40)	11,861
Regiment Capital <sup>1</sup>	84	-	-	-	84
Vanguard High Yield Corp Adm Fund	1,640	-	-	(8)	1,632
Coho Partners	6,722	-	12	(256)	6,478
Schwab S&P 500 Index Fund	9,676	-	-	(558)	9,118
Sustainable Growth Advisers	-	(1)	-	-	-
FCI Advisors Select Growth Equity	3,694	-	2	(323)	3,373
Fidelity Mid Cap Index	10,107	-	-	(545)	9,562
Allspring Special U.S. Small Cap Value Equity	6,178	-	-	(307)	5,871
Westfield Capital	5,083	-	8	(226)	4,865
Vanguard Real Estate Index	3,704	-	-	(189)	3,516
Fidelity Total International Index	7,604	-	-	(170)	7,435
DFA International Small Cap Value	2,034	-	-	15	2,049
Fidelity Emerging Markets Index Prem	2,853	-	-	(79)	2,774
Invesco Opp Developing Markets	2,831	-	-	(103)	2,728
Gramercy Distressed Opportunities Fund II <sup>2</sup>	1,539	-	-	-	1,539
Invesco Balanced Risk Allocation <sup>2</sup>	2,435	(2,404)	-	(31)	-
Elliott International Ltd.	7,663	-	-	54	7,717
Invesco Mortgage Recovery Fund-Loans <sup>4</sup>	151	-	-	-	151
Invesco US Income <sup>3</sup>	5,893	-	-	-	5,893
Eastern Timberland Opportunities II <sup>3</sup>	3,774	-	-	-	3,774
Eastern Timberland Opportunities III <sup>3</sup>	2,614	-	-	-	2,614

<sup>1</sup>Valuation date: 09/30/2022

<sup>2</sup>Valuation date: 11/30/2022 using estimated monthly investment performance

<sup>3</sup>Valuation date: 09/30/2022 asset prices quarterly

<sup>4</sup>Valuation date: 09/30/2022

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.